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PRESENTATION

Steve Byrne - *BofA Merrill Lynch, Research Division - Director of Equity Research*

Welcome back. My name is Steve Byrne, covering U.S. chemicals, and it's a pleasure to introduce and host this discussion with Chuck Magro, CEO of Nutrien. Chuck has an awesome degree in Chemical Engineering. He also has an MBA. Had a very successful career at Nova Chemicals. At Agrium, he had many roles, manufacturing, in operations, was CEO and became COO, became CEO and now CEO of Nutrien, now that, that merger with PotashCorp has been finalized.

So glad to have you here, Chuck, and I look forward to your remarks.

Charles Victor Magro - *Nutrien Ltd. - President, CEO & Director*

Thanks, Steve. Good morning, everyone. First time my Chemical Engineering degree has been called off. I might tell my kids that. Look, I have a few high-level comments that won't take that long. I did want to set the stage a little bit today and then we can have a good conversation.

So almost 2 years ago, this month, we embarked on a journey to create what is now the company Nutrien, which when we look at it, it's a global leader in agriculture. It has unprecedented financial strength and stability. Not to mention a very unique ability to grow shareholder value through the ag cycle. I think we've got a great story to tell. So we'll just jump right into it.

Our forward-looking statement. So we've created a global crop input leader but we see the merger actually as a beginning not an end. Our vision is to become the top agribusiness on the planet. Our leading ag platform provides earnings stability and significant opportunities for growth, which are and should be particularly appealing to shareholders given the cyclical nature of our industry. This unique position to be in, it really has -- our integrated platform provides unparalleled sets of assets with the ability to grow our earnings over the next several years quite significantly.

We will deliver \$500 million of annual synergies by the end of next year. And this creates significant value by itself. If you look at this chart -- this is one of my favorite charts, this is Nutrien. It's a vertically integrated crop input company with over 30 million tonnes of production capacity, 26 million tonnes of sales, 500 wholesale distribution points in North America, 1,500 retail distribution facilities, and these are some of the highest-quality, lowest-cost assets in the world.

This platform is both unique and value-creating. The footprint allows us to have higher asset utilization rate, especially in nitrogen and phosphate, lower supply chain cost and very stable cash flow. Now the integrated platform that we've built is so very valuable, because in this industry, the ability to move bulk commodity at low cost is the key to success. And this supply chain doesn't exist anywhere else. It's the strong competitive advantage that allows us to create significant value.

You can see from this chart, the pie chart on the left, that our EBITDA is very well diversified among retail potash, nitrogen and phosphate. Retail is 36% of the EBITDA in 2017. Potash was 33%. And the chart on the right shows some financials. We -- I did want to mention that on Monday, we did file some 2017 pro forma financials on SEDAR and EDGAR. You should have a pretty close look at that.

But here are some of the highlights. 2017 EBITDA of \$2.7 billion, free cash flow of \$1.3 billion. And please remember, this was before the \$500 million of annual synergies that we are targeting, and with market prices in 2017 that are 10% to 15% or \$20 to \$30 below where they are today.



If you look at the free cash flow conversion, 63% in 2017 at a low point in the ag cycle, increasing to around 70% in 2018 on our midpoint of our guidance number.

This is a pretty strong number, 70% of free cash flow. We also have a leading dividend policy, \$1.60 per share that was announced last week, and we're targeting 40% to 60% of free cash flow to be allocated to the dividend. This dividend policy will provide significant value for shareholders at the bottom of the cycle but also allow us ample free cash flow to grow across the entire ag cycle.

My last point on this slide is, a few weeks ago, we gave annual guidance, and you can see at the bottom of the chart, we are expecting a 25% increase in expected EBITDA year-over-year through a combination of synergy capture, market conditions that are improving. So very solid year-over-year improvement in overall earnings.

If we have a quick look at the potash market right now, probably one of the most asked questions I get, what's going to have been in the second half of 2018 if some of the remaining capacity comes online? While as demand grows as we expect this year, much will be absorbed by the market. The potash market demand has historically grown at 2.7% per year, a healthy annual growth rate. Over the last 5 years, the growth rate has been closer to 4%.

So here's what I'd say about 2018 and '19. Demand growth, of course, is the key. The new capacity is coming but will come more slowly than most people think. And you can see from this chart, when we get to the point of somewhere between 2020 and 2022, the utilization rate improves quite significantly as most of the excess capacity will be absorbed.

There will be a few companies with excess capacity at that point, but Nutrien will be the main one. In nitrogen -- and I don't have a slide for nitrogen, I just wanted to say, we say -- we see the same improvement in supply/demand fundamentals that we've seen in potash. We are almost through the capacity build that was built at the last peak. And we do expect the nitrogen market to be tighter by the second half of this year.

In retail, this business has continued to grow even as the ag commodity cycle turns down. This shows the stability in growth potential that's very unique business. You can see from this chart that we've been on a multiyear journey of industry consolidation, backward integration and organic growth. The results in this chart are truly impressive. We have continued to grow earnings and improve margins.

In fact, our 2017 EBITDA margins were the best we've seen in recent memory. We also believe we can continue to grow this business for the foreseeable future and growing our retail business will be a top priority because it stabilizes our cash flow.

I'd like to talk a little bit now about the cash flow potential of the entire company and some of our capital allocation priorities.

So you can see at the top of this chart, we have several opportunities or catalysts to create value that are well within our control. First, the synergies. Delivering \$500 million of synergies by the end of 2019 creates significant value and will generate higher cash flow. This year, we will deliver \$250 million run rate by the end of the year and deliver \$200 million of actual earnings improvement.

The equity stakes. We are pleased with the \$685 million of net proceeds from the sale of ICL earlier this year. The other sale processes are active and ongoing. So all I'll say right now is that things are progressing very well, and we are hopeful to conclude those transactions sometime this year.

And then, of course, retail growth. We have also been growing retail, EBITDA and free cash flow at a respectable rate, given the backdrop of the tough market conditions in recent years. We hit almost all of our 2020 targets we set back in 2015, and we'll look to establish new operational performance targets most likely next year. All of these items are in our control. Then if you look at the market and you look at the impacts of improving fertilizer prices over the next few years, the (inaudible) on our earnings is truly impressive.

For every \$25 increase in fertilizer prices, it equates to \$650 million in EBITDA or \$0.75 a share EPS. And considering that we are over \$100 per tonne below mid-cycle prices and significantly below reinvestment economics, it is only a matter of time before that leverage drives significant value creation.



Our priorities for the capital includes growing our retail business. That'll be a top priority. In North America but also in Australia and Brazil as well as growing our Loveland product portfolio, which has been very successful and a significant contributor for earnings over the last few years. Earlier this week, we also announced the 5% NCIB, and the Board of Directors set the dividend at \$1.60 per share as well as maintaining our strong investment-grade rating, which will be a key priority of capital allocation as well. But we believe we have the capital and we will have the free cash flow to do all of the above.

I'd like to show you what the leverage looks like to the cycle for the company as we move into -- at what we think will be a period of higher prices. If the fertilizer prices revert back to the 8-year average as the supply/demand situation improves over the next few years, there's a potential to reach around \$7.50 of free cash flow per share, just from normalized fertilizer price. That figure actually jumps to \$12 per share at replacement cost economics. And this chart just shows the leverage to price. It does not assume that we grow retail, which, of course, would be on top of that.

So to conclude, we are a leader in the crop inputs industry with unprecedented financial strength and stability. We see a clear pathway for the \$500 million of annual synergies, and we do expect strong and growing free cash flow over the next several years. And I think that this company has more leverage to the crop nutrient cycle through the next few years than any other company.

So with that, we'll have our chat with Steve.

QUESTIONS AND ANSWERS

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

So Chuck, you've had a couple of months now looking under the hood on PotashCorp, and what would you say has been the most surprising positive or negative on that?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes. It's been a busy 6 weeks or so. It's amazing we were competitors for all these years in almost all of our markets. And so I was quite concerned in the first few weeks of the company coming together as Nutrien how would the management team work together. And my executive leadership team is actually -- exactly 50% legacy PotashCorp, 50% legacy Agrium. And so I was -- I've been really pleased -- we had several intensive meetings. We sort of cleared the air. But I've been really impressed of how they have really bought upon to the strategic direction of the company, priorities for capital allocation and rolled up their sleeves to really drive the synergy delivery. And same thing with the Board of Directors. So we've had 2 board meetings now in the 2 months that we've been 1 company. And the board is clearly focused on the allocation of capital as some of the decisions were made just recently and focusing us on driving the synergy delivery and looking at the long-term strategy. I'd say one of the more tough parts of this journey is part of our synergies, of course, we need to go after some SG&A savings. And that work is ongoing right now inside of the company. So that hasn't been very fun. It never is. Of course, it's necessary and unavoidable, but very challenging for the management team. And we will make all of those decisions actually by the end of March. So we are moving quickly to get that behind us.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

So you have the \$500 million synergy target just developed conceptually in many ways now that you're -- you really have access to all the financials in the areas where you could see some acceleration in productivity?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

That's right. So we set the target for \$500 million of annual operating synergies some time ago in 2016, and we've been working on it through the regulatory process. And then now that the company is one, we've been able to see some of the work that was done by some of the consultants, because of legal reasons, we couldn't see some areas. For example, we didn't know which plant shipped what product to what customer, that stuff,

until the day you merge, the lawyers won't let you look at. So now the veil has been lifted, we have good line of sight to that. And I guess, our view is this, there's -- we felt very strong conviction that the \$500 million of annual operating synergies are there. We're focused on that number. And I mentioned some comments actually just recently that we have a run rate of about \$60 million delivered right now and it's things like some of our financial insurance costs have been reduced. We've actually taken 500 railcars out of our fleet. We have new contracts now from a procurement perspective that are at larger and lower levels when it comes to volumes and lower levels when it comes to price. And so we like everything that we see. And I think that our view is that we're going to deliver the \$500 million. I know I've been asked that, are we going to increase that number. And for us, we're just going to focus on the \$500 million. We may exceed it but we may call that something else and it may take longer than the 2 years. So to keep things clean, we are committed to the \$500 million of synergies. Most of those synergies, I should say, are cost synergies.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

So you're most differentiated with your retail business. The 1,500 retail facilities that you mentioned on your slide, where do you think that could go?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes. It's a great question. So we're not focused on increasing the number of facilities, Steve. I think that if you look at what we've done in our past, as we've literally bought hundreds of retail facilities but we've also shut down hundreds as we tried to optimize our network. And that's one of the reasons why you see our EBITDA margins expanding over time is because we're getting more efficient by optimizing the network. Now we do think that consolidation is absolutely needed, not only in the retail space but across the ag value chain. And we are really committed to playing our role in that journey. We think if you look at some of our other markets in Canada and Australia and in Argentina, we have market shares in the 25% to 30% range. We don't see any reason where in the U.S. today, we're approximately 20% today. We don't see any reason why we can't continue to grow our U.S. retail business by consolidation and by greenfield builds now, too. We are building retail facilities and markets where we have low market share. To continue to consolidate the space and grow our market share over time, we think that, that would drive efficiencies, which will be good for obviously, all of our stakeholders, including our farmer customers.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

And for that 80% of the U.S. retail market that you don't have, describe the characteristics of that. And are there particularly weak players in there that might be vulnerable?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

When I look at the breakdown of the retail industry in the U.S, there's still a significant percentage that are independent owner operators. Usually very good operators but smaller in size and scale and more regional in nature given that they're private.. There's a subsection that are co-op, and then there are a handful of retailers that have somewhere between 3% and 5% market share. That sort of looks as a U.S. space. And for us, we are primarily focused on the percentage of the independent owner operators because we feel that they are a good fit. Oftentimes when we buy these retail facilities, the existing management team will stay with us. They will take the opportunity to -- maybe they don't have the succession plan in place. Maybe they're having trouble competing when it comes to new technology, precision agricultural requirements, lending or financing. There's a whole host of reasons. But many times, those management teams will actually stay and work as part of our company. And we like that. We think it's great, we don't lose that experience, that local knowledge and know-how. And it's a good win for both Nutrien and for the company that is selling. So when I look at it, the retail space is competitive, like all other spaces. And I think that we have -- when I look at Nutrien, there are some things that we can bring now because of our size and scale that are helpful. We are able to provide very exceptional financing for growers, which in today's ag market, financing is becoming very, very key to their needs and to our business to provide growers with the inputs that they need to grow their crop.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

Are there crop chemicals that you don't have your own level in-brand representations, and therefore, an opportunity for you to continue to grow that private label brand of yours on the crop chemical side and also on the seed side?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, of course, there are. So Loveland products today and just a few years ago was a very small business. But today, it's over \$1.2 billion in revenue. So it's a sizable business for us. And what we try to do is we try to have branded products for all the key shelves. So herbicides, insecticides, fungicides, specialty fertilizers. We carry the branded products from all the technology and supply base that you'd be familiar with, Monsanto, Syngenta, DowDuPont. And then we have a private label offering that sits underneath that, that has -- it's a formulated product that has some specialty ingredients to -- that are focused primarily for regional needs. And we have 3,000 agronomists that are able to help formulate those products for local needs. And then -- so that's the second level of the shelf. And then the third level of shelf were generic products. And we'll sell all 3. If a grower wants the branded products for certain reasons, we have that. If they want -- they don't want to spend the money for the branded products but they want performance like the branded products, we can sell them one of our proprietary products. And then if they're just looking for a low-cost alternative, which some growers want, then they -- we can absolutely sell them the generic products. And we're building out our Loveland portfolio. We don't have all of that quite yet in terms of -- we have a pretty good suite of herbicides. But I would say the insecticide area is one area where we can continue to grow as well as our recent acquisition of Agrichem in Australia -- or in Brazil just a month ago, that was a specialty fertilizer company, a liquid specialty fertilizer company that really focused on liquid foliar nutritional products that were proprietary products for Brazil. And so now we have a new -- a 30 new products that we're going to manufacture in Brazil for the Brazilian market. Agrichem was the second largest producer of specialty fertilizers in Brazil. And that market now we've entered, and now we're able to move some of our Loveland products from the U.S. and Canada into Brazil through that channel, and we'll be able to bring some of those products into Canada, the U.S. and Australia. And so the Agrichem acquisition was an extension of our Loveland strategy.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

And do you still view the digital ag program you have, the Echelon, as a growth driver? And does it primarily drive revenue from subscription? Or is it that it drives services for either variable rate applications or soil testing or scouting or all of those things?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, that's right. So our Echelon product offering is our precision ag platform. And it's so much more than that now. It also has a farm planning suite of capabilities as well to help growers maximize their profitability through the growing cycle of the crop. And we believe that this offering is one of the leading precision ag platforms in the space today. And we will sell it as a subscription base if, if that's what a grower wants. But often, we use it as simply a planning tool and something that differentiates ourselves with the grower to help them kind of look at their entire farm operation to maximize profitability. And I thought that with the downturn in the ag commodities cycle, this suite of tools would actually pool from a -- interest from farmers, and that's exactly what -- the opposite has happened. In fact, given tough economic conditions for growers now, we're seeing an uptake in our Echelon and precision ag capabilities because growers need to really be focused on maximizing their yields and profits and this suite of tools really help with that. And so we use the tool with our agronomists to help the farmers maximize productivity and yields. And oftentimes, if the service is free if they use our services or buy our products throughout the growing season.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

With all that financial data that you have in that program, is there another opportunity for you to move into helping farmers determine when they should hedge their grain going forward, getting involved in grain marketing in any way, is that an opportunity down the road?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

We've looked at grain handling, grain marketing many times in our history as a company. Certainly, the data is available to help -- and the data still remains the farmers' data. If the grower wants to use that data to make those decisions for themselves, obviously, it's up to them. For us as a business opportunity or a new market to enter in terms of grain handling and marketing, I'd say that, that's pretty low on our priority list. My experience with that business is it's very different than what we do. Our retail model is premised on high service, high-value, really solid data analytics to help growers make the best decisions they possibly can. The grain handling business we find is one of very high-frequency, high-volume business that is not really our core competency. Now we're happy to help growers with the data analytics but you won't see us try to profit from that down the line. It's not really our core business model.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

And that retail market that you described. So your 20% share and you described the -- you got a lot of farmer co-ops in there. You've got a lot of mom-and-pops and a few that are in the -- few percent share. Where would you say that business model has potential risk to an entrance in this business such as SPN?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

So risk for our business model?

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

For any of them.

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Look, I think to be successful today, Steve as an agriculture retailer around the world, but in North America primarily, you really need some key core competencies. And when I distill our business model -- so one of our core competence, of course, is we have 3,000 highly-trained, educated agronomists that are on the farms every day. And we have a customer database of 0.5 million farms that we work with, and we're pretty proud of that. So having the agricultural knowledge and the data to back it up is really important. Having a service component on multiple dimensions. Growers need not only products but they need advice. They need application services, they need farm planning information and data, and having all of that under one umbrella, one full service offering is so very, very important. Farming today is not as easy as it was 20 years ago. The complexity, the permutations and combinations of the seed variety, crop chemistry variation, just a variable fertilizer application, liquid foliar application, all of these things make farming so complex today, that a grower needs a trusted independent adviser helping them make those decisions. So service is so vitally important. Not to mention the financing. As I mentioned in my prepared remarks, grower financing is key. And that's why we launched what was Agrium Financial Services last year, now it's Nutrien Financial Services, and that business is growing extremely rapidly, particularly in the U.S. So now we can offer our agronomists information. We have the full suite of precision agricultural tools and farm management tools, and now we have a very deep financial services business. But beyond that capability, there's one other key capability that will determine success for Nutrien or for anybody wanting to enter this space is the supply chain capability. So you saw in my prepared remarks, 1,500 locations, 500 storage locations. So think about that, the way the spring season works. Nutrien will stage somewhere between \$4 billion and \$5 billion of products preparing for the spring season. And then in a matter of 6 weeks, maybe 2 months, that product goes to ground. So you need a sophisticated low-cost supply chain to get that product to the farm, usually in a matter of hours when growers need it. So that's a key focus area for us. We're really investing heavily on our precision ag technology, our farm management technology, educating our agronomists and making serious investments into our supply chain capability.



Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

Good. Maybe jump over to potash. You had mentioned that Nutrien will have a large chunk of the underutilized capacity in that nutrient. Do you see any vulnerable potash producers at the high end of the cost curve that if you were, for example, get more aggressive on expanding your production, you could squeeze them out.

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, generally, what I'd say is Potash, the industry fundamentals over the last few years, the market is behaved I think the way it should behave. In fact, when we look at the numbers, about 5 million tonnes have already come out of the market over the last 4 or 5 years. And that's not because of any one action is just the market price have come to a point where they were uneconomic and the company's made the economic decisions to take that capacity out of the marketplace. There's probably still a little bit more that can and should happen over the next several years. And we do expect some more reductions in capacity, and this year we think it could be close to 2 million tonnes. So those things are happening. The market is behaving the way it should. And when I look at the Potash market in general, what I'd say is there's a couple of things that are really interesting for us now. A lot of the decisions that were made 8 or 10 years ago for new capacity, those tonnes are either in the market today or soon will be. And demand has been pretty strong in Potash. But certainly the situation over the last few years isn't demand-driven. It's been supply-driven. And we underestimate that the demand has been growing out of pretty good growth rate and we expect that to continue. So if that continues, what we see is we see the supply/demand balance out a couple of years. I know people are focused about 2018 and 2019. But by 2020, 2021, the supply/demand balance is quite tight. And we will have some underutilized capacity and we'll be able to take advantage of that -- to the advantage of our shareholders when that time makes sense. But I think overall, we're more constructive on that potash industry fundamentals than we have been for some time.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

With a new entrant in -- out of Russia coming, do you see potential for those 3 entities, EuroChem, Eurokali, Belaruskali returning to that export alliance that once was there that could be constructive.

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes. I have no idea. I guess my answer is I read the same trade publications you do. And everybody will have a view on it. My view is this. I'm not sure it really matters, and I don't waste any of my time thinking about that because I think, generally, the potash industry structure is still quite attractive. Fast forward to 2020, you're going to have the top 6 producers, EuroChem included in there, having 75% of the global capacity. So whether they're in one organization or not, I don't know and I don't worry a lot about that. But what I think about is that I think the industry structure is still quite favorable. And most of those top 6, the vast majority of their earnings come from the commodity potash. In fact, Nutrien, being the largest potash producer, has one of lowest EBITDA percentages of our portfolio, the 2017 number was 33%. So when I look at the structure, it gives me some hope that the industry structure is positive and a lot of those top 5 or 6 players have a high degree of their earnings dedicated from potash. And I think those are some industry fundamentals that people often forget.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

Do you have any appetite for M&A in nitrogen? You had mentioned earlier that your primary growth is going to be retail. Is there anything to think about in nitrogen? You have an extremely advantaged position in Western Canada, would M&A just dilute that?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

So you're right. If you look at our nitrogen business, it's #3 in the world now, #2 in North America. I think we have a competitive gas position in, generally speaking, in North America. We do have a cost advantage in Canada because of the eco-gas differential. But it's a great franchise for us.



And what I'd say is from an M&A perspective, I think our priority will be retail and retail growth. But that doesn't mean that we wouldn't look at other upstream businesses if the right deal came along and we're able to create value for our shareholders. We never want to grow for growth's sake. But if we can find the right, for example, nitrogen acquisition on the low end of the cost curve that can add to our global platform, we would absolutely look at that. But from a priority perspective right now, we're really focused on retail growth.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

And then conversely, the legacy phosphate assets in North Carolina, is there merit that they might have greater value to a larger scale phosphate producer?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, so our phosphate business, right now, Steve, is that they're regionally strong. And I would say the Aurora plant particularly is a solid operating business. I've had the fortune of touring those facilities just recently. And I was really impressed with the phosphate operations. To your question, I think it's really early for us to even comment on that. Our goal right now for our phosphate business is to deliver the \$80 million of synergies as part of the \$500 million of target that we've set. And just yesterday, we sort of clarified our position. So we are going to move from having 3 phosphate operations to 2. And we're going to re-purpose our Redwater facility to an ammonium sulfate plant. And that will allow us to run Aurora and White Springs at much higher utilization rates, driving down our per unit cost and still allow us to service our Western Canadian customers but also double our capacity in ammonium sulfate, which is a premium business. That's what we're focused on right now. And we've got a lot of people that are dedicated to that project. And that will get us to \$80 million of synergies by the end of next year. And it's highly -- that plan is highly capital-efficient. So that's really our focus right now.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

And is there -- that much demand for ammonium sulfate in Western Canada? Or is it the cheap sulfur that you have there? And that particular nitrogen product the target?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, the ammonium sulfate business is one of the few fertilizer businesses in the North America market that is actually growing. And the demand is coming from a lot of areas but the increase in canola production in acres is really one of the key drivers of that in Canada but in other parts as well. So we think that the ammonium sulfate business has a good growth potential over the next 3 to 5 years. We think that we have a core competency in that product. We had a good customer base, and expanding our business just makes a lot of strategic sense, and Western Canadian farmers need the product.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

Any questions for Chuck? Jackie?

Unidentified Analyst

Just on the likes of big projects coming out, I mean, the likes of BHP and all their other big material companies are running very high free cash flows from prior years. Are you worried about like the Jansen coming back online? Or where is that sits in?



Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, thank you for the question. So obviously, I have no idea of their strategic intent and if they're coming into potash market or not. So my view though is pretty simple. We have the best potash franchise I think bar none in the world. We have underutilized capacity. We're looking to optimize our network, take costs out and I think that our business is well positioned no matter what happens. Whether they come into the industry or not, that's a question for them. But I will tell you my personal view is that given the industry structure the way it is today, given the growing demand that we see for potash. Anything that is kind of embarked on today is 5, 7, maybe even 10 years out, depending on what happens. Because the construction of a potash mine and the size and scale of a project to build a potash operation is not for the faint of heart. It's extremely expensive especially in Western Canada. Our experience has been well documented. And the economic returns

(technical difficulty)

as a CEO for me and that's

(technical difficulty)

in Western Canada. And we're a long ways away from \$500 a tonne.

Steve Byrne - BofA Merrill Lynch, Research Division - Director of Equity Research

Maybe just to carry on to that point that you just made about where prices need to be for greenfield reinvestment economics. Now that you do have additional players, what about just brownfield expansions in a way that those have occurred fairly quickly, lower cost. It effectively puts the ceiling on price relative to the historical model of it really does have to be a brand new reserve or a brand new play. Does that concern you versus maybe historical expectations of the investor base?

Charles Victor Magro - Nutrien Ltd. - President, CEO & Director

Yes, thank you for the question. So Brownfield projects, you're right, are probably more efficient from a capital perspective and can come up a little faster. When we look at what's been done, I think your characterization is very accurate. And we've done our share for the brownfield as well. What I would tell you know is I think most of the brownfield projects are behind us. At least the low-hanging fruit from a potash expansion perspective, I think if there was a time that, that has happened, I think most of those have been done. That the tonnes are in the market today. So we don't see the next capacity expansions coming from significant brownfield. We actually see it coming from new investments, which are multibillion-dollar investments over 8 to 10 years. And that's why one of the driving reasons were constructive longer term on potash.

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