



GOLDEN OCEAN™

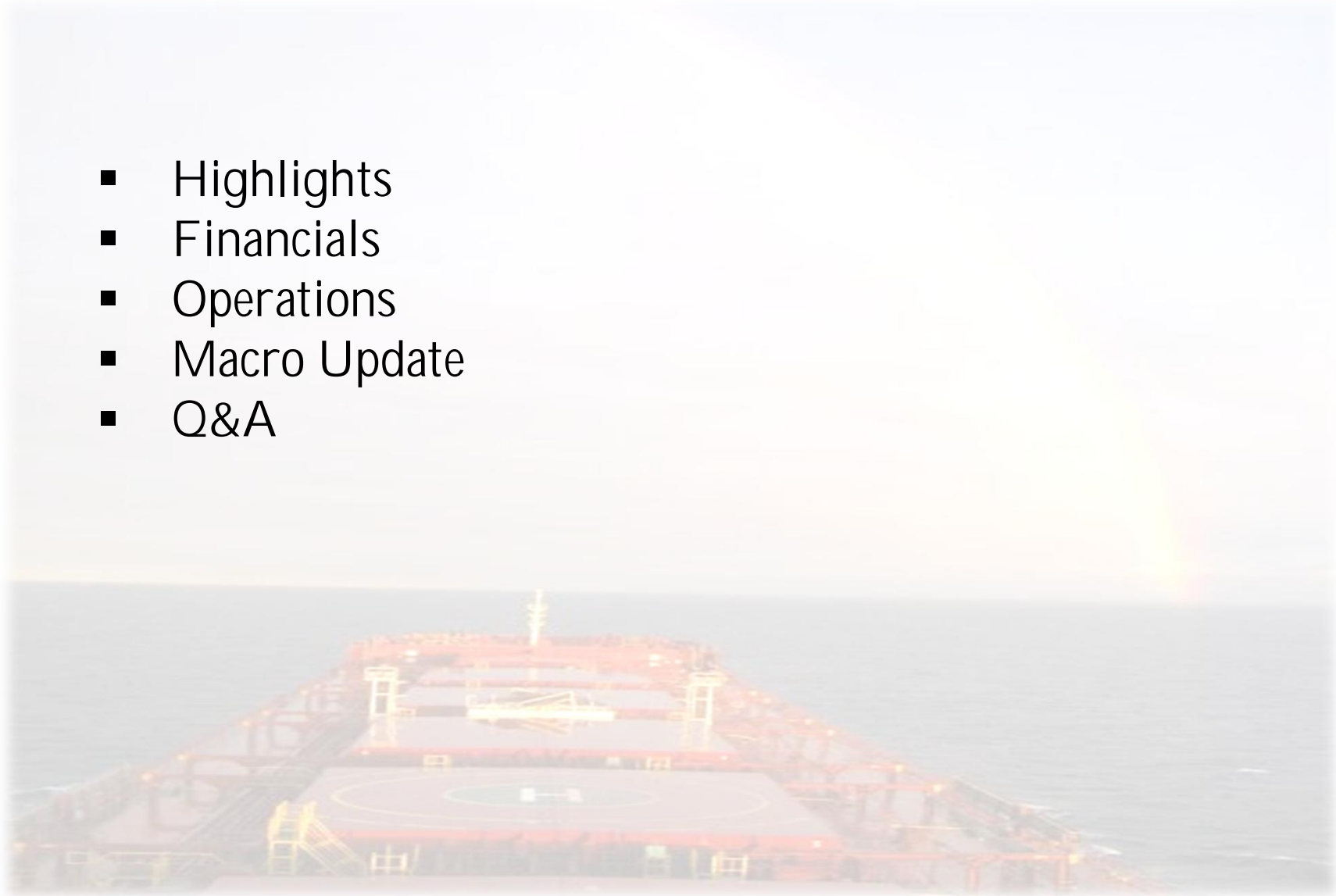
Results Q4 - 2013

February 25, 2014

Agenda



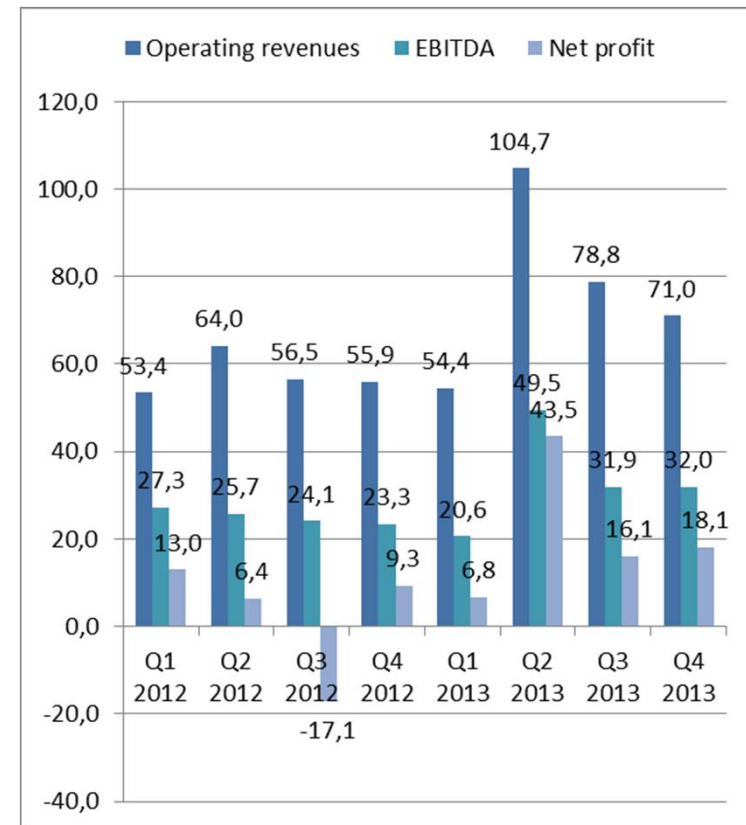
- Highlights
- Financials
- Operations
- Macro Update
- Q&A



Highlights



- GOGL results Q4 2013
 - EBITDA: \$32.0 million
 - Profit: \$18.1 million
 - Earnings per share: \$0.04
- GOGL results 2013
 - Profit: \$ 84.5 million
- GOGL declares a dividend of \$0.025 for Q4 2013
- Received \$14.1 million up-front payment from one charterer
- GOGL issued a \$200 million Convertible Bond in January 2014
- GOGL purchased three 2012-built kamsarmax vessels in February 2014





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Financials

Per Heiberg, Acting CFO Golden Ocean Management AS

Profit & Loss



Key figures:

(in thousands of \$)

	2013 Oct-Dec	2013 Jul-Sep
Operating revenue	70 998	78 764
Vessel voyage expenses	-14 809	-21 063
Vessel operating expenses	-11 882	-12 260
Charter hire expenses	-15 306	-16 063
Administrative expenses	-2 604	-3 013
Depreciation and amortisation	-10 031	-9 814
Other gain/ (losses net)	5 578	5 495
Operating profit	21 945	22 046
Interest income	207	374
Interest expense	-4 954	-4 807
Interest swap	651	-2 420
Other financial items	434	929
Taxation	-174	0
Profit for the period	18 108	16 122
Profit attributable to:		
Owners of the parent	17 985	15 407
Non-controlling interest	122	715
Profit for the period	18 108	16 122

- Operating revenues down due to lower activity on trading, which is partly off set by higher market rates on owned vessels trading spot
- Voyage related expences and charter hire expences correspondingly lower
- Opex slightly lower
- Other gain is unchanged. Profit on FFA and bunkers is down, but profit from Joint Ventures is up. The latter includes the profit from sale of Golden Azalea.
- Positive MtM change on interest rate swaps
- Profit for the period 2 mill higher than in Q3

Balance Sheet



(in thousands of \$)	2013 Dec 31	2012 Dec 31
ASSETS		
Vessels and equipment, net	667 788	611 517
Vessels held under finance leases, net	130 795	140 217
Vessels under construction	16 144	116 082
Investment in Joint Venture	17 419	1 248
Other assets	11 323	8 026
Total non-current assets	843 469	877 090
Cash and cash equivalents	98 841	112 537
Trade receivables and other current assets	36 270	20 427
Refundable installments for cancelled newbuildings	192 976	100 325
Available-for-sale financial assets	16 916	-
Total current assets	345 002	233 289
Non-current assets held for sale		
Total assets	1 188 471	1 110 379
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	44 726	44 726
Additional paid in capital	99 156	99 156
Other reserves	23 551	16 635
Retained earnings	457 823	377 288
Non-controlling interest	1 108	491
Total Equity	626 364	538 296
Long term debt	319 605	324 432
Obligations under finance leases	110 416	118 055
Other long term liabilities	1 903	2 205
Total non-current liabilities	431 924	444 693
Current Liabilities		
Long-term debt - current portion	84 414	68 733
Obligations under finance leases – current portion	7 370	6 837
Other current liabilities	38 399	51 820
Total current liabilities	130 183	127 390
Total liabilities and shareholders' equity	1 188 471	1 110 379

- Vessels and equipment increased by delivery of Golden Diamond
- Vessels under construction contain only payments on Supramaxes
- Investment in Joint Ventures reduced by sale of Golden Azalea and financing of Golden Opus
- Payment on Jinhaiwan contracts classified as short term receivables
- Financial assest include shares in KLC and Greenship
- Debt on cancelled contracts classified as short term

Equity ratio ~ 52,7 %



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Operations

Per Heiberg, Acting CFO Golden Ocean Management AS

Vessels: Deliveries and charters



- Golden Diamond, the second vessel bought from Pipavav in May 2013, was delivered to the Company in October 2013
- Golden Azalea, a 2010 built Handysize owned in a JV together with a cargo owner was sold and delivered to new owner in November 2013
- In December 2013 the Company received \$14.1 million in prepayment of hire from one charterer relating to three vessels
- In February 2014 the Company purchased three 2012 Korean built 81,500 dwt Kamsarmaxes in an enblock transaction. The vessels will be delivered to the Company during April 2014
 - One on index +13% until Q2-2016
 - One on Time Charter until Q4-2014 at 15,881 \$/d net
 - One will be open at the end of June 2014

Open positions on sailing vessels



Capesize exposure - Sailing vessels Core Fleet*

	2014	2015	2016
Total vessel days	2 176	2 459	2 466
Open vessel days	1 805	2 456	2 462
Open position (%)	83 %	100 %	100 %
Average net rate on fixed days	19 557	na	na
No of vessels	8	8	8

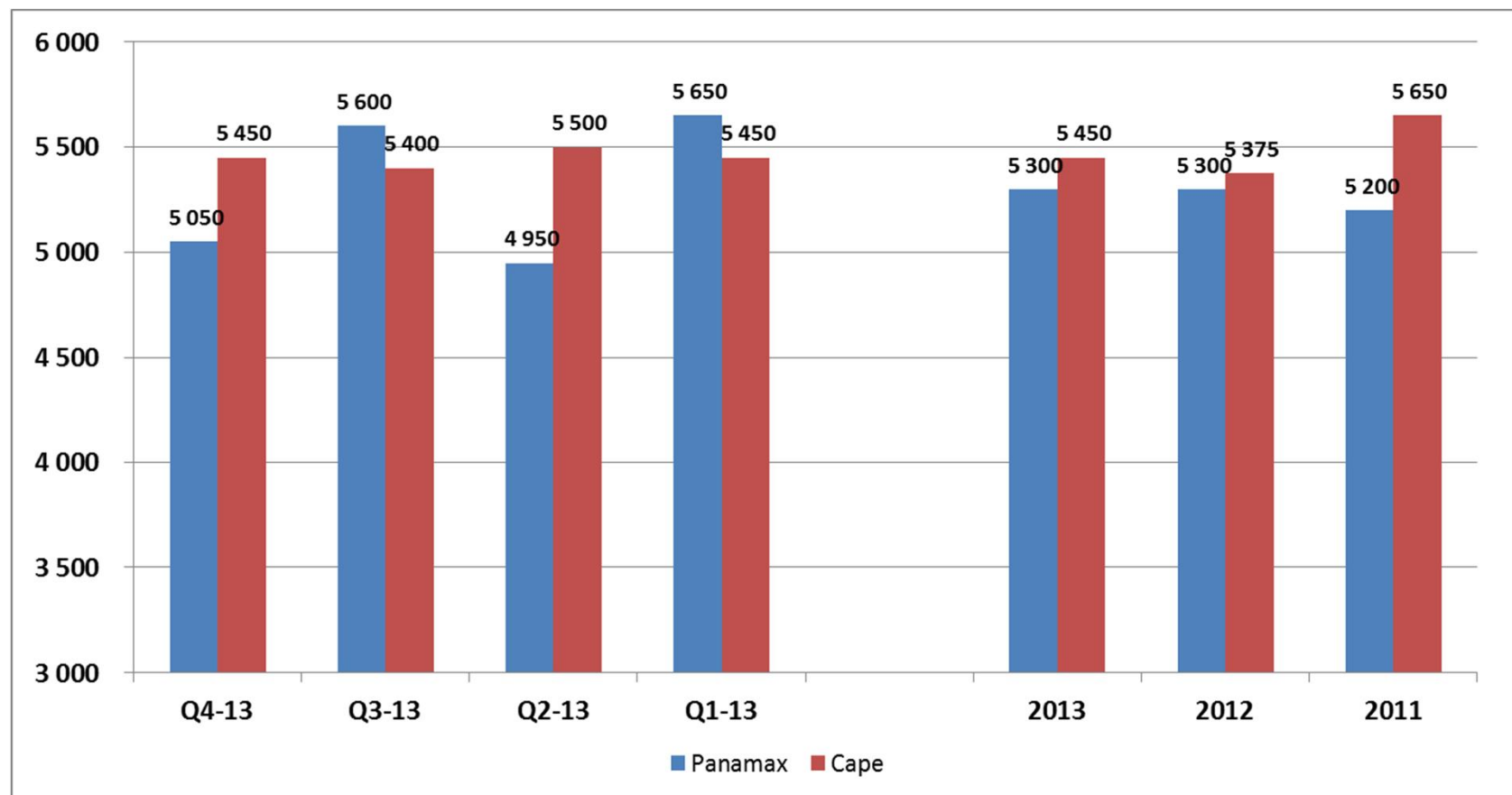
Panamax exposure - Sailing vessels Core Fleet**

	2014	2015	2016
Total vessel days	7 011	7 909	7 509
Open vessel days	4 177	5 503	5 359
Open position (%)	60 %	70 %	71 %
Average net rate on fixed days	17 843	20 808	21 060
No of vessels	23	23	23

* Capesize: MV Golden Magnum and Golden Opus included with 50%

** Panamax: 3 new kamsarmaxes included from end April 2014

Vessel operating expenses

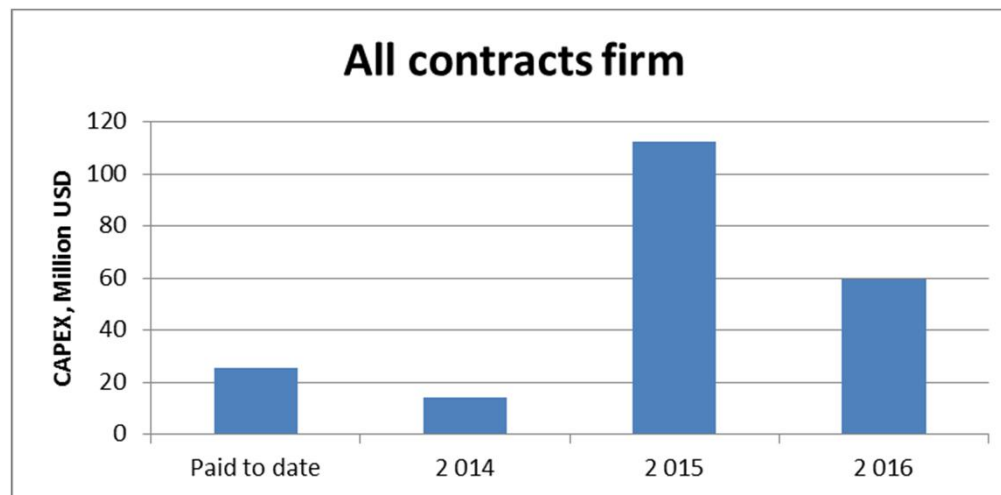


Based on 16 Panamax/Kamsarmax and 6 Capesize vessels

Newbuildings: Delivery schedule supramax vessels



Yard	Vessels	Contracted out	Open	Delivery
JMU (Japan)	2	0	2	Q1-15
Chengxi, (China)	6	0	6	Q1-Q2/2015 Q1-Q2/2016



- Total newbuilding program consist of 8 Supramaxes
- Steel cutting commenced on the JMU vessels in Q1-2014
- None of the newbuildings are financed
- Strong interest from financial institutions for financing of the vessels

- All nine contracts cancelled
 - USD 175.3 million in installments to be refunded
 - USD 43.2 million in debt on the installements

- Positive awards received on the three first contracts
 - The awards declare that the Company had the right to cancel
 - Seeking Final Award for the right to repayment

- The six other contracts are in various stages of the arbitration process. Hearing on all arbitrations will commence during Q1-2014

- The Board is confident that the Company has a strong case on all arbitrations

- The Joint Venture owning Golen Opus obtained financing of the vessel in Q4-13 and the proceeds was used to repay shareholders loan to the owners
- Greenship Bulk Trust
 - In October the Company invested USD 10 million in Greenship Bulk Trust by participation in their latest Private Placement
 - Current market value is appr. \$12.5 million
- Korea Line Corporation
 - In October KLC used their option under the rehabilitation plan to repay the long term debt. The Company received USD 1.1 million
 - The Company currently own 170,042 shares, which is booked in the Balanace Sheet at market value. Current market value of the shares is appr. \$ 4.0 million
- Convertible Bond
 - In January the Company issued a \$200 million Convertible Bond with a 5 year tenor
 - Coupon of 3,07% p.a
 - Current Conversion Price is 2.86 \$/share
 - Full dividend protection for Bond holders



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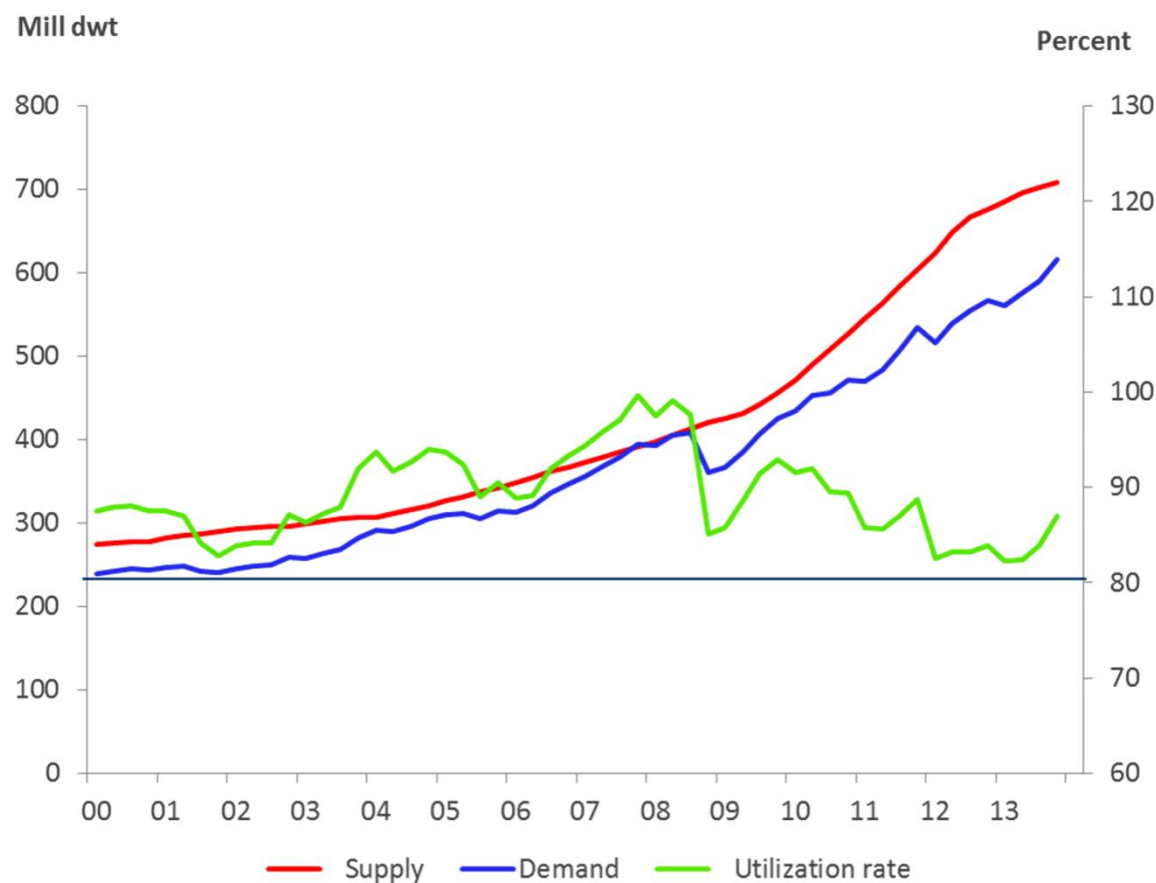
Macro Update

Herman Billung, CEO Golden Ocean Management AS

Dry Bulk Market fundamentals



Supply, demand and utilization rate - dry bulk ships 10,000 dwt +



Year	2012	2013
Deliveries (dwt)	98	59
Removals (dwt)	33	22
% change prev yr	12.4	7.9

Tonnage demand : %

Ton miles	5.3	6.9
Congestion	-0.4	0.4
Other productivity	2.4	1.9
Total tonnage demand	7.3	9.1

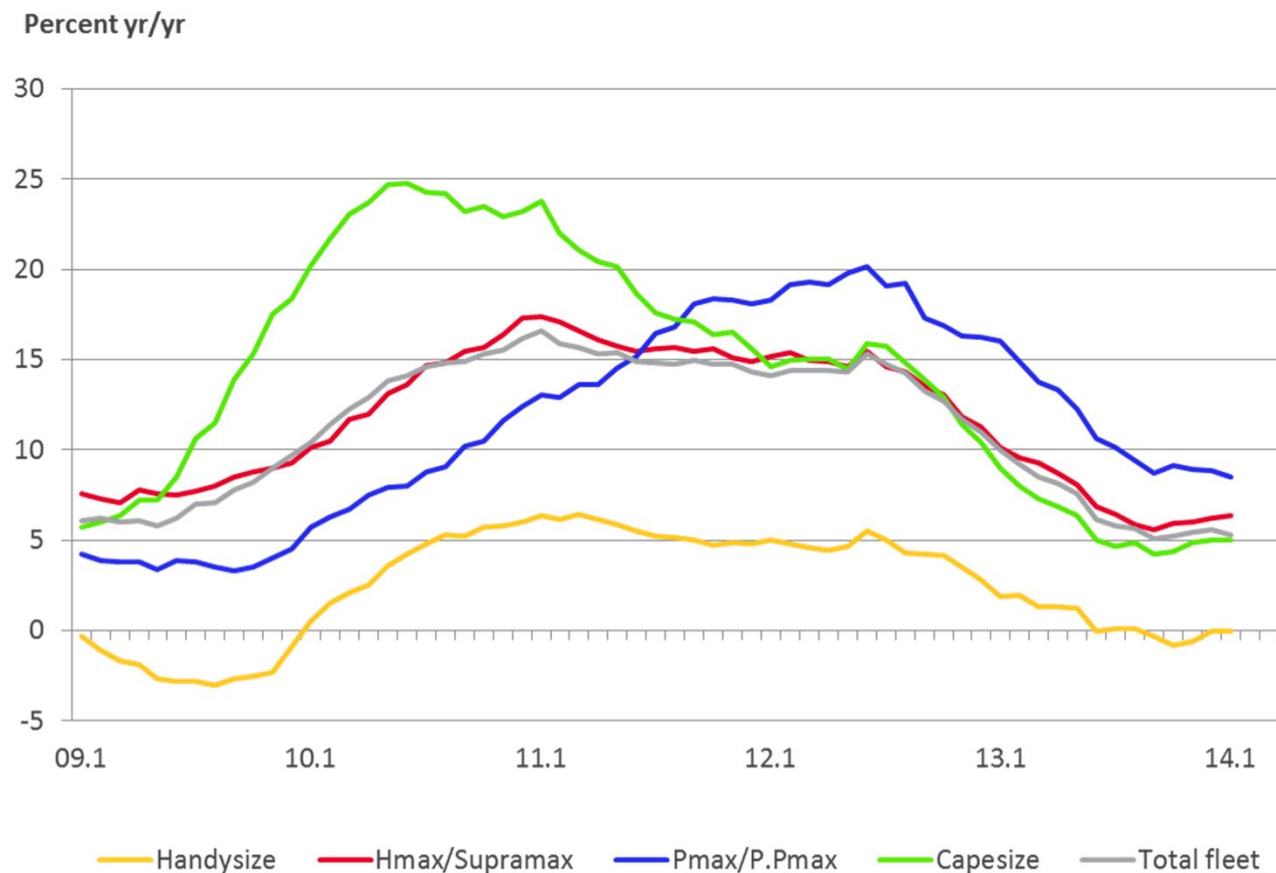
Fleet utilization rate

Yearly average in %	83.7	84.9
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The underlying fleet growth is slowing...



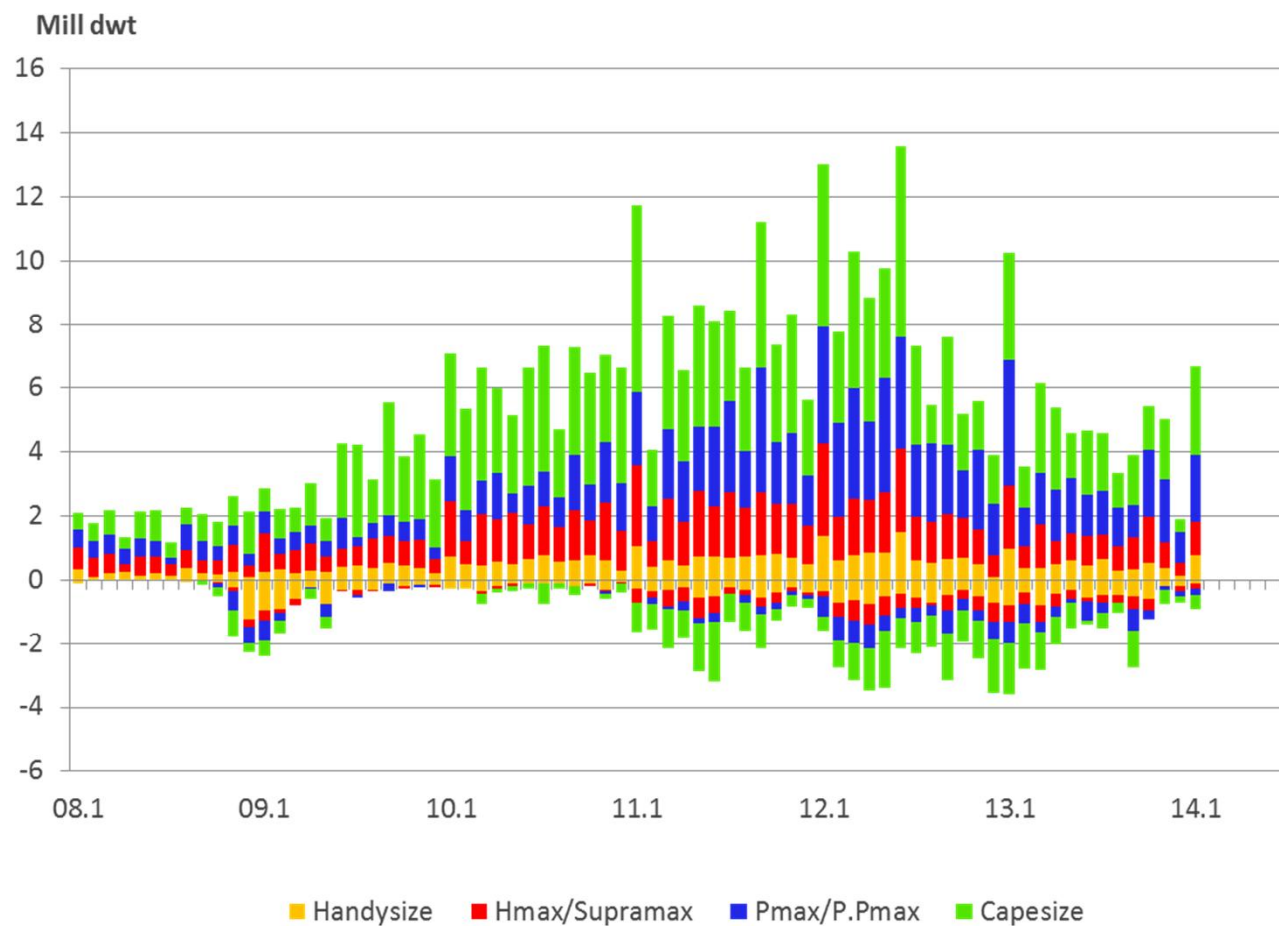
Net fleet growth by segment from 2009



Bulk Carrier fleet trend...



Deliveries and scrapping of bulk carriers



Dry Bulk fleet trend...



Deliveries, additional orders and estimated scrapping



However, despite China's overall slowing economy, China's impact on global dry bulk freight demand has never been higher than in 2013 (disregard 2009).



In 2013, China contributed roughly 83% to the increase in global dry bulk trade.

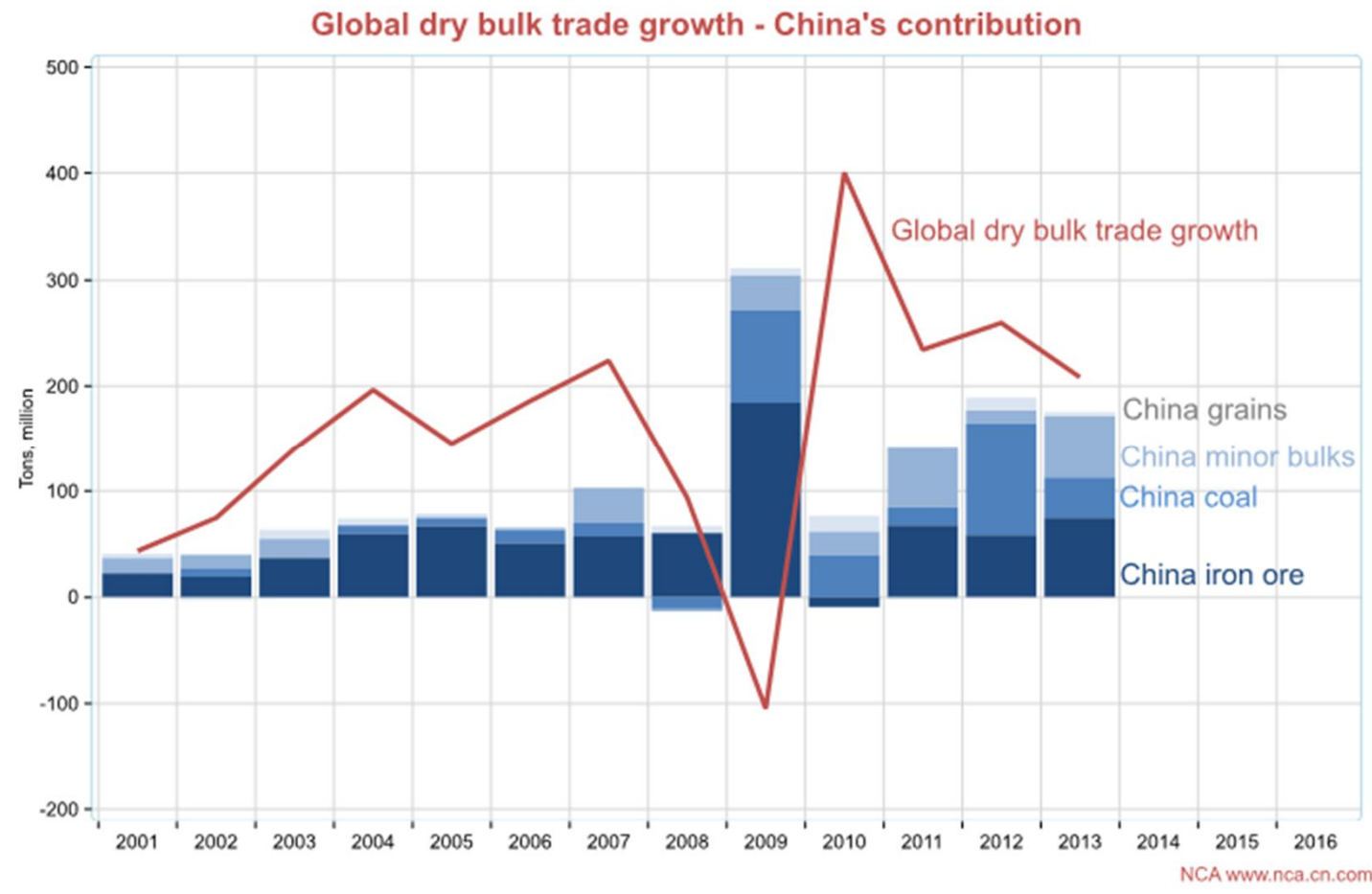
Of these volumes:

Iron ore: 36%

Coal: 18%

Minor Bunks: 27%
(short distance)

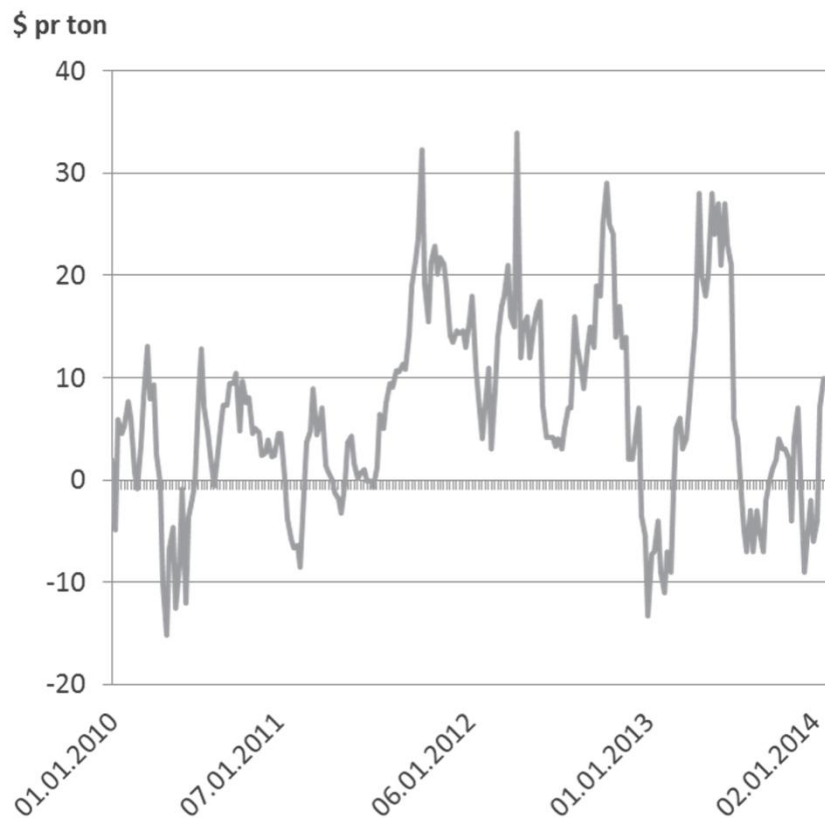
Grains: 2%



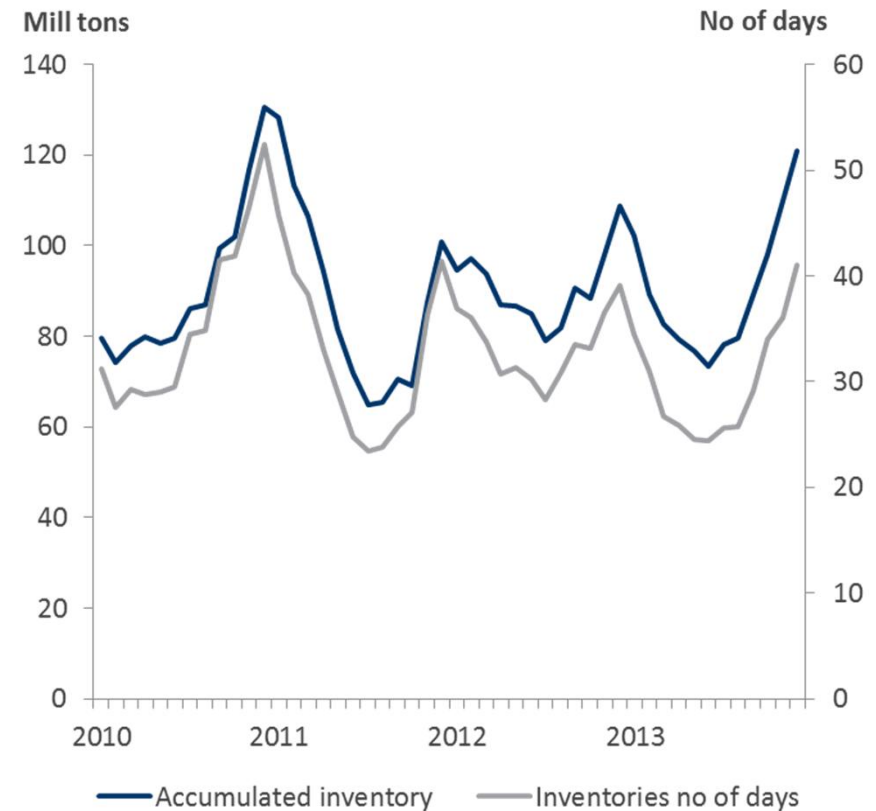
China's iron ore market



Iron ore price spread domestic China vs world market



Iron ore inventories



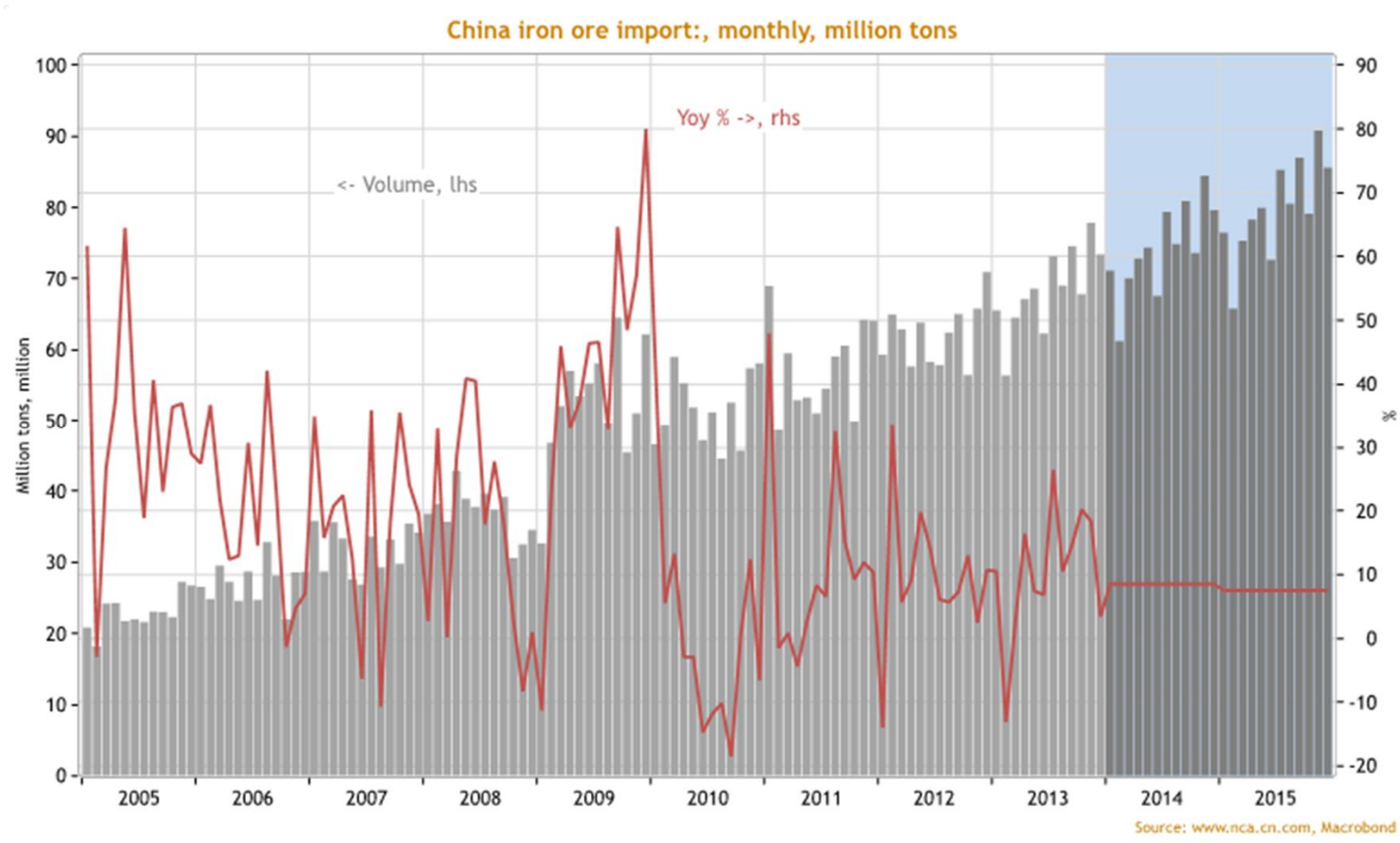
Iron ore production capacity expansion



Likely increase in iron ore production capacity as of January 1, 2014 – mill tons per year

	Australia	Brazil	Other	Total
2013	51	0	10	61
2014	55	20	5	80
2015	50	30	7	87
2016	55	40	15	110
2017	50	40	12	102

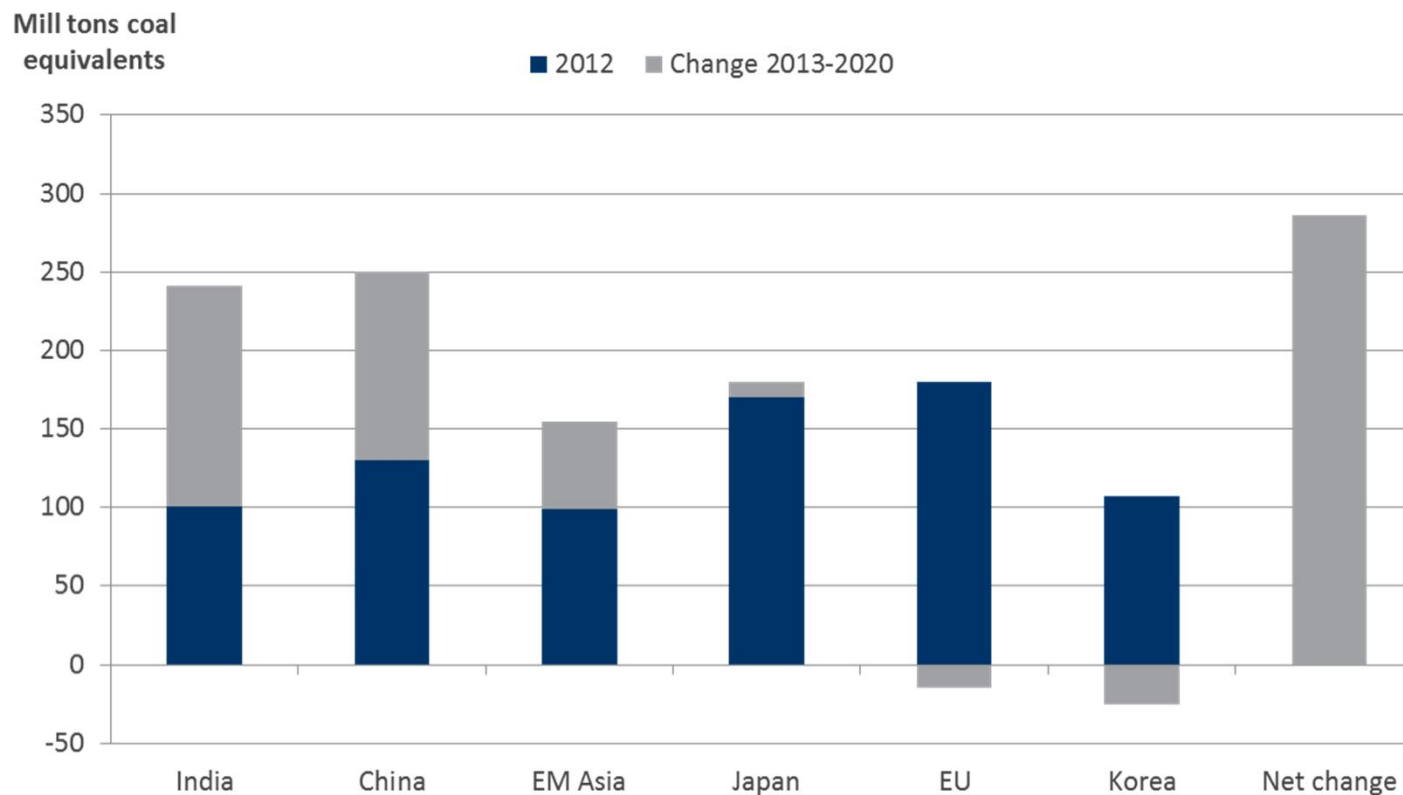
Despite a slow growth in China's steel production in 2014 and 2015, we expect iron ore imports to be strong; growing 8.5% in 2014 (reaching 890 million tons) and 7.5% in 2015.(reaching 960 million tons)



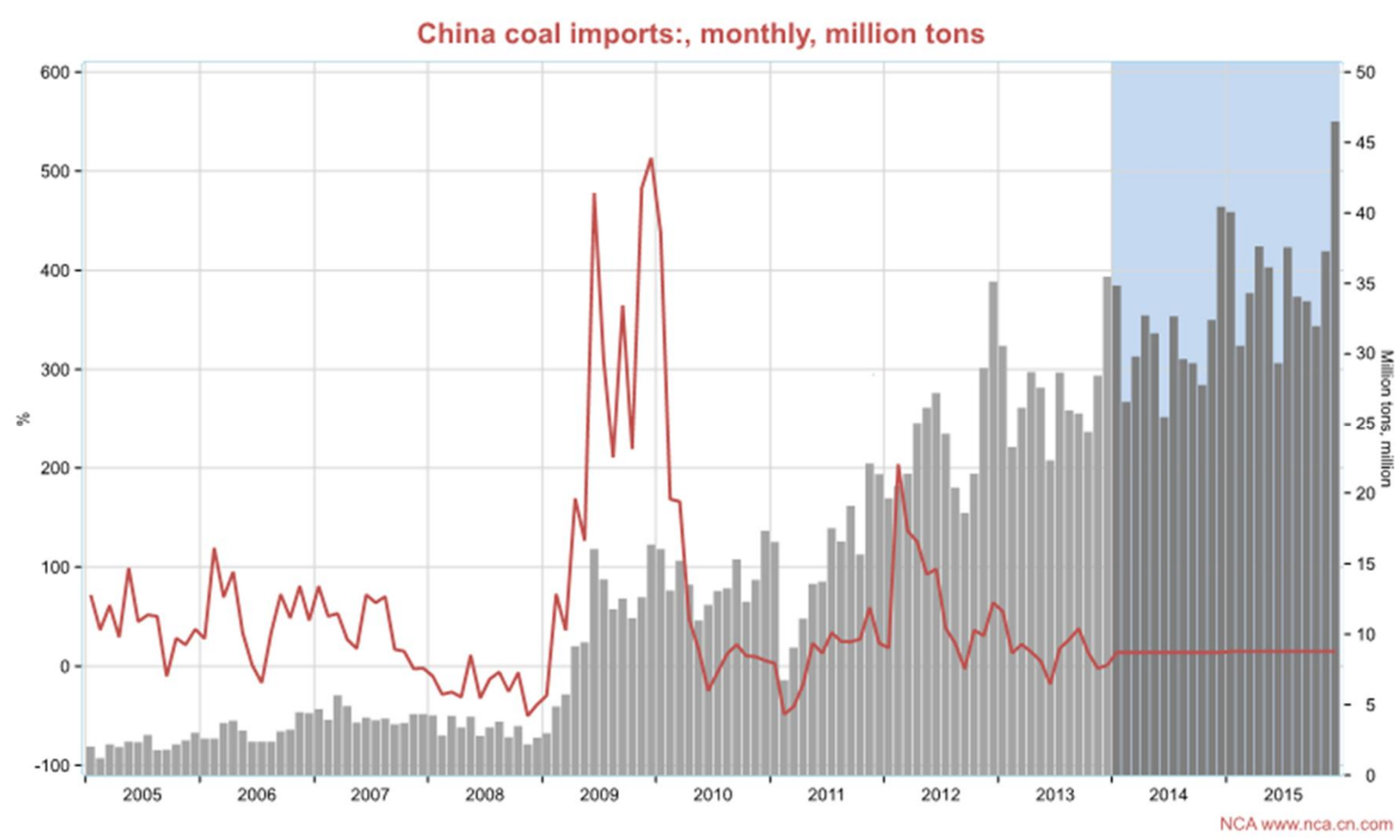
IEA Energy outlook (Nov 2013) prediction net coal imports



Major net importers of coal in the New Policies Scenario



China's coal imports rose 13.3% last year and reached 327 million tons. We believe coal imports to China will grow an additional 14% in 2014 (to 375 million tons) and 15% in 2015 (to 430 million tons)



China environmental politics can support dry bulk demand...

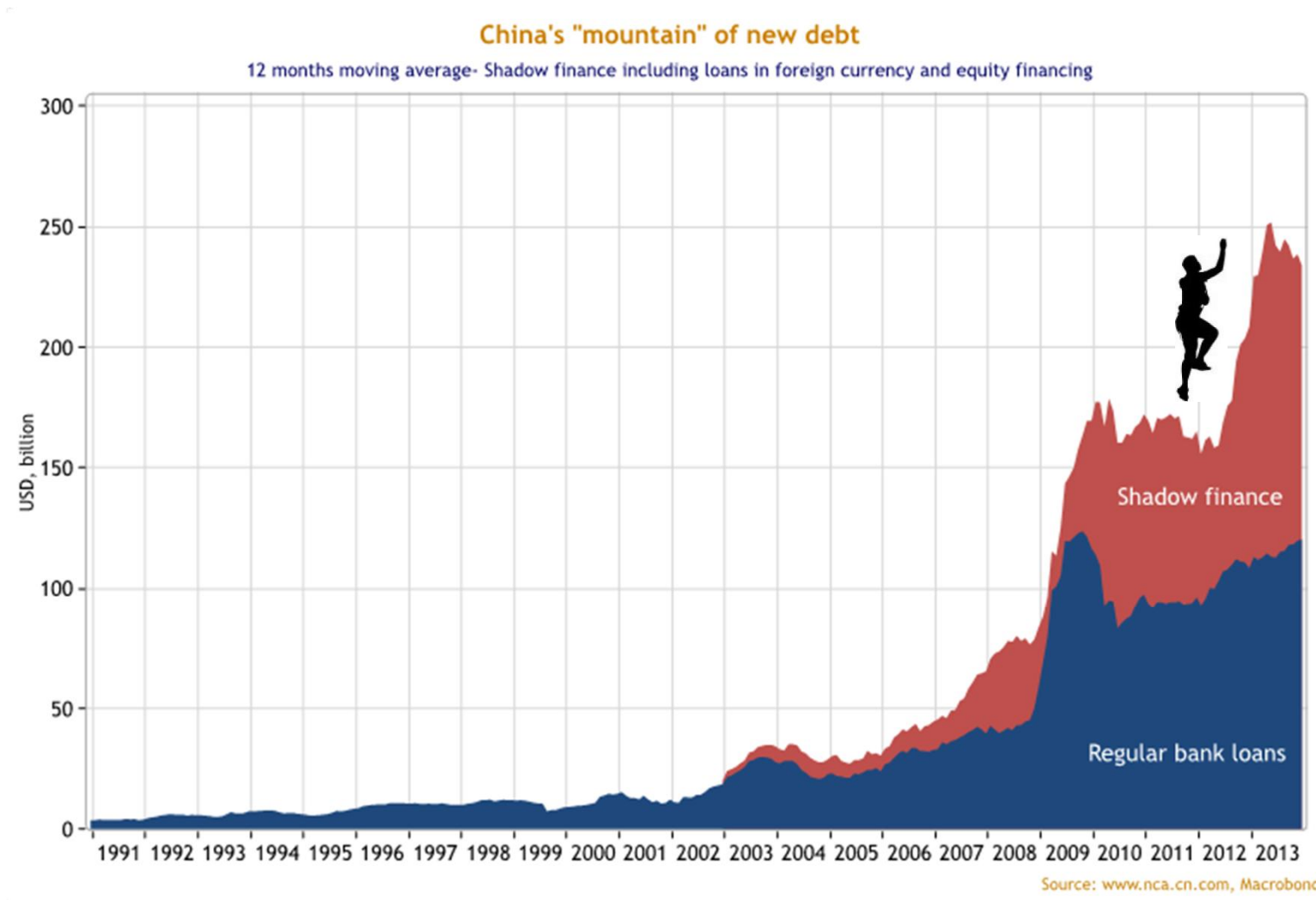


- Stronger focus on air pollution in China. Local industries will probably face stronger restrictions, among others, also the mining sector. A large part of Chinese mining in iron ore and coal are located in the Hebei area which is not very far from Beijing. Mining of low quality iron ore consume huge amounts of coal for heating in order to refine the ore to a high quality concentrate.
- Stronger restrictions in local mining will result in higher Chinese import demand and thereby support a quicker expansion of iron ore production capacities in Australia, Brazil and Africa. Demand for Capesizes might therefore to a larger degree be driven by available supply of iron ore on the world market than only pure underlying growth in steel demand.
- A Capesize vessel can transport around 1 mill tons per year, i.e. for one million ton extra seaborne trade in iron ore, one extra ship is needed.

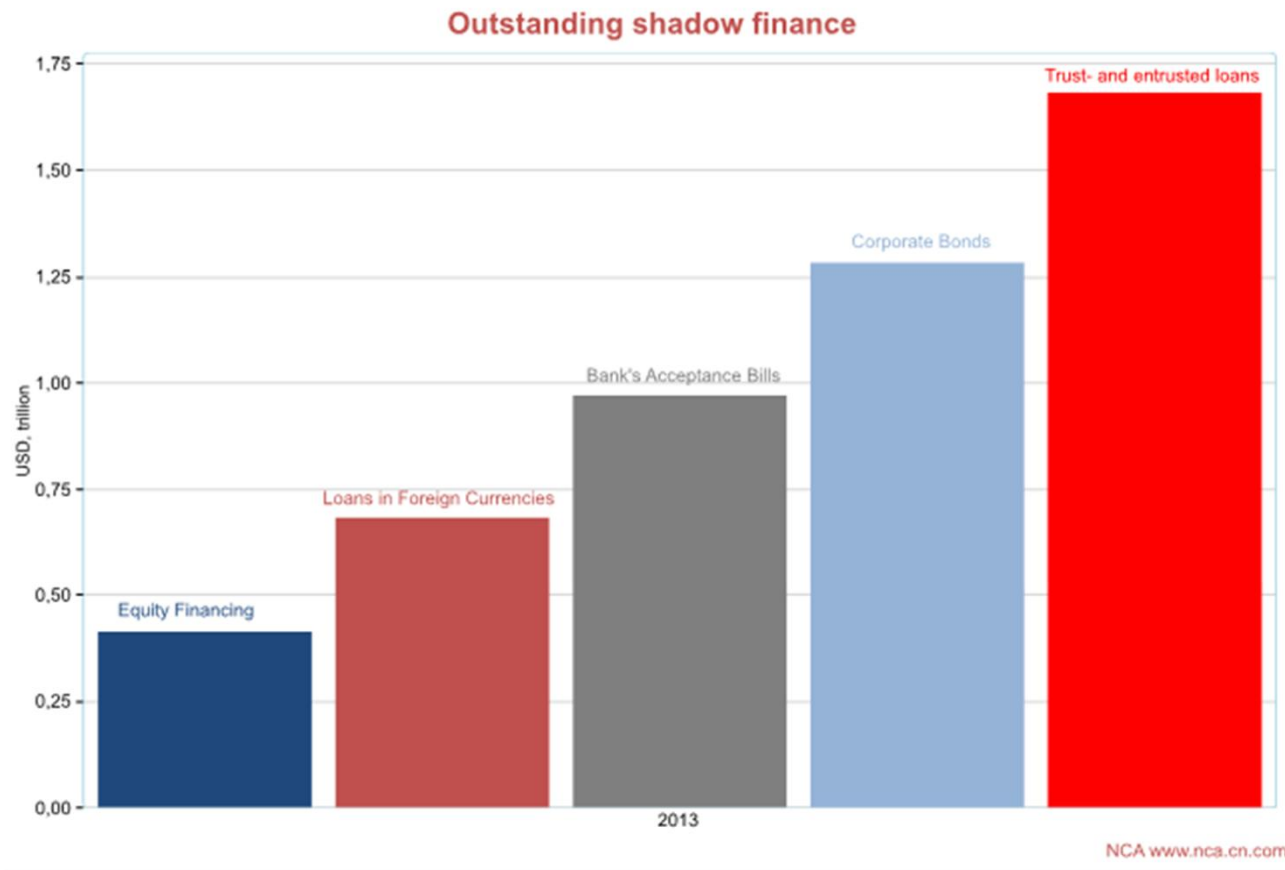
In China's most notorious "Ghost Towns", prices rose quite substantially last year. UP 12.6% in Ordos, which we for sure know does NOT have a housing shortage problem. This is likely a proof that some of last year's property price increases in China was driven by speculation.



Local governments in China have been very active lending money in the unregulated “shadow finance” market, which now account for approximately half of all new debt in China. Growth in regulated lending has been kept in check over the last four years, shadow financing has exploded

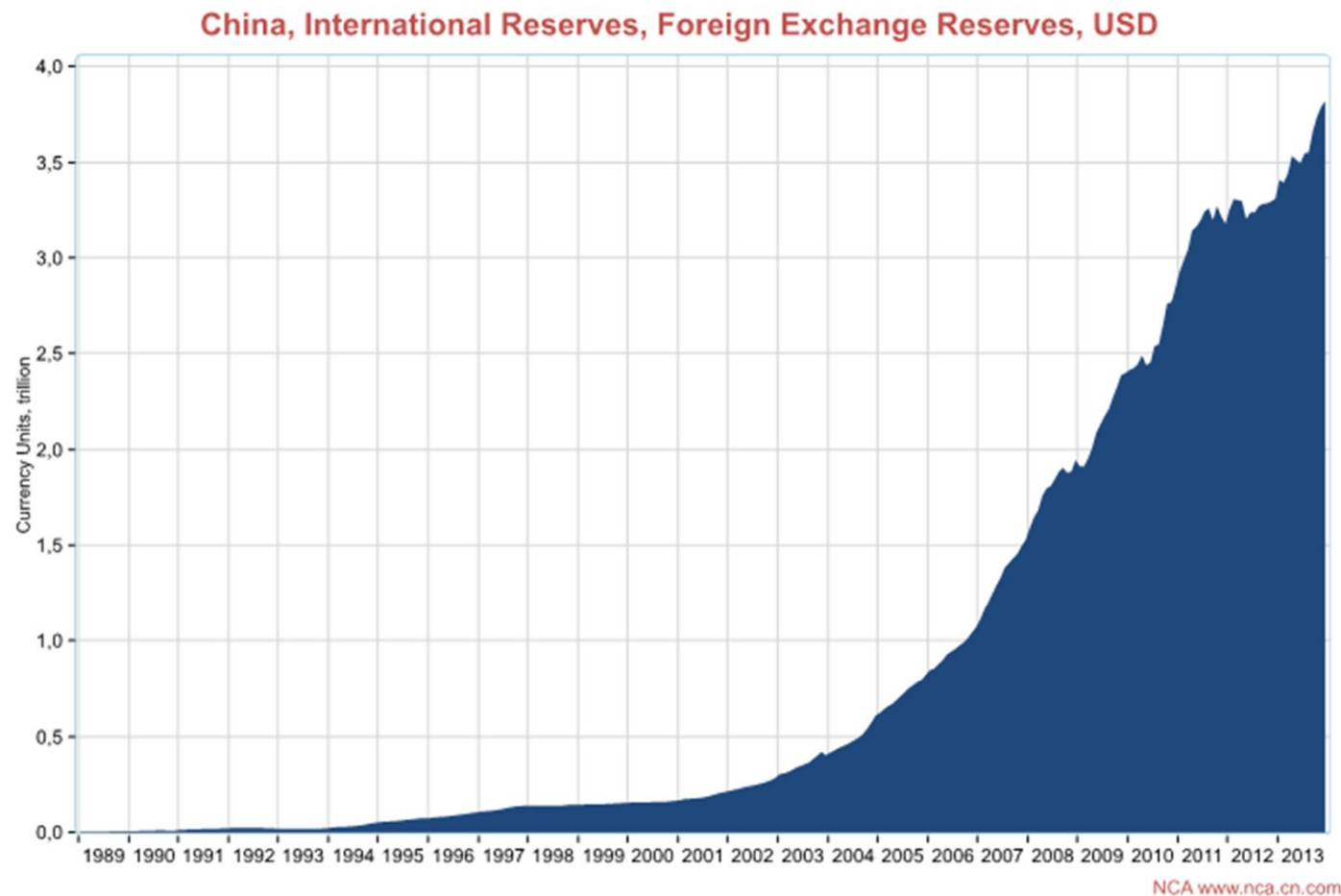


Total outstanding shadow finance liabilities surpassed USD 5trln last year



Trust loans and entrusted loans constitute a large share of China's shadow banking system. In total more than USD 1.68trln are outstanding. A default in one of these wealth management products can dramatically change investor's perceived risk, and create a wave of investors demanding back their funds. The central government will likely have to step in.

We believe Beijing likely is artificially keeping the default ratio low, constantly rolling over debt. This can last for a while, but not indefinitely. Chinese authorities have enough power to clean up once, but in the aftermath of such a clean-up, credit growth will have to drop substantially



China's government has abundant financial resources. USD 3800bn in currency reserves, and ownership in 117 State Owned Enterprises, of which 77 are on the Fortune Global 500 index.



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Q & A





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Thank you for your attention !

