

Number Of Dealers Down Significantly In 2022

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A total of \$2.7 billion in capital was raised by the Canadian oil and natural gas industry in 2022, down significantly from the \$10.8 billion raised in 2021. The drastic drop in total financings led to a corresponding decrease in the number of dealers servicing the sector. Year-over-year the number of active dealers servicing the Canadian oil and natural gas industry fell to 26 in 2022, down from the 32 recorded in 2021.

The total number of active dealers in 2022 (defined as those completing over \$5.0 million in total issues per year) was comprised of 11 Canadian independent brokerage companies, 10 foreign-based dealers and five Canadian bank-owned firms. By comparison, in 2021 the total number of active dealers was comprised of 15 foreign-based dealers, 10 Canadian independent brokerage companies and seven Canadian bank-owned firms.

In 2022, total debt financings plummeted to \$1.7 billion, down 81% from the \$8.6 billion raised in 2021. The top five spots in 2022 consisted of three foreign-based dealers and two Canadian bank-owned firms. Whereas, in 2021, the top five dealers were all Canadian bank-owned firms. The top five dealers in debt financings in 2022 were: **Arctic Securities AS**, **Pareto Securities Limited**, **BMO Nesbitt Burns Inc.**, **RBC Dominion Securities Inc.** and **SpareBank 1 Markets AS**. Together these dealers raised over \$600.0 million of debt in 2022. Two of these top five dealers, BMO and RBC, remained in the top five year-over-year.

International Petroleum Corporation completed a private placement of \$374.2 (US\$300.0) million of senior unsecured bonds in January 2022. The bonds have a five-year term and a fixed coupon rate of 7.25% per year with interest paid semi-annually. IPC used the proceeds from the financing to repay existing indebtedness under bank credit facilities and for general corporate purposes. Arctic, Pareto and SpareBank were all part of the underwriting syndicate for this financing.

There was a total of approximately \$1.0 billion in equity raised during 2022, down 53% from the approximately \$2.2 billion raised in 2021. The top five equity underwriters in 2022 consisted of three Canadian bank-owned firms, one foreign-based dealer and one Canadian independent brokerage company. In 2021, the top five equity underwriters consisted of four Canadian bank-owned firms and one Canadian independent brokerage company.

The top five dealers in equity financings in 2022 were: RBC, **Echelon Wealth Partners Inc.**, BMO, **Citigroup Global Markets Inc.** and **National Bank Financial Inc.** Together these dealers raised over \$370.0 million of equity in 2022. Two of these top five dealers, BMO and National Bank, remained in the top five year-over-year.

Tamarack Valley Energy Ltd. completed the largest equity financing in 2022 for \$143.8 million. National Bank and RBC were lead underwriters in the financing. The financing was announced concurrently with Tamarack Valley's acquisition of privately-held **Deltastream Energy Corporation** for approximately \$1.5 billion. Deltastream's properties were concentrated in the Blood, Canal, Marten Hills and Nipisi areas of Alberta and add 184 net sections of Clearwater acreage and over 500 drilling locations.

In terms of the number of equity financings completed, Echelon was the most active dealer by participating in nine equity financings of which it was the lead in all of them. **Canaccord Genuity Corp.** participated in seven deals of which it was the lead in two. In third place was BMO, which participated in five equity

financings in 2022 and was the lead underwriter in one of them.

In reviewing the financings completed in the first three months of 2023 and comparing them to the first quarter of 2022, the total amount of capital raised is down 16%, to approximately \$747.0 million from the \$895.0 million raised over the same time period last year. This decrease in the amount of capital raised could possibly lead to a further decline in the number of dealers servicing the Canadian oil and natural gas industry in 2023.

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 \$40.0 million financing with one lead dealer and two other dealers in an underwriting syndicate, the lead dealer would be credited a value of \$20.0 million and the other two dealers would be assigned a value of \$10.0 million each.

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