



ZCL Composites Reports Record Fourth Quarter and 2008 Financial Results

Edmonton, Alberta, March 10, 2009—ZCL Composites Inc. (TSX: ZCL) today announced record net income and revenue for the fourth quarter and year ended December 31, 2008.

Q4 2008 highlights compared to Q4 2007

- Net income of \$3.7 million, up 33% from \$2.8 million
- Diluted earnings per share of \$0.14, up 40% from \$0.10
- Revenue of \$38.2 million, up 27% from \$30.0 million
- Backlog of \$21.8 million, up 33% from \$16.4 million

Year 2008 highlights compared to year 2007

- Net income of \$11.4 million, up 51% from \$7.5 million
- Diluted earnings per share of \$0.43, up 48% from \$0.29
- Revenue of \$128.2 million, up 22% from \$104.8 million

“These record financial results reflect continued strong US revenue growth and very good operational performance,” said Ven Côté, ZCL’s President and Chief Executive Officer. “We captured increased market share in the downstream petroleum market, grew water and wastewater revenues, and achieved higher product sales for tank lining installations.”

ZCL also benefited from favourable exchange rates primarily in the fourth quarter and a full year of ownership of its US subsidiary compared with just over ten months in 2007. ZCL entered the US market when it acquired Xerxes Corporation on February 22, 2007.

“While the current economic environment requires us to be prudent about our outlook for 2009, there are a number of factors that cause us to continue to have a positive outlook for the year,” said Mr. Côté. “We have gained some major new customers so far this year in our core downstream petroleum business, and continue to see opportunity to increase market share in both this market, and in the water and wastewater market. The end of 2009 tank upgrading deadline in the state of Florida should also produce a strong increase in demand this year,” added Mr. Côté. “We have a strong balance sheet, with lower debt than a year earlier, which positions us well to take advantage of acquisition opportunities that may become available.”

At the end of 2008, ZCL had working capital of \$28.9 million, an increase of 40% compared to \$20.6 million at December 31, 2007. Assets totalled \$116.5 million at December 31, 2008, up 23% from \$94.4 million a year earlier. Long term debt (including the current portion) totalled \$6.5 million at the end of 2008, down 27% from \$8.9 million a year earlier.

ZCL’s backlog totalled \$21.8 million at December 31, 2008, an increase of 33% compared to \$16.4 million a year earlier. The increase reflected a higher US related backlog and the US to Canadian dollar conversion rate increasing to 1.22 at December 31, 2008 compared to 0.98 at December 31, 2007.

2008 Financial Targets

With revenue growth of 22% in 2008, ZCL achieved the established target for revenue growth of more than 20%. The EBITDA (earnings before interest, taxes, depreciation and interest) margin achieved in 2008 of 15.0% of revenue, while below the established target of 16.0%, was nevertheless up from 13.4% in 2007.

In conjunction with the release of the 2008 third quarter results, ZCL noted that the 16.0% EBITDA objective would depend in part on strong revenue growth in the fourth quarter of 2008. It was also noted that the EBITDA margin could be negatively impacted by an increase in the US to Canadian dollar conversion rate due to the raw materials and other items purchased by the Company's Canadian operations which are denominated in US dollars. Ultimately, the strong fourth quarter revenue increase of 27% was not enough to offset the impact of higher raw material prices and additional training and manufacturing costs associated with the transition to Parabeam® in the US double wall tank. This transition is part of ZCL's continuous improvement and best practice initiatives, and in addition to the sales and marketing benefits, it is expected to ultimately result in manufacturing efficiencies.

Outlook

Over the long-term, ZCL has established an objective of achieving average revenue growth of 15% to 20% per annum. ZCL has also established a medium-range objective of improving EBITDA to 20% of revenue. These objectives remain in place.

For 2009, the Company is deferring providing specific targets for these objectives due to the current economic environment. Factors such as the economic downturn in the US and Canada, tighter lending standards, volatility in the capital markets, falling commodity prices and the US housing crisis could impact the short-term demand for ZCL's products.

Despite the caution for 2009, management remains positive and believes that growth in revenue and EBITDA can be achieved in 2009. For the first quarter of the year, management is however projecting a modest loss due to customer cautiousness associated with the current economic environment, compounded by general seasonality factors that typically make the first quarter the slowest quarter of the year. To demonstrate, the Company achieved revenue of \$23.8 million in the first quarter of 2008 compared to a range of \$33.0 million to \$38.2 million in the second through fourth quarters of that year.

Some of the key reasons management believes that ZCL can achieve growth overall in 2009 include:

- The attraction of some significant new customers in the downstream petroleum market in the first part of 2009, continuing the trend experienced in 2008.
- Florida's tank upgrading requirement and the recent reconfirmation by Florida regulators to enforce the end of 2009 deadline.
- Continued growth opportunities in the water and wastewater market even in the current economic environment.
- Additional opportunities for ZCL's technology in both North America and Internationally.
- Return of raw material and production costs to more normal levels after increases in 2008, particularly in the latter part of the year.
- Favourable exchange rates given that a significant portion of the Company's business is denominated in US dollars.
- A strong balance sheet, which positions the Company well to take advantage of strategic opportunities that may arise.

New Customers

Throughout 2008 and to date in 2009, ZCL has attracted a number of new customers in the downstream market. Many of these new customers previously purchased steel tanks. Management believes that ZCL has benefited from growing recognition by retail service station owners that steel petroleum storage tanks are subject to internal corrosion and that fibreglass tanks, such as ZCL's, have superior corrosion resistant properties. Two other factors that have likely helped to increase the awareness of the impact of internal corrosion are the use of biofuels which create a more corrosive environment and a decision by the Steel Tank Institute ("STI") to reduce the warranty on

new STI licensed tanks to 10 years from 30 years effective January 1, 2008. ZCL's fibreglass tank warranty against corrosion remains intact at 30 years.

An additional factor that may help to generate growth in the downstream petroleum market is the incorporation of ZCL's patented three dimensional glass fabric, Parabeam®, into the double wall tanks manufactured by the US operations. The use of Parabeam® allows the Company to introduce its insurance backed Prezerver® Enhanced Protection Program to US customers. This program, which provides customers with third-party liability and pollution coverage, has allowed ZCL to differentiate itself in the Canadian downstream market.

Florida

Another positive factor for 2009 is the strong commitment shown by Florida state regulators to enforce the regulations that require all existing single wall underground petroleum storage tanks in the state to be upgraded or replaced with a secondary containment system by the end of the year. On February 17, 2009 the Florida Department of Environmental Protection posted to its website and mailed to service station owners a letter confirming its intention to enforce the end of 2009 deadline. The Company believes that there may be as many as 3,000 sites (8,000 to 10,000 tanks) that may still require upgrading or replacing by the end of 2009. While many of these sites may shut down due to financial and economic factors, the deadline should result in a strong increase in short-term demand for tanks and tank liners given that capacity for the entire US market is estimated to be 12,000 to 15,000 tanks annually.

Water and Wastewater

Management continues to believe that there are growth opportunities in the water and wastewater market. This market currently accounts for roughly 20% of ZCL's total revenue, but ZCL only has a very small share of this substantial market. Over the past number of years, the Company has generated significant growth from this market, and in 2008, even with the economic slowdown, ZCL was still able to achieve a double-digit increase in water and wastewater sales. In 2008, additional resources and initiatives were directed to this market in both the US and Canada and these investments are expected to contribute to additional growth in 2009.

International and Other Opportunities

ZCL has recently increased its focus on attracting new international licensees for its tank manufacturing technology and continues to pursue additional opportunities for its tank lining system in the US (beyond the Florida market), and in Canada, Europe and South East Asia.

The Company also continues to believe that there are opportunities for its technology in the coal-burning power plant industry due to the regulatory push towards reducing sulphur dioxide emissions. ZCL's corrosion resistant fibreglass technology is an ideal and cost effective solution for use in scrubbers and chimney stacks that remove sulphur dioxide from flue gas emissions.

Manufacturing Costs

For much of 2008, and in particular in the latter part of the year, the Company experienced higher prices for its primary raw material, resin, which had a negative impact on profit margins. The cost of resin has returned to more normal levels in the first part of 2009.

As noted above, ZCL began the transition to Parabeam® in the US double wall tank in the third quarter of 2008. This transition is part of ZCL's continuous improvement and best practice initiatives, and while it resulted in additional training and other manufacturing costs related to the transition, it is ultimately expected to result in manufacturing efficiencies.

Exchange Rates

Foreign exchange rates may also have an impact on 2009 as approximately two-thirds of ZCL's business activity is denominated in US dollars. In 2008, the US to Canadian dollar conversion rate averaged about 1.07, with the rate averaging about 1.02 through the first nine months and increasing to 1.22 in the fourth quarter. The conversion rate has remained in the 1.20+ range through the early part of 2009. With a significant portion of the Company's

business denominated in US dollars, a higher US dollar relative to the Canadian dollar throughout the year would likely have a positive impact on overall revenue and earnings.

Financial Position

ZCL has a strong balance sheet, with lower debt than a year earlier, and as a result is well positioned to take advantage of business development opportunities that may become available.

Summary Financial Results

Fourth quarter ended December 31

(in thousands, except per share amounts)	2008	2007	% change
Revenue	\$38,223	\$30,013	27%
Net Income	\$3,674	\$2,766	33%
Net income per share (diluted)	\$0.14	\$0.10	40%
Average number of shares (diluted)	26,530	26,626	-%

Year ended December 31

(in thousands, except per share amounts)	2008	2007	% change
Revenue	\$128,174	\$104,783	22%
Net Income	\$11,364	\$7,515	51%
Net income per share (diluted)	\$0.43	\$0.29	48%
Average number of shares (diluted)	26,576	25,729	3%

The management's discussion and analysis ("MD&A") and audited consolidated financial statements for the year ended December 31, 2008 are available on the ZCL website at this link:

www.zcl.com/investors/corpdisclosure.html.

Conference Call

ZCL Composites Inc. has scheduled an investor conference call for 9:30 a.m. Mountain Time (11:30 a.m. Eastern Time) on Wednesday, March 11, 2009, to discuss its financial and operating results for the fourth quarter and year ended December 31, 2008.

To access the conference call by telephone, please dial toll free 1-(800) 731-6941 from anywhere in North America. An audio webcast may be accessed through the investor events tab on the ZCL Composites website. Audio replays will be available on the ZCL Composites website shortly after the conclusion of the conference call.

The conference call will include prepared remarks by ZCL's President and Chief Executive Officer, Ven Côté, and by ZCL's Chief Financial Officer, Darin Coutu. After the prepared remarks, ZCL will accept questions from analysts and institutional investors. The public is invited to listen to the conference call in real time or by replay.

About ZCL

ZCL Composites Inc. is North America's largest underground fibreglass tank manufacturer. ZCL's complete fuel storage systems marketed under the "Prezerver" trademark carry a \$2 million warranty against pollution.

Note on EBITDA and Backlog

While EBITDA is not a financial measure under Generally Accepted Accounting Principles (GAAP), management uses it to make strategic decisions and set targets. Many financial analysts also use EBITDA to make investment decisions because it helps assess changes in ZCL's business across different time periods. Readers should not consider EBITDA as an alternative to net income, cash flow or other indicators of performance or liquidity which have been determined under GAAP. EBITDA does not have any standardized meaning prescribed by GAAP and may be different from, and therefore not comparable to, EBITDA measures used by other companies. A table has been included in the Company's MD&A for the three and twelve months ended December 31, 2008 that reconciles net income from continuing operations to EBITDA.

Backlog is defined as the total value of orders that management has assessed as having a high certainty of being performed because of the existence of a contract or purchase order specifying the scope, value and timing of an order.

Advisory Regarding Forward-Looking Statements

This document contains forward-looking statements under the heading “Outlook” and elsewhere concerning future events or the Company’s future performance, including the Company’s objectives for revenue growth and EBITDA (earnings before interest, taxes, depreciation and amortization), business opportunities in the petroleum, water and wastewater, international and other markets, outlook for raw material costs and production efficiencies, anticipated capital expenditure trends and activity in the petroleum and other industries and markets served by the Company. Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. Actual events or results may differ materially from those reflected in the Company’s forward-looking statements due to a number of known and unknown risks, uncertainties and other factors affecting the Company’s business and the industries the Company serves generally. These factors include, but are not limited to, fluctuations in the level of capital expenditures in the petroleum and water and wastewater markets, drilling activity and oil and natural gas prices, and other factors that affect demand for the Company’s products and services, industry competition, the need to effectively integrate acquired businesses, uncertainties as to the Company’s ability to implement its business strategy effectively in Canada and the United States, political and economic conditions, the Company’s ability to attract and retain key personnel, raw material and labour costs, fluctuations in the US and Canadian dollar exchange rates, and other risks and uncertainties described under the heading “Risk Factors” in the Company’s most recent Annual Information Form, and elsewhere in the Company’s management’s discussion and analysis for the year ended December 31, 2008 and other documents filed with Canadian provincial securities authorities. These documents are available to the public at www.sedar.com.

In addition to the factors noted above, management cautions readers that the significant economic instability in the world today could have a negative impact on the markets in which the Company operates and on the Company’s ability to achieve its financial targets. Factors such as the economic downturn in the US and Canada, tighter lending standards, volatile capital markets, falling commodity prices, the severity of the US housing crisis and other factors could negatively impact demand and the Company’s ability to grow or sustain revenues and earnings. Fluctuations in the US to Canadian dollar conversion rate also have the potential to impact the Company’s revenues and earnings.

The Company believes that the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon.

The forward-looking statements in this report speak only as of the date of this report. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company’s behalf, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

For further information, please contact:

Ven Côté
President & CEO
ZCL Composites Inc.
(780) 466-6648
ven.cote@zcl.com

Darin Coutu
Chief Financial Officer
ZCL Composites Inc.
(780) 466-6648
darin.coutu@zcl.com