

MODEC, Inc. 2012 Financial Results Analysts Presentation

February 19, 2013



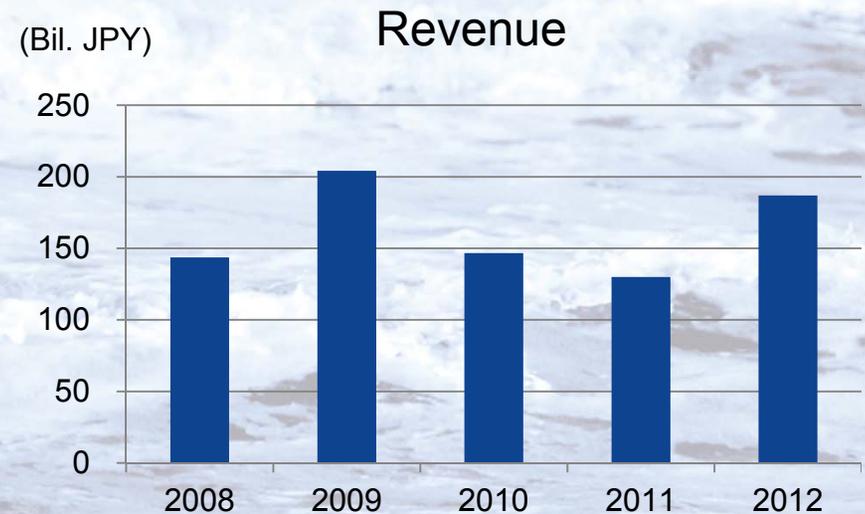
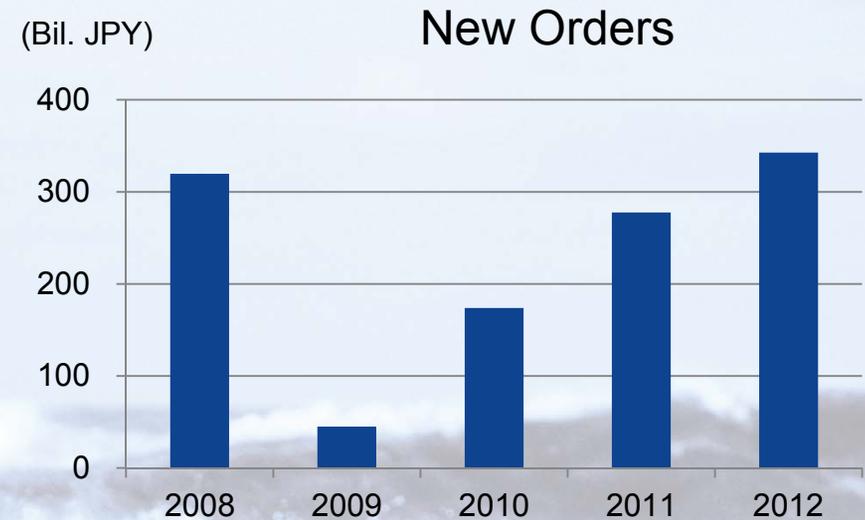
Operations Review

Financial Results & Outlook

2012 Operations Overview

- New Order reached the highest level
 - Awarded FPSO Cidade de ITAGUAÍ MV26
 - New order including operation service contract for 2 FPSOs reached the highest level of JPY 342.6 billion (up by 23.4% from the previous year and higher than JPY 319.6 billion recorded in 2008)

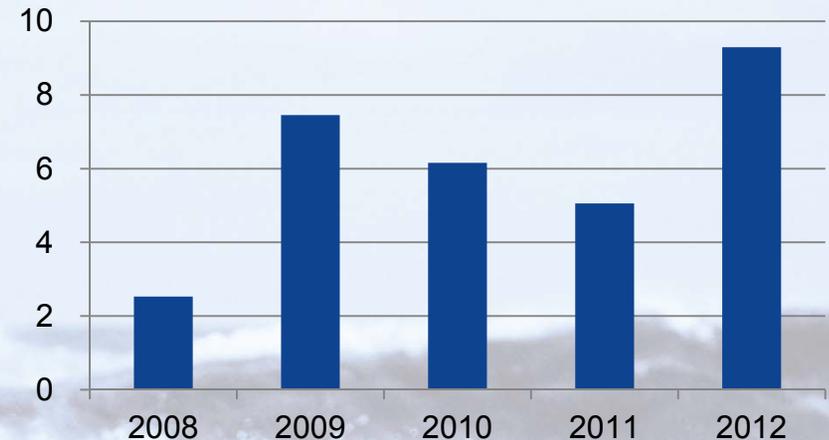
- Revenue increased to JPY186.8 billion
 - Construction progresses of FPSO OSX-3 and FPSO Cidade de Mangaratiba MV24 were better than budgeted.
 - Change orders of FPSO Cidade de Sao Paulo MV23 and FPSO PSVM were booked in 2012.



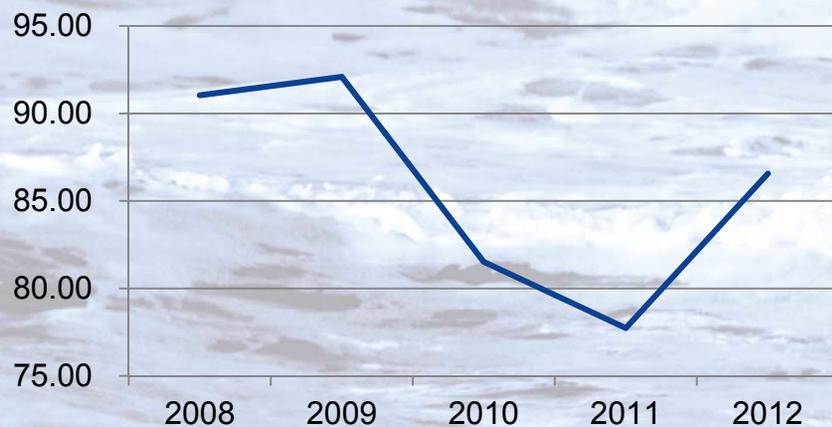
2012 Operations Overview

- Both ordinary profit and net profit also recorded the highest level of JPY9.2 billion and JPY5.1 billion respectively
 - JPY 2.2 billion was booked as FX gain as USD/JPY exchange rate rose to 86.56 in 2012 from 77.74 in 2011.

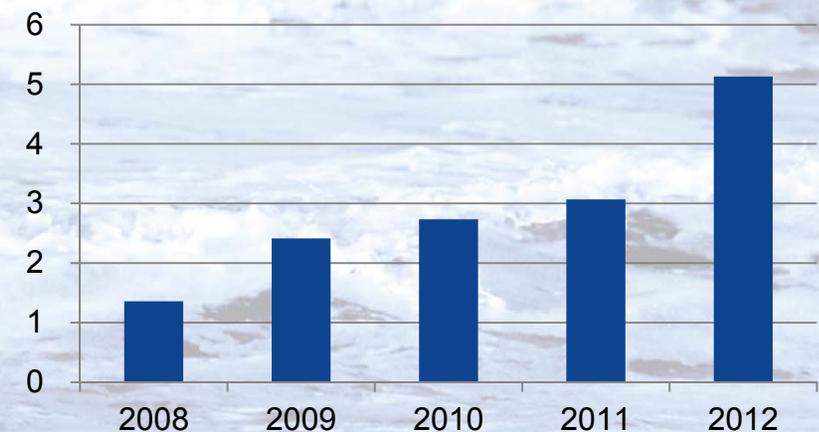
(Bil. JPY) Ordinary Profit



(JPY) Exchange Rate (\$/¥)



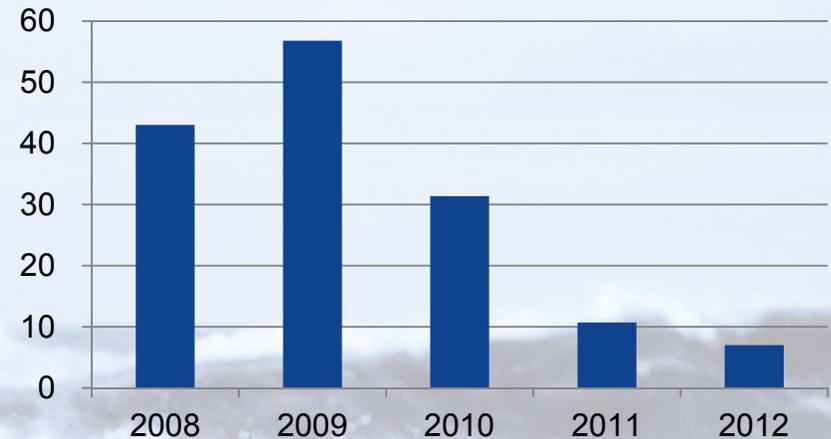
(Bil. JPY) Net Income



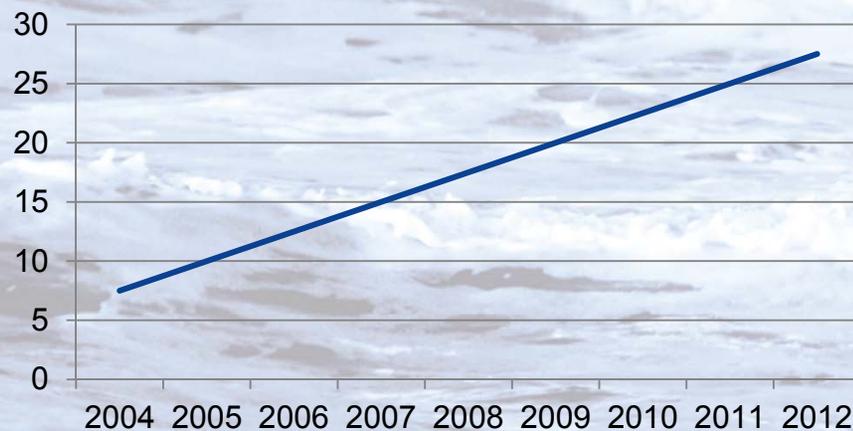
2012 Operations Overview

- Total Debt : Decreased to 7 billion
- Proposed annual dividend : 27.50 JPY per share
 - Dividend has been increasing every year for 8 years.

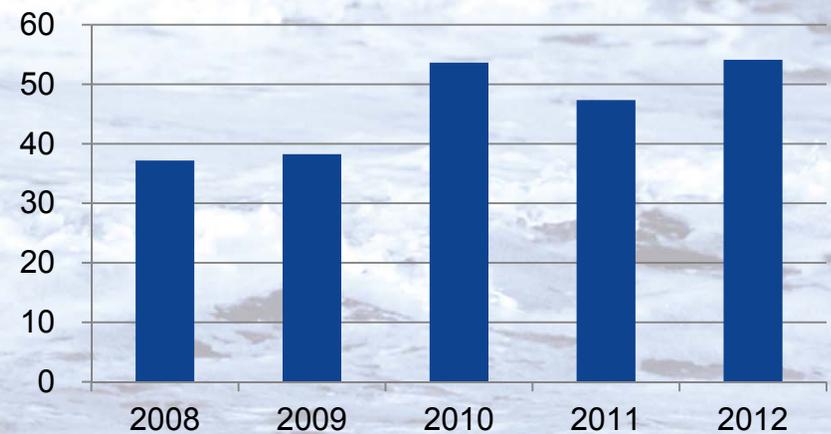
(Bil. JPY) Total Interest-Bearing Debt



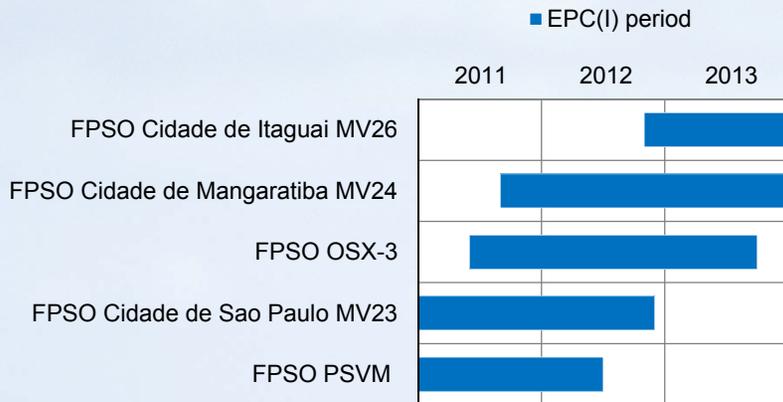
(JPY) Dividends per share



(Bil. JPY) Equity



Construction Projects in 2012



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)

First Oil: Achieved in January 2013
Guara field (Brazil)
- In operation



FPSO Cidade de Mangaratiba MV24

EPC + Time Charter (20 yrs)

Delivery: Planned 2014 3Q
Cernambi Sul field (Brazil)
- Under construction at COSCO Dalian shipyard



FPSO PSVM

EPCI

First Oil: December 2012
Plutão, Saturno, Vênus and Marte fields (Angola)
- In operation



FPSO Cidade de Itaguai MV26

EPC + Time Charter (20 yrs)

Delivery: Planned 2015 4Q
Iracema Norte field (Brazil)
- Under construction at COSCO Dalian shipyard

New Award in 2012

Time Charter / O&M Projects (As of February 2013)

Southeast Asia

 FPSO
Song Doc Pride
MV19
(T/C)

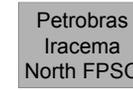
 FSO
Rang Dong
MV17
(T/C)

 FSO
Rong Doi
MV12
(T/C)

Gulf of Mexico

 FSO
Ta'Kuntah
(T/C)

Brazil

 Petrobras
Iracema
North FPSO
MV26
(T/C)

 Petrobras
Cernambi
South FPSO
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)

West Africa

 FPSO
Kwame Nkrumah
MV21
(O&M)

 FPSO
Baobab Ivoirien
MV10
(T/C)

Australia & New Zealand

 FPSO
Raroa
(O&M) March 2013-

 FPSO
Pyrenees Venture
(O&M)

 FPSO
Stybarrow Venture
MV16
(T/C)

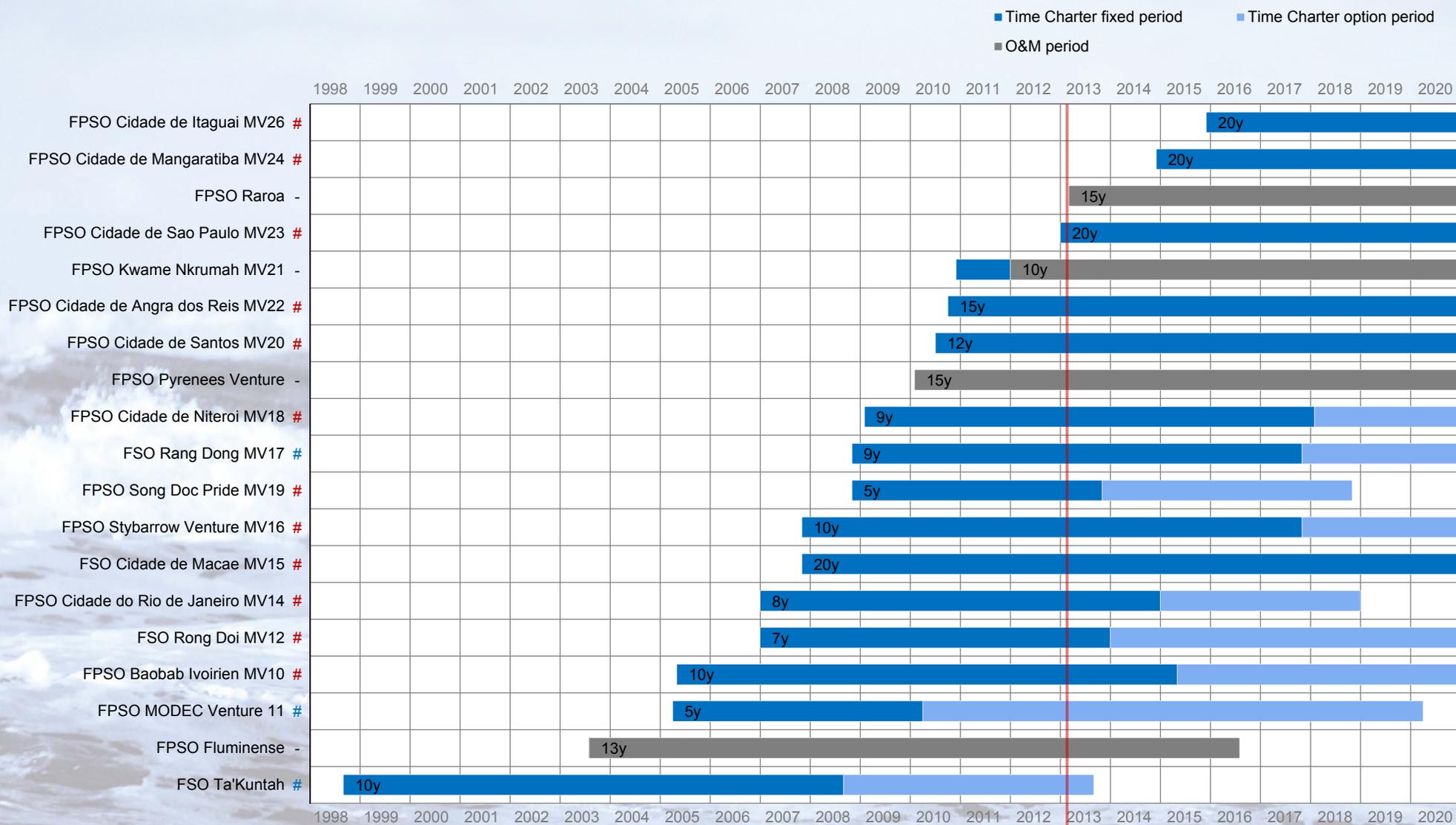
 FPSO
MODEC Venture 11
(T/C)

 : Under construction

T/C : Own & Operate

O&M : Operate

Time Charter / O&M Period (As of February 2013)

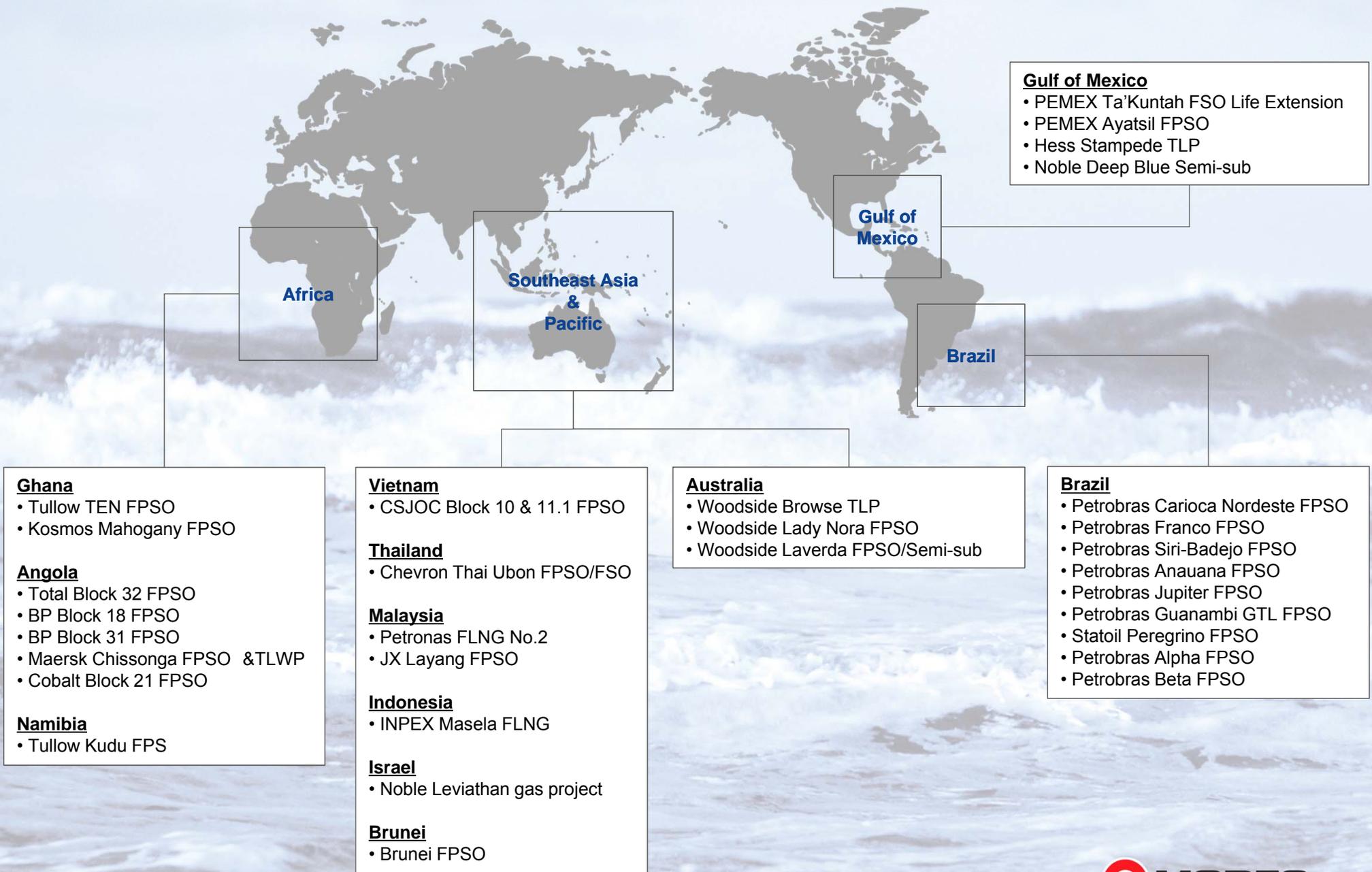


Consolidated Subsidiary
 # Affiliates accounted for by the Equity Method

February 2013

Time Charter : 13 FPSO/FSOs
 O&M : 3 FPSOs

Prospective Projects



Operations Review

Financial Results & Outlook

Profit & Loss

(Mil. JPY)

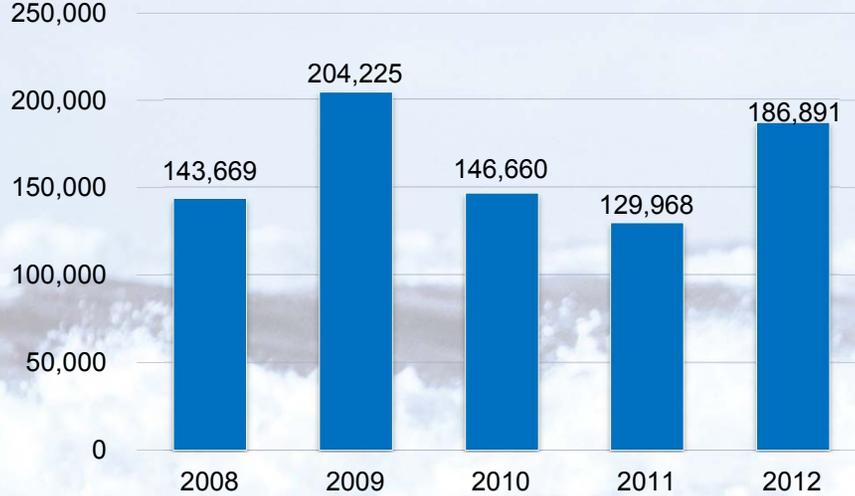
	2011	2012	Variance	
Revenue	129,968	186,891	56,923	Construction revenue increased due to higher progress in FPSO projects.
Gross Profit	7,615	13,626	6,011	
Gross Profit margin	5.9%	7.3%	1.4%	
Selling, General and Administrative Expenses	7,322	10,155	2,833	
Operating Profit	293	3,470	3,177	Higher progress lifted up the income.
Other Income (A)	6,876	6,910	34	
Other Expense (B)	2,114	1,084	(1,030)	FX loss was booked last year.
Total Other Income/Expenses (C=A-B)	4,762	5,826	1,064	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	5,197	2,382	(2,815)	One time profit was recorded as clients exercised FPSO purchase option last year.
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(1,388)	2,203	3,591	FX gain due to evaluation of assets denominated in foreign currency.
Ordinary Profit	5,055	9,296	4,241	The highest level.
Extraordinary Profit	65	-	(65)	
Extraordinary Loss	583	-	(583)	
Income before Income Taxes and Minority Interests	4,536	9,296	4,760	
Net Income	3,067	5,130	2,063	The highest level.
Exchange Rate (USD)	¥77.74	¥86.56	¥8.82	

Revenue

Revenue

■ EPC(I) period

(Mil. JPY)
250,000



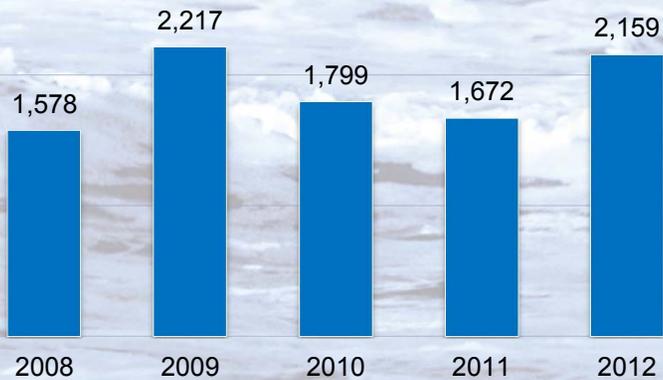
Revenue (USD)

(Mil. USD)

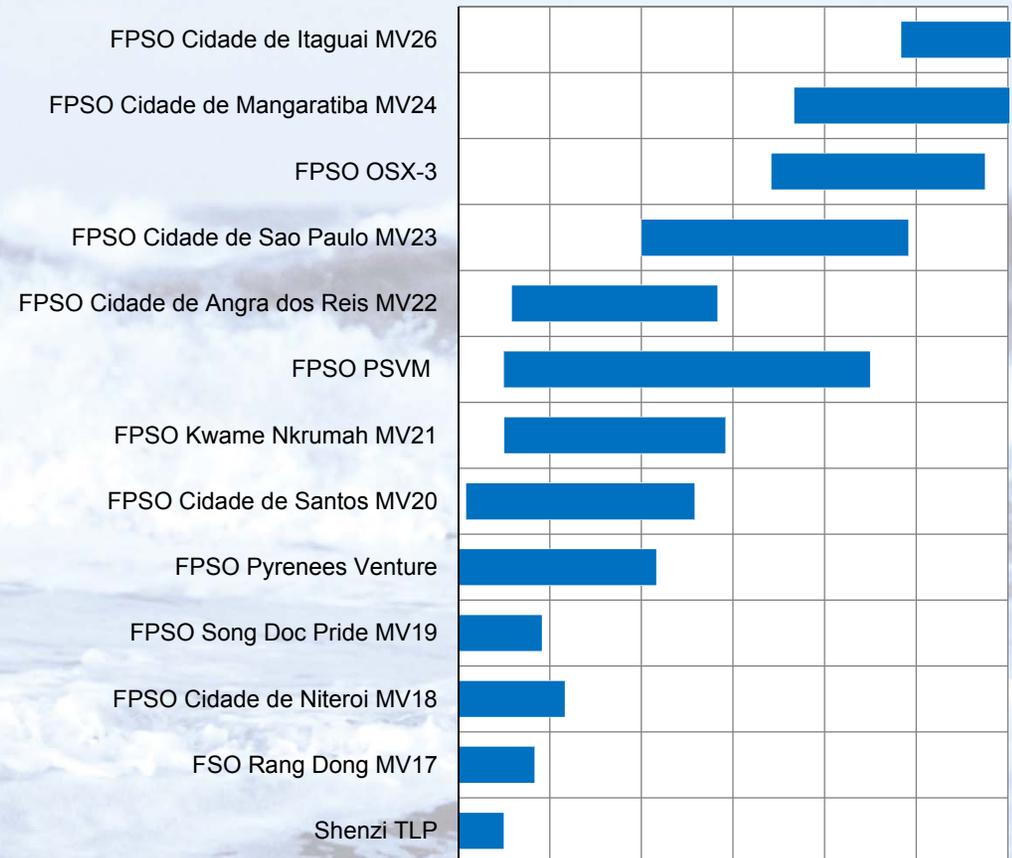
2,000

1,000

0

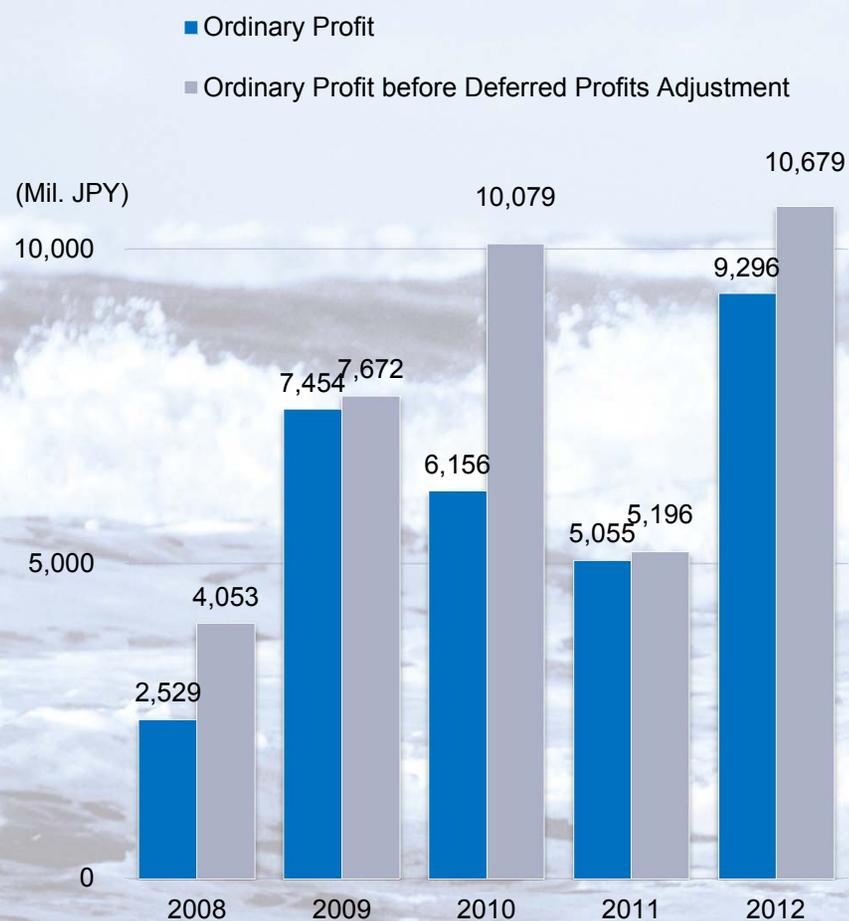


2008 2009 2010 2011 2012 2013

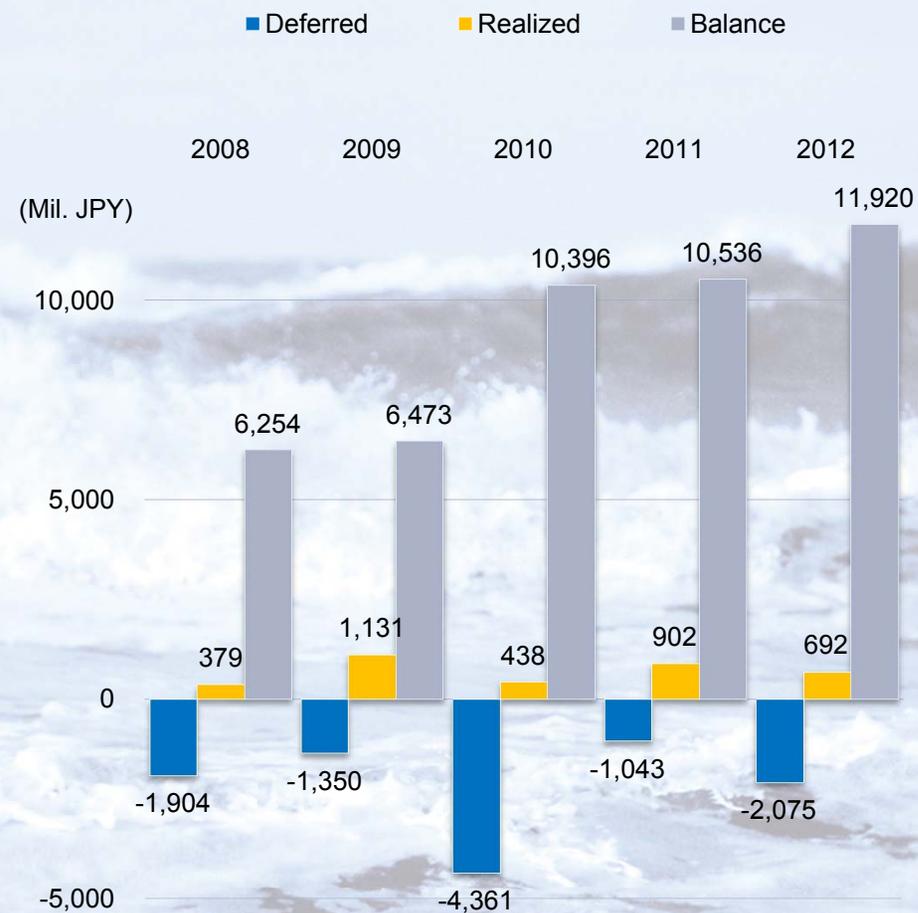


Ordinary Profit

Ordinary Profit & Ordinary Profit before Deferred Profits Adjustment



Influence of Deferred Profits

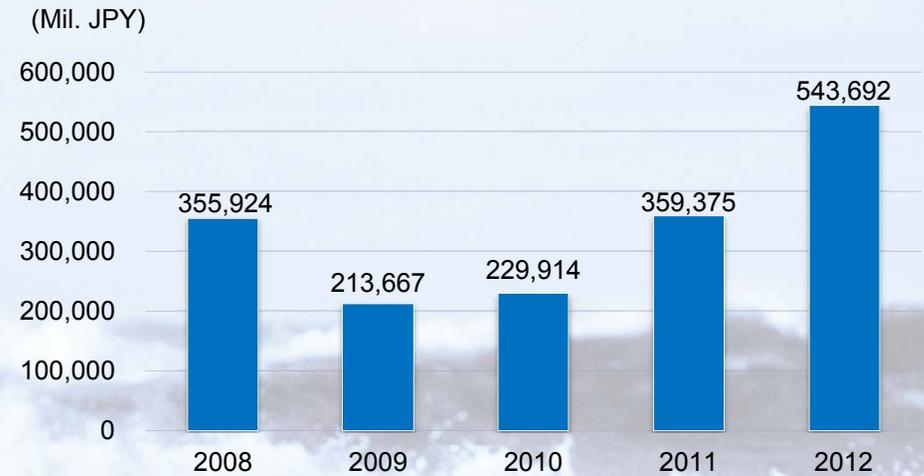


Orders & Order Backlogs

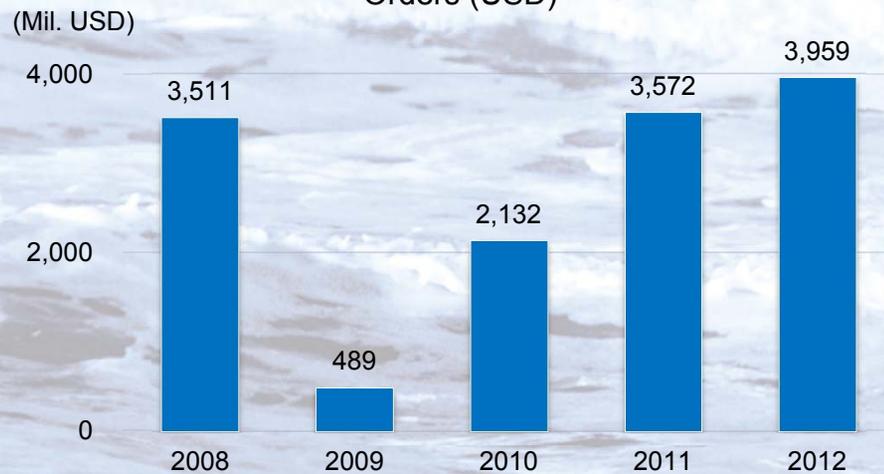
Orders



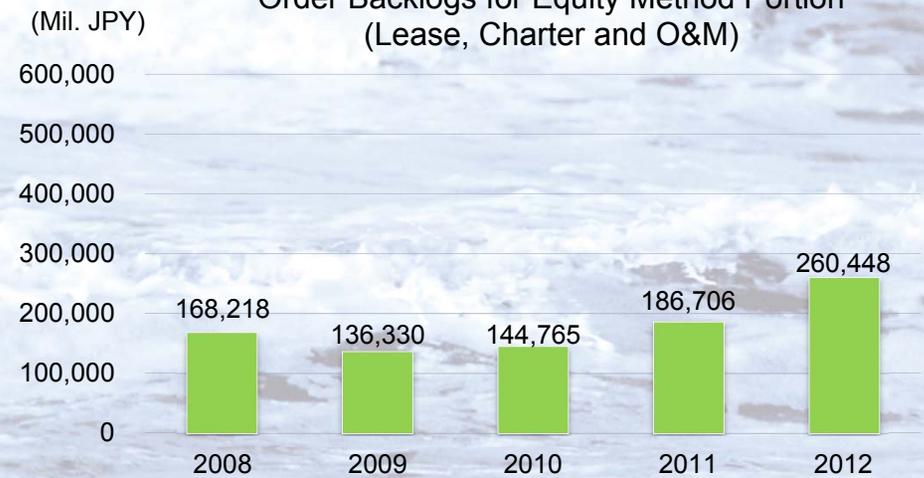
Order Backlogs



Orders (USD)



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



Balance Sheet

(Mil. JPY)

	2011	2012	Variance	
Short-term Loans Receivable	6,244	3,739	(2,505)	Total Assets:
Total Current Assets	81,717	102,003	20,286	Cash/Deposit temporarily increased due to construction progress.
Property and Equipment	11,963	12,423	460	
Intangible Assets	6,429	6,759	330	
Investments and Other Assets	24,020	32,917	8,897	Investment to SPC increased.
Total Fixed Assets	42,413	52,101	9,688	
Total Assets	124,130	154,106	29,976	
Short-term Loans Payable	5,460	3,401	(2,059)	Total Liabilities:
Total Current Liabilities	62,788	83,239	20,451	Account payable increased due to construction progress.
Long-term Loans Payable	5,255	3,592	(1,663)	
Total Long-term Liabilities	9,111	10,475	1,364	
Total Liabilities	71,900	93,715	21,815	
Total Shareholders Equity	64,127	68,039	3,912	Total Net Assets:
Total Accumulated Losses from Valuation and Translation Adjustments	(16,772)	(13,933)	2,839	
Minority Interests in Consolidated Subsidiaries	4,876	6,283	1,407	
Total Net Assets	52,230	60,389	8,159	
Total Liabilities, Net Assets	124,130	154,104	29,974	

Cash Flow

Cash Flow

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

Cash Flow from Operating Activities

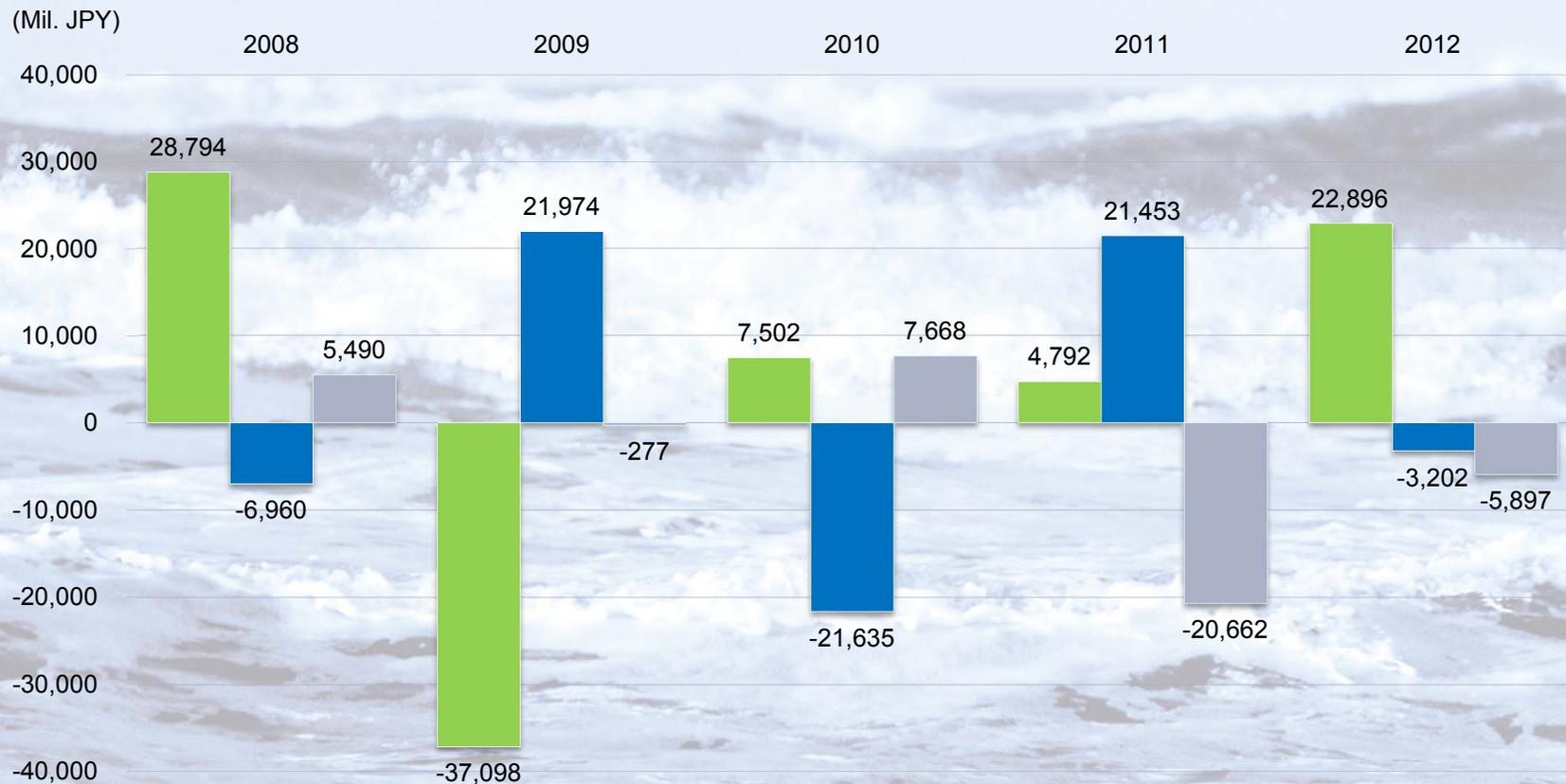
- Change of a balance of accounts receivable /payable increased cash inflow.

Cash Flow from Investing Activities

- Cash flow inverted from inflow to outflow due to investment to SPC.

Cash Flow from Financing Activities

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



Key Financial Figures

(Mil. JPY)

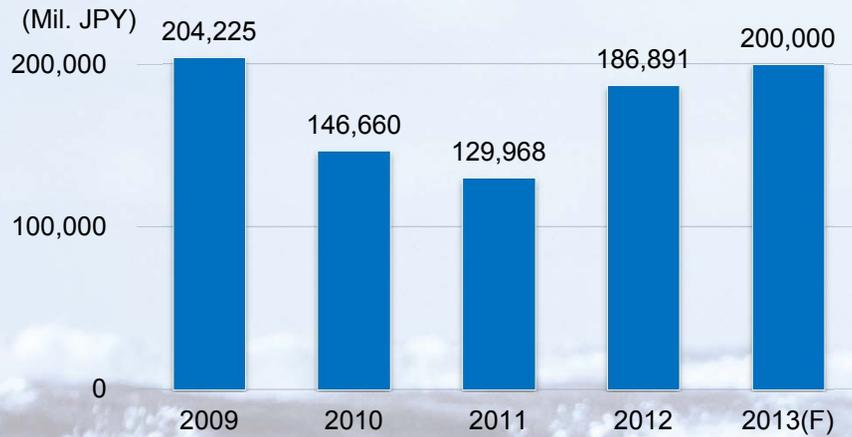
	2008	2009	2010	2011	2012
Operating profit	1,973	4,169	3,563	293	3,470
Depreciation and amortization	1,619	1,380	958	2,773	2,980
Amortization of consolidated differences	26	264	211	257	286
Collection of lease receivable (Cantarell FSO, Inc., S.A. de C.V.)	1,818	-	-	-	-
EBITDA	5,436	5,813	4,732	3,323	6,736
Operating profit (equity method portion)	4,613	6,242	6,607	13,336	8,254
Depreciation and amortization (equity method portion)	3,945	5,142	5,611	6,126	6,965
Collection of lease receivable (equity method portion)	1,213	1,350	1,588	5,691	1,793
EBITDA (after adjustment)	15,207	18,547	18,538	28,476	23,748
Interest income	2,222	1,444	1,957	960	1,386
Interest expense	1,905	1,288	486	648	496
Interest expense (equity method portion)	2,303	2,978	3,324	6,203	4,994
Net Interest expense (after adjustment)	1,986	2,822	1,853	5,891	4,104
EBITDA Interest Coverage Ratio (x times)	7.7	6.6	10.0	4.8	5.8

	2008	2009	2010	2011	2012
Liabilities with interest	43,021	56,800	31,377	10,713	6,995
Liabilities with interest (equity method portion)	46,008	69,061	79,677	92,171	139,113
Cash and time deposits	45,082	31,505	12,122	17,320	33,367
Cash and time deposits (equity method portion)	4,183	4,606	7,848	9,300	23,410
Net liabilities with interest (after adjustment)	39,764	89,750	91,084	76,264	89,331
Net liabilities with interest / EBITDA (x times)	2.6	4.8	4.9	2.7	3.8

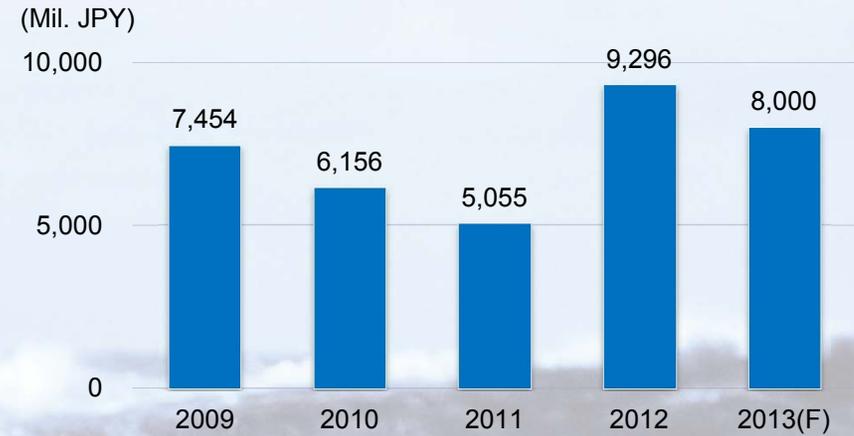
	2008	2009	2010	2011	2012
ROE (%)	3.4	6.4	6.0	6.1	10.1
ROA (%)	1.0	1.6	1.7	2.3	3.7
Equity Ratio (%)	26.2	22.7	36.6	38.1	35.1

2013 Financial Forecast

Revenue



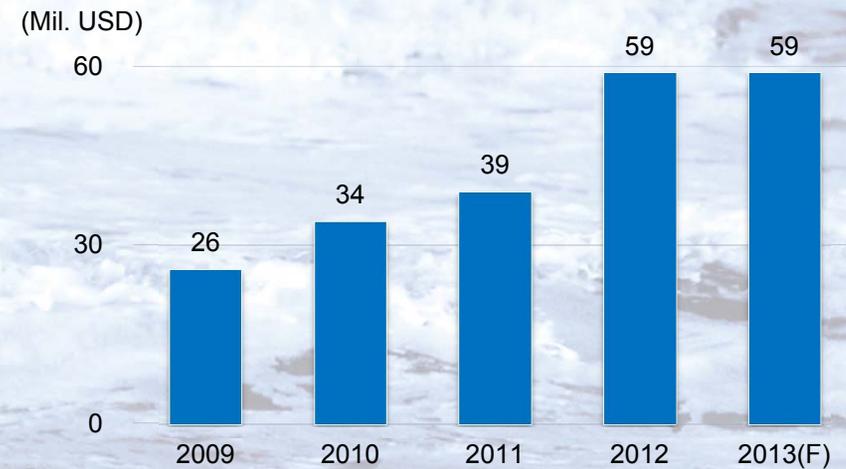
Ordinary Profit



Net Income (JPY)



Net Income (USD)



Exchange Rate 92.10 81.52 77.74 86.56 85.00(F)