



GOLDEN OCEAN™

RESULTS Q2 - 2018

August 17, 2018

FORWARD LOOKING STATEMENTS



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- In addition to these important factors and matters discussed elsewhere herein, important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies, fluctuations in currencies and interest rates, general market conditions, including fluctuations in charter hire rates and vessel values, changes in demand in the dry bulk market, changes in our operating expenses, including bunker prices, drydocking and insurance costs, the market for our vessels, availability of financing and refinancing, changes in governmental rules and regulations or actions taken by regulatory authorities, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents, political events or acts by terrorists, and other important factors described from time to time in the reports filed by the Company with the Securities and Exchange Commission.
- Certain shipping, steel, Chinese and global industry information, statistics and charts contained herein have been derived from several sources. You are hereby advised that such industry data, charts and statistics have not been prepared specifically for inclusion in these materials and Golden Ocean has not undertaken any independent investigation to confirm the accuracy or completeness of such information



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COMPANY UPDATE

HIGHLIGHTS



- The Company reports **net income of \$9.0 million** and earnings per share of \$0.06 for the second quarter of 2018, compared with net income of \$16.7 million and earnings per share of \$0.12 for the first quarter of 2018
- Adjusted **EBITDA** in the second quarter was **\$54.0 million**, compared with \$53.3 million in the first quarter of 2018 and \$29.7 million in the second quarter 2017
- **Entered into a \$120 million loan facility** to refinance 10 vessels at favorable terms
- **Finalized the sale of the Golden Eminence**, a Panamax vessel, for \$14.7 million to an unrelated third party in August 2018
- **Signed contracts to install 16 exhaust gas scrubbers** on Capesize vessels with options for nine additional vessels
- Announces a cash **dividend of \$0.10** per share for the second quarter

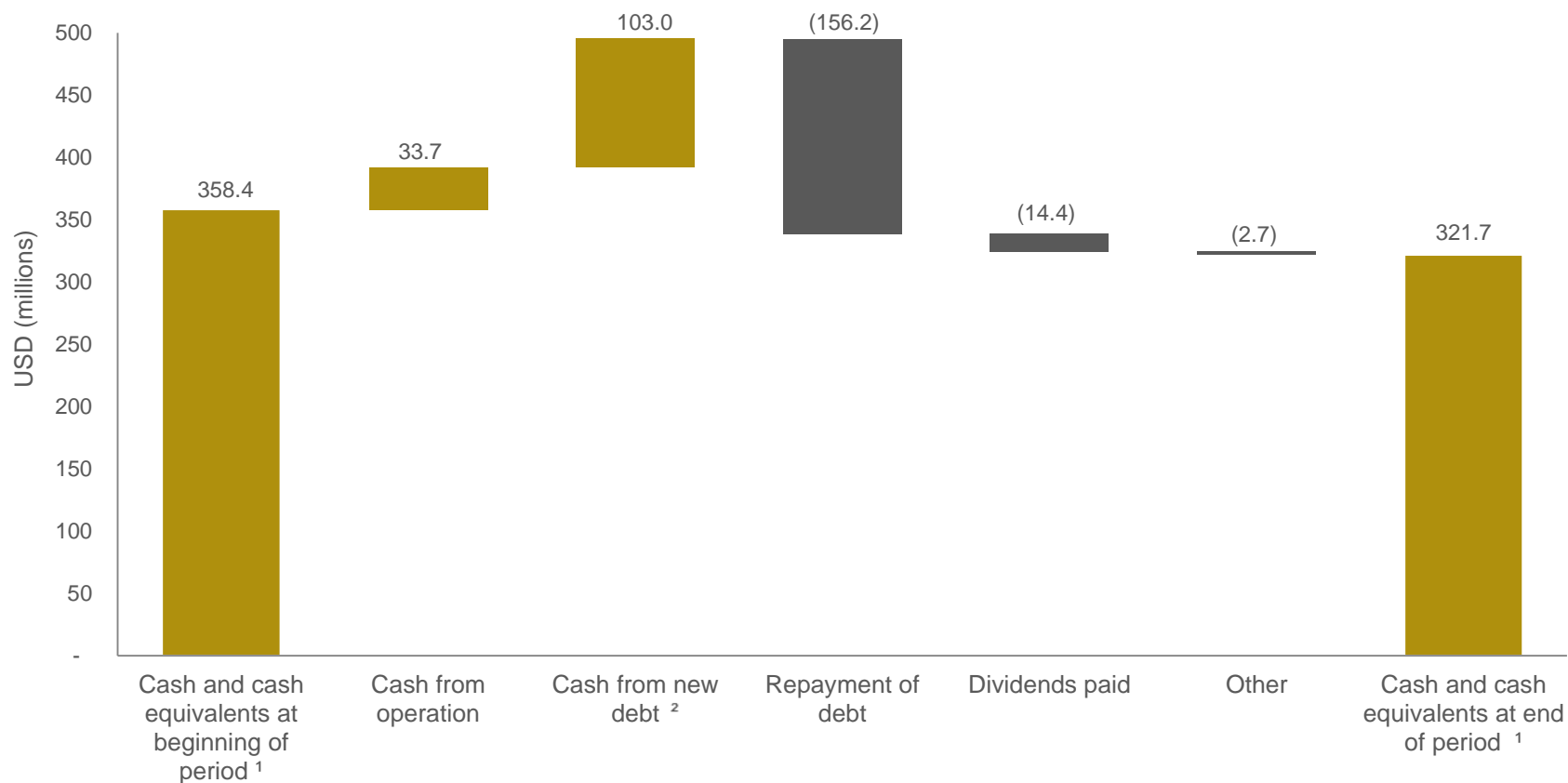
PROFIT & LOSS

(in thousands of \$)	Q2 2018	Q1 2018	Quarterly Variance
Operating revenues	143,991	147,888	(3,897)
Voyage expenses	(32,603)	(30,841)	(1,762)
Net revenues	111,387	117,047	(5,659)
Ship operating expenses	(39,150)	(37,279)	(1,870)
Administrative expenses	(3,688)	(3,668)	(20)
Charter hire expenses	(19,056)	(27,642)	(8,586)
Depreciation / impairment	(24,437)	(22,113)	(2,325)
Other gains (losses)	64	65	(1)
Net operating expenses	(86,267)	(90,637)	4,371
Net operating income (loss)	25,121	26,409	(1,288)
Net financial expenses	(17,447)	(15,903)	(1,544)
Derivatives and other financial income (loss)	1,319	6,190	(4,870)
Net income before taxation (loss)	8,993	16,696	(7,703)
Income Tax expense	13	13	-
Net income (loss)	8,980	16,683	(7,703)
Earnings (loss) per share: basic and diluted	\$0.06	\$0.12	(0,06)
Adjusted EBITDA	54,043	53,273	770
TCE per day	15,215	15,593	(378)

CASH FLOW DURING THE QUARTER



Q2 2018



¹ INCLUDES RESTRICTED CASH

² AS OF JUNE 30, 2018, \$103.0 MILLION WAS DRAWN UNDER THIS NEW LOAN FACILITY AND THE REMAINING \$17.0 MILLION WAS DRAWN IN JULY 2018

BALANCE SHEET

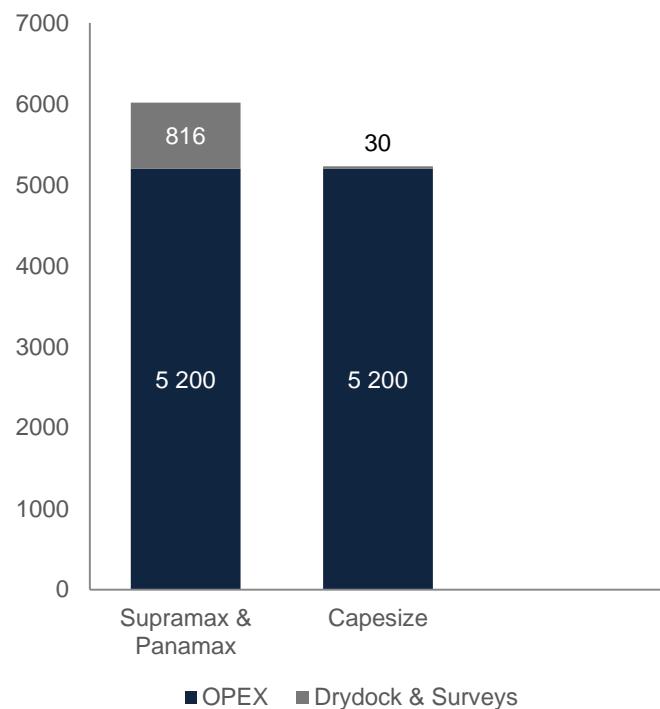


(in thousands of \$)	Q2 2018	Q1 2018	Quarterly Variance
ASSETS			
Short term			
Cash and cash equivalents (incl. restricted cash)	265,505	306,192	(40,687)
Other current assets	148,057	144,019	4,038
Long term			
Restricted cash	56,156	52,193	3,963
Vessels (incl. newbuildings and held-for-sale)	2,467,064	2,489,836	(22,772)
Other long term assets	40,745	44,988	(4,243)
Total assets	2,977,526	3,037,228	(59,702)
LIABILITIES AND EQUITY			
Short term			
Current portion of long term debt and capital lease	236,900	306,636	(69,736)
Other current liabilities	73,067	71,284	1,783
Long term			
Long term debt and capital lease	1,156,833	1,143,060	13,773
Other long term liabilities	7,723	7,944	(221)
Equity	1,503,003	1,508,304	(5,301)
Total liabilities and equity	2,977,526	3,037,228	(59,702)

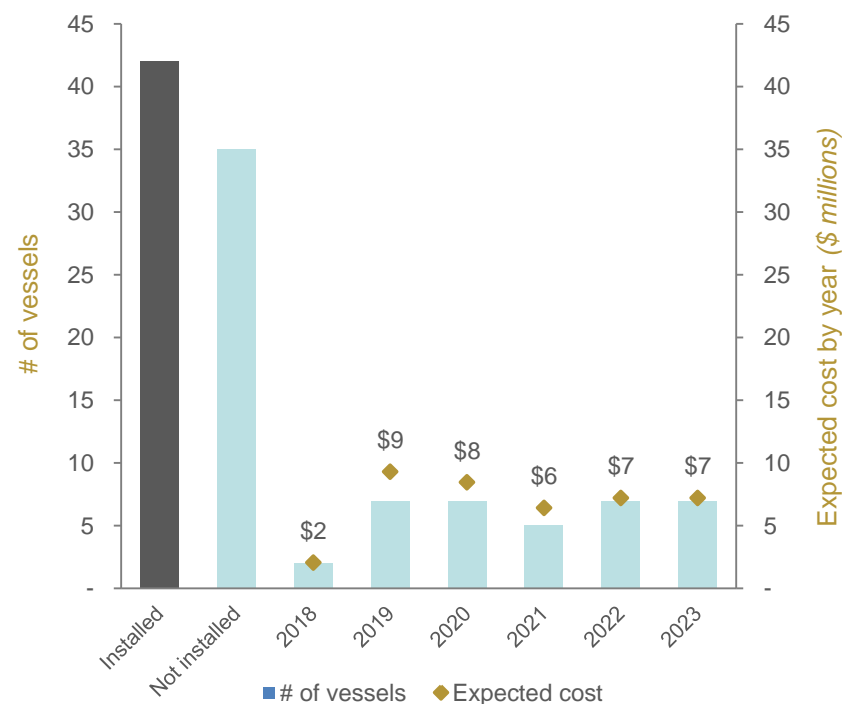
MODERN, EFFICIENT FLEET

- Fully-burdened Opex includes dry docking and management fees
- Four vessels dry docked year to date, and two more to be docked later this year
- Average fleet age of ~5 years and majority of the fleet designed with fuel-efficient engines and ballast water treatment systems
- Signed contracts to install 16 exhaust gas scrubbers on Capesize vessels with options for nine additional vessels; installations to coincide with scheduled dry docks in late 2019 and early 2020

OPERATING EXPENSES (YTD 2018)



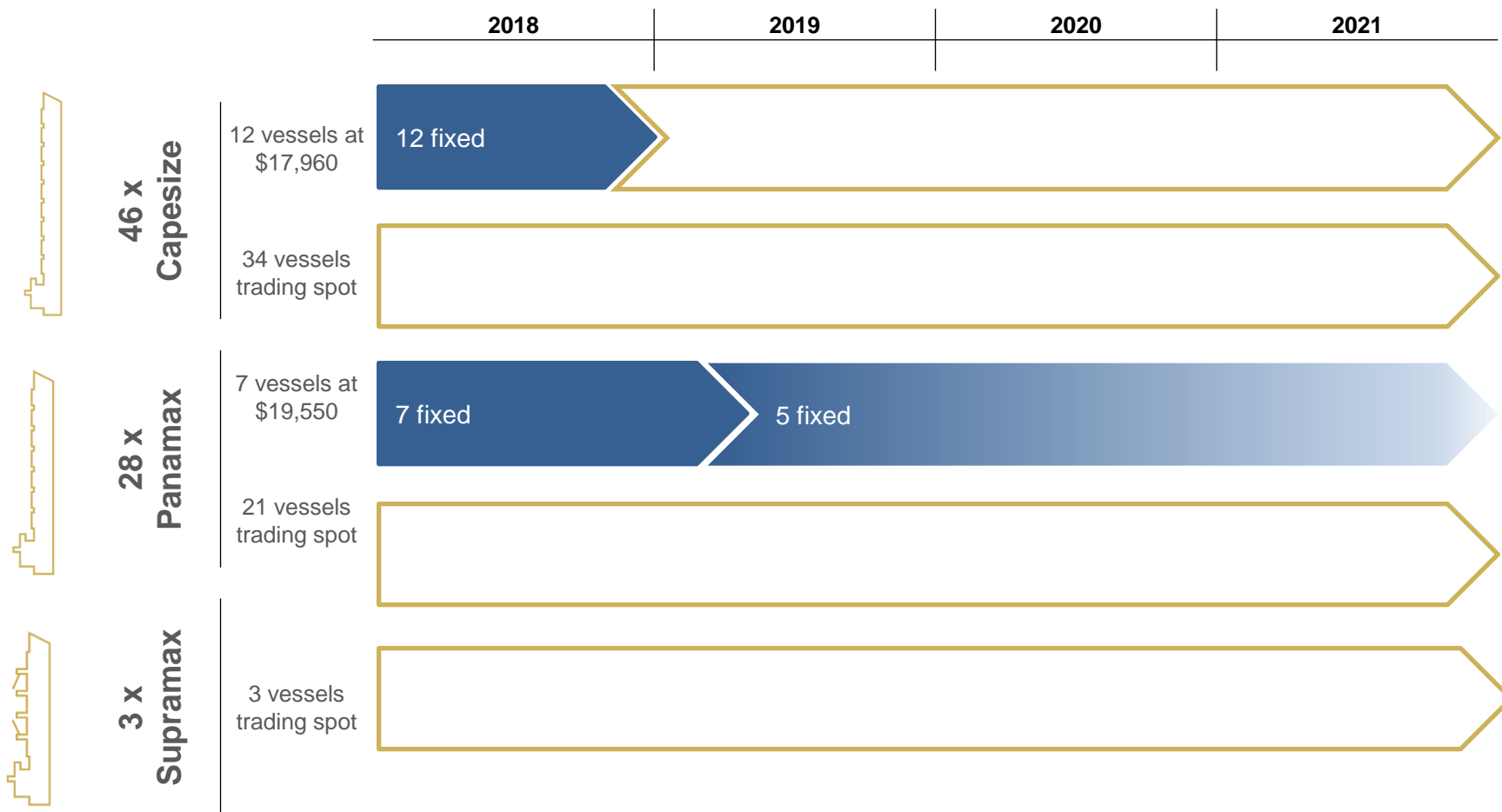
BWTS INSTALLATION SCHEDULE



FLEET DEPLOYMENT

Fleet heavily skewed towards spot exposure to capture market upside

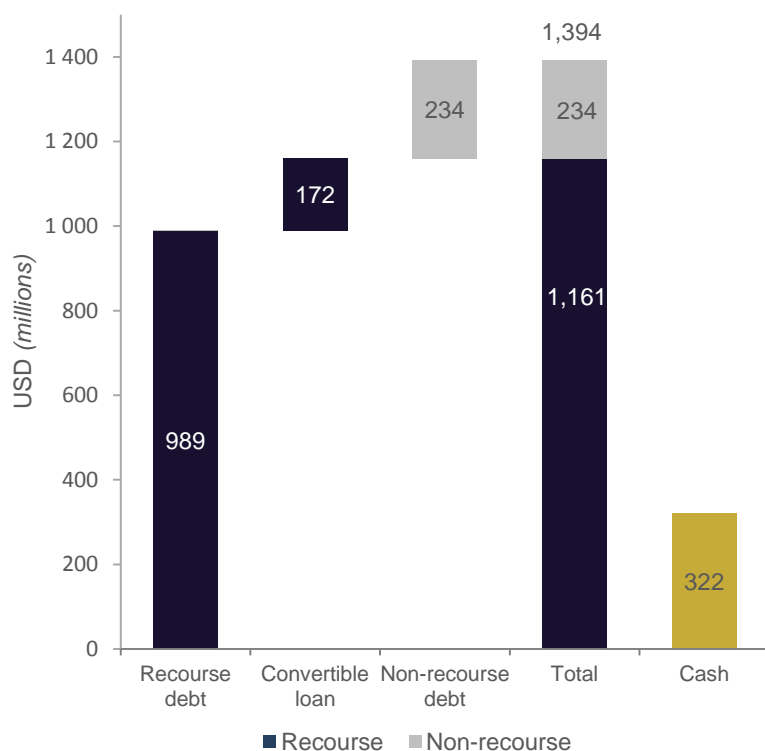
CHARTERING PROFILE



NOTE: CHARTERING PROFILE AS OF AUGUST 2018; GROSS RATES SHOWN ARE FOR 2018; FIVE PANAMAX CHARTERS EXPIRE BETWEEN JANUARY 2020 AND DECEMBER 2021

CREDIT FACILITIES

CREDIT FACILITY SUMMARY⁽¹⁾



RECOURSE DEBT

Selected covenants

- Resumed ordinary amortization of \$16.8 million per quarter
- No further cash sweep or outstanding deferred debt
- 135% MVC
- Convertible Bond matures in January 2019

NON-RECOURSE DEBT

Selected covenants through July 1, 2019

- No amortization payments
- Cash sweep mechanism
- 105% MVC

Selected covenants post July 1, 2019

- Amortization payments resume
- 125 - 135% MVC

RECENT DEVELOPMENTS

- Entered into a new \$120 million loan facility to refinance 10 vessels and repay \$58.3 million due under two loan facilities and related party seller credit loans of \$65.5 million
- 20-year amortization profile with seven year tenor and interest of LIBOR + 2.25%
- As of June 30, 2018, \$103.0 million was drawn under this new loan facility and the remaining \$17.0 million was drawn in July 2018



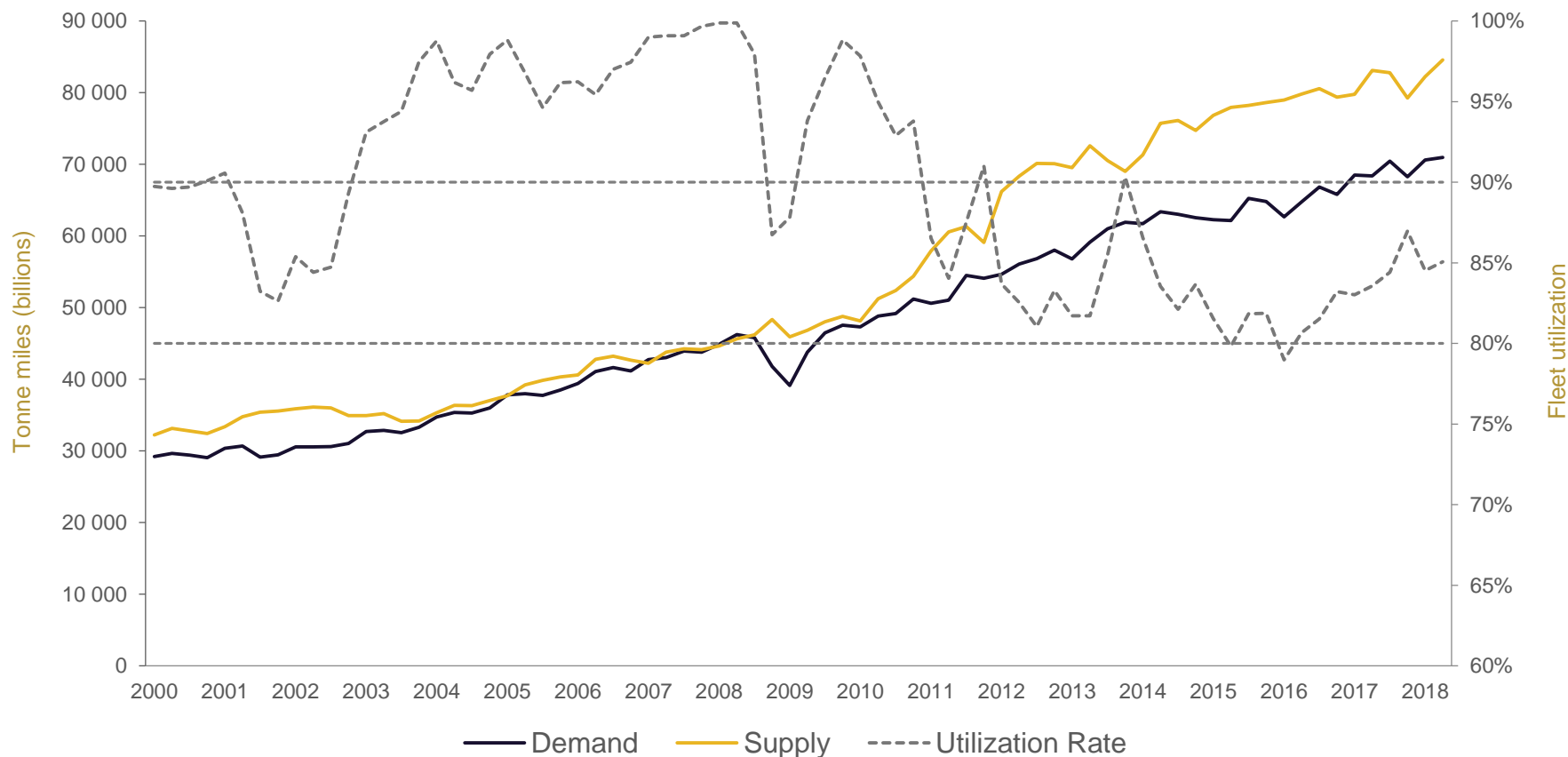
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DRY BULK MARKET UPDATE

DRY BULK SUPPLY / DEMAND & UTILIZATION

Utilization improved over the course of the second quarter following increased capacity at the end of the first quarter due to easing of port delays

SUPPLY, DEMAND AND UTILIZATION RATE - DRY BULK SHIPS 10,000 DWT +

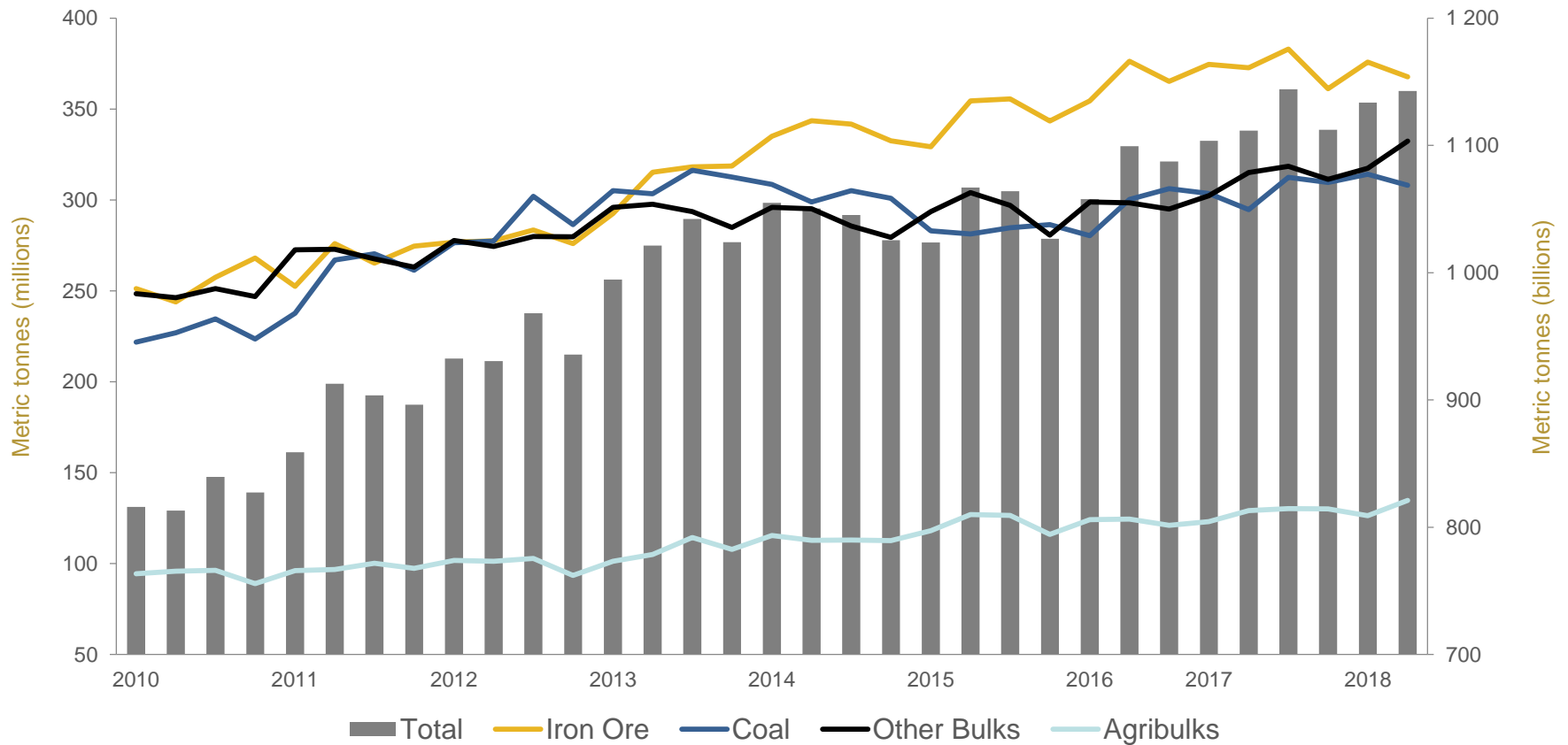


GROWTH IN SEABORNE TRADE CONTINUES



Continued year-over-year increases in imports during the second quarter due to pickup in agribulks and minor bulks

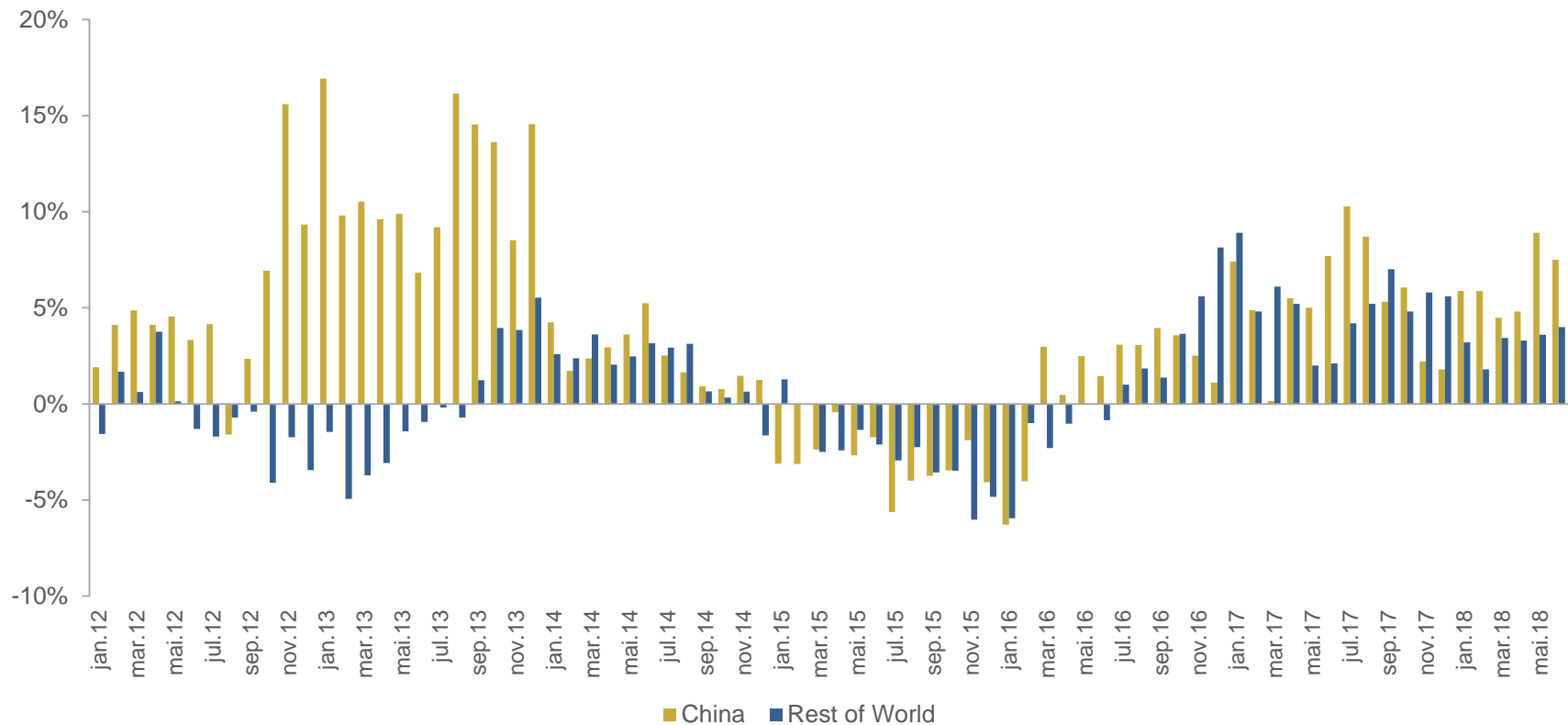
SEABORNE TRADE OF DRY BULK COMMODITIES (MAJOR IMPORTERS)



WORLD STEEL PRODUCTION TRENDS INTACT

Continued strong steel production growth both in China and globally

ANNUAL CHANGE IN STEEL PRODUCTION

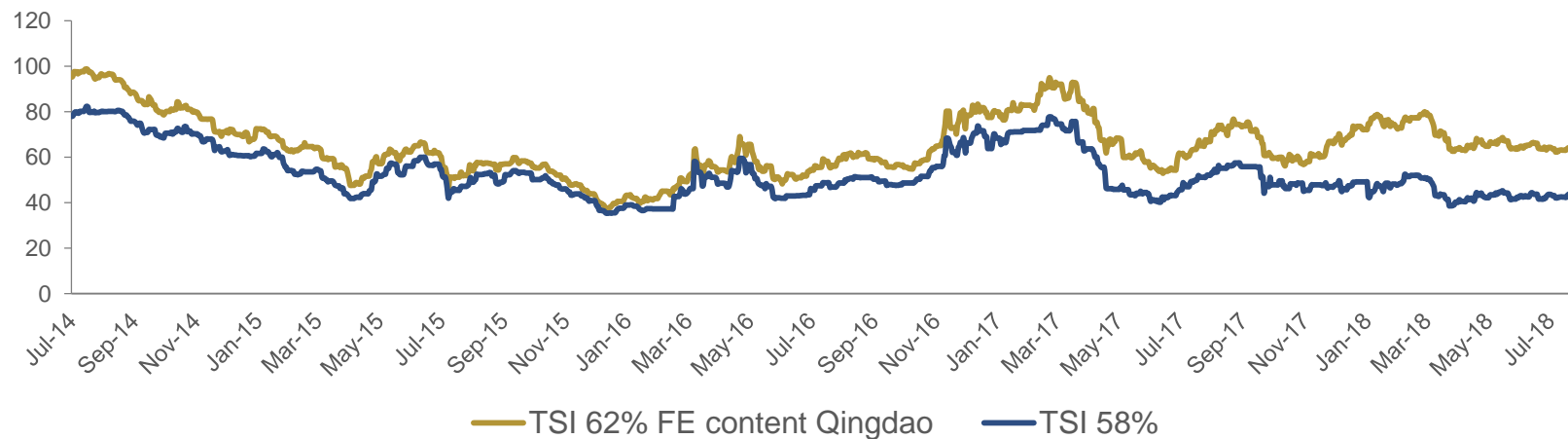


STEEL MARGINS AND IRON ORE PRICE DIFFERENTIALS SUPPORTIVE

GROSS PROFIT (STEEL PRICE MINUS COST OF COKING COAL AND IRON ORE; ALL PRICES SPOT)

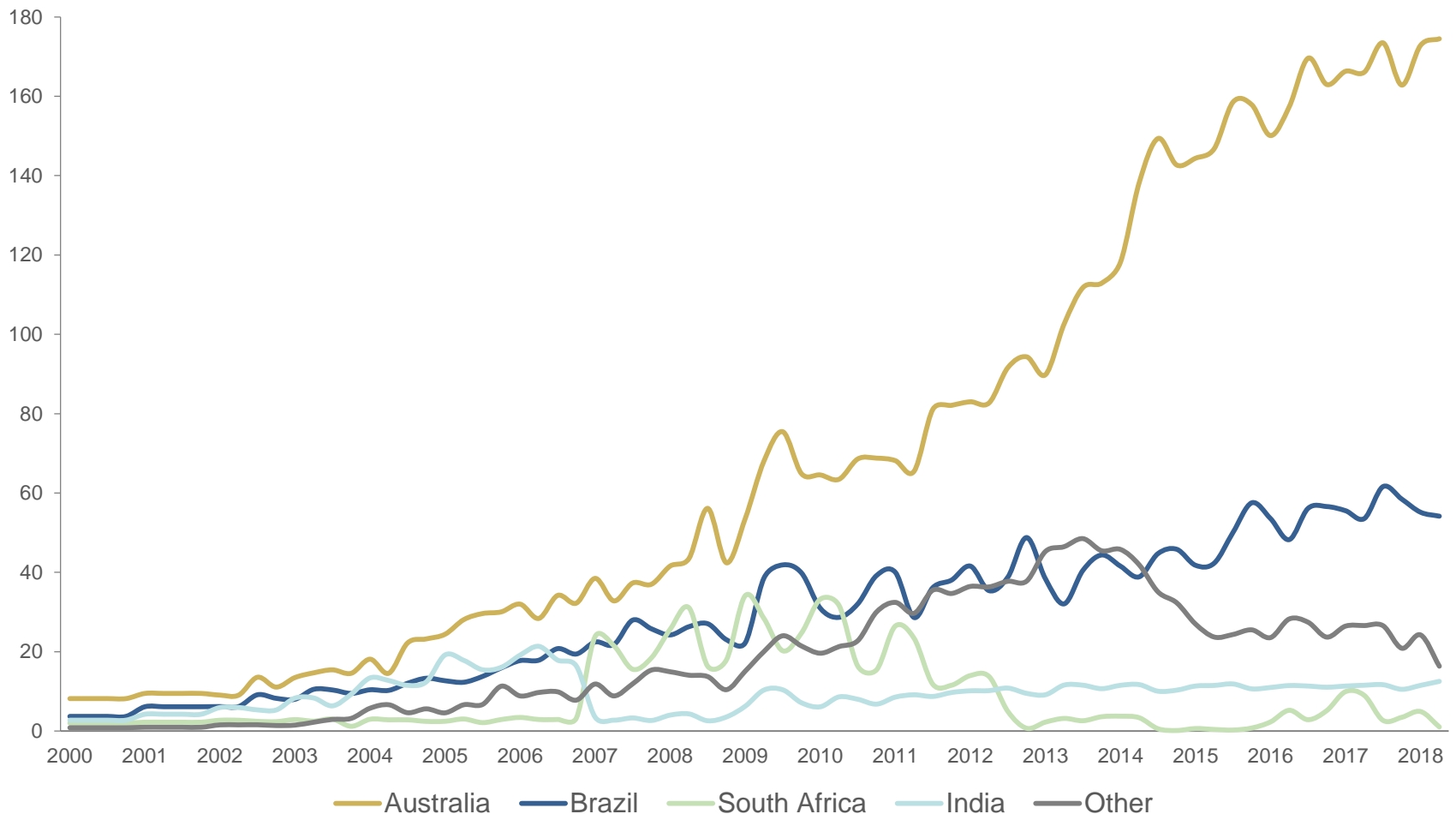


IRON ORE PRICE DIFFERENTIALS



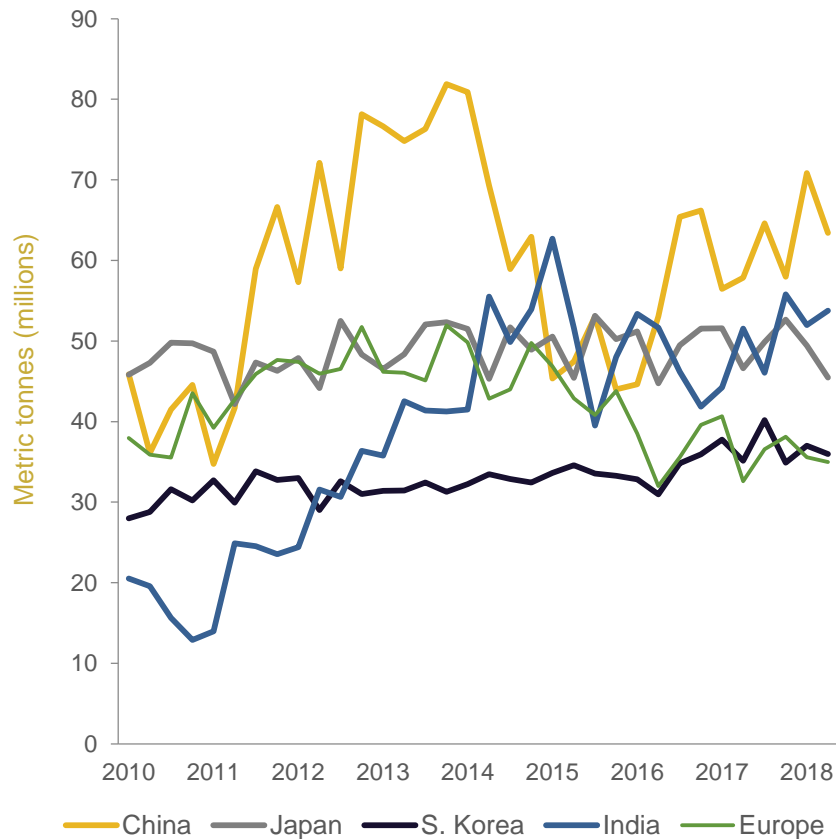
AUSTRALIA AND BRAZIL REMAIN MAJOR IRON ORE EXPORTERS

QUARTERLY EXPORTED IRON ORE VOLUMES PER COUNTRY

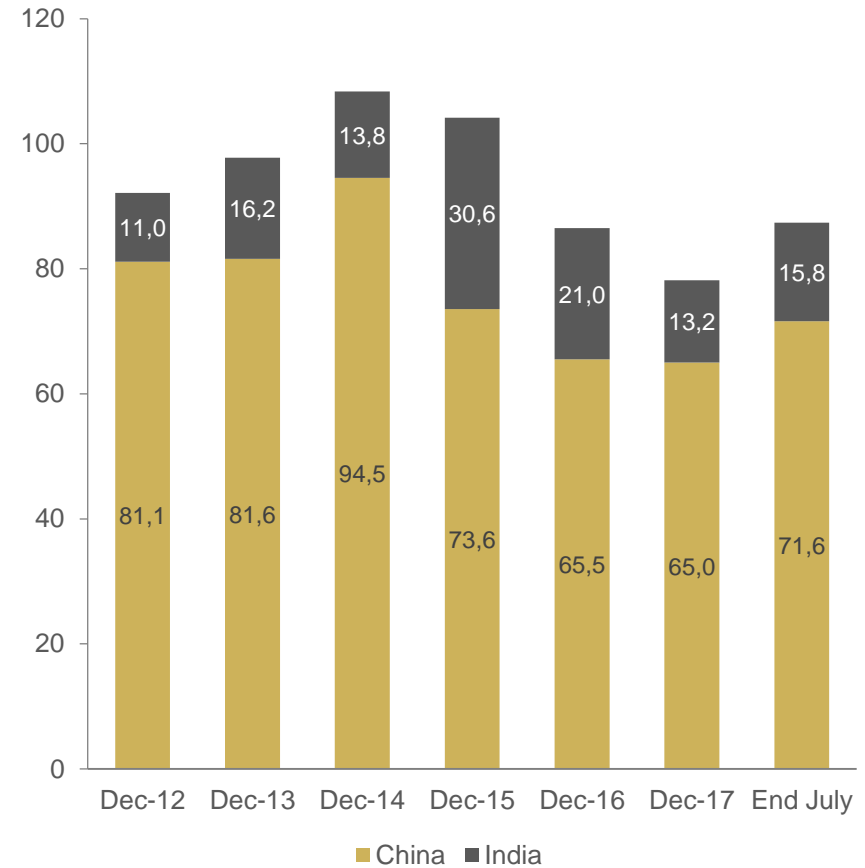


COAL IMPORTS REMAINS HEALTHY, AND INVENTORIES STILL AT RELATIVELY LOW LEVELS

COAL IMPORTS BY MAJOR IMPORTERS

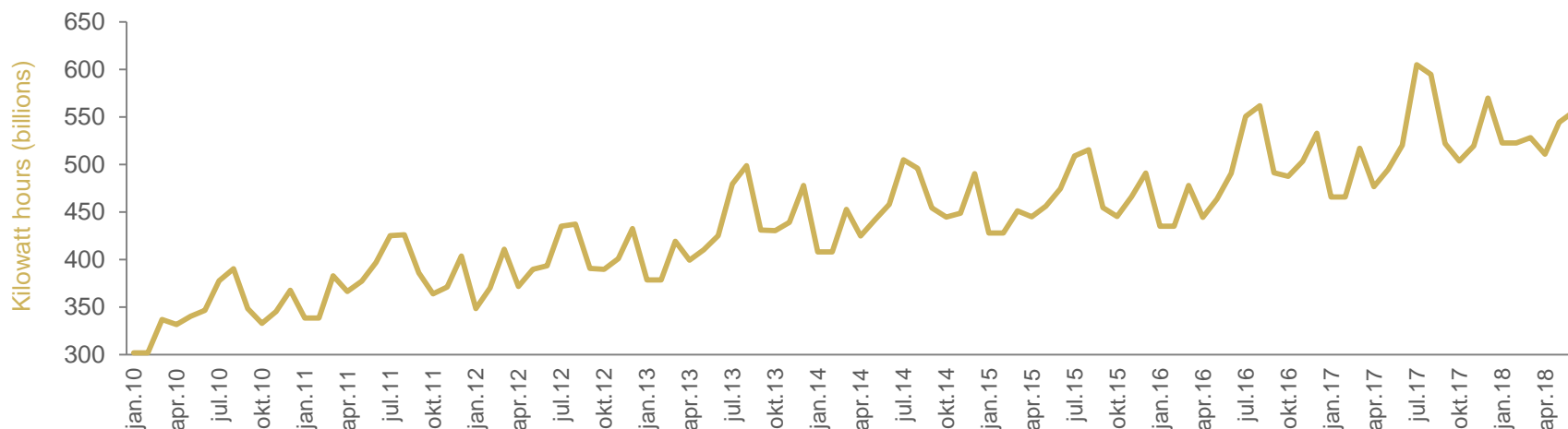


CHINA AND INDIA COAL INVENTORIES

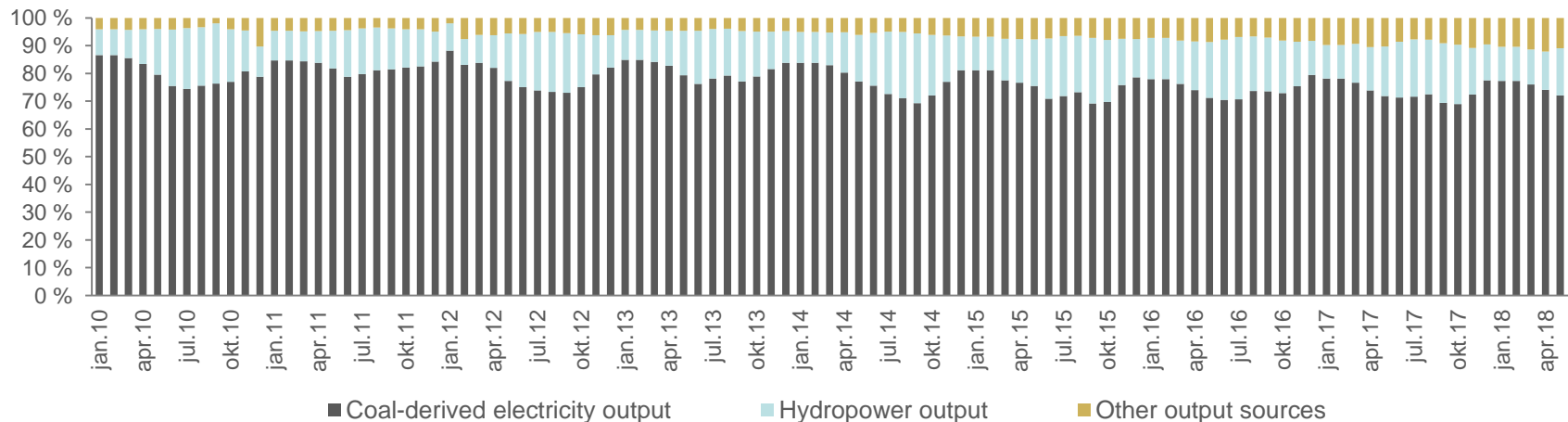


CONTINUED GROWTH IN ELECTRICITY CONSUMPTION SUPPORTS COAL DEMAND

CHINESE ELECTRICITY OUTPUT



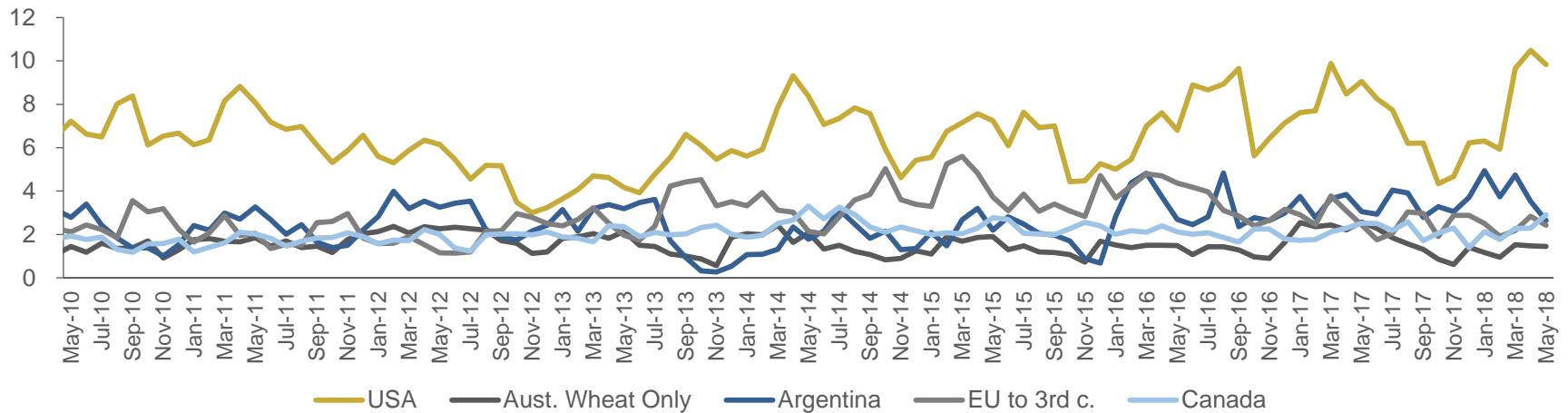
CHINESE ELECTRICITY OUTPUT BY SOURCE



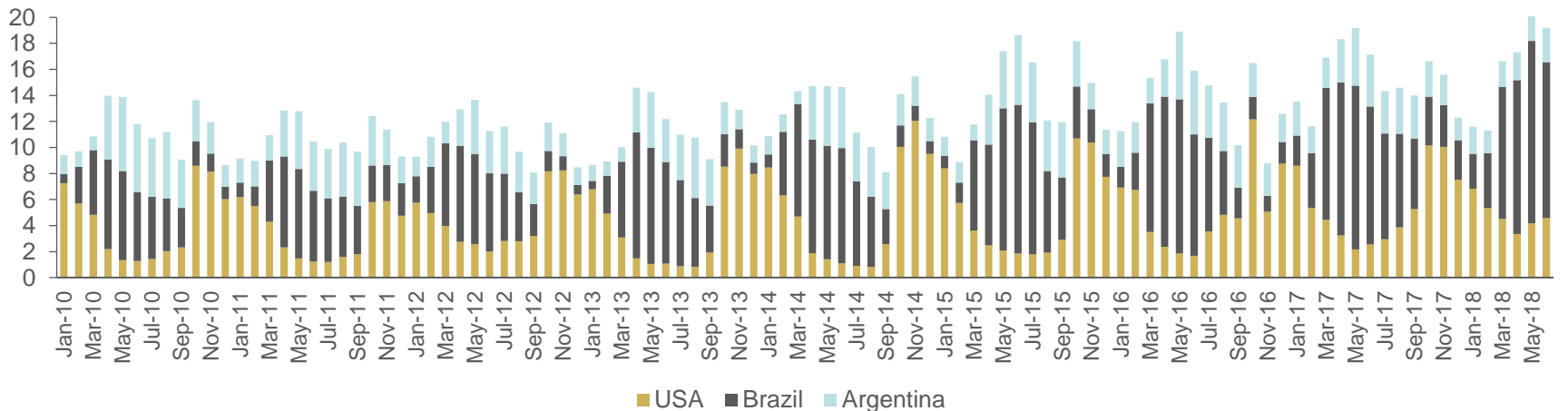
U.S. GRAIN EXPORTS STRONG AHEAD OF THREATENED TARIFFS; TOTAL VOLUMES GROWING



GRAIN EXPORTS BY SOURCE



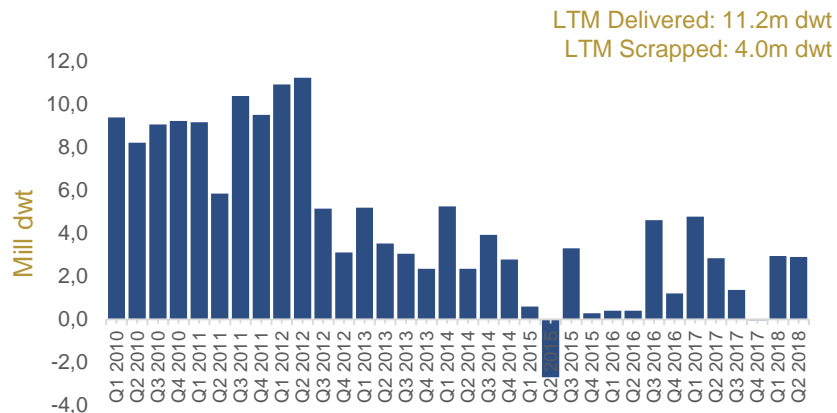
SOYBEAN AND SOYBEAN MEAL EXPORTS BY SOURCE



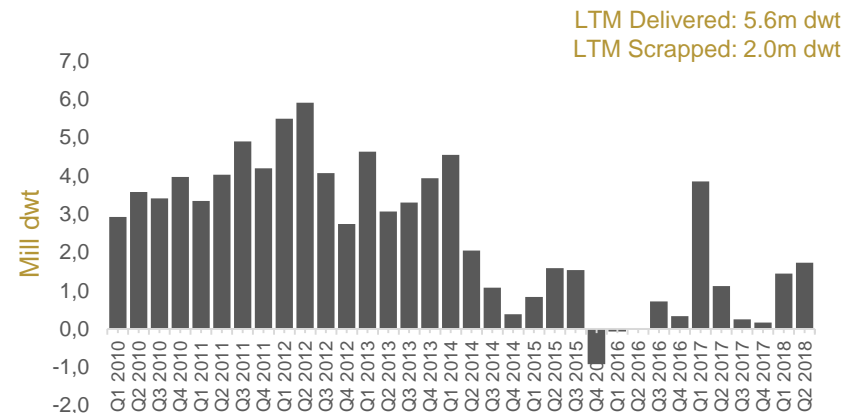
NET FLEET GROWTH INCREASED SLIGHTLY COMPARED TO THE SECOND QUARTER OF 2017 DUE TO LOW SCRAPPING YTD



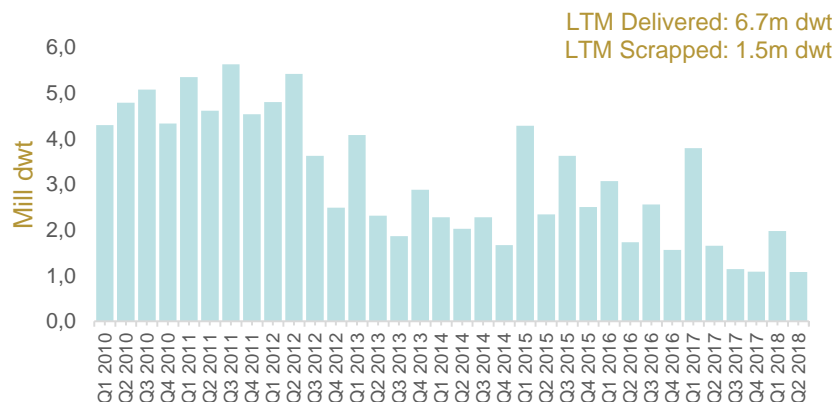
CAPE SIZE



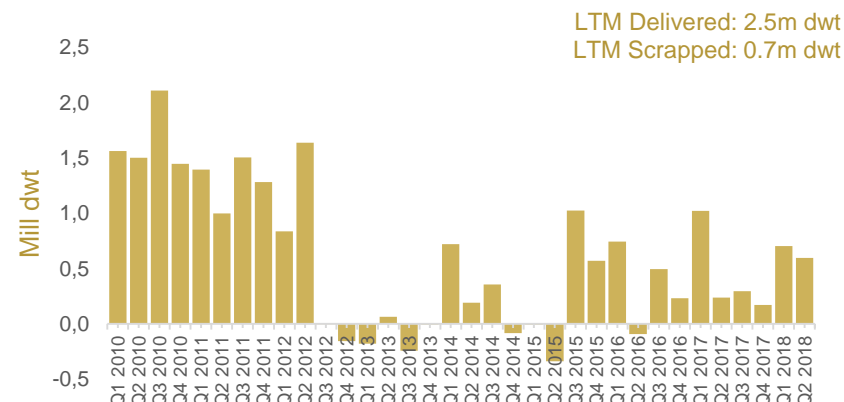
PANAMAX / POST-PANAMAX



HANDYMAX / SUPRAMAX



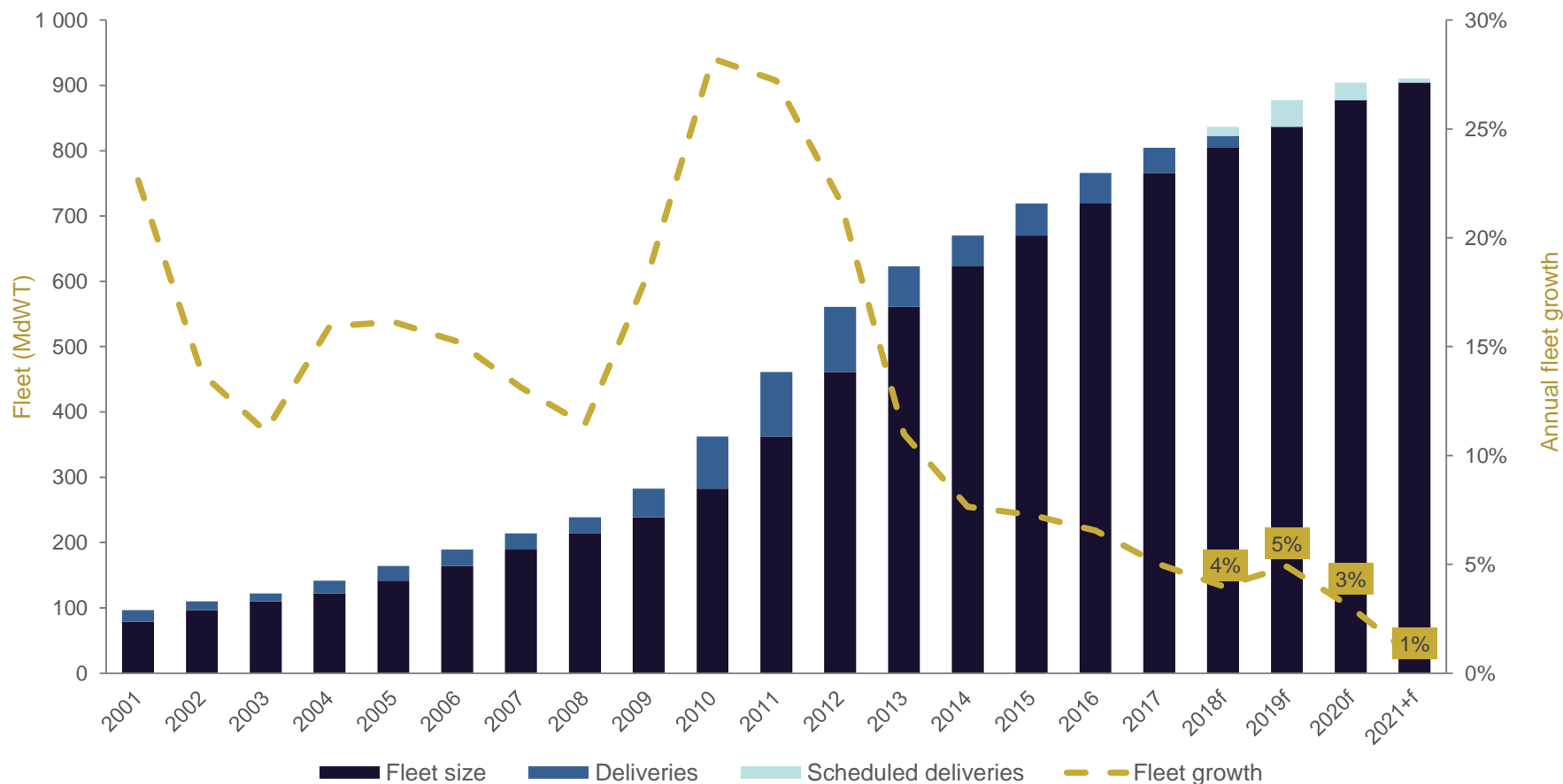
HANDYSIZE



PROJECTED FLEET GROWTH STILL MODERATE

Forecasted fleet growth is still moderate, despite new ordering observed; any additional capacity from now expected to be placed in 2020 or later

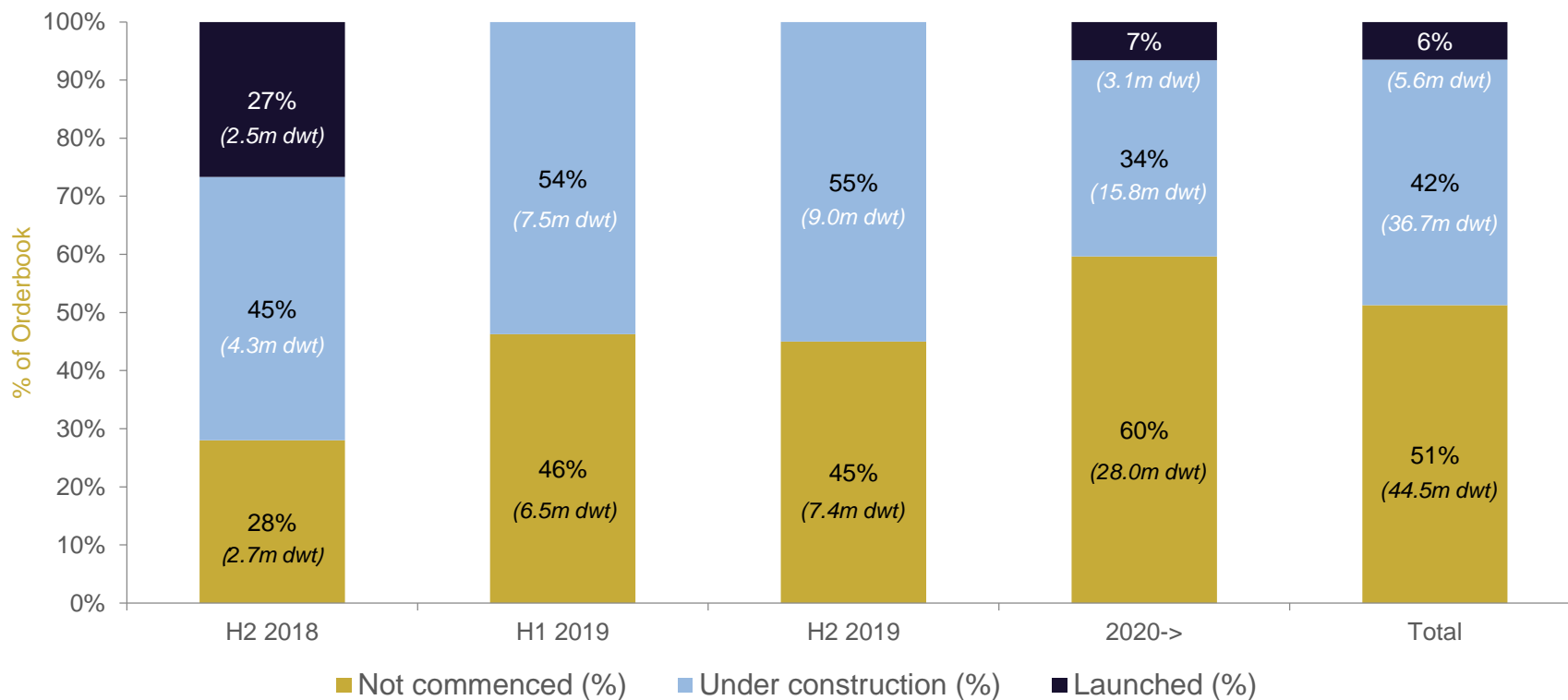
FLEET GROWTH (ASSUMES NO SCRAPPING OR NEW ORDERING)



DOWNSIDE CASE FOR SUPPLY GROWTH

Continued slippage is expected as ~39% of vessels scheduled for delivery over the next 12 months have not even commenced construction

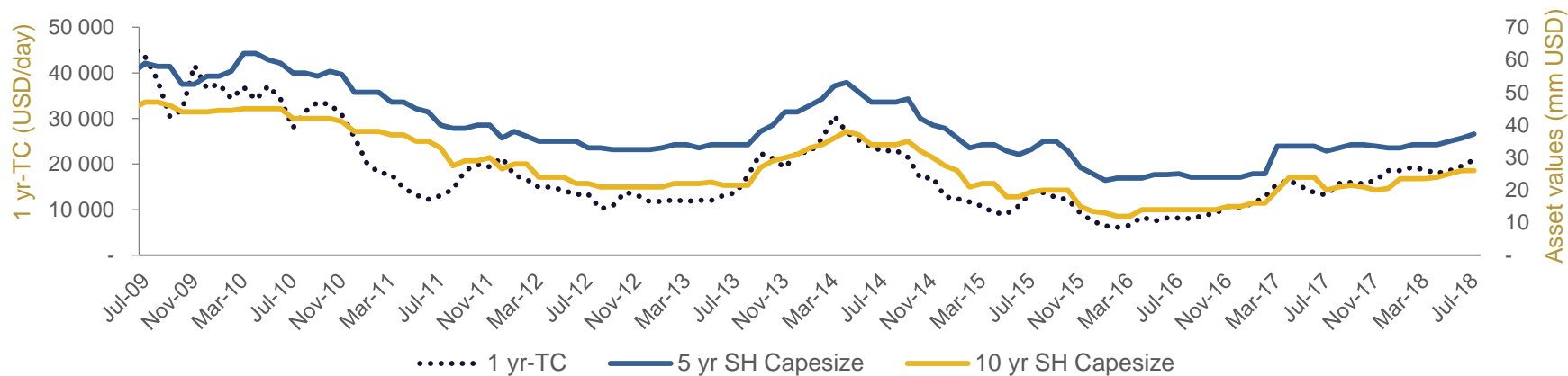
STATUS OF ORDERBOOK



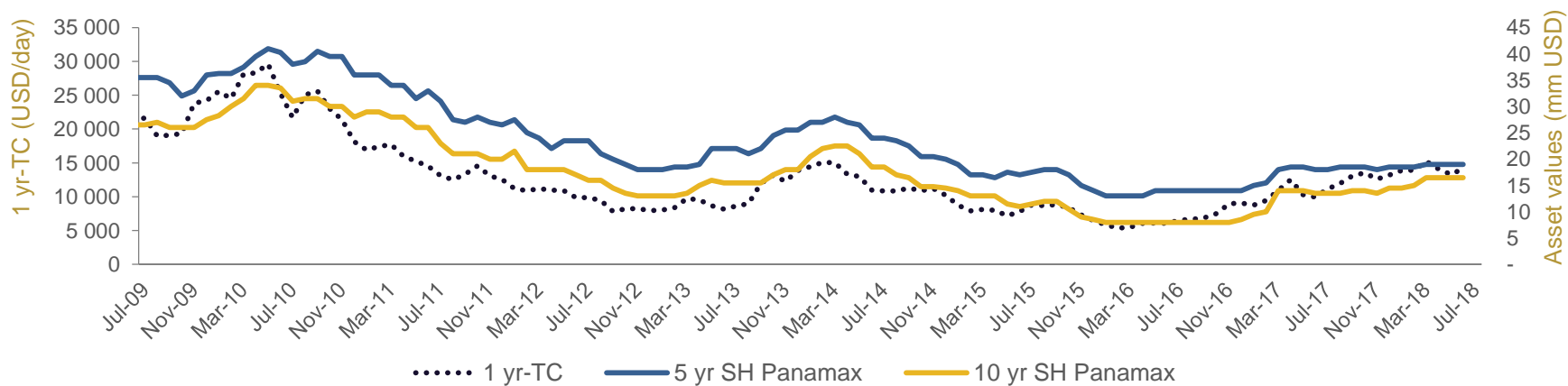
S&P PRICES IMPROVING FOR LARGE VESSELS SIZES



CAPE SIZE VALUES AND EARNINGS



PANAMAX VALUES AND EARNINGS





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OUTLOOK AND STRATEGY

EXPECTATION FOR CONTINUED STRONG MARKET FOR THE REMAINDER OF THE YEAR WITH NORMAL SEASONALITY GOING INTO 2019



UPSIDE POTENTIAL

- Increased tonne-miles if additional iron ore capacity comes from Brazil
- Coal demand grows due to increased consumption as domestic production in India and China lag
- China implements additional stimulus measures to offset potential impact of tariffs
- More tonne-miles due to longer sailing distances on as demand increases in Asia replace European demand
- Removal of older vessels ahead of BWTS and sulphur emissions regulations

DOWNSIDE RISKS

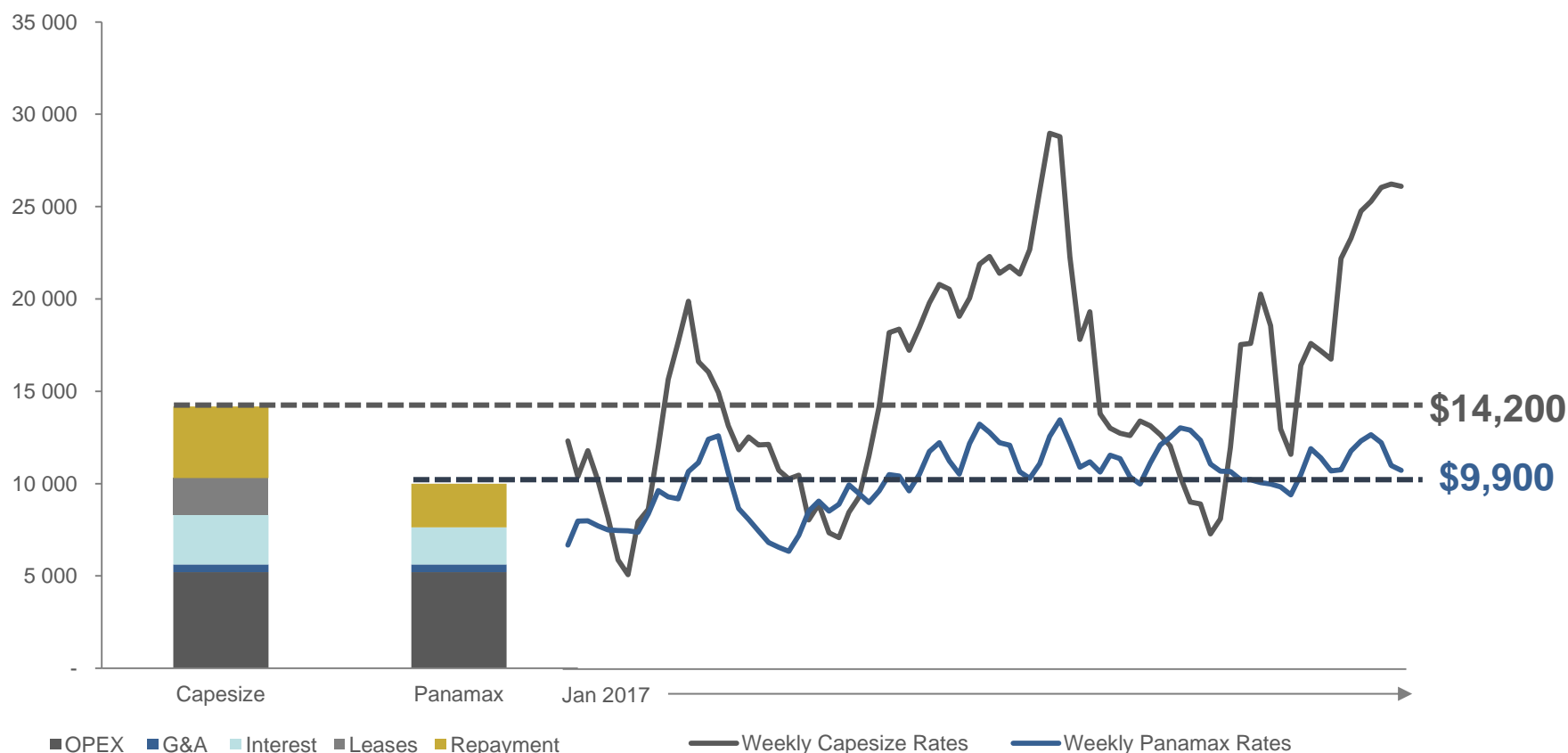
- Lower steel margins impact import / export volumes
- Increase use of scrap steel and draw down of iron ore inventories in China
- Trade tensions reduce global trade
- Economic activity decreases in China, leading to lower consumption of steel and energy
- New ordering increases fleet growth expectations for 2020+

COMPETITIVE CASH COSTS DRIVE EARNINGS



- Fully-burdened Opex includes dry docking and management fees
- G&A net of management fees are estimated to be approximately \$400 per day in 2018 on a fully delivered fleet
- Average margin above LIBOR on bank financing is competitive at ~2.3%
- Majority of bank debt has 20 year profile (adjusted for year of age)

CASH BREAK EVEN LEVELS VS. INDEXES⁽¹⁾



(1) ESTIMATED CASH BREAK-EVEN LEVELS AT TODAY'S INTEREST LEVEL, INCLUDING FULL CASH-SWEEP FOR NON-RECOURSE DEBT AND EXCLUDING PROFITABLE CHARTERS WHICH WILL REDUCE THE CASH BREAK-EVEN FROM THESE LEVELS

SOURCE: CLARKSON'S



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QUESTIONS & ANSWERS

THANK YOU FOR YOUR ATTENTION!



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