

ModernGraham Valuation

Company Name:

Company Ticker TSE:CNR

Date of Analysis

1/30/2017

Canadian National
Railway Company



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$70,262,964,685	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.70	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	127.04%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.35	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.75	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.70	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.49	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.50
MG Growth Estimate	8.95%
MG Value	\$118.66
MG Value based on 3% Growth	\$65.19
MG Value based on 0% Growth	\$38.22
Market Implied Growth Rate	5.93%

MG Opinion

Current Price	\$91.51
% of Intrinsic Value	77.12%
Opinion	Fairly Valued
MG Grade	C-

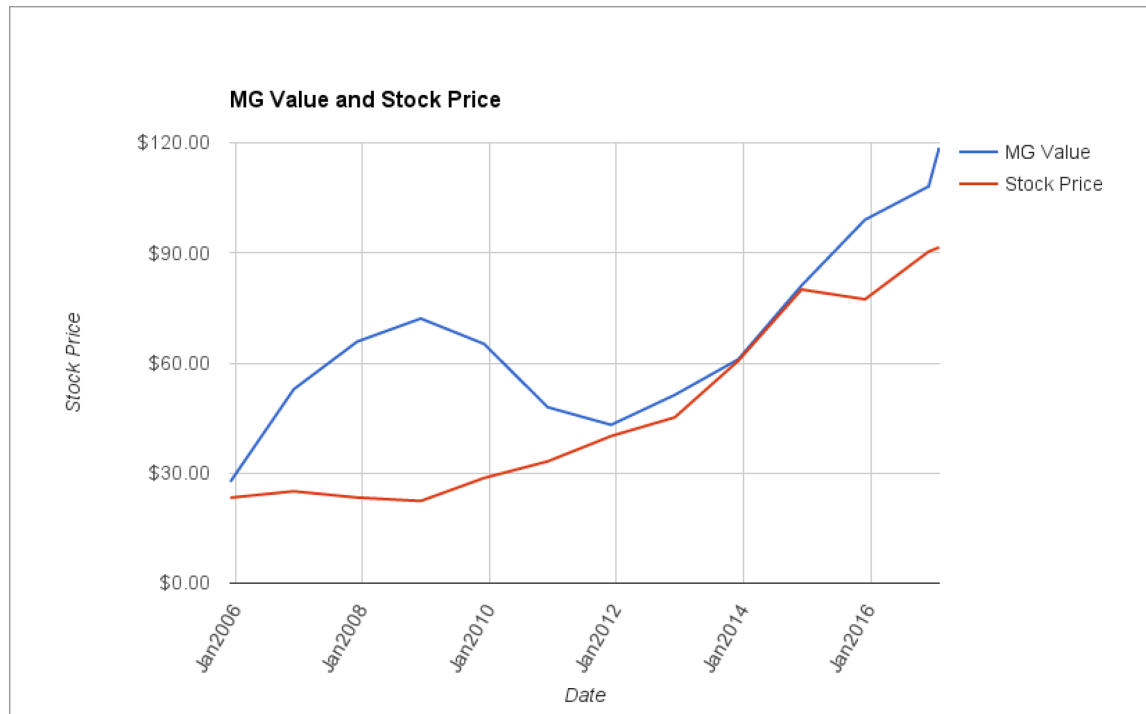
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.11
Graham Number	\$46.62
PEmg	20.35
Current Ratio	0.70
PB Ratio	4.75
Current Dividend	\$1.50
Dividend Yield	1.64%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.96	Next Fiscal Year Estimate	\$4.50
Dec2016	\$4.67	Dec2016	\$4.11
Dec2015	\$4.39	Dec2015	\$3.70
Dec2014	\$3.85	Dec2014	\$3.23
Dec2013	\$3.09	Dec2013	\$2.82
Dec2012	\$3.06	Dec2012	\$2.58
Dec2011	\$2.71	Dec2011	\$2.30
Dec2010	\$2.24	Dec2010	\$2.08
Dec2009	\$1.96	Dec2009	\$1.96
Dec2008	\$1.98	Dec2008	\$1.87
Dec2007	\$2.13	Dec2007	\$1.71
Dec2006	\$1.96	Dec2006	\$1.40
Dec2005	\$1.39	Dec2005	\$1.07
Dec2004	\$1.09	Dec2004	\$0.90
Dec2003	\$0.87	Dec2003	\$0.79
Dec2002	\$0.66	Dec2002	\$0.71
Dec2001	\$0.87	Dec2001	\$0.68
Dec2000	\$0.78	Balance Sheet Information	12/1/2016
Dec1999	\$0.62	Total Current Assets	\$2,107,000,000
Dec1998	\$0.24	Total Current Liabilities	\$3,008,000,000
Dec1997	\$0.39	Long-Term Debt	\$9,448,000,000
		Total Assets	\$37,057,000,000
		Intangible Assets	\$288,000,000
		Total Liabilities	\$22,216,000,000
		Shares Outstanding (Diluted Average)	770,100,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

- [Norfolk Southern Corp Valuation – August 2016 \\$NSC](#)
- [CSX Corporation Valuation – August 2016 \\$CSX](#)
- [Union Pacific Corp Valuation – August 2016 \\$UNP](#)
- [Norfolk Southern Corp Valuation – February 2016 Update \\$NSC](#)
- [CSX Corporation Valuation – February 2016 Update \\$CSX](#)
- [Union Pacific Corporation Valuation – February 2016 Update \\$UNP](#)
- [Norfolk Southern Corporation Analysis – September 2015 Update \\$NSC](#)
- [Kansas City Southern Analysis – August 2015 Update \\$KSU](#)
- [CSX Corporation Annual Valuation – 2014 \\$CSX](#)
- [Union Pacific Corporation Annual Valuation – 2014 \\$UNP](#)