



# Company Information **2019**

# FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

Years Ended December 31	2019	2018	2017
Net sales	\$204,811	\$202,594	\$200,530
(Loss) income from operations	(5,685)	2,242	5,998
Net (loss) income	(4,641)	8,299	4,963
Net (loss) income per share			
Basic	(142.94)	255.56	152.82
Diluted	(142.94)	254.66	152.52

## COMPANY PROFILE



The **TAPE/IDEAL DIVISION** of American Biltrite provides a global customer base with a wide variety of specialized pressure sensitive tapes, films, and protective sheeting. It manufactures these by coating various substrates (paper, film, foil, nylon, polyester films, glass cloth, and others) using adhesive systems formulated with water and solvent-based materials. These products are manufactured in Moorestown, New Jersey and Lowell, Massachusetts, and marketed worldwide with divisional converting facilities in Belgium, Italy, and Singapore, and sales offices in China and South Korea. Served markets include transportation (automotive and aerospace); building and construction (HVAC, insulation, electrical); shoe and leather goods; graphic arts, print, and signage; and various other industrial and consumer applications (appliances, metals, glass/windows, etc.). The division's products are sold by a dedicated sales organization, distributors, and select manufacturers' representatives worldwide.



**AMERICAN BILTRITE (CANADA) LTD.** manufactures and distributes commercial and residential flooring, industrial rubber products, mud flaps and footwear products throughout North America. The commercial flooring business primarily serves the healthcare, educational, and institutional sectors, offering resilient products with high aesthetics, great durability, low maintenance, and excellent environmental qualities. The industrial rubber business supplies rubber sheet goods used for a multitude of applications such as gaskets, sealants, protective applications and cut parts to OEM's, distributors and fabricators serving various markets, from pharmaceutical and food to petro-chemical, mining and transportation. The industrial rubber business also provides custom mixing services to the hose and tire manufacturing industries. The division has strong technical capabilities in R&D and product innovation, and provides excellent service through an extensive network of distribution centers across North America.



**K&M ASSOCIATES L.P.** is one of North America's largest suppliers of fashion jewelry and hair accessories. Its main office and distribution center are located in Providence, Rhode Island. K&M also has showrooms and offices in New York City and two office locations in China for logistics, quality control, and product development support. K&M successfully serves all levels of retail trade in the U.S. and Canada, from mass market to upper tier department stores. K&M's industry leading licensed and proprietary brands include Guess®, T Tahari®, Robert Rose®, Berry®, and Jessica McClintock™. K&M's recognized marketplace strengths are its quality product and logistical capabilities, supported by partnerships with its customers in technology, product development, sales analysis, and merchandising services.

# AMERICAN BILTRITE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands of dollars, except share and per share amounts)

	Years Ended December 31	
	2019	2018
<b>Net sales</b>	<b>\$ 204,811</b>	\$ 202,594
Cost of products sold	<b>146,273</b>	146,636
Selling, general & administrative expenses	<b>64,223</b>	53,716
<b>(Loss) income from operations</b>	<b>(5,685)</b>	2,242
Other (expenses) income		
Interest	<b>(210)</b>	(201)
Other	<b>(224)</b>	141
	<b>(434)</b>	(60)
<b>(Loss) income before income taxes and other items</b>	<b>(6,119)</b>	2,182
Benefit from income taxes	<b>(1,549)</b>	(6,117)
<b>Net (loss) income</b>	<b>(4,570)</b>	8,299
Noncontrolling interests	<b>(71)</b>	-
<b>Net (loss) income attributable to controlling interest</b>	<b>\$ (4,641)</b>	\$ 8,299
Net (loss) income attributable to controlling interest per common share:		
Basic	<b>\$ (142.94)</b>	\$ 255.56
Diluted	<b>(142.94)</b>	254.66
Weighted average shares outstanding:		
Basic	<b>32,469</b>	32,474
Diluted	<b>32,469</b>	32,588

# AMERICAN BILTRITE INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS - ASSETS

(In thousands of dollars)

	December 31	
	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,750	\$ 5,451
Accounts receivable, less allowances for doubtful accounts and discounts of \$1,909 in 2019 and \$1,717 in 2018	23,810	25,875
Inventories	33,841	31,764
Prepaid expense and other current assets	2,302	1,521
Insurance receivable for asbestos and environmental liabilities	4,169	4,122
<b>Total current assets</b>	<b>65,872</b>	<b>68,733</b>
Property, plant & equipment, net	27,273	25,670
<b>Other assets:</b>		
Insurance receivable for asbestos and environmental liabilities	17,579	17,957
Investments	2,712	2,626
Deferred taxes	10,426	8,292
Other assets	8,706	3,605
	<b>39,423</b>	<b>32,480</b>
<b>Total assets</b>	<b>\$ 132,568</b>	<b>\$ 126,883</b>

# AMERICAN BILTRITE INC. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS - LIABILITIES & STOCKHOLDERS' EQUITY

(In thousands of dollars)

	December 31	
	2019	2018
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 10,850	\$ 11,026
Accrued expenses	16,546	18,383
Taxes payable	462	-
Operating lease liabilities	1,479	-
Asbestos and environmental liabilities	6,148	5,978
Notes payable	60	560
Current portion of long-term debt	-	-
<b>Total current liabilities</b>	<b>35,545</b>	<b>35,947</b>
Long-term debt, less current portion	762	583
Operating lease liabilities	3,900	-
Asbestos and environmental liabilities	39,204	33,328
Other liabilities	14,381	13,506
<b>Total liabilities</b>	<b>93,792</b>	<b>83,364</b>
<b>Stockholders' equity</b>		
Common stock and additional paid in capital (common stock par value \$.01, authorized 150,000 shares, issued 45,985 shares, and 32,469 shares outstanding at December 31, 2019 and 2018)	20,324	20,324
Less cost of common stock in treasury (13,516 shares at December 31, 2019 and 2018)	(15,725)	(15,725)
Retained earnings	44,839	49,480
Accumulated other comprehensive loss	(11,677)	(11,504)
Total stockholders' equity of controlling interests	37,761	42,575
Noncontrolling interests	1,015	944
Total stockholders' equity	38,776	43,519
<b>Total liabilities and stockholders' equity</b>	<b>\$ 132,568</b>	<b>\$ 126,883</b>

# AMERICAN BILTRITE INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands of dollars)

	Years Ended December 31	
	2019	2018
<b>Operating activities</b>		
Net (loss) income	\$ (4,641)	\$ 8,299
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization	4,647	3,437
Provision for doubtful accounts and discounts	4,203	2,994
Deferred taxes	(2,134)	(8,099)
Amortization of right-of-use assets	1,506	-
Change in operating assets and liabilities:		
Accounts and notes receivable	(2,015)	(766)
Inventories	(1,385)	2,421
Prepaid expenses and other assets	(504)	(99)
Accounts payable and accrued expenses	970	(252)
Asbestos and environmental liabilities	6,377	2,633
Income taxes	(981)	1,524
Pension contribution	-	(1,500)
Other	(851)	967
<b>Net cash provided by operating activities</b>	<b>5,192</b>	<b>11,559</b>
<b>Investing activities</b>		
Investments in property, plant and equipment	(5,212)	(3,521)
Payments for acquisition of MJM Jewelry Inc.	(2,658)	-
<b>Net cash used in investing activities</b>	<b>(7,870)</b>	<b>(3,521)</b>
<b>Financing activities</b>		
Net short-term loan payments	(499)	(3,366)
Payments on long-term debt	-	(133)
Stock repurchase	-	(4)
Proceeds from government economic development loan	147	373
<b>Net cash used in financing activities</b>	<b>(352)</b>	<b>(3,130)</b>
Effect of foreign exchange rate changes on cash	(671)	(385)
<b>Net (decrease) increase in cash</b>	<b>(3,701)</b>	<b>4,523</b>
Cash from acquired company	-	312
Cash and cash equivalents at beginning of year	5,451	616
<b>Cash and cash equivalents at end of year</b>	<b>\$ 1,750</b>	<b>\$ 5,451</b>

## BOARD OF DIRECTORS

### LEO R. BREITMAN

Former Chairman and Chief Executive Officer  
*Fleet Bank - Massachusetts*

### JOHN C. GARRELS III

Former Director, Global Banking  
*The First National Bank of Boston*

### MARK N. KAPLAN

Of Counsel  
*Skadden, Arps, Slate, Meagher & Flom LLP*

### RICHARD G. MARCUS

President and Chief Operating Officer

### ROGER S. MARCUS

Chairman of the Board and Chief Executive Officer

### TODD S. MARCUS

President  
*K&M Associates L.P.*

### WILLIAM M. MARCUS

Executive Vice President and Treasurer

### MARK S. NEWMAN

Former Chairman of the Board,  
President and Chief Executive Officer  
*DRS Technologies, Inc.*

### KENNETH I. WATCHMAKER

Former Executive Vice President and  
Chief Financial Officer  
*Reebok International Ltd.*

## CORPORATE OFFICERS

### ROGER S. MARCUS

Chairman of the Board and Chief Executive Officer

### RICHARD G. MARCUS

President and Chief Operating Officer

### WILLIAM M. MARCUS

Executive Vice President and Treasurer

### HOWARD N. FEIST III

Vice President - Finance and Chief Financial Officer

### DIANA LEW

*Controller*

### MICHAEL J. MERKX

Vice President and General Manager  
*Tape Division*

### JEAN-PIERRE BENOIT

Vice President and General Manager  
*American Biltrite (Canada) Ltd.*

### TODD S. MARCUS

President  
*K&M Associates L.P.*

## CORPORATE INFORMATION

### TRANSFER AGENT AND REGISTRAR

Computershare Inc.  
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Louisville, KY 40233-5000  
800-368-5948

### COUNSEL

Skadden, Arps, Slate, Meagher & Flom LLP  
Boston, Massachusetts

### AUDITORS

RSM US LLP  
Boston, Massachusetts

### STOCK MARKET LISTING

OTC Market  
Symbol - ABLT



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