CSX Corporation (CSX)

Updated August 6th, 2026 by Josh Arnold

Key Metrics

Current Price:	$51	**5 Year CAGR Estimate:**	7.7%	**Market Cap:**	$94 B
Fair Value Price:	$40	**5 Year Growth Estimate:**	12.0%	**Ex-Dividend Date:**	08/28/26[1]
% Fair Value:	128%	**5 Year Valuation Multiple Estimate:**	-4.7%	**Dividend Payment Date:**	09/13/26
Dividend Yield:	1.1%	**5 Year Price Target**	$70	**Years Of Dividend Growth:**	21
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 $94 billion, and it should produce just over $15 billion in revenue in 2026.

CSX posted second quarter earnings on July 22nd, 2026, and results were better than expected on both the top and bottom lines. Earnings-per-share came to 54 cents, which was two cents ahead of expectations. Revenue was up more than 10% year-over-year to $3.94 billion, beating expectations by $40 million. Revenue was driven by a 6% increase in total volume, higher fuel surcharges, and higher pricing across all of its segments.

Operating margin was 38.3% of revenue in the quarter, which was up by an impressive 240 basis points year-over-year.

The company boosted its outlook for 2026. Revenue is expected to grow in the mid- to high-single digits, while operating margin is expected to grow 350 basis points. Free cash flow is expected to nearly double from last year, while capex should be less than $2.4 billion.

We now see $2.00 in adjusted earnings-per-share for this year after another good quarter.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$0.60	$0.77	$1.28	$1.39	$1.20	$1.56	$1.89	$1.85	$1.83	$1.61	***$2.00***	***$3.52***
DPS	$0.24	$0.26	$0.29	$0.32	$0.35	$0.37	$0.40	$0.44	$0.48	$0.52	***$0.56***	***$0.71***
Shares[2]	2784	2670	2580	2334	2304	2217	2137	1969	1921	1864	***1820***	***1650***

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 12% earnings-per-share growth annually, which is up from 10% prior. 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 recently, potentially, and this is the biggest factor for investors today, in our view. Thus far, CSX has weathered this very nicely.

We see the dividend increasing steadily in the coming years, reaching $0.71 in five years from today's level of $0.56. CSX has put buybacks first in recent years but with a much-reduced capex budget as part of its operational efficiency 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. We note FCF for 2026 looks very strong.

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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.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	15.5	21.8	16.8	17.2	20.6	21.0	16.4	18.7	17.6	22.5	***25.5***	***20.0***
Avg. Yld.	2.6%	1.6%	1.4%	1.3%	1.4%	1.1%	1.3%	1.3%	1.5%	1.4%	***1.1%***	***1.0%***

CSX's price-to-earnings multiple is now 25.5 times this year's earnings, as the share price has ramped higher in recent months. This is ahead of our estimate of fair value of 20 times earnings, so we see a 4.7% headwind from the valuation going forward. We expect the yield to stay about where it is.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	40%	34%	23%	23%	29%	24%	21%	24%	26%	32%	***28%***	***20%***

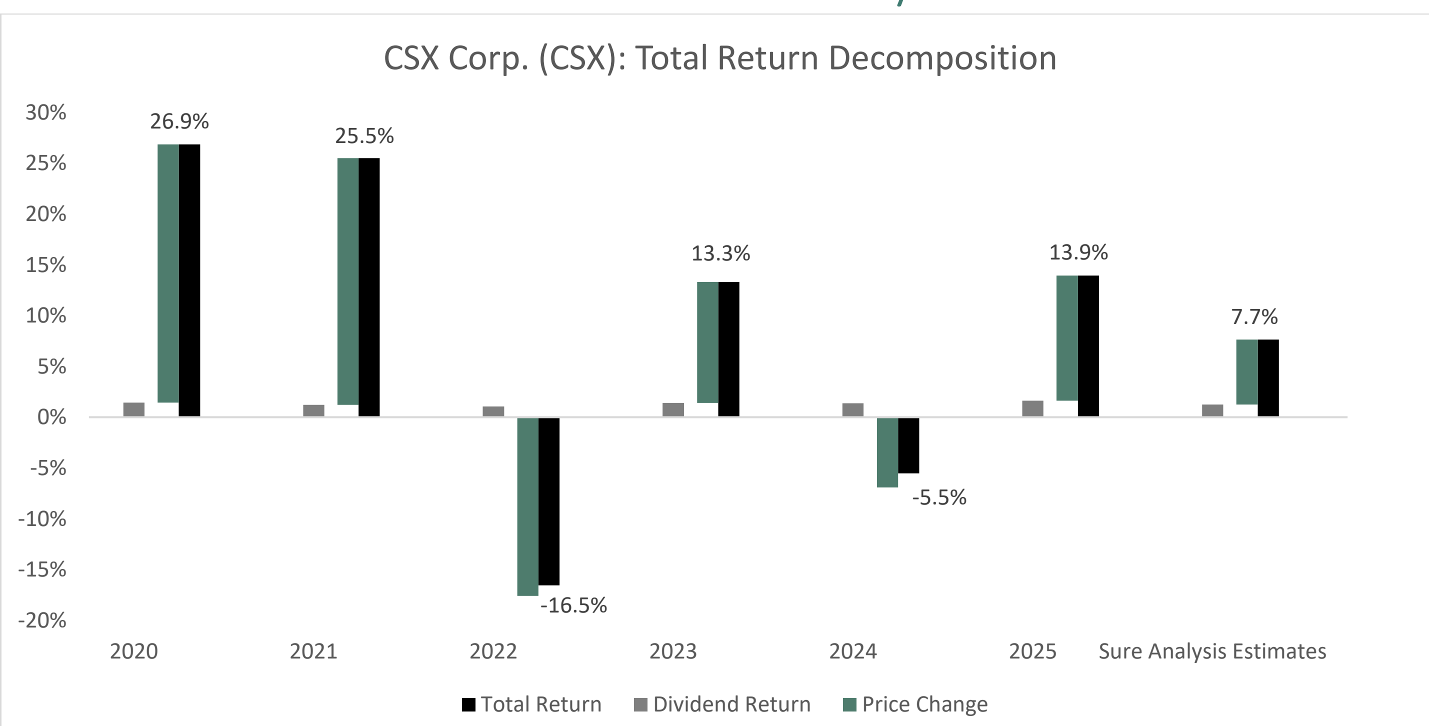
CSX's payout ratio remains low and as a result, is well covered. Indeed, its dividend safety is outstanding, but we note that the company has made it clear buybacks take priority over dividend growth.

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 ahead of fair value still. It could see total annual returns in the next five years of 7.7%, consisting of the 1.1% current yield, 12% earnings growth and 4.7% 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	11,069	11,408	12,250	11,937	10,583	12,522	14,853	14,657	14,540	14,092
Gross Profit	3,363	3,741	4,773	4,874	4,362	5,140	5,785	5,527	5,342	4,685
Gross Margin	30.4%	32.8%	39.0%	40.8%	41.2%	41.0%	38.9%	37.7%	36.7%	33.2%
D&A Exp.	1,301	1,315	1,331	1,349	1,383	1,420	1,500	1,611	1,658	1,680
Operating Profit	3,363	3,741	4,773	4,874	4,327	5,140	5,785	5,527	5,342	4,685
Operating Margin	30.4%	32.8%	39.0%	40.8%	41.2%	41.0%	38.9%	37.7%	36.7%	33.2%
Net Profit	1,714	5,471	3,309	3,331	2,765	3,781	4,166	3,715	3,470	2,889
Net Margin	15.5%	48.0%	27.0%	27.9%	26.1%	30.2%	28.0%	25.3%	23.9%	20.5%
Free Cash Flow	643	1,432	2,896	3,193	2,637	3,308	3,486	3,268	2,718	1,711
Income Tax	1,027	-2,329	995	985	862	1,170	1,248	1,176	1,085	880

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	35,414	35,739	36,729	38,257	39,793	40,531	41,912	42,408	42,764	43,682
Cash & Equivalents	603	401	858	958	3,129	2,239	1,958	1,353	933	675
Acc. Receivable	938	793	828	769	700	937	1,051	1,029	996	1298
Inventories	407	372	263	261	302	339	341	446	414	390
Goodwill & Int.	63	---	---	---	63	451	502	506	433	267
Total Liabilities	23,720	21,018	24,149	26,394	26,683	27,031	29,287	30,275	30,257	30,522
Accounts Payable	806	847	949	1,043	809	963	1,130	1,237	1,290	1149
Long-Term Debt	11,293	11,809	14,757	16,238	16,705	16,366	18,047	18,533	18,503	18,873
Total Equity	11,679	14,705	12,563	11,848	13,101	13,490	12,625	12,128	12,502	13,155
LTD/E Ratio	0.97	0.80	1.17	1.37	1.28	1.21	1.43	1.53	1.48	1.43

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	4.9%	15.4%	9.1%	8.9%	7.1%	9.4%	10.1%	8.8%	8.1%	6.6%
Return on Equity	14.7%	41.5%	24.3%	27.3%	22.2%	28.4%	31.9%	30.0%	28.2%	22.5%
ROIC	7.6%	22.1%	12.3%	12.0%	9.5%	12.7%	13.8%	12.1%	11.3%	9.1%
Shares Out.	2,784	2,670	2,580	2,334	2,304	2,255	2,141	2,013	1,943	1,873
Revenue/Share	3.89	4.16	4.74	4.99	4.59	5.55	6.94	7.28	7.48	7.52
FCF/Share	0.23	0.52	1.12	1.33	1.14	1.47	1.63	1.62	1.40	0.91

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

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