

Contships aims to issue \$100m Nordic bond

Proceeds will contribute to fleet renewals, says owner Nikolas Pateras

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- NEWS



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Arctic Securities and Fearnleys appointed joint bookrunners



Source: Contships Management NIKOS PATERAS (RIGHT), BEING RECOGNISED FOR HIS SUPPORT FOR THE HELLENIC NAVY BY THE CHIEF OF THE NAVY, VICE-ADMIRAL DIMITRIOS-ELEFThERIOS KATARAS.

NIKOLAS Pateras-led [Contships](#) has engaged Arctic Securities and Fearnley Securities for a run at the Norwegian high-yield bond market.

The Greece-based feeder company, which claims to be the largest independent tonnage provider in the 900 teu to 1,500 teu segment, is looking to raise \$100m from issuing a senior unsecured sustainability-linked bond with a five-year tenor.

The roadshow of meetings with fixed income investors started on Tuesday and the deal is likely to price as early as Friday, according to insiders.

Contships Logistics, Pateras' holding company and the issuer for the bond, has been selling some of its older vessels and the fleet, run by Contships Management, stands at 41 containerships, out of 59 the Greek owner has acquired over the past decade as he built up the company from scratch.

According to the prospectus, the fleet represents 16% of the global capacity controlled by non-operating owners in that segment.

Meanwhile, with a current orderbook equal to only 7% of existing capacity in the company's size range, substantial fleet growth was "unlikely", it said.

Pateras told Lloyd's List that proceeds would be used for fleet renewal and general corporate purposes.

"We intend to stay focused on the segment we are in and where we have gained the trust of charterers," he said.

"There are about 200 vessels in this segment that are over 25 years old and need to be scrapped.

"Charterers are looking for younger vessels and we intend to acquire younger vessels," he added.

The current Contships fleet has an average age of about 14 to 15 years.

It has 61% charter coverage for 2025, the prospectus stated.

Clients include [Mediterranean Shipping Co](#), [CMA CGM](#), [Cosco](#), [Maersk](#), and [Zim](#).

"Demand for container shipping is expected to continue to grow in the coming years, and the positive outlook for feeders is supported by both average time charter rates and contract tenors having increased in 2024," it said.

The deal is being structured to include a small discount on the coupon if sustainability targets are achieved.

Contships is aiming to reduce the fleet's well-to-wake efficiency ratio by an average 2% over the term of the bond and is undertaking to repay an additional 0.5% of the nominal amount if the target has not been met.

For this year, the company is estimating net revenue of \$186m and earnings before interest, taxes and depreciation of \$98m.

In the past four years, dividends of \$274m have been paid out to shareholders, while the company's net loan-to-value stands at 28% with \$30m in current cash holdings.

Contships is following John Fredriksen's [SFL Corp](#) and [Scorpio Tankers](#), which have already tapped the Nordic bond market this month, although it differs from these antecedents in being a privately-held company.

Two years ago, Contships explored a public listing in New York but stepped back, citing market conditions and valuations of existing listed companies significantly lagging asset values.

Among Greece-based owners, [Diana Shipping](#) has been a recent issuer in the Norwegian market.