

CSX Corp. (CSX) 9/18/09

CSX operates in rail based transportation services in North America. The company provides traditional rail services and transport of intermodal containers. CSX also operates some in real estate and development activities. CSX has 21,000 miles of rail network, 4,143 locomotives, and 244,000 freight cars in its operating fleet. The company was founded in 1978 and headquartered in Jacksonville, Florida.

Current Price	\$45.38
52 Week High	\$63.49
52 Week Low	\$20.70
One Yr Target	\$49.00
Market Cap (in billions)	\$17.85
P/E (Trailing)	15.52
P/E(1 Yr Forward)	14.07
P/E/G	1.69
ROA	4.36%
ROE	13.34%
EPS	\$2.92
Beta	1.51
Annualized Dividend	\$0.88
Dividend Yield	1.94%
Analyst Consensus	2.20



Annual EPS

2005	\$1.59	
2006	\$2.82	77.36%
2007	\$2.74	-2.84%
2008	\$3.34	21.90%
2009E	\$2.92	-12.46%

Annual Revenue (in millions)

2005	\$8,618.00	
2006	\$9,566.00	11.00%
2007	\$10,030.00	4.85%
2008	\$11,255.00	12.21%

Annual Net Income (in millions)

2005	\$1,145.00	
2006	\$1,310.00	14.41%
2007	\$1,336.00	1.98%
2008	\$1,365.00	2.17%

Required Rate of Return

13.42%

Dividend Growth Model

Present Value of 2014 Price	\$6.52
Holding Period Return (5 years)	-18.94%

Expected Annualized Return Model

Present Value of 2014 Price	\$51.26
Holding Period Return (5 years)	2.89%

Residual Income Model

Intrinsic Stock Price	\$21.45
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Analysis

Positives

Revenue and Net Income are increasing in past years, and at an increasing rate

Negatives

All three valuation models have CSX's stock price as overvalued

EPS is projected to decline for the upcoming year

Financial Statements

Balance Sheet is decently strong, but with equity declining in the previous year

Income Statement is good, especially the increase in dividend payouts

Cash Flows are volatile but are positive in the most recent year

Industry Analysis

CSX is one of the larger companies in the industry

Financial ratios are in line with industry averages

Summary

CSX seems to be a pretty standard company and its stock price seems fairly valued. Its financial ratios are decent and in line with industry averages. Financial statements are ok but nothing special. Some concern is that all three of the valuation models show the stock price as being overvalued. The railroad industry is dependant on industrial and consumer orders which should pick up in the near future, as well as being affected by oil prices. That being said, CSX still earns a **hold** rating.