

# ModernGraham Valuation



## Company Name:

American Express  
Company

Company Ticker AXP

Date of Analysis

5/18/2016

## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass all 6 of the following tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$58,978,834,457	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	118.12%	Pass
5. Moderate PEmg Ratio	PEmg < 20	12.44	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.94	Pass

*Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.*

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.09
MG Growth Estimate	7.28%
<b>MG Value</b>	<b>\$117.34</b>
MG Value based on 3% Growth	\$73.79
MG Value based on 0% Growth	\$43.25
Market Implied Growth Rate	1.97%

### MG Opinion

Current Price	\$63.31
% of Intrinsic Value	53.95%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

Graham Number	\$49.96
PEmg	12.44
PB Ratio	2.94
Current Dividend	\$1.16
Dividend Yield	1.83%
Number of Consecutive Years of Dividend Growth	1

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.16	Next Fiscal Year Estimate	\$5.09
12/1/2015	\$5.05	12/1/2015	\$4.94
12/1/2014	\$5.56	12/1/2014	\$4.71
12/1/2013	\$4.88	12/1/2013	\$4.04
12/1/2012	\$3.89	12/1/2012	\$3.43
12/1/2011	\$4.12	12/1/2011	\$3.11
12/1/2010	\$3.35	12/1/2010	\$2.64
12/1/2009	\$1.54	12/1/2009	\$2.40
12/1/2008	\$2.33	12/1/2008	\$2.85
12/1/2007	\$3.36	12/1/2007	\$3.02
12/1/2006	\$2.99	12/1/2006	\$2.77
12/1/2005	\$2.97	12/1/2005	\$2.50
12/1/2004	\$2.68	12/1/2004	\$2.18
12/1/2003	\$2.30	12/1/2003	\$1.90
12/1/2002	\$2.01	12/1/2002	\$1.69
12/1/2001	\$0.98	12/1/2001	\$1.54
12/1/2000	\$2.07	12/1/2000	\$1.75
12/1/1999	\$1.81	<b>Balance Sheet Information 3/1/2016</b>	
12/1/1998	\$1.54	Long-term Debt	\$47,311,000,000
12/1/1997	\$1.38	Total Assets	\$158,816,000,000
12/1/1996	\$1.30	Intangible Assets	\$0
		Total Liabilities	\$138,089,000,000
		Shares Outstanding (Diluted Average)	963,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – January 2016](#)
- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – November 2015](#)
- [5 Undervalued Dow Stocks to Research – November 2015](#)
- [10 Best Stocks For Value Investors This Week – 10/31/15](#)
- [American Express Company Valuation – October 2015 Update \\$AXP](#)

Other  
ModernGraham  
posts about related  
companies

- [T.Rowe Price Group Inc Stock Valuation – February 2016 \\$TROW](#)
- [Moody's Corporation Stock Valuation – February 2016 \\$MCO](#)
- [KKR & Co LP Stock Valuation – February 2016 \\$KKR](#)
- [Capital One Financial Corp Valuation – January 2016 Update \\$COF](#)
- [Franklin Resources Inc Valuation – January 2016 Update \\$BEN](#)
- [T.Rowe Price Group Inc Stock Valuation – February 2016 \\$TROW](#)
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