

# ModernGraham Valuation

## Company Name:

Company Ticker NSC  
Date of Analysis

Norfolk Southern  
Corp.

4/29/2018



## 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	\$43,931,478,476	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 beginning and end	166.42%	Pass
5. Earnings Growth	PEmg < 20	14.72	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.53	Pass
7. Moderate Price to Assets			

*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	105.90	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$9.96
MG Growth Estimate	10.72%
<b>MG Value</b>	<b>\$298.21</b>
MG Value based on 3% Growth	\$144.41
MG Value based on 0% Growth	\$84.65
Market Implied Growth Rate	3.11%

### MG Opinion

Current Price	\$146.62
% of Intrinsic Value	49.17%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

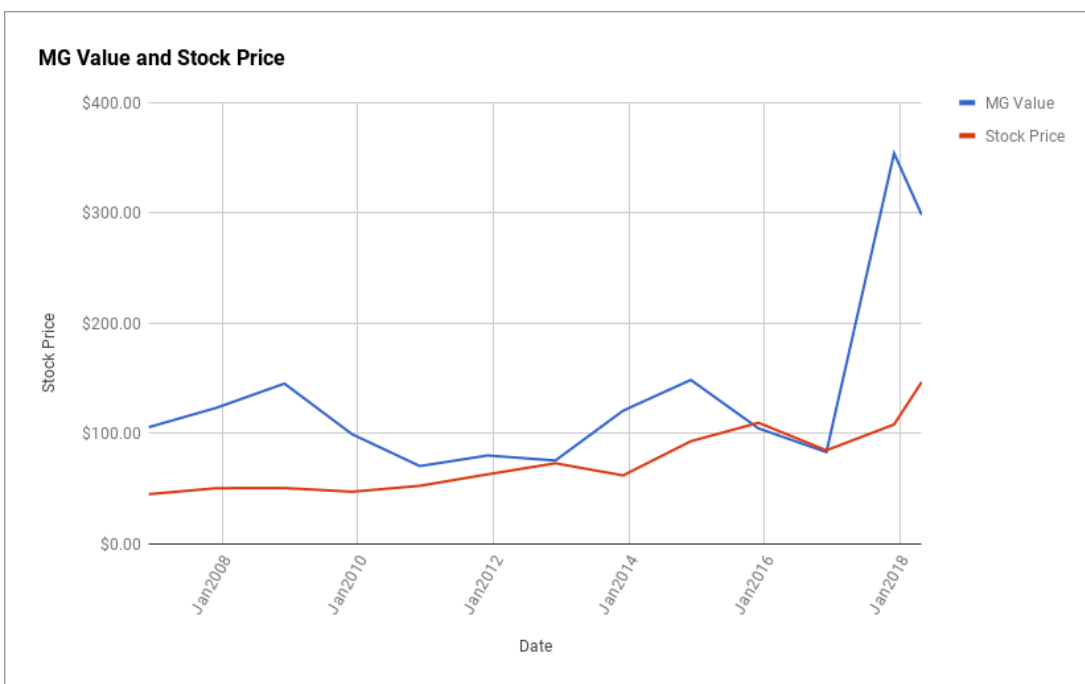
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$60.90
Graham Number	\$103.69
PEmg	14.72
Current Ratio	1.04
PB Ratio	2.53
Current Dividend	\$2.44
Dividend Yield	1.66%
Number of Consecutive Years of Dividend Growth	1

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)  
[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.30	Next Fiscal Year Estimate	\$9.96
Dec2017	\$18.61	Dec2017	\$9.98
Dec2016	\$5.62	Dec2016	\$5.67
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	<b>Balance Sheet Information</b> <b>3/1/2018</b>	
Dec2000	\$0.45	Total Current Assets	\$2,479,000,000
Dec1999	\$0.63	Total Current Liabilities	\$2,388,000,000
Dec1998	\$1.93	Long-Term Debt	\$9,637,000,000
		Total Assets	\$36,162,000,000
		Intangible Assets	\$0
		Total Liabilities	\$19,744,000,000
		Shares Outstanding (Diluted Average)	283,500,000





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

[Norfolk Southern Corp Valuation – April 2018 \\$NSC](#)  
[Norfolk Southern Corp Valuation – December 2016 \\$NSC](#)  
[Norfolk Southern Corp Valuation – August 2016 \\$NSC](#)  
[26 Best Stocks For Value Investors This Week – 2/6/16](#)  
[Norfolk Southern Corp Valuation – February 2016 Update \\$NSC](#)

Other  
ModernGraham  
posts about related  
companies

[Norfolk Southern Corp Valuation – April 2018 \\$NSC](#)  
[CSX Corporation Valuation – April 2018 \\$CSX](#)  
[Union Pacific Corp Valuation – April 2018 \\$UNP](#)  
[Canadian Pacific Railway Ltd Valuation – Initial Coverage \\$TSE:CP](#)  
[Canadian National Railway Co Valuation – Initial Valuation \\$TSE:CNR](#)  
[Kansas City Southern Valuation – December 2016 \\$KSU](#)  
[Norfolk Southern Corp Valuation – December 2016 \\$NSC](#)  
[Norfolk Southern Corp Valuation – August 2016 \\$NSC](#)  
[CSX Corporation Valuation – August 2016 \\$CSX](#)  
[Union Pacific Corp Valuation – August 2016 \\$UNP](#)