Pioneer Marine Inc. Announces Financial Results For The Quarter Ended March 31, 2017

MAJURO, MARSHALL ISLANDS - (Marketwired – May 11, 2017) – Pioneer Marine Inc. and its subsidiaries (OSLO-OTC: PNRM) ("Pioneer Marine," or the "Company") a leading shipowner and global drybulk transportation service provider announced its financial and operating results for the quarter ended March 31, 2017.

Financial Highlights:

For the first quarter of 2017 the Company reported a net loss of $4.9 million, or $0.17 per share basic and diluted as compared to a net loss of $13.9 million, or $0.46 per share basic and diluted for the first quarter of 2016.

For the first quarter of 2017, the Company reported Adjusted EBITDA* of $1.2 million as compared to a negative Adjusted EBITDA of $2.4 million for the comparative quarter in 2016.

Revenue net of voyage expenses ("Time charter equivalent (TCE) revenue") for the first quarter of 2017 approximately doubled to $10.0 million as compared to $4.9 million in the same period of 2016 resulting in a TCE per day for the first quarter of 2017 of $6,997 as compared to $3,654 for the same period in 2016.

During the first quarter of 2017, five vessels completed their Special Surveys resulting in Drydock expenditure of $2.6 million that were expensed as operating costs in the quarter.

Recent Events:

The Azure Bay, which was sold in December 2016, was delivered to its new owners on April 3rd. We received $7.0 million in net proceeds from the sale.

Liquidity & Capital Resources:

As of March 31, 2017, the Company had a total liquidity of $77.3 million inclusive of $24.7 million in restricted cash. Out of the $24.7 million restricted cash, $7.0 million were released to the Company on April 4, 2017.

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

Pankaj Khanna, Chief Executive Officer, commented, "First quarter is usually the weakest quarter during the year for drybulk freight rates due to seasonal factors but Q1 2017 will be remembered as the quarter when the market turned and seasonal factors such as weather disruptions to exports were not as prominent. This recovery is demand led with very strong numbers seen from China. China remains the leading consumer by far of drybulk commodities and therefore the leading influencer of the market. Chinese imports in Q1 of iron ore increased 12% year-on-year while coal imports continued to surprise on the upside and increased by over 33%. Furthermore, this increase in imports isn’t just driven by switching from domestic sources to imports but Chinese steel consumption increased by 4.5% year-on-year while thermal electric production was up 7% in Q1. And it isn’t just iron ore and coal, grain has also been a big factor for the smaller vessels as grain exports from Brazil and Argentina continue at record pace. For example, Brazilian exports of soybean were up 26% in Q1 as compared to Q1 2016. In Q2 we have fixed voyages that are finally profitable and not just cashflow positive.

“As a result of improving freight rates asset prices surged during the quarter rising by 30% or more depending on the size and in a sense, have decoupled from the usual close correlation with freight rates. Asset prices (like shipping stocks) are now driven by the market sentiment that expects further improvement in freight rates over the next year or two. While the demand-supply equation looks better than it has been in the past three years, the threat of newbuilding ordering remains. In fact, it has already started in Q1, although marginally, and is not expected to impact the market until probably mid-2019. Orders undertaken by the yards are loss making and were presumably taken to keep the yard ticking over. Unless newbuilding prices rise to above breakeven levels for the yards; we do not see the yards taking orders in large numbers for delivery within 2019. As freight rates rise, fleet speed comes into consideration. Vessels are speeding up from the 12 knots they have been trading at for most of the last 2-3 years, resulting in increased supply and thus capping freight rates. Market will need some time to absorb this additional capacity.

“Pioneer has weathered the worst market in over 30 years without any amortization or interest holidays and came out with a strong balance sheet and net debt of just $1.5 million per vessel on a fleet of 16 vessels with an average age of 7.6 years. We have a strong balance sheet and we are looking at options to grow the fleet as we foresee further improvement in freight rates over the next 12-18 months.”

Financial Review: Three months ended March 31, 2017

Time Charter Equivalent ("TCE") revenue amounted to $10.0 million for the first quarter of 2017 compared to $4.9 million for the first quarter of 2016. The increase in TCE revenue is attributable to the deliveries of two vessels in the fourth quarter of 2016 and to the stronger market prevailing in the three months ended March 31, 2017 as compared to the respective period of 2016. TCE per day for the first quarter of 2017 amounted to $6,997 as compared to $3,654 for the first quarter of 2016, representing an increase of 91.5% in TCE per day.

Vessel Operating Expenses ("OPEX") amounted to $7.6 million for the first quarter of 2017 as compared to $6.2 million in the first quarter of 2016. The increase in OPEX is due to the increased average number of vessels, which amounted to 17 vessels in the first quarter of 2017 as compared to 15 vessels in the first quarter of 2016. OPEX per day for the first quarter of 2017 amounted to $4,997 as compared to $4,533 for the respective period in 2016. The increase in OPEX per day is mainly attributable to the additional operating expenses incurred for the vessels that went into drydock in the first quarter of 2017 in relation to routine repair work and spares delivered while in drydock.

Drydock expense for the first quarter of 2017 amounted to $2.6 million since five vessels completed their special surveys within this period. No vessels were drydocked during the first quarter of 2016.

Depreciation expense for the first quarter of 2017 increased to $2.1 million from $2.0 million in the first quarter of 2016. The increase of $0.1 million in depreciation expense is due to the increased number of fleet vessels.

General and administration expenses for both the first quarter of 2017 and the first quarter of 2016 amounted to $1.1 million. G&A expenses per day for the first quarter in 2017 amounted to $727 per ship as compared to $815 per ship for the first quarter of 2016. The decrease of G&A expenses per day is attributed to continued cost reduction measures.

Interest expense and finance cost for the three-month period ended March 31, 2017 increased by $0.5 million to $1.5 million as compared to $1.0 million for the three-month period ended March 31, 2016. $0.5 million was capitalized to vessels-under-construction in the three-month period ended March 31, 2016, which reduced the total amount of interest expense and finance cost. In the three-month end March 31, 2017, no interest was capitalized to vessels-under-construction given that Company's newbuilding program was effectively terminated on May 23, 2016.

Current Fleet List

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
Handymax			
Paradise Bay	Oshima Shipbuilding	46,232	2003
Supramax			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008

Summary of Operating Data (unaudited)

(In thousands of U.S. Dollars except per share data)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Revenue, net	10,870	6,317
Voyage expenses	(878)	(1,384)
Time charter equivalent revenue	9,992	4,933
Vessel operating expense	(7,646)	(6,156)
Drydock expense	(2,619)	-
Depreciation expense	(2,139)	(1,966)
General and administration expense	(1,112)	(1,107)
Write-off of capitalised expenses and fees	-	(8,660)
Interest expense and finance cost	(1,459)	(953)
Interest income	138	33
Other expenses and taxes, net	(35)	(55)
Net loss	(4,880)	(13,931)
Adjusted net loss(2)	(4,880)	(5,271)
Net loss per share, basic and diluted	(0.17)	(0.46)
Adjusted net loss per share, basic and diluted(2)	(0.17)	(0.17)

	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
Net loss	(4,880)	(13,931)
Add: Write-off of capitalised expenses and fees	-	8,660
Adjusted net loss(2)	(4,880)	(5,271)
Add: Depreciation expense	2,139	1,966
Add: Drydock expense	2,619	-
Add: Interest expense and finance cost	1,459	953
Add: Other taxes	33	20
Less: Interest income	(138)	(33)
Adjusted EBITDA(1)	1,232	(2,365)

(1) Adjusted EBITDA represents net loss before interest, other taxes, depreciation and amortization, drydock expense and write off of capitalised expenses and fees 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 Adjusted EBITDA may not be comparable to that reported by other companies.

(2) Adjusted net 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 March 31, 2017	Three Months Ended March 31, 2016
Ship days (2)	1,530	1,358
Less: Off-hire days	17	8
Less: Off-hire days due to drydock	85	-
Operating days (3)	1,428	1,350
Fleet Utilization (4)	93%	99%
TCE per day- $ (1)	6,997	3,654
OPEX per day- $ (6)	4,997	4,533
G&A expenses per day- $ (7)	727	815
Vessels at period end	17	15
Average number of vessels during the period (5)	17	15

(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.

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

As at	**March 31, 2017**	**December 31, 2016**
ASSETS		
Cash & cash equivalents and short term investments	52,632	59,017
Restricted cash (current and noncurrent)	24,661	22,805
Vessels, net	176,965	185,938
Other assets	12,622	5,272
Total assets	**266,880**	**273,032**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	6,169	4,773
Deferred revenue	917	1,088
Total debt, net of deferred finance costs	106,389	108,886
Total liabilities	**113,475**	**114,747**
Shareholders' equity	153,405	158,285
Total liabilities and shareholders’ equity	**266,880**	**273,032**

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

	March 31, 2017	March 31, 2016
Cash flows from operating activities		
Net Loss	(4,880)	(13,931)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	2,139	1,966
Amortization of deferred finance fees	212	245
Write off of capitalised expenses and fees	-	8,660
Changes in operating assets and liabilities	856	421
Net cash used in operating activities	**(1,673)**	**(2,639)**
Cash flows from investing activities		
Payments for vessel acquisitions, improvements and vessels under construction	(144)	(11,802)
Purchase of other fixed assets	(3)	(14)
Increase in restricted cash	(1,856)	(777)
Net cash used in investing activities	**(2,003)**	**(12,593)**
Cash flows from financing activities		
Loan repayments	(2,699)	(1,515)
Payment of deferred finance and other fees	(10)	(631)
Net cash used in financing activities	**(2,709)**	**(2,146)**
Net decrease in cash and cash equivalents	**(6,385)**	**(17,378)**
Cash and cash equivalents at the beginning of the period	59,017	60,003
Cash and cash equivalents and short term investment at period end	**52,632**	**42,625**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk transportation service provider. Pioneer Marine owns fourteen Handysize, one Handymax and one Supramax drybulk carriers.

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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