



# Nutrien Q4 and Full Year 2019 Results Presentation

February 18, 2020

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*Certain statements and other information included in this document, including within “Outlook and Guidance” constitute “forward-looking information” or “forward-looking statements” (collectively, “forward-looking statements”) under applicable securities laws (such statements are often accompanied by words such as “anticipate”, “forecast”, “expect”, “believe”, “may”, “will”, “should”, “estimate”, “intend” or other similar words). All statements in this document, other than those relating to historical information or current conditions, are forward-looking statements, including, but not limited to: our 2020 annual guidance, including expectations regarding our adjusted net earnings per share, adjusted EBITDA and EBITDA by segment; capital spending expectations for 2020; expectations regarding performance of our operating segments in 2020; our operating segment market outlooks and market conditions for 2020 and in the future, including agriculture and retail and crop nutrient markets and including anticipated supply and demand for our products and services, expected market and industry conditions with respect to crop nutrient application rates, grower cash margins, planted acres, crop mix, prices and import and export volumes; and acquisitions and divestitures, and the expected synergies associated with various acquisitions, including the timing thereof. These forward-looking statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from such forward-looking statements. As such, undue reliance should not be placed on these forward-looking statements.*

*All of the forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions referred to below and elsewhere in this document. Although we believe that these assumptions are reasonable, this list is not exhaustive of the factors that may affect any of the forward-looking statements and the reader should not place an undue reliance on these assumptions and such forward-looking statements. The additional key assumptions that have been made include, among other things, assumptions with respect to our ability to successfully complete, integrate and realize the anticipated benefits of our already completed and future acquisitions, and that we will be able to implement our standards, controls, procedures and policies at any acquired businesses to realize the expected synergies; that future business, regulatory and industry conditions will be within the parameters expected by us, including with respect to prices, margins, demand, supply, product availability, supplier agreements, availability and cost of labor and interest, exchange and effective tax rates; the completion of our expansion projects on schedule, as planned and on budget; assumptions with respect to global economic conditions and the accuracy of our market outlook expectations for 2020 and in the future; the adequacy of our cash generated from operations and our ability to access our credit facilities or capital markets for additional sources of financing; our ability to identify suitable candidates for acquisitions and divestitures and negotiate acceptable terms; our ability to maintain investment grade ratings and achieve our performance targets; and the receipt, on time, of all necessary permits, utilities and project approvals with respect to our expansion projects and that we will have the resources necessary to meet the projects’ approach.*

*Events or circumstances that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to: general global economic, market and business conditions; failure to complete announced and future acquisitions or divestitures at all or on the expected terms and within the expected timeline; weather conditions, including impacts from regional flooding and/or drought conditions; crop planted acreage, yield and prices; the supply and demand and price levels for our products; governmental and regulatory requirements and actions by governmental authorities, including changes in government policy (including tariffs and trade restrictions), government ownership requirements, changes in environmental, tax and other laws or regulations and the interpretation thereof; political risks, including civil unrest, actions by armed groups or conflict and malicious acts including terrorism; the occurrence of a major environmental or safety incident; innovation and security risks related to our systems including cybersecurity risks such as attempts to gain unauthorized access to, or disable, our information technology systems, or our costs of addressing malicious intentional acts; regional natural gas supply restrictions; counterparty and sovereign risk; delays in completion of turnarounds at our major facilities; gas supply interruptions; any significant impairment of the carrying value of certain assets; risks related to reputational loss; certain complications that may arise in our mining processes; the ability to attract, engage and retain skilled employees and strikes or other forms of work stoppages; and other risk factors detailed from time to time in Nutrien reports filed with the Canadian securities regulators and the Securities and Exchange Commission in the United States. The purpose of our expected adjusted net earnings per share, adjusted EBITDA and EBITDA by segment guidance ranges are to assist readers in understanding our expected and targeted financial results, and this information may not be appropriate for other purposes.*

*Nutrien disclaims any intention or obligation to update or revise any forward-looking statements in this document as a result of new information or future events, except as may be required under applicable Canadian securities legislation or applicable US federal securities laws.*

## **Non-IFRS Financial Measures Advisory**

*We consider EBITDA, adjusted EBITDA, Potash adjusted EBITDA, adjusted net earnings per share, adjusted net earnings per share and adjusted EBITDA guidance, free cash flow, free cash flow including changes in non-cash working capital, Retail EBITDA per US selling location, Potash cash cost of product manufactured (COPM), and Ammonia controllable cash COPM, all of which are non-IFRS financial measures, to provide useful information to both management and investors in measuring our financial performance and financial condition. Refer to the disclosure under the heading “Appendix B - Non-IFRS Financial Measures” included in our news release dated February 18, 2020 announcing our fourth quarter and fully year 2019 results, as filed on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov) under our corporate profile, for a reconciliation of these non-IFRS financial measures to the most directly comparable measures calculated in accordance with IFRS and for a further discussion of how these measures are calculated and their usefulness to users, including management. Non-IFRS financial measures are not recognized measures under IFRS and our method of calculation may not be comparable to that of other companies. These non-IFRS financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with IFRS.*



# Fourth Quarter and Full Year 2019 Results

February 18, 2020

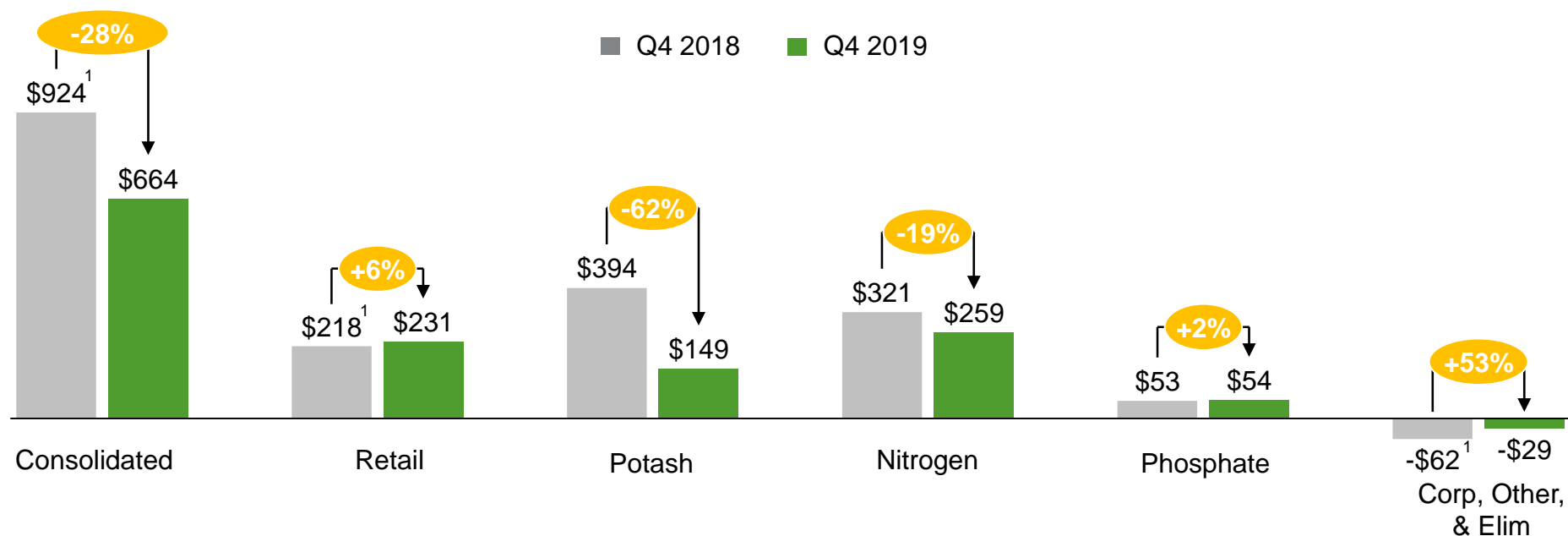
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- 2019 net earnings from continuing operations was \$992 million (\$1.70<sup>1</sup> per share). 2019 adjusted net earnings was \$2.17 per share and adjusted EBITDA was \$4.0 billion.
- Generated \$2.2 billion in free cash flow in 2019, up 9 percent over last year, and \$2.6 billion in free cash flow including changes in non-cash working capital in 2019, which is over three times higher than in 2018.
- Returned nearly \$3.0 billion to shareholders by way of dividend payments and share repurchases in 2019. Repurchased an aggregate of 36 million common shares in 2019 and 72 million common shares over the past 24 months.
- Retail EBITDA increased 2 percent in 2019 as our sales, service and supply chain strength helped to grow market share and we expect strong EBITDA growth in 2020 due to contributions from acquisitions, improved market conditions and organic growth.
- Potash adjusted EBITDA in 2019 was similar to 2018 impacted significantly from a temporary reduction in global demand, the temporary impact of production downtime and the Canadian National Railway labor strike.
- Nitrogen EBITDA 2019 increased 2 percent compared to 2018 as lower natural gas costs in North America more than offset higher natural gas costs in Trinidad, and higher earnings from equity-accounted investees and the impact of IFRS 16 more than offset lower ammonia sales volumes and lower nitrogen net realized selling prices.
- Nutrien full-year 2020 adjusted net earnings per share and adjusted EBITDA guidance is \$1.90 to \$2.60 per share and \$3.8 to \$4.3 billion, respectively

# Nutrien Q4 2019: Adjusted EBITDA<sup>1</sup> Comparison

- Adjusted EBITDA decreased due to a temporary slowdown in global fertilizer demand, shortened North American spring and fall application seasons and lower net realized selling prices.
- Retail adjusted EBITDA increased due to sales, service and supply chain strength helping to grow market share and margins and the impact of IFRS 16.
- Potash and Nitrogen EBITDA decreased due to lower sales volumes and lower average realized selling prices.

## Adjusted EBITDA (US\$ Millions)

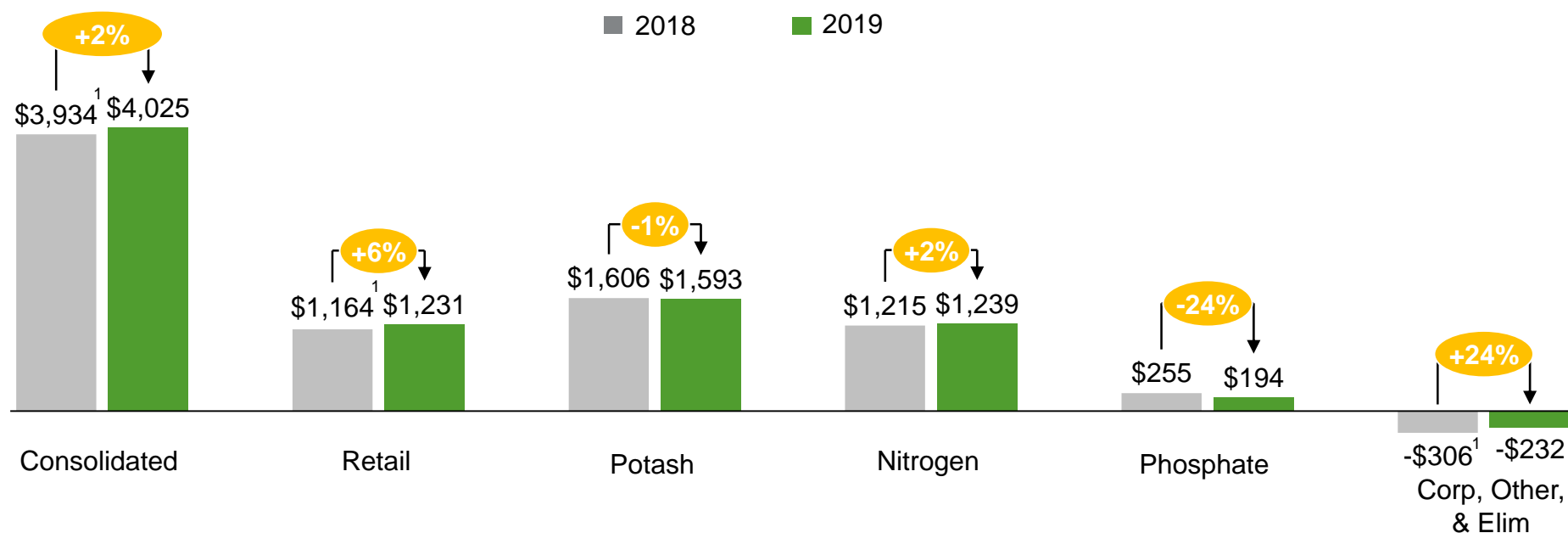


1. Adjustments to EBITDA are primarily captured in Corporate and Others. In Q4 2019, we amended our calculations to exclude the impact of foreign exchange gain/loss (net of related derivatives). We restated the comparative period to reflect this change resulting in an increase of \$4 in Retail adjusted EBITDA and a decrease of \$12 in Corporate and Others adjusted EBITDA.

# Nutrien 2019: Adjusted EBITDA<sup>1</sup> Comparison

- Adjusted EBITDA was largely flat in a challenging 2019 crop input market as merger synergies and cost controls offset the impact of reduced fertilizer demand and crop input spending.
- Retail adjusted EBITDA was similar to 2018 as increased sales, service and supply chain strength helped to grow market share in a year where major weather challenged the crop input market.
- Potash adjusted EBITDA was comparable to 2018 as market strength in the first-half of 2019 offset the impacts of a softer market in the second-half of the year.
- Nitrogen EBITDA increased as lower natural gas costs in N. America more than offset higher natural gas costs in Trinidad, and higher earnings from equity-accounted investees offset lower ammonia volumes and prices.

## Adjusted EBITDA (US\$ Millions)

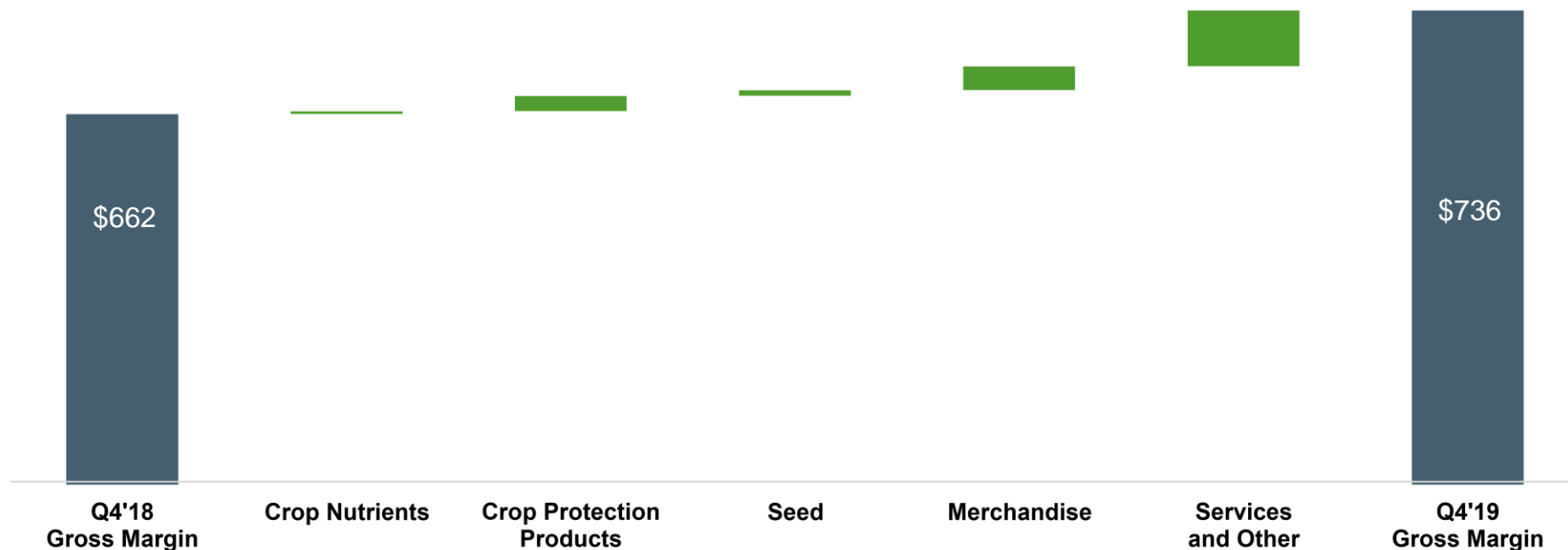


1. Adjustments to EBITDA are primarily captured in Corporate and Others. In Q4 2019, we amended our calculations to exclude the impact of foreign exchange gain/loss (net of related derivatives). We restated the comparative period to reflect this change resulting in a decrease of \$42 in Retail adjusted EBITDA and an increase of \$32 in Corporate and Others adjusted EBITDA.

# Retail: Q4 2019 Gross Margin Bridge

Retail performed well with improved margins, higher EBITDA per US selling location and increased market share

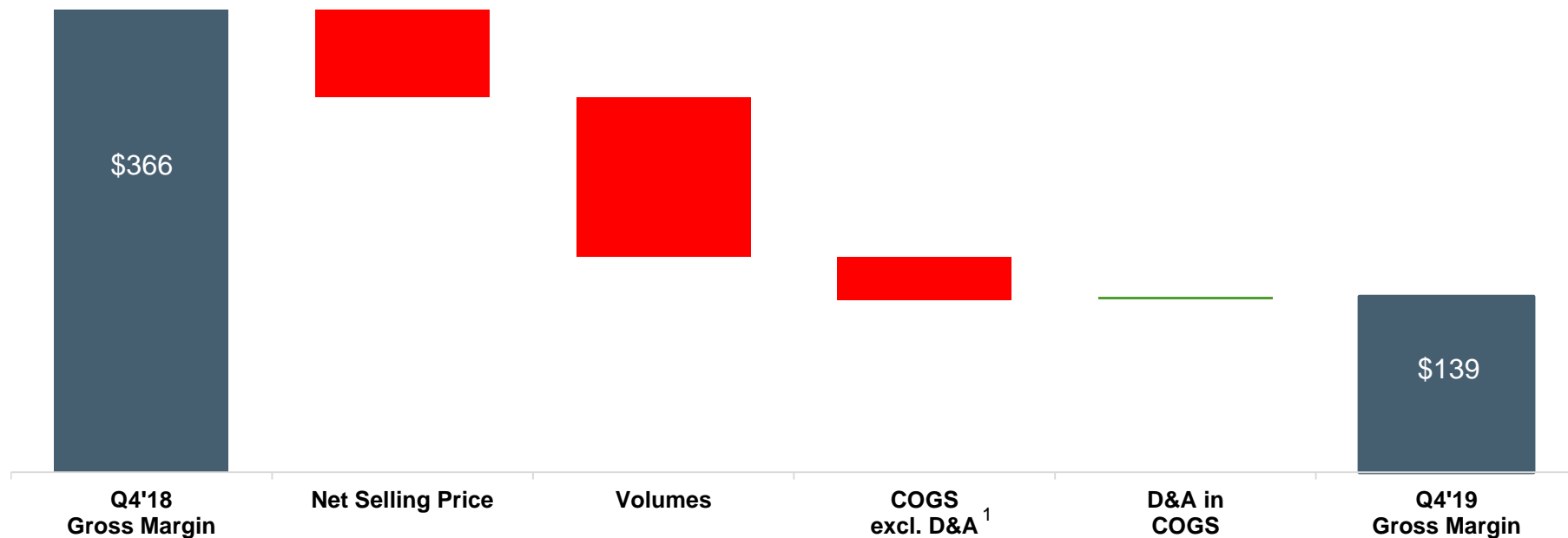
US\$ Millions



# Potash: Q4 2019 Gross Margin Bridge

A temporary slow down in global demand;  
offshore customers drew down inventory and delayed purchasing

US\$ Millions



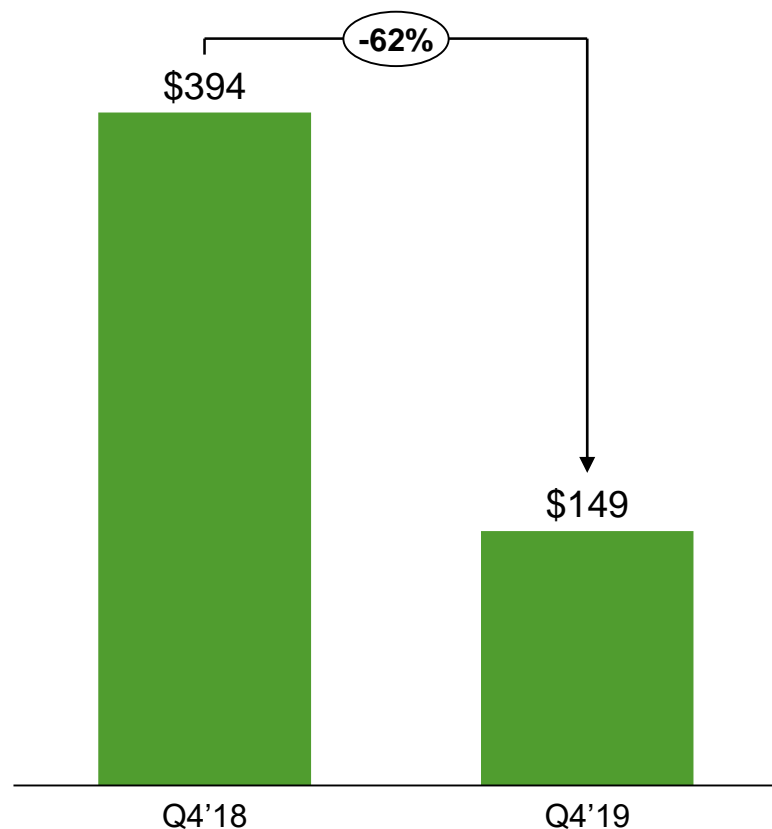
1. COGS variance does not include depreciation and amortization (D&A).



# Potash: Lower EBITDA on Temporary Slowdown in Global Demand, Weather and Trade Uncertainty

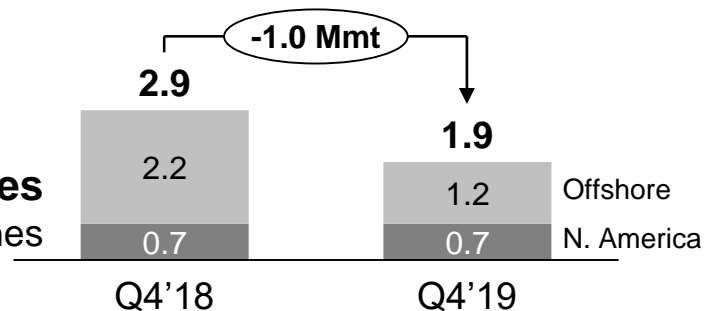
## Potash EBITDA

US\$ Millions



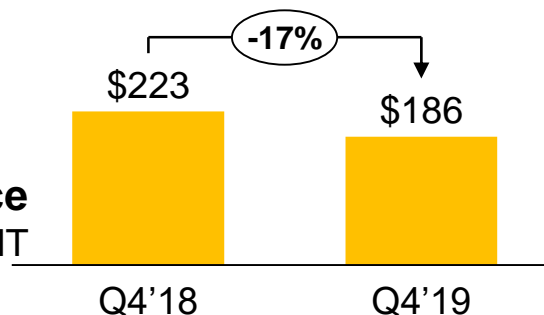
## Sales Volumes

Million Tonnes



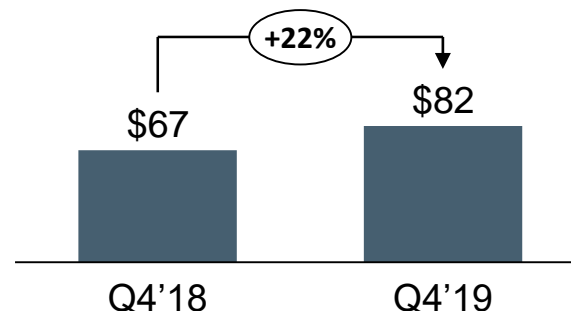
## Net Selling Price

US\$/MT



## Cash Cost of Product Manufactured

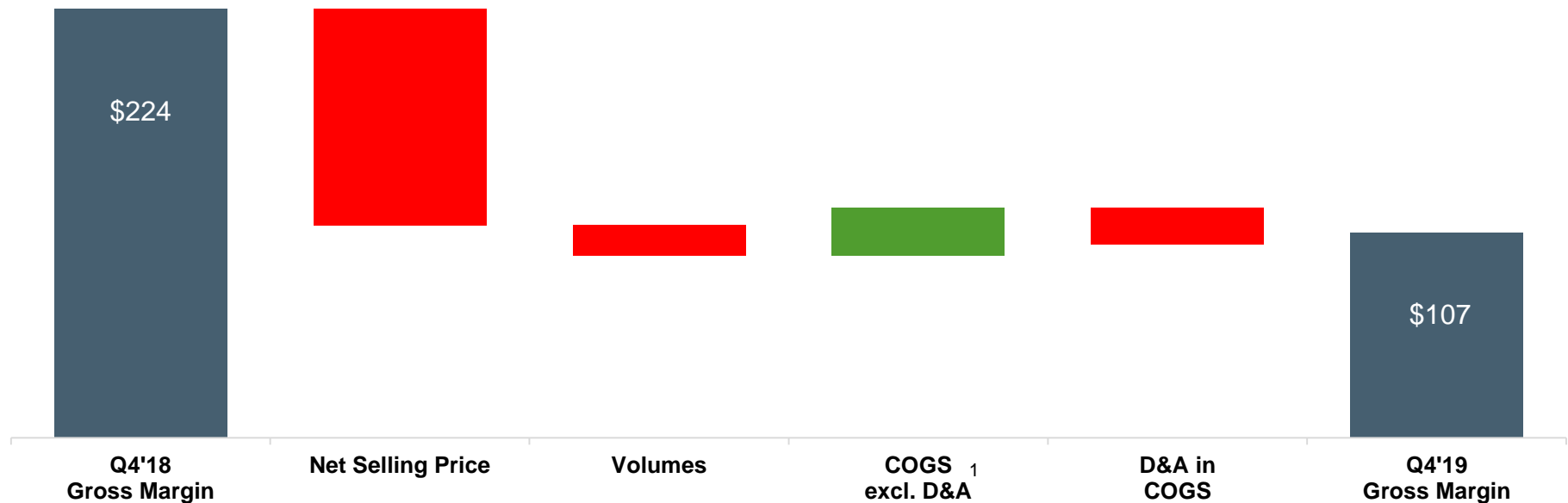
US\$/MT



# Nitrogen: Q4 2019 Gross Margin Bridge

Nitrogen results impacted primarily by lower realized selling prices, influenced by falling global benchmarks

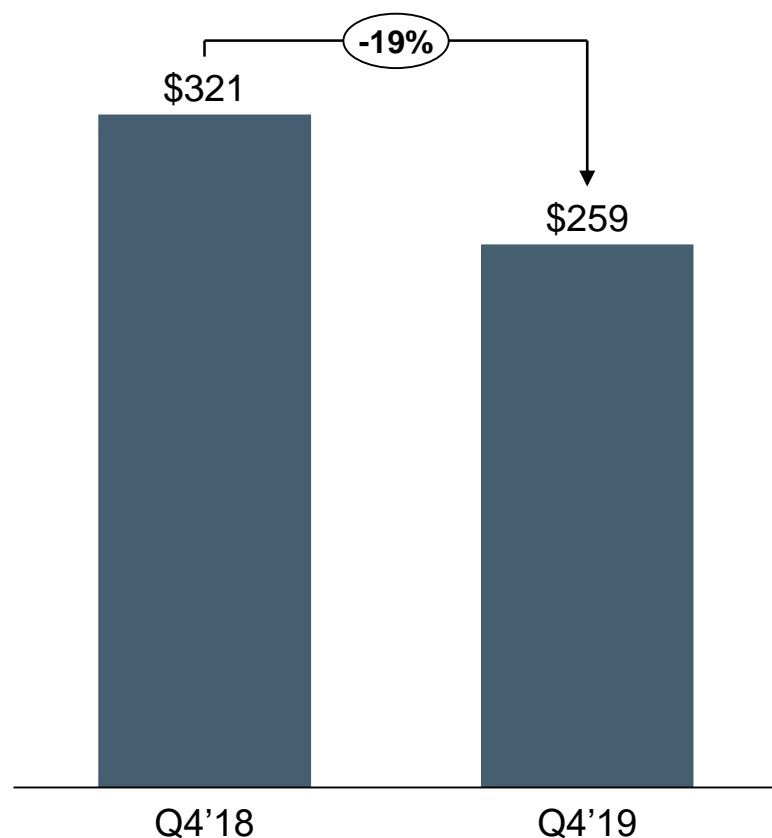
US\$ Millions



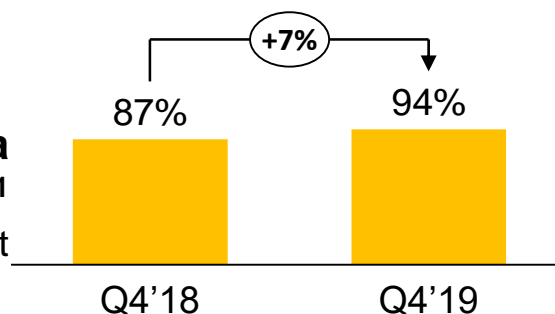
1. COGS variance does not include depreciation and amortization (D&A).

# Nitrogen: EBITDA Impacted by Lower Realized Prices

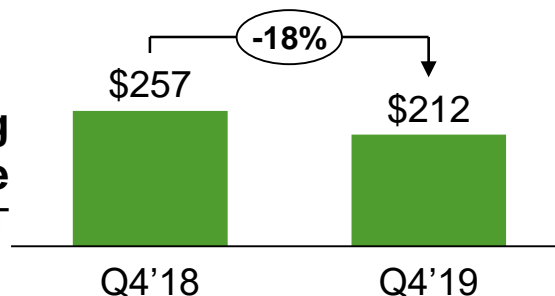
## Nitrogen EBITDA US\$ Millions



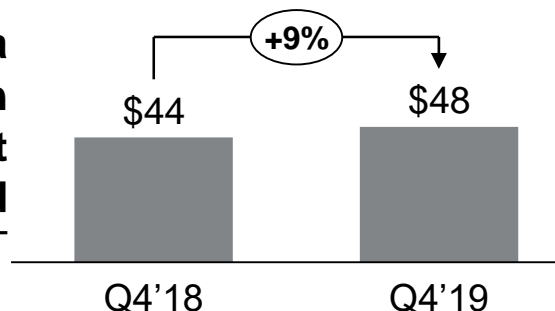
## Ammonia Operating Rate<sup>1</sup> Percent



## Net Selling Price US\$/MT



## Ammonia Controllable Cash Cost of Product Manufactured US\$/MT

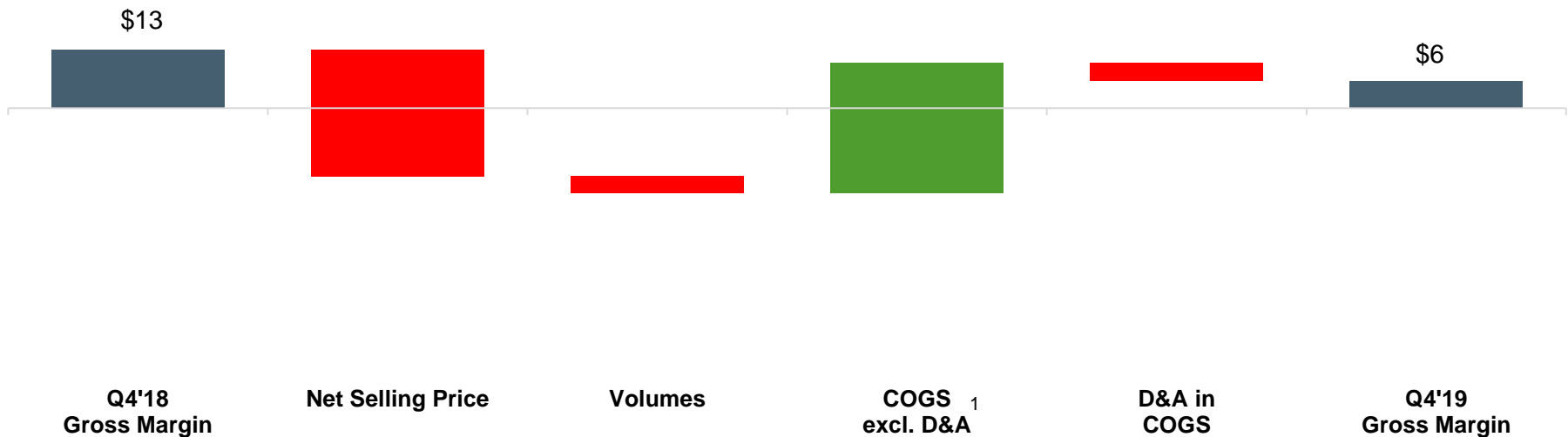


1. Excludes Joffre and Trinidad.

# Phosphate: Q4 2019 Gross Margin Bridge

Global phosphate markets pressured by higher inventory and ample supply

US\$ Millions

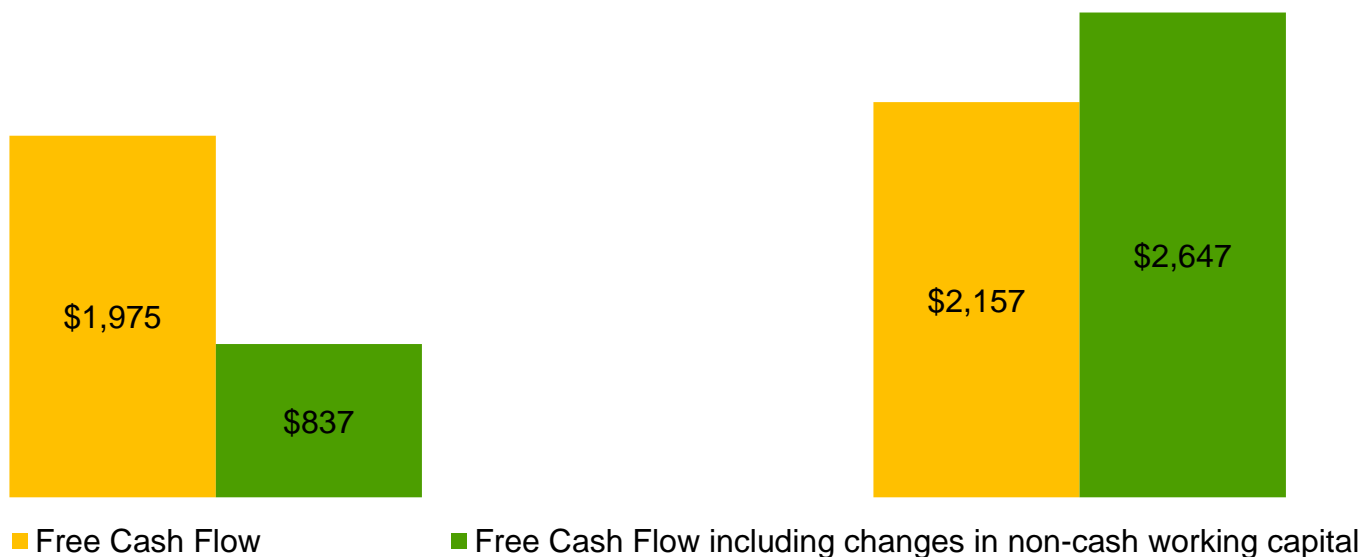


1. COGS variance does not include depreciation and amortization (D&A).

Generating strong free cash flows and growing our dividend despite a challenging agricultural market in 2019

US\$ Millions (unless otherwise noted)

2018	2019
3.7% Dividend Yield <sup>1</sup>	3.8% Dividend Yield <sup>1</sup>
625M Shares O/S <sup>2</sup>	583M Shares O/S <sup>2</sup>



1. 2018 and 2019 dividend yield calculated as dividend per share (\$1.72/sh and \$1.80/sh annualized respectively) divided by share price as at December 31, 2018 and December 31, 2019 respectively.  
 2. Diluted weighted average shares outstanding for the respective period.

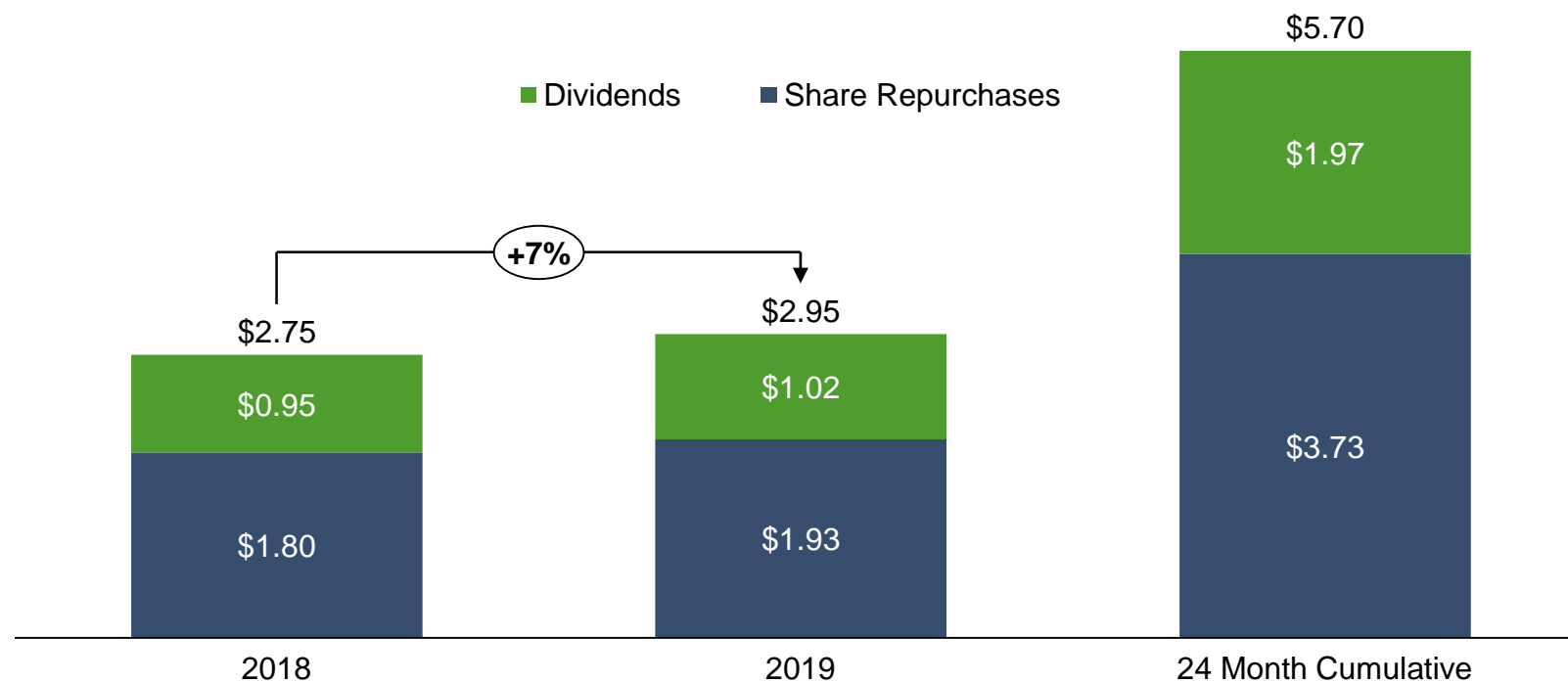


# Returns to Shareholders Through Dividends and Share Repurchases

Industry leading dividends and share repurchases<sup>1</sup>

## Dividends Paid and Share Repurchases

US\$ Billions



1. Compared to Nutrien's peer group as defined in the 2019 proxy circular.

- ✓ **Purchasing** of key crop protection products, order online or have your agronomist do it on your behalf
- ✓ **Pay bills** online, look up past purchases, see account balances, downloadable for tax/banking purposes
- ✓ **Notifications** of new statements, invoices and licenses/permits
- ✓ **Latest weather** outlook & **grain market** information
- ✓ **Farm insight app** current spray conditions, radar for rain & temp, last 24 hours of rainfall, and national rainfall layers

## Digital Progress (2019 N. America)

11.5%

Percent of Sales  
(of Products Available for  
Online Purchase)

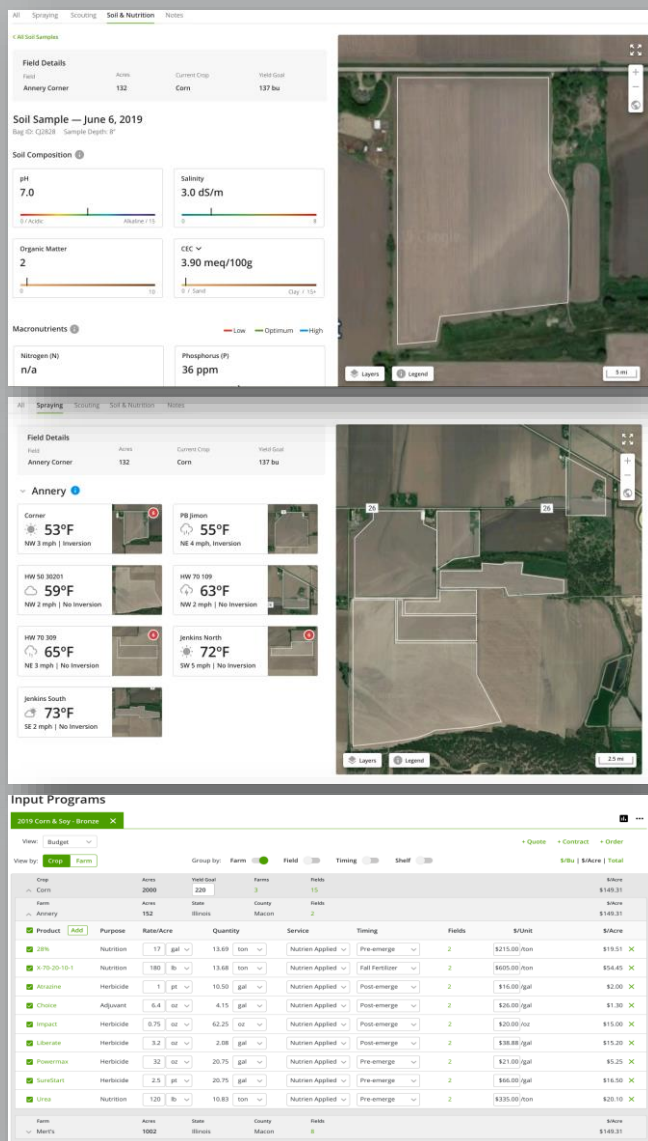
\$260M

Retail Sales ordered  
through the Digital  
Platform

\$336M

Customer payments made  
through the Customer  
Portal

# Nutrien Ag Solutions Digital Platform: Planned Additions for 2020



## Crop Planning Tool

create a tailor-made crop plan with your agronomist with the ability to place digital orders directly from the plan and apply for financing



## Nutrien Financial

seamlessly apply for financing for crop input purchases from Nutrien Ag Solutions



## Field level Insights

crop scouting reports, soil & nutrient sample reports, advisory alerts (weather, pests, bill payments due, etc.)



## Nutrien Advisor

nutrient recommendations based on soil and tissue sampling at the field scale

# Outlook and Guidance

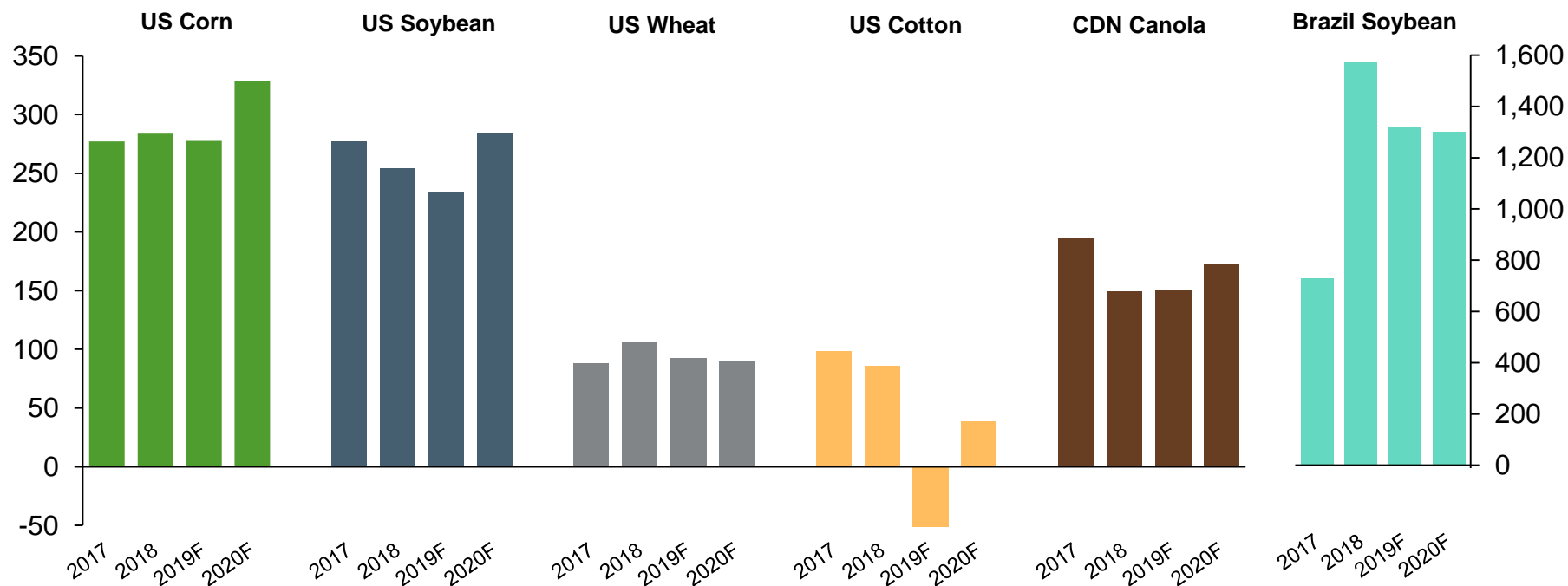
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Improved prospective grower margin for most crops in 2020 driven by higher trend yields and lower fertilizer costs (as a percentage of crop revenue)

## Key Crop Grower Cash Margins

Local Currency Margin/Acre



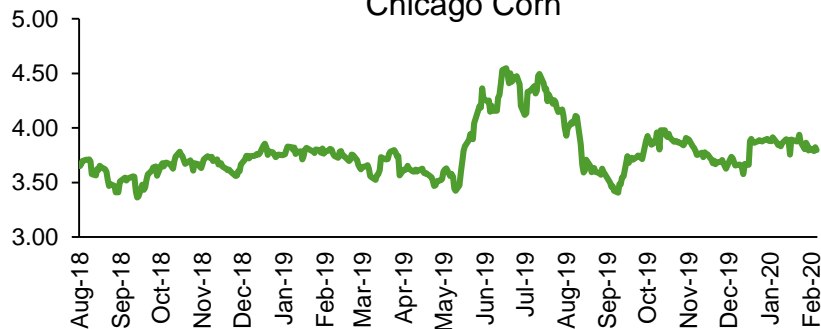


Crop prices are improving as the market gains clarity on US crop production

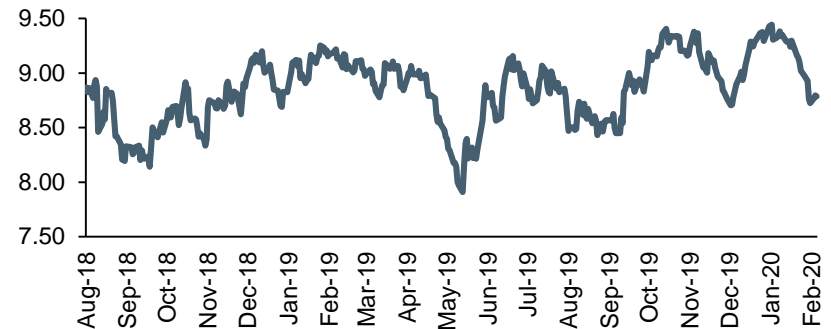
## Key Crop Prices

US\$/bushel (unless otherwise indicated)

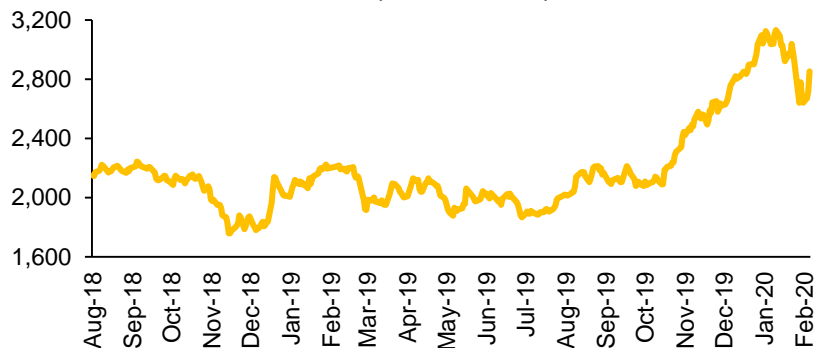
Chicago Corn



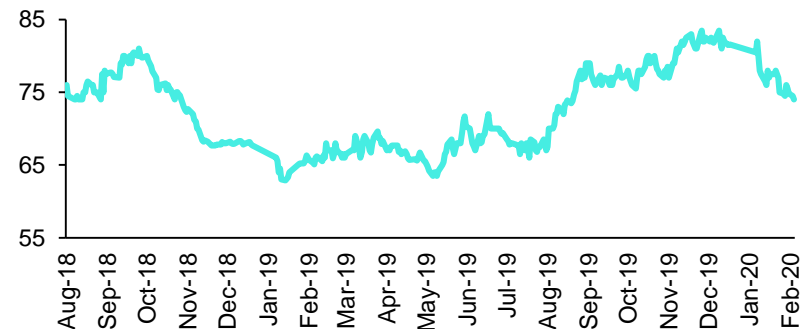
Chicago Soybeans



Palm Oil (MYR/tonne)



Mato Grosso Soybeans (BRL/sack)<sup>1</sup>

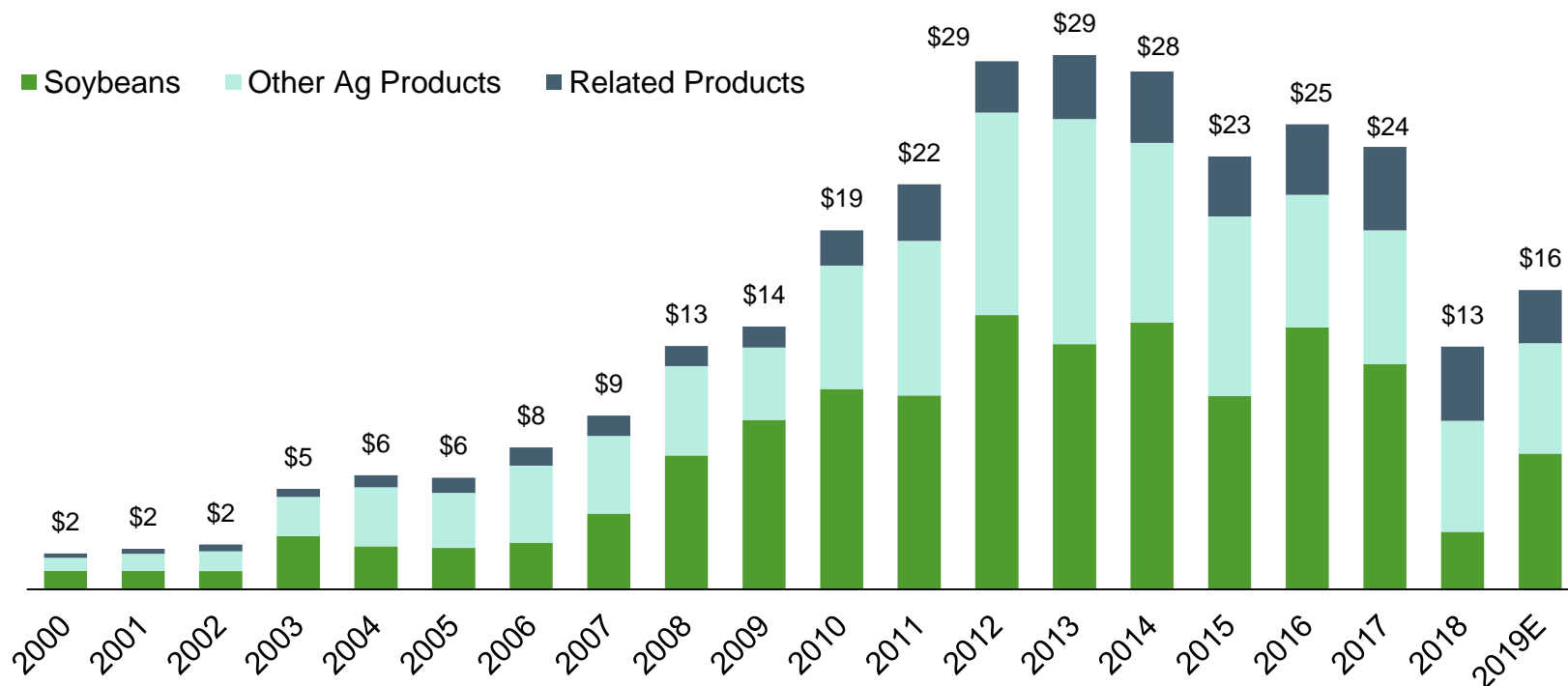


1. Based on a 60kg sack of soybeans

Agricultural trade expected to rebound sharply with a trade policy resolution; ultimately goal is \$40-\$50B in exports.

## US Exports of Agriculture & Related Products to China

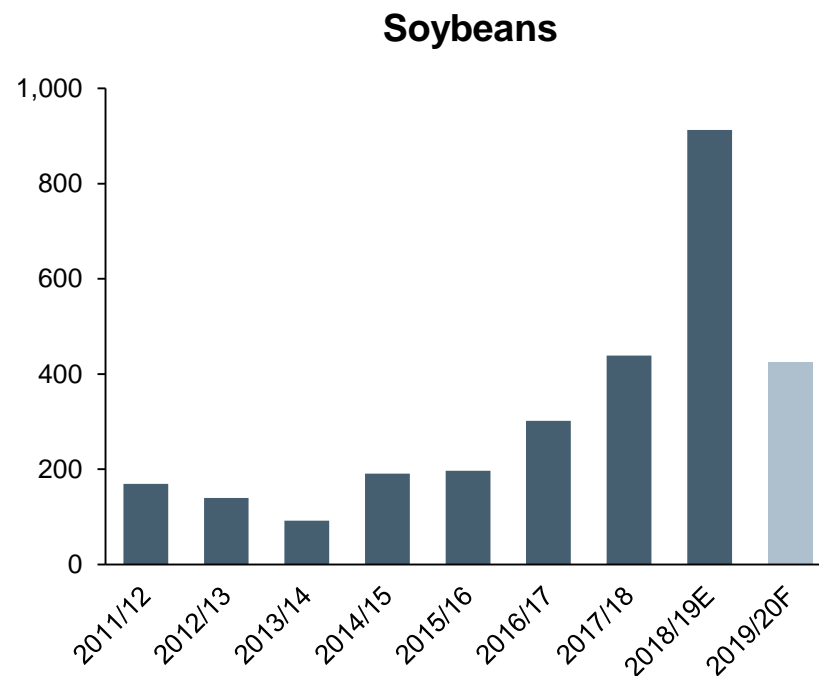
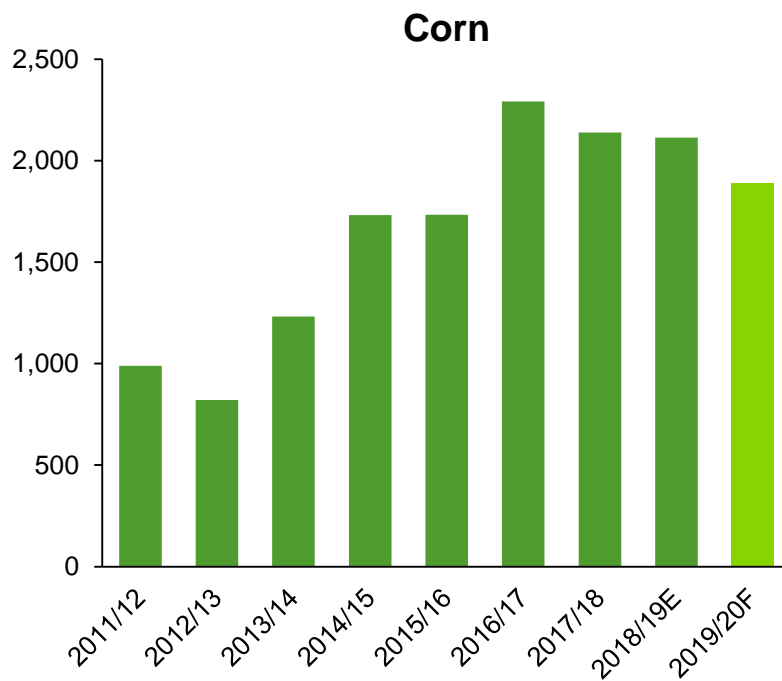
US\$ Billions



Lower US corn and soybean production has led to a tightened supply/demand balance

## US Corn & Soybean Ending Stocks

Million Bushels



# North American Major Crop Acreage Forecast

Historically low crop inventory and improving trade policy developments are expected to lead to strong acreage in 2020

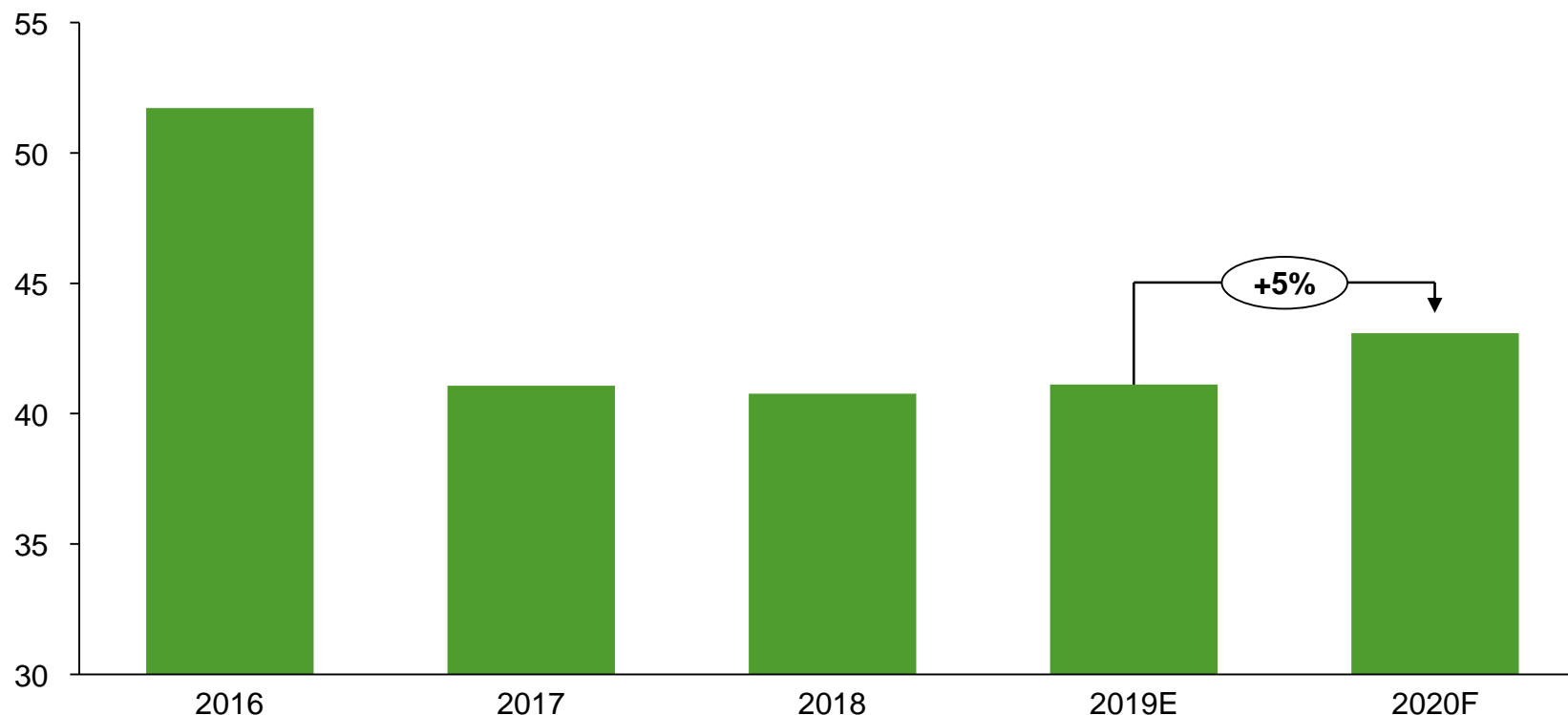
Million Acres

	2013	2014	2015	2016	2017	2018F	2019E	2020F
<b>Corn</b>	95.3	90.6	88.4	94.0	90.2	89.9	89.7	93.5
<b>Soybeans</b>	76.5	83.7	83.2	83.4	90.1	89.2	76.1	85.0
<b>Wheat</b>	56.2	56.8	54.6	50.2	46.4	47.8	45.2	46.5
<b>Cotton</b>	10.3	11.0	8.6	10.1	12.6	14.1	13.7	13.0
<b>Sorghum</b>	8.1	7.2	8.7	6.7	5.6	5.7	5.3	6.0
<b>Rice</b>	2.5	2.9	2.6	3.2	2.5	3.0	2.5	2.8
<b>Total US Major</b>	<b>249</b>	<b>252</b>	<b>246</b>	<b>248</b>	<b>247</b>	<b>250</b>	<b>233</b>	<b>247</b>
<b>WC<sup>1</sup> Canola</b>	20.1	20.7	20.6	20.6	22.8	22.6	21.0	21.0

Expect US crop input spending to increase 5 percent supported by more than 14 million additional acres of key crop planting – or 6 percent increase

## US Crop Input Expenditures<sup>1</sup>

US\$ Billions



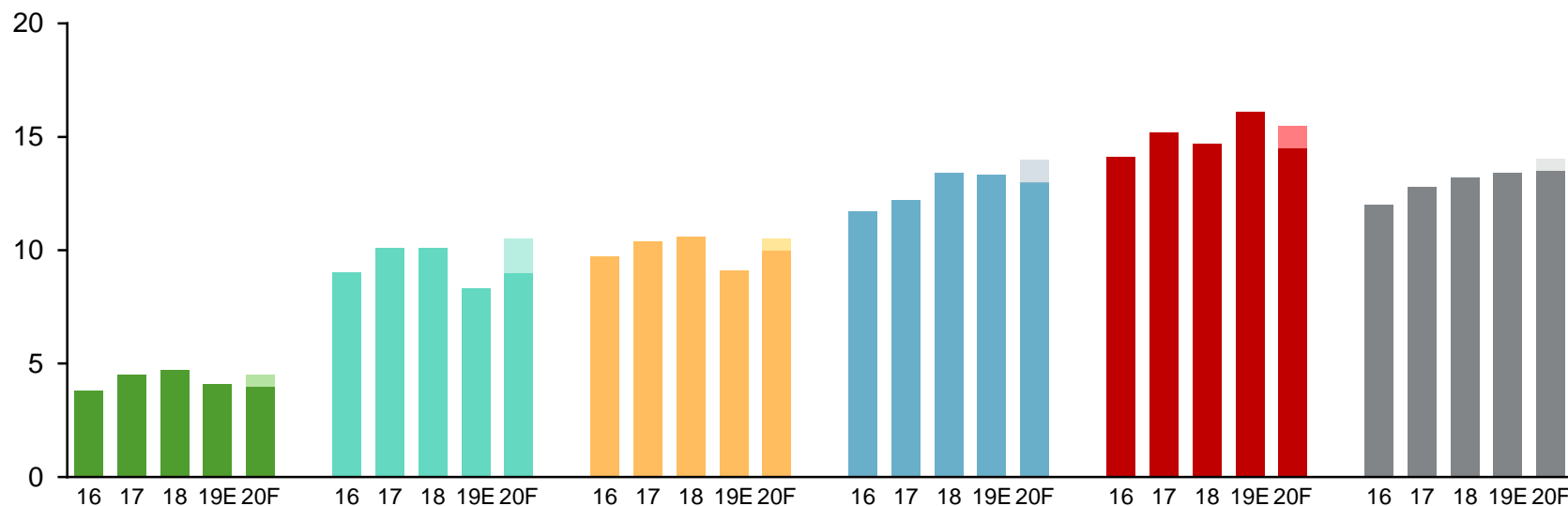
1. Includes estimated seed, crop nutrient and crop protection expenditures



# Global Potash Deliveries by Region

We estimate global deliveries between 64-65 million tonnes in 2019 and project a strong rebound in 2020 to 66-68 million tonnes

## Million Tonnes KCI



2020  
Forecast

India	Other Asia	North America	Latin America	China	Other
<b>4.0 – 4.5Mmt</b> <ul style="list-style-type: none"> <li>Expect increased shipments in the first half supported by favorable monsoon and increased minimum support prices for key crops</li> </ul>	<b>9.0 – 10.5Mmt</b> <ul style="list-style-type: none"> <li>Improved palm oil prices driven by the tightest global palm oil stocks/use ratio since 1997/98 is expected to support improved demand</li> </ul>	<b>10.0 – 10.5Mmt</b> <ul style="list-style-type: none"> <li>Rebound in corn and soybean acreage combined with assumed normal application weather expected to support a rebound in shipments</li> </ul>	<b>13.0 – 14.0Mmt</b> <ul style="list-style-type: none"> <li>Strong corn and soybean prices and fundamentals entering 2020 and lower potash inventory to start the year</li> </ul>	<b>14.5 – 15.5Mmt</b> <ul style="list-style-type: none"> <li>Continued increases in potash application rates and consumption expected, however could see reduced shipments following record highs in 2019</li> </ul>	<b>13.5 – 14.0Mmt</b> <ul style="list-style-type: none"> <li>Good affordability and growing demand for NPK fertilizers, including in Africa, are expected to boost potash demand</li> </ul>

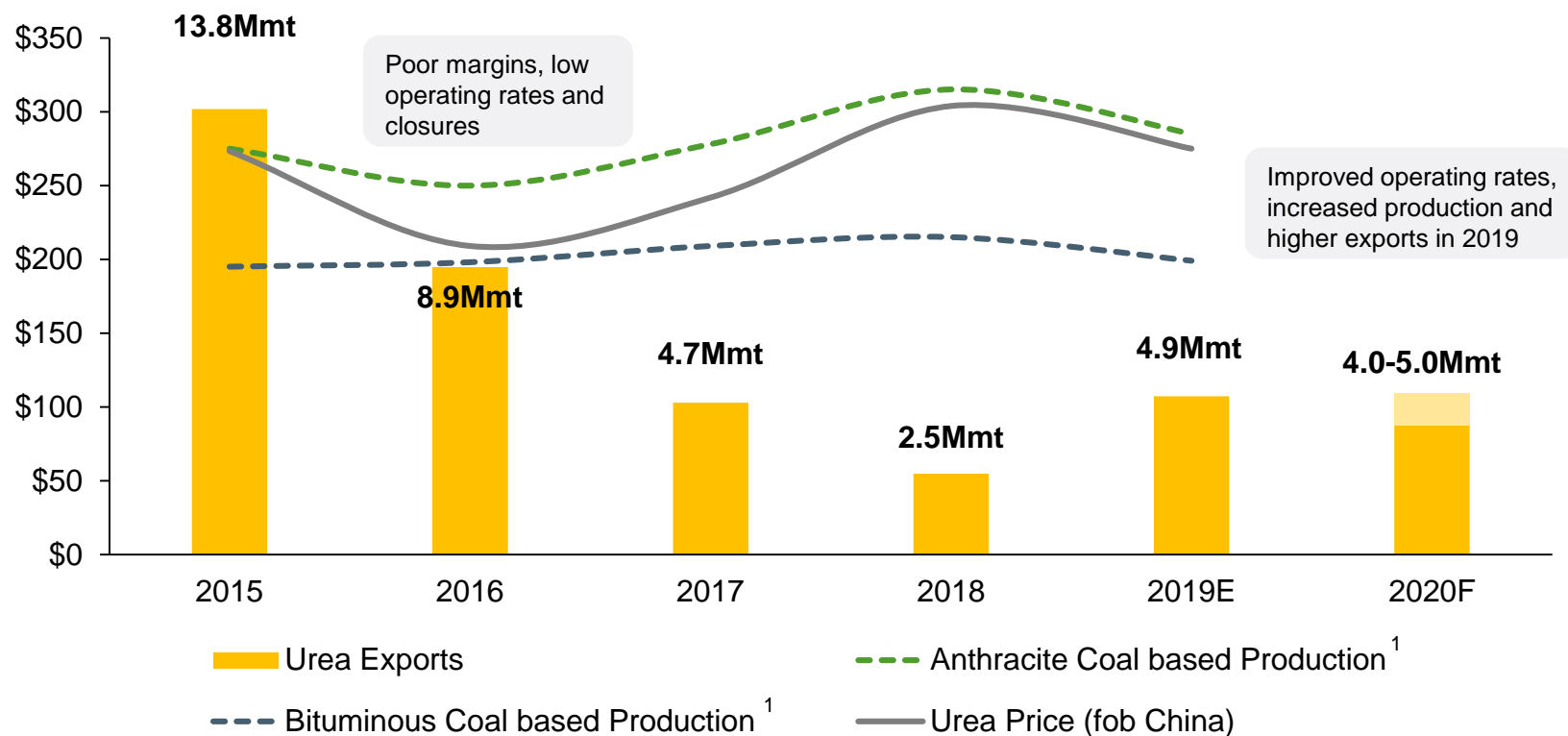
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Source: CRU, Fertecon, IFA, Nutrien

Stable urea export prices and robust Indian demand supported strong Chinese exports; Meanwhile weakened Chinese RMB and lower coal prices reduced production costs

## Chinese Urea Fundamentals

Price/Cost (US\$/tonne)

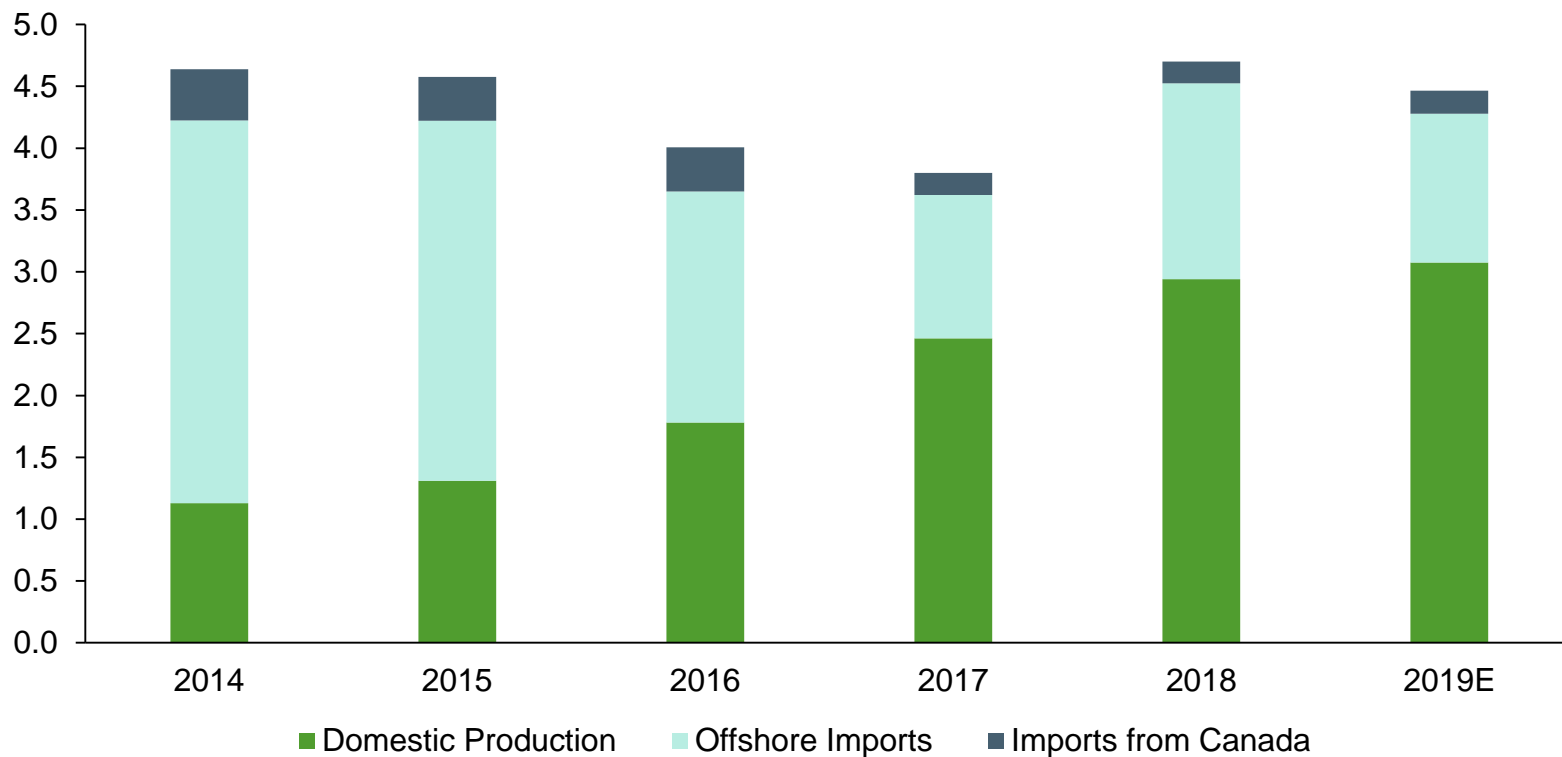


1. Represents the estimated production cost of Chinese urea producers using Bituminous and Anthracite feedstocks.

Given the poor fall ammonia season and rebound in corn acreage expected, US urea imports need to outpace 2019 levels in the first half of 2020

## US Urea Supply (July-December)

Million Tonnes



2020 Guidance Ranges <sup>1</sup> (annual guidance except where noted)	Low	High
Adjusted net earnings per share <sup>1</sup>	\$1.90	\$2.60
Adjusted EBITDA (billions)	\$3.8	\$4.3
Retail EBITDA (billions)	\$1.4	\$1.5
Potash EBITDA (billions)	\$1.3	\$1.5
Nitrogen EBITDA (billions)	\$1.2	\$1.4
Phosphate EBITDA (millions)	\$180	\$250
Potash sales tonnes (millions) <sup>2</sup>	12.3	12.7
Nitrogen sales tonnes (millions) <sup>2</sup>	11.0	11.6
Depreciation & amortization (billions)	\$1.8	\$1.9
Effective tax rate on continuing operations	23%	25%
Sustaining capital expenditures (billions)	\$1.0	\$1.1

1. All references to per-share amounts pertain to diluted net earnings per share.

2. Potash and nitrogen sales tonnes include manufactured product only. Nitrogen sales tonnes exclude ESN® and Rainbow products.

# Thank You!

For further information, visit:  
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