Nutrien Ltd.

NTR-NYSE | NTR-TSX

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Fertilizers

January 5, 2018 | 5:20 am EST
Company Report - Initiation of Coverage

Market Perform 3
US$60.00 target price

Current Price (Jan-04-18)	US$55.55
Total Return to Target	11%
52-Week Range	NM - NM
Suitability	Medium Risk/Growth

Market Data

Market Capitalization (mln)	US$35,766
Current Net Debt (mln)	US$10,443
Enterprise Value (mln)	US$46,209
Shares Outstanding (mln, diluted)	644.0
10 Day Avg Daily Volume (000s)	0
Dividend/Yield	US$1.57/2.8%

Key Financial Metrics

	2016A	2017E	2018E	2019E
P/E	NA	NA	23.6x	18.4x
EV/EBITDA	NA	NA	12.2x	10.8x
EBITDA Margin	NA	NA	19.9%	21.2%
Net Debt/Equity (mrq)				0.71x
Net Debt/Trailing EBITDA (mrq)				2.75x
BVPS (mrq, tangible)				US$22.98

Company Description

Nutrien Ltd. produces and distributes potash, nitrogen, and phosphate products for agricultural, industrial, and feed customers worldwide.

Nutrien Takes Center Stage as the New Global Giant. Introducing US$60.00 Target, MP3 Rating

Recommendation

We are introducing a US$60.00 target price and Market Perform rating on Nutrien (NTR) following the recent merger conclusion between Agrium and Potash Corp. (both previously MP3-rated). While we continue to admire the synergistic merits of this "marriage of equals," our neutral rating reflects lingering near-term concerns over the broader nutrient cycle, together with recent momentum that's pushed NTR's valuation to the upper-end of our targeted range. We will continue to watch for a more attractive risk-adjusted entry-point.

Analysis

While the regulatory review took longer than planned, Agrium and Potash Corp.'s extended (15-month) engagement has finally come to a close, allowing the combined new entity, Nutrien, to finally take center stage. Highlights include:

- **Nutrien: The New Global, Integrated Giant**—There is little debate that Nutrien stands out as the new global giant, positioned not only as the world's largest producer of crop nutrients, but also as the world's leading Ag retailer with more than 1,500 outlets worldwide — a unique, integrated platform that firmly cements the company's long-term competitive position, in our view.
- **Lots of Levers to Pull: Synergies on the Ready, Equity Windfall Expected**—As suggested, we foresee several value-creating "levers" at management's disposal on the back of this merger close, including the immediate pursuit of integration synergies and the monetization of its ~$4.5 bln of equity holdings. While the equity income associated with these investment stakes will also disappear (blunting some of the synergy impact), we see the associated proceeds as a potential catalyst that will open the door to debt reduction, stock buybacks, and/or accelerated retail M&A (likely some combination thereof, details herein). Longer-term plans to further prune its phosphate business may also be on the table, although the timeline of any such move remains opaque, in our view.
- **Nutrient Fundamentals Still Lackluster**—Notwithstanding our enthusiasm for Nutrien's value-creating opportunities, our cautious rating at this juncture is primarily rooted in our lackluster near-term view of NPK fundamentals. More specifically, we believe that the recent upturn/surge in several key benchmarks (and fertilizer-levered equities) presents a temporarily skewed risk-reward scenario that favours short-term patience, in our view.

Valuation

Our US$60.00 target price is based upon a 10.0x EV/EBITDA multiple applied to our 2019E pro-forma estimate, a multiple near the upper-end of the sector's historical trading range of 7x-11x based upon currently depressed NPK fundamentals.

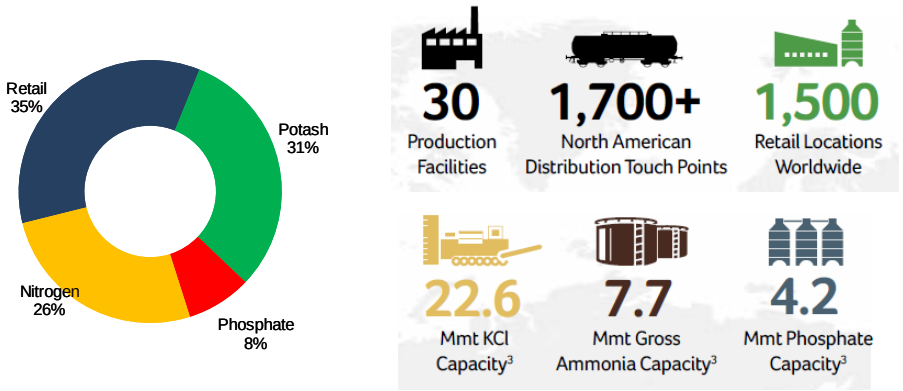
EPS	1Q Mar	2Q Jun	3Q Sep	4Q Dec	Full Year	Revenues (mln)	EBITDA (mln)
2016A	NA	NA	NA	NA	NA	NA	NA
2017E	NA	NA	NA	NA	NA	NA	NA
2018E	NA	NA	NA	NA	2.35	19,081	3,795
2019E	NA	NA	NA	NA	3.02	20,277	4,293

Source: Raymond James Ltd., Thomson One

Nutrien Takes Center Stage as The New Global, Integrated Giant

- **Nutrien: The New Global, Integrated Giant**—There is little debate that Nutrien stands out as the new global giant of crop inputs and services, positioned not only as the world's largest producer of crop nutrients, but also as the world's leading Ag retailer with more than 1,500 outlets worldwide — a unique, integrated platform that firmly cements the company's long-term competitive position, in our view. While NTR's pro-forma business mix might be more commodity-centric than some investors prefer (see Exhibit 1), we maintain the view that: 1) the composition/mix is still reasonably balanced; and 2) the firm's highly coveted retail business is likely to gain further influence with time as management starts pulling on the multiple levers at its disposal (see below for more).

Exhibit 1: Nutrien Pro-forma Business Mix (EBITDA by Segment, 3Q17 LTM) & Key Statistics



Source: Nutrien Ltd., Raymond James Ltd.

- **Lots of Levers to Pull: Synergies on the Ready, Equity Windfall Forthcoming**—As suggested, we foresee several value-creating "levers" at management's disposal following this merger close, including the pursuit of integration synergies and the monetization of Nutrien's equity holdings. Perhaps ironically, while extended engagements often carry the risk of shifting/deteriorating market fundamentals, in this instance, we'd argue that the lengthy courtship actually enhanced these two "levers", via: 1) additional time to fine tune the firm's integration plan - a process we'd argue has only bolstered management's conviction in its $500 mln of targeted synergies (over 24 months); and 2) perhaps more importantly, a meteoric rise in the value of its equity investments (primarily SQM, see Exhibit 2), with the recent regulatory review of the merger all but assuring the bulk of these investments will be monetized over the next 18 months. While the equity income associated with these stakes will also disappear, we see the estimated ~$4.5 bln capital infusion from these sales as a powerful potential catalyst that will offer management a great deal of strategic flexibility to pay down debt, buy back stock, and/or potentially pursue additional retail M&A (most likely some combination thereof). Longer-term plans to further prune the phosphate business may also be on the table, although the timeline of any such move remains opaque, in our view. While management has not guided to any specific plans, we believe these potential strategies are likely given historical cash generation and transactions.

Exhibit 2: Nutrien Equity Investments & Potential Sale Proceeds

Equity Investment (Ownership)	Market Value	Sale Proceeds	Avg. Cost Base	Capital Gain	Tax	Net Proceeds
SQM (32%)	$5,180	$4,403	$490	$3,913	$783	$3,620
ICL (14%)	$728	$619	$700	-$81	-$16	$635
Arab Potash (28%)	$554	$471	$210	$261	$52	$419
Subtotal	**$6,462**	**$5,493**	**$1,400**	**$4,093**	**$819**	**$4,674**

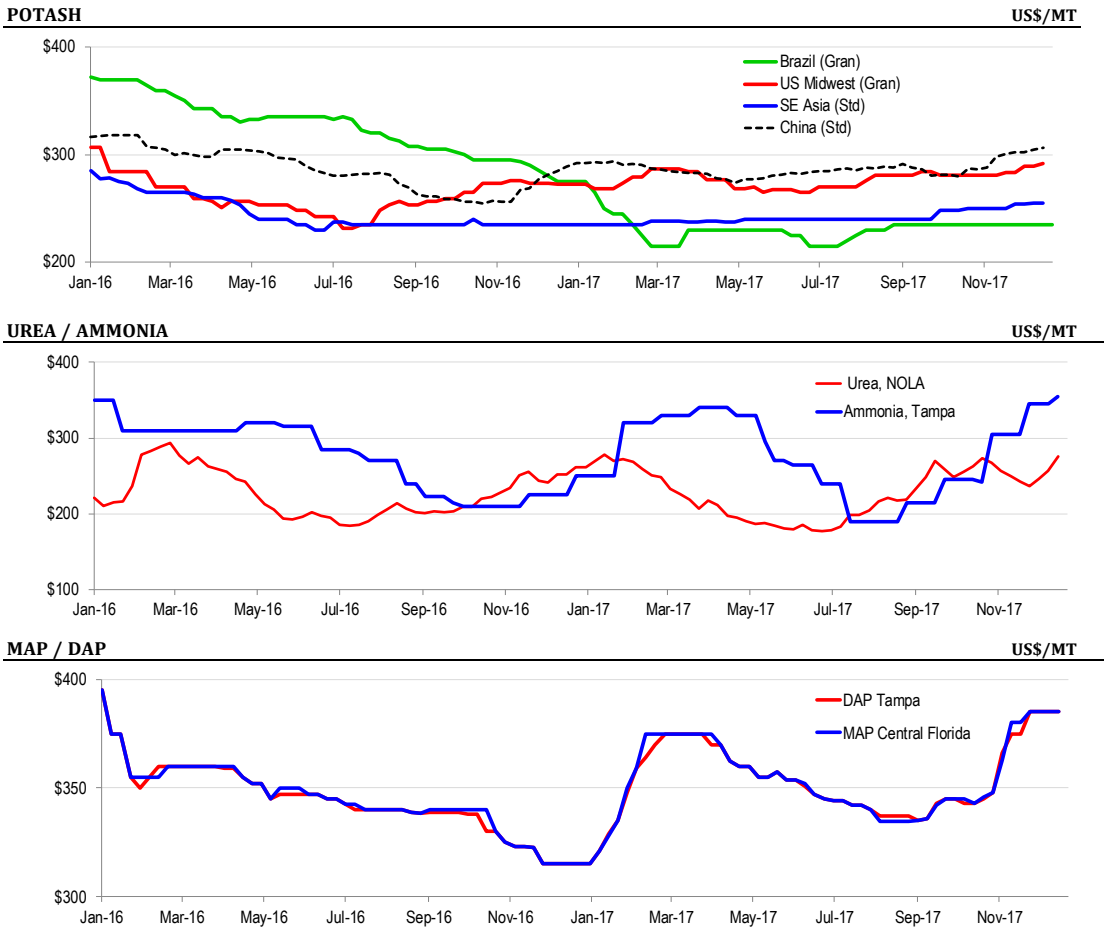
1) All values US$ mlns 2) Assumes 15% liquidity discount 3) Assumes 20% capital gains tax 4) Market Value estimates from Capital IQ (as of Jan-3-18), estimates for proceeds, discount, and tax rate from RJL

Source: Capital IQ, Raymond James Ltd., Agrium Inc., Potash Corp.

- **Nutrient Fundamentals Still Lackluster on Balance**—Notwithstanding our enthusiasm for Nutrien's value-creating opportunities, our cautious rating at this juncture is primarily rooted in our lackluster near-term view of NPK fundamentals. Specifically, we believe that the recent upturn/surge in several key benchmarks (and fertilizer-levered equities) presents a temporarily skewed risk-reward scenario that favours short-term patience, in our view. Salient highlights include:

  - **Nitrogen: Supply Constraints Expected to Fade in 1H18**—While urea values have enjoyed a healthy upturn in recent months, we see many of the supply-side factors underpinning this surge as likely to fade in 1H18. As asserted in our Oct-25-17 missive (Nitrogen's Dramatic Dash Higher & Ensuing Support), better-than-expected Indian demand has been one of the key sources of upside momentum/surprise in recent months, a factor that collided with multiple plant outages (N. Africa, Middle East, SE Asia), delayed new US capacity, and reports of a heavily crowded short trade. While this initial batch of supply constraints has since started to ease, the impact has largely been squashed by another unexpected wave of outages, this time stemming from the Chinese government's aggressive crackdown on winter pollution and a corresponding (unintended) surge in natural gas prices that's reportedly knocked out more than 9.0 mln mts of urea capacity over the past 10 weeks (per CRU). While the depths of winter will likely help this situation persist near-term, we expect many of these same supply-side constraints to fade through 1H18, a pattern that is expected to put modest downward pressure on prices over the same period.

Exhibit 3: Key Benchmark Fertilizer Prices



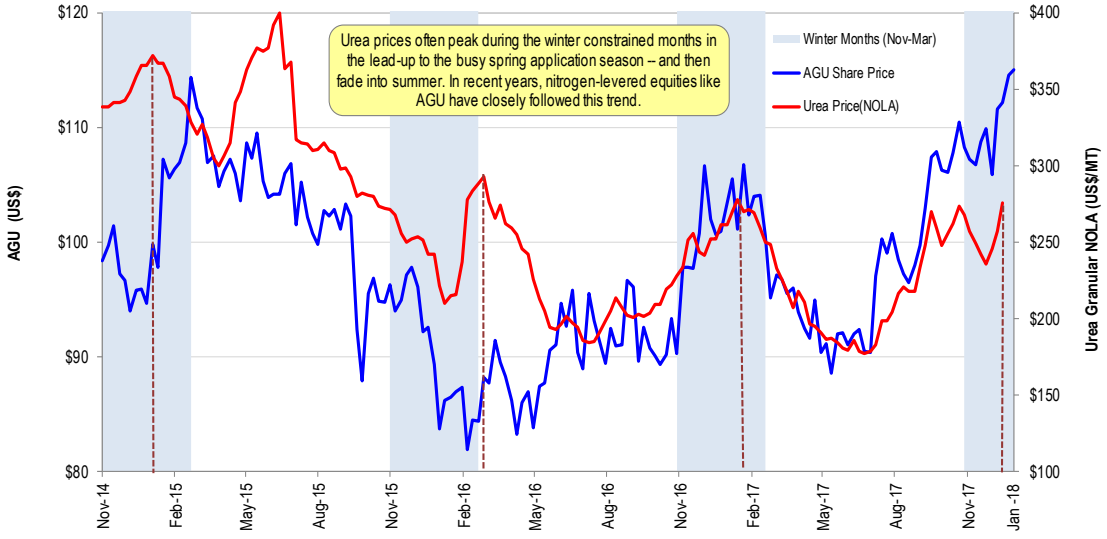
Source: CRU, Raymond James Ltd.

- **Potash: New Supply Should Temper Gains**—While potash prices in the western hemisphere (Brazil/US) also surprised to the upside in 2H17, we expect further gains will be tempered by the threat of new greenfield supply, healthy carryover inventories, and previously contracted volumes to China/India through 1Q18/2Q18. On the new supply front specifically, while K+S' Bethune mine (2.0 mln tpy) ramp-up has been slow to evolve, we understand that standard grade product is starting to flow reasonably well to the west coast (export terminal throughput finally improving), and granulated product is expected by mid/late 1Q18—with the latter grade key to serving the Brazilian market. While Eurochem's new Usolskiy mine (2.3 mln tpy) is also expected to ramp through 2018, export volumes are not expected to be material/influential until late 2H18. In the immediate term, we will be monitoring domestic producer attempts to secure another $5-$10/ST increase for 1Q18 volumes, an increase that has the potential to stick, but will likely be met with resistance thereafter, in our view.

- **Phosphate: New Supply Also Top-of-Mind After Surge**—While global phosphate prices have also enjoyed a healthy rally alongside delayed new capacity, imminent new supply out of Morocco (OCP, ~1 mln tpy) and Saudi Arabia (Ma'aden, ~3 mln tpy) is expected to provide commensurate price relief through 1Q18. Higher Chinese DAP exports are also expected to help.

- **History has a Habit of Rhyming, Urea in Focus Given Equity "Influence"**—Complementing the argument above, we're also mindful that seasonal NPK pricing trends have a habit of "rhyming" each year — most notably in urea. As illustrated below, this seasonal effect has typically been characterized by large run-ups through the winter (supply-constrained) months in the lead up to spring's application season, often followed by sharp sell-offs through spring/summer as demand wanes and supply constraints ease. Because the magnitude of this pattern has surprised in recent years (on both the upside and downside), it's little surprise to us that nitrogen-levered equities (like AGU) have closely tracked urea's price movements over the same period (see Exhibit 4). Thus, if history is any guide, we believe that near-term patience is warranted until pricing has the opportunity to factor in a more normalized supply base through the spring period.

Exhibit 4: Seasonal Influence - Urea Price (US NOLA) vs. AGU Share Price



Source: Capital IQ, Raymond James Ltd.

- **4Q17E: One Last Unconsolidated Period**—While the NTR transaction is now officially closed, NTR expects to issue a press release that contains AGU and POT's 4Q17 results in an unconsolidated format one last time. Separate financial filings will also occur. In this context, we have included summary tables below that illustrate our estimates.

Exhibit 5: Agrium Financial Forecast (4Q17E & 2017E)

AGU Financial Estimates	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17E	2017E
Sales	14,795	2,725	6,415	2,245	2,280	13,665	2,720	6,319	2,382	2,324	13,745
Gross Profit	3,888	554	1,525	568	748	3,395	558	1,527	557	808	3,450
EBITDA	2,134	189	993	145	303	1,630	191	1,012	100	382	1,685
Net Income From Continuing Operations	988	3	565	(39)	67	596	(10)	558	(69)	118	596
Adjusted EPS (f.d., cont. ops.):	7.25	0.05	4.18	(0.03)	0.68	4.88	(0.07)	4.03	(0.23)	0.93	4.66
											4.66
Payout Ratio (Total Capex)	84.8%	N.M.	13.1%	N.M.	36.4%	46.8%	N.M.	15.3%	N.M.	171.8%	67.4%
Payout Ratio (Sust. Capex)	39.7%	N.M.	13.1%	N.M.	36.4%	43.6%	N.M.	14.6%	N.M.	75.3%	50.5%
Net Debt/EBITDA	2.3x	2.3x	2.7x	3.3x	2.9x	2.9x	3.0x	3.2x	3.8x	3.1x	3.1x
SEGMENTED DATA											
Revenue by Segment ($mlns)											
Retail	12,199	2,290	5,791	1,857	1,828	11,766	2,240	5,707	2,067	1,908	11,922
Wholesale	3,602	648	831	519	621	2,618	675	849	443	586	2,553
Other	(1,006)	(214)	(258)	(130)	(205)	(807)	(195)	(236)	(128)	(170)	(729)
Total	14,795	2,724	6,364	2,246	2,244	13,577	2,720	6,320	2,382	2,324	13,747
EBITDA by Segment ($mlns)											
Retail	1,033	44	744	101	202	1,091	45	771	110	237	1,163
Wholesale	1,284	163	254	118	216	751	195	255	77	226	753
Other	(244)	(18)	(5)	(74)	(115)	(219)	(49)	(14)	(87)	(81)	(231)
Total	2,073	189	993	145	303	1,623	191	1,012	100	382	1,685
Wholesale Sales Volumes (k tonnes)											
Nitrogen	4,162	824	1,301	970	1,176	4,271	849	1,263	945	1,015	4,072
Potassium	1,734	456	697	496	590	2,239	636	714	462	640	2,452
Phosphate	1,166	220	305	278	303	1,106	288	279	140	180	887
Wholesale Realized Prices ($/MT)											
Nitrogen	411	340	334	290	298	317	311	328	274	313	315
Potassium	307	199	194	178	179	188	208	210	216	213	211
Phosphate	636	589	526	478	475	517	466	492	436	449	461

N.M.: Not meaningful due to seasonally low free cash flow

Source: Raymond James Ltd., Agrium Inc.

Exhibit 6: Potash Corp. Financial Forecast (4Q17E & 2017E)

RJL Forecast Summary	2015	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17E	2017E
Key Metrics:											
Revenue ($mlns)	6,279	1,209	1,053	1,136	1,058	4,456	1,112	1,120	1,234	1,104	4,570
Gross Margin	2,269	234	243	190	183	850	268	255	230	209	962
Adjusted EBITDA (mlns)	2,173	326	377	321	279	1,303	393	368	315	332	1,408
Net Income	1,270	75	121	81	59	336	149	201	53	74	477
Adjusted EPS (f.d., cont. ops.):	$1.52	$0.09	$0.14	$0.10	$0.07	$0.41	$0.18	$0.24	$0.06	$0.09	$0.57
Payout Ratio (Total Capex)	121.1%	894.3%	121.9%	371.4%	174.5%	263.5%	51.3%	36.6%	70.0%	129.7%	58.4%
Net Debt/EBITDA	1.9x	2.5x	3.3x	3.1x	3.5x	3.5x	3.3x	3.3x	3.2x	3.1x	3.1x
Revenue by Segment ($mlns)											
Potash	2,543	381	393	453	403	1,630	429	461	595	378	1,864
Phosphate	1,776	400	277	350	322	1,349	308	275	330	317	1,230
Nitrogen	1,945	411	373	319	303	1,406	365	369	270	408	1,412
Total	6,263	1,193	1,043	1,122	1,028	4,385	1,102	1,105	1,195	1,104	4,506
Gross Margin by Segment ($mlns)											
Potash	1,322	88	123	106	120	437	160	213	254	146	774
Phosphate	298	39	(10)	15	55	99	11	(28)	(45)	(29)	(91)
Nitrogen	648	107	130	69	59	365	97	68	22	106	293
Total	2,267	251	260	190	220	920	290	272	245	241	1,048
Sales Volumes (k tonnes)											
Potash	8,772	1,783	2,122	2,530	2,209	8,644	2,179	2,360	2,850	1,899	9,288
Phosphate	2,849	717	512	769	715	2,713	639	590	809	730	2,768
Nitrogen	5,926	1,664	1,507	1,566	1,636	6,373	1,567	1,594	1,573	1,628	6,362
Average Realized Price (US$/MT)											
Potash	257	179	153	150	157	160	166	174	179	172	173
Phosphate	547	498	485	385	404	443	422	407	365	385	395
Nitrogen	323	244	243	201	182	217	229	223	169	248	217

Source: Raymond James Ltd., Potash Corp.

- **Nutrien (NTR): Introducing US$60.00 Target Price, MP3-Rating**—We are introducing a US$60.00 target price and MP3-rating on Nutrien (NTR) following the recent merger conclusion between Agrium and Potash Corp. (both previously MP3-rated). While we continue to admire the synergistic merits of this "marriage of equals," our neutral rating reflects two primary issues, namely: (1) lingering near-term concerns over the broader nutrient cycle (as already discussed); and (2) NTR's current valuation, which already appears perched at the upper-end of our targeted range — despite our intentionally healthy/generous pro-forma assumptions (see Exhibit 7). While management has not guided to any specific plans, we believe these potential strategies are likely given historical cash generation and transactions. Additional thoughts behind this thinking include:

NTR Pro-forma Assumptions

- **Synergies**—While we continue to believe management's $500 mln run-rate target will be achieve achieved by the end of the 24 month timeline/window (Dec-2019), we remind investors this implies a lower full year benefit in 2019 ($450 mln). The upside is that 2020 could be modestly higher, in our view ($525 mln).

- **Equity Divestment Timing—**Given that management purposely sought out additional time to divest its equity stakes (it was granted up to 18 months), we currently assume these investments will be sold in the latter half of 2018, with the proceeds initially deployed in early 2019 (see below for more). While the timing of any individual sales could certainly be sooner, we think it's prudent to assume they take a measure of time to extract best value. The equity/dividend income associated with these stakes is also stripped out in 2019, a process that notably blunts some of the synergies impact.

- **Share Buybacks—**Considering the equity divestment timing noted, we assume $3.0 bln in total buybacks split between 2019 and 2020, equivalent to ~5% and 4% of the respective shares outstanding. While this figure could certainly be larger, we think this estimate is reasonable based upon management's conservative style and desire to maintain strategic flexibility.

- **Potential Acquisitions—**This is the most difficult component to forecast, in our view, particularly with respect to timing, as: 1) we presume that integration (synergy extraction) will be management's immediate priority in 2018; 2) any large-scale purchases would likely be co-dependent upon the timing of any major equity divestments (which could take up to 18 months); and 3) we see additional impediments beyond just capital availability. On the lattermost factor, a few additional thoughts include:

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  - **US Retail**—While the NTR management team is well-versed in domestic retail M&A, and financial flexibility will no doubt be on its side (following its equity divestments), we're not convinced that either of these factors has been a limiting factor in the past. Rather, by management's own account, quality targets available at the right price has been—with many of the larger US-based retailers held under tight family control and/or co-op based ownership structures that makes them difficult to dislodge. Recall, this latter issue is one of the key reasons AGU launched its "new build" strategy in recent years. In this context, we're not certain that a large dose of new capital availability would suddenly shake these players loose—not without paying up. Still, given AGU's accelerated M&A pace during the past two years and recent comments that its M&A pipeline remains full, we do think it's practical to assume they deploy additional capital over-and-above their prior plan. We just don't think it will all happen in 2018/19.

  - **International Retail/Distribution**—It is no secret that AGU management has made specific new references to both Australia and Latin America as appealing target markets in recent quarterly calls, commentary that notably preceded the firm's recent (Dec-2017) acquisition of Macrofertil. That said, while both markets offer significant appeal, in our view, we're

mindful that the individual targets across these landscapes also tend to come with added scale, complexity, and, increasingly, scarcity value. While these issues are all surmountable, in our view, they do increase the likelihood that large deployments will take time and/or that the multiple/price paid will likely increase in tandem.

- **Net Outlays/Forecast**—Per below, we now assume roughly $2.0 bln in total acquisitions through 2020. While we had previously assumed a pace of roughly $1.0 bln over the same period—broadly in-line with Agrium's outlay in recent years—we now assume that Nutrien deploys an incremental $1.0 bln.

Exhibit 7: NTR Pro-forma Assumptions

Key Assumptions	2018E	2019E	2020E	Comments
Merger Synergies				
Annual Forecast ($mln)	$250	$450	$525	* Forecast assumes NTR hits $500 mln run-rate target by Dec-19
Share Buyback				
Share Buyback ($mln)	$0	$2,000	$1,500	* Assume equity divestments occur late 2018; re-deployment in 2019/20
% Float	N.A.	5%	4%	
Total over Period	-	-	$3,500	
Retail M&A				
Incremental ($mln)	$0	$400	$600	* Accounts for incremental Retail M&A over-and-above prior plan.
Prior Forecast ($ mln)	$350	$350	$350	
Total by Year	$350	$750	$950	
Total over Period	-	-	$2,050	

Source: Raymond James Ltd.

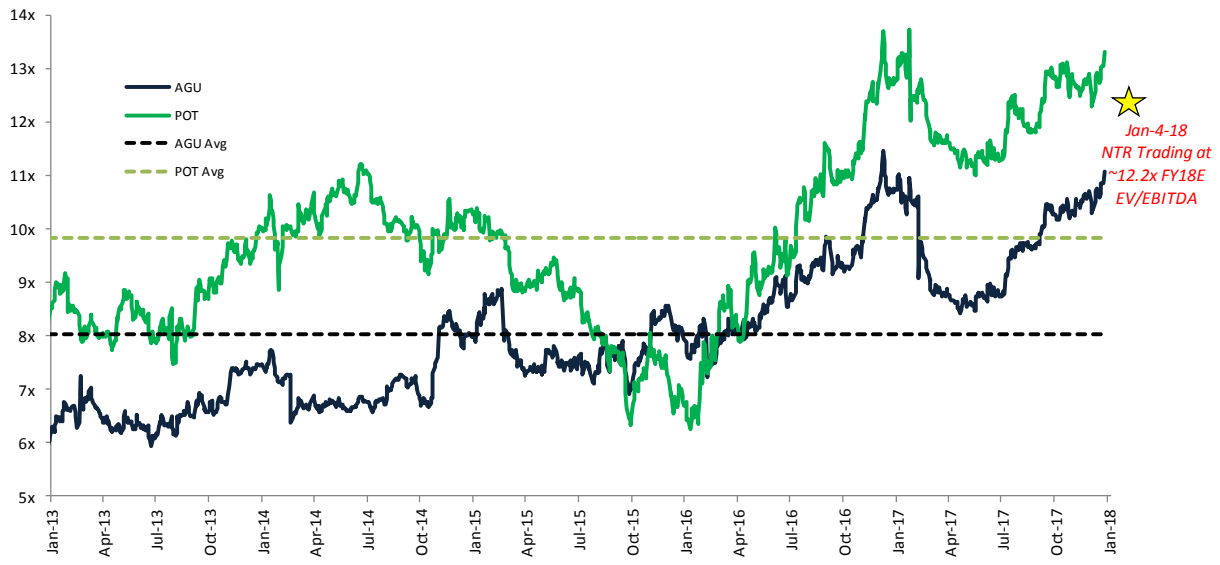
Exhibit 8: Nutrien Consolidated Financial Estimates

NTR Consolidated Estimates	2018E	2019E	2020E
Sales ($ mln)	$ 19,081	$ 20,277	$ 21,454
Gross Profit ($ mln)	$ 5,043	$ 5,287	$ 5,615
EBITDA ($ mln)	$ 3,795	$ 4,293	$ 4,680
Net Income From Cont. Ops ($ mln)	$ 1,513	$ 1,879	$ 2,143
Adjusted EPS (f.d., cont. ops.)	$ 2.35	$ 3.02	$ 3.66
Dividend	$ 1.57	$ 1.57	$ 1.57
Payout Ratio (Total Capex)	61%	54%	48%
Payout Ratio (Sust. Capex)	59%	53%	47%
Net Debt/EBITDA	2.8	1.4	1.5
SEGMENTED / OTHER			
EBITDA Composition ($ mln)			
Agrium Inc.	$ 1,998	$2,303	$2,596
Potash Corp.	$ 1,547	$1,731	$1,764
Cost Synergies	$ 250	$ 450	$ 525
Equity Income Reduction on Sale		$ (190)	$ (205)
Total	$ 3,795	$4,293	$4,680
Wholesale Sales Volume (k tonnes)			
Nitrogen	11,025	11,171	11,480
Potassium	14,023	11,910	11,975
Phosphate	3,360	3,365	3,362
Benchmark NPK Prices ($/MT)			
Urea (NOLA, Granular, CFR)	$248	$250	$255
Ammonia (Tampa, FOB Bulk)	$288	$295	$295
Potash (U.S. Midwest, Granular, FOB)	$273	$270	$265
Potash (China Contract, Standard, CFR)	$230	$240	$240
MAP (Central Florida, Bulk, CFR)	$350	$360	$365
DAP (U.S. Gulf/Tampa, Bulk, FOB)	$350	$360	$365

Source: Raymond James Ltd., Potash Corp., Agrium Inc.

- **Introducing US$60.00 Target**—To arrive at our US$60.00 target, we apply a healthy 10.0x EV/EBITDA multiple to our 2019E pro-forma estimate, a multiple near the upper-end of the sector's historical trading range given currently depressed NPK fundamentals (see Exhibit 9). While investor enthusiasm has recently pushed NTR's FY+2 (2018E) multiple well beyond this target threshold—likely associated with NPK values surging and recent prognostications over its equity divestitures/redeployment—we don't see this premium holding longer-term.

Exhibit 9: AGU & POT Historical EV/EBITDA (FY+2) Trading Multiples vs. NTR Current (2018E)



Source: Raymond James Ltd., Capital IQ

Management Team & Board of Directors

Nutrien's management team is led by Chuck Magoo (former CEO of Agrium). There are no materials changes to the leadership team, details as follows:

Management Team

Charles (Chuck Magro) – President & Chief Executive Officer

Chuck Magro is President and Chief Executive Officer of Nutrien. He was previously President and Chief Executive Officer of Agrium, which he joined in 2009.

Wayne Brownlee – Executive Vice President & Chief Financial Officer

Wayne Brownlee is Executive Vice President and Chief Financial Officer of Nutrien. Prior to this he was Executive Vice President and Chief Financial Officer for PotashCorp, positions he had held since 2006.

Henry (Harry) Deans – Executive Vice President and President, Nitrogen

Harry Deans is Nutrien's Executive Vice President, Nitrogen. Previously, he was Agrium's Senior Vice President, and President, Wholesale Business Unit.

Steve Douglas – Executive Vice President & Chief Integration Officer

Steve Douglas is Chief Integration Officer for Nutrien. He was formerly Chief Financial Officer with Agrium, which he joined in 2014.

Michael J. Frank – Executive Vice President and President, Retail

Mike Frank joined Agrium in September 2017 as Executive Vice President and President, Retail Business Unit.

Kevin Graham – Executive Vice President and President, Sales

Kevin Graham is Executive Vice President, Sales at Nutrien. Previously, he was Senior Vice President, Strategy and Corporate Development for PotashCorp. He was responsible for strategy, corporate budgeting and forecasting, capital planning, treasury, continuous improvement and market research activities.

Susan Jones – Executive Vice President and President, Phosphate

Susan Jones is Executive Vice President, Phosphate at Nutrien. She was previously Senior Vice President and Chief Legal Officer for Agrium.

Leslie O'Donoghue – Executive Vice President & Chief Strategy & Corporate Development Officer

Leslie O'Donoghue is Executive Vice President, Strategy and Corporate Development for Nutrien. She was previously Agrium's Executive Vice President, Corporate Development and Strategy, and Chief Risk Officer.

Joseph Podwika – Executive Vice President & Chief Legal Officer

Joseph Podwika is Executive Vice President and Chief Legal Officer of Nutrien. He was previously Senior Vice President, General Counsel and Secretary with PotashCorp.

Lee Knafelc – Executive Vice President & Chief Sustainability Officer

Lee Knafelc is Executive Vice President and Chief Sustainability Officer of Nutrien. He was formerly Senior Vice President, Human Resources and Administration with PotashCorp, responsible for the company's global human resources.

Brent Poohkay – Executive Vice President & Chief Information Officer

Brent Poohkay is Executive Vice President and Chief Information Officer of Nutrien. He was formerly Senior Vice President, Information Technology (IT) with PotashCorp, responsible for IT services, including development and execution of IT strategy supporting operational excellence across the organization.

Raef Sully – Executive Vice President and President, Potash

Raef Sully is Nutrien's Executive Vice President, Potash. He was previously President of PCS Nitrogen and PCS Phosphate at PotashCorp.

Jochen Tilk – Executive Chair

Jochen Tilk is Executive Chair of Nutrien. He was formerly President and Chief Executive Officer of PotashCorp.

Michael Webb – Executive Vice President & Chief Human Resources Officer

Mike Webb is Executive Vice President and Chief Human Resources Officer for Nutrien. He was previously Senior Vice President, Human Resources with Agrium.

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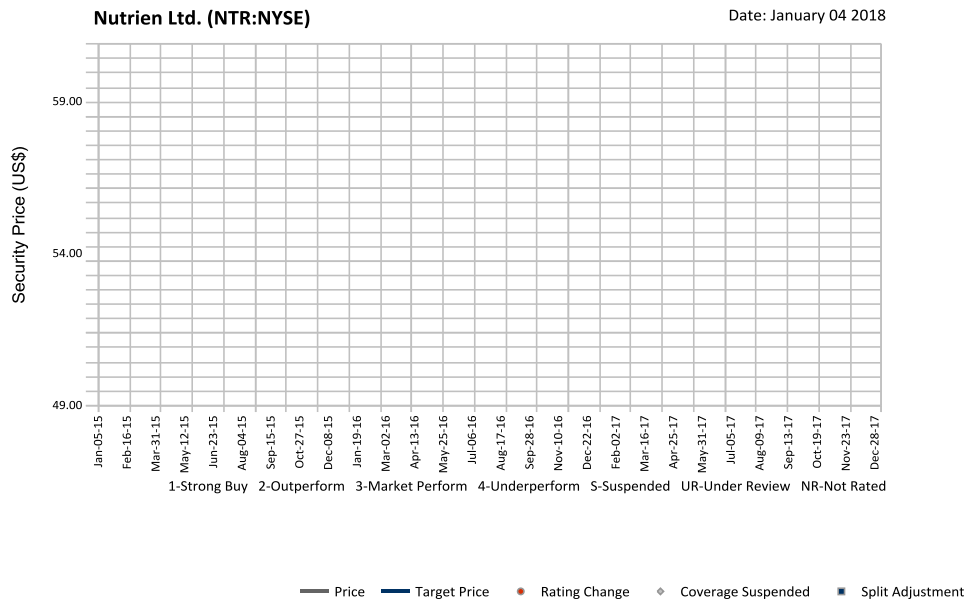

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Risks - Nutrien Ltd.

Volume—Nutrien's business is volume driven. Because of the high fixed costs, volatility in volume can significantly impact margins.

Commodity Price Risk—Price is a key driver for Nutrien. Lower realized potash prices will have material impact on the company's profitability.

General Mining Company Risks—Mining operations have exposure to a number of operational and technical risks including: environmental risks, personnel accidents, production processing problems, unexpected geological anomalies, flooding, fires, earthquakes, equipment failures and consultant errors.

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Farmer Holiday Risk—Farmers may exercise a potash holiday, similar to the situation seen in 1Q12, where they defer from potash application for a season or two. This may cause volatility in Nutrien's earnings and profitability.

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Weather—Weather patterns around the world, but particularly in North America where Nutrien's retail footprint is focused can have a significant effect on demand for farm products. A significant weather event such as a flood or drought can negatively affect Nutrien's earnings.

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Government Intervention—Government policies around the world, particularly in fertilizer-consuming regions, can dramatically impact demand. Specific examples include tariffs, import/export restrictions, subsidies, etc. Policies that negatively impact fertilizer imports and/or consumption could adversely impact Nutrien's sales volumes and prices.

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