

Fletcher finalises industry response to pipe problem



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Iplex pipes have caused problems in Western Australia. (Image: Facebook)

Fletcher Building said today it had finalised an industry response to its [Iplex pipes division issue](#).

The building materials giant has faced a number of product quality complaints relating to a hot and cold water polybutylene pipe product it previously manufactured.

Its proposed [settlement](#) requires builders to sign up and do necessary repair work, on the condition they are not involved in legal action. Iplex will also supply leak detection monitors to houses.

It includes legislation to be passed by the Western Australian Government and key industry stakeholders which will manage the repair process.

The agreement with some industry players means there will be no product recall order but Fletcher still remains exposed to legal risks. The company had said in August it expected A\$40-50 million (\$NZ44-55m) in costs in the first year of the response, but today it said it is more likely to be “in order of A\$15 million”.

“There are a number of claims against Iplex AU outside the Industry Response relating to these plumbing failures which seek recovery of a wide range of damages and losses on behalf of all relevant homeowners and some builders, including the class action previously advised.

“The industry response does not affect the right of homeowners to take action. They are entitled to remain in the class action while taking up the work programme on offer. A final outcome of a class action may replace the industry response terms for the homes of class members and their successors.”

Iplex AU expects to record a pre-tax provision of approximately A\$155m in its FY25 financial statements in relation to its obligations under the deal.

The company still remains exposed to legal proceedings filed by one of its major customers, [home builder BGC](#).

That provision assumes that BGC joins. For so long as BGC does not join, the direct costs funded by Iplex AU will be proportionately lower, but the leak detector and overhead components are expected to remain substantially unchanged.

Fletcher Building (FBU)

2024-11-15T13:14:08+13:00



\$3.15

Open \$3.15

0

0%

High

\$3.18

Low

\$3.14

1-week range

\$3.06

\$3.25

52-week range

\$2.7

\$4.9

Market cap

\$3,385,926,722

Volume

75,654

Value

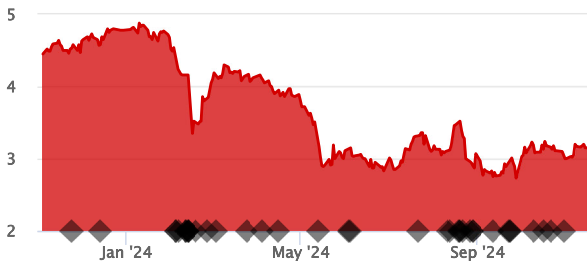
\$238,412.95

Trades

108

Today 5D 1M 1Y 2Y

Key announcement - click for info



20 minute delayed info. Updated every minute. Source: NZX

Full Details