

DryShips Inc.

Informational Roadshow

November/December 2005



NASDAQ: "DRYS"

Disclaimer

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of applicable federal securities laws. Such statements are based upon current expectations that involve risks and uncertainties. Any statements contained herein that are not statements of historical fact may be deemed to be forward-looking statements. For example, words such as "may," "will," "should," "estimates," "predicts," "potential," "continue," "strategy," "believes," "anticipates," "plans," "expects," "intends" and similar expressions are intended to identify forward-looking statements. Actual results and the timing of certain events may differ significantly from the results discussed or implied in the forward-looking statements. Among the factors that might cause or contribute to such a discrepancy include, but are not limited to, the risk factors described in the Company's Registration Statement filed with the Securities and Exchange Commission, particularly those describing variations on charter rates and their effect on the Company's revenues, net income and profitability as well as the value of the Company's fleet.



Business Strategy

Capitalize on Fundamental Industry Change

Fleet Expansion



- Investment of \$848 million in 21 vessels

Sector Leadership



- Largest US listed drybulk company.
- 2nd largest panamax owner in the world

Diversified Fleet



- 4 capesize bulkcarriers
- 21 panamax bulkcarriers
- 2 handymax bulkcarriers

Spot Market Emphasis



- 87% 2006 fleet days in spot market
- 11 spot vessels in Baumarine Pool
- Fixed revenue comparable to other public drybulk companies

Financial Return Focus



- Annualized (9 months 2005) ROCE 28.3%
- Annualized (9 months 2005) ROE 67.5%

Regular Dividends



- 1st Quarterly dividend of \$0.20 paid in July 05
- 2nd Quarterly dividends of \$0.20 paid in October 05



Current Fleet Profile

- Largest US listed drybulk fleet – “Right” average age: about 10 years
- Presently 13% of total 2006 voyage days on period charter, may enter into more charters by 2006

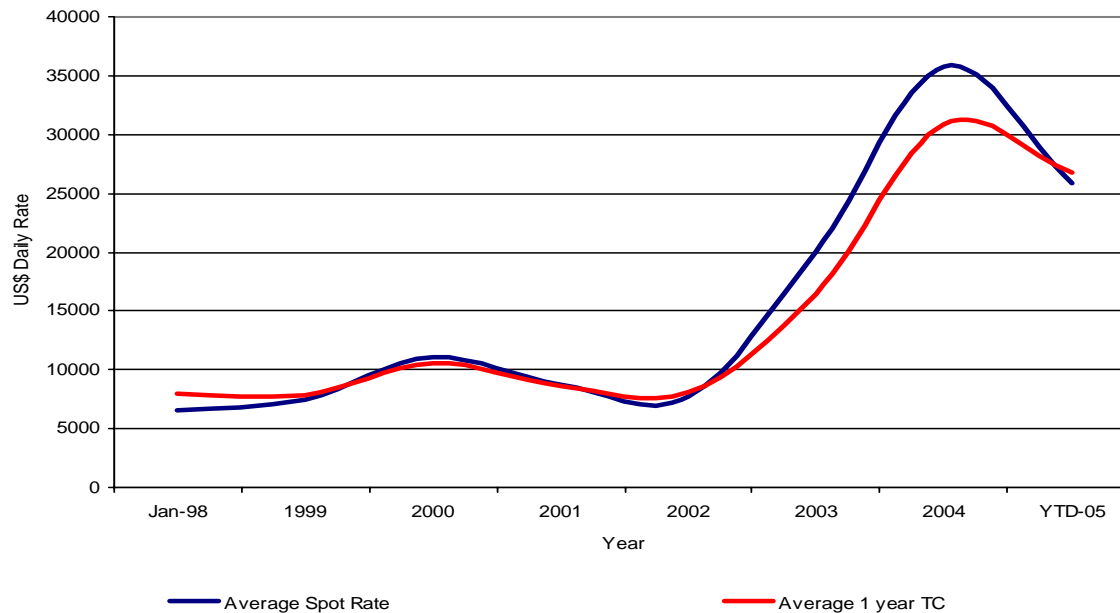
Vessel Type	Spot Employment		Contract Employment	Contract Employment	
	Trip Charters	Baumarine Pool		Average Daily Rate	Average Expiry
4 Capesize Average year built = 1995	3	0	1	\$46,000	Oct-06
21 Panamax Average year built = 1994	6	10	5	\$39,866	Sep-06
2 Handymax Average year built = 1998	0	1	1	\$21,750	Feb-06

- Fixed the capesize vessel “Manasota” on a 1 year charter at \$46,000 per day commencing October 20, 2005



Why We Prefer the Spot market

Panamax Charter Rates



➤ Average Spot Rate
1998 to 2005 YTD =
\$15,405 per day

➤ Average 1 Year TC Rate
1998 to 2005 YTD =
\$14,461 per day

Vessel Type	Spot Market						DryShips	
	3Q05	9 Months 05	Q4 to date (1)	Current (1)	Peak	Historic Av.	3Q05	9 Months 05
Capesize	34,173	51,938	48,719	43,579	78,000	17,500	43,077	51,444
Panamax	16,073	26,395	20,154	17,175	46,000	10,400	21,620	26,487
Handymax	16,017	22,556	18,144	17,002	34,000	9,300	22,650	22,768

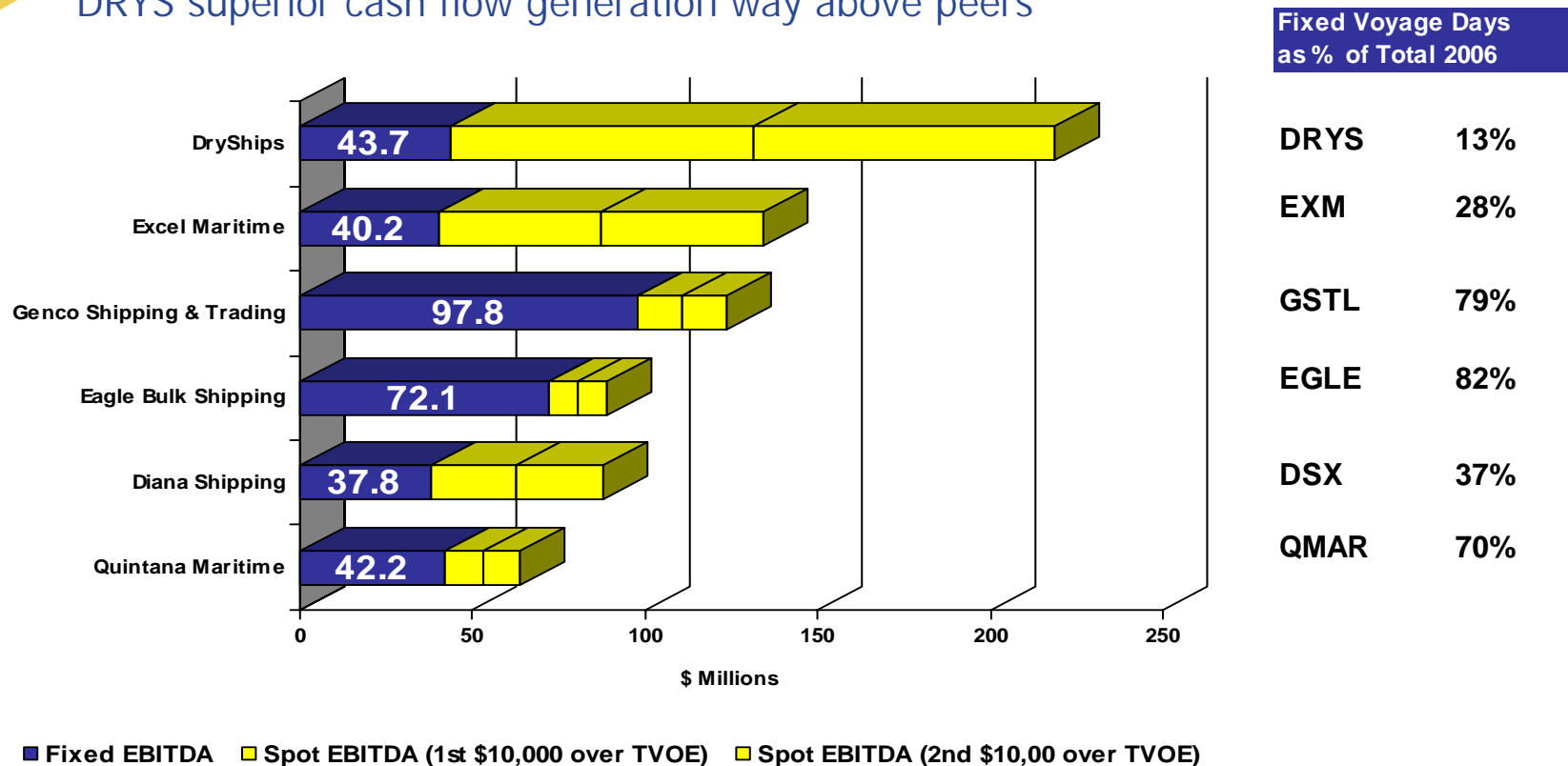
Note: (1) Charter rates as at November 25, 2005

The Historic Averages in the above table are for the period 1998 to 2003



US Listed Shipping Companies – 2006 Estimated EBITDA

- DRYS fixed EBITDA comparable to EXM, DSX, QMAR, 2/3 EGLE, 1/2 GSTL
- Spot charter rates above TVOE ⁽¹⁾ (\$5,400 per day average) generates Spot EBITDA
- DRYS superior cash flow generation way above peers



(1) Peer group average. Includes vessel operating expenses (Opex), management fees and G&A



US Listed Shipping Companies - Fixed Charters

➤ Fixed Employment Contracts. Do they provide adequate coverage?

			Remaining Term (in years) (1)		WHAT IS THE ACTUAL P/E?	
			Average Current Fixed Charters	Average Total Fleet	Estimated P/E Multiples Base Case Scenarios	
					With Fixed Contracts	All Spot
Growth	DryShips	DRYS	0.6	0.1	4.4x	5.8x
	Excel Maritime	EXM	0.8	0.7	4.4x	6.2x
High Dividends	Diana Shipping	DSX	1.6	0.6	9.6x	12.2x
	Quintana Maritime	QMAR	3.1	1.8	5.7x	7.0x
	Genco Shipping & Trading	GSTL	1.0	0.9	6.1x	15.7x
	Eagle Bulk Shipping	EGLE	1.2	1.2	7.8x	17.8x
Average			1.4	0.9	6.3x	10.8x

➤ Average fleet wide contract term to expire by end 2006, what happens thereafter??

Base Case Scenario:	Size Segment	Base Case
	Capesize	\$36,000
	Panamax	\$18,000
	Handymax	\$14,400

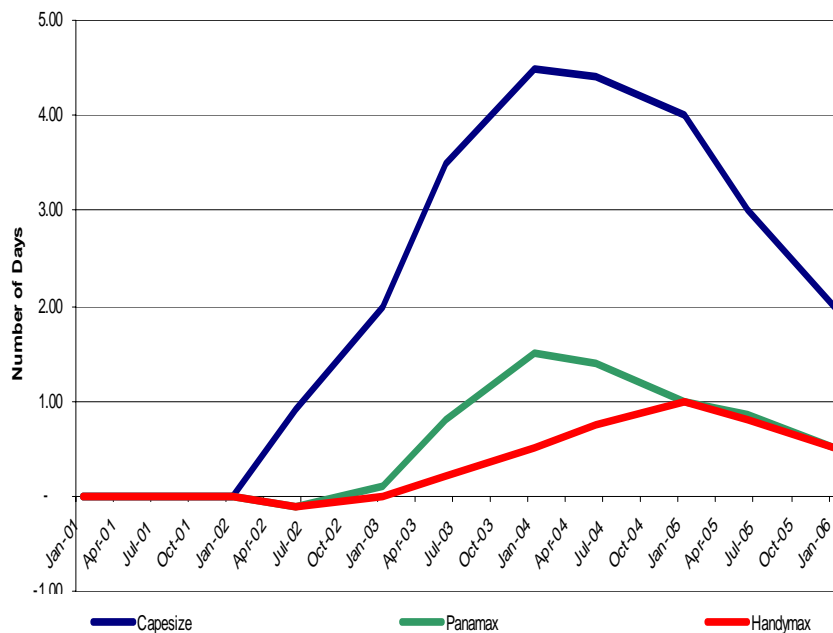
(1) Commencing January 1, 2006



Baltic Dry Index and Port Congestion

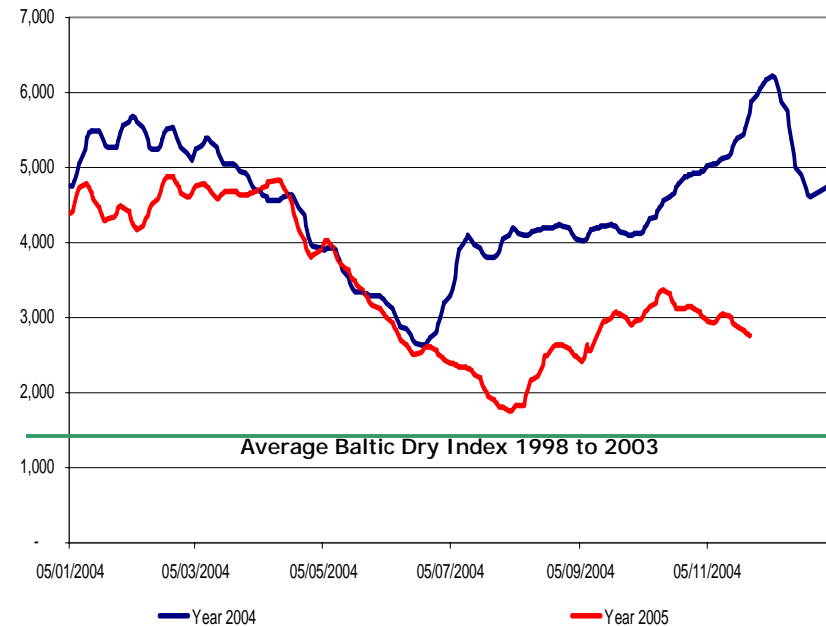
- China was in temporary de-stocking phase
- Steel production cuts in Northern America and Europe

Brazil, Australia, China – Port Congestion



- Moderating port congestion, 2005 levels similar to those in 2003

Baltic Dry Index – 2004 and 2005 year to date

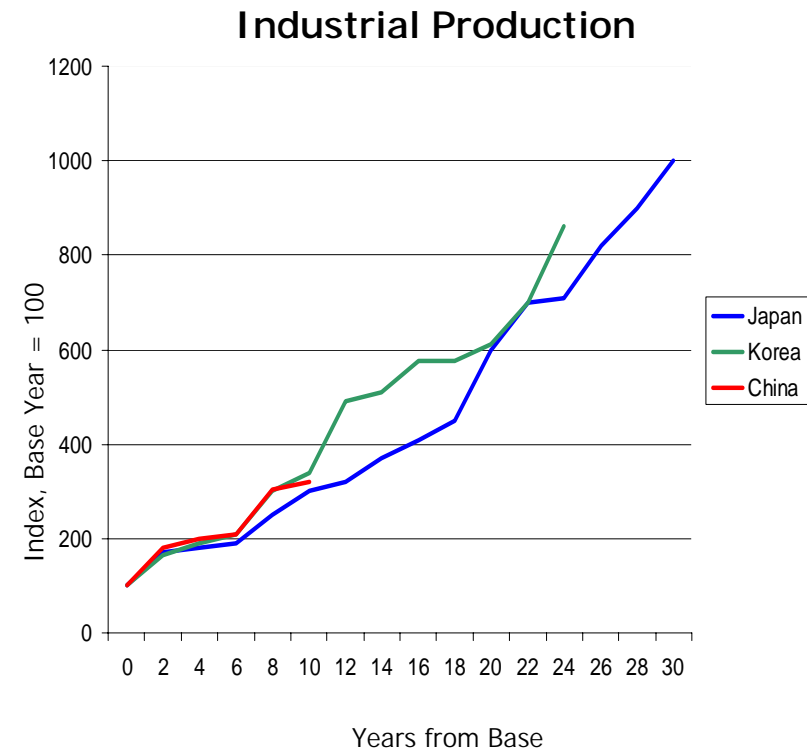
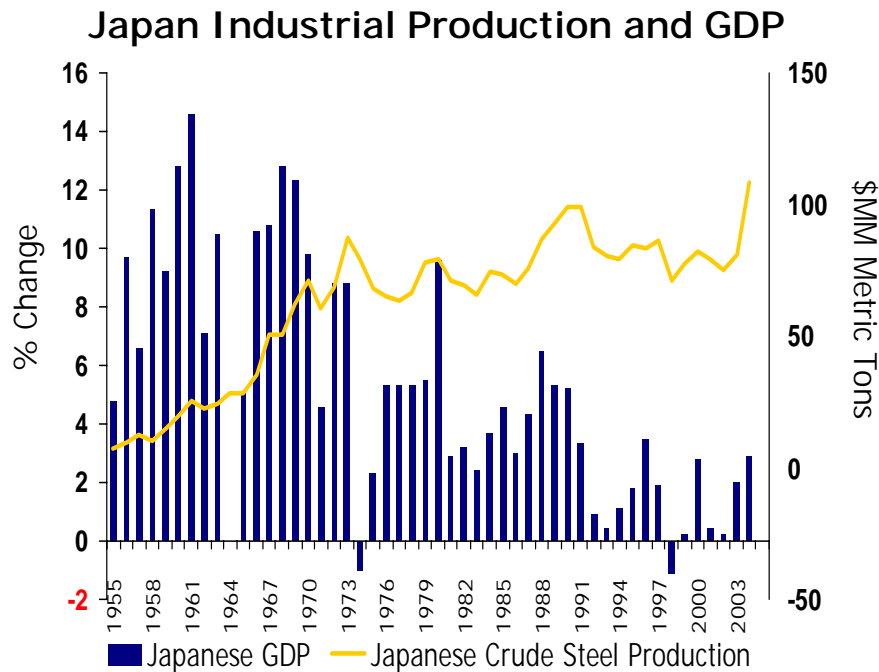


- So, lower charter rates in 2005 than 2004, but above historic average



Is China a Bubble? Absolutely Not!

➤ “Soft” or “Hard” landing? “No” landing at all



(\$ in billions)	2003	2004	2005E
GDP	1,319	1,444	1,577
% Change	9.1%	9.5%	9.2%
Net Change	110	125	133

Japan Base Year = 1959

Korea Base Year = 1980

China Base Year = 1995

Source: Clarksons Research Studies and International Monetary Fund

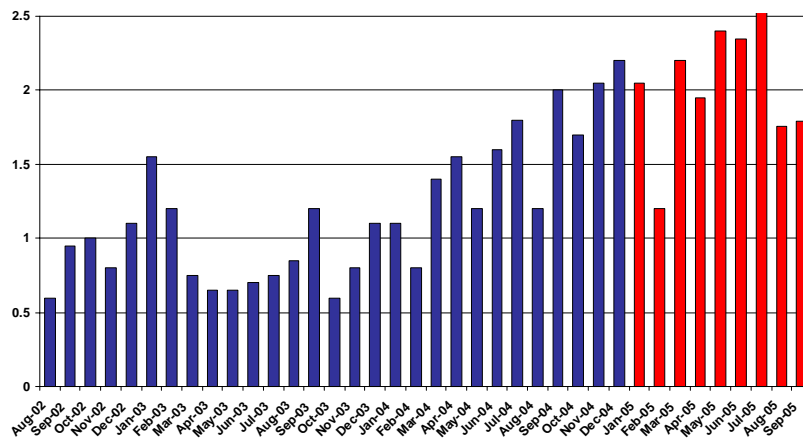


China Continues Growth



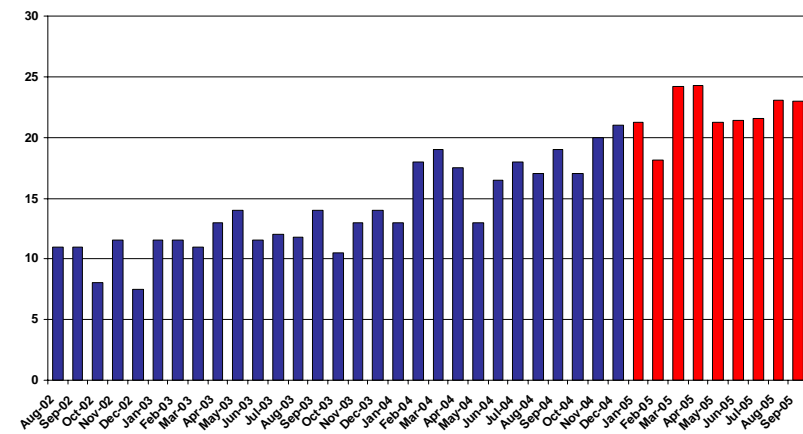
- 2004 GDP growth 9.5%. 1H05 GDP growth also reported at 9.5%.
Note: Steady Chinese GDP growth but iron ore and coal growth are accelerating!
- 2005 Chinese steel production up 25% to 335 million tons!

China Coal Imports



- 1st 9 months of 2005 coal imports of 18.54m tons up 46.5% from 12.65m tons for 1st 9 months of 2004!

China Iron Ore Imports



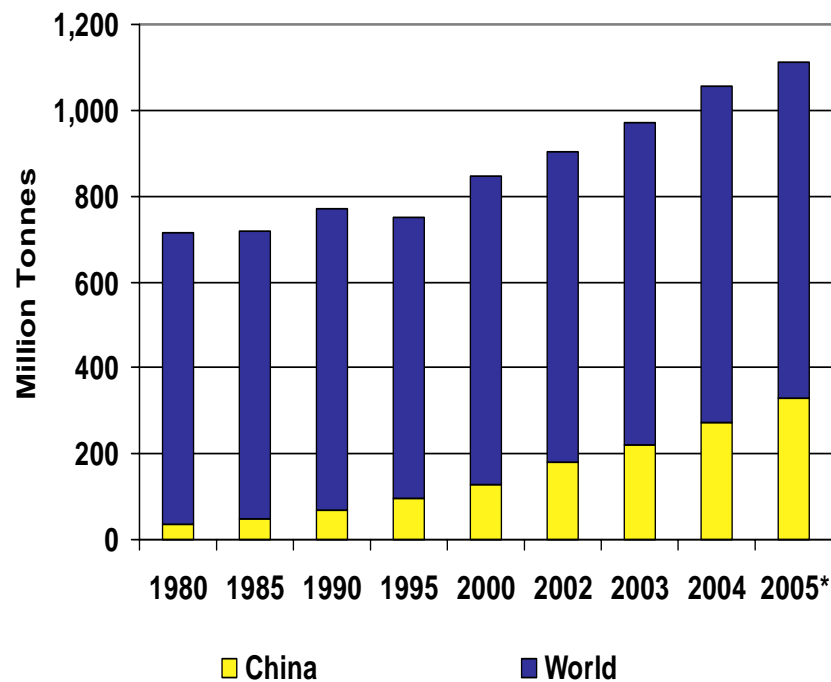
- 1st 9 months of 2005 iron ore imports of 198.3m tons up 31.3% from 151m tons for the 1st 9 months of 2004!



Growth in Worldwide Steel Production

- Steel and its raw materials account for 44% of drybulk demand

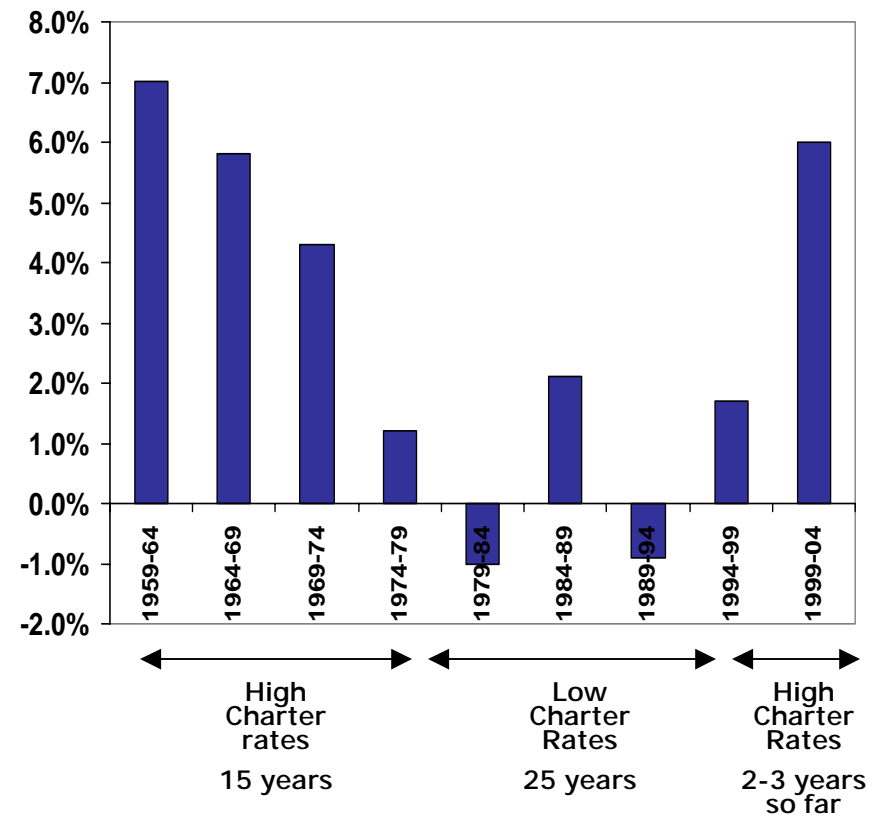
World Steel Production



CAGR 1980 - 2000 = 6.4%

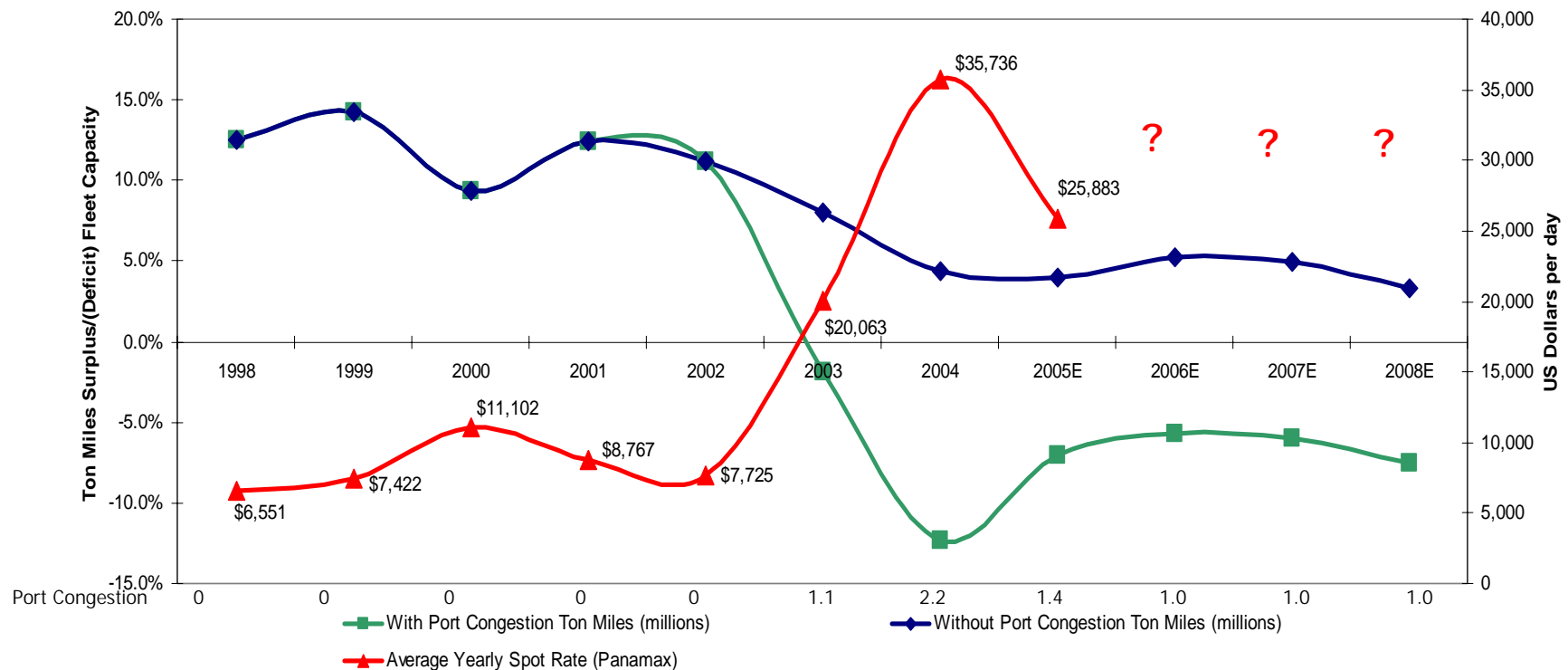
CAGR 2000 - 2005 = 20.8%

World Steel Production Growth



Fleet Capacity and Cargo Demand

- Pre 2003: Substantial (10-15%) Capacity Surplus => Low charter rates
- Post 2003: Negligible (3-4%) Surplus + Port Congestion (5-7%) shortage => High charter rates



Industry Summary

No Change in Positive Long Term Fundamentals

SUPPLY

- Newbuilding deliveries to decline in 2007 and beyond
- Pool of scrapping candidate vessel (25+ years old) to increase steadily

DEMAND

- Chinese urbanization and industrialization will continue to support steel demand
- Indian acute coal shortage, country emerging as important demand source
- Huge iron ore and coal mining capacity expansion mainly in 2006 and 2007
- Economic growth forecasts imply increased demand for steel & energy in 2006
- Iron ore and coal ton mile expected demand growth at 6.7% p.a. versus 1% during 1990-99

FLEET CAPACITY

- Shortage expected to continue supporting above historical average charter rates



3rd Quarter and 9 Months Financial Highlights

3rd Quarter 2005

- 3Q05 timecharter equivalent revenue of \$57.2 million up 282% from 3Q04
- Net Income \$22.8 million up 132% from 3Q04
- EPS \$0.75 per share up 19% from \$0.63 in 3Q04
- Debt to capitalization 62.4%, net debt to capitalization 59.6%

9 Months 2005

- 9 months timecharter equivalent revenue \$156.1 million up 234% from 9 months 2004
- 9 months Net Income \$97.7 million up 186% from 9 months 2004
- EPS \$3.03 per share up 41% from \$2.15 in 3Q04

Events

- Hedged 65% of total debt for 12 months, average rate of 5.4% (including lenders margin)
- Drawdown of \$30.35 million loan for purchase of "Conrad Oldendorff"
- \$4.3 million spent on drydocking 5 vessels during soft summer months



9 Months and Q305 - Earnings

US Dollars thousands except for share price data

(\$000's)	9-Months ended		3-Months ended	
	September 30, 2004 (Unaudited)	September 30, 2005 (Unaudited)	September 30, 2004 (Unaudited)	September 30, 2005 (Unaudited)
REVENUE				
Voyage Revenues, net of commissions	<u>\$50.7</u>	<u>\$162.5</u>	<u>\$15.1</u>	<u>\$58.0</u>
EXPENSES				
Voyage expenses	3.9	6.4	1.2	0.8
Vessel operating expenses	6.7	23.1	1.8	11.5
Depreciation	3.6	27.5	1.1	14.0
Amortisation	1.4	1.5	0.4	0.5
Management fees	1.0	3.6	0.3	1.5
General & Administrative	0.0	2.7	0.0	1.2
Total Operating Expenses	<u>16.6</u>	<u>64.8</u>	<u>4.8</u>	<u>29.5</u>
OPERATING INCOME	34.1	97.7	10.3	28.5
OTHER INCOME/(EXPENSE)				
Interest and finance costs	(1.1)	(12.9)	(0.5)	(5.6)
Interest income	0.0	0.6	0.0	0.0
Other, net	0.1	(0.1)	(0.1)	(0.1)
Total Other Income/(Expenses), net	<u>(1.0)</u>	<u>(12.4)</u>	<u>(0.6)</u>	<u>(5.7)</u>
NET INCOME	<u>\$33.1</u>	<u>\$85.3</u>	<u>\$9.8</u>	<u>\$22.8</u>
Earnings per share, basic and diluted	\$2.15	\$3.03	\$0.63	\$0.75



September 30, 2005 Balance Sheet

US Dollars thousands

	September 30, <u>2004</u> (Unaudited)	September 30, <u>2005</u> (Unaudited)
BALANCE SHEET DATA		
Cash and cash equivalents	5.0	24.9
Other current assets	50.5	10.7
Fixed Assets, net	52.0	870.9
Other long-term assets	3.4	5.2
TOTAL ASSETS	\$110.9	\$911.7
Current portion of long-term debt	8.1	111.0
Other current liabilities	3.5	31.7
Long-term debt (net of current portion)	35.2	438.4
Stockholders' Equity	64.1	330.6
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	\$110.9	\$911.7

➤ Debt to Capitalization = 62.4%

➤ Net Debt to Capitalization = 59.6%



9-months and Q305 – Fleet Highlights

- 3Q05 opex of \$4,729 included one time delivery expenses of \$1.6m or \$658 per vessel/day
- 3Q05 utilization rate of 94.7% result of drydocking 5 vessels or 129 days

	For the Nine Months Ended		For the Three Months Ended	
	Sept. 30, 2005	Sept. 30, 2004	Sept. 30, 2005	Sept. 30, 2004
Average number of vessels ⁽¹⁾	19.7	6.0	26.4	6.0
Number of vessels at end of period	27	6	27	6
Total voyage days for fleet ⁽²⁾	5,253	1,543	2,302	527
Total calendar days for fleet ⁽³⁾	5,382	1,644	2,431	552
Fleet utilization ⁽⁴⁾	97.6%	93.9%	94.7%	95.5%
Time charter equivalent ⁽⁵⁾ :				
Capesize	\$51,444	\$46,194	\$43,077	\$39,592
Panamax	\$26,487	\$27,609	\$21,620	\$24,634
Handymax	\$22,768	n/a	\$22,650	n/a
Vessel operating expenses ⁽⁶⁾	\$4,301	\$4,058	\$4,729	\$3,311
Management fees	\$660	\$576	\$647	\$591
General and administrative expenses ⁽⁷⁾	\$498	\$0	\$475	\$0
Total vessel operating expenses ⁽⁸⁾	\$5,459	\$4,634	\$5,851	\$3,902

(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 off hire days associated with major repairs, drydockings or special or intermediate surveys.

(3) Calendar days are the total days the vessels were in our possession 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.



EBITDA Calculator

- For every \$1,000 change in spot market rates, DryShips earnings fluctuate by approx. 28 cents per share for 2006
- Estimates may differ materially from actual results.

	1Q05A	2Q05A	3Q05A	4Q05E	No. of Ships 4Q05E
<u>Capesize</u>					
Spot Voyage Days	10	91	158	296	3
Daily Spot Charter Rate (net of commissions)	\$41,528	\$42,427	\$24,327	??	
Fixed T/C Revenue (net of commissions)	\$7.0 m	\$12.2 m	\$12.0 m	\$3.1 m	1
<u>Panamax</u>					
Spot Voyage Days	419	923	1,290	1,430	16
Daily Spot Charter Rate (net of commissions)	\$32,905	\$29,660	\$17,304	??	
Fixed T/C Revenue (net of commissions)	\$5.4 m	\$23.4 m	\$15.5 m	\$17.9 m	5
<u>Handymax</u>					
Spot Voyage Days	2	85	92	184	2
Daily Spot Charter Rate (net of commissions)	\$0	\$24,527	\$14,938	??	
Fixed T/C Revenue (net of commissions)	\$0.8 m	\$2.4 m	\$2.8 m	\$0.0 m	0
Total Spot TCE Revenue	\$14.2 m	\$33.3 m	\$27.5 m	?? m	
Total Fixed TCE Revenue	\$13.2 m	\$38.0 m	\$30.3 m	\$21.0 m	
Combined TCE Revenue	\$27.4 m	\$71.3 m	\$57.8 m	?? m	
Total Calendar Days	774	2,189	2,431	2,484	
TVOE per day	\$6,767	\$4,532	\$5,851	\$5,460	
Fleet Quarterly TVOE	\$5.2 m	\$9.9 m	\$14.2 m	\$13.6 m	
EBITDA	\$22.2 m	\$61.4 m	\$43.6 m	?? m	27
Depreciation & amortization	\$2.5 m	\$11.9 m	\$14.5 m	\$14.5 m	
Interest, net	\$0.5 m	\$6.1 m	\$5.5 m	\$6.5 m	



Why DryShips?



IF YOU WANT TO OWN DRYBULK STOCKS “DRYS” IS THE ONE THAT ROCKS!!

- Fixed EBITDA comparable to peers AND highest upside potential
- Lowest estimated P/E using 2006 FFA charter rates – Base Case
- Half the dividend yield of high dividend stocks (6% vs 12%)
- Rapid debt repayment in 2006 positions company for growth
- Largest fleet captures highest charter rates



Appendix I - Fleet Charter Details

	<u>Year Built</u>	<u>Deadweight</u>	<u>Type</u>	<u>Current Employment</u>	<u>Redelivery (mid-range) *</u>
Capesize					
Manasota	2004	171,061	Capesize	\$46,000	Oct-06
Alameda	2001	170,662	Capesize	Spot - \$22,000	
Shibumi	1984	166,058	Capesize	Spot - \$60,000	
Netadola	1993	149,475	Capesize	Spot - \$43,000	
Panamax					
Conrad Oldendorff	2002	76,623	Panamax	\$42,000	Dec-06
Coronado	2000	75,706	Panamax	Spot - \$15,250	
Waikiki	1995	75,473	Panamax	Spot - \$23,000	
Mostoles	1981	75,395	Panamax	Baumarine \$15,688	
Linda Oldendorff	1995	75,100	Panamax	\$43,250	Aug-06
Sonoma	2001	74,786	Panamax	Baumarine \$18,435	
Catalina	2005	74,432	Panamax	Spot - \$21,000	
Ocean Crystal	1999	73,688	Panamax	Spot - \$23,000	
Belmonte	2004	73,601	Panamax	\$42,000	Jun-06
Toro **	1995	73,034	Panamax	Baumarine \$18,657	
Xanadu	1999	72,270	Panamax	\$35,000	Aug-06
La Jolla	1997	72,126	Panamax	Spot - \$20,500	
Lacerta **	1994	71,862	Panamax	Baumarine \$18,082	
Panormos **	1995	71,747	Panamax	Baumarine \$18,739	
Paragon	1995	71,259	Panamax	\$30,000	Sep-06
Iguana	1996	70,349	Panamax	Spot - \$13,000	
Daytona **	1989	69,703	Panamax	Baumarine \$16,912	
Lanikai **	1988	68,676	Panamax	Baumarine \$16,643	
Tonga **	1984	66,798	Panamax	Baumarine \$19,609	
Flecha	1982	65,081	Panamax	Baumarine \$15,243	
Strigglä **	1982	64,747	Panamax	Baumarine \$14,738	
Handymax					
Alona **	2002	48,640	Handymax	Baumarine \$15,734	
Matira	1994	45,863	Handymax	\$21,750	Feb-06
DRYSHIPS FLEET		2,264,215			

* Where the Redelivery column is left blank it signifies that the vessel is trading in the spot market. For those vessels employed in the spot market and where rates are quoted, the Company has calculated the estimated rates under current specific contracted voyages. The Company gives no guarantee that these rates are correct, or that the rates are sustainable beyond the duration of the current voyage. The quoted rates are not indications of future earnings and the Company gives no assurance or guarantee of future rates after the current voyage.

** Indicates vessels that are trading in the Baumarine Pool. Rates quoted refer to the vessels earnings as last reported, usually the previous month's earnings.



Appendix II - Possible Demand and Supply Developments

	2004	2005E	2006E	2007E	2008E
<u>Demand (million tons)</u>					
Iron Ore	590	645	675	725	780
Coal	665	695	725	755	790
Grain	250	260	270	275	275
Major Bulks	1,505	1,600	1,670	1,755	1,845
Minor Bulks	1,002	1,036	1,069	1,090	1,111
Total	2,507	2,636	2,739	2,845	2,956
Annual Increase	167	129	103	106	111
% Growth Rate	7.1%	5.1%	3.9%	3.9%	3.9%

1st 9 months
2005, China
ALONE imported
47 mln tons more
iron ore than 2004

Cargo Ton Miles (In billions)	11,985	12,658	13,230	13,820	14,445
% Growth Rate	7.5%	5.6%	4.5%	4.5%	4.5%

Conservative
Growth in Cargo
Demand at levels
well below
2004/2005

<u>Supply (million dwt)</u>					
Year End Fleet	317.2	341.3	358.9	370.7	380.6
Deliveries	19.7	22.4	22.9	17.1	15.0
Deletions	-0.5	-1.8	-5.9	-5.1	-5.1
Year Average Fleet	336.4	361.9	375.9	382.7	390.5
% Growth Rate	6.1%	6.0%	4.7%	3.2%	2.6%

pool of scrapping
candidates
increases steadily.

25+ Year Fleet		30.0	41.0	55.0	65.2
% of Fleet		8.3%	10.9%	14.4%	16.7%

Capacity Ton Miles (in billions)	12,507	13,164	13,923	14,503	14,916
% Growth Rate	4.0%	5.3%	5.8%	4.2%	2.8%

Supply growth
peaks in 2006 and
declines thereafter



Appendix III - 3 Year (2006-2008) Sensitivity Analysis

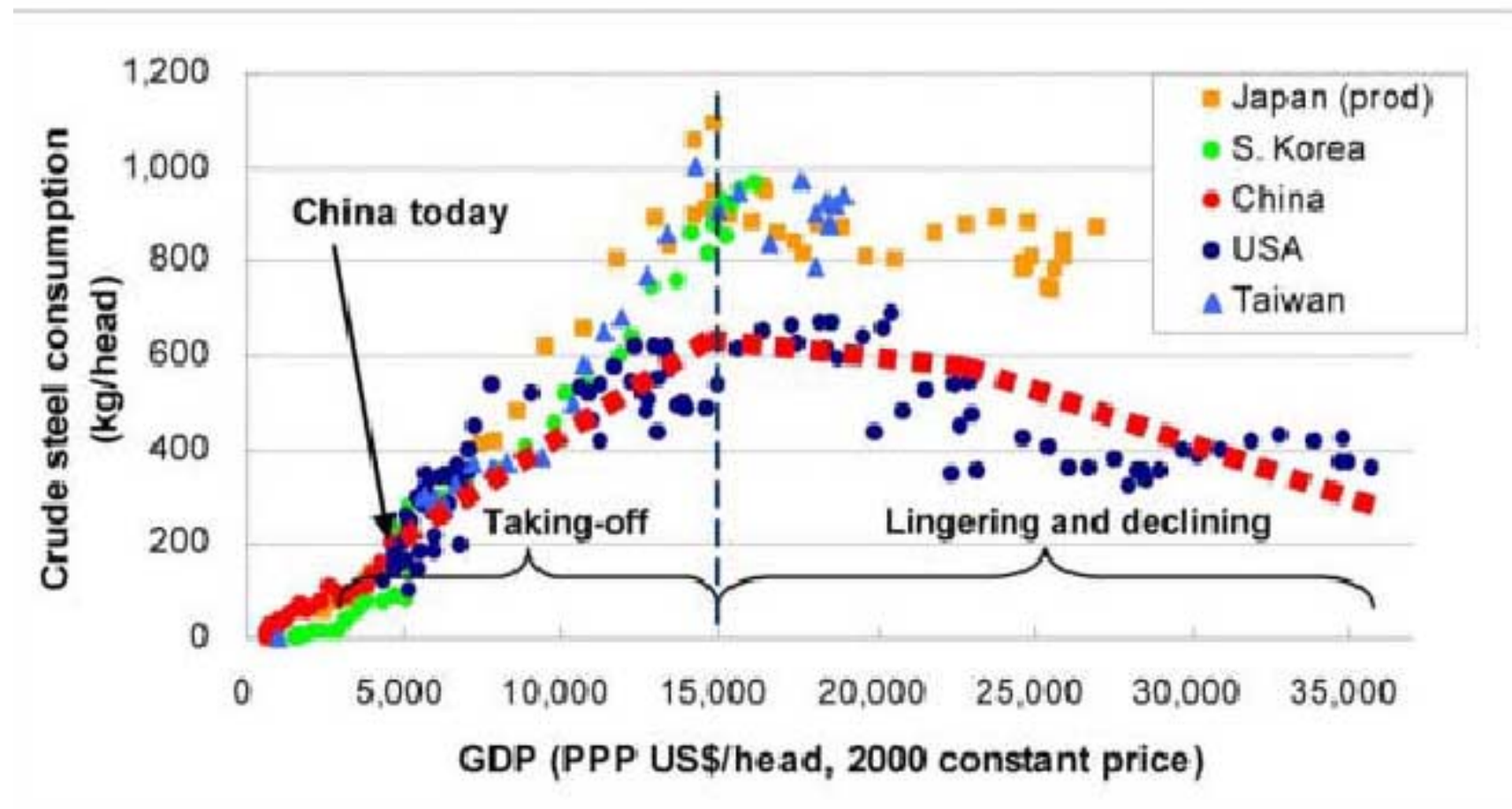
- The only variable is ton mile demand, which in turn influences port congestion and scrapping
- Capacity deficits persist even in weak demand growth scenario

	Variables			Surplus/(Deficit)		
	Demand	Port Congestion	Scrapping	Fleet Capacity		
				2006E	2007E	2008E
High	6.5%	2.00	0.5%	-10.7%	-11.8%	-14.0%
Mid	4.5%	1.50	1.5%	-5.7%	-6.0%	-7.5%
Low	3.5%	1.00	4.5%	-2.6%	-4.6%	-7.8%
	Ton miles growth p.a.	Days lost fleetwide per port call	% of fleet dwt p.a.	After Port Congestion		

- Demand grew by 3.5% p.a. in 1998-2002 and 5.25% since then
- In 2004 and 2005 we estimate the fleet capacity deficit was -12.3% and -7.0% respectively
- Scrapping averaged 3.0% of fleet dwt 1998-2002, 0.7% since then



Appendix IV - Chinese Steel Production



Contact DryShips

Christopher Thomas

Chief Financial Officer

DryShips Inc

Tel: 30-210 8090-570

Email: finance@dryships.com

Website: www.dryships.com

Investor Relations / Media

Nicolas Bornozis

Capital Link Inc

Tel: 212 661-7566

Email: nbornozis@capitallink.com

(1) Net of Scrapping



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