



Cenovus Energy Inc. Among Energy Companies Reporting Strong Results as Oil Continues to Rally

Description

As WTI crude oil pushes past \$55 per barrel, earnings season is upon us, and energy companies are reporting bullish results that are beginning to feel reminiscent of the good, old days for this sector.

We do not necessarily want to go back to those days when oil was trading at \$150 per barrel; consumers and companies alike were feeling the pain from this, and the oil and gas industry was not necessarily making the best decisions for their shareholders.

But let's fast forward to today. This week, we saw three energy giants report very strong results that may be the [beginning of good times ahead](#).

There are two points I would like to make right off the bat.

Firstly, one good thing that comes out of an environment of very low commodity prices for a prolonged period of time is that companies are forced to become more efficient, less wasteful, and simply better at what they do. This is because cash flow does not come so easy anymore, and it's a matter of survival.

Secondly, lower capital investment in these times means lower production and ultimately, higher prices. And so goes the old adage, "the best cure for low prices is low prices."

Back to third-quarter results.

Baytex Energy Corp. ([TSX:BTE](#))(NYSE:BTE) reported a 3.2% increase in production, a 21% increase in the realized oil price (to \$43.36 per barrel), and a 7% increase in funds from operations.

We are seeing costs continuing to come down, and after a 4% reduction in its operating cost annual guidance in the second quarter, the company has reduced its cost guidance again, this time by 5% to \$10.50 per barrel of equivalent oil (boe).

And the company reduced its debt load again through cash generated as well as asset dispositions.

Canadian Natural Resources Limited ([TSX:CNQ](#))([NYSE:CNQ](#)) [reported strong sequential production growth](#) of 14%, a 49% increase in cash flow from operations, record low operating costs, and a \$350 million reduction in debt.

Over at **Cenovus Energy Inc.** ([TSX:CVE](#))([NYSE:CVE](#)), production increased 115% in the third quarter, and cash from operating activities increased 91% as the quarter included the assets purchased from **ConocoPhillips** ([NYSE:COP](#)) for the full three months.

And the company has hired its new CEO and is making progress with its asset-disposition plan and reduction of debt targets, both of which should be catalysts for the stock.

With oil prices trading at close to \$55 per barrel, we should be cognizant of the fact that most company and analyst guidance and expectations are made at prices that are far lower than that. So, if prices remain at these levels, we will see a wave of better than expected results.

This coupled with the reduction in costs that has occurred in the industry makes for a nice set-up for a very profitable year ahead.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

POST TAG

1. Editor's Choice

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. NYSE:COP (ConocoPhillips)
3. NYSE:CVE (Cenovus Energy Inc.)
4. TSX:BTE (Baytex Energy Corp.)
5. TSX:CNQ (Canadian Natural Resources Limited)
6. TSX:CVE (Cenovus Energy Inc.)

PARTNER-FEEDS

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

Category

1. Dividend Stocks

- 2. Energy Stocks
- 3. Investing

Tags

- 1. Editor's Choice

Date

2025/07/04

Date Created

2017/11/06

Author

karenjennifer

default watermark

default watermark