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NEWS RELEASE

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AIRBOSS ANNOUNCES 2nd QUARTER 2019 RESULTS AND DIVIDEND

(\$US except where otherwise noted)

Recent Highlights

- Increased consolidated EBITDA by 32.3% to US\$9.4 million, due in part to strong performance in the Rubber Solutions segment and a US\$1.2 million settlement of an insurance claim stemming from a Q1 2019 fire at our North Carolina facility;
- Basic and diluted earnings increased 27.3% to US\$0.14 per common share, compared with US\$0.11 in Q2 2018;
- Invested US\$7.5 million during the six-month period ended June 30, 2019, on capital expenditures related to growth initiatives, equipment upgrades and expanded facilities at the Kitchener, Ontario plant, including a new research and development facility;
- Paid a quarterly dividend of CAD \$0.07 per common share;
- Announced entry into an agreement to form AirBoss Defense Group through the merger of AirBoss' Defense business with Critical Solutions International, Inc.; and
- Announced the appointment of Anita Antenucci to the board of directors of the Company.

(In thousands of US dollars, except share data)	Three Months ended June 30		Six Months ended June 30	
	2019	2018	2019	2018
Financial results:				
Net Sales	82,616	81,797	165,191	162,346
Net income	3,311	2,660	6,237	5,858
<u>Net income per share (US\$)</u>				
-Basic	0.14	0.11	0.27	0.25
-Diluted	0.14	0.11	0.27	0.25
EBITDA ⁽²⁾	9,359	7,075	17,254	14,593
Net cash provided by operating activities	1,737	3,067	(522)	1,536
Dividends declared per share (CAD \$)	0.07	0.07	0.14	0.14
Capital additions	4,716	1,131	7,950	2,746
Financial position:				
	June 30, 2019		December 31, 2018	
Total assets	236,979		232,528	
Term loan and other debt ¹	70,000		62,956	
Shareholders' equity	124,406		121,483	
Outstanding shares (#)*	23,392,442		23,392,442	

* at August 31, 2019

Dividend

The Board of Directors of the Company has approved a quarterly dividend of C\$0.07 per common share, to be paid on October 15, 2019 to shareholders of record at September 30, 2019.

Consolidated Results

Consolidated net sales for the three- and six-month periods ended June 30, 2019 increased by 1.0% to \$82,616 and by 1.8% to \$165,191, respectively, compared with the same periods in 2018, with increases in the Rubber Solutions segment partly offset by decreases in the Engineered Products segment. Consolidated gross profit for the quarter increased from the same period in 2018 and consolidated gross profit year-to-date decreased compared to the same period in 2018. In each case, increases in the Rubber Solutions segment were offset by decreases in the Engineered Products segment, due to decreased gross profit in the anti-vibration business. EBITDA for the three- and six-month periods ended June 30, 2019 increased by 32.3% and 18.2%, respectively, compared to the same periods in 2018, due in part to the settlement of an insurance claim of \$1.2 million recovering costs incurred as a result of a fire in our Scotland Neck, North Carolina facility which occurred in Q1, 2019.

“We delivered solid performance in the second quarter, largely on the back of increased volumes and improved efficiency in our core Rubber Solutions segment,” said Chris Bitsakakis, President and Chief Operating Officer of AirBoss. “Through the first half of the year we have invested heavily in key initiatives across the business, including mixing capacity, technical facilities, and new product development. Our focus for the balance of the year squarely remains on closing the AirBoss Defense Group transaction and then leveraging the enhanced scale and capabilities of the new platform to act on an array of both near and longer-term opportunities to deliver growth. We also continue to advance multiple initiatives to drive improved performance in the anti-vibration business which will be an ongoing process.”

With \$4.5 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 half of 2019 in strong financial condition.

Segment Results

In the Rubber Solutions segment, net sales in the quarter increased by 6.2% to \$38,674 and by 7.3% to \$77,776 year-to-date from the comparable periods in 2018. The increases were driven by an increase in volume (measured in pounds shipped) of 10.9% for the quarter and 9.0% year-to-date. The increases in net sales for these periods were supported by many of the sectors the Company services, but primarily in the off the road (“OTR”), tolling and defense sectors for the quarter and the conveyor belt, OTR, tolling and defense sectors year-to-date, offset by softness in the chemical and track sectors for the quarter and the chemical sector year-to-date.

Tolling volume increased by 6.7% in the quarter and 11.5% year-to-date from the comparable periods in 2018. The increase in tolling volume for these periods was in conventional tolling applications, which was partly offset by a decrease in niche tolling. Non-tolling volume increased by 12.2% for the quarter and 8.3% year-to-date compared to the same periods in 2018.

Gross profit in the Rubber Solutions segment increased by 23.1% to \$7,089 for the quarter and by 24.4% to \$13,919 year-to-date, from the comparable periods in 2018. For both periods, the increases in gross profit were principally due to higher volume and lower conversion costs related to labor.

At Engineered Products, net sales in the quarter decreased by 3.2% to \$43,942 and by 2.7% to \$87,415 year-to-date from the comparable periods in 2018. Net sales in both businesses within the Engineered Products segment decreased in the quarter, but on a year-to-date basis increased net sales in the defense business were more than offset by decreases in the anti-vibration business. In the anti-vibration business, the decreases in the quarter and year-to-date were across most product lines, in particular bushings and dampers, but were partly offset by increased demand in the grommet product line. In the defense business, the decrease in net sales for the quarter was in the shelters, filters and masks product lines, partly offset by an increase in the boots and gloves product lines. Year-to-date, the increase in net sales in the defense business was in the boots and gloves product lines, partly offset by lower demand in the filters and shelters product lines.

Gross profit in the Engineered Products segment for the quarter and year-to-date decreased by 19.0% and 21.0%, respectively, from the comparable periods in 2018. The decrease in gross profit for the quarter was due to lower net sales in the anti-vibration business, partly offset by higher gross profit in the defense business year-to-date.

Overview

During the second quarter of 2019, AirBoss' core Rubber Solutions segment continued to generate sales growth, partially on the back of a 10.9% increase in volume (pounds shipped). This ongoing solid performance, further supported by some realized operational improvements, was partially offset by a 3.2 % decrease in net sales in the Engineered Products segment. To support longer-term growth, AirBoss is investing in a series of key strategic initiatives across the business in 2019. Capital expenditures for 2019 are expected to fall in the range of \$18 to \$20 million dollars before decreasing to levels closer to depreciation, in 2020. Capital expenditures through June 30, 2019 were \$7.5 million.

For the Rubber Solutions segment, areas of investment include new mixing lines in Kitchener, ON and Scotland Neck, NC that, in addition to increasing annual capacity by 20 and 50 million pounds, respectively, will support production of a broader array of compounded products (white and color), as well as provide enhanced flexibility in attracting and fulfilling new business. In Kitchener, AirBoss is also upgrading its office and laboratory facilities to support enhanced collaboration with customers and better reflect the Company's focus on innovative R&D and proprietary technical solutions. In the Engineered Products segment, AirBoss is piloting new presses for the anti-vibration business that are expected to support reduced cycle times and lower labor costs, which should support improved margins. More broadly, the Company is also investing in developing new anti-noise, vibration and harshness products, as well as the next generation of the low-burden mask marketed by the defense business.

Within the Engineered Products segment, the defense business remains focused on fulfilling the key contracts secured in 2018. The anti-vibration business continues to see some contraction in performance and management is working to address key challenges directly. A near-term focus remains driving margins through better cost management and improved pricing strategies. In addition, the recently strengthened sales and marketing team is working to both increase penetration with existing customers as well as target new ones, including major automakers and Tier I and II parts suppliers. Over the medium and longer-term, the team is focused on launching new products that diversify initially into opportunities adjacent to the automotive space, such as trucking, motorcycles and ATVs, but increasingly across a range of sectors where anti-noise, vibration and harshness solutions are required including, renewable energy, marine, rail and appliances.

In May 2019, AirBoss announced a transaction to create AirBoss Defense Group ("ADG") through the merger of the AirBoss defense business with privately-owned Critical Solutions International. While management believes there are numerous synergies associated with transaction, most important is the creation of a strong platform with the scale, capabilities and flexibility to act on an array of growth opportunities, both organic and transactional. AirBoss' defense business continues to identify and submit to tenders internationally, cumulatively valued at hundreds of millions of dollars. Completion of the merger remains subject to approval from the Committee on Foreign Investment in the United States, which is expected in the fourth quarter of 2019.

As part of its go-forward strategy for the Company, management is focused on four core priorities:

1. Growing the core Rubber Solutions segment by positioning it as a specialty supplier of choice in the consolidating North American market;
2. Completing the ADG transaction and then leveraging the new entity's enhanced scale and capabilities to pursue an array of growth and value-creation opportunities in the broader defense sector;
3. Driving improved performance from the anti-vibration business through a combination of disciplined cost containment, client relationship expansion, new product development and sector diversification; and
4. Targeting acquisition opportunities across the business with a focus on strategic fit.

Contact: Chris Bitsakakis, President or Gren Schoch, 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 process over 450 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 calendared 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.

Note (1): Term loan and other debt as at June 30, 2019, includes \$8,597 of lease liabilities (see Significant Account Policies in the Company's Q2 2019 MD&A.

Note (2): 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.

In thousands of US dollars	Three months ended June 30		Six months ended June 30	
	2019	2018	2019	2018
Net income	3,311	2,660	6,237	5,858
Finance costs	1,124	671	2,080	1,170
Depreciation, amortization and impairment	3,623	2,790	6,655	5,541
Income tax expense	1,301	954	2,282	2,024
EBITDA	9,359	7,075	17,254	14,593

AIRBOSS FORWARD LOOKING INFORMATION 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 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.

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 information. All subsequent written and oral forward-looking information 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 this forward-looking information except as required by applicable laws. Risks and uncertainties about AirBoss' business are more fully discussed under the heading "Risk Factors" in our most recent Annual Information Form and are otherwise disclosed in our filings with securities regulatory authorities which are available on SEDAR at www.sedar.com.