

ModernGraham Valuation

American Express
Company



Company Name:

Company Ticker AXP

Date of Analysis

4/5/2019

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	\$93,000,342,672	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	83.98%	Pass
5. Moderate PEmg Ratio	PEmg < 20	15.56	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.24	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	7.13
MG Growth Estimate	6.66%
MG Value	\$155.42
MG Value based on 3% Growth	\$103.32
MG Value based on 0% Growth	\$60.57
Market Implied Growth Rate	3.53%

MG Opinion

Current Price	\$110.86
% of Intrinsic Value	71.33%
Opinion	Undervalued
MG Grade	B-

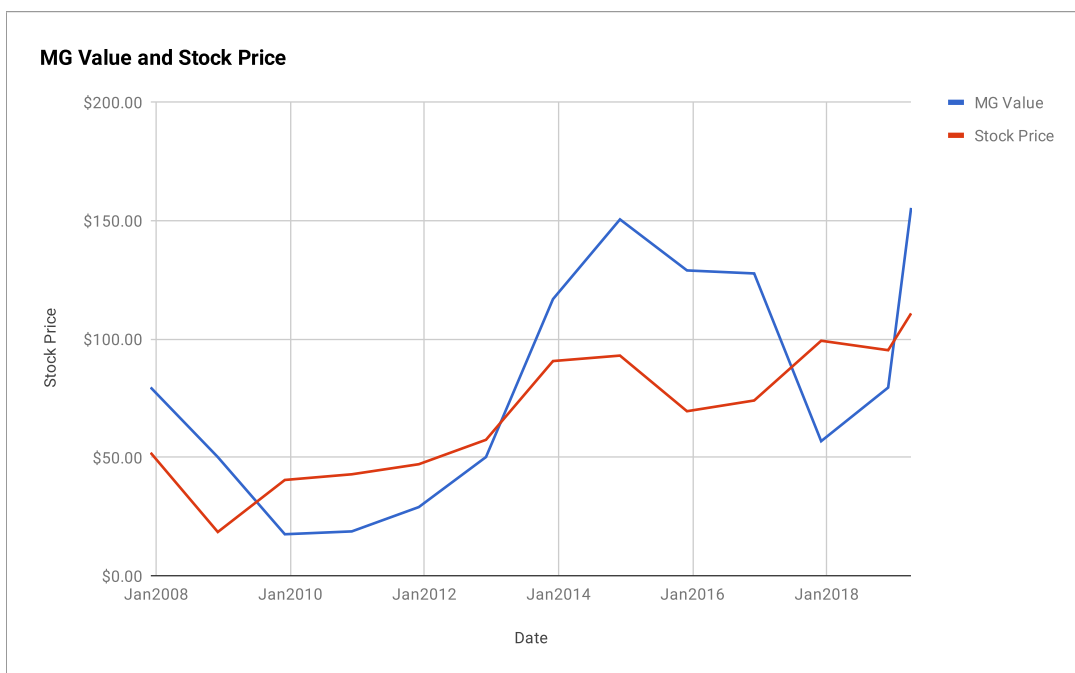
Stage 3: Information for Further Research

Graham Number	\$76.95
PEmg	15.56
PB Ratio	4.24
Dividend Yield	1.34%
Number of Consecutive Years of Dividend Growth	3

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	\$10.00	Next Fiscal Year Estimate	\$7.13
Dec2018	\$7.91	Dec2018	\$5.60
Dec2017	\$2.99	Dec2017	\$4.57
Dec2016	\$5.61	Dec2016	\$5.24
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	Balance Sheet Information 12/1/2018	
Dec2001	\$0.98	Long-Term Debt & Capital Lease Obligation	\$58,423,000,000
Dec2000	\$2.07	Total Assets	\$188,602,000,000
Dec1999	\$1.81	Intangible Assets	\$3,347,000,000
		Total Liabilities	\$166,312,000,000
		Shares Outstanding (Diluted Average)	853,000,000





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 – November 2018 \\$AXP](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Broadridge Financial Solutions Inc Valuation – April 2019 #BR](#)
 - [T.Rowe Price Group Inc Valuation – March 2019 #TROW](#)
 - [Moody's Corp Valuation – March 2019 #MCO](#)
 - [Charles Schwab Corp Valuation – March 2019 #SCHW](#)
 - [Willis Towers Watson PLC Valuation – March 2019 #WLTW](#)
 - [Paypal Holdings Inc Valuation – March 2019 #PYPL](#)
 - [Synchrony Financial Valuation – March 2019 #SYF](#)
 - [CBRE Group Inc Valuation – March 2019 #CBRE](#)
 - [Franklin Resources Inc Valuation – March 2019 #BEN](#)
 - [S&P Global Inc Valuation – March 2019 #SPGI](#)