



Dryships Inc. NASDAQ: "DRYS"

August 7, 2015

2nd Quarter Ended June 30, 2015
Earnings Presentation

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.



Contents

Financial Highlights & Company Update

Industry Overview

Closing Remarks

Q&A

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. 2nd quarter presentation, available on www.ocean-rig.com



Consolidated¹ Q2 2015 Results

Adjusted Q2 Net Income of \$36.5m or 0.06 cents per share

<i>(in \$ million, except EPS which is in cents)</i>	Q2 2015
U.S. GAAP Net Loss ²	(1,440.3)
Add: Non-cash Loss as a Result of Ocean-Rig Deconsolidation	1,347.1
Add: Vessel Impairment Loss	83.9
Add: Other Non-cash Losses Related to an Agreement with a Charterer	45.8
Adjusted Net Income	36.5
Adjusted EPS	0.06

From June 8, 2015 onwards, DRYS no longer consolidates ORIG

1) Consolidated results include operations of DryShips Inc. shipping segment and Ocean Rig UDW Inc. which is consolidated up to June 8, 2015
2) The net result is adjusted for the minority interests of 42.2% not owned by DryShips Inc. common stockholders



Shipping Segment¹ Financial Summary

(in \$ million)	Q2 2014		Q2 2015	
	Drybulk Segment	Tanker Segment	Drybulk Segment	Tanker Segment
Total Revenues ⁽²⁾	49.6	36.6	42.2	54.8
Adjusted EBITDA ⁽³⁾	11.7	5.4	7.5	31.1
Net Income	(42.5)	(4.5)	(162.3)	27.5
Segment Utilization	97.9%	100.0%	97.4%	99.6%
Daily TCE ⁽²⁾	\$12,064	\$15,650	\$10,813	\$43,221

- 1) Showcases financial performance of shipping segment (drybulk and tanker segments) only
- 2) Does not include accrual for the provision of the purchase options and write off in overdue receivables 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



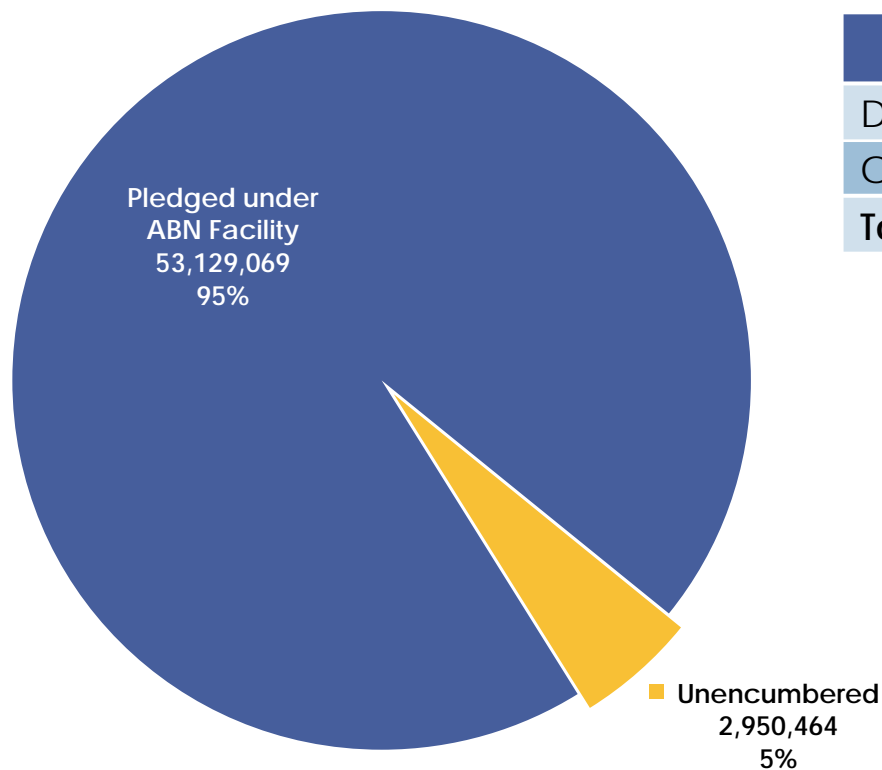
Recent Developments

- On July 30, 2015, the Company reached an agreement with Ocean Rig to exchange the remaining outstanding balance of \$80 million owed to Ocean Rig under the \$120 million promissory note for 17,777,778 shares of Ocean Rig owned by Dryships. Once this agreement is consummated, the Company's ownership in Ocean Rig will decrease to 40.4%.
- On July 30, 2015, Ocean Rig's BOD decided to suspend its quarterly dividend until market conditions improve.
- In the third quarter to date, the tankers Saga, Belmar, Lipari, Bordeira and Petalidi were delivered to their new owners.



Investment in Ocean Rig – Pro forma¹

DRYS Holdings in ORIG



ORIG Share Ownership

	Shares	%
DRYS	56,079,533	40.4%
Other	82,586,851	59.6%
Total	138,666,384	100.0%

⁽¹⁾ Pro forma for the settlement of the remaining \$80 million balance under the \$120 million affiliate loan, in 17,777,778 shares of Ocean Rig, which agreement is still under documentation.

Contents

Financial Highlights & Company Update

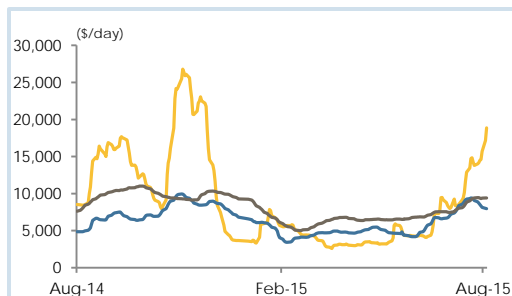
Industry Overview

Closing Remarks

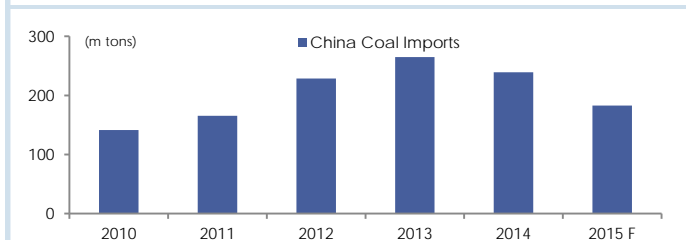
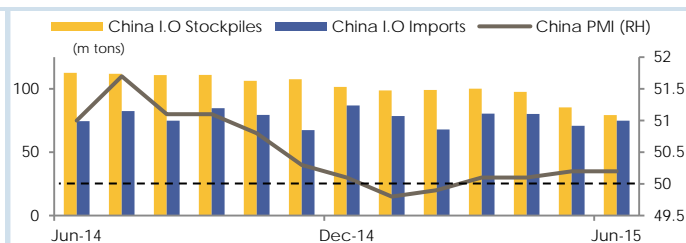
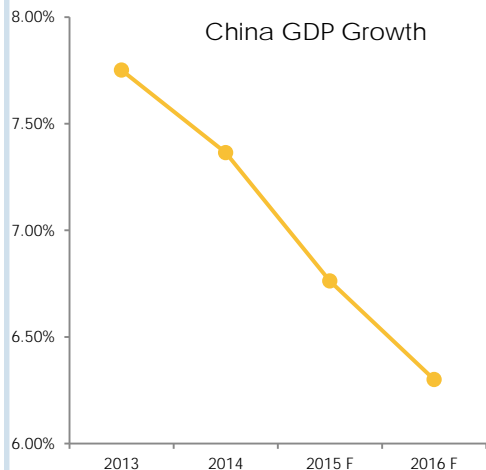
Q&A



Drybulk Demand



	Spot (Aug 4th)	Q2-15	2015 YTD
Capesize	\$18,873	\$4,601	\$5,837
Panamax	\$7,968	\$5,189	\$5,569
Supramax	\$9,405	\$6,767	\$6,938



Market Dynamics:

Chinese iron ore imports during Q2 ended up at 226m tons, a 4.0% y-o-y decrease, while Chinese iron ore inventories remained at low levels, increasing slightly in July. This increase could partly explain some of the strength recently witnessed in the drybulk markets and a continued stockpile buildup could offer some support to freight rates during the second half of 2015.

Chinese coal imports have deteriorated substantially during the first half of the year, a trend which is expected to continue in line with the Chinese government's efforts to cut air pollution and switch to alternative cleaner sources of energy. As such, FY2015 imports are forecast to decrease by 24% y-o-y and end up at approx. 183m tons.

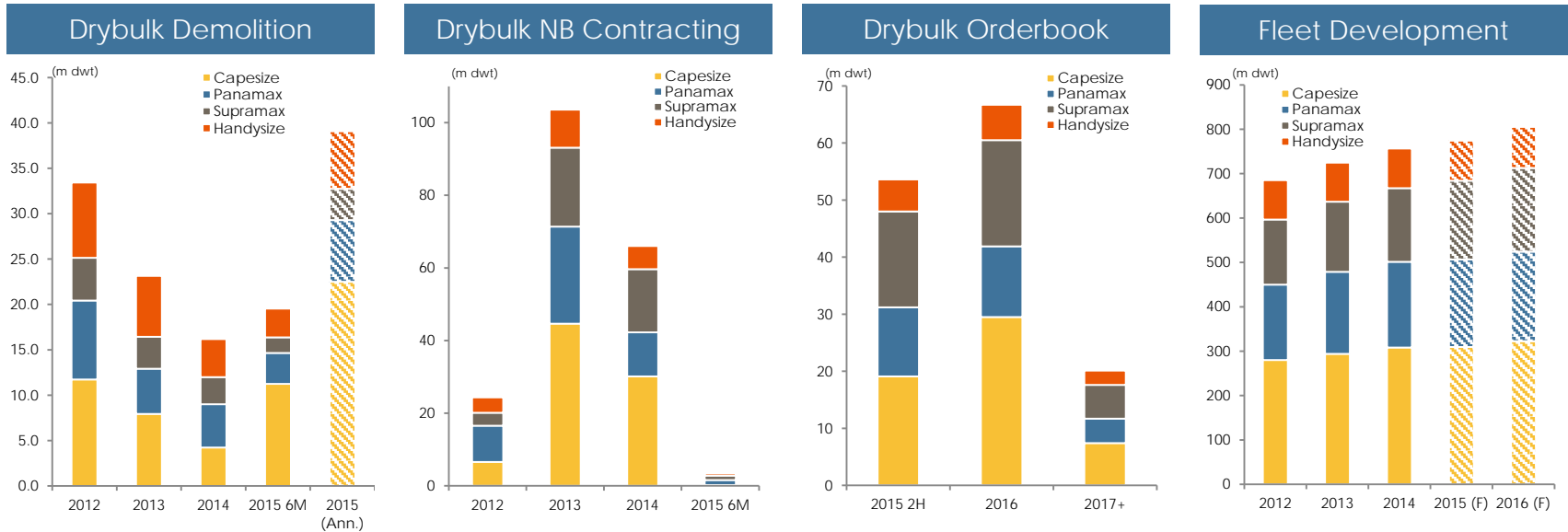
Factors to watch that can affect the market include:

- Iron ore production and volumes in BRA and AUS expected to increase from 2H 2015 onwards
- Low Chinese iron ore inventories could lead to a restocking cycle in the second half of the year
- Potential new stimulus measures from the Chinese government to fund construction projects
- India's increasing coal demand, which could partially offset some of the lost Chinese volumes
- Potential pick-up of grain exports out of ECSA

Source: Clarksons, IMF, Bloomberg



Drybulk Supply



Supply Overview:

Demolition activity has been remarkable in the first half of the year and 2015 is likely to be a record breaking year in terms of vessels being sent to the scrapyards. More specifically, in the first six months of 2015, 19.5 mdwt have been demolished, an increase of approx. 145% compared to the same period in 2014.

Additionally and due to the depressed state of the drybulk market, orders for newbuilding vessels have fallen to historic lows during 1H 2015, with just 3.4 mdwt of new orders being placed to the yards.

On the back of the increased demolition activity and decreased NB contracting, and with the assistance of slippage and conversions/cancellations, the fleet is expected to increase by only 2.4% in 2015, followed by a 4.0% increase in 2016. More specifically, Cape fleet is expected to increase by 0.3% in 2015, with Panamax and Supramax fleets increasing by 2.0% and 7.1% respectively.

Source: Clarksons



Contents

Financial Highlights & Company Update

Industry Overview

Closing Remarks

Q&A



Navigating DRYS Through the Downturn

- Drybulk segment with zero capital expenditures (no newbuildings on order) and balanced spot exposure.
- Cashflow going forward predominantly dependent on state of drybulk markets, which continue to remain sluggish.
- Adequate runway subject to the continued strong support from our lenders and our Chairman and main shareholder, Mr. George Economou.



Contents

Financial Highlights & Company Update

Industry Overview

Closing Remarks

Q&A



Appendix



Fleet Profile (Shipping Segment)

	Year	DWT	Type	Gross rate	Redelivery		Year Built/or Scheduled Delivery	DWT	Type	Gross rate	Redelivery		
	Built			Per day	Earliest	Latest				Per day	Earliest	Latest	
Drybulk fleet							Tanker fleet						
Capesize:							Suezmax:						
Rangiroa	2013	206,026	Capesize	\$12,500	Aug-19	Feb-20	Vilamoura(1)	2011	158,622	Suezmax	Spot	N/A	N/A
Negonego	2013	206,097	Capesize	\$12,500	Aug-19	Feb-20	Aframax:						
Fakarava	2012	206,152	Capesize	\$12,500	Aug-19	Feb-20	Alicante(1)	2013	115,708	Aframax	Spot	N/A	N/A
Raiatea	2011	179,078	Capesize	\$12,500	Aug-19	Feb-20	Mareta(1)	2013	115,796	Aframax	Spot	N/A	N/A
Mystic	2008	170,040	Capesize	\$52,310	Aug-18	Dec-18	Calda(1)	2012	115,812	Aframax	Spot	N/A	N/A
Robusto	2006	173,949	Capesize	\$12,500	Aug-19	Feb-20	Daytona(1)	2011	115,896	Aframax	Spot	N/A	N/A
Cohiba	2006	174,234	Capesize	\$12,500	Aug-19	Feb-20	(1) Sold, expect to be delivered to new owners during Q3 2015.						
Montecristo	2005	180,263	Capesize	\$12,500	Aug-19	Feb-20							
Flecha	2004	170,012	Capesize	\$55,000	Jul-18	Nov-18							
Manasota	2004	171,061	Capesize	\$12,500	Aug-19	Feb-20							
Partagas	2004	173,880	Capesize	\$12,500	Aug-19	Feb-20							
Alameda	2001	170,662	Capesize	\$12,500	Aug-19	Feb-20							
Capri	2001	172,579	Capesize	\$12,500	Aug-19	Feb-20							
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							



Unaudited Condensed Consolidated Statements of Operations

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2015	2014	2015
REVENUES:				
Voyage revenues	\$ 86,240	\$ 79,460	\$ 182,962	\$ 169,488
Revenues from drilling contracts	441,433	323,722	802,197	725,805
	<u>527,673</u>	<u>403,182</u>	<u>985,159</u>	<u>895,293</u>
EXPENSES:				
Voyage expenses	30,343	20,503	59,486	48,605
Vessel operating expenses	29,907	29,550	57,970	57,750
Drilling rigs and drillships operating expenses	183,089	106,696	334,604	259,623
Depreciation and amortization	112,658	90,840	219,935	209,536
Vessels impairment and other	-	112,178	-	168,809
General and administrative expenses	41,544	31,519	90,635	74,807
Legal settlements and other, net	(734)	(2,173)	870	(2,803)
	<u>30,343</u>	<u>20,503</u>	<u>59,486</u>	<u>48,605</u>
Operating income	130,866	14,069	221,659	78,966
OTHER INCOME / (EXPENSES):				
Interest and finance costs, net of interest income	(86,042)	(69,860)	(200,293)	(146,348)
Loss on interest rate swaps	(9,628)	(1,768)	(12,403)	(11,448)
Other, net	2,642	(4,506)	2,538	(6,435)
Income taxes	(15,142)	(17,341)	(23,933)	(36,931)
	<u>(108,170)</u>	<u>(93,475)</u>	<u>(234,091)</u>	<u>(201,162)</u>
Total other expenses, net	(108,170)	(93,475)	(234,091)	(201,162)
Net income/(loss)	22,696	(79,406)	(12,432)	(122,196)
Loss due to deconsolidation of Ocean Rig Equity in earnings of affiliate	-	(1,347,106)	-	(1,347,106)
Net income attributable to Non controlling interests	-	8,851	-	8,851
	<u>(28,330)</u>	<u>(22,662)</u>	<u>(27,753)</u>	<u>(39,029)</u>
Net loss attributable to DryShips Inc.	\$ (5,634)	\$ (1,440,323)	\$ (40,185)	\$ (1,499,480)
Net loss attributable to DryShips Inc. common stockholders	(5,749)	(1,440,515)	(40,300)	(1,499,745)
Loss per common share, basic and diluted	\$ (0.01)	\$ (2.17)	\$ (0.10)	\$ (2.26)
Weighted average number of shares, basic and diluted	413,097,655	664,830,988	411,363,240	664,830,988



Unaudited Condensed Consolidated Balance Sheets

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2014</u>	<u>June 30, 2015</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 658,936	\$ 40,729
Vessels held for sale	-	530,640
Other current assets	568,341	104,345
	623,984	-
Advances for vessels and drillships under construction and related costs		
Vessels, net	2,141,617	1,416,225
Drilling rigs, drillships, machinery and equipment, net	6,259,747	-
Investment in affiliate	-	523,067
Other non-current assets	118,978	930
Total assets	<u><u>10,371,603</u></u>	<u><u>2,615,936</u></u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	5,517,613	1,001,774
Total other liabilities	563,602	165,444
Total stockholders' equity	4,290,388	1,448,718
Total liabilities and stockholders' equity	<u><u>\$ 10,371,603</u></u>	<u><u>\$ 2,615,936</u></u>



Summary Operating Data

(Dollars in thousands, except average daily results)

Drybulk	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2015	2014	2015
Average number of vessels ⁽¹⁾	38.7	39.0	38.4	39.0
Total voyage days for vessels ⁽²⁾	3,453	3,458	6,791	6,864
Total calendar days for vessels ⁽³⁾	3,526	3,549	6,946	7,059
Fleet utilization ⁽⁴⁾	97.9%	97.4%	97.8%	97.2%
Time charter equivalent ⁽⁵⁾	\$12,064	\$10,813	\$12,801	\$10,675
Vessel operating expenses (daily) ⁽⁶⁾	\$6,602	\$6,543	\$6,466	\$6,450

Tanker	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2015	2014	2015
Average number of vessels ⁽¹⁾	10.0	10.0	10.0	10.0
Total voyage days for vessels ⁽²⁾	910	906	1,810	1,806
Total calendar days for vessels ⁽³⁾	910	910	1,810	1,810
Fleet utilization ⁽⁴⁾	100.0%	99.6%	100.0%	99.8%
Time charter equivalent ⁽⁵⁾	\$15,650	\$43,221	\$20,190	\$39,225
Vessel operating expenses (daily) ⁽⁶⁾	\$7,286	\$6,955	\$7,215	\$6,751

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

Drybulk	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2015	2014	2015
Voyage revenues ⁽⁷⁾	\$ 49,616	\$ 42,239	\$ 103,024	\$ 87,839
Voyage expenses	(7,960)	(4,847)	(16,092)	(14,567)
Time charter equivalent revenues	\$ 41,656	\$ 37,392	\$ 86,932	\$ 73,272
Total voyage days for fleet	3,453	3,458	6,791	6,864
Time charter equivalent TCE	\$ 12,064	\$ 10,813	\$ 12,801	\$ 10,675

Tanker	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2015	2014	2015
Voyage revenues	\$ 36,624	\$ 54,814	\$ 79,938	\$ 104,879
Voyage expenses	(22,383)	(15,656)	(43,394)	(34,038)
Time charter equivalent revenues	\$ 14,241	\$ 39,158	\$ 36,544	\$ 70,841
Total voyage days for fleet	910	906	1,810	1,806
Time charter equivalent TCE	\$ 15,650	\$ 43,221	\$ 20,190	\$ 39,225

(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 and write off in overdue receivables under certain time charter agreements.

