

NYSE: GSL

RESEARCH NOTE

Global Ship Lease, Inc.

Valuation discount, contracted revenue visibility and low leverage outweigh near-term margin pressure

* Share price \$44.11 as of 25 September 2026. Financials are based on Cashu normalised metrics, as of 2026-09-25, and issuer-reported statements.

RATING

BUY

12-month view

TARGET PRICE

\$83.58

▲ +89.5% upside*

VALUATION INDEX

Undervalued

18.98%

TARGET INDEX

Extremely Attractive Target

72.32%

SENTIMENT INDEX

Bearish

37.04%

THE CASE IN BRIEF

Global Ship Lease, Inc. merits a valuation-led Buy (Valuation Index: 19.0%, Undervalued). The model indicates **89.5% upside from USD 44.11 to the Cashu Target Price of USD 83.58** over the 12 months to September 28, 2027. The peer comparison supports the discount at **3.5x EV/EBITDA versus Danaos Corporation's 4.3x**. Earnings durability remains uncertain after Q2 2026 company-adjusted EBITDA growth of -2.1% YoY. Revenue visibility benefits from **contracted backlog of USD 3.20bn** at June 30, 2026, including newbuilding charters. Bearish order flow complicates re-rating timing.

OUR READ

- The valuation-led Buy has operating and balance-sheet support.** Contracted revenue backlog of USD 3.20bn at 30 June 2026 supports earnings visibility and already includes newbuilding charters; Cashu Net Debt / EBITDA is 0.5x.
- Bearish order flow limits near-term re-rating conviction** (Sentiment Index: 37.04%). The Extremely Attractive Target classification shares the Valuation Index's relative-cheapness input, so the case rests on earnings durability rather than assumed acquisition interest.
- Margin stabilisation and refinancing execution are the two conviction tests:** recovery from the Q2 2026 company-adjusted EBITDA margin of 66.1%, and refinancing the 2027 Secured Notes (USD 153.10m outstanding at 30 June 2026) on sustainable terms.

UPLIFT CATALYSTS

Charter cover supports earnings visibility.

Global Ship Lease has 90% charter coverage for 2027. Execution could support a re-rating from 3.5x EV/EBITDA.

Disposals release fleet capital.

\$65.5m forward sales monetise ageing tonnage across Q4 2026–Q4 2027. The final scheduled delivery falls beyond the September 28, 2027 investment horizon.

Fleet renewal extends earnings visibility.

15 newbuilds carry average TEU-weighted firm charters of 7.1 years. Deliveries beginning Q4 2028 support longer-term earnings durability rather than near-term earnings uplift.

Credit outlook supports financing flexibility.

Moody's Ba2 affirmation with a positive outlook and S&P's July 7, 2026 BB+/stable affirmation. The June 16, 2026 outlook upgrade could support refinancing terms.

SNAPSHOT

Share price*	\$44.11
Target price	\$83.58
Implied upside	+89.5%
Target horizon	28 Sep 2027
Market cap	\$1.59B
Enterprise value	\$1.87B
P/E (TTM)	4.28x
52W high / low	\$46.40 / \$27.41
Avg daily volume	0.3M shares

SHARE PRICE, US\$



LARGE-SCALE FLEET RENEWAL

Newbuilding contracts are subject to conditions precedent. Management expects to fund the 15-ship programme through balance-sheet cash and debt, with more than 50% of contract payments due at delivery. The orders address fleet ageing, but their earnings contribution starts beyond the September 28, 2027 investment horizon.

Forward sales of four non-core vessels \$65.5m · ~\$33.0m anticipated gain on sale
Q4 2026 – Q4 2027

Newbuilding order 1: 10 vessels ~\$917m · 6.7-year TEU-weighted charters · ~\$665m EBITDA

Q4 2028 – Q1 2030

Newbuilding order 2: five vessels ~\$413m · 8.1-year TEU-weighted charters · ~\$362m EBITDA

2026	2027	2028	2029	2030	

FINANCIAL PERFORMANCE

CONSOLIDATED – Q2 PERFORMANCE, USD M

Total Operating Revenues	Q2 2025		USD 191.86m
	Q2 2026		USD 198.69m
Adjusted EBITDA (issuer adjusted)	Q2 2025		USD 134.18m
	Q2 2026		USD 131.37m
Net Income	Q2 2025		USD 95.44m
	Q2 2026		USD 91.68m
Adjusted EBITDA margin (revenue) (issuer adjusted)	Q2 2025		69.9%
	Q2 2026		66.1%

Q2 2026 issuer-adjusted EBITDA margin movement: -382 bps YoY.

LIQUIDITY COMPOSITION, USD M

Cash and cash equivalents	Dec 2025		USD 273.88m
	Jun 2026		USD 388.60m
Time deposits	Dec 2025		USD 199.10m
	Jun 2026		USD 110.45m

Contracted revenue USD 3.20bn at 30 June 2026, across a 3.3-year TEU-weighted average remaining duration. Total assets USD 2.98bn against total liabilities USD 1.04bn. Cashu Net Debt / EBITDA: 0.5x.

INDUSTRY BENCHMARKING

Global Ship Lease shows a **clear profitability advantage over the industry median**, with both gross and EBITDA margins above the benchmark. The extreme working-capital-change deviation **offers limited support for cash-conversion conclusions**.

SIX LARGEST PEER DEVIATIONS



Green: favorable. Red: unfavorable. Amber: context dependent. Tick: peer median. Large peer deviation: at least 2σ, not by itself unfavorable.

VALUATION AND CREDIT

The market places a low value on current earnings at **3.5x EV/EBITDA** and **4.3x P/E**, making earnings durability central to the investment case. The peer discount is selective, not universal; Global Ship Lease nonetheless carries **the lowest Valuation Index of the four** (18.98% versus 19.31%–22.02%).

COMPANY	EV/EBITDA	P/E
Global Ship Lease, Inc. Valuation Index 18.98%		
Danaos Corporation Valuation Index 22.02%		
Costamare Inc. Valuation Index 21.00%		
Euroseas Ltd. Valuation Index 19.31%		

Price/Book **0.8x** EBITDA Yield **28.41%** Historical Company Distribution Yield **6.03%**

CREDIT RISK INDICATORS

Debt/Equity Ratio	0.35x
Net Debt / EBITDA	0.53x
Interest Cover Ratio	11.1x
Distance to Default	6.47
Altman Z-Score	2.20
Break-up Value	0.22

CREDIT RATINGS

Moody's Ba2/positive · KBRA BB+/stable; BBB/stable on the 5.69% Senior Secured Notes · S&P BB+/stable

KEY RISKS

Margin pressure has partly crystallised.

Q2 2026 issuer-adjusted EBITDA fell -2.1% YoY as operating and voyage costs increased.

Mitigation: Higher charter-renewal rates provide a partial offset.

Funding commitments constrain capital allocation.

The \$1.33bn newbuild programme overlaps the July 15, 2027 note maturity, with USD 153.10m outstanding at June 30, 2026.

Mitigation: Low net debt/EBITDA (0.5x) and KBRA's June 16, 2026 BBB/stable note affirmation support financing access.

Port fees threaten charter economics.

Possible US fee reinstatement when the one-year suspension expires on November 9, 2026; US trade associations requested an extension on September 23, 2026.

Mitigation: Charterers typically bear port fees under time-charter terms, and fixed-rate charter coverage limits immediate repricing exposure.

CASHU METRICS, GLOSSARY

Valuation Index (0–100%)

An estimate of company value where lower = cheaper vs peers. Read in five bands: 0%–35% Undervalued, 35%–47% Moderately Under Valued, 47%–52% Fully Valued, 52%–65% Moderately Over Valued, 65%–100% Over Valued. A lower Valuation Index means the company trades at a DISCOUNT to peers.

Sentiment Index (0–100%)

Order-flow sentiment estimating the buy-side share of traded volume from price and volume alone. Above 50% indicates net buying pressure, below 50% net selling pressure. Read in five bands: 0%–35% Extremely Bearish, 35%–47% Bearish, 47%–52% Neutral, 52%–65% Bullish, 65%–100% Extremely Bullish. It carries no holder information and cannot distinguish institutional from retail flow.

Altman Z-Score

Multi-factor bankruptcy prediction model. $Z > 2.99$: low insolvency risk (financially sound). $Z 1.81$ – 2.99 : elevated insolvency risk. $Z < 1.81$: high insolvency risk (distress). Not calibrated for financial institutions.

Break-up Value

Net tangible assets measured against market capitalisation: net assets excluding intangibles, divided by market capitalisation, less one. A positive reading means tangible assets alone exceed the company's market value. A negative reading is normal for asset-light or intangible-heavy businesses and is not by itself a distress signal.

Target Index (0–100%)

Composite estimate of M&A attractiveness as a Target based on cheapness vs. peers, leverage, ROE quality, and EVA. Higher = more attractive. Read in five bands: 0%–35% Extremely Unattractive Target, 35%–47% Unattractive Target, 47%–52% Neutral, 52%–65% Attractive Target, 65%–100% Extremely Attractive Target.

Cashu Target Price

Cashu's Target Price derives from the company's Valuation Index and its trajectory over time, re-rating the current price toward the level implied by the company's current position relative to its peers and its own historical valuation. The figure is deliberately bounded to a defensible range, so it is best read as a valuation-anchored reference point. Cashu interim valuation model: the anchor blends industry parity with the trailing two-year average index; the price multiplier is limited to 0.4–2.5 times. This is a model target, not a forecast or probability-weighted valuation.

Distance to Default

A structural credit measure of how far a company's asset value sits above the debts it would have to meet in distress, expressed in standard deviations of asset volatility. Higher is safer: a reading of 3 means asset value would need to fall roughly three standard deviations before the company reached its default point. Banks carry a sector-specific adjustment.

Cashu-normalised

Metrics labelled Cashu-normalised are adjusted for cross-company comparability. Issuer-reported figures, issuer-adjusted measures and separately labelled calculations retain their stated accounting bases. Normalisation does not establish recurring earnings.

ABBREVIATIONS

52W 52-week	bps basis points	EBITDA earnings before interest, taxes, depreciation and amortisation	EV enterprise value
EVA Economic Value Added	KBRA Kroll Bond Rating Agency	M&A mergers and acquisitions	NWC net working capital
NYSE New York Stock Exchange	Opex operating expenses	P/E price-to-earnings	ROE return on equity
TEU twenty-foot equivalent unit	TTM trailing twelve months	YoY year-on-year	3Y · σ three-year · standard deviation

IMPORTANT DISCLOSURES

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