



## **ZCL Composites Reports Fourth Quarter and Fiscal 2009 Financial Results**

Edmonton, Alberta, March 10, 2009 – ZCL Composites Inc. (TSX: ZCL) today announced financial results for the fourth quarter and year ended December 31, 2009.

### **Q4 2009 compared to Q4 2008**

- Revenue of \$30.4 million, compared to \$38.2 million
- Net income of \$1.5 million, compared to \$3.7 million
- Diluted earnings per share of \$0.06, compared to \$0.14

### **Year 2009 compared to 2008**

- Revenue of \$109.5 million, compared to \$128.2 million
- Net income of \$2.2 million, compared to \$11.4 million
- Diluted earnings per share of \$0.08, compared to \$0.43

“ZCL has responded to the economic challenges of 2009,” said Ven Côté, ZCL’s President and Chief Executive Officer. “While revenue and earnings were lower than 2008, financial performance in the second half of 2009 was better than the first half, partly because of our increased focus on cost management and production efficiencies. We reduced general and administrative expenses by 12% for 2009 and by 26% in the fourth quarter of 2009 compared with a year earlier. We froze salaries and wages and reduced bonuses, overtime, production staffing levels and discretionary expenditures.”

“Despite the economy, we saw improved sales from ZCL’s major retail petroleum customer base in 2009. We also achieved other goals including improved brand recognition and expanded sales channels in the water and wastewater market, the addition of international licensees in China and France, and just after year end, the acquisition of Dualam Plastics Inc. We expect these advances to deliver improved revenue and earnings in 2010.”

### **Outlook and Priorities for 2010**

ZCL expects revenue and earnings to improve in 2010 compared to 2009, but the extent of the improvement will depend on the level of economic recovery in North America and on the willingness of customers to increase their capital spending programs. The acquisition of Dualam Plastics Inc. (“Dualam”) on January 4, 2010 is also expected to have a strong positive impact on growth in 2010.

Cost management and improving production efficiencies will continue to be a focus in 2010. The Company will take a conservative approach, increasing production levels only in response to proven demand. Seasonal and market factors, which typically result in a stronger second half of the year compared with the first half, will also continue to be a factor for ZCL's traditional business and for the newly acquired Dualam business.

ZCL's strategic priorities for 2010 include:

- Managing costs, improving production efficiencies, achieving integration across all entities, maintaining financial strength and nurturing ZCL's strong safety culture;
- Building on the superior properties of ZCL's FRP tanks versus steel and other tanks to capture market share in the US downstream retail petroleum market;
- Continuing to develop the water and wastewater market;
- Leveraging Dualam's reputation and resources to grow ZCL's presence in the corrosion market; and
- Continuing to grow ZCL's presence in the international marketplace.

### Backlog and Financial Position

ZCL's backlog at December 31, 2009 totalled \$19.4 million, compared to \$21.8 million at the end of 2008. The decrease was due in part to the US to Canadian dollar conversion rate decreasing to 1.05 at the end of 2009, compared to 1.22 as at December 31, 2008. The backlog excludes any backlog from Dualam.

ZCL maintained a strong balance sheet, finishing 2009 with working capital (current assets minus current liabilities) of \$23.3 million, total assets of \$102.9 million and long term debt of \$5.3 million.

### Summary Financial Results

(in thousands, except per share amounts)	Fourth Quarter		Twelve Months	
	2009	2008	2009	2008
Total revenue	\$30,384	\$38,223	\$109,496	\$128,174
Net income	\$1,482	\$3,647	\$2,172	\$11,364
Diluted earnings per share	\$0.06	\$0.14	\$0.08	\$0.43

The lower revenue and earnings for both the fourth quarter and twelve months ended December 31, 2009 was attributable to the global recession, credit crisis and lower commodity prices experienced in 2009. These factors contributed to reduced capital spending by ZCL's customer base. As a result, revenue was down in most markets and customer categories.

To mitigate the impact of the weak economy, additional steps were taken beginning in the second quarter of 2009 to reduce operating costs and manage production levels. The Company froze salaries and wages and reduced bonuses, overtime, production staffing levels and discretionary expenses. These initiatives contributed to improved financial results in the second half of 2009, compared to the first half of the year.

### **Acquisition of Dualam**

ZCL acquired Dualam on January 4, 2010, for \$22.0 million, subject to closing adjustments and earn-out provisions. Dualam is a leading provider of custom engineered fibreglass reinforced plastic and dual laminate composite products that are used in corrosion-resistant applications in the power generation, chemical, chloralkali, pulp and paper and other industrial sectors. Dualam operates eight geographically diverse manufacturing and field service facilities in Canada and the US. Over the past number of years, Dualam has leveraged its reputation for quality and customer satisfaction to generate strong growth.

### **MD&A and Financial Statements**

The Company's management's discussion and analysis ("MD&A") and audited consolidated financial statements for the year ended December 31, 2009 are available on Sedar at [www.sedar.com](http://www.sedar.com) and the ZCL website at this link: [www.zcl.com/investors/corpdisclosure.html](http://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 Thursday, March 11, 2010, to discuss its financial and operating results for 2009.

To access the conference call by telephone, please dial toll free 888-231-8191 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 or expectations for revenue and earnings growth, income taxes as a percentage of pre-tax income, business opportunities in the petroleum, water and wastewater, corrosion, 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 available 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, water and wastewater and corrosion 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 this document and other documents filed with Canadian provincial securities authorities. These documents are available to the public at [www.sedar.com](http://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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