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dobenergy.com/news/headlines/2024/05/29/number-of-dealers-up-significantly-in-2023

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A total of \$8.8 billion in capital was raised by the Canadian oil and natural gas industry in 2023, up significantly from the \$2.8 billion raised in 2022.

The drastic rise in total financings led to a corresponding increase in the number of dealers servicing the sector. Year-over-year the number of active dealers servicing the Canadian oil and natural gas industry jumped to 32 in 2023 up from the 26 recorded in 2022.

The total number of active dealers in 2023 (defined as those completing over

\$5.0 million in total issues per year) was comprised of 15 foreign-based dealers, 11 Canadian independent brokerage companies and six Canadian bank-owned firms. By comparison, in 2022 the total number of active dealers was comprised of 11 Canadian independent brokerage companies, 10 foreign-based dealers and five Canadian bank-owned firms.

In 2023, total debt financings jumped to \$7.2 billion, up 330 per cent from the \$1.7 billion raised in 2022. The top five spots in 2023 consisted of four Canadian bank-owned firms and one foreign-based dealer. Whereas, in 2022, the top five dealers consisted of three foreign-based dealers and two Canadian bank-owned firms.

The top five dealers in debt financings in 2023 were: **JP Morgan Securities Inc.**, **RBC Dominion Securities Inc.**, **Scotia Capital Inc.**, **TD Securities Inc.**, and **CIBC World Markets Inc.** Together these dealers raised over \$1.8 billion of debt in 2023. RBC was the only dealer which remained in the top five year-over-year.

Ovintiv Inc. and **Suncor Energy Inc.** completed total debt financings of approximately \$3.1 billion and \$1.5 billion, respectively in 2023.

Ovintiv used the proceeds from the financings towards its acquisition of assets in the United States from **Black Swan Oil & Gas, LLC**, **PetroLegacy Energy II, LLC** and **Piedra Resources LLC**. Suncor used the proceeds from the financings towards the acquisition of **TotalEnergies EP Canada Ltd.** for approximately \$1.5 billion. JP Morgan, RBC, Scotia, TD and CIBC were all part of the underwriting syndicates for all the debt financings completed by both Ovintiv and Suncor in 2023.

There was a total of approximately \$1.6 billion in equity raised during 2023, up 44 per cent from the approximately \$1.1 billion raised in 2022. The top five equity underwriters in 2023 consisted of three Canadian independent brokerage companies and two Canadian bank-owned firms. In 2022, the top five equity underwriters consisted of three Canadian bank-owned firms, one foreign-based dealer and one Canadian independent brokerage company.

The top five dealers in equity financings in 2023 were: **BMO Nesbitt Burns Inc.**, RBC, **Haywood Securities Inc.**, **Canaccord Genuity Corp.**, and **Echelon Wealth Partners Inc.** Together these dealers raised over \$750.0 million of equity in 2023. Three of these top five dealers, BMO, Echelon and RBC remained in the top five year-over-year.

Veren Inc. (previously known as **Crescent Point Energy Corp.**) completed the largest equity financing in 2023 for \$500.0 million. BMO and RBC were lead underwriters in the financing. The financing was announced concurrently with Veren's acquisition of privately-held Hammerhead Energy Inc. for approximately \$2.7 billion. Hammerhead's main producing properties were located in the Gold Creek and Karr areas of Alberta. Veren had identified 800 net Montney drilling locations on the Hammerhead lands.

In terms of the number of equity financings completed, Canaccord was the most active dealer by participating in eight equity financings of which it was the lead in two of them. Haywood participated in seven deals of which it was the lead in three. In third place was Echelon which participated in five equity financings in 2023 and was the lead underwriter in three of them.

In reviewing the financings completed in the first three months of 2024 and comparing them to the first quarter of 2023, the total amount of capital raised is down 67 per cent, to approximately \$255.0 million from the \$772.0 million raised over the same time period last year. This decrease in the amount of capital raised could possibly lead to a decline in the number of dealers servicing the Canadian oil and natural gas industry in 2024.

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.