



MODEC, Inc.
2018 Half-year
Financial Results
Analysts Presentation
August 2, 2018



Highlight

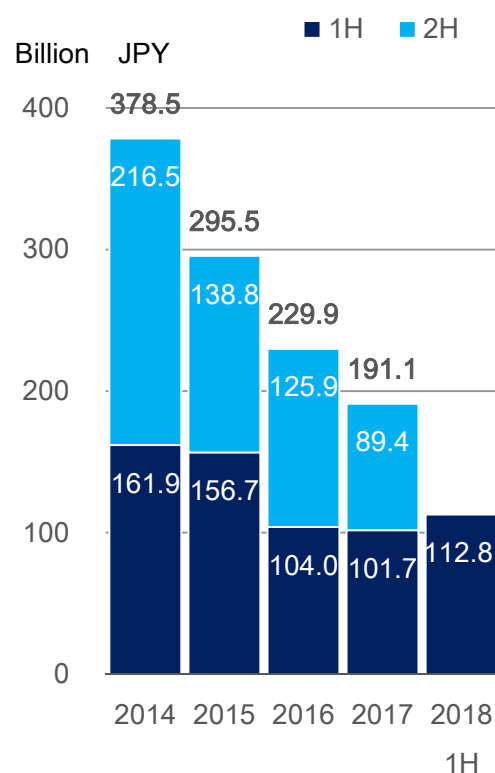
Financial Results Market Review & Outlook

Financial Results

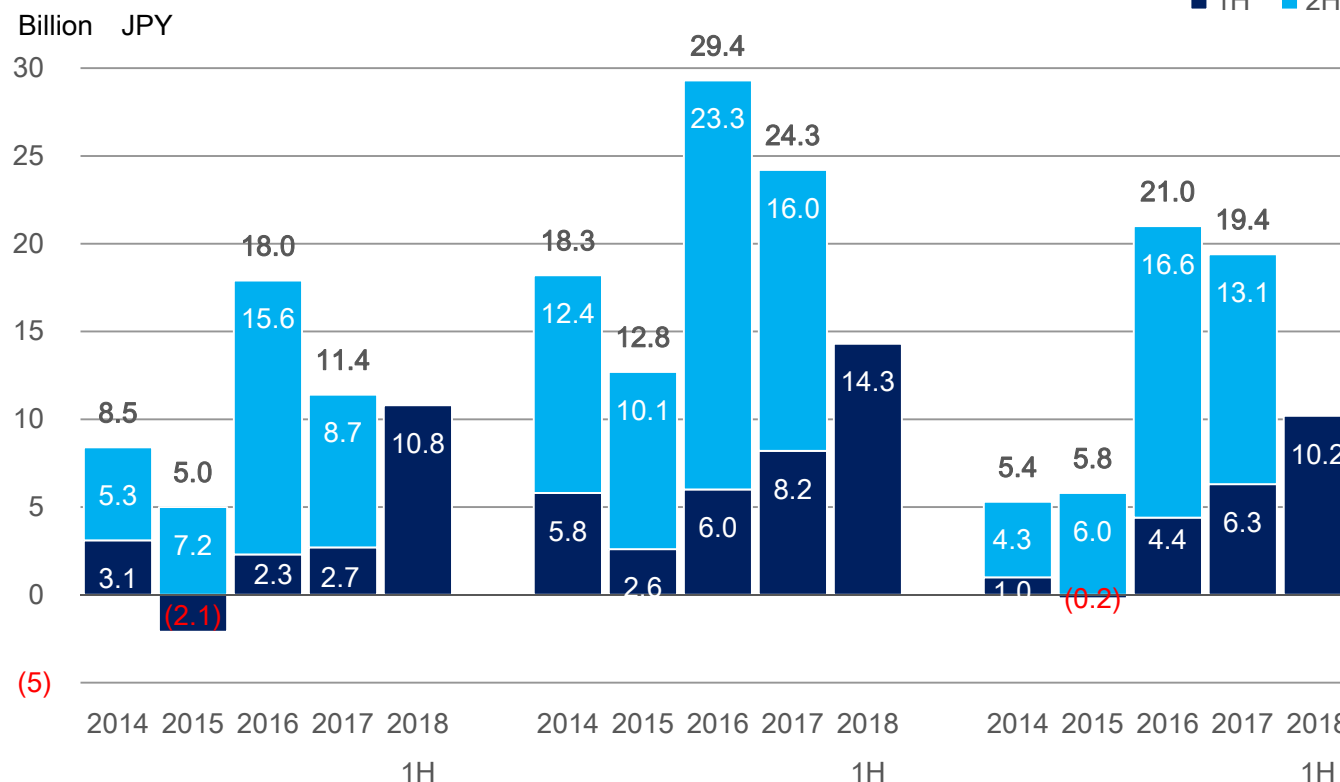
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2018 Half-Year : Highlights

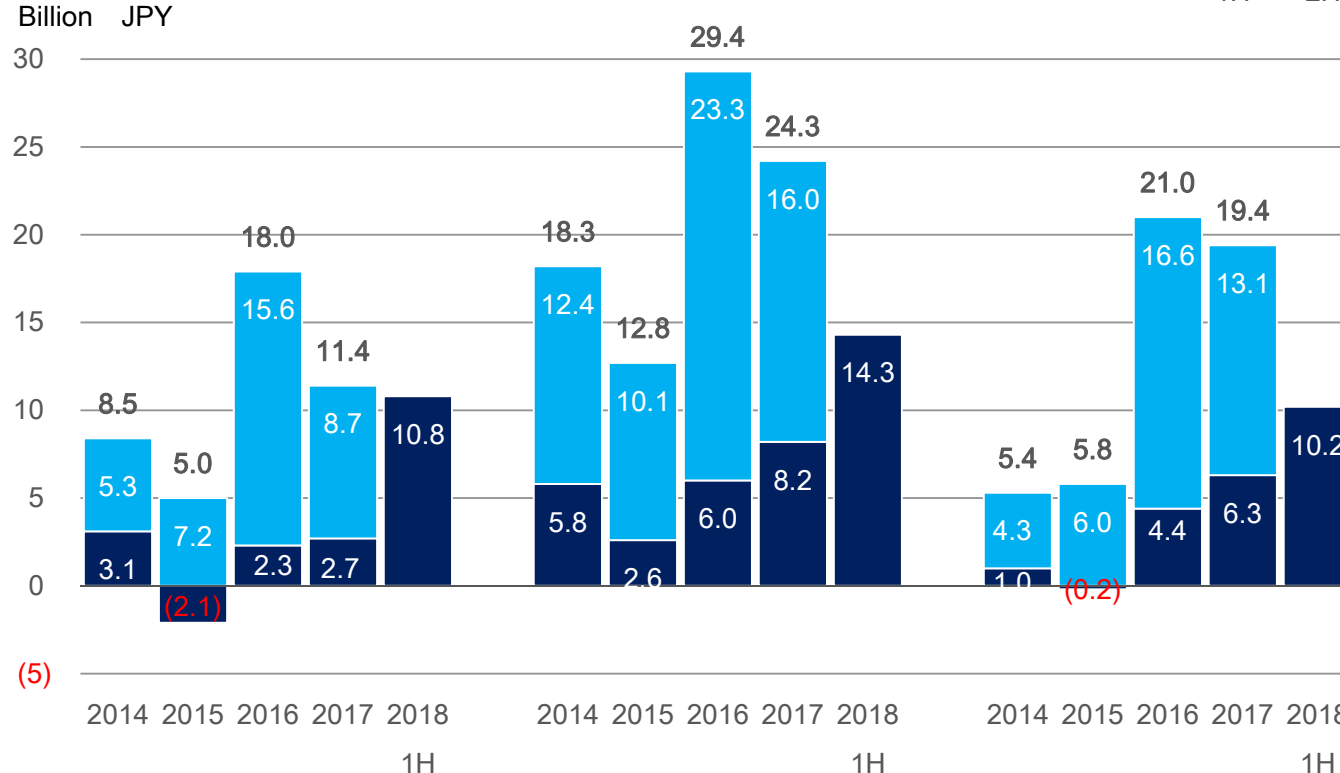
Revenue



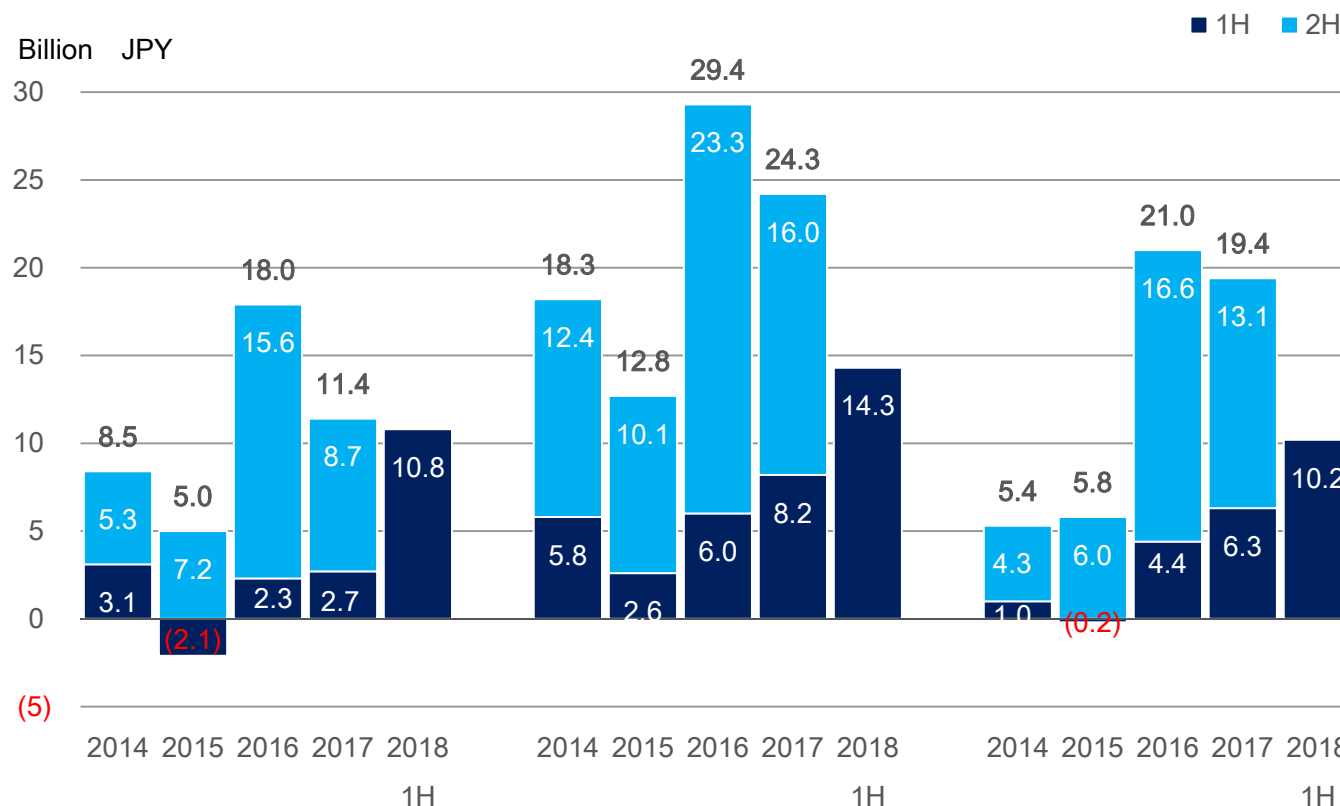
Operating Profit



Ordinary Profit

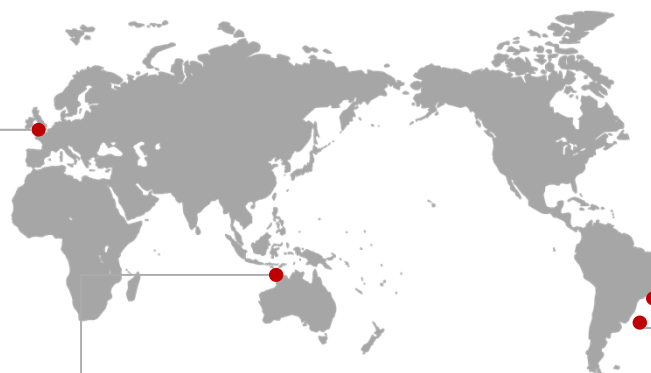


Profit Attributable to Owners of Parent



- 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

2018 Half-Year : Highlight



FSO Ailsa



Client	Maersk Oil North Sea UK Limited
Field	Culzean (North Sea)

- Delivered in June 2018

FPSO for Barossa Offshore Project



Client	ConocoPhillips Australia
Field	Barossa (Australia)
Contract	FEED

- Awarded FEED contract of an FPSO for offshore gas project

FPSO Cidade de Niteroi MV18



Client	Petrobras
Field	Marlim Leste (Brazil)
Charter	2009~

- Charter extended to March 2024















FPSO Cidade de Campos dos Goytacazes MV29



Client	Petrobras
Field	Tartaruga Verde and Tartaruga Mestiça (Brazil)
Charter	20 years

- Charter started in June 2018

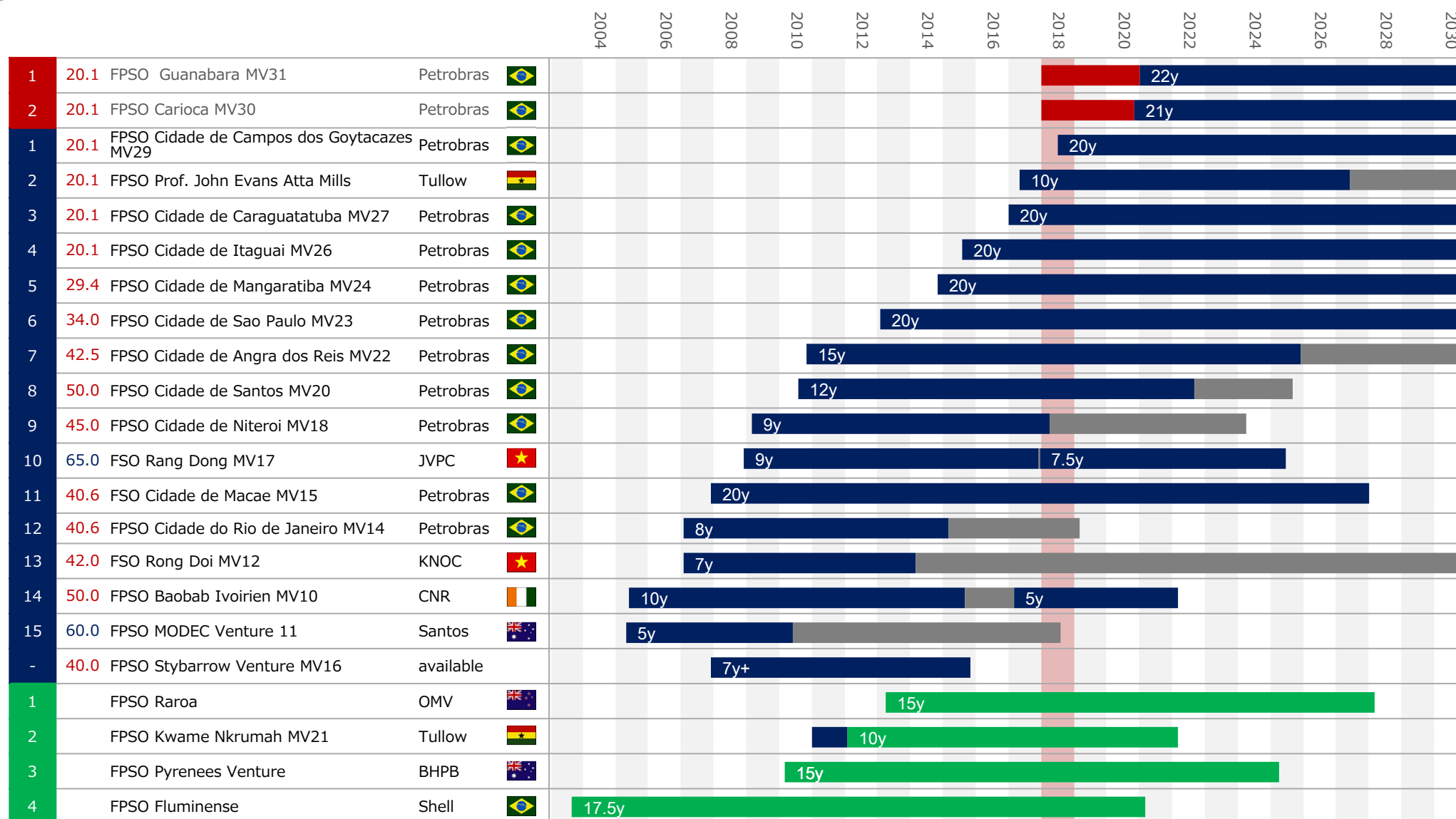
2018 Half-Year : EPC(I) (as of end-June 2018)

	FSO Ailsa	FPSO Cidade de Campos dos Goytacazes MV29	FPSO Carioca MV30	FPSO Guanabara MV31
Client	Maersk	Petrobras	Petrobras	Petrobras
				
Contract	EPC	EPCI + Time Charter (20 yrs)	EPCI + Time Charter (21 yrs)	EPCI + Time Charter (22 yrs)
Delivery (Planned)	Delivered in June 2018	Delivered in June 2018	2021	2021
Field	Culzean	Tartaruga Verde & Tartaruga Mestiça	Sépia	Mero
Location	UK 	Brazil 	Brazil 	Brazil 
Water Depth	90 m	765 m	2,200 m	2,100 m
Storage/ Production	430,000 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	 	 		

EPC(I) / Charter / O&M Period

As of August 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

Highlight

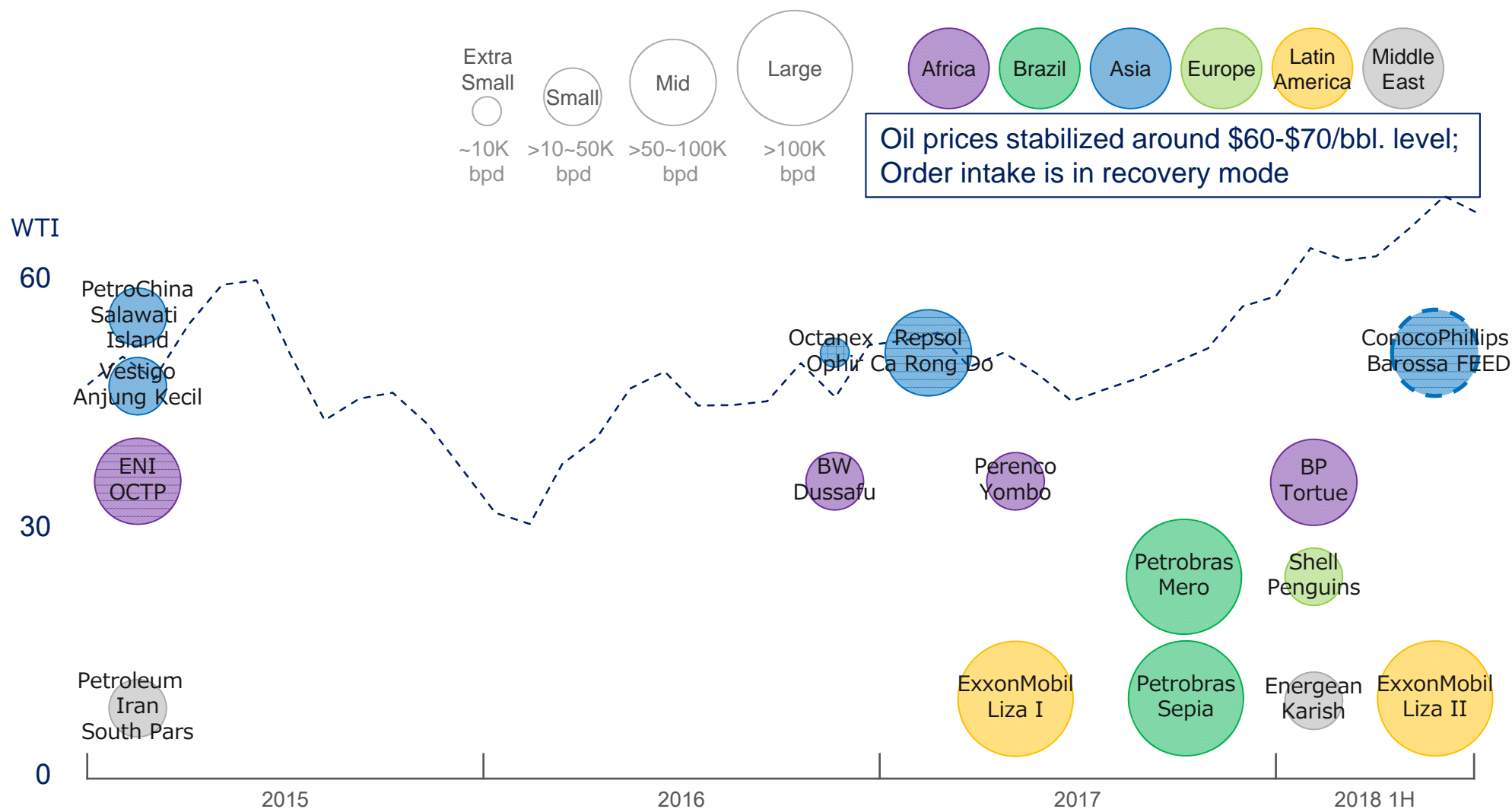
Market Review & Outlook

Financial Results

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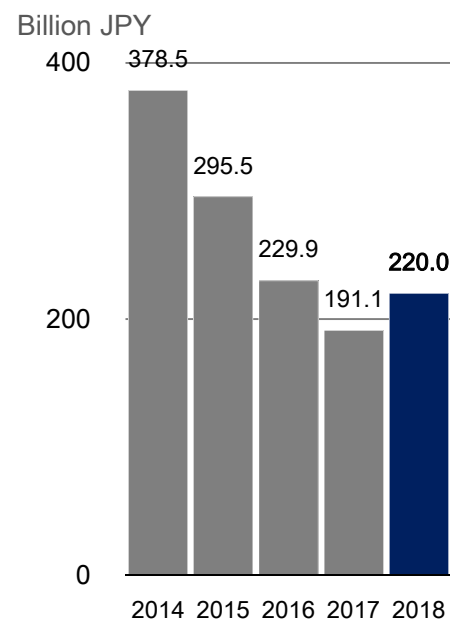
FPSO Awards (2015-2018 1H)

FPSO Awards & Oil Price

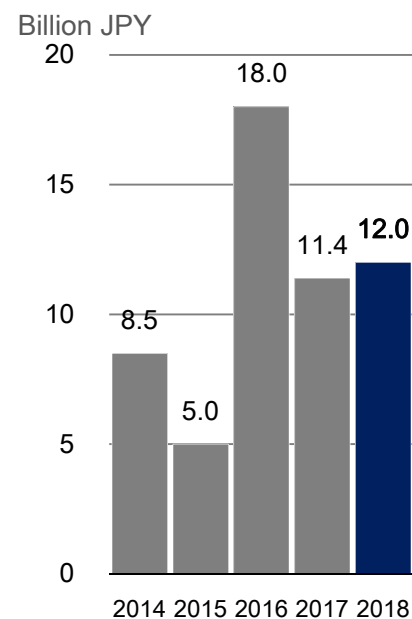


FY2018 : Outlook

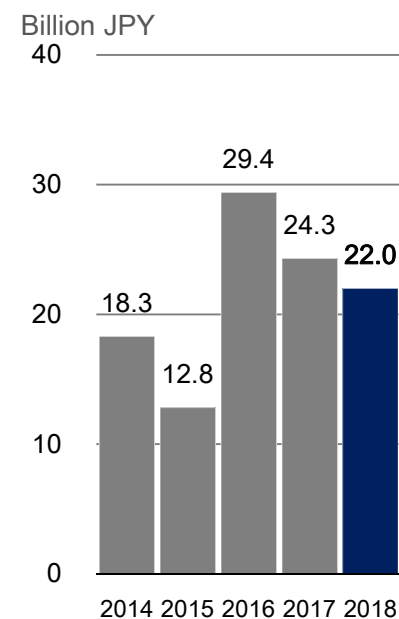
Revenue



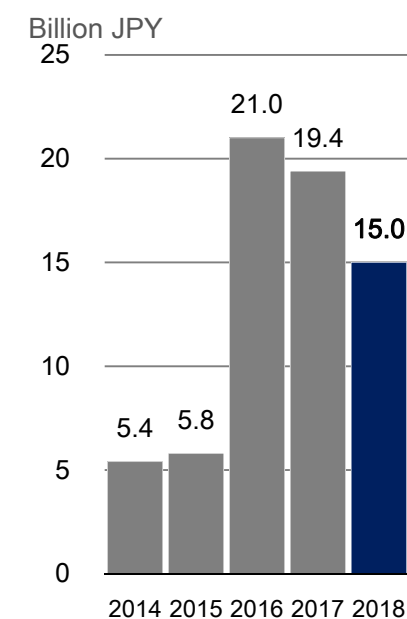
Operating Profit



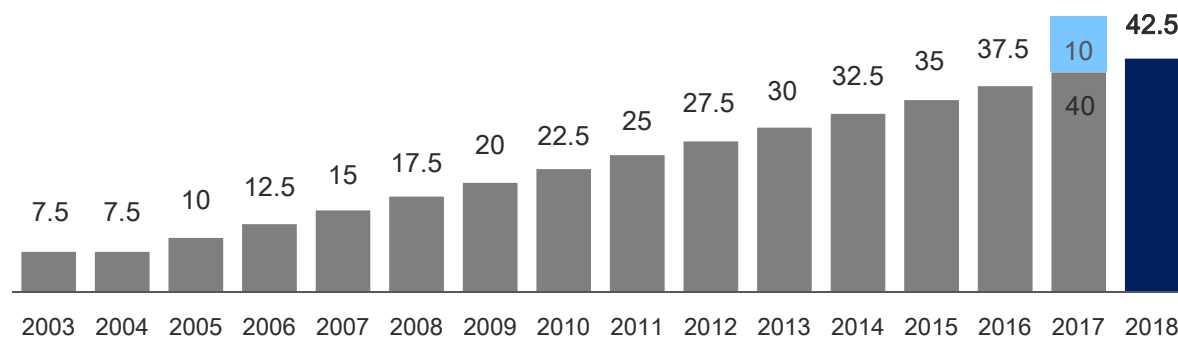
Ordinary Profit



Profit Attributable to Owners of Parent



Dividends per Share



- Operating profit, ordinary profit and profit attributable to owners of parent have been revised upward.
- Annual dividend 42.5 yen per share (planned); Dividends to increase in 14 consecutive years

Highlight

Market Review & Outlook

Financial Results

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Profit & Loss

	2017 1H	2018 1H	Variance	Million JPY
Revenue	101,719	112,843	11,124	
Gross Profit	9,565	16,453	6,888	● Gross profit increased by 6.8 billion yen due to realization of deferred profit of MV29
Selling, General and Administrative Expenses	6,822	5,609	(1,213)	
Operating Profit	2,743	10,844	8,101	● Operating profit increased by 8.1 billion yen due to increased gross profit and reduction in SG&A
Other Income (A)	7,301	5,261	(2,040)	
Other Expenses (B)	1,798	1,744	(54)	
Total Other Income/Expenses (C=A-B)	5,503	3,517	(1,986)	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	3,647	1,762	(1,885)	● Equity in Earnings of Affiliates and Unconsolidated Subsidiaries temporarily declined due to accounting treatment
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(804)	(967)	(163)	
Ordinary Profit	8,246	14,361	6,115	
Extraordinary Profit	736	-	(736)	
Extraordinary Loss	-	-	-	
Income before Income Taxes and Non-controlling Interests	8,983	14,361	5,378	
Profit Attributable to Owners of Parent	6,326	10,207	3,881	
Exchange Rate (USD)	¥111.96	¥110.45	(¥1.51)	

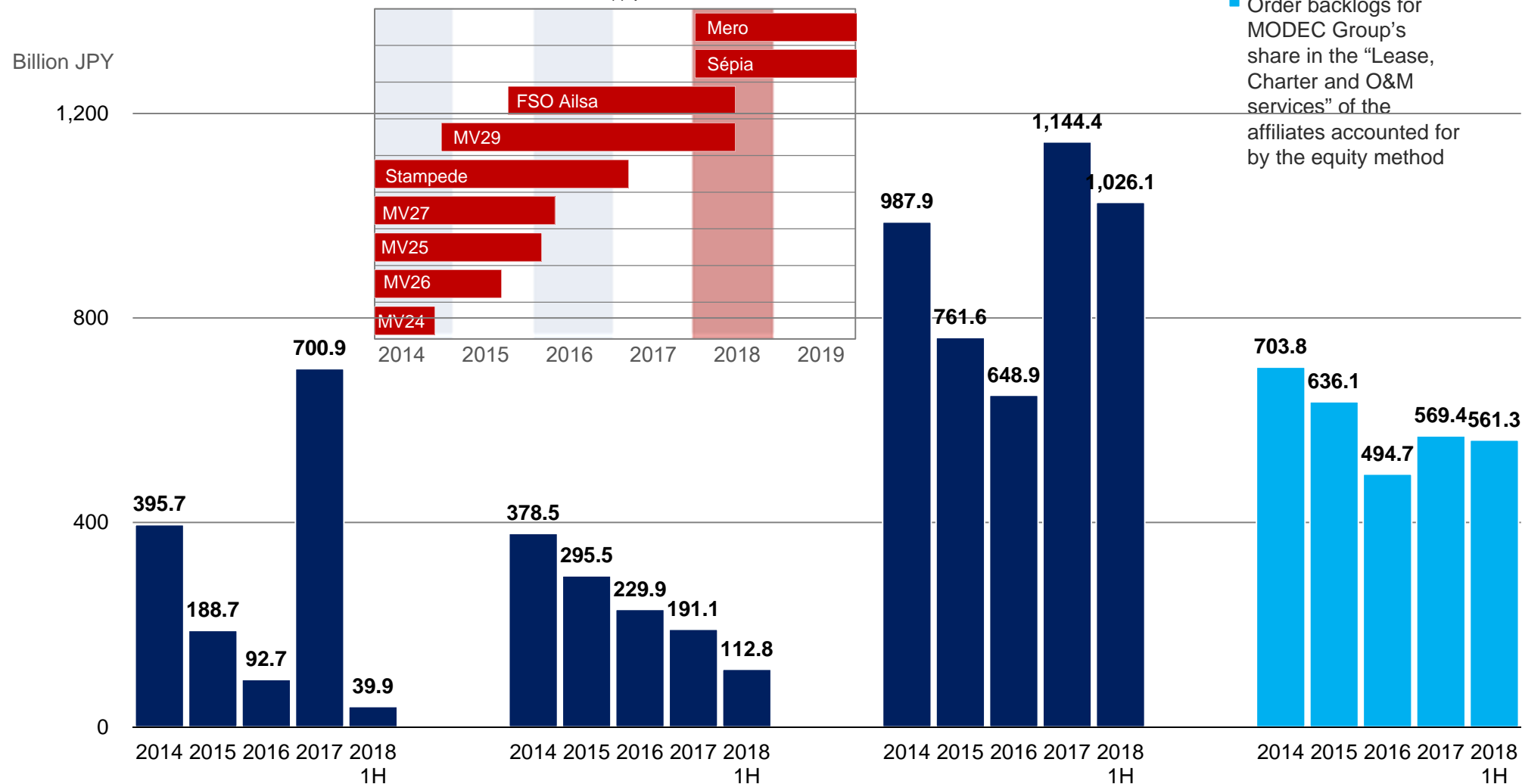
New Orders / Revenue / Order Backlogs

New Orders

Revenue

Order Backlogs

■ EPC(I) period

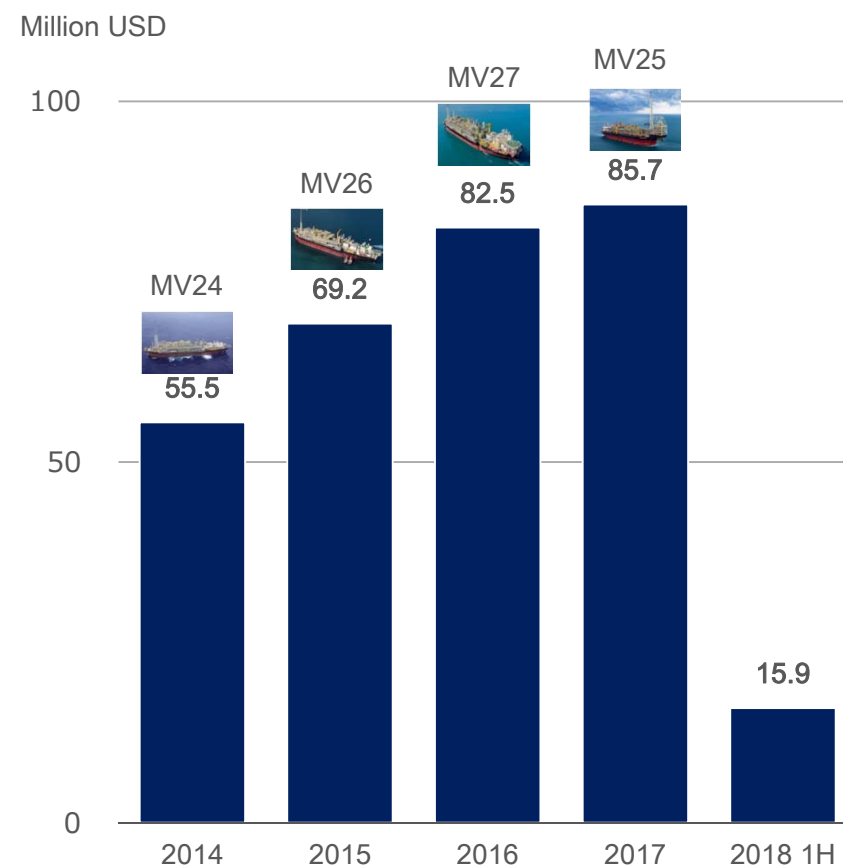
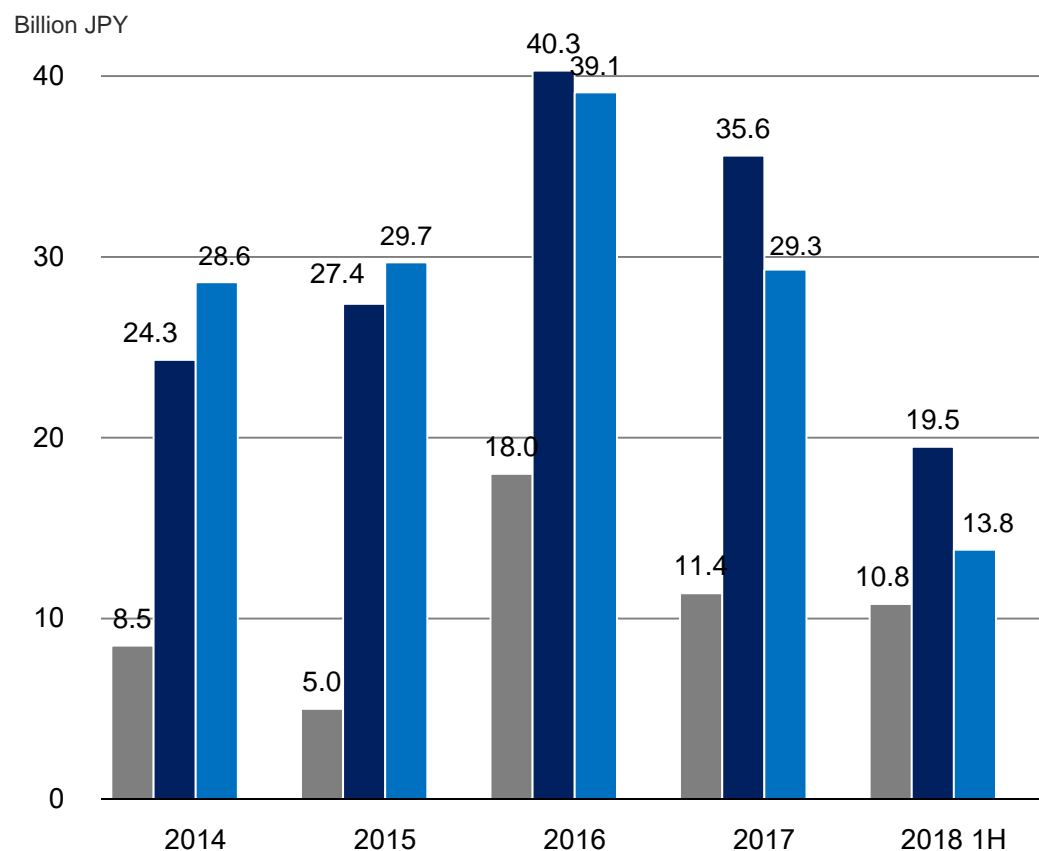


Operating Income/ Equity in Earnings of Affiliates

Operating Profit (as if consolidating affiliates basis)

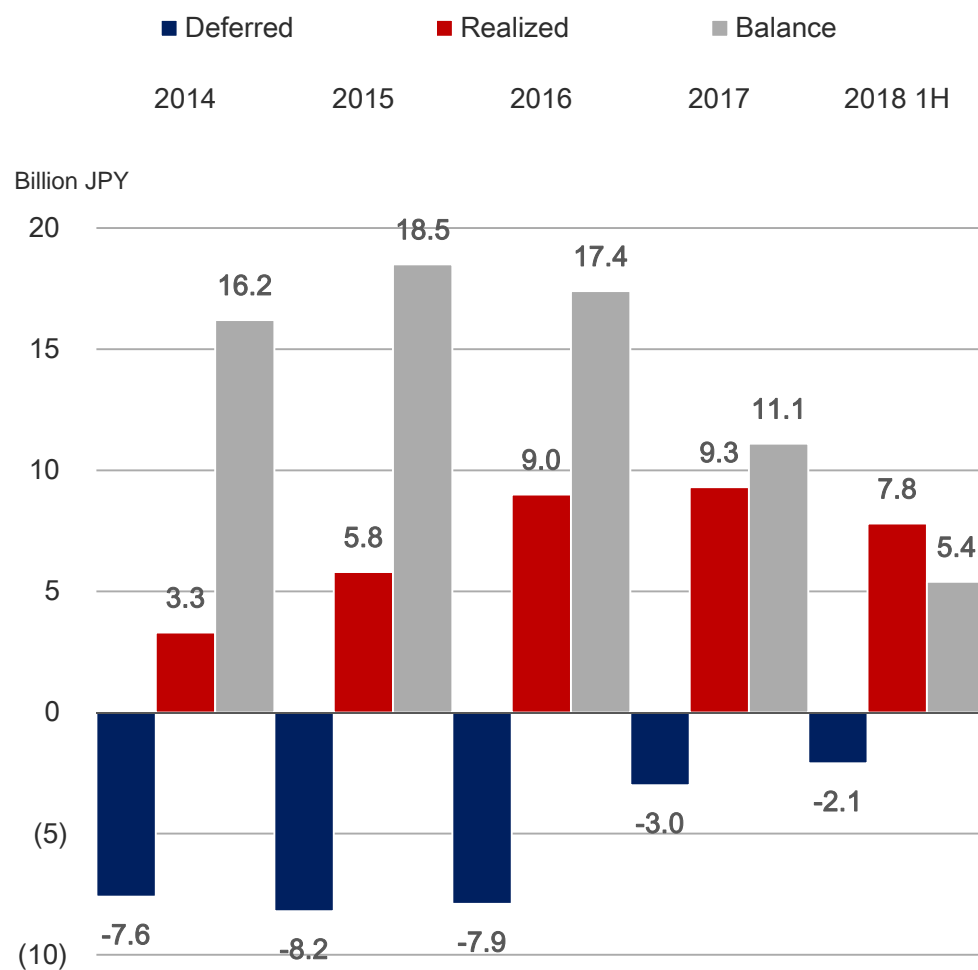
Equity in Earnings of Affiliates

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



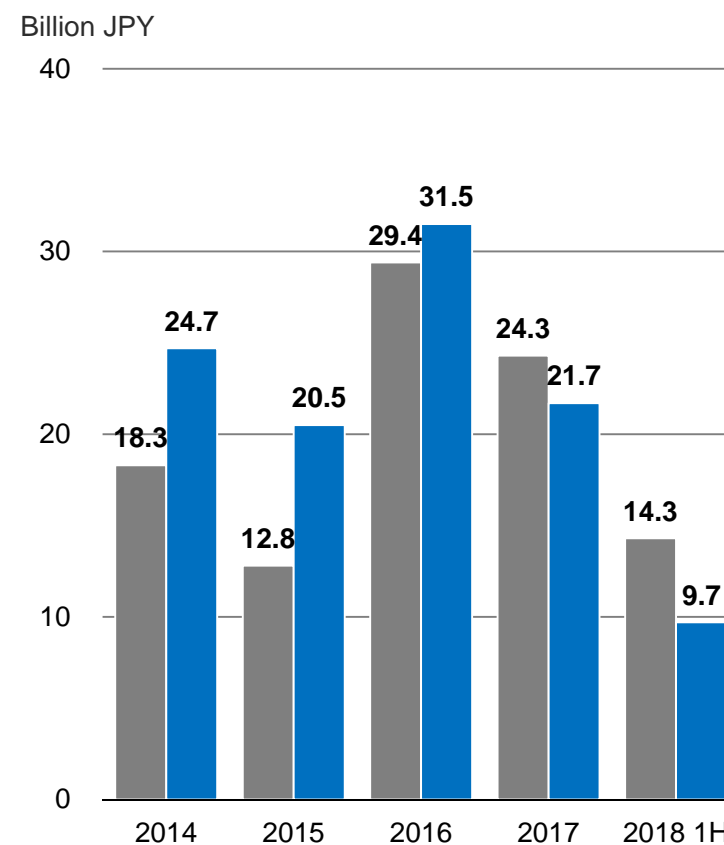
Ordinary Profit

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

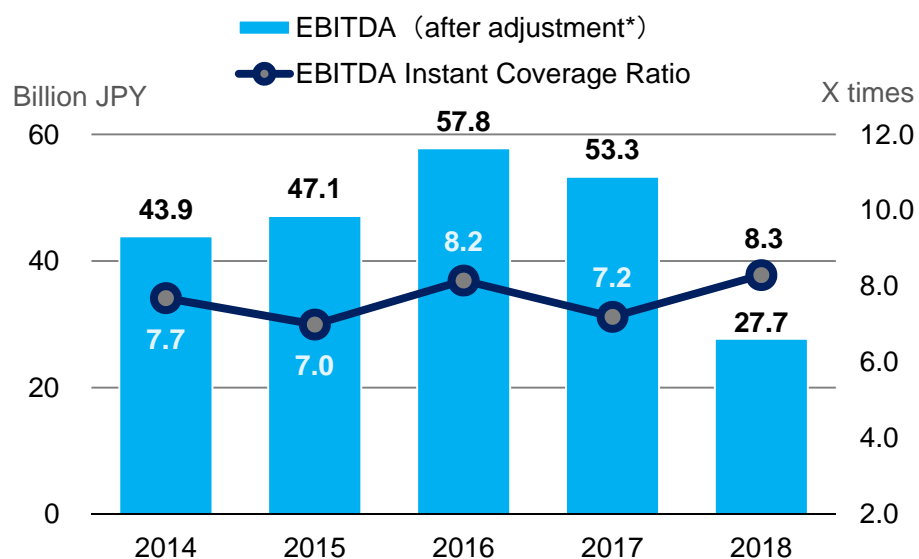


Balance Sheet

	2017	2018 1H	Variance	Million JPY
Cash and Deposits	31,380	35,592	4,212	● Cash and deposits increased due to the temporary retention of construction loan repayment from SPC
Accounts Receivable - trade	98,188	104,647	6,459	● Accounts receivable increased in line with EPC(I) progress
Short-term Loans Receivable	46,282	36,830	-9,452	● Short-term loans receivable decreased due to collection of construction loan from SPC
Total Current Assets	198,035	200,301	2,266	
Property and Equipment	6,863	2,594	-4,269	● Property and equipment decreased due to the sale of tanker to SPC for conversion
Intangible Assets	7,446	8,457	1,011	
Investments and Other Assets	108,819	109,726	907	
Total Fixed Assets	123,129	120,777	-2,352	
Total Assets	321,165	321,079	-86	
	2017	2018 1H	Variance	
Accounts Payable - trade	80,335	87,783	7,448	● Accounts payable decreased in line with EPC(I) progress
Short-term Loans Payable	14,467	6,113	-8,354	● Short-term loans payable decreased due to the repayment of working capital
Total Current Liabilities	128,581	131,261	2,680	
Long-term Loans Payable	31,586	27,903	-3,683	
Total Long-term Liabilities	44,197	34,729	-9,468	● Mainly due to the realization of deferred profit
Total Liabilities	172,778	165,990	-6,788	
Total Shareholders Equity	135,468	143,886	8,418	● Foreign currency translation adjustments decreased due to yen appreciation
Total Accumulated Other Comprehensive Income	1,032	-847	-1,879	
Minority Interests in Consolidated Subsidiaries	11,885	12,050	165	
Total Net Assets	148,387	155,089	6,702	
Total Liabilities, Net Assets	321,165	321,079	-86	

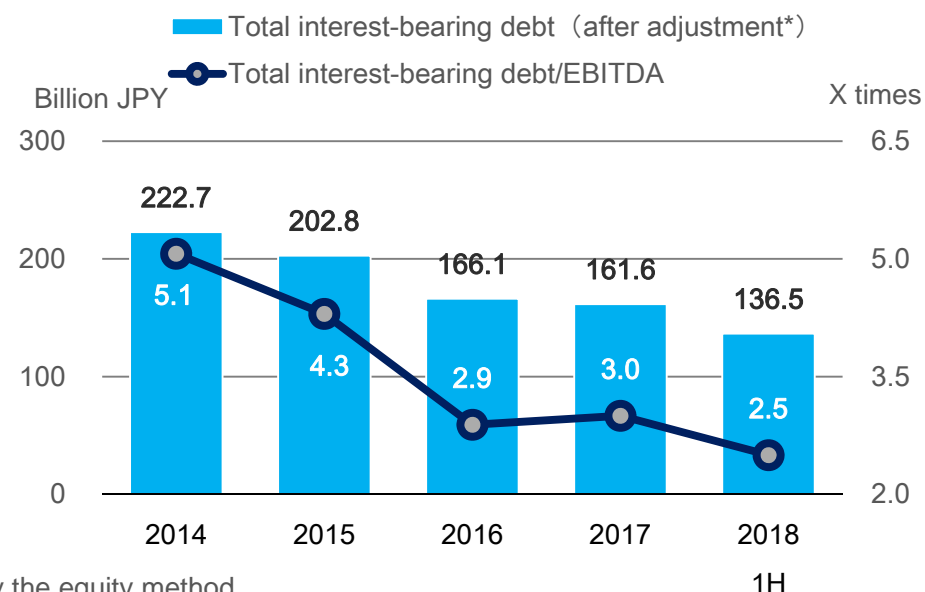
Key Financial Indicators

EBITDA

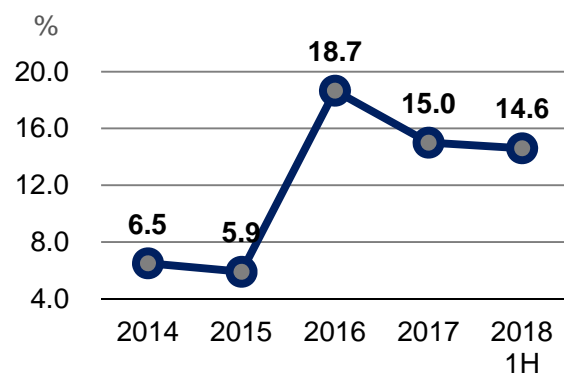


*Adjustment: Adding MODEC group's share in affiliates accounted for by the equity method

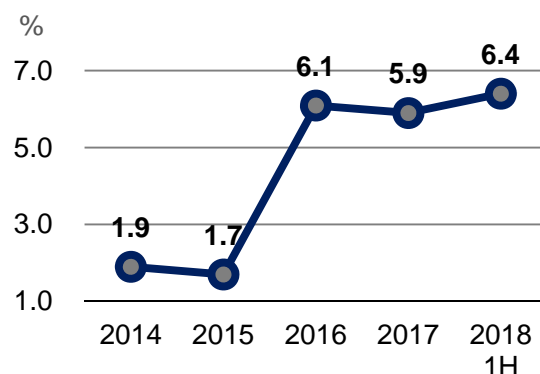
Interest-Bearing Debt



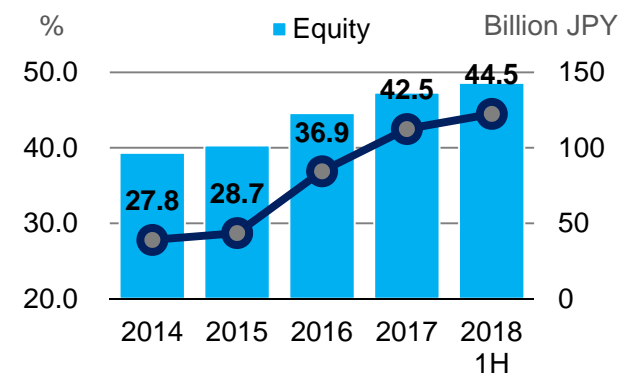
ROE



ROA



Equity Ratio





MODEC

