



ZCL Composites Reports Record Financial Results

Edmonton, Alberta, March 17, 2008—ZCL Composites Inc. (TSX:ZCL) reported financial results for the fourth quarter and 12 months ended December 31, 2007, compared with the same period a year earlier.

Highlights of the fourth quarter of 2007 were:

- Revenue of \$30.0 million, more than double \$14.9 million in Q4 06
- Record quarterly net income of \$2.8 million, up 86% from \$1.5 million in Q4 06
- Diluted earnings per share of \$0.10, up from \$0.07 in Q4 06

Highlights for the 12 months were:

- Record annual revenue of \$104.8 million, up 90% from \$55.1 million for the 12 months ended December 31, 2006
- Record annual net income of \$7.5 million, up 33% from \$5.7 million
- Record diluted earnings per share of \$0.29, up from \$0.27

“We have delivered strong revenue and earnings growth for a number of consecutive years and 2007 was no exception,” said Ven Côté, ZCL’s President and Chief Executive Officer. “The year was led by the acquisition of Xerxes Corporation which doubled our sales and manufacturing base.” Mr. Côté added, “This strategic acquisition provides us with a strong presence in the important U.S. market.”

“Looking ahead we see a number of excellent growth opportunities for our environmentally friendly fibreglass liquid storage solutions,” commented Mr. Côté. “The opportunities include building our presence in the sizeable water/wastewater industry and taking advantage of increasing environmental awareness and regulations to grow revenue and market share in our largest market, underground petroleum storage.”

EBITDA and Cash Flow

Earnings before interest, income taxes, depreciation and amortization (“EBITDA”) were \$5.1 million for the fourth quarter of 2007, up 97% from \$2.6 million a year earlier. Cash generated by operations before changes in working capital (“Cash Flow”) was \$3.4 million in the fourth quarter of 2007, up 81% from \$1.9 million a year earlier.

For the year 2007, EBITDA was \$14.6 million, up 52% from \$9.6 million a year earlier, and Cash Flow was \$10.1 million, up 38% from \$7.3 million a year earlier.

EBITDA and net income for 2007 would have been higher but for approximately \$1.7 million (\$1.1 million after tax) of costs (manufacturing and general and administrative) resulting from the acquisition of Xerxes. These costs totalled \$0.2 million in the fourth quarter of 2007.

The Company also started and finished the year in a strong financial position. At December 31, 2007, ZCL had positive working capital of \$20.6 million, \$94.4 million of total assets and long-term debt of only \$8.9 million including the current portion.

Targets

The Company's revenue and EBITDA for 2007 were within the target ranges disclosed in November 2007. Revenue for 2007 of \$104.8 million was within the target range of \$104 million to \$107 million and EBITDA of \$14.6 million was within the established range of \$14 million to \$16 million.

With a number of strong growth opportunities we remain committed to our long-term profitable growth objective of 15% to 20% per annum. For 2008, we have established a target for revenue growth of more than 20%. This target takes into account a full year of our U.S. operations compared to about ten months in 2007. On the downside, it also assumes a lower U.S. to Canadian dollar conversion rate of \$1.00 in 2008, compared to an average rate of \$1.05 in 2007.

We have also developed a medium-term objective of improving the EBITDA margin to 20% of revenue. The target for 2008 is to achieve an EBITDA margin of 16% of revenue, compared to an actual EBITDA margin of 13.9% of revenue in 2007.

The 2008 targets reflect our expectations for organic growth and do not take into account growth related to potential new acquisitions. With our strong balance sheet, we believe we are well positioned to take advantage of strategic and accretive acquisition opportunities that may exist.

Review and Outlook

2007 was highlighted by the acquisition of Xerxes, a well managed U.S. industry leader that continues to exceed our initial high expectations. The acquisition created a number of integration opportunities and while some have been realized, additional technological and operational synergies remain, including the introduction of Parabeam®, our patented three dimensional glass fabric into the manufacturing of the U.S. double-wall tank.

The Xerxes acquisition also provides us with substantial opportunity to grow revenue in the U.S. petroleum market. Increasing environmental awareness and regulation is creating opportunities for our fibreglass tanks due to their superior corrosion properties. An example of one opportunity is a regulation adopted by the state of Florida that requires an estimated 10,000 to 15,000 existing single-wall underground petroleum storage tanks to be upgraded or replaced with a secondary containment system by the end of 2009. This represents significant short-term demand, given that demand for the entire U.S. market is typically 12,000 to 15,000 tanks a year.

An opportunity to increase market share in the U.S. petroleum market also exists due to a 2007 decision by the Steel Tank Institute ("STI") to reduce the warranty on STI licensed steel tanks to 10 years from 30 years effective January 1, 2008. Our warranty remains intact at 30 years.

A growing opportunity in the U.S., as well as Canada, is increasing our presence in the multi-billion dollar water and wastewater market, traditionally dominated by concrete products. Our structurally strong, watertight and easy to install fibreglass tanks are an ideal alternative to concrete. Currently, we generate about a quarter of our revenue in the U.S. from water and wastewater, but only have a nominal share of this sizeable market. Over the past few years, the U.S. operations have been able to generate annual growth from this market of 30% plus, without a solely dedicated effort. In 2008, we are expanding our sales force and dedicating additional resources to the water and wastewater industry.

We also continue to see a growing market for our tank lining system, marketed under the Phoenix System® brand. This system is a unique UL / ULC listed internal fibreglass system that allows "in-situ" upgrades of a single wall tank to a corrosive resistant secondary contained storage tank using Parabeam® and our proprietary state-of-the-art curing system. Our main tank lining

customer, Chevron Hong Kong Limited (Caltex), contracted with us during 2007 for tank lining installations at 11 locations, up from an initial two locations in 2006. We see additional opportunities ahead for installations in South East Asia. The lining system is also a unique and ideal alternative to tank replacement in the state of Florida.

Summary Financial Results

(in thousands, except per share amounts)

Three months ended December 31

	2007	2006	% change
Revenue	\$30,013	\$14,873	102%
Net Income	\$2,766	\$1,488	86%
Net income per share (diluted)	\$0.10	\$0.07	43%
Average number of shares (diluted)	26,626	22,048	21%

12 months ended December 31

	2007	2006	% change
Revenue	\$104,783	\$55,060	90%
Net income from continuing operations	\$7,515	\$5,351	40%
Net income from discontinued operations	--	\$319	n/a
Net Income	\$7,515	\$5,670	33%
Net income per share, continuing operations (diluted)	\$0.29	\$0.26	12%
Net income per share (diluted)	\$0.29	\$0.27	7%
Average number of shares (diluted)	25,729	21,073	22%

The Company's Management's Discussion and Analysis ("MD&A") as well as the complete financial statements and notes for the year 2007 are available on SEDAR at www.sedar.com and the Company's website at www.zcl.com/investors/corpdisclosure.html.

Conference Call

ZCL Composites Inc. has scheduled an investor conference call for 9:30 a.m. MT (11:30 a.m. ET) on Tuesday, March 18, 2008, to discuss its financial and operating results for the fourth quarter and 12 months ended December 31, 2007.

To access the conference call by telephone, please call 416-644-3419 from the Greater Toronto Area, or dial toll-free 1-800-731-5319 from elsewhere 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.

Note on EBITDA

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. Investors 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 2007 that reconciles net income from continuing operations to EBITDA.

Change in Year End

During 2006 we changed our fiscal year end to December 31 from March 31. As a result, our prior year audited financial results are for the nine months ended December 31, 2006, rather than for the 12 months ended December 31. However, in this news release we are providing annual comparisons to the unaudited 12 month period ended December 31, 2006, as we believe a year-over-year comparison is more meaningful.

Advisory Regarding Forward-Looking Statements

This document contains forward-looking statements concerning future events or the Company's future performance, including the Company's projected operating results for 2008 and beyond, business opportunities in the petroleum, water/wastewater and other industries, 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 petroleum industry capital expenditures, 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, and other risks and uncertainties described under the heading "Risk Factors" in the Company's Annual Information Form for the year ended December 31, 2007, and elsewhere in the Company's Management's Discussion and Analysis for the year ended December 31, 2007 and in other documents filed with Canadian provincial securities authorities. These documents are available to the public at www.sedar.com. The Company believes that the expectations reflected in these 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. These statements 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.

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 an enhanced ten year warranty covering product replacement and pollution protection up to the limits allowed under the policy.

For further information, please contact:

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