

# ModernGraham Valuation

Norfolk Southern  
Corp.



## Company Name:

Company Ticker NSC

Date of Analysis

4/16/2018

## 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	\$41,438,714,409	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.84	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	362.33%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	8.21	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.40	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	0.84	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-23.07	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	\$16.62
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$639.97</b>
MG Value based on 3% Growth	\$241.03
MG Value based on 0% Growth	\$141.29
Market Implied Growth Rate	-0.14%

## MG Opinion

Current Price	\$136.48
% of Intrinsic Value	21.33%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

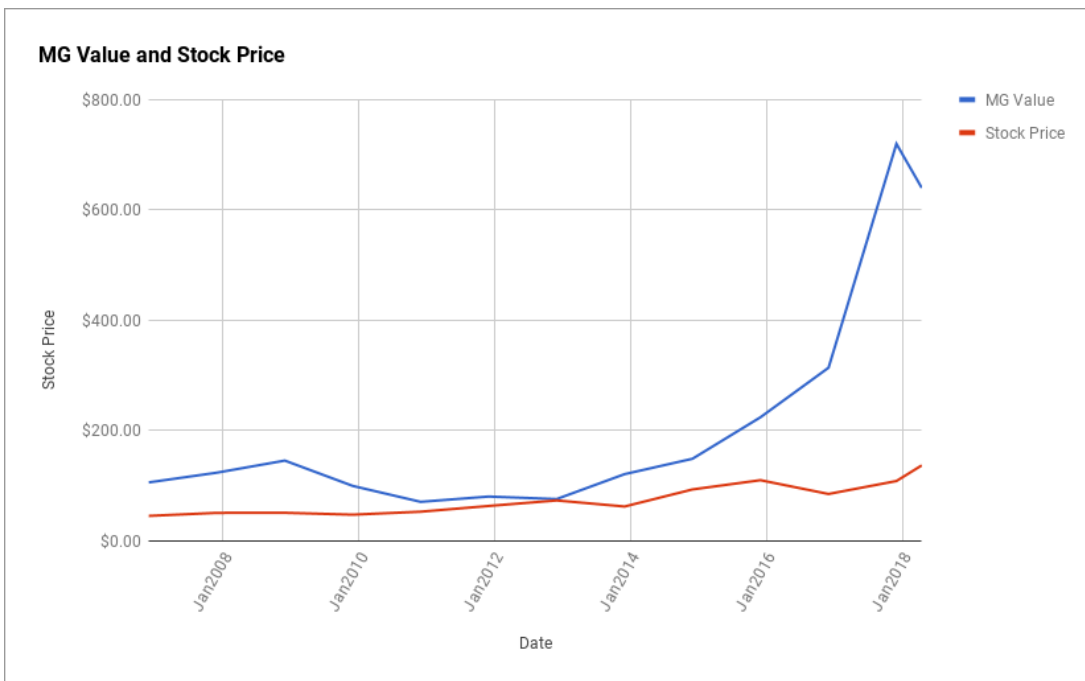
Net Current Asset Value (NCAV)	-\$59.82
Graham Number	\$101.73
PEmg	8.21
Current Ratio	0.84
PB Ratio	2.40
Current Dividend	\$2.44
Dividend Yield	1.79%
Number of Consecutive Years of Dividend Growth	1

## 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	\$7.99	Next Fiscal Year Estimate	\$16.62
Dec2017	\$37.22	Dec2017	\$18.70
Dec2016	\$11.24	Dec2016	\$8.91
Dec2015	\$10.20	Dec2015	\$7.39
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 12/1/2017</b>	
Dec2000	\$0.45	Total Current Assets	\$2,149,000,000
Dec1999	\$0.63	Total Current Liabilities	\$2,545,000,000
Dec1998	\$1.93	Long-Term Debt	\$9,136,000,000
		Total Assets	\$35,711,000,000
		Intangible Assets	\$0
		Total Liabilities	\$19,352,000,000
		Shares Outstanding (Diluted Average)	287,600,000





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 – 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](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – February 2016](#)

**Other ModernGraham posts about related companies**

- [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](#)
- [Norfolk Southern Corp Valuation – February 2016 Update \\$NSC](#)