

ModernGraham Valuation

Company Name:

Company Ticker UNP
Date of Analysis

Union Pacific
Corporation

4/8/2018



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	\$101,042,499,049	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.02	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	220.08%	Pass
5. Earnings Growth	PEmg < 20	16.13	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.13	Fail
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	1.02	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	240.96	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.08
MG Growth Estimate	11.16%
MG Value	\$248.92
MG Value based on 3% Growth	\$117.14
MG Value based on 0% Growth	\$68.67
Market Implied Growth Rate	3.81%

MG Opinion

Current Price	\$130.28
% of Intrinsic Value	52.34%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$36.76
Graham Number	\$71.61
PEmg	16.13
Current Ratio	1.02
PB Ratio	4.13
Current Dividend	\$2.48
Dividend Yield	1.90%
Number of Consecutive Years of Dividend Growth	11

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$7.16		\$8.08
Dec2017	\$13.36	Dec2017	\$7.98
Dec2016	\$5.07	Dec2016	\$5.21
Dec2015	\$5.49	Dec2015	\$5.08
Dec2014	\$5.75	Dec2014	\$4.63
Dec2013	\$4.71	Dec2013	\$3.84
Dec2012	\$4.14	Dec2012	\$3.23
Dec2011	\$3.36	Dec2011	\$2.65
Dec2010	\$2.77	Dec2010	\$2.20
Dec2009	\$1.87	Dec2009	\$1.83
Dec2008	\$2.27	Dec2008	\$1.68
Dec2007	\$1.73	Dec2007	\$1.34
Dec2006	\$1.48	Dec2006	\$1.15
Dec2005	\$0.96	Dec2005	\$1.01
Dec2004	\$0.58	Dec2004	\$1.03
Dec2003	\$1.51	Dec2003	\$1.19
Dec2002	\$1.26	Dec2002	\$0.90
Dec2001	\$0.94	Balance Sheet Information	
Dec2000	\$0.84	12/1/2017	
Dec1999	\$0.81	Total Current Assets	\$4,006,000,000
Dec1998	-\$0.64	Total Current Liabilities	\$3,939,000,000
		Long-Term Debt	\$16,144,000,000
		Total Assets	\$57,806,000,000
		Intangible Assets	\$0
		Total Liabilities	\$32,950,000,000
		Shares Outstanding (Diluted Average)	787,300,000





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

- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [Union Pacific Corporation Valuation – February 2016 Update \\$UNP](#)
- [26 Companies in the Spotlight This Week – 12/13/14](#)
- [Union Pacific Corporation Annual Valuation – 2014 \\$UNP](#)
- [10 Companies in the Spotlight This Week – 12/14/2013](#)

Other ModernGraham posts about related companies

- [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](#)
- [CSX Corporation Valuation – February 2016 Update \\$CSX](#)
- [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](#)