

# Nutrien Demonstrates Strength & Stability: Ag Solutions EBITDA Up 20 Percent & Excellent Operational Results

10.08.2020 | [Business Wire](#)

SASKATOON, August 10, 2020 - Nutrien Ltd. (TSX and NYSE: NTR) announced today its 2020 second-quarter results, with net earnings of \$765 million (\$1.34 diluted earnings per share). Second-quarter adjusted net earnings were \$1.45 per share and adjusted EBITDA was \$1.72 billion. Adjusted net earnings per share and adjusted EBITDA, together with the related guidance, free cash flow including changes in non-cash operating working capital and cash cost of product manufactured are non-IFRS financial measures. See the "Non-IFRS Financial Measures" section for further information.

"Nutrien delivered compelling second-quarter and first-half results supported by strong growth in our Retail Ag Solutions earnings and excellent operational performance across our Potash and Nitrogen business units. Nutrien's many competitive advantages were apparent this quarter, including the quality of our assets and impressive free cash flow generation, even at the bottom of the commodity cycle. Our digital platform continues to exceed expectations. We now expect to reach \$1 billion in online orders by the end of the year and are introducing new data-driven offerings to help farmers make quicker and more informed decisions for their business," commented Chuck Magro, Nutrien's President and CEO.

## Highlights:

- Nutrien generated \$1.6 billion in free cash flow, including improvement to our non-cash operating working capital in the second quarter. The Board of Directors approved the quarterly dividend at \$0.45 per share, maintaining our annualized payout at \$1.80 per share which is well within our targeted range.
- Retail Ag Solutions delivered record EBITDA in the second quarter and the first half of 2020. First-half EBITDA was up 20 percent year-over-year as a result of double-digit growth in revenue and gross margin, and EBITDA margins surpassing 10 percent. We continue to expand in the market, backed by our organic growth strategy which includes growing our proprietary product sales, as well as through accretive investments made over the past year.
- Total sales through our leading digital retail platform exceeded \$700 million in the first half of 2020, surpassing our annual goal of \$500 million in just the first six months of the year. Second quarter online sales accounted for 45 percent of North American sales of products that were available for purchase online.
- Potash EBITDA was down 39 percent in the second quarter and first half of 2020 compared to the same periods last year as strong sales volumes and lower cost of goods sold per tonne were more than offset by lower net realized selling prices. Potash cash cost of product manufactured was a record low \$52 per tonne in the second quarter of 2020.
- Nitrogen EBITDA was 16 percent lower in the first half and 17 percent lower in the second quarter of 2020 compared to the same periods last year due to lower net realized selling prices. However, we achieved higher sales volumes and lower cost of goods sold per tonne compared to the first half of last year and our ammonia utilization reached a record high of 97 percent in the second quarter of 2020.
- Nutrien issued an aggregate of \$1.5 billion in senior notes in the quarter with average coupon rates below 3 percent.
- Nutrien acquired Tec Agro Group, a leading Ag retailer in Goiás, Brazil. Our Brazil operations now include 30 retail locations, two large-scale fertilizer blenders, a premier soybean seed business and specialty nutrition and plant health production facilities. With the addition of Tec Agro Group, our Brazilian operations are expected to generate over half a billion dollars in revenue on a normalized annual run-rate basis.
- Nutrien released its 2020 Environmental, Social and Governance (ESG) report in April and has since achieved significantly higher ratings by third party ESG organizations.
- Nutrien's full-year 2020 adjusted net earnings per share and adjusted EBITDA guidance is \$1.50 to \$1.90

per share and \$3.5 billion to \$3.8 billion, respectively. The top end of the guidance range was lowered due to lower ammonia and UAN prices.

## Management's Discussion and Analysis

The following management's discussion and analysis ("MD&A") is the responsibility of management and is dated as of August 10, 2020. The Board of Directors ("Board") of Nutrien carries out its responsibility for review of this disclosure principally through its audit committee, comprised exclusively of independent directors. The audit committee reviews and, prior to its publication approves this disclosure pursuant to the authority delegated to it by the Board. The term "Nutrien" refers to Nutrien Ltd. and the terms "we", "us", "our", "Nutrien" and "the Company" refer to Nutrien and, as applicable, Nutrien and its direct and indirect subsidiaries on a consolidated basis. Additional information relating to Nutrien (which, except as otherwise noted, is not incorporated by reference herein), including our 2019 Annual Report dated February 19, 2020, which includes our annual audited consolidated financial statements and MD&A and our Annual Information Form, each for the year ended December 31, 2019, can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). No update is provided to the disclosure in our annual MD&A except for material information since the date of our annual MD&A. The Company is a foreign private issuer under the rules and regulations of the US Securities and Exchange Commission ("SEC").

This MD&A is based on the Company's unaudited interim condensed consolidated financial statements as at and for the three and six months ended June 30, 2020 ("interim financial statements") based on International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS") and prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" unless otherwise stated. This MD&A contains certain non-IFRS financial measures and forward-looking statements which are described in the "Non-IFRS Financial Measures" and the "Forward-Looking Statements" sections, respectively.

## Market Outlook

### Agriculture and Retail

- US crop demand fundamentals have stabilized as a result of a rebound in ethanol demand and strong Chinese purchases due to tight Chinese inventories and rising prices. However, favorable US growing conditions, high crop conditions ratings and supportive weather forecasts have combined to pressure prices in recent weeks.
- North American spring fertilizer application was robust and customer engagement in summer fill programs was strong as wholesale customers replenished inventories. The US corn and soybean crop is progressing well ahead of 2019 levels, which could be supportive of strong fall applications.
- In Australia, moisture levels have improved particularly in eastern states which is expected to result in much higher planting year-over-year. In Western Canada, we expect that generally good crop conditions will support summer crop protection demand. Brazilian soybean and corn prices continue to be historically high. As a result, Brazilian growers are realizing record margins and have forward contracts to sell historically high proportions of their anticipated 2021 harvest. Brazilian soybean acreage is expected to increase approximately 5 percent in the upcoming planting season.

### Crop Nutrient Markets

- Global potash buying increased meaningfully following the signing of the China and India potash contracts, particularly in Brazil. With strong demand in most key regions, many producers have announced they are now sold out through September 2020 and Brazilian prices have rebounded by over \$30/mt from low values in the second quarter of this year. We maintain our projection for 2020 global potash shipments between 65 and 67 million tonnes.
- Global urea demand has been supported by strong consumption in many key regions, particularly in India. Chinese urea exports continue to be lower year-over-year, but we expect the pace to increase in the second half of 2020. Ammonia prices have continued to be held back by weaker-than-normal industrial demand in the Western Hemisphere, while improved industrial utilization in Asian markets is supporting both demand and prices in that region.
- Global phosphate prices have been supported by anticipated strength in second-half demand in India and Brazil.

## Financial Outlook and Guidance

Based on market factors detailed above, we are lowering the top of the range for our 2020 adjusted net earnings guidance to \$1.50 to \$1.90 per share (from \$1.50 to \$2.10 per share previously) and adjusted EBITDA guidance to \$3.5 to \$3.8 billion (from \$3.5 to \$3.9 billion previously).

All guidance numbers, including those noted above are outlined in the tables below. Refer to page 46 of Nutrien's 2019 Annual Report for related sensitivities.

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Die URL für diesen Artikel lautet:

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