



MODEC, Inc.
2023 Financial Results
Analysts Presentation

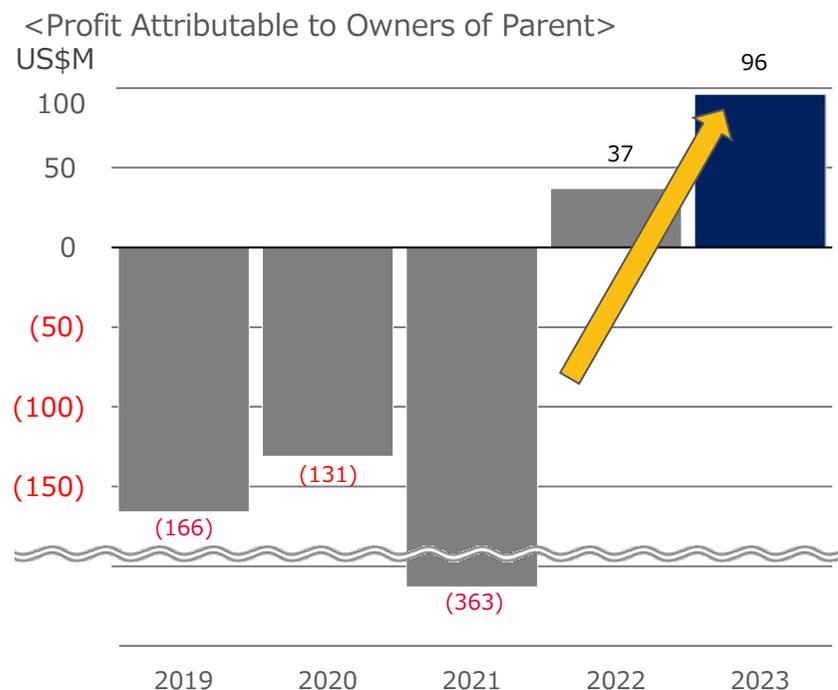
February 15, 2024

1. Highlight

2. Financial Results

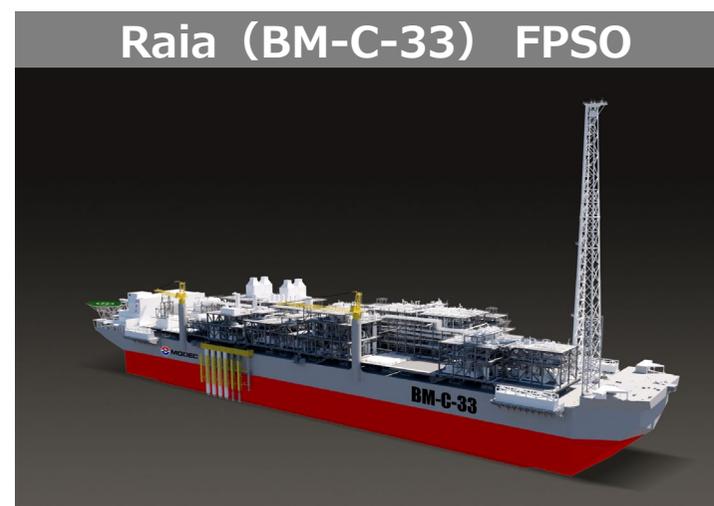
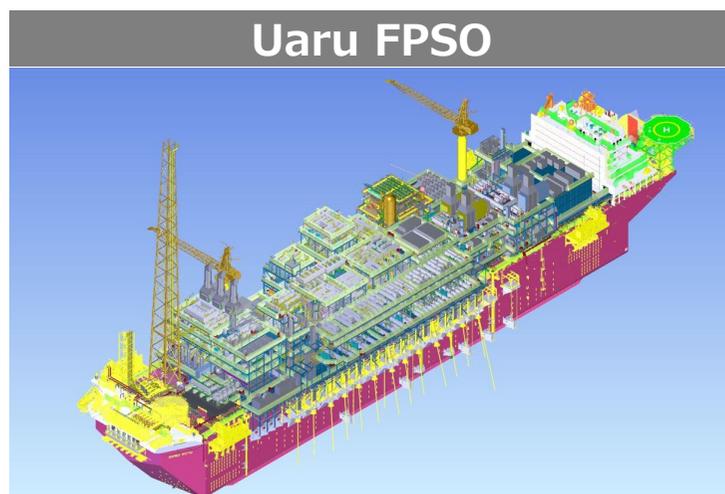


FY2023 : Highlights



Profit increased significantly due to good progress in the construction work of new EPCI projects and improved asset integrity of old Brazil FPSO vessels

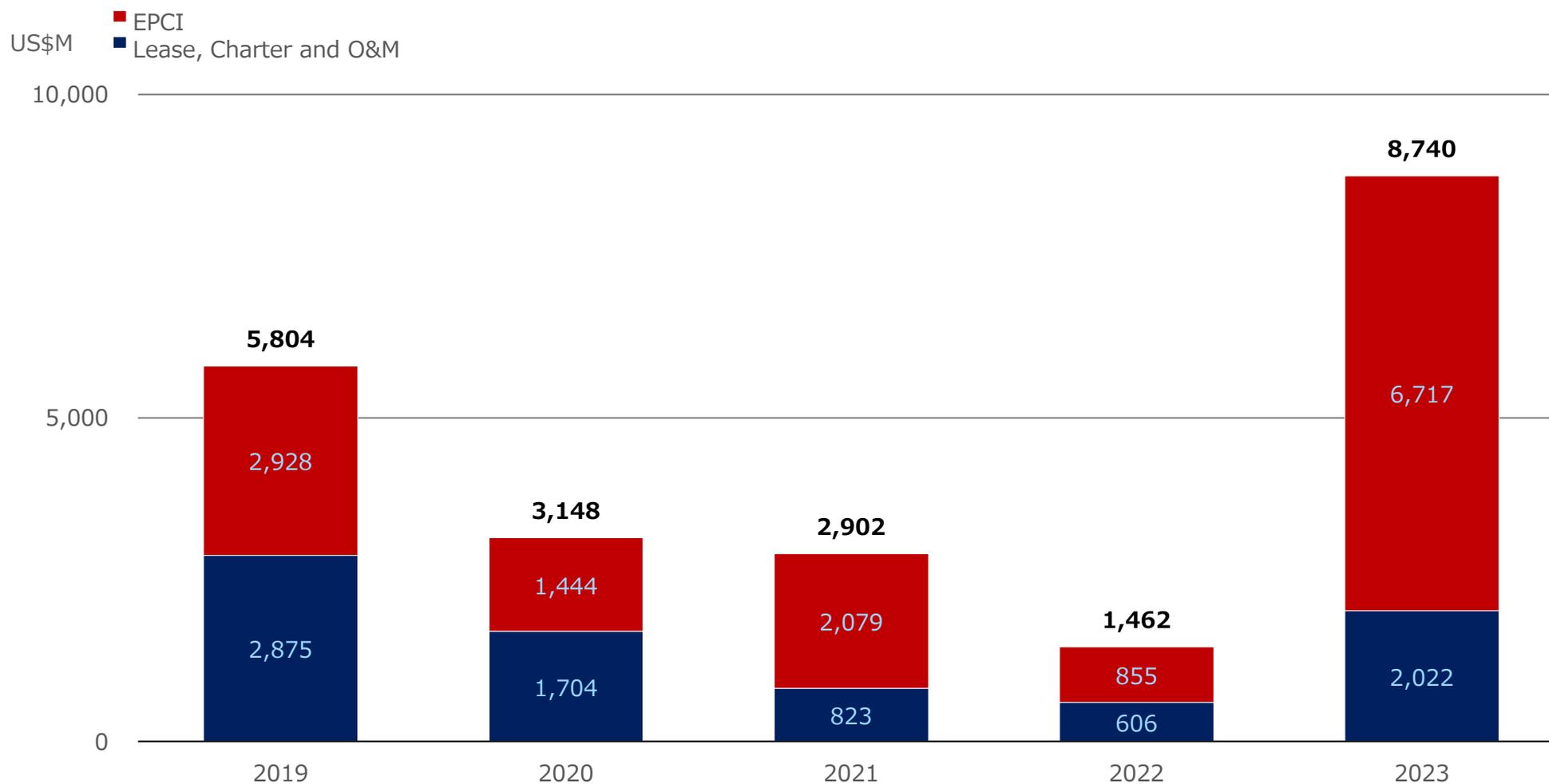
- EPCI works recorded good progress, including FPSOs awarded in 2023, namely ExxonMobil Uaru and Equinor Raia
- Special maintenance campaign using Flotels contributed to improvement in uptime performance of older vessels
- Contract to sell MV20 FPSO has been concluded
- Construction work of MV32 FPSO, MV33 FPSO has been completed and has entered the chartering stage



FY2023 : New Orders



New Orders recorded **historical high** of USD8,740 million

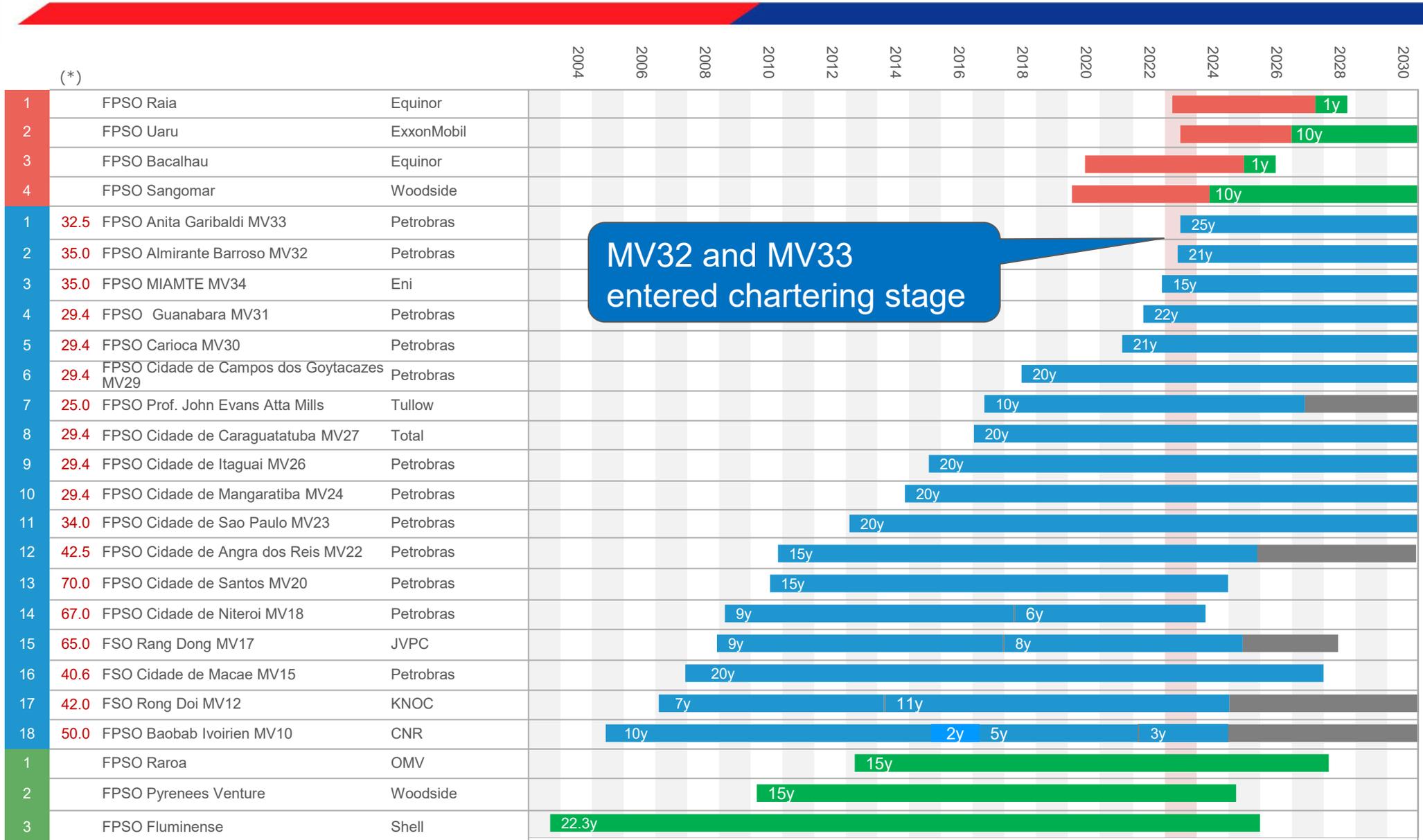


	FPSO Sangomar	FPSO Bacalhau	FPSO Uaru	FPSO Raia
Client	Woodside	Equinor	ExxonMobil	Equinor
Contract	Purchase Contract + O&M (10yrs+10 one-year extension option)	EPCI + Short term O&M	EPCI + O&M (10yrs)	EPCI + Short term O&M
First Oil (Planned)	2024	2025	2026	2027
Field	Sangomar	Bacalhau	Stabroek	BM-C-33
Location	Senegal	Brazil	Guyana	Brazil
Water Depth	780 m	2,027 m	1,690 m	2,900 m
Storage/ Production	1,300,000 bbls 100,000 bopd 130 mmscfd 	2,000,000 bbls 220,000 bopd 500 mmscfd 	2,000,000 bbls 250,000 bopd 540 mmscfd 	2,000,000 bbls 125,000 bopd 565 mmscfd

1. Highlight EPCI / Charter / O&M Period

As of December 2023

- EPCI period
- Time Charter fixed period
- Time Charter option period
- O&M period

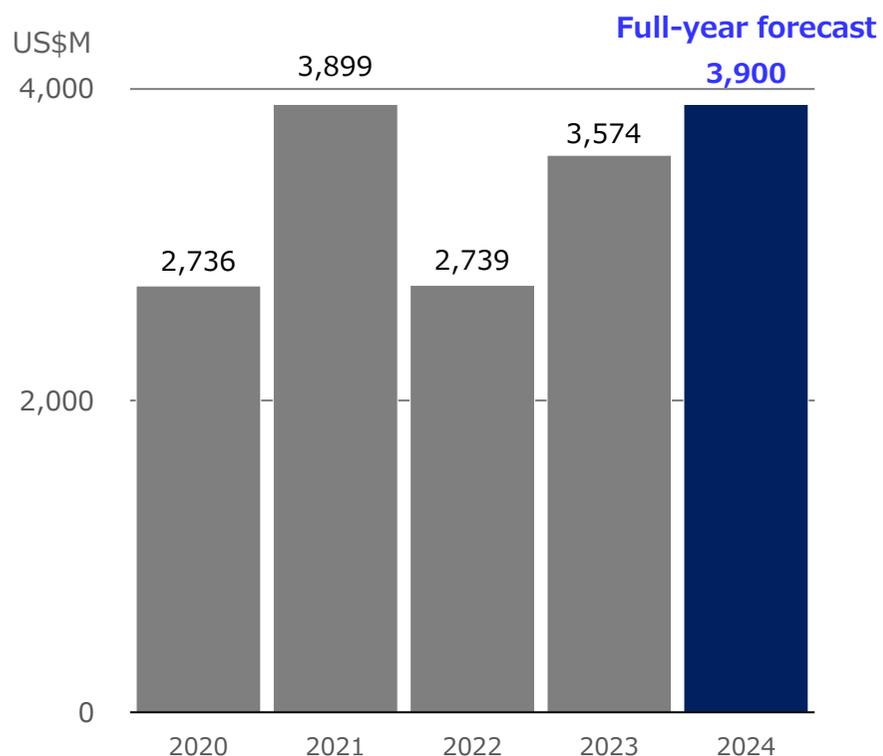


(*) Share % owned by MODEC group companies (Equity method companies)

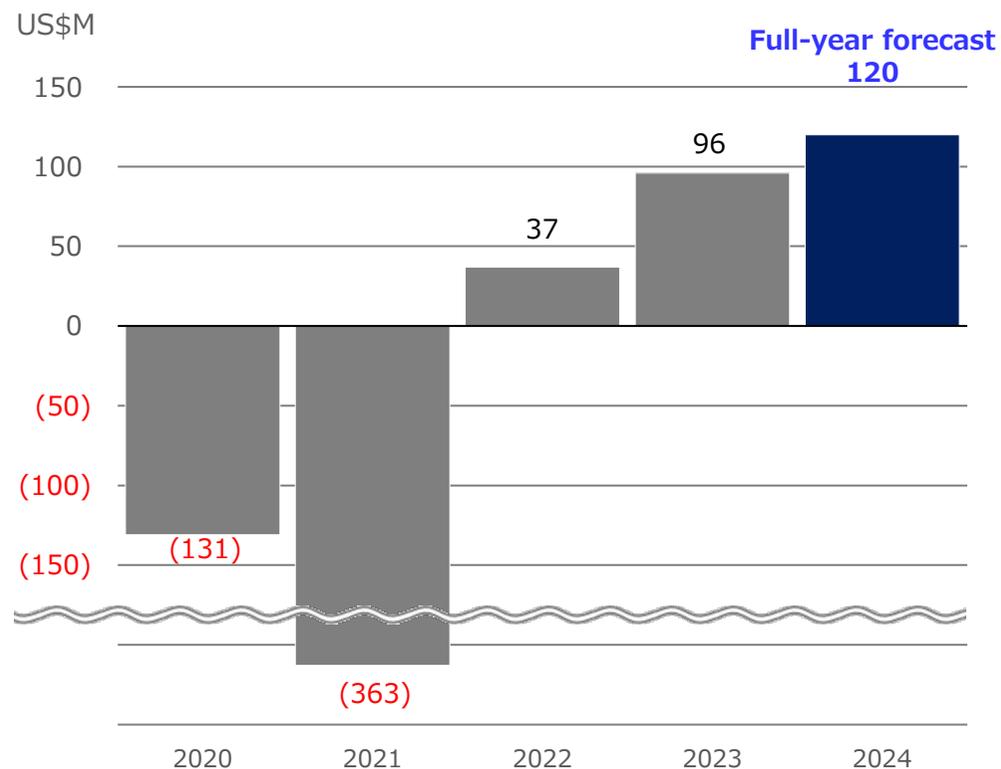
FY2024 : Outlook

- Revenue is expected to reach USD3,900 million due to progress in the construction work of two large EPCI projects, namely ExxonMobil Uaru and Equinor Raia, both of which were awarded in 2023.
- Although some additional expenses for maintaining asset integrity of older FPSO vessels are forecasted, Net Income is expected to increase to USD120 million due to progress in the construction work of two EPCI projects mentioned above and increase in equity-method investment income from charter commencement of MV32 and MV33 FPSO.

Revenue

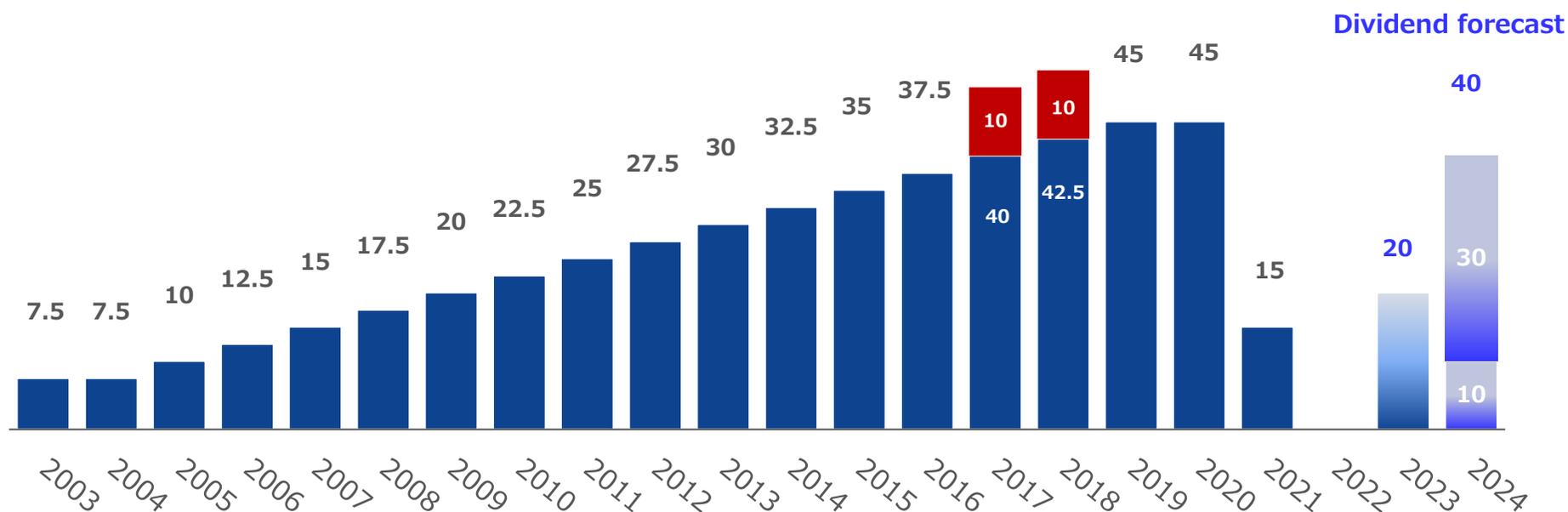


Profit Attributable to Owners of Parent



Annual dividend per share (JPY):

- Special dividend/commemorative dividend
- Ordinary dividend



- FY2023 Year-end dividend per share: JPY20 (the company has decided to propose at the General Meeting of Shareholders)
- FY2024 Annual dividend per share: JPY40 (forecast)
(Interim dividend: JPY10, Year-end dividend: JPY30)

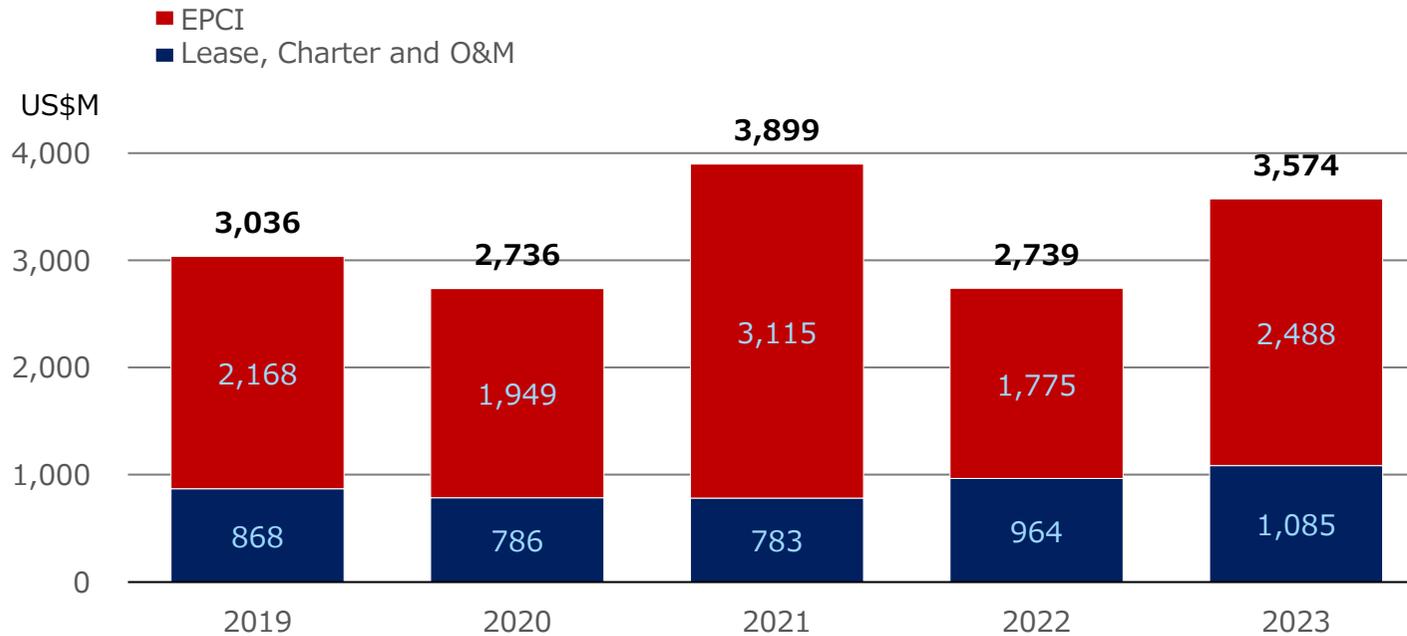
1. Highlight

2. Financial Results



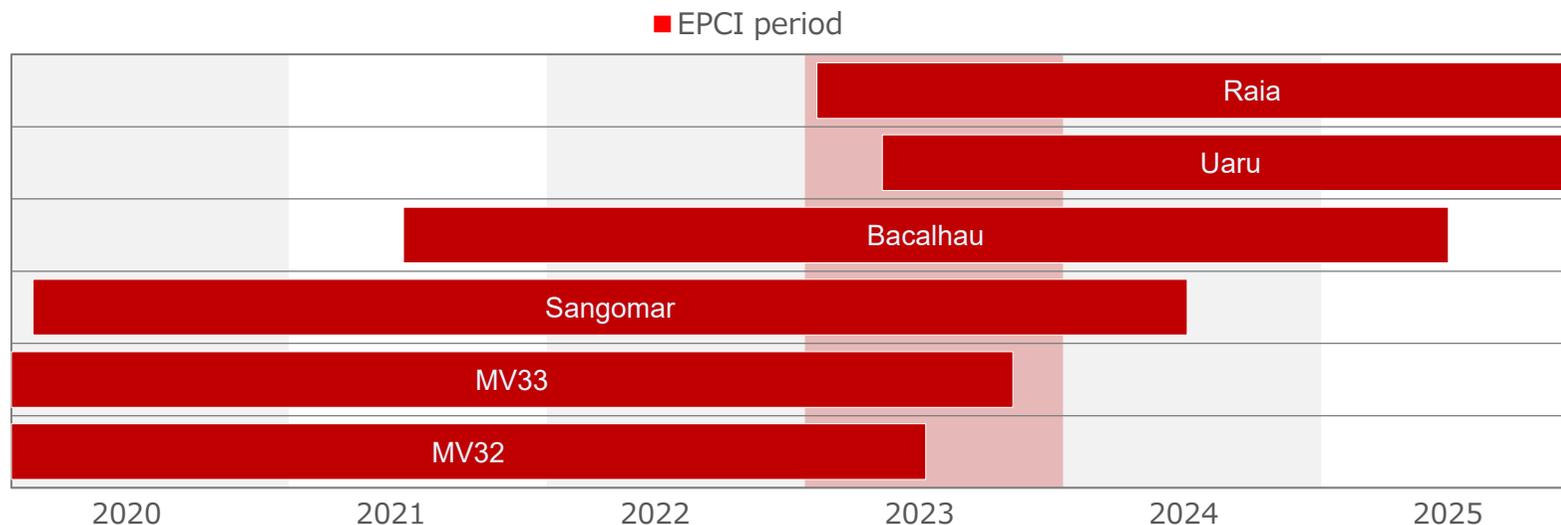
2. Financial Results

Revenue



Good progress in the construction work of EPCI projects

Revenue increased due to progress in the construction work of EPCI projects, mainly ExxonMobil Uaru, Equinor Raia, Equinor Bacalhau, and Woodside Sangomar



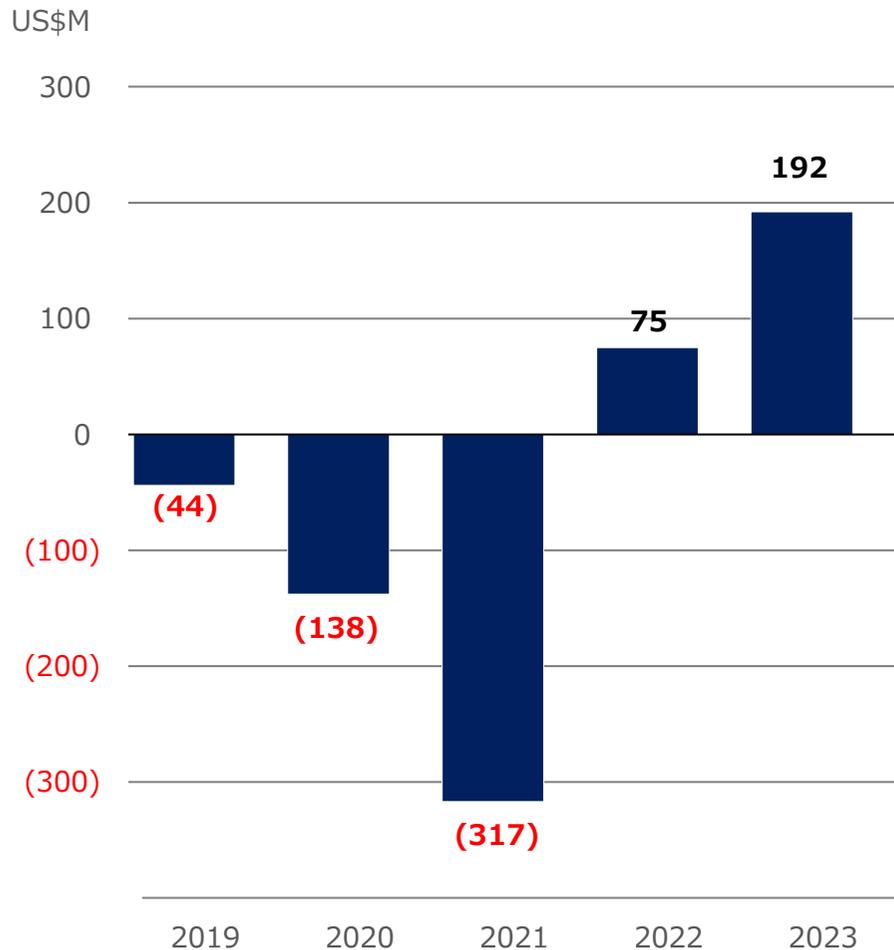
2023
EPCI revenue
(US\$M)

Uaru : 800
Raia : 500
Bacalhau : 500
Sangomar : 400

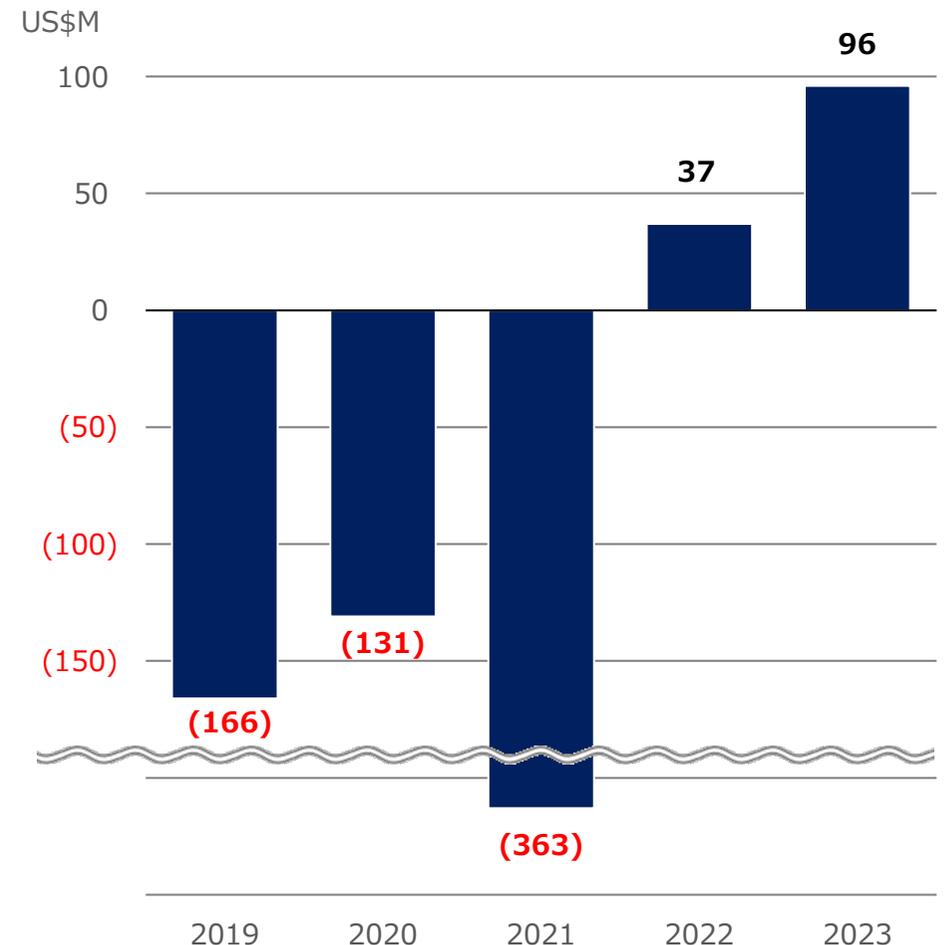
Operating Profit / Profit Attributable to Owners of Parent

Profit improved significantly with operating income of USD192million and net income of USD96 million

Operating Profit



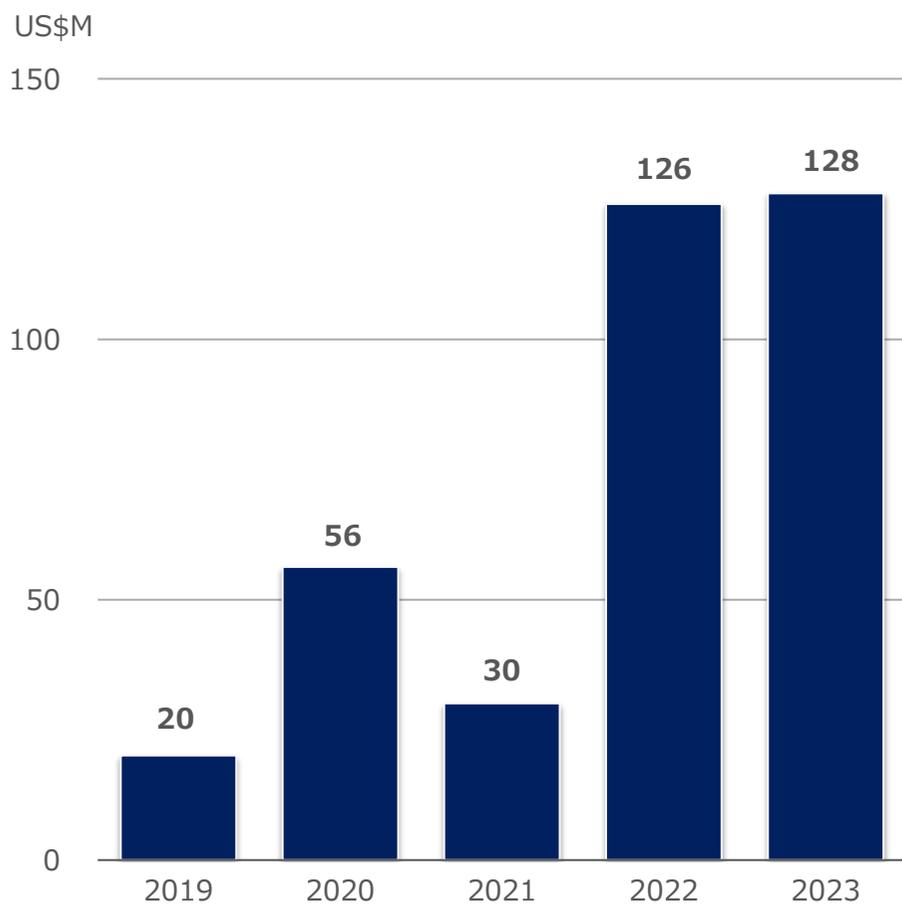
Profit Attributable to Owners of Parent



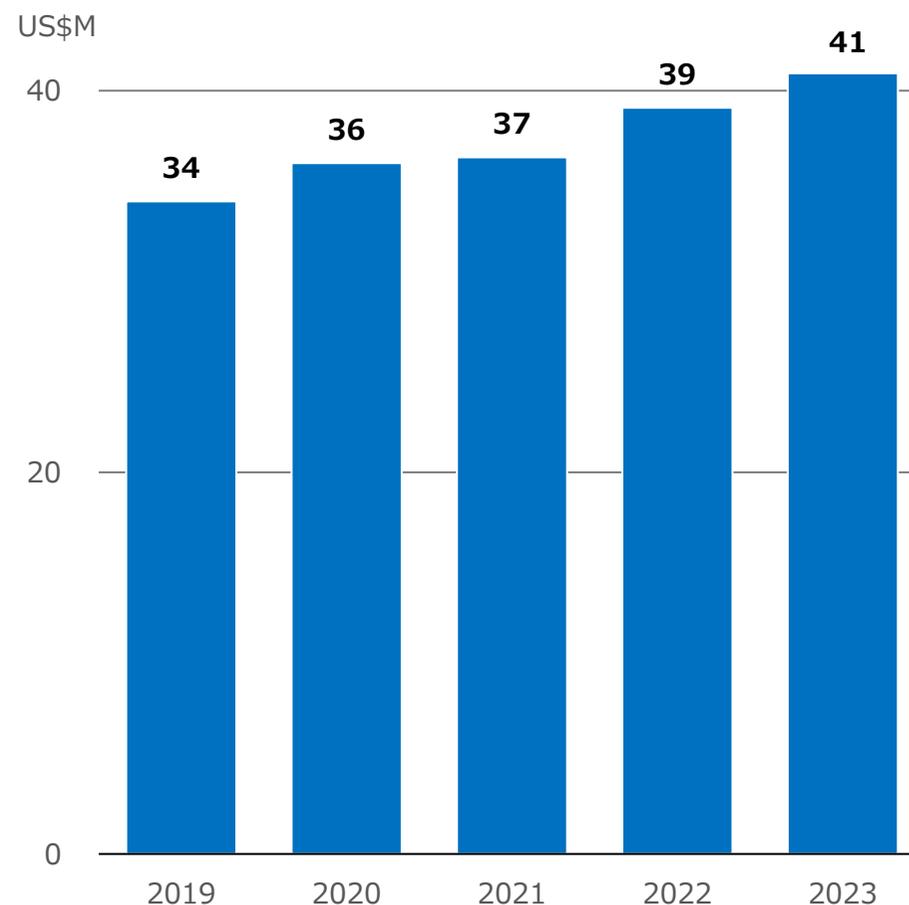
Equity in Earnings of Affiliates / Interest Income

Charter-related income (equity in earnings of affiliates and interest income) increased

Equity in Earnings of Affiliates

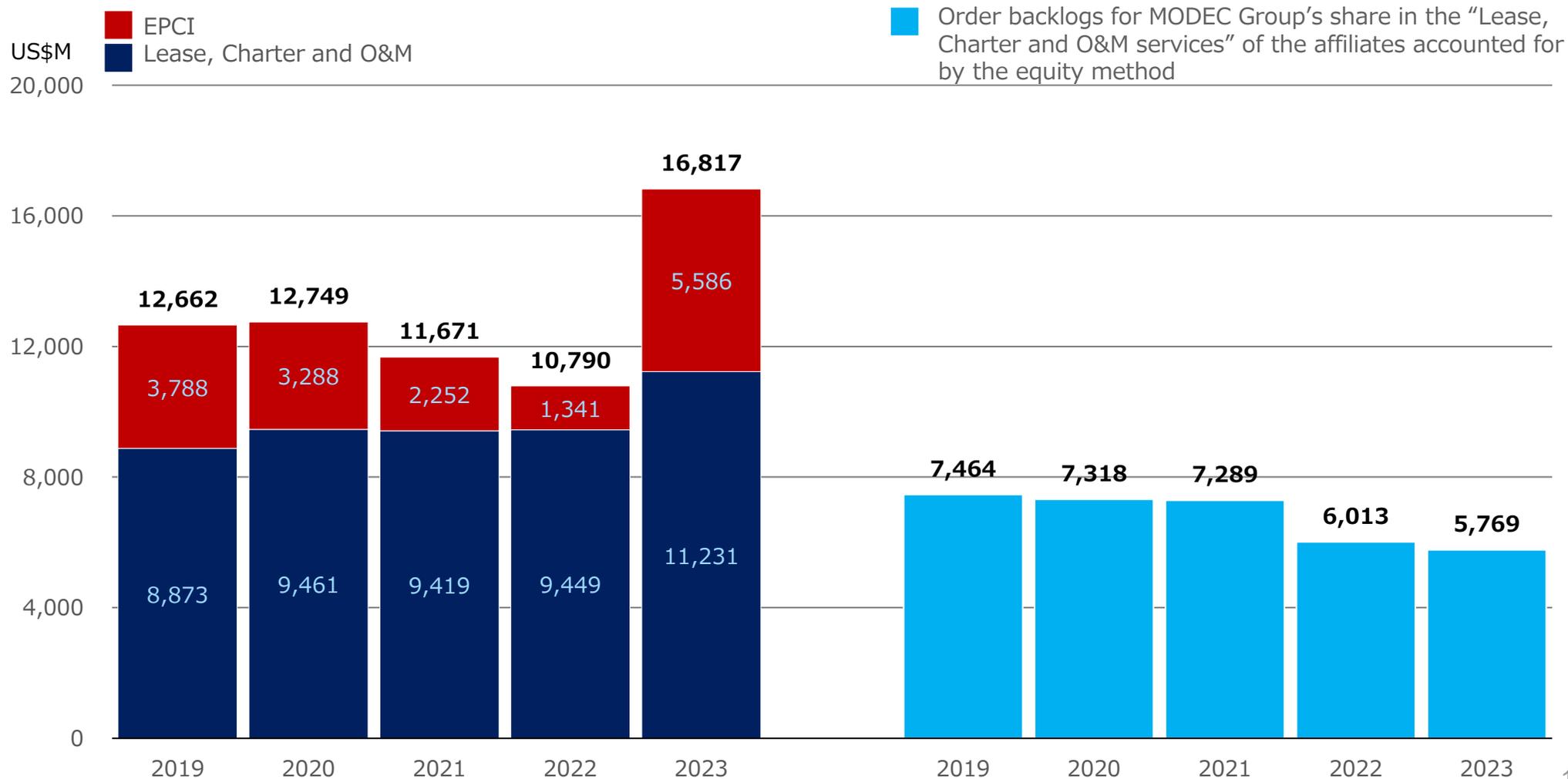


Interest Income (Charter related)



Order Backlogs

- Order backlog for construction work increased significantly due to two new orders received
- Charter/O&M order backlog remains at a high level with long-term contracts



Adjusted EBITDA (2023)

	GAAP	Adj. GAAP(*)
EPCI + O&M Operations	\$ 208MM	\$ 208MM
Charter Operations	\$ 212MM	\$ 167MM
Service Fee (PL / CF)	\$ 42MM	\$ 38MM
Interest received (PL / CF)	\$ 41MM	\$ 32MM
Equity method investment income(PL) / Dividend received (CF)	\$ 128MM	\$ 96MM
SGA (PL)	\$ ▲188MM	\$ ▲188MM
Depreciation (CF)	\$ 40MM	\$ 40MM
Payments of lease liabilities (CF)	\$ ▲25MM	\$ ▲25MM
Unusual Items	\$ 88MM	\$ 88MM
Adjusted EBITDA	\$ 336MM	\$ 290MM

(*) Adj. GAAP Charter Operations is cashflow basis

- Dividend received (Adj. GAAP) : Dividend received from SPCs – Source of dividend is from profits earned by the charter business in the previous year

※Dividend is paid after agreement between the SPC sponsors based on the cash balance at each point in time, so there is a difference in the timing of recognition from equity method investment income (PL).

- Unusual Items are added back to the EBITDA as reported to calculate “recurring” EBITDA (**Adjusted EBITDA**)

Covid-19 impact

Additional costs incurred from delay in construction work due to Covid-19

Special maintenance

Intensive maintenance work costs using accommodation vessel (flotel) for MV22

Financial position and cash flow

Financial Position

Unit : US\$M	2022.12	2023.12	Variance
Cash and cash equivalents	492	1,013	521
Trade & Other receivable	478	592	114
Contract assets	257	185	-72
Investment accounted for using equity method	1,114	1,374	260
LT loan receivable	365	348	-17
Total assets	3,136	3,887	751
	2022.12	2023.12	Variance
Trade & Other payable	921	1,189	268
Contract liabilities	499	590	91
LT Bond & borrowings	393	570	177
Total liabilities	2,295	2,852	557
Share capital / Capital surplus	563	378	-185
Retained earnings	131	522	391
Other components of equity	118	94	-24
Equity attributable to owner of parent	811	992	181
Non-controlling interests	29	42	13
Total equity	841	1,035	194
Total liabilities and equity	3,136	3,887	751
D/E ratio	0.5倍	0.6倍	-

Cash flow

Unit : US\$M	2022.12	2023.12	Variance
Cash flows from operating activities	-208	485	693
Cash flows from investing activities	-56	-210	-154
Free cash flows	-264	275	539

Thank you

