

ModernGraham Valuation

Company Name:

CSX Corporation

Company Ticker CSX

Date of Analysis

8/4/2016



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	\$27,038,622,160	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.98	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	82.14%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.30	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	0.98	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-183.43	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	\$1.84
MG Growth Estimate	3.24%
MG Value	\$27.64
MG Value based on 3% Growth	\$26.74
MG Value based on 0% Growth	\$15.67
Market Implied Growth Rate	3.35%

MG Opinion

Current Price	\$28.03
% of Intrinsic Value	101.42%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.75
Graham Number	\$21.49
PEmg	15.20
Current Ratio	0.98
PB Ratio	2.30
Current Dividend	\$0.72
Dividend Yield	2.57%
Number of Consecutive Years of Dividend Growth	12

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.69	Next Fiscal Year Estimate	\$1.84
Dec2015	\$2.00	Dec2015	\$1.89
Dec2014	\$1.92	Dec2014	\$1.80
Dec2013	\$1.83	Dec2013	\$1.67
Dec2012	\$1.79	Dec2012	\$1.52
Dec2011	\$1.67	Dec2011	\$1.33
Dec2010	\$1.35	Dec2010	\$1.13
Dec2009	\$0.97	Dec2009	\$1.00
Dec2008	\$1.11	Dec2008	\$0.95
Dec2007	\$1.00	Dec2007	\$0.80
Dec2006	\$0.94	Dec2006	\$0.64
Dec2005	\$0.84	Dec2005	\$0.45
Dec2004	\$0.25	Dec2004	\$0.26
Dec2003	\$0.19	Dec2003	\$0.26
Dec2002	\$0.33	Dec2002	\$0.29
Dec2001	\$0.23	Dec2001	\$0.29
Dec2000	\$0.45	Dec2000	\$0.36
Dec1999	\$0.00	Balance Sheet Information 6/1/2016	
Dec1998	\$0.42	Total Current Assets	\$2,228,000,000
Dec1997	\$0.60	Total Current Liabilities	\$2,282,000,000
Dec1996	\$0.67	Long-Term Debt	\$9,905,000,000
		Total Assets	\$34,550,000,000
		Intangible Assets	\$0
		Total Liabilities	\$22,938,000,000
		Shares Outstanding (Diluted Average)	952,000,000





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.

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