

The West Australian

Manufacturing Construction Markets

Fletcher Building downgraded by Moody's as pipes saga drags on in the background



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📷 Thousands of WA homeowners impacted by the defective Iplex pipe saga. Pictured - Split pipe from the damaged bathroom Credit: Daniel Wilkins/The West Australian

○ Auckland-based pipes manufacturer Fletcher Building has been downgraded by credit agency Moody's, meanwhile mediation to solve who wears the cost of Perth's faulty pipes bungle continues.

○ Dual-listed Fletcher assured the Australian Securities Exchange and New Zealand's Exchange on Wednesday that being downgraded from a from Baa2 on a stable outlook to a Baa3 on a negative outlook, would not have a "material impact" in the medium term.

“The company remains committed to the credit metrics which underpin our original rating of BAA2 on a stable outlook. We will continue to work with Moody's with an

objective of returning our rating to this level over time,” Fletcher Building’s acting chief Nick Traber said.

“Obligations rated BAA are subject to moderate credit risk,” Moody’s says. “They are considered medium-grade and as such may possess speculative characteristics.”

The reassessment follows a tumultuous period for Fletcher, which posted a \$120 million loss in February.

It’s understood mediation with BGC over who is at fault for a deluge of burst pipes [potentially installed across thousands of homes](#) in WA between 2019 - 2020 is still ongoing.

The Sunday Times revealed in February that the State Government had urged the pair to try and broker an industry-led solution to their dispute.

The companies have been at odds as to whether a manufacturing problem or installation issues were the cause

Fletcher Building shares were down 1.5 per cent to \$2.90 at 12:15 AWST.
