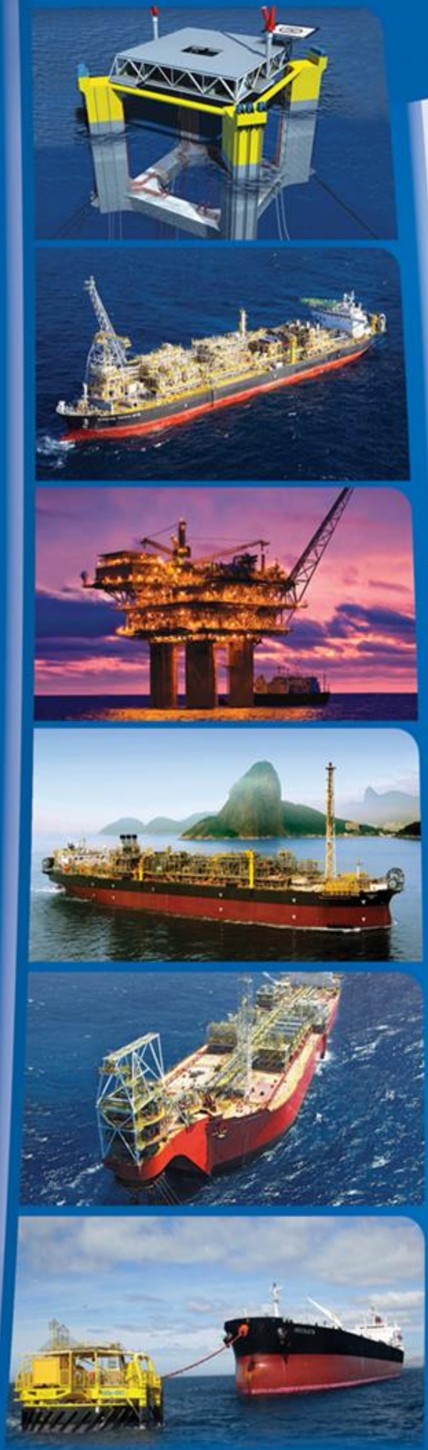


MODEC, Inc.
2014 Financial Results
Analysts Presentation

February 16, 2015

MODEC

2014 Full-Year

Highlight

Market Review & Outlook

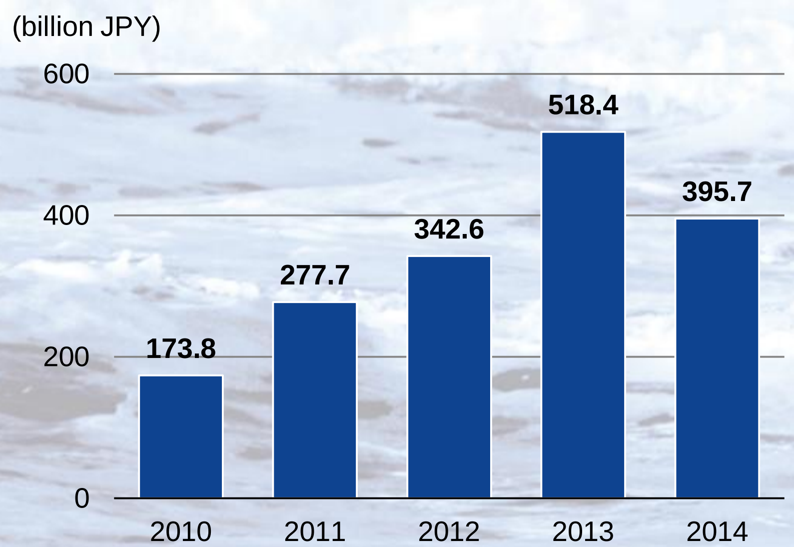
Financial Results

MODEC

FY2014 : Highlight

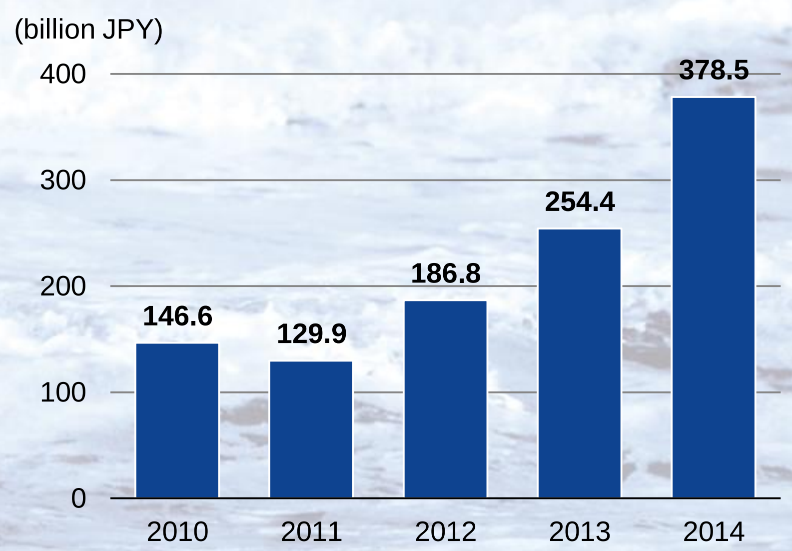
New Orders

- New Order 395.7 billion JPY
  - New orders for 1 FPSO (Petrobras Tartaruga MV29: EPCI + Charter) and 1 TLP (Hess Stampede: ECM)



Revenue

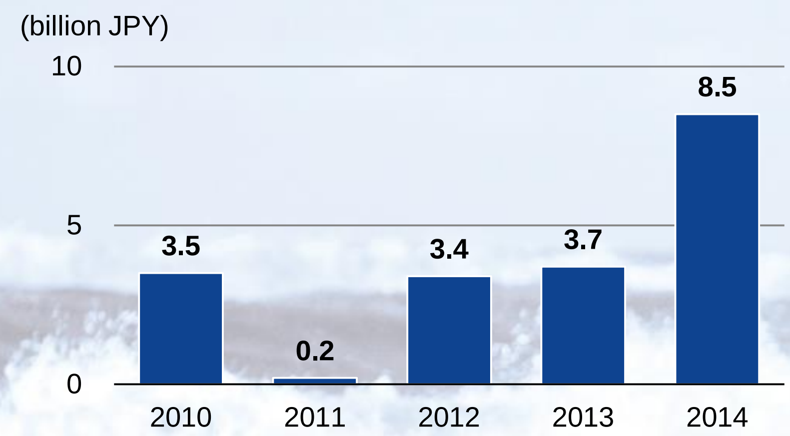
- Revenue hit a record high of 378.5 billion JPY
  - EPCI progressed well on MV25 (Tullow TEN), MV26 (Petrobras Iracema Norte) and MV27 (Petrobras Carioca); revenue from EPCI was an all-time high of approx. 290 billion JPY



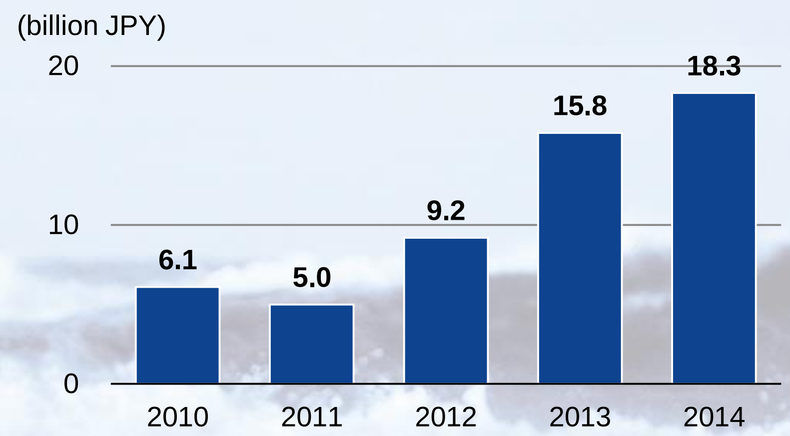
FY2014 : Highlight

- Operating profit, ordinary profit, net income, all hit record highs

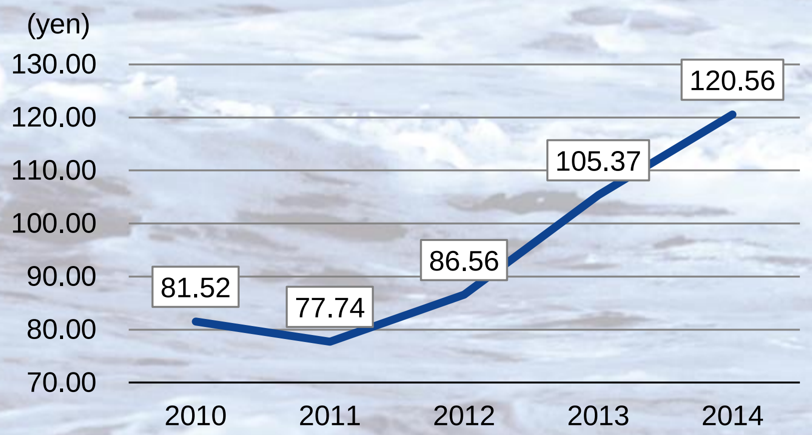
Operating Profit



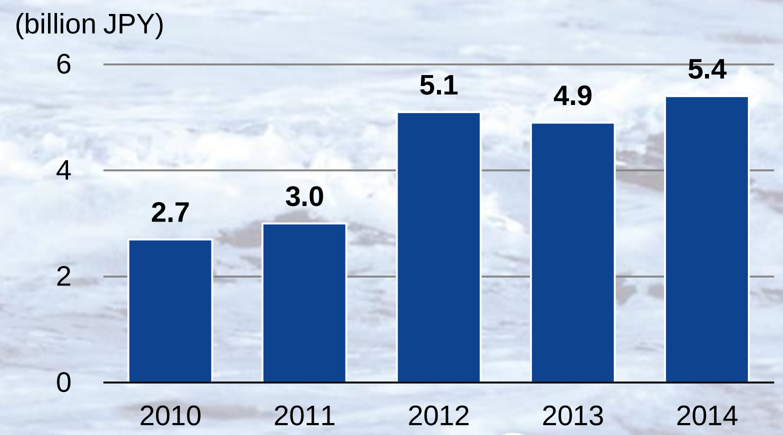
Ordinary Profit



Exchange Rate on Closing Dates ($/¥)



Net Income



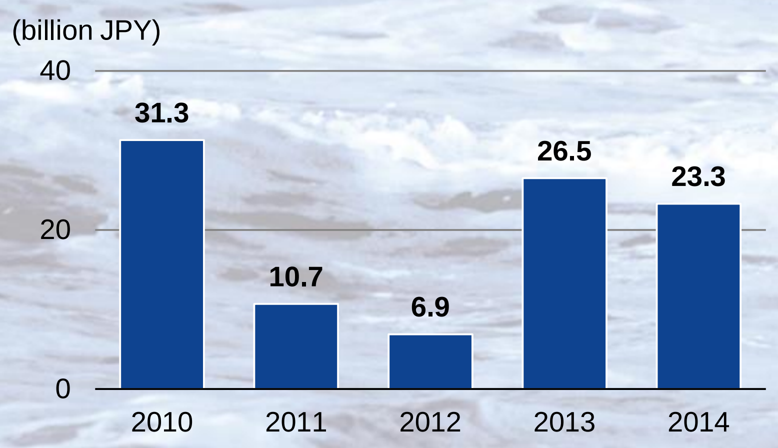
MODEC

FY2014 : Highlight

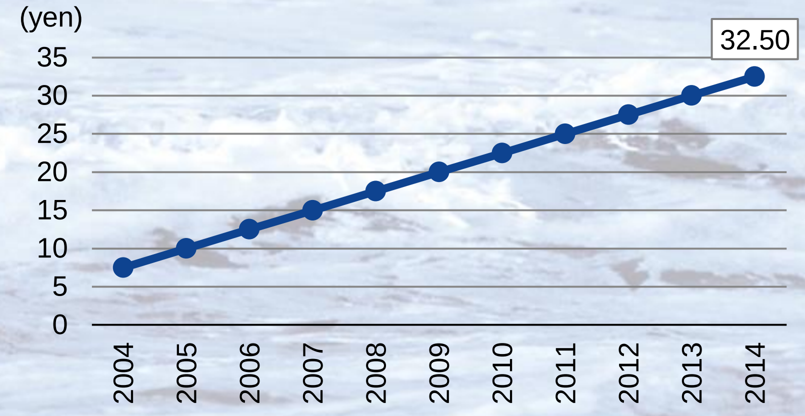
Equity

- Raised approx. 20 billion JPY by public offering and third-party allotment; equity increased to 96.7 billion JPY
- Accounts receivable and payable increased by approx. 83 billion JPY and 72 billion JPY respectively, due to EPCI progress and timing difference between progress recognition and actual cash settlement
- Proposed annual dividends: 32.50 yen per share
  - Dividends increased 10 years in a row

Interest-Bearing Debt



Dividends per Share



FY2014: New Awards

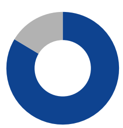
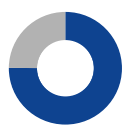
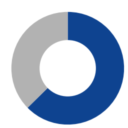
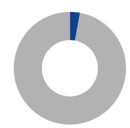
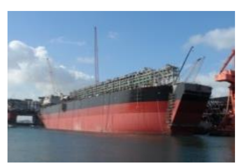
Petrobras Tartaruga MV29 FPSO

- **Petrobras Tartaruga Verde / Tartaruga Mestiça FPSO Project (November 2014)**
  - Client: Petrobras
  - Contract: EPCI + Time Charter (20 years)
  - Location: Tartaruga Verde & Tartaruga Mestiça fields (Brazil)
  - Water Depth: 765m
  - Delivery: 2017 3Q (planned)
  - Oil Production: 150,000 bopd
    Water Injection: 200,000 bwpd
    Gas Production: 176 MMscfd
    Storage Capacity: 1,600,000 bbls

Hess Stampede TLP

- **Hess Stampede TLP Project (October 2014)**
  - Client: Hess Corporation
  - Contract: Engineering, Procurement Management and Construction Management
  - Location: Stampede field (US GOM)
  - Water Depth: 1,070m
  - Start Production: 2018 (planned)
  - Oil Production: 80,000 bopd
    Water Injection: 100,000 bwpd
    Gas Production: 80 MMscfd

FY2014: EPCI Projects

	FPSO Cidade de Mangaratiba MV24	FPSO Cidade de Itaguai MV26	FPSO Prof. John Evans Atta Mills (MV25)	FPSO Cidade de Caraguatatuba MV27	Petrobras Tartaruga Verde MV29 FPSO New Award	Hess Stampede TLP New Award
Client	Petrobras	Petrobras	Tullow	Petrobras	Petrobras	Hess
Contract	EPC + Time Charter (20 yrs)	EPCI + Time Charter (20 yrs)	EPCI + Time Charter (10 yrs + ten 1-year options)	EPCI + Time Charter (20 yrs)	EPCI + Time Charter (20 yrs)	ECM
First Oil/ Delivery	2014 October	Planned 2015 4Q	Planned 2016 2Q	Planned 2016 3Q	Planned 2017 3Q	Planned 2018
Field	Iracema Sul	Iracema Norte	T.E.N. (Tweneboa/ Enyenra/Ntomme)	Carioca	Tartaruga Verde & Tartaruga Mestiça	Stampede
Location	Brazil	Brazil	Ghana	Brazil	Brazil	GOM
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	1,600,000 bbls 150,000 bopd	80,000 bopd 80 mmscfd
Percentage of Completion						n/a
						

Time Charter / O&M Period

As of February 2015

Time Charter (Own & Operate)

in operation	13 units	10 FPSOs, 3 FSOs
under construction	4 FPSOs	

O&M (Operate)

in operation	4 FPSOs

- Time Charter fixed period
- Time Charter option period
- O&M period

No.	owned by (%)	Unit	Client	Period
1	TBD	Petrobras Tartaruga Verde MV29 FPSO	Petrobras	20y
2	25.0	FPSO Cidade de Caraguatatuba MV27	Petrobras	20y
3	25.0	FPSO Prof. John Evans Atta Mills	Tullow	10y
4	25.0	FPSO Cidade de Itaguai MV26	Petrobras	20y
5	25.0	FPSO Cidade de Mangaratiba MV24	Petrobras	20y
6	34.0	FPSO Cidade de Sao Paulo MV23	Petrobras	20y
7	42.5	FPSO Cidade de Angra dos Reis MV22	Petrobras	15y
8	50.0	FPSO Cidade de Santos MV20	Petrobras	12y
9	45.0	FPSO Cidade de Niteroi MV18	Petrobras	9y
10	65.0	FSO Rang Dong MV17	JVPC	9y
11	50.0	FPSO Song Doc Pride MV19	PEPC	5y
12	40.0	FPSO Stybarrow Venture MV16	BHPB	10y
13	40.6	FSO Cidade de Macae MV15	Petrobras	20y
14	40.6	FPSO Cidade do Rio de Janeiro MV14	Petrobras	8y
15	42.0	FSO Rong Doi MV12	KNOC	7y
16	50.0	FPSO Baobab Ivoirien MV10	CNR	10y
17	60.0	FPSO MODEC Venture 11	Santos	5y
18	n/a	FPSO Raroa	OMV	15y
19	n/a	FPSO Kwame Nkrumah MV21	Tullow	10y
20	n/a	FPSO Pyrenees Venture	BHPB	15y
21	n/a	FPSO Fluminense	Shell	13y

owned by (%)
Affiliates accounted for by the equity method
Consolidated subsidiary

MODEC

2014 Full-Year

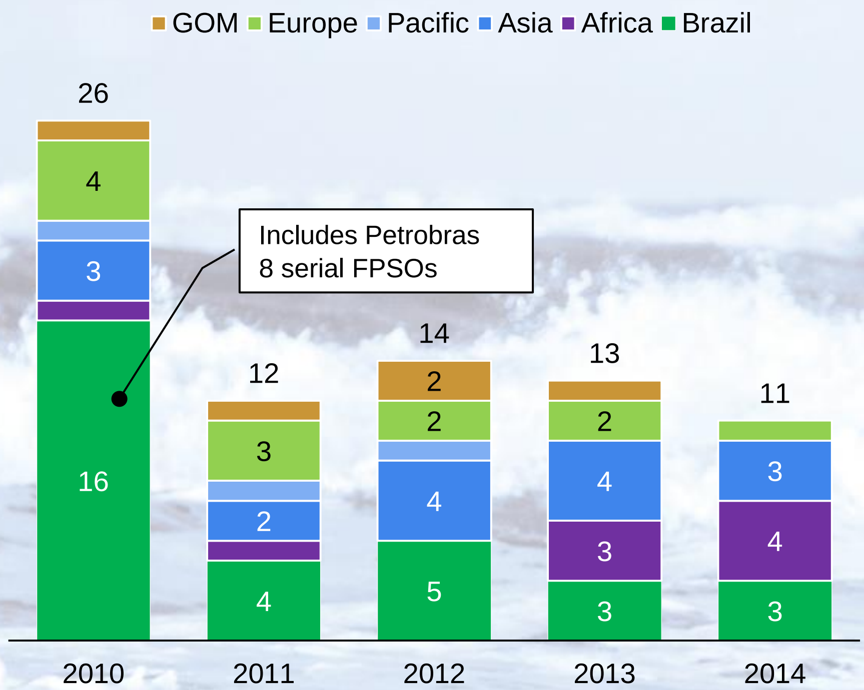
Highlight

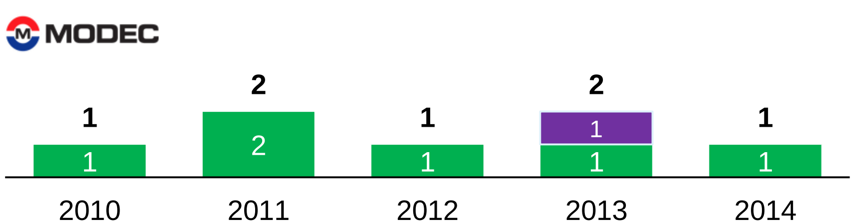
Market Review & Outlook

Financial Results

FY2014: Market Review

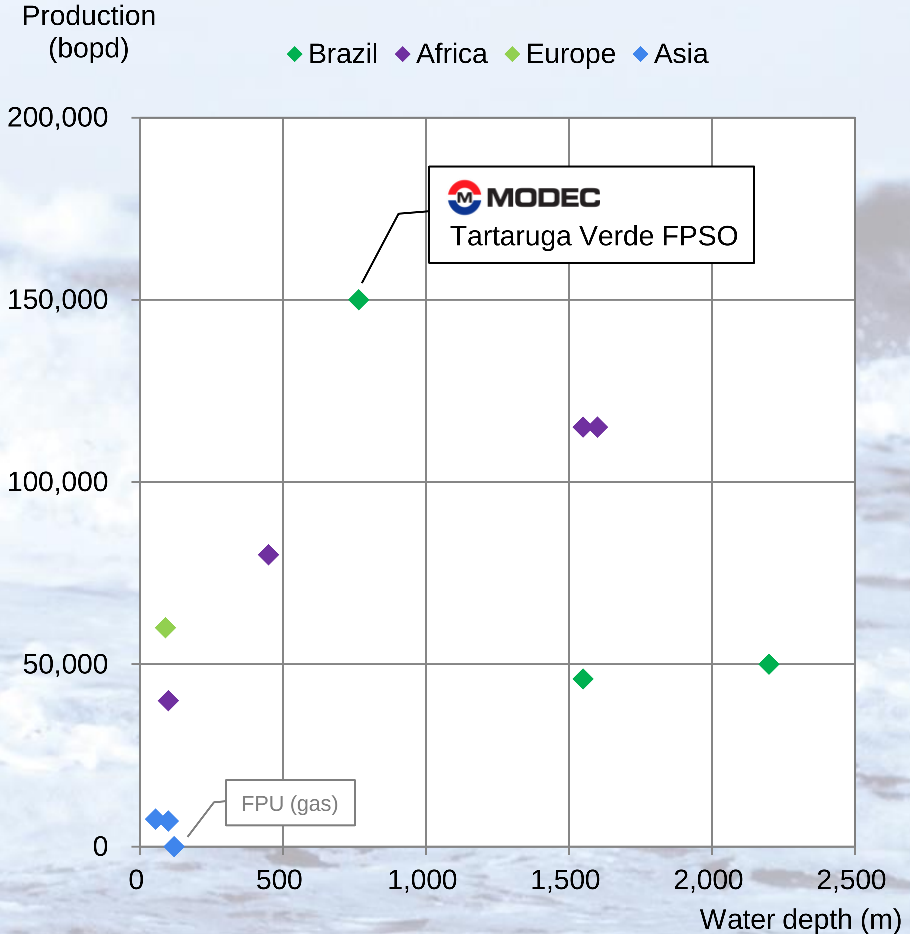
FPSO Awards





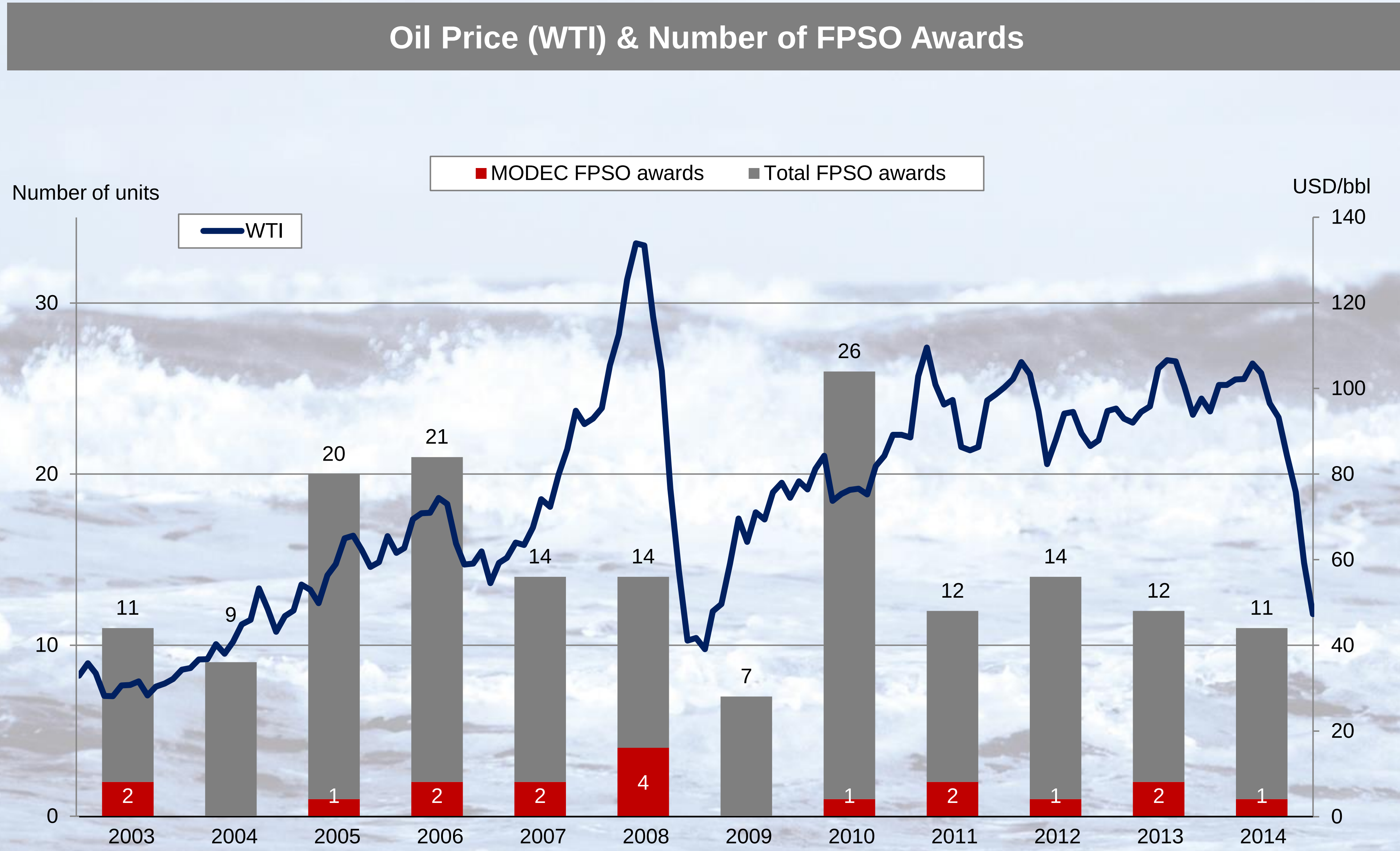
- 2010
  - Guara MV23
- 2011
  - Iracema Sul MV24
  - OSX-3
- 2012
  - Iracema Norte MV26
- 2013
  - TEN MV25
  - Carioca MV27
- 2014
  - Tartaruga MV29

FPSO Awards in 2014



Source: *Floating Production Systems Outlook Report* (EMA)

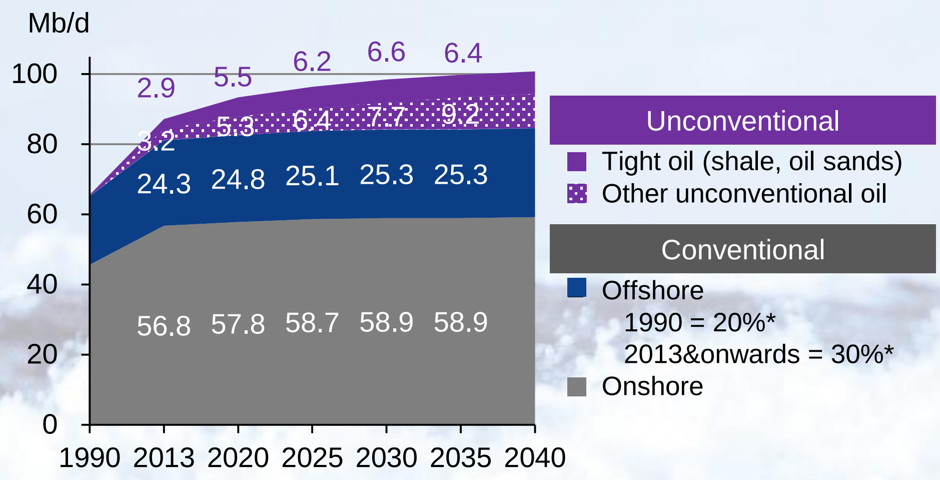
FY2014: Market Review



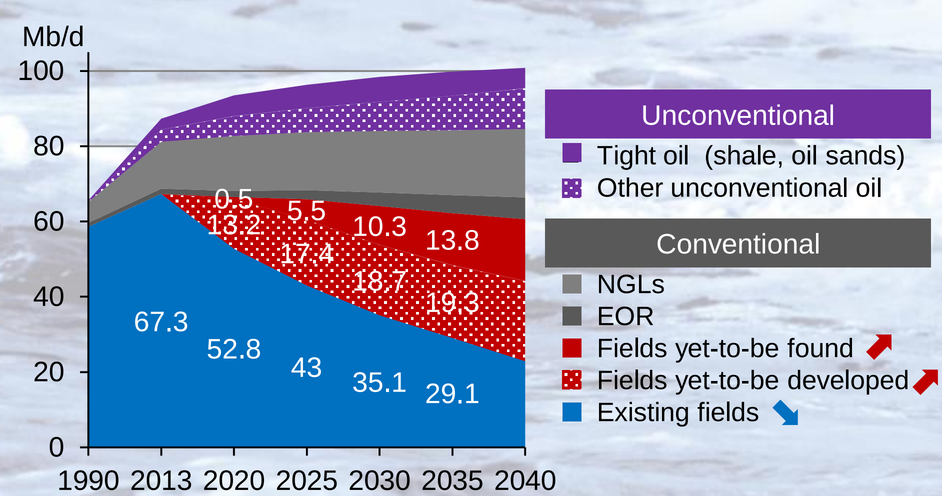
Source: *Floating Production Systems Outlook Report* (EMA), EIA website

FY2014: Market Review

Oil Production

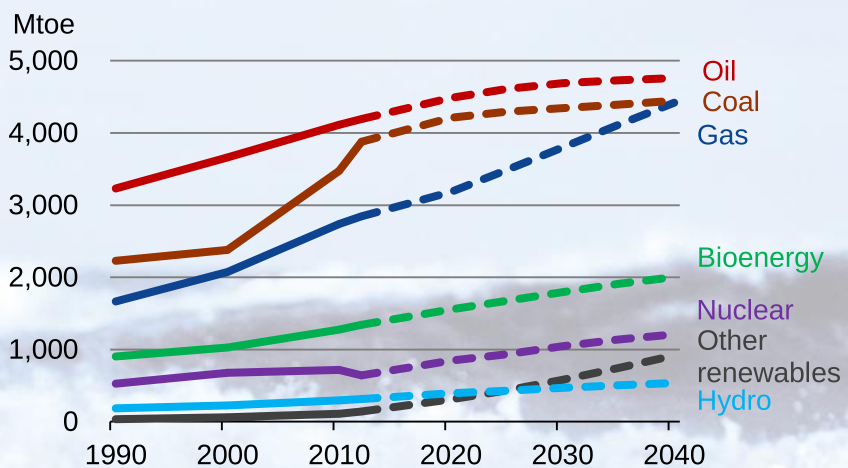


Source: *World Energy Outlook 2014* (IEA)
* Offshore ratio: MODEC analysis based on various data



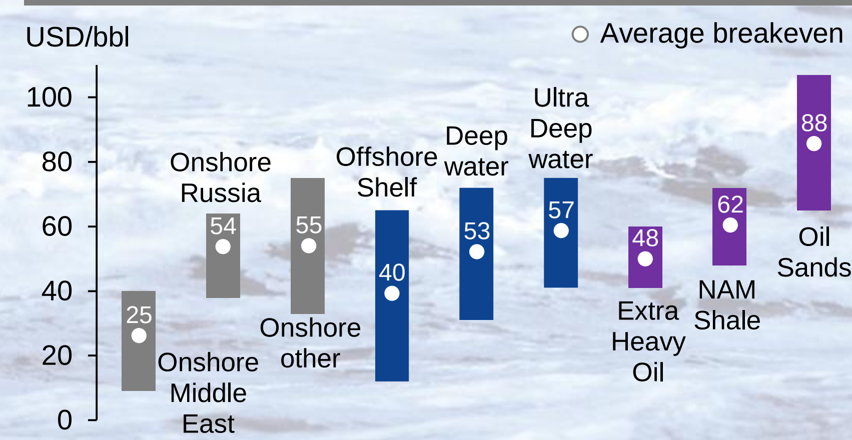
Source: *World Energy Outlook 2014* (IEA)

Energy Demand



Source: *World Energy Outlook 2014* (IEA)

Oil Production Cost Curve



Source: by MODEC based on Rystad Energy research and analysis data

Prospective Projects

UK
- FSO (EPCI + O&M)

Norway
- TLP

Ghana
- FPSO (TBD)
- TLP

Angola
- FPSO (EPCI)
- FPSO (EPCI + O&M)
- FPSO (EPCI + Charter)

South Africa
- FPSO (EPCI + Charter)

Indonesia
- FPSO (EPCI + Charter)
- FPU (EPCI + Charter)
- FLNG

Vietnam
- FPSO (EPCI + Charter)
- TLP

India
- FPSO (EPCI + Charter)

Australia
- FPSO (EPCI + Charter)
- FLNG

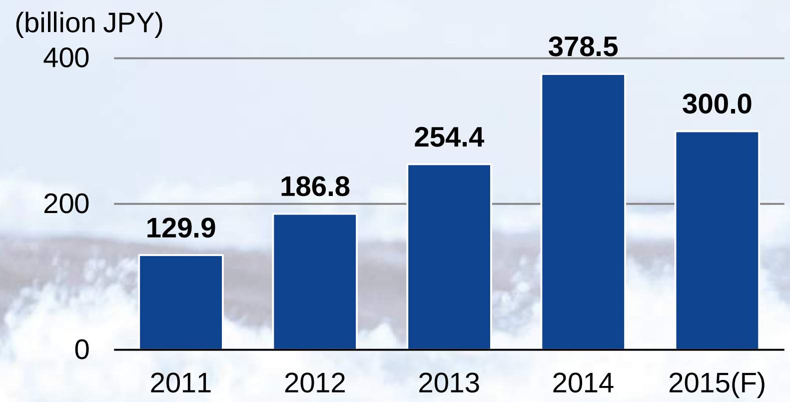
Brazil
- 8 Petrobras FPSOs (EPCI + Charter)
- 1 non-Petrobras FPSO (EPCI + Charter)
- FLNG

Falkland
- FPSO (EPCI + Charter)
- TLP

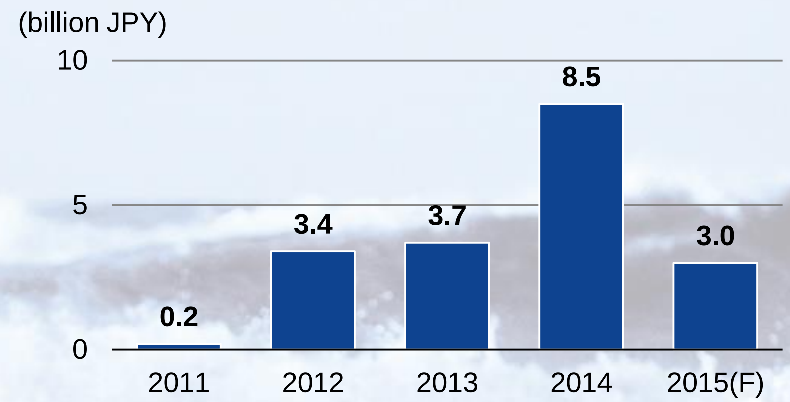
FY2015 : Outlook

Exchange Rate on Closing Dates ($/¥)				
2011	2012	2013	2014	2015(F)
77.74	**86.56**	**105.37**	**120.56**	**110.00**

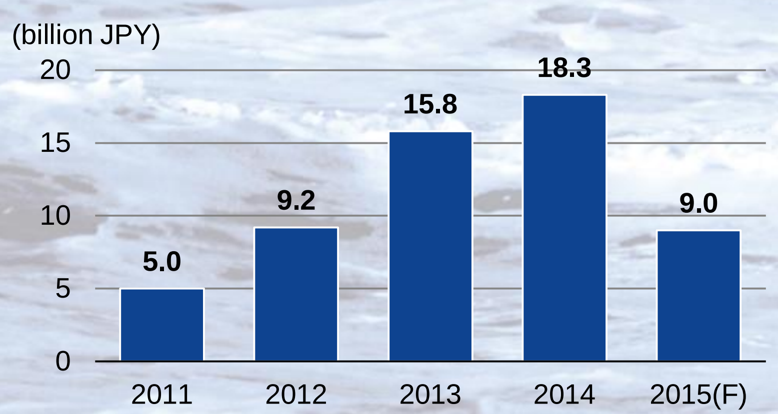
Revenue



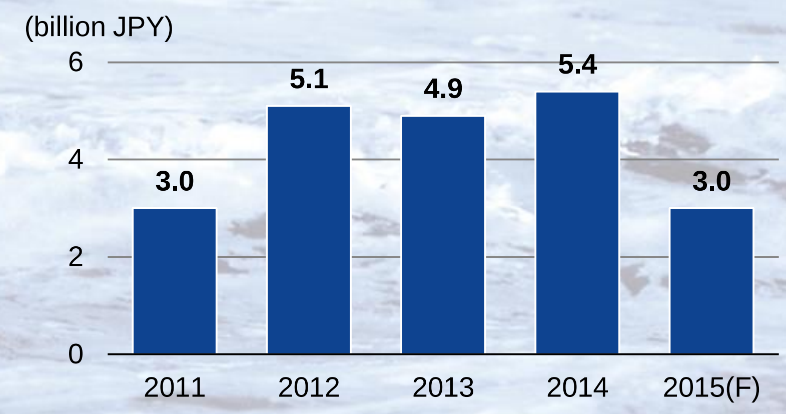
Operating Profit



Ordinary Profit



Net Income



2014 Full-Year

Highlight

Market Review & Outlook

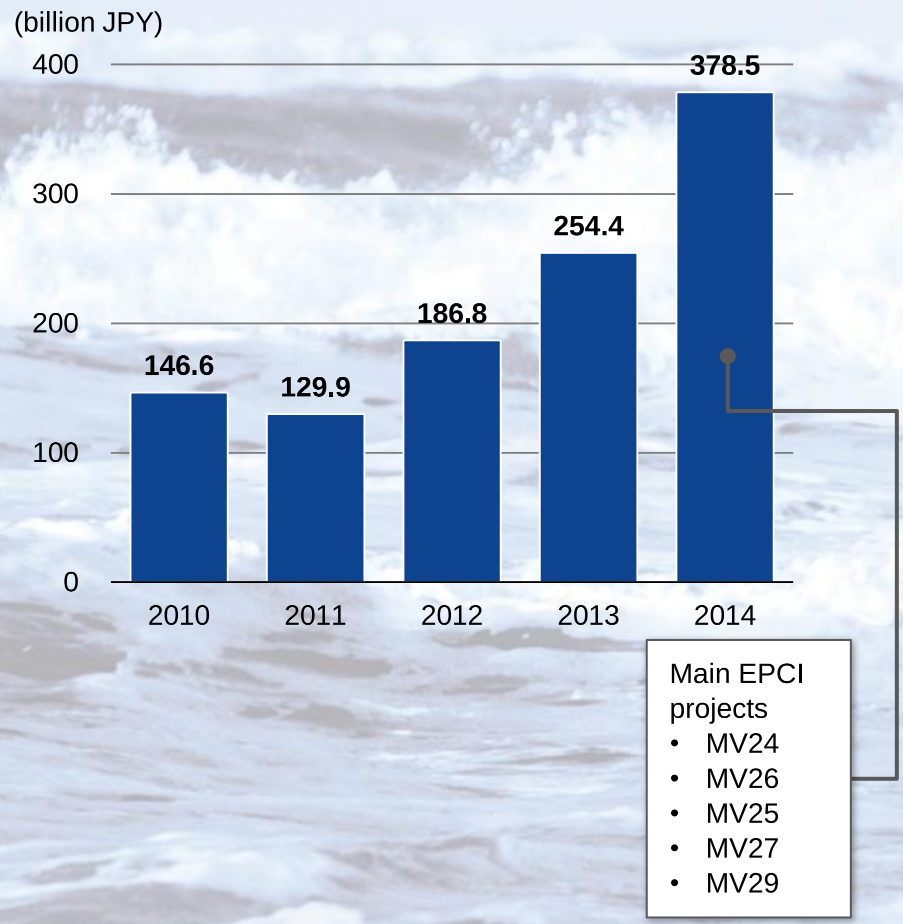
Financial Results

Profit & Loss

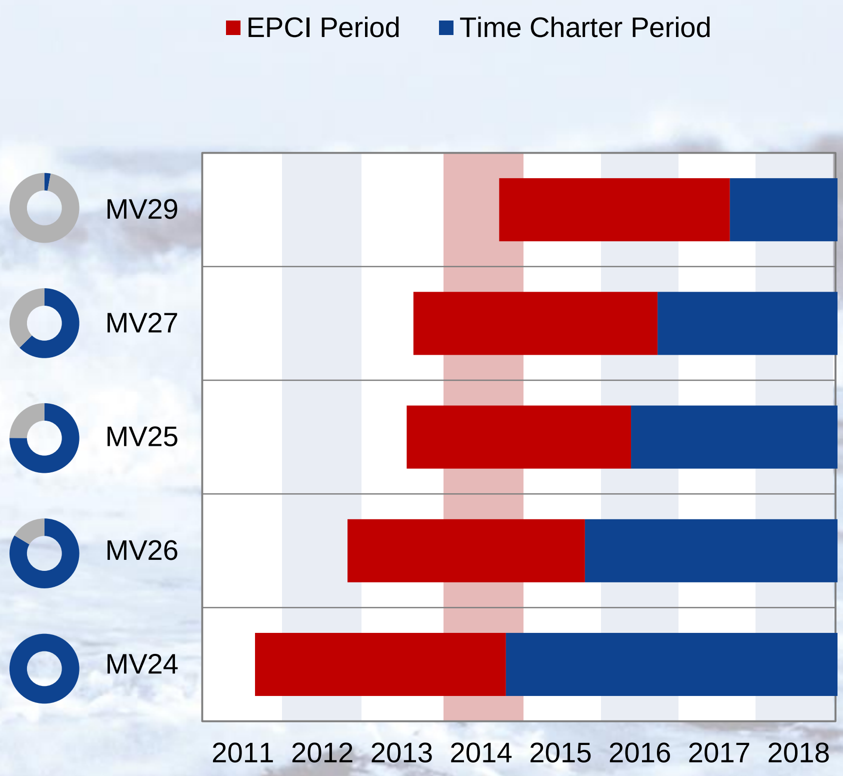
	2013	2014	Variance	(million JPY)
Revenue	254,401	378,523	124,122	- EPCI projects progressed well
Gross Profit	**16,713**	**21,958**	**5,245**	- Gross profit increased due to higher POC achieved in EPCI projects - Costs incurred for crew cost escalation and asset maitenance in Brazil
Selling, General and Administrative Expenses	13,009	13,391	382	
Operating Profit	**3,704**	**8,566**	**4,862**	
Other Income (A)	12,963	10,941	(2,022)	
Other Expense (B)	847	1,170	323	
Total Other Income/Expenses (C=A-B)	12,116	9,771	(2,345)	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	5,622	6,694	1,072	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	3,849	236	(3,613)	- Exchange gain from dollar-denominated assets due to depreciation of Japanese yen was offset by exchange loss due to depreciation of Brazilian real
Ordinary Profit	**15,820**	**18,337**	**2,517**	
Extraordinary Profit	101	-	(101)	
Extraordinary Loss	4,261	2,027	(2,234)	- Recognized loss on disposal of property and equipment relating to the *skwid*
Income before Income Taxes and Minority Interests	**11,659**	**16,309**	**4,650**	- Write-off of deferred tax assets at US subsidiary
Net Income	**4,922**	**5,422**	**500**	
Exchange Rate (USD)	¥105.37	¥120.56	¥15.19	

Revenue

Revenue

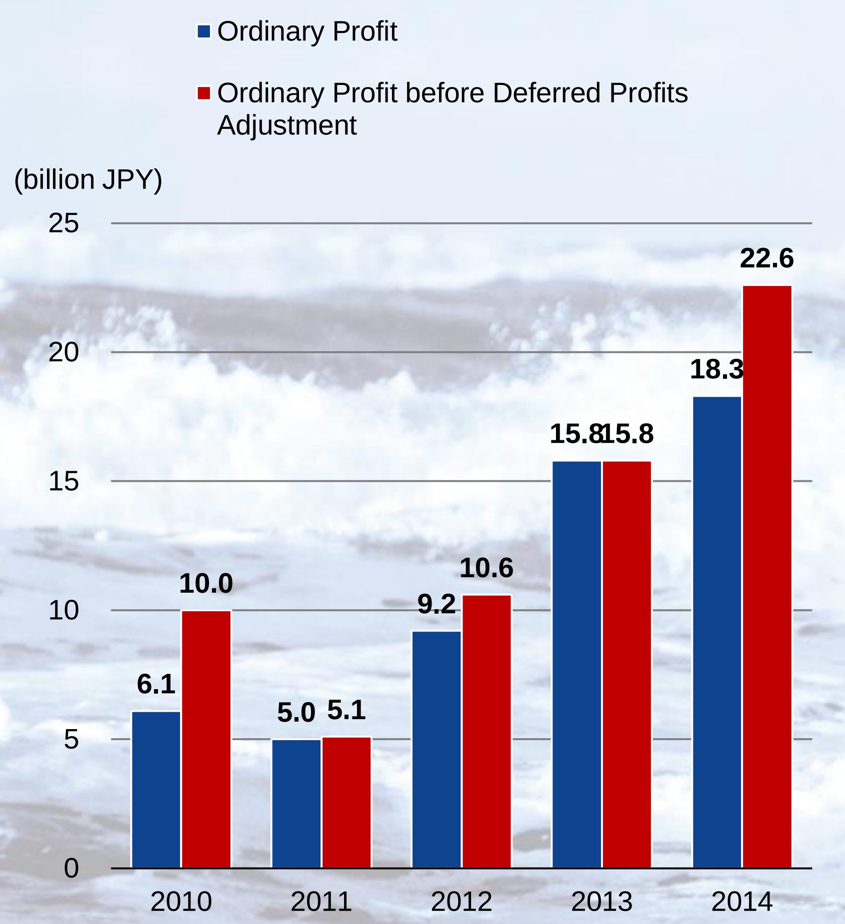


Project Timeline

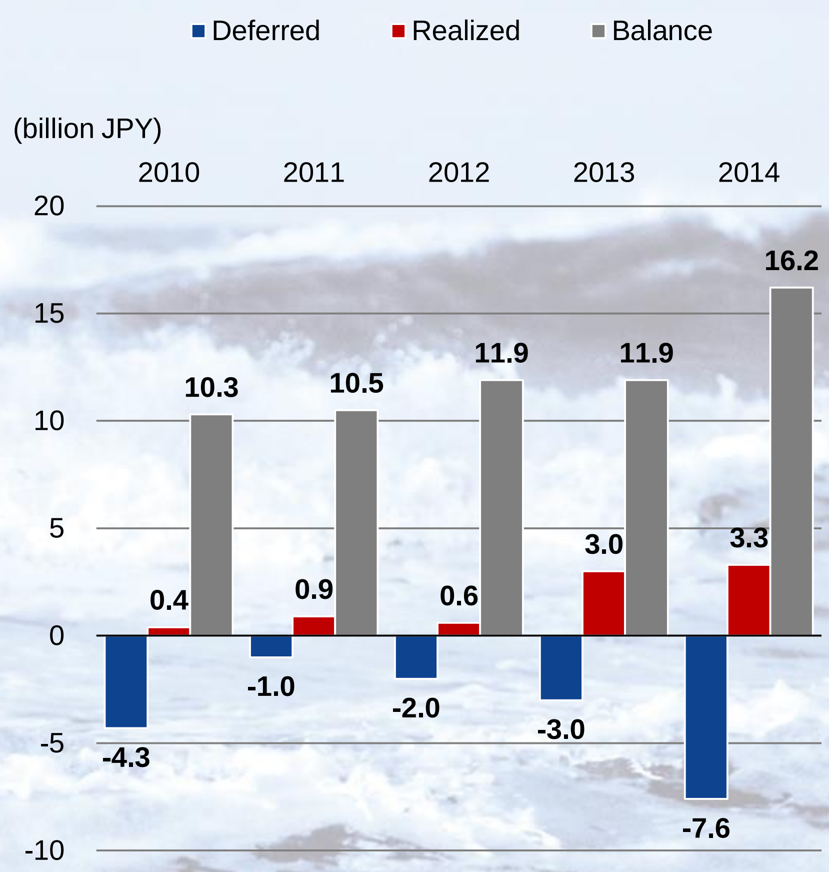


Ordinary Profit

Ordinary Profit



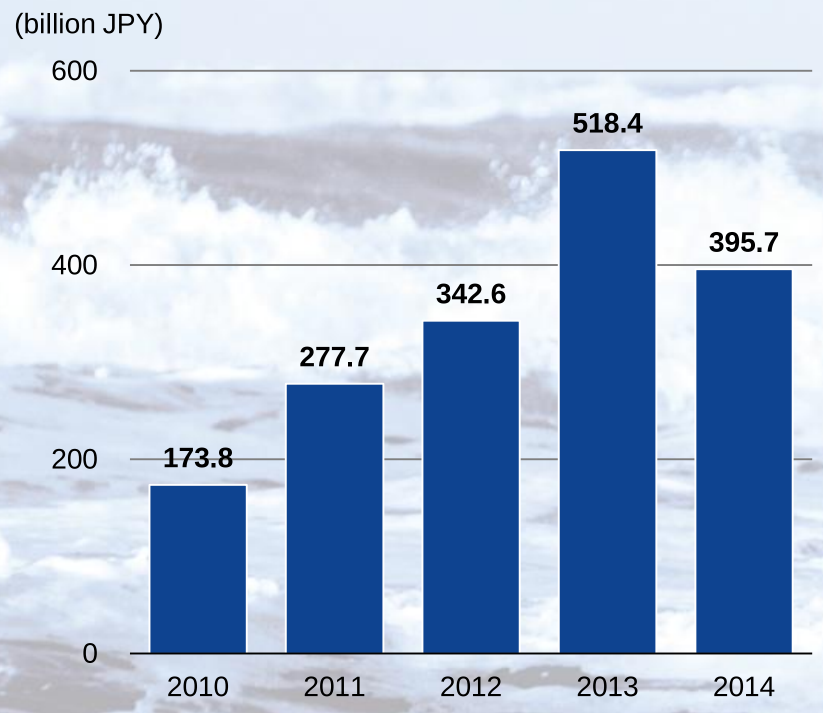
Influence of Deferred Profits



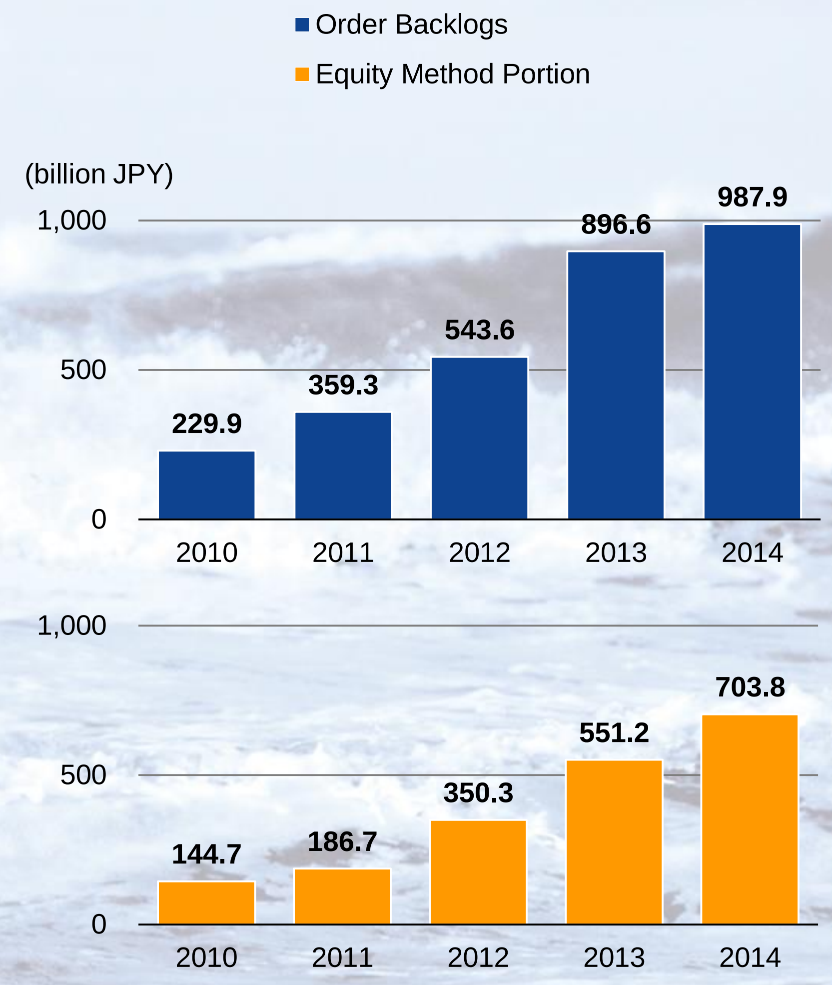
MODEC

New Orders & Order Backlogs

New Orders



Order Backlogs

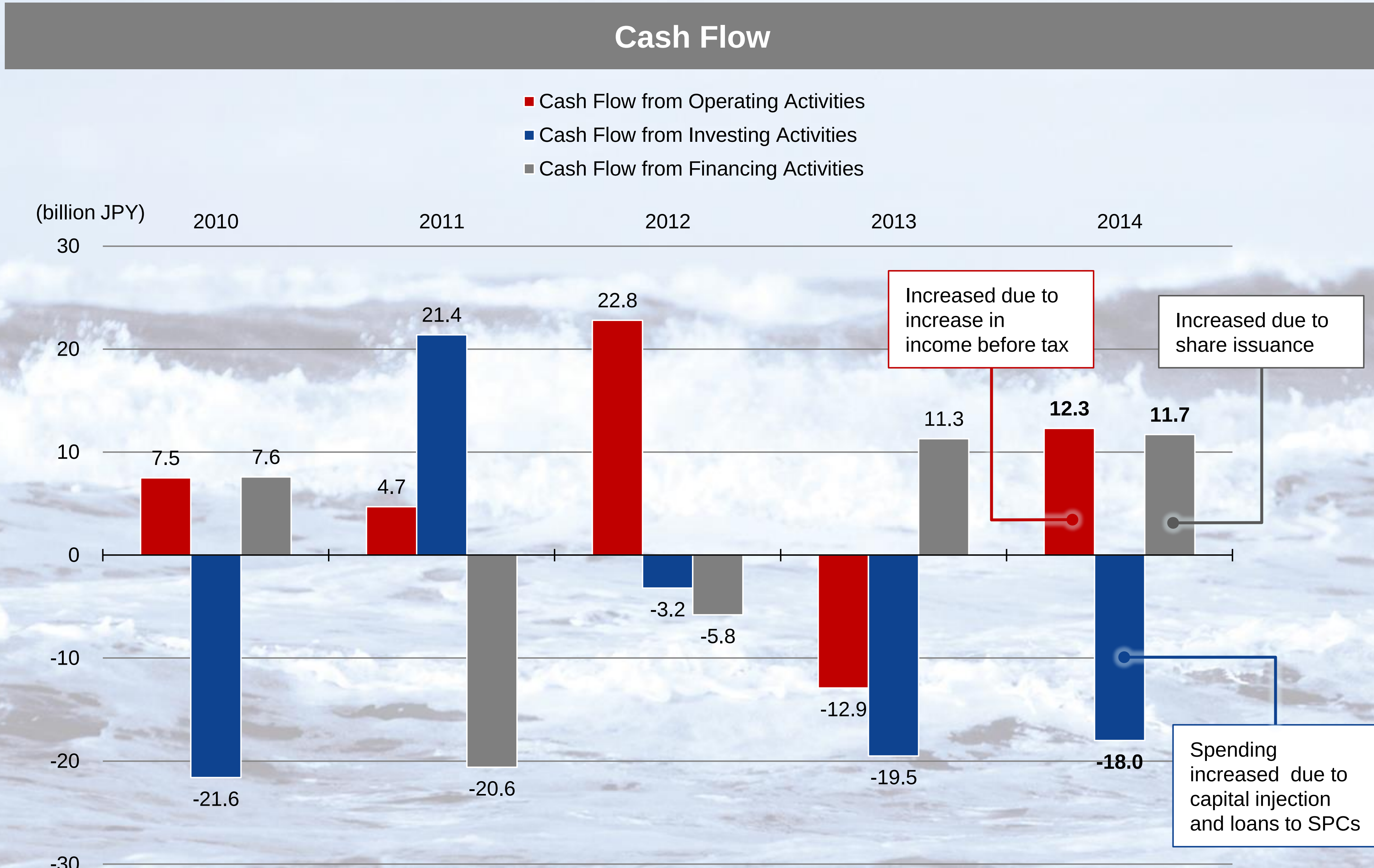


Balance Sheet

	2013	2014	Variance	(million JPY)
Short-term Loans Receivable	-	41,008	41,008	**Total Assets:**
Total Current Assets	120,889	259,992	139,103	- Accounts receivable temporarily increased in accordance with EPCI progress
Property and Equipment	17,602	16,924	(678)	- Reclassification of loans to MV24 (from long-term to short-term)
Intangible Assets	7,394	7,795	401	- Increase in construction loan to MV29
Investments and Other Assets	69,788	63,763	(6,025)	
Total Fixed Assets	94,785	88,484	(6,301)	
Total Assets	**215,674**	**348,477**	**132,803**	

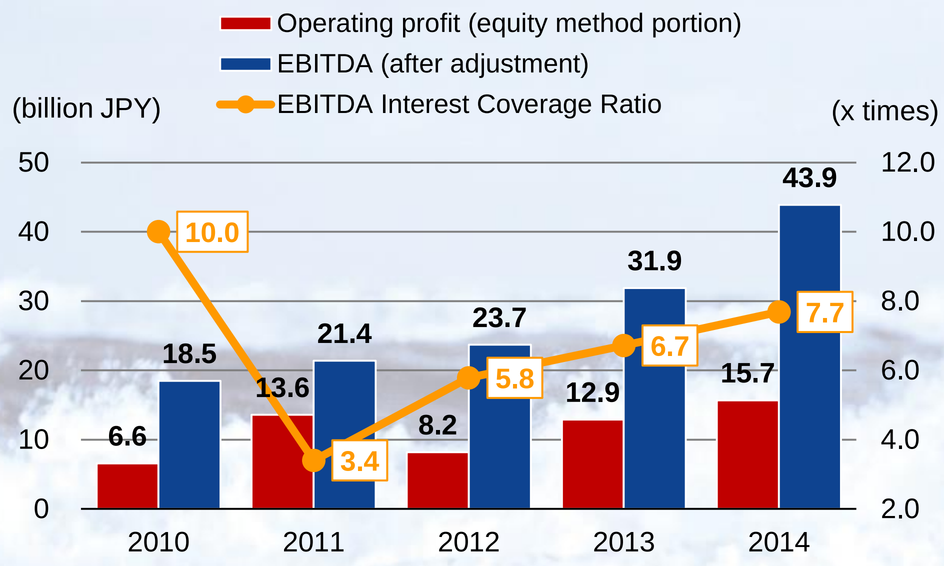
	2013	2014	Variance	(million JPY)
Short-term Loans Payable	10,888	8,165	(2,723)	**Total Liabilities:**
Total Current Liabilities	115,050	203,152	88,102	- Accounts payable temporarily increased in accordance with EPCI progress
Long-term Loans Payable	15,615	15,205	(410)	
Total Long-term Liabilities	20,179	35,693	15,514	
Total Liabilities	**135,230**	**238,845**	**103,615**	
Total Shareholders Equity	71,628	95,311	23,683	**Total Net Assets:**
Total Accumulated Losses from Valuation and Translation Adjustments	(817)	1,464	2,281	- Equity increased due to new share issuance
Minority Interests in Consolidated Subsidiaries	9,633	12,855	3,222	
Total Net Assets	**80,444**	**109,631**	**29,187**	
Total Liabilities, Net Assets	**215,674**	**348,477**	**132,803**	

Cash Flow

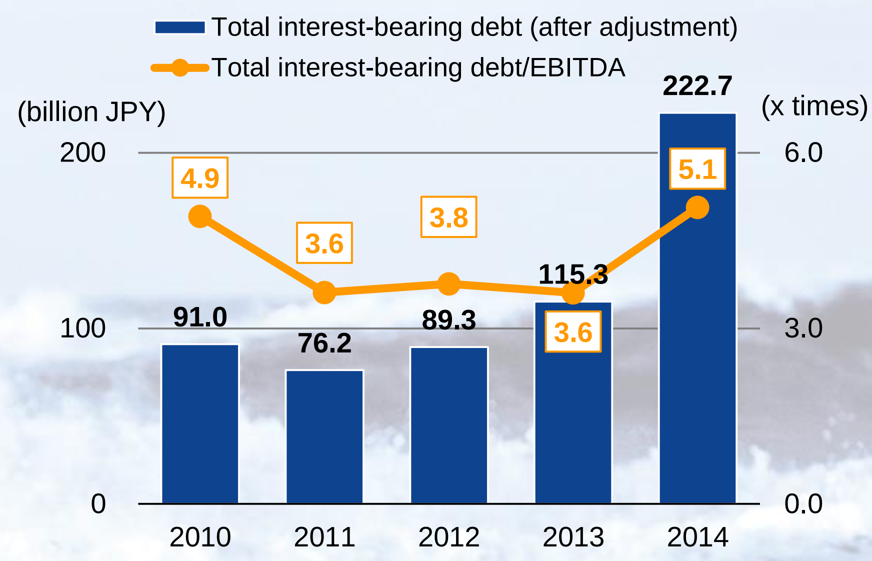

Cash Flow
Cash Flow from Operating Activities
Cash Flow from Investing Activities
Cash Flow from Financing Activities
(billion JPY)
2010
2011
2012
2013
2014
30
20
10
0
-10
-20
-30
7.5
-21.6
7.6
4.7
21.4
-20.6
22.8
-3.2
-5.8
-12.9
-19.5
11.3
12.3
-18.0
11.7
Increased due to increase in income before tax
Increased due to share issuance
Spending increased due to capital injection and loans to SPCs

Key Financial Figures

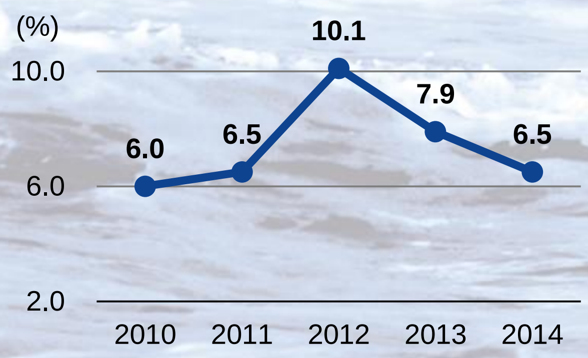
Operating Profit & EBITDA



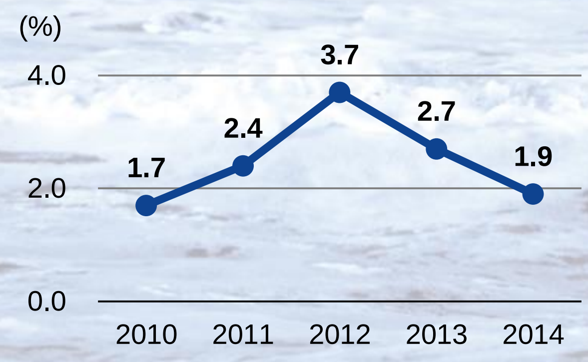
Interest-Bearing Debt



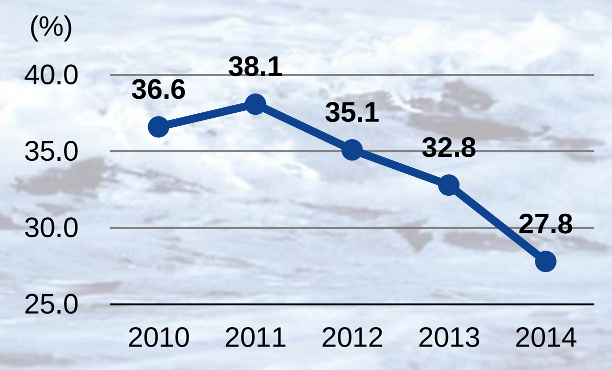
ROE



ROA



Equity Ratio



MODEC