A Look at Last Week's Earnings for Oil & Gas Companies

Description

As the price of oil is showing signs of recovery and approaching $50 per barrel, there is a breath of optimism around the industry. Many oil and gas companies, like **Cenovus Energy Inc.** and **Encana Corp.**, have already posted strong quarters with potentially more on the way.

Last week, we saw more companies in the industry report earnings, and I'll take at how three of the largest players did and whether or not the positive trend continues.

Canadian Natural Resources Limited (TSX:CNQ)(NYSE:CNQ) was the biggest oil company to release Q2 earnings last week. It posted revenues of $3.9 billion for an impressive year over year increase of 46%. The company also turned a profit for the third consecutive quarter and reached over $1 billion in net income — more than quadruple Q1's profit and a big improvement from a loss of $339 million a year ago.

Canadian Natural's total production for the quarter was up over 16% from what it was a year ago. However, the company is still making efforts to cut its expenditures with plans to reduce capital spending by about $180 million for the current year.

Pembina Pipeline Corp. (TSX:PPL)(NYSE:PBA) also had a strong quarter with revenues up 16% year over year, totaling $1.17 billion for Q2. In four of its last five quarters, the company has reached over $1 billion in sales while also being able to produce a profit.

The company's revenue for the trailing 12 months is $4.8 billion. That is more than the last two years, which saw $4.1 billion in 2016 and $4.6 billion for 2015. Net income is even more impressive as profits for the last four quarters of $590 million are higher than in any of the past five fiscal years. Pembina has seen its profit margins rise from under 7% before the downturn to currently over 12%.

Enbridge Inc. (TSX:ENB)(NYSE:ENB) posted Q2 revenues of over $11 billion which are up 40% year over year. The company also saw its profit grow for the third consecutive quarter as it reached $1 billion in net income for the most recent period. Enbridge's revenue growth has been so strong that, for the past 12 months, it has totaled over $40 billion in sales, which is more than in any of the past five years, including when oil prices were over $100 a barrel. Similarly, profits for the past 12 months of

$2.1 billion represent a high for the company.

Enbridge also announced that it will begin working on the Line 3 Replacement Program, which is replacing the existing pipeline from Alberta to Wisconsin. However, costs for this replacement are now expected to be 9% higher than originally forecasted, which will hurt the company's profitability.

Bottom line

All three oil and gas companies here have shown improved performances from a year ago and have not only increased sales, but have been able to do so while adding to net income levels as well. These companies present good investment opportunities if the price of oil can continue to increase.

However, a high price of oil is no longer necessary to produce a profit, as has been proven by each of these companies. There is certainly still risk in the industry, but those that have adapted to the new realities of a low price of oil will be well positioned to take advantage of any recovery.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:ENB (Enbridge Inc.)
3. NYSE:PBA (Pembina Pipeline Corporation)
4. TSX:CNQ (Canadian Natural Resources Limited)
5. TSX:ENB (Enbridge Inc.)
6. TSX:PPL (Pembina Pipeline Corporation)

PARTNER-FEEDS

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

Category

1. Dividend Stocks
2. Energy Stocks
3. Investing

Date
2025/09/02
Date Created
2017/08/09
Author
djagielski