

March 10th, 2021

**SHAWCOR LTD.
(TSX: SCL)**

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES FOURTH QUARTER 2020 RESULTS

- Fourth quarter 2020 revenue was \$326 million, 3% lower than the \$334 million reported in the fourth quarter of 2019.
- Adjusted EBITDA¹ in the fourth quarter of 2020 was \$46 million, 56% higher than the \$30 million reported in the fourth quarter of 2019. The current quarter includes \$6 million of COVID-19 related government wage subsidies.
- During the fourth quarter of 2020, the Company sold its Pipeline Performance Products business and recorded a gain of \$52 million.
- Net Income² in the fourth quarter of 2020 was \$56 million (or earnings per share of \$0.79 diluted) compared with a net loss of \$82 million (or loss per share of \$1.17 diluted) in the fourth quarter of 2019. Excluding the impact of impairment charges, restructuring costs, gains on the sale of land and other, investment in associates, and operating unit and the adjustment for Argentina hyperinflationary accounting, adjusted net income² in the fourth quarter of 2020 was \$9 million (or adjusted earnings per share² of \$0.13) compared with adjusted net loss² of \$4.0 million (or \$0.06 adjusted loss per share²) in the fourth quarter of 2019.
- The Company's order backlog was \$453 million at December 31, 2020, lower compared to the backlog of \$542 million at September 30, 2020.

Mr. Steve Orr, Chief Executive Officer of Shawcor Ltd. remarked "Fourth quarter adjusted EBITDA, before COVID related government assistance, was \$40 million, surpassing the \$25 to \$30 million range that we expected. Performance was positively impacted by continued strengthening in the Company's non-oil and gas related businesses and a return to profitability across our oil and gas related businesses, especially offshore pipe coating. Additionally, in the quarter we continued our actions to strengthen our balance sheet, including the sale of the Pipeline Performance Products business, and to keep our employees safe while servicing customers."

Mr. Orr added "Although there will be volatility on quarterly performance in 2021 due to project execution timing and yearly seasonal cycles, we have confidence that we will deliver a stronger annual performance over 2020. This improvement will be supported by increased demand for our products and services across all the markets we service, the execution of secured work in our backlog and the positive impact from our cost control activities. Growing optimism for 2021 and beyond is underpinned by supportive long-term fundamentals and our positioning to deliver sustainable results while maintaining the ability to participate in our customers' large capital projects."

¹ EBITDA, Adjusted EBITDA, adjusted net income or loss and adjusted earnings or loss per share are Non-GAAP measures and do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See Section 7.0 – Reconciliation of Non-GAAP Measures for further details and a reconciliation of these Non-GAAP measures.

² Net Income attributable to shareholders of the Company.

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended				Year Ended			
	December 31,				December 31,			
	2020		2019		2020		2019	
	\$	%	\$	%	\$	%	\$	%
Revenue	325,678		334,107		1,178,482		1,489,489	
Gross profit	95,134	29.2%	96,797	29.0%	322,536	27.4%	427,039	28.7%
Income (Loss) from Operations^(a)	15,936	4.9%	(100,538)	(30.1%)	(261,336)	(22.2%)	(46,411)	(3.1%)
Net Income (Loss) for the period^(b)	55,822		(81,783)		(234,167)		(33,293)	
Loss per share:								
Basic	0.79		(1.17)		(3.33)		(0.47)	
Diluted	0.79		(1.17)		(3.33)		(0.47)	
Adjusted EBITDA^(c)	45,995	14.1%	29,547	8.8%	74,257	6.3%	136,401	9.2%
Adjusted Net Income (Loss)^{(b)(c)}	8,846		(3,967)		(57,135)		25,093	
Adjusted EPS^(c)								
Basic	0.13		(0.06)		(0.81)		0.36	
Diluted	0.13		(0.06)		(0.81)		0.36	

(a) Operating loss in 2020 includes restructuring costs of \$32.6 million and impairment charges of \$212.6 million, while 2019 includes impairment charges of \$104.1 million and gains on sale of land of \$39.3 million.

(b) Attributable to shareholders of the Company.

(c) Adjusted EBITDA, Adjusted Net Income or Loss and Adjusted EPS are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for further details and a reconciliation of these Non-GAAP measures.

1.0 KEY DEVELOPMENTS

Sale of Pipeline Performance Products Business

On December 23, 2020, the Company announced that it had sold its Pipeline Performance Products business (the “Products business”) for the purchase price of US\$91.5 million subject to working capital adjustments. This represented a multiple of approximately 13.0x on the Products business’ adjusted EBITDA¹ for the year ended December 31, 2019. During the fourth quarter of 2020, the Company recorded a gain on sale of \$52.1 million.

¹ EBITDA and Adjusted EBITDA are Non-GAAP measures. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for further details and a reconciliation of these Non-GAAP Measures.

Impact of COVID-19

In March 2020, a global market downturn caused by the COVID-19 pandemic and recent changes in oil and gas supply and demand resulted in an immediate decrease in demand for products and services supplied by Shawcor. The situation remains dynamic and the ultimate duration and magnitude of the impact on the global economy and on the Company remains unknown at this time.

The implications on Shawcor as a result of decreases in demand may be significant and include:

- Material declines in revenue and cash flows
- Future impairments charges to property, plant and equipment
- Increased risk of non-payment of accounts receivables; and
- Additional restructuring charges

The Company took immediate measures to address the reduced demand and the high degree of uncertainty in future demand. In March 2020, the Company targeted in excess of \$60 million in annualized selling, general and administrative (“SG&A”) and other cost savings and generating in excess of \$40 million in cash from working capital reductions and asset sales.

The Company exceeded its stated targets by completing the following actions during the year to reduce costs and preserve cash.

- Suspended the regular quarterly dividend, commencing in the second quarter of 2020.
- Reduced Board compensation by 30%, CEO cash compensation by 20% and Senior Executive cash compensation by 10% for the year ended December 31, 2020.
- With further actions taken in the fourth quarter, reduced salaried workforce headcount by 22% since March 2020.
- Implemented aggressive cost controls and with additional actions taken in the fourth quarter, annualized savings generated has increased to over \$15 million. These savings included the elimination of all non-essential travel, entertainment and other discretionary spending.
- Further reductions to capital spending in the fourth quarter resulted in annual expenditures being limited to \$24 million for the year ended December 31, 2020. This included only essential maintenance capital and select growth spending to deliver on firm orders, particularly in our Composite Systems Tank business (formerly ZCL Composites).
- Actioned the controlled shutdowns of 6 pipe coating facilities, including the closure of a facility in Argentina that was initiated at the end of the fourth quarter, and several girth weld inspection branches.
- Reduced working capital by \$30.9 million, excluding the impact of increased restructuring liabilities, during the year.
- Generated cash proceeds from the sale of assets of \$129.8 million reflecting the sale of the Products business and \$24.4 million related to other assets.

The Company incurred \$32.6 million of restructuring costs in the year as a result of the actions completed.

As a result of the actions taken and the sale of the Products business in the fourth quarter, the Company expects its quarterly normalized SG&A run-rate to improve to approximately \$60 million reflecting completed and planned

initiatives to date. In 2021, the Company will continue to assess additional optimization actions, including further reductions of its international operations footprint.

1.1 Fourth Quarter Highlights and Outlook

The Company experienced improved results in the fourth quarter and delivered Adjusted EBITDA¹ of \$46 million. Excluding the \$6 million of COVID-19 related government wage subsidies recorded in the quarter, these results surpassed the fourth quarter guidance provided in November 2020 by the management team of \$25 to \$30 million of Adjusted EBITDA before COVID-19 related government assistance. The improved results were driven by the recovery in the automotive and industrial markets, a ramp-up of pipe coating work secured in the backlog, continued demand for retail fuel tanks in the Composite Systems segment and actions taken to reduce costs and streamline operations throughout the year. The Pipeline and Pipe Services and Composite Systems segments' financial performance was in-line with expectations as they continued to execute work secured in their backlog. The Automotive and Industrial segment surpassed management's projections due to a stronger than anticipated global automotive recovery driven by Original Equipment Manufacturer ("OEM") assembly plants and Tier 1 suppliers increasing their capacity levels and re-stocking inventories, and growth in consumer demand created by the importance of personal transportation increasing as a result of COVID-19 and by electrical and hybrid government incentive programs. The fourth quarter also benefited from the aggressive cost-cutting and restructuring initiatives completed by the Company during the year.

During the quarter, the Company commenced execution on the Payara offshore project in Guyana and continued the ramp-up of its pipe coating facilities and execution on work secured in backlog. Improved revenues from higher margin pipe coating activity resulted in the Pipeline and Pipe Services segment delivering positive results in the fourth quarter. In addition, the Company has effectively managed supply chain disruptions resulting from COVID-19 by working closely with customers to sequence projects. Employee safety and HSE procedures continued to be prioritized and the Company experienced no site-wide shutdowns as a result of COVID-19 during the quarter.

Non-oil and gas businesses experienced higher activity as automotive demand recovered, industrial markets strengthened and demand for composite tanks, which was unimpeded by the events of 2020, remained strong during the quarter. The Company's automotive business in China observed customers experiencing COVID-19 induced supply chain interruptions in the quarter; however, despite these interruptions, recovery continued and revenues increased. Overall, increased demand resulted in material contributions from non-oil and gas businesses which accounted for 33% of the Company's total revenues in the fourth quarter and full year 2020.

During the quarter, OPEC+ maintained production curtailments and commodity prices started to rebound facilitating modest improvements in the Company's oil and gas related businesses. Despite this market stabilization, composite pipe sales remained at relatively low levels, similar to the third quarter, while demand for oilfield asset management services increased with additional order wins in the quarter.

The Company has exceeded its targets of \$60 million in sustainable annualized SG&A cost reductions and \$40 million in incremental cash generation. In the fourth quarter, the Company completed further actions resulting in its salaried workforce reduction increasing to 22% compared to March 2020 levels, continued actions to optimize its operating footprint with the initiated closure of a pipe coating facility in Argentina and additional reductions in discretionary spending. The Company incurred one-time restructuring charges of \$2.8 million during the quarter.

Based on actions completed to date and the sale of the Products business, the Company expects its quarterly normalized SG&A run-rate to improve to approximately \$60 million.

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The Company continues to execute on cash generation initiatives as evidenced by \$113.3 million of proceeds from asset sales and the reduction of capital expenditures to \$7.1 million in the quarter. These were partially offset by an investment in working capital, excluding the impact of restructuring activities, of \$16.4 million related to the increased activity during the fourth quarter.

The Pipeline and Pipe Services segment experienced significant improvement in revenues as a result of execution of high-margin pipe coating projects. North American exploration and production (“E&P”) operators continued their focus on portfolio quality, capital discipline and industry consolidation. Capital spending reductions by E&P operators remained in the range of 30% on a year-over-year basis and drilling activity in North American oil and gas basins showed only slight improvement with quarter-end rig counts in Canada and the U.S. totaling 59 and 351, respectively. Demand from operators for pipeline engineering design and integrity management services remained strong and continued to be resilient as customers looked externally for expertise to backfill internal resources gaps to manage advanced integrity asset programs on existing assets. Work continued to be executed on several international and offshore projects, including the Payara project, and production ramp up continued at facilities in Mexico, Brazil, Scotland, Norway, Indonesia and Channelview (Texas).

The Composites Systems segment saw continued strength in demand for retail fuel and water/wastewater tanks and applications. Revenues decreased slightly over the prior quarter primarily due to product mix. Revenues continued to reflect investments in North American convenience store retail modernization and the trend to replace both early generation single-wall Fibreglass Reinforced Plastics (“FRP”) and aging, legacy steel tanks with new double-wall FRP solutions. Completion activities in North America and international demand for composite pipe products remained relatively flat over the prior quarter as large and mid-size operators continued to limit capital spending. Business development activities in international markets continued in the quarter with active project bids made for composite pipe in the Middle East, Asia and Australia. During the quarter, modest improvements in activity in Western Canada resulted in higher demand for oilfield asset management services.

The Automotive and Industrial segment had a record quarter driven by a strong recovery in automotive demand, particularly for electric vehicles in Europe which are rapidly gaining market share. In spite of customers experiencing COVID-19 induced supply chain interruptions in the quarter, the Company’s automotive business was able to deliver strong performance in all regions. Revenues also increased for the specialty wire and cable business, primarily from stock business for electrical utilities and communications providers.

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 as a leading indicator of changes in consolidated revenue. The order backlog of \$453 million as at December 31, 2020, represents a decrease from the \$542 million order backlog as at September 30, 2020. This decrease reflects revenue generated in the quarter from the execution of pipe coating projects and the removal of orders related to the sale of the Products business. The Company is also starting to experience an increase in secured order backlog beyond the next twelve-month period.

In addition to the backlog, the Company closely monitors its bidding activity and the value of outstanding firm bids, which represents bids provided to customers with firm pricing and conditions against a defined scope. The Company’s firm bids are over \$841 million as of December 31, 2020, slightly lower compared to the \$870 million as of September 30, 2020. Included in the firm bids, but not in the backlog, are unsanctioned conditional awards between engineering, procurement and construction companies (“EPC’s”) and Shawcor for a scope of work that is estimated at over \$130 million in revenue in respect of which a final investment decision (“FID”) is expected in 2021. The Company is also working with customers on several other projects and the value of bid and budgetary estimates at the end of the fourth quarter exceeded \$2.3 billion. Although the timing of these projects is uncertain, the Company’s bid and budgetary figures represent a diverse portfolio of opportunities to sustain and build the backlog in the second half of 2021 and beyond.

Outlook

Shawcor's financial performance is correlated with the level of industry activity and the level of investment in energy and infrastructure for resource development, storage and transportation around the globe and the resultant demand for the Company's products and services.

Although long term outlook remains uncertain and difficult to forecast as COVID-19 continues to be a significant variable in the pace and magnitude of a broader market recovery, the Company expects to deliver improved annual Adjusted EBITDA¹ in 2021 over 2020, with some quarterly volatility in revenues due to project execution timing and typical seasonality. The first quarter of 2021 is expected to maintain its seasonal profile of lower activity for composite tanks and engineering and consulting services and as a result the Company expects the first quarter to be the lowest financial performance quarter of 2021. The first quarter performance could also be negatively impacted by recent supply chain and production interruptions from the severe weather events in Texas and by other COVID-19 induced events. Due to these factors, there is an increased likelihood that certain work will be delayed and moved out of the first quarter of 2021.

The Company's performance will be determined by the strength of its diverse base business and return of demand for its products and services, particularly in the U.S. and international energy markets, and its ability to continue to execute work and projects secured in the backlog. Performance will also be driven by the sustained solid demand for its composite tank business, continued demand recovery in the automotive and industrial markets which are serviced by the Company and its cost savings initiatives completed and planned. Although the Company expects its order backlog to decline in the first half of 2021 as the execution on pipe coating projects continues, it anticipates the backlog will rebuild in the second half of 2021 based on the Company's strong competitive position and the expected addition of conditional awards pending sanctioning and secured for beyond 12 months.

The Company's base oil and gas business in North America is heavily tied to the spending programs of E&P operators. In the U.S. land, rig counts are slowly starting to rise, largely due to activity from private and small-sized operators. In Western Canada, rig counts continue to recover from an all-time low of 13 rigs in June of 2020 reaching 176 rigs in February of 2021, roughly 31% below the rig count one year prior. Although the oil and gas markets in North America are showing signs of improvement, it is projected that the recovery will be a gradual one and that E&P spending will not reach pre-pandemic levels in 2021. The Company believes that there is a potential for upward revisions in capital spending plans for the year, which could result in upside opportunity for the Company's energy businesses, in particular the demand for its composite pipe products.

As the economy and energy demand recovers, the Company continues to expect that the global oil and gas capex cycle will resume and that large international and offshore projects will be sanctioned as National Oil Companies ("NOC's") and International Oil Companies ("IOC's") realign their portfolios. These investments are required to replace, maintain and rehabilitate infrastructure that is at or beyond its useful design life, replace production due to reservoir depletion, meet requirements for advanced technologies and non-corrosive materials, or to address geopolitical challenges which are affecting several important producing regions. Additionally, higher investments in gas, specifically LNG and for domestic energy, are being supported by the increased demand for gas and greener alternatives to support continued energy transition.

Further detail on the outlook for the Pipeline and Pipe Services, Composite Systems and Automotive and Industrial segments are set out below.

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Pipeline and Pipe Services Segment

Market demand for the Company's Pipeline and Pipe Services segment is driven by capital spending and investments by international and national oil and gas producers. The Company has a track record of providing leading solutions and successful execution on critical international and offshore development projects.

The Company expects to continue to execute work secured in its backlog with a number of projects set to be completed in the first half of the year. The outlook for the pipe coating business is closely tied to project development and sanctioning timelines and the Company continues to engage with EPC's and producers as they review project portfolios. It is anticipated that the Company's execution will outpace project sanctioning early in the year, but a backlog rebuild is expected in the second half of 2021.

The Company continues to monitor international developments including continued exploration success coupled with attractive investment returns in Guyana, momentum in Brazil's pre-salt offshore projects, Middle Eastern offshore projects designed to meet domestic energy needs and global LNG demand and new tax incentives introduced in Norway to accelerate project investments.

North American demand for the Pipeline & Pipe Services segment is closely tied to drilling and completion activity, the construction of new and the repair/replacement of old transmission pipelines and requirements for pipeline integrity and regulatory compliance. These activities drive the demand for small and large diameter pipe coatings, girth weld inspection services on existing pipelines and new projects and engineering design and consulting services. A gradual recovery in North American land is anticipated to continue, with private and small-sized operators being the first to add back rigs. Operators have maintained their disciplined approach to capital spending and a moderate improvement in spending is expected to continue throughout 2021 as operators return to a minimum base level of investment to maintain current levels of production.

Composite Systems Segment

Demand for composite storage tanks is detached from the dynamics of oil and gas markets and is expected to remain strong throughout 2021, while maintaining the normal seasonal profile of lower revenues in the first quarter. Continued strength in fuel market demand is anticipated as commercial and convenience store retailers realize the benefits of higher fuel margins. The demand for water storage and treatment tanks is expected to be supported by projected higher infrastructure spending and commercial and municipal water projects. The Company expects to deliver on its composite tank order backlog over the balance of the year with a focus on safe operations and supply chain management.

Market demand for the segment's energy related businesses are driven by North American drilling and completion activity, demand for international oil and gas gathering line applications, and advanced materials in Oil Country Tubular Goods ("OCTG"). The segment benefits from a lower cost of ownership of composite systems versus steel and other materials, the development of larger diameter pipe applications and its international market qualifications. The composite pipe business will continue to benefit from stabilization in drilling and completion activity across the customer base as activity levels gradually return. Demand for the segment's core pipe products in North America is expected to remain subdued compared to historical levels, however the Company believes that the lower demand can be partially offset by the continued commercialization of the larger diameter pipe applications, market share gains as operators adopt composite technology for its overall cost profile and environmental advantages, and continued business development work on international energy and infrastructure projects.

Automotive and Industrial Segment

Demand for the Company's Automotive and Industrial segment businesses generally follows GDP activity; however, the segment continues to be well positioned to capture the growing trend of electronic content in automobiles with specified sealing, insulating and customized application equipment systems for Tier 1 assembly customers and the expected increased spending on nuclear facility refurbishment.

Automotive demand is expected to continue its recovery throughout 2021; however, it is anticipated there will be some volatility in revenues quarter over quarter as OEMs address supply chain issues. OEM assembly plants in North America have announced production cuts early in the year as a result of a global semi-conductor shortage. In spite of this volatility, the Company expects to see improvement in demand for its automotive products, particularly in the Asia Pacific and Europe, Middle East, Africa and Russia ("EMAR") regions, where electric vehicles adoption rates are highest.

Over the long-term demand for electric and plug-in hybrid passenger vehicles and light trucks is expected to grow and represent more than 50% of global vehicle sales by the early part of the next decade, with Europe and China to be the market leaders in vehicle electrification.

Infrastructure spending is expected to increase in 2021, creating optimism that the Company will see an increase in new order bookings for its specialty wire and cable products and a growing backlog primarily from electrical utilities and communications providers as well as nuclear refurbishment projects in eastern North America.

2.0 CONSOLIDATED INFORMATION AND RESULTS FROM OPERATIONS

2.1 Revenue

The following table sets forth revenue by reportable operating segment for the following periods:

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Pipeline and Pipe Services	\$ 189,794	\$ 188,342	\$ 662,220	\$ 863,848
Composite Systems	\$ 80,361	\$ 98,620	\$ 320,833	\$ 417,329
Automotive and Industrial	\$ 56,007	\$ 48,193	\$ 198,290	\$ 211,103
Elimination ^(a)	\$ (484)	\$ (1,048)	\$ (2,861)	\$ (2,791)
Consolidated Revenue	\$ 325,678	\$ 334,107	\$ 1,178,482	\$ 1,489,489

(a) Represents the elimination of the inter-segment sales between the Pipeline and Pipe Services segment, the Composite Systems segment and the Automotive and Industrial segment.

Fourth Quarter 2020 versus Fourth Quarter 2019

Consolidated revenue decreased by \$8.4 million, or 3%, from \$334.1 million during the fourth quarter of 2019, to \$325.7 million during the fourth quarter of 2020, reflecting an \$18.3 million decrease in the Composite Systems segment, partially offset by a \$1.5 million increase in the Pipeline and Pipe Services segment and a \$7.8 million increase in the Automotive and Industrial segment.

In the Pipeline and Pipe Services segment, revenue in the fourth quarter of 2020 was \$189.8 million, or 1% higher compared to the fourth quarter of 2019, primarily due to higher revenue levels in EMAR and Asia Pacific, partially offset by lower revenue levels in North America and Latin America. See *Section 3.1 – Pipeline and Pipe Services Segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Composite Systems segment, revenue in the fourth quarter of 2020 was \$80.4 million, a decrease of 19% compared to the same quarter in 2019 primarily due to decreased activity levels in North America. See *Section 3.2 – Composite Systems Segment* for additional disclosure with respect to the change in revenue in the Composite Systems segment.

In the Automotive and Industrial segment, revenue was \$56.0 million, an increase of 16% compared to the fourth quarter of 2019, primarily due to increased activity levels in North America, EMAR and Asia Pacific. See *Section 3.3 – Automotive and Industrial Segment* for additional disclosure with respect to the change in revenue in the Automotive and Industrial segment.

Year ended December 31, 2020 versus Year ended December 31, 2019

Consolidated revenue decreased by \$311.0 million, or 21%, from \$1,489.5 million for the year ended December 31, 2019 to \$1,178.5 million for the year ended December 31, 2020, reflecting a decrease of \$201.6 million in the Pipeline and Pipe Services segment, \$96.5 million in the Composite Systems segment and \$12.8 million in the Automotive and Industrial segment.

Revenue for the Pipeline and Pipe Services segment decreased by \$201.6 million, or 23%, in the year ended December 31, 2020 compared to the same period in 2019, due to lower revenues in North America, Latin America and EMAR, partially offset by higher revenue 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.

Revenue for the Composite Systems segment decreased by \$96.5 million, or 23%, in the year ended December 31, 2020 compared to the same period in 2019, primarily due to lower activity levels in North America. See *Section 3.2 – Composite Systems Segment* for additional disclosure with respect to the change in revenue in the Composite Systems segment.

Revenue for the Automotive and Industrial segment decreased by \$12.8 million, or 6%, in the year ended December 31, 2020 compared to the same period in 2019, due to lower activity levels in EMAR and North America, partially offset by higher revenue in Asia Pacific. See *Section 3.3 – Automotive and Industrial Segment* for additional disclosure with respect to the change in revenue in the Automotive and Industrial segment.

2.2 Income/Loss from Operations ("Operating Income/Loss")

The following table sets forth operating income/loss and Adjusted EBITDA for the following periods:

(in thousands of Canadian dollars, except percentages)	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Operating income/(loss) ^(a)	\$ 15,936	\$ (100,538)	\$ (261,336)	\$ (46,411)
Operating margin ^(b)	4.9%	(30.1%)	(22.2%)	(3.1%)
Adjusted EBITDA ^(b)	\$ 45,995	\$ 29,547	\$ 74,257	\$ 136,401
Adjusted EBITDA margin ^(b)	14.1%	8.8%	6.3%	9.2%

(a) Operating income/(loss) in 2020 includes \$32.6 million of restructuring costs and \$212.6 million of impairment charges, while 2019 includes \$104.1 million of impairment charges and \$39.3 million of gains on sale of land.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA Margin are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for further details and a reconciliation of these Non-GAAP measures.

During 2020, the Company conducted several reviews of its impairment testing on property, plant and equipment, intangible assets and goodwill due to the uncertain business climate and lower demand brought about by the global COVID-19 pandemic and the volatility in the energy markets. In the first quarter of 2020, the Company recorded impairment charges of \$203.1 million, which included \$143.6 million and \$46.0 million on intangible assets and goodwill for the Pipeline Performance Group and Shawcor Inspection Services, respectively, and \$13.4 million on assets at two U.S. land pipe coating facilities and certain assets related to large diameter products in its Composite Systems facility in Alberta. In the third quarter of 2020, the Company recorded an additional impairment of \$3.6 million on assets at a pipe coating facility in Asia Pacific for the Pipeline Performance Group related to the announced closure plans. In the fourth quarter of 2020, the Company recorded an impairment charge of \$5.9 million related to intangible assets and goodwill for Socotherm Americas, its operations in Argentina.

Operating loss in the year ended December 31, 2020 includes an additional quarter of income from the composite tank business when compared to the same period in 2019, as the acquisition of the business was completed in April 2019, which had a net positive impact on the full year 2020 results.

In response to the challenging business conditions in the year, the Company has completed several cost reduction and cash preservation initiatives. As a result of the significant reduction of the salaried workforce and the shutdown of certain facilities and branch offices throughout the year, the Company has recorded restructuring costs of \$32.6 million.

Fourth Quarter 2020 versus Fourth Quarter 2019

Operating income in the fourth quarter of 2020 was \$15.9 million, a significant increase compared to the \$100.5 million operating loss incurred in the fourth quarter of 2019. The increase was primarily due to the lower impairment charges of \$98.2 million in the current quarter, a \$17.9 million decrease in SG&A expenses, and a \$5.0 million decrease in depreciation and amortization, partially offset by a \$1.7 million decrease in gross profit and the Company incurring \$2.8 million of restructuring costs.

The current quarter benefited from COVID-19 related government wage subsidies of \$6.0 million, of which \$3.0 million was recorded in cost of goods sold and \$3.0 million was recorded in SG&A expenses.

Gross profit decreased by \$1.7 million compared to the fourth quarter of 2019, primarily due to the \$8.4 million decrease in revenue, as explained above, which was partially offset by a 0.2 percentage point increase in gross margin. The current quarter benefited from \$3.0 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$17.9 million compared to the fourth quarter of 2019, primarily due to the completed cost control initiatives that resulted in decreases of \$4.6 million in travel and entertainment expenses and \$2.5 million in building and equipment related expenses. The current quarter also benefited from \$3.0 million of COVID-19 related government wage subsidies recorded and the absence of \$7.3 million rework costs related to the quality issue at our Channelview facility that occurred at the end of 2019.

Adjusted EBITDA was \$46.0 million in the fourth quarter of 2020 compared to \$29.5 million in the fourth quarter of 2019. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

Year ended December 31, 2020 versus Year ended December 31, 2019

Operating loss in the year ended December 31, 2020 was \$261.3 million, a significantly higher loss compared to the operating loss of \$46.4 million in the year ended December 31, 2019. The higher loss was primarily due to the \$108.5 increase in impairment charges, the \$104.5 million decrease in gross profit, the \$32.6 million in restructuring costs, the \$37.1 million lower gains on sale of land and other assets, and an additional \$8.2 million in net foreign exchange losses. These negative impacts were partially offset by decreases of \$65.6 million in SG&A expenses and \$8.2 million in depreciation and amortization as compared to 2019.

The current year benefited from COVID-19 related government wage subsidies of \$30.5 million, of which \$12.4 million was recorded in cost of goods sold and \$18.1 million was recorded in SG&A expenses.

Gross profit decreased by \$104.5 million compared to 2019, primarily due to the \$311.0 million decrease in revenue, as explained above, coupled with a 1.3 percentage point decrease in gross margin. The decrease in the gross margin percentage was primarily due to product and project mix, the decrease in revenue and lower facility utilization and the related impact on the absorption of manufacturing overheads from the continued impact of the global COVID-19 pandemic and ongoing volatility in the energy markets. The current period benefited from \$12.4 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$65.6 million compared to 2019, primarily due to the completed cost control and headcount reduction initiatives that resulted in decreases of \$34.5 million in compensation related costs and \$12.2 million in travel and entertainment expenses. The current period also benefited from \$18.1 million of COVID-19 related government wage subsidies recorded and the absence of \$9.5 million in 2019 non-recurring integration and acquisition costs related to the composite tank business. This was partially offset by an additional quarter of ongoing SG&A expenses of \$5.6 million for the composite tank business as it was acquired in April 2019.

Adjusted EBITDA was \$74.3 million in the year ended December 31, 2020 compared to \$136.4 million in the prior year. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

2.3 Income from Investments in Associates

The following table sets forth the income from investments in associates for the following periods:

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Income from investments in associates	\$ 1,959	\$ 5,483	\$ 10,134	\$ 14,459

The Company has equity-accounted investments in Zedi Inc. ("Zedi") and Power-Feed-Thru Systems and Connectors, LLC ("PFT"). In the first quarter of 2020, the Company received \$8.9 million of proceeds pertaining to the partial redemption of the investment in Zedi. In the third and fourth quarters of 2020, the Company recorded an additional gain of \$8.2 million and \$2.1 million, respectively, based on a current valuation of the investment and favourable results from the wind-down activities currently being performed. During the second quarter of 2019, Zedi disposed of its software and automation businesses which represented a substantial part of its operations and as a result, the Company received \$29.2 million of proceeds and recorded a gain of \$9.7 million.

2.4 Gain from Disposal of an Operating Unit

In the fourth quarter of 2020, the Company sold its Products business for the purchase price of US\$91.5 million subject to working capital adjustments. As a result, the Company recorded sale proceeds of \$105.4 million, net of working capital adjustments and related expenses, and a gain on sale of \$52.1 million in the fourth quarter results.

3.0 SEGMENT INFORMATION

3.1 Pipeline and Pipe Services Segment

The following table sets forth, by geographic location, the revenue, operating (loss) income and adjusted EBITDA for the Pipeline and Pipe Services segment for the following periods:

(in thousands of Canadian dollars, except percentages)	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
North America	\$ 61,516	\$ 103,318	\$ 298,322	\$ 487,817
Latin America	21,484	27,750	49,990	113,350
EMAR	71,065	49,591	224,797	232,847
Asia Pacific	35,729	7,683	89,111	29,834
Total revenue	\$ 189,794	\$ 188,342	\$ 662,220	\$ 863,848
Operating income/(loss)^(a)	\$ 155	\$ (129,273)	\$ (276,142)	\$ (119,736)
Operating margin^(b)	0.1%	(68.6%)	(41.7%)	(13.9%)
Adjusted EBITDA^(b)	\$ 18,554	\$ (8,209)	\$ (4,404)	\$ 16,307
Adjusted EBITDA margin^(b)	9.8%	(4.4%)	(0.7%)	1.9%

(a) Operating income/loss in 2020 includes \$19.0 million of restructuring costs, \$202.8 million of impairment charges, and \$1.2 million of a gain on sale of land, while 2019 includes \$104.1 million of impairment charges and \$32.6 million of a gain on sale of land.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 7.0 – Reconciliation of Non-GAAP Measures*.

Fourth Quarter 2020 versus Fourth Quarter 2019

Revenue in the fourth quarter of 2020 increased by \$1.5 million, or 1%, compared to the fourth quarter of 2019 primarily due to higher revenues in EMAR and Asia Pacific, partially offset by lower revenues in North America and Latin America:

- North America revenue decreased by \$41.8 million, or 40%, primarily as a result of lower demand for small and large diameter pipe coating and girth weld inspection services in the region and the completed closures of U.S. land pipe coating facilities during the current year, partially offset by higher revenue from engineering services. The fourth quarter of 2019 results reflect the negative impact caused by the quality issue at our Channelview facility.
- Revenue in Latin America decreased by \$6.3 million, or 23%, primarily due to lower revenue from the Liza II project, partially offset by other pipe coating project activity in Mexico.
- In EMAR, revenue increased by \$21.5 million, or 43%, primarily due to the execution of the Baltic pipe project at the Leith, Scotland facility, and higher activity in the Orkanger, Norway facility and field joint coating projects in the region. This was partially offset by lower activity levels at Ras Al Khaimah, UAE (“RAK”) facilities and Italy facilities, as well as lower revenue levels for offshore girth weld inspection activity.
- Revenue in Asia Pacific increased by \$28.0 million, or 365%, mainly due to higher pipe coating project activities at the Kuantan, Malaysia facility and the Kabil, Indonesia facility.

Operating income in the fourth quarter of 2020 was \$0.2 million compared to the \$129.3 million operating loss in the fourth quarter of 2019. The increase was primarily due to the lower impairment charges of \$98.2 million in the current quarter, a \$7.1 million increase in gross profit, a \$5.5 million decrease in depreciation and amortization and a \$18.4 million decrease in SG&A expenses.

The current quarter benefited from COVID-19 related government wage subsidies of \$1.0 million, of which \$0.5 million was recorded in cost of goods sold and \$0.5 million was recorded in SG&A expenses.

Gross profit increased by \$7.1 million compared to the fourth quarter of 2019, primarily due to the \$1.5 million increase in revenue, as explained above, coupled with a 3.5 percentage points increase in gross margin. The increase in the gross margin percentage was primarily due to product and project mix and higher facility utilization in EMAR and Asia Pacific and the related impact on the absorption of manufacturing overheads. The current quarter also benefited from \$0.5 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$18.4 million compared to the fourth quarter of 2019, primarily due to the restructuring initiatives and site closures that resulted in decreases of \$6.1 million in compensation related costs, \$2.4 million in travel and entertainment expenses and \$1.4 million in building and equipment related costs. The current quarter also benefited from \$0.5 million of COVID-19 related government wage subsidies recorded and the absence of \$7.3 million rework costs related to the quality issue at our Channelview facility that occurred at the end of 2019.

Adjusted EBITDA in the fourth quarter of 2020 was positive \$18.6 million compared to negative \$8.2 million in the fourth quarter of 2019. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

Year Ended December 31, 2020 versus Year Ended December 31, 2019

Revenue in the year ended December 31, 2020 decreased \$201.6 million compared to the prior year primarily due to lower revenues in North America, Latin America and EMAR, partially offset by higher revenue in Asia Pacific:

- In North America, revenue decreased by \$189.5 million, or 39%, primarily as a result of lower demand for small and large diameter pipe coating and girth weld inspection services and the completed closures of U.S. land pipe coating facilities during 2020, which was partially offset by higher revenue from engineering services. 2019 was also negatively impacted by the delay of revenue caused by the quality issue at our Channelview facility.
- Latin America revenue was lower by \$63.4 million, or 56%, mainly due to lower activity levels in Brazil, Argentina, and Mexico compared to 2019.
- Revenue in EMAR decreased by \$8.1 million, or 3%, primarily due to lower revenue levels at the Italy facilities, partially offset by higher pipe coating project activity levels at the Orkanger, Norway, RAK, UAE and Leith, Scotland facilities.
- In Asia Pacific, revenue increased by \$59.3 million, or 199%, mainly due to higher pipe coating project activity at the Kabil, Indonesia and Kuantan, Malaysia facilities

Operating Loss for the year ended December 31, 2020 was \$276.1 million compared to \$119.7 million in the prior year. The higher loss was primarily due to an additional \$98.7 million in impairment charges, a \$62.9 million decrease in gross profit and \$19.0 million of restructuring costs, while the prior year benefited from an additional \$31.3 million gains on sale of land. These negative impacts were partially offset by decreases of \$41.6 million in SG&A expenses and \$12.6 million in depreciation and amortization as compared to 2019.

The current year benefited from COVID-19 related government wage subsidies recorded of \$8.5 million, of which \$4.0 million was recorded in cost of goods sold and \$4.5 million was recorded in SG&A expenses.

Gross profit decreased by \$62.9 million compared to 2019, primarily due to the \$201.6 million decrease in revenue, as explained above, coupled with a 1.4 percentage points decrease in gross margin. The decrease in gross margin percentage was primarily due to product and project mix and lower facility utilization in North America, Latin

America, and EMAR and the related impact on the absorption of manufacturing overheads. The current period benefited from \$4.0 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$41.6 million compared to 2019, primarily due to the restructuring initiatives and site closures that resulted in decreases of \$15.5 million in compensation related costs, \$6.6 million in travel and entertainment expenses, \$2.3 million in building and equipment related costs, and \$1.1 million in advertising costs. The current period also benefited from \$4.5 million of COVID-19 related government wage subsidies recorded and the absence of \$7.3 million rework costs related to the quality issue at our Channelview facility that occurred at the end of 2019.

Adjusted EBITDA in the year ended December 31, 2020 was negative \$4.4 million compared to positive \$16.3 million in the prior year. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

3.2 Composite Systems Segment

The following table sets forth, by geographic location, the revenue, operating (loss) income and adjusted EBITDA for the Composite Systems segment for the following periods:

(in thousands of Canadian dollars, except percentages)	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
North America	\$ 76,709	\$ 95,651	\$ 313,758	\$ 405,192
Latin America	641	1,191	2,967	5,869
EMAR	302	479	1,371	3,418
Asia Pacific	2,709	1,299	2,737	2,850
Total revenue	\$ 80,361	\$ 98,620	\$ 320,833	\$ 417,329
Operating income^(a)	\$ 6,913	\$ 15,249	\$ 7,646	\$ 55,608
Operating margin^(b)	8.6%	15.5%	2.4%	13.3%
Adjusted EBITDA^(b)	\$ 16,077	\$ 22,317	\$ 55,795	\$ 89,851
Adjusted EBITDA Margin^(b)	20.0%	22.6%	17.4%	21.5%

(a) Operating income in 2020 includes \$4.5 million of restructuring costs and \$9.8 million of impairment charges, while 2019 includes \$6.8 million gain from sale of land and \$10.8 million of composite tank business acquisition costs and other related items.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 7.0 – Reconciliation of Non-GAAP Measures*.

Fourth Quarter 2020 versus Fourth Quarter 2019

Revenue in the fourth quarter of 2020 decreased by \$18.3 million, or 19%, compared to the fourth quarter of 2019, primarily due to the negative impact of the global COVID-19 pandemic and the volatility in the energy markets. North American revenue decreased by \$18.9 million, or 20%, from lower demand for composite pipe products, which resulted from the continued capital discipline focus of exploration and production operators despite the gradual increase in oil and gas prices seen in the quarter. In addition, tubular management service activity was lower in Western Canada. This was partially offset by higher revenues for composite tank products as the business continues to focus on the execution of its backlog and benefits from North American infrastructure spending.

Operating income in the fourth quarter of 2020 was \$6.9 million compared to \$15.2 million in the fourth quarter of 2019. This decrease was primarily due to a \$10.3 million decrease in gross profit and a \$1.3 million gain on sale of land in the fourth quarter of 2019, partially offset by a \$5.3 million decrease in SG&A expenses.

The current quarter benefited from COVID-19 related government wage subsidies of \$3.0 million, of which \$1.8 million was recorded in cost of goods sold and \$1.2 million was recorded in SG&A expenses.

Gross profit decreased by \$10.3 million compared to the fourth quarter of 2019, primarily due to the \$18.3 million decrease in revenue, as explained above, coupled with a 5.0 percentage point decrease in gross margin. The decrease in gross margin percentage was primarily due to lower utilization in composite pipe facilities and the related impact on the absorption of manufacturing overheads caused by the continued impact of the global COVID-19 pandemic and ongoing volatility in the energy markets. The current quarter benefited from \$1.8 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$5.3 million compared to the fourth quarter of 2019, primarily due to the completed cost control and headcount reduction initiatives that resulted in decreases of \$3.1 million in compensation related costs and \$1.1 million in travel & entertainment expenses. The current quarter also benefited from \$1.2 million of COVID-19 related government wage subsidies recorded.

Adjusted EBITDA in the fourth quarter of 2020 was \$16.1 million compared to \$22.3 million in the fourth quarter of 2019. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

Year Ended December 31, 2020 versus Year Ended December 31, 2019

Revenue decreased by \$96.5 million in the year ended December 31, 2020, or 23%, compared to the prior year primarily due to the negative impact of the ongoing global COVID-19 pandemic and the volatility in the energy markets. North American revenue decreased by \$91.4 million, or 23%, primarily due to lower demand level in composite pipe products, attributed to the continued capital discipline focus of exploration and production operators and low oil and gas prices. In addition, tubular management service activity levels were lower in Western Canada. These decreases were partially offset by the increased revenue in the composite tank business from continued strong demand in the retail fuel market. Also, the current year included an additional quarter of revenues from the composite tank business which was acquired in April 2019.

Operating income in the year ended December 31, 2020 was \$7.6 million compared to \$55.6 million in the prior year. The operating results for the current year included an additional quarter of operating income from the composite tank business, which was acquired in April 2019. The decrease in operating income was primarily due to a \$34.8 million decrease in gross profit, a \$3.6 million increase in depreciation and amortization, \$4.5 million of restructuring costs and \$9.8 million of impairment charges, while the prior year benefited from a \$6.8 million gains on sale of land. These negative impacts were partially offset by a decrease of \$11.5 million in SG&A expenses as compared to 2019.

The current year benefited from COVID-19 related government wage subsidies of \$13.5 million; of which \$6.1 million was recorded in cost of goods sold and \$7.4 million was recorded in SG&A expenses.

Gross profit decreased by \$34.8 million compared to 2019, primarily due to the \$96.5 million decrease in revenue, as explained above, coupled with a 1.0 percentage point decrease in gross margin. The decrease in gross margin percentage was primarily due to lower utilization in composite pipe facilities and the related impact on the absorption of manufacturing overheads caused by the continued impact of the global COVID-19 pandemic and ongoing volatility in the energy markets. The current year benefited from \$6.1 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$11.5 million compared to 2019, primarily due to the completed headcount reductions that resulted in a decrease of \$8.1 million in compensation related costs. The current year also benefited from \$7.4 million of COVID-19 related government wage subsidies recorded and the absence of \$3.8 million in 2019 non-recurring integration and acquisition costs related to the composite tank business. These positive impacts were partially offset by the inclusion of an additional quarter of ongoing SG&A expenses of \$5.6 million for the composite tank business which was acquired in April 2019.

Adjusted EBITDA in the year ended December 31, 2020 was \$55.8 million compared to \$89.9 million in the prior year. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

3.3 Automotive and Industrial Segment

The following table sets forth, by geographic location, the revenue, operating (loss) income and adjusted EBITDA for the Automotive and Industrial segment for the following periods:

(in thousands of Canadian dollars, except percentages)	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
North America	\$ 33,174	\$ 29,311	\$ 122,570	\$ 126,164
EMAR	18,970	16,178	63,518	74,585
Asia Pacific	3,863	2,704	12,202	10,354
Total revenue	\$ 56,007	\$ 48,193	\$ 198,290	\$ 211,103
Operating income^(a)	\$ 11,260	\$ 6,801	\$ 24,776	\$ 33,215
Operating margin^(b)	20.1%	14.1%	12.5%	15.7%
Adjusted EBITDA^(b)	\$ 11,534	\$ 7,942	\$ 34,787	\$ 37,696
Adjusted EBITDA margin^(b)	20.6%	16.5%	17.5%	17.9%

(a) Operating Income in 2020 includes \$6.4 million of restructuring costs and \$1.0 million of a gain on sale of other.

(b) Operating margin, Adjusted EBITDA and Adjusted EBITDA margin are non-GAAP measures. Non-GAAP measures do not have a standardized meaning prescribed by GAAP and are not necessarily comparable to similar measures provided by other companies. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for further details and a reconciliation of these Non-GAAP measures.

Fourth Quarter 2020 versus Fourth Quarter 2019

Revenue in the fourth quarter of 2020 increased by \$7.8 million, or 16%, compared to the fourth quarter of 2019, primarily due to strong demand for automotive heat shrink tubing products as a result of OEM assembly plants and Tier 1 suppliers increasing capacity levels and re-stocking inventories and increased shipments for wire and cable products in North America.

Operating income in the fourth quarter of 2020 was \$11.3 million compared to \$6.8 million in the fourth quarter of 2019. The increase was primarily due to a \$1.6 million increase in gross profit, a \$1.8 million decrease in SG&A expenses and a \$1.0 million gain on sale of other assets.

The current quarter benefited from COVID-19 related government wage subsidies recorded of \$0.9 million, of which \$0.6 million was recorded in cost of goods sold and \$0.3 million was recorded in SG&A expenses.

Gross profit increased by \$1.6 million compared to the fourth quarter of 2019, primarily due to the \$7.8 million increase in revenue, as explained above, partially offset by a 0.9 percentage point decrease in gross margin. The decrease in gross margin was primarily due to the product mix and lower plant utilization and the related impact on the absorption of manufacturing overheads. The current quarter also benefited from \$0.6 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$1.8 million compared to the fourth quarter of 2019, primarily due to the completed cost control and headcount reduction initiatives that resulted in decreases of \$0.9 million in compensation related costs and \$0.5 million in travel & entertainment expenses. The current quarter also benefited from \$0.3 million of COVID-19 related government wage subsidies recorded.

Adjusted EBITDA in the fourth quarter of 2020 was \$11.5 million compared to \$7.9 million in the fourth quarter of 2019. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

Year Ended December 31, 2020 versus Year Ended December 31, 2019

Revenue decreased in the year ended December 31, 2020 by \$12.8 million, or 6%, compared to the prior year, due to lower demand for heat shrink tubing products in the automotive sector in North America and EMAR, slightly offset by higher revenue in Asia Pacific. The decline in the automotive sector reflects that a majority of global automotive OEM assembly plants temporarily halted production and suspended operations in the first half of 2020 as a result of COVID-19, while demand started to increase in the second half of that year as OEM assembly plants and Tier 1 suppliers increased capacity levels and re-stocked inventories.

Operating income in the year ended December 31, 2020 was \$24.8 million compared to \$33.2 million in the prior year. The decrease was primarily due to the negative impact of \$6.4 million in restructuring costs and a \$6.8 million decrease in gross profit. These negative impacts were partially offset by a \$1.0 million gain on sale of other assets and a \$3.6 million decrease in SG&A expenses

The current year benefited from COVID-19 related government wage subsidies recorded of \$4.1 million, of which \$2.3 million was recorded in cost of goods sold and \$1.8 million was recorded in SG&A expenses.

Gross profit decreased by \$6.8 million compared to 2019, primarily due to the \$12.8 million decrease in revenue, as explained above, coupled with a 1.6 percentage point decrease in gross margin. The decrease in gross margin was primarily due to the product mix and lower plant utilization and the related impact on the absorption of manufacturing overheads. The current year benefited from \$2.3 million of COVID-19 related government wage subsidies recorded.

SG&A expenses decreased by \$3.6 million compared to 2019, primarily due to the completed headcount reductions that resulted in a decrease of \$2.3 million in compensation related costs. The current year also benefited from \$1.8 million of COVID-19 related government wage subsidies recorded.

Adjusted EBITDA in the year ended December 31, 2020 was \$34.8 million compared to \$37.7 million in the prior year. See *Section 7.0 – Reconciliation of Non-GAAP Measures* for additional disclosures regarding Adjusted EBITDA.

3.4 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 for the following periods:

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Financial and corporate expenses ^(a)	\$ (2,392)	\$ 6,685	\$ (17,616)	\$ (15,498)

(a) 2020 includes \$2.6 million of restructuring costs, while 2019 includes \$5.7 million in professional consulting and legal fees for the composite tank business acquisition.

Fourth Quarter 2020 versus Fourth Quarter 2019

Financial and corporate costs in the fourth quarter of 2020 were \$2.4 million compared to a recovery of \$6.7 million in the fourth quarter of 2019. The \$9.1 million variance was primarily due to the incentive-based compensation change from a \$7.4 million recovery in the fourth quarter of 2019 to an expense of \$2.2 million in the current quarter and a \$0.6 million decrease in foreign exchange gains. The current quarter also benefited from \$1.0 million of COVID-19 related government wage subsidies recorded.

Year Ended December 31, 2020 versus Year Ended December 31, 2019

Financial and corporate costs for the year ended December 31, 2020 were \$17.6 million compared to \$15.5 million for the year ended December 31, 2019. The \$2.1 million variance was primarily due to the \$8.2 million increase in foreign exchange losses and \$2.6 million in restructuring costs, partially offset by the absence of \$5.7 million in 2019 non-recurring acquisition costs related to the composite tanks business. The current year also benefited from \$4.4 million of COVID-19 related government wage subsidies recorded.

4.0 LIQUIDITY AND CAPITALIZATION

As at December 31, 2020, the Company had cash and cash equivalents totalling \$214.5 million (December 31, 2019 – \$98.2 million) and had unutilized lines of credit available to use of \$246.3 million (December 31, 2019 – \$275.6 million). The decline in unutilized lines of credit available is primarily due to the weakening of the U.S. dollar against the Canadian dollar as the Company's credit facility is U.S. dollar denominated.

The effects of the COVID-19 pandemic and the rapid decline in 2020 of oil prices adversely impacted demand for the Company's products and services and its operating results, financial position and access to sources of liquidity. With the uncertainty about the extent and depth of the market contraction and its impact on financial results, the Company turned its focus to the reduction of costs and cash preservation to protect its balance sheet. As communicated in March 2020, the Company targeted \$60 million in sustainable annualized SG&A savings and \$40 million in incremental cash generation. The Company has significantly exceeded these targets by completing several initiatives during the year. These initiatives included reducing CEO, executive and Board compensation, reducing the salaried workforce levels by 22%, optimizing its footprint with the closure of six pipe coating facilities and several girth weld inspection branch offices and making significant cuts to other operating costs and capital expenditure budgets. During the year ended December 31, 2020, the Company also delivered significant positive cash flow, reflecting \$30.9 million from reduced working capital, excluding the impact of increased restructuring liabilities, and \$129.8 million from proceeds from sales of the Products business and other assets. Based on the actions completed and planned, its diversified business and current backlog, the Company expects to generate sufficient cash flows and have continued access to its credit facilities to fund its operations, working capital requirements and capital program.

5.0 FORWARD-LOOKING INFORMATION

This news release 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 news release includes forward-looking information in the Outlook Section and elsewhere in respect of, among other things, the impact and duration of the global COVID-19 pandemic and the related impacts on the Company's operations and on the global supply and demand of oil and gas, the completion of cost savings initiatives, including the reduction of the Company's international operations footprint, the future outlook for capital expenditures in the offshore oil and gas sector and North American land drilling and

completion activity, the demand for its products in retail fuel, automotive and industrial markets, the successful execution of the Company's order backlog and the anticipated fluctuations in the order backlog throughout 2021 including the rebuilding of the backlog in the second-half of 2021 and the impact thereof on the Company's revenue and operating income, the execution of definitive contracts on outstanding bids for and the timing to complete certain pipe coating projects, the likelihood that international and offshore projects will be sanctioned in the future, and the impact thereof on the Company's business, the level of financial performance in 2021, the effect of the Company's diversified portfolio of products on revenue and operating income, the demand for the Company's products in the Pipeline and Pipe Services, Composite Systems and the Automotive and Industrial segments of the Company's business, the impact of global economic activity on the demand for the Company's products, the impact of continuing demand for oil and gas, the impact of global oil and gas commodity prices, the impact of changing energy demand, supply and prices and the impact and likelihood of changes in competitive conditions in the markets in which the Company participates.

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 duration and impact of the COVID-19 pandemic on the Company, its employees, customers, suppliers, energy and commodity markets and on the global economy, the impact on the Company of the continued heightened focus by North American oil and gas operators on capital discipline, the impact on the Company of reduced demand for its products and services, including the delay, suspension or cancellation of existing or anticipated contracts, as a result of lower investment in global oil and gas extraction, infrastructure and transportation activity following the previous declines in the global price of oil and gas, long term changes in global or regional economic activity and changes in energy supply and demand, which with other factors, impact on the level of global pipeline infrastructure construction; exposure to product and other liability claims; shortages of or significant increases in the prices of raw materials used by the Company; compliance with environmental, trade and other laws; political, economic and other risks arising from the Company's international operations; the impact of climate change on the demand for the Company's products and fluctuations in foreign exchange rates, as well as other risks and uncertainties described under "Risks and Uncertainties" in the Company's annual MD&A and in the Company's Annual Information Form under "Risk Factors".

These statements of forward-looking information are based on assumptions, estimates and analysis made by management in light of its experience and perception of trends, current conditions and expected developments as well as other factors believed to be reasonable and relevant in the circumstances. These assumptions include those in respect of the continuation or renewal of certain COVID-19 related restrictions on a more limited and targeted basis than the basis on which those restrictions were previously imposed and the impact thereof on global economic activity, the Company's ability to manage supply chain disruptions caused by the COVID-19 pandemic or by natural disasters, global oil and gas prices, the delay in the near term of certain projects and the likelihood of projects tied to securing long-term domestic energy supply or drilling rights being sanctioned, the recommencement of increased capital expenditures in the global offshore oil and gas segment, the commencement of recovery of the global economy, a gradual recovery of oil and gas markets in North America, the continued recovery of demand in the automotive and industrial markets, particularly in North America and Europe and the heightened demand for hybrid and fully electric vehicles, tempered somewhat by automobile production delays arising from a global shortage of semi-conductors, sustained solid demand in the retail fuel market and stable demand in the industrial markets with storage tank demand supported by higher infrastructure spending and commercial and municipal water projects, the Company's ability to execute projects under contract, the Company's continuing ability to provide new and enhanced product offerings to its customers, the higher level of investment in working capital by the Company, 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, the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation and tax matters and other claims generally, and the level of payments under the Company's performance, bid and surety bonds and the ability of the Company to satisfy all covenants under the Credit Facility and having sufficient liquidity to fund its obligations and planned initiatives. 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.

6.0 CONFERENCE CALL AND ADDITIONAL INFORMATION

Shawcor will be hosting a Shareholder and Analyst Conference Call and Webcast on Thursday, March 11th, 2021 at 9:00 AM ET, which will discuss the Company's Fourth Quarter 2020 Financial Results. To participate via telephone, please dial 1-877-776-4039 or 1-315-625-6955. Conference Call ID: 5544569; alternatively, please go to the following website address to participate via webcast: <https://edge.media-server.com/mmc/p/pez8t8bt>

The Company's fourth quarter MD&A and financial statements are available on Shawcor's website at www.shawcor.com.

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

For further information, please contact:

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Shawcor Ltd.

Consolidated Balance Sheets (Unaudited)

	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)		
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 214,514	\$ 98,218
Loans receivable	–	712
Accounts receivable	200,871	246,745
Contract assets	52,530	41,616
Income taxes receivable	12,304	33,493
Inventory	126,328	160,792
Prepaid expenses	12,446	17,560
Derivative financial instruments	691	177
Total current assets	619,684	599,313
Non-current Assets		
Property, plant and equipment	360,329	420,027
Right-of-use assets	67,352	84,269
Intangible assets	200,168	271,514
Investments in associates	11,594	15,400
Deferred income tax assets	31,633	37,462
Other assets	3,266	5,396
Goodwill	231,570	377,704
Total non-current assets	905,912	1,211,772
TOTAL ASSETS	\$ 1,525,596	\$ 1,811,085
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 177,140	\$ 177,452
Provisions	18,394	25,694
Income taxes payable	17,924	18,918
Derivative financial instruments	728	330
Contract liabilities	32,377	43,693
Lease liabilities	18,590	21,461
Other liabilities	4,434	9,518
Total current liabilities	269,587	297,066
Non-current Liabilities		
Long-term debt	433,387	435,462
Lease liabilities	53,576	67,768
Provisions	17,857	20,477
Employee future benefits	19,807	15,390
Deferred income tax liabilities	6,874	19,306
Other liabilities	7,815	5,669
Total non-current liabilities	539,316	564,072
Total liabilities	808,903	861,138
Equity		
Share capital	719,615	710,563
Contributed surplus	26,494	32,615
Retained earnings	(51,686)	193,027
Non-controlling interests	3,995	4,647
Accumulated other comprehensive income	18,275	9,095
Total equity	716,693	949,947
TOTAL LIABILITIES AND EQUITY	\$ 1,525,596	\$ 1,811,085

Shawcor Ltd.

Consolidated Statements of Income (Loss) (Unaudited)

	Three Month Ended December 31,		Year Ended December 31,	
(in thousands of Canadian dollars, except per share amounts)	2020	2019	2020	2019
Revenue				
Sale of products	\$ 138,742	\$ 154,984	\$ 542,764	\$ 662,533
Rendering of services	186,936	179,123	635,718	826,956
	325,678	334,107	1,178,482	1,489,489
Cost of Goods Sold and Services Rendered	230,544	237,310	855,946	1,062,450
Gross Profit	95,134	96,797	322,536	427,039
Selling, general and administrative expenses	48,363	66,270	234,187	299,758
Research and development expenses	1,427	2,236	10,517	12,647
Foreign exchange (gain) loss	(568)	(1,220)	3,674	(4,572)
Depreciation and amortization	22,257	27,296	92,532	100,858
Gains on sale of land and other	(1,033)	(1,350)	(2,246)	(39,344)
Impairment	5,905	104,103	212,612	104,103
Restructuring costs	2,847	—	32,596	—
Income (loss) from Operations	15,936	(100,538)	(261,336)	(46,411)
Income (loss) from investments in associates	1,959	5,483	10,134	14,459
Finance costs, net	(7,010)	(5,707)	(25,078)	(21,175)
Cost associated with repayment of long-term debt and credit facilities	—	—	—	(12,308)
Gain on sale of operating unit	52,118	—	52,118	—
Net monetary loss	(523)	(1,606)	(1,768)	(3,997)
Income (loss) before Income Taxes	62,480	(102,368)	(225,930)	(69,432)
Income tax expense (recovery)	6,662	(20,345)	8,625	(36,137)
Net Income (Loss)	\$ 55,818	\$ (82,023)	\$ (234,555)	\$ (33,295)
Net Income (Loss) Attributable to:				
Shareholders of the Company	\$ 55,822	\$ (81,783)	\$ (234,167)	\$ (33,293)
Non-controlling interests	(4)	(240)	(388)	(2)
Net Income (Loss)	\$ 55,818	\$ (82,023)	\$ (234,555)	\$ (33,295)
Earnings (Loss) per Share (“EPS”)				
Basic	\$ 0.79	\$ (1.17)	\$ (3.33)	\$ (0.47)
Diluted	\$ 0.79	\$ (1.17)	\$ (3.33)	\$ (0.47)
Weighted Average Number of Shares Outstanding (000s)				
Basic	70,423	70,155	70,364	70,142
Diluted	70,423	70,155	70,364	70,142

Shawcor Ltd.

Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
Operating Activities				
Net Income (Loss)	\$ 55,818	\$ (82,023)	\$ (234,555)	\$ (33,295)
Add (deduct) items not affecting cash				
Depreciation and amortization	22,257	27,296	92,532	100,858
Impairment	5,905	104,103	212,612	104,103
Impact of inventory revaluation adjustment	—	—	—	7,000
Interest expense on right-of-use asset leases	874	1,145	3,770	3,566
Share-based compensation and incentive-based compensation	2,697	(9,038)	956	3,442
Deferred income taxes	293	(16,737)	(3,182)	(45,272)
Gain on disposal of property, plant and equipment	(925)	(570)	(1,578)	(181)
Gain on sale of land and other	(1,033)	(1,350)	(2,246)	(39,344)
Unrealized loss (gain) on derivative financial instruments	73	(226)	(116)	1,029
Income from investments in associates	(1,959)	(5,483)	(10,134)	(14,459)
Gain from sale of operating unit	(52,118)	—	(52,118)	—
Other	(2,950)	(645)	(6,415)	(6,847)
Change in non-cash working capital and foreign exchange	(18,521)	32,543	44,913	(26,437)
Cash Provided by Operating Activities	\$ 10,411	\$ 49,015	\$ 44,439	\$ 54,163
Investing Activities				
Decrease in loans receivable	—	356	748	2,180
Decrease in short-term investments	—	—	—	2,046
Purchase of property, plant and equipment	(7,091)	(10,301)	(24,021)	(44,890)
Proceeds on disposal of property, plant and equipment	3,113	2,604	10,763	50,263
Proceeds on sale of operating unit	105,442	—	105,442	—
(Increase) decrease in other assets	(627)	60	—	426
Proceeds from redemption of investments in associate	4,764	—	13,642	29,171
Business acquisition, net of cash acquired	—	—	—	(291,477)
Cash Provided by (Used in) Investing Activities	105,601	(7,281)	106,574	(252,281)
Financing Activities				
Decrease in bank indebtedness	—	—	—	(17,608)
(Decrease) Increase of long-term debt	(1,604)	(10,001)	(3,328)	165,692
Repayment of lease liabilities	(6,097)	(5,958)	(22,985)	(24,635)
Issuance of shares	—	—	—	357
Dividends paid to shareholders	—	(10,524)	(10,546)	(42,086)
Cash (Used in) Provided by Financing Activities	\$ (7,701)	\$ (26,483)	\$ (36,859)	\$ 81,720
Effect of Foreign Exchange on Cash and Cash Equivalents and Net Monetary Loss				
	(627)	701	2,142	(2,648)
Net Increase (Decrease) in Cash and Cash Equivalents	107,684	15,952	116,296	(119,046)
Cash and Cash Equivalents - Beginning of Period	106,830	82,266	98,218	217,264
Cash and Cash Equivalents - End of Period	\$ 214,514	\$ 98,218	\$ 214,514	\$ 98,218

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

EBITDA and Adjusted EBITDA

EBITDA is a non-GAAP measure defined as earnings before interest, income taxes, depreciation and amortization. Adjusted EBITDA is also a non-GAAP measure defined as EBITDA adjusted for items which do not impact day to day operations. Adjusted EBITDA is calculated by adding back to EBITDA the sum of impairments, costs associated with repayment of long-term debt and credit facilities, gain on sale of land and other, gain on sale of investment in associates, gain on sale of operating unit, acquisition costs, restructuring costs and hyperinflationary adjustments. The Company believes that EBITDA and Adjusted EBITDA are useful supplemental measures that provide a meaningful indication of the Company's results from principal business activities prior to the consideration of how these activities are financed or the tax impacts in various jurisdictions and for comparing its operating performance with the performance of other companies that have different financing, capital or tax structures. The Company presents Adjusted EBITDA as a measure of EBITDA that excludes the impact of transactions that are outside the Company's normal course of business or day to day operations. Adjusted EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools to evaluate financial performance and is a key metric in business valuations. It is also considered important by lenders to the Company and is included in the financial covenants of the Company's Credit Facility.

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Net Income (Loss)	\$ 55,818	\$ (82,023)	\$ (234,555)	\$ (33,295)
Add:				
Income tax expense (recovery)	6,662	(20,345)	8,625	(36,137)
Finance costs, net	7,010	5,707	25,078	21,175
Amortization of property, plant, equipment, intangible and ROU assets	22,257	27,296	92,532	100,858
Cost associated with repayment of long-term debt and credit facilities	—	—	—	12,308
EBITDA^(a)	\$ 91,747	\$ (69,365)	\$ (108,320)	\$ 64,909
ZCL acquisition costs and other related items	—	157	—	16,514
Hyperinflation adjustment for Argentina	771	1,102	2,107	5,006
Gain on sale of land and other	(1,033)	(1,350)	(2,246)	(39,344)
Gain on sale of operating unit	(52,118)	—	(52,118)	—
Gain on redemption of investment in associate	(2,125)	(5,100)	(10,374)	(14,787)
Impairment	5,905	104,103	212,612	104,103
Restructuring costs	2,848	—	32,596	—
Adjusted EBITDA^(a)	\$ 45,995	\$ 29,547	\$ 74,257	\$ 136,401

(a) Adjusted EBITDA includes COVID-19 related government wage subsidies of \$6.0 million and \$30.5 million in the fourth quarter and year of 2020, respectively.

Pipeline and Pipe Services Segment

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Operating income/(loss)	\$ 155	\$ (129,273)	\$ (276,142)	\$ (119,736)
Add: Amortization of property, plant, equipment, intangible and ROU assets	11,625	17,109	51,439	64,069
EBITDA	\$ 11,780	\$ (112,164)	\$ (224,703)	\$ (55,667)
Hyperinflation adjustment for Argentina	(144)	(150)	(304)	372
Gain on sale of land and other	—	—	(1,213)	(32,552)
Loss on investment in associate	—	2	—	51
Impairment	5,905	104,103	202,784	104,103
Restructuring costs	1,013	—	19,032	—
Adjusted EBITDA^(a)	\$ 18,554	\$ (8,209)	\$ (4,404)	\$ 16,307

(a) Adjusted EBITDA includes COVID-19 related government wage subsidies of \$1.0 million and \$8.5 million in the fourth quarter and year of 2020, respectively.

Composite Systems Segment

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Operating income	\$ 6,913	\$ 15,249	\$ 7,646	\$ 55,608
Add: Amortization of property, plant, equipment, intangible and ROU assets	8,869	8,418	33,780	30,214
EBITDA	\$ 15,782	\$ 23,667	\$ 41,426	\$ 85,822
ZCL acquisition costs and other related items	—	—	—	10,822
Gain on sale of land and other	—	(1,350)	—	(6,793)
Impairment	—	—	9,828	—
Restructuring costs	295	—	4,541	—
Adjusted EBITDA^(a)	\$ 16,077	\$ 22,317	\$ 55,795	\$ 89,851

(a) Adjusted EBITDA includes COVID-19 related government wage subsidies of \$3.0 million and \$13.5 million in the fourth quarter and year of 2020, respectively.

Automotive and Industrial Segment

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars)				
Operating income	\$ 11,260	\$ 6,801	\$ 24,776	\$ 33,215
Add:				
Amortization of property, plant, equipment, intangible and ROU assets	1,137	1,141	4,619	4,481
EBITDA	\$ 12,397	\$ 7,942	\$ 29,395	\$ 37,696
Gain on sale of land and other	(1,033)	–	(1,033)	–
Restructuring costs	170	–	6,425	–
Adjusted EBITDA^(a)	\$ 11,534	\$ 7,942	\$ 34,787	\$ 37,696

(a) Adjusted EBITDA includes COVID-19 related government wage subsidies of \$0.9 million and \$4.1 million in the fourth quarter and year of 2020, respectively.

Adjusted EBITDA Margin

Adjusted EBITDA margin is defined as Adjusted EBITDA divided by revenue and is a non-GAAP measure. The Company believes that adjusted EBITDA margin is a useful supplemental measure that provides meaningful assessment of the business results of the Company and its Operating Segments from principal business activities excluding the impact of transactions that are outside of the Company's normal course of business.

Adjusted Net (Loss) Income and Adjusted EPS

Adjusted net income (loss) is a non-GAAP measure defined as net income before acquisition-related and integration items, including transaction costs and financing fees; cost reduction and integration related initiatives such as separation benefits, retention payments, other exit costs, impact of inventory revaluation adjustment and certain costs associated with integrating an acquired company's operations; gains or losses from early termination of debt and hedging activities; gains and losses on the disposal of land and other; gain on investment in associate; asset impairment charges; restructuring cost; hyperinflation adjustment for Argentina; gain from sale of operating unit and the tax effect of the pre-tax adjustments above at applicable tax rates and certain other tax items. We define adjusted EPS as adjusted net (loss) income attributable to shareholders divided by the weighted average number of shares and the weighted average number of diluted shares.

	Three Months Ended		Year Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
(in thousands of Canadian dollars, except per share amounts)				
Net Income (Loss)	\$ 55,818	\$ (82,023)	\$ (234,555)	\$ (33,295)
Add:				
ZCL acquisition costs and other related items	—	157	—	16,514
Hyperinflation adjustment for Argentina	1,194	1,844	4,165	7,676
Cost associated with repayment of long-term debt and credit facilities	—	—	—	12,308
Gain on sale of land and other	(1,033)	(1,350)	(2,246)	(39,344)
Gain on investment in associate	(2,125)	(5,100)	(10,374)	(14,787)
Restructuring costs	2,847	—	32,596	—
Impairment	5,905	104,103	212,612	104,103
Gain on sale of operating unit	(52,118)	—	(52,118)	—
Tax effect of the above adjustments	(1,646)	(21,838)	(7,603)	(28,084)
Adjusted Net Income (Loss)	\$ 8,842	\$ (4,207)	\$ (57,523)	\$ 25,091
Adjusted Net Income (Loss) Attributable to Shareholders	\$ 8,846	\$ (3,967)	\$ (57,135)	\$ 25,093
Adjusted EPS				
Basic	\$ 0.13	\$ (0.06)	\$ (0.81)	\$ 0.36
Diluted	\$ 0.13	\$ (0.06)	\$ (0.81)	\$ 0.36

Operating Margin

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