CSX Corporation (CSX)

Updated October 20th, 2025 by Josh Arnold

Key Metrics

Current Price:	$37	**5 Year CAGR Estimate:**	6.0%	**Market Cap:**	$68 B
Fair Value Price:	$29	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	11/28/25[1]
% Fair Value:	128%	**5 Year Valuation Multiple Estimate:**	-4.8%	**Dividend Payment Date:**	12/13/25
Dividend Yield:	1.4%	**5 Year Price Target**	$47	**Years Of Dividend Growth:**	20
Dividend Risk Score:	B	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

CSX can trace its roots all the way back to 1827 when the B&O Railroad was first chartered. From just 13 miles of track, CSX has grown to cover 23 states and more than 20,000 route miles. CSX provides rail, rail-to-truck, and intermodal transport services. The company's market capitalization is $68 billion, and it should produce just over $14 billion in revenue in 2025.

CSX posted third quarter earnings on October 16th, 2025, and results were better than expected on both the top and bottom lines. Adjusted earnings-per-share came to 44 cents, which was two cents ahead of estimates. Revenue was down fractionally year-over-year to $3.59 billion, but did beat estimates by $20 million. Revenue was negatively impacted by export coal prices and a decline in merchandise volume, partially offset by other revenue, higher pricing in merchandise, and intermodal volume growth.

Volume was 1.61 million units for the quarter, up 1% year-over-year and 2% higher sequentially. Volume was higher in minerals, automotive, and fertilizer. Volume declined in chemicals, forest products, and food/ag products.

Operating income was $1.25 billion on an adjusted basis, or 34.9% of revenue. The company projects $500 million or more in costs to rebuild its Blue Ridge facility, before insurance recoveries.

Free cash flow was $1.1 billion, including $850 million in outflows for Blue Ridge and postponed tax payments. In addition, CSX returned $2 billion to shareholders year-to-date.

We've left our estimate of adjusted earnings-per-share at $1.65 for this year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.67	$0.60	$0.77	$1.28	$1.39	$1.20	$1.56	$1.89	$1.85	$1.83	***$1.65***	***$2.66***
DPS	$0.23	$0.24	$0.26	$0.29	$0.32	$0.35	$0.37	$0.40	$0.44	$0.48	***$0.52***	***$0.66***
Shares[2]	2,898	2,784	2,670	2,580	2,334	2,304	2,217	2,137	1,969	1,921	***1,900***	***1,800***

CSX's earnings-per-share has grown somewhat unpredictably over the past decade as its fortunes are tied to rail volumes and pricing strength, both of which are heavily dependent upon particular industries and economic conditions. CSX stands to gain in the form of modest revenue increases in the coming years, helping to fuel our estimate of 10% earnings-per-share growth annually. The remainder will come from improved operating efficiency leading to higher margins, as well as sizable buyback spending, although this was nearly halted in 2020. We see the share count declining in the mid-single digits annually as CSX generates strong free cash flow and puts it to use. Trade and tariff policy has put a strain on CSX for 2025, potentially, and this is the biggest factor for investors today, in our view.

We see the dividend increasing steadily in the coming years, reaching $0.66 in five years from today's level of $0.52. CSX has put buybacks first in recent years but with a much-reduced capex budget as part of its operational efficiency

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[1] Estimated date

[2] Share count in millions

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

initiatives, more cash should be freed up for dividend increases. With the payout ratio still very low, CSX has plenty of room to continue its streak of dividend increases while still affording it the ability to buy back stock.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	15.7	15.5	21.8	16.8	17.2	20.6	21.0	16.4	18.7	17.6	***22.4***	***17.5***
Avg. Yld.	2.2%	2.6%	1.6%	1.4%	1.3%	1.4%	1.1%	1.3%	1.3%	1.5%	***1.4%***	***1.4%***

CSX's price-to-earnings multiple is now 22.4 times this year's earnings, as the share price has ramped higher in recent weeks. This is now well ahead of our estimate of fair value of 17.5 times earnings, so we see a 4.8% headwind from the valuation going forward. We expect the yield to stay about where it is.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	35%	40%	34%	23%	23%	29%	24%	21%	24%	26%	***32%***	***25%***

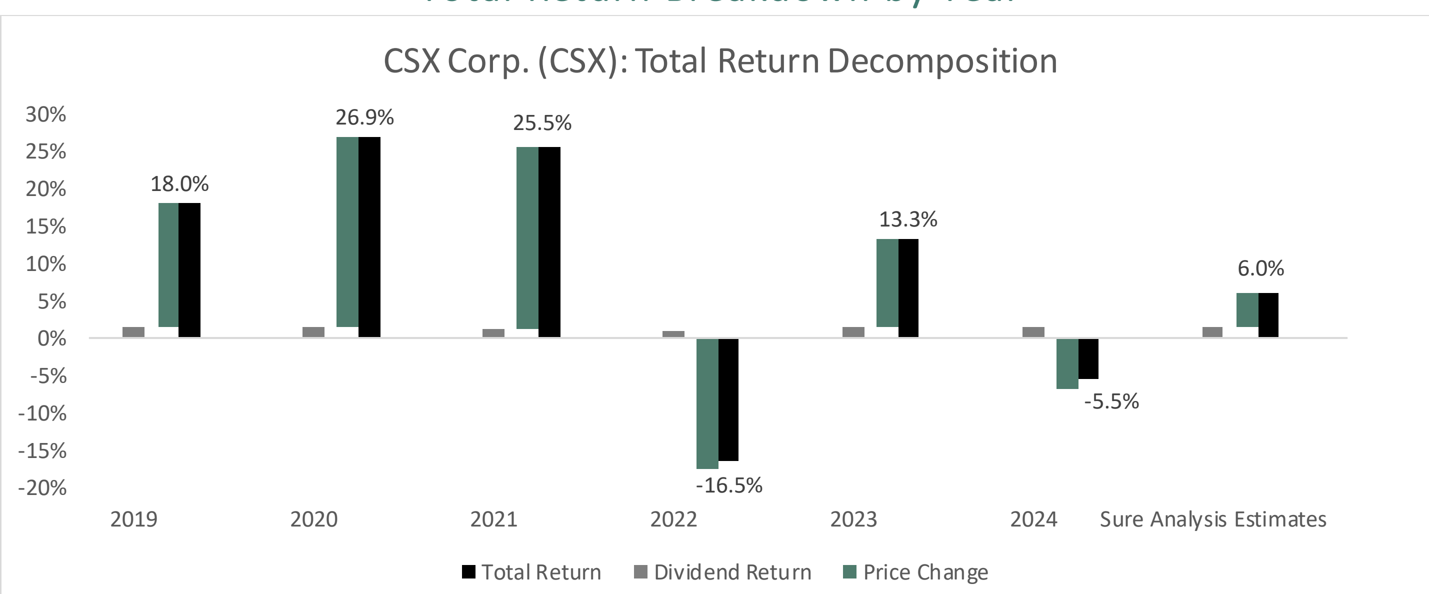
CSX's payout ratio remains low and as a result, is well covered. Indeed, its dividend safety is outstanding, but we note that the company has made it clear buybacks take priority over dividend growth.

The company's competitive advantage is in its lean operating structure, as well as its dominance in its service area. CSX looks poised to gain from its leverage to intermodal transport and the coal export market, although these things will not save it from recessions; rail operators are particularly sensitive to economic conditions, and we see that as the key risk to owning CSX in the coming quarters as a potential recession looms. This includes the new threat of tariffs and the impact they may have on volumes from various international trading partners.

Final Thoughts & Recommendation

CSX is trading well ahead of fair value after Q3 earnings. It could see total annual returns in the next five years of 6%, consisting of the 1.4% current yield, 10% earnings growth and 4.8% headwind from the valuation. CSX could therefore be appropriate for dividend growth investors as well as those seeking earnings growth, but the low current yield would make it unattractive for those seeking high current income. Given the dividend streak and total return outlook, we're at a hold rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	11,811	11,069	11,408	12,250	11,937	10,583	12,522	14,853	14,657	14,540
Gross Profit	3,544	3,363	3,741	4,773	4,874	4,362	5,140	5,785	5,527	5,342
Gross Margin	30.0%	30.4%	32.8%	39.0%	40.8%	41.2%	41.0%	38.9%	37.7%	36.7%
D&A Exp.	1,208	1,301	1,315	1,331	1,349	1,383	1,420	1,500	1,611	1,658
Operating Profit	3,544	3,363	3,741	4,773	4,874	4,327	5,140	5,785	5,527	5,342
Operating Margin	30.0%	30.4%	32.8%	39.0%	40.8%	41.2%	41.0%	38.9%	37.7%	36.7%
Net Profit	1,968	1,714	5,471	3,309	3,331	2,765	3,781	4,166	3,715	3,470
Net Margin	16.7%	15.5%	48.0%	27.0%	27.9%	26.1%	30.2%	28.0%	25.3%	23.9%
Free Cash Flow	808	643	1,432	2,896	3,193	2,637	3,308	3,486	3,268	2,718
Income Tax	1,170	1,027	-2,329	995	985	862	1,170	1,248	1,176	1,085

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	34,745	35,414	35,739	36,729	38,257	39,793	40,531	41,912	42,408	42,764
Cash & Equivalents	628	603	401	858	958	3,129	2,239	1,958	1,353	933
Acc. Receivable	982	938	793	828	769	700	937	1,051	1,029	996
Inventories	350	407	372	263	261	302	339	341	446	414
Goodwill & Int.	63	63	---	---	---	63	451	502	506	433
Total Liabilities	23,077	23,720	21,018	24,149	26,394	26,683	27,031	29,287	30,275	30,257
Accounts Payable	764	806	847	949	1,043	809	963	1,130	1,237	1,290
Long-Term Debt	10,535	11,293	11,809	14,757	16,238	16,705	16,366	18,047	18,533	18,503
Total Equity	11,652	11,679	14,705	12,563	11,848	13,101	13,490	12,625	12,128	12,502
LTD/E Ratio	0.90	0.97	0.80	1.17	1.37	1.28	1.21	1.43	1.53	1.48

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	5.8%	4.9%	15.4%	9.1%	8.9%	7.1%	9.4%	10.1%	8.8%	8.1%
Return on Equity	17.3%	14.7%	41.5%	24.3%	27.3%	22.2%	28.4%	31.9%	30.0%	28.2%
ROIC	9.1%	7.6%	22.1%	12.3%	12.0%	9.5%	12.7%	13.8%	12.1%	11.3%
Shares Out.	2,898	2,784	2,670	2,580	2,334	2,304	2,255	2,141	2,013	1,943
Revenue/Share	4.00	3.89	4.16	4.74	4.99	4.59	5.55	6.94	7.28	7.48
FCF/Share	0.27	0.23	0.52	1.12	1.33	1.14	1.47	1.63	1.62	1.40

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.