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NEWS RELEASE

May 8, 2019

## AIRBOSS ANNOUNCES 1<sup>st</sup> QUARTER 2019 RESULTS AND DIVIDEND

(\$US except where otherwise noted)

### Highlights:

- Consolidated net sales and EBITDA increased by 2.5% and 5.0% to US\$82.6 million and US\$7.9 million, respectively
- Quarterly dividend paid of C\$0.07 per common share
- Basic and diluted earnings per common share of US\$0.13 and US\$0.12, respectively

<b>(In thousands of US dollars)</b>	<b>Three months ended</b>	
	<b>2019</b>	<b>2018</b>
Net Sales	<b>82,575</b>	80,549
Gross profit	<b>12,406</b>	12,665
EBITDA <sup>(1)</sup>	<b>7,895</b>	7,518
Net income	<b>2,926</b>	3,198
<b>(In US dollars)</b>		
<u>Net income per share (EPS)</u>		
-Basic	<b>0.13</b>	0.14
-Diluted	<b>0.12</b>	0.14
<u>Common shares outstanding (millions)</u>		
-Basic	<b>23.4</b>	23.1
-Diluted	<b>23.4</b>	23.3

### **Dividend**

The Board of Directors of the Company has approved a quarterly dividend of C\$0.07 per common share, to be paid on July 15, 2019 to shareholders of record at June 28, 2019.

### **Consolidated Results**

Consolidated net sales in the first quarter of 2019 increased by 2.5% to \$82,575 compared to the first quarter of 2018, with increases in the Rubber Solutions segment partly offset by decreases in Engineered Products. Consolidated gross profit for the quarter decreased marginally from the same period in 2018. Gross profit as a percentage of sales for the quarter decreased by 70 basis points to 15.0%. The decreases in gross profit and gross profit as a percentage of sales were primarily due to lower net sales in the anti-vibration business (formerly referred to as the automotive business) within the Engineered Products segment. EBITDA in the first quarter of 2019 increased by 5.0% compared to Q1 2018.

With over \$9.9 million in cash and cash equivalents, \$60 million in undrawn availability under its credit facilities and a net debt to TTM EBITDA ratio of 2.0x, the Company enters the second quarter of 2019 in strong financial condition.

## Segment Results

In the Rubber Solutions segment, net sales increased by 8.4% to \$39,102 in the first quarter of 2019, from the comparable period in 2018. The increase in net sales was driven by an overall increase in volume (measured in pounds shipped) of approximately 7.2% and an increase of approximately 6.7% in raw material costs in the quarter. The increase was reflected primarily in the conveyor belt, industrial and mining sectors, partly offset by lower net sales in the oil and gas sector.

Tolling volume increased by 16.8% in the first quarter of 2019, compared to the same period in 2018. The increase was in conventional tolling applications, which was partly offset by a decrease in niche tolling. Non-tolling volume for the first quarter of 2019 increased by 4.4%, compared to the same period in 2018.

Gross profit in the Rubber Solutions segment for the first quarter of 2019 increased by 25.8% to \$6,830, compared to the same period in 2018. The increase in gross profit in the first quarter was principally due to higher volume and lower conversion costs related to labour and overhead. As a percentage of net sales, gross profit in the first quarter of 2019 was 17.5%, up from 15.1% in the comparable period in 2018.

At Engineered Products, net sales for the first quarter of 2019 decreased by 2.2%, to \$43,473 compared to the same period in 2018. Decreased net sales in the anti-vibration business were partly offset by higher net sales in the defense business compared to the same period in 2018. In the anti-vibration business, the decreases were across most product lines and in particular dampers, bushings and spring insulators. In the defense business, the growth in net sales was principally in the boots and gloves product lines, which was partly offset by decreases in filters, powered air purifying respirators (“PAPRs”) and masks.

Gross profit in the Engineered Products segment for the first quarter of 2019 decreased by 23.0% compared to the same period in 2018. As a percentage of net sales, gross profit decreased from 16.3% to 12.8% for the quarter. The decreases in gross profit and gross profit as a percentage of sales were primarily due to an unfavourable mix and lower net sales in the anti-vibration business within the Engineered Products segment.

The first quarter of 2019 marked the second straight quarter-over-quarter increase in consolidated net sales and EBITDA. Relative to the fourth quarter of 2018, consolidated net sales increased 8.0% and EBITDA increased 37.7% reflecting the positive impact of investments in continuous improvement and capital expenditure initiatives.

Management expects the increased volumes experienced in the Rubber Solutions segment, combined with the gains from the operational improvement initiatives which have been completed to date, will continue to deliver strong results for the remainder of 2019. Management also remains focused on the previously announced expansions at its Scotland Neck, NC and Kitchener, ON facilities and the expected operational efficiencies and improved profitability that will be generated, particularly in our growing white and colour portfolio.

In the Engineered Product’s anti-vibration business, previously referred to as the automotive business, management continues to expect improved results in the second half of 2019 from the continuous improvement initiatives which are being undertaken. In the defense business, we expect to continue seeing positive results and new contract award opportunities in 2019. Given the nature of this business, there is some uncertainty to the timing and size of orders as new contracts are awarded and they enter into full rate production.

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. EDT Thursday May 9, 2019. Please follow the following link <http://www.gowebcasting.com/9965> or dial in to the following numbers: 416-915-3239 or Toll Free: 1-800-319-4610, pass code: 55506.

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 process approximately 400 million turn pounds of rubber annually, AirBoss Rubber Solutions is one of North America’s largest custom rubber compounding companies and a leading supplier of essential calendered and extruded products for a broad range of applications. AirBoss Engineered Products is a world leader in the supply of life saving products for the military and a leading supplier of innovative anti-vibration solutions to the North American automotive market. The Company’s shares trade on the TSX under the symbol BOS. Visit [www.airbossofamerica.com](http://www.airbossofamerica.com).

**Note (1): Non – IFRS Financial Measures:** EBITDA does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to a similar measure presented by other issuers. This measure is neither required by, nor calculated in accordance with IFRS, and therefore is considered a Non-IFRS Financial Measure. 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, finance working capital and capital expenditures and pay 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 presented by the Company may not be comparable to similarly titled measures of other companies. A reconciliation of EBITDA to net income is presented below.

<b>In thousands of US dollars</b>	<b>Three Months ended</b>	
	<b>March 31</b>	
	<b>2019</b>	<b>2018</b>
Net income	<b>2,926</b>	3,198
Finance costs	<b>956</b>	499
Depreciation and amortization of intangible assets	<b>3,032</b>	2,751
Income tax expense	<b>981</b>	1,070
<b>EBITDA</b>	<b>7,895</b>	7,518

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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 information" or "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.

Statements containing forward-looking information 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 information involves 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 the forward-looking information. Numerous factors could cause actual results to differ materially from those in the forward-looking information, including without limitation: impact of general economic conditions; 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 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 information.

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