Pioneer Marine Inc. Announces Financial Results for the Third Quarter and Nine Months Ended September 30, 2018

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – November 9, 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 third quarter ended September 30, 2018.

Financial Highlights:

- **Net Income /(Loss)**
  - Net Loss of $0.6 million or $0.02 per share for Q3 2018, decreased by $0.2 million compared to a net loss of $0.8 million for Q3 2017.
  - Net Income of $1.8 million or $0.06 per share for the nine month period of 2018, increased by $9.3m compared to the same period in 2017 where a net loss of $7.5 million was reported.

- **Time Charter equivalent (TCE) revenue**
  - $15.0 million for Q3 2018, increased by $4.1 million or 38% compared to Q3 2017.
  - $41.4 million for the nine months in 2018, increased by $9.4 million or 29% compared to the same period in 2017.

- **Adjusted EBITDA***
  - $5.8 million for Q3 2018, increased by $3 million compared to $2.8 million for Q3 2017.
  - $16.2 million for the nine months in 2018, increased by $9.1 million compared to the same period in 2017 where Adjusted EBITDA was $7.1 million.

Recent Events:

- On September 20, 2018 the Company entered into a credit facility with DVB BANK SE for an amount of $29.3 million, with significantly improved terms for the Company. The facility was used to refinance two of the Company's existing loan facilities.

- On September 6, 2018, the Board of Directors of Pioneer Marine Inc. declared a cash dividend of $0.91 per outstanding share of company's Common Stock. On September 20, 2018, the dividend was paid to stockholders of record as of September 13, 2018.

- On November 5,2018, the Company entered into a commercial management agreement with an affiliate of Interorient Navigation Company Limited Cyprus ("Interorient") to undertake the commercial management of one of the dry bulk vessels of Interorient's fleet, enhancing in this context its operating platform.

Liquidity & Capital Resources:

As of September 30, 2018, the Company had a total liquidity of $28.6million inclusive of $11.6 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: "We are pleased with our results during the third quarter which have seen an important increase in our TCE earnings of about 20% as compared to the same prior year period. In actual figures, the daily TCE earning went from $7,498 per day to $9,008 per day.

"Along with our positive results and the successful completion of the refinancing of our major loan facilities with ABN Amro and DVB Bank, we are well prepared for new opportunities. We believe in a positive development of our market segment and our vessels are well positioned to take advantage of this."

<u>Financial Review: Three months ended September 30, 2018</u>

TCE revenue for the three-month period ended September 30, 2018 increased by $4.1 million, or 38%, to $15.0 million as compared to $10.9 million for the respective period of 2017. The increase is mainly attributable to the improved market rates for the third quarter of 2018, and partially due to the addition of three newly acquired Handysize vessels. TCE per day rate for the third quarter of 2018 increased to $9,008 per day as compared to $7,498 per day for the third quarter of 2017, increased by 20%.

Adjusted EBITDA for the three-month period ended September 30, 2018 increased by $3 million compared to same period in previous year. The increase is mainly due to $4.1 million increase in TCE revenue as described above, partially offset with an increase of $1.1 million in Operating Expenses which mainly derives from the addition of the three new acquired vessels.

One off items for the three-month period ended September 30, 2018 include the $0.5 million loss on debt extinguishment resulting from the refinancing of two of the Company's existing facilities, while one off items for the same period in 2017 included $0.3 million restructuring costs.

After adjusting net income/loss for the one-off items occurred within the three months ended September 30, 2018 and 2017 respectively, the Adjusted Net Loss decreased by $0.4 million to $0.1 million for the third quarter of 2018 as compared to the Adjusted Net Loss of $0.5 million for the same period in previous year.

<u>Financial Review: Nine months ended September 30, 2018</u>

TCE revenue for the nine-month period ended September 30, 2018 increased by $9.4 million, or 29%, to $41.4 million as compared to $32.0 million for the respective period of 2017. The increase is mainly attributable to the improved market rates prevailing the market throughout 2018, and partially due to the addition of three newly acquired Handysize vessels. TCE per day rate for the nine months of 2018 increased to $9,153 per day as compared to $7,496 per day for the same period of 2017, increased by 22%.

Adjusted EBITDA for the nine-month period ended September 30, 2018 increased by $9.1 million compared to same period in previous year. The two main factors affected this increase are: i) $9.4 million increase in TCE revenue as described above, ii) $0.4 million increase in Operating expenses due to the addition of the three new acquired vessels and, iii) $0.1million decrease in General and Administrative expenses.

One off items for the nine month period ended September 30, 2018 include the $1.3 million loss on debt extinguishment resulting from the refinancing of three of the Company's existing loan facilities, while one off items for the nine months ended September 30, 2017 include the $0.1 million loss on vessel disposition resulting from the sale of M/V Azure Bay and the $1.3 million restructuring costs expensed in the same period.

After adjusting net income/loss for the one-off items occurred within the nine months ended September 30, 2018 and 2017 respectively, the Adjusted Net Income increased by $9.3 million to $3.1 million for the nine months of 2018 as compared to the Adjusted Net Loss of $6.2 million for the same period in previous year. The increase is attributable to the increased Adjusted EBITDA of $9.1 million as described above, the decrease of $0.7 million relating to the drydock expense, partially offset with the increase of $0.2 million in Interest expense and interest income net, and the increased depreciation by $0.3 million.

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
Alsea Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2011
Liberty Bay	Hyundai Mipo Dockyard Co. Ltd	36,892	2012
Monterey Bay	Hyundai Mipo Dockyard Co. Ltd	36,887	2013
Handymax			
Paradise Bay	Oshima Shipbuilding	46,232	2003
Supramax			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008

Summary of Operating Data (unaudited)

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Revenue, net	16,175	12,387	48,234	35,655
Voyage expenses	(1,204)	(1,465)	(6,800)	(3,633)
Time charter equivalent revenue	**14,971**	**10,922**	**41,434**	**32,022**
Vessel operating expense	(7,863)	(6,840)	(21,760)	(21,384)
Drydock expense	(1,860)	-	(2,453)	(3,216)
Depreciation expense	(2,422)	(2,003)	(6,509)	(6,152)
General and administration expense	(1,289)	(912)	(3,041)	(3,106)
Loss on vessel disposition	-	-	-	(62)
Loss on debt extinguishment	(533)	-	(1,287)	-
Restructuring costs	-	(284)	-	(1,286)
Interest expense and finance cost	(1,644)	(1,379)	(4,578)	(4,231)
Interest income	140	157	561	455
Other expenses and taxes, net	(100)	(430)	(594)	(585)
Net (loss) /Income	**(600)**	**(769)**	**1,773**	**(7,545)**
Adjusted net (loss)/Income [(2)]	**(67)**	**(485)**	**3,060**	**(6,197)**
Net (loss) /Income per share, basic and diluted	**(0.02)**	**(0.03)**	**0.06**	**(0.26)**
Adjusted net (loss)/Income per share, basic and diluted [(2)]	**(0.00)**	**(0.02)**	**0.11**	**(0.21)**

	Three Months Ended September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Net (loss)/ Income	(600)	(769)	1,773	(7,545)
Add: Loss on vessel disposition	-	-	-	62
Add: Restructuring costs	-	284	-	1,286
Add: Loss on debt extinguishment	533	-	1,287	-
Adjusted Net (loss)/ Income	**(67)**	**(485)**	**3,060**	**(6,197)**
Add: Depreciation expense	2,422	2,003	6,509	6,152
Add: Drydock expense	1,860	-	2,453	3,216
Add: Interest expense and finance cost	1,644	1,379	4,578	4,231
Add: Other taxes	54	29	139	132
Less: Interest income	(140)	(157)	(561)	(455)
Adjusted EBITDA [(1)]	**5,773**	**2,769**	**16,178**	**7,079**

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

(1) Adjusted EBITDA represents net income/(loss) before interest, other taxes, depreciation and amortization, drydock expense, loss on vessel disposition, restructuring costs and loss on debt extinguishment 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 September 30, 2018	Three Months Ended September 30, 2017	Nine Months Ended September 30, 2018	Nine Months Ended September 30, 2017
Ship days (2)	1,746	1,472	4,681	4,461
Less: Off-hire days	11	15	65	89
Less: Off-hire days due to drydock	73	-	89	100
Operating days (3)	1,662	1,457	4,527	4,272
Fleet Utilization (4)	95.2%	99%	96.7%	95.8%
TCE per day- $ (1)	9,008	7,498	9,153	7,496
Opex per day- $ (6)	4,503	4,647	4,649	4,794
Adjusted G&A expenses per day- $ (7)	447	620	488	696
Vessels at period end	19	16	19	16
Average number of vessels during the period (5)	19	16	17	16

(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) Adjusted G&A expenses per day: is calculated by dividing running 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	September 30, 2018	December 31, 2017
ASSETS		
Cash & cash equivalents	17,018	61,354
Restricted cash (current and noncurrent)	11,576	12,468
Vessels, net	204,157	171,387
Other receivables	8,476	5,449
Other assets	59	62
Total assets	**241,286**	**250,720**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	6,728	4,249
Deferred revenue	1,033	656
Total debt, net of deferred finance costs	109,572	92,535
Total liabilities	**117,333**	**97,440**
Shareholders' equity	123,953	153,280
Total liabilities and shareholders’ equity	**241,286**	**250,720**

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

	Nine Months Ended September 30, 2018	**Nine Months Ended September 30, 2017**
Cash flows from operating activities		
Net Income/ (Loss)	1,773	(7,545)
Adjustments to reconcile net income/ (loss) to net cash provided by/ (used in) operating activities:		
Depreciation	6,509	6,152
Amortization of deferred finance fees	472	610
Loss on debt extinguishment	1,287	-
Loss on vessel disposition	-	62
Changes in operating assets and liabilities	(484)	(1,628)
Net cash provided by/(used in) operating activities	**9,557**	**(2,349)**
Cash flows from investing activities		
Payments for vessel acquisition and improvements	(39,215)	(357)
Cash proceed from vessel sale	-	6,982
Purchase of other fixed assets	(29)	(10)
Net cash (used in)/provided by investing activities	**(39,244)**	**6,615**
Cash flows from financing activities		
Loan Proceeds	93,710	-
Payment of Debt extinguishment fees	(637)	(90)
Loan repayments and prepayments	(77,271)	(16,895)
Payment of deferred finance fees and other loan fees	(258)	-
Repurchase of common stock	(6,231)	-
Dividends paid	(24,854)	-
Net cash used in financing activities	**(15,541)**	**(16,985)**
Net decrease in cash and cash equivalents	**(45,228)**	**(12,719)**
Cash and cash equivalents and Restricted cash at the beginning of the period	73,822	81,822
Cash and cash equivalents and Restricted cash at period end	**28,594**	**69,103**

About Pioneer Marine Inc.

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

Contact:
Pioneer Marine Inc.
Torben Janholt CEO
+45 21 639 232, +30 212222 3750

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