

MODEC, Inc. 2013 Half-Year Financial Results Analysts Presentation

August 9, 2013

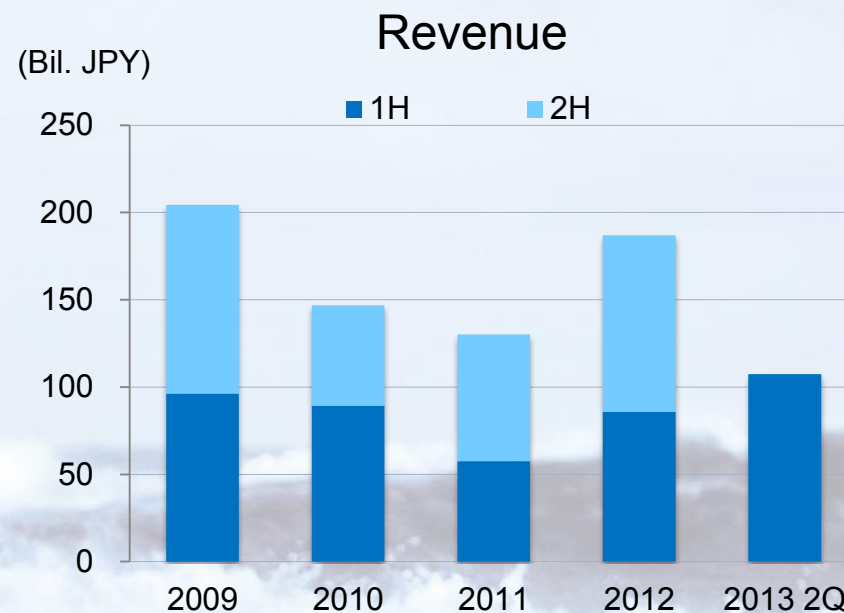


Operations Review

Financial Results & Outlook

2013 Half-Year Operations Overview

- Revenue increased to JPY107.2 billion (up by 25.3% comparing to the 1H of FY 2012)
 - Construction progress of MV24, MV26 and OSX-3 was better than budgeted.



- New Order was JPY 30.8 billion
 - Change order related to construction of FPSO projects
 - New order award of FPSO projects depend on clients final decision.

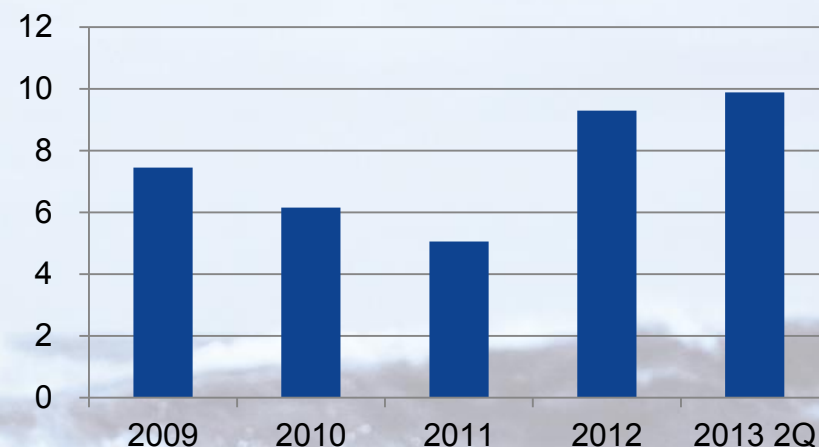


2013 Half-Year Operations Overview

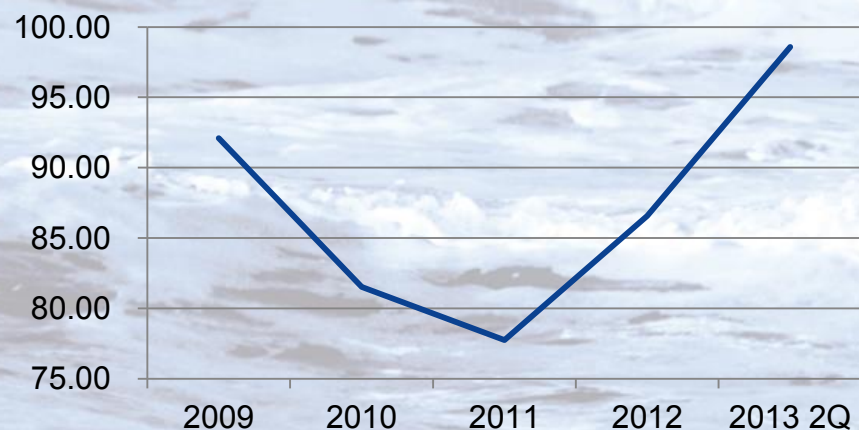
- Both ordinary profit and net profit increased significantly to JPY9.8 billion and JPY5.7 billion respectively
 - FX gain was booked due to depreciation of yen. (USD/JPY exchange rate rose to 98.58 at the end of 1H of 2013 from 86.56 at the end of 2012.)

(Bil. JPY)

Ordinary Profit

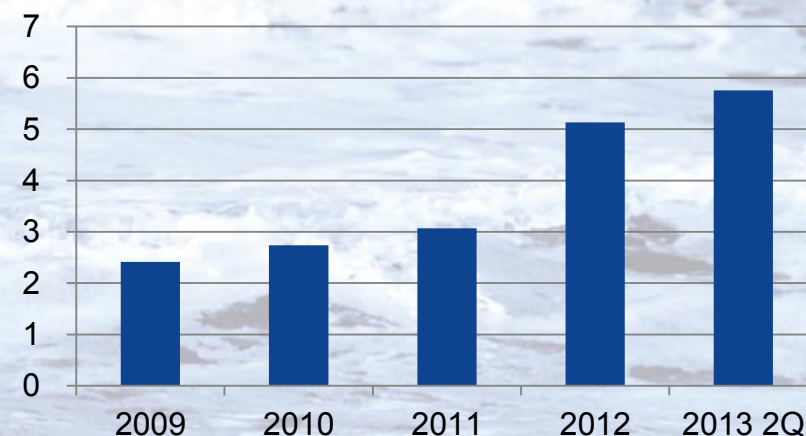


(JPY) Exchange Rate on Closing Dates (\$/¥)



(Bil. JPY)

Net Income

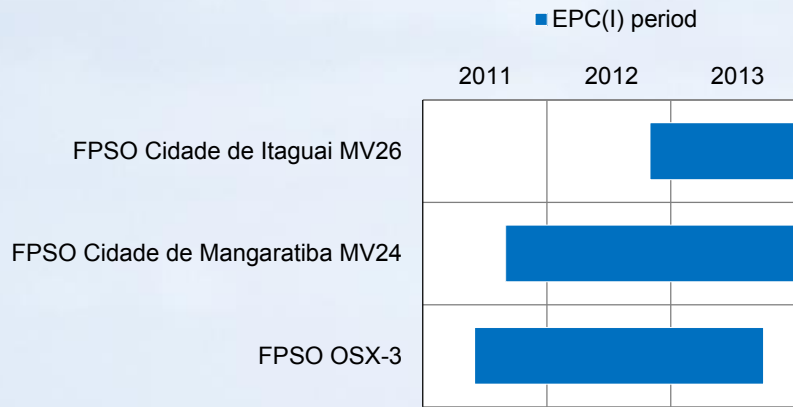


New Order : Tullow T.E.N. FPSO

Client	Tullow Ghana Limited.
Scope of Work	EPCI + Charter (10 years 10 one-year options)
First Oil	Planned in 2016
Field	T.E.N. Field, Ghana
Water Depth	1,500 m
New/Conv.	Conversion
Mooring	SOFEC External Turret
Storage Capacity	1,700,000 bbls
Oil Production	100,000 bopd
Water Injection	150,000 bwpd



Construction Projects in 2012 Half-Year



OSX-3 FPSO
 EPCI
 First Oil: Planned 2013 September
 Waikiki Pero Inga fields (Brazil)
 - Towed from Jurong shipyard

FPSO Cidade de Mangaratiba MV24
 EPC + Time Charter (20 yrs)
 Delivery: Planned 2014 4Q
 Cernambi Sul field (Brazil)
 - Under construction at BrasFELS shipyard

FPSO Cidade de Itaguai MV26
 EPC + Time Charter (20 yrs)
 Delivery: Planned 2015 4Q
 Iracema Norte field (Brazil)
 - Under construction at COSCO Dalian shipyard

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

Southeast Asia



FPSO
Song Doc Pride
MV19
(T/C)



FPSO
Rang Dong
MV17
(T/C)



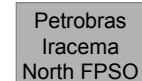
FPSO
Rong Doi
MV12
(T/C)

Gulf of Mexico

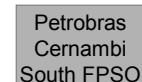


FSO
Ta'Kuntah
(T/C)

Brazil



FPSO
Cidade de Itaguaí
MV26
(T/C)



FPSO
Cidade de Mangaratiba
MV24
(T/C)



FPSO
Cidade de São Paulo
MV23
(T/C)



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



FPSO
Cidade de Santos
MV20
(T/C)



FPSO
Cidade de Niterói
MV18
(T/C)



FSO
Cidade de Macaé
MV15
(T/C)



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



FPSO Fluminense
(O&M)

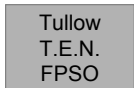
West Africa



FPSO
Kwame Nkrumah
MV21
(O&M)



FPSO
Baobab Ivoirien
MV10
(T/C)



Tullow
T.E.N.
FPSO
FPSO
Tullow T.E.N.
MV25
(T/C)

Australia & New Zealand



FPSO
Raroa
(O&M) March 2013-



FPSO
Pyrenees Venture
(O&M)



FPSO
Stybarrow Venture
MV16
(T/C)



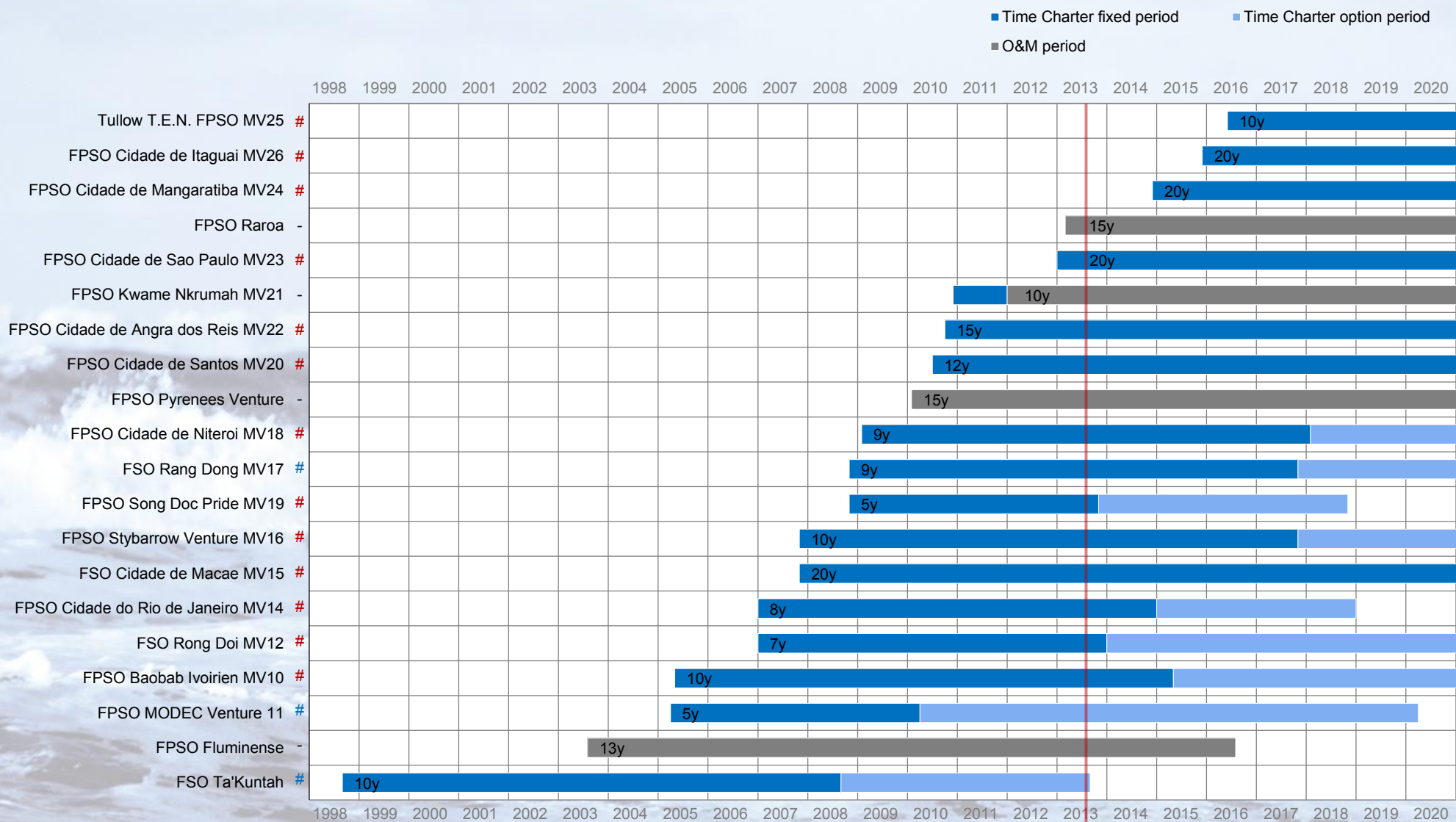
FPSO
MODEC Venture 11
(T/C)

: Under construction

T/C : Own & Operate

O&M : Operate

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



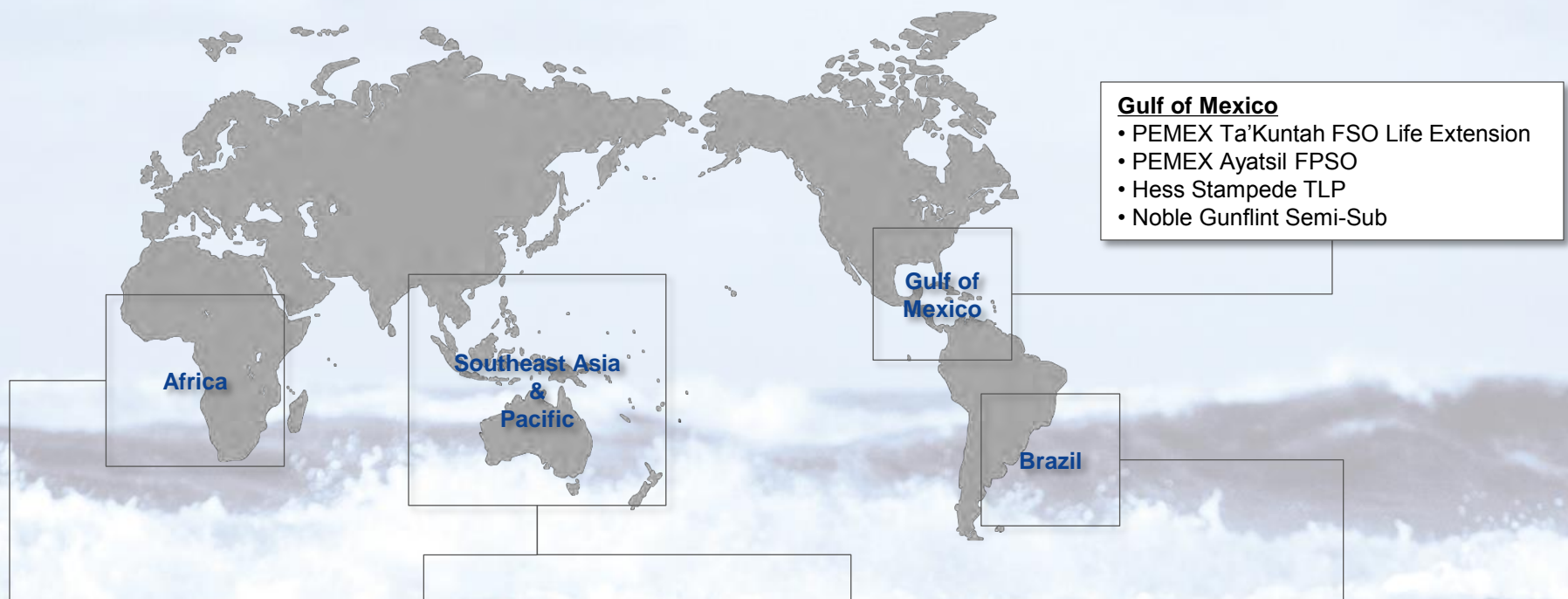
Consolidated Subsidiary
 # Affiliates accounted for by the Equity Method

August 2013

Time Charter : 13 FPSO/FSOs
 O&M : 4 FPSOs



Prospective Projects



Ghana

- Kosmos MAT FPSO
- ENI FPSO

Angola

- Total Block 32 FPSO
- BP Block 18 FPSO
- BP Block 31 FPSO-2
- Maersk Chissonga FPSO & TLWP
- Cobalt Block 21 FPSO

Namibia

- Tullow Kudu FPS

Vietnam

- CSJOC Block 10 & 11.1 FPSO

Thailand

- Chevron Thai Ubon FPSO/FSO

Malaysia

- Petronas FLNG No.2
- JX Layang FPSO

Indonesia

- INPEX Masela FLNG

Israel

- Noble Leviathan gas project

Brunei

- Brunei FPSO

Australia

- Woodside Lady Nora FPSO
- Woodside Laverda FPSO/Semi-sub

Gulf of Mexico

- PEMEX Ta'Kuntah FSO Life Extension
- PEMEX Ayatsil FPSO
- Hess Stampede TLP
- Noble Gunflint Semi-Sub

Brazil

- Petrobras Carioca FPSO
- Petrobras Tartaruga Verde e Mestica FPSO
- Petrobras Parque dos Doces FPSO
- Petrobras Deep Waters Sergipe FPSO
- Petrobras Sul de Parque des Baleias FPSO
- Petrobras Maromba FPSO
- Petrobras Carcaraa FPSO
- Petrobras Guanambi GTL FPSO

Operations Review

Financial Results & Outlook

Profit & Loss

(Mil. JPY)

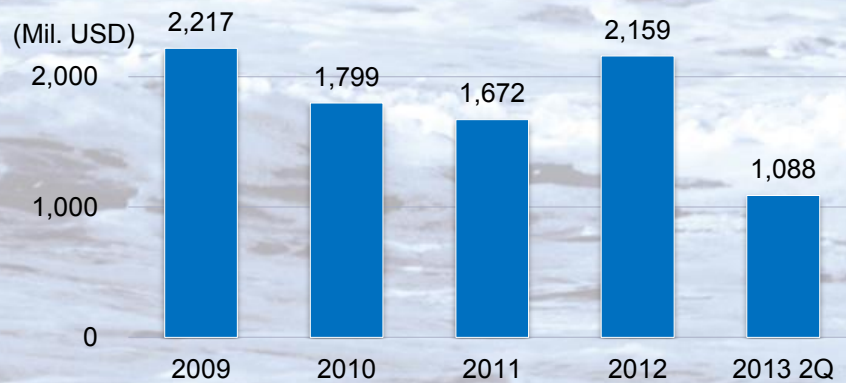
	2012 2Q	2013 2Q	Variance 2012 2Q- 2013 2Q	2012	
Revenue	85,606	107,268	21,662	186,891	Construction projects progressed smoothly
Gross Profit	4,813	9,391	4,578	13,626	Increased substantially due to realization of unrealized profit
Gross Profit margin	5.6%	8.8%	3.1%	7.3%	
Selling, General and Administrative Expenses	4,325	6,739	2,414	10,155	R&D and bidding expense increased
Operating Profit	487	2,651	2,164	3,470	
Other Income (A)	1,866	7,702	5,836	6,910	
Other Expense (B)	351	469	118	1,084	
Total Other Income/Expenses (C=A-B)	1,515	7,233	5,718	5,826	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	679	2,734	2,055	2,382	Charter of MV23 is started
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	85	2,986	2,901	2,203	FX gain increased due to depreciation of yen
Ordinary Profit	2,002	9,884	7,882	9,296	
Extraordinary Profit	-	-	-	-	
Extraordinary Loss	-	-	-	-	
Income before Income Taxes and Minority Interests	2,002	9,884	7,882	9,296	
Net Income	476	5,755	5,279	5,130	
Exchange Rate (USD)	¥79.28	¥98.58	¥19.30	¥86.56	

Revenue

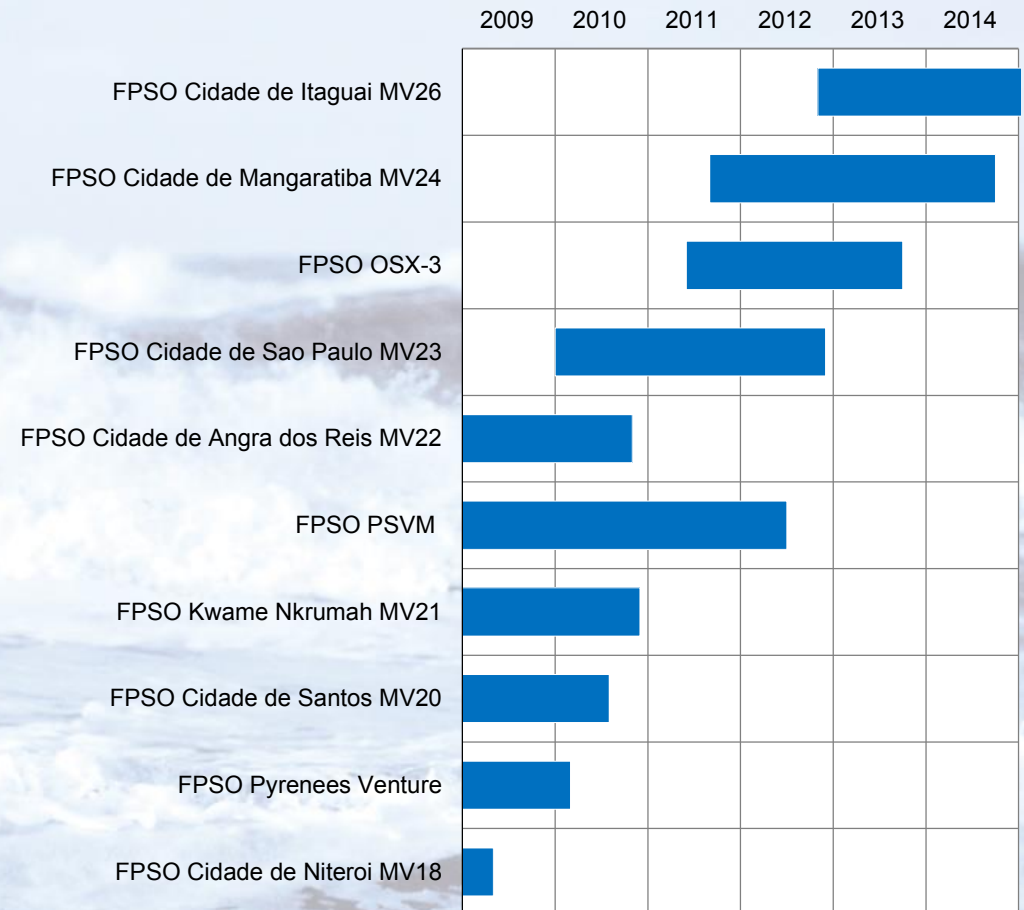
Revenue



Revenue (USD)

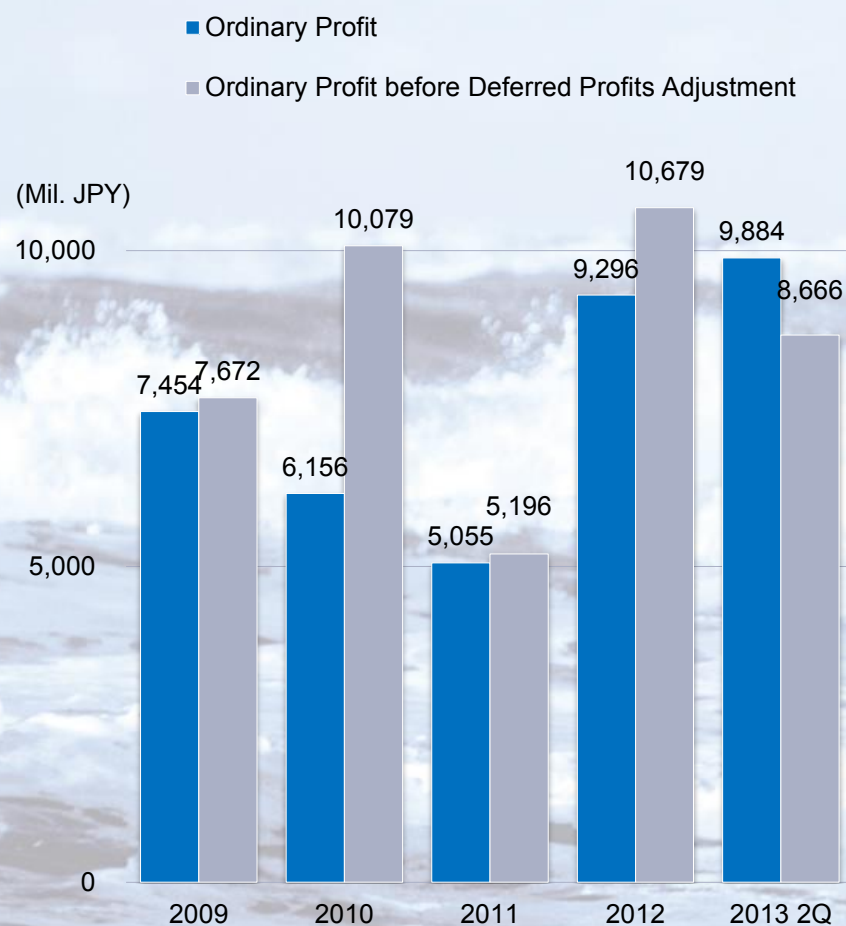


■ EPC(I) period

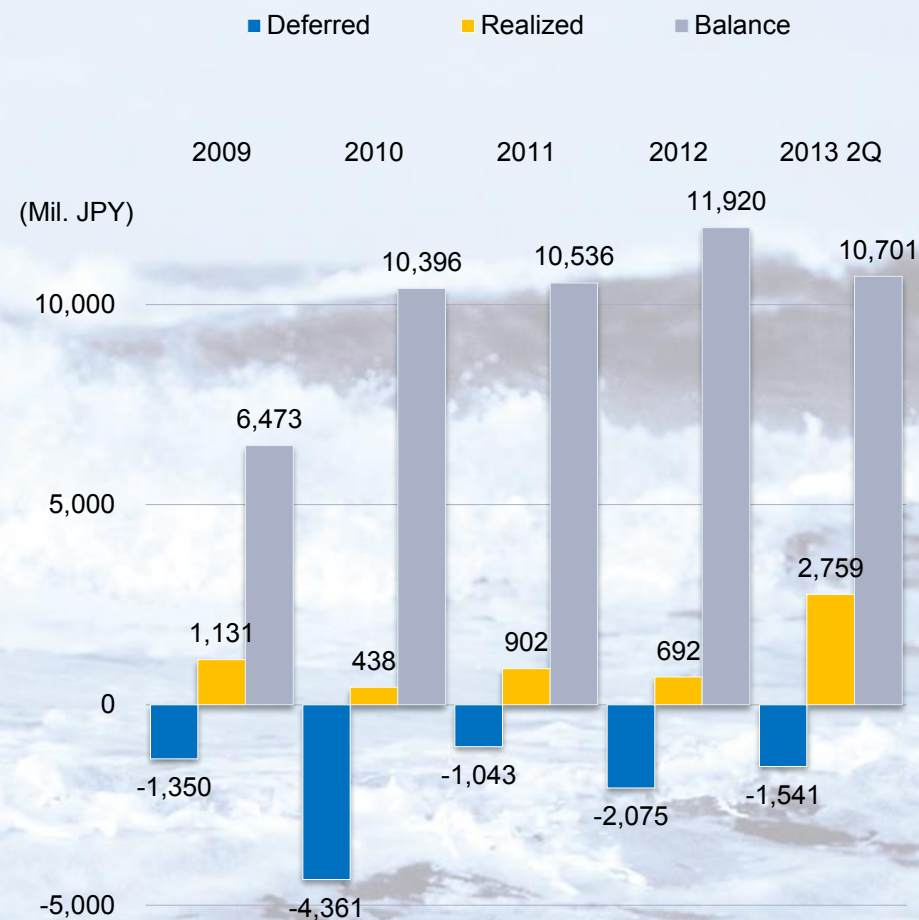


Ordinary Profit

Ordinary Profit & Ordinary Profit before Deferred Profits Adjustment



Influence of Deferred Profits



Orders & Order Backlogs

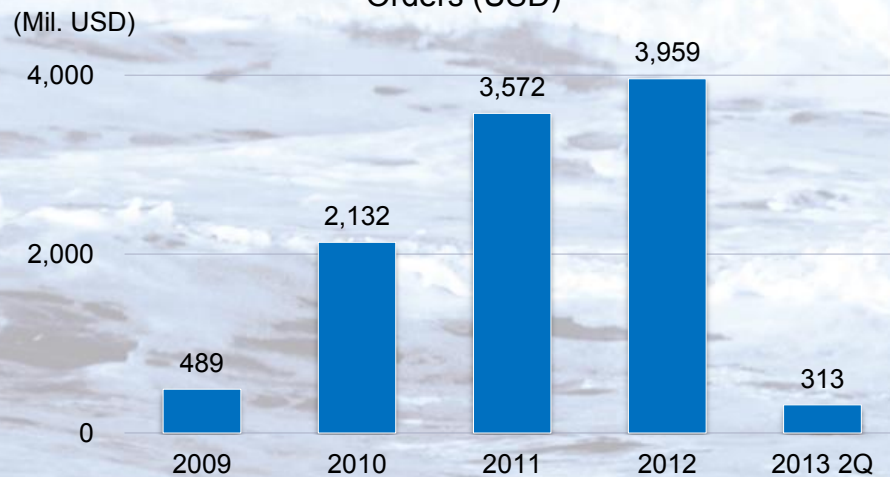
Orders



Order Backlogs



Orders (USD)



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



Balance Sheet

(Mil. JPY)

	2012	2013 2Q	Variance	
Short-term Loans Receivable	3,739	3,076	(663)	Total Assets:
Total Current Assets	102,003	112,445	10,442	Cash/Deposit increased temporarily because of advanced payment
Property and Equipment	12,423	17,420	4,997	Repair work to FPSO was conducted
Intangible Assets	6,759	7,438	679	
Investments and Other Assets	32,917	49,482	16,565	Investment and long-term loans receivable to SPC(MV23)
Total Fixed Assets	52,101	74,341	22,240	
Total Assets	154,104	186,786	32,682	
Short-term Loans Payable	3,401	1,245	(2,156)	Total Liabilities:
Total Current Liabilities	83,239	91,837	8,598	Account payable increased due to increased construction
Long-term Loans Payable	3,592	15,273	11,681	Loans payable increased for long-term loans
Total Long-term Liabilities	10,475	18,797	8,322	
Total Liabilities	93,715	110,635	16,920	
Total Shareholders Equity	68,039	73,156	5,117	Total Net Assets:
Total Accumulated Losses from Valuation and Translation Adjustments	(13,933)	(5,191)	8,742	Foreign currency translation adjustments decreased due to depreciation of yen
Minority Interests in Consolidated Subsidiaries	6,283	8,186	1,903	
Total Net Assets	60,389	76,151	15,762	
Total Liabilities, Net Assets	154,104	186,786	32,682	

Key Financial Figures

(Mil. JPY)

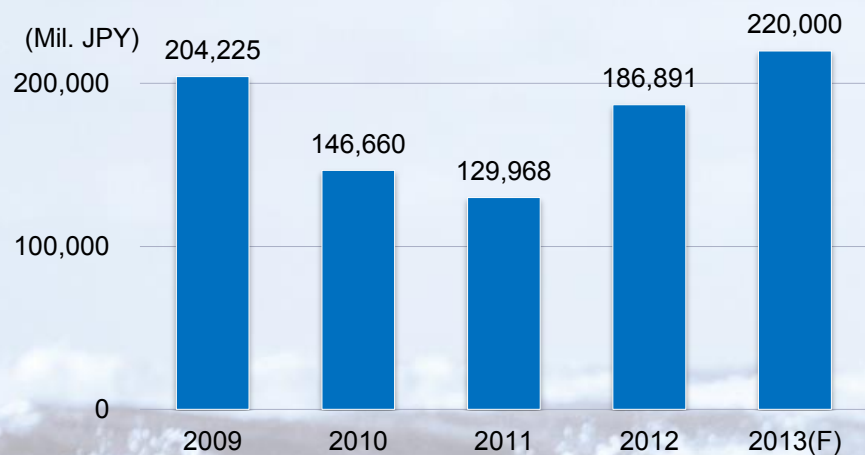
	2009	2010	2011	2012	2013 2Q
Operating profit	4,169	3,563	293	3,470	2,651
Depreciation and amortization	1,380	958	2,773	2,980	1,880
Amortization of consolidated differences	264	211	257	286	163
Collection of lease receivable (Cantarell FSO, Inc., S.A. de C.V.)	-	-	-	-	-
EBITDA	5,813	4,732	3,323	6,736	4,694
Operating profit (equity method portion)	6,242	6,607	13,336	8,254	5,817
Depreciation and amortization (equity method portion)	5,142	5,611	6,126	6,965	3,921
Collection of lease receivable (equity method portion)	1,350	1,588	5,691	1,793	1,292
EBITDA (after adjustment)	18,547	18,538	28,476	23,748	15,724
Interest income	1,444	1,957	960	1,386	1,175
Interest expense	1,288	486	648	496	373
Interest expense (equity method portion)	2,978	3,324	6,203	4,994	2,973
Net Interest expense (after adjustment)	2,822	1,853	5,891	4,104	2,171
EBITDA Interest Coverage Ratio (x times)	6.6	10.0	4.8	5.8	7.2

	2009	2010	2011	2012	2013 2Q
Liabilities with interest	56,800	31,377	10,713	6,995	15,273
Liabilities with interest (equity method portion)	69,061	79,677	92,171	139,113	122,459
Cash and time deposits	31,505	12,122	17,320	33,367	42,707
Cash and time deposits (equity method portion)	4,606	7,848	9,300	23,410	12,985
Net liabilities with interest (after adjustment)	89,750	91,084	76,264	89,331	82,040
Net liabilities with interest / EBITDA (x times)	4.8	4.9	2.7	3.8	2.6

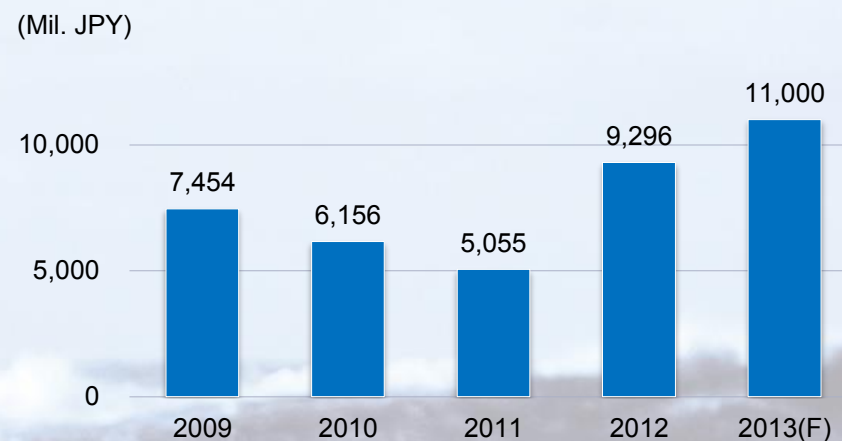
	2009	2010	2011	2012	2013 2Q
ROE (%)	6.4	6.0	6.1	10.1	18.9
ROA (%)	1.6	1.7	2.3	3.7	6.8
Equity Ratio (%)	22.7	36.6	38.1	35.1	36.4

2013 Financial Forecast

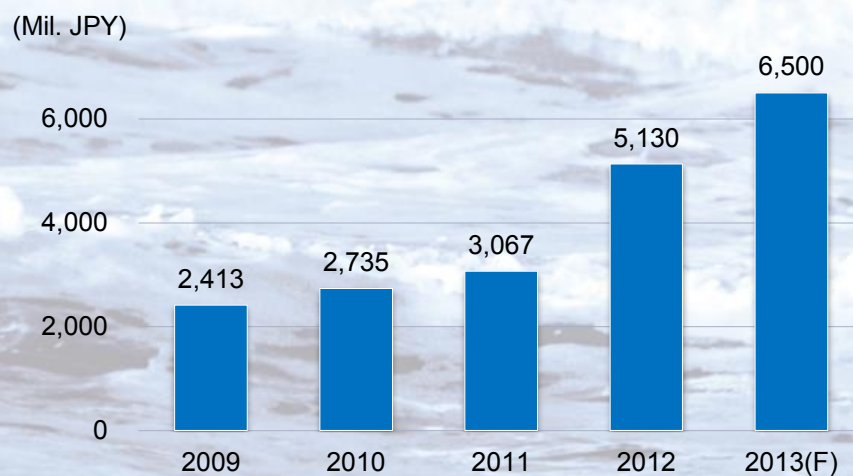
Revenue



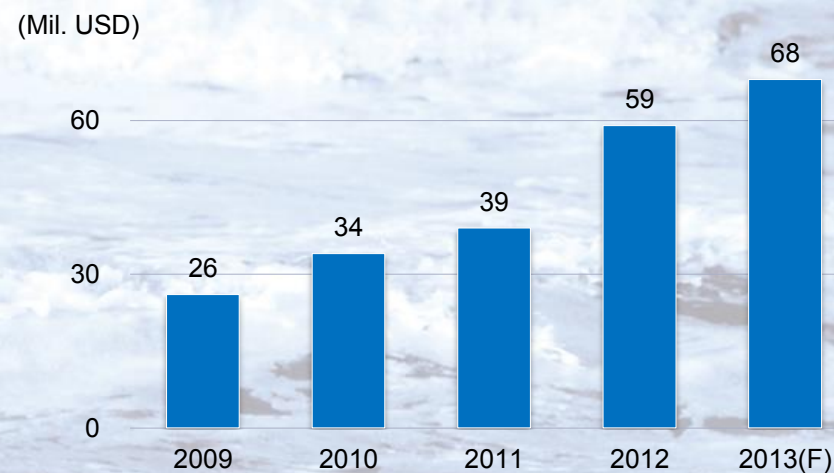
Ordinary Profit



Net Income (JPY)



Net Income (USD)



Exchange Rate 92.10 81.52 77.74 86.56 95.00(F)

