

ModernGraham Valuation

Company Name:

Company Ticker UNP
Date of Analysis

Union Pacific
Corporation

2/9/2019



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	\$119,153,679,699	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.90	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	193.52%	Pass
5. Earnings Growth	PEmg < 20	18.43	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.80	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	0.90	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-45.19	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	\$8.78
MG Growth Estimate	10.91%
MG Value	\$266.08
MG Value based on 3% Growth	\$127.26
MG Value based on 0% Growth	\$74.60
Market Implied Growth Rate	4.96%

MG Opinion

Current Price	\$161.72
% of Intrinsic Value	60.78%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$47.15
Graham Number	\$74.34
PEmg	18.43
Current Ratio	0.90
PB Ratio	5.80
Current Dividend	\$3.06
Dividend Yield	1.89%
Number of Consecutive Years of Dividend Growth	12

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.86	Next Fiscal Year Estimate	\$8.78
Dec2018	\$7.91	Dec2018	\$8.33
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	Balance Sheet Information 12/1/2018	
Dec2001	\$0.94	Total Current Assets	\$4,163,000,000
Dec2000	\$0.84	Total Current Liabilities	\$4,626,000,000
Dec1999	\$0.81	Long-Term Debt	\$20,925,000,000
		Total Assets	\$59,147,000,000
		Intangible Assets	\$0
		Total Liabilities	\$38,724,000,000
		Shares Outstanding (Diluted Average)	733,000,000





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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