

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

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Toyo Engineering Corporation

Toyo Engineering Corporation (TOYO, President & CEO, Haruo Nagamatsu) announced today that it reached an agreement with MODEC, Inc. (MODEC, President & CEO, Takeshi Kanamori) 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, TOYO and MODEC 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 TOYO and MODEC 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 TOYO and MODEC, 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.

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, TOYO and MODEC have been collaborating on the topside 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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