Crescent Point Energy

(CPG-TSX)

Stock Rating: Outperform
Industry Rating: Market Perform

Member of: Top 15 Income Stock Selections

August 9, 2013
Research Comment
Calgary, Alberta

Gordon Tait, CFA
BMO Nesbitt Burns Inc.
(403) 515-1501
gordon.tait@bmo.com
Assoc: Paul Surmanowicz, CFA

Solid Q2/13 Results; Guidance Increased

Event

Crescent Point reported Q2/13 results ahead of expectations. Second quarter production averaged 117,799 boe/d, 6% higher than our estimate of 110,700 boe/d. Q2 CFPS totalled $1.32, 14 cents ahead of our estimate of $1.18 (consensus was $1.19). The company also announced that due to higher-than-expected funds flows it is suspending its Premium DRIP program, which should also lead to an increase in per-share growth metrics. Management is increasing full year production guidance to 117,500 boe/d (from 114,000 boe/d) and its exit guidance to 119,000 boe/d (from 117,000 boe/d). The capital budget remains $1.5 billion.

Impact

Positive.

Forecasts

We are increasing our production and CFPS forecasts to reflect the updated guidance.

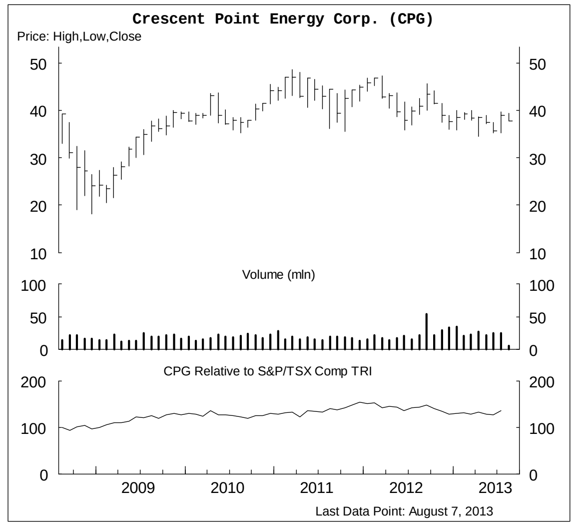
Valuation

Our $48 target price is based on a 10.5x 2013E debt-adjusted cash flow and is supported by our $49.91 per share NAV estimate (10% dcf).

Recommendation

Crescent Point reported a solid operating quarter and the company is increasing its annual production guidance. We are encouraged by CPG's active management of its DRIP program as well as the ongoing positive results from the waterflood program. Overall, we feel that Crescent Point can continue its pace of light-oil production growth with top quartile netbacks.

Price (8-Aug)	$38.97	**52-Week High**	$45.70
Target Price	$48.00	**52-Week Low**	$34.53



(FY-Dec.)	2011A	2012A	2013E	2014E
CDPS	$2.76	$2.76	$2.76	$2.76
P/CDPS			14.1x	14.1x
CFPS	$4.70	$4.86	$5.00↑	$5.06↑
P/CFPS			7.8x	7.7x
Oil & Liq (b/d)	66,604	89,704	106,925	112,385
Nat. Gas (MMcf/d)	43.2	54.3	63.5	66.7
Boe/d (6:1)	73,799	98,751	117,500	123,500
EV/EBITDA	10.8x	10.6x	8.7x	8.4x

Quarterly Div.	Q1	Q2	Q3	Q4
2011A	$0.69	$0.69	$0.69	$0.69
2012A	$0.69	$0.69	$0.69	$0.69
2013E	$0.69a	$0.69a	$0.69	$0.69

Dividend	$2.76	**Yield**	7.1%
Book Value	$20.27	**Price/Book**	1.9x
Shares O/S (mm)	386.1	**Mkt. Cap (mm)**	$15,046
Float O/S (mm)	386.1	**Float Cap (mm)**	$15,046
Wkly Vol (000s)	6,427	**Wkly $ Vol (mm)**	$253.3
Net Debt ($mm)	$2,004	**Next Rep. Date**	Nov (E)

Notes: All values in C$; Shares O/S & net debt at Q2/13
Major Shareholders: Widely held
First Call Mean Estimates: CRESCENT POINT ENERGY CORP (C$) 2013E: $0.70; 2014E: $0.90

Changes

Annual CFPS
2013E $4.85 to $5.00
2014E $4.80 to $5.06

Crescent Point | Outperform | Price (Aug-08) $ 38.97 | Target $ 48.00

Crescent Point Energy Corp. was formed through the conversion of Crescent Point Energy Trust in July 2009. The company produces predominantly crude oil from core properties in southeast and southwest Saskatchewan. In addition, the company has oil properties in the Swan Hills region in Northern Alberta, the Uinta Basin in Utah, and the North Dakota Bakken/Three Forks. CPG also owns approximately one million net acres of undeveloped land in southern Alberta with crude oil development potential. Cash dividends are paid to shareholders on a monthly basis.

Financial	2012	2013E	2014E	2015E	2016E	2017E
EPS	$ 0.58	$ 0.69	$ 0.78	$ 0.91	$ 0.94	$ 0.94
First Call consensus		*$ 0.71*	*$ 0.87*			
CFPS	$ 4.86	$ 5.00	$ 5.06	$ 4.88	$ 4.97	$ 4.99
First Call consensus		*$ 4.95*	*$ 4.95*			
EBITDA	$ 4.70	$ 4.93	$ 5.12	$ 4.96	$ 5.09	$ 5.15
DPS	$ 2.76	$ 2.76	$ 2.76	$ 2.76	$ 2.76	$ 2.76
ROCE (%)	0%	3%	5%	4%	4%	4%
Long-term Liabilities (%)	15%	17%	18%	21%	25%	29%
Cash Flow from Ops ($mm)	1,602	1,924	2,034	2,038	2,152	2,244
Capital Spending ($mm)	(1,509)	(1,500)	(1,500)	(1,650)	(1,750)	(1,750)
Dividends ($mm)	(385)	(485)	(663)	(691)	(717)	(744)
Free Cash Flow ($mm)	(292)	(61)	(129)	(303)	(315)	(250)

Production	2012	2013E	2014E	2015E	2016E	2017E
North America Conventional Oil (b/d)	89,704	106,925	112,385	117,363	124,231	130,418
International Conventional Oil (b/d)	-	-	-	-	-	-
Oil Sands (b/d)	-	-	-	-	-	-
North America Natural Gas (mmcf/d)	54.3	63.5	66.7	67.4	69.1	70.3
International Natural Gas (mmcf/d)	-	-	-	-	-	-
Total Production (boe/d 6:1)	98,751	117,500	123,500	128,601	135,754	142,142
Total Production (boe/d 15:1)	93,323	111,155	116,831	121,859	128,840	135,107
%Natural Gas (6:1)	9%	9%	9%	9%	8%	8%
Y-o-Y Growth (% 6:1)		19%	5%	4%	6%	5%
Y-o-Y Production/Share Growth (%)		2%	1%	0%	2%	1%
Refining Capacity (net 000 b/d)	-	-	-	-	-	-

Netbacks	2009	2010	2011	2012	2013E	2014E
Revenue ($/boe)	67.57	68.52	78.37	74.08	75.45	76.17
Royalties	(10.54)	(11.34)	(13.95)	(12.95)	(13.49)	(13.42)
Transportation	(1.48)	(1.65)	(1.91)	(1.83)	(2.00)	(2.00)
Operating Costs	(8.92)	(11.03)	(11.16)	(11.65)	(11.75)	(12.50)
Field Netback	46.63	44.51	51.35	47.64	48.21	48.24
G&A	(2.22)	(1.82)	(1.42)	(1.75)	(1.60)	(1.55)
Interest	(2.14)	(2.63)	(2.24)	(1.98)	(1.77)	(1.70)
Other	-	-	-	-	-	-
Cash Taxes	(1.75)	(2.66)	0.32	0.41	(0.09)	0.00
Cash Netback	40.51	37.40	48.01	44.32	44.75	44.99
F&D (proved)	21.01	26.15	29.35	29.64	14.50	14.50
Recycle Ratio	1.9x	1.4x	1.6x	1.5x	3.1x	3.1x
DD&A	25.83	31.87	34.88	39.95	35.00	33.62
Effective Tax Rate (%)	4%	7%	-1%	-1%	0%	0%

Reserves	2009	2010	2011	2012	2013E	2014E
Proved Conventional Oil (mmbbls)	169	230	259	367	405	443
Proved Oil Sands (mmbbls)	-	-	-	-	-	-
Proved Natural Gas (Bcf)	98	124	134	203	208	212
Total Proved (mmboe 6:1)	186	250	281	400	440	478
Y-o-Y Growth (%)		35%	12%	42%	10%	9%
Y-o-Y Proved/Share Growth (%)		6%	3%	10%	5%	5%
%Proved Undeveloped	38%	44%	44%	44%	44%	44%
Probable Oil (mmbbls)	89	120	133	191	211	230
Probable Oil Sands (mmbbls)	-	-	-	-	-	-
Probable Gas (Bcf)	42	55	67	107	110	112
Contingent Oil (mmbbls)	-	-	-	-	-	-
Contingent Oil Sands (mmbbls)	-	-	-	-	-	-
Contingent Gas (Bcf)	-	-	-	-	-	-
Undeveloped Land (000 acres)	1,172	2,852	3,050	3,177	3,177	3,177

				Peer Averages	
Valuation	2012	2013E	2014E	2013E	2014E
P/E	na	56.4x	50.2x	-26.8x	140.1x
P/CF	8.0x	7.8x	7.7x	7.2x	7.1x
D/CF	1.2x	1.0x	1.1x	1.8x	2.0x
EV/EBITDA	10.3x	9.1x	8.8x	8.3x	8.3x
Dividend Yield (%)	7.3%	7.1%	7.1%	6%	6%
Earnings Payout Ratio (%)	57%	55%	55%	39%	38%
EV/Production ($/boe/d)	161,411	147,499	147,113	92,899	91,131
EV/Proven ($/boe)	43.29	39.38	36.22	31.44	30.10
EV/Proven+Probable ($/boe)	28.47	25.90	23.82	19.97	19.07
Proved NAV ($/sh)		23.85			
P/NAV		1.6x		2.8x	3.1x
Proved+Probable NAV ($/sh)		33.42			
P/NAV		1.2x		1.7x	1.8x
Proved+Probable+Possible NAV ($/sh)		49.91			
P/NAV		0.8x		0.8x	0.8x

Balance Sheet ($mm)	2009	2010	2011	2012	2013E	2014E
Current Assets	154	213	309	330	302	302
Other	347	284	387	401	419	445
Net PP&E	4,939	7,369	8,039	11,401	11,422	11,402
Total Assets	5,439	7,866	8,734	12,132	12,143	12,150
Current Liabilities	773	1,148	1,248	1,352	1,134	1,393
Other	688	1,570	1,098	1,306	1,317	1,338
Long Term Debt	-	309	532	821	1,145	1,125
Total Liabilities	1,461	3,026	2,878	3,479	3,596	3,856
Common Shares	4,710	6,839	7,746	11,307	11,885	12,331
Preferred Shares	-	-	-	-	-	-
Retained Earnings/Cont Surplus	- 732	- 2,000	- 1,890	- 2,654	- 3,338	- 4,038
Total Liabilities and Equity	5,439	7,866	8,734	12,132	12,143	12,150
Shares Outstanding (million)	209	266	289	375	394	409

Commodity Assumptions	2012	2013E	2014E	2015E	2016E	2017E
WTI (US$/bbl)	$ 94.17	$ 92.91	$ 85.00	$ 85.00	$ 85.00	$ 85.00
Brent (US$/bbl)	$ 111.69	$ 103.75	$ 93.00	$ 93.00	$ 93.00	$ 93.00
Edmonton Par (C$/bbl)	$ 86.42	$ 89.85	$ 83.00	$ 83.00	$ 83.00	$ 83.00
WCS (C$/bbl)	$ 71.82	$ 74.82	$ 69.97	$ 66.50	$ 66.50	$ 63.80
Henry Hub (US$/mcf)	$ 2.83	$ 4.00	$ 4.00	$ 4.00	$ 4.50	$ 4.50
AECO (C$/mcf)	$ 2.45	$ 3.56	$ 3.50	$ 3.50	$ 4.00	$ 4.00
Exchange Rate (C$/US$)	$ 1.00	$ 0.98	$ 1.00	$ 1.00	$ 1.00	$ 1.00

Hedges	2013E	2014E
Oil Volume (b/d)	48,878	46,236
Average Price (US$/bbl)	$ 74.87	$ 87.21
Gas Volume (mmcf/d)	10.1	12.8
Average Price (US$/mcf)	$ 3.83	$ 3.74

Management

Peter Bannister, Chairman
Scott Saxberg, CEO
Greg Tisdale, CFO
Neil Smith, VP Engineering

Market Data					
Mkt Cap ($mm)	15,354	Book Value	$ 21.69	Price/Book	1.8x
Net Debt ($mm)	1,977	52-Week High	$ 45.70	52-Week Low	$ 34.53
Ent Value ($mm)	17,331	Wkly Vol (000s)	6,266	Wkly $ Vol (mm)	247

DPS	1Q	2Q	3Q	4Q
2012A	$ 0.69	$ 0.69	$ 0.69	$ 0.69
2013E	$ 0.69	$ 0.69	$ 0.69	$ 0.69
2013E	$ 0.69	$ 0.69	$ 0.69	$ 0.69

Mgmt and Directors Shares: 1%
Major Shareholders: widely held

Operating Regions

Notes: Peer Average includes ARC, Baytex, Bonavista, Crescent Point, Enerplus, Pengrowth, Penn West, Trilogy, Vermilion

Source: Company reports, BMO Capital Markets estimates.

Q2/13 Results and Forecasts

Second quarter production averaged 117,799 boe/d, 6% higher than our estimate of 110,700 boe/d. The production beat was primarily due to strong operational performance from Utah and the waterflood program, and milder than expected spring break-up conditions.

Q2 CFPS totalled $1.32, 14 cents ahead of our estimate of $1.18 (consensus was $1.19).

Management is increasing its full year production guidance to 117,500 boe/d (from 114,000 boe/d) and its exit guidance to 119,000 boe/d (from 117,000 boe/d). The capital budget remains $1.5 billion.

We are increasing our production and CFPS forecasts to reflect the updated guidance. We are increasing 2013E production to 117,500 boe/d (from 114,000 boe/d) and 2014E production to 123,500 boe/d (from 119,000 boe/d). Our 2013E CFPS increases to $5.00 from $4.85 and 2014E increases to $5.06 from $4.80.

Table 1: Forecast Change Table

						Forecast	
	Q1/13	Q2/13	% Chg.	Q2/13E	% Chg.	2013E	2014E
Production							
Crude oil & NGLs (b/d)	106,519	106,609	*0%*	100,162	6%	106,925	112,385
Natural gas (MMcf/d)	66.9	67.1	*0%*	63.3	6%	63.5	66.7
Total production (boe/d)	117,663	117,799	*0%*	110,700	6%	117,500	123,500
% natural gas	*9%*	*9%*		*10%*		*9%*	*9%*
Pricing							
WTI crude oil (US$/b)	$94.41	$94.21	*0%*	$94.21	0%	$92.91	$85.00
AECO nat. gas (C$/Mcf)	$3.16	$3.51	*11%*	$3.51	0%	$3.56	$3.50
Financial ($mm)							
Revenue[2]	$787	$837	*6%*	$778	8%	$3,245	$3,443
Operating costs	$128	$129	*1%*	$126	2%	$505	$565
Operating cash flow	$456	$504	*11%*	$455	11%	$1,924	$2,034
Capital spending[1]	$538	$263	*-51%*	$275	-4%	$1,500	$1,500
Total debt	$2,120	$2,004	*-5%*	$2,167	-8%	$1,977	$2,217
Debt to cash flow ratio						1.0x	1.1x
Per Share							
CFPS	$1.21	$1.32	*9%*	$1.21	9%	$5.00	$5.06
CDPS	$0.69	$0.69	*0%*	$0.69	0%	$2.76	$2.76
Payout Ratios							
Cash div. as % of cash flow	*64%*	*74%*				*55%*	*55%*
DRIP All-in payout ratio (capex + div	*138%*	*66%*				*103%*	*106%*
Sustaining payout ratio						*86%*	*91%*
Per Boe							
Revenue[2]	$74.34	$78.06	*5%*	$77.23	1%	$75.45	$76.17
Royalties	(14.07)	(13.15)	*-7%*	(13.44)	-2%	(13.49)	(13.42)
Transportation costs	(2.03)	(2.27)	*12%*	(2.25)	1%	(2.00)	(2.00)
Operating costs	(12.07)	(12.04)	*0%*	(12.55)	-4%	(11.75)	(12.50)
Operating netback	$46.18	$50.61	*10%*	$48.99	3%	$48.21	$48.24

Notes: 1. Excludes acquisitions and dispositions

2. Net of realized hedging gains or losses

Source: Company Reports, BMO Capital Markets

Impact of Lower DRIP Participation

Crescent Point announced it will be eliminating the premium portion of its Dividend Reinvestment Program (DRIP), reducing the program's participation rate to approximately 30-40% (from ~70%). As a result, CPG will pay an incremental ~$300-400 million in dividend payments with cash instead of common shares. On an ongoing basis, at 35% DRIP, all things equal, we would expect the company's equity share count to increase by approximately 2.5% per year.

We believe this is the right move for the company in the current oil price environment as the company can fund growth projects with cash flow and debt instead of (more expensive) equity. CPG recently placed a $290 million 10 year debenture with a coupon rate of 3.78% – by comparison, CPG shares yield over 7%.

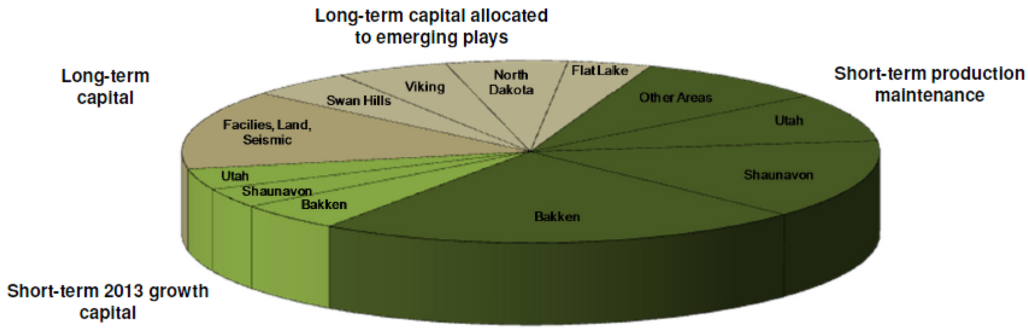
We note that CPG's 2013E exit guidance of 119,000 boe/d is 9% higher than its 2102 exit production rate of 109,000 boe/d. All of this year's expected growth is organic; there are no acquisitions in the forecast. Since CPG tends to guide to the low end of its annual production estimates, we would not be surprised to see 10% exit-to-exit organic growth (7.5% per share net of DRIP going forward). Combined with a 7.1% current yield, it creates a compelling investment thesis.

Under 2014E strip pricing, we estimate Crescent Point is expected to generate CFPS of $5.59 next year, (versus BMO Research estimate of $5.06 per share in 2014E). We are also forecasting a Sustaining Payout Ratio (cash dividends + sustaining capex as a percentage of operating cash flow) of 81% and 82% in 2013 and 2014, respectively. Therefore, we believe the company can comfortably maintain its production and dividend level with a lower DRIP participation rate.

Operating and Development Highlights

Approximately two-thirds of Crescent Point's 2013 capital is allocated to production maintenance and short-term growth. The company also allocates significant capital to emerging areas for de-risking, establishing long-term growth strategies, and improving infrastructure and facilities:

Figure 1: CPG 2013 Capital Allocation



Source: BMO Capital Markets

Southeast Sask/Manitoba – In Q2, the company participated in the drilling of 22 (16.2 net) wells in SE Sask/Manitoba, including 18 (14.8 net) in the Bakken light oil play. Crescent Point is budgeting $490 million for the Bakken this year (one third of the total capex budget) and expects to drill 169 net wells – 82 net wells are planned in H2.

In early Q3, the Saskatchewan government approved the first of four Bakken waterflood units proposed by CPG. Management notes that waterfloods are currently supporting over 5,000 boe/d of Bakken production. As a result, the company believes its actual corporate decline rate is closer to 30%, versus its "official" decline rate of 33%.

Southwest Sask – In Q2, Crescent Point participated in the drilling of 11 net oil wells in southwest Saskatchewan, all targeting the Shaunavon play. CPG is budgeting $315 million for the Shaunavon this year and expects to drill 95 net wells – 40 net wells are planned in H2.

Work is proceeding on the unitization of the company's Leitchville North Shaunavon Voluntary Unit #1. The company currently has three injection wells operating in the Leitchville unit with plans to convert two additional wells this year and up to 10 wells next year.

In Q2, the company expanded its rail-loading facility by 4,000 bbl/d to 12,000 bbl/d. CPG also started construction of two oil storage tanks adjacent to the rail facility with a combined capacity of 120,000 bbl. Management expects the storage tanks to be operational early next year.

Uinta – Crescent Point is currently producing in excess of 10,000 boe/d from the Uinta Basin, a 28% increase from the production acquired last year. In Q2, CPG participated in the drilling of 41 (26.6 net) oil wells in Utah. The company is budgeting $195 million for the Uinta this year and expects to drill 74 net wells – 21 net wells are planned in H2.

The company expects to begin railing oil from its own rail site in Utah later this year. The site has been designed for a capacity of over 10,000 bbl/d.

Economies of Scale

Crescent Point has focused its operations on developing light oil from tight oil basins for the past decade. As a result, we think the company has two key competitive advantages:

(i) a legacy footprint in its core fields resulting in lower corporate decline rates

(ii) technical expertise and data history in its key areas, which has resulted in improved well performance and lower capital costs over time.

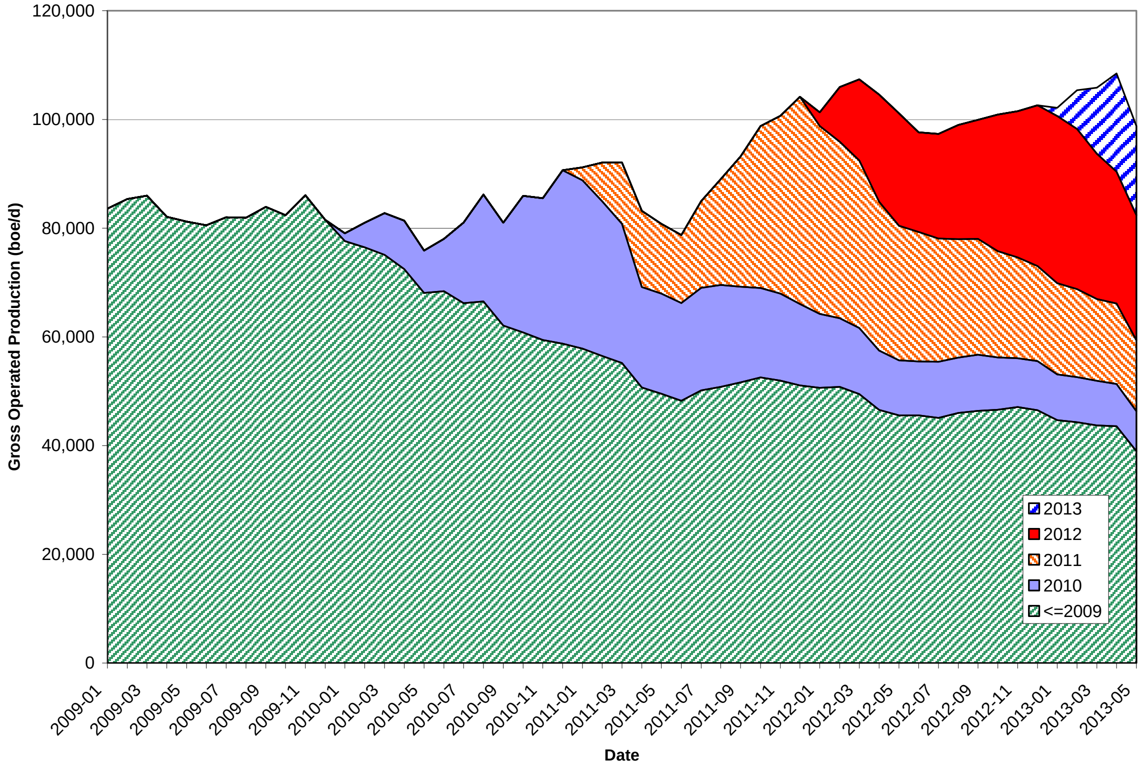
Since its inception, management reckons it has drilled over 2,000 horizontal, multistage wells into tight oil formations – more than any other company in Canada. The technical expertise and data base that CPG has assembled gives the company a comparative operating advantage in the evaluation and exploitation of tight oil reservoirs. CPG has been able to leverage this operating and technical advantage into acquiring significant positions in major tight oil plays in both Canada and the U.S. The company estimates it now has approximately 18.6 billion barrels of (predominantly) light oil in place across its asset base. Less than 3% of that oil has been recovered to date.

Stabilizing the Production Base

While horizontal tight oil well production typically declines at >60% in the first year, Crescent Point has been drilling these types of wells for over a decade. As a result, the company has a solid base of low-decline production that requires little reinvestment and generates free cash flow.

As shown in the figure below, CPG's production from 2009 or earlier still accounts for over 45,000 boe/d. We estimate this legacy production declines at less than 10% per year. Overall, we figure the company has approximately 65,000 boe/d of production volumes with an aggregate production decline of <20%. This provides a substantial wedge of free cash flow.

Figure 2: CPG Canadian Production by Vintage



Note: Operated Canadian wells on a gross producing day basis. Takes into account A&D

Source: BMO Capital Markets, geoSCOUT

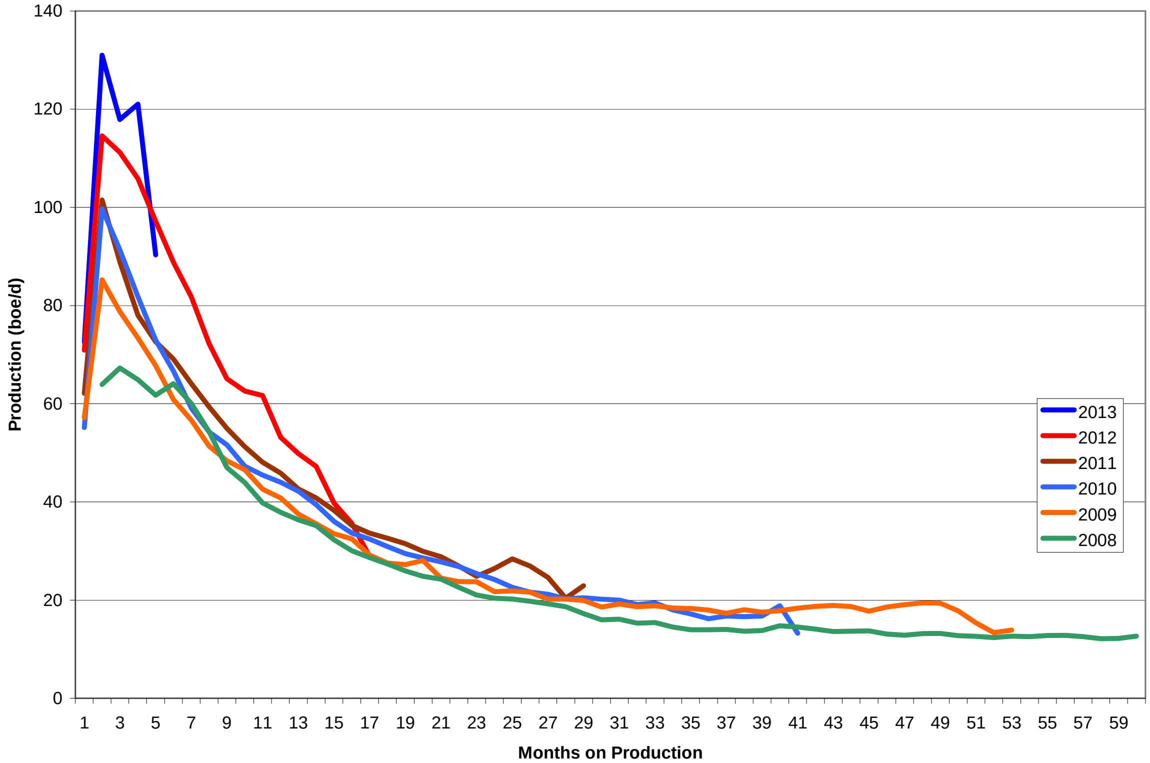
H2O Flood Update

Crescent Point is also rolling out a large scale expansion of its waterflood program across its core areas. The primary benefit of the waterfloods is to further reduce the decline rate in its key properties. We estimate CPG's 2013 corporate decline rate to be ~30% and we believe this decline rate could fall to the mid-to-high 20 percent range in 2-3 years time. Furthermore, a substantial amount of oil is left in place in tight reservoirs even after infill drilling – often up to 85% of the original oil in place (OOIP) remains in the ground. In its Q2 release, management notes that independent engineers (Sproule) have completed preliminary studies on existing Bakken waterflood patterns and have determined that ultimate long-term recovery rates of up to 30% are achievable in the area.

Crescent Point began waterflood pilots in the Bakken over five years ago. Today the company has 50 water injector wells operating in different flood patterns which affect the production profiles of approximately 120 producer wells. We believe this puts CPG at the forefront of the industry in waterflood developments in tight oil reservoirs.

CPG has also been effective at optimizing its drilling and completion techniques through an improvement feedback loop. This has resulted in declining capital costs and well results that have become incrementally better over time (higher IP rates and EURs) as shown in the figure below:

Figure 3: Crescent Point Well Performance by Vintage



Note: Operated Canadian wells on a gross producing day basis. Takes into account A&D

Source: BMO Capital Markets, geoSCOUT

Valuation and Summary

We note that this quarter marks the 40th consecutive quarter for Crescent Point's dividend payments. Over the past the 40 quarters CPG has raised the dividend (five times) and never reduced it. Despite two oil price collapses, market corrections, fluctuating currencies, a recession, floods, and a change in government tax policy, the company has never reduced its dividend nor let its balance sheet get overleveraged. It is in the down-cycles where companies' operating and financial strategies are tested.

Crescent Point reported another solid operating quarter and the company is increasing its annual production guidance. We are encouraged by CPG's more active management of its DRIP program as well as the encouraging results from the waterflood program.

The company's long-term plan calls for production to grow to approximately 150,000 boe/d in five years, or 5-8% per year. Combined with a substantial dividend, we believe it creates an attractive investment thesis. Management estimates that the company now has over 18 billion bbls of oil in place across its asset base; only about 3% of which has been produced to date.

Potential share price catalysts over the next 12 months include:

- Continued development of the waterflood program
- Successful integration of last year's acquisition properties

Target price risks include:

- Unresolved transportation bottlenecks
- Weakness in WTI oil prices;
- Operating cost increases, particularly in Swan Hills and North Dakota;

Our $48 target price is based on a 10.5x 2013E debt-adjusted cash flow and is supported by our $49.91 per share NAV estimate (10% dcf).

Table 2: Sum-of-the-Parts Net Asset Value Summary

	NAV Per Share
Viewfield Bakken	$3.62
Flatlake Bakken	0.61
Shaunavon	2.16
Beaverhill Lake	0.83
North Dakota	1.73
Viking	0.10
Uinta	2.47
Bakken Waterfloods	4.98
Combined Development Upside	16.49
2P Reserve Blowdown (net of debt)	33.42
Net Asset Value Per Share @ 10%	**$49.91**

Source: BMO Capital Markets

Table 3: E&P Yield Valuation Comparables

Large Cap	Ticker	Analyst	Rating	Price Aug-08	Target	Return	Mkt Cap ($bn)	Div. $ 2014E	Yield % 2014E	CFPS $ 2013E	CFPS $ 2014E	D.A. CFPS $ 2013E	D.A. CFPS $ 2014E
ARC	ARX	GT	OP	$25.42	$29.00	18.8%	8.0	1.20	4.7%	2.70	3.12	2.52	2.93
Baytex	BTE	GT	OP	$41.87	$50.00	25.7%	5.3	2.64	6.3%	4.51	4.69	4.18	4.29
Bonavista	BNP	GT	Mkt	$13.02	$16.00	29.3%	2.6	0.84	6.5%	2.41	2.39	1.93	1.90
Crescent Point	CPG	GT	OP	$38.97	$48.00	30.3%	15.4	2.76	7.1%	5.00	5.06	4.58	4.62
Enerplus	ERF	GT	Mkt	$16.97	$16.50	3.6%	3.4	1.08	6.4%	3.71	3.35	3.01	2.74
Lightstream	LTS	JB	Mkt	$7.70	$8.00	16.4%	1.5	0.96	12.5%	3.32	2.73	1.70	1.47
Pengrowth	PGF	GT	R	$5.86	R	R	R	R	R	R	R	R	R
Penn West	PWT	GT	Mkt	$12.22	$13.00	11.0%	6.0	0.56	4.6%	2.27	2.15	1.73	1.65
Peyto	PEY	JB	OP	$27.55	$37.00	37.8%	4.1	0.96	3.5%	3.28	3.74	3.00	3.35
Trilogy	TET	GT	Mkt	$29.11	$32.00	11.4%	3.4	0.42	1.4%	3.00	3.25	2.75	3.03
Vermilion	VET	GT	OP	$57.09	$63.00	14.6%	5.9	2.40	4.2%	6.31	5.90	5.93	5.55
Average						19.9%			5.7%				
Small Cap													
Advantage	AAV	GT	Und	$3.70	$4.25	14.9%	0.6	0.00	0.0%	0.57	0.67	0.45	0.44
Bonterra	BNE	GT	OP	$50.34	$55.00	15.9%	1.6	3.36	6.7%	6.07	5.72	5.62	5.33
Freehold	FRU	GT	Mkt	$23.60	$24.50	10.9%	1.6	1.68	7.1%	1.68	1.86	1.64	1.83
Perpetual	PMT	GT	Mkt	$1.05	$1.75	66.7%	0.2	0.00	0.0%	0.37	0.45	0.19	0.21
Surge	SGY	JB	Mkt	$5.72	$5.00	-5.2%	0.7	0.42	7.3%	1.27	1.04	1.05	0.88
Twin Butte	TBE	GT	Mkt	$1.67	$2.30	49.2%	0.4	0.19	11.5%	0.47	0.46	0.33	0.33
Whitecap	WCP	JB	OP	$11.43	$13.00	19.2%	1.9	0.63	5.5%	1.97	2.01	1.72	1.79
Zargon	ZAR	GT	Mkt	$6.44	$8.00	35.4%	0.2	0.72	11.2%	2.08	1.87	1.41	1.17
Average						25.9%			6.2%				

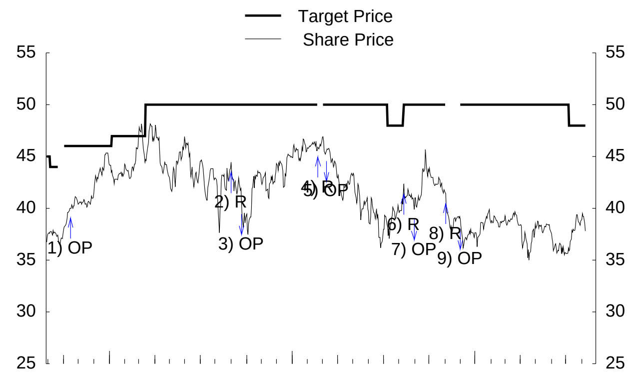
Large Cap	Ticker	EV/EBITDA 2013E	EV/EBITDA 2014E	EV/BOE/D $ 2013E	EV/BOE/D $ 2014E	Debt to Cash Flow 2013E	P/CF 2013E	P/CF 2014E	P/DACF 2013E	P/DACF 2014E	Sustain. Ratio 2013E	All-in Cash Usage Ratio 2013E	All-in Cash Usage Ratio 2014E
ARC	ARX	9.6	9.0	93,866	84,021	1.2	9.4	8.1	10.1	8.7	77%	127%	115%
Baytex	BTE	10.1	9.3	104,066	103,581	1.4	9.3	8.9	10.0	9.8	106%	134%	126%
Bonavista	BNP	7.4	7.2	48,519	48,806	2.0	5.4	5.4	6.8	6.9	107%	108%	113%
Crescent Point	CPG	9.1	8.8	147,499	147,113	1.0	7.8	7.7	8.5	8.4	86%	103%	106%
Enerplus	ERF	5.8	6.6	54,201	57,554	1.6	4.6	5.1	5.6	6.2	106%	114%	136%
Lightstream	LTS	5.9	5.7	81,364	83,911	3.4	2.3	2.8	4.5	5.2	121%	133%	135%
Pengrowth	PGF	R	R	R	R	R	R	R	R	R	R	R	R
Penn West	PWT	7.1	8.0	64,024	67,459	2.7	5.4	5.7	7.1	7.4	126%	110%	134%
Peyto	PEY	9.8	8.8	81,924	73,768	1.7	8.4	7.4	9.2	8.2	102%	124%	122%
Trilogy	TET	10.9	9.7	109,582	101,921	1.8	9.7	9.0	10.6	9.6	80%	113%	95%
Vermilion	VET	7.3	8.3	158,108	149,513	1.0	9.1	9.7	9.6	10.3	79%	103%	109%
Average		8.3	8.1	94,315	91,765	1.8	7.1	7.0	8.2	8.1	99%	117%	119%
Small Cap													
Advantage	AAV	10.5	9.6	50,810	49,648	4.0	6.5	5.5	8.2	8.3	91%	167%	234%
Bonterra	BNE	9.3	9.7	144,836	142,364	0.8	8.3	8.8	9.0	9.5	119%	104%	111%
Freehold	FRU	10.7	10.4	183,794	178,069	0.4	14.1	12.7	14.4	12.9	101%	106%	94%
Perpetual	PMT	4.2	6.7	26,073	27,668	5.7	2.8	2.3	5.4	5.0	101%	137%	143%
Surge	SGY	7.9	6.8	40,595	49,201	1.4	4.5	5.5	5.5	6.5	86%	73%	108%
Twin Butte	TBE	5.2	5.0	37,360	36,999	1.6	3.6	3.6	5.0	5.0	107%	94%	106%
Whitecap	WCP	7.2	6.4	106,008	97,571	1.1	5.8	5.7	6.7	6.4	91%	95%	91%
Zargon	ZAR	4.8	4.7	45,720	49,928	2.2	3.1	3.4	4.6	5.5	96%	166%	117%
Average		7.5	7.4	79,399	78,931	2.2	6.1	5.9	7.3	7.4	99%	118%	126%

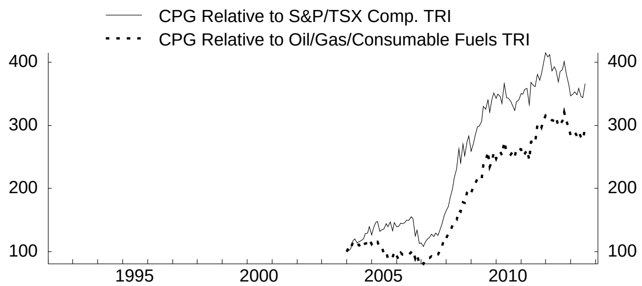
Large Cap	Ticker	Production (000 boe/d) 2012	Production (000 boe/d) 2013E	Production (000 boe/d) 2014E	% Gas 2013E	% BOEs Hedged 2013E	Y/Y Prod Growth 12/13E	Y/Y Prod Growth 13/14E	Recycle Ratio 2011	Recycle Ratio 2012E	2P NAV 2012E	Total NAV 2012E	P/NAV
ARC	ARX	93.5	95.4	110.0	60%	59%	2%	15%	2.1	1.6	$18.81	$29.93	85%
Baytex	BTE	54.0	58.0	61.0	11%	41%	7%	5%	2.4	2.3	$15.86	$50.74	83%
Bonavista	BNP	69.3	74.0	76.7	61%	43%	7%	4%	1.5	1.3	$9.28	$17.67	74%
Crescent Point	CPG	98.8	117.5	123.5	9%	57%	19%	5%	1.6	1.5	$33.42	$49.91	78%
Enerplus	ERF	82.1	85.0	86.1	50%	49%	4%	1%	1.2	1.2	$10.57	$16.74	101%
Lightstream	LTS	42.8	46.8	48.5	18%	29%	9%	3%	1.7	3.2	$7.86	$9.46	81%
Pengrowth	PGF	R	R	R	R	R	R	R	1.1	R	R	R	R
Penn West	PWT	161.2	140.0	139.0	35%	70%	-13%	-1%	0.9	0.4	$8.04	$15.66	78%
Peyto	PEY	44.5	60.4	69.0	88%	52%	36%	14%	3.5	2.0	$19.84	$32.46	85%
Trilogy	TET	33.5	38.0	41.0	55%	17%	13%	8%	1.2	1.4	$9.76	$31.52	92%
Vermilion	VET	37.8	41.0	44.5	31%	28%	9%	8%	0.8	1.8	$26.40	$63.48	90%
Average					42%	44%	9%	6%	1.6	1.7			85%
Small Cap													
Advantage	AAV	21.7	18.8	22.5	97%	32%	-13%	20%	nm	nm	$1.43	$4.43	83%
Bonterra	BNE	6.7	12.0	12.5	26%	0%	79%	4%	1.3	1.5	$39.72	$54.97	92%
Freehold	FRU	8.8	8.8	9.0	37%	0%	-1%	2%	1.7	1.8	$10.51	$12.48	189%
Perpetual	PMT	20.1	17.9	17.9	77%	46%	-11%	0%	0.6	nm	$1.91	$2.10	50%
Surge	SGY	8.9	10.6	12.1	25%	22%	20%	14%	1.3	1.1	$6.46	$7.40	77%
Twin Butte	TBE	14.7	16.4	16.2	13%	90%	11%	-1%	0.4	1.1	$2.10	$2.61	64%
Whitecap	WCP	14.1	19.2	22.4	29%	37%	36%	17%	2.3	1.8	$11.36	$13.54	84%
Zargon	ZAR	8.1	7.3	7.0	34%	48%	-10%	-4%	0.6	nm	$9.15	$9.48	68%
Average					42%	34%	14%	6%	1.2	1.5			89%

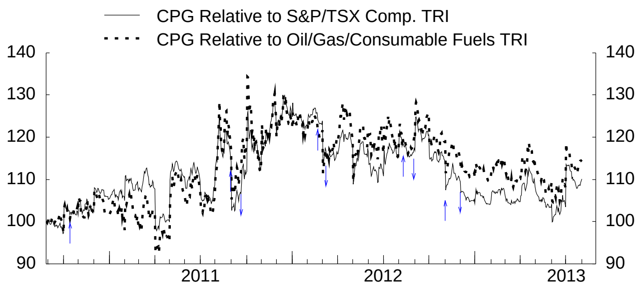
Sustain. Ratio = (Annual Maintenance Capex + Cash Dividends) as % of Op. CF
All-in Cash Usage = (Annual Maintenance Capex + Growth Capex + Cash Dividends) as % of Op. CF
Rating System:
OP – Outperform; Mkt – Market Perform; Und. – Underperform; R – Restricted
Analyst Legend: GT – Gordon Tait, CFA, JB – Jim Byrne, P.Eng. ,CFA
Source: Company Reports, BMO Capital Markets

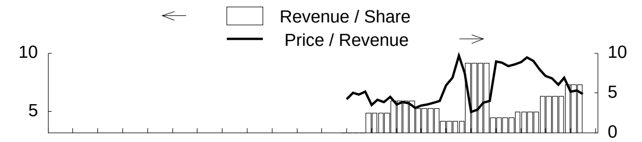
BMO Forecast Assumptions:
WTI Crude Oil: US$93 ('13); US $85 ('14); US$85 (Long term)
AECO Nat. Gas: C$3.56 ('13); C$3.50 ('14); C$4.00 (Long term)
US$/C$ 0.98 ('12); US$/C$ 1.00 ('13); US$/C$ 1.00 (Long term)

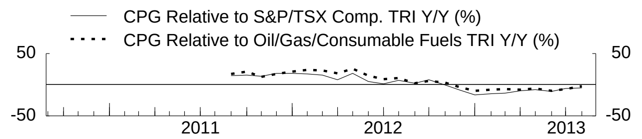
Crescent Point Energy Corp. (CPG)

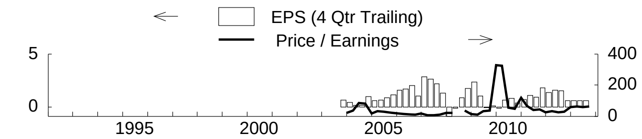












FYE (Dec.)	EPS $	P/E Hi	P/E Lo	DPS $	Yield% Hi	Yield% Lo	Payout %	BV $	P/B Hi	P/B Lo	ROE %
2010	0.46	99.1	76.7	2.76	7.8	6.1	na	20.7	2.2	1.7	
2011	0.73	66.6	48.6	2.76	7.8	5.7	na	20.3	2.4	1.8	4
2012	0.58	81.6	61.8	2.76	7.7	5.8	na	23.0	2.1	1.6	3
Range*:		99.1	48.6		7.8	5.7			2.4	1.6	
Current*		61.8		2.76	7.1		na	20.3	1.9		3
Growth(%): 5 Year:	nm			0.0				10.2			

* Current EPS is the 4 Quarter Trailing to Q1/2013.
* Valuation metrics are based on high and low for the fiscal year.
* Range indicates the valuation range for the period presented above.

CPG - Rating as of 27-Aug-10 = OP

	Date	Rating Change	Share Price
1	14-Oct-10	NR to OP	$40.02
2	31-Aug-11	OP to R	$44.45
3	21-Sep-11	R to OP	$40.41
4	21-Feb-12	OP to R	$45.92
5	8-Mar-12	R to OP	$45.57
6	9-Aug-12	OP to R	$42.34
7	30-Aug-12	R to OP	$39.91
8	1-Nov-12	OP to R	$41.43
9	30-Nov-12	R to OP	$39.01

Last Price (August 7, 2013): $37.79
Sources: IHS Global Insight, Thomson Reuters, BMO Capital Markets.

IMPORTANT DISCLOSURES

Analyst's Certification
I, Gordon Tait, CFA, hereby certify that the views expressed in this report accurately reflect my personal views about the subject securities or issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Analysts who prepared this report are compensated based upon (among other factors) the overall profitability of BMO Capital Markets and their affiliates, which includes the overall profitability of investment banking services. Compensation for research is based on effectiveness in generating new ideas and in communication of ideas to clients, performance of recommendations, accuracy of earnings estimates, and service to clients.

Analysts employed by BMO Nesbitt Burns Inc. and/or BMO Capital Markets Ltd. are not registered as research analysts with FINRA. These analysts may not be associated persons of BMO Capital Markets Corp. and therefore may not be subject to the NASD Rule 2711 and NYSE Rule 472 restrictions on communications with a subject company, public appearances and trading securities held by a research analyst account.

Company Specific Disclosure
Disclosure 1: BMO Capital Markets has undertaken an underwriting liability with respect to this issuer within the past 12 months.
Disclosure 2: BMO Capital Markets has provided investment banking services with respect to this issuer within the past 12 months.
Disclosure 3: BMO Capital Markets has managed or co-managed a public offering of securities with respect to this issuer within the past 12 months.
Disclosure 4: BMO Capital Markets or an affiliate has received compensation for investment banking services from this issuer within the past 12 months.
Disclosure 5: BMO Capital Markets or an affiliate received compensation for products or services other than investment banking services within the past 12 months.
Disclosure 6: This issuer is a client (or was a client) of BMO NB, BMO Capital Markets Corp., BMO CM Ltd. or an affiliate within the past 12 months: Investment Banking Services & Non-Securities Related Services.
Disclosure 8: BMO Capital Markets or an affiliate has a financial interest in 1% or more of any class of the equity securities of this issuer.

Methodology and Risks to Price Target/Valuation
Methodology: Our target price is based on a combination of Crescent Point's debt-adjusted cash flow multiple and our estimate of its NAV.
Risks: General risks common to all oil & gas investments also apply to Crescent Point. Among the most significant risks to our forecasts are oil and gas commodity prices, production declines, reserve replacement or impairment risk, and US$/C$ exchange rate risk. To offset natural production declines, oil and gas companies must replace production through acquisitions or development activities. If they do not, production will decrease and cash flow will decline. Crescent Point faces the risk of not finding suitable acquisitions or successfully developing its existing properties. Estimates of reserves available for production can fluctuate due to changes in commodity prices and geological characteristics. A reduction in the amount of recoverable reserves estimated for Crescent Point may negatively impact its unit price.

Distribution of Ratings (June 30, 2013)

Rating Category	BMO Rating	BMOCM US Universe*	BMOCM US IB Clients**	BMOCM US IB Clients***	BMOCM Universe****	BMOCM IB Clients*****	Starmine Universe
Buy	Outperform	37.9%	17.6%	52.7%	39.6%	51.0%	53.2%
Hold	Market Perform	56.8%	10.2%	45.9%	53.9%	45.5%	41.1%
Sell	Underperform	5.3%	3.2%	1.4%	6.5%	3.5%	5.6%

* Reflects rating distribution of all companies covered by BMO Capital Markets Corp. equity research analysts.
** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage within ratings category.
*** Reflects rating distribution of all companies from which BMO Capital Markets Corp. has received compensation for Investment Banking services as percentage of Investment Banking clients.
**** Reflects rating distribution of all companies covered by BMO Capital Markets equity research analysts.
***** Reflects rating distribution of all companies from which BMO Capital Markets has received compensation for Investment Banking services as percentage of Investment Banking clients.

Rating and Sector Key (as of April 5, 2013):
We use the following ratings system definitions:
OP = Outperform - Forecast to outperform the analyst's coverage universe on a total return basis
Mkt = Market Perform - Forecast to perform roughly in line with the analyst's coverage universe on a total return basis
Und = Underperform - Forecast to underperform the analyst's coverage universe on a total return basis on a total return basis
(S) = speculative investment;
NR = No rating at this time;
R = Restricted – Dissemination of research is currently restricted.

BMO Capital Markets' seven Top 15 lists guide investors to our best ideas according to different objectives (CDN Large Cap, CDN Small Cap, US Large Cap, US Small cap, Income, CDN Quant, and US Quant have replaced the Top Pick rating).

Prior BMO Capital Markets Ratings System (January 4, 2010–April 5, 2013):
http://researchglobal.bmocapitalmarkets.com/documents/2013/prior_rating_system.pdf

Other Important Disclosures
For Other Important Disclosures on the stocks discussed in this report, please go to http://researchglobal.bmocapitalmarkets.com/Public/Company_Disclosure_Public.aspx or write to Editorial Department, BMO Capital Markets, 3 Times Square, New York, NY 10036 or Editorial Department, BMO Capital Markets, 1 First Canadian Place, Toronto, Ontario, M5X 1H3.

Dissemination of Research
Our research publications are available via our web site http://www.bmocm.com/research/. Institutional clients may also receive our research via FIRST CALL, FIRST CALL Research Direct, Reuters, Bloomberg, FactSet, Capital IQ, and TheMarkets.com. All of our research is made widely available at the same time to all BMO Capital Markets client groups entitled to our research. Additional dissemination may occur via email or regular mail. Please contact your investment advisor or institutional salesperson for more information.

Conflict Statement
A general description of how BMO Financial Group identifies and manages conflicts of interest is contained in our public facing policy for managing conflicts of interest in connection with investment research which is available at http://researchglobal.bmocapitalmarkets.com/Public/Conflict_Statement_Public.aspx.

Additional Matters
To Canadian Residents: BMO Nesbitt Burns Inc., affiliate of BMO Capital Markets Corp., furnishes this report to Canadian residents and accepts responsibility for the contents herein subject to the terms set out above. Any Canadian person wishing to effect transactions in any of the securities included in this report should do so through BMO Nesbitt Burns Inc.
The following applies if this research was prepared in whole or in part by Andrew Breichmanas, Tony Robson, or Edward Sterck: This research is not prepared subject to Canadian disclosure requirements. This research is prepared by BMO Capital Markets Limited and subject to the regulations of the Financial Conduct Authority (FCA) in the United Kingdom. FCA regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 5% or more of the equity of the issuer. Canadian regulations require that a firm providing research disclose its ownership interest in the issuer that is the subject of the research if it and its affiliates own 1% or more of the equity of the issuer that is the subject of the research. Therefore BMO Capital Markets Limited will only disclose its and its’ affiliates ownership interest in the subject issuer if such ownership exceeds 5% of the equity of the issuer.
To U.S. Residents: BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd., affiliates of BMO NB, furnish this report to U.S. residents and accept responsibility for the contents herein, except to the extent that it refers to securities of Bank of Montreal. Any U.S. person wishing to effect transactions in any security discussed herein should do so through BMO Capital Markets Corp. and/or BMO Nesbitt Burns Securities Ltd.
To U.K. Residents: In the UK this document is published by BMO Capital Markets Limited which is authorised and regulated by the Financial Conduct Authority. The contents hereof are intended solely for the use of, and may only be issued or passed on to, (I) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”) or (II) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together referred to as “relevant persons”). The contents hereof are not intended for the use of and may not be issued or passed on to, retail clients.