

'Consistent' Pangaea turns in solid quarter

Analyst says Ed Coll-led owner does things its way and represents alternative to other plays on dry bulk market.


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by Joe Brady

Rhode Island-based Pangaea Logistics Solutions is being hailed as “a model of consistency” after turning in a near-breakeven fourth quarter that exceeded some analyst expectations.

Noble Capital Markets analyst Poe Fratt also called Pangaea “unique and different” in maintaining a buy rating on the Ed Coll-led owner of dry bulk vessels.



Pangaea Logistics completes bulker sale and charter back deal

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Pangaea lost \$600,000, or a penny per share, for the quarter before a one-time adjustment that gave it earnings of \$0.09 per share. Revenue of \$101.8m was down from \$102.2m in the fourth quarter of 2017.

However, Fratt said earnings before interest, taxes, depreciation and amortisation (Ebitda) of \$12.2m was ahead of his expectations of \$10.2m on wider-than-expected outperformance on rates and higher charter-in days.

While down from \$16.6m in the third quarter, Ebitda was nearly 20% above the \$10.7m seen in 2017's final quarter.

Time charter equivalent (TCE) rates of \$14,360 improved both from the previous quarter's \$13,835 and the \$12,505 seen in the year-ago quarter.

Pangaea focuses on project cargoes in niche trades such as exporting iron ore from Canada's Baffin Island aboard ice-class bulkers.



Pangaea extends key bauxite contract

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Fratt said the model allows Pangaea to outperform market indices with a cargo focus that insulates the owner against rates cycles.

"We believe that the unique business model is under appreciated and the risk/reward profile is attractive," Fratt told clients.

"While the stock is up 8% [year to date], Pangaea remains attractive as a way to participate in the expected recovery in dry bulk market fundamentals. [Pangaea's] unique asset-light logistics approach offers exposure to the dry bulk market, but also dampens market risk."

Pangaea also turned in a strong year. Net income of \$17.8m (\$0.42 per share) topped \$7.8m (\$0.20) in 2017.



Pangaea's results improve in better market

Income from operations was up 125% to \$36.1m from \$16m. Pangaea's TCE rates rose 20% year over year. Pangaea says it beat published market rates by an average of 25% over the two-year period.

"In almost every measure we had a great year," said Coll, noting that the company finished 2018 with a cash balance of \$56m.

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