Pangaea stays in black despite tough quarter

Rhode Island-based niche player says contracts-heavy approach helped it outperform general market despite headwinds.

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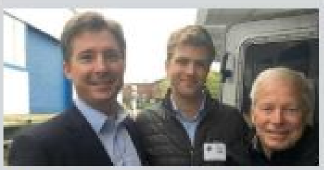
by Joe Brady

Rhode Island-based niche operator Pangaea Logistics Solutions has managed to turn a profit despite a weak first quarter for rates in the dry bulk sector.

Ed Coll-led Pangaea reports a net income of $3.7m or $0.09 per share, which was a penny ahead of analysts' forecasts for the stock.

Lower hire rates meant New York-listed Pangaea fell marginally from the first quarter of 2018, when it reported net income of $5.5m and $0.10 per share.

However, net revenue showed a slight improvement to $79.5m from $79m.



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This all came as time charter equivalent (TCE) rates on its dry-bulk fleet fell to $12,029 per day from $13,849.

However, Coll stressed the stability of results given the company's book of cargo contracts and said the results might otherwise have been significantly weaker.

"We navigated a challenging market in the first quarter of 2019. The precipitous drop in the market late in 2018 and early 2019 surprised many of us, but we have seen some recovery in the market," Coll said.

"Significant events that impacted the larger segments of the dry bulk market eventually had some impact on the smaller segments, which we saw in the first quarter."

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Yet he said the average market index for Pangaea's panamax and supramax fleet was down about 32% from the prior year's quarter while TCE fell only 13%.

"Our dedication to our clients' needs, long term contracts, and niche market focus all contributed to our outperformance of market rates by approximately $4,869, or a 68% premium," Coll said.

Pangaea chief financial officer Gianni DelSignore said Pangaea benchmarks its fleet against the average of the panamax (P4TC) and supramax58 (S10TC) indices.

As TradeWinds has reported, the quarter also saw Pangaea sign contracts for two newbuilding ice-class bulkers of 95,000 dwt at China State Shipbulding's Guangzhou Shipyard International on the back of its 10-year deal to haul iron ore from Baffinland Iron Mines in northern Canada.

The deal is valued at $76m, with deliveries in April and May of 2021.

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