



## Crude Reality: The Stockpicker's Guide to Crescent Point Energy Corp.

### Description

The current volatile oil environment is now reaching a point where it's going to be the survival of the fittest. Below \$50 oil prices may be here to stay for a while. Or it may be a six- to nine-month phenomenon. It's anybody's guess. What matters most right now is the manner in which companies handle this pressure. There is one company that seems to be doing everything it can to protect its investors and weather this storm: **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG).

Crescent Point has been a darling to investors for years now and is renowned for never cutting its dividend. The company, like its peers, is feeling the pressure of lower oil as prices hover around US\$47.

The company, however, refuses to give in to the pressure and cut its dividend. Nor does it intend to cut production anytime soon. Instead, it's adopting other measures to minimize costs, like cutting its capital-spending budget and reducing some of its work force.

Earlier this year, Crescent Point announced it intends to cut its capital expenditure budget by 28% for this year. It also said it will lay off 1,000 employees. Such moves may seem drastic but they are common (and expected) during such challenging times. Instead of cutting production, Crescent Point plans to lower its service costs from producers. The company will look for better deals from its contractors.

Crescent Point's great asset quality is another reason it's a favourite. The company is known for aggressively acquiring quality properties and has some of the highest quality assets in the industry. Although the current oil environment is tough for all producers, this will certainly create some great acquisition opportunities at attractive valuations.

Finally, Crescent Point has spent decades to build a trusting relationship with its investors. The company maintained its dividend through past oil crashes and now shareholders trust that Crescent Point will continue to protect their dividend and deliver.

I'm not sure how long oil prices will stay at current levels. But I reckon it is bound to go higher sooner or later since producers (OPEC or others) will not be able to keep up with low prices. Once that happens, it is companies like Crescent Point that are worth a snag.

## CATEGORY

1. Investing

## TICKERS GLOBAL

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

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