

OCEAN RIG



Ocean Rig UDW Inc.

2nd Quarter Ended June 30, 2015 Earnings Presentation



NASDAQ: "ORIG"
August 07, 2015

Forward Looking Statements

Matters discussed in this presentation 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 relate to Ocean Rig's expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," "seek," and similar expressions. Forward-looking statements reflect Ocean Rig's current views and assumptions with respect to future events and are subject to risks and uncertainties.

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 Ocean Rig's records and other data available from third parties. Although Ocean Rig 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 Ocean Rig's control, Ocean Rig cannot assure you that it will achieve or accomplish these expectations, beliefs or projections described in the forward-looking statements contained herein. Actual and future results and trends could differ materially from those set forth in such statements.

Important factors that, in Ocean Rig's view, could cause actual results to differ materially from those discussed in the forward-looking statements include factors related to (i) the offshore drilling market, including supply and demand, utilization, day rates and customer drilling programs, commodity prices, effects of new rigs and drillships on the market and effects of declines in commodity process and downturns in the global economy on the market outlook for our various geographical operating sectors and classes of rigs and drillships; (ii) hazards inherent in the drilling industry and marine operations causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations; (iii) newbuildings, upgrades, and shipyard and other capital projects; (iv) changes in laws and governmental regulations, particularly with respect to environmental matters; (v) the availability of competing offshore drilling vessels; (vi) political and other uncertainties, including risks of terrorist acts, war and civil disturbances; piracy; significant governmental influence over many aspects of local economies, seizure; nationalization or expropriation of property or equipment; repudiation, nullification, modification or renegotiation of contracts; limitations on insurance coverage, such as war risk coverage, in certain areas; political unrest; foreign and U.S. monetary policy and foreign currency fluctuations and devaluations; the inability to repatriate income or capital; complications associated with repairing and replacing equipment in remote locations; import-export quotas, wage and price controls imposition of trade barriers; regulatory or financial requirements to comply with foreign bureaucratic actions; changing taxation policies; and other forms of government regulation and economic conditions that are beyond our control; (vii) the performance of our rigs; (viii) our ability to procure or have access to financing and our ability comply with our loan covenants; (ix) our substantial leverage, including our ability to generate sufficient cash flow to service our existing debt and the incurrence of substantial indebtedness in the future (x) our ability to successfully employ our drilling units; (xi) our capital expenditures, including the timing and cost of completion of capital projects; (xii) our revenues and expenses; (xiii) complications associated with repairing and replacing equipment in remote locations; and (xiv) regulatory or financial requirements to comply with foreign bureaucratic actions, including potential limitations on drilling activities. Due to such uncertainties and risks, investors are cautioned not to place undue reliance upon such forward-looking statements.

Risks and uncertainties are further described in reports filed by Ocean Rig UDW Inc. with the U.S. Securities and Exchange Commission, including the Company's most recently filed Annual Report on Form 20-F.



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Q2 2015 financial results

	Net Revenue from drilling contracts: \$433.2 million
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	Adjusted EBITDA: \$262.2 million
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	Net Income: \$74.9 million or \$0.54 per share
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Key highlights

- Achieved approximately 98% average fleet wide operating performance for the second quarter
- Agreed to exchange the remaining \$80.0 million owed to us by Dryships for 17.8 million of our common shares owned by DryShips
- Decided to suspend the quarterly dividend until market conditions improve.

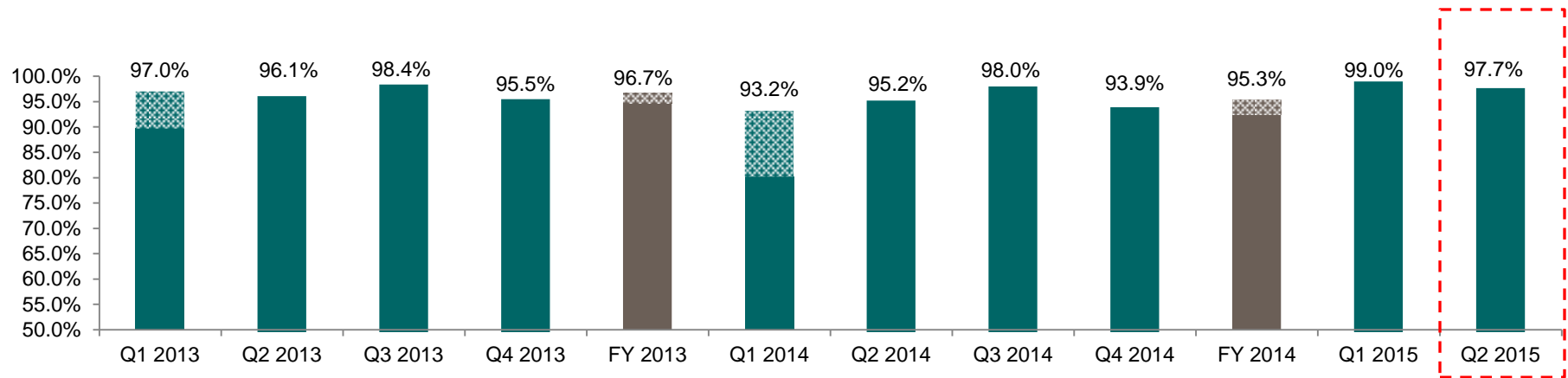


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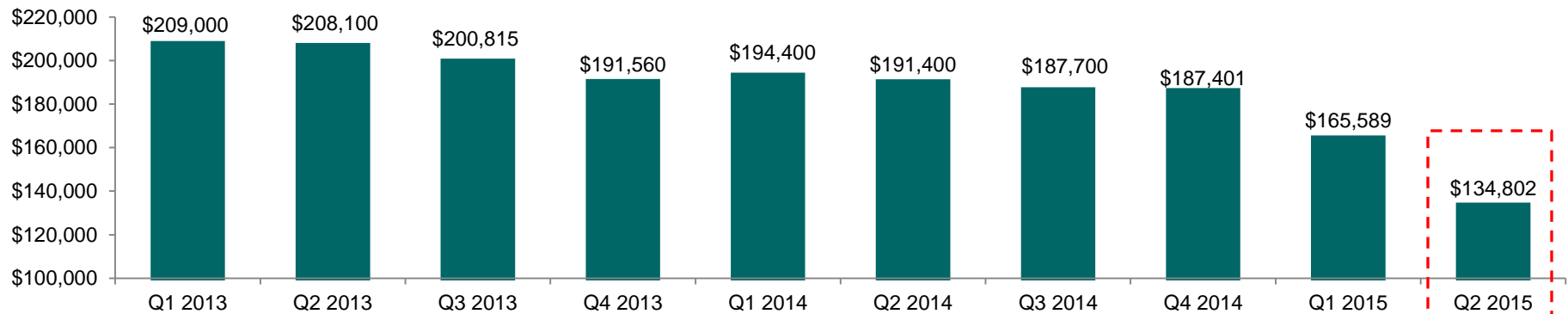


Strong operational performance & significant cost reductions

Fleet Operational Performance¹ Data



Fleet Average Operating Expenses Data (direct & onshore opex)



Notes

1) Operational performance calculated based on revenue earning days over available contracted drilling days (i.e. calendar days net of mobilization, acceptance testing, uncontracted/idle and drydock days. Shaded parts indicate extraordinary downtime effect



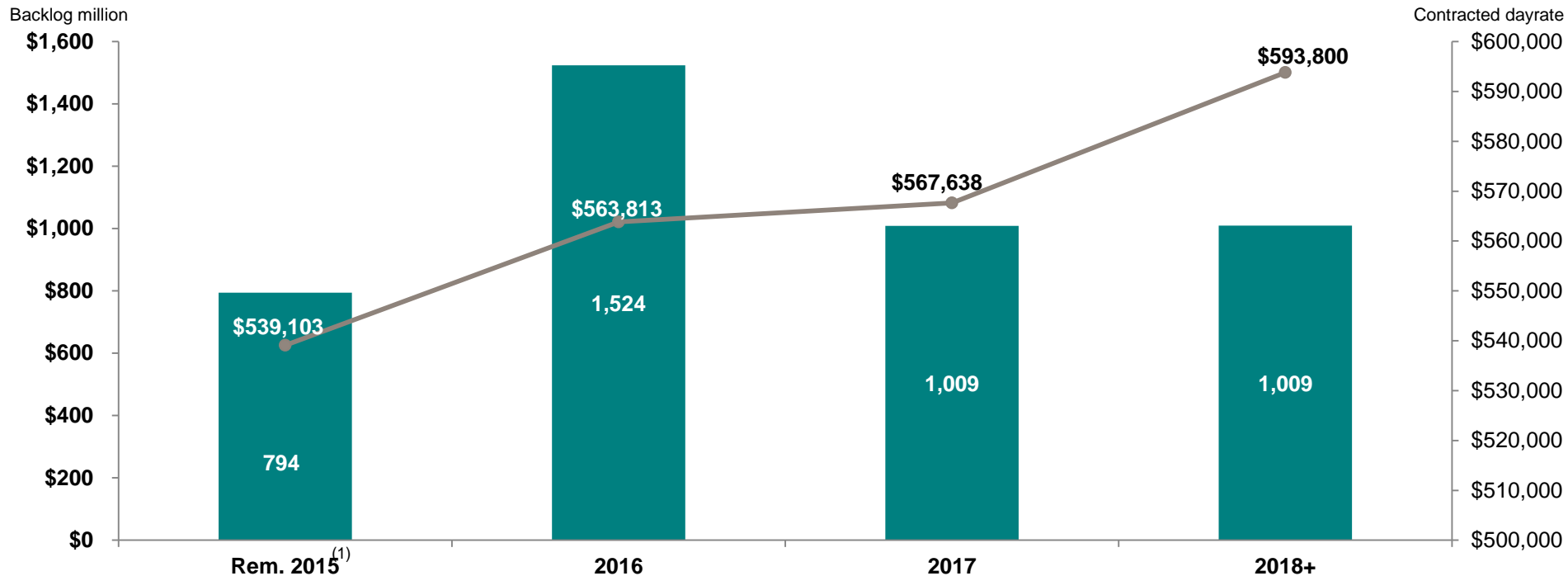
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Solid backlog insulates ORIG from market softness

- Ocean Rig's fleet is 93% contracted in 2015 and 69% contracted in 2016 and even 44% in 2017

Revenue Backlog & Weighted Average Contracted Dayrate



Even if we earn \$0 for all of our 2016 uncontracted days, our average fleet dayrate will be \$345,476, which is above our breakeven

⁽¹⁾Remaining 2015 backlog from 08/03/2015 to 12/31/2015
Backlog as of August 03, 2015; based on contracted units



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Operational & Financial Highlights



Solid multi-year fleet employment profile

- Average contract remaining fixed period of 2.1 years, 3.4 years with options
- 93%, 69% calendar days under contract in 2015 and 2016 respectively
- \$4.3 billion revenue backlog

Year	Rem 2015			2016				2017				
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Contract Coverage	93%			69%				44%				
Leiv Eiriksson	Rig Management Norway					3 X 1 year options (through 2019)						
Eirik Raude	Premier Oil			2 month option								
Ocean Rig Corcovado	Petrobras	Petrobras (through Q2 2018)										
Ocean Rig Olympia			Eni ¹	Vitol	Eni ¹							
Ocean Rig Poseidon	Eni									Option through 2018		
Ocean Rig Mykonos	Petrobras (through Q1 2018)											
Ocean Rig Mylos	Repsol						options for up to 2 years (through Q3 2018)					
Ocean Rig Skyros				Total (through Q3 2021)								
Ocean Rig Athena	ConocoPhillips									options for up to 2 years (through 2019)		
Ocean Rig Apollo	Mob	Total (through Q2 2018)										
Ocean Rig Santorini	Expected Delivery Q2 2016					Mob						
Ocean Rig Crete	Expected Delivery Q1 2018											
Ocean Rig Amorgos	Expected Delivery Q1 2019											

1) Current plan: Ocean Rig Olympia from August to November at ENI, then November to December at Vitol and back to ENI from January to June

Backlog data as of August 3, 2015



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Q2 2015- Revenue and operating expenses summary

- During the quarter, we had 910 calendar days of which 182 days were uncontracted and 28 days were spent on mobilization
- Resulting in 700 available contracted drilling days, of which 684 were revenue earning days i.e. 97.7% contracted operating efficiency⁽¹⁾

	Mobilization/ Uncontracted Days	Available Contracted Drilling Days (a)	Off-hire Days (b)	Revenue Earning Days (a-b)	Contracted Operating Efficiency (1) (c)	Amortization of Deferred Revenues (\$ mln)
Total Fleet Q2 2015	210	700	16	684	97.7%	\$44.7

- Our daily direct and onshore rig operating expenses this quarter averaged \$134,802/unit versus \$165,589/unit during Q1 2015, and \$191,400/unit during Q2 2014

	Q2 2015 Direct & Onshore Rig Opex		Q2 2015 Amortization of Deferred Opex
	(in USD million)	(\$ per day)	(in USD million)
Total / Average Fleet	\$119.0	\$134,802	\$21.3

Notes:

(1) Contracted Operating Efficiency defined as Revenue Earning Days over Available Contracted Drilling Days

Any differences due to rounding



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Income Statement

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

	Q2 2015
REVENUES:	
<i>Drilling revenues, net</i>	388.5
<i>Amortization of deferred revenue</i>	44.7
Total Revenues from drilling contracts	433.2
EXPENSES:	
<i>Direct & onshore rig operating expenses</i>	119.0
<i>Maintenance expenses & other items, net</i>	2.5
<i>Amortization of deferred operating expenses</i>	21.3
Total drilling rig operating expenses	142.8
Depreciation and amortization	88.8
General and administrative expenses	25.4
Other, net	-2.6
Operating income/(loss)	178.9
OTHER INCOME/(EXPENSES):	
Net interest and finance costs	-73.5
Gain/(loss) on interest rate swaps	-1.9
Other, net	-5.4
Total other expenses	-80.8
Income taxes	-23.2
Net income/ (loss)	74.9
Earnings/ (loss) per common share, basic and diluted	\$0.54
Weighted average number of shares, basic and diluted	137,830,742

Any differences due to rounding



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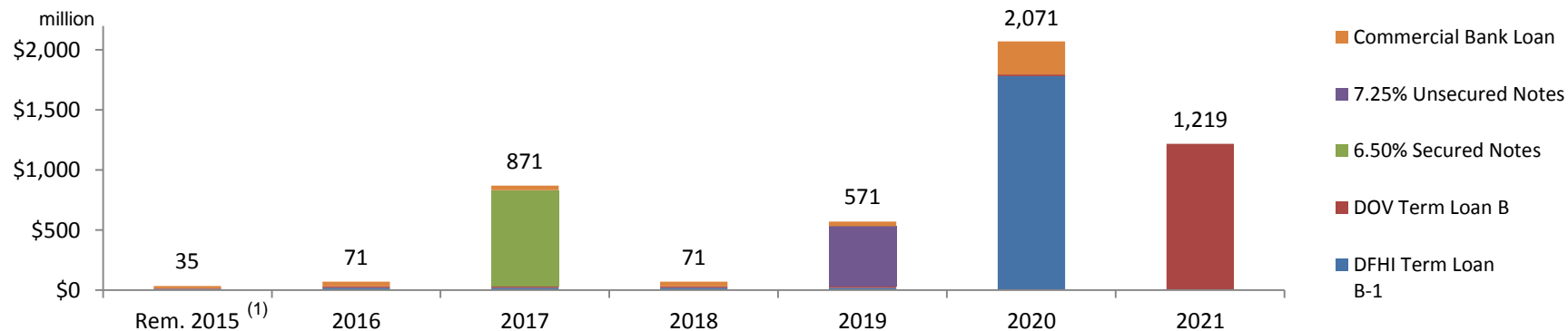


Solid Balance Sheet

- Weighted average debt maturity of 4.7 years
- No near-term maturities; next significant maturity in Q4 2017

	<i>DFHI Term Loan B-1</i>	<i>7.25% Unsecured Notes</i>	<i>6.50% Secured Notes</i>	<i>DOV Term Loan B</i>	<i>Commercial Bank Loan</i>
Amount Outstanding ⁽¹⁾	\$1,867mil	\$500 mil	\$800 mil	\$1,290 mil	\$452 mil
Interest Rate / Coupon	Libor ⁽²⁾ +5.00%	7.25%	6.50%	Libor ⁽²⁾ +4.50%	Libor ⁽³⁾ +2.10%
Annual Amortization ⁽⁴⁾	\$19.0 mil	N/A	N/A	\$13.0 mil	\$38.9 mil
Earliest Maturity	Q3 2020	Q2 2019	Q4 2017	Q3 2021	Q1 2020

Current maturity profile



- (1) As of 06/30/2015
 (2) Libor floor of 1.00%
 (3) 3 month Libor with no floor
 (4) Term loans and commercial bank loan amortize quarterly

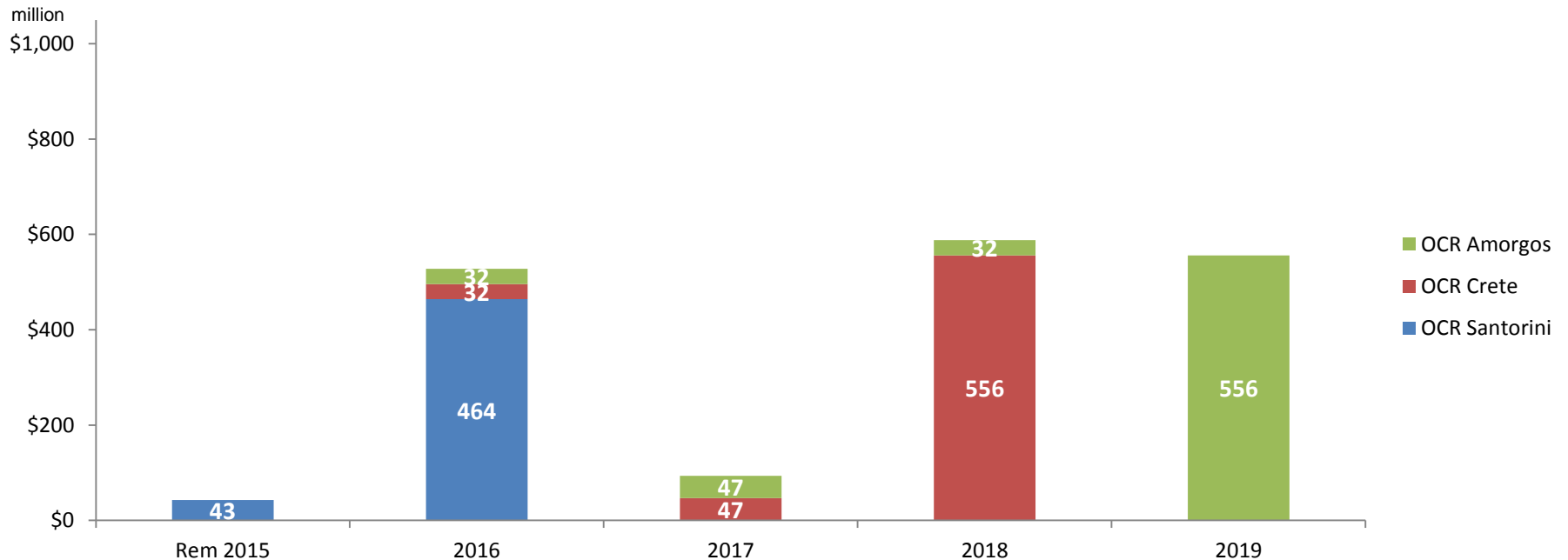
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Managing our capital expenditure program

- \$322 million equity invested for our three newbuildings through Q2 2015

Current¹ construction payment² profile



1) Represents remaining construction payments and construction related expenses (excluding financing costs) as of June 30, 2015

2) Delivered cost includes recent order of second BOP unit and OFEs



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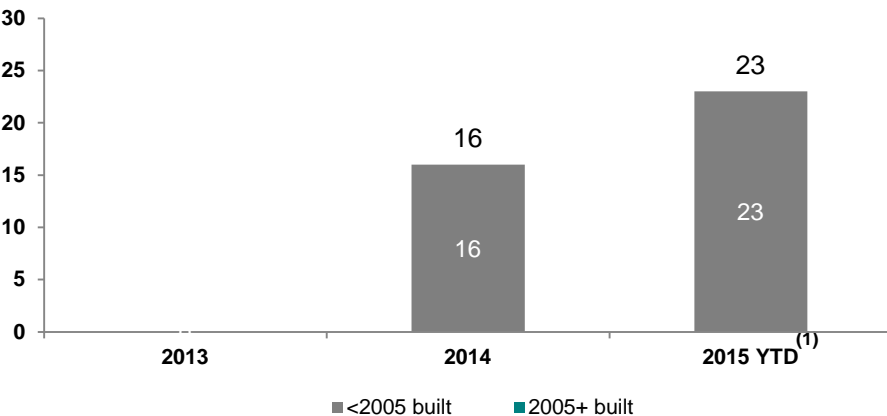


Industry Overview



Scrapping of older floaters has accelerated

Over 10% of floater fleet scrapped in last 12 months



⁽¹⁾ As of July 2015
Source: IHS Petrodata, Company Data

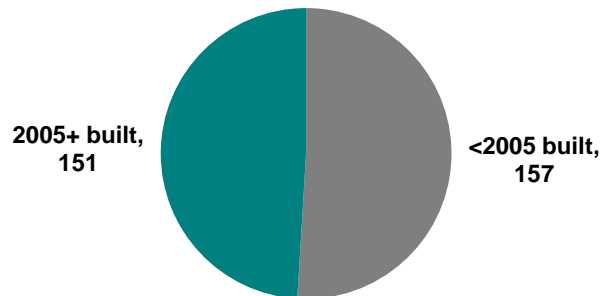
➤ Market weakness has accelerated scrapping activity of older units

- 23 units scrapped last 7 months
- All of the 16 units scrapped in 2014 were in Q4
- No units scrapped in 2013

➤ No modern units have been scrapped

Age profile of floater fleet (MW – DW – UDW)⁽²⁾

Total Fleet: 308



➤ The floater fleet (marketed and cold stacked) is comprised of 308 units of which 157 units were built prior to 2005 but in reality are much older

- Average age of midwater floaters is ~31 years
- Average age of deepwater floaters is ~27 years

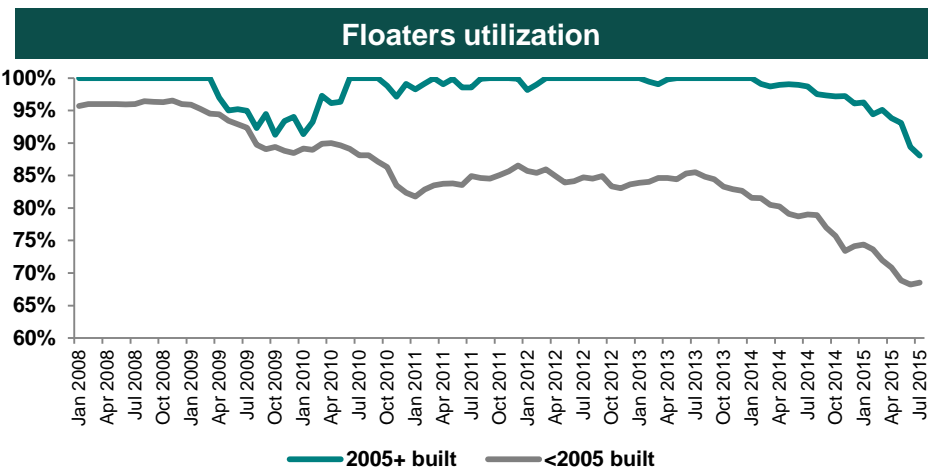
⁽²⁾ Includes marketed and stacked units
Source: IHS Petrodata



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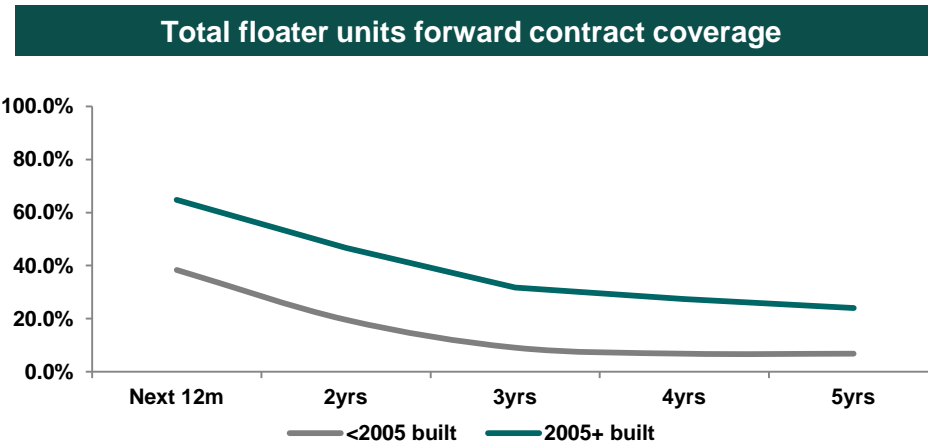


Older units unable to secure new contracts➡more stacking and scrapping



- Since the start of the downcycle, utilization of older units has decreased to below 70%
- This decrease has accelerated cold stacking and scrapping of these units

Source: Clarksons Platou 07/15/2015



- Contract coverage of older units decreases sharply over the next 2 years
- In a weak market only viable and cash preserving option is to cold stack or scrap these units

Source: IHS Petrodata, Company Data

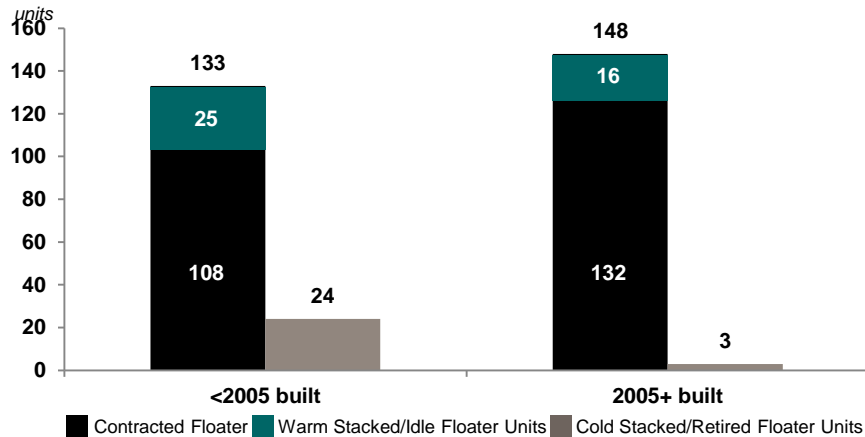


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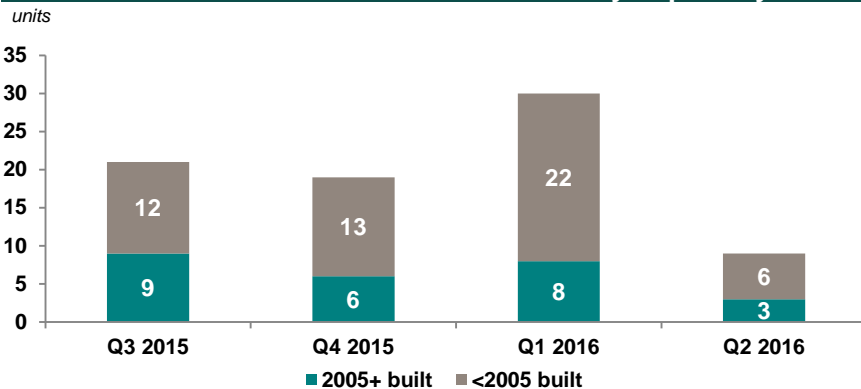
Stacking and scrapping of older units will continue to accelerate

68 Idled/Stacked floater units



- ~15% (24 units) of older floaters are cold stacked
- ~16% (25 units) of older floaters are idle/warm stacked and are expected to be either scrapped outright or cold stacked

2015 – 1H 2016 contract roll-offs by capability



- ~34% (53 units) of older floaters expected to come off contract in the next 12 months
 - The majority of these are expected to be either scrapped outright or cold stacked
- ~17% (26 units) of modern floaters expected to come off contract in the next 12 months

Source: Company data, Rigzone, IHS Petrodata, marketed fleet includes idle and warm stacked units



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Closing Remarks



Closing remarks

- Attractive portfolio of modern drilling units
 - Fleet of 11 modern (6th and 7th generation) UDW drillships and 2 UDW harsh environment semi-submersible rigs
 - Premium high specification standardized assets
- Value creation initiatives
 - Focus on further reducing operating costs (~30% opex decrease over the last 12 months)
 - Focus maintaining high operating efficiency (~98% for the first half of 2015)
 - Actively pursuing distress asset opportunities as they arise
- Measured and well-timed growth plans
 - Postponed delivery of two of our drillships and deferred pre-delivery payments
 - Newbuild drillship deliveries in 2H 2016, Q1 2018 and Q1 2019
 - Proven access to diverse and attractive funding sources (term loans, bonds, ECAs) to fund majority portion of delivery capex
- Attractive cash flow dynamics
 - Significant contracted cash flow with \$4.3 billion backlog⁽¹⁾ with high quality counterparties

(1) Backlog as of August 03, 2015



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Appendix



Pure-play ultra-deepwater driller with premium assets

Harsh environment UDW semis

5th generation semisubmersibles



Leiv Eiriksson



Eirik Raude

Sister drillships provide benefits from standardization

Four 6th and five 7th generation drillships



Corcovado, Olympia, Poseidon, Mykonos



Mylos, Skyros, Athena, Apollo, Santorini (6/16),

Optimized for development drilling

Two advanced spec 7th gen. drillships



Ocean Rig Crete(Q1 2018), Ocean Rig Amorgos (Q1 2019)

Built at Dalian/Friedman Goldman Irving

Up to 10,000 ft. water depth capacity

Up to 30,000 ft. drilling depth capacity

Equipped to operate in both ultra-deepwater and harsh environment

Winterized for operations in extreme climates, ideal for development drilling

Built at Samsung Heavy Industries

Sister drillships with common equipment, spare parts and training standards

Up to 10,000-12,000 ft. water depth capability

Up to 40,000 ft. drilling depth capability with 6 and 7 ram BOPs

Dual derricks for increased drilling activity/efficiency

Accommodations for up to 215 personnel on board

***Ocean Rig Mylos & Ocean Rig Santorini* equipped with dual BOPs**

***Ocean Rig Mylos* equipped with MPD system, *Ocean Rig Corcovado & Ocean Rig Mykonos* MPD-ready upgrade paid by client**

Built at Samsung Heavy Industries

Sister drillships

Up to 12,000ft water depth capability

Dual 7 ram BOPs

Dual derricks

Accommodations for up to 240 personnel

Increased variable deck load, deck space and storage capacity

Increased hoisting and riser capacity



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Healthy liquidity & capital structure

(in \$ million)	June 30, 2015
Total cash	833.6
Senior Secured Term Loan B Facility ⁽¹⁾	1,261.9
B-1 Term Loans ⁽¹⁾	1,820.1
6.50% senior secured notes due 2017 ⁽¹⁾	790.2
7.25% senior unsecured notes due 2019 ⁽¹⁾	493.0
Commercial Bank Loan ⁽¹⁾	446.5
Total debt ⁽¹⁾	4,811.7
Total shareholders' equity	3,388.9
Total capitalization	8,200.6
Net Debt	3,978.1
Debt to Capitalization	58.7%
Net Debt to Capitalization	48.5%

Ownership on June 30, 2015	
Shares Outstanding ⁽⁴⁾	156.4million
Free float shares	82.6million
% of free float shares	52.8 %
% ownership DRYS	47.2%

Equity market capitalization: \$ 626 mil
Current Enterprise Value⁽²⁾: \$ 4,338 mil
Fully Delivered Enterprise Value⁽³⁾: \$ 6,468 mil

(1) Net of capitalized financing fees

(2) On a 10 unit fleet basis,

(3) On a 13 unit fleet basis

(4) Does not account for the to be completed exchange of the remaining outstanding balance of \$80.0 million owed to the Company under the \$120.0 million Exchangeable Promissory Note, for 17.8 shares of the Company owned by DryShips, which should reduce the shares outstanding to 138.7 million

Assumes \$ 4.0 share price




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Fleet status report

Date: 7-Aug-15

OCEAN RIG 						Date: 7 Aug 2015			Footnote Reference:		
UDW Unit Name	Year Built / Expected Delivery	Location	Customer	Estimated Commencement Date	Estimated Completion Date	Estimated Mobilization Days			Expected Idle & Off-hire Days		
						2015			2015		
						Q2A	Q3E	Q4E	Q2A	Q3E	Q4E
Eirik Raude	2002	Falkland Islands	Premier Oil	Q1 2015	Nov-15		45		9		1
Leiv Eiriksson	2001	Norway	Rig Management	Q2 2013	Q1 2016						
Ocean Rig Corcovado	2011	Brazil	Petrobras	May-12	Q2 2018				7		
Ocean Rig Olympia	2011	Nigeria/Angola Ivory Coast	ENI IOTC	Aug-15 Nov-15	Jun-16 Dec-15		10		91	56	2, 3 4
Ocean Rig Poseidon	2011	Angola	ENI	Q2 2013	Q2 2017						
Ocean Rig Mykonos	2011	Brazil	Petrobras	Mar-12	Q1 2018						
Ocean Rig Mylos	2013	Brazil	Repsol Sinopec	Aug-13	Q3 2016					30	5
Ocean Rig Skyros	2013	Angola	Total	Oct-15	Q3 2021		15	15	91	77	6
Ocean Rig Athena	2014	Angola	ConocoPhillips	Mar-14	Q2 2017						
Ocean Rig Apollo	2015	Congo	Total	Mar-15	Q2 2018	28					7
Ocean Rig Santorini	2016	Under construction	NA	NA	Jun-16						
Ocean Rig Crete	2018	Under construction	NA	NA	Q1 2018						
Ocean Rig Amorgos	2019	Under construction	NA	NA	Q1 2019						
Total Days						28	15	70	198	163	0

Footnotes

- Unit experienced 9 days off-hire during Q2 2015 due to BOP subsea related issues
- Unit redelivered (early) on March 9, 2015; We are presently in discussions with Total E&P Angola and intend to legally defend our rights should we fail to reach an amicable solution
- Unit expected to commence drilling under new ENI contracts in August 2015 through mid-November 2015 and mid-January 2016 through mid-June 2016
- Unit expected to commence drilling under new Vitol contract November 2015 for 45 days in total
- Expected 30 days off-hire due to BOP related issues
- Expected 30 days for acceptance testing (of which 15 days in Q3 and 15 days in Q4) prior to commencement of Total contract (Kaombo project)
- Unit was delivered from the yard on March 5, 2015 and spent 54 days (of which 28 days in Q2) for mobilization and acceptance testing prior to commencement of Total contract

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.

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

Any differences due to rounding

Notes

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



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Projected deferred revenue & expense amortization

As of August 3, 2015

(USD million)

	<u>Q1A 2015</u>	<u>Q2A 2015</u>	<u>Q3E 2015</u>	<u>Q4E 2015</u>	<u>FY 2015</u>	<u>Q1E 2016</u>	<u>Q2E 2016</u>
Amortization of deferred revenues	37.0	44.7	45.3	41.7	168.7	37.1	26.4
Amortization of deferred expenses	22.6	21.3	19.3	17.3	80.5	14.6	9.8

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 and actual expenses 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 \$185,000/day estimated operating expenses
 Differences due to rounding.



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Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2014</u>	<u>June 30, 2015</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 531,497	\$ 833,554
Other current assets	446,695	576,109
Advances for drillships under construction and related costs	622,507	363,506
Drilling rigs, drillships, machinery and equipment, net	6,207,633	6,853,508
Other non-current assets	<u>233,289</u>	<u>62,837</u>
Total assets	<u>8,041,621</u>	<u>8,689,514</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt	4,372,450	4,811,651
Total other liabilities	502,895	488,939
Total stockholders' equity	<u>3,166,276</u>	<u>3,388,924</u>
Total liabilities and stockholders' equity	<u>\$ 8,041,621</u>	<u>\$ 8,689,514</u>



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