

FINANCE

‘Credit gem’ Contships is bondholders’ friend, analysts say



Board will decide on cash allocation next year

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By Gary Dixon

Greece’s Contships Logistics Corp is proving itself to be the bondholders’ friend as it cuts debt, Fearnley Securities believes.

The world’s largest independent owner of small container feeders became the first private Greek company to sell notes in the Nordic market in January, with a \$100m issue followed up by an additional \$75m tap in September.

Fearnley Securities said the “credit gem” company had enjoyed a “solid” third quarter, completing “several bondholder-friendly moves”, most notably the repayment of \$102m of secured bank debt in early October.

Contships has also continued with its fleet renewal programme and sold two more older vessels for net proceeds of \$21m.

“Despite the shrinking size in terms of number of vessels, the revenue backlog is up \$245m from \$138m at bond issuance in January,” Fearnley analysts Erik Christian Borthen and Fredrik Dybwad said.

On an Ebitda basis, the backlog is \$172m, providing good visibility into 2026, they argued.

On the back of a strong feeder market, the investment bank has also lifted its dayrate assumptions, forecasting earnings of \$14,200 per day for open positions in 2026.

The bond is quoted at 102% of par, “which we still find attractive”, the Fearnley duo said.

“Compared to other container bonds, we deem this to be an attractive level and could see the bond trading up further as [Contships] is continuing to build its backlog, track record and creditor confidence.”

There is an average of \$500,000 of bank debt per vessel, Fearnley calculated, with cash breakeven coming down to \$7,700 per day.

Rates are above \$15,000, giving the company “solid downside protection” even if the feeder market turns sour, the analysts added.

Contships should reach a net cash position by the third quarter of 2026, they estimate.

Fearnley maintained its credit “buy” on the firm.

The owner posted a higher profit in the third quarter, on the back of tight tonnage and Red Sea disruption.

The Nikolas Pateras-controlled company posted a net income of \$11.6m for the period, up from \$3m a year earlier.

Profit for the first nine months dropped to \$24.5m from \$37.2m, mostly as a result of one-off base effects from the revaluation of vessels.