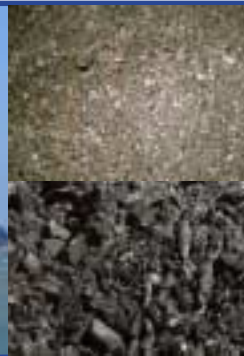


DryShips Inc.

2nd Quarter and 1st Half 2005

Earnings Release



Earnings Presentation

August 3 2005

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.



Developments During 1st Half 2005

- Net Income of \$43.3 million for 2Q05 on revenues of \$71.5m
- Net Income of \$62.4 million for 1H05 on revenues of \$99.6m
- EPS was \$1.43 cents for 2Q05,
- EPS was \$2.30 cents for 1H05
- 20 vessels out of the 21 acquired vessels delivered during 1H05
- Last vessel "Mendocino" to be delivered in first half August 2005
- 10 vessels now trading in the Baumarine Pool
- Baumarine pool outperformed the market by \$5,095 per day in 1H05
- First quarterly dividend of \$0.20 paid on July 29, 2005



Fleet Remaining Delivery Date and Charters

	<u>Year Built</u>	<u>Deadweight</u>	<u>Type</u>	<u>Delivery Date</u>	<u>Current Employment</u>	<u>Redelivery (mid-range) *</u>
EXISTING FLEET		514,890				
Shibumi	1984	166,058	Capesize		\$53,500	Nov-05
Panormos ***	1995	71,747	Panamax		Spot - \$27,530	
Lacerta **	1994	71,862	Panamax		Pool Spot - \$25,631	
Flecha	1982	65,081	Panamax		\$23,685	Oct-05
Strigglä **	1982	64,747	Panamax		Pool Spot - \$20,890	
Mostoles **	1981	75,395	Panamax		Pool Spot - \$22,237	
IDENTIFIED VESSELS		812,958				
Netadola	1993	149,475	Capesize		Spot - \$45,000	
Ocean Crystal	1999	73,688	Panamax		Spot - \$27,000	
Iguana	1996	70,349	Panamax		\$33,700	Nov-05
Waikiki	1995	75,473	Panamax		Spot - \$33,750	
Toro **	1995	73,034	Panamax		Pool Spot - \$26,445	
Paragon	1995	71,259	Panamax		\$30,000	Sep-06
Daytona ***	1989	69,703	Panamax		Spot - \$40,000	
Lanikai **	1988	68,676	Panamax		Pool Spot - \$23,590	
Tonga **	1984	66,798	Panamax		Pool Spot - \$21,163	
Alona **	2002	48,640	Handymax		Pool Spot - \$24,585	
Matira	1994	45,863	Handymax		\$28,500	Oct-05
ADDITIONAL VESSELS		936,367				
Manasota	2004	171,061	Capesize		\$60,000	Sep-05
Alameda	2001	170,662	Capesize		\$65,000	Oct-05
Mendocino	2002	76,623	Panamax	August	\$42,000	Dec-06
Sonoma **	2001	74,786	Panamax		Pool Spot - \$26,130	
Coronado	2000	75,706	Panamax		Spot - \$9,600	
Xanadu	1999	72,270	Panamax		\$35,000	Aug-06
La Jolla	1997	72,126	Panamax		Spot - \$19,000	
Linda Oldendorff	1995	75,100	Panamax		\$43,250	Aug-06
Catalina	2005	74,432	Panamax		Spot - \$22,000	
Belmonte	2004	73,601	Panamax		\$42,000	Jun-06
DRYSHIPS FLEET		2,264,215		27 vessels		

* 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.

*** Indicates vessels that will be entering into the Baumarine Pool.



Fleet Acquisition Cost and Financing

- \$42.35 million from fleet operating cash flow to acquire all 21 vessels

Sources

Net IPO Proceeds (1)	\$252.95
Proceeds from Bank Debt:	
11 Identified Vessels	178.95
10 Additional Vessels	338.70
Existing Vessels	34.70
Total Proceeds from Bank Debt	<u>552.35</u>
Operating Cash Flow	42.35

Total \$847.65

Uses

Acquisition of 11 Identified Vessels (2)	\$321.15
Acquisition of 10 Additional Vessels (2)	526.50

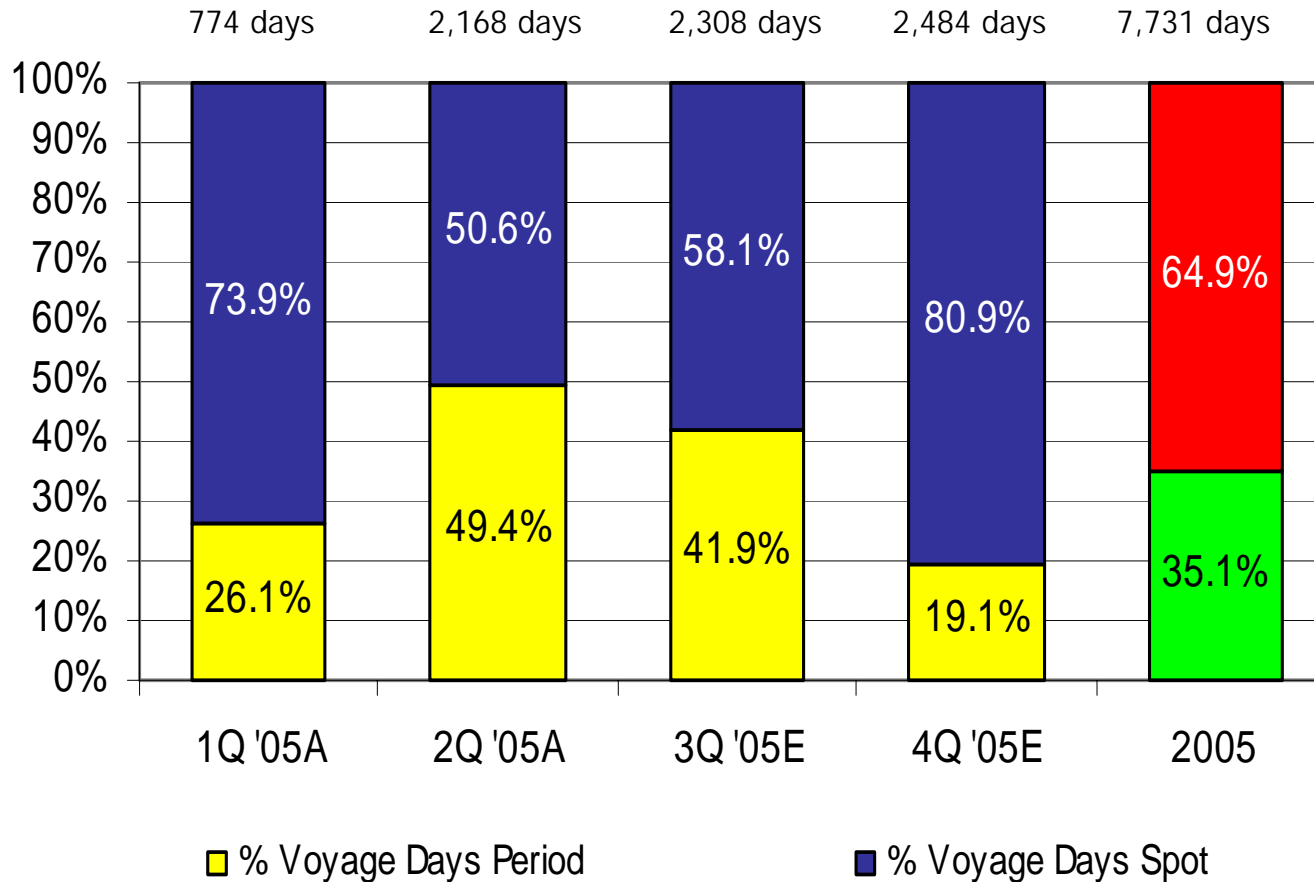
Total \$847.65

Notes:

1. After deduction of underwriters commission
2. Acquisition costs include capitalized pre-trading expenses



Voyage Days by Charter Type (Spot and Period)



- Estimated total number of voyage days for 2005 = 7,731
- Estimated % Period days for 2005 = 35.1%
- Estimated % Spot days for 2005 = 64.9%



2nd Quarter 2005 - Earnings

(\$000's)	June 30 <u>2004</u> (Unaudited)	June 30 <u>2005</u> (Unaudited)
REVENUE		
Voyage Revenues, net of commissions	<u>\$17,459</u>	<u>\$71,466</u>
EXPENSES		
Voyage expenses	176	83
Vessel operating expenses	2,182	7,690
Depreciation	1,244	11,445
Amortisation	597	494
Management fees	292	1,430
General & Administrative	0	800
Total Operating Expenses	<u>4,491</u>	<u>21,942</u>
OPERATING INCOME	12,968	49,524
OTHER INCOME/(EXPENSE)		
Interest and finance costs, net	(405)	(6,750)
Interest income	0	603
Other, net	214	(48)
Total Other Income/(Expenses), net	<u>(191)</u>	<u>(6,195)</u>
NET INCOME	<u>\$12,777</u>	<u>\$43,329</u>
Earnings per share, basic and diluted	\$0.83	\$1.43
Weighted average number of shares, basic and diluted	15,400,000	30,350,000



1st Half 2005 - Earnings

(\$000's)	June 30 <u>2004</u> (Unaudited)	June 30 <u>2005</u> (Unaudited)
REVENUE		
Voyage Revenues, net of commissions	<u>\$33,430</u>	<u>\$99,612</u>
EXPENSES		
Voyage expenses	649	789
Vessel operating expenses	4,844	11,653
Depreciation	2,490	13,487
Amortisation	957	987
Management fees	620	1,979
General & Administrative	0	1,527
Total Operating Expenses	<u>9,560</u>	<u>30,422</u>
OPERATING INCOME	23,870	69,190
OTHER INCOME/(EXPENSE)		
Interest and finance costs, net	(746)	(7,280)
Interest income	0	612
Other, net	107	(84)
Total Other Income/(Expenses), net	<u>(639)</u>	<u>(6,752)</u>
NET INCOME	<u>\$23,231</u>	<u>\$62,438</u>
Earnings per share, basic and diluted	\$1.51	\$2.30
Weighted average number of shares, basic and diluted	15,400,000	27,129,226

1H05

➤ Annualized ROCE
= 30.8%

➤ Annualized ROE
= 77.9%



June 30, 2005 Balance Sheet

(\$000's)	June, 30 <u>2004</u> (Unaudited)	June, 30 <u>2005</u> (Unaudited)	
BALANCE SHEET DATA			
Cash and cash equivalents	\$2,010	\$23,674	
Other current assets	2,934	12,025	
Fixed Assets, net	53,209	846,487	➤
Other long-term assets	47,058	7,610	
TOTAL ASSETS	<u>105,211</u>	<u>889,796</u>	Debt to Capitalization = 63.56%
Current portion of long-term debt	45,206	107,458	➤
Other current liabilities	5,565	28,248	
Long-term debt (net of current portion)	0	440,175	Net Debt to Capitalization = 60.82%
Stockholders' Equity	54,440	313,915	
TOTAL LIABILITIES & STOCKHOLDERS' EQUITY	<u>105,211</u>	<u>889,796</u>	



2nd Quarter and 1st Half 2005 – Fleet Highlights

(Dollars in thousands, except per share data and

Average Daily Results - unaudited)

	For the Three Months Ended		For the Six Months Ended	
	June 30, 2005	June 30, 2004	June 30, 2005	June 30, 2004
Average number of vessels ⁽¹⁾	23.82	6.00	16.28	6.00
Total voyage days for fleet ⁽²⁾	2,168	521	2,946	1,092
Total calendar days for fleet ⁽³⁾	2,189	546	2,967	1,092
Fleet utilization ⁽⁴⁾	99.0%	95.4%	99.3%	100.0%
Time charter equivalent ⁽⁵⁾	\$32,926	\$33,175	\$33,545	\$30,019
Vessel operating expenses ⁽⁶⁾	\$3,513	\$3,997	\$3,927	\$4,436
Management fees	\$653	\$536	\$667	\$568
General and administrative expenses ⁽⁷⁾	\$366	\$365	\$515	\$0
Total vessel operating expenses ⁽⁸⁾	\$4,532	\$4,898	\$5,109	\$5,004

(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.

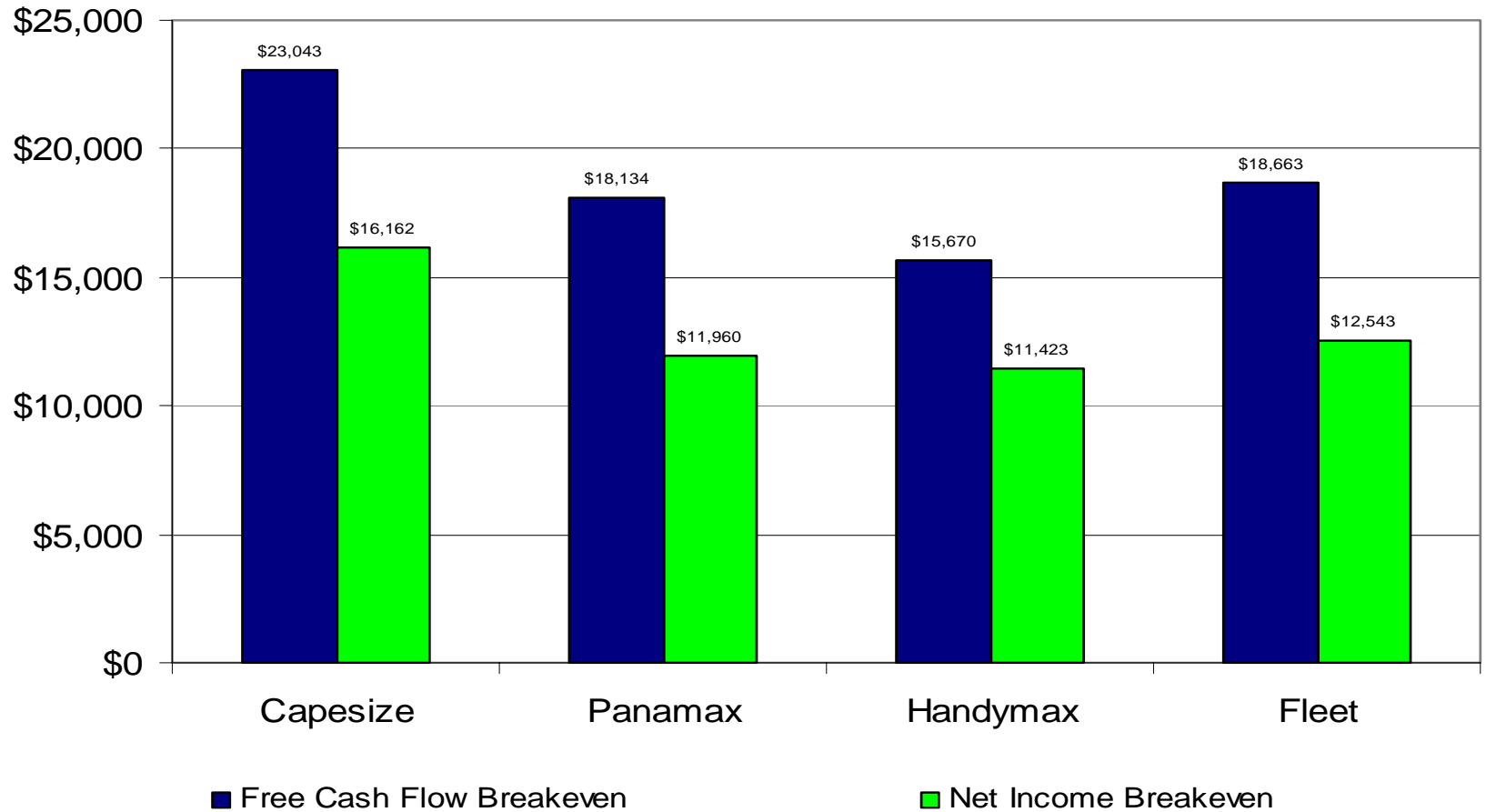
(6) Daily vessel operating expenses, which includes crew costs, provisions, deck and engine stores, lubricating oil, insurance, maintenance and repairs is calculated by dividing vessel operating expenses by fleet calendar days for the relevant time period.

(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.



Breakeven Level – Estimated 2005



Breakeven Level – Fleet Estimated 2005

(\$ per vessel per day)

<u>Expenses</u>	<u>Free Cashflow</u>	<u>Net Income</u>
Operating	\$4,294	\$4,294
General & Administrative	516	516
Maintenance	834	0
Interest	2,492	2,492
Debt Repayment	8,178	0
Depreciation	0	5,074
Amortization	0	167
Dividend	2,349	0
Total	\$18,663	\$12,543

Note: Cardiff management fees included in operating expenses



EBITDA Calculator

	1Q05A	2Q05A	3Q05E	4Q05E
<u>Capesize</u>				
Spot Voyage Days	90	91	146	363
Daily Spot Charter Rate (net of com.)	\$74,244	42,427	?	?
Fixed T/C Revenue (net of com.)	\$0.0m	\$12.2m	\$12.6m	\$0.0m
<u>Panamax</u>				
Spot Voyage Days	419	923	1,104	1,462
Daily Spot Charter Rate (net of com.)	30,927	29,660	?	?
Fixed T/C Revenue (net of com.)	\$5.3m	\$23.4m	\$19.0m	\$17.0m
<u>Handymax</u>				
Spot Voyage Days	2	85	92	184
Daily Spot Charter Rate (net of com.)	\$15,288	24,527	?	?
Fixed T/C Revenue (net of com.)	\$1.3m	\$2.4m	\$2.4m	\$0.0m
TOTAL SPOT T/C REVENUE	\$20.8m	\$33.3m	?	?
TOTAL FIXED T/C REVENUE	\$6.6m	\$38.0m	\$34.0m	\$17.0m
TVOE PER DAY	6,235	4,532		
Total Calendar Days	774	2,189	2,452	2,484
EBITDA	\$22.2m	\$61.4m	?	?

Daily Timecharter Rate	1H05A
<u>Panamax</u>	
Newbuilding Vessel	31,805
DryShips	29,660
Discount	6.74%

Newbuilding Vessel as utilized in our Daily Market Report page on www.dryships.com



No Change in Positive Long Term Fundamentals

SUPPLY

	Ships (number)	DWT (million)	yoy Growth
Jan-04 Fleet	5,603	302.4	
Deliveries	266	19.7	
Deletions	21	0.6	6.1%
Jan-05 Fleet	5,848	321.5	
Deliveries	161	12.2	
Deletions	32	1.1	6.4%
Jul-05 Fleet	5,977	332.6	
Deliveries	132	9.5	
Deletions	25	1.0	
Jan-06 Fleet	6,084	341.10	
Deliveries	290	22.7	
Deletions	108	5.1	5.2%
Jan-07 Fleet	6,266	358.7	
Deliveries	244	17.4	
Deletions	130	5.5	3.3%
Jan-08 Fleet	6,380	370.6	
Deliveries	105	8.2	
Deletions	n/a	n/a	2.2%
Jan-09	6,485	378.8	

DEMAND

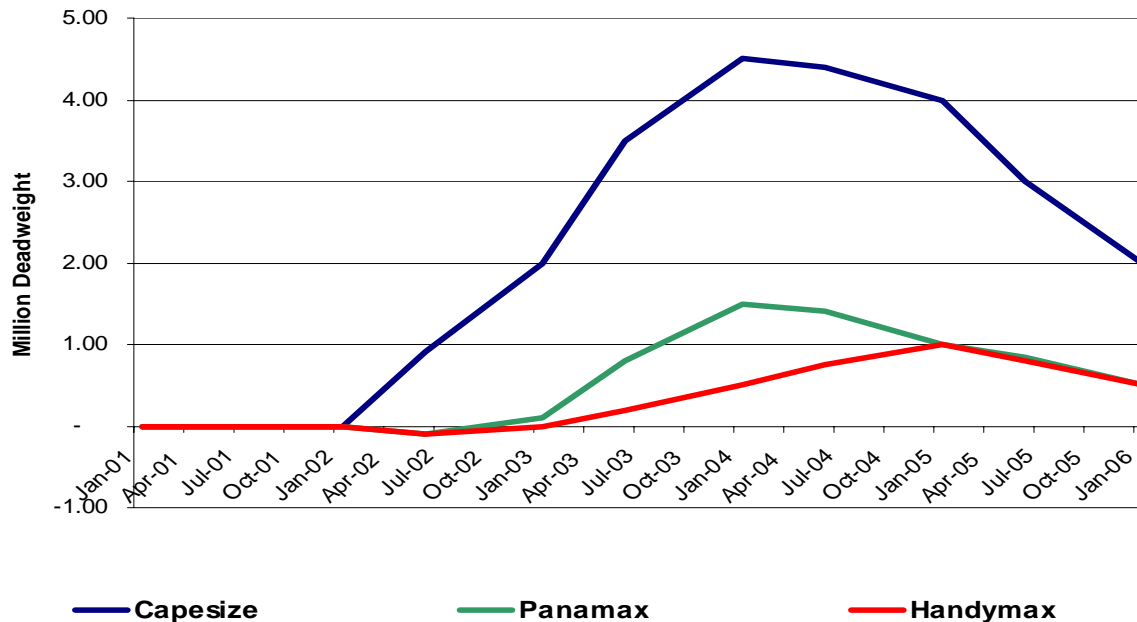
	Metric Tons (millions)				Ton Miles (Billions)				Major & Minor Bulk Combined
	Major Bulk		Minor Bulk		Major Bulk		Minor Bulk		yoy increase
	yoy increase		yoy increase		yoy increase		yoy increase		
Jan-04	1,505	8.8%	1,002	4.7%	7,775	9.2%	4,210	4.6%	7.5%
Jan-05	1,585	5.3%	1,031	2.9%	8,280	6.5%	4,328	2.8%	5.2%
Jan-06	1,660	4.7%	1,064	3.2%	8,725	5.4%	4,463	3.1%	4.6%
Jan-07					9,161	5.0%	4,597	3.0%	4.3%
Jan-08					9,619	5.0%	4,735	3.0%	4.3%

Note: 2007 and 2008 ton miles data based on management estimates



Brazil, Australia, China - Port Congestion

- Port congestion was about 8 days in April/May now estimated to 3 days.
- Port delays reduced fleet capacity by 8-12%, today maybe half that.



- If correct then 5% of additional fleet capacity previously tied up in ports maybe available on top of newbuilding deliveries.



No Change in Positive Long Term Fundamentals

- 2005 and 2006 supply and demand in balance while ship supply is higher.
- 2007 and beyond supply shortage returns even if seaborne ton miles grow modestly.

	2004	2005	2006	2007	2008
Supply	6.1%	6.4%	5.2%	3.3%	2.2%
Demand (ton miles)	7.5%	5.2%	4.6%	4.3%	4.3%
Surplus/Shortage	-1.4%	1.2%	0.6%	-1.0%	-2.1%
Port Congestion - Example	-5.0%	5.0%			
Surplus/Shortage	-6.4%	6.2%			

- Port congestion exacerbates shifts in supply and demand and results in higher charter market volatility.

Note: Supply represents fleet growth net of scrapping.

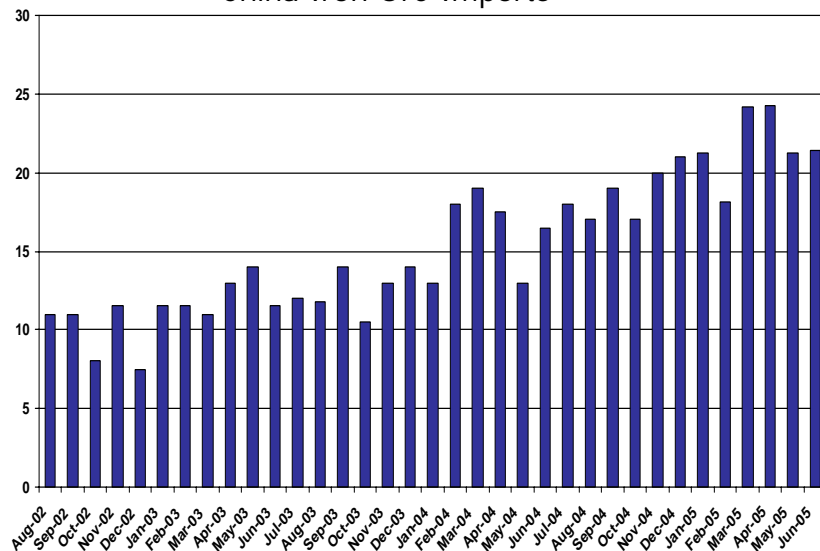
Demand represents growth in ton miles. 2007 and 2008 are management estimates



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!

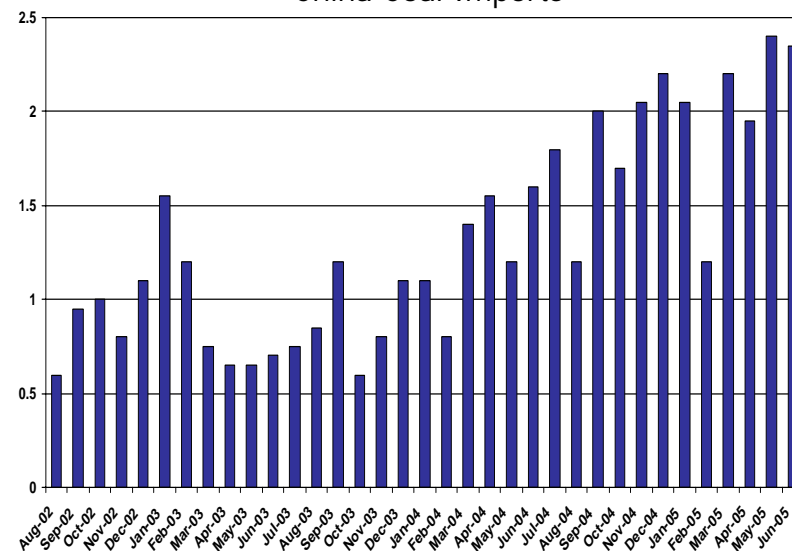
China Iron Ore Imports



- 1H05 iron ore imports of 130m tons up 33% yoy, up 20% on 2H04!

- So, with Chinese seaborne trade contribution still intact, what happened?

China Coal Imports

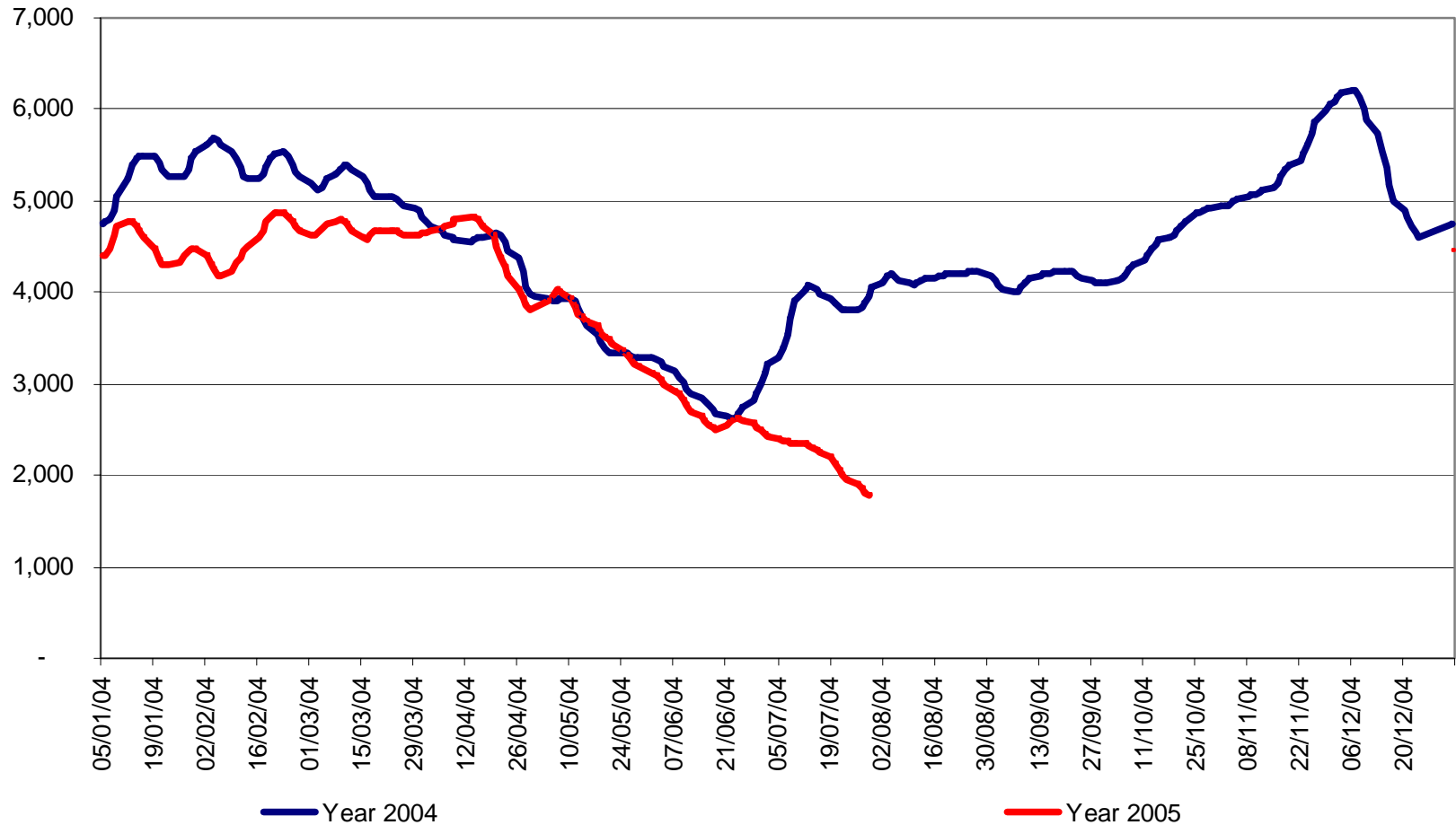


- 1H05 coal imports of 12.2m tons up 58% yoy, up 12% on 2H04!



Baltic Dry Index – 2004 and 2005 year to date

➤ Charter rates in 2005 followed a similar pattern to 2004 until mid-June.



What Happened?

SUPPLY: UP

Fleet growth 3.8%.

1st Half 2005

DEMAND: FLAT

IRON ORE AND COAL

	<u>(metric tons)</u>	
Jan - May 2004 =	440	
		} +12% yoy
Jan - May 2005 =	491	
Aug - Dec 2004 =	510	
		} FLAT
Jan - May 2005 =	490	

STEEL PRODUCTION

	<u>2004</u>	<u>2005</u>
	<u>(metric tons)</u>	<u>(metric tons)</u>
China	269	335
Rest of World	461	456

IRON ORE IMPORTS

	<u>2004</u>	<u>2005</u>
	<u>(metric tons)</u>	<u>(metric tons)</u>
China	208	266
Rest of World	351	351

2nd Half 2005

Fleet growth slows to 2.5%

So some relief expected.

???



No Change in Positive Long Term Fundamentals

- Chinese GDP growth and raw material imports continue.
- Newbuilding deliveries to decline in 2007 and beyond.
- Indian acute coal shortage, Chinese coal/rail infrastructure constraints.
- Huge iron ore mining capacity expansion mainly in 2006 and 2007.
- Easing commodity and steel prices as supply catches up with demand.
- Chinese urbanization and industrialization continues to support steel demand.

