



MODEC and TOYO to enter into Discussions and to conduct Feasibility Study regarding Business Alliance

Tokyo, July 15, 2021 – MODEC, Inc. (“MODEC”, President & CEO: Takeshi Kanamori) announced today that it reached an agreement with Toyo Engineering Corporation (“TOYO”, President & CEO: Haruo Nagamatsu) to execute a Memorandum of Understanding (MOU) to enter into discussions and to conduct the Feasibility Study (“FS”) regarding the alliance in the Engineering, Procurement, Construction and Installation (EPCI) business for Floating Production Storage and Offloading (FPSO) vessels. Subject to the result of the discussion and FS, the business alliance also contemplates the establishment of a joint venture company by the end of 2021.

Potential demand for FPSOs is expected to remain consistent with global demand for oil and gas, and development of new projects is also expected to proceed steadily. Therefore, MODEC and TOYO recognize the important roles they play in contributing to the society by supplying stable energy through the FPSO business. Furthermore, both companies recognize that efforts to realize a decarbonized society are one of the missions as leading companies in each industry, and MODEC and TOYO aspire to explore into a new business as well as to develop new technologies for next-generation FPSOs through the synergies of the two companies.

Based on these backgrounds and expected synergies between MODEC and TOYO, key expectations toward the business alliance are:

- (1) Enhancing engineering and project management capabilities;
- (2) Enhancing and optimizing human resources and organizational structure;
- (3) Leveraging capacities to address multiple large-scale projects;
- (4) More cost-competitive offering to secure projects;
- (5) Enhancing profitability of EPCI business through efficient cost estimate/reduction initiatives;
- (6) Developing new technologies applicable to next-generation FPSOs; and
- (7) Exploring new technology and product opportunities in growth markets for realization of decarbonized society.

MODEC is a leading provider of floating production solutions such as FPSOs to the offshore oil & gas industry. MODEC performs EPCI activities for FPSOs, and further by owning and operating its own FPSOs, it provides oil companies around the world with comprehensive and competitive solutions for oil & gas production services. As offshore oil and gas development projects increase in scale and move into deeper and deeper waters, the durations of the client contracts for FPSOs have become long-term as well as FPSOs have increased in size and complexity. As one of the few companies that can address these large-scale FPSO projects, MODEC recognizes the importance of enhancement of its engineering and project management capabilities, to meet clients’ expectations toward it. Furthermore, MODEC, as a leading company in the industry, is aiming to develop environmentally-friendly technologies for next-generation FPSOs.

TOYO is a global engineering group that has rich EPC experience in industrial facilities, such as oil & gas development, refinery, petrochemicals, fertilizer, power generation and transportation systems. There are 6 autonomous EPC group affiliates widespread across the world. With this global network, TOYO is aiming for solutions emphasizing both “Aim to realize an environmentally-friendly society” and “Enrich people’s lives”.

For the past 15 years, MODEC and TOYO have been collaborating on the topside EPC scopes for several FPSO projects. Both companies expect further synergy effects of more comprehensive collaboration which covers a full range of EPCI business, including hull and marine of FPSOs.



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The information contained in this news release is true and accurate at the time of publication; however, it may be subject to change without prior notice.