

Confident Valentis awaits equity window to grow again

Investors will soon re-discover the charms of tanker shipping, believes Valentios Valentis of fledgling Pyxis Tankers

June 7th, 2017 17:55 GMT by Harry Papachristou

Eight years passed between the time Valentios “Eddie” Valentis entered the products tanker market with a plan to go public to the moment he actually listed Pyxis Tankers on the Nasdaq.

Now, he is waiting patiently until investors come around to the view that it is worthwhile putting their money into tankers — providing the fledgling outfit with the equity it needs to grow further.

“The company can wait until the right opportunities come, with the right timing,” Valentis said in an interview in his office in northern Athens. “I’m hopeful investors will soon realise that this is the sector they should be looking at, considering the industry fundamentals going forward and where we are in the cycle, especially for asset values.”

Pyxis Tankers went public in October 2015 using an unusual route for a shipping company. It merged with already listed, US-based software company LookSmart, whose shareholders were interested in products tankers.

However, the company has not raised outside growth capital since its listing, due to headwinds facing the sector and challenging conditions within equity markets.

“It’s not easy for a public shipping company today to raise meaningful cost-effective capital,” Valentis said. “Investors are not yet fully convinced in the tanker sector in general.”

Going public had been Valentis’ plan all along when he entered products tankers back in 2007. He was previously involved in the operation of his family’s dry bulk vessels, an activity he still pursues as managing director of Konkar Shipping Agencies. However, Pyxis Tankers and its management company, Pyxis Maritime, are completely separate from the family’s dry bulk activities.

Pyxis Tankers was built from scratch along much different standards, Valentis says.

“This was not your typical family owned business,” he said. “From its inception, Pyxis Tankers Inc had a corporate structure set to attract investors.”

Valentis still holds about 90% of the outfit, with much of the rest spread among ex-LookSmart shareholders. However, despite its small free float, its managers keep their fingers on the pulse of the market — constantly engaging with investors, developing new relationships, generating feedback and evaluating investor sentiment.

“Henry Williams [Pyxis Tankers’ chief financial officer] and I talk to investors and the Wall Street community frequently, and Henry spends about 70% of his time in New York,” Valentis said.

However, he acknowledges that being a small company with four medium-range-two (MR2) products tankers and a pair of handysize products chemical tankers — at the time of writing — does not make it easier to attract the attention of investors, who are currently maintaining a wait-and-see attitude towards the sector.

Valentis expects charter rates for products tankers to be bumpy in the coming months but is confident about the outlook from the fourth quarter of this year onwards. Therefore, Pyxis Tankers has repeatedly stated it is on the lookout for acquisitions, particularly in the eco-efficient, quality MR and MR2 sectors, where vessel prices are below multi-year averages and look attractive.

“We’re confident that when the opportunities are right, Pyxis Tankers can pursue its growth initiatives,” Valentis said. “As CEO, my motto is simple: strive to do transactions, whether big or small, that make sense.”

Since its inception, Pyxis Tankers has developed a track record of working for majors and commodity traders such as Shell, ExxonMobil, BP, Sonatrach and Glencore. It also has long-term relationships with a number of banks, many of which could provide “viable loan terms” for acquisitions, according to Valentis.

“The real issue is equity; that’s why the company is public,” he said.

Pyxis Tankers is public because it wants to grow in a “substantial and meaningful way”.