

Cenovus Energy Inc

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Cenovus Energy boosts cash flow and reduces debt in 2019

Canadian oil producer Cenovus Energy Inc (TSE:CVE) said it had a strong 2019, which saw it increase its cash from operations and reduce net debt.

Net earnings from continuing operations came in at C\$113 million or C\$0.09 per share in the fourth quarter to December 31, compared with a loss of C\$1.35 billion, or C\$1.10 per share in the same period a year ago. Total output from continuing operations rose 8% to 467,448 barrels of oil equivalent per day.

The group said it generated cash from operating activities of C\$740 million in the fourth quarter and C\$3.3 billion for the full year as well as adjusted funds flow of C\$678 million in the fourth quarter and C\$3.7 billion for the full year.

Reduces debt

The company also reduced its net debt by 22% year-over-year and completing construction on its Christina Lake phase G oil sands expansion in March 2019.

Cenovus has oil sands projects in northern Alberta, which use special methods to pump oil to surface and also owns established natural gas and oil production in Alberta and British Columbia. The company also has 50% ownership in two refineries in the US.

"With our low cost structure, continued focus on capital discipline and our diversified transportation portfolio to get more of our product to U.S. markets, we were able to generate very strong free funds flow in 2019," said Alex Pourbaix, the firm's chief executive.

"And we put that cash to good use, further deleveraging our balance sheet and increasing our dividend in the fourth quarter of the year."

The company boss added: "And through increased rail capacity, we further improved our market access position, providing greater exposure to global oil pricing."

Hiked the dividend

In the fourth quarter, Cenovus said it had hiked its dividend by 25% and reached full ramp-up of its crude-by-rail shipping capacity.

Cenovus told investors it had free funds flow of around C\$2.5 billion in 2019 - an eight-fold increase from a year earlier. This was driven, it said, by higher adjusted funds flow and disciplined capital spending.

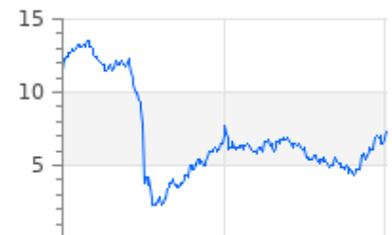
Fourth-quarter free funds flow was \$361 million compared with a shortfall of \$312 million in the same period of 2018.

Shares in New York ticked up 0.33% to US\$9.06. In Toronto, they added 0.42% to C\$12.03.

Price: 7.23

Market Cap: \$8.88 billion

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: CVE

Listing: TSX

52 week **High** **Low**
13.66 2.06

Sector: Oil & Gas

Website: www.cenovus.com

Company Synopsis:

Cenovus Energy Inc. is an integrated oil company. The Company's operations include enhanced oil recovery (EOR) properties and established crude oil and natural gas production in Alberta and Saskatchewan. It also has ownership interests in two refineries in Illinois and Texas, United States.

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