

DryShips Inc.

4th Quarter and Full Year 2005 Earnings Release



NASDAQ: "DRYS"

March 16, 2006

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.



Financial Highlights and Company Developments 4Q05 and FY05



2005 Developments and Strategy

Vessel Deliveries



- Acquisition of 21 vessels totaling 1.75 million dwt. Including 3 capesize, 16 panamax and 2 handymax bulkcarriers.

2nd Largest Panamax bulkcarrier operator



- Own 21 panamaxes making DryShips the 2nd largest panamax bulkcarrier operator in the world.

Largest US listed drybulk shipping company



- Largest fleet and largest revenue of any of the US listed drybulk shipping companies.

Diversified Chartering Strategy



- Unique combination of spot, period and pool employment only possible because of a large fleet.



Current Fleet Profile

- Presently 1,295 voyage days on period charter for 2006 out of a total of 9,715 days.

| Vessel Type | Spot Employment | | Contract Employment | Contract Employment | |
|---|-----------------|----------------|---------------------|---------------------|----------------|
| | Spot 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 | 1 | 1 | 0 | n/a | n/a |



4th Quarter and Full Year 2005 Financial Highlights

4th Quarter 2005

- 4Q05 timecharter equivalent revenue of \$66.4 million
- Net Income \$26.1 million
- EPS \$0.86 per share
- Debt to capitalization 59.5%, net debt to capitalization 59.3%
- EBITDA \$47.0 million

Full Year 2005

- 12 months timecharter equivalent revenue \$219.3 million
- 12 months Net Income \$111.4 million
- EPS \$3.85 per share
- 3 quarterly dividends payments made totaling \$0.60
- EBITDA of \$173.7 million



12-months and 4Q05 – Fleet Highlights

(Dollars in thousands, except per share data and

Average Daily Results - unaudited)

| | 3 Months Ended Dec. 31, 2005 | 2 Months Ended Dec. 31, 2004 | 12 Months Ended Dec. 31, 2005 | 12 Months Ended Oct. 31, 2004 |
|--|---------------------------------|---------------------------------|----------------------------------|----------------------------------|
| Average number of vessels ⁽¹⁾ | 27.00 | 6.00 | 21.37 | 5.9 |
| Total voyage days for fleet ⁽²⁾ | 2,437 | 366 | 7,663 | 2066 |
| Total calendar days for fleet ⁽³⁾ | 2,484 | 366 | 7,866 | 2166 |
| Fleet Utilization ⁽⁴⁾ | 98.1% | 100.0% | 97.4% | 95.4% |
| Time Charter equivalent ⁽⁵⁾ | 25,465 | 39,790 | 28,446 | 28062 |
| Capesize | 35,463 | 67,930 | 46,254 | n/a |
| Panamax | 21,768 | 34,162 | 25,900 | n/a |
| Handymax | 15,892 | n/a | 20,714 | n/a |
| Vessel operating expenses ⁽⁶⁾ | 5,484 | 4,798 | 4,668 | 4510 |
| Management fees | 568 | 650 | 631 | 582 |
| General and administrative expenses ⁽⁷⁾ | 489 | 84 | 496 | 91 |
| Total vessel operating expenses ⁽⁸⁾ | 6,541 | 5,532 | 5,795 | 5,183 |

(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, pre-delivery and drydocking costs 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.

| | 1Q06 | 2Q06 | 3Q06 | 4Q06 |
|--|----------|----------|----------|----------|
| Capesize | | | | |
| Spot Voyage Days | 270 | 253 | 286 | 353 |
| Daily Spot Charter Rate (net of commissions) | ?? | ?? | ?? | ?? |
| Fixed T/C Revenue (net of commissions) | \$3.9 m | \$3.9 m | \$3.5 m | \$3.1 m |
| Panamax | | | | |
| Spot Voyage Days | 1,440 | 1,468 | 1,751 | 1,894 |
| Daily Spot Charter Rate (net of commissions) | ?? | ?? | ?? | ?? |
| Fixed T/C Revenue (net of commissions) | \$16.3 m | \$13.0 m | \$5.5 m | \$1.5 m |
| Handymax | | | | |
| Spot Voyage Days | 155 | 182 | 184 | 184 |
| Daily Spot Charter Rate (net of commissions) | ?? | ?? | ?? | ?? |
| Fixed T/C Revenue (net of commissions) | \$0.5 m | \$0.0 m | \$0.0 m | \$0.0 m |
| Total Spot TCE Revenue | ?? m | ?? m | ?? m | ?? m |
| Total Fixed TCE Revenue | \$20.7 m | \$16.9 m | \$9.0 m | \$4.6 m |
| Combined TCE Revenue | ?? m | ?? m | ?? m | ?? m |
| Total Calendar Days | 2,430 | 2,457 | 2,484 | 2,484 |
| TVOE per day | \$5,208 | \$5,208 | \$5,208 | \$5,208 |
| Fleet Quarterly TVOE | \$12.7 m | \$12.8 m | \$12.9 m | \$12.9 m |
| EBITDA | ?? m | ?? m | ?? m | ?? m |
| Depreciation & amortization | \$14.1 m | \$14.1 m | \$14.1 m | \$14.1 m |
| Interest, net | \$7.1 m | \$6.7 m | \$6.4 m | \$6.0 m |

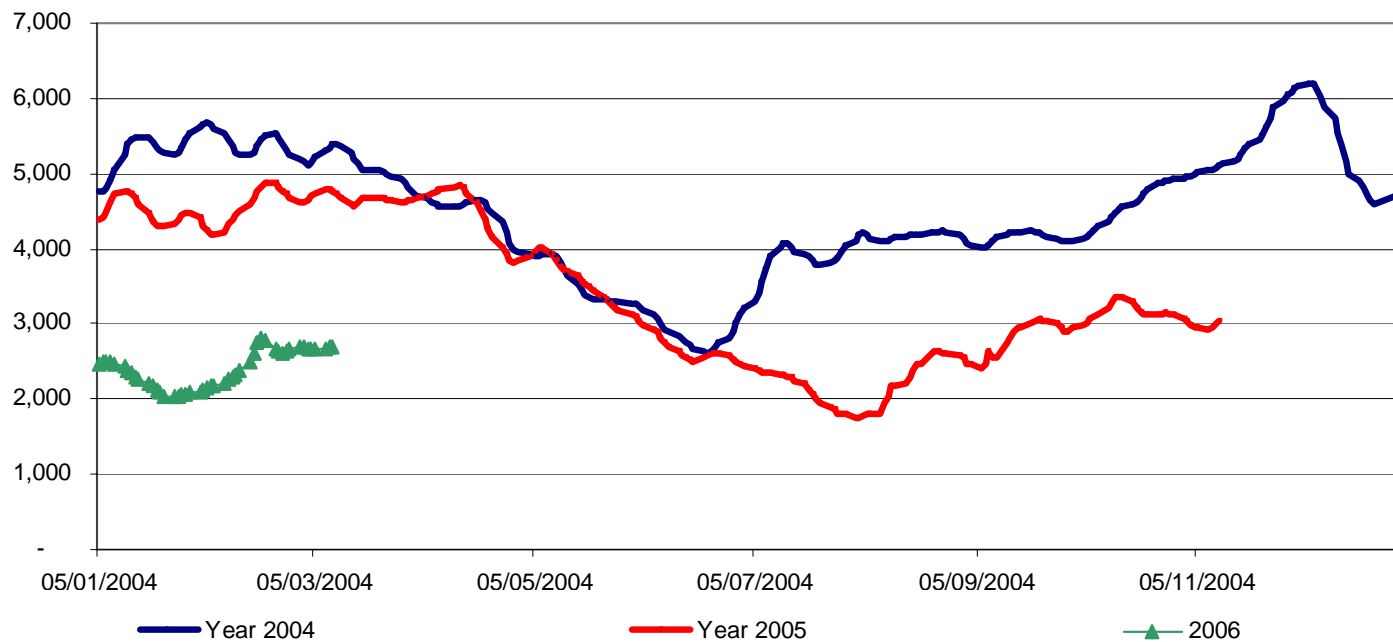


Industry Overview and Developments 4Q05



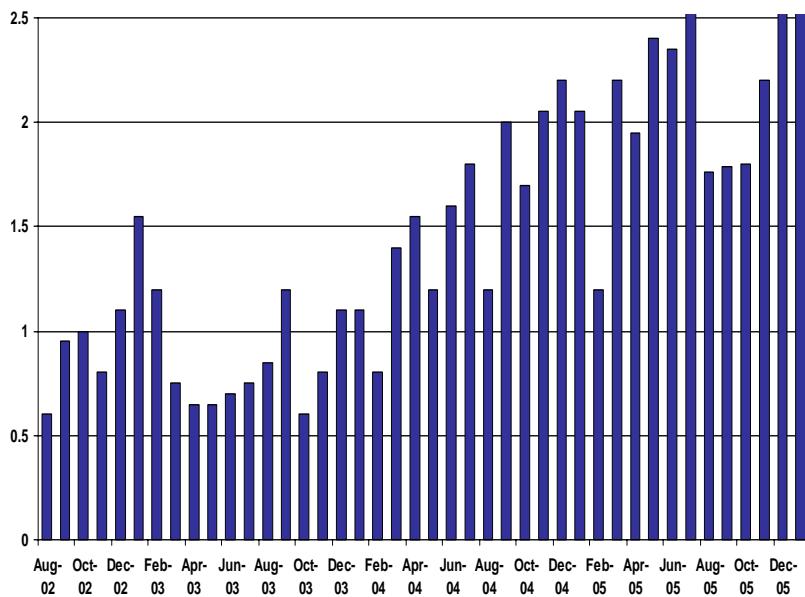
Baltic Dry Index

Baltic Dry Index – 2004, 2005 and 2006 year to date



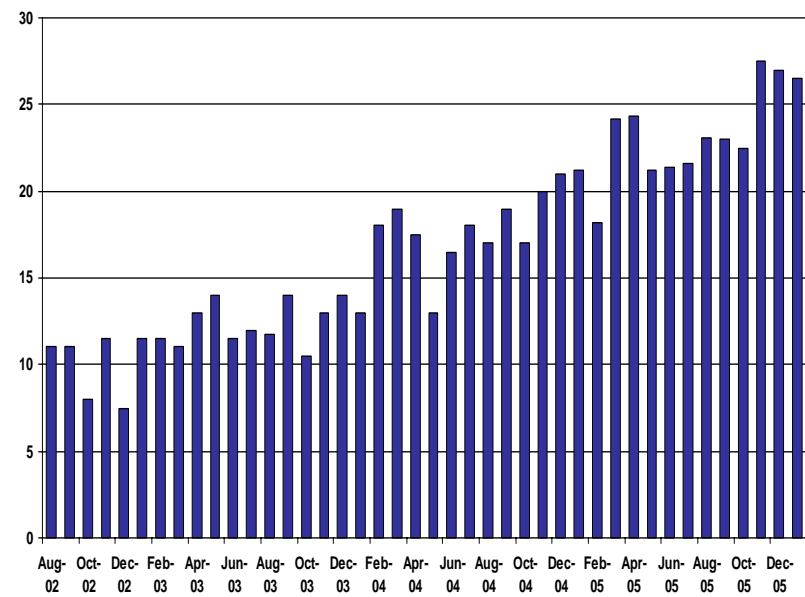
China Continues Growth

China Coal Imports



➤ 2005 coal imports of 25.25m tons up 38.9% from 18.3m tons for 2004!

China Iron Ore Imports



➤ 2005 iron ore imports of 274m tons up 33.0% from 206m tons for 2004!



Possible Demand and Supply Developments

| | 2003 | 2004 | 2005 | 2006E | 2007E | 2008E |
|-------------------------------------|--------|---------------|---------------|-------------|-------------|-------------|
| <u>Demand (million tons)</u> | | | | | | |
| Iron Ore | 524 | 589 | 650 | 690 | | |
| Coal | 619 | 664 | 690 | 715 | | |
| Grain | 240 | 236 | 242 | 255 | | |
| Major Bulks | 1383 | 1,489 | 1,582 | 1,660 | | |
| Minor Bulks | 957 | 1,025 | 1,049 | 1,078 | | |
| Total ⁽¹⁾ | 2340 | 2,514 (2,507) | 2,631 (2,636) | 2,738 | 2,850 | 2,967 |
| Annual Increase ⁽¹⁾ | | 174 (167) | 117 (129) | 107 | 112 | 117 |
| % Growth Rate ⁽¹⁾ | 5.5% | 7.4% (7.1%) | 4.7% (5.1%) | 4.1% (3.9%) | 4.1% (3.9%) | 4.1% (3.9%) |
| Cargo Ton Miles (In billions) | 11,144 | 12,079 | 12,699 | 13,258 | 13,841 | 14,450 |
| % Growth Rate | 6.7% | 8.4% (7.5%) | 5.1% (5.6%) | 4.4% (4.5%) | 4.4% (4.5%) | 4.4% (4.5%) |
| <u>Supply (million dwt)</u> | | | | | | |
| Year End Fleet | | | 321.2 | 344.4 | 361.2 | 371.1 |
| Deliveries | | | 24.8 | 22.4 | 16.2 | 15.6 |
| Deletions | | | -1.6 | -5.6 | -6.3 | -6.4 |
| Year End Fleet | | 321.2 | 344.4 | 361.2 | 371.1 | 380.3 |
| % Growth Rate | | 6.1% | 4.9% (6.0%) | 4.9% (4.7%) | 2.7% (3.2%) | 2.5% (2.6%) |
| 25+ Year Fleet | | | 30.0 | 41.0 | 55.0 | 65.2 |
| % of Fleet | | | 8.7% | 11.4% | 14.8% | 17.1% |

Difficult to estimate therefore growth rate assumed the same as 2006

Supply of tonnage is below demand in 2007 and 2008

Notes: 1. Numbers in parenthesis relate to data in our last report



Appendix I – 12 Months and 4Q05 - Earnings

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

| | 3 Months Ended Dec. 31, 2005 | 2 Months Ended Dec. 31, 2004 | 12 Months Ended Dec. 31, 2005 | 12 Months Ended Oct. 31 2004 |
|---|---------------------------------|---------------------------------|----------------------------------|---------------------------------|
| | <i>Unaudited</i> | | <i>Unaudited</i> | |
| INCOME STATEMENT DATA | | | | |
| Voyage revenues | \$66,477 | \$15,699 | \$228,912 | \$63,458 |
| Voyage expenses | 3,221 | 1,136 | 9,592 | 5,481 |
| Timecharter Equivalent Revenue | 63,256 | 14,563 | 219,320 | 57,977 |
| Vessels operating expenses | 13,623 | 1,756 | 36,720 | 9,769 |
| Depreciation and amortization | 13,575 | 1,134 | 42,610 | 6,451 |
| Management fees | 1,411 | 238 | 4,962 | 1,261 |
| General and administrative | 1,215 | 67 | 3,897 | 198 |
| Operating Income | 33,432 | 11,368 | 131,131 | 40,298 |
| Interest and finance costs, net | (7,458) | (507) | (19,649) | (1,503) |
| Other, net | 131 | (5) | (85) | 318 |
| NET INCOME | \$26,105 | \$10,856 | \$111,397 | \$39,113 |
| Basic and fully diluted earnings per share | \$0.86 | \$0.70 | \$3.85 | \$2.54 |
| Weighted average basic and diluted shares outstanding | 30,350,000 | 15,400,000 | 28,957,397 | 15,400,000 |



Appendix II – December 31, 2005 Balance Sheet

(Dollars in thousands)

| | As at Dec. 31, 2005 <i>Unaudited</i> | As at Oct. 31, 04 <i>Unaudited</i> | |
|---|--|--|--------------------------------------|
| BALANCE SHEET DATA | | | |
| Cash and cash equivalents | 5,184 | 6,171 | |
| Other current assets | 13,594 | 63,173 | |
| Vessels, net | 864,735 | 51,688 | ➤ Debt to Capitalization = 59.5% |
| Other non current assets | 27,049 | 62,521 | |
| TOTAL ASSETS | 910,562 | 183,553 | ➤ Net Debt to Capitalization = 59.3% |
| Current portion of long-term debt | 107,738 | 25,453 | |
| Other current liabilities | 28,285 | 72,725 | |
| Long-term debt, net of current portion | 417,615 | 89,749 | |
| Total Liabilities | 553,638 | 187,927 | |
| Total Stockholders' equity | 356,924 | -4,374 | |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 910,562 | 183,553 | |



Appendix III - Fleet Charter Details

| | <u>Year</u> | <u>Deadweight</u> | <u>Type</u> | <u>Current Employment</u> | <u>Redelivery</u> | <u>Earliest</u> | <u>Latest</u> |
|-----------------------|-------------|-------------------|-------------|---------------------------|-------------------|-----------------|---------------|
| Capesize | | | | | | | |
| Manasota | 2004 | 171,061 | Capesize | \$46,000 | | Sep-06 | Nov-06 |
| Alameda | 2001 | 170,662 | Capesize | 39000 | | | |
| Shibumi | 1984 | 166,058 | Capesize | Spot - \$20,000 | | | |
| Netadola | 1993 | 149,475 | Capesize | Spot - \$28,600 | | | |
| Panamax | | | | | | | |
| Conrad Oldendorff | 2002 | 76,623 | Panamax | \$42,000 | | Nov-06 | Feb-07 |
| Coronado | 2000 | 75,706 | Panamax | Spot - \$15,750 | | | |
| Waikiki | 1995 | 75,473 | Panamax | Spot - \$15,750 | | | |
| Mostoles | 1981 | 75,395 | Panamax | Baumarine \$11,665 | | | |
| Linda Oldendorff | 1995 | 75,100 | Panamax | \$43,250 | | Jul-06 | Oct-06 |
| Sonoma | 2001 | 74,786 | Panamax | Baumarine \$16,028 | | | |
| Catalina | 2005 | 74,432 | Panamax | Spot - \$17,150 | | | |
| Ocean Crystal | 1999 | 73,688 | Panamax | Spot - \$14,000 | | | |
| Belmonte | 2004 | 73,601 | Panamax | \$42,000 | | Apr-06 | Jul-06 |
| Toro ** | 1995 | 73,034 | Panamax | Baumarine \$15,860 | | | |
| Xanadu | 1999 | 72,270 | Panamax | \$35,000 | | Jun-06 | Sep-06 |
| La Jolla | 1997 | 72,126 | Panamax | Spot - \$17,900 | | | |
| Lacerta ** | 1994 | 71,862 | Panamax | Baumarine \$15,767 | | | |
| Panormos ** | 1995 | 71,747 | Panamax | Baumarine \$16,362 | | | |
| Paragon | 1995 | 71,259 | Panamax | \$30,000 | | Aug-06 | Oct-06 |
| Iguana | 1996 | 70,349 | Panamax | Spot - \$14,500 | | | |
| Daytona ** | 1989 | 69,703 | Panamax | Baumarine \$13,788 | | | |
| Lanikai ** | 1988 | 68,676 | Panamax | Baumarine \$13,988 | | | |
| Tonga ** | 1984 | 66,798 | Panamax | Baumarine \$11,100 | | | |
| Flecha | 1982 | 65,081 | Panamax | Baumarine \$11,660 | | | |
| Strigla ** | 1982 | 64,747 | Panamax | Baumarine \$12,130 | | | |
| Handymax | | | | | | | |
| Alona ** | 2002 | 48,640 | Handymax | Baumarine \$13,255 | | | |
| Matira | 1994 | 45,863 | Handymax | Spot - \$11,250 | | | |
| 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.



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

