



## Zoltek Reports Record Quarterly and Full Year Sales

ST. LOUIS, Dec 1, 2008 (GlobeNewswire via COMTEX News Network) -- Zoltek Companies, Inc. (Nasdaq:ZOLT) today reported results for the fourth quarter and full fiscal year ended September 30, 2008, highlighted by record quarterly and annual sales. Zoltek had previously reported these sales results on a preliminary basis in a press release on October 15th, which updated its recent financial performance and outlook.

For the fourth quarter of fiscal 2008, Zoltek reported net sales of \$51.0 million, compared to \$43.6 million in the fourth quarter of fiscal 2007, an increase of 17.0% and an all-time high for any quarter. On a sequential quarter basis, sales for the latest quarter were up \$6.0 million or 13.3% from the third quarter of fiscal 2008. For fiscal 2008 as a whole, Zoltek's net sales were \$185.6 million, compared to \$150.9 million in fiscal 2007, an increase of 23%.

As previously reported, operating income for the fourth quarter and full fiscal year were adversely affected by a charge related to Zoltek's legal dispute with Structural Polymer Group Limited (see Zoltek press release October 8, 2008). Operating income for the quarterly period and full fiscal year were also adversely affected by large increases in raw material and energy costs, which have fallen sharply over the past few months.

The Company reported EBITDA (a non-GAAP financial measure)\* of \$36.5 million in fiscal 2008, an increase over EBITDA of \$27.3 million reported for the prior fiscal year. During fiscal 2008, Zoltek reported \$20.2 million of net cash provided by operating activities, despite increases of \$17.4 million in inventories and \$4.4 million in accounts receivable. The Company finished the year with \$29.2 million of unrestricted cash.

"Given the current global financial situation, we feel confident that cash on hand and the Company's cash generating ability, along with existing credit facilities, will support our operations for the foreseeable future," said Zsolt Rummy, Zoltek's Chairman and Chief Executive Officer.

"While our results for the fourth quarter and full year fiscal 2008 reflect impressive growth, we did not meet the aggressive sales goal that we had set for ourselves," Rummy said. "Our lower-than-expected sales in fiscal 2008 resulted not from any fundamental softening in demand, but from the long sales cycle inherent in obtaining large-volume supply agreements. With the successful completion of our major expansion program in fiscal 2008, coupled with industry-wide capacity growth, we believe that we have taken the steps necessary to assure large-volume users of carbon fibers of the availability of adequate supply at predictable and attractive prices for commercial applications. We believe we have built the groundwork for accelerated growth in fiscal 2009 and beyond."

Rummy added, "While reported sales may vary significantly during fiscal 2009 due to currency fluctuations which have experienced extreme volatility over the past year, we expect our sales volume to increase as we develop new customers in existing markets and continue to expand our global markets. In fiscal 2008 approximately 70% of our sales were based on long-term contracts. At this time we believe our existing contracts will generate more volume during fiscal 2009. Since our revenues and raw material costs are generally in the same currencies, our profit margins are not affected greatly by currency fluctuations."

Zoltek's largest application currently is wind energy. The Company continues to be the leading supplier of the low-cost, high-performance carbon fibers used in building the largest and most advanced wind turbines. Even with the slowdown in the world economy, the outlook in wind energy remains extremely bright. Rummy stated, "The fundamentals of alternative energy generally -- and wind energy in particular -- are extremely solid, with strong support from governments in Europe, Asia and North America. Wind energy has been growing at an average rate of 25% to 35% a year over the past several years, even when oil was selling for as little as \$30 per barrel. We see no dramatic change in the outlook for 2009 and beyond. This business is predicted only to get bigger."

Zoltek will host a conference call to review fourth quarter and fiscal year-end 2008 results and answer questions on Tuesday, December 2, 2008, at 10:00 am CT. The conference dial-in number is (877) 857-6163. The confirmation code is 8854774. Individuals who wish to participate should dial in 5 to 10 minutes prior to the scheduled start time. This conference call will also be webcast on Zoltek's website -- [www.zoltek.com](http://www.zoltek.com) -- under "Investor Relations -- Events & Presentations." The webcast replay will be available on the website several hours after the call.

\* "EBITDA" is a non-GAAP financial measure and is defined by Zoltek as operating income from continuing operations before deduction for depreciation and amortization. This term, as defined by Zoltek, may not be comparable to similarly titled measures used by other companies. Zoltek derived EBITDA of \$36.5 million for fiscal 2008 by adding depreciation and amortization in accordance with GAAP of \$16.5 million for the period and operating income from continuing operations in

accordance with GAAP of \$20.0 million for the period. Zoltek derived EBITDA of \$27.3 million for fiscal 2007 by adding depreciation and amortization in accordance with GAAP of \$9.2 million for the period and operating income from continuing operations in accordance with GAAP of \$18.1 million for the period. 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 this measure is useful to investors because it is a liquidity measure used by management to measure Zoltek's ability to fund operations and its financing obligations.

This press release contains certain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "expect," "believe," "goal," "plan," "intend," "estimate," and similar expressions and variations thereof are intended to specifically identify forward-looking statements. Those statements include statements regarding the intent, belief or current expectations of us, our directors and officers with respect to, among other things: (1) our financial prospects; (2) our growth strategy and operating strategy, including our focus on facilitating acceleration of the introduction and development of mass market applications for carbon fibers; (3) our current and expected future revenue; and (4) our ability to complete financing arrangements that are adequate to fund current operations and our long-term strategy.

This press release also 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) penetrate existing, identified and emerging markets, including entering into new supply agreements with large volume customers; (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) maintain profitable operations; (5) 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 despite increases in raw material and energy costs; (9) successfully operate our Mexican facility to produce acrylic fiber precursor and add carbon fiber production lines; (10) resolve the pending non-public, fact-finding investigation being conducted by the Securities and Exchange Commission; and (11) manage the risks identified under "Risk Factors" below and in our filings with the SEC. Because forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, you should not rely upon forward-looking statements as predictions of future events. The events and circumstances reflected in the forward-looking statements may not be achieved or occur and actual results could differ materially from those projected in the forward-looking statements.

ZOLTEK COMPANIES, INC.  
SUMMARY FINANCIAL RESULTS

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

	Fiscal Year Ended	
	September 30,	
	2008	2007
Net sales	\$185,616	\$150,880
Cost of sales	134,393	107,506
	51,223	43,374
Gross profit		
Application and development costs	8,093	7,230
Litigation charge	4,884	5,400
Selling, general and administrative expenses	18,239	12,635
	20,007	18,109
Operating income from continuing operations		
Interest expense, excluding amortization of financing fees, debt discount and beneficial conversion feature	(1,862)	(2,346)
Warrant issue expense	--	(6,362)
Amortization of financing fees and debt discount	(6,682)	(9,771)
Loss on currency translation	(385)	(707)

Loss on value of warrants and beneficial conversion feature	--	(314)
Interest income	2,904	1,829
Other, net	(1,125)	(424)
Income tax expense	(5,416)	(1,986)
	-----	-----
Net income (loss) from continuing operations	7,441	(1,972)
Loss from discontinued operations, net of taxes	--	(545)
	-----	-----
Net income (loss)	\$ 7,441	\$ (2,517)
	=====	=====
Net income (loss) per share:		
Basic and diluted income (loss) per share:		
Continuing operations	\$ 0.22	\$ (0.07)
Discontinued operations	--	(0.02)
	-----	-----
Total	\$ 0.22	\$ (0.09)
	=====	=====
Weighted average common shares outstanding		
- basic	34,042	28,539
Weighted average common shares outstanding		
- diluted	34,172	28,539

ZOLTEK COMPANIES, INC.  
SUMMARY FINANCIAL RESULTS

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

	Three Months Ended	
	September 30,	
	2008	2007
	-----	-----
Net sales	\$ 51,013	\$ 43,579
Cost of sales	38,212	30,584
	-----	-----
Gross profit	12,801	12,995
Application and development costs	2,154	1,833
Litigation charge	4,884	5,400
Selling, general and administrative expenses	6,136	3,221
	-----	-----
Operating income (loss) from continuing operations	(373)	2,541
Interest expense, excluding amortization of financing fees, debt discount and beneficial conversion feature	(522)	(387)
Amortization of financing fees and debt discount	(1,637)	(3,397)
Gain on currency translation	1,626	307
Interest income	323	931
Other, net	(665)	(154)
Income tax expense	(542)	(1,182)
	-----	-----
Net loss from continuing operations	(1,790)	(1,341)
Loss from discontinued operations, net of taxes	--	(503)
	-----	-----
Net loss	\$ (1,790)	\$ (1,844)
	=====	=====

Net loss per share:

Basic and diluted loss per share:

Continuing operations	\$ (0.05)	\$ (0.04)
Discontinued operations	--	(0.02)
	-----	-----
Total	\$ (0.05)	\$ (0.06)
	=====	=====

Weighted average common shares outstanding		
- basic	34,317	31,542
Weighted average common shares outstanding		
- diluted	34,408	31,542

CONSOLIDATED BALANCE SHEETS

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

(Unaudited)

	September 30,	
	2008	2007
	-----	-----
<b>Assets</b>		
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Current assets:		
Cash and cash equivalents	\$ 29,224	\$121,761
Restricted cash	23,500	13,815
Accounts receivable, less allowance for doubtful accounts of \$1,754 and \$729, respectively	42,690	37,495
Inventories	45,659	27,941
Other current assets	9,432	10,858
	-----	-----
Total current assets	150,505	211,870
Property and equipment, net	288,894	188,801
Other assets	765	2,928
	-----	-----
Total assets	\$440,164	\$403,599
	=====	=====
<b>Liabilities and shareholders' equity</b>		
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Current liabilities:		
Construction payables	\$ 8,450	\$ 4,859
Current maturities of long-term debt	12,601	13,813
Trade accounts payable	15,093	12,394
Legal liabilities	29,083	24,543
Accrued expenses and other liabilities	9,278	8,305
	-----	-----
Total current liabilities	74,505	63,914
Long-term debt, less current maturities	3,562	6,851
Hungarian grant, long-term	10,882	7,969
Deferred tax liabilities	4,521	4,046
Other long-term liabilities	28	52
	-----	-----
Total liabilities	93,498	82,832
	-----	-----
Commitments and contingencies		
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, 34,389,428 and 33,653,735 shares issued and outstanding in 2008 and 2007, respectively	344	337
Additional paid-in capital	491,175	476,205
Accumulated other comprehensive income	11,730	8,249
Accumulated deficit	(156,583)	(164,024)
	-----	-----
Total shareholders' equity	346,666	320,767
	-----	-----
Total liabilities and shareholders' equity	\$440,164	\$403,599
	=====	=====

OPERATING SEGMENTS SUMMARY  
(Amounts in thousands)  
(Unaudited)

	Three Months Ended September 30, 2008			
	Carbon Fibers	Technical Fibers	Corporate/ Other	Total
	-----	-----	-----	-----
Net sales	\$ 42,367	\$ 7,826	\$ 820	\$ 51,013
Cost of sales	31,139	6,258	815	38,212
	-----	-----	-----	-----
Gross profit	11,228	1,568	5	12,801
Operating income (loss)	5,870	1,426	(7,669)	(373)
Depreciation and amortization expense	4,153	646	218	5,017
Capital expenditures	12,851	1,506	1,049	15,406
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	Three Months Ended September 30, 2007			
	Carbon Fibers	Technical Fibers	Corporate/ Other	Total
	-----	-----	-----	-----
Net sales	\$ 37,267	\$ 5,478	\$ 834	\$ 43,579
Cost of sales	25,529	4,588	467	30,584
	-----	-----	-----	-----
Gross profit	11,738	890	367	12,995
Operating income (loss)	10,530	1,409	(9,398)	2,541
Depreciation and amortization expense	2,496	333	121	2,950
Capital expenditures	9,370	(604)	1,858	10,624
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	Fiscal Year Ended September 30, 2008			
	Carbon Fibers	Technical Fibers	Corporate/ Other	Total
	-----	-----	-----	-----
Net sales	\$156,033	\$ 25,910	\$ 3,673	\$185,616
Cost of sales	110,691	20,378	3,324	134,393
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Gross profit	45,342	5,532	349	51,223
Operating income (loss)	33,961	3,019	(16,973)	20,007
Depreciation and amortization expense	13,353	2,030	1,093	16,476
Capital expenditures	66,449	2,568	3,519	72,536

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
Gross profit	34,142	8,008	1,224	43,374
Operating income (loss)	26,536	7,435	(15,862)	18,109
Depreciation and amortization expense	7,387	1,333	485	9,205
Capital expenditures	47,321	2,148	3,943	53,412

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