



Coterra Energy (CTRA)

Updated March 3rd, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	\$32	5 Year CAGR Estimate:	3.7%	Market Cap:	\$24 B
Fair Value Price:	\$26	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	3/11/26
% Fair Value:	121%	5 Year Valuation Multiple Estimate:	-3.8%	Dividend Payment Date:	3/25/26
Dividend Yield:	2.8%	5 Year Price Target	\$34	Years Of Dividend Growth:	9
Dividend Risk Score:	D	Sector:	Energy	Rating:	Hold

Overview & Current Events

Coterra Energy (CTRA) is an oil and gas company that develops, explores, and produces oil, natural gas, and natural gas liquids (NGLs). The business primarily operates in the Permian Basin, the Marcellus Shale area and the Anadarko Basin. The business makes most of its money from natural gas (61% of 2025 output) and to a lesser extent from oil and NGLs (21% and 18% of 2025 output, respectively). The proved reserves of the company are approximately 75% natural gas, 11% oil and 14% NGLs. Overall, Coterra Energy is extremely sensitive to the dramatic cycles of the price of natural gas.

On October 1st, 2021, Coterra Energy was formed through the combination of Cabot Oil & Gas (used to trade as COG) and Cimarex Energy (used to trade as XEC). With the new combined company, management believes to have built a diversified company with a strong free cash flow profile, and expects to enhance shareholder value by returning free cash flow to shareholders through dividends and share buybacks. The company also reaped \$100 million of G&A synergies from the merger.

On January 29th, 2026, a report of Financial Times stated that Coterra Energy is in advanced talks to merge with Devon Energy (DVN) in an all-stock deal. If such a deal materializes, it will be the largest shale oil deal in nearly two years, with a combined enterprise value of ~\$57 billion. Both companies have strong presence in the Permian Basin and thus they are likely to reap great synergies if they merge.

In late February, Coterra Energy reported (2/26/26) results for the fourth quarter of 2025. It grew its output but the price of oil decreased sequentially. As a result, earnings-per-share dipped -5%, from \$0.41 to \$0.39, missing the analysts' estimates by \$0.08. Management reiterated its guidance for 4% average annual production growth in 2026-2027. After having declined -17% in 2022, -3% in 2023 and -2% in 2024, proved reserves grew 13% in 2025. This is certainly a positive signal for future production growth. In addition, if the ongoing crisis in Iran lasts, it will disrupt global oil supply and thus it will provide a tailwind to the results of Coterra Energy.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-\$0.91	\$0.22	\$1.24	\$1.63	\$0.50	\$2.29	\$4.94	\$2.26	\$1.68	\$2.08	\$2.40	\$3.06
DPS	\$0.08	\$0.17	\$0.25	\$0.35	\$0.40	\$0.46	\$0.60	\$0.80	\$0.84	\$0.88	\$0.88	\$0.96
Shares	457	466	448	418	401	504	781	751	736	762	770	1000

As a gas upstream company, Coterra Energy is extremely sensitive to the swings of gas prices. This is clearly reflected in the highly volatile performance record of the company. Coterra Energy greatly benefited from the sanctions of western countries on Russia in 2022. Before the sanctions, Russia was producing about one-third of natural gas consumed in Europe. As a result, the sanctions greatly tightened the global gas market and led gas prices to skyrocket in 2022.

However, gas prices have returned to normal levels since 2023. Moreover, there is a record number of renewable energy projects that are under development all over the world right now. When all these projects come online, they are likely to take their toll on the prices of oil and gas. Nevertheless, due to the strong production growth expected from this year, we assume 5% growth of earnings-per-share over the next five years.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Coterra Energy (CTRA)

Updated March 3rd, 2026, by Aristofanis Papadatos

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	---	42.2	9.2	30.7	21.6	5.4	11.4	15.4	12.3	13.3	11.0
Avg. Yld.	2.6%	2.8%	2.7%	2.4%	3.5%	3.6%	2.3%	3.1%	3.3%	3.4%	2.8%	2.9%

As a cyclical business, Coterra Energy has fluctuating earnings and fluctuating price-to-earnings ratios. We estimate that a price-to-earnings ratio of about 11.0 is fair for the company under normal conditions, in line with the 4-year average of the stock. The stock is currently trading at a price-to-earnings ratio of 13.3. If it trades at our assumed fair valuation level in five years, it will incur a -3.8% annualized drag in its returns.

Safety, Quality, Competitive Advantage, & Recession Resiliency

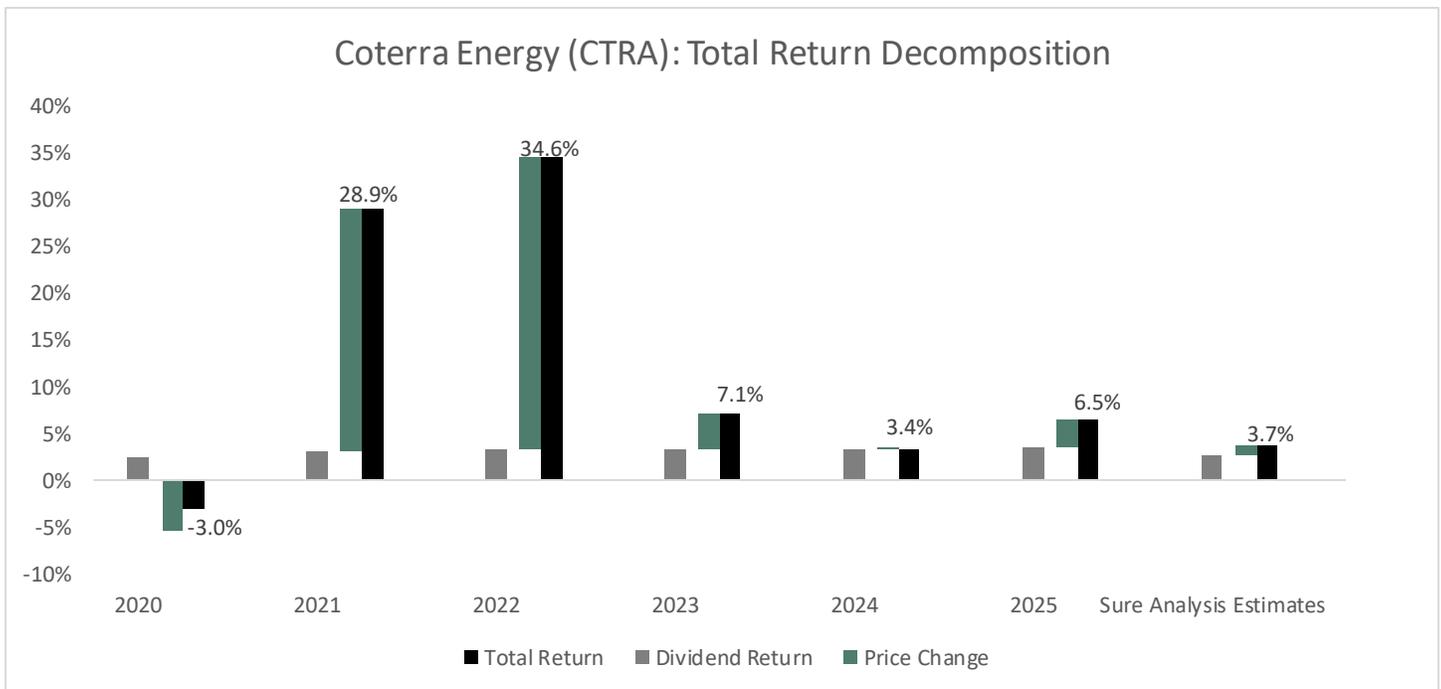
Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	77%	20%	21%	80%	20%	12%	35%	50%	42%	37%	31%

Coterra Energy has a strong balance sheet, which will help the company endure a potential downturn in its business. It is also focused on areas with low-cost reserves and hence it is more resilient to a decrease in oil and gas prices than other producers. However, the company is inevitably vulnerable to the downturns of the energy sector, as its earnings are extremely sensitive to the price of natural gas. Consequently, the stock is not suitable for income-oriented investors. It is suitable only for investors with a strong conviction for higher gas prices in the future.

Final Thoughts & Recommendation

Coterra Energy is a company that is positioned to benefit from potentially high gas prices in the future. The stock has surged 20% this year, primarily thanks to rumors about a merger with Devon Energy. We expect this deal to materialize and benefit the shareholders of Coterra Energy. The stock could offer a 3.7% average annual return over the next five years, as its 5% growth of earnings-per-share and its 2.8% starting dividend yield may be partly offset by a -3.8% potential valuation headwind. The stock receives a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



Coterra Energy (CTRA)

Updated March 3rd, 2026, by Aristofanis Papadatos

Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,156	1,764	2,188	2,066	1,466	3,449	9,051	5,914	5,458	7,294
Gross Profit	18	596	1,020	1,008	431	1,937	7,636	2,736	1,995	2,785
Gross Margin	1.5%	33.8%	46.6%	48.8%	29.4%	56.2%	84.4%	46.3%	36.9%	38.2%
SG&A Exp.	86	98	97	95	106	164	327	279	302	260
D&A Exp.	---	---	---	406	391	693	1,635	1641	1,840	2,370
Operating Profit	(125)	444	787	876	296	1,672	5,279	2,154	1,386	2,111
Op. Margin	-10.8%	25.1%	36.0%	42.4%	20.2%	48.5%	58.3%	36.4%	25.4%	28.9%
Net Profit	(417)	100	557	681	201	1,158	4,065	1,625	1,121	1,717
Net Margin	-36.1%	5.7%	25.5%	33.0%	13.7%	33.6%	44.9%	27.5%	20.5%	23.5%
Free Cash Flow	22	134	210	657	202	939	3,746	1,559	1,024	1,634
Income Tax	(242)	(329)	141	219	41	344	1,104	503	224	546

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	5,123	4,727	4,199	4,487	4,524	19,900	20,154	20,415	21,625	24,460
Cash & Equivalents	499	480	2	200	140	1,036	673	956	2,038	119
Acc. Receivable	186	216	363	209	216	922	1,067	723	820	965
Inventories	13	8	11	14	15	39	63	59	46	48
Total Liabilities	2,555	2,203	2,111	2,336	2,308	8,162	7,495	7,376	8,503	9,614
Accounts Payable	27	8	30	22	11	94	27	60	59	1,033
Long-Term Debt	1,521	1,522	1,226	1,220	1,134	3,125	2,181	2,161	3,535	3,938
Total Equity	2,568	2,524	2,088	2,151	2,216	11,738	12,659	13,039	13,122	14,838
LTD/E Ratio	0.59	0.60	0.59	0.57	0.51	0.27	0.17	0.17	0.27	0.27

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-8.0%	2.0%	12.5%	15.7%	4.5%	9.5%	20.3%	8.0%	5.3%	7.4%
Return on Equity	-18.2%	3.9%	24.2%	32.1%	9.2%	16.6%	33.3%	12.6%	8.6%	12.3%
ROIC	-10.3%	2.5%	15.1%	20.4%	6.0%	12.7%	27.4%	10.8%	7.0%	9.6%
Shares Out.	457	466	448	418	401	504	799	760	745	764
Revenue/Share	2.53	3.79	4.89	4.94	3.66	6.84	11.33	7.78	7.33	9.55
FCF/Share	0.05	0.29	0.47	1.57	0.50	1.86	4.69	2.05	1.37	2.14

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.