

Noble Capital gives Pangaea thumbs up on growth through ice investment

'Unexpected' opportunity in Nordic joint venture should be easily managed on balance sheet

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By [Joe Brady](#)

Rhode Island-based Pangaea Logistics Solutions had to make a quick call on taking majority ownership in a joint venture owning ice-class ships, but should be able to easily manage the investment, according to an equity analyst.

"While the opportunity was unexpected, [Pangaea] was well positioned to execute quickly and make a very positive strategic move," researcher Poe Fratt of Noble Capital Markets said in a note to clients.



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The \$22.5m investment in Nordic Bulk Holdings, which owns six ice-class 1-A panamaxs, moves Pangaea's holding from 33.3% to 66.7%.

The larger stake in Nordic's ice-class sextet is due to be augmented by Pangaea's newbuilding programme for four post-panamax ice-class units to be delivered in 2022, bringing the overall Arctic fleet to a dozen.

"The balance sheet remains solid and well positioned to capitalise on other growth opportunities, including funding the new builds. The JV acquisition could serve as a catalyst to refinance the JV debt sooner than expected," Fratt wrote.

Pangaea has not identified the JV partner selling the stake, but it is believed to be an investor. In public filings, the partners are identified only as STST and ASO2020.

Fratt is maintaining a "buy" rating on the stock, with a \$5 price target. Pangaea was trading at \$2.55 in Tuesday afternoon trading on the Nasdaq, up more than 5% on the day.

"The acquisition of the JV interest is another positive strategic move, and it should enhance the consistency of the business model," Fratt said, noting that shares had been down 18% year to date before today's move up.

Noble, a Florida-based investment bank, expects Pangaea to clear out some of its older bulkers as it approaches the 2022 newbuilding targets, with the current fleet standing at 17. [\(Copyright\)](#)

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