

# Golden Ocean Results Q4 2023

February 28th, 2024



# Forward-looking statements

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In addition to these important factors and matters discussed elsewhere herein, important factors that, in the Company's view, could cause actual results to differ materially from those discussed in the forward-looking statements, include among other things: general market trends in the dry bulk industry, which is cyclical and volatile, including fluctuations in charter hire rates and vessel values; a decrease in the market value of the Company's vessels; changes in supply and demand in the dry bulk shipping industry, including the market for the Company's vessels and the number of newbuildings under construction; delays or defaults in the construction of the Company's newbuildings could increase the Company's expenses and diminish the Company's net income and cash flows; an oversupply of dry bulk vessels, which may depress charter rates and profitability; the Company's future operating or financial results; the Company's continued borrowing availability under the Company's debt agreements and compliance with the covenants contained therein; the Company's ability to procure or have access to financing, the Company's liquidity and the adequacy of cash flows for the Company's operations; the failure of the Company's contract counterparties to meet their obligations, including changes in credit risk with respect to the Company's counterparties on contracts; the loss of a large customer or significant business relationship; the strength of world economies; the volatility of prevailing spot market and charter-hire charter rates, which may negatively affect the Company's earnings; the Company's ability to successfully employ the Company's dry bulk vessels and replace the Company's operating leases on favorable terms, or at all; changes in the Company's operating expenses and voyage costs, including bunker prices, fuel prices (including increased costs for low sulfur fuel), drydocking, crewing and insurance costs; the adequacy of the Company's insurance to cover the Company's losses, including in the case of a vessel collision; vessel breakdowns and instances of offhire; the Company's ability to fund future capital expenditures and investments in the construction, acquisition and refurbishment of the Company's vessels (including the amount and nature thereof and the

timing of completion of vessels under construction, the delivery and commencement of operation dates, expected downtime and lost revenue); risks associated with any future vessel construction or the purchase of second-hand vessels; effects of new products and new technology in the Company's industry, including the potential for technological innovation to reduce the value of the Company's vessels and charter income derived therefrom; the impact of an interruption or failure of the Company's information technology and communications systems, including the impact of cyber-attacks, upon the Company's ability to operate; potential liability from safety, environmental, governmental and other requirements and potential significant additional expenditures (by the Company and the Company's customers) related to complying with such regulations; changes in governmental rules and regulations or actions taken by regulatory authorities and the impact of government inquiries and investigations; the arrest of the Company's vessels by maritime claimants; government requisition of the Company's vessels during a period of war or emergency; the Company's compliance with complex laws, regulations, including environmental laws and regulations and the U.S. Foreign Corrupt Practices Act of 1977; potential difference in interests between or among certain members of the Board of Directors, executive officers, senior management and shareholders; the Company's ability to attract, retain and motivate key employees; work stoppages or other labor disruptions by the Company's employees or the employees of other companies in related industries; potential exposure or loss from investment in derivative instruments; stability of Europe and the Euro or the inability of countries to refinance their debts; the central bank policies intended to combat overall inflation and rising interest rates and foreign exchange rates; fluctuations in currencies; acts of piracy on ocean-going vessels, public health threats, terrorist attacks and international hostilities and political instability; potential physical disruption of shipping routes due to accidents, climate-related (acute and chronic), political instability, terrorist attacks, piracy, international sanctions or international hostilities, including the ongoing developments in the Ukraine region; general domestic and international political and geopolitical conditions or events, including any further changes in U.S. trade policy that could trigger retaliatory actions by affected countries; the developments in Middle East, including the armed conflict in Israel and the Gaza Strip; the impact of adverse weather and natural disasters; the impact of increasing scrutiny and changing expectations from investors, lenders and other market participants with respect to the Company's Environmental, Social and Governance policies; changes in seaborne and other transportation; the length and severity of epidemics and pandemics; fluctuations in the contributions of the Company's joint ventures to the Company's profits and losses; the potential for shareholders to not be able to bring a suit against us or enforce a judgement obtained against us in the United States; the Company's treatment as a "passive foreign investment company" by U.S. tax authorities; being required to pay taxes on U.S. source income; the Company's operations being subject to economic substance requirements; the volatility of the stock price for the Company's common shares, from which investors could incur substantial losses, and the future sale of the Company's common shares, which could cause the market price of the Company's common shares to decline; and other important factors described from time to time in the reports filed by the Company with the U.S. Securities and Exchange Commission, including the Company's most recently filed Annual Report on Form 20-F for the year ended December 31, 2022.

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# 01

- Company and financial update



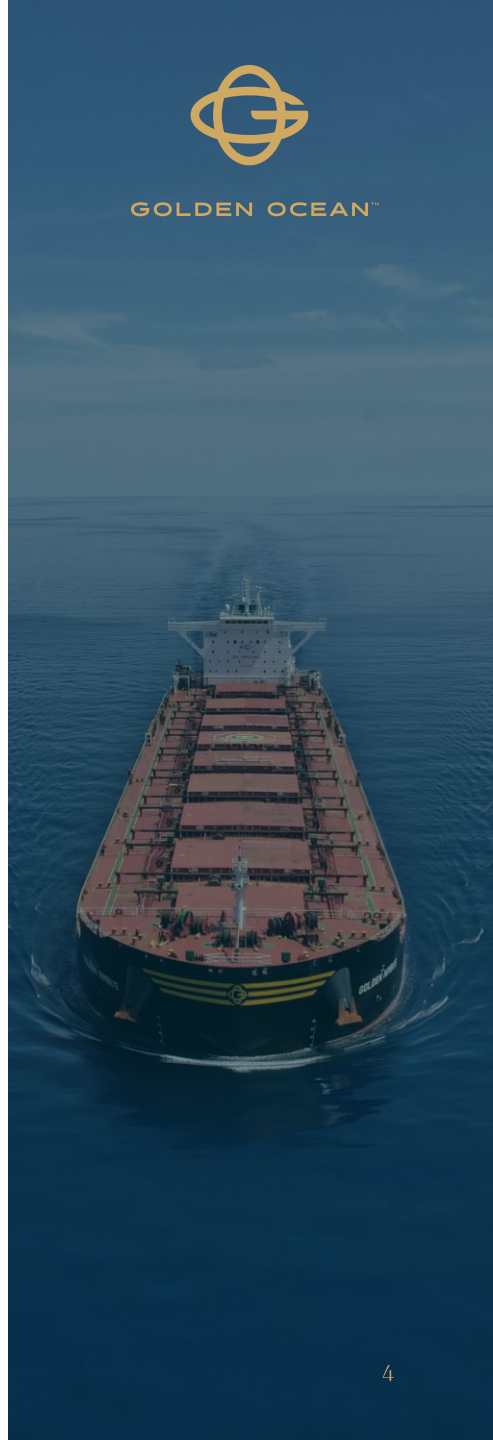
# Highlights



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- **Adjusted EBITDA of \$123.2 million** for the fourth quarter of 2023, compared with \$78.9 million for the third quarter of 2023
- **Adjusted net income of \$64.6 million and adjusted earnings per share of \$0.32** for the fourth quarter of 2023, compared to \$22.0 million and \$0.11 per share for the third quarter of 2023
- Net income of **\$57.5 million and earnings per share of \$0.29** for the fourth quarter of 2023, compared with net income of \$28.7 million and earnings per share of \$0.14 for the third quarter of 2023
- **Net income of \$112.3 million** and earnings per share of \$0.56 for full year 2023
- Reported TCE rates for Capesize and Panamax vessels of **\$25,176 per day and \$16,738 per day**, respectively, and \$21,958 per day for the entire fleet in the fourth quarter of 2023
- Estimated TCE rates, inclusive of charter coverage calculated on a load-to-discharge basis, are approximately:
  - **\$25,000 per day for 74% of Capesize available days and \$15,400 per day for 84% of Panamax available days for the first quarter of 2024<sup>1</sup>**
  - \$25,000 per day for 25% of Capesize days and \$14,200 per day for 19% of Panamax days for the second quarter of 2024<sup>1</sup>
- Entered into an agreement to sell one Panamax vessel for net consideration of \$15.8 million
- Raised debt financings **for an aggregate amount of \$625 million** at an average margin of **172 bps**
- **Announces a dividend of \$0.30 per share** for the fourth quarter of 2023

1) The company expects spot TCE rates for the full first quarter of 2024 and second quarter of 2024 to be lower than the rates currently contracted due to the impact of ballast days at the end of each quarter





# Profit and loss

## Fourth quarter 2023 and FY 2023



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| (in thousands of \$)                                   | FY 2023          | FY 2022          | Quarterly        |                  |               |
|--|------------------|------------------|------------------|------------------|---------------|
|  |                  |                  | Q4 2023          | Q3 2023          | Variance      |
| Operating revenues and other operating income/expenses | 885,767          | 1,113,043        | 254,205          | 221,663          | 32,542        |
| Voyage expenses  | (246,161)        | (278,550)        | (57,454)         | (65,082)         | 7,628         |
| <b>Net revenues</b>                                    | <b>639,606</b>   | <b>834,493</b>   | <b>196,751</b>   | <b>156,581</b>   | <b>40,170</b> |
| <b>Gain from disposal of vessels</b>                   | <b>9,188</b>     | <b>34,185</b>    | <b>5,774</b>     | <b>831</b>       | <b>4,943</b>  |
| Ship operating expenses                                | (251,950)        | (225,971)        | (63,416)         | (64,472)         | 1,056         |
| Administrative expenses                                | (18,679)         | (20,375)         | (4,909)          | (4,441)          | (468)         |
| Charter hire expenses                                  | (42,225)         | (57,406)         | (6,894)          | (8,339)          | 1,445         |
| Impairment loss on vessels                             | (11,780)         | -                | -                | -                | -             |
| Depreciation   | (135,548)        | (129,839)        | (36,189)         | (35,272)         | (917)         |
| <b>Net operating expenses</b>                          | <b>(460,182)</b> | <b>(433,591)</b> | <b>(111,408)</b> | <b>(112,524)</b> | <b>1,116</b>  |
| <b>Net operating income</b>                            | <b>188,612</b>   | <b>435,087</b>   | <b>91,117</b>    | <b>44,888</b>    | <b>46,229</b> |
| Net financial expenses                                 | (98,947)         | (53,902)         | (27,370)         | (28,063)         | 693           |
| Derivatives and other income                           | 23,144           | 81,041           | (5,825)          | 11,939           | (17,764)      |
| <b>Net income before taxation</b>                      | <b>112,809</b>   | <b>462,226</b>   | <b>57,922</b>    | <b>28,764</b>    | <b>29,158</b> |
| Income tax expense                                     | (541)            | (379)            | (451)            | (30)             | (421)         |
| <b>Net income</b>                                      | <b>112,268</b>   | <b>461,847</b>   | <b>57,471</b>    | <b>28,734</b>    | <b>28,737</b> |
| Earnings per share: basic and diluted                  | \$0.56           | \$2.30/\$2.29    | \$0.29           | \$0.14           | \$0.15        |
| <b>Adjusted Net income</b>                             | <b>117,427</b>   | <b>387,987</b>   | <b>64,649</b>    | <b>22,039</b>    | <b>42,610</b> |
| <b>TCE per day</b>                                     | <b>17,905</b>    | <b>24,262</b>    | <b>21,958</b>    | <b>17,076</b>    | <b>4,882</b>  |

**FY 2023**

**Q4 2023**

TCE rate<sup>1</sup>  
\$ 17,905

TCE rate<sup>1</sup>  
\$ 21,958

Earnings per  
share

Earnings per  
share

\$ 0.56

\$ 0.29

Net income

Net income

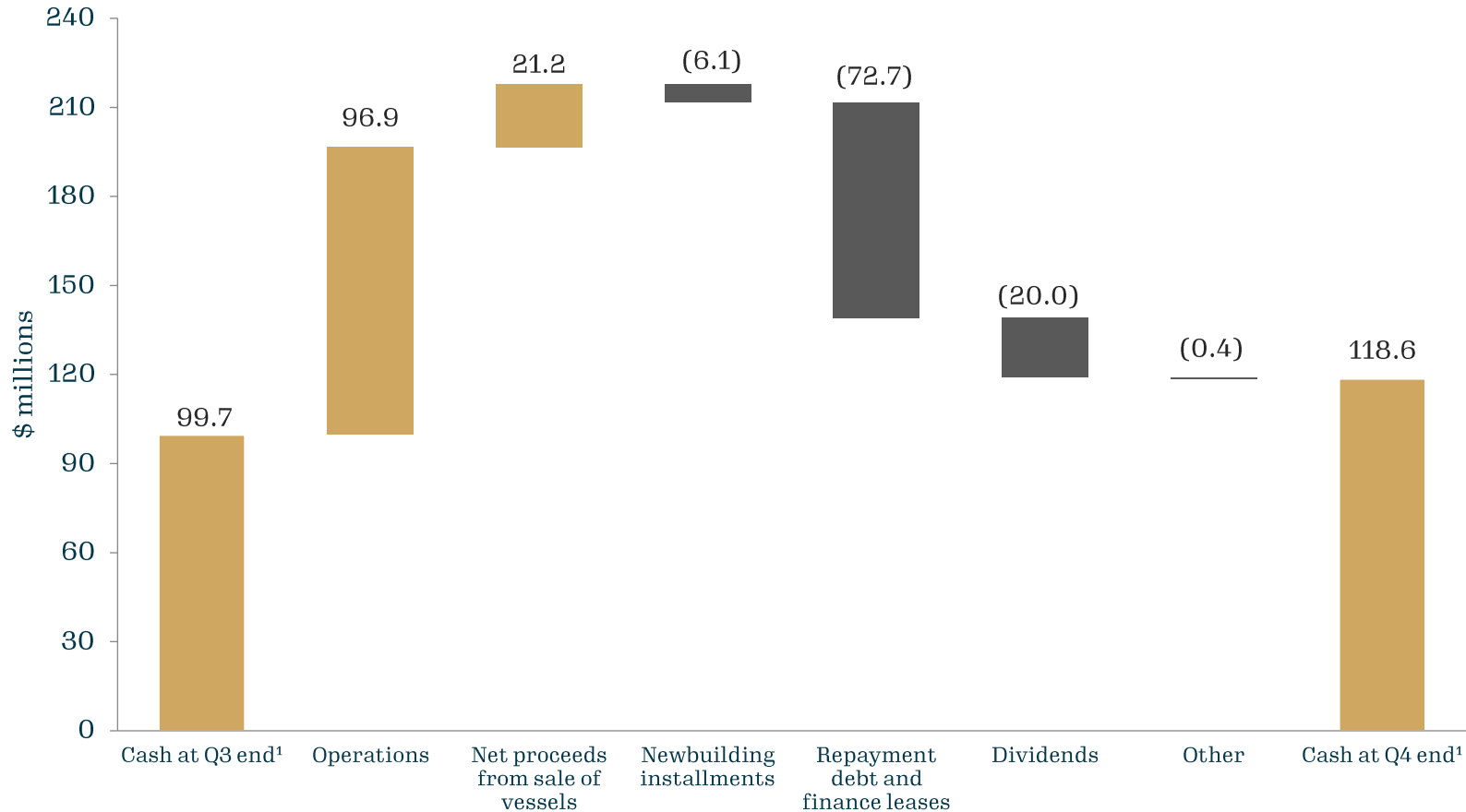
\$ 112.3 million

\$ 57.5 million

1. Full fleet TCE. Time charter equivalent rate, is a non-GAAP measure. For definition, please refer to Q4 2023 Press Release

# Cash flow

Fourth quarter 2023



1. Includes restricted cash



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**Q4 2023**

**Q3 2023**

Dividend per share

Dividend per share

\$ 0.30

\$ 0.10

Operating CF

Operating CF

\$ 96.9 million

\$ 47.4 million

# Balance sheet

Fourth quarter 2023



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| (in thousands of \$)                               | Quarterly        |                  |                 |
|--|------------------|------------------|-----------------|
|  | Q4 2023          | Q3 2023          | Variance        |
| <b>ASSETS</b>                                      |                  |                  |                 |
| <b>Short term</b>                                  |                  |                  |                 |
| Cash and cash equivalents (incl. restricted cash)  | 118,636          | 99,740           | 18,896          |
| Other current assets                               | 160,281          | 181,306          | (21,025)        |
| <b>Long term</b>                                   |                  |                  |                 |
| Vessels and equipment, net (incl. held for sale)   | 3,001,846        | 3,033,514        | (31,668)        |
| Newbuildings                                       | 54,777           | 44,714           | 10,063          |
| Leases, right of use assets                        | 78,181           | 98,733           | (20,552)        |
| Other long-term assets                             | 75,297           | 85,440           | (10,143)        |
| <b>Total assets</b>                                | <b>3,489,018</b> | <b>3,543,447</b> | <b>(54,429)</b> |
| <b>LIABILITIES AND EQUITY</b>                      |                  |                  |                 |
| <b>Short term</b>                                  |                  |                  |                 |
| Current portion of long-term debt                  | 109,309          | 109,309          | -               |
| Current portion of finance lease obligations       | 19,601           | 33,604           | (14,003)        |
| Current portion of operating lease obligations     | 2,632            | 2,565            | 67              |
| Other current liabilities                          | 94,649           | 115,117          | (20,468)        |
| <b>Long term</b>                                   |                  |                  |                 |
| Long-term debt                                     | 1,260,758        | 1,312,083        | (51,325)        |
| Non-current portion of finance lease obligations   | 67,987           | 72,940           | (4,953)         |
| Non-current portion of operating lease obligations | 9,621            | 10,262           | (641)           |
| Other long-term liabilities                        | 2,570            | 3,198            | (628)           |
| <b>Equity</b>                                      | <b>1,921,891</b> | <b>1,884,369</b> | <b>37,522</b>   |
| <b>Total liabilities and equity</b>                | <b>3,489,018</b> | <b>3,543,447</b> | <b>(54,429)</b> |

| Q4 2023                    | Q3 2023                    |
|----------------------------|----------------------------|
| Loan-to-value <sup>1</sup> | Loan-to-value <sup>1</sup> |
| 43.8 %                     | 45.6 %                     |
| Liquidity <sup>2</sup>     | Liquidity <sup>2</sup>     |
| \$ 191 million             | \$ 148 million             |

1. Based on valuations from broker and debt on bank and lease financings, excluding SFL leases.

2. Includes undrawn available revolving credit facilities, and excludes restricted cash

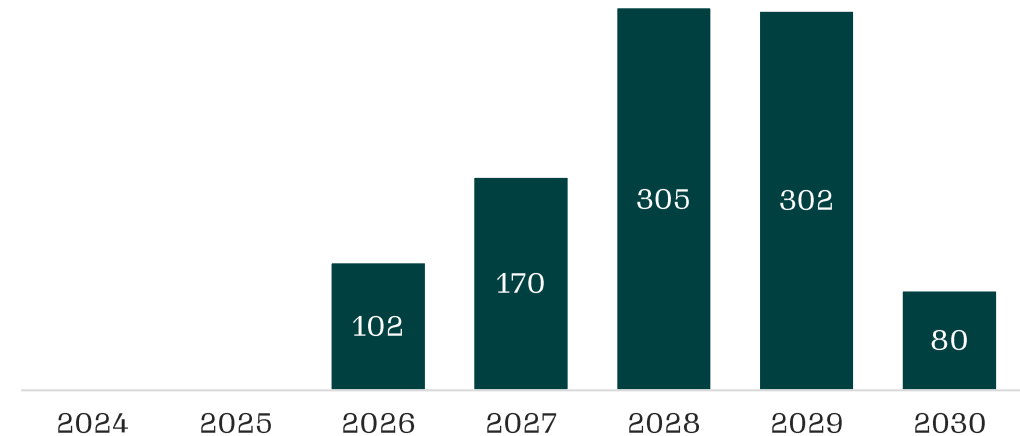
# Robust capital structure with staggered maturity profile

Since Q3 2023, we raised \$625 million of debt at highly attractive terms with a weighted average margin to 172bps



- **Completed \$85 million 10-year sale-leaseback agreement** financing 4x Kamsarmax newbuildings delivering Q1 – Q4 24
  - Repayment profile: 21 years age-adjusted
  - Margin: SOFR + 185bps
  - Re-purchase options throughout the tenor of the lease
- **Completed \$360 million 5-year Sustainability-linked Bank Facility** financing 20x vessels (avg age 7.5 years)
  - Including \$50 million RCF
  - Repayment profile: 20 years age-adjusted
  - Margin: SOFR + 175bps
- **Credit approved \$180 million 5-year Bank Facility** financing 6x Nmax (avg age 3.8 yrs) subject to customary documentation
  - Repayment profile: 20 years age-adjusted
  - Margin: SOFR + 160bps

## Debt maturity profile<sup>1</sup> (\$ millions)



- No debt maturities before 2026
- No unfunded newbuilding CAPEX
- Available liquidity of \$191 million, implied net LTV of 38%

1. Balloon payments after completion of the \$85 million sale-leaseback agreement, \$360 million facility and \$180 million facility



# 02

- Market review and outlook



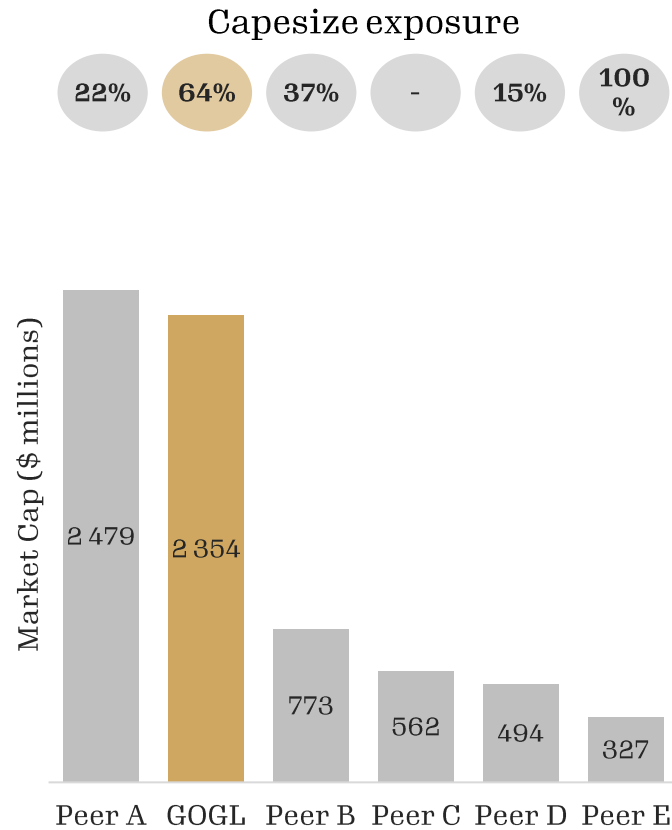
# Focus on Capesize segment to capture volatility

Golden Ocean is the only remaining pureplay listed company in the largest segments

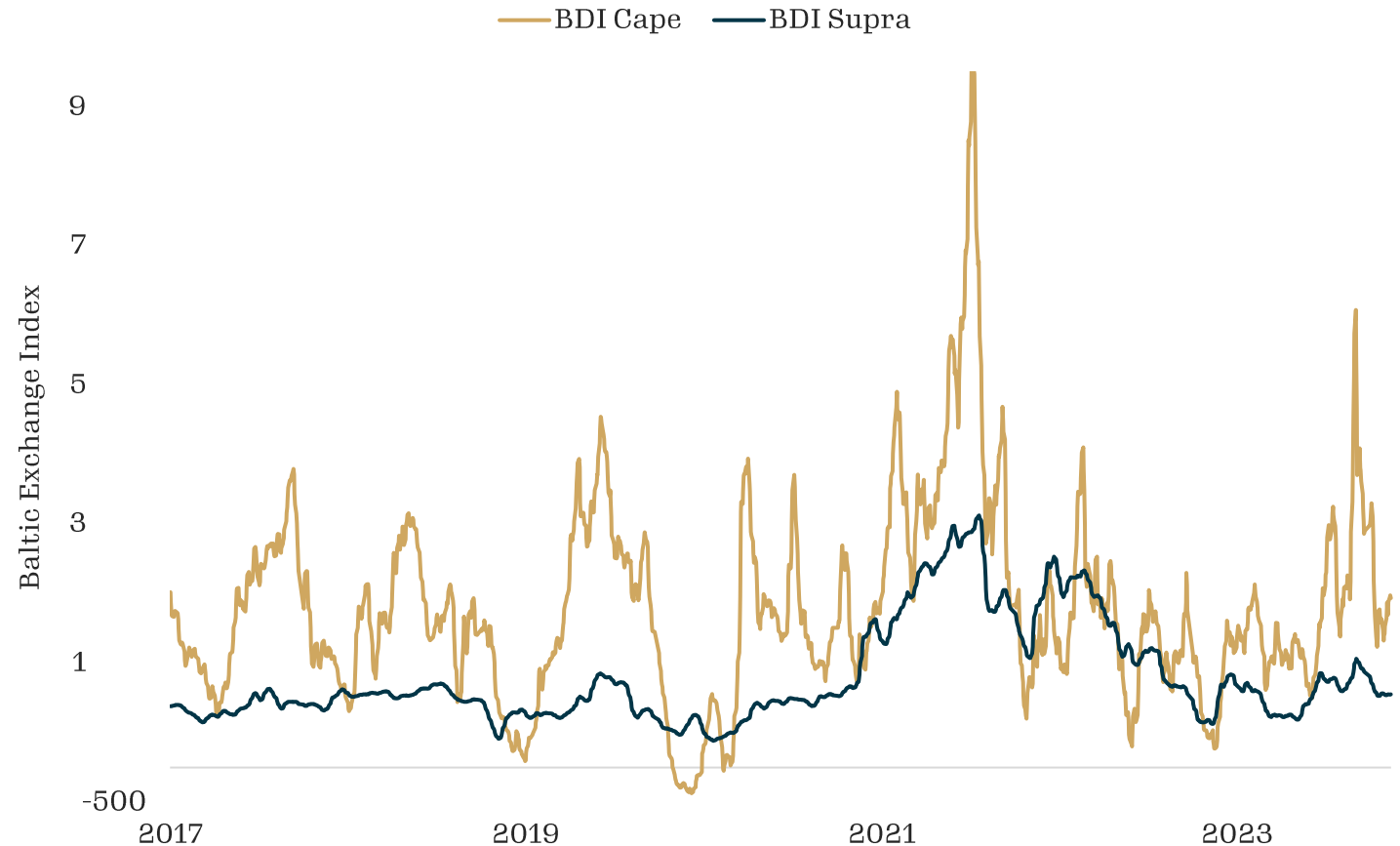


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## Capesize exposure vs Market Cap



## Baltic Exchange index



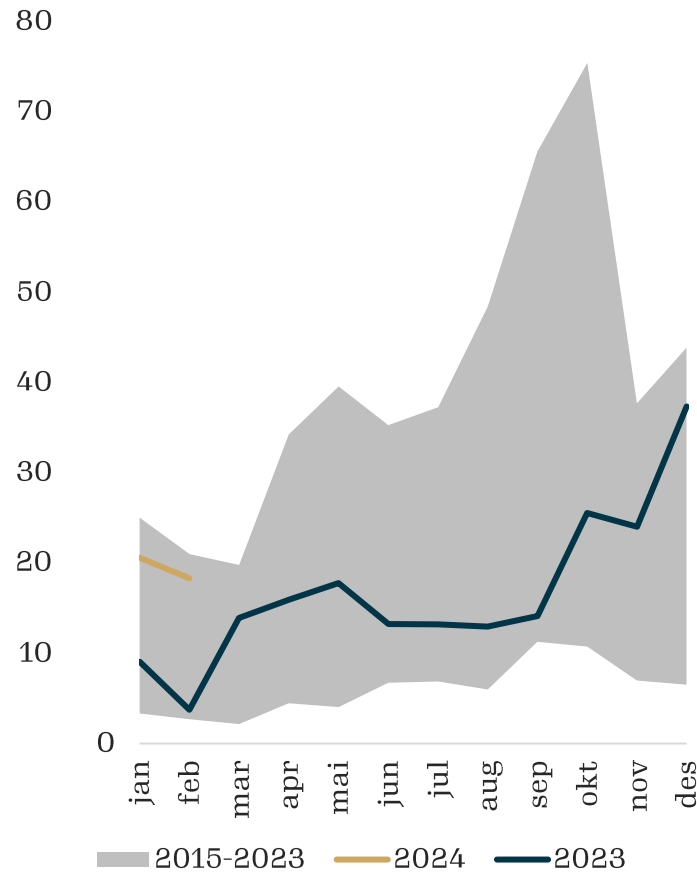
Note: Capesize exposure measured by # of vessels. Market Cap as of 23 February 2024  
Source: Baltic exchange, Company; Infront

# Market comments

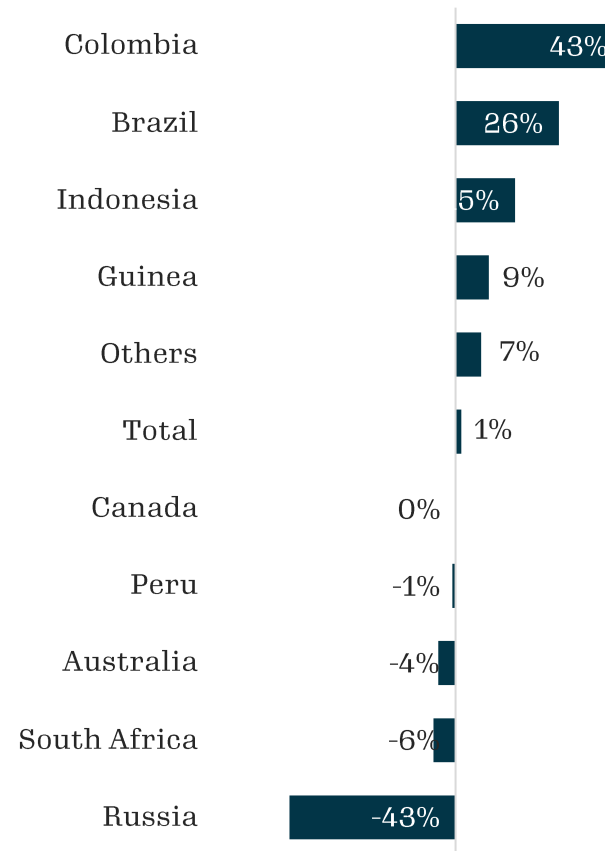


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## Capesize earnings (CS5TC), \$/day



## Capesize cargo loading (Jan 24 / 23)

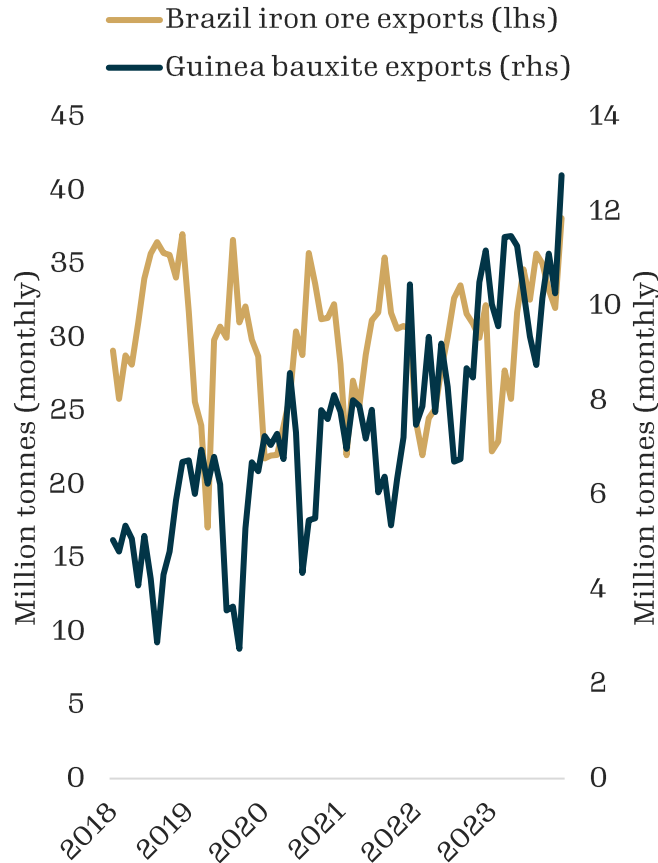


- Capesize market rebounded in Q4 23, and is holding up strongly through seasonally soft Q1
- Number of vessels through Suez is down 43% in Jan 24 vs Jan 23, and at the same time 27% up by Cape of Good Hope
- Coal from Colombia and Indonesia, iron ore from Brazil and bauxite from West Africa have all exceeded y/y so far in 2024
- Tonne-miles increase up 5.5% y/y from agribulk
- Iron Ore prices at ~\$125

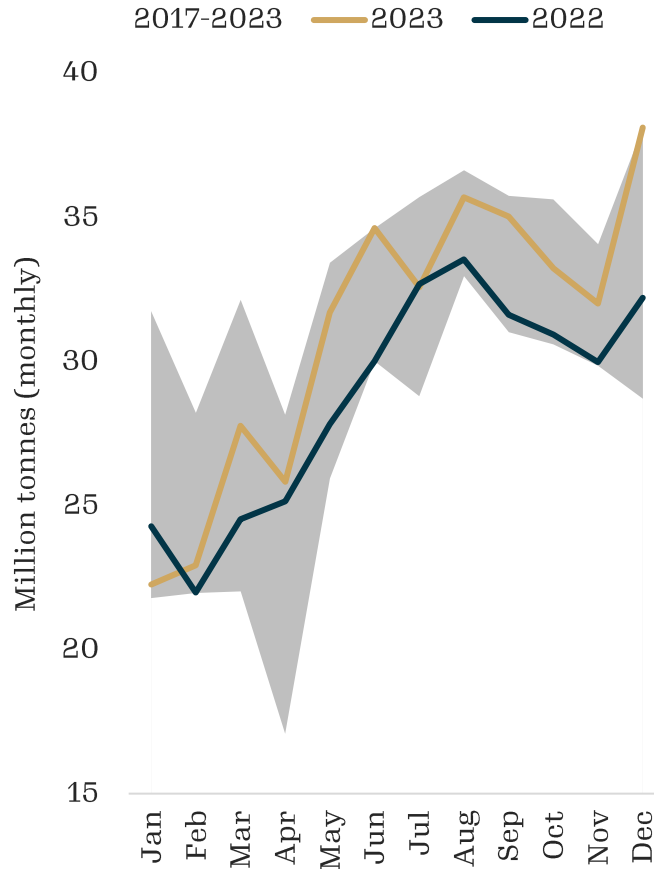
# Iron ore and bauxite exports

Bauxite is becoming a significant cape trade (12.5% of tonne-miles) driven by long-haul export from Guinea to China

## Guinea bauxite vs Brazil iron ore



## Brazil iron ore export (+8 y/y)



- Total bauxite export from Guinea reached 125 million tonnes in 2023, 12.5% of Capesize tonne-miles
  - Up from 5.5% in 2019
  - 85% in exported to China, primarily on Capesize
  - Guinea bauxite export seasonally high in Q1
- Brazil iron ore export reached 371 million tonnes in 2023 (+8% y/y), highest since 2018
  - The largest Brazilian miners shipped +20% more in Dec than previous year
- Late 2025, we expect to see the first volumes from the Simandou mine which has world's largest untapped high-grade iron ore deposit
  - Export capacity of 60 million tonnes (30 months ramp up)

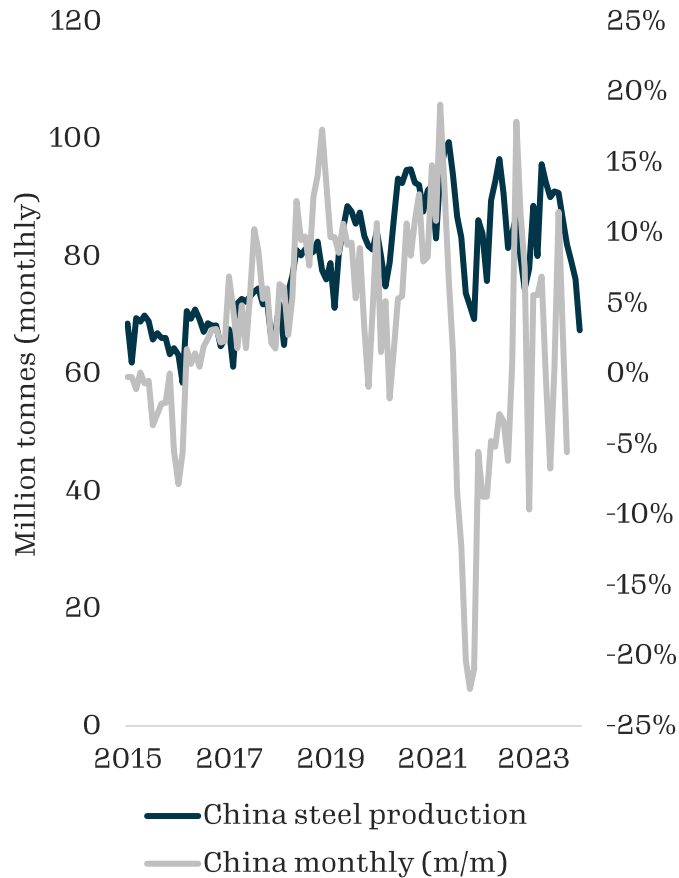
# Steel production

Rising steel production in RoW on the back of industrial recovery

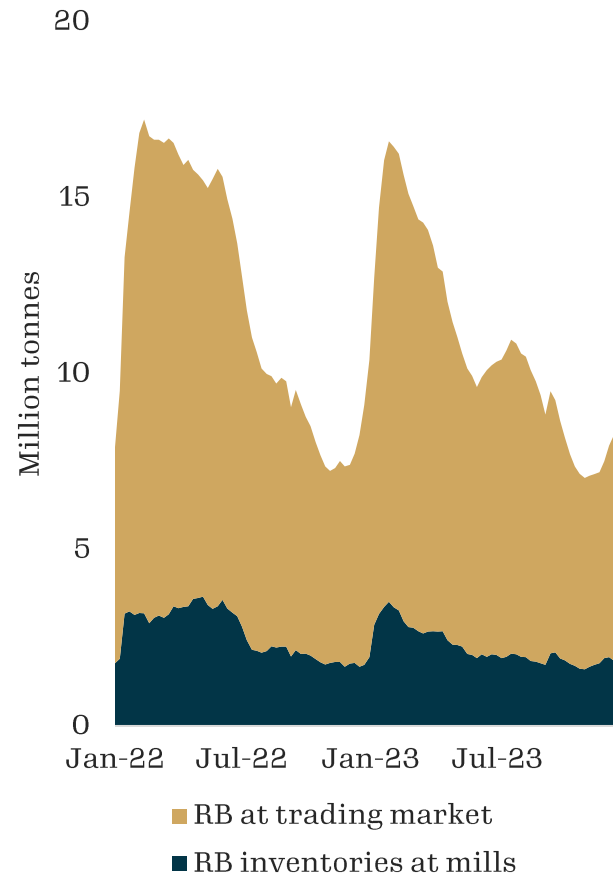


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## China steel production (+0.6% y/y)



## Steel inventories



- Chinese steel production increased 0.6% in 2023 and expected to remain flat in 2024
  - Steel inventories remain at same levels as 2023
  - Steel export increased 35% y/y
- India steel production +12% y/y in 2023
  - Expect continued strong growth as the government is targeting a doubling of capacity by the end of the decade
- World steel production (ex. China) jumped 6.7% in Q4
  - RoW represents 45% of total steel production
  - Expected to recover and grow with +6% in 2024 and 2025

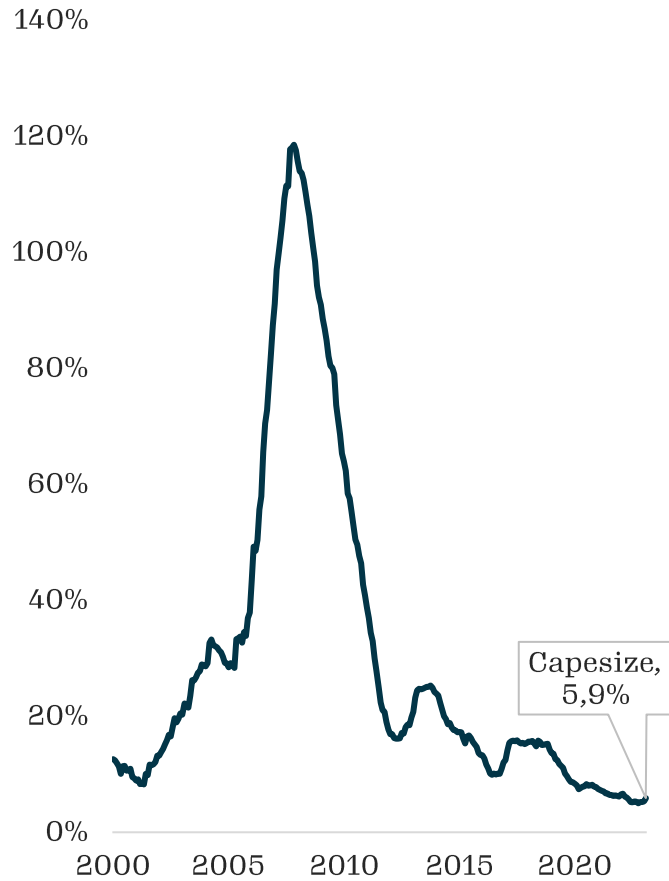


# Capesize - the place to be!

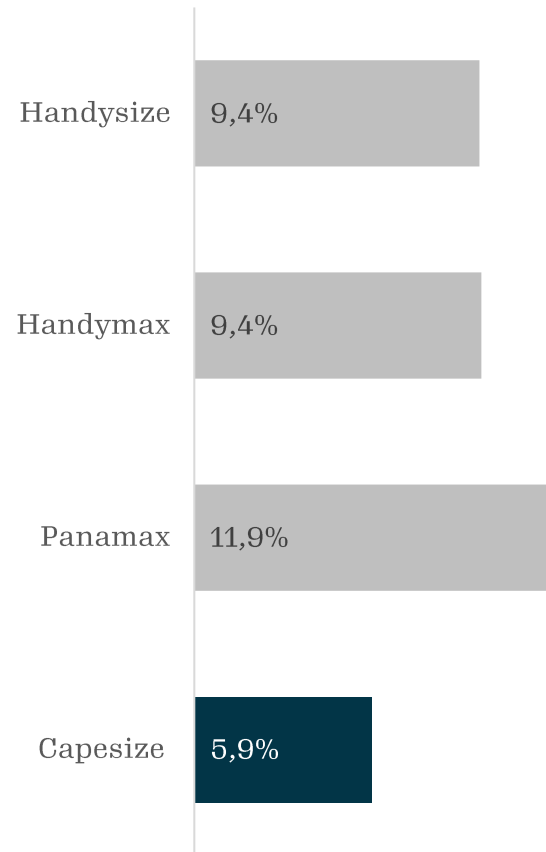
The dry orderbook remains at very healthy levels with capsizes being the most compelling segment



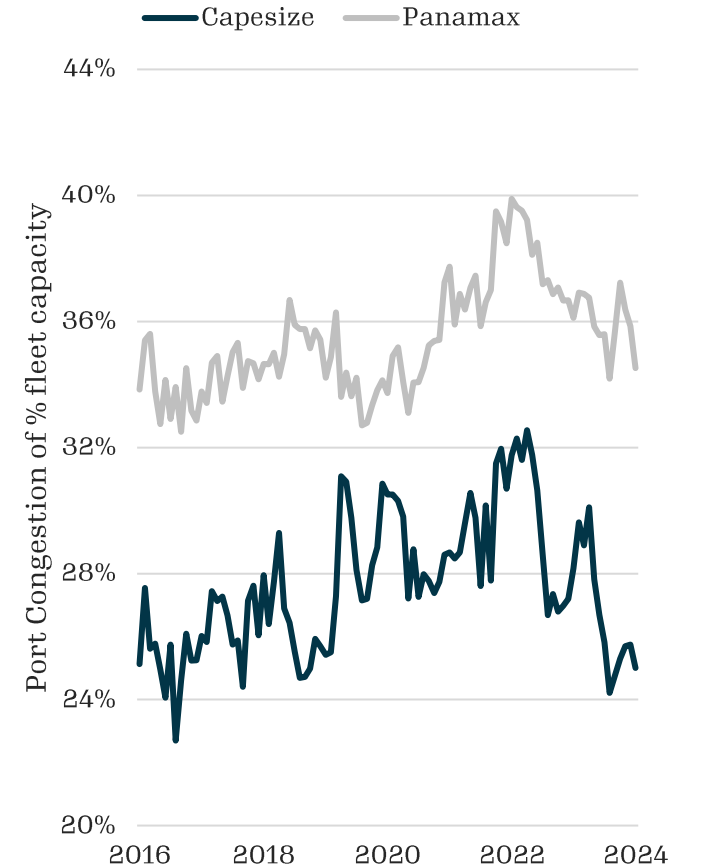
## Capesize orderbook remains low



## and favourable to other segments



## Limited fleet efficiency downside

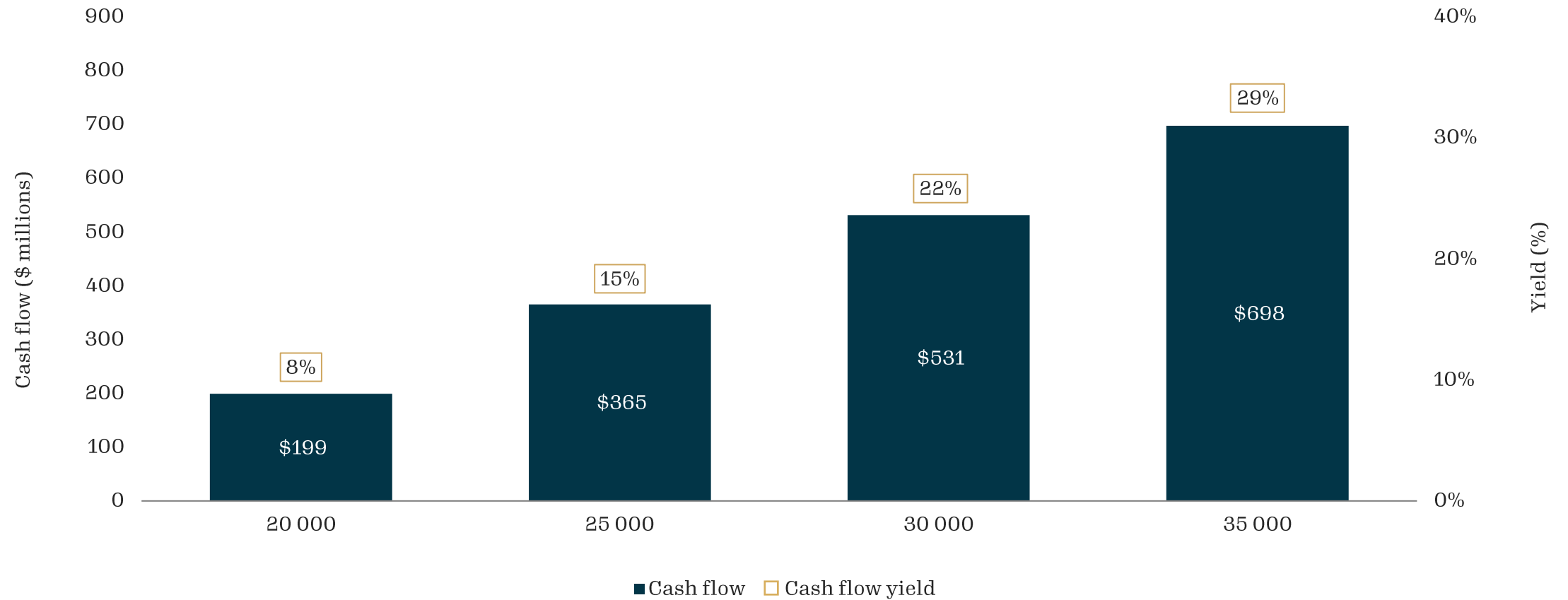


# Strong cash flow potential



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## Annualized free cash flow and yield



Source: Company  
Note: Yield based on share price as of 23<sup>rd</sup> February 2024

*Thank you for your attention*

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