

## VALUATION: AXP

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**Team:** Team 7  
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**Date Presented:** 03/03/2025

**Investment Decision:** BUY 50  
SHARES (~\$15,000)

### **INTRODUCTION:**

American Express (AXP) is one of the premier credit card companies in the United States. It has built a large network of partners, lounges, and perks to grow users who are more affluent than the average consumer. AXP cardholders utilize their cards at almost double the rate of its competitors. It has a lower PE ratio than most of its competitors and is well positioned in 2025 to outperform expectations.

### **COMPANY OVERVIEW:**

<b>Ticker:</b>	AXP	<b>Exchange:</b>	NASDAQ
<b>Current Stock Price:</b>	\$300.36	<b>Date Reported:</b>	03/03/2025
<b>Target Stock Price:</b>	<b>\$459.24</b>	<b>Target Date:</b>	03/03/2025
<b>Market Cap</b>	211.42B	<b>Beta</b>	1.24

### **HISTORICAL PERFORMANCE:**

In the past 10 years it has beaten the S&P 500 8 times and 6 times it has beaten the S&P financial tracker in the same time period. Over the same period, American Express has seen double digit growth in profitability KPIs. The company's P/E Ratio and EPS has been lower than its larger competitors making this a value stock for any portfolio to have. Recently, AXP has seen major increases in the number of cards issued as well as the number of businesses that have accept it. The company has also used data analytics to offer more products to its consumers including loans, wealth management, and high yield savings accounts (HYSA). Its growing network of lounges and corporate partners enable their customers to enjoy more perks than its competitors. These "perk" offerings are what is driving growth, especially amongst millennials and Gen Z customers. Historically, AXP users have been more affluent than the average consumer with the average AXP cardholder using their card at double the rate of a non-AXP holder. This affluent customer base also shields it from many of the risks that its competitors face-mainly with credit card default rates.

### **VALUATION SUMMARY:**

With all of these factors AXP is well positioned to outperform expectations going into 2025. We used a 10.8% CAGR for revenue moving into 2025. This was based on a historical average of the last 10 years. We compared it to 6 of its peers, and put the highest weight on precedent transactions to get a target price of \$459.24. We performed multiple valuations using different weights, and arrived at our current one based on the assumptions from the historical performance.