



GOLDEN OCEAN™

Results Q4 - 2015

February 18, 2016

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*

Agenda



- Highlights
- Financials
- Agreement on amended financing terms
- Macro Update
- Q&A



Key highlights Q4



- The Company reports a net loss of \$69.3 million and a loss per share of \$0.40 for the fourth quarter of 2015.
- Excluding one-off items of a total of \$41.7 million, the adjusted losses in the fourth quarter are \$27.6 million
- The Company completed the sale of two converted capesize newbuilding contracts to Frontline Ltd on December 31, 2015.
- In November 2015, the Company took delivery of, and simultaneously sold, the KSL Baltic, and chartered the vessel in for a period of twelve months.
- In December 2015, the lenders of the \$425.0 million term loan facility agreed to certain amendments to the loan, as increasing the loan to value test, reducing the profile and adjusting the margin on the loan.
- In January 2016, the Company took delivery of Golden Barnet, Golden Bexley, Golden Scape and Golden Swift, two capesize and two newcastlemax dry bulk newbuildings.
- In January 2016, the Company entered into a capesize revenue sharing agreement with three other owners of capesize vessels.
- In February 2016, the Company took delivery of, and simultaneously sold, the KSL Caribbean, and chartered the vessel in for a period of twelve months.
- In February 2016, the Company agreed amendments to its bank facilities, whereby there are no repayments for the next two and a half year and various covenants are amended or waived, subject to the Company raising \$200 million in equity.

Profit & loss



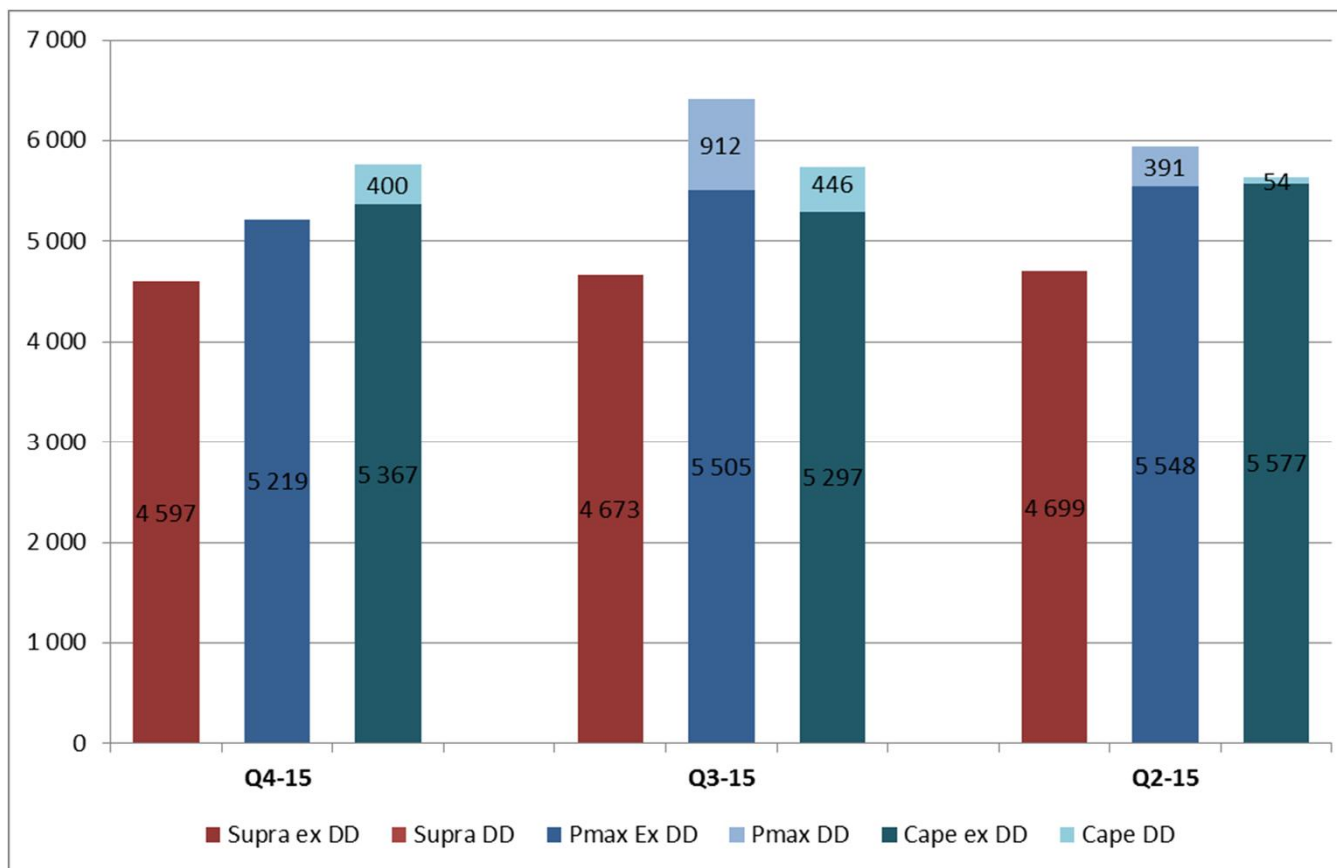
	2015 Oct-Dec	2014 Oct-Dec	2015 Jan-Dec	2014 Jan-Dec
Operating revenues	56,524	36,681	189,632	96,715
Loss on sale of newbuildings and amortization of deferred gain	-8,492	-	-10,788	-
Operating expenses				
Voyage expenses	22,768	15,456	81,728	33,955
Ship operating expenses	25,495	5,721	83,022	18,676
Charter hire expense	12,575	-	30,719	-
Administrative expenses	3,426	2,025	12,469	5,037
Vessel impairment loss	4,525	-	152,597	-
Provision for uncollectible receivables	4,729	-	4,729	-
Depreciation	13,769	7,595	52,728	19,561
Total operating expenses	87,287	30,797	417,992	77,229
Net operating (loss) income	-39,255	5,884	-239,148	19,486
Other income (expenses)				
Interest income	301	16	849	29
Interest expense	-6,028	-502	-28,270	-2,525
Impairment loss on securities	-23,323	-	-23,323	-
Other financial items	-774	-236	-9,634	-737
Bargain purchase gain arising on consolidation	-	-	78,876	-
Total other income (expenses)	-29,824	-722	18,498	-3,233
Tax	-189	-	-189	-
Net (loss) income from continuing operations	-69,268	5,162	-220,839	16,253
Net loss from discontinued operations	-	-	-	-258
Net (loss) income	-69,268	5,162	-220,839	15,995

Balance sheet



	2015 31-Dec	2014 31-Dec
ASSETS		
<i>Short term</i>		
Cash and cash equivalents	102,617	42,221
Restricted cash	351	0
Other current assets	100,692	22,058
<i>Long term</i>		
Restricted cash	48,521	18,923
Vessels, net	1,488,205	852,665
Vessels under capital lease, net	8,354	0
Newbuilds	338,614	323,340
Other long term assets	91,313	3,533
Total assets	2,178,667	1,262,740
LIABILITIES AND EQUITY		
<i>Short term</i>		
Current portion of long term debt and obligations under capital lease	70,290	19,812
Other current liabilities	43,905	14,967
<i>Long term</i>		
Long-term debt and obligations under capital lease	897,283	343,688
Other long term liabilities	8,540	-
Equity	1,158,649	884,273
Total liabilities and equity	2,178,667	1,262,740

Vessel operating expenses



- Based on 5 Supramaxes, 20 Panamax/Kamsarmax and 26 Capesize
- One vessel docked in Q4

Open positions including newbuildings



Capesize exposure - Core Fleet *

	2016	2017	2018
Total vessel days	12 671	15 171	15 265
Open vessel days	11 822	15 143	15 245
Open position (%)	93 %	100 %	100 %
Average net rate on fixed days	na	na	na
No of vessels	39	40	39

Panamax exposure - Core Fleet

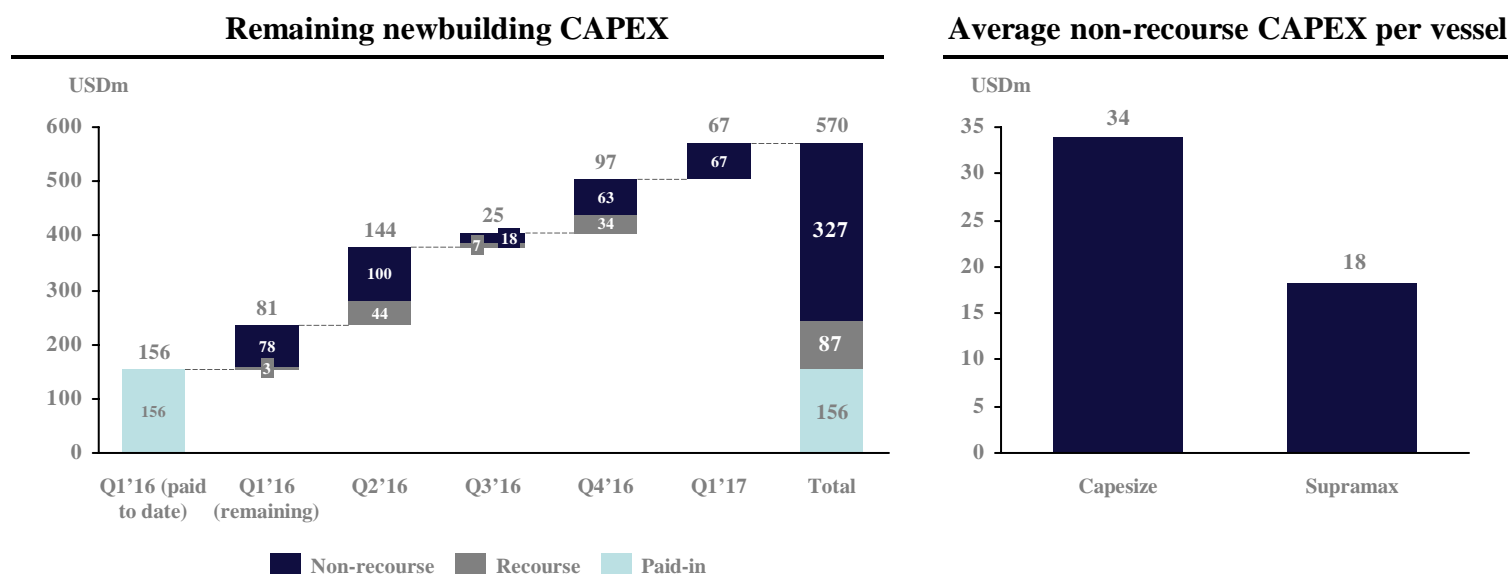
	2016	2017	2018
Total vessel days	6 295	6 903	6 903
Open vessel days	3 540	5 306	5 533
Open position (%)	56 %	77 %	80 %
Average net rate on fixed days	15 872	19 331	22 152
No of vessels	20	19	19

Supramax exposure - Core Fleet

	2016	2017	2018
Total vessel days	2 779	3 589	3 589
Open vessel days	2 702	3 589	3 589
Open position (%)	97 %	100 %	100 %
Average net rate on fixed days	na	na	na
No of vessels	9	9	9

* Golden Opus included with 50%

USD 327m of remaining capex is non-recourse, creating increased flexibility and implied optionality



- USD 570m of remaining capex as of Q4'15 of which USD 327 million is non-recourse to Golden Ocean
 - 5 vessels have been delivered during Q1'16 to date and USD 156m of capex has been paid
- Constructive discussions with yards on additional postponement of delivery of newbuildings, increasing the optionality further
 - Postponement of capex commitments likely, numbers above will be adjusted accordingly

GOGL will take an opportunistic view on taking delivery of non-recourse newbuildings

Secured loan facilities



Loan Facility	Outstanding as of Q4 2015 (USDm)	Remaining commitment (USDm)	Regular quarterly repayment (USDm)	Maturity date	Collateral vessels	Margin
USD 284m Credit Facility	263	-	4.0	Dec 2019	2 Capesize vessels 8 Kamsarmax vessels 4 Panamax vessels 5 Supramax vessels	LIBOR + 200
USD 425m Senior Secured Post-Delivery Term Facility	27	225 ¹⁾	2.3 ²⁾	Mar 2021	14 Capesize vessels (5 on water & 9 newbuildings)	LIBOR + 220
USD 420m Term Loan Facility	396	-	5.2	Jun 2020	14 Capesize vessels	LIBOR + 250
USD 82.5m Credit Facility	48	-	1.2	Oct 2018	4 Panamax vessels	LIBOR + 275
USD 33.9m Credit Facility	29	-	0.6	May 2018	2 Panamax vessels	LIBOR + 275
USD 22m Opus Facility	18	-	0.5	Oct 2018	1 Capesize vessel ³⁾	LIBOR + 275
Total	780	225	13.8			

¹ Based on the renegotiated agreement with the lenders

² Quarterly repayment for the 5 ships currently on water. For the fully delivered fleet of collateral vessels there will be USD 5.9m in quarterly repayment

³ Golden Opus is owned 50% by Golden Ocean

Strong support from relationship banks enables an attractive refinancing*



Amortization holiday

- No fixed amortization for all secured loans throughout the 2.5-year waiver period removes USD ~165m of scheduled amortization (USD ~65m p.a.)
 - Cash sweep mechanism to enable deleveraging when the market improves (cash sweep until deferred amount is repaid)
 - Moderate increase in margins (LIBOR + 4.25% only on deferred amount)

Waiver of covenants

- Waiver on relevant financial covenants mitigates financial risk
 - MVC reduced to 100% reduces risk of capital calls from banks
 - Removes risk of breaching market adjusted equity ratio covenant
- Limitations on dividends and further investments
- Company able to cancel the waiver period if in compliance with original covenants and back on original repayment schedule

Fixed draw-down

- Pre-agreed drawdown of USD 25 million per remaining capesize newbuilding eliminates funding risk at delivery
 - Creates visibility on the liquidity runway regardless of asset value development¹⁾

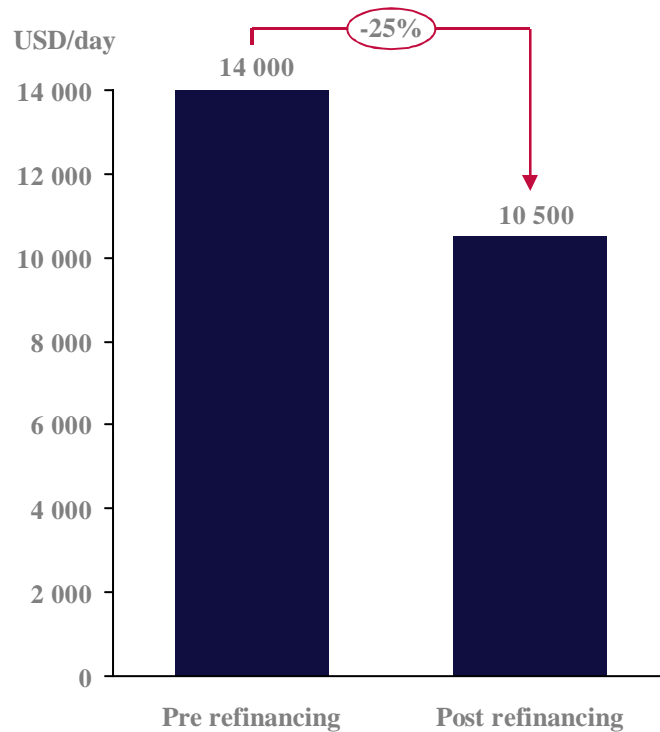
* Bank package subject to equity contribution of \$200 million

¹ Drawdown of USD 25m subject to MVC of 100% at delivery

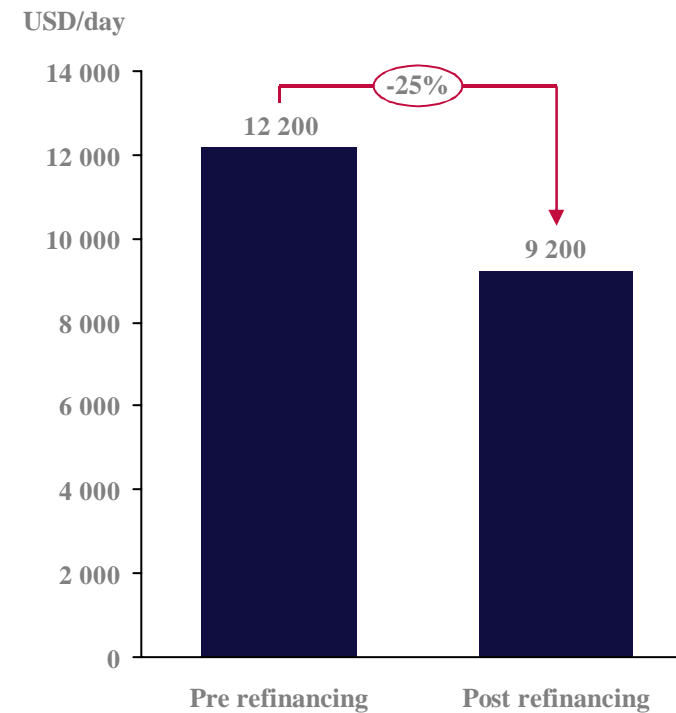
Amended bank terms ensures attractive cash break even rates*



Capesize cash break even



Fleet average cash break even



* Bank package subject to equity contribution of \$200 million

Source: Company estimates

Soures and uses assuming \$200 million of new equity*



Sources and uses

Sources:

Cash balance as of Q4'15	USDm	151
Proceeds from sale of newbuildings	"	94
Committed debt financing	"	342
<i>Drawn in Q1'16 to date</i>	"	117
<i>Non-recourse vessels</i>	"	200
<i>Recourse vessels</i>	"	25
New equity	"	200
Total sources:	"	788

Uses:

Remaining newbuild capex as of Q4'15	USDm	570
<i>Paid in Q1'16 to date</i>	"	156
<i>Non-recourse</i>	"	327
<i>Recourse</i>	"	87
Pro-forma excess liquidity	"	218
Total uses:	"	788

* Numbers subject to equity contribution of \$200 million

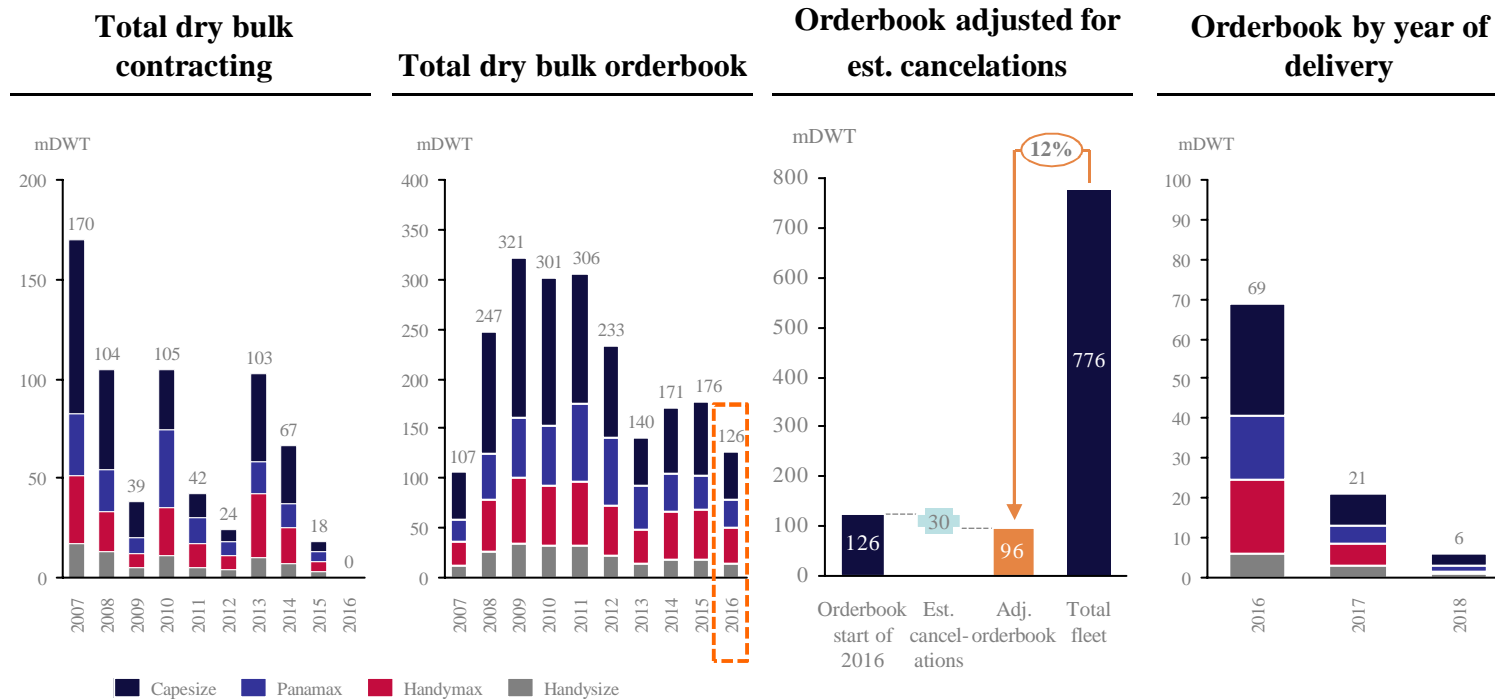


Macro Update

Herman Billung, CEO Golden Ocean Management AS

Orderbook at its lowest level since 2007

Significant slippage / cancellation expected



Limited contracting during the last 12 months

Gross orderbook at its lowest level since 2007

Significant cancellation / slippage expected

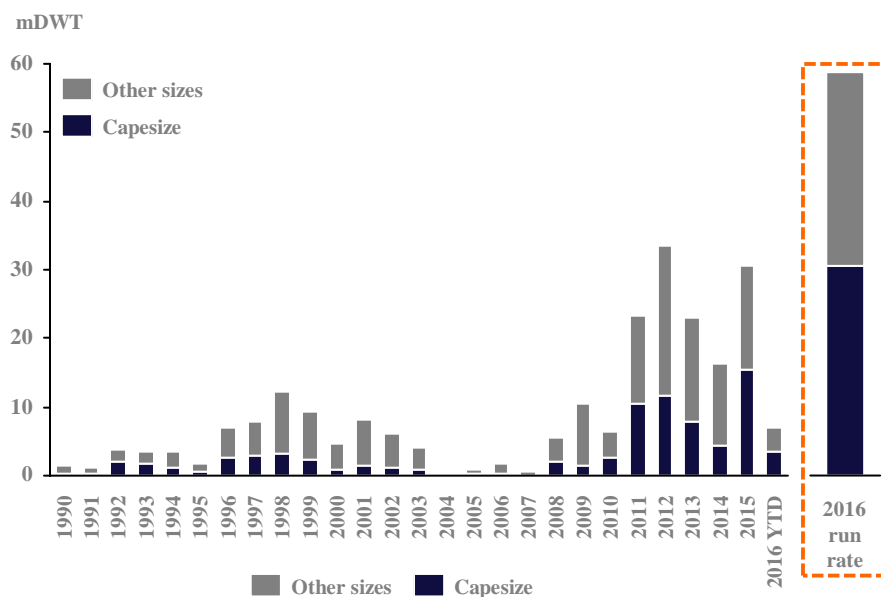
Limited deliveries expected in '17 & '18

Significant increase in scrapping over the last 5 years

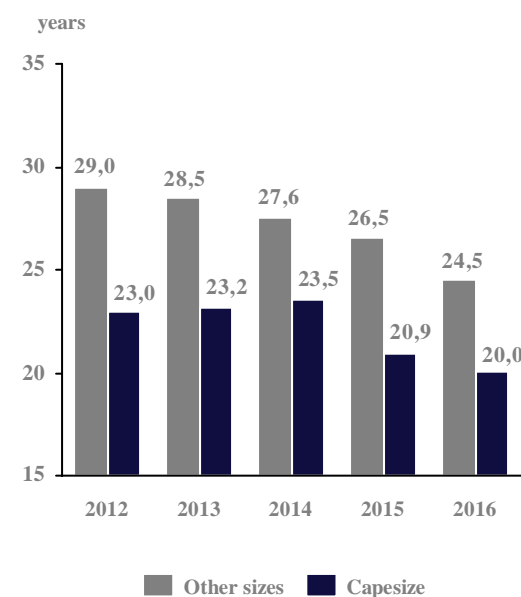
2016 run-rate scrapping of ~60mdwt



Dry bulk scrapping per year



Average age of vessels being scrapped



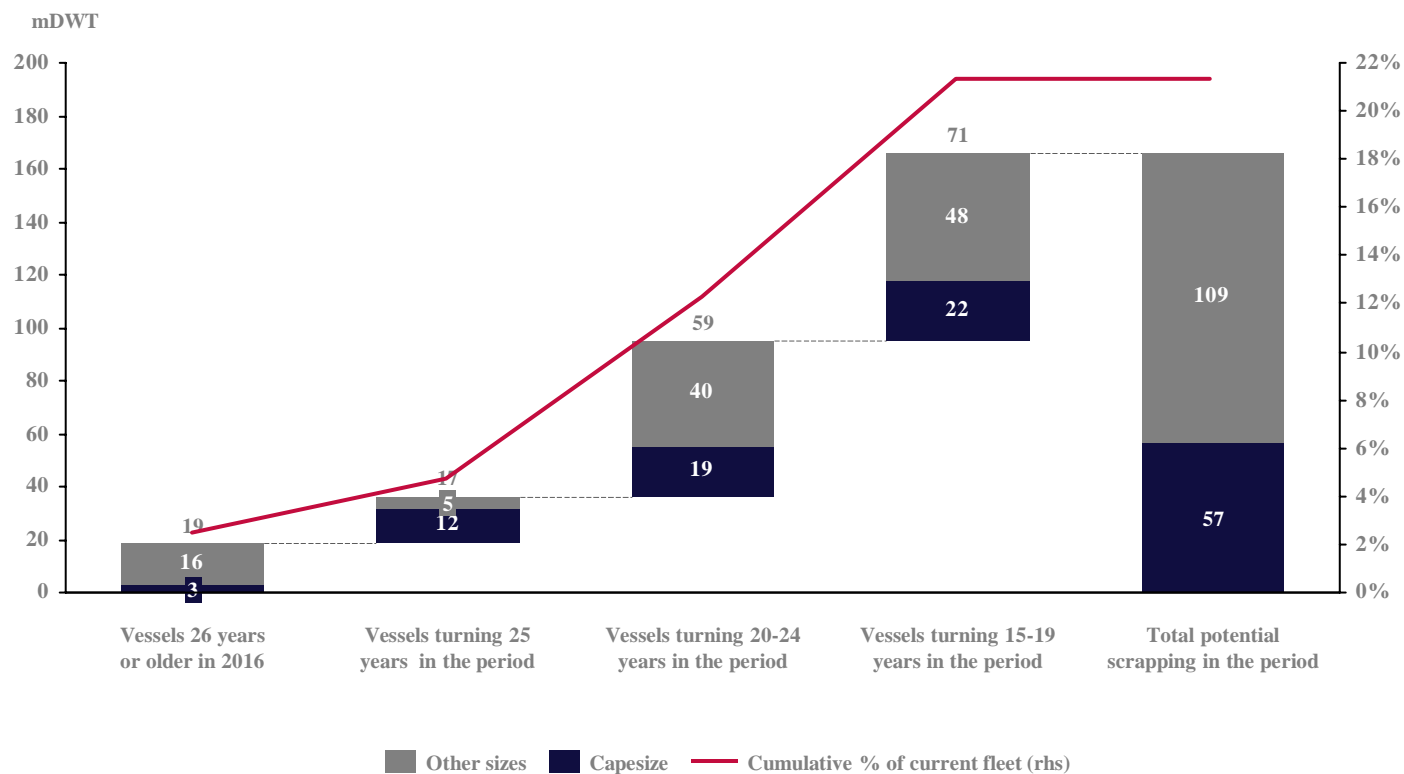
- Scrapping activity increased recent years
 - Average scrapping last 5Y of ~25m dwt vs. ~5m dwt over the period from 2006-2011
- Increasingly younger vessels are being scrapped
 - Average scrapping age for capesizes in 2016 to date of 20 years

21 capesizes scrapped YTD implying an annual run rate of 180 capesizes, or ~ 30m dwt p.a.

Over 20 % of current fleet is scrapping candidates over the next 3 years



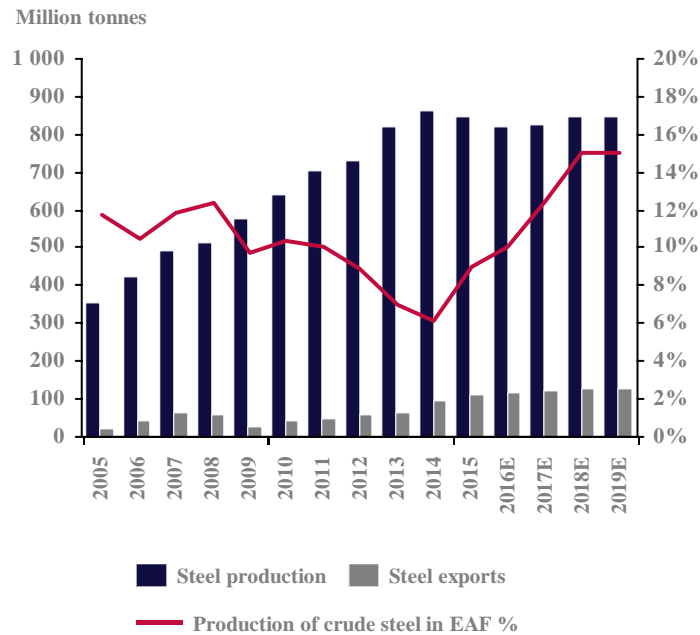
Dry bulk scrapping potential – 2016-2018



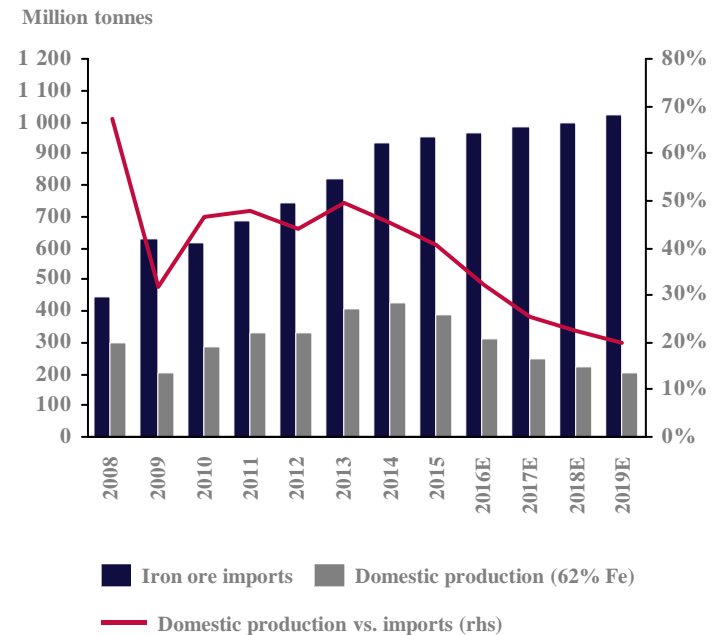
Chinese iron ore imports expected to increase as domestic producers are shedding capacity



Chinese steel production and exports



Chinese iron ore production and imports

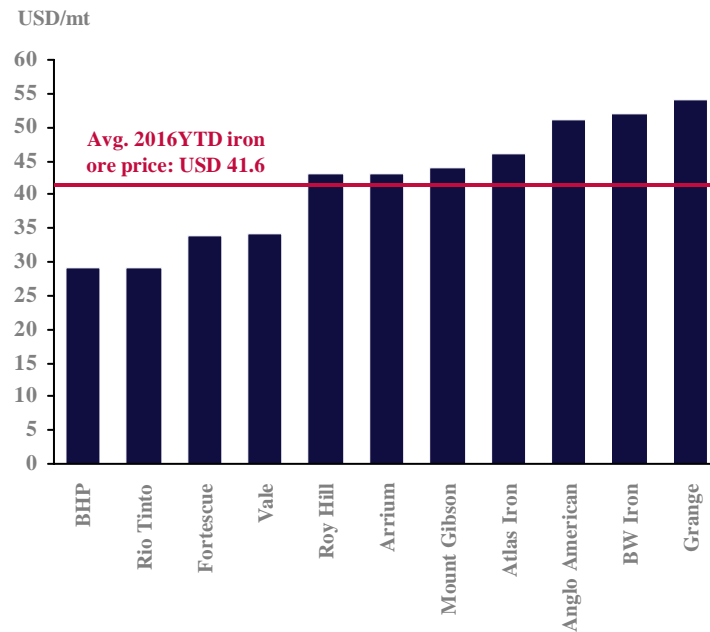


- Chinese steel production expected to flatten (or decline slightly) towards 2019
- However, Chinese steel mills will continue to increase requirements for imports of iron ore, as a result of declining domestic production

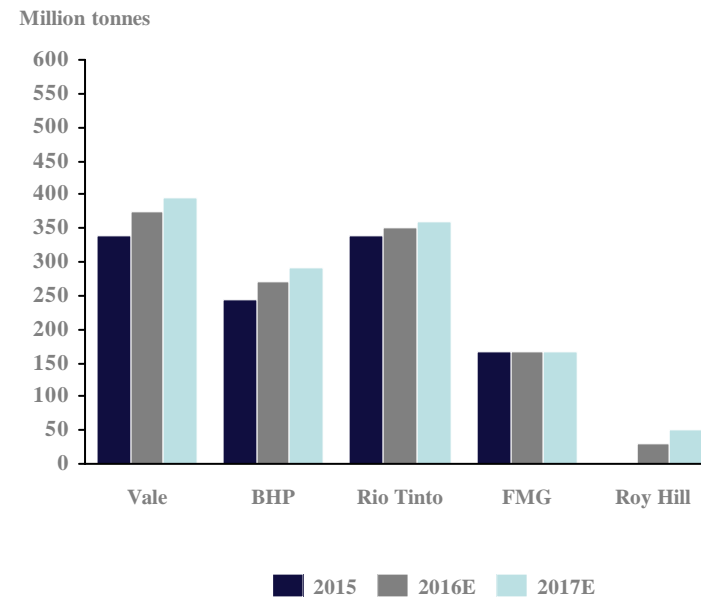
Significant iron ore capacity to enter the market in 2016



Break even prices (CIF) for key iron ore producers



Capacity for key iron ore producers



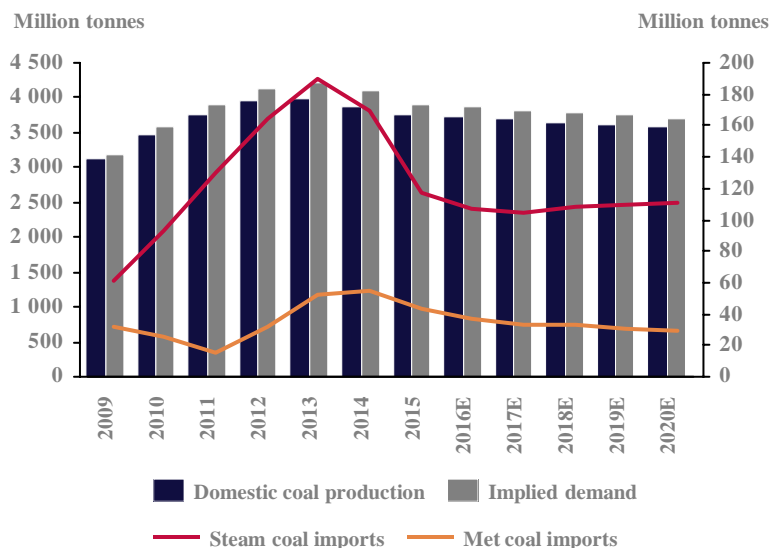
- Australian and Brazilian mining companies have dramatically reduced their production costs
- Vale has also cut its cash break-even costs, but is penalized by higher shipping costs
- Australia and Brazil forecasted to increase their share of Chinese iron ore requirements

Strong and stable growth in Indian coal imports expected

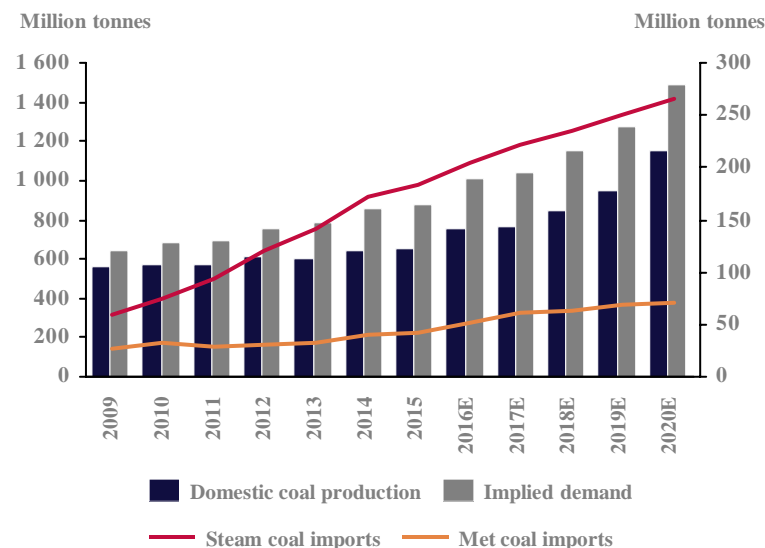
Chinese imports expected to remain flat



Chinese coal imports



Indian coal imports



- Coal remains China's main source of energy (~63%)
- International coal prices have fallen below China's domestic prices, making imports more commercially attractive

- Strong growth in demand for energy expected as ~300 million people are still without electricity in India
 - Coal is still India's primary source of energy (~59%)
- India is planning to double its coal production to 1.5 bn tonnes by 2020
 - Infrastructure bottlenecks and lack of private mining capacity are likely to cause delays

- **The market continues to be oversupplied**
 - Current utilization of ~75% and depressed charter rates
- **The present spot market not sustainable for asset owners – supply will come down**
 - Significant increase in scrapping and non deliveries of newbuildings if 2016 materializes in accordance with the FFA curve
 - 21 capesizes scrapped to date, implying a run-rate of 30m dwt
- **Consensus expecting a demand growth of ~2% p.a. through 2018**
 - Implies accumulated demand growth of ~50mdwt
 - Utilization sensitive to demand assumption that could surprise on the upside



- **Iron ore imports to China will continue to grow even in a “zero-growth-steel-production-scenario”**
 - Consensus expects substitution of domestic iron ore production of 75 mdtw next three years
 - 200 million mt of new capacity will come on stream from the major producers in Australia and Brazil which have significantly reduced its production cost
 - 1 million ton equivalent to the employment of one capesize vessel
- **Chinese coal producers under severe financial and ecological pressure**
 - Approx. 1000 coal mines have been suspended in 2015, another 1,300 expected to close down this year
 - China produced 3.5 billion mt of coal in 2015 – 1% less domestic production is equivalent to increased imports of 35 million mt



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Q & A





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Thank you for your attention !

