



## DRYSHIPS INC. REPORTS FINANCIAL AND OPERATING RESULTS FOR THE FIRST QUARTER 2015

**May 11, 2015**, Athens, Greece. DryShips Inc. (NASDAQ:DRYS), or DryShips or the Company, an international provider of marine transportation services for drybulk and petroleum cargoes, and through its majority owned subsidiary, Ocean Rig UDW Inc., or Ocean Rig, of offshore deepwater drilling services, today announced its unaudited financial and operating results for the first quarter ended March 31, 2015.

### **First Quarter 2015 Financial Highlights**

- For the first quarter of 2015, the Company reported a net loss of \$59.2 million, or 8.9 cents basic and diluted loss per share.

Included in the first quarter 2015 results is an impairment charge on ten tanker vessels, of \$56.6 million, or 8.5 cents per share.

Excluding this item, the Company's net results would have amounted to a net loss of \$2.6 million, or 0.4 cents per share. <sup>(1)</sup>

- The Company reported Adjusted EBITDA of \$242.1 million for the first quarter of 2015, as compared to \$200.6 million for the first quarter of 2014. <sup>(2)</sup>

### **Recent Highlights**

- 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 ten 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. In addition, it 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 they confirm their unconditional acceptance by June 30, 2015.
- On April 28, 2015, the *Ocean Rig Apollo*, which was delivered to Ocean Rig on March 5, 2015, successfully completed acceptance testing and commenced operations under the three year contract with Total EP Congo.
- On April 27, 2015, Ocean Rig has reached an agreement to postpone the delivery of the *Ocean Rig Crete* and *Ocean Rig Amorgos* to the first quarter of 2018 and 2019, respectively. As part of the agreement, certain portion of the pre-delivery payments were also deferred and the total project costs for the construction of each drillship have increased by \$15 million.

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(1)The net result is adjusted for the minority interests of 40.82% not owned by DryShips Inc. common stockholders.

(2)Adjusted EBITDA is a non-GAAP measure; please see later in this press release for reconciliation to net income.

- 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.
- On March 16, 2015, Ocean Rig entered into a one-well drilling contract with an independent oil trading company for the *Ocean Rig Olympia* for drilling offshore West Africa. The new contract has an estimated backlog of \$13.3 million and expected duration of 45 days.

George Economou, Chairman and Chief Executive Officer of the Company, commented:

“We are pleased to announce another quarter of robust operating results. Despite the grueling drybulk market which is at historical lows, our results were boosted by an exceptional quarter of our drilling segment and strong TCE performance of our tankers, averaging over \$35,000 per day.

“In March, we announced agreements to potentially sell our entire tanker fleet for an aggregate price of \$536 million. Net of the repayment of associated secured bank debt, these sales could potentially generate \$275 million of free cash which will provide DryShips with sufficient liquidity to withstand a prolonged downturn in the drybulk market.”

## **Financial Review: 2015 First Quarter**

The Company recorded net loss of \$59.2 million, or 8.9 cents basic and diluted loss per share, for the three-month period ended March 31, 2015, as compared to a net loss of \$34.6 million, or 8.4 cents basic and diluted loss per share, for the three-month period ended March 31, 2014. Adjusted EBITDA<sup>(1)</sup> was \$242.1 million for the first quarter of 2015, as compared to \$200.6 million for the same period in 2014.

For the drybulk carrier segment, net voyage revenues (voyage revenues minus voyage expenses) amounted to \$35.9 million for the three-month period ended March 31, 2015, as compared to \$45.3 million for the three-month period ended March 31, 2014. For the tanker segment, net voyage revenues amounted to \$31.7 million for the three-month period ended March 31, 2015, as compared to \$22.3 million for the same period in 2014. For the offshore drilling segment, revenues from drilling contracts increased by \$41.3 million to \$402.1 million for the three-month period ended March 31, 2015, as compared to \$360.8 million for the same period in 2014.

Total vessels', drilling rigs' and drillships' operating expenses and total depreciation and amortization increased to \$181.1 million and to \$118.7 million, respectively, for the three-month period ended March 31, 2015, from \$179.6 million and \$107.3 million, respectively, for the three-month period ended March 31, 2014. Total general and administrative expenses decreased to \$43.3 million in the first quarter of 2015, from \$49.1 million during the same period in 2014.

Interest and finance costs, net of interest income, amounted to \$76.5 million for the three-month period ended March 31, 2015, compared to \$114.3 million for the three-month period ended March 31, 2014.

The Time Charter Equivalent<sup>(2)</sup>, or TCE, rate for our drybulk fleet was \$10,535 per day per vessel in the three month period ended March 31, 2015, as compared to \$13,564 per day per vessel in the corresponding period of 2014. The Time Charter Equivalent, or TCE, rate for our tanker fleet was \$35,203 per day per vessel in the three month period ended March 31, 2015 which is a significant improvement compared to the \$24,781 per day per vessel TCE rate in the corresponding period of 2014.

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<sup>(1)</sup> Adjusted EBITDA is a non-GAAP measure; please see later in this press release for reconciliation to net income.

<sup>(2)</sup> Time Charter Equivalent is a non-GAAP measure; please see later in this press release for definition.

## Fleet List

The table below describes our fleet profile as of May 4, 2015:

	Year			Gross rate	Redelivery	
	<u>Built</u>	<u>DWT</u>	<u>Type</u>	<u>Per day</u>	<u>Earliest</u>	<u>Latest</u>
<b><u>Drybulk fleet</u></b>						
<b>Capesize:</b>						
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
<b>Panamax:</b>						
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
<b>Supramax:</b>						
Byron	2003	51,118	Supramax	Spot	N/A	N/A
Galveston	2002	51,201	Supramax	Spot	N/A	N/A

	Year Built/or		Type	Gross rate	Redelivery	
	<u>Scheduled</u>			Per day	<u>Earliest</u>	<u>Latest</u>
	<u>Delivery</u>	<u>DWT</u>				
<b><u>Tanker fleet</u></b>						
<b>Suezmax:</b>						
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
<b>Aframax:</b>						
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

**Drilling Rigs/Drillships:**

**Total backlog as of May 4, 2015 amounted to \$4.7 billion.**

Unit	Year built/ or Sched- uled Deliv- ery	Redelivery	Operating Area
Leiv Eiriksson	2001	Q1 – 16	Norwegian Continental Shelf
Eirik Raude	2002	Q4 – 15	Falkland Islands
Ocean Rig Corcovado	2011	Q2 – 18	Brazil
Ocean Rig Olympia	2011	Q2 – 16(1)(2)	Angola
Ocean Rig Poseidon	2011	Q2 – 17(2)	Angola
Ocean Rig Mykonos	2011	Q1 – 18	Brazil
Ocean Rig Mylos	2013	Q3 – 16	Brazil
Ocean Rig Skyros	2013	Q3 – 21	Angola
Ocean Rig Athena	2014	Q2 – 17	Angola
Ocean Rig Apollo	2015	Q2 – 18	West Africa

**Newbuildings**

Ocean Rig Santorini	Q2 2016	N/A	N/A
Ocean Rig Crete	Q1 2018	N/A	N/A
Ocean Rig Amorgos	Q1 2019	N/A	N/A

(1) Total E&P Angola has redelivered the Ocean Rig Olympia on completion of its well on March 9, 2015 and ahead of the contractual redelivery date of August 2015. We are presently in discussions with Total EP Angola and intend to legally defend our rights should we fail to reach an amicable solution.

(2) Subject to the confirmation by national authorities and the entering of definitive documentation of the previously announced Omnibus Agreement which we expect to occur before the end of the second quarter of 2015.

## **Drybulk Carrier and Tanker Segment Summary Operating Data(unaudited)**

*(Dollars in thousands, except average daily results)*

<b><u>Drybulk</u></b>	Three Months Ended March 31,	
	2014	2015
Average number of vessels <sup>(1)</sup>	38.0	39.0
Total voyage days for vessels <sup>(2)</sup>	3,338	3,406
Total calendar days for vessels <sup>(3)</sup>	3,420	3,510
Fleet utilization <sup>(4)</sup>	97.6%	97.0%
Time charter equivalent <sup>(5)</sup>	\$13,564	\$10,535
Vessel operating expenses (daily) <sup>(6)</sup>	\$6,325	\$6,356

<b><u>Tanker</u></b>	Three Months Ended March 31,	
	2014	2015
Average number of vessels <sup>(1)</sup>	10.0	10.0
Total voyage days for vessels <sup>(2)</sup>	900	900
Total calendar days for vessels <sup>(3)</sup>	900	900
Fleet utilization <sup>(4)</sup>	100.0%	100.0%
Time charter equivalent <sup>(5)</sup>	\$24,781	\$35,203
Vessel operating expenses (daily) <sup>(6)</sup>	\$7,144	\$6,546

(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.

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

<b><u>Drybulk</u></b>	Three Months Ended March 31,	
	2014	2015
Voyage revenues <sup>(7)</sup>	\$ 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

<b><u>Tanker</u></b>	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

## DryShips Inc.

### Financial Statements

#### Unaudited Interim Condensed Consolidated Statements of Operations

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

	<u>Three Months Ended March 31,</u>	
	<u>2014</u>	<u>2015</u>
<b>REVENUES:</b>		
Voyage revenues	\$ 96,722	\$ 90,028
Revenues from drilling contracts	<u>360,764</u>	<u>402,083</u>
	457,486	492,111
<b>EXPENSES:</b>		
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	<u>1,604</u>	<u>(630)</u>
<b>Operating income</b>	90,793	64,897
<b>OTHER INCOME / (EXPENSES):</b>		
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	<u>(8,791)</u>	<u>(19,590)</u>
<b>Total other expenses, net</b>	<u>(125,921)</u>	<u>(107,687)</u>
<b>Net loss</b>	(35,128)	(42,790)
Net (income)/loss attributable to Non controlling interests	<u>577</u>	<u>(16,367)</u>
<b>Net loss attributable to Dryships Inc.</b>	<u>\$ (34,551)</u>	<u>\$ (59,157)</u>
<b>Net loss attributable to Dryships Inc. common stockholders</b>	<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

**DryShips Inc.**

**Unaudited Condensed Consolidated Balance Sheets**

*(Expressed in Thousands of U.S. Dollars)*

	<u>December 31, 2014</u>	<u>March 31, 2015</u>
<b><u>ASSETS</u></b>		
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
<b>Total assets</b>	<b><u>10,371,603</u></b>	<b><u>10,764,887</u></b>
<b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Total debt	5,517,613	5,920,090
Total other liabilities	563,602	603,434
Total stockholders' equity	4,290,388	4,241,363
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 10,371,603</u></b>	<b><u>\$ 10,764,887</u></b>



## **Adjusted EBITDA Reconciliation**

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, vessel impairments and other, dry-dockings and class survey costs and gains or losses on interest rate swaps. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of adjusted EBITDA may not be comparable to that reported by other companies. Adjusted EBITDA is included herein because it is a basis upon which the Company measures its operations. Adjusted EBITDA is also used by our lenders as a measure of our compliance with certain covenants contained in our loan agreements and because the Company believes that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness.

The following table reconciles net loss to Adjusted EBITDA:

<i>(Dollars in thousands)</i>	Three Months Ended March 31, 2014	Three Months Ended March 31, 2015
Net loss attributable to Dryships Inc	\$ (34,551)	\$ (59,157)
Add: Net interest expense	114,251	76,488
Add: Depreciation and amortization	107,277	118,696
Add: Dry-dockings and class survey costs	2,659	3,838
Add: Impairment losses	-	56,631
Add: Income taxes	8,791	19,590
Add: Loss on interest rate swaps	2,775	9,680
Add: Net income/(loss) attributable to Non controlling interests	(577)	16,367
Adjusted EBITDA	<u>\$ 200,625</u>	<u>\$ 242,133</u>

## **Conference Call and Webcast: May 12, 2015**

As announced, the Company's management team will host a conference call on Tuesday, May 12, 2015 at 9:00 a.m. Eastern Daylight Time to discuss the Company's financial results.

### **Conference Call Details**

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1(866) 819-7111 (from the US), 0(800) 953-0329 (from the UK) or +(44) (0) 1452 542 301 (from outside the US). Please quote "DryShips."

A replay of the conference call will be available until May 19, 2015. The United States replay number is 1(866) 247- 4222; from the UK 0(800) 953-1533; the standard international replay number is (+44) (0) 1452 55 00 00 and the access code required for the replay is: 2133051#.

A replay of the conference call will also be available on the Company's website at [www.dryships.com](http://www.dryships.com) under the Investor Relations section.

### **Slides and Audio Webcast**

There will also be a simultaneous live webcast over the Internet, through the DryShips Inc. website ([www.dryships.com](http://www.dryships.com)). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

### **About DryShips Inc.**

DryShips Inc. is an owner of drybulk carriers and tankers that operate worldwide. Through its majority owned subsidiary, Ocean Rig UDW Inc., DryShips owns and operates 13 offshore ultra deepwater drilling units, comprising of 2 ultra deepwater semisubmersible drilling rigs and 11 ultra deepwater drillships, 1 of which is scheduled to be delivered to Ocean Rig during 2016, 1 of which is scheduled to be delivered during 2018 and 1 of which is scheduled to be delivered during 2019. DryShips owns a fleet of 39 drybulk carriers, comprising 13 Capesize, 24 Panamax and 2 Supramax with a combined deadweight tonnage of approximately 4.3 million tons, and 10 tankers, comprising 4 Suezmax and 6 Aframax, with a combined deadweight tonnage of over 1.3 million tons.

DryShips' common stock is listed on the NASDAQ Global Select Market where it trades under the symbol "DRYS."

Visit the Company's website at [www.dryships.com](http://www.dryships.com)

## **Forward-Looking Statement**

Matters discussed in this release 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.

### **Investor Relations / Media:**

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