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Trading halt blunder costs Fletcher Building's Australian investors

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Fletcher Building shareholders in Australia are demanding answers as to why the company's shares entered a halt on the NZX across the Tasman before trade was suspended on the local market.

In New Zealand, the last trade was at 12.35 AEDT, but in Australia the last trade was at 12.58pm AEDT.

Fletcher Building said that the company applied for a trading halt in both countries, and each exchange considers the applications separately and approves the halt at different times.

The ASX has yet to respond to questions about the matter from DataRoom.

However, shareholders say that Fletcher Building shares fell 6 per cent in Australia before trading was paused on the ASX, because they had already read the news that shares had stopped trading in New Zealand ahead of a likely profit downgrade by the company.

Market experts say that the situation was unsatisfactory and explained that in most instances, it was the remit of the company's lawyers to align the sharemarket announcements.

However, they did say that trading halts where companies were listed in both Australia and New Zealand could be hard to co-ordinate in the middle of a trading session.

Usually, a company halted first thing in the morning in New Zealand, where the market opens two hours ahead of the east coast of Australia due to the time difference.

Fletcher Building flagged that when it resumes from a trading halt as late as Wednesday when it delivers its half year results, it may announce the departure of Ross Taylor as chief executive. Mr Taylor has been at the helm since 2017.

Last week, the company dismissed speculation it was considering an equity raising after shareholders had raised concerns about its debt level and potential for further provisions related to defects with its Iplex pipes in Western Australia.

The company said in an announcement to the market on Monday that it would meet Tuesday to consider matters such as potential provisions, impairments and the full year earnings forecast, and directors would consider the level of dividend payments early Wednesday.

"It is possible that, given the matters to be considered at the board meeting, the chief executive of Fletcher Building will consider his position with Fletcher Building with this to be announced when his decision is made."

Fletcher Building already told the market in recent days it expected its pre-tax costs to rise to $NZ180m, including $NZ165m to complete the New Zealand International Convention Centre after a fire and $NZ15m for remediation quality issues at Wellington International Airport.

Yet shareholders are puzzled why a likely downgrade was also not made last week and also question the future of the chief financial officer and chairman at the company.

Shares have drifted at least 25 per cent lower in the past six months.

In August, DataRoom reported that concerns were growing about the need for an equity raise for Fletcher Building as it entered a troubled time in the housing market while shouldering $NZ1.4bn of net debt and facing potential liabilities from pipe product defects sold in Western Australia by its Iplex unit.

Problems with pipes emerged in the state after Fletcher Building changed a supplier for just its WA products, but maintains that the problems presented have been linked to the installation of the pipes rather than the product manufacturing.

The shares last traded in Australia at $3.70 (market cap $2.87bn), and $NZ4.16 on the NZX ($NZ3.72bn).

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