

Financial Analysis of Goldman Sachs

Presented By

- Sabiha Begum Mohammed





Agenda

- Introduction
- History
- Growth & Performance
- Outstanding Revenue
- Competitors & Market Share
- Closing Price Trend (2022–2025)
- Financial Ratios
- CAPM & WACC
- Monte Carlo Simulation
- FB Prophet Forecast
- Future Prediction Trends
- Recommendation
- Conclusion
- References

Firm Introduction

Core Business

- Goldman Sachs is a leading global financial institution.
- It provides services in investment banking, securities trading, asset management, and consumer banking.
- Known for serving corporations, governments, and high-net-worth individuals.

Market Position

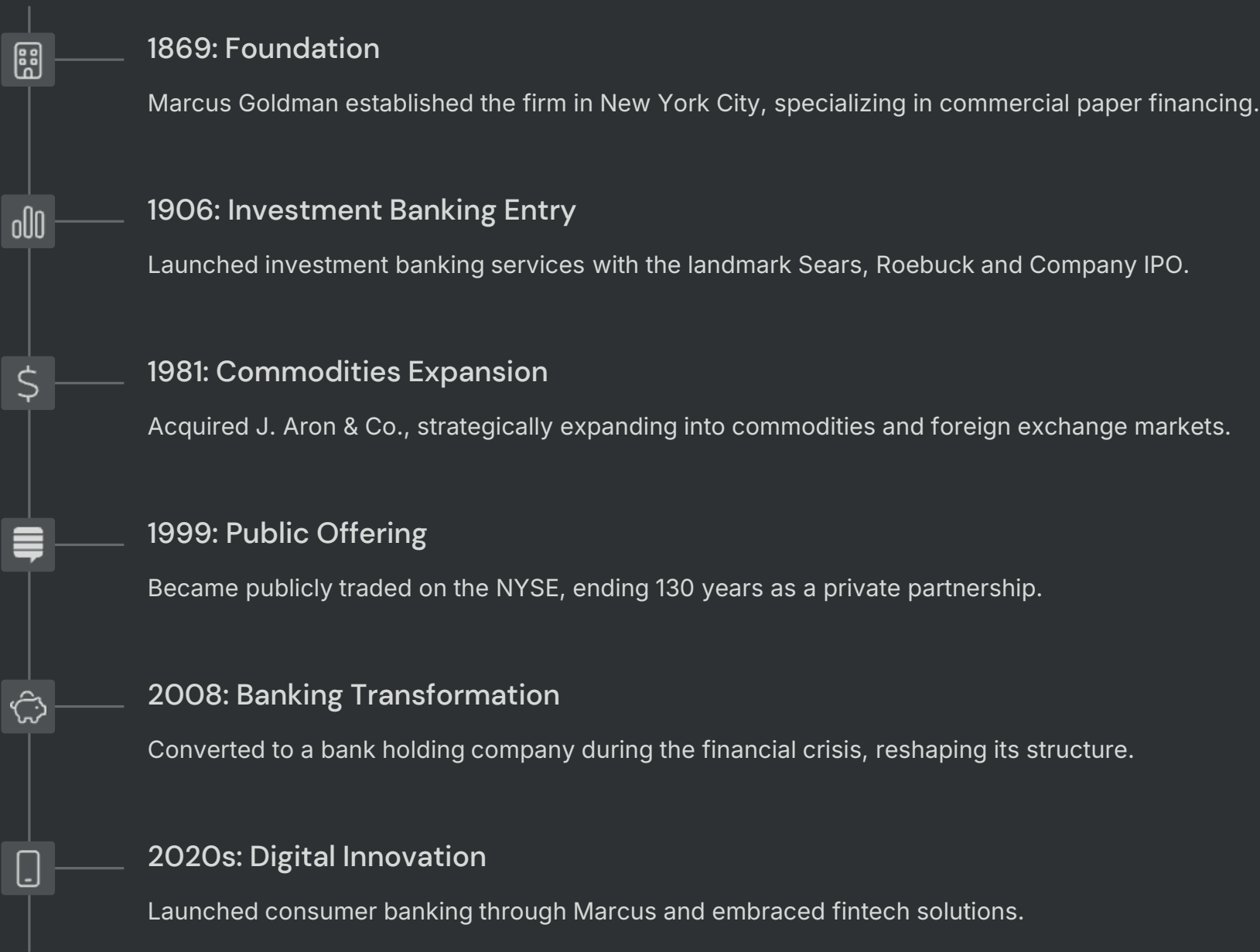
- Recognized globally for its dominance in M&A advisory, IPO underwriting, and financial innovation.
- Recently expanded into consumer banking (e.g., Marcus by Goldman Sachs) and digital platforms.
- Maintains a strong presence in the Fortune 500 and S&P 100.

Analysis Focus

- This financial analysis investigates the performance, volatility, and investment potential of GS stock.
- Combines technical tools like SMA, EMA, and Prophet with valuation models like CAPM and WACC.
- Helps determine if Goldman Sachs is a buy, sell, or hold for investors.

Historical Development

Goldman Sachs transformed from a small commercial paper business to a global financial powerhouse.



Growth & Performance

Strategic Expansion

Goldman Sachs has diversified across multiple lucrative business segments.

- Investment Banking: M&A advisory and capital issuance
- Global Markets: Multi-asset trading operations
- Asset Management: Diverse investment products
- Consumer Banking: Marcus platform and Apple Card

Financial Milestones

The firm demonstrates robust financial health in FY2024.

- Revenue: \$53.51 billion
- Net Earnings: \$14.28 billion
- Operating Margin: ~34.38%
- Gross Profit Margin: ~97.5%

Innovation Focus

Continuous adaptation ensures future competitiveness.

- Technology-driven platforms
- Sustainable finance initiatives
- ESG integration across services
- Resilience in volatile markets

Outstanding Revenue Performance

Goldman Sachs has demonstrated exceptional revenue generation across diverse business segments.

\$53.51B

Total Revenue

Net revenue achieved in 2024

\$27B

Global Markets

Trading revenue driving core performance

\$10.6B

Asset Management

Wealth and asset management contributions

\$7.4B

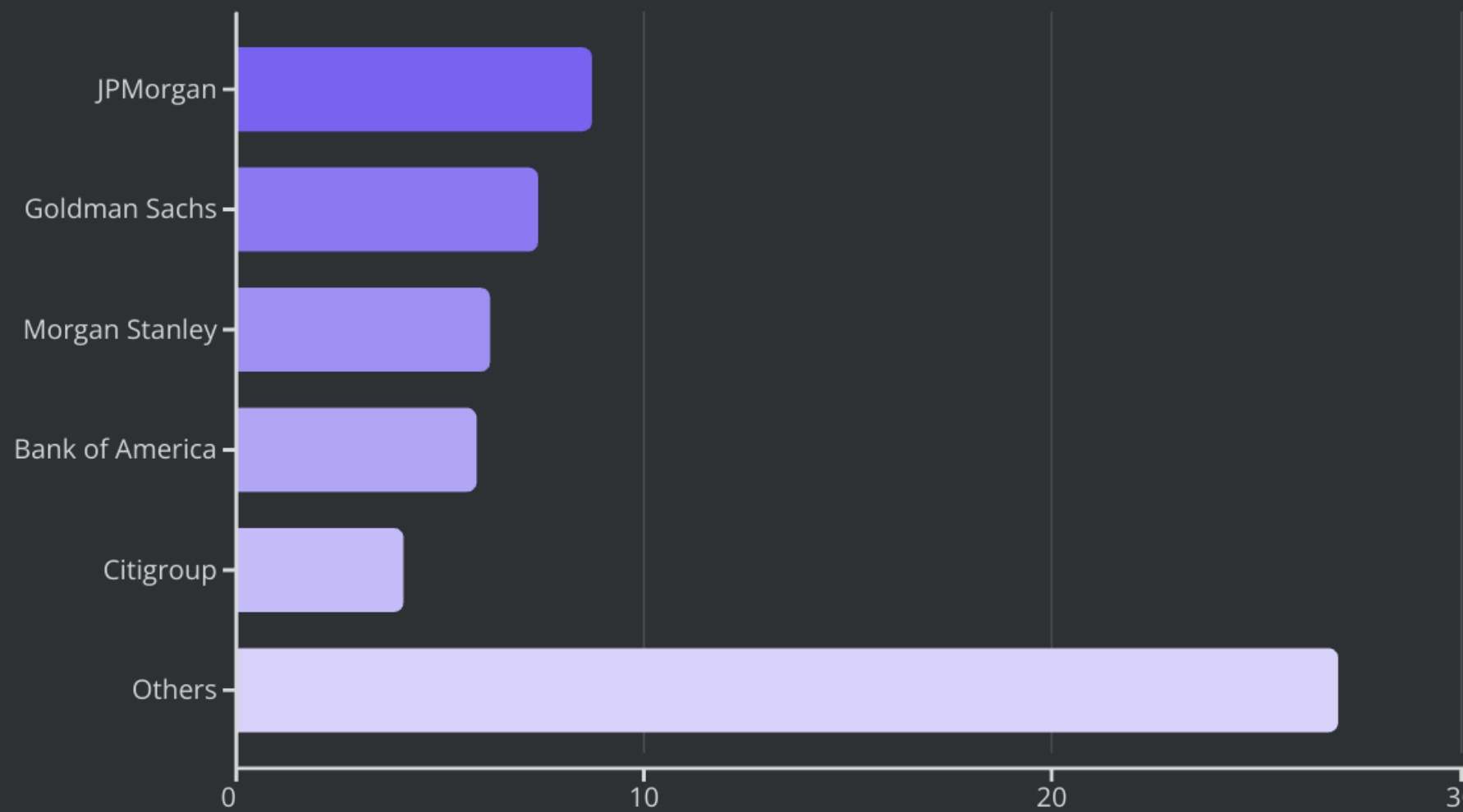
Investment Banking

Traditional advisory and underwriting services

Long-term institutional relationships provide stability across market cycles, supporting consistent revenue growth.

Competitors & Market Share

Goldman Sachs maintains strong positioning against top global competitors. The firm excels in M&A advisory and institutional services.



Advisory Dominance
Consistently ranks in top 3 globally for M&A and equity underwriting services.

Institutional Strength
Leader in institutional trading and private wealth management segments.

Closing Price Trend (2022–2025)

Goldman Sachs stock demonstrates strong bullish momentum after initial volatility.



Early Volatility

2022-2023 showed sideways movement between \$280-\$360 range.



Strong Breakout

Mid-2023 initiated powerful uptrend, nearly doubling value by 2025.



Recent Dip

Early 2025 saw a sharp pullback, possibly due to profit booking or external macroeconomic triggers.



Financial Ratios

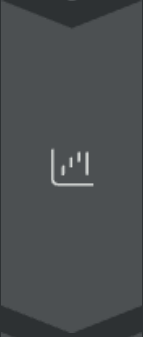
Goldman Sachs demonstrates strong financial health across key metrics in 2024.



Liquidity Position

- Current Ratio: ~1.05
- Quick Ratio: ~1.05
- Cash Ratio: ~0.53

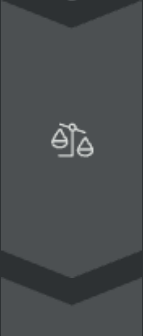
Maintains adequate liquidity to cover short-term obligations.



Profitability Strengths

- Gross Profit Margin: 97.48%
- Operating Profit Margin: 34.38%
- Return on Sales: 35.27%

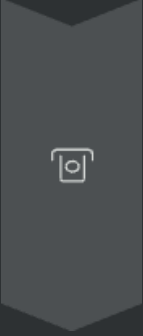
Exceptional profit generation despite competitive pressures.



Solvency Structure

- Debt-to-Equity Ratio: 2.81
- Solvency Ratio: 2.03%

Higher leverage typical of financial institutions.



Shareholder Returns

- Dividend per Share: \$12.00
- Dividend Yield: ~2.5%
- Return on Equity: 8.02%

Competitive stockholder value creation.

CAPM & WACC Analysis

Capital Asset Pricing Model

CAPM estimates expected equity returns based on market risk factors.

- Risk-Free Rate: 4.05%
- Market Return: 10.02%
- Beta: 1.1939
- Cost of Equity: 11.18%

Weighted Average Cost of Capital

WACC represents the minimum return required to satisfy all investors.

- Cost of Debt: 9.18% (pre-tax)
- Tax Rate: 22.40%
- Equity/Value: 99.80%
- Debt/Value: 0.20%
- WACC: 16.00%

Investment Implications

Goldman Sachs must generate returns above 16% to create shareholder value.

The high equity financing (99.80%) means WACC closely aligns with equity costs.

This benchmark guides strategic investment decisions across all business units.

Monte Carlo Simulation – 30 Day Forecast

This simulation models 100 possible price paths for Goldman Sachs over the next 30 days based on historical volatility.



Price Clustering

Most projected paths cluster between \$520-\$590, suggesting likely short-term stability.



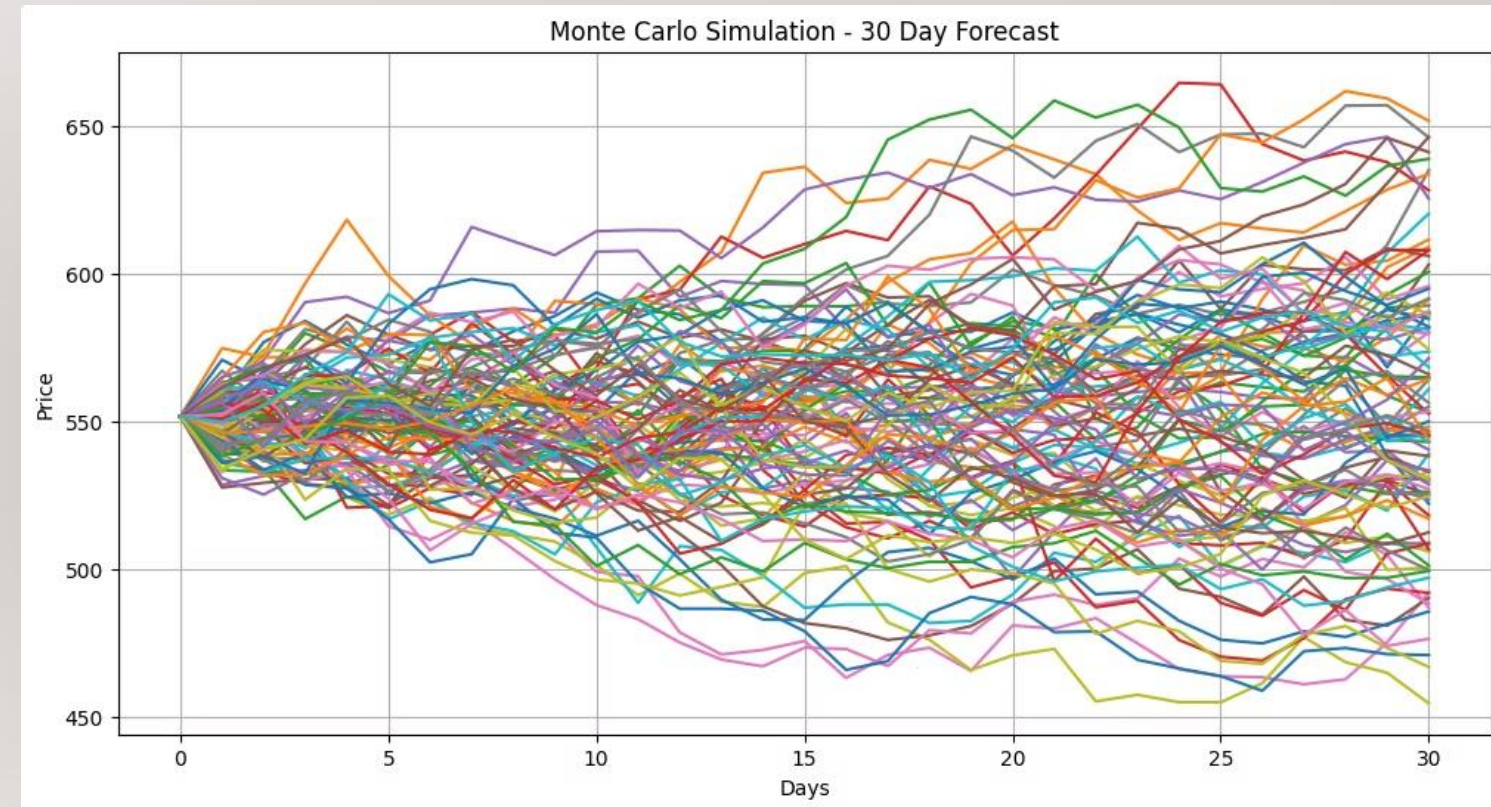
Volatility Extremes

Some simulations show potential spikes above \$650 or dips below \$480.



Risk Profile

Results indicate moderate risk with bias toward sideways or upward movement.



FB Prophet – 30-Day Stock Forecast

1 Uptrend Trajectory

The model reveals a clear upward trend, signaling strong investor confidence in Goldman Sachs.

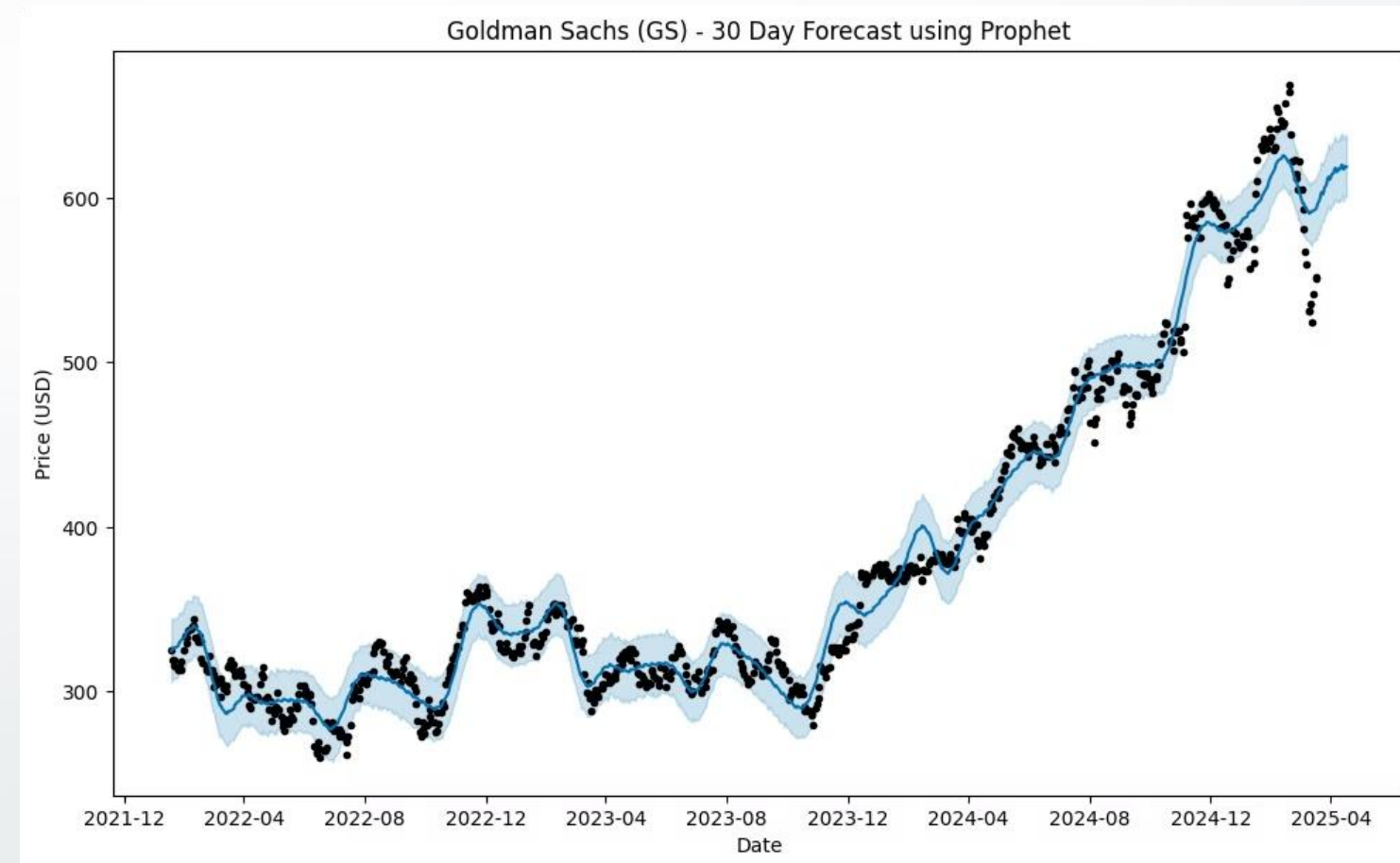
2 Stable Price Range

Forecasted values cluster between \$590-\$650, suggesting steady growth potential.

3 High Reliability

Narrow confidence intervals indicate higher forecast reliability compared to other models.

This bullish outlook aligns with our technical signals. The forecast supports strategic decisions for long-term investors considering entry or holding positions.



FB Prophet – Seasonal Trend Breakdown



Primary Trend

Flat trajectory through 2022-2023 transforms into strong upward momentum starting Q1 2024, continuing into projected 2025 forecasts.



Weekly Cycles

Weekend performance consistently outperforms weekdays. Monday-Tuesday show weaker returns compared to weekend strength.



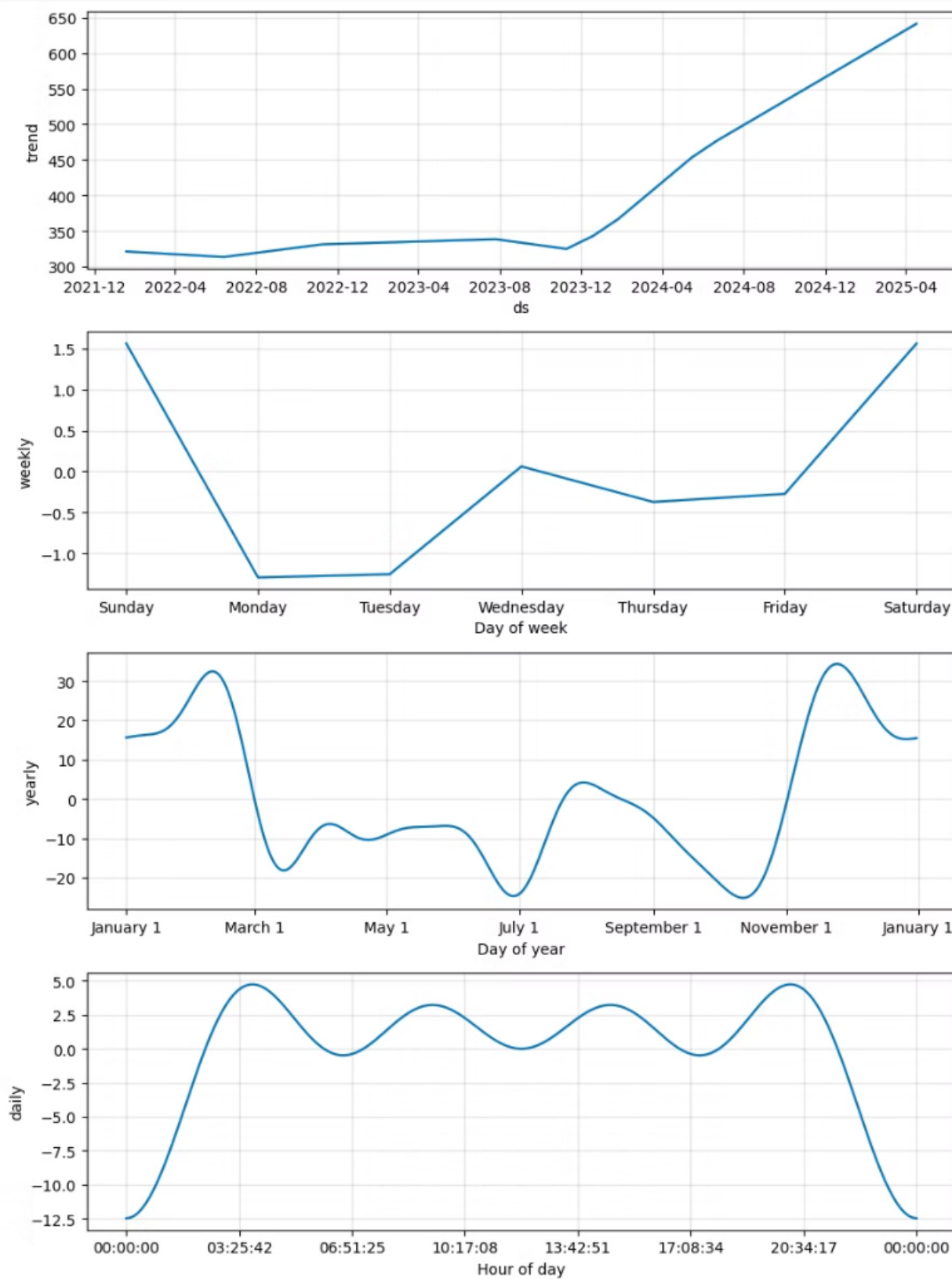
Annual Patterns

March, July & November show consistent price spikes, aligning with quarterly earnings reports and key macroeconomic announcements.



Trading Implications

These patterns provide strategic entry points for investors. Seasonal analysis improves timing decisions and helps anticipate volatility.



Recommendation – Buy / Long-Term Hold

Based on our comprehensive analysis, Goldman Sachs (GS) warrants a **Buy / Long-Term Hold** rating with a bullish outlook and moderate risk profile.



Fundamental Strength

High profit margins, reasonable P/E ratio (~12), and industry leadership position GS for continued success.



Growth Trajectory

Strategic investments and 5.5% sustainable growth rate signal strong future earnings potential despite moderate ROE.



Shareholder Value

31.5% dividend payout plus buyback programs ensure steady returns for investors.



Technical Confirmation

Bullish signals from SMA/EMA crossovers align with positive Monte Carlo and FB Prophet forecasts.

Accumulate GS stock at current price levels. It's a high-quality firm, **fairly valued**, and **positioned to benefit** from growth in financial markets.

Conclusion: GS Investment Thesis

Our comprehensive analysis reveals Goldman Sachs as a fundamentally strong investment with multiple supporting factors.

1

Financial Health

- Exceptional margins (Gross ~97%, Net ~35%)
- Consistent profitability trajectory
- Strong liquidity position



Valuation & Efficiency

- Conservative market pricing offers safety margin
- WACC ~16.00% with efficient equity financing
- Industry-appropriate leverage ratios



Growth Catalysts

- Strategic investments driving future performance
- Digital banking expansion opportunities
- Consumer finance market penetration



Market Leadership

- Premier advisory reputation
- Global asset management powerhouse
- Technical indicators confirm investor confidence

Goldman Sachs is a strong long-term investment candidate – blending financial stability, future growth, and market leadership

Key References

Our analysis leverages authoritative financial data sources to ensure investment recommendation accuracy.

- Goldman Sachs FY2024 Annual Report [<https://www.goldmansachs.com/investor-relations/financials/current/annual-reports/2024-annual-report>]
- Yahoo Finance – GS Key Statistics [<https://finance.yahoo.com/quote/GS/key-statistics/>]
- MacroTrends – GS Financial Statements [<https://www.macrotrends.net/stocks/charts/GS/goldman-sachs/financial-statements>]
- GuruFocus – GS Summary [<https://www.gurufocus.com/stock/GS/summary>]
- ValueInvesting.io – GS WACC Estimate [<https://valueinvesting.io/GS/valuation/wacc>]