



Energy Composites Corporation Reports Fiscal Year 2008 Results

WISCONSIN RAPIDS, Wis. March 31, 2009 -- Energy Composites Corporation (NASDAQ OTC:ENCC) a leading provider of composites-based solutions to the clean-tech sector, today announced results for its fiscal year ended December 31, 2008. The Company announced full year revenues on a consolidated basis of \$ 9.2 million, up from revenues of \$ 6.5 million in 2007.

The company said the 42% increase in revenues year over year was attributable to volume improvements in and strengthening of core markets (flue-gas desulfurization, chemical storage, water handling and bio-fuels), as well as greater diversification into service and installation activities. In 2008, ECC launched its Field Service Division, providing 24/7 mobile production, installation, maintenance, overhaul and repair teams to meet the requirements of customers across the clean-tech spectrum.

Sam Fairchild, ECC's CEO, stated that, "Our expansion and diversification strategy called for us to focus in 2008 on expanding our market share in existing sectors, especially those still at the earliest stage of using composites where we can secure market advantages from our innovations in materials, design, manufacturing processes and product technologies. Several of these core markets have growth profiles that are generally driven by regulatory requirements. During the year we developed a stronger sales and marketing program for core markets into which we devoted increased resources in order to position ourselves to capture substantial gains in market penetration and market share. While this decision certainly paid off in 2008's revenue numbers, we believe that the bigger payoff will come in 2009 and 2010."

"Our efforts to establish a field service program during 2008 was a success as well," Jamie Mancl, ECC's founder and President, added. "We recognized that our mobile production teams provide a good way for us to accelerate growth in 2009 and 2010 across all of our serviced sectors, especially in the provision of on-site production, installation and maintenance, repair and overhaul (MRO) services to the power generation industry for flue gas desulfurization infrastructure, especially after 2009 delivery of a new mobile vertical winder that is capable of producing products up to 40 feet in diameter and following our 2009 completion of our RTP-1 accreditation. Launching field services in 2008 hit our gross margin performance, which declined from 20.8% in 2007 to 14.1% in 2008, but we believe that the investment in the start-up costs for field services in 2008 will pay dividends in 2009 and beyond since on-site revenues generally contribute higher gross margins than our manufacturing operations."

The company completed a reverse acquisition of Advanced Fiberglass Technologies, Inc. (AFT) as of October 14, 2008, and purchased AFT's manufacturing facilities from M&W Fiberglass, LLC, a predecessor company to AFT that retained ownership of the current plant. In addition, the company enjoyed a beneficiary relationship with Fiberglass Piping & Fitting Company, a piping distribution company owned by AFT's sole owner. Both M&W and FPF were considered variable interest entities throughout 2008, thus requiring that we report financial performance on



a consolidated basis for 2008. On December 30, 2008, the company terminated that beneficial relationship with both entities. Figures used in this release are unconsolidated, net of the effects of M&W and FPF.

ECC reported a net loss from 2008 operations of \$2.1 million, compared to \$0.3 in income in 2007. Much of that shift was the result of higher cost of good sold, itself the product of raw materials, manufacturing labor and manufacturing overhead. Raw material costs declined from 33% of revenue in 2007 to 27% of revenue in 2008, the result of substantial gain in manufacturing efficiencies from the use of new automated winding equipment. Manufacturing labor increased to 38% of revenue in 2008 from 33% of revenue in 2007, primarily due to the 2008 start up of the field services division. Removing this effect would have delivered a significant reduction in manufacturing labor as a percentage of revenue. Finally, manufacturing overhead increase to 21% of overhead in 2008 from 13% in 2007. Nearly all of this change was attributable to charges associated the company's new 73,000 square foot manufacturing facility, which AFT moved into in August 2007.

The rest of the 2008 operational loss was driven by ECC's investment in the selling and corporate overhead required to drive and manage the company's growth plan. Selling, general and administrative expenses (SGA) increased from 18.9% of revenue in 2007 to 29% in 2008. Much of this increase came from increased headcount in the company's sales and marketing force and the administrative resources to support the sales effort. Most of the remainder of the SGA increase was due 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 cost of good sold (COGS) and SGA results are within our operating plan's expected range, but are a couple of percentage points higher than I expected. We have identified several opportunities to reduce COGS further in 2009, and we do not anticipate inefficiencies from our field services division in 2009 following the start-up in 2008. We also believe that we will enjoy substantial improvement in manufacturing overhead in 2009 as the costs of our new plant are spread over substantially higher levels of production. Finally, we are looking forward to the benefits in 2009 and beyond that will be generated by our investment in our sales and marketing efforts in 2008. Our proposal pipeline is at an all-time high, and I believe that 2009 and 2010 will enjoy very strong revenue performance as a result."

ECC recorded merger expenses of \$0.7 million in 2008 related to the reverse merger with AFT. In addition, the company record non-cash amortization of debt discounts for warrants and beneficial conversion feature related to the convertible debt – the company's primary source of capital in 2008 – of \$3.9 million. ECC recorded a net income tax benefit of \$2.2 million for 2008, resulting in a net loss of \$4.1 million for 2008 compared to a net income of \$0.04 for 2007.

"We believe that the most meaningful measurement of our performance is EBIDTA because of the substantial effect of our non-cash charges related to the method of accounting for convertible debt. I am pleased with our progress in positioning ourselves to meet our growth targets. The



company has made substantial investment in the selling and leadership infrastructure to support the next part of our growth plan, as we diversify into manufacturing, servicing and providing raw materials for composite structures for the wind energy market as well as expansion of our recent manufacturing and installation activities for the municipal water and wastewater infrastructure market.”

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.