



GOLDEN OCEAN™

---

RESULTS Q3 - 2019

November 21, 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



GOLDEN OCEAN™

## COMPANY UPDATE

# HIGHLIGHTS



GOLDEN OCEAN™

- The Company reports **net income of \$36.7 million** and earnings per share of \$0.26 for the third quarter of 2019, compared with net loss of \$33.1 million and net loss per share of \$0.23 for the second quarter of 2019
- Adjusted **EBITDA** in the third quarter of 2019 was **\$81.1 million**, compared with \$21.5 million in the second quarter of 2019
- Took **delivery of two chartered-in 103,000 dwt ice-class vessels** on index-linked time charters
- **Completed refinancing of \$284 million loan facility** financing 15 vessels at attractive terms and agreed charter amendment with SFL Corporation to fund **seven scrubber installations**
- Finalized **joint venture agreement with Trafigura and Frontline** to establish a leading global supplier of marine fuels and **made further investment in Singapore Marine**, a dry bulk freight operator
- **Acquired 125,000 shares in the third quarter and an additional 380,000 shares** so far in the fourth quarter under the share buy-back program announced in December 2018
- Announces a cash **dividend of \$0.15** per share for the third quarter of 2019, the **8<sup>th</sup> consecutive** quarterly dividend announced

# PROFIT & LOSS



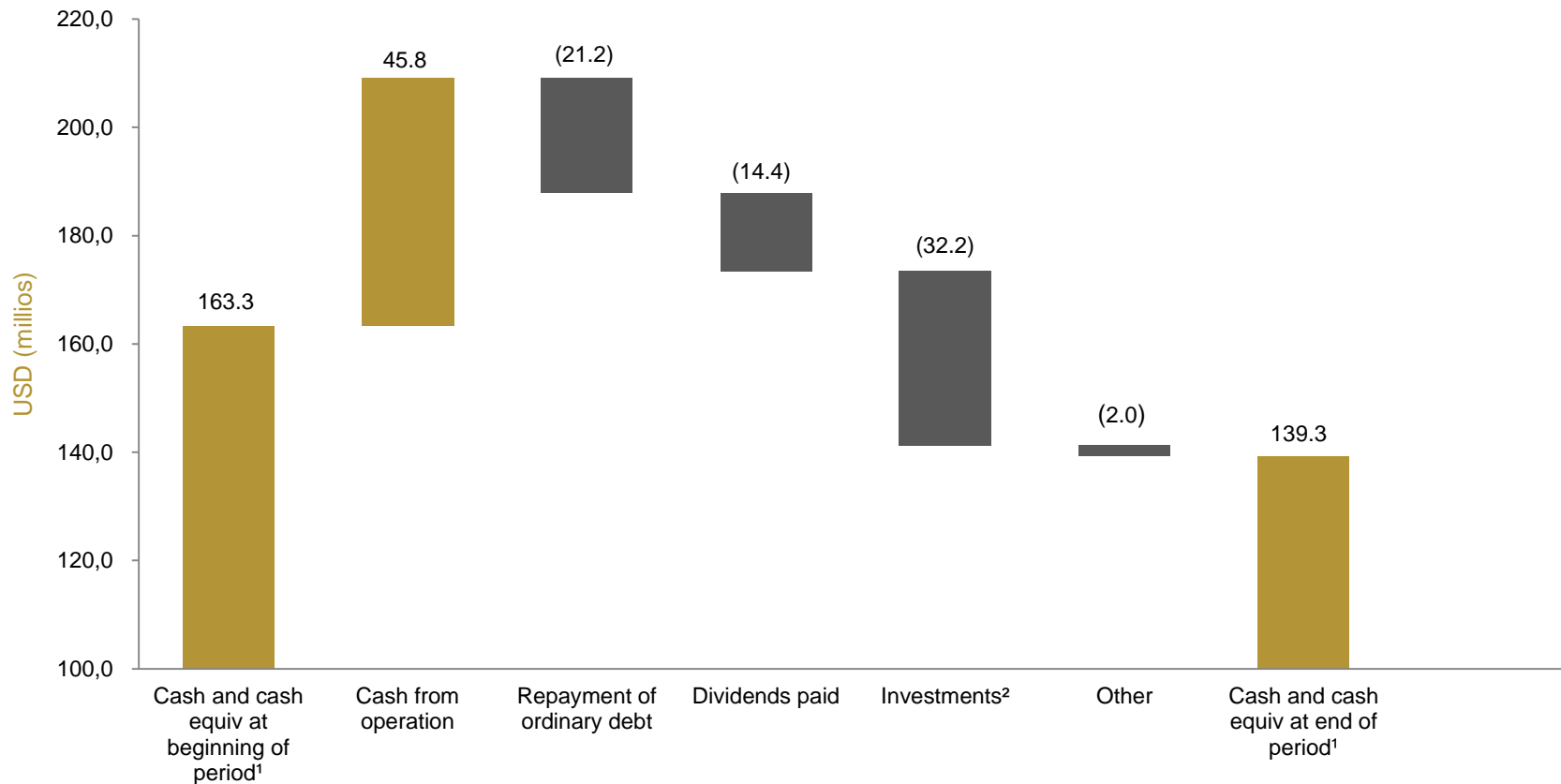
GOLDEN OCEAN™

(in thousands of \$)	Q3 2019	Q2 2019	Quarterly Variance
Operating revenues	219,898	117,653	102,245
Voyage expenses	(57,661)	(32,905)	(24,756)
<b>Net revenues</b>	<b>162,237</b>	<b>84,748</b>	<b>77,489</b>
Ship operating expenses	(45,755)	(48,707)	2,952
Administrative expenses	(3,260)	(3,276)	16
Charter hire expenses	(36,457)	(15,828)	(20,629)
Depreciation	(23,327)	(23,978)	651
<b>Net operating expenses</b>	<b>(108,799)</b>	<b>(91,789)</b>	<b>(17,010)</b>
<b>Net operating income (loss)</b>	<b>53,438</b>	<b>(7,041)</b>	<b>60,479</b>
Net financial expenses	(13,312)	(14,214)	902
Derivatives and other financial income (loss)	(3,389)	(11,793)	8,404
<b>Net income before taxation (loss)</b>	<b>(36,737)</b>	<b>(33,048)</b>	<b>69,785</b>
Income Tax expense	38	38	-
<b>Net income (loss)</b>	<b>36,699</b>	<b>(33,086)</b>	<b>69,785</b>
Earnings (loss) per share: basic and diluted	\$0.26	(\$0.23)	\$0.49
<b>Adjusted EBITDA</b>	<b>81,118</b>	<b>21,507</b>	<b>59,611</b>
<b>TCE per day</b>	<b>19,727</b>	<b>11,629</b>	<b>8,099</b>

# CASH FLOW DURING THE QUARTER



## Q3 2019



<sup>1</sup> INCLUDES RESTRICTED CASH

<sup>2</sup> INCLUDES A \$10.7M SHAREHOLDER LOAN

# BALANCE SHEET



(in thousands of \$)	Q3 2019	Q2 2019	Quarterly Variance
<b>ASSETS</b>			
<b>Short term</b>			
Cash and cash equivalents (incl. restricted cash)	87,156	117,549	(30,393)
Other current assets	186,409	148,061	38,348
<b>Long term</b>			
Restricted cash	52,112	45,708	6,404
Vessels and equipment, net	2,347,087	2,365,773	(18,686)
Operating leases, right of use assets, net	210,468	196,827	13,641
Other long term assets	52,002	29,669	22,333
<b>Total assets</b>	<b>2,935,234</b>	<b>2,903,587</b>	<b>(31,647)</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Short term</b>			
Current portion of long term debt and capital lease	88,047	238,355	(150,308)
Current portion of operating leases	28,094	22,585	5,509
Other current liabilities	112,001	90,334	21,667
<b>Long term</b>			
Long term debt and capital lease	1,042,246	914,012	128,234
Non-current portion of operating lease obligations	169,884	165,084	4,800
<b>Equity</b>	<b>1,494,962</b>	<b>1,473,217</b>	<b>21,745</b>
<b>Total liabilities and equity</b>	<b>2,935,234</b>	<b>2,903,587</b>	<b>31,647</b>

# CREDIT FACILITIES

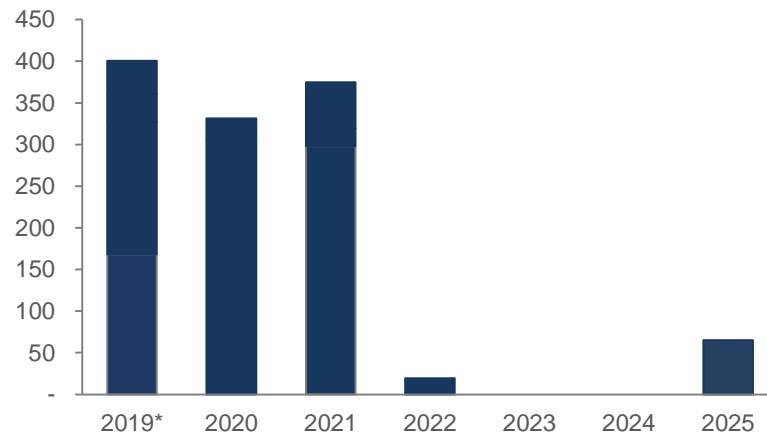
## RECENT DEVELOPMENTS

- Completed refinancing outstanding amount of the original \$284 million loan facility, that was scheduled to mature in December 2019 and financed 15 vessels, with a new \$153.3 million term loan facility
  - Interest rate of LIBOR + 210 bps
  - Tenor of five years
  - 20 year age adjusted repayment profile
- Agreed charter amendment with SFL Corporation to fund seven scrubber installations

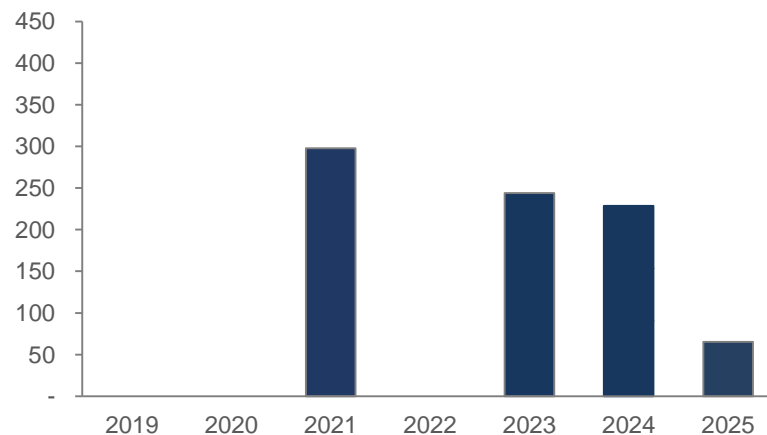
## SELECTED COVENANTS

- Free cash of at least \$20 million or 5% of interest bearing debt
- Market Value Clause of 135%
- Value adjusted equity of at least 25% of its value adjusted total assets

## DEBT MATURITIES AS OF 12/31/2018



## DEBT MATURITIES AS OF 09/30/2019



\*INCLUDES \$168.2 MILL IN CONVERTIBLE BOND FULLY REPAID BY CASH IN JANUARY 2019

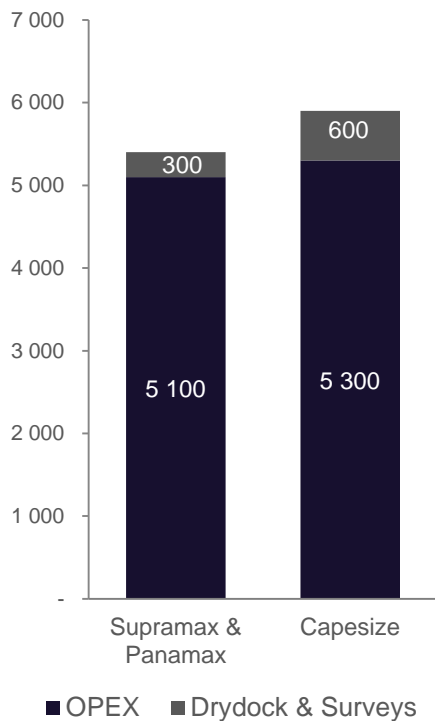


# MODERN, EFFICIENT FLEET

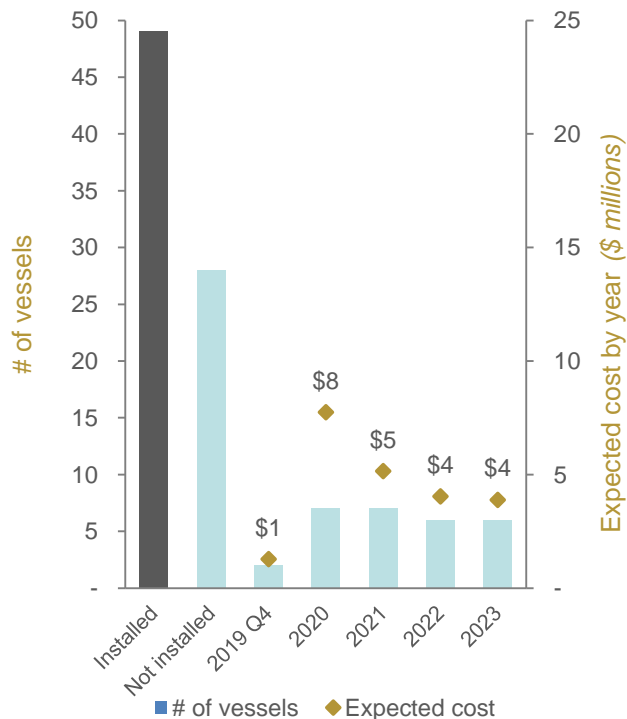


- Fully-burdened Opex includes dry docking and management fees
- 12 vessels completed dry-dock in first nine months of 2019
- Additional seven Capesize vessels are scheduled for drydock in 2019
- Average fleet age of six years and majority of the fleet designed with fuel-efficient engines and ballast water treatment systems
- Additional advantage to be gained through scrubber installations

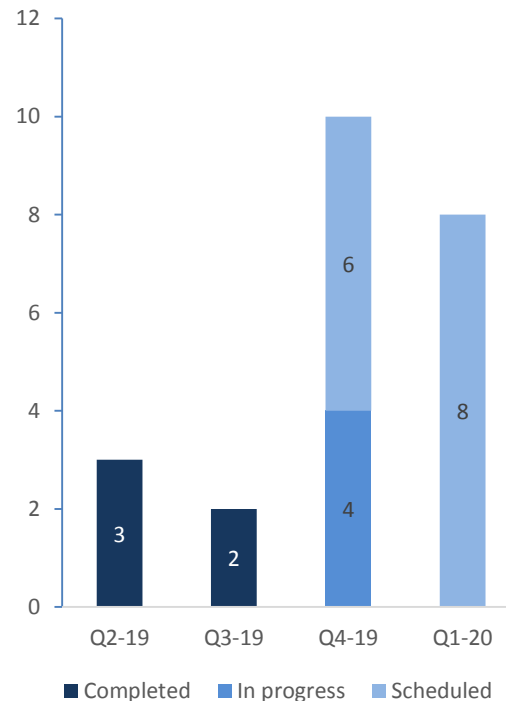
## OPERATING EXPENSES (YTD 2019)



## BWTS INSTALLATION SCHEDULE






## SCRUBBER INSTALLATION SCHEDULE



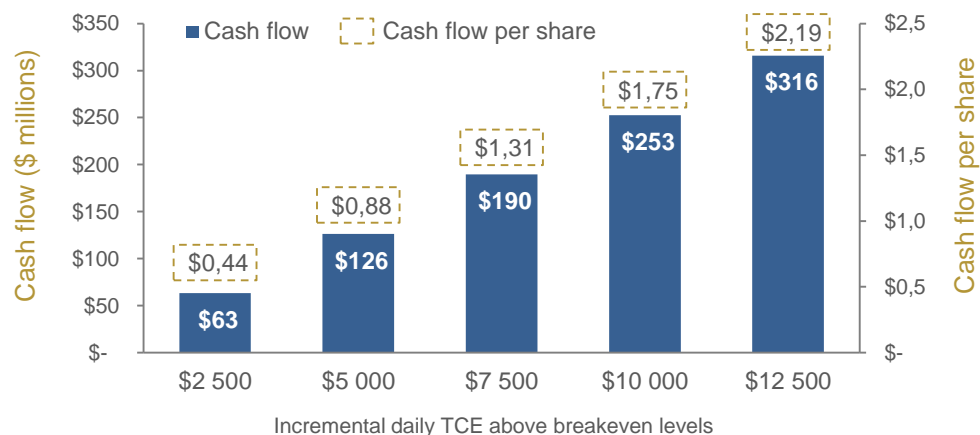
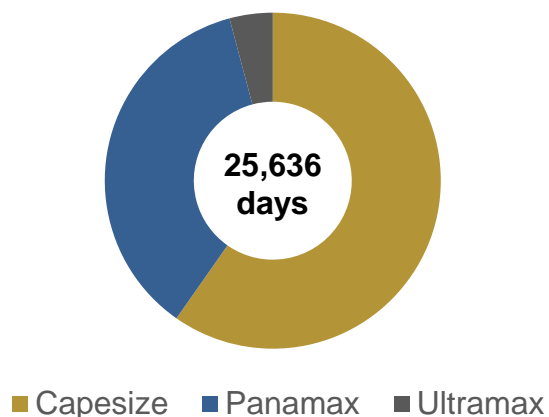
# FLEET DEPLOYMENT

Opportunistic chartering strategy with significant operating leverage

## CONTRACTED EARNINGS

 <b>Capesize (46 vessels)</b> <i>Age 5.3 years</i>	<ul style="list-style-type: none"> <li>• Equivalent of two vessels at fixed rate for 2020 at \$22,750 per day</li> <li>• Equivalent of two vessels on floor/ceiling contracts for 2020</li> </ul>
 <b>Panamax (30 vessels)</b> <i>Age 7.7 years</i>	<ul style="list-style-type: none"> <li>• Equivalent of 10 vessels on time charter that expire between second quarter 2020 and the end of 2021 at an average gross rate of \$18,200 per day</li> </ul>
 <b>Ultramax (3 vessels)</b> <i>Age 4.7 years</i>	<ul style="list-style-type: none"> <li>• 3 trading in pool</li> </ul>

## 2020 OPERATING LEVERAGE





GOLDEN OCEAN™

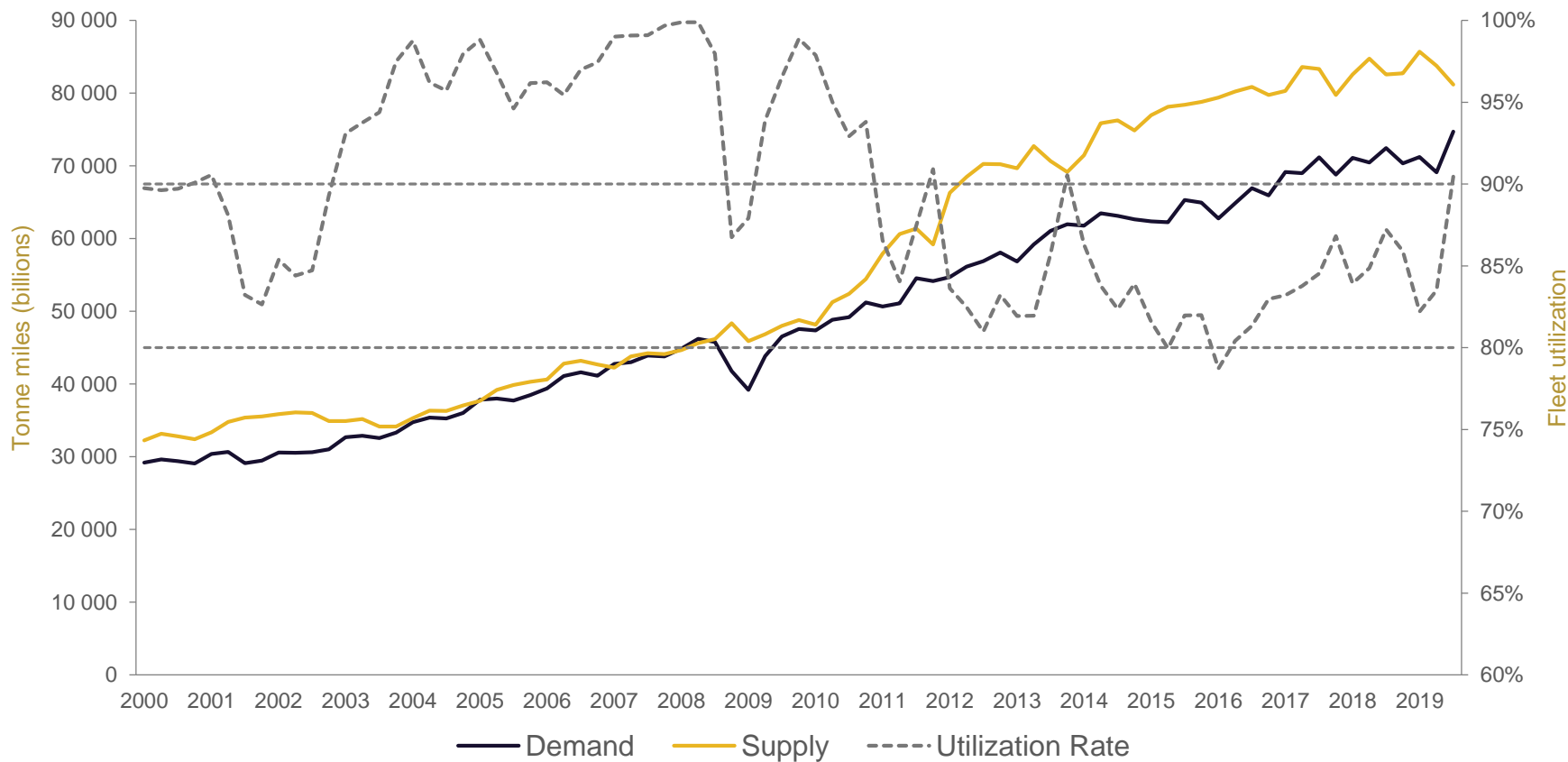
## DRY BULK MARKET UPDATE

# DRY BULK SUPPLY / DEMAND & UTILIZATION



Fleet utilization reached 90% in the third quarter due to strong demand for transport combined with capacity constraints related to vessel offhire

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

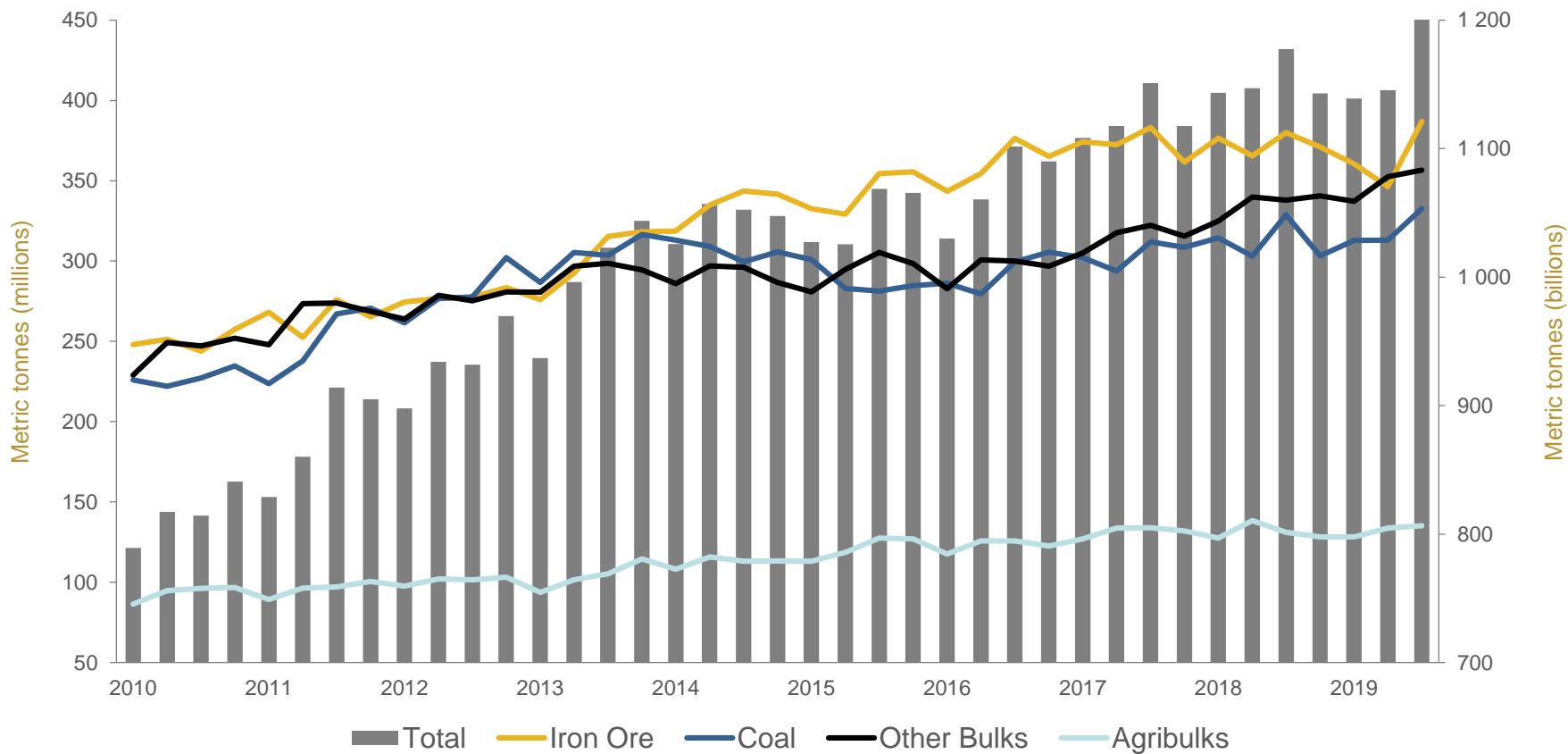


# RECORD VOLUMES RECORDED IN THE THIRD QUARTER



Sharp increase in iron ore volumes as Brazil production came back onstream and transport of all other commodity groups increased

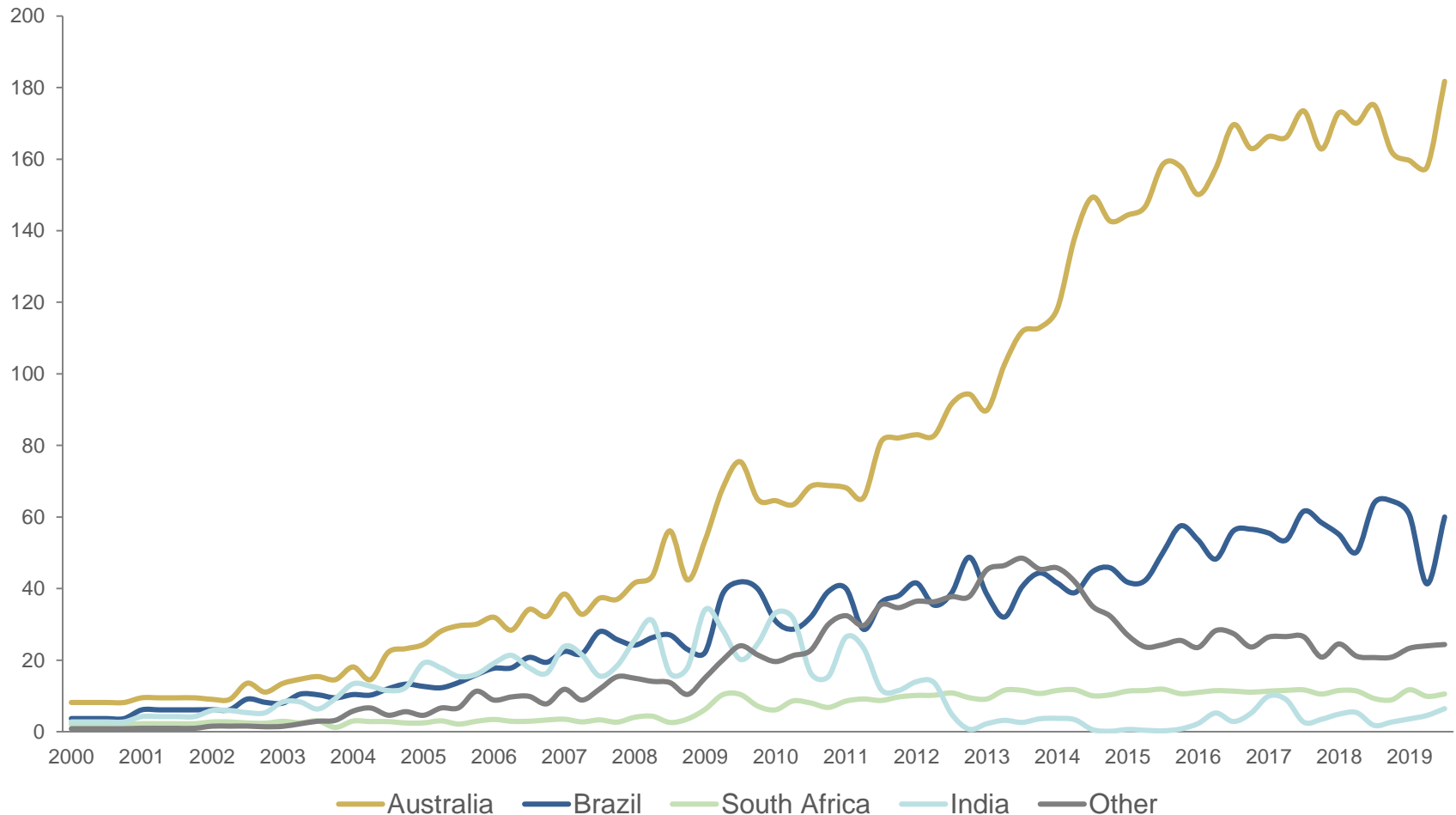
## SEABORNE TRADE OF DRY BULK COMMODITIES (MAJOR IMPORTERS)



# RAPID REBOUND IN IRON ORE EXPORTS AS PRODUCTION RESUMES IN AUSTRALIA AND RECOVERS IN BRAZIL



## QUARTERLY EXPORTED IRON ORE VOLUMES PER COUNTRY

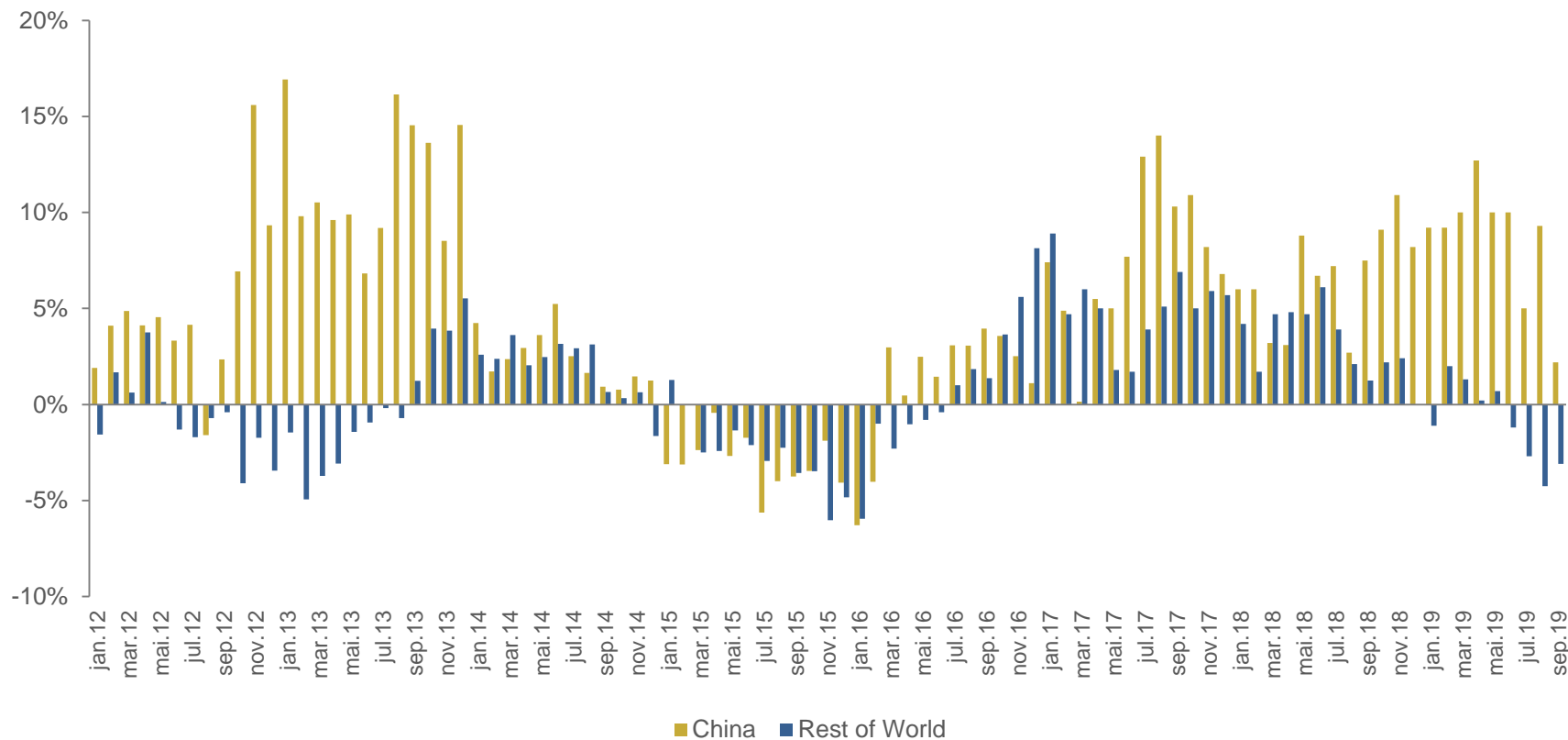


# WORLD STEEL PRODUCTION TRENDS



China steel production slowing into the end of the year; ex-China production slowed in the third quarter

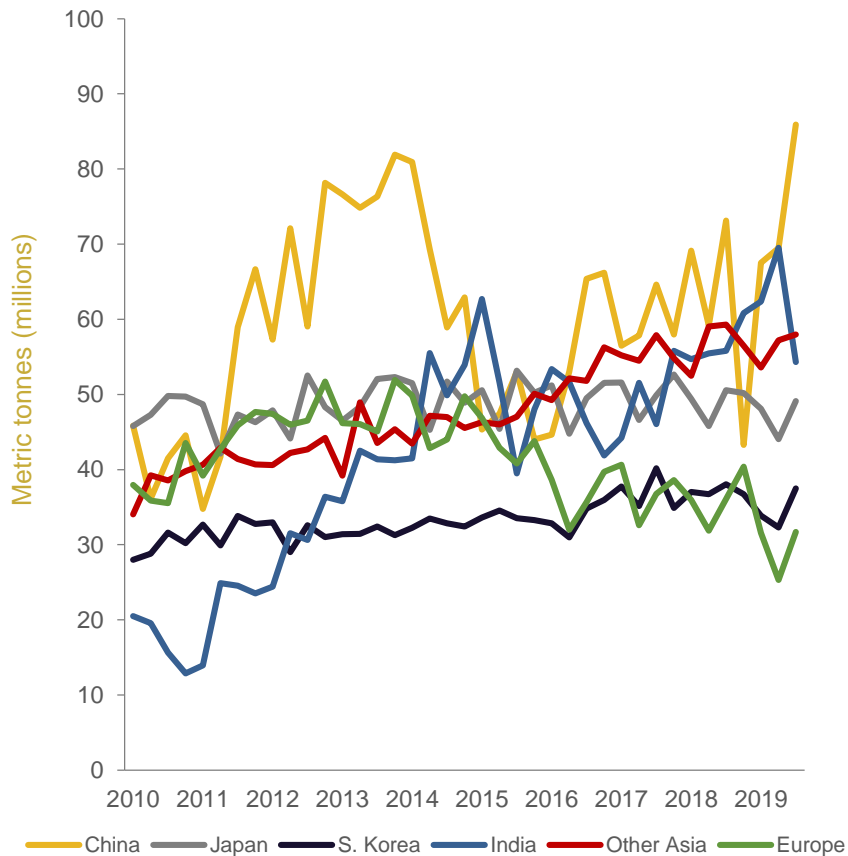
## ANNUAL CHANGE IN STEEL PRODUCTION



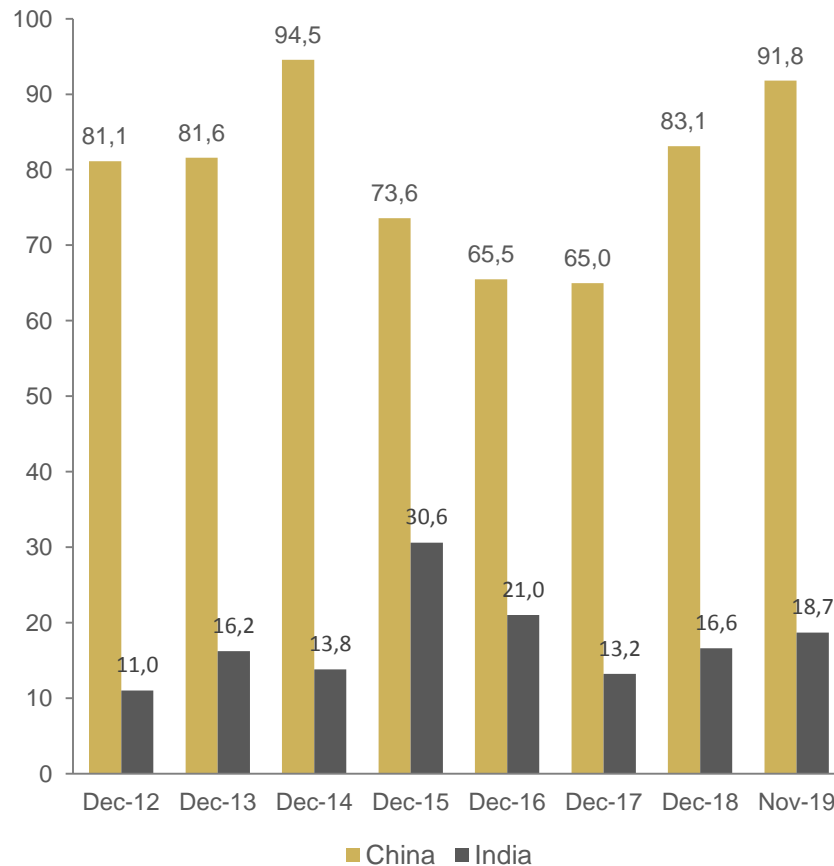
# CHINA COAL IMPORTS AND INVENTORIES UP AHEAD OF EXPECTED IMPORT RESTRICTIONS



## COAL IMPORTS BY MAJOR IMPORTERS



## CHINA AND INDIA COAL INVENTORIES

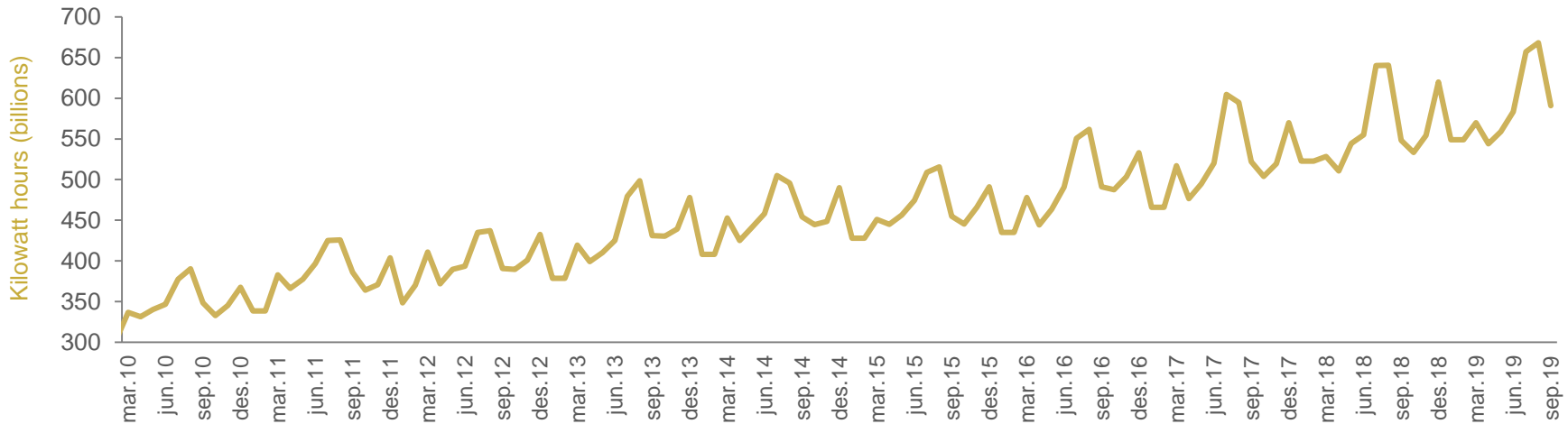




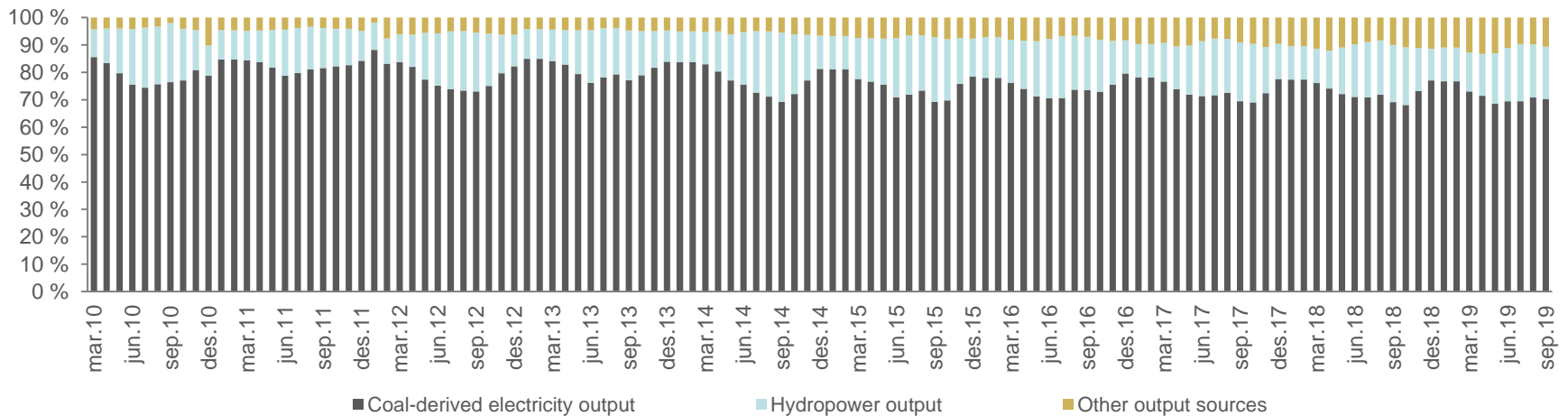
# CONTINUED YEAR OVER YEAR GROWTH IN ELECTRICITY CONSUMPTION SUPPORTS COAL DEMAND IN CHINA



## CHINESE ELECTRICITY OUTPUT



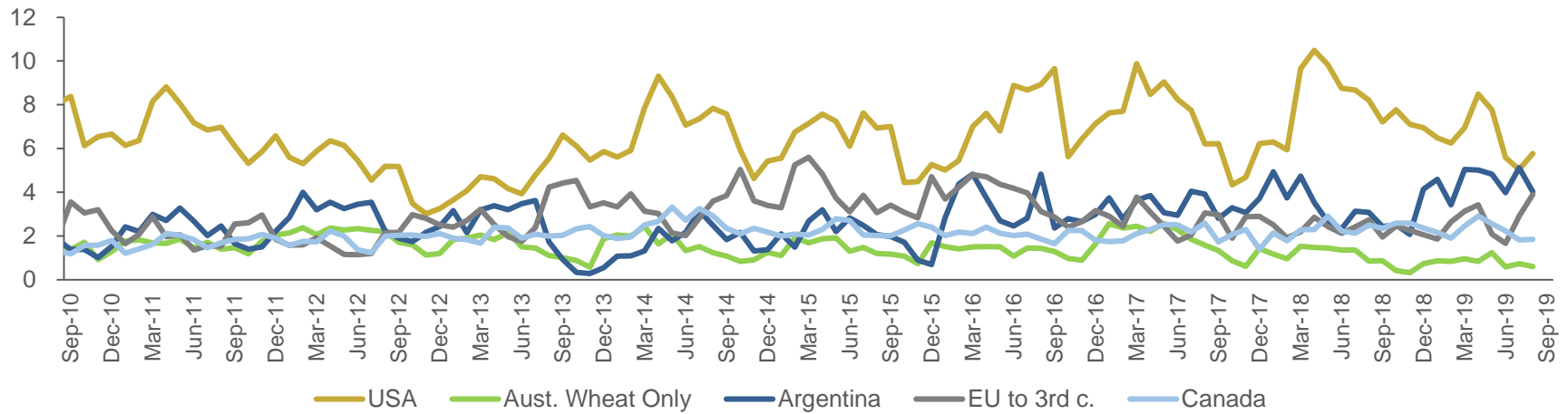
## CHINESE ELECTRICITY OUTPUT BY SOURCE



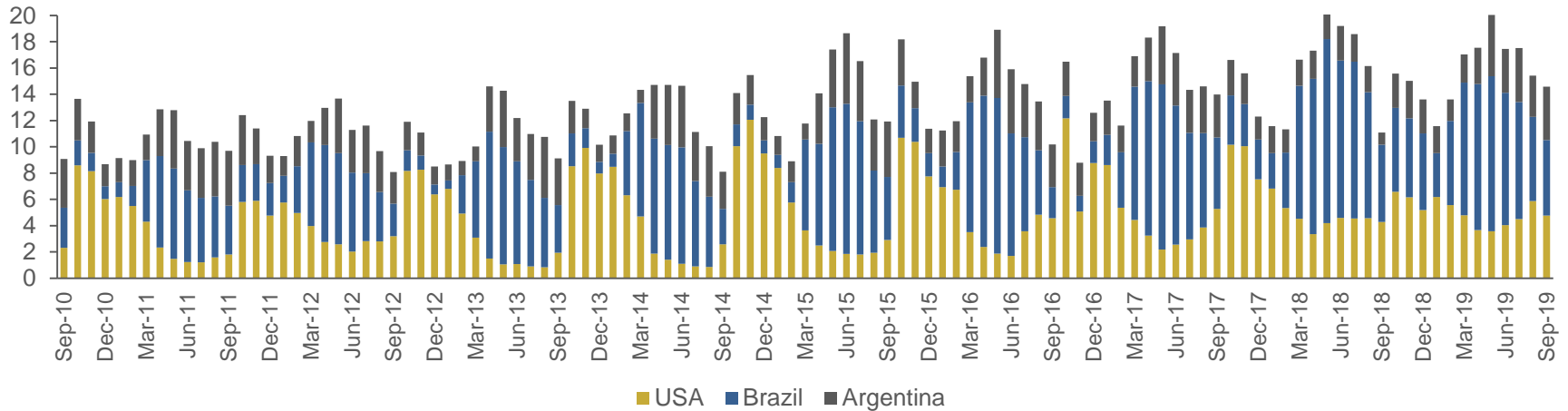
# U.S. GRAIN EXPORTS CONTINUE TO BE DISRUPTED BY TRADE TENSION, BUT TOTAL VOLUME REMAINS



## GRAIN EXPORTS BY SOURCE



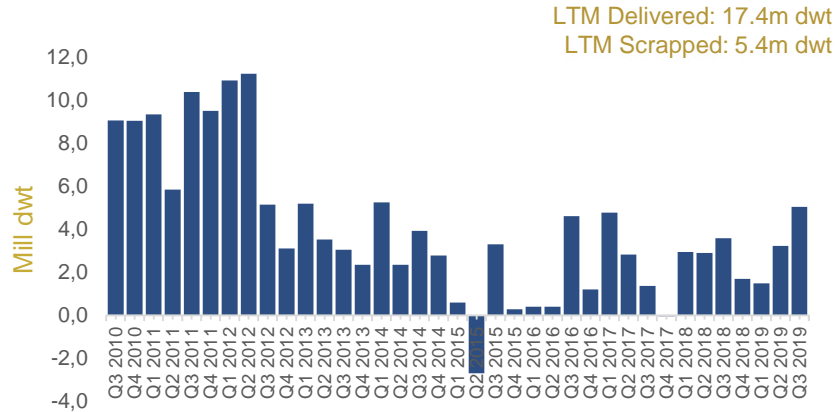
## SOYBEAN AND SOYBEAN MEAL EXPORTS BY SOURCE



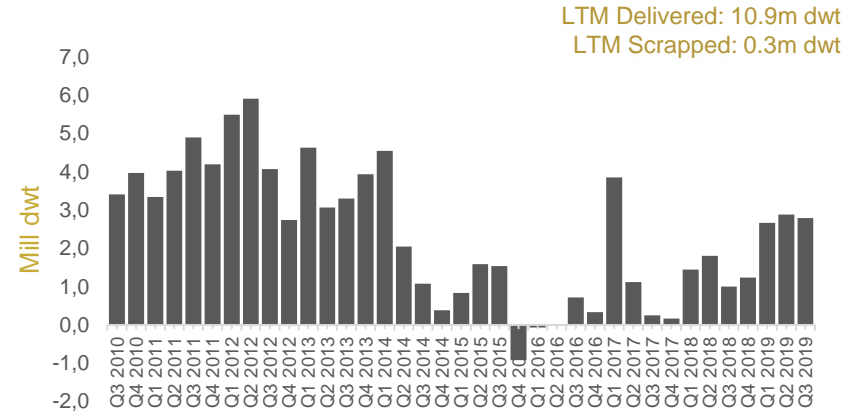
# INCREASE IN NET FLEET GROWTH ACROSS MOST VESSEL CLASSES IN THE THIRD QUARTER



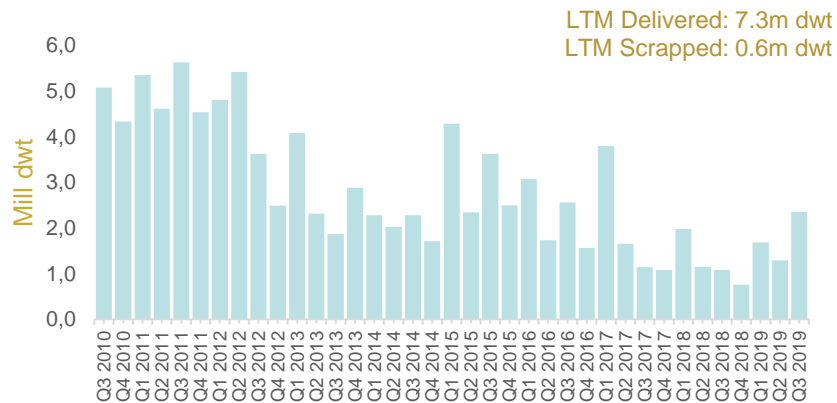
## CAPE SIZE



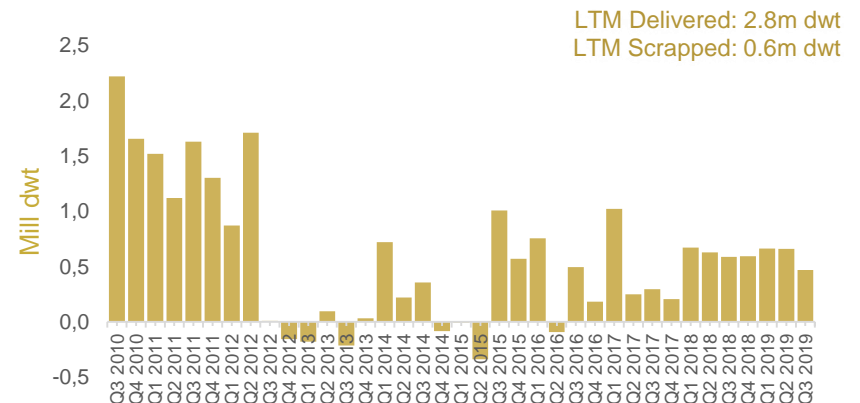
## PANAMAX / POST-PANAMAX



## HANDYMAX / SUPRAMAX



## HANDYSIZE

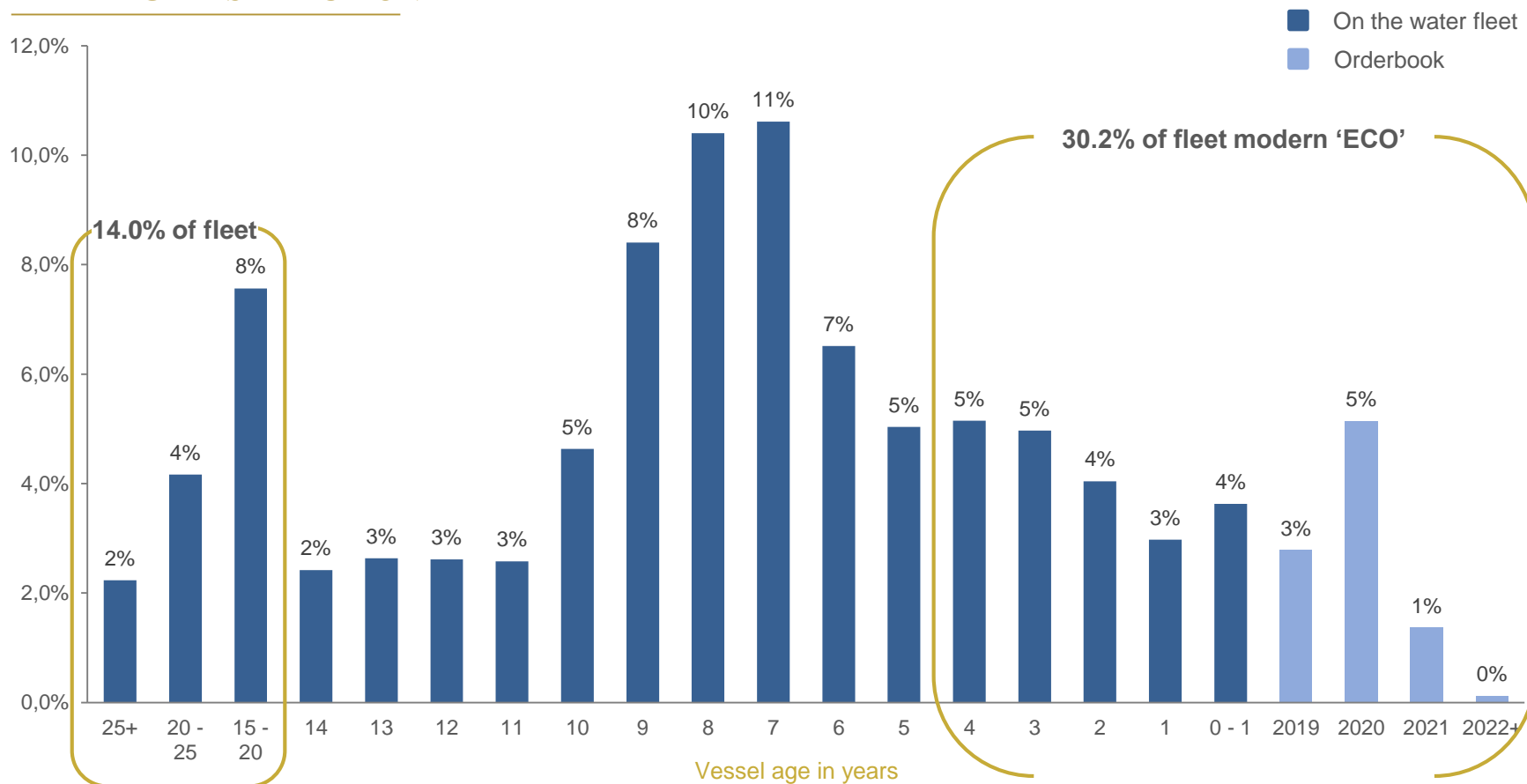


# LARGE PORTION OF THE FLEET IS NOT FUEL EFFICIENT



Potential for older vessels to be phased out under new sulphur regulations

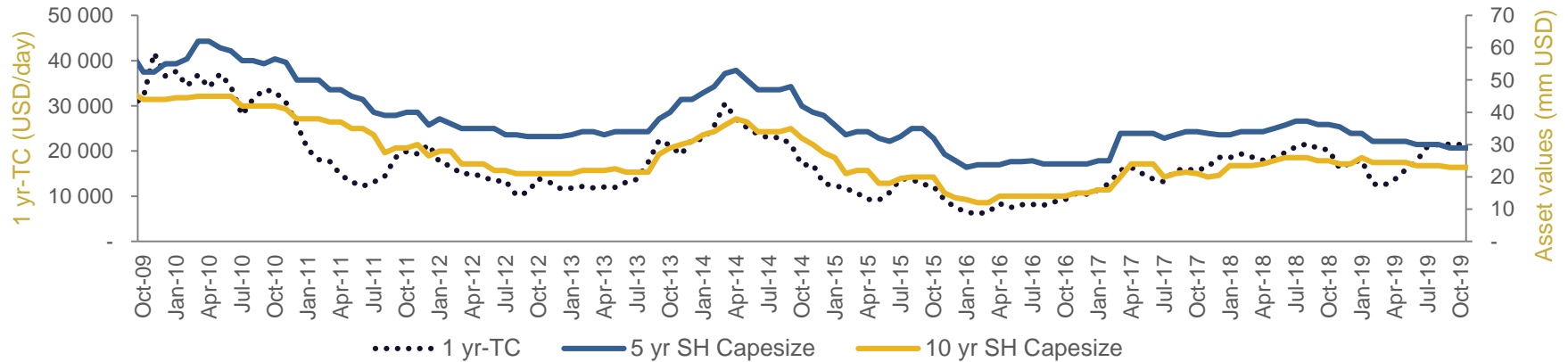
## FLEET AGE DISTRIBUTION



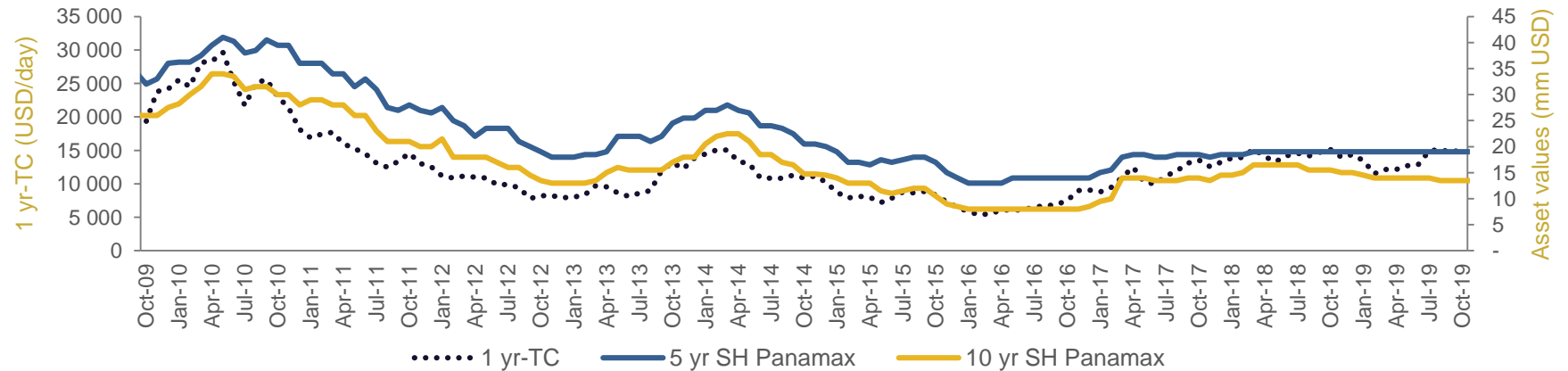
# S&P PRICES SLIDING; ACTIVITY FOCUSED ON OLDER, SMALLER TONNAGE



## CAPE SIZE VALUES AND EARNINGS



## PANAMAX VALUES AND EARNINGS

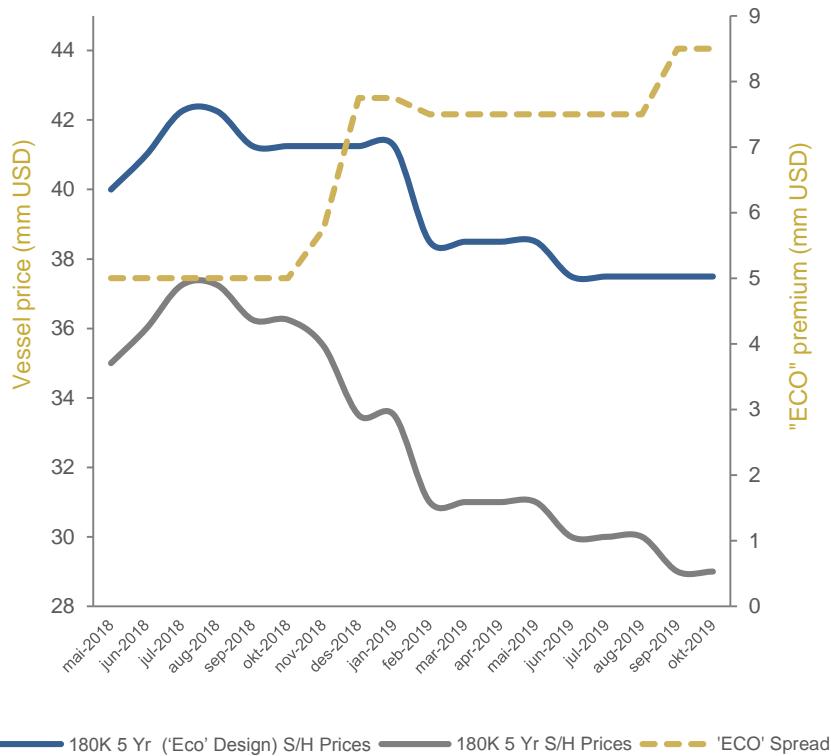


# THE ADVANTAGE OF FUEL-EFFICIENT VESSELS IS INCREASING

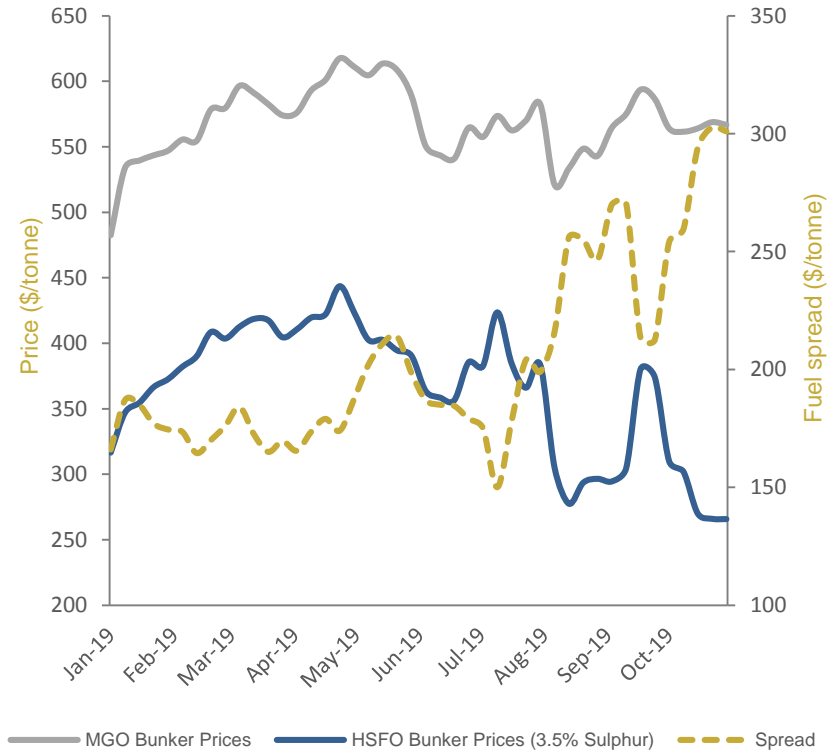


'Premium for 'ECO' vessels increased by 13% in the third quarter as spread between MGO and HSFO continues to increase

## CAPE-SIZE VALUES AND 'ECO' PREMIUM



## FUEL SPREAD





GOLDEN OCEAN™

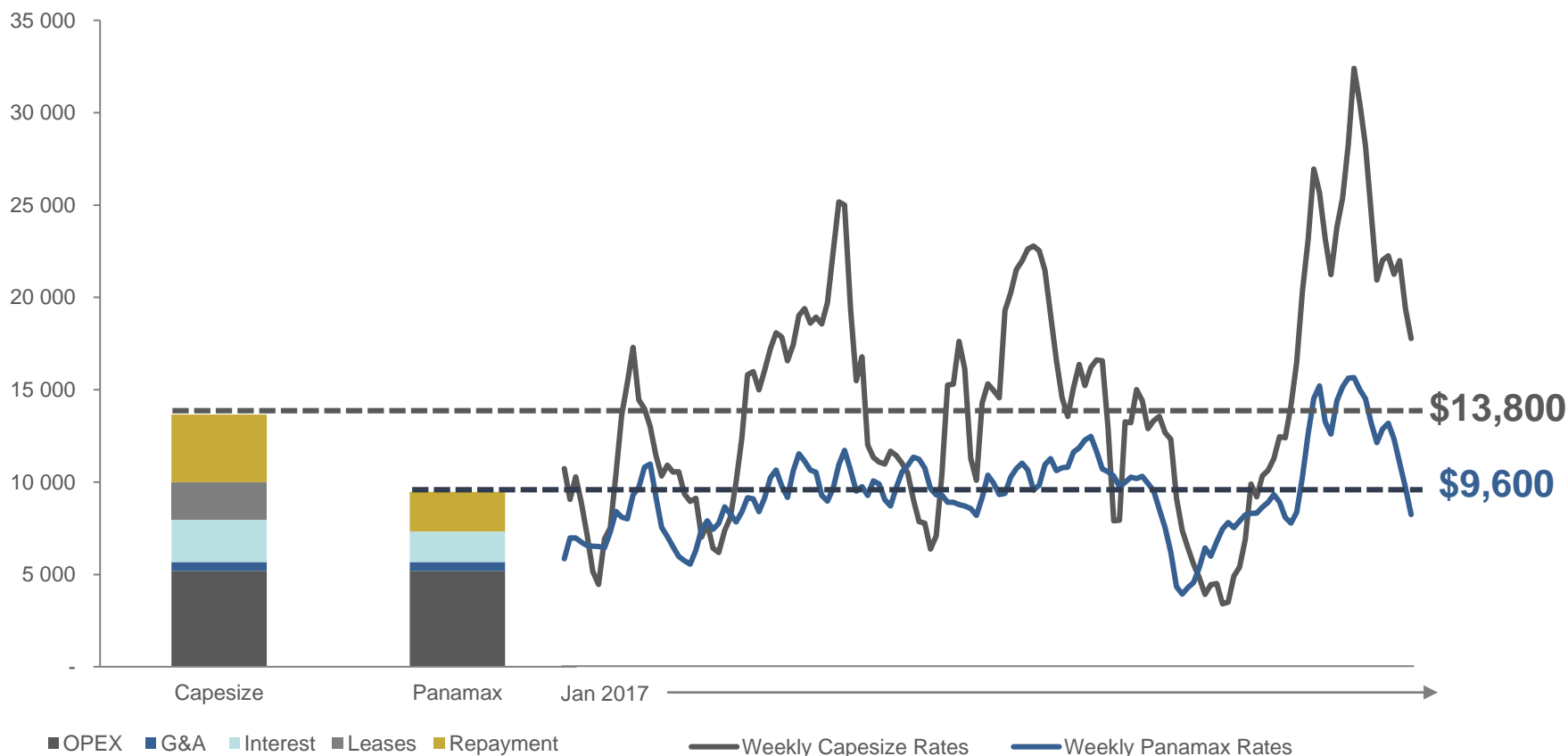
## OUTLOOK AND STRATEGY

# COMPETITIVE BREAKEVEN LEVELS DRIVE EARNINGS AND CASH GENERATION



- 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 79 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

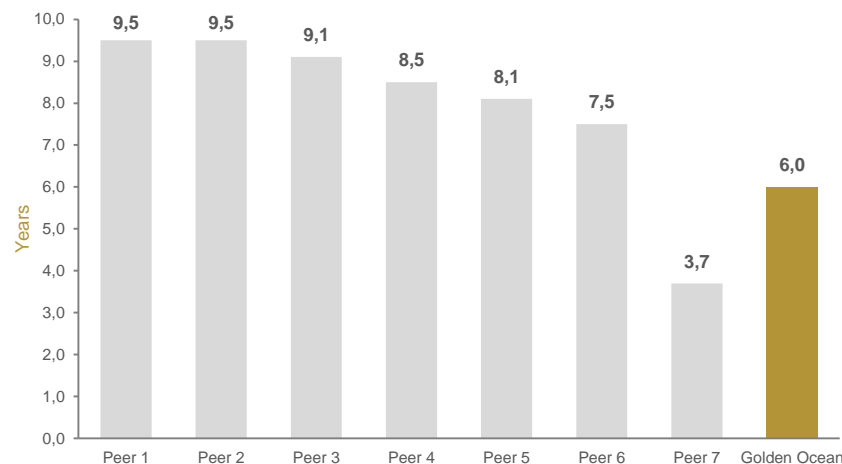


# WELL POSITIONED AS IMO 2020 APPROACHES



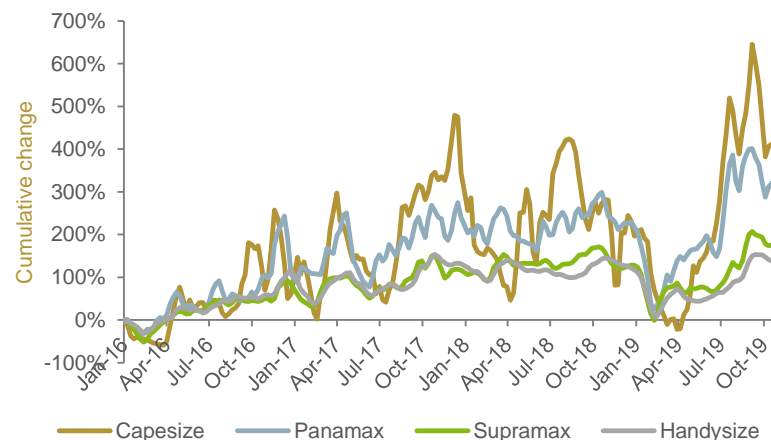
## MODERN, FUEL-EFFICIENT FLEET DRIVES COMPETITIVE ADVANTAGE

- Modern, fuel-efficient fleet with average age of six years comprised primarily 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 coming years
- Joint venture with Trafigura Group and Frontline ensures availability of competitively priced fuel from a trusted supplier with a global network



## SIGNIFICANT EXPOSURE TO VESSEL CLASSES THAT PROVIDE THE GREATEST LEVERAGE

- Capesize and Panamax vessels offer the greatest exposure to changes in market sentiment
- Large fleet comprised primarily of Capesize (46) and Panamax (30) vessels
- Majority of the fleet is trading spot, and every \$2,500 increase in average TCE rates above breakeven levels results in \$0.44 / share in cash flow





GOLDEN OCEAN™

## QUESTIONS & ANSWERS

THANK YOU FOR YOUR ATTENTION!



GOLDEN OCEAN™