Pioneer Marine Inc. Announces Financial Results for the Second Quarter and Six Months Ended June 30, 2019

MAJURO, MARSHALL ISLANDS -- (GlobeNewswire – August 12th, 2019) – 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, 2019.

Financial Highlights at a glance:

	Second quarter 2019	Second Quarter 2018
Net income	**$2.2 million**	**$1.1 million**
Time Charter equivalent ("TCE") revenue	**$10.3 million**	**$13.6 million**
Adjusted EBITDA*	**$2.3 million**	**$5.8 million**

Torben Janholt, Chief Executive Officer commented: "In the first half of 2019, drybulk freight rates brought back unpleasant memories from 2016, however, especially in the first quarter, Pioneer comfortably weathered this unexpected decline in the market. Staying close to our chartering and S&P strategy enabled us to achieve a net profit of $3.7m and adjusted EBITDA of $8.5m for the first six months of 2019.

"Given the recent positive developments in the market, we remain optimistic for the remainder of 2019, despite all the uncertainties surrounding the new IMO 2020 regulations. We are well prepared for this transitional period in order to serve our clients efficiently and utilize our fleet's earning potential.

"Looking forward, we will keep exploring the market for attractive opportunities in order to renew our fleet, and we will also seek to further expand our commercial management platform."

Liquidity & Capital Resources:

As of June 30, 2019, the Company had a total liquidity of $28.3 million including $11 million in restricted cash.

The Company's plan is to proceed with the installation of Ballast Water Treatment System ('BWTS') on four vessels of the fleet in 2019 and the remaining fleet vessels up to early 2023. From the current fleet two vessels are already fitted with BWTS.

Recent Events:

The Company on July 29th, 2019, entered into a commercial management agreement with Tufton Oceanic Funds, to undertake the commercial management of five dry bulk vessels, further enhancing its operating platform.

Upon the initiation of this cooperation, the Company will have under commercial management a total fleet of 24 handysize and one supramax vessels, including owned fleet.

Financial Review: Six months ended June 30,2019

Adjusted EBITDA totalled $8.5 million for the first half of 2019, decreased as compared to the first half of 2018 by $1.9 million mainly due to the declined market.

TCE rate of $7,461 for the six-month period of 2019, is decreased by 19% compared to TCE rate of the same period in 2018. This is attributable to the weak market conditions during the first half of 2019.

The Company continues to effectively monitor vessel OPEX, which were reduced by 9% to $4,302 per day for the six months ended June 30, 2019 compared to $4,737 during the same period in 2018.

Similarly, daily G&A rate dropped by 20% to $477 per day as compared to $597 per day for same period in 2018.

During the first half of 2019, two vessels completed their drydocks with a total cost of $1.0 million while during the same period prior year one vessel had her intermediate survey with a total cost of $0.6 million.

Depreciation cost amounts to $4.7 million increased due to fleet growth as Pioneer's fleet consists of an average of 19 vessels, while in the same period in 2018 the Company owned on average 16 vessels.

Interest and finance cost of $3 million was slightly increased by 3% as compared to $2.9 million for the same period in 2018, due to higher average loan balances and libor rates which are partially off set by the reduced margins agreed for the new facilities.

Financial Review: Three months ended June 30,2019

Adjusted EBITDA totalled to $2.3 million for the quarter, decreased as compared to second quarter of 2018 by $3.5 million.

TCE rate of $6,349 for the second quarter of 2019, is decreased by 33% compared to TCE rate of the same period in 2018. Despite the current weak market conditions, the Company achieved a TCE rate well above market indices.

A decrease of 5% on daily vessel OPEX, which were reduced to $4,267 per day for the three months ended June 30, 2019 compared to $4,491 during the same period in 2018, is mainly due to the further cost control efficiencies achieved.

Similarly, daily G&A rate dropped by 13% to $515 per day as a result of our continuous efforts to keep this cost centre at competitive levels compared to our peers.

During the second quarter of 2019, Fortune Bay completed her intermediate survey with a total cost of $0.3 million while during the same period prior year Eden Bay had her special survey with a total cost of $0.5 million.

Depreciation cost amounts to $2.3 million impacted slightly upwards due to fleet growth as Pioneer's fleet consists of 18 vessels, while in the same period in 2018 the Company owned on average 17 vessels.

Interest and finance cost of $1.4 million was decreased by 6% due to reduced margins agreed for the new facilities despite the higher average loan balance and libor rates

Cash Flow Review: Six months ended June 30, 2019

Cash and cash equivalent, including restricted cash increased by $1.5 million as at June 30, 2019 and amounted to $28.3 million as compared to $26.8 million as at December 31, 2018.

The increase is attributable to $9.4 million cash provided by investing activities, $4.4 million cash provided by operating activities, partially offset with $12.3 million cash used in financing activities.

Cash flow activities highlights during the first quarter of 2019 mainly include, the loan repayments amounted to $7.9 million and prepayment of Paradise Bay loan amount of $2.5 million due to the agreed sale of the vessel. During the same period, the company paid a total of $1.8 million for repurchase of common stock.

The cash proceeds from the sale of Paradise Bay of $9.7 million were received upon completion of sale on April 10, 2019.

Current Fleet List

Owned Fleet

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
Supramax			
Tenacity Bay	Jiangsu Hantong Ship Heavy Industry	56,842	2008

Commercially Managed Fleet

Vessel	Yard	DWT	Year Built
Handysize			
Orient Target	Samjin Shipbuilding Co Ltd	33,755	2009
Orient Tide	Samjin Shipbuilding Co Ltd	33,755	2010

Summary of Operating Data (unaudited)

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Revenue, net	13.190	16,699	29,101	32,059
Voyage expenses	(2,937)	(3,052)	(4,478)	(5,596)
Time charter equivalent revenue	**10.253**	**13,647**	**24,623**	**26,463**
Commercial revenue fee	27	-	42	**-**
Total	**10,280**	**13,647**	**24,665**	**26,463**
Vessel operating expense	(7,032)	(6,709)	(14,442)	(13,898)
Drydock expense	(255)	(553)	(989)	(594)
Depreciation expense	(2,336)	(2,052)	(4,738)	(4,087)
General and administration expense	(848)	(881)	(1,601)	(1,752)
Gain on vessel disposal	3,851	-	3,851	-
Loss on debt extinguishment	-	(755)	-	(755)
Interest expense and finance cost	(1,439)	(1,538)	(3,006)	(2,934)
Interest income	108	212	175	422
Other expenses and taxes, net	(159)	(300)	(254)	(493)
Net Income	**2,170**	**1,071**	**3,661**	**2,372**
Adjusted net (loss)/income [(2)]	**(1,681)**	**1,826**	**(190)**	**3,127**
Net income per share, basic and diluted	**0.08**	**0.04**	**0.14**	**0.08**
Adjusted net (loss)/income per share, basic and diluted [(2)]	**(0.06)**	**0.07**	**(0.01)**	**0.11**

	Three Months Ended June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Net Income	2,170	1,071	3,661	2,372
Add: Gain on vessel disposal	(3,851)	-	(3,851)	-
Add: Loss on debt extinguishment	-	755	-	755
Adjusted Net (loss)/income	**(1,681)**	**1,826**	**(190)**	**3,127**
Add: Depreciation expense	2,336	2,052	4,738	4,087
Add: Drydock expense	255	553	989	594
Add: Interest expense and finance cost	1,439	1,538	3,006	2,934
Add: Other taxes	95	27	143	85
Less: Interest income	(108)	(212)	(175)	(422)
Adjusted EBITDA [(1)]	**2,336**	**5,784**	**8,511**	**10,405**

(1) Adjusted EBITDA represents net income before interest, other taxes, depreciation and amortization, drydock expense, gain on vessel disposal, 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 investor 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 June 30, 2019	Three Months Ended June 30, 2018	Six Months Ended June 30, 2019	Six Months Ended June 30, 2018
Ship days (2)	1,648	1,494	3,357	2,934
Less: Off-hire days	12	39	16	54
Less: Off-hire days due to drydock	21	16	41	16
Operating days (3)	1,615	1,439	3,301	2,864
Fleet Utilization (4)	98%	96%	98%	98%
TCE per day- $ (1)	6,349	9,484	7,461	9,240
Opex per day- $ (6)	4,267	4,491	4,302	4,737
G&A expenses per day- $ (7)	515	590	477	597
Vessels at period end	18	18	18	18
Average number of vessels during the period (5)	18	17	19	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	**June 30, 2019**	**December 31, 2018**
ASSETS		
Cash & cash equivalents	17,347	15,218
Restricted cash (current and noncurrent)	10,972	11,577
Vessels, net	191,598	201,774
Other receivables	8,205	8,030
Other assets	614	341
Total assets	**228,736**	**236,940**
LIABILITIES AND EQUITY		
Accounts payable and accrued liabilities	4,087	4,340
Operating lease liability	45	-
Deferred revenue	999	682
Total debt, net of deferred finance costs	95,459	105,674
Total liabilities	**100,590**	**110,696**
Shareholders' equity	128,146	126,244
Total liabilities and shareholders’ equity	**228,736**	**236,940**

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

	Six months Ended June 30, 2019	Six months Ended June 30, 2018
Cash flows from operating activities		
Net Income	3,661	2,372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	4,738	4,087
Amortization of deferred finance fees	172	363
Loss on debt extinguishment	-	755
Gain on vessel disposal	(3,851)	-
Changes in operating assets and liabilities	(314)	(1,453)
Net cash provided by operating activities	**4,406**	**6,124**
Cash flows from investing activities		
Payments for vessel acquisitions & improvements	(193)	(26,149)
Net proceeds from vessel sale	9,659	-
Advances for vessels acquisitions	-	(13,000)
Purchase of other fixed assets	(63)	(17)
Net cash provided by/ (used in) investing activities	**9,403**	**(39,166)**
Cash flows from financing activities		
Loan Proceeds	-	64,400
Payment of debt extinguishment fees	(21)	(338)
Loan repayments & prepayments	(10,367)	(45,587)
Payment of deferred finance fees and other loan related fees	(138)	(193)
Repurchase of common stock	(1,759)	(6,231)
Net cash (used in)/provided by financing activities	**(12,285)**	**12,051**
Net increase/(decrease) in cash and cash equivalents	**1,524**	**(20,991)**
Cash and cash equivalents and Restricted cash at the beginning of the period	26,795	73,822
Cash and cash equivalents and Restricted cash at period end	**28,319**	**52,831**

About Pioneer Marine Inc.

Pioneer Marine is a leading ship owner and global drybulk handysize transportation service provider. Pioneer Marine currently owns seventeen Handysize and one Supramax drybulk carriers and is commercial manager of two Handysize vessels.

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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