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Mosaic cuts costs, scales back production as Brazil fertilizer business faces mounting pressure

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Higher sulfur costs, weaker fertilizer volumes and Brazil headwinds pushed Mosaic to a quarterly loss, even as the company expands its biosciences portfolio and signals confidence in improving long-term fertilizer fundamentals

The Mosaic Company reported a challenging second quarter for 2026 as elevated raw material costs, production curtailments and weaker fertilizer demand in Brazil weighed heavily on financial performance, prompting the global crop nutrient producer to intensify cost controls while positioning for a market recovery.

The company posted a net loss of $273 million, compared with a profit in the corresponding quarter last year, while adjusted EBITDA declined to $407 million as higher sulfur and ammonia costs eroded margins across its phosphate operations and Brazilian fertilizer business. Management attributed much of the pressure to continued disruptions in global sulfur markets, which have significantly increased production costs throughout the phosphate value chain.

In response, Mosaic has implemented a broad strategy aimed at preserving financial flexibility. The company reduced phosphate production, lowered capital expenditure guidance, curtailed operating costs and continued reshaping its asset portfolio, including divesting its Carlsbad potash mine and advancing strategic alternatives for selected Brazilian assets. A new $1 billion term loan has also strengthened liquidity while allowing the company to refinance near-term obligations.

The phosphate business remained under the greatest pressure during the quarter. Although stronger selling prices partially offset higher input costs, reduced operating rates and lower production volumes significantly affected profitability. Additional production curtailments introduced in July are expected to continue weighing on third-quarter performance as sulfur affordability remains a critical constraint across global phosphate manufacturing.

Brazil also emerged as a major area of weakness. Mosaic Fertilizantes recorded lower sales volumes and operating losses after domestic fertilizer production was scaled back amid elevated sulfur prices and subdued market demand. While commodity fertilizer operations are being idled, the company's animal nutrition business continues to deliver profitable growth, highlighting diverging dynamics within its Brazilian portfolio.

In contrast, Mosaic's biosciences division continued to expand rapidly. The business introduced five new biological products during the first half of 2026 and expects to launch several more before year-end, with annual sales projected to double compared with 2025. The performance reflects the company's longer-term strategy of diversifying beyond conventional fertilizers into biological crop nutrition and sustainable agricultural technologies.

Despite current operational challenges, Mosaic believes fertilizer market fundamentals remain supportive over the medium term. Rising agricultural commodity prices, tightening nutrient inventories and sustained crop nutrient removal are expected to underpin demand, although ongoing geopolitical tensions and disruptions in sulfur and ammonia supply continue to create short-term volatility. The company expects phosphate markets to remain supply constrained through the remainder of 2026, while potash demand continues to show resilience across major agricultural regions, including India, North America, Brazil and China.

Management indicated that while market conditions remain difficult, the company is positioning itself to respond quickly once raw material markets stabilize. By preserving production capacity, improving capital discipline and expanding its biological solutions portfolio, Mosaic aims to emerge stronger as global fertilizer markets gradually recover.