



MODEC, Inc.
2019 Half-year
Financial Results
Analysts Presentation

August 2, 2019



Highlight

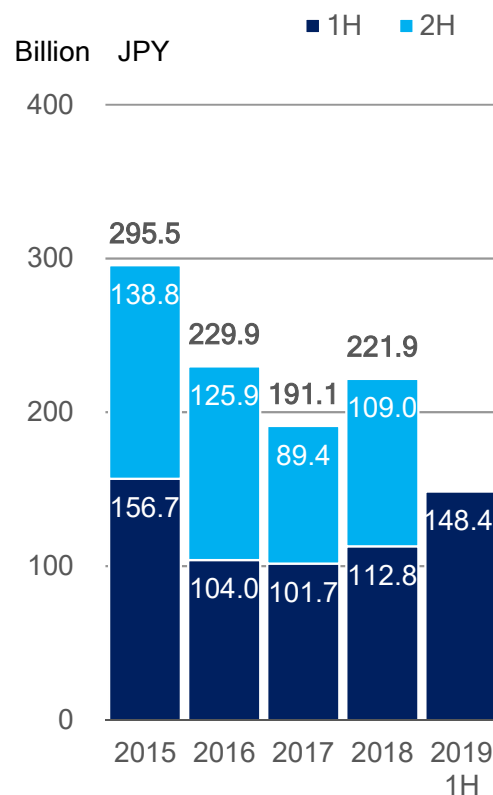
Financial Results Market Review & Outlook

Financial Results

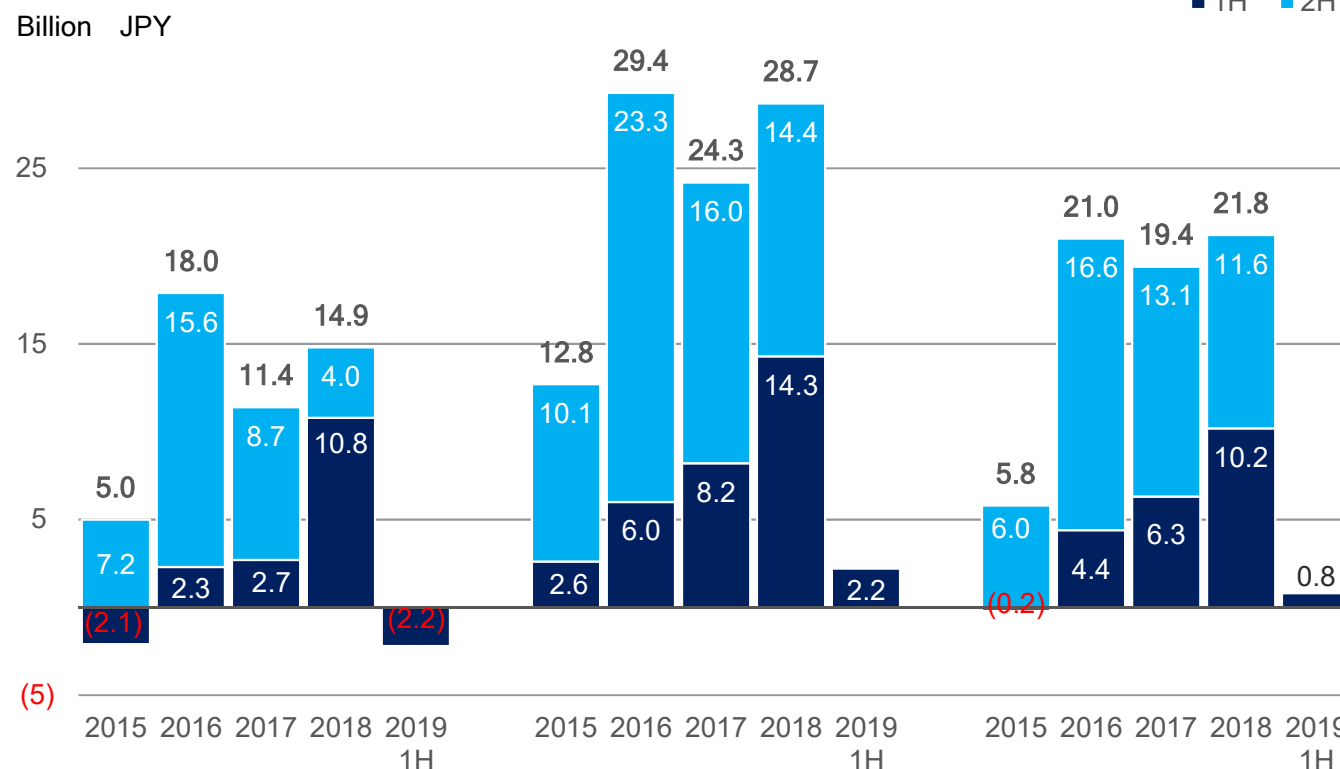
A decorative horizontal bar with a blue left half and a red right half.

2019 Half-Year : Highlights

Revenue



Operating Profit



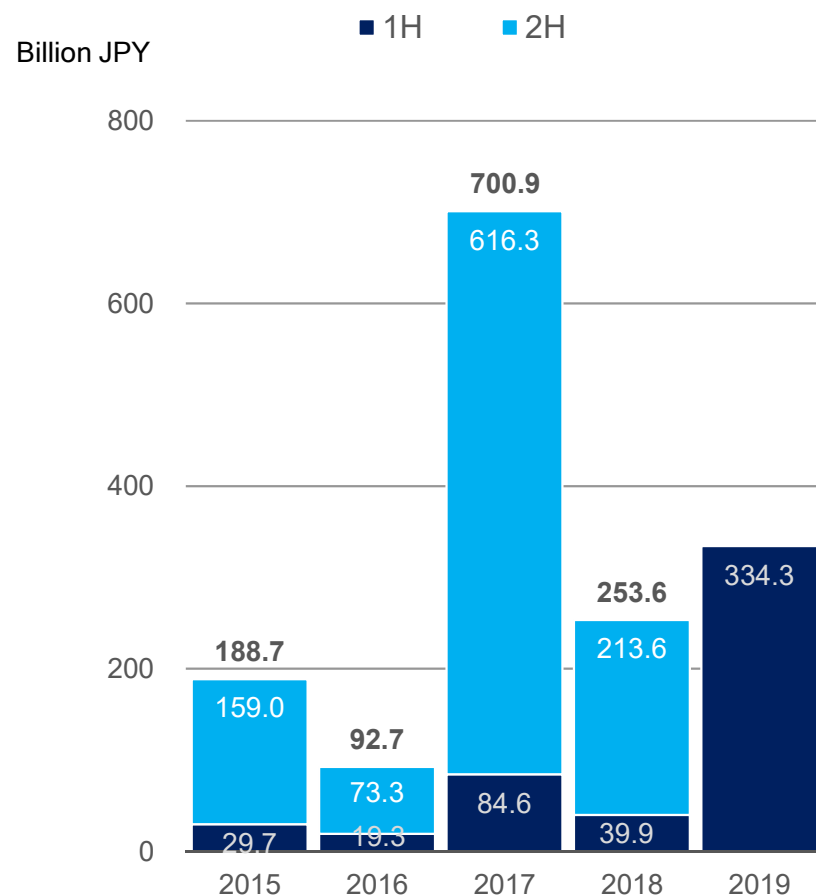
Ordinary Profit

Profit Attributable to Owners of Parent

- Revenue increased by 35 billion yen mainly due to progress of 3 EPCI projects
- Provision for loss on construction contract was recorded for the EPCI project for GOM

2019 Half-Year : Highlights

New Order



Woodside SNE FPSO Project

Client	Woodside Energy (Senegal) B.V.
Contract	FEED
Field Location	The SNE Field










- Senegal's first offshore oil development

FPSO Almirante Barroso MV32

Client	Petrobras
Contract	EPCI + Time Charter (21 years)
Delivery	2022
Field Location	Búzios
Water Depth	1,900 m
Oil Production	150,000 bopd
Gas Production	212 mmscfd
Storage Capacity	1,400,000 bbls

- MODEC's 8th FPSO in the "pre-salt"

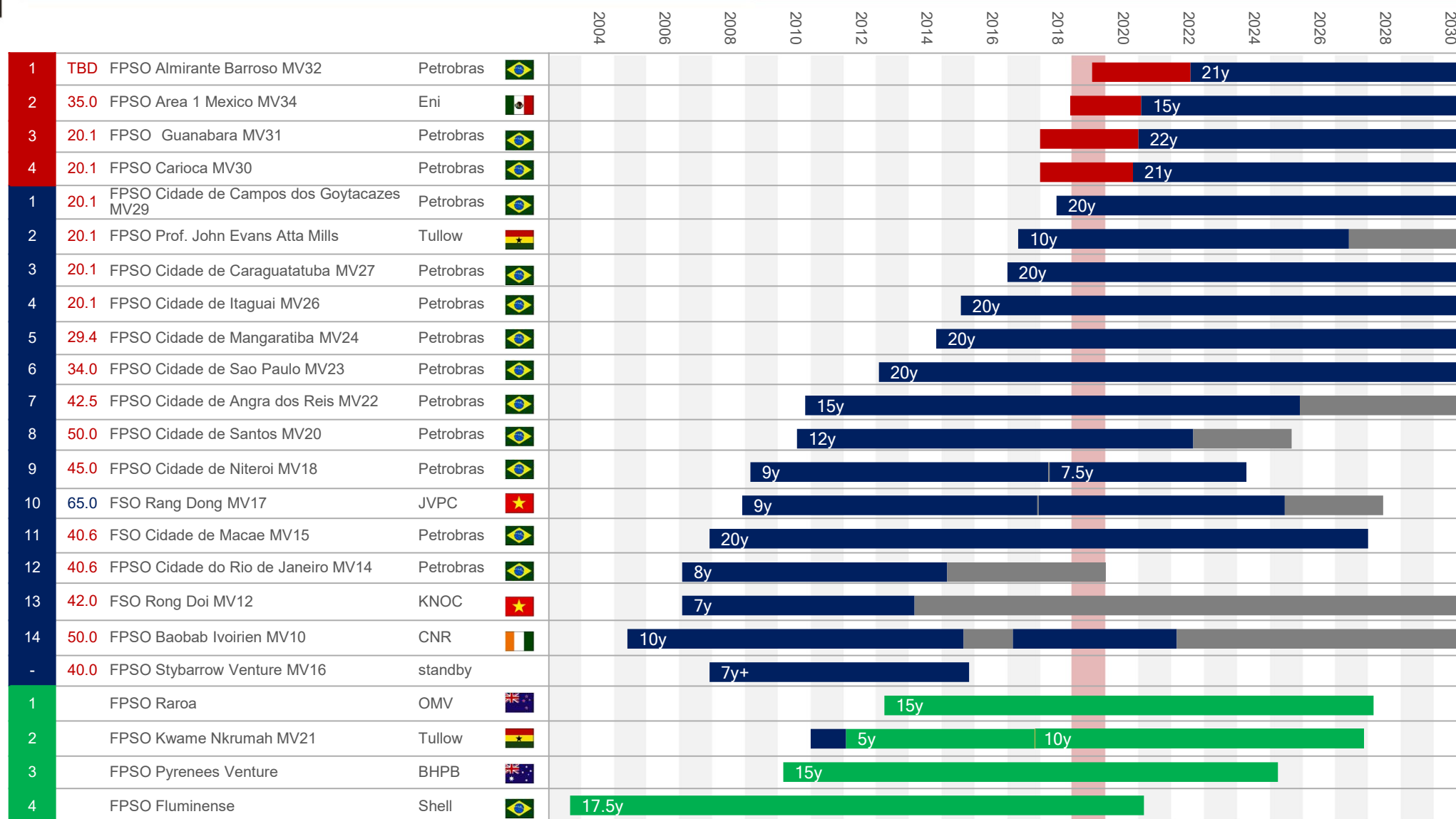
2019 Half-Year : EPC(I) (as of end-June 2019)

	FPSO Carioca MV30	FPSO Guanabara MV31	FPSO Area 1 MV34	FPSO Almirante Barroso MV32
Client	Petrobras 	Petrobras 	Eni Mexico 	Petrobras 
Contract	EPCI + Time Charter (21 yrs)	EPCI + Time Charter (22 yrs)	EPCI + Time Charter (15 years + 5 one-year extension options)	EPCI + Time Charter (21 yrs)
Delivery (Planned)	2021	2021	2021	2022
Field	Sépia	Mero	Area 1 Block	Búzios
Location	Brazil 	Brazil 	Mexico 	Brazil 
Water Depth	2,200 m	2,100 m	32 m	1,900 m
Storage/ Production	1,400,000 bbls 180,000 bopd 212 mmscfd	1,400,000 bbls 180,000 bopd 424 mmscfd	900,000 bbls 90,000 bopd 75 mmscfd	1,400,000 bbls 150,000 bopd 212 mmscfd
Progress				Order received in 2Q 2019

EPC(I) / Charter / O&M Period

As of August 2019

- 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

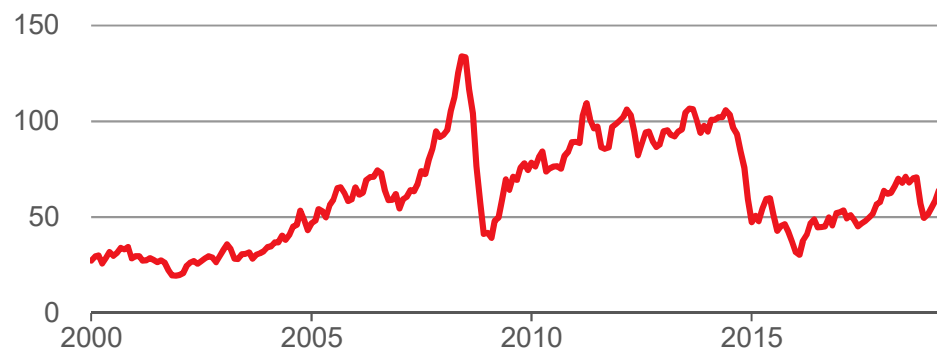
Market Review & Outlook

Financial Results

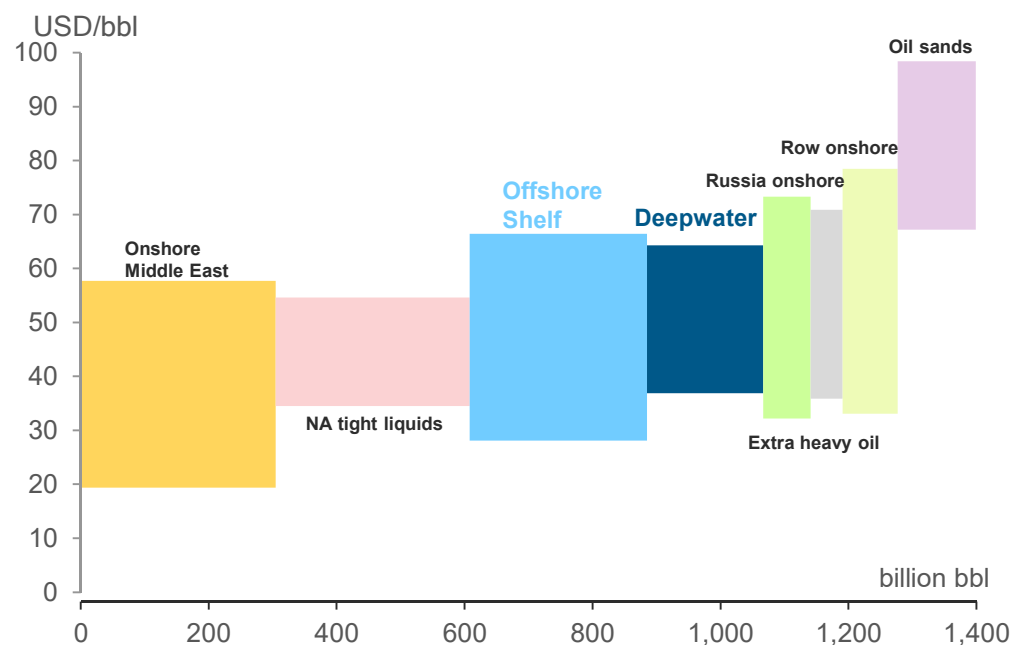


Market Review

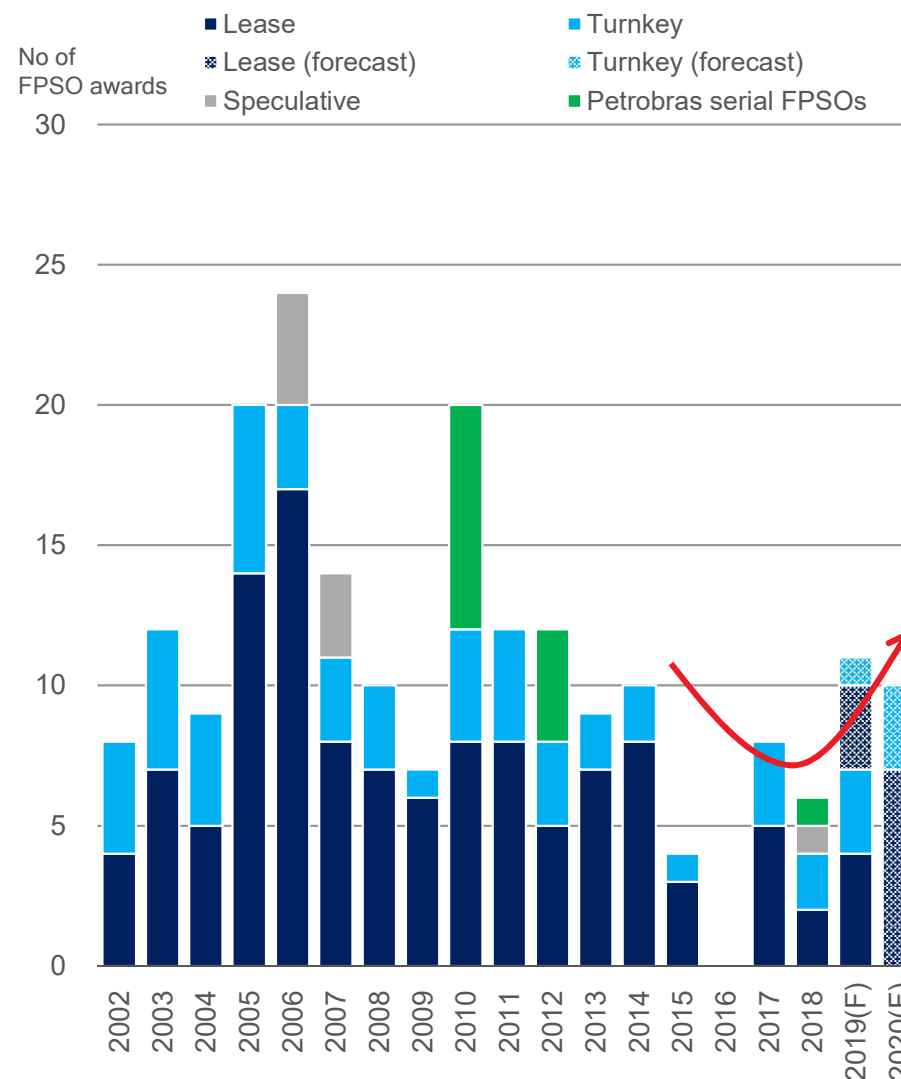
Oil Price(WTI)



Global liquid supply curve



FPSO Awards (Historical + Forecast)



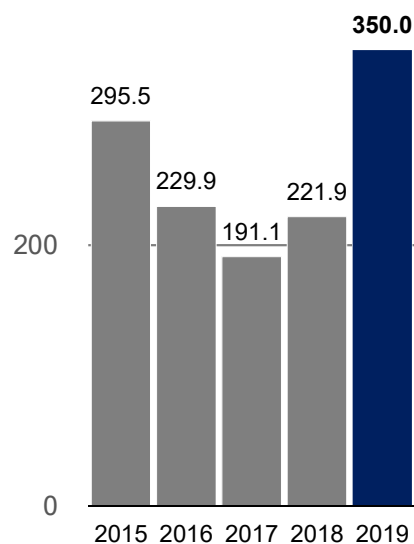
Source: Fearnley Offshore partially adjusted by MODEC.

Source: Rystad Energy UCube May 2019 partially adjusted by MODEC.

FY2019 : Outlook

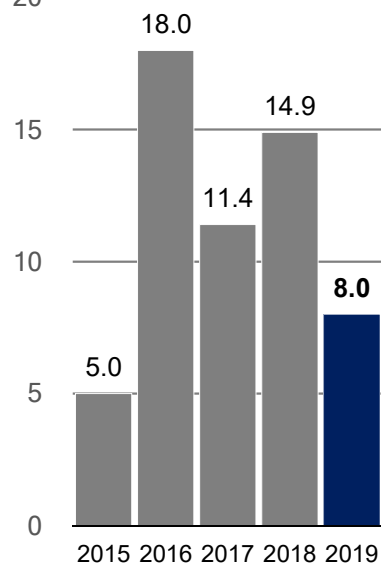
Revenue

Billion JPY
400



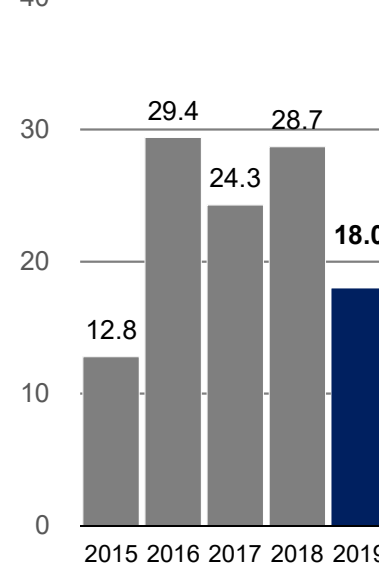
Operating Profit

Billion JPY
20



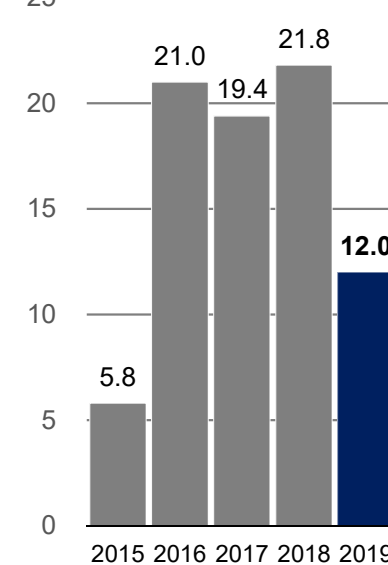
Ordinary Profit

Billion JPY
40



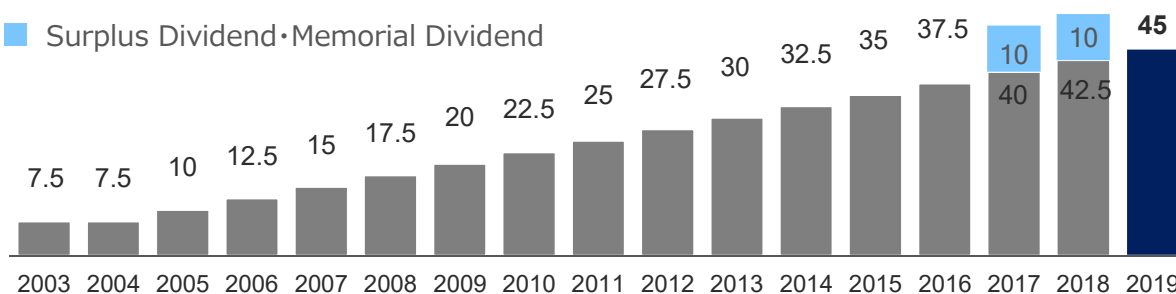
Profit Attributable to Owners of Parent

Billion JPY
25



Dividends per Share (JPY)

■ Surplus Dividend • Memorial Dividend



● Forecasts are not changed from the beginning of this year

Highlight

Market Review & Outlook

Financial Results



Profit & Loss

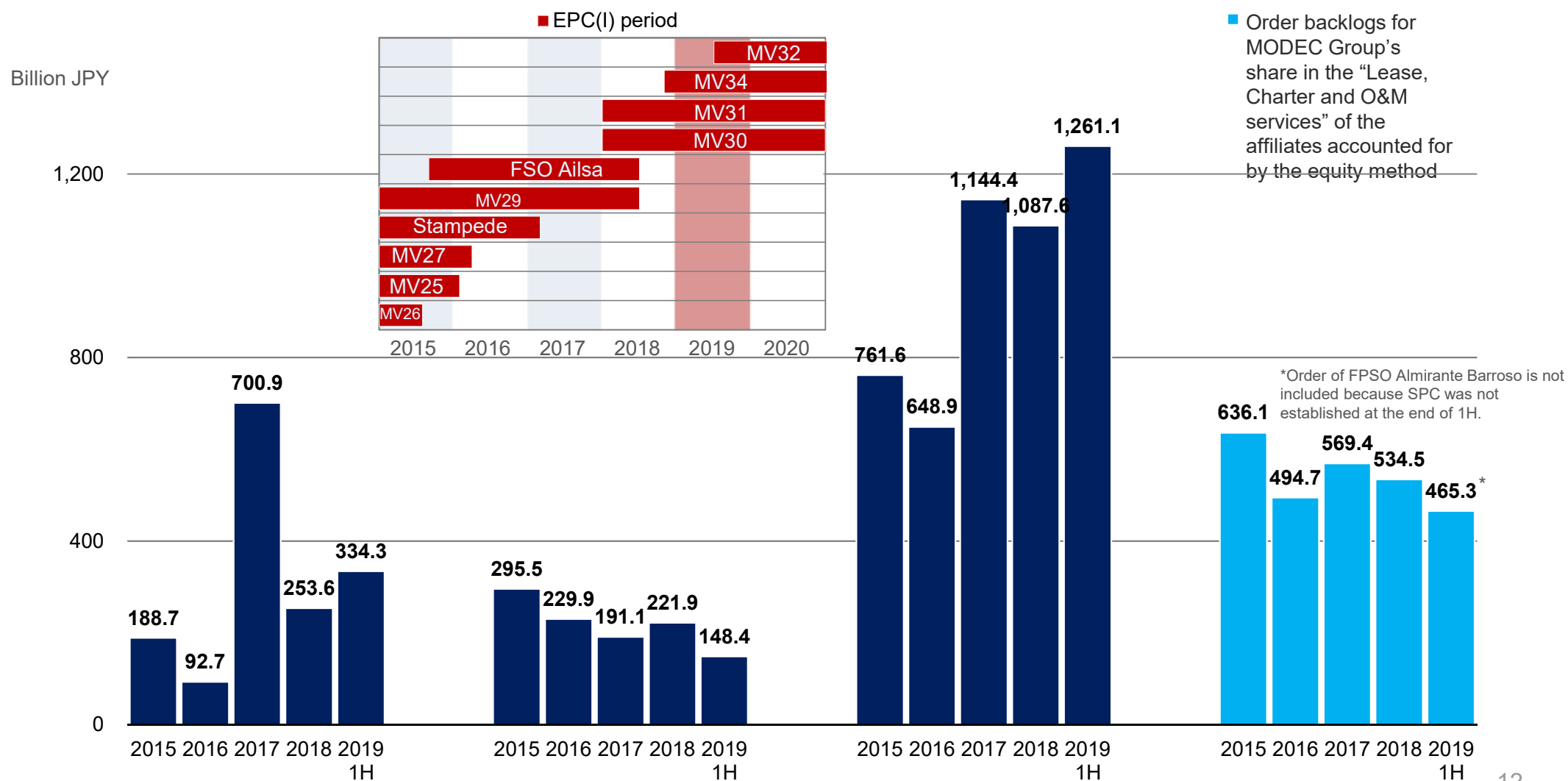
	2018 1H	2019 1H	Variance	Million JPY
Revenue	112,843	148,428	35,585	● Revenue increased due to the progress of EPCI projects
Gross Profit	16,453	3,963	(12,490)	
Selling, General and Administrative Expenses	5,609	6,259	650	● Gross profit decreased comparing to last year mainly because the realization of differed profit and availability fee uplifted the gross profit last year.
Operating Profit	10,844	(2,296)	(13,140)	
Other Income (A)	5,261	5,707	446	
Other Expenses (B)	1,744	1,123	(621)	
Total Other Income/Expenses (C=A-B)	3,517	4,584	1,067	
(Equity in Earnings of Affiliates and Unconsolidated Subsidiaries included in C)	1,762	2,731	969	
(Exchange gain/loss and Gain/loss on revaluation of derivatives included in C)	(967)	(450)	517	
Ordinary Profit	14,361	2,287	(12,074)	
Extraordinary Profit	-	376	376	● Extraordinary profit recognized due to the sales of scrapped FPSO
Income before Income Taxes and Non-controlling Interests	14,361	2,664	(11,697)	
Profit Attributable to Owners of Parent	10,207	806	(9,401)	
Exchange Rate (USD)	¥110.45	¥107.75	(¥2.70)	

New Orders / Revenue / Order Backlogs

New Orders

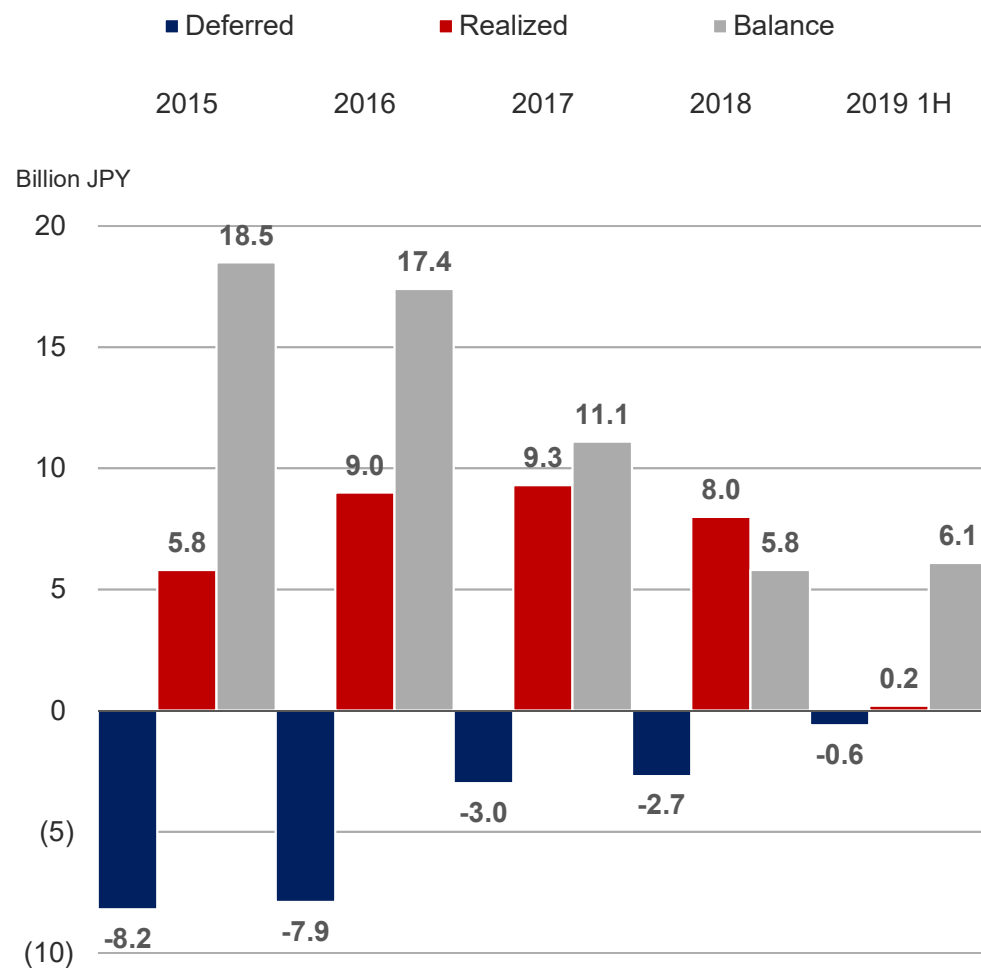
Revenue

Order Backlogs

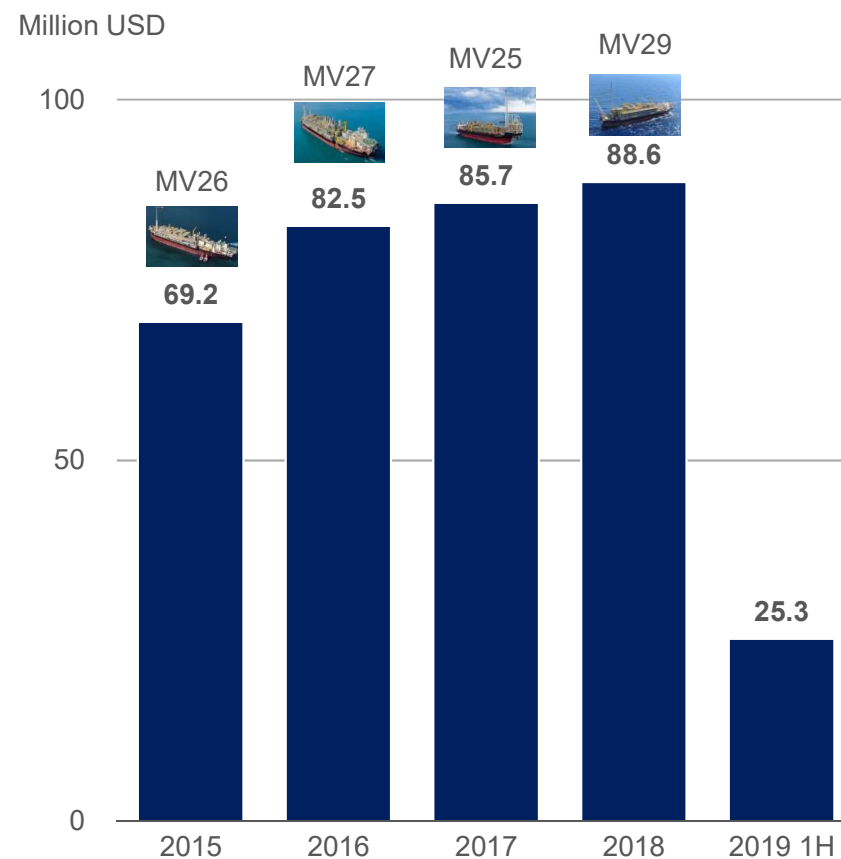


Influence of Deferred/Realized Profits / Equity in Earnings of Affiliates

Influence of Deferred/Realized Profits



Equity in Earnings of Affiliates

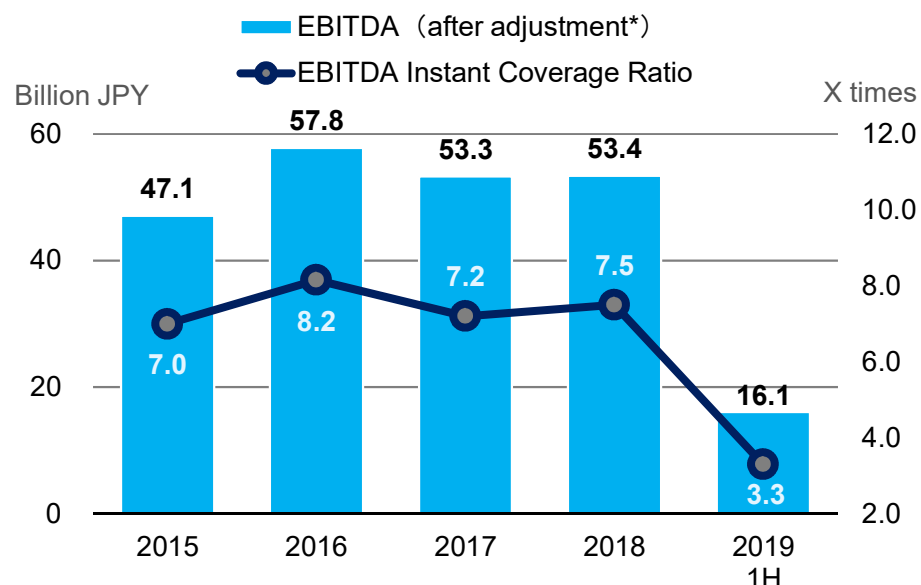


Balance Sheet

	2018	2019 1H	Variance	Million JPY
Cash and Deposits	51,215	53,987	2,772	
Accounts Receivable - trade	95,065	120,327	25,262	● Accounts receivable increased in line with EPC(I) progress
Short-term Loans Receivable	43,021	23,151	-19,870	● Short-term loans receivable decreased due to collection of construction loan from SPC
Total Current Assets	211,584	219,931	8,347	
Property and Equipment	2,543	5,110	2,567	
Intangible Assets	9,260	9,333	73	● Investment securities decreased due to the measuring of interest swap for hedge at fair market value and including the exchange rate fluctuation into the investment to SPC
Investments and Other Assets	119,840	111,932	-7,908	
Total Fixed Assets	131,644	126,375	-5,269	
Total Assets	343,229	346,307	3,078	
	2018	2019 1H	Variance	
Accounts Payable - trade	97,680	116,674	18,994	● Accounts payable - trade increased in line with EPC(I) progress
Current portion of long-term loans payable	6,142	13,951	7,809	
Provision for loss on construction contracts	-	2,528	2,528	● Recorded provision for loss on construction contract for EPCI project for GOM
Total Current Liabilities	144,060	173,290	29,230	
Long-term Loans Payable	24,889	13,671	-11,218	● Long term loan payable decreased due to scheduled payment
Total Long-term Liabilities	34,353	29,111	-5,242	
Total Liabilities	178,414	202,401	23,987	
Total Shareholders Equity	154,446	152,055	-2,391	
Total Accumulated Other Comprehensive Income	-1,781	-12,942	-11,161	● Total net assets decreased due to the expansion of losses on hedging derivatives and Foreign currency translation adjustments
Minority Interests in Consolidated Subsidiaries	12,148	4,791	-7,357	
Total Net Assets	164,814	143,905	-20,909	
Total Liabilities, Net Assets	343,229	346,307	3,078	

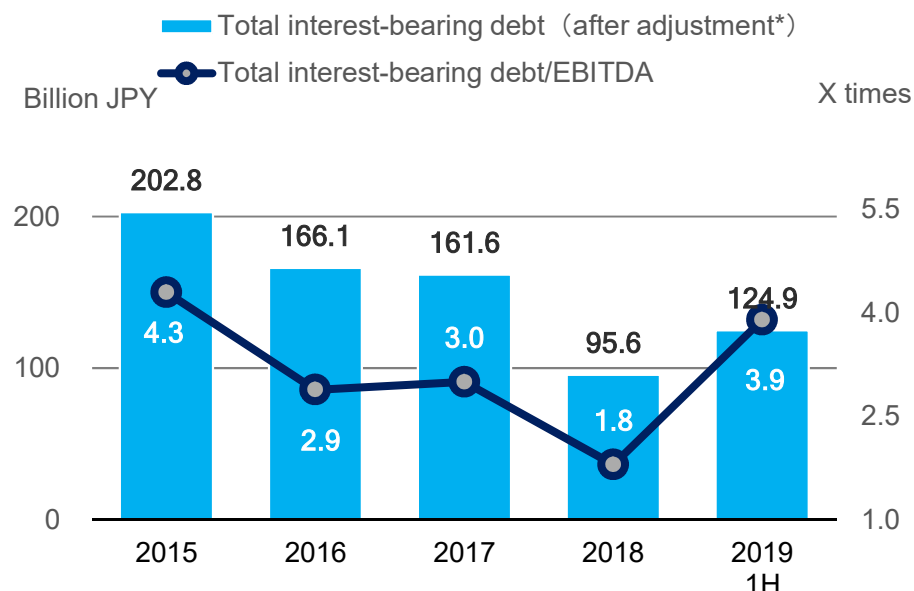
Key Financial Indicators

EBITDA

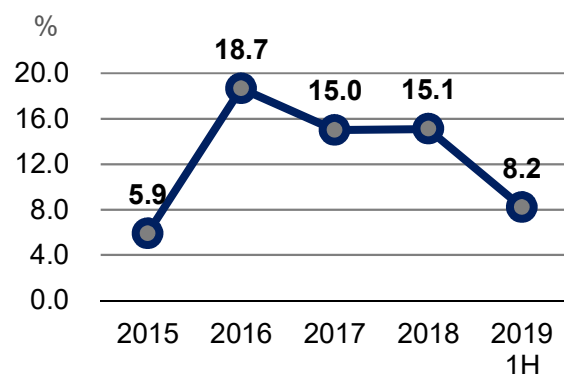


*Adjustment: Adding MODEC group's share in affiliates accounted for by the equity method

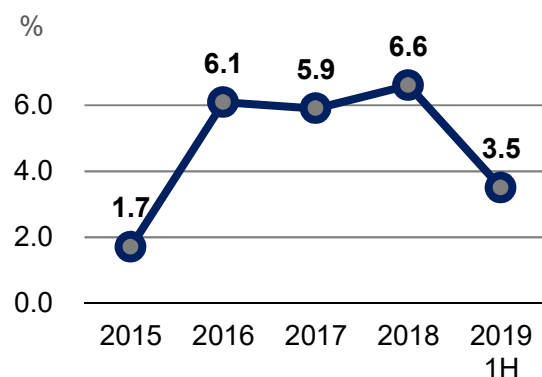
Interest-Bearing Debt



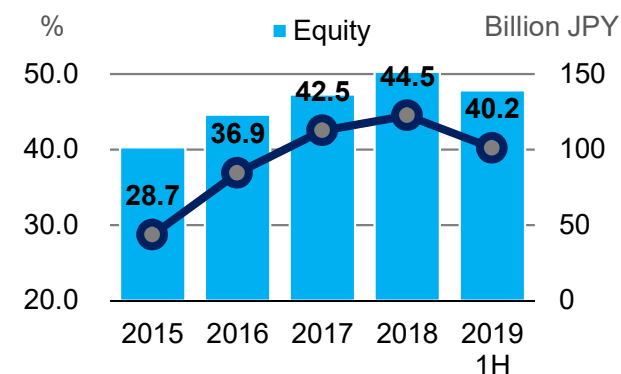
ROE**



ROA**



Equity Ratio



**Based on the year end forecast of 2019



MODEC

