Pioneer Marine Inc. Announces Results for the Fourth Quarter and Twelve Month Ended December 31, 2014

MAJURO -- (Marketwired – May 19, 2015) – 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 fourth quarter ended and twelve month ended December 31, 2014.

Highlights:

- Net loss of $3.4 million, or $0.15 basic and diluted loss per share for the fourth quarter of 2014 and a net loss of $12.6 million, or $0.58 basic and diluted loss per share for the year ended December 31, 2014.

- Net Revenue amounted to $12.1 million for the fourth quarter of 2014 and $41.5 million for the year ended December 31, 2014.

- During 2014 the Company made progress payments to the shipyards of $38.9 million relating to twelve hulls delivering in 2015 and 2016.

Pankaj Khanna, Chief Executive Officer, commented, "2014 was a formative year for Pioneer Marine as we built out a full service operating platform for geared vessels with focus on Handysize bulkers. With the support of our shareholders and bankers we were able to secure debt and raise equity to build out a fleet of 25 modern Handys that positions us as one of the leading owner/operators of Handys in the market. We now look forward to leveraging this platform to consolidate the market.

“2014 proved to be quite a challenging year for the freight market contrary to projections that suggested an improvement from 2013. While a general oversupply of ships delivered over the previous three years was to blame, there were a number of onetime factors in play that resulted in average rates that were marginally better than the low market of 2012. The lack of seasonality and congestion due to farmers holding back export of grains from Argentina and the USA smoothed out demand and reduced volatility. In addition the ban on exports of unprocessed minerals from Indonesia and iron ore from India also resulted in a decline in demand for smaller vessels. This was further compounded by the decline in Chinese coal imports that mainly reduced demand for Panamaxes but this impact also trickled down into the smaller sectors.

“The Handysize fleet still comprises of just under 600 vessels of 15 million dwt that are 20 years or older and if current market conditions persist all these vessels are candidates for scrapping particularly due to the high operating costs, including drydock costs, and the cost for these vessels to comply with upcoming new regulations including the Ballast Water Treatment System that makes further trading prohibitive. Handysize is the only sector in drybulk where the orderbook is matched by the percentage of the existing fleet that is older than 20 years old. New orders have come to a virtual halt and if the current poor market conditions persist scrapping could well exceed deliveries in 2015 bringing a semblance of balance. Freight market conditions in the first four months of 2015 have been the worst in over 30 years and this has hastened the exit of older tonnage with 14.6 million dwt of drybulk carriers scrapped, including 2.2 million dwt of Handys. We remain cautiously optimistic about the prospects of a recovery during the second half of 2015 as scrapping continues at a rapid pace and certain one off factors from last year are mitigated”

Recent Events

- The Company has secured a loan facility with ABN AMRO Bank, N.V, Deutsche Bank AG and Norddeutche Landesbank Girozentrale today for an amount up to $150.1 million to provide post-delivery financing for the twelve 38,800 dwt new building bulk carriers.
- During May 2015 the Company obtained covenant check waivers from all lenders for 2014 and 2015 EBITDA to Debt Service financial covenant.
- On November 9, 2013 the Company entered into two Shipbuilding Contracts for the construction of two 38,000 dwt Green Dolphin Bulk Carriers from Taizhou Sanfu Shipyard. The contracts expired on December 31, 2014 following the failure by the Sellers to produce the respective Refund Guarantees within the agreed time frame.

Financial Review: Fourth quarter of 2014

Net Revenue for the fourth quarter of 2014 amounted to $12.1 million as compared to $1.3 million in the fourth quarter of 2013. Net revenue increased by $10.8 million mainly due to the increased number of operating vessels and operating days of the fleet which increased to 1,159 days in the three month ended December 31, 2014 compared to 156.8 days for the three month ended December 31, 2013.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to $8.6 million in the fourth quarter of 2014 compared to $0.8 million for the fourth quarter of 2013. TCE per day for the fourth quarter of 2014 amounted to $7,456 as compared to $5,356 per day for the three month ended December 31, 2013.

Vessel Operating Expenses ("OPEX") amounted to $5.9 million for the fourth quarter of 2014 as compared to $1.1 million in the fourth quarter of 2013. The increase is attributable to the increased number of operating vessels that amounted to 13 vessels in the fourth quarter of 2014 as compared to only 4 vessels in the fourth quarter of 2013. Fourth quarter 2014 ship days increased to 1,196 as compared to 168 days for the fourth quarter of 2013.

Depreciation expense for the fourth quarter of 2014 increased to $2.7 million from$0.4 million in the fourth quarter of 2013 due to the increased number of operating vessels as discussed above.

General and administration expenses for the fourth quarter of 2014 increased to $1.6 million as compared to $0.2 million in the three month period ended December 31, 2013. The increase is mainly attributable to an increase in personnel costs due to an increase in head count, professional fees, directors' fees and various other expenses attributable to the increased operations and planned growth of the Company.

Financial Review: Year ended December 31, 2014

Net Revenue for year ended 2014 amounted to $41.5 million as compared to $1.3 million in the period from September 10, 2013 (date of inception) to December 31, 2013. Net revenue increased by $40.2 million due to the increased number of operating vessels and operating days of the fleet which increased to 4,054 days within the year ended 2014 as compared to 157 days in the period from September 10, 2013 to December 31, 2013.

Time Charter Equivalent ("TCE") revenue (Net Revenue less Voyage Expenses) amounted to $27.7 million in the year ended December 31, 2014 as compared to $0.8 million in the period from September 10, 2013 (date of inception) to December 31, 2013. TCE per day for the year ended December 31, 2014 amounted to $6,827 as compared to $5,356 per day for the period from September 10, 2013 to December 31, 2013.

Vessel Operating Expenses ("OPEX") amounted to $23.1 million for the year ended December 31, 2014 as compared to $1.1 million in the period from September 10, 2013 (date of inception) to December 31, 2013. The increase is attributable to the increased number of operating vessels that amounted to an average of 11.5 vessels during 2014 as compared to only 1.5 average vessels in the period ended from September 10, 2013 (date of inception) to December 31, 2013. Ship days increased to 4,182 as compared to 168 days in the period from September 10, 2013 (date of inception) to December 31, 2013. Vessel OPEX includes several spares like log lashings, crane wires, generator and main engine spares, etc. that were purchased in 2014 after takeover.

Dry docking expense for the year ended 2014 amounted to $1.2 million and relates to the dry docking of MV Mykonos Bay and MV Calm Bay that took place during this period. No vessels were dry docked in 2013.

Depreciation expense increased from $0.4 million in the period from September 10, 2013 to December 31, 2013 to $9.6 million for the year ended December 31, 2014. The increase is attributable to the increased number of operating vessels as discussed above.

General and administration expenses increased from $0.4 million in the period from September 10, 2013 to December 31, 2013 to $4.4 million for the year ended December 31, 2014. The increase in mainly attributable to an increase in personnel costs due to an increase in head count, professional fees, directors' fees and various other expenses attributable to the increased operations and planned growth of the Company.

Fleet List as of December 31, 2014

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

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

Summary of Operating Data (unaudited)

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

	Three months Ended December 31, 2014	Three months Ended December 31, 2013	Year Ended December 31, 2014	For the period from September 10, 2013 to December 31, 2013
Revenue, net	12,113	1,340	41,498	1,340
Voyage expenses	(3,471)	(501)	(13,822)	(501)
Time charter equivalent revenue	8,642	839	27,676	839
Vessel operating expense	(5,912)	(1,101)	(23,068)	(1,101)
Drydock expense	(723)	-	(1,233)	-
Depreciation expense	(2,737)	(413)	(9,631)	(413)
General and administration expense	(1,574)	(238)	(4,361)	(446)
Interest expense and finance cost	(935)	-	(1,809)	-
Interest income	22	-	39	-
Other income, net	-	-	9	-
Other taxes	(172)	-	(206)	-
Net loss	(3,389)	(913)	(12,584)	(1,121)
Net loss per share, basic and diluted	(0.15)	(0.05)	(0.58)	(0.06)

The following table reconciles net loss to Adjusted EBITDA:

(US Dollars in thousands)

	Three months Ended December 31, 2014	Three months Ended December 31, 2013	Year Ended December 31, 2014	For the period from September 10, 2013 to December 31, 2013
Net loss	(3,389)	(913)	(12,584)	(1,121)
Add: Depreciation expense	2,737	413	9,631	413
Add: Drydocking expense	723	-	1,233	-
Add: Interest expense and finance cost	935	-	1,809	-
Add: other taxes	172	-	206	-
Less: Interest income	(22)	-	(39)	-
Adjusted EBITDA[(1)]	1,156	(500)	256	(708)

(1) Adjusted EBITDA represents net income/(loss) before interest, taxes, depreciation and amortization and drydocking 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 EBITDA may not be comparable to that reported by other companies.

Vessel Utilization:	**Three months Ended December 31, 2014**	**Three months Ended December 31, 2013**	**Year Ended December 31, 2014**	**For the period from September 10, 2013 to December 31, 2013**
Ship days (2)	1,196	168	4,181.6	168
Off-hire days	18.2	11.2	84.1	11.2
Off-hire days due to dry-dock	18.8	-	43.7	-
Operating days (3)	1,159	156.8	4,053.8	156.8
Fleet Utilization (4)	97%	93%	97%	93%
TCE per day- $ (1)	7,456	5,356	6,827	5,356
Opex per day- $	4,944	6,555	5,517	6,555
Adjusted Opex per day- $ (6)	4,944	4,779	5,111	4,779
Vessels at period end	13	4	13	4
Average number of vessels during the period (5)	13	1.8	11.5	1.5

(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 for undergoing 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.

(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) “Adjusted OPEX per day” excludes all costs relating to all necessary initial supplies for the vessel to commence operation and improve efficiency and performance as per standards set by management.

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

As at	December 31, 2014	December 31, 2013
ASSETS		
Cash & cash equivalents and restricted cash (current and noncurrent)	105,005	1,358
Other current assets	5,489	2,081
Vessels, net	219,264	68,170
Advances for vessel acquisition and vessels under construction	48,775	13,621
Other non-current assets	222	75
Total assets	**378,755**	**85,305**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	5,042	637
Deferred revenue	1,286	-
Long term debt, net of deferred finance costs	113,227	-
Other non-current liabilities	680	-
Total liabilities	**120,235**	**637**
Shareholders'/ owners' equity	258,520	84,668
Total liabilities and shareholders'/owners' equity	**378,755**	**85,305**

Condensed Consolidated Statement of Cash Flows (Unaudited)

(US Dollars in Thousands)

	December 31, 2014
Cash flows from operating activities	
Net Loss	(12,584)
Adjustments to reconcile loss to net cash used in operating activities:	
Depreciation	9,631
Amortization of deferred finance fees	381
Changes in operating assets and liabilities	2,019
Net cash used in operating activities	**(553)**
Cash flows from investing activities	
Acquisition of vessels	(155,594)
Advances for vessel acquisitions and vessels under construction	(40,169)
Purchase of other fixed assets	(201)
Receivable from Shareholders	(102)
Restricted cash	(6,176)
Net cash used in investing activities	**(202,242)**
Cash flows from financing activities	
Loan proceeds, net of deferred finance costs	117,296
Loan repayments	(3,466)
Cash contributions and proceeds from sale of shares	186,436
Net cash provided by financing activities	**300,266**
Net increase in cash and cash equivalents	**97,471**
Cash and cash equivalents at the beginning of the period	1,358
Cash and cash equivalents at year end	**98,829**

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 12 Handysize newbuildings on order for delivery through 2016. 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.

Contact:
Pioneer Marine Inc.
Pankaj Khanna, President and CEO
+65 6513 8761
admin@pioneermarine.com

Investor Relations / Media
Capital Link, Inc.
Paul Lampoutis
+212 661 7566
pioneermarine@capitallink.com