



AIRBOSS OF AMERICA CORP.

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NEWS RELEASE

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AIRBOSS ANNOUNCES 3rd QUARTER 2016 RESULTS AND DIVIDEND

Q3 2016 Highlights (versus Q3 2015):

(In US dollars)

- Declares quarterly dividend of C\$0.065 per common share
- Free Cash Flow increased 43.1% to \$5.0 million (\$0.21 per share)
- Announces new leadership in Automotive division

(In thousands of US dollars)	Three months ended September 30		Nine months ended September 30	
	2016	2015	2016	2015
Net Sales	66,666	77,513	204,588	231,333
Gross profit	11,478	15,131	37,715	41,997
EBITDA ⁽¹⁾	7,269	8,403	25,334	21,304
Adjusted EBITDA ⁽¹⁾	7,550	8,347	26,073	27,267
Net income	3,115	4,036	12,421	9,594

(In US dollars, except shares)

Net income per share (EPS)

-Basic	0.13	0.18	0.54	0.42
-Diluted	0.13	0.17	0.53	0.41
<u>Adjusted EPS⁽¹⁾</u>				
-Basic	0.15	0.17	0.57	0.61
-Diluted	0.14	0.17	0.55	0.60
<u>Common shares outstanding (millions)</u>				
-Basic	23.1	23.0	23.1	23.0
-Diluted	23.5	23.6	23.6	23.5

Dividend

The Board of Directors of the Company has approved a quarterly dividend of CAD \$0.065 per common share, to be paid on January 12, 2017 to shareholders of record at December 31, 2016.

Consolidated Results

Consolidated net sales in the quarter were 14.0% lower than in Q3 2015, reflecting decreases across all business segments. For the year to date, consolidated net sales were 11.6% lower than the same period in 2015, with decreases in net sales at Rubber Compounding and Engineered Products offsetting a slight increase at Automotive. The decrease in sales compared to 2015 largely reflects continued weakness in demand from various segments of our customer base and, in Rubber Compounding, lower raw material pricing. Adjusted EBITDA (which adjusts for share-based compensation expense) of \$7.6 million in the quarter was 9.5% lower than Q3 2015.

The Company's operations continue to generate strong cash, with free cash flow (defined as net cash provided by operating activities less capital expenditures for the period) increasing 43.1% to \$5.0 million (\$0.21 per share) in the quarter and increasing 39.2% to \$14.3 million (\$0.62 per share) for the year to date, compared to 2015. As a result, with over \$21 million in cash and cash equivalents, \$60 million in undrawn availability under its credit facilities and a net debt to TTM EBITDA ratio of 1.6x, the Company enters the fourth quarter in robust financial condition.

Segment Results

At Rubber Compounding, gross profit decreased to \$4.1 million for the quarter largely as a result of a \$6.0 million decrease in net sales, which was driven by a 13.0% decrease in raw material prices (where savings are passed along to the customer) and by a 27.3% decrease in volume (measured in pounds shipped) from the same period in 2015. Volume levels remain negatively impacted by softness primarily in the conveyor belt and mining segments and our chemical distribution business, as well as a large decrease in conventional tolling volumes. These decreases were partially offset by improvements in the off-the-road (OTR), retread and niche tolling segments, as well as in the third party automotive and defense segments.

Net sales at Automotive for the quarter decreased by 7.0% over Q3 2015. This change from the prior year period is primarily due to the end of production under a large muffler hanger program in the period, for which equivalent new replacement programs have not yet commenced. Management has been actively seeking to minimize the impact between the completion of sizable production programs and the commencement of production on newer programs by seeking additional opportunities in the market place. Gross profit for the quarter declined \$1.7 million to \$4.8 million (representing 13.9% of net sales), was driven by the aforementioned decrease in net sales as well as an inventory adjustment of \$0.6 million in the quarter. Year to date, net sales increased 1.4% over the same period in 2015, largely due to increased demand in the dampers and bushings offsetting weakness in other product segments.

At our Engineered Products division, net sales were down \$2.3 million in the third quarter when compared to the same period in 2015. Within Engineered Products, an increase in net sales in the industrial products business was more than offset by the decrease in net sales in the defense business, reflecting the completion in 2015 of an overboot contract and lower sales of the Extreme Cold Weather boots and PAPRs, partially offset by increased sales of gloves.

New Automotive Leadership

The Company is also pleased to announce that Bradley A. Berghouse will assume the role of division president on November 28 following the retirement of Doug Reid, who moves into an advisory role within Automotive after serving the last three years as division president. Mr. Berghouse brings with him more than 25 years of U.S. and global management experience, having provided sales, operational and fiscal leadership in various automotive and other manufacturing businesses. Mr. Berghouse is a welcome addition to the AirBoss executive team.

Outlook

For the remainder of 2016, we expect pressure on net sales to continue across all our divisions. The conditions behind the softness experienced by customers in the conveyor belt, oil & gas, mining and industrial market segments and within our chemical distribution business in Rubber Compounding and in the industrial products business of Engineered Products will remain through the end of 2016. Automotive sales for the rest of 2016 will be in line with the recent third quarter results. The outlook for our defense business for the rest of the year remains unchanged from the prior quarter.

Despite current market conditions, AirBoss remains in a strong position to benefit over the long term. In addition to maintaining a solid balance sheet, we are implementing further continuous improvement and cost control initiatives, and are structuring our businesses to consolidate and centralize certain functions to optimize the utilization of our assets across our businesses. The Company is continuing to invest in key leadership resources to further improve productivity and build best practices across the organization which, together with our efforts to expand and diversify our businesses, will position it well for profitable growth opportunities and enable it to adapt to any further market volatility.

Contact: Lisa Swartzman, President or Gren Schoch, CEO at 905-751-1188.

A conference call to discuss the quarterly results is scheduled for 9:00 a.m. Eastern on Tuesday November 15, 2016. Please follow the link on our website or at www.marketwired.com under webcasts or dial in to the following numbers: 416-340-2220 or Toll Free: 1-866-225-6564. Direct Replay Access number: 1-800-408-3053, pass code: 3796488.

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 calendered, 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.

Note (1): Non – IFRS Financial Measures: EBITDA, Adjusted EBITDA, Free Cash Flow 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 and Free Cash Flow, financial measurements 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 compensation expenses for the period and related tax effect.

In thousands of US dollars	Three Months ended		Nine Months ended	
	September 30 2016	2015	September 30 2016	2015
Net income	3,115	4,036	12,421	9,594
Finance costs	670	556	2,177	1,472
Depreciation and amortization of intangible assets	2,559	2,670	7,678	6,969
Income tax expense	925	1,141	3,058	3,269
EBITDA	7,269	8,403	25,334	21,304
Add back:				
Share-based compensation expenses	281	(56)	739	5,963
Adjusted EBITDA	7,550	8,347	26,073	27,267

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' business are more fully discussed in the Management's Discussion and Analysis of Financial Condition and Results of Operations in the 2015 Annual Report to Shareholders under the heading "Risk Factors".