



MODEC, Inc. 2021 Financial Results Analysts Presentation

February 14, 2022



Highlight

Market View & Outlook

Financial Results

(Note)

From the end of the current consolidated fiscal year, 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.

2017: 1 US dollar = 113.00 yen

2018: 1 US dollar = 111.02 yen

2019: 1 US dollar = 109.54 yen



FY2021 : Highlights



Equinor Bacalhau FPSO

Client	Equinor
Contract	Sales and Purchase Agreement
Field Location	Bacalhau Field (ex Carcara Brazil)
Water Depth	2,027m
Oil Production	220,000 bopd
Gas Production	500 mmscfd
Storage Capacity	2,000,000 bbls

- Recorded a large final loss (loss for the current term is US \$ 363M)
- * Approximately US\$296M is provision for future expected costs
 - MV20 investment impairment : US\$100M
 - MV15/18/20 provision for future expected repair costs: US\$109M
 - MV31/33 provision for additional construction costs: US \$ 87M
- Equinor Bacalhau EPCI formal contract comes into effect
- MV30 Sepia charter started

FY2021 : Factors for downturn(1)

Deterioration of the old fleets(MV15/MV18/MV20)

Coronavirus infection spread

Corona infections in FPSO, and the number of passengers on board is limited

Due to aging, long-term shutdown and equipment failures occur

Based on the above situation, review the assumption of future uptime and repair cost

Recognition of investment impairment and provision for future expected costs

- Decrease in income and increase in repair costs due to prolonged shutdown period
- provisions for O&M repair costs of old Brazilian fleets
- MV20 investment impairment

FY2021 : Factors for downturn(2)

Construction work(EPCI)

Expected a large amount of additional cost due to extension of construction period, specification change, etc.

MV31

- As a result of restriction on entry into China due to the influence of the coronavirus, the construction period has been extended.
- Costs increase due to changes in project implementation plan due to the above reason.
- Provision for replacement costs for on-board equipment.

MV33

- Provision for the costs due to the fact that the quantity of on-board equipment is different from the initial assumption.
- Provision for the acceleration costs to prevent delays in construction.

FY2022 : O&M/AM Forecast

O&M + AM Gross Profit

(UNIT : US\$M)	2021(Actual)	2022(Forecast)
O&M	(53)	6
AM	(128)	(149)
subtotal	(181)	(143)
Provision/Reversal of provision	(109)	74
Total	(290)	(69)

- Due to the provision for repair costs for old Brazilian fleets in the current fiscal year, losses from the next fiscal year onward is expected to decrease.
- With the termination of the contract for the old fleets, the profit and loss of Brazil O&M as a whole is expected to improve.

FY2022 : Charter Forecast

Equity in Earnings of Affiliates + interest income

(UNIT : US\$M)	2021(Actual)	2022(Forecast)
Interest income	40	45
Equity in Earnings of Affiliates	29	81
Total	69	126

- In 2021, there are impacts from shutdown of MV18/20 and impairment loss of MV20
- Charter of MV31/34 will start in 2022, and MV32/33 will be chartered in 2023, which will contribute to the increase in charter profits.

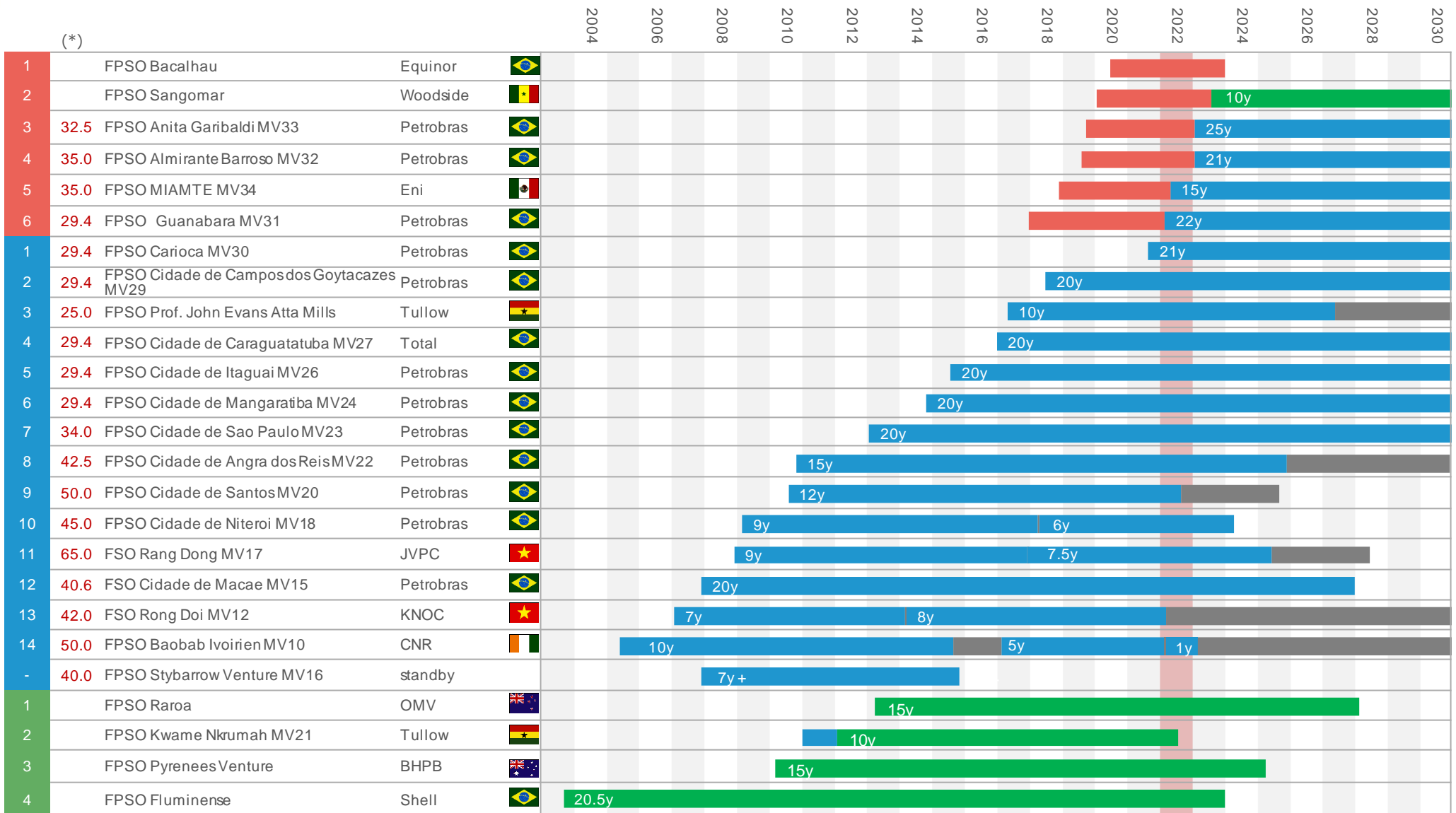
FY2021 : EPC(I) (as of December 2021)

	FPSO Guanabara MV31	FPSO MIAMTE MV34	FPSO Almirante Barroso MV32	FPSO Anita Garibaldi MV33	FPSO Sangomar	FPSO Bacalhau
Client	Petrobras	Eni Mexico	Petrobras	Petrobras	Woodside	Equinor
Contract	EPCI + Time Charter (22 yrs)	EPCI + Time Charter (15 yrs + 5 one-year extension options)	EPCI + Time Charter (21 yrs)	EPCI + Time Charter (25 yrs)	Purchase Contract (10 yrs + 10 one-year extension options)	EPCI + Short term O&M
Delivery (Planned)	2021	2022	2023	2023	2023	2024
Field	Mero	Area 1 Block	Búzios	Marlim	Sangomar	Bacalhau
Location	Brazil	Mexico	Brazil	Brazil	Senegal	Brazil
Water Depth	2,100 m	32 m	1,900 m	670 m	780 m	2027 m
Storage/ Production	1,400,000 bbls 180,000 bopd 424 mmscfd	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 January 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



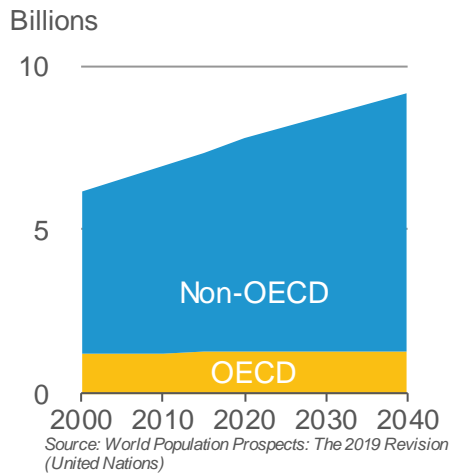
Highlight

Market View & Outlook

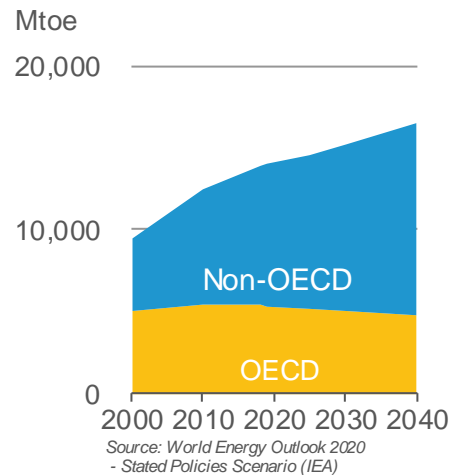
Financial Results

Energy Demand and Supply

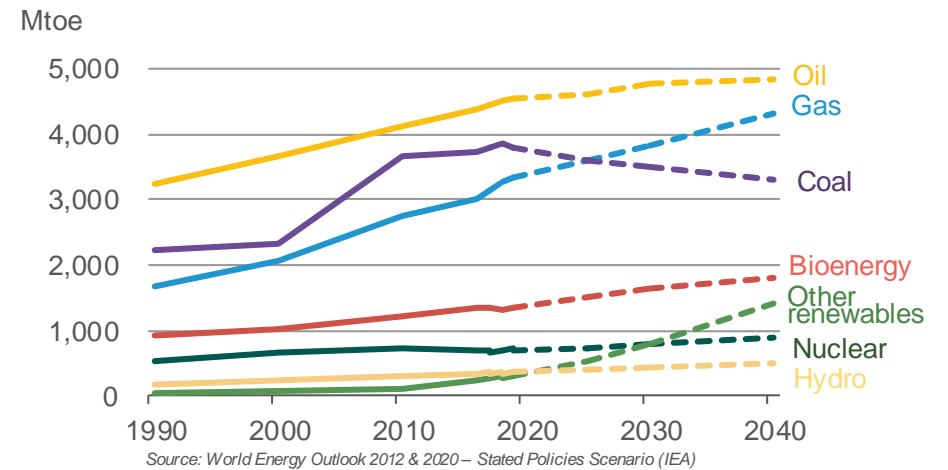
World Population



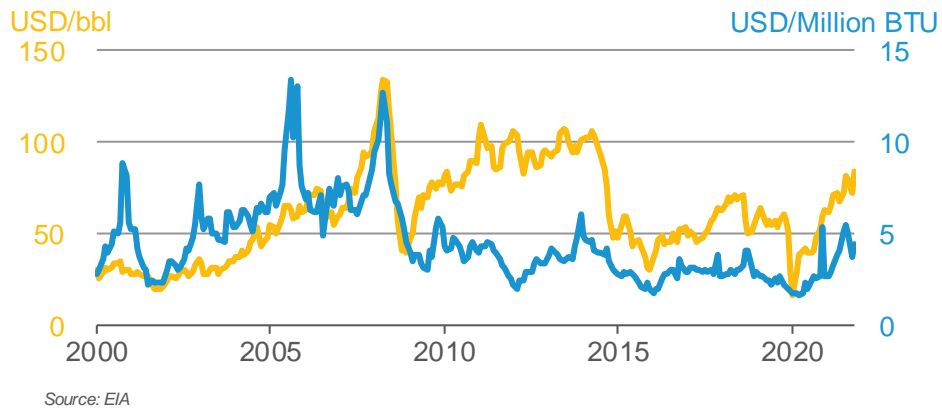
Energy Demand



Demand by Energy Type

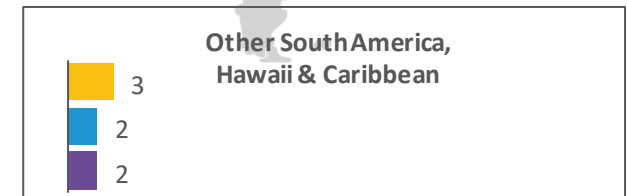
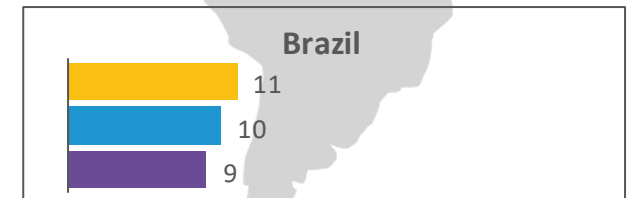
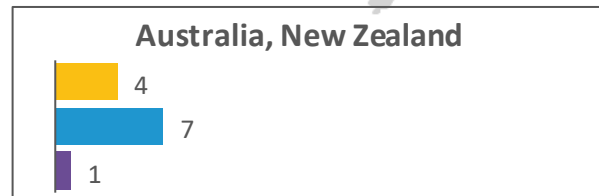
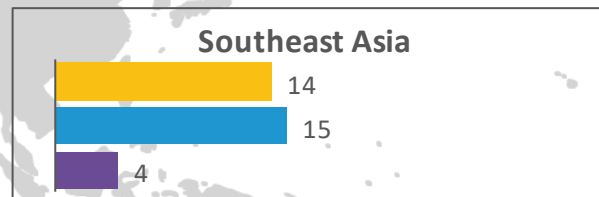
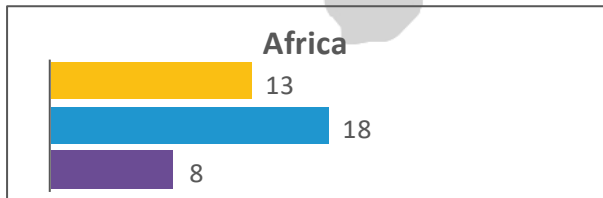
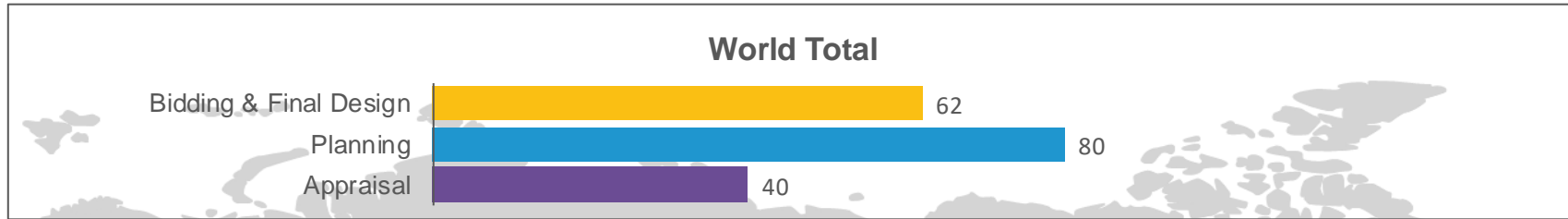


Oil & Natural Gas Prices (WTI/Henry Hub)



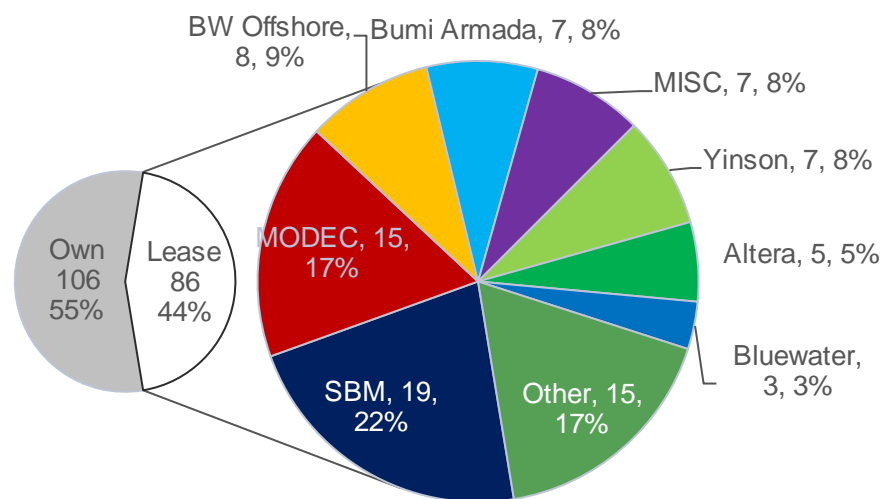
Floating Production Systems Planned or Under Study

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

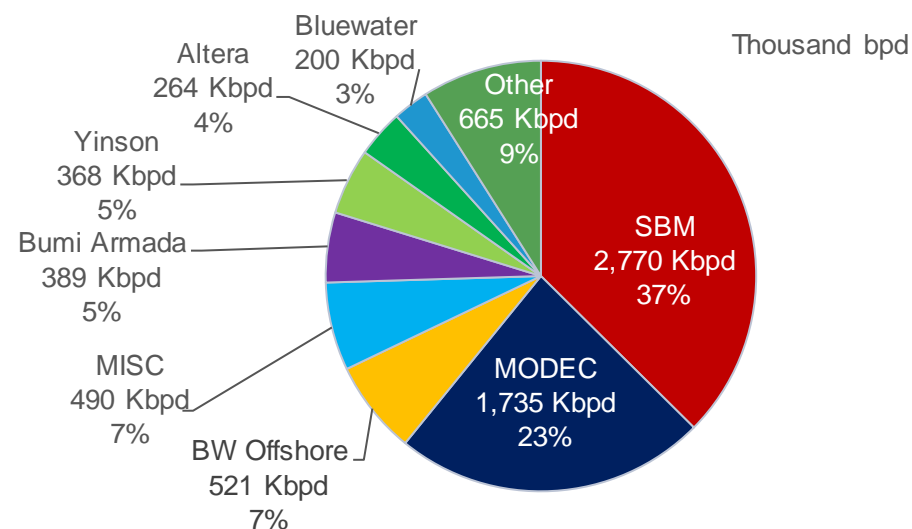


Competitive environment

Share by Number of Leased FPSOs



Share by Oil Production Capacity

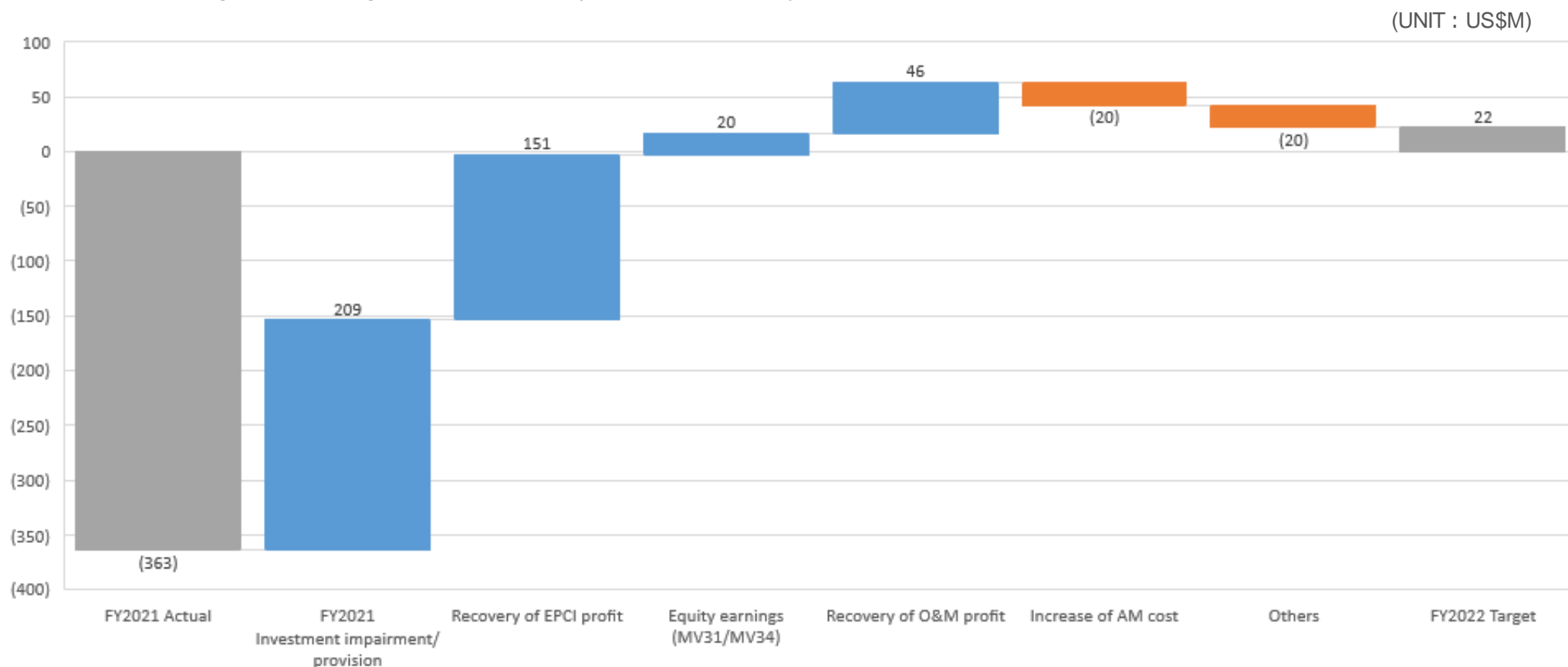


Source: Prepared by MODEC based on EMA2022 Jan FPS Quarterly Report

- (1) As of January 2022, the share of our company and SBM in Lease projects is 39% on a number basis and 60% on a production volume basis.
- (2) Currently, while the capacity of each FPSO company is tight, each company is actively working to secure contracts after the current project is completed, with a view to tapering new FPSO demand in the medium term.
- (3) Especially in Brazil, Yinson, BWO, MISC, etc. have entered the Charter project, which was oligopolized by MODEC and SBM in recent years, and competition is intensifying.
- (4) Our policy is to continue to accumulate high-quality projects by selling high-value-added FPSOs in a proposal-based manner.

Future Outlook

Path to profit improvement (net income)

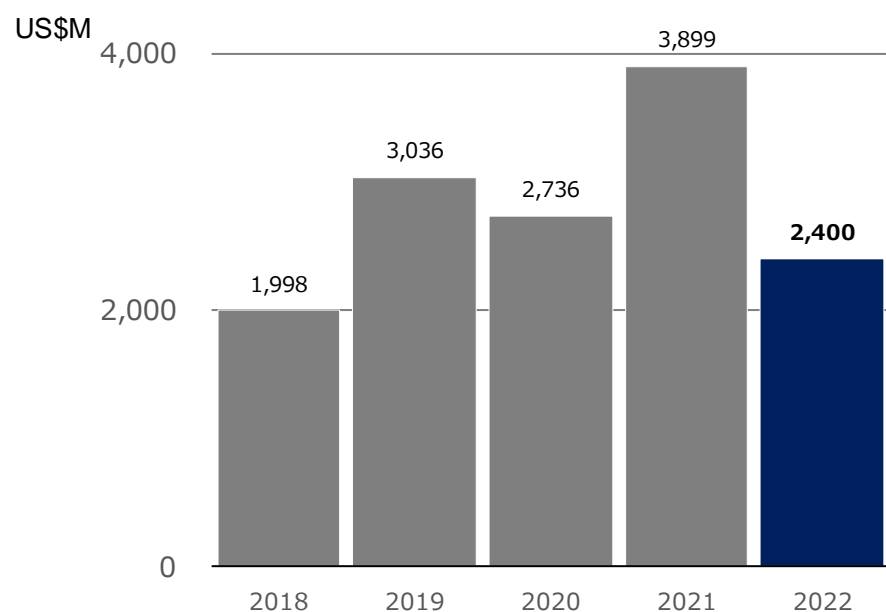


<Breakdown of FY2021 investment impairment and provision for future expected costs (related to Brazil operation)>

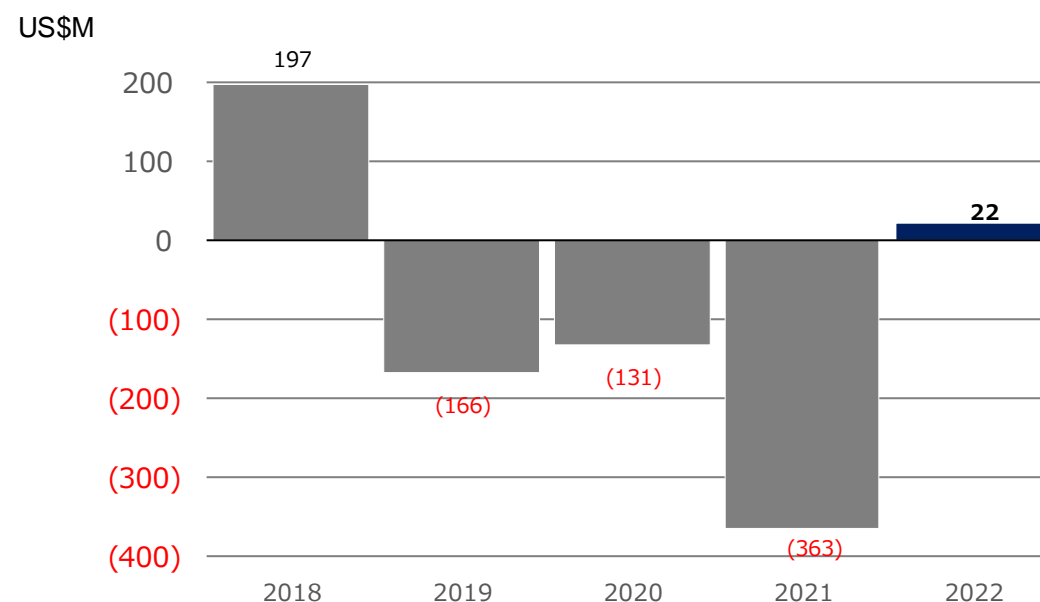
Item	Amount
MV20 investment impairment	100
MV15/18/20 provision for future expected repair costs	109

FY2022 : Outlook

Revenue



Profit Attributable to Owners of Parent



- Revenue is expected to decrease from last year to US\$ 2,400M because some existing construction projects will reach a final phase.
- Despite the remaining effects of the new coronavirus infection, expected O&M penalties not included in the provision, and expected additional repair costs for FPSOs, we will secure net income of US\$22M.

Highlight

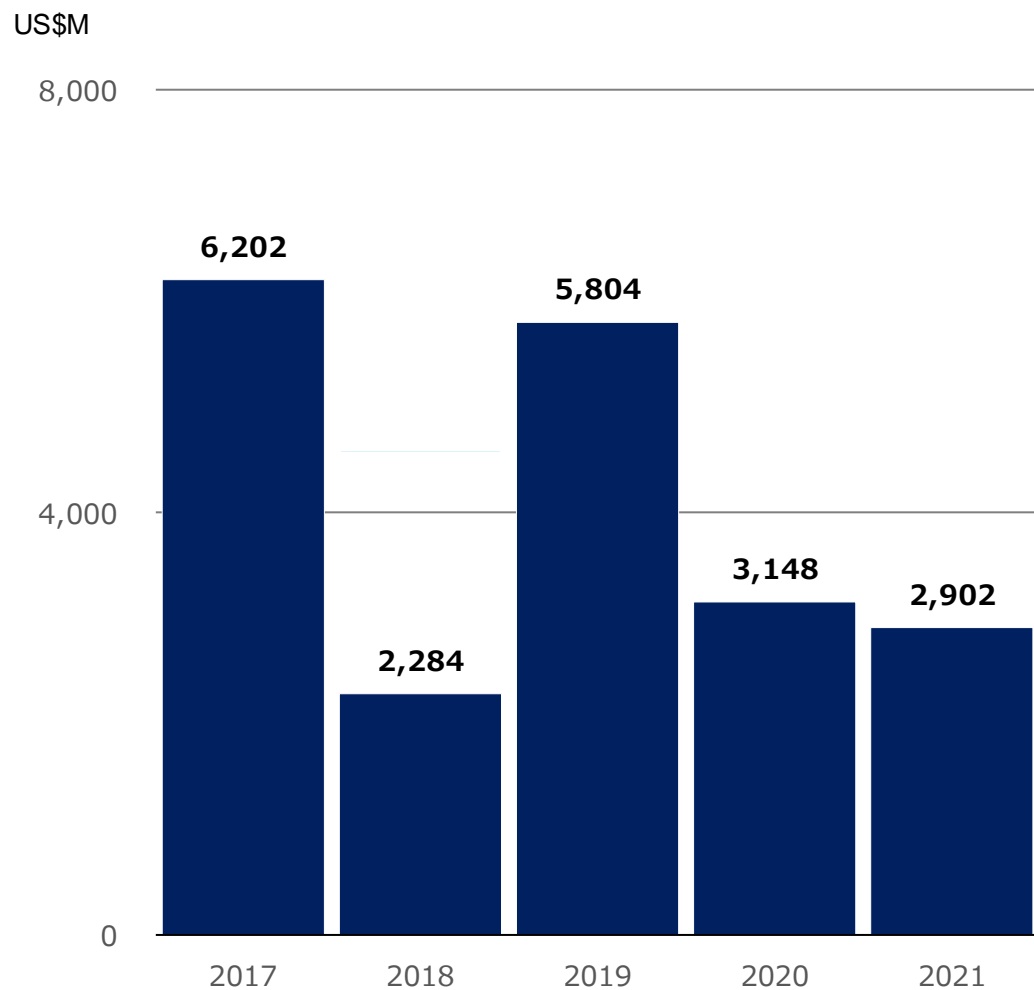
Market View & Outlook

Financial Results

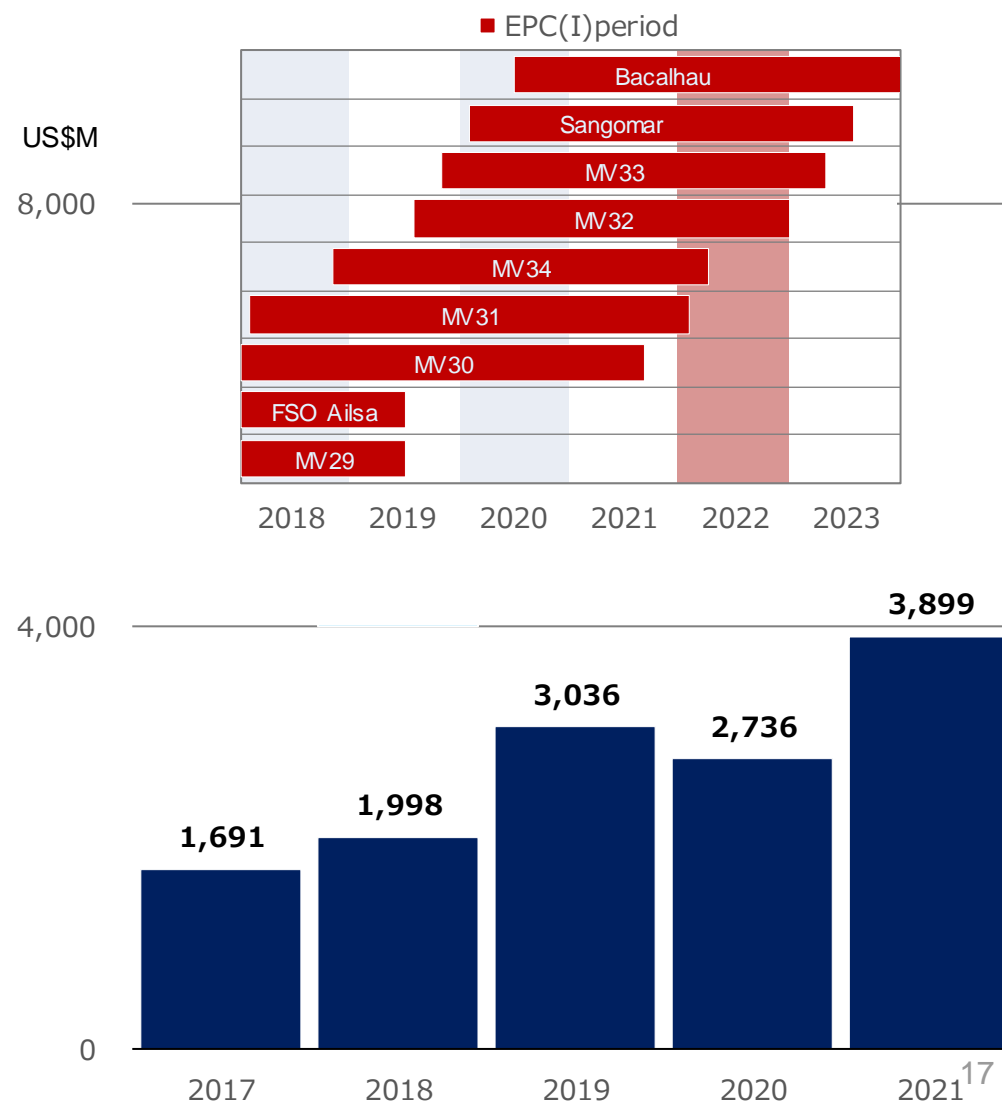
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New Orders / Revenue

New Orders

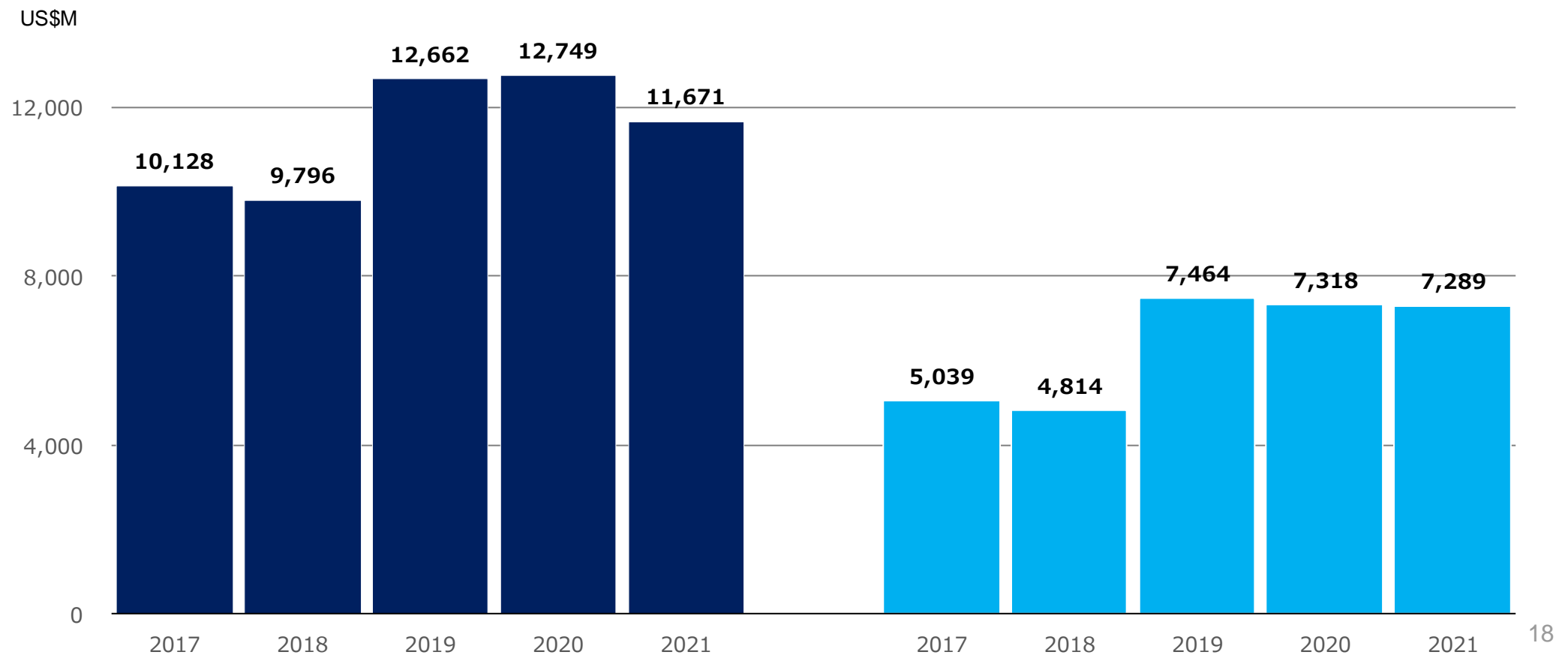


Revenue



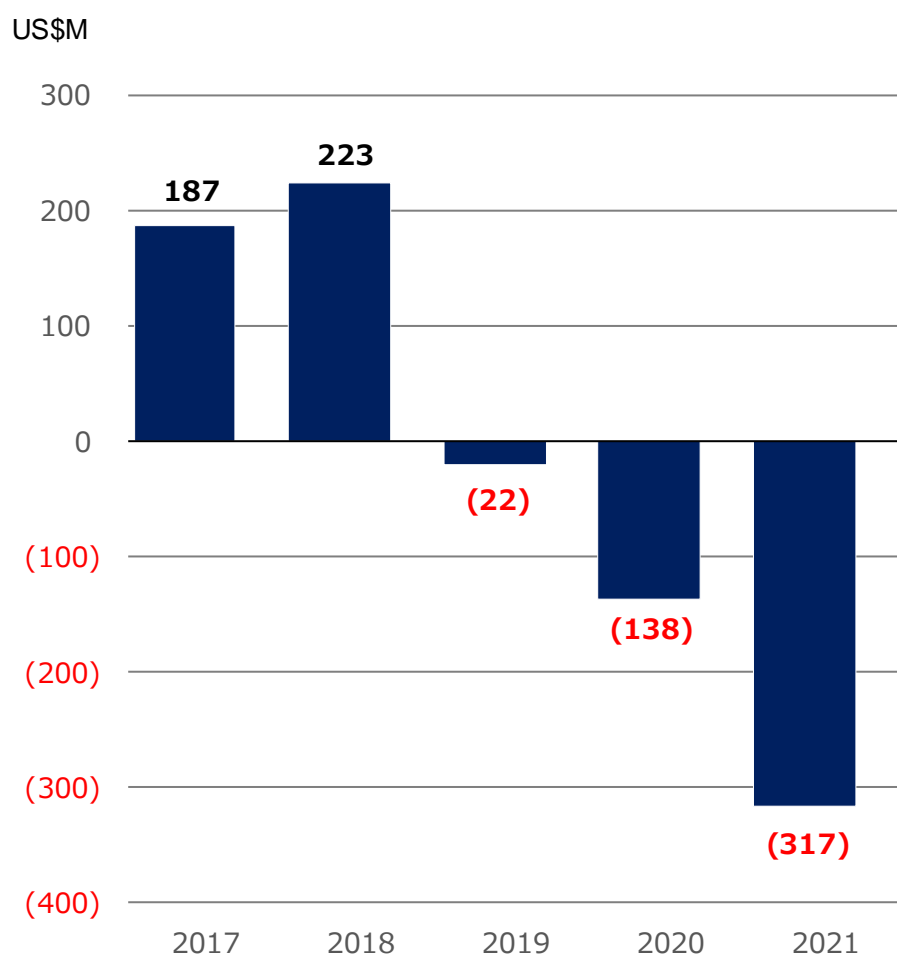
Order Backlogs

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

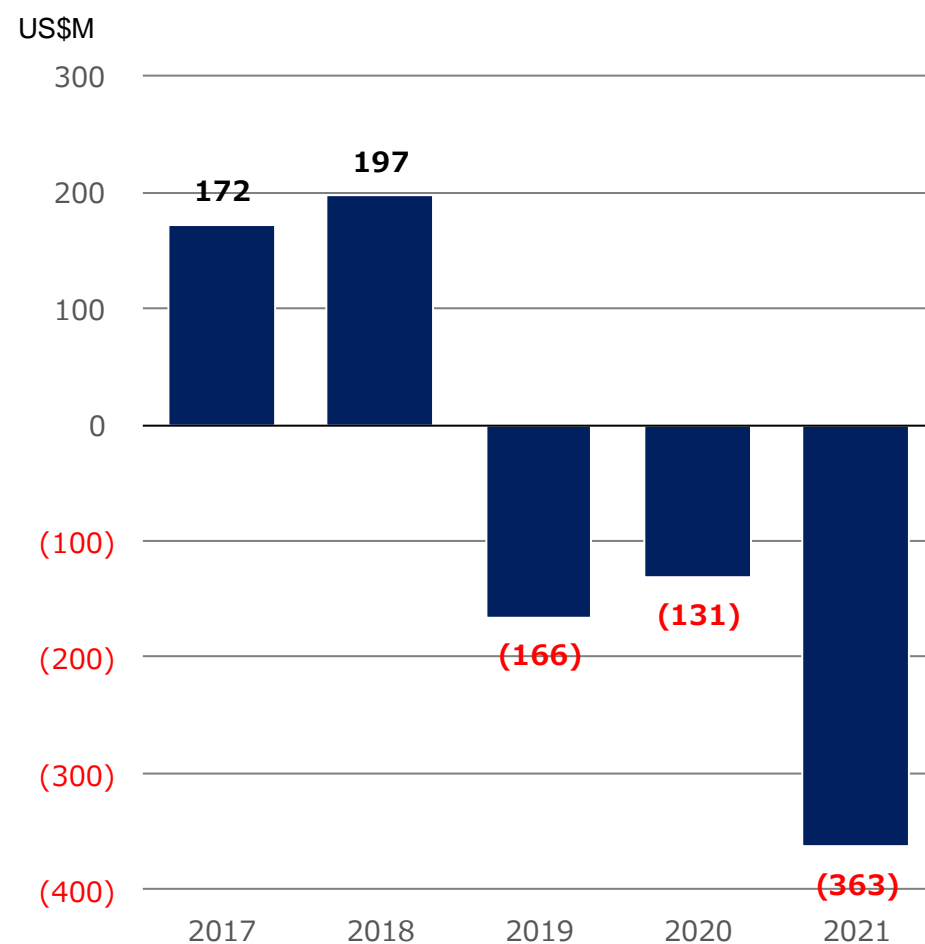


Operating Profit / Profit Attributable to Owners of Parent

Operating Profit



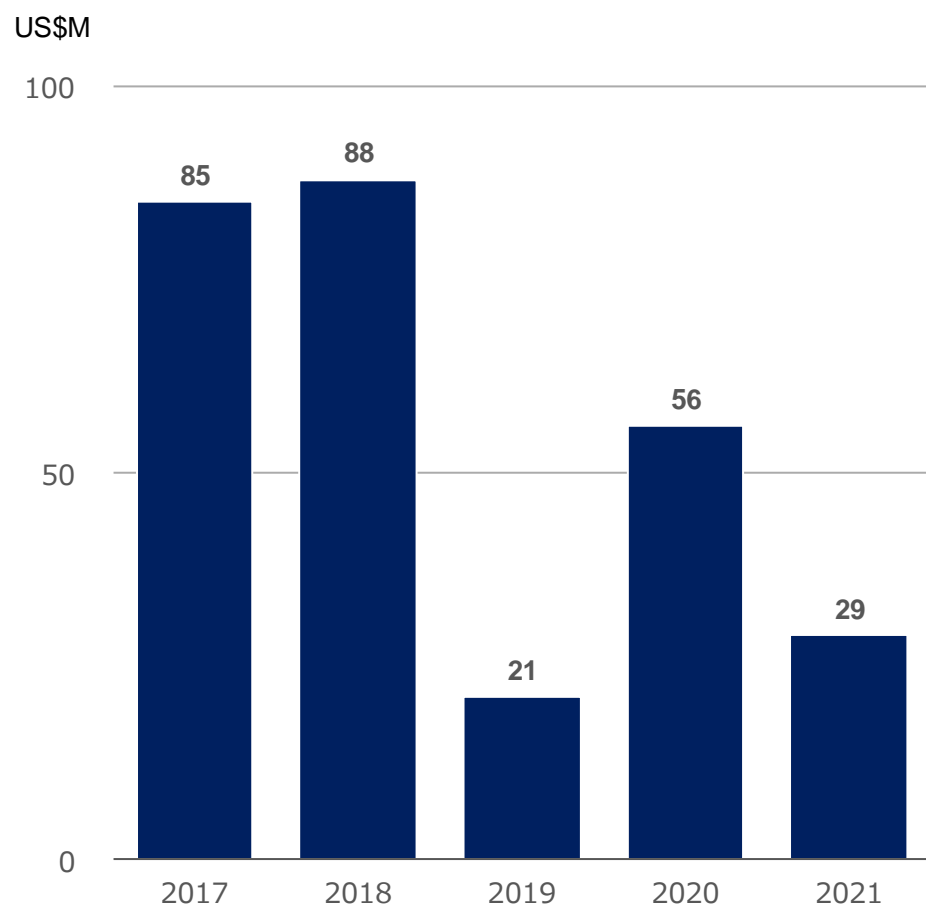
Profit Attributable to Owners of Parent



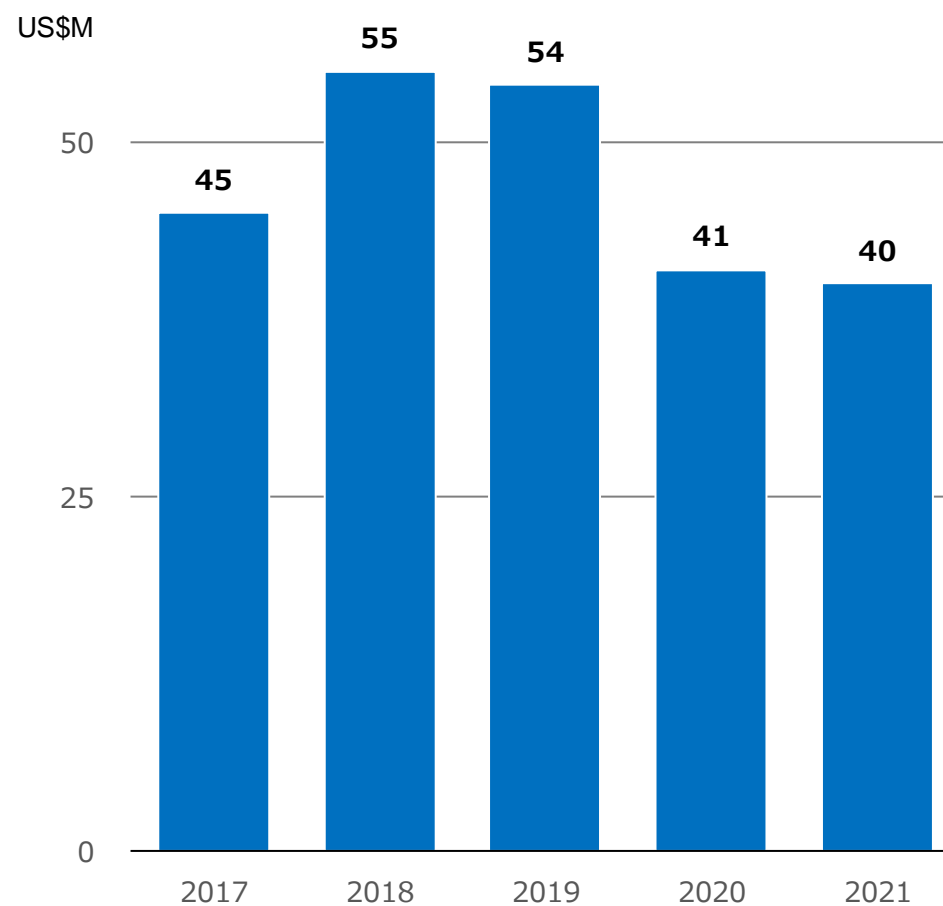
(Note) For 2017-2019, Equity in Earnings of Affiliates is added to JGAAP operating profit

Equity in Earnings of Affiliates / Interest Income

Equity in Earnings of Affiliates



Net Interest Income



Balance Sheet





Thank you