



5 Things to Know About CNQ Stock

Description

Canadian Natural Resources ([TSX:CNQ](#)) is a leader in the Canadian oil and gas industry. The rebound in the energy market has investors seeking out top [TSX](#) energy stocks and many are wondering if CNQ stock is a buy after the pullback.

Operations

CNRL is Canada's largest energy company with a current [market capitalization](#) of \$83 billion. Assets include oil sands, conventional heavy oil, conventional light oil, offshore oil, natural gas and natural gas liquids production. CNRL has extensive reserves and land positions in key oil and gas regions and makes strategic acquisitions when the market presents good opportunities to add revenue and reserves at attractive prices.

CNRL tends to be the sole owner of most of its operating sites. This increases risks when commodity prices tank, but it also gives management flexibility to move capital quickly to capitalize on the best opportunities in the portfolio. This isn't easy to do if a company has partners on an asset.

Earnings

CNRL reported net earnings of \$3.5 billion in the second quarter (Q2) of 2022 compared to \$1.55 billion in the same period in 2021. For the first half of 2022, net earnings came in at \$6.6 billion compared to \$2.9 billion in the first six months of last year.

Production

CNRL has a diversified assets base of long-life and low-decline resources. Second-quarter barrels of oil equivalent per day (BOE/d), which combines oil and natural gas production results, averaged 1.21 million compared to 1.14 million in the same quarter of 2021. The first half of 2022 averaged 1.25 million BOE/d compared to 1.19 million BOE/d in the first six months of 2021.

Free cash flow policy

CNRL is committed to returning excess cash to shareholders through share buybacks and special distributions on top of the base dividend. CNRL defines free cash flow as the money that is left over after covering the base dividend and planned capital expenditures that are needed to maintain or grow production.

Management has a disciplined approach with 50% of surplus cash used for reducing net debt. Once net debt drops to \$8 billion, which the board views as a comfortable core debt position, additional free cash flow will go to shareholders. In the first half of 2022, free cash flow was \$6.7 billion, of which 46% went to share buybacks and 54% went to the balance sheet.

Dividends

CNRL raised the base dividend by 25% late in 2021. The board then increased the quarterly payout by another 28% to \$0.75 per share after the end of the first quarter. CNRL has increased the dividend in each of the past 22 years and investors have received a compound annual dividend-growth rate of 22% over that timeframe.

In addition, CNRL paid out a special dividend of \$1.50 per share based on the excess cash position at the end of Q2 2022.

Should you buy CNQ stock now?

CNQ stock trades near \$74 at the time of writing compared to \$88 in June. The stock looks oversold and investors who buy now can get a 4% base dividend yield with bonus dividends likely on the way in the coming quarters. If you are an oil and natural gas bull, this stock deserves to be on your radar.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

1. NYSE:CNQ (Canadian Natural Resources)
2. TSX:CNQ (Canadian Natural Resources Limited)

PARTNER-FEEDS

1. Business Insider

2. Flipboard
3. Koyfin
4. Msn
5. Newscred
6. Quote Media
7. Sharewise
8. Smart News
9. Yahoo CA

PP NOTIFY USER

1. aswalker
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date

2025/08/17

Date Created

2022/10/22

Author

aswalker

default watermark

default watermark