



NEWS RELEASE

May 13, 2015 - For Immediate Release

## **AIRBOSS ANNOUNCES 1<sup>st</sup> Quarter 2015 RESULTS**

### **Q1 2015 versus Q1 2014 Highlights:**

- Net sales increased by 7.6% to \$76.9 million
- Gross margin improved to 16.2% from 13.2%
- EPS increased by 27.3% to US \$0.14 from US \$0.11
- EBITDA increased by 12.6% to \$7.1 million

<b>(In thousands of US dollars, except shares and per share amounts)</b>	<b>Three months ended March 31</b>	
	<b>2015</b>	<b>2014</b>
Net sales	<b>76,856</b>	71,416
Gross margin	<b>12,481</b>	9,450
Equity based compensation expense	<b>1,920</b>	86
Earnings before interest, tax and amortization from operations (EBITDA) (Note 1)	<b>7,058</b>	6,268
Finance costs	<b>510</b>	580
Net income	<b>3,180</b>	2,481
<u>Net income per share</u>		
- Basic	<b>0.14</b>	0.11
- Diluted	<b>0.14</b>	0.11
<u>Common shares outstanding (millions)</u>		
- Basic	<b>23.0</b>	22.7
- Diluted	<b>23.4</b>	23.0

The first quarter of 2015 showed continued momentum across all of our divisions, demonstrating management's focus on executing our business plan with a keen focus on margin improvement and delivering excellent returns to our shareholders. Net income increased 28% to \$3.2 million and gross margin improved to 16.2% from 13.2% driven by strong performances across all of our divisions. We are very encouraged by these results and our team's ongoing efforts.

For the quarter, Rubber Compounding volumes (expressed in pounds shipped) increased 1.6% over the same period in 2014. Volume increases in our mining, solid tire and defense segments more than offset declines in off road tire retreading, which were negatively impacted by the severe winter weather conditions in the US, and the forecasted decline in our conveyor belting segment. Gross margin, both as a percentage and on a dollar basis, showed impressive improvement over Q1 2014. Tolling, as a proportion of overall volume, was down 1.1% however we are seeing strong demand in this segment for Q2 2015 and we have several positive opportunities which we expect to commercialize in the second half of the year.

Engineered Products, which includes defense, had a significantly better quarter than the prior year, primarily as a result of delivering against the US Department of Defense (“DoD”) overboot contract received last year. For the remainder of the year, the continuation of this contract combined with the recently announced US DoD glove award will positively benefit defense results relative to 2014.

The Automotive business continued to perform well, benefitting from the continued strong automotive manufacturing environment as well as increased customer penetration. We expect this to continue for the remainder of the year.

During the quarter our share price increased by more than CAD \$3 resulting in an equity based compensation expense of \$1.9 million, negatively impacting EPS by \$0.06. Adjusted for this impact EPS would have been \$0.20.

Overall we are very pleased with the performance of each of our divisions in the quarter. We continue to build upon our core strengths to add greater value to our customers. We are optimistic about the various opportunities we have before us and continue to aggressively pursue options to accelerate growth both organically and through additional strategic 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 calendered, 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](http://www.airbossofamerica.com).

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

The annual meeting is scheduled for 4:30 p.m. EDT Thursday, May 14, 2015 at Magna Golf Club at which time the results for the 1<sup>st</sup> Quarter will also be discussed. Please follow the link on our website or at [www.marketwired.com](http://www.marketwired.com) under webcasts or dial in to the following numbers: 416-340-2216 or Toll Free: 1-866-223-7781. Direct Replay Access number: 1-800-408-3053.

**Note 1:**

(in thousands of US dollars)	<b>Three months ended</b>	
	<b>March 31</b>	
	<b>2015</b>	2014
Net income	<b>3,180</b>	2,481
Finance costs	<b>510</b>	580
Amortization	<b>2,169</b>	2,075
Provision for income taxes	<b>1,199</b>	1,132
<b>EBITDA</b>	<b>7,058</b>	6,268

**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 2014 Annual Report to Shareholders under the heading "Risk Factors".*