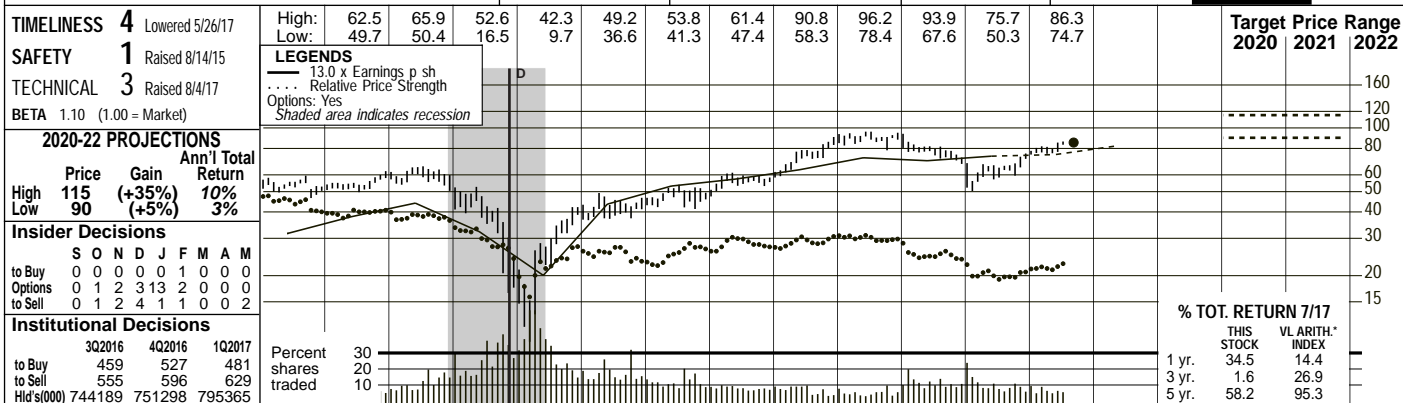


# AMER. EXPRESS NYSE-AXP

RECENT PRICE **85.24** P/E RATIO **14.8** (Trailing: 17.4 Median: 14.0) RELATIVE P/E RATIO **0.74** DIV'D YLD **1.5%** VALUE LINE



2020-22 PROJECTIONS	Price	Gain	Ann'l Total Return
High	115	(+35%)	10%
Low	90	(+5%)	3%

Insider Decisions	S	O	N	D	J	F	M	A	M
to Buy	0	0	0	0	0	1	0	0	0
Options	0	1	2	3	13	2	0	0	0
to Sell	0	1	2	4	1	1	0	0	2

2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	20-22
3.39	2.48	1.54	3.35	4.09	4.40	4.88	5.56	5.39	5.65	5.75	6.35	7.90
.63	.72	.72	.72	.72	.78	.86	.98	1.10	1.22	1.28	1.35	1.80
9.52	10.21	12.09	13.56	16.15	17.09	18.32	20.21	21.33	22.68	25.30	27.80	36.15
1158.0	1160.0	1192.0	1197.0	1164.0	1105.0	1064.0	1023.0	969.00	904.00	870.00	845.00	775.00
17.4	15.3	17.5	12.4	11.6	12.7	15.0	16.2	14.5	11.3	11.3	11.3	13.0
.92	.92	1.17	.79	.73	.81	.84	.85	.73	.59	.59	.59	.80
1.1%	1.9%	2.7%	1.7%	1.5%	1.4%	1.2%	1.1%	1.4%	1.9%	1.9%	1.9%	1.8%

CAPITAL STRUCTURE as of 6/30/17	2017	2018	20-22
ST Debt \$3426 mill. Due in 5 Yrs \$45000 mill.	53436	40659	30010
LT Debt \$51945 mill. LT Interest \$1175 mill.	3590.0	3646.0	3124.0
(Total interest coverage '16: 8.3x)	4341.0	5798.0	5313.0
(71% of Cap'l)	24141	24719	21399
No Defined Benefit Pension Plan	17824	18986	16369
Leases, Uncapitalized Annuals rentals \$127 mill.	4048.0	2871.0	2137.0
Pfd Stock Series B & C: \$1.7 bill. Div'd \$21 mill.	55285	60041	52338
Common Stock 883,979,644 shs. as of 7/18/17	11029	11841	14406
MARKET CAP: \$75.4 billion (Large Cap)	7.4%	9.4%	11.6%
FINANCIAL POSITION 2015 2016 6/30/17 (\$MILL.)	35.7%	32.3%	24.2%
Cash Assets	36.7%	24.2%	14.8%
Invest. Sec's	30.2%	17.2%	8.4%
Receivables	18%	29%	43%
Other	18%	29%	43%
Total Assets	18%	29%	43%
Deposits	18%	29%	43%
Accounts Payable	18%	29%	43%
Other	18%	29%	43%
Total Liab.	18%	29%	43%

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '14-'16 of change (per sh)
Loans	5.0%	2.5%	3.5%
Earnings	4.0%	.5%	6.0%
Dividends	8.5%	13.0%	8.5%
Book Value	4.0%	-2.0%	9.0%

Cal-endar	QUARTERLY REVENUES (\$ mill.)	Full Year
2014	8199 8657 8329 9107	34292
2015	7950 8284 8193 8391	32818
2016	8088 8235 7774 8022	32119
2017	7889 8307 8250 8454	32900
2018	8300 8700 8650 8850	34500

Cal-endar	EARNINGS PER SHARE	Full Year
2014	1.33 1.43 1.40 1.39	5.56
2015	1.48 1.42 1.24 1.23	5.39
2016	1.45 2.10 1.20 .88	5.65
2017	1.34 1.47 1.45 1.49	5.75
2018	1.45 1.60 1.65 1.65	6.35

Cal-endar	QUARTERLY DIVIDENDS PAID	Full Year
2013	.20 .20 .23 .23	.86
2014	.23 .23 .26 .26	.98
2015	.26 .26 .29 .29	1.10
2016	.29 .29 .32 .32	1.22
2017	.32 .32 .32 .32	1.22

On November 14, 2008, American Express became a bank holding company under the BHC Act subject to the supervision and examination by the Federal Reserve of the United States. Thus, in order to better represent American Express' operations, we have altered our financial presentation. <sup>D</sup>

**BUSINESS:** American Express Company is a leading global payments, network, and travel firm established in 1850 and incorporated in 1965. Its business segments are: Global Consumer Group and Global Business-to-Business Group. Divested AMEX Life, 10/95; American Express Bank, 2/08. Spun off Lehman Brothers to shareholders, 5/94; American Express Financial Advisors, 9/05. Had approximately 56,400 employees at 12/31/16. Officers and directors own approximately 1.0% of the company's common stock; Berkshire Hathaway, 16.8%; The Vanguard Group, 5.3% (3/17 Proxy). Chairman & CEO: Kenneth I. Chenault, Inc.: New York. Address: 200 Vesey Street, New York, New York 10285. Phone: 212-640-2000. Web: www.americanexpress.com.

**Shares of American Express have continued to regain their footing.** After a lengthy, multiyear stretch of underperformance, the stock price has increased 30% over the past 12 months. For comparison, the Dow Jones Industrial Average and S&P 500 Index were up roughly 19% and 14%, respectively, over the same time frame. Although recent quarterly results for the credit card behemoth, overall, have been unexciting, we think that investors flocked to this Dow component because it looked quite cheap, especially as the broader market continued to reach new highs. For example, one year ago, AXP was trading at just 11.5 times share net, which was well below the Value Line median, as well as Amex's historical average. Simply put, we think that bargain hunters can take a fair amount of the credit for the issue's recent recovery. **Although we have increased our near-term estimates, our outlook for Amex remains unexciting.** The company continues to navigate life after Costco, and offsetting this business will not be easy. On the bright side, management has already implemented a number of strategies, including increasing the marketing budget and its technology, while also cutting other operating expenses. All told, we agree with leadership's approach, but it will take time for these endeavors to take hold. For 2017, we have added a nickel to our share-earnings estimate, which now stands at \$5.75. By next year, it is likely that some of Amex's initiatives will have gained traction, and we estimate that the bottom line will display signs of a meaningful recovery. Looking to 2020-2022, we project that share net will reach \$7.90, though that figure assumes that the bulk of management's strategies bear fruit. **At this time, we suggest that most investors wait on the sidelines.** Previously, we recommended that patient, buy-and-hold accounts take a look here. However, much of the good news already appears to be reflected in the stock price. On that note, for the year ahead, the issue is ranked 4 (Below Average) for Timeliness. Over the longer term, due mostly to the stock price's recent surge, AXP offers unexciting appreciation potential to the 2020-2022 time frame.

Company's Financial Strength	A++
Stock's Price Stability	80
Price Growth Persistence	65
Earnings Predictability	85

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