

MODEC, Inc. 2011 Financial Results Analysts Presentation

February 22, 2012



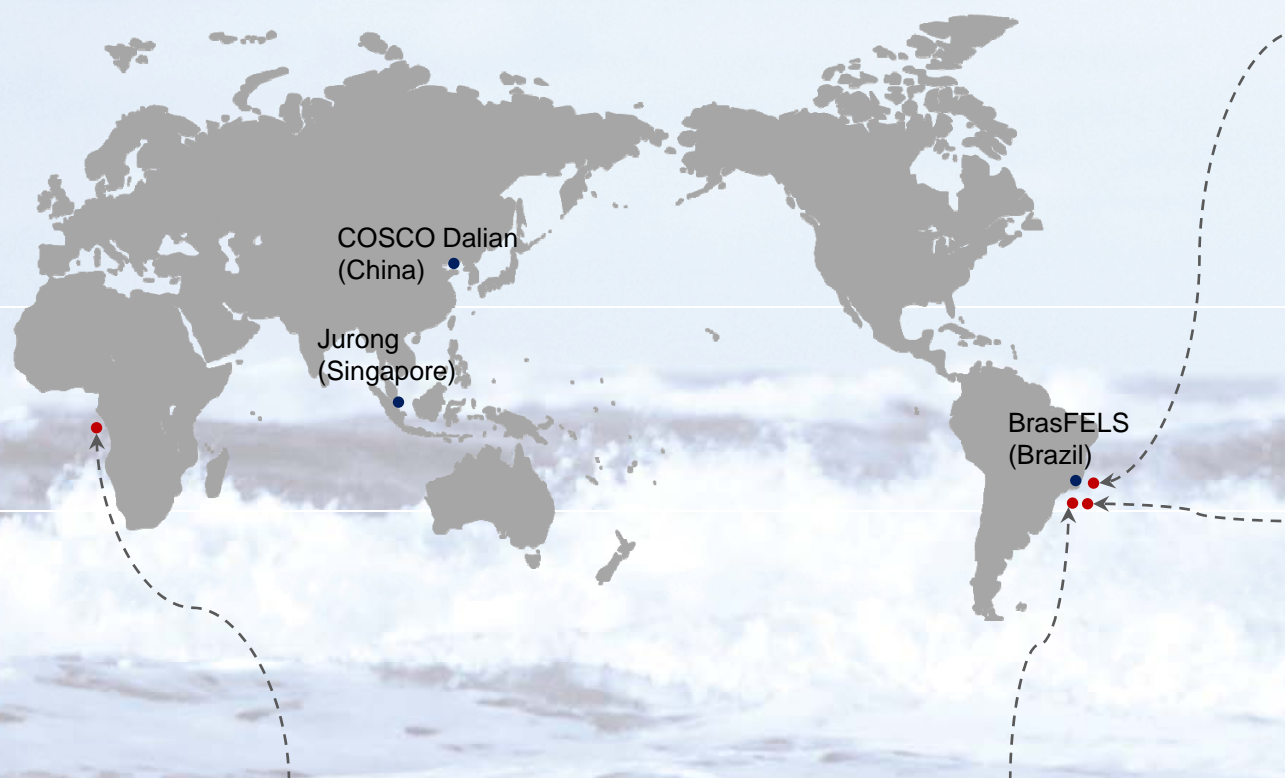
Operations Review

Financial Results & Outlook

2011 Operations Overview

- Order and Net Profit reached record levels
 - Order 277.7 billion JPY = 3.57 billion USD
(Order in 2008: 319.6 billion JPY = 3.51 billion USD @ 91.04)
 - Net Profit 3.06 billion JPY = 39.4 million USD
(Net Profit in 2007: 4.49 billion JPY = 39.4 million USD @ 114.16)
- Two new FPSO orders for Brazil; Order totaled 277.7 billion JPY (up by 59.8% from FY2010)
Record high in USD equivalent (3.57 billion USD)
 - OSX-3 FPSO
 - FPSO Cidade de Mangaratiba MV24 (Petrobras Cernambi Sul FPSO)
- Revenue 129.9 billion JPY (1.67 billion USD)
 - In addition to the construction of FPSO PSVM and FPSO Cidade de Sao Paulo MV23 (Petrobras Guara FPSO), construction of new awarded projects started in 4Q 2011
 - Gross margin improved from deficit in 3Q to surplus in full year due to the settlement of VOR for FPSO construction
- Ordinary Profit 5,055 million JPY (65.0 million USD), Net Profit 3,067 million JPY (39.4 million USD)
 - As a result of sales of FPSOs owned by affiliates, equity in earnings of affiliates and unconsolidated subsidiaries increased to 5,197 million JPY (66.8 million USD)
 - Net Profit reached record high in USD equivalent
- Proposed annual dividend : 25.00 JPY per share
 - Annual dividend forecast for FY2012: 27.50 JPY per share

Construction Projects in 2011



OSX-3 FPSO

EPCI

First Oil: Planned 2013 September

Waikiki Pero Inga fields (Brazil)

- Under construction at Jurong shipyard



New
Award
in 2011

FPSO Cidade de Sao Paulo MV23

EPC + Time Charter (20 yrs)

Delivery: Planned 2012 4Q

Guara field (Brazil)

- Topside integration ongoing at BrasFELS



FPSO PSVM

EPCI

First Oil: Planned 2012 2Q

Plutão, Saturno, Vênus and Marte fields (Angola)

- Under installation



FPSO Cidade de Mangaratiba MV24

EPC + Time Charter (20 yrs)

Delivery: Planned 2014 3Q

Cernambi Sul field (Brazil)

- Under construction at COSCO Dalian shipyard



New
Award
in 2011

FPSO/FSO Time Charter / O&M Projects (As of February 2012)

Southeast Asia



FPSO
Song Doc Pride
MV19
(T/C)



FSO
Rang Dong
MV17
(T/C)



FSO
Rong Doi
MV12
(T/C)

West Africa



FPSO
Kwame Nkrumah
MV21
(O&M)



FPSO
Baobab Ivoirien
MV10
(T/C)

Australia



FPSO
Pyrenees Venture
(O&M)



FPSO
Stybarrow Venture
MV16
(T/C)



FPSO
MODEC Venture 11
(T/C)

2011

FPSO MV8 Langsa Venture (Indonesia)

- Charter terminated in January 2011

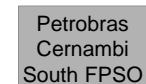
FPSO Jasmine Venture MV7 (Thailand)

- Charter terminated in June 2011

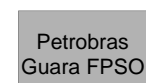
FPSO Kwame Nkrumah MV21 (Ghana)

- Client purchased the FPSO in December 2011
- MODEC continues to provide O&M services

Brazil



FPSO
Cidade de Mangaratiba
MV24
(T/C)



FPSO
Cidade de Sao Paulo
MV23
(T/C)



FPSO
Cidade de Angra dos Reis
MV22
(T/C)



FPSO
Cidade de Santos
MV20
(T/C)



FPSO
Cidade de Niteroi
MV18
(T/C)



FSO
Cidade de Macae
MV15
(T/C)



FPSO
Cidade do Rio de Janeiro
MV14
(T/C)




FPSO Fluminense
(O&M)

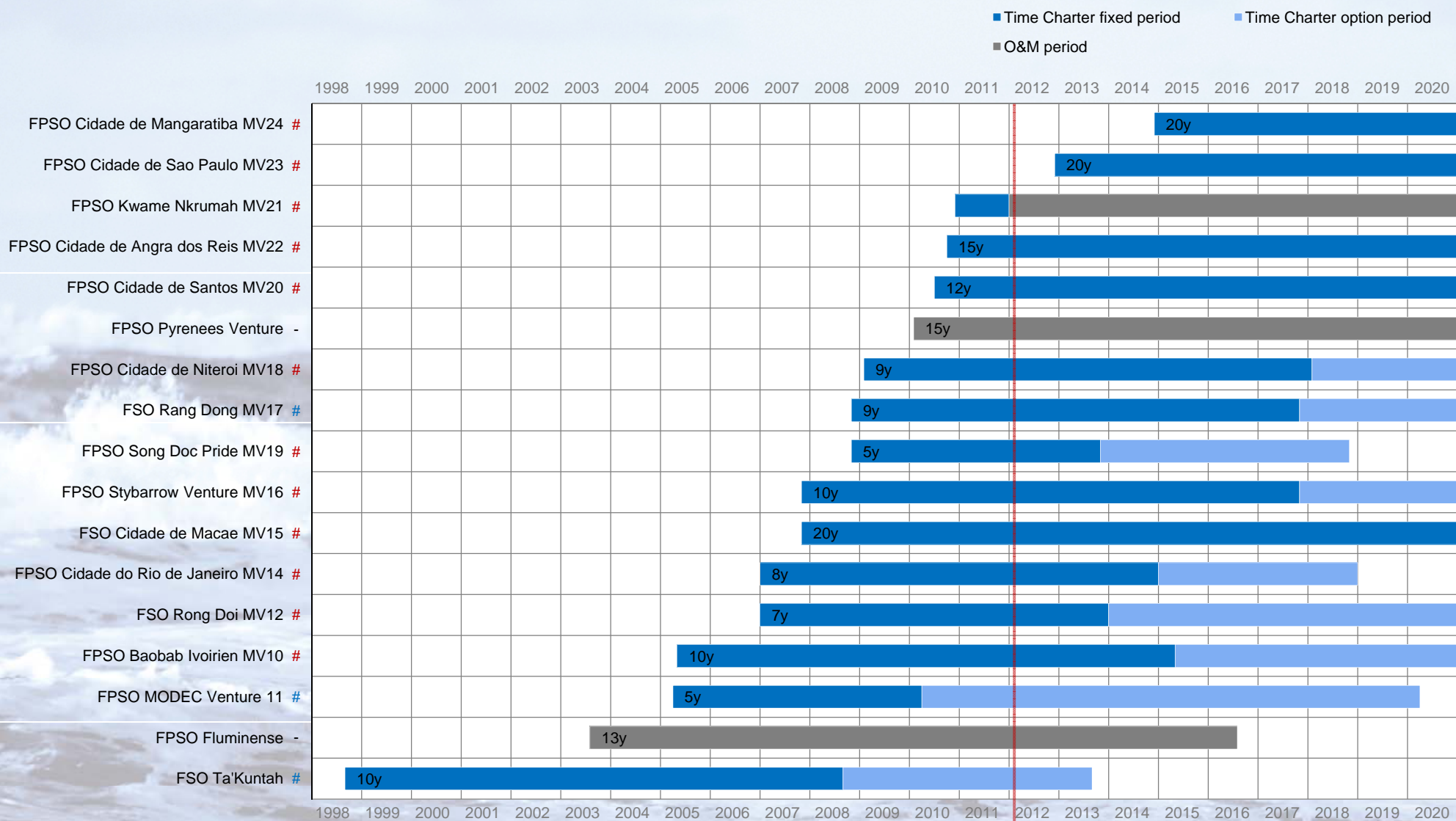
Gulf of Mexico



FSO
Ta'Kuntah
(T/C)

 : Under construction
T/C : Own & Operate
O&M : Operate

FPSO/FSO Time Charter / O&M Period (As of February 2012)



Consolidated Subsidiary

Affiliates accounted for by the Equity Method

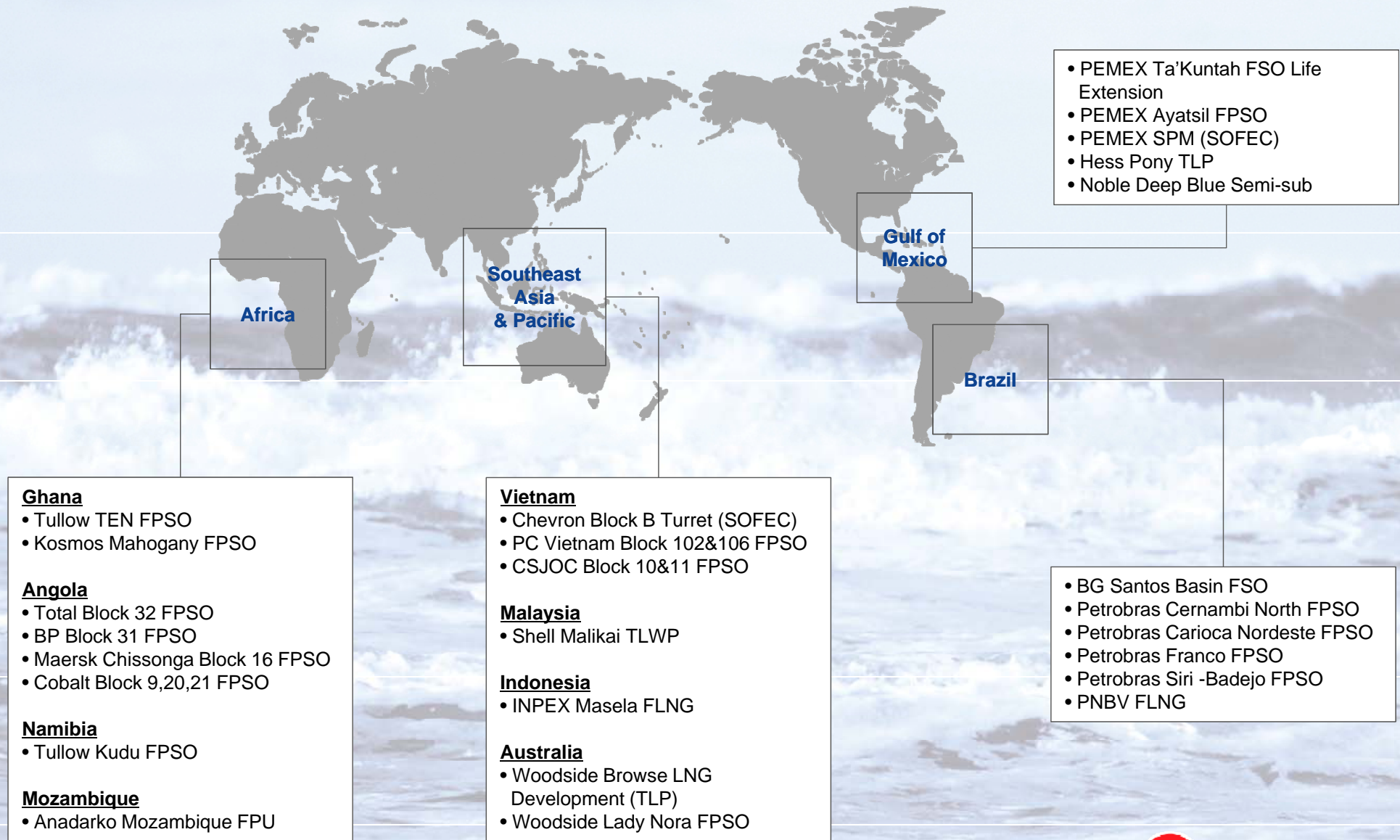
February 2012

Time Charter : 12 FPSO/FSOs

O&M : 3 FPSOs



Prospective Projects



Operations Review

Financial Results & Outlook

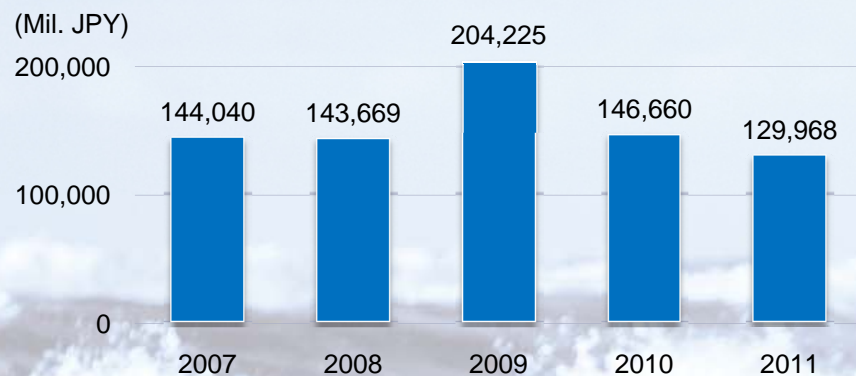
Profit & Loss

(Mil. JPY)

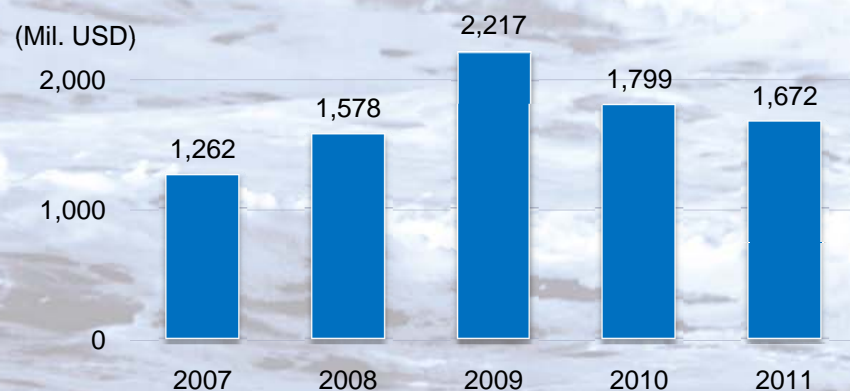
	2010	2011	Variance	
Revenue	146,660	129,968	(16,692)	Number of construction projects decreased in the first half of 2011
Gross Profit	12,065	7,615	(4,450)	Gross profit decreased due to the decrease in revenue and influence of exchange rate fluctuations
Gross Profit margin	8.2%	5.9%	-2.4%	
Selling, General and Administrative Expenses	8,501	7,322	(1,179)	
Operating Profit	3,563	293	(3,270)	Secured surplus due to the settlement of VOR
Other Income (A)	4,717	6,876	2,159	
Other Expense (B)	2,123	2,114	(9)	
Total Other Income/Expenses (C=A-B)	2,594	4,762	2,168	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	2,568	5,197	2,629	Clients exercised FPSO purchase option
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(1,075)	(1,388)	(313)	Loss on revaluation of USD-denominated loans receivable was booked due to appreciation of the yen
Ordinary Profit	6,156	5,055	(1,101)	
Extraordinary Profit	314	65	(249)	
Extraordinary Loss	639	583	(56)	Allowance for operating receivables, impairment loss on headquarter assets
Income before Income Taxes and Minority Interests	5,831	4,536	(1,295)	
Net Income	2,735	3,067	332	Record high in USD equivalent (40 million USD)
Exchange Rate (USD)	¥81.52	¥77.74	(¥3.78)	

Revenue

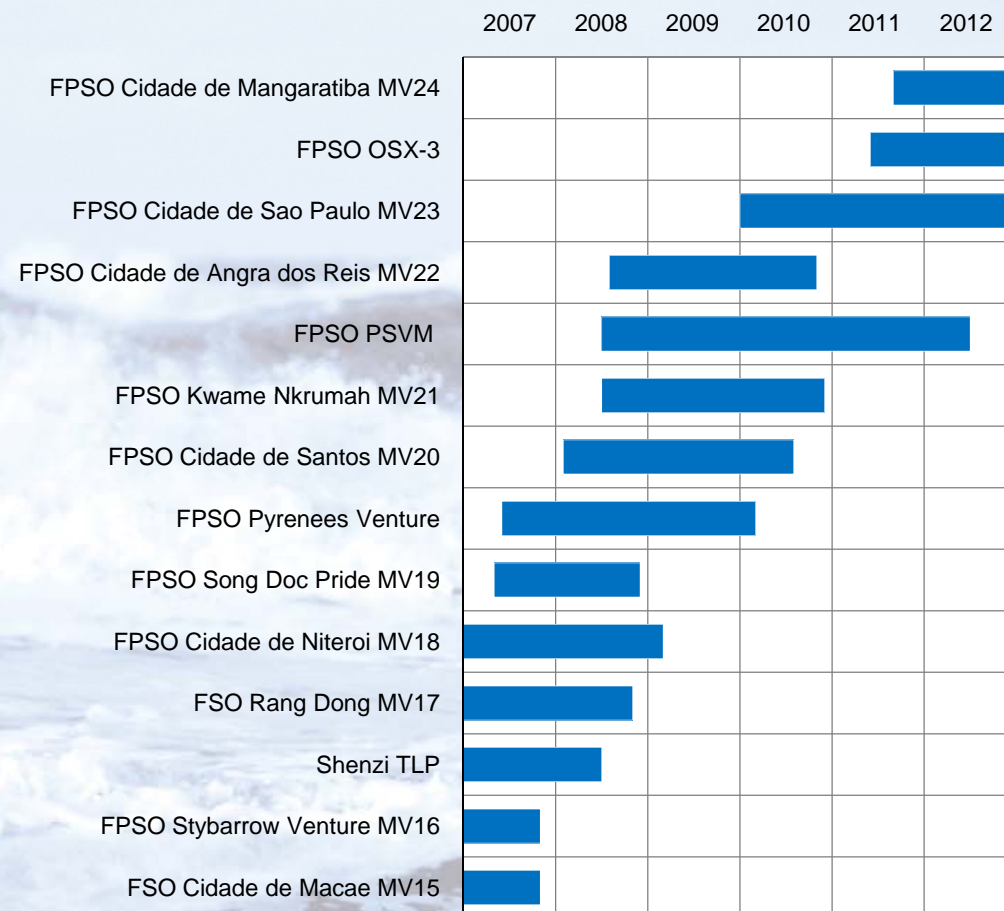
Revenue



Revenue (USD)



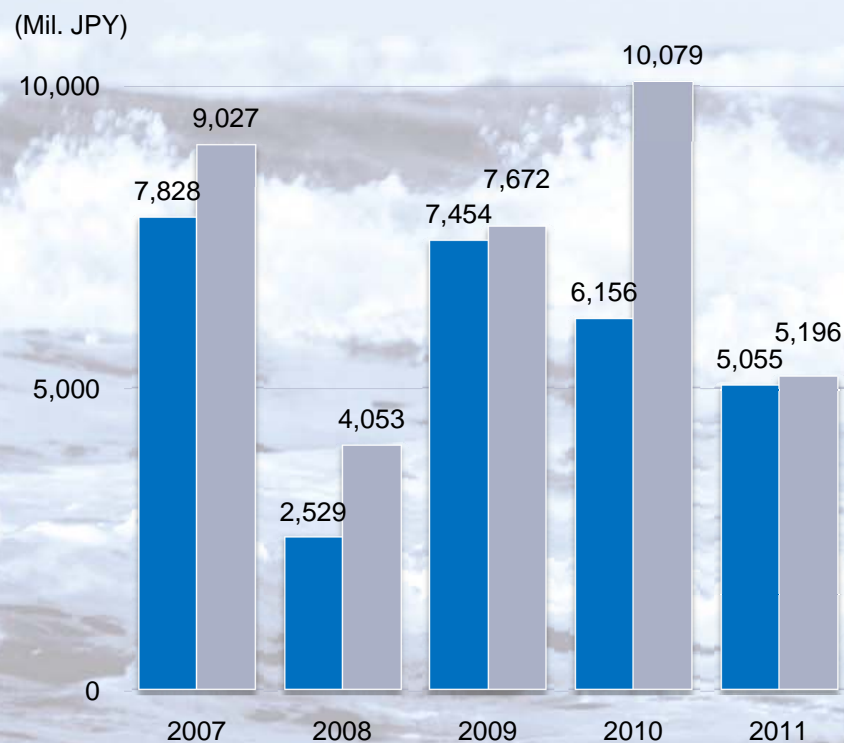
■ Project EPC(I) Phase



Ordinary Profit

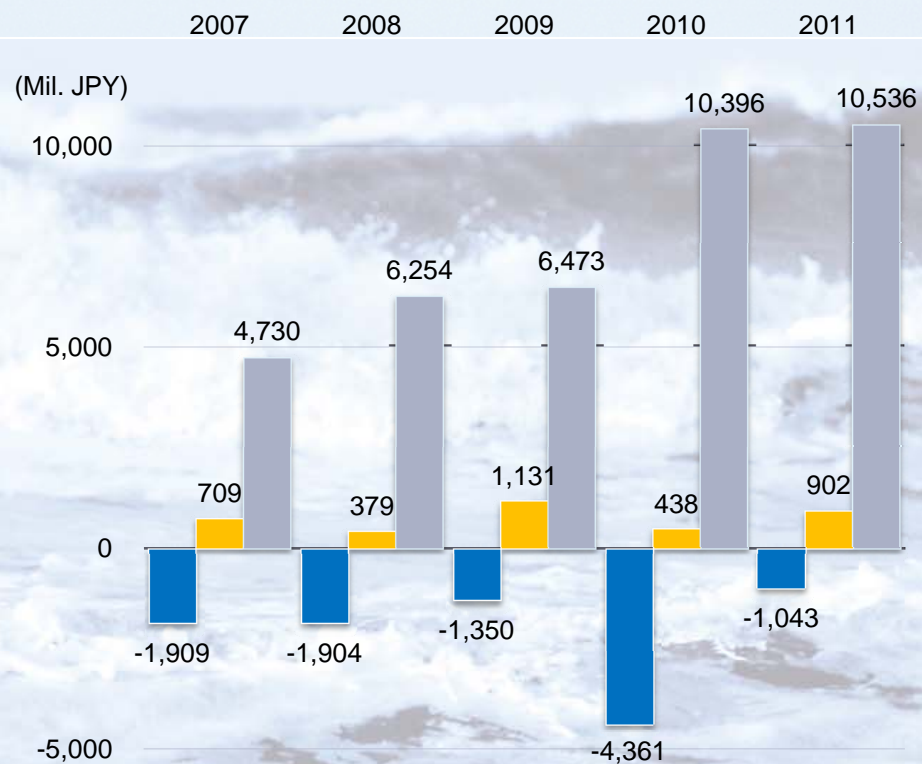
Ordinary Profit & Ordinary Profit before Deferred Profits Adjustment

■ Ordinary Profit
■ Ordinary Profit before Deferred Profits Adjustment

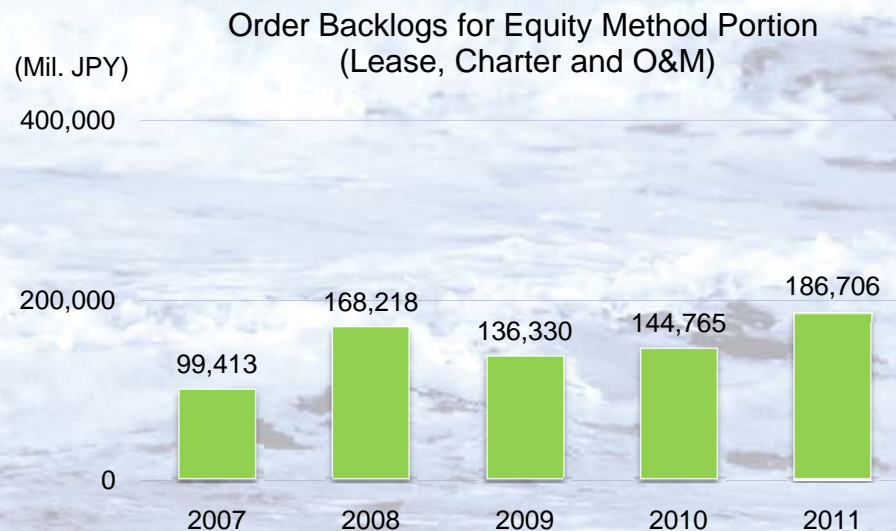


Influence of Deferred Profits

■ Deferred ■ Realized ■ Balance



Orders & Order Backlogs



Balance Sheet

(Mil. JPY)

2010 2011 Variance

Short-term Loans Receivable	31,291	6,244	(25,047)	Total Assets:
Total Current Assets	98,135	81,717	(16,418)	Total assets decreased as a result of the repayment of loans receivable from SPC
Property and Equipment	15,033	11,963	(3,070)	
Intangible Assets	6,820	6,429	(391)	As MV11 and MV17 became consolidated subsidiaries, deprecation of FPSO increased
Investments and Other Assets	26,638	24,020	(2,618)	
Total Fixed Assets	48,492	42,413	(6,079)	
Total Assets	146,627	124,130	(22,497)	
Short-term Loans Payable	23,237	5,460	(17,777)	Total Liabilities:
Total Current Liabilities	77,816	62,788	(15,028)	Loans payable decreased which corresponded to the loans receivable from SPC
Long-term Loans Payable	8,140	5,255	(2,885)	
Total Long-term Liabilities	10,486	9,111	(1,375)	
Total Liabilities	88,303	71,900	(16,403)	
Total Shareholders Equity	62,166	64,127	1,961	Total Net Assets:
Total Accumulated Losses from Valuation and Translation Adjustments	(8,535)	(16,772)	(8,237)	As a result of changes in the accounting standard, deferred losses on hedging derivative in connection with the interest rate swap at SPCs in the Netherlands were recorded
Minority Interests in Consolidated Subsidiaries	4,693	4,876	183	
Total Net Assets	58,323	52,230	(6,093)	
Total Liabilities, Net Assets	146,627	124,130	(22,497)	

Cash Flow

Cash Flow

- Cash Flow from Operating Activities
- Cash Flow from Investing Activities
- Cash Flow from Financing Activities

Cash Flow from Operating Activities

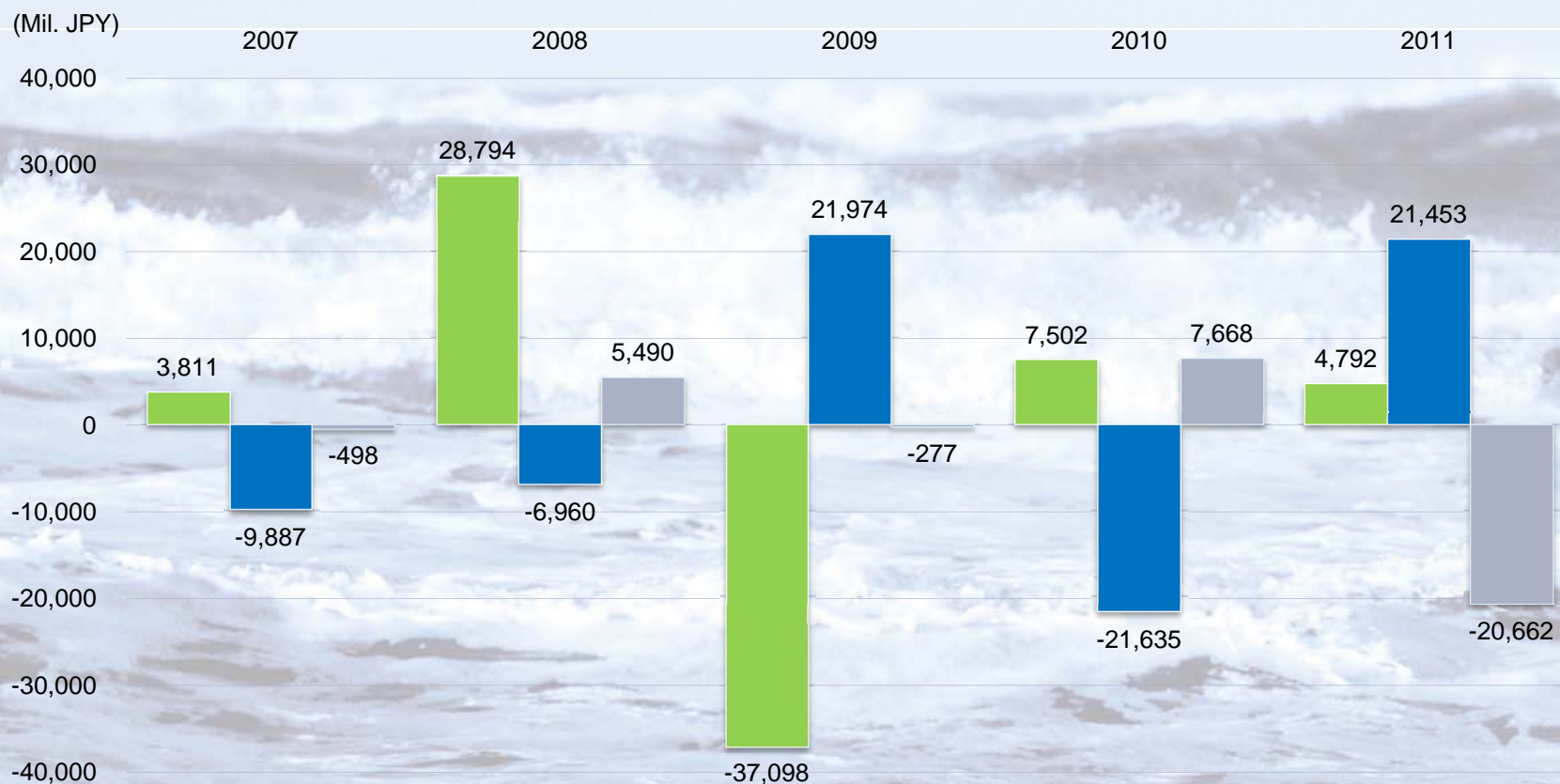
- As MV11 and MV17 became consolidated subsidiaries, depreciation of FPSO increased

Cash Flow from Investing Activities

- Collection of loans receivable from SPC

Cash Flow from Financing Activities

- Collection of loans which corresponded to the loans receivable from SPC



Key Financial Figures

(Mil. JPY)

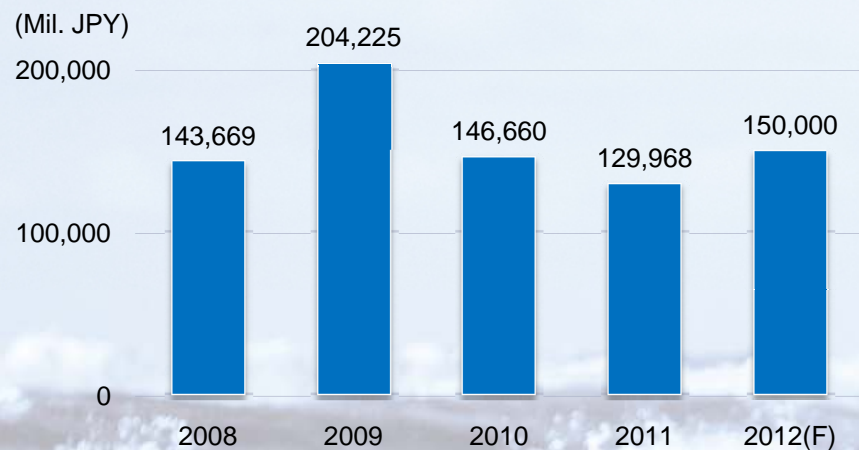
	2007	2008	2009	2010	2011
Operating profit	6,959	1,973	4,169	3,563	293
Depreciation and amortization	1,656	1,619	1,380	958	2,773
Amortization of consolidated differences	13	26	264	211	257
Collection of lease receivable (Cantarell FSO, Inc., S.A. de C.V.)	2,834	1,818	-	-	-
EBITDA	11,462	5,436	5,813	4,732	3,323
Operating profit (equity method portion)	4,252	4,613	6,242	6,607	13,336
Depreciation and amortization (equity method portion)	3,848	3,945	5,142	5,611	6,126
Collection of lease receivable (equity method portion)	1,081	1,213	1,350	1,588	5,691
EBITDA (after adjustment)	20,643	15,207	18,547	18,538	28,476
Interest income	3,564	2,222	1,444	1,957	960
Interest expense	3,679	1,905	1,288	486	648
Interest expense (equity method portion)	975	2,303	2,978	3,324	6,203
Net Interest expense (after adjustment)	1,090	1,986	2,822	1,853	5,891
EBITDA Interest Coverage Ratio (x times)	18.9	7.7	6.6	10.0	4.8

	2007	2008	2009	2010	2011
Liabilities with interest	46,810	43,021	56,800	31,377	10,713
Liabilities with interest (equity method portion)	18,448	46,008	69,061	79,677	92,171
Cash and time deposits	21,499	45,082	31,505	12,122	17,320
Cash and time deposits (equity method portion)	2,873	4,183	4,606	7,848	9,300
Net liabilities with interest (after adjustment)	40,886	39,764	89,750	91,084	76,264
Net liabilities with interest / EBITDA (x times)	2.0	2.6	4.8	4.9	2.7

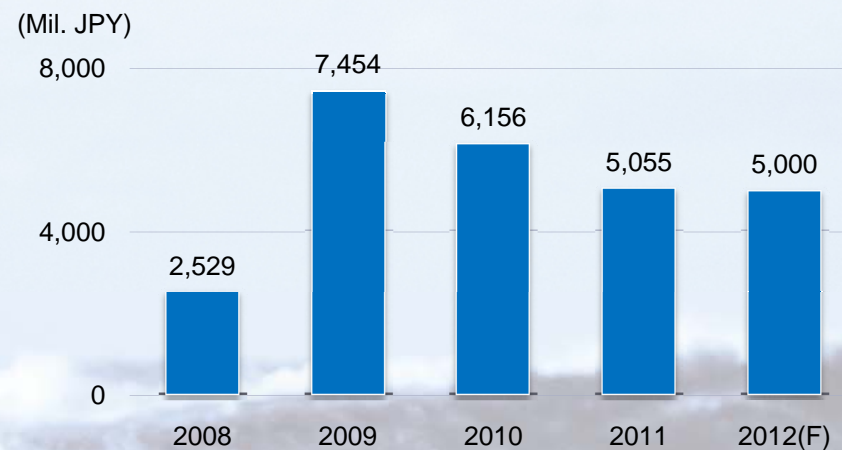
	2007	2008	2009	2010	2011
ROE (%)	10.7	3.4	6.4	6.0	6.1
ROA (%)	3.4	1.0	1.6	1.7	2.3
Equity Ratio (%)	32.3	26.2	22.7	36.6	38.1

2012 Financial Forecast

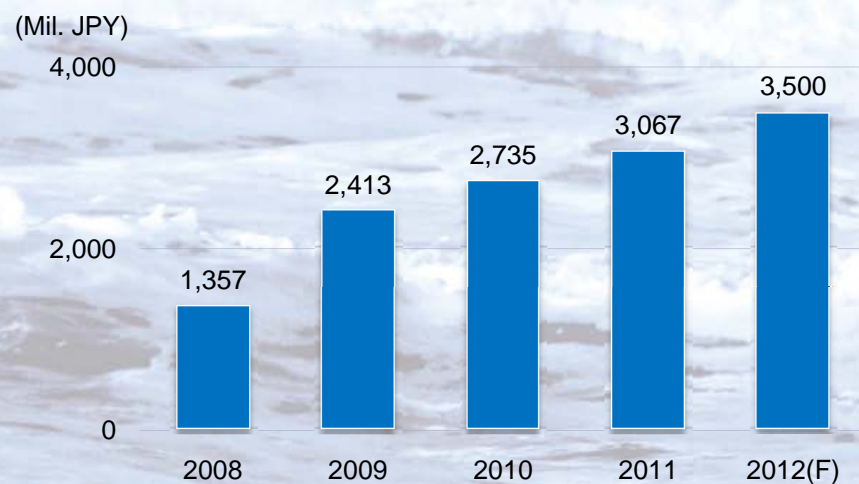
Revenue



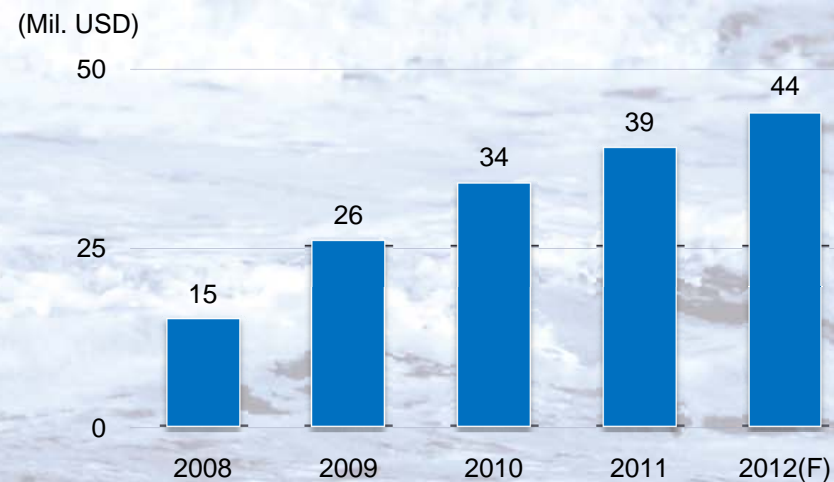
Ordinary Profit



Net Income (JPY)



Net Income (USD)



Exchange Rate 91.04 92.10 81.52 77.74 80.00(F)