



# AirBoss of America Corp.

Suite 3210, 130 Adelaide Street West  
 Toronto, Ontario, Canada, M5H 3P5  
 Tel: 416-368-BOSS (2677)  
 Fax: 416-368-4448  
 www : airbossofamerica.com  
 Toronto Stock Exchange Symbol: BOS

## NEWS RELEASE

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### AIRBOSS ANNOUNCES 1st QUARTER 2001 RESULTS

AirBoss of America Corp. (“AirBoss”) is pleased to announce the following results for the first quarter ending March 31, 2001:

(\$’000 except shares and per share amounts)

	<u>2001</u>	<u>2000</u>
Net sales ( <i>Note 1</i> )	<b>\$37,506</b>	\$33,986
Gross profit	<b>6,623</b>	7,281
Earnings before interest, taxes and amortization	<b>2,579</b>	4,252
Interest	<b>940</b>	793
Income before income taxes and amortization of goodwill	<b>739</b>	2,560
Net income before amortization of goodwill	<b>385</b>	1,693
Amortization of goodwill	<b>180</b>	184
Net income	<b>205</b>	1,509
Earnings per share before amortization of goodwill - Basic	<b>\$0.02</b>	\$0.07
- Fully Diluted	<b>0.02</b>	0.07
Earnings per share - Basic	<b>\$0.01</b>	\$0.07
- Fully Diluted	<b>0.01</b>	0.07
Cash flow	<b>1,880</b>	2,708
Cash flow per share (weighted)	<b>\$0.08</b>	\$0.12
Common shares outstanding (million):		
-Basic	<b>22.5</b>	22.7
-Weighted	<b>22.5</b>	22.7
<i>Note 1</i>		
Vale of goods produced and sold	<b>\$42,382</b>	\$38,850
Less: Customer supplied materials	<b>4,876</b>	4,864
Net sales	<b><u>\$37,506</u></b>	<u>\$33,986</u>

Net sales increased by 10% due to significant increases at the AirBoss-Acton and AirBoss Railway divisions. Net income declined due to increased raw material costs, reduced fixed overhead recoveries in the rubber compounding division and increased distribution costs.



Efforts to penetrate the U.S. market by AirBoss-Acton with new products have proven successful in the first quarter. Together with the renewal of the U.K. military contract this has resulted in an increase in sales of protective wear and industrial rubber products of 52% or \$4.2 million over the prior year in what is traditionally this division's slowest seasonal period. We anticipate continued growth during the year in this division.

Sales at AirBoss Railway increased by 110% or \$3.2 million to \$6.2 million during the quarter with the successful product launch of the metal track fastening clip. Capital spending by U.S. based railways has continued to be strong and this should continue through the second quarter.

Rubber Compound volumes fell by 13% due primarily to slowdowns in the O.E. automotive and truck industries which have had a significant effect on rubber consumption. Aggressive marketing and pricing have resulted in increased volumes in April and orders for May. Further increases in volume and profitability are dependent on market recovery in the tire and automotive sectors. Raw material costs, which increased during the last half of 2000 and the first quarter of 2001, have shown signs of weakening due to reduced demand.

The Company expects some improvement in financial results in the second quarter as a result of stronger April sales in the Rubber Compounding division with potential for significant increases in the latter half of the year provided automotive and tire markets improve.

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.

Contact – R.L. Hagerman, President (416) 368-2677

#### **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.