Pioneer Marine Inc. Announces Financial Results for the Quarter and Year Ended December 31, 2017

MAJURO, MARSHALL ISLANDS -- (Marketwired – February 21st, 2018) – 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 and year ended December 31, 2017.

Financial Highlights:

- **Net Income/(loss)**
  - Net income of $2.5 million or $0.09 per share for Q4 2017, increased by $6.3 million compared to a loss of $3.8 million for Q4 2016.
  - Net loss of $5.0 million or $0.17 per share for the year ended December 31, 2017, decreased by $22.2 million compared to a net loss of $27.2 million for the year ended December 31, 2016.

- **Time Charter equivalent (TCE) revenue**
  - $13.7 million for Q4 2017, increased by $4.3 million or 46% compared to $9.4 million for Q4 2016; Similarly, TCE per day was increased by 49% to $9,391 per day for Q4 2017 as compared to $6,303 per day for Q4 2016.
  - $45.8 million for the YTD 2017, increased by $16.8 million or 58% compared to $29.0 million for the same period in 2016; Similarly, TCE per day was increased by 53% to $7,980 for the YTD 2017 as compared to $5,227 per for YTD 2016.

- **Adjusted EBITDA***
  - $5.8 million positive Adjusted EBITDA for Q4 2017, increased by $5.3 million compared to $0.5 million for Q4 2016.
  - $12.9 million positive Adjusted EBITDA for the YTD2017, increased by $14.7 million compared a negative figure of $1.8 million for the same period in 2016.

Net loss for the year ended December 31, 2017 include $1.3 million of restructuring costs and $0.1 million loss on vessel disposition, excluding these expenses, the net loss is $3.6 million or $0.12 per share basic and diluted for year ended December 31, 2017.

During the year ended December 31, 2017, six vessels completed their Special Surveys resulting in Drydock expenditure of $3.2 million that are recognized as operating costs in the period.

Liquidity & Capital Resources:

As of December 31, 2017, the Company had a total liquidity of $73.8 million inclusive of $12.5 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.

Torben Janholt, Chief Executive Officer commented: “2017 was overall a very good year for our Company. We have reported a positive EBITDA of $5.8 million and a net profit of $2.5 million for the fourth quarter of 2017. These positive results are the outcome of the successful Company’s restructuring within the year as well as further activities undertaken by the new Executive Management Team to streamline operations. Our organization and operational platform is now more straightforward and adaptable leading to additional efficiencies and improved results.

“Further, 2017 will be remembered as a year of recovery for the dry bulk owners in general, after one of the most challenging periods in almost 40 years. The fourth quarter is always the strongest period for the dry bulk market and this year was not an exception, creating expectations for a sustained recovery in 2018. The average BHSI index stood at $9,369 per day for the fourth quarter of 2017 as compared to $7,371 per day for the third quarter, reflecting a 27% increase. The market increase was mainly driven by China’s substitution of low quality iron ore and coal towards seaborne imports of higher quality.

“Looking forward, the dry bulk fleet is expected to grow this year at a pace that matches the expected demand growth of 2019. We believe that 2018 will be a much better year for the bulk market compared to previous years. We aim to take advantage of the market opportunities and bring sustainable growth to our Company.”

Financial Review: Three months ended December 31, 2017

Time Charter Equivalent ("TCE") revenue amounted to $13.7 million in the fourth quarter of 2017 compared to $9.4 million for the fourth quarter of 2016. TCE per day for the fourth quarter of 2017 increased by 49% to $9,391 per day as compared to $6,303 per day for the fourth quarter of 2016. The increase of the TCE revenue is attributable to the improved market rates despite the slight decrease of fleet operating days.

The Company continues to keep vessels operating expenses (“OPEX”) under control at $6.9 million or $4,676 per day for the fourth quarter of 2017 reduced by 8% as compared to $7.5 million or $4,895 per day for the fourth quarter of 2016.

General and administration expenses for the fourth quarter of 2017 decreased to $0.9 million or $612 per day, which is significantly reduced by 25% as compared to same quarter in 2016. The decrease in G&A expenses per day is attributed to the successful restructuring of the Company which has positively contributed to our bottom line for the fourth quarter of 2017.

Interest expense and finance cost for the fourth period ended December 31, 2017 amounted to $1.3 million, reduced by $0.1 million as compared to for the fourth quarter of 2016. The slight reduction is due to the decreased indebtedness despite the increased floating rates as compared to same period in previous year.

Financial Review: Twelve months ended December 31, 2017

Time Charter Equivalent ("TCE") revenue amounted to $45.8 million for the year ended December 31, 2017 or $7,980 per day compared to $29.0 million or $5,227 per day in the prior year. The above figures present an increase of 58% in TCE revenues and 53% in TCE per day figures, which is attributable to the improved market rates throughout 2017 as compared to year ended December 31, 2016.

Vessel Operating Expenses ("OPEX") in line with Company’s effort to maintain low operating cost, have amounted to $28.3 million for the year ended December 31, 2017 or at $4,764 per day. This represent an increase of 4% in the daily OPEX figures mainly attributable to the additional 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 year ended December 31, 2017 amounted to $3.2 million since six vessels completed their special surveys within this period. While at the same period in 2016 the Drydock expense amounted to $0.6 million as only one vessel completed its special survey.

General and administration expenses for the year ended December 31, 2017 decreased to $4.0 million or $675 per day as compared to $4.8 million or $846 per day during the same period in 2016. The decrease in G&A expenses per day is attributed to the successful restructuring the Company that was completed within 2017.

Interest expense and finance cost for the year ended December 31, 2017 increased to $5.6 million mainly due to reduction of capitalised interest given that Company's newbuilding program was effectively terminated on May 23, 2016.

Restructuring costs for the year ended December 31, 2017 amounted to $1.3 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	29,997	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 December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Revenue, net	15,379	11,210	51,034	34,702
Voyage expenses	(1,630)	(1,806)	(5,263)	(5,691)
Time charter equivalent revenue	13,749	9,404	45,771	29,011
Vessel operating expense	(6,883)	(7,519)	(28,267)	(25,907)
Drydock expense	3	(572)	(3,213)	(572)
Depreciation expense	(2,005)	(2,089)	(8,157)	(8,005)
General and administration expense	(901)	(1,250)	(4,007)	(4,770)
Write off of capitalised expenses and fees	-	-	-	(11,614)
Loss on vessel disposition	-	-	(62)	-
Impairment on vessels	-	(303)	-	(303)
Restructuring costs	-	-	(1,286)	-
Interest expense and finance cost	(1,356)	(1,444)	(5,587)	(5,141)
Interest income	141	124	596	327
Other expenses and taxes, net	(208)	(130)	(793)	(259)
Net Income / (loss)	2,540	(3,779)	(5,005)	(27,233)
Adjusted net Income/ (loss)(2)	2,540	(3,476)	(3,657)	(15,316)
Net income/(loss) per share, basic and diluted	0.09	(0.13)	(0.17)	(0.91)
Adjusted net income/(loss) per share, basic and diluted(2)	0.09	(0.12)	(0.12)	(0.51)

	Three Months Ended December 31, 2017	Three Months Ended December 31, 2016	Year Ended December 31, 2017	Year Ended December 31, 2016
Net income/(loss)	2,540	(3,779)	(5,005)	(27,233)
Add: Loss on vessel disposition	-	-	62	-
Add: Restructuring costs	-	-	1,286	-
Add: Impairment of vessel	-	303	-	303
Add: Write off of capitalised expenses and fees	-	-	-	11,614
Adjusted Net Income/(loss)	**2,540**	**(3,476)**	**(3,657)**	**(15,316)**
Add: Depreciation expense	2,005	2,089	8,157	8,005
Add: Drydock expense	(3)	572	3,213	572
Add: Interest expense and finance cost	1,356	1,444	5,587	5,141
Add: Other taxes	37	20	169	81
Less: Interest income	(141)	(124)	(596)	(327)
Adjusted EBITDA(1)	**5,794**	**525**	**12,873**	**(1,844)**

(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 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.

Vessel Utilization:	**Three Months Ended December 31, 2017**	**Three Months Ended December 31, 2016**	**Year Ended December 31, 2017**	**Year Ended December 31, 2016**
Ship days (2)	1,472	1,536	5,933	5,639
Less: Off-hire days	-	26	100	71
Less: Off-hire days due to drydock	8	18	97	18
Operating days (3)	1,464	1,492	5,736	5,550
Fleet Utilization (4)	99%	97%	97%	98%
TCE per day- $ (1)	9,391	6,303	7,980	5,227
Opex per day- $ (6)	4,676	4,895	4,764	4,594
G&A expenses per day- $ (7)	612	814	675	846
Vessels at period end	16	17	16	17
Average number of vessels during the period (5)	16	16.7	16	15.4

(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	December 31,2017	December 31, 2016
ASSETS		
Cash & cash equivalents	61,354	59,017
Restricted cash (current and noncurrent)	12,468	22,805
Vessels, net	171,387	185,938
Other receivables	5,449	3,824
Other assets	62	1,448
Total assets	**250,720**	**273,032**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	4,249	4,773
Deferred revenue	656	1,088
Total debt, net of deferred finance costs	92,535	108,886
Total liabilities	**97,440**	**114,747**
Shareholders' equity	153,280	158,285
Total liabilities and shareholders’ equity	**250,720**	**273,032**

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

	Year Ended December 31, 2017	Year Ended December 31, 2016
Cash flows from operating activities		
Net Loss	(5,005)	(27,233)
Adjustments to reconcile net loss to net cash provided by /(used in) operating activities:		
Depreciation	8,157	8,005
Amortization of deferred finance fees	807	885
Write off of capitalised expenses and fees	-	11,640
Write off of shareholder receivable	-	104
Write off of receivable from shipbuilding yard	88	-
Impairment charge	-	303
Loss on vessel disposition	62	-
Changes in operating assets and liabilities	(1,519)	736
Net cash provided by/(used in) operating activities	**2,590**	**(5,560)**
Cash flows from investing activities		
Payments for vessel acquisition and vessels improvements	(391)	(26,415)
Cash proceed from vessel sale	6,982	-
Refund for shipbuilding contracts terminated	-	54,122
Purchase of other fixed assets	(15)	(54)
Decrease/(increase) in restricted cash	10,337	(9,915)
Net cash provided by investing activities	**16,913**	**17,738**
Cash flows from financing activities		
Loan repayments	(17,046)	4,750
Loan proceeds	-	(11,028)
Payment of deferred finance fees and other loan fees	(120)	(6,280)
Repurchase of common stock	-	(606)
Net cash used in financing activities	**(17,166)**	**(13,164)**
Net increase/(decrease) in cash and cash equivalents	**2,337**	**(986)**
Cash and cash equivalents at the beginning of the year	59,017	60,003
Cash and cash equivalents at year end	**61,354**	**59,017**

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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