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Fletcher Building Halts Trading Amid Unexpected Costs and Profit Revision

Fletcher Building, New Zealand's construction giant, has halted trading as it prepares to release its first-half results and revise its profit guidance. Recent unforeseen cost increases and potential liabilities for bursting pipes in Australian homes have put the company in a challenging position. Market participants are now eagerly waiting to see how Fletcher Building will navigate these financial obstacles and what impact this will have on the broader construction industry.



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Fletcher Building Halts Trading Amid Unexpected Costs and Profit Revision

In a move that has sent ripples through the financial world, Fletcher Building, New Zealand's leading construction firm, has requested a temporary halt to its share trading. This decision comes as the company prepares to release its first-half results on Wednesday, with an expected revision in profit guidance that could significantly deviate from market analysts' forecasts.

A Pause Amidst Unforeseen Costs

The halt in trading was implemented on Monday morning and is set to remain in place until Fletcher Building makes an announcement or until midday on Wednesday. The company's decision follows last week's revelation of unexpected cost increases, amounting to around \$180 million, linked to two large projects - the New Zealand International Convention Centre and Wellington Airport car park.

The sudden surge in costs is attributed to financing expenses and lower margins, leading Fletcher Building to reconsider its earnings guidance. The news has raised eyebrows among investors and industry experts, who are now anxiously awaiting the company's updated financial projections.

A Potential Liability: The Pipe Problem

Adding to the company's woes is the potential liability for bursting pipes in Australian homes. Iplex Australia, a subsidiary of Fletcher Building, switched resin suppliers in 2017. Western Australian builder BGC has recently claimed new evidence of a manufacturing fault, which could cost Fletcher hundreds of millions, according to estimates by Jarden.

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This development has further complicated the company's financial outlook, prompting the need for a careful review of its earnings guidance. As Fletcher Building navigates these challenges, the market waits with bated breath for the release of its half-year results.

The Road Ahead

As the trading halt continues, the focus now shifts to Fletcher Building's ability to weather this financial storm. The company's response to these unexpected costs and potential liabilities will be crucial in shaping its future and restoring investor confidence.

While the path ahead is uncertain, one thing is clear: Fletcher Building's decisions in the coming days will have far-reaching implications not only for its shareholders but also for the broader construction industry. As the market braces itself for the company's updated financial projections, the world watches on, eager to see how this story unfolds.

In the ever-shifting landscape of global finance, Fletcher Building's pause serves as a stark reminder of the intricate balancing act between profit, growth, and risk. As the company prepares to unveil its revised earnings guidance, the echoes of this halt in trading will undoubtedly reverberate through the financial world, shaping narratives of power, ambition, and the relentless pursuit of success.

In the end, it is the resilience and adaptability of companies like Fletcher Building that will determine their survival and growth amidst the unpredictable winds of change. And as the market awaits the company's next move, it is this very human dance with uncertainty that continues to captivate and inspire.