



AirBoss of America Corp.

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NEWS RELEASE

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AIRBOSS ANNOUNCES 4th Quarter and Year End 2014 RESULTS

Highlights:

(In US dollars)

- Net sales for the quarter increased by 11.1% to \$78.0 million, by 28.3% to \$303.2 million for the year
- Gross margin for the quarter improved from 11.4% to 14.9%, from 12.1% to 14.9% for the year
- EPS for the quarter increased to \$0.16 from a loss of \$0.03, by 114.3% to US \$0.60 for the year
- EBITDA for the quarter increased by 194.9% to \$7.0 million, by 74.1% to \$28.9 million for the year
- Increasing quarterly dividend by 20% to CAD \$0.06 per share

AirBoss of America Corp. (“AirBoss”) announces the following results:

(In thousands of US dollars, except shares and per share amounts)	Three months ended December 31		Twelve months ended December 31	
	2014	2013	2014	2013
Net Sales	78,043	70,267	303,151	236,325
Gross margin	11,602	7,980	45,167	28,706
Equity based compensation expense	924	1,050	2,925	1,281
Earnings before interest, tax and amortization from operations (EBITDA) (Note 1)	6,988	2,370	28,948	16,627
Interest expense	563	590	2,278	1,196
Net income	3,603	(779)	13,725	6,351
<u>Net income per share</u>				
-Basic	0.16	(0.03)	0.60	0.28
-Diluted	0.16	(0.03)	0.60	0.28
<u>Net cash provided by operating activities</u>	20,754	23,007	15,524	32,025
<u>Common shares outstanding (millions)</u>				
-Basic	22.9	22.7	22.9	22.7
-Diluted	23.1	22.9	22.9	22.8

The fourth quarter of 2014 marked the end of a transformational year in the business and a meaningful improvement over 2013. Our performance reflects the ongoing efforts of our entire team across all of our divisions. Net income for the quarter increased \$4.4 million (\$2.4 million after adjusting for transaction costs included in 2013) and gross margin increased from 11.4% to 14.9% driven primarily by the inclusion of Automotive for the full quarter and improvements in Rubber Compounding and Industrial Products. For the full year, net income increased \$7.4 million (\$5.4 million after adjusting for transaction costs included in 2013) and gross margin improved from 12.1% to 14.9%. Net sales for the quarter increased \$7.8 million.

For the quarter, Rubber Compounding volumes (expressed in pounds) increased 8.7% and 3.5% for the full year versus 2013. While we continue to experience weakness in some of its traditional markets, particularly off road tire (“OTR”), tire retreading and conveyor belts, these were more than offset with increases in other industry segments and tolling. We do not expect these circumstances to change materially in the coming year and we intend to continue focusing our efforts on diversifying our customer base and as a leading supplier of higher end compounds into new end use markets. Engineered Products, which includes Defense, was challenged both in the quarter and the full year by overall softness in defense spending, particularly in the US. We are gaining traction in overseas markets and the announcement in the third quarter of an approximately \$15 million order from the US Department of Defense for CBRN protective over-boots is encouraging; however, we expect the overall defense industry to remain weak in 2015. The Automotive business benefited from the strength in US auto manufacturing and expects this to continue 2015.

We are very appreciative of the team’s commitment and efforts and as we look to 2015, we are enthusiastic about the opportunities before us. Our focus is on optimizing our capacity utilization, additional manufacturing and operational efficiency initiatives and strategic growth both organically and through potential acquisitions.

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 calandered, extruded and molded 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.

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

A conference call to discuss the year end results is scheduled for 8:30 am EDT, March 19, 2015. Please follow the link on our website or at www.marketwired.com under “webcasts” or dial in to the following numbers: 416-340-8527 or Toll Free: 1-800-355-4959. Direct Replay Access number: 1-800-408-3053.

Note 1:

The Company discloses EBITDA, based on the Company’s continuing operations, a financial measurement used by interested parties. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures presented by other issuers. EBITDA is not a measure of performance under GAAP and should not be considered in isolation or as a substitute for net income under GAAP.

(\$thousands)	Three months ended December 31		Twelve months ended December 31	
	2014	2013	2014	2013
Net income	3,603	(779)	13,725	6,351
Interest expense	563	590	2,278	1,196
Amortization	2,100	2,161	8,626	6,599
Provision for income taxes	722	398	4,319	2,481
EBITDA	6,988	2,370	28,948	16,627

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; 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 2013 Annual Report to Shareholders under the heading "Risk Factors".