



Ocean Rig UDW Inc. NASDAQ: "ORIG"

August 9, 2018

2nd Quarter Ended June 30, 2018
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 oil and gas prices and downturns in the global economy and 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 new capital structure; (ix) our ability to procure or have access to financing and access to financing and our ability comply with covenants in documents governing our debt; (x) 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; (xi) our ability to successfully employ our drilling units, our customer contracts, including contract backlog, contract commencements and contract terminations; (xii) our capital expenditures, including the timing and cost of completion of capital projects; (xiii) our revenues and expenses; (xiv) complications associated with repairing and replacing equipment in remote locations; and (xv) regulatory or financial requirements to comply with foreign bureaucratic actions, including potential limitations on drilling activities; (xvi) any litigation or adverse actions that may arise from our recently completed financial restructuring. Due to such uncertainties and risks, investors are cautioned not to place undue reliance upon such forward-looking statements.

We caution you not to place undue reliance on these forward-looking statements. Except as required by law, we expressly disclaim any obligation to update and revise any forward looking statements to reflect changes in assumptions, the occurrence of unanticipated events, changes in future operating results over time or otherwise and we do not intend to do so.

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



Solid Q2 Results Through A Challenging Market

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

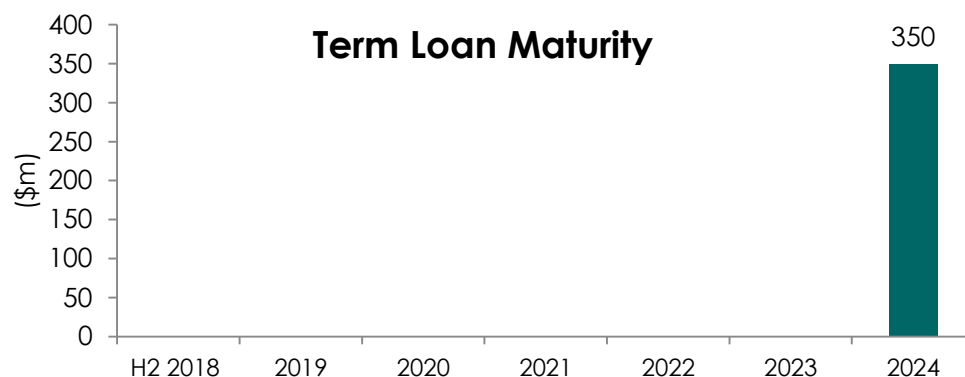
	Q2 2018	Adjustments	Q2 2018 Adjusted
REVENUES:			
Revenues	97.3	0.0	97.3
EXPENSES:			
Drilling units operating expenses	60.6	(6.4)	54.2
Depreciation and amortization	26.2	0.0	26.2
General and administrative expenses	15.4	0.0	15.4
Loss on sale of fixed assets	0.2	0.0	0.2
Operating income/(loss)	(5.1)	6.4	1.3
OTHER INCOME/(EXPENSES):			
Interest and finance costs, net of interest income	(3.1)	0.0	(3.1)
Other, net	(5.0)	0.0	(5.0)
Income taxes	(5.9)	0.0	(5.9)
Total other income/(expenses), net	(14.0)	0.0	(14.0)
Net income/ (loss) attributable to Ocean Rig UDW Inc.	(19.1)	6.4	(12.7)
Earnings/(loss) per common share, attributable to common stockholders, basic and diluted	(0.21)		(0.14)
Weighted average number of shares, basic and diluted	91,567,982		91,567,982

**Q2 Adjusted EBITDA of
\$22.8m**



“Best In Class” Balance Sheet

As of June 30, 2018	
Cash (\$m)	719
Debt (\$m)	350
Backlog ⁽¹⁾ (\$m)	743



- Prepaid remaining Ocean Rig Apollo debt outstanding balance in May 2018, at no additional cost
- Only outstanding debt obligation is the Term Loan, currently at \$350 million, against a cash position of \$719 million and backlog of \$743 million
- No debt repayments until the Term Loan maturity in 2024 provides significant runway

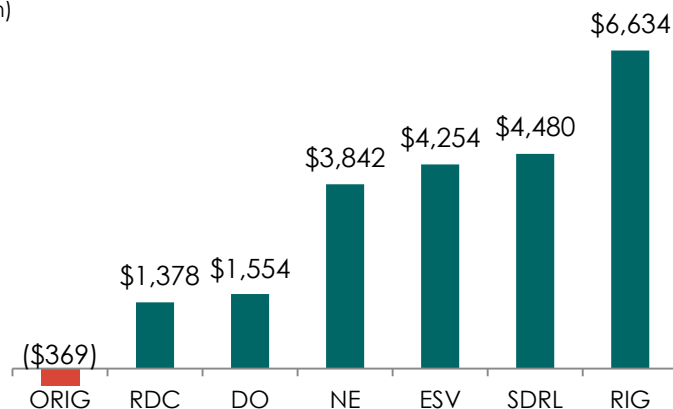
(1) Adjusted for subsequent events, new contracts and letter of intent



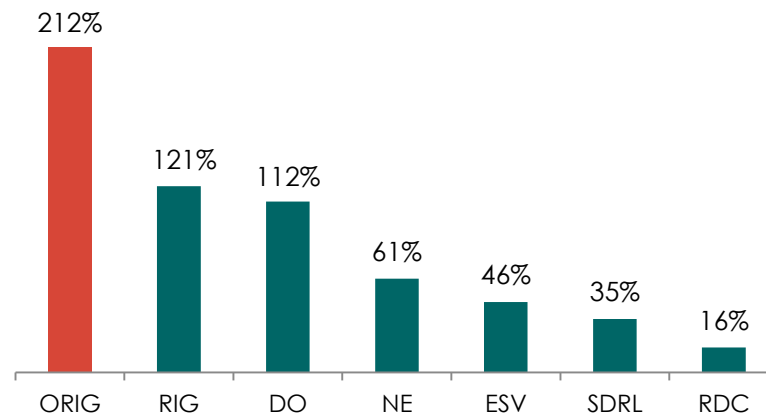
Best-in-Class Balance Sheet By Any Metric

Net Debt

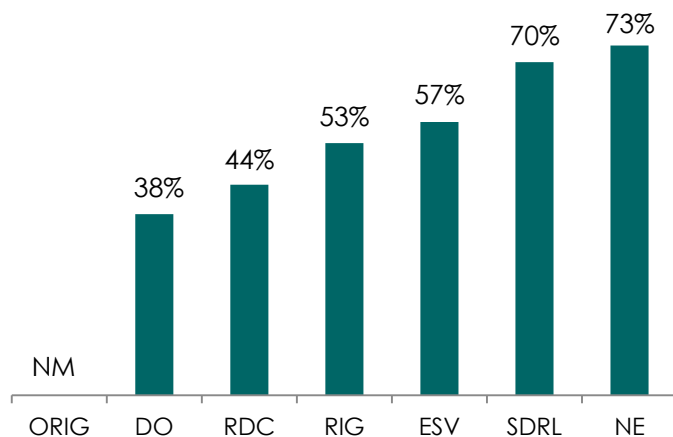
(in \$ million)



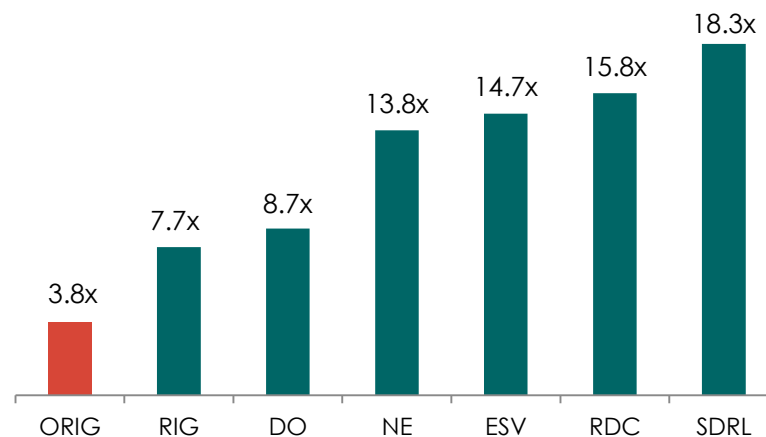
Backlog / Debt



Net Debt / EV



Debt / LQA Adjusted EBITDA



Note: Company balance sheet data as of June 30, 2018, backlog as reported in Q2 2018 earnings release and last quarter annualized adjusted EBITDA for the three months ended June 30, 2018. Enterprise value based on share price as of close of August 3, 2018. Seadrill figures as reported on July 2, 2018 following emergence from Chapter 11.
Source: Company SEC filings

New Contracts Announced

Total Backlog of \$743 million⁽¹⁾⁽²⁾

Drilling Unit	Type	Built	Operator	2018						2019					
				J	A	S	O	N	D	J	F	M	A	M	J
Leiv Eiriksson	Semi-Sub	2001	Lundin	\$150k/day ⁽³⁾											
Ocean Rig Corcovado	Drillship	2011	n/a	Las Palmas											
Ocean Rig Poseidon	Drillship	2011	Tullow/Chariot/Major Oil Company	Walvis Bay	Tullow	Chariot	Major Oil Company								
Ocean Rig Mykonos	Drillship	2011	n/a	Las Palmas											
Ocean Rig Skyros	Drillship	2013	Total	\$573k/day ⁽⁴⁾											

Contract expires in Q3 2021

Operational
Optional Wells
Ready to Drill

- Ocean Rig Corcovado, completed her drilling contract with Petrobras in May 2018, and transited to Las Palmas, where it remains in "ready-to-drill" state and is being actively marketed for employment. The unit is being fitted with a full Managed Pressure Drilling (MPD) package
- The Company has entered into a new drilling contract with Chariot Oil & Gas Limited for a one-well drilling program, for drilling offshore Namibia. The contract is expected to commence in direct continuation of the previously announced program with Tullow Namibia Limited in the third quarter of 2018 and will be performed by the Ocean Rig Poseidon
- The Company has entered into a Letter of Intent with a European Major Oil Company for a firm two-well program plus two optional wells, for drilling offshore West Africa. The contract is expected to commence in direct continuation of the program with Chariot Oil & Gas Limited in the fourth quarter of 2018 and will be performed by the Ocean Rig Poseidon, and is subject to the negotiation and execution of definitive documentation and other approvals
- Lundin Norway AS declared their seventh option to extend the existing contract of the Leiv Eiriksson, which is now expected to have firm employment secured until December 2018. If Lundin exercises its remaining five one-well options, the rig could potentially be employed until the third quarter of 2019
- The Company signed a MSA with ConocoPhillips Skandinavia AS for a term of three years plus two optional years. As part of the MSA, both parties signed a DPO for one firm well of about 90 days plus two options, for drilling offshore Norway. The DPO will be performed by the Leiv Eiriksson and is expected to commence in the second half of 2019

(1) As of 30 June 2018 and adjusted for subsequent events, new contracts and letter of intent

(2) Assuming no optional wells are exercised

(3) Daily rate escalates up to \$160k/day for the firm period

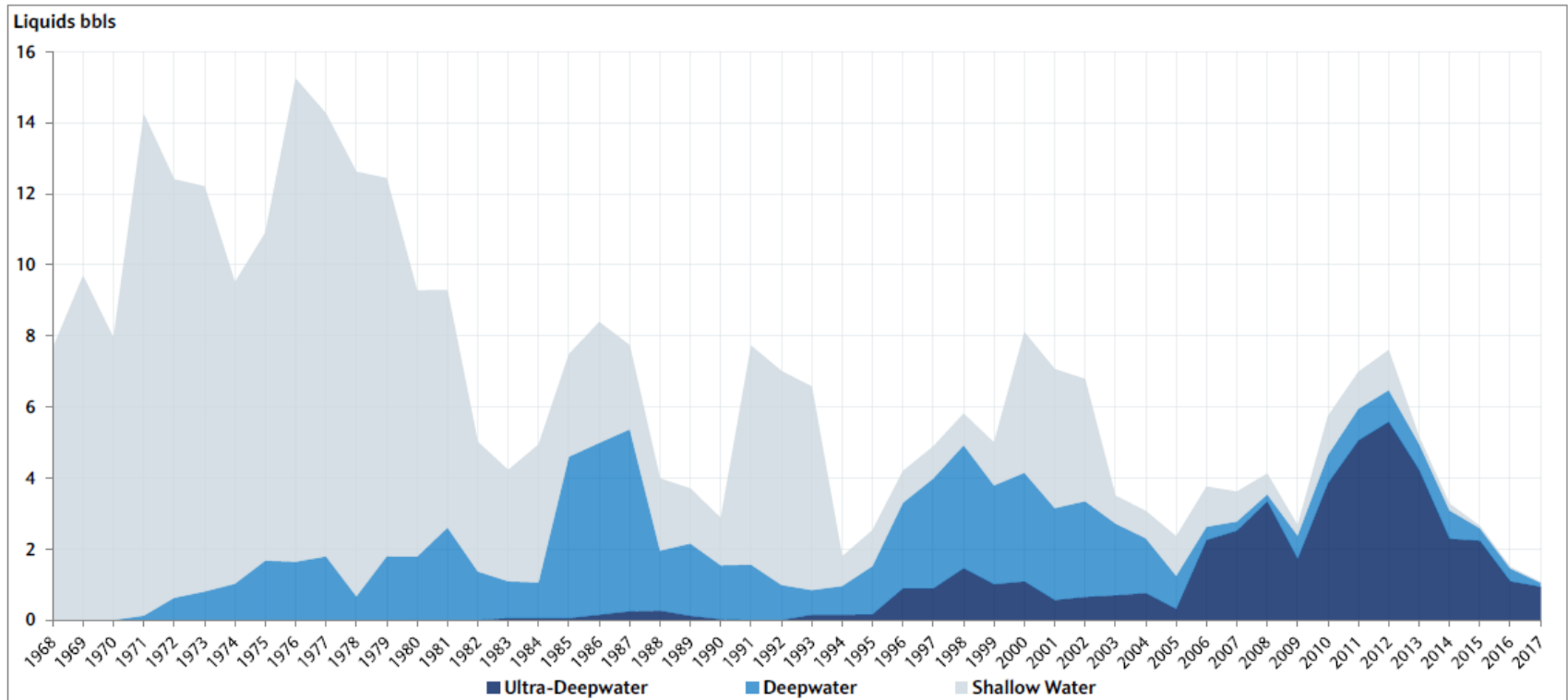
(4) Fixed rate until end of contract

Note: The Eirik Raude, Ocean Rig Olympia, Ocean Rig Mylos, Ocean Rig Athena, Ocean Rig Paros and Ocean Rig Apollo are actively marketed and available for drilling



Sharp Decline in Offshore Discoveries Over Last 5 Years

Annual Global Offshore 2P Liquids Discoveries, Rolling 3-Year Average, bbls



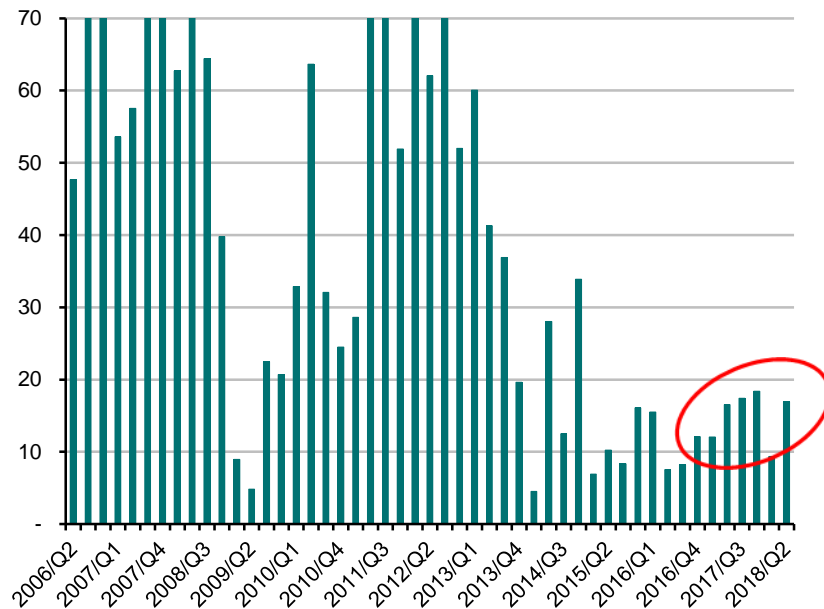
Note: Shallow Water represents fields located less than or equal to 150 meters deep.

Source: Barclays Research, Wood Mackenzie

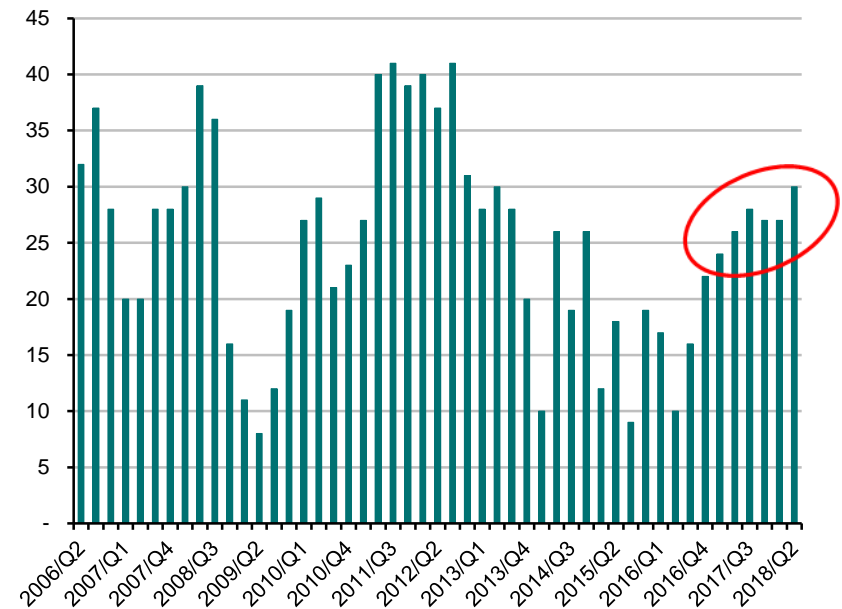


Floating Rig Contracts Awarded

Floating Rigs Years awarded (per rig year)



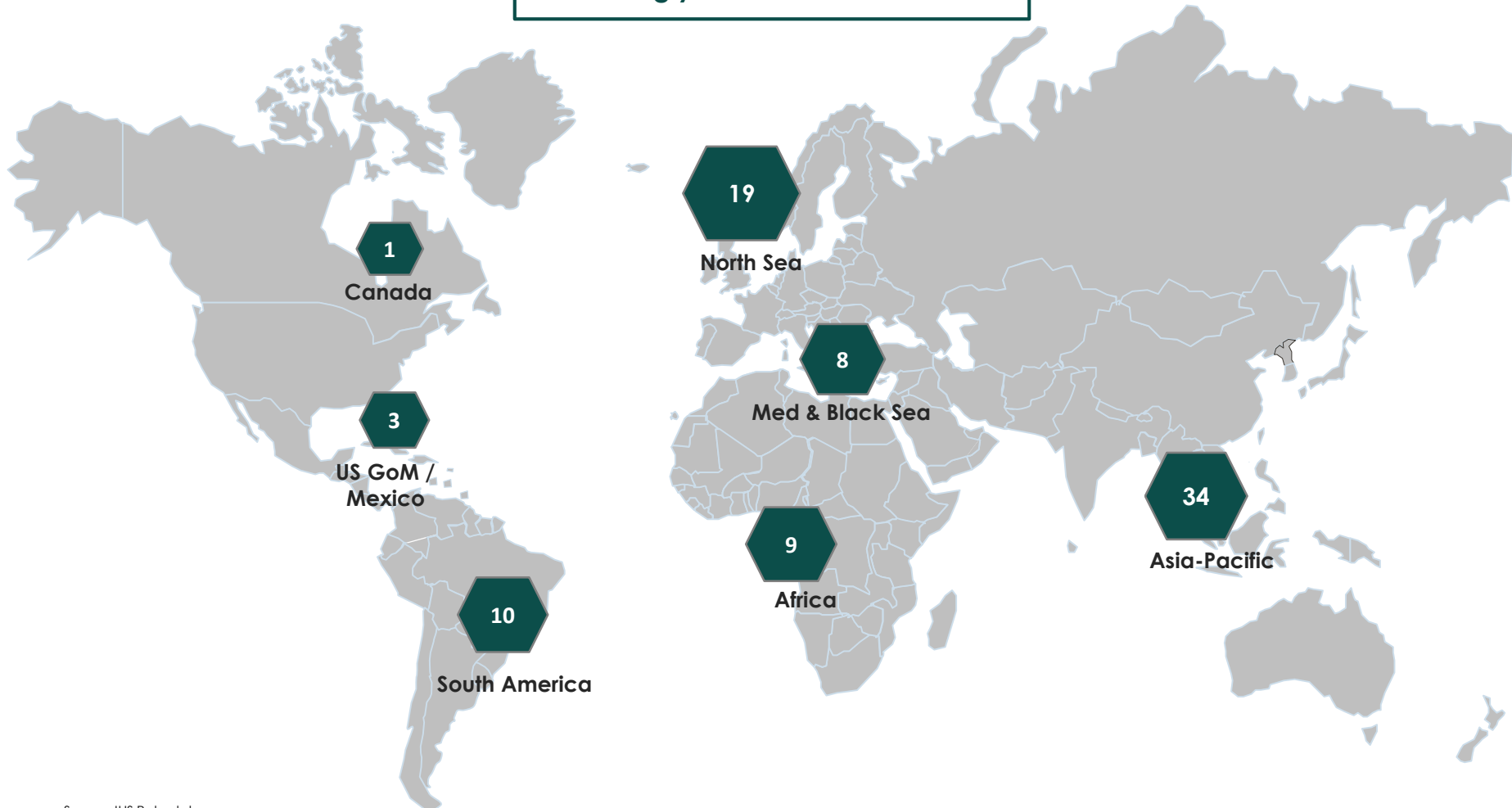
Floating Rigs Contracts awarded (Number of contracts)



Tender activity is increasing, but shorter programs awarded → First sign of recovery

Activity At The Highest Level In Recent Years

53 rig years to be awarded

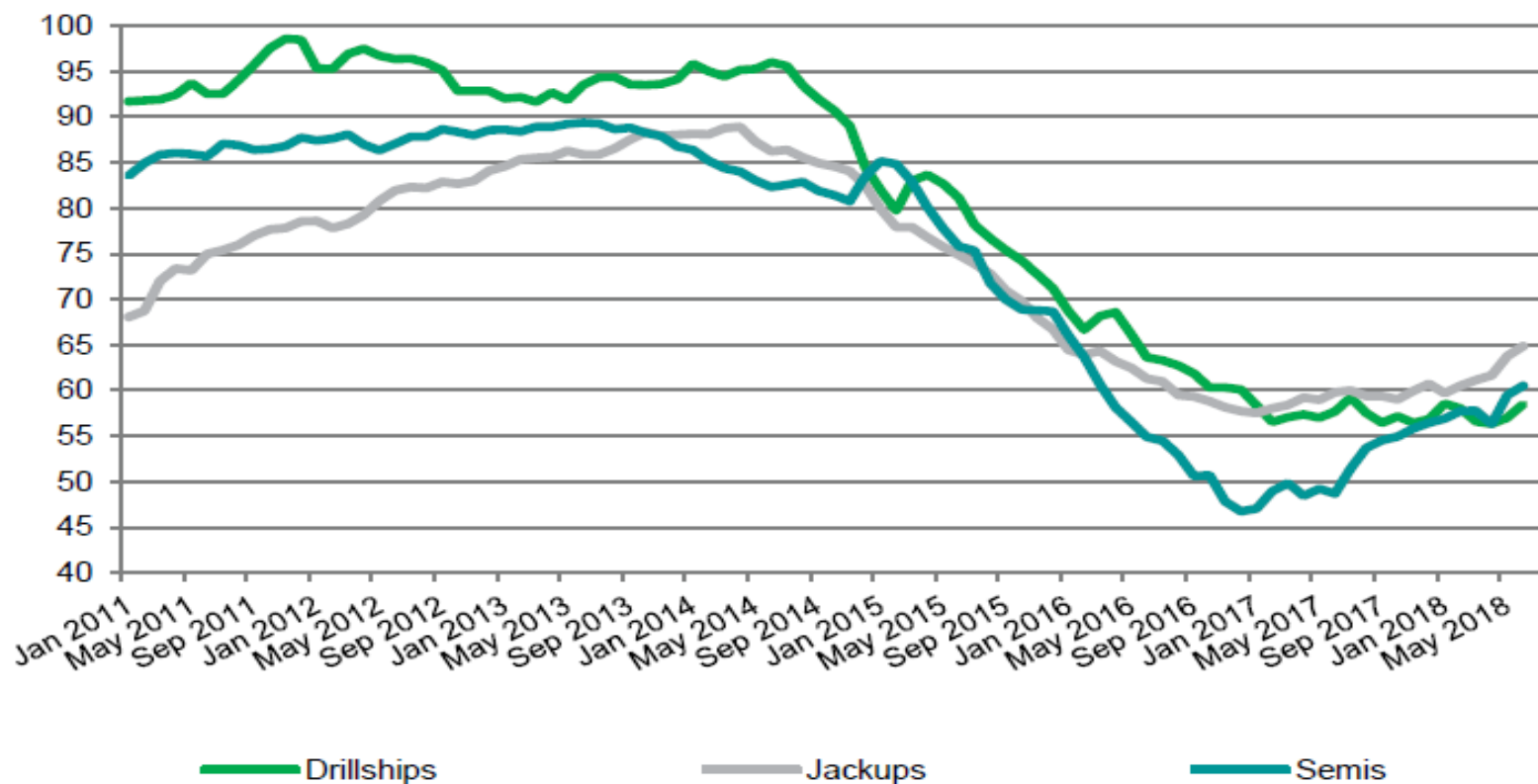


Source: IHS Petrodata



Utilization Improving Slowly

World Rig Total Contracted Utilisation
Total offshore fleet January 2011 - July 2018



Source: IHS Markit

© 2018 IHS Markit



Ocean Rig is Well Positioned for the Market Upturn

- High Quality Fleet & Track Record
 - Fleet of 9 modern (6th and 7th generation) UDW Drillships, 2 UDW harsh environment semi-submersible rigs and contracts for 2 newbuildings (7th and 8th generation) UDW drillships with Samsung Heavy Industries
 - Postponement of delivery of Ocean Rig Santorini to Q3 2019 and Ocean Rig Crete to Q3 2020 provides substantial optionality and leverage to a market that is expected to be improving when the rigs deliver
 - Stacked assets are well preserved and maintained, as verified by 3rd party inspection
 - Proven track record of safety, efficiency, drilling performance and cost control
- **BEST IN CLASS BALANCE SHEET**
 - Negative net debt with no amortization due until Term Loan maturity in 2024
 - Ample liquidity with a cash balance of \$719 million
 - \$743 million backlog
- Transparent corporate governance
 - Majority independent board, with all major actions approved by three independent directors selected by the major outside shareholders

**In prime position to benefit from recovery in the offshore drilling market,
whenever this occurs**





Appendix

Liquidity & Capital Structure

(in \$ million)	30-Jun-18
Total cash	719.2
\$450 million Senior Secured Term Loan Facility	350.0
Total debt	350.0
Total shareholders' equity	2,239.2
Total capitalization	2,589.2
Net Debt	(369.2)
Debt to capitalization	13.5%
Net Debt to Capitalization	(14.3%)

Ownership on June 30, 2018	# Shares
Class A Shares	91,151,018
Class B Shares	416,964
Number of Shares Outstanding as of June 30, 2018	91,567,982
Free Float Shares	82,625,240
% of free float Shares	90.2%
Equity Market Cap ⁽¹⁾	2,568.5
Net Debt	(369.2)
Enterprise Value	2,199.3

(1) As of August 8, 2018.



Projected Deferred Revenue & Expense Amortization

(USD million)	<u>FY 2017</u>	<u>Q1A 2018</u>	<u>Q2A 2018</u>	<u>Q3E 2018</u>	<u>Q4E 2018</u>	<u>Q1E 2019</u>	<u>Q2E 2019</u>
Amortization of deferred revenues	26.5	10.9	2.5	1.3	1.3	1.3	1.3
Amortization of deferred expenses	6.4	5.4	0.4	0.4	0.4	0.4	0.4

Includes current accounting schedule and projected additions

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.



Balance Sheet

(Expressed in Thousands of U.S. Dollars)

	December 31, 2017	June 30, 2018
<u>ASSETS</u>		
Cash, cash equivalents and restricted cash (current and non-current)	\$ 783,081	\$ 719,226
Other current assets	207,637	103,492
Advances for drillships under construction and related costs	-	35,552
Drilling units, machinery and equipment, net	1,852,167	1,809,794
Other non-current assets	9,080	8,345
Total assets	<u>2,851,965</u>	<u>2,676,409</u>
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
Total debt, net of deferred financing costs	531,632	350,000
Total other current liabilities	102,411	74,724
Total other non-current liabilities	14,702	12,703
Total stockholders' equity	2,203,220	2,238,982
Total liabilities and stockholders' equity	<u>\$ 2,851,965</u>	<u>\$ 2,676,409</u>
<u>SHARE COUNT DATA</u>		
Common stock issued and outstanding	91,567,982	91,567,982



Income Statement

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

	Three Months Ended June 30,	
	2017	2018
REVENUES:		
Revenues	\$ 284,503	\$ 97,349
EXPENSES:		
Drilling units operating expenses	70,580	60,613
Depreciation and amortization	31,338	26,161
(Gain)/Loss on sale of assets	(14)	235
General and administrative expenses	15,126	15,416
Operating income/(loss)	167,473	(5,076)
OTHER INCOME/(EXPENSES):		
Interest and finance costs, net of interest income	(69,700)	(3,138)
Reorganization expenses	(24,164)	(20)
Other, net	1,319	(4,955)
Income taxes	(17,926)	(5,899)
Total other expenses, net	(110,471)	(14,012)
Net income/(loss) attributable to Ocean Rig UDW Inc.	\$ 57,002	\$ (19,088)
Net income/(loss) attributable to Ocean Rig UDW Inc. common stockholders	\$ 57,002	\$ (19,088)
Earnings/(loss) per common share, attributable to common stockholders, basic and diluted (1)	\$ 6,357.57	\$ (0.21)
Weighted average number of common shares, basic and diluted (1)	8,966	91,567,982

(1) Share and per share data for 2017 give effect to a 1-for-9,200 reverse stock split and for 2017 the issuance of 90,651,603 shares, both became effective on September 22, 2017.

