

ModernGraham Valuation

American Express
Company



Company Name:

Company Ticker AXP

Date of Analysis

2/22/2018

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	\$84,438,669,763	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	66.48%	Pass
5. Moderate PEmg Ratio	PEmg < 20	19.10	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.63	Fail

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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	5.09
MG Growth Estimate	1.23%
MG Value	\$55.86
MG Value based on 3% Growth	\$73.84
MG Value based on 0% Growth	\$43.29
Market Implied Growth Rate	5.30%

MG Opinion

Current Price	\$97.28
% of Intrinsic Value	174.14%
Opinion	Overvalued
MG Grade	C

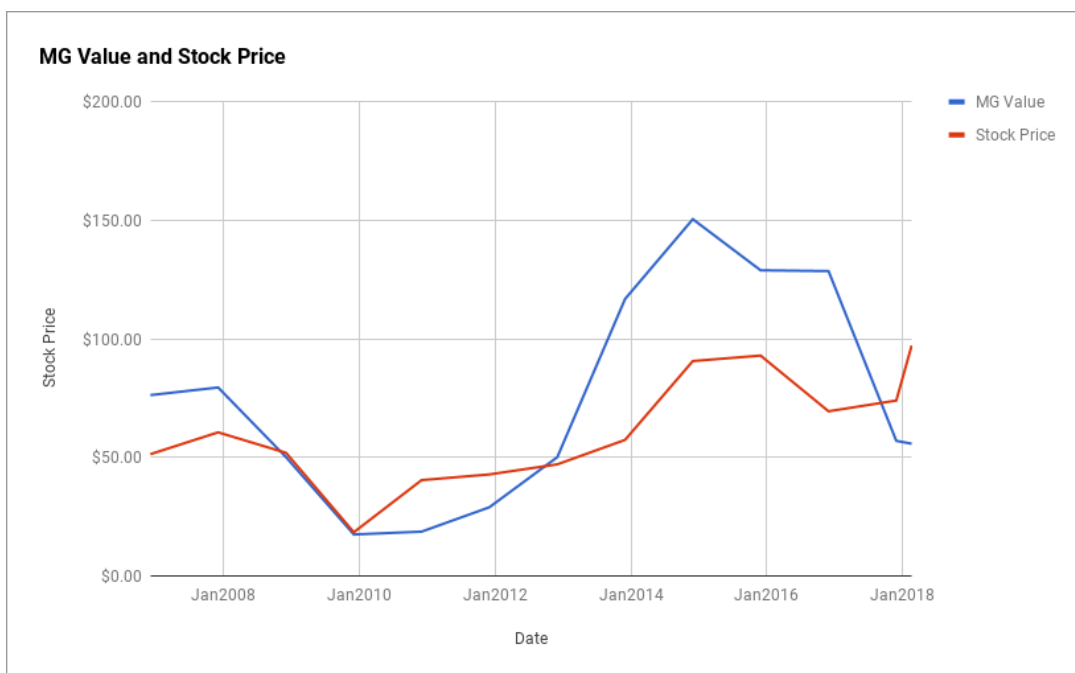
Stage 3: Information for Further Research

Graham Number	\$55.19
PEmg	19.10
PB Ratio	4.63
Dividend Yield	1.38%
Number of Consecutive Years of Dividend Growth	2

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.38	Next Fiscal Year Estimate	\$5.09
Dec2017	\$2.97	Dec2017	\$4.57
Dec2016	\$5.65	Dec2016	\$5.25
Dec2015	\$5.05	Dec2015	\$4.94
Dec2014	\$5.56	Dec2014	\$4.71
Dec2013	\$4.88	Dec2013	\$4.04
Dec2012	\$3.89	Dec2012	\$3.43
Dec2011	\$4.12	Dec2011	\$3.11
Dec2010	\$3.35	Dec2010	\$2.64
Dec2009	\$1.54	Dec2009	\$2.40
Dec2008	\$2.32	Dec2008	\$2.84
Dec2007	\$3.36	Dec2007	\$3.02
Dec2006	\$2.99	Dec2006	\$2.77
Dec2005	\$2.97	Dec2005	\$2.50
Dec2004	\$2.68	Dec2004	\$2.18
Dec2003	\$2.30	Dec2003	\$1.90
Dec2002	\$2.01	Dec2002	\$1.69
Dec2001	\$0.98		
Dec2000	\$2.07		
Dec1999	\$1.81		
Dec1998	\$1.54		
		Balance Sheet Information	12/1/2017
		Long-Term Debt & Capital Lease Obligation	\$55,804,000,000
		Total Assets	\$181,159,000,000
		Intangible Assets	\$0
		Total Liabilities	\$162,932,000,000
		Shares Outstanding (Diluted Average)	868,000,000





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

- [Encore Capital Group Inc Valuation – Initial Coverage \\$ECPG](#)
- [T.Rowe Price Group Inc Valuation – July 2017 \\$TROW](#)
- [T.Rowe Price Group Inc Valuation – June 2017 \\$TROW](#)
- [Tricon Capital Group Inc Valuation – Initial Coverage \\$TSE:TCN](#)
- [Moody's Corporation Valuation – March 2017 \\$MCO](#)
- [KKR & Co Ltd Valuation – March 2017 \\$KKR](#)
- [Charles Schwab Corp Valuation – March 2017 \\$SCHW](#)
- [Synchrony Financial Valuation – Initial Coverage \\$SYF](#)
- [Franklin Resources Inc Valuation – February 2017 \\$BEN](#)
- [S&P Global Inc Valuation – Initial Coverage \\$SPGI](#)