



## Today Is a Great Day to Buy Nutrien (TSX:NTR) Stock

### Description

When it comes to investing, it's no secret that everyone is searching for the best stocks and the best companies to own.

We have seen time after time that buying high-quality companies and holding them for long periods of time, sometimes forever, is the best way to invest, as proven by the world's greatest investor, Warren Buffett.

In Canada, there are a number of high-quality stocks on the TSX; however, there is only a small handful of companies that are the best of the best.

**Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) is one of those stocks. Nutrien is a relatively new company, made up of a merger between the two largest fertilizer companies in Canada, Potash Corp and Agrium, back in 2018.

These two businesses on their own were already high-quality long-term companies, but now that they have combined their efforts, increasing Nutrien's scale and giving it a number of strategic advantages to help lower costs and boost profitability, the company is in a dominant position.

Not only is it in a dominant position, but the company is also the industry leader in an agriculture industry that is a staple in our economy and an industry that will see natural growth to its demand throughout the years.

Companies like Nutrien, no matter how great the operations are, won't be exempt from short-term issues, and, in fact, for long-term investors, these issues can sometimes be a blessing in disguise.

Because there are only a handful of top [blue-chip stocks](#), everyone knows what companies they are, and the list of top companies is barely ever changing. These stocks rarely ever go on sale, unless some short-term headwinds cause a bit of a selloff, which is what we are seeing out of Nutrien stock lately.

When the market gets caught up in these short-term issues, and the share price correspondingly drops

off, investors should use this opportunity to increase their position during the short period that the discount exists. Nutrien has been up and down in its trading since the merger was completed, but now trading just off its 52-week low and below \$58, this is one of the cheapest prices that investors have ever been able to buy the stock at — this after the company posted extremely strong return on equity in 2018 and for the trailing 12 months as well as strong earnings before interest, taxes, depreciation, and amortization (EBITDA).

To put it into perspective, the company posted record EBITDA over the last 12 months, yet Nutrien's share price has still retreated to nearly a 52-week low.

Plus, as you can expect with most large businesses that are well established, the company is returning cash to shareholders through both a dividend as well as share buybacks. The dividend has a 4.1% yield today and is paying out just over 75% of its earnings.

The major decline in Nutrien's share price has given it an extremely attractive valuation today, especially for a company with ample long-term potential.

The company's valuation is making it one of the most intriguing stocks on the market at an enterprise value to EBITDA of less than nine times.

This isn't the cheapest stock you'll find on the market, but for its long-term ability and based on the quality of the business you are buying, it's easily the most attractive stock, which is why today is a great day to buy Nutrien.

## CATEGORY

1. Dividend Stocks
2. Investing

## TICKERS GLOBAL

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

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