

# Equity Financings Up 135% Year Over Year

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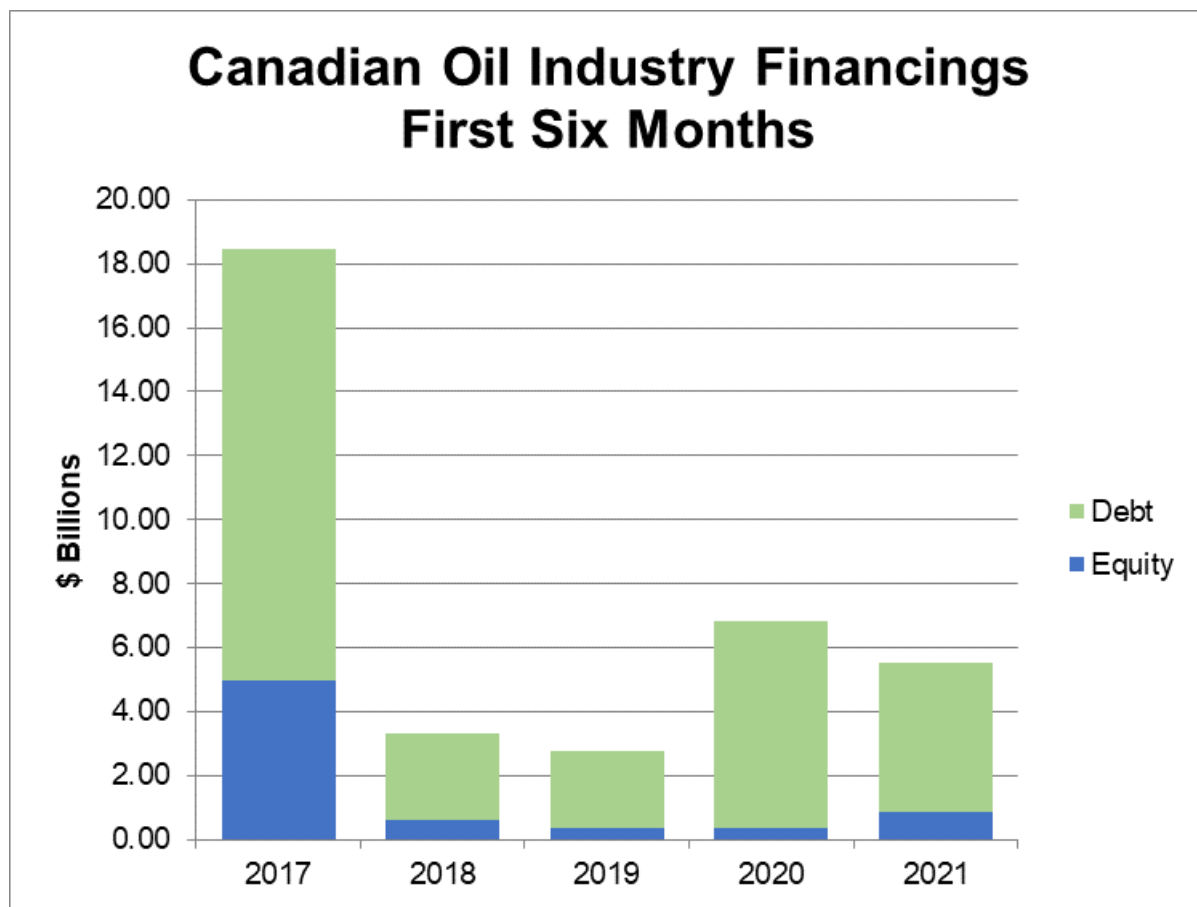
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A total of \$5.5 billion in equity and debt was raised in the Canadian oil and natural gas industry in the first six months of 2021, down 19 per cent from the \$6.8 billion over the same time period in 2020. Equity financings were up significantly year-over-year while the amount of debt raised declined.

Equity financings in the first six months of 2021 increased 135 per cent to \$839.2 million compared to \$356.5 million in 2020, while debt financings decreased 28 per cent to \$4.7 billion from \$6.5 billion in the first half of 2020.



The \$839.2 million in equity raised in the first half of 2021 accounted for 15 per cent of the total capital raised, up from five per cent in 2020 and 12 per cent in 2019. The top three equity issuances, totalling \$408.6 million, accounted for 49 per cent of the total equity raised in the first six months of 2021.

**[Topaz Energy Corp. \(/company/topaz-energy-corp/\)](#)** completed the largest equity financing in the first half of 2021 when, in May, it announced a \$201.3 million bought deal financing. The total \$201.3 million raised includes the over-allotment which was exercised in June for total proceeds of \$26.3 million. The

financing was announced concurrently with Topaz's acquisition of a newly created gross overriding royalty interest ("GORR") from **Tourmaline Oil Corp. (/company/tourmaline-oil-corp/)** in northeastern British Columbia for \$245.0 million and GORR interests from **Cenovus Energy Inc. (/company/cenovus-energy-inc/)** in the Marten Hills area of Alberta for \$102.0 million. Topaz, concurrent with the bought deal financing, closed a private placement equity offering for approximately \$3.0 million.

**Enerplus Corporation (/company/enerplus-corporation/)** completed the second highest equity financing in the first six months of 2021 with a bought deal financing for total proceeds of \$132.3 million. The total \$132.3 million raised includes the over-allotment which was exercised in February for total proceeds of \$17.3 million. The financing was announced concurrently with Enerplus' acquisition of **Bruin E&P HoldCo, LLC** for US\$465.0 million. Bruin's oil and natural gas interests were located in the state of North Dakota.

**Tamarack Valley Energy Ltd. (/company/tamarack-valley-energy-ltd/)** completed the third largest equity financing in the first half of 2021 also through a bought deal financing for total proceeds of \$75.0 million. The total \$75.0 million raised includes the over-allotment which was exercised in April for total proceeds of \$6.8 million. The bought deal financing was announced concurrently with Tamarack Valley's acquisition of assets from **Surge Energy Inc. (/company/surge-energy-inc/)** for \$106.0 million and the purchase of all of the issued and outstanding shares of **Woodcote Petroleum Inc.** for total consideration of approximately \$43.0 million.

Debt financings in the first six months of 2021 totalled \$4.7 billion, accounting for 85 per cent of the total capital raised in the first half of 2021. Of the \$4.7 billion of debt that was raised in the first six months of 2021, the majority (99 per cent) of the debt issues have been comprised of straight debt. Convertible debt accounted for only \$47.7 million or one per cent of the total debt financings in the first half of the year.

**Suncor Energy Inc. (/company/suncor-energy-inc/)** completed the largest debt financing in the first six months of 2021, when it announced in March an unsecured note offering of \$947.8 million (US\$750.0 million) with a 30-year term and a coupon rate of 3.75 per cent. Suncor concurrent with the \$947.8 million financing also announced a \$500.0 million unsecured note offering with a 30-year term and a coupon rate of 3.95 per cent. Suncor used the proceeds of its debt offerings towards the repayment of commercial paper and for general corporate purposes.

**MEG Energy Corp. (/company/meg-energy-corp/)** completed the second highest debt financing in the first half of 2021 in February with a senior unsecured note offering of \$769.1 million (US\$600.0 million) with an eight-year term and a coupon rate of 5.875 per cent. MEG used the net proceeds of the offering, together with cash on hand, to redeem its US\$600.0 million unsecured notes due March 2024 with a coupon rate of 7.00 per cent.

**ARC Resources Ltd. (/company/arc-resources-ltd/)** completed the third largest debt financing in the first six months of 2021 in March with the issuance of \$550.0 million in unsecured notes with a 10-year term and a coupon rate of 3.465 per cent. ARC, concurrent with the \$550.0 million financing, also announced a \$450.0 million unsecured note offering with a coupon rate of 2.354 per cent and a five-year term. ARC used the net proceeds of the offering towards the redemption and/or purchase of the outstanding senior notes of **Seven Generations Energy Ltd.**, which ARC completed a business combination with in April 2021.

In the third quarter of 2021 to date, a total of approximately \$3.3 billion in capital has been raised, consisting of \$2.8 billion in debt and approximately \$500.0 million in equity. With strengthening commodity prices coupled with low interest rates, we forecast the amount of capital which will be raised in 2021 will be in line with the total \$10.9 billion raised in 2020.

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[Surge Energy Inc. \(/company/surge-energy-inc/\)](/company/surge-energy-inc/) /

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