

Canadian Natural Resources Limited Provides a Corporate Update

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CALGARY, March 18, 2020 - [Canadian Natural Resources Ltd.](#) (“Canadian Natural” or the “Company”) is providing a corporate update on its capital flexibility and its continued focus on effective and efficient operations.

Canadian Natural is well positioned through the current global COVID-19 challenges, due to our significant long life low decline asset base that has 27.8 years of reserve life based on proved reserves and 36.0 years of reserve life based on proved plus probable reserves. Of the proved reserves, 83% is derived from long life low decline assets and 77% of budgeted 2020 liquids production is from the same type of long life low decline assets. Importantly, Canadian Natural's Oil Sands Mining and Upgrading assets have a reserve life in excess of 43 years. These Oil Sands Mining and Upgrading assets have a production capability in the range of 430,000 - 475,000 bbl/d of Synthetic Crude Oil ("SCO"), with operating costs of approximately US\$13/bbl. These assets currently make up approximately 45% of our liquids production and continue to generate substantial free cash flow at current commodity price levels.

Canadian Natural's asset base has low sustaining capital and low reservoir risk which allows it to effectively manage through commodity price cycles, with little impact on our near term production levels and net asset value, thereby preserving long term value for our shareholders and creditors. The Company maintains a flexible and disciplined capital allocation strategy, with a focus on maintaining a strong financial position throughout the commodity price cycle.

With the continued volatility in commodity pricing, the Company has identified and implemented further opportunities to reduce its 2020 capital spending budget to approximately \$2,960 million, a \$1,090 million reduction from its original 2020 budget. Notwithstanding this spending reduction, there is no change to our 2020 corporate production guidance volumes of 1,137,000 - 1,207,000 BOE/d; originally issued on December 4, 2019. Canadian Natural's long life low decline asset base and its associated low annual sustaining capital of approximately \$3 billion, coupled with the ramp up of production volumes at Kirby North, Primrose and Jackfish production, all where capital for these projects was largely incurred in 2019 and before, results in similar targeted production levels in 2021 and 2022.

Summary of 2020 capital budget by areas are as follows:

(\$ million)	Original 2020 Budget	Current Revised Budget
Conventional/Unconventional	\$ 1,550	\$ 990
Long Life Low Decline	\$ 2,500	\$ 1,970
Total	\$ 4,050	\$ 2,960

Canadian Natural's ability to maintain our original 2020 corporate production guidance volumes is a reflection of the strength of our long life low decline production base, our low maintenance capital costs and our effective and efficient operations which drive low operating costs. Further, the ability of the Company to generate free cash flow is enhanced by our production mix, where approximately 60% of liquids production is light oil and SCO, subject to light oil pricing, driving significant positive netbacks, even in the current price environment. This is supported by effective and efficient operations across the entire asset base where the Company continues to be focused on margin growth and its industry leading operating and sustaining capital costs.

The revised capital budget, with no change to our 2020 corporate production guidance volumes, ensures strong adjusted funds flow in the current challenging environment to cover the current dividend and maintain balance sheet strength. As part of this balance sheet strength, the Company has suspended share purchases under its issuer bid as at March 11, 2020. In addition, Canadian Natural's current liquidity

is approximately \$5 billion consisting of cash, including approximately \$1 billion in estimated cash reserves as at March 31, 2020, and availability under committed credit facilities, which is more than sufficient to retire, when due, any current debt retirement obligations.

As part of the continued focus on effective and efficient operations, the Company has reviewed its compensation program in light of the current commodity volatility. Effective April 2020 the President's annual salary has been reduced 20%, while other members of the Management Committee will have annual salaries reduced by 15% and Vice-President positions will have annual salaries reduced by 12%. Concurrently, the Board of Directors has also agreed to reduce their annual Board cash retainer by 10%.

The Company is continuing to monitor the rapidly changing COVID-19 situation, following provincial and federal health guidelines to ensure the wellbeing of our employees and is taking the necessary precautions to ensure the safety of our office and field operations staff. Canadian Natural is confident that it can maintain effective operations with our current procedures and protocols.

Canadian Natural is a senior oil and natural gas production company, with continuing operations in its core areas located in Western Canada, the U.K. portion of the North Sea and Offshore Africa.

[Canadian Natural Resources Ltd.](http://www.cnrl.com)

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Special Note Regarding Forward-Looking Statements

Certain statements relating to [Canadian Natural Resources Ltd.](http://www.cnrl.com) (the "Company") in this document or documents incorporated herein by reference constitute forward-looking statements or information (collectively referred to herein as "forward-looking statements") within the meaning of applicable securities legislation. Forward-looking statements can be identified by the words "believe", "anticipate", "expect", "plan", "estimate", "target", "continue", "could", "intend", "may", "potential", "predict", "should", "will", "objective", "project", "forecast", "goal", "guidance", "outlook", "effort", "seeks", "schedule", "proposed", "aspiration" or expressions of a similar nature suggesting future outcome or statements regarding an outlook. Disclosure related to expected future commodity pricing, forecast or anticipated production volumes, royalties, production expenses, capital expenditures, income tax expenses and other guidance provided throughout the Company's Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of the Company, constitute forward-looking statements. Disclosure of plans relating to and expected results of existing and future developments, including, without limitation, those in relation to the Company's assets at Horizon, AOSP, Primrose thermal projects, the Pelican Lake water and polymer flood project, the Kirby Thermal Oil Sands Project, the Jackfish Thermal Oil Sands Project, the timing and future operations of the North West Redwater bitumen upgrader and refinery, construction by third parties of new, or expansion of existing, pipeline capacity or other means of transportation of bitumen, crude oil, natural gas, natural gas liquids ("NGLs") or synthetic crude oil ("SCO") that the Company may be reliant upon to transport its products to market, development and deployment of technology and technological innovations, the assumption of operations at processing facilities, and the "Outlook" section of the

Company's MD&A, particularly in reference to the 2020 guidance provided with respect to budgeted capital expenditures, also constitute forward-looking statements. These forward-looking statements are based on annual budgets and multi-year forecasts, and are reviewed and revised throughout the year as necessary in the context of targeted financial ratios, project returns, product pricing expectations and balance in project risk and time horizons. These statements are not guarantees of future performance and are subject to certain risks. The reader should not place undue reliance on these forward-looking statements as there can be no assurances that the plans, initiatives or expectations upon which they are based will occur.

In addition, statements relating to "reserves" are deemed to be forward-looking statements as they involve the implied assessment based on certain estimates and assumptions that the reserves described can be profitably produced in the future. There are numerous uncertainties inherent in estimating quantities of proved and proved plus probable crude oil, natural gas and NGLs reserves and in projecting future rates of production and the timing of development expenditures. The total amount or timing of actual future production may vary significantly from reserves and production estimates.

The forward-looking statements are based on current expectations, estimates and projections about the Company and the industry in which the Company operates, which speak only as of the earlier of the date such statements were made or as of the date of the report or document in which they are contained, and are subject to known and unknown risks and uncertainties that could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks and uncertainties include, among others: general economic and business conditions (including as a result of demand and supply effects resulting from the COVID-19 virus pandemic and the actions of OPEC and non-OPEC countries) which will, among other things, impact demand for and market prices of the Company's products; volatility of and assumptions regarding crude oil, natural gas and NGL prices; fluctuations in currency and interest rates; assumptions on which the Company's current guidance is based; economic conditions in the countries and regions in which the Company conducts business; political uncertainty, including actions of or against terrorists, insurgent groups or other conflict including conflict between states; industry capacity; ability of the Company to implement its business strategy, including exploration and development activities; impact of competition; the Company's defense of lawsuits; availability and cost of seismic, drilling and other equipment; ability of the Company and its subsidiaries to complete capital programs; the Company's and its subsidiaries' ability to secure adequate transportation for its products; unexpected disruptions or delays in the mining, extracting or upgrading of the Company's bitumen products; potential delays or changes in plans with respect to exploration or development projects or capital expenditures; ability of the Company to attract the necessary labour required to build, maintain and operate its thermal and oil sands mining projects; operating hazards and other difficulties inherent in the exploration for and production and sale of crude oil and natural gas and in mining, extracting or upgrading the Company's bitumen products; availability and cost of financing; the Company's and its subsidiaries' success of exploration and development activities and its ability to replace and expand crude oil and natural gas reserves; timing and success of integrating the business and operations of acquired companies and assets; production levels; imprecision of reserves estimates and estimates of recoverable quantities of crude oil, natural gas and NGLs not currently classified as proved; actions by governmental authorities (including production curtailments mandated by the Government of Alberta); government regulations and the expenditures required to comply with them (especially safety and environmental laws and regulations and the impact of climate change initiatives on capital expenditures and production expenses); asset retirement obligations; the adequacy of the Company's provision for taxes; and other circumstances affecting revenues and expenses.

The Company's operations have been, and in the future may be, affected by political developments and by national, federal, provincial, state and local laws and regulations such as restrictions on production, changes in taxes, royalties and other amounts payable to governments or governmental agencies, price or gathering rate controls and environmental protection regulations. Should one or more of these risks or uncertainties materialize, or should any of the Company's assumptions prove incorrect, actual results may vary in material respects from those projected in the forward-looking statements. The impact of any one factor on a particular forward-looking statement is not determinable with certainty as such factors are dependent upon other factors, and the Company's course of action would depend upon its assessment of the future considering all information then available.

Readers are cautioned that the foregoing list of factors is not exhaustive. Unpredictable or unknown factors not discussed in the Company's MD&A could also have adverse effects on forward-looking statements. Although the Company believes that the expectations conveyed by the forward-looking statements are reasonable based on information available to it on the date such forward-looking statements are made, no assurances can be given as to future results, levels of activity and achievements. All subsequent

forward-looking statements, whether written or oral, attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Except as required by applicable law, the Company assumes no obligation to update forward-looking statements in the Company's MD&A, whether as a result of new information, future events or other factors, or the foregoing factors affecting this information, should circumstances or the Company's estimates or opinions change.

Special Note Regarding non-GAAP Financial Measures

This press release includes references to financial measures commonly used in the crude oil and natural gas industry, such as: adjusted net earnings (loss) from operations; adjusted funds flow (previously referred to as funds flow from operations) and net capital expenditures. These financial measures are not defined by International Financial Reporting Standards ("IFRS") and therefore are referred to as non-GAAP measures. The non-GAAP measures used by the Company may not be comparable to similar measures presented by other companies. The Company uses these non-GAAP measures to evaluate its performance. The non-GAAP measures should not be considered an alternative to or more meaningful than net earnings (loss), cash flows from operating activities, and cash flows used in investing activities, as determined in accordance with IFRS, as an indication of the Company's performance.

Adjusted net earnings (loss) from operations is a non-GAAP measure that represents net earnings (loss) as presented in the Company's consolidated Statements of Earnings (Loss), adjusted for the after-tax effects of certain items of a non-operational nature. The Company considers adjusted net earnings (loss) from operations a key measure in evaluating its performance, as it demonstrates the Company's ability to generate after-tax operating earnings from its core business areas. The reconciliation "Adjusted Net Earnings (Loss) from Operations, as Reconciled to Net Earnings (Loss)" is presented in the Company's MD&A.

Adjusted funds flow (previously referred to as funds flow from operations) is a non-GAAP measure that represents cash flows from operating activities as presented in the Company's consolidated Statements of Cash Flows, adjusted for the net change in non-cash working capital, abandonment expenditures and movements in other long-term assets, including the unamortized cost of the share bonus program and prepaid cost of service tolls. The Company considers adjusted funds flow a key measure as it demonstrates the Company's ability to generate the cash flow necessary to fund future growth through capital investment and to repay debt. The reconciliation "Adjusted Funds Flow, as Reconciled to Cash Flows from Operating Activities" is presented in the Company's MD&A.

Net capital expenditures is a non-GAAP measure that represents cash flows used in investing activities as presented in the Company's consolidated Statements of Cash Flows, adjusted for the net change in non-cash working capital, investment in other long-term assets, share consideration in business acquisitions and abandonment expenditures. The Company considers net capital expenditures a key measure as it provides an understanding of the Company's capital spending activities in comparison to the Company's annual capital budget. The reconciliation "Net Capital Expenditures, as Reconciled to Cash Flows used in Investing Activities" is presented in the Net Capital Expenditures section of the Company's MD&A.

Free cash flow is a non-GAAP measure that represents cash flows from operating activities as presented in the Company's consolidated Statements of Cash Flows, adjusted for the net change in non-cash working capital from operating activities, abandonment, certain movements in other long-term assets, less net capital expenditures and dividends on common shares. The Company considers free cash flow a key measure in demonstrating the Company's ability to generate cash flow to fund future growth through capital investment, pay returns to shareholders, and to repay debt.

Adjusted EBITDA is a non-GAAP measure that represents net earnings (loss) as presented in the Company's consolidated Statements of Earnings (Loss), adjusted for interest, taxes, depletion, depreciation and amortization, stock based compensation expense (recovery), unrealized risk management gains (losses), unrealized foreign exchange gains (losses), and accretion of the Company's asset retirement obligation. The Company considers adjusted EBITDA a key measure in evaluating its operating profitability by excluding non-cash items.

Debt to adjusted EBITDA is a non-GAAP measure that is derived as the current and long-term portions of

long-term debt, divided by the 12 month trailing Adjusted EBITDA, as defined above. The Company considers this ratio to be a key measure in evaluating the Company's ability to pay off its debt.

Debt to book capitalization is a non-GAAP measure that is derived as net current and long-term debt, divided by the book value of common shareholders' equity plus net current and long-term debt. The Company considers this ratio to be a key measure in evaluating the Company's ability to pay off its debt.

Available liquidity is a non-GAAP measure that is derived as cash and cash equivalents, total bank and term credit facilities, less amounts drawn on the bank and credit facilities including under the commercial paper program. The Company considers available liquidity a key measure in evaluating the sustainability of the Company's operations and ability to fund future growth. See note 8 - Long-term Debt in the Company's consolidated financial statements.

Special Note Regarding Currency, Financial Information and Production

This press release should be read in conjunction with the Company's MD&A and unaudited interim consolidated financial statements for the three months and year ended December 31, 2019 and the Company's MD&A and the audited consolidated financial statements of the Company for the year ended December 31, 2018. All dollar amounts are referenced in millions of Canadian dollars, except where noted otherwise. The Company's unaudited interim consolidated financial statements for the three months and year ended December 31, 2019 and the Company's MD&A have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"). Changes in the Company's accounting policies in accordance with IFRS, including the adoption of IFRS 16 "Leases" on January 1, 2019, are discussed in the "Changes in Accounting Policies" section of the Company's MD&A. In accordance with the new IFRS 16 "Leases" standard, comparative period balances in 2018 reported in the Company's MD&A have not been restated.

Production volumes and per unit statistics are presented throughout the Company's MD&A on a "before royalties" or "company gross" basis, and realized prices are net of blending and feedstock costs and exclude the effect of risk management activities. In addition, reference is made to crude oil and natural gas in common units called barrel of oil equivalent ("BOE"). A BOE is derived by converting six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of crude oil (6 Mcf:1 bbl). This conversion may be misleading, particularly if used in isolation, since the 6 Mcf:1 bbl ratio is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead. In comparing the value ratio using current crude oil prices relative to natural gas prices, the 6 Mcf:1 bbl conversion ratio may be misleading as an indication of value. In addition, for the purposes of the Company's MD&A, crude oil is defined to include the following commodities: light and medium crude oil, primary heavy crude oil, Pelican Lake heavy crude oil, bitumen (thermal oil), and SCO. Production on an "after royalties" or "company net" basis is also presented in the Company's MD&A for information purposes only.

Additional information relating to the Company, including its Annual Information Form for the year ended December 31, 2018, is available on SEDAR at www.sedar.com, and on EDGAR at www.sec.gov. Detailed guidance on production levels, capital expenditures and production expenses can be found on the Company's website at www.cnrl.com. Information on the Company's website, including such guidance, does not form part of and is not incorporated by reference in the Company's MD&A.

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