

# OCEAN RIG



## Ocean Rig UDW Inc.

1<sup>st</sup> Quarter Ended March 31, 2013  
Earnings Presentation



NASDAQ: "ORIG"  
May 23<sup>rd</sup>, 2013

# Forward Looking Statements

Matters discussed in this presentation may constitute forward-looking statements. Forward-looking statements reflect the Company's 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 not statements of historical facts.

The forward-looking statements in this presentation 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, which have not been independently verified by the Company. Although Ocean Rig UDW Inc. believes 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, Ocean Rig UDW Inc. cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in the Company's 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 hire rates and vessel values, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydocking, changes in Ocean Rig UDW Inc's operating expenses, including bunker prices, dry-docking and insurance costs, or actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties that may affect our actual results are further described in reports filed by Ocean Rig UDW Inc. with the US Securities and Exchange Commission.

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# Q1 2013 financial results

**Net Revenue from drilling contracts: \$ 246.4 million**

**Adjusted EBITDA: \$ 104.7 million**

**Reported Net Income: \$ 6.4 million or \$ 0.05 per share**



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# Key highlights

- Leiv Eiriksson completed upgrade work and commenced drilling operations offshore Norway
- Signed \$1.35 billion syndicated secured term loan facility to finance 2013 newbuild drillships
- Essential crewing needs for our 2013 newbuild drillships almost complete
- Corporate reorganization proceeding on an accelerated pace
- Focus on reducing opex and increasing efficiency



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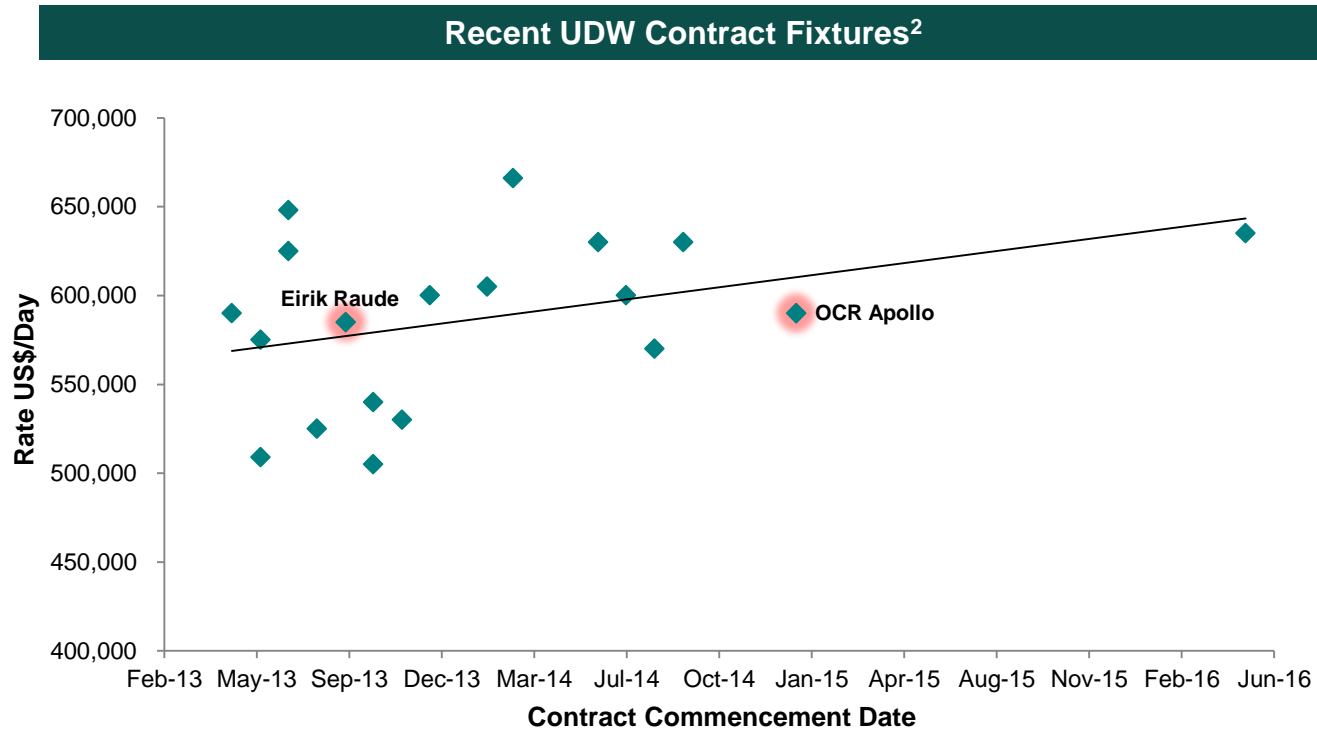
# Industry Overview





# Strong UDW market fundamentals

- All 99 UDW units currently<sup>1</sup> on location in Gulf of Mexico, Africa and South America are employed
- Recent UDW fixtures for 2014 & 2015 commencement signal strong demand through 2015



Source: Fearnley Offshore  
Notes

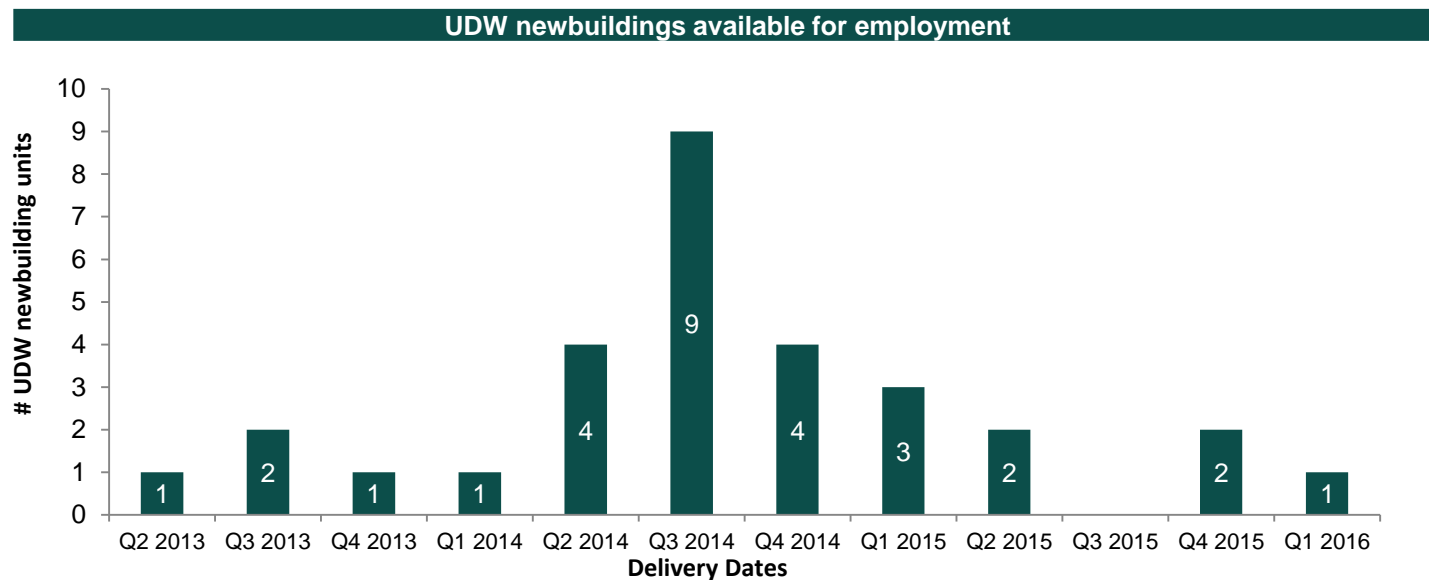
(1) As of April 2013

(2) New contracts or extensions (excluding exercised options), contracts signed year to date

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# Supply constraints



- Supply of available for employment UDW newbuilding units peaking in Q3 2014
- Yard availability non-existent until Q3 2015
- Drillships have become industry's preferred UDW asset type

## Notes

Yard availability based on Company data



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# Financial Highlights





# Solid multi-year fleet employment profile

- Average contract<sup>1</sup> remaining fixed period of 2.7 years, 4.3 years with options
- 98%, 86%, 62%, 31% calendar days under contract<sup>2</sup> in 2013, 2014, 2015, and 2016 respectively
- \$4.9 billion backlog<sup>2</sup> up from \$1.6 billion in early 2012

Year	2013			2014				2015				2016				2017				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Contract Coverage	98%			86%				62%				31%								
Leiv Eriksson	Mob.	Rig Management Norway (led by Total)													3 x 1 year options (through 2019)					
Eirik Raude	Mob	Exxon Mobil	Mob	Lukoil																
Ocean Rig Corcovado	Petrobras																			
Ocean Rig Olympia	Total											2 x 1 year options (through Q3 2017)								
Ocean Rig Poseidon	Mob	Eni													2 x 1 year options (mid 2018)					
Ocean Rig Mykonos	Petrobras																			
Ocean Rig Mylos	Expected Delivery August 2013	Mob	Repsol													options for up to 2 years (through 2018)				
Ocean Rig Skyros	Expected Delivery October 2013	Mob																		
Ocean Rig Athena	Expected Delivery November 2013	Mob		ConocoPhillips													options for up to 2 years (through 2018)			
Ocean Rig Apollo	Expected Delivery January 2015							Mob		LOA with major oil company										

- 1) Average contract length excludes Eirik Raude short term contracts
- 2) Including LOA for the Ocean Rig Apollo or similar vessel



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# Q1 2013- Revenue analysis

- During the quarter, we had 540 calendar days and 121 days spent on mobilization/upgrades
- Resulting in 419 available drilling days, of which 363 were revenue earning days i.e. 87% operating efficiency

Drilling Unit	Mobilization Days	Available Drilling Days (a)	Off-hire Days (b)	Revenue Earning Days (a-b)	Operating Efficiency (c)	Amortization of Deferred Revenues (\$ mln)
Leiv Eiriksson	90	0	0	0	N/A	0.0
Eirik Raude	28	62	22	40	65%	15.0
OCR Corcovado	0	90	2	88	98%	3.6
OCR Olympia	0	90	6	84	93%	0.8
OCR Poseidon	3	87	0	87	100%	11.4
OCR Mykonos	0	90	26	64	71%	3.8
<b>Total</b>	<b>121</b>	<b>419</b>	<b>56</b>	<b>363</b>	<b>87%</b>	<b>34.5</b>

**BOP related issues resulted in 22 and 26 days off-hire for the Eirik Raude and OCR Mykonos respectively**

Notes:  
Any differences due to rounding



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# Q1 2013- OPEX analysis

Drilling Unit	Q1 2013 Direct & Onshore Rig Opex		Q1 2013 Amortization of Deferred Opex (in USD million)
	(in USD million)	(\$ per day)	
Leiv Eiriksson	3.2	N/A	0.0
Eirik Raude	16.0	258,600	4.0
OCR Corcovado	19.8	219,900	3.4
OCR Olympia	17.8	198,200	0.3
OCR Poseidon	15.8	181,400	4.6
OCR Mykonos	18.1	201,400	4.8
<b>Total</b>	<b>90.8</b>		<b>17.1</b>

	Q1 2013	
	Available Drilling Days	Direct & Onshore Rig Opex <sup>1</sup> (\$ per day)
OCR Fleet	419	209,000

Notes:

- 1) Excludes Leiv Eiriksson operating expenses (insurance related) incurred and recognized during mobilization and not attributed to available drilling days  
 Opex analysis excludes Maintenance capex treated as Opex for accounting purposes (total \$12.9 million)  
 Any differences due to rounding



# Income Statement

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

	<u>Q1 2013</u>
<b>REVENUES:</b>	
<i>Drilling revenues</i>	211.9
<i>Amortization of deferred revenue</i>	34.5
Total Revenues from drilling contracts	<u>246.4</u>
<b>EXPENSES:</b>	
<i>Direct &amp; onshore rig operating expenses</i>	90.8
<i>Maintenance expenses</i>	12.9
<i>Amortization of deferred operating expenses</i>	17.1
Total drilling rig operating expenses	120.8
Depreciation and amortization	53.4
General and administrative expenses and other	22.5
<b>Operating income/(loss)</b>	<u><b>49.7</b></u>
<b>OTHER INCOME/(EXPENSES):</b>	
Net interest and finance costs	-31.4
Gain/(loss) on interest rate swaps	0.6
Other, net	1.6
Income taxes	-14.2
<b>Total other expenses</b>	<u><b>-43.3</b></u>
<b>Net income/ (loss)</b>	<u><b>6.4</b></u>
<b>Earnings/ (loss) per common share, basic and diluted</b>	<b>\$0.05</b>
Weighted average number of shares, basic and diluted	131,696,928



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# Healthy liquidity & capital structure

<i>(in \$ million)</i>	<i>March 31, 2013</i>
Cash	247.5
Restricted cash	216.4
Secured bank debt	1,538.4
6.50% senior secured notes due 2017 <sup>(1)</sup>	781.8
9.50% senior unsecured notes due 2016 <sup>(1)</sup>	492.2
Total debt <sup>(1)</sup>	2,812.4
Total shareholders' equity	2,919.0
Total capitalization	5,731.4
Net Debt	2,348.5
Debt to capitalization	49%
Net Debt to Capitalization	41%

<i>Ownership on May 17<sup>th</sup>, 2013</i>	
Shares Outstanding	131.7 million
Free float shares	53.4 million
% of free float shares	40.6 %
% ownership DRYS	59.4 %

Equity market capitalization: \$ 2,239 mil  
 Current Enterprise Value <sup>(2)</sup>: \$3,911 mil  
 Fully Delivered Enterprise Value: \$5,929 mil <sup>(2)</sup>

(1) Net of financing fees  
 (2) Excludes 2015 delivery newbuilding  
 Assumes \$17.0 share price





# Conservative debt profile

- No debt maturities prior to 2016
- Strong relationships with commercial lenders and national export agencies

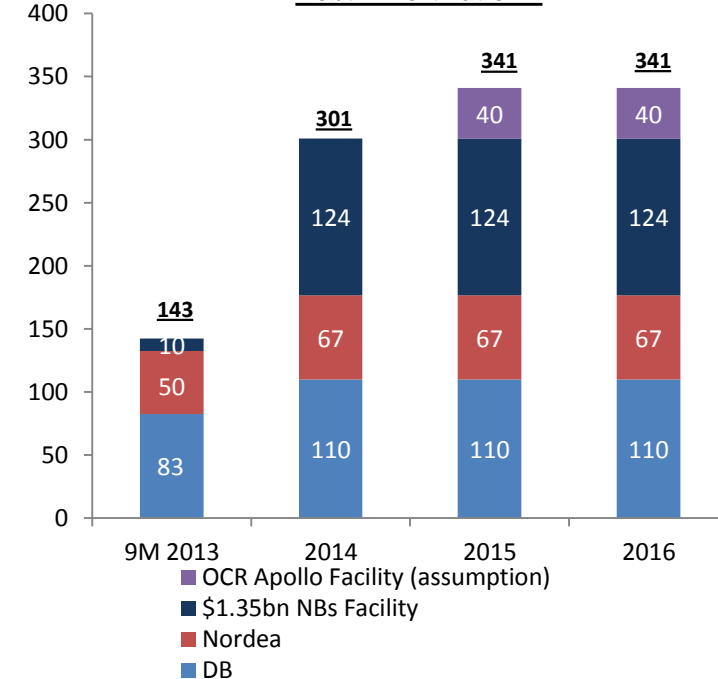
(\$ in millions)

## Ocean Rig Debt Outstanding as of 3/31/13

Facility	Amortizing	Balloon	Total	Maturity
\$800m facility	216.6	466.7	683.3	Q2 2016
\$990m facility	880.0	0.0	880.0	Q4 2020
\$800m Senior Secured Note	0.0	800.0	800.0	Q4 2017
\$500m Senior Unsecured Note	0.0	500.0	500.0	Q2 2016
<b>Current OCR debt</b>	<b>1,096.6</b>	<b>1,766.7</b>	<b>2,863.3</b>	
<b>\$1,350m facility</b>	<b>600.0</b>	<b>750.0</b>	<b>1,350.0</b>	<b>Q3 2018</b>

(\$ in millions)

## Debt Amortization <sup>1</sup>



### Notes

1) Assumes refinancing of \$500 million Unsecured Notes and Nordea facility in 2016 with similar debt respectively



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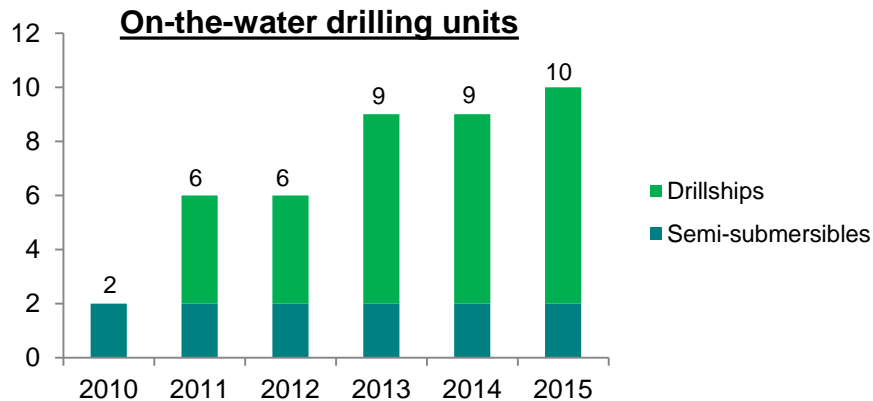


# Sensible growth

- All equity -over \$727 million- for 2013 newbuilds already invested
- Modest capital expenditures associated with 2015 newbuilding

(S millions)

	Total Delivered Cost	Already Funded From Equity	Remaining Cost <sup>(1)</sup>			
			2013	2014	2015	Delivery
OCR Mylos (NB #1)	670	242	428	-	-	August 2013
OCR Skyros (NB#2)	669	242	427	-	-	October 2013
OCR Athena (NB#3)	679	242	437	-	-	November 2013
OCR Apollo (NB#4)	683	153	83	-	447	January 2015
<b>Total</b>	<b>\$2,701</b>	<b>\$879</b>	<b>\$1,375</b>	<b>-</b>	<b>\$447</b>	



DNB/Nordea led \$1.35b senior secured term loan facility signed

(1) Represents construction payments and construction related expenses (excluding financing costs).



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# Closing Remarks



# Closing remarks

## Pure-play ultra-deepwater driller with premium assets

- Fleet composed of 100% UDW assets
- Sixth largest UDW company globally with a fleet of 10 drillships/rigs
- Focus on UDW key areas – West Africa & South America
- Latest generation assets with an average age of 3.0 years

## Experienced management team

- Highly efficient drilling operator in harsh conditions
- Corporate culture focused on safety and incident-free operations
- Drilled more than 155 wells for 31 clients over the last 10+ years
- 1,544 employees of which 330 in onshore functions

## Healthy debt profile

- Removed all cross-default clauses with DryShips Inc.
- Secured Syndicated Term Loan for the three 2013 newbuild drillships
- Strong relationships with commercial lenders and national export agencies
- No debt maturities until Q2 2016

## Strong cashflow visibility and significant earnings potential

- Seven units employed to investment grade counter-parties
- Revenue backlog of \$4.9 billion
- Uniquely positioned with the Ocean Rig Skyros, 7<sup>th</sup> generation drillship, available for employment in 2013

## Favorable market fundamentals

- UDW is the key growth market in the drilling space
- New fixtures for 2014 and 2015 commencement, indicate strong UDW market
- Supply of new UDW units limited by yard capacity



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# Appendix





# Strong contract backlog provides cash flow visibility

Unit	Year built	Redelivery	Operating area	Backlog (\$m)
Leiv Eiriksson	2001	Q2 – 16	Norway	\$572
Eirik Raude	2002	Q3 – 13	Ireland	\$74
Eirik Raude	2002	Q3 – 14	Sierra Leone, Ivory Coast	\$217
Ocean Rig Corcovado	2011	Q2 – 15	Brazil	\$332
Ocean Rig Olympia	2011	Q3 – 15	Gabon, Angola	\$473
Ocean Rig Poseidon	2011	Q2 – 16	Angola	\$770
Ocean Rig Mykonos	2011	Q1 – 15	Brazil	\$305
Ocean Rig Mylos	2013	Q3 – 16	Brazil	\$677
Ocean Rig Athena	2013	Q1 – 17	Angola	\$750
<b>Total</b>				<b>\$4.2 billion</b>
LOA Ocean Rig Apollo	2015	Q1 – 18	Congo	\$680
<b>Total with LOA</b>				<b>\$4.9 billion</b>

Note: Backlog as of 5/17/2013



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# Net drilling revenue indicative calculator

- To calculate FY2013 Revenues from drilling contracts add to the 9M net drilling revenue calculated below:
  - approximately \$76.5 million in remaining amortization of deferred revenues
  - Revenues from drilling contracts of \$ 246.4 million in Q1 2013

Drilling Unit	Mobilization Days				Available Drilling Days (a)	9M 2013 Drilling Day Rate	Earnings Efficiency Guidance (c)	Gross Revenue (a) x (b) x (c) = (d)	Local Agent Fees & Commissions (e)	Net Drilling Revenue (d) * (100%-e)
	Q2 2013	Q3 2013	Q4 2013	9M 2013	9M 2013	(b)	(c)	9M 2013	(e)	9M 2013
Leiv Eiriksson	15			15	260	\$545,000	92.50%	?	3.00%	?
Eirik Raude <sup>(1)</sup>	20	22		42	233	\$584,360 blended rate	92.50%	?	3.00%	?
OCR Corcovado <sup>(2)</sup>		31		31	244	\$456,435	92.50%	?	3.00%	?
OCR Olympia				0	275	\$584,450	92.50%	?	3.00%	?
OCR Poseidon	61			61	214	\$670,000	92.50%	?	3.00%	?
OCR Mykonos <sup>(2)</sup>		31		31	244	\$451,474	92.50%	?	3.00%	?
OCR Mylos <sup>(2)</sup>		46	14	60	78	\$608,453	92.50%	?	3.00%	?
OCR Skyros			60	60	0	Market rate	92.50%	?	3.00%	?
OCR Athena			31	31	0	\$633,500	92.50%	?	3.00%	?
<b>Total</b>	<b>96</b>	<b>130</b>	<b>105</b>	<b>331</b>	<b>1,548</b>			?		?

**\*Our projections for mobilization days and earnings efficiency will differ from actual mobilization days and actual earnings efficiency respectively.**

1. Eirik Raude blended drilling day rate, reflects rates under different contracts

2. Mykonos, Corcovado and Mylos contract dayrate based on average exchange rate of R\$2.03:\$1.00. Any differences due to rounding

9M 2013 Available Drilling Days exclude known off-hire days

Data as of May 23<sup>rd</sup>, 2013



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# Fleet status report

Date: May 23, 2013

UDW Unit Name	Year Built / Expected Delivery	Location	Customer	Estimated Commencement Date	Estimated Completion Date	Estimated Mobilization Days				Scheduled Off-Hire Days		Footnote References	Estimated Available Drilling Days			
						2013				2013			2013			
						Q1A	Q2	Q3	Q4	Q1A	Q2		Q1A	Q2	Q3	Q4
Eirik Raude	2002	Liberia Ireland West Africa	European Hydrocarbons ExxonMobil Lukoil	Jan-13 Mar-13 Q3 2013	Mar-13 Q3 2013 Q3 2014	28	20			22		1 2 3	40	71	70	92
Leiv Eiriksson	2001	Norway	Shipyard Rig Management	Q2 2013	Q2 2016	90	15				2	4	0	74	92	92
Ocean Rig Corcovado	2011	Brazil	Petrobras	May-12	Q2 2015			31		2	3	5	88	88	61	92
Ocean Rig Olympia	2011	Angola, Gabon	Total	Jul-12	Q3 2015					6			84	91	92	92
Ocean Rig Poseidon	2011	Tanzania Angola	Petrobras ENI	Jul-11 Q2 2013	Mar-13 Q2 2016	3	61					6	87	30	92	92
Ocean Rig Mykonos	2011	Brazil	Petrobras	Mar-12	Q1 2015			31		26	1	7,8	64	90	61	92
Ocean Rig Mylos	2013	Under construction Brazil	NA Repsol Sinopec	NA Aug-13	Aug-13 Q3 2016			46	14			9			0	78
Ocean Rig Skyros	2013	Under construction	NA	NA	Oct-13				60			10				0
Ocean Rig Athena	2013	Under construction Angola	NA ConocoPhillips	NA Nov-13	Nov-13 Q1 2017				31			11				0
Ocean Rig Apollo	2015	On order	LOA- Major Oil Company	Jan-15	Q1 2018											0
<b>Total Days</b>						<b>121</b>	<b>96</b>	<b>130</b>	<b>105</b>	<b>56</b>	<b>6</b>		<b>363</b>	<b>444</b>	<b>468</b>	<b>630</b>

## Footnotes

- 1 Total of 22 days off-hire of which 21 days downtime related to faulty BOP bonnets (replaced by the manufacturer at no cost to the Company)
- 2 Total of 48 days mobilization, acceptance to Ireland and waiting for contract commencement (28 days in Q1 and 20 days in Q2)
- 3 Estimated 22 days for mobilization from Ireland to Sierra Leone
- 4 Total of 90 days in Q1 and 15 days in Q2 for mobilization & upgrades
- 5 Estimated 31 days yard stay in Brazil for Petrobras contract related upgrades
- 6 Estimated 64 (3 days in Q1 and 61 days in Q2) for mobilization and acceptance testing prior to commencement of new contract
- 7 Estimated 31 days for yard stay in Brazil for Petrobras contract related upgrades
- 8 Total of 26 days off-hire related BOP maintenance
- 9 Estimated 60 days for mobilization from Korea to drilling location and acceptance testing
- 10 Estimated 60 days for mobilization from Korea to drilling location and acceptance testing
- 11 Estimated 60 days for mobilization from Korea to drilling location and acceptance testing of which 31 in Q4 2013

## Definitions

**Mobilization Days:** Includes estimated days related to drilling unit mobilization/demobilization, acceptance testing, time between contracts and estimated days for contract related rig upgrades prior to contract commencement.

**Off-Hire Days:** Estimated unpaid operational days. Off-hire days estimate includes planned days for class survey dry-docks, planned days related to maintenance/repair work, days waiting to secure employment etc. During Off-Hire days operating expenses are expensed in the period incurred.

**Notes** **Available Drilling Days:** Calendar Days less estimated Mobilization days less estimated Off-Hire days; Available days do not include any utilization assumptions

Fleet Status Report located on the Ocean Rig website ([www.ocean-rig.com](http://www.ocean-rig.com)) in the Investor Relations section.



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# Projected deferred revenue & expense amortization

As of March 31, 2013

(USD million)	<u>Q1A 2013</u>	<u>Q2E 2013</u>	<u>Q3E 2013</u>	<u>Q4E 2013</u>	<u>FY 2013</u>
Amortization of deferred revenues	34.5	27.3	27.3	22.0	111.0
Amortization of deferred expenses	17.1	15.3	16.7	15.8	64.9

**Includes current accounting schedule and projected additions from future mobilizations**

## **Definitions**

**Deferred Revenues** include lump sum fees received related to mobilization, capital expenditures reimbursable for contract related rig upgrades etc. These revenues are capitalized and amortized through the duration of the contract.

**Deferred Expenses** include costs (recurring operating expenses, tug boats & helicopter rentals etc.) incurred during mobilization, capital expenditures for contract related rig upgrades etc. These costs are capitalized and amortized through the duration of the contract.

Mobilization revenue based on current estimates; actual revenue will differ from projections. Our projections for mobilization days will differ from actual mobilization days  
 Mobilization expenses based on estimated mobilization days indicatively multiplied by \$200,000/day estimated operating expenses  
 Differences due to rounding.



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# Balance Sheet

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

	<u>December 31, 2012</u>	<u>March 31, 2013</u>
<b><u>ASSETS</u></b>		
Cash and restricted cash (current and non-current)	\$ 510,061	\$ 463,889
Other current assets	242,447	264,736
Advances for drillships under construction	992,825	1,029,163
Drilling rigs, drillships, machinery and equipment, net	4,399,462	4,405,109
Other non-current assets	80,319	123,190
<b>Total assets</b>	<b><u>6,225,114</u></b>	<b><u>6,286,087</u></b>
 <b><u>LIABILITIES AND STOCKHOLDERS' EQUITY</u></b>		
Total debt	2,853,410	2,812,392
Total other liabilities	463,189	554,650
Total stockholders' equity	2,908,515	2,919,045
<b>Total liabilities and stockholders' equity</b>	<b><u>\$ 6,225,114</u></b>	<b><u>\$ 6,286,087</u></b>



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