



Nutrien (TSX:NTR) Earnings: Record-Breaking Results

Description

The Canadian firm that produces and distributes crop inputs is ready to feed the future and transform agriculture by 2030. **Nutrien** ([TSX:NTR](#))([NYSE:NTR](#)) affirmed the [buy rating](#) of market analysts after it reported record results in Q4 and full year 2021.

Its interim president and CEO Ken Seitz credited Nutrien's integrated business for the stellar results. He said, "We utilized the scale and reliability of our world-class supply chain and the strong execution of our teams to ensure customers had the products and services they needed, when they needed them."

Performance-wise, the stock has been steadily advancing in the last three (+44.83%) and six (+47.83%) months. At \$126.64 per share, the trailing one-year price return is 86.64%. On a year-to-date basis, investors are up 33.41%.

Based on market analysts' forecasts, Nutrien is one of the [must-buy stocks](#). The price could still climb between 14% and 32% in 12 months. If you pick up the stock today, the overall return should be higher to include the 1.91% dividend. The payout should likewise be safe given the 33.33% payout ratio.

Financial highlights

In Q4 and full-year 2021, total sales increased 79% and 33% versus Q4 2020 and full-year 2020. The highlight, however, was the incredible 282% and 593% jumps, respectively, in net earnings compared to the same periods last year. In the last quarter alone, free cash flow grew exponentially by 690% to US\$1.5 billion.

According to management, strengthening and repositioning the balance sheet were the priorities in 2021. Nutrien reduced long-term debt by US\$2.1 billion and spent a total \$2.1 billion for dividend payments and share repurchases. Currently, Nutrien delivers potash, nitrogen, and phosphate products (27 million tonnes combined volume) worldwide.

Because of its capability and vast agriculture network, Nutrien plays a vital role in increasing global

food production in a sustainable manner. Moreover, the earnings base is stable due to the scale and diversity of its integrated portfolio. The company will capitalize on [multiple growth avenues](#) and opportunities going forward.

Market 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.” The game plan is to continue advancing strategic priorities while maintaining a disciplined approach to deploying capital.

Management will use its strong financial position to grow the business and return significant cash to shareholders. Many analysts expect Nutrien to report sales and margins in Q1 2022 results because of the tight global supply-demand balance. The demand for potash, in particular, should remain robust and healthy in 2022. Fertilizer prices could shoot up due to war-induced supply chain disruptions.

Best in the agriculture input space

Nutrien is the top draw in the agriculture space. Its integrated business model generates strong free cash flows and facilitates efficient capital allocation. The result is financial strength and stability.

Management expects the underlying fundamentals for potash and nitrogen to strengthen, and, therefore, provide tremendous earnings growth potential down the road. If you want a class-A investment amid today’s confusing environment, Nutrien is the logical choice.

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