



A Top Canadian Stock to Buy Right Now With \$500

Description

Canadian Natural Resources ([TSX:CNQ](#))([NYSE:CNQ](#)) sells crude oil, natural gas, and natural gas liquids (NGLs). The company achieved record annual average production of 1,164 thousand barrels of oil equivalent per day (MBOE/d) in 2020, a 6% increase compared to 2019 levels. The resilience and sustainability of the company's [business model](#) was evident in 2020 as annual adjusted funds flow was strong at approximately \$5.3 billion, excluding the provision relating to the Keystone XL pipeline project.

Excluding the company's Painted Pony acquisition costs and the Keystone XL provision, Canadian Natural's free cash flow completely covered the company's [capital program](#) and dividend, generating approximately \$690 million in free cash flow in 2020. It exited 2020 with a strong balance sheet, as net debt, before acquisitions, was essentially unchanged from 2019 levels and liquidity remained strong with approximately \$5.4 billion available, including cash and cash equivalents and short-term investments.

Disciplined capital allocators

During the pandemic caused by COVID-19, Canadian Natural was patient and disciplined, maintaining the company's 13% quarterly dividend increase in March 2020 of \$0.425 per common share throughout the year. Additionally, in March 2021, the sustainability of the company's free cash flow generation allowed the company to increase the dividend by 11% to \$1.88 per common share annually, marking the 21st consecutive year of dividend increases. This demonstrates a phenomenal track record, given the cyclicity of the oil and gas industry.

Environmental, social, and governance (ESG) performance is a top priority for the company, which is making investments to improve the company's performance and reduce environmental footprint. The company's unique portfolio, supported by long-life, low-decline assets affords Canadian Natural numerous opportunities to deploy new technology and capture innovation to reduce the company's greenhouse gas (GHG) emissions, while enhancing economic margins through continuous improvement initiatives.

Driving necessary improvements

Further, Canadian Natural has a defined pathway that is driving a long-term reduction of GHG emissions through an integrated emissions management strategy that includes investment in research, technology, and innovation, all of which contribute to the company reaching the company's aspirational goal of net zero oil sands emissions. Over the last decade, Canadian Natural has invested \$3.7 billion in research and development, driving the necessary improvements to help the company successfully reduce corporate GHG emission intensity by 18% and methane emissions by 28% from 2016 levels.

Also, the company's safety record is top tier, as corporate total recordable injury frequency (TRIF) improved to 0.21 in 2020, a reduction of 58% from 2016 levels. The company also reached significant environmental milestones, including the cumulative sequestration at Canadian Natural's Quest facility of five million tonnes of carbon dioxide captured from the cumulative planting of two-and-a-half million trees at the company's oil sands mining and upgrading operations.

Forging long-term partnerships

In addition, Canadian Natural appears committed to a long-term presence in the communities where it operates in Canada, the United Kingdom, and Africa. This group of stakeholders includes more than 24,000 landowners, 160 municipalities, and 80 Indigenous communities in Western Canada, as well as industry, governments, regulators, academia, and non-governmental groups. The company works with these diverse communities to identify opportunities for education and training, employment, business development, and community investment.

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