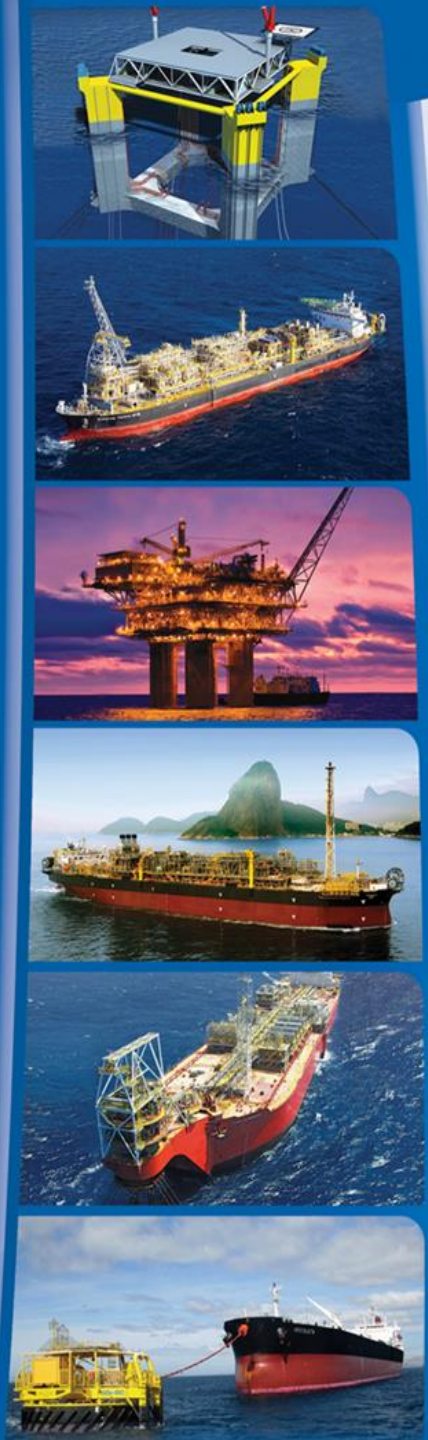


MODEC, Inc.
2015 Half-Year Financial Results
Analysts Presentation

August 6, 2015

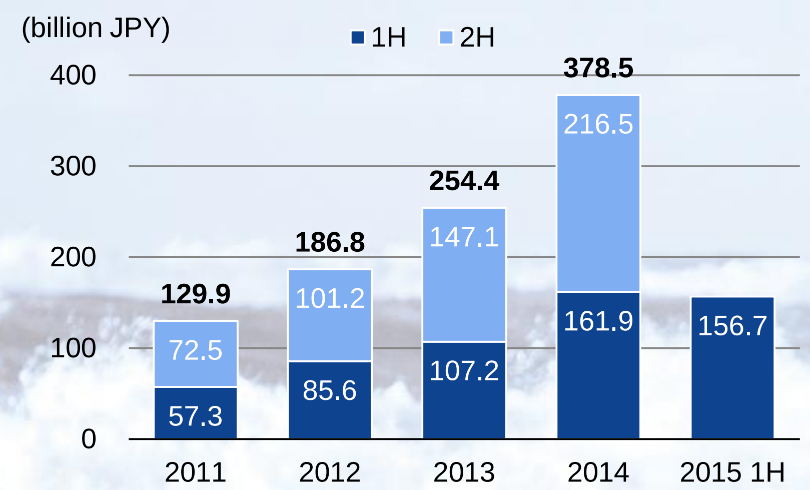
MODEC

2015 Half-Year

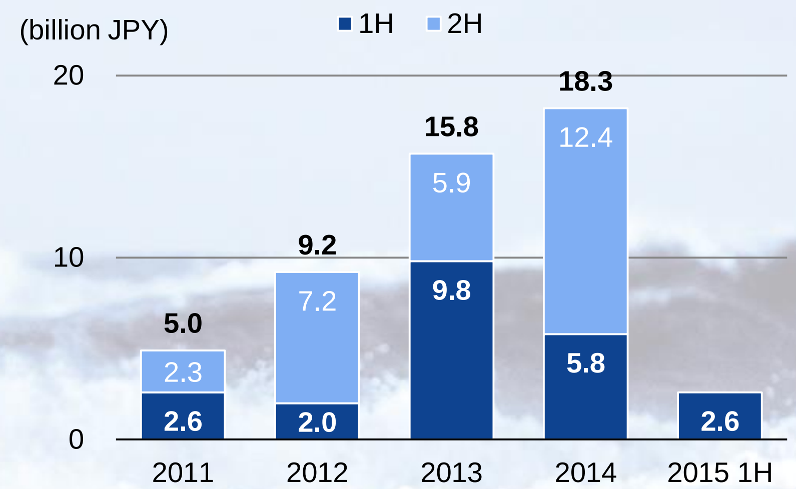
- Highlight
- Market Review & Outlook
- Financial Results
- Mid-term Business Plan 2017

2015 Half-Year : Highlight

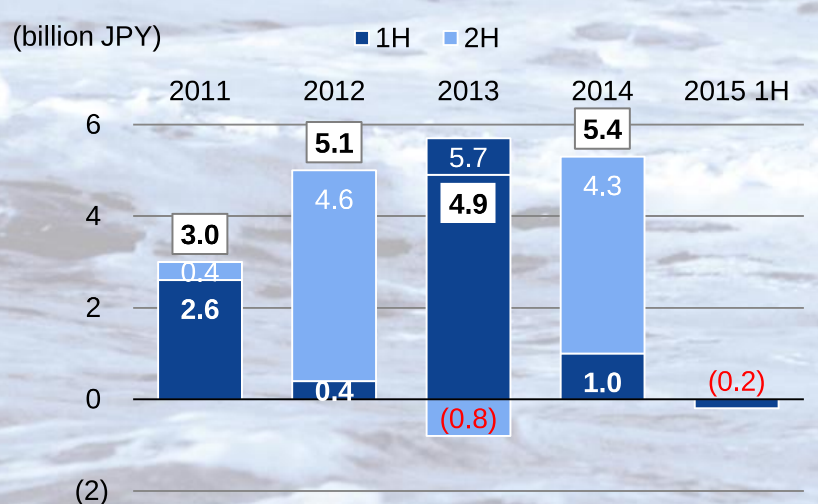
Revenue



Ordinary Profit



Net Income



- Construction of 4 FPSOs on track
- Ordinary profit temporarily shrank due to recording of repair cost at MV11BV and additional deferred profit following increase in shares in MV26BV and MV27BV
- Net loss of 0.2 billion yen; allowance for fixed asset disposal was recorded as extraordinary loss in 1H

2015 Half-Year : Highlight

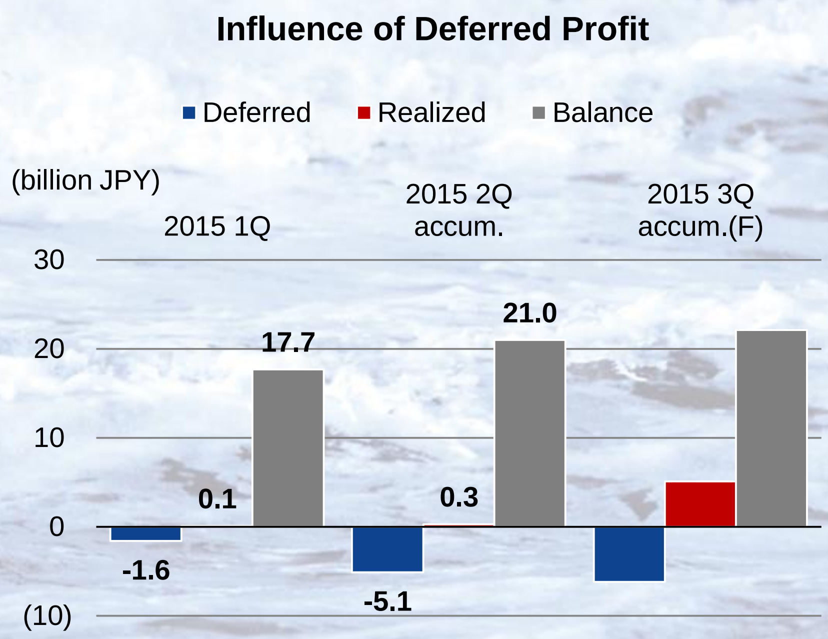
Recording of Expenses at MV11BV

- Production temporarily suspended due to failure; approx. 2 billion yen of impact at MV11BV for repair cost and other related expenses
- *FPSO MODEC Venture 11* provides charter service at Mutineer-Exeter field, offshore Australia since 2005

FPSO MODEC Venture 11

Increase in Equity Participation

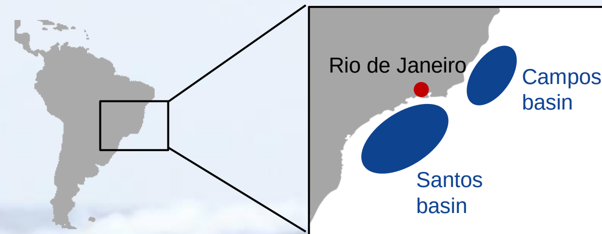
- Equity participation in MV26BV and MV27BV increased; approx. 1 billion yen of profit attributable to the construction work was additionally deferred
- Deferred profit to be realized in 3Q 2015 upon MV26 charter commencement



2015 Half-Year : *FPSO Cidade de Itaguai MV26*

FPSO Cidade de Itaguai MV26

- Charter service to start in 3Q 2015



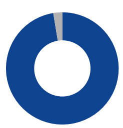
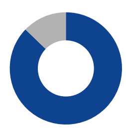
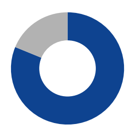
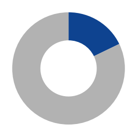
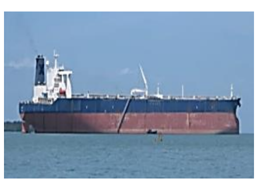
Charter / O&M fleet in Brazil

Santos Basin	
2016~	MV27 ★
	MV26 ★
	MV24 ★
	MV23 ★
	MV22 ★
	MV20

Campos Basin	
2017~	MV29
	MV18
	MV15
	MV14
	Fluminense (O&M)

★ Pre-salt

Units on Order

	FPSO Cidade de Itaguai MV26	FPSO Prof. John Evans Atta Mills (MV25)	FPSO Cidade de Caraguatatuba MV27	FPSO Cidade de Campos dos Goytacazes MV29	Hess Stampede TLP
Client	Petrobras	Tullow	Petrobras	Petrobras	Hess
Contract	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
Delivery	Planned 2015 3Q	Planned 2016 2Q	Planned 2016 3Q	Planned 2017 4Q	Planned 2018
Field	Iracema Norte	T.E.N. (Tweneboa/ Enyenra/Ntomme)	Carioca	Tartaruga Verde & Tartaruga Mestiça	Stampede
Location	Brazil	Ghana	Brazil	Brazil	GOM
Storage/ Production	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 August 2015

Time Charter (Own & Operate)

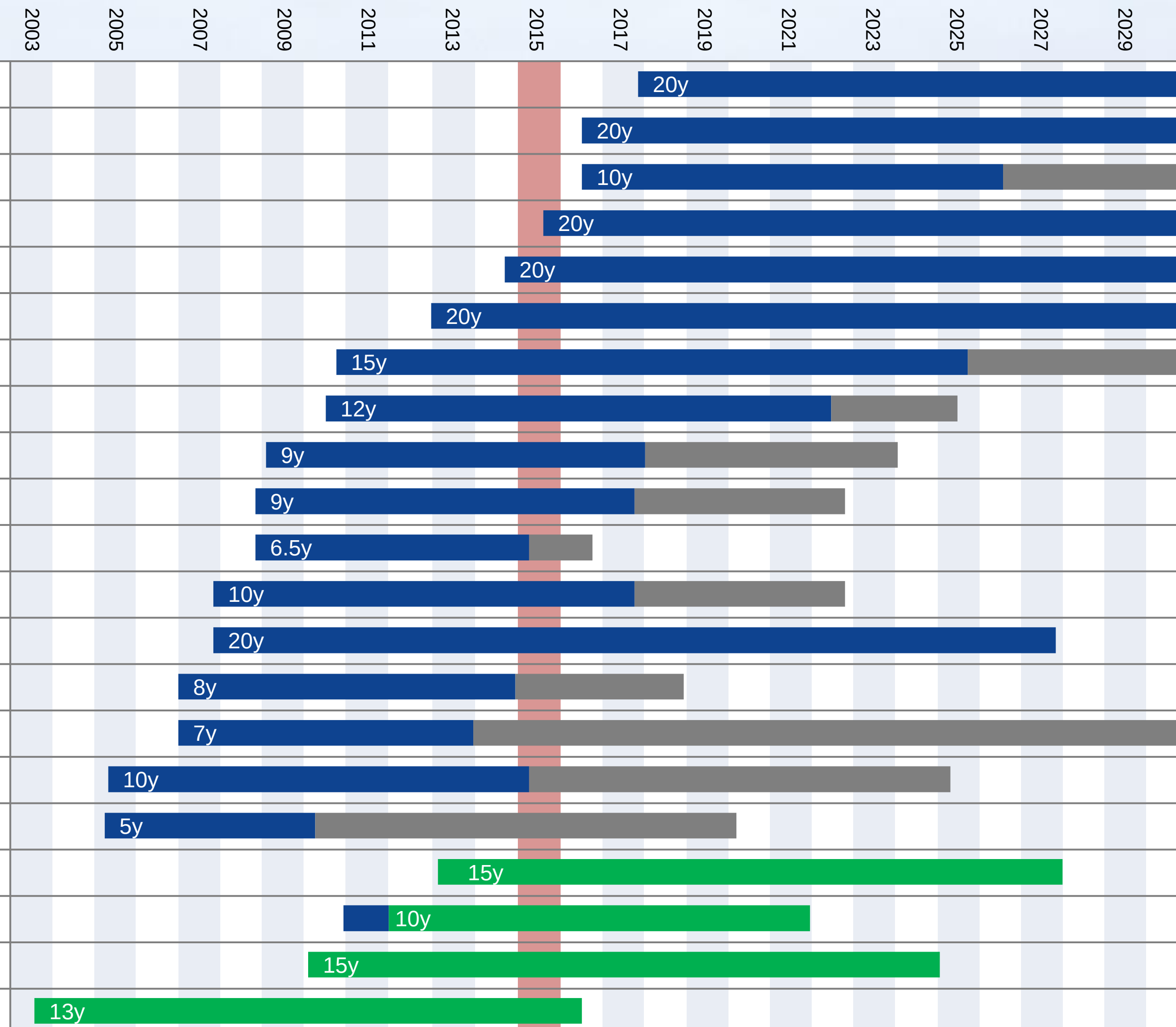
in operation	13 units	10 FPSOs	3 FSOs
under construction	4 FPSOs		

O&M (Operate)

in operation	4 FPSOs

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

1	29.4	FPSO Cidade de Campos dos Goytacazes MV29	Petrobras
2	29.4	FPSO Cidade de Caraguatatuba MV27	Petrobras
3	25.0	FPSO Prof. John Evans Atta Mills	Tullow
4	29.4	FPSO Cidade de Itaguai MV26	Petrobras
5	29.4	FPSO Cidade de Mangaratiba MV24	Petrobras
6	34.0	FPSO Cidade de Sao Paulo MV23	Petrobras
7	42.5	FPSO Cidade de Angra dos Reis MV22	Petrobras
8	50.0	FPSO Cidade de Santos MV20	Petrobras
9	45.0	FPSO Cidade de Niteroi MV18	Petrobras
10	65.0	FSO Rang Dong MV17	JVPC
11	50.0	FPSO Song Doc Pride MV19	PEPC
12	40.0	FPSO Stybarrow Venture MV16	BHPB
13	40.6	FSO Cidade de Macae MV15	Petrobras
14	40.6	FPSO Cidade do Rio de Janeiro MV14	Petrobras
15	42.0	FSO Rong Doi MV12	KNOC
16	50.0	FPSO Baobab Ivoirien MV10	CNR
17	60.0	FPSO MODEC Venture 11	Santos
18	n/a	FPSO Raroa	OMV
19	n/a	FPSO Kwame Nkrumah MV21	Tullow
20	n/a	FPSO Pyrenees Venture	BHPB
21	n/a	FPSO Fluminense	Shell



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

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2015 Half-Year

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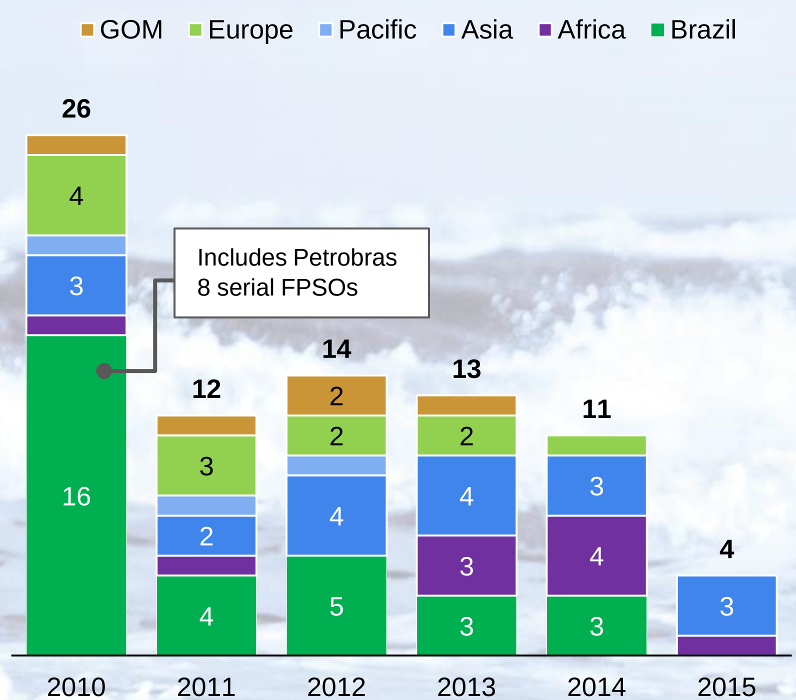
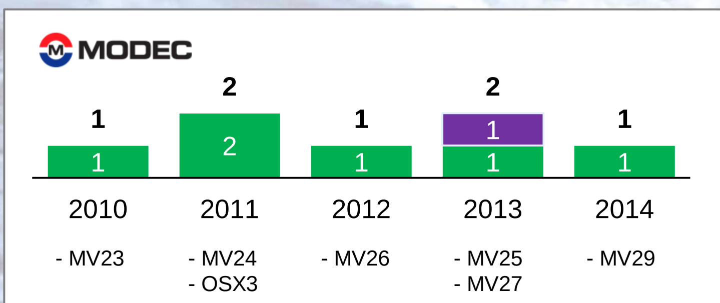
2015 Half-Year : Market Review

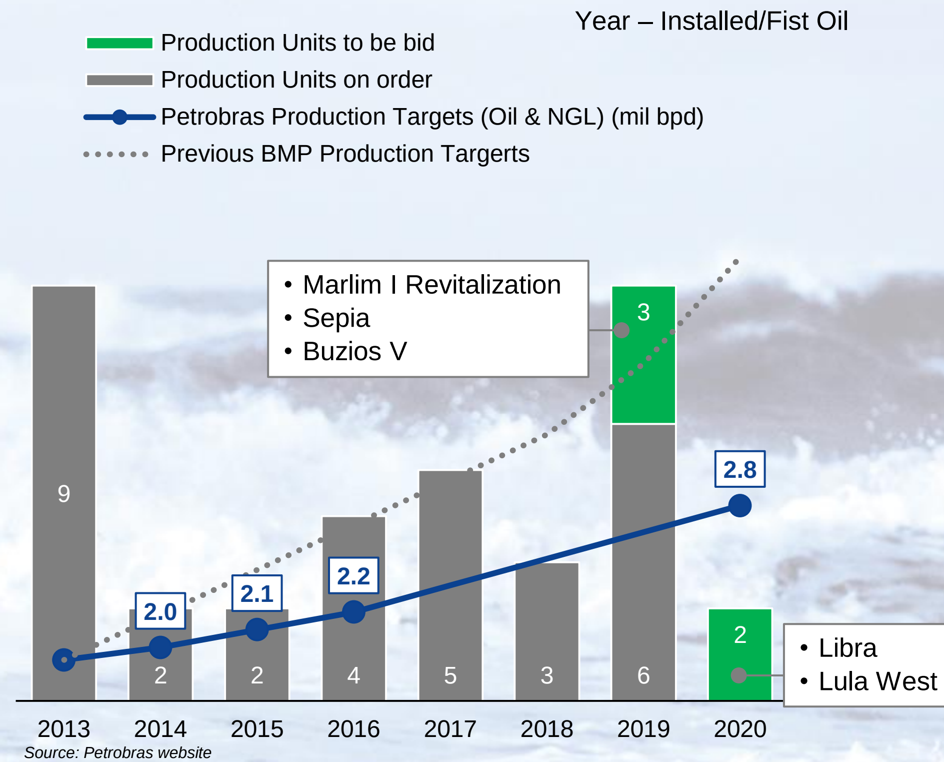
FPSO Awards



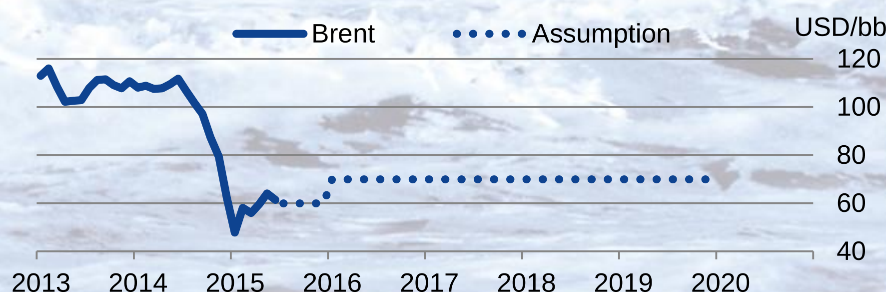
Source: *Floating Production Systems Outlook Report* (EMA)



Petrobras BMP 2015-2019



Source: Petrobras website



Source: Petrobras website, IEA website

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Prospective Projects

UK
- FSO (EPCI)

Norway
- TLP

GOM
- FPSO (EPCI + Charter)
- TLP, Semi or FPSO (TBA)

Ghana
- FPSO (TBD)
- TLP

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

Senegal
- FPSO (TBD)

Cameroon
- FPSO (EPCI + Charter)

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

Vietnam
- TLWP

Thailand
- FPSO (EPCI + Charter)

India
- FPSO (EPCI + Charter)

Australia
- FPSO (EPCI + Charter)
- Semi
- FLNG

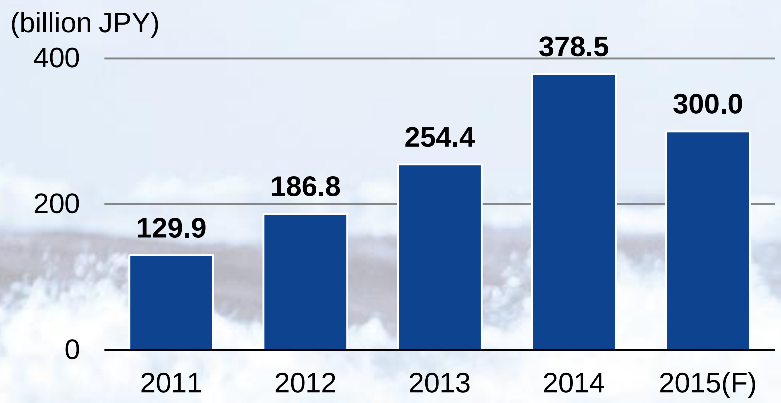
Brazil
- Petrobras FPSOs (EPCI + Charter)
- Non-Petrobras FPSOs (EPCI + Charter)
- FLNGs

Guyana
- FPSO (TBD)

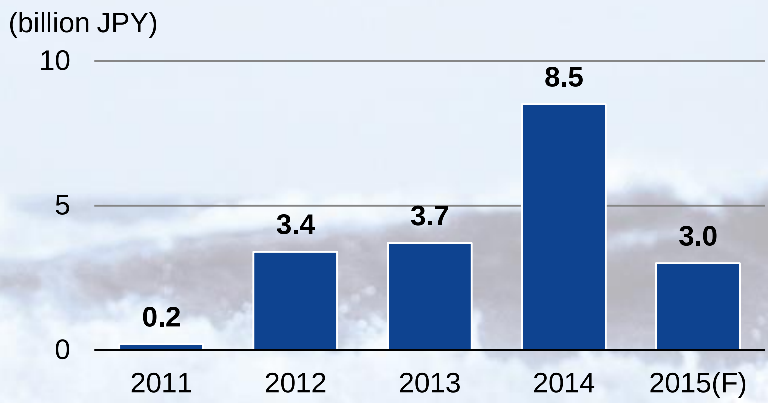
FY2015 : Outlook

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

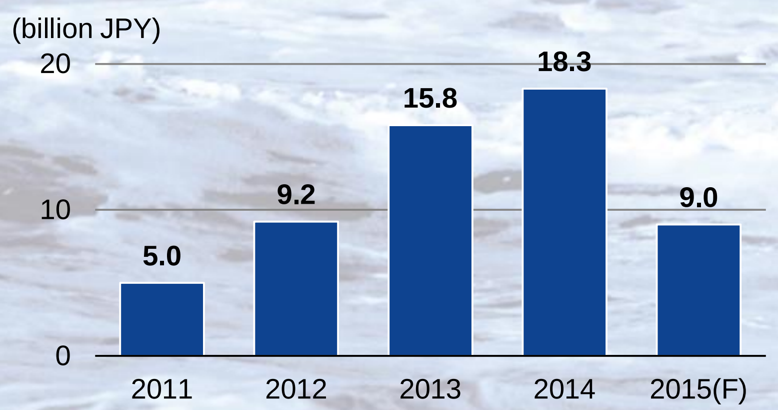
Revenue



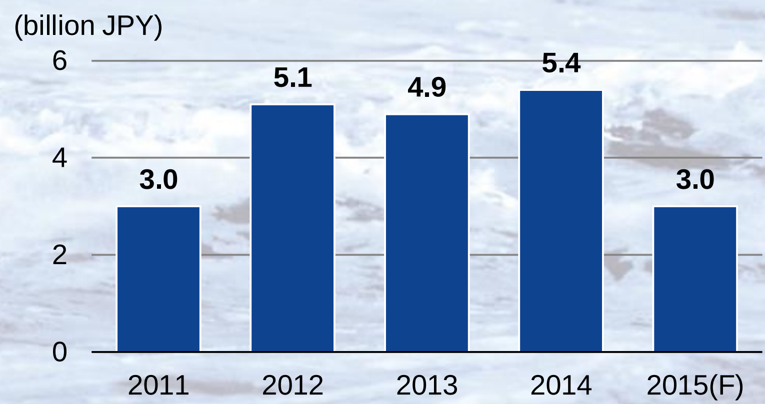
Operating Profit



Ordinary Profit



Net Income



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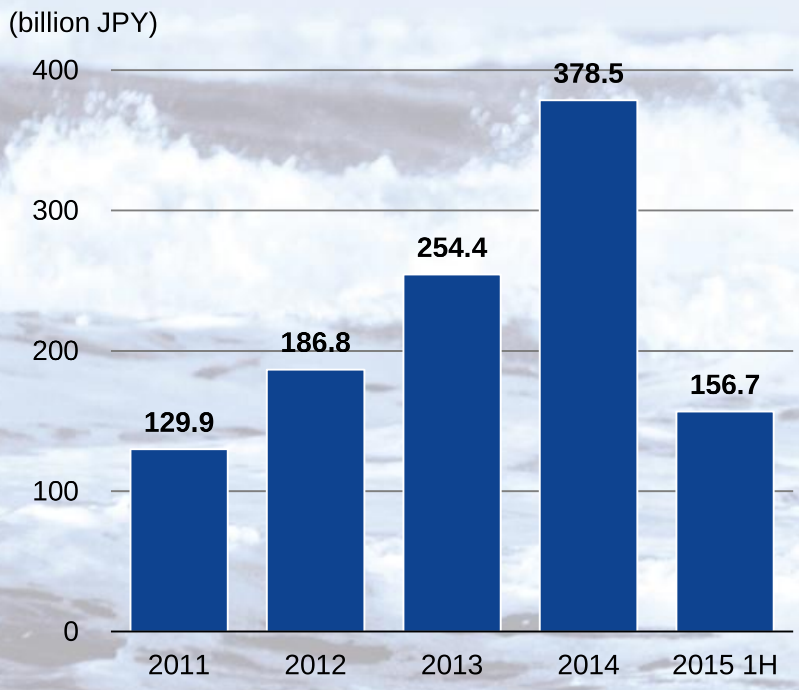
Profit & Loss

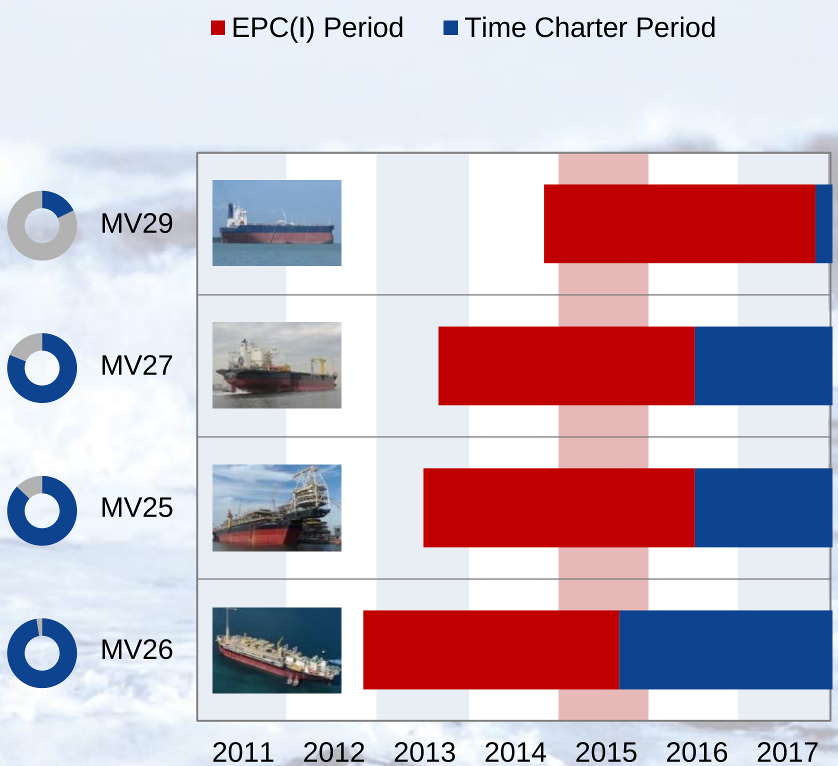
	2014 1H	2015 1H	Variance 2014 1H 2015 1H	2014	(million JPY)
Revenue	161,977	156,773	(5,204)	378,523	- FPSO construction on track
Gross Profit	**9,112**	**5,136**	**(3,976)**	**21,958**	- Recorded FPSO repair cost at a consolidated subsidiary - Equity participation in affiliates accounted for by the equity method increased; profit attributable to the construction work was additionally deferred
Selling, General and Administrative Expenses	5,944	7,296	1,352	13,391	
Operating Profit	**3,168**	**(2,159)**	**(5,327)**	**8,566**	
Other Income (A)	3,687	7,031	3,344	10,941	
Other Expense (B)	993	2,182	1,189	1,170	
Total Other Income/Expenses (C=A-B)	2,694	4,849	2,155	9,771	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	2,178	3,106	928	6,694	- Increase due to MV24 charter start
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(450)	(1,413)	(963)	236	- Foreign exchange loss on USD denominated liability due to depreciation of Brazilian real
Ordinary Profit	**5,861**	**2,688**	**(3,173)**	**18,337**	
Extraordinary Loss	542	874	332	2,027	- Allowance for *skwid* salvage cost
Income before Income Taxes and Minority Interests	**5,319**	**1,814**	**(3,505)**	**16,309**	
Net Income	**1,079**	**(223)**	**(1,302)**	**5,422**	
Exchange Rate (USD)	¥101.35	¥122.44	¥21.09	¥120.56	

Revenue

Revenue

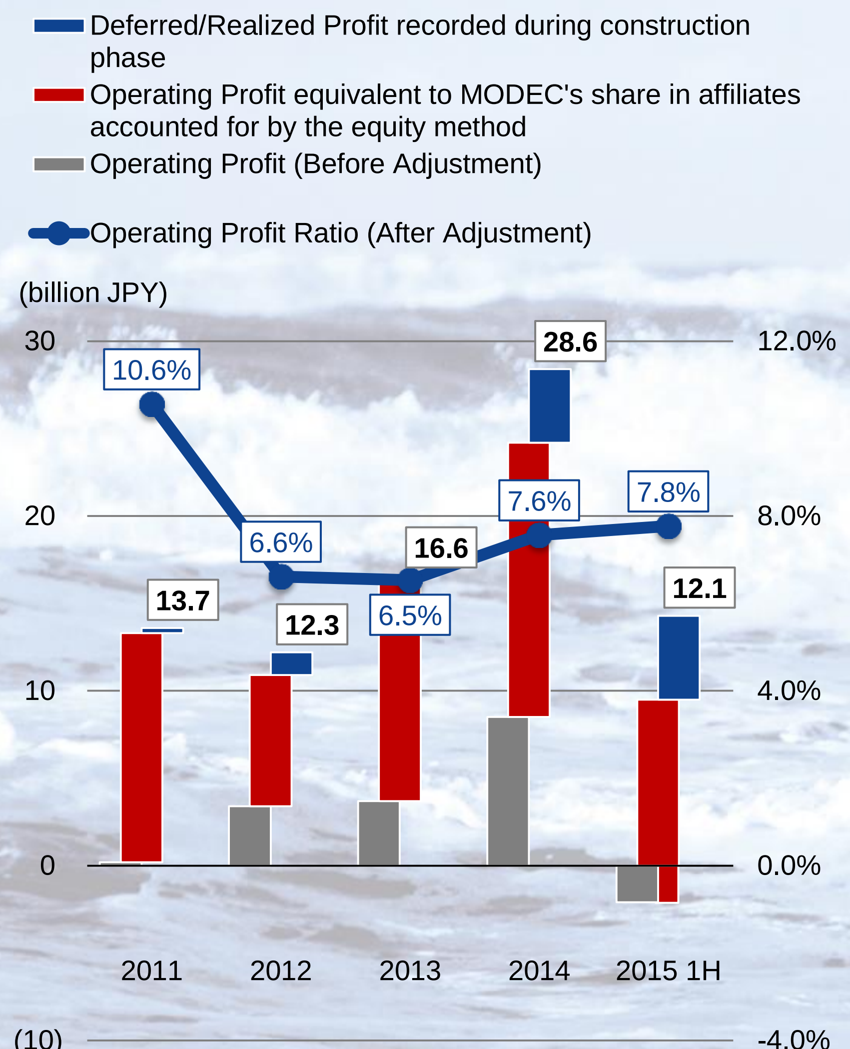


Project Timeline

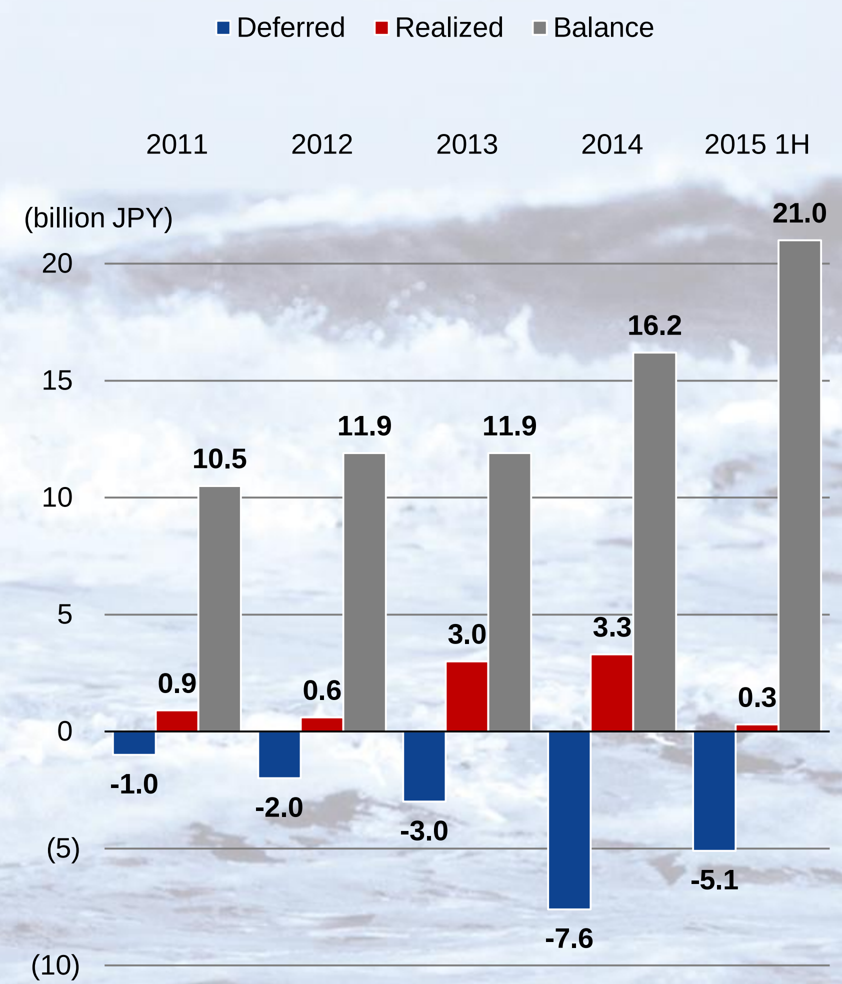


Operating Profit

Equity Method Affiliates & Deferred Profit

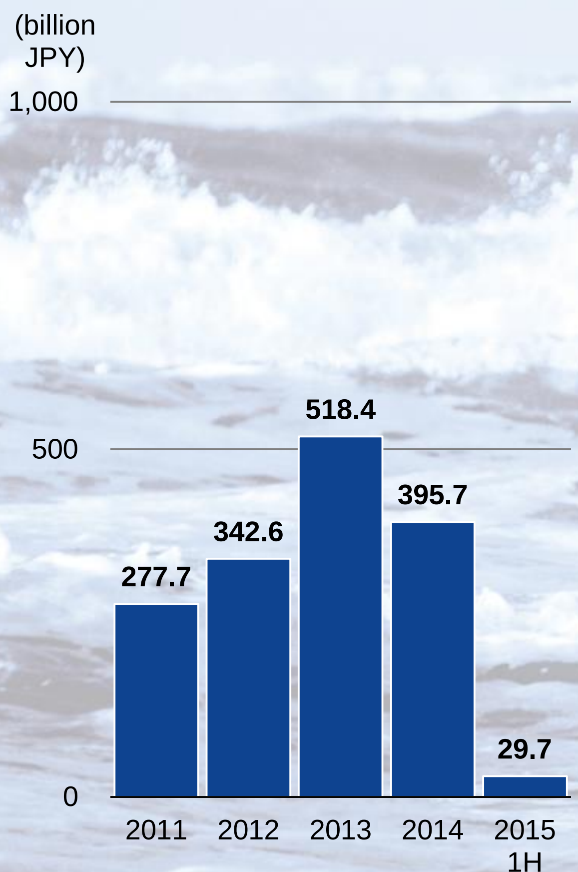


Influence of Deferred Profit

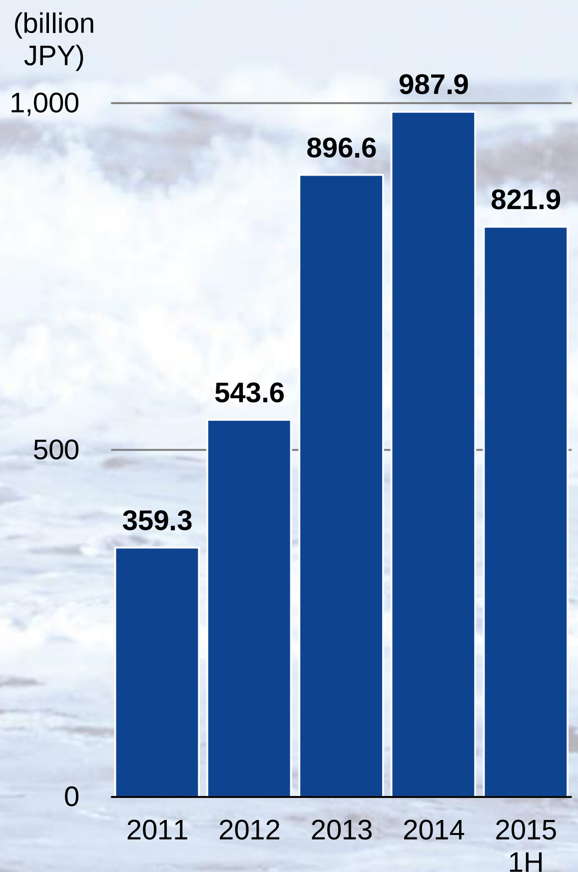


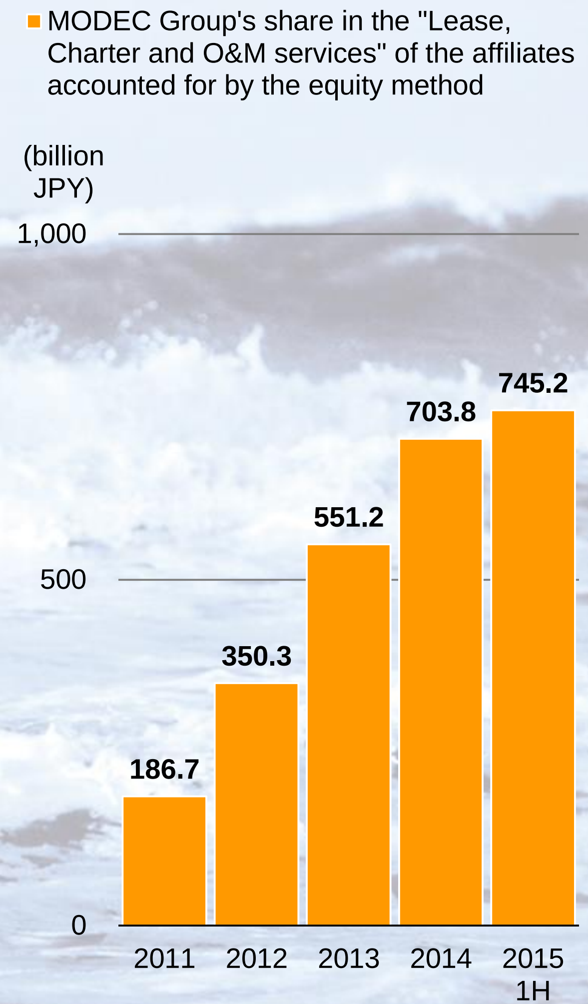
New Orders & Order Backlogs

New Orders



Order Backlogs





Balance Sheet

	2014	2015 1H	Variance	(million JPY)
Short-term Loans Receivable	41,008	36,131	(4,877)	- Decrease due to collection of loans receivable from SPCs
Total Current Assets	259,992	252,446	(7,546)	
Property and Equipment	16,924	21,555	4,631	
Intangible Assets	7,795	7,484	(311)	
Investments and Other Assets	63,763	85,807	22,044	- Increase due to investment in SPCs
Total Fixed Assets	88,484	114,846	26,362	
Total Assets	**348,477**	**367,292**	**18,815**	

	2014	2015 1H	Variance
Short-term Loans Payable	8,165	5,574	(2,591)
Total Current Liabilities	203,152	194,582	(8,570)
Long-term Loans Payable	15,205	53,702	38,497
Total Long-term Liabilities	35,693	61,000	25,307
Total Liabilities	**238,845**	**255,583**	**16,738**
Total Shareholders Equity	95,311	94,171	(1,140)
Total Accumulated Losses from Valuation and Translation Adjustments	1,464	4,279	2,815
Minority Interests in Consolidated Subsidiaries	12,855	13,258	403
Total Net Assets	**109,631**	**111,709**	**2,078**
Total Liabilities, Net Assets	**348,477**	**367,292**	**18,815**

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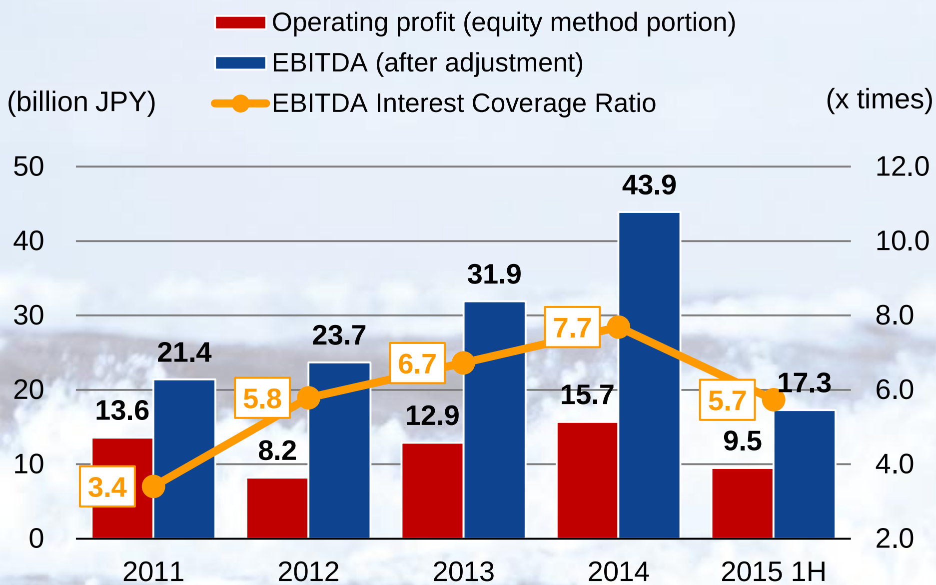
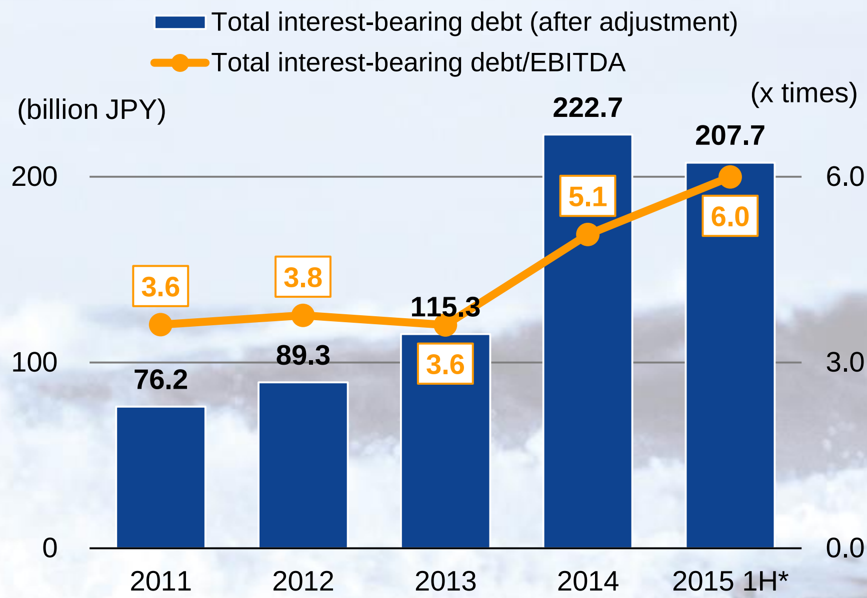
Key Financial Indicators

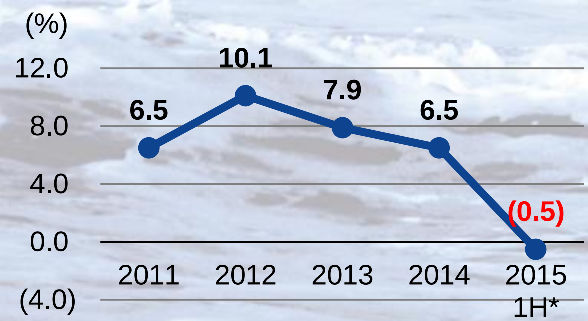
Operating Profit & EBITDA



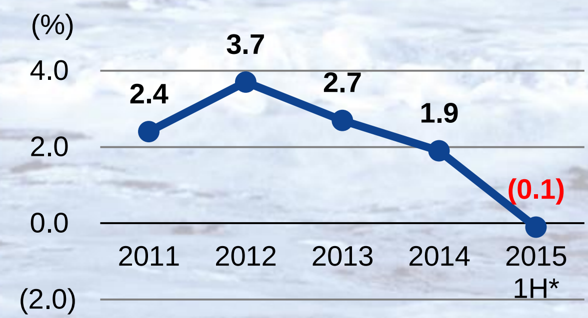
Interest-Bearing Debt



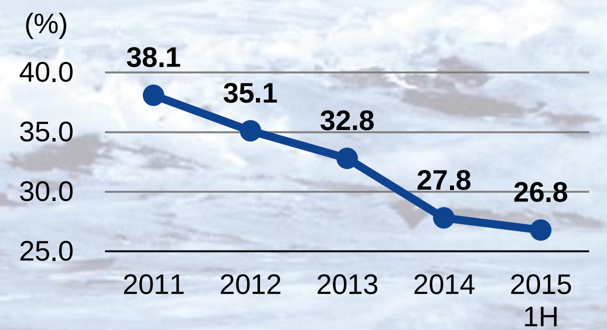
ROE



ROA



Equity Ratio



* After annualized rate