AIRBOSS OF AMERICA CORP.

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NEWS RELEASE **August 9, 2016**

AIRBOSS ANNOUNCES 2nd QUARTER 2016 RESULTS AND DIVIDEND

Q2 2016 Highlights (versus Q2 2015):

(In US dollars)

- Declares quarterly dividend of C$0.065 per common share
- Diluted EPS of $0.21, diluted Adjusted EPS of $0.22
- EBITDA up 51.1% to $8.8 million due to large share-based compensation expense in Q2 2015
- Adjusted EBITDA decreased 9.2% to $9.0 million
- Operational efficiency and expense control initiatives continue to have positive impact

	Three months ended June 30		**Six months ended June 30**	
(In thousands of US dollars)	**2016**	2015	**2016**	2015
Net Sales	**67,455**	76,964	**137,922**	153,820
Gross profit	**13,073**	14,385	**26,237**	26,866
EBITDA[(1)]	**8,827**	5,843	**18,057**	12,091
Share-based compensation expense	**202**	4,099	**459**	6,019
Adjusted EBITDA[(1)]	**9,029**	9,942	**18,516**	18,920
Net income	**4,965**	2,378	**9,306**	5,558
(In US dollars, except shares)				
Net income per share (EPS)				
-Basic	**0.22**	0.10	**0.40**	0.24
-Diluted	**0.21**	0.10	**0.39**	0.24
Adjusted EPS[(1)]				
-Basic	**0.22**	0.24	**0.42**	0.44
-Diluted	**0.22**	0.23	**0.41**	0.43
Common shares outstanding (millions)				
-Basic	**23.1**	23.0	**23.0**	23.0
-Diluted	**23.6**	23.5	**23.6**	23.5

The Board of Directors of the Company has approved a quarterly dividend of CAD $0.065 per common share, to be paid October 14, 2016 to shareholders of record at September 30, 2016.

For the second quarter, consolidated net sales were $9.5 million, or 12.4%, lower than in Q2 2015, with increased sales at Automotive more than offset by decreases in sales at Rubber Compounding and Engineered Products. The decrease in sales reflects continued weakness in demand from certain segments of our customer base in both divisions that are experiencing challenging industry conditions, as well as a decrease in raw material prices at the Rubber Compounding division (where savings are passed along to the customer). Notwithstanding the decline in net sales, Diluted Adjusted EPS was only $0.01 per share lower than in 2015, primarily as a result of a significant decrease in share-based compensation expenses for the quarter in 2016 versus the same period in 2015 and a one-time adjustment to income taxes.

Despite lower net sales, financial performance in the quarter demonstrated the positive impact on profitability of the Company's focus on operational efficiency and cost reduction initiatives. Consolidated gross profit margin improved on a year-over-year basis, increasing to 19.4% from 18.7% for the same period in 2015. While Adjusted EBITDA (which adjusts for share-based compensation expenses) decreased by $0.9 million from the same period in 2015, Adjusted EBITDA as a percentage of net sales increased to 13.4% from 12.9%.

At Rubber Compounding, gross profit decreased to $4.6 million for the quarter largely as a result of a $10.2 million decrease in net sales, which was driven by an 11% decrease in raw material prices (where savings are passed along to the customer) and by a 35.1% decrease in volume (measured in pounds shipped) from the same period in 2015. Volume was negatively impacted by continued softness in conveyor belts and mining segments and a large decrease in tolling volumes. However, as a percentage of net sales, gross profit increased to 24% (from 21.1% in 2015) as a result of improved product and customer mix and our cost reduction initiatives, including productivity improvements.

Net sales at Automotive increased by 2.2% over Q2 2015, to $36.8 million, reflecting increased demand primarily in the dampers, bushings and induction bonding product segments. Gross profit increased at Automotive to $6.2 million (representing 16.9% of net sales), a 7% increase over the $5.8 million (16.1% of sales) for the same period in 2015, due to increased sales and continued focus on cost reduction strategies and production efficiencies.

At our Engineered Products division, net sales were down slightly (0.9%) in the second quarter compared to the same period in 2015. An increase in net sales in the industrial products business was offset by a $0.7 decrease in net sales in the defense business, which came as a result of the completion in 2015 of a contract in the overboot segment and lower sales of the Extreme Cold Weather boots offsetting the additional sales included as a result of the acquisition of Immediate Response Technologies, LLC in Q3 2015.

Year-to-date results reflect the positive contribution of our operational improvements to financial performance, even as the Company continues to experience reduced demand from certain market segments at Rubber Compounding and Engineered Products. In particular, product mix improvements and cost reduction initiatives implemented at Rubber Compounding have resulted in improved profitability for the division over a period during which volume (expressed as pounds shipped) has decreased significantly.

For the remainder of the year, we anticipate performance at Automotive to be similar to that experienced year-to-date. At Rubber Compounding there is a solid pipeline of new customers expected to move from the trial stage to commercialization in the second half of the year. We expect the challenging conditions experienced by customers in the conveyor belt, mining and industrial market segments in that division and in the industrial products business of Engineered Products to persist into the second half of 2016. Within our defense business, we have started to make deliveries of our AMG gloves to the US Department of Defense and will deliver at an accelerated volume throughout the remainder of the year, however the timing of several future global tenders remains uncertain. Despite these headwinds, our disciplined approach to managing operations and our continuous improvement initiatives have driven, and will continue to drive, improved operational profitability across the Company.

With a healthy balance sheet and the anticipated benefits from management's on-going efforts to expand and diversify its product lines, customer base and target market segments, AirBoss will be in an excellent position to serve its customers and to take advantage of growth opportunities as they arise as well as any recovery in demand from those markets and customers currently under pressure.

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.

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

A conference call to discuss the quarterly results is scheduled for 9:00 a.m. EDT Wednesday August 10, 2016. 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: 1-800-408-3053, pass code: 2043074.

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 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.

In thousands of US dollars	Three Months ended June 30 2016	2015	Six Months ended June 30 2016	2015
Net income	**4,965**	2,378	**9,306**	5,558
Finance costs	**633**	406	**1,507**	916
Depreciation and amortization of intangible assets	**2,536**	2,130	**5,111**	4,299
Income tax expense	**693**	929	**2,133**	2,128
EBITDA	**8,827**	5,843	**18,057**	12,901
Add back:				
Share-based compensation expenses	**202**	4,099	**459**	6,019
Adjusted EBITDA	**9,029**	9,942	**18,516**	18,920

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's 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".