

# MODEC, Inc. 2016 Half-Year Financial Results Analysts Presentation

August 5, 2016





# MODEC, Inc. 2016 Half-Year Financial Results

Highlight

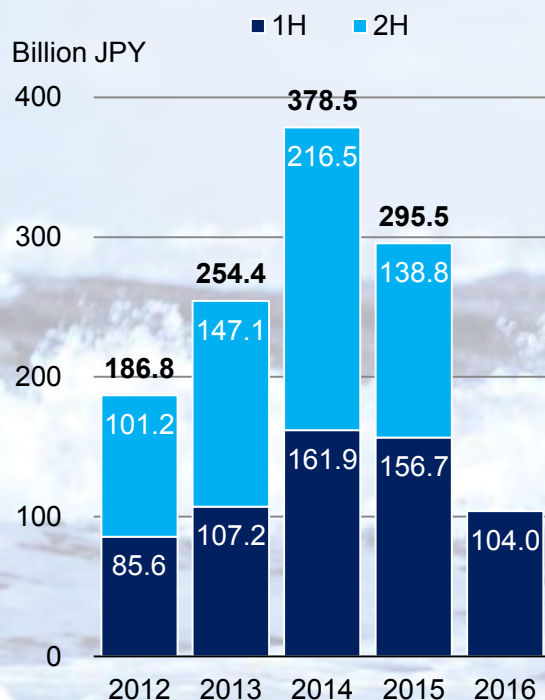
Market Review  
& Outlook

Financial  
Results

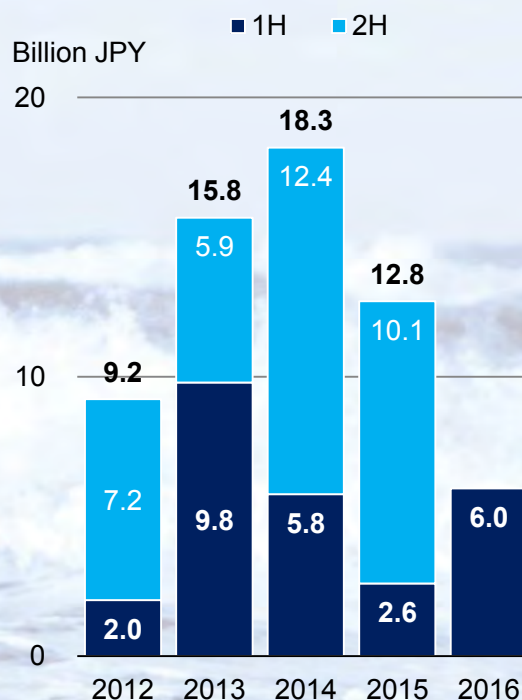


# 2016 Half-Year : Highlight

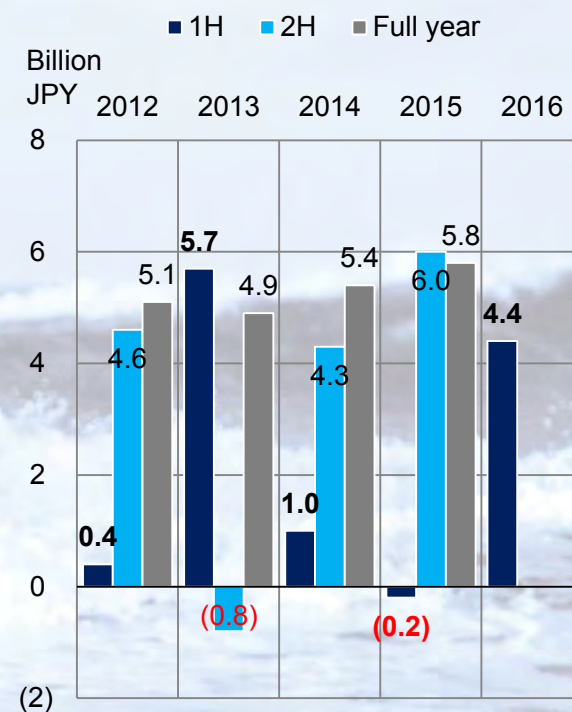
## Revenue



## Ordinary Profit



















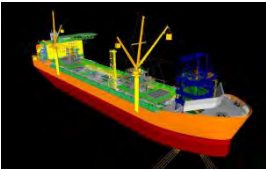


## Profit Attributable to Owners of Parent



- EPC(I) of 3 FPSOs, 1 FSO and 1 TLP progressed on track; 2 FPSOs will commence charter in 2016 2H
- Despite foreign exchange loss due to the appreciation of Japanese yen, equity in earnings of affiliates contributed to the increase in ordinary profit
- Increase in ordinary profit pushed up profit attributable to owners of parent at JPY 4.4 billion which exceeded the guideline

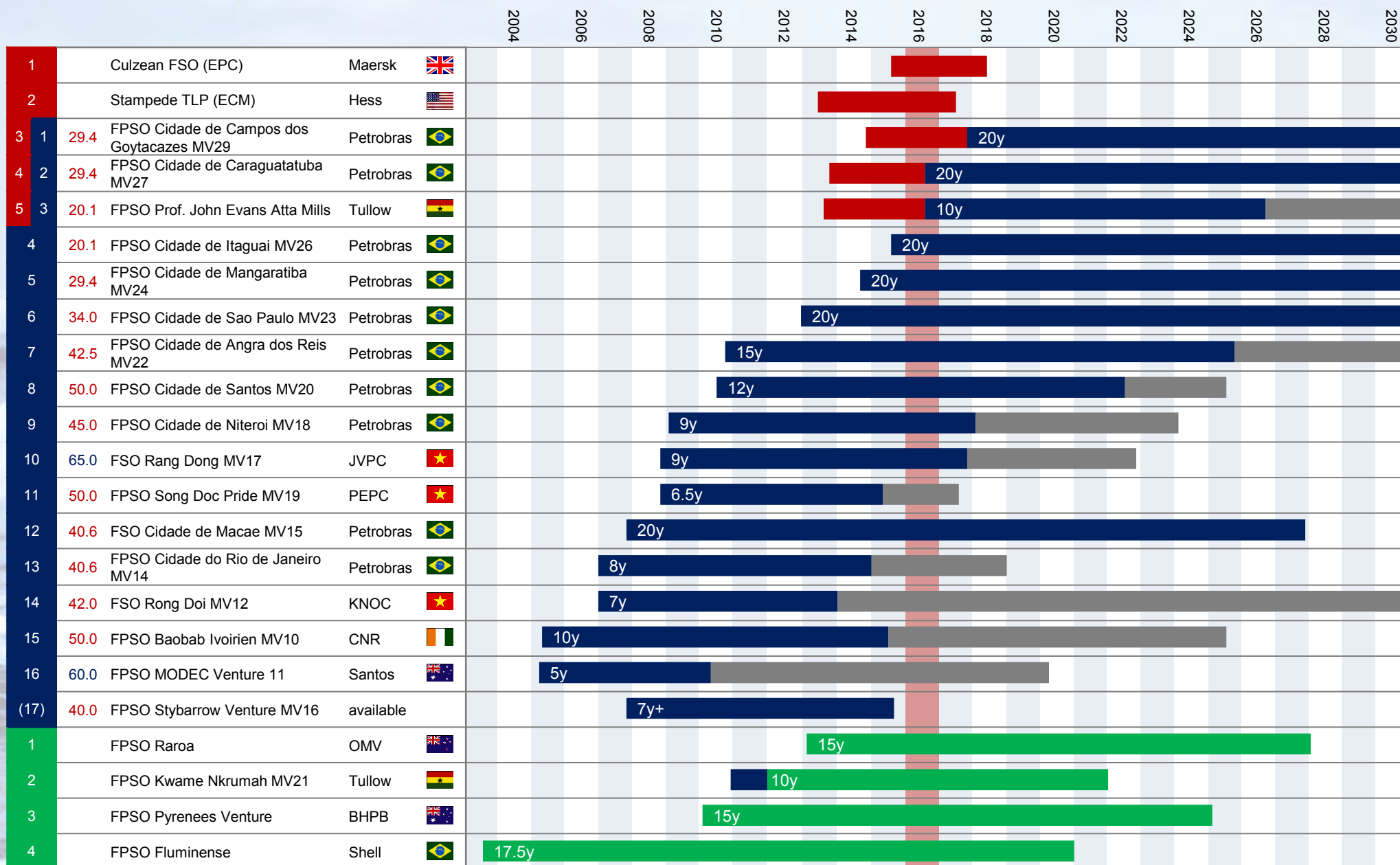
# 2016 Half-Year : EPC(I) (as of end-June 2016)

	FPSO Cidade de Caraguatatuba MV27	FPSO Prof. John Evans Atta Mills (MV25)	Hess Stampede TLP	FPSO Cidade de Campos dos Goytacazes MV29	Maersk Culzean FSO
Client	Petrobras 	Tullow 	Hess 	Petrobras 	Maersk 
Contract	EPCI + Time Charter (20 yrs)	EPCI + Time Charter (10 yrs + ten 1-year options)	ECM	EPCI + Time Charter (20 yrs)	EPC
Delivery (planned)	2016 2H	2016 2H	2017	2017 4Q	2018 1H
Field	Carioca	T.E.N. (Tweneboa/ Enyenra/Ntomme)	Stampede	Tartaruga Verde & Tartaruga Mestiça	Culzean
Location	Brazil 	Ghana 	GOM 	Brazil 	UK 
Storage/ Production	1,600,000 bbls 100,000 bopd	1,700,000 bbls 80,000 bopd	80,000 bopd 80 mmscf	1,600,000 bbls 150,000 bopd	350,000 bbls 25,000 bopd inlet
Progress	 	 	 	 	 

# EPC(I) / Charter / O&M Period

As of August 2016

- EPC(I) period
- Time Charter fixed period
- Time Charter option period
- O&M period



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





# MODEC, Inc. 2016 Half-Year Financial Results

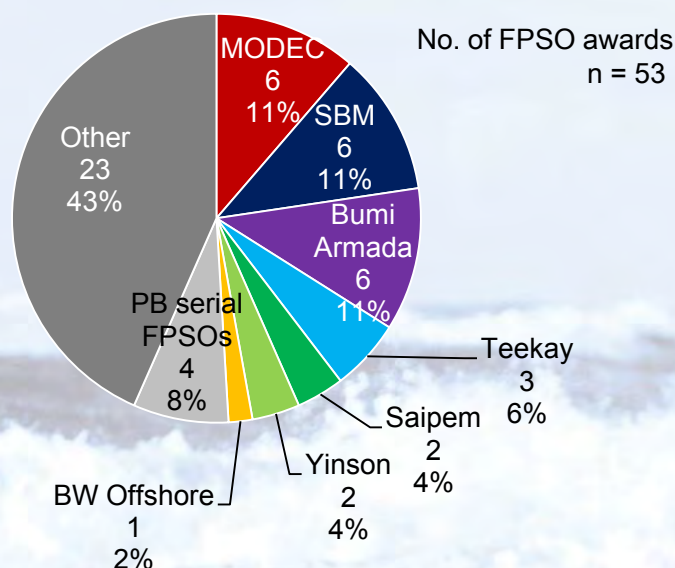
Highlight

Market Review  
& Outlook

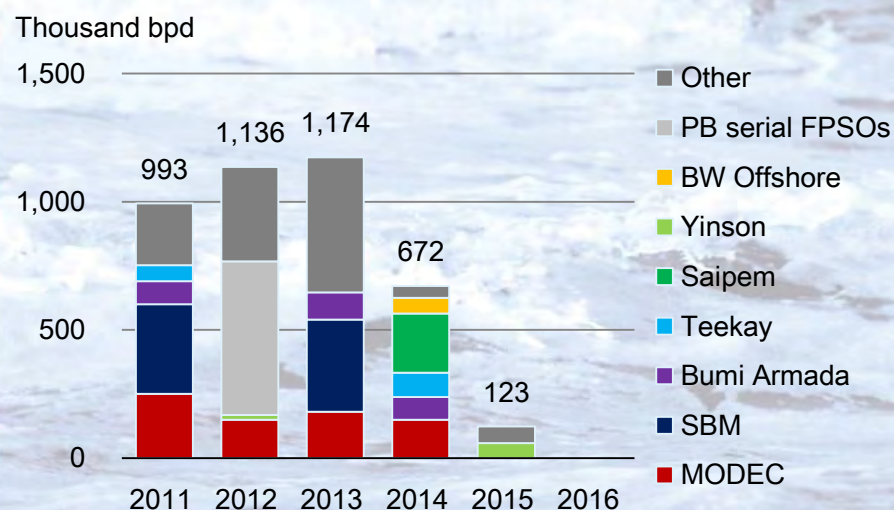
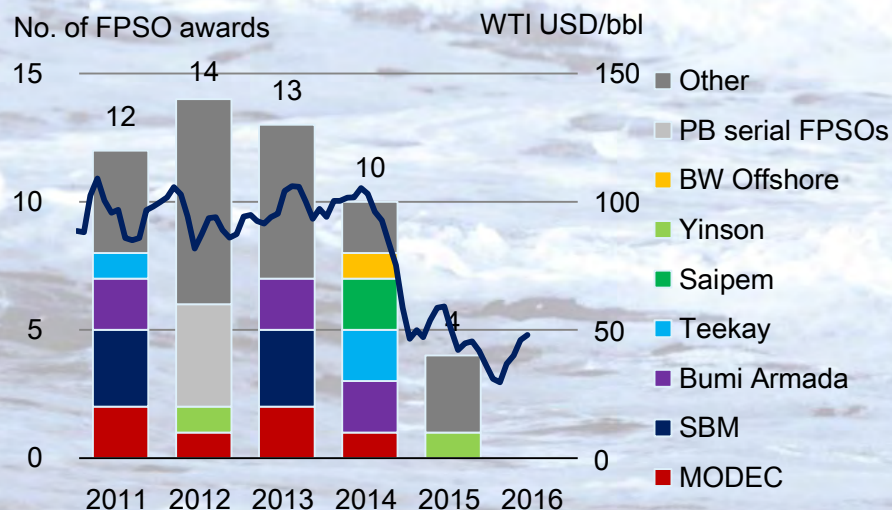
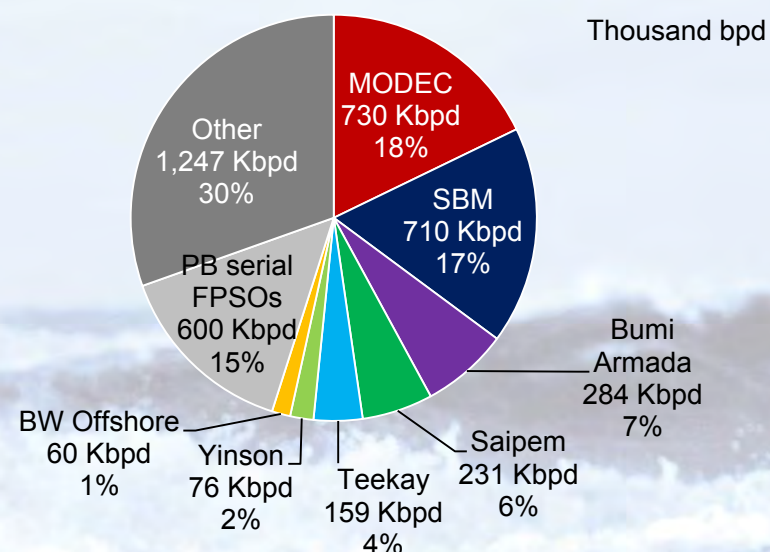
Financial  
Results

# FPSO New Orders in 2011~2016 1H

## Share by Number of FPSO Awards



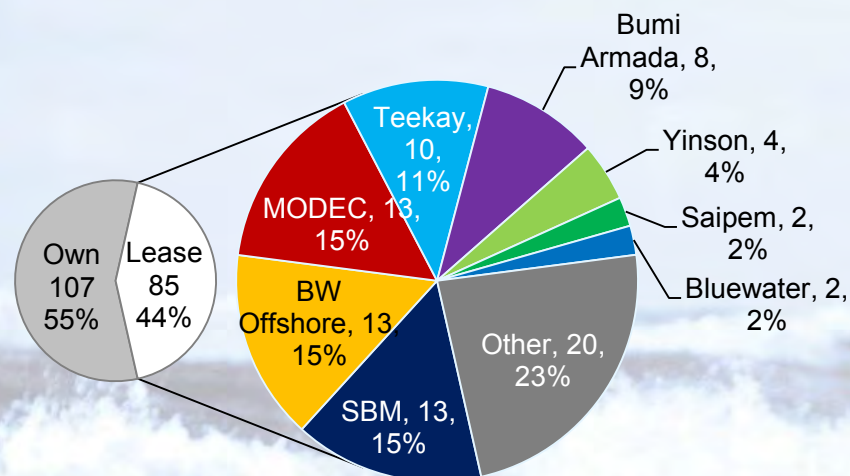
## Share by Oil Production Capacity



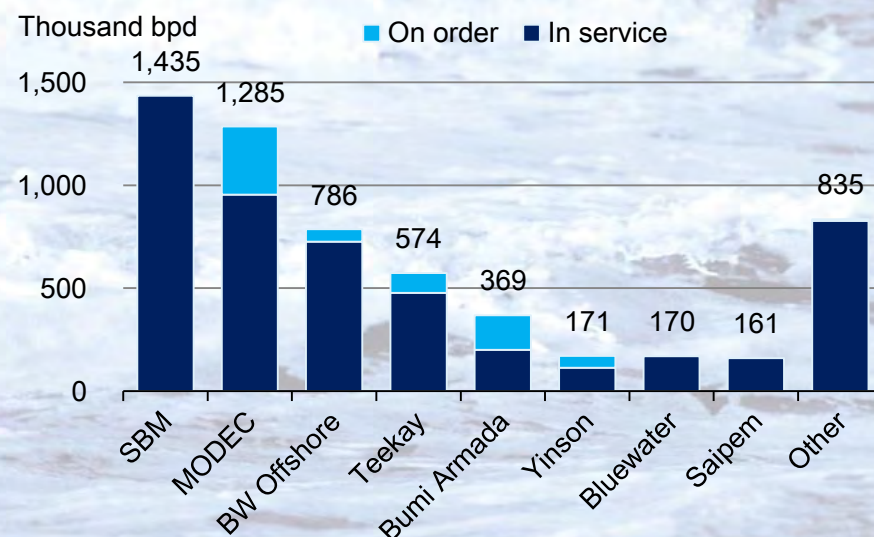
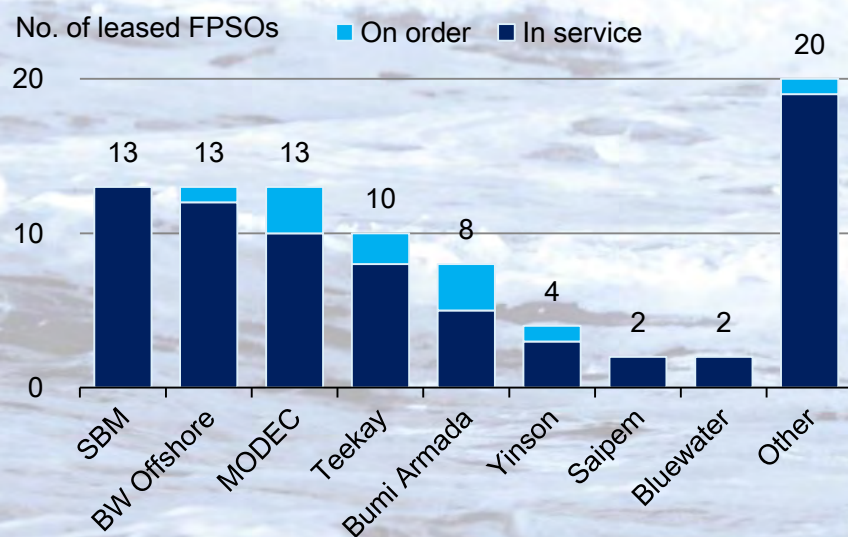
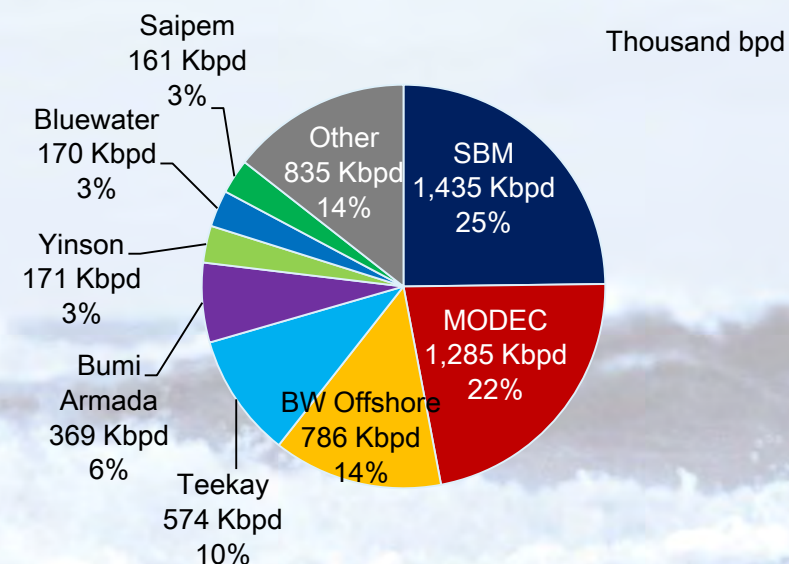


# Leased FPSOs (including FPSOs on order, as of July 2016)

## Share by Number of Leased FPSOs



## Share by Oil Production Capacity



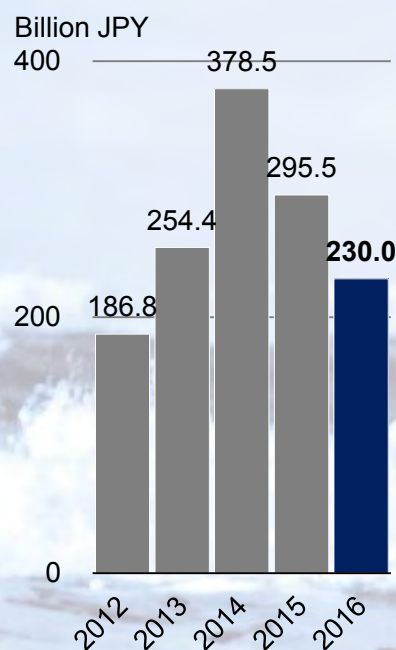


# Main Prospective Projects (as of August 2016)

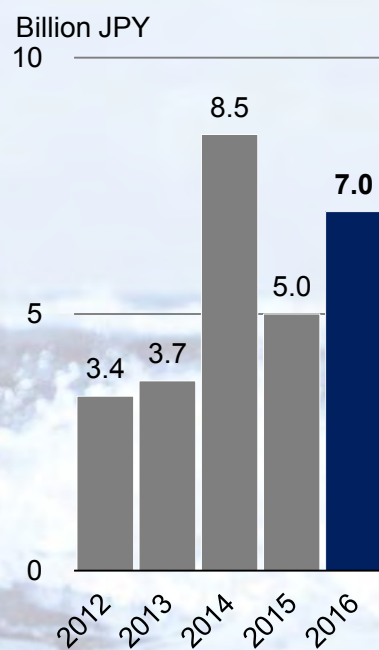


# FY2016 : Outlook

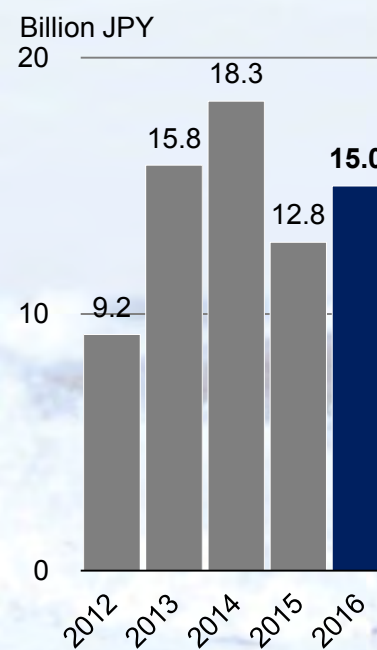
## Revenue



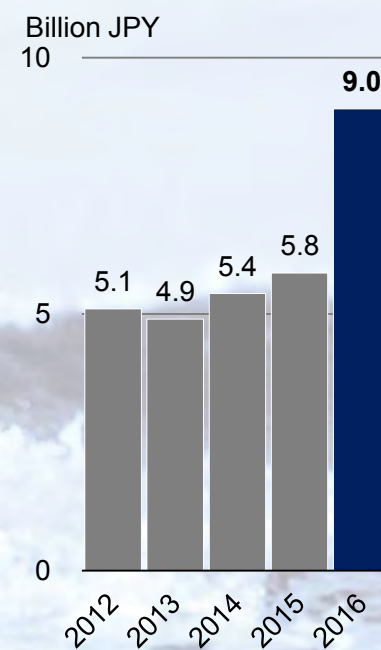
## Operating Profit



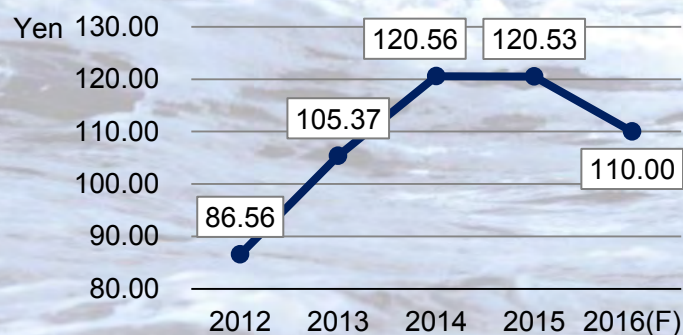
## Ordinary Profit



## Profit Attributable to Owners of Parent



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



## MV25 & MV27 : Charter to start in 2016 2H



FPSO Prof. John Evans Atta Mills (MV25)



FPSO Cidade de Caraguatatuba (MV27)





# MODEC, Inc. 2016 Half-Year Financial Results

Highlight

Market Review  
& Outlook

Financial  
Results

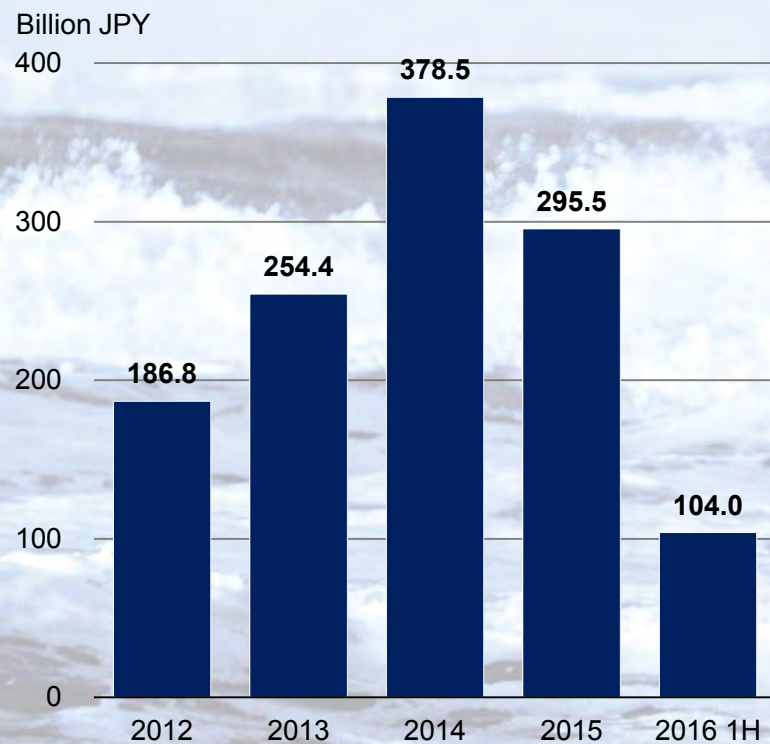
# Profit & Loss

	2015 1H	2016 1H	Variance 2015 1H 2016 1H	2015	Million JPY
Revenue	156,773	104,031	(52,742)	295,596	
<b>Gross Profit</b>	<b>5,136</b>	<b>7,758</b>	<b>2,622</b>	<b>20,078</b>	
Selling, General and Administrative Expenses	7,296	5,413	(1,883)	15,003	
<b>Operating Profit</b>	<b>(2,159)</b>	<b>2,344</b>	<b>4,503</b>	<b>5,075</b>	● Operating profit increased by JPY 4.5 billion year-on-year due to steady progress in EPC(I) and decrease in SG&A
Other Income (A)	7,031	9,266	2,235	14,717	
Other Expense (B)	2,182	5,542	3,360	6,972	
Total Other Income/Expenses (C=A-B)	4,849	3,724	(1,125)	7,745	● Due to the appreciation of yen, JPY 4.7 billion of foreign exchange loss and JPY 2.9 billion of gain on revaluation of derivatives were recorded. Total other income/expenses decreased by JPY 1.1 billion year-on-year.
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	3,106	3,773	667	8,345	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	358	(1,785)	(2,143)	(3,228)	
<b>Ordinary Profit</b>	<b>2,688</b>	<b>6,069</b>	<b>3,381</b>	<b>12,819</b>	
Extraordinary Profit	-	-	-	3,715	
Extraordinary Loss	874	-	(874)	1,705	● In 2015 1H, extraordinary loss was recorded for removal expenses of property and equipment
<b>Income before Income Taxes</b>	<b>1,814</b>	<b>6,069</b>	<b>4,255</b>	<b>14,829</b>	
<b>Profit Attributable to Owners of Parent</b>	<b>(223)</b>	<b>4,405</b>	<b>4,628</b>	<b>5,824</b>	
Exchange Rate (USD)	¥122.44	¥102.96	(¥19.48)	¥120.53	

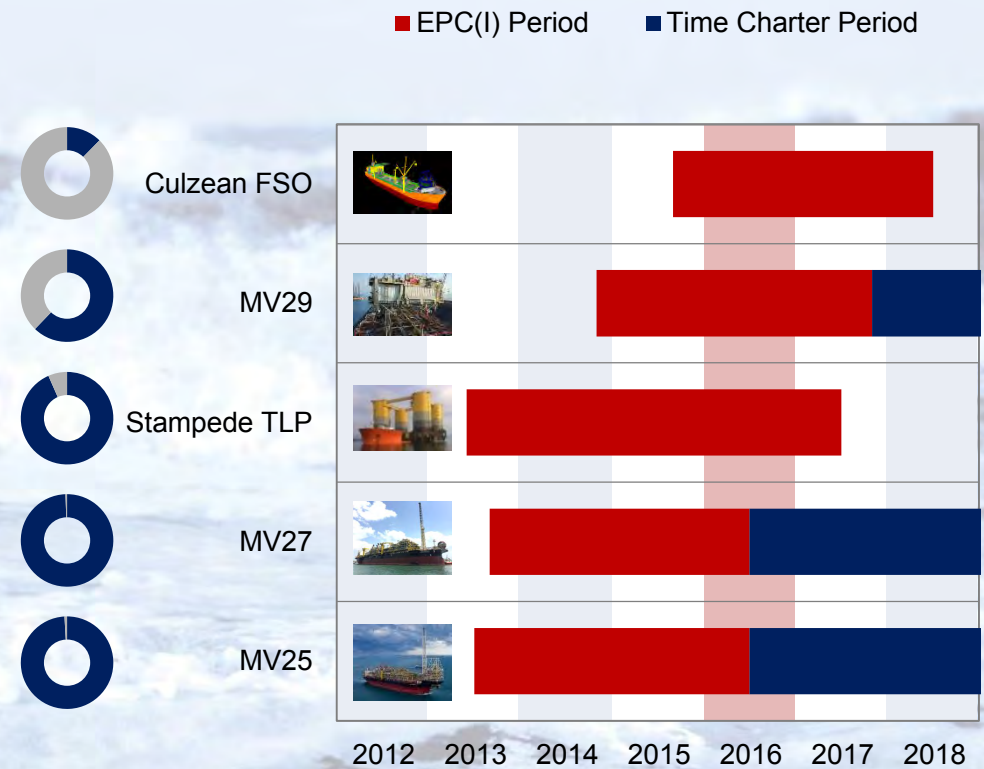


# Revenue

## Revenue



## Project Timeline



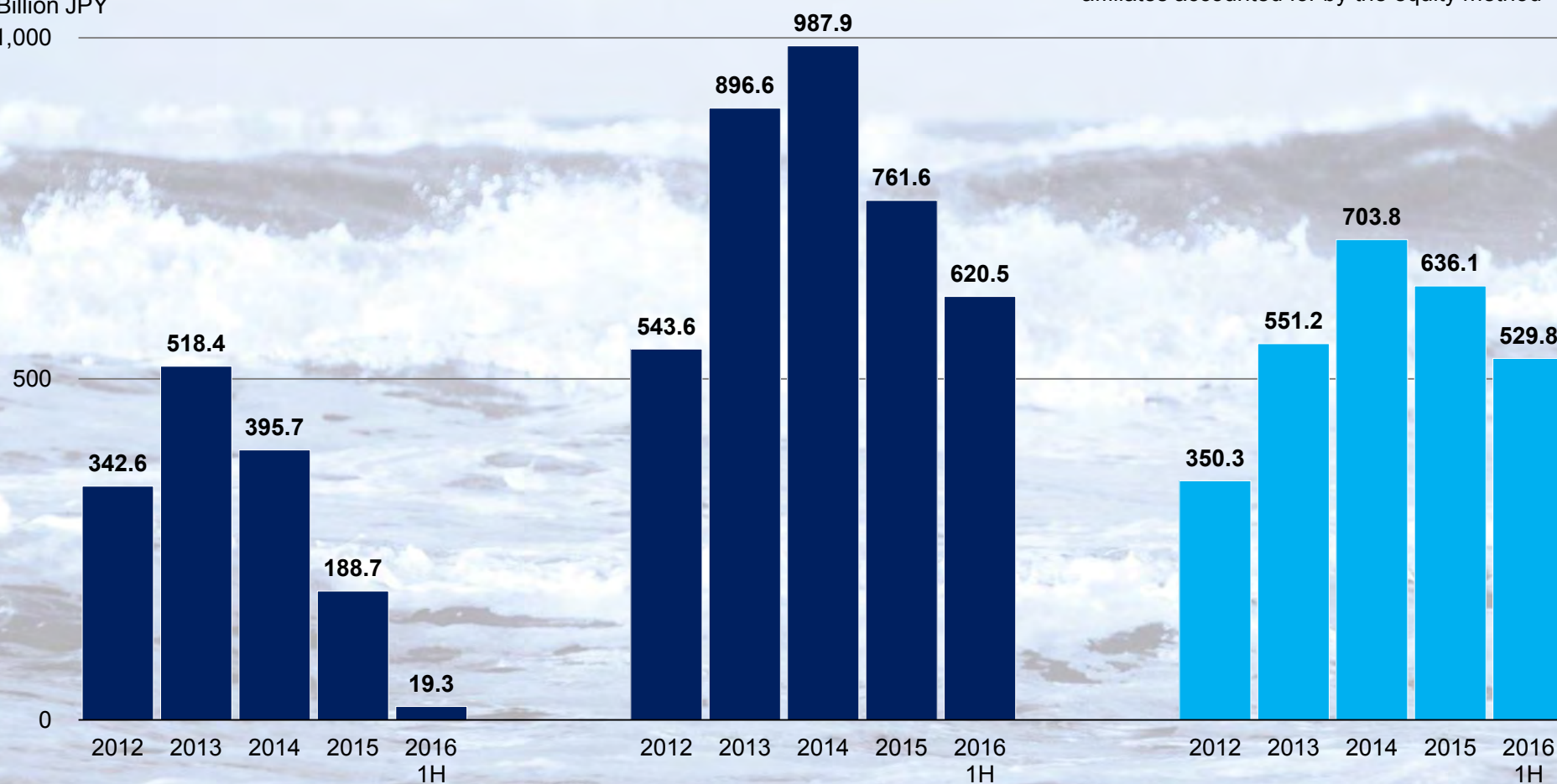
# New Orders & Order Backlogs

## New Orders

## Order Backlogs

Billion JPY  
1,000

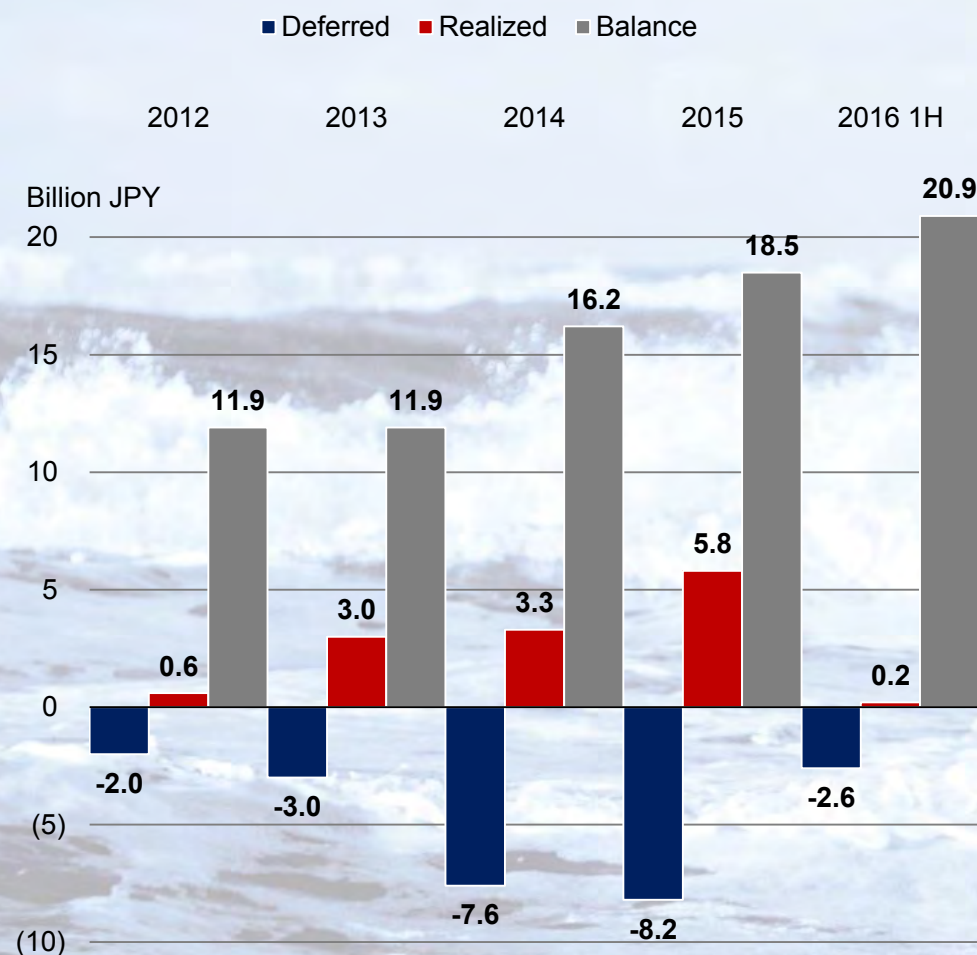
■ Order backlogs for MODEC Group's share in the "Lease, Charter and O&M services" of the affiliates accounted for by the equity method





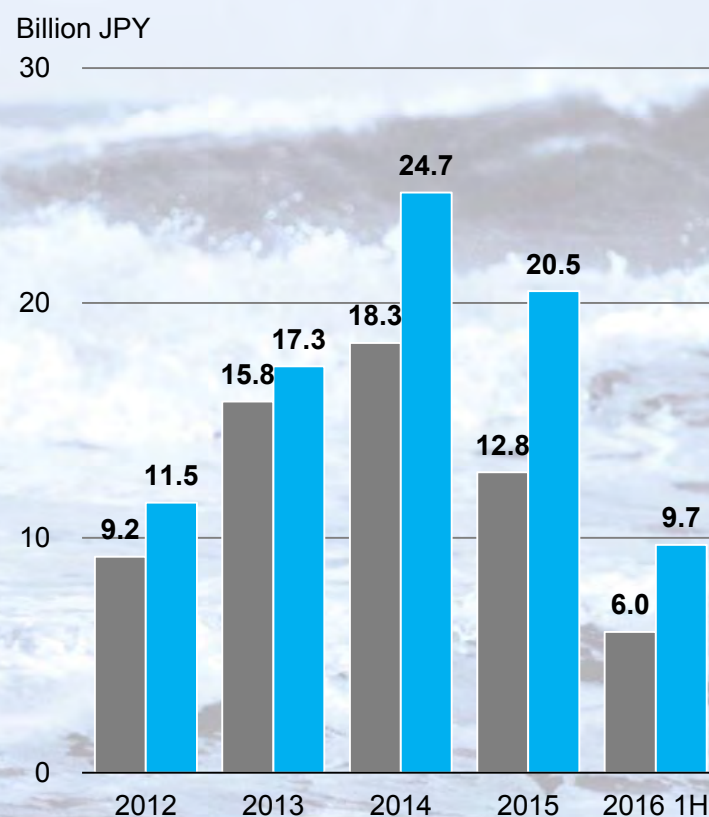
# Ordinary Profit

## Influence of Deferred/Realized Profits



## Ordinary Profit (as if consolidating affiliates basis)

- A  
■ A + B + C
- A : Consolidated Ordinary Profit  
B : Ordinary Profit (equity method portion)  
C : Influence of Deferred/Realized Profits



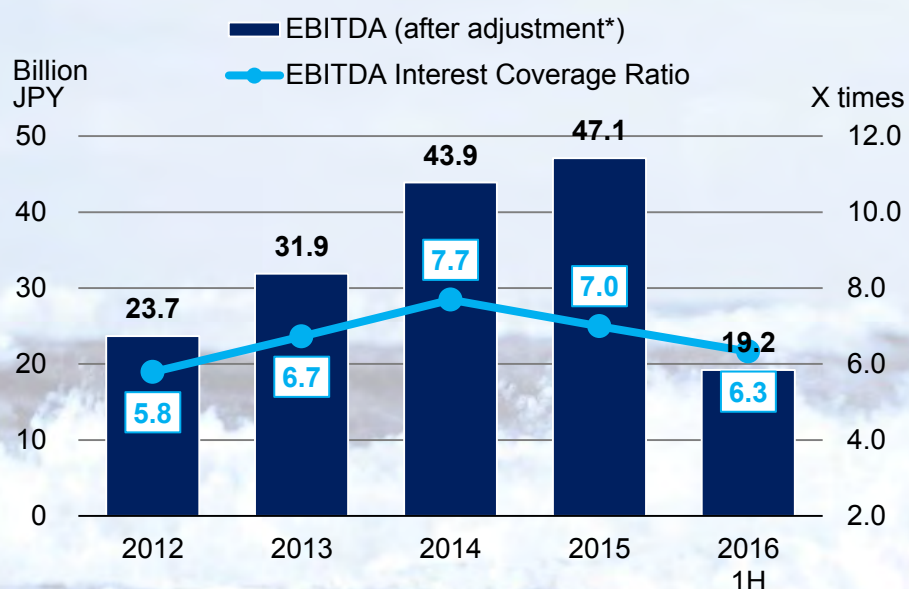
# Balance Sheet

	2015	2016 1H	Variance	Million JPY
Cash and Time Deposits	57,956	38,748	(19,208)	
Short-term Loans Receivable	20,239	28,939	8,700	
Total Current Assets	242,120	196,270	(45,850)	● Accounts receivable decreased due to timing difference between EPC(I) progress and receiving of payment
Property and Equipment	18,485	14,309	(4,176)	
Intangible Assets	7,476	6,372	(1,104)	
Investments and Other Assets	86,381	87,046	665	
Total Fixed Assets	112,343	107,728	(4,615)	
<b>Total Assets</b>	<b>354,464</b>	<b>303,998</b>	<b>(50,466)</b>	As a result of the appreciation of yen, total assets and liabilities in yen decreased due to exchange difference between end-2015 and end-June 2016
	2015	2016 1H	Variance	
Accounts Payable - trade	145,230	114,197	(31,033)	
Short-term Loans Payable	6,044	5,751	(293)	
Total Current Liabilities	177,251	148,967	(28,284)	● Accounts payable decreased in line with EPC(I) progress
Long-term Loans Payable	50,219	43,698	(6,521)	
Total Long-term Liabilities	62,229	56,800	(5,429)	
<b>Total Liabilities</b>	<b>239,481</b>	<b>205,767</b>	<b>(33,714)</b>	
Total Shareholders Equity	99,232	102,650	3,418	
Total Accumulated Losses from Valuation and Translation Adjustments	2,322	(16,244)	(18,566)	● Foreign currency translation adjustment decreased due to the appreciation of yen
Minority Interests in Consolidated Subsidiaries	13,428	11,825	(1,603)	
<b>Total Net Assets</b>	<b>114,983</b>	<b>98,231</b>	<b>(16,752)</b>	
<b>Total Liabilities, Net Assets</b>	<b>354,464</b>	<b>303,998</b>	<b>(50,466)</b>	



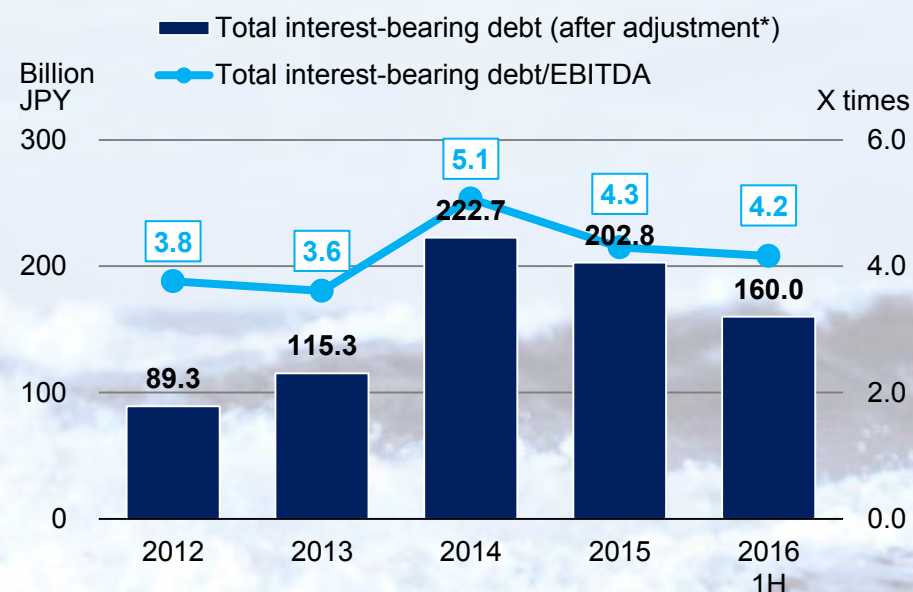
# Key Financial Indicators

## EBITDA

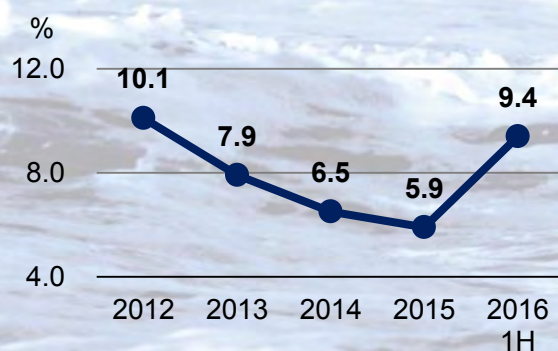


\*Adjustment: Adding MODEC group's share in affiliates accounted for by the equity method

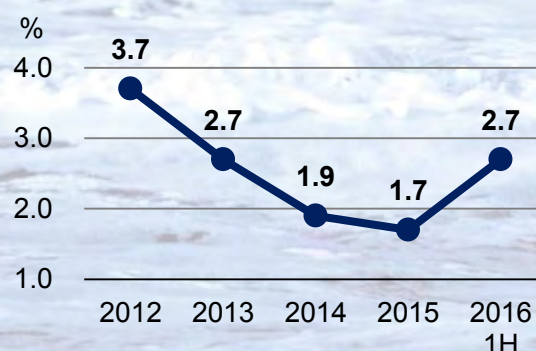
## Interest-Bearing Debt



## ROE



## ROA



## Equity Ratio

