

# ModernGraham Valuation

American Express  
Company



Company Name:

Company Ticker AXP

Date of Analysis

11/10/2018

## 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	\$92,499,471,317	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	78.47%	Pass
5. Moderate PEmg Ratio	PEmg < 20	19.86	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.34	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	5.45
MG Growth Estimate	2.38%
<b>MG Value</b>	<b>\$72.33</b>
MG Value based on 3% Growth	\$79.06
MG Value based on 0% Growth	\$46.35
Market Implied Growth Rate	5.68%

### MG Opinion

Current Price	\$108.28
% of Intrinsic Value	149.71%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

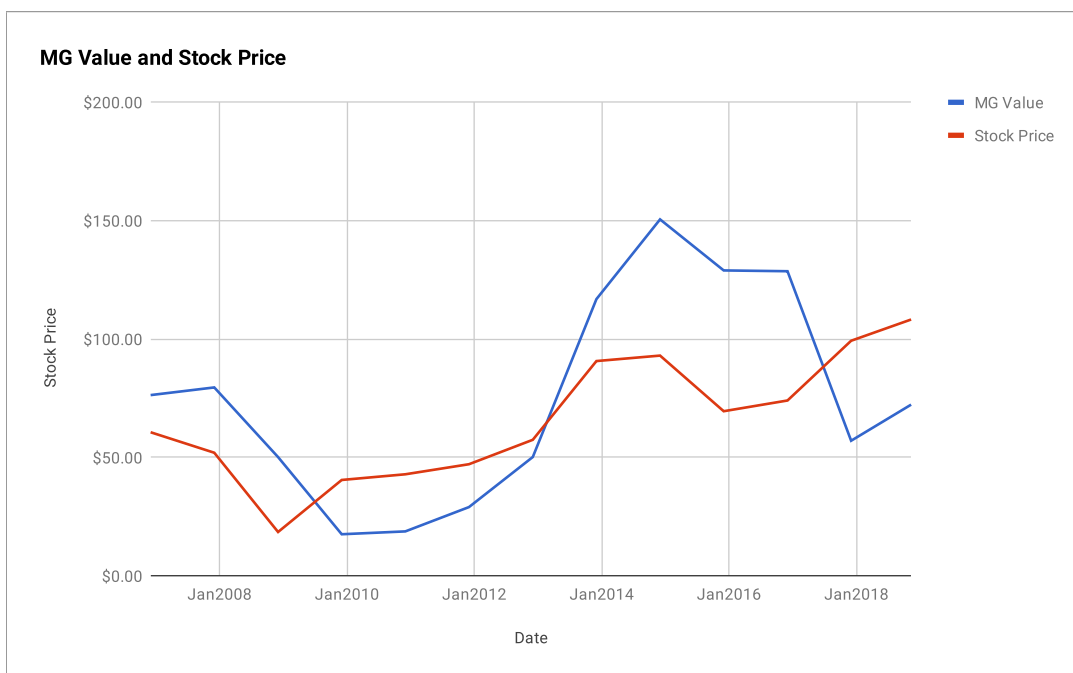
## Stage 3: Information for Further Research

Graham Number	\$59.68
PEmg	19.86
PB Ratio	4.34
Dividend Yield	1.24%
Number of Consecutive Years of Dividend Growth	2

### 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	\$7.46	Next Fiscal Year Estimate	\$5.45
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		
		<b>Balance Sheet Information</b>	<b>9/1/2018</b>
		Long-Term Debt & Capital Lease Obligation	\$55,300,000,000
		Total Assets	\$189,092,000,000
		Intangible Assets	\$0
		Total Liabilities	\$167,632,000,000
		Shares Outstanding (Diluted Average)	860,000,000





**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**

- [American Express Co. Valuation – February 2018 \\$AXP](#)
- [5 Undervalued Dow Components to Research – March 2017](#)
- [5 Undervalued Dow Components to Research – February 2017](#)
- [10 Stocks for Using A Benjamin Graham Value Investing Strategy – January 2017](#)
- [5 Undervalued Dow Components to Research – December 2016](#)

**Other ModernGraham posts about related companies**

- [Mastercard Inc Valuation – March 2018 \\$MA](#)
- [Discover Financial Services Valuation – January 2017 \\$DFS](#)
- [Discover Financial Services Valuation – August 2016 \\$DFS](#)
- [Mastercard Inc Valuation – July 2016 \\$MA](#)
- [Discover Financial Services Valuation – February 2016 \\$DFS](#)
- [Mastercard Inc Valuation – January 2016 Update \\$MA](#)
- [Discover Financial Services Inc. Valuation – November 2015 Update \\$DFS](#)
- [MasterCard Inc. Analysis – October 2015 Update \\$MA](#)
- [Discover Financial Services Analysis – August 2015 Update \\$DFS](#)
- [Mastercard Inc. Analysis – June 2015 Update \\$MA](#)