

# MODEC, Inc. 2012 Half-Year Financial Results Analysts Presentation

August 13, 2012



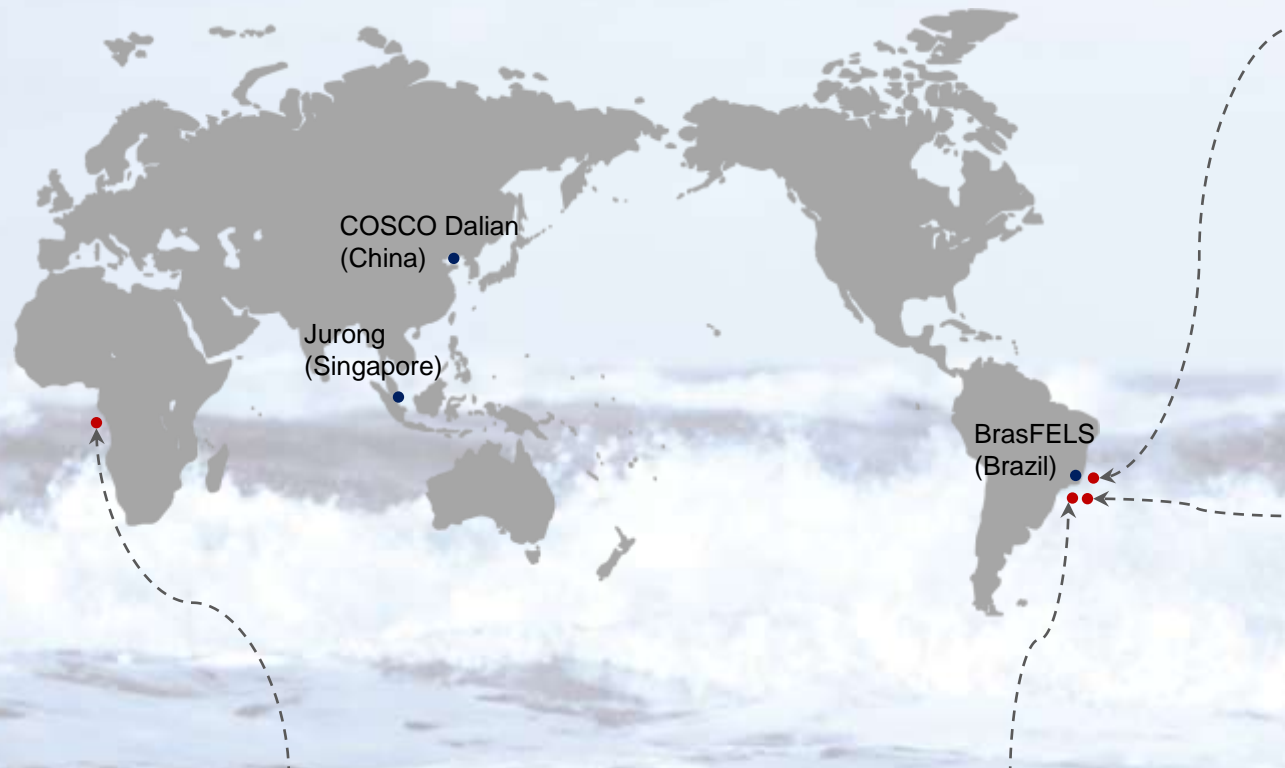
Operations Review

Financial Results & Outlook

# 2012 Half-Year Operations Overview

- Revenue: 85.6 billion JPY
  - 25.6 billion JPY higher than the original forecast
    - Mainly due to good progress of construction projects
- Order booked by O&M and change orders – New projects might be awarded later than anticipated
  - Order: 83.9 billion JPY
    - O&M service of FPSO Cidade de Mangaratiba MV24 (Petrobras Cernambi Sul FPSO project)
    - Change order related to installation of FPSO PSVM (BP Angola FPSO project)
- Costs incurred temporarily in lease & charter business
  - Maintenance costs incurred due to machinery troubles onboard FPSO offshore Brazil
  - Equity in earnings of SPCs decreased as a result of production suspension

# Projects under Construction



## **OSX-3 FPSO**

EPCI

First Oil: Planned 2013 September

Waikiki Pero Inga fields (Brazil)

- Under construction at Jurong shipyard



## **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 4Q

Plutão, Saturno, Vênus and Marte fields (Angola)

- Installed



## **FPSO Cidade de Mangaratiba MV24**

EPC + Time Charter (20 yrs)

Delivery: Planned 2014 3Q




Cernambi Sul field (Brazil)

- Under construction at COSCO Dalian shipyard




# Time Charter / O&M Projects (as of August 2012)

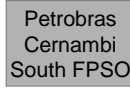
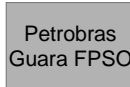






### Southeast Asia

-  FPSO  
Song Doc Pride  
MV19  
(T/C)
-  FPSO  
Rang Dong  
MV17  
(T/C)
-  FPSO  
Rong Doi  
MV12  
(T/C)



### Gulf of Mexico

-  FSO  
Ta'Kuntah  
(T/C)




### Brazil


-  Petrobras Cernambi South FPSO  
FPSO  
Cidade de Mangaratiba  
MV24  
(T/C)
-  Petrobras Guara FPSO  
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)
-  FPSO  
Cidade de Macae  
MV15  
(T/C)
-  FPSO  
Cidade do Rio de Janeiro  
MV14  
(T/C)
-  FPSO Fluminense  
(O&M)

### West Africa

-  FPSO  
Kwame Nkrumah  
MV21  
(O&M)
-  FPSO  
Baobab Ivoirien  
MV10  
(T/C)

### Australia

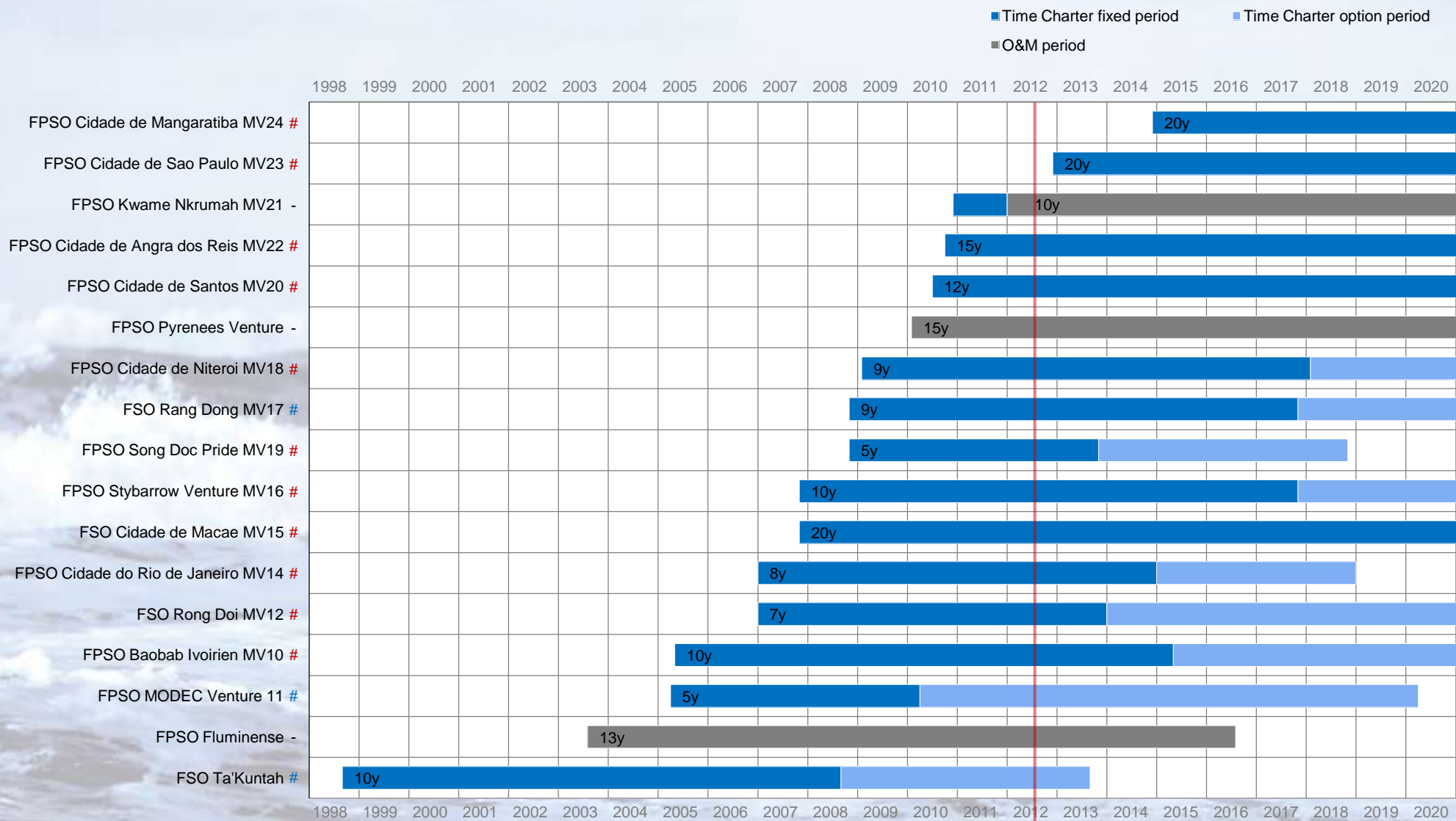
-  FPSO  
Pyrenees Venture  
(O&M)
-  FPSO  
Stybarrow Venture  
MV16  
(T/C)
-  FPSO  
MODEC Venture 11  
(T/C)

 : Under construction

T/C : Own & Operate

O&M : Operate

# Time Charter / O&M Period (as of August 2012)



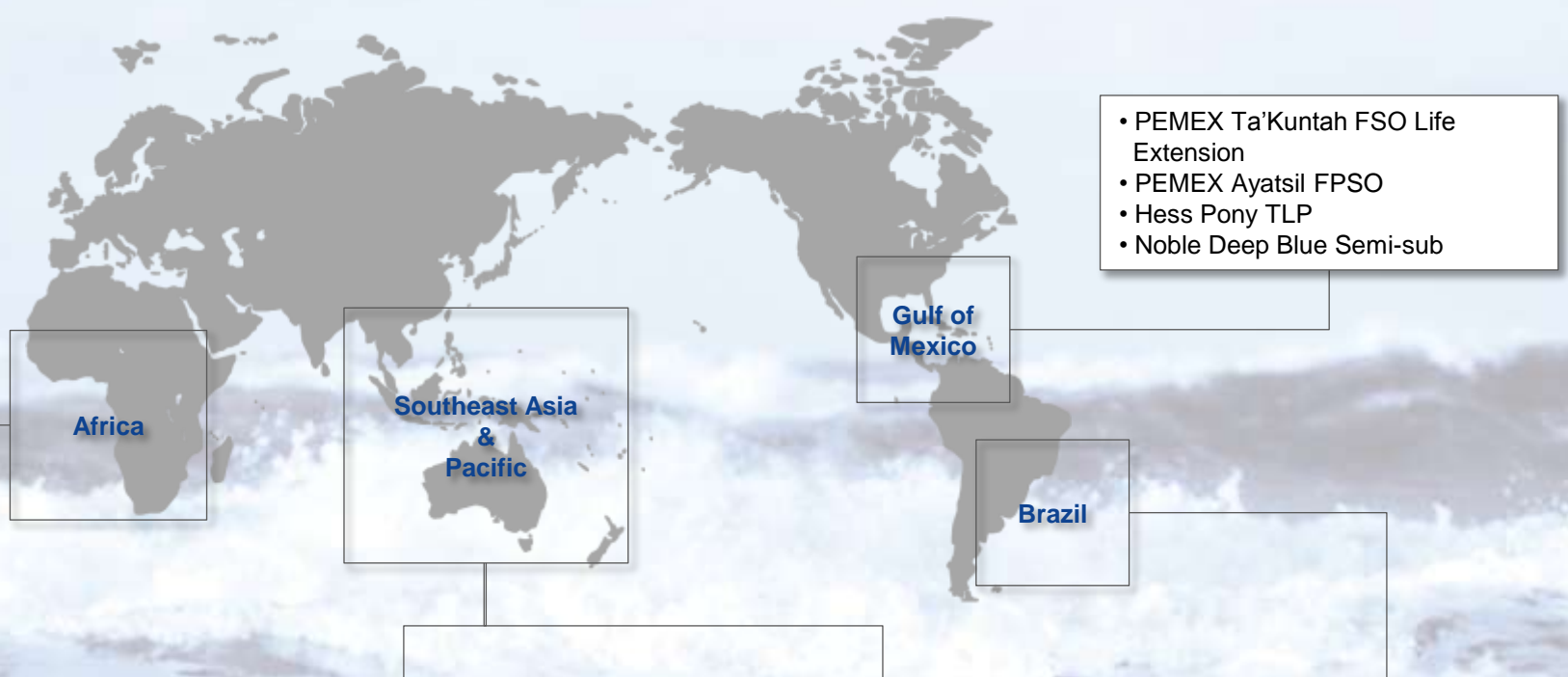
# Consolidated Subsidiary  
 # Affiliates accounted for by the Equity Method

August 2012

Time Charter : 12 FPSO/FSOs  
 O&M : 3 FPSOs



# Prospective Projects



- PEMEX Ta’Kuntah FSO Life Extension
- PEMEX Ayatsil FPSO
- Hess Pony TLP
- Noble Deep Blue Semi-sub

- Ghana**
- Tullow TEN FPSO
  - Kosmos Mahogany FPSO
- Angola**
- Total Block 32 FPSO
  - BP Block 31 FPSO
  - Maersk Chissonga FPSO
  - Cobalt Block 9, 20, 21 FPSO
- Namibia**
- Tullow Kudu FPSO

- Vietnam**
- Chevron Block B FPSO
  - CSJOC Block 10 & 11.1 FPSO
- Thailand**
- Chevron Thai Ubon FPSO/FSO
- Malaysia**
- Shell Malikai TLWP
  - Petronas FLNG No.2
- Indonesia**
- INPEX Masela FLNG

- Australia**
- Woodside Browse TLP
  - Woodside Lady Nora FPSO
  - Woodside Laverda FPSO/Semi-sub
- New Zealand**
- OMV Maari FPSO (O&M)

- Brazil**
- BG Santos Basin FSO
  - Petrobras Cernambi Norte FPSO
  - Petrobras Carioca Nordeste FPSO
  - Petrobras Franco FPSO
  - Petrobras Siri-Badejo FPSO
  - Petrobras Anauana FPSO
  - Petrobras Jupiter FPSO
  - Petrobras Guanambi GTL FPSO
  - Statoil Peregrino FPSO
  - PNBV FLNG

Operations Review

Financial Results & Outlook



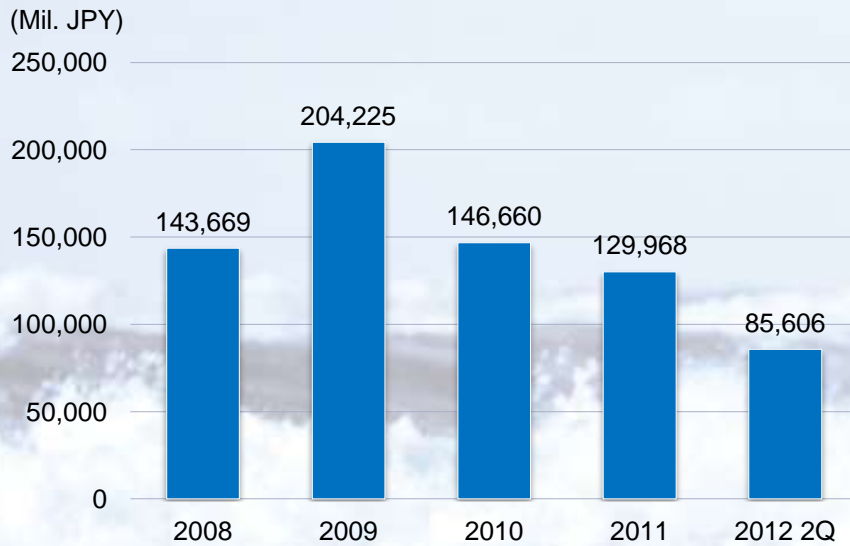
# Profit & Loss

(Mil. JPY)

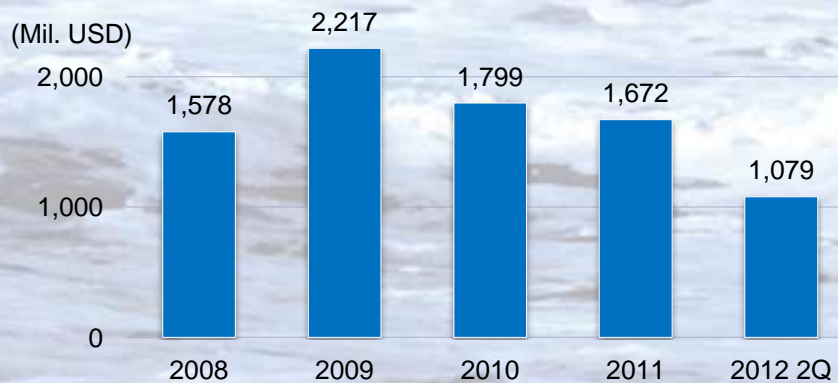
	2011 2Q	2012 2Q	Variance 2011 2Q- 2012 2Q	2011	
Revenue	57,370	85,606	28,236	129,968	Higher progress in construction projects
<b>Gross Profit</b>	<b>1,921</b>	<b>4,813</b>	<b>2,892</b>	<b>7,615</b>	2011 2Q: Gross profit dropped temporarily due to additional costs
Gross Profit margin	3.3%	5.6%	2.3%	5.9%	
Selling, General and Administrative Expenses	3,805	4,325	520	7,322	
<b>Operating Profit</b>	<b>(1,883)</b>	<b>487</b>	<b>2,370</b>	<b>293</b>	
Other Income (A)	5,647	1,866	(3,781)	6,876	2011 2Q: Equity in Earnings of Affiliates and Unconsolidated Subsidiaries increased temporarily
Other Expense (B)	1,067	351	(716)	2,114	
Total Other Income/Expenses (C=A-B)	4,580	1,515	(3,065)	4,762	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	4,835	679	(4,156)	5,197	2011 2Q: Profit recorded as clients exercised FPSO purchase option
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(682)	(82)	600	(1,388)	
<b>Ordinary Profit</b>	<b>2,696</b>	<b>2,002</b>	<b>(694)</b>	<b>5,055</b>	
Extraordinary Profit	65	-	(65)	65	
Extraordinary Loss	-	-	-	583	
<b>Income before Income Taxes and Minority Interests</b>	<b>2,761</b>	<b>2,002</b>	<b>(759)</b>	<b>4,536</b>	
<b>Net Income</b>	<b>2,623</b>	<b>476</b>	<b>(2,147)</b>	<b>3,067</b>	2011 2Q: Tax amount was less than 2012 2Q because Equity in Earnings of Affiliates and Unconsolidated Subsidiaries pushed up the profit
Exchange Rate (USD)	¥80.68	¥79.28	(¥1.40)	¥77.74	

# Revenue

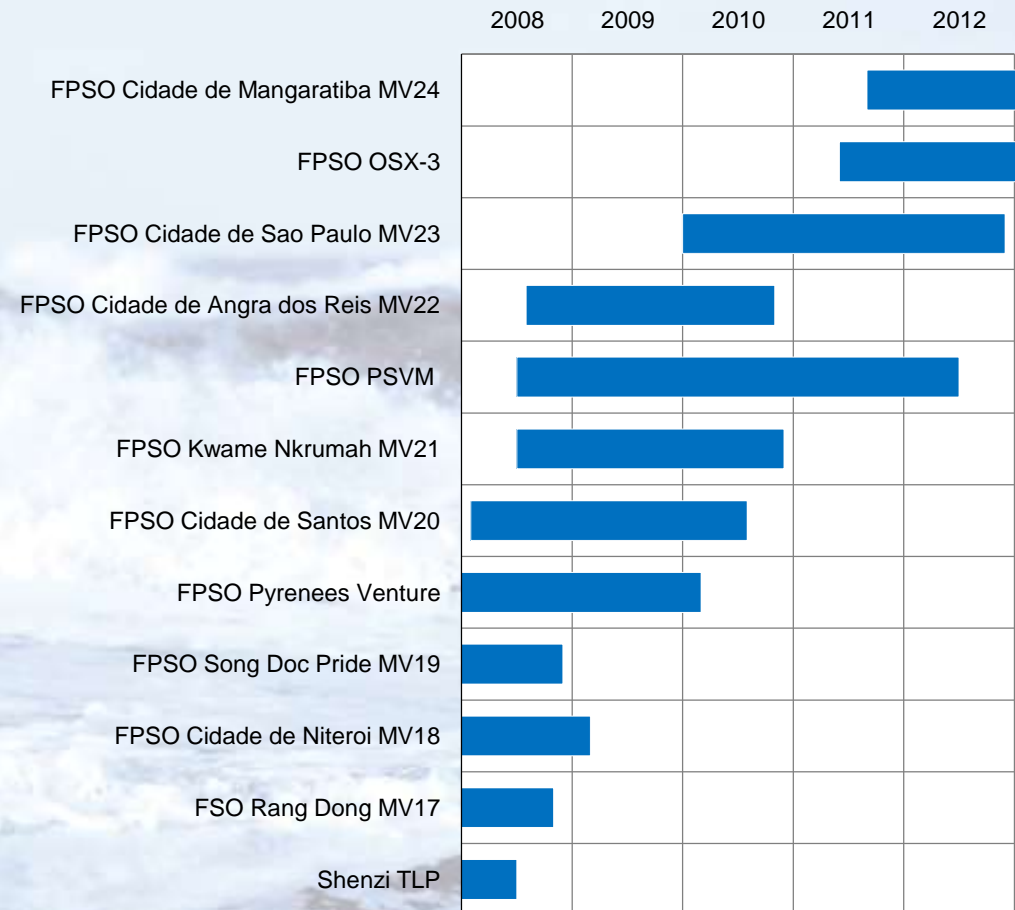
Revenue



Revenue (USD)

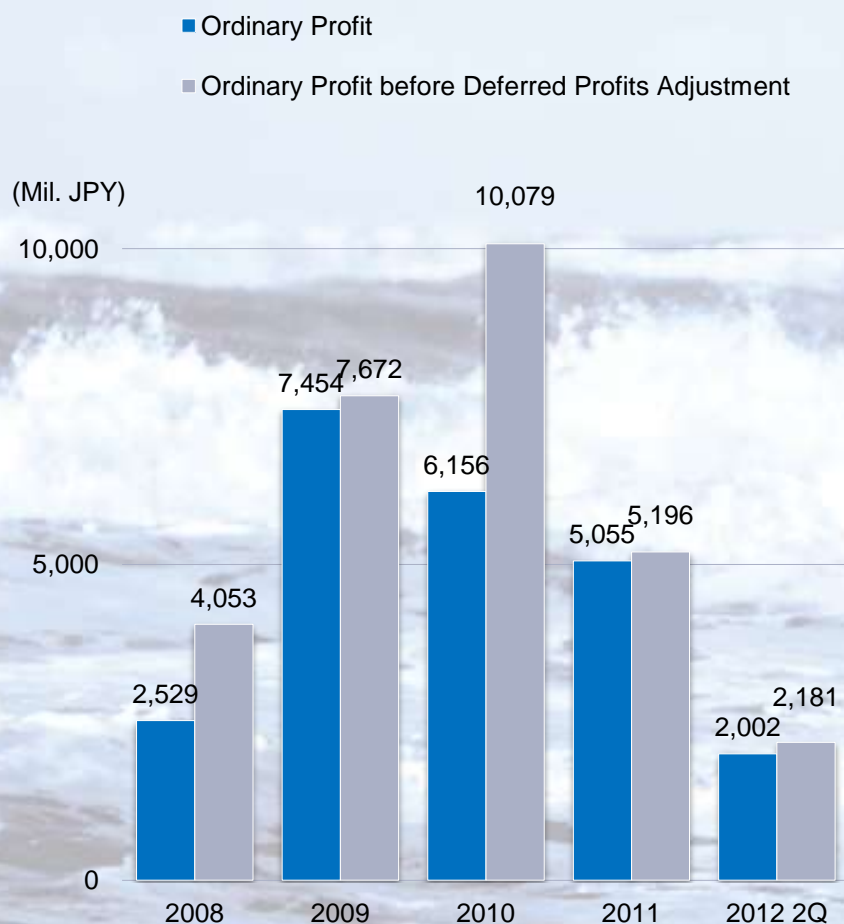


■ Project EPC(I) Phase

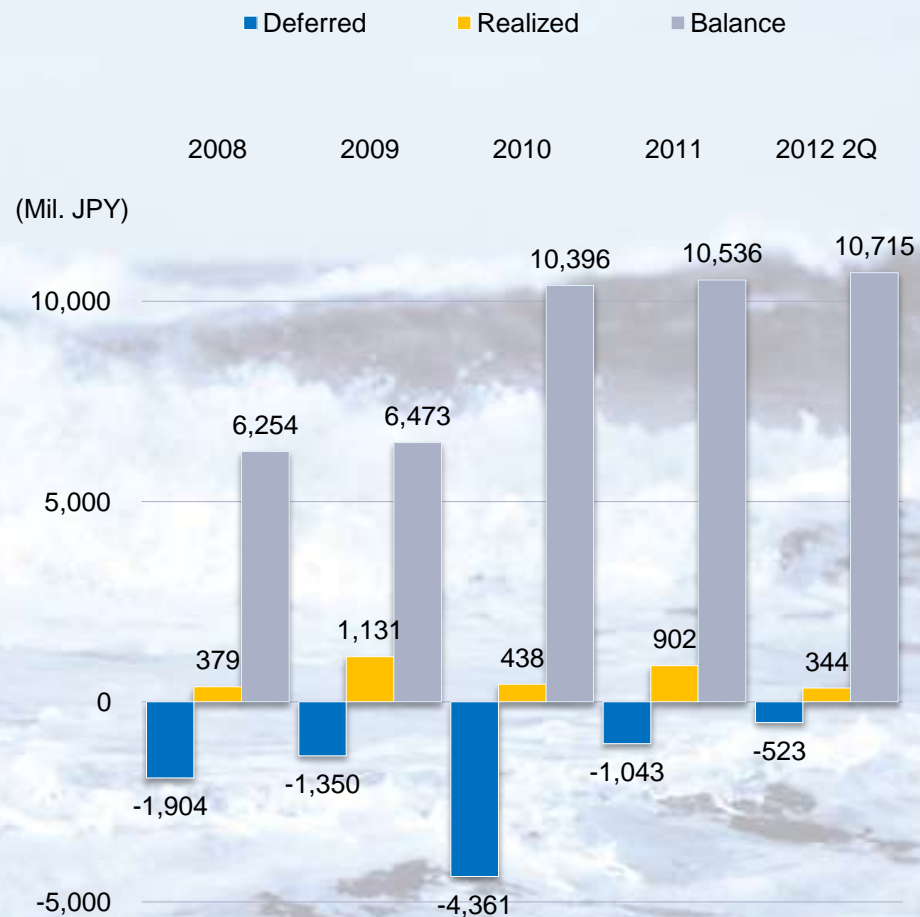


# Ordinary Profit

Ordinary Profit & Ordinary Profit before Deferred Profits Adjustment



Influence of Deferred Profits



# Orders & Order Backlogs

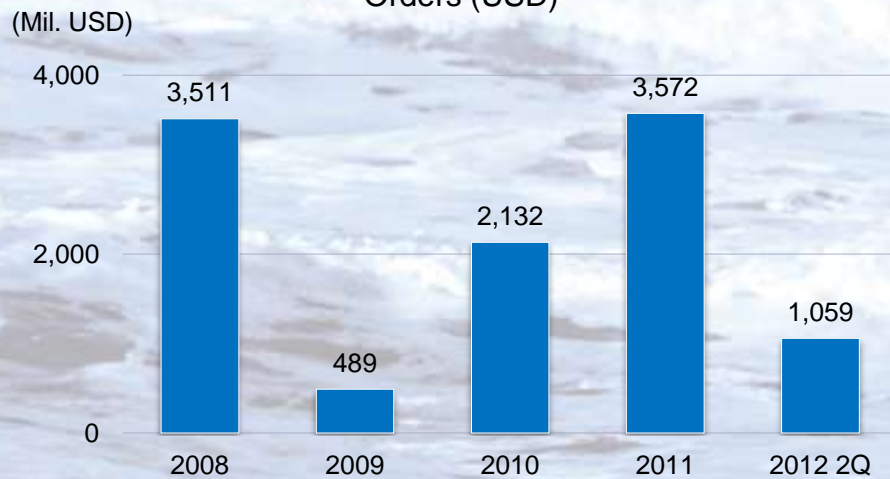
Orders



Order Backlogs



Orders (USD)



Order Backlogs for Equity Method Portion  
(Lease, Charter and O&M)



# Balance Sheet

(Mil. JPY)

2011      2012 2Q      Variance

Short-term Loans Receivable	6,244	6,281	37	<b>Total Assets:</b>
Total Current Assets	81,717	90,642	8,925	Loans receivable from SPC increased in accordance with progress of construction projects
Property and Equipment	11,963	11,457	(506)	
Intangible Assets	6,429	6,396	(33)	
Investments and Other Assets	24,020	23,328	(692)	
Total Fixed Assets	42,413	41,182	(1,231)	
<b>Total Assets</b>	<b>124,130</b>	<b>131,825</b>	<b>7,695</b>	
Short-term Loans Payable	5,460	5,209	(251)	<b>Total Liabilities:</b>
Total Current Liabilities	62,788	71,500	8,712	Loans payable increased in accordance with progress of construction projects
Long-term Loans Payable	5,255	4,438	(817)	
Total Long-term Liabilities	9,111	8,680	(431)	
<b>Total Liabilities</b>	<b>71,900</b>	<b>80,180</b>	<b>8,280</b>	
Total Shareholders Equity	64,127	64,024	(103)	<b>Total Net Assets:</b>
Total Accumulated Losses from Valuation and Translation Adjustments	(16,772)	(17,795)	(1,023)	
Minority Interests in Consolidated Subsidiaries	4,876	5,415	539	
<b>Total Net Assets</b>	<b>52,230</b>	<b>51,644</b>	<b>(586)</b>	
<b>Total Liabilities, Net Assets</b>	<b>124,130</b>	<b>131,825</b>	<b>7,695</b>	

# Key Financial Figures

(Mil. JPY)

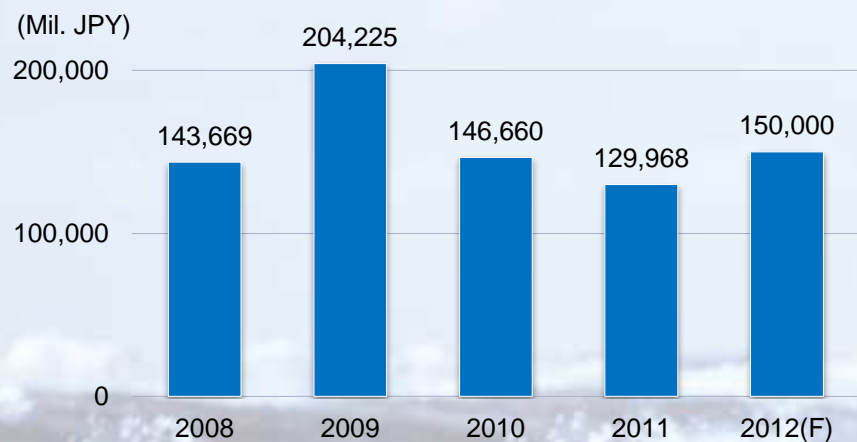
	2008	2009	2010	2011	2012 2Q
Operating profit	1,973	4,169	3,563	293	488
Depreciation and amortization	1,619	1,380	958	2,773	1,507
Amortization of consolidated differences	26	264	211	257	131
Collection of lease receivable (Cantarell FSO, Inc., S.A. de C.V.)	1,818	-	-	-	-
<b>EBITDA</b>	<b>5,436</b>	<b>5,813</b>	<b>4,732</b>	<b>3,323</b>	<b>2,126</b>
Operating profit (equity method portion)	4,613	6,242	6,607	13,336	2,947
Depreciation and amortization (equity method portion)	3,945	5,142	5,611	6,126	2,986
Collection of lease receivable (equity method portion)	1,213	1,350	1,588	5,691	758
<b>EBITDA (after adjustment)</b>	<b>15,207</b>	<b>18,547</b>	<b>18,538</b>	<b>28,476</b>	<b>8,817</b>
Interest income	2,222	1,444	1,957	960	955
Interest expense	1,905	1,288	486	648	242
Interest expense (equity method portion)	2,303	2,978	3,324	6,203	2,251
<b>Net Interest expense (after adjustment)</b>	<b>1,986</b>	<b>2,822</b>	<b>1,853</b>	<b>5,891</b>	<b>1,538</b>
<b>EBITDA Interest Coverage Ratio (x times)</b>	<b>7.7</b>	<b>6.6</b>	<b>10.0</b>	<b>4.8</b>	<b>5.7</b>

	2008	2009	2010	2011	2012 2Q
Liabilities with interest	43,021	56,800	31,377	10,713	9,645
Liabilities with interest (equity method portion)	46,008	69,061	79,677	92,171	92,078
Cash and time deposits	45,082	31,505	12,122	17,320	17,480
Cash and time deposits (equity method portion)	4,183	4,606	7,848	9,300	6,293
<b>Net liabilities with interest (after adjustment)</b>	<b>39,764</b>	<b>89,750</b>	<b>91,084</b>	<b>76,264</b>	<b>77,950</b>
<b>Net liabilities with interest / EBITDA (x times)</b>	<b>2.6</b>	<b>4.8</b>	<b>4.9</b>	<b>2.7</b>	<b>4.4</b>

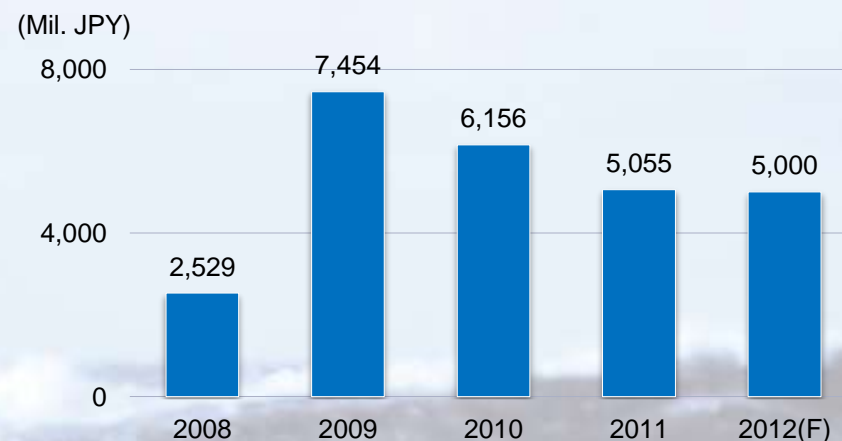
	2008	2009	2010	2011	2012 2Q*
ROE (%) *After annualized rate	3.4	6.4	6.0	6.1	2.0
ROA (%) *After annualized rate	1.0	1.6	1.7	2.3	0.7
Equity Ratio (%)	26.2	22.7	36.6	38.1	35.1

# 2012 Financial Forecast

## Revenue



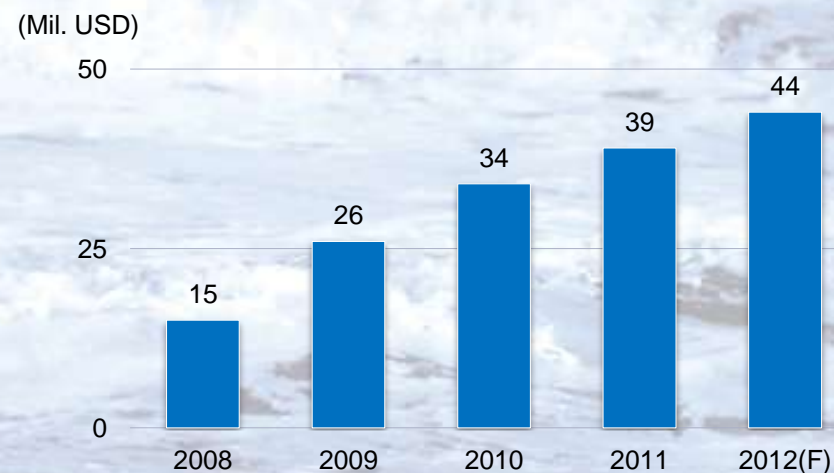
## Ordinary Profit



## Net Income (JPY)



## Net Income (USD)



Exchange Rate    91.04    92.10    81.52    77.74    80.00(F)