



Should You Be a Buyer of Crescent Point Energy Corp. Following its Strong Q4 Report?

Description

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG), one of leading producers of crude oil and natural gas in North America, announced fourth-quarter earnings on the morning of March 11, and its stock has responded by rising over 3%. The company's stock still sits more than 40% below its 52-week high, so let's take a closer look at the results to determine if this could be the start of a sustained rally higher and if we should consider initiating long-term positions today.

The fourth-quarter results are in

In the fourth quarter of fiscal 2014, Crescent reported a net profit of \$121.36 million, or \$0.27 per share, compared to a net loss of \$13.72 million, or \$0.03 per share, in the same quarter a year ago, as its cash flow from operations increased 7.4% to \$572.87 million. The company noted that these very strong results could be attributed to its total production increasing 20.5% from the year-ago period to a record 153,822 barrels of oil equivalents per day.

Here's a quick breakdown of eight other notable statistics from the report compared to the year-ago period:

1. Average daily production of crude oil and natural gas liquids increased 21.4% to 140,767 barrels per day
2. Average daily production of natural gas increased 11.9% to 78.33 million cubic feet per day
3. Average selling price of crude oil and natural gas liquids decreased 16.1% to \$69.51 per barrel
4. Average selling price of natural gas increased 6.9% to \$4.17 per thousand cubic feet
5. Cash flow from operating activities increased 28.3% to \$651.85 million
6. Capital expenditures increased 43.8% to \$698.26 million
7. Paid out dividends totaling \$0.69 per share during the quarter for a total cost of approximately \$310.46 million, compared to dividends totaling \$0.69 per share for a total cost of approximately \$274.8 million in the year-ago period
8. Net debt increased 53.6% to \$3.19 billion

Crescent also provided its outlook on fiscal 2015, calling for the following performance:

- The production of approximately 140,600 barrels of oil and natural gas liquids per day
- The production of approximately 71.4 million cubic feet of natural gas per day
- Cash dividends per share of approximately \$2.76
- Capital expenditures of approximately \$1.45 billion

Is now the time to buy shares of Crescent Point Energy?

I think the post-earnings pop in Crescent's stock is only the beginning of a sustained rally higher, because it still trades at low valuations and because it pays a very high dividend.

First, Crescent's stock trades at very inexpensive valuations, including just 23.6 times fiscal 2014's earnings per share of \$1.21 and only 19.9 times fiscal 2015's estimated earnings per share of \$1.43.

Second, Crescent pays a monthly dividend of \$0.23 per share, or \$2.76 annually, which gives its stock a very high 9.7% yield, and I think this makes it qualify as both a value and dividend play today.

With all of the information above in mind, I think Crescent Point Energy Corp. represents one of the best long-term investment opportunities in the energy industry today. Foolish investors should take a closer look and strongly consider establishing long-term positions.

CATEGORY

1. Dividend Stocks
2. Energy Stocks
3. Investing

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