



RATING: 1 2 3 4 5

We project that American Express, ticker: AXP, will deliver strong double-digit earnings growth driven by sustained demand for high-end consumer credit, institutional credit systems, and continued technological advancement and growth.

52-Week Price Range
\$220.43-\$369.26

Market Capitalization
\$249.05 Billion

Price as of 11/4/25
\$361.54

Annual Dividend Rate
\$3.28

Industry
Financial Services

Recommendation Summary: BUY

VSF Target Price: \$410.78
(13.95% Upside)

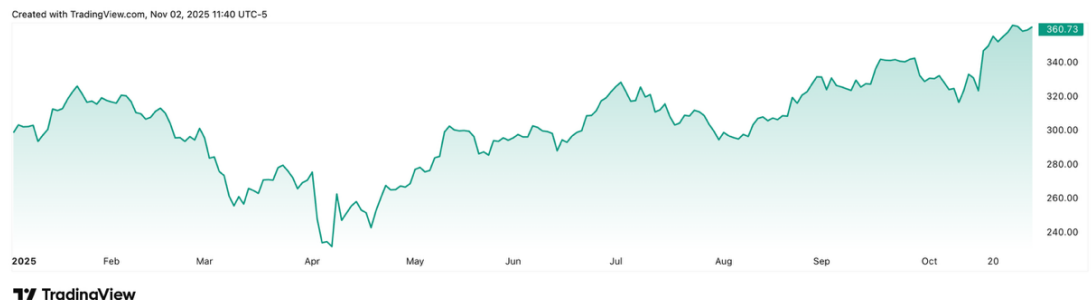
Financial Services industry performance is POSITIVE

The global payments and financial services industry generate over **\$2.5 trillion annually and continues to grow at a 5% CAGR**, driven by rising digital transaction volumes, expanding e-commerce, and the increasing adoption of embedded finance. American Express (AMEX) operates at the intersection of payments, lending, and premium financial services, benefiting from secular trends in digitalization, global travel recovery, and consumer preference for rewards-based spending. **AMEX processed over \$1.5 trillion in billed business in 2024 and holds roughly 8% of global card purchase volume.** The company's global network includes **more than 80 million merchant locations, up nearly 50% from 2019**, reflecting steady progress in expanding acceptance and deepening penetration outside the U.S. AMEX's closed-loop model integrates the cardholder, merchant, and issuer relationship, enabling superior data insights, stronger customer loyalty, and differentiated unit economics that support sustained growth and competitive advantage.

For the comparable company analysis of AMEX, it's critical to recognize the distinct business model it operates—blending characteristics of a global payments network with those of a bank. As such, comparables should be selected based not only on market capitalization or geographic exposure but also on business mix, margin structure, and credit exposure. We chose **Visa (V)** and **Mastercard (MA)** for their global payments scale and network dynamics, **JPMorgan Chase (JPM)** for its similar high-end banking demographic, and **Capital One (COF)** for its exposure to consumer credit and lending operations. Visa and Mastercard each process over \$10 trillion in annual payment volume compared to AMEX's roughly \$1.5 trillion, underscoring the latter's smaller but more premium-focused share of global spend. Meanwhile, JPMorgan and Capital One manage over \$1 trillion in combined card loans, providing useful context for AMEX's lending and credit risk exposure. Together, these peers provide a comprehensive benchmark for assessing AMEX's financials.

Ticker	Company	Share Price (\$)	Shares Outstanding	Equity Value	EV/Revenue	EV/EBITDA	P/E	1 yr price change (%)
AXP	American Express Co	360.73	685,850	247,406,671	3.3x	17.0x	24.4x	33.56%
V	Visa Inc	340.74	1,700,000	579,258,000	14.9x	23.5x	28.6x	15.20%
MA	Mastercard Inc	551.99	897,270	495,284,067	17.6x	27.1x	36.4x	7.82%
JPM	JPMorgan Chase	311.12	2,750,000	855,580,000	3.1x	N/A	15.1x	40.58%
COF	Capital One Financial Gro	219.99	635,000	139,693,650	2.5x	N/A	-464.1x	36.35%

YTD: AMEX's stock has gone up significantly year-to-date, rising from **lows of \$231.39 in early April to \$360.73 by early November**, reflecting renewed continuing optimism regarding the popularity of high-end consumer credit cards and positive outlook on millennial and gen z customers



Fiscal Year End-	2021	2022	2023	2024	TTM
Revenue (\$B)	43.147	52.862	60.515	65.949	68.638
Net Income (\$B)	7.917	7.4	8.252	9.995	10.017
Free Cash Flow (\$B)	13.095	19.224	16.996	12.139	11.095
Cash Balance (\$B)	1.281	5.505	7.118	3.407	N/A

Fiscal Year End-	2021	2022	2023	2024	2025 (E)*
EPS Growth (%)	165.7	-1.7	13.8	25.9	6.1
Gross Margin (%)	61.7	66.5	65.2	64.8	66
Operating Margin (%)	24.77	18.13	17.37	19.55	32
FCF Margin (%)	30	34.5	25.2	16.4	24.3

*based on DCF

Category	Risks	Mitigants
Macroeconomic and Credit Risk	AMEX's performance is highly sensitive to economic cycles. A slowdown in consumer spending or rising unemployment could reduce transaction volumes and increase delinquencies on cardmember loans.	AMEX targets a relatively affluent and creditworthy customer base, historically resulting in lower default rates than major peers. Its diversified mix of consumer, small business, and corporate clients also helps cushion against downturns.
Interest Rate and Funding Risk	As a lender and payments company, AMEX's profitability depends on interest rate spreads and access to capital markets. Rising funding costs or tightening liquidity could pressure margins.	AMEX maintains a high investment-grade credit rating, diversified funding sources (including deposits), and actively manages its asset-liability profile to hedge interest rate exposure.
Technological and Cybersecurity Risk	As a global payments company, AMEX faces significant exposure to cyber threats, data breaches, and technology outages, which could disrupt operations and harm its reputation.	The firm invests heavily in cybersecurity infrastructure, real-time fraud detection, and data protection. Its closed-loop model provides greater control over transaction data compared to open networks, reducing vulnerability.

Comparables Analysis is **VERY POSITIVE**

Amex is currently trading at significantly lower multiples across all three categories than industry averages, suggesting a possible undervaluation compared to industry benchmarks. We forecast upside potential for the stock and company based on this metric.

Note: EBITDA is not commonly used for lenders such as JPMC and Capital One; therefore, the averages do not include their EBITDA metrics.

Price Targets	Comps Summary		
	EV/Revenue	EV/EBITDA	P/E
Maximum	17.6x	27.1x	36.4x
75th Percentile	14.9x	25.3x	28.6x
Average	8.3x	22.5x	-71.9x
25th Percentile	3.1x	20.3x	15.1x
AXP	3.3x	17.0x	24.4x

Relative valuation is **POSITIVE**

This chart compares AXP's current stock price with recent bank valuations, highlighting a range of analyst expectations. **Barclays remains the most conservative at \$355**, citing concerns over cyclical headwinds, expense pressures, and slowing consumer credit growth. **RBC Capital and Truist Securities are more optimistic, with targets of \$380 and \$395** respectively, reflecting steady spending volumes and resilient premium card demand. **Goldman Sachs is slightly higher at \$400**, emphasizing continued revenue momentum and disciplined cost management. **VSF slots our price target at \$410.78 (DCF Sensitivity Table)** due to a mix of factors including AMEX's focus on technological advancement, strong hold on high end/spend consumers and closed loop payment system.

