3 Big Reasons to Buy Crescent Point Energy Corp. Today

Description

There are very few oil companies that scream “buy me now” given the current climate for oil prices, but at the same time it is an unprecedented opportunity for investors to add energy stocks to their portfolios. All oil companies are dealing with the same challenges that low prices create, but the low-price environment won’t last forever.

Eventually, prices will pick up because oil is a cyclical commodity. In the meantime, there could be some carnage, but there are profits on the horizon for those who can survive, and **Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) is one of the best positioned. Here are three reasons why you should consider buying Crescent Point Energy stock.

1. A committed dividend payer

Like many energy companies, Crescent Point Energy pays a substantial dividend. Right now, the annual yield on Crescent Point Energy’s dividend is about 8.9%. While that may spark concern given the dividend cuts we have seen across the industry, Crescent Point Energy has already said that it is committed to maintaining its dividend through 2015.

The company’s track record at maintaining its dividend is excellent. In fact, it has never cut its dividend, not even during the financial crisis. A stable, high-yield dividend in the energy sector is a rarity. For that reason, many investors will continue to be attracted to Crescent Point’s stock; more investors means more cash to expand business, and that creates more shareholder value.

2. Ownership of valuable assets

Crescent Point Energy owns some of the highest quality assets in the industry, and has been extremely effective at increasing the quality of its asset base through the strategic acquisition of high-value properties and the enhancement of its already controlled assets.

Even in the current, cost-cutting environment Crescent Point Energy has some funds earmarked for potential acquisitions, and some excellent opportunities are likely to present themselves, as companies that are not positioned as well as Crescent Point try to survive the downturn struggle.

3. Lower operating costs

At the beginning of the year, Crescent Point Energy announced that it was reducing its 2015 capital program by 28%. When it comes to energy companies, reducing capital expenditures usually means a decline in production, and declining production can put a company in a bad spot. When production declines, revenues usually follow, and the company enters a period of stagnation.

Crescent Point Energy is not in this situation. Even with hefty cost cuts, the company is expecting a minuscule decline in production. It expects 2015 production will come in at about 153,000 barrels of oil equivalent (BOE) per day, just below its prior forecast of 155,000 BOE per day.

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