Ex-Dividend Crescent Point Energy (TSX:CPG) Stock Is a Strong Buy

Description

Buying stocks' ex-dividend is an old value investment trick that pays off if you can time it right. With the share price of **Crescent Point Energy** (TSX:CPG)(NYSE:CPG) stock dropping predictably after its record date at the end of last month, this oil and gas giant is a strong buy at today's heavily discounted price. Let's see how that discount and a few other figures measure up against its competitors.

This ex-dividend value opportunity is a beauty

Discounted by 21% compared to its future cash flow value, Crescent Point Energy is a clear buy today. Waiting for this stock to drop after the dividend cutoff is a great play, and anyone who did so will be able to pick up a bargain. Other valuation indicators include a very tidy P/B ratio of 0.5 times book.

If you don't follow this stock, you may be surprised to know that Crescent Point Energy is signaling a 100.6% expected annual growth in earnings, which makes it a definite buy for growth investors.

It's a passive-income favourite, too: Crescent Point Energy will pay out its 4.49% September 17, though for investors who missed the record date of August 31, you'll have till wait till the next round.

Is there anything to look out for in this stock? Its P/E and PEG ratios are rendered unreadable, so you don't get the full picture on valuation, plus debt is 47.7% of net worth, which is a little high but not hugely worrying. A jagged but generally static trend in share price counts this stock out as a price momentum investor's choice. Apart from that, if you like your dividends dirt cheap, then you're good to go.

What's the competition looking like?

So, Crescent Point Energy is looking like one hot stock right now, but how does it compare with its competitors, such as **Imperial Oil**, **Canadian Natural Resources**, or **Suncor** (TSX:SU)(NYSE:SU)?

Let's take the latter stock and put it through the number cruncher.

Overvalued by not quite 5% of its future cash flow value, Suncor is currently trading at a reasonable price. A P/E of 19.9 times earnings is good and healthy for the sector, if very slightly high for the TSX index. A PEG of 1.5 times growth is a tad high, as is its valuation per assets: a P/B of 1.9 times book.

While that P/B may not sound that high to you, bear in mind that you are essentially paying twice what you should be for this stock in terms of book value if you buy it today. This ratio is higher than the TSX (at 1.7 times book), and the Canadian gas and oil industry (at 1.2 times book).

A 13.6% expected annual growth in earnings is respectable for any stock on the TSX index at the moment, though a dividend yield of 2.68% is lower than one might expect for a stock that commands so many headlines. Suncor’s debt level sneaks in under the unacceptable (40%) cutoff, at 39.8% of net worth, while a general upwards trending share price makes this a moderate pick for momentum investors.

The bottom line

So, what should you do with Crescent Point Energy stock? If you are light on oil, gas, or energy stocks, or like your dividend stocks nice and undervalued but with massive growth ahead, then the answer is clear: buy it. Crescent Point Energy beats Suncor at nearly every turn, and the deep discount afforded by trading ex-dividend is the cherry on top of a very tasty-looking stock all told.

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