

ModernGraham Valuation

Company Name:

Company Ticker NSC

Date of Analysis

9/10/2015

Norfolk Southern Corp.



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	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	Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Pass

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	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.69
MG Growth Estimate	4.92%
MG Value	\$104.31
MG Value based on 3% Growth	\$82.48
MG Value based on 0% Growth	\$48.35
Market Implied Growth Rate	2.69%

MG Opinion

Current Price	\$78.93
% of Intrinsic Value	75.67%
Opinion	Fairly Valued

Stage 3: Information for Further Research

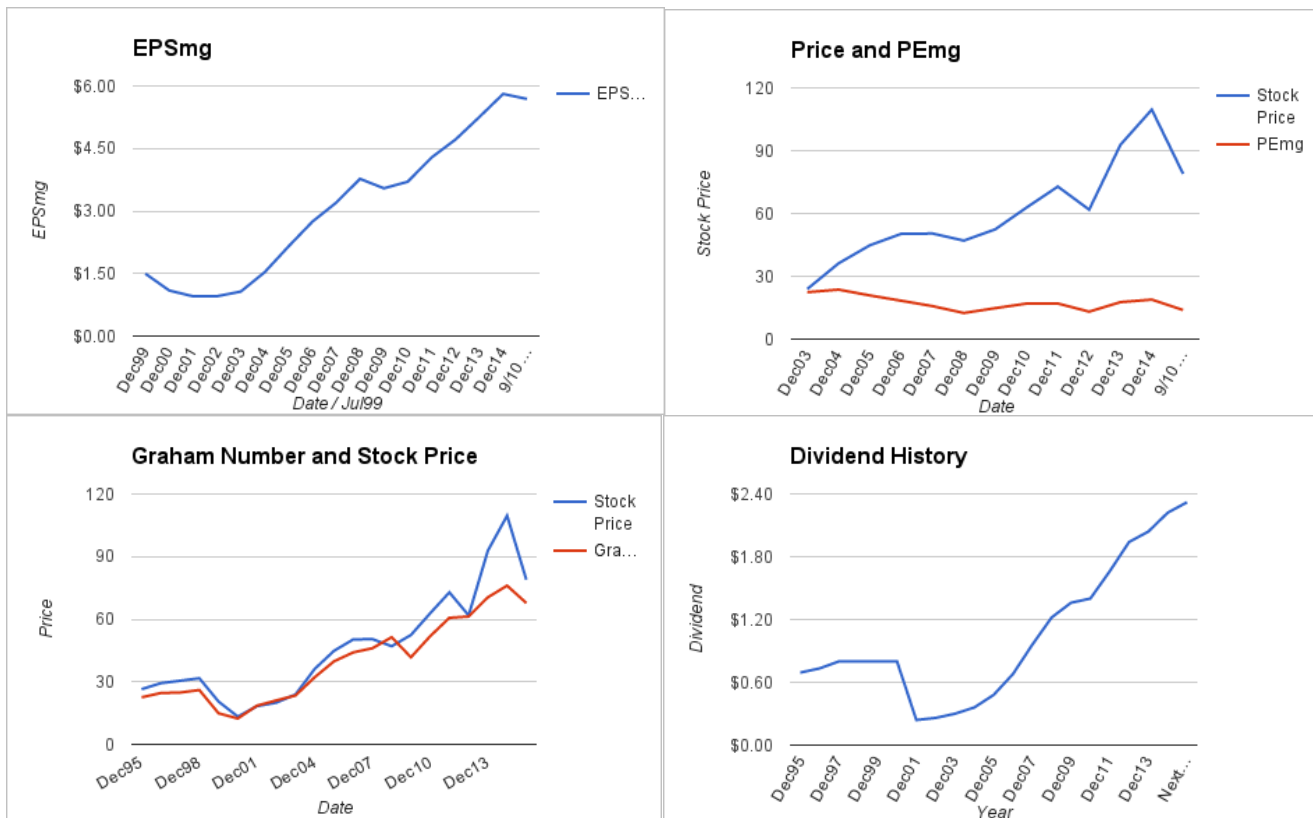
Net Current Asset Value (NCAV)	-\$62.13
Graham Number	\$67.74
PEmg	13.88
Current Ratio	1.10
PB Ratio	1.98
Dividend Yield	2.94%
Number of Consecutive Years of Dividend Growth	14

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	\$5.09	Next Fiscal Year Estimate	\$5.69
Dec14	\$6.39	Dec14	\$5.81
Dec13	\$6.04	Dec13	\$5.25
Dec12	\$5.37	Dec12	\$4.71
Dec11	\$5.45	Dec11	\$4.28
Dec10	\$4.00	Dec10	\$3.70
Dec09	\$2.76	Dec09	\$3.54
Dec08	\$4.52	Dec08	\$3.77
Dec07	\$3.68	Dec07	\$3.20
Dec06	\$3.57	Dec06	\$2.74
Dec05	\$3.11	Dec05	\$2.15
Dec04	\$2.31	Dec04	\$1.53
Dec03	\$1.37	Dec03	\$1.07
Dec02	\$1.18	Dec02	\$0.95
Dec01	\$0.97	Dec01	\$0.95
Dec00	\$0.45	Dec00	\$1.09
Dec99	\$0.63	Dec99	\$1.50
Dec98	\$1.93	Balance Sheet Information Jun15	
Dec97	\$1.90	Total Current Assets	\$2,413,000,000
Dec96	\$2.03	Total Current Liabilities	\$2,203,000,000
Dec95	\$1.81	Long-Term Debt	\$8,890,000,000
		Total Assets	\$33,310,000,000
		Intangible Assets	\$0
		Total Liabilities	\$21,233,000,000
		Shares Outstanding (Diluted Average)	302,900,000





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

- [23 Companies to Research This Week – 9/13/14](#)
- [Norfolk Southern Corporation Annual Stock Valuation – 2014 \\$NSC](#)
- [20 Companies in the Research Spotlight This Week – June 7, 2014](#)
- [Norfolk Southern Corp Quarterly Valuation – June 2014 \\$NSC](#)
- [16 Companies in the Spotlight This Week – 3/8/14](#)

Other ModernGraham posts about related companies

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