



## Should You Buy Enerplus Corp. and its 4.35% Dividend Yield Today?

### Description

**Enerplus Corp.** ([TSX:ERF](#))([NYSE:ERF](#)), one of the largest producers of crude oil and natural gas in North America, announced first-quarter earnings results before the market opened on May 8, and its stock responded by making a slight move to the downside in the trading session that followed. The company's stock now sits more than 49% below its 52-week high, so let's take a closer look at the results to determine if now is finally the time to begin scaling in to long-term positions.

### Low commodity prices lead to lackluster results

Here's a summary of Enerplus' first-quarter earnings results compared with its results in the same period a year ago.

Metric	Q1 2015	Q1 2014
Earnings Per Share	(\$1.42)	\$0.20
Revenue	\$255.36 million	\$375.14 million

Source: *Enerplus Corp.*

In the first quarter of fiscal 2015 Enerplus reported a net loss of \$293.21 million, or \$1.42 per share, compared with a net gain of \$40.04 million, or \$0.20 per share, in the same quarter a year ago, as its total revenue decreased 31.9% to \$255.36 million.

These very weak results can be attributed to two primary factors. First, commodity prices have fallen dramatically in the last year, which led to the company's average selling price of crude oil decreasing 52.7% to \$44.04 per barrel, its average selling price of natural gas liquids decreasing 66.9% to \$22.48 per barrel, and its average selling price of natural gas decreasing 49.1% to \$2.58 per thousand cubic feet. Second, Enerplus was negatively impacted by the weakening of the Canadian dollar against the U.S. dollar, which led to a \$104.2 million foreign exchange loss in the first quarter, compared with a loss of just \$1.47 million in the year-ago period.

Here's a quick breakdown of 10 other notable statistics from the report compared with the year-ago

period:

1. Total production increased 2.1% to 100,855 barrels of oil equivalents per day
2. Production of crude oil increased 4.2% to 39,355 barrels per day
3. Production of natural gas liquids increased 14.5% to 3,735 barrels per day
4. Production of natural gas remained relatively unchanged at 346.59 million cubic feet per day
5. Oil and natural gas sales, net of royalties, decreased 49.7% to \$204.96 million
6. Reported a \$50.4 million gain on commodity derivative instruments, compared with a loss of \$32.6 million in the year-ago period
7. Total operating expenses increased 126.8% to \$646.91 million
8. Funds flow from operations decreased 50.5% to \$109.16 million
9. Cash flow from operating activities decreased 6.6% to \$131.1 million
10. Ended the quarter with \$2.6 million in cash, an increase of 27.8% from the beginning of the quarter

### **Should you be a long-term buyer of Enerplus today?**

The first quarter was full of hurdles for Enerplus, so I think the market reacted correctly by sending its shares lower. However, I also think the weakness represents an intriguing long-term buying opportunity.

First, I think commodity prices will continue to recover over the next 52 weeks, with the price of crude oil heading back towards about \$75 per barrel. Higher commodity prices would result in increased sales and profitability for Enerplus, and would also lead to increased demand for its stock.

Second, Enerplus pays a monthly dividend of \$0.05 per share, or \$0.60 per share annually, giving its stock a 4.35% yield at today's levels. This high yield will pay investors to wait for the rebound in commodity prices, and will provide protection from further downside in the stock.

With all of the information provided above in mind, I think Enerplus is a solid long-term investment option in the energy sector today. Foolish investors should take a closer look and consider beginning to scale in to positions.

### **CATEGORY**

1. Dividend Stocks
2. Energy Stocks
3. Investing

### **TICKERS GLOBAL**

1. NYSE:ERF (Enerplus Corporation)
2. TSX:ERF (Enerplus)

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