



## Canadian Natural Resources (TSX:CNQ) Reports Strong Q3 2021 Results and Raises Dividend

### Description

**Canadian Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) continues to benefit from the surge in oil and natural gas prices.

### CNRL Q3 earnings

CNRL generated adjusted funds flow of \$3.634 billion in the quarter compared to \$1.74 billion in Q3 2020. For the first nine months of 2021, funds flow from operations hit \$9.395 billion compared to \$3.492 billion in the same period last year.

Adjusted net earnings came in at \$2.095 billion in the quarter. That's up from \$135 million in Q3 2020. It's also up considerably from Q2 2021 when the company reported adjusted net income of \$1.458 billion. For the first three quarters of 2021, CNRL reported adjusted net earnings of \$4.794 billion compared to a loss of \$932 million in 2020.

### Production

CNRL delivered strong production growth compared to Q2 2021 and the third quarter last year. Natural gas production came in at 1,708 million cubic feet per day (MMcf/d). That's up from 1,614 MMcf/d in Q2 2021 and 1,362 MMcf/d in Q3 2020.

On the oil side, average production of crude oil and natural gas liquids hit 952,889 barrels per day (bbl/d) — a gain of more than 9% from Q2 2021 and up 7.7% over Q3 2020.

CNRL has a diversified product mix that includes oil sands, conventional heavy oil, conventional light oil, offshore oil, natural gas, and natural gas liquids.

## Balance sheet

CNRL continued to strengthen the balance sheet during the quarter, reducing net debt by approximately \$2.3 billion. Over the past 12 months, CNRL lowered net debt by about \$5.8 billion.

## Dividends and share buybacks

The board announced a 25% increase to the quarterly [dividend](#). The new payout will be \$0.5875 per share. CNRL raised the distribution by 11% in 2021 and has increased the payout in each of the past 22 years. The compound annual dividend-growth rate over that time is 20%.

CNRL repurchased about 1% of its outstanding common shares during the quarter in line with its buyback program.

## CNQ stock price

CNRL saw its share price jump 2% at the open after the results. The price of oil is also up more than 2% from the previous day. CNRL's share price has gained more than 75% in 2021. At the time of writing, the shares trade near \$53.50 and offer a 4.4% annualized dividend yield at the new dividend level.

## Outlook for investors

CNRL is benefitting from higher production and rising oil and gas prices. The company is a profit machine in the current environment and will continue to use excess cash to reduce debt, buy back shares, and boost dividends.

Analysts broadly expect oil and natural gas prices to remain high through the first half of 2022. CNRL has already had a big run, so I wouldn't back up the truck, but more gains should be on the way, and you get paid well to hold the shares at the current price.

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