

American Express (AXP)

\$383.11 (Stock Price as of 12/24/2025)

Price Target (6-12 Months): **\$405.00**

Long Term: 6-12 Months | **Zacks Recommendation:** **Neutral**
(Since: 05/27/20)
Prior Recommendation: Underperform

Short Term: 1-3 Months | **Zacks Rank:** (1-5) **3-Hold**
Zacks Style Scores: VGM: D
Value: B | Growth: F | Momentum: D

Summary

American Express is benefiting from sustained revenue growth driven by new product launches, strategic partnerships and a rebound in travel and entertainment spending. It expects revenues to rise 9-10% YoY in 2025. Strong cash generation and disciplined capital returns underscore its financial strength. It returned \$2.9 billion in 3Q alone, through dividends and buybacks. In the past year, its shares have outperformed the industry. Its focus on increasing tech-savvy customers positions it for long-term growth. However, persistently rising expenses continue to weigh on margins. Loan loss provisions remain elevated due to macro uncertainty. It is less agile in capitalizing on emerging non-card-based payment trends. It carried a heavy debt load which induces the incurrence of high interest expenses. As such, the stock warrants a cautious stance.

Data Overview

52 Week High-Low	\$387.49 - \$220.43
20 Day Average Volume (sh)	2,512,015
Market Cap	\$263.3 B
YTD Price Change	28.8%
Beta	1.14
Dividend / Div Yld	\$3.28 / 0.9%
Industry	Financial - Miscellaneous Services
Zacks Industry Rank	Top 37% (90 out of 243)

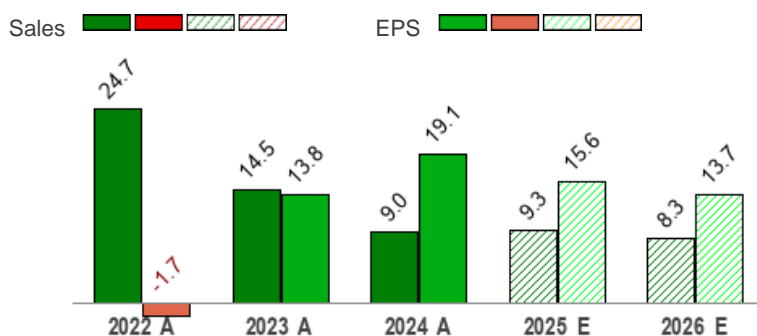
Last EPS Surprise	4.6%
Last Sales Surprise	2.4%
EPS F1 Est- 4 week change	-0.1%
Expected Report Date	01/30/2026
Earnings ESP	-2.7%

P/E TTM	25.7
P/E F1	24.8
PEG F1	1.7
P/S TTM	3.7

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	18,359 E	19,377 E	19,785 E	20,542 E	78,063 E
2025	16,967 A	17,856 A	18,426 A	18,850 E	72,099 E
2024	15,801 A	16,333 A	16,636 A	17,179 A	65,949 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	3.94 E	4.50 E	4.69 E	4.42 E	17.55 E
2025	3.64 A	4.08 A	4.14 A	3.58 E	15.43 E
2024	3.33 A	3.49 A	3.49 A	3.04 A	13.35 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/24/2025.

(2) The report's text and the price target are as of 12/12/2025.

Overview

Founded in 1850, NY-based American Express Company is a diversified financial services company, offering charge and credit payment card products, and travel-related services worldwide. AmEx earns revenue through both transaction fees and interest income, supported by a closed-loop payment network. Unlike open-loop peers (e.g., Visa or Mastercard), its integrated system allows AmEx to engage directly with both merchants and cardholders. This setup enables deeper customer insights, targeted marketing, and strong customer loyalty.

Its range of products and services include charge card, credit card and other payment and financing products; Merchant acquisition and processing, servicing and settlement, and point-of-sale marketing and information products and services for merchants; Network services; other fee services, including fraud prevention services and the design and operation of customer loyalty programs; Expense management products and services and Travel-related services.

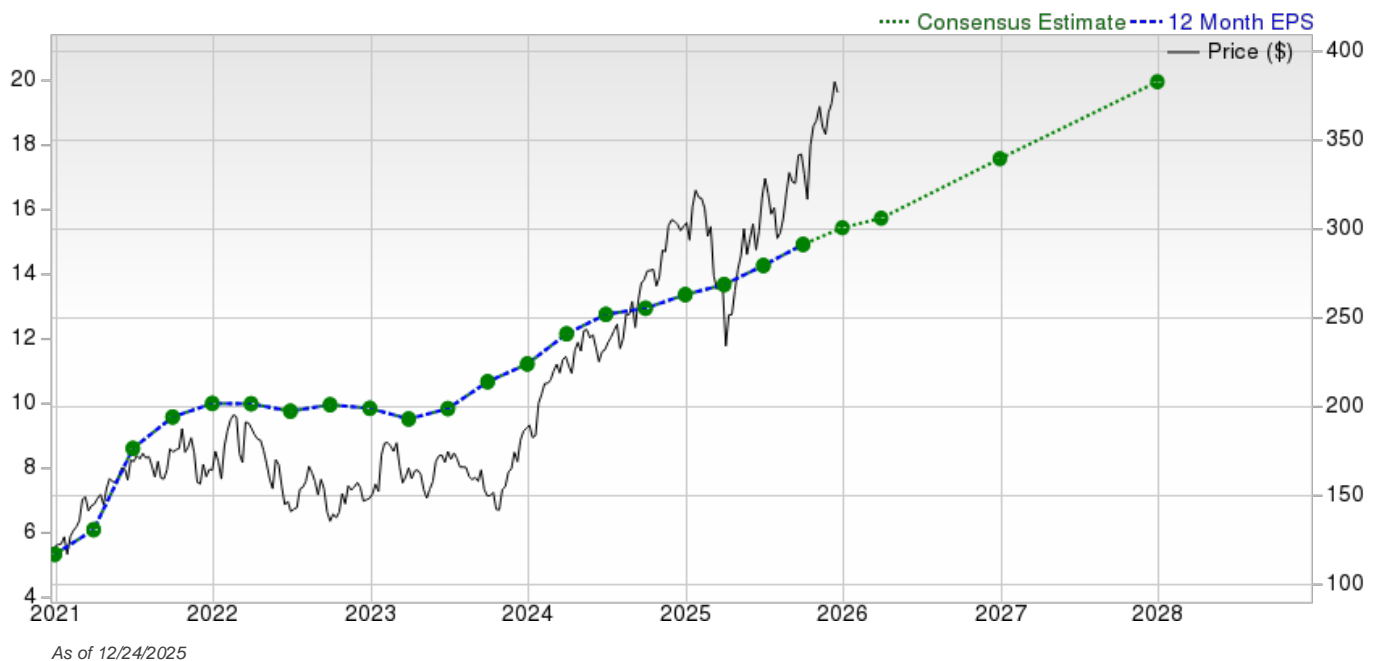
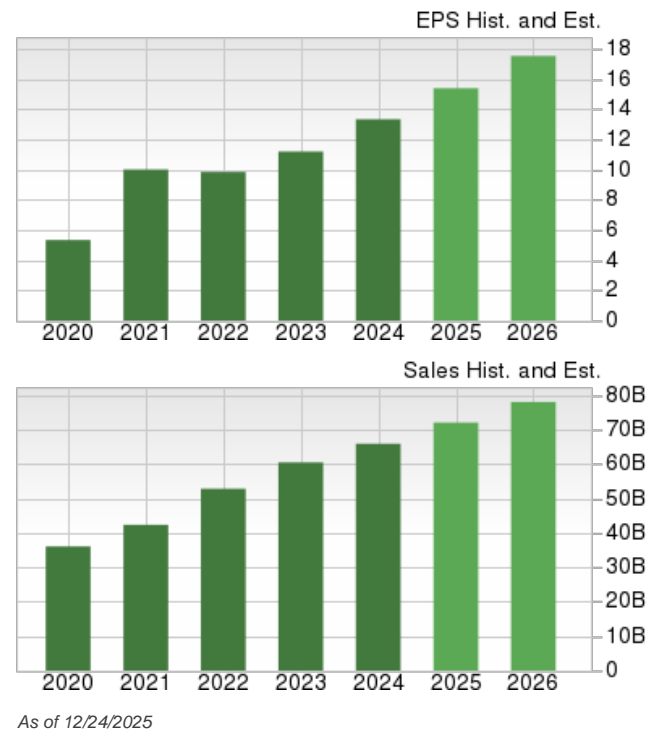
AmEx's reporting segments are as follows:

U.S. Consumer Services (USCS): (47.7% of 2024 total segment's revenue net of interest expense) It issues a varied array of proprietary consumer cards. The segment also extends travel and lifestyle services and banking and non-card financing products to U.S. consumers.

Commercial Services (CS): (24%) This unit offers a wide range of proprietary cards, payment and expense management services coupled with banking and non-card financing products to U.S.-based corporates and small business clients.

International Card Services (ICS): (17.4%) It issues a diversified range of proprietary consumer, small business and corporate cards outside the United States. Offering services to the international customers of American Express and managing specific international joint ventures as well as its loyalty coalition businesses are among the segment's functions.

Global Merchant and Network Services (GMNS): (11.3%) It operates a global payments network that processes and settles card transactions, acquires merchants and extends multi-channel marketing programs and capabilities, services and data analytics through leveraging its integrated network capabilities.



Reasons To Buy:

▲ **Sustained Business Growth:** American Express continues to grow revenues through new product launches, enhancements to existing offerings, price modifications and strategic alliances. Recovery in consumer spending, travel, and entertainment has further supported growth. Revenues (net of interest expense) rose 25% in 2022, followed by 14.5% growth in 2023, 9% in 2024 and 9% year over year in the first nine months of 2025. AXP expects 2025 revenues to rise 9–10% from the 2024 base of \$65.9 billion, with long-term revenue growth expected to exceed 10%. EPS guidance for 2025 currently stands at \$15.20–\$15.50.

Improving revenues due to growing businesses, prudent strategic moves, high ROE and solid cash position are some of the positives.

▲ **Strategic Moves:** Its focus on growing Millennials and Gen-Z consumers, who tend to spend more than their older counterparts, will position AmEx for the long run. It makes prudent acquisitions and forges partnerships to expand its footprint. The acquisition of Kabbage and partnership with UPS allowed AmEx to deepen its small business offerings. Through Kabbage Funding, the company provides lines of credit between \$1,000 and \$150,000, while Kabbage Payments streamlines card acceptance. These tools help AmEx support merchants' cash flow management, broadening its presence in the SMB market. AXP has formed key alliances with Delta, Hilton, Amazon and Point.me, strengthening customer loyalty and brand presence. Recent acquisitions like Tock and Rooam expand its offerings in high-end dining and venue reservations. It also completed its acquisition of Center ID Corp in April. The divestiture of Accertify to Accel-KKR is part of its focus on core operations.

▲ **Strong ROE:** American Express' return on equity (ROE) reinforces its growth potential. The company's ROE of 33.4% lies above the industry's figure of 17.2%, reflecting its tactical efficiency in utilizing its shareholders' funds. The company's shares have outperformed the industry in the past year.

▲ **Robust Cash Position & Capital Returns:** As of Sept. 30, 2025, the company had \$54.7 billion in cash and cash equivalents against just \$1.4 billion in short-term debt. It generated \$15.4 billion from operating cash flow in the first nine months of 2025, which soared 85.7% from the prior-year comparable period. AXP returned \$7.9 billion to shareholders in 2024 and \$2.9 billion in the third quarter of 2025 through dividends and buybacks. In March 2025, it raised its quarterly dividend by 17% to 82 cents per share.

Reasons To Sell:

- ▼ **Rising Expenses:** American Express continues to face upward pressure on operating expenses. In 2023 and 2024, total costs increased by 10% and 6%, respectively. The trend continued in the first nine months of 2025, with expenses rising 11.4% year over year to \$38.7 billion. A key driver is the growth in customer engagement and marketing expenses, which are expected to remain elevated as AmEx expands its rewards programs and cardholder benefits. In 2024, reward and card member service expenses made up nearly 45% of total costs and the trend sustained in the first nine months of 2025. Increased travel-related spending and rising cashback rewards, linked to higher billed business, are expected to keep reward-related expenses elevated, posing continued margin pressure.
- ▼ **Elevated Credit Risk and Loan Loss Provisions:** AmEx's lending-focused business model makes it vulnerable to credit cycle fluctuations. The provision for credit losses rose to \$2.2 billion in 2022 and more than doubled year over year in 2023, driven by higher net write-offs and reserve builds. The provision increased another 5% in 2024. The metric remained at \$3.8 billion in the first nine months of 2025, reflecting a modest net reserve release. Persistent macro pressures, such as inflation and high interest rates, may continue to weigh on credit performance.
- ▼ **High Leverage Adds to Financial Strain:** As of Sept. 30, 2025, AmEx carried \$59.2 billion in debt. Its long-term debt to capital of 64.1% is higher than the industry average of 43.5%. Interest expense related to long-term debt and other borrowings rose 29% in 2024. The metric came in at \$6.2 billion in the first nine months of 2025, adding to overall cost pressure. A high debt load increases sensitivity to rate fluctuations. The company's times interest earned ratio of 5.92X at the third-quarter end is below the industry average of 6.35X, highlighting a modest weakness in its solvency position.
- ▼ **Exposure to Shifting Payment Trends:** AmEx's growth remains closely tied to card volume and lending activities. While this model has worked historically, it leaves the company less agile in capitalizing on emerging non-card-based payment technologies. This strategic rigidity could limit future market share gains as the digital payment ecosystem evolves.

The rising expenses, credit risks, leverages are few of the concerns for the company.

Last Earnings Report

American Express Q3 Earnings Beat Estimates on Rising Network Volume

American Express reported third-quarter 2025 earnings per share (EPS) of \$4.14, which beat the Zacks Consensus Estimate by 4.6%. The bottom line climbed 19% year over year.

Total revenues, net of interest expense, amounted to \$18.4 billion, which beat the Zacks Consensus Estimate by 2.4%. The top line improved 11% year over year in the quarter under review.

The strong third-quarter 2025 results benefited from growing Card Member spending and a premium customer base. Rising revolving loan balances and continued robust card fee growth aided its performance. The results were partially offset by escalating customer engagement and operating costs.

AXP's Q3 Operational Performance

Network volumes of \$479.2 billion rose 9% year over year in the third quarter, driven by higher U.S. consumer spending. The figure beat the Zacks Consensus Estimate by 1.2%. Total interest income of \$6.6 billion increased 8% year over year and surpass the consensus mark by 3.4%. Provision for credit losses fell 5% year over year to \$1.3 billion, benefiting from lower reserve build.

Total expenses increased 10% year over year to \$13.3 billion due to higher operating expenses and an elevated customer engagement cost level, which resulted from expanding Card Member spending and usage of travel and lifestyle-related benefits.

AXP's Q3 Segmental Performances

The U.S. Consumer Services segment's pre-tax income of \$1.9 billion improved 12% year over year in the third quarter and beat the Zacks Consensus Estimate by 11.5%. Total revenues, net of interest expenses, climbed 11% year over year to \$8.9 billion. Growth in the customer base of Gen-Z and Millennials also favored this segment's results.

The Commercial Services segment recorded a pre-tax income of \$1.1 billion in the quarter under review, which increased 20% year over year from the prior-year figure and surpassed the Zacks Consensus Estimate of \$915.5 million. Total revenues, net of interest expense, amounted to \$4.3 billion, which grew 7% year over year, driven by an increase in net interest income. The reported figure beat the consensus mark by 4.3%.

The International Card Services segment reported a pre-tax income of \$441 million in the third quarter, which decreased 3% year over year but beat the consensus mark of \$350.9 million. Total revenues, net of interest expense, improved 14% year over year to \$3.3 billion but missed the consensus mark of \$3.4 billion.

The Global Merchant and Network Services segment's pre-tax net income of \$1 billion rose 5% year over year in the quarter under review but missed the Zacks Consensus Estimate of \$1.1 billion. Total revenues, net of interest expense, increased 7% year over year to \$2 billion.

Corporate and Other incurred a pre-tax loss of \$598 million in the third quarter, narrower than the prior-year quarter's loss of \$809 million.

Balance Sheet (As of Sept. 30, 2025)

American Express exited the third quarter with cash & cash equivalents of \$54.7 billion, up from \$40.6 billion at 2024-end. Total assets of \$297.6 billion rose from \$271.5 billion at 2024-end.

Long-term debt amounted to \$57.8 billion, up from \$49.7 billion at 2024-end. Short-term borrowing was \$1.4 billion.

Shareholders' equity of \$32.4 billion improved from \$30.3 billion at 2024-end. Return on average common equity was at 37.3%, above the year-ago level of 35.3%.

Capital Deployment Update

American Express bought back 7 million common shares in the third quarter of 2025 for \$2.3 billion and paid \$600 million worth of dividends. In the quarter under review, the company paid a per-share dividend of 82 cents.

AXP's 2025 Outlook

American Express now anticipates revenues to increase between 9% and 10% in 2025 from the 2024 level of \$65.9 billion. Management now expects EPS in the range of \$15.20-\$15.50, above the previously projected band of \$15.00-\$15.50, the midpoint of which indicates an improvement of 9.6% from the 2024 level of \$14.01.

FY Quarter Ending 12/31/2024

Earnings Reporting Date	Oct 17, 2025
Sales Surprise	2.42%
EPS Surprise	4.55%
Quarterly EPS	4.14
Annual EPS (TTM)	14.90

Recent News

AXP Gains Edge as RewardPay Debuts First-Ever Tax Pooling Rewards - Oct. 13, 2025

American Express is making a significant move in the B2B fintech arena as RewardPay launches the world's first tax pooling payment system designed to reward businesses. This innovative approach allows companies in New Zealand to make their provisional tax payment via RewardPay while earning American Express Membership Rewards Points or Air New Zealand Airpoints, marking a groundbreaking integration in the realm of financial management.

This new feature takes out one of the most tedious parts of running a business — tax payments — and makes it a whole lot easier, all while providing real benefits like rewards and better cash flow. By using American Express cards, businesses can take advantage of up to 55 days of interest-free credit, which helps relieve cash flow pressures and makes managing working capital smoother.

American Express Expands Premium Travel With New Digital Features - Sept. 15, 2025

American Express is once again setting the standards for premium travel by launching a wide range of new digital features aimed at making the trip easier and more enjoyable for its card members. It unveiled the Amex Travel App, Amex Passport and enhanced Centurion Lounge Digital Waitlist to streamline the entire travel experience. The new all-in-one Amex Travel App serves as a comprehensive hub where card members can explore, book and manage their trips, all while enjoying exclusive deals and tailored recommendations.

Another standout feature is Amex Passport, a digital tool for cardholders to commemorate and save their travel memories. Every time they travel overseas, users can gather personalized digital stamps, turning their adventures into unique keepsakes that can be shared with friends and social media and stored on a public blockchain as digital collectibles.

American Express & UPS Team Up to Boost SMBs During Holiday Season - Sept. 10, 2025

American Express and UPS have announced a strategic partnership aimed at boosting efficiency at the intersection of logistics and payments. This collaboration aims to provide businesses, especially small and medium-sized businesses (SMBs), with integrated solutions that streamline the shipping and payment process. This partnership offers new and exclusive benefits via American Express' Business Savings Suite. SMBs using AXP can now take advantage of additional benefits and tiered savings on UPS air, ground and international shipping.

Valuation

American Express shares are up 33.7% over the past six months and 27.4% over the trailing 12-month period. Stocks in the Zacks sub-industry are up 1.5%, while the Zacks Finance sector is up 11.1%, in the past six months. Over the past year, the Zacks sub-industry is down 10.4%, while the sector is up 13.2%.

The S&P 500 index is up 17.9% in the past six months and 16.1% in the past year.

The stock is currently trading at 22.07X forward 12-month earnings, which compares to 24.53X for the Zacks sub-industry, 17.29X for the Zacks sector and 23.61X for the S&P 500 index.

Over the past five years, the stock has traded as high as 22.24X and as low as 11.54X, with a 5-year median of 17.27X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$405.00 price target reflects 23.17X forward earnings.

The table below shows summary valuation data for AXP.

Valuation Multiples - AXP					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	22.07	24.53	17.29	23.61
	5-Year High	22.24	25.06	18.28	23.78
	5-Year Low	11.54	11.48	12.37	15.73
	5-Year Median	17.27	16.35	16.12	21.21
P/S F12M	Current	3.41	3.35	9.07	5.34
	5-Year High	3.41	3.74	10.06	5.5
	5-Year Low	1.57	1.52	6.68	3.83
	5-Year Median	2.54	2.43	8.39	5.05
P/B TTM	Current	8.18	3.24	4.26	8.57
	5-Year High	8.18	3.9	4.37	9.16
	5-Year Low	3.77	1.73	2.87	6.6
	5-Year Median	5.39	2.56	3.52	8.05

As of 12/11/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Top 37% (90 out of 243)

Top Peers⁽¹⁾



Company (Ticker)	Rec	Rank
Brookfield Asset Man... (BAM)	Neutral	3
Blackstone Inc. (BX)	Neutral	3
Equitable Holdings, ... (EQH)	Neutral	3
Grupo Financiero Ban... (GBOOY)	Neutral	3
Orix Corp Ads (IX)	Neutral	3
StoneX Group Inc. (SNEX)	Neutral	3
Synchrony Financial (SYF)	Neutral	3
Virtu Financial, Inc.. (VIRT)	Neutral	2

Industry Comparison⁽¹⁾ Industry: Financial - Miscellaneous Services

Industry Peers

	AXP	X Industry	S&P 500	IX	SNEX	SYF
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Neutral	Neutral
Zacks Rank (Short Term)	3	-	-	3	3	3
VGM Score	D	-	-	A	A	B
Market Cap	263.27 B	359.37 M	39.09 B	33.81 B	5.10 B	30.82 B
# of Analysts	9	3	22	2	1	8
Dividend Yield	0.86%	0.00%	1.4%	3.08%	0.00%	1.40%
Value Score	B	-	-	A	A	A
Cash/Price	0.21	0.22	0.04	0.99	3.99	0.53
EV/EBITDA	15.59	2.87	14.63	5.96	-5.44	5.19
PEG Ratio	1.69	0.67	2.22	0.91	NA	0.60
Price/Book (P/B)	8.12	1.22	3.33	1.10	2.14	1.95
Price/Cash Flow (P/CF)	23.82	10.71	15.32	6.81	11.16	10.54
P/E (F1)	24.83	12.31	19.84	11.57	13.37	9.31
Price/Sales (P/S)	3.74	2.39	3.13	1.66	0.04	1.37
Earnings Yield	4.03%	6.03%	5.03%	8.66%	7.48%	10.74%
Debt/Equity	1.78	0.07	0.56	1.31	1.56	0.91
Cash Flow (\$/share)	16.09	0.44	8.98	4.34	8.79	8.16
Growth Score	F	-	-	A	A	B
Hist. EPS Growth (3-5 yrs)	17.17%	1.31%	8.16%	7.22%	24.53%	10.22%
Proj. EPS Growth (F1/F0)	15.58%	23.50%	8.50%	27.23%	23.94%	39.45%
Curr. Cash Flow Growth	13.04%	-3.26%	6.86%	0.71%	20.24%	17.88%
Hist. Cash Flow Growth (3-5 yrs)	6.89%	11.70%	7.48%	-2.37%	27.88%	-0.49%
Current Ratio	1.61	1.29	1.18	1.81	1.72	1.24
Debt/Capital	64.06%	18.01%	38.01%	56.86%	60.94%	45.82%
Net Margin	14.97%	10.94%	12.78%	14.53%	0.23%	15.84%
Return on Equity	33.41%	9.10%	17.00%	10.30%	15.27%	22.96%
Sales/Assets	0.25	0.20	0.53	0.18	3.77	0.19
Proj. Sales Growth (F1/F0)	9.30%	0.00%	5.83%	3.40%	15.80%	2.70%
Momentum Score	D	-	-	B	D	F
Daily Price Chg	0.24%	0.02%	0.46%	-0.44%	0.51%	0.57%
1 Week Price Chg	-1.58%	-1.60%	1.61%	0.03%	-1.77%	0.55%
4 Week Price Chg	5.26%	-0.34%	2.13%	9.33%	7.78%	11.84%
12 Week Price Chg	16.60%	-7.48%	3.31%	14.45%	-3.05%	23.23%
52 Week Price Chg	26.25%	-8.81%	14.40%	39.33%	49.41%	29.18%
20 Day Average Volume	2,512,015	250,377	2,805,434	175,809	385,177	3,040,235
(F1) EPS Est 1 week change	0.04%	0.00%	0.00%	0.00%	0.00%	-0.23%
(F1) EPS Est 4 week change	-0.11%	0.00%	0.00%	4.48%	0.00%	-0.20%
(F1) EPS Est 12 week change	1.06%	2.67%	0.67%	3.64%	0.00%	10.39%
(Q1) EPS Est Mthly Chg	-0.39%	0.00%	0.00%	NA	10.16%	-0.94%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	B
Growth Score	F
Momentum Score	D
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

This report contains independent commentary to be used for informational purposes only. The analysts contributing to this report do not hold any shares of this stock. The analysts contributing to this report do not serve on the board of the company that issued this stock. The EPS and revenue forecasts are the Zacks Consensus estimates, unless otherwise indicated in the report's first-page footnote. Additionally, the analysts contributing to this report certify that the views expressed herein accurately reflect the analysts' personal views as to the subject securities and issuers. ZIR certifies that no part of the analysts' compensation was, is, or will be, directly or indirectly, related to the specific recommendation or views expressed by the analyst in the report.

Additional information on the securities mentioned in this report is available upon request. This report is based on data obtained from sources we believe to be reliable, but is not guaranteed as to accuracy and does not purport to be complete. Any opinions expressed herein are subject to change.

ZIR is not an investment advisor and the report should not be construed as advice designed to meet the particular investment needs of any investor. Prior to making any investment decision, you are advised to consult with your broker, investment advisor, or other appropriate tax or financial professional to determine the suitability of any investment. This report and others like it are published regularly and not in response to episodic market activity or events affecting the securities industry.

This report is not to be construed as an offer or the solicitation of an offer to buy or sell the securities herein mentioned. ZIR or its officers, employees or customers may have a position long or short in the securities mentioned and buy or sell the securities from time to time. ZIR is not a broker-dealer. ZIR may enter into arms-length agreements with broker-dealers to provide this research to their clients. Zacks and its staff are not involved in investment banking activities for the stock issuer covered in this report.

ZIR uses the following rating system for the securities it covers. **Outperform-** ZIR expects that the subject company will outperform the broader U.S. equities markets over the next six to twelve months. **Neutral-** ZIR expects that the company will perform in line with the broader U.S. equities markets over the next six to twelve months. **Underperform-** ZIR expects the company will underperform the broader U.S. equities markets over the next six to twelve months.

No part of this report can be reprinted, republished or transmitted electronically without the prior written authorization of ZIR.