



# Canadian Energy Assets (2015)

## INFORMATION BULLETIN

May 2017

### Global presence of Canadian energy companies

The importance of Canadian energy companies to Canada's economy – through the production of valuable commodities, job creation and government revenue – is well appreciated. However, the global presence of Canadian energy companies is perhaps less well-known. Many Canadian energy companies are active abroad, and their global activity can be quantified by examining the value and location of their assets.

The total value of Canadian energy assets<sup>1</sup> (CEA) fell slightly in 2015 to \$535.7 billion, a decrease of 2% from \$548.4 billion in 2014. In 2015, domestic CEAs totaled \$390.2 billion, down from \$397.3 billion in 2014, while Canadian energy assets abroad totaled \$145.5 billion, down from \$151.1 billion. Assets abroad accounted for 27% of total assets.

In 2015, of the 325 Canadian energy companies:<sup>2</sup>

- **59 companies (18%)** had energy assets with a value in excess of \$1 billion.
- **131 companies (40%)** had interests outside of Canada (in 40 countries).

<sup>1</sup> Canadian energy assets (CEA) represent the value of energy assets held by publicly traded companies headquartered in Canada and not foreign-controlled at the end of each calendar year. Energy assets are non-current, fixed assets that cannot be easily moved or converted into cash and include energy properties, plants 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.

<sup>2</sup> Canadian energy companies are publicly traded companies headquartered in Canada and not foreign-controlled, 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 not additive because companies can be active in multiple jurisdictions.

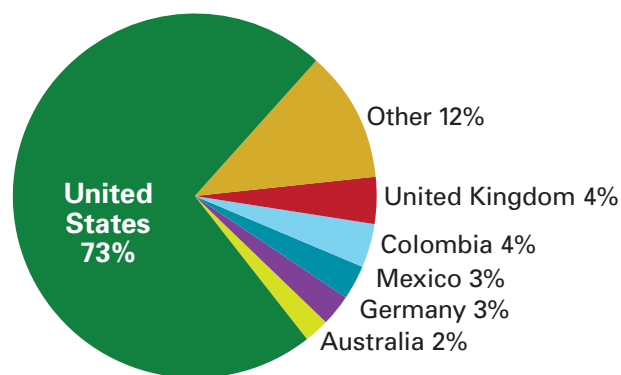
The large majority of Canadian asset value abroad (73%) was located in the United States. The top five countries by CEA value abroad were the United States (\$106.1 billion), the United Kingdom (\$5.4 billion), Colombia (\$5.1 billion), Mexico (\$4.3 billion) and Germany (\$3.7 billion).

In 2015, the value of CEAs decreased in most regions, with proportionally large decreases in South America and Asia. CEA values in the United States, Mexico, and Europe increased modestly.

**Table 1. Canadian energy assets by region, 2014 and 2015**

Region	2014 (\$ billions)	2015 (\$ billions)	Variation in \$	Variation in %
Africa	4.9	4.7	-0.2	-4
North America (U.S. and Mexico)	107.0	110.4	3.3	3
South and Central America and Caribbean	15.8	8.4	-7.4	-47
Asia	5.2	2.8	-2.4	-46
Europe	14.0	15.6	1.6	12
Oceania	4.1	3.6	-0.5	-13
<b>Total Canadian energy assets abroad</b>	<b>151.1</b>	<b>145.5</b>	<b>-5.5</b>	<b>-4</b>
Canada	397.3	390.2	-7.1	-2
<b>Total Canadian energy assets</b>	<b>548.4</b>	<b>535.7</b>	<b>-12.7</b>	<b>-2</b>

**Figure 1. Percentage of Canadian energy assets abroad by country, 2015**



## REGIONAL HIGHLIGHTS

In the **United States** (+\$1.9 billion, 2%), modest growth in energy asset values can be attributed largely to four companies: natural gas distributor **Enbridge Inc.** (+\$7.4 billion, 28%), utility **Fortis Inc.** (+\$3.2 billion, 40%), pipeline giant **TransCanada Corp.** (+\$1.8 billion, 9%), and natural gas company **AltaGas Ltd.** (+\$1.0 billion, 58%). The largest reductions in energy asset values came from pipeline company **Encana Corp.** (-\$6.6 billion, -47%) and oil and gas producer **Enerplus Corp.** (-\$0.9 billion, -54%).

In **Mexico** (+\$1.4 billion, 50%), significant percentage growth can be attributed mainly to **TransCanada Corp.** (+\$1.1 billion, 46%).

A significant decline in energy asset values in **South America** (-\$7.6 billion, -54%) was driven by highly indebted oil and gas producer **Pacific Exploration & Production Corp.** (-\$7.6 billion, -73%) (previously Pacific Rubiales Energy Corp.), whose primary operations are in **Colombia**.

The value of energy assets in **Asia** (-\$2.4 billion, -46%) also fell. **Talisman Energy Inc.**, whose energy assets in **South-East Asia** totaled \$2.4 billion in 2014, has since been purchased by Spanish corporation **Repsol S.A.** The takeover means that **Talisman Energy Inc.** no longer fits our definition of a Canadian company and has been removed from the dataset. In **West Asia**, drilling rig contractor **Precision Drilling Corp.** (+\$0.9 billion) expanded their operations.

**Europe's** energy asset value growth (+\$1.6 billion, 12%) is mainly attributable to the wind-focused utility **Northland Power Inc.**, which expanded its stake in off-shore wind projects in **Germany** (+\$1.8 billion, 97%). Oil sands producer **Suncor Energy Inc.** (-\$0.8 billion, -25%) reduced its asset holdings in **Norway** and the **United Kingdom**.

The value of Canadian energy assets in **Africa** (-\$0.2 billion, -4%) remained relatively unchanged. **Canadian Natural Resources Limited** (+\$0.7 billion, 60%) defied a general decline, increasing its asset holdings in **Cote d'Ivoire** and **Gabon**.

The modest decline in **Oceania** (-\$0.5 billion, -13%) was driven by the exit of the previously mentioned **Talisman Energy Inc.**

## 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, write-offs, impairments, depreciation and asset sales. Exchange rate movements, mergers and acquisitions, and spin-offs also contribute to annual variations.



## USE OF STATISTICS

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



**Table 2. Canadian direct investment abroad compared to Canadian energy assets abroad**

Canadian direct investment abroad (Statistic Canada)	Canadian energy assets abroad (Natural Resources Canada)
A Canadian company includes all companies incorporated in Canada with foreign affiliates, irrespective of the location of its headquarters and whether it is foreign-controlled.	A Canadian company must have its headquarters in Canada and not be foreign-controlled.
Examines all asset and liability positions of Canadian companies with their foreign affiliates.	Examines only non-current energy asset values as reported in Canadian companies’ consolidated balance sheets.
Financing must come from Canadian sources and only investments resulting in a minimum of 10% control of the investee are included.	The source of the financing is immaterial.
Data are based on the first destination. For example, Canadian investment destined for Mexico through a U.S. subsidiary is allocated to the U.S.	Data are based on the final destination. The example in the left column would be counted as CEA value in Mexico.
Country-level data are not available by industry, and no company data are available.	Country and company-level data are available.

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