



## Billionaire Ken Griffin Bought \$62 Million of Canadian Natural Resources Limited; Should You Buy, Too?

### Description

It's my favourite way to invest in the oil sands boom — and apparently billionaire Ken Griffin agrees with me.

The stock is **Canadian Natural Resources Limited** ([TSX: CNQ](#))([NYSE: CNQ](#)). Founded in 1989, it got its start as a small gas driller. Today, it's one of the largest oil producers in the country.

Over the past decade, the company spent billions of dollars to fund its oil sands growth. Now that these costly projects are nearly finished, most of those expenses are in the past. Today, there's more cash is coming out versus going into the ground.

Second-quarter results show this trend. Solid production growth led to a 23% bump in cash flow over the previous quarter. Adjusted earnings more than doubled year over year to \$1.2 billion, or \$1.05 per share.

That growth should continue. This year, it is expected to generate \$1 billion in free cash flow. However, by 2018 management expects that figure to grow more than fivefold.

[Screenshot 2014-10-05 at 12.22.32 PM](#)

*Source: Canadian Natural Resources investor presentation.*

This cash is likely to be returned to shareholders as dividends. Over the past 10 years, management has already boosted its payout at a 29% annual clip. Investors can expect many more hikes in the years to come.

Not everyone is bullish. Rising costs are a constant worry. And without the approval of **TransCanada Corporation's** ([TSX: TRP](#))([NYSE: TRP](#)) Keystone XL pipeline, the discount for oil sands bitumen could increase.

That said, bitumen is finding a way to buyers. Last year, TransCanada started to push its new Energy

East proposal. If approved, the pipeline will ship 1.2 million barrels per day of Alberta crude to refineries as far east as Saint John. That would singlehandedly replace Keystone.

There are other exit avenues as well. **Enbridge Inc** ([TSX: ENB](#))([NYSE: ENB](#)), Canada's top oil shipper, has plans to add 1 million barrels per day of capacity by 2015. This includes reversing the Line 9 route, twinning the Seaway pipeline, and clearing bottlenecks in the Chicago area — all of which means the discount for Alberta bitumen should keep closing.

Apparently, Ken Griffin is bullish on the oil sands as well. Last quarter, the money maven boosted his stake in Canadian Natural Resources. As of June, Griffin owned more than 1.3 million shares valued at US\$62 million.

What's interesting is that Griffin likely paid between \$42 and \$44 per share for his recent purchases, roughly in line with where the stock is trading today. That means you can still buy this company on the same terms.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)

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