

Energy deals hit record in 2009

BY LISA SCHMIDT, CALGARY HERALD JANUARY 16, 2010

The value of energy deals, which are expected to dominate Canadian merger and acquisition activity again this year, hit an all-time high in 2009, a new report shows.

Led by the blockbuster combination of Suncor Energy Inc. and Petro-Canada, acquisition values in the sector soared to \$51.9 billion US last year, a 19 per cent jump over 2008, according to mergermarket, which tracks M&A activity around the world.

Nationally, Canadian activity continued to drop in 2009, with overall values down nearly 21 per cent to around \$64.6 billion US. The total number of deals fell by 14 per cent. Activity started to pick up again in the fourth quarter, however, as the number of deals jumped 81 per cent from the first three months of the year.

Energy accounted for one-quarter of the deal-making in 2009, with a total of 99 deals.

Market consolidation appeared to be one of the biggest drivers, as 84 per cent of the deals were between Canadian companies, the report released earlier this week noted.

The report noted shale gas assets will be a hot commodity this year, as technology used in one region to extract resources could be used in other location, in particular France, Germany and Eastern Europe.

That follows other positive forecasts for the Canadian energy M&A market. Calgary-based Sayers Energy Advisors is forecasting an uptick in the total value of activity, which it pegged at about \$20 billion in 2009 without the massive Suncor deal. That was on par with previous year levels and is poised to rise in 2010, said analyst Crystal Holdershaw.

"There's a lot of asset packages -- most of them fairly large -- out the door already and it's only halfway through January," she said.

"There will more consolidation throughout the industry, as well -- more mergers. People are still saying 'the bigger the better,' if they want to raise money and survive."

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