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Shareholders lobby for external chair at Fletcher Building



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Angry Fletcher Building investors are calling for boardroom change. Picture: iStock

Fletcher Building's major shareholders are believed to be insisting on an external New Zealand-based candidate to take the role of chairman, as the company announced on Monday the departure of chief executive Ross Taylor would be accelerated.

Mr Taylor will now leave on March 29 after it was earlier expected he would stay on until up to August to serve out his six-month notice period after stepping down last month when the company shocked the market with a worse-than-expected set of results.

It comes after the announced departure last month of chairman Bruce Hassall was also brought forward.

DataRoom understands investors had been applying pressure for accelerated change behind the scenes, and it is believed in recent weeks approaches had been made to Australia industry executives in an effort to find an interim chief executive to run the company.

Nick Traber, chief executive of Fletcher Building Concrete and a former Holcim executive, has been appointed acting chief executive and is well regarded in the

market, while Thornton Williams will be the acting division head.

Also leaving are two board members, Rob McDonald, who chairs the audit and risk committee, standing down at the October AGM, and Doug McKay, who will leave in June.

It follows a period where tensions were believed to be running high in the Fletcher Building boardroom.

The company says it has committed to a board renewal process to “bring new skills and perspectives to the board”.

DataRoom understands some advisers had been urging the company to undertake a portfolio review of the business, similar to what was undertaken by Boral before it sold its US-based assets.

However, until now, the company had been adverse to the idea, while Allan Gray Australia, which is the second largest shareholder with about 3 per cent, is believed to be against asset sales in the current market, advocating for an improvement in operating the business.

It is understood the Fletcher Building board had a strategy in place to simplify the business before Mr Taylor was appointed in 2017.

However, he was in favour of keeping the weaker performing Australia unit and boosting margins.

Australia and New Zealand search firm Johnson Partners is working on the search to find a new chair, with most in the market suggesting ex-Fletcher Building executive Mark Binns the best placed.

However, a press article out of New Zealand in 2017 quoted him saying he would not be taking a director or leadership role and Fletcher Building is “not in the tea-leaves”.

The \$3bn Fletcher Building, best known as the seller of Pink Batts installation, saw its shares crash last month after it posted a \$NZ120m loss for the six months to December, and its share price performance over time has disappointed investors.

Last month's unexpected result came with legacy provisions on the New Zealand International Convention Centre and Wellington International Airport Carpark, and a \$NZ122m non-cash writedown on Tradelink, now up for sale through Miles Advisory.

The result was a miss on Bloomberg's consensus forecast for a \$NZ142.5m profit and compared to a \$NZ92m profit in the prior corresponding period.

Fletcher Building suspended its interim dividend, with net debt at \$NZ1.94bn.

Investment banks known to be close to the company are Goldman Sachs, Jarden and Macquarie Capital.

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Bridget Carter has worked as a writer and editor for The Australian's DataRoom column since it was launched in 2013, focusing on capital markets, mergers and acquisitions, private equity and investment banking. S... [Read more](#)



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