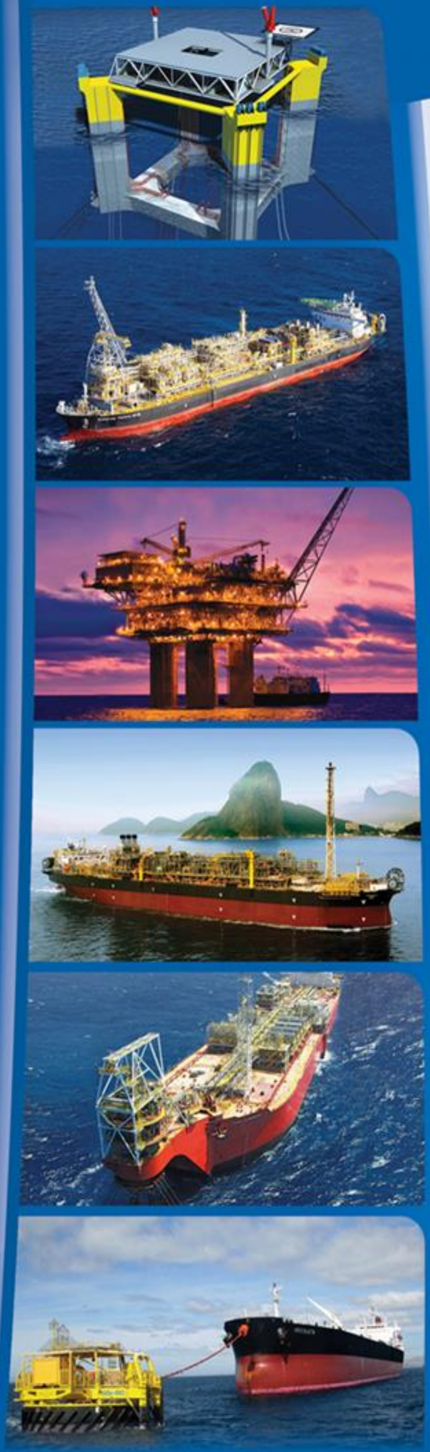


MODEC, Inc.
2015 Financial Results
Analysts Presentation

February 10, 2016

MODEC

MODEC, Inc.
2015 Financial Results

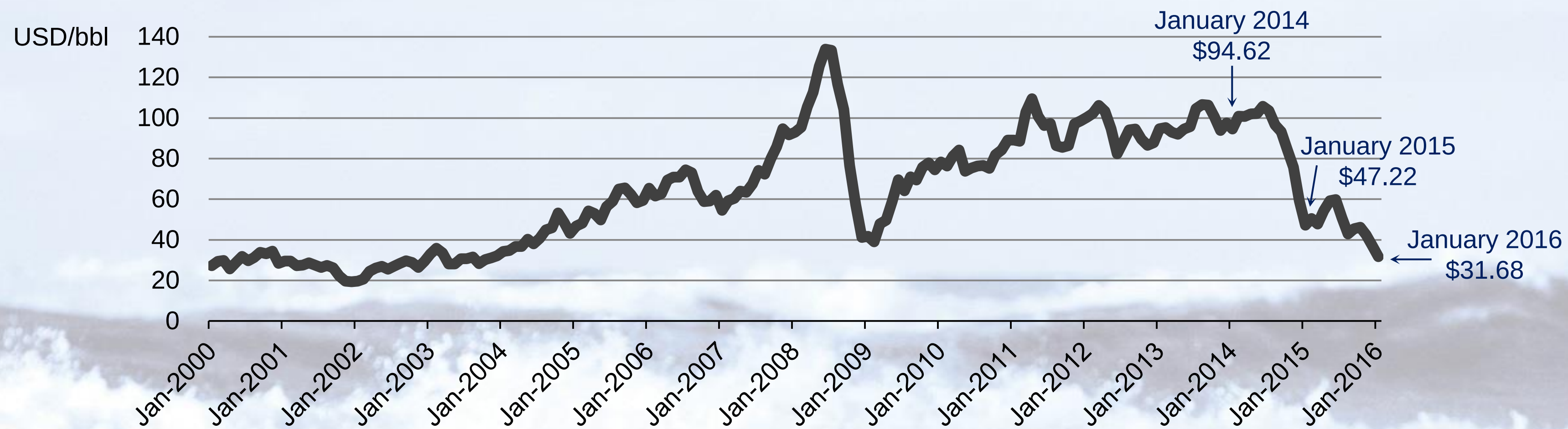
Highlight

Market Review & Outlook

Financial Results

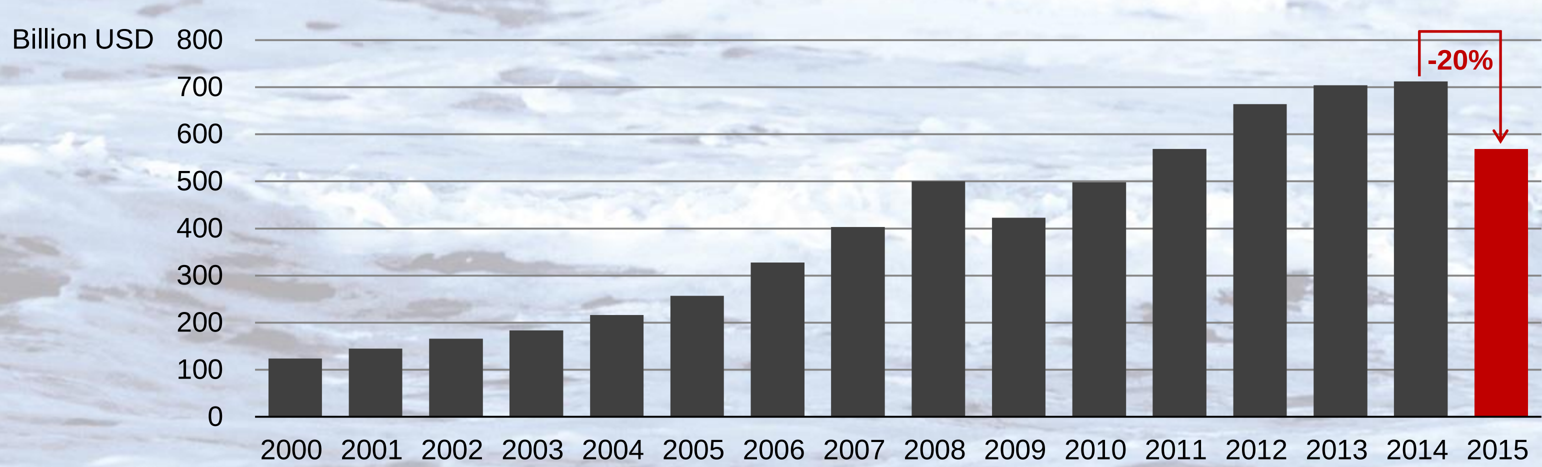
FY2015 : Business Environment

Oil Price (WTI)



Source: EIA website

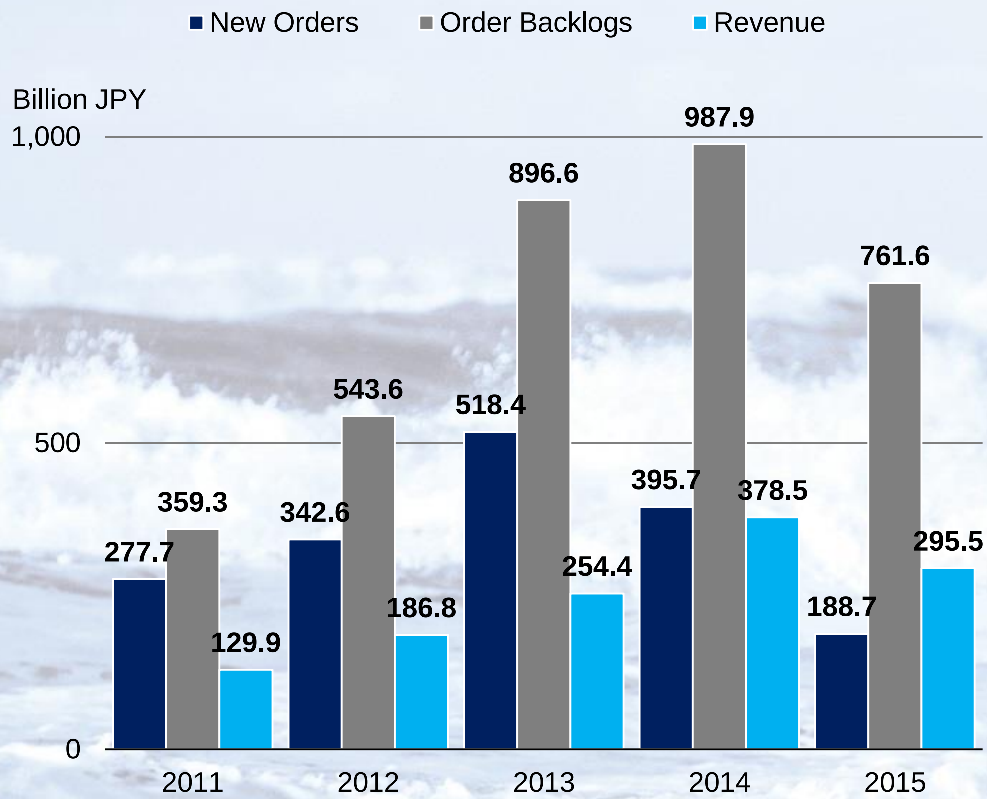
Global Upstream Oil and Gas Investment



Source: *World Energy Outlook 2015* (IEA)

FY2015 : Highlight

New Orders / Revenue / Order backlogs



	2011	2012	2013	2014	2015
New Orders	■ MV24 ■ OSX-3	■ MV26	■ MV25 ■ MV27 ■ Stampede TLP	■ MV29	■ Culzean FSO
Delivery		■ MV23	■ OSX-3	■ MV24	■ MV26

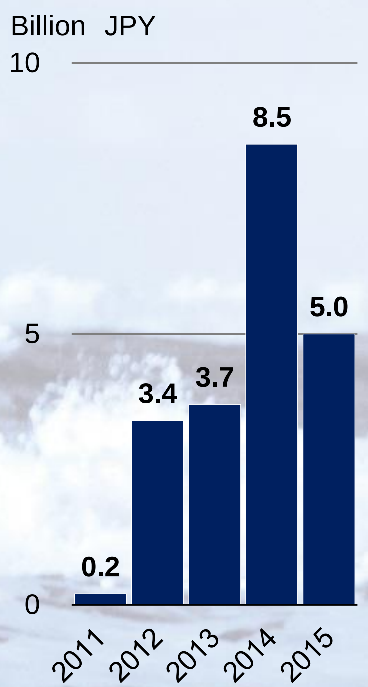
- New order 188.7 billion JPY
  - Maersk Culzean FSO (EPC contract)
- Revenue 295.5 billion JPY
  - EPC progressed on track
    - MV25 (Tullow TEN)
    - MV27 (Petrobras Carioca)
    - MV29 (Petrobras Tartaruga Verde)
  - MV26 (Petrobras Iracema Norte) started production in July 2015

FPSO Prof. John Evans Atta Mills (MV25)

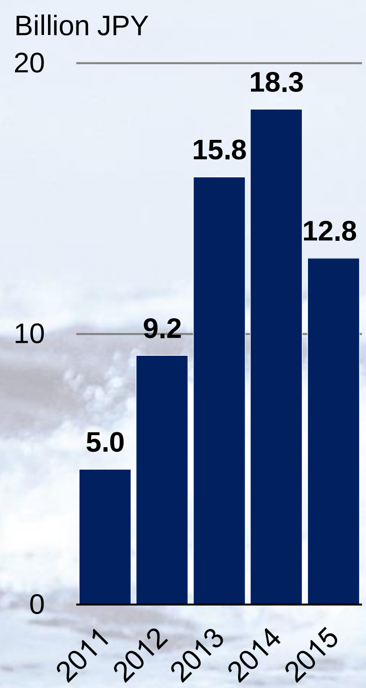
MODEC

FY2015 : Highlight

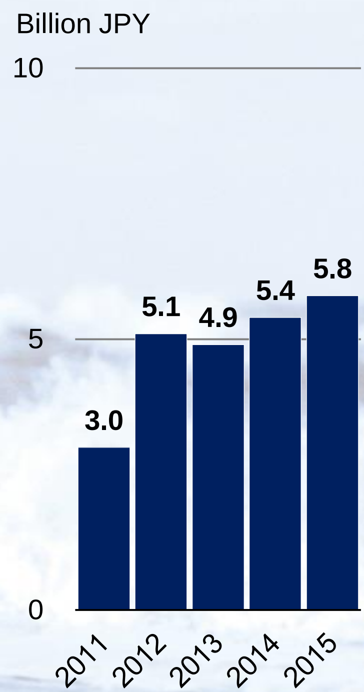
Operating Profit



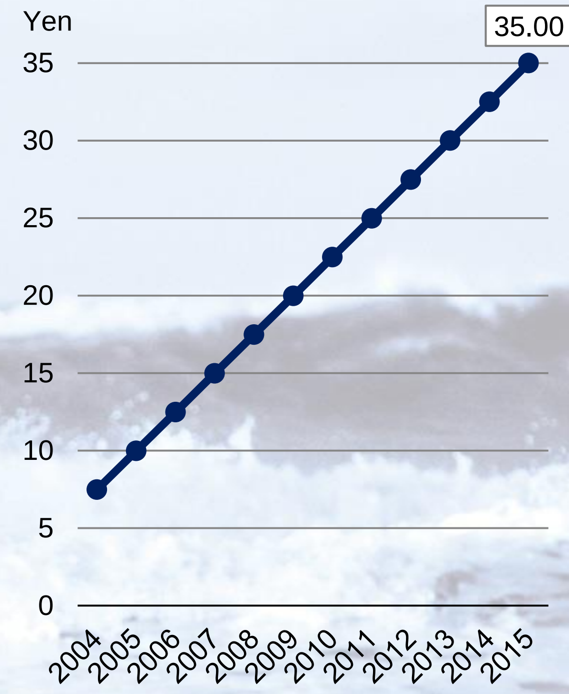
Ordinary Profit



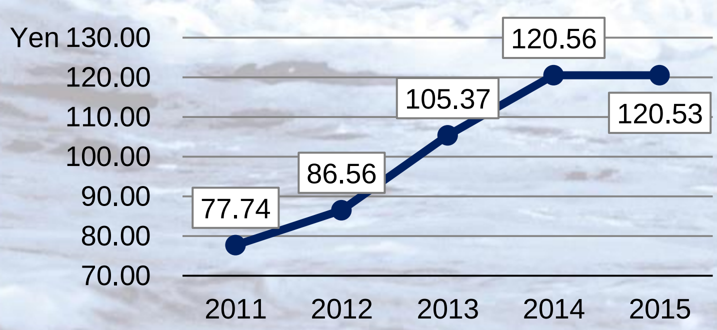
Net Income



Dividends per Share



Exchange Rate on Closing Dates ($/¥)



- Proposed annual dividends 35 yen per share; dividends for FY2016 to increase (12 consecutive years)

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FY2015 : Highlight

- **MV26**
  Five months early delivery; MODEC's 10th unit for Brazil (MODEC's 4th unit for pre-salt)
  Client: Petrobras
  Contract: EPCI
  Location: Iracema Norte field, Brazil
  Water Depth: 2,240m
  First Oil: July 2015
  Oil Production: 150,000 bopd
  Storage Capacity: 1,600,000 bbls
  Mooring: Spread mooring

FPSO Cidade de Itaguaí MV26

- **Maersk Culzean FSO**
  Secured award for a newbuild FSO; entry into North Sea market
  Client: Maersk Oil
  Contract: EPC
  Location: Culzean field , UK
  Water Depth: 90m
  Delivery: 1H 2018 (planned)
  Oil Production: 25,000 bopd inlet
  Storage Capacity: 350,000 bbls
  Mooring: Internal Turret

Charter service start in 2016

- **MV25**
  (Tullow T.E.N., Ghana)
- **MV27**
  (Petrobras Carioca, Brazil)

FPSO Cidade de Caraguatatuba MV27

2015 July Aug Sep **2016** 2H

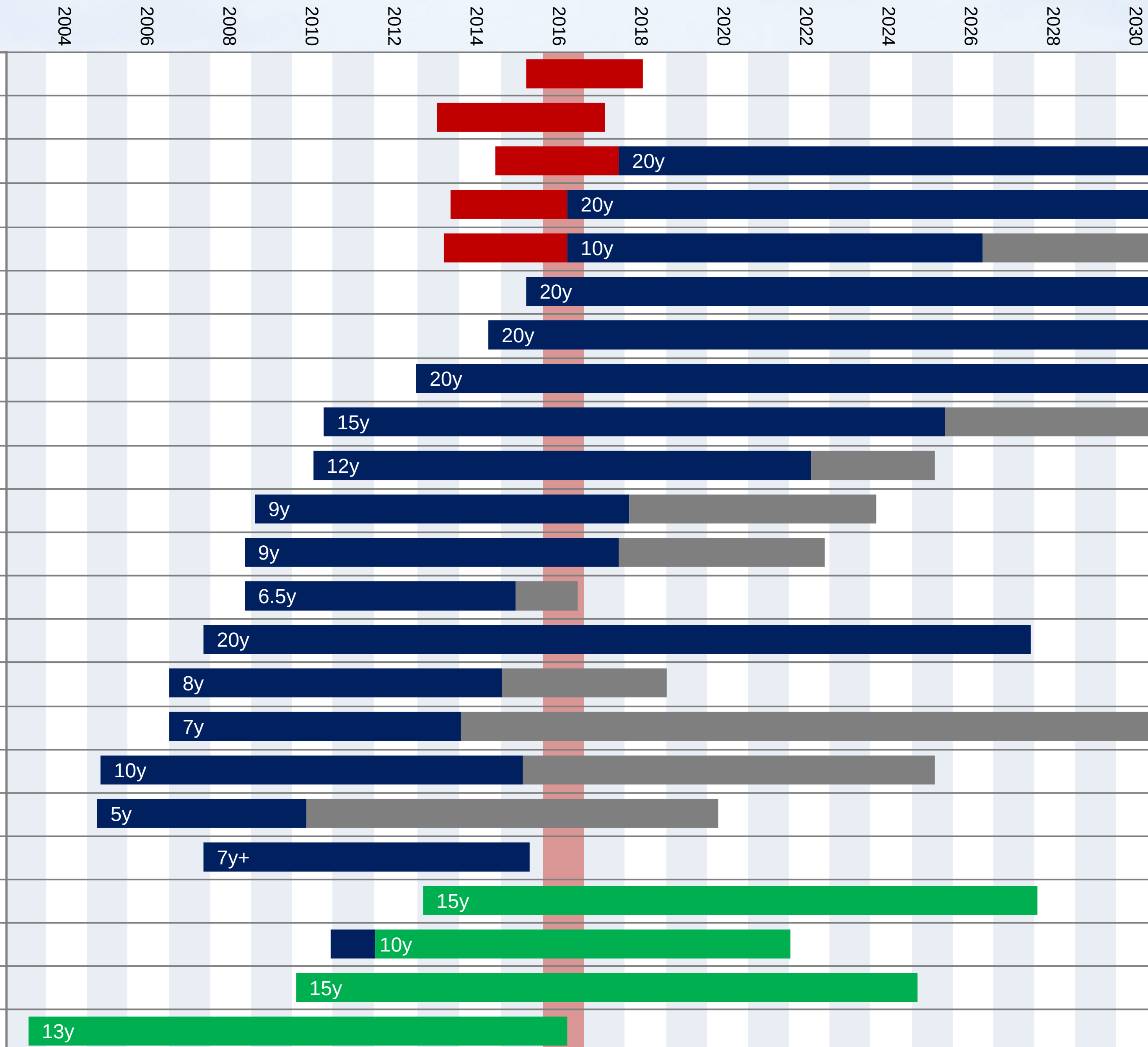
- **MV16**
  (BHPB Stybarrow, Australia)
  Charter terminated
  (November 2007~)

FPSO Stybarrow Venture MV16

EPC(I) / Charter / O&M Period

As of February 2016
- EPC(I) period
- Time Charter fixed period
- Time Charter option period
- O&M period

No.		Owned (%)	Vessel	Client	Period
1			Culzean FSO (EPC)	Maersk	
2			Stampede TLP (ECM)	Hess	
3	1	29.4	FPSO Cidade de Campos dos Goytacazes MV29	Petrobras	20y
4	2	29.4	FPSO Cidade de Caraguatatuba MV27	Petrobras	20y
5	3	25.0	FPSO Prof. John Evans Atta Mills	Tullow	10y
4		20.1	FPSO Cidade de Itaguai MV26	Petrobras	20y
5		29.4	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	6.5y
12		40.6	FSO Cidade de Macae MV15	Petrobras	20y
13		40.6	FPSO Cidade do Rio de Janeiro MV14	Petrobras	8y
14		42.0	FSO Rong Doi MV12	KNOC	7y
15		50.0	FPSO Baobab Ivoirien MV10	CNR	10y
16		60.0	FPSO MODEC Venture 11	Santos	5y
(17)		40.0	FPSO Stybarrow Venture MV16	available	7y+
1			FPSO Raroa	OMV	15y
2			FPSO Kwame Nkrumah MV21	Tullow	10y
3			FPSO Pyrenees Venture	BHPB	15y
4			FPSO Fluminense	Shell	13y



Owned by MODEC group companies (%)
Affiliates accounted for by the equity method
Consolidated subsidiary

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MODEC, Inc.
2015 Financial Results

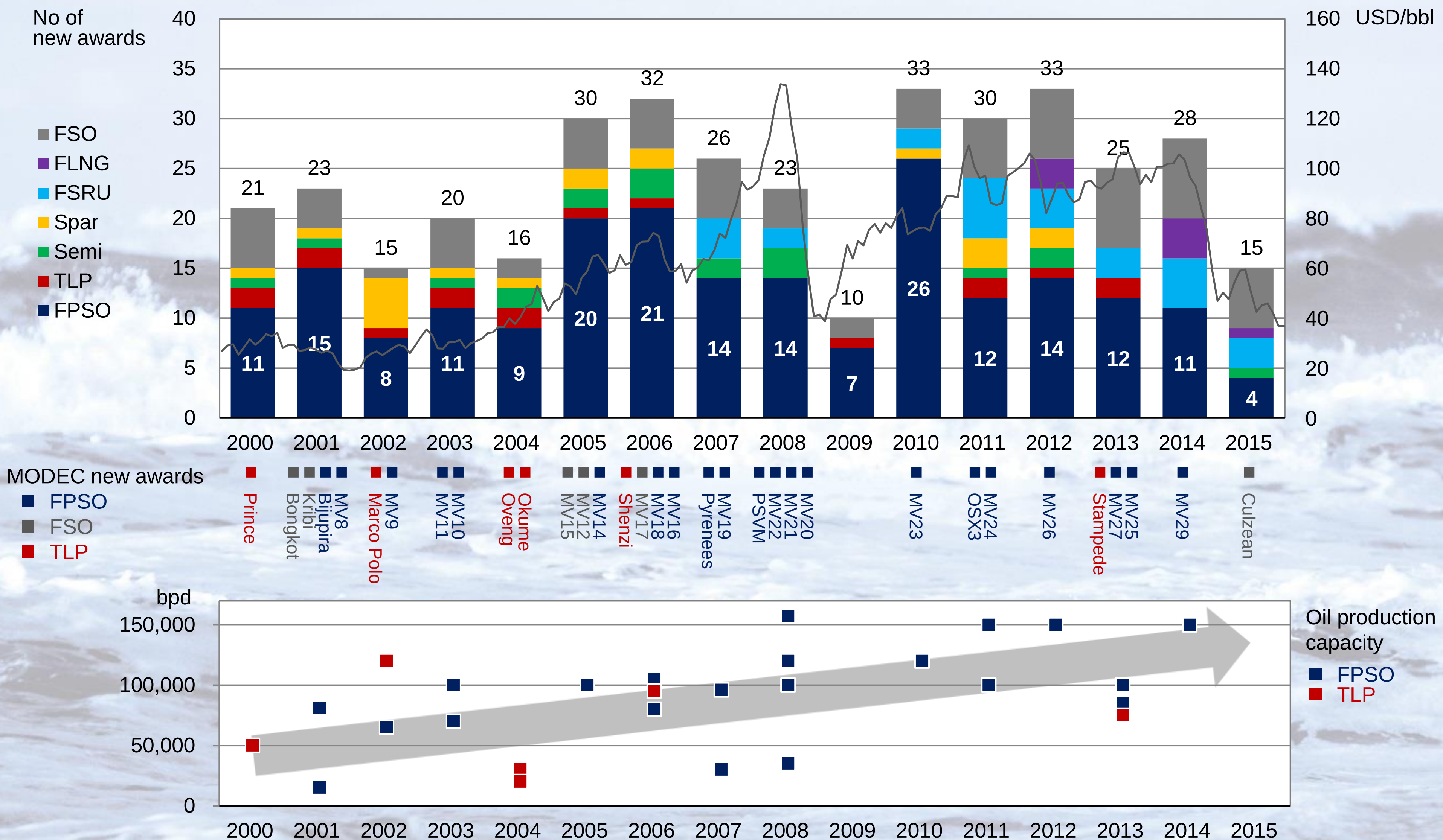
Highlight

Market Review & Outlook

Financial Results

Market Review

Oil Price (WTI) / Number of Floating Production (Storage) Systems Orders



Source: *EIA website*, *Floating Production Systems Outlook Report* (EMA) * Number of FSO orders from 2000 to 2007 is prepared by MODEC on a best-efforts basis.

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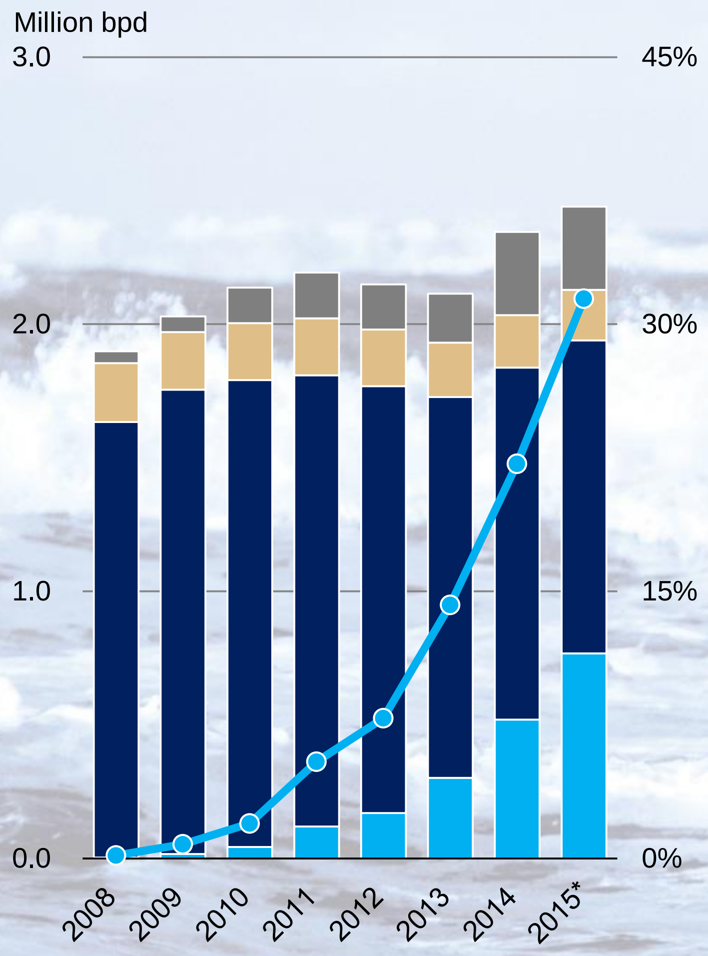
Market Review (Brazil)

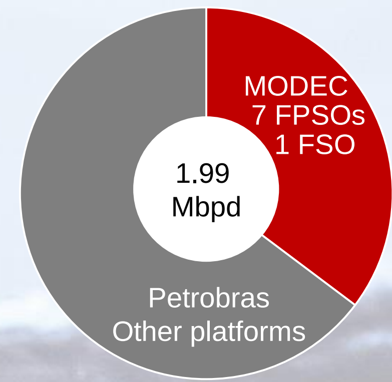
Oil Production in Brazil



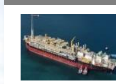
Oil production in Brazil = 2.9% of total world oil production (2014)

Source: BP Statistical Review of World Energy 2015, Petrobras website
*Production for 2015 non-Petrobras (yet to be released) uses the data for 2014 non-Petrobras tentatively.

Petrobras - Brazil Offshore Oil Production (December 2015)

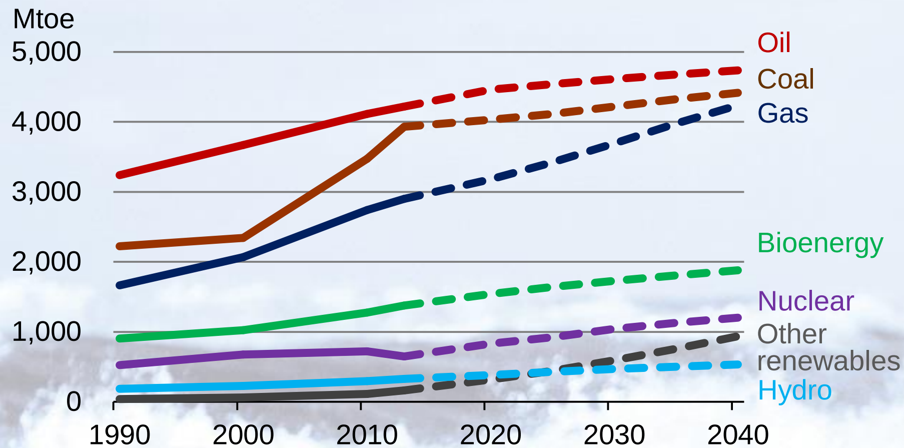


MODEC fleet for Petrobras

			1st Oil
	*FPSO Cidade de Itaguai MV26*	Pre-salt	2015
	*FPSO Cidade de Mangaratiba MV24*	Pre-salt	2014
	*FPSO Cidade de Sao Paulo MV23*	Pre-salt	2013
	*FPSO Cidade de Angra dos Reis MV22*	Pre-salt	2010
	*FPSO Cidade de Santos MV20*		2010
	*FPSO Cidade de Niteroi MV18*		2009
	*FSO Cidade de Macae MV15*		2007
	*FPSO Cidade do Rio de Janeiro MV14*		2007

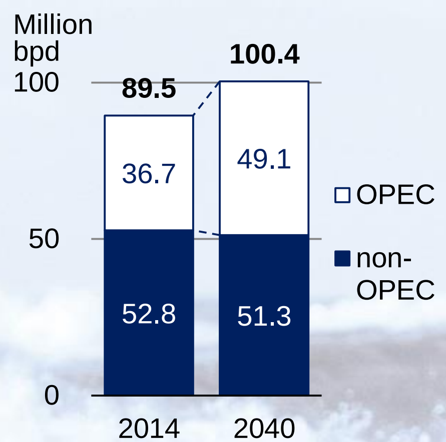
Market Outlook (Mid/Long-Term)

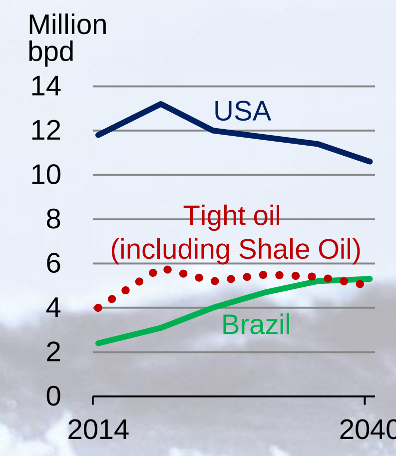
Energy Demand



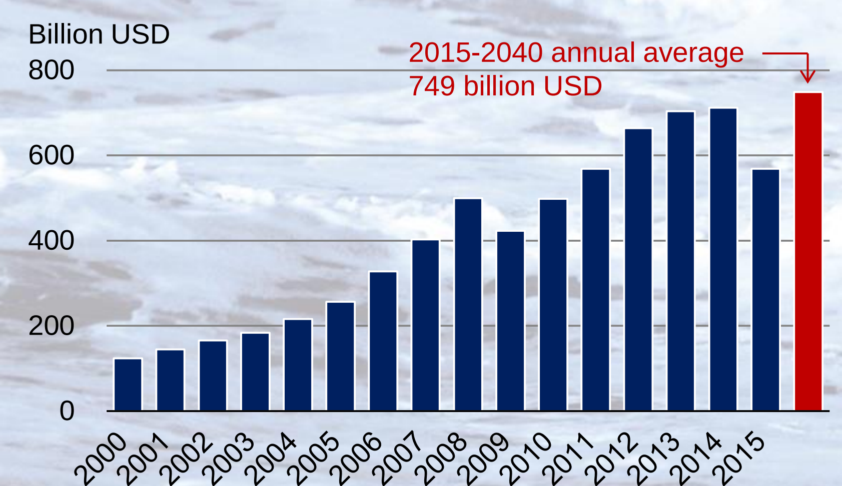
Source: *World Energy Outlook 2012 & 2015* (IEA)

Oil Production

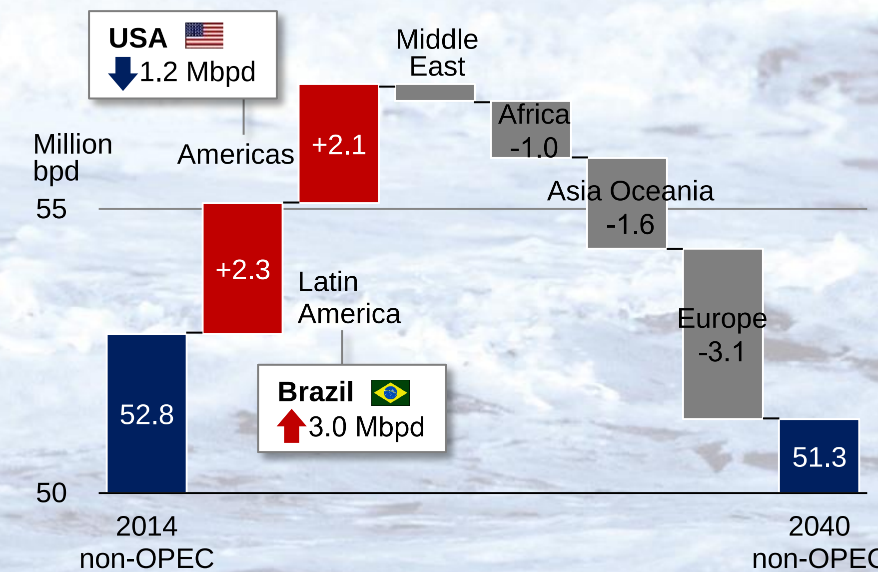




Global Upstream Oil and Gas Investment



Source: *World Energy Outlook 2015* (IEA)



Source: *World Energy Outlook 2015* (IEA)

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Prospective Projects (as of February 2016)

Norway
- TLP

Gulf of Mexico
- FPSO (Charter)
- TLP, Semi or FPSO (TBA)

Ghana
- FPSO (Charter)

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

Senegal
- FPSO (TBD)

Cameroon
- FPSO (Charter)

Tanzania
- FLNG

Indonesia
- FPSO (Charter)

Malaysia
- FPSO (TBD)

Vietnam
- TLWP

Thailand
- FSO (Charter)

India
- FPSO (Charter)

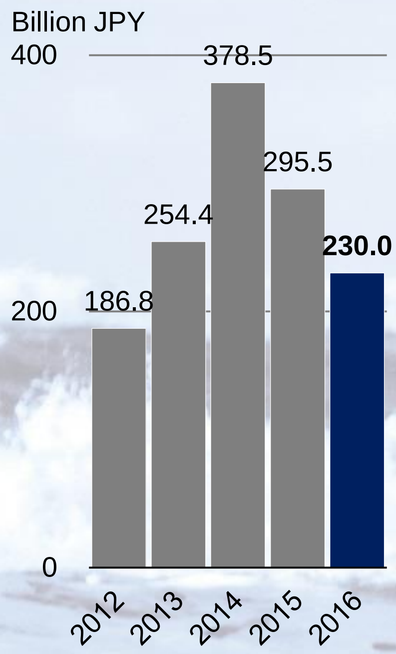
Australia
- FPSO (Charter)
- FPSO (TBD)
- Semi
- FLNG

Brazil
- Petrobras FPSOs (Charter)
- Non-Petrobras FPSOs (Charter)
- FLNGs

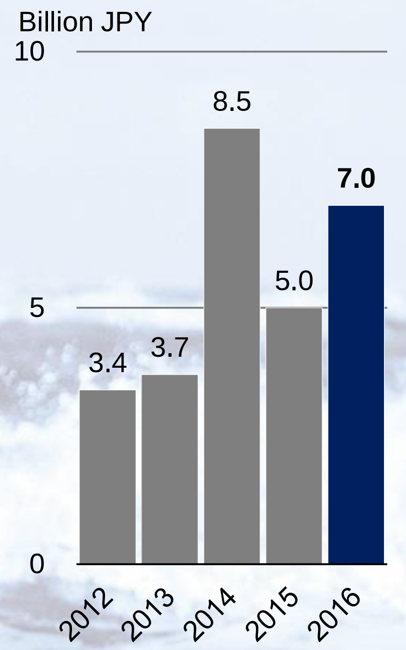
Guyana
- FPSO (TBD)

FY2016 : Outlook

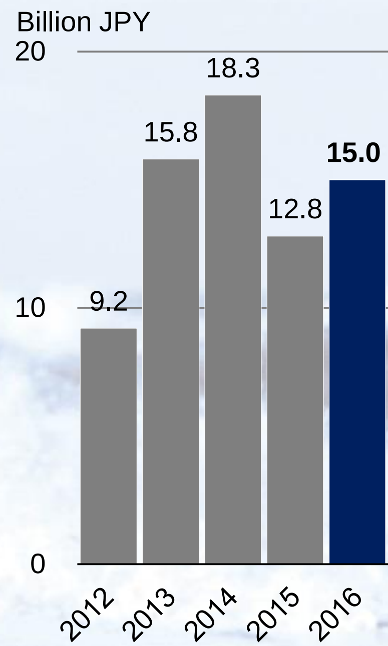
Revenue



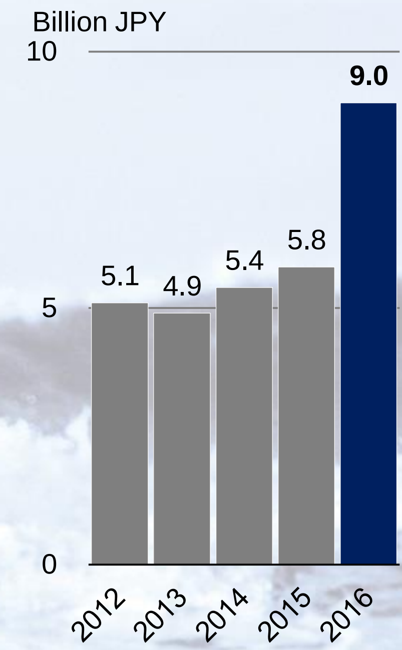
Operating Profit



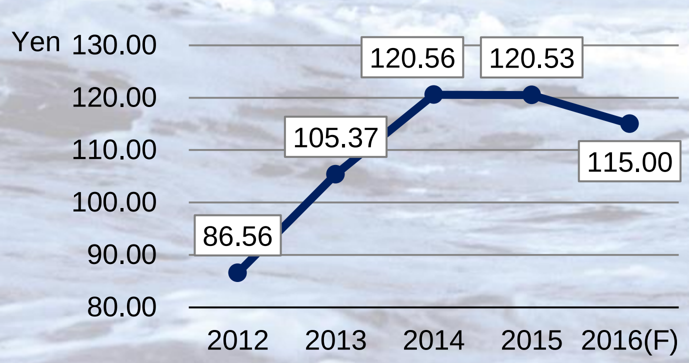
Ordinary Profit



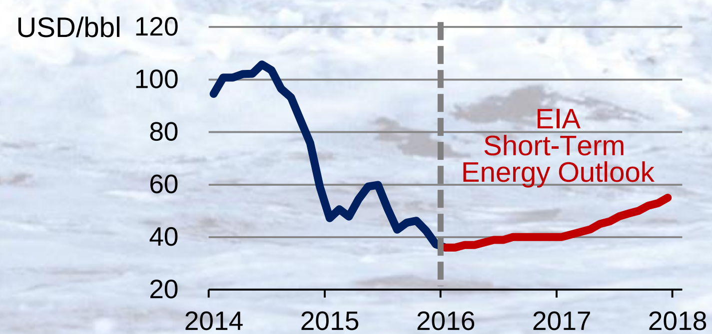
Net Income



Exchange Rate on Closing Dates ($/¥)



Oil Price (WTI)



Source: *EIA website*

MODEC, Inc.
2015 Financial Results

Highlight

Market Review & Outlook

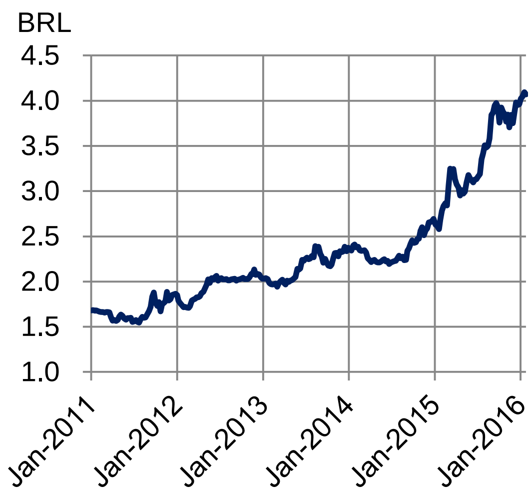
Financial Results

Profit & Loss

	2014	2015	Variance	Million JPY
Revenue	378,523	295,596	(82,927)	
Gross Profit	**21,958**	**20,078**	**(1,880)**	
Selling, General and Administrative Expenses	13,391	15,003	1,612	
Operating Profit	**8,566**	**5,075**	**(3,491)**	
Other Income (A)	10,941	14,717	3,776	
Other Expense (B)	1,170	6,972	5,802	
Total Other Income/Expenses (C=A-B)	9,771	7,745	(2,026)	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	6,694	8,345	1,651	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	236	(3,228)	(3,464)	
Ordinary Profit	**18,337**	**12,819**	**(5,518)**	
Extraordinary Profit	-	3,715	3,715	
Extraordinary Loss	2,027	1,705	(322)	
Income before Income Taxes and Minority Interests	**16,309**	**14,829**	**(1,480)**	
Net Income	**5,422**	**5,824**	**402**	
Exchange Rate (USD)	¥120.56	¥120.53	(¥0.03)	

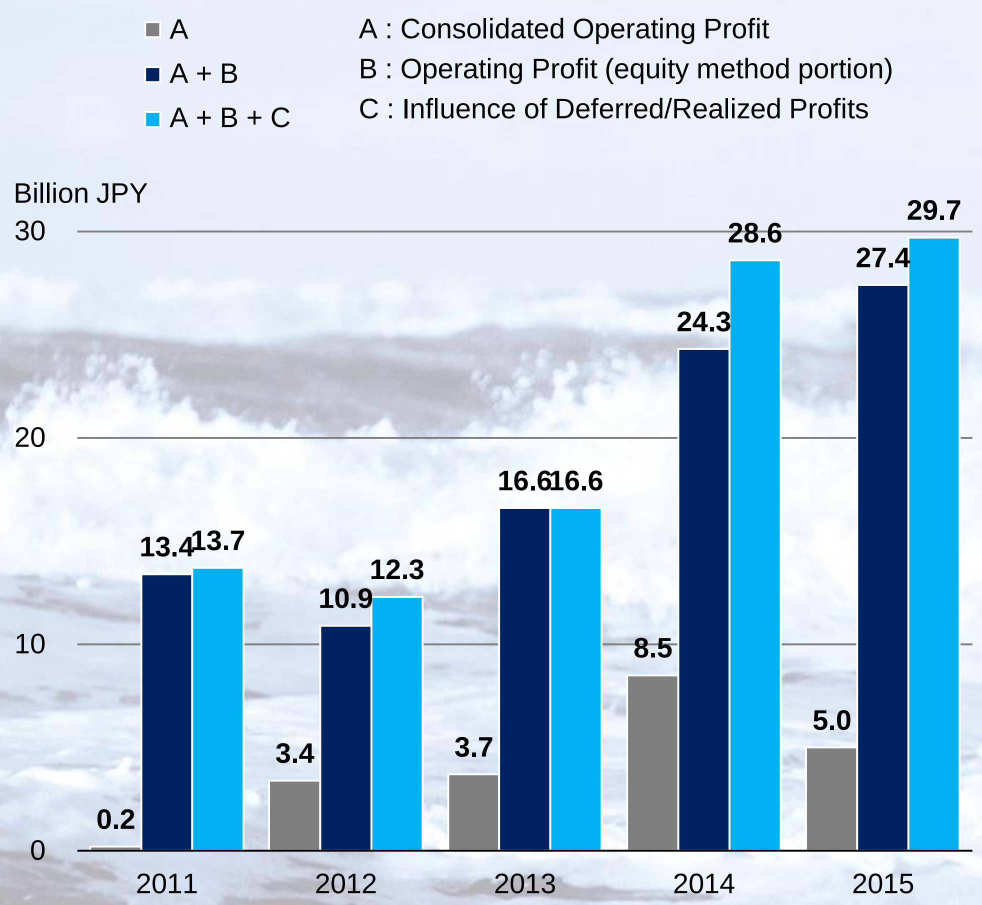
- Achieved 5 billion JPY of operating profit backed up by steady progress in EPC and realization of deferred profit
- Loss on revaluation of USD denominated liability at Brazilian subsidiaries due to depreciation of Brazilian real

USD/BRL Exchange Rate ($/BRL)



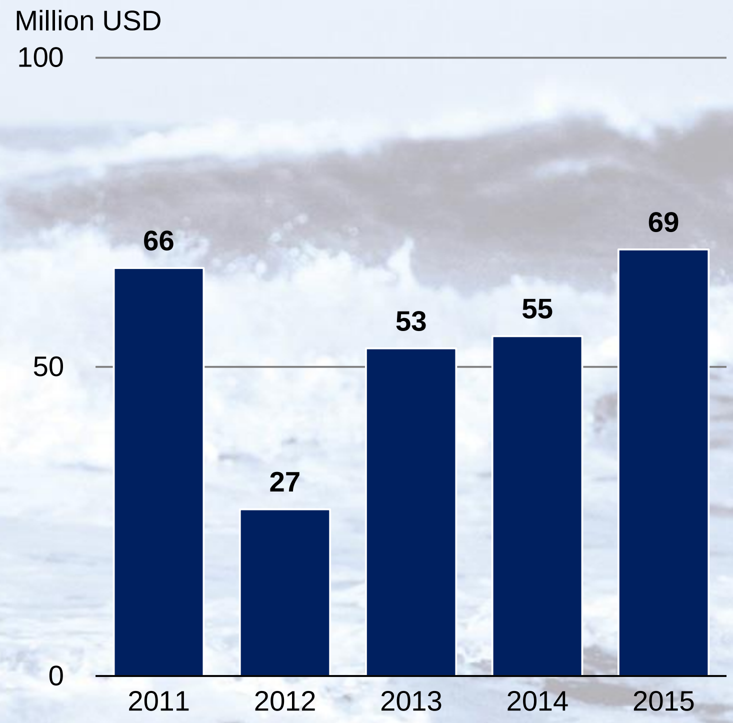
Equity in Earnings of Affiliates

Operating Profit
(as if consolidating affiliates basis)



- Operating profit (as if consolidating affiliates basis) increased steadily

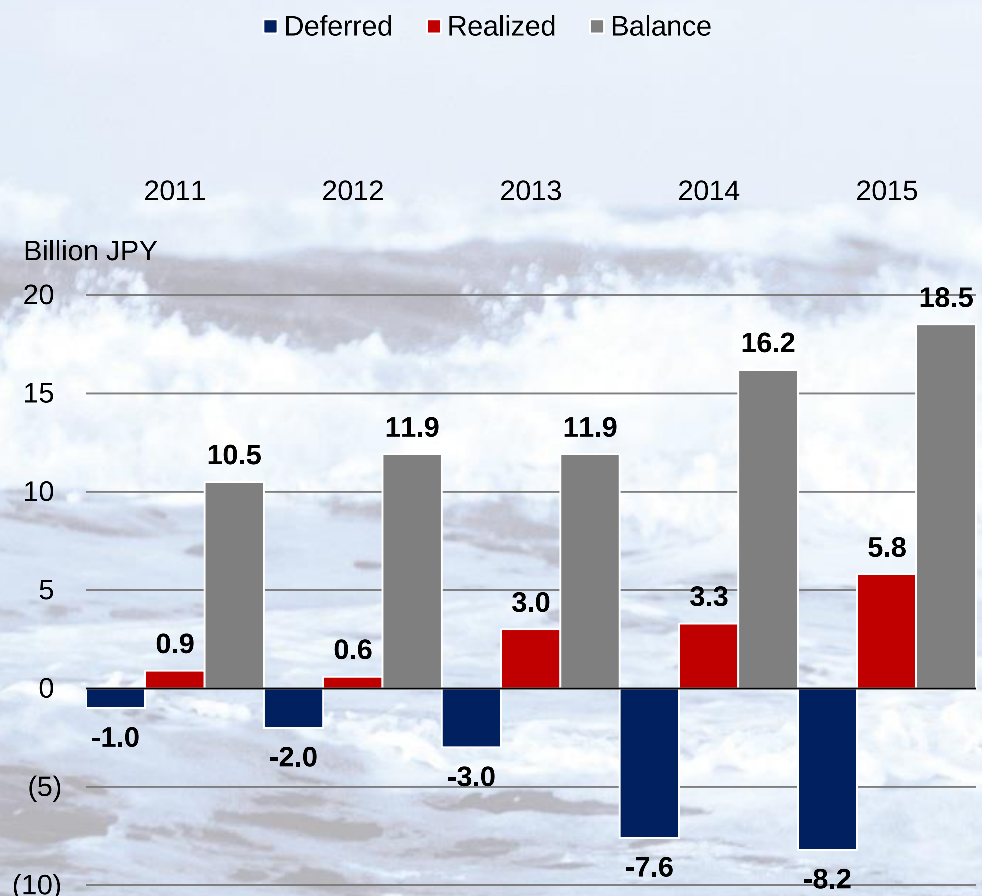
Equity in Earnings of Affiliates



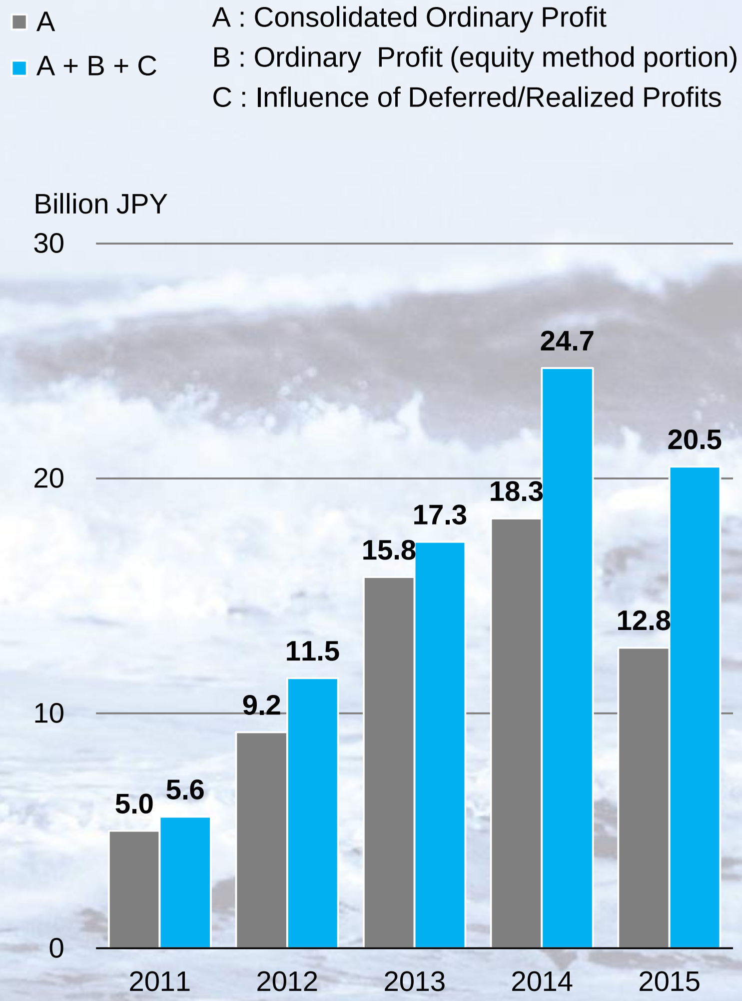
- Equity in earnings of affiliates increased as new fleet commenced charter services

Deferred Profits

Influence of Deferred/Realized Profits



Ordinary Profit *(as if consolidating affiliates basis)*



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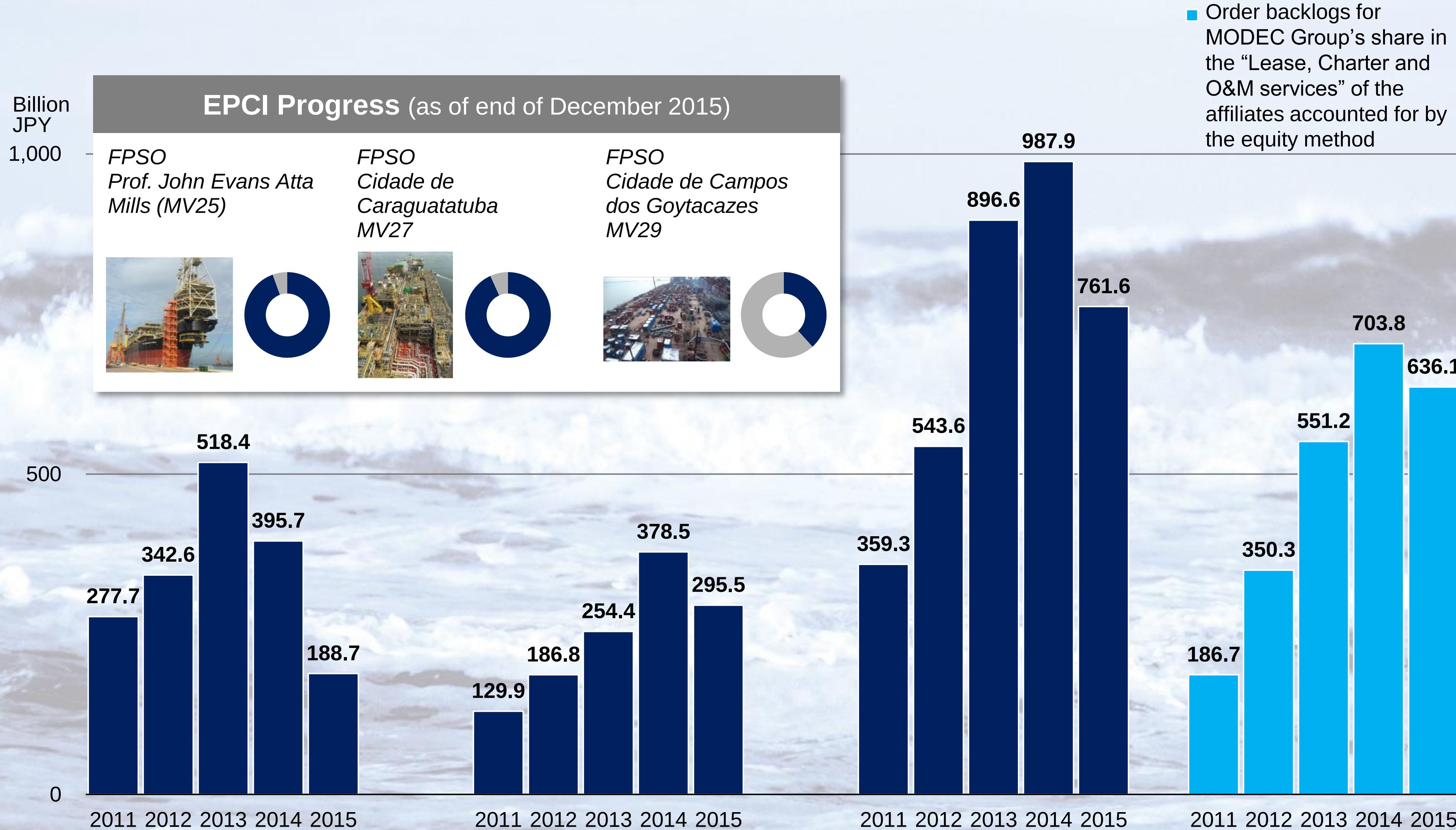
New Orders / Revenue / Order Backlogs

New Orders | **Revenue** | **Order Backlogs**



EPCI Progress (as of end of December 2015)

FPSO
Prof. John Evans Atta Mills (MV25)

FPSO
Cidade de Caraguatatuba MV27

FPSO
Cidade de Campos dos Goytacazes MV29

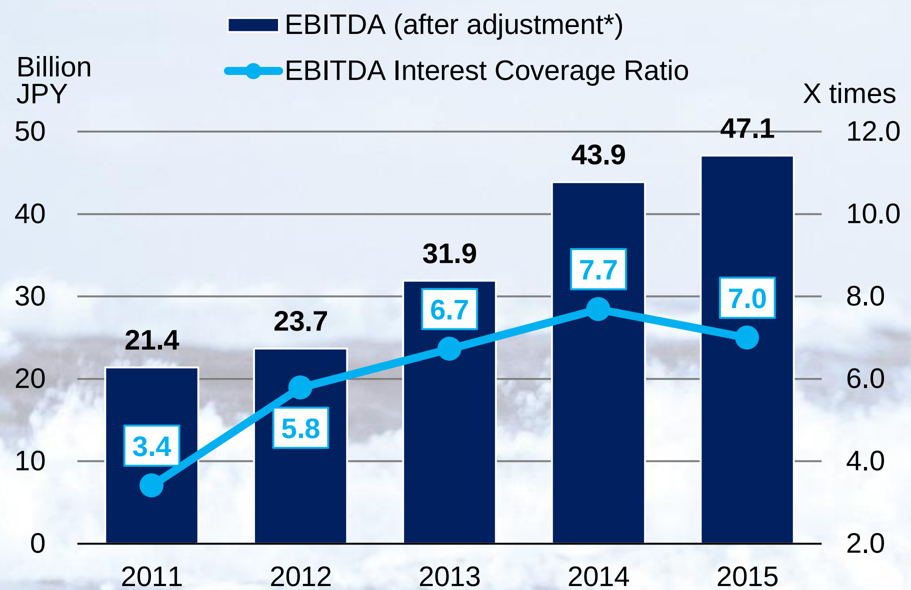
Balance Sheet

	2014	2015	Variance	Million JPY
Cash and Time Deposits	30,632	57,956	27,324	● Cash/deposits for FPSO construction
Short-term Loans Receivable	41,008	20,239	(20,769)	
Total Current Assets	259,992	242,120	(17,872)	
Property and Equipment	16,924	18,485	1,561	
Intangible Assets	7,795	7,476	(319)	
Investments and Other Assets	63,763	86,381	22,618	● Investment increased due to equity injection in MV24BV
Total Fixed Assets	88,484	112,343	23,859	
Total Assets	**348,477**	**354,464**	**5,987**	

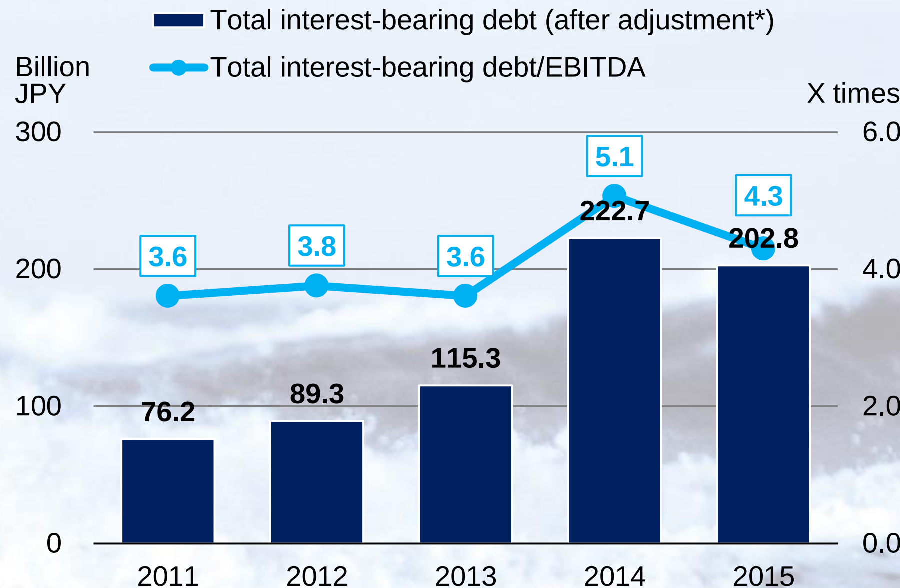
	2014	2015	Variance	
Accounts Payable - trade	160,077	145,230	(14,847)	● Accounts payable decreased in accordance with EPC progress
Short-term Loans Payable	8,165	6,044	(2,121)	
Total Current Liabilities	203,152	177,251	(25,901)	
Long-term Loans Payable	15,205	50,219	35,014	● Secured funds in advance of anticipated interest rate increase in US
Total Long-term Liabilities	35,693	62,229	26,536	
Total Liabilities	**238,845**	**239,481**	**636**	
Total Shareholders Equity	95,311	99,232	3,921	
Total Accumulated Losses from Valuation and Translation	1,464	2,322	858	
Minority Interests in Consolidated Subsidiaries	12,855	13,428	573	
Total Net Assets	**109,631**	**114,983**	**5,352**	
Total Liabilities, Net Assets	**348,477**	**354,464**	**5,987**	

Key Financial Indicators

EBITDA

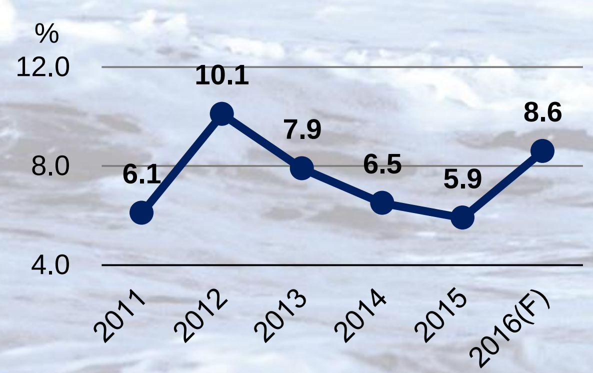


Interest-Bearing Debt

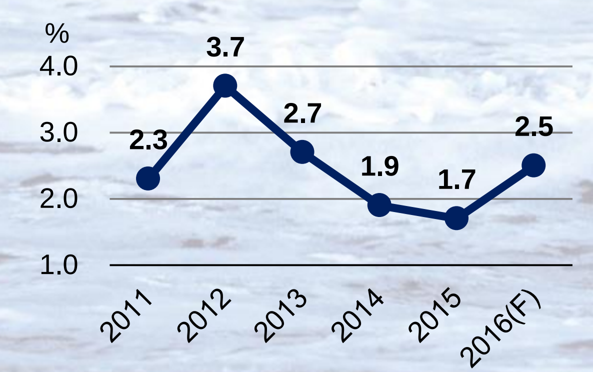


*Adjustment: Adding MODEC group's share in affiliates accounted for by the equity method

ROE



ROA



Equity Ratio