

DryShips Inc.

1st Quarter 2007

Earnings Presentation



NASDAQ: "DRYS"

May 30th, 2007

Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements. 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 DryShips Inc. believes 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, DryShips Inc. 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 charterhire rates and vessel values, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydocking, changes in DryShips Inc.'s operating expenses, including bunker prices, dry-docking and insurance costs, or actions taken by regulatory authorities, potential liability from pending or future litigation, 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 US Securities and Exchange Commission.



1q07 Financial Highlights

<i>Figures in millions except TCE in \$/d</i>	1q07	1q06
Net Income	\$66.4	\$18.1
EPS	\$1.87	\$0.60
Operating Income	\$77.2	\$24.1
EBITDA (excl. vessel gains)	\$63.5	\$38.0
Fleet TCE	28,930	21,324
Utilization	97.4%	98.0%

Included in the first quarter results is a capital gain on the sale of three vessels of \$30.5 million or \$0.86 per share. Excluding this gain Net Income would amount to \$35.9 million or \$1.01 per share.



Fleet Employment Developments

Name	Year Built	Type	Gross Rate per day	Delivery	Re-Delivery	
					Earliest	Latest
Samsara	1996	Capesize	55,500	15-Feb-07	Sep-07	Nov-07
Netadola	1993	Capesize	52,500	26-Feb-07	Sep-07	Nov-07
Ligari	2004	Panamax	31,550	21-Feb-07	Sep-07	Nov-07
Mendocino	2002	Panamax	37,500	5-Mar-07	Oct-07	Dec-07
Alona	2002	Handymax	28,700	27-Mar-07	May-07	Jun-07
Ocean Crystal	1999	Panamax	40,000	31-Mar-07	Sep-07	Nov-07
Alameda	2001	Capesize	73,000	12-Apr-07	Jan-08	Mar-08
Waikiki	1995	Panamax	36,750	13-Apr-07	Jan-08	Mar-08
Matira	1994	Handymax	32,300	20-Apr-07	Oct-07	Dec-07
La Jolla	1997	Panamax	46,000	30-Apr-07	Oct-07	Dec-07
Lanzarote	1996	Panamax	43,750	29-Apr-07	Sep-07	Nov-07

The above concluded time charters are expected to contribute approximately between \$96.8 million and \$124.3 million in time charter revenue. The lower figure corresponds to the minimum charter duration and the higher figure to the maximum charter duration.



Fleet Renewal Program

Vessel Disposals

	4q06	1q07	2q07	3q07	4q06 - 3q07
Number	1	3	6	1	11
Deadweight (MT)	65,081	206,197	485,691	68,676	825,645
Avg. Age (years)	25.00	18.11	16.38	19.00	17.71
Sales Price (\$)	11,700,000	72,420,000	201,330,000	26,000,000	311,450,000
Book Gain (\$)	8,582,958	30,499,804	64,512,360	8,965,139	112,560,261
Book Gain (\$/share)	0.24	0.86	1.82	0.25	3.17

Vessel Acquisitions

	4q06	1q07	2q07	3q07	4q06 - 3q07
Number	1	1	8	1	11
Deadweight (MT)	74,716	150,393	665,843	73,931	964,883
Avg. Age (years)	7.00	11.00	7.67	6.00	8.01
Purchase Price (\$)	40,800,000	62,000,000	385,500,000	39,700,000	528,000,000

When all of the above mentioned acquisitions and disposals have taken place, DryShips' fleet will include 36 drybulk carriers comprising 5 Capesize, 28 Panamax, 1 Handymax and 2 newbuilding Panamax vessels, with a combined deadweight tonnage of approximately 3.0 million, and an average age of 8.5 years well below the drybulk industry average.



Permanent Financing

Financing of Fleet Renewal Program	
Vessels Acquired	(528,000,000)
Vessel Disposed	311,450,000
Mandatory Pre-Payments	(149,219,639)
Net Funding Requirement	(365,769,639)
Increase of HSH Credit Facility	181,000,000
Re-Borrowing Option	149,219,639
New Debt	330,219,639
Equity Required	(35,550,000)



*To be provided by
Operating Cash*

*Net Debt
to
Book Capitalization
38.3%
(adj. for asset values)*

As of May 29, 2007, the Company had a total of \$749.2 million in debt outstanding under its credit facility with HSH Nordbank with a total un-drawn amount of \$117.5 million.



EBITDA Calculator

	2q07	3q07	4q07	Remainder 2007
Capesize Unfixed Days	0	141	368	509
Capesize Spot TCE	??	??	??	??
Capesize Spot Revenue	??	??	??	??
 Panamax Unfixed Days	 380	 1,752	 2,366	 4,498
Panamax Spot TCE	??	??	??	??
Panamax Spot Revenue	??	??	??	??
 Handymax Unfixed Days	 15	 0	 82	 97
Handymax Spot TCE	??	??	??	??
Handymax Spot Revenue	??	??	??	??
 Total Unfixed Days	 395	 1,893	 2,816	 5,104
 Fleet Spot Revenue	 ??	 ??	 ??	 ??
 Capesize Fixed Revenue	 \$22,889,467	 \$16,465,565	 \$6,296,250	 \$45,651,282
Panamax Fixed Revenue	\$59,164,639	\$26,876,626	\$5,172,524	\$91,213,789
Handymax Fixed Revenue	\$5,071,741	\$2,332,060	\$306,850	\$7,710,651
 Fleet Fixed Revenue	 87,125,847	 45,674,251	 11,775,624	 144,575,722
 Total Revenue	 ??	 ??	 ??	 ??
 Vessel OPEX (w/ Mng. Fees)	 \$16,000,000	 \$16,000,000	 \$16,000,000	 \$48,000,000
G&A	\$1,900,000	\$1,900,000	\$1,900,000	\$5,700,000
 Total Costs	 \$17,900,000	 \$17,900,000	 \$17,900,000	 \$53,700,000
 EBITDA	 ??	 ??	 ??	 ??

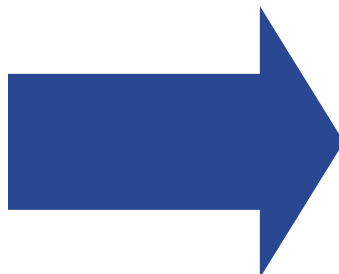
*As of today, for the
remaining three
quarters of 2007:
56%
of vessel operating
days
UNFIXED*



Significant Upside Potential

As of today, on a Net Income basis, DryShips has covered all its fixed costs for 2007.

From now on every \$ earned on each vessel will flow down to the bottom line.



Example

If for the remainder of 2007 the DryShips fleet earns \$30,000 per day for each unfixed day

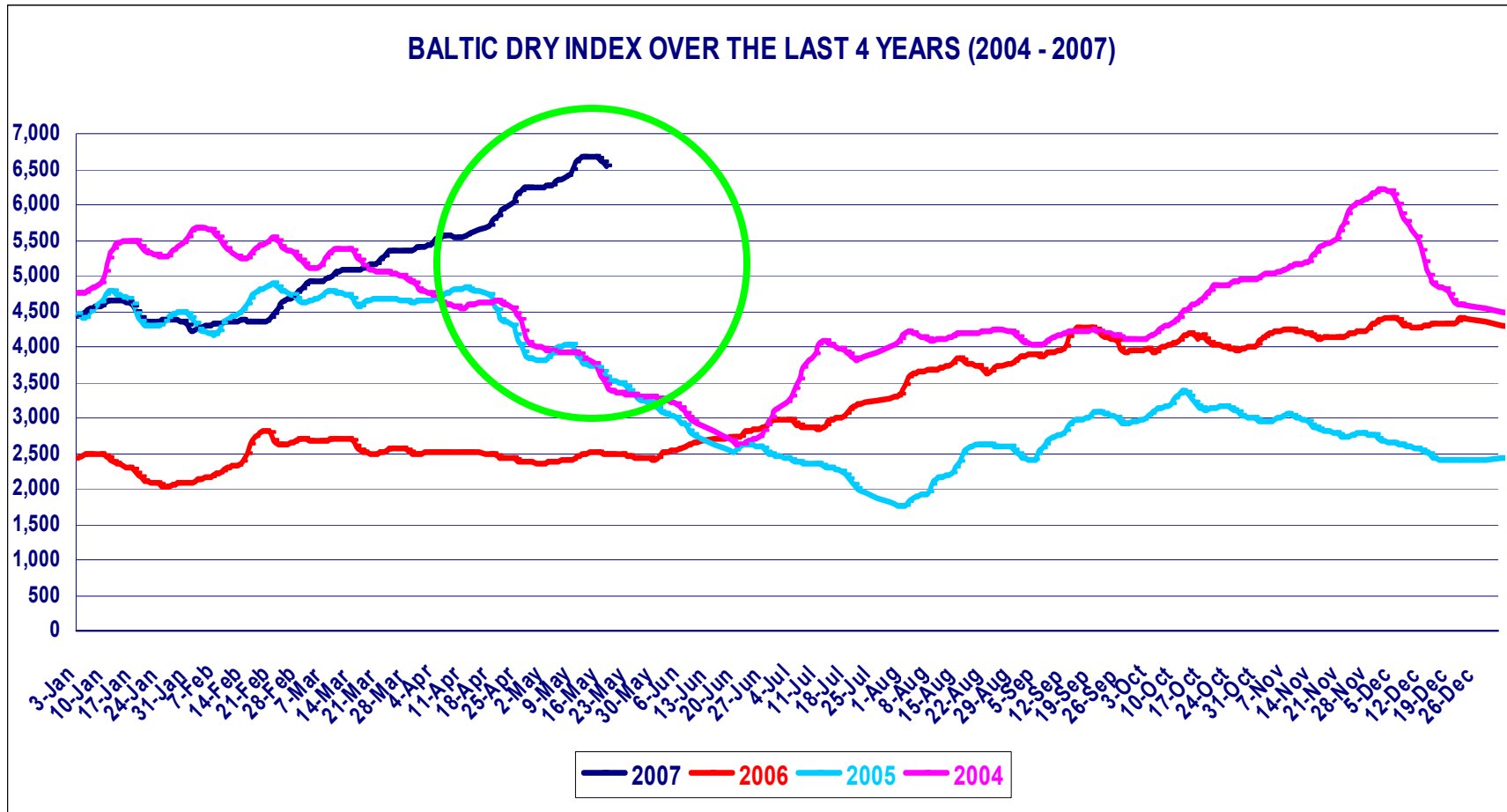
then,

DryShips EPS =

$$\begin{aligned} & \$30,000 \times 5,104 \text{ unfixed days} / 35.5 \text{ million shares} \\ & = \\ & \$ 4.30 \text{ EPS} \end{aligned}$$



Baltic Dry Index



Source: The Baltic Exchange



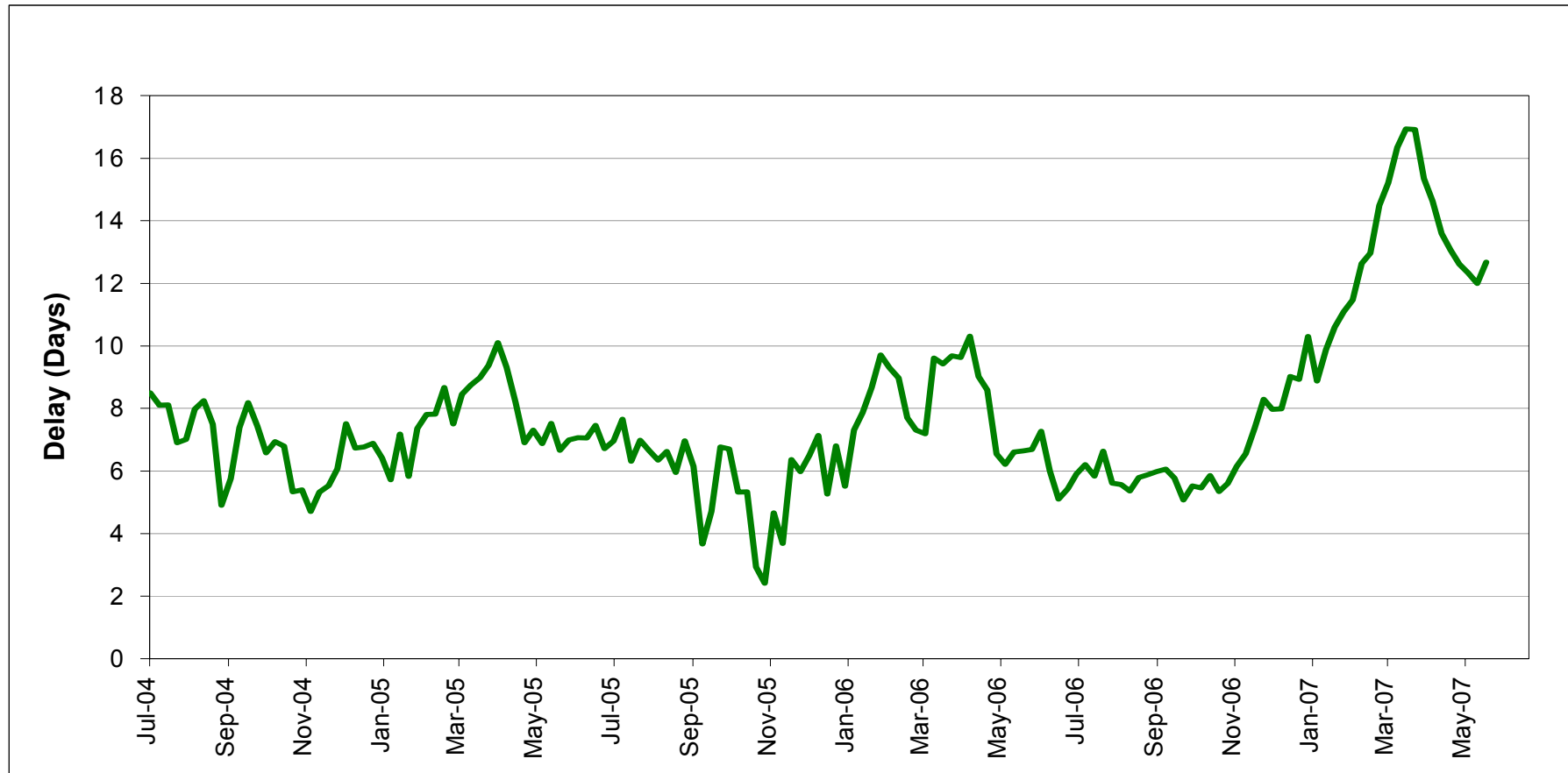
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Port Congestion Remains High

Currently the combined Australian port delays are about 13 days.



Source: Industry sources. Figures based on mid-month situation.

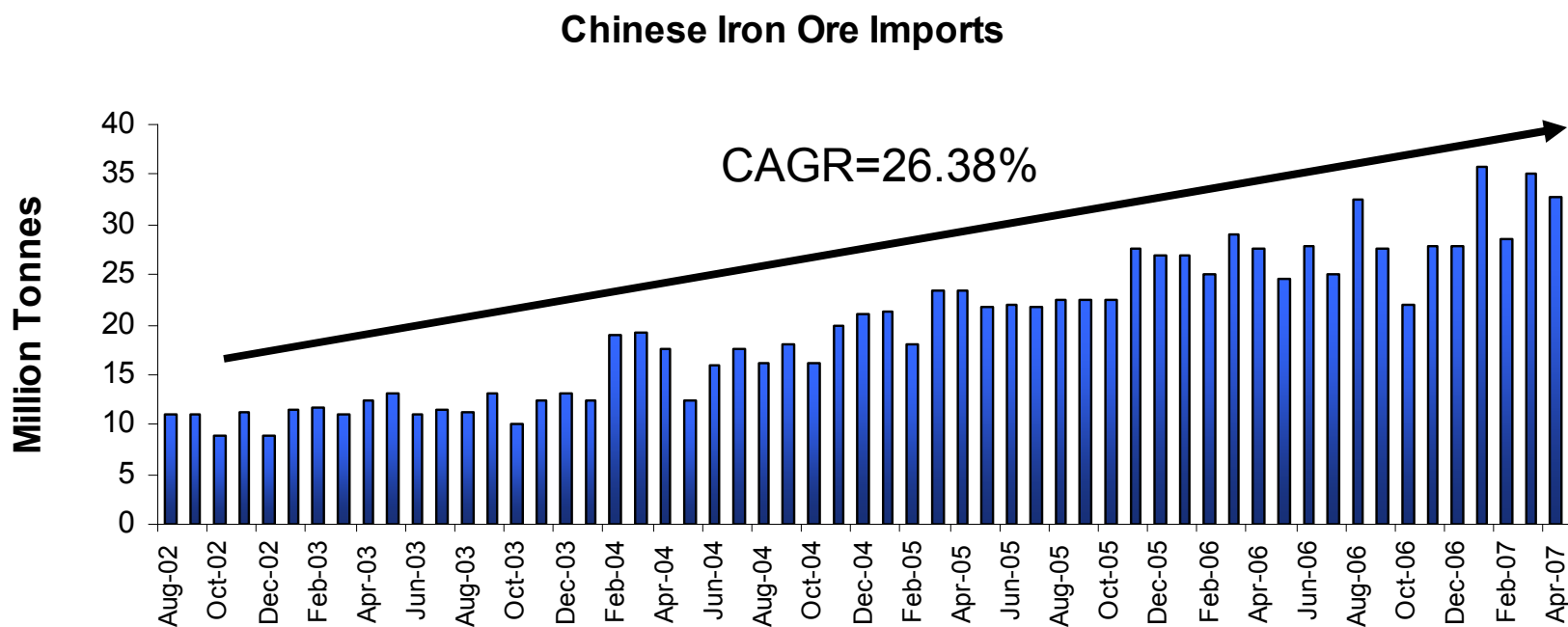


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Sustained Chinese Demand

Chinese iron ore imports have continued to rise in 2007. April 2007 figures are up 19% Y-o-Y compared to 2006.



Source: Industry sources.



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Demand and Supply Balance Remains Positive

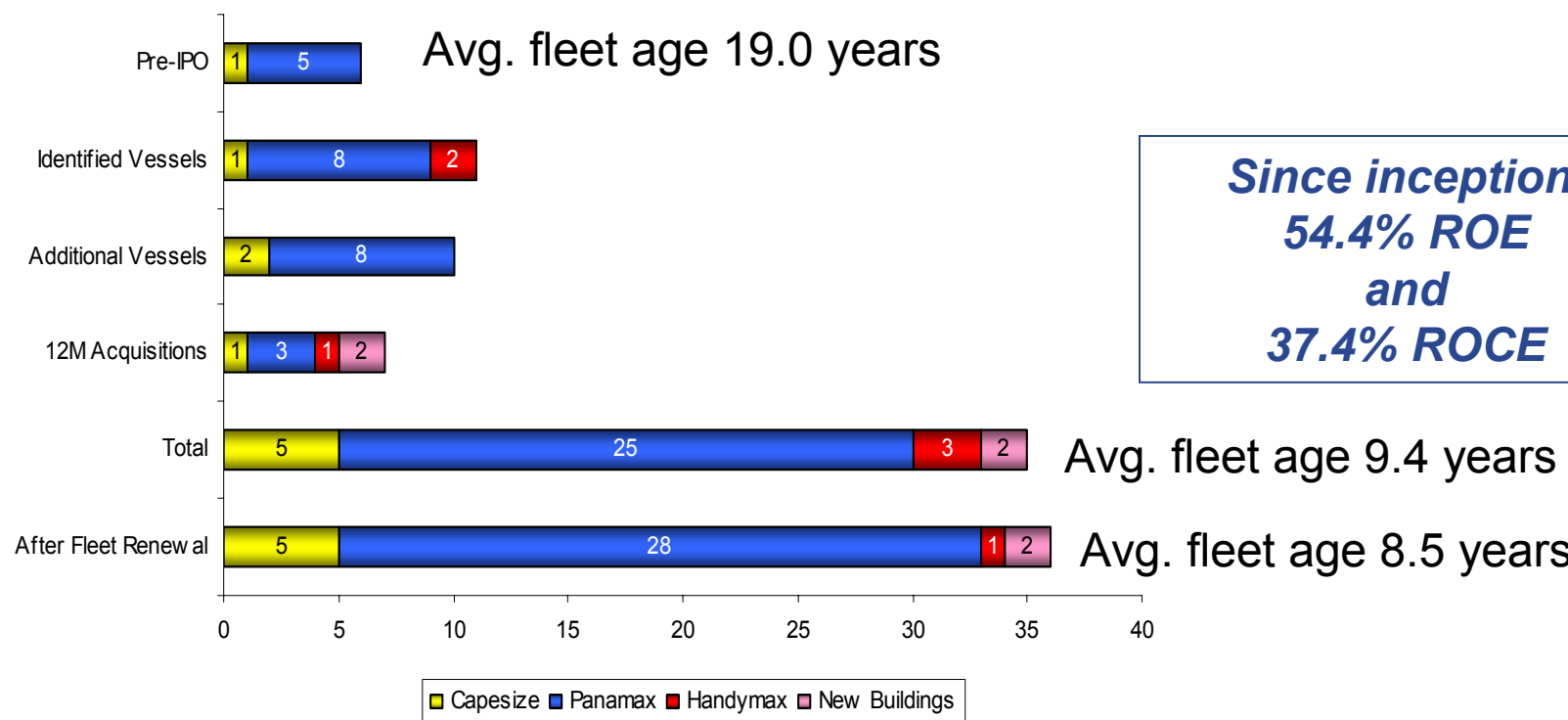
	2004A	2005A	2006A	2007E	2008E	2009E
<u>Demand (million tons)</u>						
Iron Ore	589	670	730 (720)	770 (760)	812	857
Coal	664	705	750 (730)	785 (765)	822	860
Grain	236	242	252 (260)	260 (265)	268	277
Major Bulks	1,489	1,617	1,732 (1,710)	1,815	1,902	1,993
Minor Bulks	1,025	1,049	1,086 (1,076)	1,116 (1,106)	1,147	1,179
Total	2,514	2,666	2,818 (2,786)	2,931 (2,896)	3,049 (3,015)	3,172
Annual Increase	174	152	152 (118)	113 (108)	118 (119)	123
% Growth Rate	7.4%	6.0%	5.7% (4.5%)	4.0% (3.9%)	3.9% (3.9%)	3.9%
Cargo Ton Miles (In billions)	12,079	12,838 (12,699)	13,745 (13,540)	14,365 (14,145)	15,013 (14,782)	15,690
% Growth Rate	8.4%	6.3% (5.1%)	7.1% (5.5%)	4.5% (4.5%)	4.5% (4.5%)	4.5%
<u>Supply (million dwt)</u>						
Year End Fleet		321.2	344.0 (343.9)	367.4 (369.4)	387.5 (383.4)	402.5
Deliveries		24.3	25.7 (28.1)	23.4 (18.0)	19.2 (16.2)	21.6
Deletions		-1.5	-2.3 (2.6)	-3.3 (4.0)	-4.2 (-4.9)	-4.2
Year End Fleet	321.2	344.0	367.4 (369.4)	387.5 (383.4)	402.5 (394.7)	420
% Growth Rate	6.1%	7.1%	6.8% (7.4%)	5.5% (3.8%)	3.9% (2.90%)	4.3%
25+ Year Fleet		30.0	53.0	63.0	79.0	94.0
% of Fleet		9.6%	21.0%	16.0%	20.0%	22%

Note: Figures in parentheses refer to figures at the time of our last update



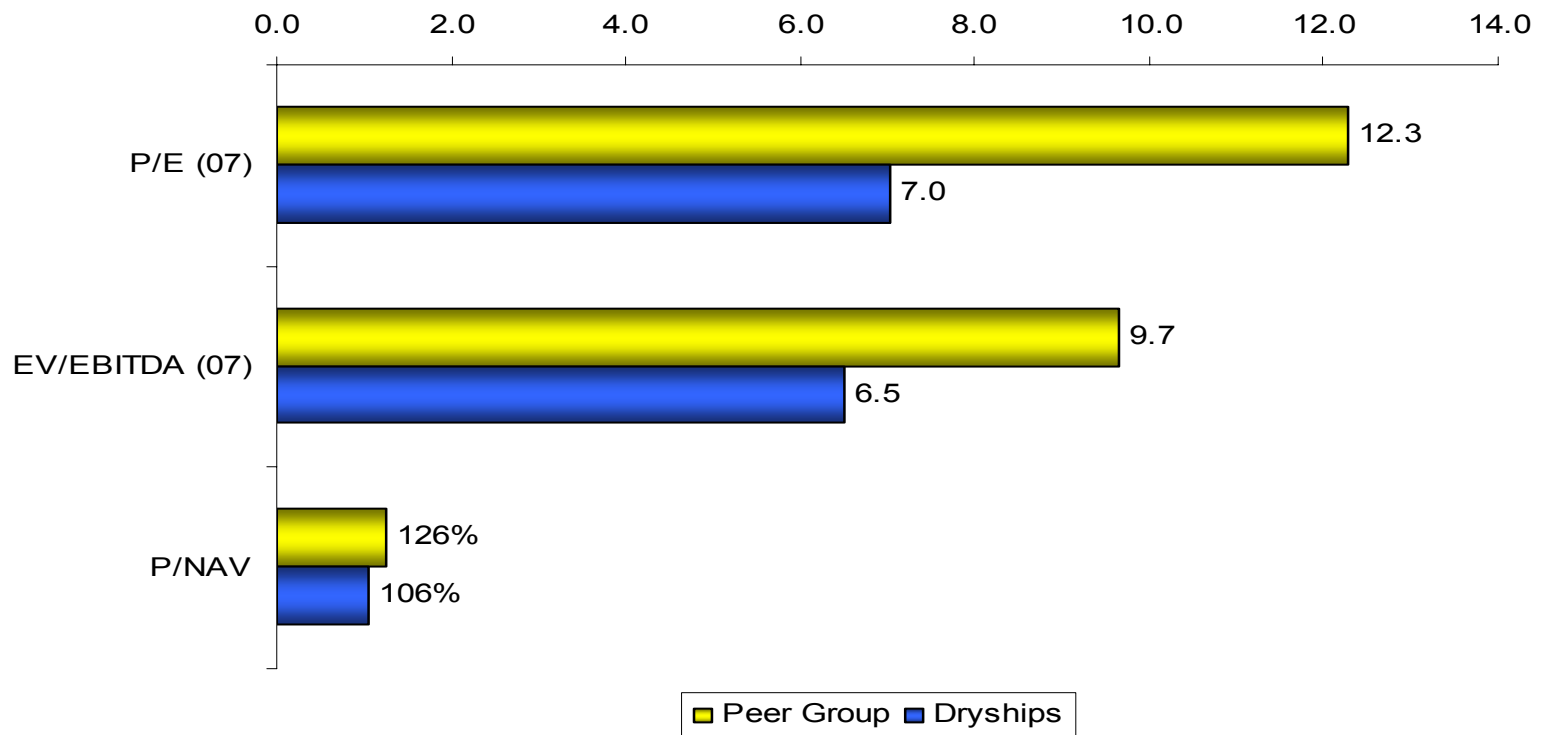
Largest US listed Dry Bulk Shipping Company

Since we went public in February 2005 we have managed to grow the fleet in the space of only 27 months to 35 vessels with an average age of 9.4 years.



Compelling Valuation

Peer Group Comparison



Peer Group consists of Diana, Eagle, Excel, Genco, Quintana

Source: Company Filings and Equity Research



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APPENDICES



Appendix I – 1st Quarter 2007 and 2006 Income Statements

(Dollars in thousands, except per share data and Average Daily Results - unaudited)

	Three Months Ended March 31, 2007 <i>Unaudited</i>	Three Months Ended March 31, 2006 <i>Unaudited</i>
INCOME STATEMENT DATA		
Voyage revenues	\$86,650	\$54,809
Voyage expenses	5,270	4,036
Vessel operating expenses	13,789	10,492
Depreciation and amortization	16,854	13,766
Gain on sale of vessels	(30,497)	
Management fees	2,196	1,444
General and administrative	1,888	969
Operating Income	<u>77,150</u>	<u>24,102</u>
Interest and finance costs, net	(10,748)	(6,109)
Other, net	(1)	121
NET INCOME	<u>\$66,401</u>	<u>\$18,114</u>
Basic and fully diluted earnings per share	<u>\$1.87</u>	<u>\$0.60</u>
Weighted average basic and diluted shares outstanding	<u>35,490,097</u>	<u>30,350,000</u>



Appendix II – March 31, 2007 and Dec. 31, 2006 Balance Sheets

<i>(Dollars in thousands)</i>	<i>As at March 31, 2007</i>	<i>As at December 31, 2006</i>
BALANCE SHEET DATA	<i>Unaudited</i>	<i>Unaudited</i>
<u>ASSETS</u>		
CURRENT ASSETS:		
Cash and cash equivalents	6,088	2,537
Restricted cash	6,471	6,614
Accounts receivables - trade, net	5,784	3,187
Insurance claims	4,689	671
Due from related parties	3,059	3,353
Inventories	2,719	2,571
Financial instruments	786	985
Prepaid charter revenue	-	1,335
Prepayments and other	4,869	5,568
Vessel held for sale	29,331	-
Total current assets	63,796	26,821
FIXED ASSETS:		
Advances for vessels under construction and acquisitions	46,350	27,380
Vessels-net	1,063,251	1,084,924
Total fixed assets	1,109,601	1,112,304
Deferred charges, net	4,799	6,200
Restricted cash	20,000	20,000
Other non current assets	2,727	2,848
Total assets	1,200,923	1,168,173
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES:		
Current portion of long-term debt	125,691	71,412
Accounts payable	9,229	11,423
Due to related parties	15	25,086
Accrued liabilities	6,348	6,326
Deferred revenue	10,018	12,270
Financial instruments	1,320	2,625
Other current liabilities	202	202
Total current liabilities	152,823	129,344
Long-term debt, net of current portion	537,331	587,330
Other non-current liabilities	574	607
STOCKHOLDERS' EQUITY		
Capital stock	355	355
Additional paid-in capital	327,446	327,446
Retained earnings	182,394	123,091
Total Stockholders' equity	510,195	450,892
Total liabilities and stockholders' equity	1,200,923	1,168,173



Appendix III - 1Q07 & 1Q06 Fleet Highlights

(Dollars in thousands, except

Average Daily Results - unaudited)

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006
Average number of vessels ⁽¹⁾	32.1	27
Total voyage days for fleet ⁽²⁾	2,813	2,381
Total calendar days for fleet ⁽³⁾	2,887	2,430
Fleet Utilization ⁽⁴⁾	97.4%	98.0%
Time charter equivalent ⁽⁵⁾	28,930	21,324
Capesize	39,605	33,768
Panamax	27,825	19,698
Handymax	21,605	15,063
Vessel operating expenses (daily) ⁽⁶⁾	4,776	4,318
Management fees (daily)	760	594
General and administrative expenses (daily) ⁽⁷⁾	654	399
Total vessel operating expenses (daily) ⁽⁸⁾	6,190	5,311

(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 owned by us for the relevant period net of off hire days associated with major repairs, drydockings or special or intermediate surveys.

(3) Calendar days are the total days the vessels were owned by us for the relevant period including off hire days associated with major repairs, drydockings or special or intermediate surveys.

(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, which would otherwise be paid by the charterer under a time charter contract, as well as commissions. TCE is 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.

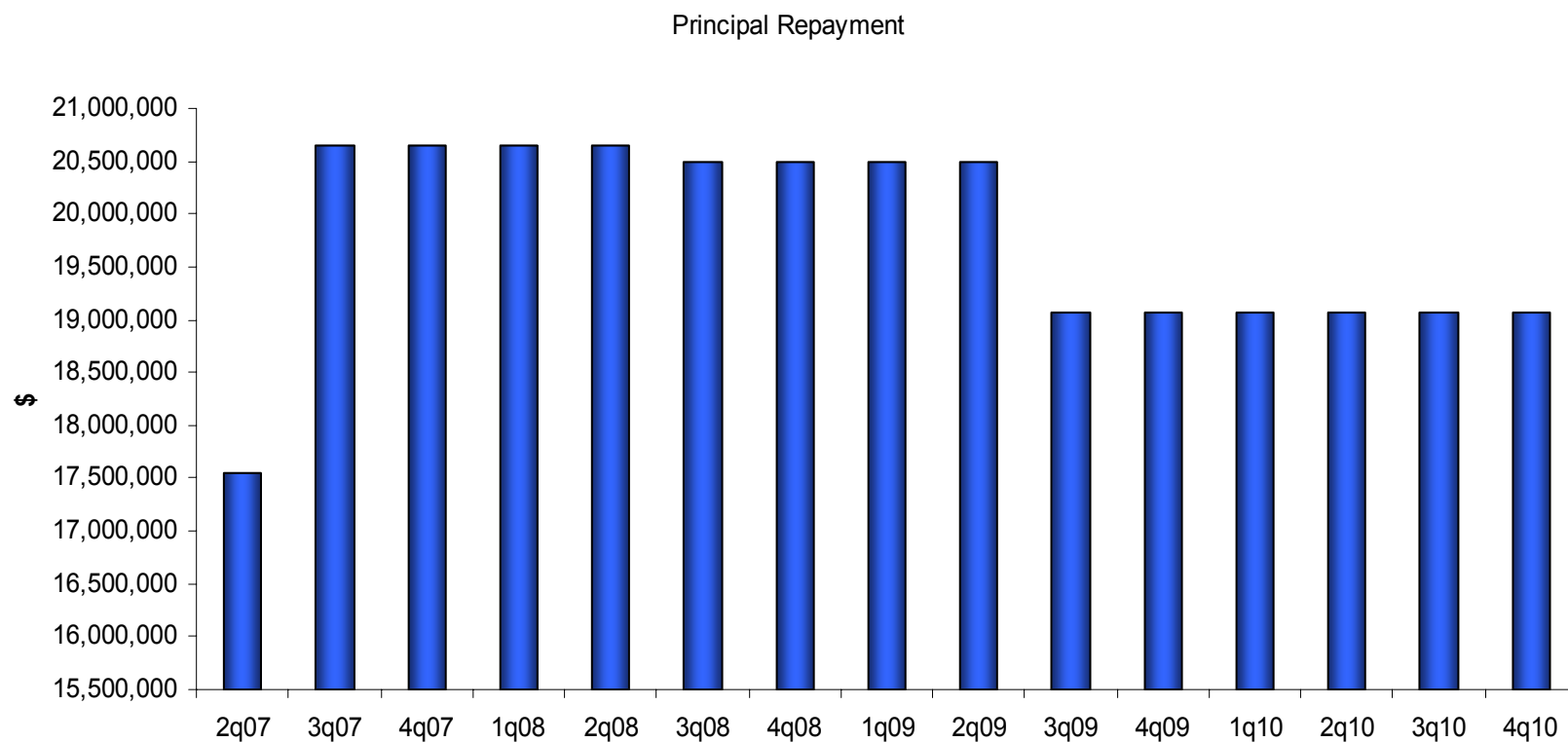
(6) Daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs is calculated by dividing vessel operating expenses by fleet calendar days for the relevant time period.

(7) Daily general and administrative expense is calculated by dividing general and administrative expense by fleet calendar days for the relevant time period.

(8) Total vessel operating expenses, or TVOE, is a measurement of our total expenses associated with operating our vessels. TVOE is the sum of vessel operating expenses, management fees and general and administrative expenses. Daily TVOE is calculated by dividing TVOE by fleet calendar days for the relevant time period.



Appendix IV – Debt Profile*



* Repayment schedule includes the already announced acquisitions



Appendix V - Fleet Profile as of May 29, 2007

	Year Built	DWT	Type	Current Employment	Gross Rate per Day	Redelivery	
						Earliest	Latest
Capesize:							
Manasota	2004	171,061	Capesize	TC	\$55,000	Aug-07	Nov-07
Alameda	2001	170,269	Capesize	TC	\$73,000	Jan-08	Mar-08
Samsara	1996	150,393	Capesize	TC	\$55,500	Sep-07	Nov-07
Netadola	1993	149,475	Capesize	TC	\$52,500	Sep-07	Nov-07
Brisbane	1995	151,066	Capesize	Spot	\$83,500	Prompt	Prompt
	9.0	792,264	5				
Panamax:							
Ligari	2004	75,583	Panamax	TC	\$31,550	Sep-07	Nov-07
Padre	2004	73,601	Panamax	TC	\$30,000	Sep-07	Nov-07
Maganari	2001	75,941	Panamax	TC	\$18,400	Apr-08	Jul-08
Coronado	2000	75,706	Panamax	TC	\$18,500	Prompt	Jun-07
Ocean Crystal	1999	73,688	Panamax	TC	\$40,000	Sep-07	Nov-07
Xanadu	1999	72,270	Panamax	TC	\$18,500	Prompt	Jun-07
Lanzarote	1996	73,008	Panamax	TC	\$43,750	Sep-07	Nov-07
Iguana	1996	70,349	Panamax	TC	\$28,000	Sep-07	Nov-07
Formentera	1996	70,002	Panamax	TC	\$18,000	Prompt	Jul-07
Waikiki	1995	75,473	Panamax	TC	\$36,750	Jan-08	Mar-08
Mendocino	2002	76,623	Panamax	TC	\$37,500	Oct-07	Dec-07
La Jolla	1997	72,126	Panamax	TC	\$46,000	Oct-07	Dec-07
Sonoma	2001	74,786	Panamax	Baumarine	\$42,911		
Toro	1995	73,034	Panamax	Baumarine	\$41,362		
Lacerta	1994	71,862	Panamax	Baumarine	\$41,668		
Lanikai	1988	68,676	Panamax	Baumarine	\$38,378		
Tonga	1984	66,798	Panamax	Baumarine	\$33,897		
Mostoles	1981	75,395	Panamax	Spot	\$41,500	Prompt	Prompt
Primera	1998	72,495	Panamax	Spot	\$40,500	Prompt	Prompt
Redondo	2000	74,716	Panamax	Spot	\$31,250	Prompt	Prompt
Marbella	2000	72,561	Panamax	Spot	\$35,500	Prompt	Prompt
Bargara	2002	74,832	Panamax	Spot	\$47,150	Prompt	Prompt
Catalina	2005	74,432	Panamax	Spot	\$44,750	Prompt	Prompt
Solana	1995	75,100	Panamax	Spot	\$40,100	Prompt	Prompt
Paragon	1995	71,259	Panamax	Spot	\$44,800	Prompt	Prompt
	9.8	1,830,316	25				
Handymax:							
Alona	2002	48,640	Handymax	TC	\$28,700	Prompt	Jun-07
Matira	1994	45,863	Handymax	TC	\$32,300	Oct-07	Dec-07
Hille Oldendorff	2005	55,566	Handymax	BB	\$20,020	Prompt	Jun-07
	6.3	150,069	3				
Newbuildings:							
TBN	2009	75,000	Panamax				
TBN	2010	75,000	Panamax				
		150,000	2				
Total Fleet	9.4	2,922,649	35				

1. For spot vessels the TCE rate is for the current voyage
2. For vessels trading in the Baumarine pool the TCE rate is the Pool's estimate for earnings in the month of May
3. The MV Maganari has been fixed in direct continuation at \$18,400 per day for 12 months
4. The MV Hille Oldendorff is employed under a bareboat charter
5. The quoted rates are not indications of future earnings and the Company gives no assurance or guarantee of future rates.



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