



GOLDEN OCEAN™

RESULTS Q3 - 2018

November 20, 2018

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



- The Company reports **net income of \$35.3 million** and earnings per share of \$0.24 for the third quarter of 2018, compared with net income of \$9.0 million and earnings per share of \$0.06 for the second quarter of 2018
- Adjusted **EBITDA** in the third quarter was **\$78.8 million**, compared with \$54.0 million in the second quarter of 2018 and \$40.4 million in the third quarter 2017
- **Declared the first four options to install exhaust gas scrubbers** on Capesize vessels in addition to previously announced contracts to install scrubbers on 16 Capesize vessels
- **Completed the sale of the Panamax vessel Golden Eminence** to an unrelated third party
- **Average TCE rate for the fleet was \$17,730 per day** in the third quarter of 2018, compared with \$15,215 per day in the second quarter of 2018
- **Increased charter coverage** for both Panamax and Capesize vessels
- Announces a cash **dividend of \$0.15** per share for the third quarter

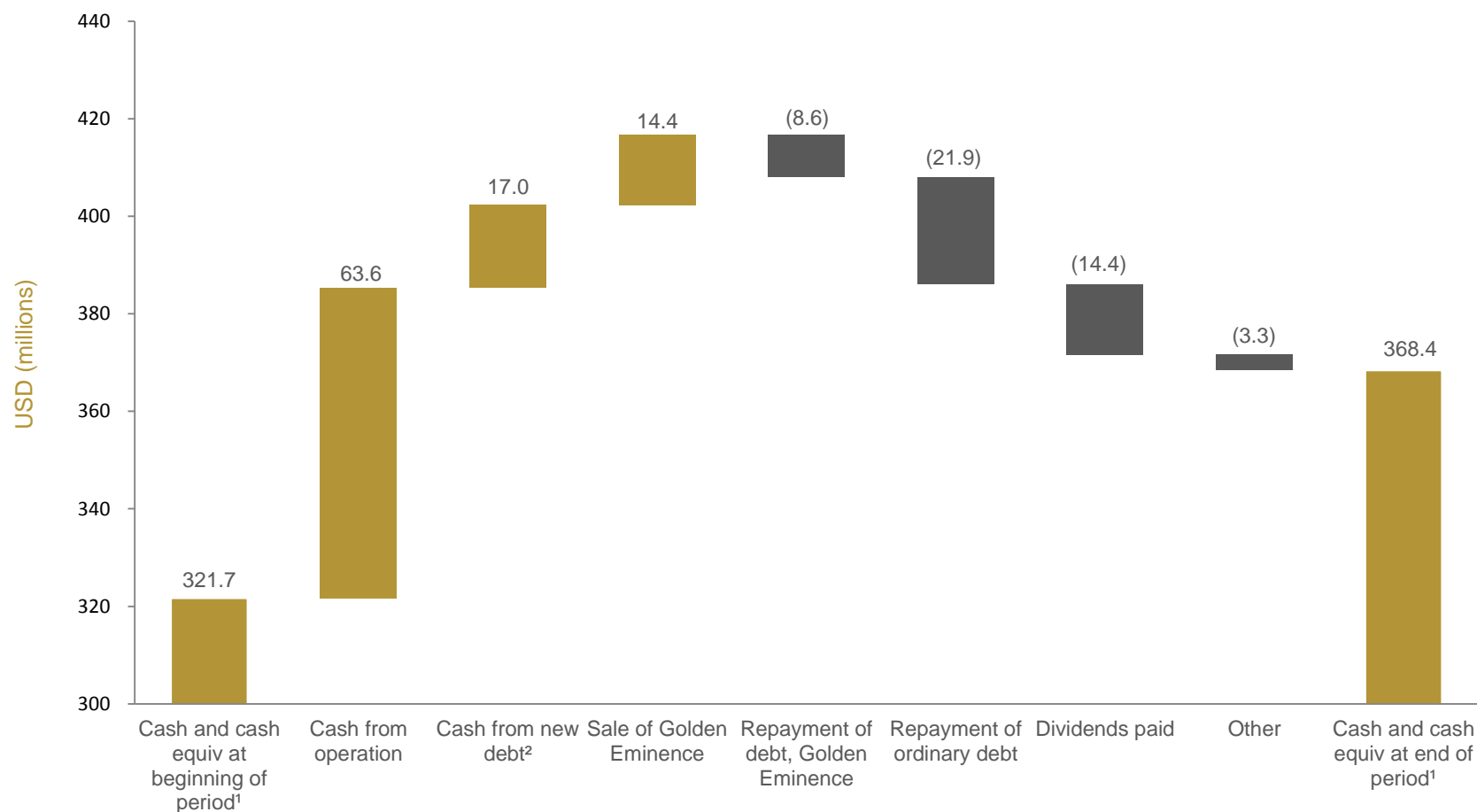
PROFIT & LOSS



(in thousands of \$)	Q3 2018	Q2 2018	Quarterly Variance
Operating revenues	190,006	143,991	46,014
Voyage expenses	(54,533)	(32,603)	(21,930)
Net revenues	135,473	111,388	24,084
Ship operating expenses	(36,699)	(39,150)	2,451
Administrative expenses	(3,621)	(3,688)	67
Charter hire expenses	(21,022)	(19,056)	(1,966)
Depreciation / impairment	(23,345)	(24,437)	1,093
Other gains (losses)	65	64	1
Net operating expenses	(84,622)	(86,267)	1,646
Net operating income (loss)	50,851	25,121	25,730
Net financial expenses	(17,287)	(17,447)	161
Derivatives and other financial income (loss)	1,734	1,319	414
Net income before taxation (loss)	35,298	8,993	26,305
Income Tax expense	13	13	-
Net income (loss)	35,285	8,980	26,305
Earnings (loss) per share: basic and diluted	\$0.24	\$0.06	0,18
Adjusted EBITDA	78,846	54,046	24,803
TCE per day	17,730	15,215	2,515

CASH FLOW DURING THE QUARTER

Q3 2018



¹ INCLUDES RESTRICTED CASH

² THE REMAINING \$17.0 MILLION OF THE PREVIOUSLY ANNOUNCED \$120 MILLION FACILITY WAS DRAWN IN JULY 2018

BALANCE SHEET

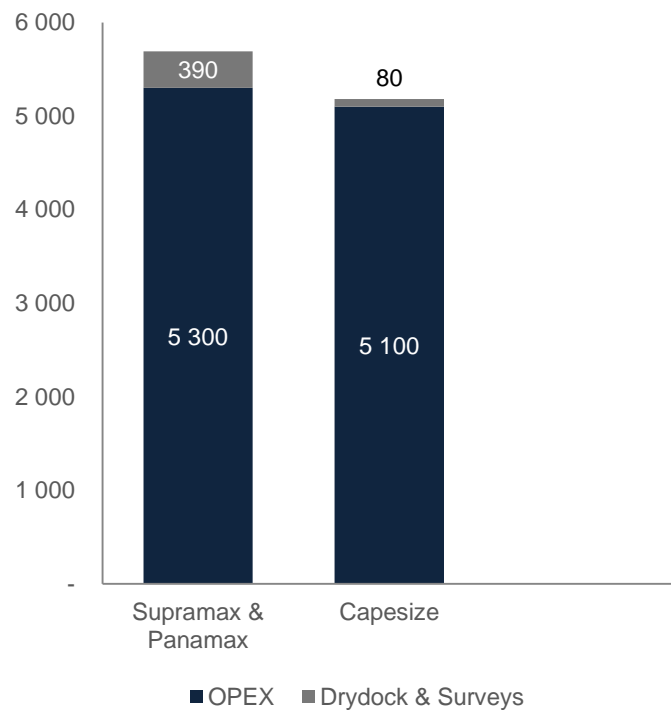


(in thousands of \$)	Q3 2018	Q2 2018	Quarterly Variance
ASSETS			
Short term			
Cash and cash equivalents (incl. restricted cash)	312,772	265,505	47,267
Other current assets	162,274	148,057	14,217
Long term			
Restricted cash	55,633	56,156	(523)
Vessels (incl. newbuildings and held-for-sale)	2,429,561	2,467,064	(37,503)
Other long term assets	38,875	40,745	(1,870)
Total assets	2,999,115	2,977,526	21,589
LIABILITIES AND EQUITY			
Short term			
Current portion of long term debt and capital lease	250,394	236,900	13,494
Other current liabilities	82,494	73,067	9,427
Long term			
Long term debt and capital lease	1,134,754	1,156,833	(22,079)
Other long term liabilities	7,501	7,723	(222)
Equity	1,523,972	1,503,003	20,969
Total liabilities and equity	2,999,115	2,977,526	21,589

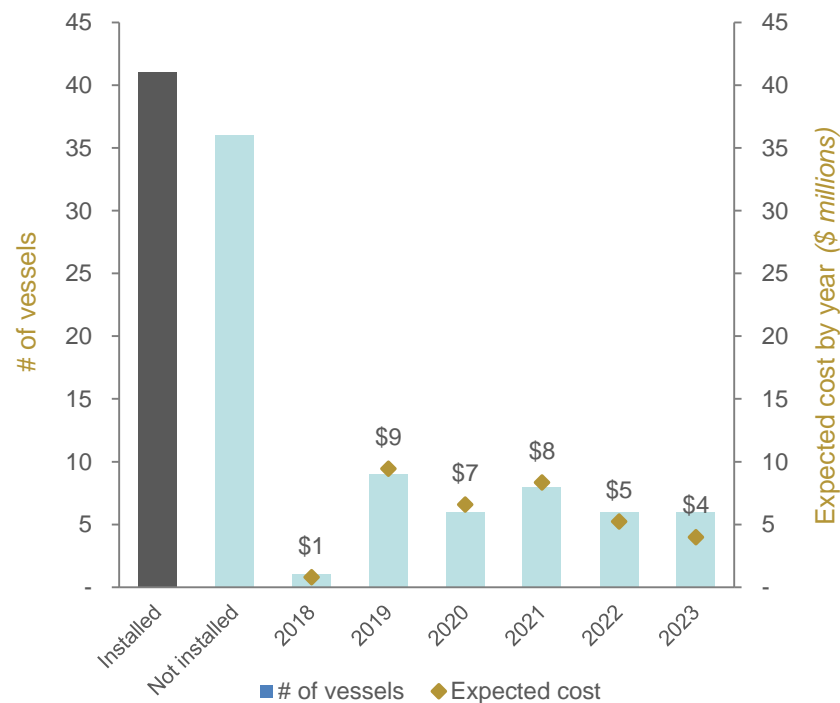
MODERN, EFFICIENT FLEET

- Fully-burdened Opex includes dry docking and management fees
- Five vessels dry docked year to date, and one more to be docked later this year
- Average fleet age of ~5 years and majority of the fleet designed with fuel-efficient engines and ballast water treatment systems
- Additional advantage to be gained through scrubber installations

OPERATING EXPENSES (YTD 2018)



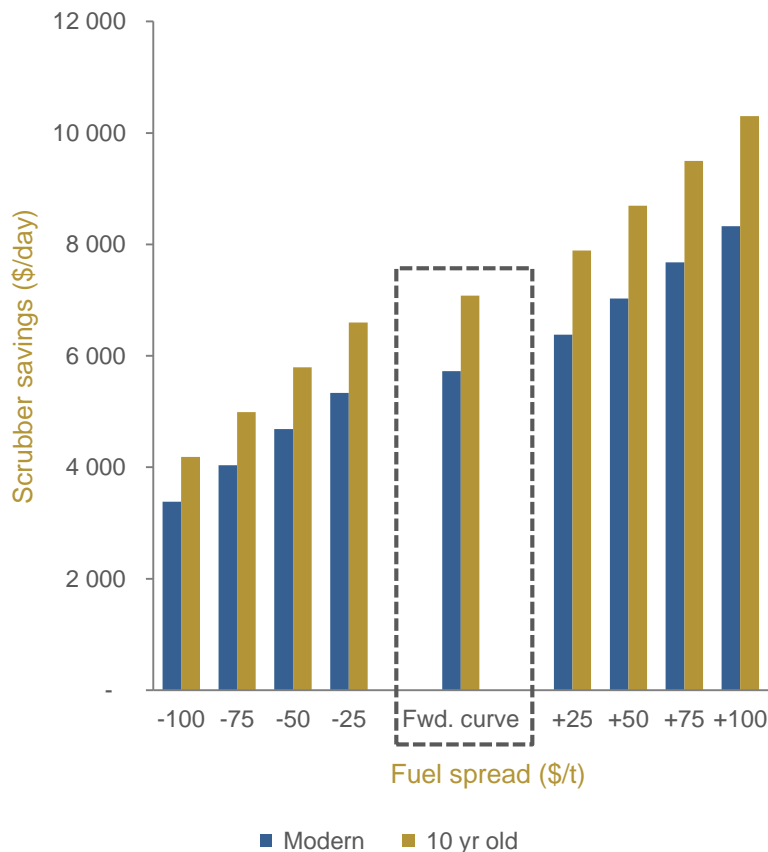
BWTS INSTALLATION SCHEDULE



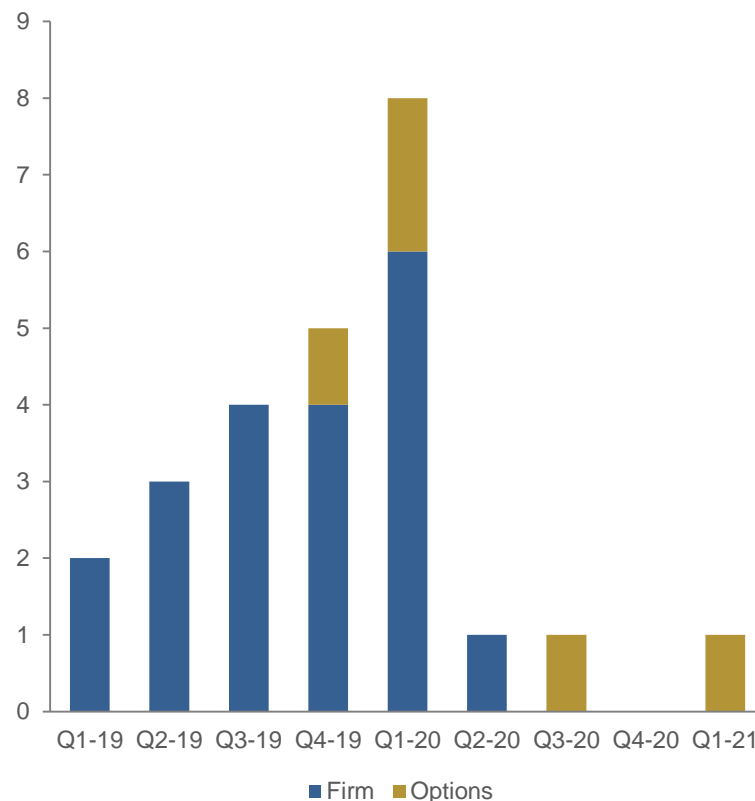
SCRUBBERS FURTHER INCREASE COMPETITIVE ADVANTAGE UNDER NEW SULPHUR CAPS

- Golden Ocean's fleet of Capesize vessels has an average age of just 4 years
- The Company signed contracts to install 20 exhaust gas scrubbers on Capesize vessels with options for five additional vessels; installations to coincide with scheduled dry docks in 2019 and 2020
- Strategic investment decision creates a further competitive advantage as new regulations on sulphur emissions come into effect in 2020

POTENTIAL SCRUBBER ADVANTAGE



SCRUBBER INSTALLATION SCHEDULE

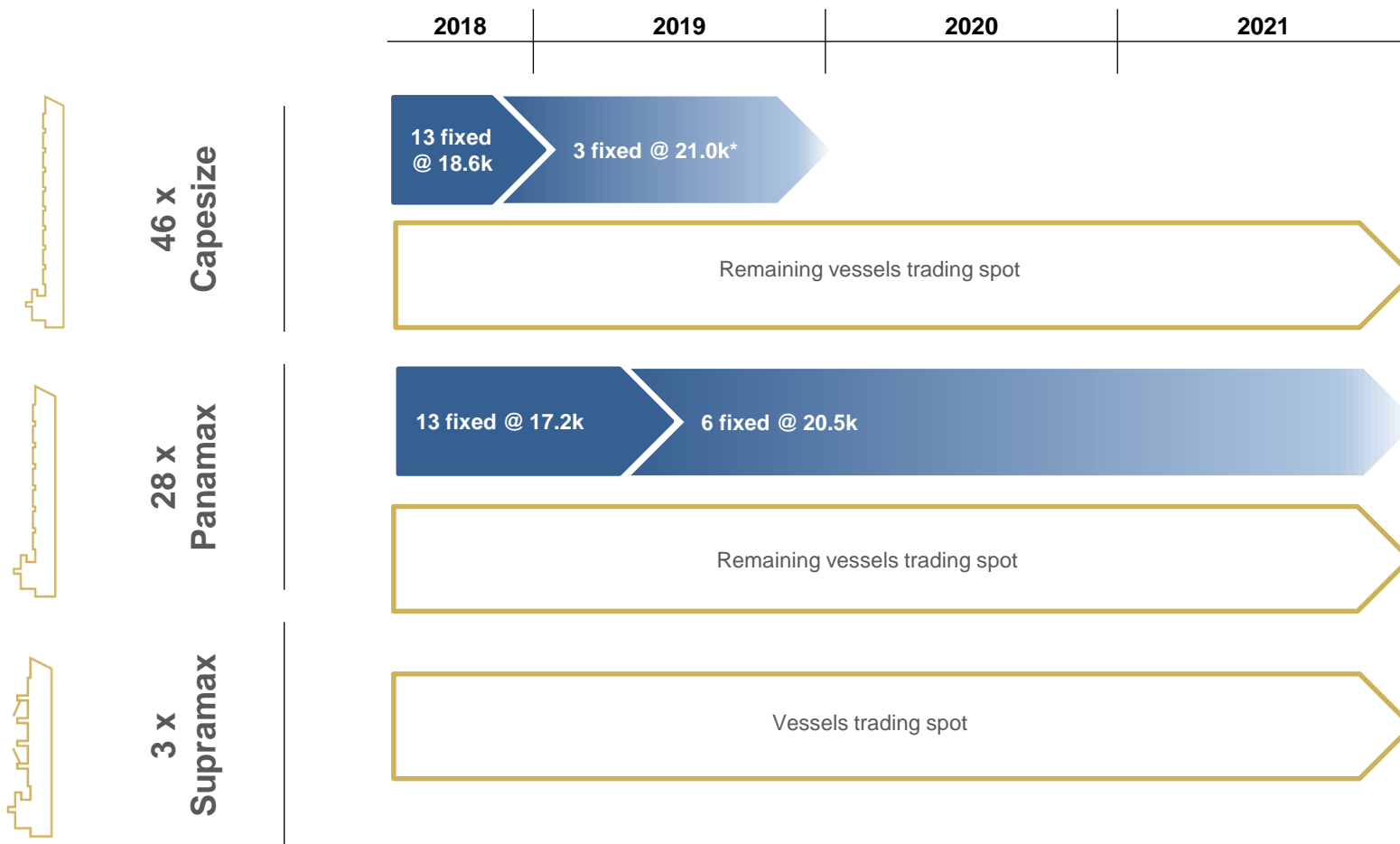


NOTE: COMPLIANT FUEL PRICE ESTIMATED 1:2 FO:GASOIL BLEND; ASSUMES MODERN AND 10 YR OLD VESSELS CONSUME 9,500 AND 11,750 MT, RESPECTIVELY, OF FUEL ANNUALLY

FLEET DEPLOYMENT

Opportunistic chartering strategy with significant operating leverage

CHARTERING PROFILE

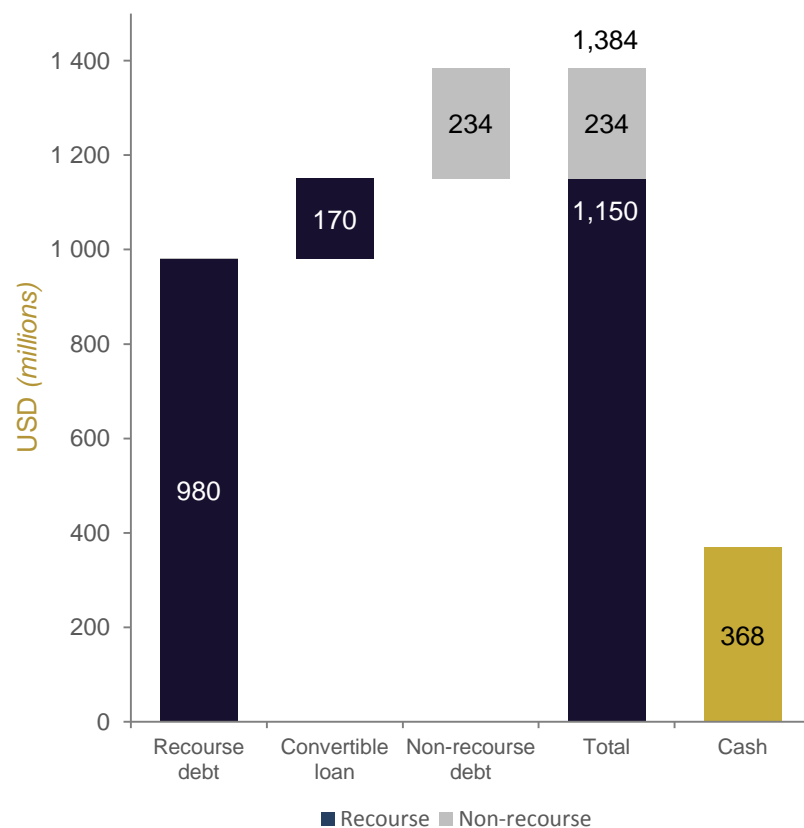


NOTE: CHARTERING PROFILE AS OF NOV 2018; SIX PANAMAX CHARTERS EXPIRE BETWEEN JANUARY 2020 AND DECEMBER 2021.

*IN ADDITION FIVE CAPE SIZE VESSELS HAVE FLOOR / CEILING CONTRACTS FOR 2019 AND 2020

CREDIT FACILITIES

CREDIT FACILITY SUMMARY⁽¹⁾



RECOURSE DEBT

Selected covenants

- Ordinary amortization of \$16.6 million per quarter
- 135% MVC
- Convertible Bond matures in January 2019

NON-RECOURSE DEBT

Selected covenants through July 1, 2019

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

Selected covenants post July 1, 2019

- Amortization payments resume
- 125 - 135% MVC



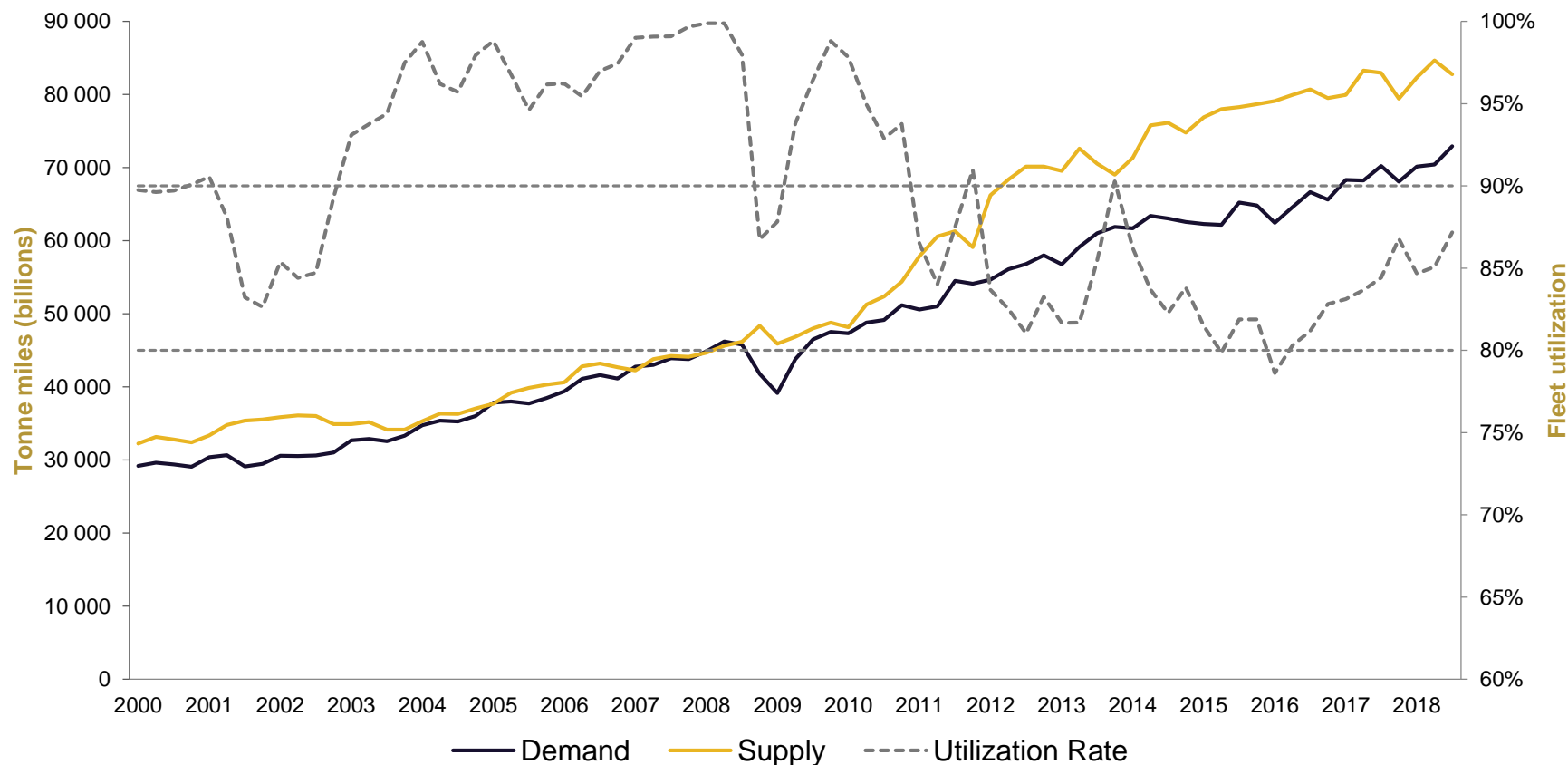
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DRY BULK MARKET UPDATE

DRY BULK SUPPLY / DEMAND & UTILIZATION

Utilization continued to improve in the third quarter and averaged ~87% in the quarter

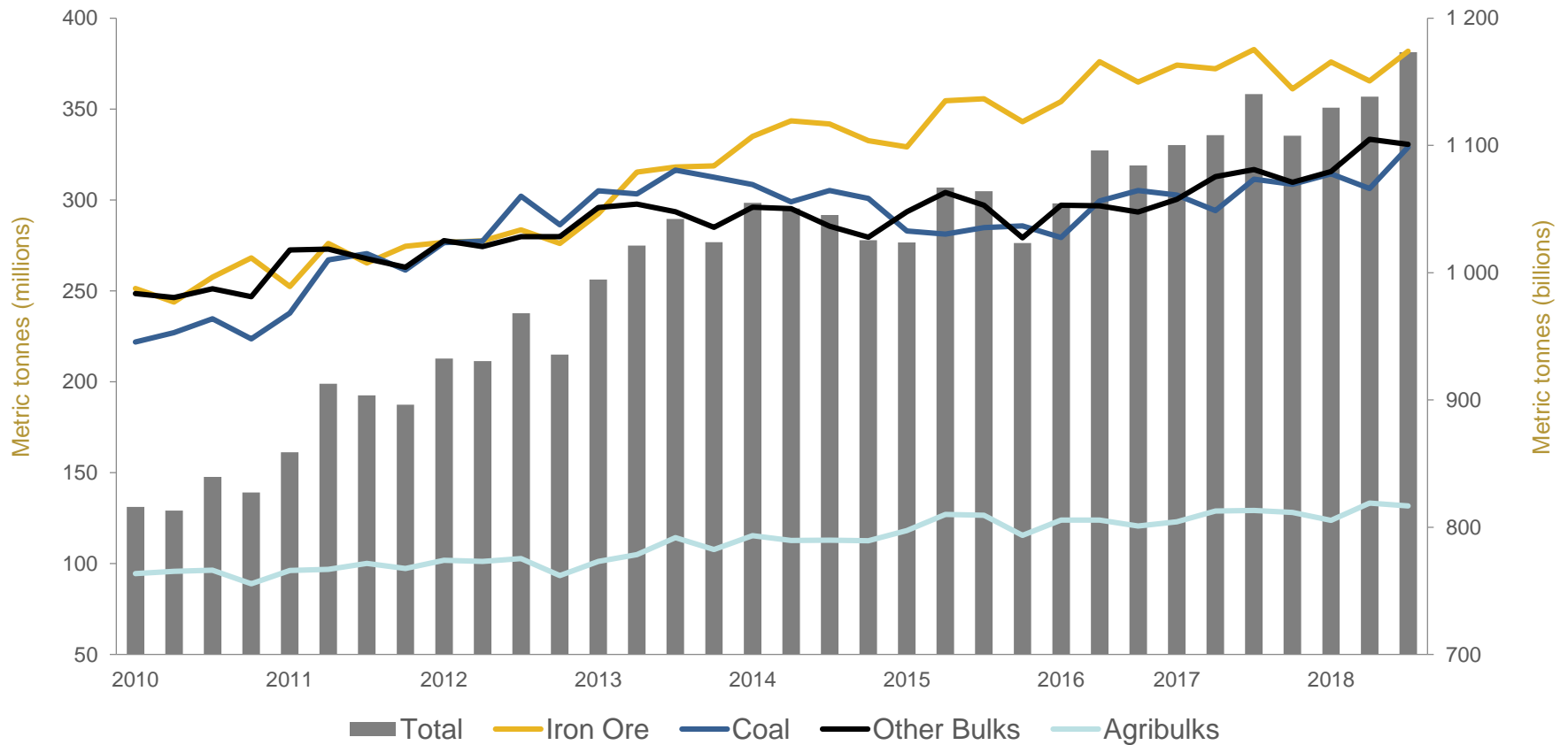
SUPPLY, DEMAND AND UTILIZATION RATE - DRY BULK SHIPS 10,000 DWT +



GROWTH IN SEABORNE TRADE CONTINUED

Total global dry bulk trade reached record levels in the third quarter

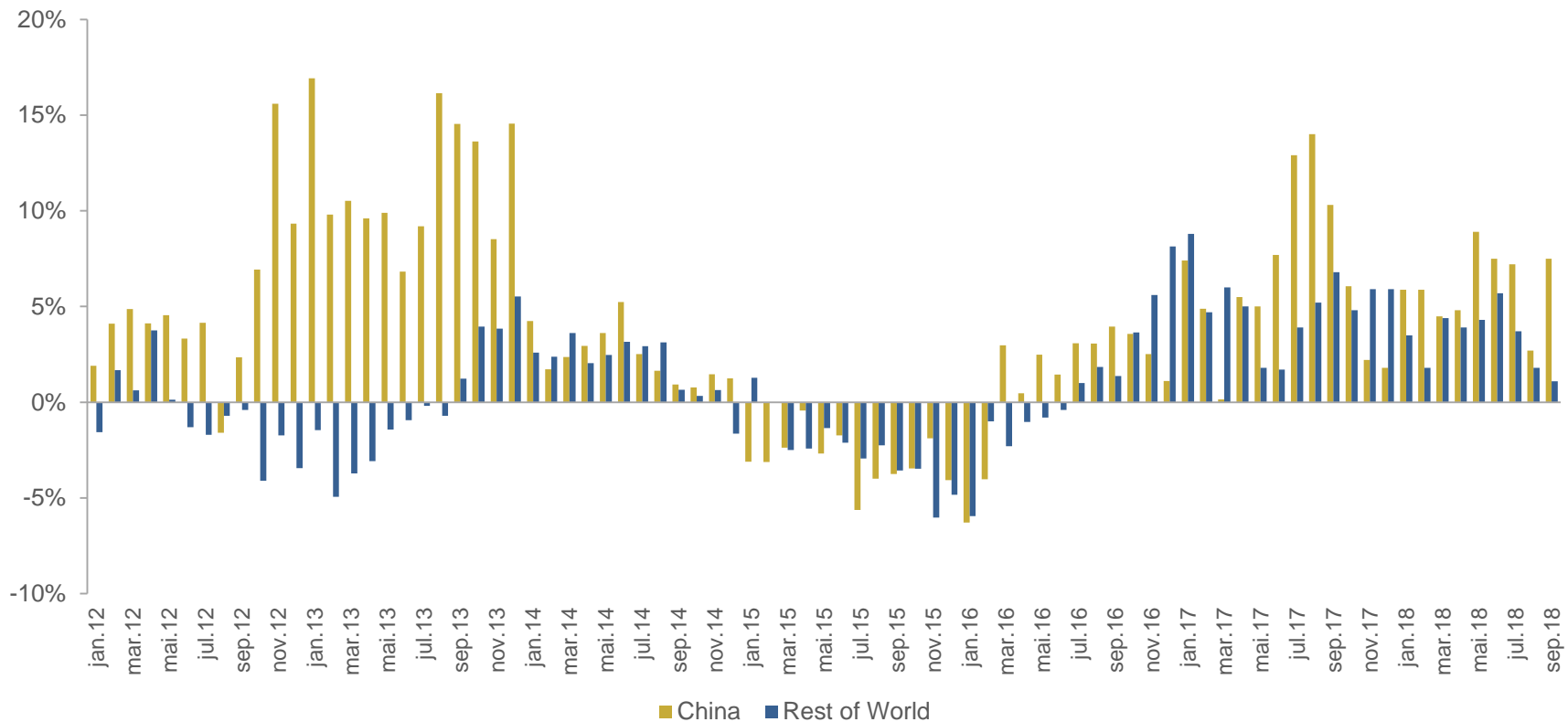
SEABORNE TRADE OF DRY BULK COMMODITIES (MAJOR IMPORTERS)



WORLD STEEL PRODUCTION TRENDS

Chinese steel production remained strong, offsetting a slight decline in other parts of the world

ANNUAL CHANGE IN STEEL PRODUCTION

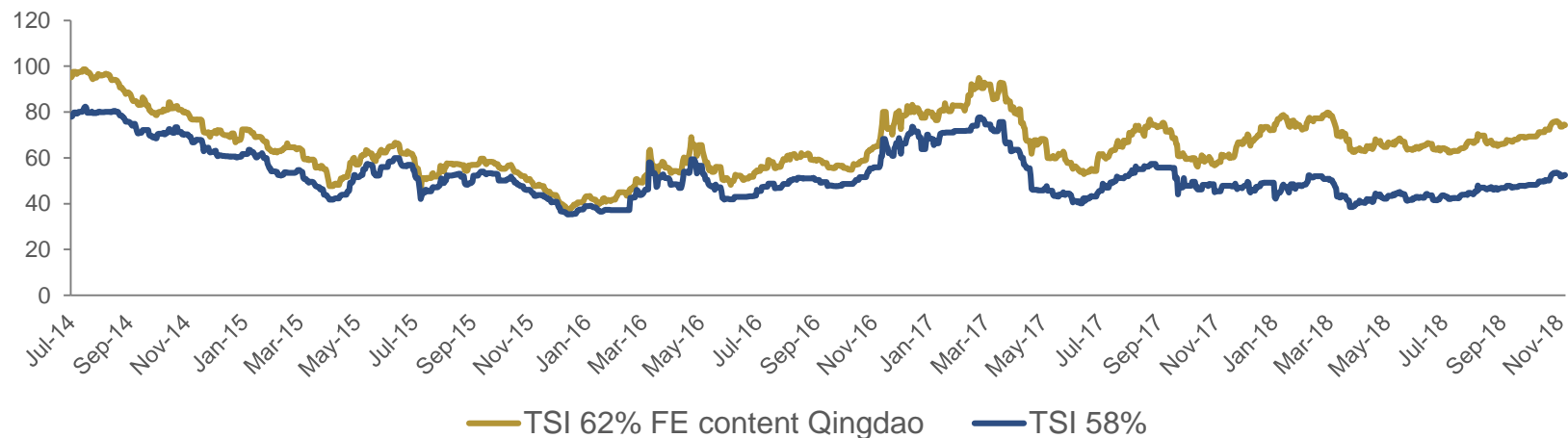


IRON ORE PRICES STEADY DESPITE DECLINES IN STEEL PRICES AND MARGINS

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

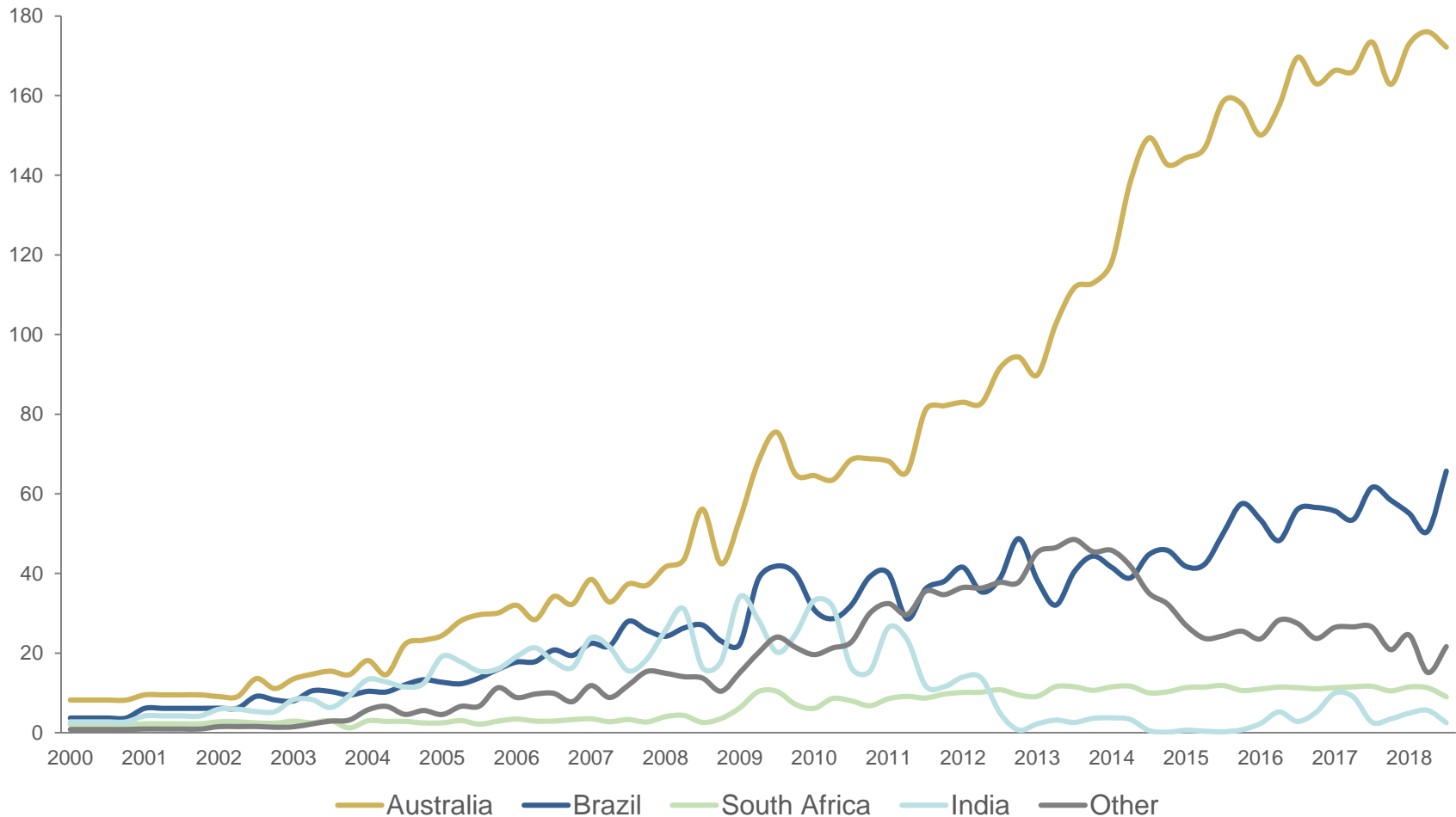


IRON ORE PRICE DIFFERENTIALS



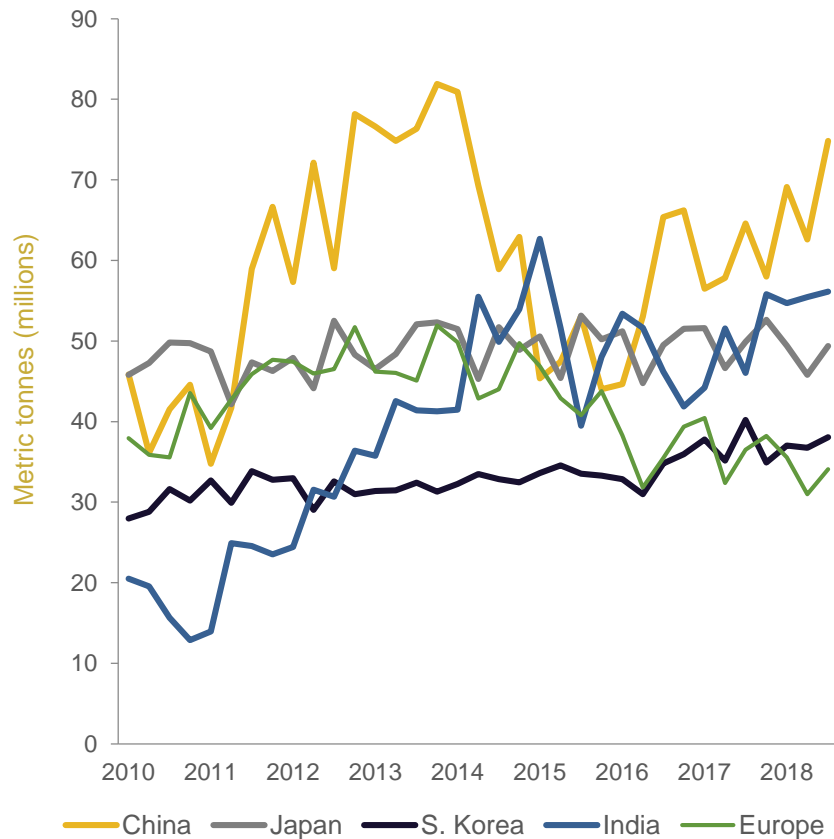
AUSTRALIA AND BRAZIL REMAIN MAJOR IRON ORE EXPORTERS

QUARTERLY EXPORTED IRON ORE VOLUMES PER COUNTRY

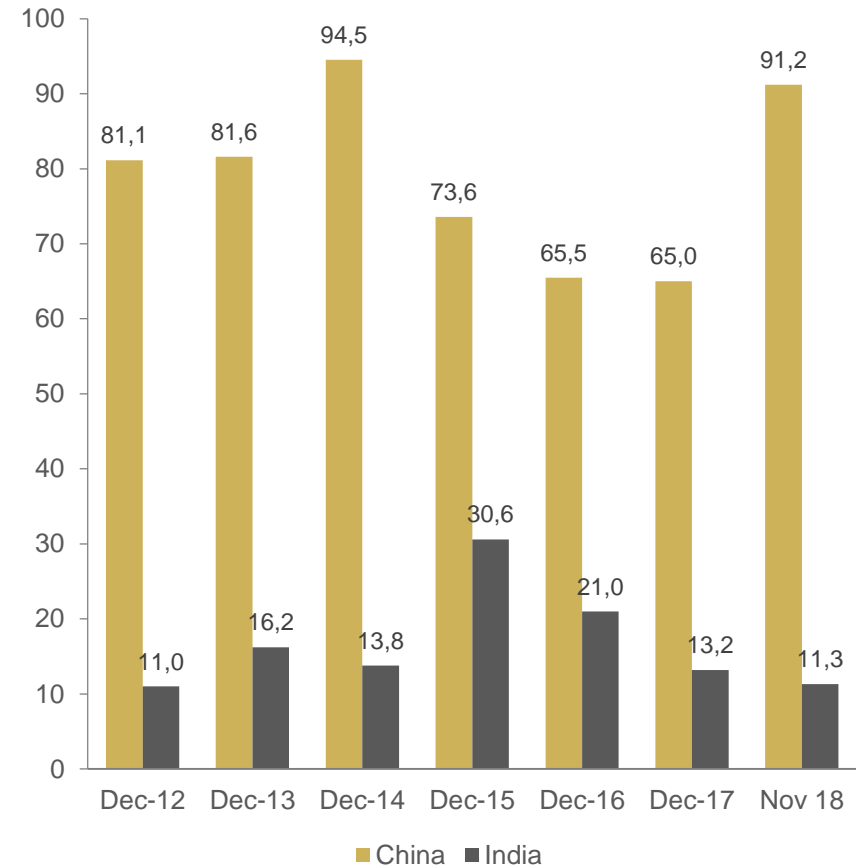


COAL DEMAND REMAINS HIGH, BUT INVENTORY BUILDS REPRESENT SHORT-TERM OVERHANG

COAL IMPORTS BY MAJOR IMPORTERS

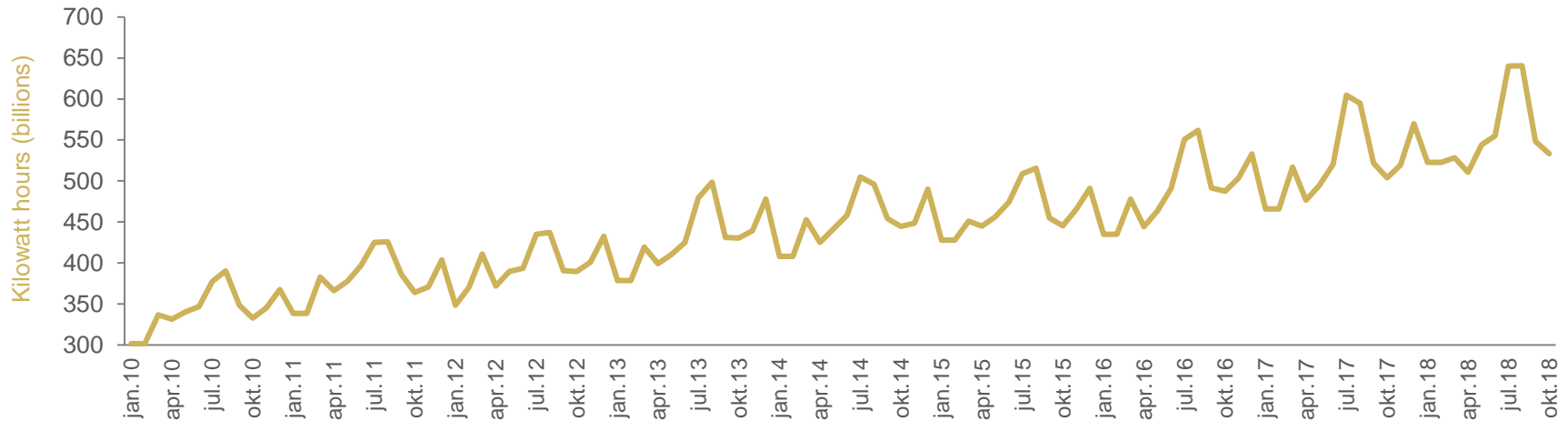


CHINA AND INDIA COAL INVENTORIES

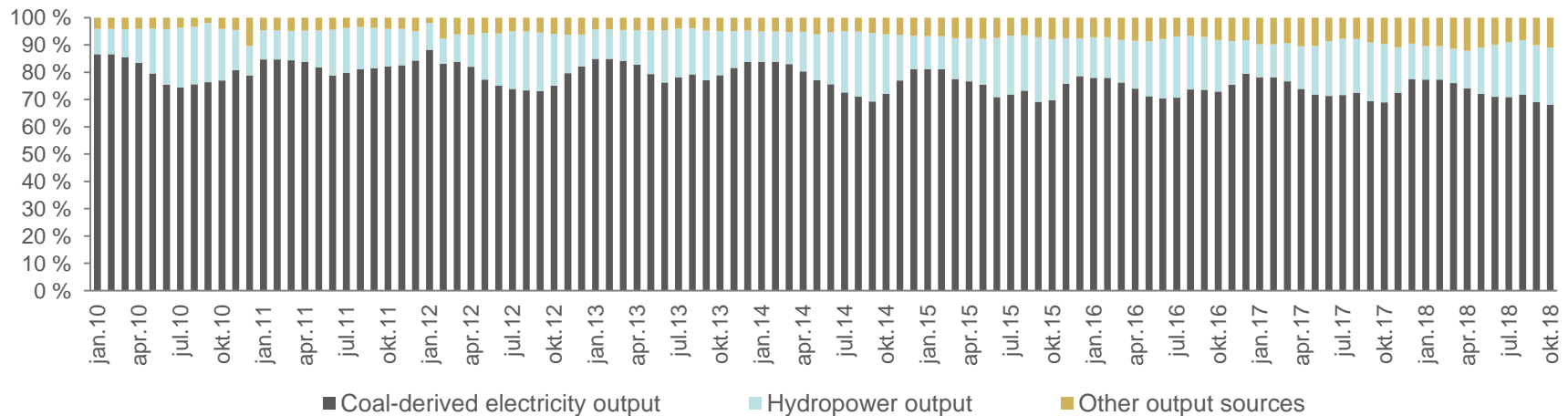


CONTINUED YEAR OVER YEAR GROWTH IN ELECTRICITY CONSUMPTION SUPPORTS COAL DEMAND

CHINESE ELECTRICITY OUTPUT



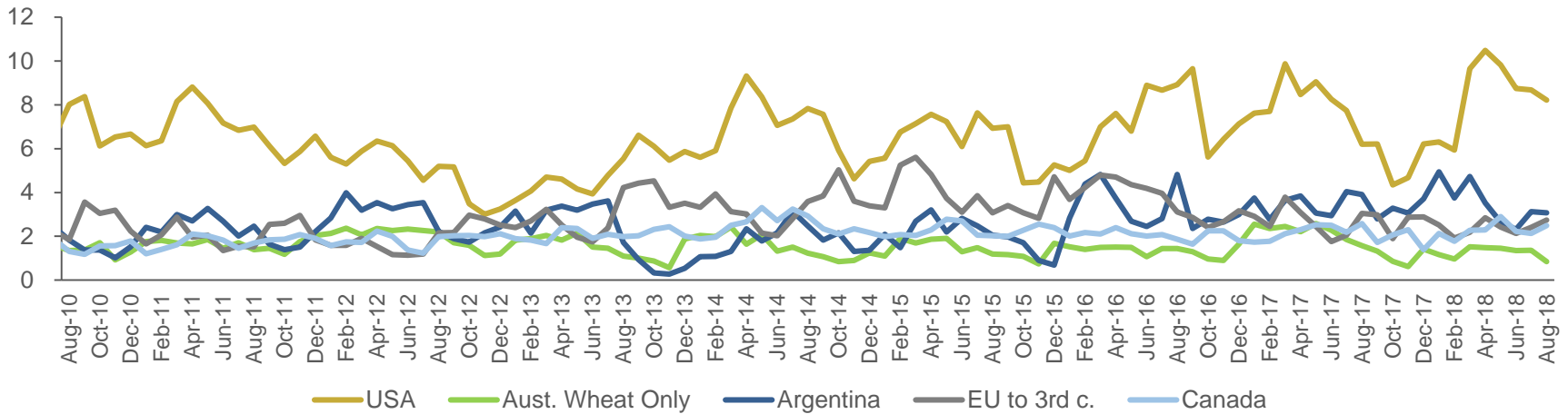
CHINESE ELECTRICITY OUTPUT BY SOURCE



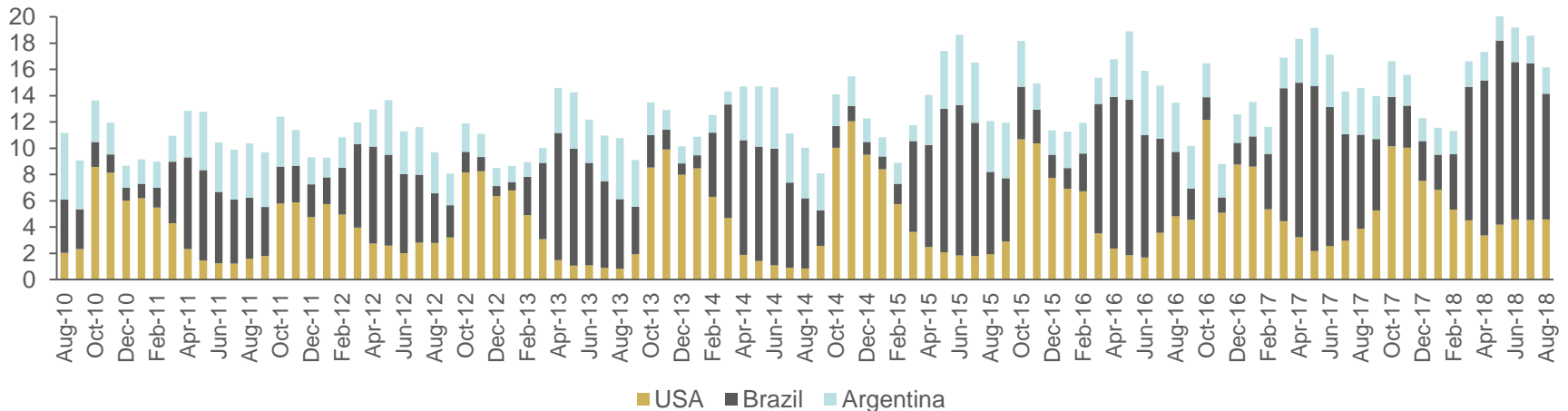
U.S. GRAIN EXPORTS WERE STRONG, BUT HAVE BEEN DISRUPTED BY TRADE TENSIONS; TOTAL VOLUMES GROWING YOY



GRAIN EXPORTS BY SOURCE



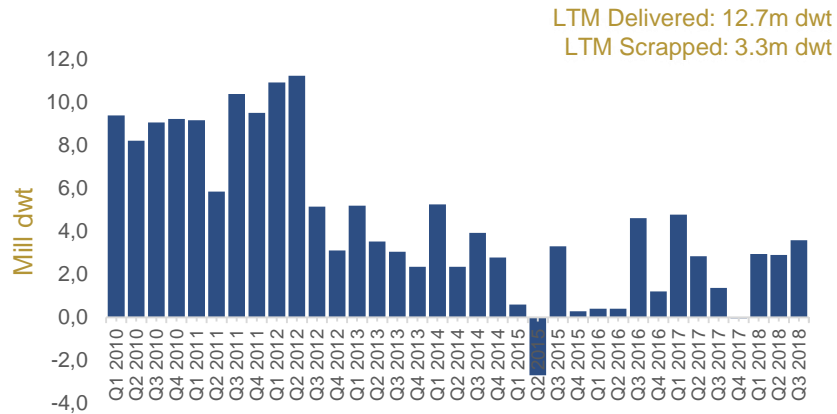
SOYBEAN AND SOYBEAN MEAL EXPORTS BY SOURCE



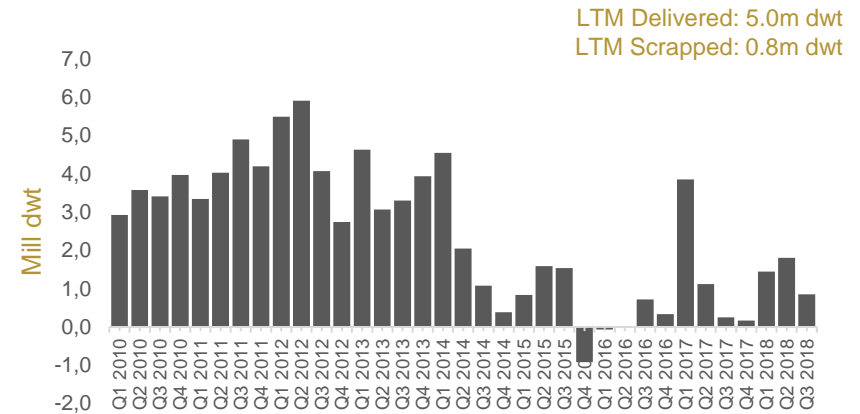
ZERO NET FLEET GROWTH QUARTER OVER QUARTER



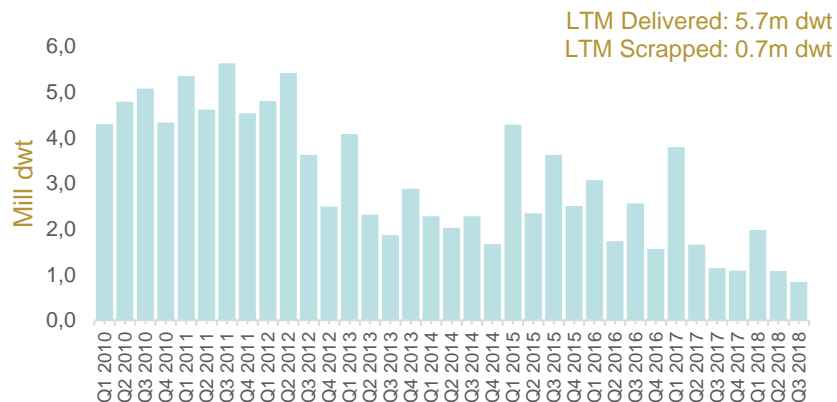
CAPE SIZE



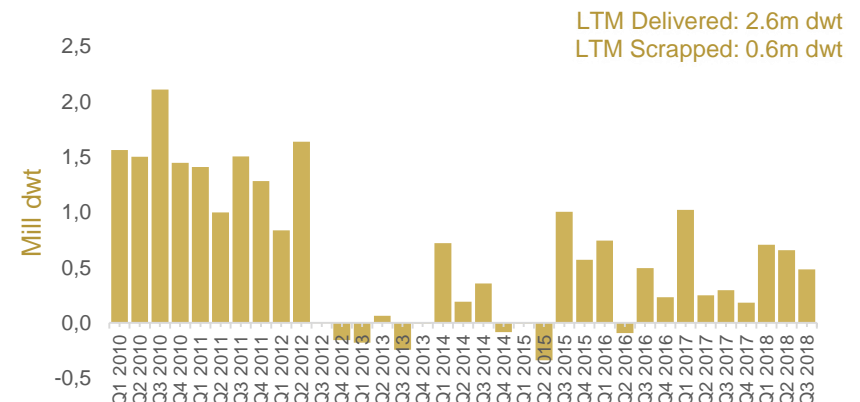
PANAMAX / POST-PANAMAX



HANDYMAX / SUPRAMAX



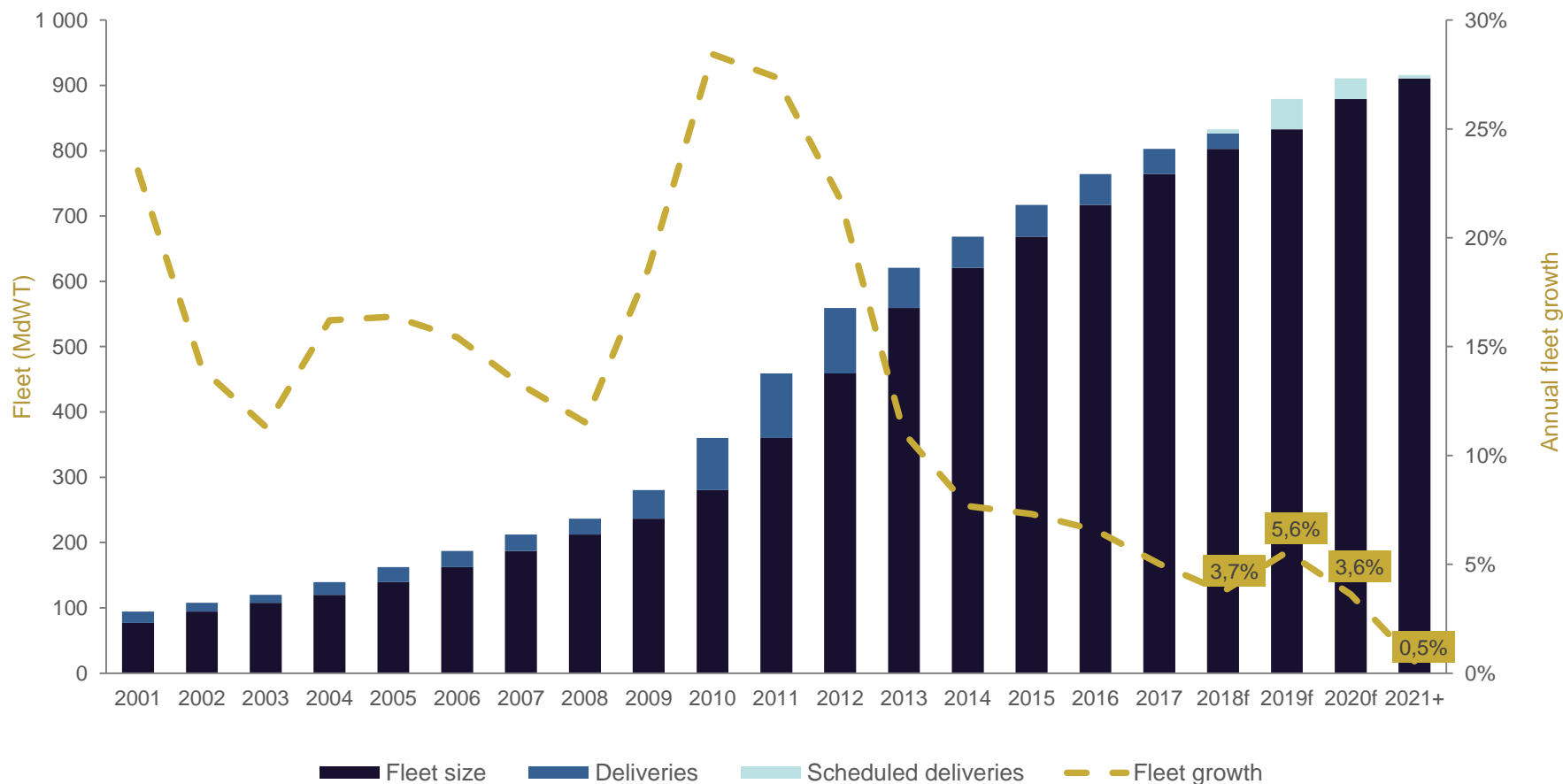
HANDYSIZE



PROJECTED FLEET GROWTH IS MODERATE

Some 2018 deliveries pushed out to 2019; despite new ordering observed, any additional capacity from now expected to be placed in 2021 or later

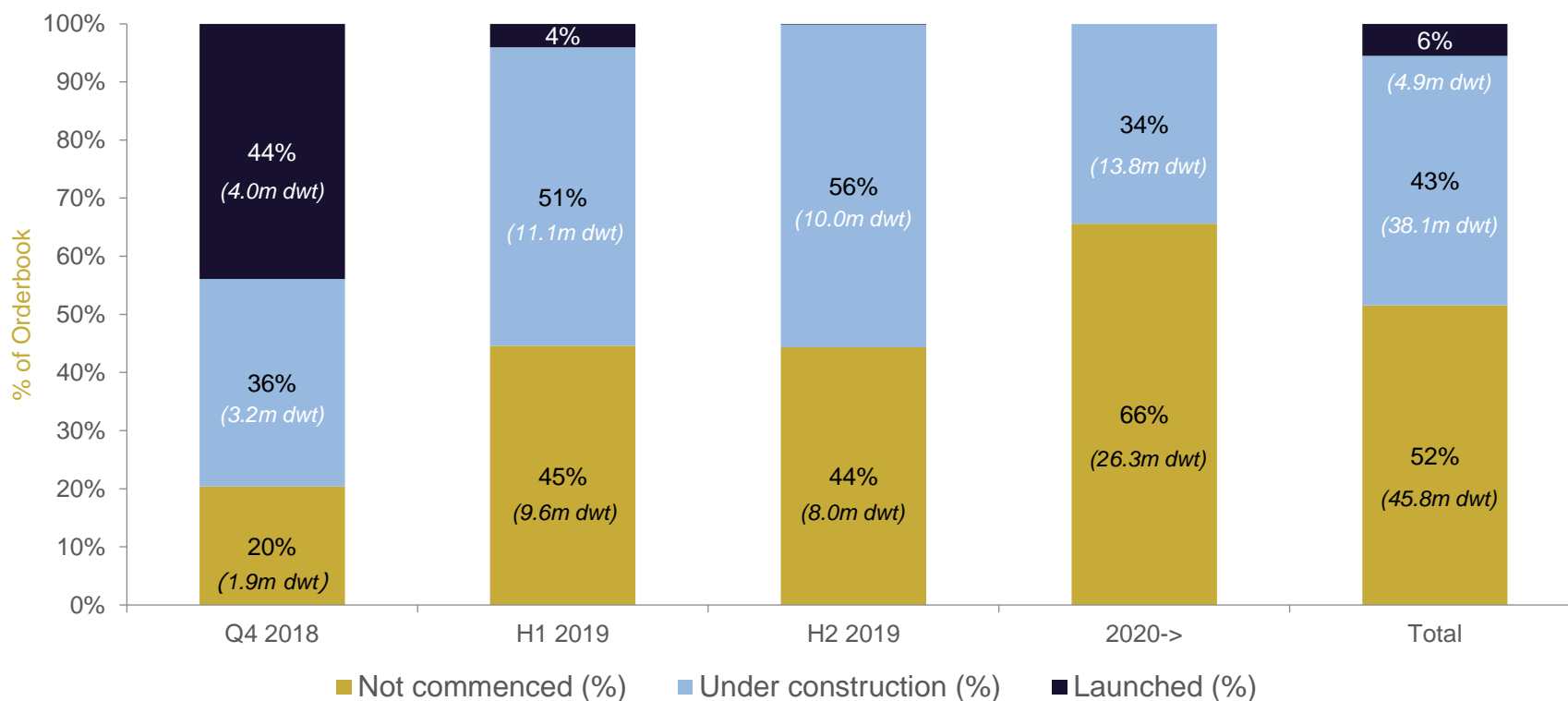
FLEET GROWTH (ASSUMES NO SCRAPPING OR NEW ORDERING)



DOWNSIDE CASE FOR SUPPLY GROWTH

Continued slippage is expected as ~37% of vessels scheduled for delivery by the end of H1 2019 have not even commenced construction

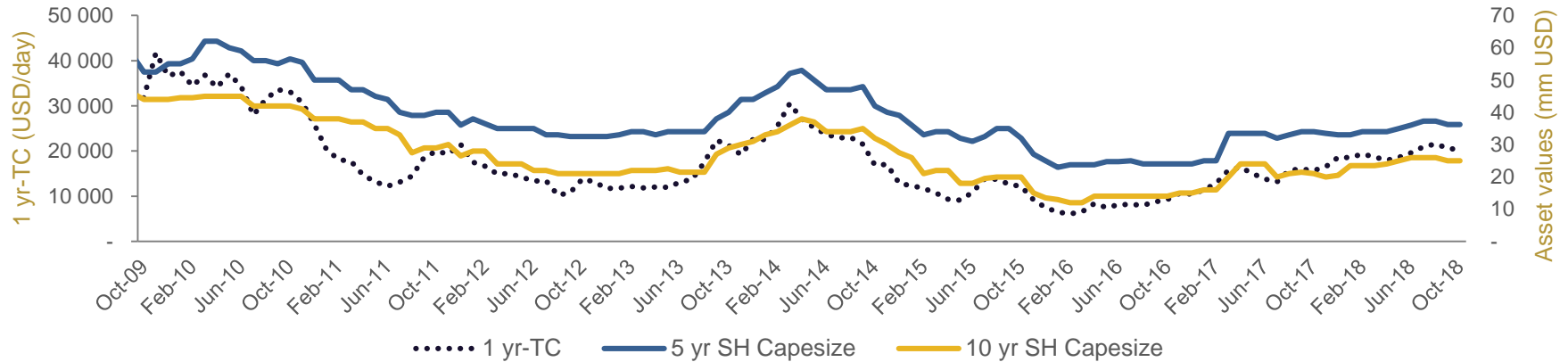
STATUS OF ORDERBOOK



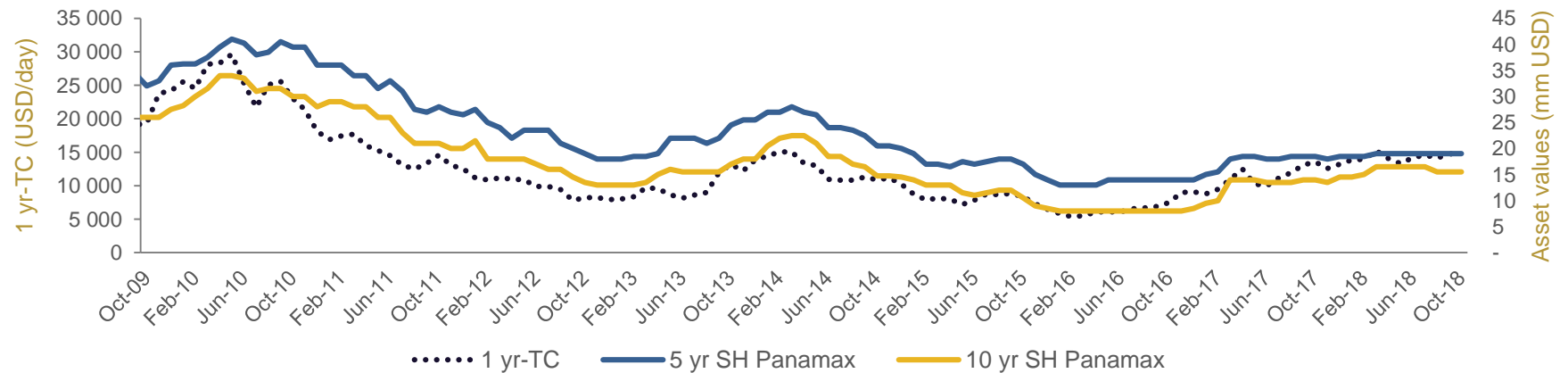
S&P PRICES IMPROVE FOR MODERN VESSELS WITH NOTABLE PREMIUM TO OLDER TONNAGE



CAPE SIZE VALUES AND EARNINGS



PANAMAX VALUES AND EARNINGS





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OUTLOOK AND STRATEGY

RELATIVELY BALANCED MARKET DESPITE HIGH VOLATILITY DUE TO TRADE TENSIONS AND SHORT TERM FACTORS

UPSIDE POTENTIAL

- China implements additional stimulus measures to offset potential impact of tariffs
- Increased tonne-miles if additional iron ore capacity comes from Brazil
- Easing of trade tensions reduces market uncertainty and also brings US soybean trade back to normal levels
- Removal of older vessels ahead of BWTS and sulphur emissions regulations
- More tonne-miles due to longer sailing distances as demand increases in Asia replace European demand

DOWNSIDE RISKS

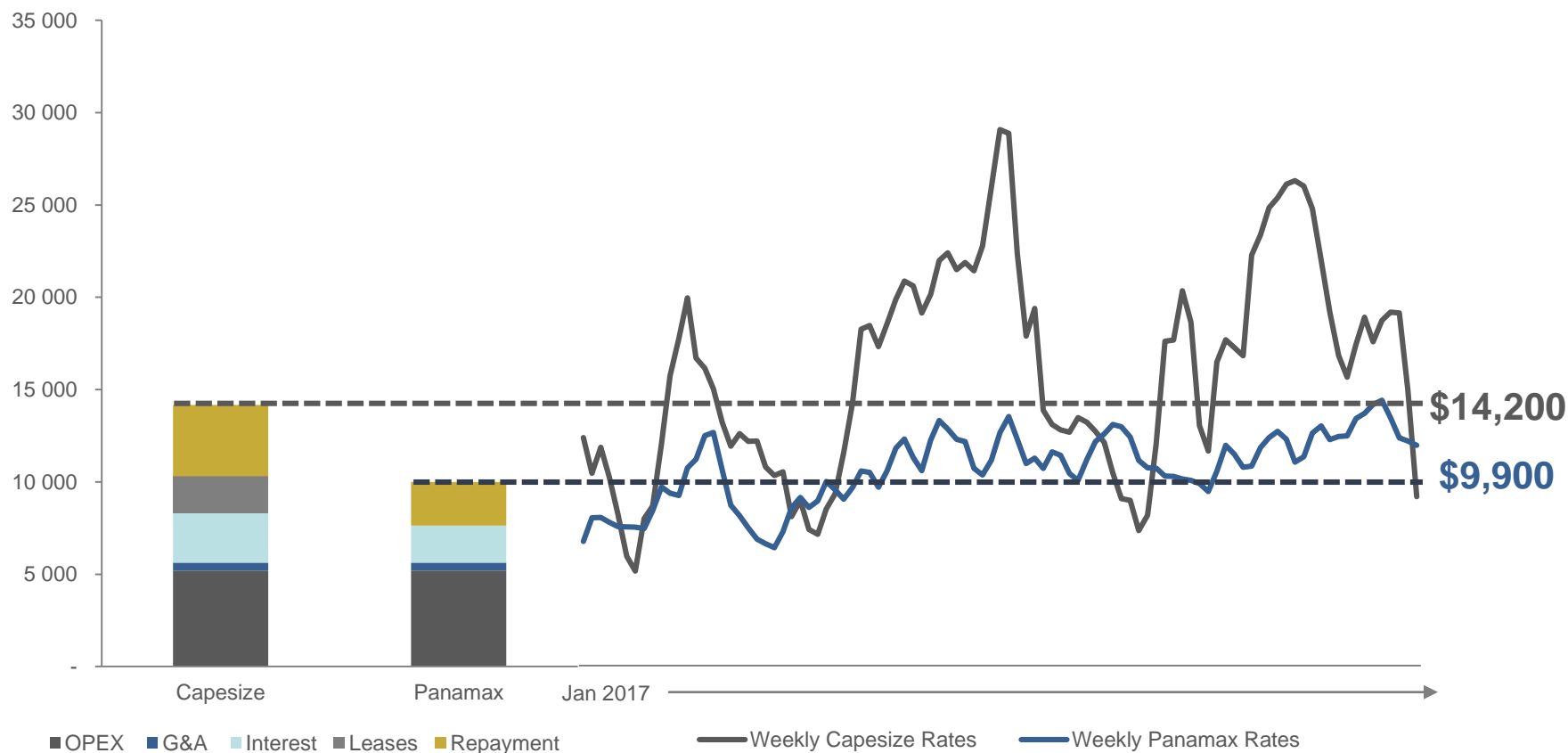
- Trade tensions reduce global trade
- Increase use of scrap steel and draw down of iron ore inventories in China
- Lower steel margins impact import / export volumes
- Economic activity decreases in China, leading to lower consumption of steel and energy
- New ordering increases fleet growth expectations for 2020+
- Valemax share of order book will add volatility

COMPETITIVE CASH COST DRIVE EARNINGS AND PROTECTS DOWNSIDE



- Fully-burdened Opex includes dry docking and management fees
- G&A net of management fees are estimated to be approximately \$450 per day in 2018 on a fully delivered fleet of 77 vessels
- Average margin above LIBOR on bank financing is competitive at ~2.3% and 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 AT TODAY'S INTEREST LEVEL, INCLUDING FULL CASH-SWEEP FOR NON-RECOURSE DEBT AND 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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