FINAL TRANSCRIPT

ShawCor Ltd.

First Quarter Results

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PRESENTATION

Operator

Good morning. My name is Sharon (phon), and I will be your conference Operator today. At this time, I would like to welcome everyone to the ShawCor Ltd First Quarter Financial Results Conference Call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. If you'd like ask a question during this time, simply press *, then the number 1 on your telephone keypad. If you would like to withdraw you question, press the # key. Thank you.

Mr. Gary Love, ShawCor Chief Financial Officer, you may begin your conference.

Gary Love — Chief Financial Officer, ShawCor Ltd.

Well, thank you and good morning. Before we begin this morning's conference call, I would like to take a moment to remind all listeners that today's conference call includes forward-looking statements that involve estimates, judgments, risks, and uncertainties that may cause actual results to differ materially from those projected.

The complete text of ShawCor's statement on forward-looking information is included in Section 4 of our first quarter 2014 earnings press release. That release is now available on SEDAR and on the Company's website at shawcor.com.

At this point, I'll now introduce ShawCor's Chief Executive Officer, Steve Orr.

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Steve Orr — Chief Executive Officer, ShawCor Ltd.

Thank you, Gary, and thank you, ladies and gentlemen, for participating in this morning's conference call, my very first call as ShawCor's CEO.

ShawCor held our Annual General Meeting yesterday afternoon, and prior to the AGM we released our first quarter financial results. The results are very strong, and certainly show a solid improvement over the preceding fourth quarter.

Our revenue increased by 17 percent from the fourth quarter, and our consolidated EBITDA exceeded $106 million. While this improvement was expected, it was encouraging to see excellent operational performance across all of our businesses.

The improvement in performance was particularly evident in Asia Pacific pipe coating operations where we successfully launched and achieved full production of the $100 million Inpex Ichthys Flowlines project. We also benefitted from a successful execution of the Edvard Grieg project in our EMAR region.

During the quarter we did announce securing two very large orders: the Moho Nord project and South Stream Line 1 project for a combined value in excess of $90 million. We also continued to grow our base business in the Pipeline segment, contributing to the $479 million of revenue for the quarter and the increase in our order backlog to $647 million, up from the $617 million at the start of the year. With bidding activity continuing to be very strong, we are cautiously optimistic for further backlog growth later this year.

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Before I comment any further on the outlook, I'll ask Gary Love, our CFO, to provide you with some of the key details of the first quarter financial results.

Gary Love

Thanks, Steve. We are reporting revenue of $479 million in the first quarter 2014, an increase of 17 percent from the fourth quarter of 2013, and also up 5 percent from the first quarter of the prior year.

Compared to the fourth quarter, revenue increased in every region in the Pipeline segment, with notable increases of 19 percent, or $21 million in Asia Pacific, and that was related to full production finally on the Ichthys Flowlines project, and an increase of 34 percent, or $18 million at EMAR, primarily from the Edvard Grieg project that we executed at Leith.

Compared to a year ago, we had strong revenue gains in the Pipeline segment in North America, up 20 percent, reflecting the benefits of the Socotherm Gulf of Mexico acquisition, and continued growth in composite pipe and pipeline weld inspection services.

In the Petrochemical and Industrial segment, revenue increased over both the fourth quarter and the first quarter of the prior year, due to increased production at our new DSG-Canusa facility in Germany.

On a consolidated basis, reported gross margins in the first quarter are 41.4 percent, up from 39.7 percent in the fourth quarter, but down from 44.3 percent a year ago. The Pipeline

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segment gross margin was 42.4 percent versus 40.7 percent in the fourth quarter and 45.5 percent a year ago.

The improvement over the fourth quarter was attributable to the gains in Asia Pacific, particularly from the production of the Ichthys Flowlines project. The decrease versus a year ago reflects the fact that Asia Pacific, with its traditionally high margin level, was a greater percentage of overall consolidated revenue a year ago. The Petrochemical segment gross margin was unchanged for both the fourth and first quarters of 2013 at approximately 30 percent.

With both revenue and gross margins higher, we had a gain in gross profit versus the fourth quarter of $35.6 million. We also had a reduction in SG&A expenses of $13.6 million versus the fourth quarter. You'll recall at that time we had recorded onetime restructuring costs of $10.7 million. I would characterize the first quarter SG&A expense of $89.5 million as a reasonable run rate for the balance of this year.

The Company's consolidated EBITDA for the first quarter is $106 million, a substantial improvement over the $57 million from the fourth quarter, and also slightly ahead of a year ago when we had reported $104 million. The consolidated EBITDA margin in the first quarter is 22.2 percent, and this breaks out as 24.6 percent in the Pipeline segment and 16.1 percent in the Petrochemical and Industrial segment.

Depreciation and amortization in the first quarter is $18.2 million, slightly down from the fourth quarter level of $19.3 million and compared with $16.3 million a year ago. The increase over

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a year ago was the result of accelerated depreciation in Asia Pacific, depreciation from the acquisition of Socotherm and increased amortization of intangibles also related to the acquisition of Socotherm.

With long-term debt and lower cash balances this year, net finance costs increased to $3.7 million compared with an expense of $849,000 a year ago.

During the fourth quarter of2013, the Company has recorded an effective tax rate of 27 percent, which is in line with the Canadian statutory rate, but is up from the 19 percent rate recorded a year ago when we had benefitted from income generated in low tax rate countries.

Turning to cash flows. Before changes in working capital and deferred revenue, the cash flow provided by continuing operations in the first quarter at $79.8 million represents a vast improvement over the fourth quarter, but it is lower than the $87 million reported in the first quarter a year ago as a result of increased interest expense and tax expense.

The net change in working capital and deferred revenue was a net cash outflow of $63 million in the first quarter, slightly higher than the cash outflow of $58 million in the first quarter a year ago. The increase in working capital in the first quarter this year was due to increased accounts receivable and lower deferred revenue.

Total net working capital, excluding cash, at the end of the first quarter of 2014 has reached $242 million versus $136 million at the start of the year. Included in this amount is deferred revenue, which is now down to $67 million from $84 million at December 31, 2013. Also included in

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net working capital at the end of the first quarter is approximately $42 million of assets held for sale that we expect to realize in the second quarter.

Cash flow used in investing activities in the first quarter, excluding reductions in short-term investments, was $34.6 million, which consisted of capital expenditures of $12.6 million and the Company's investment in Zedi Inc., which we completed in the quarter, of $23.7 million, which includes both an investment in common shares for 25 percent of the equity in Zedi, plus a further investment in convertible preferred shares.

The cash flow used in financing activities in the first quarter was $5.6 million, and was largely attributable to our regular quarterly dividends of $7.5 million, partially offset by proceeds from shares issued on the exercise of stock options.

Now based on all these cash flows in the quarter, cash plus short-term investments have decreased to $64 million at the end of the quarter from $86 million as of December 31, 2013.

I'll now turn it back to Steve for more commentary.

Steve Orr

Thank you, Gary. We have on previous occasions stated that we expect 2014 revenue and earnings to decrease from the record results of 2013. This continues to be our outlook for this year, and in particular I would suggest that the second half operating results will lag behind the first half performance, particularly once we have completed the Inpex Ichthys flowline project.

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That being said, we are expecting continued growth of our smaller projects and day-to-day businesses that have traditionally accounted for up to 75 percent of our Pipeline segment revenue. As a result, 2014 is shaping up to be a strong year.

By the end of 2014, we expect the Company to be well positioned for growth in 2015 and beyond. As noted in our press release, the Company continues to track outstanding bids with a value exceeding $800 million. Also, we have visibility on potential projects with potential value exceeding $1 billion that may move to bid stage over the next 12 months.

Between now and the end of the second quarter, we should have some indication on the second pipeline for South Stream as well as a large number of opportunities associated with BP's investment in the Caspian region.

Last quarter I described the efforts then underway to improve operational performance of our Socotherm division, and in particular at the Socotherm Gulf of Mexico facility in Channelview, Texas. I am pleased to report that the improvements that we had started to see early this year have been sustained, and Channelview was a positive contributor to operating income in the first quarter. As 2014 progresses, we expect Channelview's operating margins to sharply move higher.

Also under close focus for Socotherm is the preparation underway in Pozzallo, Italy for the launch of the Moho Nord project later this year. The Moho Nord project will employ Socotherm's most advanced insulation coating technology, and once launched we are confident that the Pozzallo facility will execute this work at attractive margins.

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Another area of great importance are the Company's new product commercialization programs. Three projects in particular are noteworthy this quarter that I'd like to highlight.

First, in addition to continued growth of Flexpipe's current composite pipe products in North America, we commenced production in the first quarter on Flexpipe's new 2-inch diameter anti-buoyancy product that targets shallow-water applications. In addition, we are on track for 2014 being the year we'll expand the portfolio offering to include both a 6 and 8-inch product.

Second, we have made considerable progress over the quarter in capturing market share in the North Sea region for our proprietary ULTRA insulation coating system. The superior compressibility performance of ULTRA insulation system is allowing us to displace conventional polyurethane coatings, and we expect that over the next year we will secure and execute over $50 million in revenue with this new technology.

Third, we are moving rapidly to completion of the commercialization of our new IntelliCOAT joint protection technology for application on offshore spool bases and vessels. IntelliCOAT was originally targeted for land pipeline joint protection, and the extension of this technology to offshore applications opens up the possibility for us to realize a significant growth in value in our joint protection offering.

Finally, I'd like to provide a brief comment on our renewed focus on acquisitions. During the quarter we completed a small, but strategic tuck-under acquisition with the purchase of Scotia Automated Inspection Service, a provider of NDT inspection services in the North Sea. This company

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has a core team of highly respected NDT specialists, and by combining their capability with our advanced ultrasonic and digital radiography technology, we will see a great opportunity to expand our market position in offshore pipeline weld inspection.

The acquisition also fits well with our efforts to develop and begin to employ a strategy to create comprehensive pipeline integrity management services and solution offerings.

Over the next number of months we intend to move this strategy forward through organic developments in our existing Pipeline segment businesses, through leveraging technology partnerships, such as we have established with Zedi Inc. and Vintri Technologies, and finally, through targeted acquisitions.

And now I'd like to turn the call over to the Operator for questions.

Q&A

Operator

At this time, I would like to remind everyone in order to ask a question press *, then the number 1 on your telephone keypad. We'll pause for just a moment to compile the Q&A roster.

Your first question comes from Dan MacDonald from RBC Capital Markets. Your line is open.

Dan MacDonald — RBC Capital Markets

Hi. Good morning, guys.

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Steve Orr

Good morning.

Dan MacDonald

Just wondering, one of the things you did note in Q4 North America was lower year-over-year sales on the Flexpipe side. And I'm just wondering if you can give us a bit more colour on what you saw that impacted that this winter versus last winter?

Gary Love

That's a reference to Q1 of this year versus Q4, and there is a seasonality associated with the US market in particular where generally the fourth quarter in the US market tends to be a key quarter. There's a lot of pipe that's ordered and shipped in the fourth quarter, and it's a little bit different than Canada where we tend to see the first quarter being stronger. So really it was just, I think, a seasonal impact, particularly in the US market.

When you look at a more relevant sort of picture of where we are versus where we've been, it would really be first quarter this year versus first quarter of last year, first quarter of 2013. And on that more apples-to-apples comparison, Flexpipe is significantly up in the US market.

So in terms of the US market, we expect to see a big lift as we move through this year. We're certainly tracking 2014 being significantly higher than 2013. There's no question in our minds on that.

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Dan MacDonald

Okay. Thanks. And then just with the small tuck-in acquisition that you did, can you just kind of update us a bit on how the acquisition environment looks like from here, and what the potential may be for some larger acquisitions as we move through the year?

Steve Orr

So I'll take this one, Dan. So first of all, maybe I should go through the rationale of the acquisition that we did. The acquisition certainly fits in, as we mentioned before one, of three different areas of acquisitions, so technology, tuck-unders, and then the initiation of new platforms of growth.

This one fits underneath the tuck-unders. It gives us several advantages. First of all, it strengthens our position in the North Sea, and in particular with a few strategic customers. It also is an opportunity for us to move technology from our SPS division, which is advanced in the industry, primarily the ultrasonic, or what we refer to as AUT, and our real-time radiography technology into that business. So we would increase the technology component and the margins in the business bydoing so.

But last, but not least, it was important that have access to a skilled talent pool of technicians. And of note, there's about 50 technicians in this acquisition that are skilled with what we call multi-ticketed level 2, so they can run multiple technologies. So those were the drivers of why we would do it.

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If you look at the going-forward areas, and without giving too much detail, that we're quite interested in, we will continue to look at technology. We continue to look at technology specifically around enablement of our existing technology competencies that are internal to the Company. So for example, Zedi brought us the ability to move data, to store data, and to place it into operations where we can do monitoring and surveillance, which is a data technology block. So we'll continue to go that way, and also do tuck-unders as I already mentioned.

We are looking primarily in platforms of growth in probably five business themes that we see that are attractive, and I mentioned them yesterday in the AGM. So it would be in the arenas or in the themes of pipeline performance being the first; pipeline integrity; oilfield asset management; of course the expansion of our current Flexpipe division, or what we're referring to as composite production systems; and last, but not least, the leveraging of ShawFlex and DSG into connectivity, so this is connectivity within the well and adjacent to the well. So this is where we're looking.

Dan MacDonald

Okay. And just I guess on a high level, are you seeing kind of a gap between buyers and sellers start to narrow perhaps? Or are you seeing more opportunities come to the table than maybe what you would have seen six months ago? Or is it still kind of the same acquisition environment?

Steve Orr

So it's a good question. So I think a takeaway is they're all asking too much money.

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Gary Love

Yeah. You can never expect buyers to be satisfied. The gap has narrowed sufficiently; it's just not reasonable.

Steve Orr

And I think the real story is what we can do with it. So make sure that what we're buying makes sense strategically; and then second, to make sure we leverage the strength of ShawCor to do something different after the acquisition. And the one that certainly I'll put forward is what we're doing in Socotherm where we're leveraging what we refer to as the SMS, or the ShawCor Manufacturing System, to improve the performance of Socotherm. This certainly is an example of what we would do.

But the takeaway, Dan, I would say is that there's still lots of opportunities to buy things, but the prices certainly have not come down.

Dan MacDonald

Great. Well, thanks for the colour, guys. I'll turn it back over.

Gary Love

Thanks.

Operator

Your next question comes from Scott Treadwell from TD Securities. Your line is open.

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Scott Treadwell — TD Securities

Thanks. Good morning, guys.

Gary Love

Good morning.

Scott Treadwell

Thanks for the colour on the bid book. I'm just wondering, you talked about tracking about $1 billion of projects. I know it's probably a guess at best; do you get a sense at least from a high level that as the current bid book either moves into backlog, whether it's yours or someone else's, that those next projects can kind of keep that bid book at least around the same level that it's at now?

Gary Love

I think there's absolutely that possibility. There seems to be a steady flow of developments across a wide range of regions. So what that implies is that these projects will have their own time lines; they're discrete; they will move forward based on the specific engineering progress that's made, but because there's a large number of them and a wide range of them, we expect that many of them will move in some fashion closer to the point where we ultimately then have the opportunity to bid them.

So we can't be certain of the timing of that, but we do gain some comfort from both the quantity and diversification of the opportunities.

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Scott Treadwell

Okay. Great. The second question I had, obviously the FX issue has sprung up for a lot of guys. I'm just thinking, are there any meaningful arbitrage opportunities there for you guys? I would think Flexpipe leads to mind where your costs are CAD denominated, but you might be selling in another currency. Is that really the biggest one? Is there anything outside of that that's worth thinking about?

Gary Love

Well, there's a number of factors here. First of all, we benefit purely from a reported earnings perspective from any weakening of the Canadian dollar, given that more than 75 percent of our business activity takes place outside of Canada. So once translated back to Canadian dollars for reporting purposes, that is going to translate into higher Canadian dollar performance.

So that's a general sort of translation impact, and it's not something that we seek to either hedge or explicitly arbitrage. But it's a relevant factor, and people need to be aware of that when they look at our Company's published results.

In terms of actual business transactions and strategies to try to, in your words, arbitrage the Canadian dollar, we don't view currency as a factor in our business strategies. We seek to have operations that offer competitive solutions for the markets that we're targeting, and that has meant, particularly in the case of our pipe coating business, the fact that we have operations and locations all around the world. It's not driven by the need for some currency strategy. Rather, it's

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driven by the competitive dynamics of the business and the fact that locations are a really strategic value that we have, and one of the differentiating factors that we bring to market.

With Flexpipe, we have a facility in Calgary which is moving towards full capacity. And once we are at a point where we think we are getting very close to full capacity, we will start up a second facility. And I would suggest, although no decisions have been taken, we will likely put that second facility in the US; not for currency reasons, but rather for flexibility in terms of having proximity to the market, and being able to take out some of the logistics costs that we face in shipping from Calgary and more importantly, having to have significant amounts of inventory on the ground.

So there's a lot of logic to having—as we do reach that point in Flexpipe where we need the additional capacity - to locate it in the US. That might be contrary to the current currency arbitrage, but it's certainly the right thing to do strategically, and after all we're playing the game for the long term, so we'll make our decisions on that basis.

Scott Treadwell

Okay. And my last question actually on Flexpipe. With the growth you've seen, has that been purely an adoption-driven growth? Or has there been any share gains that you've seen in the business?

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Gary Love

I think we continue to drive our primary strategy, which is to displace steel pipe with composite pipe. As to the sort of secondary consideration of our share versus the other two major composite players, I think that's very much a secondary factor in what's driving our growth.

Scott Treadwell

Okay. And with the 2-inch new shallow-water application, is that meaningfully different from a specific project size? I'm just thinking if that might torque the revenue higher than you might expect for then just growth in the existing products you have if that's something to keep an eye on as we go forward.

Steve Orr

So maybe I'll address this one, Scott. So the application of the 2-inch anti-buoyancy product certainly is important in places. For example, the continental shelf or the shallow water in the Gulf of Mexico we are finding appetite for it there, and we're finding appetite for it in Latin America. So it will be an important part of the portfolio, but we certainly don't think it will displace or have the same appetite that our core global products has, or we envision that our new 6-inch and 8-inch stick product will have.

So it's just an addition to the portfolio and the catalogue.

Scott Treadwell

Okay. Great. That's all I've got, guys. Thanks for the colour, and I'll turn it back.

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Operator

Your next question comes from Sarah Hughes from Cormark Securities. Your line is open.

Sarah Hughes — Cormark Securities

Good morning. I guess, Gary, any indication could you give us on the Ichthys flowline contract what percentage of that was completed in Q1 and what's left to be done in Q2?

Gary Love

Roughly speaking, between what we did in the fourth quarter, what we did in the first quarter, we're probably about 65, 70 percent complete.

Sarah Hughes

Okay.

Gary Love

Roughly speaking. And that was just over $100 million in total value.

Sarah Hughes

Okay. And then in terms of just the pipeline being on the bid book, the $1 billion that you were talking about, I just want to get a sense. If we look back two, three years ago, would you have had—I guess the Ichthys contract, but would you have had that type of visibility in that large a project size? Is that normal? Or is this kind of larger now than it would have been two, three years ago?

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Gary Love

Well, two, three years ago we really have to—I guess I have to preface the answer with the reminder that we were coming out of the global financial crisis…

Sarah Hughes

Right.

Gary Love

So in certainly 2009, 2010, the visibility had virtually evaporated.

Sarah Hughes

So I guess not—just historically done maybe then a specific time line?

Gary Love

No. I think certainly what we have today in terms of total activity of projects that are either being bid on, or are in this kind of development phase where there's—we know there's engineering going on, it is greater today than it has been historically. That's absolutely clear.

Sarah Hughes

Okay. And would the large majority of that be offshore versus onshore? Or how would that kind of break down?

Gary Love

It is fairly representative of our current split. We are roughly 60/40 offshore/onshore, so when we talk about large projects they do tend to be very much associated with offshore activity.

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The larger onshore projects would probably be the ones that are under discussion for, for example, Western Canada and some of that Canadian activity. Actually both western pipelines transiting westbound and pipelines transiting eastbound and pipelines transiting southbound, as a matter of fact, so those would be—on the land side those would be the areas where there are large project opportunities, but the balance does definitely have the offshore—the offshore is critical.

Sarah Hughes

Okay. And then just last one for me. On Socotherm, can you give a little bit more detail in terms of where you are in terms of improving the profitability of that division? And kind of the main key focuses as you look at 2014?

Steve Orr

So Sarah, I'll take this one too. I think we've commented several times that the movement of Socotherm to be equal to and performing at the same level of Bredero Shaw was about a 36-month journey.

Sarah Hughes

Yeah.

Steve Orr

The first component was to ensure that we started getting market pricing for it, so certainly I think we're there now. We have good visibility on pricing that's coming out. However,

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that being said, we still have to flush out previous price projects that have to be executed, and certainly they're not at the margins we'd like to see. So that has to happen.

And then it's the operational performance improvements, and I mention in my comments that Channelview in particular was an area that we had to focus on because we had access to it only in 2013. So I would then comment that the next one, of course, is the initiation of production in Pozzallo, Italy, and make sure we do that at the same effective execution that we do at Bredero Shaw.

So I would say that today we're probably one-third into a 36-month journey, with 2014 being the critical year as we demonstrate we can do it in a start-up, and we can continue the trend that we're seeing in Channelview.

Maybe one good indicator that I can share with everybody as a good way or barometer to understand if an operation is performing, or is on the right path, is the HSE performance. So Channelview's HSE performance is certainly well ahead of HSE performance that’s ever been in the facility before, and it is in line with the overall corporate HSE performance in terms of incidents per million man hours executed. So this is a very good sign, and an indicator that operationally we're running in the right way.

Sarah Hughes

Okay. Great. That's it for me. Thank you very much.

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Gary Love

Thanks, Sarah.

Operator

Once again, if you'd like to ask a question press *, then the number 1 on your telephone keypad.

Your next question comes from Dana Benner from AltaCorp. Your line is open.

Dana Benner — AltaCorp

Thanks. Good morning. I wanted to start with the Asia Pacific region, understanding that it's rolling over here fairly shortly, but it also remains a highly prospective region in the years to come. And I would just be curious to get maybe a larger perspective on how you think the project flow in that area is coming along. Obviously IDD is one that we've all thought about for a while, but there's a whole raft of them beyond that that presumably have some type of inertia, and would love to get the colour on that.

Gary Love

I'll give you my thoughts, Dana. Certainly the region will remain one of our cornerstones; there's no question of that. We expect when we look out, probably sharing the same perspective you have, at the development activity today and more importantly the fact that the development activity is moving into more challenging terrain—deeper waters most specifically—that reinforces

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that we already have a strong market position there; the technology challenges of the future are going to really, I think, play to our strengths.

So Asia Pacific is going to be and continue to be a cornerstone of our company. Now in 2014, though, we do have a transition underway. So we're coming off a year, 2013, where we generated over $660 million of revenue in that region, and we've said and we've been quite clear that we expect in 2014 that that's going to come down by at least 50 percent.

We're already in the first quarter off to a very good start. We did 135 million of revenue in the region. So taking on board our guidance around the region coming down by 50 percent relative to 2013 and the fact that we had a very strong first quarter, you really must then come to the conclusion that there will be a slowdown in the second half of this year. And that's something we've been very clear about, and so hopefully everyone is now going to take that on board.

But that doesn't change our outlook beyond the second half of this year. Chevron IDD and a number of other projects, particularly in Indonesia, are moving closer, and we would expect that we will have our share of that activity in 2015, and it will be once again a very strong contributing region to our company.

Dana Benner

Right. I guess second question is a bit of a follow-un from that. I think back probably 18 months ago in your assessment of your capacity in Asia Pac, and of course a bit of a unique animal, given the way the major project flow occurred, and you ended up blowing the doors off what you

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thought even your own internal capacity was. And you've invested in the region for a while to get there, and again acknowledging that your portfolio is becoming more balanced globally, but then here we have EMAR, which starting to really take hold and its contributing percentage. I just wonder if there's a chance in the coming years you could run into capacity constraints in that area. I know you can supply from a broader area, but maybe help us understand capacity as it relates to the growing area of EMAR in say the next three years.

Steve Orr

So you're correct in the perception that Asia Pacific activity will go down for the short period of time until probably post I would say 2015, and there's a transition now in EMAR. We are certainly quite comfortable with our capacity and facilities up at Leith and Ras Al Khaimah, and also the assistance of Asia Pacific's plant infrastructure.

But I would also add now we have access to the facilities that are associated with Socotherm to leverage. So we are now running the business as a network of facilities versus the facilities being aligned to a given region.

In addition, I would make the point that we have a differential in terms of the Brigden offering, so the mobile plant technology, which very quickly should we need the capacity to secure a large project we could mobilize and place with very little in terms of infrastructure or civil works to be done.

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So this certainly is a strategy that we are putting in front of the customers. And I'm quite comfortable that we will not lose work associated with limitation on capacity.

Gary Love

And I would add that we will not require a really significant capital expenditure spend to capture the opportunities in the EMAR region that we're currently targeting. We will have capital expenditures, but it's not going to be something completely beyond what the Company's had in CapEx over the last couple years.

Dana Benner

Right. Just a third and final question; probably by the sheer force of history of ShawCor and global markets and your client relationships, when you get involved in project planning you often are at the front edge of the information wedge as it relates to certain major projects. And here we are all a buzz in Western Canada above the potential of LNG. And I just wonder if maybe you have any updated perspectives to share with respect to project flow there in the next two to three years based on your understanding, client relationships, et cetera?

Steve Orr

I think we all would be speculating, but I'll go ahead and make a run at it. I think there's quite a few companies, and we've seen the permitting numbers in excess of 10. We have seen some forward movement on some transparency on the fiscal terms of the BC government, but in all

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likelihood what we're modelling is one or two projects to go ahead and not to the volume that are being permitted.

And I think, Dana, you'll probably know as much as we do in terms of which are the potential runners with the only difference being we know the engagement on the engineering side and where they sit. But I would expect the one that we will see probably the most visible progress forward will be, of course, the one led by Petronas.

Dana Benner

Petronas has gone on the record saying that they would like to look at FID by late this year, early next year. If that was the case, when do you think we could see some of this start to hit your P&L, assuming that you were successful in bidding for some or all of that work?

Steve Orr

Yes. I think realistically, in terms of bidding, we have engineering estimates out on many of the projects, within the $1 billion that we expressed are there. Upon bidding and securing LOIs and then getting a concrete commitment to go, we could be generating revenue in the six to nine-month period of time.

Gary Love

Post FID.

Steve Orr

Yes. Post FID, yes

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Dana Benner

Right. Okay. Well, that's great. And congratulations on your first call, Steve.

Steve Orr

Thank you very much.

Operator

Once again, if you'd like to ask a question, press *, then the number 1 on your telephone keypad.

We have no further questions at this time. I turn the call over to the presenters.

Steve Orr

All right. So, Sharon, I think we'd like to conclude the call. I would like to thank everyone for participating in the call and the interest. We certainly look forward to discussing again next quarter.

So thank you.

Operator

This concludes today's conference call. You may now disconnect.

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