



# World Nitrogen Market Outlook

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November 2019  
TFI Outlook, Savannah, GA

November 19, 2019

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# Forward Looking Statements



*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: Nutrien’s 2019 annual guidance, including expectations regarding our adjusted net earnings per share and adjusted EBITDA (both consolidated and by segment); capital spending expectations for 2019; expectations regarding performance of our operating segments in 2019; our market outlook for 2019 and 2020, 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, cash grower margins, planted acres, crop mix, prices and the impact of currency fluctuations and import and export volumes; and expectations regarding completion of previously announced expansion projects (including timing and volumes of production associated therewith) and acquisitions and divestitures (including expected results and timing of closing 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.*

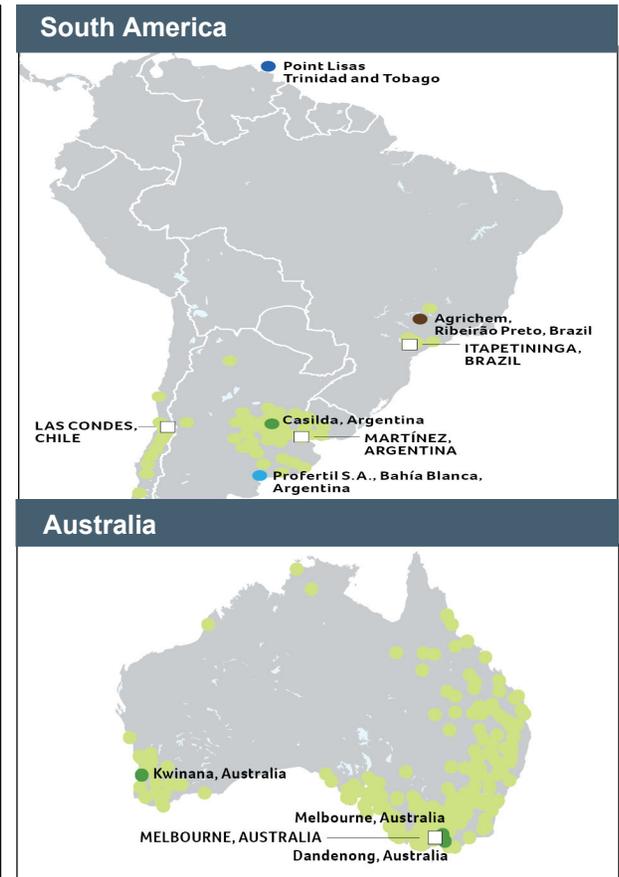
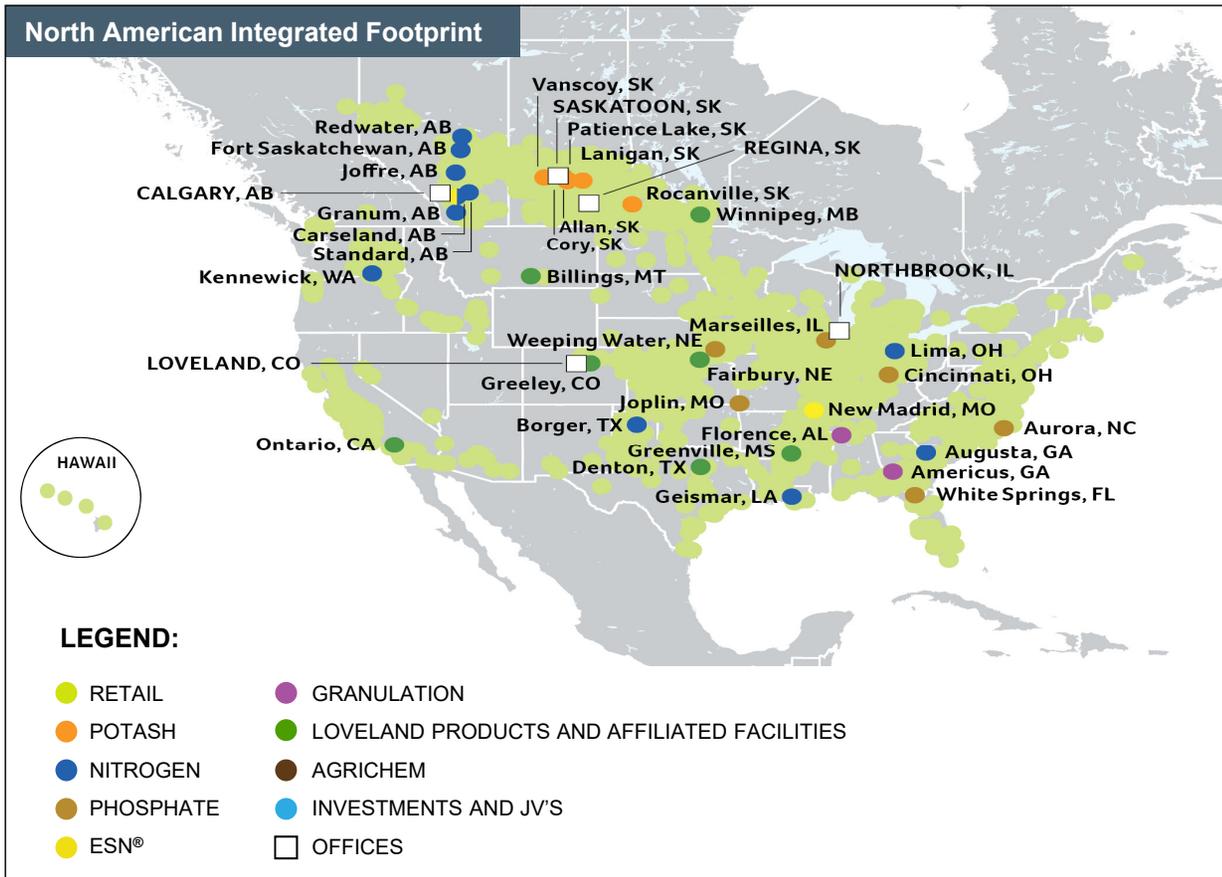
*All of the forward-looking statements are qualified by the assumptions that are stated or inherent in such forward-looking statements, including the assumptions referred to below and elsewhere in this document. Although Nutrien believes that these assumptions are reasonable, this list is not exhaustive 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 Nutrien’s ability to successfully complete, integrate and realize the anticipated benefits of its 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 Nutrien, 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 2019, 2020 and in the future (including as outlined under “Market Outlook” and “2019 Guidance” of our 2018 Annual Report); 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; 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.*

*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 US federal securities laws or applicable Canadian securities legislation.*

- 1 Company Overview: Introduction to Nutrien
- 2 Agriculture Fundamentals and Economics
- 3 World Nitrogen Market S&D and Outlook

# Nutrien Has a Unique Global Footprint



**~27Mmt**  
Combined sales tonnes<sup>1</sup> of potash, nitrogen, phosphate & sulfate

**28**  
Production facilities in North America and Trinidad

**>2,100**  
North American distribution touch points

**>1,700**  
Retail locations worldwide

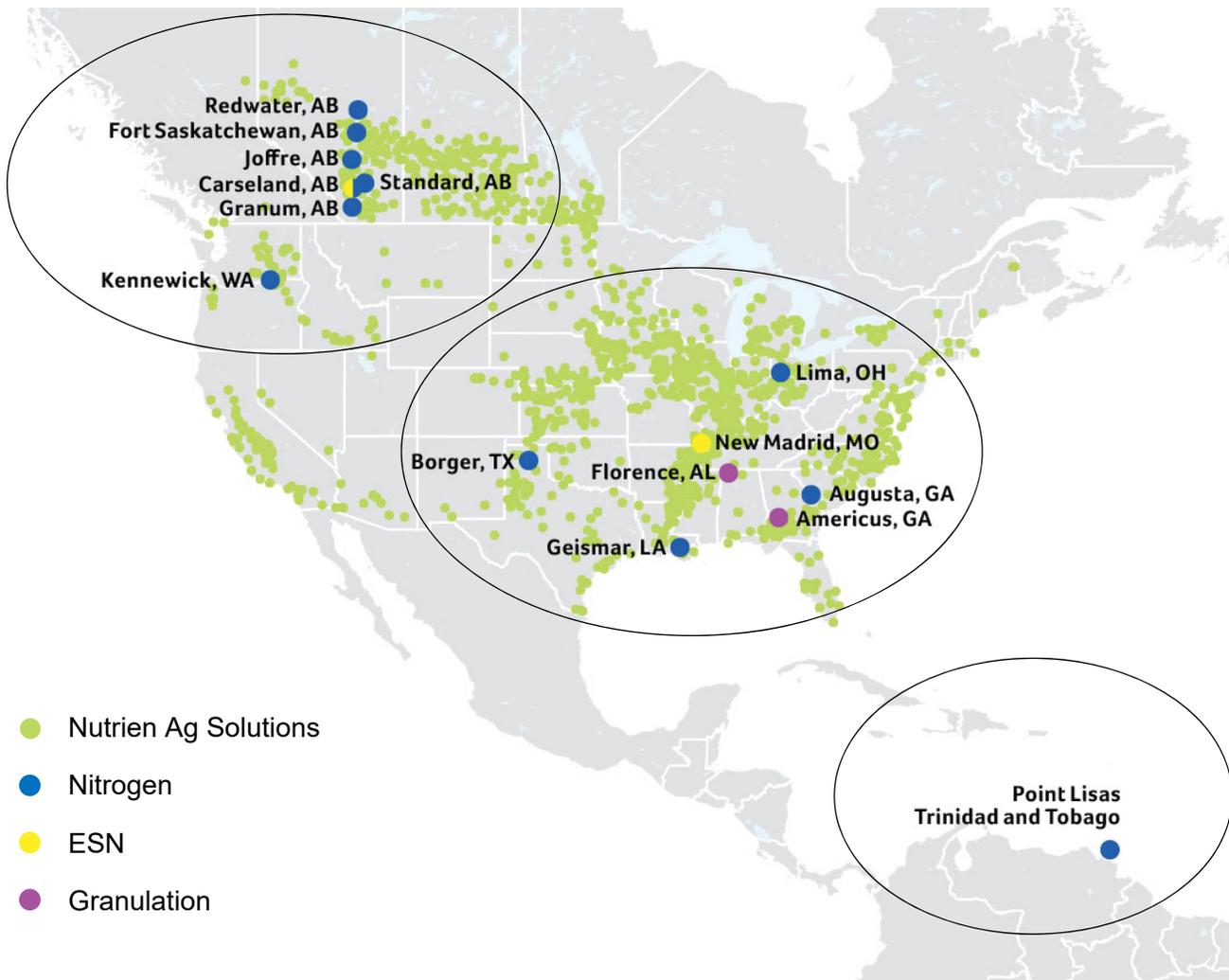
**>20,000**  
Employees in 14 countries

NOTE: European distribution and our ownership stakes in Sinofert and the MOPCO nitrogen facility are not included on these maps.

1. 2018 sales volumes

# First-Class Nitrogen Assets in the US and Trinidad

North American Production Facility Map



**\$1.2<sub>B</sub>**  
2018 EBITDA

**~27%**  
Contribution to 2018  
Adjusted EBITA

## Capacity (current)

**7.1 Mmt** Gross ammonia<sup>1</sup>

**3.5 Mmt** Solid Urea

Ammonium Nitrate, Ammonium Sulphate, Solutions/Other/ESN®

NOTE: European distribution and equity investments excluded from map

1. Excludes share of Nutrien's joint venture ammonia capacity,

# Agriculture Fundamentals and Economics

November 19, 2019

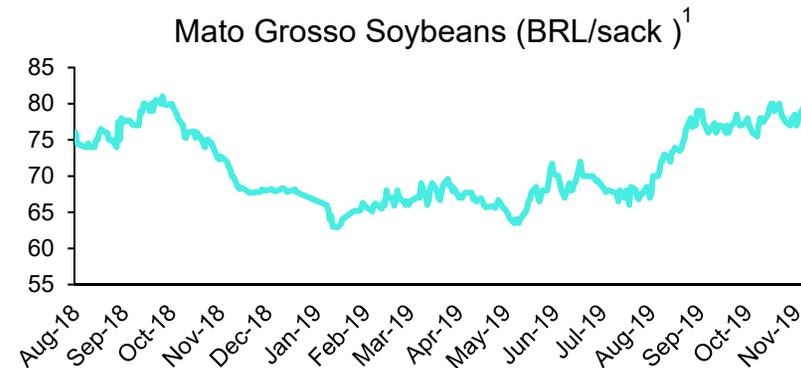
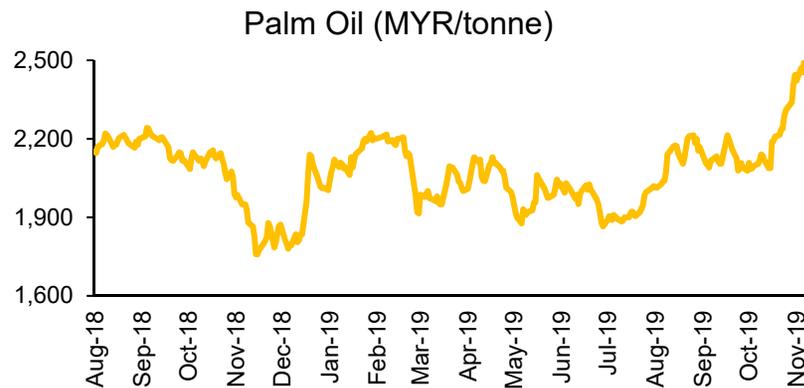
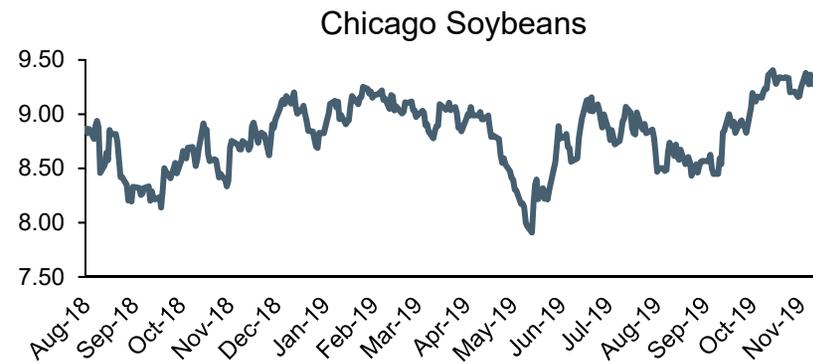
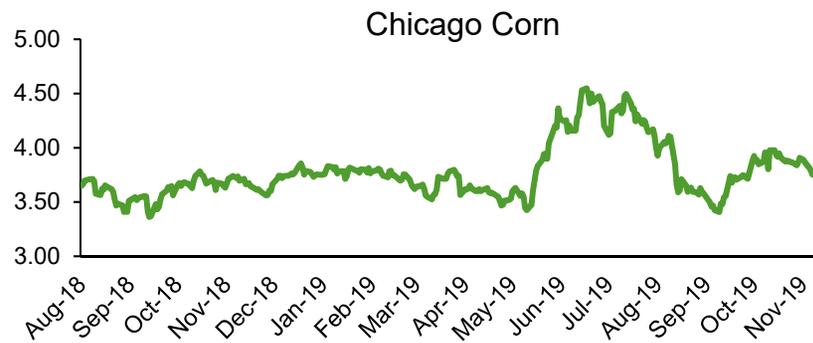
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# Global Crop Price Trends



## Key Crop Prices

US\$/bushel (unless otherwise indicated)



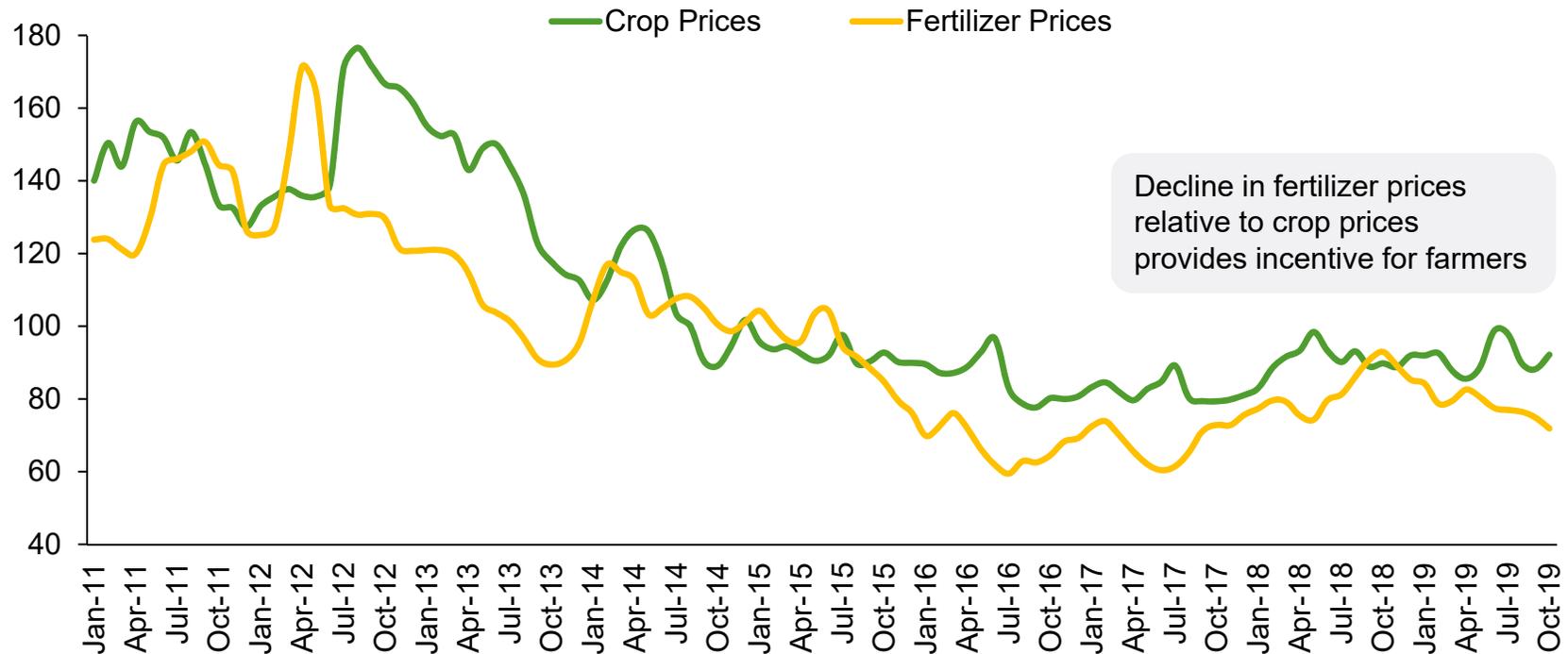
Crop prices are improving as the market gains clarity on US crop production

1. Based on a 60kg sack of soybeans  
Source: Bloomberg, ICE, USDA

# Crop and Fertilizer Affordability Indices

## Crop & Fertilizer Price Indices<sup>1</sup>

Index 2014-2015 = 100



Fertilizer affordability has improved over the past 12 months

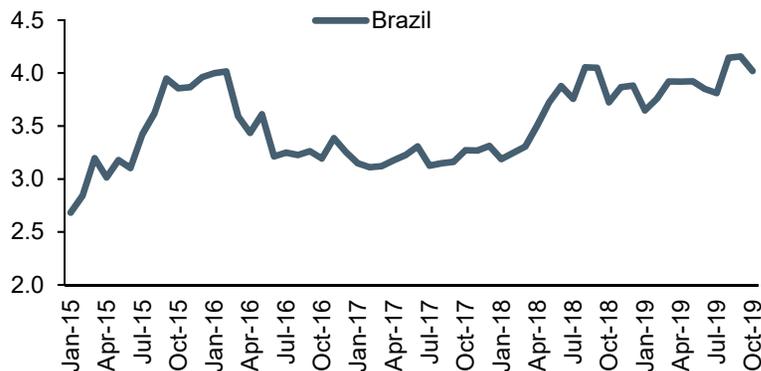
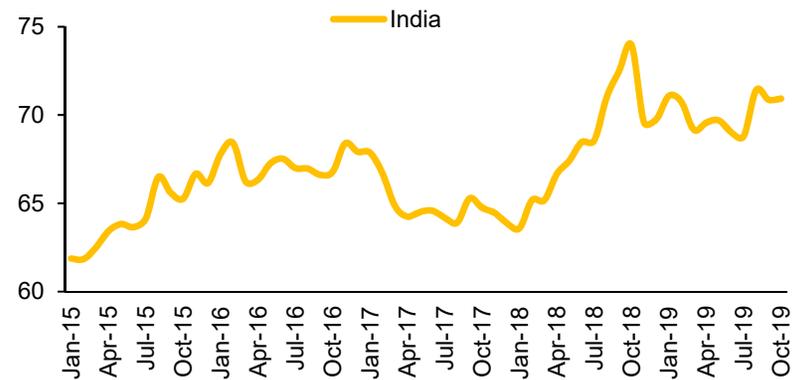
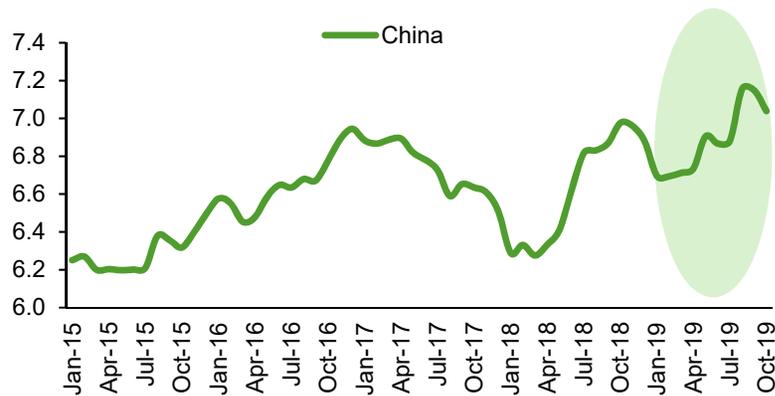
1. Crop price index is calculated as a weighted average key crop prices (corn, soybeans, wheat, cotton and canola) weighted by the production volume of the individual crops; fertilizer price index is based on NOLA urea, Tampa DAP and Midwest Potash prices weighted by global nutrient consumption.

Source: Bloomberg, USDA, Fertilizer Week

# Currency Changes in Agricultural Markets

## Currency Changes in Selected Countries

\$USD/Local Currency



Currency fluctuations impact purchasing ability, production costs and competitiveness

# Nitrogen Market S&D and Outlook

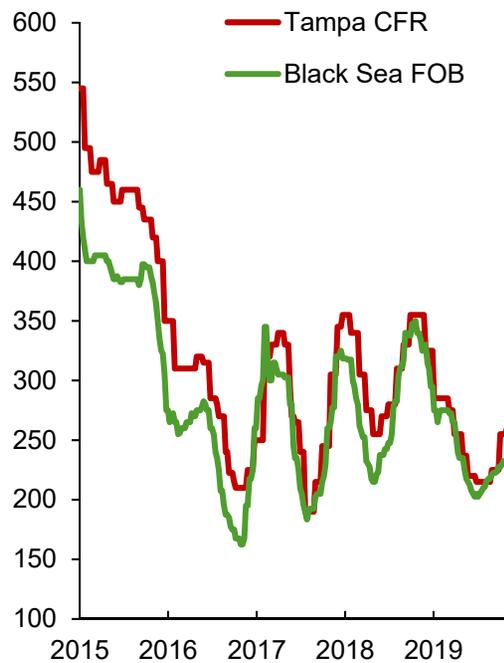
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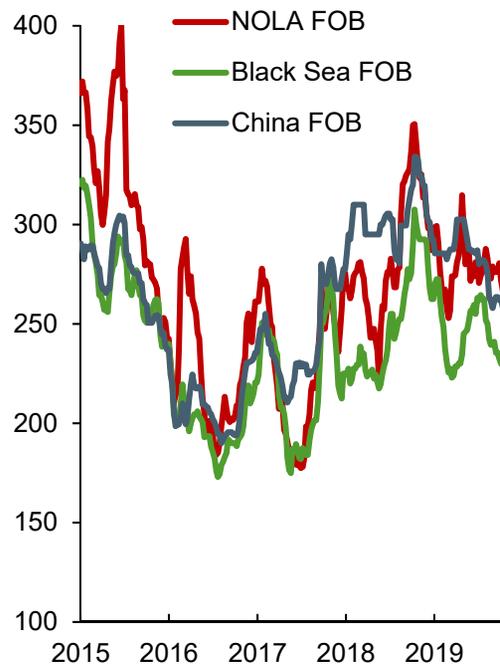
## World Ammonia, Urea and UAN prices

US\$/tonne

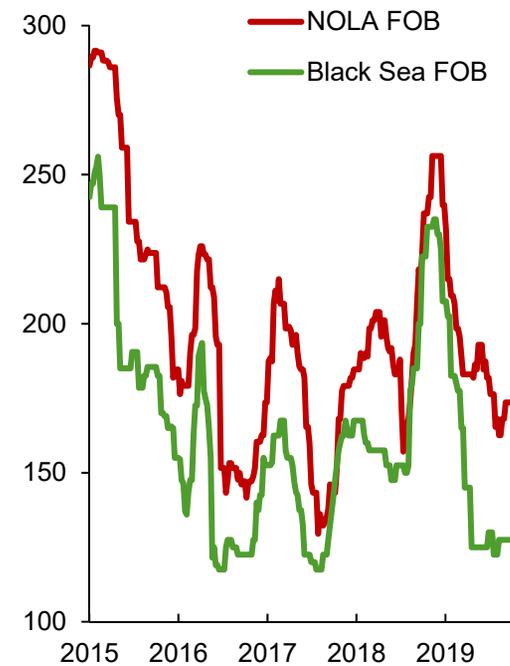
### World Ammonia Prices



### World Urea Prices



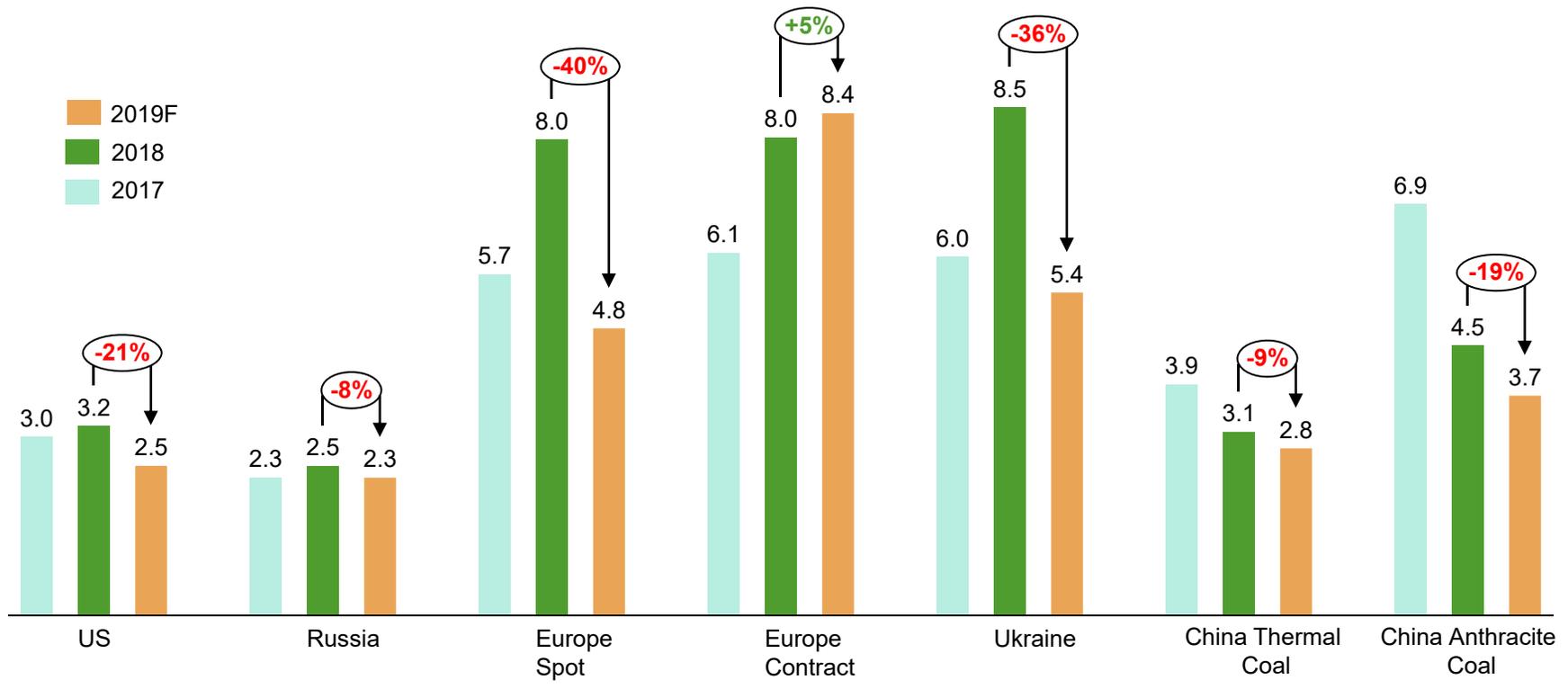
### World Nitrogen Solutions Prices



Global nitrogen prices fell sharply in 2019 as lower energy prices drew down the cost of nitrogen production and increased global supply

## Natural Gas and Coal Prices in Selected Regions

US\$/MMBtu



\*Coal is shown on a MMBtu equivalent

**Natural Gas**

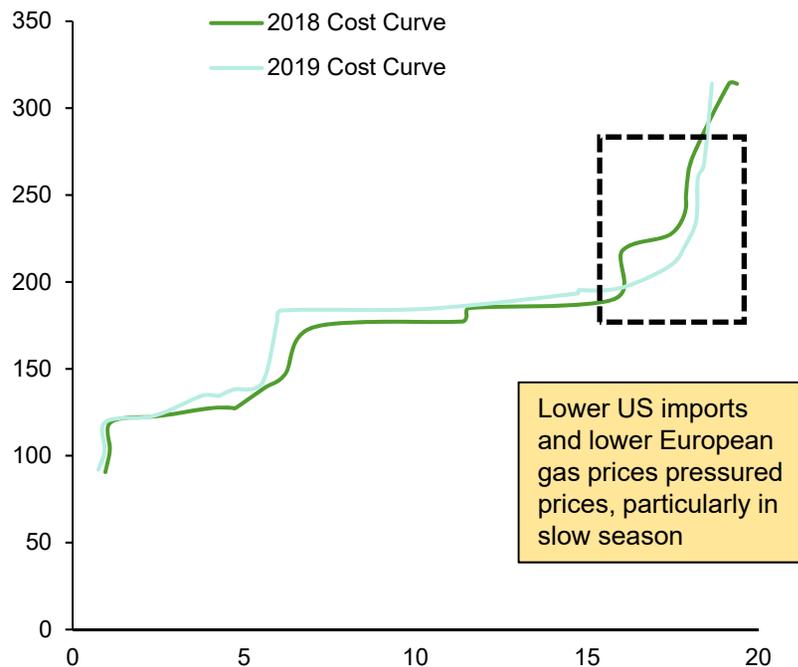
**Coal\***

Decline in European natural gas prices have been a source of pressure on nitrogen prices

# Lower Energy Prices Pressure Nitrogen Prices

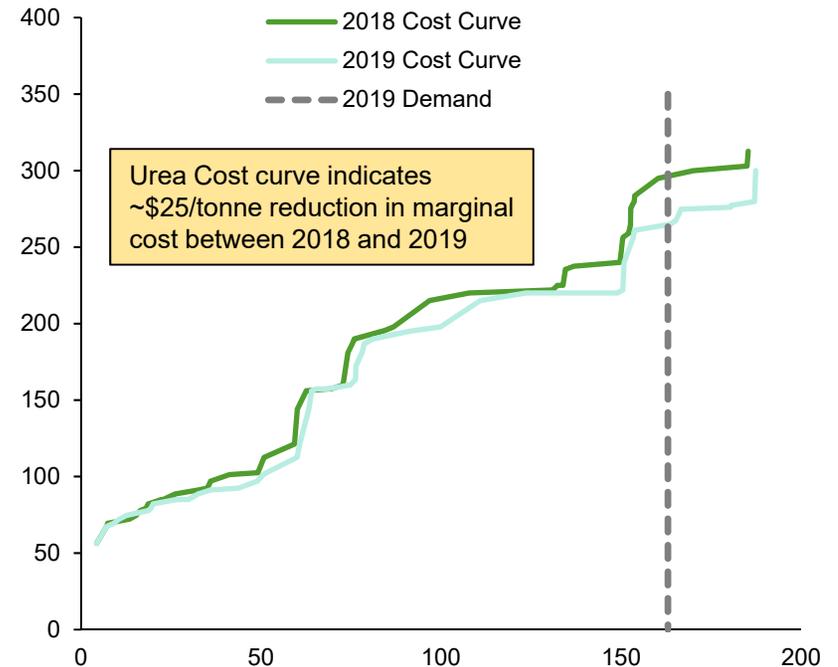
## Global Export Ammonia Cost Curve

\$US/tonne



## Global Urea Cost Curve

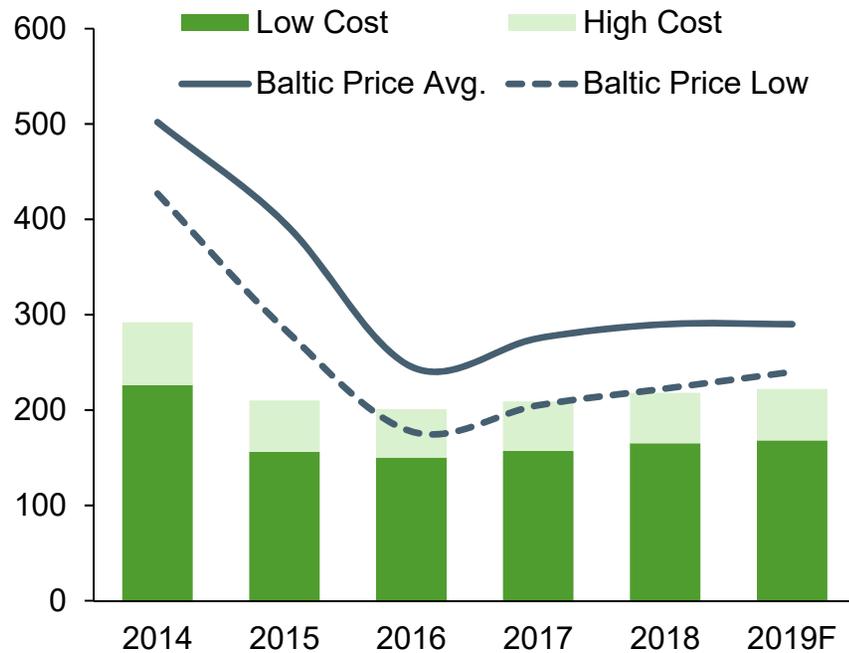
\$US/tonne



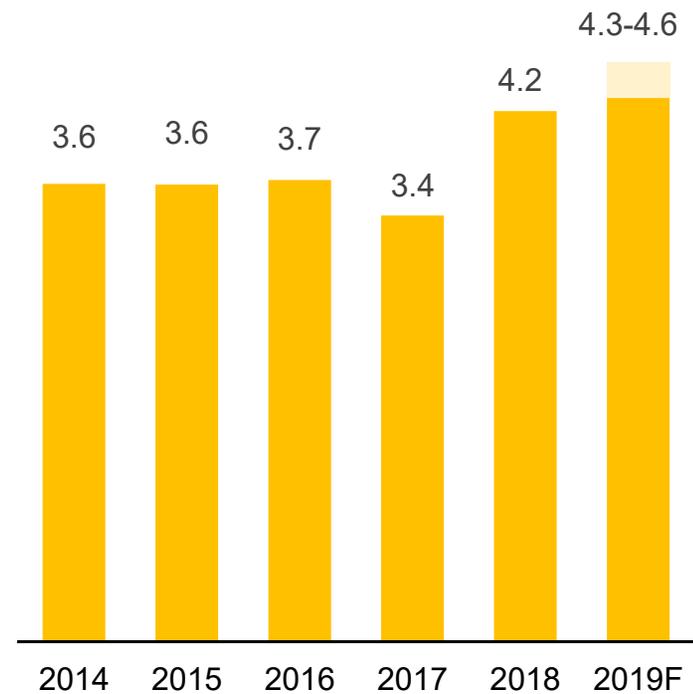
Lower energy price outlook has pressured 2019 prices; however, S/D balance improvement will provide support in 2020 – particularly for urea

# Russian Ammonia Costs, Prices and Exports

**Russian Ammonia Costs and Price**  
\$/tonne



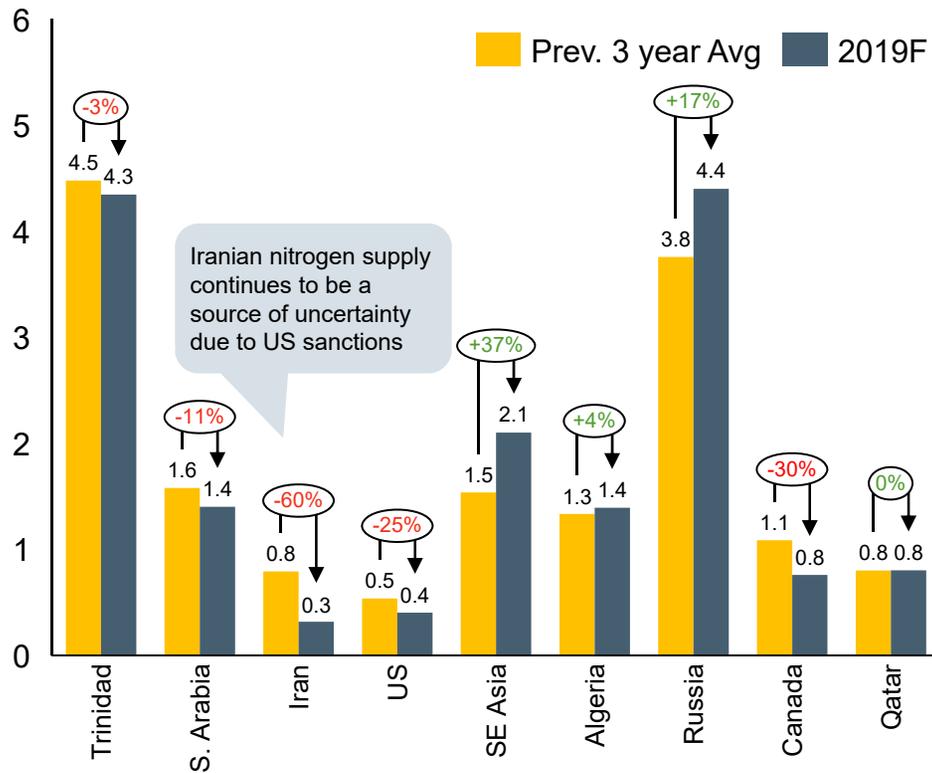
**Russian Ammonia Exports**  
Million Tonnes



Marginal Russian costs have driven the global ammonia price floor; expect Russian supply to balance the market

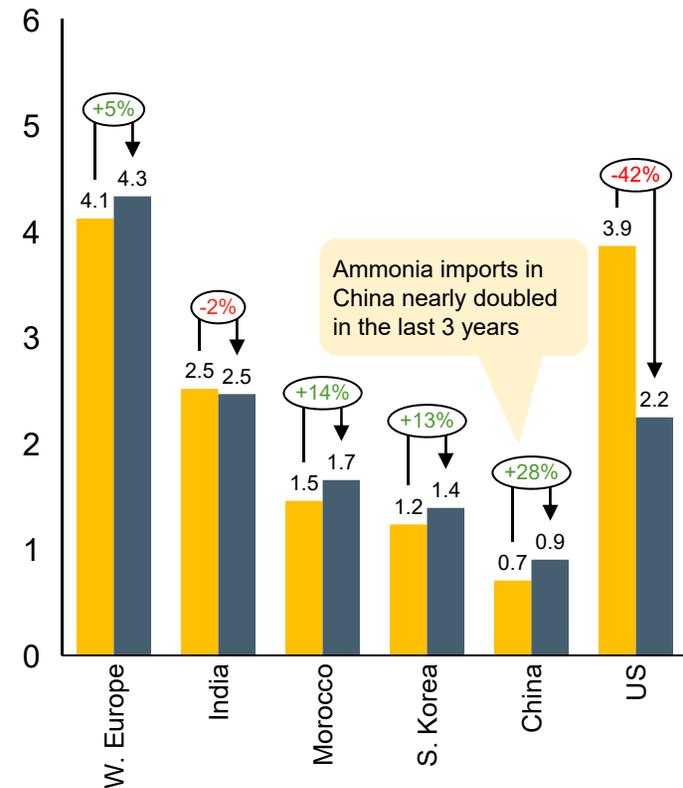
## Key Ammonia Exporting Regions

Million Tonnes



## Key Ammonia Importing Regions

Million Tonnes

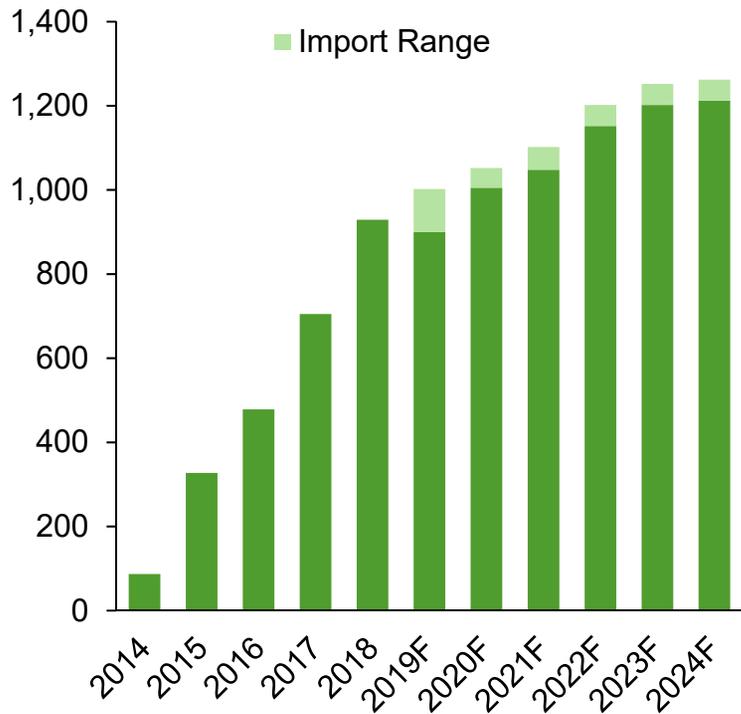


New US capacity has reduced net import demand and global trade flows; however marginal capacity closures and growth in non-US imports have offset US reductions

# World Ammonia Import Growth Drivers

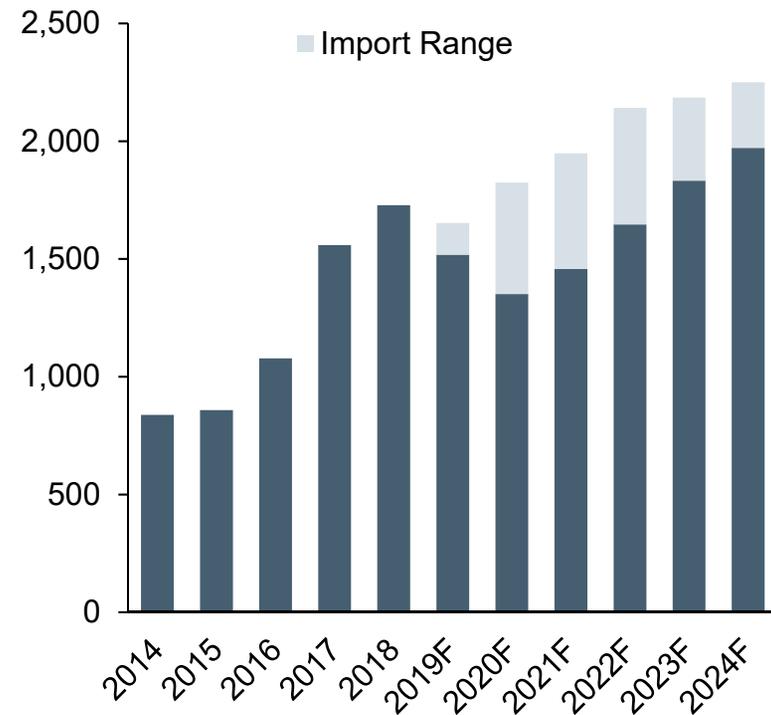
### China Ammonia Imports

Thousand Tonnes



### Morocco Ammonia Imports

Thousand Tonnes

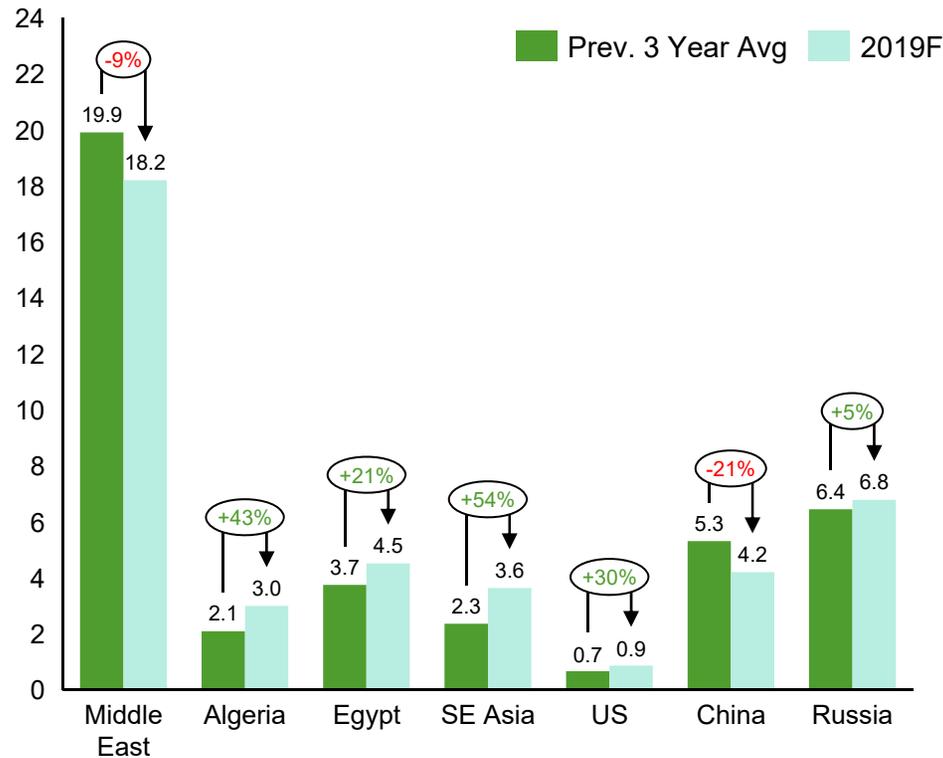


Moroccan ammonia demand is projected to grow at ~100 Kmt/yr, driven by DAP/MAP Growth; China has significant growth potential, dependent on infrastructure expansion and demand growth

# Urea Key Regional Trade Balances

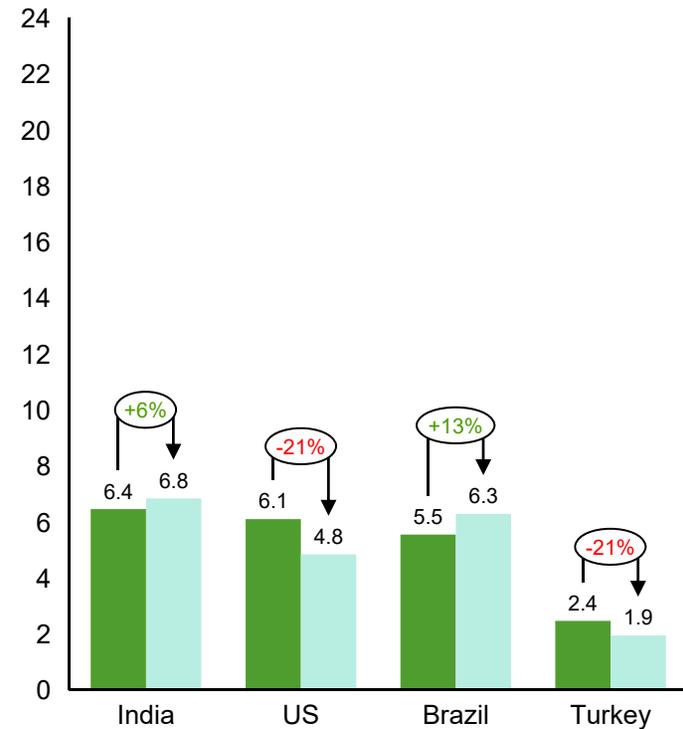
## Key Urea Exporting Regions

Million Tonnes



## Key Urea Importing Regions

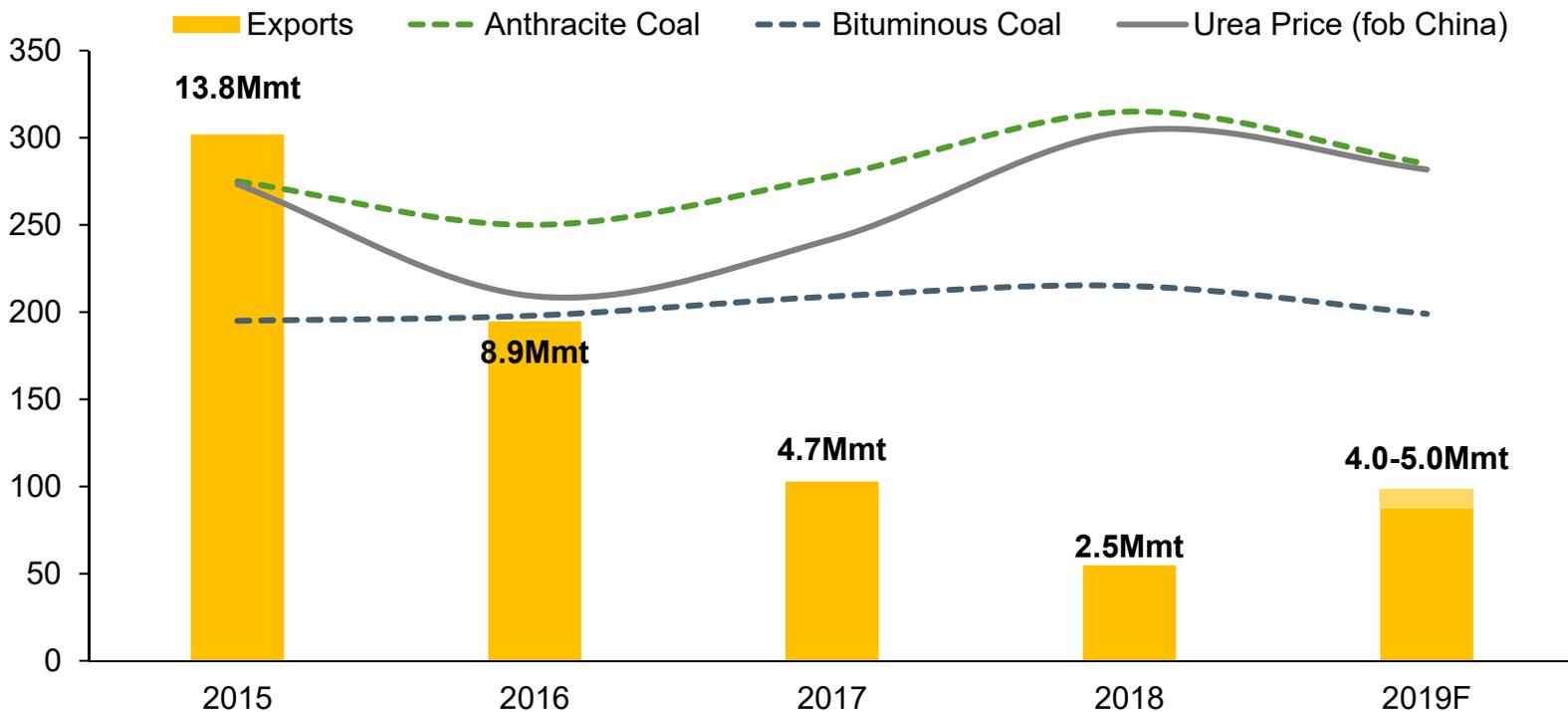
Million Tonnes



Marginal suppliers were displaced by new-low cost capacity but urea import demand was relatively strong

## Chinese Urea Fundamentals

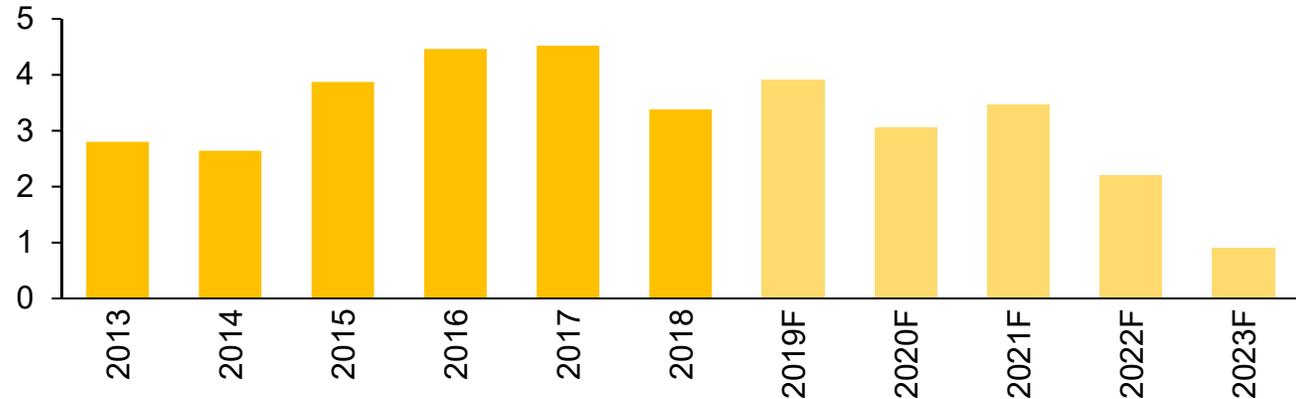
Price/Cost (US\$/tonne)



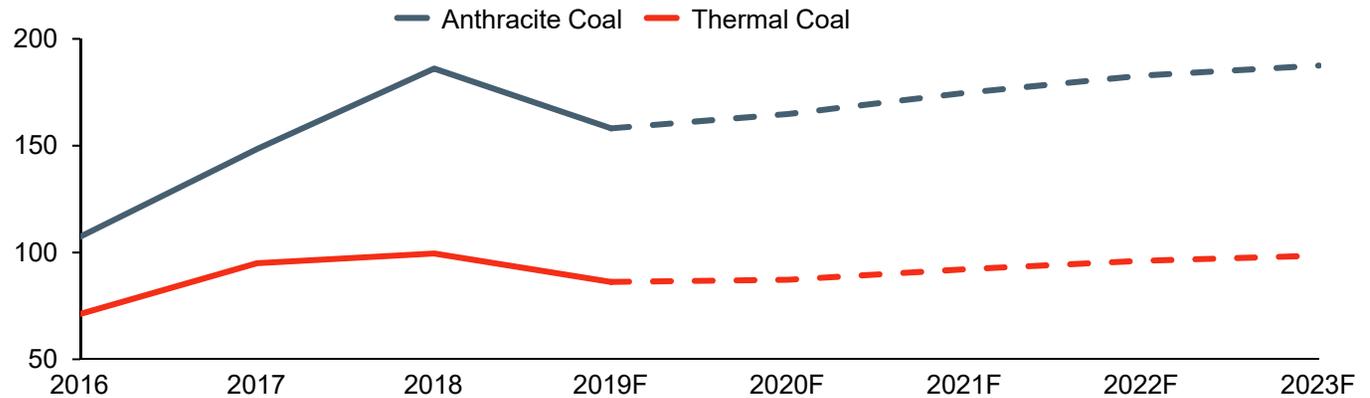
Stable global urea prices through Q3 2019 supported relatively strong Chinese exports; Meanwhile weakened Chinese RMB and lower coal prices has reduced production costs

# Chinese Urea Export Supplies Expected to be Tight

## China's Urea Capacity Closures (Million Tonnes)



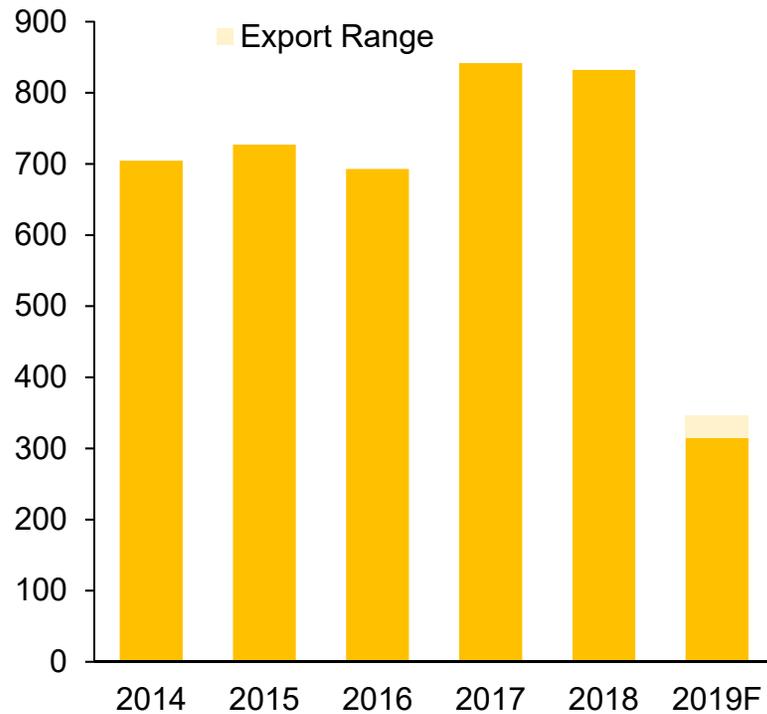
## Chinese Coal Price Forecasts (US\$/Tonne)



Environmental pressures are expected to continue to impact Chinese production and future export capabilities despite short-term rise in exports

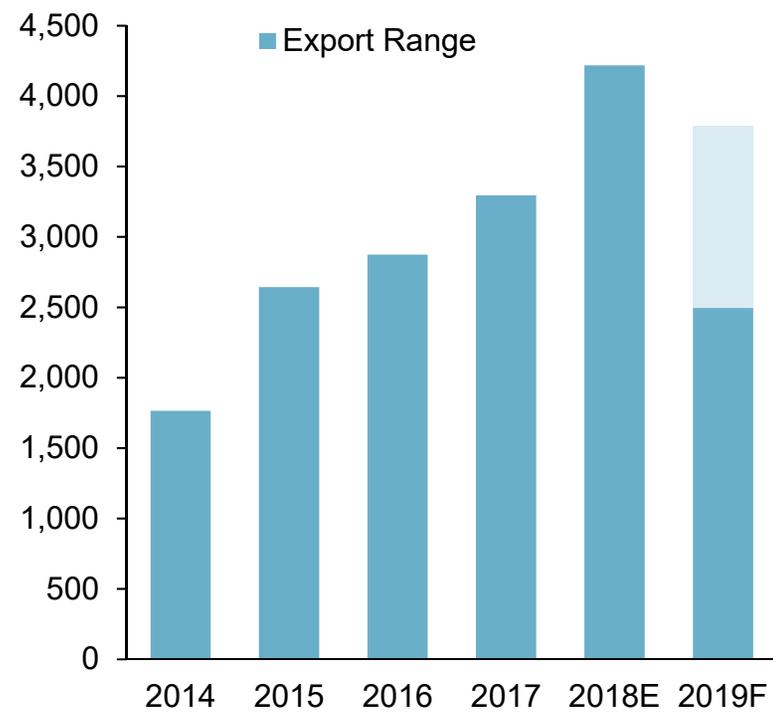
## Iran Ammonia Exports

Thousand Tonnes



## Iran Urea Exports

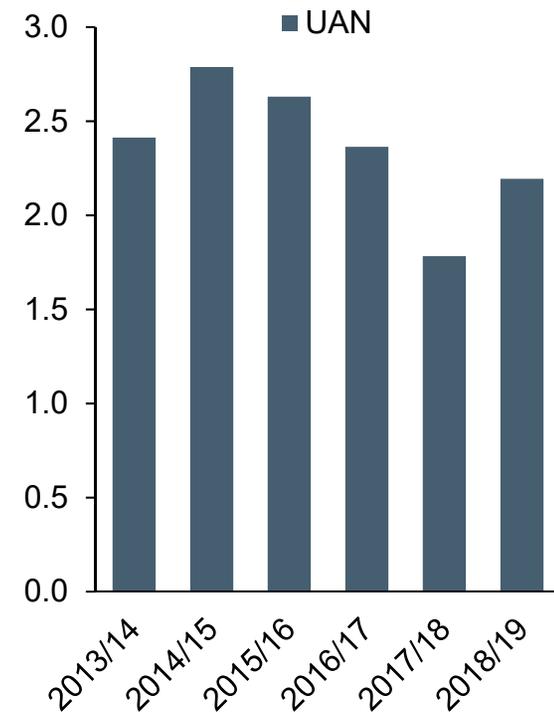
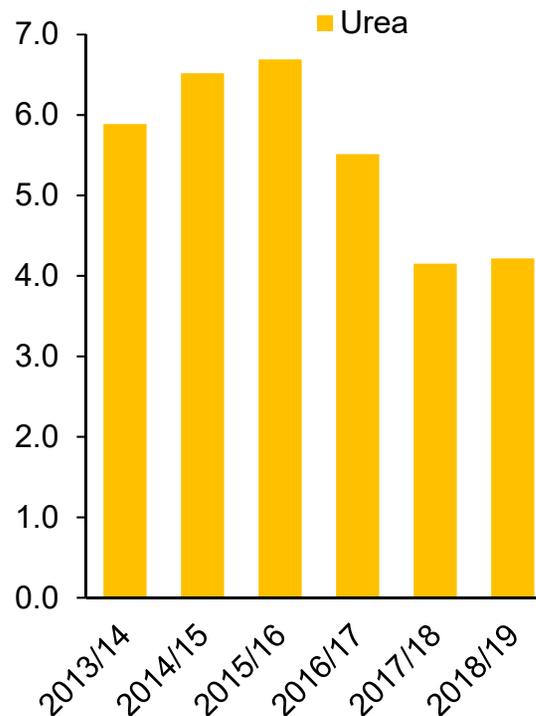
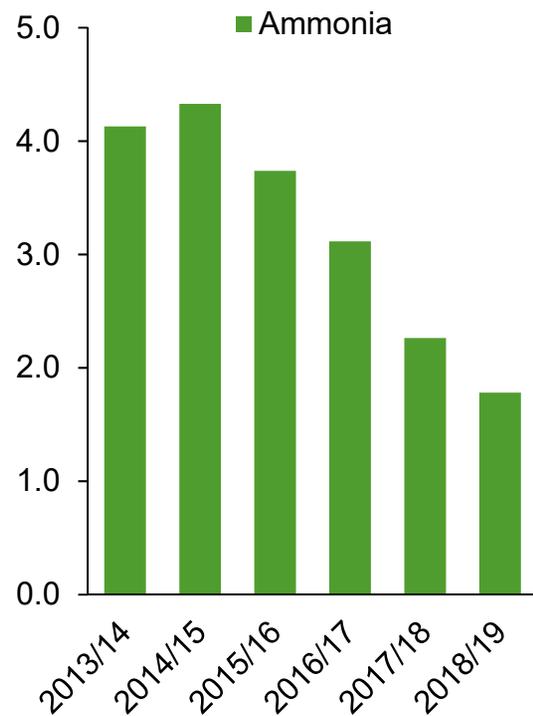
Thousand Tonnes



Iranian ammonia and urea supply continues to be a source of uncertainty due to US sanctions, Medium-term projections in the same range as 2019, with some upside risk for urea

## US Offshore Nitrogen Imports (Fertilizer Year)

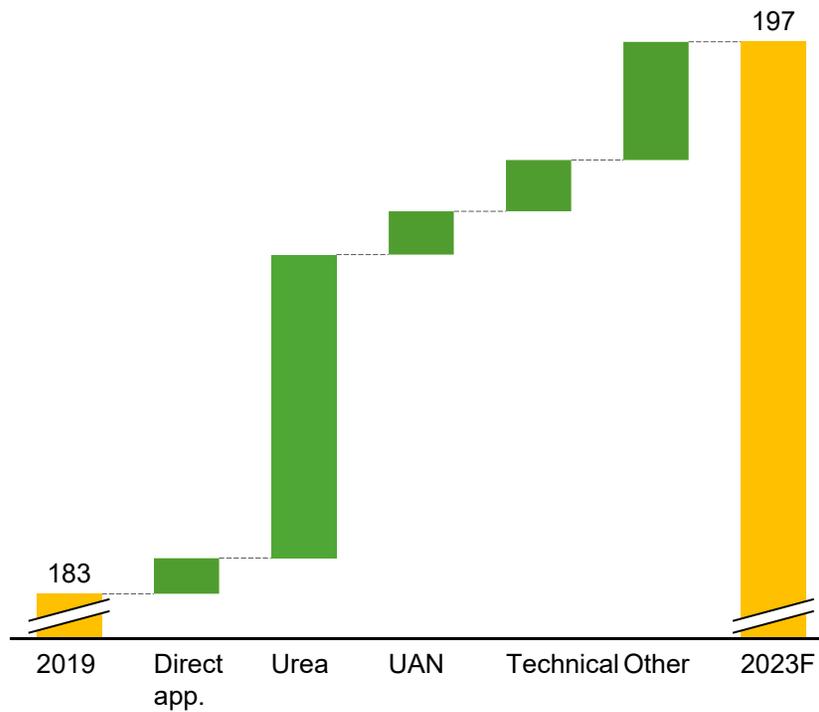
Million Tonnes Product, July-June



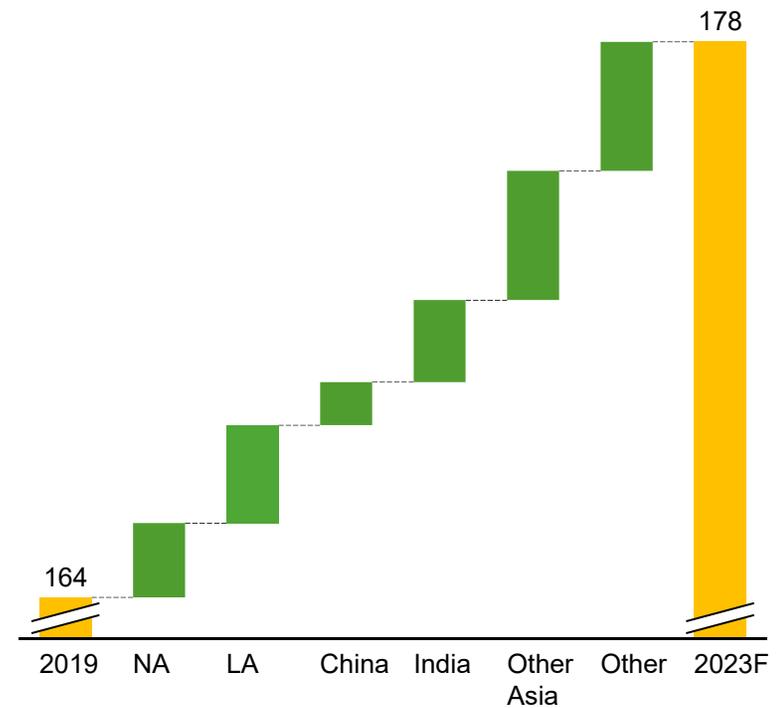
Total nitrogen supplied from offshore imports are down ~6% year-over-year due to lower ammonia imports, while urea and UAN imports have slightly increased

# Nitrogen Demand Growth Perspective

**Ammonia Demand Growth by Sector**  
Million Tonnes



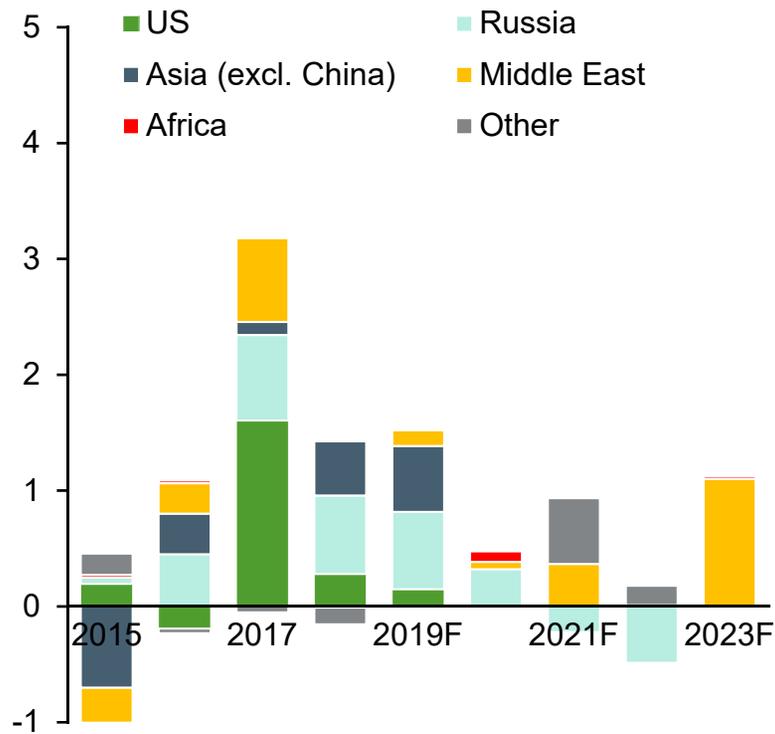
**Urea Demand Growth by Region**  
Thousand Tonnes



Nitrogen consumption is expected to be driven by Latin America and South Asian countries

## Global Net Ammonia Supply Additions

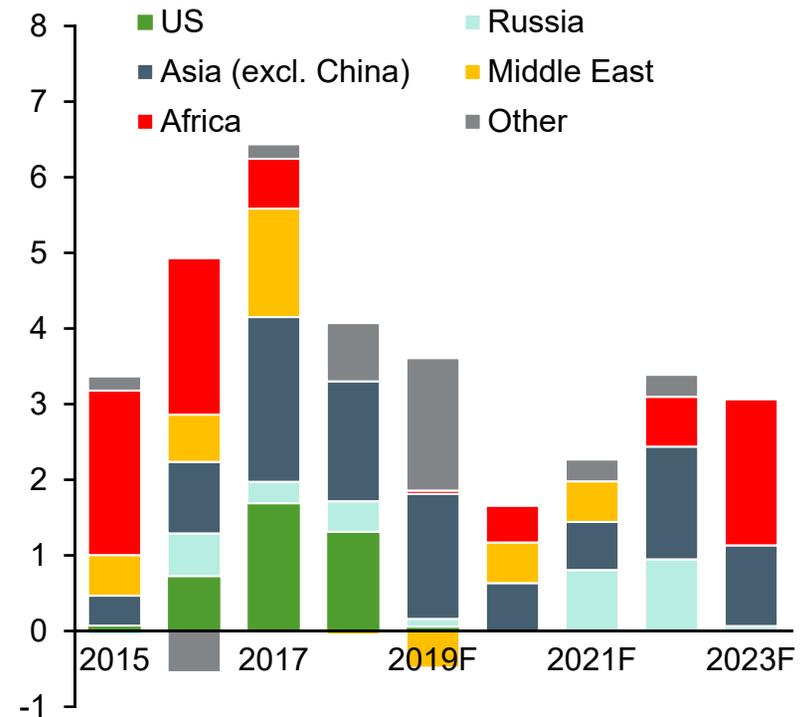
Million Tonnes (pro-rated for start-up\*)



- Does not include smaller debottleneck projects or China capacity changes.  
 \* Capacity is prorated for startup timing in the year.

## Global Urea Supply Additions

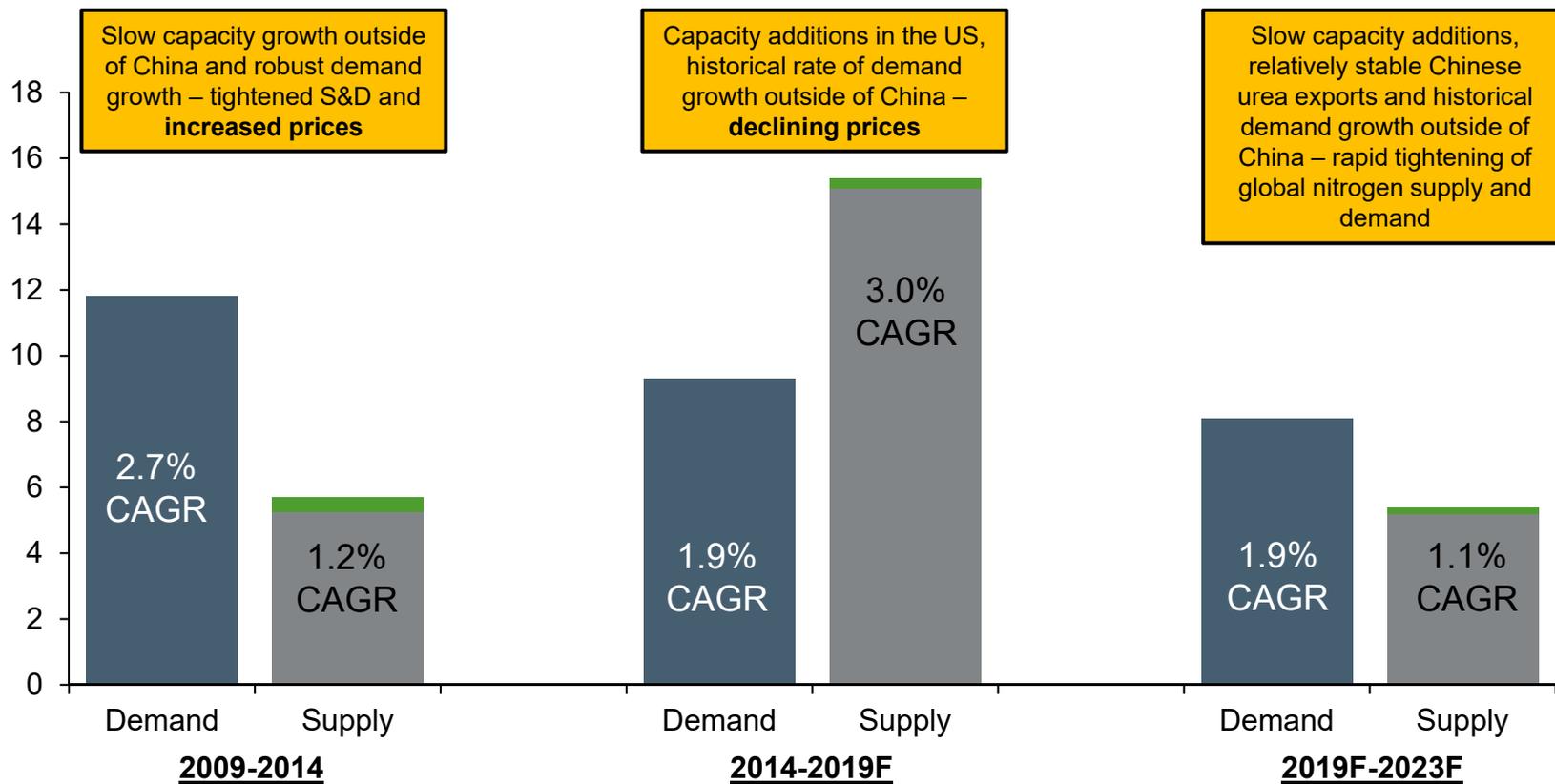
Million Tonnes (pro-rated for start-up\*)



Following period of rapid expansion, new capacity expected to moderate post 2019

## Global Supply & Demand Growth<sup>1</sup>

Million Tonnes, Excl. China



Expect improved global demand and limited new capacity lead to a tighter supply/demand balance in 2020 and over the medium-term

Note: Dark green shaded bars represent capacity added or being added by Nutrien.

1. Supply is measured as operating capability. Source: CRU, Fertecon, Company Reports, Nutrien



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