



GOLDEN OCEAN™

RESULTS Q4 - 2017

FEBRUARY 20, 2018

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 \$27.1 million** and earnings per share of \$0.19 for the fourth quarter of 2017
 - An improvement of \$20.7 million compared with net income of \$0.4 million for the third quarter of 2017
- Adjusted **EBITDA** in the fourth quarter was **\$65.3 million, compared with \$40.4 million** in the third quarter of 2017
- **Completed current newbuilding program** by taking delivery of five remaining Capesize newbuildings in January and February 2018
- **Raised \$100 million in capital** through a \$66 million equity offering and a \$34 million equity in-kind contribution as partial consideration for two modern Capesize vessels, one of which was delivered in the fourth quarter and the last one delivered in January 2018
- **Terminated the covenant waivers** related to the Company's recourse debt
- **Announces a cash dividend** of \$0.10 per share for the fourth quarter

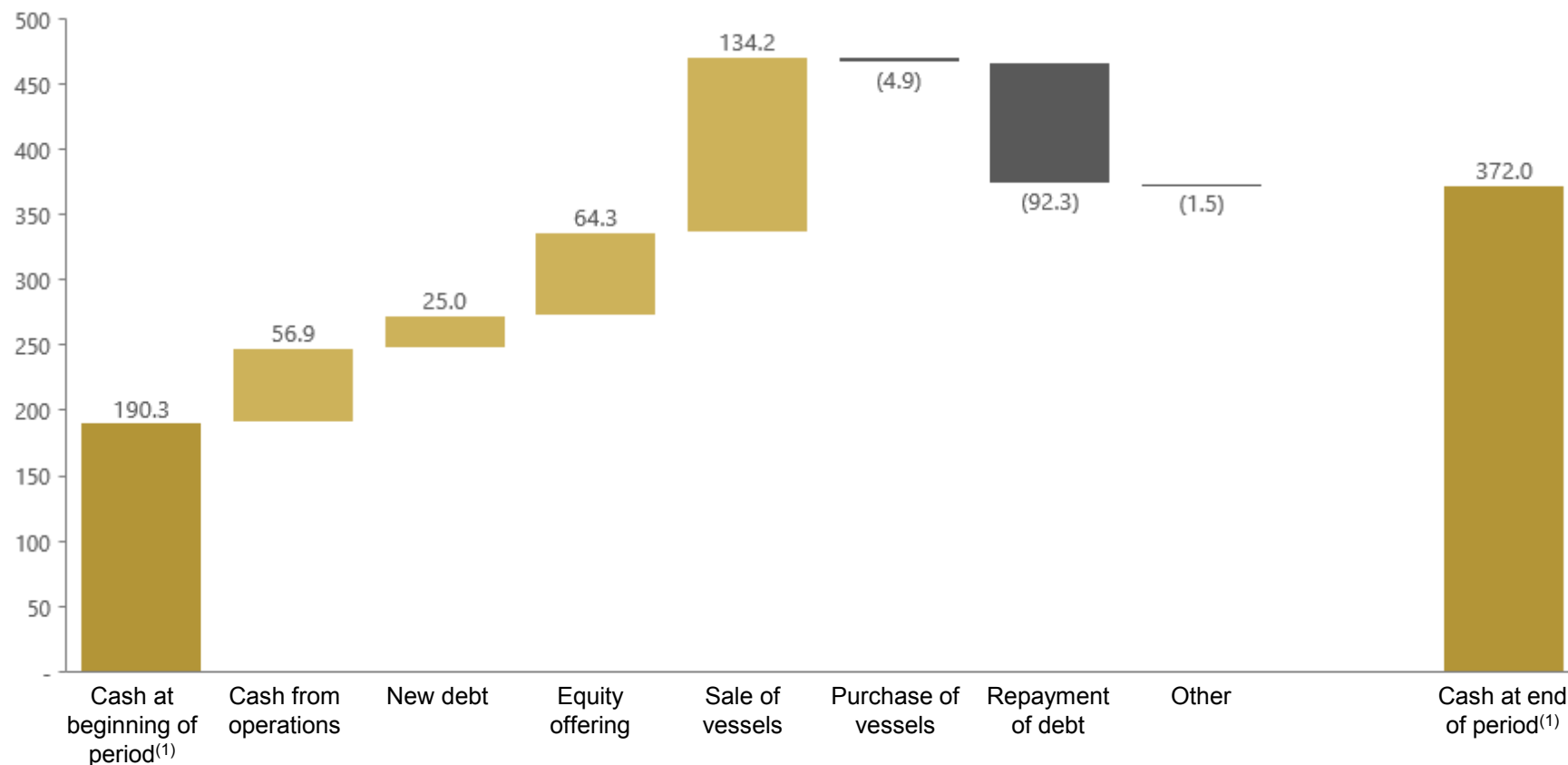
PROFIT & LOSS

(in thousands of \$)	Q4 2017	Q3 2017	Quarterly Variance
Operating revenues	150,712	128,542	22,170
Voyage expenses	(28,949)	(34,970)	6,021
Net revenues	121,763	93,572	28,191
Ship operating expenses	(36,383)	(37,206)	823
Administrative expenses	(3,279)	(3,151)	(128)
Charter hire expenses	(20,382)	(20,837)	456
Depreciation / impairment	(20,873)	(22,302)	1,428
Other gains (losses)	(505)	65	(570)
Net operating expenses	(81,423)	(83,431)	2,009
Net operating income (loss)	40,340	10,141	30,200
Net financial expenses	(15,619)	(15,725)	106
Derivatives and other financial income (loss)	2,386	5,977	(3,591)
Net income before taxation (loss)	27,107	393	26,714
Income Tax expense	16	(25)	42
Net income (loss)	27,124	368	26,756
Earnings (loss) per share: basic and diluted	\$0.19	\$0.00	
Adjusted EBITDA	65,325	40,448	24,877
TCE per day	16,444	12,958	3,486

- TCE (Operating revenues less voyage expenses) increased by \$28.2 million in the fourth quarter, following a stronger market for Capesize vessels in particular.
- Net operating expenses decreased by \$2.0 million, following reduced ship operating expenses and depreciation as a result of the sale of six Ultramax vessels.
- EBITDA of \$65.3 million compared with \$40.4 million in Q3.
- Net positive contributions from derivatives. US interest rate hedges and bunkers were profitable, partially offset by loss on FFA hedges.

CASH FLOW DURING THE QUARTER

Q4 2017



BALANCE SHEET

(in thousands of \$)	Q4 2017	Q3 2017	Quarterly Variance
ASSETS			
Short term			
Cash and cash equivalents (incl. restricted cash)	317,138	127,892	189,246
Other current assets	127,360	109,562	17,799
Long term			
Restricted cash	54,845	62,370	(7,525)
Vessels (incl. newbuildings and held-for-sale)	2,320,729	2,441,064	(120,335)
Other long term assets	49,982	54,018	(4,037)
Total assets	2,870,054	2,794,906	75,147
LIABILITIES AND EQUITY			
Short term			
Current portion of long term debt and capital lease	114,910	33,920	80,990
Other current liabilities	66,816	54,654	12,162
Long term			
Long term debt and capital lease	1,186,223	1,310,913	(124,690)
Other long term liabilities	8,059	8,098	(39)
Equity	1,494,047	1,387,322	106,725
Total liabilities and equity	2,870,054	2,794,906	75,147

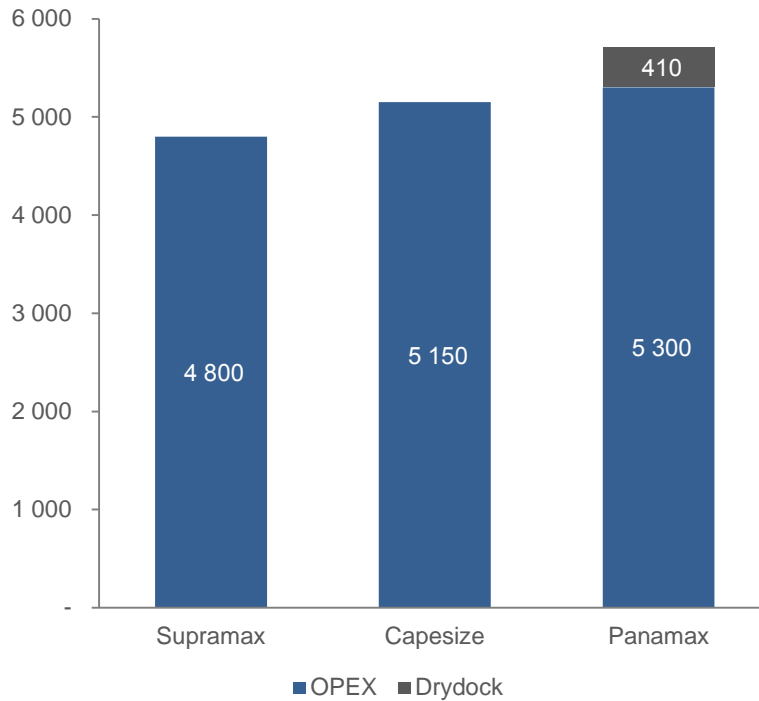
- \$372 million in cash, including cash classified as restricted.
- Capitalized \$40.7 million from the delivery of Golden Behike and disposed \$141.5 million related to sale of 6 Ultramax vessels.
- Debt repayment of \$92.3 million in the quarter, including bond buyback of \$9.4 million nominal value.
- Current portion of long term debt of \$114.9 million includes full repayment of 2 facilities due in 2018.
- Equity includes \$64.7 million from share capital increases.
- Book equity of ~52%

MODERN, EFFICIENT FLEET

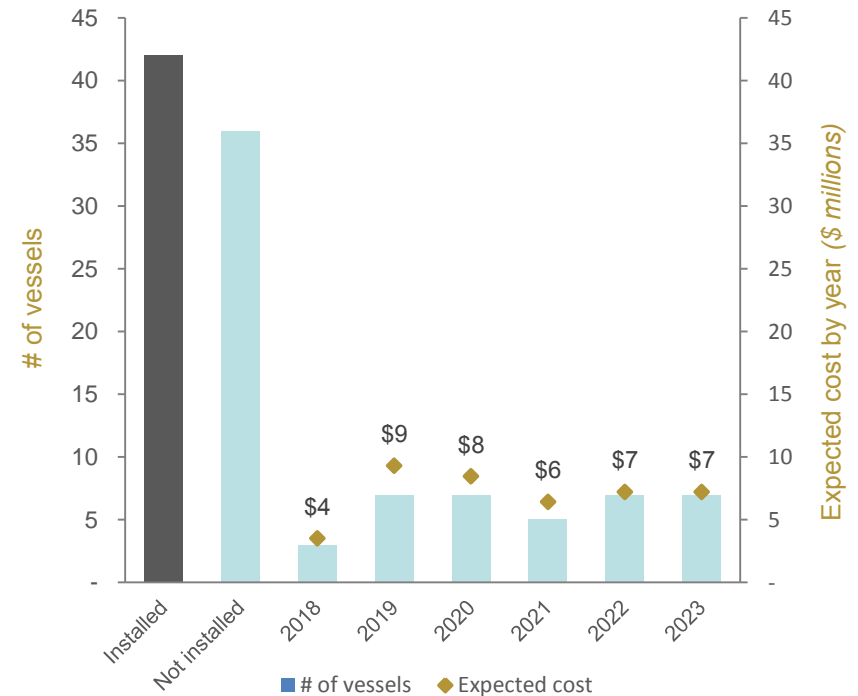


- Fully-burdened Opex includes dry docking and management fees
- Six vessels dry docked in 2017; none in the fourth quarter
- Average fleet age of ~5 years and majority of the fleet designed with fuel-efficient engines and ballast water treatment systems

OPERATING EXPENSES (FY 2017)

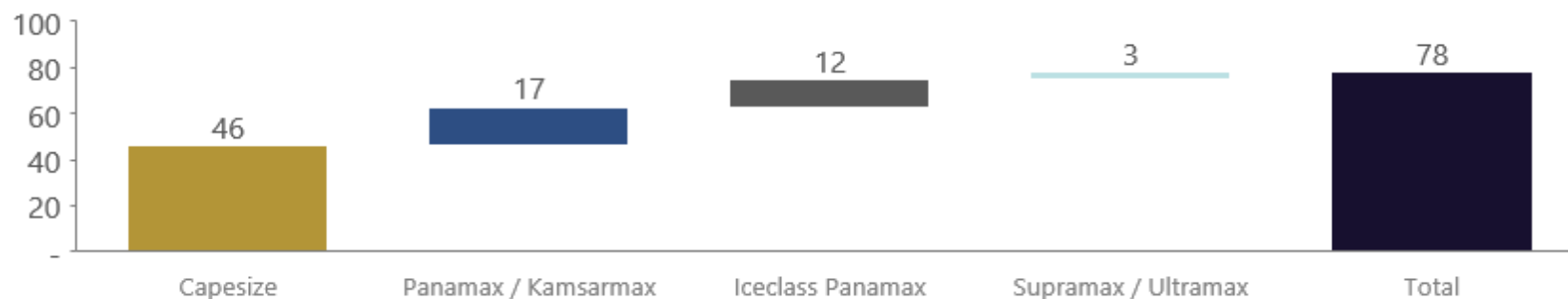


BWTS INSTALLATION SCHEDULE



FLEET OVERVIEW

FLEET PROFILE



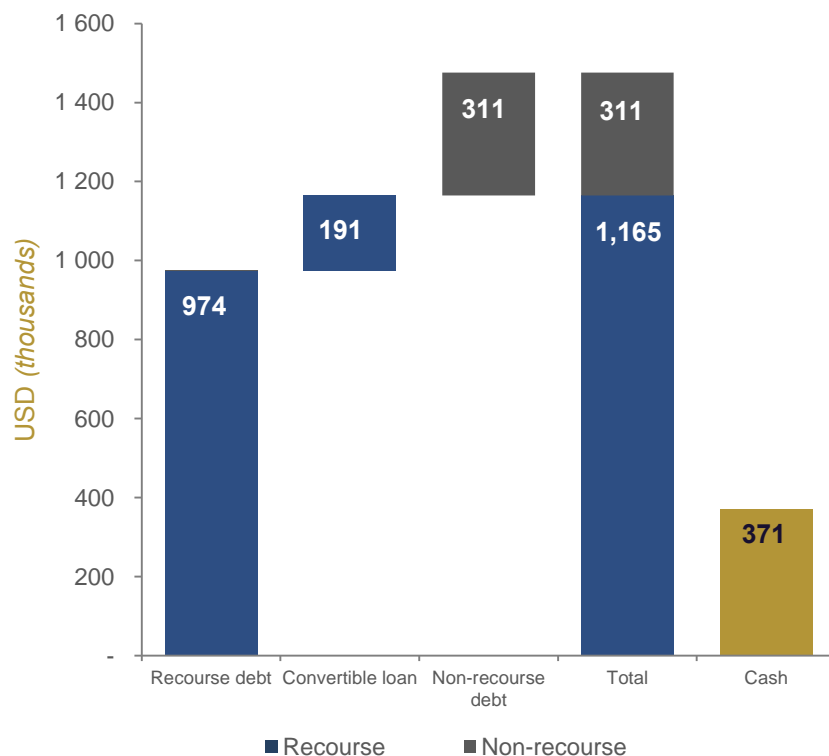
- Delivered six sold Ultramax vessels to new owner and took delivery of one acquired Capesize vessel in Q4 2017
- Taken delivery of remaining five newbuildings in January and February 2018
- Taken delivery of last Capesize vessel bought in October 2017 in January 2018

CHARTERING PROFILE

- Fixed equivalent of ten Capesize vessels on fixed rates for the year 2018 at an average gross rate of ~\$17,400
- Five Panamax vessels on fixed rate time charter contracts, one of which expires in 2018 and four of which expire between January 2020 and December 2021, at an average gross rate of approximately \$22,100 per day in 2018.
- Remaining fleet is trading spot, in spot pools, index linked or on short term charters expiring within six to nine months

CREDIT FACILITIES

CREDIT FACILITY SUMMARY⁽¹⁾



RECOURSE DEBT

Selected covenants (after termination of waivers)

- Resumed ordinary amortization of 16.5 million per quarter
- No further cash sweep or outstanding deferred debt
- 125 - 135% MVC
- Two facilities with approximately \$60 million outstanding mature in Q4 2018
- Convertible Bond matures in January 2019

NON-RECOURSE DEBT

Selected covenants through July 1, 2019

- No amortization payments
- Cash sweep mechanism
- 105% MVC

Selected covenants post July 1, 2019

- Amortization payments resume
- 125 - 135% MVC

NON-RECOURSE SELLER'S CREDIT

Selected terms

- No amortization payments
- No covenants

(1) BASED ON DECEMBER 31, 2017 FIGURES, ADJUSTED FOR DELIVERY OF NEWBUILDINGS AND LAST CAPESIZE ACQUIRED IN OCTOBER 2017 (\$149.5 MILLION) AND RELATED DEBT DRAWN (\$171.5 MILLION)



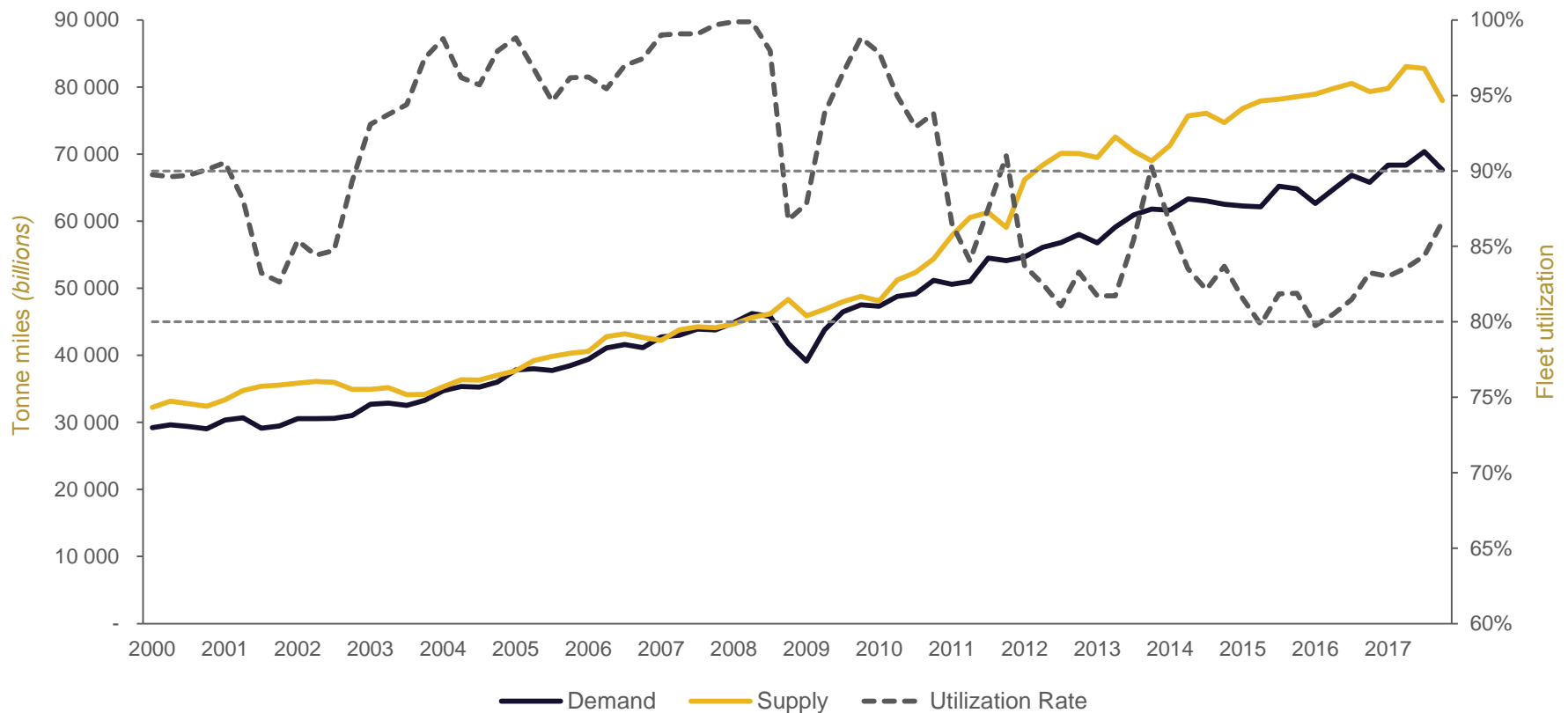
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DRY BULK MARKET UPDATE

DRY BULK SUPPLY / DEMAND & UTILIZATION

Utilization increased in the fourth quarter due to longer-haul trades and congestion

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

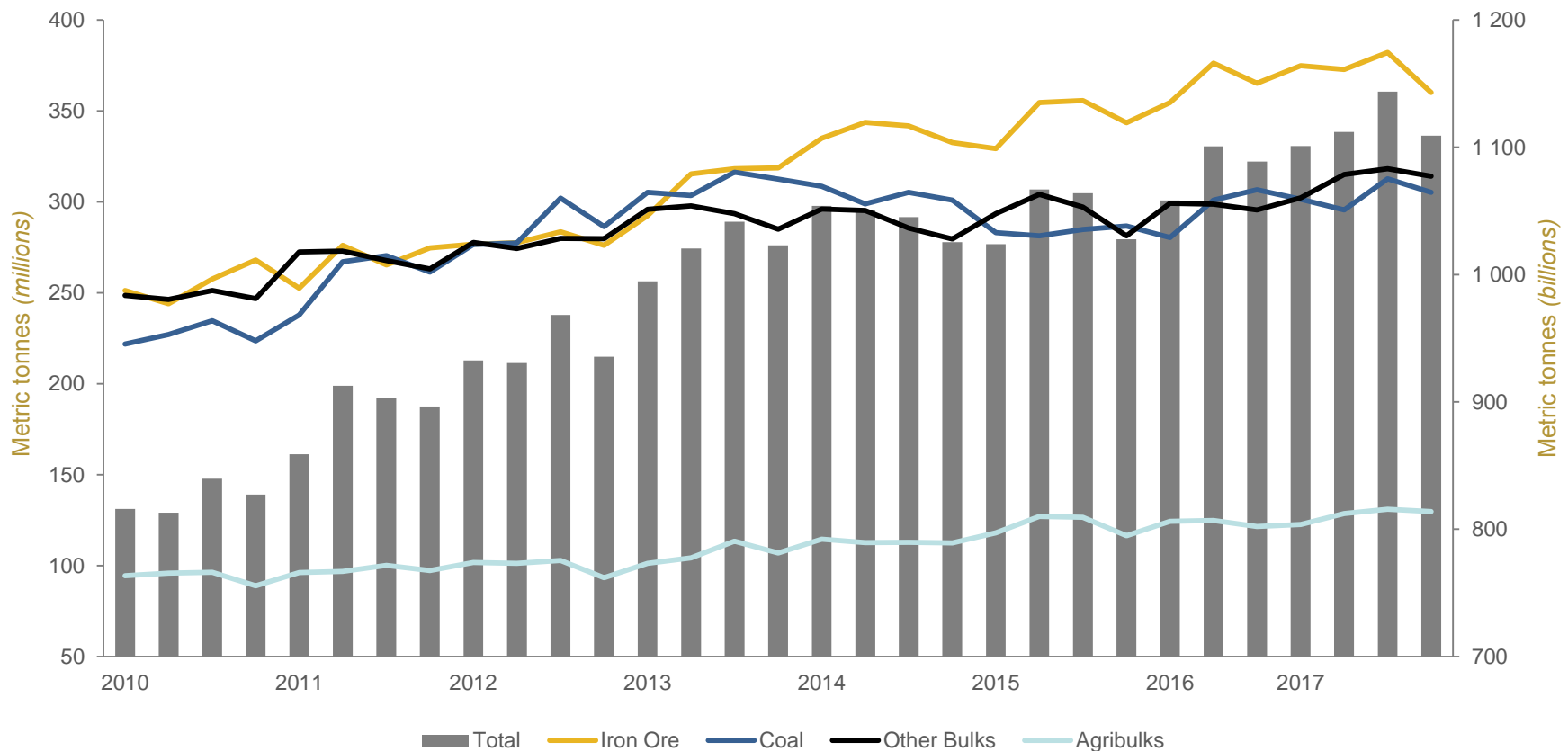


ANNUAL GROWTH IN SEABORNE TRADE CONTINUES



Fourth quarter imports lower due to congestion, but imports up ~2% year over year

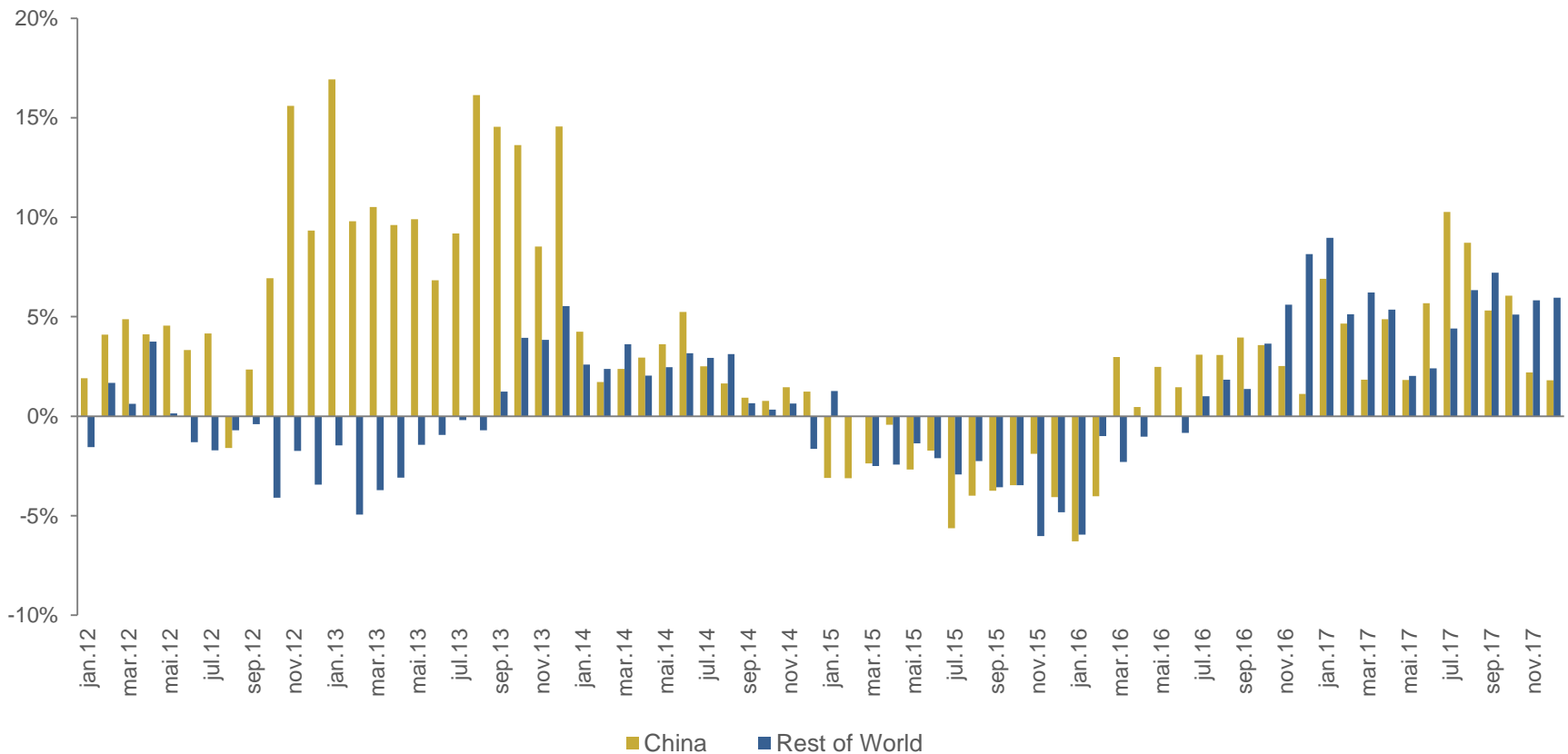
SEABORNE TRADE OF DRY BULK COMMODITIES (MAJOR IMPORTERS)



WORLD STEEL PRODUCTION TRENDS INTACT

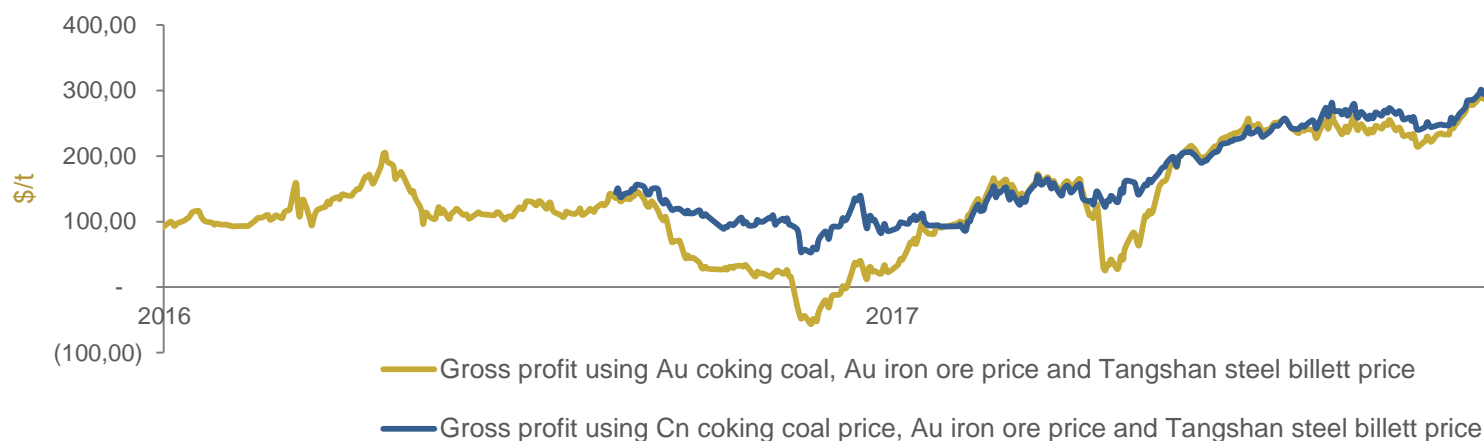
Decrease in Chinese production offset by increases in other geographies

ANNUAL CHANGE IN STEEL PRODUCTION

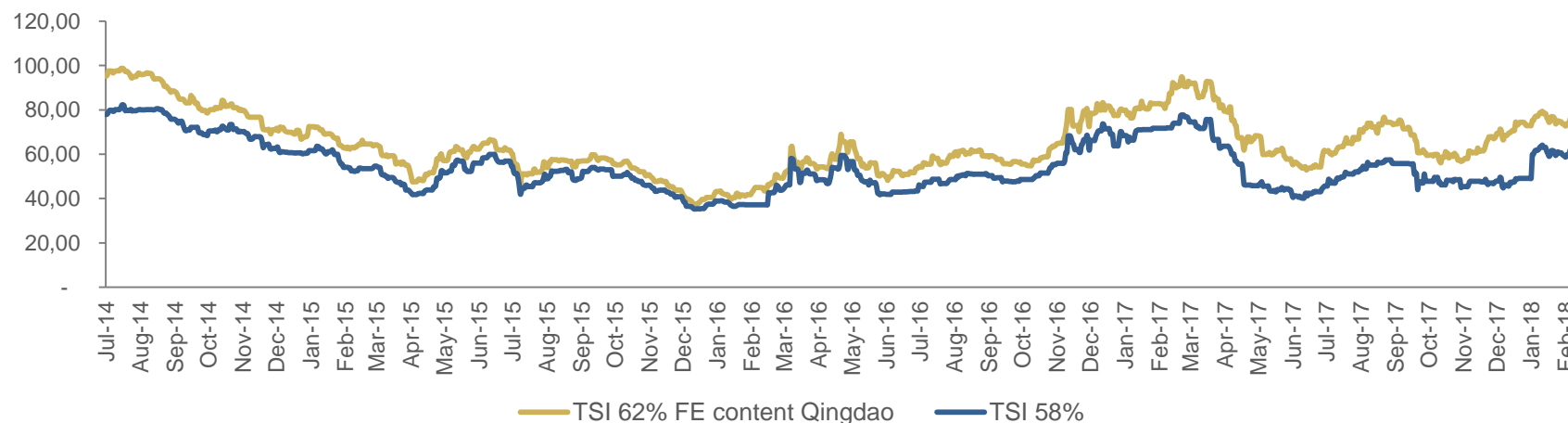


STEEL MARGINS AND IRON ORE PRICE DIFFERENTIALS SUPPORTIVE

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

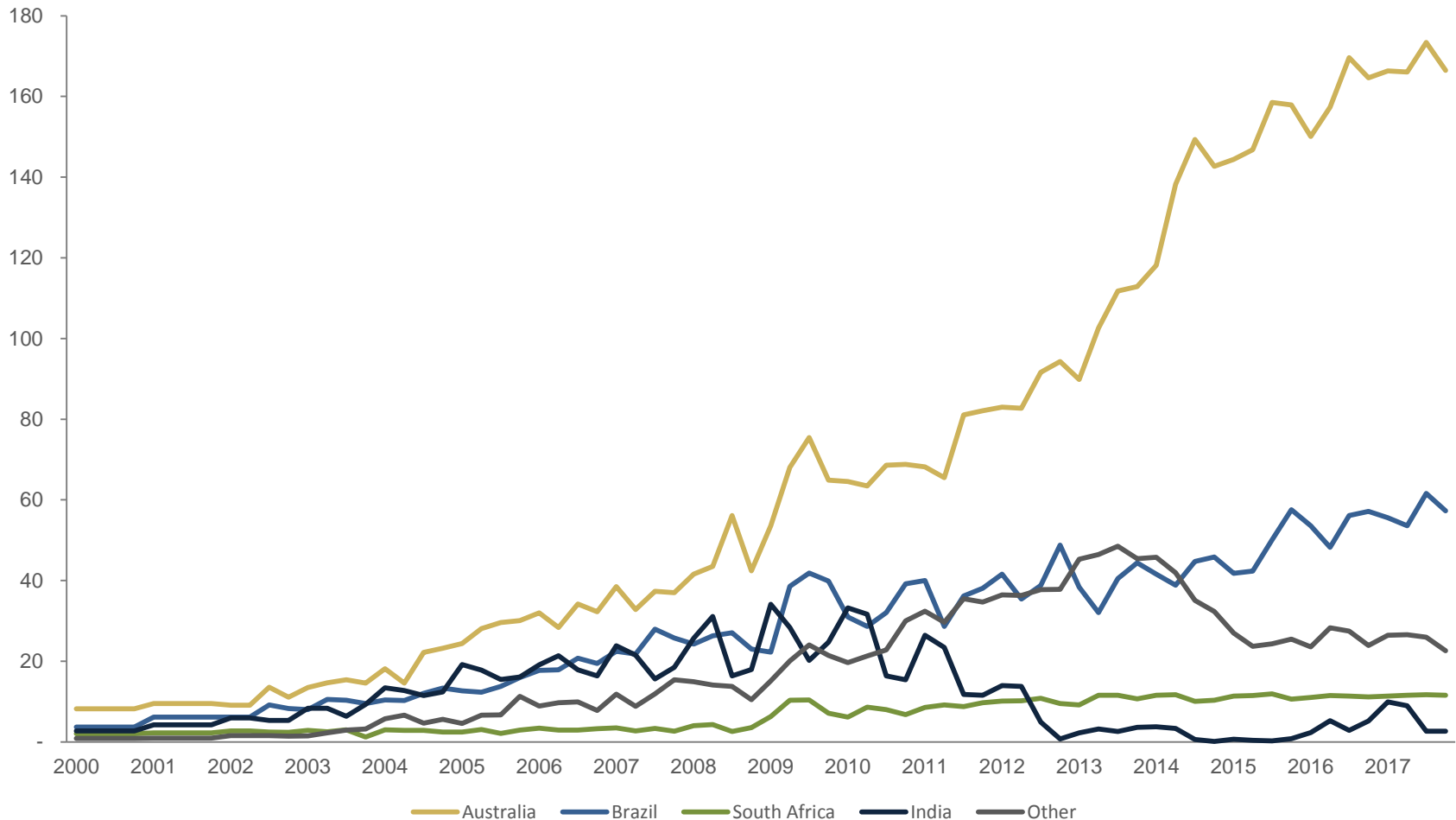


IRON ORE PRICE DIFFERENTIALS



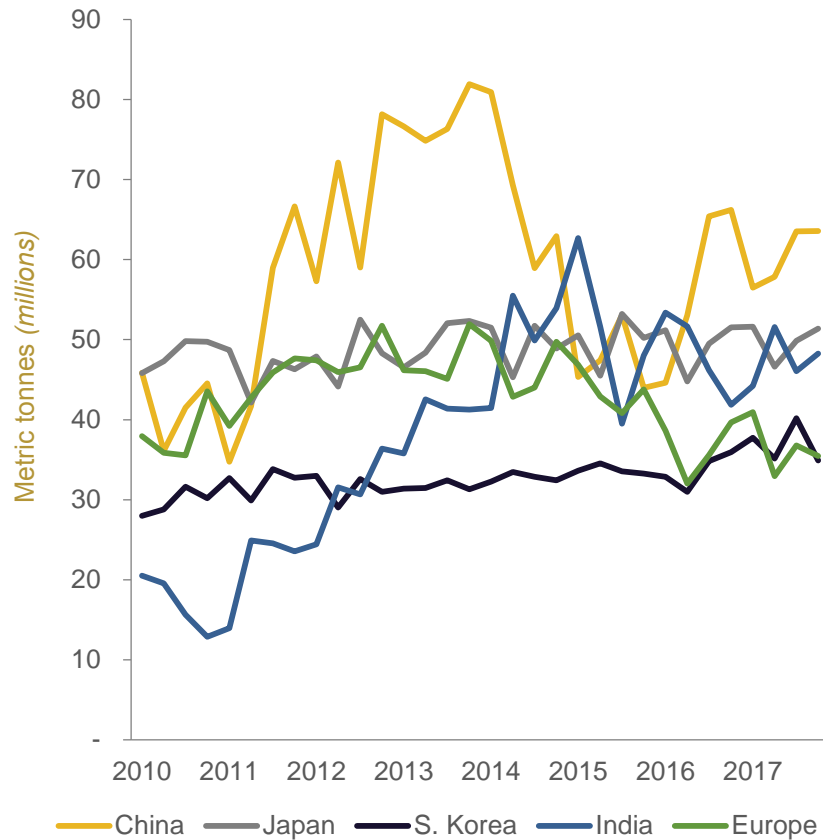
AUSTRALIA AND BRAZIL REMAIN MAJOR IRON ORE EXPORTERS

QUARTERLY EXPORTED IRON ORE VOLUMES PER COUNTRY

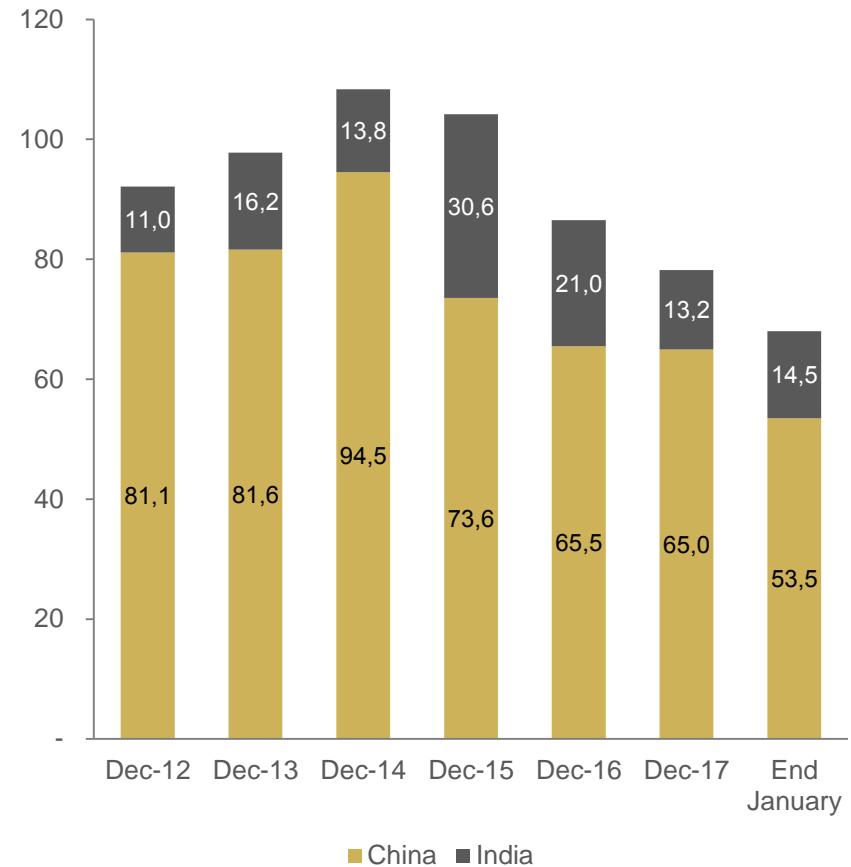


COAL DEMAND BACKDROP REMAINS HEALTHY

COAL IMPORTS BY MAJOR IMPORTERS

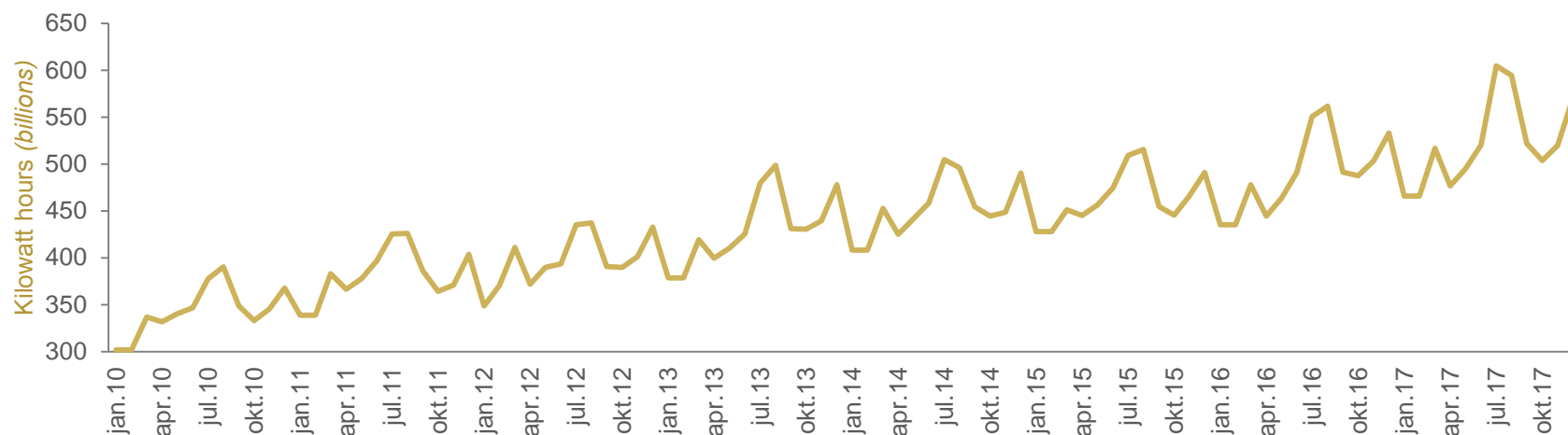


CHINA AND INDIA COAL INVENTORIES

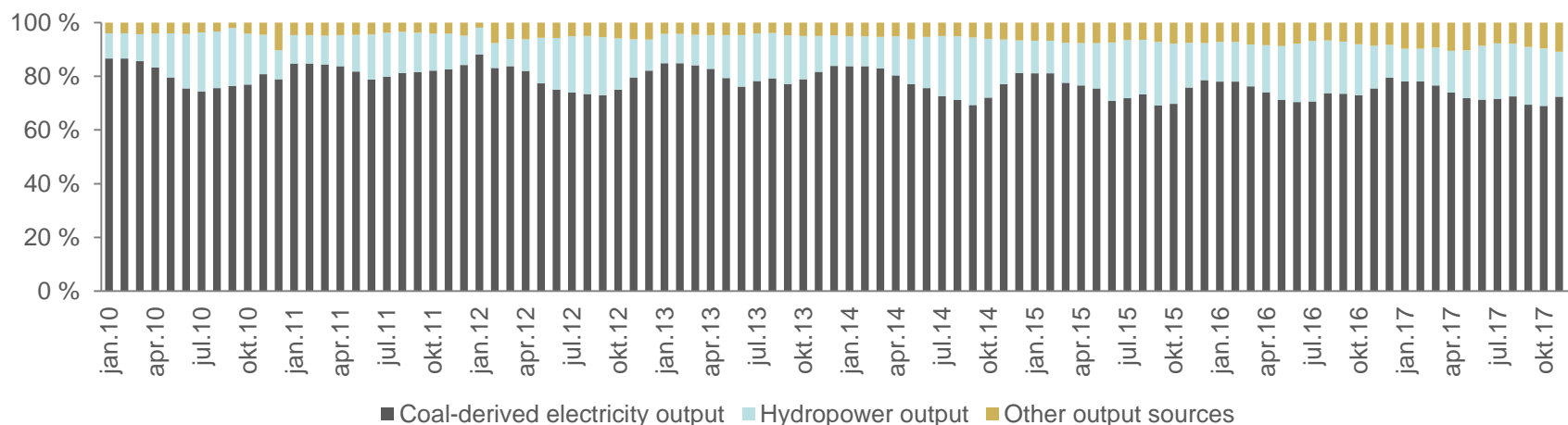


SEASONALLY STRONG ELECTRICITY CONSUMPTION SUPPORTS COAL DEMAND

CHINESE ELECTRICITY OUTPUT

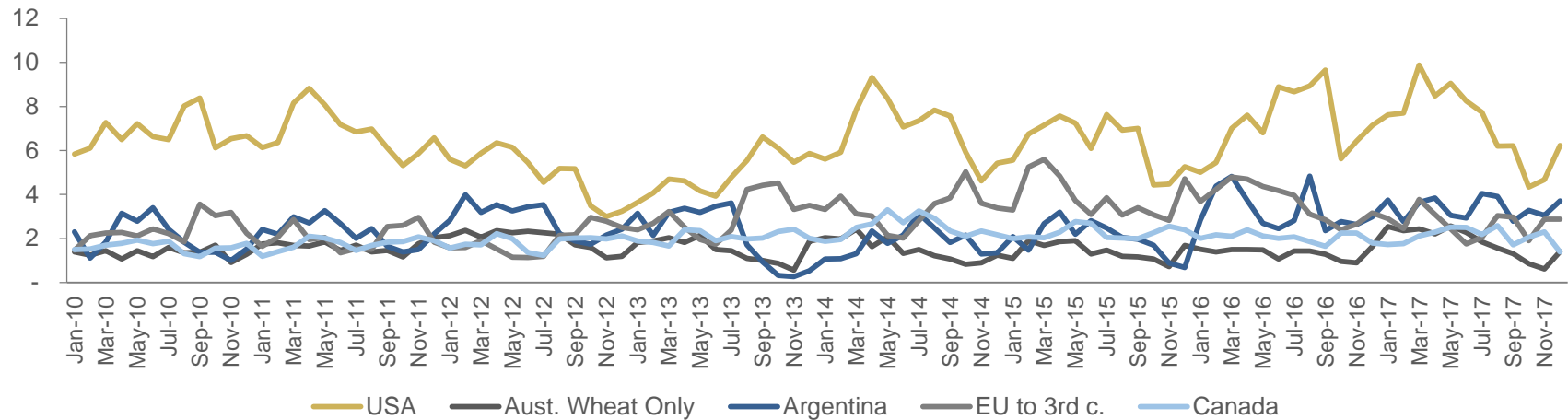


CHINESE ELECTRICITY OUTPUT BY SOURCE

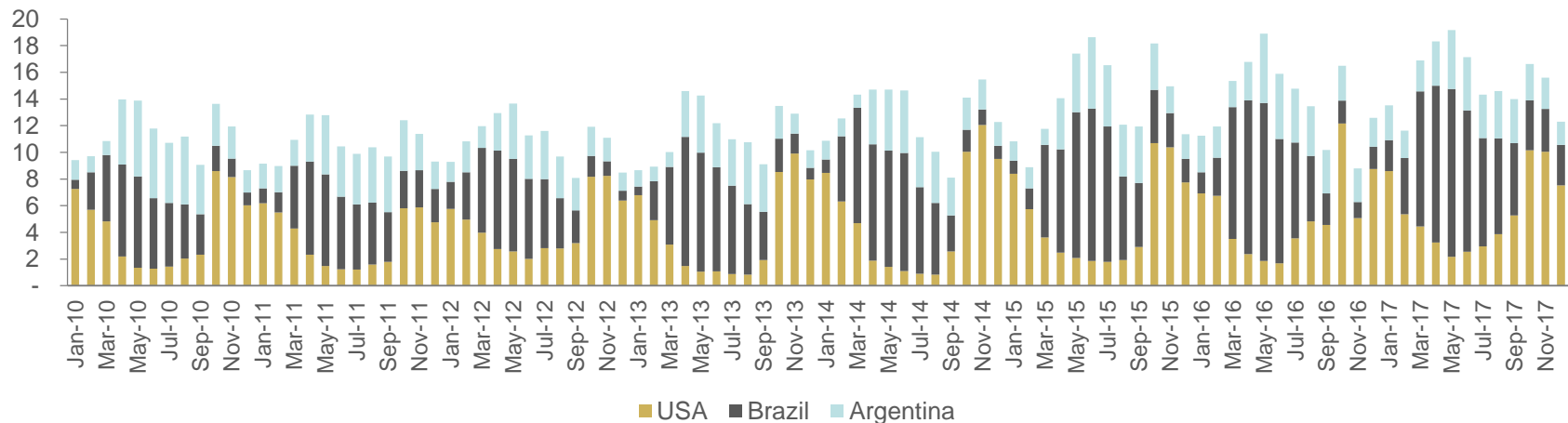


TOTAL GRAIN AND SOY BEAN EXPORTS UP IN 2017

GRAIN EXPORTS BY SOURCE

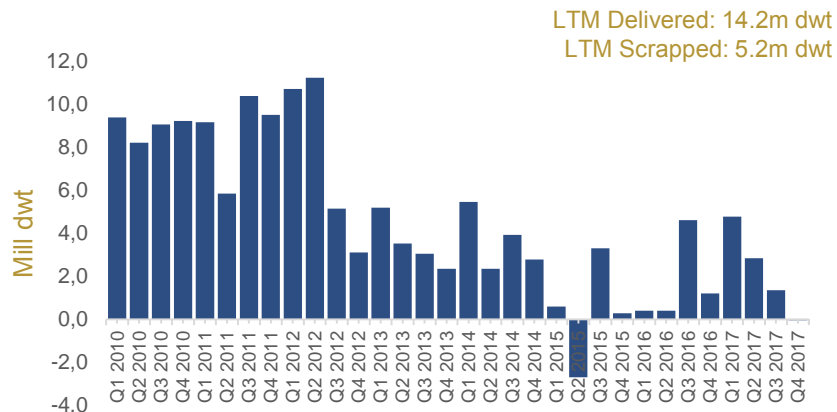


SOYBEAN AND SOYBEAN MEAL EXPORTS BY SOURCE

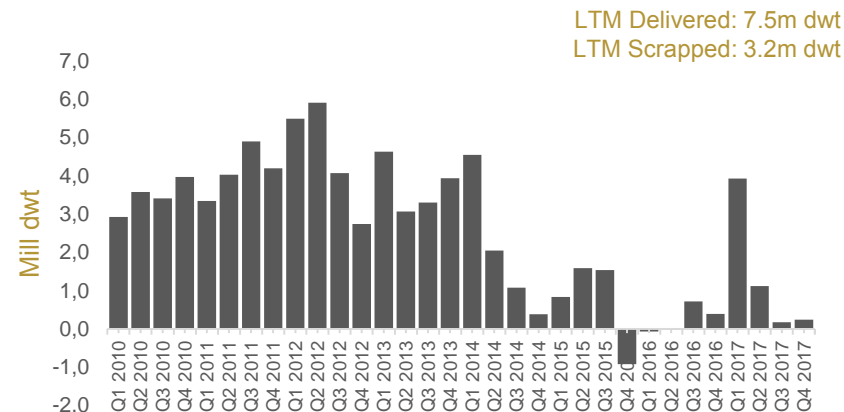


FLEET GROWTH SLOWED INTO YEAR END

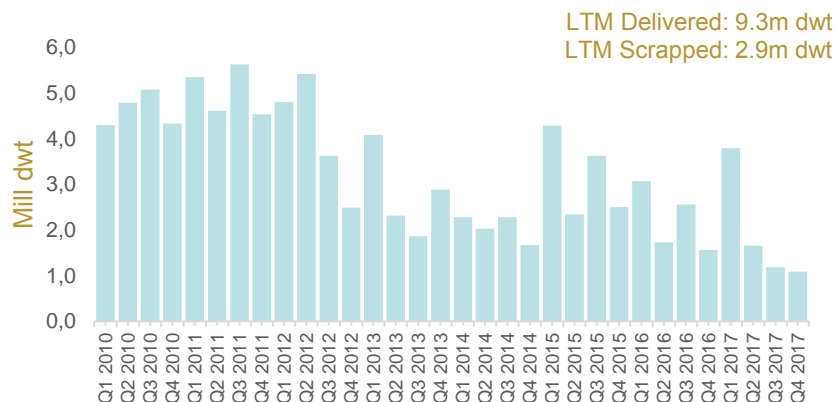
CAPE SIZE



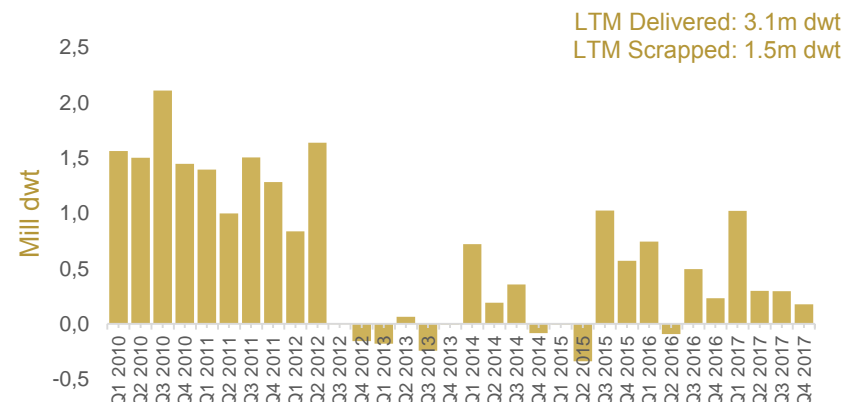
PANAMAX / POST-PANAMAX



HANDYMAX / SUPRAMAX



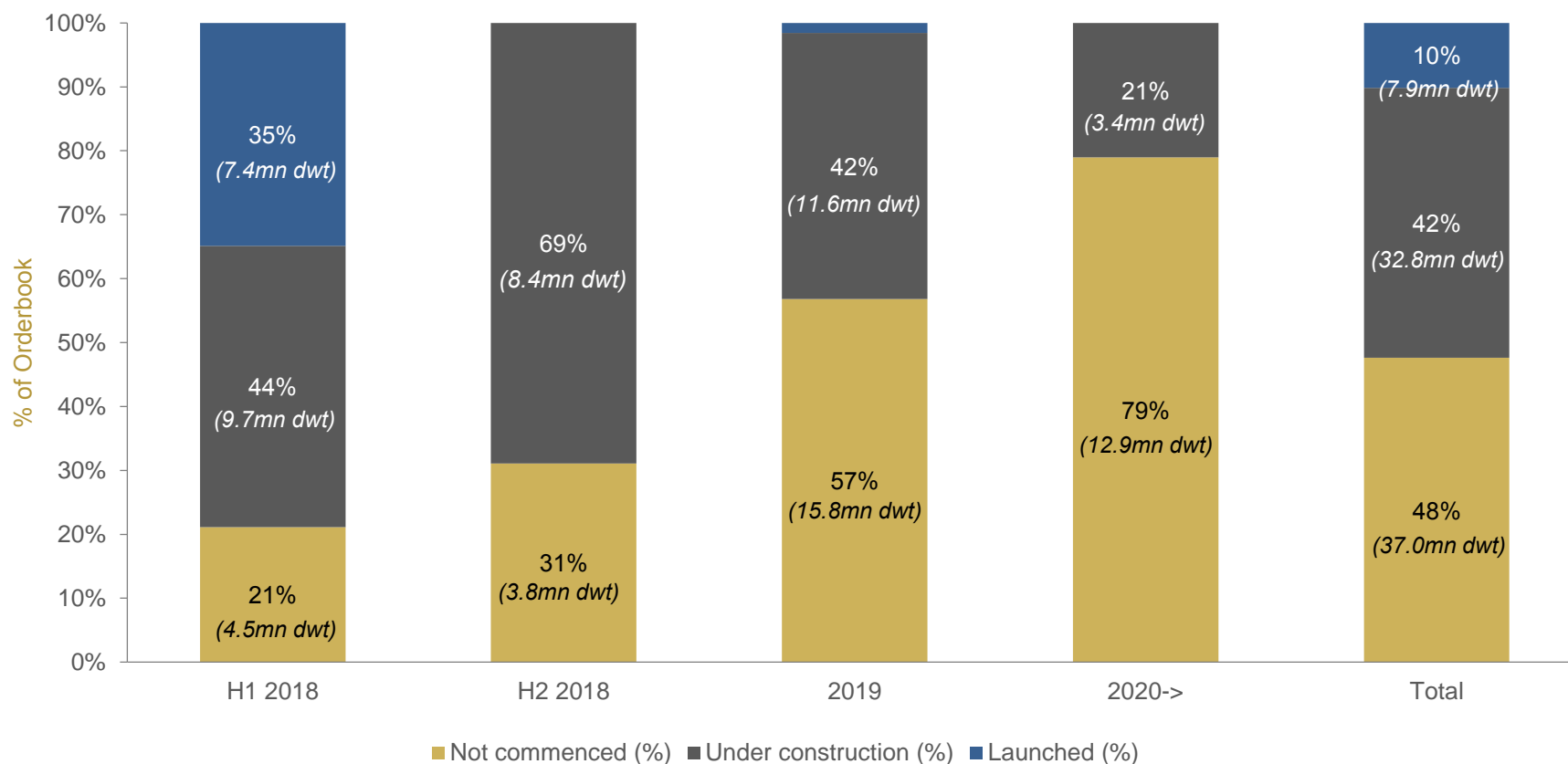
HANDYSIZE



DOWNSIDE CASE FOR SUPPLY GROWTH

Very few vessels were delivered in Q4 2017, remaining orders were pushed into 2018

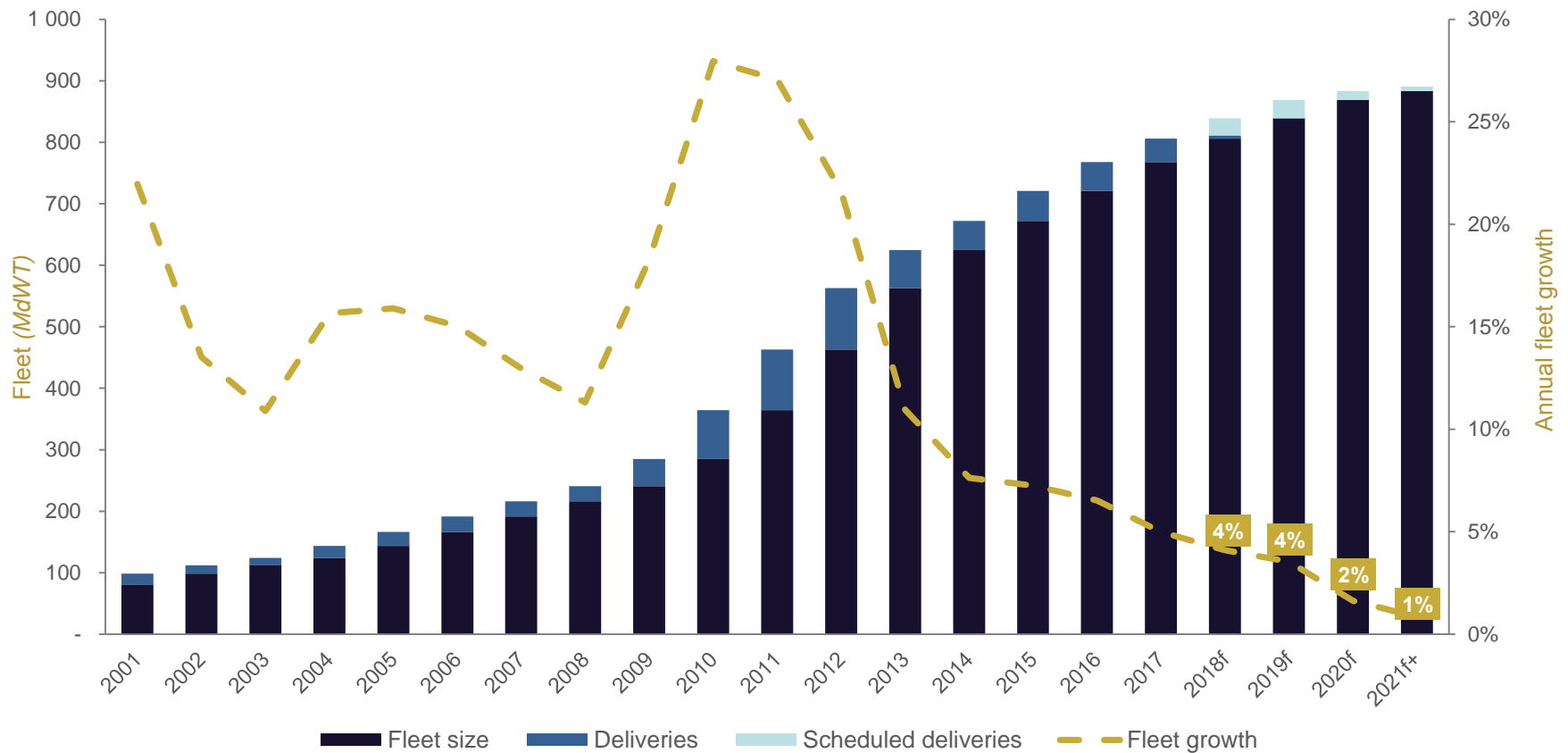
STATUS OF ORDERBOOK



PROJECTED FLEET GROWTH STILL LOW

Forecast fleet growth is low, despite new ordering observed; any additional capacity from now expected to be placed in 2020 or later

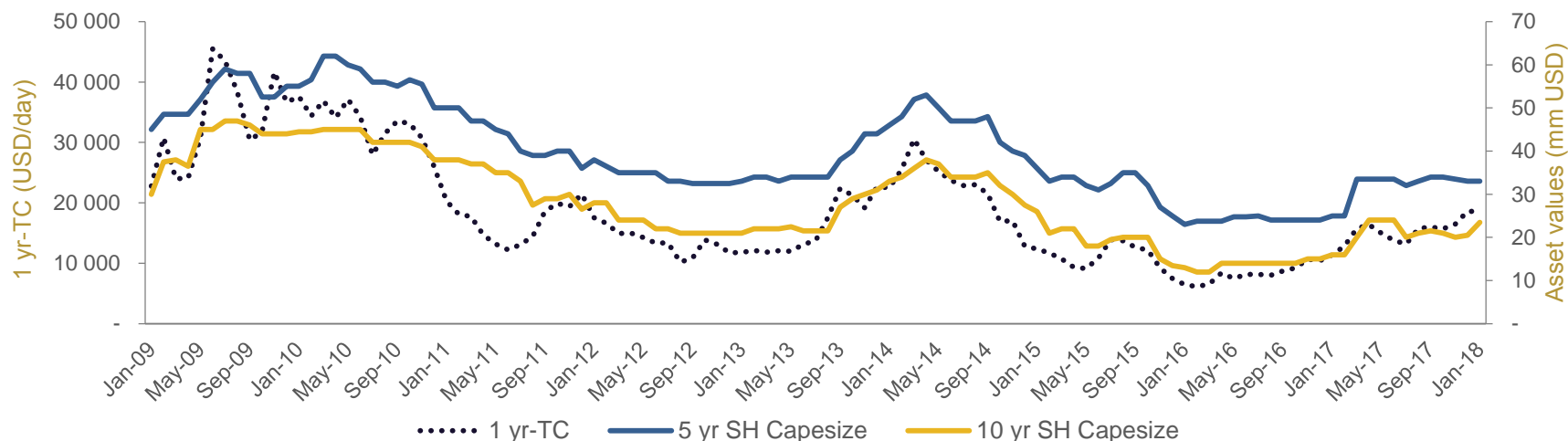
FLEET GROWTH (ASSUMES NO SCRAPPING OR NEW ORDERING)



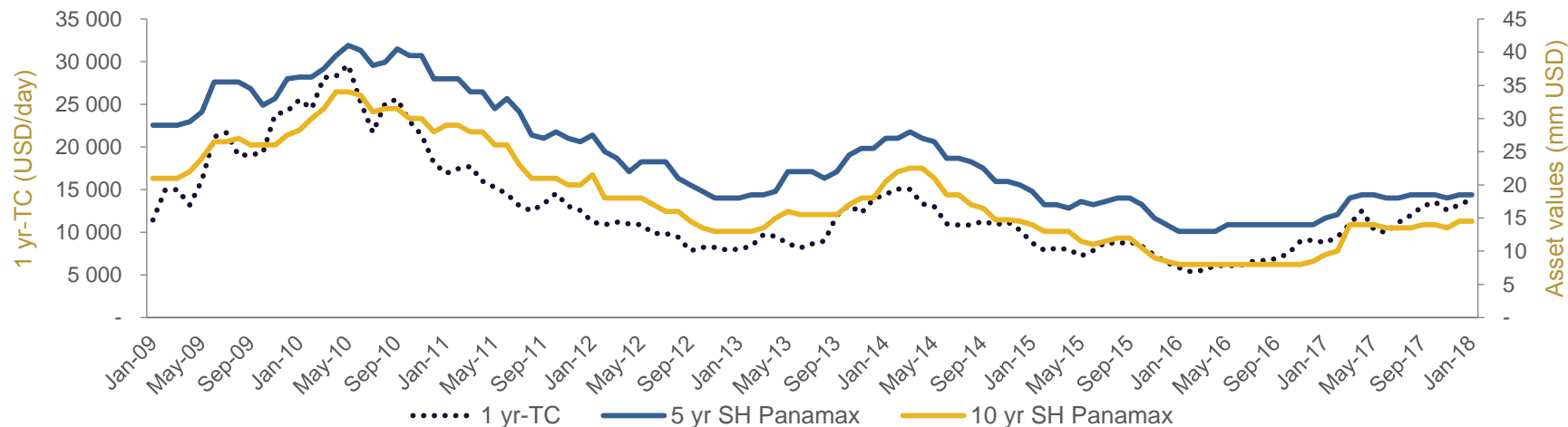
S&P PRICES STABLE, YET STILL LOW



CAPE SIZE VALUES AND EARNINGS



PANAMAX VALUES AND EARNINGS





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OUTLOOK AND STRATEGY

EXPECTATION FOR CONTINUED IMPROVEMENT WITH INHERENT SEASONALITY AND VOLATILITY



UPSIDE POTENTIAL

- Increased tonne-miles if additional iron ore capacity come from Brazil
- Coal demand grows due to increased consumption, restocking and arbitrage opportunities
- Global economy continues to gain momentum
- Removal of older vessels ahead of BWTS and sulphur emissions regulations
- Other supply constraints, including port congestion and slow steaming on higher bunker prices

DOWNSIDE RISKS

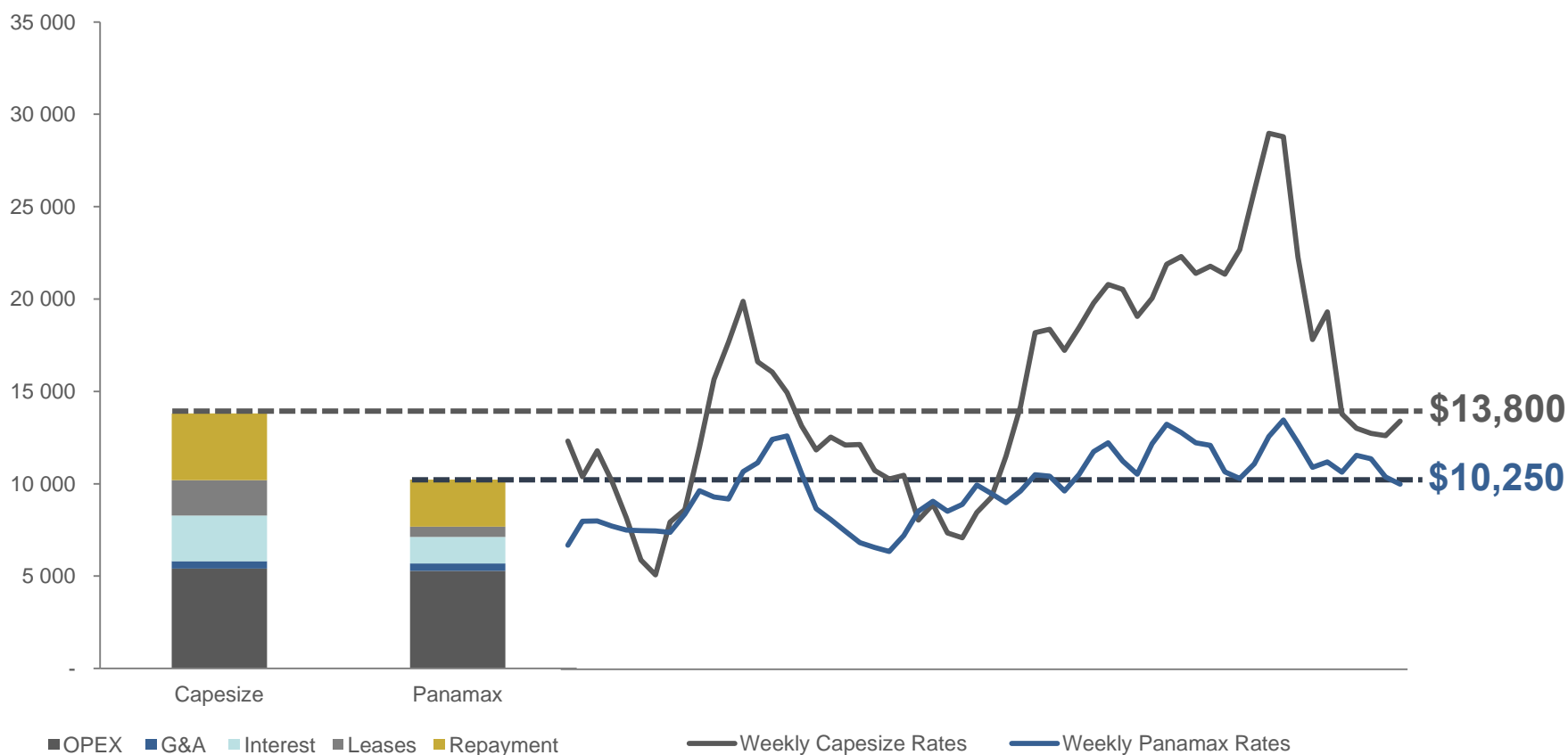
- Economics activity decreases in China, leading to lower consumption of steel and energy
- Lower steel margins impact import / export volumes
- Draw down of iron ore inventories in China
- New ordering increases fleet growth expectations for 2020+
- Lower scrapping in a stronger market as owners are willing to incur CAPEX to upgrade vessels

COMPETITIVE CASH COSTS DRIVE EARNINGS



- Fully-burdened Opex includes dry docking and management fees
- G&A net of management fees are estimated to be approximately \$400 per day in 2018 on a fully delivered fleet
- Average margin above LIBOR on bank financing is competitive at ~2.5%
- 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, EXCLUDING PROFITABLE CHARTERS WHICH WILL REDUCE THE CASH BREAK EVEN FROM THESE LEVELS

SOURCE: CLARKSON'S



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QUESTIONS & ANSWERS

THANK YOU FOR YOUR ATTENTION!



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