March 2nd, 2017

SHAWCOR LTD.
(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES FOURTH QUARTER 2016 RESULTS

- Fourth quarter revenue of $329 million increased by 27% from the $259 million reported in the third quarter of 2016 but was 28% lower than the $455 million reported in the fourth quarter of 2015.
- Adjusted EBITDA in the fourth quarter of 2016 was $33.3 million compared with $6.9 million in the third quarter of 2016 and versus $66.5 million in the fourth quarter of 2015. Adjusted EBITDA in the fourth quarter of 2016 excludes gains from sale of land of $5.6 million and a favourable arbitration award totaling $19.2 million.
- Net income (attributable to shareholders of the Company) in the fourth quarter of 2016 was $27.3 million (or earnings per share of $0.42 diluted) compared with a loss of $174.0 million (or $2.69 per share diluted) in the third quarter of 2016 and net income of $30.9 million (or $0.48 per share diluted) in the fourth quarter of 2015.
- The Company's order backlog was $650 million at December 31, 2016, an increase of 7% from $606 million at September 30, 2016 and an increase of 44% from $452 million at the start of 2016.

Mr. Steve Orr, Chief Executive Officer of Shawcor Ltd. remarked "As expected Shawcor's results in the fourth quarter showed a solid improvement over the Company's performance in the second and third quarters of 2016 which had been impacted by depressed activity levels in all of the Company's global regions. A modest pick up in North American well completion activity coupled with a ramp up of production at our Asia Pacific facilities and increased US transmission pipeline weld inspection all contributed to the 27% quarter over quarter gain in revenue which in turn delivered higher Adjusted EBITDA."

Mr. Orr added "In the first quarter of 2017, we have commenced production of the concrete coating work for the Sur de Texas – Tuxpan pipeline project in Mexico. Volumes on this $350 million project are expected to ramp up during the first half and reach full production by June 2017. As a result, the Company expects to sustain a trend of improving results in 2017. Although current oil and gas commodity prices continue to negatively impact global oil and gas development capital spending and future uncertainty exists regarding the pace of improvement in North American well completion activity, the improvement in the Company's order backlog to $650 million at year end, the Company's improved balance sheet following the December 2016 equity issue, and continued strong bidding activity in all of our global regions, position Shawcor for future growth."

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
Revenue	**$ 329,182**	$ 455,260	**$ 1,209,259**	$ 1,810,648
Gross profit	**107,702**	151,750	**392,484**	606,342
Gross profit %	**32.7%**	33.3%	**32.5%**	33.5%
Adjusted EBITDA[(a)]	**33,253**	66,499	**56,452**	228,478
Income (Loss) from operations	**21,697**	45,696	**(171,120)**	149,429
Net Income (Loss) for the period[(b)]	**$ 27,276**	$ 30,901	**$ (180,960)**	$ 98,244
Earnings (Loss) per share:				
Basic	**$ 0.42**	$ 0.48	**$ (2.80)**	$ 1.52
Fully diluted	**$ 0.42**	$ 0.48	**$ (2.80)**	$ 1.52

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net income (loss) the sum of net finance costs, income taxes, amortization of property, plant, equipment and intangible assets, gains from sale of land, arbitration awards outside of the normal course of business 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. Adjusted EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools. It is also considered important by lenders to the Company. It should not be considered in isolation or used as an alternative to net income or any of the other measures of performance prepared in accordance with GAAP.

(b) Attributable to shareholders of the Company.

1.0 KEY DEVELOPMENTS

Amendments to Credit Arrangements and Repurchase of US$75 million of Senior Notes

On December 6, 2016, the Company entered into amending agreements with its Senior Note holders and the syndicate of lenders under its bank credit facility (the "Credit Facility"). The principal amendments to the previously existing agreements with the Senior Note holders and to the Credit Facility were:

a) an extension of the term of the Credit Facility from March 20, 2018 to December 6, 2019 and a reduction in the size of the Credit Facility from US$325 million to US$317 million;

b) the elimination of the requirement for the Company to meet a Total Debt to EBITDA covenant (the "Leverage Ratio") for the quarter ending December 31, 2016 ("Q4 2016");

c) the creation of a minimum EBITDA covenant of C$15 million in respect of Q4 2016;

d) an increase in the maximum Leverage Ratio to 3.50 to 1.00 and 3.25 to 1.00 for the quarters ending March 31, 2017 ("Q1 2017") and June 30, 2017 ("Q2 2017"), respectively; with EBITDA for Q1 2017 to be calculated by multiplying the EBITDA for such quarter by 4 and with EBITDA for Q2 2017 to be calculated by adding the EBITDA for Q1 2017 and the EBITDA for Q2 2017 and then multiplying such sum by 2;

e) a decrease in the minimum Interest Coverage Ratio/Fixed Charge Ratio (currently 2.5 to 1.0) to 1.5 to 1.0 for Q4 2016;

f) an amendment to the method of calculation of the Interest Coverage Ratio/Fixed Charge Ratio for Q1 2017 and Q2 2017 such that each of the components of such ratio (EBITDA, interest expense and rental payments) is calculated on a basis similar to the calculation of the Leverage Ratio for such quarters; and

g) increased interest rates and standby and other fees payable to Senior Note holders and under the Credit Facility during Q4 2016 and in any period when the Company is permitted an increased Leverage Ratio.

The Company also utilized a portion of its available Credit Facility to repurchase US$75 million of its Senior Notes on December 12, 2016 at a price of US$75 million.

Equity Issuance

On December 7, 2016, the Company entered into an agreement with a syndicate of underwriters (the "Underwriters") led by TD Securities Inc. pursuant to which the Underwriters agreed to purchase from Shawcor on a bought deal basis and sell to the public 4,575,000 common shares of Shawcor at a price of $32.80 per common share for gross proceeds of $150 million (the "Offering"). In addition, Shawcor granted the Underwriters an option to purchase up to an additional 686,250 common shares at a price of $32.80 per common share to cover over-allotments, if any, and for market stabilization purposes, during the 30 days following the closing of the Offering (the "Over-Allotment Option").

On December 23, 2016, the Company closed the Offering and the full Over Allotment Option and issued 5,261,250 common shares for aggregate gross proceeds of approximately $173 million.

Shawcor used a portion of the net proceeds of the Offering to repay US$75 million (Cdn $101 million) of the Credit Facility debt and anticipates using the remainder to facilitate investments in working capital related to booked and future potential orders for large pipe coating projects, to fund future corporate investments, which may potentially include future acquisitions, and for general corporate purposes.

Management Changes

The Company is announcing today that Gary Love will retire as Senior Vice President, Finance and Chief Financial Officer effective May 1, 2017. Current Vice President, Finance – Corporate, Gaston Tano will succeed him as Senior VP, Finance and CFO on that date.

Gary joined Shawcor in January 2006 as Vice President & Senior Controller and was appointed Chief Financial Officer in June 2006. Shawcor CEO, Steve Orr said "On behalf of the Company and all of its employees, I would like to thank Gary Love for his strong leadership and commitment to Shawcor. During his tenure, Gary built a strong finance and IT organization and provided leadership as Shawcor underwent significant change, including strategic acquisitions, the elimination of its dual class share structure, and critical capital markets transactions, that has positioned the Company for growth. I am pleased to advise that the Company has entered into an arrangement whereby Gary will continue to be available to myself and the CFO for consultation and advice on an ongoing basis."

Commenting on Mr. Tano's appointment, Mr. Orr said "Gaston brings extensive international finance experience to Shawcor, including experience gained as the former Chief Financial Officer and Executive Vice President of Spin Master Ltd. With this background and with his having worked closely with Gary Love since joining Shawcor in September 2016, I am confident that he is the right person to replace Gary on his retirement."

1.1 OUTLOOK

Since global oil and gas prices first declined in the second half of 2014, the Company has experienced weak market conditions that have impacted demand for the Company's products and services. Lower expenditures by customers on the drilling and completion of wells has affected the Pipeline and Pipe Services Segment - North America region and the curtailment in capital spending on new oil and gas development projects has impacted the international regions of the Pipeline and Pipe Services Segment. These trends were evident in the Company's financial performance particularly in the second and third quarters of this year.

However, commencing in the fourth quarter of 2016, the Company's financial performance evidenced improving market demand which, combined with the growth in the Company's order backlog, offers the potential that Shawcor will now sustain a trend of improving results. Critical to this outlook are two factors. The first is the level of North American upstream activity, and specifically the number of new oil and gas wells drilled and completed. Since reaching a low level of less than 500 active drilling rigs in the second quarter of 2016, North American rig counts have more than doubled to over 1,000 rigs in early February 2017. As rig counts improve, the demand for the Company's gathering line pipeline products and services grows.

A second factor driving Shawcor's outlook is the level of capital spending on pipeline infrastructure projects by the Company's customers. Since late 2014, the decline in oil and gas prices has resulted in the delay or curtailment of large oil and gas greenfield development projects. This impact has been most evident for Shawcor in our international regions. In 2016, capital spending reductions also translated into substantially lower levels of small project activity both in North America and internationally. In the case of both large greenfield developments and smaller production sustaining capital projects, customers continue to limit commitments for new projects to ensure that capital spending is in line with reduced operating cash flow. Where the Company is seeing evidence of projects proceeding is in natural gas infrastructure, which is supported by strong economics and supportive political mandates to reduce hydrocarbon emissions in electricity generation. One such example is the US$2.1 billion Sur de Texas - Tuxpan undersea natural gas pipeline in Mexico, which is expected to generate approximately $350 million in pipe coating revenue for Shawcor during 2017. This project, combined with a modest but steady improvement in North American well completion activity, is expected to enable the Company to deliver strong growth in financial performance in 2017. Further detail on the outlook for the Pipeline and Pipe Services segment by region and in the Petrochemical and Industrial segment is set out below.

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. Demand for these products and services is expected to fluctuate with changes in global oil and gas prices and the resulting volume of wells drilled and completed. As noted above, drilling rig counts in North America bottomed in the second quarter of 2016 and have improved through early 2017. This should enable some modest improvement in revenue for these businesses in 2017. To gain the opportunity associated with increased well completions, the Company will need to be successful in scaling operations to meet activity as well as managing significant potential volatility.

In addition to changes in market demand, the Company's North American Pipeline segment businesses expect to generate increased revenue in 2017 from new growth initiatives. Areas of focus include increased shipments of composite pipe to international markets, the expansion of the composite pipe product line to include the new six inch and eight inch FlexFlow composite pipe product, and the continued expansion of new non-destructive testing services to midstream and oilfield infrastructure integrity applications.

The final driver of revenue in the Company's North American Pipeline segment relates to the build of new pipeline infrastructure. Offshore projects in the Gulf of Mexico are likely to be limited to smaller projects that provide tie-back infrastructure until such time as a sustained improvement in oil prices supports new greenfield developments. For large diameter onshore transmission lines, the Company is actively engaged with customers on upfront engineering and bidding for a number of large pipe coating projects. However, these projects must overcome a number of regulatory and possible legal challenges before they can proceed and thus are likely to benefit 2018 at the earliest.

Pipeline and Pipe Services Segment - Latin America

Of the Company's geographic regions, the Latin America Pipeline segment region will provide the most certainty for financial performance improvement in 2017. The Company has now commenced concrete weight coating operations in Altamira, Mexico on the $350 million Sur de Texas – Tuxpan project. Pipe deliveries to the site are proceeding on schedule and the first of two mobile plants is now operational. The second plant will enter production in May and full production of the project should be achieved by the end of the second quarter. With the vast majority of the project revenue expected to be realized in 2017, the Sur de Texas – Tuxpan project should provide a strong source for improved Shawcor financial performance in 2017.

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

Revenue in the EMAR Pipeline segment region is expected to move significantly lower in 2017 as a result of the completion of pipe coating for the Shah Deniz project and the two South Stream projects in 2016 and the fact that pipeline operators continue to defer capital spending projects, both large greenfield offshore oil developments and smaller production sustaining projects. However, with the South Stream pipelines now proceeding based on a revised route to Turkey, and the Nord Stream 2 pipelines scheduled for construction, the Company is pursuing significant revenue opportunities for girth weld inspection, pipeline joint protection and pipe end preservation on these pipelines which would support growth in revenue in 2018. Also potentially impacting 2018 are a number of projects in the region that the Company is either bidding or on which it has provided budgetary estimates.

Pipeline and Pipe Services Segment - Asia Pacific

Following a steep decline in revenue in 2016, the Company is now expecting revenue to recover in the Asia Pacific region based on continued production in the first quarter of 2017 of the flow assurance work for the Shah Deniz project and the anti-corrosion coating for pipe destined for Mexico for the Sur de Texas – Tuxpan project. In the second quarter and continuing throughout 2017, healthy growth over 2016 levels is expected to continue based on booked projects included in the order backlog and bidding opportunities that are approaching award.

Petrochemical and Industrial Segment

Shawcor's Petrochemical and Industrial segment businesses continue to deliver steady growth in revenue and earnings based on consistent demand growth in the North American and European automotive, industrial and nuclear refurbishment markets served by the segment. This trend is expected to continue in 2017 as new capacity for control cable and sealing and insulation products enters production and relieves capacity constraints that are currently limiting revenue growth.

Order Backlog

The Company's order backlog consists of firm customer orders only and represents the revenue the Company expects to realize on booked orders over the succeeding twelve months. The Company reports the twelve month billable backlog because it provides a leading indicator of significant changes in consolidated revenue. The order backlog at December 31, 2016 of $650 million improved by 7% from $606 million at September 30, 2016 and was over 44% improved from the backlog at the start of the year. The increase in the backlog is due primarily to the inclusion of the booked order for the Sur de Texas – Tuxpan project in Mexico. This project has an estimated value in excess of $350 million of which over 90% is now included in the backlog at December 30, 2016, with the remainder scheduled for production in early 2018.

In addition to the backlog, the Company closely monitors its bidding activity and the value of outstanding firm bids is currently in excess of $700 million. In addition, the Company has provided budgetary estimates and is currently working with customers on projects with aggregate values of in excess of $1.7 billion. These projects provide a solid basis for potential backlog growth in 2017 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:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Pipeline and Pipe Services	**$ 286,207**	$ 213,135	$ 410,791	**$ 1,023,312**	$ 1,631,147
Petrochemical and Industrial	**43,321**	46,406	45,615	**187,418**	181,867
Elimination[(a)]	**(346)**	(402)	(1,146)	**(1,471)**	(2,366)
Consolidated	**$ 329,182**	$ 259,139	$ 455,260	$ **1,209,259**	$ 1,810,648

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

Fourth Quarter 2016 versus Third Quarter 2016

Consolidated revenue increased 27%, or $70.0 million, from $259.1 million during the third quarter of 2016 to $329.2 million during the fourth quarter of 2016, due to an increase of $73.1 million in the Pipeline and Pipe Services segment, partially offset by a decrease of $3.1 million in the Petrochemical and Industrial segment.

Revenue increased by 34% in the Pipeline and Pipe Services segment, or $73.1 million, from $213.1 million in the third quarter of 2016 to $286.2 million in the fourth quarter of 2016, due to higher activity levels in all regions. See *Section 3.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue was lower by $3.1 million, or 7%, in the fourth quarter of 2016, compared to the third quarter of 2016 due to lower activity levels in the Europe, Middle East, Africa and Russia ("EMAR") and North American regions. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Fourth Quarter 2016 versus Fourth Quarter 2015

Consolidated revenue decreased by $126.1 million, or 28%, from $455.3 million during the fourth quarter of 2015, to $329.2 million during the fourth quarter of 2016, due to decreases of $124.6 million in the Pipeline and Pipe Services segment and $2.3 million in the Petrochemical and Industrial segments.

In the Pipeline and Pipe Services segment, revenue in the fourth quarter of 2016 was $286.2 million, or 30% lower than in the fourth quarter of 2015, due to decreased activity levels in EMAR, North America and Latin America, partially offset by higher activity levels in Asia Pacific. See *Section 3.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue decreased by $2.3 million, or 5%, during the fourth quarter of 2016, compared to the fourth quarter of 2015, due to lower activity levels in North America and EMAR. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Year ended December 31, 2016 versus Year ended December 31, 2015

Consolidated revenue decreased by $601.4 million, or 33%, from $1,810.6 million for the year ended December 31, 2015 to $1,209.3 million for the year ended December 31, 2016, due to a decrease of $607.8 million, or 37%, in the Pipeline and Pipe Services segment, partially offset by an increase of $5.6 million, or 3%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment during 2016 was $1,023.3 million, or $607.8 million lower than in 2015, due to lower activity levels in all regions. See *Section 3.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment increased by $5.6 million during 2016 compared to 2015, due to higher activity levels in the North America and Asia Pacific regions, partially offset by lower revenue in EMAR. See *Section 3.2 – Petrochemical and Industrial Segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

2.2 Income from Operations ("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			Year Ended	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Operating Income (Loss)	**$ 21,697**	$ (167,975)	$ 45,696	**$ (171,120)**	$ 149,429
Operating Margin[(a)]	**6.6%**	(64.8%)	10.0%	**(14.2%)**	8.3%

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.

Fourth Quarter 2016 versus Third Quarter 2016

Operating Income increased by $189.7 million, from an operating loss of $168.0 million during the third quarter of 2016 to Operating Income of $21.7 million in the fourth quarter of 2016. Operating Income was positively impacted by increases in gross profit of $20.7 million, an increase in gains from sale of land of $5.1 million, a decrease in selling, general and administrative ("SG&A") expenses of $7.3 million and the absence of $155.9 million in impairment charges recorded in the third quarter of 2016. This was partially offset by a $0.4 million increase in research and development expenses.

The increase in gross profit resulted from the higher revenue, as explained above, partially offset by a 0.8 percentage point decrease in the gross margin from the third quarter of 2016. The decrease in the gross margin percentage was primarily due to product and project mix and a $4.8 million reduction in the carrying value of inventory, partially offset by labour cost efficiencies due to higher facility utilization and increased absorption of manufacturing overheads.

SG&A expenses decreased by $7.3 million, from $79.0 million in the third quarter of 2016 to $71.8 million in the fourth quarter of 2016, primarily due to a $6.8 million reduction in provisions for import duties and decommissioning liabilities and a $1.1 million decrease in personnel related expenses.

Fourth Quarter 2016 versus Fourth Quarter 2015

Operating Income decreased by $24.0 million, from an Operating Income of $45.7 million in the fourth quarter of 2015 to an Operating Income of $21.7 million during the fourth quarter of 2016. Operating Income was impacted by a decrease in gross profit of $44.0 million and a $4.9 million decrease in net foreign exchange gains. This was partially offset by decreases in SG&A expenses of $17.3 million, in research and development expenses of $0.3 million, in amortization of property, plant, equipment and intangible assets of $1.1 million and an increase in gains from sale of land of $5.6 million.

The decrease in gross profit resulted from the lower revenue, as explained above, and a 0.6 percentage point decrease in gross margin. The decrease in the gross margin percentage was primarily attributable to product and project mix, a $4.8 million reduction in the carrying value of inventory, labour inefficiencies due to lower facility utilization and decreased absorption of manufacturing overheads.

SG&A expenses in the fourth quarter of 2016 decreased by $17.3 million, primarily due to a $6.9 million reduction in provisions for import duties and decommissioning liabilities, a $7.2 million reduction in personnel related expenses, a $6.3 million decrease in legal provisions and professional fees, a decrease in restructuring costs relating to the closure of facilities of $3.5 million and a net reduction in other costs of $4.2 million. Partially offsetting these expense reductions was an increase in management incentive compensation expenses of $10.8 million as a result of provision reversals in the fourth quarter of 2015 and Shawcor share price appreciation in 2016 versus a decline in 2015.

Year ended December 31, 2016 versus Year ended December 31, 2015

Operating Income decreased by $320.5 million from the year ended December 31, 2015, to an Operating Loss of $171.1 million in 2016. Operating Income was impacted by a year over year decrease in gross profit of $213.9 million, an increase in impairment charges of $156.7 million, a $0.9 million increase in amortization of property, plant, equipment and intangible assets and a reduction in net foreign exchange gain of $6.5 million. This was partially offset by a decrease in SG&A expenses of $51.3 million, an increase in gain on sale of land of $5.7 million and a decrease in research and development expenses of $0.4 million.

The decrease in gross profit resulted from the lower revenue, as explained above, and a 1.0 percentage point decrease in gross margin. The decrease in the gross margin was attributable to changes in product and project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption compared to the prior year, particularly in the Pipeline and Pipe Services segment.

SG&A expenses decreased by $51.3 million in the year ended December 31, 2016 compared to 2015, primarily due to a decrease in personnel related expenses of $28.1 million, a decrease in rental and building costs of $7.1 million, a $4.7 million reduction in a provision for import duties, a reduction in bank charges for performance guarantees and other fees of $4.3 million, a $3.4 million decrease in legal provisions and professional fees and a reduction in other costs of $2.9 million.

2.3 Finance Costs, net

The following table sets forth the components of finance costs, net for the following periods:

(in thousands of Canadian dollars)	**Three Months Ended**			**Year ended**	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Interest income	**$ (2,274)**	$ (334)	$ (276)	**$ (3,108)**	$ (1,009)
Interest expense, other	**1,254**	1,152	808	**4,739**	3,359
Interest expense on long-term debt	**3,888**	3,512	4,196	**14,284**	15,894
Finance costs, net	**$ 2,868**	$ 4,330	$ 4,728	**$ 15,915**	$ 18,244

Fourth Quarter 2016 versus Third Quarter 2016

In the fourth quarter of 2016, net finance costs were $2.9 million, compared to a net finance cost of $4.3 million during the third quarter of 2016. The decrease in net finance costs was primarily a result of higher interest income on short term deposits.

Fourth Quarter 2016 versus Fourth Quarter 2015

In the fourth quarter of 2016, net finance costs were $2.9 million, compared to a net finance cost of $4.7 million during the fourth quarter of 2015. The decrease in net finance costs was primarily a result of higher interest income on short term deposits.

Year ended December 31, 2016 versus Year ended December 31, 2015

For the year ended December 31, 2016, net finance cost was $15.9 million, compared to a net finance cost of $18.2 million for 2015. The decrease in net finance costs was primarily a result of lower interest expense on long-term debt as a result of the repayment of Senior Notes and higher interest income on short term deposits. This was partially offset by higher interest on borrowings during the year.

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			Year ended	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Income tax expense	**$ 6,954**	$ 2,481	$ 9,653	**$ 6,207**	$ 31,551

Fourth Quarter 2016 versus Third Quarter 2016

The Company recorded an income tax expense of $7.0 million (20% of income before income taxes) in the fourth quarter of 2016, compared to an income tax expense of $2.5 million in the third quarter of 2016. The effective tax rate in the fourth quarter of 2016 was lower than the expected income tax rate of 27% primarily due to a portion of the Company's taxable income being earned in jurisdictions where the tax rate is 25% or less.

Fourth Quarter 2016 versus Fourth Quarter 2015

The Company recorded an income tax expense of $7.0 million (20% of income before income taxes) in the fourth quarter of 2016, compared to an income tax expense of $9.7 million (23% of income before income taxes) in the fourth quarter of 2015. The effective tax rate in the fourth quarter of 2016 was lower than the expected income tax rate of 27% primarily due to a portion of the Company's taxable income being earned in jurisdictions where the tax rate is 25% or less.

Year ended December 31, 2016 versus Year ended December 31, 2015

The Company recorded an income tax expense of $6.2 million during the year ended December 31, 2016, compared to an income tax expense of $31.6 million (24% of income before income taxes) during the year ended December 31, 2015. The recording of an income tax expense in 2016, rather than an expected tax recovery, was due to the fact that a tax expense was incurred in jurisdictions where the Company was profitable, while some of the losses in the year were generated in jurisdictions where the Company was unable to record a tax benefit.

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 December 31,		Year ended December 31,	
	2016	2015	**2016**	2015
U.S. dollar	**1.3339**	1.3463	**1.3284**	1.2794
Euro	**1.4462**	1.4671	**1.4633**	1.4231
British Pounds	**1.6665**	2.0294	**1.7991**	1.9544

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

(in thousands of Canadian dollars)		Q4-2016 Versus Q3-2016		Q4-2016 versus Q4-2015		2016 versus 2015
Revenue	$	**3,156**	$	**(9,593)**	$	**(490)**
Income from operations	$	**980**	$	**(2,034)**	$	**(4,945)**
Net income	$	**787**	$	**(3,188)**	$	**(6,863)**

In addition to the translation impact noted above, the Company recorded a foreign exchange gain of $1.4 million in the fourth quarter of 2016, compared to a foreign exchange gain of $6.3 million for the comparable period in the prior year, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities.

2.6 Net Income (attributable to shareholders of the Company)

Fourth Quarter 2016 versus Third Quarter 2016

Net income increased by $201.3 million, from a net loss of $174.0 million during the third quarter of 2016 to a net income of $27.3 million during the fourth quarter of 2016. This was mainly due to the $189.7 million increase in Operating Income, as explained in section 2.2 above, a $19.2 million arbitration award against Wasco Energy and a $1.5 million decrease in finance costs. This was partially offset by a $1.3 million higher loss from investments in associates and a $4.5 million increase in income tax expense.

Fourth Quarter 2016 versus Fourth Quarter 2015

Net income decreased by $3.6 million, from $30.9 million during the fourth quarter of 2015 to $27.3 million during the fourth quarter of 2016. This was mainly due to the $24.0 million decrease in Operating Income, as explained in section 2.2 above, and a $2.0 million higher loss from investments in associates. This was partially offset by a $19.2 million arbitration award against Wasco Energy, lower finance costs of $1.9 million and a $2.7 million decrease in income tax expense.

Year ended December 31, 2016 versus Year ended December 31, 2015

Net income decreased by $279.2 million, from a Net Income of $98.2 million during the twelve month period ended December 31, 2015 to a Net Loss of $181.0 million during the twelve month period ended December 31, 2016. This was mainly due to the $320.5 million decrease in Operating Income, as explained in section 2.2 above, a $3.4 million higher loss from investments in associates and a $3.0 million higher cost associated with repayment and modification of long term debt. This was partially offset by a $19.2 million arbitration award against Wasco Energy, lower finance costs of $2.3 million and a $25.3 million decrease in income tax expense.

3.0 SEGMENT INFORMATION

3.1 Pipeline and Pipe Services Segment

The following table sets forth, by geographic location, the Revenue, Operating Income and operating margin for the Pipeline and Pipe Services segment for the following periods:

(in thousands of Canadian dollars)	Three Months Ended			Year Ended	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
North America	**$ 145,328**	$ 109,113	$ 179,617	**$ 491,567**	$ 730,316
Latin America	**11,212**	8,398	35,250	**56,149**	150,783
EMAR	**81,537**	65,438	161,728	**365,291**	579,640
Asia Pacific	**48,130**	30,186	34,196	**110,305**	170,408
Total Revenue	**$ 286,207**	$ 213,135	$ 410,791	**$ 1,023,312**	$ 1,631,147
Operating Income	**$ 11,689**	$ (170,044)	$ 37,678	**$ (186,163)**	$ 148,853
Operating Margin[(a)]	**4.1%**	(79.8%)	9.2%	**(18.2%)**	9.1%

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.

Fourth Quarter 2016 versus Third Quarter 2016

In the fourth quarter, revenue increased by $73.1 million to $286.2 million, from $213.2 million in the third quarter of 2016. Revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.5 above and higher activity levels in all regions:

- In North America, revenue increased by $36.2 million, or 33%, as a result of higher flexible composite pipe volumes, increased activity levels in pipe weld inspection services, higher activity levels for large diameter pipe coatings and increased engineering services revenue at Lake Superior Consulting.

- Revenue in Latin America increased by $2.8 million, or 34%, primarily as a result of increased thermal insulation coating volumes at the Argentina facilities and higher activity levels at the Company’s Coatzacoalcos, Mexico facility.

- In EMAR, revenue was higher by $16.1 million, or 25%, primarily due to higher activity levels on the Shah Deniz project in the Caspian and increased revenue from the Orkanger, Norway and Italian facilities. This was partially offset by lower activity levels at the Ras Al Khaimah, UAE (“RAK”) and Leith, Scotland facilities and on field joint projects in the region.

- Asia Pacific revenue increased by $17.9 million, or 59%, mainly due to higher pipe coating project volumes for the Sur de Texas and Shah Deniz projects at the Kabil, Indonesia and Kuantan, Malaysia facilities.

In the fourth quarter of 2016, Operating Income was $11.7 million compared to an Operating Loss of $170.0 million in the third quarter of 2016, an increase of $181.7 million. The increase in Operating Income was primarily due to the absence of impairment charges of $155.9 million recorded in the third quarter of 2016 and a $20.7 million increase in gross profit due to the increase in revenue, as explained above, partially offset by a 1.6 percentage point decrease in gross margin. The decrease in gross margin was due to unfavourable project mix and a $4.8 million reduction in the carrying value of inventory, partially offset by labour efficiencies due to higher facility utilization and increased manufacturing overhead absorption. SG&A expenses were also lower, as explained in section 2.2 above, and the Company recorded a $5.6 million gain on sale of land in the fourth quarter of 2016.

Fourth Quarter 2016 versus Fourth Quarter 2015

Revenue in the fourth quarter of 2016 was $286.2 million, a decrease of $124.6 million, or 30%, from $410.8 million in the comparable period of 2015. Segment revenue was adversely affected by the impact on translation of foreign operations, as noted in section 2.5 above, and lower activity levels in EMAR, North America and Latin America, partially offset by higher revenue in Asia Pacific:

- In North America, revenue decreased by $34.3 million, or 19%, primarily due to lower volumes of large and small diameter pipe coating, decreased activity levels in pipe weld inspection services and in tubular management services and lower volumes of heat shrinkable sleeve sales. This was partially offset by higher flexible composite pipe sales and the revenue generated by Lake Superior Consulting that was acquired in early 2016.

- In Latin America, revenue decreased by $24.0 million, or 68%, primarily due to decreased activity in Argentina, combined with lower volumes at the Veracruz and Monterrey, Mexico facilities. This was partially offset by increased volumes from the Coatzacoalcos, Mexico facility.

- EMAR revenue decreased by $80.2 million, or 50%, primarily due to lower activity levels on the Shah Deniz project in the Caspian and at the Leith, Scotland, RAK and Italian facilities. This was partially offset by higher activity levels at the Orkanger, Norway facility.

- Revenue in Asia Pacific increased by $13.9 million, or 41%, mainly due to higher pipe coating project volumes from the Sur de Texas and Shah Deniz projects at the Kabil, Indonesia and Kuantan, Malaysia facilities.

In the fourth quarter of 2016, Operating Income was $11.7 million compared to $37.7 million in the fourth quarter of 2015, a decrease of $26.0 million. This decrease was attributable to a decrease in gross profit of $43.4 million as a result of a decrease in revenue of $124.6 million, as explained above, and a 0.5 percentage point decrease in gross margin. The decrease in gross margin was due to unfavourable project mix, a $4.8 million reduction in the carrying value of inventory, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption. Partially offsetting these negative factors was a reduction in SG&A expenses, as explained in section 2.2 above, and a $5.1 million increase in gains on sale of land.

Year ended December 31, 2016 versus Year ended December 31, 2015

Revenue in the Pipeline and Pipe Services segment for the year ended December 31, 2016 was $1,023.3 million, a decrease of $607.9 million from $1,631.1 million in the prior year. Segment revenue was impacted by lower activity levels in all regions:

- Revenue in North America decreased by $238.7 million, or 33%, primarily due to a decrease in tubular management services in Canada, lower pipe weld inspection services revenue in the USA and lower activity levels for small and large diameter pipe coatings in Canada and the USA. This was partially offset by the impact of the Lake Superior Consulting acquisition completed in the first quarter of 2016 and an increase in volumes of flexible composite pipe.

- In Latin America, revenue was lower by $94.6 million, or 63%, mainly due to lower activity levels in Brazil and Argentina, combined with lower volumes at the Veracruz and Monterrey, Mexico facilities.

- Revenue in EMAR decreased by $214.3 million, or 37%, primarily due to decreased pipe coating activity levels for the Shah Deniz project in the Caspian, lower activity levels at the RAK, Orkanger, Norway and Italian facilities and other field joint projects in the region. This was partially offset by higher activity levels at the Leith, Scotland facility.

- In Asia Pacific, revenue decreased by $60.1 million, or 35%, due to lower project volumes at the Kuantan, Malaysia and Kabil, Indonesia facilities.

Operating Loss for the year ended December 31, 2016 was $186.2 million compared to Operating Income of $148.9 million for the prior year, a decrease of $335.0 million. The decrease in Operating Income is primarily due to the $157.3 million in impairment charges recorded in 2016, a decline in gross profit of $214.4 million, driven by a decrease in revenue of $607.9 million, as explained above and a 0.8 percentage point decrease in gross margin. The decrease in gross margin was due to unfavourable project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption. Partially offsetting these negative factors was a reduction in SG&A expenses, as explained in section 2.2 above, and a $5.7 million increase in gains on sale of land.

3.2 Petrochemical and Industrial Segment

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

(in thousands of Canadian dollars)	**Three Months Ended**			**Year ended**	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
North America	**$ 26,358**	$ 28,706	$ 27,062	**$ 114,512**	$ 106,984
EMAR	**13,887**	14,591	15,424	**61,263**	64,189
Asia Pacific	**3,076**	3,109	3,129	**11,643**	10,694
Total Revenue	**$ 43,321**	$ 46,406	$ 45,615	**$ 187,418**	$ 181,867
Operating Income	**$ 6,270**	$ 6,371	$ 7,279	**$ 29,987**	$ 28,686
Operating Margin[(a)]	**14.5%**	13.7%	16.0%	**16.0%**	15.8%

(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.

Fourth Quarter 2016 versus Third Quarter 2016

In the fourth quarter of 2016, revenue decreased by $3.1 million, or 7%, to $43.3 million, compared to the third quarter of 2016, primarily due to lower shipments of heat shrink tubing product, particularly in the automotive sector, and lower activity levels for wire and cable products.

Operating Income of $6.3 million in the fourth quarter of 2016 was $0.1 million, or 2%, lower than in the third quarter of 2016. The decrease in Operating Income was due to the lower revenue, as explained above.

Fourth Quarter 2016 versus Fourth Quarter 2015

Revenue in the fourth quarter of 2016 decreased by $2.3 million, or 5%, compared to the fourth quarter of 2015. Revenue was impacted by lower shipments of heat shrink tubing product, particularly in the automotive sector, and by lower activity levels for wire and cable products.

Operating Income in the fourth quarter of 2016 was $6.3 million compared to $7.3 million in the fourth quarter of 2015, a decrease of $1.0 million, or 14%. The decrease in Operating Income was primarily due to a decrease in gross profit of $0.7 million as a result of a decrease in revenue of $2.3 million, as explained above.

Year ended December 31, 2016 versus Year ended December 31, 2015

Revenue increased in the year ended December 31, 2016 by $5.6 million, or 3%, to $187.4 million, compared to 2015, primarily due to increased heat shrinkable product shipments in North America and Asia Pacific.

Operating Income for the year ended December 31, 2016 was $30.0 million compared to $28.7 million in 2015, an increase of $1.3 million, or 5%. The increase was primarily due to an increase in gross profit of $0.5 million as a result of an increase in revenue of $5.6 million, as explained above, and lower research and development expenses.

3.3 Financial and Corporate

Financial and corporate costs include corporate expenses not allocated to the operating segments and other non-operating items, including foreign exchange gains and losses on foreign currency denominated cash and working capital balances. The corporate division of the Company only earns revenue that is considered incidental to the activities of the Company. As a result, it does not meet the definition of a reportable operating segment as defined under IFRS.

The following table sets forth the Company's unallocated financial and corporate expenses, before foreign exchange gains and losses, for the following periods:

(in thousands of Canadian dollars)	**Three Months Ended**			**Year ended**	
	December 31, 2016	September 30, 2016	December 31, 2015	**December 31, 2016**	December 31, 2015
Financial and corporate expenses	**$ (3,249)**	(6,122)	$ (5,543)	**$ (22,823)**	$ (36,792)

Fourth Quarter 2016 versus Third Quarter 2016

Financial and corporate costs decreased by $2.9 million from $6.1 million during the third quarter of 2016 to $3.2 million in the fourth quarter of 2016. The decrease was primarily due to reductions in personnel related and management incentive compensation expenses of $0.9 million, in professional consulting fees of $0.6 million, in equipment and product development costs of $0.7 million and in other expenses of $0.7 million.

Fourth Quarter 2016 versus Fourth Quarter 2015

Financial and corporate costs decreased by $2.3 million from the fourth quarter of 2015 to $3.2 million in the fourth quarter of 2016. The decrease was primarily due to reductions in personnel related expenses of $1.4 million and in professional consulting and legal fees of $2.3 million, a $2.0 million decrease as a result of higher allocations to the operating segments for information systems expenses and a reduction of $2.0 million in bank and other costs. This was partially offset by an increase in stock based and long term management incentive expenses of $5.4 million.

Year ended December 31, 2016 versus Year ended December 31, 2015

Financial and corporate costs decreased by $14.0 million from the year ended December 31, 2015 to $22.8 million in 2016. The decrease was primarily due to reductions in personnel related expenses of $8.3 million and in professional consulting and legal fees of $1.8 million, a $8.5 million decrease as a result of higher allocations to the operating segments for information systems expenses and a reduction of $2.9 million in bank and other costs. This was partially offset by an increase in stock based and long term management incentive expenses of $6.0 million and a $1.5 million increase in equipment and product development 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 achievement of key performance objectives, the incurrence of additional capital expenditures as necessary to respond to market demand growth and to facilitate growth in new markets, the increase in investment in net working capital, the timing of major project activity, the expected improvement in consolidated revenues and earnings in 2017 from 2016, the growth in revenue and earnings in the Pipeline and Pipe Services segment and in the Petrochemical and Industrial 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 sufficiency of the Company's human resources, systems and processes to operate its business and execute its strategic plan, the impact of the existing order backlog and other factors on the Company's revenue and Operating Income, the impact of any potential cancellation of contracts included in the order backlog, and in the longer term, the impact of global economic activity on the demand for the Company's products, the impact of the decline in global oil and gas commodity prices on the level of industry investment in oil and gas infrastructure, the impact of changing energy demand, supply and prices, the impact and likelihood of changes in competitive conditions in the markets in which the Company participates, the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation matters and other claims generally, the level of payments under the Company's performance bonds and the expected development in the Company's order backlog.

Forward looking information involves known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted by the forward-looking information. We caution readers not to place undue reliance on forward looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward looking information. Significant risks facing the Company include, but are not limited to: the impact on the Company of reduced demand for its products and services, including the suspension or cancellation of existing contracts, as a result of lower investment in global oil and gas extraction and transportation activity following the 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 impact on the level of global pipeline infrastructure construction; exposure to product and other liability claims; shortages of or significant increases in the prices of raw materials used by the Company; compliance with environmental, trade and other laws; political, economic and other risks arising from the Company's international operations; fluctuations in foreign exchange rates, as well as other risks and uncertainties, as more fully described herein under the heading "Risks and Uncertainties."

These statements of forward looking information are based on assumptions, estimates and analysis made by management in light of its experience and perception of trends, current conditions and expected developments as well as other factors believed to be reasonable and relevant in the circumstances. These assumptions include those in respect of global oil and gas prices, increases in expenditures on natural gas infrastructures, modest global economic growth, the Company's ability to execute projects under contract, the continued supply of and stable pricing for commodities used by the Company, the availability of personnel resources sufficient for the Company to operate its businesses, the maintenance of operations in major oil and gas producing regions and the ability of the Company to satisfy all covenants under its Credit Facilities and the Senior Notes. The Company believes that the expectations reflected in the forward looking information are based on reasonable assumptions in light of currently available information. However, should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward looking information included in this document and the Company can give no assurance that such expectations will be achieved.

When considering the forward looking information in making decisions with respect to the Company, readers should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not assume the obligation to revise or update forward looking information after the date of this document or to revise it to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

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

Shawcor will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday March 3rd, 2017 at 10:00AM ET, which will discuss the Company's Fourth Quarter Financial Results.

To participate via telephone, please dial 1-877-776-4039 or 1-315-625-6955 and enter passcode 72966409; alternatively, please go to the following website address to participate via webcast:
http://edge.media-server.com/m/p/6jinfrfa

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:

Gary S. Love
Senior Vice President, Finance and CFO
Telephone: 416.744.5818
E-mail: glove@shawcor.com
Website: www.shawcor.com

Shawcor Ltd.

Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)		**December 31, 2016**		December 31, 2015
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**194,824**	$	260,645
Short-term investments		**1,890**		2,954
Loans receivable		**3,832**		–
Accounts receivable		**294,397**		396,974
Income taxes receivable		**35,141**		35,804
Inventory		**113,485**		167,557
Prepaid expenses		**22,477**		20,112
Derivative financial instruments		**9,393**		3,024
		675,439		887,070
Non-current Assets				
Loans receivable		**5,058**		7,908
Property, plant and equipment		**471,468**		485,555
Intangible assets		**192,907**		223,298
Investments in associates		**26,739**		30,868
Deferred income tax assets		**28,955**		27,668
Other assets		**26,407**		26,268
Goodwill		**350,818**		457,070
Total non-current assets		**1,102,352**		1,258,635
TOTAL ASSETS	**$**	**1,777,791**	$	2,145,705
LIABILITIES AND EQUITY				
Current Liabilities				
Bank indebtedness	**$**	**2,463**	$	–
Accounts payable and accrued liabilities		**212,539**		295,911
Provisions		**21,104**		25,562
Income taxes payable		**39,011**		34,624
Derivative financial instruments		**3,759**		1,984
Deferred revenue		**103,584**		58,129
Obligations under finance lease		**950**		1,176
Other Liabilities		**12,043**		23,279
Total current liabilities		**395,453**		440,665
Non-current Liabilities				
Long-term debt		**263,528**		485,147
Obligations under finance lease		**11,019**		12,600
Provisions		**35,304**		44,075
Employee future benefits		**20,727**		21,942
Deferred income tax liabilities		**7,484**		14,898
Other liabilities		**1,236**		1,177
Total non-current liabilities		**339,298**		579,839
Total Liabilities		**734,751**		1,020,504
Equity				
Share capital		**703,316**		534,484
Contributed surplus		**23,379**		18,638
Retained earnings		**273,045**		492,713
Non-controlling interests		**5,892**		7,455
Accumulated other comprehensive income		**37,408**		71,911
Total Equity		**1,043,040**		1,125,201
TOTAL LIABILITIES AND EQUITY	**$**	**1,777,791**	$	2,145,705

Shawcor Ltd.

Consolidated Statements of Income (Loss) (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	Three Months Ended December 31, **2016**	2015	Year Ended December 31, **2016**	2015
Revenue				
Sale of products	**$ 87,150**	$ 98,578	**$ 373,128**	$ 460,690
Rendering of services	**242,032**	356,682	**836,131**	1,349,958
	329,182	455,260	**1,209,259**	1,810,648
Cost of Goods Sold and Services Rendered	**221,480**	303,510	**816,775**	1,204,306
Gross Profit	**107,702**	151,750	**392,484**	606,342
Selling, general and administrative expenses	**71,760**	89,047	**320,643**	371,954
Research and development expenses	**2,305**	2,638	**13,239**	13,664
Foreign exchange gains	**(1,425)**	(6,282)	**(1,386)**	(7,868)
Amortization of property, plant and equipment	**13,833**	14,541	**57,255**	58,019
Amortization of intangible assets	**5,094**	5,520	**23,035**	21,368
Gains on sale of land	**(5,562)**	–	**(6,493)**	(814)
Impairment	**–**	590	**157,311**	590
Income (Loss) from Operations	**21,697**	45,696	**(171,120)**	149,429
(Loss) income from investments in associates	**(1,809)**	152	**(3,536)**	(114)
Finance costs, net	**(2,868)**	(4,728)	**(15,915)**	(18,244)
Costs associated with repayment and modification of long-term debt	**(948)**	–	**(3,009)**	–
Gain from arbitration award	**19,221**	–	**19,221**	–
Income (Loss) before Income Taxes	**35,293**	41,120	**(174,359)**	131,071
Income taxes	**6,954**	9,653	**6,207**	31,551
Net Income (Loss)	**$ 28,339**	$ 31,467	**$ (180,566)**	$ 99,520
Net Income (Loss) Attributable to:				
Shareholders of the Company	**27,276**	30,901	**(180,960)**	98,244
Non-controlling interests	**1,063**	566	**394**	1,276
Net Income (Loss)	**$ 28,339**	$ 31,467	**$ (180,566)**	$ 99,520
Earnings (loss) per Share				
Basic	**$ 0.42**	$ 0.48	**$ (2.80)**	$ 1.52
Diluted	**$ 0.42**	$ 0.48	**$ (2.80)**	$ 1.52
Weighted Average Number of Shares				
Basic	**65,141**	64,521	**64,719**	64,512
Diluted	**65,214**	64,696	**64,719**	64,762

Shawcor Ltd.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31, **2016**	Three Months Ended December 31, 2015	Year Ended December 31, **2016**	Year Ended December 31, 2015
Net Income (Loss)	**$ 28,339**	$ 31,467	**$ (180,566)**	$ 99,520
Other Comprehensive Income to be Reclassified to Net Income (Loss) in Subsequent Periods				
Exchange differences on translation of foreign operations	**(1,031)**	7,472	**(40,970)**	74,137
Other comprehensive income (loss) attributable to investments in associates	**260**	997	**(593)**	1,501
Cash flow hedge gains	**1,475**	–	**3,011**	–
Net Other Comprehensive Income (Loss) to be Reclassified to Net Income (Loss) in Subsequent Periods	**704**	8,469	**(38,552)**	75,638
Other Comprehensive Income not to be Reclassified to Net Income (Loss) in Subsequent Periods				
Actuarial gain on defined benefit plan	**12,541**	4,924	**2,844**	4,924
Income tax expense	**(3,358)**	(1,415)	**(752)**	(1,415)
Net Other Comprehensive Income not to be Reclassified to Net Income (Loss) in Subsequent Periods	**9,183**	3,509	**2,092**	3,509
Other Comprehensive Income (Loss), Net of Income Taxes	**9,887**	11,978	**(36,460)**	79,147
Total Comprehensive Income (Loss)	**$ 38,226**	$ 43,445	**$ (217,026)**	$ 178,667
Comprehensive Income (Loss) Attributable to:				
Shareholders of the Company	**$ 37,314**	$ 43,180	**$ (215,463)**	$ 178,258
Non-controlling interests	**912**	265	**(1,563)**	409
Total Comprehensive Income (Loss)	**$ 38,226**	$ 43,445	**$ (217,026)**	$ 178,667

Shawcor Ltd.

Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Earnings	Non-controlling Interests	Accumulated Other Comprehensive (Loss) Income	Total Equity
Balance - December 31, 2014	$ 533,660	$ 14,625	$ 433,177	$ 7,254	$ (8,103)	$ 980,613
Net income	–	–	98,244	1,276	–	99,520
Other comprehensive (loss) income	–	–	–	(867)	80,014	79,147
Comprehensive income	–	–	98,244	409	80,014	178,667
Issued on exercise of stock options	508	–	–	–	–	508
Compensation cost on exercised stock options	197	(197)	–	–	–	–
Compensation cost on exercised restricted share units	119	(119)	–	–	–	–
Share-based compensation expense	–	4,329	–	–	–	4,329
Dividends declared and paid to shareholders	–	–	(38,708)	–	–	(38,708)
Purchase of non-controlling interests	–	–	–	(208)	–	(208)
Balance - December 31, 2015	534,484	18,638	492,713	7,455	71,911	1,125,201
Net (loss) income	–	–	(180,960)	394	–	(180,566)
Other comprehensive loss	–	–	–	(1,957)	(34,503)	(36,460)
Comprehensive loss	–	–	(180,960)	(1,563)	(34,503)	(217,026)
Issue through public offering (net of commissions and share issuance costs of $7.3 million)	165,295	–	–	–	–	165,295
Issued on exercise of stock options	2,311	–	–	–	–	2,311
Compensation cost on exercised options	764	(764)	–	–	–	–
Compensation cost on exercised restricted share units	462	(462)	–	–	–	–
Stock-based compensation expense	–	5,967	–	–	–	5,967
Dividends declared and paid to shareholders	–	–	(38,708)	–	–	(38,708)
Balance - December 31, 2016	**$703,316**	**$23,379**	**$273,045**	**$5,892**	**$37,408**	**$1,043,040**

Shawcor Ltd.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31, 2016	Three Months Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2015
Operating Activities				
Net income (loss)	**$ 28,339**	$ 31,467	**$ (180,566)**	$ 99,520
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**13,833**	14,541	**57,255**	58,019
Amortization of intangible assets	**5,094**	5,520	**23,035**	21,368
Amortization of long-term prepaid expenses	**114**	54	**467**	1,363
Impairment	**–**	590	**157,311**	590
Decommissioning obligations expense	**(1,907)**	167	**(2,875)**	1,588
Other provision expenses	**1,236**	16,913	**9,711**	29,294
Share-based and other incentive-based compensation	**2,687**	(3,670)	**8,548**	2,126
Deferred income taxes	**(5,681)**	3,459	**(16,396)**	(2,195)
(Loss) Gain on disposal of property, plant and equipment	**(685)**	1,445	**719**	1,591
Gains on sale of land	**(5,562)**	–	**(6,493)**	(814)
Unrealized (loss) gain on derivative financial instruments	**(2,371)**	(3,065)	**(81)**	3,744
Loss from investments in associates	**1,809**	(152)	**3,536**	114
Other	**(201)**	–	**(689)**	–
Settlement of decommissioning liabilities	**(286)**	(1,073)	**(292)**	(2,658)
Settlement of other provisions	**(1,613)**	(16,275)	**(16,288)**	(24,143)
Net change in employee future benefits	**(755)**	12	**56**	63
Change in non-cash working capital and foreign exchange	**21,241**	78,171	**94,935**	91,471
Cash Provided by Operating Activities	**55,292**	128,104	**131,893**	281,041
Investing Activities				
Increase in loans receivable	**(1,205)**	(122)	**(1,205)**	(146)
Decrease (increase) in short-term investments	**908**	4,698	**1,064**	(2,404)
Purchase of property, plant and equipment	**(37,376)**	(18,697)	**(89,252)**	(61,153)
Proceeds on disposal of property, plant and equipment	**10,322**	4,020	**14,784**	6,338
Purchase of intangible assets	**–**	(26)	**–**	(109)
Payment on deferred purchase consideration	**–**	–	**–**	(1,305)
Investments in associates	**–**	(3,996)	**–**	(10,477)
(Increase) decrease in other assets	**(5,481)**	–	**(4,420)**	77
Purchase of non-controlling interest	**–**	(208)	**–**	(208)
Business acquisition, net of cash acquired	**–**	(34,300)	**(32,331)**	(51,513)
Cash Used in Investing Activities	**(32,832)**	(48,631)	**(111,360)**	(120,900)
Financing Activities				
Increase (decrease) in bank indebtedness	**2,463**	–	**2,463**	(4,685)
Increase (decrease) in loans payable	**–**	–	**(520)**	(2,502)
Repayment of long-term debt	**(100,748)**	–	**(202,568)**	–
Payment of obligations under finance lease	**(200)**	(252)	**(829)**	(1,015)
Issuance of shares	**165,378**	8	**167,606**	508
Dividend paid to shareholders	**(9,692)**	(9,678)	**(38,708)**	(38,708)
Cash Provided by (Used in) Financing Activities	**57,201**	(9,922)	**(72,556)**	(46,402)
Effect of Foreign Exchange on Cash and Cash Equivalents	**750**	11,316	**(13,798)**	30,350
Net Increase (Decrease) in Cash and Cash Equivalents	**80,411**	80,867	**(65,821)**	144,089
Cash and Cash Equivalents - Beginning of Period	**114,413**	179,778	**260,645**	116,556
Cash and Cash Equivalents - End of Period	**$ 194,824**	$ 260,645	**$ 194,824**	$ 260,645

6.0 Reconciliation of Non-GAAP Measures

The Company reports on certain non-GAAP measures that are used to evaluate its performance and segments, as well as to determine compliance with debt covenants and to manage the capital structure. These non-GAAP measures do not have standardized meanings under IFRS and are not necessarily comparable to similar measures provided by other companies. The Company discloses these measures because it believes that they provide further information and assist readers in understanding the results of the Company's operations and financial position. These measures should not be considered in isolation or used in substitution for other measures of performance prepared in accordance with GAAP. The following is a reconciliation of the non-GAAP measures reported by the Company.

EBITDA and Adjusted EBITDA

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

(in thousands of Canadian dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	**2016**	2015
Net income (loss)	**$ 28,339**	$ 31,467	**$ (180,566)**	$ 99,520
Add:				
Income taxes	**6,954**	9,653	**6,207**	31,551
Finance costs, net	**2,868**	4,728	**15,915**	18,244
Amortization of property, plant, equipment and intangible assets	**18,927**	20,061	**80,290**	79,387
EBITDA	**$ 57,088**	$ 65,909	**$ (78,154)**	$ 228,702
Cost associated with repayment and modification of long-term debt	**948**	–	**3,009**	–
Arbitration award	**(19,221)**	–	**(19,221)**	–
Impairment	**–**	590	**157,311**	590
Gain on sale of land	**(5,562)**	–	**(6,493)**	(814)
ADJUSTED EBITDA	**$ 33,253**	$ 66,499	**$ 56,452**	$ 228,478

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