



NORBORD INC.

Norbord Reports 2009 Year-End Results

TORONTO, Jan. 29, 2010 /CNW/ - Norbord Inc. (TSX: NBD, NBD.WT) today reported a 2009 loss of \$58 million or \$1.35 per share compared to a loss of \$115 million or \$7.62 per share in 2008. The Company recorded a loss of \$11 million or \$0.25 per share in the fourth quarter compared to a loss of \$30 million or \$1.88 per share in the fourth quarter last year.

For the full year, Norbord generated breakeven EBITDA compared to negative EBITDA of \$60 million in the prior year. Approximately \$43 million of the year-over-year improvement was generated by the North American operations. Overhead cost reductions and lower input prices, especially resin and wax, had a significant positive impact on EBITDA results. In the fourth quarter, Norbord recorded positive EBITDA of \$6 million versus negative EBITDA of \$28 million in the fourth quarter last year. The quarterly EBITDA improvement was largely due to lower key input prices, higher European shipment volumes and the production curtailments taken at OSB mills in Huguley, Alabama and Jefferson, Texas.

"I am pleased with the progress made in 2009 to improve Norbord's earning potential," said Barrie Shingleton, President and CEO. "As expected, markets for our building material products were weak again this year as the historic collapse in both US and UK housing activity and the fallout from the global financial market breakdown continued through most of 2009. Against this backdrop, Norbord conserved cash by curtailing considerable production capacity and reducing overhead costs. These actions, together with lower key input prices, led to our breakeven EBITDA result. We also completed significant recapitalization initiatives during the year.

While generating negative earnings is never acceptable, we head into 2010 with our 'house in order' and a more positive building materials market outlook, particularly in Europe."

Market Conditions

US housing starts in 2009 were approximately 0.55 million, down from 0.9 million in 2008, 1.35 million in 2007 and 1.8 million in 2006.

For the full year, North Central benchmark OSB prices averaged \$163 per Msf (7/16-inch basis) compared to \$172 per Msf in 2008. In the South East region, where 55% of Norbord's North American capacity is located, OSB prices averaged \$148 per Msf in 2009 versus \$143 per Msf in 2008.

In the fourth quarter, the North Central benchmark OSB prices averaged \$172 per Msf, down \$6 per Msf from the third quarter and up \$2 per Msf from the fourth quarter of 2008. South East prices averaged \$154 per Msf in the quarter, down \$3 per Msf from the third quarter and up \$17 per Msf from the fourth quarter of 2008.

North American housing markets and OSB prices declined throughout the first half of 2009, reached a bottom mid-year and began to trend up in the third and fourth quarters. The relative strength of fourth quarter OSB prices was due to weather-related log shortages and low distribution chain inventories. Demand was also supported in part by housing activity generated by the Home Buyer Tax Credit program as the original November 2009 deadline approached. This program was subsequently renewed until June 30, 2010 and expanded to include repeat home buyers.

In the UK, where the majority of Norbord's European assets are located, year-over-year housing starts declined 20%. However, the second half of the year saw a gradual improvement, with December 2009 housing prices 6% higher than the prior year.

European average prices declined by 20% for OSB, 16% for MDF and 6% for particleboard in 2009 versus 2008. Prices for all three product lines were under pressure at the beginning of 2009 and stabilized by mid-year. OSB prices began to recover, particularly in the fourth quarter, as a result of improved demand, low supply chain inventories and higher imported plywood prices across Europe.

Performance

Norbord's North American OSB mills operated at approximately 60% of capacity in both the fourth quarter and the full year compared to 80% of capacity in 2008. Norbord operated at approximately 80% of its European capacity throughout the year.

Norbord's North American per unit OSB production costs increased 8% in the fourth quarter versus the third quarter of 2009 due primarily to higher resin prices, lower production volumes, and higher energy and resin usages. OSB cash production costs in the quarter were still significantly lower than the prior year, down 11% versus the fourth quarter of 2008. For the full year, per unit OSB costs decreased 7% from 2008 as lower key input prices more than offset the impact of lower production volumes.

Norbord's Margin Improvement Program helped the Company improve its competitive position throughout the year, generating savings of \$29 million in 2009 and more than \$136 million over the past five years. These gains, largely driven by overhead reductions and higher-margin sales mix, more than offset the impact of rising input costs and curtailed production volume.

At year end, Norbord had unutilized liquidity of \$241 million consisting of cash and cash equivalents, revolving bank lines and the Brookfield debt facility. The Company's tangible net worth was \$334 million and net debt to total capitalization (book basis) was 58% at the end of 2009.

Capital investments totaled \$14 million in 2009. In addition to investments in essential maintenance and safety programs, Norbord completed a significant project at its mill in Joanna, South Carolina to improve production efficiency.

Developments

As previously announced, the Company implemented a share consolidation on the basis of one post-consolidated common share for every ten pre-consolidated common shares. The effective date for the share consolidation was October 16, 2009 and Norbord's common shares began trading on a post-consolidated basis on the Toronto Stock Exchange on October 21, 2009. No fractional shares were issued. The exercise or conversion price and the number of Common Shares issuable under any of the Company's outstanding warrants, stock options and deferred share units were proportionately adjusted upon consolidation. Norbord's common shares continue to trade on the Toronto Stock Exchange under the symbol 'NBD'. The new CUSIP number is 65548P403.

In 2009, Norbord divested its non-core MDF assets in Deposit, New York and formed a joint venture for its non-core hardwood plywood business in Cochrane, Ontario.