

ModernGraham Valuation

Canadian National
Railway (USA)



Company Name:

Company Ticker TSE:CNR

Date of Analysis

8/4/2018

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	\$78,467,470,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.64	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	151.70%	Pass
5. Earnings Growth	PEmg < 20	20.74	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.88	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	0.64	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.93	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	\$5.53
MG Growth Estimate	10.69%
MG Value	\$165.20
MG Value based on 3% Growth	\$80.19
MG Value based on 0% Growth	\$47.01
Market Implied Growth Rate	6.12%

MG Opinion

Current Price	\$114.68
% of Intrinsic Value	69.42%
Opinion	Undervalued
MG Grade	C+

Stage 3: Information for Further Research

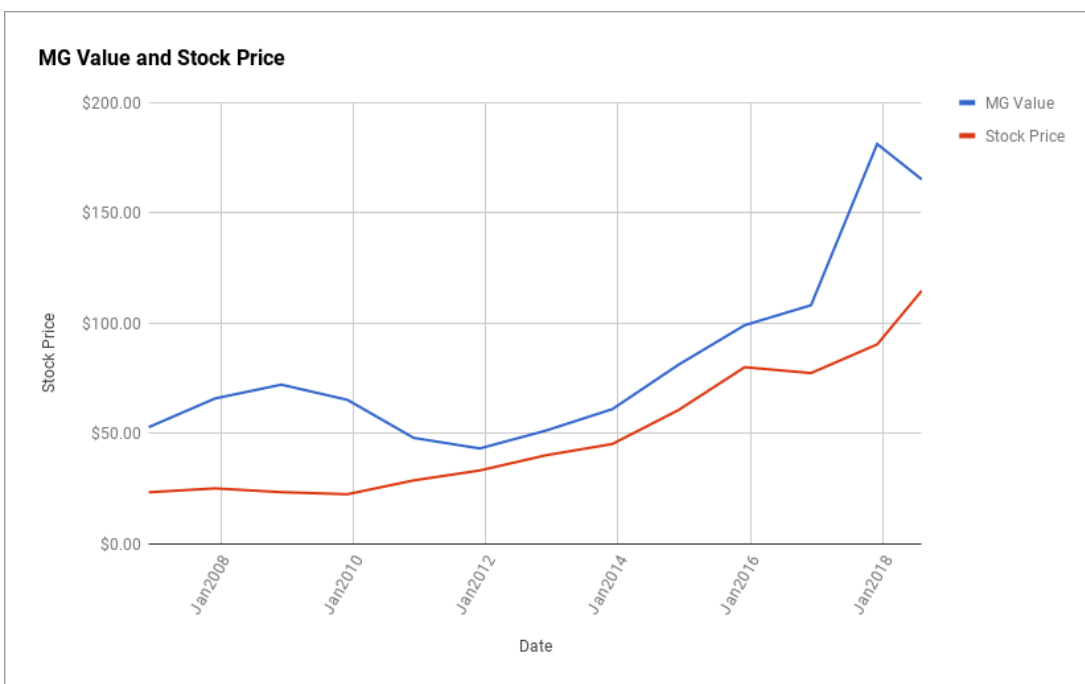
Net Current Asset Value (NCAV)	-\$26.51
Graham Number	\$52.54
PEmg	20.74
Current Ratio	0.64
PB Ratio	4.88
Current Dividend	\$1.65
Dividend Yield	1.44%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.47	Next Fiscal Year Estimate	\$5.53
Dec2017	\$7.24	Dec2017	\$5.26
Dec2016	\$4.67	Dec2016	\$4.11
Dec2015	\$4.39	Dec2015	\$3.70
Dec2014	\$3.85	Dec2014	\$3.23
Dec2013	\$3.09	Dec2013	\$2.82
Dec2012	\$3.06	Dec2012	\$2.58
Dec2011	\$2.71	Dec2011	\$2.30
Dec2010	\$2.24	Dec2010	\$2.08
Dec2009	\$1.96	Dec2009	\$1.96
Dec2008	\$1.98	Dec2008	\$1.87
Dec2007	\$2.13	Dec2007	\$1.71
Dec2006	\$1.96	Dec2006	\$1.40
Dec2005	\$1.39	Dec2005	\$1.07
Dec2004	\$1.09	Dec2004	\$0.90
Dec2003	\$0.87	Dec2003	\$0.79
Dec2002	\$0.66	Dec2002	\$0.71
Dec2001	\$0.87	Balance Sheet Information 6/1/2018	
Dec2000	\$0.78	Total Current Assets	\$2,842,000,000
Dec1999	\$0.62	Total Current Liabilities	\$4,430,000,000
Dec1998	\$0.24	Long-Term Debt	\$9,416,000,000
		Total Assets	\$39,805,000,000
		Intangible Assets	\$268,000,000
		Total Liabilities	\$22,436,000,000
		Shares Outstanding (Diluted Average)	739,100,000





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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company

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[Norfolk Southern Corp Valuation – April 2018-corrected](#)

[Norfolk Southern Corp Valuation – April 2018 \\$NSC](#)

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[Union Pacific Corp Valuation – April 2018 \\$UNP](#)

[Canadian Pacific Railway Ltd Valuation – Initial Coverage \\$TSE:CP](#)

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