ZCL COMPOSITES INC.

ZCL Composites Reports Third Quarter 2016 Financial Results

Edmonton, Alberta, November 2, 2016 – ZCL Composites Inc. (TSX: ZCL) today announced financial results for the third quarter ended September 30, 2016.

Q3 2016 compared with Q3 2015 (continuing operations)

- Record revenue of $57.9 million, up $2.3 million or 4% from $55.6 million;
- Record gross profit of $14.5 million (25% of revenue), up $0.8 million or 6% from $13.7 million (25% of revenue);
- Net income of $7.7 million or $0.25 per fully diluted share, down $0.2 million or 2% from $7.9 million or $0.26 per fully diluted share;
- Adjusted EBITDA of $12.1 million (21% of revenue), compared to $12.2 million (22% of revenue);
- Backlog of $46.5 million, down $1.3 million or 3% from $47.8 million; and
- Declared quarterly dividend of $0.08 per share, up 60% from $0.05 per share.

First nine months 2016 compared with first nine months 2015 (continuing operations)

- Revenue of $137.5 million, up $17.0 million or 14% from $120.5 million;
- Gross profit of $31.7 million (23% of revenue), up $5.5 million or 21% from $26.2 million (22% of revenue);
- Net income of $14.3 million or $0.46 per fully diluted share, up $1.5 million or 12% from $12.7 million or $0.42 per fully diluted share; and
- Adjusted EBITDA of $23.6 million (17% of revenue), up $2.5 million or 12% from $21.1 million (17% of revenue).

"During the third quarter of 2016, ZCL achieved record revenue and record gross profit from continuing operations," said Ron Bachmeier, President and Chief Executive Officer. "We paid off our term debt and our balance sheet remains very strong with working capital of $68.3 million, including a cash balance of $38.1 million."

Primarily because of foreign exchange fluctuations, net income from continuing operations was slightly lower than a year earlier. Excluding foreign exchange gains, net income would have been $0.3 million higher than the third quarter of 2015.

ZCL completed three separate asset sale transactions associated with the previously disclosed exit from the ZCL Dualam operations. Although the proceeds on these transactions were not material, ZCL was able to avoid significant closures costs by selling the assets of these business units to third parties. ZCL is now acutely focused on further expansion of our core and emerging markets served by our Petroleum, Water and Industrial Products groups.

Backlog

Backlog was $46.5 million, down $1.3 million or 3% from $47.8 million a year earlier. The decrease from a year earlier resulted from a reduction in Water Products and Industrial Products (formerly Corrosion Products) backlog partially offset by a $3.3 million increase in the Petroleum Products backlog.

Petroleum Products backlog of $41.5 million was up $3.3 million or 9% compared to a year earlier. The increase in Petroleum Products backlog was driven by both Canadian and US customers. On a source currency basis, Petroleum Products backlog was up 12% compared to a year earlier.

Water Products backlog of $4.4 million was down $1.6 million or 26% compared with a year earlier. The reduction in backlog was primarily driven by a reduction in US Water Products backlog where customer orders have been slower to come to fruition. On a source currency basis, Water Products backlog was down $1.1 million or 25% compared with September 30, 2015.

The total backlog decreased by $8.5 million or 16% from $55.0 million at June 30, 2016 due to the normal seasonal nature of the business.

Financial Position

At September 30, 2016, ZCL's balance sheet had working capital (current assets less current liabilities) of $68.2 million compared to $76.8 million at December 31, 2015, including a net cash balance of $38.1 million compared to $39.1 million at December 31, 2015.

Dividends

The Board has maintained the dividend level, declaring a quarterly dividend of $0.08 per share, up 60% from $0.05 paid a year earlier. The dividend will be paid on January 16, 2017, to the shareholders of record as of December 30, 2016.

Outlook

We expect Petroleum Products growth will continue to be led by higher volume from larger fuel retailers, particularly in the US. These retailers are building an increasing number of "new to industry" downstream retail fueling sites as they compete for market share. Accelerating tank replacement programs due to the aging of the installed tank base also continue to support growth in this market. Some studies[1] estimate that 15-20% of the retail fuel tanks in service today are older than 30 years, and that 50-60% are older than 20 years. Increasing pressure from bankers, insurers and regulators, who are motivated to mitigate financial and environmental risk factors by removing older tanks from service, is supporting this replacement activity.

Although not reflected in our 2016 revenues and current backlog due to a deferral in construction spending this year, we continue to believe that our Water Products group is also poised for growth. Increasing general construction activity across a broad cross section of markets, and growing awareness of water as the next scarce commodity, are driving demand for water storage solutions. We are in the process of completing an in-depth review of our Water Products sales and marketing strategies and anticipate making changes over the coming weeks and months to increase our revenue and market share.

We expect Industrial Products, the remaining portion of our former Corrosion Products business, will be less than 5% of our total revenues going forward.

ZCL's portfolio of Petroleum Products, Water Products and Industrial Products possess significant competitive advantages and present a strong value proposition to our customers. We remain confident that we will be able to sustain organic compound annual growth rates in both revenues and earnings of 10% over the longer term, however achievement of this growth rate in any individual year cannot be assured.

[1] Sources include a study published in October, 2015 from the Association of State and Territorial Solid Waste Management Officials titled "An Analysis of UST Systems Infrastructure in Select States".

Summary Financial Results

For the three months ended	2016			2015				2014
(in thousands of dollars, except per share amounts)	Sep 30 $	Jun 30 $	Mar 31 $	Dec 31 $	Sep 30 $	Jun 30 $	Mar 31 $	Dec 31 $
Revenue	57,885	44,719	34,917	44,398	55,636	41,469	23,439	41,601
Net income								
Continuing operations	7,741	4,396	2,132	4,774	7,896	3,883	960	4,573
Discontinued operations *(note 1)*	(1,249)	(2,842)	(1,093)	(889)	(2,691)	(483)	(451)	322
Total	6,492	1,554	1,039	3,885	5,205	3,400	509	4,895
Adjusted EBITDA *(note 2)*	12,125	7,387	4,048	7,062	12,172	6,619	2,293	7,084
Basic and diluted earnings per share								
Continuing operations	0.25	0.14	0.07	0.16	0.26	0.13	0.03	0.15
Total	0.21	0.05	0.03	0.13	0.17	0.11	0.02	0.16
Adjusted EBITDA per diluted share *(note 2)*	0.39	0.24	0.13	0.23	0.40	0.22	0.07	0.23
Dividends declared per share	0.08	0.08	0.58	0.05	0.045	0.045	0.045	0.04

Note 1: The discontinued operations are the ZCL Dualam operations which were divested in the third quarter of 2016, due to continued and expected future operating losses.
Note 2: Adjusted EBITDA and adjusted EBITDA per diluted share are non-IFRS measures and are defined later in this Press Release under "Note on Non-IFRS Measures."

MD&A and Financial Statements

The Company’s management’s discussion and analysis (“MD&A”) and unaudited interim condensed consolidated financial statements for the third quarter ended September 30, 2016 are available on SEDAR at www.sedar.com and the ZCL website at this link: http://www.zcl.com/investor-relations/financials.html.

Conference Call

ZCL Composites Inc. has scheduled an investor conference call for 9:00 a.m. Mountain Time (11:00 a.m. Eastern Time) on Thursday November 3, 2016, to discuss its financial and operating results for the third quarter ended September 30, 2016.

The conference call will include prepared remarks by ZCL’s Chief Operating Officer, Rene Aldana and by ZCL’s Chief Financial Officer, Kathy Demuth. 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.

To access the conference call by telephone, please call (647) 427-7450 from the greater Toronto area, or dial toll free 888-231-8191 from elsewhere in North America. An audio webcast may be accessed through the *Investor Events* tab on the ZCL website at http://www.zcl.com/investor-relations/investor-events.html. Audio replays will be available on the ZCL website shortly after the conclusion of the conference call.

Note on Non-IFRS Measures:

ZCL uses both IFRS and non-IFRS measures to make strategic decisions and to set targets. Backlog, adjusted EBITDA, adjusted EBITDA per diluted share, and net cash are non-IFRS measures that are used by ZCL and may not be comparable to similar measures used by other companies.

Backlog

Backlog is defined as the total value of orders from continuing operations that have not yet been included in revenue and 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.

Adjusted EBITDA and adjusted EBITDA per diluted share

Adjusted EBITDA is defined as income from continuing operations before finance expense, income taxes, share-based compensation, depreciation of property, plant and equipment, amortization of deferred development costs and intangible assets, gains or losses on sale of assets, and impairment of assets. Adjusted EBITDA per diluted share is defined as adjusted EBITDA divided by weighted average diluted shares outstanding.

Net cash

Net cash is defined as cash and cash equivalents less long term debt, current portion of long term debt, finance lease, current portion of finance lease, and bank indebtedness.

About ZCL Composites Inc.

Our mission is to deliver Peace of Mind through corrosion resistant solutions that preserve and protect the environment. More information about ZCL is available on our website at www.zcl.com.

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 Products, Water Products, Industrial Products 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 Products, Water Products, and Industrial Products 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, political and economic conditions, the Company's ability to attract and retain key personnel, raw material and labour costs, fluctuations in the US dollar, euro 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. Unless otherwise indicated, the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and the reporting currency is in Canadian dollars.

In addition to the factors noted above, management cautions readers that the current economic environment 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 global economic uncertainty, tighter lending standards, volatile capital markets, fluctuating commodity prices, 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 conversion rates of the US dollar to Canadian dollar and euro to Canadian dollar 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 press release. 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. For further information, please contact:

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