August 6th, 2015

SHAWCOR LTD.
(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2015 RESULTS

- Second quarter revenue of $398 million was 10% lower than the $441 million reported in the second quarter of 2014. Revenue also decreased by 16% from the $472 million reported in the first quarter of 2015.
- Adjusted EBITDA before restructuring charges in the second quarter was $27.9 million, a decrease of 66% from the $83 million reported in the second quarter of 2014 and a decrease of 62% from the $74.2 million reported in the first quarter of 2015.
- Net income (attributable to shareholders of the Company) before restructuring charges (net of tax) in the second quarter of 2015 was $2.4 million (or $0.04 per share diluted) compared with net income of $48 million (or $0.79 per share diluted) in the second quarter of 2014 and net income of $38.3 million (or $0.58 per share diluted) in the first quarter of 2015.
- The Company's order backlog was $608 million at June 30, 2015, down from $703 million at March 31, 2015.

Mr. Steve Orr, Chief Executive Officer of ShawCor Ltd. remarked "As expected, ShawCor's second quarter results from operations were significantly lower than both prior year and first quarter 2015 levels. Revenue and operating margins were negatively impacted by low levels of activity in the Asia Pacific region and in North America where the severe decline in well completions had a detrimental effect on several of the Company's businesses. In addition, the Company recorded restructuring costs of $15 million as a result of reducing its global workforce and for closing redundant facilities. In order to respond to continued lower wellhead associated activity and to implement organization realignment to better service our customers, we have moved forward aggressively to complete significant restructuring actions this quarter. These actions combined with our strong balance sheet and strategic positioning bring confidence that we will be able to make progress on our longer term growth strategy, independent of the commodity cycle."

Mr. Orr added "Although market conditions remain highly challenging, we have strong reason to believe that the Company's operational performance will improve in the second half of 2015. In our Europe, Middle East, Africa and Russia ("EMAR") region, we are now in full production on the $200 million Shah Deniz Stage 2 development project and we will shortly recommence production on portions of the South Stream contracts. In North America, we expect a modest improvement in activity following the exceptionally low levels experienced in the second quarter."

Finally, Mr. Orr noted that "Beyond 2015, our focus remains on securing growth in our backlog by capitalizing on the continued strong bidding activity for large pipe coating projects in a number of regions globally. We will also continue to advance our long term growth strategy and expect to take advantage of opportunities that are beginning to emerge for growth through strategic acquisitions."

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Revenue	$ **398,020**	$ 441,386	**$ 869,960**	$ 920,468
Gross profit	**123,599**	179,285	**292,624**	377,554
Gross profit %	**31.0%**	40.6%	**33.6%**	41.0%
Adjusted EBITDA[(a)]	**12,930**	82,891	**87,155**	189,037
Income from operations	**(7,078)**	69,193	**48,538**	158,612
Net income for the period[(b)]	$ **(8,538)**	$ 47,949	**$ 29,236**	$ 109,896
Earnings per share:				
Basic	$ **(0.13)**	$ 0.80	**$ 0.45**	$ 1.83
Fully diluted	$ **(0.13)**	$ 0.79	**$ 0.45**	$ 1.82

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net income the sum of net finance costs, income taxes, depreciation/amortization of property, plant, equipment and intangible assets, gains/losses from assets and joint ventures sold and or held for sale and impairment of assets. 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.

(b) Attributable to shareholders of the Company.

1.0 KEY DEVELOPMENTS

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.

Update on the South Stream Offshore Pipeline Project

On May 14, 2015, the Company announced that its Canusa-CPS division had received notification from Saipem SpA that the suspension of the work on its contract with Saipem in connection with the South Stream Line 1 project had been lifted with immediate effect and that work on this contract was to be resumed.

On June 9, 2015, the Company announced that its Bredero Shaw pipe coating division had received notification from Europipe GmbH that the suspension of the work on its contract with Europipe for the concrete weight coating of Line 1 of the South Stream Pipeline had been lifted with immediate effect and that work on this contract was to be resumed.

The Company has recently been instructed that it is to recommence coating of pipe in its possession in connection with its contract with Marubeni Sumitomo Consortium for the South Stream Line 2 project. The work on this project in connection with pipe not yet in the Company's possession, representing approximately 20% of the total value of the contract, remains suspended.

The Company's Canusa-CPS division has also recently been advised that work on its Saipem contract for the South Stream Line 1 project has been suspended again. While the Company's contract with Saipem has not been terminated and may be assumed by South Stream Transport BV, or assigned to another contractor, as the Company lacks visibility as to when or if work will recommence under this contract, it has removed this contract, and the portions of its other South Stream contracts which remain suspended, from the Company's backlog.

As of June 30, 2015, approximately $39 million of the work on the Company's South Stream contracts has been completed, and approximately $75 million remains in the Company's backlog.

Restructuring in the Second Quarter 2015

As North American oilfield activity has severely declined, with well completions expected to decrease by at least 50% compared with 2014, the Company has taken active steps to reduce the cost structures in exposed businesses and at the corporate level. Since the end of the third quarter of 2014, overall staffing levels have been reduced by 20% with salaried staff experiencing a 31% reduction.

In addition to reducing staffing levels, the Company has also shut down plants and other locations and has co-located certain sales offices to better align with the business and reduce costs. The Company recorded a $15 million ($11 million, net of tax) restructuring charge in the second quarter of 2015 for the cost to complete these initiatives.

1.1 OUTLOOK

As anticipated in the Company's 2014 Management Discussion and Analysis, the decline in global oil prices that started in the fourth quarter of 2014 has caused a decline in drilling and well completions in 2015 with a resulting negative impact on ShawCor's revenue, particularly in the Company's Pipeline and Pipe Services Segment - North America region. Decreasing North American small diameter pipe coating, composite pipe and gathering line weld inspection revenue has also had an overall dilutive effect on consolidated operating margins due to the negative effects of facility and crew utilization on the absorption of fixed costs. The Company believes that the softening of market demand in North America and the resulting reduction in activity reached a bottom in the second quarter of 2015 and that an improvement in operating performance is now possible as North American oilfield activity stabilizes and the Company realizes increased revenue from large pipe coating projects, particularly in the EMAR region.

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 half of 2015, ShawCor's North American Pipeline segment businesses were impacted by the decrease in the number of wells completed following the greater than 50% cut in the number of drilling rigs active in North America. Affected were ShawCor's businesses that are leveraged to North American well completions, particularly small diameter pipe coating and joint protection, Flexpipe composite pipe, Guardian OCTG pipe inspection and refurbishment and Desert NDT gathering line girth weld inspection. It is expected that the level of well drilling has now stabilized and some modest improvement in market conditions may develop over the second half of 2015, particularly in Canada where second quarter activity was especially depressed both by market conditions and an early onset of spring breakup. However, any improvement will be muted until a sustained recovery in oil prices takes place.

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 generate modest improvements in revenue in 2015 over 2014 levels, with the potential for further growth in 2016 and beyond.

Pipeline and Pipe Services Segment - Latin America

With the ramp up of activity underway 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 provide a source of revenue growth in the second half versus the first half of 2015 and enable 2015 full year revenue to meet or exceed 2014 levels.

Pipeline and Pipe Services Segment - EMAR

The Company's EMAR region currently accounts for over 55% of the current order backlog, a level that provides the Company with confidence that the Company's EMAR region should produce strong revenue and operating earnings growth in 2015 over 2014 levels, with revenue potentially reaching the $500 million level. Primary drivers of growth will be the large pipe coating projects that have been booked for BP's Shah Deniz gas field development in Azerbaijan combined with pipe coating projects for the two South Stream gas pipelines in the Black Sea. The Company has now commenced production in Baku, Azerbaijan on the US$ 200 million export pipeline for the Shah Deniz Stage 2 project with execution scheduled to run from June 2015 to the second quarter of 2016. Also commencing production at the Orkanger, Norway facility in the third quarter will be the flow assurance insulation coating of flow lines for the Shah Deniz Stage 2 development project with production scheduled to run from the third quarter of 2015 to 2017. Finally, production is now planned for the second half of 2015 and the first half of 2016 on portions of the Company's South Stream contracts, with approximately $75 million of contract work for the two South Stream lines now expected to be executed over the next 12 months.

Pipeline and Pipe Services Segment - Asia Pacific

As indicated by first half 2015 revenue of $91 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 June 30, 2015 decreased to $608 million from $703 million at March 31, 2015 and from $684 million a year ago. The decline in backlog from the start of the second quarter is attributable to backlog revenue realized in the quarter in excess of new bookings coupled with the decision of the Company to exclude from the backlog amounts in respect of suspended contract awards relating to the South Stream project due to uncertainty regarding the timing of when or if the suspended contracts or portions thereof will be executed. The Company continues to include in the backlog approximately $75 million in South Stream contract awards that are scheduled, based on firm commitments from our customers, for execution from the third quarter 2015 to the end of the first quarter 2016.

In addition to the backlog, the Company closely monitors its bidding activity with the value of outstanding firm bids as of June 30, 2015 exceeding $800 million. In addition, the Company has provided budgetary estimates and is currently working with customers on projects with aggregate values in excess of $1.1 billion and a number of these projects are expected to be firm bid in the second half of 2015. 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.

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, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Pipeline and Pipe Services	**$ 352,337**	$ 428,814	$ 396,771	**$ 781,151**	$ 833,570
Petrochemical and Industrial	**45,844**	44,240	45,209	**90,084**	88,137
Elimination	**(161)**	(1,114)	(594)	**(1,275)**	(1,239)
Consolidated	**$ 398,020**	$ 471,940	$ 441,386	**$ 869,960**	$ 920,468

Second Quarter 2015 versus First Quarter 2015

Consolidated revenue decreased 16%, or $73.9 million, from $471.9 million during the first quarter of 2015 to $398.0 million during the second quarter of 2015, due to a decrease of $76.5 million in the Pipeline and Pipe Services segment, partially offset by an increase of $1.6 million in the Petrochemical and Industrial segment.

In the Pipeline and Pipe Services segment, revenue decreased 18%, or $76.5 million, from $428.8 million in the first quarter of 2015 to $352.3 million in the second quarter of 2015 due to lower activity levels in the North America, EMAR and Asia Pacific regions, partially offset by increased revenue in Latin 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.

In the Petrochemical and Industrial segment, revenue was higher by $1.6 million, or 4%, in the second quarter of 2015, compared to the first quarter of 2015, mainly due to an increase in revenue of $1.9 million, or 8%, in North America, partially offset by lower activity in the EMAR region. 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 2015 versus Second Quarter 2014

Consolidated revenue decreased by $43.4 million, or 10%, from $441.4 million during the second quarter of 2014, to $398.0 million during the second quarter of 2015, due to a decrease of $44.4 million in the Pipeline and Pipe Services segment, partially offset by an increase of $0.6 million in the Petrochemical and Industrial segment.

In the Pipeline and Pipe Services segment, revenue in the second quarter of 2015 was $352.3 million, or 11% lower than in the second quarter of 2014, due to decreased activity in Asia Pacific and North America, partially offset by higher revenue in EMAR and Latin 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.

In the Petrochemical and Industrial segment, revenue increased by $0.6 million, or 1%, during the second quarter of 2015 compared to the second quarter of 2014, due to higher activity levels in Asia Pacific and North America, partially offset by lower revenue in the EMAR region. 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, 2015 versus Six Months ended June 30, 2014

Consolidated revenue decreased by $50.5 million, or 6%, from $920.5 million for the six month period ended June 30, 2014 to $870.0 million for the six month period ended June 30, 2015, due to a decrease of $52.4 million, or 6%, in the Pipeline and Pipe Services segment, partially offset by an increase of $1.9 million in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment during the first half of 2015 was $781.2 million, or $52.4 million lower than in the comparable period in 2014, primarily due to lower activity levels in Asia Pacific and Latin America, partially offset by increased revenue in North America and EMAR. 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 decreased by $1.9 million in the first half of 2015 compared to the same period in 2014, primarily due to higher activity levels in North America and Asia Pacific, partially offset by lower revenue in EMAR. 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 Operating Income and operating margin for the following periods:

(in thousands of Canadian dollars)	**Three Months Ended**			**Six Months Ended**	
	June 30, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Operating (Loss) Income	**$ (7,078)**	$ 55,616	$ 69,193	**$ 48,538**	$ 158,612
Operating Margin(a)	**(1.8)%**	11.8%	15.7%	**5.6%**	17.2%

(a) Operating Margin is defined as Operating Income divided by revenue and is a non-GAAP measure. 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.

Second Quarter 2015 versus First Quarter 2015

Operating Income decreased by $62.7 million, from $55.6 million during the first quarter of 2015 to an Operating Loss of $7.1 million in the second quarter of 2015. Operating Income was impacted by a decrease in gross profit of $45.4 million, increases in selling, general and administrative ("SG&A") expenses of $9.4 million, increases in research and development expenses of $0.5 million and amortization of property, plant, equipment and intangible assets of $1.4 million and a decrease in net foreign exchange gain of $6.0 million.

The decrease in gross profit resulted from a 4.7 percentage point decrease in the gross margin from the first quarter of 2015 and the lower revenue, as explained above. The decrease in the gross margin percentage was primarily due to labour cost inefficiencies due to lower facility utilization and reduced absorption of manufacturing overheads as a result of the decrease in revenue in the Pipeline and Pipe Services segment.

SG&A expenses increased by $9.4 million, from $93.7 million in the first quarter of 2015 to $103.1 million in the second quarter of 2015, primarily due to restructuring charges of $15.0 million and higher provision for doubtful accounts of $2.4 million. Restructuring charges include $11.1 million for employee severance and $3.9 million for plant and office closure and co-location costs. These restructuring costs were partially offset by reductions in personnel related and management incentive compensation expenses of $5.8 million and other costs of $2.0 million.

Second Quarter 2015 versus Second Quarter 2014

Operating Income decreased by $76.3 million, from $69.2 million in the second quarter of 2014 to an Operating Loss of $7.1 million during the second quarter of 2015. Operating Income was impacted by a decrease in gross profit of $55.7 million, increases in SG&A expenses of $14.2 million, increases in amortization of property, plant, equipment and intangible assets of $5.1 million and an increase in net foreign exchange loss of $1.9 million. These items were partially offset by a decrease in research and development expenses of $0.6 million.

The decrease in gross profit resulted from a 9.6 percentage point decrease in gross margin and the lower revenue, as explained above. The decrease in the gross margin percentage was primarily attributable to changes in product and project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption compared to the second quarter of 2014, particularly in the Pipeline and Pipe Services segment's Asia Pacific region, which had benefitted from high gross margins on several large coating projects in 2014, and in North American businesses exposed to the decline in oilfield activity.

SG&A expenses in the second quarter of 2015 increased by $14.2 million primarily due to restructuring charges of $15.0 million, higher provision for doubtful accounts of $2.7 million and an increase in rental and building costs of $1.7 million, primarily associated with increased activity in the EMAR region. Restructuring charges include $11.1 million for severance and $3.9 million for plant and office closure and co-location costs. In addition, in the second quarter of 2014, $1.5 million was reversed from provisions due to favourable court decisions on certain litigation matters. The SG&A expense increases were partially offset by reductions in personnel related and management incentive compensation expenses of $7.8 million.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

Operating Income decreased by $110.1 million from the six month period ended June 30, 2014, to $48.5 million in the six month period ended June 30, 2015. Operating Income was impacted by a year over year decrease in gross profit of $84.9 million, increases in SG&A expenses of $18.5 million and amortization of property, plant, equipment and intangible assets of $5.6 million, and a decrease in net foreign exchange gain of $1.8 million. These items were partially offset by a decrease in research and development expenses of $0.7 million.

The decrease in gross profit resulted from a 7.4 percentage point decrease in gross margin and the lower revenue, as explained above. The decrease in the gross profit was attributable to changes in product and project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption compared to the prior year, particularly in the Pipeline and Pipe Services segment's Asia Pacific region, which had benefitted from high gross margins on several large concrete weight coating projects, and in North American businesses exposed to the decline in oilfield activity.

SG&A expenses increased by $18.5 million in the first six months of 2015 compared to 2014, primarily due to restructuring charges of $15.0 million, higher provision for doubtful accounts of $2.7 million and an increase in rental and building costs of $2.7 million, primarily associated with increased activity in the EMAR region. Restructuring charges include $11.1 million for severance and $3.9 million for plant and office closure and co-location costs. In addition, in the second quarter of 2014, $1.5 million was reversed from provisions due to favourable court decisions on certain litigation matters. These SG&A expense increases were partially offset by reductions in personnel related and management incentive compensation expenses of $5.6 million and advertisement, training and other costs of $2.2 million.

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, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Interest income	**$ (195)**	$ (200)	$ (75)	**$ (395)**	$ (413)
Interest expense, other	**415**	812	1,412	**1,227**	2,241
Interest expense on long-term debt	**3,993**	3,836	3,279	**7,829**	6,515
Finance costs, net	**$ 4,213**	$ 4,448	$ 4,616	**$ 8,661**	$ 8,343

Second Quarter 2015 versus First Quarter 2015

In the second quarter of 2015, net finance cost was $4.2 million, compared to a net finance cost of $4.5 million during the first quarter of 2015. The decrease in net finance cost was primarily as a result of lower interest expenses on bank loans and overdrafts.

Second Quarter 2015 versus Second Quarter 2014

In the second quarter of 2015, net finance cost was $4.2 million, compared to a net finance cost of $4.6 million during the second quarter of 2014. The decrease in net finance cost was primarily as a result of lower interest expenses on bank loans and overdrafts and higher interest income on short term deposits, partially offset by higher interest expense on long term debt.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

For the six months ended June 30, 2015, net finance cost was $8.7 million, compared to a net finance cost of $8.3 million for the comparable period in the prior year. The increase in net finance cost was primarily as a result of higher interest expense on long-term debt, partially offset by lower interest expense on bank loans and overdrafts.

2.4 Income Taxes

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

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Income tax (recovery) expense	**$ (3,111)**	$ 12,790	$ 17,991	**$ 9,679**	$ 40,562

Second Quarter 2015 versus First Quarter 2015

The Company recorded an income tax recovery of $3.1 million (27% of loss before income taxes) in the second quarter of 2015, compared to an income tax expense of $12.8 million (25% of income before income taxes) in the first quarter of 2015. The effective tax rate in the second quarter of 2015 was at the Company's expected effective income tax rate of 27%.

Second Quarter 2015 versus Second Quarter 2014

The Company recorded an income tax recovery of $3.1 million (27% of loss before income taxes) in the second quarter of 2015, compared to an income tax expense of $18.0 million (27% of income before income taxes) in the second quarter of 2014. The Company’s tax rate in the second quarter of 2015 was at the Company's expected effective income tax rate of 27%.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

The Company recorded an income tax expense of $9.7 million (24% of income before income taxes) during the six-month period ended June 30, 2015, compared to an income tax expense of $40.6 million (27% of income before income taxes) during the six-month period ended June 30, 2014. The Company’s tax rate for the six month period ended June 30, 2014 was lower than the expected 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.

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,**	
	2015	2014	**2015**	2014
U.S. dollar	**1.2373**	1.0896	**1.2326**	1.0942
Euro	**1.3648**	1.4944	**1.3883**	1.4966
British Pounds	**1.8948**	1.8312	**1.8900**	1.8274

The following table sets forth the impact on revenue, Operating Income and net income (attributable to shareholders of the Company), compared with the prior quarter and the prior year period, as a result of foreign exchange fluctuations on the translation of foreign currency operations:

(in thousands of Canadian dollars)	**Q2-2015 Versus Q1-2015**	**Q2-2015 versus Q2-2014**	**Q2-2015 YTD versus Q2-2014 YTD**
Revenue	$ **(3,304)**	$ **13,146**	$ **30,139**
Income from operations	**(609)**	**(1,185)**	**(818)**
Net income	**(324)**	**169**	**1,648**

In addition to the translation impact noted above, the Company recorded a foreign exchange loss of $2.9 million in the second quarter of 2015, compared to a loss of $1.0 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.

2.6 Net Income (attributable to shareholders of the Company)

Second Quarter 2015 versus First Quarter 2015

Net income decreased by $46.3 million, from $37.8 million during the first quarter of 2015 to a net loss of $8.5 million during the second quarter of 2015, mainly due to the $62.7 decline in Operating Income, as explained in section 2.2 above. This was partially offset by a reduction in income tax expense of $15.9 million.

Second Quarter 2015 versus Second Quarter 2014

Net income decreased by $56.5 million, from $47.9 million during the second quarter of 2014 to a net loss of $8.5 million during the second quarter of 2015, mainly due to the $76.3 million decline in Operating Income, as explained in section 2.2 above. This was partially offset by a reduction in income tax expense of $21.1 million.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

Net income decreased by $80.7 million, from $109.9 million during the six-month period ended June 30, 2014 to $29.2 million during the six-month period ended June 30, 2015, mainly due to the $110.1 million decline in Operating Income as explained in section 2.2 above. This was partially offset by a reduction in income tax expense of $30.9 million.

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, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
North America	**$ 162,822**	$ 203,637	$ 169,870	**$ 366,459**	$ 359,244
Latin America	**39,586**	37,488	40,342	**77,074**	83,409
EMAR	**115,653**	130,879	73,500	**246,532**	142,247
Asia Pacific	**34,276**	56,810	113,059	**91,086**	248,670
Total Revenue	**$ 352,337**	$ 428,814	$ 396,771	**$ 781,151**	$ 833,570
Operating Income	**$ 1,905**	$ 55,117	$ 74,702	**$ 57,022**	$ 166,886
Operating Margin	**0.5%**	12.9%	18.8%	**7.3%**	20.0%

(a) Operating Margin is defined as Operating Income divided by revenue and is a non-GAAP measure. 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.

Second Quarter 2015 versus First Quarter 2015

Second quarter revenue decreased by $76.5 million to $352.3 million, from $428.8 million in the first quarter of 2015. Activity levels were lower in all regions except for Latin America:

- North America revenue decreased by $40.8 million, or 20%, as a result of lower activity levels for small diameter pipe coating in Canada and at the Socotherm Gulf of Mexico facility in the USA, lower flexible composite pipe volumes and lower tubular management services in Canada and the USA. This was partially offset by higher pipe weld inspection services in the USA and large diameter pipe coating in Canada.

- In Latin America, revenue increased by $2.1 million, or 6%, primarily as a result of higher activity levels at the Socotherm Argentina facilities.

- EMAR revenue decreased by $15.2 million, or 12%, primarily due to lower volumes at Orkanger, Norway and Ras Al Khaimah, UAE (“RAK”) and Socotherm’s Italian facilities. This was partially offset by higher volumes from the Shah Deniz project at the Baku, Azerbaijan facility.

- In Asia Pacific, revenue decreased by $22.5 million, or 18%, mainly due to lower large project activity levels in Kabil, Indonesia and in Kuantan, Malaysia.

In the second quarter of 2015, Operating Income was $1.9 million compared to $55.1 million in the first quarter of 2015, a decrease of $53.2 million, or 97%. The decrease in Operating Income was due to a decline in gross profit of $45.5 million, primarily due to the reduction in revenue of $76.5 million, as explained above, and a 5.0 percentage point decrease in the gross margin due to less favourable product and project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption particularly in the Asia Pacific region and in North American businesses exposed to the decline in oilfield activity. In addition, SG&A expenses were higher, primarily due to the segment's $12 million of restructuring charges taken in the second quarter of 2015, as explained in section 2.2 above.

Second Quarter 2015 versus Second Quarter 2014

Revenue was $352.3 million in the second quarter of 2015, a decrease of $44.4 million, or 11%, from $396.8 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 2.5 above, combined with higher revenue in EMAR, partially offset by lower activity levels in Asia Pacific, North America and EMAR:

- North America revenue decreased by $7.0 million, or 4%, primarily due to lower activity levels from Socotherm Gulf of Mexico operations, decreased revenue from flexible composite pipe volumes in the USA, lower volumes of small diameter pipe coating and a decrease in tubular management services in Canada. This was partially offset by higher land-based pipe weld inspection services revenue in the USA and the impact of the Desert acquisition completed in the third quarter of 2014.

- In Latin America, revenue decreased by $0.8 million, or 2%, primarily due to decreased activity in Brazil and lower volumes at the Monterrey and Coatzacoalcos, Mexico facilities. This was partially offset by increased volumes from the Socotherm Argentina facilities.

- EMAR revenue increased by $42.2 million, or 57%, primarily due to higher activity levels at the Company's pipe coating facilities in RAK, the Shah Deniz project in the Caspian and field joint projects in the region. This was partially offset by lower activity levels at the Company's Orkanger, Norway and Leith, Scotland facilities.

- Asia Pacific revenue decreased by $78.8 million, or 70%, due to the lower large project volumes associated with the Company's Kabil, Indonesia and Kuantan, Malaysia facilities.

In the second quarter of 2015, Operating Income was $1.9 million compared to $74.4 million in the second quarter of 2014, a decrease of $72.5 million, or 97%. This reduction was due to a decrease in gross profit of $54.9 million as a result of the decrease in revenue of $44.4 million, as explained above, and a 10.3 percentage point decrease in gross margin due to unfavourable project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption, particularly in the Asia Pacific region and in North American businesses exposed to the decline in oilfield activity. In addition, SG&A expenses were higher, primarily due to the segment's $12 million of restructuring charges taken in the second quarter of 2015, as explained in section 2.2 above.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

Revenue in the Pipeline and Pipe Services segment for the six month period ended June 30, 2015 was $781.2 million, a decrease of $52.4 million, from $833.6 million in the comparable period in the prior year. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.5 above, combined with higher revenue in North America and EMAR, offset by lower activity levels in Asia Pacific and Latin America:

- Revenue in North America increased by $7.2 million, or 2%, primarily due to the impact of the Desert acquisition completed in the third quarter of 2014. This was partially offset by lower volumes of flexible composite pipe, pipe weld inspection services and tubular management services and lower activity levels for small diameter pipe coatings in Canada and the USA.

- In Latin America, revenue was lower by $6.3 million, or 8%, mainly due to lower activity levels in Brazil on the Sapinhoa project and lower volumes at the Coatzacoalcos, Mexico facility. This was partially offset by increased activity at the Socotherm Argentina facilities.

- In EMAR, revenue increased by $104.3 million, or 73%, primarily due to increased pipe coating activity levels in RAK, the Shah Deniz project in the Caspian, other field joint projects and increased pipe weld services in the region. This was partially offset by lower activity levels at the Company's Orkanger, Norway and Leith, Scotland facilities.

- Revenue in Asia Pacific decreased by $157.6 million, or 63%, mainly due to lower volumes associated with the Inpex Ichthys gas export pipeline and other large projects at Kuantan, Malaysia and Kabil, Indonesia.

Operating Income for the six month period ended June 30, 2015 was $57.0 million compared to $166.9 million for the six month period ended June 30, 2014, a decrease of $109.9 million, or 66%. The decrease in Operating Income is primarily due to a decline in gross profit of $84.4 million, driven by a 8.0 percentage point decrease in gross margin due to less favourable project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption, particularly in the Asia Pacific region and in North American businesses exposed to the decline in oilfield activity.

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, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
North America	**$ 27,415**	$ 25,506	$ 27,286	**$ 52,921**	$ 51,316
EMAR	**15,780**	16,316	16,278	**32,096**	33,595
Asia Pacific	**2,649**	2,418	1,645	**5,067**	3,226
Total Revenue	**$ 45,844**	$ 44,240	$ 45,209	**$ 90,084**	$ 88,137
Operating Income	**$ 6,971**	$ 6,261	$ 7,918	**$ 13,232**	$ 13,981
Operating Margin	**15.2%**	14.2%	17.5%	**14.7%**	15.9%

Second Quarter 2015 versus First Quarter 2015

Revenue increased in the second quarter of 2015 by $1.6 million, or 4%, to $45.8 million, compared to the first quarter of 2015, primarily due to higher shipments of wire and cable products to the North American utilities.

Operating Income of $7.0 million in the second quarter of 2015 was $0.7 million, or 11%, higher than in the first quarter of 2015. The increase in Operating Income was due to a reduction in SG&A expenses of $1.5 million, driven primarily by lower personnel related expenses and lower management incentive compensation. This was partially offset by a decline in gross profit of $0.7 million as a result of a 2.6 percentage point decrease in the gross margin due to unfavourable product mix, partially offset by an increase in revenue of $1.6 million, as explained above.

Second Quarter 2015 versus Second Quarter 2014

In the second quarter of 2015, revenue was $45.8 million compared to $45.2 million in the second quarter of 2014, an increase of $0.6 million, or 1%. The increase was driven by higher heat shrink tubing product volumes, particularly in the automotive sector, and the impact of foreign exchange on revenue, as noted in section 2.5 above.

Operating Income in the second quarter of 2015 was $7.0 million compared to $7.9 million in the second quarter of 2014, a decrease of $0.9 million, or 12%. The decrease in Operating Income was due to a decline in gross profit of $1.2 million as a result of a 3.0 percentage point decrease in gross margin, primarily due to unfavourable product mix. This was partially offset by an increase in revenue of $0.6 million, as explained above, and a decline in SG&A expenses of $0.5 million.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

Revenue increased in the six months ended June 30, 2015 by $1.9 million, or 2%, to $90.1 million compared to the comparable period in 2014, due to increased shipments of wire and cable products to the North American utilities, combined with increased heat shrinkable product shipments in North America and Asia Pacific and the impact of foreign exchange on revenue, as noted in section 2.5 above.

Operating Income for the six months ended June 30, 2015 was $13.2 million compared to $14.0 million for the six months ended June 30, 2014, a decrease of $0.7 million, or 5%. The decrease was primarily due to a decline in gross profit of $0.5 million as a result of a 2.0 percentage point decrease in the gross margin due to unfavourable product mix, partially offset by the increase in revenue of $1.9 million, 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, 2015	March 31, 2015	June 30, 2014	**June 30, 2015**	June 30, 2014
Loss from operations	**$ (13,034)**	$ (8,859)	$ (12,398)	**$ (21,893)**	$ (24,257)

Second Quarter 2015 versus First Quarter 2015

Financial and corporate costs increased by $4.2 million from $8.9 million during the first quarter of 2015 to $13.0 million in the second quarter of 2015, primarily due to restructuring costs of $3.0 million, including $2.0 million in severance and $1.0 million in facility closing costs. In addition, in the first quarter of 2015, stock based and long term management compensation expense were adjusted lower by $1.4 million to reflect the changing market conditions.

Second Quarter 2015 versus Second Quarter 2014

Financial and corporate costs increased by $0.6 million from the second quarter of 2014 to $13.0 million in the second quarter of 2015. The increase was primarily due to restructuring costs of $3.0 million, including $2.0 million in severance and $1.0 million in facility closing costs, and higher building and other costs of $0.8 million.

This was partially offset by a decrease in stock based and long term management compensation incentive expenses of $3.2 million.

Six Months ended June 30, 2015 versus Six Months ended June 30, 2014

Financial and corporate costs decreased by $2.4 million from the six month period ended June 30, 2014 to $21.9 million for the six month period ended June 30, 2015, primarily due to a decrease in stock based and long term management compensation incentive expenses of $6.3 million. This was partially offset by an increase in restructuring costs of $3.0 million, including $2.0 million in severance and $1.0 million in co-location costs, and an increase in building and other costs of $0.9 million.

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" 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 and thereafter, 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 changing energy demand, supply and prices, the impact and likelihood of changes in competitive conditions in the markets in which the Company participates, the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation matters (including the litigation with CNRL) 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, including the suspension or cancellation of existing contracts, 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 (including the litigation with CNRL); 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.

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday August 7th, 2015 at 10:00AM ET, which will discuss the Company's Second Quarter Financial Results.

To participate via telephone, please dial 1-315-625-6955 or 1-877-776-4039; alternatively, please go to the following website address to participate via webcast: http://edge.media-server.com/m/p/y6owapqp

5.0 Additional Information

Additional 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.

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ShawCor Ltd.
Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)		June 30, 2015		December 31, 2014
ASSETS				
Current Assets				
Cash and cash equivalents	$	**165,369**	$	116,556
Short-term investments		**7,461**		550
Accounts receivable		**372,269**		457,610
Income taxes receivable		**35,109**		11,232
Inventories		**204,065**		194,732
Prepaid expenses		**21,948**		27,370
Derivative financial instruments		**1,524**		5,578
		807,745		813,628
Non-current Assets				
Loans receivable		**7,314**		7,021
Property, plant and equipment		**440,846**		435,311
Intangible assets		**213,765**		202,736
Investments in associates		**22,362**		19,165
Deferred income taxes		**30,636**		39,019
Other assets		**25,305**		26,889
Goodwill		**419,840**		396,201
		1,160,068		1,126,342
	$	**1,967,813**	$	1,939,970
LIABILITIES AND EQUITY				
Current Liabilities				
Bank indebtedness	$	**–**	$	4,685
Accounts payable and accrued liabilities		**248,567**		252,443
Provisions		**22,782**		14,974
Income taxes payable		**43,466**		33,944
Derivative financial instruments		**2,571**		794
Deferred revenue		**83,450**		102,005
Obligations under finance lease		**1,026**		1,222
Other liabilities		**20,646**		24,828
		422,508		434,895
Non-current Liabilities				
Long-term debt		**432,369**		406,926
Obligations under finance lease		**11,868**		12,273
Provisions		**38,278**		37,350
Employee future benefits		**28,020**		26,008
Deferred income taxes		**11,509**		24,007
Other non-current liabilities		**6,606**		17,898
		528,650		524,462
		951,158		959,357
Equity				
Share capital		**534,474**		533,660
Contributed surplus		**16,275**		14,625
Retained earnings		**443,061**		433,177
Non-controlling interests		**7,584**		7,254
Accumulated other comprehensive income (loss)		**15,261**		(8,103)
		1,016,655		980,613
	$	**1,967,813**	$	1,939,970

ShawCor Ltd.

Interim Consolidated Statements of Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Revenue				
Sale of products	**$ 123,627**	$ 143,257	**$ 258,793**	$ 282,348
Rendering of services	**274,393**	298,129	**611,167**	638,120
	398,020	441,386	**869,960**	920,468
Cost of Goods Sold and Services Rendered	**274,421**	262,101	**577,336**	542,914
Gross Profit	**123,599**	179,285	**292,624**	377,554
Selling, general and administrative expenses	**103,064**	88,861	**196,777**	178,327
Research and development expenses	**4,539**	5,136	**8,612**	9,310
Foreign exchange losses (gains)	**2,920**	1,029	**(177)**	(2,002)
Amortization of property, plant and equipment	**14,631**	12,277	**28,374**	27,736
Amortization of intangible assets	**5,523**	2,789	**10,500**	5,571
(Loss) Income from Operations	**(7,078)**	69,193	**48,538**	158,612
Gain on assets held for sale	**–**	2,525	**–**	2,525
(Loss) income from investments in associates	**(146)**	327	**(257)**	(35)
Loss from investments in joint ventures	**–**	(1,695)	**–**	(2,847)
Finance costs, net	**(4,213)**	(4,616)	**(8,661)**	(8,343)
(Loss) Income before Income Taxes	**(11,437)**	65,734	**39,620**	149,912
Income taxes	**(3,111)**	17,991	**9,679**	40,562
Net (Loss) Income for the Period	**$ (8,326)**	$ 47,743	**$ 29,941**	$ 109,350
Net (Loss) Income Attributable to:				
Shareholders of the Company	**$ (8,538)**	$ 47,949	**$ 29,236**	$ 109,896
Non-controlling interests	**212**	(206)	**705**	(546)
Net (Loss) Income for the Period	**$ (8,326)**	$ 47,743	**$ 29,941**	$ 109,350
Earnings per Share				
Basic	**$ (0.13)**	$ 0.80	**$ 0.45**	$ 1.83
Diluted	**$ (0.13)**	$ 0.79	**$ 0.45**	$ 1.82
Weighted Average Number of Shares Outstanding (000's)				
Basic	**64,508**	60,190	**64,503**	60,116
Diluted	**64,738**	60,647	**64,748**	60,506

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

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Net (Loss) Income for the Period	**$ (8,326)**	$ 47,743	**$ 29,941**	$ 109,350
Other Comprehensive (Loss) Income to be Reclassified Net Income in Subsequent Periods:				
Exchange differences on translation of foreign operations	**(14,762)**	(13,116)	**22,791**	(5,997)
Other comprehensive income attributable to investments in joint ventures	**–**	1,228	**–**	1,655
Other comprehensive (loss) income attributable to investments in associates	**(81)**	–	**198**	–
Net Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods	**(14,843)**	(11,888)	**22,989**	(4,342)
Other Comprehensive (Loss) Income, Net of Income Tax	**(14,843)**	(11,888)	**22,989**	(4,342)
Total Comprehensive (Loss) Income	**$ (23,169)**	$ 35,855	**$ 52,930**	$ 105,008
Comprehensive (Loss) Income Attributable to:				
Shareholders of the Company	**$ (22,637)**	$ 35,839	**$ 52,600**	$ 104,738
Non-controlling interests	**(532)**	16	**330**	270
Total Comprehensive (Loss) Income	**$ (23,169)**	$ 35,855	**$ 52,930**	$ 105,008

ShawCor Ltd.

Interim Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Earnings	Non-controlling Interests	Accumulated Other Comprehensive Income (Loss)	Total Equity
Balance - December 31, 2014	**$ 533,660**	**$ 14,625**	**$ 433,177**	**$ 7,254**	**$ (8,103)**	**$ 980,613**
Net income	–	–	29,236	705	–	29,941
Other comprehensive income	–	–	–	(375)	23,364	22,989
Comprehensive income	–	–	29,236	330	23,364	52,930
Issued on exercise of stock options	500	–	–	–	–	500
Compensation cost on exercised options	195	(195)	–	–	–	–
Compensation cost on exercised RSUs	119	(119)	–	–	–	–
Stock-based compensation expense	–	1,964	–	–	–	1,964
Dividends declared and paid to shareholders	–	–	(19,352)	–	–	(19,352)
Balance – June 30, 2015	**$534,474**	**$16,275**	**$443,061**	**$7,584**	**$15,261**	**$1,016,655**
Balance – December 31, 2013	$ 303,327	$ 13,093	$ 373,574	$ 2,419	$ (33,832)	$ 658,581
Net income (loss)	–	–	109,896	(546)	–	109,350
Other comprehensive income (loss)	–	–	–	816	(5,158)	(4,342)
Comprehensive income	–	–	109,896	270	(5,158)	105,008
Issued on exercise of stock options	5,619	–	–	–	–	5,619
Compensation cost on exercised options	1,989	(1,989)	–	–	–	–
Compensation cost on exercised RSUs	38	(38)	–	–	–	–
Stock-based compensation expense	–	2,134	–	–	–	2,134
Dividends declared and paid to shareholders	–	–	(16,542)	–	–	(16,542)
Balance – June 30, 2014	$ 310,973	$ 13,200	$466,928	$ 2,689	$ (38,990)	$ 754,800

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

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	**2015**	2014
Operating Activities				
Net (loss) income for the period	**$ (8,326)**	$ 47,743	**$ 29,941**	$ 109,350
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**14,631**	12,277	**28,374**	27,736
Amortization of intangible assets	**5,523**	2,789	**10,500**	5,571
Amortization of long-term prepaid expenses	**583**	282	**1,077**	489
Decommissioning liabilities expenses	**1,079**	121	**1,190**	224
Other provision expenses	**7,465**	1,637	**9,677**	2,812
Stock-based and incentive based compensation	**1,852**	6,661	**3,439**	13,407
Deferred income taxes	**(6,940)**	(767)	**(4,865)**	(2,336)
Loss (gain) on disposal of property, plant and equipment	**141**	(100)	**189**	(81)
Loss (gain) on derivative financial instruments	**3,135**	(533)	**5,831**	(1,436)
Loss (income) on investment in associate	**146**	(327)	**257**	35
Loss on investment in joint ventures	**–**	1,695	**–**	2,847
Gain on assets held for sale	**–**	(2,525)	**–**	(2,525)
Other	**–**	(1,801)	**–**	(1,538)
Settlement of decommissioning liabilities	**–**	(59)	**(6)**	(81)
Settlement of other provisions	**(1,601)**	(5,749)	**(2,808)**	(7,690)
Net change in employee future benefits	**(297)**	281	**27**	712
Net change in non-cash working capital and foreign exchange	**90,359**	(48,204)	**41,222**	(116,792)
Cash Provided by Operating Activities	**107,750**	13,421	**124,045**	30,704
Investing Activities				
(Increase) decrease in loans receivable	**(35)**	–	**4**	1,075
(Increase) decrease in short-term investments	**(5,767)**	5,112	**(6,911)**	6,059
Purchase of property, plant and equipment	**(13,022)**	(20,104)	**(28,246)**	(32,755)
Proceeds on disposal of property, plant and equipment	**282**	310	**856**	1,036
Purchase of intangible assets	**(17)**	(58)	**(54)**	(58)
Proceeds from sale of joint venture	**–**	12,817	**–**	12,817
Deferred purchase consideration	**(241)**	(18,070)	**(1,305)**	(18,830)
Investment in associate	**(3,256)**	–	**(3,256)**	(13,700)
Decrease (increase) in other assets	**134**	–	**77**	(10,000)
Business acquisition	**–**	(1,689)	**(17,036)**	(1,689)
Cash Used in Investing Activities	**(21,922)**	(21,682)	**(55,871)**	(56,045)
Financing Activities				
(Decrease) increase in bank indebtedness	**(6,103)**	7,882	**(4,685)**	6,503
Increase (decrease) in loans payable	**–**	16	**(2,513)**	–
Repayment of finance lease obligations	**(77)**	(470)	**(601)**	(470)
Issuance of shares	**456**	2,313	**500**	5,619
Dividend paid to shareholders	**(9,677)**	(9,030)	**(19,352)**	(16,542)
Cash (Used in) Provided by Financing Activities	**(15,401)**	711	**(26,651)**	(4,890)
Effect of Foreign Exchange on Cash and Cash Equivalents	**(2,677)**	(1,500)	**7,290**	331
Net change in Cash and Cash Equivalents for the Period	**67,750**	(9,050)	**48,813**	(29,900)
Cash and Cash Equivalents - Beginning of Period	**97,619**	58,545	**116,556**	79,395
Cash and Cash Equivalents - End of Period	**$ 165,369**	$ 49,495	**$ 165,369**	$ 49,495