



1 Dividend Growth Stock for Your Portfolio: Canadian Natural Resources Ltd.

Description

Canadian Natural Resources Ltd. ([TSX: CNQ](#))([NYSE: CNQ](#)) is a great Canadian oil company that has massive land assets in British Columbia and Alberta.

The company trades at five times its cash flow and has a \$42 billion market cap. Its dividend also looks great and yields about 2.35% with potential increases in the pipeline. In the past two years, it has more than doubled its dividend. What cements its performance expectations is that for the first six months of this year, Canadian Natural's payout ratio was 30%. That's much below the 75% bar of a sustainable dividend.

If you take a look at the last quarter, Canadian Natural Resources' earnings beat estimates. Earnings per share (EPS) came in at \$0.93. Its revenue also beat the street's expectations and came in at \$6.11 billion.

What's also reassuring is that most analysts who cover the stocks have a "buy" rating on it and expect the company to post an EPS of \$3.84 for the current fiscal year.

With sliding oil prices, the stock is currently trading at about 31% below its 52-week high of \$49.57. It currently trades at around \$39 – that's 10 bucks below the highs and this pullback is an incredible opportunity for investors to pick up this quality dividend stock for their portfolios.

This pullback is only a short-term blip for its share prices but investors should look at this as a positive and take full advantage of this since the stock currently provides great value for money. If you look at the longer-term trend, Canadian Natural's stock has increased 853% over the last 10 years. That definitely says something for its performance.

Another great point to note is that some analysts believe that by 2017-2018, Canadian Natural Resources will have built out a lot of its oil sands development. And in terms of free-cash-flow yield, Canadian Natural's is expected to range in the mid-teen levels. That is solid given that most companies' free-cash-flow yield averages around seven.

Over the next five years, the company's production is also estimated to grow annually at about 9%. For

the second quarter of this year, two of its projects posted record production – the Horizon Oil Sands operations as well as the Pelican Lake heavy crude project.

With so much potential in store for this company, investors should focus on the long-term potential and opportunities for this company instead of fretting about sliding oil prices.

CATEGORY

1. Dividend Stocks
2. Energy Stocks

TICKERS GLOBAL

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2. TSX:CNQ (Canadian Natural Resources Limited)

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