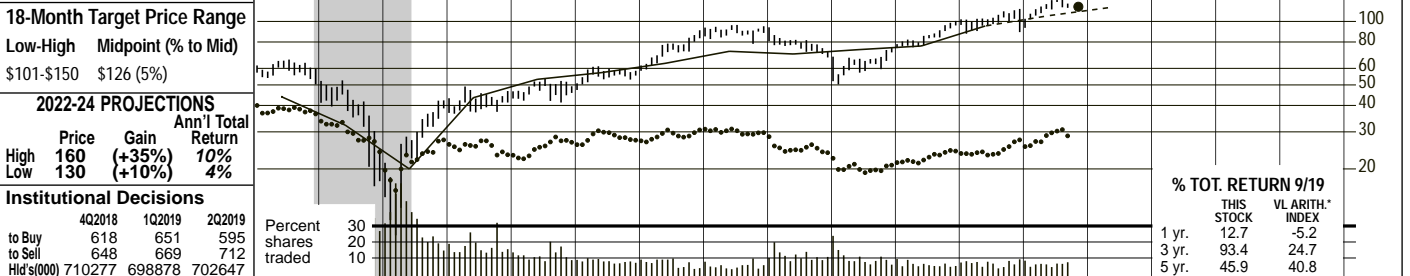


# AMER. EXPRESS NYSE-AXP

RECENT PRICE **117.42** P/E RATIO **14.0** (Trailing: 14.9 Median: 14.0) RELATIVE P/E RATIO **0.80** DIV'D YLD **1.5%** VALUE LINE

TIMELINESS <b>2</b> Raised 3/15/19	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	Target Price Range 2022 2023 2024
SAFETY <b>1</b> Raised 8/14/15	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	
TECHNICAL <b>3</b> Lowered 10/25/19	LEGENDS — 13.0 x Earnings p sh ... Relative Price Strength Options: Yes Shaded area indicates recession	
BETA 1.05 (1.00 = Market)		



<b>2022-24 PROJECTIONS</b>	Price High <b>160</b> Low <b>130</b>	Gain <b>(+35%)</b> <b>(+10%)</b>	Ann'l Total Return <b>10%</b> <b>4%</b>
<b>Institutional Decisions</b>	4Q2018 to Buy 618 to Sell 648 Hld's(000) 710277	1Q2019 651 669 698878	2Q2019 595 712 702647
	Percent shares traded	30 20 10	
<p>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.</p>			

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
1.54	3.35	4.09	4.40	4.88	5.56	5.39	5.65	5.89	7.33	8.20	9.00	Earnings per sh <sup>A</sup>	11.10	
.72	.72	.72	.78	.86	.98	1.10	1.22	1.31	1.48	1.60	1.78	Div'ds Decl'd per sh <sup>B</sup>	2.25	
12.09	13.56	16.15	17.09	18.32	20.21	21.33	22.68	21.22	26.32	28.75	31.25	Book Value per sh	38.00	
1192.0	1197.0	1164.0	1105.0	1064.0	1023.0	969.00	904.00	859.00	847.00	810.00	790.00	Common Shs Outst'g <sup>C</sup>	750.00	
17.5	12.4	11.6	12.7	15.0	16.2	14.5	11.3	14.4	13.8	Bold figures are Value Line estimates		Relative P/E Ratio	13.0	
1.17	.79	.73	.81	.84	.85	.73	.59	.72	.74			Relative P/E Ratio	.70	
2.7%	1.7%	1.5%	1.4%	1.2%	1.1%	1.4%	1.9%	1.5%	1.5%			Avg Ann'l Div'd Yield	1.6%	
124088	147042	153337	153140	153375	159103	161184	158893	181159	188602	205000	215000	Total Assets (\$mill)	250000	
30010	57616	61166	64309	66585	70104	58799	65461	74300	83396	90200	92450	Loans (\$mill)	107500	
3124.0	4869.0	4641.0	4628.0	5047.0	5472.0	5922.0	5771.0	6441.0	7663.0	8500	9500	Net Interest Inc (\$mill)	12000	
5313.0	2207.0	1112.0	1990.0	2110.0	2044.0	1988.0	2026.0	2759.0	3352.0	4055	4600	Loan Loss Prov'n (\$mill)	5650	
21399	22950	25321	26954	27927	28820	26896	26348	27030	32675	29165	30000	Noninterest Inc (\$mill)	31040	
16369	19648	21894	22246	22976	23257	22473	21997	23298	28864	25000	25625	Noninterest Exp (\$mill)	26000	
2137.0	4057.0	4899.0	5076.0	5359.0	5885.0	5498.0	5408.0	5336.0	6425.0	6800	7325	Net Profit (\$mill)	9000	
24.8%	32.0%	29.6%	30.9%	32.1%	34.5%	34.2%	33.2%	28.0%	20.9%	21.0%	21.5%	Income Tax Rate	21.0%	
1.72%	2.76%	3.20%	3.31%	3.49%	3.70%	3.41%	3.40%	2.95%	3.41%	3.30%	3.40%	Return on Total Assets	3.45%	
52338	66416	59570	58973	55330	57955	48061	46990	55804	58423	57000	57000	Long-Term Debt (\$mill)	58000	
14406	16230	18794	18886	19496	20673	20673	20501	18227	22290	23300	24700	Shr. Equity (\$mill)	28500	
11.6%	11.0%	12.3%	12.3%	12.7%	13.0%	12.8%	12.9%	10.1%	11.8%	11.5%	11.5%	Shr. Eq. to Total Assets	11.5%	
24.2%	39.2%	39.9%	42.0%	43.4%	44.1%	36.5%	41.2%	41.0%	44.2%	44.0%	43.0%	Loans to Tot Assets	43.0%	
14.8%	25.0%	26.1%	26.9%	27.5%	28.5%	26.6%	26.4%	29.3%	28.8%	29.0%	29.5%	Return on Shr. Equity	31.5%	
8.4%	19.7%	21.5%	22.1%	22.7%	23.4%	20.9%	20.5%	22.4%	22.9%	23.0%	23.0%	Retained to Com Eq	23.0%	
43%	21%	18%	18%	18%	18%	21%	22%	23%	21%	20%	20%	All Div'ds to Net Prof	20%	

<b>CAPITAL STRUCTURE as of 9/30/19</b>			
ST Debt \$2818 mill.	Due in 5 Yrs \$53000 mill.		
LT Debt \$58474 mill.	LT Interest \$2925 mill.		
(Total interest coverage '18: 4.9x) (72% of Cap'l)			
<b>No Defined Benefit Pension Plan</b>			
<b>Leases, Uncapitalized</b> Annuals rentals \$142 mill.			
<b>Pfd Stock</b> Series B & C: \$1.6 bill. Div'd \$40 mill.			
<b>Common Stock</b> 818,270,818 shs. as of 10/14/19			
<b>MARKET CAP: \$96.1 billion (Large Cap)</b>			
<b>FINANCIAL POSITION 2017 2018 9/30/19 (\$MILL.)</b>			
Cash Assets	32927	27445	24266
Invest. Sec's	3159	4647	8445
Receivables	56689	58227	58856
Other	88384	98283	102617
Total Assets	181159	188602	194184
Deposits	64452	69960	73298
Accounts Payable	14657	12255	12866
Other	83823	84097	84995
Total Liab.	162932	166312	171159
<b>ANNUAL RATES Past 10 Yrs. Past 5 Yrs. Est'd '16-'18 of change (per sh)</b>			
Loans	5.0%	2.5%	9.0%
Earnings	4.0%	.5%	10.0%
Dividends	8.5%	13.0%	9.0%
Book Value	4.0%	-2.0%	8.5%

<b>QUARTERLY REVENUES (\$ mill.) <sup>P</sup></b>					
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	10989	11584	43775
2020	11150	11700	11800	12250	46900
<b>EARNINGS PER SHARE <sup>A</sup></b>					
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	2.08	2.04	8.20
2020	2.20	2.25	2.30	2.25	9.00
<b>QUARTERLY DIVIDENDS PAID <sup>B</sup></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	.39	.43	

**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 have stopped to take a breath.** After an excellent multiyear run, the stock price has declined 10% over the past few months. Recent financial results have been quite good, and our outlook remains solid (discussed below). Thus, we attribute the price drop to simple profit taking by investors who have reaped the benefits of the equity's steep rise since early 2016.

**The credit card behemoth recently reported quarterly results.** For the September interim, it achieved revenues of roughly \$11.0 billion. The top line represented an 8% increase over the year-earlier figure. The healthy gain mostly stemmed from greater cardmember spending, net interest income, and associated fees. Consolidated expenses advanced 9%, to \$7.8 billion, which reflected higher reward costs and the company's enhanced marketing initiatives. In sum, the bottom line came in at \$2.08 per share, a penny lower than our estimate and 11% better than the prior-year tally.

**Looking ahead, we remain bullish in regard to Amex's operations.** The company added 2.9 million cards during the

September quarter. This should lead to further advances in cardmember spending, loans, and fees down the road. 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 results.

**Management has been aggressively returning cash to shareholders.** In the September quarter, the board repurchased \$1.8 billion in stock. It also approved an increase to the quarterly dividend. Beginning with this month's payment, the dividend is now \$0.43 a share, a 10% increase.

**Our outlook for the stock is mixed.** Amex's business prospects and further shareholder-friendly actions (e.g., additional share buybacks and dividend increases) may help the equity reach new heights in the near term. However, presently, the issue appears a bit expensive when compared to its historical valuation. Thus, it probably won't appeal to value-oriented investors. The stock also offers below-average 18-month and three-to-five-year capital appreciation potential.

*Ian Gendler*  
November 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; 1Q '19, \$0.21. Next earnings report due late Jan. (B) Div'd's 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.

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

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