1 Investment to Load Up on Now

Description

The global economy was restarting at the start this year, despite the threat of rising inflation. However, the outlook started to deteriorate when the Russia-Ukraine war broke out in late February 2022. Today, the World Economic Outlook of the International Monetary Fund (IMF) shows a lower growth forecast (3.6%) in 2022 and 2023.

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Pierre-Olivier Gourinchas, IMF's economic counsellor and research director, said, "The economic effects of the war are spreading far and wide like seismic waves that emanate from the epicenter of an earthquake, mainly through commodity markets, trade, and financial linkages."

IMF revised their growth forecasts for all advanced economies, although Canada had the smallest downward revision (0.2%). It projects a 3.9% growth this year and 2.8% next year.

Fortunately for investors, several companies still have visible growth potential, despite the headwinds. The standout at this point is **Nutrien** (TSX:NTR)(NYSE:NTR). It makes sense to load up on shares of a company that would help increase global food production.

Integrated business model

Saskatoon-based Nutrien is a leading integrated provider of crop inputs and services. This $79 billion company has a global retail network that supplies farmers worldwide with three essential crop nutrients (potash, nitrogen, and phosphate). The Q4 and full-year 2021 financial results are proof the business should grow 10-fold in the coming years.

Ken Seitz, Nutrien's interim president and CEO, said, "The advantages of Nutrien's integrated business were demonstrated in 2021 as we delivered record financial results." In the 12 months ended December 31, 2021, sales in Q4 and the full year increased 79% and 33%, respectively, versus the same Q4 and full year 2020.

Net earnings for Q4 and the full year grew 282% and 593%, respectively, year over year, which is mighty impressive. Another highlight in 2021 was the 135% increase in free cash flow to US$4.3 billion compared to US$1.83 billion in 2020. Management said strengthening and repositioning the balance sheet was the priority last year.

The US$7.1 billion adjusted EBITDA for the year was also a record. Nutrien used its cash stockpile to reduce long-term debt by US$2.1 billion. Also, the company deployed the same amount for dividend payments and share repurchases. The financial results reflected perfect utilization of scale and demonstrated Nutrien's world-class supply chain reliability.

Very strong business outlook

Seitz said, "The outlook for global agriculture and crop input markets is very strong and we are well positioned to deliver significant growth in earnings and free cash flow in 2022. We will continue to advance our strategic priorities and maintain a disciplined approach to deploying capital, using our strong financial position to grow the business and return significant cash to shareholders."

Nutrien intends to lead the next wave of agricultural evolution by 2030. Expect the company to make key transformations through ambitious commitments that should drive systemic change.

Top-ranked growth stock

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Nutrien is indeed the no-brainer choice if you're looking for a top-ranked growth stock on the TSX. Performance-wise, Nutrien's total return in 3.01 years is 120.66% (30.13% CAGR). At $143.04 per share, the trailing one-year price return and year-to-date gain are 109.48% and 51.16%, respectively.

If you invest today, the dividend yield is 1.67%. The payout should be safe, given the low 33.33% payout ratio.

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