



# AirBoss of America Corp.

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Toronto Stock Exchange Symbol: BOS

## NEWS RELEASE

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### AIRBOSS ANNOUNCES 1<sup>ST</sup> QUARTER 2000 RESULTS

AirBoss of America Corp. (“AirBoss”) is pleased to announce the following results for the first quarter ending March 31, 2000:

(\$'000 except per share amounts)

	<u>2000</u>	<u>1999</u>	<u>Change %</u>
Net Sales ( <i>Note 1</i> )	\$33,986	\$24,201	40.4 ▲
Gross Profit	7,233	4,657	55.3 ▲
Expenses	4,212	1,695	149.0 ▲
Earnings before interest, taxes & amortization	4,252	3,674	16.0 ▲
Interest	793	253	213.0 ▲
Income before tax	2,376	2,881	17.6 ▼
Net Income	1,509	1,854	18.7 ▼
Earnings per share - Basic	\$0.07	\$0.10	30.0 ▼
- Fully Diluted	0.07	0.09	22.2 ▼
Cash flow	2,708	3,422	20.8 ▼
Cash flow per share (weighted)	\$0.12	\$0.18	33.3 ▼
Common shares outstanding (million):			
- Basic	22.7	19.5	16.4 ▲
- Weighted	22.7	19.2	18.2 ▲

**Note (1)**

Value of Goods Produced and Sold	\$38,850	\$30,003	29.5 ▲
Less: Customer Supplied Materials	<u>4,864</u>	<u>5,802</u>	16.2 ▼
Net Sales	<u>\$33,986</u>	<u>\$24,201</u>	40.4 ▲



Net sales for the first quarter ended March 31, 2000 increased 40% over the same period in 1999. Acton International Inc., acquired in April 1999, accounted for 80% of the increase, while continued growth in the custom rubber mixing division accounted for 20%. Earnings before interest, taxes and amortization, which measures operating performance, increased by 16% over the previous year.

Acton has experienced a shift in the timing of customer deliveries from the first to the second quarter in both the industrial and military divisions. This shift in volumes to later quarters has resulted in the underutilization of capacities in the division for the first quarter, and a corresponding seasonally weak contribution to consolidated profits. This has begun to reverse itself in the second quarter with increased industrial orders and military shipments and therefore total sales forecasts for the year remain unchanged. The successful bidding on two major upcoming military contracts will determine whether this division will exceed last year's performance for the year.

The rubber mixing division experienced increased volumes of 19% in the quarter but will not take advantage of its increased capacity until the second quarter as too much of the new volume has gone to replace lost mixing volume for O.E. tire manufacturers. We anticipate the return of significant volume in O.E. tire rubber mixing in mid-May and are currently training additional production staff to provide for this.

The railway division profits increased during the quarter. We anticipate this trend to continue as the result of the division's expansion of its rail fastening product lines. A shift from AirBoss rubber to AirBoss plastic pads is anticipated for the remainder of the year which will increase this division's sales further but also negatively impact our plant in Michigan.

The Company anticipates significant volume increases in the second and third quarter from custom mixing and Acton's industrial rubber products division. We are also awaiting news on two significant military N.B.C. footwear contracts. The completion of the railway products joint venture production facility late in the third quarter is on schedule at this point in time and within budget. As a result, the Company is still forecasting significant year over year increases.

AirBoss is a manufacturer of rubber and plastic products specializing in patented parts for the transportation industry. AirBoss is also one of North America's largest rubber mixing companies specializing in custom rubber mixing and compound development. AirBoss is listed on the Toronto Stock Exchange under the symbol BOS.

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#### **AIRBOSS FORWARD LOOKING STATEMENT DISCLAIMER**

This report contains forward-looking statements which reflect management's best judgement based on factors currently known but involve significant risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of a number of factors, including but not limited to risks more fully described in the "Risk factors" section of the Company's Annual Report, and other risks detailed in filings with the Ontario Securities Commission. Forward-looking information provided pursuant to the safe harbor established by recent securities legislation should be evaluated in the context of these factors.