

ModernGraham Valuation

Company Name:

Company Ticker NSC
Date of Analysis

Norfolk Southern
Corp.

2/3/2016



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	\$20,763,317,023 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18 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	54.28% Pass
6. Moderate PEmg Ratio	PEmg < 20	11.94 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.63 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	1.18 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	23.37 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	\$5.58
MG Growth Estimate	2.76%
MG Value	\$78.23
MG Value based on 3% Growth	\$80.91
MG Value based on 0% Growth	\$47.43
Market Implied Growth Rate	1.72%

MG Opinion

Current Price	\$66.60
% of Intrinsic Value	85.14%
Opinion	Fairly Valued

Stage 3: Information for Further Research

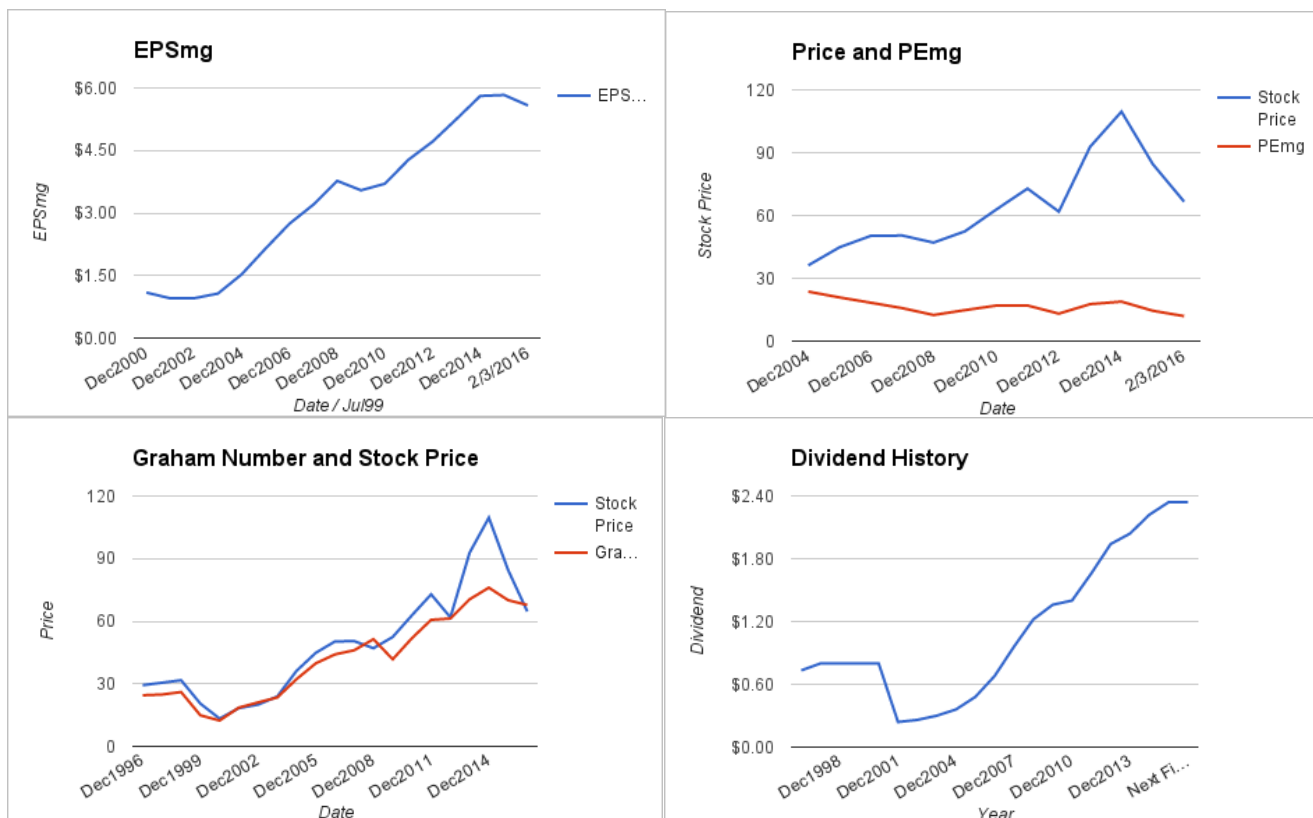
Net Current Asset Value (NCAV)	-\$65.11
Graham Number	\$67.77
PEmg	11.94
Current Ratio	1.18
PB Ratio	1.63
Dividend Yield	3.51%
Number of Consecutive Years of Dividend Growth	15

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	\$5.00	Next Fiscal Year Estimate	\$5.58
Dec2015	\$5.52	Dec2015	\$5.83
Dec2014	\$6.39	Dec2014	\$5.81
Dec2013	\$6.04	Dec2013	\$5.25
Dec2012	\$5.37	Dec2012	\$4.71
Dec2011	\$5.45	Dec2011	\$4.28
Dec2010	\$4.00	Dec2010	\$3.70
Dec2009	\$2.76	Dec2009	\$3.54
Dec2008	\$4.52	Dec2008	\$3.77
Dec2007	\$3.68	Dec2007	\$3.20
Dec2006	\$3.57	Dec2006	\$2.74
Dec2005	\$3.11	Dec2005	\$2.15
Dec2004	\$2.31	Dec2004	\$1.53
Dec2003	\$1.37	Dec2003	\$1.07
Dec2002	\$1.18	Dec2002	\$0.95
Dec2001	\$0.97	Dec2001	\$0.95
Dec2000	\$0.45	Dec2000	\$1.09
Dec1999	\$0.63	Balance Sheet Information	
Dec1998	\$1.93	Dec2015	
Dec1997	\$1.90	Total Current Assets	\$2,633,000,000
Dec1996	\$2.01	Total Current Liabilities	\$2,231,000,000
		Long-Term Debt	\$9,393,000,000
		Total Assets	\$34,260,000,000
		Intangible Assets	\$0
		Total Liabilities	\$22,072,000,000
		Shares Outstanding (Diluted Average)	298,570,000





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:

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ModernGraham
posts about the
company

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[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](#)

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[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](#)
[Norfolk Southern Corporation Annual Stock Valuation – 2014 \\$NSC](#)
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