



GOLDEN OCEAN™

Results Q4 - 2016

February 28, 2017

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*



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Company update

Highlights

- The Company reports net income of \$6.5 million and earnings per share of \$0.06 for the fourth quarter of 2016, an improvement of \$33.2 compared with a net loss of \$26.7 million for the third quarter of 2016.
- Adjusted EBITDA in the fourth quarter was \$24.2 million, compared with \$8.6 million in the third quarter of 2016.
- 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, resulting in a net positive cash flow of \$12.7 million in the fourth quarter.
- Agreements were reached with shipyards to defer the delivery of ten newbuildings and achieve aggregate price reductions of \$15.3 million.
- In January 2017, the Company took delivery of two Ultramax newbuildings, *Golden Virgo* and *Golden Libra*, paying a total of \$31.8 million in final installments. The vessels are not financed and were funded by equity.
- In February 2017, the Company took delivery of two Capesize newbuildings, *Golden Surabaya* and *Golden Savannah*. Final installments of \$69.2 million were paid in total, and \$50 million was drawn down in debt.



Profit & Loss



	2016 Oct - Dec	2016 Jul - Sep	2016 Jan - Dec
<i>(in thousands of \$)</i>			
Operating revenues	86,222	71,007	257,808
Gain on sale of newbuildings and amortization of deferred gain	78	56	300
Operating expenses			
Voyage expenses	23,876	28,068	89,886
Ship operating expenses	27,202	27,975	105,843
Charter hire expense	14,267	12,504	53,691
Administrative expenses	3,130	2,712	12,728
Impairment loss on vessels and newbuildings	0	0	985
Provision for uncollectible receivables	0	0	1,800
Depreciation	16,431	16,207	63,433
Total operating expenses	84,906	87,466	328,367
Net operating loss	1,395	(16,403)	(70,258)
Other income (expenses)			
Interest income	386	449	1,666
Interest expense	(12,096)	(11,718)	(44,166)
Impairment loss on marketable securities	0	0	(10,050)
Loss/gain on derivatives	16,734	412	(675)
Equity results of associated companies, including impairment	299	130	(2,523)
Other financial items	(445)	425	(1,860)
Total other expenses	4,879	(10,302)	(57,607)
Tax expense	203	(29)	155
Net profit (loss)	6,476	(26,734)	(127,711)
Basic and diluted loss per share (\$)	0.06	(0.25)	(1.34)
Adjusted EBITDA	24,209	8,571	17,828

- Operating revenues less voyage expenses (TCE) increased by \$19.4 million in the fourth quarter compared to the prior quarter. Primary due to increased in freight rates
- Charterhire expenses are up mainly due to increase in short term trading activity
- Ship operating expenses is down by \$0.8 million due to no dry dockings in the fourth quarter (Q3: 2)
- US interest rates increased in fourth quarter leading to a significant gain on on interest rate hedges

Balance Sheet



	2016 Dec-31	2016 Sep-30	2015 Dec 31	
<i>(in thousands of \$)</i>				
ASSETS				
<i>Short term</i>				
Cash and cash equivalents	212,942	178,299	102,617	■ \$267.1 million in cash including cash classified as restricted, an increase of \$21.1 million from September 30, 2016
Restricted cash	315	13,920	351	
Other current assets	86,674	92,925	100,692	
<i>Long term</i>				
Restricted cash	53,797	53,714	48,521	■ No new vessels delivered to the company in fourth quarter and vessels is down due to ordinary depreciation
Vessels, net	1,758,939	1,774,933	1,488,205	
Vessels under capital lease, net	2,956	3,182	8,354	
Newbuildings	180,562	190,600	338,614	
Other long term assets	65,437	68,930	85,515	
Total assets	2,361,621	2,376,503	2,172,869	■ Newbuildings decreased due to the delivery and immediately sale of Front Mediterranean, off set by installments paid on newbuildings
LIABILITIES AND EQUITY				
<i>Short term</i>				
Current portion of long-term debt and obligations under capital lease	4,858	4,766	36,129	
Other current liabilities	38,747	63,761	43,908	■ Expected payment on cash sweep is not included current portion of long term debt
<i>Long term</i>				
Long-term debt and obligations under capital lease	1,071,092	1,069,522	925,648	
Other long term liabilities	8,212	8,346	8,540	
Equity	1,238,712	1,230,108	1,158,644	■ Current liabilities down mainly due to increased forward US interest rates
Total liabilities and equity	2,361,621	2,376,503	2,172,869	6

Fleet Development and Newbuildings



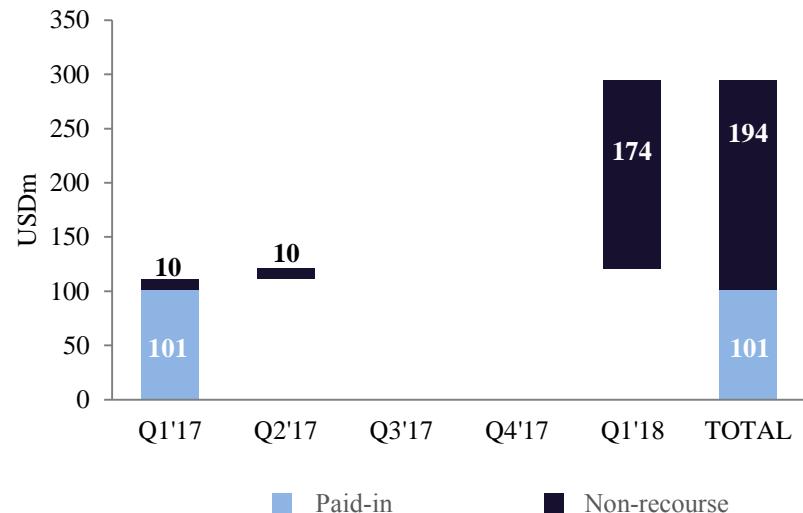
Recent developments

- Took delivery of the Capesize *Front Mediterranean*, built at Dalian Shipbuilding Industry Co. in October 2016
 - A final installment 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 \$12.7 million
- Took delivery of two Ultramaxes *Golden Virgo* and *Golden Libra*, built at Chengxi shipyard in January 2017
 - Final installments of \$31.8 million in total were paid with available cash at delivery with no financing
- Took delivery of two Capesize newbuildings, *Golden Savannah* and *Golden Surabaya*, built at SWS shipyard, in February 2017
 - Final installments of \$69.2 million in total were paid, and \$50 million was drawn down in debt

Accomplishments since February 2016

- The Company has reached agreements to further postpone newbuildings by an aggregate of 128 months*
- Aggregate Capex reductions of \$15.3 million have been achieved
- All remaining six Capesize newbuildings are scheduled to be delivered in 2018* and are financed with \$25 million each

Remaining newbuilding CAPEX*



Newbuilding delivery schedule

	2017	2018
Capesize vessels*	-	6

Note: Newbuilding delivery schedule and remaining CAPEX as of February 28, 2017.

* Delivery schedule is subject to final approval from the yard's refund banks

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

Fleet profile

	Capesize	Kamsarmax	Ice-class Panamax	Supramax / Ultramax	Total
Owned sailing vessels	24	8	10	8	50
Newbuilding	6	-	-	-	6
Bareboat charter	0	1	-	-	1
Time charter in	8	-	-	1	9
Joint venture	1	-	-	-	1
Total	39	9	10	9	67

Chartering profile

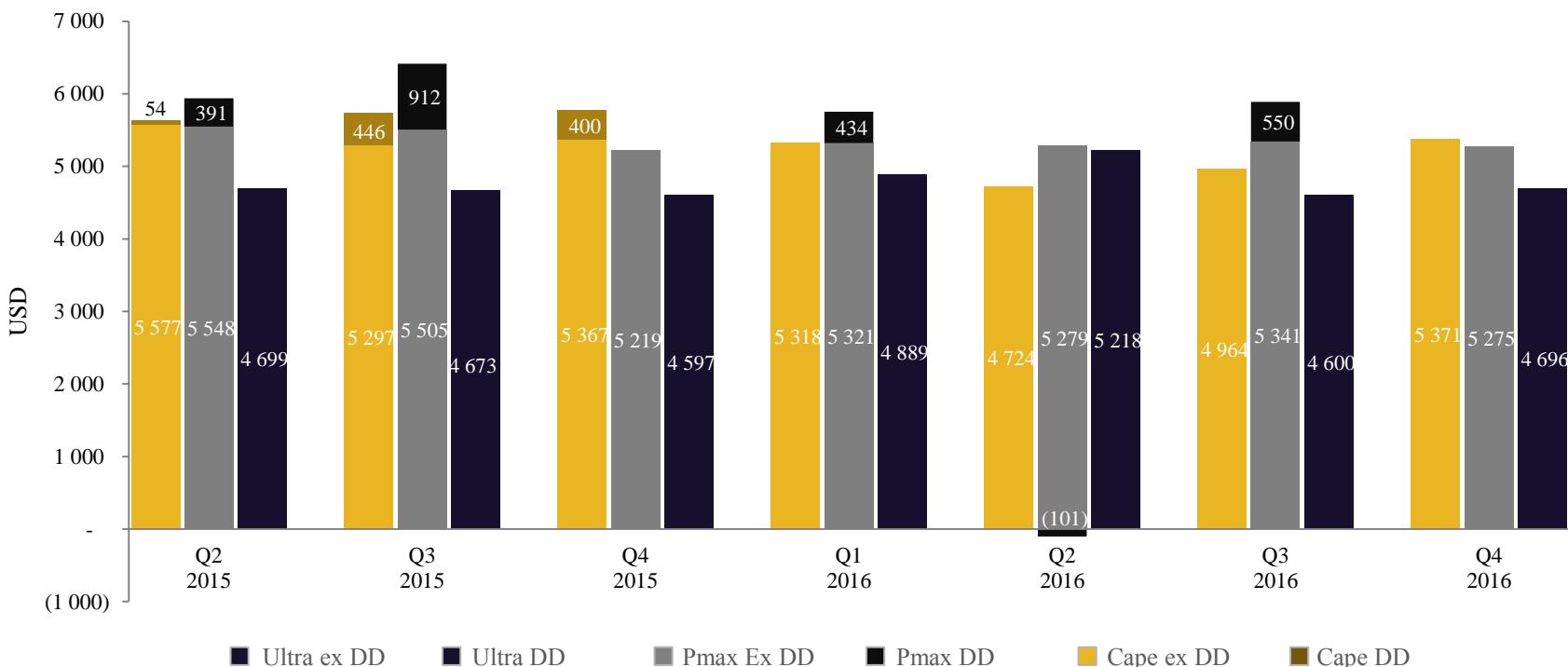
- 10 Capesizes on index-linked long term TC-out
- Two Capesize fixed on 1-year time charters at an average daily gross rate of \$14,175
- Four Kamsarmax vessels on long term TC-out at fixed rate
- One Panamax vessel on long term TC out expiring in Q3 2017
- Remaining fleet is trading spot, in spot pools or on short term charters

Vessel Operating Expenses



Maintaining competitive OPEX levels

- Fully-burdened Opex includes dry docking and management fees
- Based on 6 Ultramaxes, 19 Panamax / Kamsarmax and 30 Capesize vessels
- One vessel dry docked in Q1 2016 and two in Q3 2016; no vessels dry docked in Q4 2016
- G&A net of management fees below \$11 million per year gives a cost of \$480 per day over owned fleet





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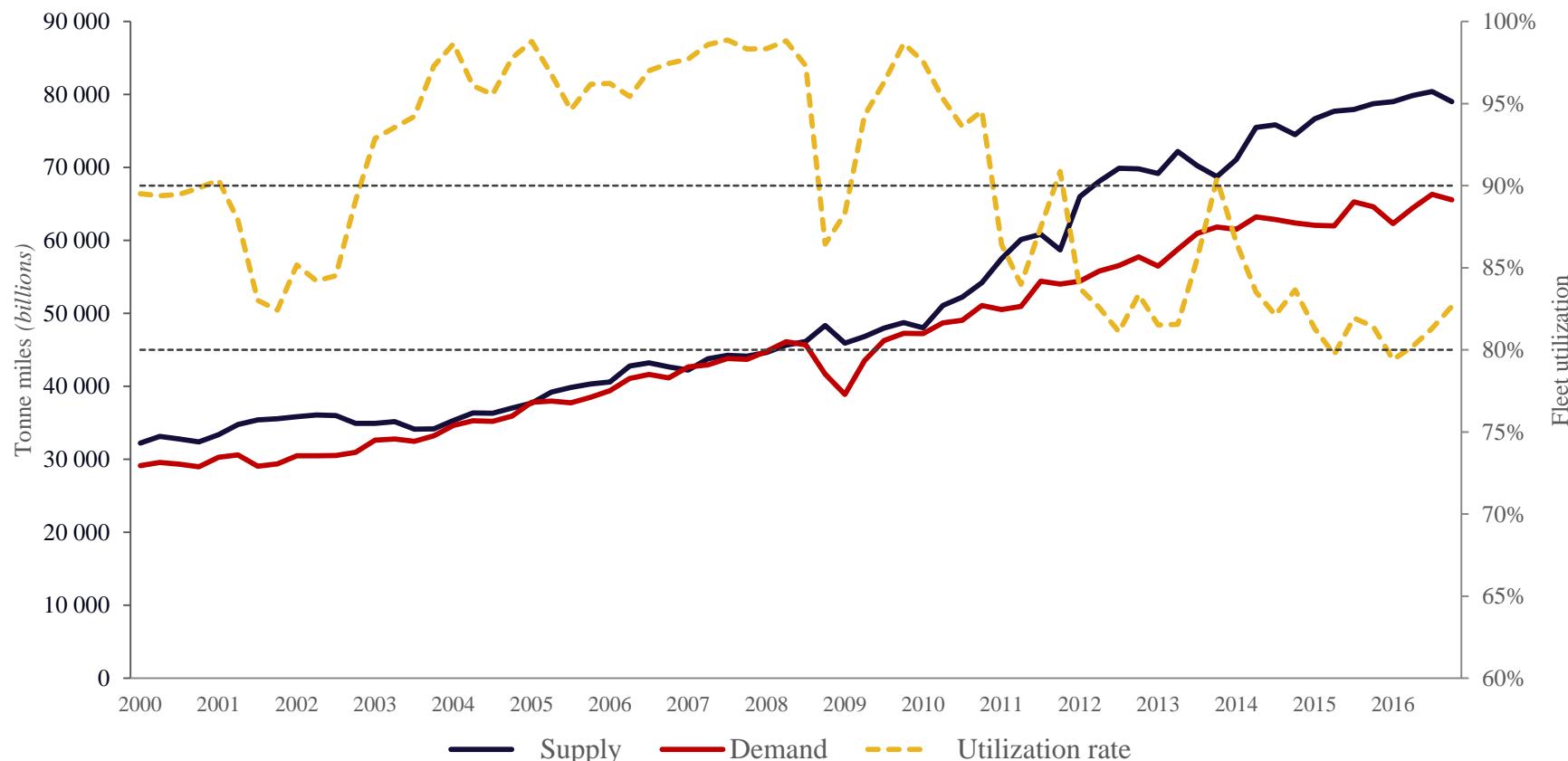
Dry bulk market

Dry Bulk Rates & Utilization



Utilization improved in the fourth quarter; still at historically low levels

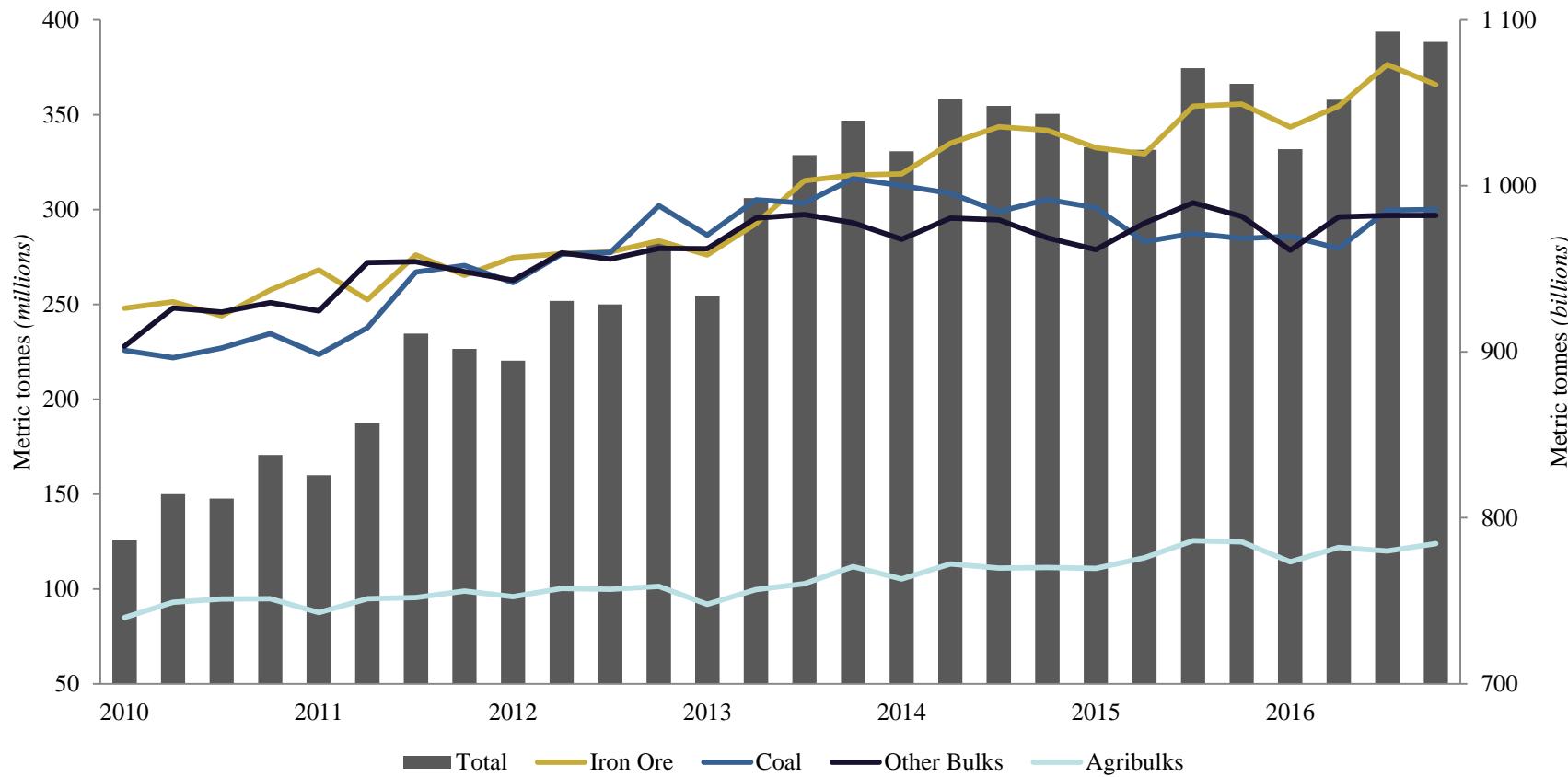
Supply, demand and utilization rate - dry bulk ships 10,000 dwt +



Seaborne Trade Growth Continues



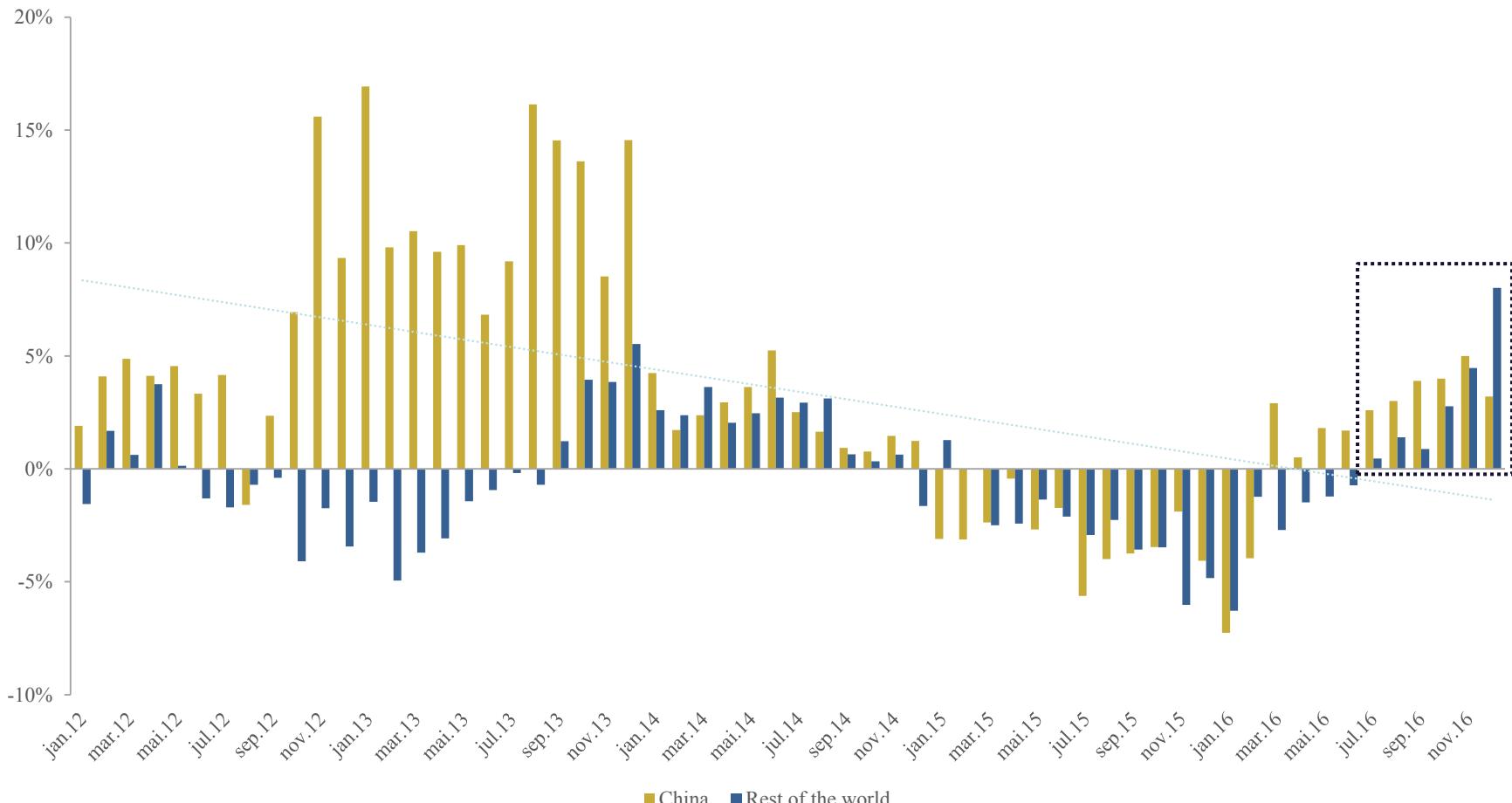
Seaborne trade of dry bulk commodities (*major importers*)



World Steel Production Showing Recent Improvement



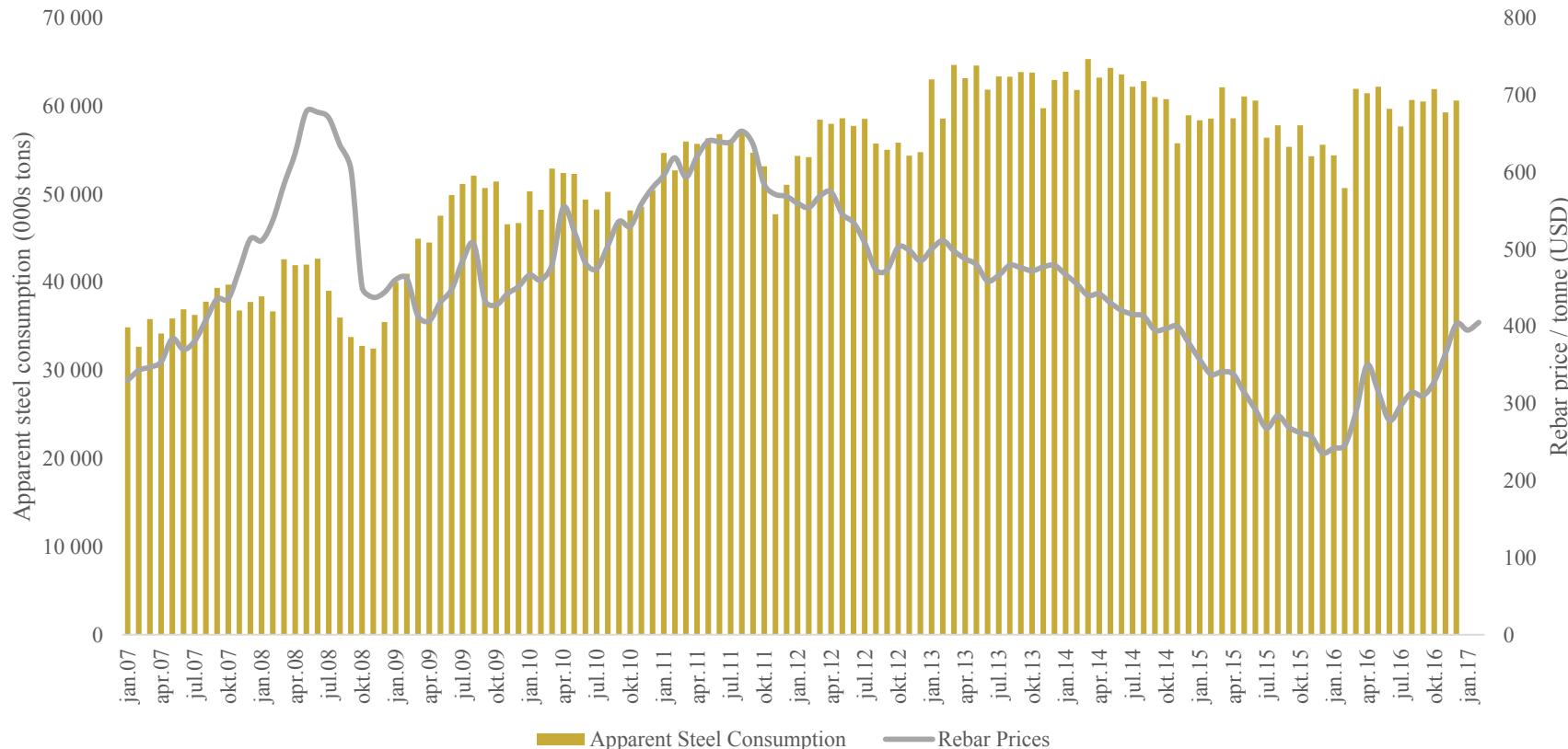
Annual change in steel production



Chinese Apparent Steel Demand Remains at Strong Levels



Chinese apparent steel consumption & rebar prices



Chinese Steelmaking Margins Support Demand



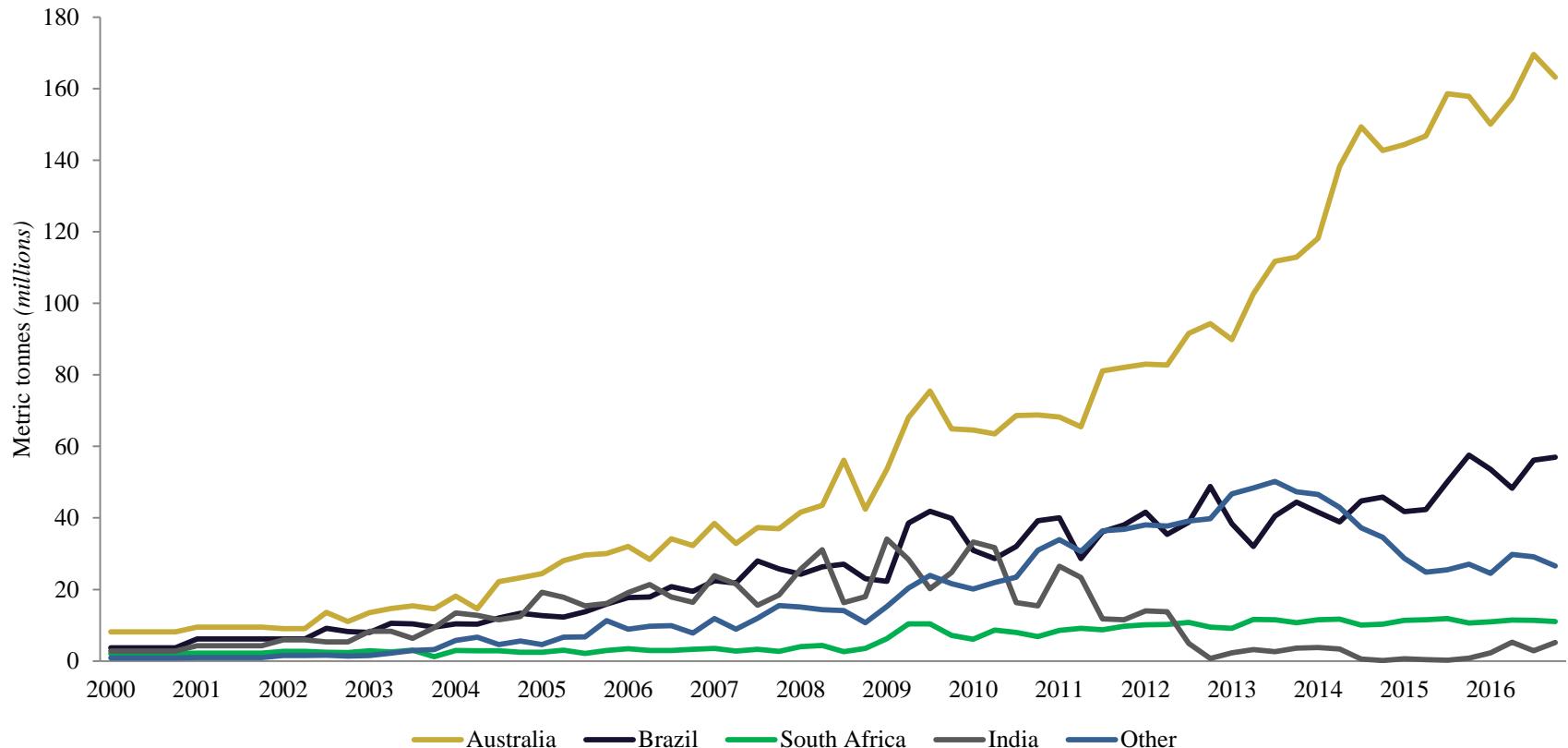
Gross profit (steel price minus cost of coking coal and iron ore; all prices spot)



Iron Ore Exports – Australia and Brazil Keep Market Share



Iron ore exports by region

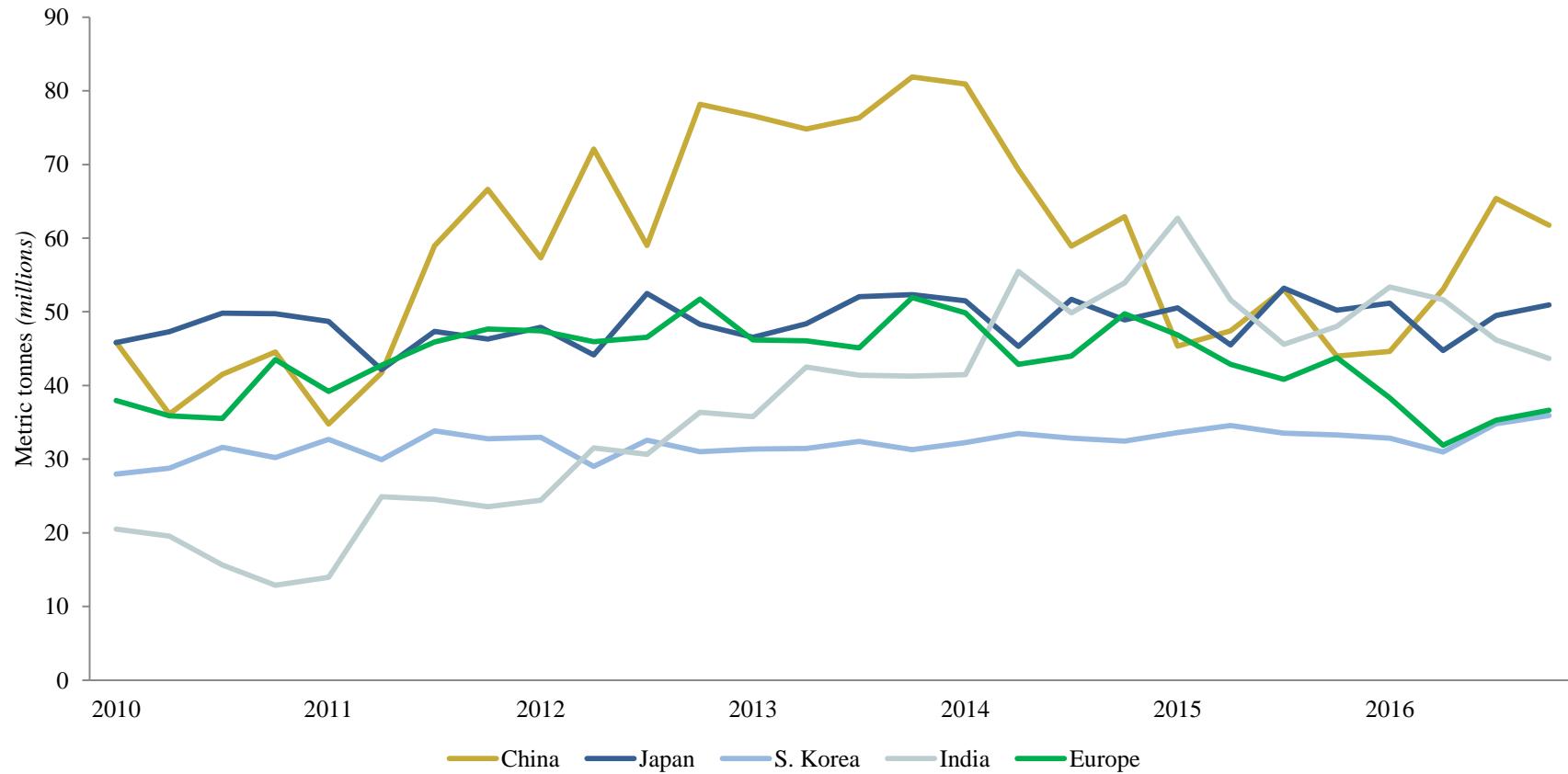


Coal Imports Continue to Trend Higher



Imports into Asia were strong throughout 2016; Europe turned in the second half of 2016

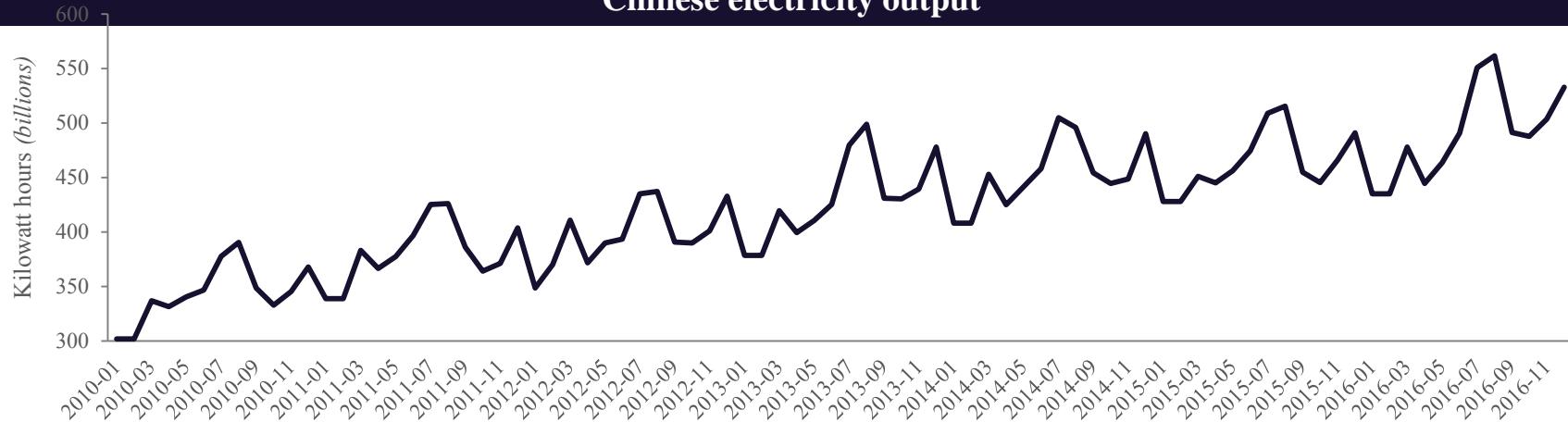
Seaborne coal imports by major importing countries



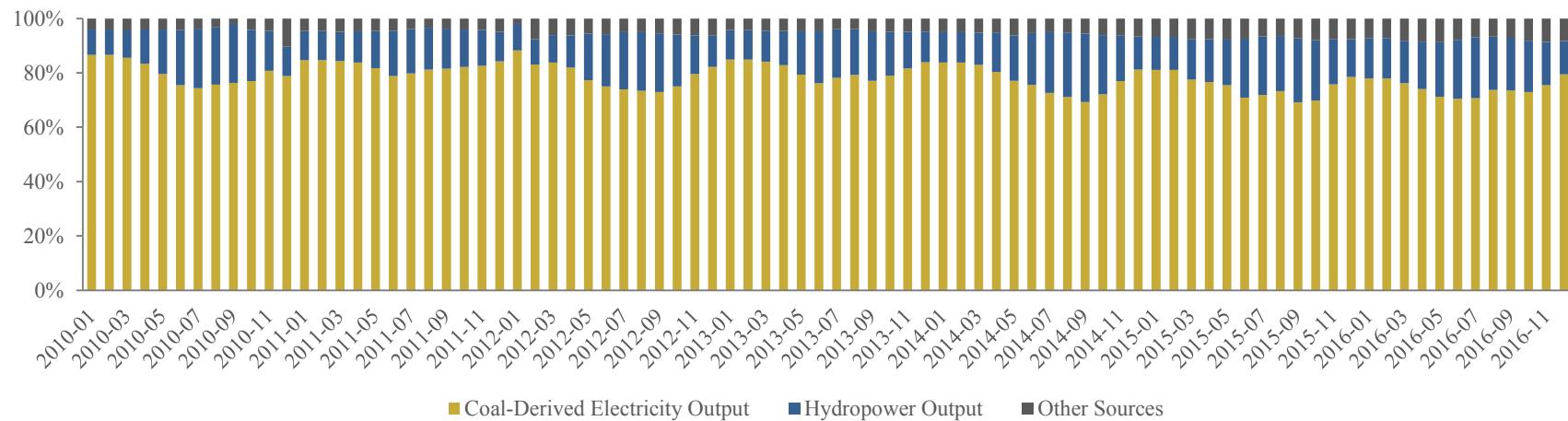
Strong Electricity Consumption Supports Coal Demand



Chinese electricity output



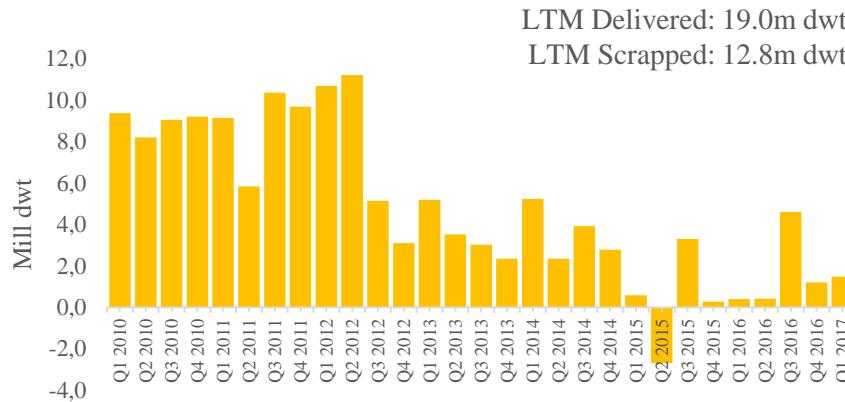
Chinese electricity output by source



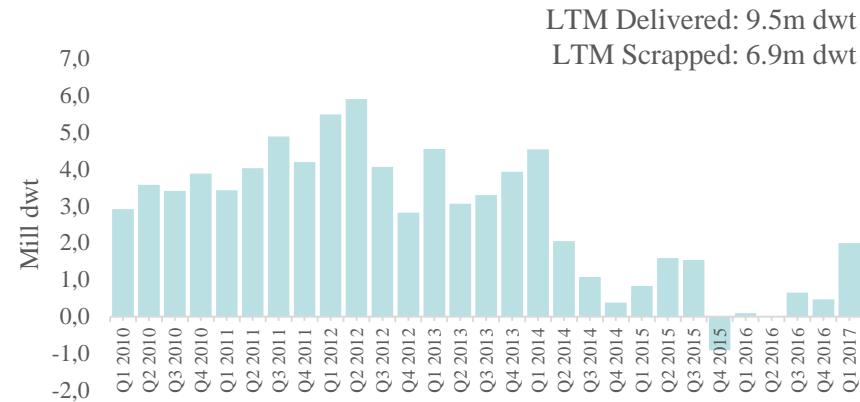
Net Fleet Growth has Slowed Significantly



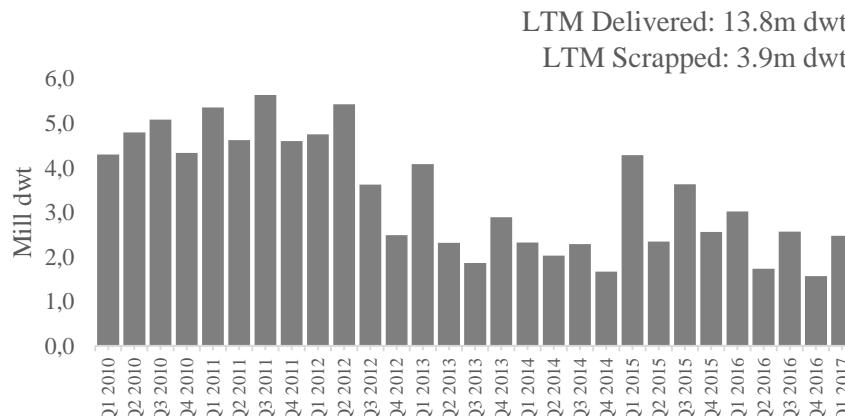
Capesize



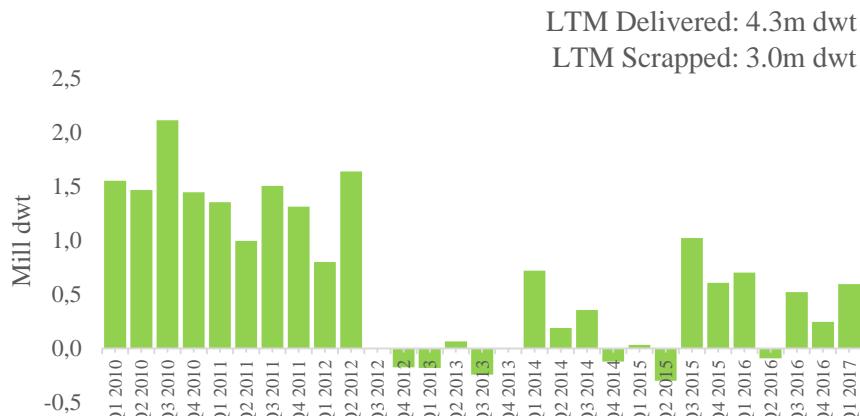
Panamax / Post-Panamax



Handymax / Supramax



Handysize

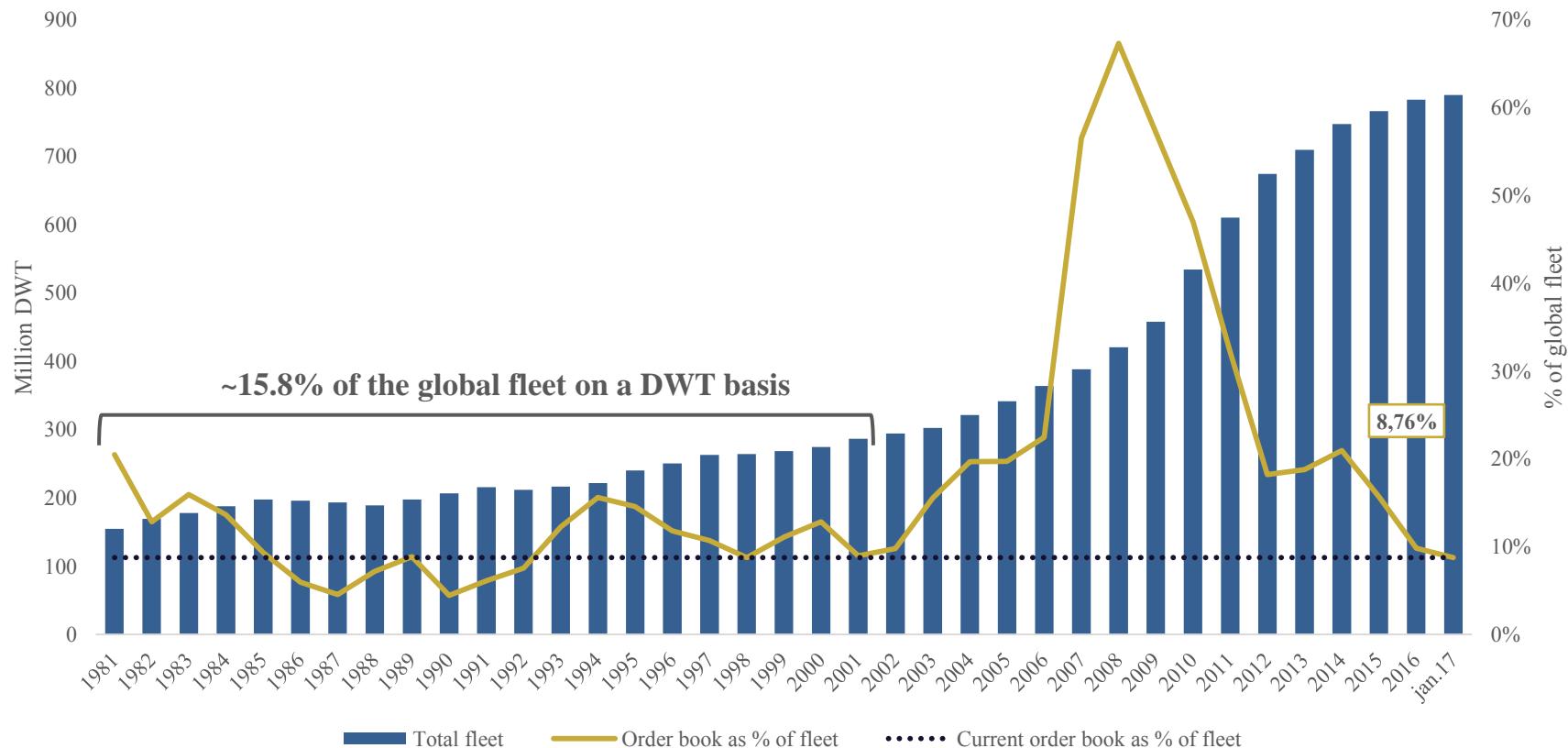


Order book at Historically Low Levels



The orderbook may be reduced to 3% of the global fleet by the end of 2017

Order book as percent of existing fleet

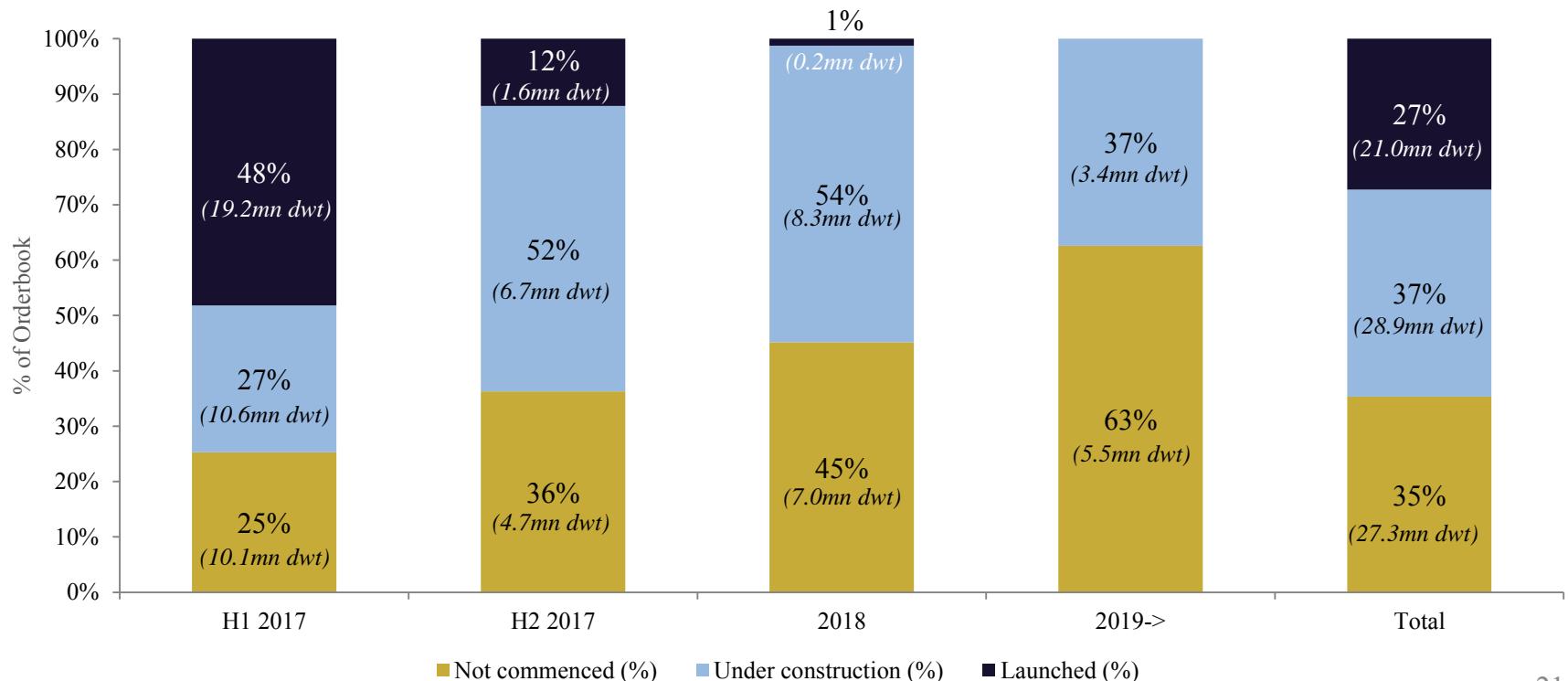


Downside Case for Supply Growth



- Construction has not even commenced on 25% of the orders (in dwt) scheduled for delivery within end of H1 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

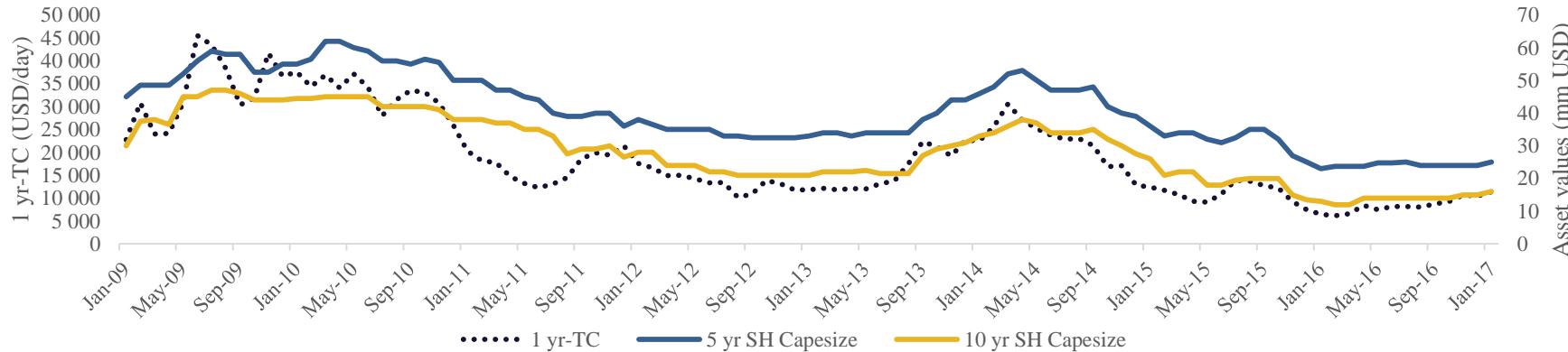
Status of orderbook



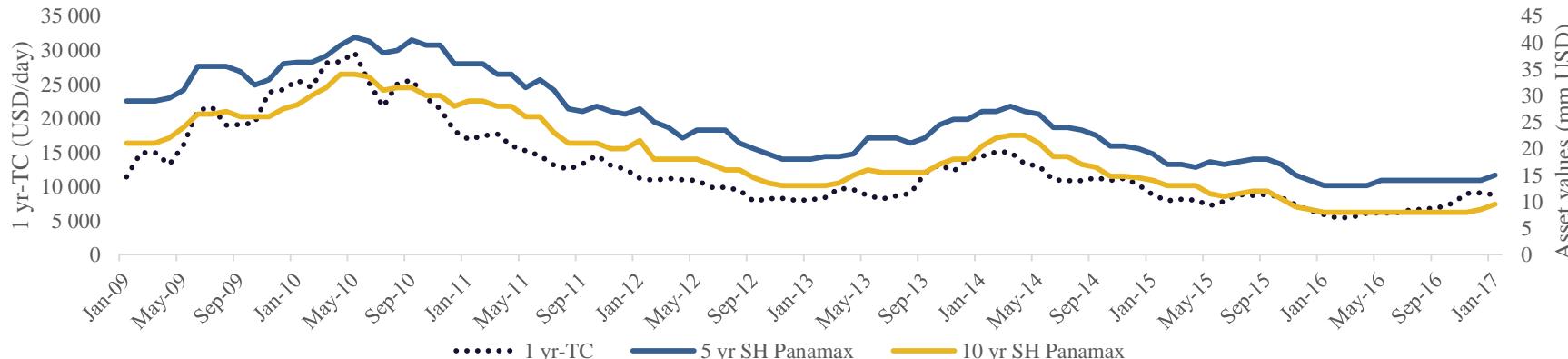
Increasing S&P Volume at Historically Low Prices



Capesize values and earnings



Panamax values and earnings



Cautiously optimistic based on improved supply / demand balance

Upside potential	Downside risks
<ul style="list-style-type: none">Continued increase in imports to China due to reduced domestic production of iron ore and/or coalStronger global growth with increase in steel and energy demand worldwideOrderbook slippage and cancellations due to financial difficulties at shipyards and/or non-performance from ownersNew regulations and higher investment costs leads to higher scrapping	<ul style="list-style-type: none">Change in Chinese policy regarding coal productionReduced in stimuli leading to lower demand for steel and energyHigher replacement of coal to other energy sourcesLower scrapping if rates above OPEX for sustained period of timeNew ordering motivated by new regulations and narrowing spreads to newbuilding prices

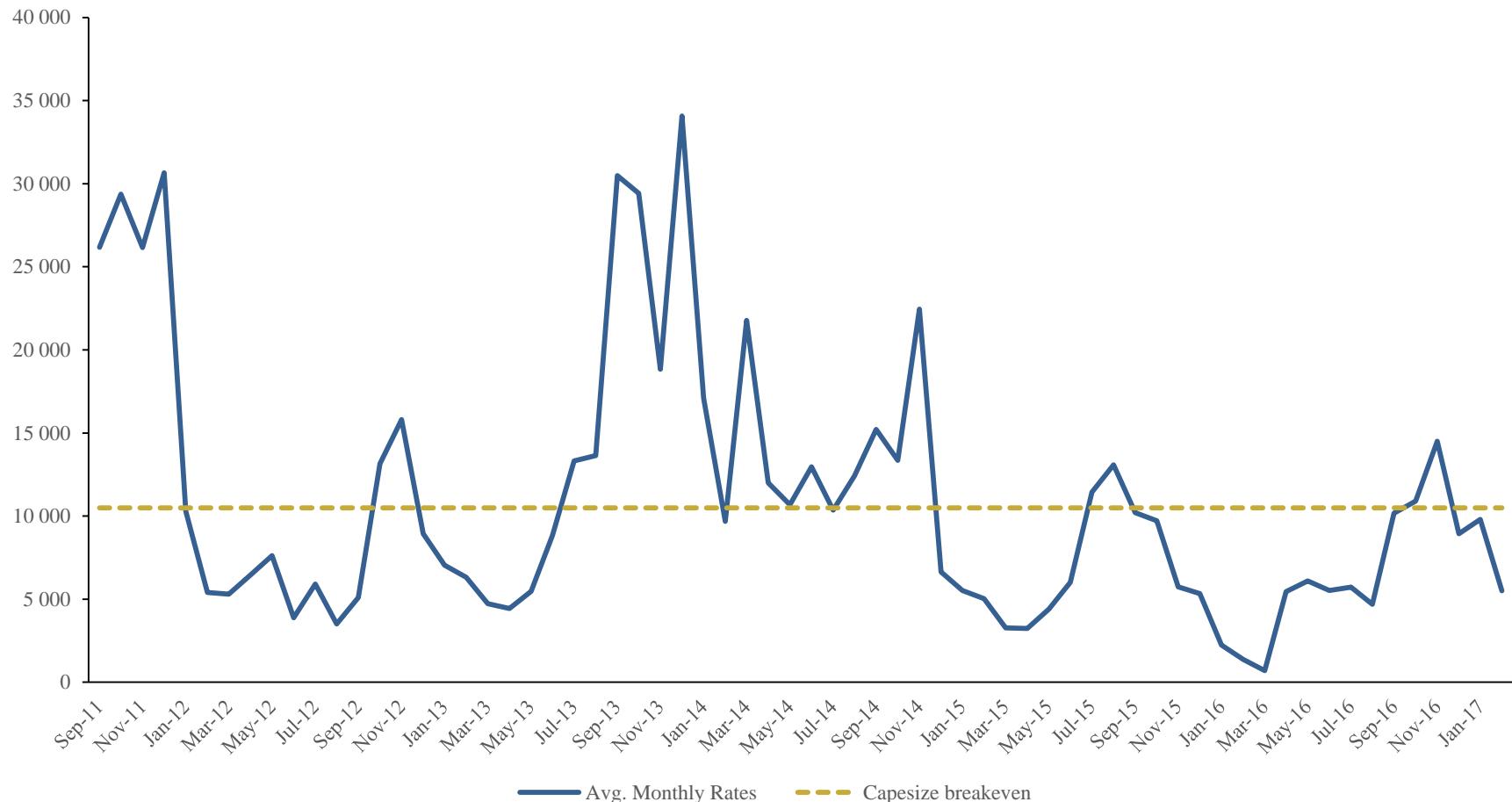
Expect rate volatility in the near term as supply / demand balance is still fragile and single events will impact the market. Longer term fundamentals stronger as long as new ordering is minimal.

Well Positioned for Market Recovery



Breakeven levels well below historical rate environment

Historical Capesize rates vs. breakeven levels





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Q & A



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Thank you for your attention!