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## Potash Corp profit jumps, CEO downplays recession

**Roberta Rampton**

Reuters

*Thursday, January 24, 2008*

WINNIPEG, Manitoba (Reuters) - Potash Corp of Saskatchewan reported a steep rise in fourth quarter profits on Thursday, and its stock jumped more than 6 percent on the healthy figure and a rosy 2008 forecast.

The world's largest fertilizer producer said it expected bigger profits in the year ahead, and its chief executive shrugged off concerns about a downturn in the U.S. economy.

Bill Doyle said the growing world appetite for protein-rich diets amid dangerously tight global grain stocks would continue to push record crop prices higher, spurring fertilizer use.

"That switch (in diets) is so fundamental that it would take a global depression to upset the apple cart. And that's what a lot of people don't understand," Doyle told Reuters.

Saskatoon, Saskatchewan-based Potash said its fourth-quarter profit doubled to \$376.8 million, or \$1.16 a share, up from \$186 million, or 58 cents a share, helped by surging prices and a cut to its income tax rate.

That beat average analyst expectations of 97 cents a share, as polled by Reuters Estimates.

Potash stock closed C\$8.05 higher at C\$129.93 on the Toronto Stock Exchange and up \$9.08 at \$129.10 in New York.

Potash, a stock market darling for more than a year, has been caught up in volatile markets, dropping as much as 30 percent from its last week's high.

But Doyle told analysts the company was not shaken. It plans to buy back about 5 percent or up to 15.82 million of its outstanding shares over the next year.

Those shares were worth C\$1.93 billion before trading began in Toronto on Thursday.

"What happened these last seven or eight trading sessions was just so ridiculous that we felt, if people are foolish enough to want to sell the stock at a cheap price, then we'll take it from them," Doyle said in an interview.

He also brushed off concerns about a year-end potash inventory build-up as "popycock," saying supplies were tight.

Doyle said he expected first-quarter results ranging from \$1.30 to \$1.60 per share and net income for the full year in the range of \$6.25 to \$7.25 per share.

"We're going to have sensational earnings here in 2008, and people will see it as the year goes on, so these (economic fears) are very short-term factors," he said in an interview.

Potash said income tax expenses were reduced by 14 cents per share for the quarter. In October, the company had reported a 3-percentage-point hike to its income tax rate, to 33 percent, but that has been reversed back to 30 percent.

Fourth-quarter sales for the Saskatoon, Saskatchewan-based company were \$1.43 billion, up 40 percent from \$1.022 billion for the same time last year.

Spot prices to Brazil and southeast Asia have soared to \$525 per tonne, and could continue to climb, Doyle said.

Much depends how much prices are hiked in annual contract negotiations with China, the world's largest potash importer, which Doyle said he expects will conclude by early April.

China has been paying about \$225 per tonne for delivered potash through 2007, he said.

"The Chinese deserve a discount, but not that big a discount," he said, noting producers are in a strong position.

"We won't miss a beat without China in the first quarter because we're sold out," Doyle said.

(\$1=\$1.01 Canadian)

(Reporting by Roberta Rampton and Scott Anderson; editing by Janet Guttsman)

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