



What to Expect When PotashCorp Reports This Week

Description

PotashCorp (TSX: POT)(NYSE: POT) is scheduled to report its earnings tomorrow. Thanks to weak potash prices, the company is expected to post another round of ugly results.

However, with a new chief executive at the helm, big changes could be coming at the mining giant. Will it be able to turn things around? Let's take a peek at what we're likely to see in the upcoming report.

Stats on PotashCorp

Analysts' EPS Estimate	\$0.45
Year-Ago EPS	\$0.73
Revenue Estimate	\$1.65B
Change From Year-Ago Revenue	-17.40%
Earnings Beats in Past Four Quarters 2	

Source: Yahoo! Finance

Can it turn things around?

In recent months analysts have been mixed in their views of PotashCorp's earnings, modestly cutting their estimates for the upcoming quarter and increasing their full-year outlook. The stock has been trading flat in lock-step, up only 1% over the past three months.

The company's first-quarter results showed just how hard it had been hit by tough conditions in the fertilizer market. Profits fell 55% year over year due to the sharp drop in potash prices. This has forced the company to undertake drastic measures by laying off thousands of employees and paring down operations.

Of course, this is all old news. The question now is where it will go from here. Jochen Tilk just tookover as the company's chief executive last month, and analysts want to hear what he has planned for the Saskatchewan mining giant.

You couldn't ask for a bigger change in leadership. Bill Doyle, the company's previous CEO, was a bombastic promoter. He could rarely make it through a conference call without saying something outlandish. However, when his thesis of a global fertilizer shortage failed to play out, Doyle started to lose the respect of the investment community.

Tilk, in contrast, is more quiet and conservative in nature. Rather than bold predictions, Tilk has built his reputation as a solid operator. His focus will be on wringing as many efficiencies out of existing operations as possible. This isn't the exciting, bold vision the company is known for, but it's a welcome change for investors.

Tilk has only been on the job for three weeks, so we're unlikely to hear details of a full strategic plan. However, investors will be listening for any hints of his outlook during the upcoming conference call. Reducing costs further would certainly endear him to investors, and that's exactly what the company needs in today's environment.

Without higher potash prices to drive earnings, any profit growth will come further down the income statement. PotashCorp needs to continue to cut costs, pare down expensive operations, and focus on operational efficiencies. Shareholders will be pleased if this is the message Tilk delivers on Thursday.

CATEGORY

1. Investing

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