Pioneer Marine Inc. Announces Financial Results for the Quarter Ended March 31, 2018

MAJURO, MARSHALL ISLANDS -- (Marketwired – May 10th, 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 quarter ended March 31, 2018.

Financial Highlights:

- **Net Income - $1.3 Million**
  - Net income of $1.3 million or $0.04 per share for Q1 2018, increased by $6.2 million compared to a loss of $4.9 million for Q1 2017.

- **Time Charter equivalent (TCE) revenue - $12.8 Million**
  - $12.8 million for Q1 2018, increased by $2.8 million or 28% compared to $10 million for Q1 2017; Similarly, TCE per day was increased by 29% to $8,994 per day for Q1 2018 as compared to $6,997 per day for Q1 2017.

- **Adjusted EBITDA* - $4.6 Million**
  - $4.6 million positive Adjusted EBITDA for Q1 2018, increased by $3.4 million compared to $1.2 million for Q1 2017.

Recent Events:

- On April 4th, 2018, Pioneer Marine entered into an agreement with clients of Interorient Navigation Company Limited of Cyprus, to acquire three 37,000 dwt Korean bulk carriers built at Hyundai Mipo Dockyard Co. Ltd. (years built 2011, 2012 and 2013 respectively) at attractive price levels, with anticipated delivery dates within June 2018. Pioneer has secured bank financing for these three vessels, subject to completion of documentation.

- On April 18th, 2018 Pioneer Marine and BaltNav A/S ("BaltNav") mutually agreed to cease their cooperation on an amicable basis. The commercial management of the eight (8) vessels performed by BaltNav will be undertaken gradually by the Company and is expected to be completed by June 2018.

- Within April 2018, the Company purchased for treasury 637,122 of its ordinary shares at a discount compared to Net Asset Value ("NAV").

Liquidity & Capital Resources:

As of March 31, 2018, the Company had a total liquidity of $76 million inclusive of $14.4 million in restricted cash. The Company has no capital commitments as of March 31, 2018.

*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: “Pioneer concluded a successful 2018 first quarter, with a positive Adjusted EBITDA of $4.6 million and a Net Profit of $1.3 million. The implementation of cost reduction measures that were undertaken by the new Executive Management Team, after the restructuring, as well as the improved drybulk market are the key reasons that led Pioneer to these positive results.

“The average BHSI stood at $8,480 per day for the first quarter of 2018 as compared to $6,599 per day for the same prior year period, reflecting a 29% increase. Considering that the first quarter is often the weakest quarter of the year due to seasonal factors such as the Chinese New Year, there is optimism going forward. There is still an acceptable balance between supply and demand in the market, however looming trade wars could influence the market going forward in a negative way.

“Company’s Executive Management along with the support of a young, efficient and committed team is continuously exploring and taking advantage of market opportunities aiming to further reduce costs, increase revenues and maximise efficiencies. We are pleased for the successful deals in line with our strategy for fleet expansion and optimization.

“Looking forward, we have a strong balance sheet and we aim to further take advantage of the positive momentum to maximize our shareholders wealth.”

<u>Financial Review: Three months ended March 31, 2018</u>

Time Charter Equivalent ("TCE") revenue amounted to $12.8 million in the first quarter of 2018 compared to $10 million for the first quarter of 2017. TCE per day for the first quarter of 2018 increased by 29% to $8,994 per day as compared to $6,997 per day for the first quarter of 2017. The increase of the TCE revenue is attributable to the improved market rates and the more efficient operation of the chartering department.

The Company continues to keep vessels operating expenses ("OPEX") under control at $7.2 million or $4,992 per day for the first quarter of 2018 reduced by 5% as compared to $7.6 million or $4,997 per day for the first quarter of 2017.

During first quarter of 2018 no vessels were drydocked and the amount of approximately $0.1 million relates to initial expenses for the upcoming Drydocks of Eden Bay and Paradise Bay. During the corresponding period of 2017 five vessels completed their special surveys and drydock expense amount to $2.6 million.

Depreciation expense for the first quarter of 2018 decreased to $2 million from $2.1 million in the first quarter of 2017. The decrease of $0.1 million in depreciation expense is due to the decreased number of fleet vessels during first quarter of 2018.

General and administration expenses for the first quarter of 2018 decreased to $0.9 million or $605 per day, which is significantly reduced by 18% as compared to same quarter in 2017. The decrease in G&A expenses per day is attributed to the successful restructuring of the Company which took place during second quarter of 2017 and the overall better control the Company has over General and Administrative Expenses due to the centralization of company's key departments in Greece.

Interest expense and finance cost for the first quarter of 2018 amounted to $1.4 million, reduced by $0.1 million as compared to the first quarter of 2017. The slight reduction is due to the decreased indebtedness despite the increased floating rates as compared to same period in previous year.

Interest Income for the first quarter of 2018 amounted to $0.2 million, increased by $0.1 million as compared to the first quarter of 2017. The increase is attributable to the improved market rates compared to first quarter of 2017 as well as the continuous monitoring of treasury management opportunities available in the market.

Current Fleet List

A/A	Vessel	Yard	DWT	Year Built
	Handysize			
1	Calm Bay	Saiki Heavy Industries	37,534	2006
2	Reunion Bay	Kanda Shipbuilding	32,354	2006
3	Fortune Bay	Shin Kochijyuko	28,671	2006
4	Ha Long Bay	Kanda Kawajiri	32,311	2007
5	Teal Bay	Kanda Kawajiri	32,327	2007
6	Eden Bay	Shimanami Shipyard	28,342	2008
7	Emerald Bay	Kanda Shipbuilding	32,258	2008
8	Mykonos Bay	Jinse Shipbuilding	32,411	2009
9	Resolute Bay	Hyundai Vinashin	36,767	2012
10	Jupiter Bay	Tsuji Heavy Industries	29,997	2012
11	Venus Bay	Tsuji Heavy Industries	30,003	2012
12	Orion Bay	Tsuji Heavy Industries	30,009	2012
13	Falcon Bay	Yangzhou Guoyu Shipbuilding	38,464	2015
14	Kite Bay	Yangzhou Guoyu Shipbuilding	38,419	2016
	Handymax			
15	Paradise Bay	Oshima Shipbuilding	46,232	2003
	Supramax			
16	Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008
	Vessels to be delivered			
17	TBN Alsea Bay	Hyundai Mipo Dockyard Co. Ltd.	36,746	2011
18	TBN Liberty Bay	Hyundai Mipo Dockyard Co. Ltd.	36,892	2012
19	TBN Monterey Bay	Hyundai Mipo Dockyard Co. Ltd.	36,887	2013

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Revenue, net	15,360	10,870
Voyage expenses	(2,544)	(878)
Time charter equivalent revenue	12,816	9,992
Vessel operating expense	(7,189)	(7,646)
Drydock expense	(41)	(2,619)
Depreciation expense	(2,035)	(2,139)
General and administration expense	(871)	(1,112)
Write-off of capitalised expenses and fees	-	-
Interest expense and finance cost	(1,396)	(1,459)
Interest income	210	138
Other expenses and taxes, net	(194)	(35)
Net income/(loss)	1,300	(4,880)
Net income/(loss) per share, basic and diluted	0.04	(0.17)

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Net income/(loss)	1,300	(4,880)
Add: Depreciation expense	2,035	2,139
Add: Drydock expense	41	2,619
Add: Interest expense and finance cost	1,396	1,459
Add: Other taxes	58	33
Less: Interest income	(210)	(138)
Adjusted EBITDA[1]	4,620	1,232

(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 March 31, 2018	Three Months Ended March 31, 2017
Ship days (2)	1,440	1,530
Less: Off-hire days	15	17
Less: Off-hire days due to drydock	-	85
Operating days (3)	1,425	1,428
Fleet Utilization (4)	99%	93%
TCE per day- $ (1)	8,994	6,997
OPEX per day- $ (6)	4,992	4,997
G&A expenses per day- $ (7)	605	727
Vessels at period end	16	17
Average number of vessels during the period (5)	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	March 31,2018	December 31, 2017
ASSETS		
Cash & cash equivalents	61,637	61,354
Restricted cash (current and noncurrent)	14,360	12,468
Vessels, net	169,437	171,387
Other receivables	7,701	5,449
Other assets	297	62
Total assets	**253,432**	**250,720**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	5,725	4,249
Deferred revenue	969	656
Total debt, net of deferred finance costs	92,173	92,535
Total liabilities	**98,867**	**97,440**
Shareholders' equity	154,565	153,280
Total liabilities and shareholders’ equity	**253,432**	**250,720**

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash flows from operating activities		
Net income/(loss)	1,300	(4,880)
Adjustments to reconcile net income/(loss) to net cash provided by / (used in) operating activities:		
Depreciation	2,035	2,139
Amortization of deferred finance fees	185	212
Changes in operating assets and liabilities	(743)	856
Net cash provided by/(used in) operating activities	**2,777**	**(1,673)**
Cash flows from investing activities		
Payments for vessel acquisition and vessels improvements	(42)	(144)
Purchase of other fixed assets	(13)	(3)
Increase in short Term Investment	-	(15,083)
Net cash used in investing activities	**(55)**	**(15,230)**
Cash flows from financing activities		
Loan repayments	(547)	(2,699)
Payment of deferred finance fees and other loan fees	-	(10)
Net cash used in financing activities	**(547)**	**(2,709)**
Net increase/(decrease) in cash, cash equivalents and restricted cash	**2,175**	**(19,612)**
Cash, cash equivalents and restricted cash at the beginning of the period	73,822	81,822
Cash, cash equivalents and restricted cash at period end	**75,997**	**62,210**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns fourteen 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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