Pioneer Marine Inc. Announces Financial Results For the Second Quarter and Six Months Ended June 30, 2017

MAJURO, MARSHALL ISLANDS -- (Marketwired – August 10, 2017) – 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, 2017.

Financial Highlights:

- **Time Charter equivalent (TCE) revenue**
  - $11.1 million for Q2 2017, increased by $4.3 million or 63% compared to Q2 2016; Similarly, TCE per day was increased by 58% to $8,009 per day for the same period.
  - $21.1 million for the six months in 2017, increased by $9.3 million or 79% compared to the same period in 2016; Similarly, TCE per day was increased by 72% to $7,495 per day for the same period.

- **Adjusted EBITDA***
  - $3.1 million for Q2 2017, increased by $3.5 million compared to Q2 2016
  - $4.3 million for the six months in 2017, increased by $7.1 million compared to the same period in 2016

- **Net loss**
  - $1.9 million or $0.06 per share for Q2 2017, decreased by $4.8 million compared to Q2 2016
  - $6.8 million or $0.23 per share for the six months in 2017, decreased by $13.9 million compared to the same period in 2016

Net loss for the second quarter and six months ended June 30, 2017 include $1.0 million of restructuring costs and $0.1 million loss on vessel disposition, excluding these expenses, the net loss is $0.8 million or $0.03 per share basic and diluted for the second quarter of 2017 and $5.7 million or $0.19 per share basic and diluted for the six months ended June 30, 2017, respectively.

During the six-month period ended June 30, 2017, six vessels completed their Special Surveys resulting in Drydock expenditure of $3.2 million that were expensed as operating costs in the quarter.

Recent Events:

The Company reached an agreement with its Lenders to permanently remove the management clause contained in the ABN/DVB facility and Sinosure facility.

Liquidity & Capital Resources:

As of June 30, 2017, the Company had a total liquidity of $76.5 million inclusive of $14.9 million in restricted cash. The Company has no capital commitments.

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

Management's Commentary:

"Volatility in dry bulk rates experienced in Q1 continued through the early part of Q2 before significantly decreasing in May / June. BHSI index started the quarter around $7,900 per day before falling to around $6,800 per day by quarter end, a 14% decrease.

"Earnings recovery, clearly demand led, was fuelled by Chinese import demand for dry bulk commodities, that continued to impress the market. Total coal and iron ore imports increased by 12% y-o-y in first half of 2017, driven mostly by real estate investment and development, which increased by 8% y-o-y, and thermal power generation. However, the weakness seen in Q2 2017 reflects the continued oversupply, with global fleet expanding by 2.3% in first half of 2017 to 812m dwt. The driving force behind this expansion was the 64% y-o-y decline in scrapping activity, leading to the demolition of 8m dwt in the same period. Bulker deliveries have also slowed down, with only 3m dwt of new vessels entering the fleet in the first half of 2017, down 15% y-o-y. Softening deliveries are expected to help limit bulker fleet growth, with capacity orderbook currently at a thirteen year low of 61m dwt, equivalent to only 8% of overall fleet capacity.

"Meanwhile, second-hand dry bulk asset prices have remained relatively stable in recent months, with sales activity somewhat subdued compared to the firm activity witnessed in the first quarter.

"Overall, the market has clearly recovered from the historical lows of 2016 and with the recent surge some market participants believe that more substantial recovery may be close at hand. Although demand has improved for most major commodities, there remains a persistent level of vessel oversupply, which still needs to be absorbed, and uncertainty remains with regards to the sustainability of Chinese import demand growth. Prevailing market sentiment is that supply / demand balance is reaching an inflection point; however, because demand growth is expected to be marginally better than supply, the impact on shipping rates is likely to be modest.

"Pioneer continues to have the support of its lending syndicates and to operate successfully. With the strong balance sheet, we continue to review opportunities to further leverage our operating platform and position Pioneer to be able to take advantage of any meaningful and sustainable recovery."

Financial Review: Three months ended June 30, 2017

Time Charter Equivalent ("TCE") revenue amounted to $11.1 million in the second quarter of 2017 compared to $6.8 million for the second quarter of 2016. TCE per day for the second quarter of 2017 amounted to $8,009 per day as compared to $5,070 per day for the second quarter of 2016. The increase in TCE per day is due to the rising market rates in the second quarter of 2017 as compared to the second quarter of 2016.

Vessel Operating Expenses ("OPEX") amounted to $6.9 million for the second quarter of 2017 as compared to $6.0 million in the second quarter of 2016. OPEX rate per day for the second quarter of 2017 amounted to $4,727 per day, as compared to $4,411 per day for the second quarter of 2016. The increase in OPEX per day is mainly attributable to the additional operating expenses incurred for the vessels that went into drydock in relation to routine repair work and spares delivered while in drydock.

Drydock expense for the second quarter of 2017 amounted to $0.6 million and relates to one vessel which completed her special survey within this period. No vessels were drydocked during the second quarter of 2016.

Depreciation expense for the second quarter of 2017 was $2.0 million, which was unchanged from the second quarter of 2016.

General and administration expenses for the second quarter of 2017 decreased to $1.1 million as compared to $1.2 million in the second quarter of 2016. G&A expenses per day for the second quarter in 2017 amounted to $742 per day as compared to $884 per day for the second quarter of 2016. The decrease in G&A expenses per day is attributed to the restructuring that commenced within the second quarter of 2017.

Interest expense and finance cost for both the three-month period ended June 30, 2017 and June 30, 2016 amounted to $1.4 million.

Loss on vessel disposition for the second quarter of 2017 amounted to $0.1 million and relates to the sale of the M/V Azure Bay, which was completed on April 3, 2017. There were no vessel sales in the same period of 2016.

Restructuring costs for the second quarter of 2017 amounted to $1.0 million and mainly includes severance payments to senior management, consulting fees, legal fees and various expenses incurred following the change of senior management announced by the Company on May 30, 2017.

Financial Review: Six months ended June 30, 2017

Time Charter Equivalent ("TCE") revenue amounted to $21.1 million for the six months ended June 30, 2017 compared to $11.8 million in the same prior year period. TCE per day for the first six months of 2017 amounted to $7,495 per day, as compared to $4,361 per day in the same prior year period. The increase in TCE per day is due to the rising market rates in the six months ended June 30, 2017 as compared to the same period in 2016.

Vessel Operating Expenses ("OPEX") amounted to $14.5 million for the six months ended June 30, 2017, as compared to $12.2 million in the same prior year period. OPEX rate per day for the first six months of 2017 amounted to $4,865 per day as compared to $4,472 per day 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 half of 2017 in relation to routine repair work and spares delivered while in drydock.

Drydock expense for the six-month period ended June 30, 2017 amounted to $3.2 million since six vessels completed their special surveys within this period. No vessels were drydocked during the same period in 2016.

Depreciation expense for the six-month period ended June 30, 2017 increased to $4.1 million as compared to $3.9 million during the same period in 2016. The increase is attributable to the increased number of fleet vessels.

General and administration expenses for the six-month period ended June 30, 2017 decreased to $2.2 million from $2.3 million during the same period in 2016. G&A expenses per day for the first six months in 2016 amounted to $734 per day as compared to $850 per day for the same period in 2016. The decrease of G&A expenses per day is attributable to the restructuring that commenced within the second quarter of 2017.

Interest expense and finance cost for the six-month period ended June 30, 2017 increased by $0.6 million to $2.9 million as compared to $2.3 million for the six-month period ended June 30, 2016. $0.5 million was capitalized to vessels-under-construction in the six-month period ended June 30, 2016, which reduced the total amounted of interest expense and finance cost. In the six-month period ended June 30, 2017, no interest was capitalized to vessels-under-construction given that Company's newbuilding program was effectively terminated on May 23, 2016.

Loss on vessel disposition for the six-month period ended June 30, 2017 amounted to $0.1 million and relates to the sale of the M/V Azure Bay, which was completed on April 3, 2017. There were no vessel sales in the same period of 2016.

Restructuring costs for the six-month period ended June 30, 2017 amounted to $1.0 million and mainly includes severance payments to senior management, consulting fees, legal fees and various expenses incurred following the change of senior management announced by the Company on May 30, 2017.

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 June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Revenue, net	12,398	7,177	23,268	13,494
Voyage expenses	(1,290)	(348)	(2,168)	(1,732)
Time charter equivalent revenue	11,108	6,829	21,100	11,762
Vessel operating expense	(6,898)	(6,021)	(14,544)	(12,177)
Drydock expense	(598)	-	(3,217)	-
Depreciation expense	(2,010)	(1,976)	(4,149)	(3,942)
General and administration expense	(1,082)	(1,207)	(2,194)	(2,314)
Write off of capitalised expenses and fees	-	(2,987)	-	(11,647)
Loss on vessel disposition	(62)	-	(62)	-
Restructuring costs	(1,001)	-	(1,001)	-
Interest expense and finance cost	(1,393)	(1,353)	(2,852)	(2,306)
Interest income	160	63	298	96
Other expenses and taxes, net	(121)	(45)	(155)	(100)
Net loss	(1,897)	(6,697)	(6,776)	(20,628)
Adjusted net loss(2)	(834)	(3,710)	(5,713)	(8,981)
Net loss per share, basic and diluted	(0.06)	(0.22)	(0.23)	(0.68)
Adjusted net loss per share, basic and diluted(2)	(0.03)	(0.12)	(0.19)	(0.30)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Net loss	(1,897)	(6,697)	(6,776)	(20,628)
Add: Loss on vessel disposition	62	-	62	-
Add: Restructuring costs	1,001	-	1,001	-
Add: Write off of capitalised expenses and fees	-	2,987	-	11,647
Adjusted Net loss	**(834)**	**(3,710)**	**(5,713)**	**(8,981)**
Add: Depreciation expense	2,010	1,976	4,149	3,942
Add: Drydock expense	598	-	3,217	-
Add: Interest expense and finance cost	1,393	1,353	2,852	2,306
Add: Other taxes	70	18	103	38
Less: Interest income	(160)	(63)	(298)	(96)
Adjusted EBITDA(1)	**3,077**	**(426)**	**4,310**	**(2,791)**

(1) Adjusted EBITDA represents net loss before interest, other taxes, depreciation and amortization, drydock expense, loss on vessel disposition, restructuring costs and write off 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 June 30, 2017**	**Three Months Ended June 30, 2016**	**Six Months Ended June 30, 2017**	**Six Months Ended June 30, 2016**
Ship days (2)	1,459	1,365	2,989	2,723
Less: Off-hire days	16	18	74	26
Less: Off-hire days due to drydock	56	-	100	-
Operating days (3)	1,387	1,347	2,815	2,697
Fleet Utilization (4)	95%	99%	94%	99%
TCE per day- $ (1)	8,009	5,070	7,495	4,361
Opex per day- $ (6)	4,727	4,411	4,865	4,472
G&A expenses per day- $ (7)	742	884	734	850
Vessels at period end	16	15	16	15
Average number of vessels during the period (5)	16	15	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	**June 30, 2017**	**December 31, 2016**
ASSETS		
Cash & cash equivalents and short term investments	61,562	59,017
Restricted cash (current and noncurrent)	14,928	22,805
Vessels, net	174,983	185,938
Other receivables	4,740	3,824
Other assets	1,166	1,448
Total assets	**257,379**	**273,032**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	5,526	4,773
Deferred revenue	956	1,088
Total debt, net of deferred finance costs	99,388	108,886
Total liabilities	**105,870**	**114,747**
Shareholders' equity	151,509	158,285
Total liabilities and shareholders’ equity	**257,379**	**273,032**

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

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Cash flows from operating activities		
Net Loss	(6,776)	(20,628)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,149	3,942
Amortization of deferred finance fees	415	461
Write off of capitalised expenses and fees	-	11,647
Loss on vessel disposition	62	-
Changes in operating assets and liabilities	(96)	(158)
Net cash used in operating activities	**(2,246)**	**(4,736)**
Cash flows from investing activities		
Payments for vessel acquisition and vessels under construction	(151)	(12,074)
Cash proceed from vessel sale	6,982	-
Refund for shipbuilding contracts terminated	-	41,222
Purchase of other fixed assets	(7)	(27)
Decrease/increase in restricted cash	7,877	(7,758)
Net cash (used in) / provided by investing activities	**14,701**	**21,363**
Cash flows from financing activities		
Loan repayments	(9,866)	(7,997)
Payment of deferred finance fees and other loan fees	(44)	(5,447)
Net cash used in financing activities	**(9,910)**	**(13,444)**
Net increase in cash and cash equivalents	**2,545**	**3,183**
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	**61,562**	**63,186**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently 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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