



## Zoltek Reports Record Growth for the Fiscal Year and Fourth Quarter September 30, 2007

ST. LOUIS, Nov 28, 2007 (PrimeNewswire via COMTEX News Network) -- Zoltek Companies, Inc. (Nasdaq:ZOLT) today reported continued strong gains in sales for the fourth quarter of its 2007 fiscal year and for the year as a whole.

For the quarter ended September 30, 2007, Zoltek's net sales totaled \$43.6 million, compared to \$23.8 million in the fourth quarter of the previous fiscal year, an increase of 83%. Gross profit for the quarter ended September 30, 2007 totaled \$13.0 million or 30% of net sales compared to \$5.1 million or 21% of net sales in the fourth quarter of the previous year. Prior to litigation charges and convertible debt expenses, operating income from continuing operations (a non-GAAP measure; see reconciliation below) totaled \$7.9 million, compared to \$1.7 million in the prior year quarter, close to a fourfold increase.

For fiscal 2007, Zoltek reported net sales of \$150.9 million, compared to \$92.4 million for fiscal 2006, an increase of 63%. Gross margin for the year ended September 30, 2007 totaled \$43.4 million or 29% of net sales compared to \$22.4 million or 25% of net sales in the previous year. Operating income from continuing operations prior to litigation charges and convertible debt expenses (a non-GAAP measure; see reconciliation below) totaled \$21.6 million, or 14% of net sales for fiscal 2007, compared to income of \$7.4 million, or 8% of net sales for fiscal 2006.

"All-around, it was a very good year for Zoltek," Zsolt Rummy, Zoltek's Chairman and Chief Executive Officer, said. "In addition to achieving record sales, we signed several long-term carbon fiber supply agreements with major customers; successfully completed a secondary stock offering to fund our continued expansion program; made a strategic acquisition in Mexico which, after an ongoing retrofit process expected to be completed toward the end of the current fiscal year, should provide a substantial portion of our increasing precursor requirements for our carbon fiber expansion; we continued to make operational improvements at our facilities in Texas and Hungary; and we significantly strengthened the balance sheet, with total shareholders' equity increasing from \$112 million at the beginning of the fiscal year to \$321 million at the end of the year."

"Our objective is to achieve \$500 million in sales in fiscal 2010, while continuing to improve gross margins," Rummy said. "In striving to meet those objectives, our principal focus continues to be on execution. The fundamentals of our business have never been stronger and we believe that our strategy, existing and planned capacity and financial resources, position us well to capitalize on the historic opportunities for us to lead the commercialization of carbon fibers as a transformational advanced material."

Zoltek will host a conference call to review fourth quarter and fiscal year-end 2007 results and answer questions on Thursday, November 29, 2007, at 9:00 am CT. The conference dial-in number is (888) 737-3713. The confirmation code is 6040303. Individuals who wish to participate should dial in 5 to 10 minutes prior to the scheduled start time.

Zoltek currently expects to file its Form 10-K for fiscal 2007 on or about November 30, 2007.

This press release contains statements that are based on the current expectations of our company. You are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements as a result of various factors. The factors that might cause such differences include, among others, our ability to: (1) successfully resolve pending litigation; (2) continue to improve efficiency at our manufacturing facilities on a timely and cost-effective basis to meet current order levels of carbon fibers; (3) successfully add new planned capacity for the production of carbon fiber and precursor raw materials and meet our obligations under long-term supply agreements; (4) achieve profitable operations; (5) raise new capital and increase our borrowing at acceptable costs; (6) manage changes in customers' forecasted requirements for our products; (7) continue investing in application and market development in a range of industries; (8) manufacture low-cost carbon fibers and profitably market them; (9) penetrate existing, identified and emerging markets; (10) successfully retrofit our recently acquired Mexican facility to manufacture acrylic fiber precursor and add carbon fiber production lines, and (11) manage the risks identified under "Risk Factors" in our filings with the SEC.

ZOLTEK COMPANIES, INC.  
SUMMARY FINANCIAL RESULTS  
(Amounts In Thousands Except Per Share Data)  
(Unaudited)

Three Months Ended

	September 30	
	2007	2006
Net sales	\$ 43,579	\$ 23,814
Cost of sales	30,584	18,681
Gross profit	12,995	5,133
Application and development costs	1,833	1,251
Selling, general and administrative expenses	3,221	2,197
Operating income from continuing operations prior to litigation charge*	7,941	1,685
Interest income	931	222
Interest expense related to non-convertible debt*	(334)	(157)
Other, net	154	(703)
Income tax expense	(1,182)	(200)
Income from continuing operations before convertible debt expense and litigation charge*	7,510	847
Expense related to convertible debt issuances*	(3,451)	(630)
Litigation charge	(5,400)	(23,110)
Loss from continuing operations	(1,341)	(22,893)
Income (loss) from discontinued operations, net of taxes	(503)	14
Net loss	(1,844)	(22,879)
Net loss per share:		
Basic and diluted loss per share:		
Continuing operations before convertible debt and litigation charge*	\$ 0.24	\$ 0.03
Convertible debt charge*	(0.11)	(0.02)
Litigation charge	(0.17)	(0.90)
	-----	-----
Continuing operations	(0.04)	(0.89)
Discontinued operations	(0.02)	(0.00)
	-----	-----
Total	\$ (0.06)	\$ (0.89)
	=====	=====
Weighted average common shares outstanding -- basic and diluted	31,542	25,648

\* To provide transparency about measures of the Company's financial performance which management considers relevant, we supplement the reporting of Zoltek's consolidated financial information under GAAP with "operating income from continuing operations prior to litigation charge," "interest expense related to non-convertible debt," "income (loss) from continuing operations before convertible debt expense and litigation charge," and "expense related to convertible debt issuances" which are a non-GAAP financial measures. Operating income (loss) in accordance with GAAP was \$2,541 and (\$21,425) for fiscal 2007 and fiscal 2006, respectively. These non-GAAP financial measures should be considered in addition to, and not as a substitute or superior to, the other measures of financial performance prepared in accordance with GAAP. Using only the non-GAAP financial measures to analyze our performance would have material limitations because their calculation is based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find significant. Management compensates for these limitations by presenting both the GAAP and non-GAAP measures of its results. Zoltek believes the presentation of these measures is useful to investors because (1) they are indicative of the company's underlying business performance, (2)

the litigation charge in fiscal 2007 related to a dispute with an investment banking firm in connection with certain financing transactions and the litigation charge in fiscal 2006 related primarily to a dispute with a customer regarding a supply agreement under which the customer recently ceased ordering product; and (3) expense related to convertible debt issuances (which amount includes amortization of debt discount and interest expense) arises out of convertible debt obligations that we expect will be converted into Zoltek common stock if the market price of our common stock continues to exceed the conversion price.

ZOLTEK COMPANIES, INC.  
SUMMARY FINANCIAL RESULTS  
(Amounts In Thousands Except Per Share Data)  
(Unaudited)

	Fiscal Year Ended	
	September 30	
	2007	2006
Net sales	\$ 150,880	\$ 92,357
Cost of sales	107,506	69,994
Gross profit	43,374	22,363
Application and development costs	7,230	4,887
Selling, general and administrative expenses	12,635	10,041
Operating income from continuing operations prior to litigation charge*	23,509	7,435
Interest income	1,829	281
Interest expense related to non-convertible debt*	(613)	(490)
Other, net	(1,130)	(1,003)
Income tax expense	(1,986)	(888)
Income from continuing operations before convertible debt expense and litigation charge*	21,609	5,335
Expense related to convertible debt issuances*	(18,182)	(47,990)
Litigation charge	(5,400)	(23,110)
Loss from continuing operations	(1,973)	(65,765)
Loss from discontinued operations, net of taxes	(544)	(37)
Net loss	(2,517)	(65,802)
Net loss per share:		
Basic and diluted loss per share:		
Continuing operations before convertible debt and litigation charge*	\$ 0.76	\$ 0.24
Convertible debt charge*	(0.64)	(2.13)
Litigation charge	(0.19)	(1.02)
	-----	-----
Continuing operations	(0.07)	(2.91)
Discontinued operations	(0.02)	(0.00)
	-----	-----
Total	\$ (0.09)	\$ (2.91)
	=====	=====
Weighted average common shares outstanding - basic and diluted	28,539	22,575
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\* To provide transparency about measures of the Company's financial performance which management considers relevant, we supplement the reporting of Zoltek's consolidated financial information under GAAP with "operating income from continuing operations prior to litigation charge," "interest expense related to non-convertible

debt," "income (loss) from continuing operations before convertible debt expense and litigation charge," and "expense related to convertible debt issuances" which are a non-GAAP financial measures. Operating income (loss) in accordance with GAAP was \$18,108 and (\$15,675) for fiscal 2007 and fiscal 2006, respectively. These non-GAAP financial measures should be considered in addition to, and not as a substitute or superior to, the other measures of financial performance prepared in accordance with GAAP. Using only the non-GAAP financial measures to analyze our performance would have material limitations because their calculation is based on the subjective determination of management regarding the nature and classification of events and circumstances that investors may find significant. Management compensates for these limitations by presenting both the GAAP and non-GAAP measures of its results. Zoltek believes the presentation of these measures is useful to investors because (1) they are indicative of the company's underlying business performance, (2) the litigation charge in fiscal 2007 related to a dispute with an investment banking firm in connection with certain financing transactions and the litigation charge in fiscal 2006 related primarily to a dispute with a customer regarding a supply agreement under which the customer recently ceased ordering product; and (3) expense related to convertible debt issuances (which amount includes amortization of debt discount and interest expense) arises out of convertible debt obligations that we expect will be converted into Zoltek common stock if the market price of our common stock continues to exceed the conversion price.

#### CONSOLIDATED BALANCE SHEET

(Amounts in thousands, except share and per share data)

	September 30	
	2007	2006
	-----	
<b>Assets</b>		
-----		
Current assets:		
Cash and cash equivalents	\$ 121,761	\$ 10,802
Restricted cash	13,815	6,634
Accounts receivable, less allowance for doubtful accounts of \$729 and \$718, respectively	37,495	17,009
Inventories	27,941	21,721
Other current assets	7,640	6,915
	-----	-----
Total current assets	208,652	63,081
Property and equipment, net	188,801	122,284
Other assets	3,501	2,319
	-----	-----
Total assets	\$ 400,954	\$ 187,684
	=====	=====
 <b>Liabilities and shareholders' equity</b>		
-----		
Current liabilities:		
Current maturities of long-term debt	\$ 13,813	\$ 1,365
Trade accounts payable	17,253	11,935
Legal liabilities (see Note 8)	24,543	23,725
Accrued expenses and other liabilities	8,305	6,014
	-----	-----

Total current liabilities	63,914	43,039
Hungarian grant, long-term	7,969	--
Other long-term liabilities	1,453	79
Value of warrants and beneficial conversion feature associated with convertible debt obligations	--	903
Long-term debt, less current maturities	6,851	32,002
	-----	-----
Total liabilities	80,187	76,023
	-----	-----
Commitments and contingencies (see Note 8)		
Shareholders' equity:		
Preferred stock, \$.01 par value, 1,000,000 shares authorized, no shares issued and outstanding	--	--
Common stock, \$.01 par value, 50,000,000 shares authorized, 33,653,735 and 25,652,982 shares issued and outstanding in 2007 and 2006, respectively	337	258
Additional paid-in capital	476,205	287,299
Accumulated other comprehensive income (loss)	8,249	(14,389)
Accumulated deficit	(164,024)	(161,507)
	-----	-----
Total shareholders' equity	320,767	111,661
	-----	-----
Total liabilities and shareholders' equity	\$ 400,954	\$ 187,684
	=====	=====

#### OPERATING SEGMENTS SUMMARY

(Amounts in thousands, except share and per share data)

##### Three Months Ended September 30, 2007

	Carbon Fibers	Technical Fibers	Corporate/ Other	Total
	-----	-----	-----	-----
Net sales	\$ 35,323	\$ 7,340	\$ 916	\$ 43,579
Cost of sales	24,420	5,613	551	30,584
Operating income (loss)	8,910	1,409	(7,778)	2,541
Capital expenditures	8,766	--	1,858	10,624

##### Three Months Ended September 30, 2006

	Carbon Fibers	Technical Fibers	Corporate/ Other	Total
	-----	-----	-----	-----
Net sales	\$ 17,305	\$ 5,903	\$ 614	\$ 23,822
Cost of sales	13,744	4,449	798	18,991
Operating income (loss)	2,329	1,272	(25,329)	(21,728)
Capital expenditures	8,787	2,701	410	11,898

##### Fiscal Year Ended September 30, 2007

	Carbon Fibers	Technical Fibers	Corporate/ Other	Total
	-----	-----	-----	-----
Net sales	\$ 116,365	\$ 31,697	\$ 2,818	\$ 150,880
Cost of sales	82,223	23,689	1,594	107,506
Operating income (loss)	26,536	7,435	(15,862)	18,109
Capital expenditures	47,321	2,148	3,943	53,412

##### Fiscal Year Ended September 30, 2006

	----- Carbon Fibers -----	Technical Fibers -----	Corporate/ Other -----	Total -----
Net sales	\$ 65,677	\$ 25,195	\$ 1,485	\$ 92,357
Cost of sales	49,386	19,211	1,397	69,994
Operating income (loss)	10,383	4,620	(30,678)	(15,675)
Capital expenditures	31,742	7,833	1,220	40,795

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