Pioneer Marine Inc. Announces Financial Results for the Second Quarter and Six Months Ended June 30, 2020

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – August 13, 2020) – 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, 2020.

Financial Highlights at a glance:

	Second quarter 2020	**Second Quarter 2019**
Net (loss) / income	**($6.5) million**	**$2.2 million**
Time Charter equivalent ("TCE") revenue	**$7.4 million**	**$10.3 million**
Adjusted EBITDA*	**$0.8 million**	**$2.3 million**

Jim Papoulis, Chief Executive Officer commented: "The COVID-19 pandemic affected significantly the activity in the first half of 2020 and the recovery will likely be more gradual than initially expected. However, by the end of June 2020 the drybulk freight market showed positive signs of recovery, and we remain optimistic that we are slowly paving our way to normality.

It has become evident that the COVID health crisis has affected and continues to impact world economies and various sectors worldwide. This resulted in the weak performance in terms of TCE rates achieved, which however remain above market levels.

Additionally, we must highlight that the Company reported historically low OPEX - below $4,000 – as well as G&A's rates. Given these exceptional circumstances, Pioneer remained focused on delivering the best possible results taking advantage of the Company's solid fundamentals and reported a positive EBITDA of $0.8 million for the second quarter of 2020 and $3.3 million for the six months ended June 30, 2020.

On August 13, 2020 we successfully completed the sale of the M/V Falcon Bay boosting our Company's liquidity by $6.3 million in free cash. This transaction accompanied with the agreement reached with our Lender to defer a significant portion of the debt principal due within 2020 allows us to further strengthen our cash position.

Finally, we are positive that the much anticipated recovery is indeed around the corner and we have placed our fleet in the right position to benefit from the upturn in TC rates aiming to cover part of our fleet to period time charter contracts securing healthy cash flow for the foreseeable future."

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

COVID-19 Outbreak:

On March 11, 2020, the World Health Organization declared the 2019 Novel Coronavirus (the "COVID-19") outbreak a pandemic. Many countries, ports and organizations, including those where Pioneer conducts a large part of its operations, have implemented measures such as quarantine and travel restrictions to combat the outbreak.

Pioneer having as a primary concern the safety and wellbeing of all our employees ashore and onboard the vessels whilst at the same time serving our clients' needs, has taken precautionary measures early on. Currently, we are working closely with our technical managers to arrange the soonest possible changing the overdue crew on board, opting also for deviation of our vessels when this is required.

We are constantly monitoring the developing situation and taking actions to address and mitigate, to the extent possible, the impact of COVID-19 to our Company's financial position via cost rationalisation projects and continued efforts to optimise our efficiencies and revenue earning capacity. As always, we remain in close cooperation with our Business Partners in order to ensure smooth operation of the Company.

Recent Events:

On August 13, 2020 the M/V Falcon Bay was delivered to her new owners pursuant to a Memorandum of Agreement ("MOA") dated June 19, 2020. Following the sale of the M/V Falcon Bay and the repayment of its' respective outstanding loan balance, Company's liquidity is positively impacted by an amount of $6.3 million.

On June 12, 2020, the MOA dated October 24, 2019 for the sale of M/V Fortune Bay was cancelled and the amount of $1.0 million was retained by the Company in accordance to the MOA.

On June 12, 2020, the Company reached an agreement with one of its Lenders to defer a portion of the three next quarterly instalments against a prepayment of $2.95 million which was effected on June 15, 2020. The next principal payment for this facility is scheduled for March 2021. This preventive measure reduces significantly the debt service requirement for the second half of 2020 and ensures sufficient liquidity for the Company to confront adverse market conditions.

The Company has entered into a contract for the purchase of the Ballast Water Treatment System ("BWTS") equipment for five vessels of its fleet. On May 22,2020 the Company signed an addendum in order to cancel the supply of the system for the remaining two vessels under this contract that the system was yet to be delivered. The advances already provided up to the date of the cancellation will be used against any future orders for Company's fleet.

Liquidity & Capital Resources:

As of June 30, 2020, the Company had a total liquidity of $18.6 million inclusive of $10.4 million in restricted cash. The Company has no capital commitments.

Financial Review: Six months ended June 30,2020

Adjusted EBITDA totalled $3.3 million for the first half of 2020, 61% decreased as compared to first half of 2019 affected by the poor performance of the dry bulk market post COVID-19 pandemic outbreak.

TCE rate of $5,891 for the six-month period ended June 30, 2020 is decreased by 21% compared to TCE rate of $7,461 for the same period in 2019. The current COVID-19 pandemic has had a global impact with negative results among almost all sectors of economic activity. The shipping industry is unavoidably affected by this unprecedented financial environment, however despite the current weak market conditions, the Company managed to achieve a TCE rate well above market indices while maintaining a high utilisation rate at 98.6%.

The continuous cost-reducing initiatives and optimisation of cost control procedures developed by the Company achieved a healthy OPEX rate of $4,158 per day, reduced by 3.3% compared to the same period in 2019.

General and administrative expenses are at the same level for the first semester of 2020 as for the comparative period in 2019. However, the six-month ended June 30, 2020 general and administrative expenses include also one-off charges, excluding those the current period figure would be $1.5 million or 5.8% lower from the comparative prior year period. Daily G&A expenses of $404 per day for first semester of 2020 are 6.5% lower compared to first semester of 2019.

Vessel impairment charge for the six-month period ended June 30, 2020 amounted to $5.3 million. It relates to the write down of the carrying value of M/V Falcon Bay to its fair value following the impairment exercise performed. There was no impairment charge in the same period in 2019.

Gain on contract termination of $1.0 million for the six-month period ended June 30, 2020 relates to the amount received following the termination agreement for the cancellation of the sale of M/V Fortune Bay with an unaffiliated third party.

Depreciation cost amounts to $4.2 million and was impacted downwards due to fleet reduction from 19 vessels in the six-month period of 2019 to 16 vessels in the same period in 2020.

The Company devaluated its bunkers inventory by $ 0.3 million for the six-month period ended June 30, 2020 as a result of the reduced bunker prices. No such charges were recorded in the comparative prior year period.

Interest and finance cost of $1.9 million was decreased by 38% compared to the same period of 2019, mainly affected by the reduced Libor rates combined with reduced loan balances.

Financial Review: Three months ended June 30, 2020

Adjusted EBITDA totalled $0.8 million for the quarter, decreased as compared to second quarter of 2019 by $1.6 million.

TCE rate of $5,101 for the second quarter of 2020, decreased by 20% compared to TCE rate of the same period in 2019. Despite the current weak market heavily affected by COVID-19 outbreak, the Company achieved a TCE rate well above market indices.

Daily vessel OPEX, are reduced to $3,977 per day for the three months ended June 30, 2020 compared to $4,267 during the same period in 2019. This is the lowest OPEX rate historically reported by the Company evidence of the effectiveness of the cost reduction initiatives implemented throughout the fleet.

General and administrative expenses are reduced by $0.1 million for the three months ended June 30, 2020 or 12.3% as compared to the comparative prior year period. While the daily G&A rate of $372 is 19.8% reduced compared to the three-month period ended June 30, 2019.

Vessel impairment loss for the second quarter of 2020 amounted to $5.3 million. It relates to the write down of the carrying value of M/V Falcon Bay to its fair value following the impairment exercise performed. There was no impairment charge in the same period in 2019.

Gain on contract termination of $1.0 million for the three-month period ended June 30, 2020 relates to the amount received following the termination agreement for the cancellation of the sale of M/V Fortune Bay with an unaffiliated third party.

Depreciation cost amounts to $2.1 million and is impacted downwards due to fleet reduction as Pioneer fleet consists of 16 vessels, while in the same period in 2019 the Company owned on average 18 vessels.

Interest and finance cost of $0.8 million was significantly decreased by 43% due to reduced libor rates combined with reduced loan balances.

Cash Flow Review: Six months ended June 30, 2020

Cash and cash equivalent, including restricted cash decreased by $8.7 million as at June 30, 2020 and amounted to $18.6 million as compared to $27.3 million as at December 31, 2019.

The decrease is attributable to $19.2 million cash used in financing activities partially offset with $8.3 million cash provided by investing activities and $2.2 million cash provided by operating activities.

Cash flow activities highlights during the six-month period include:

- $7.3 million cash inflow from vessel disposal completed within the first quarter;
- $1.0 million cash inflow from cancellation of vessel disposal;
- $11.6 million scheduled loan repayments and prepayments due to vessel sale, and
- $7.6 million dividend distribution.

Current Fleet List

Vessel	Yard	DWT	Year Built
Owned Fleet			
Handysize			
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
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

Commercially Managed Fleet

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

Summary of Operating Data (unaudited)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenue, net	8,933	13,190	20,000	29,101
Voyage expenses	(1,570)	(2,937)	(2,991)	(4,478)
Time charter equivalent revenue	**7,363**	**10,253**	**17,009**	**24,623**
Commercial revenue fee	97	27	209	42
Total	**7,460**	**10,280**	**17,218**	**24,665**
Vessel operating expense	(5,790)	(7,032)	(12,175)	(14,442)
Drydock expense	(25)	(255)	(27)	(989)
Depreciation expense	(2,083)	(2,336)	(4,166)	(4,738)
General and administration expense	(744)	(848)	(1,623)	(1,601)
(Loss)/ Gain on vessel disposal	-	3,851	(74)	3,851
Gain on Contract Termination	1,000	-	1,000	-
Impairment Charge	(5,280)	-	(5,280)	-
Write off of inventory	(38)	-	(257)	-
Interest expense and finance cost, net	(841)	(1,439)	(1,862)	(3,006)
Interest income	6	108	40	175
Other expenses and taxes, net	(180)	(159)	(269)	(254)
Net (loss) / Income	**(6,515)**	**2,170**	**(7,475)**	**3,661**
Add/ Less: Loss/ (Gain) on vessel disposal	-	(3,851)	74	(3,851)
Add: Write off of inventory	38	-	257	-
Add: Impairment loss	5,280	-	5,280	-
Less: Gain on Contract Termination	(1,000)	-	(1,000)	-
Adjusted net loss	**(2,197)**	**(1,681)**	**(2,864)**	**(190)**
Net (loss) / Income per share, basic and diluted	**(0.25)**	**0.08**	**(0.29)**	**0.14**
Adjusted net loss per share, basic and diluted (2)	**(0.09)**	**(0.06)**	**(0.11)**	**(0.01)**

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net (loss) / Income	(6,515)	2,170	(7,475)	3,661
Add: Depreciation expense	2,083	2,336	4,166	4,738
Add: Interest expense and finance cost, net	841	1,439	1,862	3,006
Add: Other taxes	47	95	96	143
Less: Interest income	(6)	(108)	(40)	(175)
EBITDA (1)	**(3,550)**	**5,932**	**(1,391)**	**11,373**
Add/ Less: Loss/ (Gain) on vessel disposal	-	(3,851)	74	(3,851)
Add: Drydock expense	25	255	27	989
Add: Write off of inventory	38	-	257	-
Add: Impairment loss	5,280	-	5,280	-
Less: Gain on contract termination	(1,000)	-	(1,000)	-
Adjusted EBITDA (1)	**793**	**2,336**	**3,247**	**8,511**

(1) Adjusted EBITDA represents net income before interest, other taxes, depreciation and amortization, drydock expense, gain/ (loss) on vessel disposition, restructuring costs, gain/ (loss) on debt extinguishment, impairment charge, gain on contract termination and write off of inventory 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.

Summary of Operating Data (unaudited)

Vessel Utilization:	Three Months Ended June 30, 2020	Three Months Ended June 30,2019	Six Months Ended June 30,2020	Six Months Ended June 30,2019
Ship days (2)	1,456	1,648	2,928	3,357
Less: Off-hire days	13	12	41	16
Less: Off-hire days due to drydock	-	21	-	41
Operating days (3)	1,443	1,615	2,887	3,301
Fleet Utilization (4)	99%	98%	99%	98%
Commercial Ship days (8)	546	-	1,092	-
TCE per day- $ (1)	5,103	6,349	5,892	7,461
Opex per day- $ (6)	3,977	4,267	4,158	4,302
G&A expenses per day- $ (7)	511	515	554	477
G&A expenses basis commercial days -$ (9)	372	463	404	431
Vessels at period end	16	18	16	18
Average number of vessels during the period (5)	16	18	16	19

(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.

(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	June 30, 2020	December 31, 2019
ASSETS		
Cash & cash equivalents	8,151	16,362
Restricted cash (current and noncurrent)	10,413	10,957
Vessels held for sale	-	7,350
Vessels, net	165,255	174,635
Other receivables	6,120	7,425
Other assets	52	103
Total assets	**189,991**	**216,832**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	4,911	5,014
Other current liabilities	155	-
Deferred revenue	855	1,144
Total debt, net of deferred finance costs	73,283	84,773
Total liabilities	**79,204**	**90,931**
Shareholders' equity	110,787	125,901
Total liabilities and shareholders’ equity	**189,991**	**216,832**

Condensed Consolidated Statement of Cash Flows (Unaudited)

(In thousands of U.S. Dollars)

	Six months Ended June 30, 2020	Six months Ended June 30, 2019
Cash flows from operating activities		
Net (loss)/ Income	(7,475)	3,661
Adjustments to reconcile net (loss)/ income to net cash provided by operating activities:		
Depreciation	4,166	4,738
Amortization of deferred finance fees	137	172
Write off of inventory	257	-
Loss / (gain) on vessel disposal	74	(3,851)
Impairment charge	5,280	-
Gain on contract termination	(1,000)	-
Staff leaving indemnities provision	17	-
Changes in operating assets and liabilities	736	(314)
Net cash provided by operating activities	**2,192**	**4,406**
Cash flows from investing activities		
Payments for vessel improvements	(15)	(193)
Cash proceeds from vessel sales	7,308	9,659
Cash received on contract termination	1,000	-
Purchase of other fixed assets	(6)	(63)
Net cash provided by investing activities	**8,287**	**9,403**
Cash flows from financing activities		
Loan repayments and prepayments	(11,577)	(10,367)
Payment of debt extinguishment fee	-	(21)
Dividends paid	(7,639)	-
Payment of deferred finance fees and other loan related fees	(17)	(138)
Repurchase of common stock	-	(1,759)
Net cash used in financing activities	**(19,233)**	**(12,285)**
Net (decrease)/ increase in cash and cash equivalents	**(8,754)**	**1,524**
Cash and cash equivalents and restricted cash at the beginning of the period	27,318	26,795
Cash and cash equivalents and restricted cash at period end	**18,564**	**28,319**

About Pioneer Marine Inc.

Pioneer Marine is a leading shipowner and global drybulk handysize transportation service provider. Pioneer Marine currently owns fifteen Handysize drybulk carriers and is commercial manager of six 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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