



NEWS RELEASE

November 4, 2015 - For Immediate Release

**AIRBOSS ANNOUNCES 3rd Quarter 2015 RESULTS**

**Q3 2015 Highlights:**

- EBITDA increased by 7.3% to \$8,403 from \$7,833
- Gross margin improved to 19.5% from 15.7%
- Gross margin dollars increased 30.1% to \$15,131 from \$11,630

<b>(In thousands of US dollars)</b>	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
Net Sales	<b>77,513</b>	74,219	<b>231,333</b>	225,108
Gross margin	<b>15,131</b>	11,630	<b>41,997</b>	33,565
EBITDA <sup>(1)</sup>	<b>8,403</b>	7,833	<b>21,304</b>	21,960
Share-based compensation expense	<b>(56)</b>	926	<b>5,963</b>	2,001
Adjusted EBITDA <sup>(1)</sup>	<b>8,347</b>	8,759	<b>27,267</b>	23,961
Net income	<b>4,036</b>	3,861	<b>9,594</b>	10,122
<b>(In US dollars)</b>				
<u>Net income per share (EPS)</u>				
-Basic	<b>0.18</b>	0.17	<b>0.42</b>	0.44
-Diluted	<b>0.17</b>	0.17	<b>0.41</b>	0.44
<u>Adjusted EPS<sup>(1)</sup></u>				
-Basic	<b>0.17</b>	0.20	<b>0.61</b>	0.51
-Diluted	<b>0.17</b>	0.20	<b>0.60</b>	0.50
<u>Common shares outstanding (millions)</u>				
-Basic	<b>23.0</b>	22.8	<b>23.0</b>	22.8
-Diluted	<b>23.6</b>	23.1	<b>23.5</b>	23.1

Overall, the third quarter of 2015 continued the year-to-date trend of strong performance, reflecting operational improvements across the Company and the superior results at our Rubber Compounding and Automotive divisions. Net income for the quarter increased by 4.5%, despite restructuring and acquisition charges of \$1,486 in the quarter relating to the defense business (discussed below), and gross margin increased to 19.5% from 15.7%, when compared to the third quarter of 2014.

Rubber Compounding's performance continues to improve despite the macro-economic challenges faced by some of its traditional markets and the resulting lower volumes. Gross margin dollars increased 24% and 36%, for the third quarter and year-to-date periods, respectively, compared to the same periods in 2014. As a percentage of sales, gross margin increased to 21.5% from 13.9% for the quarter and to 19.2% from 12.4% for the year-to-date period. Volumes (expressed in pounds) decreased 7.5% in the quarter and 3.4% on a year-to-date basis over the same periods in 2014 as a result of continued weakness

in some traditional markets, predominantly in the conveyor belt and “off the road” (OTR) retreading segments and were partially offset by increases in the infrastructure and defense segments. We expect our performance for the remainder of 2015 to be consistent with that of the year-to-date, and remain focused on increasing capacity utilization, diversifying our customer base and servicing new and existing customers as a leading supplier of higher end compounds.

Automotive’s growth trend also continued in the third quarter, due in large part to the ongoing strength in the North American automotive manufacturing environment. Net sales in the third quarter and year-to-date increased 24% and 15.5%, respectively, compared to the same periods in 2014. Gross margins at Automotive for the quarter increased to 17.6% from 14.3% and to 16.6% from 15.2% on a year-to-date basis. We expect the Automotive business to continue to perform strongly in the fourth quarter, with industry forecasts predicting continued strength in the US automotive manufacturing sector as well as the positive impact of a recently launched continuous improvement initiative that we anticipate will enhance operations and support further growth.

Within AirBoss Engineered Products (“AEP”), the industrial products business continues to experience softness in demand due to volatility among many of its market segments, while the performance of the defense business is up significantly for the third quarter and on a year-to-date basis compared to 2014, largely as a result of the acquisition of Immediate Response Technologies, LLC (“IRT”) in the quarter. Overall, net sales at AEP were up 21.7% for the quarter and 13.8% on a year-to-date basis compared to the same periods in 2014. In light of the challenges facing the industrial products business, management remains focused on business development projects for new customers with diversified end-use applications. In the defense business, although there are potential signs of improvement in the industry, and heightened awareness of CBRN threats, actual global defense spending remains soft, impacted by political environments and by the strength of the US dollar in offshore markets. As a result, we have experienced delays in agency approvals and in the evaluation and award processes for outstanding program tenders which, in turn, has negatively impacted our delivery timelines on awarded business.

Following the closing of the IRT acquisition in the quarter, we started the process of integrating IRT’s operations with the initial focus on optimizing our sales and marketing teams and our manufacturing footprint. As a result, the Company will transfer the operations of its Vermont facility to its Acton Vale, Quebec facility by the end of the fourth quarter. In connection with the IRT acquisition and the manufacturing consolidation, the Company has recognized acquisition costs of \$735 in the third quarter (aggregate \$1,238 on a year-to-date basis) and restructuring costs of \$751 in the third quarter. Total restructuring costs associated with this manufacturing consolidation are expected to be approximately \$1,100, with the remainder to be recognized in the fourth quarter of this year.

We are pleased with the performance of the overall business both in the third quarter and year-to-date. This has been a transformational year and we are encouraged by the team’s focus and commitment on executing on the many opportunities we see before us.

AirBoss of America Corp. is a group of complementary businesses using compounding technology and engineering expertise to create value for its customers. With a capacity to supply over 250 million pounds of rubber annually, AirBoss Rubber Compounding is one of North America’s largest custom rubber compounding companies. AirBoss Engineered Products is a world leader in the supply of life saving products for the military and essential calendared, extruded and moulded products for a broad range of applications. AirBoss Flexible Products is a leading supplier of innovative anti-vibration solutions to the North American automotive market. The Corporation’s shares trade on the TSX under the symbol BOS. Visit [www.airbossofamerica.com](http://www.airbossofamerica.com).

Contact Lisa Swartzman, President or Gren Schoch, CEO (905) 751-1188

A conference call to discuss the quarterly results is scheduled for 9:00 a.m. EDT Thursday, November 5, 2015. Please follow the link on our website or at [www.marketwired.com](http://www.marketwired.com) under webcasts or dial in to the following numbers: 416-340-8061 or Toll Free: 866-226-1792. Direct Replay Access number: 1-800-408-3053.

**Note 1: Non – IFRS Financial Measures:** EBITDA, Adjusted EBITDA and Adjusted EPS do not have any standardized meanings prescribed by IFRS. Such measures are neither required by, nor calculated in accordance with IFRS, and therefore are considered Non-IFRS financial measures. The Company discloses EBITDA, a financial measurement used by interested parties and investors to monitor the ability of an issuer to generate cash from operations for debt service, financing working capital and capital expenditures and paying dividends. It should not be considered as an alternative to, or more meaningful than net income (or any other IFRS financial measure) as an indicator of the Company’s performance. Because EBITDA excludes some, but not all, items that affect net income, the EBITDA and Adjusted EBITDA presented by the Company may not be comparable to similarly titled measures of other companies. A reconciliation of EBITDA and Adjusted EBITDA to net income is presented below.

Adjusted EPS represents the net income per share for the period, before deduction for share-based compensations expenses for the period.

<b>In thousands of US dollars</b>	<b>Three months ended September 30</b>		<b>Nine months ended September 30</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
Net income	<b>4,036</b>	3,861	<b>9,594</b>	10,122
Finance costs	<b>556</b>	510	<b>1,472</b>	1,715
Amortization	<b>2,670</b>	2,206	<b>6,969</b>	6,526
Provision for income taxes	<b>1,141</b>	1,256	<b>3,269</b>	3,597
<b>EBITDA</b>	<b>8,403</b>	7,833	<b>21,304</b>	21,960
Add back:				
Share-based compensation attributed to changes in share price	<b>(56)</b>	926	<b>5,963</b>	2,001
<b>Adjusted EBITDA</b>	<b>8,347</b>	8,759	<b>27,267</b>	23,961

#### AIRBOSS FORWARD LOOKING STATEMENT DISCLAIMER

*Certain statements contained or incorporated by reference herein, including those that express management's expectations or estimates of future developments or AirBoss' future performance, constitute "forward-looking statements" within the meaning of applicable securities laws, and can generally be identified by words such as "will", "may", "could" "expects", "believes", "anticipates", "forecasts", "plans", "intends" or similar expressions. These statements are not historical facts but instead represent management's expectations, estimates and projections regarding future events and performance.*

*Forward-looking statements are necessarily based upon a number of opinions, estimates and assumptions that, while considered reasonable by management at the time the statements are made, are inherently subject to significant business, economic and competitive risks, uncertainties and contingencies. AirBoss cautions that such forward-looking statements involve known and unknown contingencies, uncertainties and other risks that may cause AirBoss' actual financial results, performance or achievements to be materially different from its estimated future results, performance or achievements expressed or implied by those forward-looking statements. Numerous factors could cause actual results to differ materially from those in the forward-looking statements, including without limitation: impact of general economic conditions; its dependence on key customers; cyclical trends in the tire and automotive, construction, mining and retail industries; sufficient availability of raw materials at economical costs; weather conditions affecting raw materials, production and sales; AirBoss' ability to maintain existing customers or develop new customers in light of increased competition; AirBoss' ability to successfully integrate acquisitions of other businesses and/or companies or to realize on the anticipated benefits thereof, changes in accounting policies and methods, including uncertainties associated with critical accounting assumptions and estimates; changes in the value of the Canadian dollar relative to the US dollar; changes in tax laws and potential litigation; ability to obtain financing on acceptable terms; environmental damage caused by it and non-compliance with environmental laws and regulations; potential product liability and warranty claims and equipment malfunction. This list is not exhaustive of the factors that may affect any of AirBoss' forward-looking statements.*

*All of the forward-looking information in this press release is expressly qualified by these cautionary statements. Investors are cautioned not to put undue reliance on forward-looking statements. All subsequent written and oral forward-looking statements attributable to AirBoss or persons acting on its behalf are expressly qualified in their entirety by this notice. Forward-looking information contained herein is made as of the date of this press release and, whether as a result of new information, future events or otherwise, AirBoss disclaims any intent or obligation to update publicly these forward-looking statements except as required by applicable laws. Risks and uncertainties about AirBoss's business are more fully discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2014 Annual Report to Shareholders under the heading "Risk Factors".*