



GOLDEN OCEAN™

Results Q3 - 2016

November 22, 2016

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 for Q3 2016



- The Company reports a net loss of \$26.7 million and a loss per share of \$0.25 for the third quarter of 2016, an improvement of \$12.5 compared with a net loss of \$39.2 million for the second quarter 2016.
- In August, the company effected a 1-for-5 reverse share split in order to comply with Nasdaq regulations.
- In September, the Company took delivery of the Ultramax *Golden Leo* and paid a final installment of \$15.7 million on delivery.
- In October, the Company took delivery of the Capesize *Front Mediterranean* and immediately delivered it to its new owner according to the previously reported sale.



Profit & Loss



	2016 Jul - Sep	2016 Apr-Jun	2016 Jan-Sep
<i>(in thousands of \$)</i>			
Operating revenues	71,007	55,569	171,586
Gain on sale of newbuildings and amortization of deferred gain	56	65	222
Operating expenses			
Voyage expenses	28,068	16,224	66,010
Ship operating expenses	27,975	25,574	78,642
Charter hire expense	12,504	15,911	39,424
Administrative expenses	2,712	3,861	9,598
Impairment loss on vessels and newbuildings	0	985	985
Provision for uncollectible receivables	0	0	1,800
Depreciation	16,207	15,848	47,001
Total operating expenses	87,466	78,403	243,460
Net operating loss	-16,403	-22,769	-71,652
Other income (expenses)			
Interest income	449	574	1,280
Interest expense	-11,718	-11,038	-32,070
Impairment loss on marketable securities	0	0	-10,050
Loss/gain on derivatives	412	-4,937	-17,409
Equity results of associated companies, including impairment	130	118	-2,822
Other financial items	425	-1,184	-1,414
Total other expenses	-10,302	-16,467	-62,485
Income tax expense	-29	20	-49
Net loss	-26,734	-39,216	-134,186

- Revenues net of voyage expenses and charterhire expenses increased by \$7.0 million compared to Q2-16
- Ship operating expenses increased by \$2.4 million due to two vessels docked and fleet additions
- Mark to market on interest rate hedges turned positive in Q3-16
- Net results better than Q2-16 due to improved market conditions and positive contribution from interest rate derivatives

Balance Sheet



	2016 Sep 30	2016 Jun 30	2015 Dec 31
<i>(in thousands of \$)</i>			
ASSETS			
<i>Short term</i>			
Cash and cash equivalents	178,299	210,773	102,617
Restricted cash	13,920	15,779	351
Other current assets	92,925	89,559	100,692
<i>Long term</i>			
Restricted cash	53,714	54,129	48,521
Vessels, net	1,774,933	1,764,813	1,488,205
Vessels under capital lease, net	3,182	6,880	8,354
Newbuildings	190,600	188,609	338,614
Other long term assets	68,930	73,770	85,516
Total assets	2,376,503	2,404,312	2,172,870
LIABILITIES AND EQUITY			
<i>Short term</i>			
Current portion of long-term debt and obligations under capital lease	4,766	14,601	36,129
Other current liabilities	63,761	57,382	43,905
<i>Long term</i>			
Long-term debt and obligations under capital lease	1,069,522	1,067,983	925,647
Other long term liabilities	8,346	8,385	8,540
Equity	1,230,108	1,255,961	1,158,649
Total liabilities and equity	2,376,503	2,404,312	2,172,870

- \$245.9 million in cash including cash classified as restricted, a decrease of \$34.7 million from June 30, 2016
- Vessels, increased by \$10 million net following delivery of *Golden Leo* and depreciation
- Newbuildings increased due to installments paid and accrued at quarter end
- Decrease in short term debt due to delivery of *Golden Lyderhorn*
- No bank debt classified as Short Term

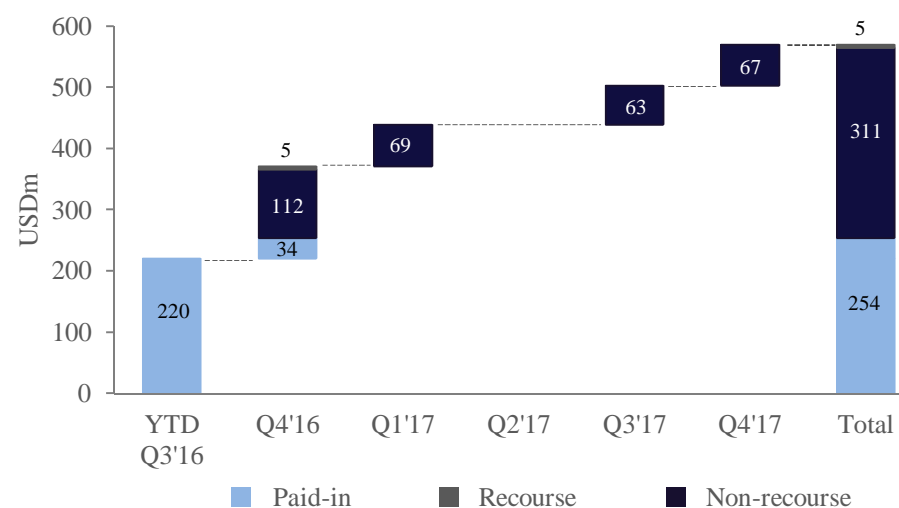
Fleet Development and Newbuildings



Recent developments

- Acquired the *Golden Lyderhorn* in August 2016 following the owner's exercise of its option to sell the vessel to the Company
 - The vessel was subsequently sold to an unrelated third party
- Took delivery of the Ultramax *Golden Leo*, built at Chengxi shipyard in September 2016
 - A final instalment payment of \$15.7 million was paid with available cash at delivery
- Took delivery of the Capesize *Front Mediterranean*, built at Dalian Shipbuilding Industry Co. in October 2016
 - A final instalment of \$33.5 million was paid at delivery, and the vessel was sold to an unrelated third party upon delivery for a net sales price of \$46.2 million

Remaining newbuilding CAPEX



Newbuilding delivery schedule

	2016	2017
Capesize	2	6
Ultramax	2	-
Total	4	6

- All remaining Capesize newbuildings are financed with \$25 million each
- The two Ultramax newbuildings are unfinanced
- The Company is continuing its discussions on further postponement of deliveries into 2017, following the postponement of six other vessels to 2017 earlier this year

Young, fuel efficient fleet with average age of ~4 years

Fleet profile

	Capesize	Kamsarmax	Ice-class Panamax	Supramax / Ultramax	Total
Owned sailing vessels	22	8	10	6	46
Newbuilding	8	-	-	2	10
Bareboat charter	0	1	-	-	1
Time charter in	10	-	-	1	11
Joint venture	1	-	-	-	1
Total	41	9	10	9	69

Chartering profile

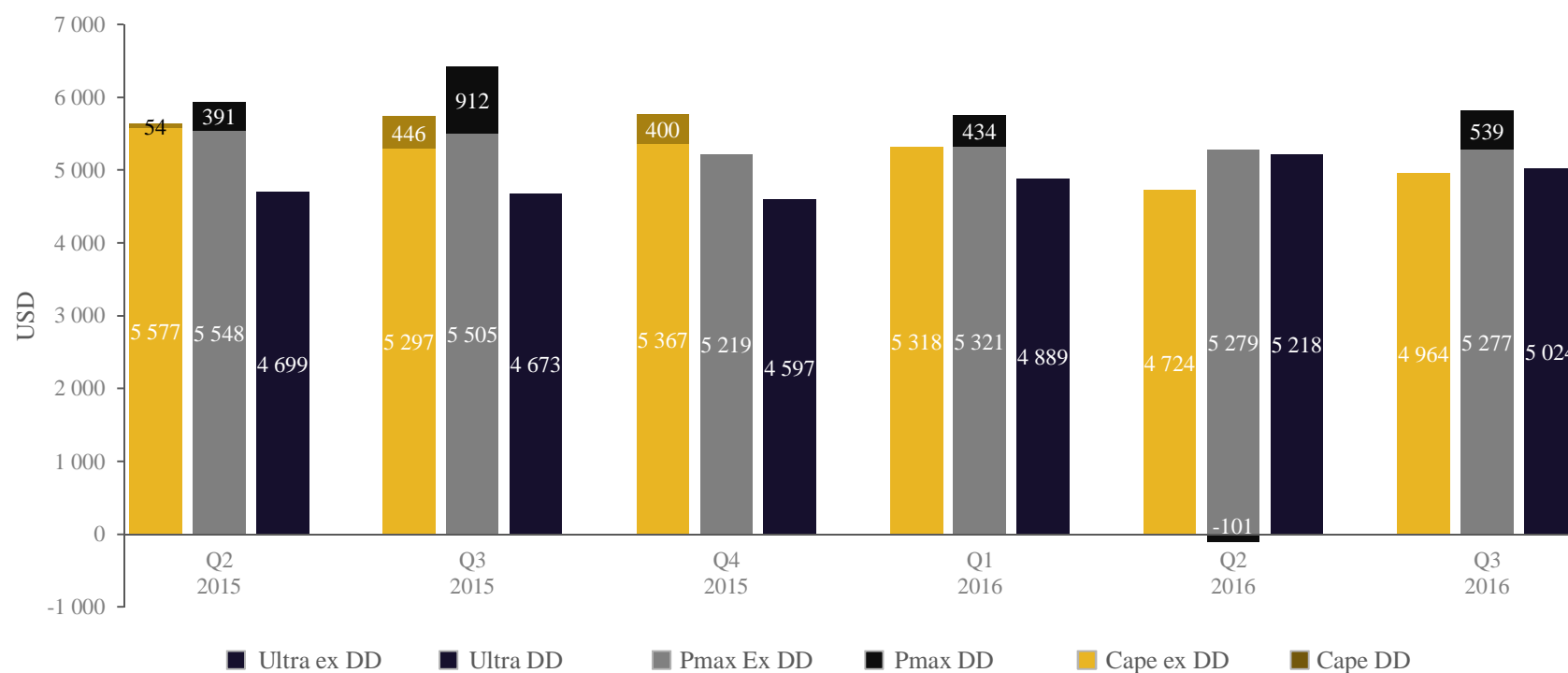
- 10 Capesizes on index-linked long term TC-out
- Four Kamsarmax vessels on long term TC-out at fixed rate
- Two Panamax vessels on long term TC out, with one contracts expiring within the next 6 months
- Remaining fleet is trading spot or short term charters; Capesize fleet is included in Capesize Chartering RSA agreement

Vessel Operating Expenses



Maintaining competitive OPEX levels

- Fully-burdened Opex includes dry docking and management fees
- Based on 6 Ultramaxs, 20 Panamax / Kamsarmax and 30 Capesize vessels
- One vessel dry docked in Q1 2016 and two in Q3 2016, no vessels scheduled for DD in Q4 2016
- G&A net of management fees below \$12 million per year gives a cost of \$550 per day over owned fleet





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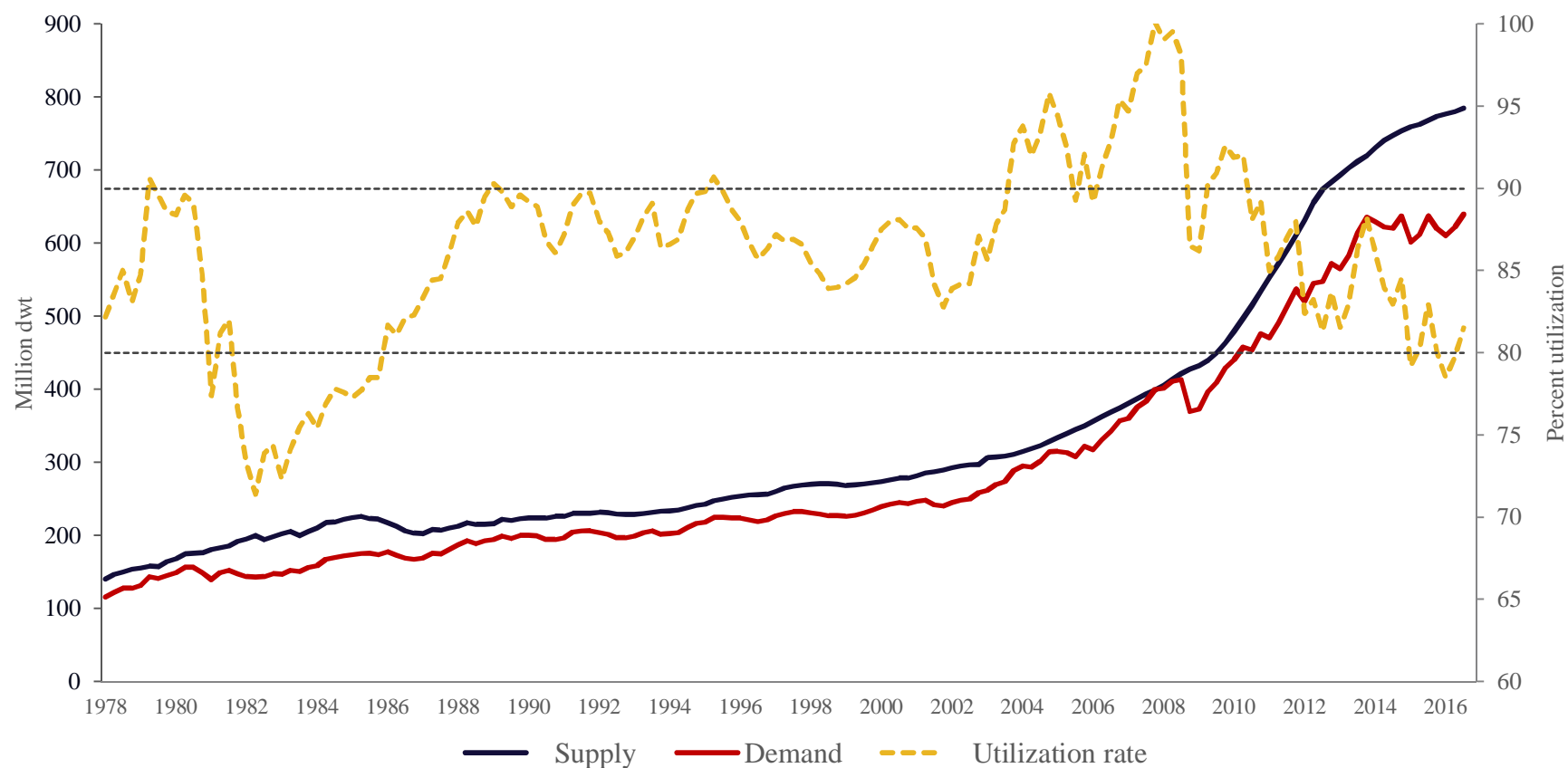
Dry bulk market

Dry Bulk Rates & Utilization



Historically low utilization, but indications that market may be bottoming

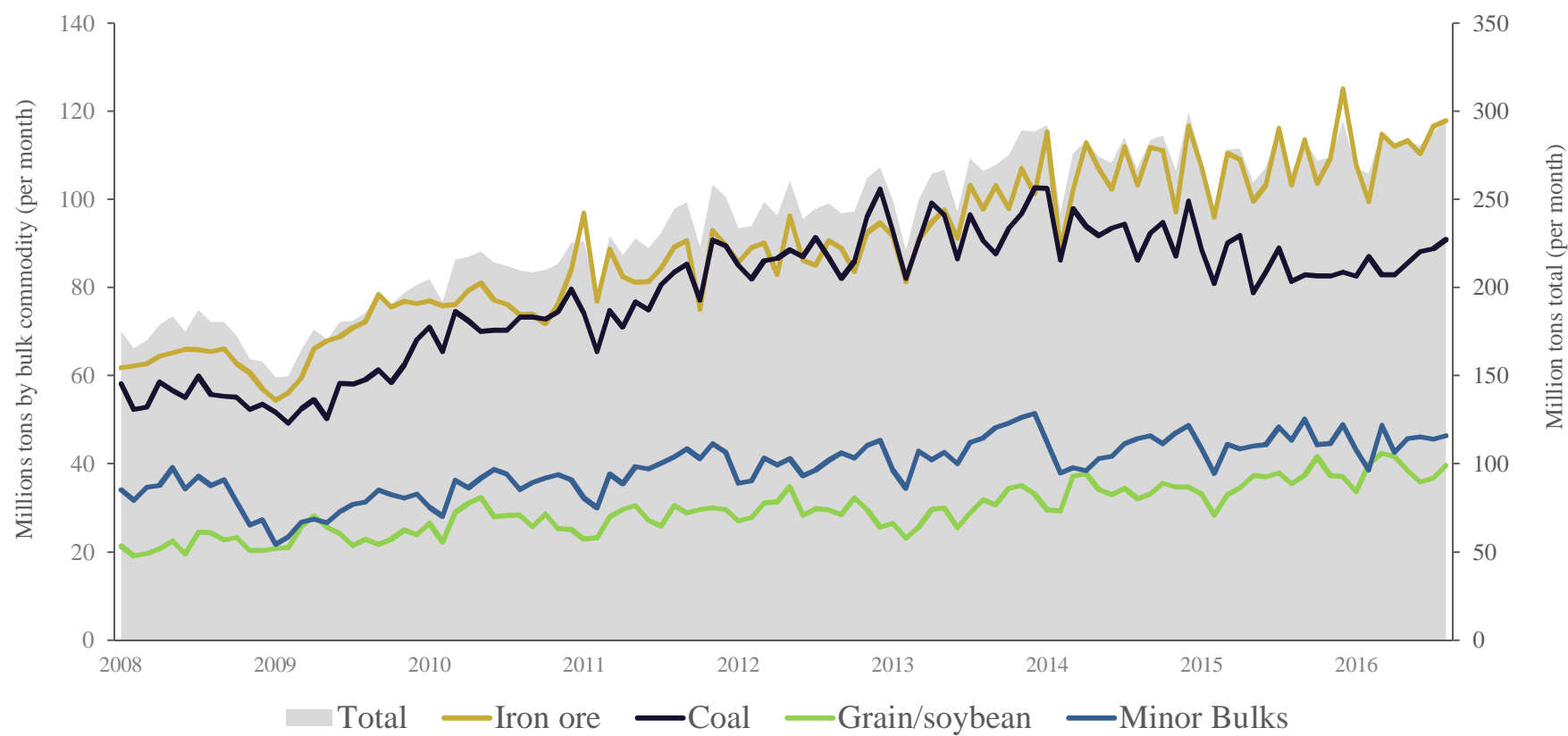
Supply, demand and utilization rate - dry bulk ships 10,000 dwt +



Seaborne Trade Growth Continues



Seaborne trade of dry bulk commodities (*major importers*)



Raw Material Prices Imply Improving Demand



Steel product & scrap prices



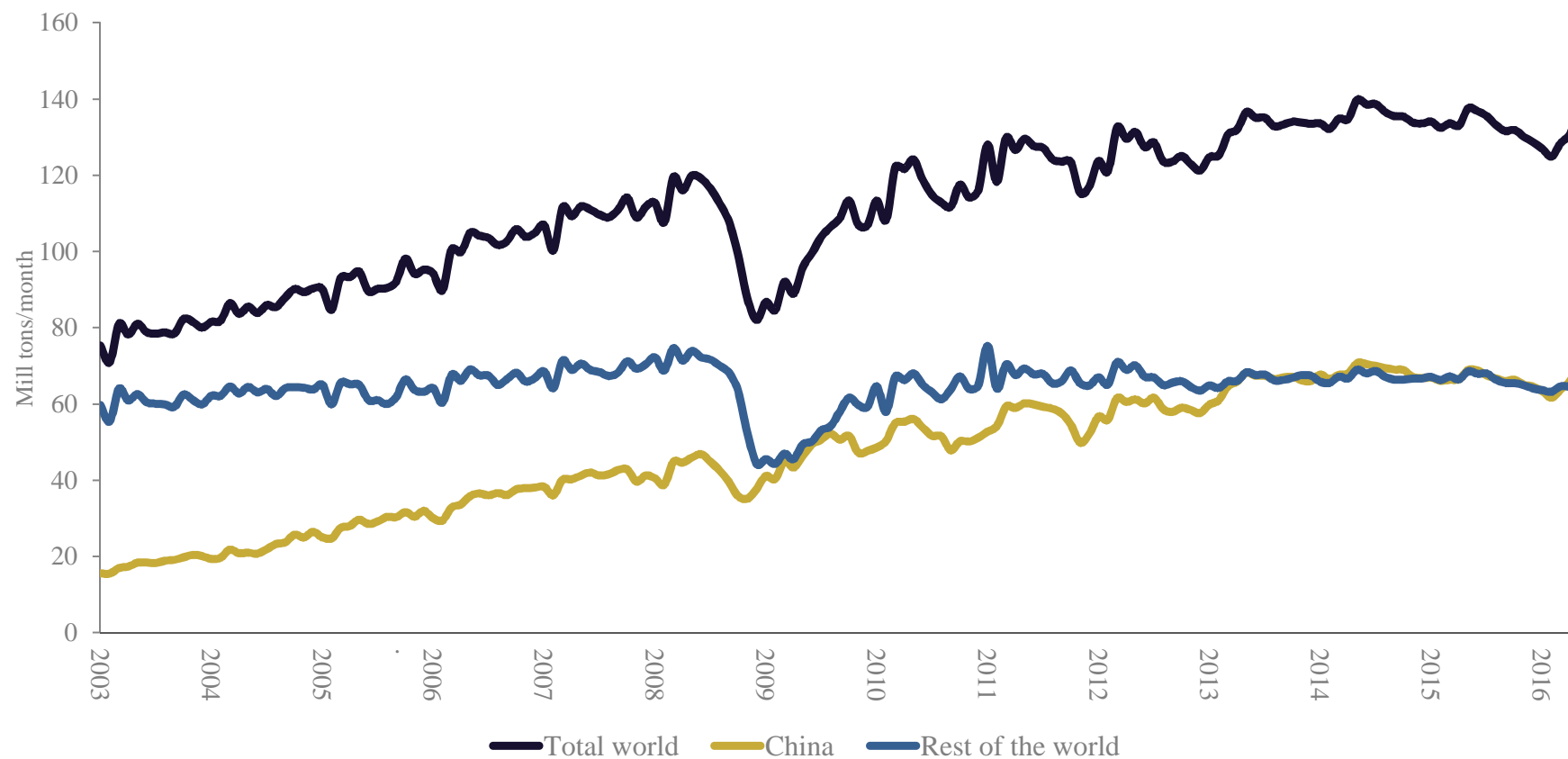
Iron ore & coal prices



World Steel Production Showing Recent Improvement



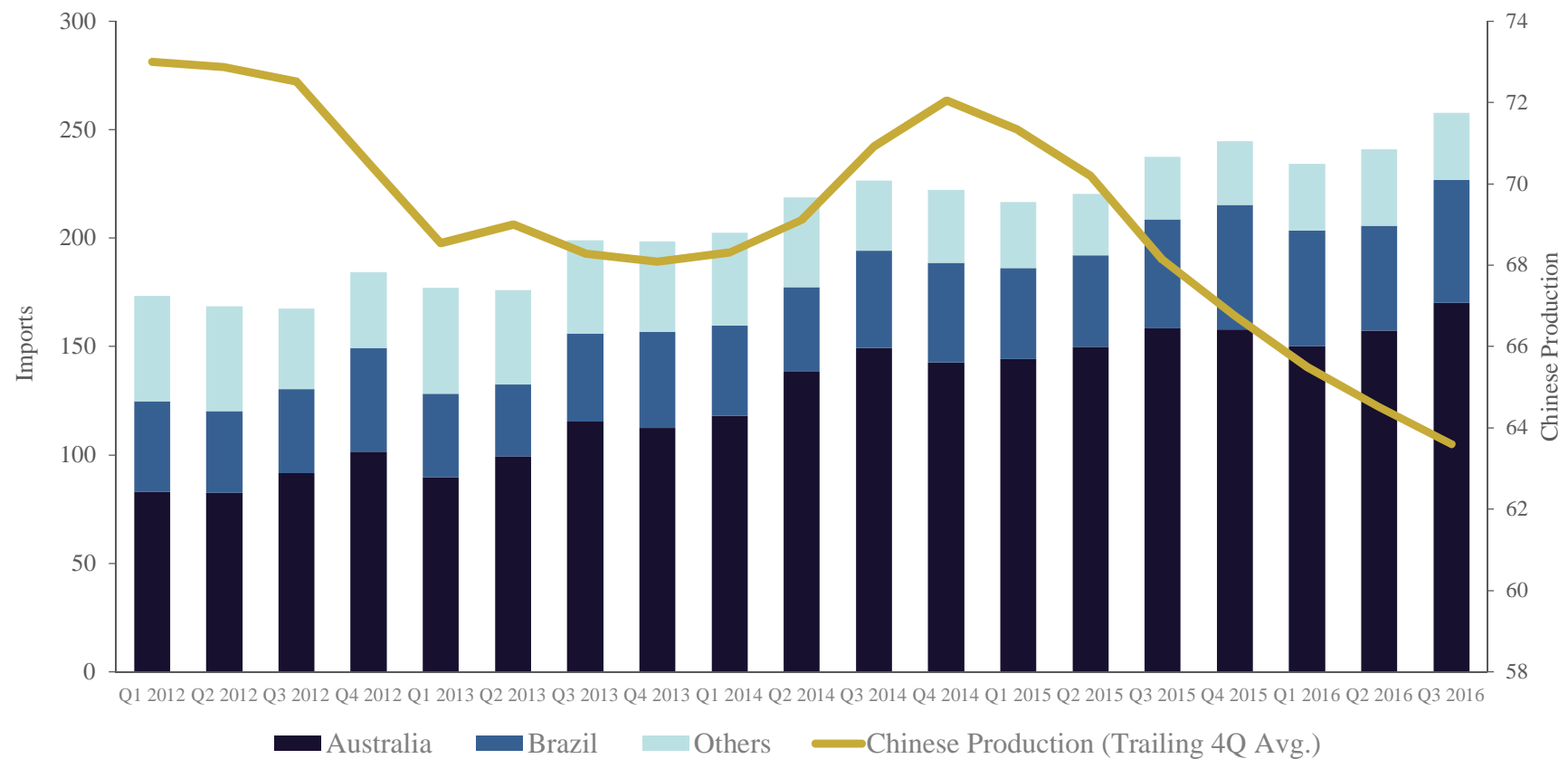
World steel production



Chinese Iron Ore Imports Grow as Production Slows



Chinese iron ore imports and domestic production

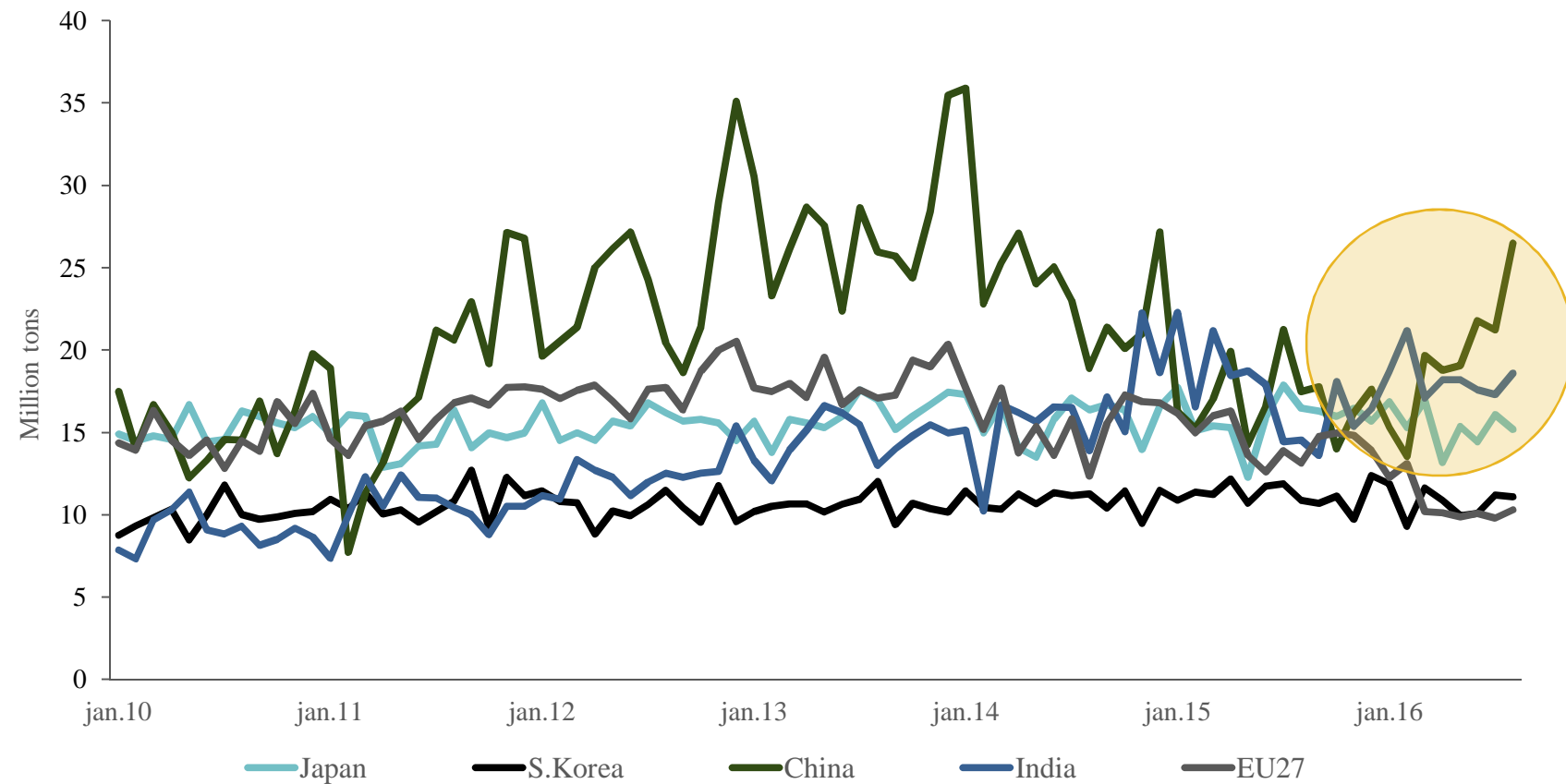


Coal Imports Trending Higher



China and India are behind recent increase in imports

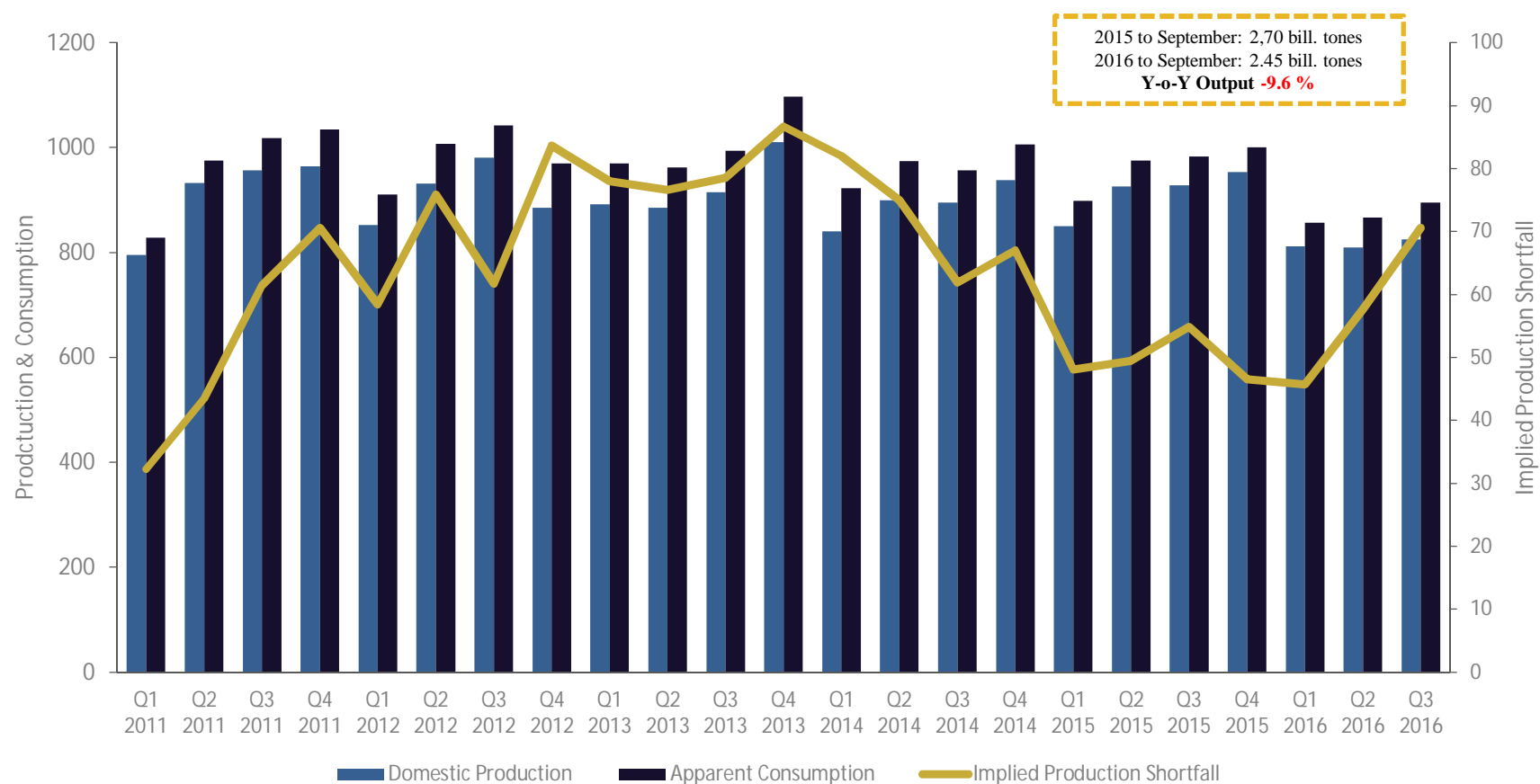
Seaborne coal imports by major importing countries



Decrease in Chinese Coal Production Spurs Imports



Chinese coal production, apparent consumption and implied supply shortfall (*import requirement*)

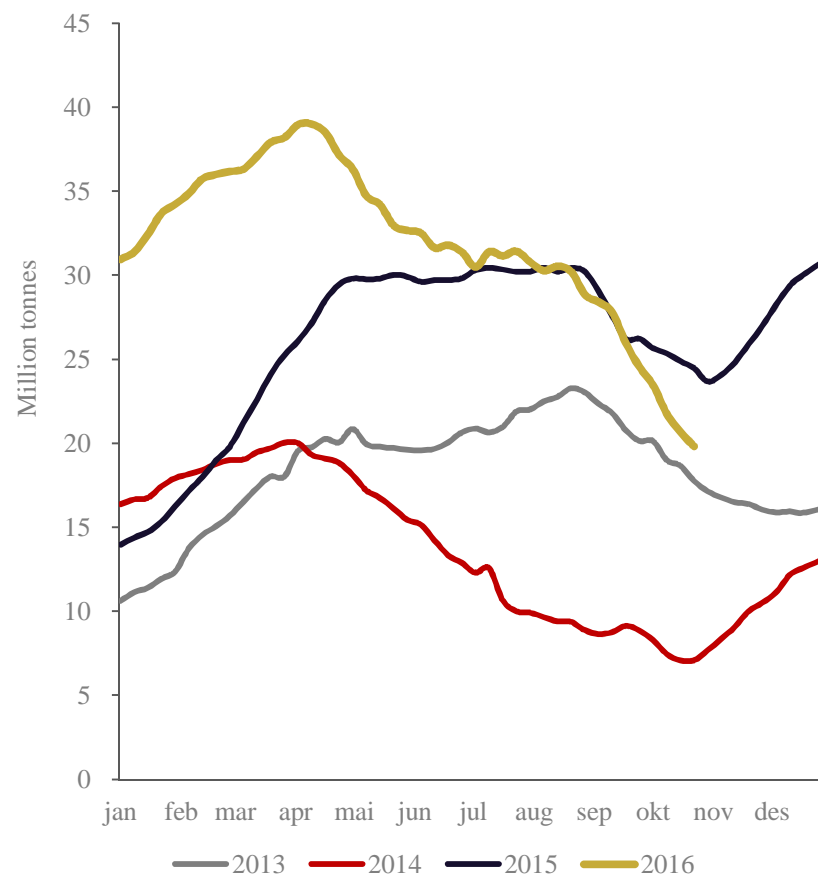


Coal Stocks in Decline

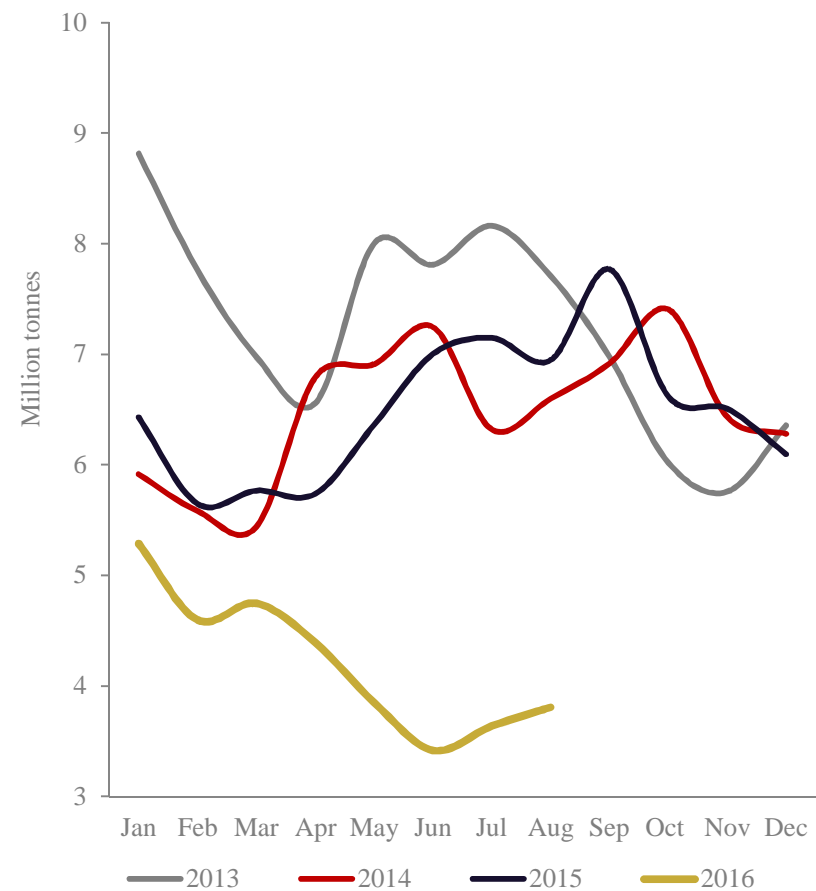


Potential for further downside in coal stocks in winter months

Indian coal stocks



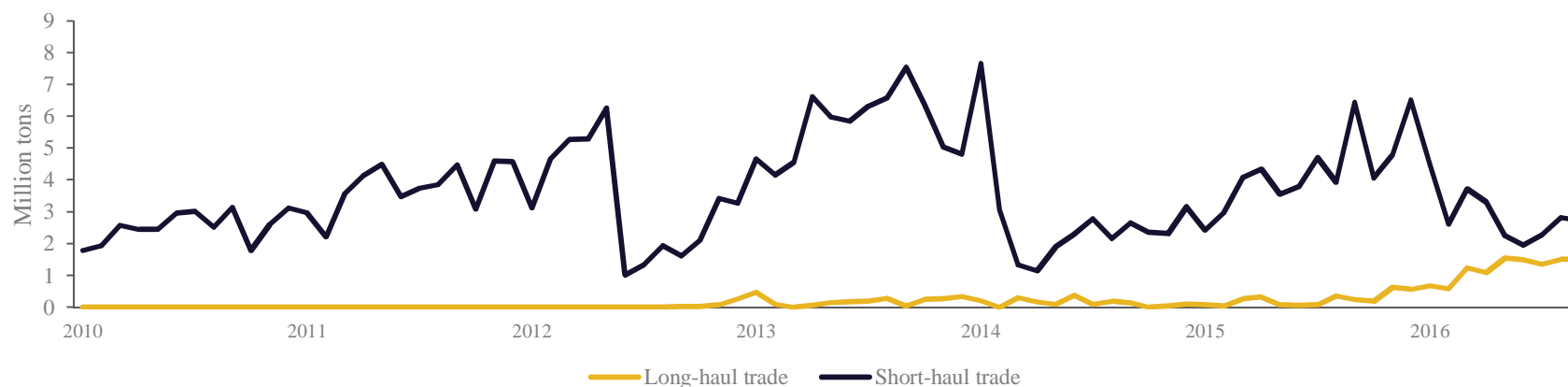
European AMA coal stocks



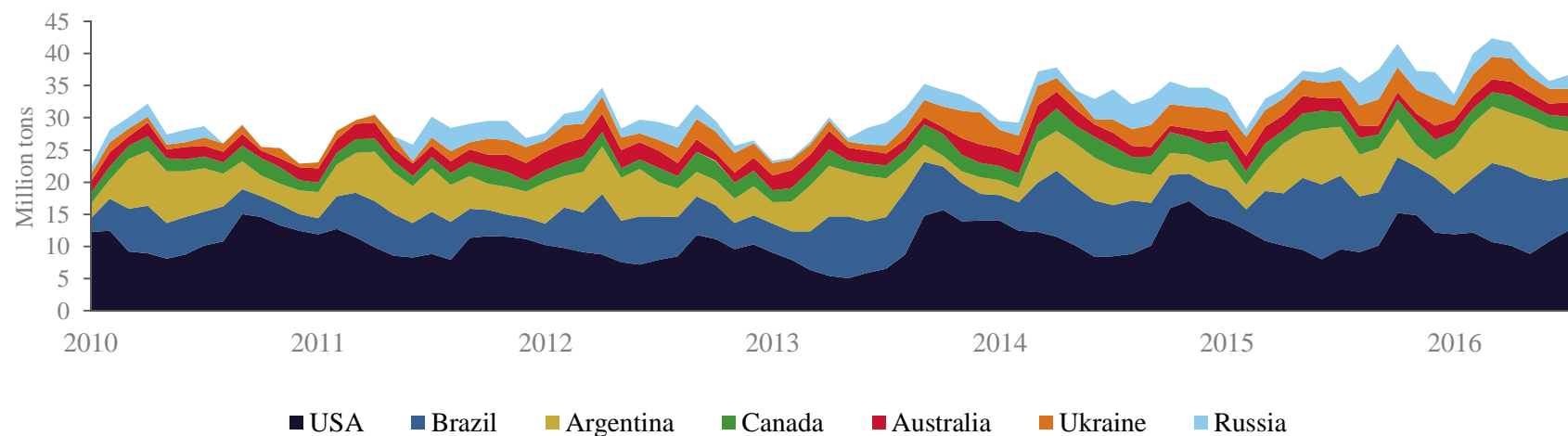
Minor Bulk Trade Support Demand Growth



Chinese bauxite imports – long haul increasing



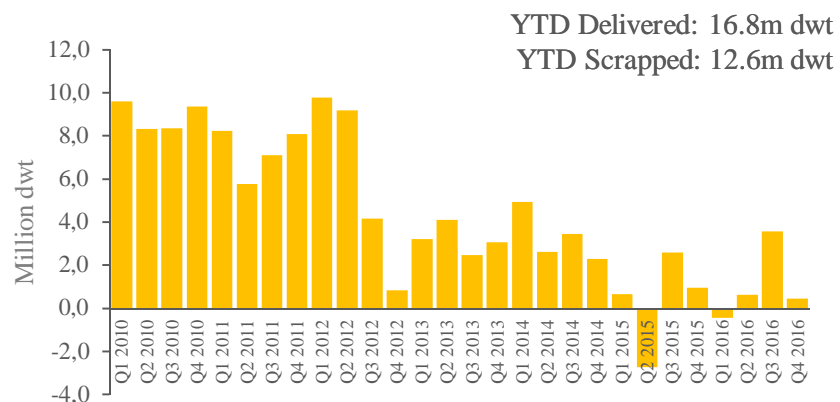
Exports of grains and soybean (*major exporting countries*)



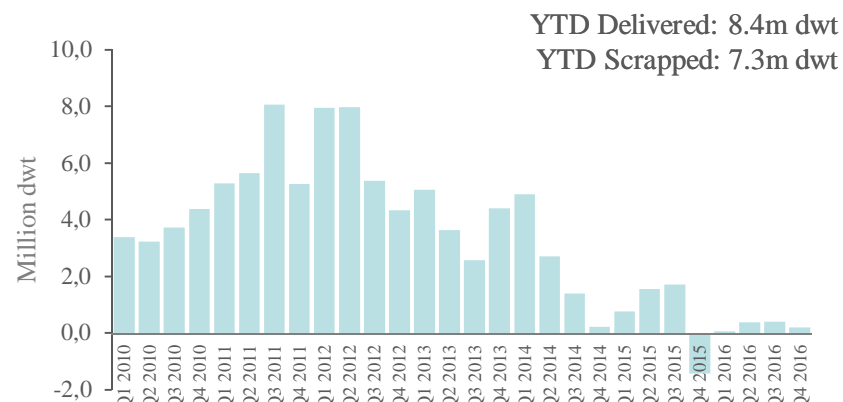
Net Fleet Growth has Slowed Significantly



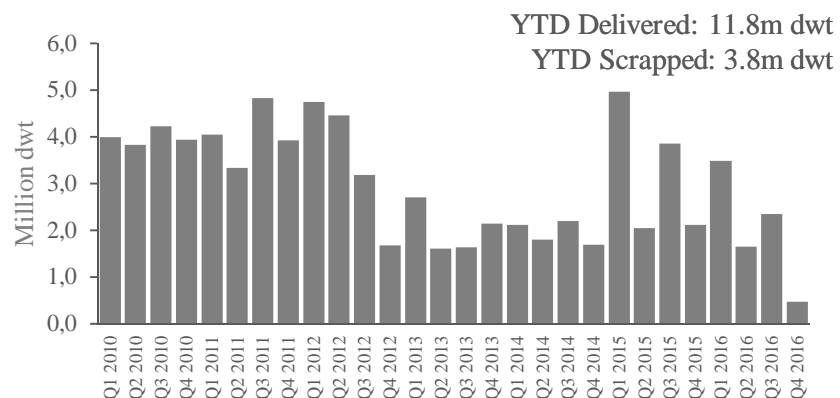
Capesize



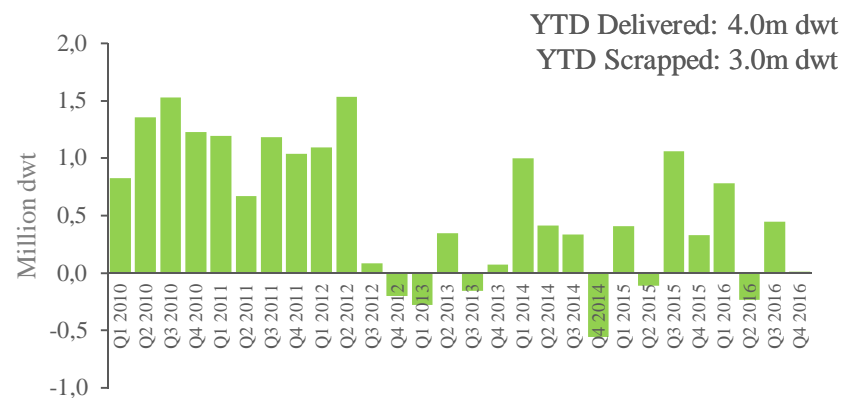
Panamax / Post-Panamax



Handymax / Supramax



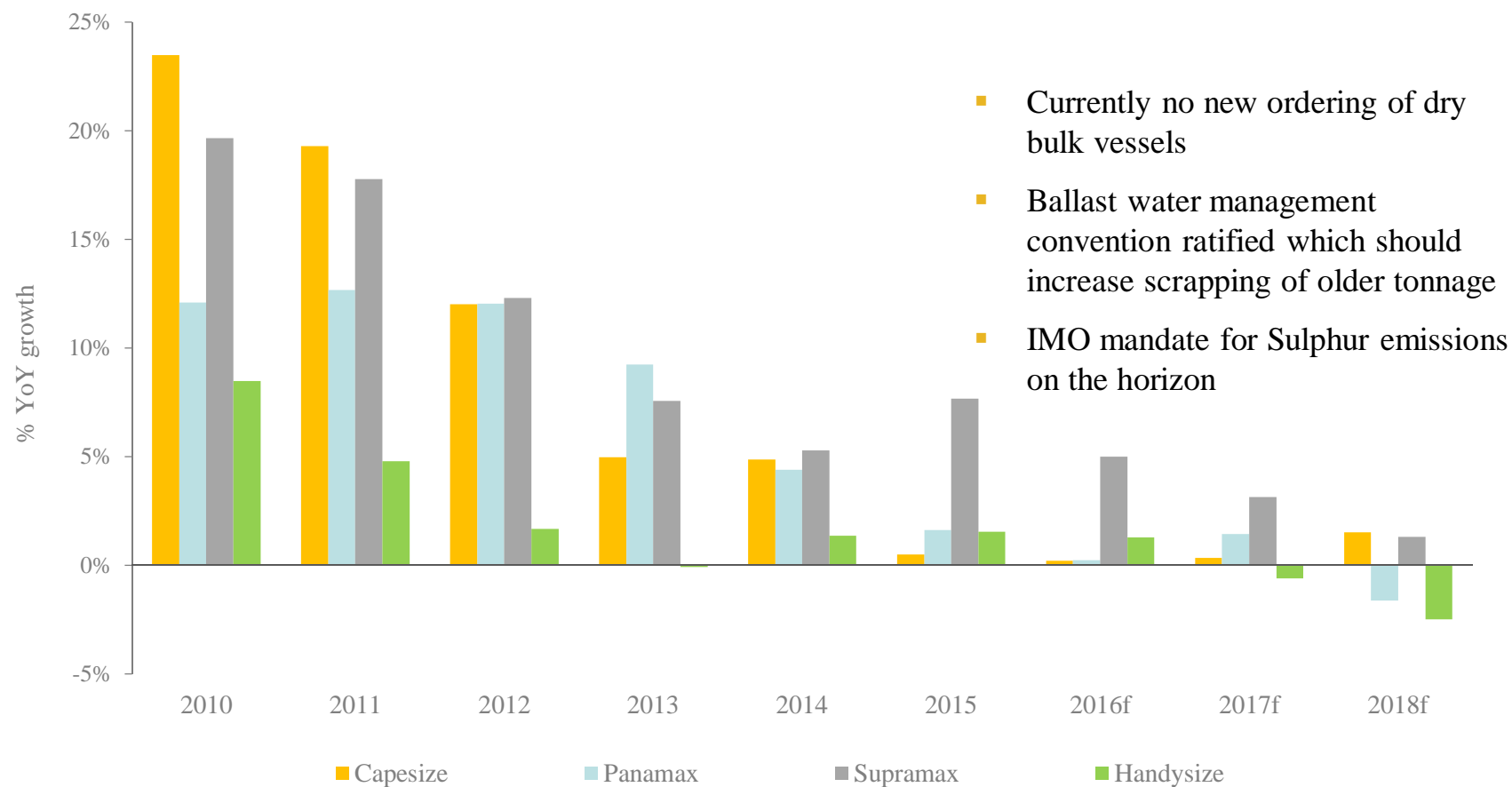
Handysize



Low Fleet Growth Expected for Capesize and Panamax



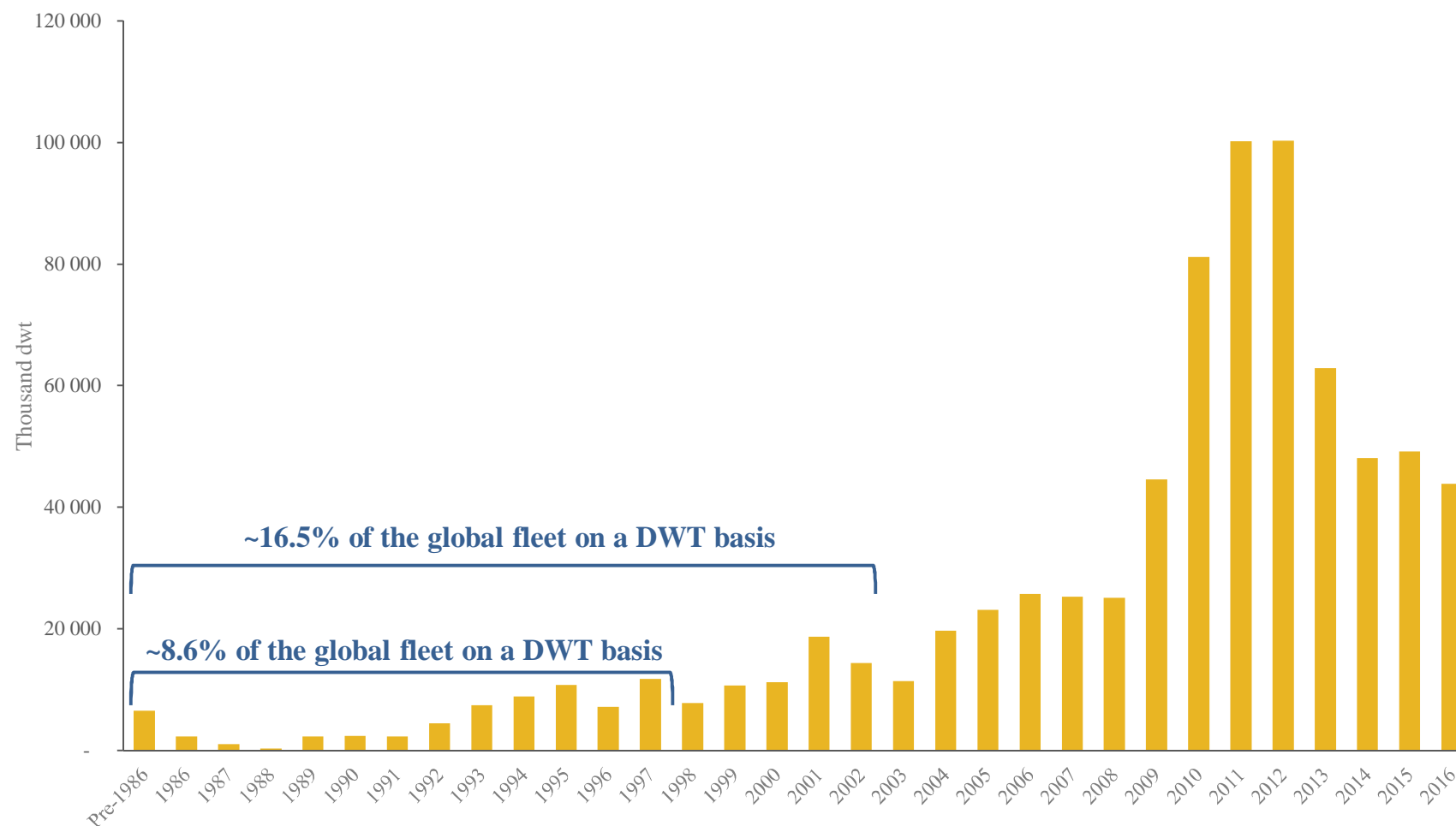
Annual forecast fleet growth by vessel class



Owners may be Forced to Scrap Aging Vessels



Vessel deliveries by year (DWT)

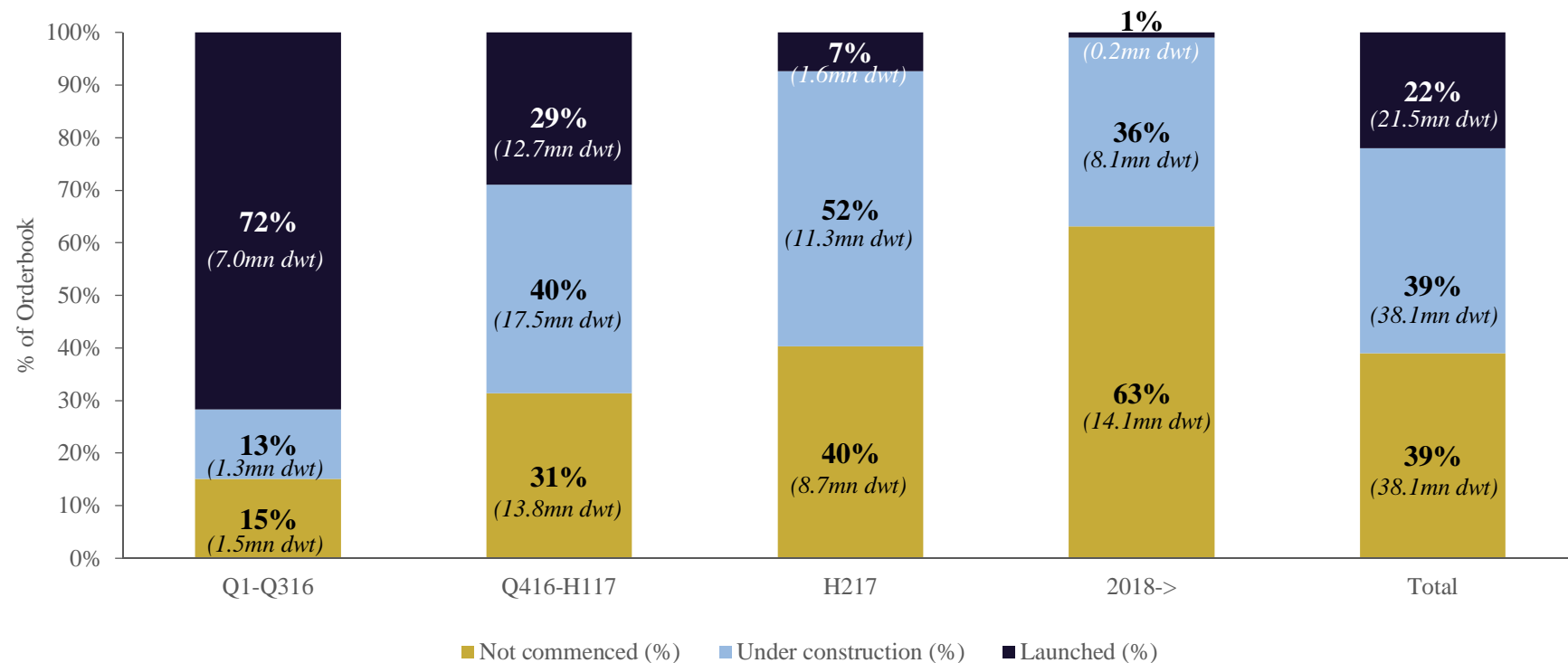


Downside Case for Supply Growth



- Construction has not even commenced on 28% of the orders (in dwt) scheduled for delivery within end of Q2 2017.
- Financial difficulties are forcing shipyards to scale back capacity or cease operations
- Lack of availability of financing is contributing to delays and limiting new ordering

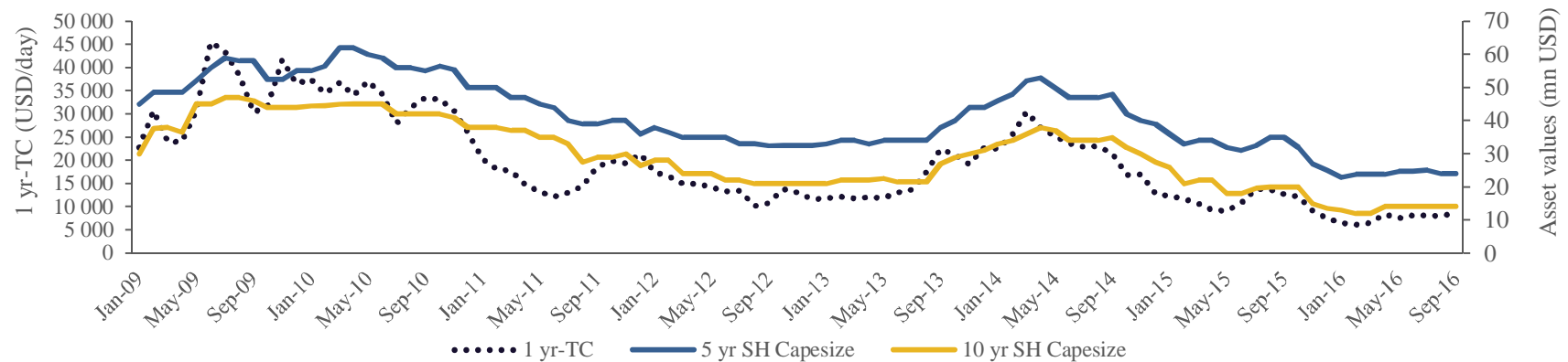
Status of orderbook



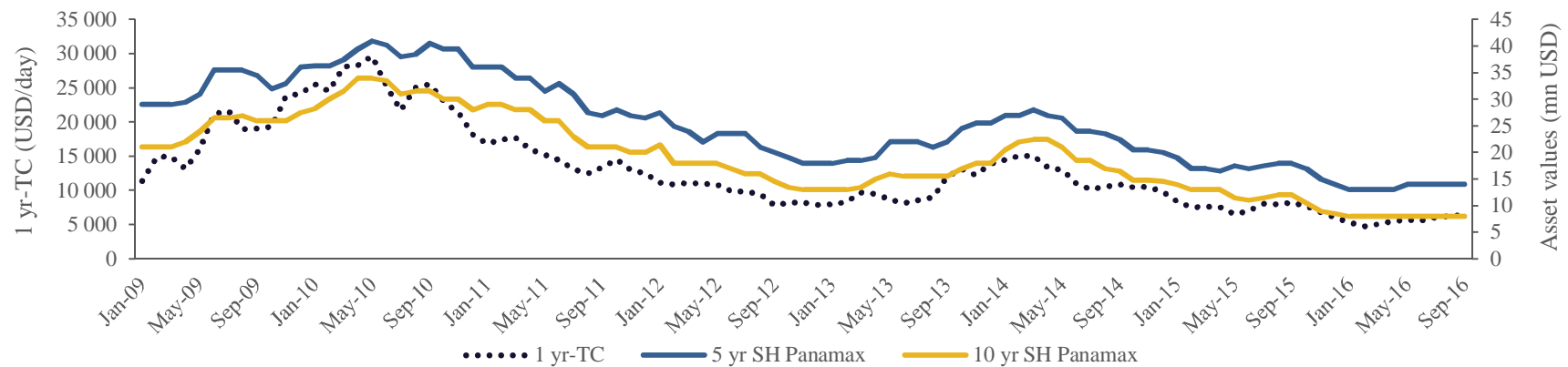
Increasing S&P Volume at Historically Low Prices



Capesize values and earnings



Panamax values and earnings



Cautiously optimistic based on reduced supply growth and expected demand growth

Upside potential

- Continued increase in imports to China due to reduced domestic production of iron ore and/or coal
- Stronger growth in other Asia with demand for coal and steel
- Orderbook slippage due to financial difficulties at shipyards and/or non-performance from owners
- New regulations and higher investment costs leads to higher scrapping

Downside risks

- Change in Chinese policy regarding coal production
- Reduced steel production and slowdown in economic growth world wide
- Higher replacement of coal to other energy sources
- Lower scrapping if rates above OPEX for sustained period of time

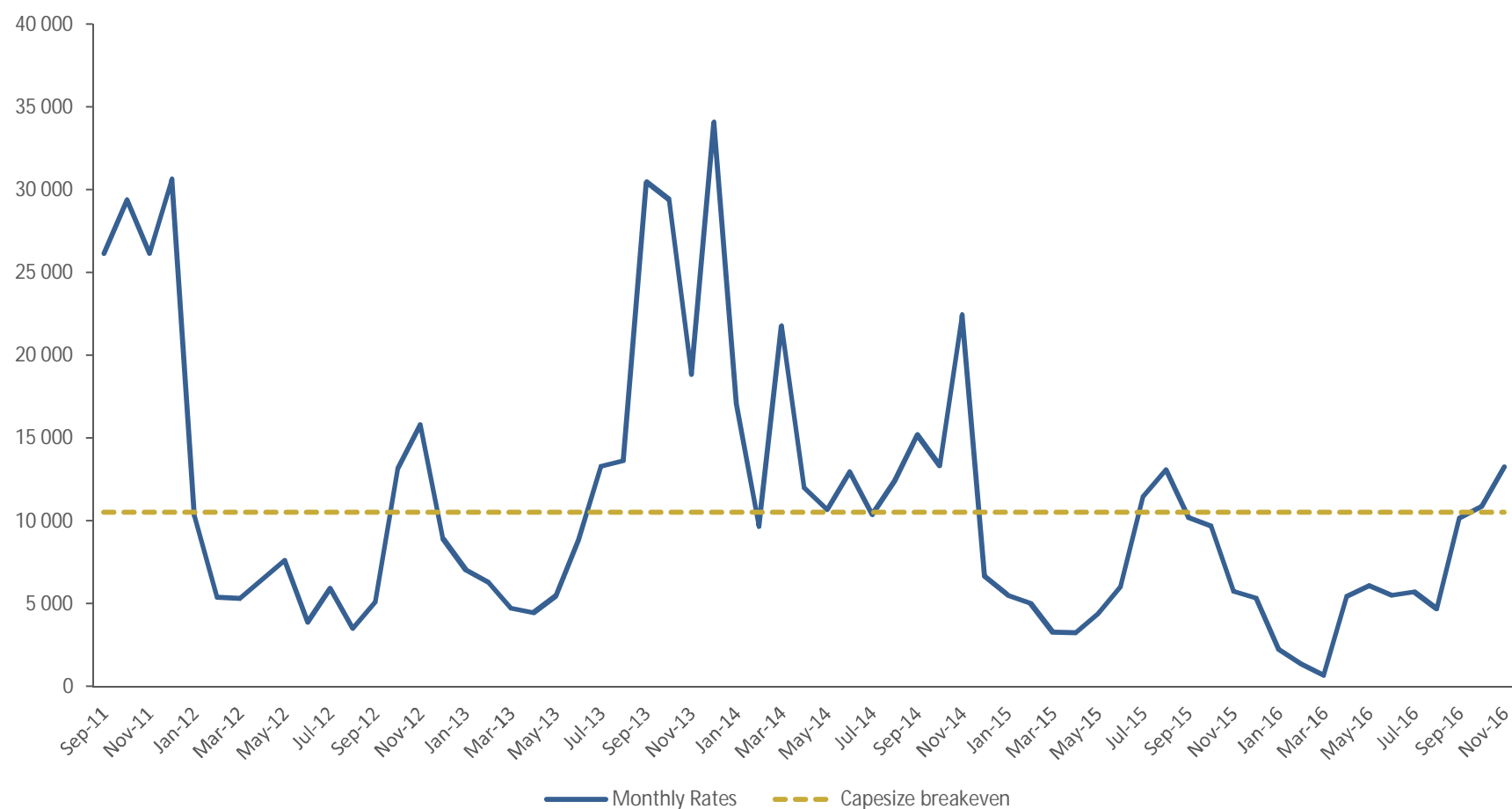
Potential for near-term headwinds remains with expectation of seasonally slow first quarter exacerbated by influx of newbuilding deliveries.

Well Positioned for Market Recovery



Breakeven levels well below historical rate environment

Historical Capesize rates vs. breakeven levels



Source: Baltic Exchange; Company estimates; breakeven rate excludes debt repayment



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Q & A



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Thank you for your attention !