

AMER. EXPRESS NYSE-AXP

RECENT PRICE **102.08** P/E RATIO **13.4** (Trailing: 14.3 Median: 14.0) RELATIVE P/E RATIO **0.80** DIV'D YLD **1.6%** VALUE LINE

TIMELINESS 2 Raised 11/9/18	High: 65.9 52.6 42.3 49.2 53.8 61.4 90.8 96.2 93.9 75.7 100.5 111.8	Target Price Range 2021 2022 2023
SAFETY 1 Raised 8/14/15	Low: 50.4 16.5 9.7 36.6 41.3 47.4 58.3 78.4 67.6 50.3 74.7 87.5	
TECHNICAL 2 Raised 11/9/18	LEGENDS — 13.5 x Earnings p sh ... Relative Price Strength Options: Yes Shaded area indicates recession	
BETA 1.10 (1.00 = Market)		
2021-23 PROJECTIONS		
Price Gain Ann'l Total		
High 140 (+35%) 10%		
Low 115 (+15%) 5%		
Insider Decisions		
D J F M A M J J A		
to Buy 0 0 0 0 0 0 0 0		
Options 5 14 1 0 1 2 0 0		
to Sell 5 1 1 0 1 3 2 0		
Institutional Decisions		
4Q2017 1Q2018 2Q2018	Percent shares traded	30 20 10
to Buy 487 547 519		
to Sell 538 662 644		
Hld's(000) 718608 714184 715102		

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. ^D

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
Earnings per sh ^A	2.48	1.54	3.35	4.09	4.40	4.88	5.56	5.39	5.65	5.89	7.40	8.15		9.50
Div'ds Decl'd per sh ^B	.72	.72	.72	.72	.78	.86	.98	1.10	1.22	1.31	1.48	1.65		2.10
Book Value per sh	10.21	12.09	13.56	16.15	17.09	18.32	20.21	21.33	22.68	21.22	25.95	27.55		33.30
Common Shs Outst'g ^C	1160.0	1192.0	1197.0	1164.0	1105.0	1064.0	1023.0	969.00	904.00	859.00	847.00	835.00		800.00
Avg Ann'l P/E Ratio	15.3	17.5	12.4	11.6	12.7	15.0	16.2	14.5	11.3	14.4	13.5	13.5		13.5
Relative P/E Ratio	.92	1.17	.79	.73	.81	.84	.85	.73	.59	.71	1.1	1.1		.75
Avg Ann'l Div'd Yield	1.9%	2.7%	1.7%	1.5%	1.4%	1.2%	1.1%	1.4%	1.9%	1.5%	1.6%	1.6%		1.6%
Total Assets (\$mill)	126074	124088	147042	153337	153140	153375	159103	161184	158893	181159	197000	205000		230000
Loans (\$mill)	40659	30010	57616	61166	64309	66585	70104	58799	65461	74300	82000	86000		95000
Net Interest Inc (\$mill)	3646.0	3124.0	4869.0	4641.0	4628.0	5047.0	5472.0	5922.0	5771.0	6441.0	7500	8500		10750
Loan Loss Prov'n (\$mill)	5798.0	5313.0	2207.0	1112.0	1990.0	2110.0	2044.0	1988.0	2026.0	2759.0	3675	4100		5000
Noninterest Inc (\$mill)	24719	21399	22950	25321	26954	27927	28820	26896	26348	27030	28040	29165		32000
Noninterest Exp (\$mill)	18986	16369	19648	21894	22246	22976	23257	22473	21997	23298	23775	25000		28000
Net Profit (\$mill)	2871.0	2137.0	4057.0	4899.0	5076.0	5359.0	5885.0	5498.0	5408.0	5336.0	6350	6725		7650
Income Tax Rate	19.8%	24.8%	32.0%	29.6%	30.9%	32.1%	34.5%	34.2%	33.2%	28.0%	21.5%	21.5%		21.5%
Return on Total Assets	2.28%	1.72%	2.76%	3.20%	3.31%	3.49%	3.70%	3.41%	3.40%	2.95%	3.20%	3.30%		3.35%
Long-Term Debt (\$mill)	60041	52338	66416	59570	58973	55330	57955	48061	46990	55804	55000	56000		58000
Shr. Equity (\$mill)	11841	14406	16230	18794	18886	19496	20673	20673	20501	18227	22000	23000		26625
Shr. Eq. to Total Assets	9.4%	11.6%	11.0%	12.3%	12.3%	12.7%	13.0%	12.8%	12.9%	10.1%	11.0%	11.0%		11.5%
Loans to Tot Assets	32.3%	24.2%	39.2%	39.9%	42.0%	43.4%	44.1%	36.5%	41.2%	41.0%	41.5%	42.0%		41.5%
Return on Shr. Equity	24.2%	14.8%	25.0%	26.1%	26.9%	27.5%	28.5%	26.6%	26.4%	29.3%	29.0%	29.0%		28.5%
Retained to Com Eq	17.2%	8.4%	19.7%	21.5%	22.1%	22.7%	23.4%	20.9%	20.5%	22.4%	22.5%	23.5%		22.0%
All Div'ds to Net Prof	29%	43%	21%	18%	18%	18%	18%	21%	22%	23%	20%	20%		22%

CAPITAL STRUCTURE as of 9/30/18
 ST Debt \$2292 mill. Due in 5 Yrs \$50000 mill.
 LT Debt \$55300 mill. LT Interest \$1600 mill.
 (Total interest coverage ¹⁷: 6.6x) (72% of Cap'l)

No Defined Benefit Pension Plan

Leases, Uncapitalized Annuals rentals \$151 mill.

Pfd Stock Series B & C: \$1.7 bill. Div'd \$61 mill.

Common Stock 854,261,803 shs. as of 10/15/18

MARKET CAP: \$87.2 billion (Large Cap)

FINANCIAL POSITION (\$MILL.)

	2016	2017	9/30/18
Cash Assets	25208	32927	30231
Invest. Sec's	3157	3159	6071
Receivables	50073	56689	58132
Other	80455	88384	94658
Total Assets	158893	181159	189092
Deposits	53042	64452	69301
Accounts Payable	11190	14657	15605
Other	74160	83823	82726
Total Liab.	138392	162932	167632

BUSINESS: American Express Company is a leading global payments, network, and travel firm established in 1850 and incorporated in 1965. Is a world leader in providing charge and credit cards. Operates via four reportable operating segments: U.S. Consumer Services, International Consumer and Network Services, Global Commercial Services, and Global Merchant Services. Had approximately 55,000 employees at 12/31/17. Officers and directors own less than 1.0% of the company's common stock; Berkshire Hathaway, 17.6%; The Vanguard Group, 5.6%; BlackRock, 5.0% (3/18 Proxy). Chairman & CEO: Stephen J. Squeri. Inc.: New York. Address: 200 Vesey Street, New York, New York 10285. Telephone: 212-640-2000. Web: www.americanexpress.com.

Shares of American Express have held up relatively well of late. As the broader market has given back most of the gains earned over the summer, AXP is still nicely in the green. More specifically, year to date, the equity is up about 5%, while the Dow is now clinging to a 1% gain. Solid recent financial results, as well as a healthy business outlook, have contributed to American Express' good showing.

The company reported September-period results that were better than expected. For the quarter, revenues were \$10.1 billion, or 20% higher than the previous year's tally. The healthy increase stemmed from higher card member spending from consumers, small businesses, and corporate accounts. Higher loan volumes and fee income also contributed to the top line. Share profits were \$1.88, which were \$0.10 above our estimate and represented a year-over-year advance of 25%.

Looking ahead, we remain bullish in regard to Amex's operations. As the last couple of quarters have demonstrated, management has done a fine job when it comes to expanding the company's footprint and revenue base. It has aggressively implemented marketing endeavors and technology improvements, which should continue to bear fruit. Just as important, the benefits from tax reform will persist. Over the past several years, Amex's tax rate has hovered in the low- to mid-30s, but in the September quarter, it was just 22%. All told, for 2018, we have added a dime to our share-net estimate, which now stands at \$7.40. That comes to a potential year-over-year gain of 26%. For 2019, we expect earnings to reach \$8.15 a share.

Our outlook for the equity is now mixed. Although the September quarter represented another fine showing for Amex, and our outlook for the credit card behemoth is favorable, these factors appear to be largely reflected in the current stock price. On that note, AXP is trading within striking distance of its all-time high. That said, it may be a good choice for conservative investors, especially during this period of heightened market volatility. The equity is top-ranked for Safety, garners a great score for Earnings Predictability, and risk-adjusted return potential to 2021-2023 is respectable.

Ian Gendler November 9, 2018

(A) Fully diluted earnings. May not sum to total due to rounding. Excludes nonrecurring charges: ¹⁵ \$0.34; ¹⁷ , \$2.99. Next earnings report due late January.	(B) Div'd's historically paid around the 10th of February, May, August, and November. Div'd reinv. plan available.	(D) Revenues are net of interest expense.	Company's Financial Strength A++
(C) In millions.			Stock's Price Stability 80
			Price Growth Persistence 65
			Earnings Predictability 85

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