



Ocean Rig UDW Inc. NASDAQ: "ORIG"

December 15, 2016

3rd Quarter Ended September 30, 2016

Earnings Presentation

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.



Q3 2016 financial results

Results for Q3 2016

	Net Revenue: \$335.0 million
	Adjusted EBITDA: \$219.6 million
	Reported Net Income: \$38.9 million or \$0.47 per share



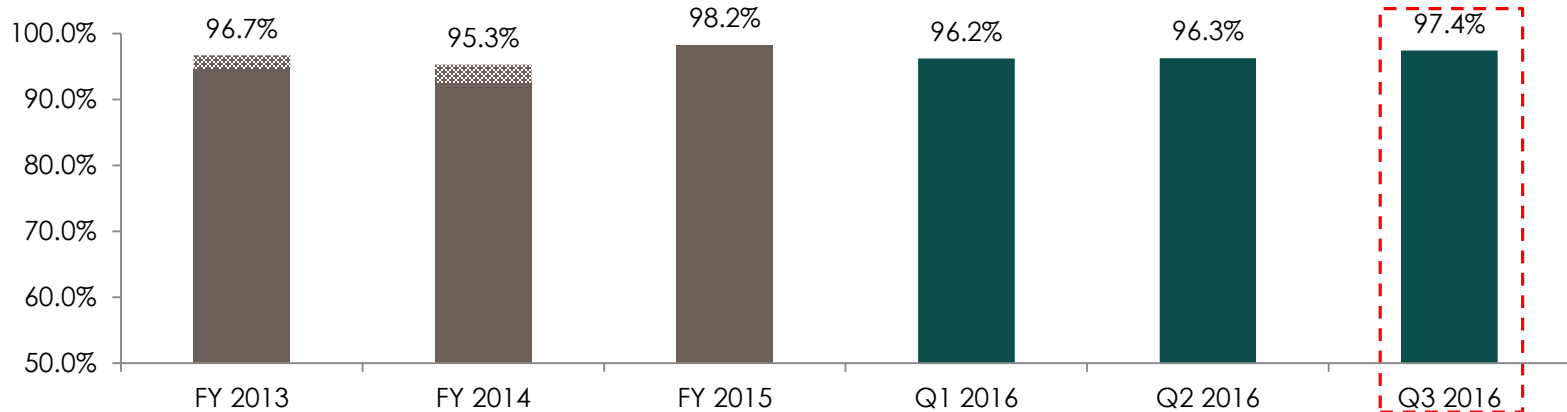
Key highlights

- Fleet wide utilization for the third quarter of 2016 was 97.43%.
- On December 5, 2016, the *Ocean Rig Corcovado* completed its 5-year special survey and drydock. The rig was off-hire for about 61 days and the Company expects total project costs including refurbishment of existing equipment to be in the range of \$36 to \$40 million.
- On September 28, 2016 Lundin Norway AS (“Lundin”) exercised one of its options for a fourth well that will now keep the *Leiv Eiriksson* employed until approximately the end March 2017. The Company is in discussions with Lundin to potentially extend the current drilling program to the end of 2017.
- On September 15, 2016, the Company received a partial payment of approximately \$23.4 million from Total E&P Angola in connection with the arbitration proceedings for the termination of the *Ocean Rig Olympia* contract.
- The Company is in discussions with ConocoPhillips about the early termination of the contract for the *Ocean Rig Athena* which is currently sitting idle in Las Palmas. Should discussions be successful then the *Ocean Rig Athena* would be available for alternative employment in the first quarter of 2017.
- The Company continues to explore and consider various strategic alternatives with its financial and legal advisors, which may include a possible restructuring under US bankruptcy laws or another jurisdiction.

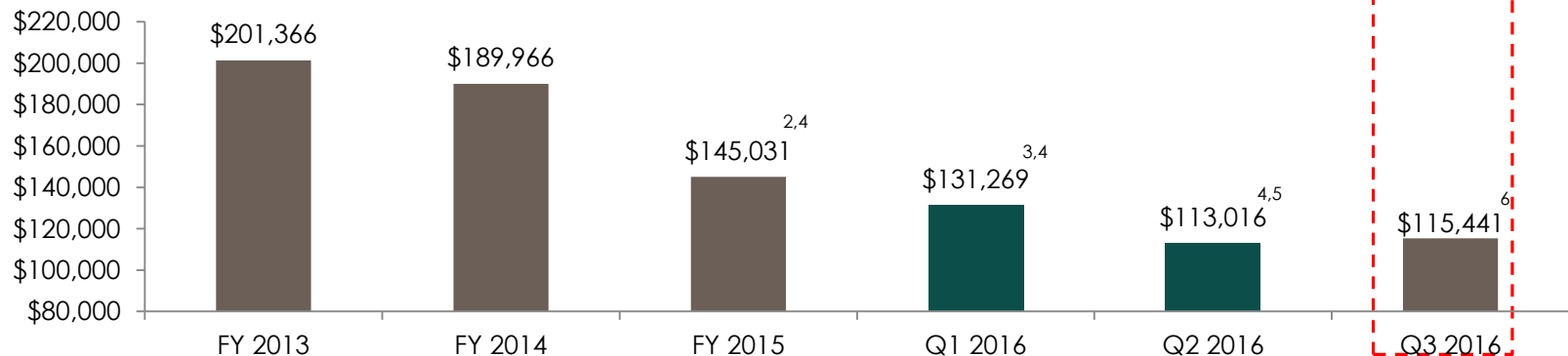


Strong operational performance & significant cost reductions

Fleet Average Operational Performance¹ Data



Daily Operating Expenses of Units in Operation (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.
- 2) Opex of units in operation excludes opex of idle units, Skyros and Olympia for the respective idle days. Skyros was idle for Q1, Q2 and Q3 2015 and Olympia for Q2 and part of Q3 2015. Idle units Q3 Opex per day incorporated in the calculations, assumed approximately \$32,000.
- 3) Opex of units in operation excludes opex of idle units, Olympia, Eirik Raude and Apollo for the respective idle days.
- 4) Does not include Ocean Rig Paros (ex. Cerrado) operating expenses occurred prior to its acquisition by Ocean Rig.
- 5) Opex of units in operation excludes opex of idle units, Olympia, Eirik Raude, Ocean Rig Paros, Leiv Eiriksson and Apollo for the respective idle days.
- 6) Opex of units in operation excluding opex of idle units, Olympia, Eirik Raude, Ocean Rig Paros, Ocean Rig Mylos and Apollo for the respective idle days.



Operational & Financial Highlights



Fleet employment profile

- Average contract remaining fixed period of 1.5⁽¹⁾ years
- 100%⁽¹⁾, 72 %⁽¹⁾ calendar days under contract in remaining 2016 and 2017, respectively, for operating fleet
- \$1.82 billion revenue backlog⁽¹⁾

Year	Rem 2016		2017			
	Q4	Q1	Q2	Q3	Q4	
Contract Coverage	100%		72%			
Leiv Eiriksson	Lundin Norway		Lundin Norway			
Ocean Rig Corcovado	Petrobras (through Q2 2018)					
Ocean Rig Poseidon	Eni					
Ocean Rig Mykonos	Petrobras (through Q1 2018)					
Ocean Rig Skyros	Total (through Q3 2021)					
Ocean Rig Athena	ConocoPhillips					

1) Includes operating fleet only (excluding newbuilding vessels Ocean Rig Santorini, Ocean Rig Crete and Ocean Rig Amorgos and uncontracted units Eirik Raude, Ocean Rig Olympia, Ocean Rig Apollo, Ocean Rig Mylos and Ocean Rig Paros ex Cerrado).



Q3 2016- Revenue and operating expenses summary

- During the quarter, we had 1012 calendar days out of which 469 days were uncontracted and 9 days were spent on mobilization.
- Resulting in 534 available contracted drilling days, of which 520 were revenue earning days i.e. 97.4% contracted operating efficiency⁽¹⁾.

	Mobilization/ Uncontracted/Class Survey 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 Q3 2016	478	534	14	520	97.4%	\$14.2

- Our daily direct and onshore rig operating expenses this quarter averaged \$115,441/unit⁽³⁾ versus \$113,016^{(2),(4)}/unit during Q2 2016, and \$136,242⁽⁵⁾/unit during Q3 2015.

	Q3 2016 Direct & Onshore Rig Opex ⁽²⁾		Q3 2016 Amortization of Deferred Opex
	(in USD million)	(\$ per day) ⁽³⁾	(in USD million)
Total / Average Fleet	\$68.8	\$115,441	11.8

Notes:

- (1) Contracted Operating Efficiency defined as Revenue Earning Days over Available Contracted Drilling Days.
- (2) Does not include Ocean Rig Paros (ex. Cerrado) operating expenses occurred prior to its acquisition by Ocean Rig.
- (3) Opex of units in operation excluding opex of idle units, Olympia, Eirik Raude, Ocean Rig Paros, Ocean Rig Mylos and Apollo for the respective idle days.
- (4) Opex of units in operation excluding opex of idle units, Olympia, Eirik Raude, Ocean Rig Paros, Leiv Eiriksson and Apollo for the respective idle days.
- (5) Opex of units in operation excluding opex of idle units, Skyros and Olympia for the respective idle days. Skyros was idle for Q1, Q2 and Q3 2015 and Olympia for Q2 and part of Q3 2015. Idle units Q3 opex per day incorporated in the calculations, assumed approximately \$32,000. Q1, Q2 and Q3 2015 total opex per day, including idle units were \$165,589, \$134,802 and \$122,651, respectively.

Any differences due to rounding



Income Statement

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

	<u>Q3 2016</u>
REVENUES:	
Revenues, net	320.8
Amortization of deferred revenue	<u>14.2</u>
Total Revenues	<u>335.0</u>
EXPENSES:	
Direct & onshore rig operating expenses	68.8
Maintenance expenses & other items, net	23.1
Amortization of deferred operating expenses	<u>11.8</u>
Total drilling rig operating expenses	103.7
Depreciation and amortization	83.1
General and administrative expenses	23.1
Gain/Loss on sale of rigs/assets	0.1
Other, net	-1.1
Operating income/(loss)	<u>126.2</u>
OTHER INCOME/(EXPENSES):	
Net interest and finance costs	-55.3
Gain/(loss) on interest rate swaps	2.1
Other, net	<u>5.5</u>
Total other expenses	<u>-47.8</u>
Income taxes	<u>-39.5</u>
Net income/ (loss)	<u>38.9</u>
Earnings/ (loss) per common share, basic and diluted	<u>\$0.47</u>
Weighted average number of shares, basic and diluted	82,335,348

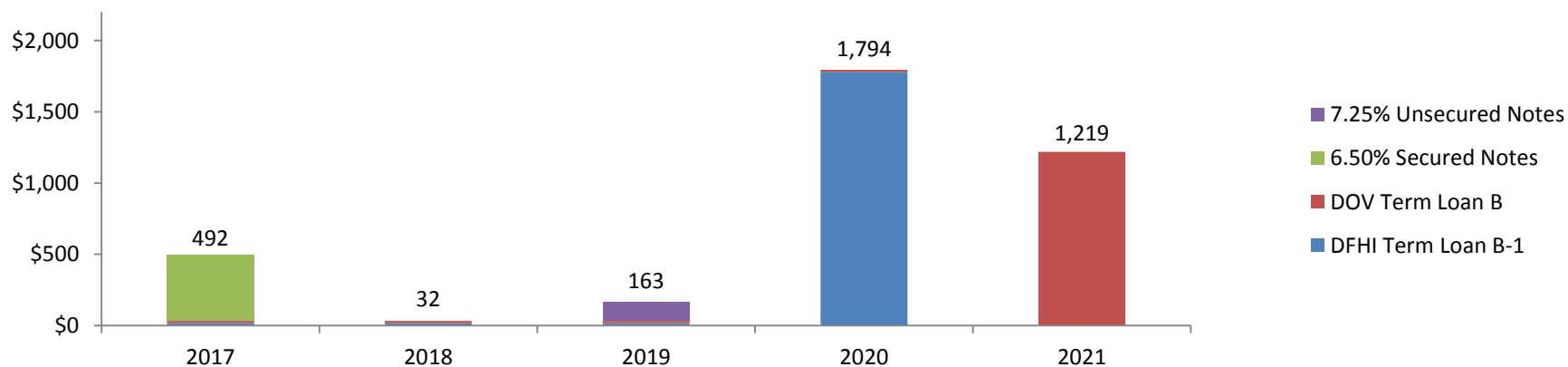


Balance Sheet

- Weighted average debt maturity of 3.6 years⁽¹⁾
- 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>
Amount Outstanding ⁽¹⁾	\$1,843mil	\$131 mil	\$460 mil	\$1,274mil
Interest Rate / Coupon	Libor ⁽²⁾ +5.00%	7.25%	6.50%	Libor ⁽²⁾ +4.50%
Annual Amortization ⁽³⁾	\$19.0 mil	N/A	N/A	\$13.0 mil
Earliest Maturity	Q3 2020	Q2 2019	Q4 2017	Q3 2021

Current maturity profile⁽¹⁾



(1) As of December 15, 2016 and excluding the Commercial Bank Loan Facility related to the Ocean Rig Apollo.

(2) Libor floor of 1.00%

(3) Term loans amortize quarterly



Closing Remarks



Closing remarks

- Attractive portfolio of modern drilling units
 - Fleet of 12⁽¹⁾ modern (6th and 7th generation) UDW drillships and 2 UDW harsh environment semi-submersible rigs
 - Premium high specification standardized assets
- Attractive cash flow
 - Significant contracted cash flow with \$1.82 billion backlog⁽²⁾
 - No material debt maturities until Oct. 2017
 - Established track record and customer base
- Preparing for “Lower for Longer Scenario”
 - Focus on further reducing operating costs (~25% opex decrease over the last 12 months)
 - Focus on maintaining high operating efficiency (~97.4% for Q3 2016)
 - Focus on cash management and de-levering

(1) Includes newbuildings

(2) Backlog as of December 12, 2016



Appendix



Pure-play ultra-deepwater driller with premium assets

Harsh environment UDW semis

5th generation semisubmersibles



Leiv Eiriksson

Eirik Raude

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

Sister drillships provide benefits from standardization

Four 6th and four 7th generation drillships



Corcovado, Olympia, Poseidon, Mykonos, Paros

Mylos, Skyros, Athena, Apollo

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 equipped with dual BOPs

Ocean Rig Corcovado & Ocean Rig Mykonos MPD-ready upgrade paid by client



Liquidity & capital structure

<i>(in \$ million)</i>	<i>September 30, 2016</i>
Total cash	754.7
Senior Secured Term Loan B Facility ⁽¹⁾	1,250.9
B-1 Term Loans ⁽¹⁾	1,806.8
6.50% senior secured notes due 2017 ⁽¹⁾	457.2
7.25% senior unsecured notes due 2019 ⁽¹⁾	129.7
Senior Secured Credit Facility ⁽¹⁾	274.8
Total debt ⁽¹⁾	3,919.4
Total shareholders' equity	3,709.6
Total capitalization	7,629.0
Net Debt	3,164.7
Debt to capitalization	51.4%
Net Debt to Capitalization	41.5%

(1) Net of capitalized financing fees.



Projected deferred revenue & expense amortization

As of December 9, 2016

(USD million)	<u>Q1A 2016</u>	<u>Q2A 2016</u>	<u>Q3A 2016</u>	<u>Q4E 2016</u>	<u>FY 2016</u>	<u>Q1E 2017</u>	<u>Q2E 2017</u>	<u>Q3E 2017</u>
Amortization of deferred revenues	79.1	31.7	14.2	14.5	139.5	14.1	11.3	5.3
Amortization of deferred expenses	28.3	10.9	11.8	13.7	64.6	13.4	4.3	0.4

Includes current accounting schedule

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.

Differences due to rounding,



Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	<u>December 31, 2015</u>	<u>September 30, 2016</u>
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 747,485	\$ 754,746
Other current assets	500,637	324,378
Advances for drilling units under construction and related costs	394,852	629,091
Drilling units, machinery and equipment, net	6,336,892	6,176,748
Other non-current assets	40,354	15,516
Total assets	<u>8,020,220</u>	<u>7,900,479</u>
 <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt, net of deferred financing costs	4,328,468	3,919,421
Total other liabilities	416,987	271,480
Total stockholders' equity	3,274,765	3,709,578
Total liabilities and stockholders' equity	<u>\$ 8,020,220</u>	<u>\$ 7,900,479</u>

