



NEWS RELEASE

August 11, 2015 - For Immediate Release

AIRBOSS ANNOUNCES 2nd Quarter 2015 RESULTS

Q2 2015 Highlights:

- Basic Adjusted EPS⁽¹⁾ increased by 20% to US \$0.24 from US \$0.20
- Adjusted EBITDA⁽¹⁾ increased by 12.4% to \$9.9 million from \$8.8 million
- Share-based compensation expenses of \$4.1 million
- Gross margin improved to 18.7% from 15.7%

(In thousands of US dollars)	Three months ended June 30		Six months ended June 30	
	2015	2014	2015	2014
Net Sales	\$76,964	\$79,473	\$153,820	\$150,889
Gross margin	14,385	12,485	26,866	21,935
Share-based compensation expense	4,099	990	6,019	1,075
Adjusted earnings before interest, tax and amortization from operations (adjusted EBITDA) ⁽¹⁾	9,942	8,849	18,920	15,202
Finance costs	406	625	916	1,205
Net income	\$2,378	\$3,780	\$5,558	\$6,261
(In US dollars)				
<u>Net income per share</u>				
-Basic	\$0.10	\$0.17	\$0.24	\$0.28
-Diluted	\$0.10	\$0.16	\$0.24	\$0.27
<u>Adjusted EPS</u>				
-Basic	0.24	0.20	0.44	0.31
-Diluted	0.23	0.20	0.43	0.31
<u>Common shares outstanding (millions)</u>				
-Basic	23.0	22.8	23.0	22.8
-Diluted	23.5	23.0	23.5	23.0

In the second quarter of 2015, our business continued to deliver improved results with adjusted net income increasing 21% to \$5.5 million and gross margin improving to 18.7% from 15.7%, driven by strong performances in Rubber Compounding and Automotive and partially offset by softness in Engineered Products.

For the second quarter 2015 and on a year-to-date basis, Rubber Compounding continued to deliver significant improvements, despite slightly lower volumes. Gross margin increased 37% and 43%, for the second quarter and year-to-date periods, respectively, as compared to the same periods in 2014. As a percentage of sales, gross margin increased to 21.1% from 13.1% for the quarter and to 18.3% from 11.6% for the first half of the year. Volumes (expressed in pounds shipped) decreased 4.1%

in the second quarter and 1.3% on a year-to-date basis as compared to the same periods in 2014, as volume increases in tolling and the solid tire, defense and infrastructure sectors were more than offset by declines primarily in the conveyor belt and off the road (“OTR”) retreading segments. Management continues to focus on operating efficiencies and reducing conversion costs within the business, as well as diversifying our customer base and shifting our product mix toward higher end compounds. We anticipate performance in the remainder of 2015 to be consistent with that of the first half with several promising opportunities that we hope to realize in the second half of the year, which will continue to ramp up through 2016.

Automotive continued to deliver strong growth, with net sales in the second quarter and year-to-date increasing 12.7% and 11.4%, respectively, compared to the same periods in 2014. The growth was driven by increased demand across all original equipment manufacturers, particularly in the light truck market, combined with improved customer penetration through the sale of a broader product mix. Gross margins at Automotive for the quarter increased to 16.1% from 14.8% in 2014 and to 16.0% from 15.7% on a year-to-date basis, as a result of an improved product mix and focus on increased productivity and purchasing initiatives. The Automotive business is expected to continue to perform strongly for the remainder of the year as a result of our planned mid-year new product launches and industry forecasts of continued strength in the US automotive manufacturing sector.

Net sales for the quarter at Airboss Engineered Products (“AEP”) decreased 9.4% from the same period in 2014, with declines in both defense and industrial products. Net sales are up 9.3% on a year-to-date basis, with the significant gains in defense partially offset by declines in industrial products, which experienced continued volatility in its market segments. Following the acquisition of Immediate Response Technologies, LLC (“IRT”) on July 24, 2015, we are excited to continue to grow the defense business with the expanded product offering and broader customer opportunities that will come as IRT’s business becomes integrated into our existing defense products and operations. We believe our combination of products are uniquely positioned to respond to the increasing protection needs of the First Responder, Law Enforcement, Medical and Military communities to chemical and biological threats and that the combination of the two businesses will be very effective.

We recognized share-based compensation expenses for the quarter of \$4.1 million and \$6.0 million on a year-to-date basis as a result of the increase in our share price. Adjusting for the impact of these expenses, adjusted EBITDA for the quarter would have been \$9.9 million and adjusted EBITDA margin would have been 12.9% and on a year-to-date basis, adjusted EBITDA would have been \$18.9 million and adjusted EBITDA margin would have been 12.3%.

Results for the first half of the year demonstrate the positive impact continued focus on improving margins through a combination of operational initiatives across all divisions is having on the overall business. While global economic uncertainty is impacting some of our traditional markets and customers, management believes the Company is well positioned to successfully navigate these conditions in order to deliver strong results despite some challenging conditions. In addition to maintaining a strong financial position, we are increasingly more proactive and disciplined in managing the business. We continue to be enthusiastic about the opportunities before us.

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.

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A conference call to discuss the quarterly results is scheduled for 9:30 a.m. EDT Wednesday August 12, 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: 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 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		Six months ended	
	June 30		June 30	
	2015	2014	2015	2014
Net income	\$2,378	\$3,780	\$5,558	\$6,261
Finance costs	406	625	916	1,205
Amortization	2,130	2,245	4,299	4,320
Provision for income taxes	929	1,209	2,128	2,341
EBITDA	\$5,843	\$7,859	\$12,901	\$14,127
Add back:				
Share-based compensation attributed to changes in share price	4,099	990	6,019	1,075
Adjusted EBITDA	\$9,942	\$8,849	\$18,920	\$15,202

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".