

DryShips Inc.

1st Quarter Ended March 31, 2015
Earnings Presentation



NASDAQ: "DRYS"

May 12, 2015

Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with such safe harbor legislation.

Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although we believe that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, we cannot assure you that it will achieve or accomplish these expectations, beliefs or projections.

Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including changes in charter rates and dayrates and vessel and drilling dayrates and drybulk vessel, drilling rig and drillship values, failure of a seller to deliver one or more vessels or drilling units, drillships or drybulk vessels, failure of a buyer to accept delivery of a drilling rig, drillship, or vessel, inability to procure acquisition financing, default by one or more customers, changes in demand for drybulk commodities or oil, changes in demand that may affect attitudes of time charterers and customer drilling programs, scheduled and unscheduled drydockings and upgrades, changes in our operating expenses, including bunker prices, drydocking and insurance costs, complications associated with repairing and replacing equipment in remote locations, limitations on insurance coverage, such as war risk coverage, in certain areas, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, changes in tax laws, treaties and regulations, tax assessments and liabilities for tax issues, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by DryShips Inc. with the U.S. Securities and Exchange Commission, including the Company's most recently filed Annual Report on Form 20-F.

Information contained in this presentation (not limited to forward looking statements) speaks only as of the date of such information and the Company expressly disclaims any obligation to update or revise the information herein, except as required by law.



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This presentation is primarily focused on our shipping segment's operations.

For additional information on our drilling segment, please refer to the Ocean Rig UDW Inc. 1st quarter presentation, available on www.ocean-rig.com



DryShips Inc.



Consolidated¹ Q1 2015 Results

Adjusted Q1 Net Loss of \$2.6m or (0.4) cents per share

<i>(in \$ million, except EPS which is in cents)</i>	Q1 2015
Total Revenues	492.1
Adjusted EBITDA ²	242.1
Interest and Finance Cost, net	76.5
U.S. GAAP Net loss ³	(59.2)
Add: Vessel Impairment Loss	56.6
Adjusted Net Income/(Loss)	(2.6)
Adjusted EPS	(0.4)

1) Consolidated results include operations of DryShips Inc. shipping segment and Ocean Rig UDW Inc.

2) Represents net income before interest, taxes, depreciation and amortization, drydocking and class survey costs, vessel impairments and gains or losses on interest rate swaps

3) The net result is adjusted for the minority interests of 40.8% not owned by DryShips Inc. common stockholders



Shipping Segment¹ Financial Summary

<i>(in \$ million)</i>	Q1 2014	Q1 2015
Total Revenues ⁽²⁾	96.7	95.7
Adjusted EBITDA ⁽³⁾	25.7	23.2
Drybulk Segment Utilization	97.6%	97.0%
Tanker Segment Utilization	100.0%	100.0%
Drybulk Segment Daily TCE ⁽²⁾	\$13,564	\$10,535
Tanker Segment Daily TCE	\$24,781	\$35,203

- 1) Showcases financial performance of shipping segment (drybulk and tanker segments) only
- 2) Does not include accrual for the provision of the purchase options under certain time charter agreements
- 3) Represents net income before interest, taxes, depreciation and amortization, drydocking costs, vessel impairment, contract cancellation fees and gains or losses on interest rate swaps

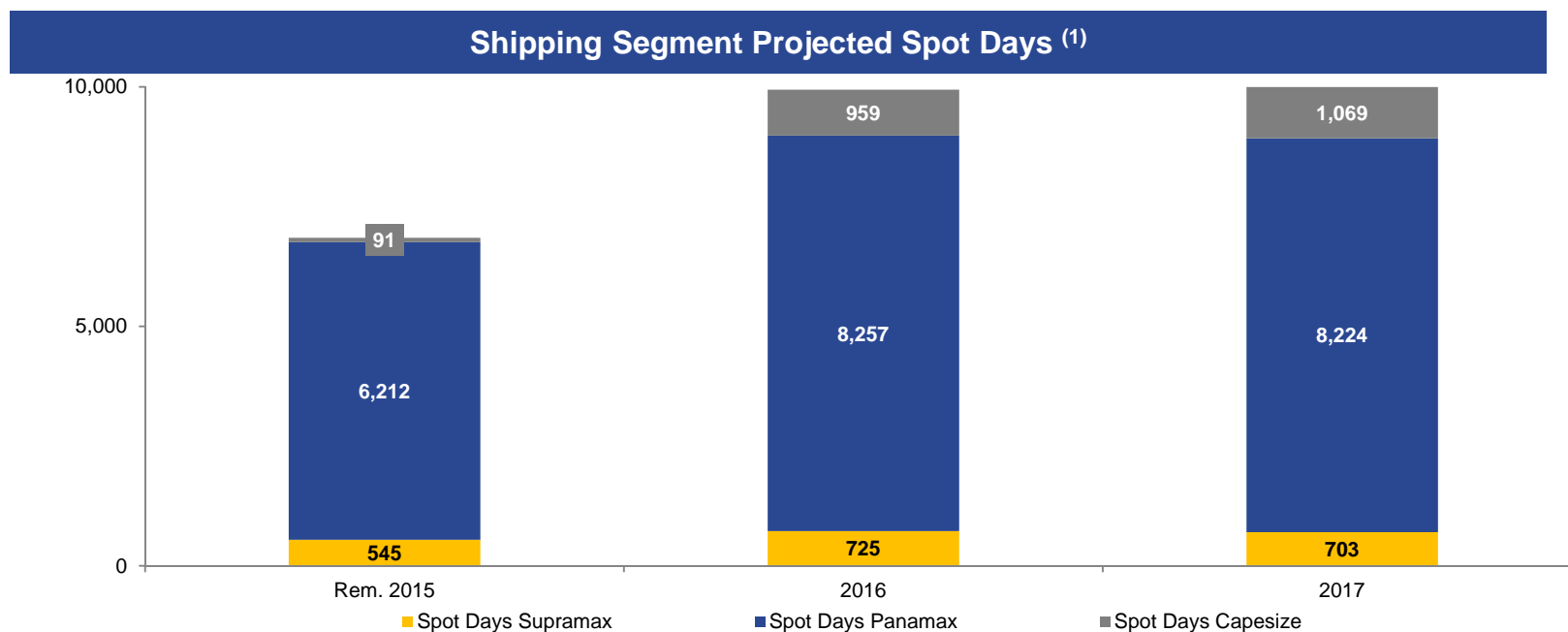


Recent Developments

- On May 6, 2015, Ocean Rigs' Board of Directors declared the fifth consecutive quarterly cash dividend with respect to the quarter ended March 31, 2015, of \$0.19 per common share, to Ocean Rig shareholders of record as of May 22, 2015 and payable on or about June 2, 2015. The Company expects to receive dividends amounting to \$14.9 million
- On April 30, 2015, the Company concluded Memoranda of Agreement with entities controlled by the Company's Chairman and Chief Executive Officer, George Economou, to sell its four Suezmax tankers, Vilamoura, Lipari, Petalidi and Bordeira, for an en-bloc sales price of \$245.0 million
- On April 30, 2015, the Company has entered into agreements with entities controlled by Mr. Economou to potentially sell its six Aframax tankers, Belmar, Calida, Alicante, Mareta, Saga and Daytona, for an en-bloc sales price of \$291.0 million, as long as the purchasers confirm their unconditional acceptance by June 30, 2015
- On March 19, 2015, the Company provided additional security in relation to the ABN AMRO secured bridge credit facility in the form of 12,500,000 Ocean Rig shares owned by us. Cumulatively, the Company has pledged 65,629,069 Ocean Rig shares in relation to that facility and the facility has an outstanding balance of \$185.0 million



Well-positioned to Benefit From Drybulk Recovery



EBITDA Sensitivities for Drybulk Fleet:

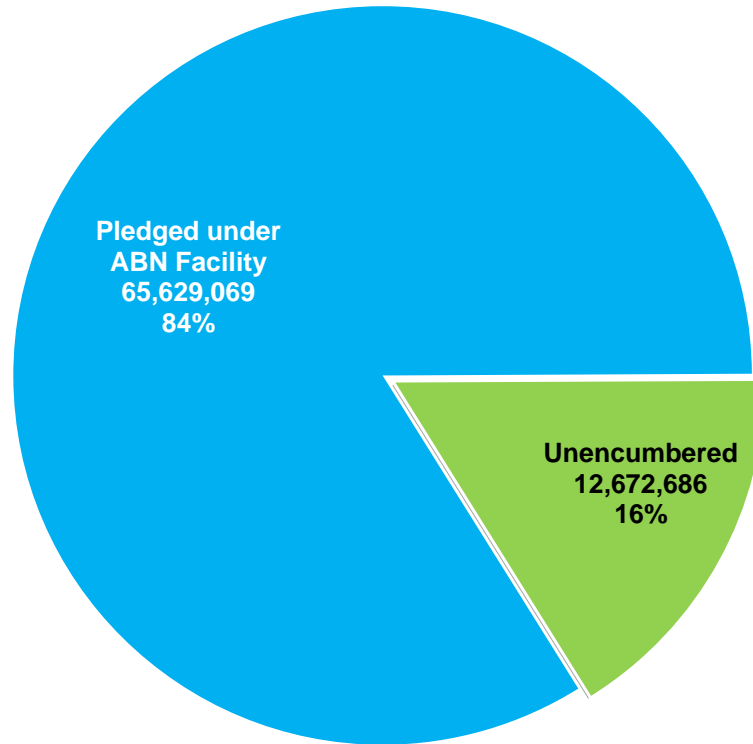
(in million)	Rem. 2015	FY2016	FY2017
+\$5,000 to market spot rates	\$34.2	\$49.7	\$50.0
+\$10,000 to market spot rates	\$68.5	\$99.4	\$100.0
+\$15,000 to market spot rates	\$102.7	\$149.1	\$149.9
+\$20,000 to market spot rates	\$137.0	\$198.8	\$199.9

(1) Projected spot days for balance 2015, FY2016 and FY2017 post scheduled dry-dock days and net of utilization



Investment in Ocean Rig

DRYS Holdings in ORIG



ORIG Share Ownership

	Shares	%
DRYS	78,301,755	59.2%
Other	54,015,423	40.8%
Total	132,317,178	100.0%

➤ **To date, cumulative dividends received from Ocean Rig (including Q1-15 dividend) of approx. \$75m**

1) ORIG shares outstanding as of 31.03.2015 of 132,317,178



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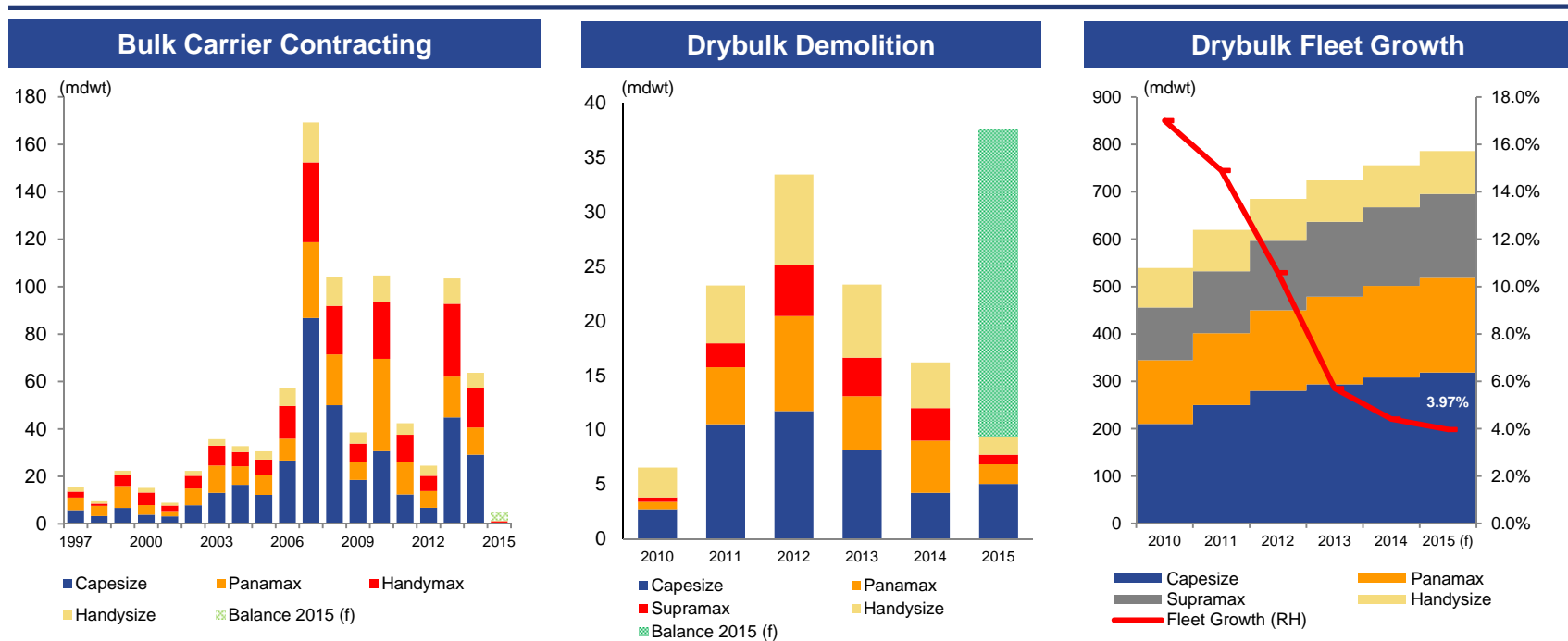
Q&A



DryShips Inc.



Drybulk – Supply Growth Set to Moderate



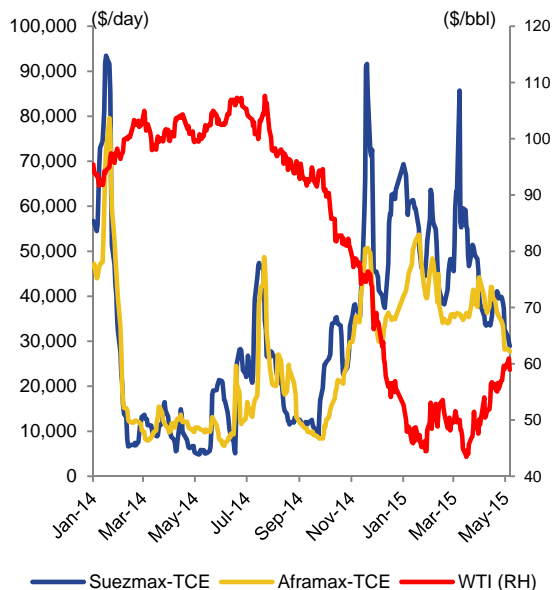
- Drybulk NB ordering has fallen to historic lows (average of just 0.4 mdwt ordered per month in the first 4 months of 2015)
- Demolition of older vessels stood at 9.3m dwt during Q1-15, an increase of approx. 188% compared to Q1-14
- NB projects are being postponed, cancelled or converted to other ship types, providing relief to the drybulk orderbook as a result of the challenging freight outlook in combination with lack of financing
- Cape fleet is expected to increase by 3.5% in 2015, with Panamax and Supramax fleets increasing by 3.2% and 6.7% respectively

Source: Clarksons

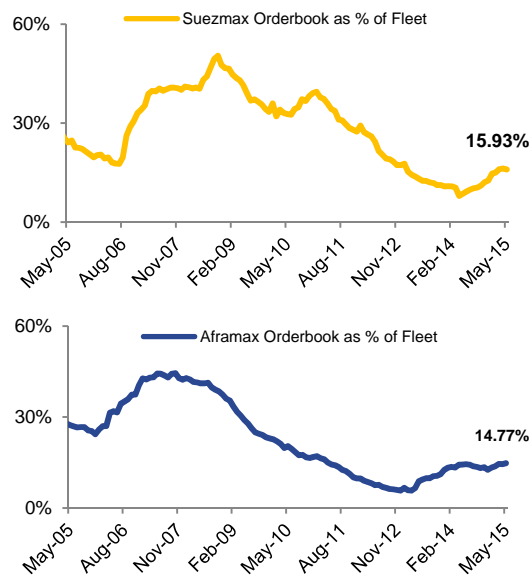


Tankers – Riding the Wave

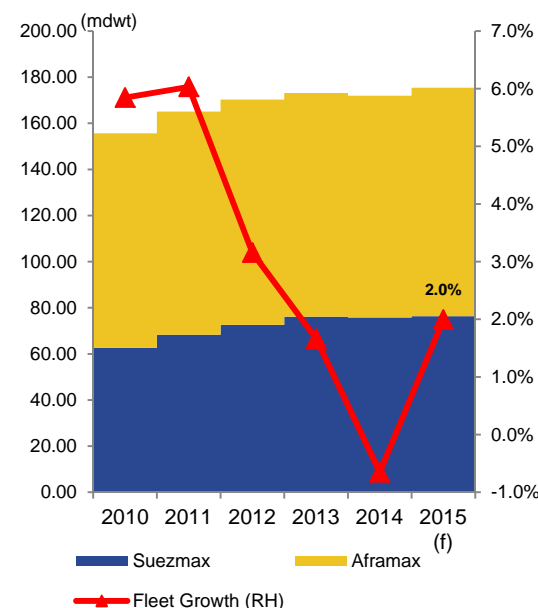
Oil Price Volatility Creating Demand



Orderbook as % of Fleet



Suez & Aframax Fleet Growth



- Favorable supply/demand environment and strong freight market during Q1-15 pushing rates to multi year highs, due to seasonality, volatility in oil prices and the shifting trade patterns to longer than traditional routes (suggesting positive ton-mile growth)
- Suezmax and Aframax orderbooks at manageable levels, with the majority of the current orderbook scheduled to start hitting the water in 2H 2016 and beyond
 - Suezmax and Aframax orderbooks currently stand at approx. 16% and 15% of their respective fleets
- Combined Suezmax and Aframax fleet CAGR for the period 2010 to 2014 stood at 2.5%
 - Suezmax fleet expected to increase by just 0.8% during 2015 and Aframax fleet expected to increase by 3.0% over the same period

Source: Clarksons



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DryShips Inc.



Navigating DRYS Through the Downturn

- **Sale of tankers solidifies DRYS' balance sheet and gives it the necessary liquidity "runway" to weather a prolonged market downturn**
- **Strong support from our lenders and main shareholder**
- **Drybulk segment with zero capital expenditures (no newbuildings on order)**
- **Ocean Rig is Dryships' most valuable investment and we firmly believe Ocean Rig is undervalued.**
 - **Backlog of \$4.7 billion**
 - **Operational efficiency of approx. 99% for Q1 2015**
 - **Dividend payout of approx. \$125 million to date**
 - **Cost-cutting initiatives underway & managing CAPEX**



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APPENDIX



DryShips Inc.



Fleet Profile (Shipping Segment)

	Year <u>Built</u>	<u>DWT</u>	<u>Type</u>	Gross rate <u>Per day</u>	Redelivery <u>Earliest</u>	<u>Latest</u>		Year <u>Built/or</u> <u>Scheduled</u> <u>Delivery</u>	<u>DWT</u>	<u>Type</u>	Gross rate <u>Per day</u>	Redelivery <u>Earliest</u>	<u>Latest</u>	
<u>Drvbulk fleet</u>														
Capesize:														
Rangiroa	2013	206,026	Capesize	\$23,000	May-18	Dec-23								
Negonego	2013	206,097	Capesize	\$21,500	Mar-20	Feb-28								
Fakarava	2012	206,152	Capesize	\$25,000	Sept-15	Sept-20								
Raiatea	2011	179,078	Capesize	\$23,500	Oct-19	Dec-19								
Mystic	2008	170,040	Capesize	\$52,310	Aug-18	Dec-18								
Robusto	2006	173,949	Capesize	\$23,500	Jul-19	Sept-19								
Cohiba	2006	174,234	Capesize	\$23,500	Sep-19	Nov-19								
Montecristo	2005	180,263	Capesize	\$23,500	Jul-19	Sep-19								
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18								
Manasota	2004	171,061	Capesize	\$30,000	Jan-18	Aug-18								
Partagas	2004	173,880	Capesize	\$23,500	Sep-19	Nov-19								
Alameda	2001	170,662	Capesize	\$27,500	Nov-15	Jan-16								
Capri	2001	172,579	Capesize	\$20,000	Jan-16	May-16								
Panamax:														
Raraka	2012	76,037	Panamax	Spot	N/A	N/A								
Woolloomooloo	2012	76,064	Panamax	Spot	N/A	N/A								
Amalfi	2009	75,206	Panamax	Spot	N/A	N/A								
Rapallo	2009	75,123	Panamax	T/C Index linked	Jul-16	Sep-16								
Catalina	2005	74,432	Panamax	Spot	N/A	N/A								
Majorca	2005	74,477	Panamax	Spot	N/A	N/A								
Ligari	2004	75,583	Panamax	Spot	N/A	N/A								
Saldanha	2004	75,707	Panamax	Spot	N/A	N/A								
Sorrento	2004	76,633	Panamax	\$24,500	Aug-21	Dec-21								
Mendocino	2002	76,623	Panamax	T/C Index linked	Sep-16	Nov-16								
Bargara	2002	74,832	Panamax	T/C Index linked	Sep-16	Nov-16								
Oregon	2002	74,204	Panamax	Spot	N/A	N/A								
Ecola	2001	73,931	Panamax	Spot	N/A	N/A								
Samatan	2001	74,823	Panamax	Spot	N/A	N/A								
Sonoma	2001	74,786	Panamax	Spot	N/A	N/A								
Capitola	2001	74,816	Panamax	Spot	N/A	N/A								
Levanto	2001	73,925	Panamax	T/C Index linked	Aug-16	Oct-16								
Maganari	2001	75,941	Panamax	Spot	N/A	N/A								
Coronado	2000	75,706	Panamax	Spot	N/A	N/A								
Marbella	2000	72,561	Panamax	Spot	N/A	N/A								
Redondo	2000	74,716	Panamax	Spot	N/A	N/A								
Topeka	2000	74,716	Panamax	Spot	N/A	N/A								
Ocean Crystal	1999	73,688	Panamax	Spot	N/A	N/A								
Helena	1999	73,744	Panamax	Spot	N/A	N/A								
Supramax:														
Byron	2003	51,118	Supramax	Spot	N/A	N/A								
Galveston	2002	51,201	Supramax	Spot	N/A	N/A								
<u>Tanker fleet</u>														
Suezmax:														
Bordeira	2013	158,513	Suezmax	Spot	N/A	N/A								
Petalidi	2012	158,532	Suezmax	Spot	N/A	N/A								
Lipari	2012	158,425	Suezmax	Spot	N/A	N/A								
Vilamoura	2011	158,622	Suezmax	Spot	N/A	N/A								
Aframax:														
Alicante	2013	115,708	Aframax	Spot	N/A	N/A								
Mareta	2013	115,796	Aframax	Spot	N/A	N/A								
Calida	2012	115,812	Aframax	Spot	N/A	N/A								
Saga	2011	115,738	Aframax	Spot	N/A	N/A								
Daytona	2011	115,896	Aframax	Spot	N/A	N/A								
Belmar	2011	115,904	Aframax	Spot	N/A	N/A								



Unaudited Condensed Consolidated Statements of Operations

(Expressed in Thousands of U.S. Dollars
except for share and per share data)

	Three Months Ended March 31,	
	2014	2015
REVENUES:		
Voyage revenues	\$ 96,722	\$ 90,028
Revenues from drilling contracts	360,764	402,083
	<u>457,486</u>	<u>492,111</u>
EXPENSES:		
Voyage expenses	29,143	28,102
Vessel operating expenses	28,063	28,200
Drilling rigs and drillships operating expenses	151,515	152,927
Depreciation and amortization	107,277	118,696
Vessel impairments	-	56,631
General and administrative expenses	49,091	43,288
Other, net	1,604	(630)
	<u>90,793</u>	<u>64,897</u>
Operating income		
OTHER INCOME / (EXPENSES):		
Interest and finance costs, net of interest income	(114,251)	(76,488)
Loss on interest rate swaps	(2,775)	(9,680)
Other, net	(104)	(1,929)
Income taxes	(8,791)	(19,590)
Total other expenses, net	<u>(125,921)</u>	<u>(107,687)</u>
Net loss	(35,128)	(42,790)
Net (income)/loss attributable to Non controlling interests	577	(16,367)
	<u>577</u>	<u>(16,367)</u>
Net loss attributable to Dryships Inc.	<u>\$ (34,551)</u>	<u>\$ (59,157)</u>
Net loss attributable to Dryships Inc. common stockholders	<u>(34,551)</u>	<u>(59,231)</u>
Loss per common share, basic and diluted	\$ (0.08)	\$ (0.09)
Weighted average number of shares, basic and diluted	409,609,554	664,830,988



Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2014</u>	<u>March 31, 2015</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 658,936	\$ 586,589
Vessels held for sale	-	530,640
Other current assets	568,341	730,564
Advances for vessels and drillships under construction and related costs	623,984	344,870
Vessels, net	2,141,617	1,524,377
Drilling rigs, drillships, machinery and equipment, net	6,259,747	6,946,165
Other non-current assets	118,978	101,682
Total assets	<u>10,371,603</u>	<u>10,764,887</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	5,517,613	5,920,090
Total other liabilities	563,602	603,434
Total stockholders' equity	4,290,388	4,241,363
Total liabilities and stockholders' equity	<u>\$ 10,371,603</u>	<u>\$ 10,764,887</u>



Summary Operating Data

(Dollars in thousands, except average daily results)

Drybulk	Three Months Ended March 31,	
	2014	2015
Average number of vessels ⁽¹⁾	38.0	39.0
Total voyage days for vessels ⁽²⁾	3,338	3,406
Total calendar days for vessels ⁽³⁾	3,420	3,510
Fleet utilization ⁽⁴⁾	97.6%	97.0%
Time charter equivalent ⁽⁵⁾	\$13,564	\$10,535
Vessel operating expenses (daily) ⁽⁶⁾	\$6,325	\$6,356
Tanker	Three Months Ended March 31,	
	2014	2015
Average number of vessels ⁽¹⁾	10.0	10.0
Total voyage days for vessels ⁽²⁾	900	900
Total calendar days for vessels ⁽³⁾	900	900
Fleet utilization ⁽⁴⁾	100.0%	100.0%
Time charter equivalent ⁽⁵⁾	\$24,781	\$35,203
Vessel operating expenses (daily) ⁽⁶⁾	\$7,144	\$6,546

(In thousands of U.S. dollars, except for TCE rate, which is expressed in Dollars, and voyage days)

Drybulk	Three Months Ended March 31,	
	2014	2015
Voyage revenues ⁽⁷⁾	\$ 53,408	\$ 45,601
Voyage expenses	(8,132)	(9,720)
Time charter equivalent revenues	\$ 45,276	\$ 35,881
Total voyage days for fleet	3,338	3,406
Time charter equivalent TCE	\$ 13,564	\$ 10,535
Tanker	Three Months Ended March 31,	
	2014	2015
Voyage revenues	\$ 43,314	\$ 50,065
Voyage expenses	(21,011)	(18,382)
Time charter equivalent revenues	\$ 22,303	\$ 31,683
Total voyage days for fleet	900	900
Time charter equivalent TCE	\$ 24,781	\$ 35,203

(1) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of days each vessel was a part of our fleet during the period divided by the number of calendar days in that period.

(2) Total voyage days for fleet are the total days the vessels were in our possession for the relevant period net of dry-docking days.

(3) Calendar days are the total number of days the vessels were in our possession for the relevant period including dry-docking days.

(4) Fleet utilization is the percentage of time that our vessels were available for revenue generating voyage days, and is determined by dividing voyage days by fleet calendar days for the relevant period.

(5) Time charter equivalent, or TCE, is a measure of the average daily revenue performance of a vessel on a per voyage basis. Our method of calculating TCE is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by voyage days for the relevant time period. Voyage expenses primarily consist of port, canal and fuel costs that are unique to a particular voyage and are paid by the charterer under a time charter contract, as well as commissions. TCE revenues, a non-U.S. GAAP measure, provides additional meaningful information in conjunction with revenues from our vessels, the most directly comparable U.S. GAAP measure, because it assists our management in making decisions regarding the deployment and use of its vessels and in evaluating their financial performance. TCE is also a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance despite changes in the mix of charter types (i.e., spot charters, time charters and bareboat charters) under which the vessels may be employed between the periods. Please see below for a reconciliation of TCE rates to voyage revenues.

(6) Daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs is calculated by dividing vessel operating expenses by fleet calendar days for the relevant time period.

(7) Does not include accrual for the provision of the purchase options under certain time charter agreements.

