ShawCor Ltd.
Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A"), is a discussion of the consolidated financial position and results of operations of ShawCor Ltd. ("ShawCor" or "the Company") for the three months ended March 31, 2015 and 2014 and should be read together with ShawCor's interim unaudited consolidated financial statements and accompanying notes for the same periods and the MD&A included in the Company's 2014 Annual Report. All dollar amounts in this MD&A are in thousands of Canadian dollars except per share amounts or unless otherwise stated.

This MD&A and the interim unaudited consolidated financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board, which are also Generally Accepted Accounting Principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A contains forward looking information and reference should be made to section 12 hereof.

1.0 Executive Overview

ShawCor is a growth oriented, global energy services company serving the Pipeline and Pipe Services and the Petrochemical and Industrial segments of the energy industry. The Company operates nine divisions with over ninety manufacturing, sales and service facilities located around the world. The Company is publicly-traded on the Toronto Stock Exchange.

1.1 Core Businesses

ShawCor provides a broad range of products and services, which include high quality pipe coating services, flexible composite pipe, onshore and offshore pipeline corrosion and thermal protection, state-of-the-art ultrasonic and radiographic inspection services, tubular management services, heat-shrinkable polymer tubing, and control, and instrumentation wire and cable.

The Company and its predecessors have designed, engineered, marketed and sold these products and services worldwide for over 50 years. ShawCor has made substantial investments in research and development initiatives and earned strong customer loyalty based on a history of project execution success.

The Company operates in a highly competitive international business environment with its success attributed to its strategic global locations, its extensive portfolio of proprietary technologies and its commitment to the use of industry-leading business processes and programs. ShawCor is the world's largest applicator of pipeline coatings for the oil and gas industry for both onshore and offshore pipelines.

The primary driver of demand for the Company's products and services is the level of energy industry investment in pipeline infrastructure for hydrocarbon development and transportation around the globe. This investment, in turn, is driven by global levels of economic activity and the resulting growth in hydrocarbon demand, the impact of resource depletion on the supply of hydrocarbons and the financial position of the major energy companies. The relationship between global hydrocarbon demand and supply and the level of energy industry investment in infrastructure tends to be cyclical.

As at March 31, 2015, the Company operated its nine divisions through two reportable operating segments: Pipeline and Pipe Services; and Petrochemical and Industrial.

Pipeline and Pipe Services

The Pipeline and Pipe Services segment is the largest segment of the Company and accounted for 91% of consolidated revenue for the quarter ended March 31, 2015. This segment includes the Bredero Shaw, Canusa-CPS, Shaw Pipeline Services, Flexpipe Systems, Guardian, Socotherm and Desert NDT divisions.

- Bredero Shaw's product offerings include specialized internal anticorrosion and flow efficiency pipe coating systems, insulation coating systems, weight coating systems and custom coating and field joint application services for onshore and offshore pipelines.
- Canusa-CPS manufactures heat-shrinkable sleeves, adhesives, sealants and liquid coatings for corrosion protection on onshore and offshore pipelines.

- Shaw Pipeline Services provides ultrasonic and radiographic pipeline girth weld inspection services to pipeline operators and construction contractors worldwide for both onshore and offshore pipelines.
- Flexpipe Systems manufactures spoolable composite pipe systems used for oil and gas gathering, water disposal, carbon dioxide injection pipelines and other applications requiring corrosion resistance and high pressure capabilities.
- Guardian provides a complete range of tubular management services including inventory management systems, mobile inspection, in-plant inspection and the refurbishment and rethreading of drill pipe, production tubing and casing.
- Socotherm provides specialized thermal insulation coatings, anticorrosion coatings, internal coatings, and concrete weight coatings for onshore and offshore pipelines.
- Desert NDT provides non-destructive testing services for new oil and gas gathering pipelines and oilfield infrastructure integrity management services.

Petrochemical and Industrial

The Petrochemical and Industrial segment, which includes the DSG-Canusa and ShawFlex divisions, accounted for 9% of consolidated revenue for the quarter ended March 31, 2015. Operations within this segment utilize polymer and adhesive technologies that were developed for the Pipeline and Pipe Services segment and are now being applied to applications in Petrochemical and Industrial markets.

- DSG-Canusa is a global manufacturer of heat-shrinkable products including thin, medium and heavy-walled tubing, sleeves and molded products as well as heat-shrink accessories and equipment.
- ShawFlex is a manufacturer of wire and cable for control, instrumentation, thermocouple, power, marine and robotics applications.

2.0 Financial Highlights

2.1 Selected Financial Information

(in thousands of Canadian dollars, except per share amounts)	Three Months Ended March 31,			
		2015		2014
Revenue	**$**	**471,940**	$	479,082
Cost of Goods Sold and Services Rendered		**302,915**		280,814
Gross Profit		**169,025**		198,268
Selling, general and administrative expenses		**93,713**		89,465
Research and development expenses		**4,073**		4,174
Foreign exchange gains		**(3,097)**		(3,031)
Amortization of property, plant and equipment		**13,743**		15,459
Amortization of intangible assets		**4,977**		2,782
Income from Operations		**55,616**		89,419
Loss from investments in joint ventures		**–**		(1,152)
Loss on investments in associates		**(111)**		(362)
Finance costs, net		**(4,448)**		(3,727)
Income before Income Taxes		**51,057**		84,178
Income taxes		**(12,790)**		(22,571)
Non-controlling interests		**(493)**		340
Net Income (attributable to shareholders of the Company)	**$**	**37,774**	$	61,947
Net Income (attributable to shareholders of the Company)	**$**	**37,774**	$	61,947
Add:				
Income taxes		**12,790**		22,571
Finance costs, net		**4,448**		3,727
Amortization of property, plant, equipment and intangible assets		**18,720**		18,241
EBITDA[(a)]	**$**	**73,732**	$	106,486
Non-controlling interests		**493**		(340)
ADJUSTED EBITDA[(a)]	**$**	**74,225**	$	106,146
Per Share Information:				
Net Income				
Basic	**$**	**0.59**	$	1.03
Diluted	**$**	**0.58**	$	1.03
Cash Dividends per Share:				
Common Shares	**$**	**0.150**	$	0.125

(a) Earnings before interest, income taxes, depreciation and amortization ("EBITDA") and Adjusted EBITDA are non-GAAP measures and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP measures do not have standardized meanings under IFRS. The Company's method of calculating these measures may differ from other entities and as a result may not necessarily be comparable to measures used by other entities. Refer to *Section 10.0 – Reconciliation of Non-GAAP Measures,* for additional information with respect to other non-GAAP measures used by the Company.

(in thousands of Canadian dollars)		**March 31, 2015**		December 31, 2014
Total Assets	**$**	**2,008,204**	$	1,939,970
Total Non-current Liabilities	**$**	**540,428**	$	524,462

Revenue

Consolidated revenue decreased by $7.1 million, or 2%, from $479.1 million during the first quarter of 2014, to $471.9 million during the first quarter of 2015, due to a decrease of $8.0 million in the Pipeline and Pipe Services segment, partially offset by an increase of $1.3 million in the Petrochemical and Industrial segment. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.2 below.

Income from Operations ("Operating Income")

Operating Income in the first quarter of 2015 was $55.6 million and was $33.8 million, or 38%, lower than in the first quarter of 2014. Operating income was impacted by a decrease in gross profit of $29.2 million, higher SG&A expenses of $4.2 million and an increase in amortization of property, plant, equipment and intangible assets of $0.5 million.

Net Income (attributable to shareholders of the Company)

Net income decreased by $24.2 million, from $61.9 million during the first quarter of 2014 to $37.8 million during the first quarter of 2015. This decrease was mainly due to the decrease in Operating Income in the first quarter of 2015 of $33.8 million, as explained above, lower net finance costs of $0.7 million and lower income tax expense of $9.8 million, partially offset by the impact of changes in non-controlling interest of $0.8 million.

2.2 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		
	March 31, 2015	December 31, 2014	March 31, 2014
U.S. dollar	**1.2360**	1.1375	1.1019
Euro	**1.4078**	1.4160	1.5050
British Pounds	**1.8817**	1.7996	1.8269

The following table sets forth the impact on revenue, Operating Income 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)	**Q1-2015 versus Q4-2014**	**Q1-2015 versus Q1-2014**
Revenue	**$ 16,155**	**$ 13,686**
Income from operations	**1,701**	**897**
Net income	**$ 2,152**	**$ 2,154**

In addition to the translation impact noted above, the Company recorded a foreign exchange gain of $3.1 million in the first quarter of 2015, compared to a gain of $3.0 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.

3.0 Business Developments

Acquisition of Dhatec B.V.

On January 5, 2015, the Company announced that it had completed the acquisition of Dhatec B.V. ("Dhatec"). Dhatec is a Netherlands based company which designs, assembles and markets engineered pipe logistics products and services which mitigate damage and enhance safety and efficiency in the manufacturing, coating, handling, transportation, preservation and storage of pipe. Dhatec's revenue in 2014 was approximately US$25 million.

Contract to Provide Pipe Coating Services for the GNEA Project in Argentina

On April 22, 2015, the Company announced that its pipe coating division had received two contracts for approximately US$55 million from Tenaris to provide three layer polyethylene anti-corrosion pipeline coatings for the first and second phase of the Argentina Northeast Gas Pipeline (GNEA) project.

This project is owned by ENARSA, an Argentine state-run energy company, and it includes the construction of a gas pipeline that will transport up to 11,200,000 m^3/day of natural gas to locations in northeast Argentina. The execution of these contracts has commenced in ShawCor's coating facilities in Argentina and is expected to be completed by Q1 2016.

4.0 Results from Operations

4.1 Consolidated Information

Revenue

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

(in thousands of Canadian dollars)	Three Months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Pipeline and Pipe Services	**$ 428,814**	$ 458,559	$ 436,799
Petrochemical and Industrial	**44,240**	42,689	42,927
Elimination	**(1,114)**	(1,284)	(644)
Consolidated	**$ 471,940**	$ 499,964	$ 479,082

First Quarter 2015 versus Fourth Quarter 2014

Consolidated revenue decreased $28.0 million, or 6%, from $500.0 million during the fourth quarter of 2014 to $471.9 million during the first quarter of 2015, due to a decrease of $29.7 million in the Pipeline and Pipe Services segment, partially offset by an increase of $1.6 million in the Petrochemical and Industrial segment. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.2 above.

Pipeline and Pipe Services segment revenue decreased by $29.7 million, from $458.6 million in the fourth quarter of 2014 to $428.8 million in the first quarter of 2015, due to lower activity levels in North America, Latin America and EMAR, partially offset by increased activity in Asia Pacific. See *Section 4.2.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Petrochemical and Industrial segment revenue was higher by $1.6 million, or 4%, in the first quarter of 2015, compared to the fourth quarter of 2014, mainly due to higher revenues of $1.3 million in EMAR and Asia Pacific, partially offset by lower activity in the North America region. See *Section 4.2.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

First Quarter 2015 versus First Quarter 2014

Consolidated revenue decreased by $7.1 million, or 2%, from $479.1 million during the first quarter of 2014, to $471.9 million during the first quarter of 2015, due to a decrease of $8.0 million in the Pipeline and Pipe Services segment, partially offset by an increase of $1.3 million in the Petrochemical and Industrial segment. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.2 above.

Pipeline and Pipe Services segment revenue in the first quarter of 2015 was $428.8 million, or 2% lower than in the first quarter of 2014, due to lower revenue in Asia Pacific and Latin America, partially offset by increased activity in North America and EMAR. See *Section 4.2.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Petrochemical and Industrial segment revenue increased by $1.3 million, or 3%, during the first quarter of 2015 compared to the first quarter of 2014, due to higher activity levels in North America and Asia Pacific, partially offset by lower activity in the EMAR region. See *Section 4.2.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Income from Operations

The following table sets forth Operating Income and Operating Margin for the following periods:

(in thousands of Canadian dollars)	Three Months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Operating Income (loss)	**$ 55,616**	$ (20,868)	$ 89,419
Adjusted Operating Income[(a)]	**55,616**	58,131	89,419
Adjusted Operating Margin[(b)]	**$ 11.8%**	$ 11.6%	$ 18.7%

(a) Adjusted Operating Income is Operating Income excluding impairment charges and is a non-GAAP measure. Please refer to Section 12.0 for a reconciliation of non-GAAP measures to GAAP measures.
(b) Adjusted Operating Margin is defined as Adjusted Operating Income divided by revenue and is a non-GAAP measure.

First Quarter 2015 versus Fourth Quarter 2014

During the fourth quarter of 2014, the Company recorded impairment charges of $79.0 million. Excluding these charges, Adjusted Operating Income (refer to *Section 10.0 – Reconciliation of non-GAAP Measures*) was $58.1 million. Adjusted Operating Income in the first quarter of 2015 was $55.6 million and was $2.5 million, or 4%, lower than Adjusted Operating Income in the fourth quarter of 2014. Adjusted Operating income was impacted by a decrease in gross profit of $8.2 million, a $0.6 million lower gain on sale of land and an increase in research and development expenses of $2.6 million. This was partially offset by a decrease in selling, general and administrative ("SG&A") expenses of $6.6 million and an increase in net foreign exchange gains of $2.6 million.

The decrease in gross profit resulted from the decrease in revenue of $28.0 million, as explained above, partially offset by a 0.3 percentage point increase in the gross margin from the fourth quarter of 2014. The increase in the gross margin percentage was primarily due to project and product mix.

SG&A expenses decreased by $6.6 million, from $100.3 million in the fourth quarter of 2014 to $93.7 million in the first quarter of 2015, due in part to lower travel, advertisement and communication expenses of $4.7 million, decreases in rental, building and equipment costs of $1.9 million, in legal and professional consulting of $3.7 million, and a reduction in inventory obsolescence, customs and other expenses of $4.6 million. These sources of SG&A decrease were partially offset by lower management incentive compensation of $8.4 million recorded in the fourth quarter of 2014.

First Quarter 2015 versus First Quarter 2014

Adjusted Operating Income in the first quarter of 2015 was $55.6 million and was $33.8 million, or 38%, lower than in the first quarter of 2014. Adjusted Operating income was impacted by a decrease in gross profit of $29.2 million, higher SG&A expenses of $4.2 million and an increase in amortization of property, plant, equipment and intangible assets of $0.5 million.

The decrease in gross profit resulted in part from the decrease in revenue of $7.1 million, as explained above, and a 5.6 percentage point decrease in gross margin, mainly attributable to lower gross margin in the Pipeline and Pipe Services segment's North America region and in the Asia Pacific region, which had benefitted from high gross margins on several large concrete weight coating projects in the first quarter of 2014.

SG&A expenses increased by $4.2 million in the first quarter of 2015 compared to the first quarter of 2014. The increase in SG&A expenses was partly due to the inclusion of Desert NDT expenses of $5.5 million. Desert NDT was acquired in the third quarter of 2014. In addition, personnel related costs increased $1.1 million, rental and building costs, primarily associated with the increased activity in EMAR, increased $1.1 million, and legal, professional consulting and warranty expenses increased $1.8 million. This was partially offset by a year over year reduction in long term management incentive compensation of $5.2 million.

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		
	March 31, 2015	December 31, 2014	March 31, 2014
Interest income	**$ (200)**	$ (554)	$ (338)
Interest expense, other	**812**	920	829
Interest expense on long- term debt	**3,836**	3,447	3,236
Finance costs, net	**$ 4,448**	$ 3,813	$ 3,727

First Quarter 2015 versus Fourth Quarter 2014

In the first quarter of 2015, net finance cost was $4.4 million, compared to a net finance cost of $3.8 million during the fourth quarter of 2014. The increase in net finance cost was primarily a result of higher interest on long term debt due to the strengthening of the US dollar and lower interest income.

First Quarter 2015 versus First Quarter 2014

In the first quarter of 2015, net finance cost was $4.4 million, compared to a net finance cost of $3.7 million during the first quarter of 2014. The increase in net finance cost was primarily a result of higher interest on long term debt due to the strengthening of the US dollar.

Income Taxes

The following table sets forth the income tax expenses for the following periods:

(in thousands of Canadian dollars)	Three Months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
Income tax (recovery) expense	**$ 12,790**	$ (22,253)	$ 22,571

First Quarter 2015 versus Fourth Quarter 2014

The Company recorded an income tax expense of $12.8 million (25% of income before income taxes) in the first quarter of 2015 compared to an income tax recovery of $22.3 million in the fourth quarter of 2014. Excluding the impact of impairment charges ($97.9 million, deferred tax of $27.9 million in the fourth quarter of 2014), the Company recorded an income tax expense of $5.7 million (11% of income before income taxes) in the fourth quarter of 2014. This effective tax rate in the first quarter of 2015 was lower than the Company's expected effective income tax rate of 27%, primarily due to a portion of the Company’s taxable income being earned in jurisdictions where the tax rate is 25% or less.

First Quarter 2015 versus First Quarter 2014

The Company recorded an income tax expense of $12.8 million (25% of income before income taxes) in the first quarter of 2015 compared to an income tax expense of $22.6 million (27% of income before income taxes) in the comparable period of the prior year. This effective tax rate in the first quarter of 2015 was lower than the Company's expected effective income tax rate of 27%, primarily due to a portion of the Company’s taxable income being earned in jurisdictions where the tax rate is 25% or less.

4.2 Segment Information

4.2.1 Pipeline and Pipe Services Segment

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

(in thousands of Canadian dollars, except Adjusted Operating Margin)	Three Months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
North America	**$ 203,637**	$ 213,514	$ 189,373
Latin America	**37,488**	48,335	43,068
EMAR	**130,879**	151,154	68,748
Asia Pacific	**56,810**	45,556	135,610
Total Revenue	**$ 428,814**	$ 458,559	$ 436,799
Adjusted Operating Income[(a)]	**$ 55,117**	$ 58,251	$ 92,184
Adjusted Operating Margin[(b)]	**12.9%**	12.7%	21.1%

(a) Adjusted Operating Income is Operating Income excluding impairment charges and is a non-GAAP measure. Please refer to Section 10.0 for a reconciliation of non-GAAP measures to GAAP measures.
(b) Adjusted Operating Margin is defined as Adjusted Operating Income divided by revenue and is a non-GAAP measure.

First Quarter 2015 versus Fourth Quarter 2014

First quarter 2015 revenue decreased by $29.7 million to $428.8 million, from $458.6 million in the fourth quarter of 2014. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar, as noted in section 4.1 above, and higher activity levels in the Asia Pacific region. This was more than offset by lower activity levels in North America, EMAR and Latin America:

- In North America, revenue decreased by $9.9 million, or 5%, as a result of lower small diameter pipe coating, lower flexible composite pipe volumes and decreased pipe weld inspection service revenue in the USA.
- Latin America revenue decreased by $10.8 million, or 22%, primarily as a result of lower activity levels in Mexico at both the Coatzacoalcos and Veracruz facilities, partially offset by higher activity at Socotherm's Argentina facilities.
- In EMAR, revenue decreased by $20.3 million, or 13%, primarily due to lower volumes at Ras Al Khaimah, UAE ("RAK"), Leith, Scotland, and at the Socotherm Pozzallo facility. This was partially offset by higher revenues at Orkanger, Norway for several North Sea insulation coating projects.
- In Asia Pacific, revenue increased by $11.3 million, or 25%, mainly due to an increase in pipe coating project activity at the Kuantan, Malaysia facility.

In the first quarter of 2015, Adjusted Operating Income was $55.0 million compared to Adjusted Operating Income of $58.3 million in the fourth quarter of 2014, a decrease of $3.3 million, or 5.5%, as a result of the lower gross profit of $8.2 million, primarily due to the decrease in revenue of $29.8 million, as explained above, partially offset by a 0.5 percentage point increase in the gross margin due to project and product mix. The reduction in gross profit was partially offset by lower SG&A expenses, as explained in section 4.1 above.

First Quarter 2015 versus First Quarter 2014

Revenue was $428.8 million in the first quarter of 2015, a decrease of $8.0 million, or 2%, from $436.8 million in the comparable period of 2014. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar, as noted in section 4.1 above, combined with higher revenue in North America and EMAR. This was more than offset by lower revenue in Asia Pacific and Latin America:

- In North America, revenue increased by $14.3 million, or 8%, due to the addition of approximately $26 million in revenue from the third quarter 2014 acquisition of Desert NDT and higher activity levels in tubular management services in Canada. This was partially offset by lower transmission pipeline weld inspection services revenue in the USA and lower volumes of small diameter pipe coating and composite pipe.

- In Latin America, revenue decreased by $5.6 million, or 13%, primarily due to decreased activity at the pipe coating facilities in Veracruz and Coatzacoalcos, Mexico and in Brazil. This was partially offset by increased activity at Socotherm's Argentina facility.
- EMAR revenue increased by $62.1 million, or 90%, primarily due to higher activity levels at RAK, Orkanger, Norway, the Shah Deniz II project in the Caspian and from Socotherm's Italian facilities. Higher revenue from pipe weld inspection services was also recorded due to the acquisition of SAIS in the UK in the second quarter of 2014. This was partially offset by lower activity at the Leith, Scotland facility where the Edward Greig project was executed in the first quarter of 2014.
- Asia Pacific revenue decreased by $78.8 million, or 58%, primarily due to the lower volumes associated with the completion of the Inpex Ichthys project at both Kabil, Indonesia and Kuantan, Malaysia in 2014.

In the first quarter of 2015, Adjusted Operating Income was $55.0 million, $37.2 million lower than the Adjusted Operating Income of $92.2 million in the first quarter of 2014 due to:

- A decrease in gross profit of $29.5 million partly as a result of the decrease in revenue of $8.0 million, as explained above, and a 6.1 percentage point decrease in gross margin due to unfavourable project mix, particularly in the Asia Pacific region, which had benefitted from high gross margins on the Inpex Ichthys flow assurance project in the first quarter of 2014.
- An increase in SG&A expenses primarily due to the inclusion of $5.5 million of SG&A expenses from the newly acquired Desert NDT business and higher rental and building costs, mainly due to higher activity in the EMAR region.

4.2.2 Petrochemical and Industrial Segment

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

(in thousands of Canadian dollars, except Operating Margin)	Three Months ended		
	March 31, 2015	December 31, 2014	March 31, 2014
North America	**$ 25,506**	$ 26,776	$ 24,030
EMAR	**16,316**	13,860	17,316
Asia Pacific	**2,418**	2,053	1,581
Total Revenue	**$ 44,240**	$ 42,689	$ 42,927
Operating Income	**$ 6,261**	$ 5,792	$ 6,063
Operating Margin	**14.2%**	13.6%	14.1%

First Quarter 2015 versus Fourth Quarter 2014

In the first quarter of 2015, revenue increased by $1.6 million, or 4%, to $44.2 million, compared to the fourth quarter of 2014, primarily due to higher shipments of heat shrink tubing products in North America, EMAR and Asia Pacific, partially offset by lower activity levels in wire and cable products to North American electrical utilities.

Operating Income of $6.3 million in the first quarter of 2015 was $0.5 million, or 8%, higher than in the fourth quarter of 2014. The increase in Operating Income was primarily due to higher gross profit of $0.5 million on higher sales and lower SG&A expenses of $0.5 million, partially offset by a gain on sale of land of $0.6 million recorded in the fourth quarter of 2014.

First Quarter 2015 versus First Quarter 2014

First quarter 2015 revenue totaled $44.2 million compared to $42.9 million in the first quarter of 2014, an increase of $1.3 million, or 3%. The increase was driven by higher heat shrink tubing product volumes in North America and Asia Pacific.

Operating Income in the first quarter of 2015 was $6.3 million compared to $6.1 million in the first quarter of 2014, an increase of $0.2 million. The increase in Operating Income was due to higher gross profit of $0.8 million as a result of higher revenue of $1.3 million, as explained above, and a 0.8 percentage point increase in gross margin, primarily due to more favourable product mix. This was partially offset by higher SG&A expenses of $0.5 million.

4.2.3 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 period:

(in thousands of Canadian dollars)	**Three Months ended**		
	March 31, 2015	December 31, 2014	March 31, 2014
Financial and Corporate	**$ (8,859)**	$ (6,362)	$ (11,859)

First Quarter 2015 versus Fourth Quarter 2014

Financial and corporate costs increased by $2.5 million from $6.4 million during the fourth quarter of 2014 to $8.9 million in the first quarter of 2015. The increase was primarily due to an increase in management incentive compensation expenses of $2.5 million and employee retirement benefits of $2.0 million compared with the fourth quarter of 2014. This was partially offset by a decrease in legal and professional consulting fees of $2.3 million in the first quarter of 2015.

First Quarter 2015 versus First Quarter 2014

Financial and corporate costs decreased by $3.1million from the first quarter of 2014 to $8.9 million in the first quarter of 2015. This was primarily due to lower management incentive compensation expenses of $3.0 million in the first quarter of 2015 versus the prior year.

5.0 Liquidity and Capitalization

The following table sets forth the Company's cash flows by activity and cash balances for the following periods:

(in thousands of Canadian dollars)	Three Months Ended March 31, 2015	2014
Net Income	**$ 38,267**	$ 61,607
Non-cash items	**28,054**	25,796
Settlement of decommissioning obligations	**(6)**	(22)
Settlement of other provisions	**(1,207)**	(1,941)
Change in employee future benefits	**324**	431
Change in non-cash working capital and foreign exchange	**(49,137)**	(68,588)
Cash provided by operating activities	**16,295**	17,283
Cash used in investing activities	**(33,949)**	(34,363)
Cash used in financing activities	**(11,250)**	(5,601)
Effect of foreign exchange on cash and cash equivalents	**9,967**	1,831
Net decrease in cash and cash equivalents	**(18,937)**	(20,850)
Cash and cash equivalents, beginning of period	**116,556**	79,395
Cash and Cash Equivalents at End of period	**$ 97,619**	$ 58,545

The Company expects to generate sufficient cash flows and have continued access to its credit facilities to meet contractual obligations and planned development and growth initiatives as and when they are required. The Company expects that working capital investment will be required to support revenue growth consistent with historical working capital measures as noted in Section 5.4. The Company typically utilizes its available cash balances and its committed credit facilities to fund working capital requirements.

5.1 Cash Provided by Operating Activities

First Quarter 2015 versus First Quarter 2014

Cash provided by operating activities was $16.3 million in the first quarter of 2015, a decrease of $1.0 million, from $17.3 million in the first quarter of 2014. The decrease was due to a reduction in net income for the period of $23.3 million, partially offset by an increase in non-cash items of $2.3 million and a reduction in cash used in non-cash working capital and foreign exchange of $19.5 million. The change in the movement of non-cash working capital and foreign exchange reflected a decrease in the growth of accounts receivable of $53.2 million, an increase in deferred revenue of $14.6 million and a change in the movement of foreign exchange of $21.1 million. This was partially offset by an increase in inventories of $25.9 million, a decrease in accounts payable and accrued liabilities of $19.5 million and a decrease in income tax payable of $19.6 million. Net income decreased primarily due to the reasons as discussed in section 2.1 above.

5.2 Cash Used in Investing Activities

First Quarter 2015 versus First Quarter 2014

Cash used in investing activities decreased by $0.4 million, from $34.4 million in the first quarter of 2014 to $33.9 million in the first quarter of 2015. Increased spending on business acquisitions of $17.0 million, short-term investments of $2.1 million and purchase of property, plant and equipment of $2.6 million during the first quarter of 2015 was offset by lower amounts invested in associates of $23.7 million and a reduction in the settlement of loans receivable of $1.0.

5.3 Cash Used in Financing Activities

First Quarter 2015 versus First Quarter 2014

Cash used in financing activities increased by $5.6 million, from $5.6 million in the first quarter of 2014 to $11.3 million in the first quarter of 2015. This was mainly due to a reduction in the issuance of share capital of $3.3 million and $2.2 million of higher dividend payments in the first quarter of 2015 as compared to the first quarter of 2014.

5.4 Liquidity and Capital Resource Measures

Accounts Receivables

The following table sets forth the Company's average trade accounts receivable – net balance and days sales outstanding in trade accounts receivables (″DSO″) as at:

(in thousands of Canadian dollars, except DSO)		**March 31, 2015**		December 31, 2014		Change
Average trade accounts receivable	**$**	**311,051**	$	341,218	$	(30,167)
DSO[a]		**59**		61		(2)

(a) DSO, a non-GAAP measure, is the average number of days that trade accounts receivables-net (which excludes unbilled and other receivables) are outstanding based on a 90 day cycle. The Company's method of calculating this measure may differ from other entities and as a result may not necessarily be comparable to measures used by other entities. See *Section 10.0 – Reconciliation of Non-GAAP Measures* for additional information with respect to DSO.

Average trade accounts receivables decreased by $30.2 million from $341.2 million as at December 31, 2014 to $311.1 million as at March 31, 2015 as a result of decreased revenue in the first quarter of 2015 compared with the fourth quarter of 2014. DSO decreased by 2 days from 61 during the fourth quarter of 2014 to 59 during the first quarter of 2015.

Inventories

The following table sets forth the Company's inventories balance as at:

(in thousands of Canadian dollars)		**March 31, 2015**		December 31, 2014		Change
Inventories	**$**	**211,321**	$	194,732	$	16,589

Inventories increased by $16.6 million from $194.7 million as at December 31, 2014 to $211.3 million as at March 31, 2015, as a result of increases in raw materials of $6.7 million, work-in-process of $5.7 million and finished goods inventory of $2.8 million.

Accounts Payable

The following table sets forth the Company's average accounts payable balance and days of purchases outstanding in accounts payable and accrued liabilities (″DPO″) as at:

(in thousands of Canadian dollars, except DPO)		**March 31, 2015**		December 31, 2014		Change
Average accounts payable and accrued liabilities	**$**	**255,521**	$	261,088	$	(5,567)
DPO[a]		**76**		73		3

(a) DPO, a non-GAAP measure, is the number of days from when purchased goods and services are received until payment is made to the suppliers based on a 90 day cycle. The Company's method of calculating this measure may differ from other entities and as a result may not necessarily be comparable to measures used by other entities. See *Section 10.0 – Reconciliation of Non-GAAP Measures*, for additional information with respect to DPO.

Average accounts payable and accrued liabilities decreased by $5.5 million from $261.1 million as at December 31, 2014, to $255.5 million as at March 31, 2015. DPO increased by 3 days from 2014 levels, due to changes in the timing of purchases in the first quarter of 2015 compared with the fourth quarter of 2014.

5.5 Unsecured Credit Facilities

(in thousands of Canadian dollars)		March 31, 2015		December 31, 2014
Bank indebtedness	**$**	**6,103**	$	4,685
Standard letters of credit for performance, bid and surety bonds		**129,113**		137,667
Total utilized credit facilities		**135,216**		142,352
Total available credit facilities[(a)]		**569,025**		523,305
Unutilized credit facilities	**$**	**433,809**	$	380,953

(a) The Company guarantees the bank credit facilities of its subsidiaries.

On March 20, 2013, the Company renewed its Unsecured Committed Bank Credit Facility ("Credit Facility") for a period of five years, with terms and conditions similar to the prior agreement, except that the maximum borrowing limit was raised by U.S. $100 million from U.S. $150 million to U.S. $250 million, with an option to increase the credit limit to U.S. $400 million with the consent of lenders. On June 16, 2014, the option to increase the credit limit to U.S. $400 million was exercised with the consent of the lenders and a new option to increase the credit limit to U.S. $550 million with the consent of the lenders was added. The Company pays a floating interest rate on this credit facility that is a function of the Company's total debt to Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") ratio. Allowable credit utilization outside of this facility is U.S. $50 million.

Debt Covenants

The Company has undertaken to maintain certain covenants in respect of its Credit Facility. Specifically, the Company is required to maintain an Interest Coverage Ratio (EBITDA plus rental payments divided by interest expense plus rental payments) of more than 2.5 to 1 and a debt to total EBITDA ratio of less than 3.00 to 1. The Company was in compliance with these covenants as at March 31, 2015 and December 31, 2014.

These debt covenants are non-GAAP measures and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP measures do not have standardized meanings prescribed by IFRS and are not necessarily comparable to similarly titled measures of other entities. See *Section 10.0 – Reconciliation of Non-GAAP Measures*, for additional information with respect to these debt covenants.

5.6 Long-Term Debt ("Senior Notes")

The total long-term debt balance as at March 31, 2015 is $442.5 million (U.S. $350.0 million) {December 31, 2014 - $406.9 million (U.S. $350.0 million)}. The long-term debt has been designated as a hedge of the Company's net investment in a U.S. dollar functional currency subsidiary as described in section 5.8 below.

Financial Ratios

The Company has undertaken to maintain certain covenants in respect of the long-term debt that are consistent with the debt covenants described for the Company’s Credit Facility.

The Company was in compliance with these covenants as at March 31, 2015 and December 31, 2014.

5.7 Contingencies and Off Balance Sheet Arrangements

Commitments and Contingencies

As part of the Company’s normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. The following table summarizes these future payments required in respect of the Company's contractual obligations:

(in thousands of Canadian dollars)	2015	2016	2017	2018	2019	After 2019	Total
Purchase commitments	$59,087	$ –	$ –	$ –	$ –	$ –	$59,087
Bank indebtedness	6,103	–	–	–	–	–	6,103
Loans payable	52	43	–	–	–	–	95
Accounts payable	88,258	–	–	–	–	–	88,258
Deferred purchase consideration	3,906	–	–	–	–	–	3,906
Long-term debt	–	–	–	–	–	442,468	442,468
Finance costs on long-term debt	7,906	15,813	15,813	15,813	15,813	82,378	153,536
Obligations under finance leases	1,697	1,372	1,297	1,297	1,297	11,298	18,258
Operating leases	16,990	13,377	9,856	7,592	5,169	12,044	65,028
Total contractual obligations	**$183,999**	**$30,605**	**$26,966**	**$24,702**	**$22,279**	**$548,188**	**$836,739**

Legal Claims

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and other third parties. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

Performance, Bid and Surety Bonds

The Company provides standby letters of credit and performance, bid and surety bonds through financial intermediaries to various customers in support of project contracts for the successful execution of these contracts. If the Company fails to perform under the terms of the contract, the customer has the ability to draw upon all or a portion of the letter of credit or bond as compensation for the Company’s failure to perform. The contracts that these letters of credit and bonds support generally have a term of one to three years, but could extend up to four years. Bid bonds typically have a term of less than one year and are renewed, if required, over the term of the applicable contract. Historically, the Company has not made and does not anticipate that it will be required to make material payments under these types of letters of credit and bonds.

The Company’s utilizes its credit facilities to support the Company’s bonds. The Company had utilized credit facilities of $129.1 million as at March 31, 2015 (December 31, 2014 – $137.7 million) for support of its bonds. In addition, as at March 31, 2015, the Company had $118.9 million of outstanding surety bonds through insurance companies (December 31, 2014 – $108.4 million).

5.8 Financial Instruments and Other Instruments

Fair Value

IFRS 13, Fair Value Measurement, provides a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs are those which reflect market data obtained from independent sources, while unobservable inputs reflects the Company’s assumptions with respect to how market participants would price an asset or liability. These two inputs used to measure fair value fall into the following three different levels of the fair value hierarchy:

Level 1 Quoted prices in active markets for identical instruments that are observable.

Level 2 Quoted prices in active markets for similar instruments; inputs other than quoted prices that are observable and derived from or corroborated by observable market data.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs are unobservable.

The hierarchy requires the use of observable market data when available.

The following table presents the fair value hierarchy levels for the financial assets and liabilities as at March 31, 2015:

(in thousands of Canadian dollars)	Fair Value	Level 1	Level 2	Level 3
Assets				
Cash and cash equivalents	$ **97,619**	$ **97,619**	$ –	$ –
Short-term investments	**1,694**	**1,694**	–	–
Derivative financial instruments	**3,840**	**–**	**3,840**	–
Convertible preferred shares	**10,000**	**–**	–	**10,000**
Deposit guarantee	**934**	**–**	**934**	**–**
	$ **114,087**	$ **99,313**	$ **4,774**	$ **10,000**
Liabilities				
Bank indebtedness	$ **6,103**	$ **6,103**	$ –	$ –
Deferred purchase consideration	**3,906**	–	**3,906**	–
Long-term debt	**442,468**	–	**442,468**	–
Derivative financial instruments	**1,752**	–	**1,752**	–
	$ **454,229**	$ **6,103**	$ **448,126**	$ **–**

The derivative financial instruments relate to foreign exchange forward contracts entered into by the Company (as described below) and are valued by comparing the rates at the time the derivatives are acquired to the period-end rates quoted in the market.

Financial Risk Management

The Company's operations expose it to a variety of financial risks including market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of Company management. Material risks are monitored and are regularly reported to the Board of Directors.

Foreign Exchange Risk

The majority of the Company's business is transacted outside of Canada through subsidiaries operating in several countries. The net investments in these subsidiaries as well as their revenue, operating expenses and non-operating expenses are based in foreign currencies. As a result, the Company's consolidated revenue, expenses and financial position may be impacted by fluctuations in foreign exchange rates as these foreign currency items are translated into Canadian dollars. As at March 31, 2015, fluctuations of +/- 5% in the Canadian dollar, relative to those foreign currencies, would impact the Company's consolidated revenue, income from operations, and net income (attributable to shareholders of the Company) for the quarter ended by approximately $17.8 million, $2.9 million and $2.2 million, respectively, prior to hedging activities. In addition, such fluctuations would impact the Company's consolidated total assets, consolidated total liabilities and consolidated total equity by $78.7 million, $19.3 million and $59.4 million, respectively.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures associated with the Company's foreign currency-denominated cash streams and the resulting variability of the Company's earnings. The Company utilizes foreign exchange forward contracts to manage this foreign exchange risk. The Company does not enter into foreign exchange contracts for speculative purposes. With the exception of the Company's U.S. dollar based operations, the Company does not hedge translation exposures.

Foreign Exchange Forward Contracts

The Company utilizes financial instruments to manage the risk associated with foreign exchange rates. The Company formally documents all relationships between hedging instruments and the hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions.

The following table sets out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement of these contracts as at March 31, 2015:

(in thousands, except weighted average rate amounts)	
Canadian dollars sold for U.S. dollars	
Less than one year	CAD$ 15,018
Weighted average rate	0.83
U.S. dollars sold for Canadian dollars	
Less than one year	US$ 14,400
Weighted average rate	1.15
U.S. dollars sold for Euros	
Less than one year	US$ 258
Weighted average rate	0.89
Euros sold for U.S. dollars	
Less than one year	€ 59,889
Weighted average rate	1.11
British pounds sold for U.S. dollars	
Less than one year	£2,584
Weighted average rate	1.55
Norwegian Kroners sold for U.S. dollars	
Less than one year	NOK 136,109
Weighted average rate	0.12
Malaysian Ringgits sold for U.S. dollars	
Less than one year	MYR 29,598
Weighted average rate	0.27

The Company does not apply hedge accounting to account for its foreign exchange forward contracts.

As at March 31, 2015, the Company had notional amounts of $150.3 million of forward contracts outstanding (December 31, 2014 – $130.9 million) with the fair value of the Company's net gain from all foreign exchange forward contracts totalling $2.1 million (December 31, 2014 – $4.7 million net gain).

Net Investment Hedge

The Company’s Senior Notes have been designated as a hedge of the net investment in one of the Company's subsidiaries, which has the U.S. dollar as its functional currency. During the quarter ended March 31, 2015, a loss of $35.6 million on the translation of the Senior Notes was transferred to other comprehensive income to offset the losses on translation of the net investment in the subsidiary. There was no ineffectiveness of this hedge for the quarter ended March 31, 2015.

Interest Rate Risk

The following table summarizes the Company’s exposure to interest rate risk as at March 31, 2015:

(in thousands of Canadian dollars)	Non-Interest Bearing	Floating Rate	Fixed Interest Rate	Total
Financial assets				
Cash equivalents	**$ –**	**$ –**	**$ 20,748**	**$ 20,748**
Short-term investments	**1,694**	**–**	**–**	**1,694**
Loans receivable	**241**	**4,782**	**2,431**	**7,454**
Convertible preferred shares	**10,000**	**–**	**–**	**10,000**
	$ 11,935	**$ 4,782**	**$ 23,179**	**$ 39,896**
Financial liabilities				
Bank indebtedness	**$ –**	**$ 6,103**	**$ –**	**$ 6,103**
Loans payable	**95**	**–**	**–**	**95**
Long-term debt	**–**	**–**	**442,468**	**442,468**
	$ 95	**$ 6,103**	**$ 442,468**	**$ 448,666**

The Company's interest rate risk arises primarily from its floating rate bank indebtedness and long-term notes receivable and is not currently considered to be material.

Credit Risk

Credit risk arises from cash and cash equivalents held with banks, forward foreign exchange contracts, as well as credit exposure of customers, including outstanding accounts receivable. The maximum credit risk is equal to the carrying value of the financial instruments.

For the quarter ended March 31, 2015, the Company had no customer who generated revenue greater than 10% of total consolidated revenue.

Liquidity Risk

The Company's objective in managing liquidity risk is to maintain sufficient, readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents and through the availability of funding from committed credit facilities. As at March 31, 2015, the Company had cash and cash equivalents totalling $97.6 million (December 31, 2014 – $116.6 million) and had unutilized lines of credit available to use of $433.8 million (December 31, 2014 - $381.0 million).

5.9 Outstanding Share Capital

As at May 8, 2015, the Company had 64,498,619 common shares outstanding. In addition, as at May 8, 2015, the Company had stock options and share units outstanding to purchase up to 1,696,214 common shares.

5.10 Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

5.11 Transactions with Related Parties

The Company had no material transactions with related parties in the first quarter of 2015. All related party transactions were in the normal course of business.

6.0 Critical Accounting Estimates and Accounting Policy Developments

6.1 Critical Accounting Estimates

The preparation of the interim unaudited consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts of assets, liabilities and contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are made with management's best judgment given the information available at the time; however, actual results could differ from the estimates.

Critical estimates used in preparing the consolidated financial statements include:

Long-lived Assets and Goodwill

As at March 31, 2015, the Company had $1,099 million of long-lived assets and goodwill. The Company evaluates the carrying values of the Cash Generating Units ("CGUs") containing goodwill on an annual basis on October 31 of each year to determine whether or not impairment of these assets has occurred and whether write downs of the value of these assets are required. Similarly, the Company evaluates the carrying values of CGUs for long-lived assets whenever circumstances arise that could indicate impairment or reversal of impairment, at each reporting date. These impairment tests include certain assumptions regarding discount rates and future cash flows generated by these assets in determining the value-in-use and fair value less costs to sell calculations. Actual results could differ from these assumptions.

Employee Future Benefit Obligations

As at March 31, 2015, the Company had $26.9 million of employee future benefit obligations. The Company provides future benefits to its employees under a number of defined benefit arrangements. The calculation of the defined benefit obligation recognized in the unaudited interim consolidated financial statements include a number of assumptions regarding discount rates, rates of employee compensation increases, rates of inflation, and life expectancies. The outcome of any of these factors could differ from the estimates used in the calculations and have an impact on operating expenses, non-current assets and non-current liabilities.

Provisions and Contingent Liabilities

As at March 31, 2015, the Company had $56.4 million of provisions; of this amount $16.6 million was included in current liabilities and $39.8 million was included in non-current liabilities. Provisions and liabilities for legal and other contingent matters are recognized in the period when it becomes probable that there will be a future outflow of economic benefits resulting from past operations or events and the amount of the cash outflow can be reliably measured. The timing of recognition and measurement of the provision requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

The Company is required to determine whether a loss is probable based on judgment and interpretation of laws and regulations and whether the loss can be reliably measured. When a loss is determined, it is charged to the interim consolidated statement of income. The Company must continually monitor known and potential contingent matters and make appropriate provisions by charges to income when warranted by circumstances

Decommissioning Liabilities

As at March 31, 2015, the Company had decommissioning liabilities in the amount of $26.3 million; of this amount $3.8 million was included in the current provisions account and $22.6 million was recorded in the non-current provisions account. Decommissioning liabilities include legal and constructive obligations related to owned and leased facilities. These have been recorded in the interim unaudited consolidated financial statements based on estimated future amounts required to satisfy these obligations. The amount recognized is the present value of estimated future expenditures required to settle the obligation using a current pre-tax risk free rate. A corresponding asset equal to the present value of the initial estimated liability is capitalized as part of the cost of the related long-lived asset. Changes in the estimated liability resulting from revisions to estimated timing or future decommissioning cost estimates are recognized as a change in the decommissioning liability and the related long-lived asset. The amount capitalized in property, plant and equipment is depreciated on a straight line basis over the useful life of the related asset. Increases in the decommissioning liabilities resulting from the passage of time are recognized as a finance cost in the interim consolidated statement of income. Actual expenditures incurred are charged against the accumulated decommissioning liability.

Income Taxes

The recording of income tax expense includes certain estimations related to the impact in the current year of future events. Differences between the estimated and actual impact of these events could impact tax expense, current taxes payable or deferred taxes. In particular, earnings and losses in foreign jurisdictions may be taxed at rates different from those expected in Canada.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to taxable income and tax expense already recorded. The Company establishes liabilities, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such liabilities is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the respective companies.

6.2 Accounting Standards Issued but Not Yet Applied

IFRS 9, Financial Instruments

IFRS 9, as issued, by the International Accounting Standards Board ("IASB") replaces *IAS 39* regarding the recognition and measurement of financial assets and financial liabilities. The standard is effective for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of this standard on the interim consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued *IFRS 15*, which covers principles for reporting about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. *IFRS 15* is effective for annual periods beginning on or after January 1, 2017. The Company is in the process of reviewing the standard to determine the impact on the interim consolidated financial statements.

IAS 16 – Property, Plant and Equipment and IAS 38 – Intangibles

In May 2014, the IASB issued amendments to *IAS 16* and *IAS 38*, prohibiting the use of revenue based depreciation for property, plant and equipment and significantly limiting the use of revenue based amortization for intangible assets. These amendments are effective for annual periods beginning on or after January 1, 2016, and are to be applied prospectively. The Company is in the process of reviewing the amendments to determine the impact on the interim consolidated financial statements

IAS 19 – Employee future benefits

IAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after 1 July 2014. The Company is in the process of reviewing the amendments to determine the impact on the consolidated financial statements.

7.0 Outlook

In the Company's 2014 Management Discussion and Analysis, it was noted that the decline in global oil prices that started in the fourth quarter of 2014 was expected to cause a decline in drilling and well completions in 2015 which would likely cause ShawCor's revenue to decline on a year over year basis with the impact of the downturn primarily focused on the Company's activity in North America. The Company also noted that any decrease in North American small diameter pipe coating, composite pipe, or gathering line weld inspection revenue would be expected to have an overall dilutive effect on consolidated operating margins given prevailing margin levels in these businesses and due to the negative effects of facility and crew utilization on the absorption of fixed costs. The Company has seen the initial impacts of the softening of market demand in North America and expects the reduction in activity to accelerate significantly in the second quarter. Contributing to the likelihood of severely reduced second quarter earnings performance are the cost reduction measures being undertaken by ShawCor to reduce cost structures in business units exposed to the downturn and at the corporate level. These cost reduction measures will benefit the second half of 2015 but will impact the second quarter as severance and related provisions are recorded.

During the second half of 2015, the Company's performance will be affected by the extent to which North American oilfield activity stabilizes and by the Company's execution of the large pipe coating projects that are in the order backlog. At March 31, 2015, the order backlog at $703 million had decreased from $766 million at the start of the year but remains at a level which provides good support for 2015 activity levels, particularly in the Company's EMAR region which accounts for over 54% of the current order backlog. Further detail on the outlook for the Pipeline and Pipe Services segment by region and in the Petrochemical and Industrial segment is set out below:

Pipeline and Pipe Services Segment - North America

In the first quarter of 2015, ShawCor's North American Pipeline segment businesses began to experience the expected decline in revenue as the decline in global oil and gas prices impacted the completion of new oil and gas wells. In the second half of 2014, ShawCor's businesses that are leveraged to North American well completions, specifically small diameter pipe coating and joint protection, Flexpipe composite pipe, Guardian OCTG pipe inspection and refurbishment and Desert NDT gathering line girth weld inspection, generated approximately $500 million in annualized revenue. The decrease in the number of wells completed can be expected to have an impact on the revenue level, and with the number of drilling rigs active in North America now decreased by in excess of 50% from peak 2014 levels, we expect that these revenues will be impacted significantly. The full impact of the rig count decrease will be seen in the second quarter of 2015 with the potential for stabilization at a low level of activity in the second half of this year.

In contrast to the weakness in North American oilfield activity, the continued build out and refurbishment of North American large diameter transmission pipeline infrastructure is an area of strength within the Company's global operations, and it is expected that the Company's North American large diameter pipe coating and pipeline integrity management businesses will continue in 2015 to generate revenue consistent with 2014 and with the potential for further growth in 2016 and beyond.

Pipeline and Pipe Services Segment - Latin America

With the planned ramp up of activity at the Company's pipe coating operations in Argentina to execute the $55 million GNEA project, the Company expects that the Latin America region should generate revenue in line with 2014, as the growth in Argentina offsets modestly lower activity levels in Mexico and a curtailment of activity in Brazil as a result of long term deferrals in deepwater insulation coating projects.

Pipeline and Pipe Services Segment - EMAR

Based on the current backlog and customer indications, the Company's EMAR region should produce strong revenue and operating earnings growth in 2015 over 2014 levels, with revenue potentially reaching the $500 million level. Primary drivers of growth will be the large pipe coating projects that have been booked for BP's Shah Deniz gas field development in Azerbaijan, combined with pipe coating and joint protection projects for the two South Stream gas pipelines in the Black Sea. As of March 31, 2015, the Shah Deniz projects are expected to provide over US$500 million in pipe coating revenue to ShawCor with revenue of approximately US$190 million planned for execution in the second through fourth quarters of 2015. Expected revenue in 2015 from the South Stream pipeline projects is approximately $114 million. This work is presently under suspension pursuant to the contract terms. The timing of the execution of this work is subject to significant risk, including the risk that the project may be cancelled.

Pipeline and Pipe Services Segment - Asia Pacific

As indicated by first quarter 2015 revenue of $57 million, the Asia Pacific region has reverted to historical levels of revenue in the annual range of $150 to $200 million following completion of the Inpex Ichthys and Wheatstone Australian LNG projects. Although the Company has visibility on a number of large projects in the region, these projects are not expected to become production opportunities in 2015 and thus 2015 activity, particularly in the second half of the year, will relate to smaller projects associated with production tie backs or infrastructure maintenance in the various South East Asia markets in which the Company competes.

Petrochemical and Industrial Segment

ShawCor's Petrochemical and Industrial segment businesses are significantly exposed to demand in the North American and European automotive, industrial and nuclear refurbishment markets. The Company expects that demand in the global industrial markets served by the Petrochemical and Industrial segment businesses will enable the Company to achieve modest growth in both revenue and operating income in 2015 compared with 2014 as a result of growth in global automotive and industrial markets offsetting weakness in Western Canadian wire and cable shipments for oil sands developments.

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. The order backlog at March 31, 2015 decreased to $703 million from $766 million at December 31, 2014, but remains higher than the level a year ago of $642 million. Note that the backlog includes booked orders relating to pipe coating and joint protection for the South Stream pipelines that are currently under suspension. The value of these orders included in the backlog is approximately $114 million and the risk exists that the orders could be cancelled or that project execution could be delayed beyond 2015.

In addition to the backlog, the Company closely monitors its bidding activity with the value of outstanding firm bids increasing in the first quarter to a value in excess of $1 billion. Including projects for which the Company has provided budgetary estimates, the Company is currently working with customers on projects with aggregate values of approximately $2 billion. This level of project activity is very strong, however, it must be noted that infrastructure projects globally are increasingly being reassessed by global energy companies who are seeking to reduce capital costs and project execution risks. The Company remains optimistic that the additional time being invested to ensure project success will ultimately enable these projects to proceed with the resulting potential for backlog growth beyond 2015.

8.0 Risks and Uncertainties

Operating in an international environment, servicing predominantly the oil and gas industry, ShawCor faces a number of business risks and uncertainties that could materially and adversely affect the Company's projections, business, results of operations and financial condition. During 2014, ShawCor was awarded several contracts, currently under suspension, in connection with the South Stream Offshore Pipeline Project. As noted in section 7.0, the risk exists that these contracts could be cancelled. There were no other material changes in the nature or magnitude of such business risks during the quarter. A more complete outline of the risks and uncertainties facing the Company is included in the annual MD&A contained in the Company's 2014 Annual Report.

9.0 Environmental Matters

As at March 31, 2015, the provisions on the consolidated balance sheet related to environmental matters and included as decommissioning liability obligations were $26.3 million. The Company believes these provisions to be sufficient to fully satisfy all liabilities related to known environmental matters.

The total undiscounted cash flows estimated to settle all decommissioning liabilities is $43.0 million as at March 31, 2015. The current pre-tax risk-free rates at which the estimated cash flows have been discounted range between 0.33% and 7.69%. Settlement for all decommissioning liabilities is expected to be funded by future cash flows from the Company's operations.

The Company expects the following cash outflows over the next five years and thereafter for decommissioning liabilities.

(in thousands of Canadian dollars)		
2015	$	**3,760**
2016		**4,751**
2017		**929**
2018		**4,644**
2019		**1,165**
More than five years		**27,767**
	$	**43,016**

10.0 Reconciliation of Non-GAAP Measures

The Company reports on certain non-GAAP measures that are used to evaluate its performance and segments, as well as to determine compliance with debt covenants and to manage the capital structure. Non-GAAP measures do not have standardized meanings prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. The following is a reconciliation of the non-GAAP measures reported by the Company.

EBITDA and Adjusted EBITDA

(in thousands of Canadian dollars)		Three Months Ended March 31,	
		2015	2014
Net income for the period	$	**37,774**	61,947
Add:			
Income taxes expense		**12,790**	22,571
Finance costs, net		**4,448**	3,727
Amortization of property, plant, equipment and intangible assets		**18,720**	18,241
EBITDA[(a)]	$	**73,732**	106,486
Non-controlling interests		**493**	(340)
ADJUSTED EBITDA[(a)]	$	**74,225**	106,146

(a) Adjusted EBITDA and EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools.

EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is also a non-GAAP measure defined as EBITDA adjusted for non-operational items and non-controlling interest. The Company believes that EBITDA and Adjusted EBITDA are useful supplemental measures that provide a meaningful indication of the Company's results from principal business activities prior to the consideration of how these activities are financed or the tax impacts in various jurisdictions. The Company presents Adjusted EBITDA as a measure of EBITDA that excludes the impact of transactions that are outside the Company’s normal course of business and adjusted for non-controlling interest.

Adjusted Operating Income

The following table sets forth the adjusted Operating Income for the following periods:

(in thousands of Canadian dollars)	Three Months ended					
		March 31, 2015		December 31, 2014		March 31, 2014
Income (loss) from Operations	$	**55,616**	**$**	(20,868)	$	89,419
Add:						
Impairment		**–**		78,999		–
Adjusted Operating Income	**$**	**55,616**	**$**	58,131	**$**	89,419

Days Sales Outstanding ("DSO")

DSO is defined as the number of days trade accounts receivable are outstanding based on a 90 day cycle and is calculated by dividing the average trade accounts receivable balance for the quarter by the revenue for that same quarter, and multiplying by 90 days. DSO approximates the measure of the average number of days from when the Company recognizes revenue until the cash is collected from the customer. The following table sets forth the calculation for the Company's DSO as at:

(in thousands of Canadian dollars, except DSO)	**March 31, 2015**	December 31, 2014
Revenue for the quarter	**$ 471,940**	$ 499,964
Average trade accounts receivable	**$ 311,051**	$ 341,218
DSO	**59**	61

Days Payables Outstanding ("DPO")

DPO is defined as the average number of days from when purchased goods and services are received until payment is made to the suppliers based on a 90-day cycle and is calculated by dividing the average accounts payable and accrued liabilities for the quarter by the cost of goods sold for that same quarter, and multiplying by 90 days. The following table sets forth the calculation for the Company's DPO as at:

(in thousands of Canadian dollars, except DPO)	**March 31, 2015**	December 31, 2014
Cost of goods sold and services rendered for the quarter	**$ 302,915**	$ 322,725
Average accounts payable and accrued liabilities	**$ 255,521**	$ 261,088
DPO	**76**	73

11.0 Summary of Quarterly Results

The following is a summary of selected financial information for the nine most recently completed quarters:

(in thousands of Canadian dollars, except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue					
2015	**471,940**	–	–	–	–
2014	479,082	441,386	469,597	499,964	1,890,029
2013	454,681	457,261	525,848	409,759	1,847,549
Income (loss) from operations					
2015	**55,616**	–	–	–	–
2014	89,419	69,193	10,932	(20,868)	148,676
2013	88,622	80,331	106,146	48,358	323,457
Net income (loss)[(a)]					
2015	**37,774**	–	–	–	–
2014	61,947	47,949	5,617	(20,652)	94,861
2013	70,595	53,914	72,956	22,397	219,862
Income from operations per share[(b)]					
Basic					
2015	**0.86**	–	–	–	–
2014	1.49	1.15	0.18	(0.32)	2.42
2013	1.29	1.35	1.78	0.81	5.22
Diluted					
2015	**0.86**	–	–	–	–
2014	1.48	1.14	0.18	(0.32)	2.41
2013	1.27	1.34	1.76	0.81	5.16
Net income (loss) per share[(b)]					
Basic					
2015	**0.59**	–	–	–	–
2014	1.03	0.80	0.09	(0.32)	1.55
2013	1.02	0.91	1.22	0.37	3.55
Diluted					
2015	**0.58**	–	–	–	–
2014	1.03	0.79	0.09	(0.32)	1.53
2013	1.01	0.90	1.21	0.37	3.51

(a) Represents the net income attributable to shareholders of the Company.
(b) Based on the Class A and Class B shares for periods up to March 20, 2013; based on the common shares thereafter.

The following are key factors affecting the comparability of quarterly financial results.

The Company's operations in the Pipeline and Pipe Services segment, representing approximately 91% of the Company's consolidated revenue, are largely project-based. The nature and timing of projects can result in variability in the Company's quarterly revenue and profitability. In addition, certain of the Company’s operations are subject to a degree of seasonality, particularly in the Pipeline and Pipe Services market segment. The comparability of the quarterly information disclosed above is also impacted by movements in exchange rates as the majority of the Company’s revenue is transacted in currencies other than Canadian dollars, primarily U.S. dollars. Changes in the rates of exchange between the Canadian dollar and other currencies could have a significant effect on the amount of this revenue when it is translated into Canadian dollars.

12.0 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" and "forward looking statements" (collectively "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 sufficiency of resources, capacity and capital to meet market demand, to meet contractual obligations and to execute the Company's development and growth strategy, the sufficiency of the Company's human resources, systems and processes to operate its business and execute its strategic plan, the impact of the existing order backlog and other factors on the Company's revenue and Operating Income in 2015, the impact of any potential cancellation of contracts included in the order backlog, and in the longer term, the impact of global economic activity on the demand for the Company's products, the impact of the decline in global oil and gas commodity prices on the level of industry investment in oil and gas infrastructure, the impact of the Desert acquisition on future earnings per share, 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 instability in Argentina and Azerbaijan and the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation matters and other claims 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: the impact on the Company of reduced demand for its products and services as a result of lower investment in global oil and gas extraction and transportation activity following the significant decline in the global price of oil and gas in the fourth quarter of 2014 and early 2015, long term changes in global or regional economic activity and changes in energy supply and demand, which impact on the level of global pipeline infrastructure 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" and included 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 global oil and gas prices, global economic recovery, increased investment in global energy infrastructure, the Company's ability to execute projects under contract, the reactivation of the South Stream contracts, 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, the maintenance of operations in major oil and gas producing regions and the ability of the Company to satisfy all covenants under its credit facilities and the Senior Notes. 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.

To the extent any forward looking information in this document constitutes future oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future oriented financial information and financial outlooks, as with forward looking information generally, are based on the assumptions and subject to the risks noted above.

13.0 Additional Information

Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

May 12th, 2015