Pioneer Marine Inc. Announces Third Quarter 2014 Results

MAJURO -- (Marketwired – December 9, 2014) – Pioneer Marine Inc. (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company,") a leading shipowner and global drybulk handysize transportation service provider, announced its unaudited financial and operating results for the third quarter ended September 30, 2014.

Third Quarter 2014 Financial Highlights:

- For the third quarter 2014, the Company reported a net loss of $5.0 million, or $0.22 basic and diluted loss per share, as compared to a loss of $2.5 million or $0.11 basic and diluted loss per share for the second quarter of 2014.

Recent Events

- During the third quarter, Pioneer drew down on a $47.4 million facility with CIT Finance LLC and on a $72 million facility with ABN AMRO Bank N.V and DVB Bank Ltd. to partially refinance the purchase price of thirteen vessels.

- On November 20, 2014, ABN AMRO Bank N.V committed to participate, subject to the satisfaction of certain conditions, as one of the lenders to a Senior Secured Facility of up to $156.6 million for the purpose of financing our newbuilding program. ABN AMRO will also act as Bookrunning Mandated Lead Arranger to the facility. The facility will be for 12 newbuildings and will be partly covered by a Sinosure guarantee. Pioneer expects to receive further commitments from other participating banks within the upcoming weeks.

- During the third quarter of 2014 the Company made progress payments of $17.3 million relating to eight hulls delivering in 2015 and 2016.

Pankaj Khanna, Chief Executive Officer, commented, "We are pleased with the arrangement of the debt facility for our Green Dolphin newbuildings and appreciate the support provided by our banks as we continue to grow.

“Pioneer has now built a Handysize focused operating platform and is among the top 15 Handysize owners. We are positioned to consolidate this fragmented sector further with like-minded operators and financial sponsor backed companies. The benefits of scale are most evident for smaller vessels as operational synergies, access to cargo and capital is available for the larger, well capitalized companies with modern fleets.

“The return of volatility in the drybulk freight market for the larger vessels signifies a supply-demand equation that appears to be coming back into balance after four years of over-supply. The market recovery has been delayed due to the 7% decline seen in Chinese coal imports (Jan-Sep 2014 versus prior period) precipitated by a 24% surge in hydro-electric production in the same period. However, forecasts for 2015 suggest that Chinese coal imports may rebound as hydro-electric production returns to more normal levels. The demand for minor bulk has been negatively impacted during 2014 by the ban on Indonesian exports of unprocessed mineral, however, we are now seeing long-haul trades of bauxite from West Africa and elsewhere to China, as stocks built in anticipation of the ban are rundown. Overall drybulk demand forecasts for 2015 are still in the 5-7% range based on volume alone and not accounting for the tonne-mile effect for example from rising Brazilian iron ore exports. We remain cautiously optimistic about the prospects for 2015."

Financial Review: Third quarter of 2014

Net revenue for the three month ended September 30, 2014 amounted to $11.1 million as compared to $12.2 million in the three months period ended June 30, 2014, decreased by $1.1 million or 8.7%. The number of operating days in the third quarter of 2014 increased to 1,182.5 days as compared to 1,138.8 days in the second quarter of 2014 and 573.5 operating days in the first quarter of 2014. During first quarter of 2014 eight vessels were added to the existing operating fleet of four vessels and during second quarter MV Jupiter Bay was delivered to us, increasing the total operating fleet to 13 vessels at the end of the second and third quarter.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to $6.8 million in the three month period ended September 30, 2014 as compared to $7.5 million in the three month period ended June 30, 2014. TCE per day for the three month period ended September 30, 2014 amounted to $5,712, while for the three month period ended June 30, 2014 amounted to $6,551.

Vessel Operating Expenses ("OPEX") increased by $0.5 million for the three month period ended September 30, 2014 to $6.9 million as compared to $6.4 million in the three month period ended June 30, 2014, partially due to the increased fleet size and consequently increased ship days of the fleet. Daily OPEX increased to $5,749 per day in the three month period ended September 30, 2014 as compared to the three month period ended June 30, 2014 that amounted to $5,519.

General and Administration Expenses increased by $0.4 million for the three month period ended September 30, 2014 to $1.3 million as compared to $0.9 million in the three month period ended June 30, 2014 mainly due to increased professional fees and increased headcount.

Interest expense and finance cost, net incurred during the three month period ended September 30, 2014 amounted to $0.9 million and relates to bank loan interest of $0.9 million, amortization of deferred finance fees and other finance charges of $0.2 million partially offset with interest of $0.3 million capitalised to vessels under construction.

Fleet List as of September 30, 2014

	Type	DWT	Year Built	Delivery Date (1)
Current fleet:				
Reunion Bay	Handysize	32,354	2006	Nov 1, 2013
Paradise Bay	Handymax	46,232	2003	Nov 11, 2013
Eden Bay	Handysize	28,342	2008	Dec 2, 2013
Fortune Bay	Handysize	28,671	2006	Mar 4, 2014
Mykonos Bay	Handysize	32,411	2009	Dec 2, 2013
Emerald Bay	Handysize	32,258	2008	Jan 27, 2014
Azure Bay	Handysize	31,700	2005	Mar 10, 2014
Teal Bay	Handysize	32,327	2007	Jan 17, 2014
Calm Bay	Handysize	37,534	2006	Mar 4, 2014
Ha Long Bay	Handysize	32,311	2007	Feb 14, 2014
Jupiter Bay	Handysize	29,997	2012	Apr 22, 2014
Venus Bay	Handysize	30,003	2012	Mar 31, 2014
Orion Bay	Handysize	30,009	2012	Mar 25, 2014
Vessels under construction:				
GY311[(2)]	Handysize	38,800	-	2015
GY312[(2)]	Handysize	38,800	-	2015
GY313[(2)]	Handysize	38,800	-	2015
GY314[(2)]	Handysize	38,800	-	2015
GY315[(2)]	Handysize	38,800	-	2015
GY316[(2)]	Handysize	38,800	-	2015
GY317[(2)]	Handysize	38,800	-	2015
GY318[(2)]	Handysize	38,800	-	2015
GY319[(2)]	Handysize	38,800	-	2015
GY320[(2)]	Handysize	38,800	-	2015
GY321[(2)]	Handysize	38,800	-	2016
GY322[(2)]	Handysize	38,800	-	2016
SF130111[(3)]	Handysize	38,000	-	2016
SF130112[(3)]	Handysize	38,000	-	2016

(1) Estimated year of completion for vessels under construction
(2) Green Dolphin Newbuilding being constructed by Yangzhou Guoyu Shipbuilding Co., LTD (Guoyu)
(3) Green Dolphin Newbuilding being constructed by Taizhou Sanfu Ship Engineering Co., LTD.

Summary of Operating Data (unaudited)

(US Dollars in Thousands, except per day, per share and number of days data)

	Three months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Revenue, net	11,103	12,156	6,126
Voyage expenses	(4,349)	(4,695)	(1,307)
Time charter equivalent revenue	6,754	7,461	4,819
Vessel operating expense	(6,876)	(6,414)	(3,865)
Drydock expense	-	-	(511)
Depreciation expense	(2,729)	(2,654)	(1,511)
General and administration expense	(1,308)	(885)	(594)
Interest expense and finance cost	(874)	-	-
Interest income	17	-	-
Other income/(expenses), net	12	(2)	(1)
Income and other taxes	(34)	-	-
Net loss	(5,038)	(2,494)	(1,663)
Net loss per share in, basic and diluted	(0.22)	(0.11)	(0.09)

The following table reconciles net loss to EBITDA:

(US Dollars in thousands)

	Three months Ended September 30, 2014	Three Months Ended June 30, 2014	Three Months Ended March 31, 2014
Net loss	(5,038)	(2,494)	(1,663)
Add: Depreciation expense	2,729	2,654	1,511
Add: Interest expense and finance cost	874	-	-
Add: Income and other taxes	34	-	-
Less: Interest income	(16)	-	-
EBITDA[1]	(1,417)	160	(152)

(1) EBITDA represents net income/(loss) before interest, taxes, depreciation and amortization and is used as a supplemental financial measure by management to assess our financial and operating performance. We believe that EBITDA assists our management and investors by increasing the comparability of our performance from period to period. We believe that including EBITDA as a financial and operating measure benefits investors in selecting between investing in us and other investment alternatives. 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 EBITDA may not be comparable to that reported by other companies.

FLEET DATA (unaudited)

Vessel Utilization:	**Three months Ended September 30, 2014**	**Three Months Ended June 30, 2014**	**Three Months Ended March 31, 2014**
Ship days(2)	1,196.0	1,162.3	627.3
Off-hire days	13.5	23.5	28.9
Off-hire days due to dry-dock	-	-	24.9
Operating days (3)	1,182.5	1,138.8	573.5
Fleet Utilization (4)	99%	98%	91%
TCE per day- $ (1)	5,712	6,551	8,403
Opex per day- $	5,749	5,519	6,163

(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 while a vessel is employed, scheduled repairs, drydockings 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.

Condensed Consolidated Balance Sheets (Unaudited)
(US Dollars in Thousands)

As at	September 30, 2014	December 31, 2013
ASSETS		
Current assets		
Cash & cash equivalents	112,495	1,358
Trade accounts receivable & accrued income	3,570	586
Inventories	2,046	1,072
Other receivables	948	423
Total current assets	**119,059**	**3,439**
Non-current assets		
Vessels, net	221,957	68,170
Other fixed assets	165	75
Advances for vessel acquisition and vessels under construction	35,351	13,621
Restricted cash	5,340	-
Deferred financing costs	2,922	-
Total non-current assets	**265,735**	**81,866**
Total assets	**384,794**	**85,305**
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	3,084	637
Deferred revenue	1,044	-
Current portion of long term debt	7,282	-
Total current liabilities	**11,410**	**637**
Non-current liabilities		
Long term debt	110,704	-
Other non-current liabilities	680	-
Total non-current liabilities	**111,384**	**-**
Shareholders'/ owners' equity	262,000	84,668
Total liabilities and shareholders' equity	**384,794**	**85,305**

Condensed Consolidated Statement of Cash Flows (Unaudited)

(US Dollars in Thousands)

	Nine Months September 30, 2014
Cash flows from operating activities	
Net Loss	(9,195)
Adjustments to reconcile loss to net cash used in operating activities:	
Depreciation	6,894
Amortization of deferred finance fees	177
Changes in operating assets and liabilities	(1,395)
Net cash used in operating activities	**(3,519)**
Cash flows from investing activities	
Acquisition of vessels	(155,588)
Advances for vessel acquisitions and vessels under construction	(26,751)
Purchase of other fixed assets	(162)
Restricted cash	(5,340)
Net cash used in investing activities	**(187,841)**
Cash flows from financing activities	
Loan proceeds, net of deferred finance cost	117,394
Loan repayments	(1,424)
Cash contributions and proceeds from sale of shares	186,527
Net cash provided by financing activities	**302,497**
Net increase in cash and cash equivalents	111,137
Cash and cash equivalents at the beginning of the period	1,358
Cash and cash equivalents at the end of the period	112,495

About Pioneer Marine Inc.

Pioneer Marine Inc. is a leading shipowner and global drybulk handysize transportation service provider. Pioneer Marine currently owns twelve Handysize and one Handymax drybulk carriers with an additional 14 Handysize newbuildings on order for delivery in 2015. 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, drydocking 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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