



GOLDEN OCEAN™

Results Q1 - 2016

May 24, 2016

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*

Agenda



- Highlights
- Financials
- Fleet and newbuildings
- Macro Update
- Q&A



Highlights Q1-16

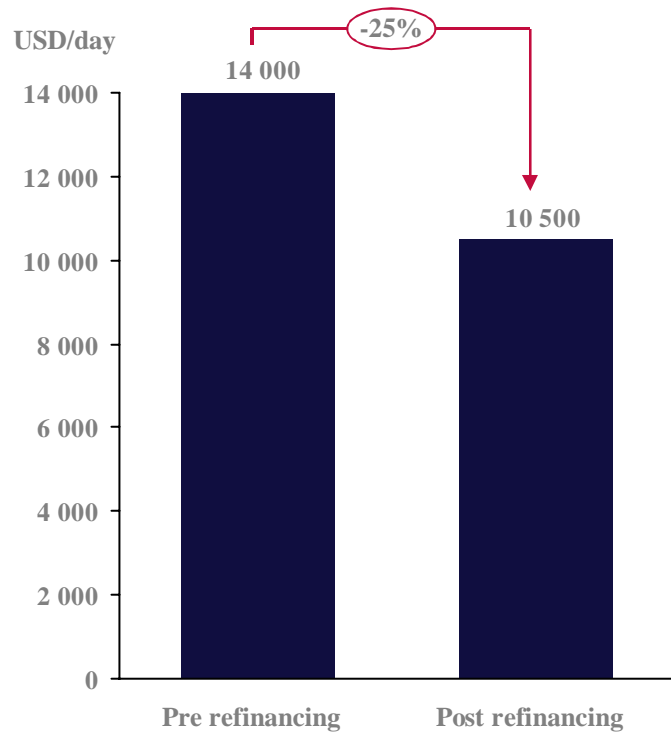


- The Company reports a net loss of \$68.2 million and a loss per share of \$0.22 for the first quarter of 2016.
 - Excluding one-offs of \$26.7 million the net loss is \$41.5 million
 - One-offs relates mainly to Impairment of financial assets and mark to market loss on interest rate hedges
 - Limited further downside on financial assets
- In February 2016, the Company agreed amendments to all its bank facilities
 - No repayments until end of Q3-18
 - Moderate increase in margin only on deferred amounts
 - Cash sweep mechanism is in place in order to deleverage when the market improves
 - Covenants are amended or waived for the same period
 - Pre-agreed drawdown of USD 25 million per remaining Capesize newbuilding eliminate funding risk at delivery
- The Company completed a private placement and a subsequent repurchase issue, which generated net proceeds of \$205.4 million.
 - Issued 357.1 million new shares in total at NOK 5.00
 - The shares are restricted shares in the US
 - The Company expect the restricted shares to become unrestricted at the end of September 2016

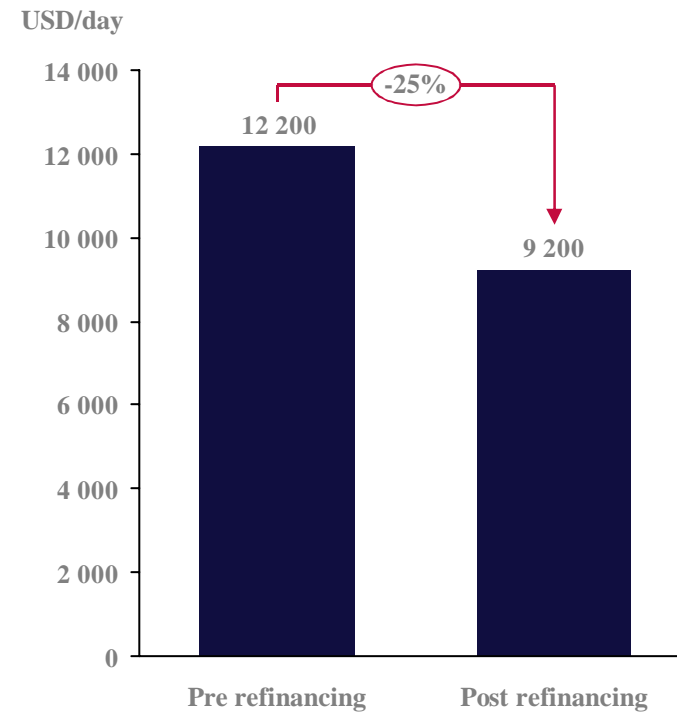
Amended bank terms ensures attractive cash break even rates



Capesize cash break even



Fleet average cash break even



Profit & Loss



INCOME STATEMENT <i>(in thousands of \$)</i>	2016 Jan-Mar	2015 Jan-Mar	2015 Jan-Dec	
Operating revenues	45,010	18,083	190,238	<ul style="list-style-type: none"> Revenues net of voyage expenses and charterhire expenses down by \$14.7 million compared to Q4-15
Gain (loss) on sale of newbuildings and amortization of deferred gain	101	-	(10,788)	
Operating expenses				<ul style="list-style-type: none"> Ship operating expenses relatively stable, one vessels DD during the quarter
Voyage expenses	21,718	13,414	78,099	
Ship operating expenses	25,093	7,050	83,022	
Charter hire expense	11,009	-	30,719	
Administrative expenses	3,025	1,152	12,469	
Vessel impairment loss	-	140,962	152,597	
Provision for uncollectible receivables	1,800	-	4,729	
Depreciation	14,946	9,818	52,728	
Total operating expenses	77,591	172,396	414,363	
Net operating loss	(32,480)	(154,313)	(234,913)	
Other income (expenses)				<ul style="list-style-type: none"> Further impairments on financial assets. Negative MtM on interest rate hedges impact the result with \$12.5 million
Interest income	257	3	849	
Interest expense	(9,314)	(1,567)	(28,270)	
Impairment loss on securities	(10,050)	-	(23,323)	
Loss on derivatives	(12,884)	-	(6,939)	
Other financial items	(3,725)	(415)	(6,930)	
Bargain purchase gain arising on consolidation	-	80,949	78,876	
Total other (expenses) income	(35,716)	78,970	14,263	
Tax expense	(40)	-	(189)	<ul style="list-style-type: none"> Net result, excluding non-recurring items was minus \$41.5 million vs 29.4 million in Q4-15
Net loss	(68,236)	(75,343)	(220,839)	
Basic loss per share (\$)	(0.22)	(0.88)	(1.46)	

Balance sheet



BALANCE SHEET <i>(in thousands of \$)</i>	2016 Mar 31	2015 Dec 31
ASSETS		
Short term		
Cash and cash equivalents	253,582	102,617
Restricted cash	7,866	351
Other current assets	81,761	100,692
Long term		
Restricted cash	52,841	48,521
Vessels, net	1,728,485	1,488,205
Vessels under capital lease, net	8,110	8,354
Newbuildings	199,230	338,614
Other long term assets	78,381	85,516
Total assets	2,410,256	2,172,870
LIABILITIES AND EQUITY		
Short term		
Current portion of long-term debt and obligations under capital lease	15,174	36,129
Other current liabilities	49,167	43,905
Long term		
Long-term debt and obligations under capital lease	1,041,647	925,647
Other long term liabilities	8,498	8,540
Equity	1,295,770	1,158,649
Total liabilities and equity	2,410,256	2,172,870

- \$314.4 million in cash including cash classified as restricted
- Increase of \$151 million during the quarter
- Vessels increased with \$240 million following delivery of four newbuildings
- One newbuilding delivered and sold
- No bank debt classified as Short Term
- Debt increased with debt on delivered newbuilding less ordinary debt repayments
- Equity increased by \$137.1 million following the Private placement net of loss incurred over the quarter

Fleet development



- Fleet development
 - In January 2016, the Company took delivery of the two Capesizes, *Golden Barnet* and *Golden Bexley*, built at Daehan in Korea.
 - Final installment of \$52.2 million was paid at delivery and \$56.7 million was drawn in debt
 - In January 2016, the company also took delivery of the two Newcastlemaxes *Golden Scape* and *Golden Swift*, built at Bohai in China
 - Final installment of \$60.4 million was paid at delivery and \$60.5 million was drawn in debt
 - In February 2016, the Company took delivery of, and simultaneously sold, the *Front Caribbean*, and chartered the vessel in for a period of twelve months.
 - Final installment of \$33.4 million was paid at delivery and sales proceeds of \$46.2 million was received
 - According to preagreed terms at the time signing the sales contract the vessel was immediately chartered back to us for 12 months at a rate of 14,000\$/d
 - In February 2016, the Company agreed with the lessor of the chartered-in Supramax vessel *Golden Hawk* to reduce the daily charterhire rate from 13,200\$/d to 11,200\$/d for a period of two years against paying back in total \$1.75 million over the remaining charter period. Timing of payment depends on the development of the Baltic Exchange Supramax index
 - In January 2016, the Company entered into a Capesize revenue sharing agreement with three other owners of Capesize vessels

Current Fleet



	Capesize	Kamsarmax /Panamax	Iceclass Panamax	Ultramax
Sailing	21	8	10	5
Newbuilding	10	-	-	3
BB/TC in + JV	8/2 + 1(JV)	2	-	1
Total	42	10	10	9

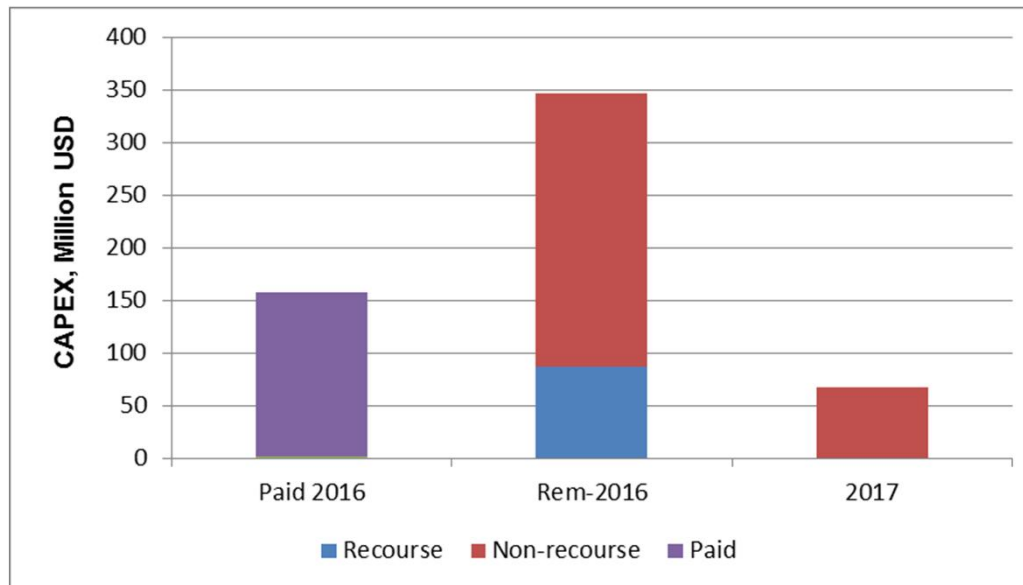
EMPLOYMENT

- All 10 capesizes on index-linked long term TC-contracts to RWE delivered of which the last two early May 2016
- Four Kamsarmax vessels on long term TC-out
- Two Panamax vessels on long term TC out. One of the contracts expires within the next twelve months
- Remaining fleet trading spot
 - Cape fleet included in Capesize Chartering RSA agreement

Newbuildings



Type of vessel	2016	2017
Capesize	7	2
Supramax	3	-
Capesize (Sold)	1	-



No further capex paid since February 2016

Two Capesizes agreed postponed from Q1 to Q4-16

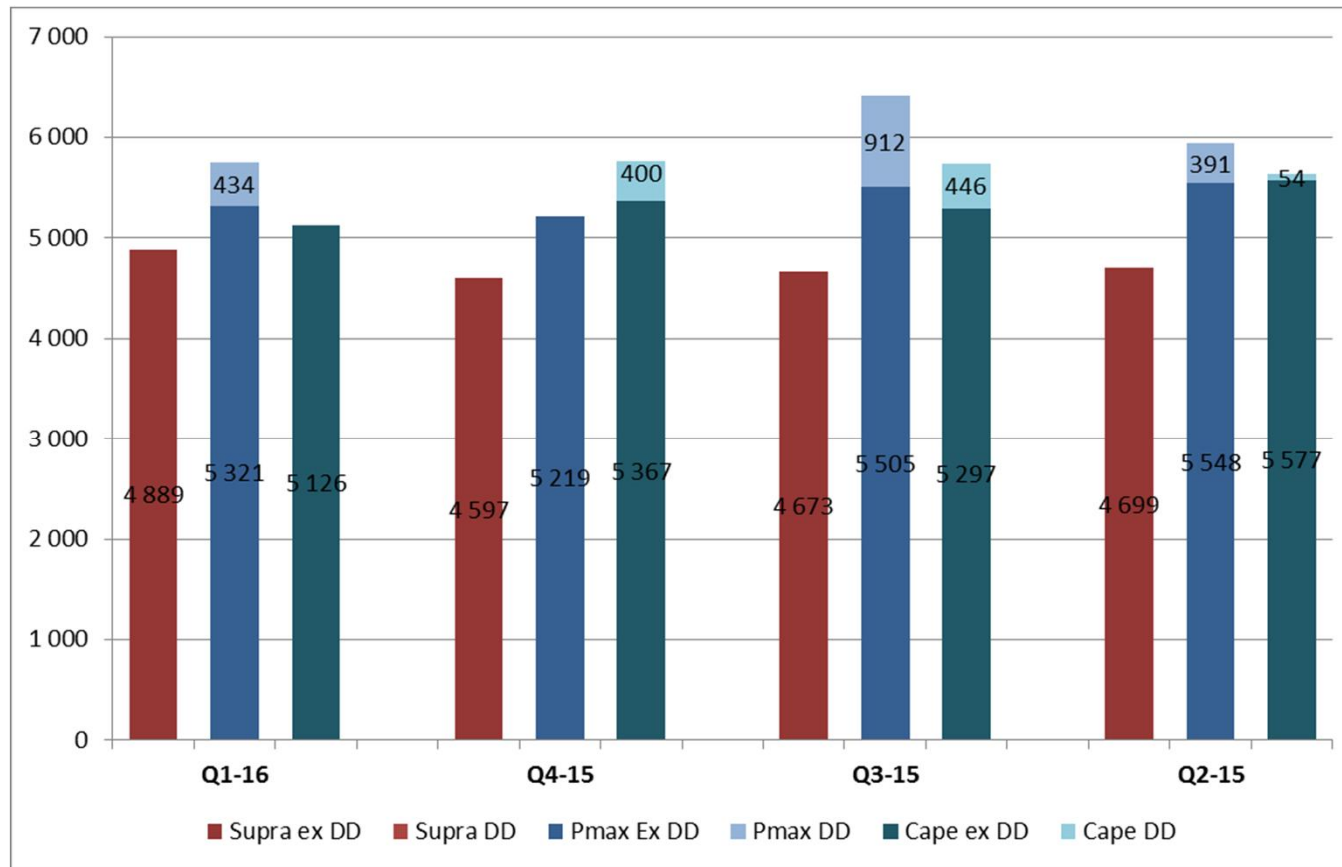
Remaining recourse capex relates mainly to two vessels, of which one is sold and one with delivery in Q2-16

Continued work on further postponements for the remaining newbuilding

All remaining Capesize newbuildings are financed

The three Supramax vessels are unfinanced

Vessel operating expenses



- Based on 5 Supramaxes, 20 Panamax/Kamsarmax and 29 Capesize
- One vessel docked in Q1, two more to be docked during 2016

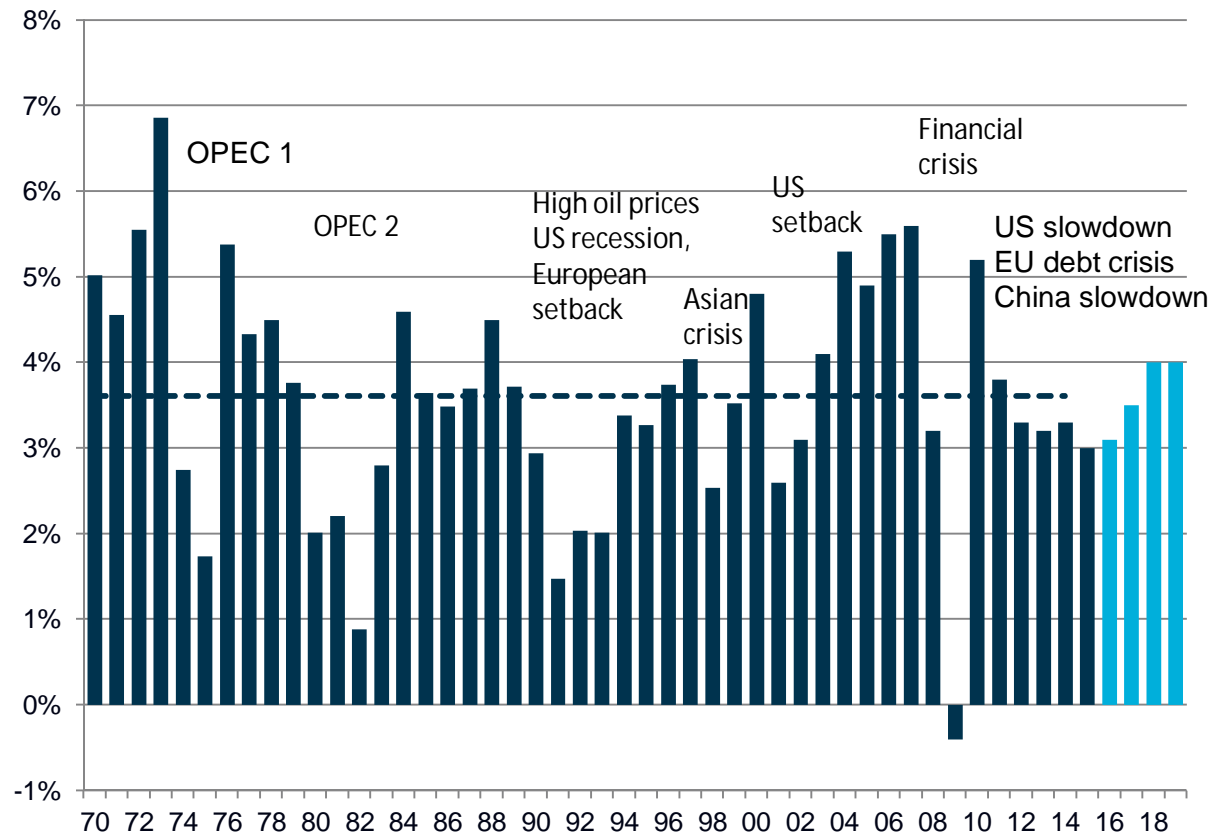


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Macro Update

Birgitte Vartdal, CEO Golden Ocean Management AS

Global economic growth 1970 - 2019



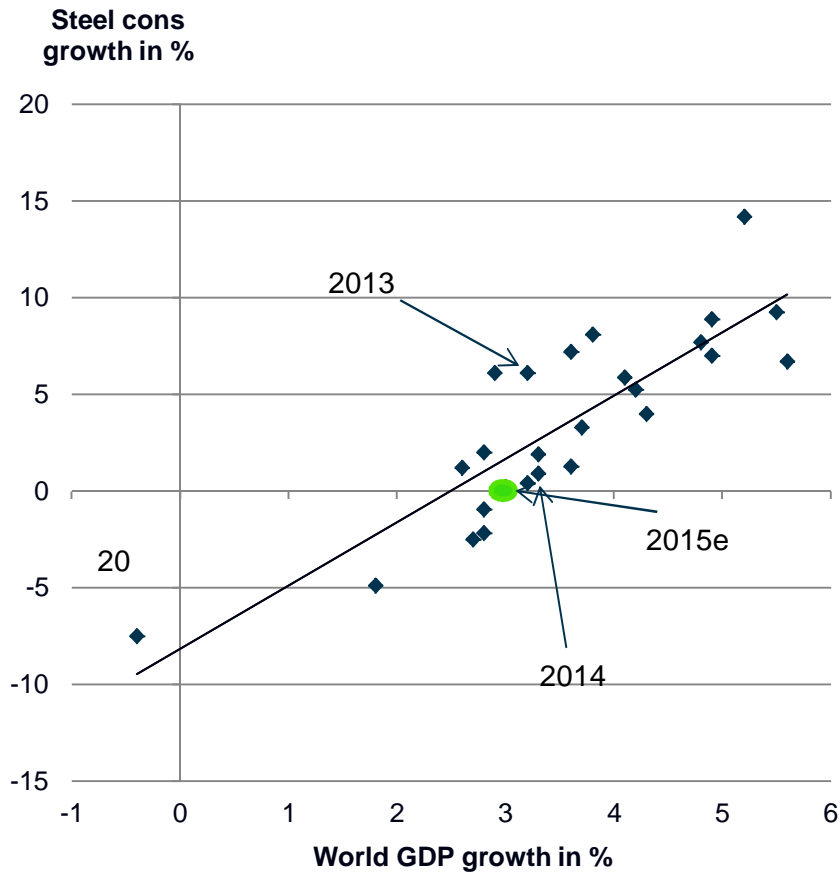
GDP growth	2015	2016	2017
USA	2.4	2.1	2.3
Euro area	1.5	1.5	1.6
Japan	0.6	0.8	0.6
China	6.9	6.4	6.2
Korea	2.6	2.7	2.8
India	7.5	7.6	7.7
L. America	-0.3	-0.2	1.8
Russia	-3.8	-1.3	1.4
World	3.0	3.1	3.5

2016-17: Consensus Forecast/IMF
2018-19 based on IMF January 2016

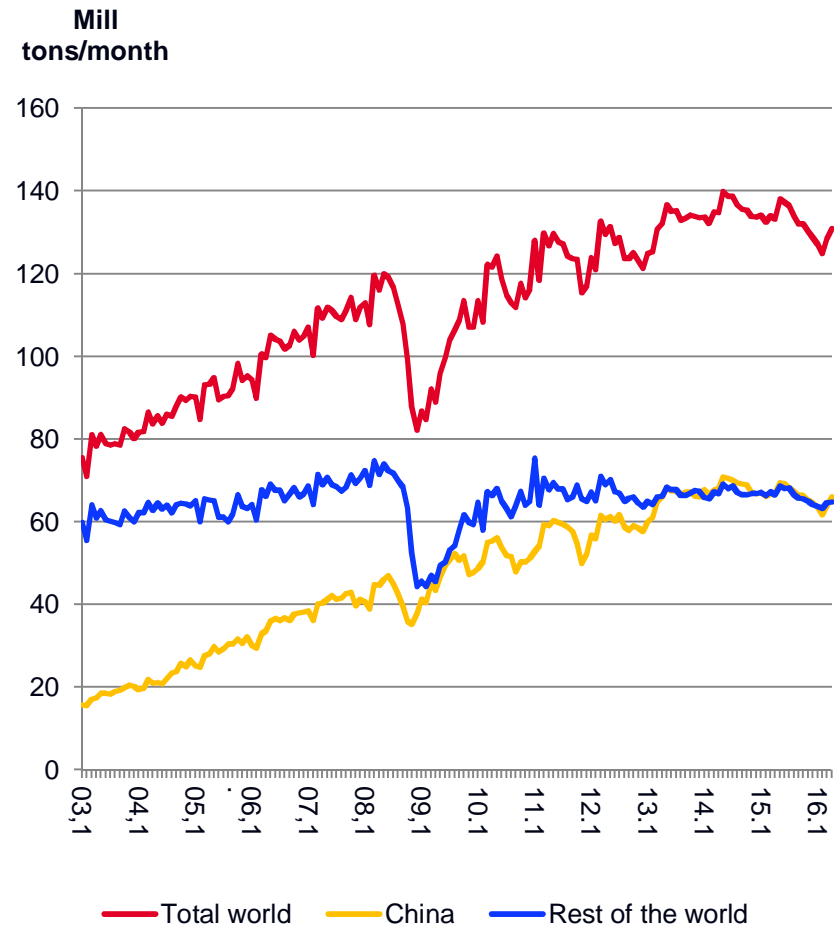
Steel industry – the main driver for dry bulk tonnage demand...



Steel consumption vs economic growth



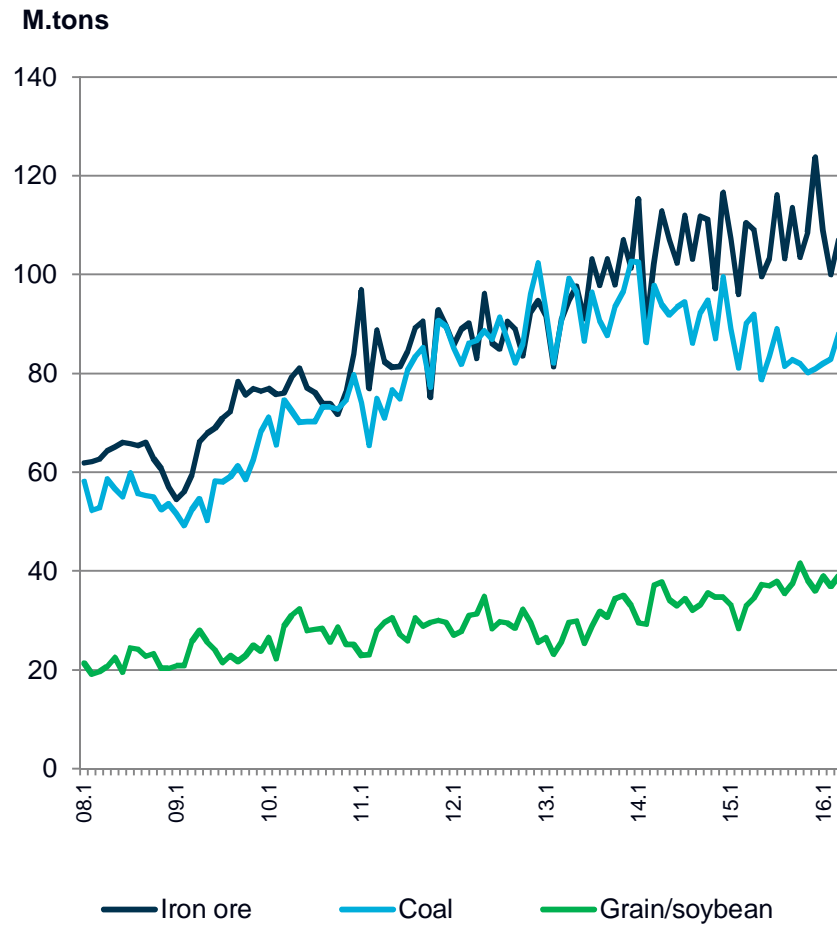
World steel production



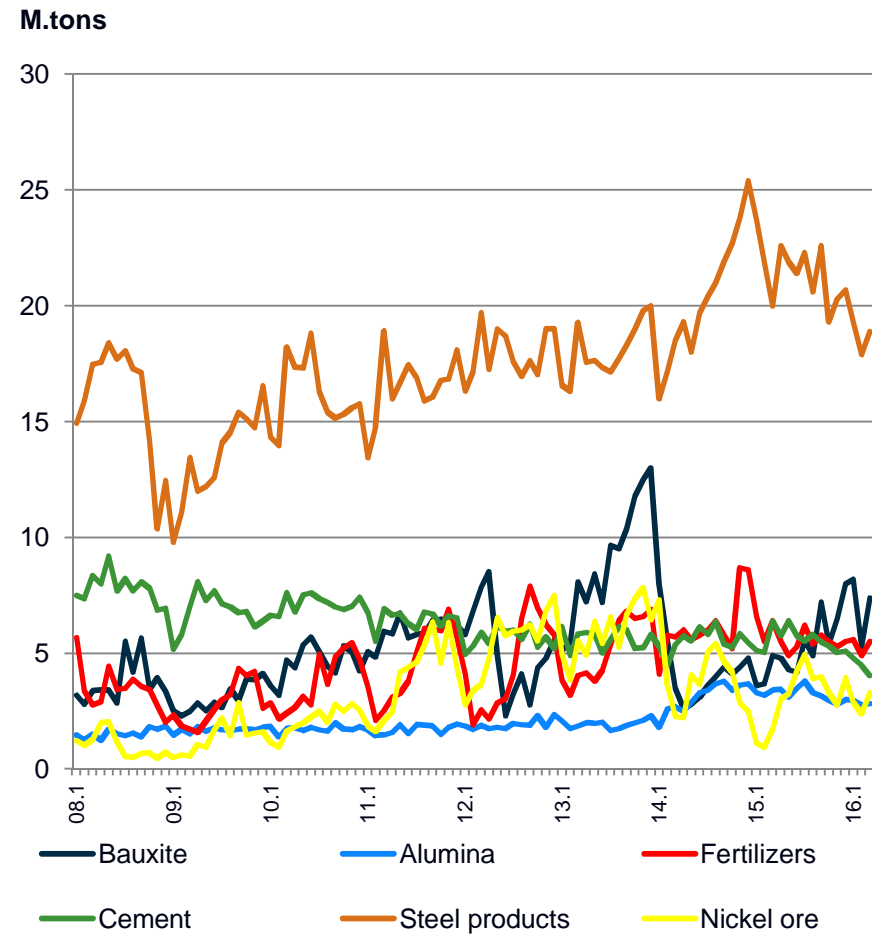
Seaborne trade of dry bulk commodities (major importers)



Iron ore and coal export



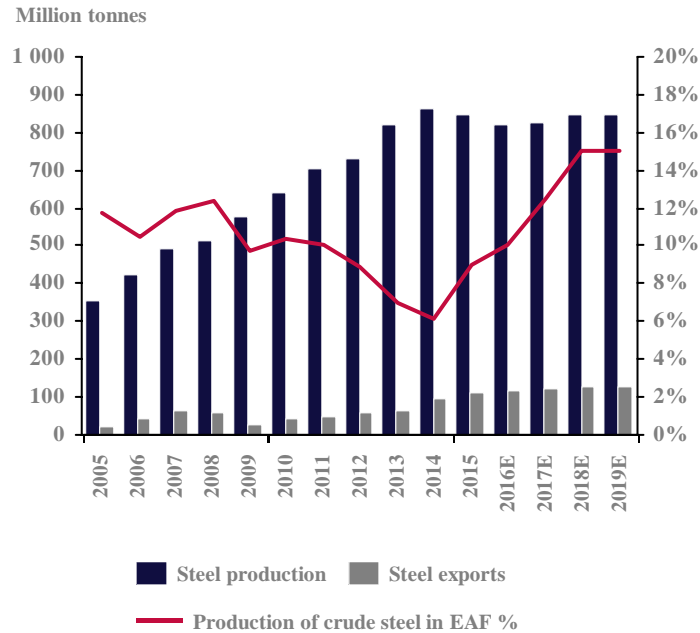
Other commodities



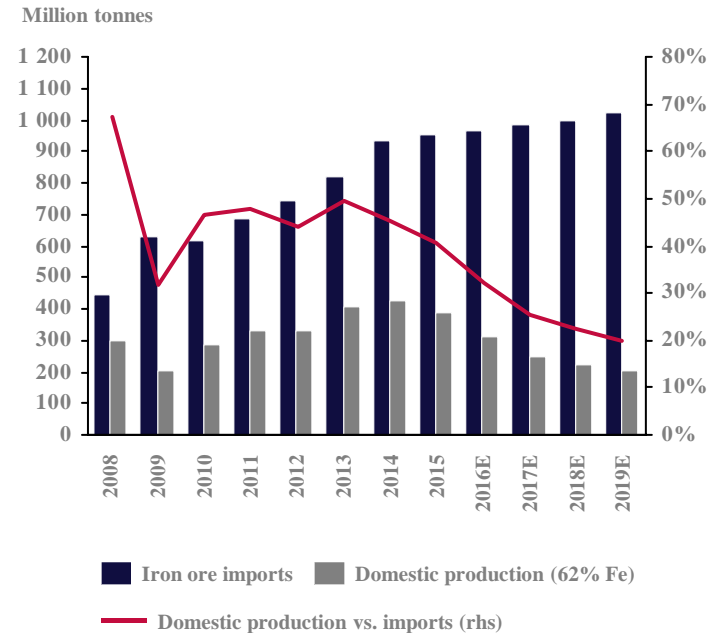
Chinese iron ore imports expected to increase as domestic producers are shedding capacity



Chinese steel production and exports



Chinese iron ore production and imports

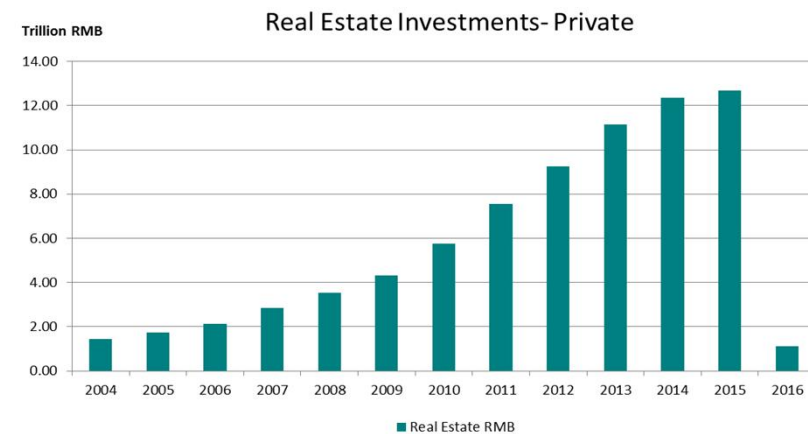
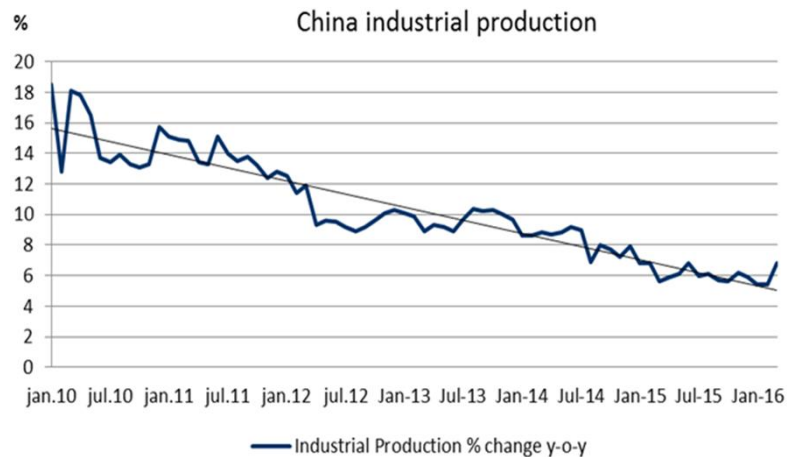
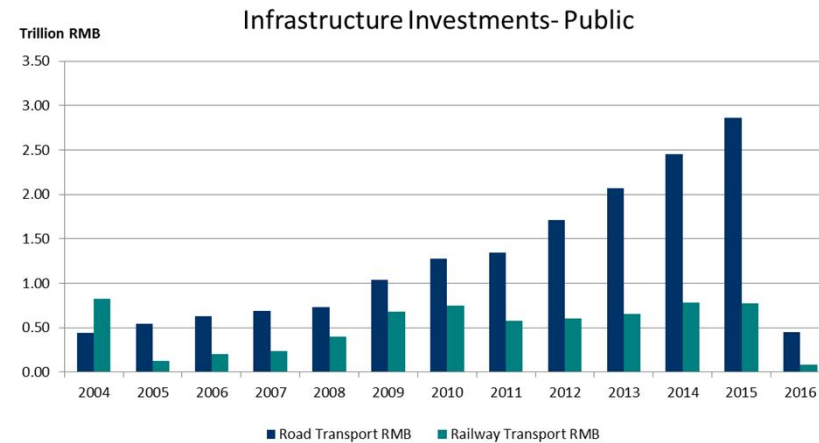


- Chinese steel production expected to flatten (or decline slightly) towards 2019
- However, Chinese steel mills will continue to increase requirements for imports of iron ore, as a result of declining domestic production

Infrastructure and property investments about 70% of Chinas steel demand



- Road infrastructure developments still seeing strong growth of 10% first quarter y-o-y, investments in railway are up 2% for the same period
- Real estate development growing by 4.8% Jan-Feb 2016 y-o-y
- Industrial production activity has bottomed out seeing 6.8% growth y-o-y in March

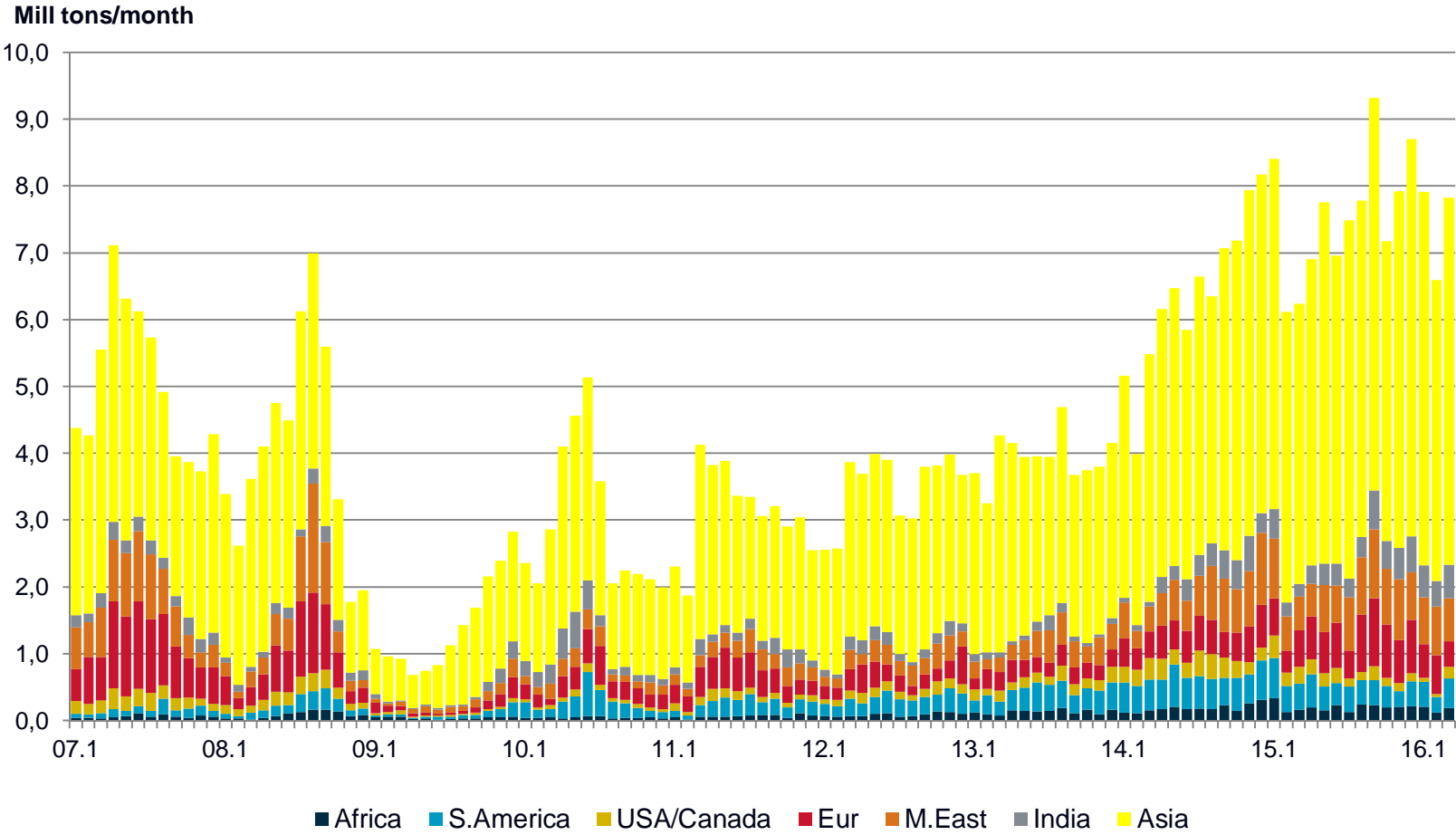


Steel demand fundamentals still strong

Chinese steel exports



By destination – monthly shipments



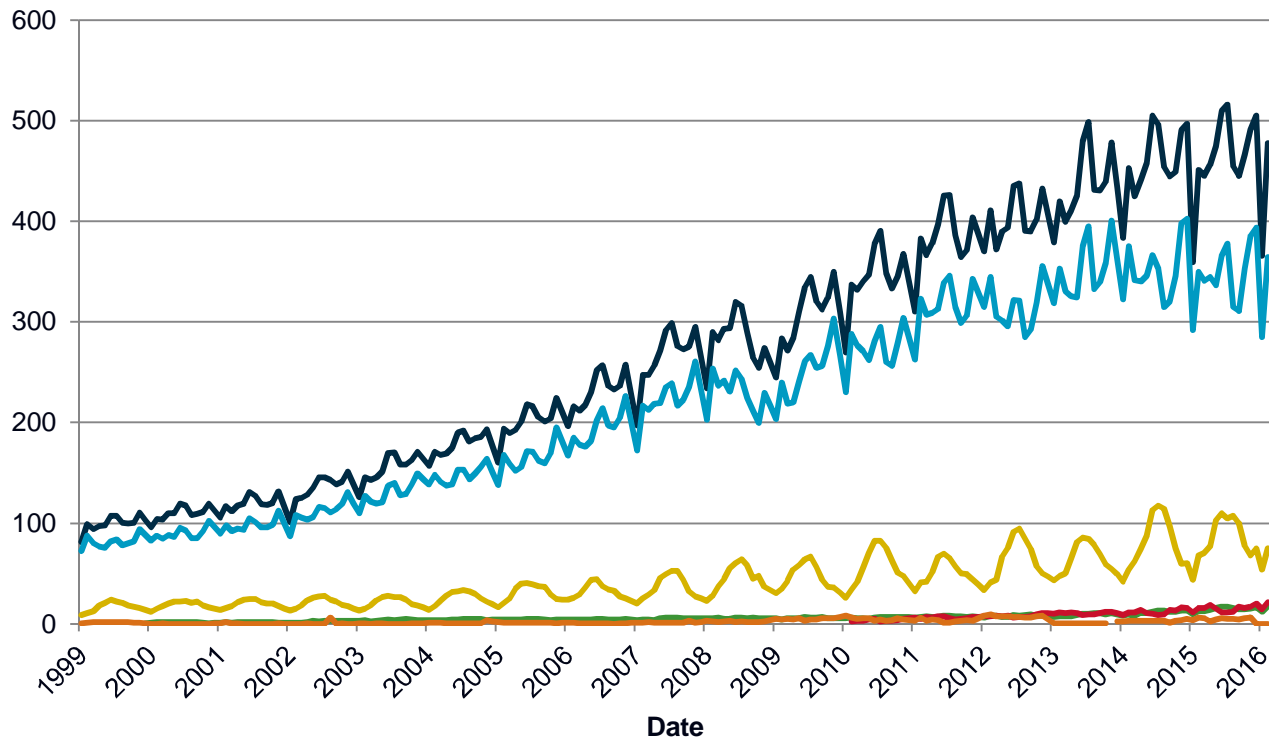
Source: GTIS/Clarksons Platou

Chinese economic activity indicators



Total electricity generation and by source

Terawatt hour



2016 ytd March output change (%)	
Total generation	3.13
Thermal	-0.13
Hydro	18.9
Nuclear	30.6
Wind	33.3

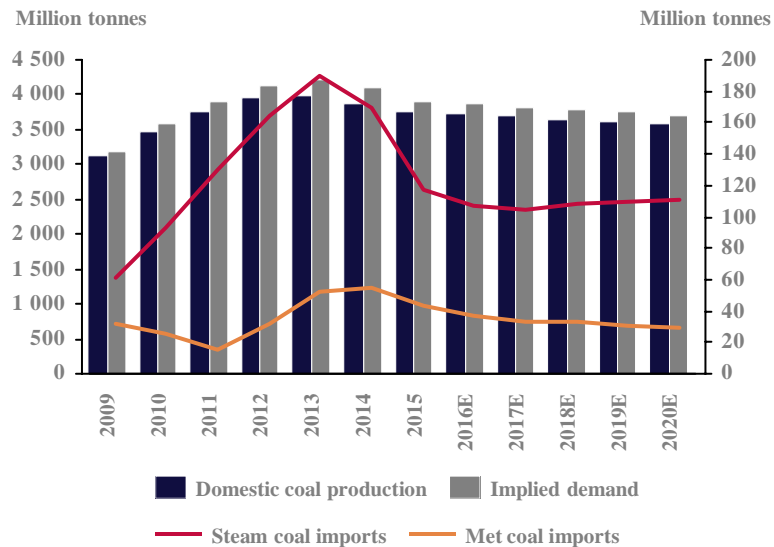
— Total — Thermal — Hydro — Nuclear — Wind — Other

Strong and stable growth in Indian coal imports expected

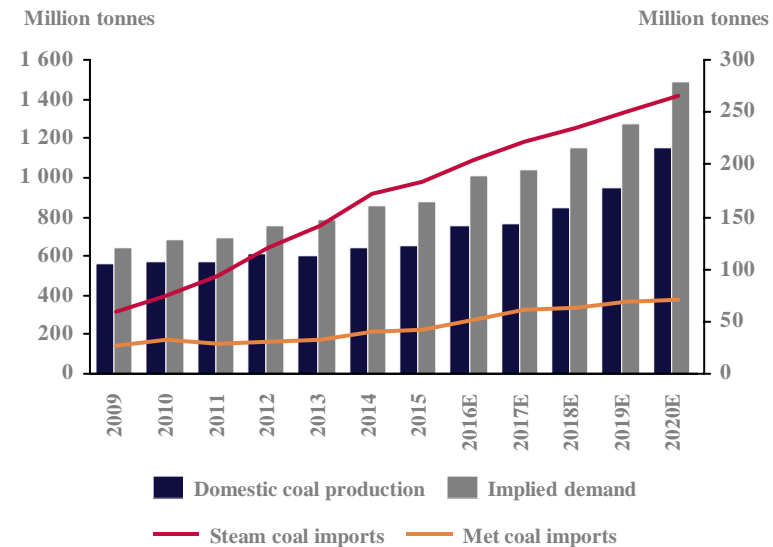
Chinese imports expected to remain flat



Chinese coal imports



Indian coal imports



- Coal remains China’s main source of energy (~63%)
- International coal prices have fallen below China’s domestic prices, making imports more commercially attractive

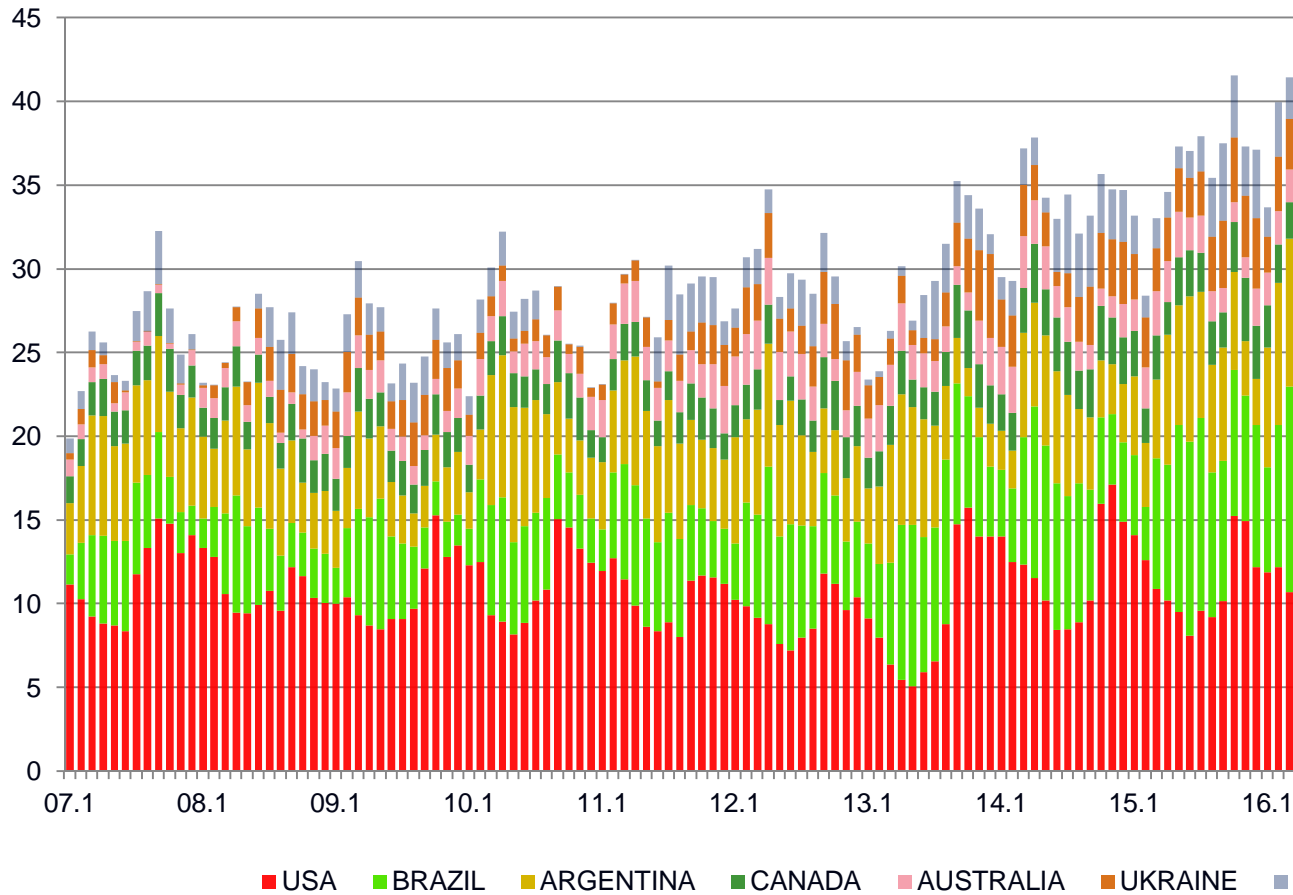
- Strong growth in demand for energy expected as ~300 million people are still without electricity in India
 - Coal is still India’s primary source of energy (~59%)
- India is planning to double its coal production to 1.5 bn tonnes by 2020
 - Infrastructure bottlenecks and lack of private mining capacity are likely to cause delays

Cereals trade



Exports of grain and soybean – Major exporters

Mill tons



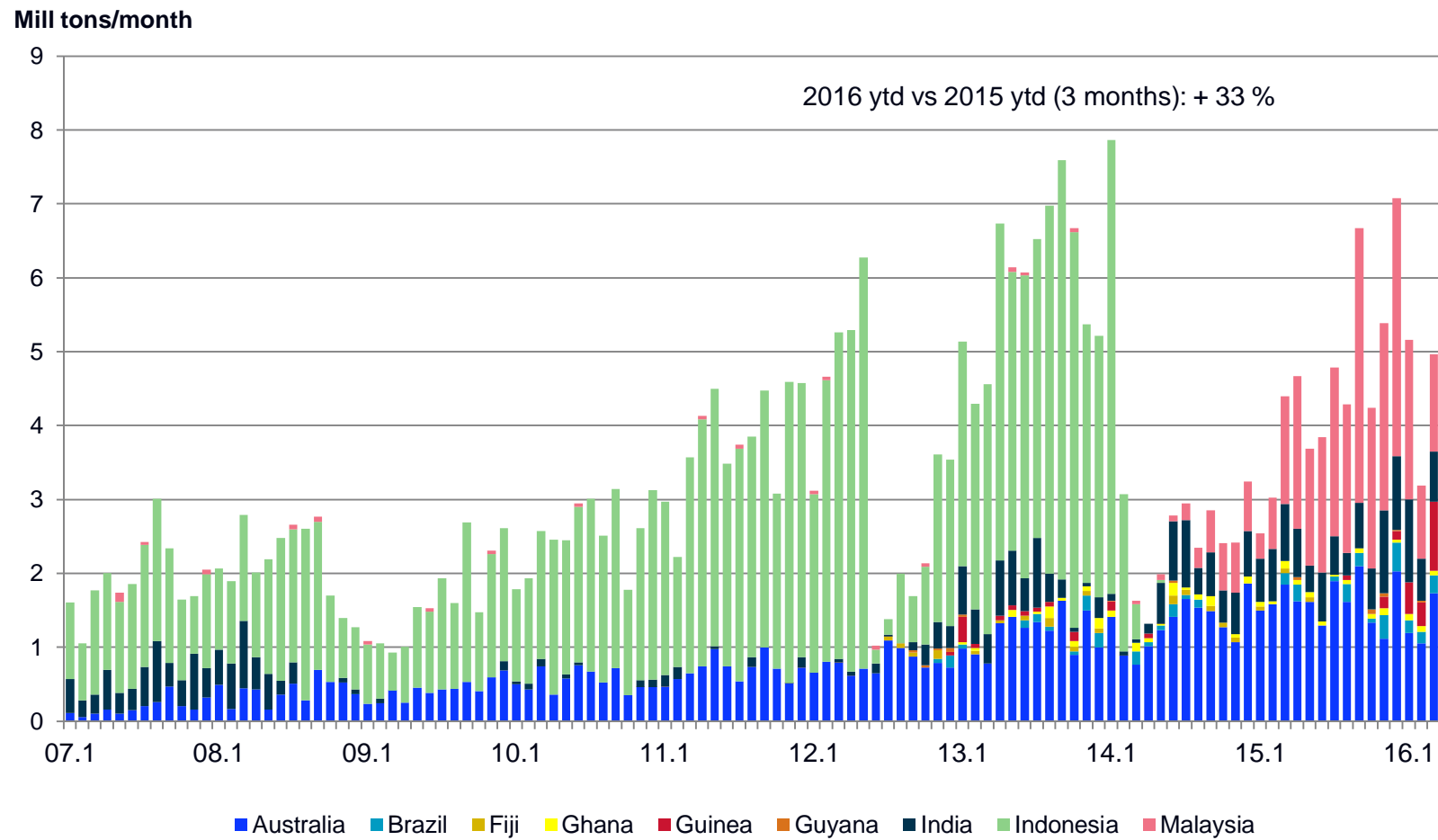
2016 vs 2015 ytd (4 months):

USA	- 6.7 %
Canada	- 4.5 %
Brazil	+ 63.9 %
Argentina	+ 58.7 %
Australia	- 15.5 %
Ukraine	+ 2.2 %
Russia	+ 30.2 %
Total	+ 19.2 %

Chinese bauxite import



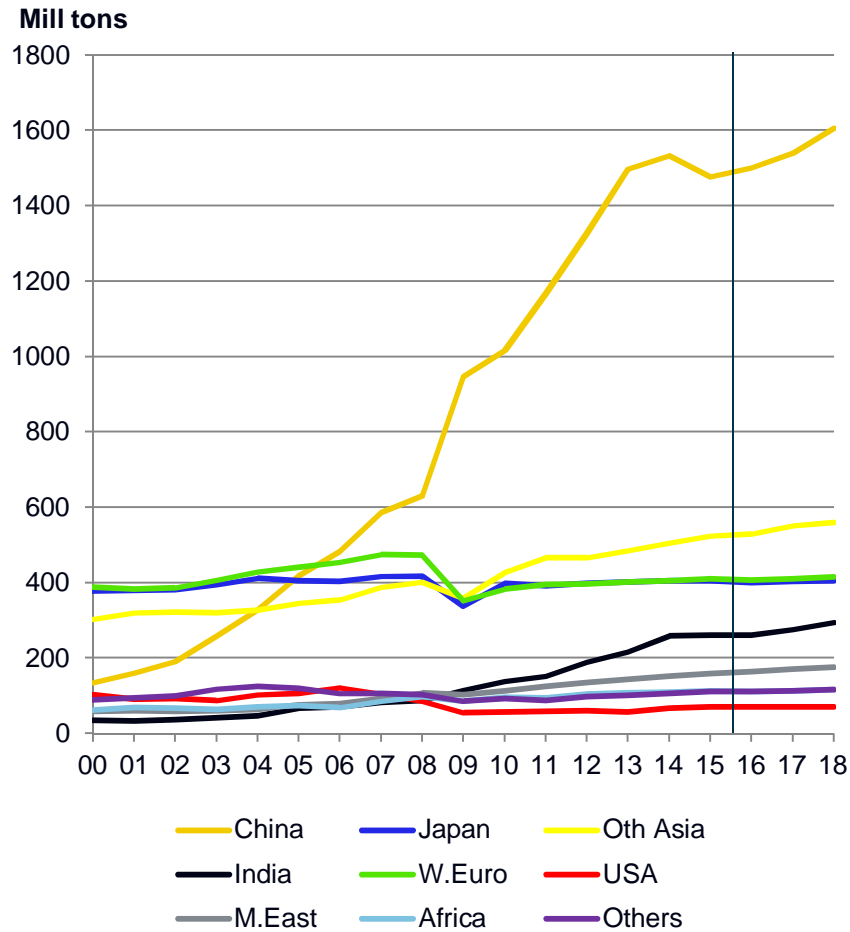
By source – mill tons per month



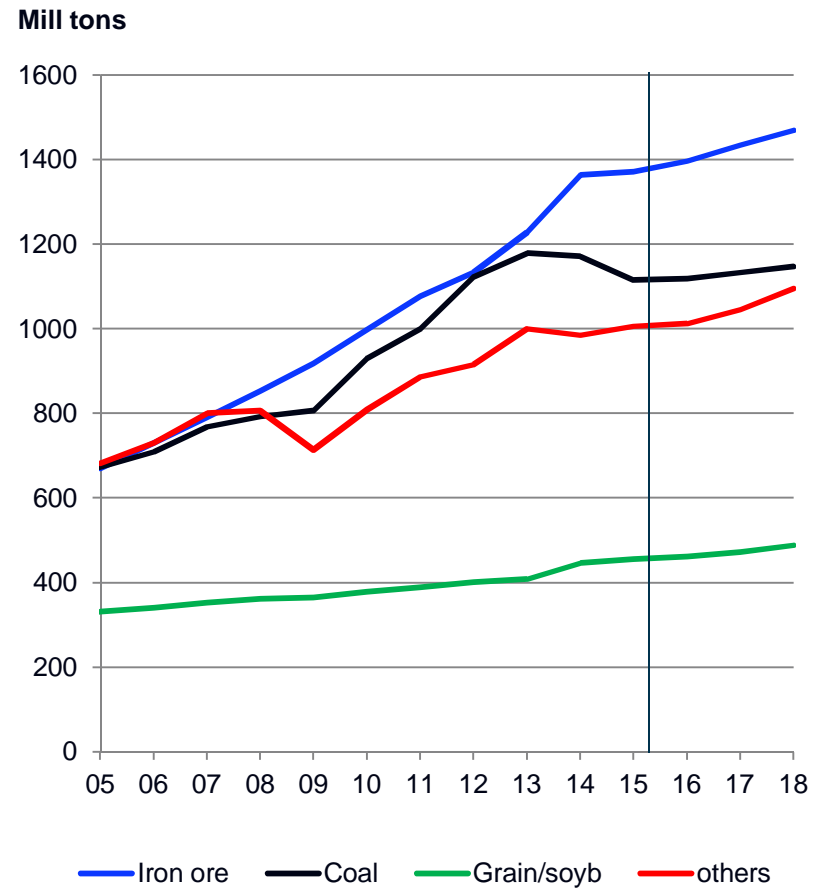
Dry bulk trade



Major importing countries



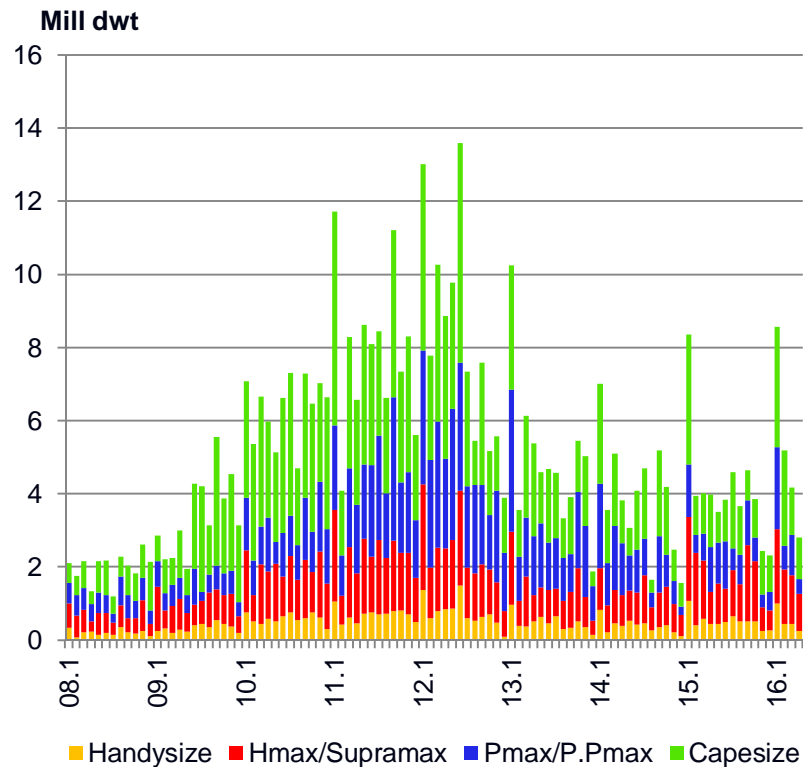
World seaborne trade by commodity



Bulk Carrier deliveries and demolition trend

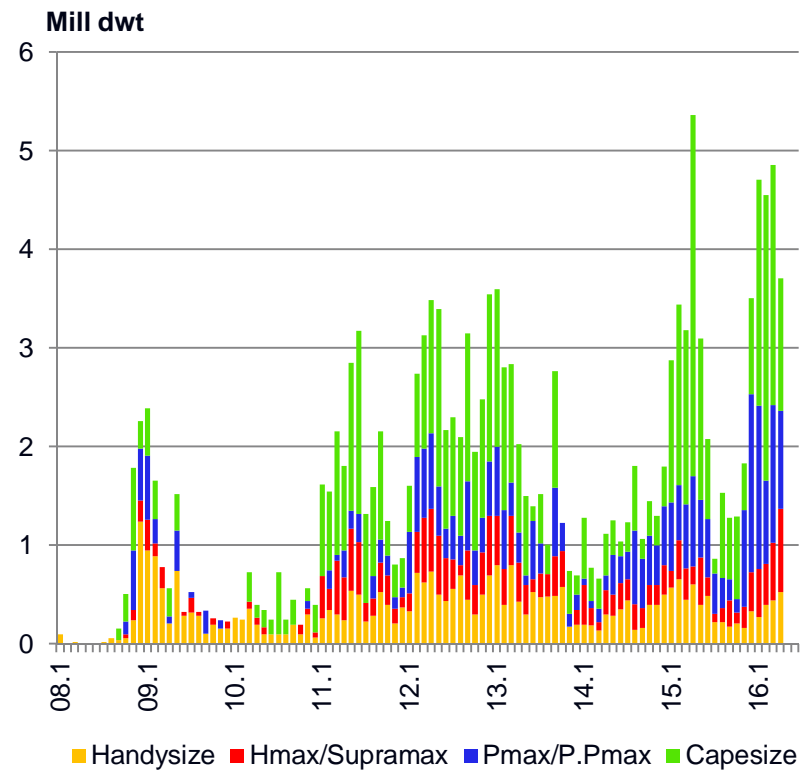


Deliveries of Bulk Carriers



Total delivered 2016 (May 1)	= 20.7 m dwt
Handysize (10-39,999dwt)	= 2.2 m dwt
Hmax/Supramax (40-64,999dwt)	= 5.9 m dwt
Pmax/Kamsar (65-84,999dwt)	= 3.6 m dwt
Post-Panamax (85-119,999dwt)	= 0.7 m dwt
Capesize (120,000dwt +)	= 8.3 m dwt

Bulk Carriers sold for scrapping



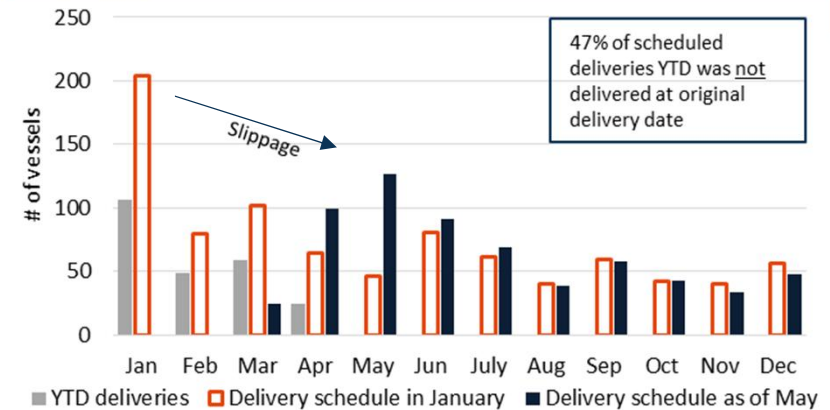
Scrapped ytd 2016 (may 1)	= 17.8 m dwt
Handysize (10-39,999dwt)	= 1.64 m dwt
Hmax/Supramax (40-64,999dwt)	= 2.33 m dwt
Pmax/Kamsar (65-84,999dwt)	= 4.81 m dwt
Post-Panamax (85-119,999dwt)	= 0.09 m dwt
Capesize (120,000dwt +)	= 8.96 m dwt

Reduction in the original delivery schedule

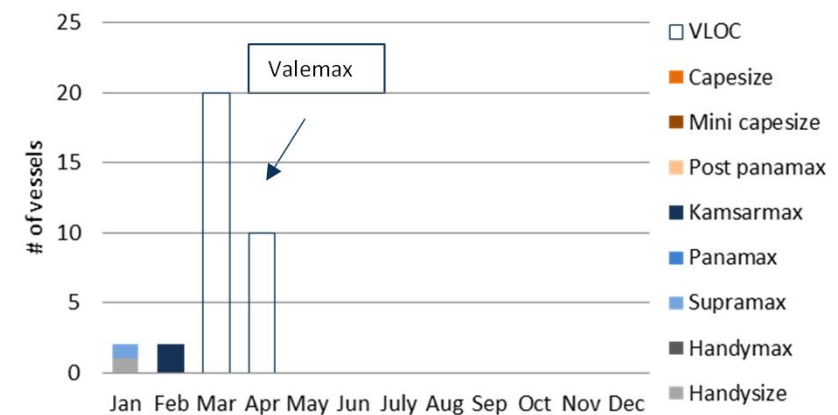


- Only half of scheduled deliveries YTD is delivered
- Slippage continues
- 30 Valemaxes ordered by Chinese owners at Chinese shipyards del. 2018E
 - This equals 12mill dwt, but ~19mill dwt over 200k dwt are 15 years or older
- Excluding the 30 Valemaxes, only 4 vessels contracted YTD
- It remains to be seen what actually gets delivered...

Adjustments to the original 2016 delivery



Contracting

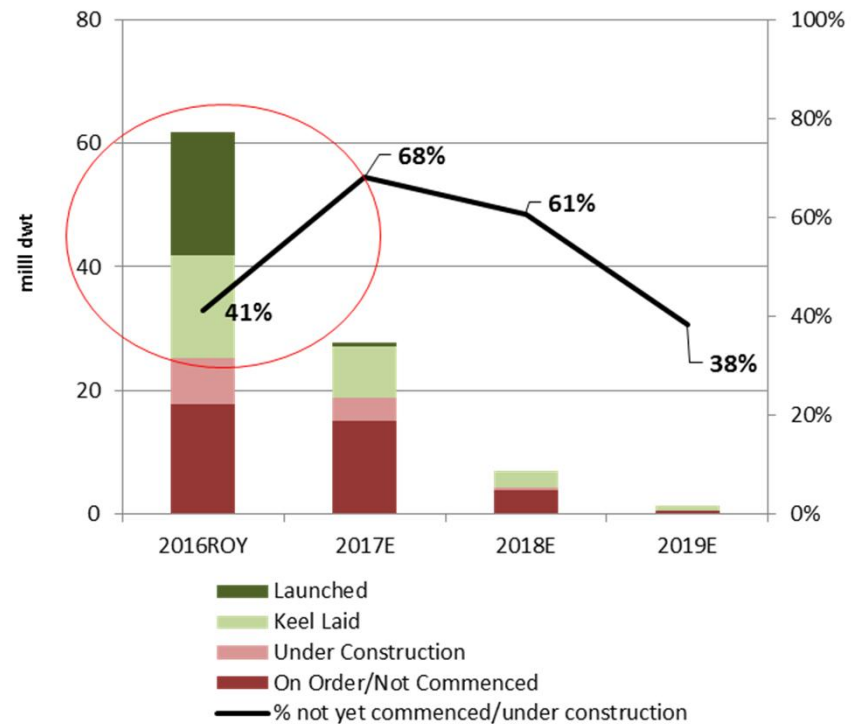


Discrepancy between expectations and reality



- What we see, is not necessarily what we get
- Challenging market conditions ahead will force supply changes
- Owners to postpone deliveries and cancellations are likely to occur
- Tier III regulations in effect from January 1st

Total orderbook split by status

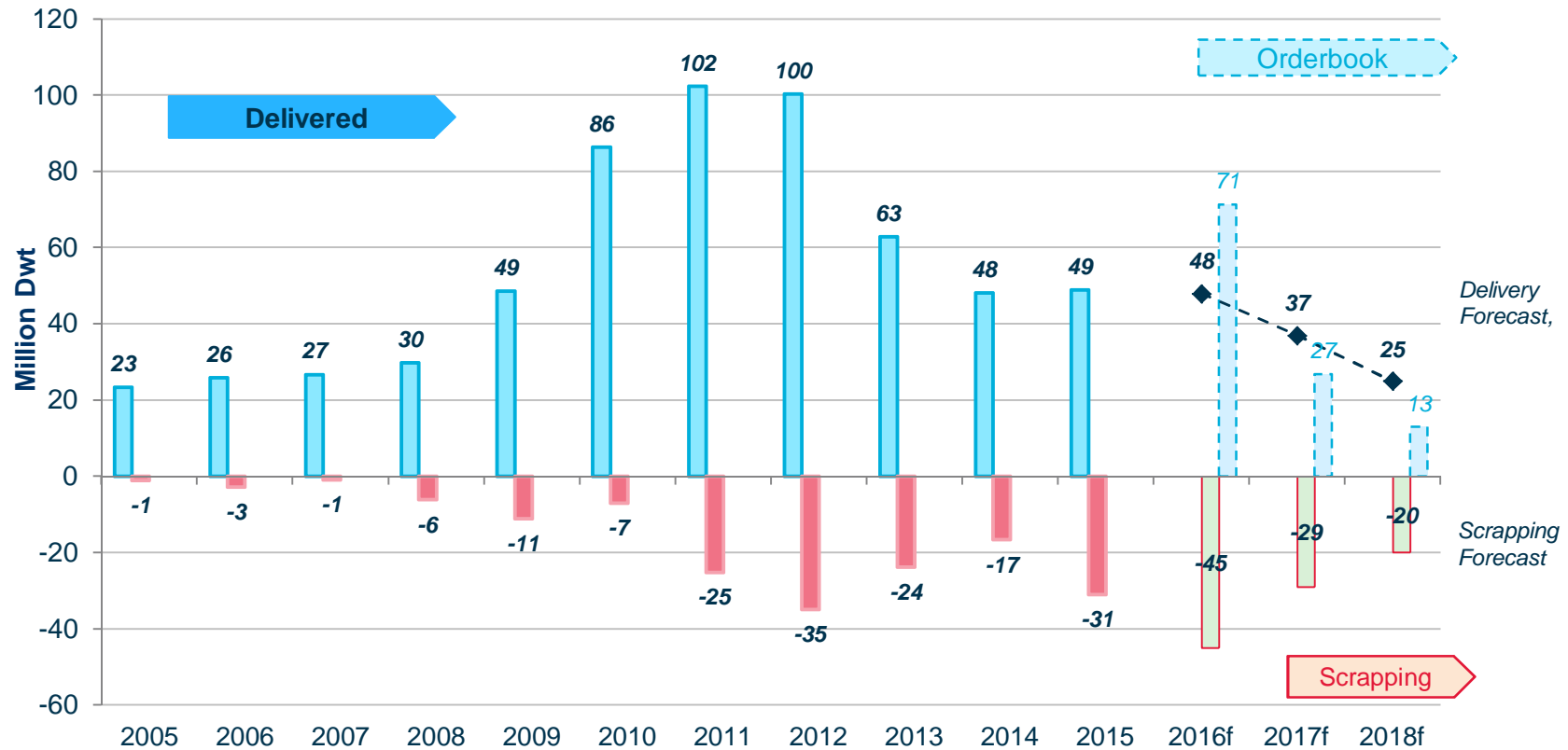


Fleet trend

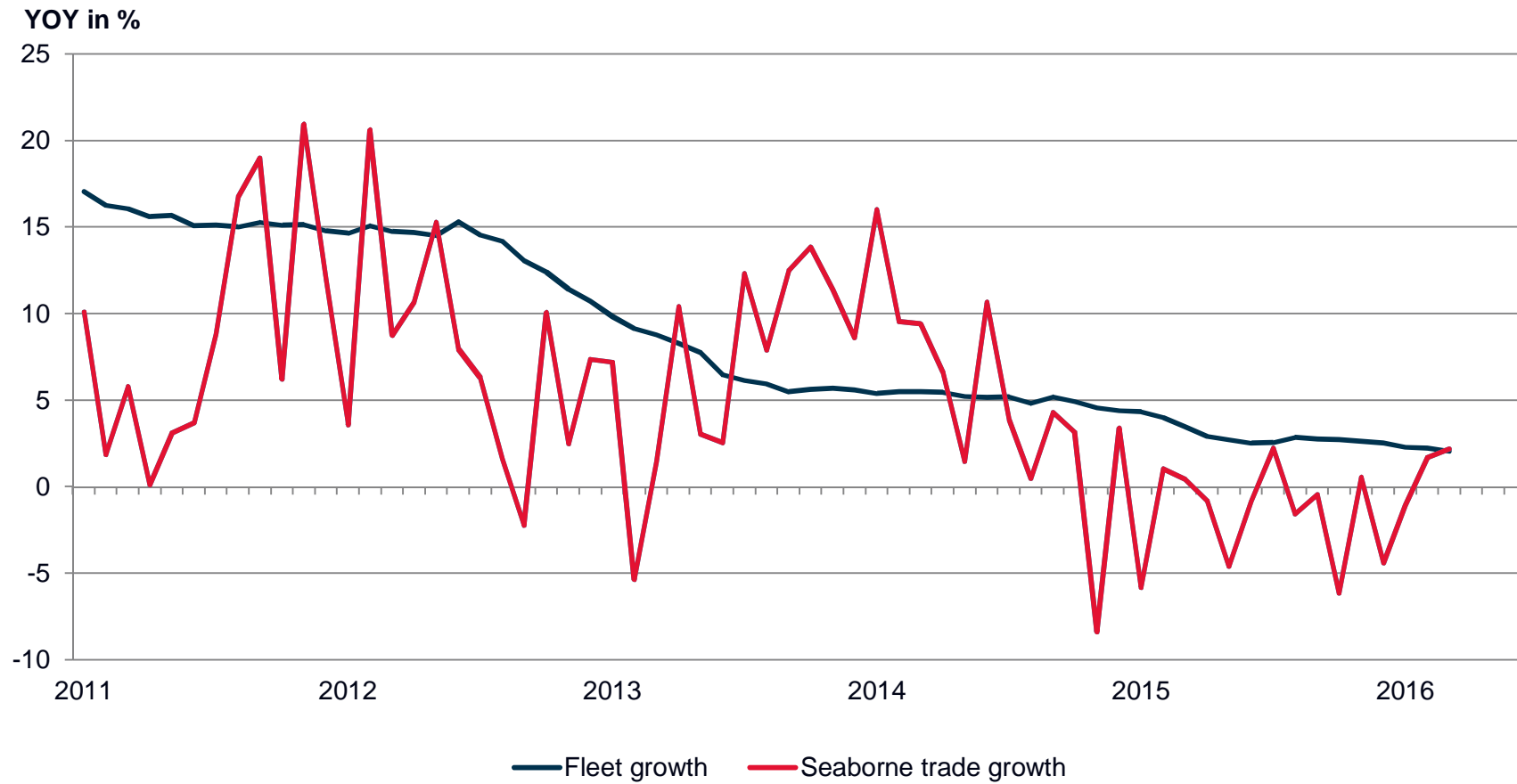


Total fleet delivery & estimated removals

Orderbook April 1, 2016



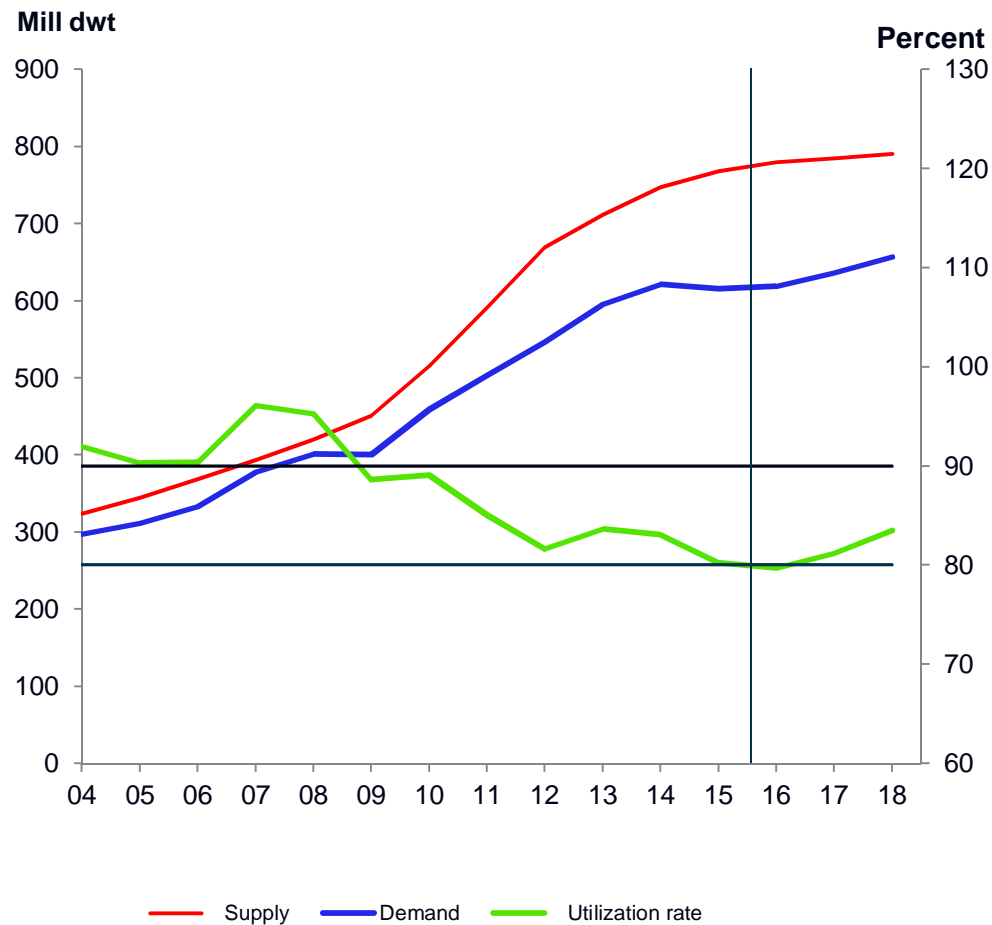
Fleet growth vs seaborne trade growth



Dry Bulk Market Fundamentals



Supply, demand and utilization rate - dry bulk ships 10,000 dwt +



Assumptions:

Base case

Year	14	15	16	17	18
Deliveries dwt	48	49	48	37	25
Removals dwt	15	31	45	29	20
% change prev yr	5.2	2.8	1.3	0.6	0.7

Tonnage demand base case

% chge from prev yr:	4.3	-0.7	1.1	2.5	3.4
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Fleet utilization rate base case

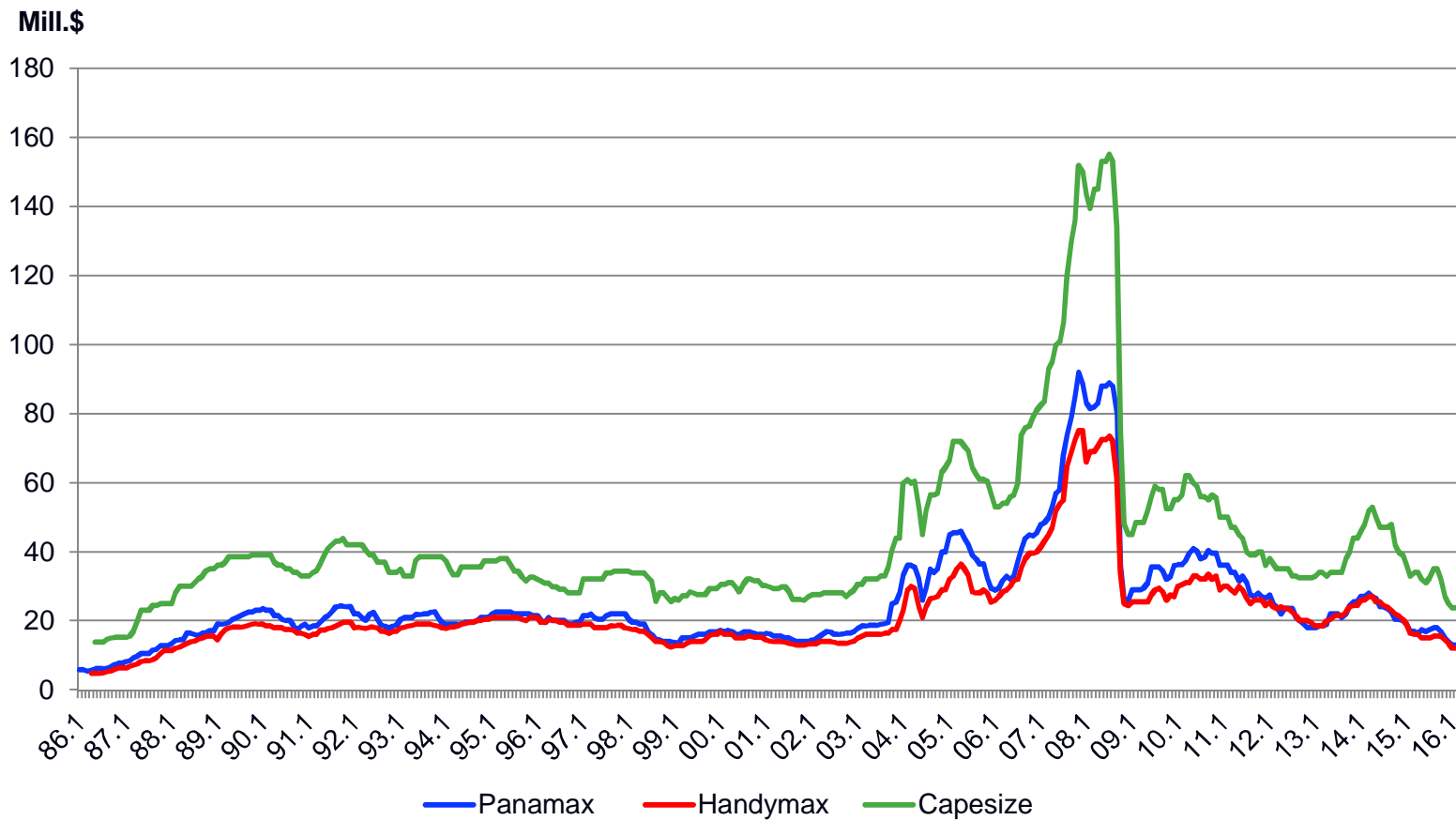
Yearly average in %	84.1	80.2	79.9	81.2	83.4
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Asset Values of Bulk Carriers



5 year old ships

Handymax	40-42k dwt until Nov-01; 45k between Dec-01 and May-08; 52k Jun-08 to Dec-09; 56k from Jan-10.			
Panamax	60k to 8/93, 68k 9/93-1/97, 70k 2/97-10/01, 73k from 11/01, 76k from 01/10			
Capesize	165-170k until Nov-01. 170,000 dwt until Jan-12.			





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Q & A





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Thank you for your attention !

