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OPERATOR: Good morning. My name is Denise and I will be your conference operator today. At this time I would like to welcome everyone to the ShawCor first quarter 2012 financial results conference call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. If you'd like to ask a question during this time, simply press * then the number 1 on your telephone keypad. If you'd like to withdraw your question, press the # key. Thank you.

I would now like to turn the call over to Mr. Gary Love, CFO. Please go ahead.

GARY LOVE (Chief Financial Officer, ShawCor Ltd.): Good morning.

Before we begin this morning's conference call, I would like to take a moment to remind all listeners that today's conference call includes forward-looking statements that involve estimates, judgments, risks and uncertainties that may cause actual results to differ materially from those projected. The complete text of ShawCor's statement on forward-looking information is included in section 4 of the first quarter 2012 earnings press release that is available on SEDAR and also on the company's website at ShawCor.com.

I'll now turn it over to Bill Buckley, ShawCor's CEO.

BILL BUCKLEY (President and Chief Executive Officer, ShawCor Ltd.): Thank you, Gary, and thank you, ladies and gentlemen for participating in this morning's conference call.

Yesterday we released our first quarter 2012 financial results, and these results showed a good improvement over the first quarter of 2011. Revenues were up 12 per cent to $312 million and earnings per share were up 14 per cent to $0.33. In addition, the board of directors of ShawCor approved a 25-per-cent increase in the quarterly dividend to $0.10 per Class A share payable on May 31st, 2012. And this marks the seventh consecutive year in which ShawCor has increased its dividend.

But the big news in the quarter was the growth in our backlog. The backlog reached a record level for the company of $672 million, which is over double the level reported a year ago. And the backlog that we report is work that we have scheduled to complete and bill over the next 12 months. The sharp increase in the backlog supports an optimistic growth outlook for ShawCor that reflects strengthening global markets and the success we have had securing the major global projects recently awarded. These include the Ichthys Gas Export Pipeline, which at over $400 million in value, is the largest contract in the company's history. By the way, coincident with several of these new contracts are significant upfront payments that we have secured and have recorded as differed revenue.

Compared to the fourth quarter, revenue was down 9 per cent due to the completion of the production on the Total-Laggan Project in our EMAR region in the fourth quarter. Despite the revenue decline net income was slightly higher as a result of lower SG&A expenses and an improvement in results from our equity accounted investment in Socotherm. In the quarter preparations and capital investments continued in both of our Asia-Pacific facilities for the second half launch of the Wheatstone and Ichthys projects. We also started the equipment mobilization at the Trinidad site for the Technip Project, and we successfully launched production of the Barzan Project in Ras Al Khaimah in the United Arab Emirates. The fact that we were able to absorb these mobilization costs without significant disruption to our financial performance bodes very well for margins and earnings in the second half of the year when we will begin to capture the full benefits of full utilization in the facilities that are ramping up activity.

Now I'll comment further on our outlook in a moment, but first I'll ask Gary Love, our CFO, to provide you with other key details on the first quarter financial results. Gary?

GARY LOVE: Okay, thanks, Bill.

Consolidated revenue increased by 12 per cent on a year-over-year basis with the pipeline segment revenue increasing 12 per cent, and the petrochemical and industrial segment revenue higher by 13 per cent. The improvement in pipeline revenue came from North America, which increased 34 per cent on stronger small diameter pipe coating and a more than doubling of revenue from our Flexpipe business.

Latin America revenue also increased with both Mexico and Brazil significantly improved from the very low levels of the first quarter 2011. Partially offsetting the strength in the Americas were year-over-year revenue decreases in the Asia-Pacific and EMAR regions with both impacted by lower large project activities.

Compared to the fourth quarter of 2011, pipeline segment revenue fell about 10 per cent as we experienced the expected decline in EMAR revenue following the fourth quarter completion of the Total-Laggan Project, and North American volumes were modestly lower due to a decline in large diameter pipe coating.

Gross margins at the consolidated level were 37.9 per cent in the first quarter 2012, slightly ahead of the year ago level, but down about half a percentage point from the fourth quarter. The reduction versus the fourth quarter was attributable to the petrochemical and industrial segment with gross margins decreasing to 29 per cent from 32 per cent in the immediately prior quarter. This margin reduction was attributable to product mix shifts in both the wire cable business and heat shrink sleeve business.

In the pipeline segment, gross margins at 39.3 per cent improved slightly over both the first quarter and fourth quarter of 2011, and are almost 2 full percentage points higher than the average gross margins for the full year 2011. As the new contracts ramp up through the year, we expect further improvements in pipeline segment gross margin to be realized. The year-over-year increase in consolidated gross profit of $13.4 million or 13 per cent was partially offset by higher selling, general and administrative expenses.

SG&A increased by $10.3 million or 17 per cent from the first quarter of 2011. Included in the first quarter 2012 SG&A are restructuring charges of $1.9 million, relating to the planned closure of our Leith, Scotland and Kembla Grange, Australia facilities. Excluding these costs, the increase in SG&A is attributable to higher personnel-related costs following the acquisition of CSI in the second quarter of 2011, and the growth in personnel in our Guardian and Flexpipe businesses, and at certain pipe-coating locations, which are ramping up volumes. In all cases these personnel increases represent critical additions to support future growth.

As expected, SG&A did decline from the fourth quarter level, which had been impacted by a number of non-recurring costs for pension expense, decommissioning liabilities and inventory obsolescence, totalling $7.7 million.

Pipeline segment EBITDA margin continued to improve quarter over quarter, reaching 17.6 per cent, a more than 3-percentage-point improvement over full year 2011 levels. We expect further significant improvements in pipeline segment EBITDA margins as we move into the second half of this year. The petrochemical and industrial segment EBITDA margin came in at 14.8 per cent, a level consistent with full year 2011, and a level likely to be sustained for the balance of this year.

Below operating income we have reported income from the investment in Socotherm of $1.2 million, an improvement from the fourth quarter equity loss of $2 million. Socotherm has continued to show steady improvement in financial performance. And we expect stronger results, particularly in later 2012 and 2013 as that company executes booked orders from a backlog that now exceeds $100 million.

During the first quarter 2012 the company has recorded an effective tax rate of 23.8 per cent, which is below the Canadian statutory rate of 27 per cent, although higher than the tax rate that prevailed in 2011 when we benefited from tax provision reversals and the completion of a reorganization of the company's legal structure. During the second half of this year we should again see the effective tax rate move well below Canadian statutory rate as a result of the increasing percentage of the company's profits, being generated in jurisdictions with tax rates below Canadian rates.

In addition to the steady gains in earnings that we saw in the first quarter, a critical financial development for ShawCor was the dramatic increase in cash provided by operating activities. During the first quarter 2012 the company received advanced payments from customers that exceeded $450 million. As a result of the advanced payments, the first quarter 2012 cash provided from operating activities was $468 million. And the quarter-end total of cash and short-term investments stands at $511 million.

The deferred revenue that results from these advanced payments will be recognized as revenue as the projects are executed and the pipe-coating services are performed. This will mean that in future quarters cash flow from operating activities will be reduced relative to revenue and earnings. For the company, however, the fact that we have received such large upfront payments means that we will be able to achieve strong revenue growth without having to deploy the company's capital in a working capital build-up. The benefit for shareholders is that we can now focus on deploying our capital on new organic and inorganic expansion initiatives.

Cash flow used in investing activities in the first quarter was $129.4 million, although $120 million of the investments consist of highly liquid short-term investments to manage the cash generated from the customer advanced payments. In terms of long-term investment activity, the company had capital expenditures of $9.6 million, consisting primarily of continued capacity additions and upgrades at our facilities in Malaysia and Indonesia in advance of the major project launches this summer, and continued capacity expansions at Flexpipe.

On that note I will now turn it back to Bill Buckley for his comments on our outlook.

BILL BUCKLEY: Thank you, Gary.

Since the end of the third quarter 2011, ShawCor has announced new contract awards that exceed $875 million in value and, as a result of these new contracts, our order backlog has increased to a new record level of $672 million at the end of the first quarter. Now in addition, almost 40 per cent of the new contract order value will be executed beyond 12 months, and thus is not included in the backlog number.

I should also note that in addition to these major projects is our day-to-day business of smaller orders, and in 2011 over 75 per cent of our revenue came from orders less than $20 million in size, which often get booked and billed within a quarter and never get into our backlog number.

Finally, notwithstanding the volume of new contracts, we continue to be very busy with bidding activity and still have over $1 billion in bids outstanding. As the new contracts ramp up production we expect to see significant revenue and income growth.

The two regions with the most potential for growth are Asia-Pacific and Latin America. In Asia-Pacific, total new contract awards exceeded $680 million, and we have outstanding bids for two major projects, the Apache Julimar and Ichthys flow line insulation coating projects, with vendor selection decisions expected on these within the month.

During the second quarter, final launch preparations for the Wheatstone and Ichthys projects will be complete, and revenue will begin to accelerate in the third quarter and reach full production at the company's facilities in Malaysia and Indonesia in the fourth quarter. This level of activity based on the booked orders will be sustained throughout 2013 and into 2014.

In Latin America we've begun to mobilize two mobile concrete weight coating plants to La Brea, Trinidad in advance of the third quarter start-up of a major project with Technip. Activity in Mexico is also poised for growth based on booked orders and a large offshore pipeline project that we've recently bid. Compared to 2011, total Latin American activity will be substantially higher in each of Mexico, Brazil and, of course, Trinidad. Beyond 2012 we expect that Brazil will be one of ShawCor's most important growth areas.

In North America we expect that market conditions may soften as a result of the overhang of natural gas supply. However, we expect our Guardian division, which provides OCTG pipe inspection and related services, to provide continued growth as it expands and opens new service centres in the United States. We also expect our Flexpipe Composite Pipe business to continue to grow through share gain as the market converts to composite pipe to take advantage of the better economics, reduced schedules and a proven corrosion performance of this product. Flexpipe is now ShawCor's second largest business, and its sales and profits in the first quarter of this year were more than double the level achieved a year ago.

In pipe coating in North America at our Beaumont, Texas location, we're in full production on the $40 million Jack/St. Malo Project using our Brigden mobile facility, and we've begun to set up a mobile concrete coating plant to execute a project in the third quarter for a customer in South America.

Finally, I'm pleased to report that the mobilization of our pipe coating plant in Ras Al Khaimah and the start-up of production of the Barzan Project has gone very well with the plant generating revenue growth and impressive operating margins. Although our EMAR region in total will experience a modest decline from the very strong levels of 2011 due to the reduction in activity at Leith, Scotland, stronger activity at the company's pipe coating plants in Orkanger, Norway and Ras Al Khaimah, coupled with more effective facility utilization and higher gross margins should allow the EMAR region to be a solid contributor to the company's earnings and operating margins.

And at this point I'll turn the call over to the operator for questions.

OPERATOR: At this time I'd like to remind everyone in order to ask a question, press * then the number 1 on your telephone keypad. We'll pause for a moment to compile the Q&A roster.

Your first question comes from Bert Powell with BMO. Your line is open.

BERT POWELL: Thanks. Bill, can you just give us a little bit more colour on the base business or the business, the jobs that don't make it into backlog. What's your line of sight on the smaller jobs, which make up a decent chunk of your business? And maybe give us a sense as to where that is in terms of size or activity levels relative to prior periods.

BILL BUCKLEY: Yeah. Sure, Bert. Basically our base business moves in concert with the major project awards. So when they're up the base business is up, and that's the case now.

And I would maybe make a comment particularly on the Asia-Pacific region where we're seeing the level of smaller orders coming out in the Malaysia-Indonesia areas quite a bit stronger. We're also seeing new developments in those areas moving from shallow water into deeper water. So the projects are becoming of higher value and requiring, you know, more of our deepwater technology. So basically I'd say our base business is also stronger, and that's why I made the comment because I didn't want that to be forgotten as we kind of focus in on the large projects. So we're seeing a very strong level of base business. We also commented specifically on Latin America, it coming back up, and again sort of a collection of smaller orders, both offshore and on shore in Mexico that we anticipate, you know, growing as we go forward. And then also Brazil increasingly… getting increasingly stronger. So pretty optimistic outlook globally on the smaller order segment.

BERT POWELL: Okay. Thanks, Bill. And just for Gary, now that Socotherm is, you know, starting to contribute more meaningfully, can you help us… you know, I understand the backlog's $100 million, but can you help us understand, you know, what that can contribute to earnings this year given, you know, we kind of have basically no line of sight into that business.

GARY LOVE: Yeah. I think we… we remain, you know, cautiously optimistic that we'll see an acceleration of results coming forward on our investment in Fineglade and Socotherm. Certainly the Socotherm outlook is somewhat similar to our pipe coating business in the sense that they have a stronger outlook in the second half of this year, and certainly into 2013. Particularly in Latin America there are a number of large projects that that company would be targeting, which would I think fall into the late

2012-2013 timeframe. So in that sense there's a bit of a parallel to ShawCor's pipe coating business, albeit our business heavily weighted obviously to Asia-Pacific.

So I can't provide you any specific details on the sort of order of magnitude, but I do expect to see a steady rate of improvement in that business, and thus contributing to our bottom line.

BERT POWELL: Okay. So just to do the bigger than a breadbox, smaller than a house, can that get to contributing $3 million a quarter or is that just… that's just not even the right way to think about it?

GARY LOVE: I think it can… I think it can certainly get to that level. I can't provide any certainty as to how quickly we can get there. They continue to complete some of the necessary restructuring efforts that have been underway for over a year now. So there are going to be a few bumps in the road I suspect. However, the markets that that business is really focused on are going to be strong markets, and I would particularly point to 2013 as the timeframe in which they may see some quite significant growth in the markets that they're focused on.

BERT POWELL: Okay. Thanks, Gary.

OPERATOR: Your next question comes from the line of Dan MacDonald with RBC Capital Markets. Your line is open.

DAN MACDONALD: Hi. Good morning, guys. I'm just wondering maybe turning back to North America here, if you can comment on what sort of the excess capacity in the Flexpipe business is right now just in terms of if you need to add any more capacity there to continue to grow that or do you have some surplus still?

BILL BUCKLEY: Dan, we're operating at close to capacity at Flexpipe at the moment. We're adding capacity. So we're in the process of adding additional production lines, you know, staying just ahead of demand. And we're also looking at expanding capacity in the U.S. to put that capacity a little closer to that very active market.

DAN MACDONALD: Do you have or do you care to comment on sort of the size of the capacity, the additions that you're looking at right now or?

BILL BUCKLEY: Well, you know, we commented that our business in the first quarter was double where it was a year ago. So we're putting… you know, we're adding capacity at that rate. We see continued opportunities to grow very rapidly. You know, we're watching a little bit the overhang of gas production and the low gas prices and the cash flows that our end customers are seeing, and we expect there might be some moderating in the market.

Notwithstanding that though, most of the growth from Flexpipe is coming from the conversion from coated steel to composites because the clients can realize 30 to 50 per cent total installed costs improvement by going to composites. And in addition they can hook up their wells and hook up their water management systems much quicker than they can with welded steel pipe.

So even if the market moderates, we believe that our growth will be very robust and we will add the capacity to meet that. So what does that mean? You know, if we saw a doubling over the next 12 to 18 months in our output from Flexpipe we would be putting that capacity in place. So I think that's roughly a ballpark number for you in terms of the growth we anticipate.

GARY LOVE: Yeah, I would add just in terms of order of magnitude, there's obviously a big step to take in adding a new plant. And, you know, to properly set up a new plant and have it able to replicate what we have today in our current facility in Calgary, we'd be looking at order of magnitude $10 million of investment that would get staged over a period of time.

DAN MACDONALD: Do you think that you're gaining market share on the other global composite pipe competitors or just that the market as a whole is growing and you're growing with it?

BILL BUCKLEY: You know, certainly in the U.S. we're gaining market share over the U.S.-based competitor. So without question we're gaining share. Our product has certain advantages in terms of its coupling mechanism and also the fact that it tends to be more flexible in cold temperatures and less prone to damage. So that's catching hold in the U.S. and causing us to be able to gain share.

DAN MACDONALD: Great. Thanks for that. And maybe just one more, if you can update us on sort of your outlook for the U.S. Gulf of Mexico or the Gulf of Mexico in general as it does seem to be kind of picking up steam slowly as we go through the year.

BILL BUCKLEY: Yeah, I think that's the apt description. You know, we were just down at the Offshore Technology Conference and in conjunction with that we met with the major operators in the Gulf of Mexico. And I'd say the outlook is for increasing activity, so slow growth is what we anticipate there. We're active on the pre-engineering on a number of projects, but growth is back, but it will be slow.

DAN MACDONALD: Okay, great. Thanks a lot, guys.

OPERATOR: Your next question comes from the line of Scott Treadwell with TD Securities. Your line is open.

SCOTT TREADWELL: Thanks. Morning, guys. I just wanted to maybe touch on Latin America. I know you talked about the Trinidad project exceeding $80 million, and just want to confirm that you expect that that $80 million of revenue will fall into Q3 and Q4, potential for a little bit of spill over, but that's where we should think about that revenue showing up?

GARY LOVE: Yeah, that is absolutely correct. The work will be… you know, we'll start perhaps late in the second quarter, but we expect to see that project executed in the third and fourth quarter. And, you know, I think whether we get it all done in the third and fourth quarter, it's certainly the intent, will somewhat depend on how much additional work's required on the pipe that we'll be… there's some preparatory work that's required on the pipe before we can run it through our concrete coating plant, and that may have an impact on the schedule. But generally it's going to be in that third quarter and fourth quarter.

SCOTT TREADWELL: Okay. And then on the restructuring side, you talked… you're closing a couple of facilities, and I assume those are sort of temporary mothballing while you wait for projects. Should we think about a potential for… you know, if you find contracts that there's some sort of capital required to start them up again? Or is that fairly sort of de minimis number when you ramp them back up?

BILL BUCKLEY: Yeah, Scott, the two facilities that we decommissioned, one is in Australia, and it's located south of Sydney, and it was co-located with a pipe mill that has now gone out of production. That facility we don't anticipate restarting.

The other facility, larger facility that we decommissioned is in Leith, Scotland. And activities for us in the North Sea region we serve from our Orkanger, Norway site. And the larger projects, as you may know, are coming in the more northern region of the North Sea. And we anticipate that we would probably establish new facilities to serve those projects that have a better logistic solution, closer to where the projects going to be used.

And just to that point, going forward, we'll be using our mobile plant technology to access that market and the other markets as they emerge around the world. So our CCT concrete plants, fleet will get deployed, and then the new Brigden facility that's now being proven in Beaumont would get deployed. So we don't anticipate restarting those two facilities, but rather our capital spend in the future will be with flexible plants that we can set up and either leave on site or else demobilize and move to another site.

SCOTT TREADWELL: Okay.

BILL BUCKLEY: Effectively we're moving into a new business model now that should allow us to access more projects, and should also allow us to increase our return.

SCOTT TREADWELL: Okay. Turning to the petchem side, you obviously saw the margin compression and you talked about the product mix. You seemed a little bit cautious in terms of European impacts on the business. I'm just wondering what your line of sight is on margins the way the product mix sits today that the margins you saw in the first quarter are probably here to stay in the short term or do you think that that was sort of a transient impact and that we should think that they start moving back up here as we go through the year?

GARY LOVE: Well I think the gross margin for that segment should be in the 29, 30-per-cent range. It was at the low end of that range, slightly below… just below 29 per cent in the first quarter 2012. So, you know, there's room to move within the range. But, you know, I don't know that we're… and I wouldn't suggest that we're going to, you know, shoot back up to the 32 per cent that we had in the fourth quarter. That was a level that we've hit a few times, but is sort of above the typical range that we get with the typical product mix.

You know, certainly the wire and cable business does get… does benefit from project activity as opposed to its more typical product mix. So you can get certain projects that can cause maybe a spike in margin, gross margins. Generally though that 29, 30-per-cent level, that's where we should be.

SCOTT TREADWELL: Okay. The only other thing I wanted to ask about was Fineglade. So you put out the press release a few weeks ago about the change in the ownership structure. Certainly in the past it sounded like the Italian courts were very hesitant to endorse ShawCor as a majority owner. It looks like this agreement may give some visibility that either that opinion may have changed or that it's just worth putting that option in place to explore down the road. Is there anymore colour you can kind of provide on what you think the future holds there?

GARY LOVE: Well, I would certainly at the outset want to state clearly that the Italian courts have never been an impediment, so if we can be clear on that point. Our objective from the outset was to enter into a partnership with some partners who could help us and help Socotherm restructure what was a pretty desperate situation in 2010 when we took it over as a partnership team.

And our partners contributed tremendously to the restructuring efforts. 4D who have now exited the partnership, they were very important in mitigating a number of the risks that we saw, particularly in the Italian operation. And of course our partners from Argentina, Sophia Capital have been very, very critical in helping Socotherm navigate through some of the issues that existed in South America. So a partnership predicated with an objective of restructuring Socotherm and returning it to a state where it could be an effective operating company. And that partnership was set up for that purpose, and that's still an ongoing effort. That's not a completed effort yet. Certainly we're moving closer to the point where we can declare a victory on the restructuring, but we can't do so yet. So the partnership still has that underlying value.

As things move forward, you know, we'll address it, and we'll consider what makes sense both for us as investors in Socotherm and for Socotherm as a strong and dynamic operating company. So I think those are the things that, you know, we're looking towards. Right now though the partnership still makes sense.

SCOTT TREADWELL: Okay, guys. I appreciate the colour. Congrats on the quarter.

BILL BUCKLEY: Thanks.

OPERATOR: Again, to ask a question, press *1 on your telephone keypad.

Your next question comes from Dana Benner with AltaCorp Capital. Your line is open.

DANA BENNER: Morning, guys.

BILL BUCKLEY: Morning.

DANA BENNER: I wanted to come back to the topic of Socotherm. Always obviously a fascinating topic. And with respect to the backlog that has been, you know, partially rebuilt through the last I guess 12 to 18 months, can you give us maybe a bit more colour on where that backlog is emerging geographically in the world?

BILL BUCKLEY: Yeah, I would say it's well balanced across the sort of five centres of activity that Socotherm business is focused on today. Those centres being of course the Italian operations, and then the four operations in the Americas, being Brazil, Argentina, Venezuela and their operation in the United States. And in each of those five centres of activity they've seen backlog growth.

From an order of magnitude perspective, the most significant area of growth has clearly been Brazil. And that's not a surprise when one considers the tremendous opportunities in the Brazilian market, not just in the short term but, in fact, for the very long term. And certainly that's a market that is very attractive to Socotherm, and it's also a market that's very attractive to ShawCor's pipe coating operation.

So that's a big part of the future of Socotherm.

I would also add they've had good healthy backlog growth in their U.S. Gulf of Mexico operation, but also the other business units.

DANA BENNER: That's great colour. I guess moving to Brigden, up and running now, and presumably things are going pretty well there. Do you have a sense for how many of these plants we could see over the next 12, 24 months within ShawCor's global inventory?

BILL BUCKLEY: Yeah, Dana, I can answer that. We've commented in the past that we have five opportunities that we're in active discussions on. And as a matter of fact I can add a little more colour. Last week was the Offshore Technology Conference in Houston, Texas, which is the major global offshore conference, and you have clients from around the world attending. Attendance was at a record level this year with activity so strong in the segment. We had tours every day of international clients to

Beaumont, Texas to view Brigden and then to get into specific discussions on their application. So there is a large amount of interest, I can tell you, for proposed sites around the globe. Specifically I could see us mobilizing a plant into Latin America in the next 12 months in pursuit of a specific major project in conjunction with an EC contractor. So I think that would be the most likely.

After that, not so certain, but I would expect that, you know, as we go into year two and year three that we'll see the fleet of Brigden plants expanding. They're rather significant investments, as you know. But I could see us in three years having three or four plants in the fleet.

GARY LOVE: I'll add one more comment. In addition to obviously full Brigden facilities, we will be looking at Brigden modules, if you will, when we look at adding capacity to existing facilities. And for example, in Asia-Pacific we are awaiting decisions in the next number of weeks on two major offshore insulation coating projects, the Apache Julimar and the Ichthys flow lines project. And either one of those would precipitate for us the addition of a new insulation line at our facility in Indonesia to match the capacity and capability that we already have at our facility in Malaysia for deepwater insulation coating.

And with that new insulation line in Indonesia, a number of the components of that line would be designed around the principles that we put into the Brigden facility, so that in the future they could be used as part of a Brigden facility. So that's another way of looking at how the Brigden technology is impacting our approach to our global pipe coating business.

DANA BENNER: Right. Two more questions, if you would. Firstly, with respect to Flexpipe, I think I probably ask this every quarter, so forgive me. But I'm just wondering how the international expansion opportunities looks?

BILL BUCKLEY: Dana, it's going well. We have what I would call, you know, a small level of activity in four or five international markets. These are really sort of market probes, if you like. We could be expanding that business more rapidly, but the opportunity for us for rapid growth and margin growth is really in North America. And we want to capitalize on that now and we want to get a maximum market share as quickly as we can, so the focus is clearly on Canada and in particular on the U.S. right at the moment.

We are also looking to expand the product range of Flexpipe and with a product line called FlexFlow. We approved the expenditure for the FlexFlow development last quarter. That product expansion will allow us to get into the larger diameters, and will also allow us to have a product that is more easily shipped international. That product will be launched towards the end of this year, initially in North America, but as we build out capacity on it, it is going to allow us to unlock those international markets. So that's why we have an interest in them now and are building, you know, small positions. But the real growth will come by leveraging FlexFlow later in 2013 and beyond. That's our plan.

DANA BENNER: Right. Thank you for that. I guess just finally, you've gone from having a strong balance sheet to an even stronger balance sheet. And so presumably that means you've gained even more flexibility to look at acquisitions globally. So I wonder if you can maybe give us an update on how those efforts are coming along?

BILL BUCKLEY: Yeah. And I think the significant change there is the fact that we strengthened up our acquisition department significantly in the last quarter by hiring a very strong group president that now heads up that portfolio. He comes to us with extensive experience in the oil and gas space internationally, and then more recently with a private equity firm. And we are looking at a number of opportunities and, you know, our plan is to increase our acquisition activity.

You know, it's a strong market out there for everybody. Valuations are high. I think you'll see us therefore focusing on acquisitions that are related, that allow us to build out our portfolio book for which there would be significant synergies, and you will see us executing on that.

DANA BENNER: Okay, guys. Thank you very much.

OPERATOR: There are no further questions queued up at this time. I turn the call back over to Mr. Buckley.

BILL BUCKLEY: Okay. I'd like to just take this opportunity to thank everyone for their participation and interest this morning, and we look forward to talking with you again next quarter.

Thank you.

OPERATOR: This concludes today's conference call. You may now disconnect.

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