

Company Name: Union Pacific Corporation

Ticker: UNP

Current Price: \$79.87

Dividend Yield: 2.73%

Target Price: \$107.69

P/E: 14.99

Beta: 1.08

**Business Description:** Union Pacific Corporation is a rail transportation company. They make money by transporting agricultural, industrial, automotive, and chemical products. The company offers long distance routes across the major West Coast and Gulf Coast ports as well as connections with Canadian rail systems and major gateways to Mexico.

**Business Segments:** Union Pacific has 6 main product classes:

**Agricultural Products:** include grains, food and beverage. It links the areas where grains are produced to the export terminals where they are shipped.

**Automotive:** Largest automotive carrier west of the Mississippi River. Connects vehicle assembly plants to exporters.

**Chemicals:** mostly along the Gulf Coast as well as the Rocky Mountains; petrochemicals, fertilizer, soda ash

**Coal:** Transports coal and petroleum coke to company companies and industrial facilities throughout the country. Also utilizes the Mississippi and Ohio Rivers and Great Lakes to transport coal from the west to the east.

**Industrial Products:** Transports construction products, minerals, consumer goods, metals, lumber, paper, etc.

**Intermodal:** transports import and export containers for pickup and deliver both domestically and internationally using alternative modes of transportation such as trucks and ship.

**Investment Thesis:** We believe that Union Pacific has the infrastructure, product portfolio, and management expertise to deliver consistent value to shareholders over the long term. They have massive infrastructure in terms of route miles and car loads, as well as access to gateways to both Canada and Mexico. They have a strong brand with diversification across all of its product offerings, and has improved its operational efficiency drastically over the past few years. They have been making huge investments in railway technology through Positive Train Control to further enhance safety and efficiency, and have exposure to the upside potential of the U.S., Canadian, and Mexican economies.

**Competitive Landscape:** Union Pacific competes with other railroads such as BNSF Railway Company as well as CSX. Competitors in other industries include motor carriers, ship operators and energy pipelines.

**Potential Risks** for the company include the pricing power of the few suppliers in the industry, inherently hazardous transport, the volatility of energy prices, as well as the general economic conditions of the US, Canada and Mexico.

**Key Financials:**

Free Cash Flow 8 Year CAGR: 16.7%

Current Ratio: 1.29

Free Cash Flow Yield: 3.84%

Operating Income 8 Year CAGR: 11.5%

**Valuation Assumptions:**

Free Cash Flow CAGR: 5.65%

WACC: 10.00%

Terminal Growth Rate: 3.00%

**Corporate Social Responsibility:**

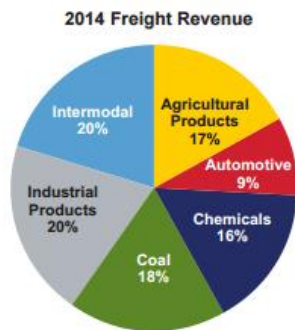
ESG Disclosure Score: 47.52 (Avg: 41.18)

Environmental Disclosure Score: 41.86 (Avg: 33.98)

Social Disclosure Score: 43.86 (Avg: 38.01)

Governance Disclosure Score: 64.29 (Avg: 61.01)

**Report Prepared by:** Brian Wilczynski and Zachary Marcoux



Metric	UNP	Low	Comp. Range	High
Revenue %	100%			
Rail Freight	94%			
Transport Support Serv...	6%			
Est P/E Current Yr	14.94	13.57		18.03
Sales Growth Yoy (%)	-9.07	-9.58		3.93
EBITDA Margin (%)	46.14	38.40		50.94
Carloads	2,20M	555,80k		2,20M
Operating Ratio (%)	63.10	57.20		74.50