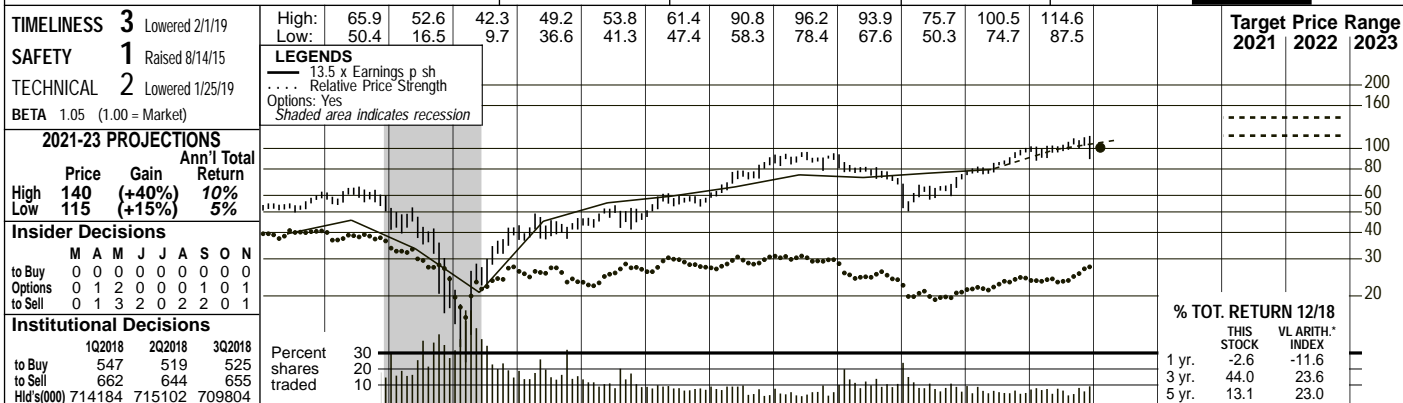


AMER. EXPRESS NYSE-AXP

RECENT PRICE **100.96** P/E RATIO **13.3** (Trailing: 13.8 Median: 14.0) RELATIVE P/E RATIO **0.80** DIV'D YLD **1.6%** VALUE LINE



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	7.32	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	26.95	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	13.8			13.5
Relative P/E Ratio	.92	1.17	.79	.73	.81	.84	.85	.73	.59	.71	.74			.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%	1.5%			1.6%
Total Assets (\$mill)	126074	124088	147042	153337	153140	153375	159103	161184	158893	181159	189000	205000		230000
Loans (\$mill)	40659	30010	57616	61166	64309	66585	70104	58799	65461	74300	81900	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	7663	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	3352	4100		5000
Noninterest Inc (\$mill)	24719	21399	22950	25321	26954	27927	28820	26896	26348	27030	32675	29165		32000
Noninterest Exp (\$mill)	18986	16369	19648	21894	22246	22976	23257	22473	21997	23298	29690	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	6200	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%	15.0%	15.0%		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%	3.30%	3.30%		3.35%
Long-Term Debt (\$mill)	60041	52338	66416	59570	58973	55330	57955	48061	46990	55804	58000	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%	11.5%	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%	43.5%	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%	28.0%	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%	21.5%	23.5%		22.0%
All Div'ds to Net Prof	29%	43%	21%	18%	18%	18%	18%	21%	22%	23%	20%	20%		22%

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. Although the major stock market indexes have advanced nicely so far in calendar 2019, they are still firmly in the red over the longer term. For instance, the S&P 500 Index is off 5% going back six months. Amex, on the other hand, is basically breakeven over this time frame. We attribute the steady performance to the company's healthy quarterly financials, as well as a positive outlook by the bulk of the analyst community.

The credit card behemoth recently reported December-period results. For the quarter, it achieved share net of \$1.74, which excluded \$0.58 of tax-related benefits. Although this figure was below our estimate, it represented a solid 9% year-over-year gain. Other positives in the quarter included an 8% increase in revenues, fueled by greater card member spending, loan volumes, and card fees. For the full year, Amex performed quite well and achieved total revenues and earnings of \$40.3 billion (up 21% year over year) and \$7.32 a share (+24%), respectively.

We remain bullish in regard to its operations. As the last several 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 improvement, which should continue to bear fruit. For 2019, management's guidance points to revenue growth of 8%-10% and earnings per share of \$7.85-\$8.35. Those ranges are similar to our existing top- and bottom-line estimates of \$43.0 billion and \$8.15, respectively. We also project that earnings will reach \$9.50 by the 2021-2023 period.

However, our outlook for the stock remains mixed. Although Amex's business prospects are favorable, a fair share of the good news looks to be already reflected in the stock price. Coupled with a modest dividend yield, and average annual total return prospects appear unexciting. On the other hand, the issue is top-ranked for Safety and holds other defensive properties, including high scores for Price Stability and Earnings Predictability. Thus, it may interest conservative accounts, especially during this period of heightened market volatility.

Ian Gendler
February 8, 2019

(A) Fully diluted earnings. May not sum to total due to rounding. Excludes nonrecurring charges: '15, \$0.34; '17, \$2.99; '18, \$0.58. Next earnings report due late April.	(B) Div'ds historically paid around the 10th of February, May, August, and November. Div'd reinv. plan available.	(C) In millions.	(D) Revenues are net of interest expense.	Company's Financial Strength A++	Stock's Price Stability 85	Price Growth Persistence 65	Earnings Predictability 80
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