August 9th, 2012

**SHAWCOR LTD.**
**(TSX: SCL.A, SCL.B)**

**PRESS RELEASE**

# SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2012 RESULTS

- Second quarter revenue of $326.9 million increased by 5% from the $312.3 million reported in the first quarter of 2012 and increased by 24% from the $264.5 million reported in the second quarter a year ago.
- EBITDA in the second quarter of 2012 was $35.0 million, essentially unchanged from the prior year but reduced by $7.6 million from the first quarter of 2012 as a result of unfavourable changes in revenue mix plus costs incurred to start up the unprecedented volume of new business in the Company's Asia Pacific operations.
- Net income (attributable to shareholders of the Company) in the second quarter was $21.4 million (or $0.30 per share diluted) compared with net income of $15.7 million (or $0.21 per share diluted) in the second quarter of the prior year

"During the second quarter of 2012, ShawCor's new order backlog increased a further 11.5% from the beginning of the quarter to reach a new record level of $749 million. This backlog level has more than doubled over the past 12 months as a result of the award of a number of significant new pipe coating contracts" said Bill Buckley, President and CEO of ShawCor Ltd.

Mr. Buckley added "The Company undertook significant efforts in the second quarter in order to prepare our facilities for the launch of the major projects that have produced our record order backlog. With production on several of these orders now underway, the Company is confident that strong year over year growth in revenue and profit will be reported commencing in the third quarter of 2012 and continuing through 2013."

## Selected Financial Highlights

| (in thousands of Canadian dollars, except per share amounts and percentages) | **Three Months ended June 30,** | | **Six Months ended June 30,** | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| **Revenue** | **$ 326,923** | $ 264,541 | **$ 639,191** | $ 544,007 |
| **Gross profit** | **113,643** | 94,646 | **232,137** | 199,700 |
| **Gross profit %** | **34.7%** | 35.8% | **36.3%** | 37.6% |
| **EBITDA(a)** | **35,024** | 35,303 | **77,592** | 77,138 |
| **Income from operations** | **22,795** | 22,660 | **53,650** | 52,755 |
| **Net income for the period(b)** | **$ 21,404** | $ 15,703 | **$ 44,678** | $ 36,188 |
| **Earnings per share:** | | | | |
| **Basic** | **$ 0.30** | $ 0.22 | **$ 0.63** | $ 0.51 |
| **Fully diluted** | **$ 0.30** | $ 0.21 | **$ 0.63** | $ 0.50 |

(a) EBITDA is a non-GAAP measure calculated by adding back to net income the sum of net interest expense, taxes, depreciation/amortization of property, plant and equipment and intangible assets, impairment of intangible assets and goodwill, investment losses and accounting gain on acquisition. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures provided by other companies. EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools. The above is the calculation of EBITDA for the periods presented.

(b) Attributable to the shareholders of the Company.

## 1.0 OUTLOOK

The Company's success in securing new contract awards and achieving a record order backlog at the end of June 30, 2012, positions ShawCor for strong growth in revenue and profit in 2012 and 2013. The outlook for market activity in the Company's Pipeline segment by region and in the Petrochemical and Industrial segment is outlined below:

### *Pipeline Segment - North America*

The Company expects that revenues from the pipeline segment businesses in North America in the second half of 2012 will be consistent with the first half, with growth in activity from businesses connected to well drilling and completions and various large diameter pipe coating projects in Canada, offsetting the reduction in offshore activity following the completion of the Jack St. Malo project. The Company's Oil Country Tubular Goods ("OCTG") pipe services, spoolable composite pipe and small diameter pipe coating businesses are expected to recover from the impact of reduced activity during the second quarter related to spring break-up in Western Canada. Although these businesses remain subject to the risk that a sustained decline in oil and natural gas commodity prices could curtail well drilling and completions, the Company is well positioned to continue to gain market share. In this regard, ShawCor's Guardian OCTG pipe inspection and refurbishment business has now commenced an expansion into the Eagleford region of Texas where it has completed an acquisition and will be establishing a full services centre.

### *Pipeline Segment - Latin America*

The steady recovery in revenue in the Company's Latin America region that has been underway since the first half of 2011 will accelerate commencing in the third quarter with the launch of full production at the Company's mobile concrete coating site in Trinidad where ShawCor will execute a project for Technip with a contract value that now exceeds $90 million. Adding to this momentum is the recently awarded Linea 5 project, with a booked value in excess of $40 million, that is also expected to reach full production in the third quarter at the Company's concrete coating facility in Mexico. With these orders now in production, the Company is confident that the Latin America region will be a key source of revenue and profit growth in the second half of 2012.

### *Pipeline Segment - EMAR*

During the first half of 2012, the Company's Europe, Middle East, Africa, Russia ("EMAR") region experienced strong project revenues from the pipe coating facilities in Orkanger, Norway and Ras Al Khaimah, UAE. Revenue at these two operations will decline modestly in the second half as the $45 million Barzan project at Ras Al Khaimah is completed.

### *Pipeline Segment - Asia Pacific*

The Company's Asia Pacific region is on schedule to commence full production of the Pearl Energy and Wheatstone gas supply trunk line pipeline projects in the third quarter and the Ichthys gas export pipeline in the fourth quarter. With product quality tests complete, customer approvals in hand, and pipe receipt well underway, the Company's facilities in Malaysia and Indonesia are expected to be operating at record volume levels in the second half of 2012 with resulting strong operating margins. Based on booked orders, this level of activity is expected to be sustained throughout 2013 and into 2014.

### *Petrochemical and Industrial Segment*

ShawCor's Petrochemical and Industrial segment businesses are significantly exposed to demand in the North American and European automotive and industrial markets. As a result, the onset of recession in Europe and any deceleration of economic activity in North America will negatively impact segment revenue and profit. Although order backlogs continue to be at high levels, the prospect for a weakening trend has increased and the Company will be focused on seeking to capture market opportunities in areas less sensitive to the performance of the developed economies, such as growth in Asia at the DSG-Canusa China facility and the demand for highly engineered wire and cable systems related to continued oil sands development.

### *Order Backlog*

The Company's order backlog consists of firm customer orders only and represents the revenue the Company expects to realize on booked orders over the succeeding twelve months. The Company reports the twelve month billable backlog because it provides a leading indicator of significant changes in consolidated revenue. As a result of the Company's success in securing new contract orders, the order backlog has increased to a new record level of $749 million at June 30, 2012, up 11.5% from $672 million at the start of the second quarter and more than double the level reported one year ago. This order backlog supports our outlook for improved performance in the quarters ahead.

## 2.0 CONSOLIDATED INFORMATION AND RESULTS FROM OPERATIONS

### 2.1 Revenue

The following table sets forth revenue by reportable operating segment for the following periods:

| (in thousands of Canadian dollars) | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2012** | March 31, 2012 | June 30, 2011 | **June 30, 2012** | June 30, 2011 |
| Pipeline and Pipe Services | **$ 287,931** | $ 274,897 | $ 230,624 | **$ 562,828** | $ 477,092 |
| Petrochemical and Industrial | **39,528** | 37,753 | 35,787 | **77,281** | 69,149 |
| Elimination | **(536)** | (382) | (1,870) | **(918)** | (2,234) |
| | **$ 326,923** | $ 312,268 | $ 264,541 | **$ 639,191** | $ 544,007 |

#### *Second Quarter 2012 versus Second Quarter 2011*

Consolidated revenue increased 24%, or $62.4 million, from $264.5 million during the second quarter of 2011 to $326.9 million during the second quarter of 2012, due to increases of $57.3 million, or 25%, in the Pipeline and Pipe Services segment and $3.7 million, or 10%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment was higher in the second quarter of 2012 than in the second quarter of 2011, mainly because of increased activity in North America, Latin America and EMAR, and was partially offset by marginally lower revenue in Asia Pacific. See section 3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment was higher in the second quarter of 2012 than in the second quarter of 2011, mainly because of an increase of 29% in North American revenues, partially offset by decreased activity in EMAR and Asia Pacific. See section 3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

#### *Second Quarter 2012 versus First Quarter 2012*

Consolidated revenue increased by $14.7 million, or 5%, from $312.3 million during the first quarter of 2012 to $326.9 million during the second quarter of 2012, due to increases of $13.0 million, or 5%, in the Pipeline and Pipe Services segment and $1.8 million, or 5 %, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment in the second quarter of 2012 was $13.0 million higher than in the first quarter of 2012, primarily due to increased activity in EMAR, Latin America and Asia Pacific, partially offset by lower revenue in North America. See section 3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment increased by $1.8 million during the second quarter of 2012 compared to the first quarter of 2012, primarily due to higher activity levels in North America. See section 3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

#### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

Consolidated revenue increased by $95.2 million, or 18%, from $544.0 million for the six month period ended June 30, 2011 to $639.2 for the six month period ended June 30, 2012, due to an increase of $ 85.7 million, or 18%, in the Pipeline and Pipe Services segment and $8.1 million, or 12%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment in 2012 was $562.8 million, or $85.7 million higher than in 2011, primarily due to higher revenue in North America, EMAR and Latin America, partially offset by lower activity in Asia Pacific. See section 3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment increased by $8.1 million in 2012 compared to 2011, primarily due to higher activity levels in North America. See section 3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

## 2.2 Income from Operations

The following table sets forth income from operations ("Operating Income") and Operating Margin for the following periods:

| (in thousands of Canadian dollars) | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2012** | March 31, 2012 | June 30, 2011 | **June 30, 2012** | June 30, 2011 |
| Operating Income | **$ 22,795** | $ 30,855 | $ 22,660 | **$ 53,650** | $ 52,755 |
| Operating Margin[(a)] | **7.0%** | 9.9% | 8.6% | **8.4%** | 9.7% |

(a) Operating Margin is defined as Operating Income divided by revenue.

### *Second Quarter 2012 versus Second Quarter 2011*

Operating Income increased by $0.1 million, from $22.7 million during the second quarter of 2011 to $22.8 million during the second quarter of 2012. Gross profit increased by $19.0 million but was partially offset by an increase in selling, general and administration expenses ("SG&A") of $14.5 million and a foreign exchange loss of $0.4 million recorded in the second quarter of 2012 compared to a foreign exchange gain of $4.4 million in the second quarter of 2011.

Higher revenue, as explained above, generated the increased gross profit, partially offset by a 1.0 percentage point decrease in gross margin, mainly driven by product and project mix and mobilization and ramp up expenses incurred in Asia Pacific for major project activity slated for the next several quarters.

SG&A expenses increased by $14.5 million compared with the second quarter of 2011 with two factors accounting for the increase. First, SG&A expenses were higher year over year due to a $11.6 million increase in salaries, other personnel related costs and management incentive compensation, as a result of the acquisition of CSI, additions to support anticipated growth, and the mobilization and ramp up in Asia Pacific of major project activity. Secondly, rental costs were higher by $1.8 million due to additional site requirements for the Dragon Cigma project in Trinidad and the Wheatstone and Ichthys projects in Asia Pacific.

### *Second Quarter 2012 versus First Quarter 2012*

Operating Income decreased by $8.1 million from the first quarter of 2012 to $22.8 million during the second quarter of 2012, with gross profit decreasing by $4.9 million and SG&A expenses increasing by $2.6 million.

The decrease in gross profit resulted from a decrease in gross margin of 3.2 percentage points, driven primarily by an unfavourable change in product and project mix combined with mobilization and ramp up expenses incurred in Asia Pacific for major product activity slated for the next several quarters.

SG&A expenses increased by $2.6 million compared with the first quarter of 2012. SG&A expenses were higher in the second quarter of 2012 due to a $4.2 million increase in salaries, other personnel related costs and management incentive compensation, to support anticipated growth and the mobilization and ramp up in Asia Pacific of major project activity. This was partially offset by $1.9 million in restructuring charges for the Leith, Scotland and Kembla Grange, Australia facilities recorded in the first quarter of 2012.

### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

Operating Income increased by $0.9 million from the six month period ended June 30, 2011 to $53.7 million during the comparable period in 2012, with gross profit increasing by $32.4 million on higher revenues, as explained above, partially offset by an increase in SG&A expenses of $24.9 million and a foreign exchange loss of $1.2 million recorded in 2012 compared to a foreign exchange gain of $5.7 million in 2011.

The increase in gross profit resulted from higher revenue of $95.2 million, as explained above, coupled with a 0.4 percentage point lower gross profit margin due to product and project mix and costs relating to the mobilization and ramp up of activity in Trinidad and Asia Pacific, as explained above.

SG&A expenses increased by $24.9 million in 2012 compared to 2011, with two factors accounting for the increase. First, SG&A expenses were higher year over year due to an $18.5 million increase in salaries, other personnel related costs and management incentive compensation, as a result of the acquisition of CSI and other additions to support anticipated growth and mobilization and ramp up in Trinidad and Asia Pacific. These mobilizations also necessitated an increase in equipment repairs and higher rental costs of $4.0 million. Finally, restructuring charges amounting to $1.9 million for the Leith, Scotland and Kembla Grange, Australia facilities were recorded in the first quarter of 2012.

## 2.3 Finance Costs, net

The following table sets forth the components of finance costs, net for the following periods:

| (in thousands of Canadian dollars) | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2012** | March 31, 2012 | June 30, 2011 | **June 30, 2012** | June 30, 2011 |
| Interest Income on short-term deposits | **$ (1,001)** | $ (92) | $ (306) | **$** (1,093) | $ (502) |
| Interest expense, other | **397** | 505 | 1,168 | 902 | 2,033 |
| Interest expense on long-term debt | **–** | – | 338 | – | 682 |
| Finance (income) costs, net | **$ (604)** | $ 413 | $ 1,200 | **$** (191) | $ 2,213 |

### *Second Quarter 2012 versus Second Quarter 2011*

In the second quarter of 2012, net finance income was $0.6 million, compared to a net finance cost of $1.2 million during the second quarter of 2011, as a result of lower accretion expense on certain non-current liabilities, no interest expense on long term debt and higher interest income on short-term deposits.

### *Second Quarter 2012 versus First Quarter 2012*

In the second quarter of 2012, net finance income was $0.6 million, compared to a net finance cost of $0.4 million during the first quarter of 2011, as a result of lower accretion expense on certain non-current liabilities and higher interest income on short-term deposits.

### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

In the six months ended June 30, 2012, net finance income was $0.2 million, compared to a net finance cost of $2.2 million during the comparable period of 2011, as a result of lower accretion expense on certain non-current liabilities, no interest expense on long term debt and higher interest income on short-term deposits.

## 2.4 Income Taxes

### *Second Quarter 2012 versus Second Quarter 2011*

The Company recorded an income tax expense of $4.3 million (17% of income before income taxes) in the second quarter of 2012, compared to an income tax expense of $2.2 million (12% of income before income taxes) in the second quarter of 2011. The effective tax rate in the second quarter of 2012 was lower than the Company's expected effective income tax rate of 27%, due to the significant portion of the Company’s taxable income that was earned in Asia Pacific, the Middle East and other jurisdictions where the expected tax rate is 25% or less. In addition, the second quarter included reversals of tax reserves as a result of the favourable settlement of certain items in dispute with tax authorities. The effective income tax rate in the second quarter of 2011 was much lower than the expected tax rate of 27% because it included the benefit resulting from the recognition of previously unrecognized deferred tax assets as a result of the reorganization of the corporate structure in certain foreign jurisdictions.

### *Second Quarter 2012 versus First Quarter 2012*

The Company recorded an income tax expense of $4.3 million (17% of income before income taxes) in the second quarter of 2012, compared to an income tax expense of 7.6 million (24% of income before income taxes) in the first quarter of 2012. The effective income tax rate in the second quarter of 2012 was much lower than in the first quarter of 2012 due to the reversal of tax reserves resulting from the favourable settlement of certain items in dispute with tax authorities.

### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

The Company recorded an income tax expense of $11.9 million (21% of income before income taxes) during the six-month period ended June 30, 2012, compared to an income tax expense of $9.3 million (21% of income before income taxes) during the six-month period ended June 30, 2011. The effective income tax rate for the six months ending June 30, 2012 is much lower than the expected income tax rate of 27% for the reasons discussed above.

## 2.5 Foreign Exchange Impact

The following table sets forth the significant currencies in which the Company operates and the average foreign exchange rates for these currencies versus Canadian dollars, for the following periods:

| | Three Months ended June 30, | | Six Months ended June 30, | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| U.S. dollar | **1.0092** | 0.9694 | **1.0098** | 0.9812 |
| Euro | **1.2992** | 1.3860 | **1.3086** | 1.3683 |
| British Pounds | **1.5955** | 1.5725 | **1.5858** | 1.5766 |

The following table sets forth the impact on revenue, income from operations and net income, compared with the prior year period, as a result of foreign exchange fluctuations on the translation of foreign currency operations:

| (in thousands of Canadian dollars) | **Q2-2012 Versus Q1-2012** | **Q2-2012 versus Q2-2011** | **Q2-2012 YTD versus Q2-2011 YTD** |
|---|---|---|---|
| Revenue | **$ (154)** | $ 4,918 | $ 5,844 |
| Income from operations | **192** | 1,564 | 1,831 |
| Net income | **676** | $ 2,436 | $ 2,102 |

In addition to the translation impact noted above, the Company recorded a foreign exchange loss of $0.4 million in the second quarter of 2012 compared to a gain of $4.4 million for the comparable period in the prior year, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities. The Company recorded a foreign exchange loss of $1.2 million for the six months ended June 30, 2012 compared to a gain of $5.7 million in the comparable period in 2011.

# 3.0 SEGMENT INFORMATION

## 3.1 Pipeline and Pipe Services segment

The following table sets forth, by geographic location, the Revenue, Operating Income and Operating Margin for the Pipeline and Pipe Services segment for the following periods:

| (in thousands of Canadian dollars) | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2012** | March 31, 2012 | June 30, 2011 | **June 30, 2012** | June 30, 2011 |
| North America | **$ 146,054** | $ 154,315 | $ 127,564 | **$ 300,370** | $ 242,753 |
| Latin America | **21,990** | 14,934 | 6,942 | **36,924** | 10,416 |
| EMAR | **68,661** | 58,429 | 43,384 | **127,090** | 111,572 |
| Asia Pacific | **51,226** | 47,219 | 52,734 | **98,444** | 112,351 |
| **Total Revenue** | **$ 287,931** | $ 274,897 | $ 230,624 | **$ 562,828** | $ 477,092 |
| **Operating Income** | **$ 26,309** | $ 37,547 | $ 18,435 | **$ 63,855** | $ 53,096 |
| **Operating Margin** | **9.1%** | 13.7% | 8.0% | **11.3%** | 11.1% |

### *Second Quarter 2012 versus Second Quarter 2011*

Revenue in the second quarter of 2012 was $287.9 million, an increase of $57.3 million, or 25%, over the second quarter of 2011. This was driven by significant volume improvements in EMAR, North America and Latin America, partially offset by marginally lower activity in Asia Pacific :

- In North America, revenue increased by $18.5 million, or 14%, as a result of growth in flexible composite pipe and small diameter pipe coating sales, significantly increased activity from the Jack St. Malo project and increased market share in tubular management services. These increases were partially offset by lower large diameter activity in Canada and pipe weld inspection volumes in the US.

- Revenue in Latin America increased by $15.0 million as a result of the start of production at the Dragon Cigma project in Trinidad, plus increased activity in Brazil and Mexico.

- EMAR revenue increased by $25.3 million, or 58%, due to increased volume from the Barzan project at Ras Al Khaimah, UAE ("RAK") and increased project activity in Orkanger, Norway.

- In Asia Pacific, revenue decreased $1.5 million, or 3%, from the second quarter of 2011, mainly due to a reduction in major project activity compared with the prior year, when the South Mahakam and Macedon projects in Kabil, Indonesia, and the Gazprom Kirinskoe and PNG LNG projects in Kuantan, Malaysia had all been in full production, partially offset by the M9 Zawtika project at Kabil, Indonesia.

Operating Income in the second quarter of 2012 was $26.3 million compared to $18.4 million in the second quarter of 2011, an increase of $7.9 million, or 43%, primarily due to the increase in revenue as explained above, partially offset by lower gross margin and an increase in SG&A expenses as explained in section 1.2 above.

### *Second Quarter 2012 versus First Quarter 2012*

Revenue was $287.9 million in the second quarter of 2012, an increase of $13.0 million, or 5%, from $274.9 million in the first quarter of 2012. Activity levels in EMAR, Asia Pacific and Latin America were higher in the second quarter of 2012 compared to the first quarter of 2011, partially offset by a decrease in North America revenue:

- Revenue in North America decreased by $8.3 million, or 5%, due to a decline in small diameter project activity in Canada, lower sales of flexible composite pipe and tubular management services compared to the first quarter, partially offset by increased volumes from the Jack St. Malo, Cardon IV, Bakken and South Bend projects.

- In Latin America, revenue was higher by $7.1 million, or 47%, due to the start of production on the Dragon Cigma project in Trinidad, and increased activity in Mexico.
- EMAR revenue increased by $10.2 million, or 17%, primarily due to increased volumes from the Barzan project in RAK and the Tordis project in Orkanger, Norway, partially offset by lower activity at the Leith, Scotland facility.

- Revenue in Asia Pacific increased by $4.0 million, or 8%, due to increased volumes from the M9 Zawtika project partially offset by lower activity at the Kuantan, Malaysia facility.

Operating Income in the second quarter of 2012 was $26.3 million compared to $37.5 million in the first quarter of 2012, a decrease of $11.2 million, or 30%, with the operating margin decreasing by 4.6 percentage points to 9.1%. The decrease in operating income is primarily due to a 4.2 percentage point decrease in gross profit margin due to unfavourable changes in project mix and mobilization and ramp up in Asia Pacific of major project activity, and an increase in SG&A expenses, as explained in section 1.2.

### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

Revenue in the Pipeline and Pipe Services segment for the six month period ended June 30, 2012 was $562.8 million, an increase of $85.7 million, or 18%, from $477.1 million in the comparable period in the prior year. Activity levels in North America, EMAR and Latin America were significantly higher in 2012 compared to 2011, partially offset by a decrease in Asia Pacific revenue:

- Revenue in North America increased by $57.6 million, or 24%, due to increased sales of small diameter pipe coating, flexible composite pipe, tubular management services and increased activity on the Jack St. Malo project, partially offset by lower large diameter pipe coating and pipe weld inspection service revenue.

- In Latin America, revenue was higher by $26.5 million, or 255%, due to higher activity levels on the P55 Risers project in Brazil, the Dragon Cigma project in Trinidad and at the Veracruz and Monterrey facilities in Mexico.

- EMAR revenue increased by $15.5 million, or 14%, primarily due to increased activity levels in RAK and Orkanger, Norway, partially offset by the reduction in volumes at the Leith, Scotland facility.

- Revenue in Asia Pacific decreased by $13.9 million, or 12%, in 2012, mainly due to a reduction in major project activity compared with the prior year, when the South Mahakam and Macedon projects in Kabil, Indonesia, and the Gazprom

- Kirinskoe, Yamal Europe Gas Pipeline and PNG LNG projects in Kuantan, Malaysia had all been in full production, partially offset by the M9 Zawtika project at Kabil, Indonesia.

Operating Income for the six month period ended June 30, 2012 was $63.9 million compared to $53.1 million for the six month period ended June 30, 2011, an increase of $10.8 million, or 20%. The increase in operating income is due to higher gross profit due to the increase in revenue as explained above, partially offset by an increase in SG&A expenses, as explained in section 1.2.

## 3.2 Petrochemical and Industrial segment

The following table sets forth, by geographic location, the Revenue, Operating Income and Operating Margin for the Petrochemical and Industrial segment for the following periods:

| (in thousands of Canadian dollars) | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2012** | March 31, 2012 | June 30, 2011 | **June 30, 2012** | June 30, 2011 |
| North America | **$ 25,313** | $ 22,593 | $ 20,738 | **$ 47,906** | $ 38,546 |
| EMAR | **13,220** | 14,374 | 14,020 | **27,594** | 28,837 |
| Asia Pacific | **$ 995** | $ 786 | $ 1,029 | **$ 1,781** | $ 1,766 |
| **Total Revenue** | **39,528** | 37,753 | 35,787 | **77,281** | 69,149 |
| **Operating Income** | **$ 5,424** | $ 5,041 | $ 4,471 | **$ 10,465** | $ 7,995 |
| **Operating Margin** | **13.7%** | 13.4% | 12.5% | **13.5%** | 11.6% |

### *Second Quarter 2012 versus Second Quarter 2011*

Revenue increased in the second quarter by $3.7 million, or 10 %, to $39.5 million compared to the second quarter of 2011 due to increased heat shrinkable product shipments in North America and higher shipments of wire and cable products to the oil sands markets.

Operating Income of $5.4 million in the second quarter of 2012 increased by $1.0 million or 21%, compared to $4.5 million in the second quarter of 2011. The increase was primarily due to the higher revenue as explained above and a 1.2 percentage point increase in operating margin due to improved overhead absorption from better facility utilization.

### *Second Quarter 2012 versus First Quarter 2012*

In the second quarter of 2012, revenue totaled $39.5 million compared to $37.8 million in the first quarter of 2012, an increase of $1.8 million, or 5%. The increase was driven by higher shipments of wire and cable products to the oil sands market, partially offset by lower revenues in the EMAR automotive market.

Operating Income in the second quarter of 2012 was $5.4 million compared to $5.0 million in the first quarter of 2012, primarily due to increased gross profit from the higher sales as explained above.

### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

Revenue increased in the six months ended June 30, 2012 by $8.1 million, or 12%, to $77.3 million compared to the comparable period in 2011 due to increased shipments of wire and cable products to the oil sands market combined with increased heat shrinkable product shipments in North America.

Operating Income for the six months ended June 30, 2012 was $10.5 million compared to $8.0 million for the six months ended June 30, 2011, an increase of $2.5 million, or 31%. The increase was primarily due to increased gross profit from the higher revenue as explained above.

## 3.3 Financial and Corporate

Financial and corporate costs include corporate expenses not allocated to the operating segments and other non-operating items, including foreign exchange gains and losses on foreign currency denominated cash and working capital balances. The corporate division of the Company only earns revenue that is considered incidental to the activities of the Company. As a result, it does not meet the definition of a reportable operating segment as defined under IFRS.

The following table sets forth the Company's unallocated financial and corporate expenses, before foreign exchange gains and losses, for the following periods:

| (in thousands of Canadian dollars) | Three months ended | | | Six months ended | |
|---|---|---|---|---|---|
| | **June 30, 2012** | March 31, 2012 | June 30, 2011 | **June 30, 2012** | June 30, 2011 |
| **Loss from operations** | **$ (8,539)** | $ (10,888) | $ (4,613) | **$ (19,426)** | $ (14,051) |

### *Second Quarter 2012 versus Second Quarter 2011*

Financial and corporate costs increased by $3.9 million from $4.6 million during the second quarter of 2011 to $8.5 million during the second quarter of 2012, mainly due to higher personnel related expenses and higher management incentive compensation expenses in 2012 as compared to 2011.

### *Second Quarter 2012 versus First Quarter 2012*

Financial and corporate costs decreased by $2.3 million from the first quarter of 2012 to $8.5 million in the second quarter of 2012, primarily due to the reclassification of decommissioning obligation costs to the Pipeline and Pipe Services segment in the second quarter of 2012, which were previously recorded in the Financial and Corporate segment in the first quarter of 2012.

### *Six Months ended June 30, 2012 versus Six Months ended June 30, 2011*

Financial and corporate costs increased by $5.3 million from the six month period ended June 30, 2011 to $19.4 million for the six month period ended June 30, 2012, primarily due to personnel related expenses and higher management incentive compensation expenses in the first half of 2012 as compared to the first half of 2011.

## 4.0 FORWARD-LOOKING INFORMATION

This document includes certain statements that reflect management's expectations and objectives for the Company's future performance, opportunities and growth, which statements constitute forward-looking information under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward looking information involves estimates, assumptions, judgments and uncertainties. These statements may be identified by the use of forward-looking terminology such as ″may″, ″will″, ″should″, ″anticipate″, ″expect″, ″believe″, ″predict″, ″estimate″, ″continue″, ″intend″, ″plan″ and variations of these words or other similar expressions. Specifically, this document includes forward looking information in the Outlook section and elsewhere in respect of, among other things, the timing of major project activity, the impact of the existing order backlog and other factors on the Company's revenue, the impact of global economic activity on the demand for the Company's products, the impact of changing energy demand, supply and prices, the impact and likelihood of changes in competitive conditions in the markets in which the Company participates, the impact of changing laws for environmental compliance on the Company's capital and operating costs, and the adequacy of the Company's existing accruals in respect thereof and in respect of litigation matters generally, the level of payments under the Company's performance bonds, the outlook for revenue and operating income and the expected development in the Company's order backlog.

Forward looking information involves known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted by the forward-looking information. We caution readers not to place undue reliance on forward looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward looking information. Significant risks facing the Company include, but are not limited to: changes in global or regional economic activity and changes in energy supply and demand, which impact on the level of drilling activity and pipeline construction; exposure to product and other liability claims; shortages of or significant increases in the prices of raw materials used by the Company; compliance with environmental, trade and other laws; political, economic and other risks arising from the Company's international operations; fluctuations in foreign exchange rates, as well as other risks and uncertainties, as more fully described under the heading "Risks and Uncertainties" in the Company's annual MD&A.

These statements of forward looking information are based on assumptions, estimates and analysis made by management in light of its experience and perception of trends, current conditions and expected developments as well as other factors believed to be reasonable and relevant in the circumstances. These assumptions include those in respect of continued global economic recovery, increased investment in global energy infrastructure, the Company's ability to execute projects under contract, the continued supply of and stable pricing for commodities used by the Company, the availability of personnel resources sufficient for the Company to operate its businesses and the maintenance of operations in major oil and gas producing regions. The Company believes that the expectations reflected in the forward looking information are based on reasonable assumptions in light of currently available information. However, should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward looking information included in this document and the Company can give no assurance that such expectations will be achieved.

When considering the forward looking information in making decisions with respect to the Company, readers should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not assume the obligation to revise or update forward looking information after the date of this document or to revise it to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday, August 10th, 2012, at 10:00 AM EDT, which will discuss the Company's second quarter financial results.

Other information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com. Please visit our website at www.shawcor.com for further details.

For further information, please contact:

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# ShawCor Ltd.
## Consolidated Balance Sheets
(Unaudited)

| (in thousands of Canadian dollars) | **June 30, 2012** | December 31,2011 |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| Cash and cash equivalents | **$ 235,080** | $ 56,731 |
| Short-term investments | **155,038** | 10,545 |
| Loan receivable | **61,527** | – |
| Accounts receivable | **303,912** | 281,371 |
| Income taxes receivable | **13,243** | 15,981 |
| Inventories | **187,660** | 146,786 |
| Prepaid expenses | **29,485** | 24,454 |
| Derivative financial instruments | **2,590** | 270 |
| | **988,535** | 536,138 |
| **Non-current Assets** | | |
| Loan receivable | **12,747** | 12,622 |
| Property, plant and equipment | **303,669** | 299,118 |
| Intangible assets | **80,279** | 86,362 |
| Investment in associate | **32,158** | 30,095 |
| Deferred income taxes | **28,110** | 30,058 |
| Other assets | **10,314** | 12,022 |
| Goodwill | **218,454** | 220,334 |
| | **685,731** | 690,611 |
| | **$ 1,674,266** | $ 1,226,749 |
| **LIABILITIES AND EQUITY** | | |
| **Current Liabilities** | | |
| Bank indebtedness | **$ 3,089** | $ 12,281 |
| Loan payable | **5,463** | 5,001 |
| Accounts payable and accrued liabilities | **162,950** | 156,064 |
| Provisions | **24,104** | 12,317 |
| Income taxes payable | **31,642** | 35,200 |
| Derivative financial instruments | **1,163** | 419 |
| Deferred revenue | **265,719** | 27,446 |
| Obligations under finance lease | **93** | 268 |
| | **494,223** | 248,996 |
| **Non-current Liabilities** | | |
| Provisions | **41,123** | 50,859 |
| Deferred revenue | **205,876** | – |
| Financial instrument liability | **1,007** | – |
| Derivative financial instruments | **–** | 2,499 |
| Deferred income taxes | **53,572** | 56,984 |
| | **301,578** | 110,342 |
| | **$ 795,801** | $ 359,338 |
| Commitments and contingencies | | |
| **Equity** | | |
| Share capital | **220,311** | 218,381 |
| Contributed surplus | **16,690** | 16,391 |
| Retained earnings | **679,918** | 664,475 |
| Accumulated other comprehensive loss | **(38,454)** | (31,836) |
| | **878,465** | 867,411 |
| | **$ 1,674,266** | $ 1,226,749 |

# ShawCor Ltd.
## Consolidated Statements of Income
(Unaudited)

| (in thousands of Canadian dollars) | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2012** | 2011 | **2012** | 2011 |
| **Revenue** | | | | |
| Sale of products | **$ 90,352** | $ 74,801 | **$ 194,833** | $ 144,129 |
| Rendering of services | **236,571** | 189,740 | **444,358** | 399,878 |
| | **326,923** | 264,541 | **639,191** | 544,007 |
| **Cost of Goods Sold** | **213,280** | 169,895 | **407,054** | 344,307 |
| **Gross Profit** | **$ 113,643** | $ 94,646 | **$ 232,137** | $ 199,700 |
| Selling, general and administrative expenses | **74,560** | 60,019 | **146,536** | 121,669 |
| Research and development expenses | **3,660** | 3,691 | **6,765** | 6,608 |
| Foreign exchange losses (gains) | **399** | (4,367) | **1,244** | (5,715) |
| Amortization of property, plant and equipment | **10,422** | 10,789 | **20,327** | 20,787 |
| Amortization of intangible assets | **1,807** | 1,854 | **3,615** | 3,596 |
| **Income from Operations** | **$ 22,795** | $ 22,660 | **$ 53,650** | $ 52,755 |
| **(Gain) loss on investment in associate** | **(1,450)** | 3,583 | **(2,718)** | 5,018 |
| **Finance (income) costs, net** | **(604)** | 1,200 | **(191)** | 2,213 |
| **Income before Income Taxes** | **$ 24,849** | $ 17,877 | **$ 56,559** | $ 45,524 |
| Income taxes | **4,331** | 2,174 | **11,881** | 9,336 |
| **Net Income for the Period** | **$ 20,518** | **$** 15,703 | **$ 44,678** | **$** 36,188 |
| **Net Income Attributable to** | | | | |
| Shareholders of the company | **21,404** | 15,703 | **44,678** | 36,188 |
| Non-controlling interest | **(886)** | – | – | – |
| **Net Income for the Period** | **$ 20,518** | $ 15,703 | **$ 44,678** | $ 36,188 |
| **Earnings per Share** | | | | |
| Basic | **$ 0.30** | $ 0.22 | **$ 0.63** | $ 0.51 |
| Diluted | **$ 0.30** | $ 0.21 | **$ 0.63** | $ 0.50 |
| **Weighted Average Number of Shares Outstanding** | | | | |
| Basic | **70,574** | 70,726 | **70,613** | 70,690 |
| Diluted | **71,270** | 71,684 | **71,299** | 71,773 |

# ShawCor Ltd.
## Consolidated Statements of Comprehensive Income
(Unaudited)

| (in thousands of Canadian dollars) | Three Months Ended June 30, 2012 | Three Months Ended June 30, 2011 | Six Months Ended June 30, 2012 | Six Months Ended June 30, 2011 |
|---|---|---|---|---|
| **Net Income for the Period** | **$ 20,518** | $ 15,703 | **$ 44,678** | $ 36,188 |
| **Other Comprehensive (Loss) Income** | | | | |
| Unrealized gain (loss) on translation of foreign operations | **1,191** | 2,423 | **(6,005)** | 960 |
| Other comprehensive loss attributable to investment in associate | **(1,409)** | – | **(613)** | – |
| Gain on hedge of unrealized foreign currency translation | **–** | 70 | **–** | 603 |
| Gain on hedges of unrealized foreign currency translation transferred to net income during the period | **–** | (1,833) | **–** | (1,833) |
| Income tax on other comprehensive (loss) income | | | | |
| Gain on hedges of unrealized foreign currency translation | **–** | (12) | **–** | (103) |
| Gain on hedges of unrealized foreign currency translation transferred to net income during the period | **–** | 311 | **–** | 311 |
| **Other Comprehensive (Loss) Income for the Period, net of Income Tax** | **$ (218)** | $ 959 | **$ (6,618)** | $ (62) |
| **Comprehensive Income for the Period** | **$ 20,300** | $ 16,662 | **$ 38,060** | $ 36,126 |
| **Comprehensive Income Attributable to:** | | | | |
| Shareholders of the Company | **21,323** | 16,662 | **38,060** | 36,126 |
| Non-controlling interests | **(1,023)** | – | **–** | – |
| **Comprehensive Income for the Period** | **20,300** | 16,662 | **$ 38,060** | $ 36,126 |

# ShawCor Ltd.
## Consolidated Statements of Shareholders' Equity
(Unaudited)

| (in thousands of Canadian dollars) | Share Capital | Contributed Surplus | Retained Earnings | Non-Controlling Interest | Accumulated Other Comprehensive Loss | Total Equity |
|---|---|---|---|---|---|---|
| **December 31, 2011** | **$ 218,381** | **$ 16,391** | **$ 664,475** | **$ –** | **$ (31,836)** | **$ 867,411** |
| Net income for the period | – | – | **44,678** | – | – | **44,678** |
| Issued on exercise of stock options | **2,978** | – | – | – | – | **2,978** |
| Compensation cost on exercised options | **1,088** | **(1,088)** | – | – | – | – |
| Compensation cost on exercised RSUs | **40** | **(40)** | – | – | – | – |
| Stock-based compensation | – | **1,427** | – | – | – | **1,427** |
| Other comprehensive income (loss) | – | – | – | – | **(6,618)** | **(6,618)** |
| Dividends paid | – | – | **(12,523)** | – | – | **(12,523)** |
| Purchase – normal course issuer bid | **(2,176)** | – | – | – | – | **(2,176)** |
| Excess of purchase price over stated value of shares | – | – | **(16,712)** | – | – | **(16,712)** |
| **June 30, 2012** | **$ 220,311** | **$ 16,690** | **$ 679,918** | **$ –** | **$ (38,454)** | **$ 878,465** |
| **December 31, 2010** | $ 206,775 | $ 18,144 | $ 644,191 | $ – | $ (36,867) | $ 832,243 |
| Net income for the period | – | – | 36,188 | – | – | 36,188 |
| Issued on exercise of stock options | 1,824 | – | – | – | – | 1,824 |
| Compensation cost on exercised options | 593 | (593) | – | – | – | – |
| Compensation cost on exercised RSUs | 7 | (7) | – | – | – | – |
| Stock-based compensation | – | 1,152 | – | – | – | 1,152 |
| Other comprehensive loss | – | – | – | – | (179) | (179) |
| Dividends paid | – | – | (10,777) | – | – | (10,777) |
| Purchase – normal course issuer bid | (360) | – | – | – | – | (360) |
| Excess of purchase price over stated value of shares | – | – | (2,595) | – | – | (2,595) |
| **June 30, 2011** | $ 208,839 | $ 18,696 | $ 667,007 | $ – | $ (37,046) | $ 857,496 |

# ShawCor Ltd.
## Consolidated Statements of Cash Flows
(Unaudited)

| (in thousands of Canadian dollars) | | Three Months Ended June 30, | | | | Six Months Ended June 30, | | |
|---|---|---|---|---|---|---|---|---|
| | | **2012** | | 2011 | | **2012** | | 2011 |
| **Operating Activities** | | | | | | | | |
| Net income for the period | **$** | **20,518** | $ | 15,703 | **$** | **44,678** | $ | 36,188 |
| Add (deduct) items not affecting cash | | | | | | | | |
| Amortization of property, plant and equipment | | **10,422** | | 10,789 | | **20,327** | | 20,787 |
| Amortization of intangible assets | | **1,807** | | 1,854 | | **3,615** | | 3,596 |
| Amortization of long-term prepaid expenses | | **357** | | 316 | | **511** | | 465 |
| Decommissioning obligations expense | | **119** | | 118 | | **712** | | 234 |
| Other provision (recovery) expenses | | **(81)** | | 334 | | **(2,832)** | | 1,150 |
| Stock-based compensation | | **3,984** | | 1,943 | | **6,206** | | 3,666 |
| Deferred income taxes | | **147** | | 1,235 | | **(1,464)** | | 5,434 |
| (Gain) loss on disposal of property, plant and equipment | | **(329)** | | 2 | | **(294)** | | 183 |
| (Gain) loss on investment in associate | | **(1,450)** | | 3,583 | | **(2,718)** | | 5,018 |
| Other | | **(1,448)** | | 462 | | **(1,066)** | | 732 |
| Settlement of decommissioning liabilities | | **(292)** | | – | | **(541)** | | – |
| Settlement of other provisions | | **(266)** | | (2,774) | | **(410)** | | (3,124) |
| (Decrease) increase in deferred revenue non-current | | **(78,487)** | | – | | **205,876** | | – |
| Net change in employee future benefits | | **102** | | – | | **804** | | – |
| Change in non-cash working capital and foreign exchange | | **25,318** | | (22,779) | | **175,019** | | (50,037) |
| **Cash (used in) Provided by Operating Activities** | **$** | **(19,579)** | $ | 10,786 | **$** | **448,423** | $ | 24,292 |
| | | | | | | | | |
| **Investing Activities** | | | | | | | | |
| (Increase) decrease in Loan Receivable | | **(61,535)** | | 47 | | **(61,580)** | | 59 |
| Net purchase of short-term investments | | **(24,615)** | | – | | **(144,49** | | – |
| Purchases of property, plant and equipment | | **(17,803)** | | (11,606) | | **(27,416)** | | (23,674) |
| Proceeds on disposal of property, plant and equipment | | **429** | | 441 | | **641** | | 441 |
| Increase in intangible assets | | **(10)** | | – | | **(45)** | | – |
| Investment in associate | | **–** | | – | | **–** | | (9,085) |
| Business acquisition | | **–** | | (12,839) | | **–** | | (12,839) |
| **Cash Used in Investing Activities** | **$** | **(103,534)** | $ | (23,957) | **$** | **(232,893)** | $ | (45,098) |
| | | | | | | | | |
| **Financing Activities** | | | | | | | | |
| Proceeds from (repayments of) bank indebtedness | | **2,256** | | 1,774 | | **(9,192)** | | 1,774 |
| Proceeds from loan | | **462** | | – | | **462** | | – |
| Repayments of obligations under finance lease | | **(114)** | | (58) | | **(175)** | | (169) |
| Repayment of long-term debt | | **–** | | (24,402) | | **–** | | (24,402) |
| Issuance of shares | | **978** | | 460 | | **2,978** | | 1,793 |
| Repurchase of shares | | **(18,888)** | | (2,955) | | **(18,888)** | | (2,955) |
| Dividend paid to shareholders | | **(6,958)** | | (5,564) | | **(12,523)** | | (10,777) |
| **Cash Used in Financing Activities** | **$** | **(22,264)** | $ | (30,745) | **$** | **(37,338)** | $ | (34,736) |
| | | | | | | | | |
| **Effect of Foreign Exchange on Cash and Cash** | **$** | **267** | $ | (131) | **$** | **157** | $ | (2,543) |
| | | | | | | | | |
| **Net Increase (decrease) in Cash and Cash Equivalents for the Period** | | **(145,110)** | | (44,047) | | **178,349** | | (58,085) |
| | | | | | | | | |
| **Cash and Cash Equivalents - Beginning of Period** | | **380,190** | | 141,960 | | **56,731** | | 155,998 |
| | | | | | | | | |
| **Cash and Cash Equivalents - End of Period** | **$** | **235,080** | $ | 97,913 | **$** | **235,080** | $ | 97,913 |