



## Crescent Point Energy Corp: Cuts Spending, Keeps Dividend. Should You Buy?

### Description

For weeks, shareholders of **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) have been waiting with bated breath, wondering if the company will join the parade of oil companies to slash spending and dividend. The wait is finally over... for now.

Crescent Point finally made the announcement and most investors seem fairly relieved. The company announced it will slash its 2015 capital budget by 28%. The year will now see Crescent spend \$1.45 billion, which is expected to see a 9% gain in production for the year.

However, the key takeaway from the announcement is that the company has not touched its dividend. Crescent Point is probably the epitome of a shareholder-friendly company. The CEO, Scott Saxberg, continues to ensure its investors that it will not cut dividend even if low oil prices persist. He says oil prices have always been cyclical and the company has survived these cycles and has come out stronger. Mr. Saxberg also reflected on the dramatic fall of oil prices in 2008-2009 and reminded shareholders that the company had survived that plunge by cutting costs.

Currently, Crescent Point is looking at cutting costs with its service providers. About 10% of costs related to oil services will be cut as the company is not budging on cutting oil production.

Crescent Point also understands that low oil prices may likely be here to stay and has thus increased its hedges. A little over 50% of oil production will now be hedged at \$90 and roughly 53% of natural gas production will be hedged at \$3.60.

### Investor moves

Given all this, how should investors play the stock? Well, if you already are a company shareholder, now is certainly not the time to sell it. But if you are interested in buying this stock, I still recommend waiting for a bit. There are still chances that Crescent Point may cut dividend (if oil prices continue to remain around \$50 into the latter half of this year).

Since this announcement, shares of Crescent Point are trading in the green, just under \$25. Oil prices are below \$50 and are expected to go lower. I suggest waiting until the price volatility calms down a bit and oil settles somewhere.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

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

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