



## Should Nutrien Ltd. (TSX:NTR) Be Part of Your Dividend Portfolio?

### Description

For years, almost decades, we have been hearing that one theme in which it is worth investing is that of food and food production. One of the best ways to invest in that sector in Canada was through the fertilizer companies Potash Corp of Saskatchewan and Agrium, two of the largest producers in the world. The combination of owning shares in these companies gave you a decent dividend combined with exposure to both fertilizer commodities through both companies and retail outlets through Agrium.

Well, those companies went and simplified the process by [combining the two](#) into one company: **Nutrien Ltd.** ([TSX:NTR](#))([NYSE:NTR](#)). So now, instead of buying shares of both, you can handily buy only one company to cover all your bases, right? Many people who owned those original shares now have the opportunity to see if one company is better than two.

Well, it is hard to tell whether it will work out better in the end, as the merger did seem to introduce a little disappointment into my investing strategy. Before the merger, if I wanted to be more into the commodity, I would buy more Potash. If I wanted a little more exposure to retail, I would buy Agrium. In that way, I could customize the amount of commodity exposure I wanted. This gave me a degree of diversity in my holdings that holding a single company might not provide.

Its financial success will give some indication into the success of the merger strategy. Unfortunately, this may be difficult to ascertain until there are a few more of the combined earnings statements under its belt. The Q2 results were released at the beginning of August, so it will be some time before trends begin to emerge.

Year-over-year financial comparisons were provided, although these results are difficult to fully make use of since the company's combined operations have yet to be tested with the kinks worked out. But at least it does provide some information that is useful to look at before making an investment. EBITDA in all its major segments were up double digits year-over-year, marking another positive for the combined entity.

It is possible, though, to make a few preliminary judgments given the information provided. One thing investors know for certain is that the company pays a dividend. The dividend currently sits at 2.95%,

not bad given the stock's recent price run-up. Unfortunately, it seems too early to tell whether this dividend will be regularly raised. With the past history of Agrium raising its payout and Potash engaging in a dividend cut, one can hope Nutrien will go with Agrium's strategy.

As it stands right now, Nutrien appears to be a good company heading in the right direction. The two companies of Potash Corp. and Agrium combined to potentially become a fertilizer powerhouse, and we all know everyone has to eat. But it is important to keep in mind that these are the early days of the merger. A few more quarters might reveal some more information as to the operations of [the combined entity](#) to which investors should pay attention.

But even with the uncertainty, it is worth having some dividend-producing shares of this company. The numbers are pretty much pointing in the right direction at the moment, so it is definitely worth making an investment in this Canadian agriculture powerhouse.

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