

Norbord Inc.

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Norbord gets boost from U.S. housing recovery

Shares of Norbord (TSE:NBD) are surging nearly five per cent higher after reporting a boost in earnings as the U.S. housing sector shows signs of a recovery.

Earnings before interest, taxes, depreciation and amortization (EBITDA) soared five-fold in the first quarter to \$111 million from \$21 million a year ago.

Norbord reported net income of \$67 million or \$1.26 per share after breaking even in the first quarter of 2012.

In a sign of Norbord's confidence in its future prospects, the company declared its first quarterly dividend in four-and-a-half years and will pay shareholders 60 cents per share.

"I believe Norbord's peak earning years are still ahead," said president and chief executive officer Barrie Shingleton in a release.

Norbord says all major data trends point to a widespread recovery in U.S. housing, including prices, foreclosure inventory and housing starts, which it predicts will return to historical levels as "pent-up demand" kicks in.

The company expects to bring an idle mill in Jefferson, Texas back into operation later this year, after it was mothballed more than four years ago. Other mills in Huguley, Alabama and Val-d'Or, Quebec will remain shuttered.

Norbord spent \$12 million on capital expenditures during the quarter, mostly towards getting the Texas mill back online. It predicts annual capex spending to reach \$70 million.

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Share Information

Code: NBD

Listing: TSX

Sector: Builders and building materials

Website: www.norbord.com

Company Synopsis:

Norbord Inc. is an international producer of wood-based panels, with 15 plant locations in the United States, Europe and Canada. Norbord is one of the world's largest producers of oriented strand board.

action@proactiveinvestors.com

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