Pioneer Marine Inc. Announces Financial Results for the Third Quarter and Nine Months Ended September 30, 2019

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – November 7th, 2019) – 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 September 30, 2019.

Financial Highlights at a glance:

	Third Quarter 2019	Third Quarter 2018
Net income / (loss)	**$3.0 million**	**$0.6 million**
Time Charter equivalent ("TCE") revenue	**$14.7 million**	**$15.0 million**
Adjusted EBITDA*	**$6.7 million**	**$5.8 million**

Torben Janholt, Chief Executive Officer commented: "After a challenging first half of 2019 the drybulk markets bounced back in the third quarter of the year mainly led by improvements in the Capesize sector. The positive sentiment affected smaller sizes as well, and with an increase in minor bulk trades our handysize vessels benefited well. Pioneer achieved a net profit of $3 million and an EBITDA of $6.7 million.

"Now, with seven modern handysize vessels under commercial management, Pioneer operates a handysize fleet of 25 vessels, well positioned in the market to service our clients. Ongoing cost control as well as effective operation of our vessels contributes to the positive bottom line. A ballast water treatment system was successfully installed on the M/V Emerald Bay whilst the vessel was at sea, a good example of our technical department's innovation and skills.

"Well into the fourth quarter we can look forward to yet another year with positive results."

Liquidity & Capital Resources:

As of September 30, 2019, the Company had a total liquidity of $30.8 million including $11 million in restricted cash.

The Company's plan is to proceed with the installation of Ballast Water Treatment System ('BWTS') on two vessels of the fleet within Q4 2019 and on the remaining fleet vessels up to early 2023. To date, there are three vessels out of the current fleet which have been already fitted with BWTS.

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

Recent Events:

On October 28th, 2019, the Company successfully completed the installation of the Ballast Water Treatment System on the M/V Emerald Bay. The project was managed by in-house technical personnel and was carried out while the vessel was en route without disrupting vessel's operations.

On October 24th, 2019, the Company entered into a Memorandum of agreement ("MoA") for the sale of M/V Fortune Bay (2006 built 28,671dwt) to an unrelated third party on a charter free basis. The vessel is expected to be delivered to her new owners within the first quarter of 2020.

On September 18th, 2019, the Company repurchased a total of 250,614 of company's shares at a discounted price per share compared to the Company's Net Asset Value, increasing the treasury shares held by the company to a total of 4,867,832 shares.

Financial Review: Three months ended September 30,2019

Net Income for the three-month period ended September 2019 increased by 602% and amounted to $3.0 million as compared to $0.6 million loss for the respective previous year period. The increase is partly attributable to the efficient monitoring of Company's running expenses as well as to the reduced drydock expenses. Furthermore, net income for 2018 was affected by the loss on debt extinguishment in the amount of $0.5 million.

Adjusted EBITDA totalled $6.7 million for the third quarter 2019, increased by $0.9 million as compared to the third quarter of 2018 mainly due to improved operating and general administrative expenses.

TCE rate of $8,900 for the third quarter of 2019 slightly decreased by 1.2% compared to TCE rate of the same period in 2018.

A decrease of 6% on daily vessel OPEX, which were reduced to $4,242 per day for the three months ended September 30, 2019 compared to $4,503 during the same period in 2018 contributed positively to Company's good performance for this three-month period.

Daily G&A rate decreased by 25% to $557 per day as compared to $738 per day for same period in 2018. This is attributable to one-off items incurred in the three months ended September 30, 2018 in the amount of $0.5 million, while no such one-off item affected the respective period of 2019. G&A per day basis commercial days is further reduced by 35% to $480 per day.

During the third quarter of 2019, none of the vessels of our fleet had to perform a Class intermediate survey while during the same period of the prior year three vessels had their special survey with a total cost of $1.9 million.

Depreciation cost decreased by $0.1 million in comparison to the same period in 2018 due to the reduced average number of vessels.

Interest and finance cost of $1.3 million was decreased by 19% due to reduced Libor rates as well as reduced loan balances.

Financial Review: Nine months ended September 30,2019

Net Income for the nine-month period ended September 30, 2019 increased by 276% and amounted to $6.7 million as compared to $1.8 million for the same previous year period. The increase is partly attributable to the gain on sale of M/V Paradise Bay of $3.9 million as well as efficient cost monitoring of Company's running expenses combined with the above market indices performance achieved in terms of TCE per day. Furthermore, net income for 2018 was affected by the loss on debt extinguishment in the amount of $1.3 million.

Adjusted EBITDA totalled $15.2 million for the nine-month period ended September 30, 2019, decreased by $1.0 million as compared to nine-month period ended September 30, 2018 mainly due to lower TCE rate.

TCE rate per day of $7,940 for the nine-month period of 2019, is decreased by 13% compared to TCE rate of the same period in 2018. This is attributable to the weak market conditions during the first semester of 2019, which mainly affected the Company in the second quarter of 2019.

The Company continues to effectively monitor fleet operating expenses ("OPEX"). OPEX per day reduced by 8% to $4,281 per day for the nine months ended September 30, 2019 compared to $4,649 during the same period in 2018.

Daily G&A rate decreased by 23% to $503 per day as compared to $650 per day for same period in 2018. This is attributable to one off items incurred in the nine months ended September 30, 2018 in the amount of $0.7 million, while no such one-off item affected 2019. G&A per day basis commercial days is further reduced by 31% to $447.

As of September 30, 2019, two vessels completed their drydocks with a total cost of $1.0 million while during the same period prior year four vessels had their intermediate / special survey with a total cost of $2.1 million.

Depreciation cost amounts to $7.1 million increased by 9% due to fleet growth as Pioneer fleet consists of an average of 18 vessels, while during the same period in 2018 the Company owned on average 17 vessels.

Interest and finance cost slightly decreased by 5% when compared to the same period in 2018, from $4.6 million to $4.4 million, due to lower Libor rates and reduced loan balances.

Cash Flow Review: Nine months ended September 30, 2019

Cash and cash equivalent, including restricted cash increased by $4.0 million as at September 30, 2019 and amounted to $30.8 million as compared to $26.8 million as at December 31, 2018.

The increase is attributable to $11.6 million cash provided by operating activities, $9.4 million cash provided by investing activities, partially offset with $17.0 million cash used in financing activities.

Cash flow activities highlights during the nine-month period of 2019 mainly include, the loan repayments amounted to $11.7 million and the $2.6 million paid for repurchase of Company's common stock. Sales proceeds from the sale of M/V Paradise Bay amounted $9.7 million and the Company also prepaid vessel's loan in the amount of $2.5 million.

Current Fleet List

Owned Fleet

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
Supramax			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008

Commercially Managed Fleet *

Handysize			
Handy 1	Samjin Shipbuilding Industries Co Ltd	33,755	2009
Handy 2	Samjin Shipbuilding Industries Co Ltd	33,755	2010
Handy 3	Samjin Shipbuilding Industries Co Ltd	33,755	2010
Handy 4	Samjin Shipbuilding Industries Co Ltd	33,755	2011
Handy 5	Samjin Shipbuilding Industries Co Ltd	33,762	2011
Handy 6	Samjin Shipbuilding Industries Co Ltd	33,755	2010
Handy 7	Samjin Shipbuilding Industries Co Ltd	33,757	2010

**The Company also provides chartering services to two additional handy vessels.*

Summary of Operating Data (unaudited)

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Revenue, net	15,918	16,175	45,019	48,234
Voyage expenses	(1,211)	(1,204)	(5,689)	(6,800)
Time charter equivalent revenue	**14,707**	**14,971**	**39,330**	**41,434**
Commercial revenue fee	51	-	93	-
Total	**14,758**	**14,971**	**39,423**	**41,434**
Vessel operating expense	(7,022)	(7,863)	(21,464)	(21,760)
Drydock expense	(21)	(1,860)	(1,010)	(2,453)
Depreciation expense	(2,346)	(2,422)	(7,084)	(6,509)
General and administration expense	(940)	(1,289)	(2,541)	(3,041)
Gain on vessel disposal	-	-	3,851	-
Loss on debt extinguishment	-	(533)	-	(1,287)
Interest expense and finance cost	(1,339)	(1,644)	(4,345)	(4,578)
Interest income	95	140	270	561
Other expenses and taxes, net	(171)	(100)	(425)	(594)
Net Income/(loss)	**3,014**	**(600)**	**6,675**	**1,773**
Adjusted net income/(loss) [(2)]	**3,014**	**(67)**	**2,824**	**3,060**
Net income/(loss) per share, basic and diluted	**0.12**	**(0.02)**	**0.26**	**0.06**
Adjusted net (loss)/income per share, basic and diluted [(2)]	**0.12**	**(0.00)**	**0.11**	**0.11**

	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Net Income/(loss)	3,014	(600)	6,675	1,773
Add: Gain on vessel disposal	-	-	(3,851)	-
Add: Loss on debt extinguishment	-	533	-	1,287
Adjusted Net income/(loss)	**3,014**	**(67)**	**2,824**	**3,060**
Add: Depreciation expense	2,346	2,422	7,084	6,509
Add: Drydock expense	21	1,860	1,010	2,453
Add: Interest expense and finance cost	1,339	1,644	4,345	4,578
Add: Other taxes	50	54	193	139
Less: Interest income	(95)	(140)	(270)	(561)
Adjusted EBITDA [(1)]	**6,675**	**5,773**	**15,186**	**16,178**

(1) Adjusted EBITDA represents net income before interest, other taxes, depreciation and amortization, drydock expense, gain on vessel disposal, 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 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.

Vessel Utilization:	Three Months Ended September 30, 2019	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
Ship days (2)	1,656	1,746	5,014	4,681
Less: Off-hire days	3	11	19	65
Less: Off-hire days due to drydock	-	73	41	89
Operating days (3)	1,653	1,662	4,954	4,527
Fleet Utilization (4)	100%	95%	99%	97%
Commercial Ship days (8)	1,922	-	5,642	-
TCE per day- $ (1)	8,900	9,008	7,940	9,153
Opex per day- $ (6)	4,242	4,503	4,281	4,649
G&A expenses per day- $ (7)	557	738	503	650
G&A expenses basis commercial days- $ (9)	480	738	447	650
Vessels at period end	18	19	18	19
Average number of vessels during the period (5)	18	19	18	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.

(8) Commercial Ship days: We define commercial ship days as the total of Ship days and the aggregate number of days during the period for which we have each vessel in our commercial fleet under our management. Commercial ship days are an indicator of the size of our owned and managed fleet over a period and affect both the amount of revenues and the amount of expenses that we record during a period.

(9) G&A expenses basis commercial days: is calculated by dividing running general and administrative expenses by commercial ship days for the relevant time period.

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

As at	September 30, 2019	December 31, 2018
ASSETS		
Cash & cash equivalents	19,874	15,218
Restricted cash (current and noncurrent)	10,963	11,577
Vessels, net	189,294	201,774
Other receivables	6,722	8,030
Other assets	868	341
Total assets	**227,721**	**236,940**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	4,434	4,340
Operating lease liability	36	-
Deferred revenue	1,214	682
Total debt, net of deferred finance costs	91,727	105,674
Total liabilities	**97,411**	**110,696**
Shareholders' equity	130,310	126,244
Total liabilities and shareholders' equity	**227,721**	**236,940**

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

	Nine months Ended September 30, 2019	Nine months Ended September 30, 2018
Cash flows from operating activities		
Net Income	6,675	1,773
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	7,084	6,509
Amortization of deferred finance fees	251	472
Loss on debt extinguishment	-	1,287
Gain on vessel disposal	(3,851)	-
Changes in operating assets and liabilities	1,463	(484)
Net cash provided by operating activities	**11,622**	**9,557**
Cash flows from investing activities		
Payments for vessel acquisitions & improvements	(205)	(39,215)
Net proceeds from vessel sale	9,659	-
Purchase of other fixed assets	(69)	(29)
Net cash provided by/ (used in) investing activities	**9,385**	**(39,244)**
Cash flows from financing activities		
Loan Proceeds	-	93,710
Payment of debt extinguishment fees	(21)	(637)
Loan repayments & prepayments	(14,175)	(77,271)
Payment of deferred finance fees and other loan related fees	(160)	(258)
Dividends paid	-	(24,854)
Repurchase of common stock	(2,609)	(6,231)
Net cash (used in) financing activities	**(16,965)**	**(15,541)**
Net increase/(decrease) in cash and cash equivalents	**4,042**	**(45,228)**
Cash and cash equivalents and Restricted cash at the beginning of the period	26,795	73,822
Cash and cash equivalents and Restricted cash at period end	**30,837**	**28,594**

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 seven 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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