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SHAWCOR LTD.
(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES FOURTH QUARTER 2017 RESULTS

- Fourth quarter 2017 revenue was $426 million, an increase of 7% from the $397 million reported in the third quarter of 2017 and also 29% higher than the $329 million reported in the fourth quarter of 2016.
- Adjusted EBITDA[1] in the fourth quarter of 2017 was $66 million, an increase of 5% from the $64 million reported in the third quarter of 2017 and also higher compared to $33 million reported in the fourth quarter of 2016.
- Net income (attributable to shareholders of the Company) in the fourth quarter of 2017 was $19.6 million (or earnings per share of $0.28 diluted), which included $8.1 million of impairment charges, compared with net income of $20.5 million (or $0.29 per share diluted) in the third quarter of 2017. In the fourth quarter of 2016 net income was $27.3 million (or $0.42 per share diluted), which included gains from sale of land of $5.6 million and a favourable arbitration award of $19.2 million.
- The Company's order backlog was $385 million at December 31, 2017, down compared to the backlog at September 30, 2017 of $482 million.

Mr. Steve Orr, Chief Executive Officer of Shawcor Ltd. remarked "Once again demonstrating that execution is a core company strength, we continued the positive trend of quarter on quarter improvements in Adjusted EBITDA. The quarter's results were positively impacted by the flawless coating operations that advanced the completion of the Sur de Texas – Tuxpan project in Altamira, Mexico, which contributed almost $114 million in revenue in the quarter, and strong demand for our products and services in North America."

Mr. Orr added "With the absence of a large pipe coating project in 2018, the Company expects to see a step down in EBITDA starting in the first quarter of 2018, similar to the adjusted level achieved in the fourth quarter of 2016 and continuing at that approximate rate throughout the year. However, we have increased confidence that 2018 will be a pivotal year as we expect to deliver solid EBITDA results through our diversified base business and ability to convert projects from the bid stage to backlog. In addition, our strong balance sheet, differentiating technologies and track record of execution has positioned the Company to capture future growth from expected increases in industry spending beyond what is visible presently in our firm bids and budgetary estimates."

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[1] *EBITDA and Adjusted EBITDA are Non-GAAP measures and do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See section 6.0 – Reconciliation of Non-GAAP Measures for further details and a reconciliation of EBITDA and Adjusted EBITDA*

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	**2017**	2016
Revenue	**$ 426,060**	$ 329,182	**$ 1,566,652**	$ 1,209,259
Gross profit	**161,286**	107,702	**585,733**	392,484
Gross profit %	**37.9%**	32.7%	**37.4%**	32.5%
Adjusted EBITDA[(a)]	**66,444**	33,253	**226,184**	56,452
Income (Loss) from operations	**33,901**	21,697	**128,256**	(171,120)
Net Income (Loss) for the period[(b)]	**$ 19,649**	$ 27,276	**$ 71,307**	$ (180,960)
Earnings (Loss) per share:				
Basic	**$ 0.28**	$ 0.42	**$ 1.02**	$ (2.80)
Fully diluted	**$ 0.28**	$ 0.42	**$ 1.02**	$ (2.80)

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net income (loss) the sum of net finance costs, income taxes, amortization of property, plant, equipment and intangible assets, gains from sale of land, arbitration awards outside of the normal course of business, cost associated with repayment and modification of long term-debt and impairment of assets. Adjusted EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures provided by other companies. See *section 6.0 – Reconciliation of Non GAAP Measures*.

(b) Attributable to shareholders of the Company.

1.0 KEY DEVELOPMENTS

Chair of the Board

The Company announced today that Paul Robinson will retire as Chair of the Board effective May 8, 2018. Mr. Robinson has been a director of the Company since 2001 and its Chair since the beginning of 2016. Previously, Mr. Robinson served as Chair of the Audit Committee and as a member of the Special Committee which was constituted in the fall of 2012 in connection with Shawcor’s strategic review process.

The Shawcor Board of Directors would like to thank Paul Robinson, on behalf of all shareholders, management and employees, for his long and dedicated service to the Company.

Shawcor also announced today that its Board of Directors has appointed independent director Donald Wishart as its new Chair of the Board, effective May 8, 2018. Mr. Wishart has been a director of the Company since 2015. He is the Chair of the Board of Bruce Power Ltd., a Canadian-based electrical energy producer. Mr. Wishart has more than 40 years of experience in the North American pipeline industry, most recently as the Executive Vice President of Operations and Major Projects of TransCanada Corporation.

Contract to Provide Pipe Coating Services for an Offshore Qatar Pipeline Project

On February 22, 2018, the Company announced that its pipe coating division has received a conditional contract with a value in excess of C$50 million from the EEW Group to provide anti-corrosion and concrete weight coatings in connection with the replacement and upgrading of an offshore pipeline located in Qatar.

The contract is expected to be finalized shortly, will be executed in Shawcor's coating facilities in Italy, and is expected to commence in Q3 2018 and to be completed by Q1 2020.

1.1 OUTLOOK

The Company believes that the decline in global oil and gas activity that followed the decrease in oil and gas prices in the second half of 2014 is past the low point and that the recovery in the market will continue through 2018. Shawcor's financial performance is closely correlated with oil and gas infrastructure spending and the resultant demand for the Company's products and services. The continued increase in market demand has enabled the Company to deliver quarter on quarter gains in both revenue and Adjusted EBITDA[2] throughout 2017. However, as no large project win was announced in the fourth quarter, it is likely that the Company will experience a significant decline in financial results in 2018 compared to 2017. Assuming there is no major pull back in current activity levels and commodity prices, the Company expects to deliver positive Adjusted EBITDA[2] results in the first quarter of 2018 similar to the level achieved in the fourth quarter of 2016 and to continue at that approximate rate for the remainder of 2018. The Company expects to deliver these solid results from steady activity in North America, continued improvements in asset utilization and the strength and diversification of the Company's projects and service offering, while at the same time rebuilding its backlog by securing work that it is currently pursuing.

The Company's performance continues to be primarily affected by three elements: North American land drilling and completion activity, overall industry capital spending and large projects.

Rig counts and associated completion activity in North American land have shown signs of stability in the current oil and gas price environment. In 2017, operators in North America continued to switch their focus away from solely production growth to a more balanced objective that considers financial returns and cash flow. This trend is expected to positively impact demand for the Company's products and services related to gathering line pipe systems and OCTG inspection and repair services. Additionally, with expected future increases in production fluid volumes, including water, investments will be required in new pipeline capacity and rehabilitation of aging infrastructure, which in turn will support increased demand for the Company's pipeline products and services.

As the global oil market continues to show signs of balance, there is increasing need to resume investments, both internationally and offshore, aimed at addressing reservoir depletion to meet the expected future global supply challenge. The Company is seeing further evidence of the increase in capital spending activity which is manifested in the number of projects being sanctioned and projects moving from budgetary estimates to firm bids. The number of Final Investment Decisions (FIDs) has also increased throughout 2017, particularly for projects with shorter investment return profiles that involve 'tie ins' to existing infrastructure. The Company's pipeline and products businesses are well positioned to capitalize on this trend through their global footprint, technology portfolio and execution history.

The Company is gaining greater visibility on large projects (characterized as greater than $100 million in revenue for the Company) with increasing likelihood that several will be sanctioned in 2018 for commencement beyond 2018. In many cases, these projects are not directly linked to oil and gas commodity prices as they also involve energy security or reservoir access considerations. These projects involve a high degree of execution risk driven by more complex scopes. As such, the Company expects to capture its share of these projects due to its global footprint, technological expertise, execution track record and strong balance sheet which together represent a compelling competitive advantage. At the close of the fourth quarter, the Company had several project bids outstanding that have revenue potential greater than $100 million each. The tracking of such projects is captured in the Company's firm bids and budgetary estimates of approximately $2.4 billion at December 31, 2017. 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.

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[2] *Adjusted EBITDA is a Non-GAAP measure and does not have standardized meanings under GAAP and is not necessarily comparable to similar measures provided by other companies. See section 6.0 – Reconciliation of Non-GAAP Measures for further details and a reconciliation of Adjusted EBITDA*

Pipeline and Pipe Services Segment - North America

Market demand in Shawcor's North American Pipeline segment businesses is closely tied to well completion activity in North America which drives the demand for small diameter pipe coating and joint protection, composite pipe for gathering line applications, OCTG pipe inspection and refurbishment and gathering line girth weld inspection. In the North American Pipeline segment businesses, revenue levels were significantly higher than in 2016 and have shown sequential growth across all four quarters in 2017. With a stable rig count in both Canada and the US supported by the current oil and gas price environment, the Company expects demand levels to continue to increase throughout 2018. The Company's products and services are well positioned to support our customers in their return on investment and cash flow objectives.

The Company continues to have visibility on future projects related to the build out of existing infrastructure in offshore for infield pipelines and new infrastructure for both gathering and transmission lines for the onshore to support increasing production of shale oil and gas. The Company continues to be actively engaged in several large diameter onshore transmission line projects that have and are expected to see continued delays as a result of regulatory and legal challenges.

Pipeline and Pipe Services Segment - Latin America

As expected, the Latin American Pipeline segment benefited from the solid execution of the concrete weight coating work in Altamira, Mexico related to the Sur de Texas – Tuxpan project. The project was substantially completed ahead of schedule and demonstrated the Company's execution strength. There is a small portion of load out work to be completed in 2018. Revenue for the Latin America segment is expected to move significantly lower in 2018 as a result of the completion of the Sur de Texas – Tuxpan project. However, the Company is pursuing some smaller projects in the region that may commence in the second half of 2018 if they are sanctioned and won.

Pipeline and Pipe Services Segment – Europe, Middle East, Africa and Russia ("EMAR")

Shawcor's EMAR Pipeline segment region remains the region most negatively impacted by the continued deferral of capital spending on new pipeline infrastructure by national and international oil companies. However, the bid and budgetary activity continues to be very strong in this region with several smaller projects likely to be executed in 2018 related to girth weld inspection, pipeline joint protection and pipe end preservation on both the Turk Stream and Nord Stream 2 pipelines, and several other projects that may be awarded in 2018 and beyond.

Pipeline and Pipe Services Segment - Asia Pacific

The activity of the Company's Asia Pacific region in the quarter continued to be low as the flow assurance work for the Shah Deniz project and the anti-corrosion coating for pipe destined for Mexico for the Sur de Texas – Tuxpan project has been completed. The region's project activity over the near term will be limited largely to the PTT 5th Transmission pipeline project which commenced in the fourth quarter of 2017.

Petrochemical and Industrial Segment

Shawcor's Petrochemical and Industrial segment businesses continue to deliver solid revenue and earnings based on stable demand in the global automotive market and European and North American industrial markets. These markets follow general GDP activity. Wire and cable shipments in the fourth quarter were buoyed by demand for highly engineered Nuclear EQ cable for use in nuclear refurbishment programs in Canada, along with several Light Rail Transit (LRT) projects which continue to increase in size and scope. The growth trend is expected to continue in 2018 with increased infrastructure spending and as new capacity for sealing and insulation products enters production and relieves capacity constraints.

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 of $385 million at December 31, 2017 was lower than the $482 million order backlog at September 30, 2017. The decrease reflects revenue generated in the quarter from backlog orders, including the accelerated execution of the Sur de Texas – Tuxpan project, partially offset by new orders and other project wins moving from bid into backlog.

In addition to the backlog, the bid and budgetary activity remain at healthy levels and represents a diverse portfolio of opportunities to sustain and build the backlog in 2018 and beyond. The Company closely monitors its bidding activity and the value of outstanding firm bids is currently in excess of $800 million, an increase over the $600 million reported in the third quarter of 2017. This increase was expected as a large project, in excess of $100 million, moved from budgetary to firm bid during the fourth quarter. In addition, the Company is working with customers on a number of projects and has provided budgetary estimates in aggregate values of approximately $1.6 billion. There are several large projects, over $100 million, in both the bid and budgetary figures, where the award decisions are anticipated in the second half of 2018. Although the timing of these projects is uncertain, the Company expects to win its share of these awards based on its proven capabilities and geographic footprint to win and execute these types of projects and deliver superior results in 2019 and 2020, higher than 2017 levels.

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			Year Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Pipeline and Pipe Services	**$ 381,793**	$ 347,969	$ 286,207	**$ 1,373,709**	$ 1,023,312
Petrochemical and Industrial	**44,361**	49,401	43,321	**194,207**	187,418
Elimination[(a)]	**(94)**	(292)	(346)	**(1,264)**	(1,471)
Consolidated	**$ 426,060**	$ 397,078	$ 329,182	$ **1,566,652**	$ 1,209,259

(a) Represents the elimination of the inter-segment sales between the Pipeline and Pipe Services segment and the Petrochemical and Industrial segment.

Fourth Quarter 2017 versus Third Quarter 2017

Consolidated revenue increased 7%, or $29.0 million, from $397.1 million during the third quarter of 2017 to $426.1 million during the fourth quarter of 2017, due to an increase of $33.8 million in the Pipeline and Pipe Services segment, partially offset by a decrease of $5.0 million in the Petrochemical and Industrial segment.

Revenue increased by 10% in the Pipeline and Pipe Services segment, or $33.8 million, from $348.0 million in the third quarter of 2017 to $381.8 million in the fourth quarter of 2017, due to higher activity levels in all regions. 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 lower by $5.0 million, or 10%, in the fourth quarter of 2017, compared to the third quarter of 2017 due to lower activity levels in the EMAR and North American regions. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Fourth Quarter 2017 versus Fourth Quarter 2016

Consolidated revenue increased by $96.9 million, or 29%, from $329.2 million during the fourth quarter of 2016, to $426.1 million during the fourth quarter of 2017, due to increases of $95.6 million in the Pipeline and Pipe Services segment and $1.0 million in the Petrochemical and Industrial segments.

In the Pipeline and Pipe Services segment, revenue in the fourth quarter of 2017 was $381.8 million, or 33% higher than in the fourth quarter of 2016, due to increased activity levels in North America and Latin America, partially offset by lower activity levels in EMAR and Asia Pacific. See *Section 3.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue increased by $1.0 million, or 2%, during the fourth quarter of 2017, compared to the fourth quarter of 2016, due to higher activity levels in EMAR, partially offset by decreased activity levels in North America. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Year ended December 31, 2017 versus Year ended December 31, 2016

Consolidated revenue increased by $357.4 million, or 30%, from $1,209.3 million for the year ended December 31, 2016 to $1,566.7 million for the year ended December 31, 2017, due to increases of $350.4 million, or 34%, in the Pipeline and Pipe Services segment and $6.8 million, or 4%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment during 2017 was $1,373.7 million, or $350.4 million higher than in 2016, due to higher activity levels in Latin America, North America and Asia Pacific, partially offset by lower revenue in 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 increased by $6.8 million during 2017 compared to 2016, due to higher activity levels in the EMAR and Asia Pacific regions, partially offset by lower revenue in North America. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

2.2 Income from Operations ("Operating Income")

The following table sets forth operating income (loss) and operating margin for the following periods:

(in thousands of Canadian dollars, except percentages)	**Three Months Ended**			**Year Ended**	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Operating income (loss)	$ **33,901**	$ 40,311	$ 21,697	$ **128,256**	$ (171,120)
Operating margin[(a)]	**8.0%**	10.2%	6.6%	**8.2%**	(14.2%)

a) Operating margin is defined as operating income divided by revenue and is a non-GAAP measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See *section 6.0 – Reconciliation of Non-GAAP Measures.*

Fourth Quarter 2017 versus Third Quarter 2017

Operating income decreased by $6.4 million, from $40.3 million in the third quarter of 2017 to $33.9 million during the fourth quarter of 2017. Operating income was impacted by an increase of $8.4 million in selling, general and administrative ("SG&A") expenses, a $8.1 million impairment charge recorded in the fourth quarter of 2017 and a $2.1 million decrease in net foreign exchange gains. This was partially offset by an increase in gross profit of $10.5 million, a $0.7 million decrease in research and development expenses and a $0.9 million reduction in amortization of property, plant, equipment and intangible assets.

The increase in gross profit resulted from the higher revenue, as explained above, partially offset by a 0.1 percentage point decrease in the gross margin from the third quarter of 2017. The decrease in the gross margin percentage was primarily due to product and project mix, partially offset by labour cost efficiencies due to higher facility utilization and increased absorption of manufacturing overheads.

SG&A expenses in the fourth quarter of 2017 increased by $8.4 million, primarily due to increases of $2.2 million in compensation expenses and other related personnel costs, $5.5 million in restructuring costs, $1.1 million in legal provisions and professional fees and $1.9 million in losses from disposal of fixed assets. This was partially offset by a $2.2 million decrease in decommissioning obligation expenses and other costs.

Fourth Quarter 2017 versus Fourth Quarter 2016

Operating income increased by $12.2 million, from $21.7 million during the fourth quarter of 2016 to $33.9 million in the fourth quarter of 2017. Operating income was positively impacted by an increase in gross profit of $53.6 million and a $0.3 million decrease in research and development expenses. This was partially offset by increases of $21.6 million in SG&A expenses, $5.9 million in amortization of property, plant, equipment and intangible assets and a $8.1 million impairment charge recorded in the fourth quarter of 2017. Foreign exchange gains were lower by $0.5 million and a $5.6 million gain on sale of land was recorded in the fourth quarter of 2016.

The increase in gross profit resulted from the higher revenue, as explained above, and a 5.1 percentage point increase in gross margin. The increase in the gross margin percentage was primarily attributable to a $4.8 million reduction in the carrying value of inventory recorded in the fourth quarter of 2016, product and project mix, labour efficiencies due to higher facility utilization and increased absorption of manufacturing overheads.

SG&A expenses increased by $21.6 million, from $71.8 million in the fourth quarter of 2016 to $93.4 million in the fourth quarter of 2017, primarily due to increases of $7.6 million in compensation expenses and other related personnel costs, including an increase in government mandated employee profit sharing on large project activity in Latin America, $7.1 million in restructuring costs and $2.5 million in losses from disposal of fixed assets and a $4.7 million reduction in provision for import duties recorded in the fourth quarter of 2016.

Year ended December 31, 2017 versus Year ended December 31, 2016

Operating income increased by $299.4 million from the year ended December 31, 2016, to an operating income of $128.3 million in 2017. Operating income was impacted by a year over year increase in gross profit of $193.2 million, a decrease in research and development expenses of $2.7 million and a reduction in impairment charges of $149.2 million. This was partially offset by increases of $22.3 million in SG&A expenses and $16.1 million in amortization of property, plant, equipment and intangible assets, a reduction in net foreign exchange gain of $1.1 million and a $6.2 million decrease in gain on sale of land.

The increase in gross profit resulted from the higher revenue, as explained above, and a 4.9 percentage point increase in gross margin. The increase in the gross margin was attributable to changes in product and project mix, labour efficiencies due to higher facility utilization and increased manufacturing overhead absorption compared to the prior year, particularly in the Pipeline and Pipe Services segment.

SG&A expenses increased by $22.3 million in the year ended December 31, 2017 compared to 2016, primarily due to an increase of $26.5 million in compensation expenses and other related personnel costs, including an increase in government mandated employee profit sharing on large project activity in Latin America, and a $4.7 million reduction in provision for import duties recorded in the fourth quarter of 2016. This was partially offset by a $5.5 million decrease in rental and building costs and a $2.5 million reduction in legal provisions and professional fees.

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			Year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Interest income on short-term deposits	**$ (333)**	$ (256)	(2,274)	**$ (1,556)**	$ (3,108)
Interest expense, other	**1,661**	913	1,254	**5,539**	4,739
Interest expense on long-term debt	**2,234**	2,187	3,888	**12,834**	14,284
Finance costs, net	**$ 3,562**	$ 2,844	2,868	**$ 16,817**	$ 15,915

Fourth Quarter 2017 versus Third Quarter 2017

In the fourth quarter of 2017, net finance costs were $3.6 million, compared to net finance costs of $2.8 million during the third quarter of 2017. The increase in net finance costs was primarily a result of higher interest expense on other borrowings and accretion costs on decommissioning obligations.

Fourth Quarter 2017 versus Fourth Quarter 2016

In the fourth quarter of 2017, net finance costs were $3.6 million, compared to net finance costs of $2.9 million during the fourth quarter of 2016. The increase in net finance costs was primarily a result of lower interest income on short term deposits. This was partially offset by lower interest costs on long term debt due to lower debt balances and interest rates.

Year ended December 31, 2017 versus Year ended December 31, 2016

For the year ended December 31, 2017, net finance costs were $16.8 million, compared to net finance costs of $15.9 million for 2016. The increase in net finance costs was primarily a result of lower interest income on short term deposits and higher interest expense on other borrowings and accretion costs on decommissioning obligations. This was partially offset by lower interest expense on long-term debt due to lower debt balances as a result of the repayment of Senior Notes in the prior year.

2.4 Income Taxes

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

(in thousands of Canadian dollars)	Three Months Ended			Year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Income tax expense	**$ 10,123**	$ 14,495	$ 6,954	**$ 33,988**	$ 6,207

Fourth Quarter 2017 versus Third Quarter 2017

The Company recorded an income tax expense of $10.1 million (34% of income before income taxes) in the fourth quarter of 2017, compared to an income tax expense of $14.5 million (42% of income before income taxes) in the third quarter of 2017. The effective tax rate in the fourth quarter of 2017 was higher than the expected income tax rate of 27% primarily due to a large portion of the Company's taxable income being earned in higher tax jurisdictions and some losses in the quarter being generated in jurisdictions where the Company was unable to record a tax benefit.

On December 22, 2017, the United States (US) enacted the Tax Cuts and Jobs Act. While the changes are broad and complex, the most significant change to the Company is the reduction in the US corporate federal income tax rate from 35% to 21% for its US subsidiaries. The Company has recorded a net impact of $0.8 million expense in its 2017 income tax provision related to the reduction in the US federal income tax rate. The impact reflects a $25.7 million decrease to its US deferred tax assets; partially offset by a $24.9 million decrease to its valuation allowance for certain US deferred tax assets existing at December 31, 2017. The Company has recognized these tax impacts and included these amounts in its consolidated financial statements for the year ended December 31, 2017.

Fourth Quarter 2017 versus Fourth Quarter 2016

The Company recorded an income tax expense of $10.1 million (34% of income before income taxes) in the fourth quarter of 2017, compared to an income tax expense of $7.0 million (20% of income before income taxes) in the fourth quarter of 2016. The effective tax rate in the fourth quarter of 2017 was higher than the expected income tax rate of 27% primarily due to a large portion of the Company's taxable income being earned in higher tax jurisdictions and some losses in the quarter being generated in jurisdictions where the Company was unable to record a tax benefit. In addition, US Tax reform resulted in additional tax expense of $0.8 million in the fourth quarter of 2017. Refer to the above for the impact of the US Tax Cuts and Jobs Act.

Year ended December 31, 2017 versus Year ended December 31, 2016

The Company recorded an income tax expense of $34.0 million (32% of income before income taxes) during the year ended December 31, 2017, compared to an income tax expense of $6.2 million during the year ended December 31, 2016. The effective tax rate in 2017 was higher than the expected income tax rate of 27% primarily due to a large portion of the Company's taxable income being earned in higher tax jurisdictions and some losses in the quarter being generated in jurisdictions where the Company was unable to record a tax benefit. In addition, US Tax reform resulted in additional tax expense of $0.8 million in the fourth quarter of 2017. Refer to the above for the impact of the US Tax Cuts and Jobs Act.

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 the Canadian dollar, for the following periods:

	Three Months Ended December 31,		**Year ended December 31,**	
	2017	2016	**2017**	2016
U.S. dollar	**1.2702**	1.3339	**1.2999**	1.3284
Euro	**1.5035**	1.4462	**1.4700**	1.4633
British Pounds	**1.7044**	1.6665	**1.6829**	1.7991

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)	**Q4-2017 Versus Q3-2017**	**Q4-2017 versus Q4-2016**	**2017 versus 2016**
Revenue	**$ 2,513**	**$ (13,257)**	**$ (31,464)**
Income from operations	**$ 363**	**$ (1,628)**	**$ (2,955)**
Net income (Attributable to shareholders of the Company)	**$ 190**	**$ (1,075)**	**$ (2,298)**

In addition to the translation impact noted above, the Company recorded a foreign exchange gain of $0.9 million in the fourth quarter of 2017, compared to a foreign exchange gain of $1.4 million for the comparable period in the prior year, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities.

2.6 Net Income (attributable to shareholders of the Company)

Fourth Quarter 2017 versus Third Quarter 2017

Net income decreased by $0.8 million, from $20.5 million during the third quarter of 2017 to $19.6 million during the fourth quarter of 2017. This was mainly due to the $6.4 million decrease in operating income, as explained in *section 2.2* above, and higher net finance costs of $0.7 million, partially offset by a $2.2 million lower loss from investments in associates and a $4.4 million decrease in income tax expense.

Fourth Quarter 2017 versus Fourth Quarter 2016

Net income decreased by $7.6 million, from $27.3 million during the fourth quarter of 2016 to $19.6 million during the fourth quarter of 2017. This was mainly due to the $19.2 million arbitration award in favour of the Company recorded in the fourth quarter of 2016 and higher finance costs in the fourth quarter of 2017 of $0.7 million. This was partially offset by the $12.2 million increase in operating income, as explained in *section 2.2* above, a $1.4 million lower loss from investments in associates and a $0.9 million cost associated with the repayment and modification of long term debt recorded in the fourth quarter of 2016.

Year ended December 31, 2017 versus Year ended December 31, 2016

Net income increased by $252.3 million, from a net loss of $181.0 million during the year ended December 31, 2016 to net income of $71.3 million during the year ended December 31, 2017. This was mainly due to the $299.4 million increase in operating income, as explained in *section 2.2* above, and a $3.0 million cost associated with the repayment and modification of long term debt recorded in 2016. This was partially offset by a $2.7 million higher loss from investments in associates, a $0.9 million increase in finance costs, a $27.8 million increase in income tax expenses and $19.2 million arbitration award in favour of the Company recorded in the fourth quarter of 2016.

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, except operating margin)	Three Months Ended			Year Ended	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
North America	**$ 161,725**	$ 157,640	$ 145,328	**$ 621,646**	$ 491,567
Latin America	**130,445**	124,419	11,212	**383,538**	56,149
EMAR	**54,004**	37,998	81,537	**203,465**	365,291
Asia Pacific	**35,619**	27,912	48,130	**165,060**	110,305
Total Revenue	**$ 381,793**	$ 347,969	$ 286,207	**$ 1,373,709**	$ 1,023,312
Operating income	**$ 36,237**	$ 37,672	$ 11,689	**$ 125,701**	$ (186,163)
Operating margin[(a)]	**9.5%**	10.8%	4.1%	**9.2%**	(18.2%)

a) Operating margin is defined as operating income divided by revenue and is a non-GAAP measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See *section 6.0 - Reconciliation of Non-GAAP Measures*.

Fourth Quarter 2017 versus Third Quarter 2017

In the fourth quarter, revenue increased by $33.8 million to $381.8 million, from $348.0 million in the third quarter of 2017. Segment revenue benefitted from higher activity levels in all regions and by the impact on translation of foreign operations from the strengthening Canadian dollar as noted in *section 2.5* above and:

- North America revenue increased by $4.1 million, or 3%, as a result of higher activity levels for flexible composite pipe and small diameter pipe coatings in the USA and Canada, partially offset by lower revenue for large diameter pipe coatings.

- In Latin America, revenue increased by $6.0 million, or 5%, primarily as a result of higher activity levels in Altamira, Mexico for the Sur de Texas - Tuxpan project and higher revenue at the Company's Argentina facilities.

- EMAR revenue was higher by $16.0 million, or 42%, primarily due to higher activity levels from the Orkanger, Norway and Italian facilities of the Company and pipe weld inspection services in the region. This was partially offset by lower activity levels at the Leith, Scotland facility and in field joint projects in the region.

- Asia Pacific revenue increased by $7.7 million, or 28%, mainly due to higher pipe coating project volumes at the Kabil, Indonesia and Kuantan, Malaysia facilities of the Company.

In the fourth quarter of 2017, operating income was $36.2 million compared to $37.7 million in the third quarter of 2017, a decrease of $1.4 million. The decrease in operating income was primarily due to impairment charges of $8.1 million recorded in the fourth quarter of 2017 and higher SG&A expenses, as explained in *section 2.2* above. This was partially offset by a $12.9 million increase in gross profit due to the increase in revenue, as explained above, partially offset by a 0.1 percentage point decrease in gross margin. The decrease in gross margin was due to unfavourable project mix, partially offset by labour efficiencies due to higher facility utilization and increased manufacturing overhead absorption.

Fourth Quarter 2017 versus Fourth Quarter 2016

Revenue in the fourth quarter of 2017 was $381.8 million, an increase of $95.6 million, or 33%, from $286.2 million in the comparable period of 2016. Segment revenue benefitted from higher activity levels in North America and Latin America, partially offset by lower revenue in EMAR and Asia Pacific, and the impact on translation of foreign operations, as noted in *section 2.5* above:

- North America revenue increased by $16.4 million, or 11%, primarily due to higher flexible composite pipe sales, an increase in tubular management services and higher activity levels in small diameter pipe coating in the USA and Canada. This was partially offset by decreased activity levels in pipe weld inspection services and large diameter pipe coatings in the USA.

- In Latin America, revenue increased by $119.2 million, primarily as a result of higher activity levels in Altamira, Mexico for the Sur de Texas - Tuxpan project and also positively impacted by higher revenue at the Company's Argentina facilities.

- Revenue in EMAR decreased by $27.5 million, or 34%, primarily due to lower activity levels on the Shah Deniz project in the Caspian and at the Leith, Scotland, Ras Al Khaimah, UAE ("RAK") and Orkanger, Norway facilities of the Company.

- Asia Pacific revenue decreased by $12.5 million, or 26%, mainly due to lower pipe coating project volumes from the Sur de Texas - Tuxpan and Shah Deniz projects at the Kabil, Indonesia facility. This was partially offset by increased volumes at the Kuantan, Malaysia facility.

In the fourth quarter of 2017, operating income was $36.2 million compared to $11.7 million in the fourth quarter of 2016, an increase of $24.5 million. This increase was attributable to higher gross profit of $54.0 million as a result of the increase in revenue of $95.6 million, as explained above, and a 5.8 percentage point increase in gross margin. The increase in gross margin was due to a $4.8 million reduction in the carrying value of inventory recorded in the fourth quarter of 2016, favourable project mix, labour efficiencies due to higher facility utilization and increased manufacturing overhead absorption. Partially offsetting these positive factors were increases in SG&A expenses and amortization of property, plant and equipment, as explained in *section 2.2* above, a $8.1 million impairment charge recorded in the fourth quarter of 2017 and a $5.6 million gain on sale of land recorded in the fourth quarter of 2016.

Year ended December 31, 2017 versus Year ended December 31, 2016

Revenue in the Pipeline and Pipe Services segment for the year ended December 31, 2017 was $1,373.7 million, an increase of $350.4 million from $1,023.3 million in the prior year. Segment revenue was impacted by higher activity levels in Latin America, North America and Asia Pacific, partially offset by lower volumes in EMAR and the impact on translation of foreign operations, as noted in *section 2.5* above:

- North America revenue increased by $130.1 million, or 26%, primarily due to increases in volumes of flexible composite pipe, tubular management services in Canada, pipe weld inspection services revenue in the USA and higher activity levels for small pipe coatings in Canada and the USA. This was partially offset by lower activity levels in large diameter pipe coating in the USA and Canada.

- Revenue in Latin America was higher by $327.4 million, or 583%, primarily as a result of higher activity levels in Altamira, Mexico for the Sur de Texas -Tuxpan project.

- In EMAR, revenue decreased by $161.8 million, or 44%, primarily due to decreased pipe coating activity levels for the Shah Deniz project in the Caspian, lower activity levels at the Leith, Scotland, RAK, Orkanger, Norway and Italian facilities of the Company. This was partially offset by higher activity levels for field joint projects in the region.

- Revenue in Asia Pacific increased by $54.8 million, or 50%, due to higher volumes from the Sur de Texas - Tuxpan, Woodside Greater Enfield and other projects at the Kuantan, Malaysia and Kabil, Indonesia facilities of the Company.

Operating income for the year ended December 31, 2017 was $125.7 million compared to an operating loss of $186.2 million for the prior year, an increase of $311.9 million. The increase in operating income is primarily due to an increase in gross profit of $189.1 million, driven by an increase in revenue of $350.4 million, as explained above, and a 5.3 percentage point increase in gross margin. The increase in gross margin was due to favourable project mix, labour efficiencies due to higher facility utilization and increased manufacturing overhead absorption. In addition, $149.2 million in higher impairment charges were recorded in 2016. This was partially offset by increases in SG&A expenses and amortization of property, plant and equipment, and lower gain on sale of land, as explained in *section 2.2* above.

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, except operating margin)	Three Months Ended			Year ended	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
North America	**$ 24,769**	$ 29,477	$ 26,358	**$ 113,973**	$ 114,512
EMAR	**16,540**	16,867	13,887	**67,857**	61,263
Asia Pacific	**3,052**	3,057	3,076	**12,377**	11,643
Total Revenue	**$ 44,361**	$ 49,401	$ 43,321	**$ 194,207**	$ 187,418
Operating income	**$ 5,342**	$ 8,891	$ 6,270	**$ 31,825**	$ 29,987
Operating margin[(a)]	**12.0%**	18.0%	14.5%	**16.4%**	16.0%

(a) Operating margin is defined as operating income divided by revenue and is a non-GAAP measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See *section 6.0 - Reconciliation of Non-GAAP Measures*.

Fourth Quarter 2017 versus Third Quarter 2017

In the fourth quarter of 2017, revenue decreased by $5.0 million, or 10%, to $44.4 million, compared to the third quarter of 2017, primarily due to lower shipments of wire and cable products in North America and slightly lower shipments of heat shrink tubing product, particularly in the automotive sector in North America.

Operating Income of $5.3 million in the fourth quarter of 2017 was $3.5 million, or 40%, lower than in the third quarter of 2017. The decrease in operating income was due to a decrease in gross profit of $2.4 million and an increase in SG&A expenses, as explained in *section 2.2* above. The decrease in gross profit was attributable to the lower revenue, as explained above and a 1.9 percentage point reduction in the gross margin, primarily due to product mix and lower facility utilization and absorption of manufacturing overheads.

Fourth Quarter 2017 versus Fourth Quarter 2016

Revenue in the fourth quarter of 2017 increased by $1.0 million, or 2%, compared to the fourth quarter of 2016. Revenue was impacted by higher shipments of heat shrink tubing product, particularly in the automotive sector, partially offset by lower activity levels for wire and cable products in North America.

Operating income in the fourth quarter of 2017 was $5.3 million compared to $6.3 million in the fourth quarter of 2016, a decrease of $0.9 million, or 15%. The decrease in operating income was primarily due to a decrease in gross profit of $0.5 million as a result of a 1.6 percentage point decrease in the gross margin, driven mainly by product mix. SG&A expenses were also higher, as explained in *section 2.2* above.

Year ended December 31, 2017 versus Year ended December 31, 2016

Revenue increased in the year ended December 31, 2017 by $6.8 million, or 4%, to $194.2 million, compared to 2016, primarily due to increased heat shrink tubing product sales, particularly in the automotive sector in the EMAR region, partially offset by lower activity levels for wire and cable products in North America.

Operating income for the year ended December 31, 2017 was $31.8 million compared to $30.0 million in 2016, an increase of $1.8 million, or 6%. The increase was primarily due to an increase in gross profit of $4.2 million as a result of the increase in revenue, as explained above and 1.1 percentage point gain in gross margin. The increase in gross margin was primarily due to product mix. This was partially offset by an increase in SG&A expenses, as explained in *section 2.2* 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**			**Year ended**	
	December 31, 2017	September 30, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
Financial and corporate expenses	**$ (8,557)**	$ (9,210)	$ (3,249)	$ **(29,830)**	$ (22,823)

Fourth Quarter 2017 versus Third Quarter 2017

Financial and corporate costs decreased by $0.7 million from $9.2 million during the third quarter of 2017 to $8.6 million in the fourth quarter of 2017. The decrease was primarily due to decreases in stock based and long term management incentive expenses of $1.4 million, $0.5 million in professional consulting, legal fees and equipment costs and $0.9 million in insurance expenses. This was partially offset by increases of $0.7 million in compensation expenses and other related personnel costs and $1.4 million in restructuring costs.

Fourth Quarter 2017 versus Fourth Quarter 2016

Financial and corporate costs increased by $5.3 million from the fourth quarter of 2016 to $8.6 million in the fourth quarter of 2017. The increase was primarily due to increases of $3.4 million in compensation expenses and other related personnel costs, $1.9 million in restructuring costs and $0.9 million in professional consulting and legal fees. This was partially offset by a reduction in stock based and long term management incentive expenses of $1.3 million.

Year ended December 31, 2017 versus Year ended December 31, 2016

Financial and corporate costs increased by $7.0 million from the year ended December 31, 2016 to $29.8 million in 2017. The increase was primarily due to increases of $8.0 million in compensation expenses and other related personnel costs and $1.9 million in restructuring costs. This was partially offset by a reduction in stock based and long term management incentive expenses of $3.1 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 achievement of key performance objectives, the timing of major project activity, the expected decline in consolidated revenues and earnings in 2018 from 2017 and the expected improvement in financial results in 2019 and 2020, the growth in revenue and earnings in the Petrochemical and Industrial segment of the Company's business, the increase in demand in the North American Pipeline and Pipe Services segment of the Company's business, the decline in revenues in the Latin American Pipeline and Pipe Services segment of the Company's business, the impact of the existing order backlog and other factors on the Company's revenue and operating income, including the award of contracts on outstanding bids, and in the longer term, the impact of global economic activity on the demand for the Company's products, the impact of the recovery 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 and the impact of investments in pipeline capacity and infrastructure rehabilitation on the Company's business.

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 previous declines in the global price of oil and gas, long term changes in global or regional economic activity and changes in energy supply and demand, which with other factors, 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 in the Company's annual Management Discussion and Analysis under the heading "Risks and Uncertainties" and in the Company's Annual Information Form under the heading "Risk Factors."

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, increases in expenditures on natural gas infrastructures, modest global economic growth, increased investment in new pipeline capacity and in the rehabilitation of aging infrastructure, increase in capital expenditures in the oil and gas industry, stable demand in the global automotive market and in the European and North American industrial markets as such apply to the Company's Petrochemical and Industrial business segment, the Company's ability to execute projects under contract and to secure significant additional contracts and the impact thereof in 2018 and subsequent years, 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 March 2nd, 2018 at 10:00AM ET, which will discuss the Company's Fourth Quarter and Year End 2017 Financial Results.

To participate via telephone, please dial 1-877-776-4039 or 1-315-625-6955. Conference Call ID: 6750729; alternatively, please go to the following website address to participate via webcast:
https://edge.media-server.com/m6/p/wq3nrxwi

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.

For further information, please contact:

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Shawcor Ltd.

Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)		**December 31, 2017**		December 31, 2016
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**289,065**	$	194,824
Short-term investments		**–**		1,890
Loans receivable		**2,448**		3,832
Accounts receivable		**259,694**		294,397
Income taxes receivable		**20,205**		35,141
Inventory		**115,479**		113,485
Prepaid expenses		**21,931**		22,477
Derivative financial instruments		**382**		9,393
		709,204		675,439
Non-current Assets				
Loans receivable		**2,283**		5,058
Property, plant and equipment		**417,781**		471,468
Intangible assets		**164,872**		192,907
Investments in associates		**20,188**		26,739
Deferred income tax assets		**33,876**		28,955
Other assets		**20,606**		26,407
Goodwill		**329,391**		350,818
		988,997		1,102,352
Total Assets	**$**	**1,698,201**	$	1,777,791
LIABILITIES AND EQUITY				
Current Liabilities				
Bank indebtedness	**$**	**–**	$	2,463
Accounts payable and accrued liabilities		**201,017**		212,539
Provisions		**27,361**		21,104
Income taxes payable		**42,904**		39,011
Derivative financial instruments		**1,915**		3,759
Deferred revenue		**44,826**		103,584
Obligations under finance lease		**1,111**		950
Other Liabilities		**11,848**		12,043
		330,982		395,453
Non-current Liabilities				
Long-term debt		**246,175**		263,528
Obligations under finance lease		**10,840**		11,019
Provisions		**36,555**		35,304
Employee future benefits		**18,552**		20,727
Deferred income tax liabilities		**6,448**		7,484
Other liabilities		**3,665**		1,236
		322,235		339,298
Total Liabilities		**653,217**		734,751
Equity				
Share capital		**704,956**		703,316
Contributed surplus		**27,651**		23,379
Retained earnings		**302,406**		273,045
Non-controlling interests		**5,848**		5,892
Accumulated other comprehensive income		**4,123**		37,408
Total Equity		**1,044,984**		1,043,040
Total Liabilities and Equity	**$**	**1,698,201**	$	1,777,791

Shawcor Ltd.

Consolidated Statements of Income (Loss) (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue				
Sale of products	**$ 128,391**	$ 87,150	**$ 509,491**	$ 373,128
Rendering of services	**297,669**	242,032	**1,057,161**	836,131
	426,060	329,182	**1,566,652**	1,209,259
Cost of Goods Sold and Services Rendered	**264,774**	221,480	**980,919**	816,775
Gross Profit	**161,286**	107,702	**585,733**	392,484
Selling, general and administrative expenses	**93,362**	71,760	**342,991**	320,643
Research and development expenses	**1,960**	2,305	**10,536**	13,239
Foreign exchange gains	**(879)**	(1,425)	**(249)**	(1,386)
Amortization of property, plant and equipment	**20,129**	13,833	**77,267**	57,255
Amortization of intangible assets	**4,740**	5,094	**19,170**	23,035
Gain on sale of land	**–**	(5,562)	**(311)**	(6,493)
Impairment	**8,073**	–	**8,073**	157,311
Income (Loss) from Operations	**33,901**	21,697	**128,256**	(171,120)
Loss from investments in associates	**(399)**	(1,809)	**(6,271)**	(3,536)
Finance costs, net	**(3,562)**	(2,868)	**(16,817)**	(15,915)
Costs associated with repayment and modification of long-term debt	**–**	(948)	**–**	(3,009)
Gain from arbitration award	**–**	19,221	**–**	19,221
Income (Loss) before Income Taxes	**29,940**	35,293	**105,168**	(174,359)
Income taxes	**10,123**	6,954	**33,988**	6,207
Net Income (Loss)	**$ 19,817**	$ 28,339	**$ 71,180**	$ (180,566)
Net Income (Loss) Attributable to:				
Shareholders of the Company	**19,649**	27,276	**71,307**	(180,960)
Non-controlling interests	**168**	1,063	**(127)**	394
Net Income (Loss)	**$ 19,817**	$ 28,339	**$ 71,180**	$ (180,566)
Earnings (loss) per Share				
Basic	**$ 0.28**	$ 0.42	**$ 1.02**	$ (2.80)
Diluted	**$ 0.28**	$ 0.42	**$ 1.02**	$ (2.80)
Weighted Average Number of Shares Outstanding (000s)				
Basic	**69,937**	65,141	**69,926**	64,719
Diluted	**70,188**	65,214	**70,102**	64,719

Shawcor Ltd.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Net Income (Loss)	**$ 19,817**	$ 28,339	**$ 71,180**	$ (180,566)
Other Comprehensive Income (Loss) to be Reclassified to Net Income (Loss) in Subsequent Periods				
Exchange differences on translation of foreign operations	**2,739**	(1,031)	**(33,446)**	(40,970)
Other comprehensive income (loss) attributable to investments in associates	**7**	260	**(280)**	(593)
Cash flow hedge gains	**–**	1,475	**–**	3,011
Net Other Comprehensive Income (Loss) to be Reclassified to Net Income (Loss) in Subsequent Periods	**2,746**	704	**(33,726)**	(38,552)
Other Comprehensive Income not to be Reclassified to Net Income (Loss) in Subsequent Periods				
Actuarial gain on defined benefit plans	**722**	12,541	**692**	2,844
Income tax expense	**(176)**	(3,358)	**(168)**	(752)
Net Other Comprehensive Income not to be Reclassified to Net Income (Loss) in Subsequent Periods	**546**	9,183	**524**	2,092
Other Comprehensive Income (Loss), Net of Income Taxes	**3,292**	9,887	**(33,202)**	(36,460)
Total Comprehensive Income (Loss)	**$ 23,109**	$ 38,226	**$ 37,978**	$ (217,026)
Comprehensive Income (Loss) Attributable to:				
Shareholders of the Company	**$ 23,077**	$ 37,314	**$ 38,022**	$ (215,463)
Non-controlling interests	**32**	912	**(44)**	(1,563)
Total Comprehensive Income (Loss)	**$ 23,109**	$ 38,226	**$ 37,978**	$ (217,026)

Shawcor Ltd.

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**	**Total Equity**
Balance - December 31, 2015	$534,484	$18,638	$ 492,713	$ 7,455	$71,911	$1,125,201
Net (loss) income	–	–	(180,960)	394	–	(180,566)
Other comprehensive loss	–	–	–	(1,957)	(34,503)	(36,460)
Comprehensive loss	–	–	(180,960)	(1,563)	(34,503)	(217,026)
Issue through public offering (net of commissions and share issuance costs of $7.3 million)	165,295	–	–	–	–	165,295
Issued on exercise of stock options	2,311	–	–	–	–	2,311
Compensation cost on exercised stock options	764	(764)	–	–	–	–
Compensation cost on exercised restricted share units	462	(462)	–	–	–	–
Stock-based compensation expense	–	5,967	–	–	–	5,967
Dividends declared and paid to shareholders	–	–	(38,708)	–	–	(38,708)
Balance - December 31, 2016	703,316	23,379	273,045	5,892	37,408	1,043,040
Net income (loss)	–	–	71,307	(127)	–	71,180
Other comprehensive income (loss)	–	–	–	83	(33,285)	(33,202)
Comprehensive income (loss)	–	–	71,307	(44)	(33,285)	37,978
Issued on exercise of stock options	761	–	–	–	–	761
Compensation cost on exercised stock options	278	(278)	–	–	–	–
Compensation cost on exercised restricted share units	601	(601)	–	–	–	–
Stock-based compensation expense	–	5,151	–	–	–	5,151
Dividends declared and paid to shareholders	–	–	(41,946)	–	–	(41,946)
Balance - December 31, 2017	**$704,956**	**$27,651**	**$302,406**	**$5,848**	**$4,123**	**$1,044,984**

Shawcor Ltd.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31, **2017**	Three Months Ended December 31, 2016	Year Ended December 31, **2017**	Year Ended December 31, 2016
Operating Activities				
Net income (loss)	**$ 19,817**	$ 28,339	**$ 71,180**	$ (180,566)
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**20,129**	13,833	**77,267**	57,255
Amortization of intangible assets	**4,740**	5,094	**19,170**	23,035
Amortization of long-term prepaid expenses	**180**	114	**1,179**	467
Impairment	**8,073**	–	**8,073**	157,311
Decommissioning liabilities expense	**(1,085)**	(1,907)	**(746)**	(2,875)
Other provision expenses	**3,997**	1,236	**12,644**	9,711
Share-based and other incentive-based compensation	**2,413**	2,687	**7,969**	8,548
Deferred income taxes	**(3,779)**	(5,681)	**(6,107)**	(16,396)
Loss (gain) on disposal of property, plant and equipment	**1,773**	(685)	**(27)**	719
Gain on sale of land	**–**	(5,562)	**(311)**	(6,493)
Unrealized loss (income) on derivative financial	**808**	(2,371)	**7,167**	(81)
Loss from investments in associates	**399**	1,809	**6,271**	3,536
Other	**–**	(201)	**–**	(689)
Settlement of decommissioning liabilities	**(85)**	(286)	**(765)**	(292)
Settlement of other provisions	**(1,643)**	(1,613)	**(3,791)**	(16,288)
Net change in employee future benefits	**2,204**	(755)	**3,152**	56
Change in non-cash working capital and foreign exchange	**38,353**	21,241	**(23,879)**	94,935
Cash Provided by Operating Activities	**96,294**	55,292	**178,446**	131,893
Investing Activities				
Decrease (increase) in loans receivable	**10**	(1,205)	**3,766**	(1,205)
Decrease in short-term investments	**1,768**	908	**1,890**	1,064
Purchase of property, plant and equipment	**(8,515)**	(37,376)	**(41,068)**	(89,252)
Proceeds on disposal of property, plant and equipment	**122**	10,322	**4,361**	14,784
Purchase of intangible assets	**(5)**	–	**(71)**	–
Increase in other assets	**(1,449)**	(5,481)	**(836)**	(4,420)
Business acquisition, net of cash acquired	**–**	–	**–**	(32,331)
Cash Used in Investing Activities	**(8,069)**	(32,832)	**(31,958)**	(111,360)
Financing Activities				
Increase (decrease) in bank indebtedness	–	2,463	**(2,463)**	2,463
Decrease in loans payable	–	–	**–**	(520)
Repayment of long-term debt	–	(100,748)	**–**	(202,568)
Payment of obligations under finance lease	**(316)**	(200)	**(1,090)**	(829)
Other labilities – non current	–	–	**(222)**	–
Issuance of shares (net of commissions and share issurance costs)	–	165,378	**761**	167,606
Dividend paid to shareholders	**(10,492)**	(9,692)	**(41,946)**	(38,708)
Cash (Used in) provided by Financing Activities	**(10,808)**	57,201	**(44,960)**	(72,556)
Effect of Foreign Exchange on Cash and Cash Equivalents	**270**	750	**(7,287)**	(13,798)
Net Increase (Decrease) in Cash and Cash Equivalents	**77,687**	80,411	**94,241**	(65,821)
Cash and Cash Equivalents - Beginning of Period	**211,378**	114,413	**194,824**	260,645
Cash and Cash Equivalents - End of Period	**$ 289,065**	$ 194,824	**$ 289,065**	$ 194,824

6.0 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. These non-GAAP measures do not have standardized meanings under IFRS and are not necessarily comparable to similar measures provided by other companies. The Company discloses these measures because it believes that they provide further information and assist readers in understanding the results of the Company's operations and financial position. These measures should not be considered in isolation or used in substitution for other measures of performance prepared in accordance with GAAP. The following is a reconciliation of the non-GAAP measures reported by the Company.

EBITDA and Adjusted EBITDA

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 or items which do not impact day to day operations. 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 and for comparing its operating performance with the performance of other companies that have different financing, capital or tax structures. 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 or day to day operations. Adjusted EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools to evaluate financial performance and is a key metric in business valuations. It is also considered important by lenders to the Company and is included in the financial covenants of the Company's debt agreements.

(in thousands of Canadian dollars)	**Three Months Ended December 31,**		**Year Ended December 31,**	
	2017	2016	**2017**	2016
Net income (loss)	**$ 19,817**	$ 28,339	**$ 71,180**	$ (180,566)
Add:				
Income taxes	**10,123**	6,954	**33,988**	6,207
Finance costs, net	**3,562**	2,868	**16,817**	15,915
Amortization of property, plant, equipment and intangible assets	**24,869**	18,927	**96,437**	80,290
EBITDA	**$ 58,371**	$ 57,088	**$ 218,422**	$ (78,154)
Cost associated with repayment and modification of long-term debt	**–**	948	**–**	3,009
Gain from arbitration award	**–**	(19,221)	**–**	(19,221)
Impairment	**8,073**	–	**8,073**	157,311
Gain on sale of land	**–**	(5,562)	**(311)**	(6,493)
ADJUSTED EBITDA	**$ 66,444**	$ 33,253	**$ 226,184**	$ 56,452

Operating Margin

Operating margin is defined as operating income divided by revenue and is a non-GAAP measure. The Company believes that operating margin is a useful supplemental measure that provides meaningful assessment of the business performance of the Company and its Operating Segments. The Company uses this measure as a key indicator of financial performance, operating efficiency and cost control based on volume of business generated.