August 9th, 2018

SHAWCOR LTD.
(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2018 RESULTS

- Second quarter 2018 revenue was $358 million, an increase of 2% from the $351 million reported in the first quarter of 2018 and 7% lower than the $384 million reported in the second quarter of 2017.
- Adjusted EBITDA[1] in the second quarter of 2018 was $37 million, an increase of 6% from the $35 million reported in the first quarter of 2018 and 30% lower compared to $53 million reported in the second quarter of 2017.
- Net income (attributable to shareholders of the Company) in the second quarter of 2018 was $9.9 million (or earnings per share of $0.14 diluted) compared with net income of $5.2 million (or $0.07 per share diluted) in the first quarter of 2018 and a net income of $15.9 million (or $0.23 per share diluted) in the second quarter of 2017.
- The Company's order backlog was $447 million at June 30, 2018, down compared to the backlog at March 31, 2018 of $459 million.

Mr. Steve Orr, Chief Executive Officer of Shawcor Ltd. remarked "Second quarter revenue and Adjusted EBITDA[1] were as expected and in line with what we delivered in the first quarter of 2018. The solid EBITDA[1] performance was supported by our expanded portfolio that more than offset the negative impact of lower activity in late cycle international pipe coating projects."

Mr. Orr added "We continue to gain confidence that 2018 will be a pivotal year where growth in future earnings will be enabled by both a growing diversified base business and strengthening in our project backlog. Underpinning this confidence is the current demand for the Company's products and services in North America and the strong indication that the international and offshore markets are at an inflection point. This confidence in our market position, supported by long-term industry fundamentals, allows us to continue executing our growth strategy."

[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 June 30,		Six Months Ended June 30,	
	2018	2017[c]	**2018**	2017[c]
Revenue	**$ 357,887**	$ 383,571	**$ 708,406**	$ 743,631
Gross profit	**115,105**	143,836	**231,891**	273,825
Gross profit %	**32.2%**	37.5%	**32.7%**	36.8%
Adjusted EBITDA[a]	**37,291**	53,129	**72,359**	96,353
Income from Operations	**15,682**	28,023	**27,119**	54,161
Net Income for the period[b]	**$ 9,914**	$ 15,877	**$ 15,124**	$ 31,270
Earnings per share:				
Basic	**$ 0.14**	$ 0.23	**$ 0.22**	$ 0.45
Fully diluted	**$ 0.14**	$ 0.23	**$ 0.22**	$ 0.45

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net income 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.
(c) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

1.0 KEY DEVELOPMENTS

Flexpipe Capacity Expansion in the Middle East

On May 2, 2018, the Company announced that its Flexpipe Systems division had entered into a majority ownership joint venture with a local pipe installation company with the intent to set up a manufacturing facility in the Middle East. The total value of the joint venture's investment is expected to exceed USD$20 million and the facility is expected to primarily serve the Middle Eastern, North African and Asia-Pacific markets. This facility is expected to increase Flexpipe's global production capacity of existing spoolable composite product by 30%, with flexibility to extend to a larger diameter range. First shipments from this new facility are expected by the end of 2019.

1.1 OUTLOOK

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 Company believes the positive momentum in oil and gas markets established toward the end of 2017 will continue throughout 2018 and allow it to deliver positive performance on its base business in 2018, particularly in North America. The second quarter of 2018 was another solid performance with Adjusted EBITDA[1] in line with expectations. Although the current level is lower than the prior year second quarter due to the absence of large project activity, it does demonstrate that the actions taken to diversify the portfolio before the downturn are gaining traction and have resulted in the emergence of a base level of business which is heavily influenced by the strong activity in North America. Due to its expanded base business and improved asset utilization from increased capital spending, the Company continues to expect that the full year Adjusted EBITDA[1] results will be at a similar level as the annualized results in the fourth quarter of 2016, although short term quarterly performance in the near term may be impacted by temporary factors. These factors include higher costs from logistics partners, the reactivations of manufacturing plants to secure work or enable technology capabilities, upfront investment in the pursuit of multiple large projects (greater than $100 million in revenue) and staffing challenges in the field services portion of the base business as it scales up to meet increased demand.

The level of capital spending in the industry continues to be forecasted higher as operators have begun to commit capital to projects that address reservoir depletion and maintain production supply. Similar to others in the industry, the Company is seeing resumed activity in the international and offshore markets which is reflected in the increased number of bids that it currently has outstanding. This is an important driver of demand for the Company's products and services across all of the Pipeline and Pipe Services segment, which in turn will support better utilization of its assets. The Company remains well positioned to capitalize on this continuing positive trend in project activity through its global footprint, technology portfolio and execution history.

During the second quarter of 2018, the Company continued its strategic positioning efforts in pursuit of several large projects. These large projects (characterized as greater than $100 million revenue for the Company) are not directly linked to oil and gas commodity prices as they involve energy security or reservoir access considerations. Although there were no large project wins announced in the second quarter, advancements have been made in the quarter to position the Company as the partner of choice on the second phase of a large multi-phased project, if it is sanctioned. The Company continues to believe that there is a strong likelihood that several large projects will be sanctioned and secured in the current year for commencement beyond 2018.

With increasing confidence that the investment in international projects will be sanctioned along with continued strengthening of our base business and strong balance sheet, Shawcor is continuing its growth strategy which involves both organic and inorganic initiatives. Organically, the Company is continuing to expand its material science technology in composites to capitalize on the growth trend in conversion from steel in oilfield pipeline infrastructure. In addition, organic investments include the deployment of next generation radiography and ultrasonic inspection devices in our integrity management business and capacity additions in our Petrochemical and Industrial segment to strengthen its position in the global automotive market. Inorganically, Shawcor continues to evaluate opportunities to acquire businesses that have a stable earnings profile and/or can expand Shawcor's existing reach in material science, digital enablement and sensors technology.

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.

[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*

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. It is expected that North American land activity will continue the current growth trend in rig counts and wells completed, particularly in the United States. In recent years, the Company has considerably expanded its addressable market through the multiple brands in our portfolio and this positive trend will support strong demand for the Company's products and services throughout 2018. The Company is also experiencing increasing demand for its pipe coating capabilities from increased activity in the Gulf of Mexico as well as larger diameter onshore transmission line projects, which is improving the utilization of our U.S. based coating facilities.

Pipeline and Pipe Services Segment - Latin America

The Company is expecting lower revenues in Latin America for the remainder of 2018 after the substantial completion of coating work in 2017 on the Sur de Texas – Tuxpan project and the related load out in the first half of 2018. On the positive side, the Company is experiencing increased activity on smaller projects throughout Latin America which will improve plant utilization throughout 2018. In addition, the Company is currently reactivating facilities in Mexico and Brazil for expected continued activity in the Gulf of Mexico and smaller offshore Brazilian projects already awarded.

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

Shawcor's EMAR Pipeline segment region continues to be negatively impacted by reduced capital spending by national and international companies. The Company expects to commence work in the second half of 2018 on a recently awarded contract to provide anti-corrosion and concrete weight coatings related to an offshore pipeline located in Qatar. In addition, the region is benefiting in 2018 from the increasing acceptance of its Composite products in the Middle East and the execution of secured work in 2018 on both the TurkStream and Nord Stream 2 pipeline projects related to girth weld inspection, pipeline joint protection and pipe end preservation.

Pipeline and Pipe Services Segment - Asia Pacific

The region's project activity over the near term will continue to be depressed due to the lack of offshore project investments. The Company's activity will be limited largely to the PTT 5th Transmission pipeline project which commenced in the fourth quarter of 2017 and remains on schedule for completion in early 2019. Beyond 2018, the region continues to show signs of recovery with strong bid and budgetary activity related to the development of gas reservoirs.

Petrochemical and Industrial Segment

Shawcor's Petrochemical and Industrial segment businesses continue to deliver solid revenue and operating income based on stable demand in the Global automotive market and European and North American industrial markets. These markets generally follow GDP activity. 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. The Company also expects growth in the application equipment business with new orders procured from Tier I Automotive wire harness suppliers for the Company's proprietary designs. In addition, demand for wire and cable products continues to be driven by projects related to nuclear refurbishment programs in Canada and several Light Rail Transit (LRT) projects.

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 $447 million as at June 30, 2018 was slightly below the $459 million order backlog as at March 31, 2018. The small decrease reflects revenue generated in the quarter from backlog orders which was almost entirely offset by new orders on the base business and other project wins moving from bid to backlog.

In addition to the backlog, the Company closely monitors its bidding activity and the value of outstanding firm bids is currently still in excess of $1 billion, consistent with the first quarter of 2018, despite project wins moving to backlog in the quarter. The Company is also working with customers on a number of projects and has provided budgetary estimates in aggregate values of approximately $1.6 billion, higher than the budgetary estimates provided to customers by the end of the first quarter of 2018. Although the timing of these projects remains uncertain, the Company's bid and budgetary figures represent a diverse portfolio of opportunities to sustain and build the backlog through 2018 and beyond.

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:

	Three Months Ended			Six Months Ended	
(in thousands of Canadian dollars)	**June 30, 2018**	March 31, 2018	June 30, 2017[(b)]	**June 30, 2018**	June 30, 2017[(b)]
Pipeline and Pipe Services	**$ 303,659**	$ 299,966	$ 334,702	**$ 603,625**	$ 644,064
Petrochemical and Industrial	**54,612**	51,007	49,078	**105,619**	100,445
Elimination[(a)]	**(384)**	(454)	(209)	**(838)**	(878)
Consolidated revenue	**$ 357,887**	$ 350,519	$ 383,571	**$ 708,406**	$ 743,631

(a) Represents the elimination of the inter-segment sales between the Pipeline and Pipe Services segment and the Petrochemical and Industrial segment.
(b) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

Second Quarter 2018 versus First Quarter 2018

Consolidated revenue increased 2%, or $7.4 million, from $350.5 million during the first quarter of 2018 to $357.9 million during the second quarter of 2018, due to increases of $3.7 million in the Pipeline and Pipe Services segment and $3.6 million in the Petrochemical and Industrial segment.

Revenue increased by 1% in the Pipeline and Pipe Services segment, or $3.7 million, from $300.0 million in the first quarter of 2018 to $303.7 million in the second quarter of 2018, due to higher activity levels in North America, partially offset by lower volumes in the EMAR, Latin America and Asia Pacific 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 higher by $3.6 million, or 7%, in the second quarter of 2018, compared to the first quarter of 2018, primarily due to higher activity levels in North America. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Second Quarter 2018 versus Second Quarter 2017

Consolidated revenue decreased by $25.7 million, or 7%, from $383.6 million during the second quarter of 2017, to $357.9 million during the second quarter of 2018, reflecting a $31.0 million revenue decrease in the Pipeline and Pipe Services segment, primarily due to lower large project activity in Latin America, partially offset by a $5.5 million revenue increase in the Petrochemical and Industrial segment.

In the Pipeline and Pipe Services segment, revenue in the second quarter of 2018 was $303.7 million, or 9% lower than in the second quarter of 2017, due to decreased activity levels in Latin America, EMAR and Asia Pacific, partially offset by higher revenue levels in North America. See *Section 3.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue was $5.5 million higher during the second quarter of 2018, compared to $49.1 million in the second quarter of 2017, due to increased activity levels in North America and EMAR, partially offset by lower revenue in Asia Pacific. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

Consolidated revenue decreased by $35.2 million, or 5%, from $743.6 million for the six month period ended June 30, 2017 to $708.4 million for the six month period ended June 30, 2018, reflecting a decrease of $40.4 million, or 6%, in the Pipeline and Pipe Services segment, primarily due to lower large project activity in Latin America, partially offset by a $5.2 million, or 5%, increase in revenue in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment during the first half of 2018 was $603.6 million, or $40.4 million lower than in the comparable period in 2017, due to lower activity levels in Latin America, Asia Pacific and EMAR, partially offset by higher revenue in the North American region. 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 $5.2 million in the first half of 2018 compared to the same period in 2017, due to higher activity levels in EMAR and North America, partially offset by lower revenue in Asia Pacific. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

2.2 Income from Operations ("Operating Income")

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

(in thousands of Canadian dollars, except percentages)	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017[b]	**June 30, 2018**	June 30, 2017[b]
Operating income	**$ 15,682**	$ 11,437	$ 28,023	**$ 27,119**	$ 54,161
Operating margin[a]	**4.4%**	3.3%	7.3%	**3.8%**	7.3%

(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.*

(b) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

Second Quarter 2018 versus First Quarter 2018

Operating income increased by $4.2 million, from $11.4 million during the first quarter of 2018 to $15.7 million in the second quarter of 2018. Operating income was positively impacted by a $4.9 million increase in net foreign exchange gains and a $2.4 million decrease in amortization of property, plant, equipment and intangible assets . This was partially offset by a $1.7 million decrease in gross profit and a $1.2 million increase in selling, general and administrative ("SG&A") expenses.

The decrease in gross profit resulted from a 1.2 percentage point decrease in the gross margin from the first quarter of 2018, partially offset by a $7.4 million increase in revenue, as explained above. The decrease in the gross margin percentage was primarily due to product and project mix, partially offset by higher facility utilization and increased absorption of manufacturing overheads.

SG&A expenses increased by $1.2 million, from $79.3 million in the first quarter of 2018 to $80.6 million in the second quarter of 2018, primarily due to increases of $1.8 million in bad debts expense and $0.4 million in compensation and other personnel related costs, partially offset by a decrease of $1.0 million in equipment, building and other costs.

Second Quarter 2018 versus Second Quarter 2017

Operating income decreased by $12.3 million, from $28.0 million in the second quarter of 2017 to $15.7 million during the second quarter of 2018. Operating income was negatively impacted by a decrease in gross profit of $28.7 million and a $1.1 million increase in research and development expenses. This was partially offset by decreases of $4.7 million in amortization of property, plant, equipment and intangible assets and $5.1 million in SG&A expenses and a $7.9 million increase in net foreign exchange gains.

The decrease in gross profit resulted from the lower revenue, as explained above, and a 5.3 percentage point decrease in the gross margin from the second quarter of 2017. The decrease in the gross margin percentage was primarily due to lower large project activity in Latin America, partially offset by higher facility utilization and increased absorption of manufacturing overheads, particularly in the Pipeline and Pipe Services segment.

SG&A expenses in the second quarter of 2018 decreased by $5.1 million compared to the second quarter of 2017, primarily due to an $8.0 million decrease in compensation and other personnel related costs, where the prior year period included an increase in government mandated employee profit sharing on large project activity in Latin America, and a $0.7 million decrease in rental and building costs, partially offset by increases of $1.8 million in provision for bad debts and $1.8 million in equipment and other costs.

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

Operating income decreased by $27.0 million, from $54.2 million in the six month period ended June 30, 2017, to $27.1 million in the six month period ended June 30, 2018. Operating income was negatively impacted by a year-over-year decrease in gross profit of $41.9 million and a $0.5 million increase in research and development expenses. This was partially offset by decreases of $4.8 million in SG&A expenses and $0.8 million in amortization of property, plant, equipment and intangible assets and a $10.2 million increase in net foreign exchange gains.

The decrease in gross profit resulted from the lower revenue, as explained above, and a 4.1 percentage point decrease in the gross margin from the prior year. The decrease in the gross margin percentage was primarily due to lower large project activity in Latin America, partially offset by higher facility utilization and increased absorption of manufacturing overheads, particularly in the Pipeline and Pipe Services segment.

SG&A expenses decreased by $4.8 million in the first six months of 2018 compared to the comparable period in 2017, primarily due to a $11.2 million decrease in compensation and other personnel related costs, where the prior year period included an increase in government mandated employee profit sharing on large project activity in Latin America, partially offset by an $1.8 million increase in provision for bad debts and a $4.6 million increase in rental, building, equipment and other costs.

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, 2018	March 31, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
Interest income	**$ (789)**	$ (841)	$ (733)	**$ (1,630)**	$ (967)
Interest expense, other	**1,502**	1,292	1,372	**2,794**	2,964
Interest expense on long-term debt	**2,271**	2,215	4,144	**4,486**	8,414
Finance costs, net	**$ 2,984**	$ 2,666	$ 4,783	**$ 5,650**	$ 10,411

Second Quarter 2018 versus First Quarter 2018

In the second quarter of 2018, net finance costs were $3.0 million, compared to net finance costs of $2.7 million during the first quarter of 2018. The increase in net finance costs was primarily due to a $0.2 million increase in other financing expenses.

Second Quarter 2018 versus Second Quarter 2017

In the second quarter of 2018, net finance costs were $3.0 million, compared to net finance costs of $4.8 million during the second quarter of 2017. The decrease in net finance costs was primarily a result of lower interest expense on long term debt due to lower interest rates, partially offset by an increase in other financing expenses.

Six Months Ended June 30, 2018 versus Six Months Ended June 30, 2017

For the six months ended June 30, 2018, net finance costs were $5.7 million, compared to $10.4 million in the comparable period in the prior year. The decrease in net finance costs was primarily a result of lower interest expense on long term debt due to lower interest rates and higher interest income on short term deposits.

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, 2018	March 31, 2018	June 30, 2017[(a)]	**June 30, 2018**	June 30, 2017[(a)]
Income tax expense	**$ 2,838**	$ 3,313	$ 6,836	**$ 6,151**	$ 9,413

(a) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017

Second Quarter 2018 versus First Quarter 2018

The Company recorded an income tax expense of $2.8 million (22% of income before income taxes) in the second quarter of 2018, compared to an income tax expense of $3.3 million (38% of income before income taxes) in the first quarter of 2018. The effective tax rate in the second quarter of 2018 was lower than the Company's statutory income tax rate of 27% primarily due to the mix of jurisdictions where the income is earned.

Second Quarter 2018 versus Second Quarter 2017

The Company recorded an income tax expense of $2.8 million (22% of income before income taxes) in the second quarter of 2018, compared to an income tax expense of $6.8 million (30% of income before income taxes) in the second quarter of 2017. The effective tax rate in the second quarter of 2018 was lower than the Company's statutory income tax rate of 27% primarily due to the mix of jurisdictions where the income is earned and improved results in jurisdictions where the Company is benefiting from previously unrecognized deferred tax assets.

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

The Company recorded an income tax expense of $6.2 million (28% of income before income taxes) during the six-month period ended June 30, 2018, compared to an income tax expense of $9.4 million (23% of income before income taxes) during the six-month period ended June 30, 2017. The effective tax rate for the six month period ended June 30, 2018 was higher than the Company's statutory income tax rate of 27%, primarily due to the mix of jurisdictions where the income was earned, partially offset by improved results in jurisdictions where the Company is benefiting from previously unrecognized deferred tax assets.

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,**	
	2018	2017	**2018**	2017
U.S. dollar	**1.2962**	1.3360	**1.2785**	1.3308
Euro	**1.5464**	1.4766	**1.5404**	1.4479
British Pounds	**1.7585**	1.7148	**1.7486**	1.6858

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)	**Q2-2018 versus Q1-2018**	**Q2-2018 versus Q2-2017**	**Q2-2018 YTD versus Q2-2017 YTD**
Revenue	$ 2,831	$ (8,735)	$ (17,261)
Income from operations	$ (1,137)	$ (3,709)	$ (6,700)
Net income (attributable to shareholders of the Company)	$ (616)	$ (2,734)	$ (5,257)

In addition to the translation impact noted above, the Company recorded a foreign exchange gain of $5.7 million in the second quarter of 2018 (six months ended June 30, 2018 – gain of $6.6 million), compared to a foreign exchange loss of $2.2 million for the comparable period in the prior year (six months ended June 30, 2017 – a loss of $3.6 million), 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, primarily in Latin America.

2.6 Net Income (attributable to shareholders of the Company)

Second Quarter 2018 versus First Quarter 2018

Net income increased by $4.7 million, from $5.2 million during the first quarter of 2018 to $9.9 million during the second quarter of 2018. This was mainly due to the $4.2 million increase in operating income, as explained in *Section 2.2* above, a $0.4 million increase in net gain from investment in associates and a $0.5 million decrease in income tax expense. This was partially offset by a $0.3 million increase in finance cost.

Second Quarter 2018 versus Second Quarter 2017

Net income decreased by $6.0 million, from $15.9 million during the second quarter of 2017 to $9.9 million during the second quarter of 2018. This was mainly due to the $12.3 million decrease in operating income, as explained in *Section 2.2* above. This was partially offset by decreases of $1.8 million in finance costs and $4.0 million in income tax expense and a $0.9 million increase in net gain from investment in associates.

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

Net income decreased by $16.2 million, from $31.3 million during the six-month period ended June 30, 2017 to $15.1 million during the six-month period ended June 30, 2018, mainly due to the $27.0 million decrease in operating income, as explained in *Section 2.2* above. This was partially offset by a $3.3 million decrease in income tax expense, a $3.5 million increase in net gain from investments in associates and a $4.8 million decrease in finance costs.

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 percentages)	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017(b)	**June 30, 2018**	June 30, 2017(b)
North America	**$ 199,037**	$ 174,197	$ 155,313	**$ 373,234**	$ 302,218
Latin America	**32,848**	37,372	99,559	**70,220**	128,674
EMAR	**46,307**	52,548	48,960	**98,855**	111,643
Asia Pacific	**25,467**	35,849	30,870	**61,316**	101,529
Total revenue	**$ 303,659**	$ 299,966	$ 334,702	**$ 603,625**	$ 644,064
Operating income	**$ 9,396**	$ 8,897	$ 26,971	**$ 18,293**	$ 51,909
Operating margin(a)	**3.1%**	3.0%	8.1%	**3.0%**	8.1%

(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 S*ection 6.0 - Reconciliation of Non-GAAP Measures*.

(b) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

Second Quarter 2018 versus First Quarter 2018

Revenue in the second quarter of 2018 increased by $3.7 million to $303.7 million, from $300.0 million in the first quarter of 2018. Revenue was impacted by higher activity levels in North America, partially offset by lower volumes in Asia Pacific, EMAR and Latin America:

- In North America, revenue increased by $24.8 million, or 14%, as a result of higher flexible composite pipe volumes and improved large diameter coating pipe revenue in the USA and Canada and increased activity levels in pipe weld inspection services and engineering services. This was partially offset by lower activity levels for small diameter pipe coating in Canada.

- Revenue in Latin America decreased by $4.5 million, or 12%, primarily as a result of the substantial completion of the load out activity for the Sur de Texas – Tuxpan project.

- EMAR revenue decreased by $6.2 million, or 12%, primarily due to lower activity levels at the Orkanger, Norway and Leith, Scotland facilities and on field joint coating projects in the region. This was partially offset by higher activity levels at the Ras Al Khaimah, UAE ("RAK") facility and the Company's Italian facilities and increased pipe weld services activity in the region.

- In Asia Pacific, revenue decreased by $10.4 million, or 29%, primarily due to lower pipe coating project activity at the Kabil, Indonesia facility.

In the second quarter of 2018, operating income was $9.4 million compared to $8.9 million in the first quarter of 2018, an increase of $0.5 million. Operating income was negatively impacted by a $1.4 million decrease in gross profit due to a 0.9 percentage point decrease in gross margin, partially offset by the higher revenue, as explained above. The decrease in gross margin was primarily due to unfavourable project mix. This was more than offset by lower amortization of property, plant, equipment and intangible assets in the second quarter of 2018, as explained in *Section 2.2* above.

Second Quarter 2018 versus Second Quarter 2017

Revenue in the second quarter of 2018 was $303.7 million, a decrease of $31.0 million, or 9%, from $334.7 million in the comparable period of 2017. This is primarily due to lower large project activity in Latin America and lower volumes in EMAR and Asia Pacific, partially offset by higher revenue in North America. In addition, segment revenue was adversely affected by the impact on translation of foreign operations, as noted in *Section 2.5* above:

- North America revenue increased by $43.7 million, or 28%, primarily due to higher volumes of large diameter pipe coating in Canada and small diameter pipe coating in the USA, higher flexible composite pipe volumes and increased activity levels in pipe weld inspection and engineering services .

- Revenue in Latin America decreased by $66.7 million, or 67%, primarily due to lower large project activity related to Sur de Texas-Tuxpan project, partially offset by higher activity levels at the Company's Argentina facilities.

- In EMAR, revenue decreased by $2.7 million, or 5%, primarily due to the absence of the Shah Deniz project in the Caspian and lower activity levels at the Orkanger, Norway facility and on field joint coating projects in the region. This was partially offset by higher activity levels at the RAK facility and the Company's Italian facilities.

- Revenue in Asia Pacific decreased by $5.4 million, or 18%, mainly due to lower pipe coating project activity at the Kabil, Indonesia and Kuantan, Malaysia facilities.

In the second quarter of 2018, operating income was $9.4 million compared to $27.0 million in the second quarter of 2017, a decrease of $17.6 million. The decrease in operating income was primarily due to the $29.5 million decrease in gross profit resulting from the decrease in revenue, as explained above, and a 5.8 percentage point decrease in gross margin. The decrease in gross margin was due to lower large project activity levels, partially offset by higher facility utilization and increased manufacturing overhead absorption. In addition, this was partially offset by the lower SG&A expenses and lower amortization of property, plant, equipment and intangible assets, as explained in *Section 2.2* above

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

Revenue in the Pipeline and Pipe Services segment for the six month period ended June 30, 2018 was $603.6 million, a decrease of $40.4 million, from $644.1 million in the comparable period in the prior year. Segment revenue was adversely affected by the impact on translation of foreign operations, as noted in S*ection 2.5* above, and by lower activity levels in Latin America, EMAR and Asia Pacific, partially offset by higher revenue in North America:

- In North America, revenue increased by $71.0 million, or 24%, primarily due to increased revenue from flexible composite pipe sales, pipe weld inspection services, large diameter pipe coating in Canada, small diameter pipe coating in the USA and engineering services.

- Latin America revenue was lower by $58.5 million, or 45%, mainly due to lower large project activity related to Sur de Texas-Tuxpan project, partially offset by higher volumes at the Company's Argentina facilities.

- Revenue in EMAR decreased by $12.8 million, or 11%, primarily due to decreased pipe coating activity levels in Orkanger, Norway, the Company's Italian facilities and field joint coating projects in the region and the absence of the Shah Deniz project work in the Caspian. This was partially offset by higher volumes at the Leith, Scotland and RAK facilities.

- In Asia Pacific, revenue decreased by $40.2 million, or 40%, mainly due to lower pipe coating project activity at the Kabil, Indonesia and Kuantan, Malaysia facilities.

Operating income for the six month period ended June 30, 2018 was $18.3 million compared to $51.9 million for the six month period ended June 30, 2017, a decrease of $33.6 million. The decrease in operating income is primarily due to a $42.1 million decrease in gross profit as a result of the decrease in revenue, as explained above, and a 4.5 percentage point decrease in gross margin. The decrease in gross margin was due to lower large project activity, partially offset by increased facility utilization and higher manufacturing overhead absorption. This was partially offset by decreases in amortization of property, plant, equipment and intangible assets and SG&A expenses, 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 percentages)	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
North America	**$ 31,819**	$ 28,245	$ 28,255	**$ 60,064**	$ 59,727
EMAR	**19,959**	19,876	17,772	**39,835**	34,450
Asia Pacific	**2,834**	2,886	3,051	**5,720**	6,268
Total Revenue	**$ 54,612**	$ 51,007	$ 49,078	**$ 105,619**	$ 100,445
Operating income	**$ 8,736**	$ 8,868	$ 7,945	**$ 17,604**	$ 17,592
Operating margin[(a)]	**16.0%**	17.4%	16.2%	**16.7%**	17.5%

(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*.

Second Quarter 2018 versus First Quarter 2018

In the second quarter of 2018, revenue increased by $3.6 million, or 7%, to $54.6 million, compared to the first quarter of 2018, primarily due to increased shipments of heat shrink tubing products, particularly in the automotive sector, and higher activity levels for wire and cable products.

Operating income of $8.7 million in the second quarter of 2018 was $0.1 million, or 1%, lower than in the first quarter of 2018. The decrease in operating income was primarily due to a decrease in gross profit of $0.3 million resulting from a 2.6 percentage point decrease in gross margin, partially offset by the increased revenue, as explained above. The decrease in gross margin was primarily due to unfavourable product mix.

Second Quarter 2018 versus Second Quarter 2017

Revenue in the second quarter of 2018 increased by $5.5 million, or 11%, compared to the second quarter of 2017. Revenue was positively impacted by increased shipments of heat shrink tubing products, particularly in the automotive sector, and higher activity levels for wire and cable products.

Operating income in the second quarter of 2018 was $8.7 million compared to $7.9 million in the second quarter of 2017, an increase of $0.8 million, or 10%. The increase in operating income was primarily due to an increase in gross profit of $0.7 million resulting from the increase in revenue, as explained above, partially offset by a 1.7 percentage point decrease in gross margin. The decrease in gross margin was primarily due to unfavourable product mix.

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

Revenue increased in the six months ended June 30, 2018 by $5.2 million, or 5%, to $105.6 million compared to the comparable period in 2017, due to increased shipments of wire and cable products in North America, combined with increased heat shrink product shipments in EMAR and North America, partially offset by the impact of foreign exchange on revenue, as noted in *Section 2.5* above.

Operating income for the six months ended June 30, 2018 was flat at $17.6 million compared to the six months ended June 30, 2017. Gross profit was higher by $0.2 million as a result of the increase in revenue, as explained above, partially offset by a decrease of 1.3 percentage point in gross margin. The decrease in gross margin was due to unfavourable product mix, partially offset by higher facility utilization and increased manufacturing overhead absorption.

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:

	Three Months Ended			Six Months Ended	
(in thousands of Canadian dollars)	**June 30, 2018**	March 31, 2018	June 30, 2017	**June 30, 2018**	June 30, 2017
Financial and corporate expenses	**$ (8,190)**	$ (7,155)	$ (5,039)	**$ (15,345)**	$ (12,063)

Second Quarter 2018 versus First Quarter 2018

Financial and corporate costs increased by $1.0 million from $7.2 million during the first quarter of 2018 to $8.2 million in the second quarter of 2018. The increase was primarily due to a $2.1 million increase in compensation and other related personnel costs, partially offset by a $1.1 million reduction in building, equipment, communication and other costs.

Second Quarter 2018 versus Second Quarter 2017

Financial and corporate costs increased by $3.2 million from the second quarter of 2017 to $8.2 million in the second quarter of 2018. The increase was primarily due to a $3.3 million increase in compensation and other related personnel costs, partially offset by a $0.3 million reduction in professional consulting and legal fees.

Six Months ended June 30, 2018 versus Six Months ended June 30, 2017

Financial and corporate costs increased by $3.3 million from the six month period ended June 30, 2017 to $15.3 million for the six month period ended June 30, 2018. The increase was primarily due to increases of $2.0 million in compensation and other related personnel costs and $1.3 million in building, equipment, management information systems and other costs.

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 establishment of a manufacturing facility in the Middle East by the Flexpipe Systems division, its impact on production capacity and the timing thereof, the achievement of key performance objectives, the timing of the Qatar pipeline coating project and other project activity, the sanctioning of large projects in 2018 and the impact thereof on the Company's business, the level of Adjusted EBITDA in 2018, the growth in revenue and operating income in the Petrochemical and Industrial segment of the Company's business, the increase in demand for the Company's products in the North American Pipeline and Pipe Services segment of the Company's business, the decline in revenues but improved plant utilization in the Pipeline and Pipe Services segment of the Company's business, 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 expected development of the Company's order backlog and the impact thereof on the Company's revenue and operating income, including the award of contracts on outstanding bids, the impact of global economic activity on the demand for the Company's products, the impact of the improvement 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 and tax matters and other claims generally, and the level of payments under the Company's performance bonds.

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; and fluctuations in foreign exchange rates, as well as other risks and uncertainties described under "Risks and Uncertainties" in the Company's annual MD&A and in the Company's Annual Information Form under "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, including continuing recovery of the oil and gas markets throughout 2018, increases in expenditures on natural gas infrastructures, modest global economic growth, 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 segment, the Company's ability to execute projects under contract, the continued supply of and stable pricing for commodities used by the Company, short term increases in rail and transportation costs, 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 10th, 2018 at 10:00AM ET, which will discuss the Company's Second Quarter End 2018 Financial Results.

To participate via telephone, please dial 1-877-776-4039 or 1-315-625-6955. Conference Call ID:5483496; alternatively, please go to the following website address to participate via webcast:
https://edge.media-server.com/m6/p/g4dhfpep

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:

Gaston Tano
Senior Vice President, Finance and CFO
Telephone: 416.744.5539
E-mail: gaston.tano@shawcor.com
Website: www.shawcor.com

Shawcor Ltd.
Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)		**June 30, 2018**		December 31, 2017 [(a)]
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**241,818**	$	289,065
Loans receivable		**1,729**		2,448
Accounts receivable		**240,402**		194,439
Contract assets		**39,718**		65,413
Income taxes receivable		**26,837**		20,205
Inventories		**138,529**		115,018
Prepaid expenses		**22,136**		21,931
Derivative financial instruments		**1,900**		382
Total current assets		**713,069**		708,901
Non-current Assets				
Loans receivable		**2,396**		2,283
Property, plant and equipment		**421,829**		417,781
Intangible assets		**162,171**		164,872
Investments in associates		**30,240**		20,188
Deferred income tax assets		**33,200**		33,979
Other assets		**8,650**		20,606
Goodwill		**342,706**		329,391
Total non-current assets		**1,001,192**		989,100
TOTAL ASSETS	**$**	**1,714,261**	$	1,698,001
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts payable and accrued liabilities	**$**	**219,242**	$	201,017
Provisions		**22,246**		27,361
Income taxes payable		**32,232**		42,904
Derivative financial instruments		**111**		1,915
Contract liabilities		**40,478**		44,826
Obligations under finance lease		**521**		1,111
Other liabilities		**6,866**		11,848
Total current liabilities		**321,696**		330,982
Non-current Liabilities				
Long-term debt		**258,444**		246,175
Obligations under finance lease		**11,113**		10,840
Provisions		**36,201**		36,555
Employee future benefits		**18,203**		18,552
Deferred income tax liabilities		**3,783**		6,448
Other liabilities		**7,854**		3,665
Total non-current liabilities		**335,598**		322,235
Total Liabilities		**657,294**		653,217
Equity				
Share capital		**707,958**		704,956
Contributed surplus		**28,469**		27,651
Retained earnings		**296,314**		302,206
Non-controlling interests		**5,500**		5,848
Accumulated other comprehensive income		**18,726**		4,123
Total Equity		**1,056,967**		1,044,784
TOTAL LIABILITIES AND EQUITY	**$**	**1,714,261**	$	1,698,001

(a) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018 but was implemented retrospectively to January 1, 2017.

Shawcor Ltd.

Interim Consolidated Statements of Income (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017 [a]	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017 [a]
Revenue				
Sale of products	**$ 159,119**	$ 126,306	**$ 314,036**	$ 252,422
Rendering of services	**198,768**	257,265	**394,370**	491,209
	357,887	383,571	**708,406**	743,631
Cost of Goods Sold and Services Rendered	**242,782**	239,735	**476,515**	469,806
Gross Profit	**115,105**	143,836	**231,891**	273,825
Selling, general and administrative expenses	**80,547**	85,670	**159,872**	164,697
Research and development expenses	**3,300**	2,254	**6,404**	5,872
Foreign exchange (gains) losses	**(5,740)**	2,164	**(6,567)**	3,588
Amortization of property, plant and equipment	**16,710**	20,904	**35,931**	35,648
Amortization of intangible assets	**4,606**	5,132	**9,132**	10,170
Gain on sale of land	**–**	(311)	**–**	(311)
Income from Operations	**15,682**	28,023	**27,119**	54,161
Gain (loss) from investments in associates	**293**	(619)	**177**	(3,315)
Finance costs, net	**(2,984)**	(4,783)	**(5,650)**	(10,411)
Income before Income Taxes	**12,991**	22,621	**21,646**	40,435
Income taxes	**2,838**	6,836	**6,151**	9,413
Net Income	**$ 10,153**	$ 15,785	**$ 15,495**	$ 31,022
Net Income Attributable to:				
Shareholders of the Company	**$ 9,914**	$ 15,877	**$ 15,124**	$ 31,270
Non-controlling interests	**239**	(92)	**371**	(248)
Net Income	**$ 10,153**	$ 15,785	**$ 15,495**	$ 31,022
Earnings per Share				
Basic	**$ 0.14**	$ 0.23	**$ 0.22**	$ 0.45
Diluted	**$ 0.14**	$ 0.23	**$ 0.22**	$ 0.45
Weighted Average Number of Shares Outstanding (000s)				
Basic	**70,058**	69,932	**70,037**	69,916
Diluted	**70,148**	70,033	**70,180**	70,024

(a) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

Shawcor Ltd.

Interim Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30, **2018**	Three Months Ended June 30, 2017[a]	Six Months Ended June 30, **2018**	Six Months Ended June 30, 2017[a]
Net Income for the Period	**$ 10,153**	$ 15,785	**$ 15,495**	$ 31,022
Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods				
Exchange differences on translation of foreign operations	**(7,072)**	(7,416)	**13,989**	(9,992)
Other comprehensive loss attributable to investments in associates	**(166)**	(84)	**(125)**	(182)
Net Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods	**(7,238)**	(7,500)	**13,864**	(10,174)
Other Comprehensive Income (Loss) not to be Reclassified to Net Income in Subsequent Periods				
Actuarial gain (loss) on defined benefit plan	**36**	(10)	**26**	(13)
Income tax (recovery) expense	**(10)**	2	**(6)**	3
Net Other Comprehensive Income (Loss) not to be Reclassified to Net Income in Subsequent Periods	**26**	(8)	**20**	(10)
Other Comprehensive (Loss) Income, Net of Income Tax	**(7,212)**	(7,508)	**13,884**	(10,184)
Total Comprehensive Income	**$ 2,941**	$ 8,277	**$ 29,379**	$ 20,838
Comprehensive Income Attributable to:				
Shareholders of the Company	**$ 3,494**	$ 8,016	**$ 29,727**	$ 20,666
Non-controlling interests	**(553)**	261	**(348)**	172
Total Comprehensive Income	**$ 2,941**	$ 8,277	**$ 29,379**	$ 20,838

(a) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

Shawcor Ltd.

Interim Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Earnings(a)	Non-controlling Interests	Accumulated Other Comprehensive Income (Loss)	Total Equity(a)
	$	$	$	$	$	$
Balance - December 31, 2017	**704,956**	**27,651**	**302,206**	**5,848**	**4,123**	**1,044,784**
Net income	**–**	**–**	**15,124**	**371**	**–**	**15,495**
Other comprehensive (loss) income	**–**	**–**	**–**	**(719)**	**14,603**	**13,884**
Comprehensive income (loss)	**–**	**–**	**15,124**	**(348)**	**14,603**	**29,379**
Issued on exercise of stock options	**1,440**	**–**	**–**	**–**	**–**	**1,440**
Compensation cost on exercised options	**558**	**(558)**	**–**	**–**	**–**	**–**
Compensation cost on exercised Restricted Share Units	**1,004**	**(1,004)**	**–**	**–**	**–**	**–**
Share-based compensation expense	**–**	**2,380**	**–**	**–**	**–**	**2,380**
Dividends declared and paid to shareholders	**–**	**–**	**(21,016)**	**–**	**–**	**(21,016)**
Balance - June 30, 2018	**707,958**	**28,469**	**296,314**	**5,500**	**18,726**	**1,056,967**
Balance - January 1, 2017	703,316	23,379	272,997	5,892	37,408	1,042,992
Net income (loss)(a)	–	–	31,270	(248)	–	31,022
Other comprehensive income (loss)	–	–	–	420	(10,604)	(10,184)
Comprehensive income (loss)	–	–	31,270	172	(10,604)	20,838
Issued on exercise of stock options	759	–	–	–	–	759
Compensation cost on exercised stock options	276	(276)	–	–	–	–
Compensation cost on exercised Restricted Share Units	393	(393)	–	–	–	–
Share-based compensation expense	–	2,655	–	–	–	2,655
Dividends declared and paid to shareholders	–	–	(20,964)	–	–	(20,964)
Balance – June 30, 2017	704,744	25,365	283,303	6,064	26,804	1,046,280

(a) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

Shawcor Ltd.

Interim Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017 (a)	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017 (a)
Operating Activities				
Net income	**$ 10,153**	$ 15,785	**$ 15,495**	$ 31,022
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**16,710**	20,904	**35,931**	35,648
Amortization of intangible assets	**4,606**	5,132	**9,132**	10,170
Amortization of long-term prepaid expenses	**96**	729	**91**	831
Decommissioning liabilities expenses	**37**	133	**210**	213
Other provision (recovery) expenses	**(3,381)**	952	**(234)**	934
Share-based compensation and incentive-based compensation	**4,090**	(615)	**6,613**	2,199
Loss (gain) on disposal of property, plant and equipment	**252**	(1,109)	**189**	(1,700)
Gain on sale of land	**–**	(311)	–	(311)
Unrealized (gain) loss on derivative financial instruments	**(1,791)**	(1,775)	**(3,322)**	3,152
(Gain) loss from investments in associates	**(293)**	619	**(177)**	3,315
Deferred income taxes	**313**	(1,921)	**(1,671)**	(5,493)
Other	**–**	(719)	**(4,112)**	(251)
Settlement of decommissioning liabilities	**–**	(327)	**–**	(483)
Settlement of other provisions	**(2,276)**	(987)	**(6,158)**	(1,560)
Net change in employee future benefits	**(142)**	385	**(193)**	744
Change in non-cash working capital and foreign exchange	**(1,366)**	4,183	**(53,783)**	(62,034)
Cash Provided by (Used in) Operating Activities	**$ 27,008**	$ 41,058	**$ (1,989)**	$ 16,396
Investing Activities				
Decrease (increase) in loans receivable	**686**	17	**841**	(27)
Decrease in short-term investments	–	41	–	56
Purchase of property, plant and equipment	**(22,738)**	(14,794)	**(32,215)**	(24,277)
Proceeds on disposal of property, plant and equipment	**142**	3,521	**649**	4,400
(Increase) decrease in other assets	**(3,217)**	4,180	**(2,973)**	68
Cash Used in Investing Activities	**(25,127)**	(7,035)	**(33,698)**	(19,780)
Financing Activities				
Decrease in bank indebtedness	–	–	–	(2,463)
Repayment of obligations under finance lease	**(247)**	(230)	**(546)**	(512)
Issuance of shares	**109**	278	**1,440**	759
Dividends paid to shareholders	**(10,510)**	(10,477)	**(21,016)**	(20,964)
Cash Used in Financing Activities	**$ (10,648)**	$ (10,429)	**$ (20,122)**	$ (23,180)
Effect of Foreign Exchange on Cash and Cash Equivalents	**2,206**	(1,282)	**8,562**	(1,183)
Net (decrease) increase in Cash and Cash Equivalents	**(6,561)**	22,312	**(47,247)**	(27,747)
Cash and Cash Equivalents - Beginning of Period	**248,379**	144,765	**289,065**	194,824
Cash and Cash Equivalents - End of Period	**$ 241,818**	$ 167,077	**$ 241,818**	$ 167,077

(a) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

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 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 June 30, 2018	Three Months Ended June 30, 2017[b]	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017[b]
Net Income	**$ 10,153**	$ 15,785	**$ 15,495**	$ 31,022
Add:				
Income taxes	**2,838**	6,836	**6,151**	9,413
Finance costs, net	**2,984**	4,783	**5,650**	10,411
Amortization of property, plant, equipment and intangible assets	**21,316**	26,036	**45,063**	45,818
EBITDA[a]	**$ 37,291**	$ 53,440	**$ 72,359**	$ 96,664
Gain on sale of land	**–**	(311)	**–**	(311)
ADJUSTED EBITDA[a]	**$ 37,291**	$ 53,129	**$ 72,359**	$ 96,353

(a) Adjusted EBITDA and EBITDA are used by many analysts in the oil and gas industry as one of several important analytical tools
(b) Restated due to the adoption of IFRS 15 that became effective as at January 1, 2018, but was implemented retrospectively to January 1, 2017.

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.