

MODEC, Inc.

2014 Half-Year Financial Results

Analysts Presentation

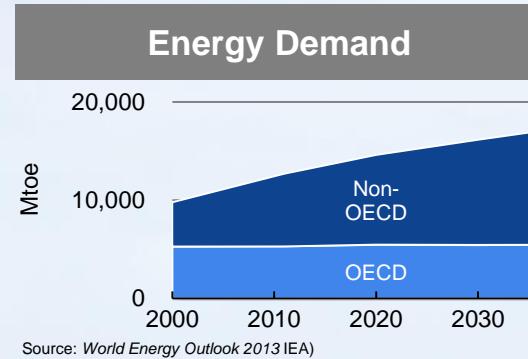
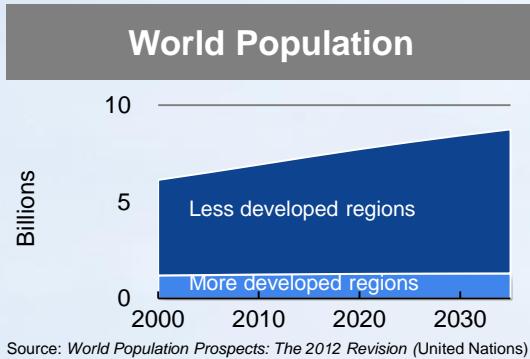
August 8, 2014





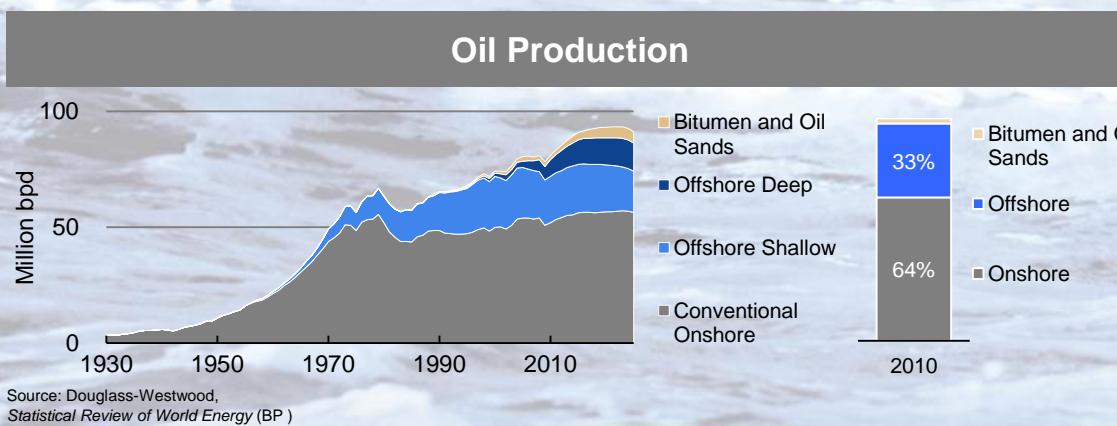
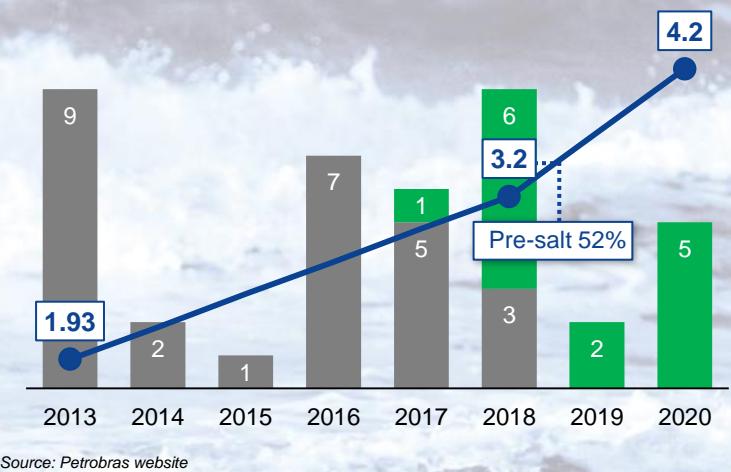
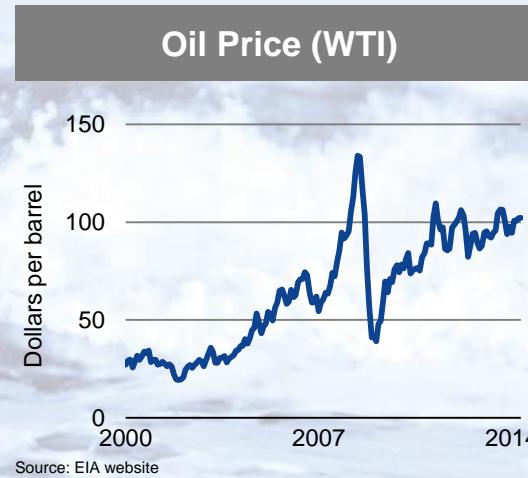
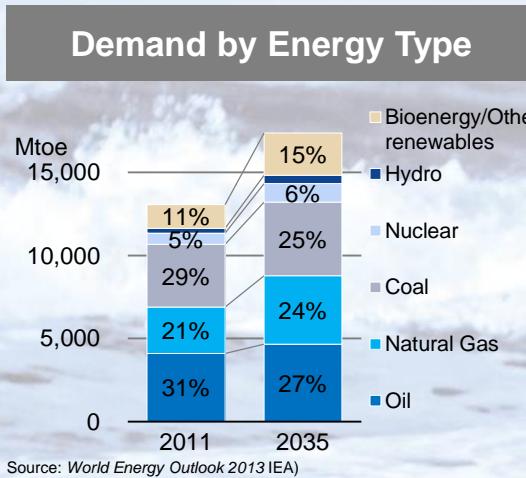
2014 Half-Year
Operations Review
Financial Results & Outlook

2014 Half-Year – Market Environment



Petrobras 2014-2018 BMP (Business and Management Plan)

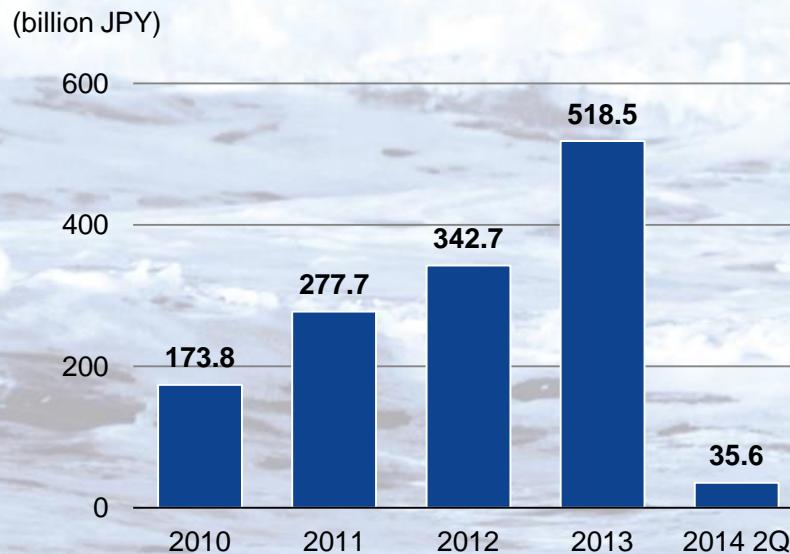
- Production Units to be bid (Year - Installed/First Oil)
- Production Units on order
- Petrobras Production Targets (Oil & NGL) (mil bpd)



2014 Half-Year – Operations Review

New Orders

- New Orders stood at 35.6 billion yen
 - Attributable to O&M and change orders
 - Bid submitted for FPSO projects in Brazil and West Africa



Revenue

- Revenue totaled 161.9 billion yen, increased by 51% compared with 2Q 2013
 - EPCI of MV25 and MV27 progressed on track

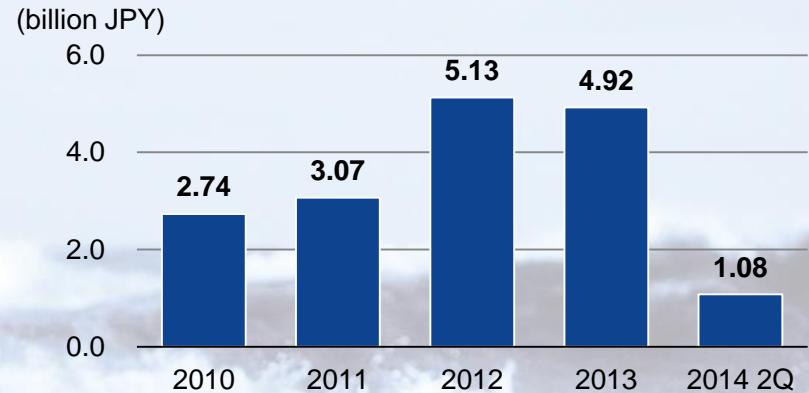


2014 Half-Year – Operations Review

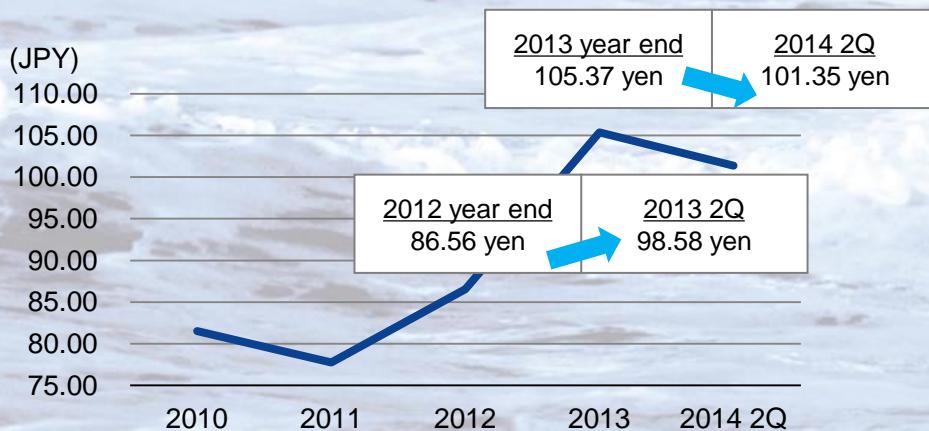
Ordinary Profit



Net Income



Exchange Rate on Closing Dates (\$/¥)



- Ordinary Profit and Net Income stood at 5.8 billion yen and 1.0 billion yen
- 450 million yen of foreign exchange loss was recognized due to stronger yen. Compared with 2Q 2013 in which 2.98 billion yen of foreign exchange gain was recognized, foreign exchange fluctuation made a negative impact.
- Net income stayed at 1.08 billion yen due to amortization of deferred tax assets at US subsidiary and increase in minority interests.

Units on Order

	FPSO Cidade de Mangaratiba MV24	FPSO Cidade de Itaguai MV26	FPSO Tullow T.E.N. MV25	FPSO Cidade de Caraguatatuba MV27
Client	Petrobras 	Petrobras 	Tullow 	Petrobras 
Contract	EPC + Time Charter (20 yrs)	EPC + Time Charter (20 yrs)	EPCI + Time Charter (10 yrs + ten 1-year options)	EPC + Time Charter (20 yrs)
Delivery	Planned 2014 4Q	Planned 2015 4Q	Planned 2016 2Q	Planned 2016 3Q
Field	Cernambi Sul field (Brazil)	Iracema Norte field (Brazil)	T.E.N.(Tweneboa/Enyenra/ Ntomme) field (Ghana)	Carioca field (Brazil)
Storage Production	1,600,000 bbls 150,000 bopd	1,600,000 bbls 150,000 bopd	1,700,000 bbls 80,000 bopd	1,600,000 bbls 100,000 bopd
Percentage of Completion				
				

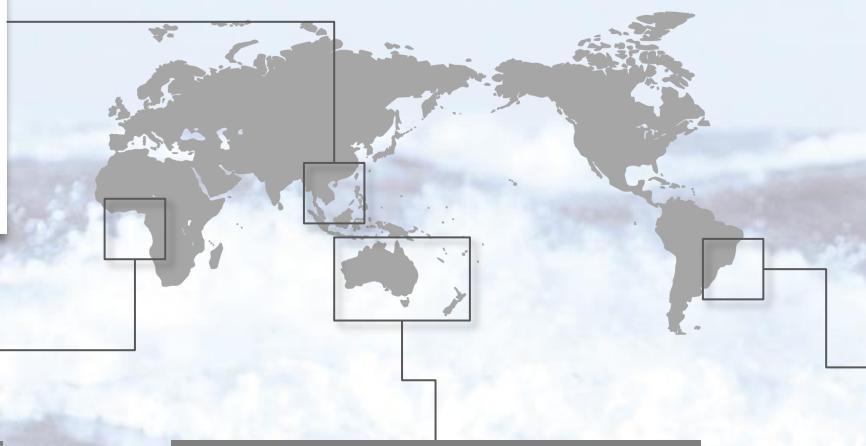
Time Charter / O&M Projects

Southeast Asia
Time Charter
FPSO Song Doc Pride MV19
FSO Rang Dong MV17
FSO Rong Doi MV12

West Africa
Time Charter
FPSO Tullow T.E.N. MV25 (TBN)
FSO Baobab Ivoirien MV10
O&M
FPSO Kwame Nkrumah MV21

As of August 2014

Time Charter (Own & Operate)	
in operation	12 FPSOs/FSOs
under construction	4 FPSOs
O&M (Operate)	
in operation	4 FPSOs



Pacific
Time Charter
FPSO Stybarrow Venture MV16
FPSO MODEC Venture 11
O&M
FPSO Pyrenees Venture
FPSO Raroa

Brazil
Time Charter
FPSO Carioca FPSO
FPSO Cidade de Caraguatatuba MV27
FPSO Iracema Norte FPSO
FPSO Cidade de Itaguaí MV26
FPSO Cernambi Sul FPSO
FPSO Cidade de Mangaratiba MV24
FPSO Cidade de Sao Paulo MV23
FPSO Cidade de Angra dos Reis MV22
FPSO Cidade de Santos MV20
FPSO Cidade de Niteroi MV18
FSO Cidade de Macae MV15
FPSO Cidade do Rio de Janeiro MV14
O&M
FPSO Fluminense

Time Charter / O&M Period

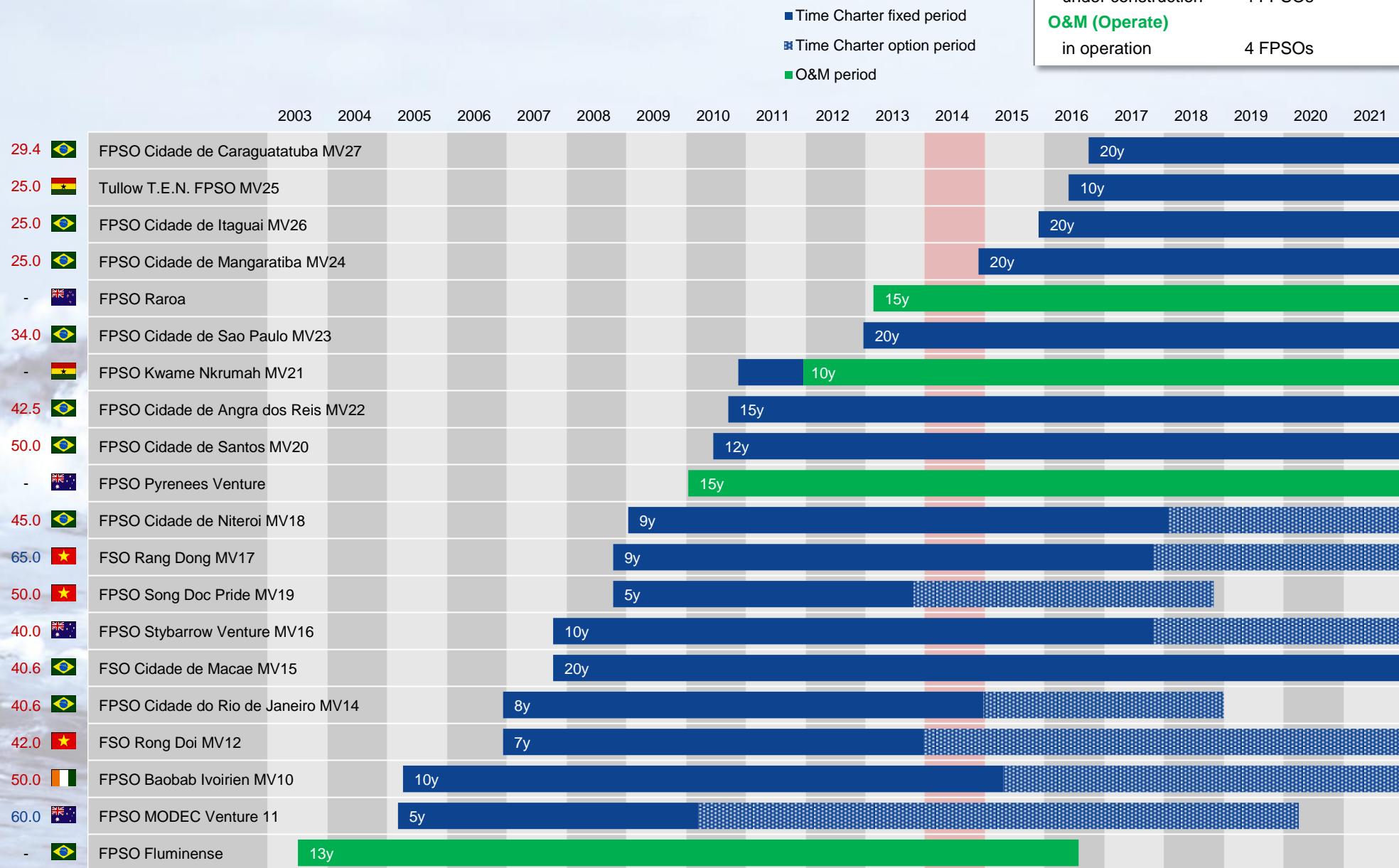
As of August 2014

Time Charter (Own & Operate)

in operation	12 FPSOs/FSOs
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O&M (Operate)

in operation	4 FPSOs
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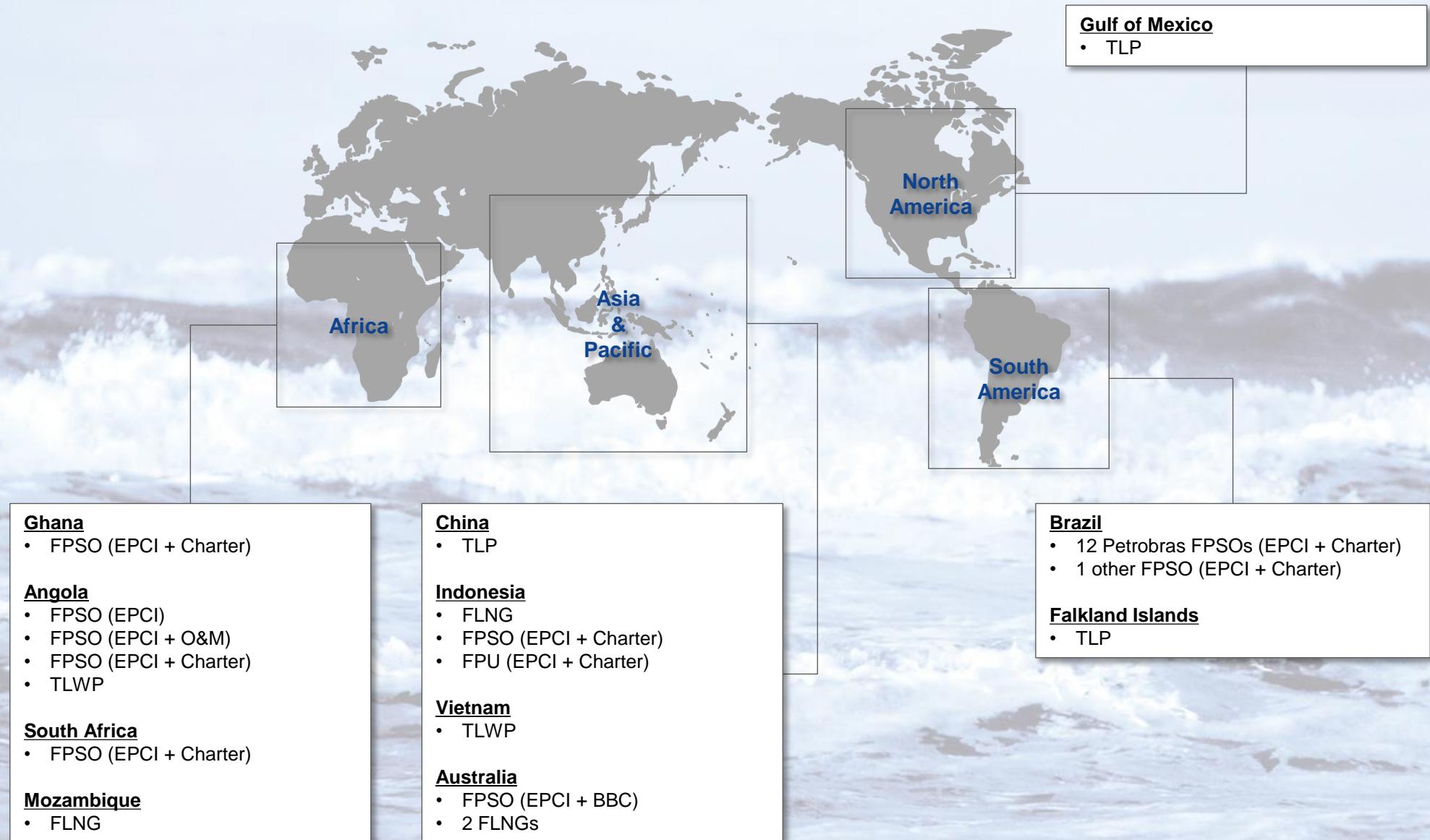


owned by (%)

affiliates accounted for by the Equity Method

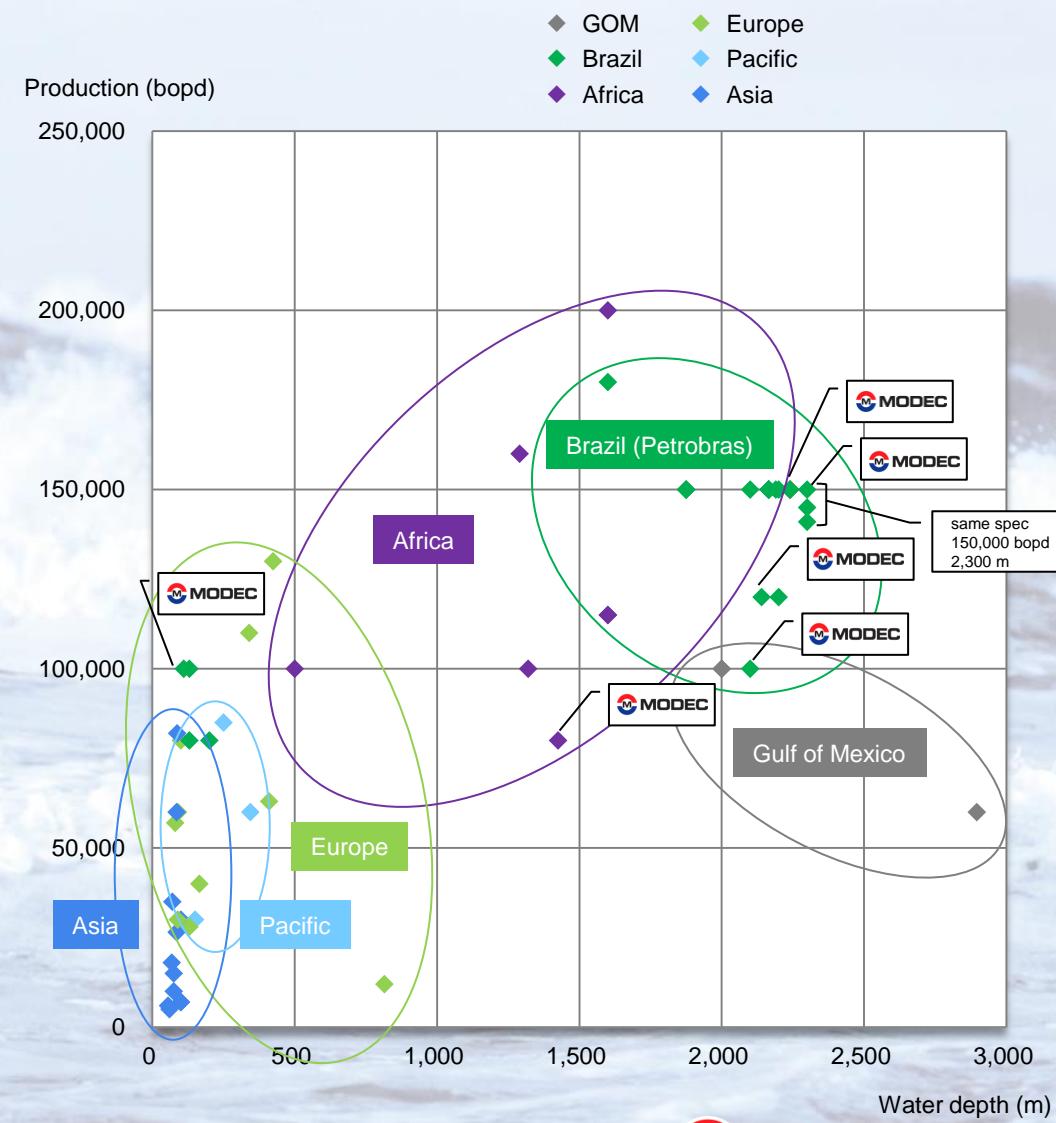
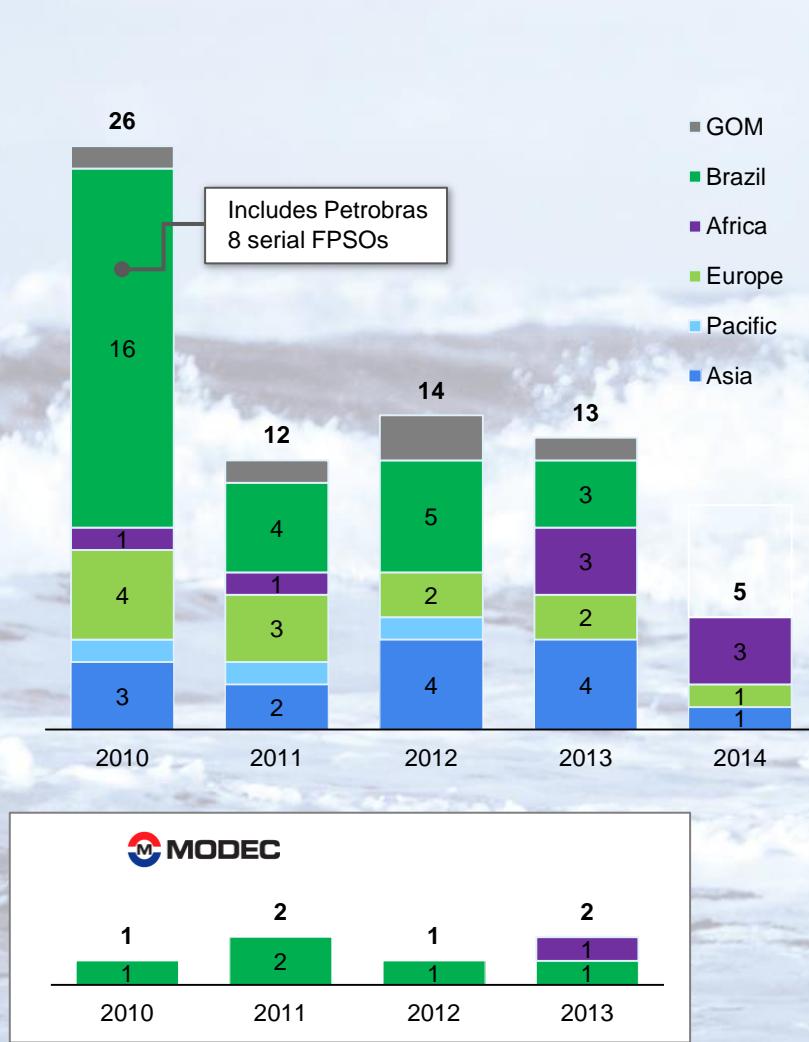
consolidated Subsidiary

Prospective Projects



FPSO Market Trends

FPSO Orders (2010-2014YTD)



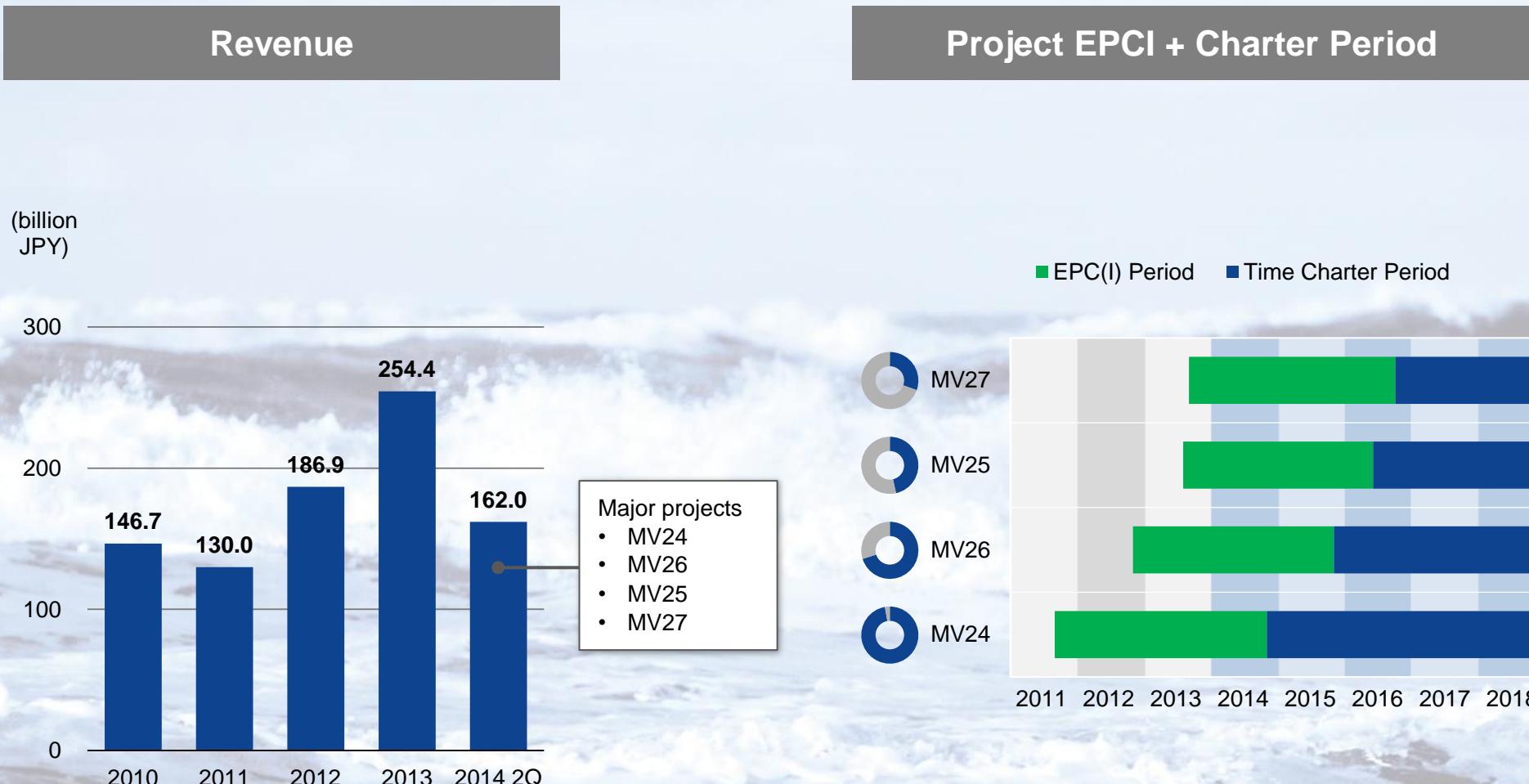


2014 Half-Year
Operations Review
Financial Results & Outlook

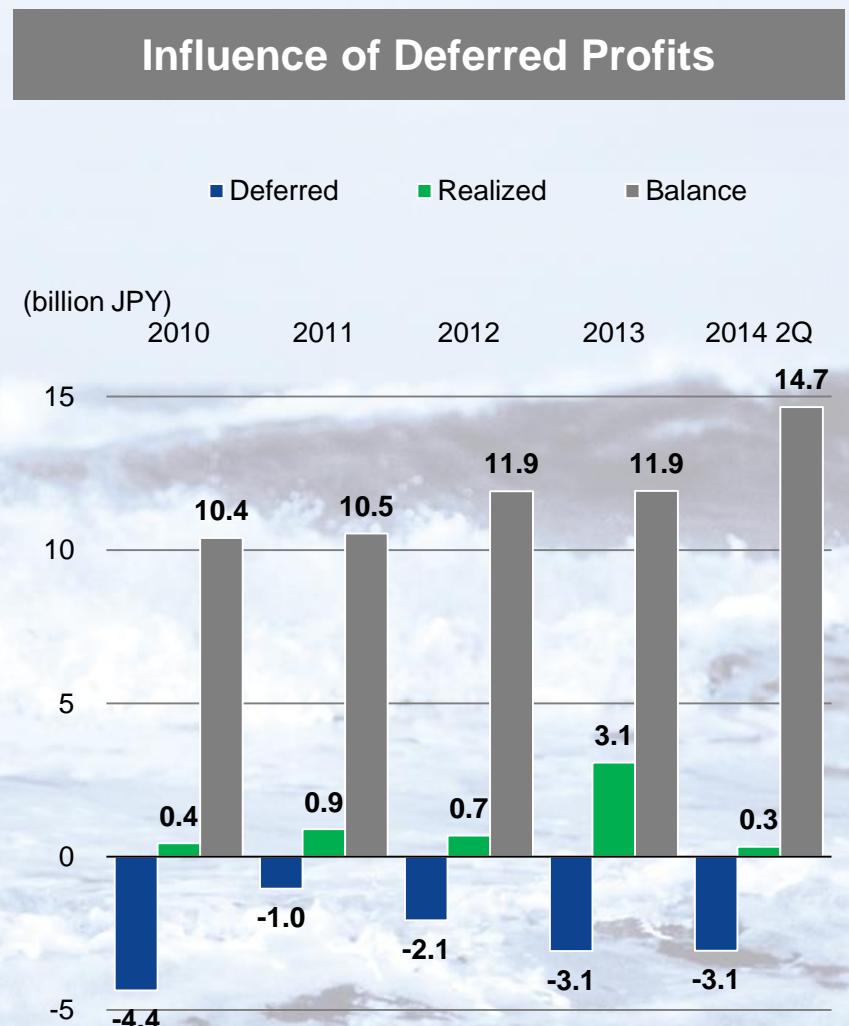
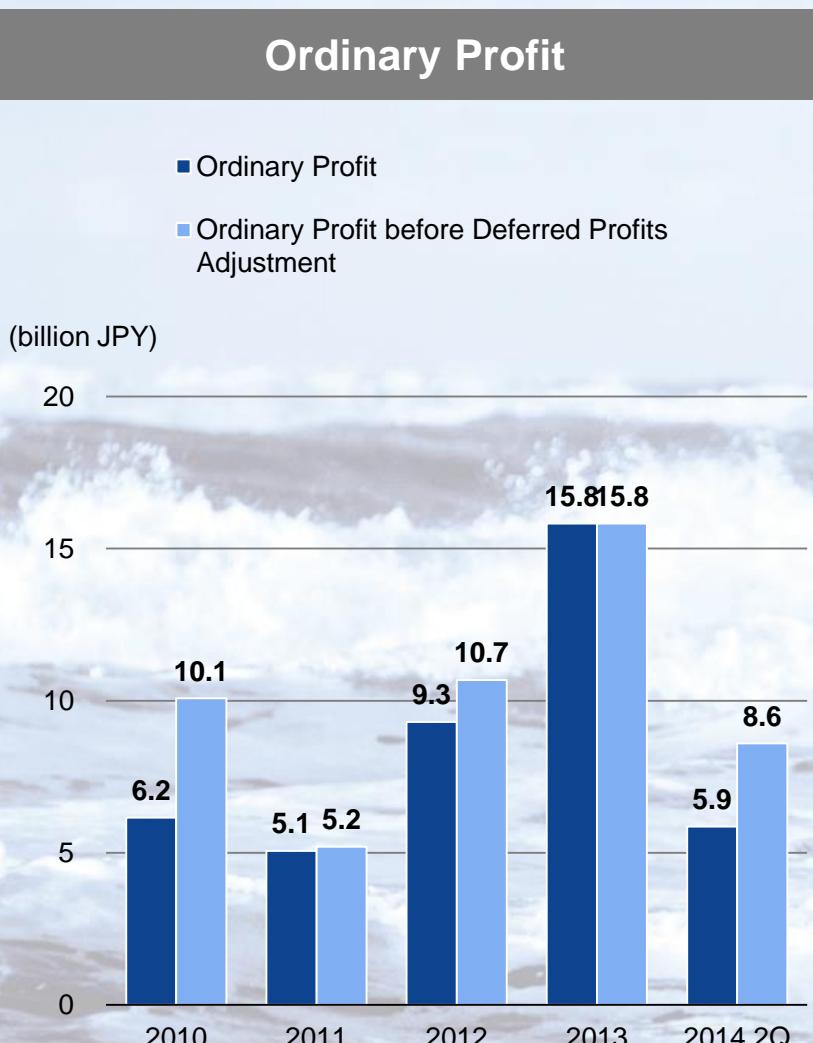
Profit & Loss

	2013 2Q	2014 2Q	Variance 2013 2Q 2014 2Q	2013	(million JPY)
Revenue	107,268	161,977	54,709	254,401	EPCI projects progressed on track
Gross Profit	9,391	9,112	(279)	16,713	Deferred profit was recognized in prior year
Gross Profit margin	8.8%	5.6%	-3.1%	6.6%	
Selling, General and Administrative Expenses	6,739	5,944	(795)	13,009	
Operating Profit	2,651	3,168	517	3,704	
Other Income (A)	7,702	3,687	(4,015)	12,963	
Other Expense (B)	469	993	524	847	
Total Other Income/Expenses (C=A-B)	7,233	2,694	(4,539)	12,116	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	2,734	2,178	(556)	5,622	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	2,986	(450)	(3,436)	3,849	Foreign exchange loss was recognized due to stronger yen
Ordinary Profit	9,884	5,861	(4,023)	15,820	
Extraordinary Profit	-	-	-	101	
Extraordinary Loss	-	542	542	4,261	
Income before Income Taxes and Minority Interests	9,884	5,319	(4,565)	11,659	
Net Income	5,755	1,079	(4,676)	4,922	US subsidiary amortized deferred tax assets
Exchange Rate (USD)	¥98.58	¥101.35	¥2.77	¥105.37	

Revenue

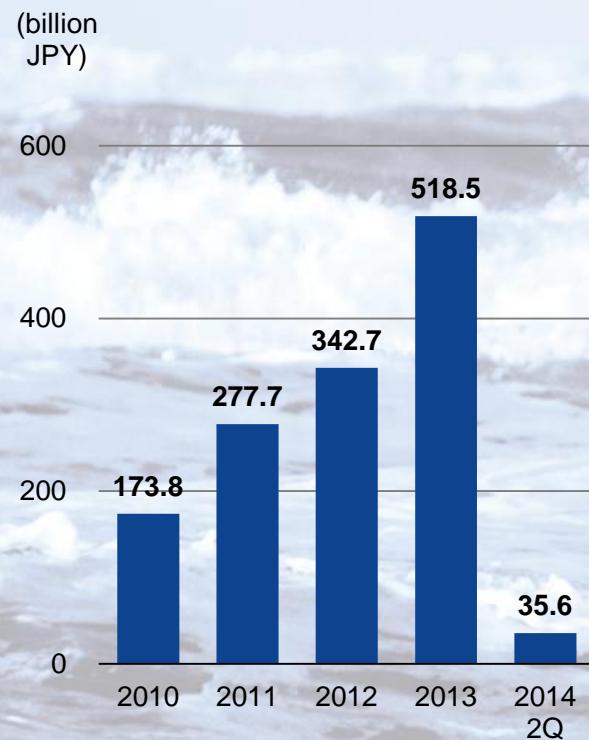


Ordinary Profit

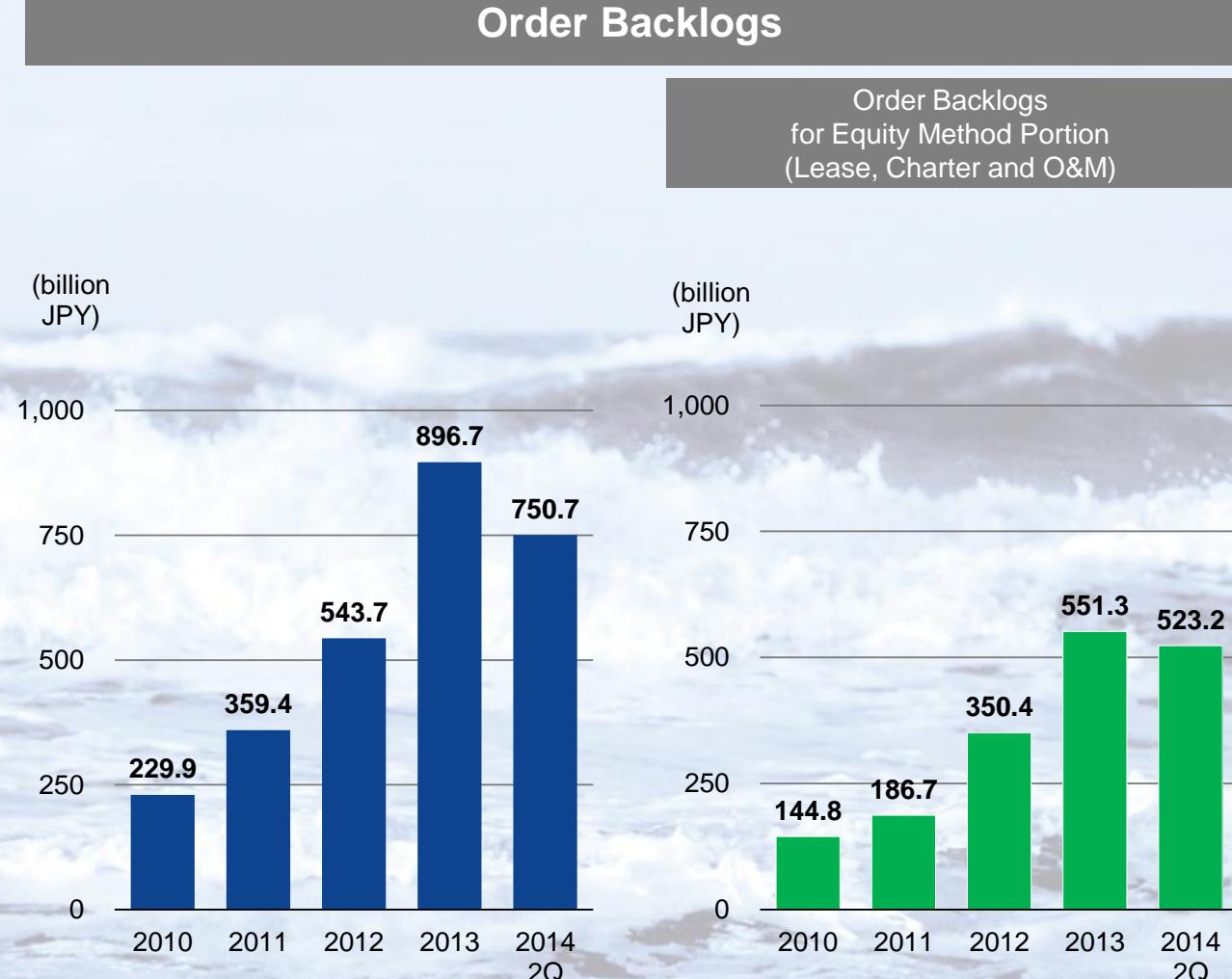


New Orders & Order Backlogs

New Orders



Order Backlogs

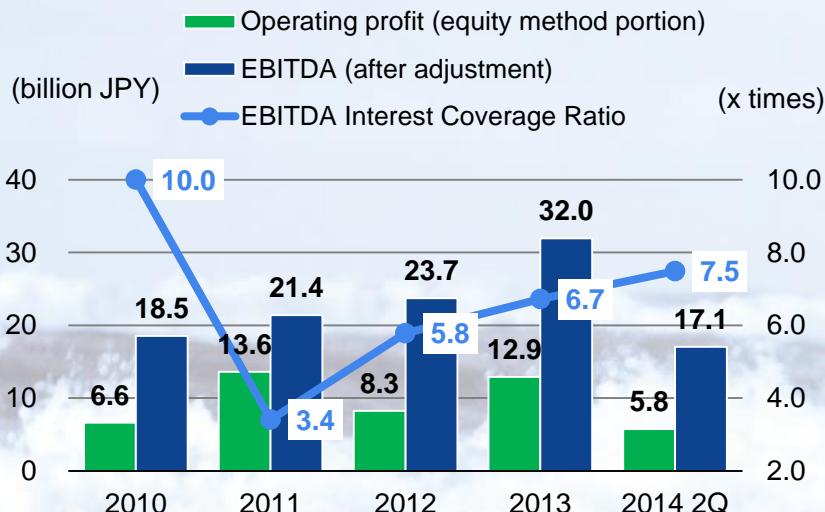


Balance Sheet

	2013	2014 2Q	Variance	(million JPY)
Short-term Loans Receivable	-	23,241	23,241	Total Assets:
Total Current Assets	120,889	193,329	72,440	Increase in account receivable temporarily due to progress of EPCI projects
Property and Equipment	17,602	16,900	(702)	Increase in short-term loans receivable due to increase in construction loan to MV27
Intangible Assets	7,394	6,897	(497)	
Investments and Other Assets	69,788	66,147	(3,641)	
Total Fixed Assets	94,785	89,945	(4,840)	
Total Assets	215,674	283,274	67,600	
	2013	2014 2Q	Variance	(million JPY)
Short-term Loans Payable	10,888	24,824	13,936	Total Liabilities:
Total Current Liabilities	115,050	164,233	49,183	Increase in account payable temporarily due to progress of EPCI projects
Long-term Loans Payable	15,615	13,248	(2,367)	
Total Long-term Liabilities	20,179	22,198	2,019	
Total Liabilities	135,230	186,432	51,202	
Total Shareholders Equity	71,628	91,885	20,257	Total Net Assets:
Total Accumulated Losses from Valuation and Translation Adjustments	(817)	(5,270)	(4,453)	Increase in common stock and capitals surplus due to capital increase of 19.9 billion yen
Minority Interests in Consolidated Subsidiaries	9,633	10,227	594	
Total Net Assets	80,444	96,842	16,398	
Total Liabilities, Net Assets	215,674	283,274	67,600	

Key Financial Figures

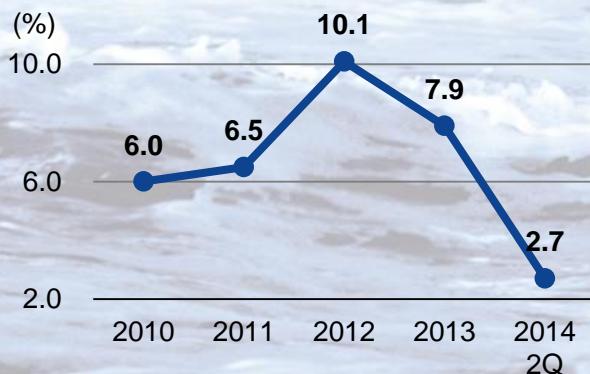
Operating Profit & EBITDA



Interest-Bearing Debt



ROE



ROA

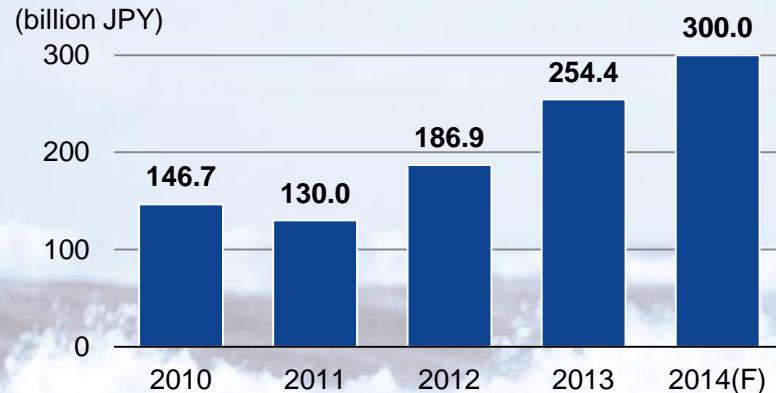


Equity Ratio

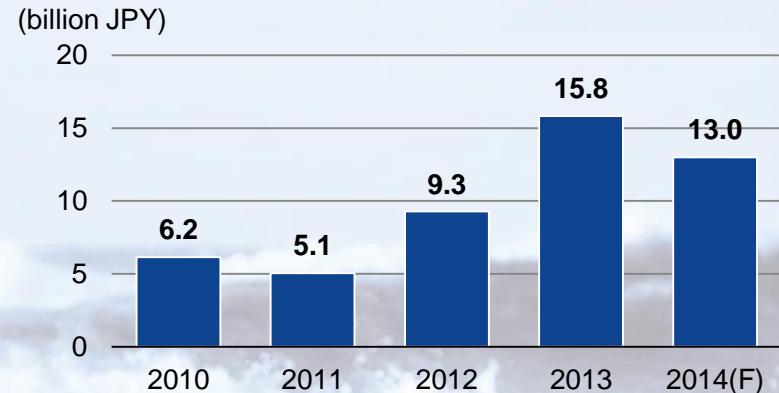


2014 Financial Forecast

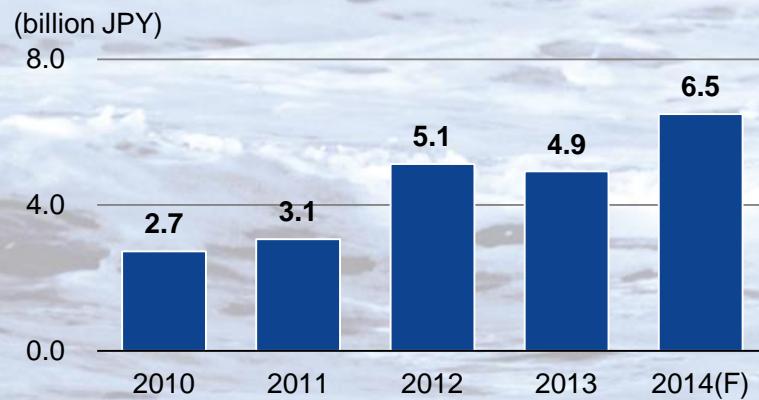
Revenue



Ordinary Profit



Net Income



Exchange Rate on Closing Dates (\$/¥)

