Crescent Point Energy Corp.'s Rally Is Still Happening

Description

Crescent Point Energy Corp. (TSX:CPG)(NYSE:CPG) has a lot going for it; it finished its most recent quarter with positive numbers.

In fact, the company's last couple of quarters have surprised in a good way. Crescent Point was expected to report a loss of 11 cents per share two quarters ago, but the result was much stronger at a profit of two cents per share, marking a 118.18% boost. For its most recent quarter, the company posted a loss of three cents per share — four cents narrower than the consensus estimate.

In that last quarter, Crescent Point managed to reduce its net loss even though the company's production and pricing was lower. Fewer costs associated with lease operating helped its figures. Additionally, Crescent Point will continue to scale back expenses despite a weak oil-pricing environment as it is finding new ways to cut back, lowering capital costs by 35%.

On a year-to-year basis, net loss was lower by a 46% margin, despite production slipping 7% over the same span. The company is looking to churn out more output. A number of companies have raised their position on Crescent Point, including Bridgewater Associates LP, which increased its stake by 0.5% during its third quarter, amounting to 700 additional shares.

Other major investors also raised their stakes following strong investor sentiment towards Crescent Point stock, including TD Management Inc., which raised its stake by 12.9%, increasing its position in the company to more than $185 million. Vanguard Group Inc. also boosted its stake in the company by 10.7% in the previous quarter.

Crescent Point has made the right moves recently, including two important deals. These tally up to $243 million to acquire land an assets in Saskatchewan to boost the company's core oil business. These moves are part of a broader effort to invest more capital in the province.

CEO Scott Saxberg praised the moves as being a "home run" for the company, which already has land in Saskatchewan. Additionally, the company sold land and assets in northwestern Alberta that do not make up part of its core business for $31 billion, thus shedding dead weight. The proceeds from this sale will help the company focus more on its oil and gas businesses. Crescent Point has a market capitalization of $9.43 billion.

Part of the company's recent success comes from it ramping up efforts to deploy new technologies that will lower costs in the long run. These include new waterflooding techniques in southern Saskatchewan, new fracking techniques in Utah, and the addition of 700 new drilling locations in Alberta and Saskatchewan.

Crescent Point shares have taken a bit of a hit, but there is good reason for this as the company has been using equity to reduce its debt from $4.2 billion at the end of the third quarter of 2015 to $3.6 billion at the end of the third quarter of 2016, marking a 14% improvement. The move gives the company more financial flexibility.

There is a lot to be excited about with Crescent Point's future. The rocky beginning to 2017 will be reversed once its newest projects begin bearing fruit and its financial restructuring plans start to make the energy company stronger than ever.

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