



MODEC, Inc.
2022 Half-Year
Financial Results
Analysts Presentation

August 12, 2022



Highlight

Market View & Outlook

Financial Results

(Note)

From the end of FY2021, the Company's consolidated financial results have applied International Financial Reporting Standards (IFRS) instead of the conventional Japanese GAAP. In addition, the currency unit has been changed to the US dollar instead of the conventional Japanese yen. As a result, the figures for previous years in this document are handled as below.

- 2020: Compliant with IFRS (US \$)
- Before FY2019: Japanese standard (Japanese yen) figures are converted to US dollars at the midpoint of the market price of telegraph spots for customers at the end of each year.

2018: 1 US dollar = 111.02 yen

2019: 1 US dollar = 109.54 yen



FY2022 Half-Year : Highlights

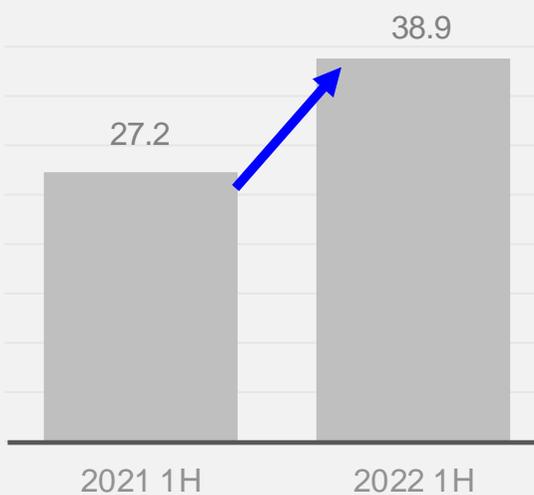
(Year-on-year Comparison)

(UNIT:US\$M)

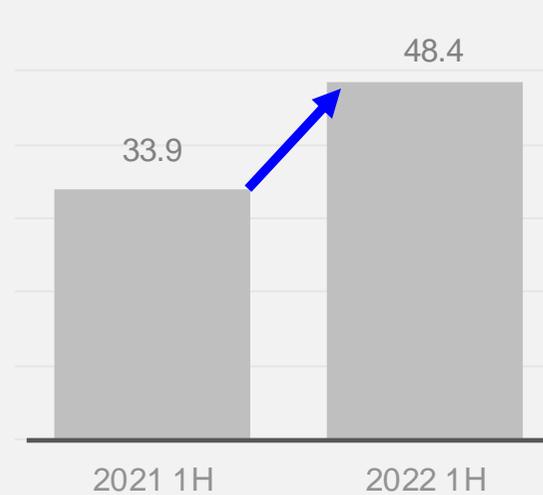
<Revenue>



<Operating Income>



<Profit from Charter business>



- Revenue is lower as the construction work of MV32, MV33 is near its final stage.
- Operating income increased significantly due to progress in construction work of Woodside Sangomar and Equinor Bacalhau, recovery of change order, and charter business earnings.
- Charter of MV31 FPSO Guanabara contributes to earnings.

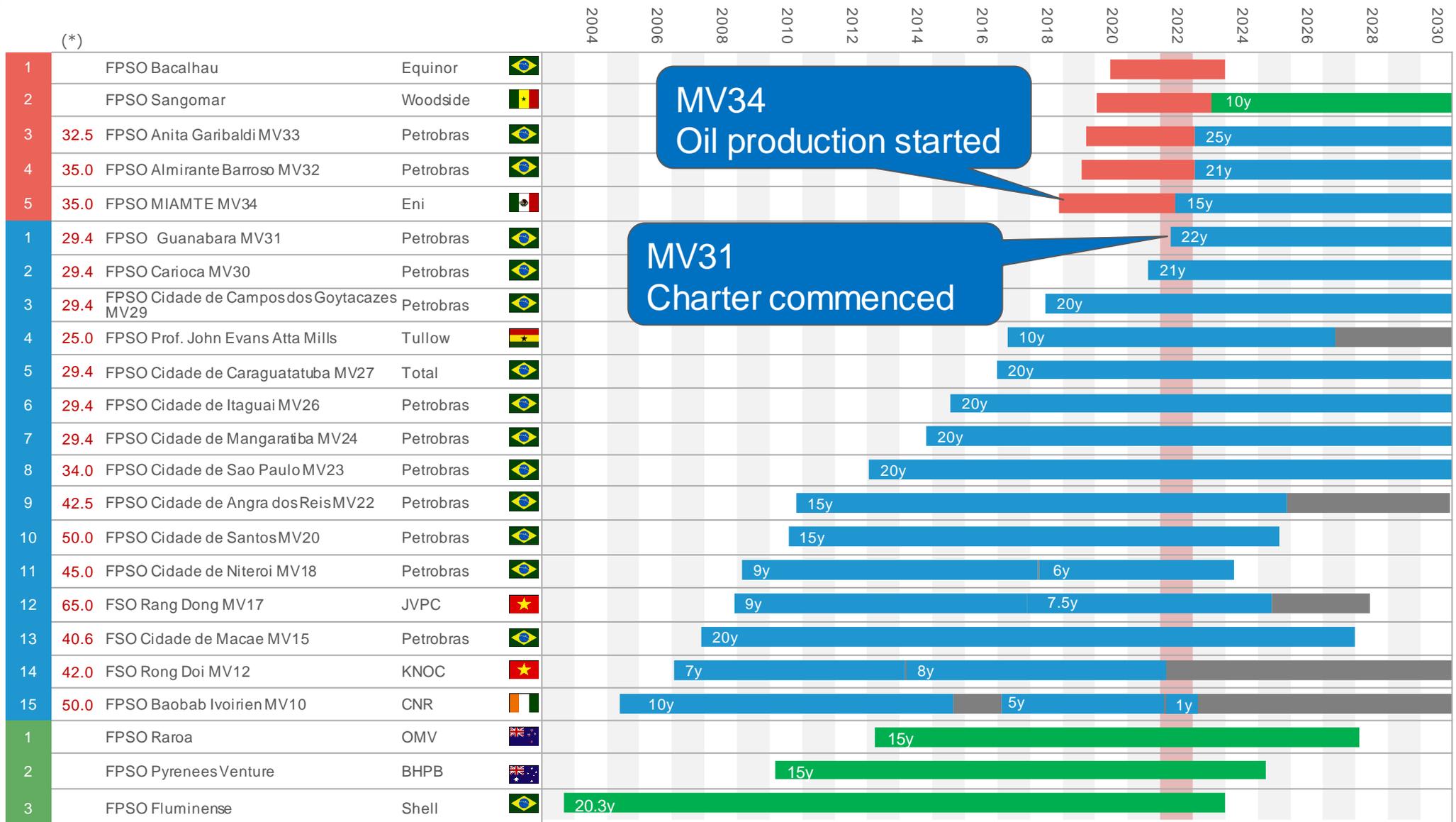
FY2022 Half-Year : EPC(I) (as of June 2022)

	FPSO MIAMTE MV34	FPSO Almirante Barroso MV32	FPSO Anita Garibaldi MV33	FPSO Sangomar	FPSO Bacalhau
Client	Eni Mexico	Petrobras	Petrobras	Woodside	Equinor
Contract	EPCI + Time Charter (15 yrs + 5 one-year extension options)	EPCI + Time Charter (21 yrs)	EPCI + Time Charter (25 yrs)	Purchase Contract + O&M (10 yrs+10 one-year extension options)	EPCI + Short term O&M
Delivery (Planned)	2022	2023	2023	2023	2024
Field	Area 1 Block	Búzios	Marlim	Sangomar	Bacalhau
Location	Mexico 	Brazil 	Brazil 	Senegal 	Brazil 
Water Depth	32 m	1,900 m	670 m	780 m	2,027 m
Storage/ Production	700,000 bbls 90,000 bopd 75 mmscfd	1,400,000 bbls 150,000 bopd 212 mmscfd	1,000,000 bbls 80,000 bopd 248 mmscfd	1,300,000 bbls 100,000 bopd 130 mmscfd	2,000,000 bbls 220,000 bopd 500 mmscfd
					

EPC(I) / Charter / O&M Period

As of July 2022

- 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

Gross Margin of Operation/Maintenance

- Maintenance work progressed as planned.
- We plan to continue operation and maintenance activities with infection prevention measures, although risks such as the resurgence of the new coronavirus infection remain in the second half of the year.

(UNIT : US\$M)	2022 1H Actual	2022 2H Forecast	2022 Forecast (Note)
Operation	1	25	26
Maintenance	△80	△69	△149
Subtotal	△79	△44	△123
Reversal of provision	38	36	74
Total	△41	△8	△49

(Note) O&M full-year forecast figures reflect a partial transfer to SGA (US\$20M) due to the transition to IFRS

Establishment of JV for FPSO construction work



- Concluded a contract with Toyo Engineering Corporation on August 5, 2022 for the establishment of a joint venture company engaged in the construction of FPSOs.
- The companies have been collaborating in constructing FPSO oil and gas production facilities on a project-by-project basis until now. And we intend to deepen the collaboration in future.
- Anticipating synergies in the development of new technologies and products that contribute to the realization of an environmentally friendly, low-carbon, recycling-oriented society.



Highlight

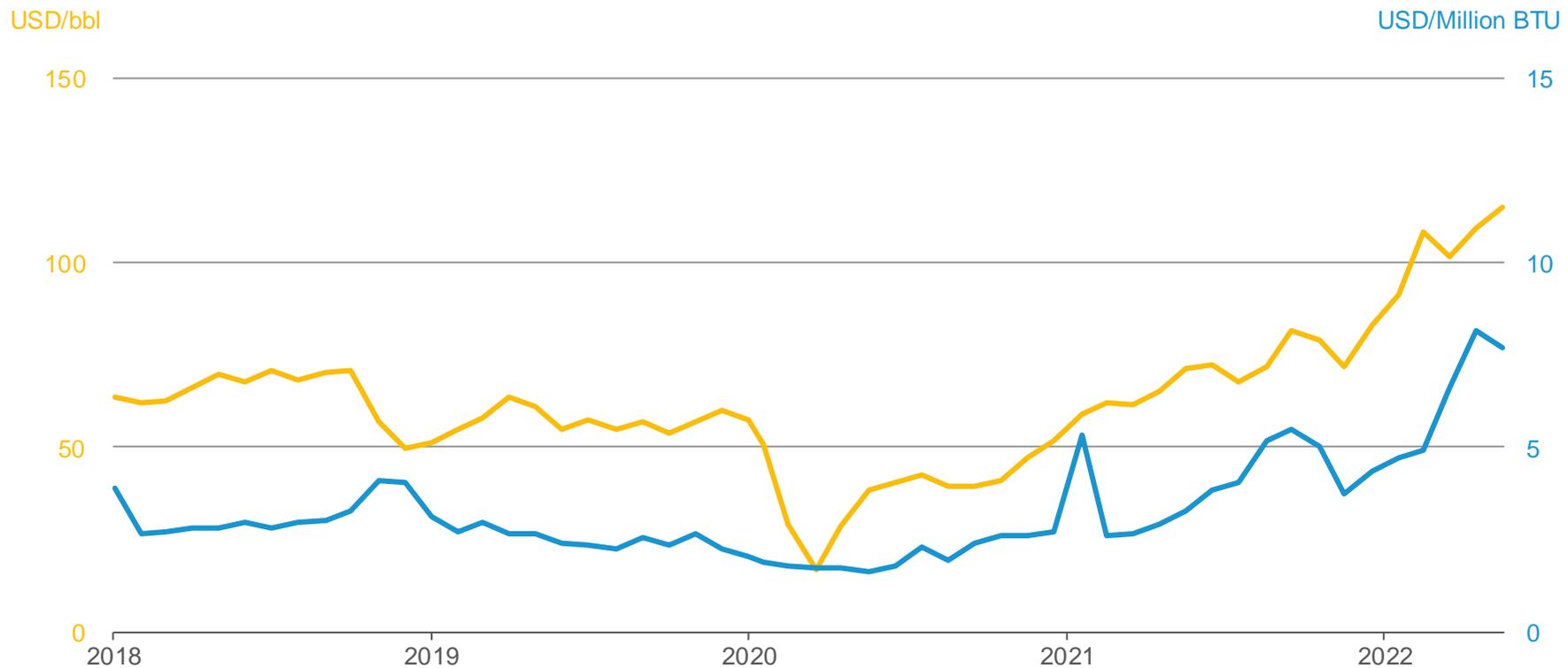
Market View & Outlook

Financial Results

Crude oil & Natural gas price (WTI/Henry Hub)

Although WTI temporarily dropped in the first half of 2020 due to a decline in crude oil demand triggered by the spread of the new coronavirus, recently there has been a supply shortage due to factors such as the prolonged invasion of Ukraine by Russia. Concerns have led to price hikes, which affected the development attitudes of oil companies.

Oil & Natural Gas Prices (WTI/Henry Hub)

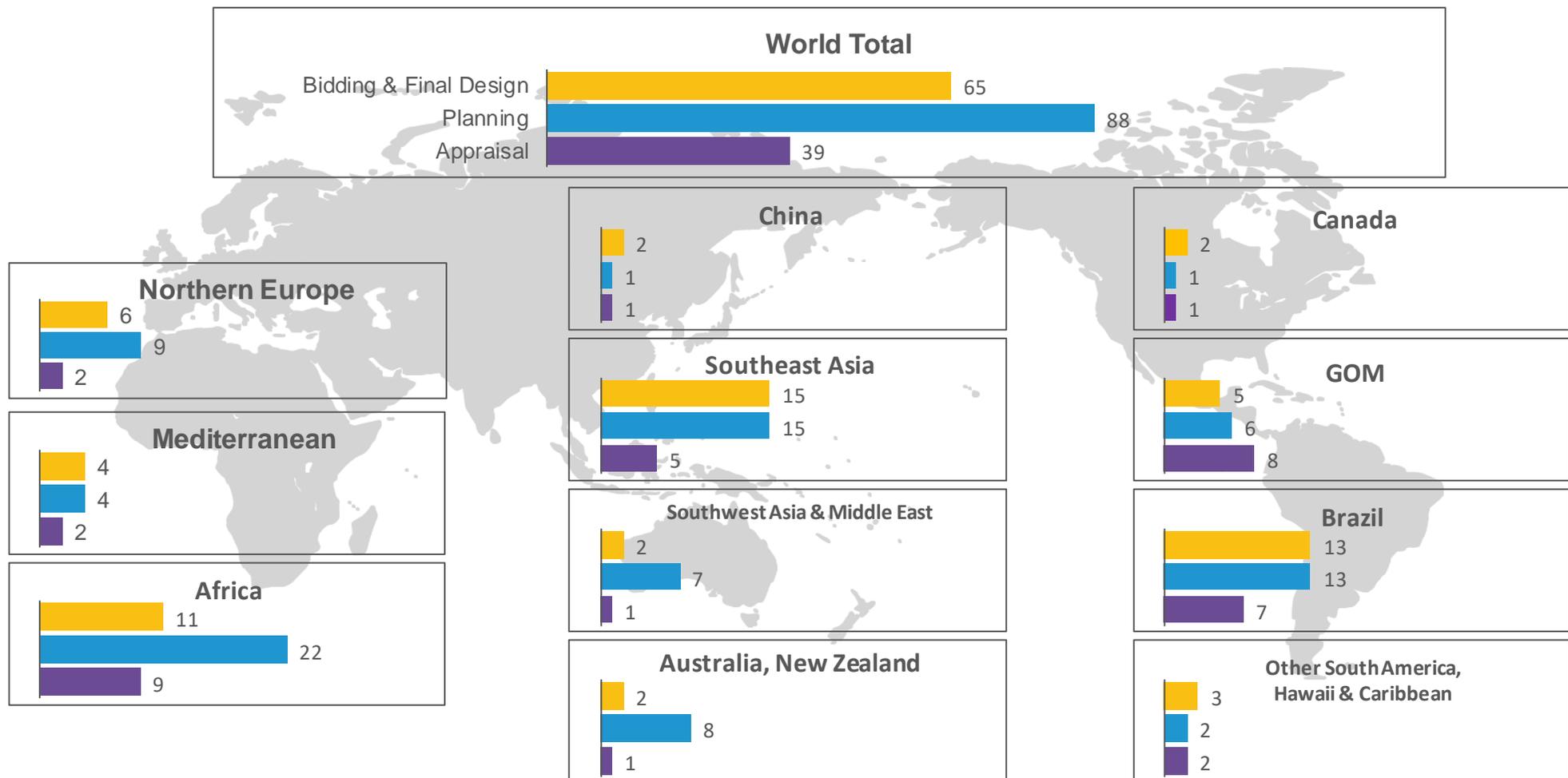


Source: EIA

Floating Production Systems Planned or Under Study

The number of development offshore oil fields in Central and South America, Africa and Southeast Asia remains high.

Projects in Planning Pipeline (Appraisal, Planning, and Bidding/Final Design) as of August 2022

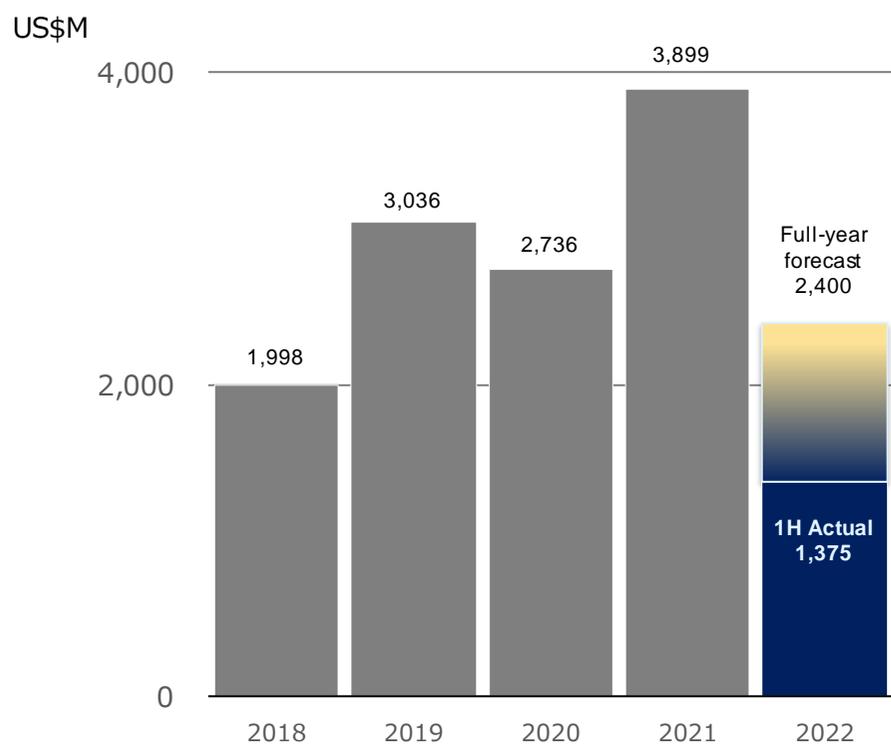


FY2022 : Outlook

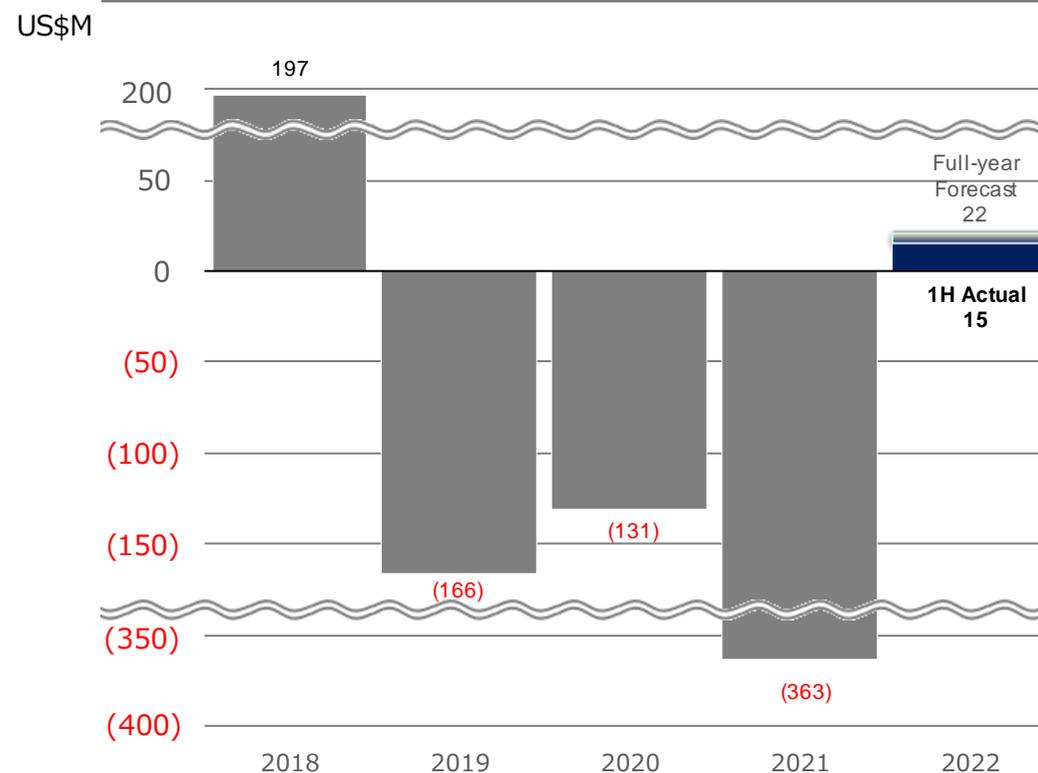
FY2022 earnings guideline keep unchanged

Financial result in the first half of the year was healthy due to progress of Woodside Sangomar and Equinor Bacalhau, and recovery of change order. Going forward, although progress may slow down as the construction work is near its final stage, we expect to achieve the full-year earnings guideline by equity-method investment income and interest income from charter projects.

Revenue



Profit Attributable to Owners of Parent



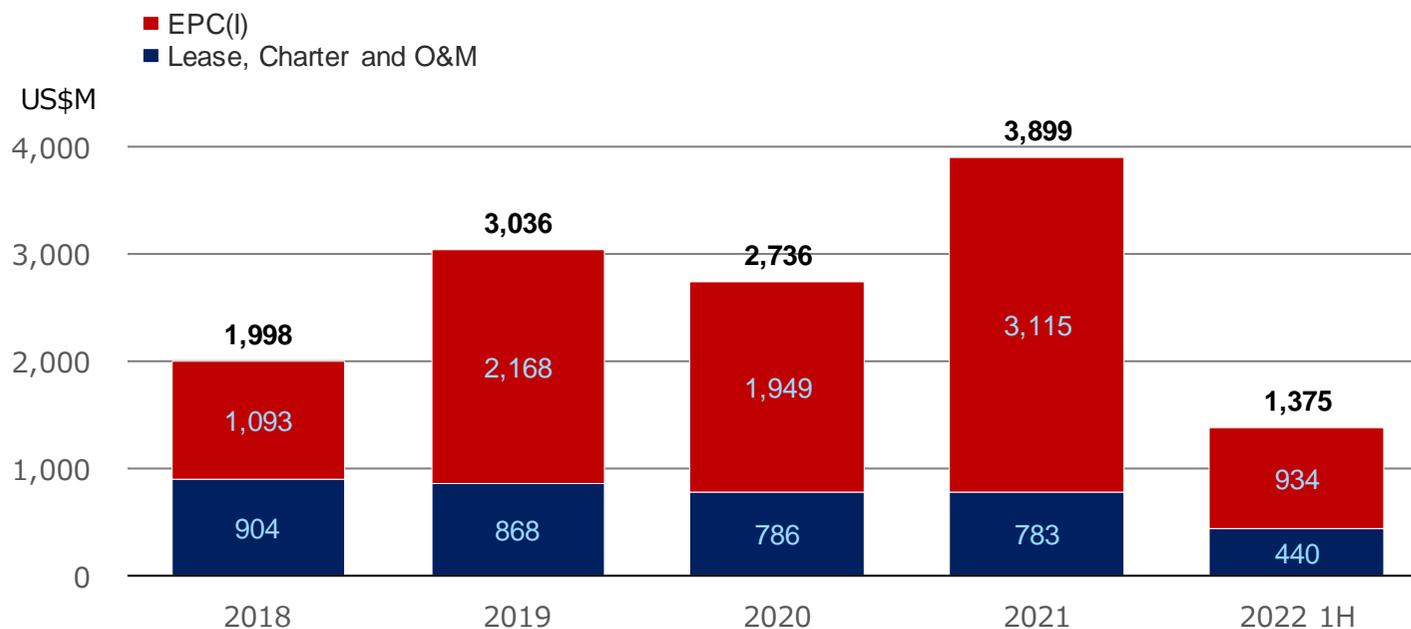
Highlight

Market View & Outlook

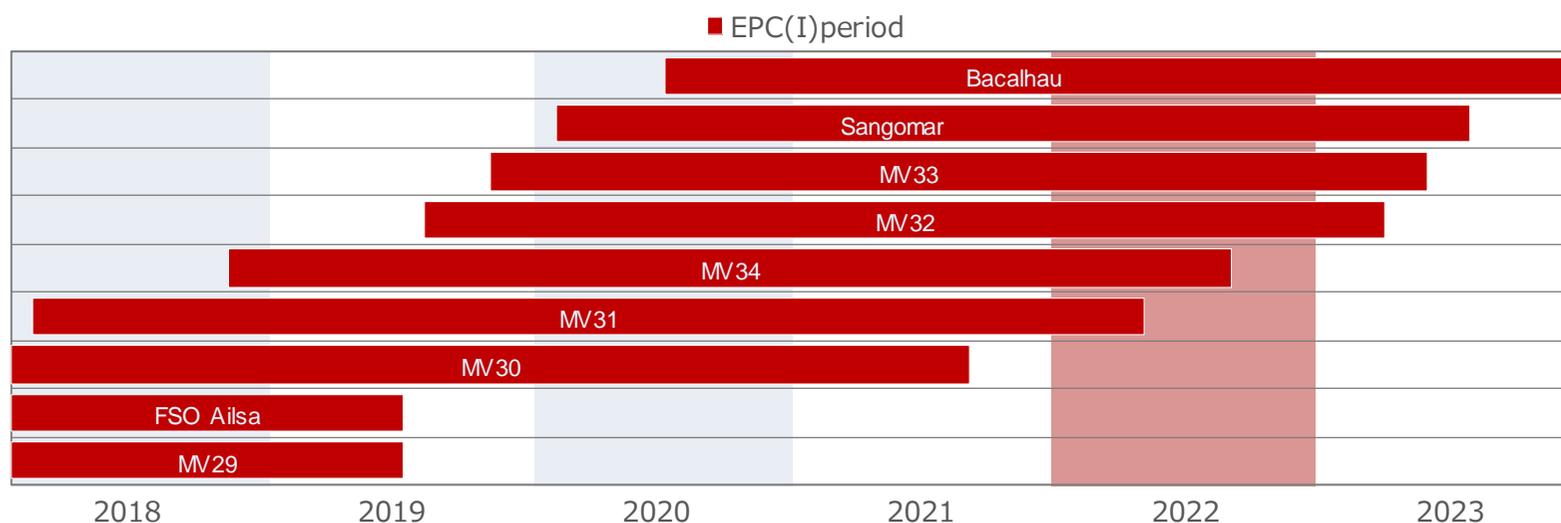
Financial Results

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Revenue



- Progress may slow down as the construction work is near its final stage
- Focus on awards for new projects



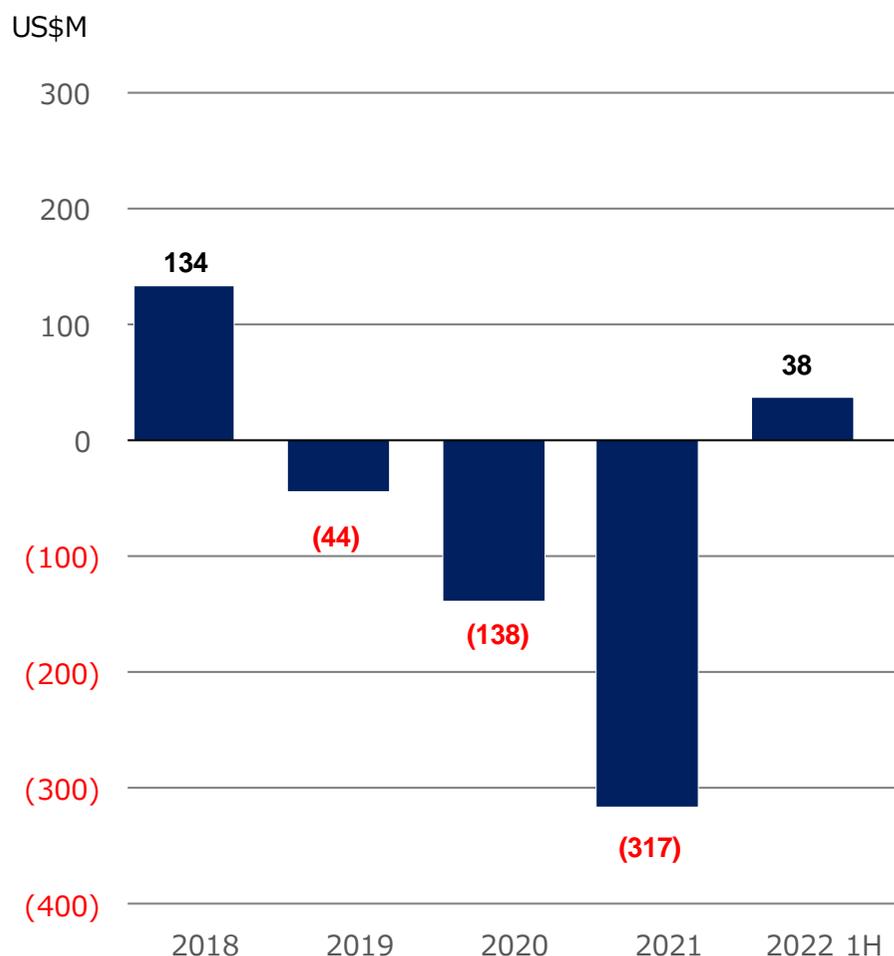
2022 1H construction revenue (US\$M)

Bacalhau	: 300
Sangomar	: 300
MV32	: 100
MV33	: 100
Others	: 100

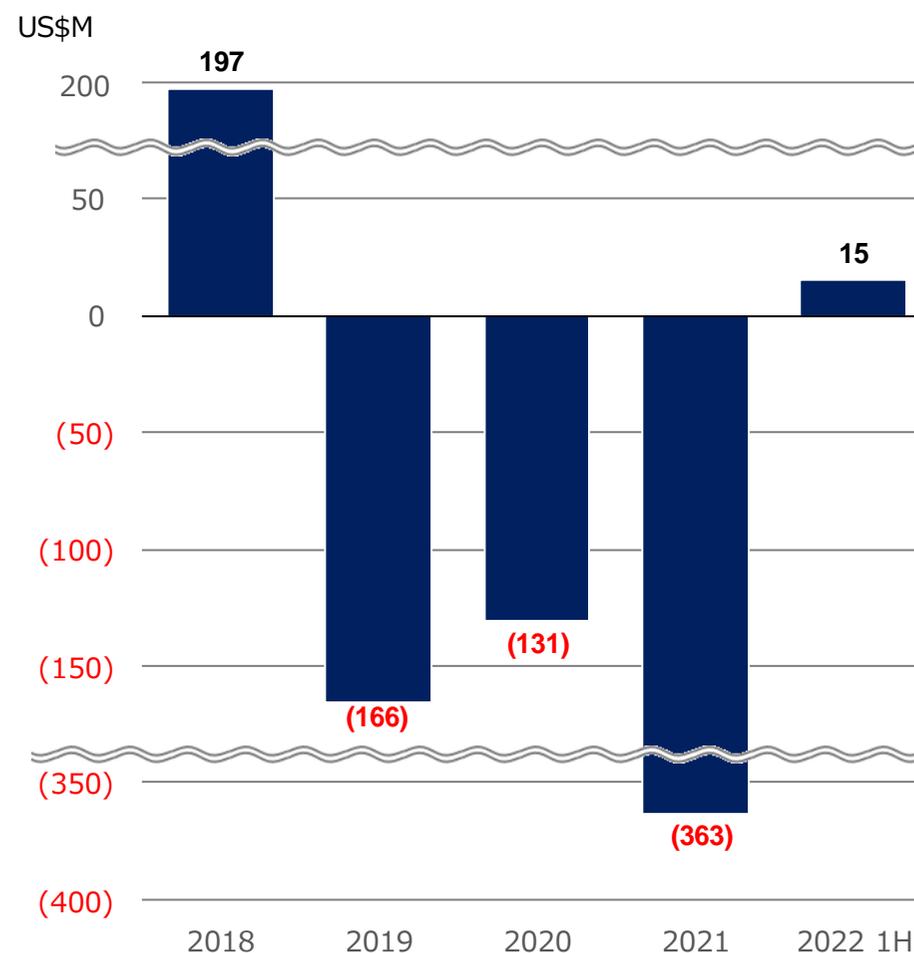
Operating Profit / Profit Attributable to Owners of Parent

We secured profits in the first half of the year to end in profit for the first time since FY2018, although the impact of COVID-19 on the business still remains, such as delays in construction work.

Operating Profit



Profit Attributable to Owners of Parent

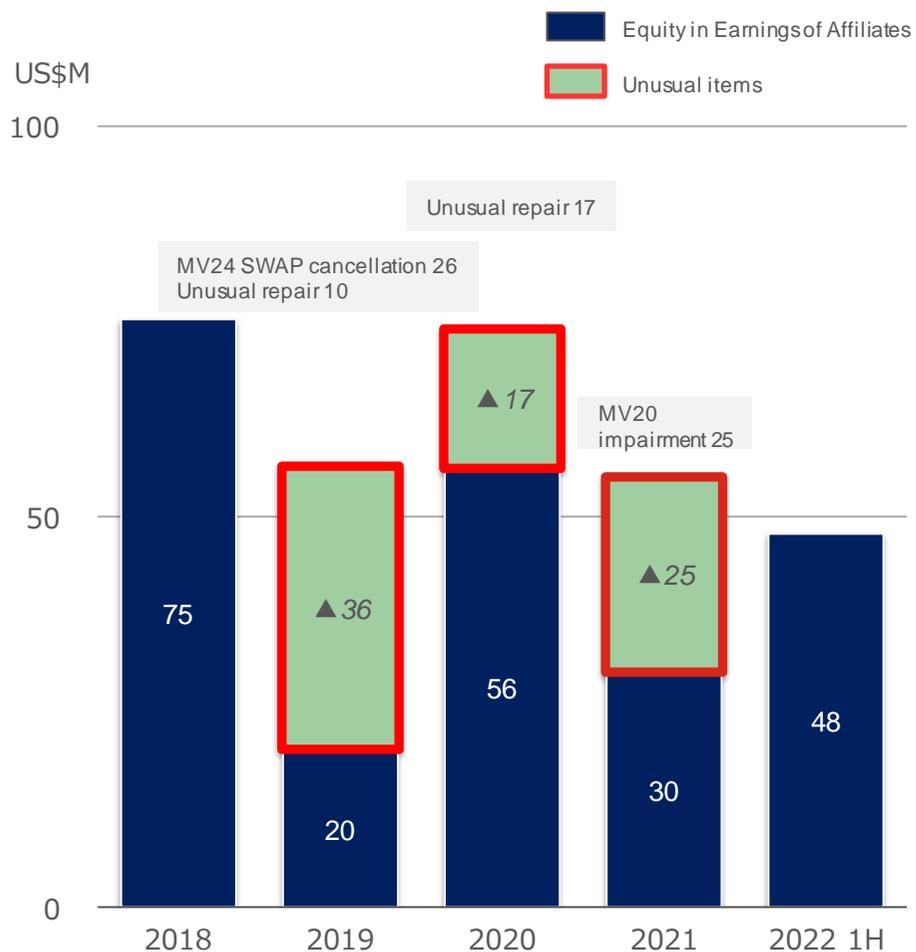


(Note) Shifted to IFRS from FY2020, and record equity in earnings of affiliates, etc. as operating income

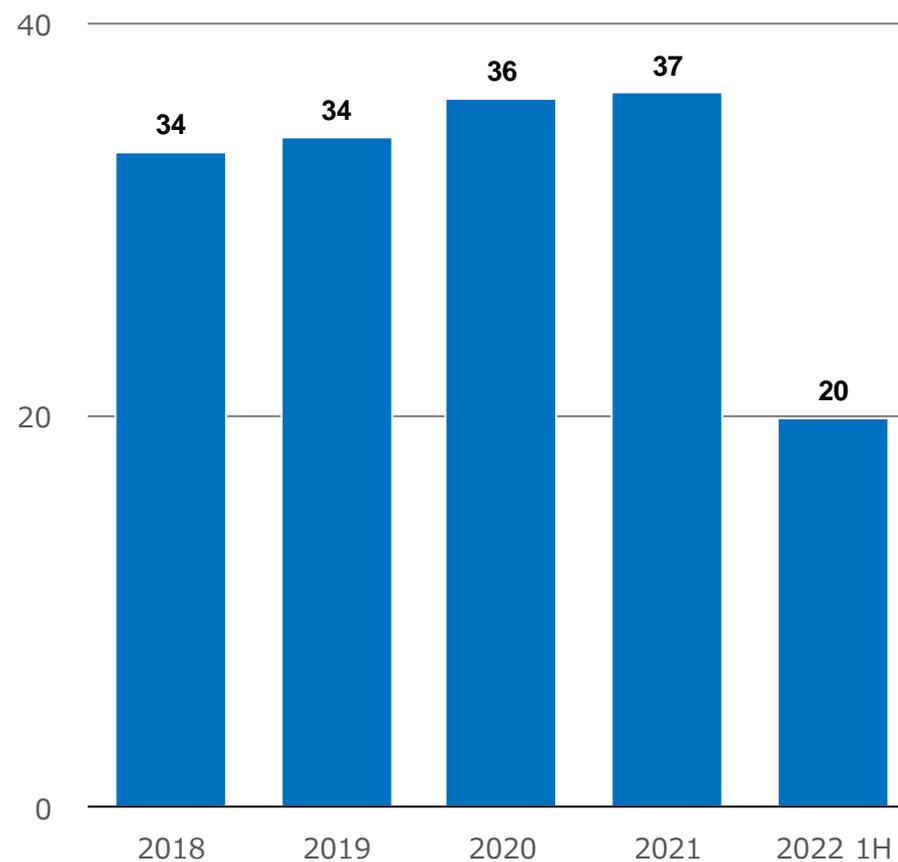
Equity in Earnings of Affiliates / Interest Income

Progressed smoothly without unexpected long-term shutdowns or impairment losses.

Equity in Earnings of Affiliates



Interest Income (Charter related)

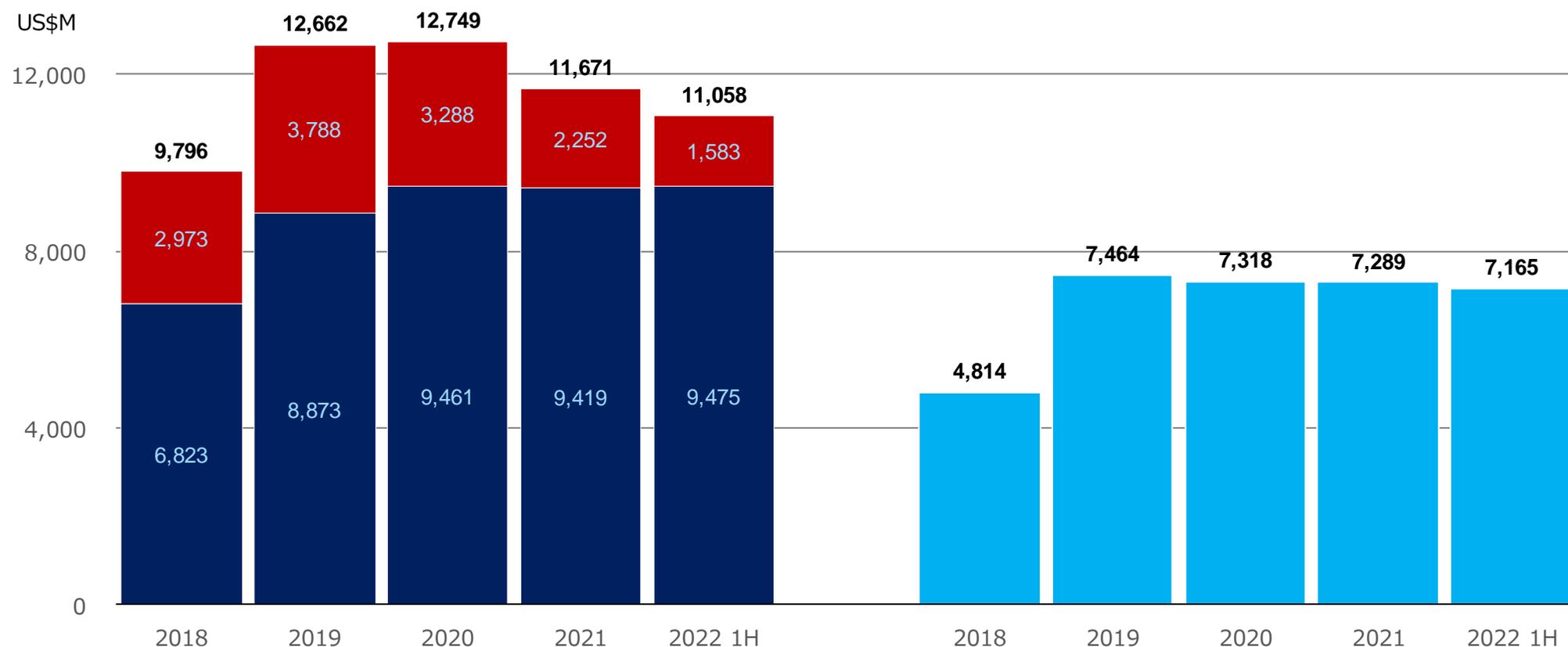


Order Backlogs

- Charter/O&M order backlog remains at a high level with long-term contracts
- Order backlog for construction work will decrease due to progress in existing construction projects. Thus we focus on new project awards.

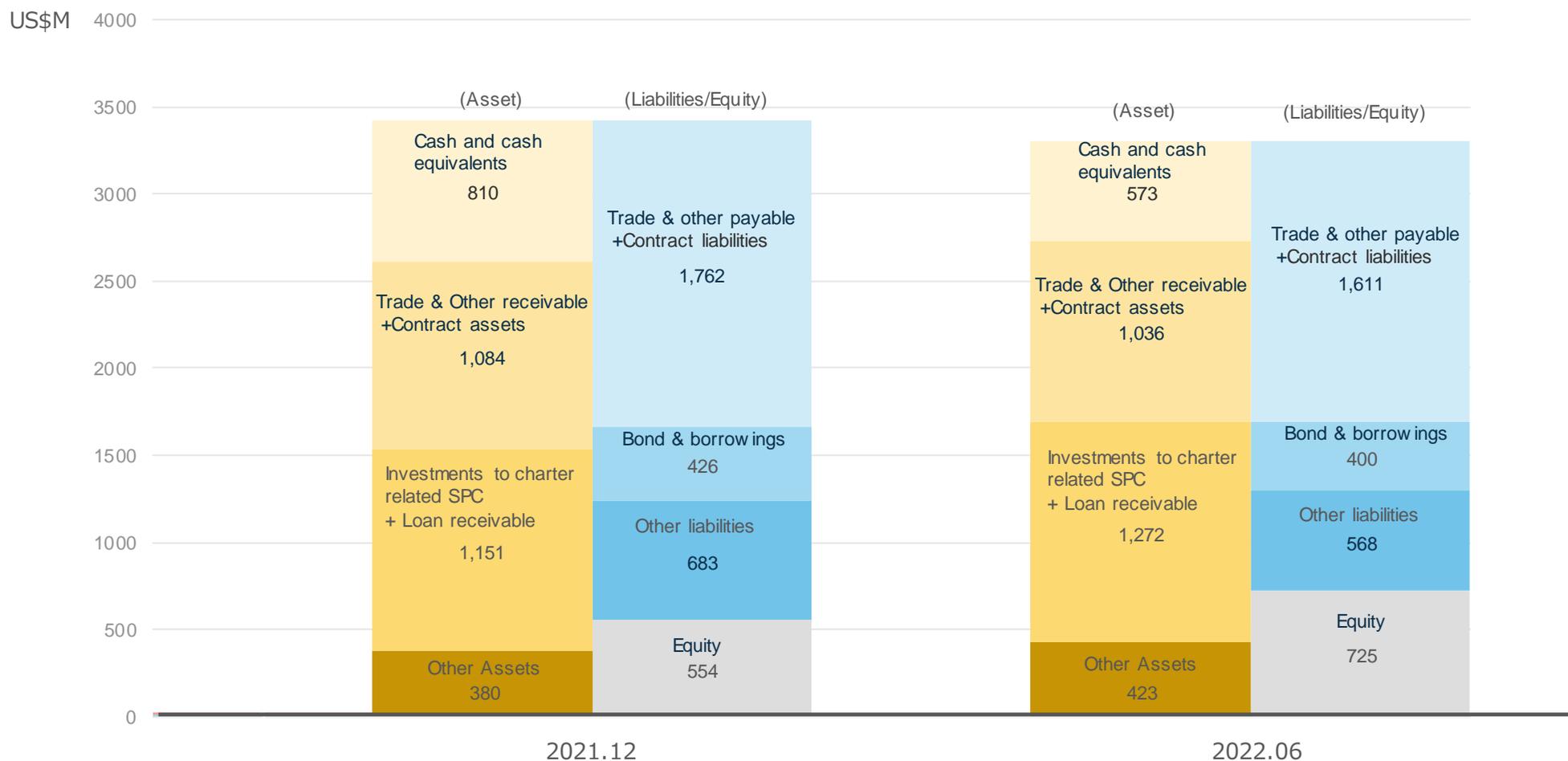
■ EPC(I)
■ Lease, Charter and O&M

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



Balance Sheet

- The balance of cash and deposits remaining as working capital decreased due to changes in trade receivables/debts and contract assets/liabilities as the result of the progress of construction projects,
- Due to the rise in U.S. interest rates, the minus of "Other components of equity" related to the valuation of swaps to fix interest rates disappeared, and the ratio of equity attributable to owners of the parent improved from the end of the previous year.





Thank you