



## A Top TSX Dividend Stock to Buy Now and Hold for Decades

### Description

Investors are searching for top **TSX** dividend stocks to add to their [RRSP](#) portfolios. Let's take a look at Nutrien ([TSX:NTR](#))([NYSE:NTR](#)) to see why it might be a good stock to buy right now.

### Nutrien earnings

Nutrien is a global leader in the production of crop nutrients, including potash, phosphate, and nitrogen. The company also has a retail division that provides seed, crop protection products, and digital solutions to help farmers manage their businesses more efficiently.

The combination of the wholesale fertilizer business and the global retail footprint provides a balanced revenue stream and gives Nutrien a strategic advantage in the market.

Nutrien reported strong [Q2 2021 results](#) and the numbers for the rest of the year should be positive. The company generated record adjusted EBITDA of US\$3.0 billion in the quarter and net earnings of US\$1.1 billion, or US\$2.08 per share.

Potash EBITDA was 48% higher than the same period last year, driven by higher prices and increased sales volumes. Nitrogen and phosphate adjusted EBITDA increased by 45% in Q2, also supported by better market conditions.

The retail business delivered record-adjusted EBITDA in Q2 and for the first half of the year. Strong demand for grains, oilseeds, and continued expansion of the digital retail platform all contributed.

Nutrien made another retail acquisition in Brazil in the early part of Q3 with the purchase of Terra Nova.

### Outlook

High crop prices have led to increased demand from farmers in key markets, including the United States and Brazil where more land is being planted.

Nutrien raised its potash production by one million tons for the second half of 2021. This, along with improved potash prices prompted the company to raise guidance for the year. Adjusted EBITDA is expected to be at least US\$6 billion and earnings per share should be US\$4.60 to US\$5.10.

Beyond 2021 the market looks attractive for Nutrien. The company has the capacity to ramp up production as demand increases, giving it an advantage over competitors that need to invest in new facilities. **BHP**, a mining giant, recently announced plans to go ahead on a new potash mine in Saskatchewan, but it could be six years before the site begins production.

Global population growth through 2050 is expected to be about 25% from the current level. That means farmers will need to grow enough food to feed an additional two billion people, according to estimates.

## Dividends and share buybacks

Nutrien raised the dividend by 15% since it was formed in 2018 through the merger of PotashCorp and Agrium. The company has also repurchased 12% of its outstanding common shares.

The current annualized payout provides a yield of 3%.

## Should you buy the stock?

Nutrien has the potential to be a free cash flow machine as commodity prices rise. Investors should see a generous dividend increase in 2022, supported by the strong 2021 results and positive outlook.

The stock looks cheap at the current share price near \$77. A run to \$100 per share wouldn't be a surprise in the next 12 months. If you have some cash to put to work for a buy-and-hold RRSP portfolio, I think this stock deserves to be on your **TSX** buy list today.

### CATEGORY

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#### **Date**

2025/09/10

#### **Date Created**

2021/09/10

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