

AMER. EXPRESS NYSE-AXP

RECENT PRICE **126.47** P/E RATIO **15.4** (Trailing: 16.4 Median: 14.0) RELATIVE P/E RATIO **0.89** DIV'D YLD **1.4%** VALUE LINE

TIMELINESS 2 Raised 3/15/19
SAFETY 1 Raised 8/14/15
TECHNICAL 3 Lowered 5/3/19
BETA 1.05 (1.00 = Market)

High: 52.6 42.3 49.2 53.8 61.4 90.8 96.2 93.9 75.7 100.5 114.6 129.3
 Low: 16.5 9.7 36.6 41.3 47.4 58.3 78.4 67.6 50.3 74.7 87.5 93.2

LEGENDS
 — 13.0 x Earnings p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

2022-24 PROJECTIONS

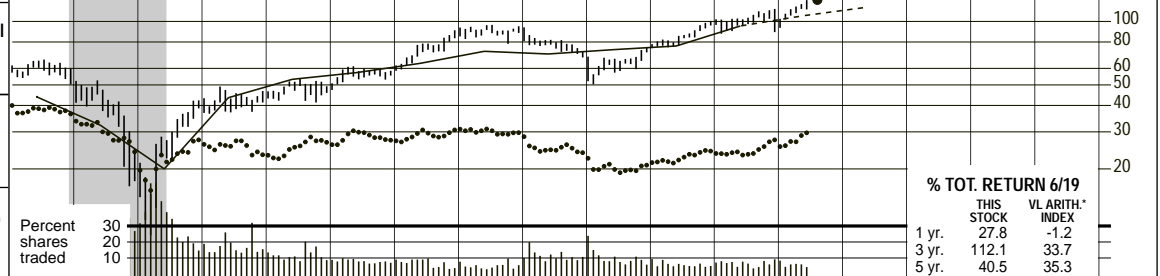
| | Price | Gain | Ann'l Total Return |
|------|-------|--------|--------------------|
| High | 160 | (+25%) | 8% |
| Low | 130 | (+5%) | 3% |

Insider Decisions

| | S | O | N | D | J | F | M | A | M |
|---------|---|---|---|---|----|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 1 | 0 | 1 | 0 | 12 | 0 | 0 | 3 | 4 |
| to Sell | 2 | 0 | 1 | 0 | 0 | 2 | 0 | 3 | 2 |

Institutional Decisions

| | 3Q2018 | 4Q2018 | 1Q2019 | Percent shares traded |
|------------|--------|--------|--------|-----------------------|
| to Buy | 525 | 618 | 651 | 30 |
| to Sell | 655 | 648 | 669 | 20 |
| Hld's(000) | 709804 | 710277 | 698878 | 10 |



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.

| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | © VALUE LINE PUB. LLC | 22-24 |
|-----------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------------|---------------|-----------------------|--------|
| Earnings per sh ^A | 1.54 | 3.35 | 4.09 | 4.40 | 4.88 | 5.56 | 5.39 | 5.65 | 5.89 | 7.33 | 8.20 | 9.00 | | 11.10 |
| Div'ds Decl'd per sh ^B | .72 | .72 | .72 | .78 | .86 | .98 | 1.10 | 1.22 | 1.31 | 1.48 | 1.65 | 1.85 | | 2.35 |
| Book Value per sh | 12.09 | 13.56 | 16.15 | 17.09 | 18.32 | 20.21 | 21.33 | 22.68 | 21.22 | 26.32 | 27.90 | 29.95 | | 35.65 |
| Common Shs Outst'g ^C | 1192.0 | 1197.0 | 1164.0 | 1105.0 | 1064.0 | 1023.0 | 969.00 | 904.00 | 859.00 | 847.00 | 835.00 | 825.00 | | 800.00 |
| Avg Ann'l P/E Ratio | 17.5 | 12.4 | 11.6 | 12.7 | 15.0 | 16.2 | 14.5 | 11.3 | 14.4 | 13.8 | 13.0 | 13.0 | | 13.0 |
| Relative P/E Ratio | 1.17 | .79 | .73 | .81 | .84 | .85 | .73 | .59 | .72 | .74 | .70 | .70 | | .70 |
| Avg Ann'l Div'd Yield | 2.7% | 1.7% | 1.5% | 1.4% | 1.2% | 1.1% | 1.4% | 1.9% | 1.5% | 1.5% | 1.6% | 1.6% | | 1.6% |
| Total Assets (\$mill) | 124088 | 147042 | 153337 | 153140 | 153375 | 159103 | 161184 | 158893 | 181159 | 188602 | 205000 | 215000 | | 250000 |
| Loans (\$mill) | 30010 | 57616 | 61166 | 64309 | 66585 | 70104 | 58799 | 65461 | 74300 | 83396 | 90200 | 92450 | | 107500 |
| Net Interest Inc (\$mill) | 3124.0 | 4869.0 | 4641.0 | 4628.0 | 5047.0 | 5472.0 | 5922.0 | 5771.0 | 6441.0 | 7663.0 | 8500 | 9500 | | 12000 |
| Loan Loss Prov'n (\$mill) | 5313.0 | 2207.0 | 1112.0 | 1990.0 | 2110.0 | 2044.0 | 1988.0 | 2026.0 | 2759.0 | 3352.0 | 4055 | 4600 | | 5650 |
| Noninterest Inc (\$mill) | 21399 | 22950 | 25321 | 26954 | 27927 | 28820 | 26896 | 26348 | 27030 | 32675 | 29165 | 30000 | | 31040 |
| Noninterest Exp (\$mill) | 16369 | 19648 | 21894 | 22246 | 22976 | 23257 | 22473 | 21997 | 23298 | 28864 | 25000 | 25625 | | 26000 |
| Net Profit (\$mill) | 2137.0 | 4057.0 | 4899.0 | 5076.0 | 5359.0 | 5885.0 | 5498.0 | 5408.0 | 5336.0 | 6425.0 | 6800 | 7325 | | 9000 |
| Income Tax Rate | 24.8% | 32.0% | 29.6% | 30.9% | 32.1% | 34.5% | 34.2% | 33.2% | 28.0% | 20.9% | 21.0% | 21.0% | | 21.0% |
| Return on Total Assets | 1.72% | 2.76% | 3.20% | 3.31% | 3.49% | 3.70% | 3.41% | 3.40% | 2.95% | 3.41% | 3.30% | 3.40% | | 3.45% |
| Long-Term Debt (\$mill) | 52338 | 66416 | 59570 | 58973 | 55330 | 57955 | 48061 | 46990 | 55804 | 58423 | 57000 | 57000 | | 58000 |
| Shr. Equity (\$mill) | 14406 | 16230 | 18794 | 18886 | 19496 | 20673 | 20673 | 20501 | 18227 | 22290 | 23300 | 24700 | | 28500 |
| Shr. Eq. to Total Assets | 11.6% | 11.0% | 12.3% | 12.3% | 12.7% | 13.0% | 12.8% | 12.9% | 10.1% | 11.8% | 11.5% | 11.5% | | 11.5% |
| Loans to Tot Assets | 24.2% | 39.2% | 39.9% | 42.0% | 43.4% | 44.1% | 36.5% | 41.2% | 41.0% | 44.2% | 44.0% | 43.0% | | 43.0% |
| Return on Shr. Equity | 14.8% | 25.0% | 26.1% | 26.9% | 27.5% | 28.5% | 26.6% | 26.4% | 29.3% | 28.8% | 29.0% | 29.5% | | 31.5% |
| Retained to Com Eq | 8.4% | 19.7% | 21.5% | 22.1% | 22.7% | 23.4% | 20.9% | 20.5% | 22.4% | 22.9% | 23.5% | 24.0% | | 24.5% |
| All Div'ds to Net Prof | 43% | 21% | 18% | 18% | 18% | 18% | 21% | 22% | 23% | 21% | 20% | 21% | | 21% |

CAPITAL STRUCTURE as of 6/30/19
 ST Debt \$2827 mill. Due in 5 Yrs \$53000 mill.
 LT Debt \$57736 mill. LT Interest \$1965 mill.
 (Total interest coverage '18: 4.9x)

No Defined Benefit Pension Plan

Leases, Uncapitalized Annuals rentals \$142 mill.

Pfd Stock Series B & C: \$1.6 bill. Div'd \$40 mill.

Common Stock 829,673,687 shs. as of 7/15/19

MARKET CAP: \$105 billion (Large Cap)

FINANCIAL POSITION 2017 2018 6/30/19 (\$MILL.)

| | | | |
|------------------|--------|--------|--------|
| Cash Assets | 32927 | 27445 | 26869 |
| Invest. Sec's | 3159 | 4647 | 8542 |
| Receivables | 56689 | 58227 | 61265 |
| Other | 88384 | 98283 | 100927 |
| Total Assets | 181159 | 188602 | 197603 |
| Deposits | 64452 | 69960 | 72590 |
| Accounts Payable | 14657 | 12255 | 16518 |
| Other | 83823 | 84097 | 85403 |
| Total Liab. | 162932 | 166312 | 174511 |

ANNUAL RATES Past Est'd '16-'18 of change (per sh)

| | 10 Yrs. | 5 Yrs. | '22-'24 |
|------------|---------|--------|---------|
| Loans | 5.0% | 2.5% | 9.5% |
| Earnings | 4.0% | .5% | 10.0% |
| Dividends | 8.5% | 13.0% | 10.0% |
| Book Value | 4.0% | -2.0% | 7.5% |

QUARTERLY REVENUES (\$ mill.)^P

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2016 | 8088 | 8235 | 7774 | 8022 | 32119 |
| 2017 | 7889 | 8307 | 8436 | 8839 | 33471 |
| 2018 | 9718 | 10002 | 10144 | 10474 | 40338 |
| 2019 | 10364 | 10838 | 11000 | 11573 | 43775 |
| 2020 | 11150 | 11700 | 11800 | 12250 | 46900 |

EARNINGS PER SHARE^A

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2016 | 1.45 | 2.10 | 1.20 | .88 | 5.65 |
| 2017 | 1.34 | 1.47 | 1.50 | 1.58 | 5.89 |
| 2018 | 1.86 | 1.84 | 1.88 | 1.74 | 7.33 |
| 2019 | 2.01 | 2.07 | 2.09 | 2.03 | 8.20 |
| 2020 | 2.20 | 2.25 | 2.30 | 2.25 | 9.00 |

QUARTERLY DIVIDENDS PAID^B

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2015 | .26 | .26 | .29 | .29 | 1.10 |
| 2016 | .29 | .29 | .32 | .32 | 1.22 |
| 2017 | .32 | .32 | .32 | .35 | 1.31 |
| 2018 | .35 | .35 | .39 | .39 | 1.48 |
| 2019 | .39 | .39 | | | |

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 59,000 employees at 12/31/18. Officers and directors own less than 1.0% of the company's common stock; Berkshire Hathaway, 18.1%; The Vanguard Group, 5.9%; BlackRock, 5.3% (3/19 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 continue to perform well. Since our May review, the stock price has advanced roughly 8%. For comparison, the Dow Jones Industrial Average and the S&P 500 Index are both up about 2% over that same time frame. Looking further back, AXP has also easily outperformed those benchmarks over the past couple of years. The market-beating results, in our view, can be attributed to the company's healthy quarterly financials, as well as positive outlook by the bulk of the analyst community.

The credit card behemoth recently reported June-period financial results. For the quarter, it achieved revenues of about \$10.8 billion, close to our call of \$10.9 billion. The top line represented an 8% increase over the year-earlier figure. The solid gain mostly stemmed from greater cardmember spending, loan volumes, and fee income. Expenses were \$7.8 billion, up 9%, year over year, which reflected higher reward costs and marketing initiatives. In sum, the bottom line came in at \$2.07 a share, which was \$0.02 better than our forecast and marked a 13% increase, year over year. The June quarter

was just another in a string of quality results for American Express.

Looking ahead, we remain bullish in regard to the company's prospects. Amex was able to add 2.9 million cards during the second interim. This should lead to further advances in cardmember spending, loans, and fees. For full-year 2019, we are keeping our share-earnings estimate unchanged at \$8.20, which fits nicely in management's guidance range of \$7.85-\$8.35. Our call works out to a 12% increase over 2018's tally. Our outlook for 2020 and beyond is also quite positive.

Our view of the stock, however, is less exciting. The company's healthy business prospects, along with the current strength of the broader market, may help the equity reach new heights in the near term. However, AXP shares are certainly not inexpensive. The stock price has advanced almost 35%, year to date, and is now trading at a rather rich valuation compared to its historical record. Thus, the issue may not appeal to value-oriented investors and, presently, it offers only modest three- to five-year appreciation potential.

Ian Gendler August 9, 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; 1Q '19, \$0.21. Next earnings report due late Oct.

(B) Div'd's historically paid around the 10th of February, May, August, and November. ■ Div'd reinv. plan available.

(C) In millions.

Company's Financial Strength A++

| | |
|--------------------------|----|
| Stock's Price Stability | 85 |
| Price Growth Persistence | 70 |
| Earnings Predictability | 80 |