

Agricultural Chemical Stocks With Big Upside Potential For Investors in 2023

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The global population is reaching eight billion this year, the UN says. The pressure is on to grow crops more efficiently to feed everyone. Farmers need to apply agricultural chemicals to fertilizers to improve crop yield and prevent phosphorous and nitrogen runoff and evaporation.

The war in Ukraine is disrupting the global food chain, creating even greater demand for farmers to produce more crops.

The result for investors is a spike in the global agricultural chemicals market to an estimated \$292 billion by 2030, researchers Statista and Next Move Strategy Consulting say.

For investors, this sector is soaring with growth opportunities, especially in undervalued stocks.

Opportunities Ahead In Agricultural Chemical Stocks

Among the sector's stocks are [Intrepid Potash Inc.](#) (NYSE: IPI), Corteva, Inc. (NYSE: CTVA), [The Mosaic Company](#) (NYSE: MOS) and Flexible Solutions International (NYSE: FSI).

All of this spells an upside opportunity for investors in agricultural chemical stocks. Here are some notables:

Corteva, Inc. (NYSE: CTVA) is a pure play agricultural company which sees a bright future for the role of biologicals improving the efficiency of farmers. Chuck Magro, CEO of CTVA, says, "Biologicals provide farmers with sustainably-advantaged tools that complement crop protection technologies, and collectively, can work to address global challenges around food security and climate change."

CTVA has affirmed guidance for full year 2022 net sales at \$17.2 billion-\$17.5 billion. In Q3 2022 ended September 30, the Company reported volume of \$2.78 billion. It includes a YTD 2022 12% overall increase, including a 22% jump in crop protection net sales. Corteva's YTD nine month sales reached \$13.63 billion. CTVA will announce its Q4 2022 and full year 2022 results on February 1.

CTVA late last year signed a purchase agreement to buy Stoller Group for \$1.2 billion in cash. Stoller is an independent biological company with a global 2022 forecast of some \$400 million in sales in a 60 country target market. CTVA says Stoller brings "attractive growth and operating margins" to CTVA.

[Intrepid Potash Inc.](#) (NYSE: IPI) is a favorite of large, institutional investors. They own some 60% of this stock. "This suggests some credibility amongst professional investors," according to Simply Wall St. Eight of its top shareholders own 50% of IPI. The general public, or retail investors, own some 12%. Even the CEO owns 3.4% of total shares outstanding.

In its Investor Presentation in 2022, IPI says its management team and members of its Board own some 20% of its common shares outstanding.

Why? This is a \$421 million market cap company trading at a PE (TTM) ratio of just 1.44. For Q3 2022, IPI's

net income rose to \$13.1 million. This is a \$9.1 million improvement from the same quarter in the prior year. Sales increased in Q3 to \$74.8 million, a \$15.6 million gain from the comparable quarter in 2021. For full year 2021, IPI net income hit \$249.8 million.

MOS Sees 2023 As A 'Strong Year' For Nutrient Applications

[The Mosaic Company](#) (NYSE: MOS) is a producer and marketer of concentrated phosphate and potash crop fertilizers for the global agriculture industry. It sees 2023 as a 'strong year' for nutrient application supported by healthy crop prices and grower economics. With a PE ratio (TTM) of only 4.68, MOS enjoys a market cap of \$16.3 billion.

In its 10Q SEC filing on November 2, 2022, MOS reported sales for its three months ended September 30 of \$5.35 billion, a 56.5% increase from its \$3.4 billion the comparable period the previous year. Net income attributable to Mosaic rose dramatically to \$841.7 million in the 2022 quarter from \$371.9 million the previous year.

The company cited tightness in global supply and the war in Ukraine for a disruption of fertilizer and agricultural commodities that resulted in a rise in prices for its products. Additionally, it mentioned Chinese reductions in phosphate exports on impacting the global fertilizer market.

FSI: An Undervalued Growth Stock Opportunity For Investors

Flexible Solutions International (NYSE: FSI) offers investors who are willing to take a little more risk and get into a stock early within the agricultural chemicals sector a special opportunity. FSI is a developer and manufacturer of biodegradable polymers for oil extraction, detergent ingredients, and water treatment, as well as crop nutrient availability chemistry.

One of FSI's goals is to feed the world's growing population more efficiently. It is doing so profitably and reporting annual sales growth. FSI's volume expanded to \$45.7 million in 2022 from \$34.4 million in 2021, a 33% jump. In 2020, FSI's volume was \$31.4 million, 10% higher than the prior year.

FSI's net profit was \$3.4 million in 2021, 16% higher than its \$2.9 million in 2020. Complete 2022 financials will be released on March 31. FSI stock is trading at a PE ratio (TTM) of 9.81.

"Considering this, as well as the strength of its earnings outlook, FSI feels like a great value stock right now," concludes analyst firm Zacks. Investor Place lists FSI as one of its 'hyper-growth stocks with 10x potential in 2023.'

The NanoChem Solutions, Inc. Division of FSI, with proprietary agricultural products EX-10, Sun Savr 30 and Sun 27, are specialty chemicals that successfully commercialize technology. They mitigate nitrogen and phosphorus runoff and evaporation. This means farmers can deliver more efficient production and improved crop yields.

CONCLUSION

Agricultural specialty chemicals stocks are in a growth sector attracting investors with its undervalued stocks. FSI offers investors an early upside to participate in this category by taking a little more risk. Investors should take a closer look at FSI's performance. It is trading at a PE (TTM) ratio of less than ten. The company reported a 33% increase in sales for 2022. For full year 2021, it reported a 16% rise in profits on a 10% volume gain. For multiple years, FSI has generated continued increases in both volume and net profit. This is a Green company that commercializes its specialty chemicals and offers proprietary and innovative polymer biodegradable additives. FSI may be an opportunity for investors focused on ESG and socially conscious investing.

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