Pioneer Marine Inc. Announces Third Quarter 2015 Results

MAJURO -- (Marketwired – November 20, 2015) – 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 third quarter ended September 30, 2015.

Recent events:

- On August 28, 2015, Pioneer Marine accepted delivery of a 38,464 DWT Green Dolphin eco-design handysize vessel, the M.V. Falcon Bay. The vessel commenced a one year charter on a floating rate based on the Baltic Handy index plus a premium. The charterer may extend the charter for up to one additional year.

- During the third quarter, Pioneer Marine drew down on a $13 million facility with ABN AMRO Bank, N.V, Deutsche Bank AG and Norddeutche Landesbank to provide post-delivery financing of the M.V. Falcon Bay with insurance cover provided from China Export & Credit Insurance Corporation (‘’Sinosure’’).

- In November 2015, Pioneer Marine terminated three newbuilding contracts with no cancellation penalty to the Company. Additionally the yard also agreed to substantial delivery delays and an aggregate $2 million reduction in purchase price across three ships. Company’s outstanding newbuilding program consists of 8 Handysize newbuildings on order for delivery through 2016 and 2017.

Financial Highlights:

- Net loss of $5.4 million, or $0.20 basic and diluted loss per share for the third quarter of 2015 and a net loss of $16.3 million, or $0.66 basic and diluted loss per share for the nine month period ended September 30, 2015.

- Net Revenue amounted to $9.9 million for the third quarter of 2015 and $28.8 million for the nine month period ended September 30, 2015.

- During the nine months of 2015 the Company made progress payments to the shipyards of $28 million relating to our vessels under construction.

Pankaj Khanna, Chief Executive Officer, commented, "2015 has proved to be the toughest year for the drybulk market in probably 35 years. The BDI has dipped below the lowest levels ever seen during this period and we are again sounding those dire levels in November. Although we did see some signs of volatility in the third quarter that proved to be short lived as the market collapsed over the last two months. The macro slowdown in China and the collapse in commodity prices across the board is impacting demand, particularly for the major bulks. The dramatic decline in Chinese coal imports has resulted in a 3.9% decline in the global coal trade during 2015, while iron ore growth has been an anaemic 2.4%. Overall drybulk trade is estimated to grow by a mere 1% in 2015, the slowest rate of growth since the early-2000s.

“While we cannot control the markets, we as management have worked proactively to strengthen our balance sheet by raising additional equity capital, with a $25 million offering in August and have last week announced a substantial reduction in capital expenditure. We are grateful to Yangzhou Guoyu Shipyard for their cooperation in terminating three newbuilding contracts at zero cost to the company. All of the payments made will be applied to prior vessels. In addition we have further delayed the delivery of the remaining vessels with five vessels now due in 2016 and another three in 2017. As well, we achieved a small reduction in the contract price. These measures have freed up $34 million of equity commitments and strengthened our balance sheet to withstand the current low freight rates. Having built this long runway we are now well positioned in comparison to many of our peers and enjoy strong support from our sponsors and the banks.”

Liquidity & Capital Resources:

As of September 30, 2015, the Company had cash and cash equivalents of $78.3 million and restricted cash of $7.6 million. After taking into account the termination of three newbuildings noted above, the Company’s remaining commitments on its newbuilding program amount to $118 million which will be funded from committed loan facilities available on delivery of the newbuildings of $101 million and from existing cash and cash equivalents.

Financial Review: Three months ended September 30, 2015

Net Revenue for the third quarter of 2015 amounted to $9.9 million as compared to $11.1 million in the third quarter of 2014. Net revenue decreased by $1.2 million mainly due to the off hire days attributable to drydocks in the third quarter of 2015 compared to the same period in 2014.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to $6.9 million in the third quarter of 2015 compared to $6.8 million for the third quarter of 2014. TCE per day for the third quarter of 2015 amounted to $6,219 as compared to $5,712 per day for the third quarter of 2014.

Vessel Operating Expenses ("OPEX") amounted to $6 million for the third quarter of 2015 as compared to $6.9 million in the third quarter of 2014. The decrease of $0.9 million is attributed to operating efficiencies since the change of technical managers for the Company's fleet. OPEX for the third quarter of 2015 amounted to $4,843 per day as compared to $5,749 per day for the third quarter of 2014.

Drydock expense for the third quarter of 2015 amounted to $1.6 million and relates to the completion of drydocks for five vessels that took place during this period. No vessels were drydocked during the third quarter of 2014.

General and administration expenses for the third quarter of 2015 increased to $1.4 million compared to $1.3 million in the third quarter of 2014. The increase is mainly attributable to higher personnel costs due to increased head count, professional fees and other expenses attributable to the increased operations and growth of the Company.

Financial Review: Nine months ended September 30, 2015

Net Revenue for the nine months ended September 30, 2015 amounted to $28.8 million as compared to $29.4 million in the same prior year period. Net revenue decreased by $0.6 million due to the increased off hire days related to drydocks during the nine months ended September 30, 2015 compared to the same period in 2014. Drydock days for the nine months ended September 30, 2015 and 2014 amounted to 189 days and 24.9 days respectively.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to $19.7 million in the nine months ended September 30, 2015 as compared to $19 million in the nine months ended September 30, 2014. The increase of $0.7 million is attributable to an increase in fleet size offset by the lower average daily hire rate achieved. There were 13.1 average vessels during the nine month period ended September 30, 2015 as compared to 10.9 average vessels in the same period during 2014. TCE per day for the first nine months of 2015 amounted to $5,899 compared to $6,575 per day for the same period during 2014.

Vessel Operating Expenses ("OPEX") amounted to $18.2 million for the nine month period ended September 30, 2015 compared to $17.2 million in the nine month period ended September 30, 2014. The increase is attributable to the increased number of operating vessels offset by a decrease of OPEX per day rate. OPEX per day for the first nine months of 2015 amounted to $5,076 per day as compared to $5,746 per day for the respective period during 2014. During the nine month period ended September 30, 2015, there were 3,582 ship days as compared to 2,986 ship days in the same period during 2014.

Drydock expense for the nine months ended September 30, 2015 amounted to $3.4 million compared to $0.5 million in the same prior year period. Drydock expense increased by $2.9 million because eight vessels underwent drydock, whereas in the same prior year period only one vessel underwent drydock.

Depreciation expense for the nine month period ended September 30, 2015 increased to $8.2 million from $6.9 million in the same period during 2014 due to the increase in the average number of vessels as discussed above.

General and administration expenses for the nine month period ended September 30, 2015 amounted to $4.2 million compared to $2.8 million in the same period during 2014. The increase of $1.4 million is mainly attributable to higher personnel costs as a result of increased head count, professional fees, directors’ fees and various other expenses attributable to the growth of the Company.

Fleet List as of September 30, 2015

	Type	DWT	Year Built	Delivery Date (1)
Current fleet:				
Paradise Bay	Handymax	46,232	2003	Nov 11, 2013
Azure Bay	Handysize	31,700	2005	Mar 10, 2014
Fortune Bay	Handysize	28,671	2006	Mar 4, 2014
Calm Bay	Handysize	37,534	2006	Mar 4, 2014
Reunion Bay	Handysize	32,354	2006	Nov 1, 2013
Ha Long Bay	Handysize	32,311	2007	Feb 14, 2014
Teal Bay	Handysize	32,327	2007	Jan 17, 2014
Eden Bay	Handysize	28,342	2008	Dec 2, 2013
Emerald Bay	Handysize	32,258	2008	Jan 27, 2014
Mykonos Bay	Handysize	32,411	2009	Dec 2, 2013
Venus Bay	Handysize	30,003	2012	Mar 31, 2014
Jupiter Bay	Handysize	29,997	2012	Apr 22, 2014
Orion Bay	Handysize	30,009	2012	Mar 25, 2014
Falcon Bay	Handysize	38,464	2015	Aug 28, 2015

	Type	DWT		Delivery Date (2,4)
Vessels under construction:				
GY312[3]	Handysize	38,800	-	2015
GY313[3]	Handysize	38,800	-	2015
GY314[3]	Handysize	38,800	-	2016
GY315[3]	Handysize	38,800	-	2016
GY316[3]	Handysize	38,800	-	2016
GY317[3]	Handysize	38,800	-	2016
GY318[3]	Handysize	38,800	-	2016
GY319[3]	Handysize	38,800	-	2016
GY320[3]	Handysize	38,800	-	2016
GY321[3]	Handysize	38,800	-	2016
GY322[3]	Handysize	38,800	-	2016

(1) Date vessel delivered to Pioneer Marine.

(2) Estimated year of completion for vessels under construction.
(3) Green Dolphin Newbuilding being constructed by Yangzhou Guoyu Shipbuilding Co., LTD (Guoyu).
(4) See recent events with regard to newbuilding cancellation and change in delivery dates.

Summary of Operating Data (unaudited)

(In thousands of U.S. Dollars except per share data)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenue, net	9,851	11,103	28,775	29,385
Voyage expenses	(2,952)	(4,349)	(9,072)	(10,351)
Time charter equivalent revenue	6,899	6,754	19,703	19,034
Vessel operating expense	(5,953)	(6,876)	(18,183)	(17,155)
Drydock expense	(1,640)	-	(3,388)	(511)
Depreciation expense	(2,789)	(2,729)	(8,201)	(6,894)
General and administration expense	(1,392)	(1,308)	(4,192)	(2,787)
Interest expense and finance cost	(580)	(874)	(1,892)	(874)
Interest income	15	17	48	17
Other taxes and expenses	(6)	(22)	(174)	(25)
Net loss	(5,446)	(5,038)	(16,279)	(9,195)
Net loss per share, basic and diluted	(0.20)	(0.22)	(0.66)	(0.43)

(US Dollars in Thousands)

	Three Months Ended September 30, 2015	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Net loss	(5,446)	(5,038)	(16,279)	(9,195)
Add: Depreciation expense	2,789	2,729	8,201	6,894
Add: Drydock expense	1,640	-	3,388	511
Add: Interest expense and finance cost	580	874	1,892	874
Add: Other taxes	23	34	56	34
Less: Interest income	(15)	(17)	(48)	(17)
Adjusted EBITDA(1)	(429)	(1,418)	(2,790)	(899)

(1) Adjusted EBITDA represents net loss before interest, other taxes, depreciation and amortization and drydock expense 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.

Vessel Utilization:	**Three Months Ended September 30, 2015**	**Three Months Ended September 30, 2014**	**Nine Months Ended September 30, 2015**	**Nine Months Ended September 30, 2014**
Ship days (2)	1,229.2	1,196	3,582.2	2,985.6
Off-hire days	12.9	13.5	52.9	65.9
Off-hire days due to drydock	106.9	-	189	24.9
Operating days (3)	1,109.4	1,182.5	3,340.3	2,894.8
Fleet Utilization (4)	90.3%	99%	93.2%	97%
TCE per day- $ (1)	6,219	5,712	5,899	6,575
Opex per day- $	4,843	5,749	5,076	5,746
Vessels at period end	14	13	14	13
Average number of vessels during the period (5)	13.4	13	13.1	10.9

(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 standards. 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.

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

As at	**September 30, 2015**	**December 31, 2014**
ASSETS		
Cash & cash equivalents and restricted cash (current and noncurrent)	85,929	105,005
Other current assets	4,554	5,489
Vessels, net	234,373	219,264
Advances for vessel acquisition and vessels under construction	58,114	48,775
Other non-current assets	3,109	222
Total assets	**386,079**	**378,755**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	7,246	5,042
Deferred revenue	1,012	1,286
Total debt, net of deferred finance costs	111,055	113,227
Other non-current liabilities	-	680
Total liabilities	**119,313**	**120,235**
Shareholders' equity	266,766	258,520
Total liabilities and shareholders' equity	**386,079**	**378,755**

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

	Nine Months Ended September 30, 2015	**Nine Months Ended September 30, 2014**
Cash flows from operating activities		
Net Loss	(16,279)	(9,195)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	8,201	6,894
Amortization of deferred finance fees	563	177
Changes in operating assets and liabilities	2,187	(1,395)
Net cash used in operating activities	**(5,328)**	**(3,519)**
Cash flows from investing activities		
Payments for vessel acquisition, improvements and vessels under construction	(32,594)	(182,339)
Purchase of other fixed assets	(65)	(162)
Restricted cash	(1,466)	(5,340)
Net cash used in investing activities	**(34,125)**	**(187,841)**
Cash flows from financing activities		
Loan proceeds, net of deferred finance cost	9,665	117,394
Loan repayments	(15,300)	(1,424)
Cash contributions and proceeds from sale of shares	24,546	186,527
Net cash provided by financing activities	**18,911**	**302,497**
Net (decrease)/increase in cash and cash equivalents	**(20,542)**	**111,137**
Cash and cash equivalents at the beginning of the period	98,829	1,358
Cash and cash equivalents at year end	**78,287**	**112,495**

About Pioneer Marine Inc.

Pioneer Marine is a leading shipowner and global drybulk handysize transportation service provider. Pioneer Marine currently owns thirteen Handysize and one Handymax drybulk carriers with an additional 8 Handysize newbuildings on order for delivery through 2017. The Handysize Green Dolphins newbuildings are 'Eco' vessels designed by SDARI.

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.

Contact:
Pioneer Marine Inc.
Pankaj Khanna, President and CEO
+65 6513 8761
admin@pioneermarine.com

Investor Relations / Media
Capital Link, Inc.
Paul Lampoutis
+212 661 7566
pioneermarine@capitallink.com