

North America Fertilizers & Agriculture

Korn's Ag Chart Book: June 2014

This past month we've had a few pieces of news on potash that the market has responded to with optimism: (1) North American inventories have fallen as exports ramped up after the logistical challenges of the cold 1Q began to melt away; (2) The key granular markets of the US/Brazil have remained tight, supporting some summer fill price increases domestically and a temporary recall of several dozen laid-off workers at POT's New Brunswick mine; and (3) Uralkali held its Capital Markets Day where management carefully indicated an intent to hold on to market share gains made over the past year but anticipates ways of "stimulating prices" to maximize revenues in the periods ahead. **Investors have responded by supporting the valuation spread of POT shares over the rest of the group, likely seeing this one stock as the most obvious way to gain exposure to positive headlines and perceived industry upside risk.**

We still feel that the difference of nearly three turns of EBITDA multiple for POT vs. MOS, which has a similar earnings percentage contribution from potash, is overdone and will likely compress over the rest of the year – particularly should Mosaic demonstrate sustained phosphate margin improvement in-line with the levels suggested in 2Q guidance. Over the medium term we still hold concerns about growth prospects for global shipments going into 2015, especially as to us, current volume strength is mostly a function of lower y/y price levels combined with pent-up demand from late last year. **At the same time, we have been pleased with the quiet strength developing in AGU shares in recent weeks (up 3.7% in June vs. the S&P 500 at 2.0%), especially now that the Carseland facility is back up and running as of June 10/11.**

Across the crop markets the trends supporting favorable supply expectations remain in place, though heavy rains in areas of the Corn Belt have resulted in flooding – areas of MN and Northern IA have seen over a foot of rain the past month. Still, overall field conditions remain good (corn 74% good/excellent, soybeans 72% as of June 22), and futures prices continue to fall as the latest CPC calls for warm, generally wet weather over the Northern and Eastern U.S.

In our view, a good global harvest sets up well for the processors, for whom soy crush and corn crush margins remain favorable. We're pleased to see reports of the Chinese livestock market normalizing; with the bird flu season over and pork producers returning to profitability, soymeal prices are rising with demand. **Soy crushers in China are losing a fraction of the money they were this past spring.** While BG shares have lagged the market as prospects for a near-term sugar-asset driven catalyst have faded, we still anticipate earnings tailwinds from agribusiness volumes and margins in 2H14. In the meantime, livestock prices grind higher from strong demand (April saw double-digit export growth for U.S. beef and pork) to the benefit of PAHC as meat producers see even greater incentive to maximize their productivity.

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PLEASE SEE ANALYST CERTIFICATION(S) AND IMPORTANT DISCLOSURES BEGINNING ON PAGE 49.

INDUSTRY UPDATE

North America Fertilizers & Agriculture

NEUTRAL

Unchanged

North America Fertilizers & Agriculture

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Bunge

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Potash Corporation of Saskatchewan

Mosaic Company.....

Phibro Animal Health Corp.

FIGURE 1

Barclays North America Fertilizers & Agriculture Comp Sheet

	Ticker	Rating	Price	Target	Market Cap	Ent Value	Dividend Yield	TTM Leverage	EV/EBITDA			EBITDA			P/E			EPS		
									2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E	2013	2014E	2015E
North America Fertilizer Producers																				
	Neutral																			
Agrium Inc.	AGU-US	OW	\$93.21	\$113	13,422	16,341	3.2%	1.8x	7.7x	8.2x	6.7x	2,113	2,000	2,443	12.6x	14.2x	11.0x	\$7.38	\$6.57	\$8.45
CF Industries Holdings Inc.	CF-US	EW	\$245.53	\$269	13,455	14,882	1.6%	1.8x	5.6x	6.8x	6.8x	2,642	2,186	2,204	10.4x	12.4x	11.9x	\$23.60	\$19.83	\$20.56
Mosaic Co.	MOS-US	EW	\$50.79	\$53	20,372	20,951	2.0%	1.6x	9.7x	9.8x	8.7x	2,149	2,146	2,419	17.9x	19.4x	14.8x	\$2.84	\$2.62	\$3.43
Potash Corp. of Saskatchewan	POT-US	EW	\$38.25	\$34	32,624	36,296	3.7%	1.4x	11.0x	13.4x	11.7x	3,309	2,712	3,098	18.3x	23.8x	19.3x	\$2.09	\$1.61	\$1.98
Intrepid Potash Inc.	IPI-US	UW	\$16.93	\$13	1,277	1,424	0.0%	1.8x	13.9x	16.4x	10.5x	103	87	136	52.0x	446.3x	51.4x	\$0.33	\$0.04	\$0.33
CVR Partners LP	UAN-US	EW	\$18.53	\$23	1,355	1,394	9.1%	0.9x	9.1x	10.1x	9.2x	153	138	151	11.5x	12.9x	11.5x	\$1.62	\$1.44	\$1.61
Average								1.6x	9.5x	10.8x	8.9x				14.1x	16.5x	13.7x			
North America Agricultural Processors																				
	Neutral																			
Bunge	BG-US	OW	\$75.64	\$90	11,119	16,456	1.6%	3.6x	8.9x	8.2x	7.5x	1,850	1,997	2,208	14.0x	12.2x	10.5x	\$5.39	\$6.18	\$7.24
Ingredion Inc.	INGR-US	EW	\$76.86	\$74	5,826	7,071	2.2%	2.4x	8.8x	8.4x	7.7x	800	843	914	15.2x	14.0x	12.5x	\$5.05	\$5.50	\$6.15
Average								3.0x	8.9x	8.3x	7.6x				14.6x	13.1x	11.5x			
North America Animal Health																				
	Neutral																			
Phibro Animal Health Corporation ¹	PAHC-US	OW	\$20.92	\$21	824	1,064	1.9%	3.3x	14.0x	11.8x	10.6x	76	90	100	34.7x	20.2x	14.8x	\$0.60	\$1.03	\$1.42
Zoetis ²	ZTS-US	EW	\$32.64	\$35	16,320	19,392	1.0%	2.9x	15.4x	14.5x	12.9x	1,257	1,342	1,498	23.5x	21.3x	18.7x	\$1.39	\$1.53	\$1.75
Average								3.1x	14.7x	13.1x	11.8x				29.1x	20.8x	16.7x			

All amounts in USD \$ millions except for per-share data

Note: P/E averages exclude IPI

¹ PAHC estimates use a June fiscal year end.² ZTS is covered by US Pharmaceuticals analyst Doug Tsao with a Positive industry view.

Industry view: Neutral

Stock ratings: OW-Overweight; EW-Equal Weight; UW-Underweight

Source: Thomson Reuters, Company reports, Barclays Research estimates. Prices as of 6/23/14.

For full disclosures on each covered company, including details of our company-specific valuation methodology and risks, please refer to <http://publicresearch.barcap.com>.Source:

COMMODITY PRICING

Corn prices continue to weaken in the face of good current crop conditions and a generally favorable weather outlook. The old crop soybean market remains tight on paper, but the reality of replenished stocks forthcoming with the new crop harvest has apparently started to weigh on price levels here as well. The next major reports anticipated by the grain trade are the Grain Stocks and Acreage releases on June 30.

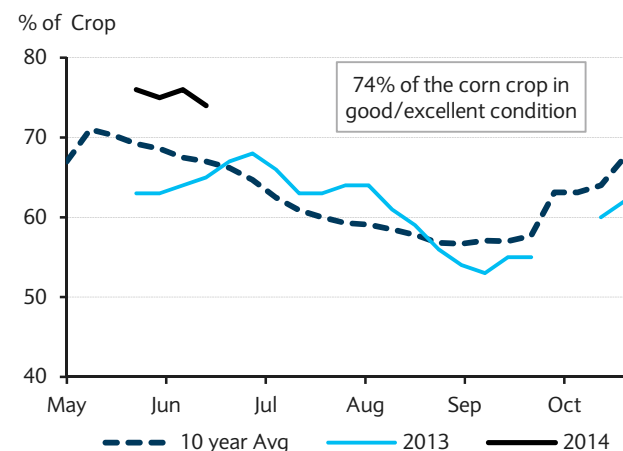
Domestic urea and DAP prices have both seen recent strength and late-season demand for cotton and rice planting in the American South has come in stronger than many expected.

FIGURE 2
Notable Ag Commodity Prices

	Current	Last Month	Last Year
	6/20/2014	5/20/2014	6/20/2013
Agricultural Crops:			
Corn (\$/bu)	\$4.53	\$4.74	\$6.73
Soybeans (\$/bu)	\$14.16	\$14.70	\$14.98
Soybean Meal (\$/st)	\$459	\$487	\$446
Soybean Oil (\$/lb)	\$0.40	\$0.40	\$0.48
Wheat (\$/bu)	\$5.85	\$6.71	\$7.01
Sugar #11 (\$/lb)	\$0.18	\$0.18	\$0.17
Energy:			
Natural Gas, Henry Hub (\$/mmBtu)	\$4.52	\$4.53	\$3.90
Crude Oil, WTI Cushing (\$/barrel)	\$107.26	\$102.44	\$95.40
Gasoline, RBOB (\$/gallon)	\$3.14	\$2.96	\$2.78
Ethanol, Iowa Plant (\$/gallon)	\$2.08	\$2.22	\$2.56
Fertilizers:			
Fertilizer prices as of:	6/19/2014	5/22/2014	6/20/2013
Ammonia U.S. NOLA (\$/st)	\$485	\$523	\$514
Ammonia Black Sea (\$/mt)	\$455	\$463	\$460
Urea Granular U.S. NOLA (\$/st)	\$345	\$325	\$323
Urea Prill Black Sea (\$/mt)	\$300	\$293	\$325
DAP U.S. Gulf (\$/st)	\$425	\$399	\$434
Potash Granular Vancouver (\$/mt)	\$302	\$302	\$410

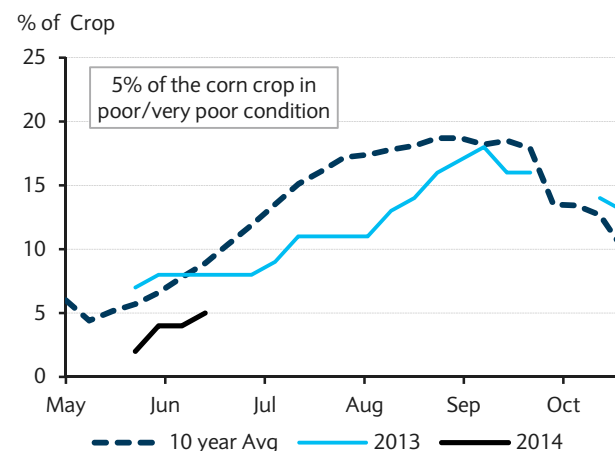
Source: Bloomberg, CRU

FIGURE 3
Corn Condition – Good/Excellent vs. Last Year, Historical



Source: USDA, Barclays Research

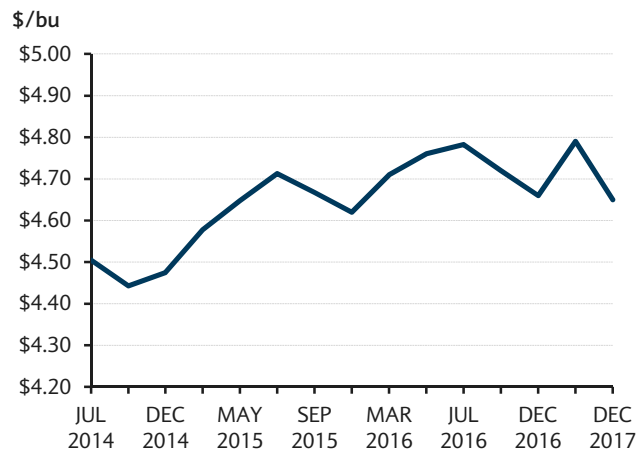
FIGURE 4
Corn Condition – Poor/Very Poor vs. Last Year, Historical



Source: USDA, Barclays Research

FIGURE 5

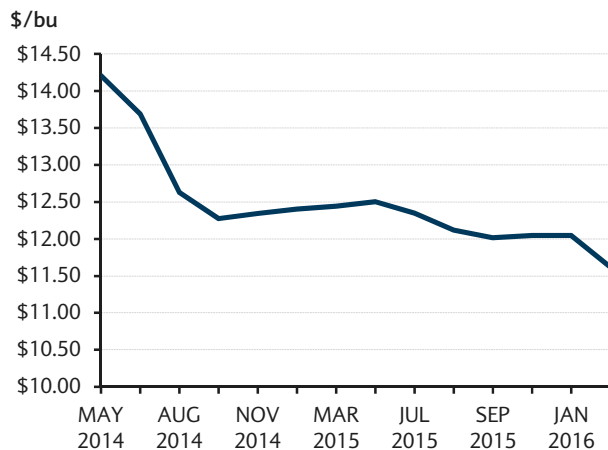
Corn Futures Curve



Source: Thomson Reuters

FIGURE 6

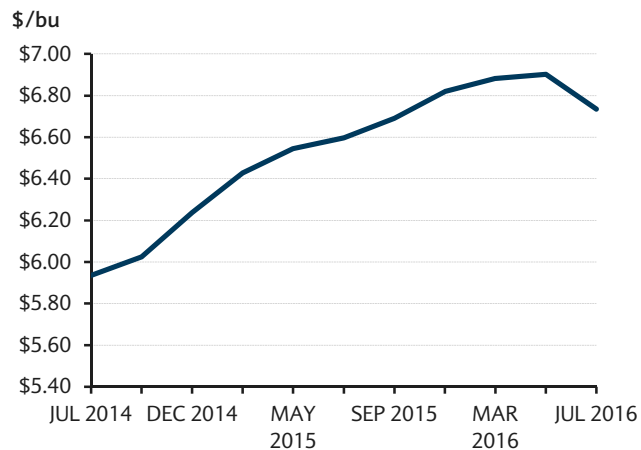
Soybeans Futures Curve



Source: Thomson Reuters

FIGURE 7

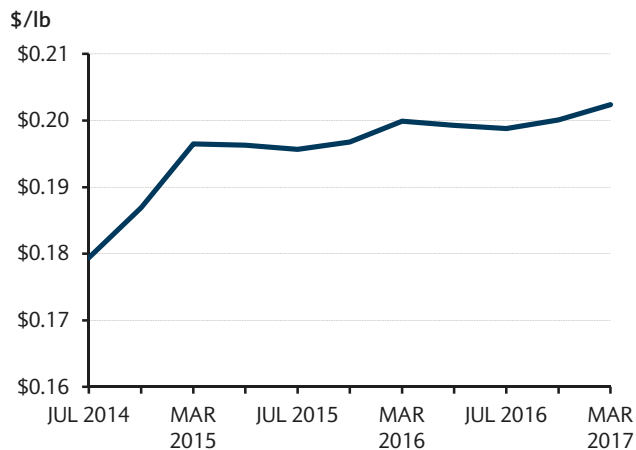
Wheat Futures Curve



Source: Thomson Reuters

FIGURE 8

Sugar Futures Curve



Source: Thomson Reuters

Non-commercial long positions for corn and soybeans continue to get smaller. For wheat this group has moved to a short position for the first time since April 22, 2014.

FIGURE 9
CFTC Corn Net Positions

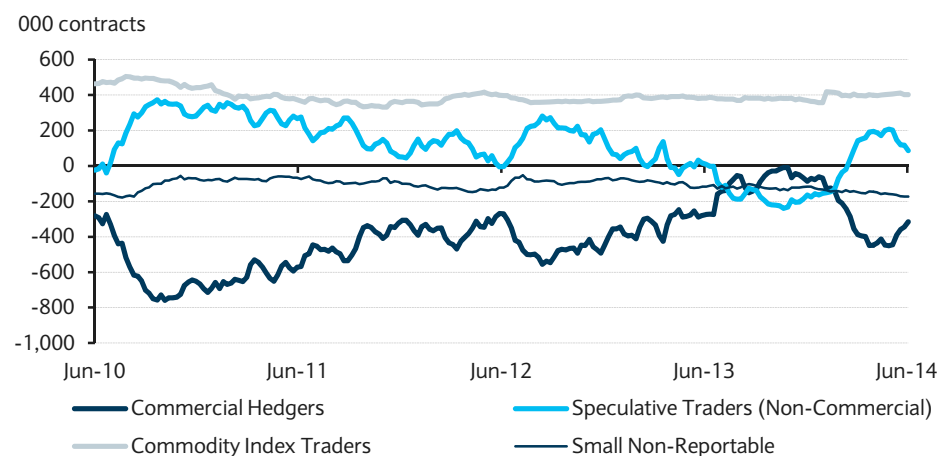


FIGURE 10
CFTC Soybeans Net Positions

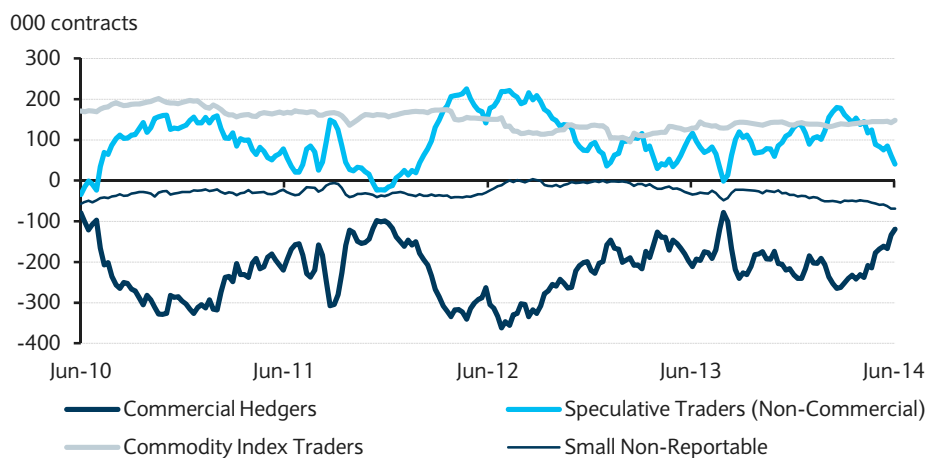
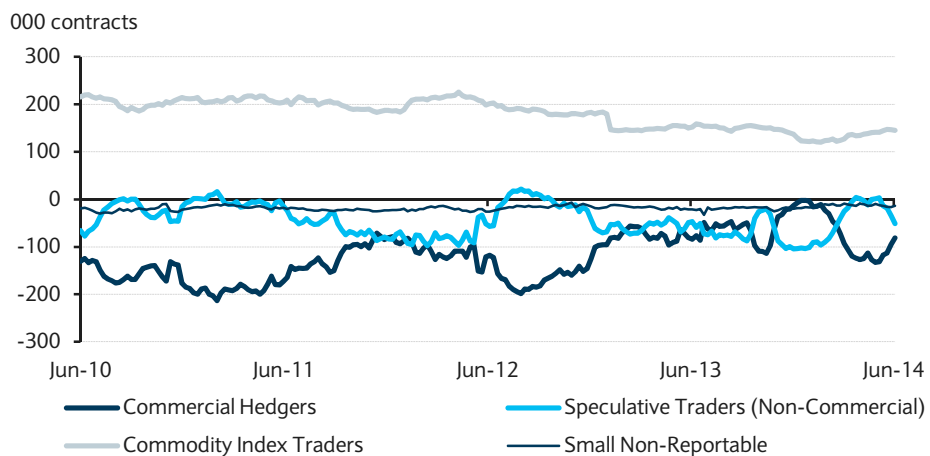


FIGURE 11
CFTC Wheat Net Positions



Source: Bloomberg

Note: Positive values represent net long positions. Negative values represent net short positions.

SECTOR PERFORMANCE & STOCK VALUATION

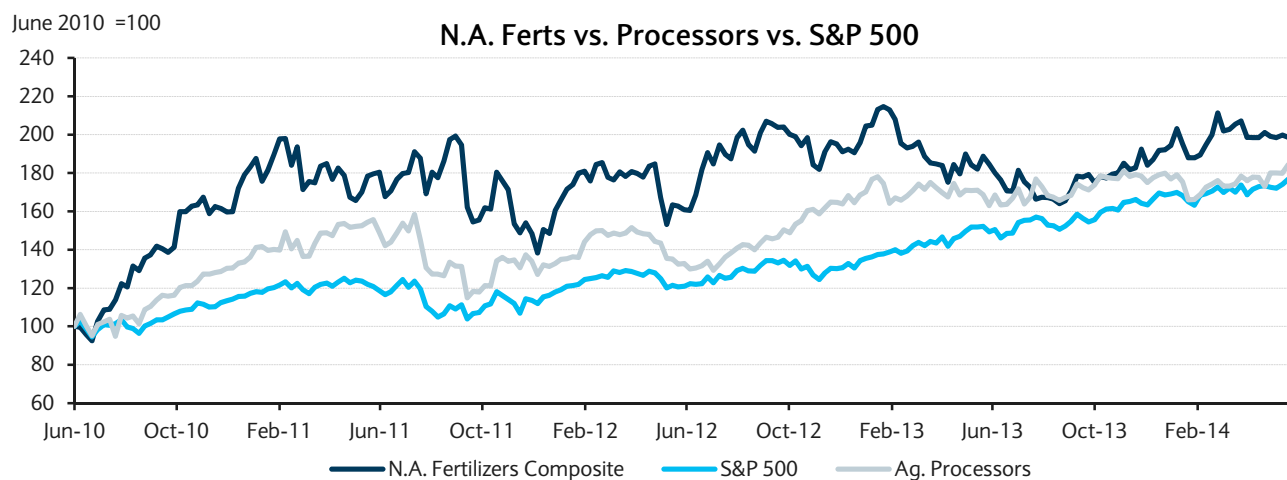
FIGURE 12

Stock Performance

		Price			Performance		
	Ticker	Currency	Recent Closing	1 Month Ago	YTD	1-Year	3-Years
Fertilizers							
Agrium	AGU-US	USD	93.21	90.83	1.9%	8.4%	10.7%
CF Industries	CF	USD	245.53	246.66	5.4%	34.4%	71.7%
Intrepid Potash	IPI	USD	16.93	16.48	6.9%	-9.8%	-43.9%
Mosaic Co.	MOS	USD	50.79	49.53	7.4%	-10.4%	-19.9%
PotashCorp	POT-US	USD	38.25	36.32	16.0%	-2.4%	-27.7%
Compass Minerals	CMP	USD	94.37	93.25	17.9%	13.5%	12.3%
Israel Chemicals Limited	ICL-TV	ILS	29.82	31.29	3.1%	-19.0%	-43.2%
K+S	SDF	EUR	24.39	26.04	9.0%	-15.0%	-53.3%
Sirius Minerals	SXX-LN	BPN	12.00	12.00	-14.3%	-52.0%	88.2%
Sociedad Quimica Y Minera	SQM	USD	30.51	29.87	17.9%	-23.6%	-50.4%
Uralkali	URKA	RUB	150.01	163.32	-12.8%	-32.7%	-35.8%
Yara	YAR-OS	NOK	307.50	278.00	17.8%	24.9%	0.2%
MLPs							
CVR Partners	UAN	USD	18.53	19.38	12.6%	-17.7%	-15.8%
OCI Partners	OCIP	USD	21.37	20.99	-22.6%	N/A	N/A
Rentech Nitrogen Partners	RNF	USD	16.68	16.60	-5.2%	-42.3%	N/A
Terra Nitrogen	TNH	USD	143.70	142.39	1.8%	-31.5%	9.6%
Ag Processors							
Andersons Inc.	ANDE	USD	51.70	45.66	-13.0%	45.9%	92.7%
Archer Daniels Midland	ADM	USD	44.98	43.56	3.6%	35.9%	52.4%
Bunge	BG	USD	75.64	75.73	-7.9%	7.8%	14.4%
Darling International	DAR	USD	20.72	19.43	-0.8%	10.7%	17.1%
Ingredion	INGR	USD	76.86	75.16	12.3%	18.9%	42.1%
Soft Commodities & Trading							
Cosan	CSAN3	BRL	40.01	37.13	1.1%	-5.4%	63.3%
Golden Agri-Resources	E5H-SG	SGD	0.56	0.57	2.8%	1.8%	-17.0%
Noble Group	N21-SG	SGD	1.40	1.31	30.8%	42.1%	-26.7%
OLAM International	O32-SG	SGD	2.45	2.24	59.6%	47.6%	-7.9%
Sime Darby Berhad	SIME	MYR	9.56	9.63	0.4%	1.7%	4.3%
Wilmar International	F34-SG	SGD	3.20	3.22	-6.4%	-1.5%	-40.2%
Ag Machinery & Seed							
Agco Corporation	AGCO	USD	56.90	54.05	-3.9%	9.4%	22.8%
CNH Industrial	CNHI-MI	EUR	7.64	7.85	-7.8%	N/A	N/A
Deere and Company	DE	USD	91.39	89.98	0.1%	10.8%	11.8%
Monsanto	MON	USD	122.10	119.92	4.8%	18.3%	83.4%
Syngenta	SYNN-VX	CHF	333.00	346.80	-6.2%	-6.1%	21.5%
Titan Machinery	TITN-US	USD	15.65	15.79	-12.2%	-21.7%	-45.9%
Proteins							
Hormel	HRL	USD	49.19	46.66	8.9%	29.8%	68.7%
Pilgrim's Pride	PPC	USD	25.22	25.10	55.2%	98.3%	367.9%
Sanderson Farms	SAFM	USD	93.41	85.14	29.1%	44.5%	98.7%
Tyson Foods	TSN	USD	36.27	39.72	8.4%	44.0%	93.5%

Source: Thomson Reuters. Recent closing price and performance as of 6/23/2014.

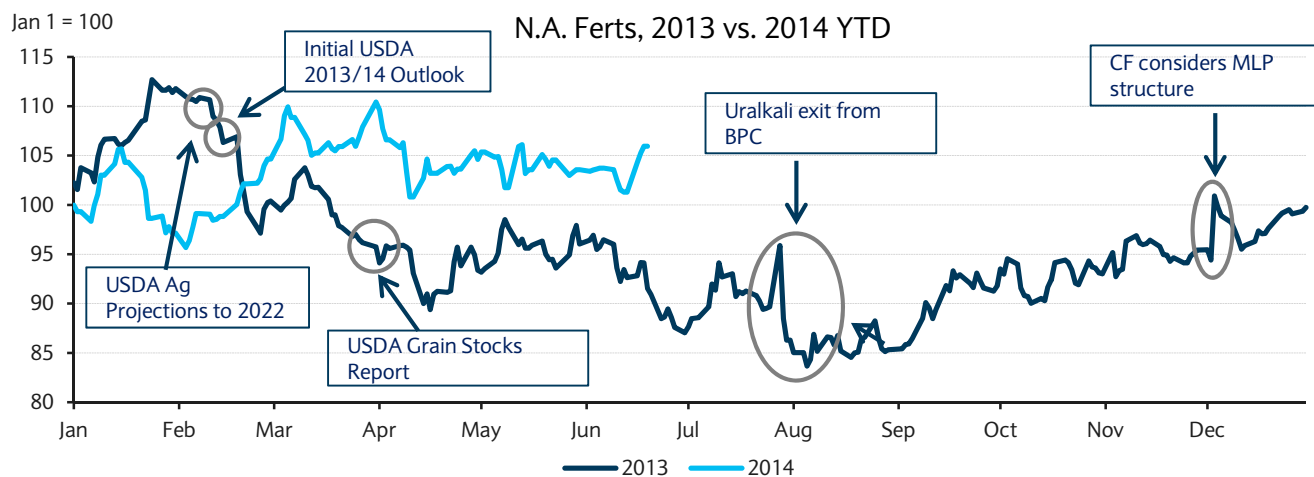
FIGURE 13
Sector Performance Since June 2010



Source: Thomson Reuters, Barclays Research

Note: N.A. Fertilizers Composite includes CF, AGU, POT, MOS, IPI (no MLPs). Ag. Processors Composite includes BG and INGR.

FIGURE 14
Sector Performance, 2013 vs. 2014 YTD



Source: Thomson Reuters, Barclays Research

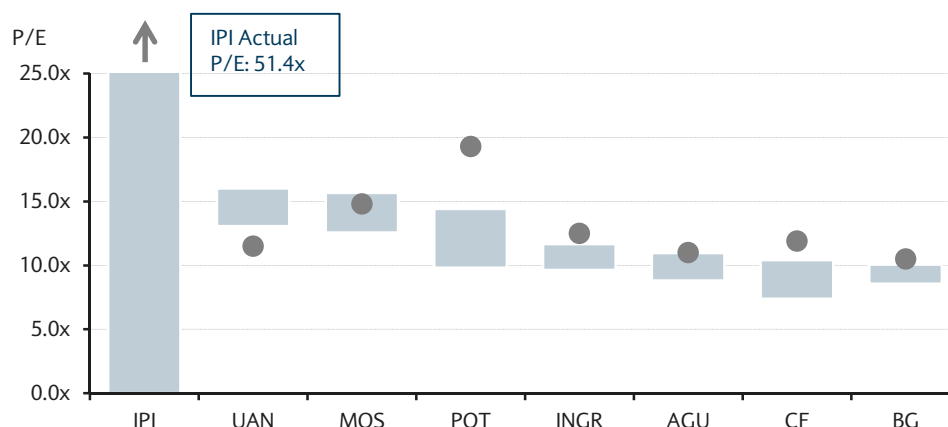
Note: N.A. Fertilizers Composite includes CF, AGU, POT, MOS, IPI (no MLPs).

Much of the sector is trading at valuation multiples at the high end or above the stocks' historical ranges, though with certain stocks – CF in particular – we believe we've seen the market re-rate upon greater faith in the relative earnings stability of major U.S. nitrogen producers.

We believe that Agrium's competitively advantaged position as the third largest North American nitrogen producer should support a higher valuation for the stock as the company works through the production challenges and expansion tie-ins seen in 2014. We also expect Bunge's unfolding process of cutting costs, focusing on returns, and divesting from more volatile (fertilizer) or lower margin (sugar) businesses over time should also improve that stock's multiple.

Though high valuation is in itself rarely a reason for a stock to move, we see opportunity in the valuation spread between POT and MOS when accounting for business mix, margin comparison, and prospects for free cash flow generation.

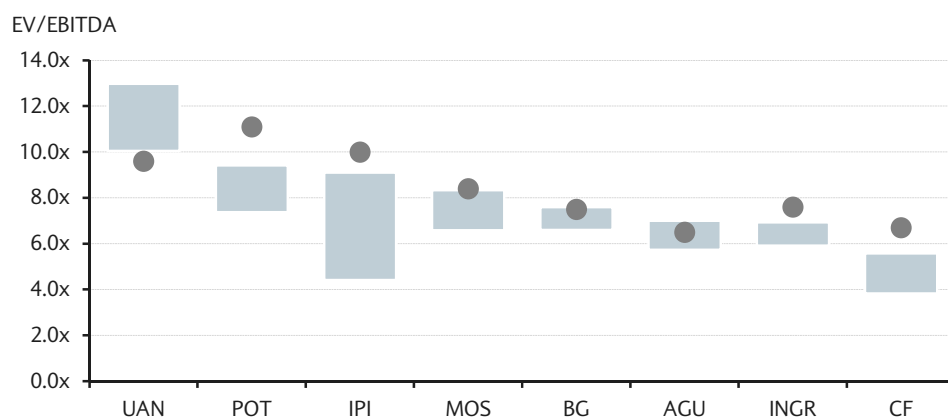
FIGURE 15
Stock Valuation, FY2 P/E, Current and Last Three Years



Source: Thomson Reuters, Company filings, Barclays Research

Note: Shaded bars reflect +/- 1 standard deviation in the median multiple over the past three years. Circles reflect the current multiple based on our estimates. PAHC not included given lack of trading history.

FIGURE 16
Stock Valuation, FY2 EV/EBITDA, Current and Last Three Years



Source: Thomson Reuters, Company filings, Barclays Research

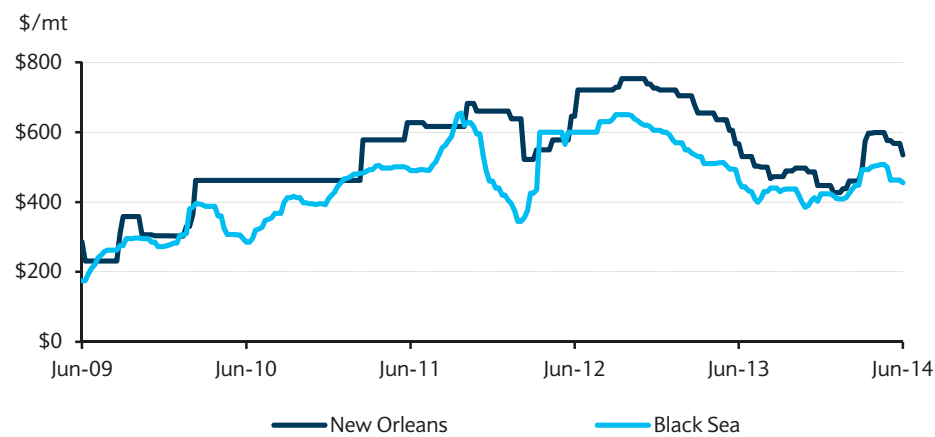
Note: Shaded bars reflect +/- 1 standard deviation in the median multiple over the past three years. Circles reflect the current multiple based on our estimates. PAHC not included given lack of trading history.

FERTILIZER PRICING

As of this writing, the July Yara/Mosaic contract has not been settled, but buyers are hoping for a reduction from last month's price of \$540/t. Meanwhile, Black Sea prices fell 2% from mid-May levels and are expected to continue to decline over the next few weeks.

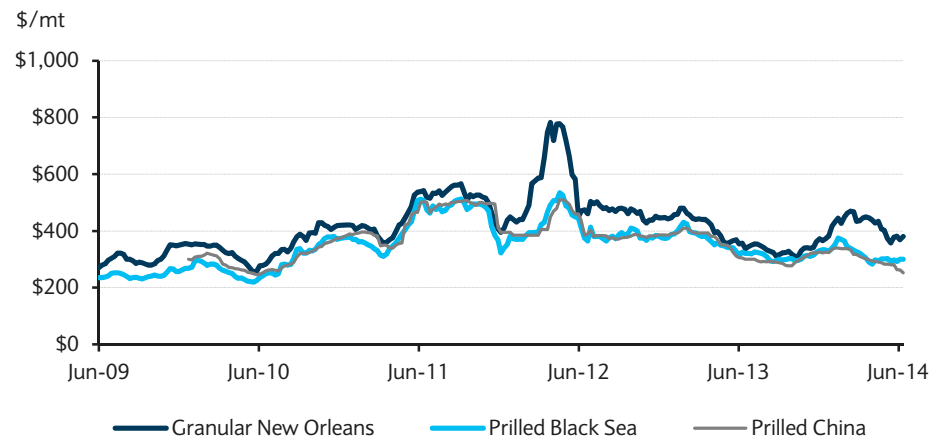
New Orleans urea is listed at \$380/t in the most recent CRU index, up 6% from mid May, on higher-than-expected late season demand for cotton, rice, spring wheat, and corn.

FIGURE 17
AMMONIA Index Pricing, Last Five Years



Source: CRU, Barclays Research

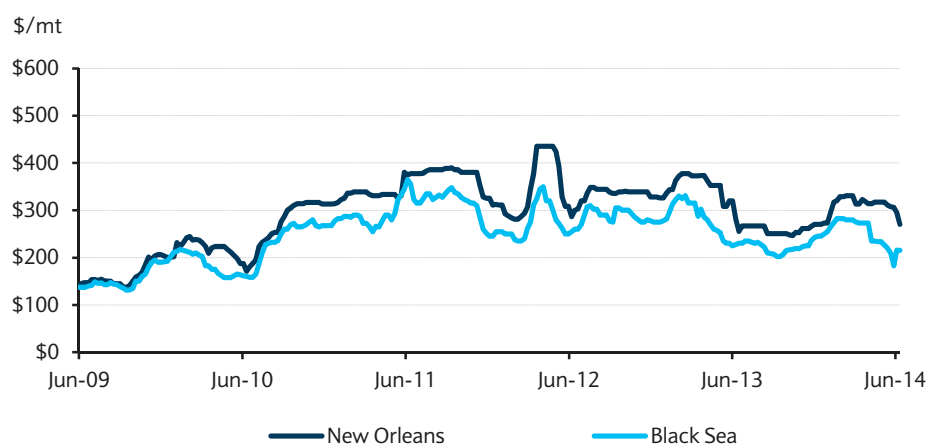
FIGURE 18
UREA Index Pricing, Last Five Years



Source: CRU, Barclays Research

New Orleans UAN prices have fallen to \$270/mt (down 13% m/m) as summer fill pricing sets in across the Midwest. However, early reports are that buyers are participating in summer fill offers more aggressively than last year due to a tight supply chain.

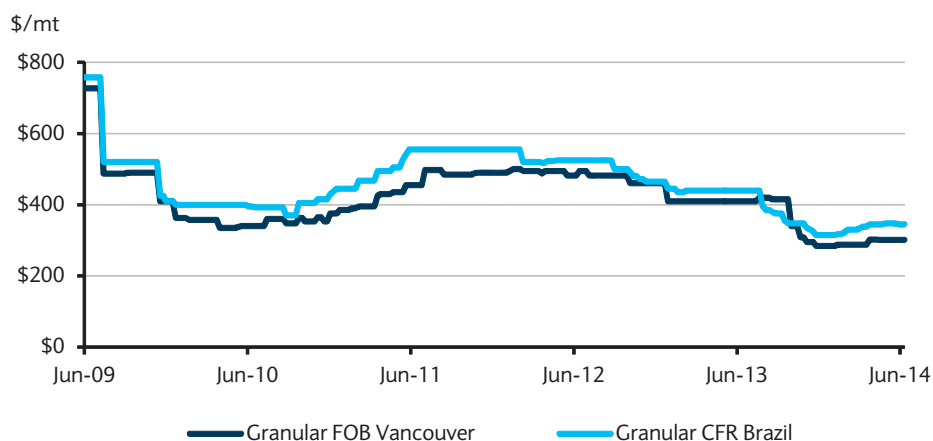
FIGURE 19
UAN Index Pricing, Last Five Years



Source: CRU, Barclays Research

At its annual capital markets day last week, Uralkali announced its intention to focus more on pricing now that it has regained market share. Even so, we do not expect any moves taken by URKA to lead to any substantial lift in potash prices given the strong incentive for the industry as a whole to encourage demand growth. Near term, producers continue to push for price increases in Brazil, yet the granular index remains steady at \$345/t CFR.

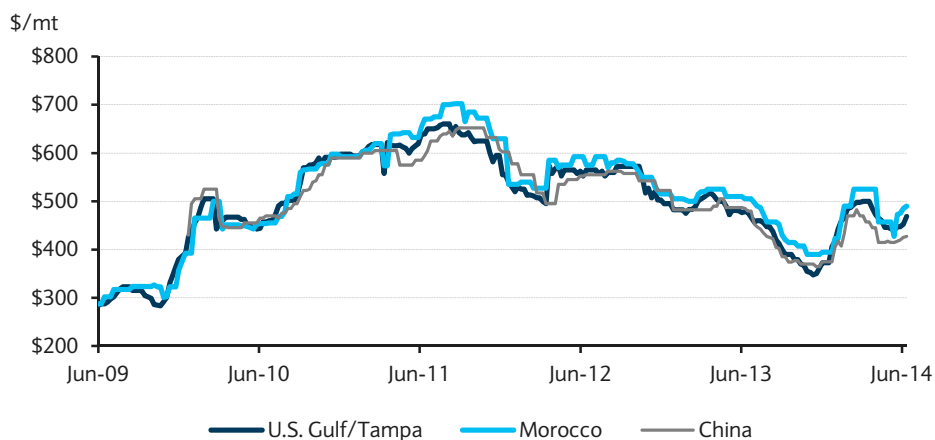
FIGURE 20
MOP (POTASH) Index Pricing, Last Five Years



Source: CRU, Barclays Research

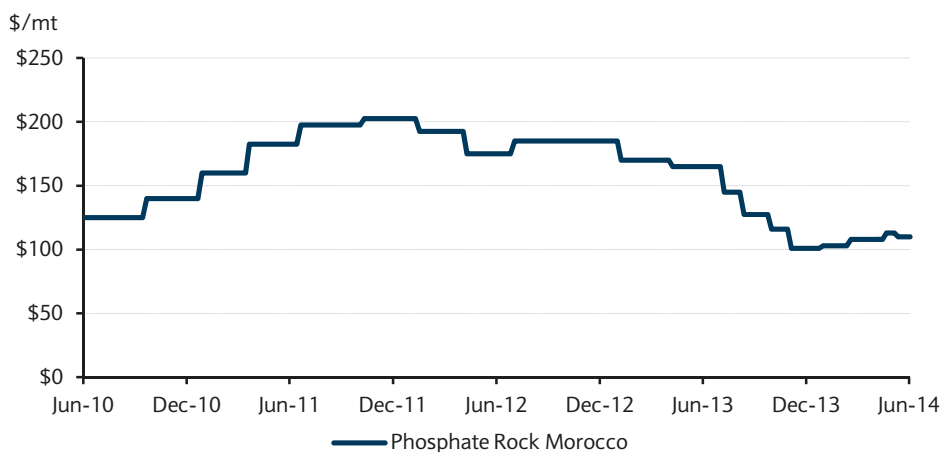
Domestic DAP prices have risen to \$469/t as of June 19 (up 7% m/m). However, the potential for much higher imports this summer is expected to put some pressure on the domestic market in July.

FIGURE 21
DAP (Phosphate) Index Pricing, Last Five Years



Source: CRU, Barclays Research

FIGURE 22
Phosphate Rock Historical Pricing, 2010-Current

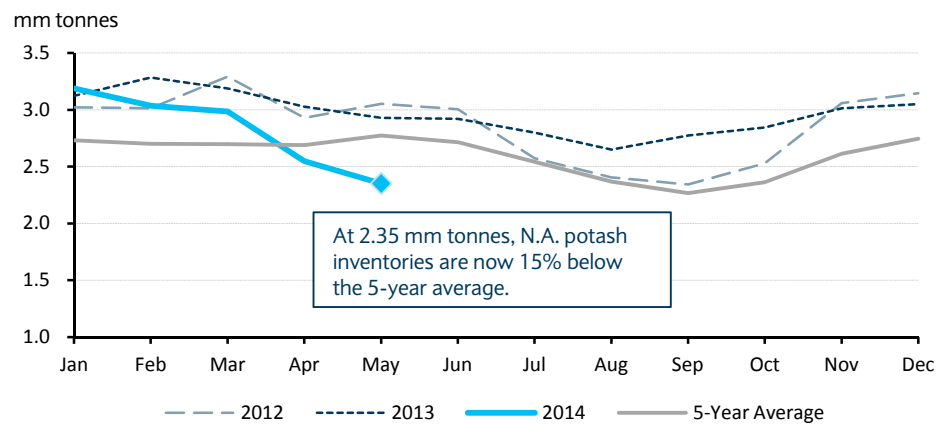


Source: CRU, Barclays Research

FERTILIZER SUPPLY/DEMAND

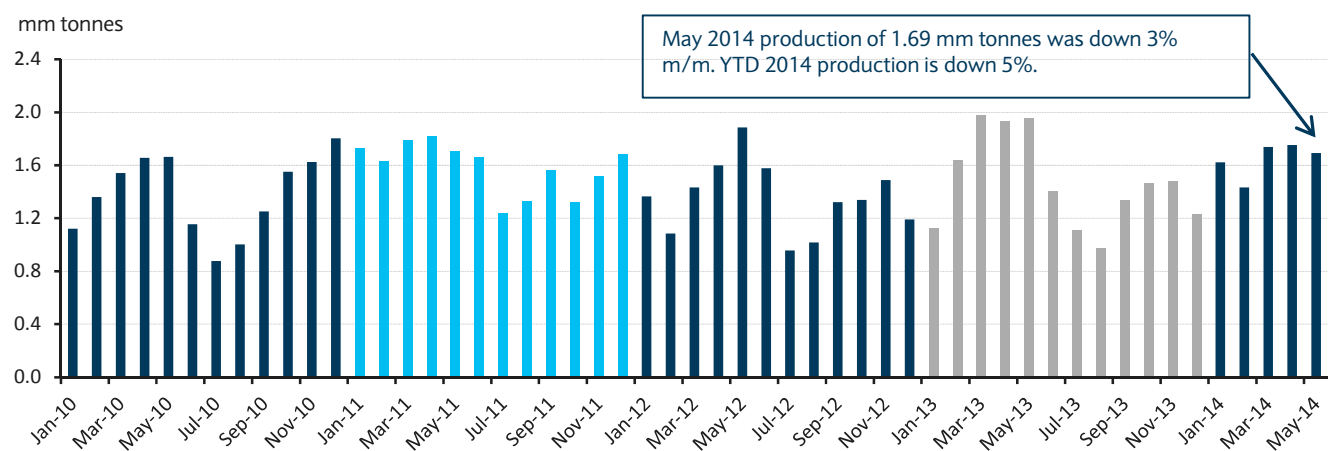
With restrained production (down 5% YTD) and healthy domestic consumption, North American potash inventories are now 15% below the historical average.

FIGURE 23
North American Potash Inventories, 2012-2014 vs. Historical Averages



Source: PotashCorp, IPNI, Barclays Research

FIGURE 24
Monthly North American Potash Production, 2010-Current

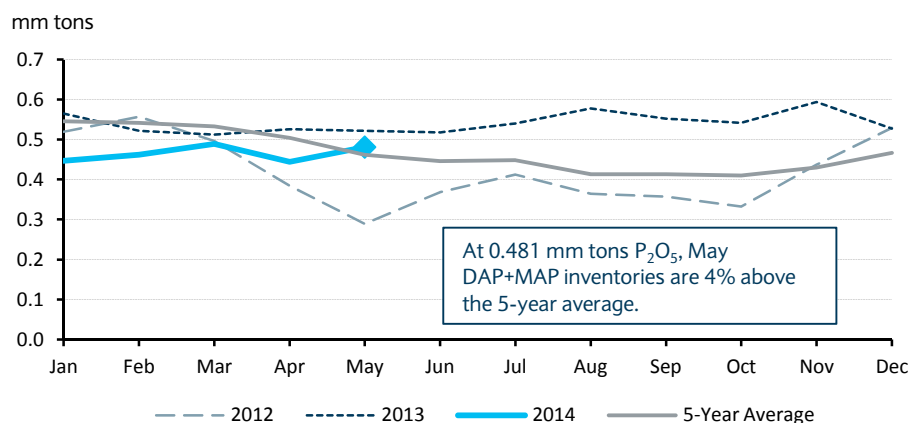


Source: PotashCorp, IPNI, Barclays Research

FIGURE 25

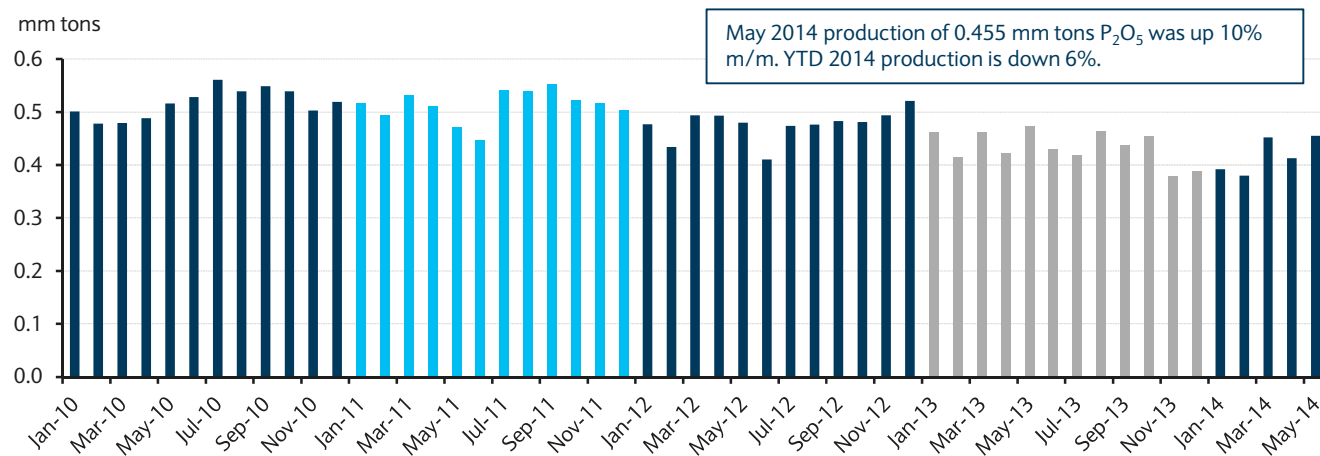
U.S. DAP/MAP Inventories (tons of P_2O_5), 2012-2014 vs. Historical Averages

2014 YTD domestic phosphate production was 6% lower through May while total disappearance was 5% lower. On a month/month basis, ending inventories increased by 37kt m/m.



Source: PotashCorp, TFI, Barclays Research

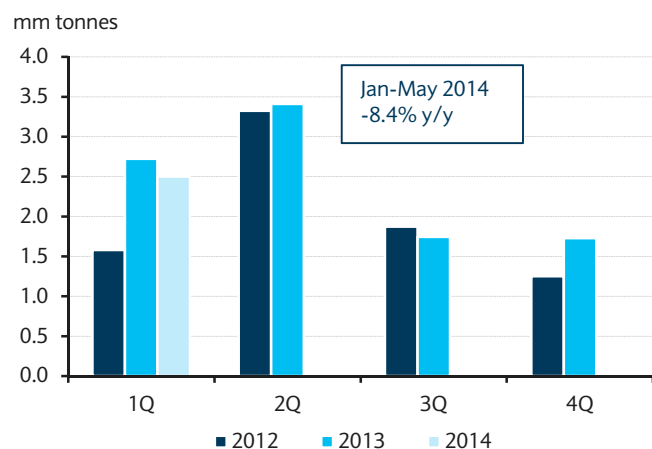
FIGURE 26

Monthly U.S. DAP/MAP Production (tons of P_2O_5), 2010-Current

Source: PotashCorp, TFI, Barclays Research

FIGURE 27

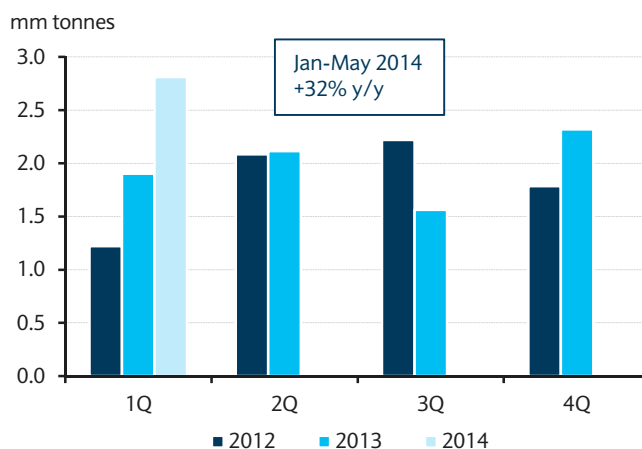
N.A. Potash Quarterly Exports, 2012-2014



Source: PotashCorp, IPNI, Barclays Research

FIGURE 28

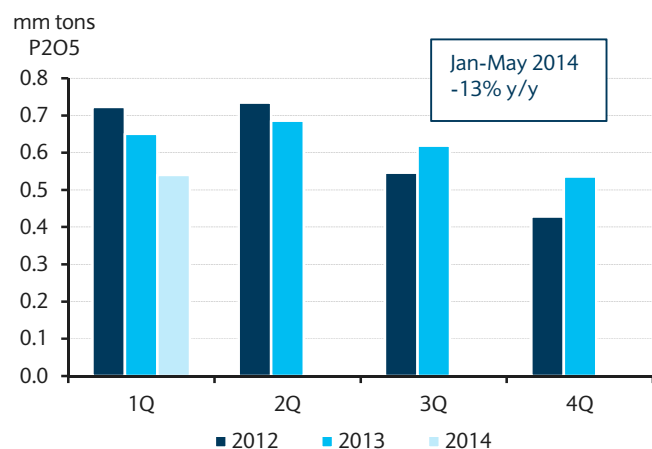
N.A. Potash Quarterly Domestic Sales, 2012-2014



Source: PotashCorp, IPNI, Barclays Research

FIGURE 29

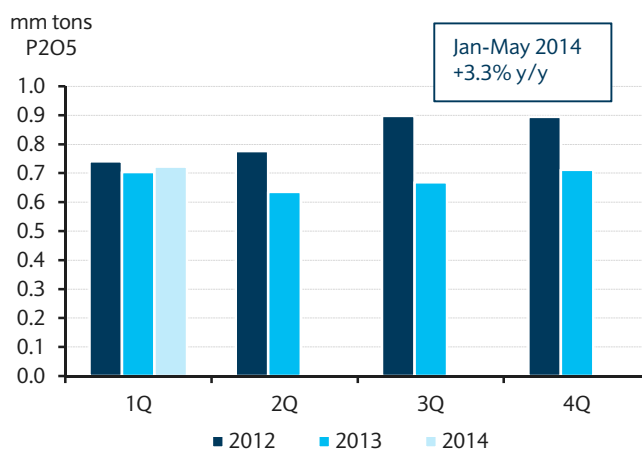
U.S. DAP/MAP Quarterly Exports, 2012-2014



Source: PotashCorp, TFI, Barclays Research

FIGURE 30

U.S. DAP/MAP Quarterly Domestic Sales, 2012-2014

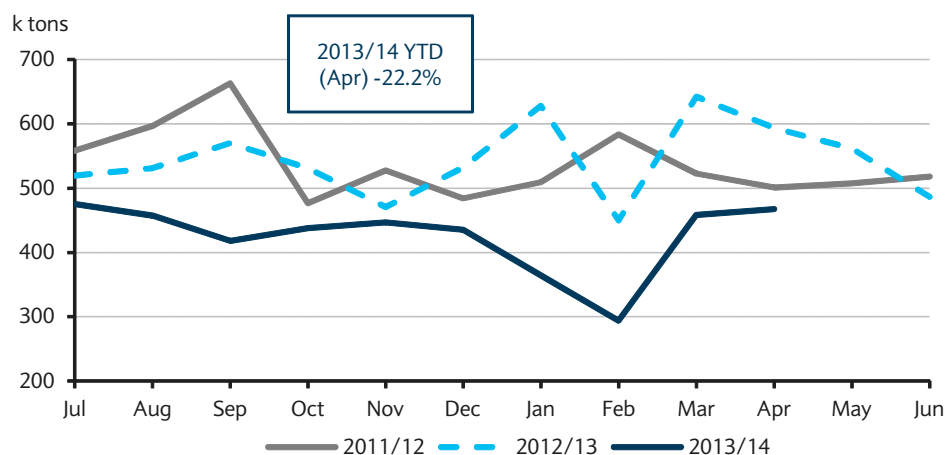


Source: PotashCorp, TFI, Barclays Research

For the “fertilizer year” starting in July 2013, U.S. nitrogen imports are still lower y/y, particularly for ammonia and UAN (down 22.2% and 23.9% y/y, respectively). For urea, March and April imports have rebounded strongly.

FIGURE 31

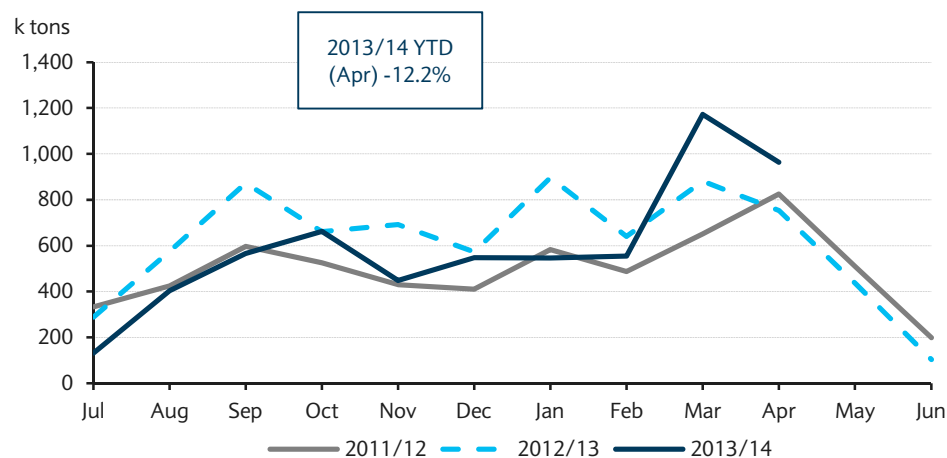
U.S. Ammonia Imports by fertilizer year, July 1-June 30



Source: US ITC, Barclays Research

FIGURE 32

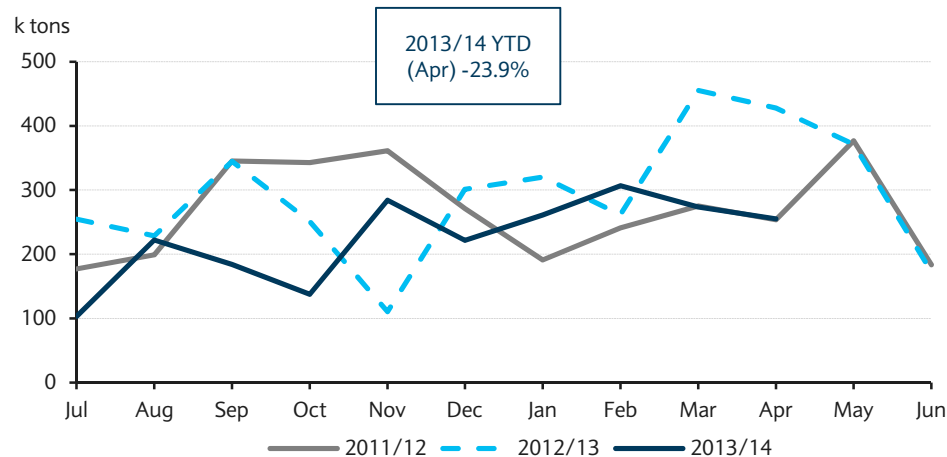
U.S. Urea Imports by fertilizer year, July 1-June 30



Source: US ITC, Barclays Research

FIGURE 33

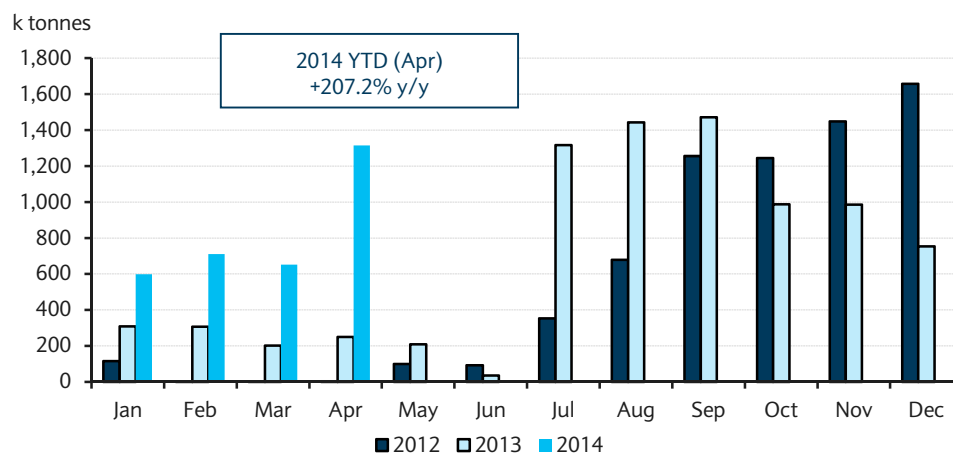
U.S. UAN Imports by fertilizer year, July 1-June 30



Source: US ITC, Barclays Research

Through April, China's urea exports have been very high – at 3.27mt YTD this is over 3x last year's level. The low-tax window starts on June 1.

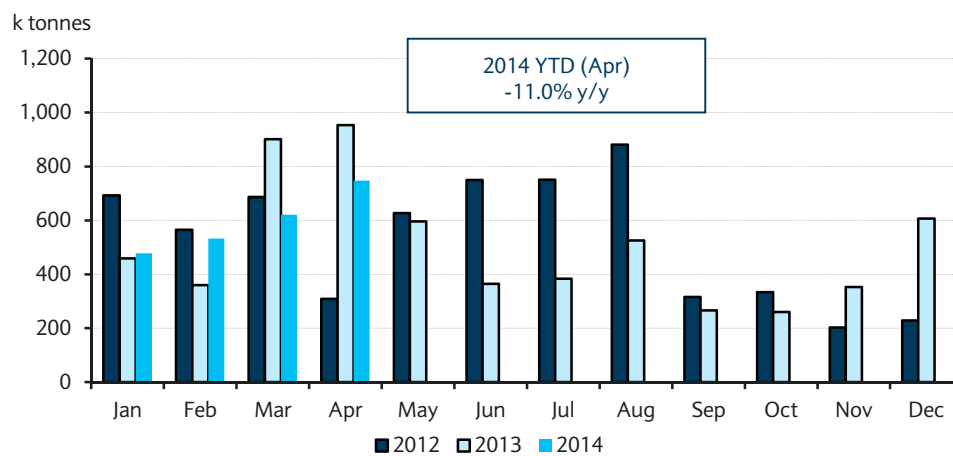
FIGURE 34
China Urea Exports, 2012-2014



Source: CRU, Barclays Research

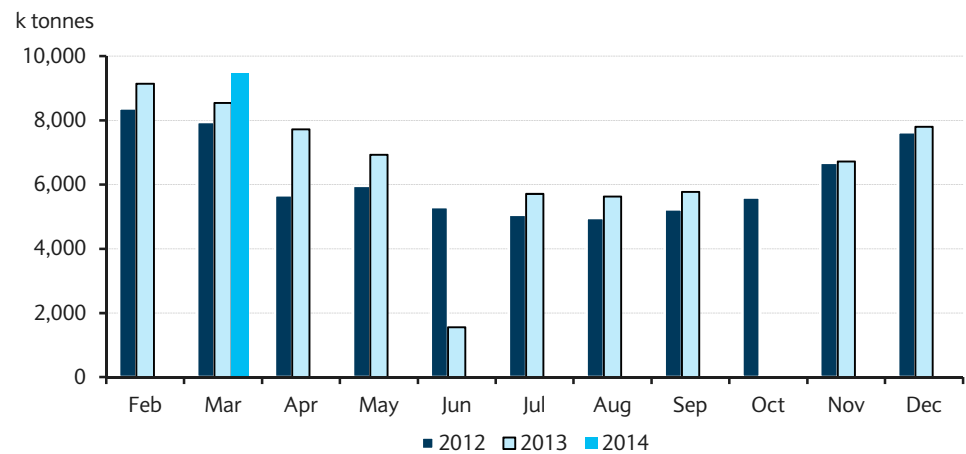
Through April, China's potash imports are down 11% y/y. N.A. producers expect steady shipments well into 3Q.

FIGURE 35
China MOP Imports, 2012-2014



Source: CRU, Barclays Research

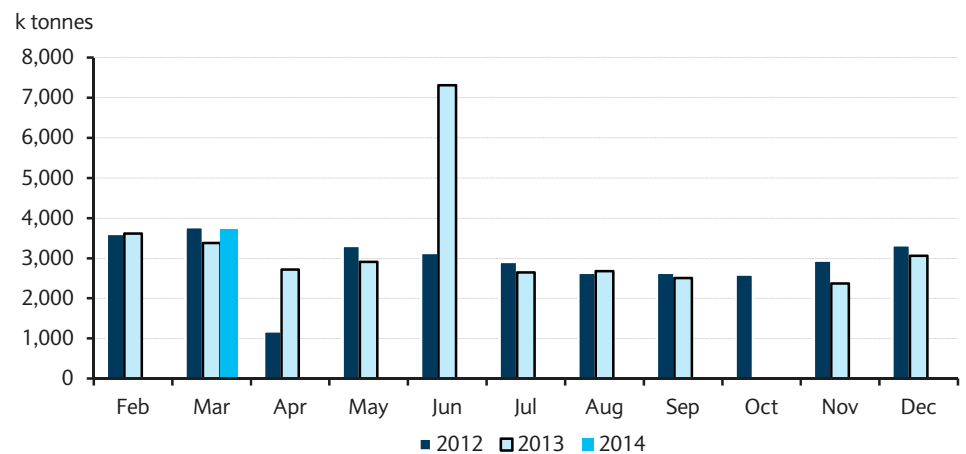
FIGURE 36
China Urea Inventory, 2012-2014



Source: Bloomberg

Note: January 2012-2014, October 2013, and February 2014 data not published.

FIGURE 37
China Potash Fertilizers Inventory, 2012-2014

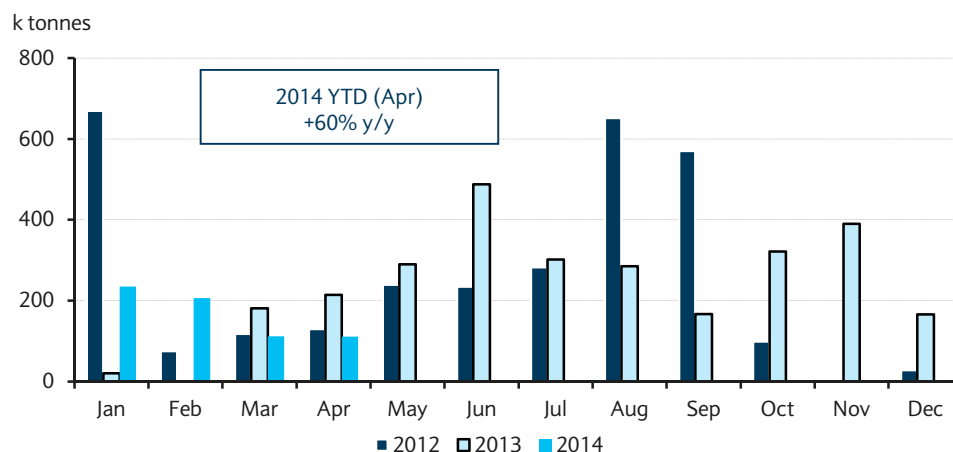


Source: Bloomberg

Note: January 2012-2014, October 2013, and February 2014 data not published.

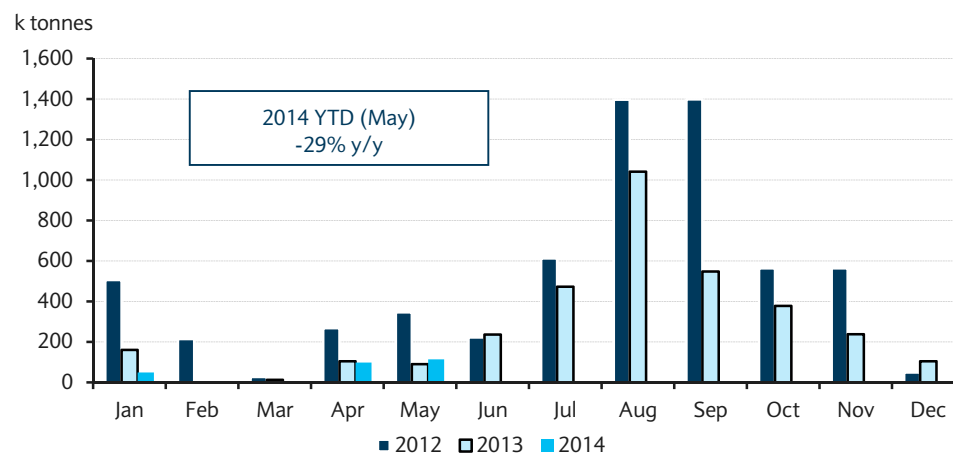
While there have been a number of reports that the new Modi government would address India's nutrient application imbalance by potentially increasing the retail price of urea, nothing has yet materialized. We do expect imports of potash and phosphate to improve into the second half of 2014, but right now uncertainty about the strength of the monsoon is a demand deterrent.

FIGURE 38
India MOP Imports, 2012-2014



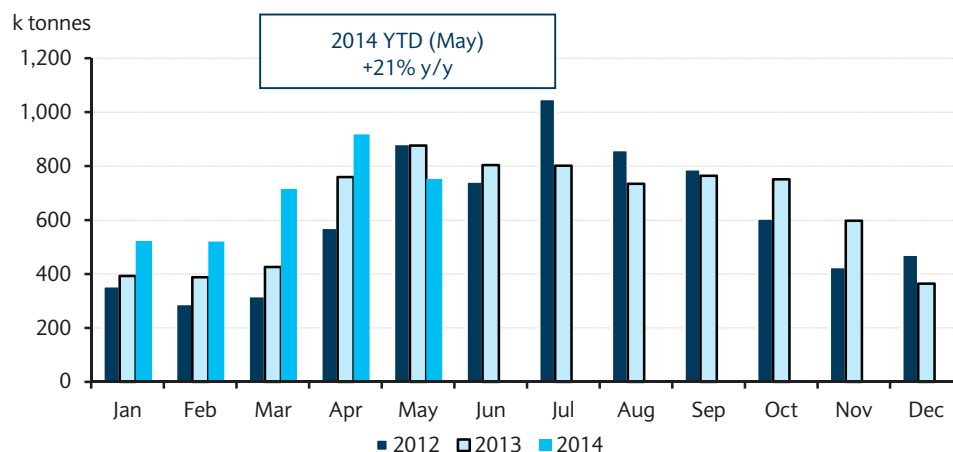
Source: CRU, Barclays Research

FIGURE 39
India DAP Imports, 2011-2014



Source: CRU, Barclays Research

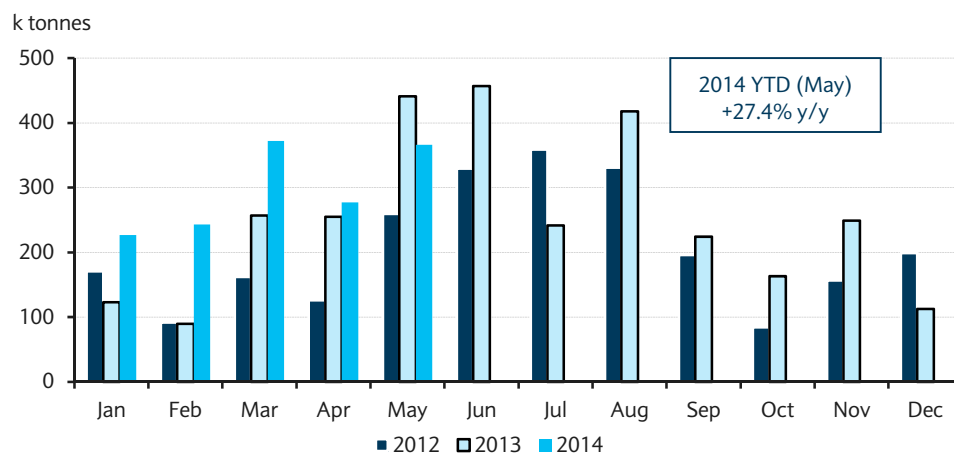
FIGURE 40
Brazil MOP Imports, 2012-2014



Source: CRU, Barclays Research

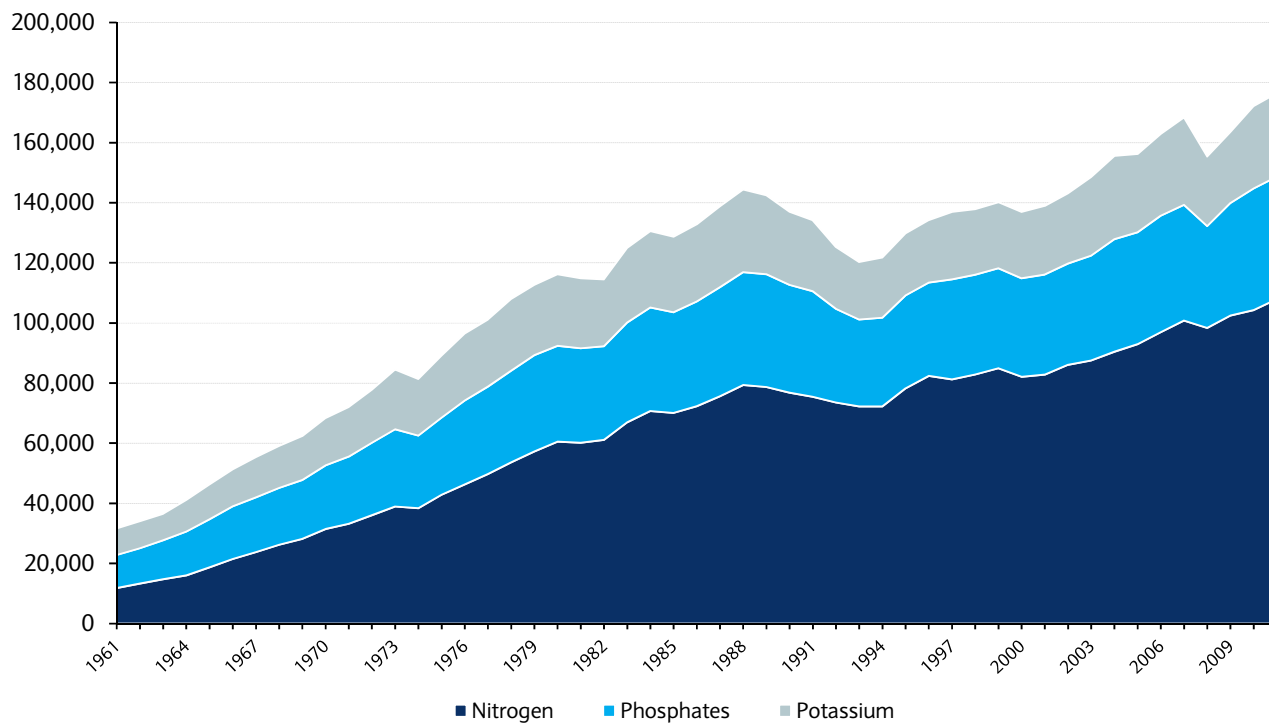
Brazil remains the main growth engine for global potash demand, with imports increasing strongly year-to-date. Still, May deliveries broke the trend of y/y growth each month so far in 2014.

FIGURE 41
Brazil DAP/MAP Imports, 2012-2014



Source: CRU, Barclays Research

FIGURE 42
Total Fertilizer Consumption by Nutrient, 1961-2011 (k tonnes)



Source: IFA, Barclays Research

FIGURE 43

Barclays World Potash (KCl/MOP) Market Balance Estimates

Fertilizer Year starting July 1	2010	2011	2012E	2013E	2014E	2015E	2016E
Potash Supply millions of metric tonnes							
Estimated Production Capacity							
North America	26.7	26.7	26.7	27.7	30.2	32.9	35.2
Latin America	2.4	2.4	2.4	2.4	2.4	2.4	2.6
Western Europe	7.9	7.9	7.9	8.0	7.7	7.7	7.7
Eastern Europe/FSU	21.2	23.9	25.5	23.2	23.2	24.5	24.5
Africa	0.0	0.0	0.0	0.5	0.5	0.5	0.5
Middle East/Western Asia	8.3	8.3	8.3	8.3	8.3	8.3	8.3
East Asia	2.6	2.6	3.0	5.2	5.7	5.7	5.7
Total Nominal Production Capacity	69.1	71.8	73.8	75.1	78.0	81.9	84.4
Estimated Max Effective Capacity %	90%	90%	90%	90%	90%	90%	90%
Total Global Effective Capacity	62.2	64.6	66.4	67.6	70.2	73.7	76.0
Estimated Operating Rate (% of Max Capacity)	84%	82%	77%	80%	80%	80%	80%
Total Potash Shipments	52.1	52.8	51.1	53.9	56.3	59.0	60.4
Year/Year Growth	15.4%	1.4%	(3.2%)	5.4%	4.4%	4.8%	2.4%
Potash Demand millions of metric tonnes							
Potash Demand for Fertilizer Use							
North America	7.3	7.6	5.3	6.9	7.1	7.2	7.2
Latin America	8.1	9.1	9.7	10.1	10.4	10.7	11.1
Western Europe	3.7	3.3	3.5	3.5	3.5	3.5	3.5
Central Europe	1.1	1.1	1.2	1.2	1.2	1.3	1.3
Eastern Europe/FSU	2.0	2.1	2.3	2.3	2.4	2.4	2.5
Africa	0.7	0.8	0.8	0.8	0.8	0.9	0.9
Middle East/Western Asia	0.3	0.4	0.4	0.4	0.5	0.5	0.5
South Asia	6.1	4.8	4.0	3.8	4.5	5.2	5.6
East Asia	14.7	15.5	16.3	17.0	17.8	18.2	18.6
Oceania & Other	0.9	1.0	0.5	0.5	0.5	0.5	0.5
Distribution and Other Losses	1.6	1.6	1.6	1.6	1.7	1.8	1.8
Total Potash Demand for Fertilizer Use	46.6	47.2	45.5	48.2	50.4	52.1	53.5
Potash Demand for Industrial/Other Use	5.6	5.6	5.6	5.7	5.8	6.0	6.2
Industrial Use as % of Total Potash Demand	10.7%	10.7%	10.9%	10.5%	10.4%	10.4%	10.4%
Total Potash Demand	52.2	52.8	51.1	53.9	56.2	58.1	59.7
Year/Year Growth	15.6%	1.3%	(3.3%)	5.4%	4.3%	3.5%	2.7%
Implied Market Surplus/Deficit	0.0	0.0	0.0	0.0	0.1	0.9	0.7

Source: FAO/UN, IFA, IFDC, Company reports, Barclays Research

Note: One tonne of K₂O is equivalent to 1.6393 tonnes of KCl product.

FIGURE 44

Barclays World Nitrogen (Ammonia) Market Balance Estimates

Fertilizer Year starting July 1	2010	2011E	2012E	2013E	2014E	2015E	2016E
Ammonia Supply							
millions of metric tonnes							
Estimated NH₃ Production Capacity							
North America	16.7	16.9	17.1	17.4	17.8	18.5	18.5
Latin America	11.8	11.0	11.0	11.8	12.2	13.5	13.5
Western Europe	12.7	12.7	12.7	12.7	12.7	12.7	12.7
Central Europe	8.4	8.4	8.4	8.4	8.4	8.4	8.4
Eastern Europe/FSU	26.0	26.5	26.9	26.9	27.3	28.2	28.6
Africa	7.3	8.1	9.5	10.6	11.9	12.6	12.6
Middle East/Western Asia	16.5	16.7	18.9	20.6	22.5	23.4	23.4
South Asia	21.5	21.7	21.7	22.2	22.8	23.2	23.2
East Asia	61.5	64.8	69.8	78.4	83.8	91.0	91.0
Oceania & Other	2.0	2.1	2.3	2.3	3.4	3.4	3.4
Total Nominal Production Capacity	184.4	188.8	198.3	211.4	222.8	234.8	235.2
Estimated Max Effective Capacity %	95%	95%	95%	95%	95%	95%	95%
Total Global Effective Capacity	175.2	179.3	188.4	200.8	211.7	223.1	223.5
Estimated Operating Rate (% of Max Capacity)	90%	90%	88%	85%	83%	83%	83%
Total NH₃ Supply	157.8	160.9	164.9	170.7	175.7	185.1	185.5
Year/Year Growth	2.2%	2.0%	2.5%	3.5%	2.9%	5.4%	0.2%
Ammonia Demand							
millions of metric tonnes							
Ammonia Demand (NH₃) for Fertilizer Use							
North America	16.7	17.1	17.3	17.5	17.6	17.9	18.6
Latin America	7.9	8.3	8.6	8.9	9.2	9.5	9.8
Western Europe	10.3	10.4	10.5	10.5	10.6	10.6	10.7
Central Europe	3.1	3.2	3.3	3.4	3.5	3.5	3.6
Eastern Europe/FSU	5.0	5.5	5.7	5.9	6.1	6.3	6.6
Africa	3.8	4.0	4.1	4.1	4.2	4.3	4.4
Middle East/Western Asia	3.5	3.5	3.6	3.7	3.8	3.9	4.0
South Asia	25.7	26.4	27.3	28.1	28.8	29.6	30.4
East Asia	49.1	49.7	50.7	51.5	52.3	53.1	54.0
Oceania & Other	2.6	1.7	1.7	1.7	1.8	1.8	1.8
Total Ammonia Demand for Fertilizer Use	127.8	129.7	132.9	135.3	137.7	140.5	143.8
Ammonia Demand for Industrial/Other Use	30.0	31.1	32.0	33.6	34.6	35.1	35.1
Total Ammonia Demand	157.7	160.8	164.9	168.9	172.4	175.6	178.9
Year/Year Growth	2.2%	2.0%	2.5%	2.4%	2.0%	1.9%	1.8%
Implied Market Surplus/Deficit	0.0	0.0	0.0	1.7	3.3	9.5	6.6

Source: FAO/UN, IFA, IFDC, Company reports, Barclays Research

FIGURE 45

Barclays World Phosphate (Phosphoric Acid/P₂O₅) Market Balance Estimates

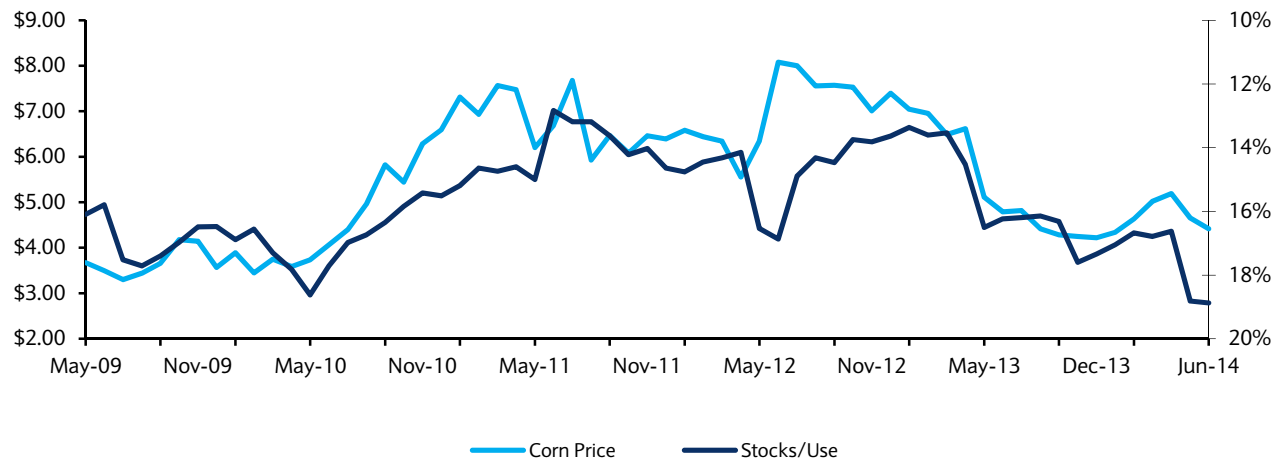
Fertilizer Year starting July 1	2010	2011E	2012E	2013E	2014E	2015E	2016E
Phosphoric Acid Supply							
millions of metric tonnes							
Estimated Production Capacity							
North America	9.9	9.6	9.4	9.4	9.4	9.4	9.4
Latin America	2.2	2.5	2.5	2.5	2.5	2.5	2.5
Western Europe	0.8	0.7	0.7	0.7	0.7	0.7	0.7
Central Europe	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Eastern Europe/FSU	5.8	6.2	6.2	6.2	6.2	6.2	6.2
Africa	8.4	8.5	9.1	10.0	10.5	10.8	10.8
Middle East/Western Asia	3.2	3.4	4.2	4.9	5.1	5.2	5.4
South Asia	2.3	2.3	2.3	2.3	2.3	2.3	2.3
East Asia	11.3	11.9	13.1	13.4	13.6	13.8	13.8
Oceania & Other	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Total Nominal Production Capability	46.1	47.1	49.6	51.5	52.4	53.0	53.2
Estimated Max Effective Capacity %	95%	95%	95%	95%	95%	95%	95%
Total Global Effective Capacity	43.8	44.8	47.1	48.9	49.8	50.3	50.5
Estimated Operating Rate (% of Max Capacity)	87%	89%	89%	89%	90%	92%	94%
Total Phosphoric Acid Supply	40.1	42.0	44.2	45.8	47.2	48.7	49.7
Year/Year Growth	7.9%	4.7%	5.2%	3.7%	3.1%	3.2%	2.1%
Phosphate Demand							
millions of metric tonnes							
Phosphoric Acid Demand for Fertilizer Use							
North America	4.6	4.7	4.7	4.7	4.8	4.8	4.8
Latin America	4.3	4.8	4.9	5.1	5.2	5.4	5.5
Western Europe	1.6	1.6	1.6	1.6	1.6	1.6	1.6
Central Europe	0.5	0.6	0.6	0.6	0.6	0.6	0.6
Eastern Europe/FSU	0.7	0.9	0.9	1.0	1.0	1.0	1.1
Africa	0.9	0.9	1.0	1.0	1.0	1.1	1.1
Middle East/Western Asia	1.1	1.1	1.1	1.1	1.2	1.2	1.2
South Asia	8.1	7.9	8.0	8.5	8.7	8.9	9.1
East Asia	10.9	12.2	12.9	13.1	13.2	13.4	13.7
Oceania & Other	0.7	0.7	0.7	0.7	0.8	0.8	0.8
Total Phos. Acid Demand for Fertilizer Use	33.4	35.3	36.4	37.4	38.1	38.7	39.5
Phos. Acid Demand for Industrial/Other Use	6.4	5.5	5.8	6.2	6.3	6.5	6.5
Industrial Use as % of Total Phosphoric Acid Demand	16.0%	13.5%	13.8%	14.2%	14.2%	14.3%	14.1%
Total Phosphoric Acid Demand	39.8	40.8	42.2	43.6	44.4	45.2	46.0
Year/Year Growth	8.1%	2.5%	3.4%	3.4%	1.7%	1.8%	1.9%
Implied Market Surplus/Deficit	0.3	1.2	2.0	2.2	2.8	3.6	3.7

Source: FAO/UN, IFA, IFDC, Company reports, Barclays Research

AGRICULTURE SUPPLY/DEMAND & PROFITABILITY

FIGURE 46

Corn Price (\$/bu, LHS) vs. USDA Rolling Forward Crop Year Global Stocks/Use Ratio (inverse, RHS)

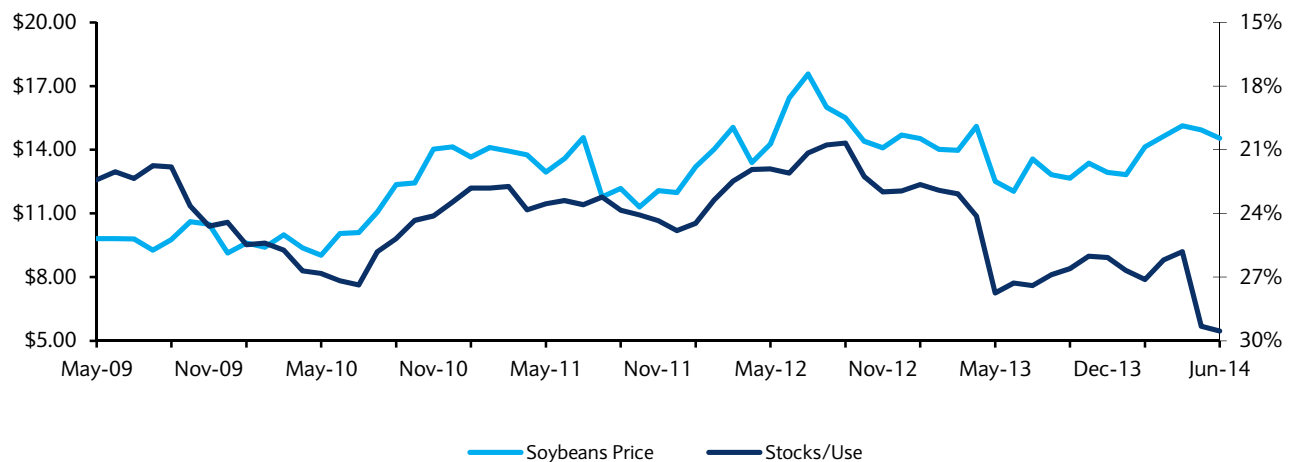


Source: USDA, Barclays Research

Note: Corn prices reflect front-month futures prices as of the end of each month of the corresponding WASDE release.

FIGURE 47

Soybean Price (\$/bu, LHS) vs. USDA Rolling Forward Crop Year Global Stocks/Use Ratio (inverse, RHS)



Source: USDA, Barclays Research

Note: Soybean prices reflect front-month futures prices as of the end of each month of the corresponding WASDE release.

The June WASDE's 2014/15 forecast calls for record production and a slight decline in total use, leading to a 51% increase in projected ending stocks.

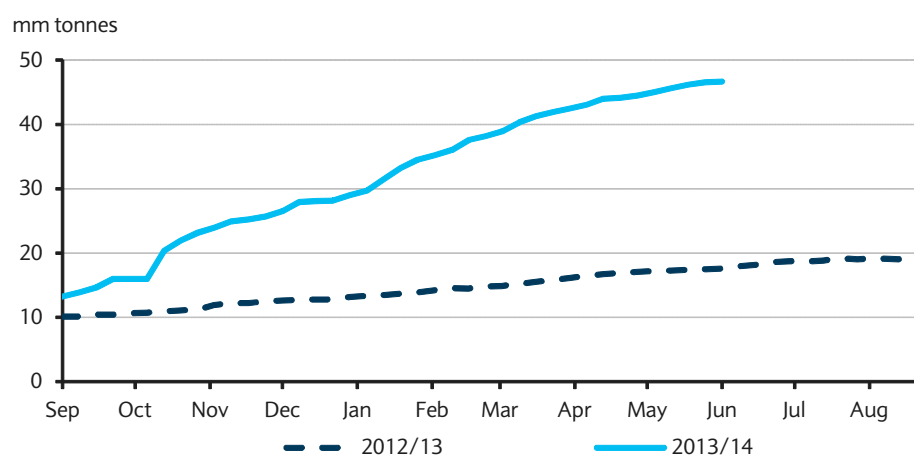
FIGURE 48
U.S. Corn Supply/Demand Balance

USDA US Corn Supply/Demand Balance (in mm bu, except as noted)				
	USDA 2011/12	USDA 2012/13	USDA 2013/14e	USDA (June) 2014/15f
Planted Area (mm acres)	91.9	97.2	95.4	91.7
Harvested Area (mm acres)	84.0	87.4	87.7	84.3
Yield (bu/acre)	147.2	123.4	158.8	165.3
Beginning Stocks	1,128	989	821	1,146
Production	12,360	10,780	13,925	13,935
Imports	29	162	35	30
Total Supply	13,517	11,932	14,781	15,111
Feed and Residual	4,557	4,329	5,300	5,250
Food/Seed/Industrial	6,428	6,051	6,435	6,435
Ethanol	5,000	4,648	5,050	5,050
Total Domestic Use	10,985	10,379	11,735	11,685
Exports	1,543	731	1,900	1,700
Total Use	12,528	11,111	13,635	13,385
Ending Stocks	989	821	1,146	1,726
Stocks to Total Use (%)	7.9%	7.4%	8.4%	12.9%

Source: USDA, Barclays Research

The USDA anticipates U.S. corn exports to increase to more than 2.5x this year compared to the drought year. Last Thursday's weekly export report showed corn exports were over 1 million tons for the 13th straight week, which Mosaic pointed out has not occurred since 2008.

FIGURE 49
U.S. Corn Export Commitments by marketing year, 2012/13-2013/14 YTD

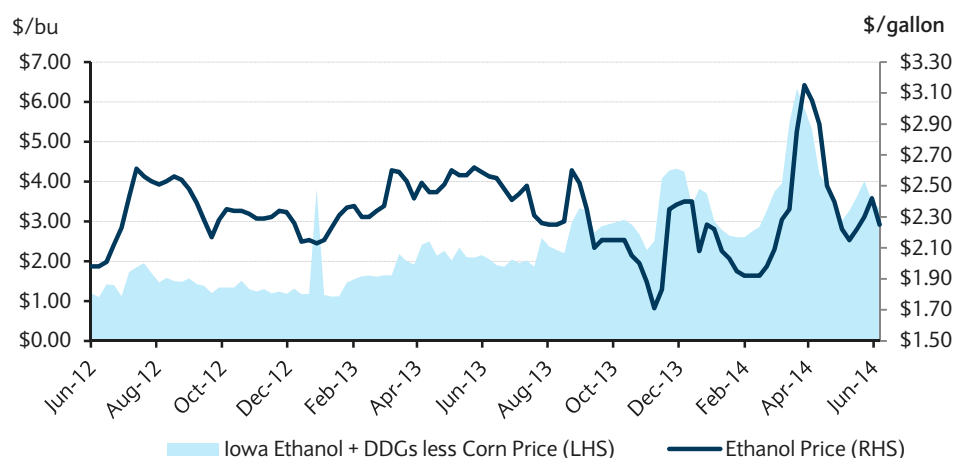


Source: Haver Analytics, USDA, Barclays Research

Note: Marketing year is September-August.

Ethanol producers' margins have declined over the past two months as ethanol prices and the value of DDGs have fallen. Last week ethanol plants produced at a record pace of 972k barrels per day.

FIGURE 50
Corn Crush Margin vs. Ethanol Price



Source: Bloomberg, Barclays Research

For 2014/15, the USDA expects record soybean acres and record yields to bring U.S. production to over 3.6 billion bu, with ending stocks to use rebounding substantially from the current very tight 2013/14 market.

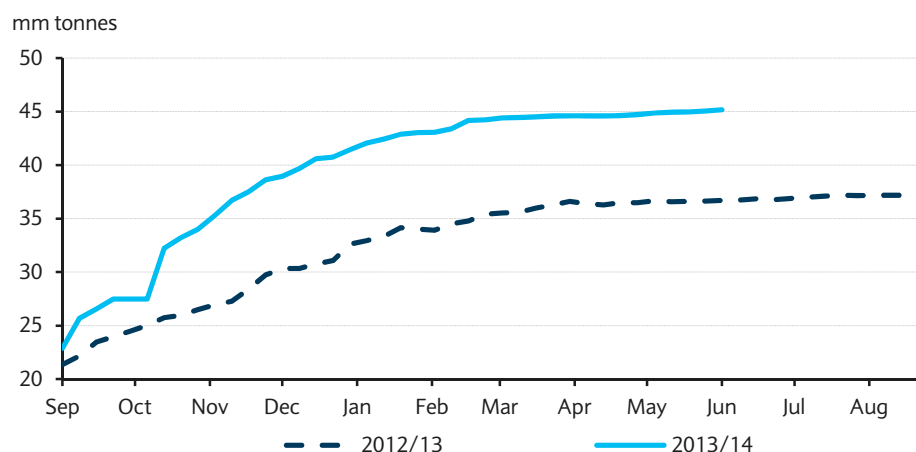
FIGURE 51
U.S. Soybean Supply/Demand Balance

USDA US Soybean Supply/Demand Balance (in mm bu, except as noted)				
	USDA 2011/12	USDA 2012/13	USDA 2013/14e	USDA (June) 2014/15f
Planted Area (mm acres)	75.0	77.2	76.5	81.5
Harvested Area (mm acres)	73.8	76.2	75.9	80.5
Yield (bu/acre)	41.9	39.8	43.3	45.2
Beginning Stocks	215	169	141	125
Production	3,094	3,034	3,289	3,635
Imports	16	36	90	15
Total Supply	3,325	3,239	3,519	3,775
Crushings	1,703	1,689	1,700	1,715
Exports	1,365	1,320	1,600	1,625
Seed	90	89	95	92
Residual	(2)	1	0	18
Total Use	3,155	3,099	3,395	3,450
Ending Stocks	169	141	125	325
Stocks to Total Use (%)	5.4%	4.5%	3.7%	9.4%

Source: USDA, Barclays Research

The pace of old crop soybean exports has slowed, as is normal for the season as South American crops become available, but actual cumulative exports have reached the USDA's total year forecast with 12 weeks left remaining in the marketing year.

FIGURE 52
U.S. Soybean Export Commitments by marketing year, 2012/13-2013/14 YTD

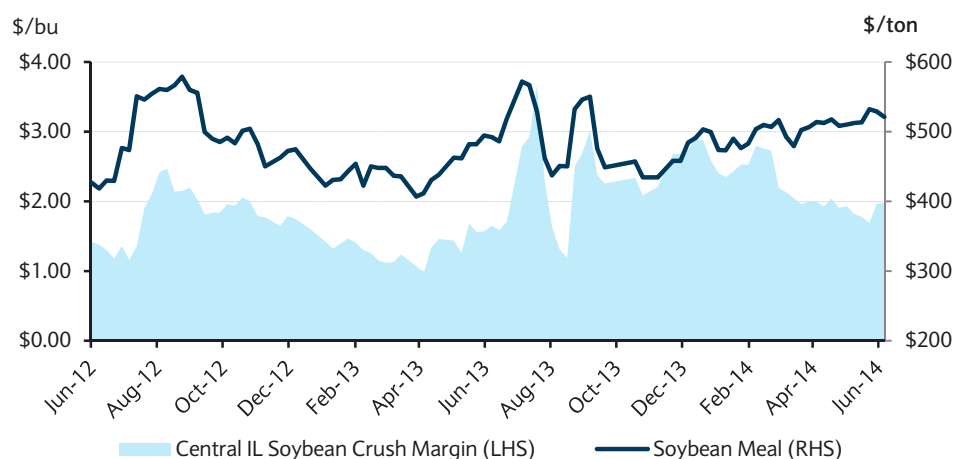


Source: Haver Analytics, USDA, Barclays Research

Note: Marketing year is September-August.

Benchmark U.S. soy crush margins have remained steady over the spring, causing domestic crushers to continue to bid for available supplies. NOPA's crush report for May 2014 indicated 128.824mm bushels were processed in total – beating the average estimate of 127mm bushels.

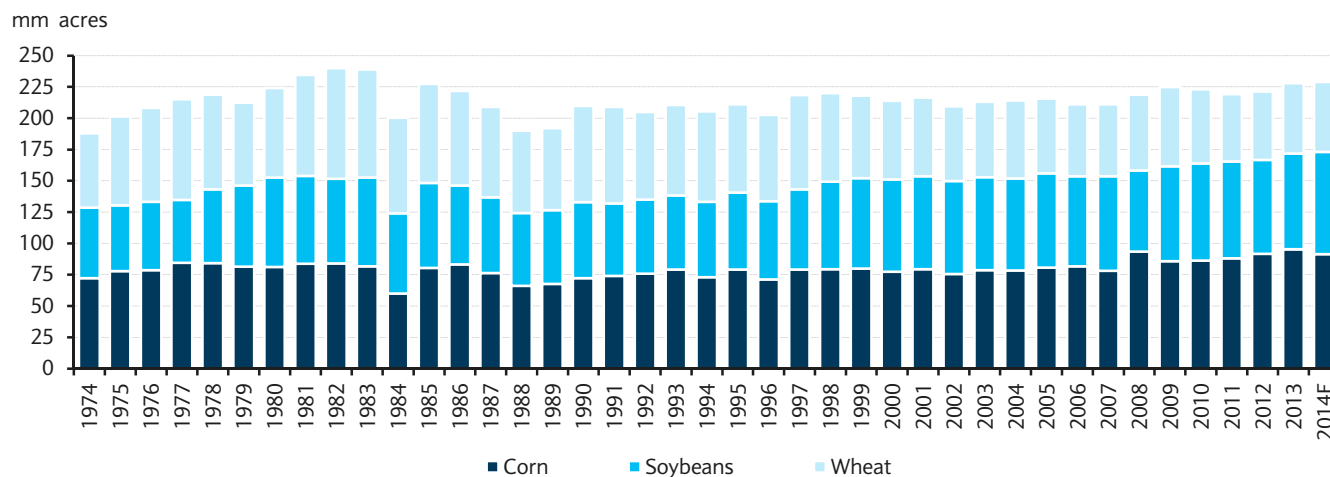
FIGURE 53
Soybean Crush Margin vs. Soybean Meal Price



Source: Bloomberg, Barclays Research

FIGURE 54

Total U.S. Planted Acres for Corn, Soybeans, and Wheat

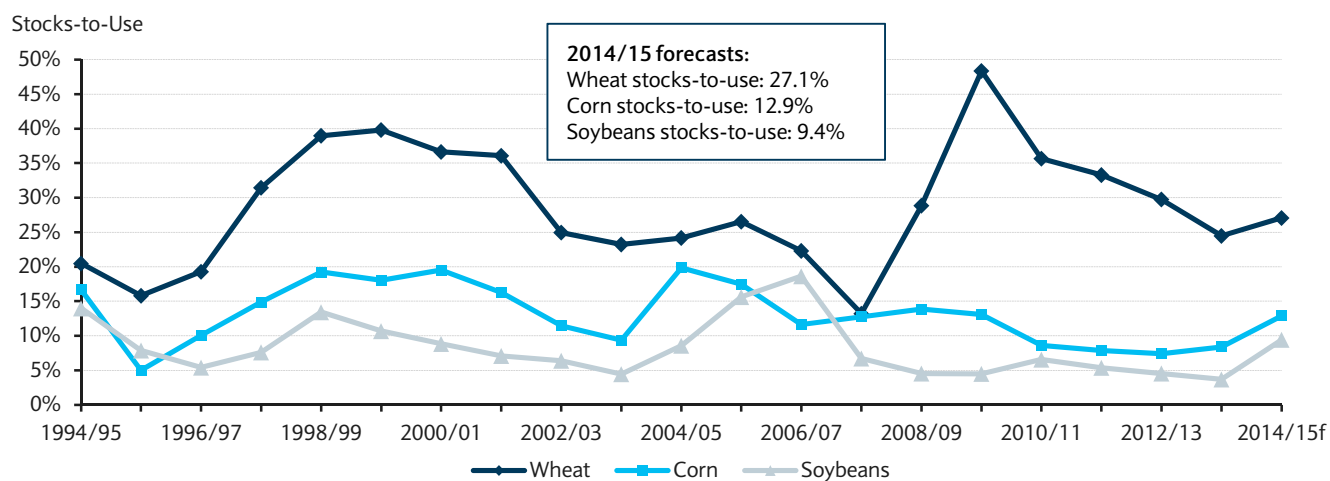


Source: USDA, Kansas State University, Barclays Research

Note: Years indicate crop marketing years (i.e., September to August for corn)

FIGURE 55

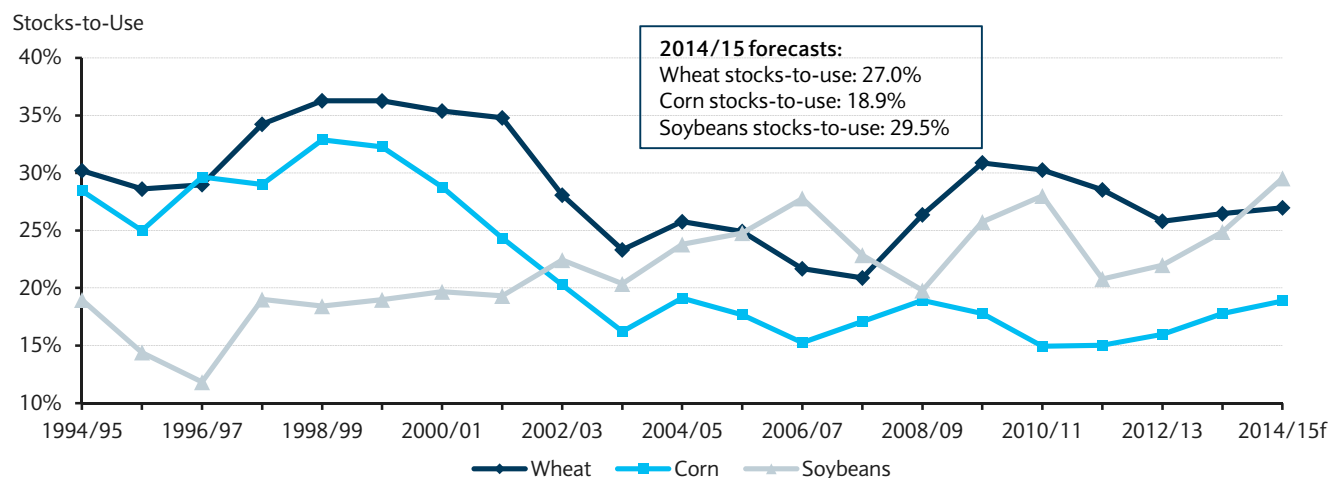
U.S. Corn, Soybeans, and Wheat Stocks-to-Use



Source: USDA, Barclays Research

FIGURE 56

Global Corn, Soybeans, and Wheat Stocks-to-Use

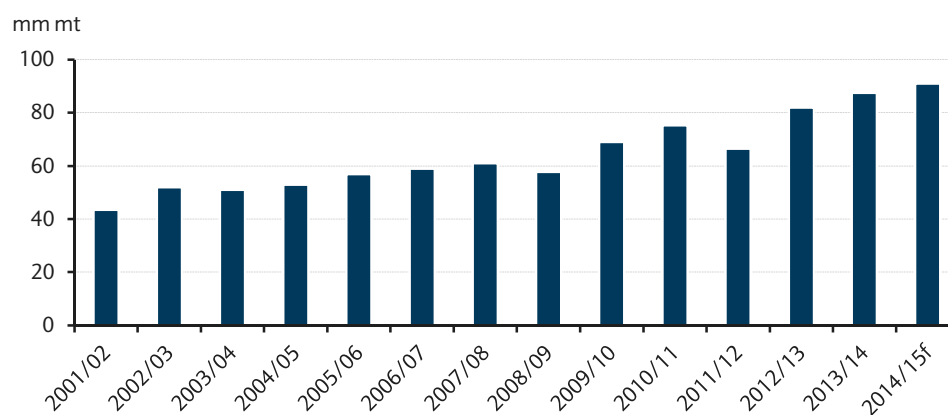


Source: USDA, Barclays Research

FIGURE 57

USDA Brazil Soybean Production, 2001/02-2014/15f

The USDA now expects Brazil to produce 91 mm tonnes of soybeans in the new crop year, up 4% from the current year.

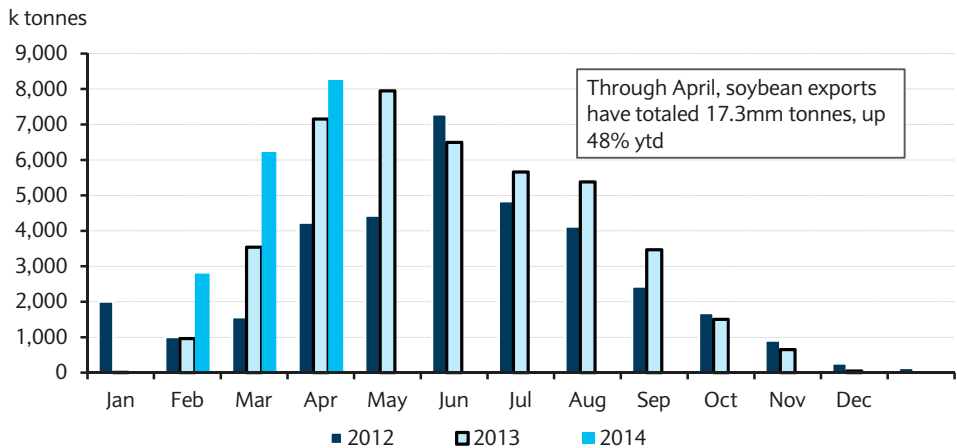


Source: Bloomberg

Note: Marketing year is October-September.

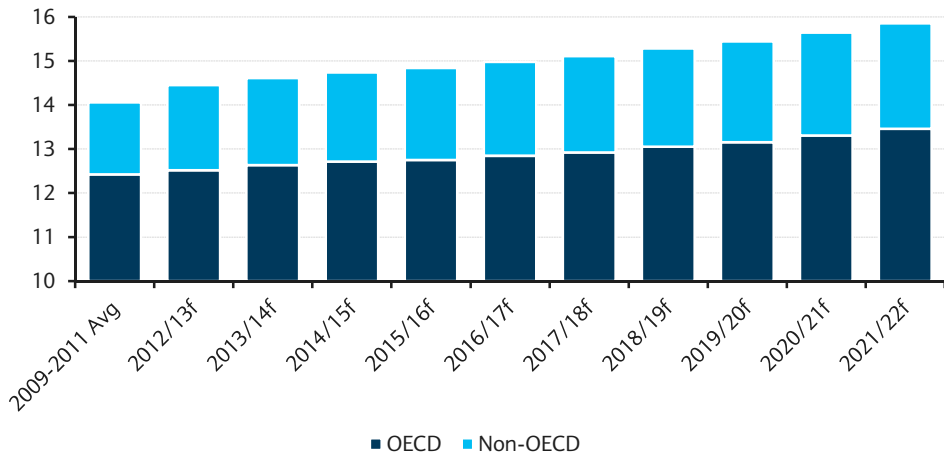
Logistical problems at the ports have been a much smaller constraint for Brazilian exports this year compared to 2013.

FIGURE 58
Brazil Soybean Exports, 2012-2014



Source: ABIOVE
Note: Marketing year is October-September.

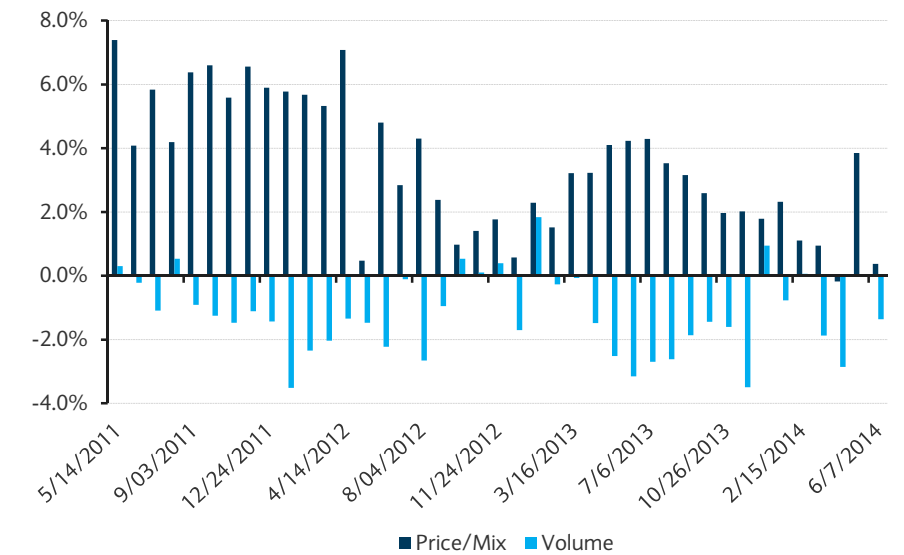
FIGURE 59
World HFCS (High Fructose Corn Syrup) Consumption Projections



Source: OECD-FAO

Nielsen scanner data for the 4-week period ending June 7, 2014 shows total Packaged Food sales declining 1.0% y/y. The decrease was driven primarily by lower volumes (down 1.4% y/y), which was offset slightly by improved price/mix (up 0.4% y/y).

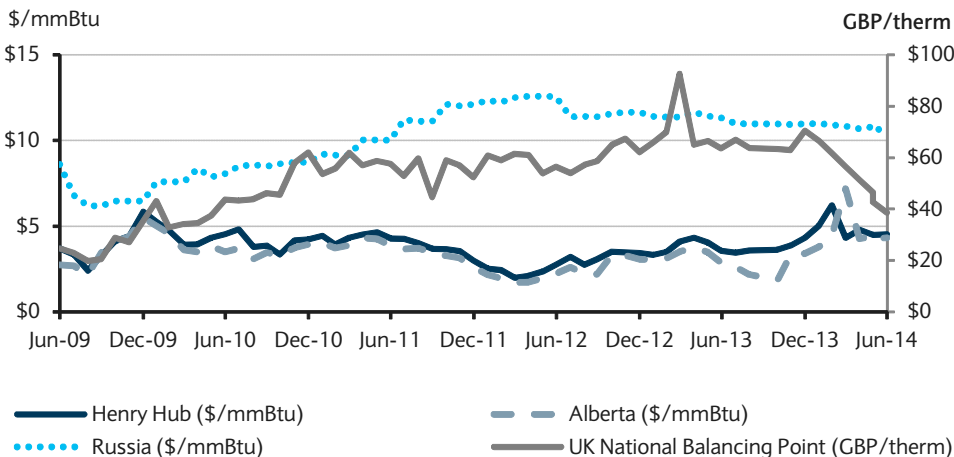
FIGURE 60
Nielsen's Packaged Food Scanner Data: Year/Year Growth of U.S. Sales Price/Mix vs. Volume for 4-Week Periods, May 2011-June 2014



ETHANOL & ENERGY

The rise in natural gas prices in the U.S. that accompanied the cold weather has largely moderated, with Henry Hub prices back to below \$5/mmBtu.

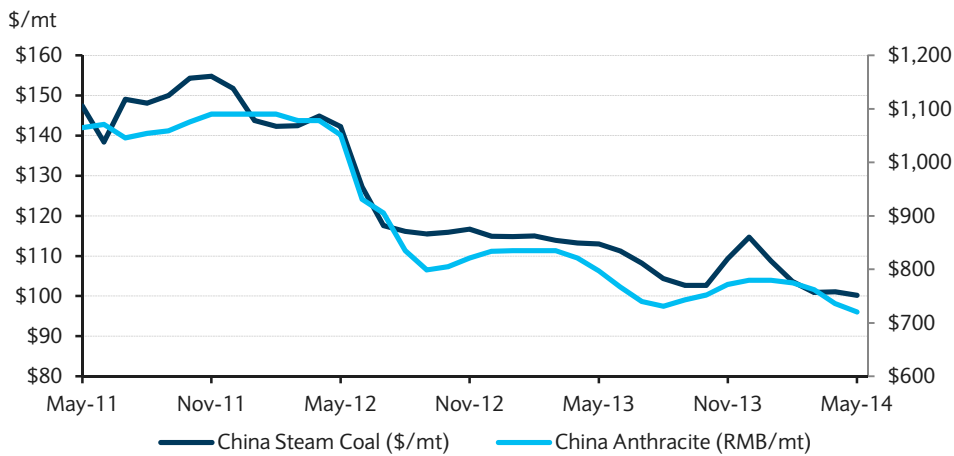
FIGURE 61
Natural Gas Prices: Henry Hub (\$/mmBtu, LHS), Alberta (\$/mmBtu, LHS), Russia (\$/mmBtu, LHS) vs. UK National Balancing Point (GBP/therm, RHS)



Source: Bloomberg

Chinese coal prices have continued to turn downward after reaching a near-term peak at the end of 2013. In our view, energy costs in China will be a key determinant of global nitrogen supply and pricing in the years ahead.

FIGURE 62
China Coal Prices: Steam Coal (\$/mt, LHS) vs. Anthracite (RMB/mt, RHS)

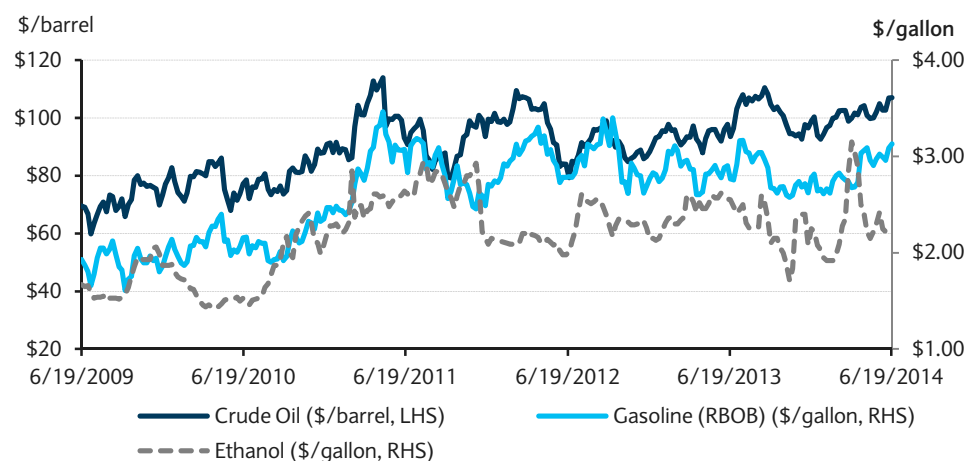


Source: Bloomberg

Ethanol prices have moved lower as logistical problems that had caused supply issues earlier in the quarter have eased. With oil prices moving higher on instability in Iraq, the incentive to blend is high.

FIGURE 63

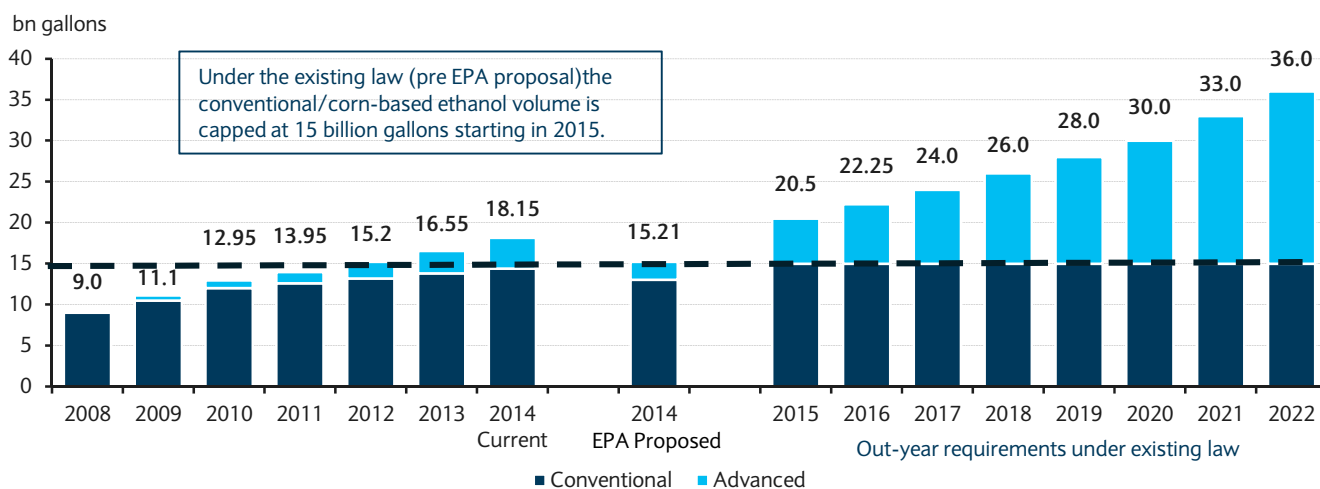
Energy Prices: Oil (\$/barrel, LHS) vs. Gasoline (RBOB, \$/gallon, RHS), Ethanol (\$/gallon, RHS)



Source: Bloomberg

FIGURE 64

RFS Mandate, 2008-2022



Source: Congressional Research Service, EISA, Barclays Research

Since the start of the current corn marketing year in September 2013, U.S. ethanol production has run approximately 10% higher relative to last year with record production for the week ending June 13 of 972 k barrels/day.

FIGURE 65
U.S. Ethanol Weekly Production, Last Three Years



Source: Bloomberg

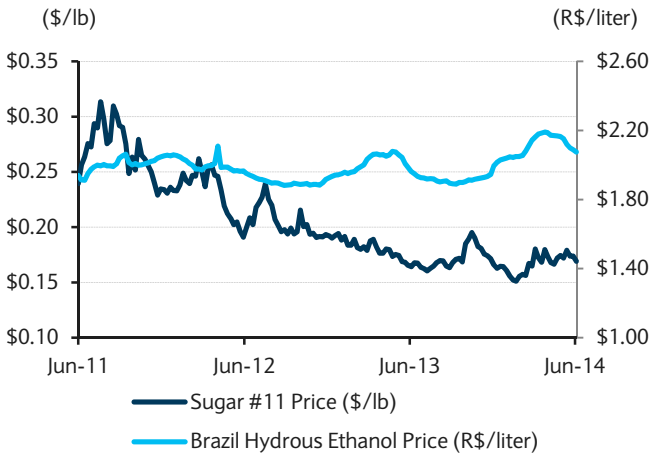
Domestic ethanol inventories have turned back down from their recent peak in early June. Inventories are now up 8% vs. one year ago.

FIGURE 66
U.S. Ethanol Inventory, Last Three Years



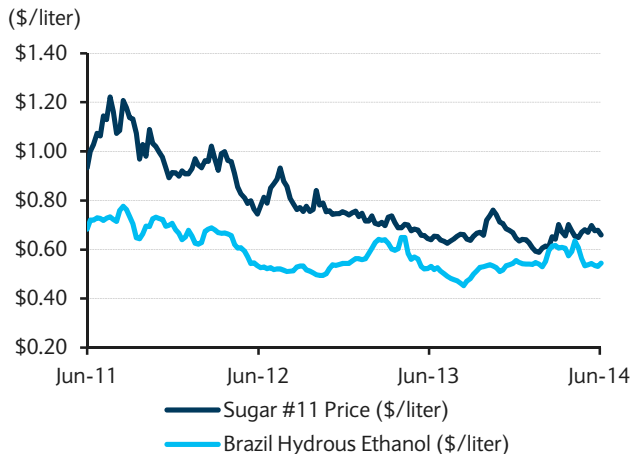
Source: Bloomberg

FIGURE 67
Sugar (USD\$/lb) vs. Brazil Hydrous Ethanol (R\$/liter)



Source: Bloomberg, Barclays Research

FIGURE 68
Parity: Sugar (USD\$/liter) vs. Brazil Hydrous Ethanol (USD\$/liter)

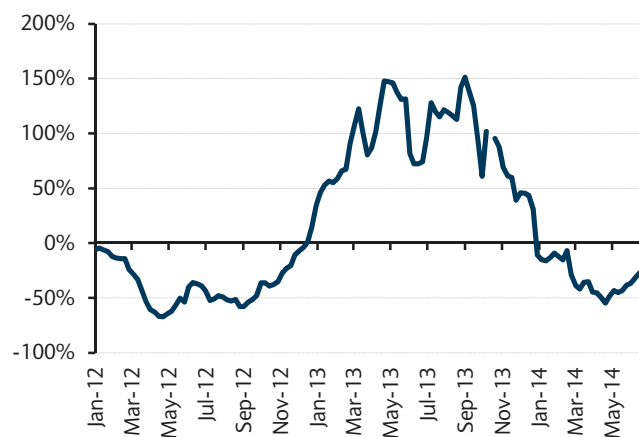


Source: Bloomberg, Barclays Research

LIVESTOCK

FIGURE 69

U.S. Cattle Slaughter Y/Y % Change in 3-Month Rolling Average

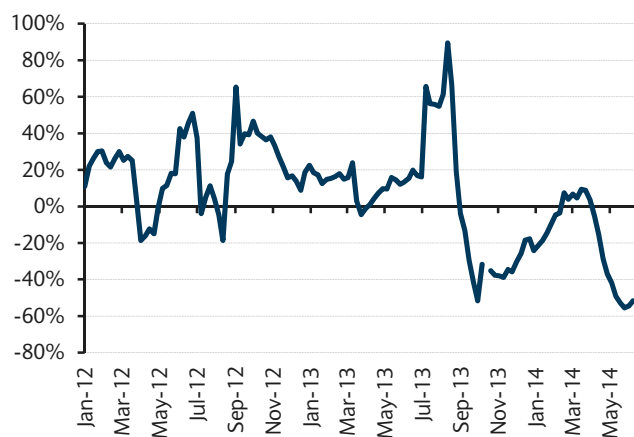


Source: Bloomberg, Barclays Research

Note: Missing data for 2013 due to U.S. government shutdown

FIGURE 70

U.S. Hog Slaughter Y/Y % Change in 3-Month Rolling Average



Source: Bloomberg, Barclays Research

Note: Missing data for 2013 due to U.S. government shutdown.

As the table below shows, total YTD cattle and hog slaughter are running below last year (6.3% and 4.2% lower YTD, respectively). Yet for hogs, greater weights have offset this reduction and helped keep pork production nearly flat year/year (down just 0.6%).

FIGURE 71

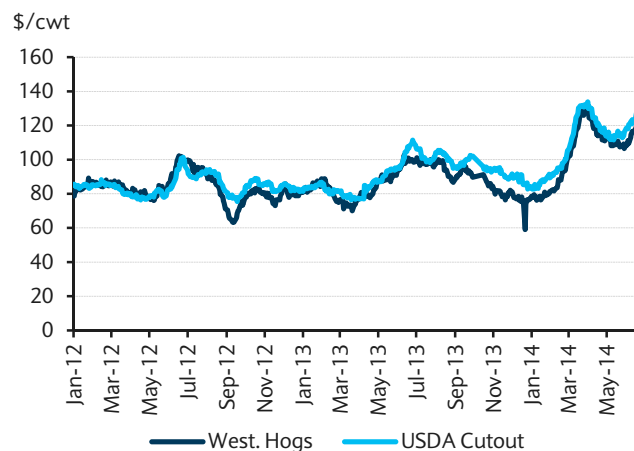
U.S. Cattle and Hog Slaughter (in k head) and Beef and Pork Production (in mm lbs)

	6/21/2014	Last Week	Last Year	2014 YTD	2013 YTD	y/y % Chg
Cattle Slaughter (k head)	613	605	660	14,233	15,194	(6.3%)
Hog Slaughter (k head)	1,899	1,915	1,978	50,042	52,209	(4.2%)
Beef Production (mm lbs)	484.5	477.0	523.4	11,303	11,998	(5.8%)
Pork Production (mm lbs)	409.3	413.2	404.9	10,739	10,807	(0.6%)

Source: USDA, Barclays Research

FIGURE 72

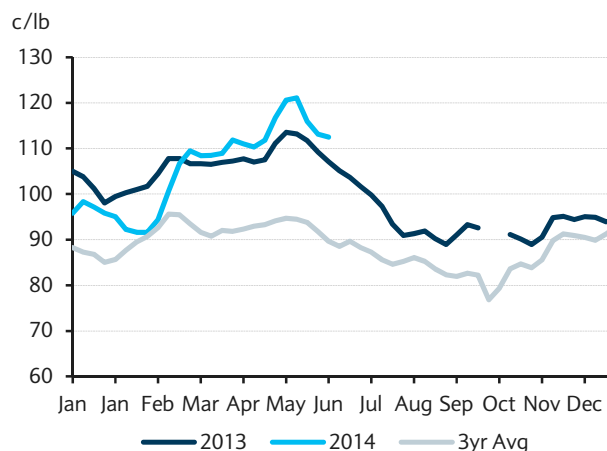
USDA Western Region Hog Price, USDA Pork Cutout (\$/cwt)



Source: USDA, Bloomberg

FIGURE 73

National Composite Whole Broiler/Fryer Prices(c/lb)

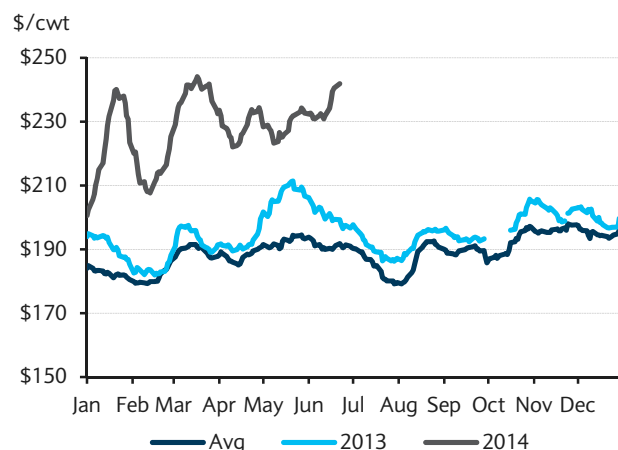


Source: USDA, Bloomberg

Note: Missing data for 2013 due to U.S. government shutdown.

FIGURE 74

USDA Cattle Weekly Choice Cutout (\$/cwt)



Source: USDA, Bloomberg

Note: Missing data for 2013 due to U.S. government shutdown.

FIGURE 75

Current USDA Meat Production Estimates (mm lbs)

U.S. Meats Production (in mm pounds)			
	2013	2014E	2015E
Beef	25,791	24,479	24,386
Pork	23,200	22,833	23,323
Broiler	37,425	37,824	38,805
Turkey	5,729	5,707	5,925

Source: USDA, Barclays Research

COMPANY DATA PAGES

North America Fertilizers & Agriculture

Industry View: NEUTRAL

Agrium Inc. (AGU)

Stock Rating: OVERWEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	15,976	16,881	18,209	19,345	6.6%
EBITDA (adj)	2,113	2,000	2,443	2,775	9.5%
EBIT	1,618	1,504	1,867	2,156	10.0%
Pre-tax income	1,462	1,335	1,678	1,972	10.5%
Net income	1,060	938	1,216	1,430	10.5%
EPS (adj) (\$)	7.38	6.57	8.45	9.93	10.4%
Diluted shares (mn)	147	144	144	144	-0.8%
DPS (\$)	2.25	3.00	3.00	3.00	10.1%

Margin and return data	Average				
EBITDA (adj) margin (%)	13.2	11.9	13.4	14.3	13.2
EBIT margin (%)	10.1	8.9	10.3	11.1	10.1
Pre-tax margin (%)	9.2	7.9	9.2	10.2	9.1
Net margin (%)	6.6	5.6	6.7	7.4	6.6
ROIC (%)	11.4	9.6	11.5	12.4	11.2
ROA (%)	6.8	5.8	7.2	8.1	7.0
ROE (%)	15.9	13.5	16.0	16.9	15.6

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	4,960	6,122	6,771	6,852	11.4%
Intangible fixed assets	2,696	2,694	2,694	2,694	0.0%
Cash and equivalents	801	376	444	741	-2.5%
Total assets	15,977	16,417	17,346	18,056	4.2%
Short and long-term debt	3,888	4,009	4,000	3,741	-1.3%
Other long-term liabilities	485	445	445	445	-2.8%
Total liabilities	9,181	9,220	9,364	9,077	-0.4%
Net debt/(funds)	3,087	3,633	3,556	3,000	-1.0%
Shareholders' equity	6,796	7,197	7,981	8,979	9.7%
Change in working capital	361	249	-58	-361	N/A
Cash flow from operations	1,764	1,696	1,734	1,688	-1.5%
Capital expenditure	-1,795	-1,759	-1,225	-700	N/A
Free cash flow	-31	-63	509	988	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	12.6	14.2	11.0	9.4	11.8
EV/EBITDA (adj) (x)	7.8	8.5	6.9	5.9	7.3
FCF yield (%)	-0.2	-0.5	3.8	7.4	2.6
P/Sales (x)	0.8	0.8	0.7	0.7	0.8
P/BV (x)	2.0	1.9	1.7	1.5	1.8
Dividend yield (%)	2.4	3.2	3.2	3.2	3.0
Total debt/capital (%)	36.4	35.8	33.4	29.4	33.7

Selected operating metrics (k)				
Sales volume - Potash	1,531	1,233	1,750	2,300
Average price - Potash (\$)	369	308	302	308
Sales volume - Phosphate	1,026	1,128	1,115	1,115
Average price - Phosphate (\$)	638	587	618	646
Sales volume - Nitrogen	3,392	3,770	4,302	4,813
Average price - Nitrogen (\$)	508	471	494	496

Price (23-Jun-2014) USD 93.21
Price Target USD 113.00

Why Overweight? We believe AGU offers diversification through its production of the three major nutrients and will benefit, in particular, from its high leverage to nitrogen fertilizer sales. In our view, its Retail segment also provides a lever for increasing profitability and steady growth via acquisition.

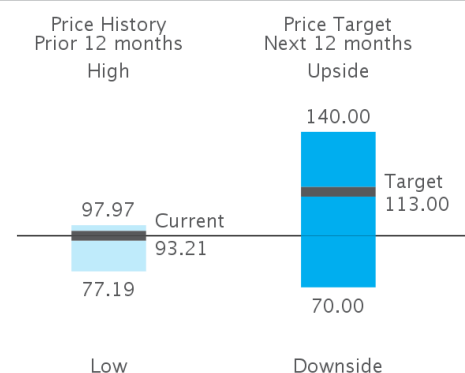
Upside case USD 140.00

Our upside case of \$140 assumes a 8.1x forward multiple applied to a projected 2015 EBITDA of \$2.9bn. This higher EBITDA value results from assuming stronger underlying fertilizer prices and better-than-expected retail margins in 2015.

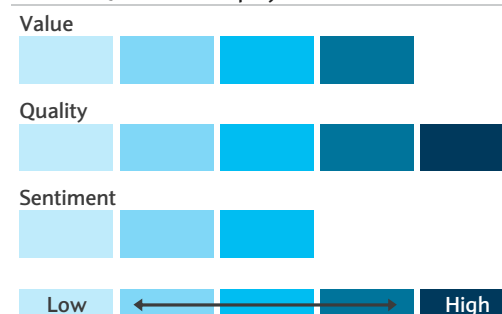
Downside case USD 70.00

Our downside case of \$70 assumes a 6.8x forward multiple applied to a projected 2015 EBITDA of \$1.9bn. This lower EBITDA value results from assuming weaker underlying fertilizer prices and reduced volumes sold in 2015.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

Bunge Limited (BG)

Stock Rating: OVERWEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	61,352	63,746	68,764	72,063	5.5%
EBITDA (adj)	1,850	1,997	2,208	2,347	8.2%
EBIT	1,345	1,426	1,606	1,722	8.6%
Pre-tax income	1,058	1,146	1,279	1,545	13.5%
Net income	333	888	1,025	1,230	54.6%
EPS (adj) (\$)	5.39	6.18	7.24	8.91	18.3%
Diluted shares (mn)	148.1	146.0	144.3	140.2	-1.8%
DPS (\$)	1.14	1.20	1.20	1.20	1.7%

Margin and return data	Average				
EBITDA (adj) margin (%)	3.0	3.1	3.2	3.3	3.2
EBIT margin (%)	2.2	2.2	2.3	2.4	2.3
Pre-tax margin (%)	1.7	1.8	1.9	2.1	1.9
Net margin (%)	0.5	1.4	1.5	1.7	1.3
ROIC (%)	5.9	7.1	7.9	8.3	7.3
ROA (%)	3.1	3.1	3.5	4.2	3.5
ROE (%)	7.3	8.3	9.1	10.3	8.8

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	6,075	6,394	6,691	6,967	4.7%
Intangible fixed assets	718	709	709	709	-0.4%
Cash and equivalents	742	1,889	1,262	1,229	18.3%
Total assets	26,781	28,720	28,786	29,055	2.8%
Short and long-term debt	4,644	5,931	5,206	4,706	0.4%
Other long-term liabilities	757	1,022	1,022	1,022	10.5%
Total liabilities	16,656	17,959	17,424	16,881	0.4%
Net debt/(funds)	3,902	4,042	3,944	3,477	-3.8%
Shareholders' equity	10,125	10,761	11,362	12,174	6.3%
Change in working capital	1,075	-385	-206	-68	N/A
Cash flow from operations	2,225	1,114	1,421	1,786	-7.1%
Capital expenditure	-1,042	-840	-900	-900	N/A
Free cash flow	1,183	274	521	886	-9.2%

Valuation & leverage metrics	Average				
P/E (adj) (x)	14.0	12.2	10.4	8.5	11.3
EV/EBITDA (adj) (x)	8.3	7.6	6.8	6.2	7.2
FCF yield (%)	10.6	2.5	4.8	8.4	6.5
P/Sales (x)	0.2	0.2	0.2	0.2	0.2
P/BV (x)	1.1	1.0	1.0	0.9	1.0
Dividend yield (%)	1.5	1.6	1.6	1.6	1.6
Total debt/capital (%)	31.4	35.5	31.4	27.9	31.6

Segmented sales (\$mn)	CAGR				
Agribusiness operating income	1,050	1,069	1,213	1,303	7.5%
Sugar & Bioenergy operating income	-60	-15	0	0	N/A
Edible Oil operating income	162	166	178	193	6.1%
Milling operating income	125	162	173	184	13.8%
Fertilizer operating income	68	43	42	42	-15.1%

Price (23-Jun-2014) USD 75.64
Price Target USD 90.00

Why Overweight? A world-class crop trader, transporter, and processor, we believe Bunge stands to benefit from strong global growth trends of greater consumption of more diverse foods, particularly given an asset base weighted toward rapidly growing Latin America economies.

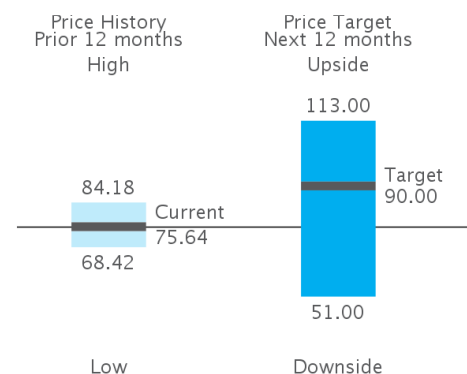
Upside case USD 113.00

Our upside case of \$113 assumes a 12.0x P/E multiple applied to a projected 2015 EPS of \$9.39. This higher EPS value results from assuming margin expansion stemming from substantially stronger-than-expected demand for Bunge's processed products and trading services.

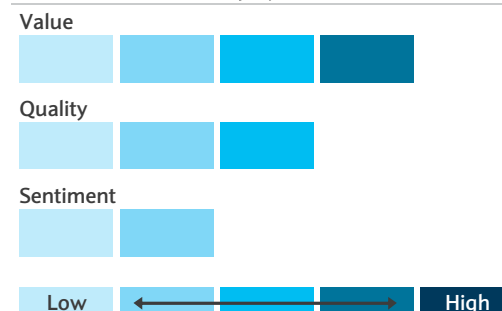
Downside case USD 51.00

Our downside case of \$51 assumes a 9.0x P/E multiple applied to a projected 2015 EPS of \$5.66. This lower EPS value results from assuming margin contraction resulting from substantially weaker-than-expected demand for Bunge's processed products and trading services.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

CF Industries Holdings (CF)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	5,475	4,663	4,698	5,468	0.0%
EBITDA (adj)	2,642	2,186	2,204	2,722	1.0%
EBIT	2,412	2,578	1,844	2,235	-2.5%
Pre-tax income	2,210	2,394	1,633	2,026	-2.9%
Net income	1,465	1,492	1,016	1,272	-4.6%
EPS (adj) (\$)	23.60	19.83	20.56	28.72	6.8%
Diluted shares (mn)	59	53	49	44	-9.2%
DPS (\$)	2.20	4.00	4.00	4.00	22.1%

Margin and return data	Average				
EBITDA (adj) margin (%)	48.3	46.9	46.9	49.8	48.0
EBIT margin (%)	44.1	39.3	39.2	40.9	40.9
Pre-tax margin (%)	40.4	35.3	34.7	37.0	36.9
Net margin (%)	26.8	22.1	21.6	23.3	23.4
ROIC (%)	17.4	11.5	11.1	13.2	13.3
ROA (%)	13.4	9.3	8.5	10.4	10.4
ROE (%)	25.5	21.7	21.5	25.9	23.6

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	4,102	6,086	6,931	6,875	18.8%
Intangible fixed assets	2,096	2,095	2,095	2,095	0.0%
Cash and equivalents	1,711	1,131	654	678	-26.5%
Total assets	10,678	11,812	12,194	12,180	4.5%
Short and long-term debt	3,098	4,592	4,592	4,592	14.0%
Other long-term liabilities	480	318	318	318	-12.8%
Total liabilities	5,240	6,909	6,902	6,923	9.7%
Net debt/(funds)	1,387	3,462	3,938	3,914	41.3%
Shareholders' equity	5,076	4,538	4,927	4,892	-1.2%
Change in working capital	-388	434	-20	3	N/A
Cash flow from operations	1,467	1,699	1,470	1,876	8.6%
Capital expenditure	-824	-2,499	-1,250	-475	N/A
Free cash flow	643	-800	220	1,401	29.6%

Valuation and leverage metrics	Average				
P/E (adj) (x)	10.4	12.4	11.9	8.5	10.8
EV/EBITDA (adj) (x)	5.8	7.9	8.1	6.5	7.1
FCF yield (%)	4.4	-6.2	1.8	12.9	3.2
P/Sales (x)	2.5	2.9	2.9	2.5	2.7
P/BV (x)	2.8	2.8	2.5	2.2	2.6
Dividend yield (%)	0.9	1.6	1.6	1.6	1.4
Total debt/capital (%)	37.9	50.3	48.2	48.4	46.2

Selected operating metrics (\$)				
Sales volume - Phosphate (\$mn)	1,857	428	0	0
Average price - Phosphate	429	339	N/A	N/A
Sales volume - Nitrogen (k)	12,945	13,118	13,489	15,632
Average price - Nitrogen	361	344	348	350

Price (23-Jun-2014) USD 245.53
Price Target USD 269.00

Why Equal Weight? We believe CF is well-positioned to take advantage of strong domestic prices and low-cost North American natural gas, and investors will increasingly incorporate the impact of CF's heavy share repurchases and organic growth scheduled for 2015-16. Still, global grain prices are trending lower, and high Chinese nitrogen supplies are impacting urea and UAN.

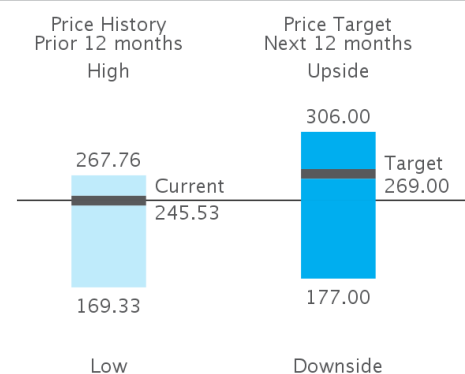
Upside case USD 306.00

Our upside case of \$306 assumes a 6.5x forward multiple applied to a projected 2015 EBITDA of \$2.8bn, which assumes higher nitrogen pricing.

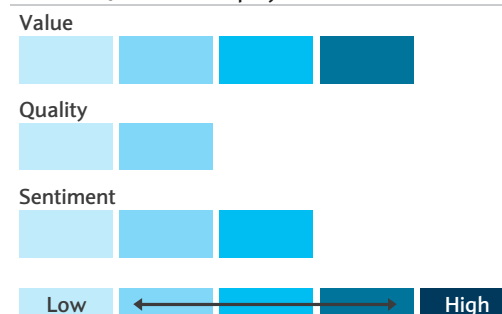
Downside case USD 177.00

Our downside case of \$177 assumes a 6.0x forward multiple applied to a projected 2015 EBITDA of \$2.0bn, which assumes trough nitrogen pricing.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

CVR Partners (UAN)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	324	310	318	327	0.4%
EBITDA (adj)	153	138	151	163	2.3%
EBIT	125	112	124	136	3.0%
Pre-tax income	118	105	118	130	3.2%
Net income	118	105	118	130	3.2%
EPS (adj) (\$)	1.62	1.44	1.61	1.78	3.2%
Diluted shares (mn)	73.2	73.1	73.1	73.1	0.0%
DPS (\$)	1.98	1.68	1.85	2.01	0.5%

Margin and return data	Average				
EBITDA (adj) margin (%)	47.2	44.5	47.6	50.0	47.3
EBIT margin (%)	38.6	36.0	39.1	41.7	38.8
Pre-tax margin (%)	36.6	34.0	37.1	39.8	36.9
Net margin (%)	36.6	34.0	37.1	39.8	36.9
ROIC (%)	20.8	18.9	21.8	24.8	21.6
ROA (%)	19.5	17.6	19.8	22.6	19.9
ROE (%)	26.7	24.4	28.5	32.6	28.1

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	413	400	383	366	-4.0%
Intangible fixed assets	41	41	41	41	0.0%
Cash and equivalents	85	108	109	103	6.5%
Total assets	593	606	588	563	-1.7%
Short and long-term debt	125	125	125	125	0.0%
Other long-term liabilities	1	1	1	1	-8.5%
Total liabilities	154	183	181	171	3.7%
Net debt/(funds)	40	17	16	22	-17.9%
Shareholders' equity	440	423	406	392	-3.7%
Change in working capital	-19	26	1	-9	N/A
Cash flow from operations	129	159	146	148	4.7%
Capital expenditure	-44	-13	-10	-10	N/A
Free cash flow	85	145	136	138	17.4%

Valuation and leverage metrics	Average				
P/E (adj) (x)	11.5	12.9	11.5	10.4	11.6
EV/EBITDA (adj) (x)	9.1	10.0	9.1	8.4	9.1
FCF yield (%)	6.3	10.7	10.0	10.2	9.3
P/Sales (x)	4.2	4.4	4.3	4.1	4.2
P/BV (x)	3.1	3.2	3.3	3.5	3.3
Dividend yield (%)	10.7	9.1	10.0	10.9	10.1
Total debt/capital (%)	22.1	22.8	23.5	24.2	23.2

Selected operating metrics (k)				
Sales volume - Ammonia	41	12	49	23
Average price - Ammonia (\$)	584	515	539	543
Sales volume - UAN	905	997	937	1,000
Average price - UAN (\$)	282	266	274	278

Price (23-Jun-2014) USD 18.53
Price Target USD 23.00

Why Equal Weight? We believe UAN is well-positioned given our constructive view on nitrogen fertilizers supported by tighter-than-expected supply and expected renewed demand. However, there are risks due to its single-facility operation and fluctuating distributions from quarter to quarter.

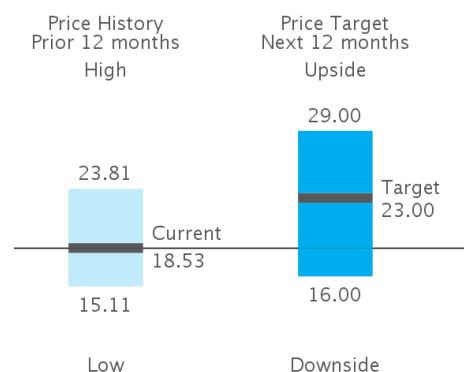
Upside case USD 29.00

Our upside case of \$29 assumes a 7.00% yield on a 2015 distribution of \$2.03/unit. This higher average distribution results from assuming stronger underlying fertilizer prices.

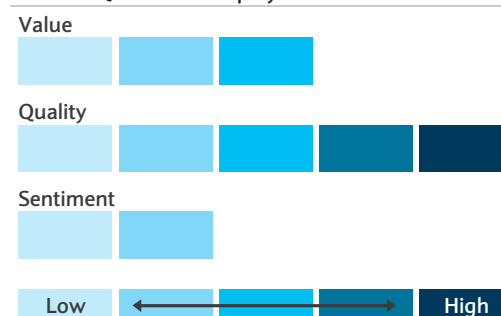
Downside case USD 16.00

Our downside case of \$16 assumes a 10.00% yield on a 2015 distribution of \$1.65/unit. This lower average distribution results from assuming weaker underlying fertilizer prices, while a higher yield requirement reflects challenging market sentiment.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

Ingredion Inc. (INGR)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	6,328	5,977	6,265	6,517	1.0%
EBITDA (adj)	800	843	914	931	5.2%
EBIT	613	654	714	726	5.8%
Pre-tax income	547	587	646	661	6.6%
Net income	396	415	460	470	5.9%
EPS (adj) (\$)	5.05	5.50	6.15	6.40	8.2%
Diluted shares (mn)	78.3	75.5	74.8	73.4	-2.1%
DPS (\$)	1.40	1.68	1.68	1.68	6.3%

Margin and return data	Average				
EBITDA (adj) margin (%)	12.6	14.1	14.6	14.3	13.9
EBIT margin (%)	9.7	10.9	11.4	11.1	10.8
Pre-tax margin (%)	8.6	9.8	10.3	10.1	9.7
Net margin (%)	6.3	6.9	7.3	7.2	6.9
ROIC (%)	9.8	10.1	10.9	10.8	10.4
ROA (%)	7.2	7.6	8.3	8.3	7.8
ROE (%)	16.3	16.4	16.3	15.2	16.1

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	2,156	2,228	2,319	2,406	3.7%
Intangible fixed assets	846	838	838	838	-0.3%
Cash and equivalents	574	784	604	757	9.7%
Total assets	5,360	5,615	5,522	5,814	2.7%
Short and long-term debt	1,810	1,779	1,429	1,429	-7.6%
Other long-term liabilities	163	153	153	153	-2.1%
Total liabilities	2,931	2,921	2,534	2,569	-4.3%
Net debt/(funds)	1,236	995	825	672	-18.4%
Shareholders' equity	2,404	2,668	2,962	3,219	10.2%
Change in working capital	-71	55	-32	-17	N/A
Cash flow from operations	619	729	644	675	2.9%
Capital expenditure	-295	-300	-300	-300	N/A
Free cash flow	324	429	344	375	5.0%

Valuation and leverage metrics	Average				
EV/EBITDA (adj) (x)	8.9	8.1	7.3	7.0	7.8
P/E (adj) (x)	15.2	14.0	12.5	12.0	13.4
FCF yield (%)	5.4	7.4	6.0	6.6	6.3
P/Sales (x)	0.9	1.0	0.9	0.9	0.9
P/BV (x)	2.5	2.1	1.9	1.7	2.1
Dividend yield (%)	1.8	2.2	2.2	2.2	2.1
Total debt/capital (%)	43.0	40.0	32.5	30.7	36.6

Selected operating metrics (\$mn)	CAGR				
North America operating income	401	408	422	410	0.8%
South America operating income	116	130	162	180	15.5%
Asia Pacific operating income	97	107	116	119	7.1%
EMEA operating income	74	85	92	96	9.2%

Price (23-Jun-2014)	USD 76.86
Price Target	USD 74.00

Why Equal Weight? While we see a global rebound in crop supplies and resuling lower corn prices as a substantial tailwind for Ingredion's earnings, geopolitical risks in major growth regions such as Latin America and secular challenges to the company's sweetener business seem substantial and add uncertainty to the outlook.

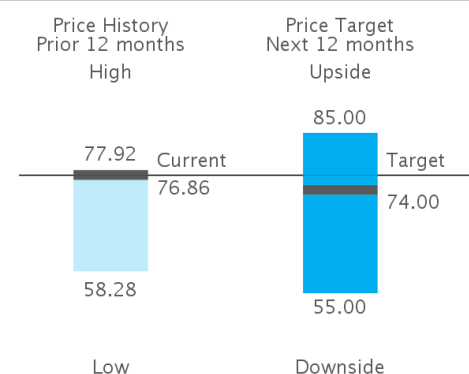
Upside case	USD 85.00
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Our upside case of \$85 assumes a 11.5x P/E multiple applied to a projected 2015 EPS of \$7.37. This higher EPS value results from assuming margin expansion and stronger-than-expected demand growth for the processed food, beverage, and industrial products of Ingredion's customers.

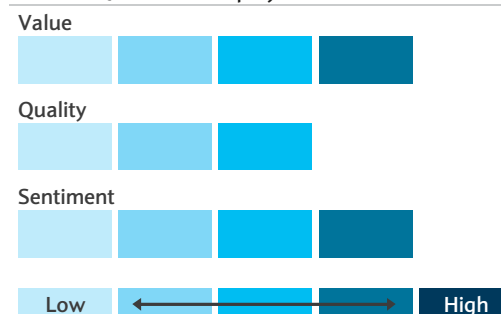
Downside case	USD 55.00
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Our downside case of \$55 assumes a 10.0x P/E multiple applied to a projected 2015 EPS of \$5.50. This lower EPS value results from assuming margin contraction and weaker-than-expected demand for the processed food, beverage, and industrial products of Ingredion's customers.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



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Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

Intrepid Potash Inc. (IPI)

Stock Rating: UNDERWEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	336	368	399	424	8.0%
EBITDA (adj)	103	87	136	155	14.6%
EBIT	41	7	40	54	10.1%
Pre-tax income	38	3	39	55	12.8%
Net income	22	3	25	35	16.3%
EPS (adj) (\$)	0.33	0.04	0.33	0.46	12.5%
Diluted shares (mn)	75.4	75.4	75.4	75.4	0.0%
DPS (\$)	0.00	0.00	0.00	0.00	N/A

Margin and return data	Average				
EBITDA (adj) margin (%)	30.6	23.6	34.0	36.5	31.2
EBIT margin (%)	12.1	1.9	10.1	12.9	9.2
Pre-tax margin (%)	11.3	0.7	9.7	12.9	8.7
Net margin (%)	6.6	0.9	6.2	8.3	5.5
ROIC (%)	2.6	0.8	2.3	3.0	2.2
ROA (%)	2.3	0.2	2.1	2.9	1.9
ROE (%)	2.7	0.3	2.6	3.6	2.3

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	827	777	747	712	-4.9%
Intangible fixed assets	N/A	N/A	N/A	N/A	N/A
Cash and equivalents	0	100	135	201	723.2%
Total assets	1,175	1,168	1,177	1,207	0.9%
Short and long-term debt	150	150	125	100	-12.6%
Other long-term liabilities	2	1	1	1	-15.7%
Total liabilities	241	231	215	210	-4.5%
Net debt/(funds)	150	50	-10	-101	N/A
Shareholders' equity	934	938	963	998	2.2%
Change in working capital	-62	41	-7	4	N/A
Cash flow from operations	65	127	125	156	33.8%
Capital expenditure	-205	-45	-65	-65	N/A
Free cash flow	-140	82	60	91	N/A

Valuation and leverage metrics	Average				
P/E (adj) (x)	51.9	N/A	51.5	36.6	46.7
EV/EBITDA (adj) (x)	13.9	15.3	9.3	7.6	11.5
FCF yield (%)	-11.0	6.4	4.7	7.1	1.8
P/Sales (x)	3.8	3.5	3.2	3.0	3.4
P/BV (x)	1.4	1.4	1.3	1.3	1.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Total debt/capital (%)	13.8	13.8	11.5	9.1	12.1

Segmented sales (k)				
Sales volume - Potash	814	1,041	1,122	1,181
Average price - Potash (\$)	377	321	324	327

Price (23-Jun-2014) USD 16.93
Price Target USD 13.00

Why Underweight? We believe IPI will continue to reap rewards from its geographical niche. However, earnings upside appears limited and continued execution challenges at its new facilities add substantial risk, in our view.

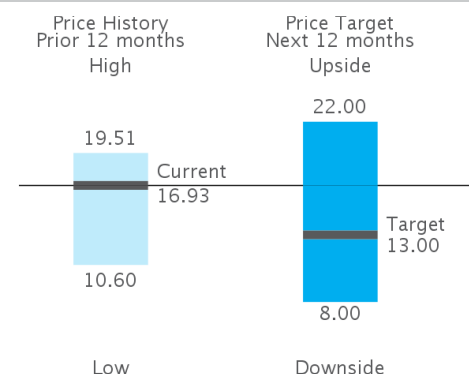
Upside case USD 22.00

Our upside case of \$22 assumes a 9.0x forward multiple applied to a projected 2015 EBITDA of \$201mn. This higher EBITDA value results from assuming stronger underlying fertilizer prices and increased volumes sold in 2015.

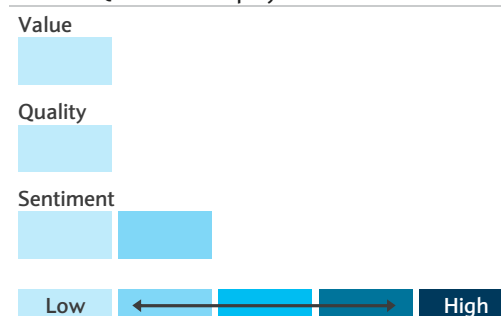
Downside case USD 8.00

Our downside case of \$8 assumes a 7.5x forward multiple applied to a projected 2015 EBITDA of \$100mn. This lower EBITDA value results from assuming weaker underlying fertilizer prices and reduced volumes sold in 2015.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



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Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

Potash Corporation of Saskatchewan (POT)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	7,305	6,691	7,116	7,304	0.0%
EBITDA (adj)	3,309	2,712	3,098	3,400	0.9%
EBIT	2,616	2,041	2,431	2,724	1.4%
Pre-tax income	2,472	1,875	2,280	2,576	1.4%
Net income	1,785	1,372	1,665	1,886	1.8%
EPS (adj) (\$)	2.09	1.61	1.98	2.28	2.9%
Diluted shares (mn)	874	848	842	828	-1.8%
DPS (\$)	1.19	1.40	1.40	1.40	5.6%

Margin and return data	Average				
EBITDA (adj) margin (%)	45.3	40.5	43.5	46.6	44.0
EBIT margin (%)	35.8	30.5	34.2	37.3	34.4
Pre-tax margin (%)	33.8	28.0	32.0	35.3	32.3
Net margin (%)	24.4	20.5	23.4	25.8	23.5
ROIC (%)	11.7	9.1	10.4	11.4	10.7
ROA (%)	10.1	7.5	8.9	9.9	9.1
ROE (%)	18.7	14.7	18.2	19.7	17.8

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	12,233	12,558	12,791	12,915	1.8%
Intangible fixed assets	137	138	138	138	0.2%
Cash and equivalents	628	868	962	1,052	18.8%
Total assets	17,958	18,519	18,813	19,180	2.2%
Short and long-term debt	3,937	4,955	4,755	4,755	6.5%
Other long-term liabilities	267	263	263	263	-0.5%
Total liabilities	8,330	9,619	9,391	9,491	4.4%
Net debt/(funds)	3,309	4,087	3,793	3,703	3.8%
Shareholders' equity	9,628	8,900	9,422	9,690	0.2%
Change in working capital	285	163	-13	-75	N/A
Cash flow from operations	3,212	2,523	2,373	2,544	-7.5%
Capital expenditure	-1,624	-1,099	-900	-800	N/A
Free cash flow	1,588	1,424	1,473	1,744	3.2%

Valuation and leverage metrics	Average				
P/E (adj) (x)	18.3	23.8	19.3	16.8	19.6
EV/EBITDA (adj) (x)	10.9	13.5	11.8	10.7	11.7
FCF yield (%)	4.7	4.4	4.6	5.5	4.8
P/Sales (x)	4.5	4.9	4.6	4.5	4.6
P/BV (x)	3.4	3.6	3.4	3.3	3.5
Dividend yield (%)	3.1	3.7	3.7	3.7	3.5
Total debt/capital (%)	29.0	35.8	33.5	32.9	32.8

Segmented sales (k)				
Sales volume - Potash	8,100	8,501	8,850	9,100
Average price - Potash (\$)	332	260	268	268
Sales volume - Phosphate	3,680	3,364	3,445	3,445
Average price - Phosphate (\$)	497	489	498	512
Sales volume - Nitrogen	5,760	6,269	6,295	6,300
Average price - Nitrogen (\$)	372	346	366	373

Price (23-Jun-2014)	USD 38.25
Price Target	USD 34.00

Why Equal Weight? As the world-leading potash producer, POT should continue to receive a premium valuation based on its size, diversification, and quality of assets, in our view. However, growth has remained stagnant and pricing remains weaker as oversupply and greater producer competition pressure the potash market.

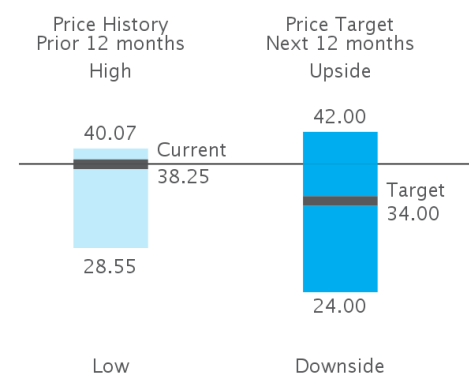
Upside case	USD 42.00
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Our upside case of \$42 assumes a 10.5x forward multiple applied to a projected 2015 EBITDA of \$3.8bn. This higher EBITDA value results from assuming stronger underlying fertilizer prices and increased volumes sold.

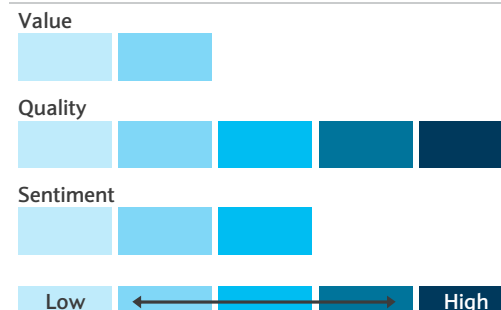
Downside case	USD 24.00
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Our downside case of \$24 assumes a 9.5x forward multiple applied to a projected 2015 EBITDA of \$2.5bn. This lower EBITDA value results from assuming weaker underlying fertilizer prices and reduced volumes sold.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



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Source: Company data, Barclays Research
Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

The Mosaic Company (MOS)

Stock Rating: EQUAL WEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	9,021	8,862	9,585	10,472	5.1%
EBITDA (adj)	2,149	2,146	2,419	2,643	7.1%
EBIT	1,400	1,387	1,690	1,838	9.5%
Pre-tax income	1,399	1,276	1,583	1,732	7.4%
Net income	1,165	948	1,237	1,349	5.0%
EPS (adj) (\$)	2.84	2.62	3.43	3.84	10.6%
Diluted shares (mn)	424	383	361	351	-6.1%
DPS (\$)	1.00	1.00	1.00	1.00	0.0%

Margin and return data	Average				
EBITDA (adj) margin (%)	23.8	24.2	25.2	25.2	24.6
EBIT margin (%)	15.5	15.7	17.6	17.5	16.6
Pre-tax margin (%)	15.5	14.4	16.5	16.5	15.7
Net margin (%)	12.9	10.7	12.9	12.9	12.3
ROIC (%)	7.0	6.5	8.4	8.9	7.7
ROA (%)	6.5	5.6	7.2	7.4	6.7
ROE (%)	9.9	8.5	10.8	12.6	10.4

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	8,577	9,874	10,061	10,106	5.6%
Intangible fixed assets	1,794	1,765	1,765	1,765	-0.6%
Cash and equivalents	5,293	1,814	1,504	1,432	-35.3%
Total assets	19,554	17,690	17,923	18,497	-1.8%
Short and long-term debt	3,032	3,551	3,301	3,051	0.2%
Other long-term liabilities	927	1,096	1,096	1,096	5.7%
Total liabilities	8,233	7,600	7,451	7,521	-3.0%
Net debt/(funds)	-2,261	1,736	1,797	1,619	N/A
Shareholders' equity	11,302	10,072	10,453	10,957	-1.0%
Change in working capital	131	280	-5	-31	N/A
Cash flow from operations	2,019	2,050	1,949	2,127	1.8%
Capital expenditure	-1,444	-1,120	-900	-850	N/A
Free cash flow	423	724	799	1,027	34.4%

Valuation and leverage metrics	Average				
P/E (adj) (x)	17.9	19.4	14.8	13.2	16.3
EV/EBITDA (adj) (x)	8.4	10.3	9.2	8.3	9.1
FCF yield (%)	2.0	3.7	4.4	5.8	4.0
P/Sales (x)	2.3	2.3	2.1	1.9	2.2
P/BV (x)	1.9	1.9	1.7	1.6	1.8
Dividend yield (%)	2.0	2.0	2.0	2.0	2.0
Total debt/capital (%)	21.2	26.1	24.0	21.8	23.2

Segmented sales (k)				
Sales volume - Potash	7,697	8,155	8,450	8,750
Average price - Potash (\$)	349	270	277	279
Sales volume - Phosphate	11,713	13,010	13,636	14,699
Average price - Phosphate (\$)	468	436	455	459

Price (23-Jun-2014) USD 50.79
Price Target USD 53.00

Why Equal Weight? MOS's scale in phosphates and potash should provide stability in earnings through cycles, and the addition of CF's phosphate assets supports MOS's leading market position. However, with most of the share repurchase expectations now absorbed in the market's expectations and potash demand growth still uncertain, the stock's valuation multiple appears fair.

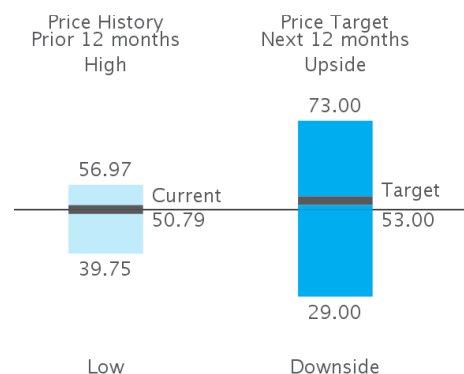
Upside case USD 73.00

Our upside case of \$73 assumes a 13.25x forward multiple applied to a projected 2015 EPS of \$5.49. This higher EPS value results from assuming stronger underlying potash and phosphate fertilizer prices in calendar year 2015.

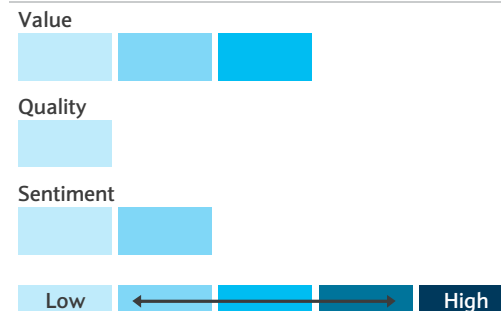
Downside case USD 29.00

Our downside case of \$29 assumes a 13.25x forward multiple applied to a projected 2015 EPS of \$2.20. This lower EPS value results from assuming weaker underlying potash and phosphate fertilizer prices in calendar year 2015.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



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Note: FY End Dec

North America Fertilizers & Agriculture

Industry View: NEUTRAL

Phibro Animal Health Corp. (PAHC)

Stock Rating: OVERWEIGHT

Income statement (\$mn)	2013A	2014E	2015E	2016E	CAGR
Revenue	653	684	728	771	5.7%
EBITDA (adj)	76	90	100	110	13.3%
EBIT	57	69	79	89	16.4%
Pre-tax income	18	34	65	77	62.4%
Net income	25	18	52	53	28.5%
EPS (adj) (\$)	0.60	1.03	1.42	1.66	40.0%
Diluted shares (mn)	30.5	32.9	39.4	39.4	9.0%
DPS (\$)	0.00	0.46	0.39	0.39	N/A

Margin and return data	Average				
EBITDA (adj) margin (%)	11.6	13.2	13.7	14.3	13.2
EBIT margin (%)	8.7	10.1	10.9	11.6	10.3
Pre-tax margin (%)	2.7	5.0	8.9	9.9	6.6
Net margin (%)	3.8	2.6	7.1	6.9	5.1
ROIC (%)	5.5	9.6	15.6	14.7	11.3
ROA (%)	4.0	6.9	10.7	12.1	8.4
ROE (%)	-23.4	-201.6	104.1	71.9	-12.2

Balance sheet and cash flow (\$mn)	CAGR				
Tangible fixed assets	104	108	107	106	0.6%
Intangible fixed assets	35	31	31	31	-3.7%
Cash and equivalents	27	56	56	64	32.9%
Total assets	474	511	530	549	5.0%
Short and long-term debt	366	296	271	241	-12.9%
Other long-term liabilities	62	62	62	62	0.1%
Total liabilities	543	476	459	439	-6.8%
Net debt/(funds)	338	240	215	177	-19.4%
Shareholders' equity	-69	35	72	110	N/A
Change in working capital	-35	-15	-12	-9	N/A
Cash flow from operations	0	35	60	73	460.1%
Capital expenditure	-20	-20	-20	-20	N/A
Free cash flow	-20	15	40	53	N/A

Valuation and leverage metrics	Average				
EV/EBITDA (adj) (x)	15.3	11.8	10.4	9.1	11.7
P/E (adj) (x)	34.7	20.2	14.8	12.6	20.6
FCF yield (%)	-3.1	2.2	4.9	6.4	2.6
P/Sales (x)	1.3	1.2	1.1	1.1	1.2
P/BV (x)	-9.2	19.3	11.3	7.4	7.2
Dividend yield (%)	0.0	2.2	1.9	1.9	1.5
Total debt/capital (%)	123.2	89.4	79.1	68.8	90.1

Selected operating metrics

Price (23-Jun-2014)	USD 20.92
Price Target	USD 21.00

Why Overweight? We see PAHC shares as a unique way to gain exposure to the strong underlying protein demand trends supporting agribusiness, and we believe that its potential for additional Animal Health market penetration with both existing and new products should support above-industry revenue growth and solid margin expansion.

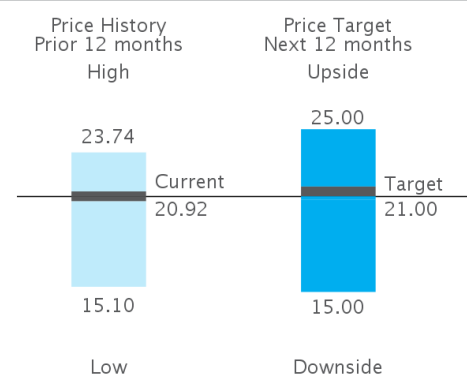
Upside case USD 25.00

Our upside case of \$25 assumes a slightly higher multiple applied to a est 2015 EBITDA of \$105M + a modestly higher long-term growth rate in our cash flow model. This EBITDA value results from assuming better top line growth and slight margin expansion relative to our base case.

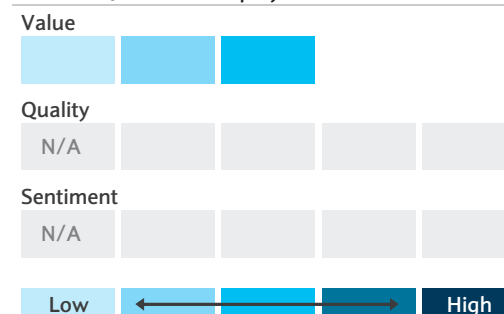
Downside case USD 15.00

Our downside case of \$15 assumes a slightly lower multiple applied to a est 2015 EBITDA of \$89M + a modestly lower long-term growth rate in our cash flow model. This EBITDA value results from assuming slower top line growth and slight margin compression relative to our base case.

Upside/Downside scenarios



POINT® Quantitative Equity Scores



Source: POINT®. The scores are valid as of the date of this report and are independent of the fundamental analysts' views. To view the latest scores, please go to the equity company page on Barclays Live.

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Materially Mentioned Stocks (Ticker, Date, Price)

Agrium Inc. (AGU, 23-Jun-2014, USD 93.21), Overweight/Neutral, C/D/J/L

Bunge Limited (BG, 23-Jun-2014, USD 75.64), Overweight/Neutral, C/D/J/K/L/M/N

CF Industries Holdings (CF, 23-Jun-2014, USD 245.53), Equal Weight/Neutral, C/J/K/M/O

CVR Partners (UAN, 23-Jun-2014, USD 18.53), Equal Weight/Neutral, C/D/J/K/L/M/O

Ingredion Inc. (INGR, 23-Jun-2014, USD 76.86), Equal Weight/Neutral, C/J/O

Intrepid Potash Inc. (IPI, 23-Jun-2014, USD 16.93), Underweight/Neutral, C/J/O

Phibro Animal Health Corp. (PAHC, 23-Jun-2014, USD 20.92), Overweight/Neutral, A/C/D/J/L

Potash Corporation of Saskatchewan (POT, 23-Jun-2014, USD 38.25), Equal Weight/Neutral, C/D/J/L/O

The Mosaic Company (MOS, 23-Jun-2014, USD 50.79), Equal Weight/Neutral, A/C/D/J/K/L/M/O

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North America Fertilizers & Agriculture

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