



MODEC, Inc.
2017 Financial Results
Analysts Presentation

February 7, 2018



Highlight

Financial Results



FY2017 : New Awards



- Awarded 2 large FPSOs (EPCI + Charter)
- The 13th and 14th FPSO/FSO which MODEC will provide in Brazil and it's 6th and 7th in the pre-salt*

*FPSO in the pre-salt owned by MODEC group

- FPSO Cidade de Angra dos Reis MV22
- FPSO Cidade de São Paulo MV23
- FPSO Cidade de Mangaratiba MV24
- FPSO Cidade de Itaguaí MV26
- FPSO Cidade de Caraguatatuba MV27

FPSO Carioca MV30

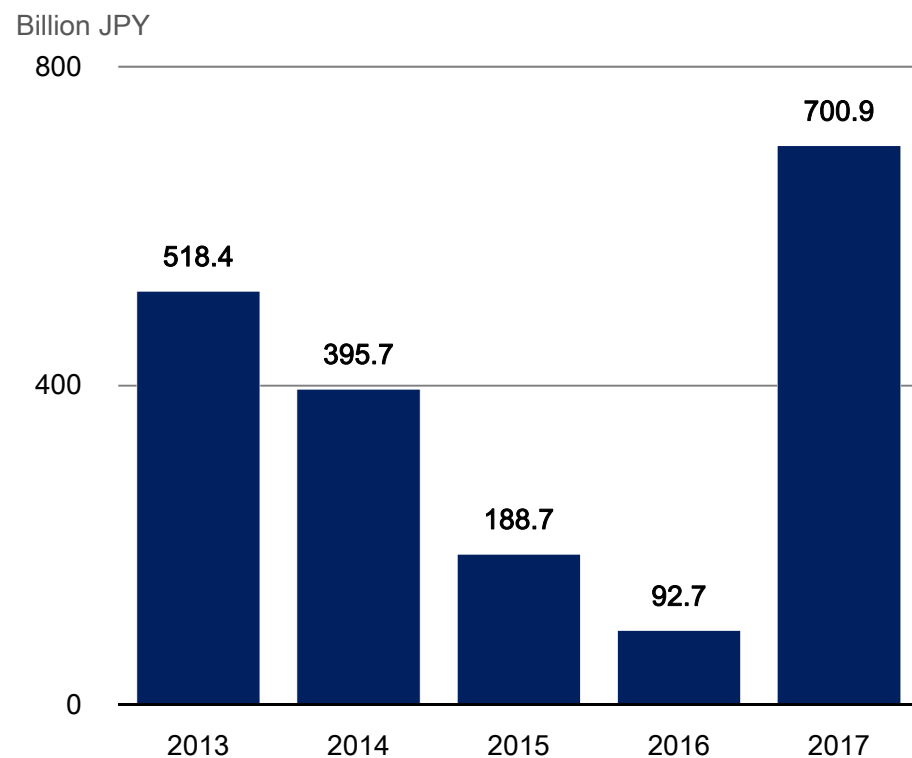
Client	Petrobras
Contract	EPCI + Time Charter (21 years)
Field	Sépia Field(Brazil)
Water Depth	2,200m
Oil Production	180,000 bpd,
Gas Production	212 mmscfd
Storage Capacity	1,400,000 bbls

Petrobras Mero Pilot FPSO

Client	Petrobras
Contract	EPCI + Time Charter (22 years)
Field	Mero Field (Brazil)
Water Depth	2,100m
Oil Production	180,000 bpd,
Gas Production	424 mmscfd
Storage Capacity	1,400,000 bbls

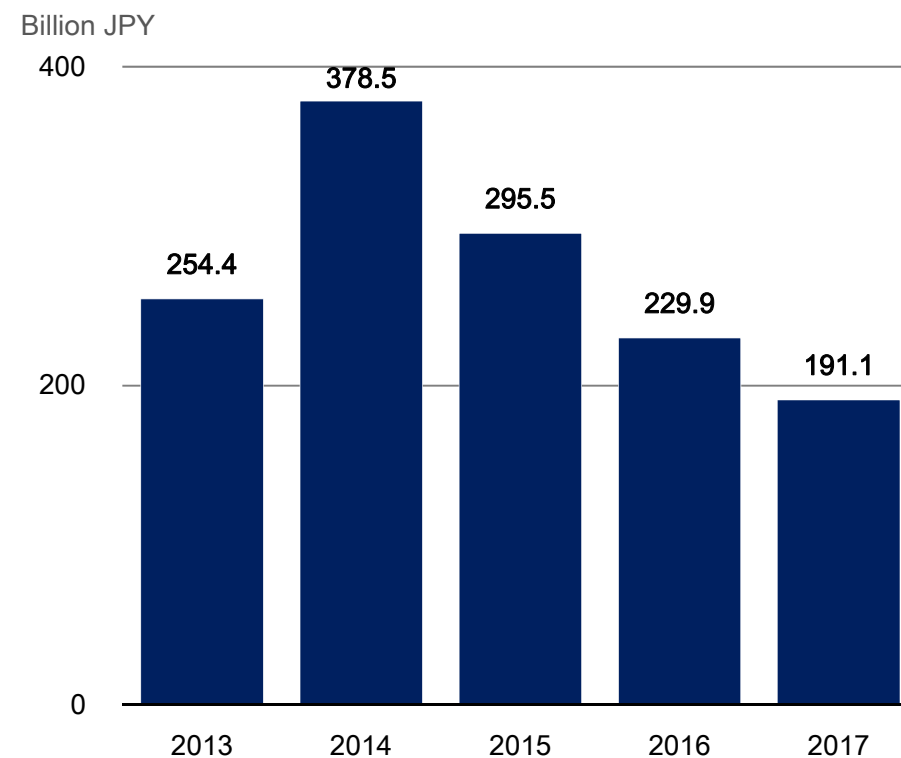
FY2017 : Highlights

New Orders



- New orders reached the highest level of 700.9 billion JPY
- Awarded 2 charter contracts from Petrobras

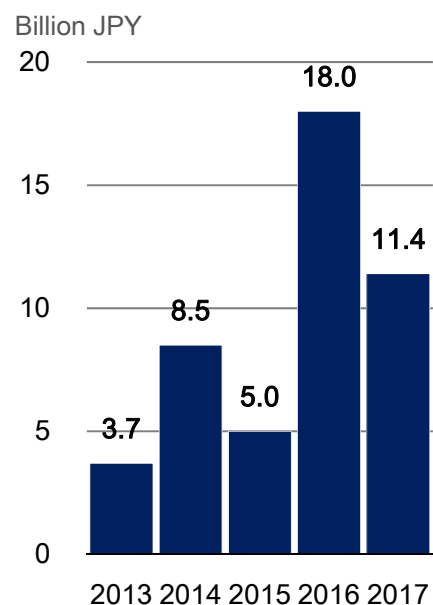
Revenue



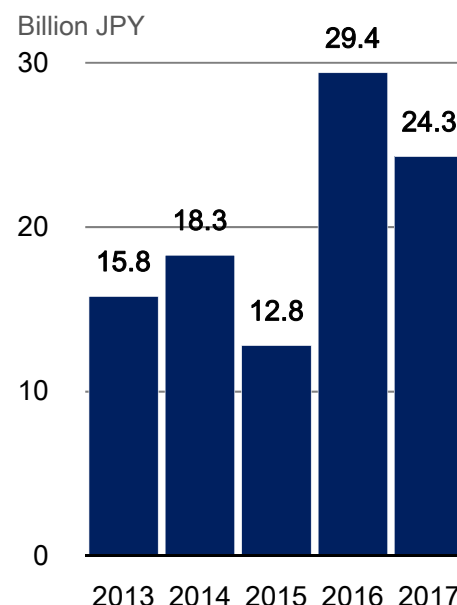
- Revenue 191 billion JPY

FY2017 : Highlights

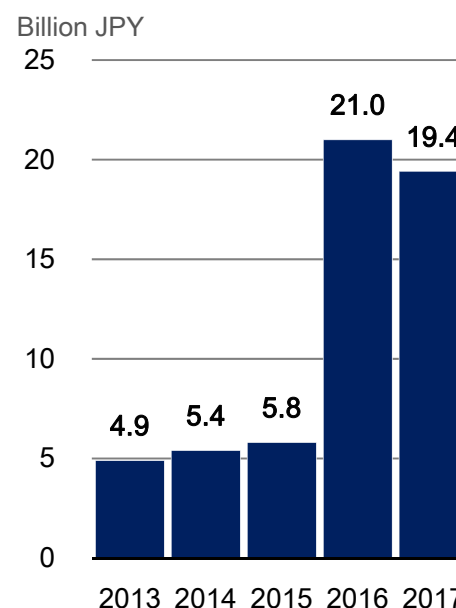
Operating Profit



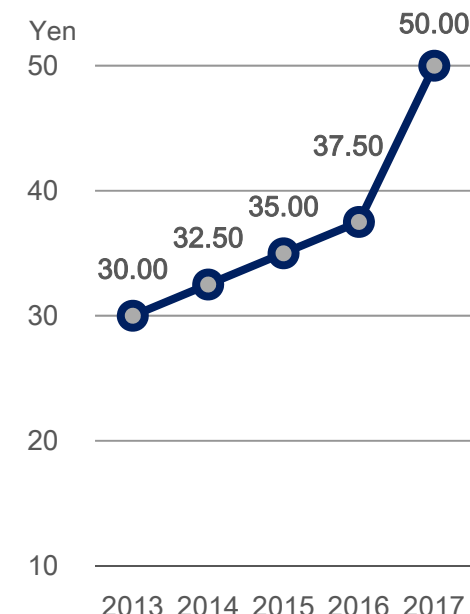
Ordinary Profit



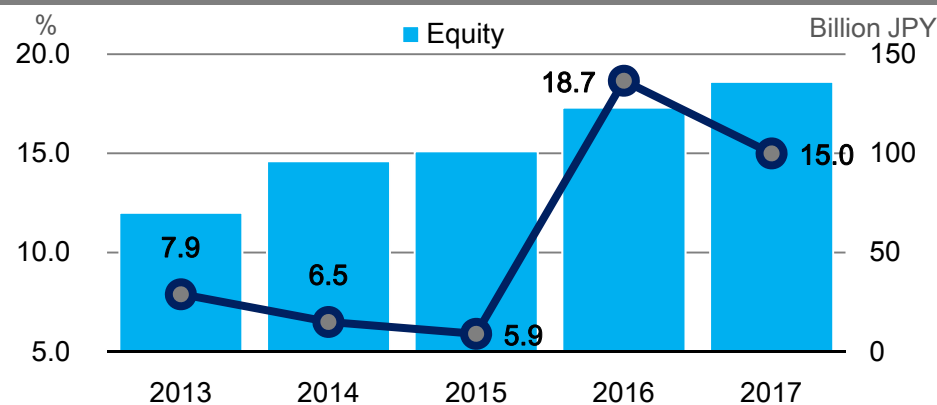
Profit Attributable to Owners of Parent



Dividends per Share



















ROE



- Targets of the Mid-term Business Plan 2017 (Profit attributable to owners of parent & ROE 10%) were achieved for the second year in a row.

- Proposed annual dividends of ¥50.00 per share including special dividend of ¥10.00 per share in accordance with the solid performance of this year.

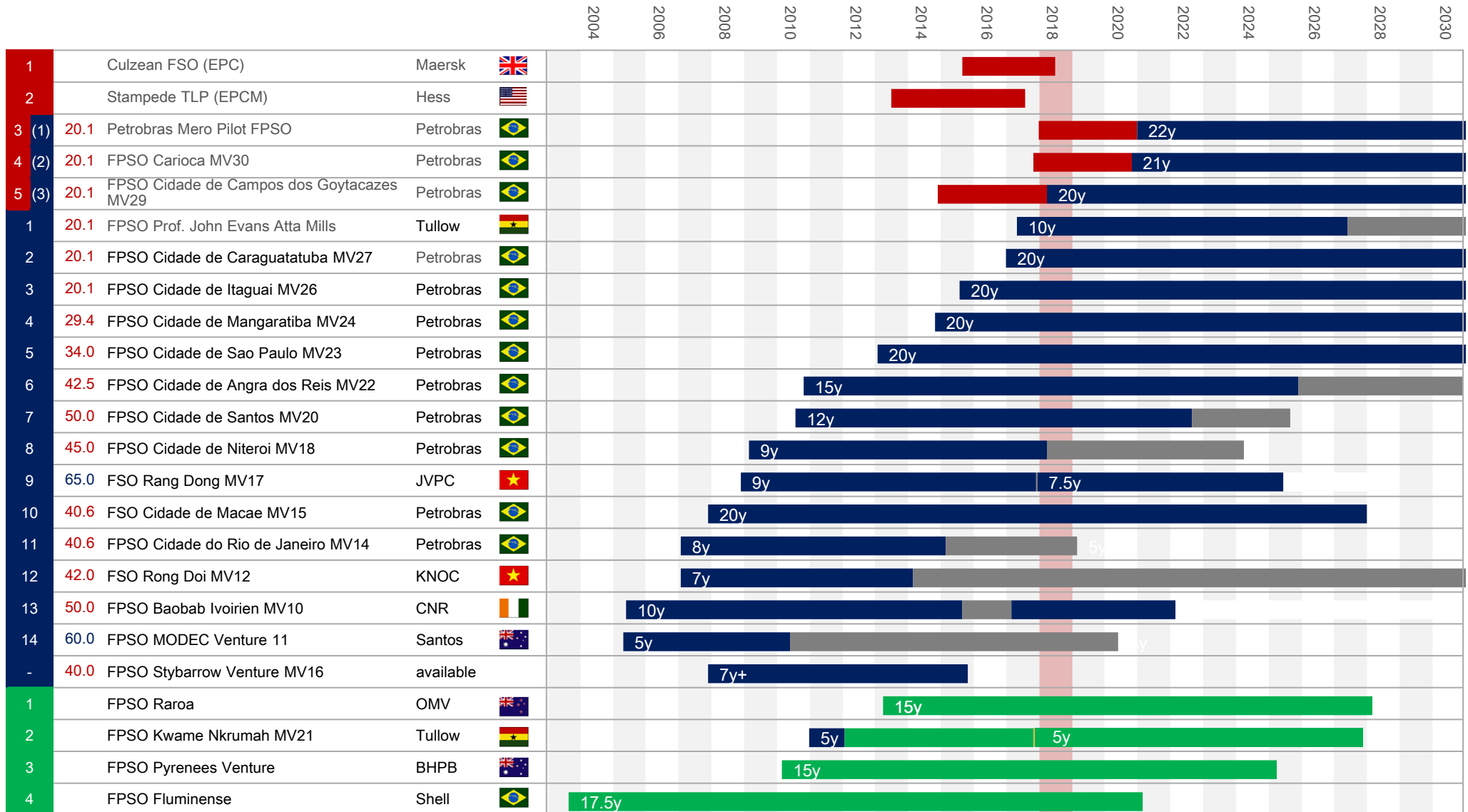
FY2017 : EPC(I)

	Stampede TLP	FSO Ailsa	FPSO Cidade de Campos dos Goytacazes MV29	FPSO Carioca MV30	Petrobras Mero Pilot FPSO
Client	Hess 	Maersk 	Petrobras 	Petrobras 	Petrobras 
Contract	EPCM	EPC	EPCI + Time Charter (20 yrs)	EPCI + Time Charter (21 yrs)	EPCI + Time Charter (22 yrs)
Delivery (Planned)	May, 2017	2018 1H	2018 2Q	2021	2021
Field	Stampede	Culzean	Tartaruga Verde & Tartaruga Mestiça	Sépia	Mero
Location	GOM 	UK 	Brazil 	Brazil 	Brazil 
Water Depth	1,020m	90 m	765 m	2,200 m	2,100 m
Storage/ Production	80,000 bpd 40 mmscfd	350,000 bbls 25,000 bopd inlet	1,600,000 bbls 150,000 bopd 176 mmscfd	1,400,000 bbls 180,000 bopd 212 mmscfd	1,400,000 bbls 180,000 bopd 424 mmscfd
Progress	 	 	 	Order received in October 2017	Order received in December 2017

EPC(I) / Charter / O&M Period

As of February 2018

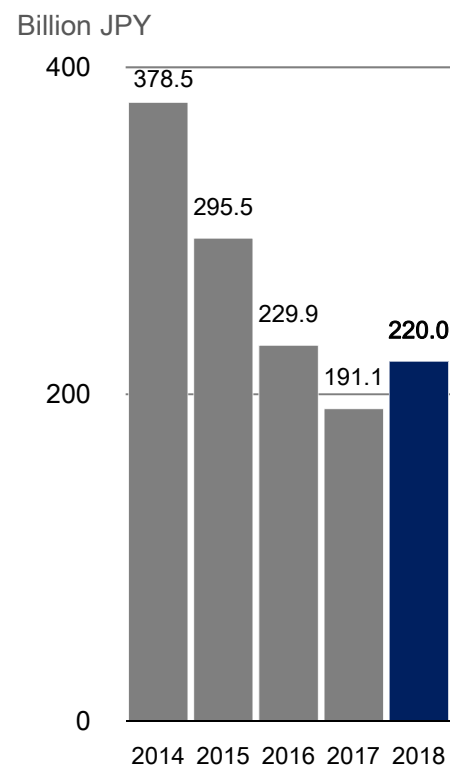
- EPC(I) period
- Time Charter fixed period
- Time Charter option period
- O&M period



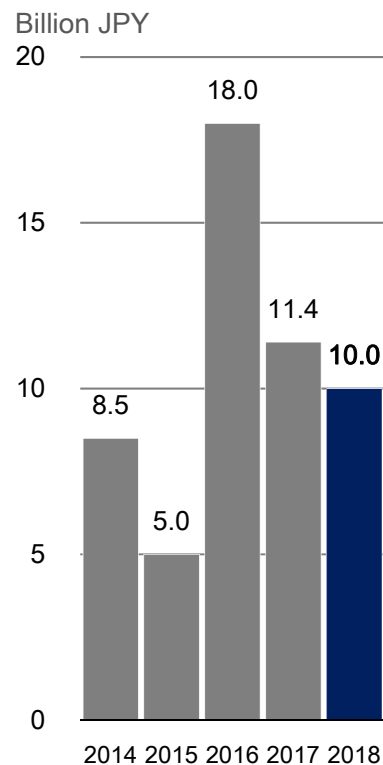
Owned by MODEC group companies (%)
 Affiliates accounted for by the equity method
 Consolidated subsidiary

FY2018 : Outlook

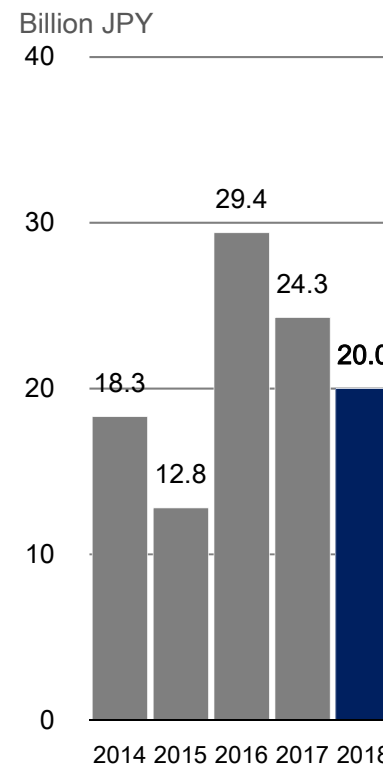
Revenue



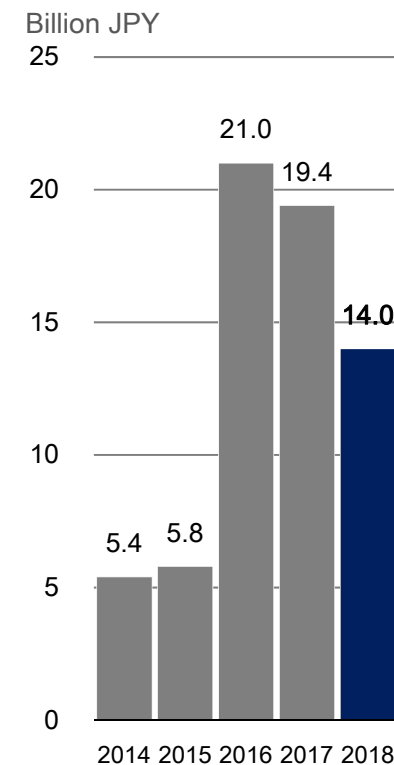
Operating Profit



Ordinary Profit



Profit Attributable to Owners of Parent



- Assumed exchange rate for FY2018: 110 yen/USD
- MV29 to start charter in 2018 1H
- FSO Alisa to be delivered in 2018 2H



FPSO Cidade de Campos dos Goytacazes MV29



FSO Ailsa

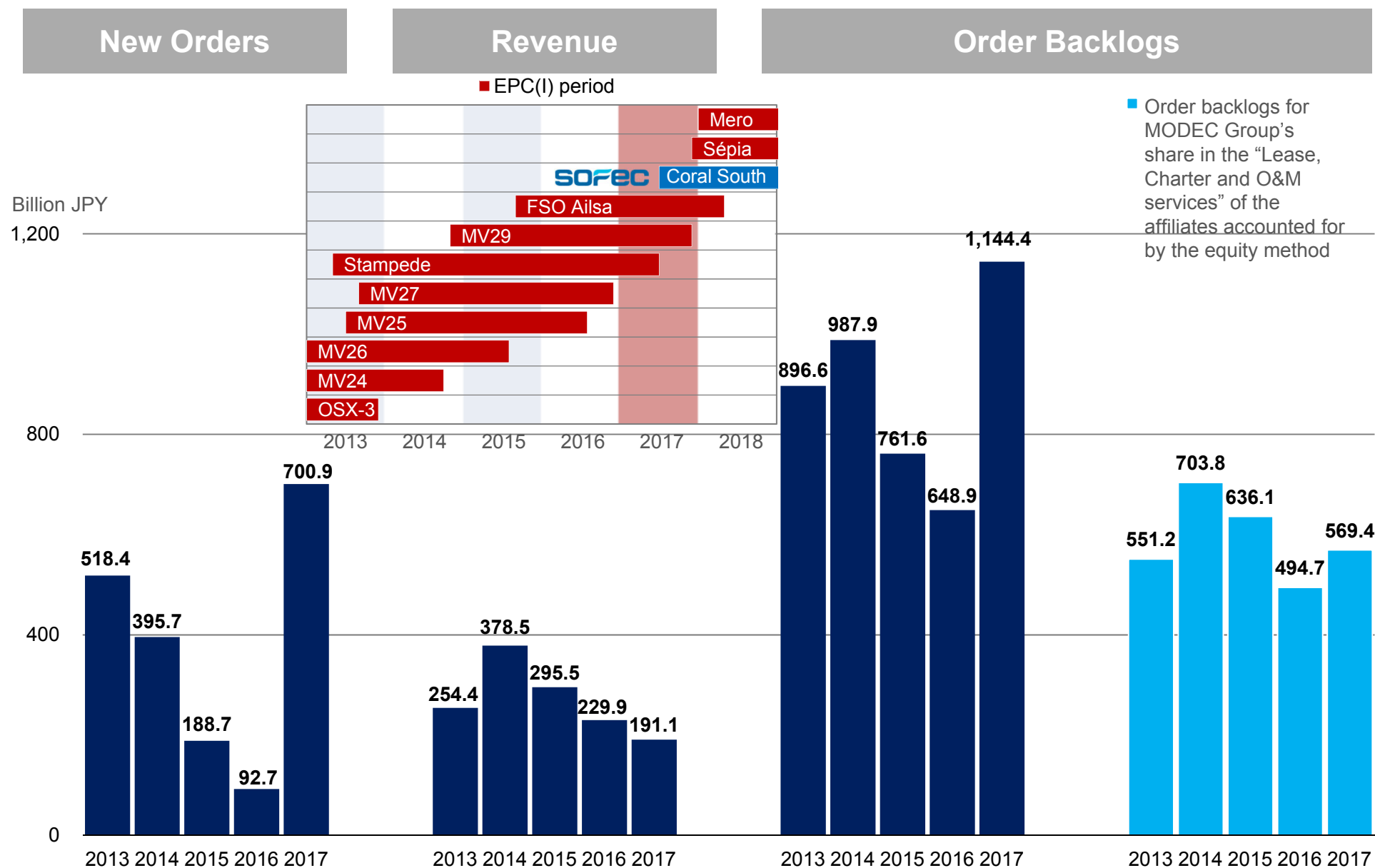
Highlight Financial Results

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Profit & Loss

	2016	2017	Variance	Million JPY
Revenue	229,987	191,182	(38,805)	● Revenue and gross profit decreased due to a decline in the number of EPCI projects
Gross Profit	31,544	24,804	(6,740)	
Selling, General and Administrative Expenses	13,526	13,356	(170)	● Operating profit decreased by 6.5 billion yen due to decreased gross profit
Operating Income	18,018	11,448	(6,570)	
Other Income (A)	14,736	15,770	1,034	● Profit due to liquidation of SPCs
Other Expenses (B)	3,346	2,895	(451)	
Total Other Income/Expenses (C=A-B)	11,390	12,875	1,485	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	9,618	9,686	68	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(1,410)	(1,415)	(5)	
Ordinary Profit	29,409	24,322	(5,087)	
Extraordinary Profit	-	741	741	
Extraordinary Loss	1,632	0	(1,632)	
Income before Income Taxes and Non-controlling Interests	27,776	25,064	(2,712)	
Profit Attributable to Owners of Parent	21,012	19,454	(1,558)	
Exchange Rate (USD)	¥116.49	¥113.00	(¥3.49)	

New Orders / Revenue / Order Backlogs



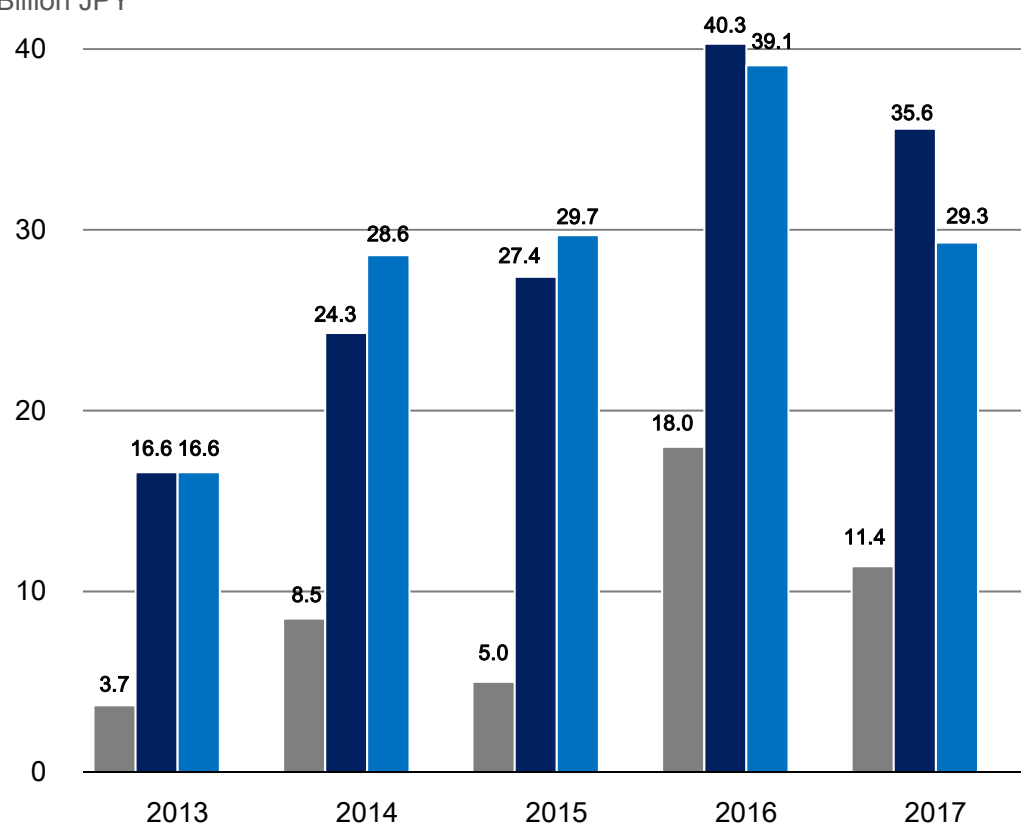
Operating Income/ Equity in Earnings of Affiliates

Operating Profit (as if consolidating affiliates basis)

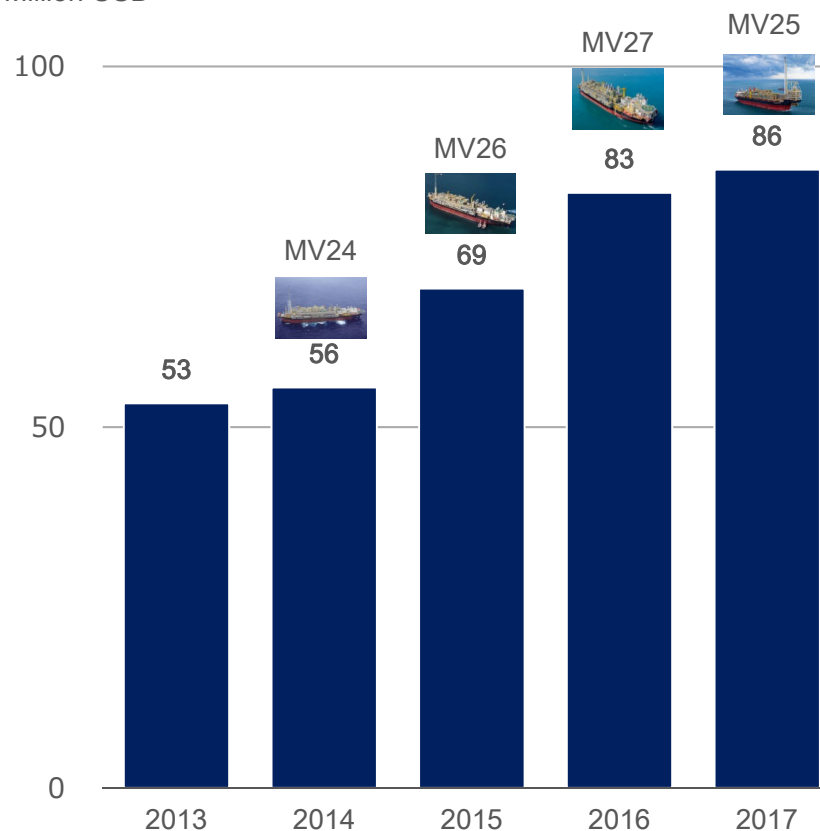
Equity in Earnings of Affiliates

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

Billion JPY

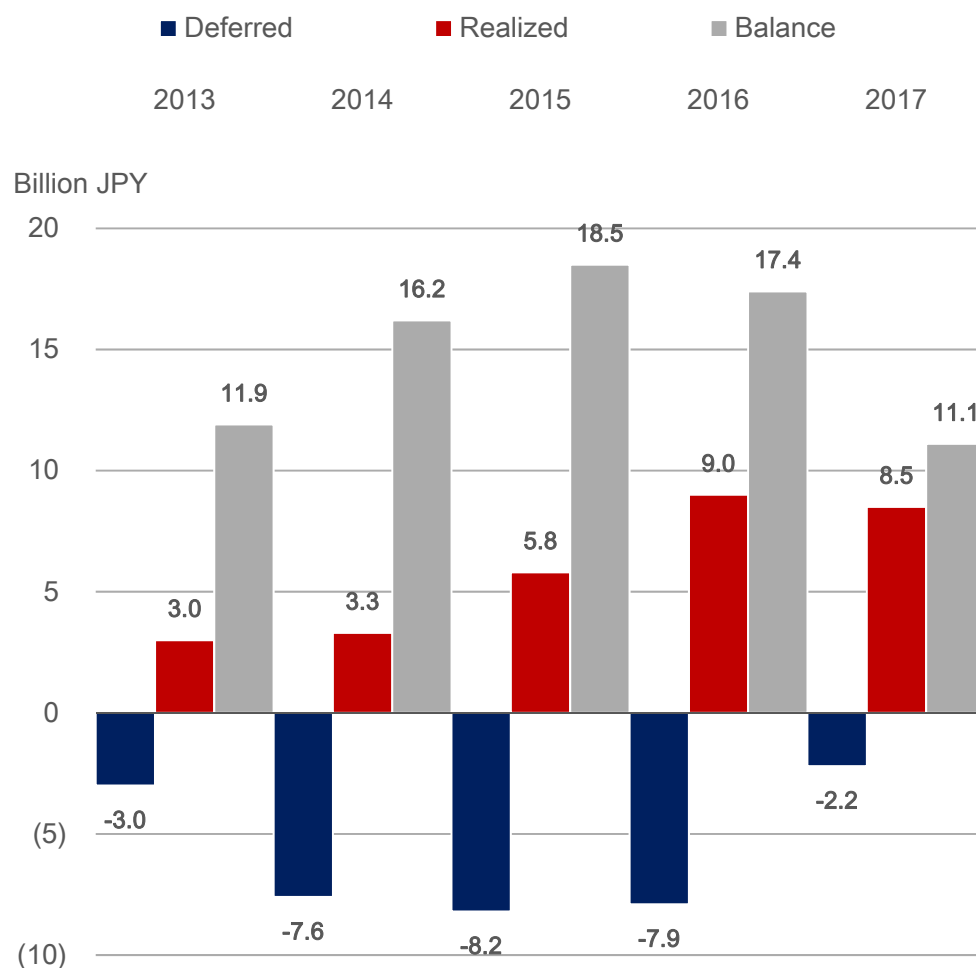


Million USD



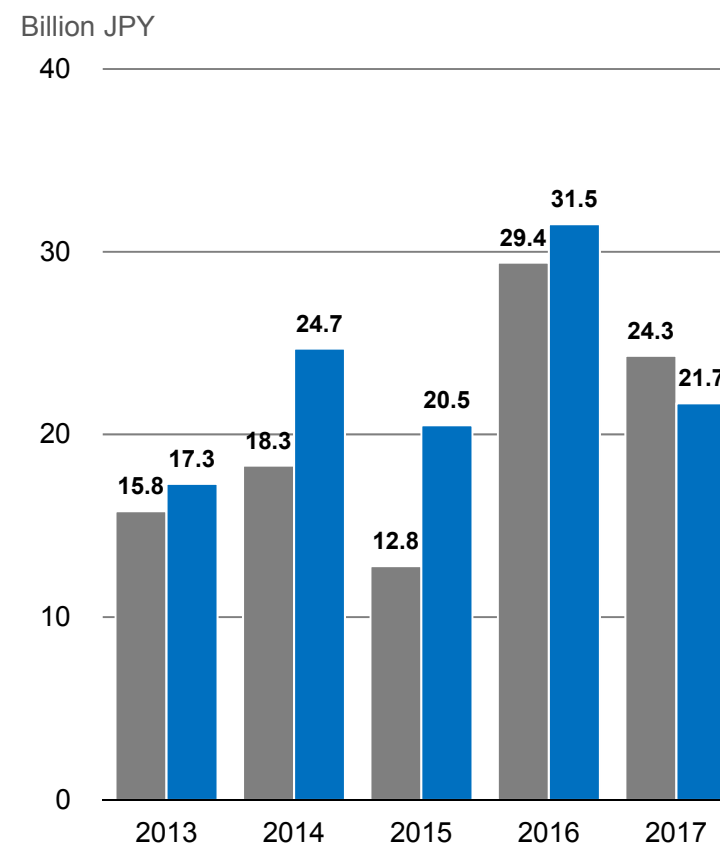
Ordinary Profit

Influence of Deferred/Realized Profits



Ordinary Profit (as if consolidating affiliates basis)

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

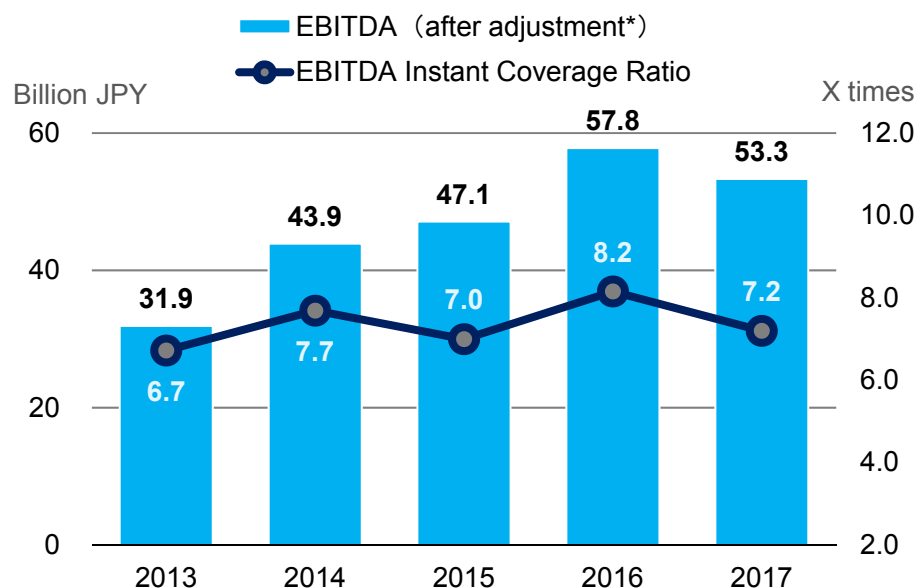


Balance Sheet

	2016	2017	Variance	Million JPY
Accounts Receivable - trade	95,544	98,188	2,644	
Short-term Loans Receivable	55,012	46,282	-8,730	• Short-term loans receivable decreased due to collection of loans receivable from SPCs
Total Current Assets	218,042	198,035	-20,007	• Total current assets decreased mainly due to investment in MV25 and MV27.
Property and Equipment	14,161	6,863	-7,298	• Transfer to long term lease receivable from fixed asset due to extended lease term of owned FSO
Intangible Assets	7,420	7,446	26	
Investments and Other Assets	93,624	108,819	15,195	• Investments and other assets increased due to investment in MV25 and MV27 in addition to the recognition of equity in earnings of affiliates and unconsolidated subsidiaries
Total Fixed Assets	115,206	123,129	7,923	
Total Assets	333,249	321,165	-12,084	
	2016	2017	Variance	
Accounts Payable - trade	96,738	80,335	-16,403	• Accounts payable decreased in line with EPC(I) progress
Short-term Loans Payable	7,812	14,467	6,655	
Total Current Liabilities	142,536	128,581	-13,955	
Long-term Loans Payable	42,478	31,586	-10,892	• Long-term loans payable decreased due to scheduled repayment
Total Long-term Liabilities	56,102	44,197	-11,905	
Total Liabilities	198,639	172,778	-25,861	
Total Shareholders Equity	118,200	135,468	17,268	
Total Accumulated Other Comprehensive Income	4,849	1,032	-3,817	• Foreign currency translation adjustments decreased due to yen appreciation
Minority Interests in Consolidated Subsidiaries	11,560	11,885	325	
Total Net Assets	134,609	148,387	13,778	
Total Liabilities, Net Assets	333,249	321,165	-12,084	

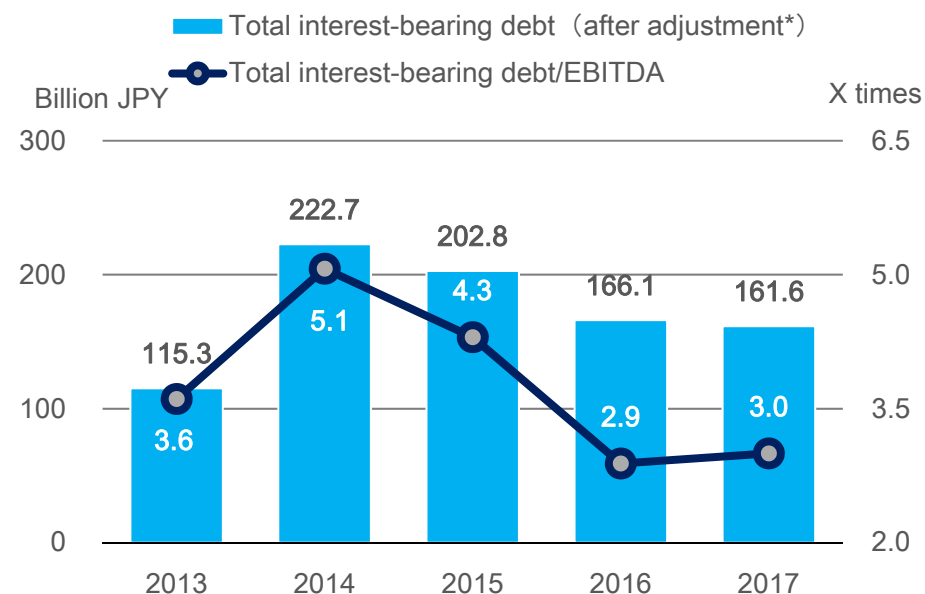
Key Financial Indicators

EBITDA

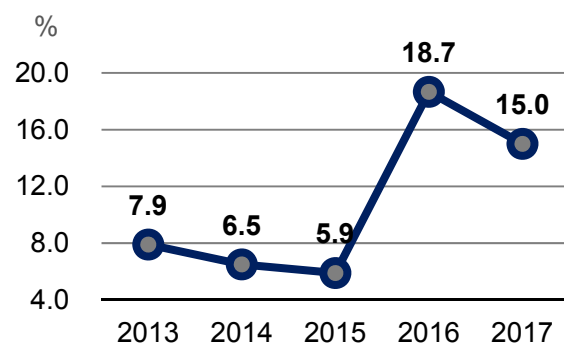


*Adjustment: Adding MODEC group's share in affiliates accounted for by the equity method

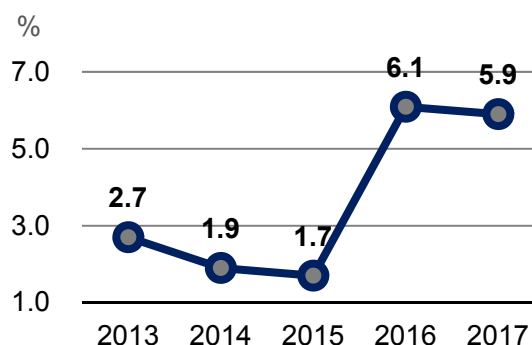
Interest-Bearing Debt



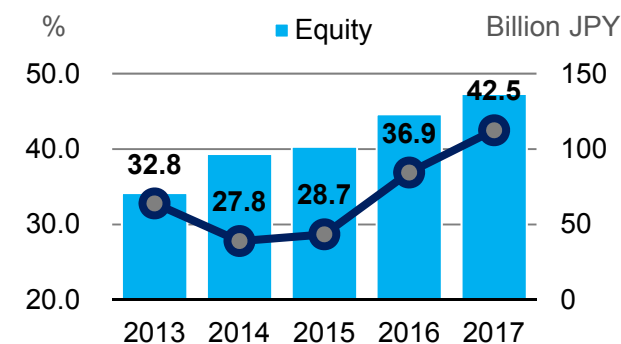
ROE



ROA



Equity Ratio





MODEC

