



RRSP Investors: Is Nutrien Ltd. (TSX:NTR) Stock a Buy on the Recent Dip?

Description

Canadian savers are searching for opportunities to buy top-quality stocks for their self-directed RRSP portfolios at reasonable prices.

Let's take a look at **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) to see if it deserves to be a [top pick](#) today.

A new beginning

Nutrien started trading at the beginning of 2018 after the merger of Potash Corp and Agrium. The deal came together as the fertilizer industry experienced a multi-year slump and the two Canadian companies saw the benefits of joining forces to compete on the global stage.

The decision made sense, with efficiencies gained by combining the potash, nitrogen, and phosphate production capabilities of the two companies. In addition, Agrium's strong retail business adds a nice revenue hedge when the crop nutrients markets go through periods of volatility. This was always an issue for Potash Corp., which was purely a wholesale provider of fertilizer.

Results

The first six months of the year have been positive ones for Nutrien, and the trend should continue.

Second-quarter net earnings from continuing operations increased on a comparative basis from US\$705 million in 2017 to US\$741 million, supported by improved results across the business segments.

For the first half of the year, the retail operations EBITDA increased 10%, driven by strong margins in seed and crop protection sales, as well as improved demand in Q2 for crop inputs.

On the wholesale side, potash EBITDA rose 34% in the first half of 2018 compared to the same period in 2017 as prices increased and the company saw improvements on production costs. Nitrogen EBITDA jumped 17%, supported by lower production costs, better prices and higher sales volumes.

Efficiency gains are ahead of schedule. Nutrien reported run-rate synergies of US\$246 million in the first half of the year, nearly hitting the original full-year target of US\$250 million. As a result, management now expects full-year run-rate synergies to be US\$350 million.

Either management was being cautious when the original guidance came out or the integration efforts are going better than expected. Regardless of the reason, investors should be pleased.

Outlook

On the topic of guidance, Nutrien raised its outlook for the second time this year. Potash, nitrogen and phosphate all received full-year EBITDA upgrades in the Q2 report. The strong start to the year and a positive outlook in global demand, especially in key markets, gave management the confidence to increase projections.

Dividends

Nutrien declared quarterly dividends of US\$0.40 per share for 2018. That's good for a [yield](#) of 3%. With margins improving and positive movements in global demand for potash and nitrogen, investors should see a meaningful increase in the payout for 2019.

Should you buy today?

Nutrien is down from the 2018 high amid uncertainty on global trade negotiations, but the overall long-term outlook for the company and its business segments is attractive.

If you have a buy-and-hold investing strategy, this might be a good time to add Nutrien to your RRSP portfolio.

CATEGORY

1. Dividend Stocks
2. Investing
3. Stocks for Beginners

TICKERS GLOBAL

1. NYSE:NTR (Nutrien)
2. TSX:NTR (Nutrien)

PARTNER-FEEDS

1. Msn
2. Newscred
3. Sharewise
4. Yahoo CA

Category

1. Dividend Stocks

- 2. Investing
- 3. Stocks for Beginners

Date

2025/08/10

Date Created

2018/09/11

Author

aswalker

default watermark

default watermark