



## Crescent Point Energy Corp.: Does This Stock Deserve to Be a Top Pick Today?

### Description

**Crescent Point Energy Corp.** (TSX:CPG)(NYSE:CPG) has taken a beating over the past two years, but the stock might be setting up for a nice recovery.

Let's take a look at the former dividend star to see if it deserves to be in your portfolio.

### Tough times

Crescent Point paid a monthly dividend of \$0.23 per share when WTI oil traded at US\$100 per barrel.

Despite the steep slide in crude prices, many investors thought the company would be able to maintain the distribution, as it did through the Great Recession.

For a while, that appeared to be the case, but expiring hedges and continued market weakness forced management to cut the payout. The first reduction took the dividend down to \$0.10, and the second cut dropped the distribution \$0.03 per share, where it currently stands.

Dividend seekers have all but abandoned the stock, but value investors are starting to kick the tires.

### Better days ahead?

Crescent Point has significantly reduced expenses, while maintaining production. That's rare in the patch and is a tribute to the quality of the assets as well as management's ability to identify the low-hanging fruit in the resource base.

With WTI oil's recovery above US\$50 per barrel, Crescent Point is comfortable boosting its 2017 development program to \$1.45 billion. This is expected to increase average production to about 183,000 barrels of oil equivalent per day, which would be a 10% improvement over 2016.

If oil manages to make more gains through the year, Crescent Point should see cash flow improve meaningfully, and that could lead to a dividend increase.

## Should you buy?

Oil remains volatile as investors try to decide if OPEC and its partners can meet their goal of reducing production by 1.8 million barrels per day.

Bulls believe the necessary commitment is there and see the market coming back into balance through the second half of 2017. If that turns out to be the case, oil prices should be headed higher. Bears, however, think U.S. production gains will spoil the party, regardless of whether or not OPEC hits its targets.

So, you have to decide where you stand on the issue when deciding on an investment in any of the oil producers.

Crescent Point is capable of riding out more turmoil and is positioned well to benefit when crude prices move higher. If you have a contrarian streak and think oil is on the mend, the stock looks attractive right now.

## CATEGORY

1. Energy Stocks
2. Investing

## TICKERS GLOBAL

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

## PARTNER-FEEDS

1. Msn
2. Yahoo CA

## Category

1. Energy Stocks
2. Investing

## Date

2025/09/02

## Date Created

2017/01/26

## Author

aswalker

default watermark