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TOP STORY

On business: Felled by housing crash, Charleston-area siding plant to reopen

By John McDermott jmcdermott@postandcourier.com Feb 18, 2017

Eight years ago, the recession felled a Dorchester County factory that once hummed around the clock.



James Hardie Industries was a pioneer in the development of cement-based exterior siding.

Provided

Now, this long-forgotten reminder of the last real estate crash is stirring back to life, a reflection of its owner's aggressive growth plans, not to mention the bustling construction business.

"We have started work on the restart of our Summerville, South Carolina, facility that was mothballed during the downturn," James Hardie Industries CEO Louis Gries announced to investors on a recent conference call.

While most companies would have quietly bailed out by now, this global manufacturer packing a 129-year history is making good on its promise to reopen its South Carolina plant and put a long-idled business back to work.

James Hardie was a pioneer in using cement to manufacture tough-as-nails siding and other durable exterior cladding materials for the residential and commercial building trades. HardiePlank is among its best-known consumer brands.

The company's soon-to-be resurrected Summerville operation is a microcosm of the outsized role that foreign businesses play in the South Carolina economy. Cemplant, a Belgian-Swiss firm that was a James Hardie competitor, built its 150,000-square-foot Dorchester County siding factory in the late 1990s, namely to be near the big cement plants around Harleyville and Holly Hill and to capitalize on the Southeast housing boom. Even the street name in Eastport Industrial Park reflected the international influence: Belgium Drive.

James Hardie, then headquartered in the Netherlands, snapped up its smaller European rival a few years later as it looked to expand its reach in the U.S. market. The sale gave the company manufacturing and distribution sites in South Carolina and six other states.

By 2003, as the local residential and commercial building markets were cresting, the Summerville plant shifted to a 24-hour, seven-day-a-week operation. The boom was over five years later, as the global financial system went into meltdown mode.



James Hardie Industries CEO Louis Gries

James Hardie moved quickly to contain the damage. Provided

As now, Gries was at the helm in late 2008 when the company decided to shutter the 70-worker Summerville site and another in California "indefinitely," citing the "severe housing market downturn."

"The continuing decline in the U.S. housing market has led to reduced capacity utilization of our U.S. manufacturing plants," the CEO said at the time. "Although the business continues to run well, current and projected market demand cannot support our current plant network."

James Hardie added that it would reopen in Summerville once "market demand returns to acceptable levels."

The time apparently is at hand. A crew is now preparing to resume production at the factory, which will require an estimated \$18 million investment. Gries told analysts late last month said he expects to "commission that plant" early in the company's next fiscal year, which starts April 1. A James Hardie spokeswoman could not be reached last week for additional comment about employment and other details.

Now headquartered in Ireland but with close business ties to Australia, James Hardie's global journey started in Scotland. Its namesake founder left home in 1888 for the land Down Under, where he imported oils and hide tanning products. In the 1951, the company was listed on the Australian Stock Exchange and later diversified into the building materials. It started developing fiber cement siding in the mid-1980s and that is now its core business, with operations and about 3,000 employees in the U.S., Australia, New Zealand and the Philippines.

The Lowcountry factory reboot is part of Gries's ambitious "35-90" plan to nearly double the company's slice of the "exterior cladding" sales pie in North America to 35 percent from 19 percent while maintaining its 90 percent market-share lock. The company also is starting up two machines in California and investing \$121 million to build a new plant in Tacoma, Wash.

"We like steady housing demand," Gries told Australia's Sydney Morning Herald in 2014. "We don't want to build capacity for spikes. We want to build capacity for real demand."

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