



AIRBOSS OF AMERICA CORP.

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NEWS RELEASE

March 14, 2018

AIRBOSS ANNOUNCES 4th QUARTER AND FULL YEAR 2017 RESULTS AND DIVIDEND

(US\$ except where otherwise noted)

Highlights:

- Quarterly EBITDA improved 59% to \$6.8 million
- Quarterly earnings per share of \$0.16, compared to \$0.06 in the same period in 2016
- Earnings per share of \$0.55 and \$0.54 based on basic and diluted shares outstanding, respectively
- Quarterly dividend of C\$0.07 per common share for a total annual payment of C\$0.28, a 9.8% annual increase over 2016

(In thousands of US dollars)	Three months ended December 31		Twelve months ended December 31	
	2017	2016	2017	2016
Net Sales	74,214	63,040	289,855	267,628
Gross profit	11,562	8,881	44,520	46,596
EBITDA ⁽¹⁾	6,846	4,311	27,653	29,646
Net income	3,772	1,401	12,632	13,822
(In US dollars, except shares)				
<u>Net income per share (EPS)</u>				
-Basic	0.17	0.06	0.55	0.60
-Diluted	0.16	0.06	0.54	0.59
<u>Common shares outstanding (millions)</u>				
-Basic	23.1	23.1	23.1	23.1
-Diluted	23.5	23.6	23.5	23.6

Dividend

The Board of Directors of the Company has approved a quarterly dividend of C\$0.07 per common share, to be paid on April 16, 2018 to shareholders of record as of March 31, 2018.

Full Year Results

Notwithstanding higher consolidated net sales in 2017, profitability was dampened by a highly competitive business environment and volatile raw material prices which impacted the Rubber Solutions segment as well as a decline in net sales in the automotive business in the Engineered Products segment. The strong fourth quarter results demonstrated that the Company's internal investments, integration and reorganization should position it well to overcome these challenges heading into 2018.

Net sales increased by 8.3% from 2016, to \$289,855, with increases in both Rubber Solutions and Engineered Products. Consolidated gross profit declined by 4.5% in 2017, as a result of a decline in net sales in the automotive business which more than offset increases in the defense business, as well as the impact of volatile raw material prices in the Rubber Solutions segment. Consolidated net income declined by 8.6% in 2017 compared to 2016, due to the lower consolidated gross profit and a 1.0% increase in operating expenses. EBITDA for 2017 decreased by 6.7% compared to 2016.

The Company remains in strong financial condition. With year-end cash and cash equivalents of \$17,748, an undrawn revolving credit facility of \$60 million and a net debt to EBITDA ratio of 1.9x, the Company enters 2018 with significant resources with which to pursue organic and acquisitive growth opportunities.

In addition, the Company renewed its normal course issuer bid for its common shares in 2017, pursuant to which the Company may re-purchase up to 1,359,443 of its common shares (representing approximately 10% of the Company's public float of 13,594,433 common shares). Further details on the bid will be provided in the management information circular mailed to shareholders for the upcoming annual general and special meeting.

Fourth Quarter

Consolidated results

Consolidated net sales in the fourth quarter increased by \$11,174 (or 17.7%) compared to the same period in 2016, reflecting higher raw material prices (which results in price increases to customers), increased volume and the commencement of shipments under a previously delayed defense contract. Gross profit increased by \$2,681 (or 30.2%) and net income increased by \$2,371 (or 169.2%), primarily because of the increase in net sales.

Segment Results

At Rubber Solutions, net sales increased by 26.7%, to \$31,235 compared to the same period in 2016, as a result of increased raw material prices of approximately 24.2% that resulted in price increases to customers and an increase in volume (measured in pounds shipped) of 15.2%, primarily in the off the road (“OTR”), conveyor belt, track and mining sectors, which was partially offset by softness in the solid tire and chemical sectors. As a result of the increase in net sales, gross profit increased by \$528, to \$5,038.

At Engineered Products, net sales increased by 11.9%, to \$42,979, compared to the same period in 2016. Although sales in the defense business increased by \$6,593 in the quarter, principally in the filters, bunny boot and shelter product lines, as well as the commencement of shipments under a previously delayed contract, sales in the automotive business decreased by \$2,011, driven mainly by lower net sales in the bushings, boot and muffler hanger product lines.

Outlook

The Company enters 2018 with a strengthened senior management team across all its businesses which complements an experienced workforce, both of which are committed to growth, quality, customer satisfaction and profitability. Management’s focus in 2018 is to continue to diversify the Company’s product offerings and customer base and refine business processes and operating systems to further enhance the platform, with the objective of stimulating growth and sustainably improving bottom-line results. With its strong balance sheet position, the Company is well positioned to continue making the required investments in resources, technology and capital expenditures to support innovation, improve operational efficiencies, while maintaining the capacity to execute on potential acquisitions.

In 2017 the rubber compounding business was integrated with industrial products to form the new Rubber Solutions segment. This new structure aligns well with the Company’s strategic focus on increasing and diversifying its portfolio of higher margin compounds, while maintaining its market leadership as a rubber-based solutions provider to a diversified customer base. This integration positions the Company to optimize lead-generation, product development and commercialization timelines and processes, as well as capacity utilization, across our various assets and geographies. The challenges faced in 2017 with increased raw material costs are expected to continue in 2018. Management, under the leadership of the Company’s new Chief Operating Officer Chris Bitsakakis, will be focused on further process improvement initiatives and adopting effective purchasing and pricing strategies to be more proactive in the marketplace. The goal is to increase operational efficiencies and profitability across all its plants and improve return metrics.

Within the Engineered Products segment, the automotive business’ management team has been rebuilt. Having attracted new talent in sales, engineering, marketing, business development and operations, the Company is in a stronger position to win share of new platforms to be introduced by automakers. The new business development focus is geared at developing proactive strategies to win new multi-year contracts that replace programs that have expired or are nearing the end of their platform lifecycle. As these activities are necessarily focusing on platforms that start production in 2019 or later, they are not expected to have a significant impact on sales in the near term. In addition, the Company will continue to pursue its strategy of diversifying its anti-vibration and noise abatement solutions into ancillary markets, such as industrial and agricultural. Again, the Company expects it will take some time to see a significant impact to the top-line with this initiative. However, in the near term, the focus will be on operations and driving a concentrated effort to ensure rapid-response engineering and manufacturing to meet escalating industry standards and improve profitability. In the defense business, the Company expects momentum to continue to build into 2018, with increased tendering activity worldwide and heightened rate of inquiries across all product lines. While there can be no certainty as to timing and nature of government policy changes, nor with respect to timing or size of tenders and awards, the current pipeline is strong and the business is well positioned to win new business and deliver strong growth in 2018.

AirBoss remains committed to enhance shareholder value by driving sustainable profitable growth. With its strong balance sheet and strengthened management team, the Company is well positioned to achieve this goal through organic and in-organic growth opportunities.

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. (EST) on Thursday, March 15, 2018. Please follow the link on our website, go to <http://www.gowebcasting.com/9106> or dial in to the following numbers: 416-340-2216 or Toll Free: 1-800-273-9672, pass code: 4280307.

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 400 million turn pounds of rubber annually, AirBoss Rubber Solutions is one of North America's largest custom rubber compounding companies and a leading supplier of essential calendered and extruded products for a broad range of applications. AirBoss Engineered Products is a world leader in the supply of life saving products for the military and 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 does not have a standardized meaning prescribed by IFRS and is not necessarily comparable to a similar measure presented by other issuers. This measure is neither required by, nor calculated in accordance with IFRS, and therefore is considered a Non-IFRS Financial Measure. 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 presented by the Company may not be comparable to similarly titled measures of other companies. A reconciliation of EBITDA to net income is presented below.

In thousands of US dollars	Three Months ended		Twelve Months ended	
	December 31 2017	2016	December 31 2017	2016
Net income	3,772	1,401	12,632	13,822
Finance costs	472	653	2,567	2,830
Depreciation and amortization of intangible assets	2,648	2,665	10,684	10,344
Income tax expense	(46)	(408)	1,770	2,650
EBITDA	6,846	4,311	27,653	29,646

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 for the year ended December 31, 2017, under the heading "Risk Factors".