Himalaya Shipping Ltd. (HSHP)

Updated May 22nd, 2026, by Nikolaos Sismanis

Key Metrics

Current Price:	$14.34	**5 Year Annual Expected Total Return:**	4.9%	**Market Cap:**	$721 M
Fair Value Price:	$12.54	**5 Year Growth Estimate:**	0.0%	**Ex-Dividend Date:**	05/18/2026
% Fair Value:	114%	**5 Year Valuation Multiple Estimate:**	-2.6%	**Dividend Payment Date:**	05/26/2026
Dividend Yield:	7.9%	**5 Year Price Target**	$12.54	**Years Of Dividend Growth:**	0
Dividend Risk Score:	F	**Sector:**	Industrials	**Rating:**	Sell

Overview & Current Events

Himalaya Shipping is a dry bulk shipping company incorporated in 2021 and focused on owning and operating a fleet of 12 modern LNG dual-fuel Newcastlemax vessels used to transport iron ore and other major bulk commodities globally. The fleet was delivered during 2023–2024 and consists of fuel-efficient, large-capacity ships designed for low-emission operation. The company's chartering strategy is to employ its vessels mainly on time charters that are indexed to Capesize freight rates, so daily earnings float with the market, typically with a minimum "floor" rate for downside protection and, in some cases, fixed-rate periods to lock in cash flow. Himalaya Shipping has a market cap of $721 million. The company pays dividends on a monthly basis.

On May 21st, 2026, Himalaya Shipping reported its Q1 results for the period ending March 31st, 2026. Himalaya reported revenues of $33.6 million, compared with $22.0 million in the prior year period. Operating income was $17.2 million, up from $6.5 million year over year, reflecting higher time charter revenues. Net income was $5.0 million, or $0.11 per share, compared with a net loss of $6.4 million and $(0.14) per share in the prior year period. EPS for Q1 2026 was $0.11. We have applied an EPS power of $1.14 in our estimates, for the reasons explained further down in the report.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	---	---	---	---	---	($0.08)	($0.06)	$0.04	$0.48	$0.38	***$1.14***	***$1.14***
DPS	---	---	---	---	---	---	---	---	$0.48	$0.57	***$1.14***	***$1.14***
Shares[1]	---	---	---	---	---	18.3	32.2	38.6	43.9	46.0	***45.5***	***50.0***

Himalaya Shipping's earnings are driven almost entirely by Newcastlemax/Capesize freight rates, which are among the most volatile in global shipping and can move sharply day to day based on iron ore demand, Chinese steel production, port congestion, weather, and vessel supply. Because the fleet is employed mainly on index-linked time charters that pay a premium to the Baltic 5TC, the company has significant upside when rates rise, and management has at times converted index-linked charters into fixed-rate periods to lock in strong cash flow when markets are attractive. In strong markets, this structure can produce very high earnings with little change in the underlying cost base.

Note that growth does not come from traditional volume expansion, but from exposure to the freight cycle and capital allocation decisions. The company's strategy is to keep a small, modern, fuel-efficient fleet, return most excess cash to shareholders, and only pursue fleet expansion opportunistically when vessel prices are attractive rather than building scale. Buying ships cheaply in weak markets or fixing charters at high rates can create substantial value, but overpaying for vessels late in the cycle or adding capacity ahead of a downturn can lock in years of weak returns. The downside can be, in fact, equally large. When freight rates fall below cash break-even levels, earnings can plunge quickly and turn negative despite the modern fleet and dividends can disappear.

Because the company only began operations recently and its vessels were delivered in 2023–2024, it has no long multi-cycle track record, and future results will be dictated far more by daily freight rate movements than by incremental operational improvements, making long-term EPS growth inherently unpredictable. The same applies to the dividend,

[1] Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

which changes significantly from month to month. For this reason, we don't issue any forecast when it comes to what future EPS and DPS look beyond our "power" metrics.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	---	---	---	---	---	---	---	14.6	17.5	***12.6***	***11.0***
Avg. Yld.	---	---	---	---	---	---	---	---	6.9%	8.6%	***7.9%***	***9.1%***

Due to the nature in which Himalaya Shipping operates in, the company's P/E can swing dramatically. Earnings move far more with freight rates than with any change in the business itself. In strong markets the stock can look extremely cheap on strong earnings expectations, while in weak markets the multiple can spike or become meaningless as profits fall or turn negative. Today, the stock trades at 12.6 our EPS power, which is already quite speculative. Regardless, we have set our fair multiple at 11x. We expect the dividend yield to remain elevated during most of the market cycle.

Safety, Quality, Competitive Advantage, & Recession Resiliency

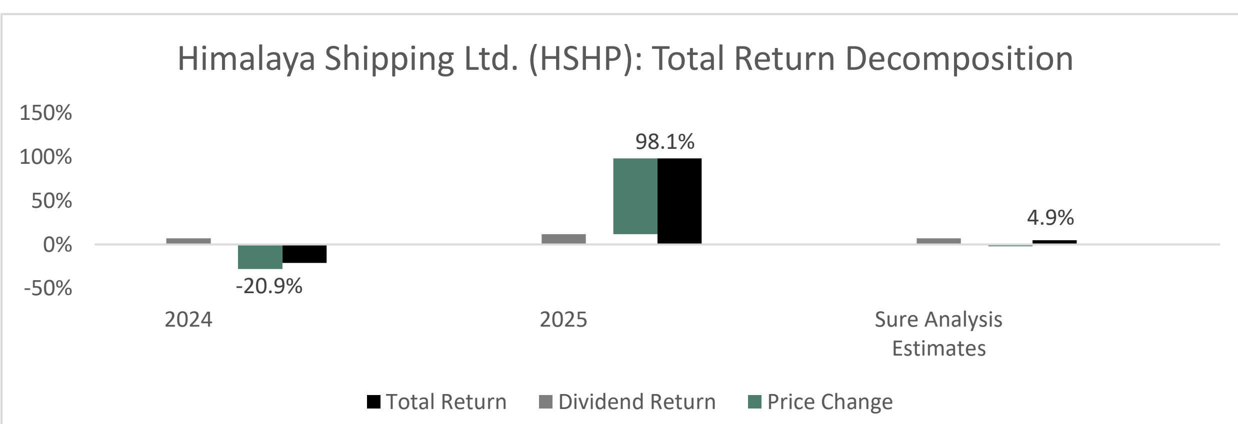
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	---	---	---	---	---	---	100%	150%	***100%***	***100%***

Himalaya Shipping's risk profile is shaped by the inherently capital-intensive and cyclical nature of the dry bulk shipping industry. As of Q1, the company carried $683.2 million of debt net of deferred financing costs against $849.6 million of total assets, presenting a somewhat high leverage position that enhances returns in strong freight markets but increases risk if rates fall persistently below operating break-even levels. Its modern Newcastlemax fleet and charter structures that blend index-linked exposure with floors and fixed components provide some protection and competitive appeal to counterparties, but there is no inherent pricing power over freight rates, and earnings remain highly dependent on macro demand cycles. Because gearing remains significant relative to equity, downturns that drive rates below cash break-even can quickly erode coverage metrics and pressure cash distributions.

Final Thoughts & Recommendation

Himalaya Shipping offers efficient exposure to the dry bulk cycle and can generate very large cash distributions in strong markets, but it is poorly suited for long-term compounding or reliable dividend growth due to the business's extreme cyclicality and leverage. We also see a valuation headwind that could compress future returns, and stress that our estimates are inherently speculative, as Newcastlemax/Capesize freight rates could swing in either direction over the next five years, driving an unpredictable total return profile. For these reasons, we rate the stock a sell, even though it could deliver strong returns during a dry bulk bull market.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	-	-	-	-	-	-	-	37	124	132
Gross Profit	-	-	-	-	-	-	-	19	72	73
Gross Margin	-	-	-	-	-			51.8%	58.0%	55.3%
SG&A Exp.	-	-	-	-	-	1	2	4	5	5
D&A Exp.	-	-	-	-	-	-	-	9	26	29
Operating Profit	-	-	-	-	-	(1)	(2)	15	67	68
Operating Margin	-	-	-	-	-			39.8%	53.9%	51.5%
Net Profit	-	-	-	-	-	(1)	(2)	2	21	18
Net Margin	-	-	-	-	-			4.1%	17.0%	13.6%
Free Cash Flow	-	-	-	-	-	(69)	(80)	(404)	(257)	52
Income Tax	-	-	-	-	-	-	-	-	0	0

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	-	-	-	-	-	95	178	599	880	864
Cash & Equivalents	-	-	-	-	-	11	0	26	19	32
Accounts Receivable	-	-	-	-	-	-	-	1	1	1
Inventories	-	-	-	-	-	-	-	1	2	2
Goodwill & Int. Ass.	-	-	-	-	-	-	-	-	-	-
Total Liabilities	-	-	-	-	-	3	88	445	725	702
Accounts Payable	-	-	-	-	-	-	-	2	1	1
Long-Term Debt	-	-	-	-	-	-	71	439	714	689
Shareholder's Equity	-	-	-	-	-	92	90	154	155	162
LTD/E Ratio	-	-	-	-	-	-	0.79	2.85	4.61	4.26

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-	-	-	-	-	-	-1.5%	0.4%	2.8%	2.0%
Return on Equity	-	-	-	-	-	-	-2.2%	1.2%	13.6%	11.2%
ROIC	-	-	-	-	-	-	-1.6%	0.4%	2.9%	2.1%
Shares Out.	-	-	-	-	-	18.3	32.2	38.6	43.9	46
Revenue/Share	-	-	-	-	-	-	-	0.84	2.81	2.87
FCF/Share	-	-	-	-	-	(3.78)	(2.48)	(9.20)	(5.86)	1.12

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.