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OPERATOR: Good morning, ladies and gentlemen. Thank you for standing by. Welcome to the ShawCor first quarter financial results conference call. At this time, all participants are in a listen-only mode. Following the presentation, we will conduct a question-and-answer session. Instructions will be provided at that time for you to queue up for questions. If anyone has any difficulties hearing the conference, please press *0 for operator assistance at any time.

I would like to remind everyone that this conference call is being recorded on Friday, May 6, 2005 at 10:00 a.m. eastern time.

Speaking on today's call are Mr. Geoff Hyland, Chief Executive Officer; Mr. Alan Thomas, Chief Financial Officer; and Mr. Bill Buckley, Executive Vice-President and Chief Operating Officer.

I will now turn the conference over to Mr. Geoff Hyland, Chief Executive Officer. Please go ahead, sir.

JIM McTURNON (phon) (Vice-President, Legal, ShawCor Ltd.):
Before we start today, this is Jim McTurnon. Today's webcast includes forward-looking statements that involve estimates, judgements, risks and uncertainties that could cause actual results to differ materially from those projected. The uncertainties include, among others, economic conditions, levels of drilling, pipeline activity, environmental and regulatory risks,

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liability claims, exchange rate fluctuations, political risk and raw material prices. Further information on risks that could affect the company can be found in ShawCor's 2004 annual report, copies of which are available on Sedar at www.sedar.com and they can also be found on the ShawCor website at www.shawcor.com.

I'll now turn the meeting over to Geoff.

GEOFFREY HYLAND (Chief Executive Officer, ShawCor Ltd.):
Thank you, Jim, and welcome to ShawCor's conference call to discuss in more detail our first quarter 2005 results which were released yesterday afternoon.

As usual, after a few introductory remarks, I will ask our CFO, Alan Thomas, to review the numbers for the quarter. After that, Bill Buckley, our Executive VP and Chief Operating Officer and soon-to-be CEO of ShawCor, will discuss the operations of each of our business units. Bill will also give you an update on the status of the Mobile closure program.

As most of you know, I'll be retiring from ShawCor at the end of June after 37 years of what's a lot of hard work and indeed a lot of fun.

In absolute dollar terms, this quarter's revenues were the highest in the company's history and with most of the pain of Mobile behind us, our earnings are starting to get back to where they belong. As I stated in my

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remarks yesterday at our AGM, the trends that are driving our markets at ShawCor are strengthening and I remain confident that we will continue to benefit.

During the quarter, we appointed John Tikannen to the position of President, Bredero Shaw. John is a veteran of the pipe coated business with experience in all major geographical operating locations. With the resources that were committed to addressing the issues of Mobile now substantially freed up, Bredero Shaw is well placed to tackle the growth opportunities ahead.

While there's always lots of work to do, this is a good time to hand the reins to Bill Buckley and his team and I'm confident that we're well on our way to achieving our growth and earnings goals.

So with that, I'd like to turn it over to Alan Thomas to go through the numbers for the quarter.

Alan?

ALAN THOMAS (Chief Financial Officer, ShawCor Ltd.): Thank you, Geoff. If you've not seen our published results for the quarter, a copy of the press release with the financial statements attached is available on our website, www.shawcor.com.

Consolidated revenues for the quarter of 284 million increased

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54 per cent over the first quarter of last year with all three business segments showing good gains. Compared with previous quarters, revenues are up 15 million, or 6 per cent.

EBITDA for the quarter of 43 million was almost double last year's level and operating income was up almost four times. Final result earnings of \$17.8 million or \$0.24 a share after absorbing some \$0.04 of ongoing costs at Mobile.

The exploration and production revenues segment of 35 million represents an improvement on the top line of 120 per cent over the first quarter of last year and 13 per cent over the prior period. As both OMSCO and Guardian experienced strong markets. The previous inventory overhang in the drill pipe market has disappeared and OMSCO's order book is at a record level. Guardian's web-based tubular tracking system continues to help gain market share on the inspection side.

Operating income for the segment of 5.6 million compares very favourably with the \$200,000 reported in the first quarter of last year. The slight drop from fourth quarter levels is Guardian where their drill pipe sales are not evenly spread through the quarters.

In the petrochemical industrial segment, revenues of 31 million were level with last year but 17 per cent ahead of the previous quarter, which

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was low for seasonal factors. Operating income of 3.8 million is up slightly over both the first and last quarter of last year and both businesses have strong backlogs at this point.

Pipeline segment revenues at 218 million were \$81 million ahead of last year and \$7 million higher in the previous quarter. The Ormen Lange project in Norway is running at planned production rates. We saw high levels of activity in the small diameter markets in Canada, onshore U.S. and Mexico.

Both Canusa-CPS's joint protection business and Shaw Pipeline Services well inspection business turned in good performances. Operating income for this segment was 24.8 million, an increase of 16 million over the first quarter of last year and if you exclude the impact of Mobile from the comparisons, operating income for the quarter was 28 million compared to 14.8 a year ago and 26.4 million in the fourth quarter.

North American small diameter markets, as I mentioned, are very good and we're seeing some good results out of the Far East. West Africa is now contributing but project (inaudible) are still hampering results. The completion of the contract in Trinidad vetted some very competitive margins a while ago in ramping costs in (inaudible), which will get very busy starting this summer also hurt margin percentages somewhat.

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All this resulted in operating income of 29.6 million for the quarter compared to 7.8 million in the first quarter of last year and a loss of 12 million in the fourth quarter. Excluding the Mobile results, operating earnings for this quarter would have been 32.7 million compared to 31.6 in the previous quarter.

Our financing and allocated corporate costs of 4.7 million were fairly consistent with the first quarter of last year and slightly better than the previous quarter. Increased stock option compensation costs and the small foreign exchange loss accounts for the difference.

Compared to the first quarter of last year, the U.S. dollar fell more than 7 per cent against the Canadian dollar and this reduced our current revenues in Canadian dollars in the first quarter of this year by some \$9 million but the impact on net income was small, some 300,000.

Income tax expense of 11 million was in line with our normal expected rates of 35 to 38 per cent. As was mentioned earlier, after (inaudible) of... earnings of 17.8 million, or \$0.024 a share, excluding the Mobile associated costs, earnings per share would have been \$0.28.

Cash flow from operations before working capital, we generated \$31 million. The expected build-up in working capital used up 44 million, resulting in net cash used in operations in the quarter of 13 million.

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Increased receivables and inventory to finance the ramp up in sales and a short-term build-up of receivables in Mobile in Africa accounts for much of the increase. Payables traditionally go down in the first quarter as well and the number of yearend accruals get paid out in the first quarter.

Capital expenditures were 5 million for the quarter, a major part being spent on the new Indonesian plant in Kabil, which should be ready for production mid-year and we're also spending expansion capital in Nigeria and Ghana.

The balance sheet is in a very strong position with \$53 million in cash balances and unused lines of credit in excess of \$180 million. The debt-to-capital ratio stood at 0.1 to 1. The net debt to capital is 0.08 to 1.

Now, I'd like to turn the floor over to Bill Buckley to talk in more detail about the various operations.

WILLIAM BUCKLEY (Executive Vice-President and Chief Operating Officer, ShawCor Ltd.): Thank you, Alan.

Let me start with a quick update on Mobile. The project to close this facility is proceeding according to plan. The major coating and fabrication projects were near completion at the end of the quarter and all significant work will be finished before the end of June.

Decommissioning and demobilization work has begun. One

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customer has requested a delay in load-out of their coated pipe and that will extend load-out activities into the fourth quarter. Contribution losses for the quarter were slightly lower than expected as were fixed costs of 3.2 million, less than half last year's levels.

Turning now to our ongoing businesses and starting with the exploration and production segment, which includes OMSCO's drill pipe and collar manufacturing business and Guardian's tubular inspection business, drilling activity in North America remained very strong throughout the first quarter and OMSCO's sales and order book now reflects this higher level of activity.

In U.S. dollar terms, OMSCO's sales were three times first quarter 2004 levels and 27 per cent ahead of the fourth quarter of 2004. Joints of drill pipe produced and sold were 25 per cent ahead of the previous quarter. Again, in U.S. dollar terms, operating income was 34 per cent above fourth quarter levels. Changes in currency translation rates dampened the Canadian dollar comparison.

In the quarter, we also booked our first order for TM4, our new high-torque drill pipe connection which was recently introduced, and the outlook is very good for more sales of this product.

Overall, backlog continues at record highs. New price increases in

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the first quarter will be reflected in second and third quarter results. As well, another 5- to 8-per-cent increase which we announced earlier this quarter.

We continue to be price and delivery competitive with our major competitor and as it now appears their capacity is filling up, there is hope that we will see some price leadership from them going forward.

The Guardian inspection business continues on track with growth both in northern Canada and in Mexico. Spring break up in western and northern Canada will have a negative impact though on second quarter results.

Now moving to the petrochemical and industrial segments which includes ShawFlex and DSG-Canusa, sales were up slightly over the first quarter of last year but 17 per cent ahead of the fourth quarter, with most of the growth coming from the ShawFlex wire and cable business. Our U.S. distributor business has improved and strong demand from the energy sector in western Canada is remaining strong.

DSG-Canusa is slowly making inroads in the North American automotive market but it is experiencing a soft automotive sector in Europe. However, our ongoing cost reduction and market share gain programs are having an effect and we expect continued improvement in

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earnings over the balance of the year.

Finally, moving to the pipeline segment, we had a very strong quarter, sales of 218 million and operating earnings of 24.8 million including absorbing 3.2 million of costs associated with Mobile. Revenues are 58 per cent ahead of the quarter, the first quarter of last year and operating income excluding Mobile was 90 per cent, or 13 million higher.

With the exception of the Far East, which had a very busy first quarter last year, all regions and business units were well ahead of last year's levels.

Compared to the fourth quarter, revenues are up 13 million and operating earnings are up 1.6 million as margins improved slightly over the previous quarter.

While small diameter markets in North America are very strong, there is very little large diameter work. There isn't however a lot of large diameter work in the rest of the world. In Nigeria, the move of the concrete plant to Onei (phon) is under way and we expect to start coating in this location in June. Work has also begun on site preparation for the West Africa gas pipeline project where production should start in the fourth quarter.

As mentioned, we are currently seeing a lot of bid activity,

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particularly in the Middle and Far East and the outlook for this segment over the balance of the year is very positive. The second quarter however is traditionally very slow in North America due to spring break-up and both sales and earnings will be down somewhat in the second quarter before recovering in the third and fourth.

A couple of comments on the overall outlook going forward. All of our businesses are looking at continuing recently strong markets throughout the balance of the year. In the short term, the last two quarters benefited from a couple of very good margin projects in the Far East which are now complete and spring break-up in western Canada will have a negative impact on our Guardian and Canadian pipe coating operations in the second quarter.

At the end of March, our 12-month order backlog stood at 482 million, up slightly over yearend levels were 24 per cent higher than last March levels. All our businesses, except Guardian, showed improvement over fourth quarter levels but going forward, we don't expect much growth in the short term.

All of the Ormen Lange legwork is now in the backlog. On a positive note, we have not yet seen peaked earnings in our Bredero Shaw operations. The new capacity being added in Saudi Arabia, Indonesia and

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West Africa has not yet kicked in and we have very little large diameter work in Canada. This will change when the northern gas pipeline issues are resolved.

Now finally, I'd like to say thank you to Geoff Hyland. We have had a great working relationship over the last 11 years. When I started with the company, revenues were 300 million and now they're approaching 1 billion. With our programs to strengthen and improve Bredero Shaw well under way and with a strong management team in our other business units, I'm very confident about the future of this organization.

Now, back to you, Geoff.

GEOFFREY HYLAND: Thanks, Bill. That pretty well rounds it up for the formal part. Looking forward, I'm quite optimistic that we have some good people in place and we're starting to make a difference as the numbers have indicated. Our markets are encouraging and we look out over the next few years, we fully expect to produce some very good returns for our shareholders over this timeframe.

I'd like now to open up the conference call for Q&A and I turn it over to you, Operator, to do that, please.

OPERATOR: Thank you. Ladies and gentlemen, we will now conduct the question-and-answer session. If you have a question, please

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press the * followed by the 1 on your touchtone phone. You will hear a tone acknowledging your request. Your questions will be polled in the order they are received. Please ensure you lift the handset if you are using a speakerphone before pressing any keys. One moment, please, for your first question.

Gentlemen, there are no questions at this time. Please continue.

GEOFFREY HYLAND: Okay, that's somewhat unusual, but we appreciate your attending the conference call and it is of course my last conference call. The next one will be hosted by Bill Buckley and I will certainly be listening in as an interested observer.

Thank you very much and good day.

OPERATOR: Ladies and gentlemen, this concludes the conference call for today. Thank you for participating and please disconnect your line.

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