



NEWS RELEASE

March 15, 2016

AIRBOSS ANNOUNCES 4th QUARTER AND FULL YEAR 2015 RESULTS

Highlights:

(In US dollars)

- Gross margin for the quarter and the year improved from 14.9% to 18.1%
- Gross margin dollars for the quarter increased 15% to \$13.3 million, and increased 22.5% to \$55.3 million for the year
- EBITDA for the quarter increased by 24.3% to \$8.7 million, and by 3.6% to \$30.0 million for the year
- Adjusted EBITDA for the quarter increased by 12.6% to \$8.9 million, and by 13.5% to \$36.2 million for the year

(In thousands of US dollars)	Three months ended December 31		Twelve months ended December 31	
	2015	2014	2015	2014
Net Sales	73,576	78,043	304,909	303,151
Gross margin	13,337	11,602	55,334	45,167
EBITDA ⁽¹⁾	8,688	6,988	29,992	28,948
Share-based compensation expense	221	924	6,184	2,925
Adjusted EBITDA ⁽¹⁾	8,909	7,912	36,176	31,873
Net income	3,731	3,603	13,325	13,725
(In US dollars, except shares)				
<u>Net income per share (EPS)</u>				
-Basic	0.16	0.16	0.58	0.60
-Diluted	0.16	0.16	0.57	0.60
<u>Adjusted EPS⁽¹⁾</u>				
-Basic	0.17	0.19	0.78	0.70
-Diluted	0.17	0.19	0.76	0.69
<u>Common shares outstanding (millions)</u>				
-Basic	23.0	22.9	23.0	22.9
-Diluted	23.6	23.1	23.5	22.9

Full Year Results

In 2015 management's commitment to enhancing shareholder value and positioning AirBoss to take advantage of growth opportunities translated into improved performance over the prior year, notwithstanding continued headwinds in certain market segments. These efforts resulted in an increase to our consolidated gross margin (in dollars) of \$10.2 million (or 22.5%) and an increase in unadjusted EBITDA of \$1.0 million (or 3.6%) over 2014. Net income was essentially flat to 2014, as a result of the following charges incurred during the year and their negative impacts on fully-diluted earnings per share:

- share-based compensation expenses of \$6.2 million (or \$0.20 per share);
- acquisition and financing transactions expenses and fees of \$2.4 million (or \$0.07 per share); and
- restructuring costs related to the Defense business of \$1.1 million (or \$0.03 per share).

Adjusted EBITDA, which adjusts only for the above noted share-based compensation expenses, was 13.5% higher than 2014, at \$36.2 million.

Fourth Quarter

In the fourth quarter of 2015, our businesses continued to experience similar market conditions and performed similarly to the previous three quarters. Consolidated gross margin increased to 18.1% compared to 14.9% in the fourth quarter 2014, and 15% on a dollar basis to \$13.3 million from \$11.6 million. Net income for the quarter of \$3.7 million was essentially flat as compared to the same period in 2014, despite \$0.4 million in acquisition and restructuring charges incurred in the quarter relating to the Defense business in the Engineered Products division.

Rubber Compounding's continued its strong financial performance driven by our efforts to diversify our customer base, improve our product mix and focus on operational efficiencies and we believe we can achieve further improvements in 2016. Gross margin improved \$0.5 million to 23.6% compared to 14.4% in the prior year, an increase of 9.2% on a dollar basis, despite lower sales volume (expressed in pounds) resulting from changes in demand from the traditional customer base.

The Automotive business maintained its growth momentum and operational improvements into the fourth quarter, with net sales and gross margin for the quarter increasing \$3.6 million and \$0.5 million, respectively, compared to the same period in 2014. We expect our Automotive business to continue to perform strongly into 2016 on the strength of the US automotive manufacturing sector as well as the positive impact of continuous improvement initiatives launched in 2015.

Overall, net sales at AirBoss Engineered Products were up \$2.2 million for the quarter compared to 2014 on the strength of increased sales in the Defense business, primarily due to the inclusion of results for the recently acquired Immediate Response Technologies, LLC ("IRT"). Commitment levels and timing for defense spending globally remain uncertain and this continues to be a challenge for us in terms of the timing of expected tenders and awards of new business. However, we expect the on-going integration of IRT and the completion of the restructuring within the Defense business to position our business to benefit from an increase in global defense spending. The Industrial Products business continues to experience softness in demand due to volatility among many of its market segments, and we remain committed to work on business development projects for new customers with diversified end-use applications.

2015 was a year where AirBoss positioned itself for continued growth, both organic and via the strategic acquisition of IRT, and realized of tangible benefits from our focus on operational improvement initiatives. We will maintain our focus on operational initiatives in 2016 and believe AirBoss is positioned to take advantage of growth opportunities in all of our divisions.

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

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.

A conference call to discuss the year end results is scheduled for 9:00 am EDT, March 16, 2016. Please follow the link on our website or at www.marketwired.com under "webcasts" or dial in to the following numbers: 416-340-8061 or Toll Free: 1-866-226-1792. Direct Replay Access number: 1-800-408-3053, pass code: 5768059.

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

In thousands of US dollars	Three months ended December 31		Twelve months ended December 31	
	2015	2014	2015	2014
Net income	3,731	3,603	13,325	13,725
Finance costs	824	563	2,296	2,278
Amortization	2,626	2,100	9,595	8,626
Provision for income taxes	1,507	722	4,776	4,319
EBITDA	8,688	6,988	29,992	28,948
Add back:				
Share-based compensation attributed to changes in share price	221	924	6,184	2,925
Adjusted EBITDA	8,909	7,912	36,176	31,873

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 under the heading "Risk Factors".