



Why Canadian Natural Resources Limited Is up Over 3%

Description

Canadian Natural Resources Limited ([TSX:CNQ](#))([NYSE:CNQ](#)), one of the world's largest independent crude oil and natural gas producers, announced its second-quarter earnings results this morning, and its stock has reacted by rising over 3% in early trading. Let's take a closer look at the quarterly results to determine if we should consider buying in to this rally or wait for it to subside.

A very strong quarterly performance

Here's a quick breakdown of eight of the most notable statistics from Canadian Natural's three-month period ended on June 30, 2017, compared with the same period in 2016:

Metric	Q2 2017	Q2 2016
Product sales	\$3.93 billion	\$2.69 billion
Adjusted net earnings (loss) from operations	\$332 million	(\$210 million)
Adjusted earnings (loss) per share (EPS)	\$0.29	(\$0.19)
Funds flow from operations (FFO)	\$1.73 billion	\$938 million
FFO per basic share	\$1.50	\$0.85
Natural gas production (million cubic feet per day)	1,656	1,689
Crude oil and NGLs production (barrels per day)	637,127	502,410
Barrels of oil-equivalent production per day	913,171	783,988

What should you do with Canadian Natural today?

It was a fantastic quarter overall for Canadian Natural compared with the year-ago period, as it was able to grow its sales and reduce expenses to get back to profitability. The second quarter also capped off a great first half of the year for the company, in which its product sales increased 57.6% year over year to \$7.8 billion, its FFO increased 104.8% year over year to \$2.97 per basic share, and its adjusted net earnings came in at \$609 million compared with an adjusted net loss of \$753 million in the year-ago period.

With its very strong financial performance in mind, I think the market has reacted correctly by sending its stock higher, and I think it could continue higher from here, because energy investors will continue to pay up for a company that can achieve such great profitability in today's low commodity price environment.

In addition, Canadian Natural has a great dividend, which I think will be another driving force behind investors piling into the stock. It currently pays a quarterly dividend of \$0.275 per share, equal to \$1.10 per share annually, which gives it a 2.8% yield. The company has also raised its annual dividend payment for 16 consecutive years, and its 10% hike in March has it on pace for 2017 to mark the 17th consecutive year with an increase, making it one of the best dividend-growth stocks in the industry.

With all of the information provided above in mind, I think all Foolish investors seeking exposure to the oil and gas industry should consider initiating positions in Canadian Natural Resources today.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date

2025/07/06

Date Created

2017/08/03

Author
jsolito

default watermark

default watermark