

GOLDMAN SACHS NYSE-GS

RECENT PRICE **223.26** P/E RATIO **9.3** (Trailing: 10.4 Median: 10.0) RELATIVE P/E RATIO **0.51** DIV'D YLD **1.4%** **VALUE LINE**

TIMELINESS **2** Raised 4/27/18
SAFETY **1** Raised 10/13/17
TECHNICAL **2** Lowered 7/13/18
BETA 1.20 (1.00 = Market)

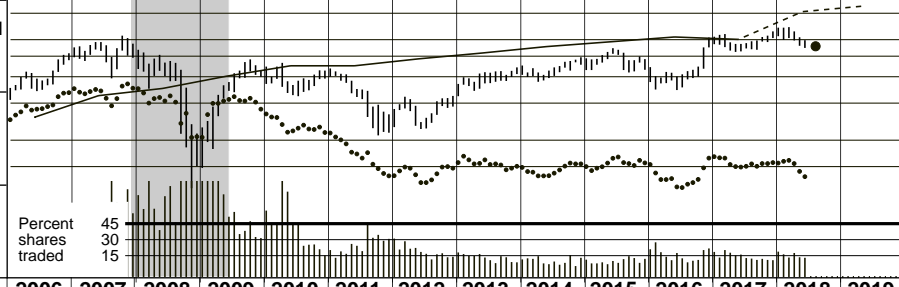
High: 250.7 215.0 193.6 186.4 175.3 129.7 177.4 198.1 218.8
Low: 157.4 47.4 59.1 129.5 84.3 90.4 129.6 151.6 167.5

LEGENDS
--- 1.3 x Book value p sh
... Relative Price Strength
Options: Yes
Shaded area indicates recession

2021-23 PROJECTIONS
Price Gain Ann'l Total
High 375 (+70%) 15%
Low 305 (+35%) 10%

Insider Decisions
S O N D J F M A M
to Buy 0 0 0 0 0 0 0 0 0
Options 0 2 4 10 8 0 0 0 1
to Sell 0 3 6 0 1 2 0 0 1

Institutional Decisions
3Q2017 4Q2017 1Q2018
to Buy 447 504 645
to Sell 575 449 531
Hlds(000) 301722 278034 275539



Target Price Range
2021 2022 2023
640
480
400
320
240
200
160
120
80
60

% TOT. RETURN 6/18
THIS STOCK VL ARITH. INDEX
1 yr. 0.7 13.9
3 yr. 10.1 32.8
5 yr. 55.9 71.5

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	© VALUE LINE PUB. LLC	21-23
48.32	49.94	61.87	99.52	168.06	222.19	121.07	100.31	90.57	75.79	89.57	91.57	93.16	93.47	94.66	111.23	128.00	130.65	Revenues per sh ^A	152.00
21.6%	8.1%	8.9%	7.1%	6.5%	5.3%	8.7%	7.9%	7.7%	10.2%	7.5%	7.9%	8.2%	8.4%	8.5%	7.2%	8.0%	8.0%	Commissions	8.0%
17.7%	36.2%	40.1%	35.6%	34.6%	33.7%	15.1%	55.8%	44.8%	7.6%	14.0%	17.1%	16.4%	12.7%	8.4%	12.4%	10.5%	10.5%	Principal Trans	10.5%
11.2%	10.1%	11.0%	8.2%	8.0%	8.5%	9.6%	9.2%	10.4%	11.8%	11.8%	14.6%	16.1%	17.9%	16.6%	17.4%	16.5%	16.5%	Invest Banking	16.5%
49.3%	45.5%	39.9%	48.9%	50.7%	52.2%	66.5%	26.9%	26.7%	57.5%	27.3%	22.9%	20.8%	24.2%	26.3%	18.1%	25.0%	25.0%	Interest Income	25.0%
2%	1%	2%	2%	2%	3%	1%	2%	10.4%	12.9%	39.4%	37.5%	38.5%	36.8%	40.2%	44.9%	40.0%	40.0%	Other	40.0%
4.03	5.87	8.92	11.21	19.69	24.73	4.47	22.13	14.90	4.51	14.13	15.46	17.07	18.32	16.36	19.76	24.00	26.00	Earnings per sh ^{AB}	30.80
48	.74	1.00	1.00	1.40	1.40	1.52	1.05	1.40	1.40	1.77	2.05	2.25	2.55	2.60	2.90	3.15	3.40	Div'ds Decl'd per sh ^C	3.60
40.18	45.73	52.00	60.21	79.21	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	NMF	218.12	216.49	250.65	266.65	Book Value per sh	346.65
472.94	473.02	482.30	436.01	412.67	395.91	442.54	515.11	507.53	485.47	465.15	446.36	430.26	419.48	398.38	379.89	375.00	375.00	Common Shs Outst'g ^D	375.00
19.7	13.7	10.8	9.9	7.9	8.5	36.9	6.3	10.4	29.1	7.9	10.2	10.2	10.5	10.3	11.8	11.8	11.8	Avg Ann'l P/E Ratio	11.0
1.08	.78	.57	.53	.43	.45	2.22	.42	.66	1.83	.50	.57	.54	.53	.54	.59	.54	.59	Relative P/E Ratio	.60
.6%	.9%	1.0%	.9%	.9%	.7%	.9%	.7%	.9%	1.1%	1.6%	1.3%	1.3%	1.3%	1.5%	1.2%	1.5%	1.2%	Avg Ann'l Div'd Yield	1.1%

CAPITAL STRUCTURE as of 3/31/18
ST Borrowings \$47.8 bill.
LT Debt \$225.9 bill.
(Total int. cov.: 2.1x)

Leases, Uncapitalized Annual rentals \$299 mill.
No Defined Pension Benefit Plan

Pfd Stock \$1185.3 mill. Pfd Div'd \$601.0 mill.
Common Stock 377,718,087 shs.
as of 4/20/18

MARKET CAP: \$84.3 billion (Large Cap)

53579	51673	45967	36793	41664	40874	40085	39208	37712	42254	48000	49000	Total Revenues (\$mill) ^A	57000
2322.0	13385	9363.0	4442.0	7475.0	8040.0	8477.0	8933.0	7398.0	8686.0	9000	9750	Net Profit (\$mill)	11550
6%	32.5%	27.4%	28.0%	33.3%	31.5%	31.4%	25.4%	28.2%	22.0%	20.0%	20.0%	Income Tax Rate	20.0%
4.3%	25.9%	20.4%	12.1%	17.9%	19.7%	21.1%	22.8%	19.6%	20.6%	18.8%	19.9%	Net Profit Margin	20.3%
168220	185085	174399	173545	167305	160965	167571	175422	189086	217687	200000	180000	Long-Term Debt	160000
64369	70714	77356	70379	75176	78467	82797	86728	86893	82243	94000	100000	Shr. Equity (\$mill)	130000
7.7%	6.4%	4.8%	2.9%	3.9%	4.8%	4.5%	4.4%	4.0%	4.6%	3.0%	3.5%	Return on Total Cap'l	4.0%
3.6%	18.9%	12.1%	6.3%	9.9%	10.2%	10.2%	10.3%	8.5%	10.6%	9.5%	10.0%	Return on Shr. Equity	9.0%
3.1%	17.5%	11.3%	2.5%	9.2%	9.5%	9.5%	9.6%	7.5%	9.8%	8.5%	8.5%	Retained to Com Eq	8.0%
37%	16%	15%	62%	15%	16%	17%	19%	23%	20%	13%	13%	All Div'ds to Net Prof	12%

BALANCE SHEET

	2016	2017	3/31/18
(SMILL.)			
Cash Assets	121711	110051	120503
Securities Owned	295952	311670	309028
Other	442502	495055	544004
Total Assets	860165	916776	973535
ST Financings	39265	46922	47760
LT Borrowings	189086	217687	225899
Other	544921	569924	616297
Total Liab.	773272	834533	889956

ANNUAL RATES

Past 10 Yrs.	Past 5 Yrs.	Est'd '15-'17	'21-'23
6.0%	8.0%	7.5%	
11.5%	10.0%	9.0%	
18.5%	7.5%	5.0%	
18.0%	18.5%	11.0%	

QUARTERLY REVENUES (\$mill.)^A

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2015	11793	10556	8138	8721	39208
2016	7803	9708	9943	10258	37712
2017	10256	10319	11007	10672	42254
2018	13348	11000	11500	12152	48000
2019	13000	11500	11500	13000	49000

EARNINGS PER SHARE^{AB}

Calendar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2015	5.94	4.75	2.90	4.68	18.32
2016	2.68	3.72	4.88	5.08	16.36
2017	5.15	3.95	5.02	5.64	19.76
2018	6.95	5.00	6.00	6.05	24.00
2019	6.50	5.50	6.50	7.50	26.00

QUARTERLY DIVIDENDS PAID^C

Calendar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2014	.55	.55	.55	.60	2.25
2015	.60	.65	.65	.65	2.55
2016	.65	.65	.65	.65	2.60
2017	.65	.75	.75	.75	2.90
2018	.75	.80			

BUSINESS: The Goldman Sachs Group, Inc. is a global investment banking and securities firm. Operates in four business segments: Investment Banking (23% of '17 revenues), Institutional Client Services (37%), Investing & Lending (21%), and Investment Management (19%). 40% of '17 revenues came from outside the Americas. Has over \$1 trillion in assets under management. Acq. Ayco, 7/03.

Shares of Goldman Sachs have declined in value since our April report. The stock's price drop was likely driven partly by the investment bank's announcement that it expects to put share repurchases on hold for the time being, in order to support future investments. In particular, the company plans to spend a significant amount of capital on technology needed to excel in the consumer banking business. Indeed, it recently acquired the personal finance application Clarity Money, which should strengthen its online lending service.

Goldman's business performance has been strong. The company reported better-than-expected results in the first quarter. Share net of \$6.95 came in significantly ahead of our estimate of \$4.50. Too, revenues of \$13.348 billion outpaced our \$10.500 billion call. Revenue growth was widespread, with Goldman seeing annual growth in all of its business segments. The Institutional Client Services division was the biggest gainer in absolute terms, driven by a spike in derivatives and cash products revenues, as well as higher equity market volumes. Meanwhile, the

Investing & Lending segment achieved the biggest increase in percentage terms, rising 43% due to higher net interest income and net gains from private equities. **We have raised our revenues and share net estimates for 2018 and 2019.** Whereas we previously foresaw 2018 revenues of \$45 billion, we now predict they will come in at \$48 billion, and for 2019 we have raised our outlook to \$49 billion, from \$47 billion previously. Meanwhile, we have raised our earnings-per-share estimate for 2018 from \$22.00 to \$24.00, and for 2019 from \$24.00 to \$26.00. **Policy factors remain in the spotlight.** The recently passed Tax Cuts and Jobs Act reduced the top corporate income tax rate from 35% to 21%, which will likely boost Goldman's net profit margin significantly. Meanwhile, an increasingly lax view on financial regulation and steadily rising interest rates augur well for the company's results. **These timely shares hold long-term appeal.** The stock stands out for relative appreciation potential over the next year, as well as out to the 2021-2023 stretch.

Adam J. Platt July 13, 2018

(A) Fiscal year ends on last Friday in Dec. Prior to fiscal 2009, year ended on last Friday in Nov. Data for stub period (Nov. 28, 2008 - Dec. 27, 2008) incl.: Revenues, \$1,185 million; earn-

ings, (\$2.15). (B) Dil. egs. Excl. n/r gains/(losses): '10, (\$1.72), '17, (\$10.75). Earnings may not sum due to changes in the number of shares out. (C) Div'd historically paid in late Feb., May, Aug., and Nov. (D) In millions.

Company's Financial Strength	A++
Stock's Price Stability	80
Price Growth Persistence	30
Earnings Predictability	50