

Ocean Rig UDW Inc.  
Form 6-K  
August 07, 2015

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13A-16 OR 15D-16 OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the month of August 2015

Commission File Number 001-35298

**OCEAN RIG UDW INC.**

10 Skopa Street, Tribune House

2<sup>nd</sup> Floor, Office 202, CY 1075

Nicosia, Cyprus

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F ☒ Form 40-F ☐

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ☐.

**Note:** Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ☐.

**Note:** Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submitted to furnish a report or other document that the registrant foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's "home country"), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and, if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

**INFORMATION CONTAINED IN THIS FORM 6-K REPORT**

Attached to this Report on Form 6-K as Exhibit 99.1 is a copy of the press release of Ocean Rig UDW Inc. (the Company ), dated August 6, 2015: Ocean Rig UDW Inc. Reports Financial and Operating Results for the Second Quarter 2015

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**OCEAN RIG UDW INC.**

Dated: August 7, 2015

By: /s/George Economou

George Economou  
Chief Executive Officer

**Exhibit 99.1**

**OCEAN RIG UDW INC. REPORTS FINANCIAL AND OPERATING RESULTS FOR THE SECOND QUARTER 2015**

**August 6, 2015**, Nicosia, Cyprus. Ocean Rig UDW Inc. (NASDAQ:ORIG), or Ocean Rig or the Company, an international contractor of offshore deepwater drilling services today announced its unaudited financial and operating results for the second quarter ended June 30, 2015.

**Second Quarter 2015 Financial Highlights**

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For the second quarter of 2015, the Company reported a net income of \$74.9 million, or \$0.54 basic and diluted earnings per share.

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The Company reported Adjusted EBITDA<sup>(1)</sup> of \$262.2 million for the second quarter of 2015, as compared to \$231.8 million for the second quarter of 2014.

**Recent Highlights**

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On July 30, 2015, the Company reached an agreement with DryShips to exchange the remaining outstanding balance of \$80.0 million owed to the Company under the \$120.0 million Exchangeable Promissory Note, for 17,777,778 shares of the Company owned by DryShips.

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On July 30, 2015, the Company's Board of Directors decided to suspend its quarterly dividend until market conditions improve.

George Economou, Chairman and Chief Executive Officer of the Company, commented:

We are pleased to report another solid quarter with high fleet utilization of approximately 98% and further reductions in operating and corporate expenses. Our performance is a testament to the superior operating results associated with modern assets and the collective efforts of our team.

In July, we came to an agreement to exchange the remaining \$80 million owed to us by DryShips for approximately 17.8 million of our shares owned by DryShips. Once consummated, this transaction settles for good the intercompany loan to our parent DryShips and is immediately accretive to our shareholders.

We still believe in the long-term market recovery and in the solid fundamentals of our industry but currently the market remains challenging and we are in the midst of a significant downturn in offshore drilling. The recent volatility in the price of oil and increased availability of drilling units, do not allow for a short-term market improvement. As such, our Board has decided to suspend our quarterly dividend until market conditions improve.

Our \$4.3 billion of contracted backlog (best in class 93% and 69% of our calendar days under contract in 2015 and 2016 respectively) and approximately \$821 million of free cash enables us to not only weather this storm but also to pursue distressed asset opportunities as they arise.

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<sup>(1)</sup> Adjusted EBITDA is a non-GAAP measure; please see later in this press release for reconciliation to net income



## Financial Review: 2015 Second Quarter

The Company recorded net income of \$74.9 million, or \$0.54 basic and diluted earnings per share, for the three-month period ended June 30, 2015, as compared to a net income of \$69.6 million, or \$0.53 basic and diluted earnings per share, for the three-month period ended June 30, 2014. Adjusted EBITDA<sup>(1)</sup> was \$262.2 million for the second quarter of 2015, as compared to \$231.8 million for the same period in 2014.

Revenues from drilling contracts decreased by \$8.2 million to \$433.2 million for the three-month period ended June 30, 2015, as compared to \$441.4 million for the same period in 2014.

Drilling rigs and drillships operating expenses decreased to \$142.8 million and total depreciation and amortization increased to \$88.8 million for the three-month period ended June 30, 2015, from \$183.1 million and \$81.4 million, respectively, for the three-month period ended June 30, 2014. Total general and administrative expenses decreased to \$25.4 million in the second quarter of 2015 from \$28.0 million during the same period in 2014.

Interest and finance costs, net of interest income, amounted to \$73.5 million for the three-month period ended June 30, 2015, compared to \$57.7 million for the three-month period ended June 30, 2014.

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(1) Adjusted EBITDA is a non-GAAP measure; please see later in this press release for reconciliation to net income



**Fleet List**

The table below describes our fleet profile as of August 3, 2015:

**Total backlog as of August 3, 2015 amounted to \$4.3 billion.**

| <b>Unit</b>         | <b>Year built/<br/>or<br/>Scheduled<br/>Delivery</b> | <b>Redelivery</b> | <b>Operating Area</b>       |
|---------------------|------------------------------------------------------|-------------------|-----------------------------|
| Leiv Eiriksson      | 2001                                                 | Q1 16             | Norwegian Continental Shelf |
| Eirik Raude         | 2002                                                 | Q4 15             | Falkland Islands            |
| Ocean Rig Corcovado | 2011                                                 | Q2 18             | Brazil                      |
| Ocean Rig Olympia   | 2011                                                 | Q2 16(1)          | Angola                      |
| Ocean Rig Poseidon  | 2011                                                 | Q2 17             | Angola                      |
| Ocean Rig Mykonos   | 2011                                                 | Q1 18             | Brazil                      |
| Ocean Rig Mylos     | 2013                                                 | Q3 16             | Brazil                      |
| Ocean Rig Skyros    | 2013                                                 | Q3 21             | Angola                      |
| Ocean Rig Athena    | 2014                                                 | Q2 17             | Angola                      |
| Ocean Rig Apollo    | 2015                                                 | Q2 18             | West Africa                 |

**Newbuildings**

|                     |         |     |     |
|---------------------|---------|-----|-----|
| Ocean Rig Santorini | Q2 2016 | N/A | N/A |
| Ocean Rig Crete     | Q1 2018 | N/A | N/A |
| Ocean Rig Amorgos   | Q1 2019 | N/A | N/A |

(1) Total E&P Angola has redelivered the Ocean Rig Olympia on completion of its well on March 9, 2015 and ahead of the contractual redelivery date of August 2015. We are presently in discussions with Total EP Angola and intend to legally defend our rights should we fail to reach an amicable solution.



**Ocean Rig UDW Inc.****Financial Statements****Unaudited Interim Condensed Consolidated Statements of Operations**

| (Expressed in Thousands of U.S. Dollars<br>except for share and per share data) | Three Months Ended |                  | Six Months Ended |                  |
|---------------------------------------------------------------------------------|--------------------|------------------|------------------|------------------|
|                                                                                 | June 30,<br>2014   | June 30,<br>2015 | June 30,<br>2014 | June 30,<br>2015 |
| <b>REVENUES:</b>                                                                |                    |                  |                  |                  |
| Revenues from drilling contracts                                                | \$ 441,433         | \$ 433,216       | \$ 802,197       | \$ 835,299       |
| <b>EXPENSES:</b>                                                                |                    |                  |                  |                  |
| Drilling rigs and drillships operating expenses                                 | 183,089            | 142,784          | 334,604          | 295,711          |
| Depreciation and amortization                                                   | 81,395             | 88,790           | 158,091          | 177,150          |
| General and administrative expenses                                             | 27,980             | 25,410           | 63,405           | 53,411           |
| Legal settlements and other, net                                                | (17)               | (2,630)          | 1,588            | (2,630)          |
| Operating income                                                                | 148,986            | 178,862          | 244,509          | 311,657          |
| <b>OTHER INCOME/(EXPENSES):</b>                                                 |                    |                  |                  |                  |
| Interest and finance costs, net of interest income                              | (57,661)           | (73,470)         | (143,756)        | (135,160)        |
| Loss on interest rate swaps                                                     | (7,972)            | (1,870)          | (10,167)         | (10,061)         |
| Other, net                                                                      | 1,379              | (5,443)          | 1,397            | (7,626)          |
| Income taxes                                                                    | (15,142)           | (23,207)         | (23,933)         | (42,797)         |
| Total other expenses, net                                                       | (79,396)           | (103,990)        | (176,459)        | (195,644)        |
| Net income attributable to Ocean Rig UDW Inc.                                   | \$ 69,590          | \$ 74,872        | \$ 68,050        | \$ 116,013       |

|                                                                   |    |             |    |             |    |             |    |             |
|-------------------------------------------------------------------|----|-------------|----|-------------|----|-------------|----|-------------|
| Net income attributable to Ocean Rig UDW Inc. common stockholders | \$ | 69,396      | \$ | 74,525      | \$ | 67,856      | \$ | 115,536     |
| Earnings per common share, basic and diluted                      | \$ | 0.53        | \$ | 0.54        | \$ | 0.51        | \$ | 0.86        |
| Weighted average number of shares, basic and diluted              |    | 131,830,175 |    | 137,830,742 |    | 131,837,490 |    | 134,927,763 |

**Ocean Rig UDW Inc.**

**Unaudited Condensed Consolidated Balance Sheets**

| <i>(Expressed in Thousands of U.S. Dollars)</i>                            |  | December 31,<br>2014 | June 30, 2015    |
|----------------------------------------------------------------------------|--|----------------------|------------------|
| <b><u>ASSETS</u></b>                                                       |  |                      |                  |
| Cash, cash equivalents and restricted cash \$<br>(current and non-current) |  | 531,497              | \$ 833,554       |
| Other current assets                                                       |  | 446,695              | 576,109          |
| Advances for drillships under<br>construction and related costs            |  | 622,507              | 363,506          |
| Drilling rigs, drillships, machinery and<br>equipment, net                 |  | 6,207,633            | 6,853,508        |
| Other non-current assets                                                   |  | 233,289              | 62,837           |
| <b>Total assets</b>                                                        |  | <b>8,041,621</b>     | <b>8,689,514</b> |

**LIABILITIES AND STOCKHOLDERS' EQUITY**

|                                                   |  |                     |                  |
|---------------------------------------------------|--|---------------------|------------------|
| Total debt                                        |  | 4,372,450           | 4,811,651        |
| Total other liabilities                           |  | 502,895             | 488,939          |
| Total stockholders' equity                        |  | 3,166,276           | 3,388,924        |
| <b>Total liabilities and stockholders' equity</b> |  | <b>8,041,621 \$</b> | <b>8,689,514</b> |

**Adjusted EBITDA Reconciliation**

Adjusted EBITDA represents earnings before interest, taxes, depreciation and amortization, class survey costs and gains or losses on interest rate swaps. Adjusted EBITDA does not represent and should not be considered as an alternative to net income or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of adjusted EBITDA may not be comparable to that reported by other companies. Adjusted EBITDA is included herein because it is a basis upon which the Company measures its operations. Adjusted EBITDA is also used by our lenders as a measure of our compliance with certain covenants contained in our loan agreements and because the Company believes that it presents useful information to investors regarding a company's ability to service and/or incur indebtedness.

The following table reconciles net income to Adjusted-EBITDA:

(Dollars in thousands)

|                                    | Three Months Ended |            | Six Months Ended |            |
|------------------------------------|--------------------|------------|------------------|------------|
|                                    | June 30,           |            | June 30,         |            |
|                                    | 2014               | 2015       | 2014             | 2015       |
| Net income                         | \$ 69,590          | \$ 74,872  | \$ 68,050        | \$ 116,013 |
| Add: Net interest expense          | 57,661             | 73,470     | 143,756          | 135,160    |
| Add: Depreciation and amortization | 81,395             | 88,790     | 158,091          | 177,150    |
| Add: Income taxes                  | 15,142             | 23,207     | 23,933           | 42,797     |
| Add: Loss on interest rate swaps   | 7,972              | 1,870      | 10,167           | 10,061     |
| Adjusted EBITDA                    | \$ 231,760         | \$ 262,209 | \$ 403,997       | \$ 481,181 |



**Drill Rigs Holdings Inc - Supplemental Information**

***Leiv Eiriksson***

The *Leiv Eiriksson* is currently drilling offshore Norway under our three-year contract with Rig Management Norway. During the second quarter of 2015, the unit achieved utilization of 100%.

***Eirik Raude***

The *Eirik Raude* is currently drilling offshore Falkland Islands under our six well contract with Premier Oil and Noble Energy. During the second quarter of 2015, the unit achieved utilization of 90%.

**Summary Financials of Drill Rig Holdings Inc.:**

|                                      | Year ended        | Six months ended |
|--------------------------------------|-------------------|------------------|
|                                      | December 31, 2014 | June 30, 2015    |
| <i>(Dollars in thousands)</i>        |                   |                  |
| Total assets                         | \$ 1,254,454      | \$ 1,231,306     |
| Total debt, net of financing fees .. | (788,224)         | (790,179)        |
| Shareholders equity                  | (384,938)         | (374,406)        |
| Total cash and cash equivalents .    | \$ 23,635         | \$ 45,926        |
|                                      | Six months ended  | Six months ended |
|                                      | June 30, 2014     | June 30, 2015    |



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*(Dollars in thousands)*

|               |         |    |         |
|---------------|---------|----|---------|
| Total revenue | \$      | \$ | 193,295 |
|               | 212,720 |    |         |
| EBITDA..      | \$      | \$ | 116,577 |
|               | 118,574 |    |         |

**EBITDA reconciliation of Drill Rig Holdings Inc.:**

*(Dollars in thousands)*

Six months ended

|                                    |    | 2014    | June 30, | 2015    |
|------------------------------------|----|---------|----------|---------|
| Net Income                         | \$ | 59,635  | \$       | 40,710  |
| Add: Net interest expense          |    | 18,089  |          | 27,871  |
| Add: Depreciation and amortization |    | 39,797  |          | 41,739  |
| Add: Income taxes                  |    | 1,053   |          | 6,257   |
| EBITDA                             | \$ | 118,574 | \$       | 116,577 |

**Conference Call and Webcast: August 7, 2015**

As announced, the Company's management team will host a conference call, on Friday, August 7, 2015 at 8:00 a.m. Eastern Daylight Time to discuss the Company's financial results.

**Conference Call Details**

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1(866) 819-7111 (from the US), 0(800) 953-0329 (from the UK) or +(44) (0) 1452 542 301 (from outside the US). Please quote "Ocean Rig."

A replay of the conference call will be available until August 14, 2015. The United States replay number is 1(866) 247-4222; from the UK 0(800) 953-1533; the standard international replay number is (+44) (0) 1452 550 000 and the access code required for the replay is: 55592075#.

A replay of the conference call will also be available on the Company's website at [www.ocean-rig.com](http://www.ocean-rig.com) under the Investor Relations section.

**Slides and audio webcast:**

There will also be a simultaneous live webcast over the Internet, through the Ocean Rig UDW Inc. website [www.ocean-rig.com](http://www.ocean-rig.com). Participants to the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

**About Ocean Rig UDW Inc.**

Ocean Rig is an international offshore drilling contractor providing oilfield services for offshore oil and gas exploration, development and production drilling, and specializing in the ultra-deepwater and harsh-environment segment of the offshore drilling industry. The company owns and operates 13 offshore ultra deepwater drilling units,

comprising of 2 ultra deepwater semisubmersible drilling rigs and 11 ultra deepwater drillships, 1 of which is scheduled to be delivered to the Company during 2016, 1 of which is scheduled to be delivered during 2018 and 1 of which is scheduled to be delivered during 2019.

Ocean Rig's common stock is listed on the NASDAQ Global Select Market where it trades under the symbol ORIG

Visit the Company's website at [www.ocean-rig.com](http://www.ocean-rig.com)

### **Forward-Looking Statement**

Matters discussed in this release 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, 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 release 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 prices 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.

**Investor Relations / Media:**

Nicolas Bornozis

Capital Link, Inc. (New York)

Tel. 212-661-7566

E-mail: [oceanrig@capitallink.com](mailto:oceanrig@capitallink.com)