AIRBOSS OF AMERICA CORP.

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NEWS RELEASE **March 16, 2016**

AIRBOSS ANNOUNCES 4th QUARTER AND FULL YEAR 2016 RESULTS AND DIVIDEND

Highlights:

(In thousands of US dollars)

- Increased quarterly dividend by 7.7% to C$0.07 per common share
- Fourth quarter free cash flow[1] increased 79.2% to $9,150 ($0.40 per share)
- Annual free cash flow increased 73.3% to $23,425 ($1.02 per share)
- Net debt to total capital reduced from 39.5% to 29.3% over the past twelve months

	Three months ended December 31		**Twelve months ended December 31**	
(In thousands of US dollars)	**2016**	2015	**2016**	2015
Net Sales	**63,040**	73,576	**267,628**	304,909
Gross profit	**8,881**	13,337	**46,596**	55,334
EBITDA[1]	**4,311**	8,645	**29,645**	29,949
Adjusted EBITDA[1]	**4,459**	8,866	**30,532**	36,133
Net income	**1,401**	3,688	**13,822**	13,282
(In US dollars, except shares)				
Net income per share (EPS)				
-Basic	**0.06**	0.16	**0.60**	0.58
-Diluted	**0.06**	0.16	**0.59**	0.56
Adjusted EPS[1]				
-Basic	**0.07**	0.17	**0.63**	0.79
-Diluted	**0.07**	0.16	**0.62**	0.77
Common shares outstanding (millions)				
-Basic	**23.1**	23.0	**23.1**	23.0
-Diluted	**23.5**	23.6	**23.6**	23.5

Dividend Increase

The Company is pleased to announce that the Board of Directors has approved an increased quarterly dividend of CAD $0.07 per common share, to be paid on April 14, 2017 to shareholders of record at March 31, 2017. This represents an increase of 7.7% over the previous quarterly dividend of $0.065. It also represents the ninth consecutive year the Company's annualized dividend has been increased.

Full Year Results

In 2016 the Company experienced pressure on net sales across all divisions, in particular in the latter half of the year, with consolidated net sales for the full year decreasing by 12.2% from 2015, to $267.6 million. Gross profit declined as a result of this drop in net sales which more than offset the positive impacts of operational efficiencies and expense control initiatives across the Company. Consolidated net income increased by 4% to $13.8 million (or $0.59 per fully-diluted common share), reflecting lower restructuring, acquisition, share-based compensation and tax expenses than in 2015.

EBITDA for 2016 was essentially flat, while Adjusted EBITDA (which only adjusts the above-noted share-based compensation expenses) was down 15.5%, to $30.5 million, when compared to 2015.

The Company exited 2016 in a very strong financial condition. The company delivered free cash flow (defined as net cash provided by operating activities in the period, less capital expenditures for the period) of $23.4 million (or $1.02 per share) for the year, a 73.3% increase compared to 2015 and the eighth consecutive year of positive free cash flow. With continued strong cash generation, year-end cash and cash equivalents of $28 million, an undrawn revolving credit facility of $60 million and a net debt to TTM EBITDA ratio of 1.5x, the Company enters 2017 with significant resources with which to pursue organic and acquisitive growth opportunities.

In addition, the Company commenced a normal course issuer bid for its common shares in 2016, pursuant to which the Company may re-purchase up to 1,385,837 of its common shares (representing approximately 10% of the Company's public float of 13,858,373 common shares). Further details on the bid will be provided in the management information circular mailed to shareholders for the upcoming annual and special general meeting.

Fourth Quarter

Consolidated results

Consolidated net sales in the fourth quarter decreased by $10.5 million (or 14.3%) compared to the same period in 2015, reflecting lower raw material prices (where savings are passed on to customers) and continued pressure across all business segments. Gross profit decreased by $4.5 million and net income decreased $2.3 million, primarily because of this drop in net sales. Free cash flow in the quarter increased 79.2%, to $9,150 (or $0.40 per common share) over the prior year.

Segment Results

At Rubber Compounding, net sales declined by $4.7 million over the same period in 2015, as a result of lower raw material prices of approximately 4.9% (where savings are passed on to customers) and a decrease in volume (measured in pounds shipped) of 26.2%, primarily in the conveyor belt product and conventional tolling sectors. The volume decreases offset the gains experienced in the off the road (“OTR”), mining and industrial sectors. As a result of the decrease in net sales, gross profit declined by $1.7 million, to $3.7 million.

At Engineered Products, net sales decreased $2.6 million, to $11.9 million, over the same period in 2015. Although sales in the industrial business line of Engineered Products increased by $0.8 million in the quarter compared to 2015 (principally in the track sector), sales in the defense business line decreased overall, driven by the completion of a large 2015 contract for overboots which was partially offset by improved net sales in gloves and masks.

Net sales at Automotive in the fourth quarter decreased by $3.3 million over 2015, to $32.6 million, reflecting softness primarily in its bushings and muffler hanger lines, which was partially offset by an increase in induction bonding. Gross profit decreased by $1.9 million over the same period, to $3.1 million, as a result of lower volumes and product mix.

Outlook

Looking ahead to 2017, the Company aims to increase earnings while managing costs and completing a number of initiatives still in progress from 2016. The key objective of these initiatives is to strengthen the Company’s business platform and the resources available to its leadership teams. With its strong balance sheet position and cash flow heading into 2017, the Company is able to invest in information technology and capital expenditures required to support innovation, enhance operational efficiencies and further strengthen existing controls, as well as the capacity to execute on potential acquisitions. By further enhancing and standardizing the existing business platform, the Company will be in a position to integrate new business opportunities more effectively and in a timely manner.

In 2017, Rubber Compounding will continue to work on expanding and diversifying its client base to include more customers that require more sophisticated and higher margin compounds. This business still has excess capacity, and the goal is to fill it. Early indications from customers in 2017 have been encouraging, as demand in the OTR and industrial sectors continues to grow, and activity in the mining and oil & gas sectors are showing signs of improvement over prior years.

The defense business within Engineered Products has started 2017 with a stronger order book than 2016. This is due, in part, to the anticipated commencement of delivery in the second half of the year on contracts delayed in 2016 as a result of customer-driven specification changes. In addition, the Company is encouraged by the possibility of improving prospects for defense spending in certain countries, including the United States, based on proposed policy changes. With the restructuring work accomplished in 2016, a strong leadership team and ongoing improvement initiatives, the defense business is well positioned to win awards. However, there can be no certainty as to the timing or nature of government policy changes and their impact on defense budgeting, nor with respect to timing or size of expected tenders and awards of new business.

Under the leadership of its new president, the Automotive segment’s primary focus in 2017 will be to align engineering and sales resources for customer support and product development in all markets. Automotive’s platform life-cycle management will be strengthened by selling more aggressively in its traditional automotive markets, while rolling out campaigns for ancillary markets where anti-vibration and noise abatement solutions are required, such as industrial and agricultural. However, the uncertainty created by rapidly changing political conditions that could affect globalized industries, such as automotive, may impact our ability to realize these objectives and affect our ability to plan effectively until specific policy changes, if any, are announced.

AirBoss is committed to enhance shareholder value by driving sustainable profitable growth. With its strong balance sheet and ongoing free cash flow reducing debt, the Company remains well positioned to do so in the right circumstances and in a prudent fashion.

Contact: Lisa Swartzman, President or Gren Schoch, CEO at 905-751-1188.

A conference call to discuss the quarterly results is scheduled for 8:30 a.m. Eastern on Friday, March 17, 2017. Please follow the link on our website or at www.marketwired.com under webcasts or dial in to the following numbers: 416-340-2220 or Toll Free: 1-866-225-6564. Direct Replay Access number: 905-694-9451 or Toll Free: 1-800-408-3053, pass code: 5409908.

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.

Note (1): Non – IFRS Financial Measures: *EBITDA, Adjusted EBITDA, Free Cash Flow 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 and Free Cash Flow, financial measurements 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 compensation expenses for the period and related tax effect.

	Three Months ended December 31		**Twelve Months ended December 31**	
In thousands of US dollars	**2016**	2015	**2016**	2015
Net income	**1,401**	3,688	**13,822**	13,282
Finance costs	**653**	824	**2,830**	2,296
Depreciation and amortization of intangible assets	**2,665**	2,626	**10,343**	9,595
Income tax expense	**(408)**	1,507	**2,650**	4,776
EBITDA	**4,311**	8,645	**29,645**	29,949
Add back:				
Share-based compensation expenses	**148**	221	**887**	6,184
Adjusted EBITDA	**4,459**	8,866	**30,532**	36,133

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 in the 2015 Annual Report to Shareholders under the heading "Risk Factors".