# **ModernGraham Valuation**

## **Company Name:**

Corp.

Norfolk Southern



2.61 Fail

NSC Company Ticker Date of Analysis

12/14/2016

### 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.

5. Earnings Growth

6. Moderate PEmg Ratio

7. Moderate Price to Assets

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$32,090,112,033 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.04 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10	

years using 3 year averages at 54.38% Pass beginning and end PEmg < 20 19.57 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 1.04 Fail 2. Sufficiently Strong Financial Condition Debt to NCA < 1.1 112.41 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

PB Ratio < 2.5 OR PB\*PEmg < 50

Suitability

Defensive No Enterprising No

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$5.61
MG Growth Estimate	2.86%
MG Value	\$79.80
MG Value based on 3% Growth	\$81.36
MG Value based on 0% Growth	\$47.70
Market Implied Growth Rate	5.54%

MG Opinion

Current Price \$109.83 % of Intrinsic Value 137.64%

Opinion Overvalued MG Grade

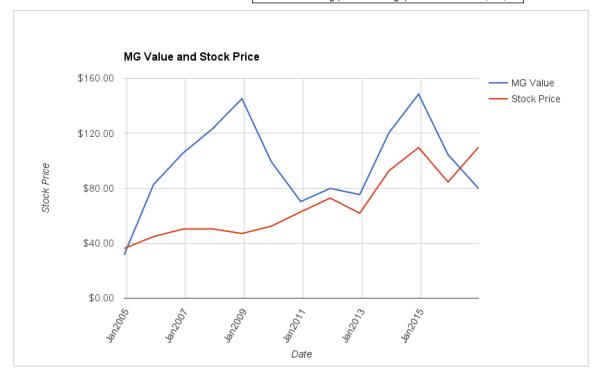
#### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$67.59
Graham Number	\$72.03
PEmg	19.57
Current Ratio	1.04
PB Ratio	2.61
Current Dividend	\$2.36
Dividend Yield	2.15%
Number of Consecutive Years of Dividend Growth	15

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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	• • • •	Next Fiscal Year Estimate	\$5.61
Dec2015	\$5.10	Dec2015	\$5.69
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	9/1/2016
Dec1998	\$1.93	Total Current Assets	\$2,317,000,000
Dec1997	\$1.90	Total Current Liabilities	\$2,232,000,000
Dec1996	\$2.01	Long-Term Debt	\$9,555,000,000
		Total Assets	\$34,632,000,000
		Intangible Assets	\$0
		Total Liabilities	\$22,236,000,000
		Shares Outstanding (Diluted Average)	294,700,000





#### 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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Norfolk Southern Corp Valuation – February 2016 Update \$NSC

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10 Undervalued Companies for the Defensive Dividend Stock Investor – September 2015

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