

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	
	Spot Charters	Baumarine Pool	Contract Employment	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

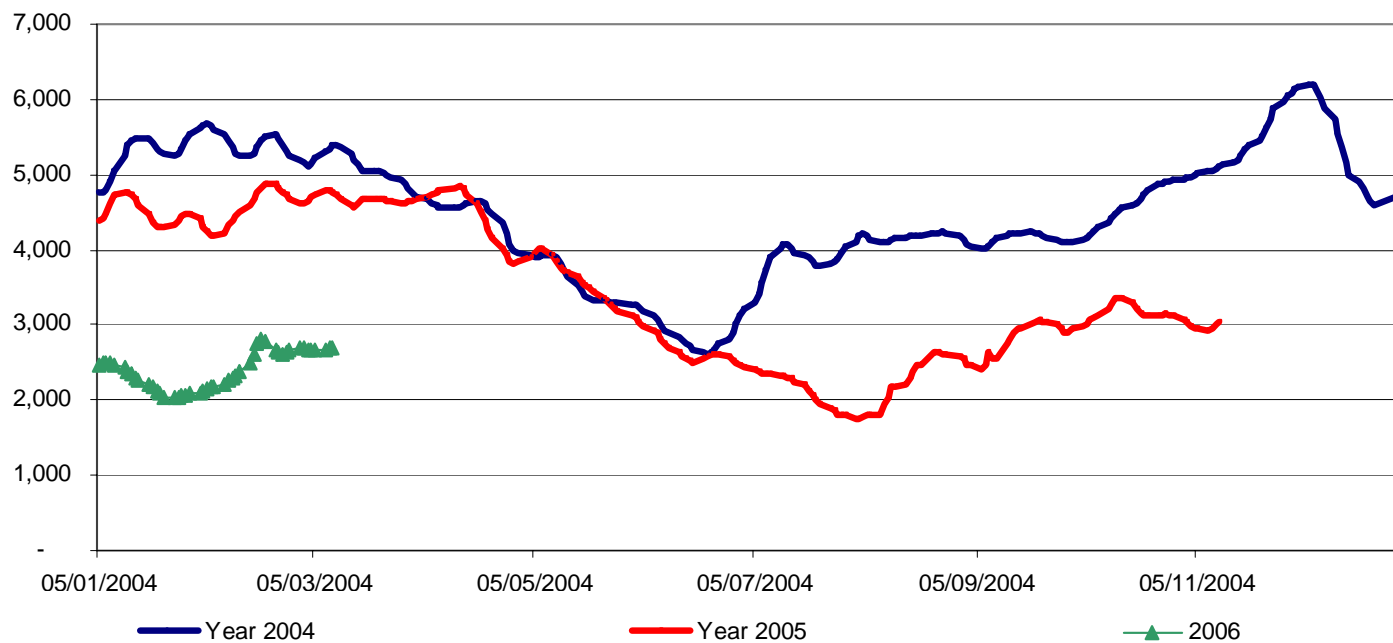


Industry Overview and Developments 4Q05



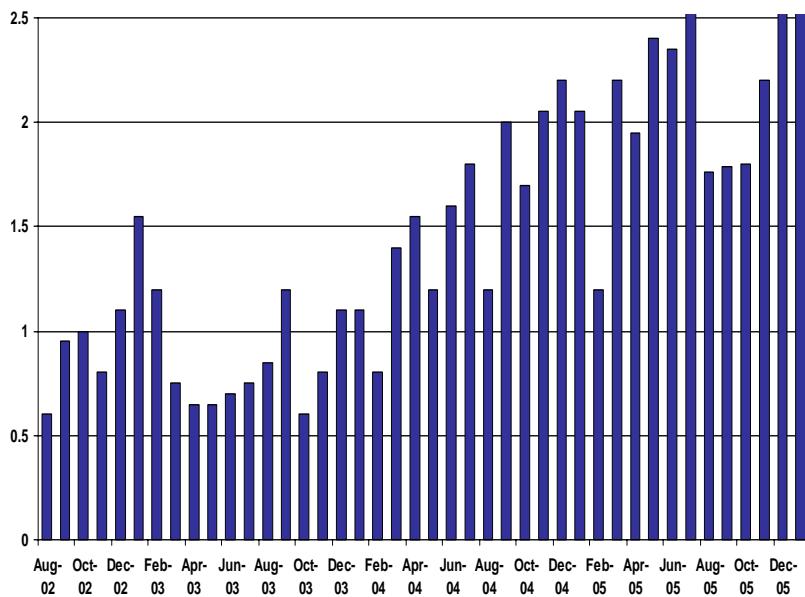
Baltic Dry Index

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



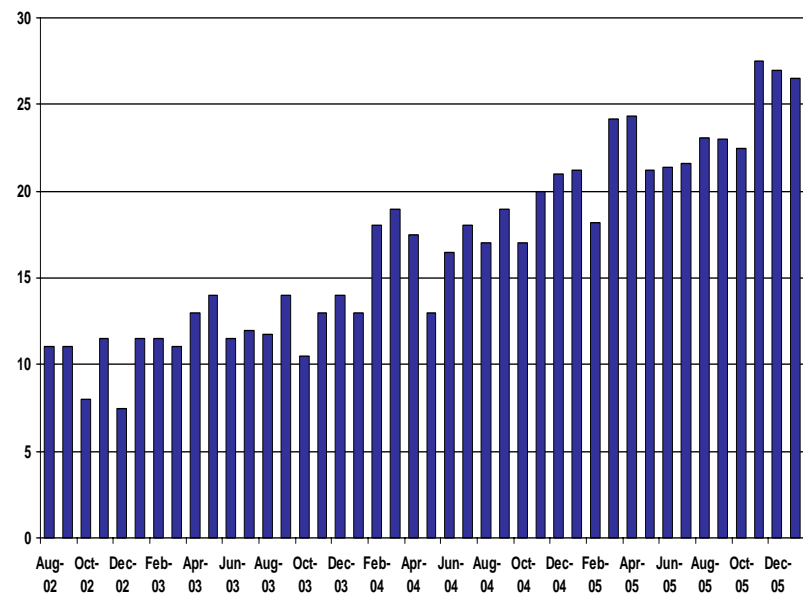
China Continues Growth

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

