



GOLDEN OCEAN™

RESULTS Q4 - 2018

February 19, 2019

FORWARD LOOKING STATEMENTS



- Matters discussed in this presentation may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements, which include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. Words such as "believe," "anticipate," "intends," "estimate," "forecast," "project," "plan," "potential," "may," "should," "expect," "pending" and similar expressions identify forward-looking statements. The forward-looking statements in this presentation are based upon various assumptions. Although we believe 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 our control, we cannot assure you that we will achieve or accomplish these expectations, beliefs or projections. The information set forth herein speaks only as of the date hereof, and we disclaim any intention or obligation to update any forward-looking statements as a result of developments occurring after the date of this communication.
- 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



GOLDEN OCEAN™

COMPANY UPDATE

HIGHLIGHTS

- The Company reports **net income of \$23.6 million** and earnings per share of \$0.16 for the fourth quarter of 2018, compared with net income of \$35.3 million and earnings per share of \$0.24 for the third quarter of 2018
- Adjusted **EBITDA** in the fourth quarter was **\$70.4 million**, compared with \$78.8 million in the third quarter of 2018 and \$65.3 million in the fourth quarter 2017
- Announced a share buyback program in December 2018 to purchase up to an aggregate of six million of the Company's common shares
- Secured financing for up to 11 scrubber installations in combination with a three year extension and upsizing of an existing loan facility
- Repaid the outstanding balance of the convertible bond at maturity in January 2019
- Announces a cash **dividend of \$0.05** per share for the fourth quarter

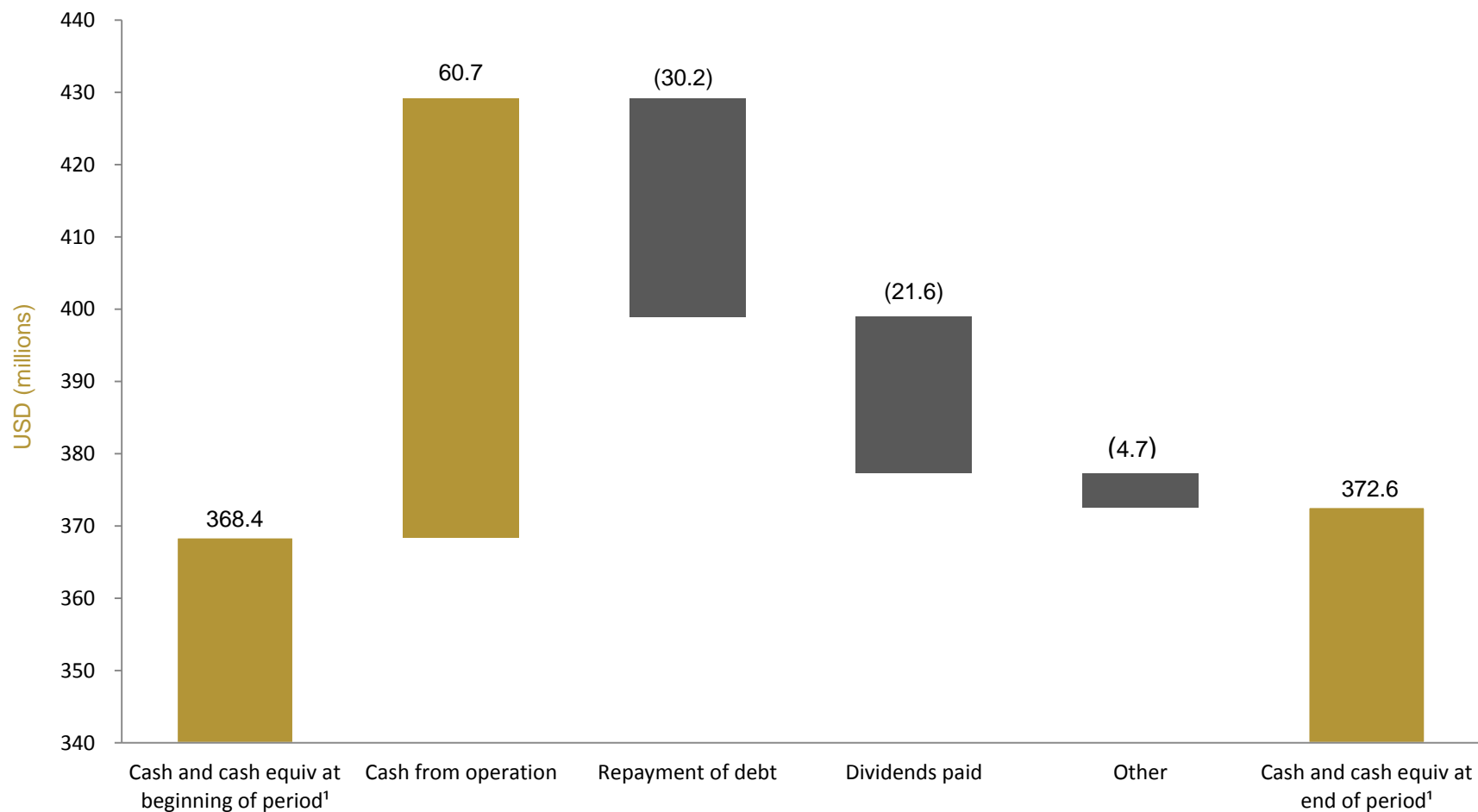
PROFIT & LOSS



(in thousands of \$)	Q4 2018	Q3 2018	Quarterly Variance
Operating revenues	177,175	190,006	(12,831)
Voyage expenses	(44,059)	(54,533)	10,474
Net revenues	133,116	135,473	(2,357)
Ship operating expenses	(38,497)	(36,699)	(1,798)
Administrative expenses	(3,728)	(3,621)	(107)
Charter hire expenses	(24,992)	(21,022)	(3,970)
Depreciation / impairment	(23,333)	(23,345)	12
Other gains (losses)	65	65	-
Net operating expenses	(90,485)	(84,622)	(5,863)
Net operating income (loss)	42,631	50,851	(8,220)
Net financial expenses	(16,895)	(17,287)	392
Derivatives and other financial income (loss)	(1,956)	1,734	(3,690)
Net income before taxation (loss)	23,780	35,298	(11,518)
Income Tax expense	194	13	181
Net income (loss)	23,586	35,285	(11,699)
Earnings (loss) per share: basic and diluted	\$0.16	\$0.24	(\$0.08)
Adjusted EBITDA	70,416	78,846	(8,430)
TCE per day	17,525	17,730	(205)

CASH FLOW DURING THE QUARTER

Q4 2018



¹ INCLUDES RESTRICTED CASH

BALANCE SHEET



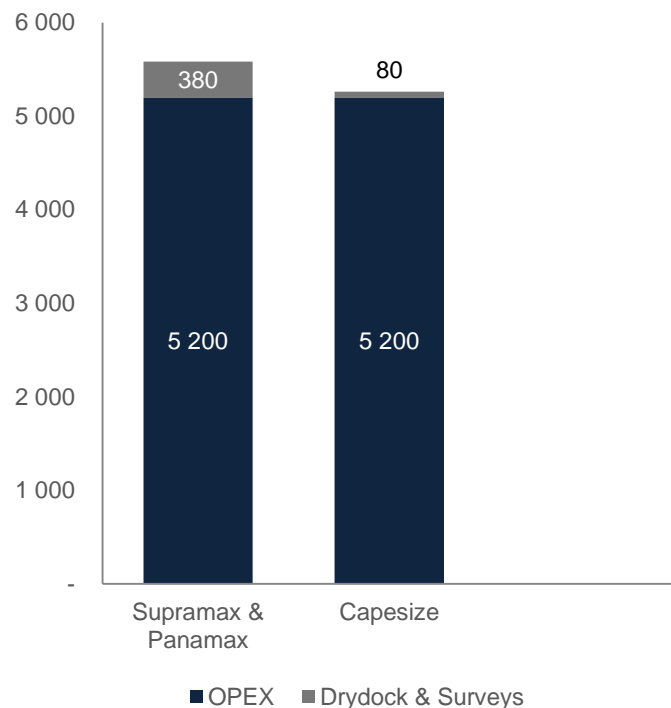
(in thousands of \$)	Q4 2018	Q3 2018	Quarterly Variance
ASSETS			
Short term			
Cash and cash equivalents (incl. restricted cash)	325,623	312,772	12,851
Other current assets	135,611	162,274	(26,663)
Long term			
Restricted cash	46,981	55,633	(8,652)
Vessels (incl. newbuildings and held-for-sale)	2,406,456	2,429,561	(23,105)
Other long term assets	36,684	38,875	(2,191)
Total assets	2,951,355	2,999,115	(47,760)
LIABILITIES AND EQUITY			
Short term			
Current portion of long term debt and capital lease	477,413*	250,394	227,019
Other current liabilities	64,088	82,494	(18,406)
Long term			
Long term debt and capital lease	879,063	1,134,754	(255,691)
Other long term liabilities	7,278	7,501	(223)
Equity	1,523,513	1,523,972	(459)
Total liabilities and equity	2,951,355	2,999,115	(47,760)

*INCLUDES CONVERTIBLE BOND REPAID WITH \$168.2 MILLION IN JANUARY 2019

MODERN, EFFICIENT FLEET

- Fully-burdened Opex includes dry docking and management fees
- Six vessels were dry docked in 2018
- 19 vessels in total, three Panamax and 16 Capesize vessels, scheduled for dry-dock in 2019
- Average fleet age of about five years and majority of the fleet designed with fuel-efficient engines and ballast water treatment systems
- Additional advantage to be gained through scrubber installations

OPERATING EXPENSES (YTD 2018)



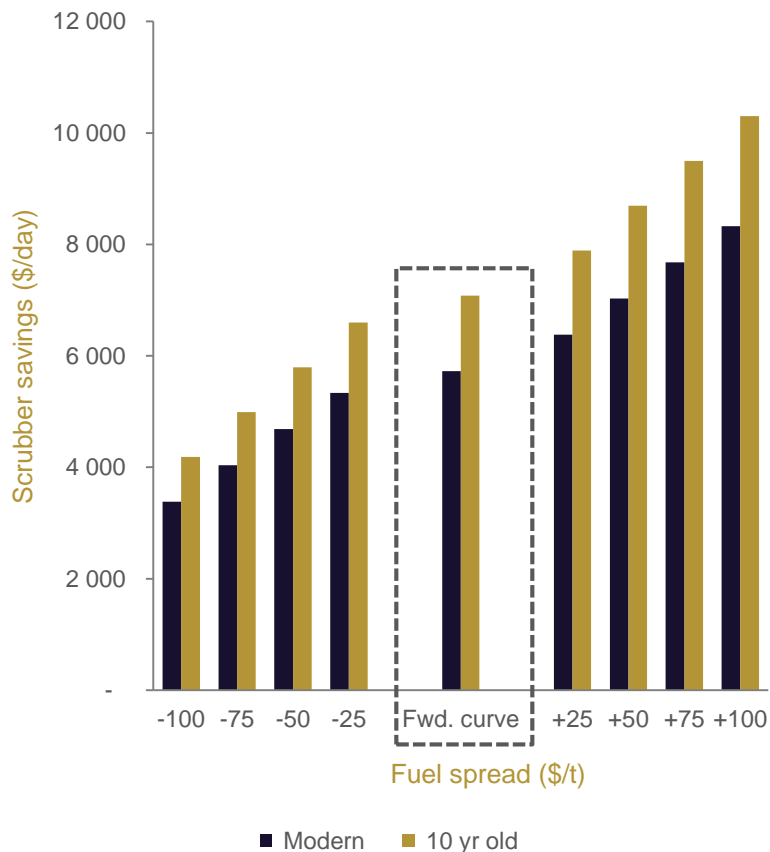
BWTS INSTALLATION SCHEDULE



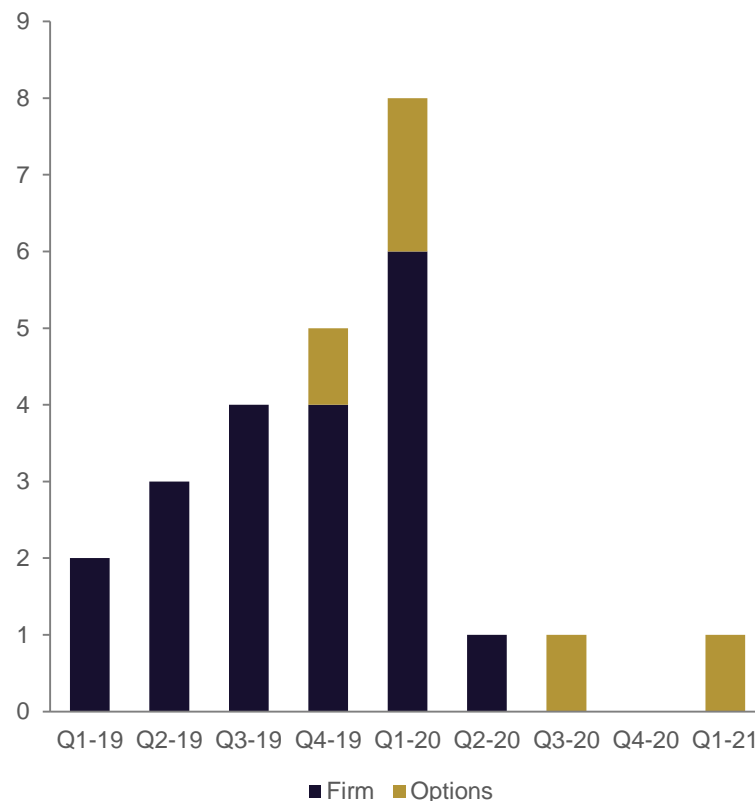
SCRUBBERS FURTHER INCREASE COMPETITIVE ADVANTAGE UNDER NEW SULPHUR CAPS

- Golden Ocean's fleet of Capesize vessels has an average age of just above four years
- The Company signed contracts to install 20 exhaust gas scrubbers on Capesize vessels with options for five additional vessels; installations to coincide with scheduled dry docks in 2019 and 2020
- Strategic investment decision creates a further competitive advantage as new regulations on sulphur emissions come into effect in 2020

POTENTIAL SCRUBBER ADVANTAGE



SCRUBBER INSTALLATION SCHEDULE

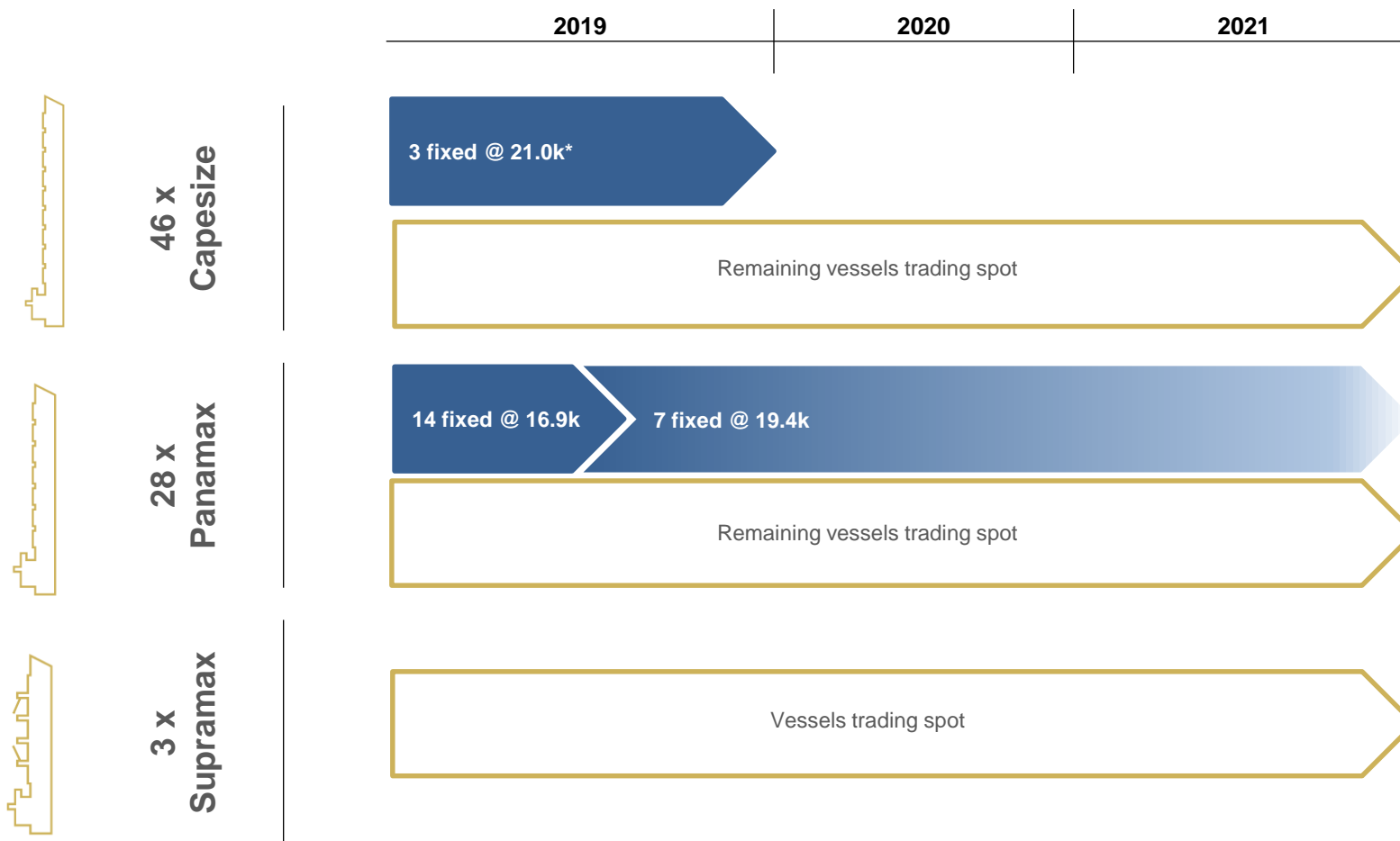


NOTE: COMPLIANT FUEL PRICE ESTIMATED 1:2 FO:GASOIL BLEND; ASSUMES MODERN AND 10 YR OLD VESSELS CONSUME 9,500 AND 11,750 MT, RESPECTIVELY, OF FUEL ANNUALLY

FLEET DEPLOYMENT

Opportunistic chartering strategy with significant operating leverage

CHARTERING PROFILE



NOTE: CHARTERING PROFILE AS OF FEB 2019; SIX PANAMAX CHARTERS EXPIRE BETWEEN JANUARY 2020 AND DECEMBER 2021. *IN ADDITION FIVE CAPE SIZE VESSELS HAVE FLOOR / CEILING CONTRACTS FOR 2019 AND 2020



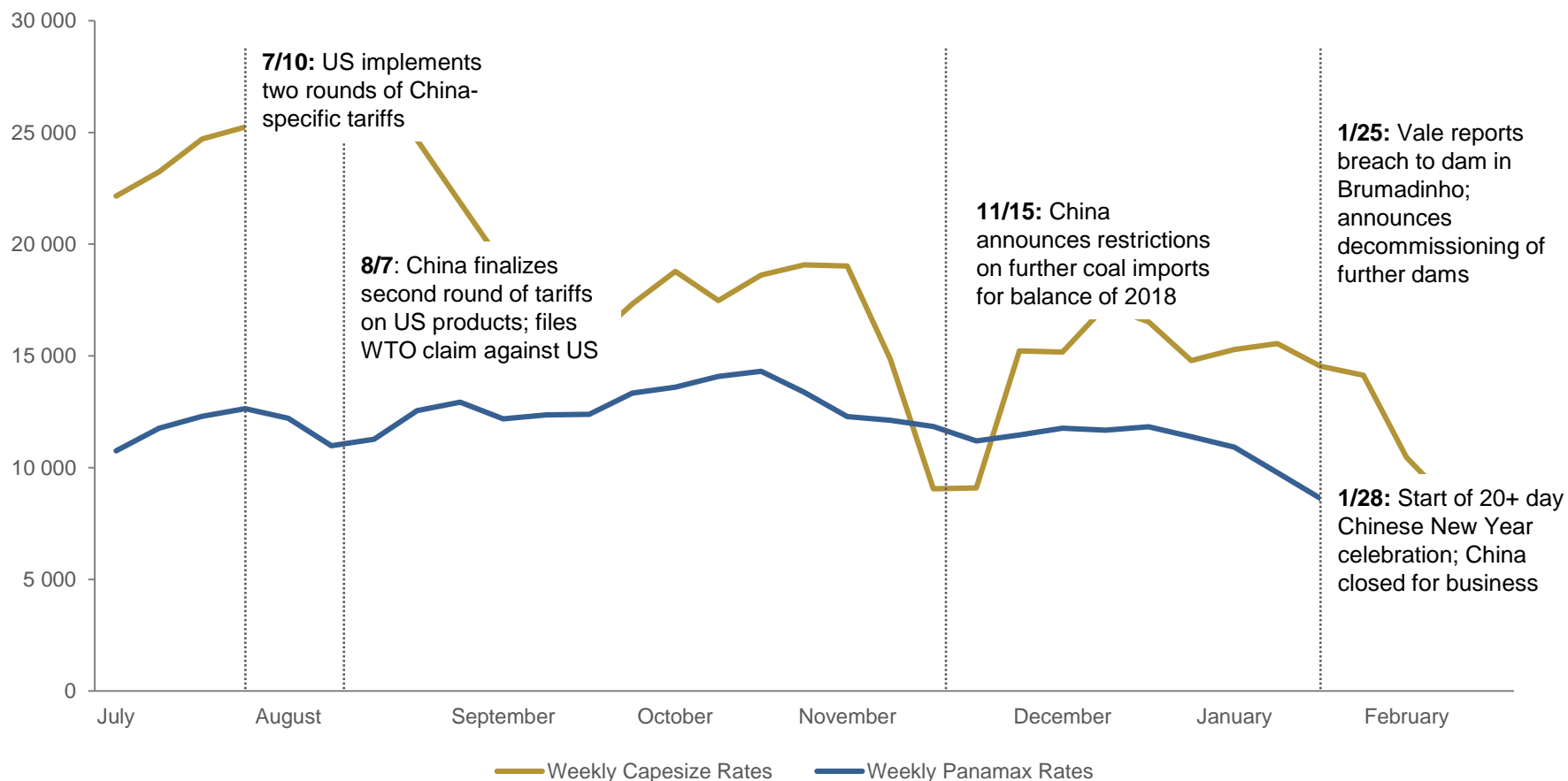
GOLDEN OCEAN™

DRY BULK MARKET UPDATE

NEAR TERM MARKET OUTLOOK

A confluence of factors have increased uncertainty and created market headwinds

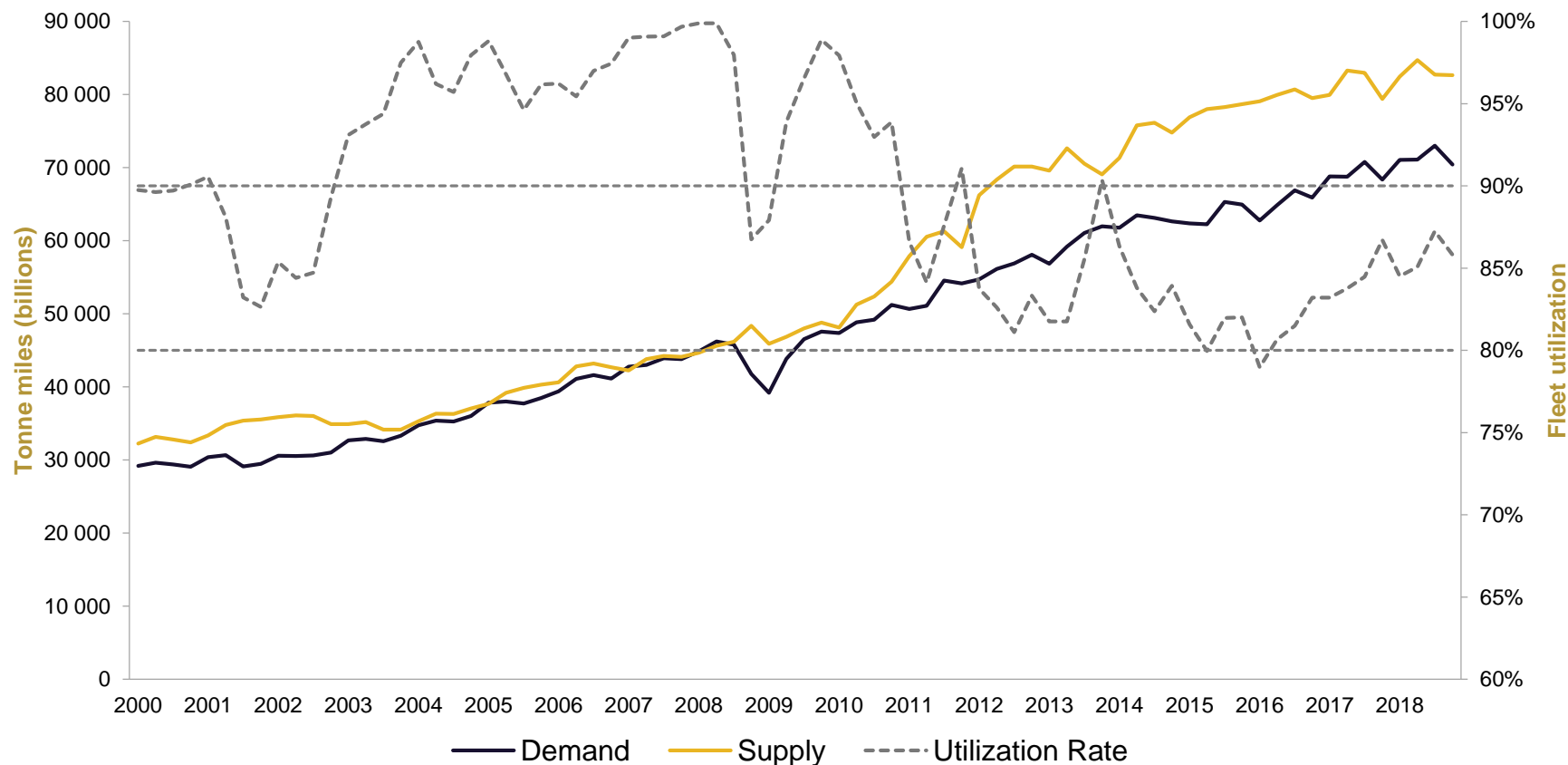
WEEKLY DRY BULK SHIPPING RATES – Q3 2018 TO PRESENT



DRY BULK SUPPLY / DEMAND & UTILIZATION

Utilization declined to ~86% in the fourth quarter due to trade tensions and caps on Chinese coal imports

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

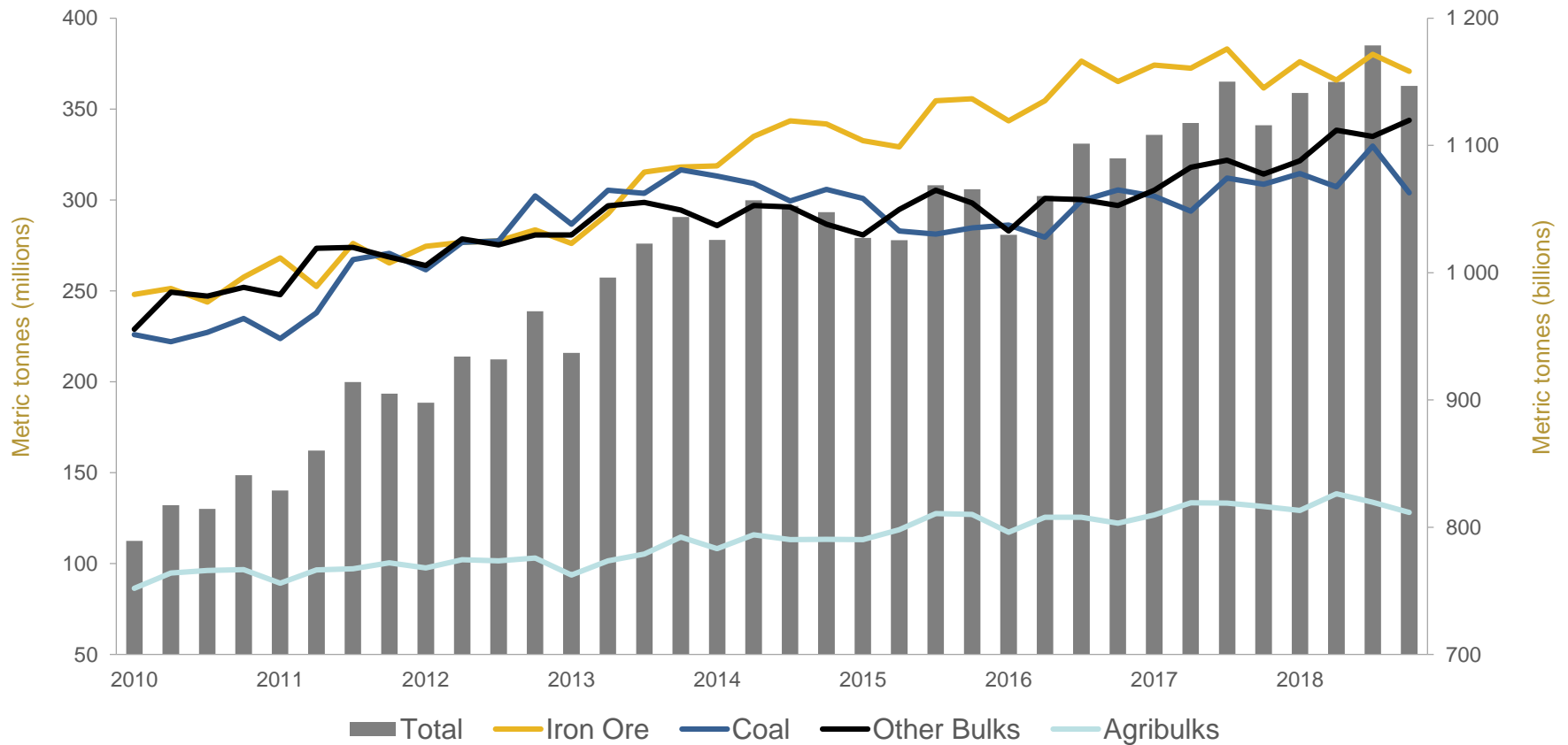


ANNUAL GROWTH IN SEABORNE TRADE CONTINUES



Total global dry bulk trade pulled back after reaching record levels in the third quarter; good growth year over year

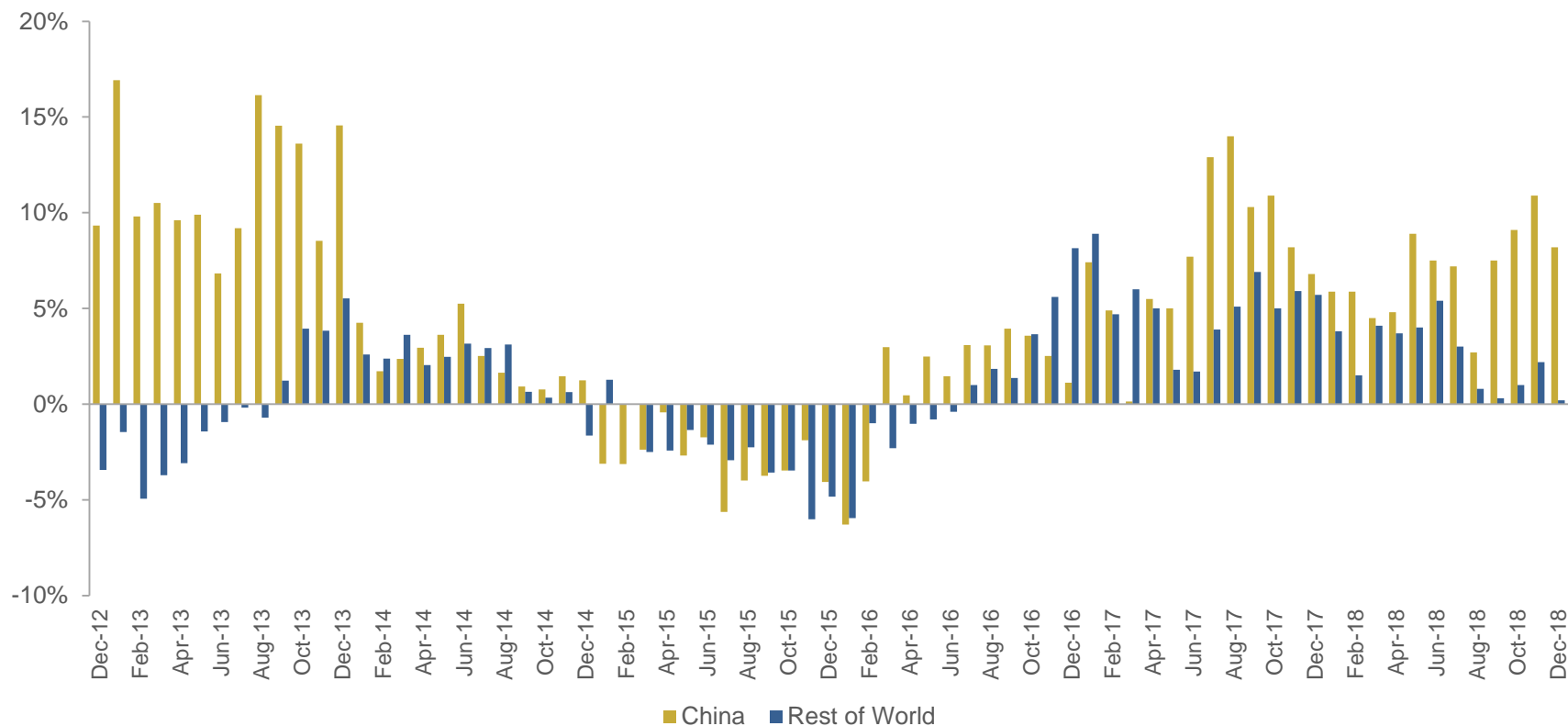
SEABORNE TRADE OF DRY BULK COMMODITIES (*MAJOR IMPORTERS*)



WORLD STEEL PRODUCTION TRENDS

Chinese steel production remained strong, while the rest of the world was unchanged year over year

ANNUAL CHANGE IN STEEL PRODUCTION

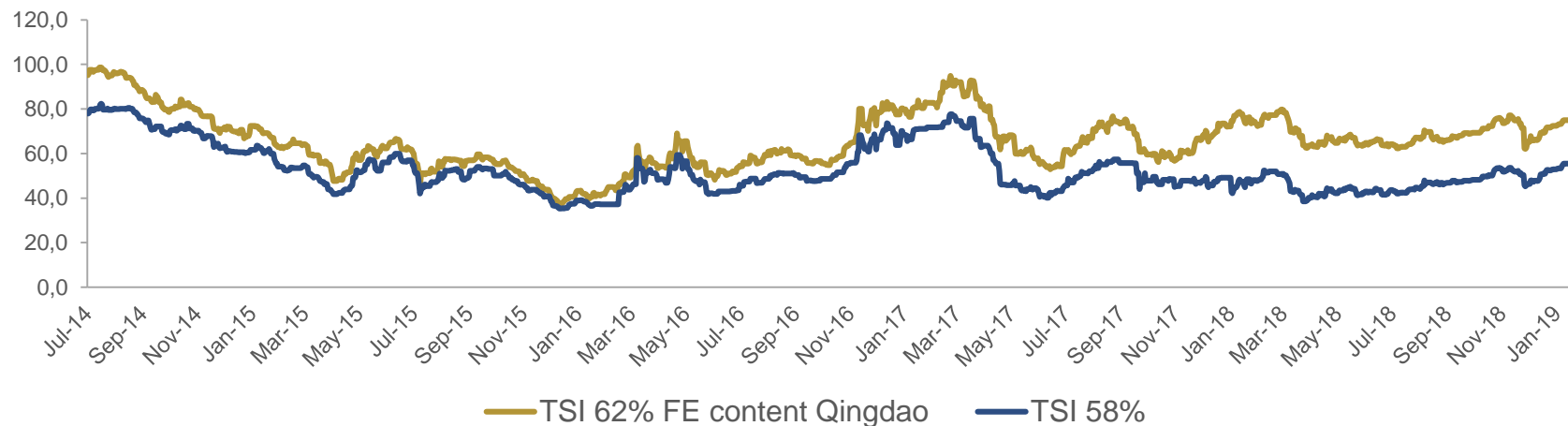


IRON ORE PRICES STEADY UNTIL JANUARY; HIGHER AFTER THE VALE ACCIDENT

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

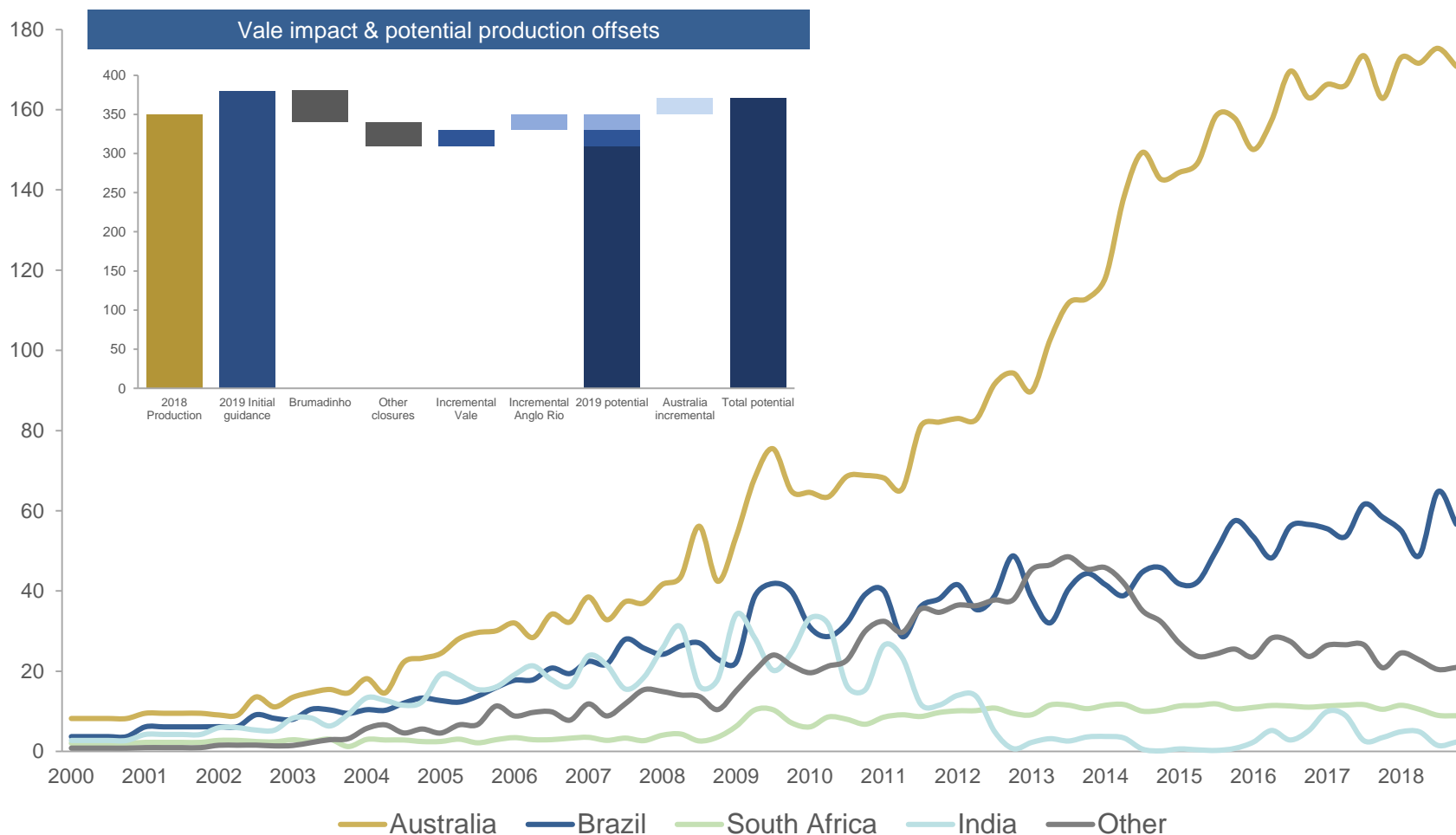


IRON ORE PRICE DIFFERENTIALS



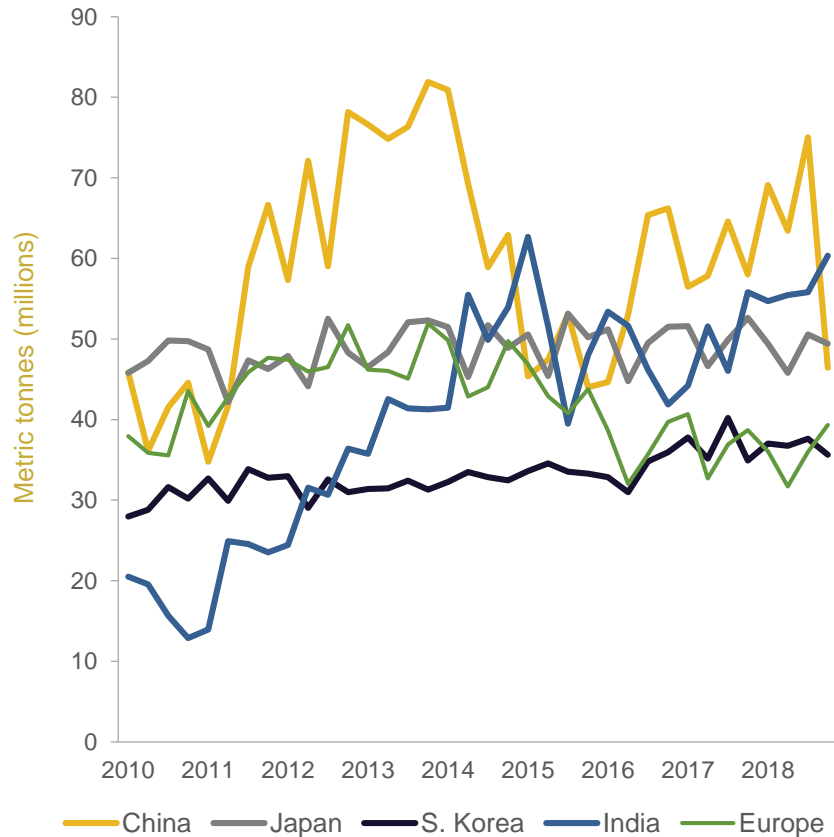
AUSTRALIA AND BRAZIL REMAIN MAJOR IRON ORE EXPORTERS

QUARTERLY EXPORTED IRON ORE VOLUMES PER COUNTRY

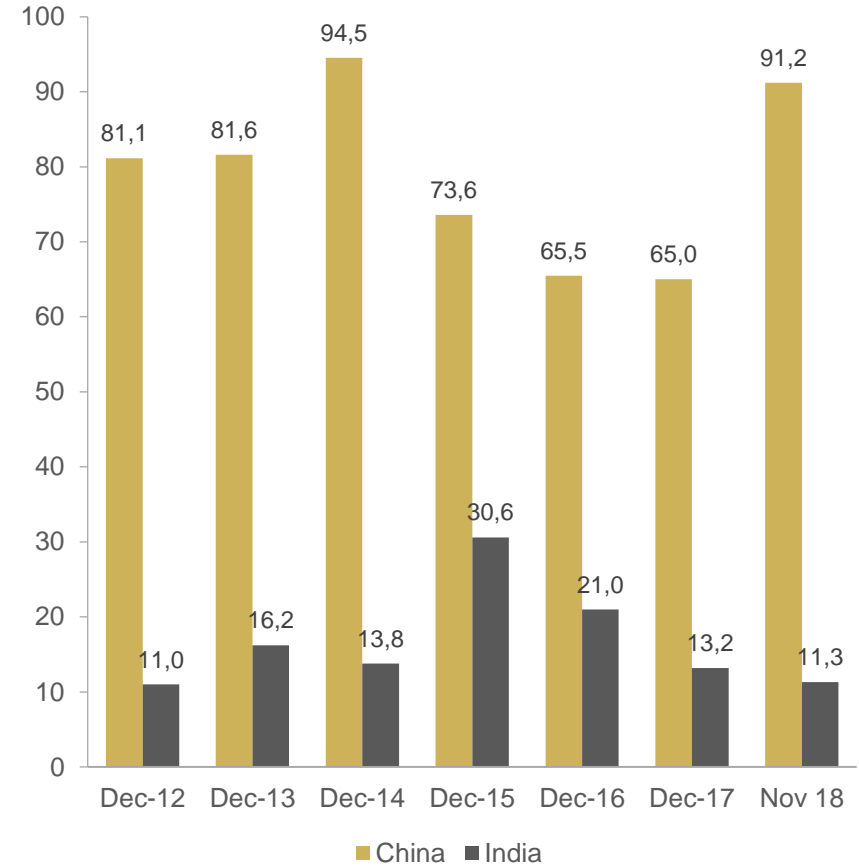


COAL DEMAND REMAINS HIGH, BUT IMPORT RESTRICTIONS IN CHINA NEGATIVELY IMPACTED THE FOURTH QUARTER

COAL IMPORTS BY MAJOR IMPORTERS

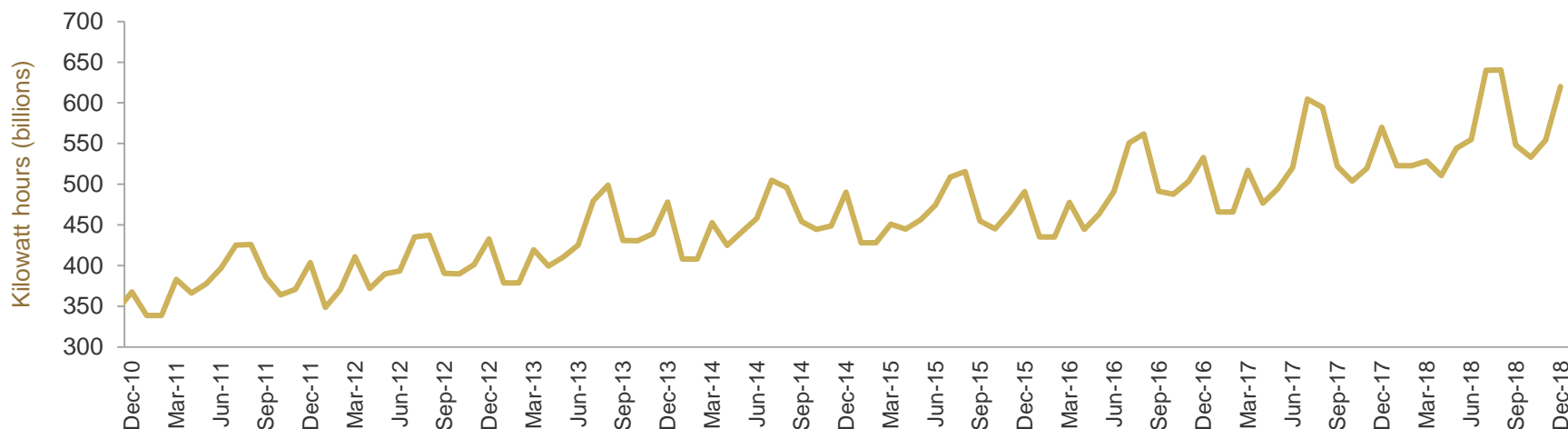


CHINA AND INDIA COAL INVENTORIES

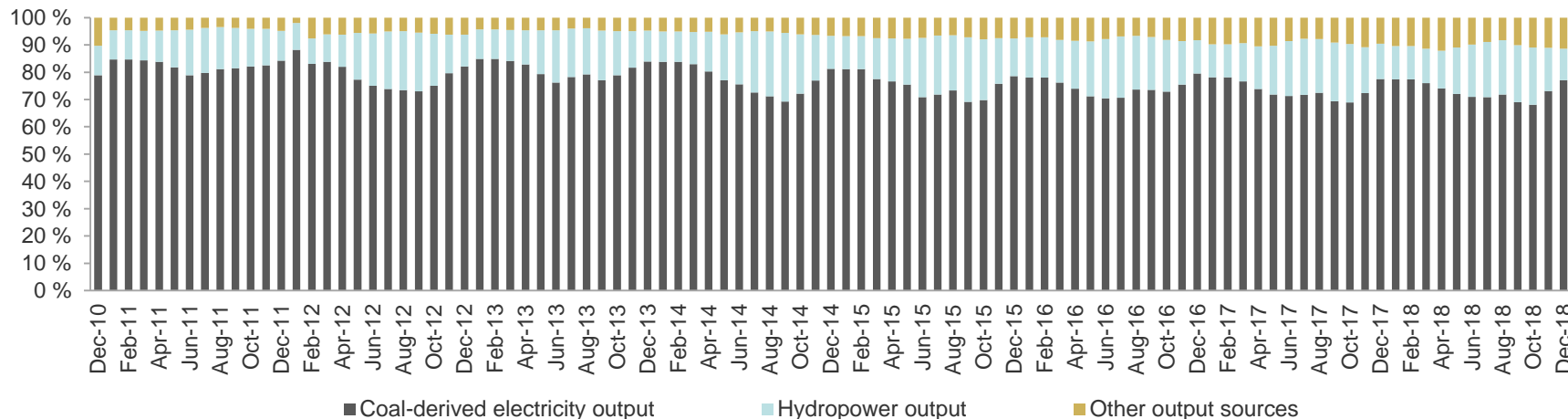


CONTINUED YEAR OVER YEAR GROWTH IN ELECTRICITY CONSUMPTION SUPPORTS COAL DEMAND

CHINESE ELECTRICITY OUTPUT

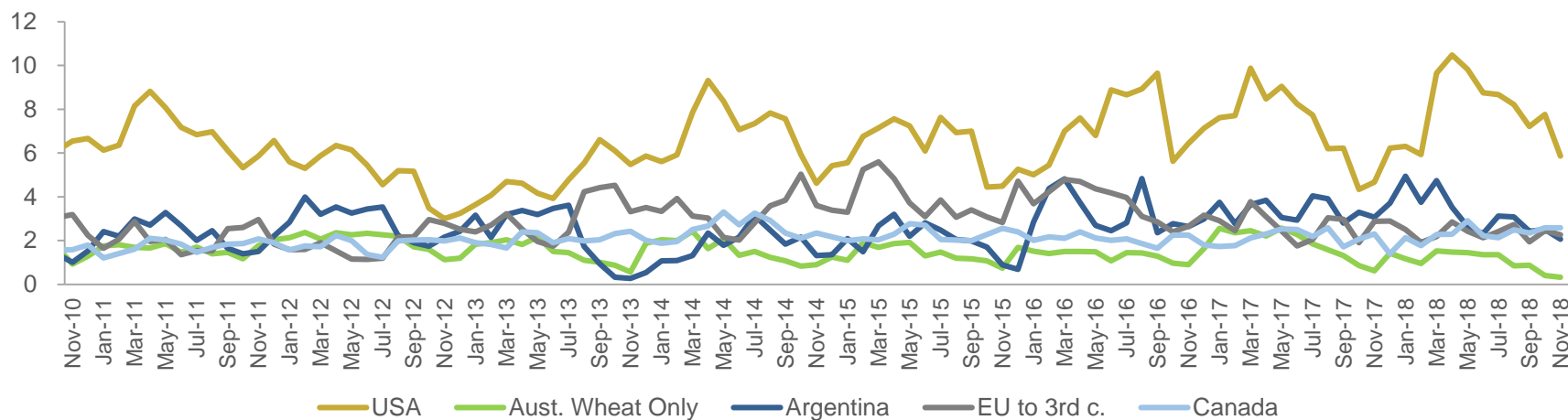


CHINESE ELECTRICITY OUTPUT BY SOURCE

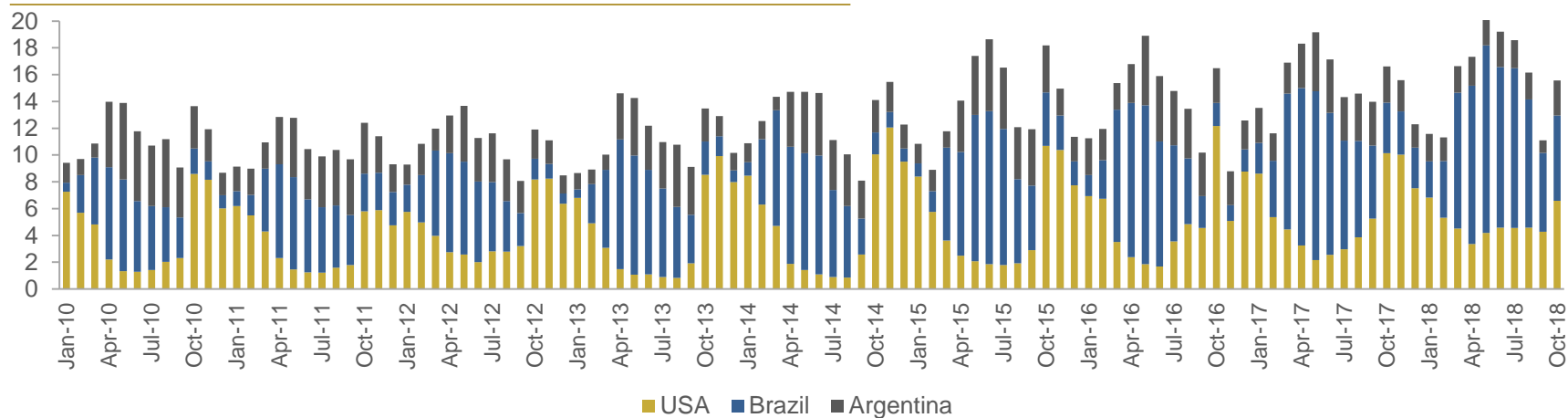


U.S. GRAIN EXPORTS WERE SIGNIFICANTLY DISRUPTED BY TRADE TENSIONS

GRAIN EXPORTS BY SOURCE

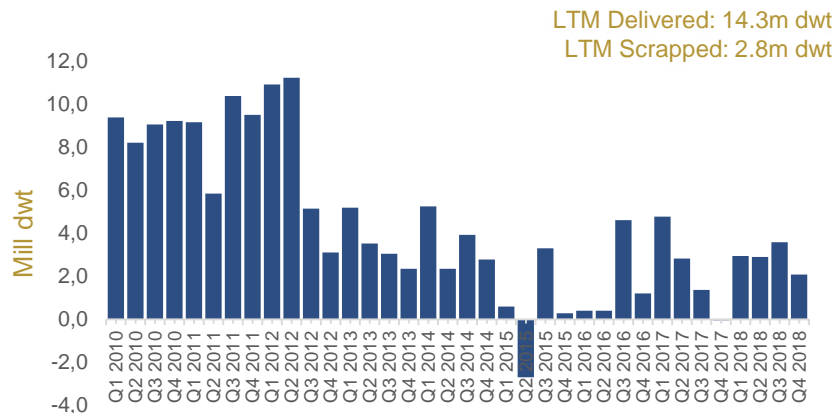


SOYBEAN AND SOYBEAN MEAL EXPORTS BY SOURCE

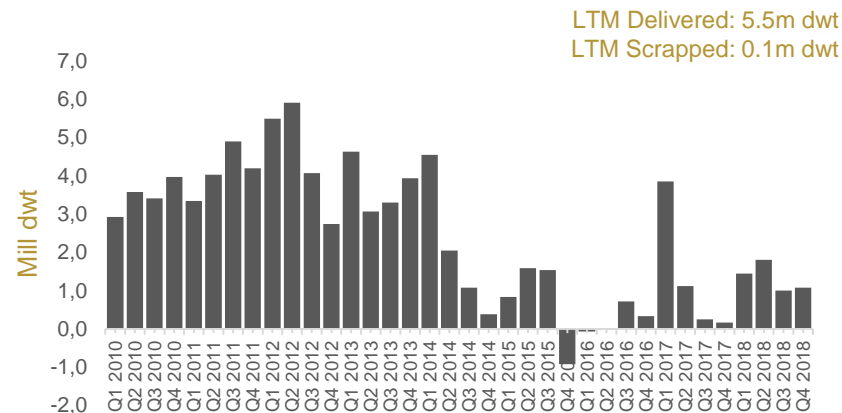


FLEET GROWTH DECLINED GOING INTO THE END OF THE YEAR

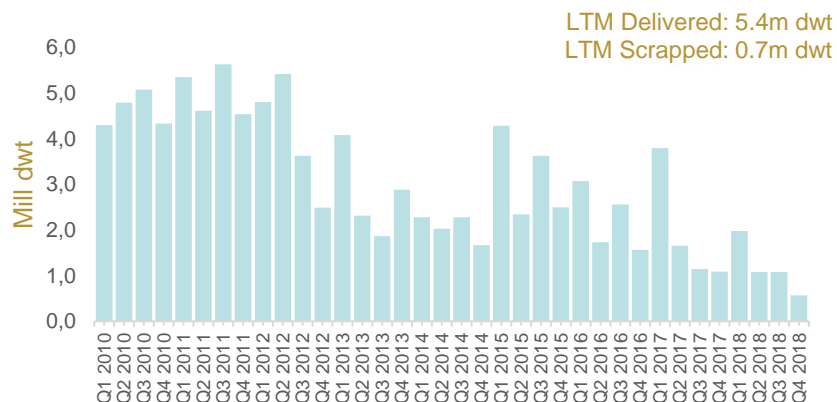
CAPE SIZE



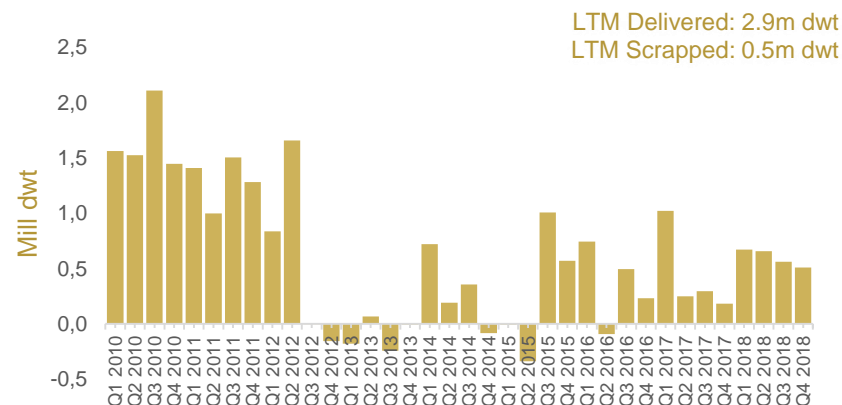
PANAMAX / POST-PANAMAX



HANDYMAX / SUPRAMAX



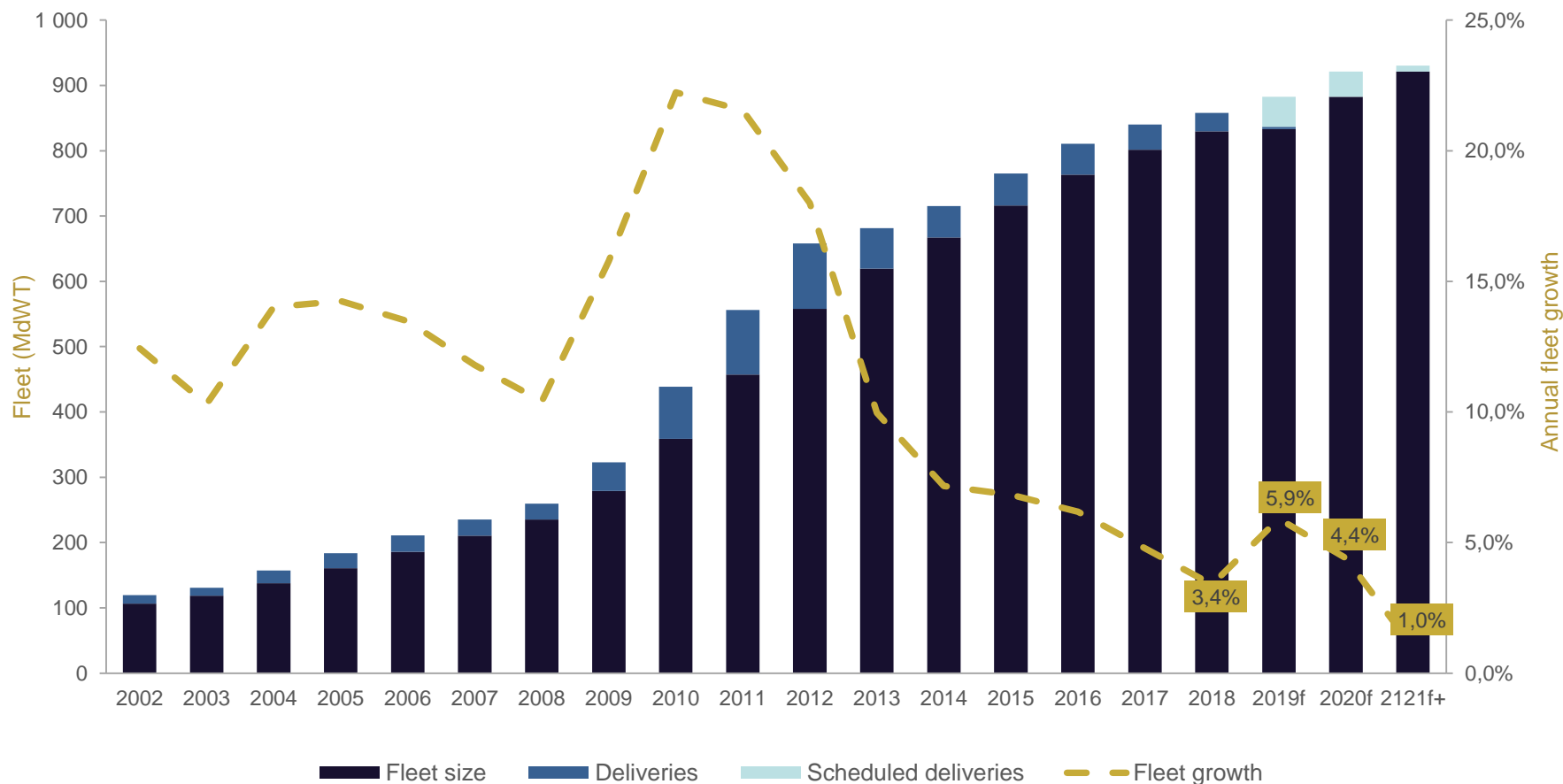
HANDYSIZE



PROJECTED FLEET GROWTH IS MODERATE VERSUS HISTORICAL LEVELS

Some 2018 deliveries pushed out to 2019; further orderbook slippage and scrapping ahead of regulations is expected to have a moderating effect

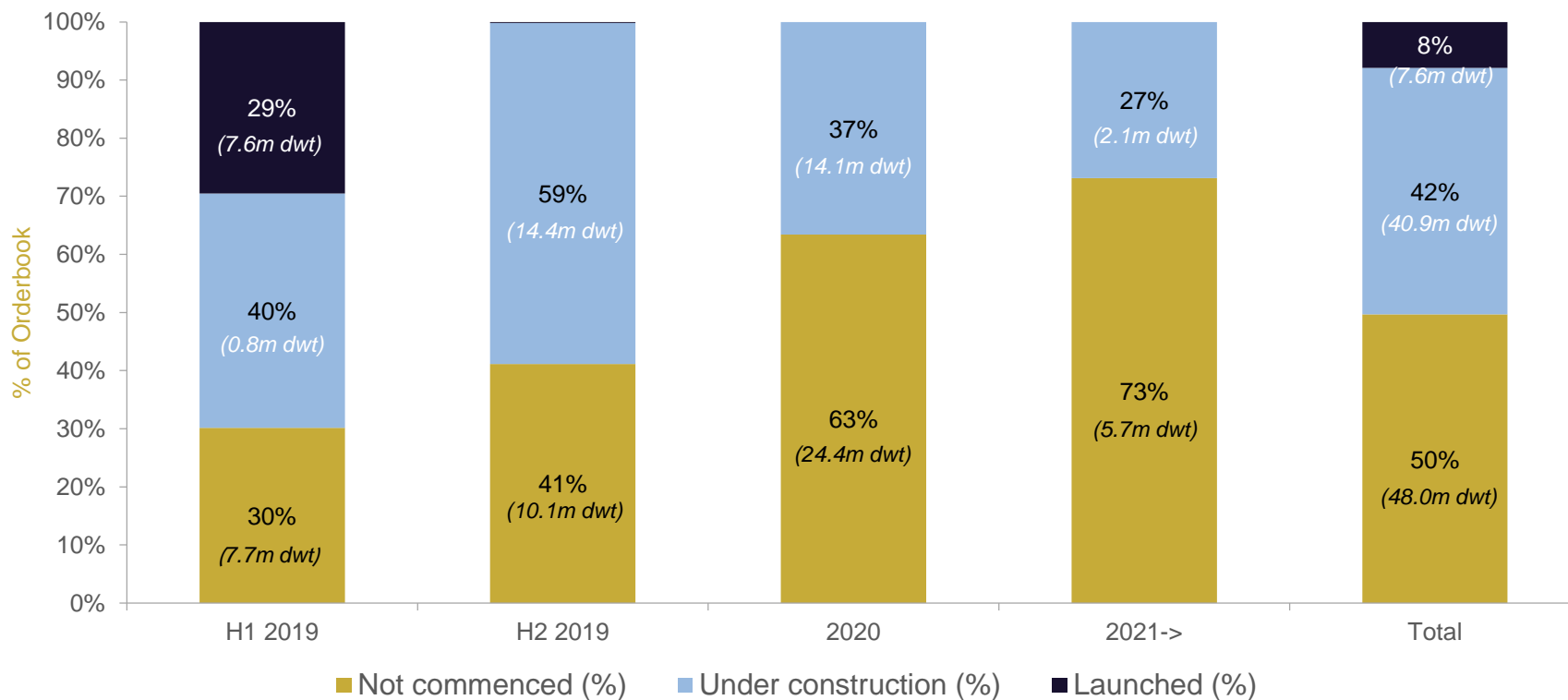
FLEET GROWTH (ASSUMES NO SCRAPPING OR NEW ORDERING)



DOWNSIDE CASE FOR SUPPLY GROWTH

Continued slippage is expected as ~36% of vessels scheduled for delivery in 2019 have not even commenced construction

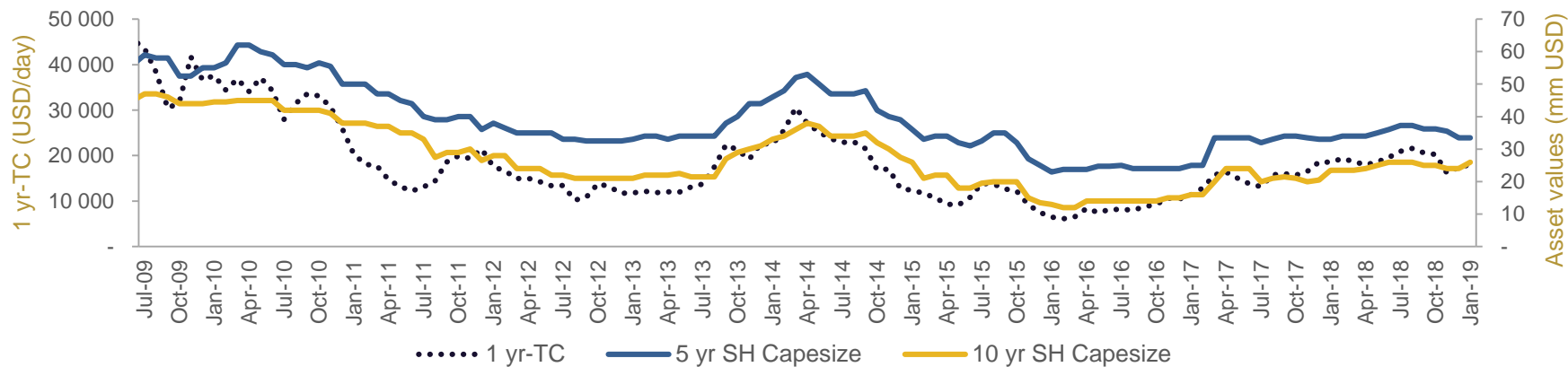
STATUS OF ORDERBOOK



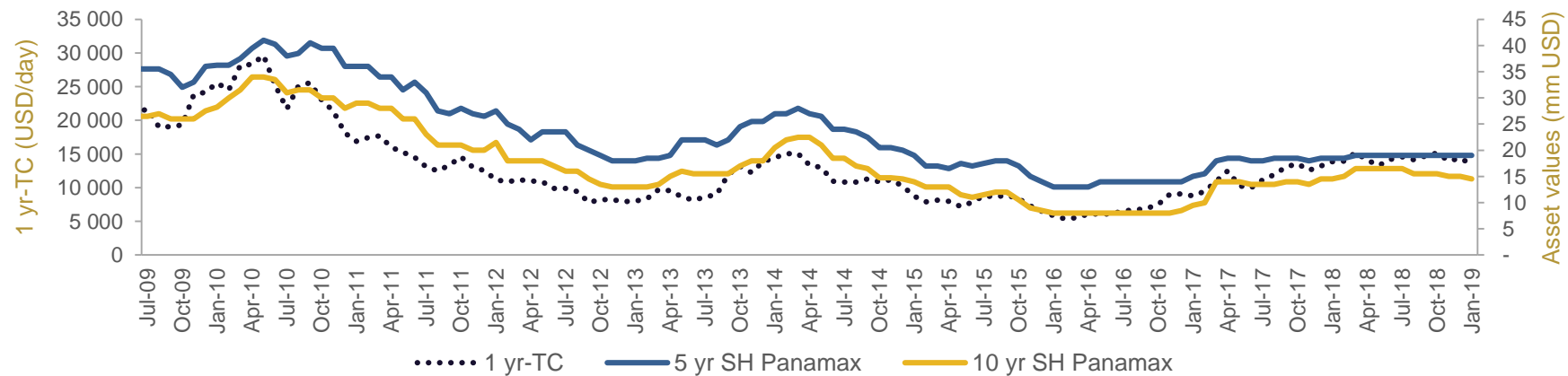
S&P PRICES ACTIVITY REMAINS LIMITED



CAPE SIZE VALUES AND EARNINGS



PANAMAX VALUES AND EARNINGS





GOLDEN OCEAN™

OUTLOOK AND STRATEGY

HIGHLY VOLATILE MARKET NOT IMMUNE TO TRADE TENSIONS AND SHORT TERM DISRUPTIONS



UPSIDE POTENTIAL

- Disruption in Brazilian iron ore production offset by incremental production in Brazil and Australian
- Easing of trade tensions removes significant uncertainty and also brings US soybean trade back to normal levels
- Coal imports to China rebound as restrictions are lifted and imports to India continue to grow
- China implements additional stimulus measures to support growth and/or offset potential impact of tariffs
- Older vessels are scrapped ahead of investments required to meet BWTS and sulphur emissions regulations
- New ordering activity declines due to current weak market environment and uncertainty of trade tensions

DOWNSIDE RISKS

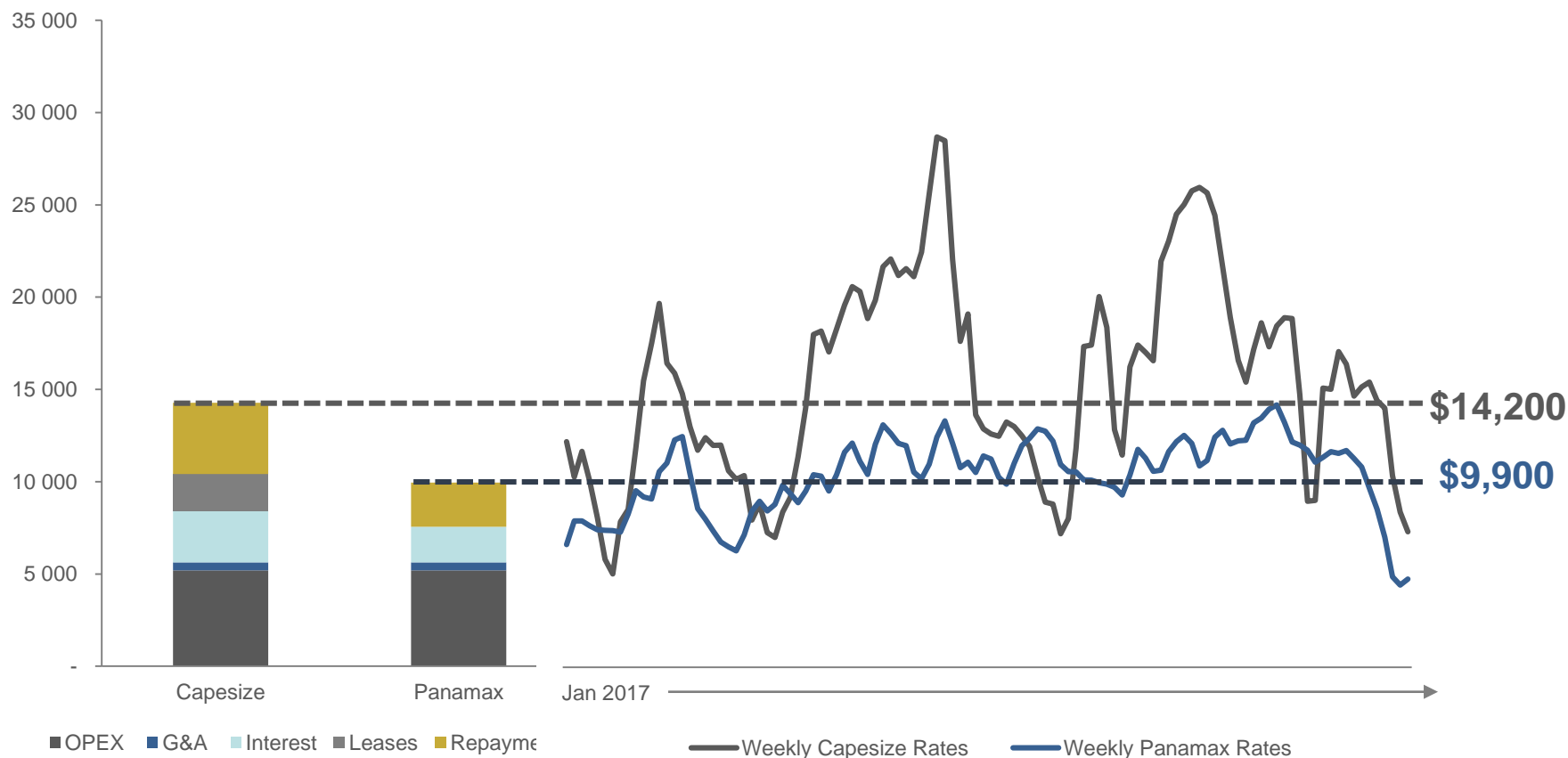
- Reduced iron ore volumes from Brazil are not offset, or by Australian exports, reducing total seaborne volume and distance
- Unresolved trade tensions cause global trade to slow
- Increased use of scrap steel and continued draw down of iron ore inventories in China
- Lower steel margins impact import vs domestically produced volumes
- Economic activity decreases in China, leading to lower consumption of steel and energy
- Slippage removed from the orderbook and fleet size grows materially
- Valemax share of order book increases market volatility

COMPETITIVE CASH COST DRIVE EARNINGS AND PROTECTS DOWNSIDE



- Fully-burdened Opex includes dry docking and management fees
- G&A net of management fees are estimated to be approximately \$450 per day on a fleet of 77 vessels
- Average margin above LIBOR on bank financing is competitive at ~2.3% and 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



GOLDEN OCEAN™

QUESTIONS & ANSWERS

THANK YOU FOR YOUR ATTENTION!



GOLDEN OCEAN™