



Value Investor Alert: This Leading Energy Producer Could Move Significantly Higher

Description

Currently, **ARC Resources** ([TSX:ARX](#)) is a [leading energy producer](#) and one of Canada's leading crude oil and natural gas companies with average production in 2020 of over 160,000 barrel of oil equivalent (boe) per day. ARC's business activities include the exploration, development, and production of crude oil, natural gas, and natural gas liquids (NGL's) in Alberta and British Columbia, Canada. ARC has focused on the acquisition and development of resource-rich properties that provide for both near-term and long-term growth.

The guiding principles upon which ARC conducts the company's business have created a strong foundation for superb business performance. ARC's operational excellence, robust risk management program and strong balance sheet have positioned the company to prudently manage volatile market conditions. The company appears committed to paying a meaningful dividend and maintaining a strong balance sheet to provide superior long-term financial returns for ARC's shareholders.

Diverse and low-cost portfolio

Further, ARC has built a [commodity-diverse portfolio](#) of world-class, low-cost assets and continuously creates value and optimizes revenue through upstream and downstream business development and other commercial activities. These activities and commitments are supported by a strong culture of respect, integrity, trust, and community. ARC runs the company's business in a manner that prioritizes the safety of employees, communities, and the environment.

To ensure optimal capital utilization, ARC borrows funds periodically to finance the purchase of assets, for capital expenditures, or for other financial obligations or expenditures in respect of assets held by it or for working capital purposes.

ARC's long-term strategy is to target the ratio of net debt to annualized funds from operations between 1 to 1.5 times. The level of borrowing is assessed on a weekly basis by executive management and is subject to quarterly reviews by the board of directors.

Prudent capital allocation

The company's borrowings comprise both a bank credit facility and long-term notes issued to major financial institutions. ARC gains more financial flexibility by choosing to repay a portion of the company's debt from one source and borrows from other parties in order to reduce borrowing costs.

Par of ARC's ongoing strategy is to secure transportation capacity to ensure that the company's production moves to market over the short and long term. ARC believes that securing firm takeaway capacity is prudent management of the company's business, and has secured sufficient takeaway for anticipated future growth.

Lucrative transportation commitments

The company's transportation commitments available for future physical deliveries of crude oil, natural gas, and NGL's exceed ARC's expected related future production of proved reserves. ARC expects to fulfill these commitments through ongoing exploration and development activities subject to the company's ongoing development plans, well performance, and disruptions or constraints at facilities and pipelines.

Also, ARC expects to allocate the company's funds from operations towards a portion of capital expenditures, periodic debt repayments, site reclamation expenditures, potential net acquisitions of undeveloped land and production, and cash payments to shareholders in the form of dividends. The company's income varies depending on commodity prices, costs, expenditures, acquisitions, and dispositions.

Overall, the company owns some great assets and could be very valuable in the future.

CATEGORY

1. Investing

POST TAG

1. canada

TICKERS GLOBAL

1. TSX:ARX (ARC Resources Ltd.)

PARTNER-FEEDS

1. Business Insider
2. Koyfin

3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Yahoo CA

Category

1. Investing

Tags

1. canada

Date

2025/07/20

Date Created

2021/07/04

Author

nikhilwaterloo

default watermark

default watermark