

# Golden Ocean Results Q1 2023

May 16th, 2023



# Forward-looking statements

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acquisition and refurbishment of the Company's vessels; planned, pending or recent acquisitions, business strategy and expected capital spending or operating expenses, including drydocking, surveys, upgrades and insurance costs; risks associated with vessel construction; the Company's expectations regarding the availability of vessel acquisitions and its ability to complete acquisition transactions planned; delays or defaults in the construction of our newbuildings that could increase our expenses and diminish our net income and cash flows; vessel breakdowns and instances of off-hire; potential differences in interest by or among certain members of the Company's board of directors, executive officers, senior management and shareholders; potential liability from pending or future litigation; potential exposure or loss from investment in derivative instruments; general dry bulk shipping market trends, including fluctuations in charter hire rates and vessel values; 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; the strength of world economies; stability of Europe and the Euro; central bank policies intended to combat overall inflation and the rising interest rates and foreign exchange rates; changes in seaborne and other transportation; changes in governmental rules and regulations or actions taken by regulatory authorities; general domestic and international political conditions; potential disruption of shipping routes due to accidents, climate-related, damage to storage or receiving facilities, political instability, terrorist attacks, piracy, international sanctions or international hostilities, including the ongoing aggression between Russia and Ukraine; the length and severity of epidemics and pandemics, including COVID-19 and its impact on the demand for seaborne transportation in the dry bulk sector; impacts of supply chain disruptions that began during the COVID-19 pandemic and the resulting inflationary environment; the impact of increasing scrutiny and changing expectations from investors, lenders, charterers and other market participants with respect to our Environmental, Social and Governance practices; new environmental regulations and restrictions, whether at a global level stipulated by the International Maritime Organization, and/or regional/national imposed by regional authorities such as the European Union or individual countries; 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

- Adjusted **EBITDA** in the first quarter of 2023 was **\$54.7 million** compared with \$112.4 million in the fourth quarter of 2022
- Reports **net loss of \$8.8 million** and loss per share of \$0.04 for the first quarter of 2023 compared with net income of \$68.2 million and earnings per share of \$0.34 for the fourth quarter of 2022
- **Reported TCE rates for Capesize and Panamax** vessels of \$13,620 per day and \$16,630 per day, respectively, in the first quarter of 2023
- **Estimated TCE rates, inclusive of charter coverage, are:**
  - \$20,010 per day for 74% of Capesize days and \$14,600 per day for 76% of Panamax days for the second quarter of 2023<sup>(1)</sup>
  - \$22,300 per day for 26% of Capesize days and \$19,600 per day for 38% of Panamax days for the third quarter of 2023<sup>(1)</sup>
- **Took delivery of the first of 10 Kamsarmax newbuildings** under construction
- **Entered into an agreement to acquire six modern Newcastlemax vessels**
- **Entered into an agreement to sell two older Capesize vessels, Golden Feng and Golden Shui,** to an unrelated third party for an aggregate sale price of \$44.0 million
- **Announces a dividend of \$0.10 per share** for the first quarter of 2023

<sup>1)</sup> The company expects spot TCE rates for the full second and third quarters of 2023 to be lower than the rates currently contracted due to the impact of ballast days at the end of each quarter



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# Profit and loss

First quarter 2023



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(in thousands of \$)	Q1 2023	Q4 2022	Quarterly Variance
Operating revenues and other operating income/expenses	196,517	249,558	(53,041)
Voyage expenses	(64,231)	(69,189)	4,958
<b>Net revenues</b>	<b>132,286</b>	<b>180,369</b>	<b>(48,083)</b>
<b>Gain from disposal of vessels</b>	<b>2,583</b>	<b>2,812</b>	<b>(229)</b>
Ship operating expenses	(61,630)	(58,100)	(3,530)
Administrative expenses	(4,162)	(4,965)	803
Charter hire expenses	(16,782)	(12,544)	(4,238)
Impairment loss on vessels	(11,780)	-	(11,780)
Depreciation	(31,497)	(32,394)	897
<b>Net operating expenses</b>	<b>(125,851)</b>	<b>(108,003)</b>	<b>(17,848)</b>
<b>Net operating income</b>	<b>9,018</b>	<b>75,178</b>	<b>(66,160)</b>
Net financial expenses	(20,497)	(17,637)	(2,860)
Derivatives and other income	2,687	10,946	(8,259)
<b>Net income (loss) before taxation</b>	<b>(8,792)</b>	<b>68,487</b>	<b>(77,279)</b>
Income tax expense	(30)	(279)	249
<b>Net income (loss)</b>	<b>(8,822)</b>	<b>68,208</b>	<b>(77,030)</b>
Earnings (loss) per share: basic and diluted	(\$0.04)	\$0.34	(\$0.38)
<b>Adjusted EBITDA</b>	<b>54,715</b>	<b>112,447</b>	<b>(57,732)</b>
<b>TCE per day</b>	<b>14,929</b>	<b>20,421</b>	<b>(5,492)</b>

**Q1 2023**

**Q4 2022**

TCE rate<sup>1</sup>

TCE rate<sup>1</sup>

\$14,929

\$20,421

Earnings per  
share

Earnings per  
share

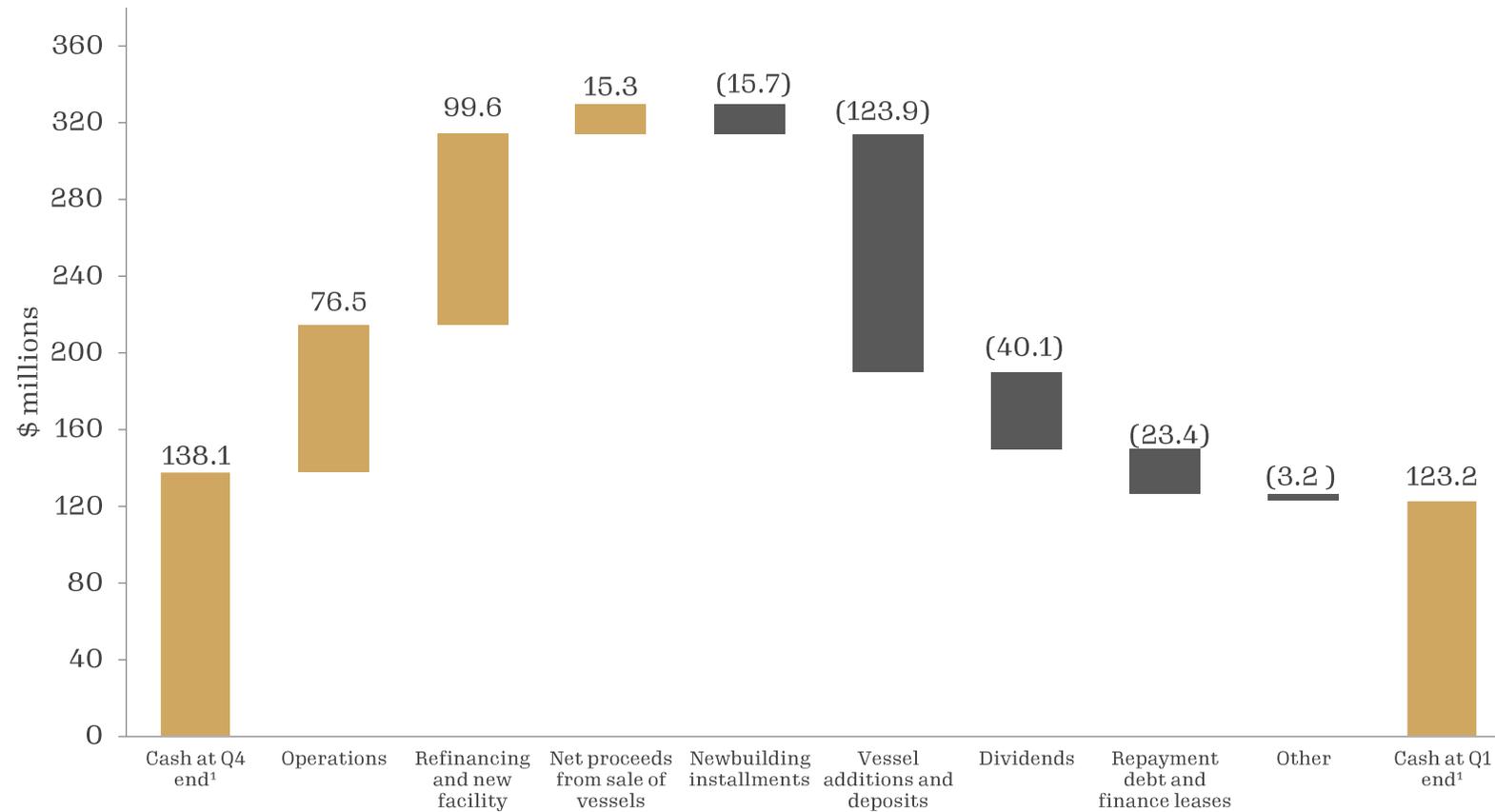
\$(0.04)

\$0.34

1. Full fleet TCE. Time charter equivalent rate, is a non-GAAP measure. For definition, please refer to Q1 2023 Press Release

# Cash flow

First quarter 2023



1. Includes restricted cash



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**Q1 2023**

**Q4 2022**

Dividend per share

Dividend per share

\$0.10

\$0.20

Operating CF

Operating CF

\$76.5 million

\$125.6 million

# Balance sheet

First quarter 2023



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(in thousands of \$)	Q1 2023	Q4 2022	Quarterly Variance
<b>ASSETS</b>			
<b>Short term</b>			
Cash and cash equivalents (incl. restricted cash)	123,240	138,073	(14,833)
Other current assets	156,498	161,074	(4,576)
<b>Long term</b>			
Vessels and equipment, net (incl. held for sale)	2,736,918	2,678,327	58,591
Newbuildings	111,096	91,898	19,198
Leases, right of use assets	94,228	99,235	(5,007)
Other long-term assets	92,561	88,684	3,877
<b>Total assets</b>	<b>3,314,541</b>	<b>3,257,291</b>	<b>57,250</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Short term</b>			
Current portion of long-term debt	97,402	92,865	4,537
Current portion of finance lease obligations	18,720	18,387	333
Current portion of operating lease obligations	5,646	5,546	100
Other current liabilities	123,067	94,830	28,237
<b>Long term</b>			
Long-term debt	1,104,316	1,027,991	76,325
Non-current portion of finance lease obligations	82,681	87,588	(4,907)
Non-current portion of operating lease obligations	11,576	13,051	(1,475)
Other long-term liabilities	3,389	-	3,389
<b>Equity</b>	<b>1,867,744</b>	<b>1,917,033</b>	<b>(49,289)</b>
<b>Total liabilities and equity</b>	<b>3,314,541</b>	<b>3,257,291</b>	<b>57,250</b>

Q1 2023	Q4 2022
Loan-to-value <sup>1</sup>	Loan-to-value <sup>1</sup>
44.5 %	44.5 %
Liquidity <sup>2</sup>	Liquidity <sup>2</sup>
\$218 million	\$235 million

1. Based on valuations from broker and debt on bank and lease financings, excluding SFL leases. 2. Includes undrawn available revolving credit facilities

# 02

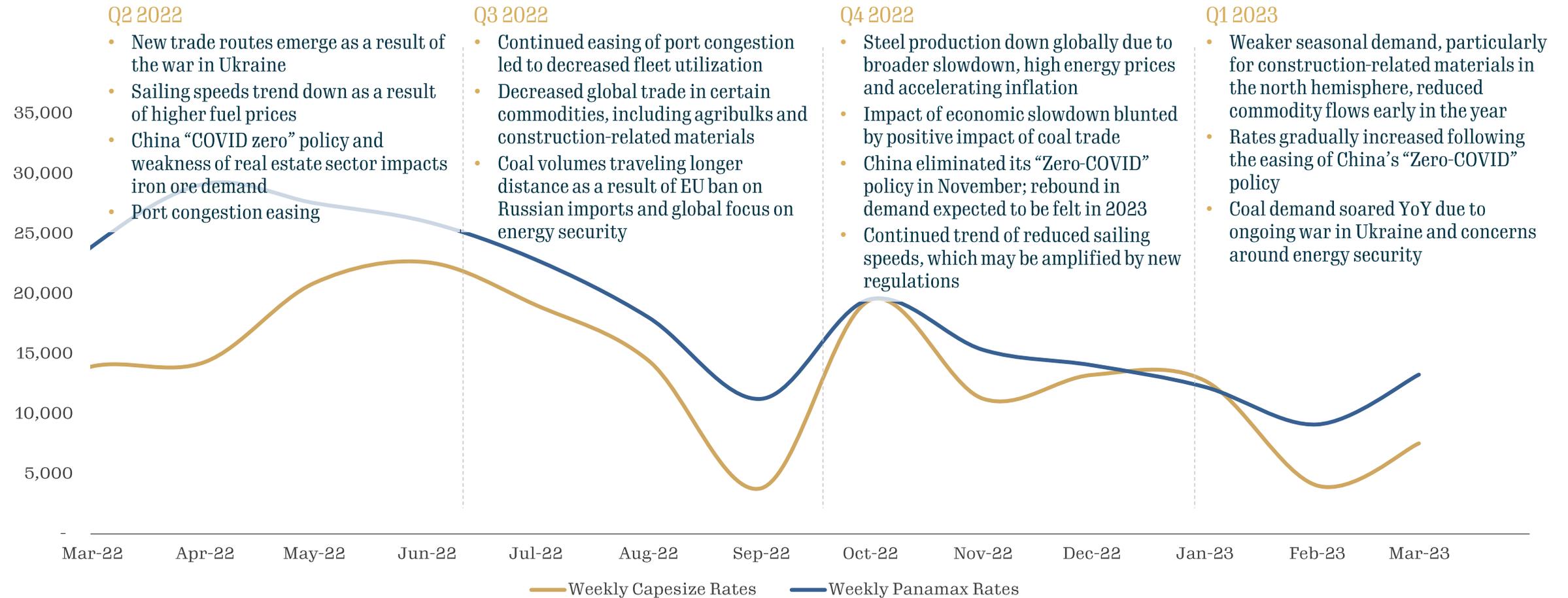
- Market review and outlook



# Recent market developments

Dry bulk trade has gradually increased following seasonal lows as China eased its “Zero-COVID” policy. Energy security concerns continued to drive coal volumes

## Capesize and Panamax rates

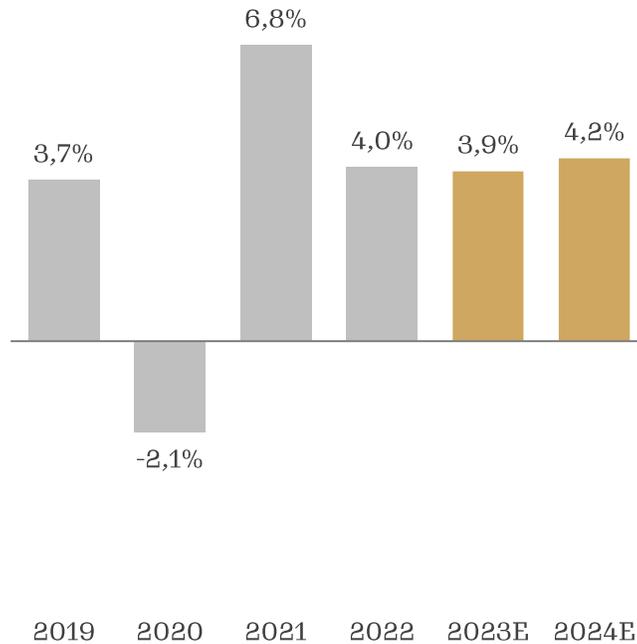


# GDP growth continue to support dry bulk demand

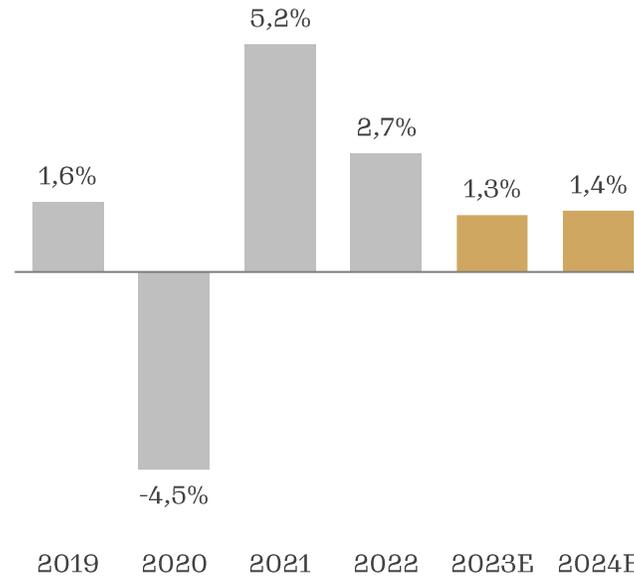
Macroeconomic conditions are expected to improve as we move through the year, and GDP growth is forecasted to remain supportive of demand for dry bulk commodities



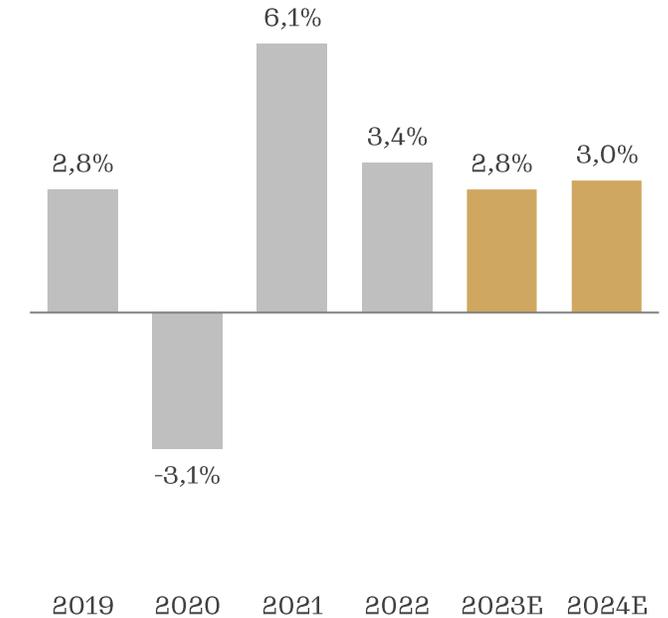
## Emerging Economies



## Advanced Economies



## Global Economy

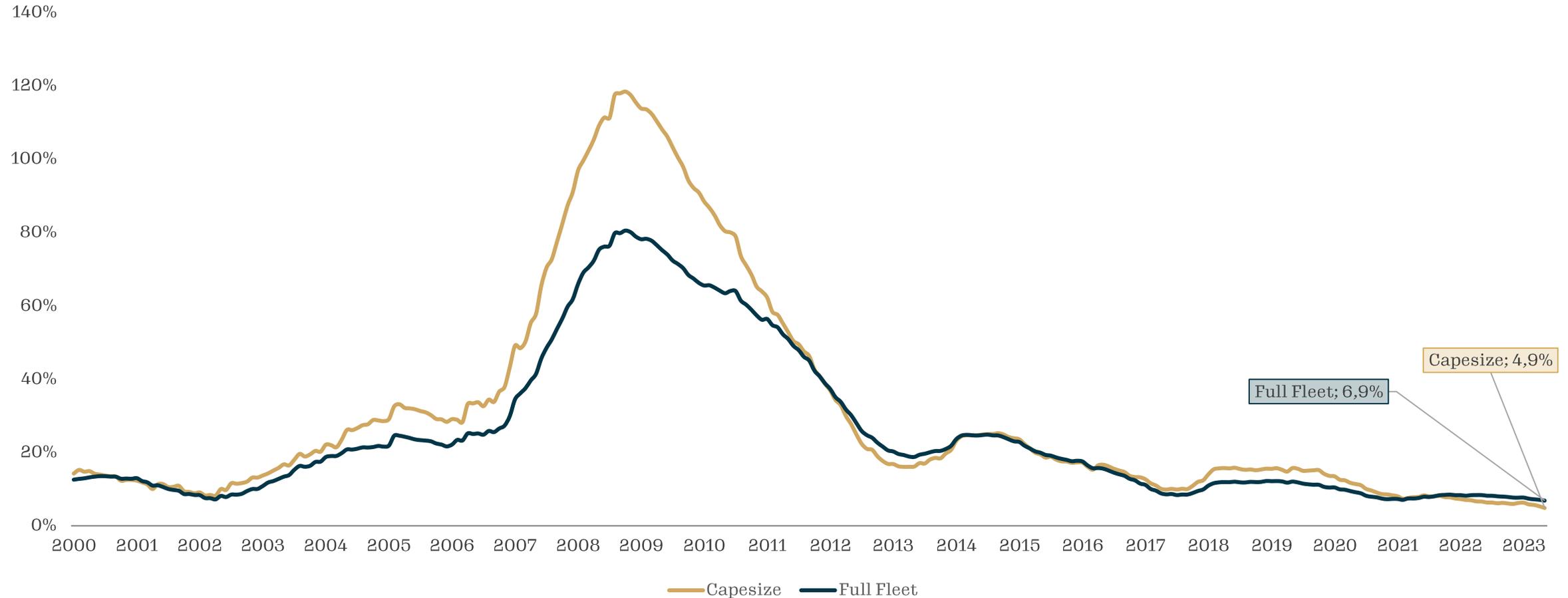


# Highly positive supply dynamics - orderbook 30-year low

The orderbook is highly visible, and fleet growth is set to decline significantly over the next two years. Capesize orderbook is beneath replacement levels



## Orderbook as % of global fleet

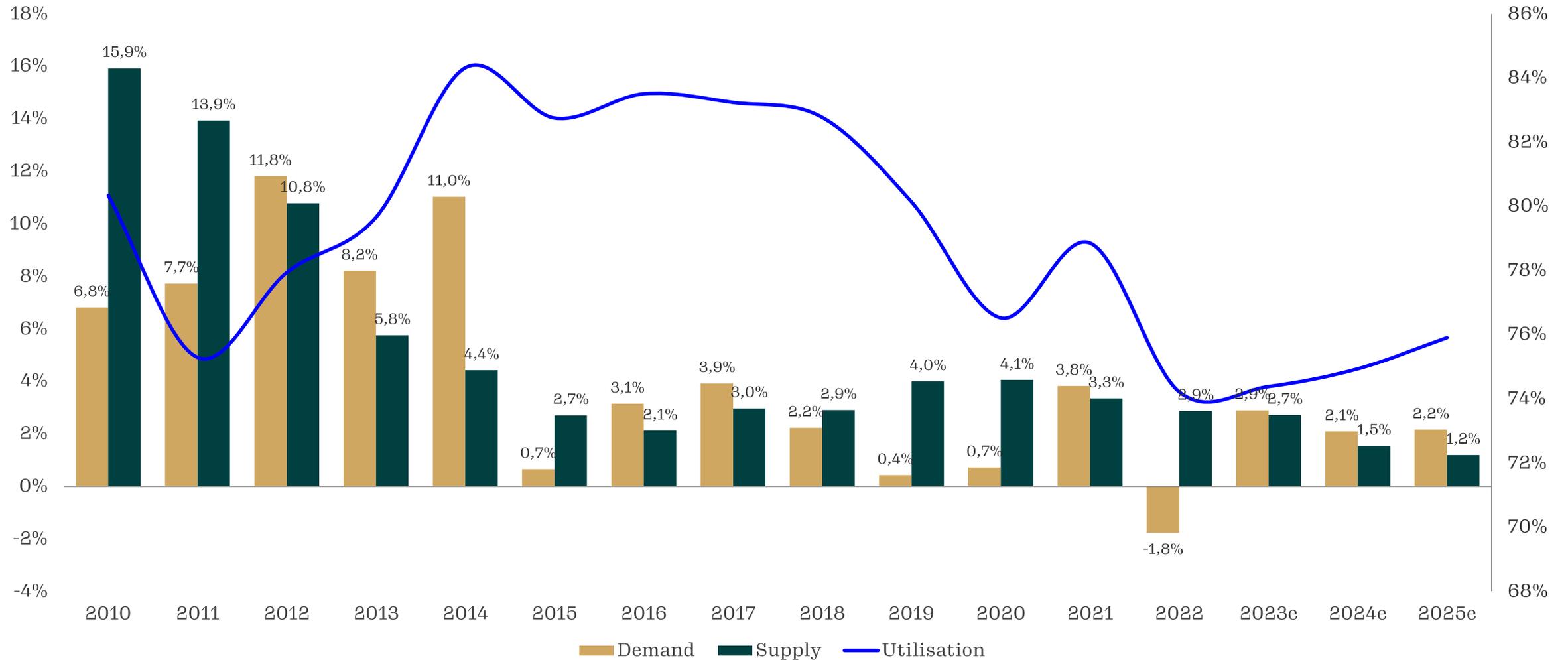


# Healthy long term fundamentals

Demand to outpace supply in years to come

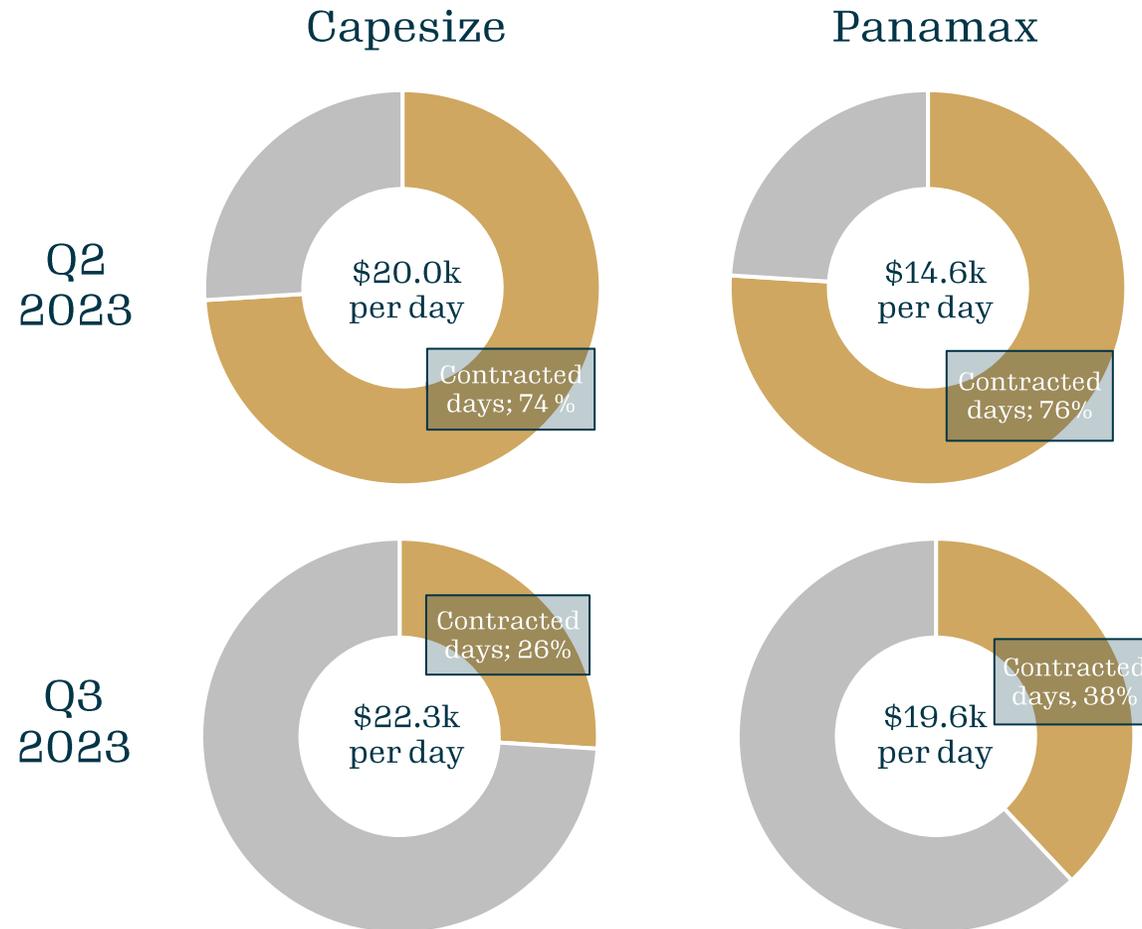


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# Guidance for next two quarters

Market conditions are expected to gradually improve as China's re-opening takes hold. The outlook for the rest of the year is positive



**52%** of the fleet on fixed contracts for Q2 and Q3 2023

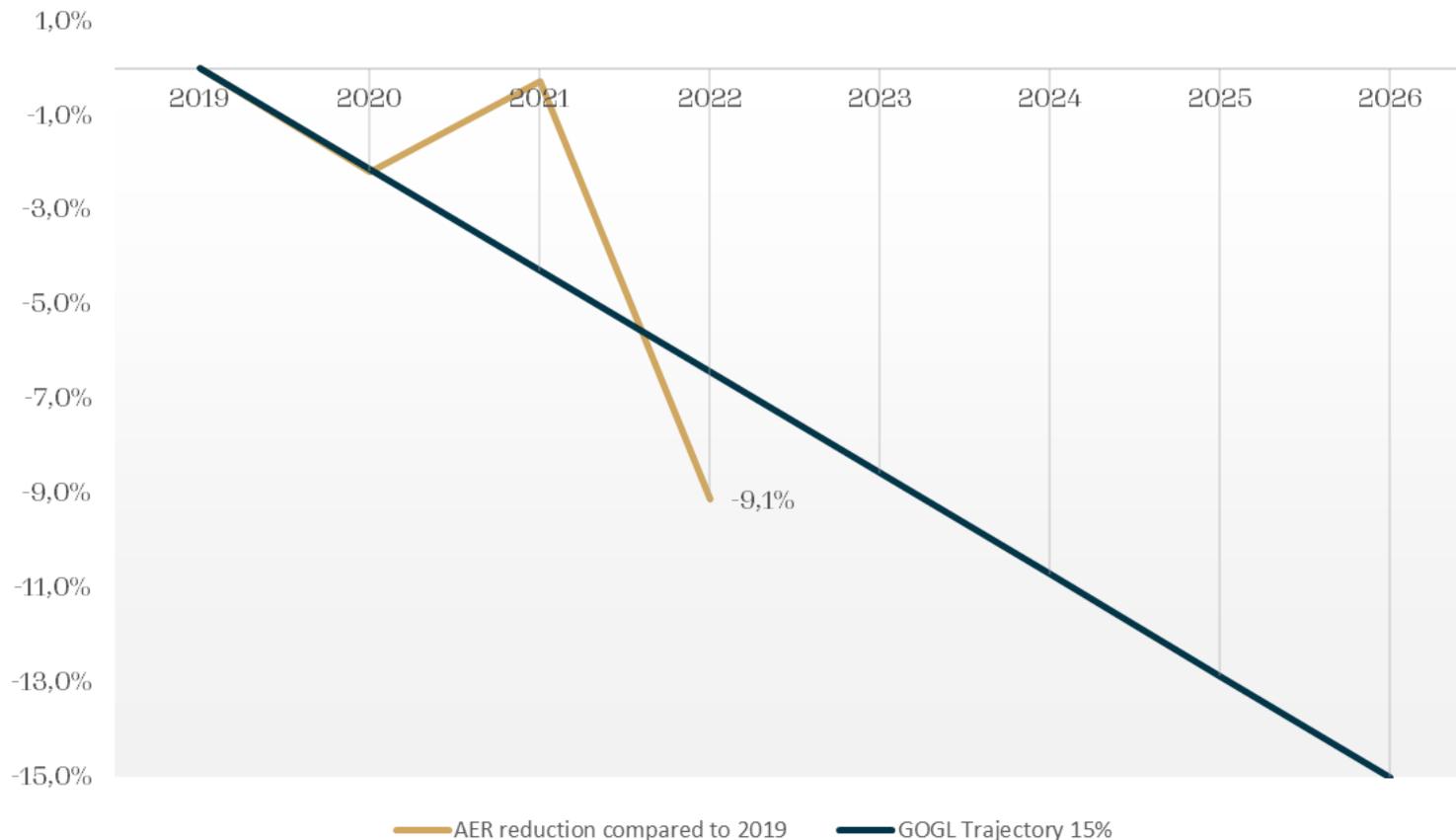
**\$155 million** in contracted TCE revenue for Q2 and Q3 2023

**\$2.3k per day** Q2 TCEs above FFA curve

# Monetizing decarbonization

- Efforts to increase the fleet's efficiency are working
- Bunker savings of \$20m\* / CO2 savings of 230k tons

## 2026 reduction trajectory



## Main drivers

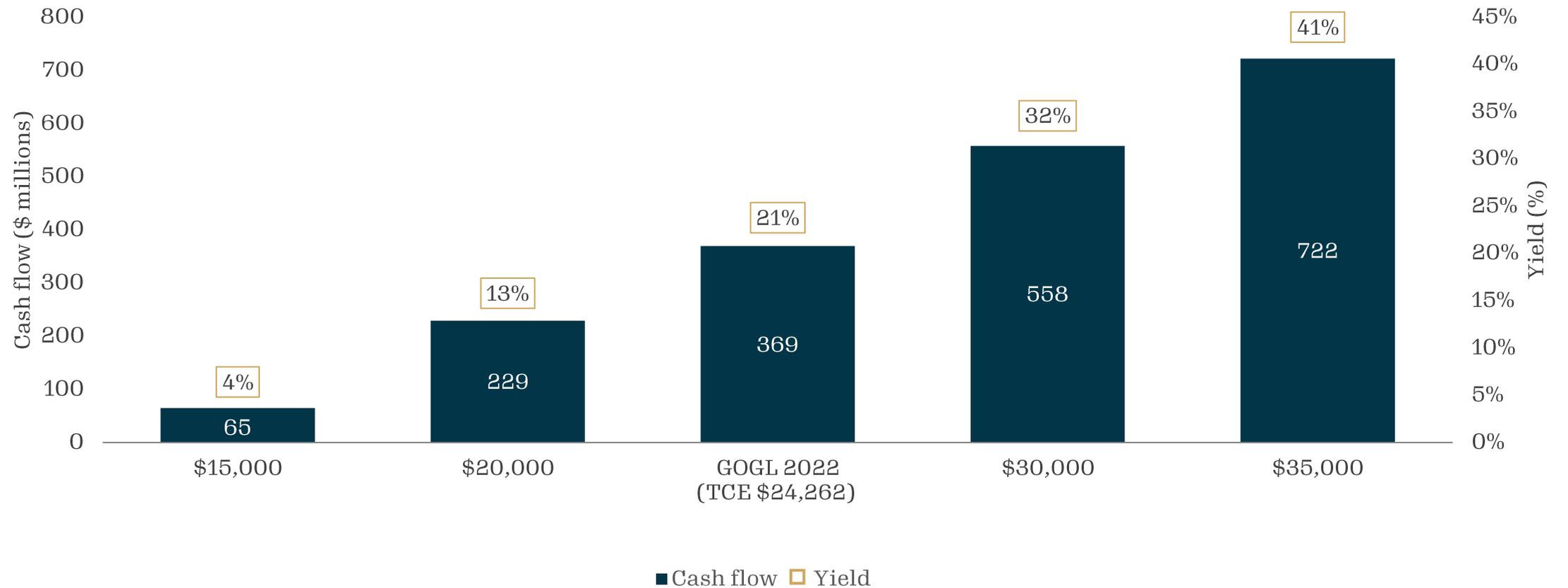
- Sale of seven vessels
  - High-emitting
  - Lower intake
- Digitalization
  - Sensors and data
  - Weather routing / speed
- Upgrading
  - Low-friction paint
  - Pre-swirl ducts, etc
- Improved hull cleaning procedures

# Strong cash flow potential

Significant earnings potential with modern on-the-water fleet comprised of Capesize and Panamax vessels



## Annualized free cash flow and yield



Source: Company, Based on share price on Oslo Stock Exchange of NOK 91.9 per share and USDNOK of 10.55.

*Thank you for your attention*

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