



GOLDEN OCEAN™

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COMPANY PRESENTATION

SEPTEMBER 2019

# 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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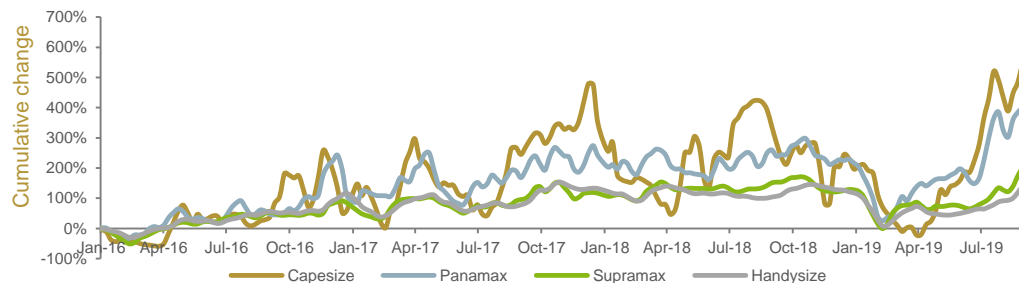
## COMPANY OVERVIEW

# KEY INVESTMENT HIGHLIGHTS

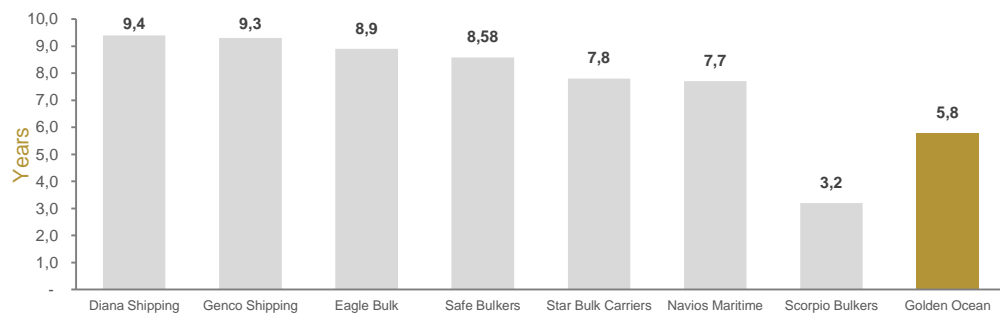


Positioned to capture market strength and generate significant cash flow with modern, fuel-efficient fleet, large commercial scale and highly competitive cash costs

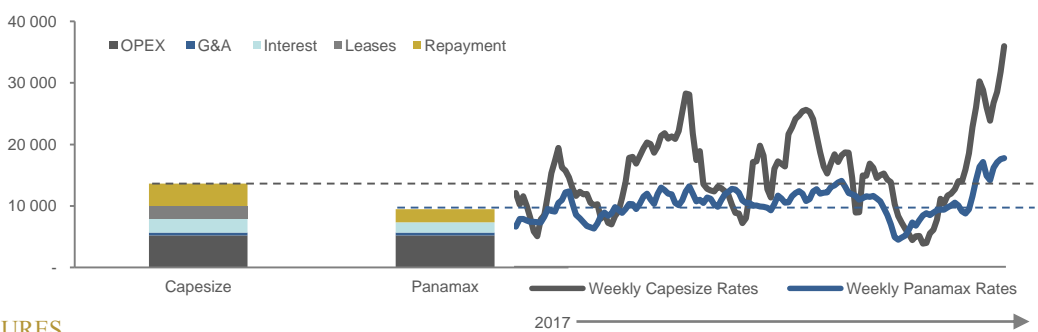
**1** FOCUS ON LARGER VESSELS TO CAPTURE MARKET UPSIDE AND VOLATILITY  
*Capesize and Panamax vessels significantly outperform in stronger markets*



**2** MODERN, FUEL-EFFICIENT FLEET COMMANDS A PREMIUM  
*Fleet performance is increasingly important as new sulphur emissions regulations approach*



**3** COMPETITIVE CASH COSTS DRIVE EARNINGS AND PROTECT DOWNSIDE  
*Fully-burdened daily costs of \$13,800 and \$9,600 for Capesize and Panamax, respectively*



SOURCE: CLARKSONS, PUBLIC FILINGS AND OTHER DISCLOSURES  
 NOTE: RATES DISPLAYED ARE WEEKLY AVERAGES FOR CAPESIZE AND PANAMAX VESSELS

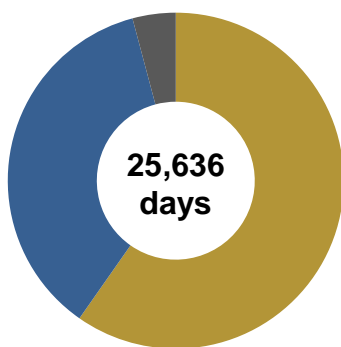
# FLEET DEPLOYMENT

Opportunistic chartering strategy with significant operating leverage

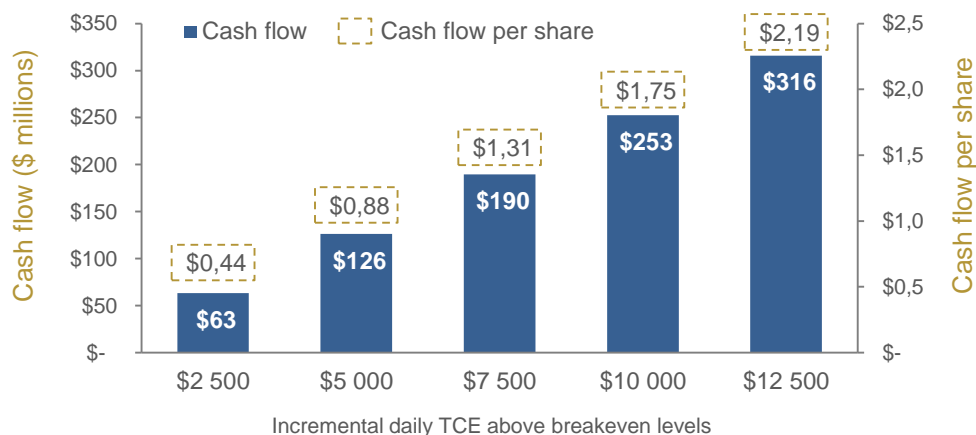
## CONTRACTED EARNINGS

	2019	2020	2021
<b>Capesize</b>	8 fixed at \$20,440/day*	1 fixed at \$20,500/day*	
<i>Age 5.0 years</i>	38 trading spot	45 trading spot	46 trading spot
<b>Panamax</b>	8 fixed at \$18,960/day	8 fixed at \$18,960/day	See note
<i>Age 7.4 years</i>	20 trading spot	20 trading spot	28 trading spot*
<b>Ultramax</b>	3 trading spot	3 trading spot	3 trading spot
<i>Age 4.3 years</i>			

## 2020 OPERATING LEVERAGE



■ Capesize ■ Panamax ■ Ultramax



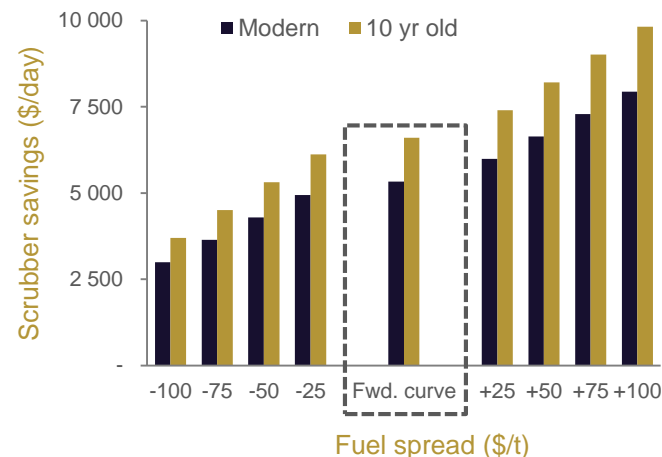
NOTE: CHARTERING PROFILE AS OF AUGUST 2019; EIGHT PANAMAX CHARTERS EXPIRE BETWEEN END OF 2019 AND END OF 2021.

\*IN ADDITION SIX CAPE SIZE VESSELS HAVE FLOOR / CEILING CONTRACTS FOR 2019 AND TWO VESSELS FOR 2020

# WELL POSITIONED AS IMO 2020 APPROACHES

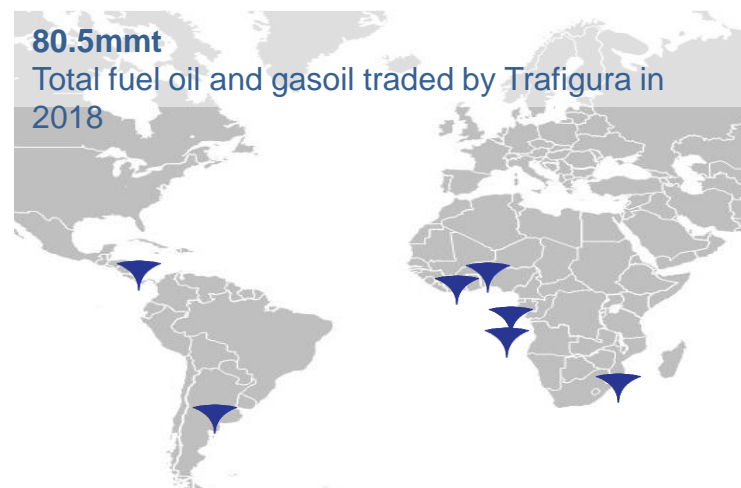
## MAXIMIZING FLEET EFFICIENCY IN A HIGH FUEL PRICE ENVIRONMENT

- Modern, fuel-efficient fleet with average age of less than 6 years comprised primary of “ECO” vessels
- Thus far installing scrubbers on 50% of the Capesize fleet, or the equivalent of 2/3 of the Capesize fleet with economic exposure to fuel prices in the next years
- Scrubber present attractive investment decision that we believe will result in increased earnings



## JOINT VENTURE WITH TRAFIGURA CREATES COMPETITIVE ADVANTAGE

- Joint venture with Trafigura Group and Frontline ensures availability of competitively priced fuel from a trusted supplier with a global network
- Golden Ocean to own 10% and Frontline 15%, respectively and Trafigura to contribute its existing bunkering operations into the JV
- JV expected to launch in the third quarter of 2019

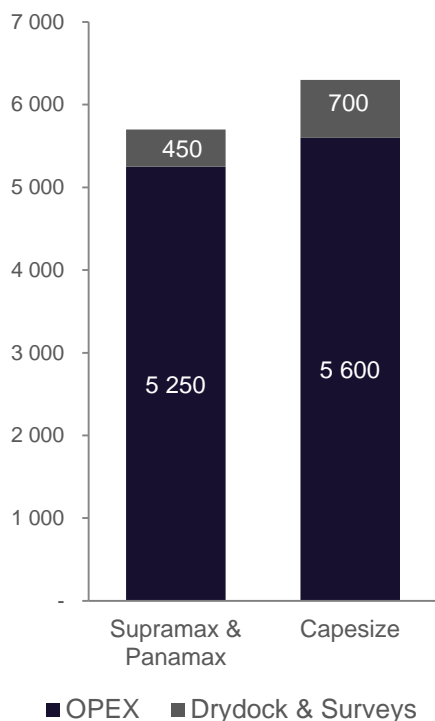


# MODERN, EFFICIENT FLEET

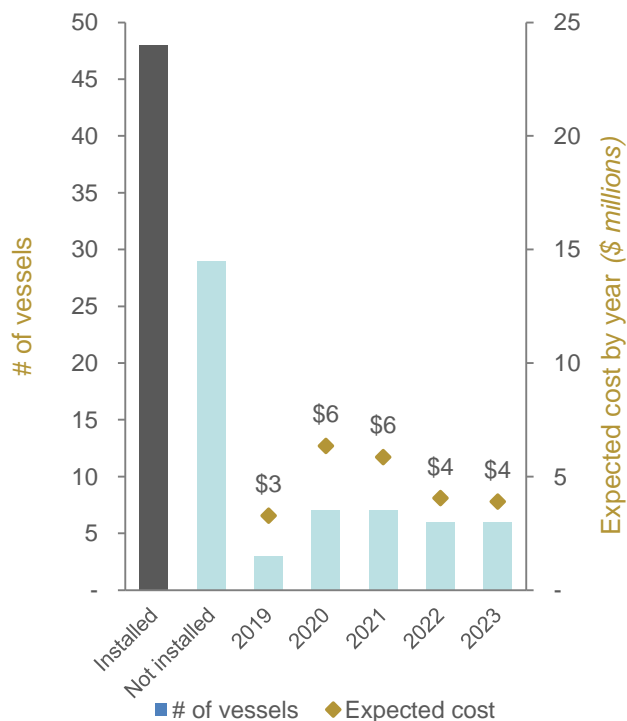


- Fully-burdened Opex includes dry docking and management fees
- Eight vessels completed dry-dock in first half of 2019, which included installation of BWTS
- Additional 11 Capesize vessels are scheduled for drydock in 2019
- Average fleet age of less than six years and majority of the fleet designed with fuel-efficient engines and ballast water treatment systems
- Additional advantage to be gained through scrubber installations

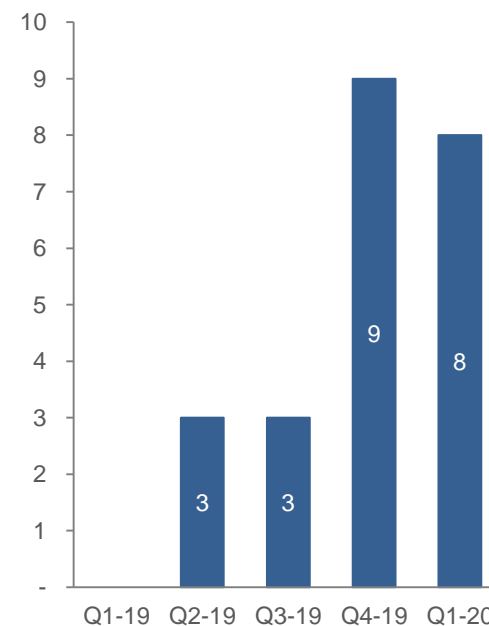
## OPERATING EXPENSES (YTD 2019)



## BWTS INSTALLATION SCHEDULE



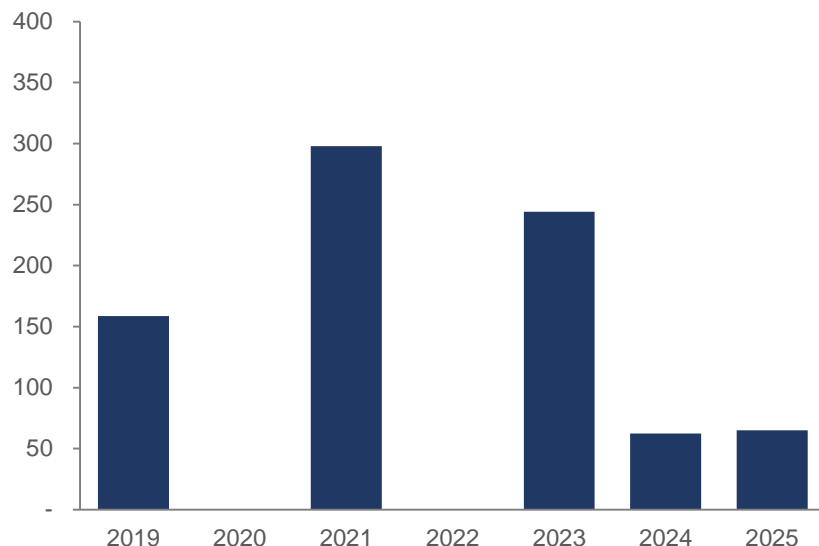
## SCRUBBER INSTALLATION SCHEDULE



# STRONG BALANCE SHEET WITH LIMITED CAPEX



## DEBT MATURITIES



## RECENT DEVELOPMENTS

- Three non-recourse facilities, financing 14 vessels, have been replaced by two new facilities with more favourable terms
- All loans are asset-backed with well-known shipping banks and fully guaranteed by GOGL
- An undrawn separate loan tranche of up to \$33 million, financing up to 11 scrubber installations, is in place
- Total amortization of \$21.2 million per quarter
- Average margin above LIBOR on bank financing is competitive at 2.25%

(in thousands of \$)

06/30/2019

## ASSETS

### Short term

Cash and cash equivalents (incl. restricted cash)	117,549
Other current assets	148,061

### Long term

Restricted cash	45,708
Vessels (incl. newbuildings and held-for-sale)	2,365,773
Other long term assets	226,496

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**Total assets** **2,903,587**

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## LIABILITIES AND EQUITY

### Short term

Current portion of long term debt and capital lease	238,355
Other current liabilities	112,919

### Long term

Long term debt and capital lease	914,012
Other long term liabilities	165,084

**Equity** **1,473,217**

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**Total liabilities and equity** **2,903,587**

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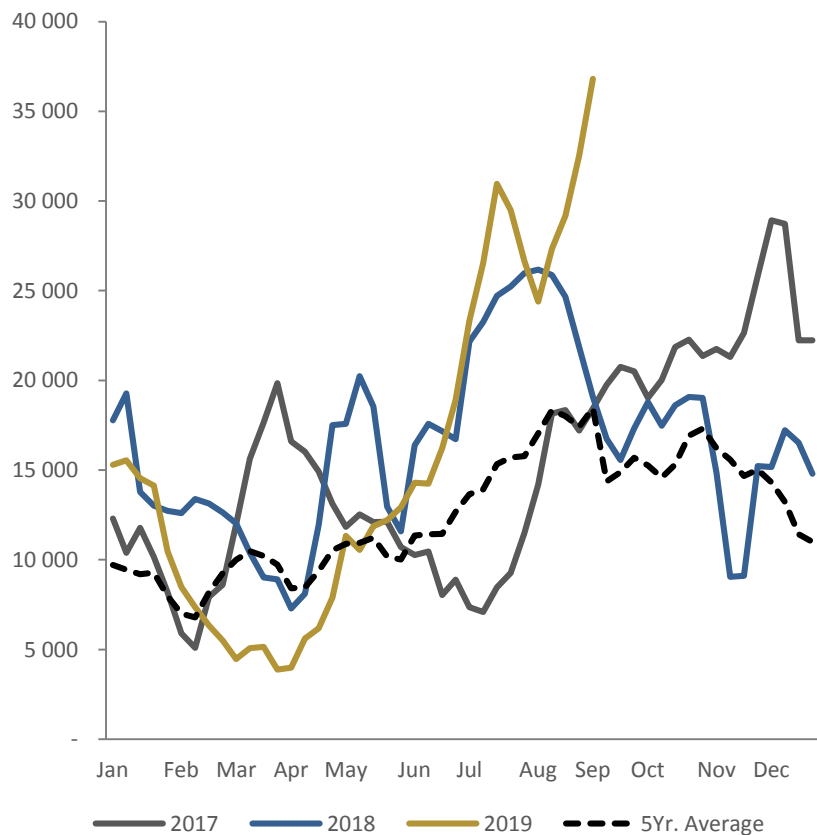
## DRY BULK MARKET UPDATE

# FREIGHT MARKET UPDATE

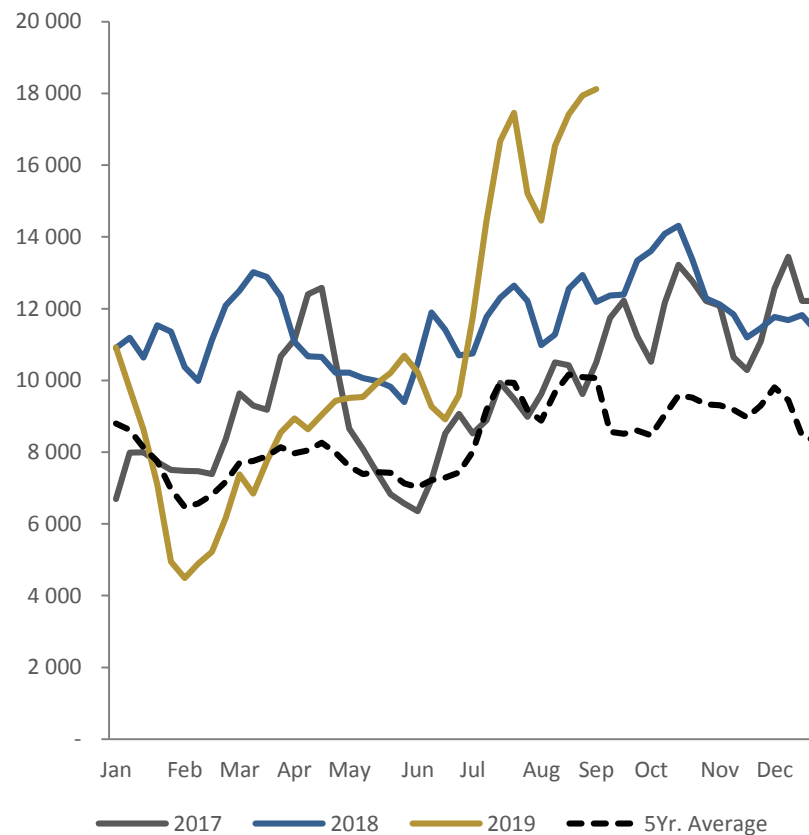


Rates have rebounded sharply as iron ore volumes begin to return to the market and other trades remain supportive

## WEEKLY CAPESIZE RATES



## WEEKLY PANAMAX RATES



SOURCE: CLARKSONS

NOTE: RATES DISPLAYED ARE WEEKLY AVERAGES FOR CAPESIZE AND PANAMAX VESSELS

# FORWARD FREIGHT AGREEMENTS

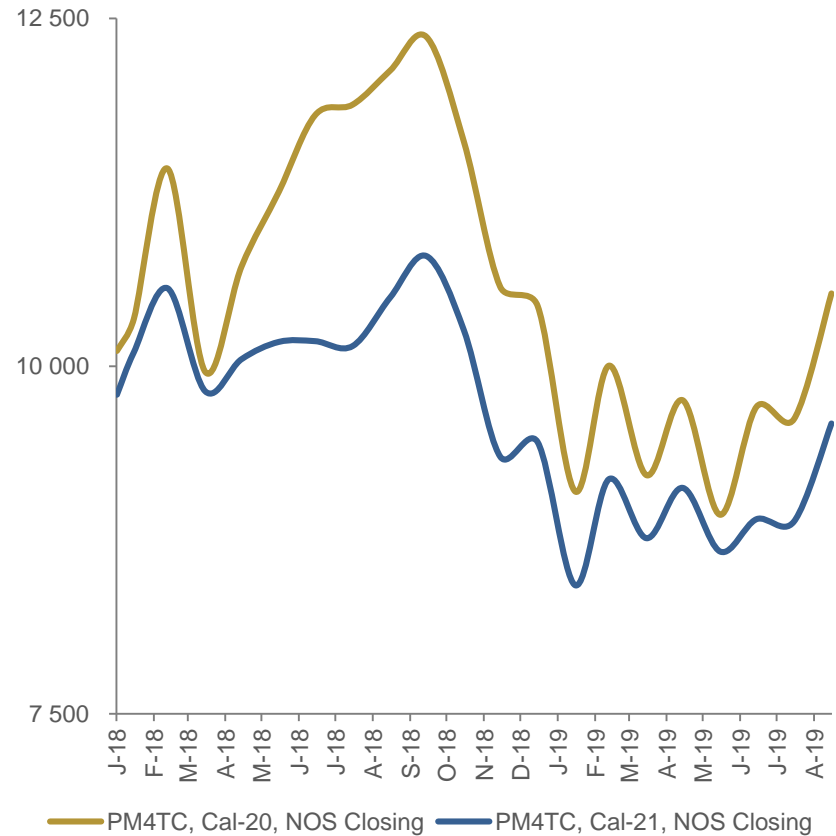


Expectations recovering following steep declines driven by trade tensions and disruptions in iron ore production

## CAPE-SIZE FFAs



## PANAMA-SIZE FFAs

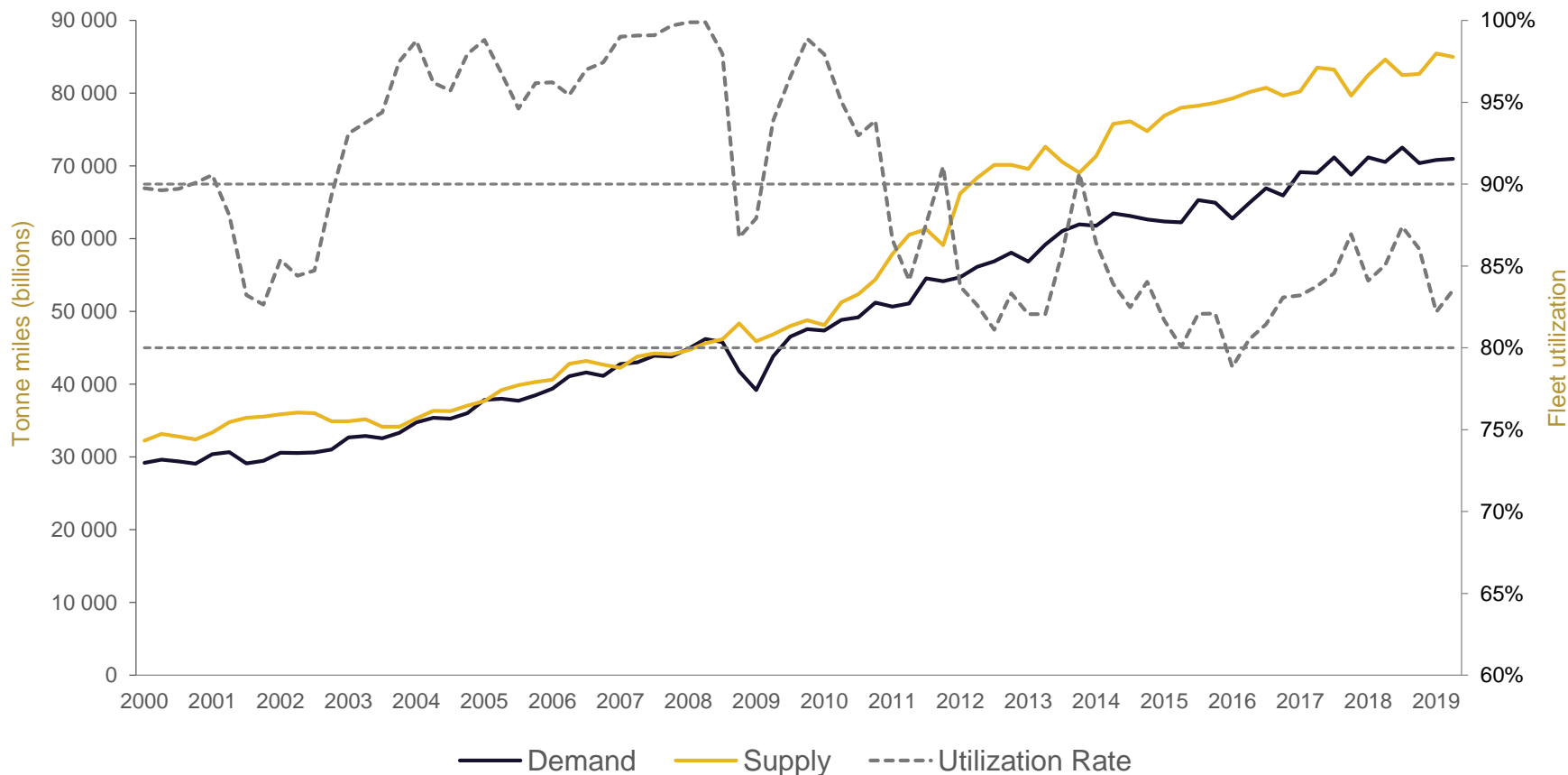


# DRY BULK SUPPLY / DEMAND & UTILIZATION



Utilization increased to ~83.5% in the second quarter, rebounding from the pullback in the first quarter caused by iron ore export disruptions in Brazil

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

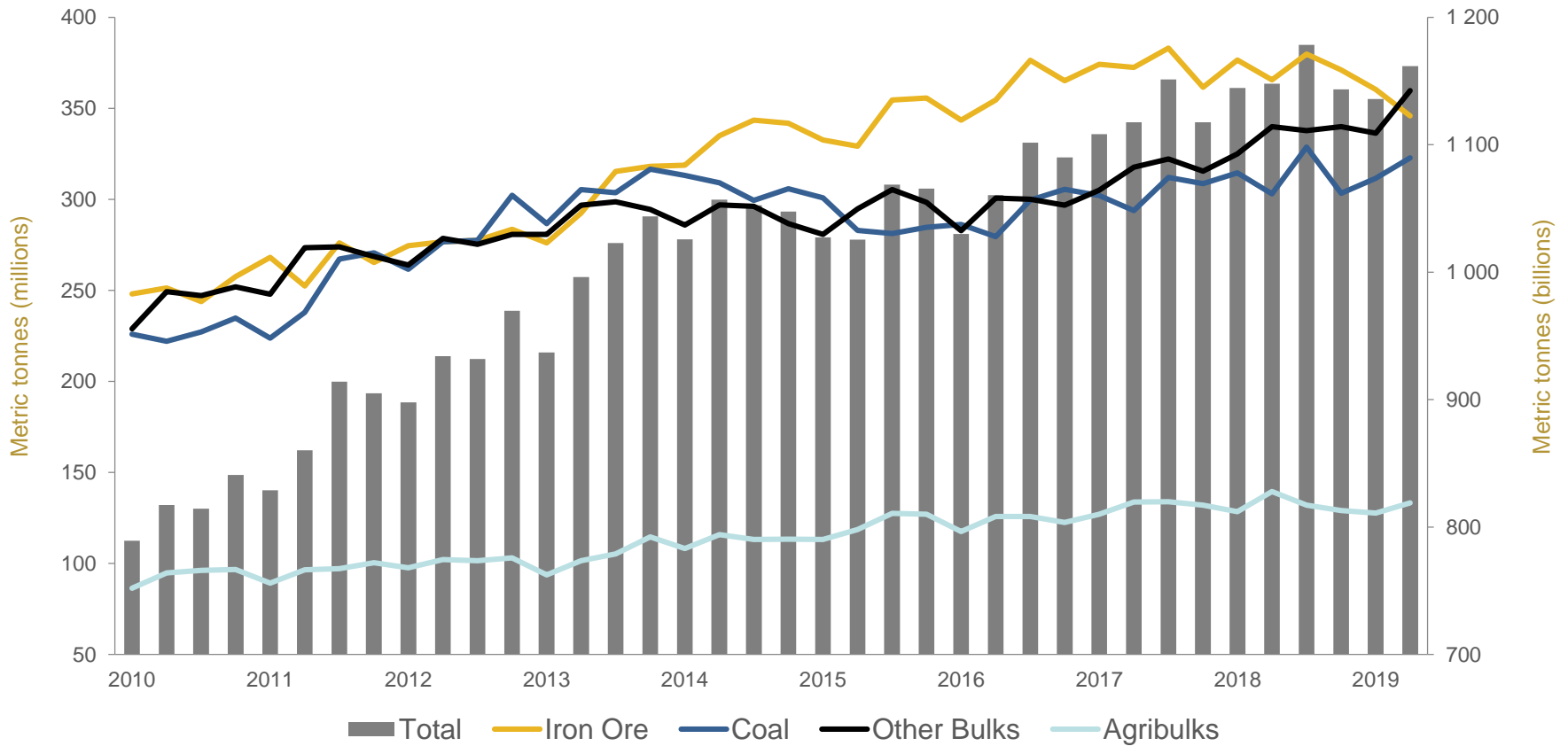


# GROWTH IN VOLUMES DESPITE IRON ORE DISRUPTIONS



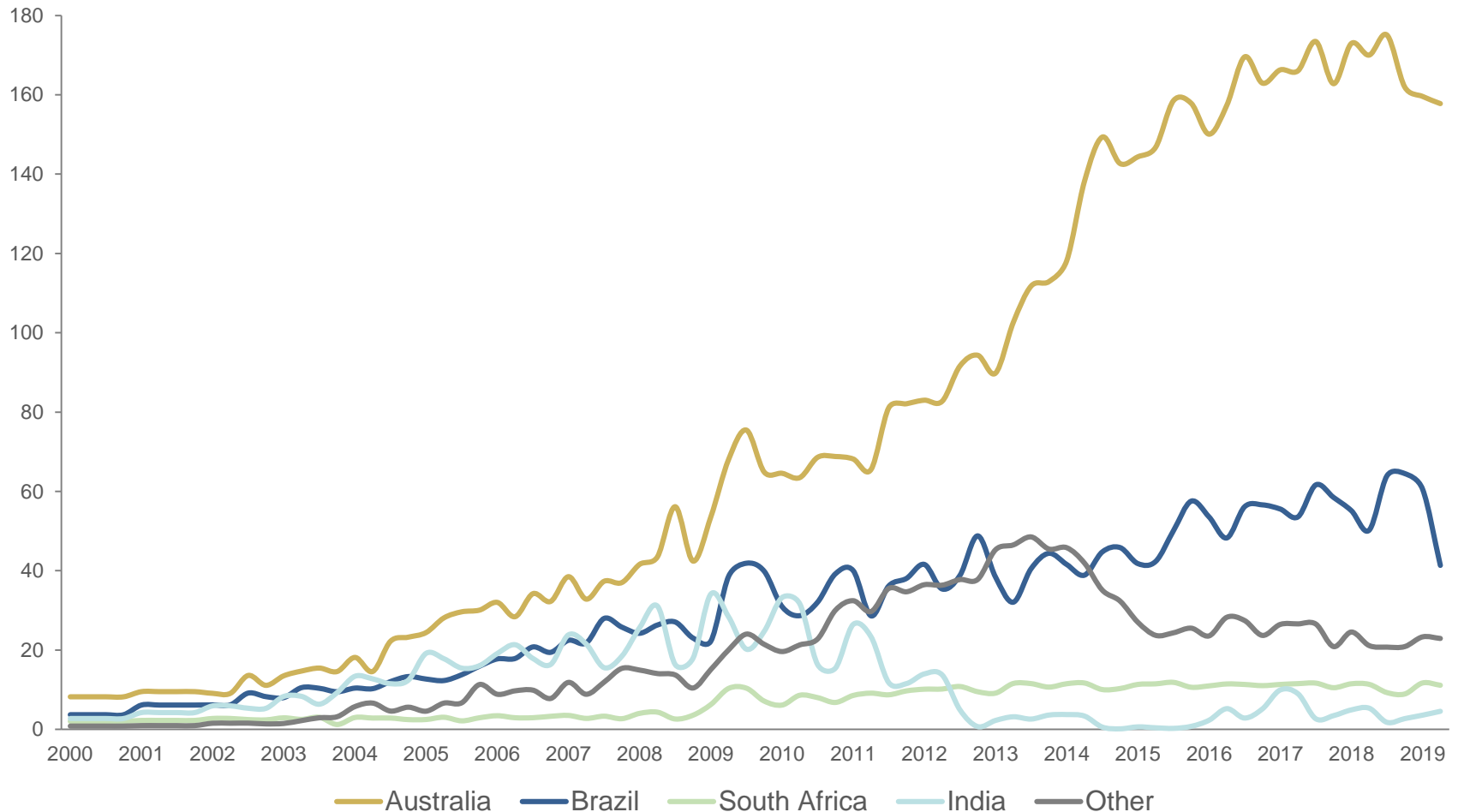
Volumes grew slightly year-over-year despite ~20mn metric tonne decrease in iron ore volumes

## SEABORNE TRADE OF DRY BULK COMMODITIES (MAJOR IMPORTERS)



# DECLINE IN BRAZIL IRON ORE PRODUCTION ARE REFLECTED IN Q2 2019 EXPORT FIGURES

## QUARTERLY EXPORTED IRON ORE VOLUMES PER COUNTRY

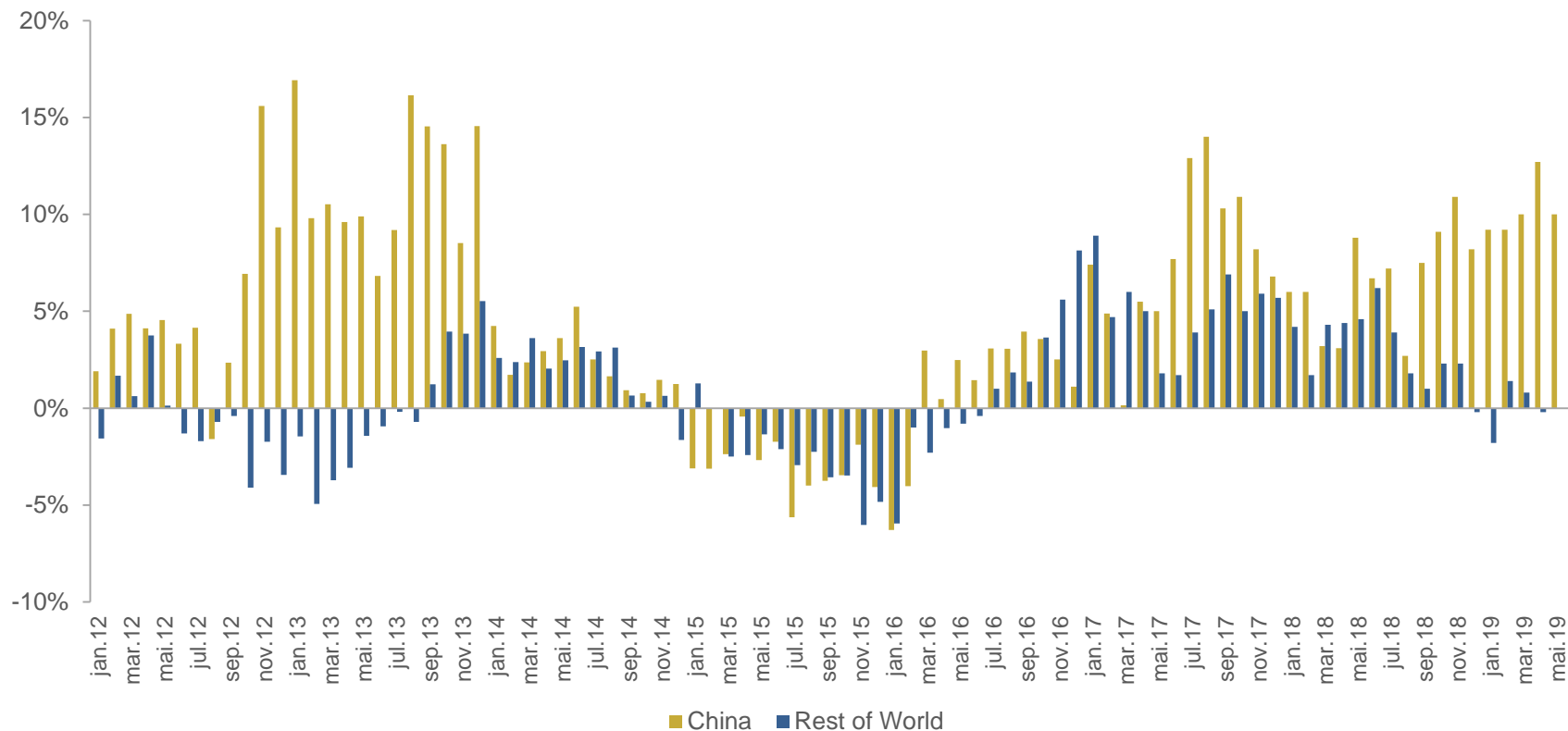


# WORLD STEEL PRODUCTION TRENDS



Chinese steel production growth remained strong, while the rest of the world was unchanged year over year

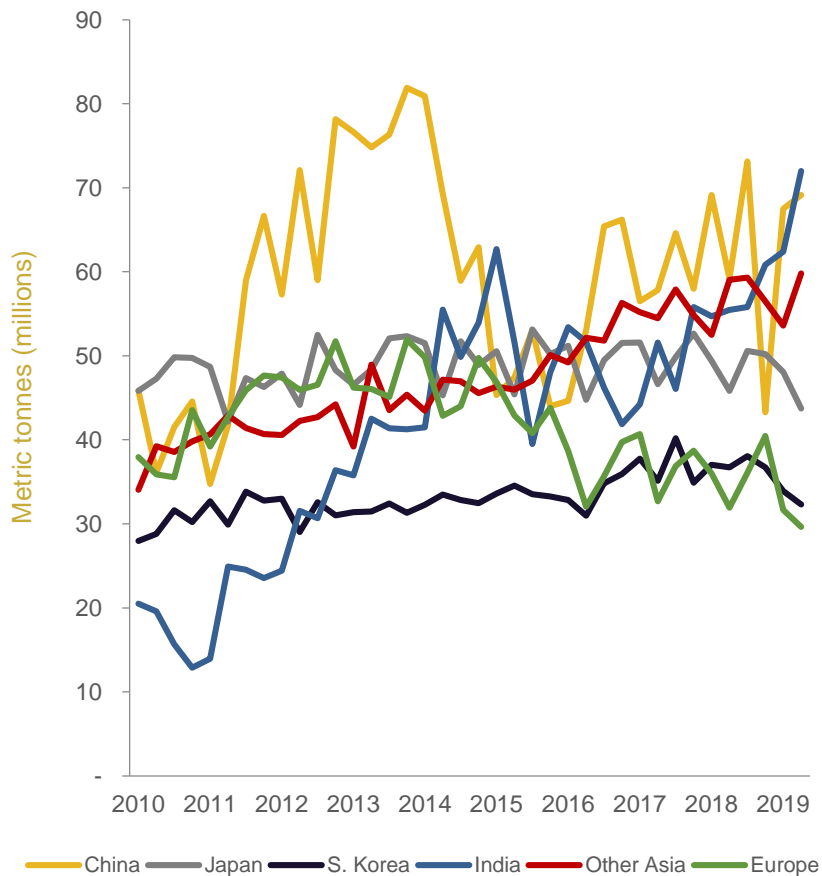
## ANNUAL CHANGE IN STEEL PRODUCTION



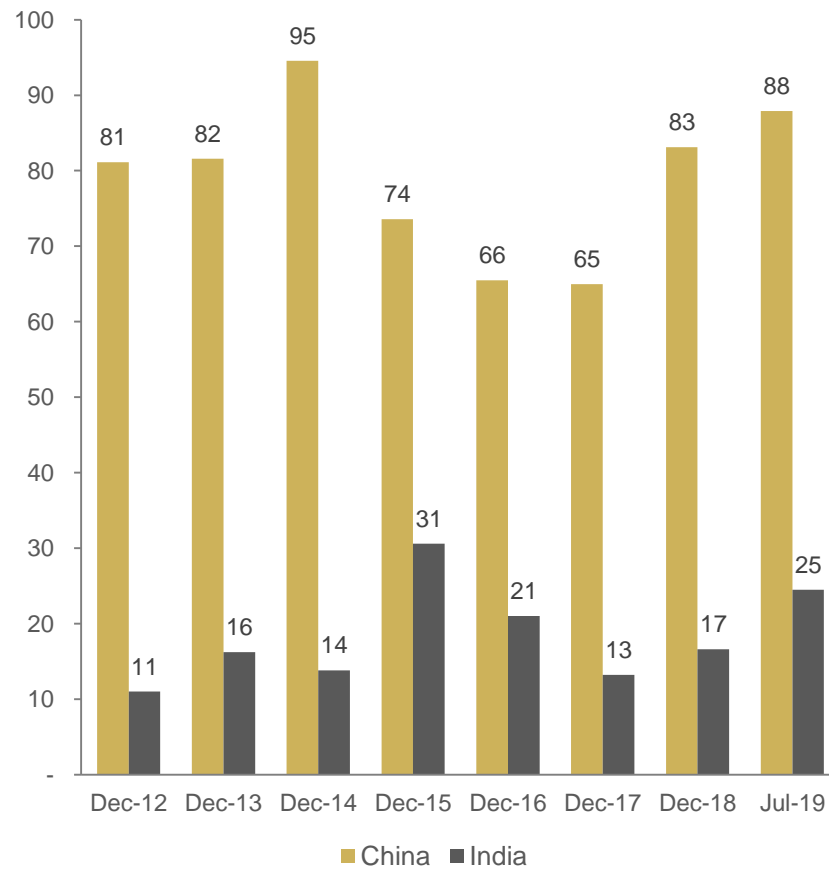
# INDIAN AND CHINA COAL IMPORTS UP SIGNIFICANTLY YEAR-OVER-YEAR



## COAL IMPORTS BY MAJOR IMPORTERS



## CHINA AND INDIA COAL INVENTORIES

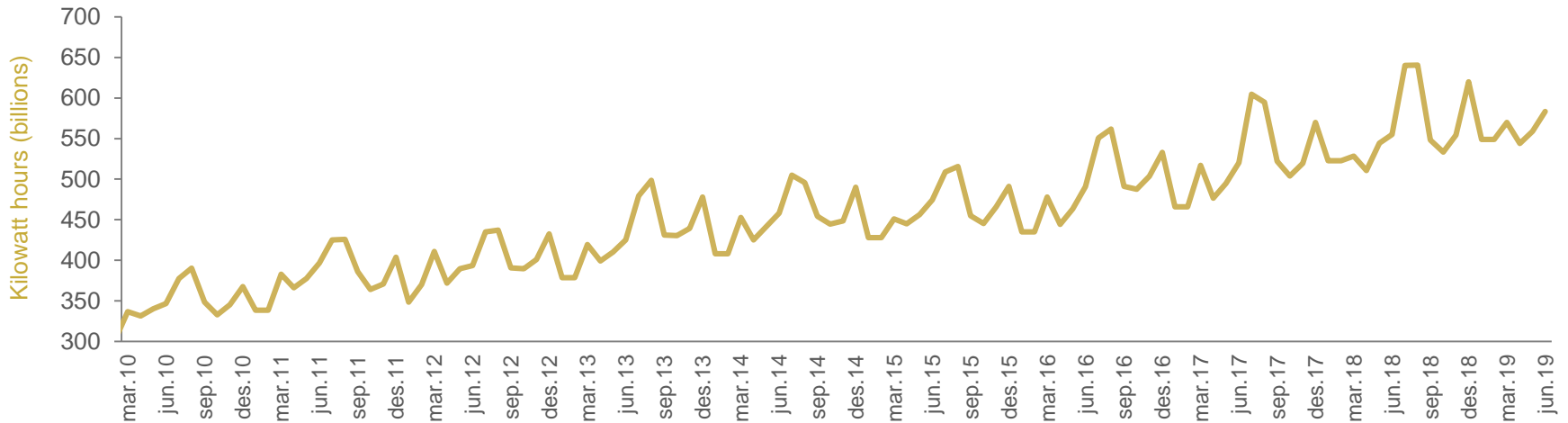




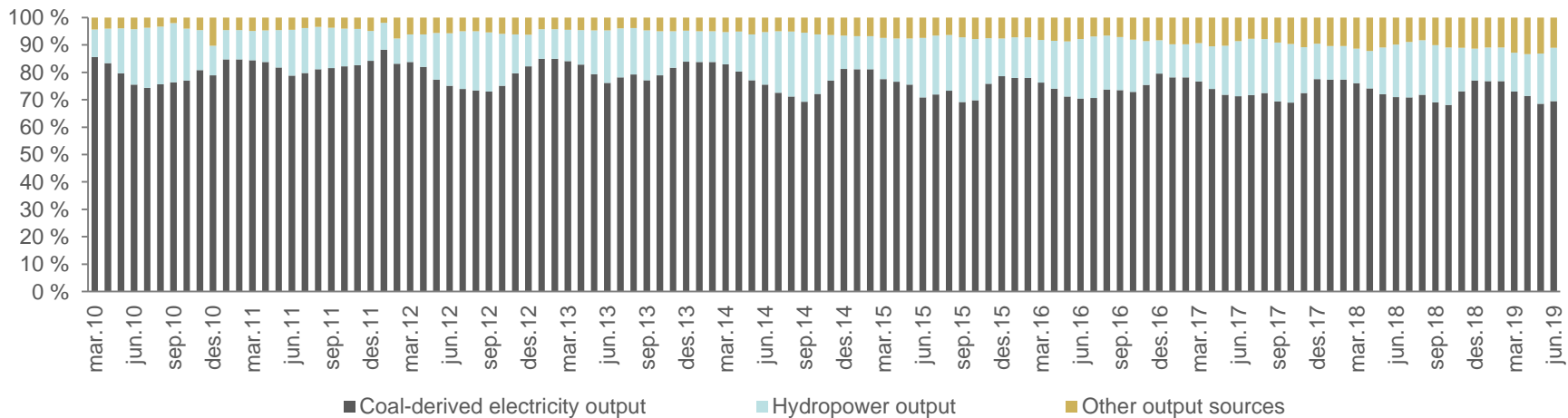
# CONTINUED YEAR OVER YEAR GROWTH IN ELECTRICITY CONSUMPTION SUPPORTS COAL DEMAND IN CHINA



## CHINESE ELECTRICITY OUTPUT



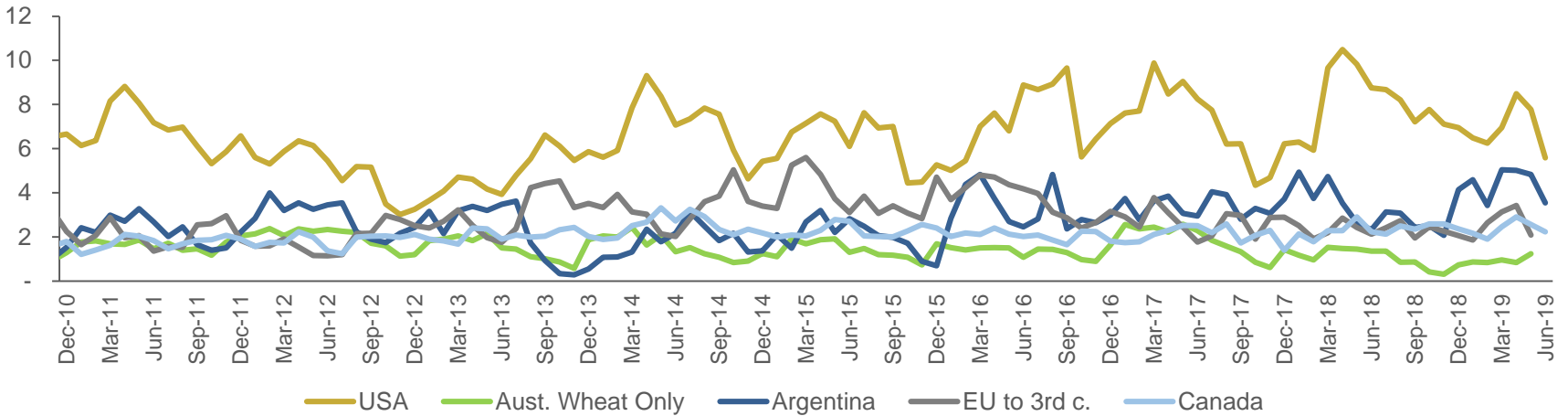
## CHINESE ELECTRICITY OUTPUT BY SOURCE



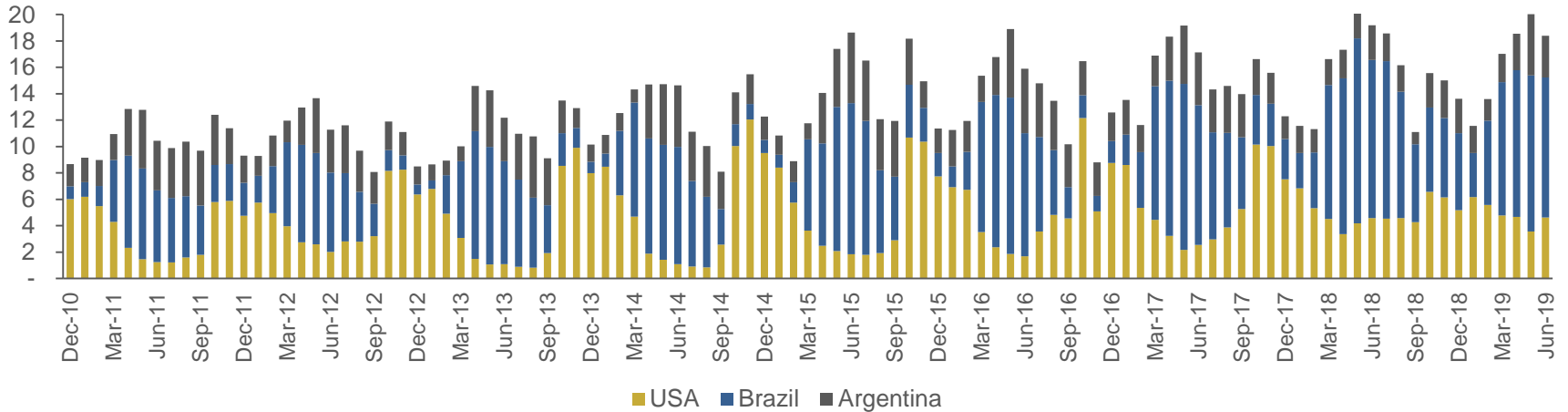
# U.S. GRAIN EXPORTS CONTINUE TO BE DISRUPTED BY TRADE TENSIONS



## GRAIN EXPORTS BY SOURCE



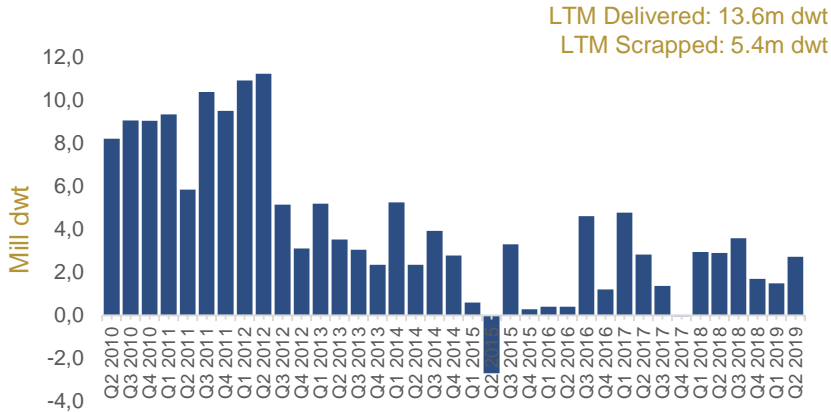
## SOYBEAN AND SOYBEAN MEAL EXPORTS BY SOURCE



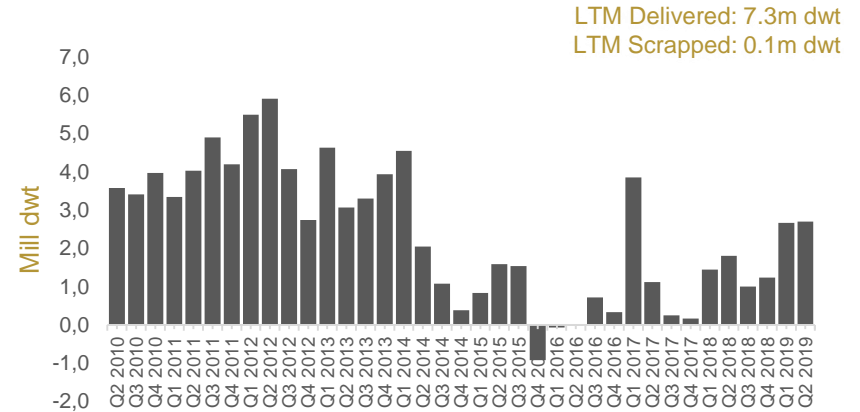
# CAPE-SIZE FLEET GROWTH SLOWING ON HIGHER SCRAPPING



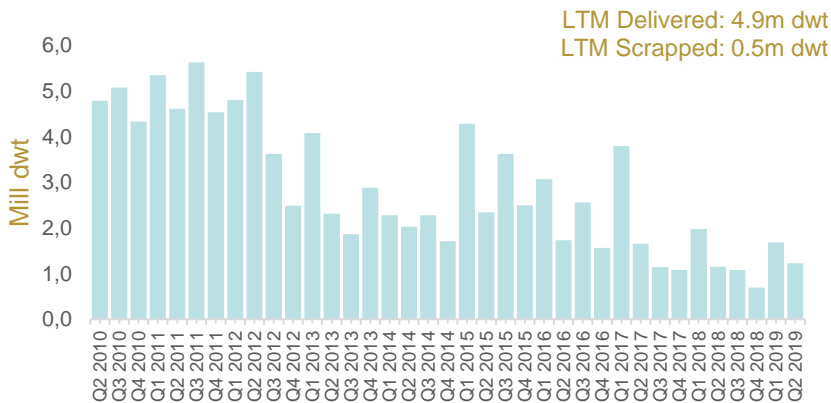
## CAPE-SIZE



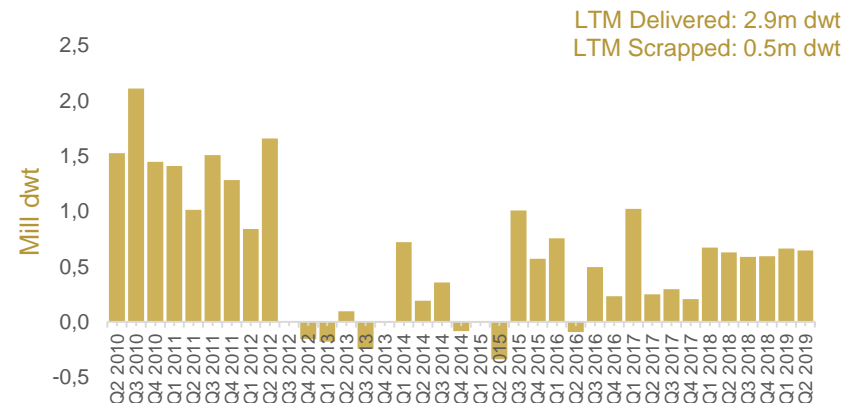
## PANAMAX / POST-PANAMAX



## HANDYMAX / SUPRAMAX



## HANDYSIZE

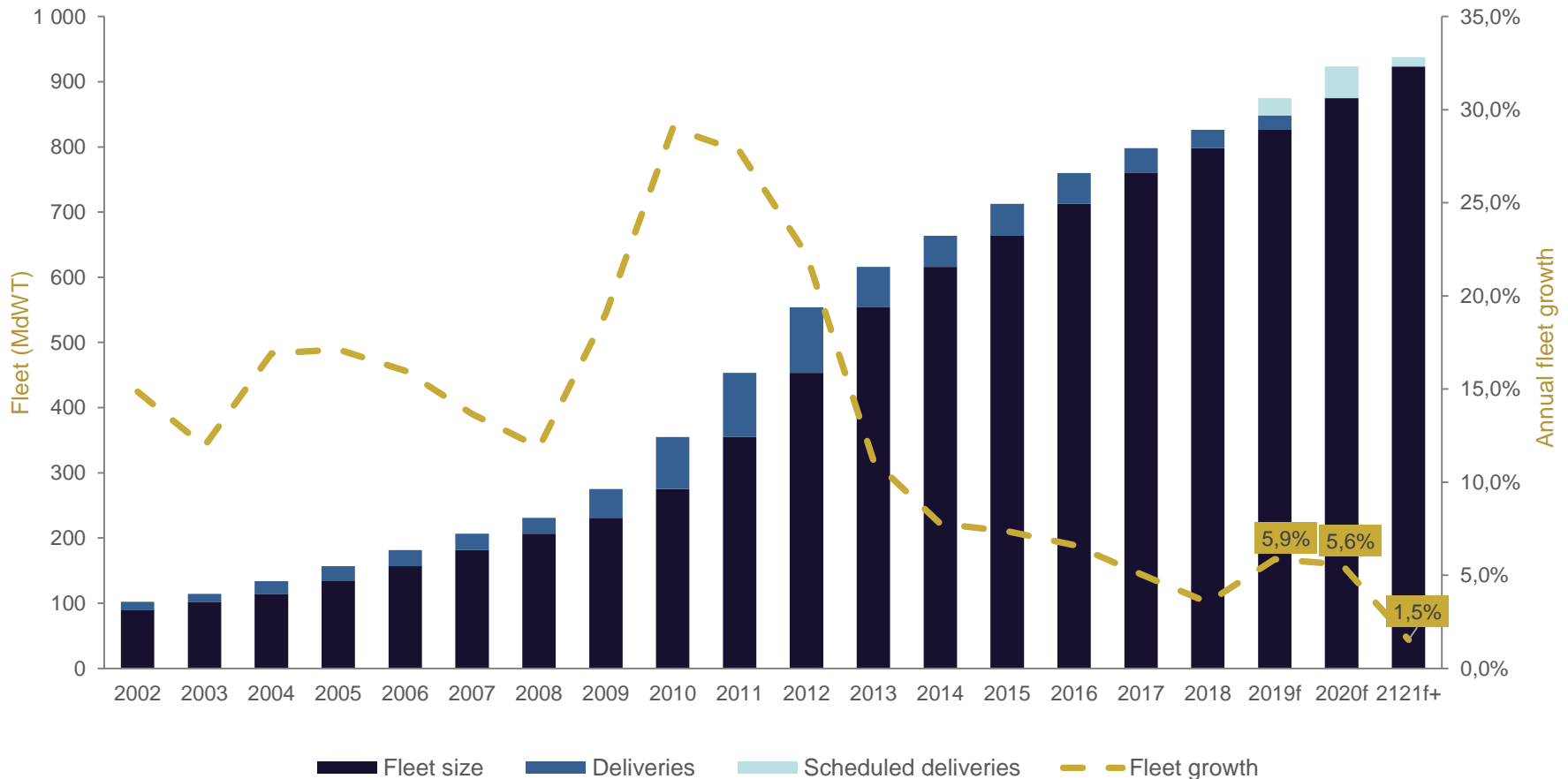


# PROJECTED FLEET GROWTH IS MODERATE VERSUS HISTORICAL LEVELS



High likelihood that some 2019 deliveries are cancelled or pushed out to 2020; limited ordering and scrapping ahead of regulations is expected

## FLEET GROWTH (ASSUMES NO SCRAPPING OR NEW ORDERING)

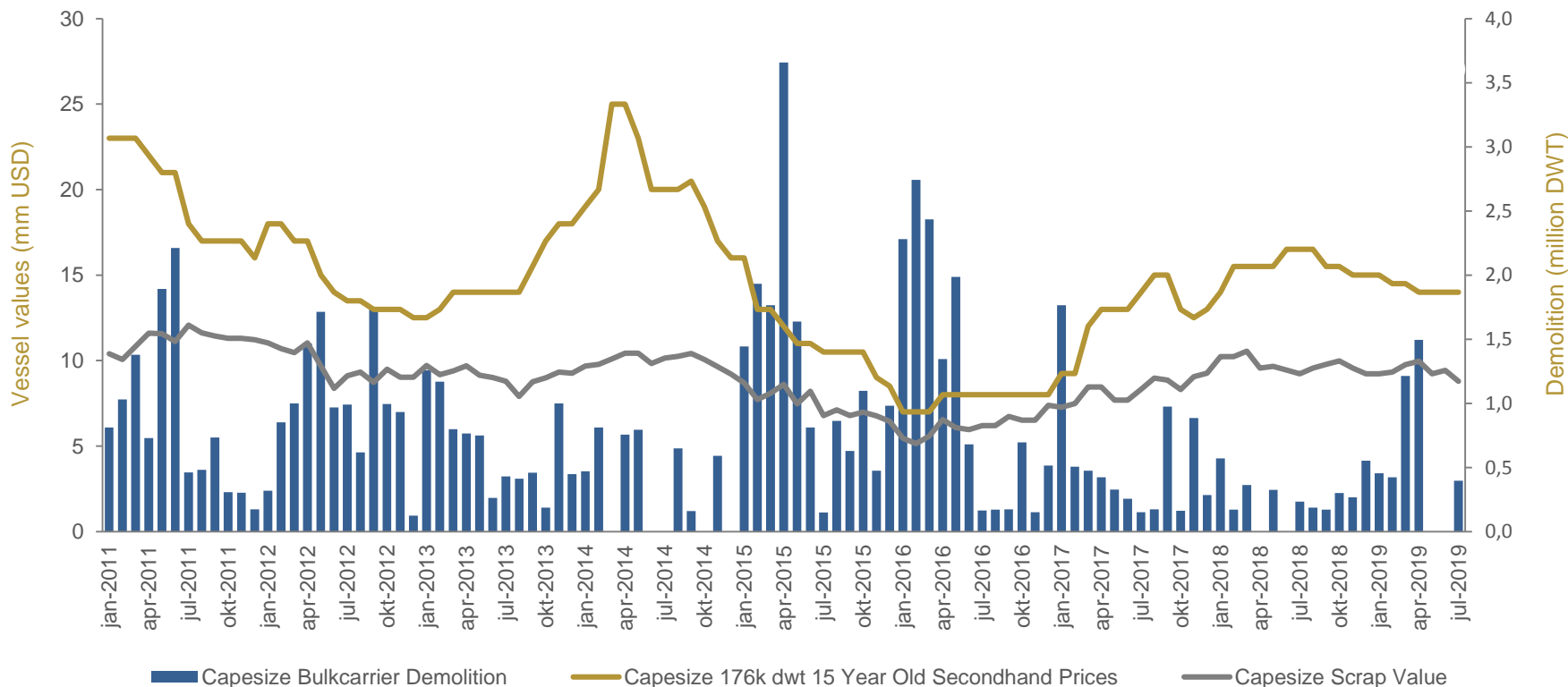


# DEMOLITION ACTIVITY HAS INCREASED



Demolition has increased in first half of 2019 driven by weaker of freight rates and reduced differential between resale prices and scrap value

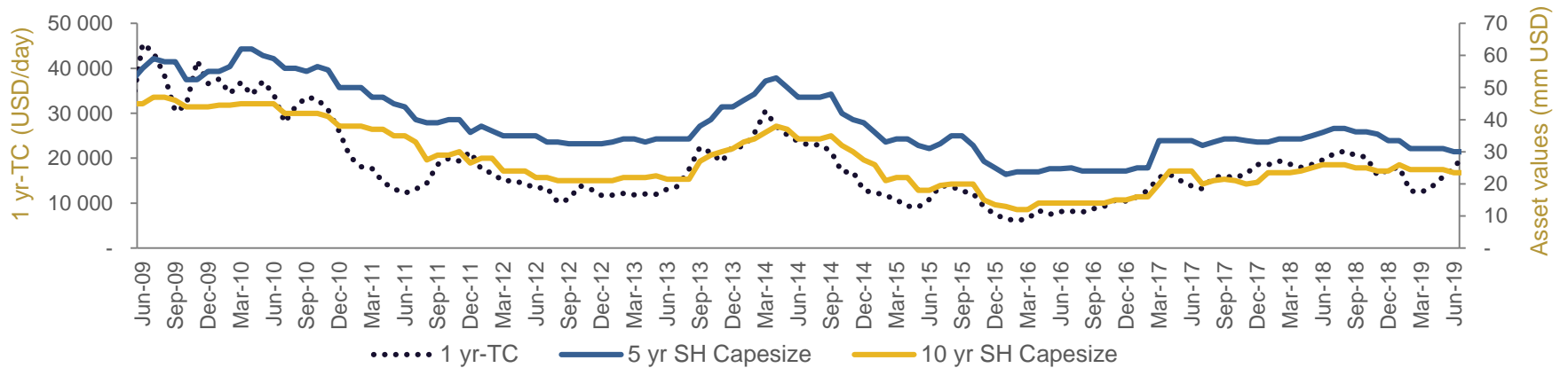
## CAPE-SIZE DEMOLITION AND VESSEL VALUES



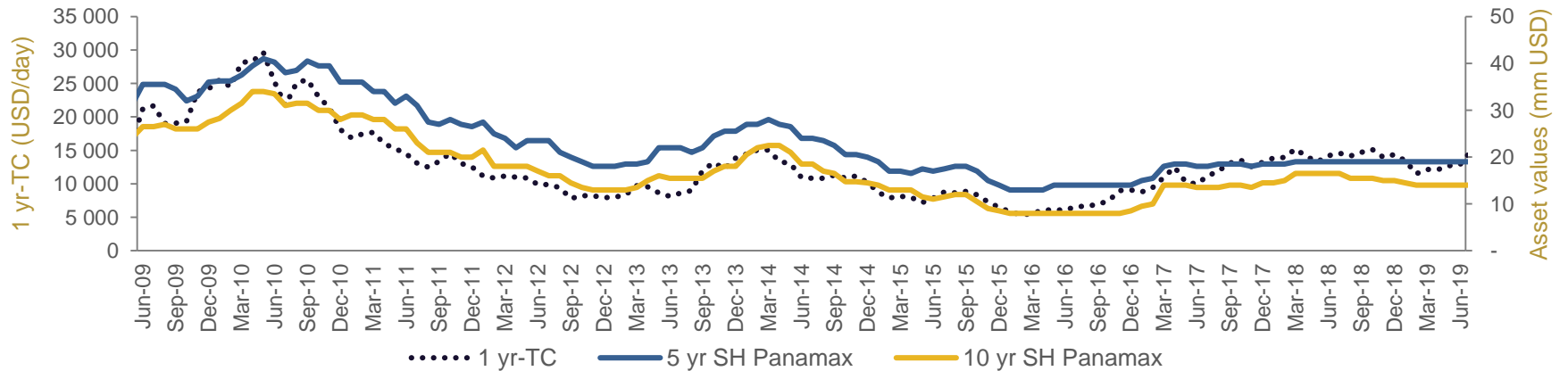
# S&P PRICES STABLE; ACTIVITY PICKING UP FOCUSED ON OLDER, SMALLER TONNAGE



## CAPE SIZE VALUES AND EARNINGS



## PANAMAX VALUES AND EARNINGS

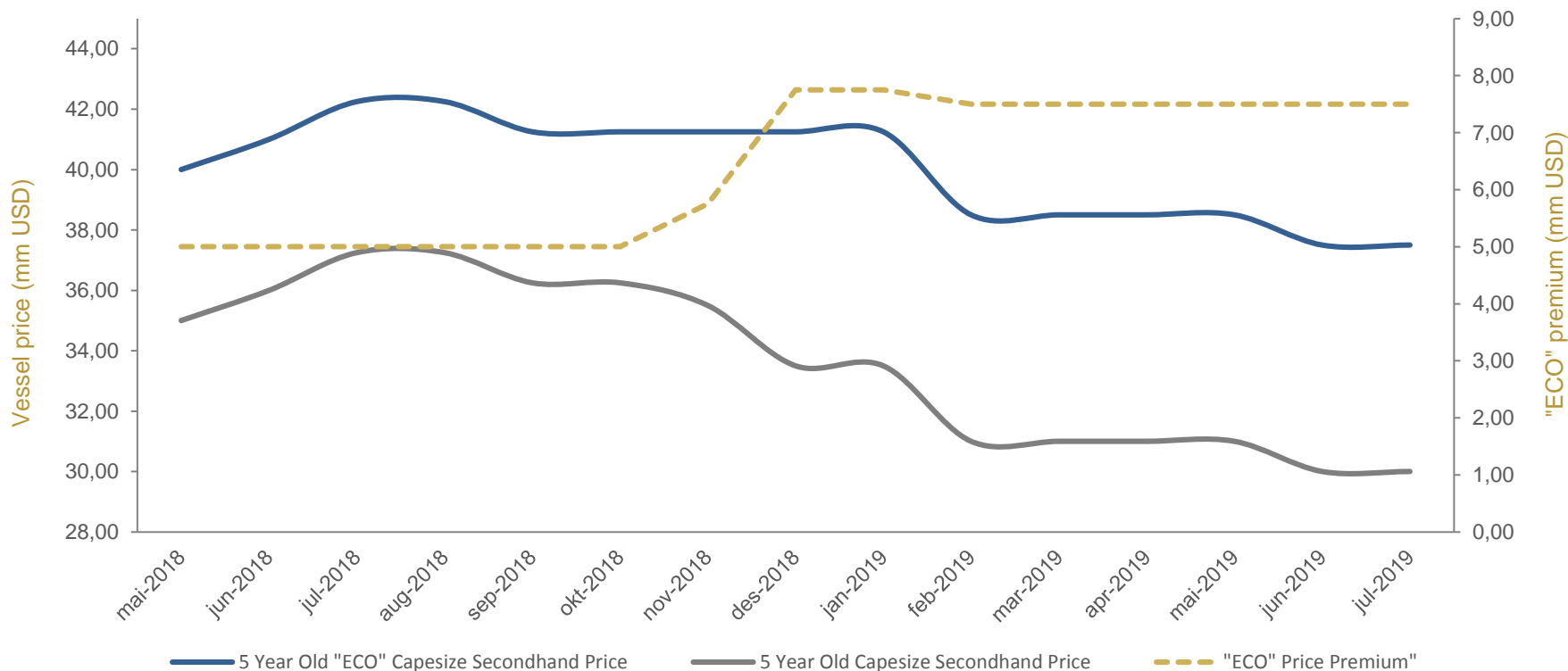


# CONSISTENT PREMIUM FOR MODERN VESSELS



“ECO” vessel premium has remained consistent as fuel price is set to become an even more important factor in 2020

## CAPE-SIZE DEMOLITION AND VESSEL VALUES





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## OUTLOOK AND STRATEGY



# HIGH FLEET UTILIZATION ON SUPPLY CONSTRAINTS; POSITIVE OUTLOOK BUT VOLATILITY EXPECTED



## POSITIVE FACTORS

- China implements additional stimulus measures to support growth and/or offset potential impact of tariffs
- Effective capacity is constrained ahead of IMO 2020 due to cleaning of fuel tanks, availability of fuel and offhire for scrubber installations
- Older vessels are scrapped ahead of investments required to meet BWTS or remain economical following sulphur emissions regulations

## POTENTIAL RISKS

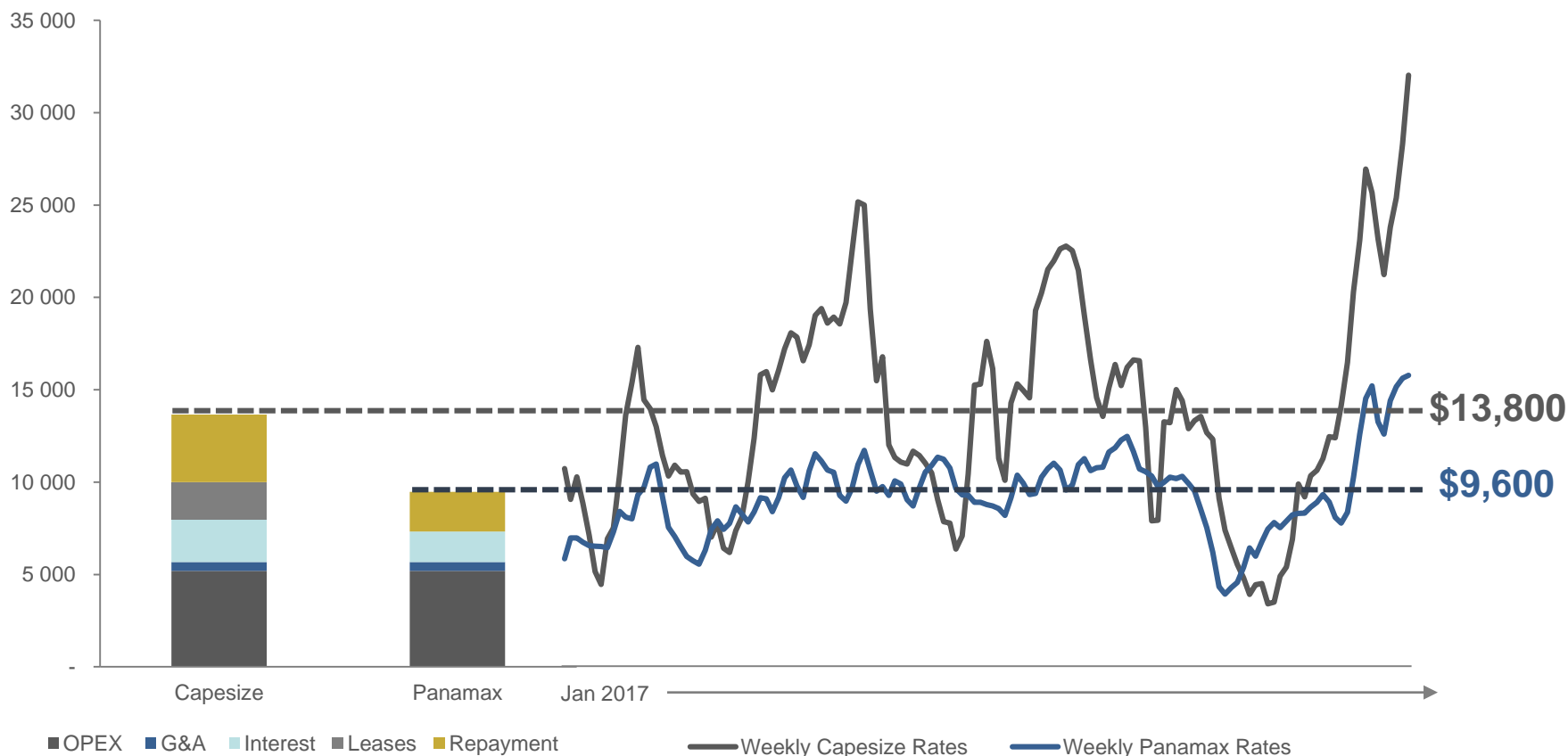
- Unresolved trade tensions and global recession cause global trade to slow
- Reduced amount of coal in the energy mix in China and other countries
- Slippage removed from the orderbook and fleet size grows materially as well as Valemax share of order book increases market volatility

# 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 on a fleet of 77 vessels
- Average margin on bank financing is competitive at LIBOR + 2.25% and the majority of bank debt has 19 years profile (adjusted for year of age)

## CASH BREAKEVEN LEVELS VS. INDEXES<sup>(1)</sup>



(1) ESTIMATED CASH BREAKEVEN LEVELS AT TODAY'S INTEREST LEVEL, EXCLUDING PROFITABLE CHARTERS WHICH WILL REDUCE THE CASH BREAKEVEN FROM THESE LEVELS

SOURCE: CLARKSONS; RATES DISPLAYED ARE WEEKLY AVERAGES FOR CAPEXIZE AND PANAMAX VESSELS



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## APPENDIX

# PROFIT & LOSS



(in thousands of \$)	Q2 2019	Q1 2019	Quarterly Variance
Operating revenues	117,653	126,956	(9,303)
Voyage expenses	(32,905)	(34,199)	1,294
<b>Net revenues</b>	<b>84,748</b>	<b>92,757</b>	<b>(8,009)</b>
Ship operating expenses	(48,707)	(42,111)	(6,596)
Administrative expenses	(3,276)	(3,530)	254
Charter hire expenses	(15,828)	(15,788)	(40)
Depreciation / impairment	(23,978)	(22,875)	(1,103)
<b>Net operating expenses</b>	<b>(91,789)</b>	<b>(84,304)</b>	<b>(7,485)</b>
<b>Net operating income (loss)</b>	<b>(7,041)</b>	<b>8,453</b>	<b>(15,494)</b>
Net financial expenses	(14,214)	(15,320)	1,106
Derivatives and other financial income (loss)	(11,793)	(560)	(11,233)
<b>Net income before taxation (loss)</b>	<b>(33,048)</b>	<b>(7,427)</b>	<b>(25,621)</b>
Income Tax expense	38	38	-
<b>Net income (loss)</b>	<b>(33,086)</b>	<b>(7,465)</b>	<b>(25,621)</b>
Earnings (loss) per share: basic and diluted	(\$0.23)	(\$0.05)	(\$0.18)
<b>Adjusted EBITDA</b>	<b>21,507</b>	<b>36,021</b>	<b>(14,514)</b>
<b>TCE per day</b>	<b>11,629</b>	<b>13,131</b>	<b>(1,502)</b>

# BALANCE SHEET

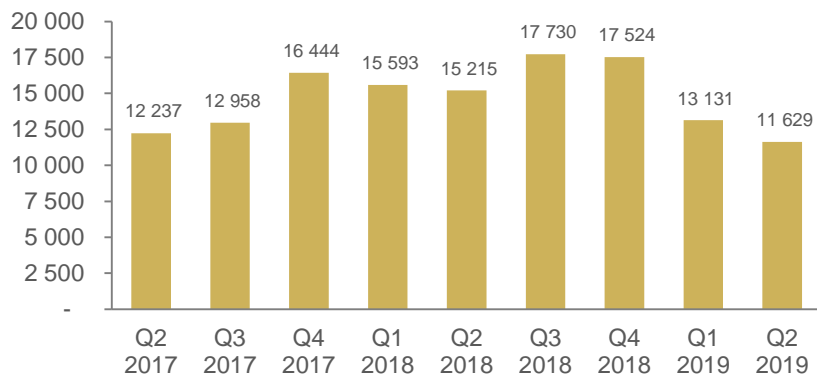


(in thousands of \$)	Q2 2019	Q1 2019	Quarterly Variance
<b>ASSETS</b>			
<b>Short term</b>			
Cash and cash equivalents (incl. restricted cash)	117,549	153,036	(35,487)
Other current assets	148,061	132,252	15,809
<b>Long term</b>			
Restricted cash	45,708	46,115	(407)
Vessels (incl. newbuildings and held-for-sale)	2,365,773	2,384,506	(18,733)
Operating leases, right of use assets, net	196,827	201,124	(4,297)
Other long term assets	29,669	19,992	9,677
<b>Total assets</b>	<b>2,903,587</b>	<b>2,937,025</b>	<b>(33,438)</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Short term</b>			
Current portion of long term debt and capital lease	238,355	311,379	(73,024)
Current portion of operating leases	22,585	22,072	513
Other current liabilities	90,334	64,616	25,718
<b>Long term</b>			
Long term debt and capital lease	914,012	857,287	56,725
Non-current portion of operating lease obligations	165,084	170,976	(5,892)
<b>Equity</b>	<b>1,473,217</b>	<b>1,510,695</b>	<b>(37,478)</b>
<b>Total liabilities and equity</b>	<b>2,903,587</b>	<b>2,937,025</b>	<b>(33,438)</b>

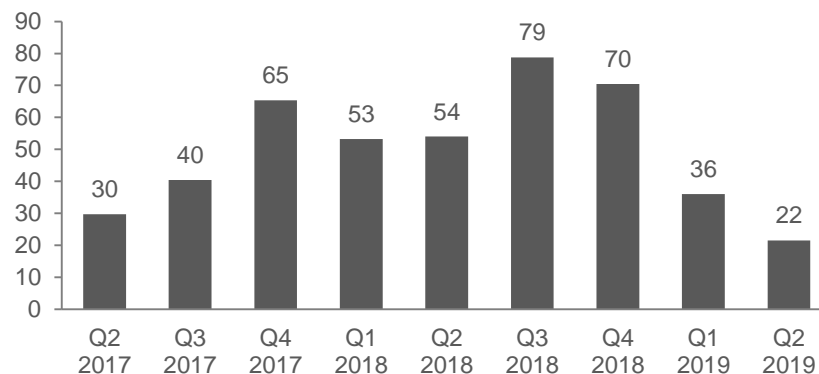
# SUMMARY FINANCIAL RESULTS



## AVERAGE DAILY TCE



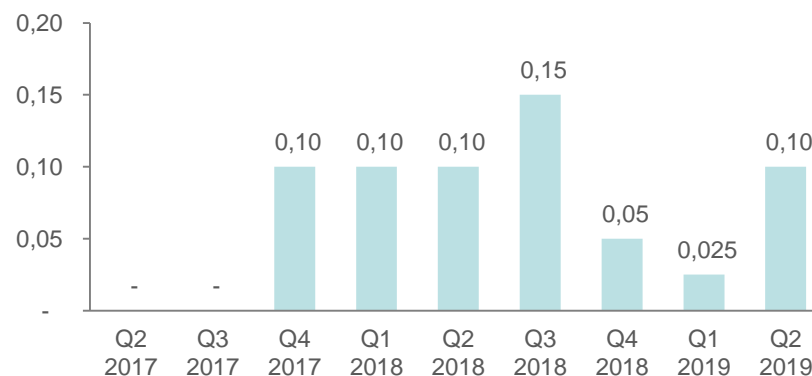
## ADJUSTED EBITDA



## OPERATING REVENUE



## DIVIDENDS PER SHARE

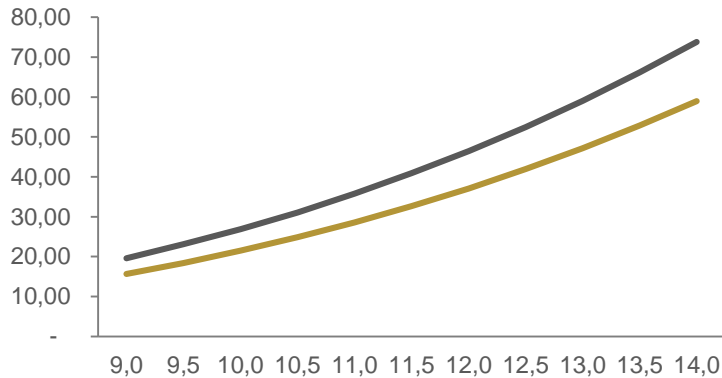


# LOWER FUEL CONSUMPTION LEADS TO REDUCED COST

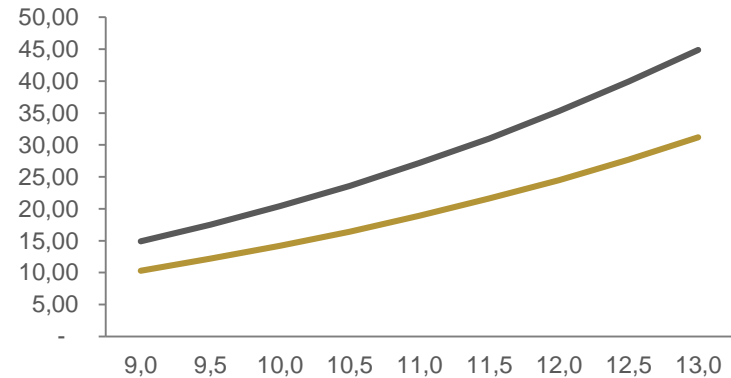


Modern vessels have significant competitive advantages

## SPEED VS. CONSUMPTION (LADEN)



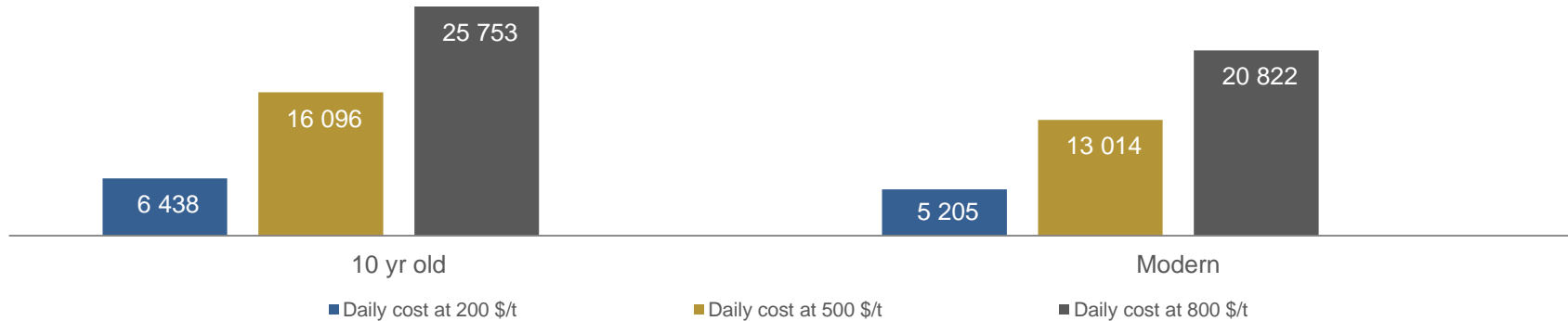
## SPEED VS. CONSUMPTION (BALLAST)



— Modern vessel

— Vessel 10+ years

## DAILY AVERAGE FUEL COSTS (USD/DAY)



NOTE: THESE ARE EXAMPLE NUMBERS BASED ON ACTUAL CONSUMPTION FOR A SPECIFIC VESSEL. EACH VESSELS CONSUMPTION VARY, AND IN ADDITION WEATHER CONDITIONS, TIME IN PORT, TRADE PATTERNS ETC WILL IMPACT THE TOTAL CONSUMPTION OVER A YEAR.

THANK YOU FOR YOUR ATTENTION!



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