



ZCL Composites Reports Third Quarter 2009 Financial Results

Edmonton, Alberta, November 3, 2009 – ZCL Composites Inc. (TSX: ZCL) today announced financial results for the third quarter and nine months ended September 30, 2009.

Q3 2009 compared to Q3 2008

- Revenue of \$30.6 million, compared to \$33.1 million
- Net income of \$1.5 million, compared to \$3.1 million
- Diluted earnings per share of \$0.06, compared to \$0.12

First Nine Months of 2009 compared to First Nine Months of 2008

- Revenue of \$79.1 million, compared to \$90.0 million
- Net income of \$0.7 million, compared to \$7.7 million
- Diluted earnings per share of \$0.03, compared to \$0.29

“While our third quarter results reflect continued weakness in the economy, revenue and earnings for the quarter were up compared to the second quarter of this year due to some improvements in our core downstream petroleum business and our international operations,” said Ven Côté, ZCL’s President and Chief Executive Officer. “The third quarter results also reflect efforts to reduce costs.”

“The improvement of earnings through cost management and production efficiencies is an important strategic focus for ZCL,” added Mr. Côté. “We believe that this focus will provide short-term benefits, and when combined with our strong growth opportunities, positions us well for when the economy turns around.”

During the third quarter ZCL signed a license agreement for its Phoenix System™ tank lining technology with Socomex S.A.R.L. of France. This agreement with Socomex follows ZCL’s disclosure in August of a license agreement with JIZHOU ZHONGYI FRP Co., Ltd. of China for both ZCL’s tank manufacturing and Phoenix System™ technologies.

“Outside of Canada and the US, most underground petroleum storage tanks are still made from steel. These license agreements demonstrate the global value of our corrosion-resistant fibreglass technology compared with steel,” said Mr. Côté.

The third quarter results were up over the second quarter earnings of \$0.02 per diluted share and revenue of \$28.8 million, but down from the strong results achieved in the third quarter of 2008 due to the continuing economic weakness. Factors such as reduced capital spending, tighter credit markets and lower commodity prices have resulted in lower revenue and margins.

ZCL's backlog at September 30, 2009 was \$24.5 million, up from \$21.1 million at June 30, 2009 but down from \$27.8 million a year earlier. ZCL continues to have a strong balance sheet with working capital of \$23.6 million, total assets of \$113.3 million and long term debt of \$5.9 million as at September 30, 2009.

Outlook

For the fourth quarter of 2009, revenue and earnings are expected to be similar to the third quarter of 2009. To mitigate the impact of the economic weakness, the Company continues to manage both administrative and production costs, including reducing discretionary expenses, eliminating non-essential overtime and reducing production staffing levels or work hours.

Management continues to believe that ZCL has strong growth opportunities in all of its markets and that the Company is positioned for growth, particularly when the economy turns around. With a strong balance sheet, ZCL is also well positioned to take advantage of strategic business development and acquisition opportunities that may become available.

Market Review – Third quarter

Downstream Petroleum

Revenue from the downstream petroleum market was lower in both the third quarter and first nine months of 2009, compared to the same periods in 2008 primarily due to lower sales in the US market. In Canada, after a slow first quarter, downstream petroleum sales have rebounded to be relatively consistent with the second and third quarters of 2008. The Canadian downstream market differs from the US in that a majority of Canadian retail service stations are still owned and operated by the larger oil and gas and convenience store companies.

In the US, revenues from direct sales to major downstream customers were up modestly in the third quarter and up overall through the first nine months. This growth was however more than offset by lower sales through distributors and contractors whose customers, generally individual or small business owners, are more likely to be negatively impacted by the current economy.

Some of the growth in sales to major US downstream companies reflected the attraction of customers who previously purchased underground petroleum storage tanks fabricated from steel. There is increasing 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 of the key factors contributing to the growing recognition of internal corrosion are advances in the use of biofuels which create a more corrosive environment, as well as 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 warranty against corrosion for its fibreglass tanks remains intact at 30 years.

While these factors create an opportunity to grow market share today, further advances in the use of biofuels should create additional opportunities in the future. It is estimated that the corrosion resistance, of more than half of the petroleum storage tanks in service in Canada and the US today, is not compatible with ethanol blends beyond E10 (a blend of 10% ethanol and 90% gasoline).

Water and Wastewater

In the water and wastewater market, the significant decrease in new construction has resulted in lower revenue in both the third quarter and first nine months of 2009, compared to the same periods in 2008. Prior to 2009, the Company has generated strong growth from this market and water and wastewater sales now account for roughly 20% of ZCL's total revenue.

ZCL has a very small, but growing share of the water and wastewater market and management continues to believe that the opportunities in this market are substantial. Customers are realizing that ZCL's watertight and easy to install fibreglass tanks are an ideal alternative to the concrete products that have traditionally dominated this market. The Company continues to push ahead on building brand recognition, pursuing partner opportunities and establishing new sales channels across the North American water and wastewater market.

Upstream, Industrial and Corrosion

The upstream, industrial and corrosion markets account for roughly 10% of ZCL's total revenue with a majority of the sales currently occurring in the western part of Canada and the US. With the lower commodity prices for oil and natural gas and reduced drilling and construction activity, total revenue from these markets was down significantly in both the third quarter and first nine months of 2009, compared to the same periods in the prior year.

International and Other Markets

Revenue from the Company's international operations was up in both the third quarter and first nine months of 2009, compared to the same periods in 2008. ZCL continues to focus on attracting new licensees for its tank manufacturing and Phoenix System™ lining technologies in the international marketplace, such as the agreements recently signed involving China and France.

ZCL also continues to pursue additional opportunities for its tank lining system in North America, Europe and South East Asia. Success was achieved in the first nine months of 2009 with new sites completed for a customer in the US and more installations are planned for the fourth quarter of 2009. In addition, contracted installations in Hong Kong in 2009 are expected to be similar to 2008.

Summary Financial Results

(in thousands, except per share amounts)	Third Quarter		Nine Months	
	2009	2008	2009	2008
Revenue	\$30,621	\$33,140	\$79,112	\$89,951
Net income	\$1,488	\$3,135	\$690	\$7,690
Diluted earnings per share	\$0.06	\$0.12	\$0.03	\$0.29

The management's discussion and analysis ("MD&A") and unaudited interim consolidated financial statements for the third quarter ended September 30, 2009 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, November 4, 2009, to discuss its financial and operating results for the third quarter ended September 30, 2009.

To access the conference call by telephone, please dial toll free (800) 732-0232 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.

Note on Backlog

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, efforts to reduce administrative and production costs, manage production levels, anticipated capital expenditure trends, activity in the petroleum and other industries and markets served by the Company and the sufficiency of cash flows and credit facilities to cover normal operating and capital expenditures. 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 and elsewhere in the Company's management's discussion and analysis for the quarter ended September 30, 2009 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 continuing economic weakness in the US and Canada, tighter lending standards, volatile capital markets, lower commodity prices, the severity of the US housing crisis and other factors could negatively impact the demand for the Company's products 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.

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