



What You Need to Know About Crescent Point Energy Corp.'s Dividend

Description

When dividend-seeking investors look for places to park their money, many turn toward companies like **Crescent Point Energy Corp.** (TSX: CPG)(NYSE: CPG) that pay a high dividend yield. Crescent Point is one of the largest in the Canadian oil sector and currently pays about a 6.3% yield.

While on the surface it may seem like a no-brainer to invest in it for its high yields, investors should look beneath the surface before investing in this company to avoid a few surprises.

The most important thing investors must understand is that Crescent Point Energy urges its shareholders to take their dividend in shares, as opposed to cold, hard cash. The company sometimes even throws in a 5% incentive to do so. If you are in the category of investors who are (and I use this term very loosely) “cash-sensitive,” then this company may not be the best choice for you.

However, if you can overlook this issue and are a happy camper no matter what form your dividend is paid in, then Crescent Point Energy makes a strong case to attract your investment dollars.

This is a company that has grown tremendously over the years and next year its dividend payout ratio will fall to 105% from 140%, making the current dividend safe. Crescent Point Energy grows not only with the help of acquisitions but, more importantly, by increasing production. It recently purchased conventional oil assets in Saskatchewan and Manitoba, along with undeveloped land from **Lightstream Resources Ltd.** worth \$378 million. These assets produce about 3,300 barrels of oil equivalent per day and about 40 sections of the land base have yet to be explored.

From a bird's-eye perspective, Crescent Point Energy is a valuable asset to have in your portfolio. But you need to understand exactly what you are getting back in return with those high dividend yield numbers.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

TICKERS GLOBAL

1. NYSE:VRN (Veren)
2. TSX:VRN (Veren Inc.)

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