



The Future Is Bright for Canadian Natural Resources Limited

Description

Canadian Natural Resources Limited ([TSX:CNQ](#))([NYSE:CNQ](#)) has made all the necessary moves to ensure that 2017 is better than the current year, despite the low prices that its core assets have been hit with recently.

The Calgary energy juggernaut is positioning itself to become sustainable and more profitable as the company expects to ramp up production by an inspiring 6% in the coming year. Canadian Natural's capital program amounts to \$3.9 billion, which is lower than its targeted cash flow. The company's free cash flow stands at \$1.7 billion following its dividend of \$1.1 billion.

Investors are expected to cash in as the company has stated its plans to boost returns to those with a stake in CNQ stock. Additionally, Canadian Natural may be on the market for a number of acquisitions that could solidify its core assets portfolio, which includes the exploration, development, and production of crude oil, natural gas, and natural gas liquids.

The market had suffered in recent times as natural resource assets tallied up to \$287 million in 2015, marking a 73% decline compared to 2014. The decline could mostly be attributed to lower crude bitumen prices, which is a part of Canadian Natural's business, but it does not account for one of its top products. Oil prices also fell as coal, crude bitumen, crude oil, and natural gas were at \$56 billion in 2015—a 93% decline compared to 2014.

The company is the largest petroleum producer in the country as its 2017 output is slated to be in the range of 883,000 barrels of oil equivalent per day (boe/d) and 883,000 boe/d. This figure was significantly lower at 808,000 boe/d in 2016. Additionally, Canadian Natural will benefit from the fact that the crash from the previous two years has been on the path to recovery with a strong 2017 in the horizon.

Total crude oil production volumes will increase by 9% from 2016's figures as they will be in the range of 550,000 barrels per day (bbl/d) to 590,000 bbl/d, marking a 45,000-bbl/d increase. Canadian Natural's philosophy is rapidly changing to a low-decline asset base, reducing risk, increasing output, and ensuring the company is more sustainable.

The expected positive cash flow in 2017 may also be boosted by Canadian Natural's sale of a stake in the Cold Lake pipeline. The deal will net the company \$350 million in cash, helping to increase financial flexibility. Another one of the company's projects is the expected expansion of its Fort McMurray Horizon oil sands plan in Alberta, which will see its crude oil output surge by 44%.

Eight of 12 analysts covering the stock rate it a "Buy," while two rate it a "Hold," and two rate it a "Strong Buy." Canadian Natural has an average rating of 1.6 on a One-to-five scale, where 1.6 is right between a "Buy" and "Strong Buy." The stock has a price target of \$46.44. The company has a market cap of \$48.06 billion.

Canadian Natural is one of the year end's must-buy stocks due to the company's multiple projects that will increase its oil and natural gas outputs in 2017. Additionally, the prices of its core assets will rebound from the steep decline that the industry suffered in recent years.

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Author

karlutmohlen

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