



## Pioneer Marine Inc. Announces Financial Results for the Quarter Ended March 31, 2019

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – May 9, 2019) – Pioneer Marine Inc. and its subsidiaries (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk handsized transportation service provider announced its financial and operating results for the quarter ended March 31, 2019.

### Financial Highlights at a glance:

	First quarter 2019	First Quarter 2018
Net income	\$1.5 million	\$1.3 million
Time Charter equivalent ("TCE") revenue	\$14.4 million	\$12.8 million
Adjusted EBITDA*	\$6.2 million	\$4.6 million

**Torben Janholt, Chief Executive Officer commented:** "First quarter results were satisfactory considering the otherwise testing period for the dry bulk market. The markets were weaker than expected due to many factors such as the US-China trade conflict, infrastructure disruptions in Brazil and heavy weather conditions in Australia.

"However, good chartering strategy with foresight saw our fleet covered for more than 65 per cent during this first quarter thereby beating average rates in the market and securing a positive operating cash flow. Our decision to dispose vintage tonnage enabled us to achieve a gain of \$3.9 million in early April 2019 and net cash proceeds of about \$7.7 million which significantly boosted our liquidity.

"Pioneer Marine also experienced a first period as a successful commercial manager despite the weak market and we aim to further expand on this activity together with our traditional position as an active owner of modern handy size bulkers."

### Liquidity & Capital Resources:

As of March 31, 2019, the Company had a total liquidity of \$23.3 million inclusive of \$10.9 million in restricted cash. The Company has no capital commitments.

Company's plan is to proceed with the installation of Ballast Water Treatment System ('BWTS') on four vessels of the fleet within 2019 and the remaining fleet vessels up to early 2023. From the current fleet two vessels are already fitted with BWTS.

### **Financial Review: Three months ended March 31, 2019**

Adjusted EBITDA totalled to \$6.2 million for the quarter, 35% increased as compared to first quarter of 2018.

TCE rate of \$8,523 for the first quarter of 2019, is slightly decreased by 5.2% compared to TCE rate of the same period in 2018. Despite the current weak market conditions, the Company achieved a TCE rate far above market indices and this is mainly attributable to Company's strategy since late 2018 to cover more than half of its vessels under short term period charters to ensure profitability.

An impressive decrease of 13.2% on daily vessel OPEX, which were reduced to \$4,333 per day for the three months ended March 31, 2019 compared to \$4,992 during the same period in 2018, is mainly due to the cost control efficiencies achieved.

Similarly, adjusted daily G&A rate dropped by 27.4% to \$439 per day as a result of our continuous efforts to keep this cost centre at competitive levels compared to its peers.

During the first quarter of 2019, Mykonos Bay completed her special survey with a total cost of \$0.7 million while during the same period prior year no such expenditure occurred.

Depreciation cost amounts to \$2.4 million impacted upwards due to fleet growth as Pioneer fleet consists of 19 vessels, while in the same period in 2018 the Company owned 16 vessels.

Interest and finance cost of \$1.6 million was increased by 12.2% despite reduced margins agreed for the new facilities, mainly due to Libor rates upward trend along with increased average loan balance.

### **Cash Flow Review: Three months ended March 31, 2019**

Cash and cash equivalent, including restricted cash decreased by \$3.5 million as at March 31, 2019 and amounted to \$23.3 million as compared to \$26.8 million as at December 31, 2018.

The decrease is attributable to \$7.1 million cash used in financing activities, \$0.2 million cash used in investing activities partially offset with \$3.8 million cash provided by operating activities.

Cash flow activities highlights during the first quarter of 2019 mainly include, the loan repayments amounted to \$4.1 million and prepayment of Paradise Bay loan amount of \$2.5 million due to the agreed sale of the vessel. During the same period, the company paid a total of \$0.4 million for repurchase of common stock.

The cash proceeds from the sale of Paradise Bay were received upon completion of sale on April 10, 2019 and the net gain of \$3.9 million was recognised.

## **Current Fleet List**

### **Owned Fleet**

<b>Vessel</b>	<b>Yard</b>	<b>DWT</b>	<b>Year Built</b>
<b><u>Handysize</u></b>			
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
<b><u>Handymax</u></b>			
Paradise Bay*	Oshima Shipbuilding	46,232	2003
<b><u>Supramax</u></b>			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008
<b><u>Commercially Managed Fleet</u></b>			
<b><u>Handysize</u></b>			
Orient Target	Samjin Shipbuilding Co Ltd	33,755	2009
Orient Tide	Samjin Shipbuilding Co Ltd	33,755	2010

\*M/V Paradise Bay was delivered to her new owners on April 10, 2019.

**Summary of Operating Data (unaudited)**

	<b>Three Months Ended March 31, 2019</b>	<b>Three Months Ended March 31, 2018</b>
Revenue, net	15,911	15,360
Voyage expenses	(1,541)	(2,544)
<b>Time charter equivalent revenue</b>	<b>14,370</b>	<b>12,816</b>
Commercial revenue fee	15	-
<b>Total</b>	<b>14,385</b>	<b>12,816</b>
Vessel operating expense	(7,410)	(7,189)
Drydock expense	(734)	(41)
Depreciation expense	(2,403)	(2,035)
General and administration expense	(753)	(871)
Interest expense and finance cost	(1,567)	(1,396)
Interest income	68	210
Other expenses and taxes, net	(96)	(194)
<b>Net Income</b>	<b>1,490</b>	<b>1,300</b>
<b>Net Income per share, basic and diluted</b>	<b>0.06</b>	<b>0.04</b>
	<b>Three Months Ended March 31, 2019</b>	<b>Three Months Ended March 31, 2018</b>
Net Income	1,490	1,300
Add: Depreciation expense	2,403	2,035
Add : Loss on debt extinguishment	2	-
Add: Drydock expense	734	41
Add: Interest expense and finance cost	1,567	1,396
Add: Other taxes	48	58
Less: Interest income	(68)	(210)
<b>Adjusted EBITDA <sup>(1)</sup></b>	<b>6,176</b>	<b>4,620</b>

(1) Adjusted EBITDA represents net income before interest, other taxes, depreciation and amortization, 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 investor 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.

<b>Vessel Utilization:</b>	<b>Three Months Ended March 31, 2019</b>	<b>Three Months Ended March 31, 2018</b>
Ship days (2)	1,710	1,440
Less: Off-hire days	4	15
Less: Off-hire days due to drydock	20	-
Operating days (3)	1,686	1,425
Fleet Utilization (4)	99%	99%
TCE per day- \$ (1)	8,523	8,994
Opex per day- \$ (6)	4,333	4,992
Adjusted G&A expenses per day- \$ (7)	439	605
Vessels at period end	19	16
Average number of vessels during the period (5)	19	16

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

**Condensed Consolidated Balance Sheets (Unaudited)**

(In thousands of U.S. Dollars)

<b>As at</b>	<b>March 31, 2019</b>	<b>December 31, 2018</b>
<b>ASSETS</b>		
Cash & cash equivalents	12,312	15,218
Restricted cash (current and noncurrent)	10,975	11,577
Vessels, net	199,561	201,774
Other receivables	6,854	8,230
Other assets	2,645	141
<b>Total assets</b>	<b>232,347</b>	<b>236,940</b>
<b>LIABILITIES AND EQUITY</b>		
Accounts payable and accrued liabilities	5,273	4,340
Operating Lease Liability	54	-
Deferred revenue	506	682
Total debt, net of deferred finance costs	99,209	105,674
<b>Total liabilities</b>	<b>105,042</b>	<b>110,696</b>
Shareholders' equity	127,305	126,244
<b>Total liabilities and shareholders' equity</b>	<b>232,347</b>	<b>236,940</b>

**Condensed Consolidated Statement of Cash Flows (Unaudited)**

(In thousands of U.S. Dollars)

	Three months Ended March 31, 2019	Three months Ended March 31, 2018
<b>Cash flows from operating activities</b>		
Net Income	1,490	1,300
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	2,403	2,035
Amortization of deferred finance fees	90	185
Changes in operating assets and liabilities	(152)	(743)
<b>Net cash provided by operating activities</b>	<b>3,831</b>	<b>2,777</b>
<b>Cash flows from investing activities</b>		
Payments for vessel improvements	(164)	(42)
Purchase of other fixed assets	(45)	(13)
<b>Net cash used in by investing activities</b>	<b>(209)</b>	<b>(55)</b>
<b>Cash flows from financing activities</b>		
Loan repayments	(4,058)	(547)
Loan prepayments	(2,500)	-
Payment of deferred finance fees and other loan related fees	(143)	-
Repurchase of common stock	(429)	-
<b>Net cash used in financing activities</b>	<b>(7,130)</b>	<b>(547)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(3,508)</b>	<b>2,175</b>
Cash and cash equivalents and Restricted cash at the beginning of the period	26,795	73,822
<b>Cash and cash equivalents and Restricted cash at period end</b>	<b>23,287</b>	<b>75,997</b>

## About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns seventeen Handysize and one Supramax drybulk carriers and is commercial manager of two Handysize vessels.

## 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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