Pioneer Marine Inc. Announces Financial Results for the Second Quarter and Six Months Ended June 30, 2018

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – August 28, 2018) – Pioneer Marine Inc. and its subsidiaries (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk handysize transportation service provider announced its financial and operating results for the second quarter ended June 30, 2018.

Financial Highlights:

- **Net Income**
  - $1.1 million or $0.04 per share for Q2 2018, increased by $3.0 million compared to a loss of $1.9 million for Q2 2017.
  - $2.4 million or $0.08 per share for the six months period of 2018, increased by $9.2 million compared to the same period in 2017 where a loss of $6.8 million was reported.

- **Time Charter equivalent (TCE) revenue**
  - $13.6 million for Q2 2018, increased by $2.5 million or 23% compared to Q2 2017.
  - $26.5 million for the six months in 2018, increased by $5.4 million or 25% compared to the same period in 2017.

- **Adjusted EBITDA***
  - $5.8 million for Q2 2018, increased by $2.7 million compared to $3.1 million for Q2 2017
  - $10.4 million for the six months in 2018, increased by $6.1 million compared to the same period in 2017 where Adjusted EBITDA was $4.3 million.

Recent Events:

- On June 13, 2018 the Company entered into a credit facility with ABN Amro Bank N.V. for an amount of $64.4 million, with significantly improved terms for the Company. The facility was used to partially finance the acquisition of the three second-hand vessels and to refinance one of the Company's existing loan facilities.

- On June 5, 2018 Pioneer took delivery of M/V Monterey Bay (a 36,887 dwt Korean bulk carrier) and on June 18, 2018 the M/V Alsea Bay (a 36,892 dwt Korean bulk carrier) was delivered to the Company.

- On July 2, 2018 Pioneer took delivery of M/V Liberty Bay (a 36,892 DWT Korean bulk carrier) and increased the total fleet vessel to 19 bulkers, comprising of 17 Handysize vessels, one Handymax and one Supramax.
  This delivery concluded the acquisitions of the three modern bulk carriers from Interorient Navigation Company Limited of Cyprus for a total purchase price of $39.0 million.

- The Company repurchased 1,543,910 of its ordinary shares at a discount compared to its Net Asset Value ("NAV").

As of June 30, 2018, the Company had a total liquidity of $52.8 million inclusive of $13.7 million in restricted cash. The Company has no capital commitments.

*For reconciliation and definition of Adjusted EBITDA refer to "Summary of Operating Data (unaudited)" section within this press release.

Torben Janholt, Chief Executive Officer commented: "We are pleased with the development of Pioneer over the last six months. Good cooperation between our board, management and engaged employees have made our positive results possible. The Company reported net income of $ 2.4 million for the first half of 2018 as well as an increased EBITDA of $10.4 million. The acquisition of three modern second-hand vessels combined with new attractive finance for the Company is evidence for the positive momentum we are experiencing and an indicator of our Company's potential.

"Now with a fleet of 19 efficient vessels and an increase in chartering activity Pioneer is more than ever ready to serve customers worldwide. In spite of looming trade wars the dry bulk market still experiences a reasonable balance between supply and demand and for the remainder of the year we look forward with optimism."

Financial Review: Three months ended June 30, 2018

TCE revenue for the three-month period ended June 30, 2018 increased by $2.5 million, or 23%, to $13.6 million as compared to $11.1 million for the respective period of 2017. The increase is mainly attributable to the increase in the market rates for the second quarter of 2018, and partly due to the additions of the M/V Monterey and the M/V Alsea Bay. TCE rate for the second quarter of 2018 increased to $9,484 per day as compared to $8,009 per day for the second quarter of 2017, increased by 18%.

Adjusted EBITDA for the three-month period ended June 30, 2018 increased by $2.7 million compared to same period in previous year. The increase is mainly due to: i) $2.5 million increase in TCE revenue as described above, ii) the decrease of $0.2 million in Operating Expenses resulting from efficient cost control initiatives and iii) $0.2 decrease in General and Administrative expenses attributable to the efficiencies achieved, partially offset with the increase of $0.2 million in Other expenses, net.

One off items for the three month period ended June 30, 2018 include the $0.8 million loss on debt extinguishment resulting from the refinancing of one of the Company's existing facilities, while one off items for the three months ended June 30, 2017 include the $0.1 million loss on vessel disposition resulting from the sale of M/V Azure Bay and the $1.0 million restructuring costs expensed in the same period.

After adjusting net income/loss for the one-off items occurred within the three months ended June 30, 2018 and 2017 respectively, the Adjusted Net Income was increased by $2.7 million for the second quarter of 2018 as compared to same period in previous year. The increase is attributable to the increased Adjusted EBITDA of $2.7 million as described above, the decrease of $0.1 million in depreciation expense, drydock cost and taxes, net partially offset with the increase of $0.1 million in Interest expense and interest income, net resulting from the increased floating rates.

Financial Review: Six months ended June 30, 2018

TCE revenue for the six-month period ended June 30, 2018 increased by $5.4 million, or 25%, to $26.5 million as compared to $21.1 million for the respective period of 2017. The increase is mainly attributable to the increase in the market rates during 2018, and partly due to the additions of the M/V Monterey and the M/V Alsea Bay. TCE rate for the first half of 2018 increased to $9,240 per day as compared to $7,495 per day for the second quarter of 2017, increased by 23%.

Adjusted EBITDA for the six-month period ended June 30, 2018 increased by $6.1 million compared to same period in previous year. The increase is mainly due to: i) $5.4 million increase in TCE revenue as described above, ii) the decrease of $0.6 million in Operating Expenses resulting from efficient cost control initiatives and iii) $0.4 decrease in General and Administrative expenses attributable to the efficiencies achieved, partially offset with the increase of $0.3 million in Other expenses, net.

One off items for the six month period ended June 30, 2018 include the $0.8 million loss on debt extinguishment resulting from the refinancing of the Company's existing loan facilities, while one off items for the six months ended June 30, 2017 include the $0.1 million loss on vessel disposition resulting from the sale of M/V Azure Bay and the $1.0 million restructuring costs expensed in the same period.

After adjusting net income/loss for the one-off items occurred within the six months ended June 30, 2018 and 2017 respectively, the Adjusted Net Income was increased by $8.8 million for the first half of 2018 as compared to same period in previous year. The increase is attributable to the increased Adjusted EBITDA of $6.1 million as described above, the decrease of $0.1 million in Interest expense and interest income, net and the decrease of $2.6 million relating to the drydock expense due to the fact that during 2018 two fleet vessels underwent drydock as compared to six vessels during same period in 2017.

Current Fleet List

Vessel	Yard	DWT	Year Built
Handysize			
Calm Bay	Saiki Heavy Industries	37,534	2006
Reunion Bay	Kanda Shipbuilding	32,354	2006
Fortune Bay	Shin Kochijyuko	28,671	2006
Ha Long Bay	Kanda Kawajiri	32,311	2007
Teal Bay	Kanda Kawajiri	32,327	2007
Eden Bay	Shimanami Shipyard	28,342	2008
Emerald Bay	Kanda Shipbuilding	32,258	2008
Mykonos Bay	Jinse Shipbuilding	32,411	2009
Resolute Bay	Hyundai Vinashin	36,767	2012
Jupiter Bay	Tsuji Heavy Industries	30,153	2012
Venus Bay	Tsuji Heavy Industries	30,003	2012
Orion Bay	Tsuji Heavy Industries	30,009	2012
Falcon Bay	Yangzhou Guoyu Shipbuilding	38,464	2015
Kite Bay	Yangzhou Guoyu Shipbuilding	38,419	2016
Alsea Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2011
Liberty Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2012
Monterey Bay	Hyundai Mipo Dockyard Co. Ltd	36,887	2013
Handymax			
Paradise Bay	Oshima Shipbuilding	46,232	2003
Supramax			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008

Summary of Operating Data (unaudited)
(In thousands of U.S. Dollars except per share data)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Revenue, net	16,699	12,398	32,059	23,268
Voyage expenses	(3,052)	(1,290)	(5,596)	(2,168)
Time charter equivalent revenue	**13,647**	**11,108**	**26,463**	**21,100**
Vessel operating expense	(6,709)	(6,898)	(13,898)	(14,544)
Drydock expense	(553)	(598)	(594)	(3,217)
Depreciation expense	(2,052)	(2,010)	(4,087)	(4,149)
General and administration expense	(881)	(1,082)	(1,752)	(2,194)
Loss on vessel disposition	-	(62)	-	(62)
Loss on debt extinguishment	(755)	-	(755)	-
Restructuring costs	-	(1,001)	-	(1,001)
Interest expense and finance cost	(1,538)	(1,393)	(2,934)	(2,852)
Interest income	212	160	422	298
Other expenses and taxes, net	(300)	(121)	(493)	(155)
Net Income/ (loss)	**1,071**	**(1,897)**	**2,372**	**(6,776)**
Adjusted net income/(loss)[(2)]	**1,826**	**(834)**	**3,127**	**(5,713)**
Net income /(loss) per share, basic and diluted	**0.04**	**(0.06)**	**0.08**	**(0.23)**
Adjusted net income/(loss) per share, basic and diluted[(2)]	**0.07**	**(0.03)**	**0.11**	**(0.19)**

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Net Income/ (loss)	1,071	(1,897)	2,372	(6,776)
Add: Loss on vessel disposition	-	62	-	62
Add: Restructuring costs	-	1,001	-	1,001
Add: Loss on debt extinguishment	755	-	755	-
Adjusted Net Income/ (loss)	**1,826**	**(834)**	**3,127**	**(5,713)**
Add: Depreciation expense	2,052	2,010	4,087	4,149
Add: Drydock expense	553	598	594	3,217
Add: Interest expense and finance cost	1,538	1,393	2,934	2,852
Add: Other taxes	27	70	85	103
Less: Interest income	(212)	(160)	(422)	(298)
Adjusted EBITDA[(1)]	**5,784**	**3,077**	**10,405**	**4,310**

(1) Adjusted EBITDA represents net income/(loss) before interest, other taxes, depreciation and amortization, drydock expense, loss on vessel disposition, restructuring costs and loss on debt extinguishment and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that Adjusted EBITDA assists our management and investors by increasing the comparability of our performance from period to period. We believe that including Adjusted EBITDA as a financial and operating measure benefits investors in selecting between investing in us and other investment alternatives. Adjusted EBITDA does not represent and should not be considered as an alternative to net income/(loss) or cash flow from operations, as determined by United States generally accepted accounting principles, or U.S. GAAP, and our calculation of Adjusted EBITDA may not be comparable to that reported by other companies.

(2) Adjusted net income/(loss) and related per share amounts is not a measure prepared in accordance with U.S. GAAP and should not be used in isolation or substitution of Company's results.

Vessel Utilization:	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Ship days (2)	1,494	1,459	2,934	2,989
Less: Off-hire days	39	16	54	74
Less: Off-hire days due to drydock	16	56	16	100
Operating days (3)	1,439	1,387	2,864	2,815
Fleet Utilization (4)	96%	95%	98%	94%
TCE per day- $ (1)	9,484	8,009	9,240	7,495
Opex per day- $ (6)	4,491	4,727	4,737	4,865
G&A expenses per day- $ (7)	590	742	597	734
Vessels at period end	18	16	18	16
Average number of vessels during the period (5)	17	16	16	17

(1) Time Charter Equivalent, or TCE revenue, are non-GAAP measures. Our method of computing TCE revenue is determined by voyage revenues less voyage expenses (including bunkers and port charges). Such TCE revenue, divided by the number of our operating days during the period, is TCE per day, which is consistent with industry practice. TCE revenue is included because it is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance irrespective of changes in the mix of charter types (i.e., spot charters and time charters), and it provides useful information to investors and management.

(2) Ship days: We define ship days as the aggregate number of days in a period during which each vessel in our fleet has been owned by us. Ship days are an indicator of the size of our fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(3) Operating days: We define operating days as the number of our ship days in a period less days required to prepare vessels acquired for their initial voyage and off-hire days associated with off-hire for undergoing repairs, drydocks or special surveys. The Company uses operating days to measure the number of days in a relevant period during which vessels should be capable of generating revenues.

(4) Fleet utilization is defined as the ratio of operating days to ship days.

(5) Average number of vessels is the number of vessels that constituted our fleet for the relevant period, as measured by the sum of the number of ship days divided by the number of calendar days in that period.

(6) Opex per day: is calculated by dividing vessel operating expenses by ship days for the relevant time period.

(7) G&A expenses per day: is calculated by dividing general and administrative expenses by ship days for the relevant time period.

Condensed Consolidated Balance Sheets (Unaudited)
(In thousands of U.S. Dollars)

As at	**June 30, 2018**	**December 31, 2017**
ASSETS		
Cash & cash equivalents	39,093	61,354
Restricted cash (current and noncurrent)	13,738	12,468
Vessels, net	193,503	171,387
Other receivables	8,068	5,449
Advances for vessels acquisitions	13,000	-
Other assets	57	62
Total assets	**267,459**	**250,720**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	5,200	4,249
Deferred revenue	1,105	656
Total debt, net of deferred finance costs	111,748	92,535
Total liabilities	**118,053**	**97,440**
Shareholders' equity	149,406	153,280
Total liabilities and shareholders' equity	**267,459**	**250,720**

Condensed Consolidated Statement of Cash Flows (Unaudited)
(In thousands of U.S. Dollars)

	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Cash flows from operating activities		
Net Income/ (Loss)	2,372	(6,776)
Adjustments to reconcile net income/ (loss) to net cash provided by/ (used in) operating activities:		
Depreciation	4,087	4,149
Amortization of deferred finance fees	363	415
Loss on debt extinguishment	755	-
Loss on vessel disposition	-	62
Changes in operating assets and liabilities	(1,453)	(96)
Net cash provided by/ (used in) operating activities	**6,124**	**(2,246)**
Cash flows from investing activities		
Payments for vessel acquisition and improvements	(26,149)	(151)
Advances for vessels acquisitions	(13,000)	-
Cash proceed from vessel sale	-	6,982
Purchase of other fixed assets	(17)	(7)
Increase in short term investment	-	(15,083)
Net cash used in by investing activities	**(39,166)**	**(8,259)**
Cash flows from financing activities		
Loan Proceeds	64,400	-
Payment of Debt extinguishment fees	(338)	-
Loan repayments and prepayments	(45,587)	(9,866)
Payment of deferred finance fees and other loan fees	(193)	(44)
Repurchase of common stock	(6,231)	-
Net cash provided by/ (used in) financing activities	**12,051**	**(9,910)**
Net decrease in cash and cash equivalents	**(20,991)**	**(20,415)**
Cash and cash equivalents and Restricted cash at the beginning of the period	73,822	81,822
Cash and cash equivalents and Restricted cash at period end	**52,831**	**61,407**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns seventeen Handysize, one Handymax and one Supramax drybulk carriers.

Forward-Looking Statements

Matters discussed in this press release may constitute forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides safe harbor protections for forward-looking statements in order to encourage companies to provide prospective information about their business. Forward-looking statements 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. The Company desires to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and is including this cautionary statement in connection with this safe harbor legislation. The words "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 press release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, our management's examination of historical operating trends, data contained in our records and other data available from third parties. 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.

In addition to these important factors, other important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the failure of counterparties to fully perform their contracts with us, the strength of world economies and currencies, general market conditions, including fluctuations in charter rates and vessel values, changes in demand for dry bulk vessel capacity, changes in our operating expenses, including bunker prices, drydock and insurance costs, the market for our vessels, availability of financing and refinancing, charter counterparty performance, ability to obtain financing and comply with covenants in such financing arrangements, 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 or political events, vessels breakdowns and instances of off-hires and other factors.

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