



Canadian IPOs All But Vanished in 2022: Here's How 3 New Listings Did

Description

[Initial public offerings](#) (IPOs) are spectacular events in the Canadian stock market. They present investors with more opportunities to choose from, provide more chances of hitting jackpot-type returns, and offer more options to improve portfolio diversification. However, following the record-breaking year 2021, when Canadian IPOs raised \$10.2 billion from the public market, the IPO market abruptly cooled off to record lows in 2022.

About 77 new companies graced Canadian exchanges in 2021. They raised a record \$9.2 billion. The number excludes Special Purpose Acquisition Companies ([SPACs](#)) and capital pool funds. The market turned south in 2022. The number of new Canadian IPOs declined to 42 companies in 2022, raising a paltry \$1.3 billion.

Why Canadian IPOs vanished in 2022

The Canadian and global investment market environment abruptly changed between 2021 and 2022.

Investor spirits were high and optimism reigned in the markets in 2021. Easy money flooded the capital markets, as interest rates touched record lows. The TSX soared by 21% for the year. It was a great time for companies to raise new capital in the market by going public. It was the best time for early investors to sell stocks and exit long-held private investments to new shareholders through IPOs.

Moods changed in 2022. Investors freaked out, as “transitory” inflation threatened to stay. Interest rates rose at a record pace, and markets tumbled. Growth stocks with frothy valuations and weak fundamentals got clobbered.

Very few investors, IPO sponsors, founders, and company executives were willing to bring new companies onto exchanges when stock prices were coming down. Not only would their compensation be too low, but the risk of losing money was also just too high.

However, not all 2022 IPOs lost investors' money. Here's how the three largest Canadian news listings performed during their first calendar year trading on the public stock market.

Kiwetinohek Energy

Natural gas producer and fast-growing renewable energy company **Kiwetinohek Energy** ([TSX:KEC](#)) was listed on the TSX and started trading on January 14, 2022. The company chose a brilliant time to go public. Rapid production growth and soaring oil and natural gas prices gave new IPO investors great reasons to invest in the ambitious natural gas and green energy firm.

At the time of going public, management guided for 2022 production of 13,000-15,000 barrels of oil equivalent per day (boe/d). Full-year 2022 production averaged 17,900 boe/d. The company overdelivered on its production promises, and surging oil and natural gas prices amplified the financial impact.

Revenue and funds flow exceeded prior market estimates. KEC stock price closed 16.6% higher for 2022.

Ivanhoe Electric

Technology and mineral exploration company **Ivanhoe Electric** ([TSX:IE](#)) went public in a private equity-backed, dual-listed IPO in June 2022 that raised US\$169 million. Shares also trade on the NYSE.

Ivanhoe Electric's most attractive asset is its disruptive *Typhoon*, a geophysical survey technology obtained from its parent company I-Pulse. The Typhoon technology can cost effectively detect copper, gold, silver, and nickel, water, and oil at depths deeper than other conventional technologies' given ranges, or where a cover hides deposits, and across vast tracts of land.

The company uses its survey technology exclusively, however, a recent US\$126.4 million investment deal with Saudi Arabia's mining giant Ma'aden will extend Typhoon access to a third party for the first time.

Ivanhoe Electric stock rose 16.9% during 2022. IE stock is up 26.1% since its IPO and trades 8.4% higher so far this year.

Bausch + Lomb

Bausch + Lomb ([TSX:BLCO](#)) is an \$8.1 billion company that spun off from parent company **Bausch Health** in a dual-listed IPO on the TSX and the New York Stock Exchange in May 2022. The company is a global eye healthcare giant, with significant clout in the populous markets of India and China.

The parent company Bausch Health retains a controlling stake in the spin-off and donated its Chief Executive Officer Joseph C. Papa to the newly listed company. Papa is set to leave Bausch + Lomb in March this year.

Reported net earnings significantly declined in 2022, even as revenue remained stable. Operating costs and interest costs have increased as the company became a standalone business weaned from its parent.

BLCO stock lost 17.9% of its value post-IPO in 2022. That said, shares are up 7.5% year to date.

CATEGORY

1. Investing

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2. TSX:IE (Ivanhoe Electric)
3. TSX:KEC (Kiwetinohk Energy)

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