Why Crescent Point Energy Stock Keeps Soaring as Other Energy Falls

Description

Crescent Point Energy (TSX:CPG)(NYSE:CPG) stock keeps climbing past 52-week highs lately. In fact, it's soared back to levels not seen since 2018, while many other energy companies continue to fall or else remain far lower than pre-pandemic levels.

What does Crescent Point Energy stock have that others don't? Let's look at what the company has been doing lately and what analysts say about the stock.

First, earnings

While Motley Fool investors shouldn't look solely at earnings for future opportunities, it's a good place to start. And that goes for Crescent Point Energy stock. The company reported its full-year and fourth-quarter results last month, with strong performance.

The company reported incredible profits from higher oil and gas prices, along with the recent acquisition of Kaybob Duvernay in Alberta. Well costs came in 20% lower than anticipated, helping along the company's profits. Fourth-quarter profit came in at $121.6 million compared to a $51.2 million loss the year before.

Kaybob Duvernay is now the company's focus for 2022. Crescent Point Energy now expects free cash flow of $1.1 billion for this year and is looking for disposition opportunities as well.

Why now?

With the high prices for oil and gas, it's a great time to sell, and Crescent Point Energy stock knows it. It was released in documents that management was looking to sell some non-core assets in Alberta and Saskatchewan. The goal is to reach $500 million. Combined, the assets have output of around 10,554 barrels of oil per day.

This focus on low-cost producing assets, along with creating a strong balance sheet and reducing debt, is drool-worthy for energy-minded investors. Motley Fool investors know that it's still a volatile time for the energy industry. But it looks like Crescent Point Energy stock remains focused on responsible growth.

What analysts say

That's exactly what analysts stated after earnings last month. Analysts from major financial institutions increased their target prices for Crescent Point Energy stock, giving it a "buy" or "outperform" rating practically across the board. This led to an average target price of about $13 as of writing.

What analysts admire is the company's commitment to repaying its debts, which analysts believe will be faster than anticipated. From there, shareholders should expect to see fast-paced returns. Before this, investors could also look forward to the 50% dividend increase as well at the $150 million buybacks.

Foolish takeaway

Crescent Point Energy stock remained focused during the pandemic and hasn't gotten ahead of itself, even as high oil and gas prices help fuel the company's growth. Instead, it's remained steadfast on reducing debt to create long-term returns.

Meanwhile, it's able to keep investors coming back for its 1.87% dividend yield as well as an insanely low 2.37 price-to-earnings ratio. Shares of the company are up 105% in the last year and 45% year to date. Furthermore, it trades with a potential upside of 33% for investors who buy as of writing to reach its target price.

CATEGORY

1. Energy Stocks
2. Investing

TICKERS GLOBAL

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

PARTNER-FEEDS

1. Business Insider
2. Koyfin
3. Msn
4. Newscred
5. Quote Media
6. Sharewise
7. Smart News
8. Yahoo CA

PP NOTIFY USER

1. alegatewolfe
2. kduncombe

Category

1. Energy Stocks
2. Investing

Date
2025/08/24
Date Created
2022/04/21
Author
alegatewolfe