



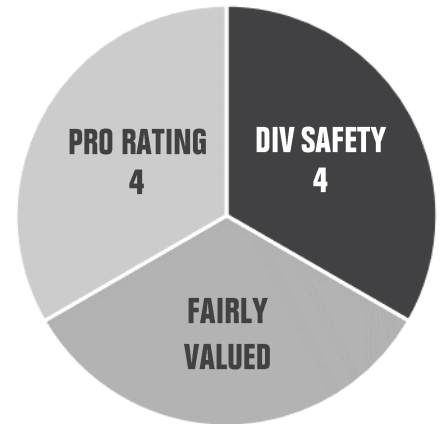
DSR STOCK CARD

08/29/2018

NUTRIEN (NTR.TO) (NTR)*

Business Model

Nutrien is the result of a merger of equal between Agrium, the Canadian largest global retailer and distributor of crop inputs and Potash, one of the world largest potash producers. Nutrien is a provider of crop nutrients, inputs and services. The company produces and sells potash, nitrogen and phosphate products for agricultural, industrial and feed customers. The company's main focus is of potash sales.



The Company in a Nutshell

- The merger of equal is expected to generate \$500M of synergy.
- After a difficult start, Nutrien is showing the true potential of this merger.
- As the company is relatively new, we will follow the company closely quarter to quarter.

Investment Thesis

The mergers of Potash and Agrium gave us a new stock to analyze in Nutrien. We now have a giant in the crop nutriment industry. After a difficult start, NTR is showing great quarters. The rising demand for crop and the current bull market helps Nutrien's situation. There is clearly an advantage in integrating potash productions through Agrium's wide sales network. The rise of potash price also helped NTR. The future looks bright as investors start seeing the power of the merger.

VALUATION

Dividend Growth Rate Years 1-10: 5.00%

Terminal Dividend Growth Rate: 6.00%

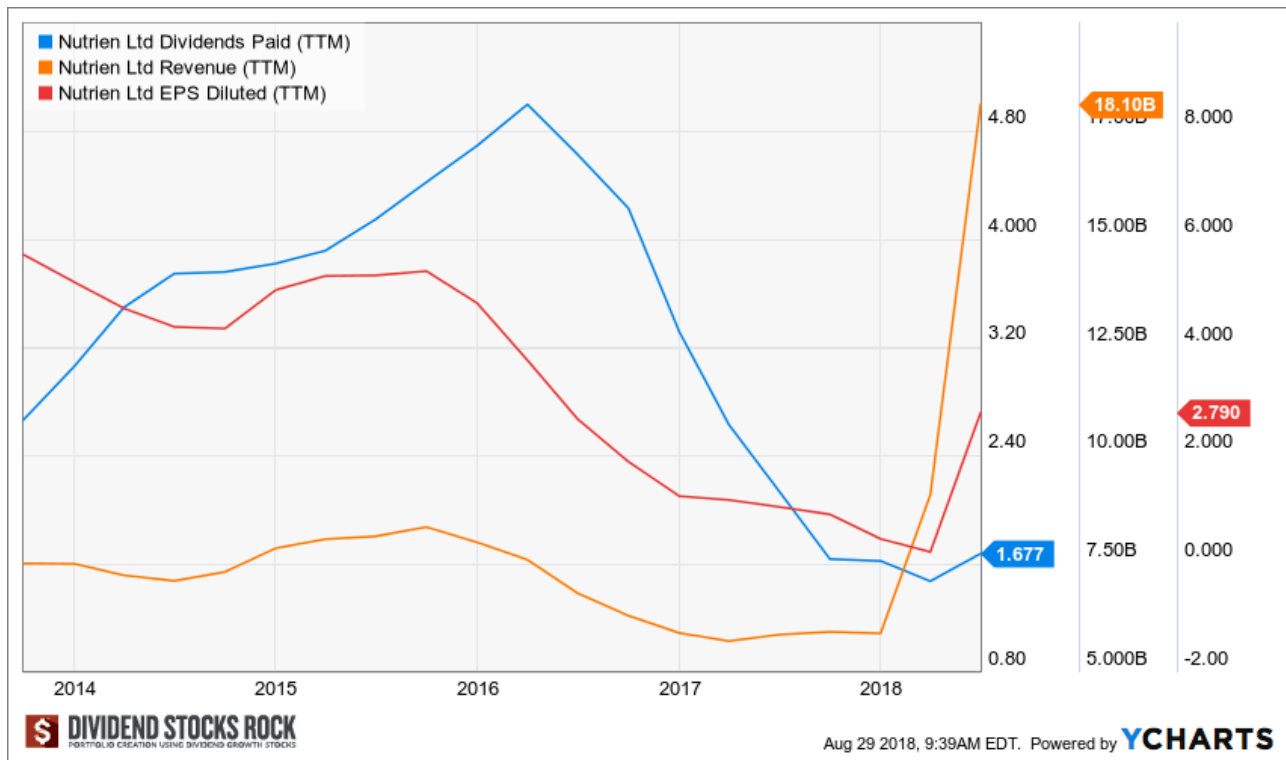
Intrinsic Value	Discount Rate (Horizontal)		
	8.00%	9.00%	10.00%
Margin of Safety			
20% Premium	\$93.28	\$62.40	\$46.95
10% Premium	\$85.50	\$57.20	\$43.04
Intrinsic Value	\$77.73	\$52.00*	\$39.13
10% Discount	\$69.96	\$46.80	\$35.21
20% Discount	\$62.18	\$41.60	\$31.30

*Note that all numeric data used for this DDM is based on USD.



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TYPE OF HOLDING: CORE

SECTOR: BASIC MATERIALS

CURRENT DIVIDEND YIELD: 2.30%

PE RATIO: 26.14

5 YEAR REVENUE GROWTH: -5.74%

5 YEAR EPS GROWTH: -32.7%

5 YEAR DIVIDEND GROWTH: 2.99%

PAYOUT RATIO: 44.61%

Potential Risks

Basic materials companies evolve in cyclical businesses. The fact that the ratio of arable land per person is continuously declining also puts constant pressure on farmers to become as efficient as possible. Farmers can either improve their production with additional fertilizer or protect the crops they own by making sure their land is protected from any catastrophe that would affect their production. NTR has little power over this.

Dividend Growth Perspective

On one side, Potash had to cut its dividend a couple of years ago while Agrium has been a solid dividend payer for years. For our DDM calculation, we have used a 5% dividend growth rate for the first 10 years. This number will be revised in 2019.