



## Top Buy: Canada's 1st \$100 Billion Oil & Gas Producer

### Description

The writing was already on wall since the year started with oil prices surging to record levels. April 20, 2022, was the day Canada produced a \$100 billion oil & gas producer. **Canada Natural Resources** ([TSX:CNQ](#))([NYSE:CNQ](#)) soared to \$86.43 at one point during trading to raise its valuation and achieve a milestone.

The premier energy stock finished at \$85.95 per share on mid-week after advancing 1.72%. With its valuation of nearly \$100 billion (\$99.92 billion) at the close of trading day, Canadian Natural Resources is now in the league of American oil giants **Exxon Mobil**, **Chevron**, and **ConocoPhillips**.

If you're looking for the top commodity stock to serve as [safety net](#) or haven, buy more of CNQ or take a position if you don't own the shares yet. Current investors enjoy a 62.44% year to date on top of the 3.49% dividend. Based on market analysts' high price target, the return potential in one year is 37% (\$118).

### Standout in the COVID year

CNR edged erstwhile [oil bellwether](#) and industry rival **Suncor Energy** (\$61.79 billion) with its record-setting feat. Mark Rutherford, an analyst at Mawer Investment Management, said, "This company is one of the biggest global players and so it may garner more attention from international companies and should be compared to any of the top energy companies globally."

Many energy companies had a hard time navigating 2020 when prices crashed due to the volatile pricing environment and low crude oil demand. However, CNR stood out and even raised its dividends instead of stopping or slashing the payouts. Its president Tim McKay credited the effective and efficient operations plus CNR's long-life, low-decline asset base for the strong results in the first COVID year.

### Robust asset base

Last year, CNR's unique and diverse asset base showed its robustness once more. Its CFO, Mark

Stainthorpe, said, "The strength and sustainability of our business model was evident during 2021." Net earnings reached \$7.66 billion compared to the \$435 million net loss in 2020.

For Q4 2021, net earnings increased 238% to \$2.53 billion versus Q4 2020. Another highlight in 2021 was the 207% year-over-year increase in cash flows from operating activities to \$14.47 billion.

The top-tier oil major rewarded shareholders with two dividend increases (38% hike combined). Apart from the \$2.2 billion dividend payments, CNR repurchased \$1.6 billion of its common shares. On March 3, 2022, the board approved a 28% increase in quarterly dividend to extend the dividend-growth streak to 22 years.

CNR's capital budget of \$3.6 billion in 2022 includes strategic growth capital of \$700 million. Management will invest the money in long-life, low-decline assets as it aims to add more to its annual production beginning in 2023. The incremental production growth by 2025 would be around 63,000 barrels per day.

The company also has a substantial inventory of low capital exposure projects within its conventional asset base. Under the right economic conditions, CNR can execute them to provide excellent returns and maximize shareholder value.

## Winning commodity stock

Canadian Natural Resources, a winning commodity stock, deserves to be a core holding of [income investors](#). Dividend growth is certain, notwithstanding economic downturns.

### CATEGORY

1. Energy Stocks
2. Investing

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