

Dealer Count Unchanged Even With Higher Amount Of Financings

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Wednesday, May 26, 2021, 6 AM MDT



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A total of \$10.9 billion in capital was raised by the Canadian oil and natural gas industry in 2020, up 102 per cent from the \$5.4 billion raised in 2019. Surprisingly, the significant increase in total financings did not result in a change in the number of dealers servicing the sector. Year-over-year the number of active dealers servicing the Canadian oil and natural gas industry was 33 in both 2019 and 2020.

The total number of active dealers in 2020 (defined as those completing over \$5 million in total issues per year) was comprised of 19 foreign-based dealers, seven Canadian bank-owned firms and seven Canadian independent brokerage companies. By comparison, in 2019 the total number of active dealers was comprised of 21 foreign-based dealers, eight Canadian bank-owned firms and four Canadian independent brokerage companies.

In 2020, total debt financings increased significantly to \$9.9 billion, up 113 per cent from the \$4.7 billion raised in 2019. The top five spots in 2020 consisted of four Canadian bank-owned firms and one foreign-based dealer, whereas the top five dealers in 2019 were all foreign-based. The top five dealers in debt financings in 2020 were **RBC Dominion Securities Inc.**, **CIBC World Markets Inc.**, **TD Securities Inc.**, **Scotia Capital Inc.** and **BofA Securities, Inc.**, each with over \$600.0 million in financings in the category. The only dealer which remained in the top five year-over-year was BofA Securities.

Suncor Energy Inc. completed three separate debt financings for total proceeds of approximately \$2.7 billion in April and May of 2020. RBC was a lead underwriter in all three of the debt financings completed by Suncor. CIBC and TD were joint lead underwriters with RBC in the largest of the three debt financings completed by Suncor for \$1.25 billion in April 2020.

There was a total of approximately \$1.0 billion in equity raised during 2020, up 30 per cent from the approximately \$700.0 million raised in 2019. The top five equity underwriters in 2020 consisted of three Canadian bank-owned firms and two Canadian independent brokerage companies. In 2019, the top five equity underwriters consisted of two foreign-based dealers, two Canadian independent brokerage companies and one Canadian bank-owned firm.

The top five dealers in equity financings in 2020 were: **Peters & Co. Limited**, **National Bank Financial Inc.**, **Canaccord Genuity Corp.**, TD and Scotia. Together these dealers raised just over \$200.0 million of equity in 2020. Only one of these top five dealers, Peters, remained in the top five year-over-year.

Topaz Energy Corp. completed the largest equity financing in 2020 through its initial public offering (“IPO”) in October for approximately \$218.0 million. Peters and Scotia were both the lead underwrites in Topaz’s IPO. The underwriters also exercised on the over-allotment granted to them as part of the IPO in November 2020 for additional gross proceeds to Topaz of approximately \$32.6 million. Subsequent to the completion of the IPO, Topaz announced that it had entered into an agreement to acquire a newly created gross overriding royalty interest on over 720,000 gross acres of developed and undeveloped lands held by **Tourmaline Oil Corp.** for \$130.0 million.

In terms of the number of equity financings completed, National Bank and Peters were the most active dealers by participating in seven deals of which Peters was the lead in four and National Bank was the lead in three. In third place was TD, which participated in six equity financings in 2020 and was the lead underwriter in three of them.

In reviewing the financings completed in the first three months of 2021 and comparing them to the first quarter of 2020, the total amount of capital raised is up 95 per cent, to approximately \$4.6 billion from the \$2.4 billion raised over the same time period last year. This increase in the amount of capital being raised could possibly lead to an increase in the number of dealers servicing the Canadian oil and natural gas industry in 2021.

Note that the methodology we have used to derive the dollar value for dealer activity was to assign the lead dealer of a financing a value of two and all the other dealers in an underwriting syndicate a value of one. For example, in a \$40 million financing with one lead dealer and two other dealers in an underwriting syndicate, the lead dealer would be credited a value of \$20 million and the other two dealers would be assigned a value of \$10 million each.

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