



TFSA Investors: 1 Industrial Stock That Could Double in Value

Description

AirBoss of America ([TSX:BOS](#)) is a business that uses [compounding technology](#) and engineering expertise to create value for customers. The company designs, develops, manufactures, and sells rubber compounds and specialty finished products to industrial customers, the automotive industry, and the defence, first response, and healthcare markets.

The company has a price-to-earnings ratio of 19.54, price-to-book ratio of 2.54, dividend yield of 1.68%, and market capitalization of \$448 million. Debt is very sparingly used at Airboss, as evidenced by a debt-to-equity ratio of just 0.39. The company has excellent performance metrics with an operating margin of 13.01% and a return on equity of 24.19%.

The company's rubber solutions segment is engaged in the development and manufacturing of [custom rubber compounds](#) and extruded material and molded products for a broad range of industries, including mining, transportation, industrial rubber products, military, automotive, conveyor belting, and oil and gas primarily in North America. The segment has the capacity to process over 450 million pounds of rubber annually and is one of North America's largest custom rubber compounding businesses.

The company's engineered products segment is a leading manufacturer and supplier of innovative and cost-effective anti-vibration and noise dampening solutions primarily to the North American automotive market.

The segment primarily designs, engineers, and manufactures rubber, synthetic rubber, and rubber-to-metal bonded products that are used to eliminate or control undesired vibration and noise to enhance interior comfort, increase the durability of a vehicle and improve the overall experience of a vehicle's passengers. The engineered products segment sells products primarily to the automotive market but has diversified into adjacent sectors through extensive outreach to sector leaders.

The company's defence group segment develops, manufactures and sells equipment for military, first response, and healthcare applications. The segment is a leading global supplier of route clearance vehicles and survivability products to the United States and foreign military forces.

To support longer term growth, AirBoss has invested in a series of key strategic initiatives across the business with a dual focus on innovation and diversification, including the opening of a new research and development centre at Kitchener, Ontario. This technical centre will allow for enhanced collaborative development opportunities with AirBoss's current and future customers and will be one of the most advanced rubber compound development laboratories in North America.

For the rubber solutions segment, new areas of investment include new mixing lines that will increase annual capacity by 20 and 50 million pounds. This capacity increase will support the production of a broader array of compounded products as well as will provide enhanced flexibility in attracting and fulfilling new business.

In the engineered products segment, AirBoss has piloted new molding equipment and sourced and ordered a new robotic work cell. Together, these advanced manufacturing initiatives are expected to reduce cycle times and permit more effective management of labour costs.

There are several exciting new growth initiatives at Airboss that will create value for long-term shareholders. Further, AirBoss's defence business continues to identify and submit to tenders internationally and is cumulatively valued at hundreds of millions of dollars.

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Date

2025/07/20

Date Created

2021/02/04

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