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(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES THIRD QUARTER 2016 RESULTS

- Third quarter revenue of $259 million increased by 1% from the $255 million reported in the second quarter of 2016 but was 47% lower than the $485 million reported in the third quarter of 2015.
- Adjusted EBITDA in the third quarter of 2016 was $6.9 million, compared with a loss of $20.3 million in the second quarter of 2016 and versus $74.8 million in the third quarter of 2015. Adjusted EBITDA excludes impairment charges of $155.9 million in the third quarter of 2016.
- Net loss (attributable to shareholders of the Company) in the third quarter of 2016 was $174.0 million (or a loss of $2.69 per share diluted) compared with a loss of $41.7 million (or $0.65 per share diluted) in the second quarter of 2016 and net income of $38.1 million (or $0.59 per share diluted) in the third quarter of 2015.
- The Company's order backlog was $606 million at September 30, 2016, an increase of $100 million or 20% from $506 million at June 30, 2016.

Mr. Steve Orr, Chief Executive Officer of Shawcor Ltd. remarked "Shawcor's results in the third quarter were affected by depressed activity levels in all of the Company's global regions with low commodity prices continuing to negatively impact North American well completion activity and global oil and gas development capital spending. However, the Company's gross margin and Adjusted EBITDA were improved over the second quarter and we continue to believe that a sustained trend of improving results is now underway."

Mr. Orr added "In the fourth quarter, we are expecting to benefit from the ramp up of production at our Asia Pacific facilities, from increasing orders for our composite pipe products and from increased US transmission pipeline weld inspection. These factors should elevate Operating Income to near breakeven. In early 2017, our return to solid profitability is expected with the launch of full production of the concrete coating work for the Sur de Texas – Tuxpan project in Mexico. With the Company's order backlog now reaching $606 million and a modest but steady improvement in North American well completion activity expected, we are confident that the Company will deliver strong growth in financial performance in 2017."

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	**2016**	2015
Revenue	$ **259,139**	$ 485,428	**$ 880,077**	$ 1,355,388
Gross profit	**86,977**	161,968	**284,782**	454,592
Gross profit %	**33.6%**	33.4%	**32.4%**	33.5%
Adjusted EBITDA[(a)]	**6,867**	74,824	**23,199**	161,979
(Loss) Income from Operations	**(167,975)**	55,195	**(192,817)**	103,733
Net (Loss) Income for the period[(b)]	$ **(174,019)**	$ 38,107	**$ (208,236)**	$ 67,343
Earnings (Loss) per share:				
Basic	$ **(2.69)**	$ 0.59	**$ (3.22)**	$ 1.04
Fully diluted	$ **(2.69)**	$ 0.59	**$ (3.22)**	$ 1.04

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net (loss) income the sum of net finance costs, income taxes, amortization of property, plant, equipment and intangible assets, gains/losses from assets held for sale, gain from sale of land 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

Sur de Texas – Tuxpan Contract Award

On July 8, 2016, the Company announced that it had been awarded a conditional contract with a value in excess of $300 million from Infraestructura Marina del Golfo (IMG), a Mexican company majority-owned by TransCanada Corporation and partially owned by IEnova, for pipeline coating for the CFE Sur de Texas – Tuxpan gas pipeline project, a 690 km offshore pipeline that will run from the USA/Mexico international border near Brownsville, Texas to a location near Tuxpan, Mexico. The contract has since been finalized and is scheduled to be executed from two coating plants in Altamira, Mexico and involves the application of concrete weight coating. Coating is expected to commence in early 2017 with completion expected by the end of 2017.

The Company has also received a contract for anti-corrosion coating of pipe that will be coated at the Company's facilities in Asia Pacific and then transported to Mexico for concrete coating and delivery to the client for the Sur de Texas – Tuxpan pipeline. Including the anti-corrosion coating, the Sur de Texas – Tuxpan project has an estimated revenue value to Shawcor in excess of $350 million.

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 large oil and gas greenfield development projects has impacted the international regions of the Pipeline and Pipe Services Segment. These trends were evident in the Company's weak financial performance in the second and third quarters of this year.

Going forward however, there are indications that the Company's financial performance will now sustain a trend of improving results. In the fourth quarter, performance will benefit from the full production of flow assurance gathering line coating for the Shah Deniz project at the Kabil, Indonesia facility and anti-corrosion coating of pipe destined for the Sur de Texas – Tuxpan project in Mexico. In the first quarter of 2017, the pace of improvement should accelerate with a return to profitable levels of operating activity based on the planned ramp up of production on the concrete coating scope of work for the Sur de Texas – Tuxpan project. The Sur de Texas – Tuxpan pipeline project, with an estimated revenue value of in excess of $350 million, 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

Shawcor's North American Pipeline segment businesses continue to be impacted by the reduction in well completion activity in North America which has reduced 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 not expected to begin to recover until global oil prices exhibit sustained increases and the number of wells drilled and completed begins to increase. Based on recent increases in drilling rig counts in North America, some modest improvement for these businesses is possible in 2017. Also contributing will be increased shipments of composite pipe to international markets. This revenue, included within the North America segment due to production location, will be a positive factor in the fourth quarter with further potential growth in 2017.

The build of new large diameter transmission pipeline infrastructure is the other key driver of revenue in the Company's North American Pipeline segment and in the fourth quarter a modest improvement in activity associated with large diameter pipeline girth weld inspection is forecast based on work now booked in the order backlog.

Pipeline and Pipe Services Segment - Latin America

Consistent with all of the Company's Pipeline segment regions, lower spending on oil and gas infrastructure by our clients continues to reduce new project activity in 2016 and will not be reversed until the Sur de Texas – Tuxpan project in Mexico begins to ramp up production in the first quarter of 2017. Once in full production, this project, with an estimated revenue value in excess of $350 million, provides confidence that revenue in the region will recover strongly and provide a strong source for improved Shawcor financial performance.

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

Revenue in the EMAR region in the fourth quarter of 2016 is expected to mirror the third quarter but is likely to move lower in 2017 as a result of the completion of the concrete coating for the Shah Deniz project and the two South Stream pipe coating projects in 2016 and the fact that pipeline operators continue to defer capital spending projects, particularly those that involve greenfield offshore oil developments.

Pipeline and Pipe Services Segment - Asia Pacific

Following steep declines in revenue in the first half of 2016, the Company is now expecting revenue to grow modestly in the Asia Pacific region based on ramp up of full production of the flow assurance work for the Shah Deniz project and the commencement of anti-corrosion coating for pipe destined for Mexico for the Sur de Texas – Tuxpan project. In 2017, modest growth 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 the fourth quarter of 2016 and beyond with the segment targeting increased revenue growth in 2017 as new capacity for control cable and sealing and insulation products enters production.

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 September 30, 2016 of $606 million improved by 20% from $506 million at June 30, 2016. The increase in the backlog is due primarily to the increasing 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 approximately 65% is now included in the backlog at September 30, 2016 with the remainder set to enter the backlog between now and December 31, 2016 based on the twelve month forecast production.

In addition to the backlog, the Company closely monitors its bidding activity and the value of outstanding firm bids is currently in excess of $500 million. In addition, the Company has provided budgetary estimates and is currently working with customers on projects with aggregate values of in excess of $2 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			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Pipeline and Pipe Services	**$ 213,135**	$ 206,990	$ 439,205	**$ 737,105**	$ 1,220,356
Petrochemical and Industrial	**46,406**	48,818	46,168	**144,097**	136,252
Elimination[(a)]	**(402)**	(449)	55	**(1,125)**	(1,220)
Consolidated	**$ 259,139**	$ 255,359	$ 485,428	**$ 880,077**	$ 1,355,388

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

Third Quarter 2016 versus Second Quarter 2016

Consolidated revenue increased 1%, or $3.8 million, from $255.4 million during the second quarter of 2016 to $259.1 million during the third quarter of 2016, mainly due to an increase of $6.1 million in the Pipeline and Pipe Services segment, partially offset by a decrease of $2.4 million in the Petrochemical and Industrial segment.

Revenue increased by 3% in the Pipeline and Pipe Services segment, or $6.1 million, from $207.0 million in the second quarter of 2016 to $213.1 million in the third quarter of 2016 due to higher activity levels in Asia Pacific and North America, partially offset by lower revenue in the Europe, Middle East, Africa and Russia ("EMAR") region. See Section 3.1 – Pipeline and Pipe Services Segment for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue was lower by $2.4 million, or 5%, in the third quarter of 2016, compared to the second quarter of 2016 due to lower activity levels in the EMAR and North American regions. See Section 3.2 – Petrochemical and Industrial Segment for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Third Quarter 2016 versus Third Quarter 2015

Consolidated revenue decreased by $226.3 million, or 47%, from $485.4 million during the third quarter of 2015, to $259.1 million during the third quarter of 2016, mainly due to a decrease of $226.1 million in the Pipeline and Pipe Services segment.

In the Pipeline and Pipe Services segment, revenue in the third quarter of 2016 was $213.1 million, or 51% lower than in the third quarter of 2015, due to decreased 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 increased by $0.2 million, or 1%, during the third quarter of 2016 compared to the third quarter of 2015, due to higher activity levels in North America and Asia Pacific, partially offset by lower activity 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.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

Consolidated revenue decreased by $475.3 million, or 35%, from $1,355.4 million for the nine month period ended September 30, 2015 to $880.1 million for the nine month period ended September 30, 2016, due to a decrease of $483.3

million, or 40%, in the Pipeline and Pipe Services segment, partially offset by an increase of $7.8 million, or 6%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment during the first nine months of 2016 was $737.1 million, or $483.3 million lower than in the comparable period 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 $7.8 million in the first nine months of 2016 compared to the same period in 2015, due to higher activity levels in 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 (Loss) Income from Operations

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

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Operating (Loss) Income	**$ (167,975)**	$ (40,792)	$ 55,195	**$ (192,817)**	$ 103,733
Operating Margin[(a)]	**(64.8%)**	(16.0%)	11.4%	**(21.9%)**	7.7%

(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.

Third Quarter 2016 versus Second Quarter 2016

In the third quarter, Operating Loss increased by $127.2 million, from an Operating Loss of $40.8 million during the second quarter of 2016 to an Operating Loss of $168.0 million in the third quarter of 2016. While Operating Loss was positively impacted by an increase in gross profit of $16.1 million and an increase in net foreign exchange gain of $1.1 million and by decreases in selling, general and administrative ("SG&A") expenses of $7.0 million, in research and development expenses of $2.8 million and in amortization of property, plant, equipment and intangible assets of $0.4 million, these factors were more than offset by higher impairment charges of $154.5 million recorded in the third quarter of 2016.

The increase in gross profit resulted from a 5.8 percentage point increase in the gross margin from the second quarter of 2016 and the higher revenue, as explained above. The increase in the gross margin percentage was primarily due to a higher percentage of the Company’s revenue derived from large pipe coating project activity in the Asia Pacific region and labour cost efficiencies due to higher facility utilization and increased absorption of manufacturing overheads as a result of the restructuring completed in the second quarter of 2016.

SG&A expenses decreased by $7.0 million, from $86.0 million in the second quarter of 2016 to $79.0 million in the third quarter of 2016, primarily due to restructuring charges of $12.1 million recorded in the second quarter of 2016 and $1.9 million lower personnel related expenses in the third quarter. This was partially offset by an increase in management incentive compensation expenses of $7.1 million as a result of the Company’s improvement in shareholder returns compared to its peer group, which is one of the primary factors in the Company’s incentive compensation program.

Third Quarter 2016 versus Third Quarter 2015

Operating Income (Loss) decreased by $223.2 million, from an Operating Income of $55.2 million in the third quarter of 2015 to an Operating Loss of $168.0 million during the third quarter of 2016. While Operating Loss was impacted by decreases in gross profit of $75.0 million and in impairment charges of $155.9 million recorded in the third quarter of 2016, these factors were partially offset by decreases in SG&A expenses of $7.1 million, in research and development expenses of $0.5 million and in amortization of property, plant, equipment and intangible assets of $0.5 million.

The decrease in gross profit resulted from the lower revenue, as explained above, partially offset by a 0.2 percentage point increase in gross margin. The increase in the gross margin percentage was primarily attributable to changes in product and project mix.

SG&A expenses in the third quarter of 2016 decreased by $7.1 million primarily due to reductions in personnel related and management incentive compensation expenses of $7.1 million and lower professional, legal consulting fees and bank charges of $2.5 million. This was partially offset by higher equipment and other costs of $2.5 million.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

Operating Income (Loss) decreased by $296.5 million, from an Operating income of $103.7 million in the nine month period ended September 30, 2015, to an Operating Loss of $192.8 million in the nine month period ended September 30, 2016. Operating Loss was impacted by a year over year decrease in gross profit of $169.8 million and increases in amortization of property, plant, equipment and intangible assets of $2.0 million, in net foreign exchange loss of $1.6 million and in impairment charges of $157.3 million. These items were partially offset by a decrease in SG&A expenses of $34.0 million.

The decrease in gross profit resulted from a 1.2 percentage point decrease in gross margin and the lower revenue, as explained above. The decrease in the gross margin was attributable to changes in product and project mix and 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 $34.0 million in the first nine months of 2016 compared to the comparable period in 2015, primarily due to reductions in personnel related and management incentive compensation expenses of $26.9 million, a decrease in rental and building costs of $3.7 million, primarily associated with decreased activity in the Asia Pacific region, and $3.2 million in lower bank charges mostly associated with letters of guarantee and other costs.

2.3 Finance Costs, net

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

(in thousands of Canadian dollars)	**Three Months Ended**			**Nine Months Ended**	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Interest income	**$ (334)**	$ (183)	$ (338)	**$ (834)**	$ (733)
Interest expense, other	**1,152**	1,418	1,109	**3,485**	2,551
Interest expense on long-term debt	**3,512**	2,738	4,084	**10,396**	11,698
Finance costs, net	**$ 4,330**	$ 3,973	$ 4,855	**$ 13,047**	$ 13,516

Third Quarter 2016 versus Second Quarter 2016

In the third quarter of 2016, net finance costs were $4.3 million, compared to a net finance cost of $4.0 million during the second quarter of 2016. The increase in net finance cost was primarily a result of higher interest expense on long term debt due to foreign exchange and a slightly higher interest rate for the quarter. This was partially offset by lower interest expense on other bank borrowing and facilities.

Third Quarter 2016 versus Third Quarter 2015

In the third quarter of 2016, net finance costs were $4.3 million, compared to a net finance cost of $4.9 million during the third quarter of 2015. The decrease in net finance cost was primarily a result of lower interest expense on long term debt due to the repayment of US$78.2 million in the second quarter of 2016.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

For the nine months ended September 30, 2016, net finance costs were at $13.0 million, $0.5 million lower than in the comparable period in the prior year. Interest expense on long term debt was lower due to the repayment of US$78.2 million in the second quarter of 2016, but was partially offset by higher interest expense on other bank borrowing and facilities.

2.4 Income Taxes

The following table sets forth the income taxes for the following periods:

(in thousands of Canadian dollars)	Three Months Ended			Nine Months Ended	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Income tax expense (recovery)	**$ 2,481**	$ (5,826)	$ 12,219	**$ (747)**	$ 21,898

Third Quarter 2016 versus Second Quarter 2016

The Company recorded an income tax expense of $2.5 million in the third quarter of 2016, compared to an income tax recovery of $5.8 million (12% of loss before income taxes) in the second quarter of 2016. The recording of an income tax expense in the third quarter of 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 the losses in the quarter were generated in jurisdictions where the Company is unable to record a tax benefit.

Third Quarter 2016 versus Third Quarter 2015

The Company recorded an income tax expense of $2.5 million in the third quarter of 2016, compared to an income tax expense of $12.2 million (24% of loss before income taxes) in the third quarter of 2015. The recording of an income tax expense in the third quarter of 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 the losses in the quarter were generated in jurisdictions where the Company is unable to record a tax benefit.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

The Company recorded an income tax recovery of $0.7 million during the nine month period ended September 30, 2016, compared to an income tax expense of $21.9 million (24% of income before income taxes) during the nine month period ended September 30, 2015. The Company's rate of tax recovery for the nine month period ended September 30, 2016 was significantly lower than the Company's expected effective income tax rate of 27%, primarily due to the incurrence of tax losses and impairment charges in jurisdictions where the Company is 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 September 30,		Nine Months Ended September 30,	
	2016	2015	**2016**	2015
U.S. dollar	**1.3273**	1.2989	**1.3243**	1.2588
Euro	**1.4723**	1.4442	**1.4708**	1.4124
British Pounds	**1.8687**	2.0089	**1.8426**	1.9323

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)	**Q3-2016 Versus Q2-2016**	**Q3-2016 versus Q3-2015**	**Q3-2016 YTD versus Q3-2015 YTD**
Revenue	**845**	**(5,161)**	**5,391**
Income from operations	**(1,479)**	**(249)**	**(7,038)**
Net income	**(1,523)**	**(853)**	**(7,503)**

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

2.6 Net Income (attributable to shareholders of the Company)

Third Quarter 2016 versus Second Quarter 2016

Net Loss increased by $132.3 million, from a net loss of $41.7 million during the second quarter of 2016 to a net loss of $174.0 million during the third quarter of 2016, mainly due to the $127.2 million decline in Operating Income, as explained in section 2.2 above, and a net higher tax expense recorded in the third quarter of $8.3 million. This was partially offset by $2.1 million of costs associated with repaying long term debt recorded in the second quarter of 2016.

Third Quarter 2016 versus Third Quarter 2015

Net income decreased by $212.1 million, from $38.1 million during the third quarter of 2015 to a net loss of $174.0 million during the third quarter of 2016, mainly due to the $223.2 million decline in Operating Income, as explained in section 2.2 above. This was partially offset by a reduction in income tax expense of $9.7 million.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

Net income decreased by $275.6 million, from $67.3 million during the nine month period ended September 30, 2015 to a net loss of $208.2 million during the nine month period ended September 30, 2016, mainly due to the $296.5 million decline in Operating Income, as explained in section 2.2 above, a higher loss from investments in associates of $1.5 million and due to $2.1 million of costs associated with repaying long term debt. This was partially offset by a reduction in income tax expense of $22.6 million.

3.0 SEGMENT INFORMATION

3.1 Pipeline and Pipe Services Segment

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

(in thousands of Canadian dollars)	**Three Months Ended**			**Nine Months Ended**	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
North America	**$ 109,113**	$ 99,359	$ 184,241	**$ 346,239**	$ 550,669
Latin America	**8,398**	8,392	38,459	**44,937**	115,533
EMAR	**65,438**	89,802	171,379	**283,754**	417,912
Asia Pacific	**30,186**	9,437	45,126	**62,175**	136,212
Total Revenue	**$ 213,135**	$ 206,990	$ 439,205	**$ 737,105**	$ 1,220,356
Operating Income	**$ (170,044)**	$ (43,490)	$ 54,153	**$ (197,341)**	$ 111,175
Operating Margin[(a)]	**(79.8%)**	(21.0%)	12.3%	**(26.8%)**	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.

Third Quarter 2016 versus Second Quarter 2016

Third quarter revenue increased by $6.1 million, to $213.1 million, from $207.0 million in the second quarter of 2016. Activity levels were higher in Asia Pacific and North America, partially offset by lower revenue in the EMAR region:

- North America revenue increased by $9.8 million, or 10%, as a result of higher activity levels for small diameter pipe coating and tubular management services in Canada, increased flexible composite pipe volumes and higher pipeline weld inspection and other NDT services in the USA, partially offset by decreased activity levels for large diameter pipe coating.

- In Latin America, revenue was flat primarily as a result of lower activity levels at the Company's Argentina facilities offset by higher volumes at the Monterrey, Mexico facility.

- EMAR revenue decreased by $24.4 million, or 27%, primarily due to lower volumes from the Company's Ras Al Khaimah, UAE ("RAK"), Orkanger, Norway and Italian facilities. This was partially offset by higher volumes at the Leith, Scotland facility.

- Asia Pacific revenue increased by $20.8 million, or 220%, mainly due to the higher Shah Deniz project activity levels in Kabil, Indonesia. This was partially offset by lower project volumes in Kuantan, Malaysia.

In the third quarter of 2016, the Operating Loss was $170.0 million compared to an Operating Loss of $43.5 million in the second quarter of 2016, an increase of $126.6 million. The increase in Operating Loss was primarily due to impairment charges of $155.9 million recorded in the third quarter of 2016. These charges were partially offset by an increase in gross profit of $19.5 million, due to the increase in revenue of $6.2 million, as explained above, and a 8.4 percentage point increase in the gross margin. The increase in gross margin was due to a higher percentage of the Company's revenue derived from large pipe coating project activity in the Asia Pacific region and labour cost efficiencies due to higher facility utilization and increased absorption of manufacturing overheads as a result of the restructuring completed in the second quarter of 2016.

Third Quarter 2016 versus Third Quarter 2015

Revenue was $213.1 million in the third quarter of 2016, a decrease of $226.1 million, or 51%, from $439.2 million in the comparable period of 2015. Revenue was negatively impacted by lower activity levels in all regions:

- North America revenue decreased by $75.1 million, or 41%, primarily due to lower activity levels of large and small diameter pipe coating activity in both Canada and the USA, decreased revenue from flexible composite pipe sales, a decrease in tubular management services in Canada and decreased land-based pipe weld inspection services revenue in the USA. This was partially offset by the revenue generated by the newly acquired Lake Superior Consulting business.

- In Latin America, revenue decreased by $30.1 million, or 78%, primarily due to decreased activity levels at the Monterrey, Veracruz and Coatzacoalcos, Mexico facilities and the Company's Argentina facilities.

- In EMAR, revenue decreased by $105.9 million, or 62%, primarily due to lower activity levels at the Company's pipe coating facilities in RAK, Orkanger, Norway and Italy, on the Shah Deniz project in the Caspian and on field joint projects in the region. This was partially offset by higher activity levels at the Company's Leith, Scotland facility.

- Asia Pacific revenue decreased by $14.9 million, or 33%, due to the lower large project volumes associated with the Company's Kabil, Indonesia and Kuantan, Malaysia facilities and lower pipe weld inspection services revenue in the region.

In the third quarter of 2016, the Operating Loss was $170.0 million compared to Operating Income of $54.2 million in the third quarter of 2015, a decrease in Operating Income of $224.2 million. This reduction was mainly due to impairment charges of $155.9 million recorded in the third quarter 2016 combined with a decrease in gross profit of $73.7 million as a result of the reduction in revenue of $226.1 million, as explained above, partially offset by a 1.1 percentage point increase in gross margin. The increase in gross margin was due to favourable project and product mix, partially offset by labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption. This was partially offset by lower SG&A expenses, as explained in section 2.2 above.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

Revenue in the Pipeline and Pipe Services segment for the nine month period ended September 30, 2016 was $737.1 million, a decrease of $483.3 million, from $1,220.4 million in the comparable period in the prior year. Segment revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar, as noted in section 2.5 above, but was more than offset by lower activity levels in all regions:

- In North America, revenue decreased by $204.5 million, or 37%, primarily due to lower activity levels of large and small diameter pipe coating activity in both Canada and the USA, decreased revenue from flexible composite pipe sales and a decrease in tubular management services in Canada. This was partially offset by the revenue generated by the newly acquired Lake Superior Consulting business.

- Latin America revenue was lower by $70.6 million, or 61%, mainly due to lower activity levels in Brazil and lower volumes at the Coatzacoalcos, Veracruz and Monterrey, Mexico facilities and at the Company's Argentina facilities.

- EMAR revenue decreased by $134.2 million, or 32%, primarily due to decreased pipe coating activity levels in RAK and Orkanger, Norway, on the Shah Deniz project in the Caspian and on other field joint projects, and decreased pipe weld services in the region. This was partially offset by higher activity levels at the Company's Italian and Leith, Scotland facilities.

- In Asia Pacific, revenue decreased by $74.0 million, or 54%, mainly due to lower volumes associated with large projects at Kuantan, Malaysia and Kabil, Indonesia and lower pipe weld inspection services revenue in the region.

Operating Loss for the nine month period ended September 30, 2016 was $197.3 million compared to an Operating Income of $111.2 million for the nine month period ended September 30, 2015, a decrease in Operating Income of $308.5 million. The decrease in Operating Income is primarily due to impairment charges of $157.3 million recorded in 2016 combined with a decline in gross profit of $171.0 million as a result of the decrease in revenue of $483.3 million, as explained above, and a 0.9 percentage point decrease in gross margin. The decline in gross margin was due to unfavourable project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption. This was partially offset by lower SG&A expenses, as explained in section 2.2 above.

3.2 Petrochemical and Industrial Segment

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

(in thousands of Canadian dollars)	**Three Months Ended**			**Nine Months Ended**	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
North America	**$ 28,706**	$ 29,837	$ 27,001	**$ 88,154**	$ 79,922
EMAR	**14,591**	16,277	16,669	**47,376**	48,765
Asia Pacific	**3,109**	2,704	2,498	**8,567**	7,565
Total Revenue	**$ 46,406**	$ 48,818	$ 46,168	**$ 144,097**	$ 136,252
Operating Income	**$ 6,371**	$ 9,751	$ 8,175	**$ 23,717**	$ 21,407
Operating Margin[(a)]	**13.7%**	20.0%	17.7%	**16.5%**	15.7%

(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.

Third Quarter 2016 versus Second Quarter 2016

Revenue of $46.4 million was $2.4 million, or 5%, lower in the third quarter of 2016, compared to the second quarter of 2016, due to lower shipments of wire and cable products in North America and lower volumes of heat shrink tubing products in the EMAR region, partially offset by increased heat shrink tubing product sales in North America and Asia Pacific regions.

Operating Income of $6.4 million in the third quarter of 2016 was $3.4 million, or 35%, lower than in the second quarter of 2016. Operating Income was lower due to a decrease in gross profit of $2.3 million as a result of lower revenue, as explained above, and a 3.4 percentage point decrease in gross margin, primarily due to unfavourable product mix, particularly in wire and cable product sales. SG&A expenses were also higher due to higher personnel and management incentive compensation expenses.

Third Quarter 2016 versus Third Quarter 2015

In the third quarter of 2016, revenue was mostly unchanged at $46.4 million compared to $46.2 million in the third quarter of 2015, an increase of $0.2 million, or 1%.

Operating Income in the third quarter of 2016 was $6.4 million compared to $8.2 million in the third quarter of 2015, a decrease of $1.8 million, or 22%. The decrease in Operating Income was due to a decrease in gross profit of $1.2 million as a result of a 2.9 percentage point decrease in gross margin, primarily due to a less favourable product mix, partially offset by higher revenue of $0.2 million, as explained above. In addition, SG&A expenses were higher by $0.7 million.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

Revenue increased in the nine months ended September 30, 2016 by $7.8 million, or 6%, to $144.1 million compared to the comparable period in 2015, due to increased shipments of wire and cable products in North America, combined with increased heat shrinkable product shipments in North America and Asia Pacific and the impact of foreign exchange on revenue, as noted in section 2.5 above, partially offset by slightly lower activity levels in EMAR.

Operating Income for the nine months ended September 30, 2016 was $23.7 million compared to $21.4 million for the nine months ended September 30, 2015, an increase of $2.3 million, or 11%. Operating Income was higher due to an increase in gross profit of $1.2 million as a result of the increase in revenue of $7.8 million, as explained above, and lower SG&A 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**			**Nine Months Ended**	
	September 30, 2016	June 30, 2016	September 30, 2015	**September 30, 2016**	September 30, 2015
Financial and corporate expenses	**$ (6,122)**	$ (7,327)	$ (9,356)	**$ (19,574)**	$ (31,249)

Third Quarter 2016 versus Second Quarter 2016

Financial and corporate costs decreased by $1.2 million from $7.3 million during the second quarter of 2016 to $6.1 million in the third quarter of 2016, primarily due to restructuring costs of $1.4 million recorded in the second quarter of 2016.

Third Quarter 2016 versus Third Quarter 2015

Financial and corporate costs decreased by $3.2 million from the third quarter of 2015 to $6.1 million in the third quarter of 2016. The decrease was primarily due to a $2.0 million decrease in personnel and management incentive compensation expenses, $0.7 million in lower professional and legal consulting fees and a $0.5 milion reduction in net other costs.

Nine Months ended September 30, 2016 versus Nine Months ended September 30, 2015

Financial and corporate costs decreased by $11.7 million from the nine month period ended September 30, 2015 to $19.6 million for the nine month period ended September 30, 2016, primarily due to a decrease in personnel and management incentive compensation expenses of $3.9 million, a $6.0 million decrease as a result of higher charge outs to divisions of information systems expenses and a reduction of $1.8 million in bank and other costs.

4.0 FORWARD-LOOKING INFORMATION

This document includes certain statements that reflect management's expectations and objectives for the Company's future performance, opportunities and growth, which statements constitute "forward looking information" and "forward looking statements" (collectively "forward looking information") under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward looking information involves estimates, assumptions, judgements 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 facilitate growth in new markets, the timing of major project activity, including the commencement of the Sur de Texas – Tuxpan contract, the decline in consolidated revenues and earnings in 2016 from 2015 levels, the reduced activity levels and the decline in revenue and earnings in the Pipeline and Pipe Services segment of the Company's business and the timing of recovery in respect thereof, the growth in revenue and earnings in the Petrochemical and Industrial segment of the Company's business, the amendments to the Credit Facility and Senior Notes and the repurchase of a portion of the Senior Notes, the sufficiency of resources, capacity and capital to meet market demand, to meet contractual obligations and to execute the Company's development and growth strategy, the sufficiency of the Company's human resources, systems and processes to operate its business and execute its strategic plan, the impact of the existing order backlog and other factors on the Company's revenue and Operating Income in 2016 and beyond, 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 taxes, environmental compliance and in respect of litigation matters and other claims generally, the level of payments under the Company's performance bonds, the outcome of the Company's outstanding bids 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 declines in the global price of oil and gas and as a result of delays in obtaining regulatory approvals; 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; the continued ability to comply with its debt covenants; 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, declines in expenditures on oil and gas infrastructures, modest global economic growth, the Company's ability to execute projects under contract, the Company's success in existing and future contract bids, 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 renegotiate the terms of certain covenants under its Credit Facility and the Senior Notes or to otherwise satisfy all covenants under its Credit Facility 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 Thursday November 10th, 2016 at 10:00AM ET, which will discuss the Company's Third Quarter Financial Results.

To participate via telephone, please dial **1-315-625-6955** or **1-877-776-4039** – Conference Call ID: **5500397**; alternatively, please go to the following website address to participate via webcast: http://edge.media-server.com/m/p/7dq3dak7

5.0 Additional Information

Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

Please visit our website at www.shawcor.com for further details.

For further information, please contact:

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Shawcor Ltd.

Interim Consolidated Statements of Income (Loss) (Unaudited)

(in thousands of Canadian dollars, except per share amounts)	**Three Months Ended September 30, 2016**	Three Months Ended September 30, 2015	**Nine Months Ended September 30, 2016**	Nine Months Ended September 30, 2015
Revenue				
Sale of products	**$ 97,386**	$ 103,319	**$ 285,978**	$ 362,112
Rendering of services	**161,753**	382,109	**594,099**	993,276
	259,139	485,428	**880,077**	1,355,388
Cost of Goods Sold and Services Rendered	**172,162**	323,460	**595,295**	900,796
Gross Profit	**86,977**	161,968	**284,782**	454,592
Selling, general and administrative expenses	**79,047**	86,130	**248,883**	282,907
Research and development expenses	**1,904**	2,414	**10,934**	11,026
Foreign exchange losses (gains)	**(1,400)**	(1,409)	**39**	(1,586)
Amortization of property, plant and equipment	**14,340**	15,104	**43,422**	43,478
Amortization of intangible assets	**5,599**	5,348	**17,941**	15,848
Gain on sale of land	**(420)**	(814)	**(931)**	(814)
Impairment	**155,882**	–	**157,311**	–
(Loss) Income from Operations	**(167,975)**	55,195	**(192,817)**	103,733
(Loss) income from investments in associates	**(559)**	(9)	**(1,727)**	(266)
Finance costs, net	**(4,330)**	(4,855)	**(13,047)**	(13,516)
Costs associated with repayment and modification of long-term debt	**–**	–	**(2,061)**	–
(Loss) Income before Income Taxes	**(172,864)**	50,331	**(209,652)**	89,951
Income taxes	**2,481**	12,219	**(747)**	21,898
Net (Loss) Income	**$ (175,345)**	$ 38,112	**$ (208,905)**	$ 68,053
Net (Loss) Income Attributable to:				
Shareholders of the Company	**$ (174,019)**	$ 38,107	**$ (208,236)**	$ 67,343
Non-controlling interests	**(1,326)**	5	**(669)**	710
Net (Loss) Income	**$ (175,345)**	$ 38,112	**$ (208,905)**	$ 68,053
Earnings (Loss) per Share				
Basic	**$ (2.69)**	$ 0.59	**$ (3.22)**	$ 1.04
Diluted	**$ (2.69)**	$ 0.59	**$ (3.22)**	$ 1.04
Weighted Average Number of Shares Outstanding (000's)				
Basic	**64,611**	64,521	**64,577**	64,509
Diluted	**64,611**	64,741	**64,577**	64,737

Shawcor Ltd.
Interim Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Net (Loss) Income	**$ (175,345)**	$ 38,112	**$ (208,905)**	$ 68,053
Other Comprehensive (Loss) Income to be Reclassified to Net (Loss) Income in Subsequent Periods				
Exchange differences on translation of foreign operations	**9,363**	43,874	**(39,939)**	66,665
Other comprehensive income (loss) attributable to investments in associates	**125**	306	**(853)**	504
Cash flow hedge losses reclassified to net (loss) income	**–**	–	**1,536**	–
Net Other Comprehensive (Loss) Income to be Reclassified to Net (Loss) Income in Subsequent Periods	**9,488**	44,180	**(39,256)**	67,169
Other Comprehensive Loss not to be Reclassified to Net (Loss) Income in Subsequent Periods				
Actuarial loss on defined benefit plan	**–**	–	**(9,697)**	–
Income tax expense	**–**	–	**2,606**	–
Net Other Comprehensive Loss not to be Reclassified to Net (Loss) Income in Subsequent Periods	**–**	–	**(7,091)**	–
Other Comprehensive Income (Loss), Net of Income Tax	**9,488**	44,180	**(46,347)**	67,169
Total Comprehensive (Loss) Income	**$ (165,857)**	$ 82,292	**$ (255,252)**	$ 135,222
Comprehensive (Loss) Income Attributable to:				
Shareholders of the Company	**$ (163,600)**	$ 82,478	**$ (252,777)**	$ 135,078
Non-controlling interests	**(2,257)**	(186)	**(2,475)**	144
Total Comprehensive (Loss) Income	**$ (165,857)**	$ 82,292	**$ (255,252)**	$ 135,222

Shawcor Ltd.
Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)	September 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	$ 114,413	$ 260,645
Short-term investments	2,798	2,954
Loans and notes receivable	2,661	-
Accounts receivable	246,216	396,974
Income taxes receivable	31,510	35,804
Inventories	127,637	167,557
Prepaid expenses	29,883	20,112
Derivative financial instruments	1,095	3,024
	556,213	887,070
Non-current Assets		
Loans and notes receivable	4,965	7,908
Property, plant and equipment	453,152	485,555
Intangible assets	194,502	223,298
Investments in associates	28,288	30,868
Deferred income tax assets	25,342	27,668
Other assets	24,707	26,268
Goodwill	346,072	457,070
Total non-current assets	1,077,028	1,258,635
TOTAL ASSETS	$ 1,633,241	$ 2,145,705
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 193,914	$ 295,911
Provisions	19,767	25,562
Income taxes payable	31,209	34,624
Derivative financial instruments	2,610	1,984
Deferred revenue	77,088	58,129
Obligations under finance lease	983	1,176
Other liabilities	11,904	23,279
Total current liabilities	337,475	440,665
Non-current Liabilities		
Long-term debt	355,711	485,147
Obligations under finance lease	11,650	12,600
Provisions	40,134	44,075
Employee future benefits	33,244	21,942
Deferred income tax liabilities	6,181	14,898
Other liabilities	1,421	1,177
Total non-current liabilities	448,341	579,839
Total Liabilities	785,816	1,020,504
Equity		
Share capital	537,724	534,484
Contributed surplus	21,890	18,638
Retained earnings	255,461	492,713
Non-controlling interests	4,980	7,455
Accumulated other comprehensive income	27,370	71,911
	847,425	1,125,201
	$ 1,633,241	$ 2,145,705

Shawcor Ltd.
Interim Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Earnings	Non-controlling Interests	Accumulated Other Comprehensive Income (Loss)	Total Equity
	$	$	$	$	$	$
Balance – December 31, 2015	534,484	18,638	492,713	7,455	71,911	1,125,201
Net loss	–	–	(208,236)	(669)	–	(208,905)
Other comprehensive loss	–	–	–	(1,806)	(44,541)	(46,347)
Comprehensive loss	–	–	(208,236)	(2,475)	(44,541)	(255,252)
Issued on exercise of stock options	2,228	–	–	–	–	2,228
Compensation cost on exercised stock options	733	(733)	–	–	–	–
Compensation cost on exercised restricted share units	279	(279)	–	–	–	–
Share-based compensation expense	–	4,264	–	–	–	4,264
Dividends declared and paid to shareholders	–	–	(29,016)	–	–	(29,016)
Balance – September 30, 2016	**537,724**	**21,890**	**255,461**	**4,980**	**27,370**	**847,425**
Balance – December 31, 2014	533,660	14,625	433,177	7,254	(8,103)	980,613
Net income	–	–	67,343	710	–	68,053
Other comprehensive (loss) income	–	–	–	(566)	67,735	67,169
Comprehensive income	–	–	67,343	144	67,735	135,222
Issued on exercise of stock options	500	–	–	–	–	500
Compensation cost on exercised stock options	195	(195)	–	–	–	–
Compensation cost on exercised restricted share units	119	(119)	–	–	–	–
Share-based compensation expense	–	3,059	–	–	–	3,059
Dividends declared and paid to shareholders	–	–	(29,030)	–	–	(29,030)
Balance – September 30, 2015	534,474	17,370	471,490	7,398	59,632	1,090,364

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

(in thousands of Canadian dollars)	Three Months Ended September 30, 2016	Three Months Ended September 30, 2015	Nine Months Ended September 30, 2016	Nine Months Ended September 30, 2015
Operating Activities				
Net (loss) income	**$ (175,345)**	$ 38,112	**$ (208,905)**	$ 68,053
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**14,340**	15,104	**43,422**	43,478
Amortization of intangible assets	**5,599**	5,348	**17,941**	15,848
Amortization of long-term prepaid expenses	**156**	232	**353**	1,309
Impairment	**155,882**	–	**157,311**	–
Decommissioning liabilities expenses	**(1,336)**	231	**(968)**	1,421
Other provisions expenses	**287**	2,704	**8,475**	12,381
Share-based and other incentive based compensation	**1,985**	2,357	**5,861**	5,796
Loss (gain) on disposal of property, plant and equipment	**640**	(43)	**1,404**	146
Gain on sale of land	**(420)**	(814)	**(931)**	(814)
Unrealized gain on derivative financial instruments	**570**	978	**2,290**	6,809
Loss from investments in associates	**559**	9	**1,727**	266
Deferred income taxes	**(644)**	(789)	**(10,715)**	(5,654)
Other	**853**	–	**(488)**	–
Settlement of decommissioning liabilities	**–**	(1,579)	**(6)**	(1,585)
Settlement of other provisions	**(3,383)**	(5,060)	**(14,675)**	(7,868)
Net change in employee future benefits	**1,124**	24	**811**	51
Change in non-cash working capital and foreign exchange	**21,706**	(27,922)	**73,694**	13,300
Cash Provided by Operating Activities	**22,573**	28,892	**76,601**	152,937
Investing Activities				
Increase in loans receivable	**–**	(28)	**–**	(24)
(Increase) decrease in short-term investments	**(22)**	(191)	**156**	(7,102)
Purchase of property, plant and equipment	**(18,481)**	(14,210)	**(51,876)**	(42,456)
Proceeds on disposal of property, plant and equipment	**1,100**	1,462	**4,462**	2,318
Purchase of intangible assets	**–**	(29)	**–**	(83)
Deferred purchase consideration payment	**–**	–	**–**	(1,305)
Investments in associate	**–**	(3,225)	**–**	(6,481)
Decrease in other assets	**4,069**	–	**1,061**	77
Business acquisition, net of cash acquired	**–**	(177)	**(32,331)**	(17,213)
Cash Used in Investing Activities	**(13,334)**	(16,398)	**(78,528)**	(72,269)
Financing Activities				
Decrease in bank indebtedness	**–**	–	**–**	(4,685)
Increase (decrease) in loans payable	**–**	11	**(520)**	(2,502)
Repayment of long-term debt	**–**	–	**(101,820)**	–
Repayment of obligations under finance lease	**(264)**	(162)	**(629)**	(763)
Issuance of shares	**584**	–	**2,228**	500
Dividend paid to shareholders	**(9,694)**	(9,678)	**(29,016)**	(29,030)
Cash Used in Financing Activities	**(9,374)**	(9,829)	**(129,757)**	(36,480)
Effect of Foreign Exchange on Cash and Cash Equivalents	**(1,068)**	11,744	**(14,548)**	19,034
Net (decrease) increase in Cash and Cash Equivalents	**(1,203)**	14,409	**(146,232)**	63,222
Cash and Cash Equivalents - Beginning of Period	**115,616**	165,369	**260,645**	116,556
Cash and Cash Equivalents - End of Period	**$ 114,413**	$ 179,778	**$ 114,413**	$ 179,778

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. 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 assist readers in understanding the results of the Company's operations and financial position and are meant to provide further information about its financial results to readers. 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

(in thousands of Canadian dollars)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2016	2015	**2016**	2015
Net (loss) income for the period	**$ (175,345)**	$ 38,112	**$ (208,905)**	$ 68,053
Add:				
Income taxes	**2,481**	12,219	**(747)**	21,898
Finance costs, net	**4,330**	4,855	**13,047**	13,516
Amortization of property, plant, equipment and intangible assets	**19,939**	20,452	**61,363**	59,326
EBITDA[(a)]	**(148,595)**	75,638	**(135,242)**	162,793
Add:				
Costs associated with repayment and modification of long-term debt	**–**	–	**2,061**	–
Impairment	**155,882**	–	**157,311**	–
Gain on sale of land	**(420)**	(814)	**(931)**	(814)
ADJUSTED EBITDA[(a)]	**6,867**	74,824	**23,199**	161,979

(a) Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is a non-GAAP measure, calculated by adding back to net income the sum of income taxes, net finance costs, depreciation and amortization of property, plant, equipment and intangible assets. The Company uses EBITDA as an indicator of its principal business activities prior to consideration of how its activities are financed and the impact of taxation and non-cash depreciation and amortization. Adjusted EBITDA is a non-GAAP measure calculated by adding back to EBITDA the sum of impairment, gain on sale of land and costs associated with repayment and modification of long-term debt. EBITDA and Adjusted EBITDA do not have standardized meanings prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. EBITDA and Adjusted EBITDA are used by many analysts in the oil and gas industry as one of several important analytical tools. These measures are also considered important by lenders to the Company. They 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.