



**Norbord**

# Q1 2010 Investor Presentation

May 2010

# Forward Looking Statements and Non-GAAP Financial Measures

- All financial references are expressed in US\$ unless otherwise noted.
- This presentation contains forward looking statements and estimates.
- Actual company results could differ materially from a conclusion, forecast or projection in the forward-looking information.
- Certain material factors or assumptions were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.
- Additional information can be found in the company's annual information form, annual MD&A, and on Norbord's web site ([www.norbord.com](http://www.norbord.com)) about the material factors that could cause actual results to differ materially from the conclusion, forecast or projection in the forward-looking information, and the material factors or assumptions that were applied in drawing a conclusion or making a forecast or projection as reflected in the forward-looking information.
- During the course of this presentation, certain non-GAAP financial information will be presented. Definitions and reconciliation of terms can be found in the Company's annual and quarterly MD&A.

## Norbord in Brief

- Based in Toronto, Canada
- Listed on TSX (“NBD”)
- Report in U.S. Dollars
- 1,950 employees across U.S., Canada and Europe
- 2009 Assets - \$1.0 billion
- 2009 Sales - \$0.7 billion

# Norbord Assets Strategically Located

## NORTH AMERICA



● Oriented Strand Board    □ Particleboard    ○ Medium Density Fibreboard    ◆ Hardwood Plywood    ◇ Other

## Production Facilities

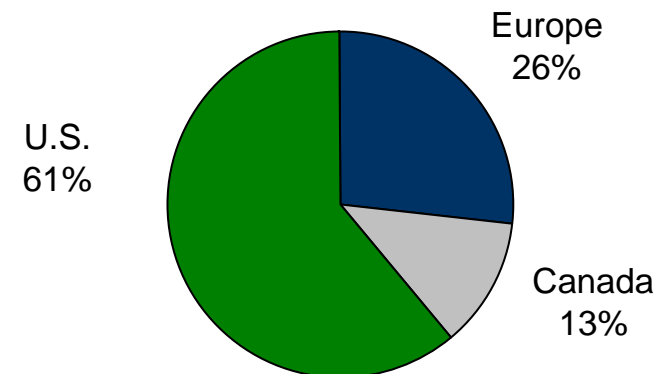
- 11 OSB
- 2 Particleboard
- 1 MDF
- 1 Hardwood Plywood (Joint Venture)

## EUROPE



● Oriented Strand Board    □ Particleboard    ○ Medium Density Fibreboard    ◆ Hardwood Plywood    ◇ Other

## Panel Capacity by Region



## Improved 2009 Results; Continuing Momentum in 2010

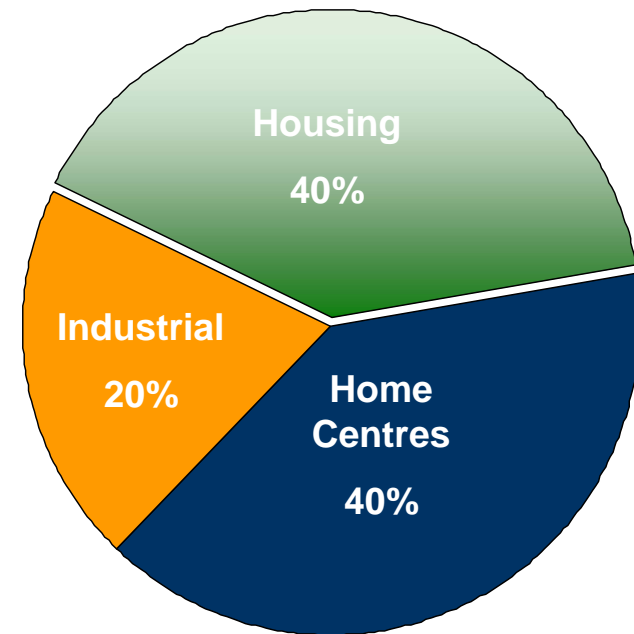
	<b><u>Q1</u> <u>2010</u></b>	<b><u>Q1</u> <u>2009</u></b>	<b><u>Year</u> <u>2009</u></b>
Net Sales	<b>\$ 184</b>	\$156	\$718
EBITDA	<b>\$9</b>	\$(14)	<b>\$0</b>
Earnings	<b>\$(5)</b>	\$(22)	\$(58)
EPS	<b>\$(0.12)</b>	\$(0.52)	\$(1.35)
NC OSB Price	<b>\$ 212</b>	\$154	\$163

(\$US millions, except per share and price information, unless indicated)

# Norbord's Strategy Reduces Exposure to New Home Construction

- Norbord's industry capacity – 14%
- Norbord's market share – 20%
- Leading national customer base

**2009 N.A. OSB Sales Segments**

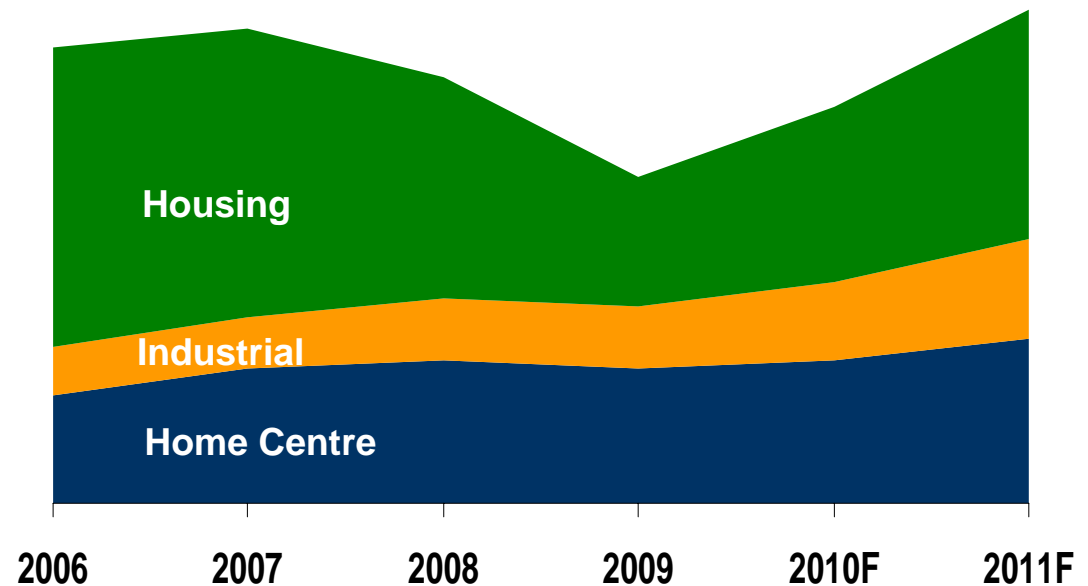


# Improving Housing Demand will Support Norbord's Business Recovery

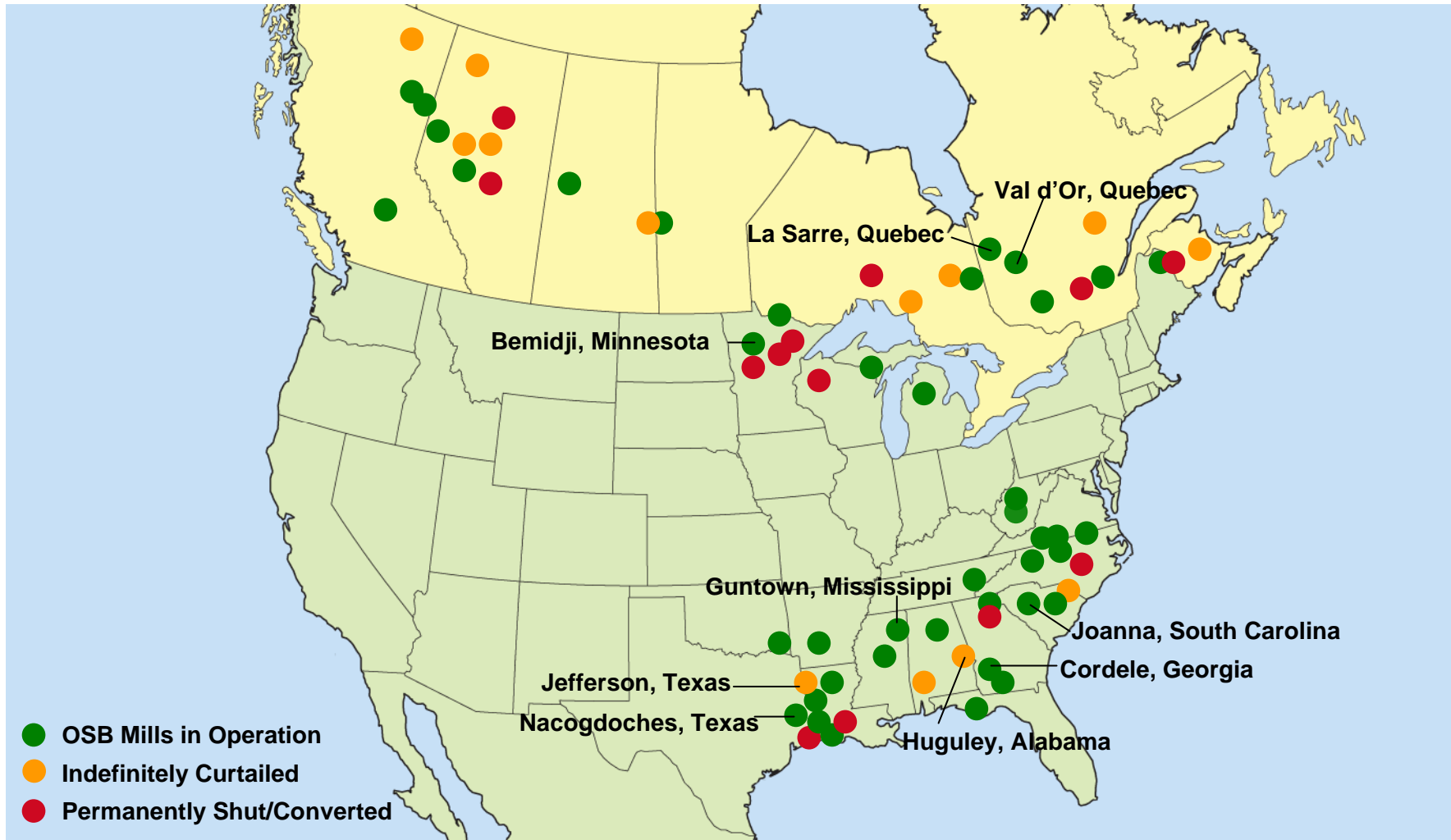
**Norbord's N.A. Sales by Segment**

Q1 2010

- Sales to housing increased 50%
- Value-added product sales up 60%
- Overall OSB shipments increased 12%

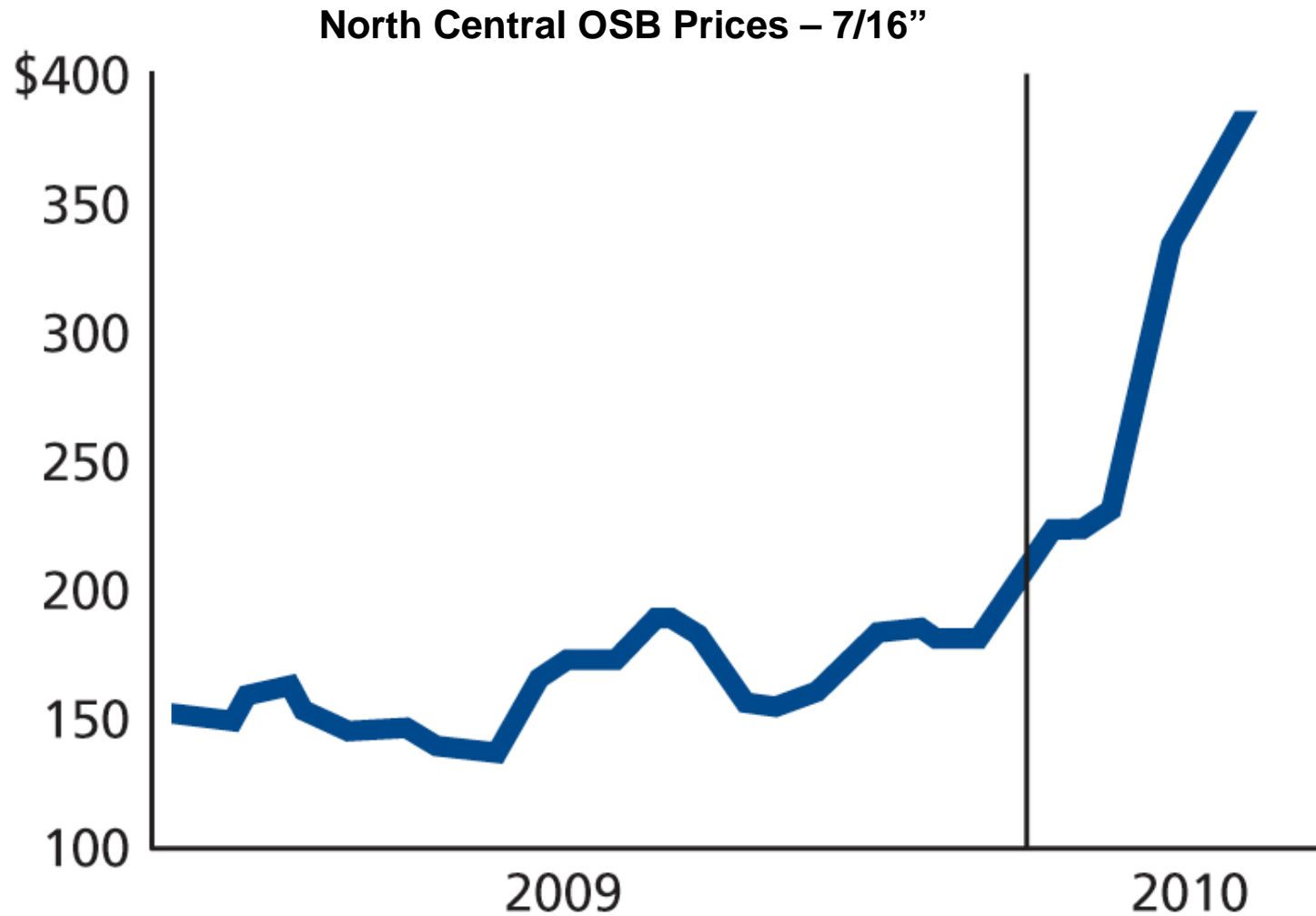


# North American OSB Capacity Status



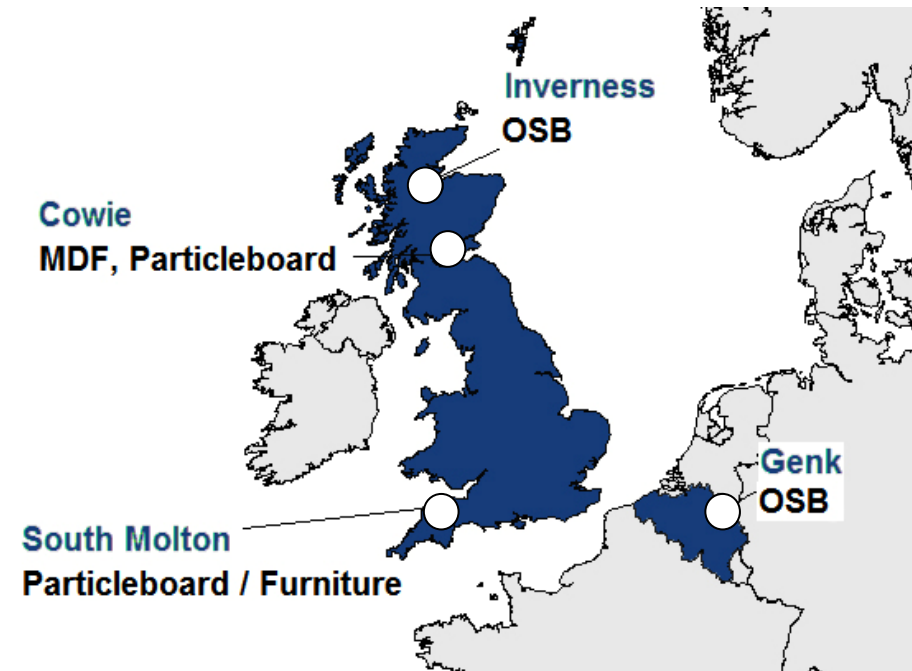
Source: Company Documents

# North American OSB Prices Improving



## European Mills Well-Prepared for Downturn

- Margin improvements of \$23 million in 2009
- Overhead costs reduced 20%
- Reduced operating schedule 20%
- Strengthened key customer relationships

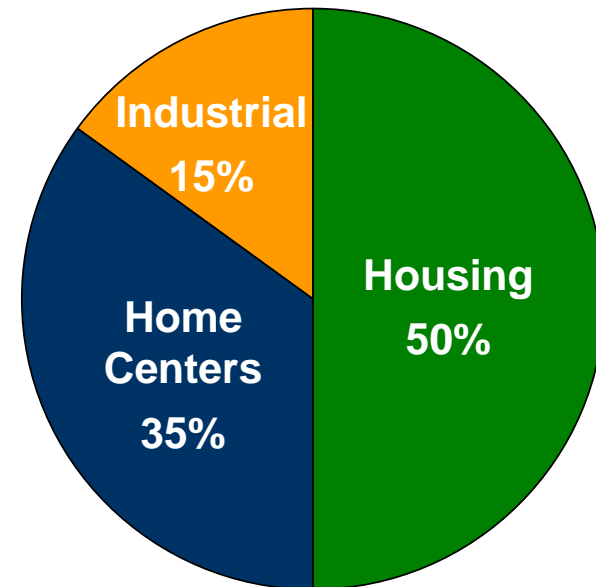


**EBITDA From EU Mills Averaged \$34 Million In Each Of The Past 5 Years**

# UK Business Recovery Outpacing North America

- UK business less reliant on a housing recovery
- Diverse product offering – OSB, MDF & particleboard
- Norbord's mills are UK-based

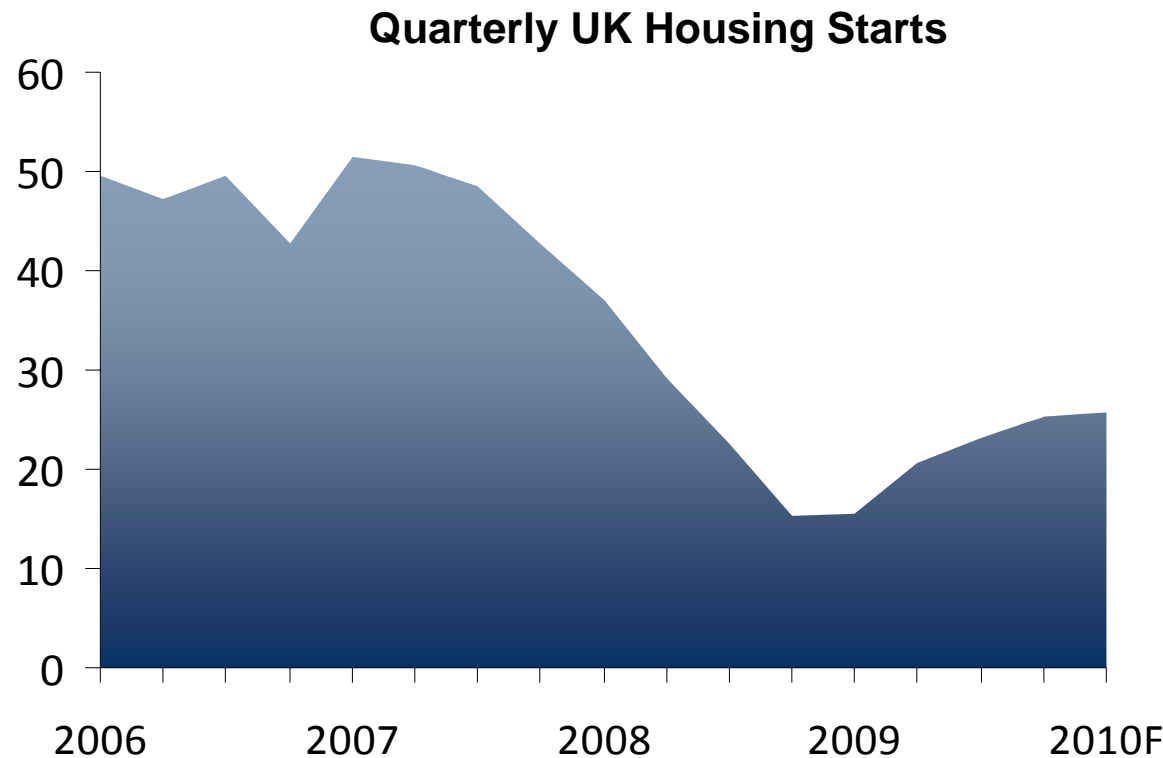
UK Panel Sales



**Home Centre & Industrial Sales Held Up Well Through Downturn**

# UK-Based Manufacturing Provides Competitive Advantage

- Systemic lack of available housing in the UK
- Pent up demand continues to grow
- Currency trends favour UK manufacturers



## UK Mills Provide Earnings Diversification

Sources: UK Department of Communities & Local Government & Halifax UK House Price Index

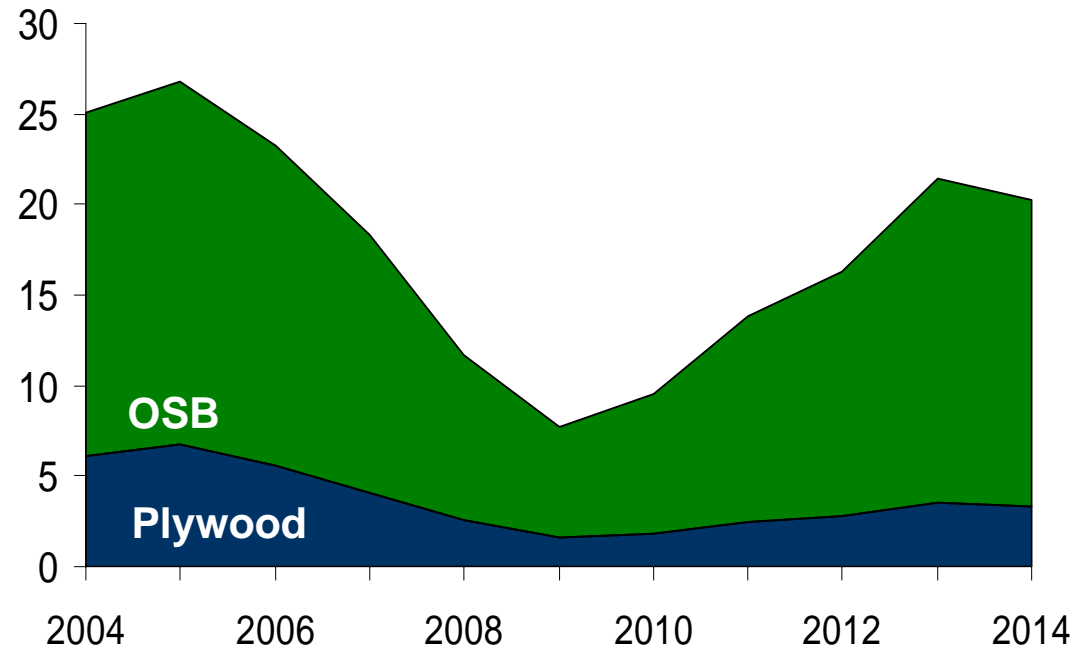
## Stable Financial Ratios and Adequate Liquidity

- Financial recapitalization completed:
  - Amended bank lines
  - Suspended quarterly dividend
  - Raised CAD\$240 million through Rights Offering
- Operational adjustments completed:
  - Reduced operating schedule
  - Constrained capital investments
  - Reduced already lean overhead costs
- Received \$55 million US tax refund in January 2010

# Long-term Outlook for OSB Growth Still Positive

- 2010 US housing starts forecast to improve 20% vs. 2009
- 25-year housing trend of 1.5 million starts

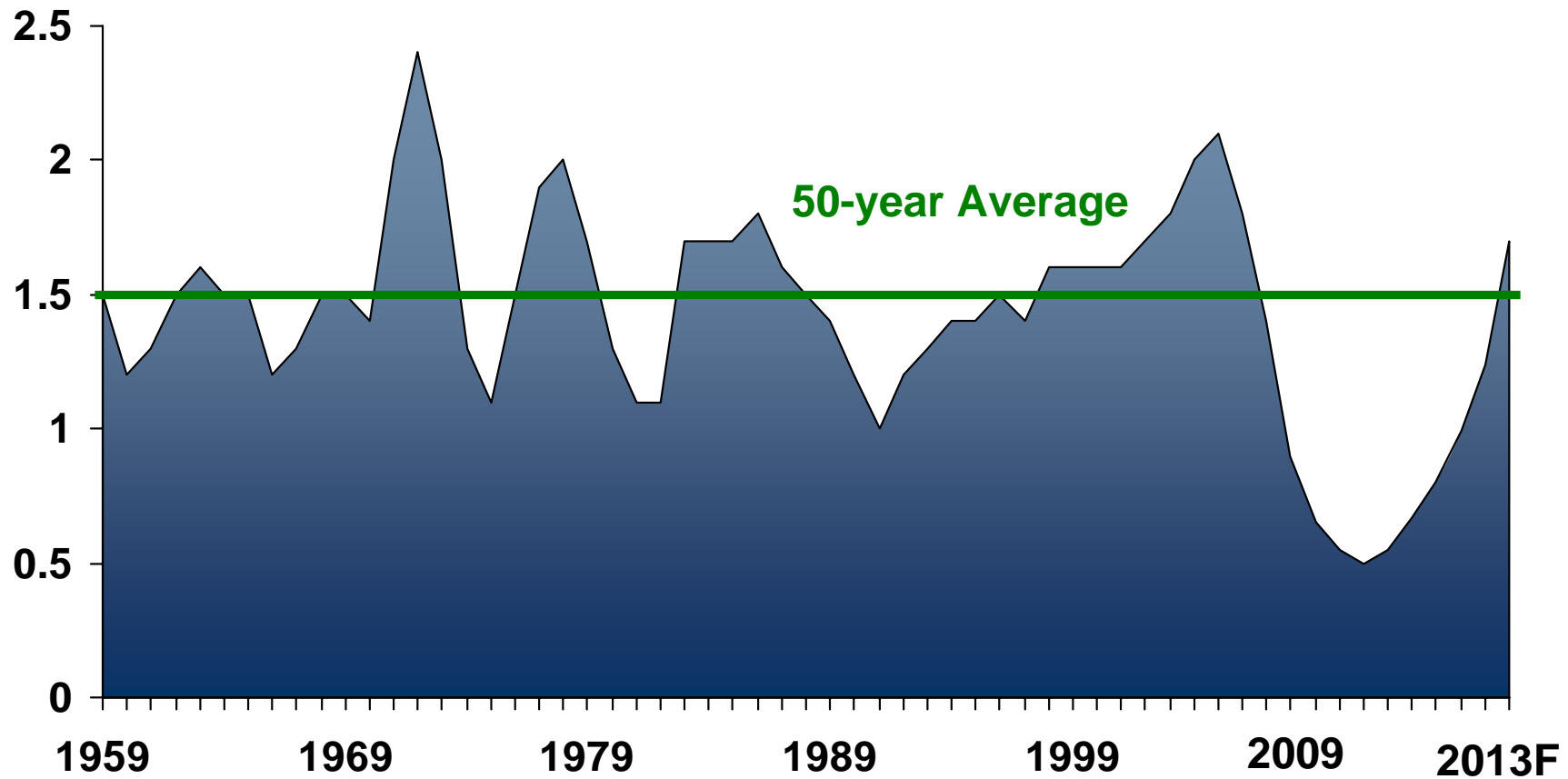
**North American  
Structural Panel Consumption**



Source – APA The Engineered Wood Association

# Demographics Support a US Housing Recovery

US Housing Starts  
(millions)



Source: US Census & APA- The Engineered Wood Association

# *Appendix*

# Strategic Priorities

## Strategic Priority

## 2009 Performance

1. Develop world class safety culture

- Improved safety performance by 50% to a best ever OSHA recordable rate of 0.96.

2. Pursue growth in OSB

- Monitored opportunities for growth in OSB through acquisition.
- Completed significant equipment rebuild at the Joanna, South Carolina mill to improve production efficiency.

3. Own high-quality assets with low cost positions

- Divested non-core MDF assets (Deposit, N.Y.)
- Formed joint venture for non-core hardwood plywood assets (Cochrane, ON)
- Continued to reduce corporate overheads with a 30% decrease from 2007.

4. Maintain a margin-focused operating culture

- Generated margin improvements of \$29 million including selling, general and administrative cost reductions, in spite of 20% lower production volume.

5. Focus on growth customers

- Limited exposure to housing-related OSB by increasing sales volume to strategic big box retailers and industrial customers.
- Launched Pinnacle™, a performance flooring product and Trubord™, a commodity wall sheathing product.

6. Allocate capital with discipline

- Constrained capital program to \$14 million.

# Investment Dynamics <sup>(1)</sup>

- Market capitalization – CAD \$712 million
- Average daily trading volume during Q1 2010 – 55,214 shares
- Total of 43.5 million common shares and 136 million warrants<sup>(2)</sup> issued and outstanding
- Brookfield Asset Management ownership – 53%<sup>(3)</sup>

*(1) Information as at March 27, 2010.*

*(2) 10 warrants = 1 common share*

*(3) Brookfield also owns 131,080,671 warrants, fully diluted ownership of 63%.*

# Analyst Coverage of Norbord

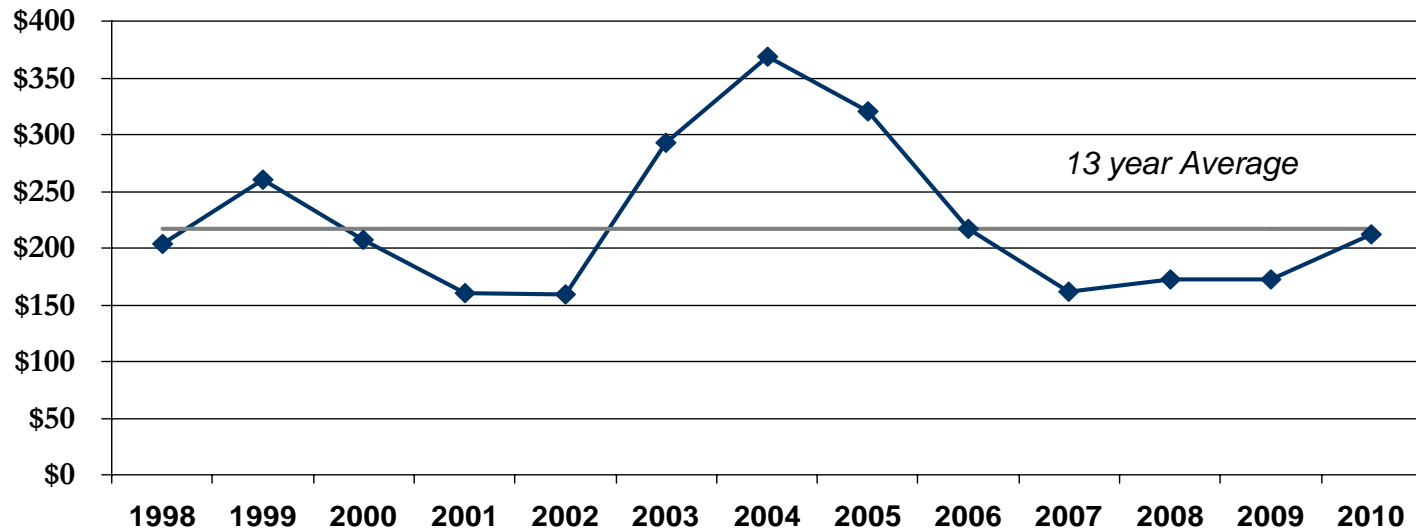
Analyst	Analyst Name	Contact
BMO Capital Markets	Stephen Atkinson	(514) 286-7309    stephen.atkinson@bmonb.com
CIBC World Markets	Jonathan Lethbridge	(415) 847-6423    jonathan.lethbridge@cibc.ca
Desjardins Securities	Pierre Lacroix	(514) 281-4231    pierre.lacroix@vmd.desjardins.com
Dundee Securities	Richard Kelertas	(514) 396-0320    rkelertas@dundeesecurities.com
Goldman Sachs	Rick Skidmore	(212) 357-5509    richard.skidmore@gs.com
Raymond James	Daryl Swetlishoff	(604) 659-8246    daryl.swetlishoff@raymondjames.ca
Salman Partners	Mike Richmond	(604) 622-5563    mrichmond@salmanpartners.com
RBC Capital Markets	Paul Quinn	(604) 257-7048    paul.c.quinn@rbccm.com
Scotia Capital	Benoit Laprade	(514) 287-3627    benoit_laprade@scotiacapital.com
TD Newcrest	Sean Steuart	(416) 308-3399    sean.steuart@tdsecurities.com

# Financial Sensitivities

<b>Exposure</b>	<b>Change</b>	<b>Impact on EBITDA<sup>(1)</sup> (\$ millions)</b>
North American OSB	\$10 per Msf 7/16"	± \$36
European OSB	€10 per m <sup>3</sup>	± \$7
Canadian dollar	\$0.01 per Cdn\$	± \$1
Pound sterling	£0.01 per €	± \$2

(1) Assumes operation at full capacity levels.

# Historical OSB Pricing – NC 7/16”



<b>Q1</b>	157	217	261	132	163	175	423	364	285	145	137	154	212
<b>Q2</b>	195	291	240	190	159	215	443	297	238	156	179	146	
<b>Q3</b>	287	301	171	180	159	381	351	303	181	177	201	178	
<b>Q4</b>	178	230	155	140	156	401	264	317	166	165	170	172	
<b>Average</b>	204	260	207	160	159	293	369	320	217	161	172	163	212

Source: *Random Lengths*

# Forecast OSB Pricing – NC 7/16”

- Norbord does not provide guidance regarding its expectations of future prices. The following is a sample of price forecasts by analysts and other institutions as at **May 12, 2010**. It is not exhaustive.*

	<b>2010</b>
BMO Capital Markets	259
CIBC World Markets	210
Desjardins Securities	242
Dundee Securities	209
Goldman Sachs	221
Raymond James	230
RBC Capital Markets	240
Salman Partners	210
Scotia Capital	228
TD Newcrest	254
<b>Average</b>	<b>\$230</b>
<b>Range</b>	<b>\$209-\$259</b>