



TFSA and RRSP Investors: Invest in Value Stocks and Retire Early

Description

AirBoss of America ([TSX:BOS](#)) develops, manufactures, and [sells rubber-based products](#) to the resource, military, automotive, and industrial markets primarily in North America.

The company's corporate headquarters is in Newmarket, Ontario. The company operates through the Rubber Solutions and Engineered Products segments.

The Rubber Solutions segment is involved in the custom rubber compounding and supplying mixed rubber for use in mining, transportation, oil and gas, and other products.

The Engineered Products segment develops, manufactures, and sells personal protection and safety products for chemical, and nuclear hazards.

The company is fairly valued with a price to earnings ratio of 19.41, a price to book ratio of 1.42 and market capitalization of 167 million. Debt is occasionally used at AirBoss of America to fund investments and the company's debt to equity ratio is 0.55. The company has average performance metrics with an operating margin of 4.25% and a return on equity of 7.78%.

During the third quarter of 2019, AirBoss' core [Rubber Solutions segment](#) grew volumes with a 5.5% increase in pounds shipped. The slight drop in net sales in Rubber Solutions was partially offset by a 1.7% increase in net sales in the Engineered Products segment.

In order to support longer-term growth, AirBoss is investing in a series of key strategic initiatives across the business in 2020. Capital expenditures for 2020 are expected to fall in the range of \$18 to \$20 million dollars.

For the Rubber Solutions segment, areas of investment include new mixing lines that will support production of a broader array of compounded products, as well as provide enhanced flexibility in attracting and fulfilling new business.

The company also recently acquired a new "tilt" mixer, which should support the production of increasingly specialized, higher margin compounds. AirBoss is also investing in developing new anti-

noise, vibration and harshness products, as well as the next generation of the low-burden mask marketed by the defense business.

The company recently strengthened the sales and marketing team to increase penetration with existing customers as well as target new ones, including major automakers.

Over the medium and longer term, the team is focused on launching new products that diversify initially into opportunities adjacent to the automotive space, such as trucking, buses, construction and motorcycles, but increasingly across a range of sectors where anti-noise, vibration and harshness solutions are required.

The company is focused on growing the core Rubber Solutions segment by positioning it as a specialty supplier of choice in the consolidating North American market.

AirBoss is also looking to leverage enhanced scale and capabilities to pursue an array of growth and value-creation opportunities in the broader defense sector.

AirBoss is also working on driving improved performance from the anti-vibration business through a combination of disciplined cost containment, client relationship expansion, new product development and sector diversification.

The company is targeting additional acquisition opportunities across the business with a focus on strategic fit at reasonable valuations.

The company pays a stable quarterly dividend and is investing in core areas of the business to expand a solid foundation that will support long-term growth.

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1. TSX:BOS (AirBoss of America Corp.)

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