

MODEC, Inc. 2017 Half-Year Financial Results Analysts Presentation

August 4, 2017



MODEC, Inc. 2017 Half-Year Financial Results

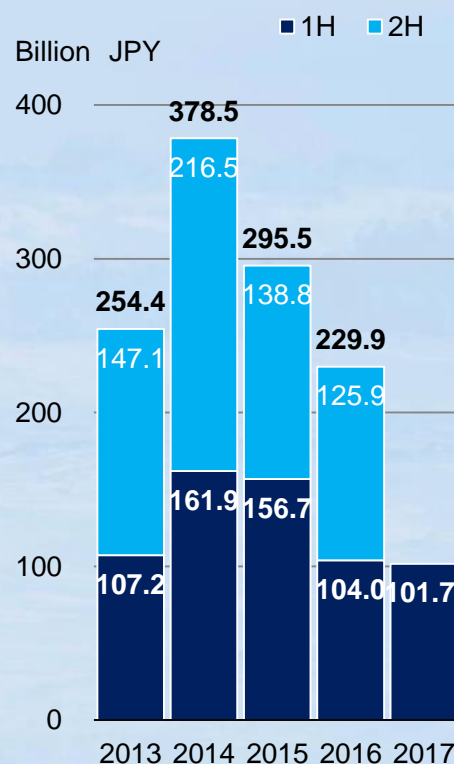
Highlight

Market Review
& Outlook

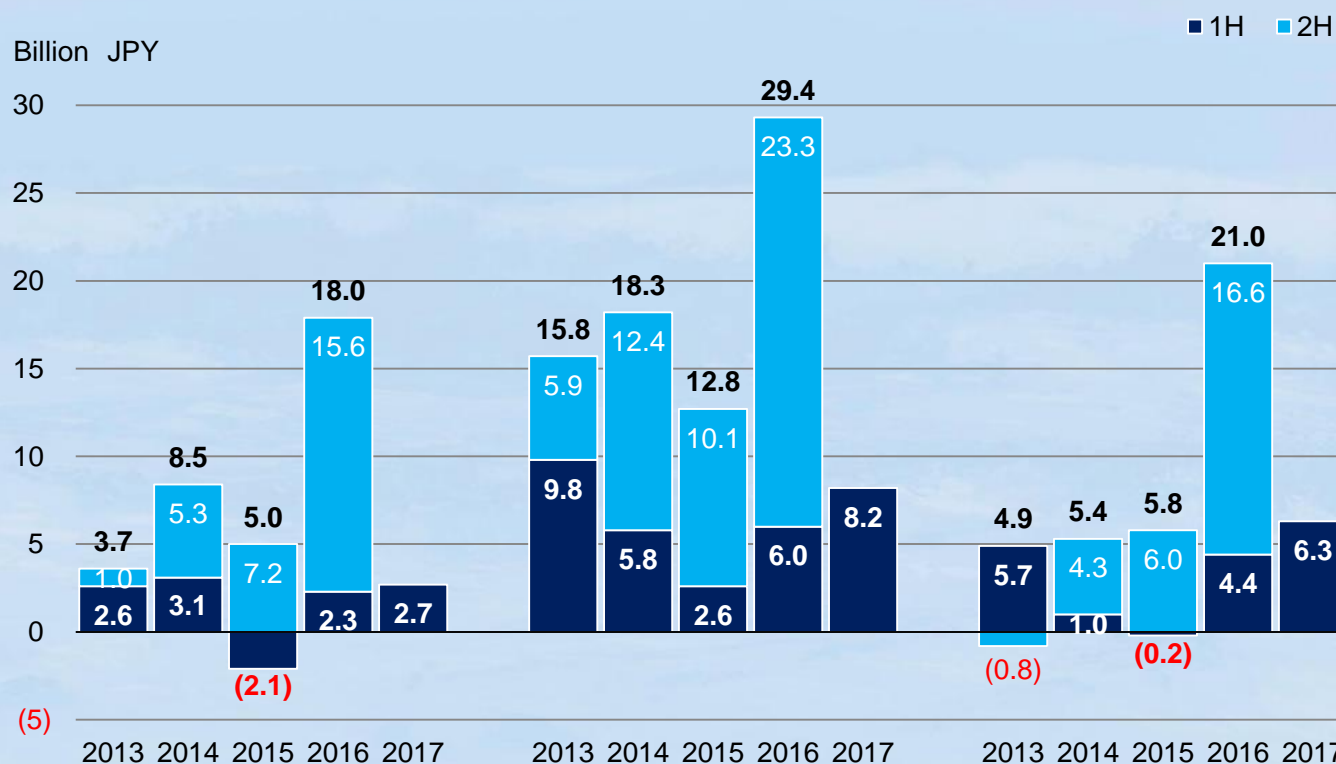
Financial
Results

2017 Half-Year : Highlight

Revenue



Operating Profit



Ordinary Profit

Profit Attributable to Owners of Parent

- EPC(I) of FPSO/FSO progressed on track
- Operating profit, ordinary profit, and profit attributable to owners of parent exceeded the results of the same period last year
- Interim dividend 20 yen per share, annual dividend 40 yen per share (planned); Dividends to increase in 13 consecutive years

2017 Half-Year : Highlight



FPSO Baobab Ivoirien MV10



Client	CNR
Field	Baobab (Côte d'Ivoire)
Charter	2005~

- Charter extended Firm 5 years + 16 one-year options (January 2017~)

ENI Coral South FLNG internal turret



Client	TechnipFMC/JGC
Field	Coral South (Mozambique)
Contract	EPC
Delivery	2020 2H

- SOFEC awarded Turret Mooring System Supply Contract

FSO Rang Dong MV17



Client	JVPC
Field	Rang Dong (Vietnam)
Charter	2008~

- Charter extended Firm 7.5 years + 3 one-year options (November 2017~)

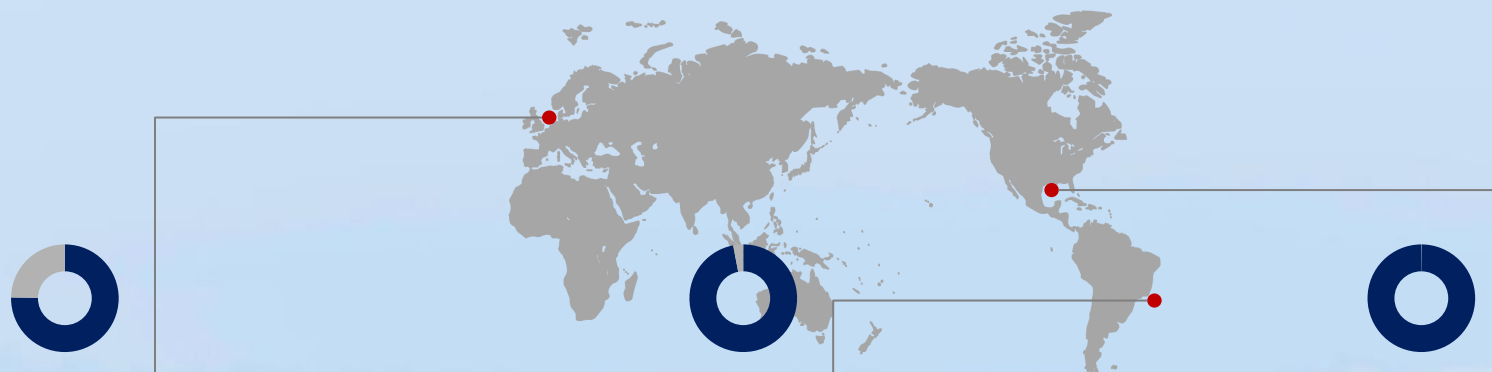
FPSO Song Doc Pride MV19



Client	PVEP
Field	Song Doc (Vietnam)
Charter	2008~2017

- Charter completed in June 2017

2017 Half-Year : EPC(I) (as of end-June 2017)



FSO Ailsa



Client	Maersk Oil
Contract	EPC
Field	Culzean (UK)
Water depth	90 m
Production	25,000 bpd inlet
Storage	350,000 bbls

- Delivery planned for 2018 1H

FPSO Cidade de Campos dos Goytacazes MV29



Client	Petrobras
Contract	EPIC + Charter (20 yrs)
Field	Tartaruga Verde & Tartaruga Mestiça (Brazil)
Water depth	765 m
Production	150,000 bpd, 176 mmscfd
Storage	1,600,000 bbls

- Delivery planned for 2017 2H

Stampede TLP



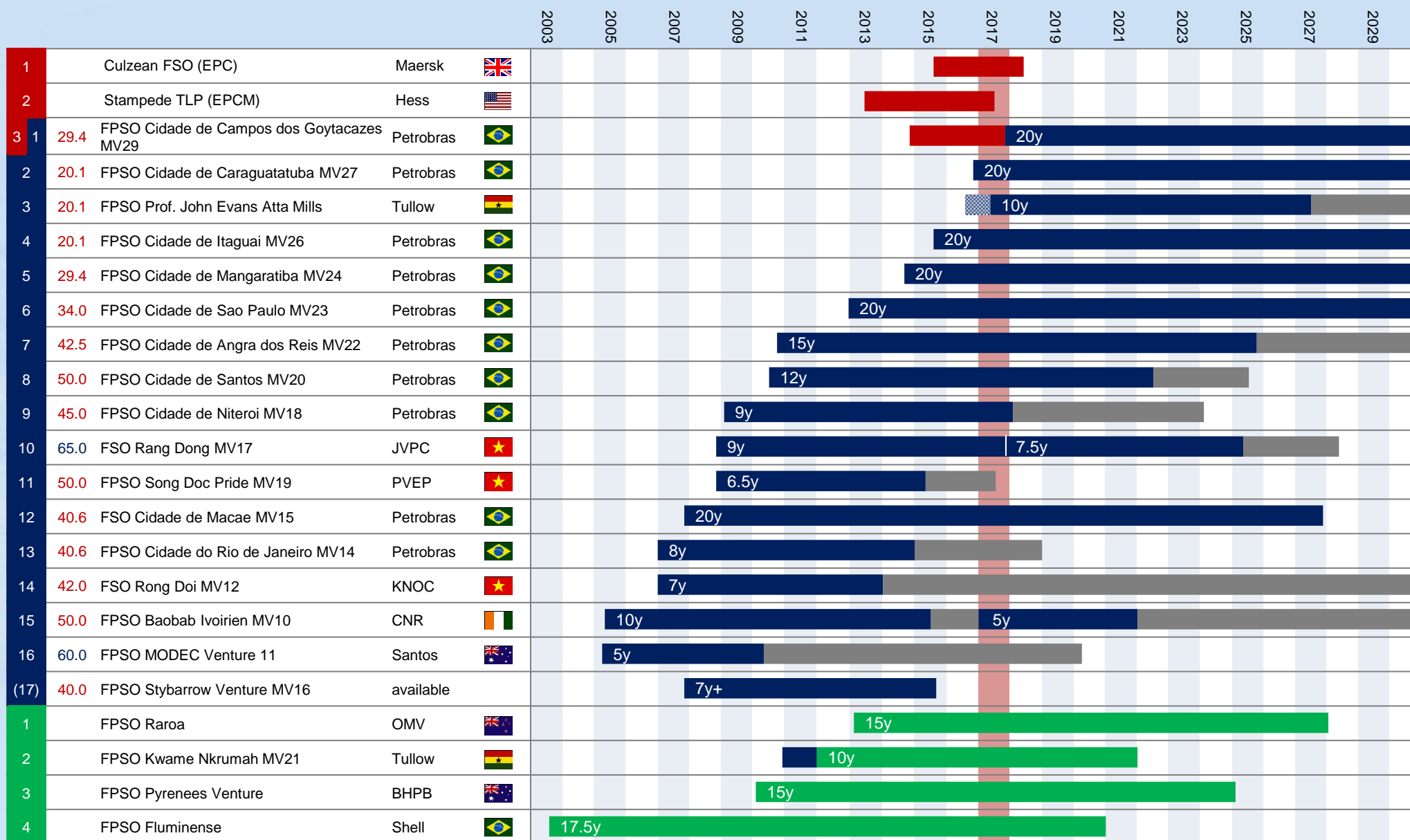
Client	Hess
Contract	EPCM
Field	Stampede (US GOM)
Water depth	1,067 m
Production	80,000 bpd, 40 mmscfd

- Delivered in June 2017

EPC(I) / Charter / O&M Period

As of August 2017

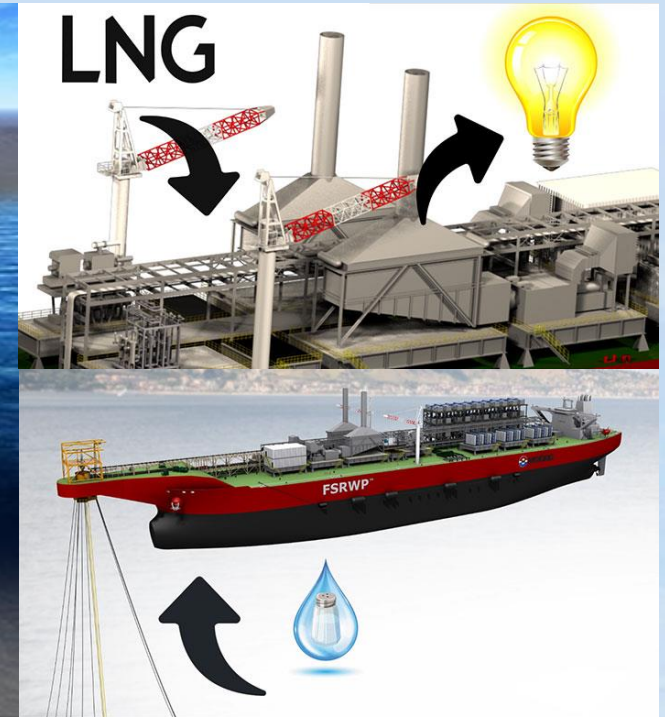
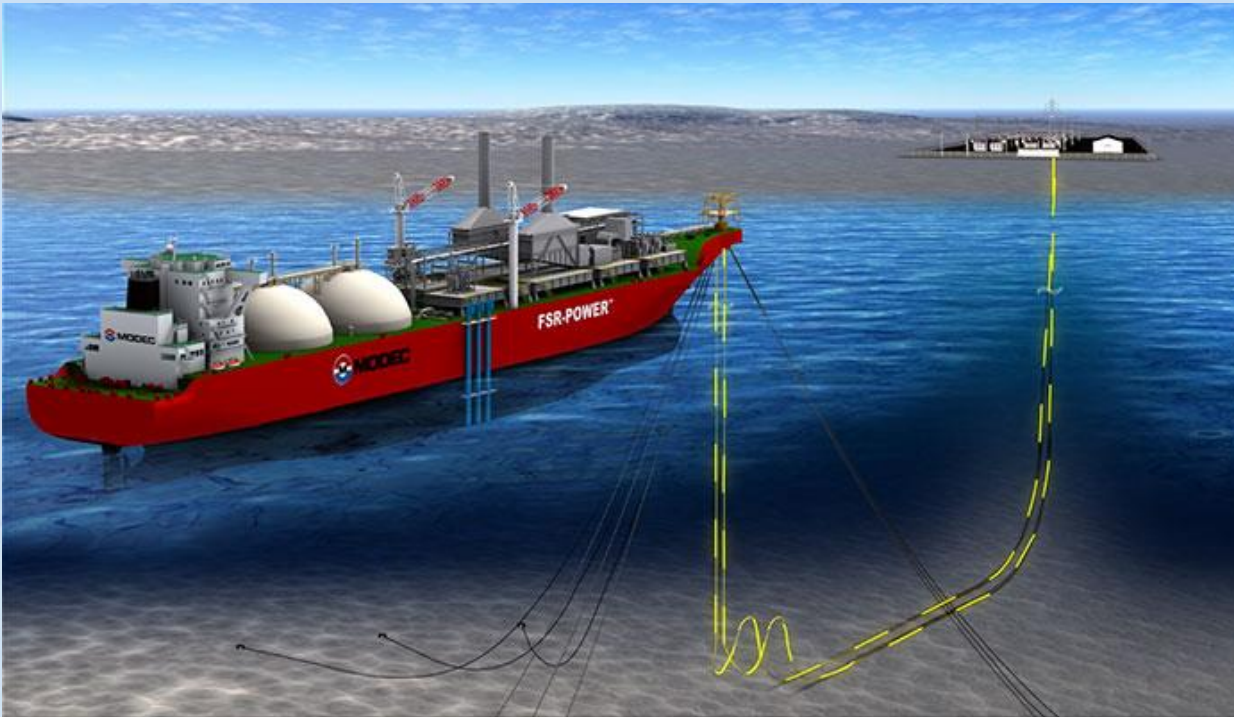
- EPC(I) period
- Time Charter fixed period
- Time Charter option period
- O&M period



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

R&D

FSRWP™



FSRWP™

Floating Storage Regasification Water-Desalination & Power-Generation

- **FSR-Power™** (Power only)
- **FSR-Water™** (Water only)





MODEC, Inc. 2017 Half-Year Financial Results

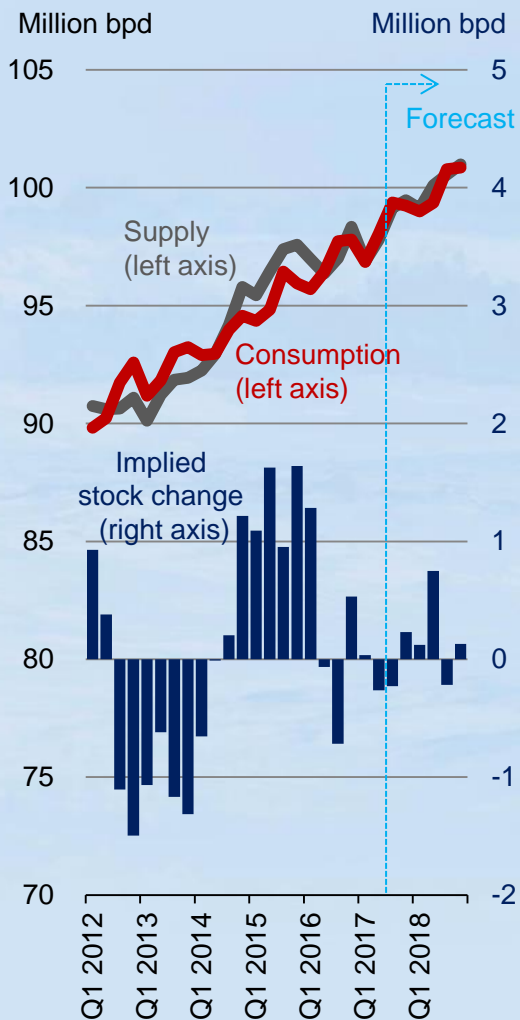
Highlight

Market Review
& Outlook

Financial
Results

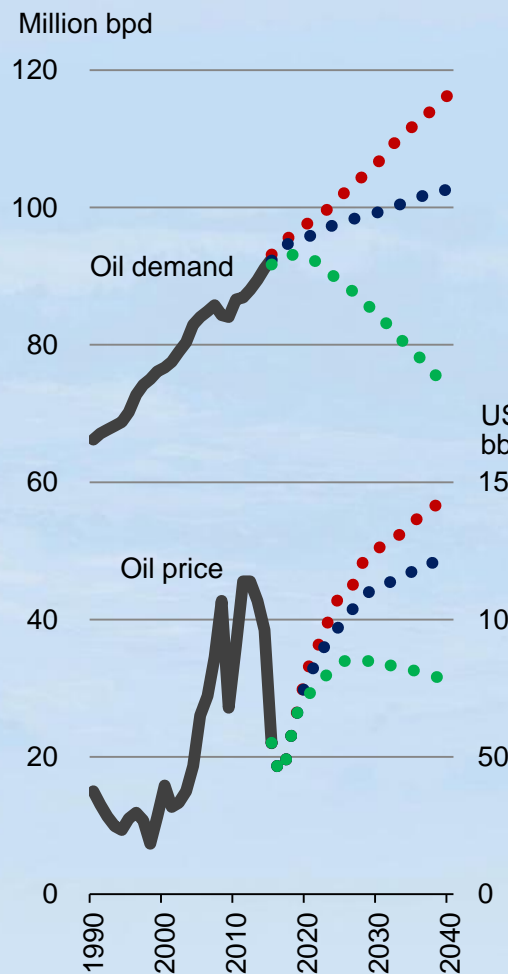
Market Review

Oil Supply & Consumption



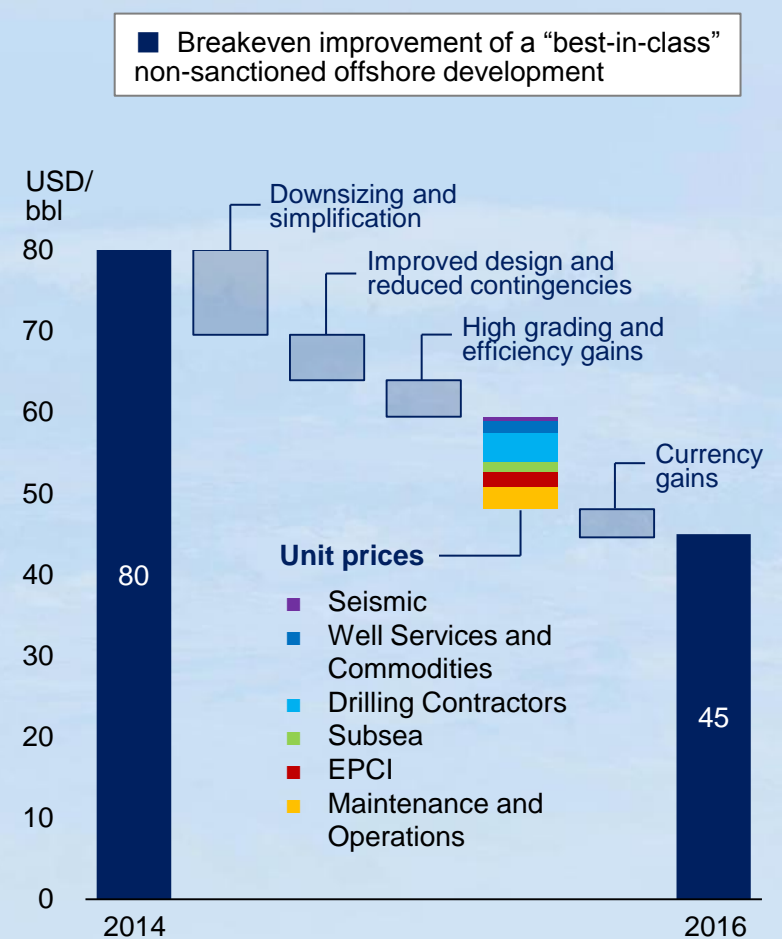
Source: Short-Term Energy Outlook (EIA)

Oil Demand & Price



Source: World Energy Outlook 2016 (IEA)

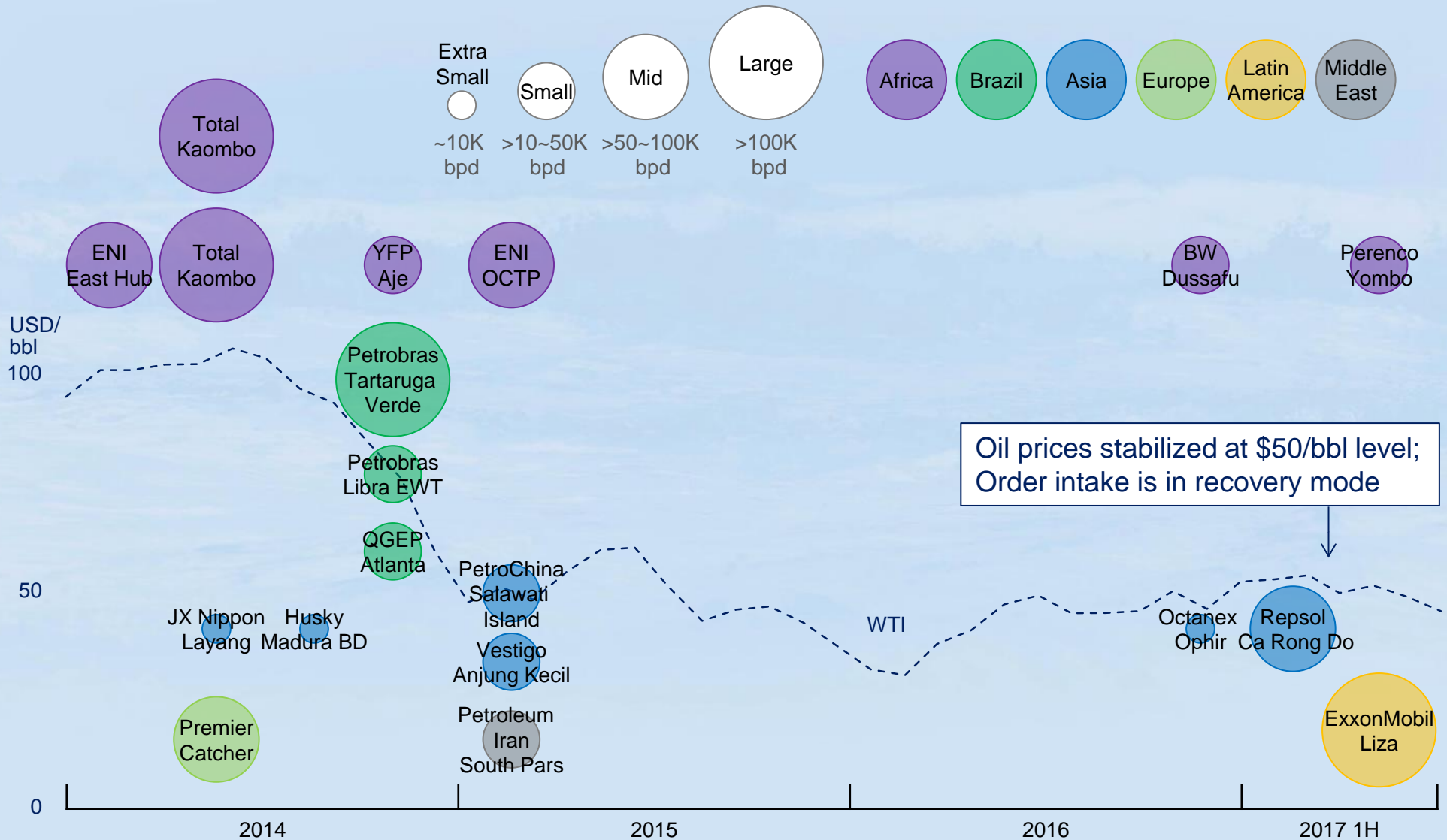
Breakeven Improvement



Source: Rystad Energy Research and Analysis

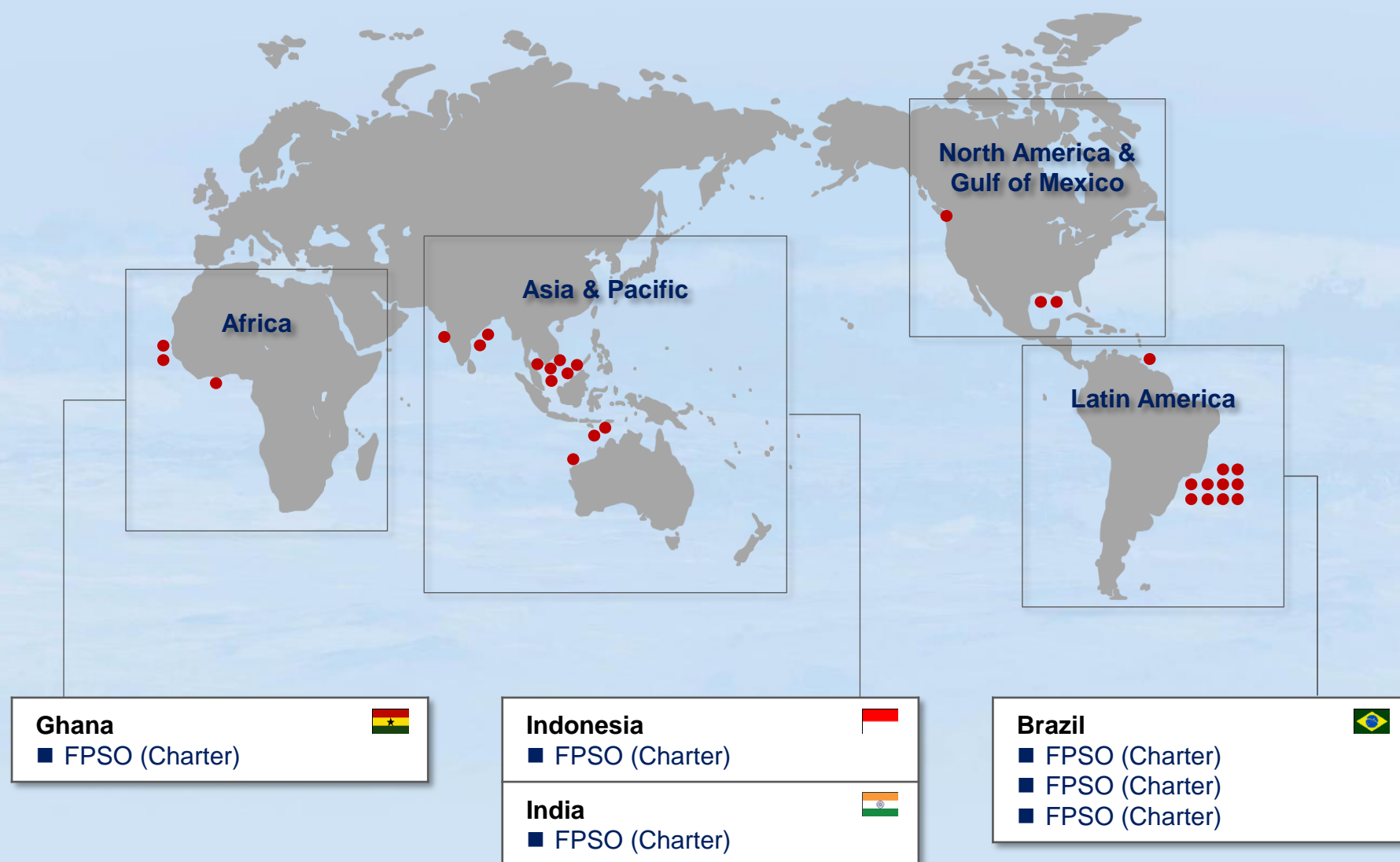
FPSO Awards (2014~2017 1H)

FPSO Awards & Oil Price



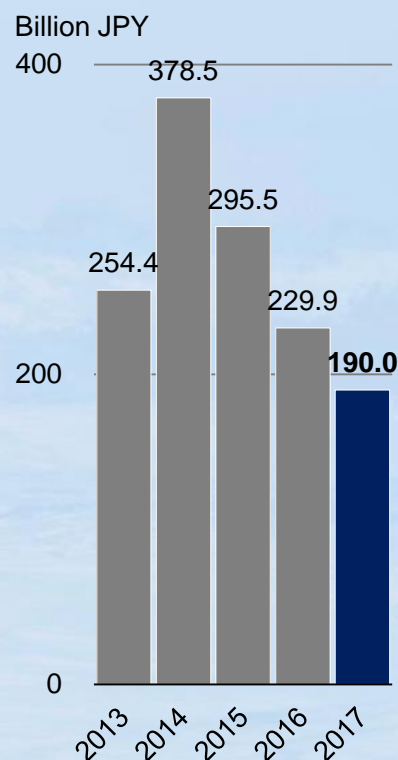
Source: Prepared by MODEC based on 2017 Q3 FPS Outlook Report (EMA), EIA

Main Prospective Projects (as of August 2017)

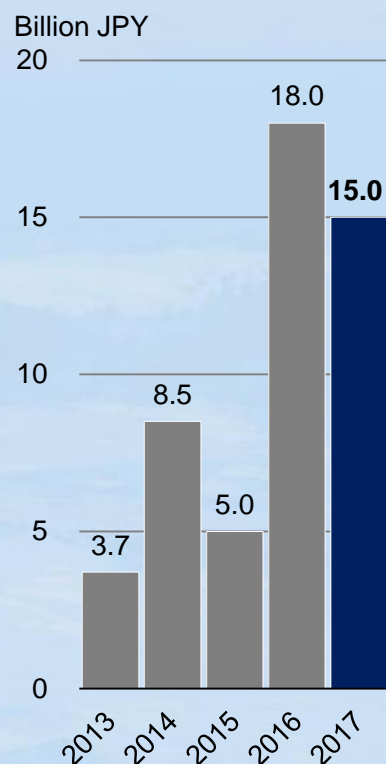


FY2017 : Outlook

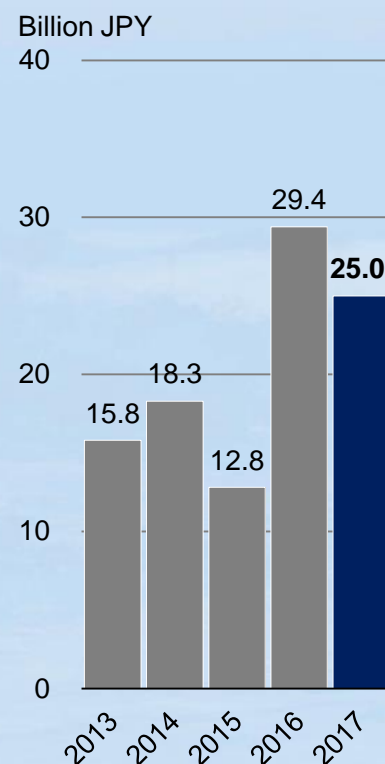
Revenue



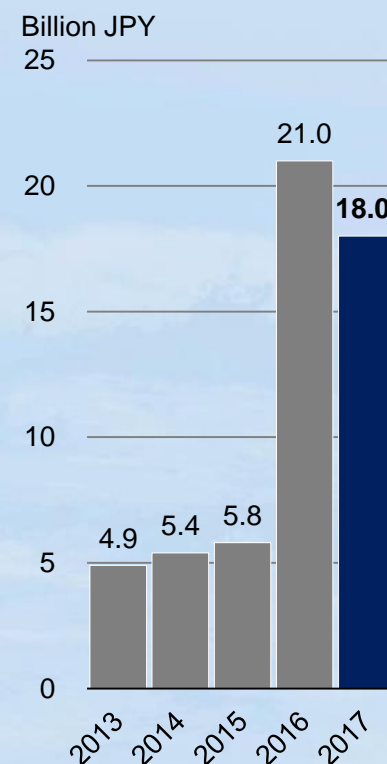
Operating Profit



Ordinary Profit



Profit Attributable to Owners of Parent



- Assumed exchange rate for FY2017: 105 yen/USD

2017 2H

- MV29 to start charter service
- MV25's deferred profit to be recognized



FPSO Cidade de Campos dos Goytacazes MV29



FPSO Prof. John Evans Atta Mills (MV25)



MODEC, Inc. 2017 Half-Year Financial Results

Highlight

Market Review
& Outlook

Financial
Results

Profit & Loss

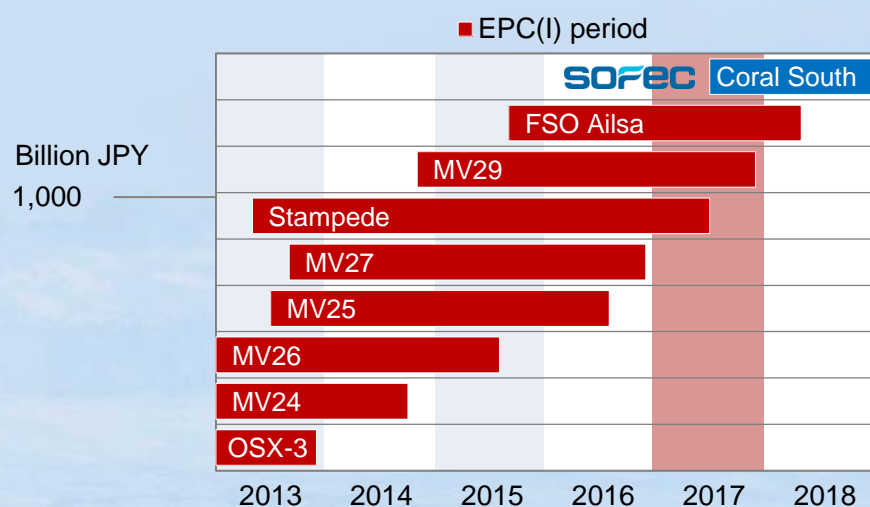
	2016 1H	2017 1H	Variance	Million JPY
Revenue	104,031	101,719	(2,312)	
Gross Profit	7,758	9,565	1,807	● Gross profit increased by 1.8 billion yen year-on-year mainly due to profit improvement in O&M business
Selling, General and Administrative Expenses	5,413	6,822	1,409	
Operating Profit	2,344	2,743	399	● Secured operating profit despite the recognition of unrealized profit slipping into 2017 2H
Other Income (A)	9,266	7,301	(1,965)	
Other Expenses (B)	5,542	1,798	(3,744)	
Total Other Income/Expenses (C=A-B)	3,724	5,503	1,779	● Foreign exchange loss decreased due to less fluctuations in foreign exchange compared to the same period last year
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	3,773	3,647	(126)	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(1,785)	(804)	981	
Ordinary Profit	6,069	8,246	2,177	
Extraordinary Profit	-	736	736	● Recorded extraordinary profit in relation to liquidation and share sales of affiliated companies
Extraordinary Loss	-	-	-	
Income before Income Taxes and Non-controlling Interests	6,069	8,983	2,914	
Profit Attributable to Owners of Parent	4,405	6,326	1,921	
Exchange Rate (USD)	¥102.96	¥111.96	(¥9.00)	

New Orders / Revenue / Order Backlogs

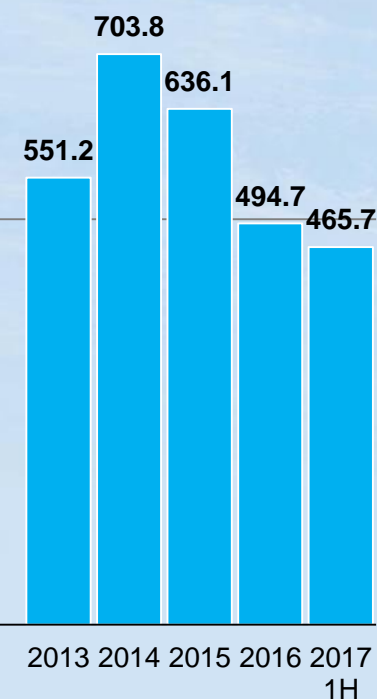
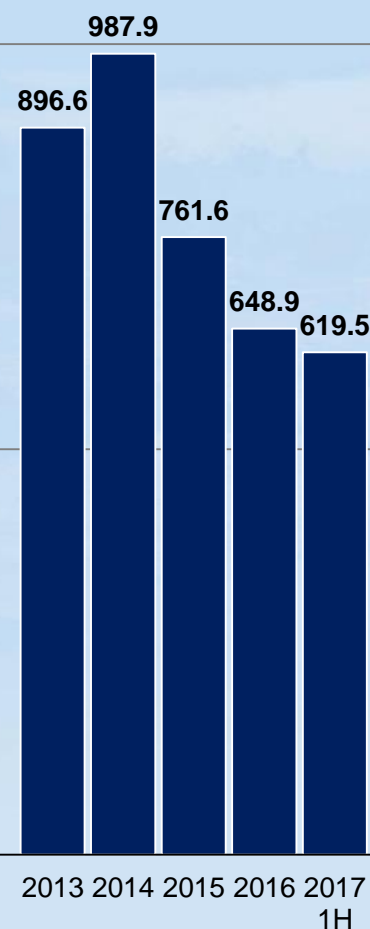
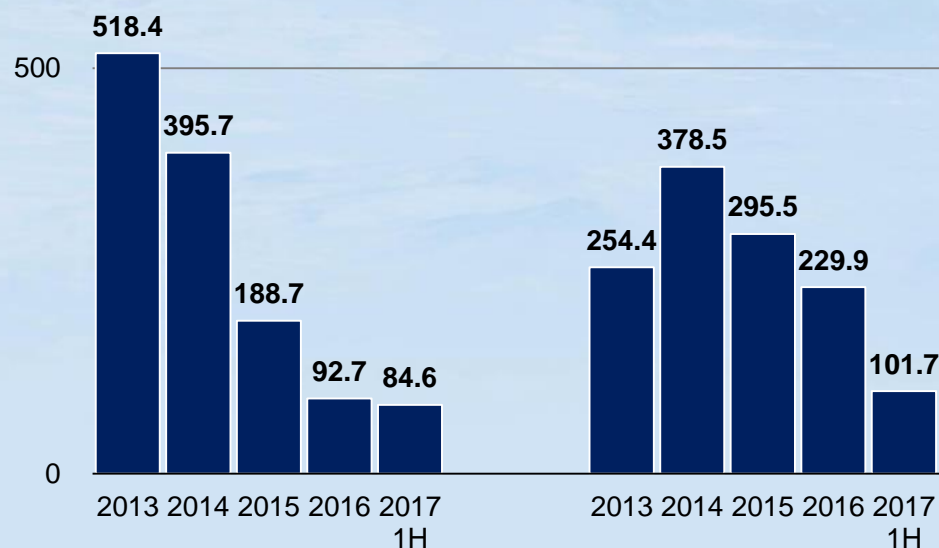
New Orders

Revenue

Order Backlogs

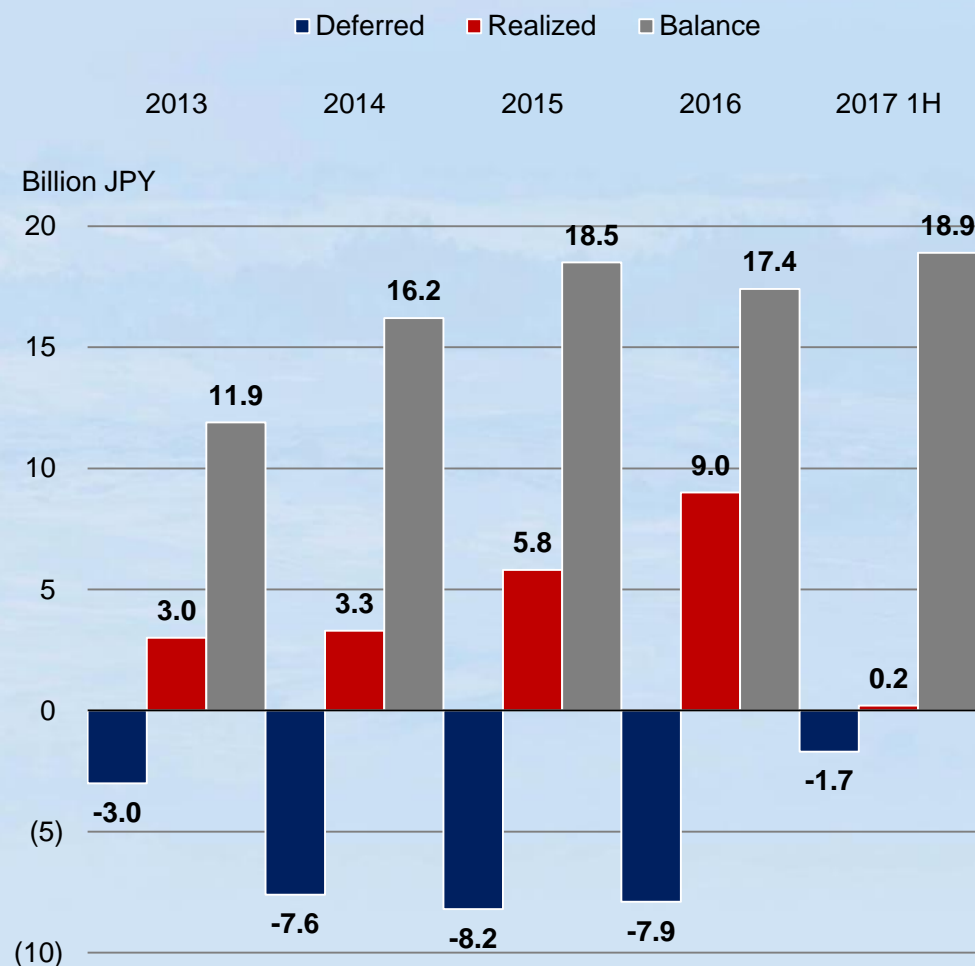


■ Order backlogs for MODEC Group's share in the "Lease, Charter and O&M services" of the affiliates accounted for by the equity method



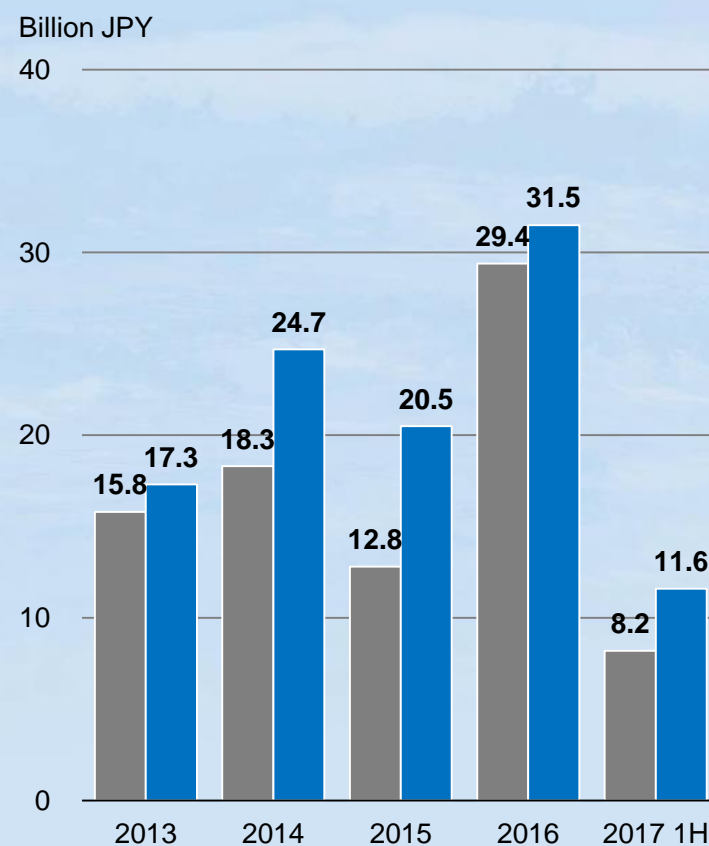
Ordinary Profit

Influence of Deferred/Realized Profits



Ordinary Profit (as if consolidating affiliates basis)

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

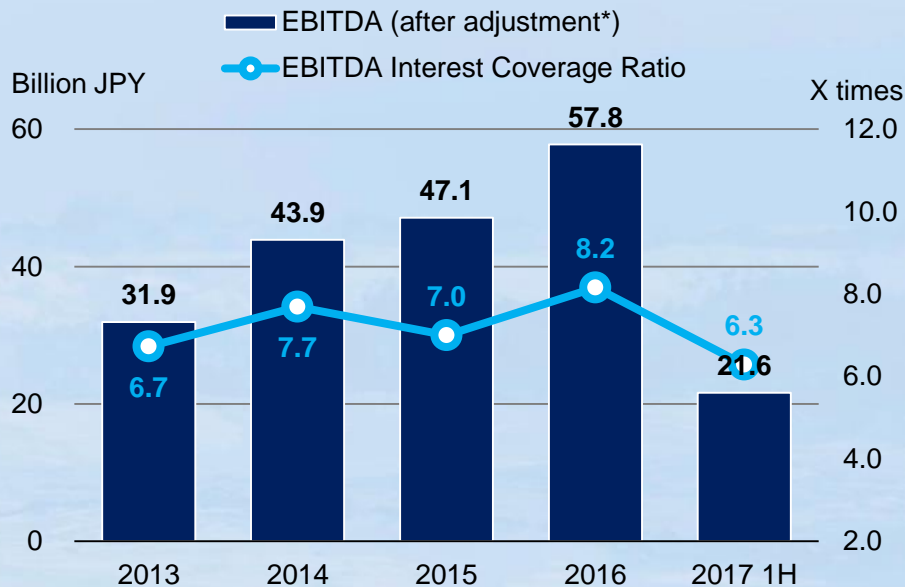


Balance Sheet

	2016	2017 1H	Variance	Million JPY
Accounts Receivable - trade	95,544	101,921	6,377	
Short-term Loans Receivable	55,012	68,836	13,824	● Construction loans to SPCs increased
Total Current Assets	218,042	231,355	13,313	
Property and Equipment	14,161	12,294	-1,867	● Asset value decreased in JPY due to depreciation of US dollars
Intangible Assets	7,420	7,109	-311	
Investments and Other Assets	93,624	94,809	1,185	● Investments and other assets increased due to capital injection to MV27
Total Fixed Assets	115,206	114,213	-993	
Total Assets	333,249	345,569	12,320	
	2016	2017 1H	Variance	
Accounts Payable - trade	96,738	93,768	-2,970	
Short-term Loans Payable	7,812	33,153	25,341	● Short-term loans payable increased in response to the construction loans to SPCs
Total Current Liabilities	142,536	164,652	22,116	
Long-term Loans Payable	42,478	33,422	-9,056	● Long-term loans payable decreased due to scheduled loan repayments
Total Long-term Liabilities	56,102	48,467	-7,635	
Total Liabilities	198,639	213,119	14,480	
Total Shareholders Equity	118,200	123,469	5,269	
Total Accumulated Other Comprehensive Income	4,849	-2,363	-7,212	● Foreign currency translation adjustments decreased due to depreciation of US dollars
Minority Interests in Consolidated Subsidiaries	11,560	11,344	-216	
Total Net Assets	134,609	132,449	-2,160	
Total Liabilities, Net Assets	333,249	345,569	12,320	

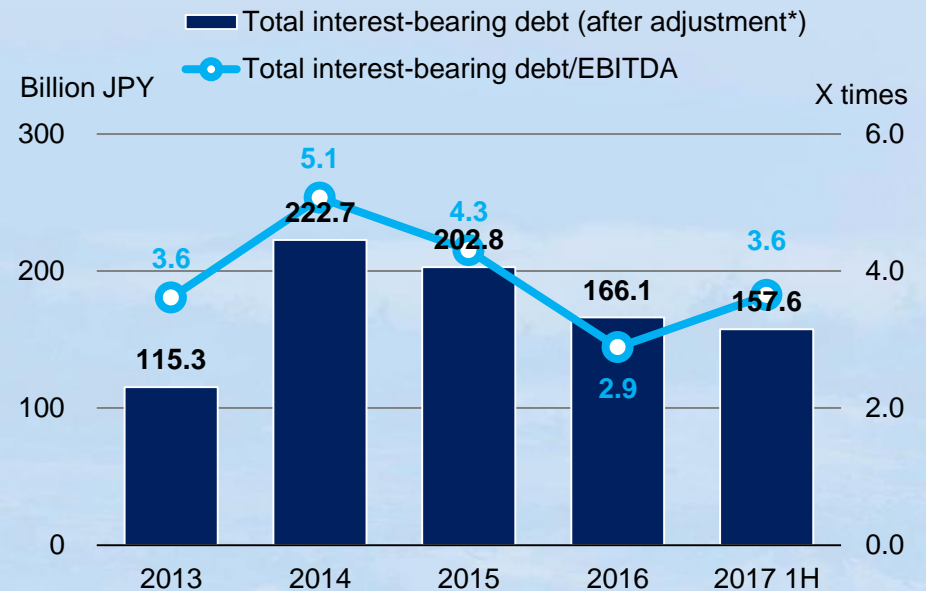
Key Financial Indicators

EBITDA

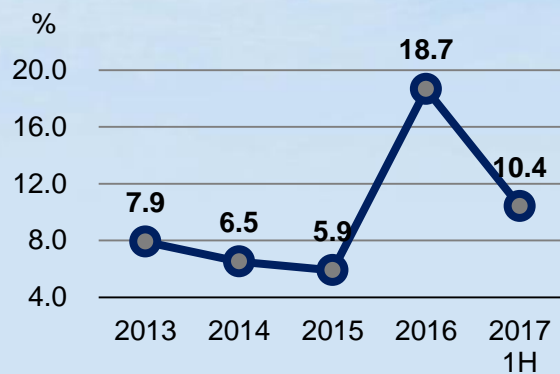


*Adjustment: Adding MODEC group's share in affiliates accounted for by the equity method

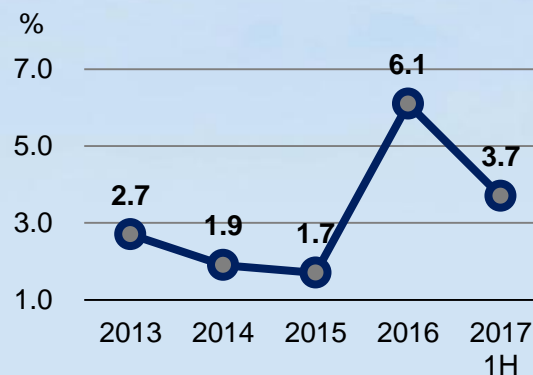
Interest-Bearing Debt



ROE



ROA



Equity Ratio

