



What to Expect When Canadian Natural Resources Limited Reports Earnings This Week

Description

Canadian Natural Resources Limited ([TSX: CNQ](#))([NYSE: CNQ](#)) is scheduled to publish its quarterly earnings on Thursday. After shares of the oil giant staged a huge rally over the past couple of months, investors are worried that the stock may have run out of gas. However, Canadian Natural Resources might have one more catalyst left in the tank.

Let's take a look at what has been happening at the company over the past few months and what we're likely to see in the upcoming report.

Stats on Canadian Natural Resources

Analyst EPS Estimate	\$0.99
Year-Ago EPS	\$0.42
Revenue Estimate	\$5.17B
Change From Year-Ago Revenue	36.70%
Earnings Beats in Past Four Quarters 2	

Source: Yahoo! Finance

Can Canadian Natural Resources deliver for shareholders this quarter?

Canada's energy sector has been one of the few bright spots for resource investors this past year. Thanks to easing pipeline congestion out of Alberta and a weak Canadian dollar, the price of oil sands bitumen is on the rise. Over the past year, the discount for Canadian Western Select relative to West Texas Intermediate has been cut in half to around \$20 per barrel.

As any beginner equity analyst could tell you, higher oil prices will pad Canadian Natural's bottom line. Since May, analysts have added \$0.18 per-share to their consensus earnings estimate for the upcoming quarter. The stock has rocketed higher in lockstep, up 25% since late February.

At first glance, you might think the stock has run its course. Higher oil prices aside, what other catalyst could possibly drive the stock higher? However, Canadian Natural one more ace up its sleeve.

On several occasions this year, Canadian Natural executives have hinted that they might sell the company's wholly owned lands in Western Canada. In May, company president Steve Laut said that management was considering spinning off the royalty income generated from these properties, which are payments made by third-party oil and gas producers on its lands.

Spinning off such a royalty stream would offer Canadian Natural cash up front, which could be used to boost the company's dividend or buy back stock. More importantly, because these assets are hidden on the company's balance sheet and generally ignored by investors, a spin-off would unlock an enormous amount of value for shareholders.

There's little doubt that such a transaction would be well received by investors. After being spun-off from **Encana** (TSX: ECA)(NYSE: ECA), shares of **PrairieSky Royalty Trust** surged 32% in its trading debut earlier this year. Encana raised over \$1.65 billion from the deal, far higher than anyone predicted.

However, before rushing into any transaction, management is still trying to familiarize themselves with the company's extensive property portfolio. In Canadian Natural's conference call, listen for any updates regarding the status of this investigation. If the company is itching to sell these assets, it could be a catalyst for the stock.

CATEGORY

1. Investing

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1. NYSE:CNQ (Canadian Natural Resources)
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