



Energy Composites Corporation Reports First Quarter Results, Including a Nearly 50% Increase in Revenues.

WISCONSIN RAPIDS, Wis., May 18, 2009 -- (BUSINESS WIRE)--Energy Composites Corporation (“ECC”) (OTCBB:[ENCC](#) - [News](#)) a leading provider of composites-based solutions to the clean-tech sector, today announced results for the quarter ended March 31, 2009. ECC delivered a 48.7% increase in revenues for the quarter compared to the same period in 2008 and a 20.8% increase in gross profit.

During 2008, ECC enjoyed a beneficiary relationship with Fiberglass Piping & Fitting Company (“FPF”), a piping distribution company owned by ECC’s largest shareholder, and M&W Fiberglass, LLC (“M&W”), a predecessor company to Advanced Fiberglass Technologies, Inc. (“AFT”). Both M&W and FPF were considered variable interest entities throughout 2008, thus requiring that ECC report financial performance on a consolidated basis for 2008. On December 30, 2008, ECC terminated that beneficial relationship with both entities. The figures used in the remainder of this release reflect ECC’s results on a stand-alone basis by removing the results of M&W and FPF.

	<u>1st Qtr 2009</u>	<u>1st Qtr 2008</u>
Revenue	\$2,412,669	\$1,623,014
Cost of goods sold	<u>1,968,202</u>	<u>1,284,666</u>
Gross profit	444,467	338,348
Selling, general and administrative expenses	892,316	528,360
Income (loss) from operations	-447,849	-190,012
Interest expense, including non-cash amortization of debt discounts related to convertible debt	-1,614,642	-165,527
Net loss, including effect of income tax provision	-990,642	-193,527
EBITDAS, excluding non-cash charges	<u>-\$349,303</u>	<u>-\$122,788</u>

The increase in revenues quarter over quarter was attributable to continuing volume improvements in and strengthening of in-plant production for ECC's core markets (flue-gas desulfurization, chemical storage, water handling and bio-fuels). ECC experiences softer seasonal field service revenues in the first quarter of each year since most plant outages for the Company's core market customers occur during the spring, summer and fall. In interpreting financial results, ECC uses EBITDAS as the most meaningful measurement of performance because of the substantial effect of non-cash charges to the income statement due to the method of accounting for convertible debt. The increase in current quarter EBITDAS loss is largely driven by the continued investment the Company is making in growth, including investments in selling, estimating, designing and contract management infrastructure.

Sam Fairchild, ECC's CEO, stated that, "Our expansion and diversification strategy continues apace, with solid core market results in spite of economy-wide weaknesses. We are investing in our WindFiber™ strategy, and have announced our plans to construct a 350,000 square foot wind blade production plant in Wisconsin Rapids over the next twelve months. We are also investing in a stronger sales and marketing platform as well as more solid in-house capability to prepare bids, design composite solutions, engineer product outcomes and manage contract execution. Upgrading these capabilities have been a priority over the quarter, and we have made great progress against our internal targets."

"We are confident that making these platform investments now will pay shareholders substantial dividends throughout the rest of 2009 and during 2010. We are bullish on the 2010 and beyond wind market, as well as demand for cost-effective replacements for wastewater infrastructure. Flue gas desulfurization infrastructure demand is driven by strict regulatory requirements, and we are now seeing a new uptick in activity in petrochemical, mining, biofuels and methane digestors. The rest of 2009 and all of 2010 appears to be very favorable for the value proposition we offer customers in each of our market sectors.

"We are pleased with our progress on internal efficiency and production excellence over the quarter," Jamie Mancl, ECC's founder and President, added. "ECC is really turning out superior composite structures. Our recent completion of a large chlor-alkali tank contract allowed us to put some new production



concepts into place, as well as put our new home-built vertical winder through its paces. Our Employee-Associates really came through, and many of these new production concepts will help to drive value in the quarters to come.”

“We have also put a huge amount of effort into the launch of our WindFiber™ strategy, and we are very excited about the materials, production, design and logistics innovations we will bring to the wind energy market.”

ECC reported a net loss from operations during the first quarter of 2009 of \$0.4 million, compared to \$0.2 million during the first quarter of 2008. Much of that shift was the result of higher cost of goods sold (“COGS”), itself the product of raw materials, manufacturing labor and manufacturing overhead. The rest of the 2008 operational loss was driven by ECC’s investment in the selling and corporate overhead required to facilitate and manage ECC’s growth plan. Selling, general and administrative expenses (“SGA”) increased from 33% of revenue in the first quarter of 2008 to 37% in the first quarter of 2009. Much of this increase came from increased headcount in ECC’s sales and marketing force and the administrative resources to support the sales effort. Most of the remainder of the SGA increase relates to increased corporate headcount and associated expenses to accommodate the requirements associated with being a public company.

Jeff Keuntjes, ECC’s Vice President, Finance, noted that “Our operating results are within our operating plan’s expected range, but our loss from operations is a three of percentage points higher than I expected. We believe that we will enjoy substantial improvement in manufacturing overhead as a percentage of revenues as production volumes increase over 2009. I also expect that new production efficiencies we have been developing over the last several months will also drive additional EBIDTA during 2009.”

ECC recorded non-cash amortization of debt discounts for warrants and beneficial conversion feature related to the convertible debt – ECC’s primary source of capital in 2008 – of \$1 million in the quarter. In addition, ECC recorded a net income tax benefit of \$0.6 million for the first quarter of 2009, resulting in a

net loss of \$0.9 million for the first quarter of 2009 compared to a net loss of \$0.2 million for the first quarter of 2008.

Sam Fairchild said, “We are on plan to deliver a high level of shareholder return for 2009, 2010 and beyond. Our strategic platform investments, coupled with our market positioning and our progress on innovations will begin to drive substantial value as the economy hardens and the wind energy market returns to its previous growth pace. ECC’s Employee-Associates have been at the core of this progress, and Jamie and Jennifer Mancl join me in thanking them for their continued belief in our model and in what we are trying to accomplish. Our future ability to deliver value will also depend in part on the continuing strength of our relationship with the City of Wisconsin Rapids, Wisconsin, the State of Wisconsin, and our many local partners.”

About Energy Composites Corporation

ECC operates a world-class, automated 73,000 sq. ft. climate-controlled manufacturing facility in Wisconsin Rapids, WI, employing advanced composite materials to design, engineer and manufacture complex composite structures, vessels and processing systems for a range of clean-tech applications that include: wind energy system components, flue gas desulfurization for power plants, infrastructure for biofuel storage and processing, infrastructure for managing waste water and drinking water storage, advanced municipal utilities infrastructure, and caustic material storage and handling systems for the petrochemical, mining and the pulp and paper industries. ECC also provides 24/7 field service crews nationwide for wind energy system composites maintenance, repair and overhaul; industrial retrofit, shutdown and maintenance; system installation; and repair and inspection services. For additional information, visit our website at www.energycompositescorp.com or contact Sam Fairchild at 1-800-787-5439.

Certain statements found in this press release may constitute forward-looking statements. Forward-looking statements are based on current expectations and include any statement that does not directly relate to a current or historical fact. Such statements are generally identifiable by the terminology used, such as “anticipate,” “believe,” “intend,” “expect,” “plan,” or other similar words. Our



forward-looking statements in this release generally relate to our expectations and beliefs with respect to our growth and expansion activities and plans. Although it is not possible to foresee all of the factors that may cause actual results to differ from our forward-looking statements, such factors include, among others, the following: (i) unforeseen delays, costs or liabilities associated with our growth and expansion plans; (ii) fluctuations in general economic conditions; and (iii) those risks described from time to time in our reports to the Securities and Exchange Commission. Investors should not consider any list of such factors to be an exhaustive statement of all of the risks, uncertainties or potentially inaccurate assumptions that could cause our current expectations or beliefs to change. Shareholders and other readers should not place undue reliance on “forward-looking statements” as such statements speak only as of the date of this release. We undertake no obligation to update publicly or revise any forward-looking statements, other than as required by law.

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