



Canadian Energy Assets

Information Bulletin

March 2016

Global presence of Canadian energy companies

Canadian energy companies expanded their global presence in 2014 by increasing their assets held both domestically and internationally. Canadian energy assets¹ (CEA) grew to \$543.9 billion in 2014, an increase of 12% from \$484.9 billion² in 2013. In 2014, domestic CEA totalled \$394.2 billion, up from \$368.0 billion in 2013 while Canadian energy assets abroad (CEAA) totalled \$149.7 billion, an increase of 28% over the 2013 value of \$116.9 billion. CEAA as a percentage of total CEA increased from 24% in 2013 to 27% in 2014.

In 2014, 435 Canadian energy companies³ were identified as having energy assets:

- **59 (14%)** companies had energy assets with a **value in excess of \$1 billion**.
- **214 (49%)** companies had interests outside of Canada (in 75 countries).
- **166 (38%)** companies had energy assets in at least two countries.

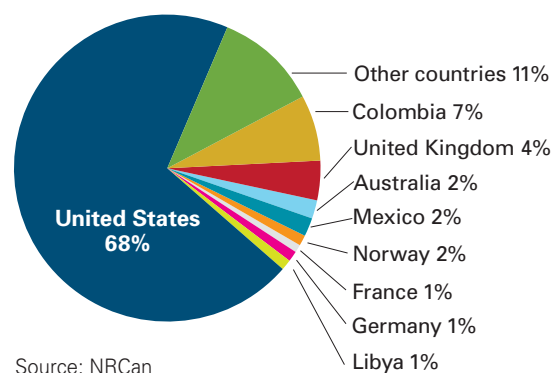
While the majority of CEAA value (70%) is located in the United States, Canadian energy companies were present in 75 countries. The top five countries by CEAA value are the United States (\$104.2 billion), Colombia (\$10.3 billion), the United Kingdom (\$5.3 billion), Australia (\$3.0 billion) and Mexico (\$2.9 billion). Table 1 gives the CEAA value by region. Figure 1 provides the percentage breakdown of value by region, and Figure 2 provides more regional details on a map.

In 2014, the value of CEAA increased across all regions except Asia, with the largest value increase occurring in the United States and the largest percentage growth occurring in Germany.

Table 1. Canadian energy assets by region, 2013 and 2014

Region	Canadian energy assets (CDN\$ billions)*		Variation in percentage
	2013	2014	
Africa	4.47	4.93	10
North America (U.S. and Mexico)	77.84	107.03	38
Americas (South and Central America, Caribbean)	13.31	14.41	8
Asia	5.45	5.21	-4
Europe	11.83	13.99	18
Oceania	4.00	4.10	2
Total Canadian energy assets abroad	116.90	149.66	28
Canada	368.00	394.21	7
Total Canadian energy assets	484.89	543.88	12

*Source: NRCan; Values may not sum due to rounding.

Figure 1. Percentage of CEAA by country, 2014

Source: NRCan

¹ CEA represents the value of energy assets held by publicly-traded companies that are headquartered in Canada and not foreign controlled. CEA values are recorded at the end of the calendar year and in Canadian dollars. Energy assets are non-current, fixed assets that cannot be easily moved or converted into cash and include energy properties, plant and equipment, deferred exploration expenditures, investments in non-Canadian energy companies, goodwill, and other non-current assets related to energy that can be reconciled geographically.

² CEA values for 2013 have been revised and updated to reflect additional information received since the last edition of the CEA bulletin in June 2015.

³ Energy companies include publicly-traded companies operating in upstream oil and gas (including services), oil and gas pipelines, petroleum and coal products manufacturing, uranium and coal mining, and electricity production. Company counts are for the 2014 reference year and are not additive because companies can be active in multiple jurisdictions.

HIGHLIGHTS

In the **United States (+\$28.3 billion, 37%)**, strong growth in the value of CEAA can be attributed largely to five companies:

- **Encana Corporation (+\$7.9 billion, 129%)** made major acquisitions in the Eagle Ford and Permian Basin oil deposits.
- **Enbridge Inc. (+\$7.0 billion, 36%)** added significant natural gas processing and distribution infrastructure and purchased interests in multiple renewable electricity generating projects.
- **Fortis Inc. (+\$6.3 billion, 353%)** acquired Arizona-based UNS Energy, which serves 658,000 electricity and gas customers, primarily in the city of Tucson, Arizona.
- **Baytex Energy Corp. (+\$2.9 billion, 1,011%)** acquired assets in the Eagle Ford basin worth \$2.8 billion.
- **TransCanada Corporation (+\$2.5 billion, 14%)** brought several small to medium-sized oil and gas pipeline projects into service.

In **Mexico (+\$0.92 billion, 47%)**, the significant percentage growth of CEAA growth can be attributed almost entirely to **TransCanada Corporation (+\$0.91 billion, 58%)**.

Colombia (+\$0.66 billion, 7%), **Brazil (+\$0.15 billion, 36%)** and **Argentina (+\$0.12 billion, 31%)** contributed to modest CEAA growth across **South America (+\$1.0 billion, 9%)**. This increase was led by **Pacific Exploration & Production Corp. (+\$0.30 billion)** (previously Pacific Rubiales Energy Corp.) and **Parex Resources Inc. (+\$0.29 billion)**.

The value of CEAA in **Asia (-\$0.23 billion, -4%)** fell slightly. The operations of **Talisman Energy Inc.** (now Repsol Oil and Gas Inc.) in Indonesia, Malaysia and Vietnam led a decline in **South East Asia (-\$0.36, -13%)** while **Niko Resources Ltd. (+\$0.21 billion, 33%)** expanded their operations in Indonesia, Bangladesh, India, Pakistan and Iraq.

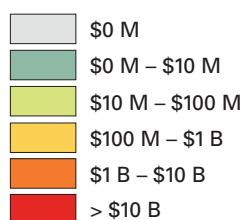
Europe's robust CEAA growth (+\$2.2 billion, 18%) was the combined result of a significant increase in **Germany (+\$1.8 billion, 1,421%)** and smaller increases in the **United Kingdom, France, and Albania**. Germany's increase can be attributed mainly to **Northland Power Inc.**, who acquired majority stakes in several offshore wind projects. The value of CEAA in **Europe** might have grown more, if not for a notable decrease in **Talisman Energy Inc.'s (-\$0.50 billion, -57%) Norwegian** operations.

In **Africa**, modest CEAA growth (+\$0.46 billion, 10%) can be attributed mainly to **Africa Oil Corp.**, who more than doubled their operations in **Kenya**, and to **Canadian Natural Resources Limited**, who added \$0.17 billion worth of energy assets in **Cote d'Ivoire**. The value of CEAA in **Oceania (+\$0.01 billion, 2%)** remained relatively flat.

Talisman Energy Inc. has significant operations in every region defined in Table 1, which were valued at \$11.7 billion at year-end 2014. This represents a 14% decline from their 2013 value of \$13.7 billion. At the end of 2012, **Talisman Energy Inc.** accounted for 10% for total CEAA value. However, poor performance, particularly in Norway, led to **Talisman Energy Inc.'s** takeover by Repsol, S.A., a Spanish corporation. The takeover, which was announced in December 2014 and finalized in February 2015, means that **Talisman Energy Inc.** will no longer be defined as a Canadian company in our next publication.

Figure 2. Global distribution of Canadian energy assets

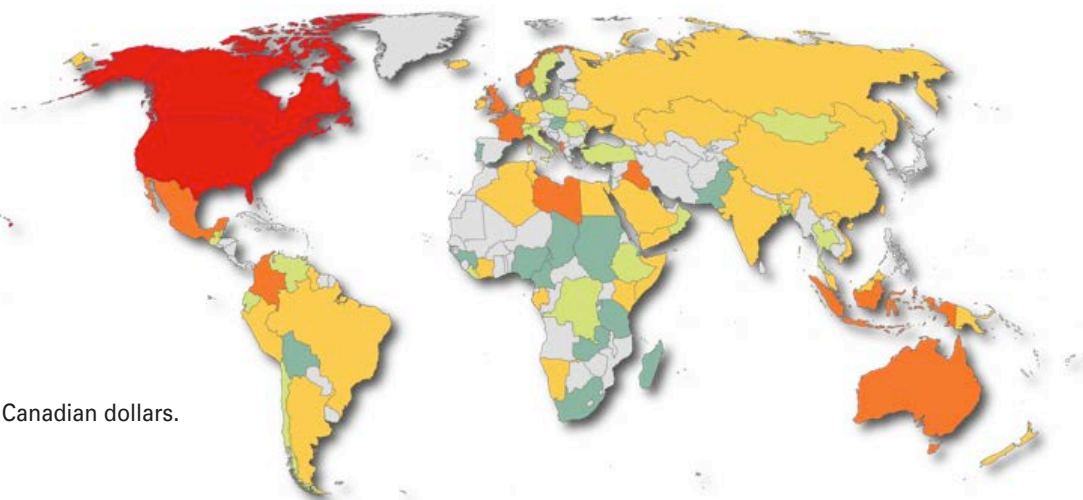
Energy Asset Value



M = Million; B = Billion;

Source: NRCan

Notes: All amounts are in Canadian dollars.



USE OF CEEA STATISTICS

Some care is required when determining the value of Canadian energy investment in a particular country. CEEA, as tracked by Natural Resources Canada (NRCan), differs from Canadian direct investment abroad (CDIA) figures estimated by Statistics Canada. CDIA is based on foreign direct investment as defined internationally on national systems of accounts. CEEA are based on financial accounting standards used by Canadian publicly-traded companies. Table 2 outlines the principal differences between these approaches.

ANNUAL VARIATIONS

In comparing asset totals across years, it is important to understand the causes of variations. Additions arise mostly from asset exploration, development and construction. Subtractions arise from asset changes in reserve economics, writeoffs, impairments, depreciation and asset sales. Exchange rate movements, mergers and acquisitions, and spinoffs also contribute to annual variations.

Table 2. CDIA compared to CEEA

Canadian direct investment abroad (Statistics Canada)	Canadian energy assets abroad (Natural Resources Canada)
A Canadian company is any company incorporated in Canada, irrespective of headquarters location and foreign control.	A Canadian company is publicly traded, has its headquarters in Canada and is not foreign controlled.
Examines all asset and liability positions of Canadian companies, including their foreign affiliates.	Examines only non-current energy asset values as reported in the consolidated balance sheets of Canadian companies.
Financing must come from Canadian sources, and only investments that give the Canadian company a minimum of 10% control of the investee are included.	The source of the financing is immaterial.
Data is based on the first destination. For example, Canadian investment destined for Mexico through a United States subsidiary is allocated to the United States.	Data is based on the final destination. The example in the left column would be counted as CEEA in Mexico.
Country-level data is not available by industry and no company-level data is available.	Country and company-level data is available.



Aussi disponible en français sous le titre : La présence des sociétés canadiennes du secteur de l'énergie

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