



The Goldman Sachs Group, Inc. (GS)

Updated April 15th, 2025, by Josh Arnold

Key Metrics

Current Price:	\$504	5 Year CAGR Estimate:	13.7%	Market Cap:	\$164 B
Fair Value Price:	\$563	5 Year Growth Estimate:	9.0%	Ex-Dividend Date:	05/30/2025
% Fair Value:	90%	5 Year Valuation Multiple Estimate:	2.2%	Dividend Payment Date:	06/27/2025
Dividend Yield:	2.4%	5 Year Price Target	\$865	Years Of Dividend Growth:	12
Dividend Risk Score:	A	Sector:	Financials	Rating:	Buy

Overview & Current Events

Goldman Sachs was founded in 1869 and in the 150+ years since, it has grown into one of the world's leading financial companies, particularly in investment banking. It competes in a wide variety of service activities to a diverse and broad base of global customers. The company trades with a \$164 billion market capitalization and should produce about \$55 billion in revenue this year.

Goldman posted first quarter earnings on April 14th, 2025, and results were much better than expected on both the top and bottom lines. Earnings-per-share came to \$14.12, which was almost \$2 ahead of expectations. Revenue was up 6% year-over-year to \$15.06 billion, beating estimates by an impressive \$350 million. Gains came from fixed income, currency, and commodities (FICC), as well as another strong quarter of equity revenue.

Earnings were up from \$11.95 in Q4, and \$11.58 in the year-ago period, seeing strong increases from both periods.

Net interest income was \$2.9 billion, missing estimates by \$400 million, but much higher than \$2.35 billion in Q4, and \$1.37 billion a year ago. Still, it's a small percentage of the bank's total revenue given its lack of reliance upon traditional lending.

Operating expenses were \$9.13 billion, up from \$8.26 billion in Q4 and \$8.66 billion a year ago. Provisions for credit losses came to \$287 million, which was much better than the \$412 million expected. It was also down from \$351 million in Q4 and \$318 million a year ago.

Loans ended the quarter at \$210 billion, up from \$196 billion in Q4. Deposits were \$471 billion, up from \$433 billion in Q4. We see \$45 in earnings-per-share for this year, down slightly from our prior estimate of \$46, but note significant potential volatility in bank earnings given the current macro environment.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$18.32	\$16.36	\$19.76	\$25.27	\$21.03	\$24.74	\$59.45	\$30.06	\$22.87	\$40.54	\$45.00	\$69.24
DPS	\$2.55	\$2.60	\$2.90	\$3.15	\$4.15	\$5.00	\$6.50	\$9.00	\$10.50	\$11.50	\$12.00	\$23.10
Shares¹	419	398	390	384	367	360	346	355	354	322	315	295

Earnings-per-share has been quite volatile in the past decade as the company's business lines tend to generate fees and earnings on a highly irregular and unpredictable basis. We now see earnings marking the highest level since 2021 for this year, and meaningfully ahead of pre-COVID levels. We still see 2021's bumper earnings as a very long term top. We estimate 9% annual growth ahead, but note that growth is likely to be non-linear.

In the same way that earnings were artificially depressed in 2020 due to the massive loan loss reserves the company took against future losses, 2021's earnings were artificially inflated in reversing the reserves. That level of earnings is unsustainable, and we see 2025 earnings as a sustainable base from which Goldman can grow.

The company stands to gain from its world-class equities business, which performs well in just about any market condition. Goldman has bought back stock at times, and we expect that to continue on irregular frequencies, which

¹ Share count in millions

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should help drive earnings-per-share growth irrespective of market conditions. We note that buybacks have slowed of late, but we expect this to still be a small long-term tailwind.

The dividend has never really been a priority for Goldman but that has changed with the updated payout. The new payout ratio leaves a long runway for future growth. The dividend doubled between 2020 and 2022, so we believe Goldman is now a serious income stock, and pays a dividend yield similar to that of other large banks.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	10.5	10.3	6.3	9.2	9.7	8.3	6.1	11.4	16.9	14.1	11.2	12.5
Avg. Yld.	1.3%	1.5%	0.7%	1.4%	2.0%	2.4%	1.8%	2.6%	2.7%	2.0%	2.4%	2.7%

Goldman's average price-to-earnings multiple is about 11, and we assess fair value at 12.5. Shares are trading for 11.2 times earnings, so we now see it as attractively priced. We forecast the yield to potentially rise slightly based on current estimates for earnings growth, dividend growth, and valuation movement.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	19%	23%	20%	12%	20%	19%	11%	30%	46%	28%	27%	33%

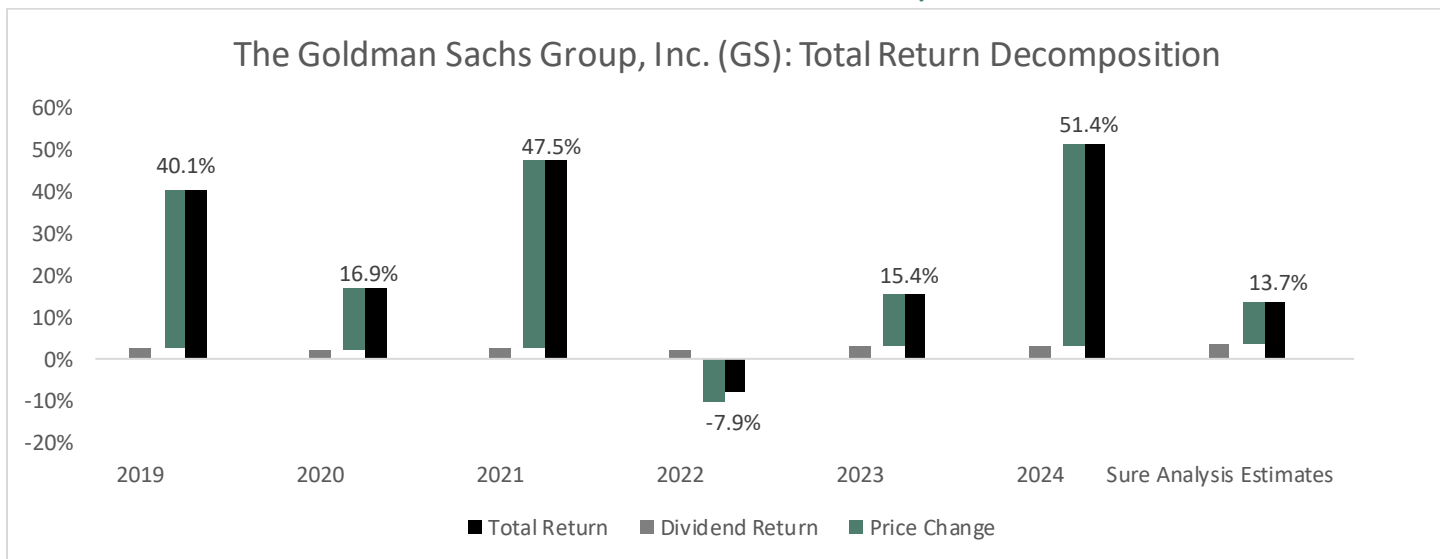
Goldman's payout ratio is a quarter of earnings, meaning the dividend is safe, even after the big increases announced in recent years. We don't see this changing anytime soon, and we believe Goldman would likely be able to continue paying and raising its dividend in all but the harshest recessionary environments.

Goldman's competitive advantage is in its world-class leadership and reputation. The bank enjoys very lucrative relationships in the debt and equity markets, in addition to its best-in-class trading desks. Recessions are generally unkind to Goldman Sachs, but the company came through 2020 in a very strong position.

Final Thoughts & Recommendation

We see Goldman's earnings growth from 2025 as sustainable, even from the high base. The valuation is likely to rise from where it is today, and given these factors, we forecast strong 13.7% total annual returns. Total returns should accrue from the 2.4% yield, 9% growth, and a 2.2% tailwind from the valuation. Given this, we're boosting our rating from hold to buy after Q1 earnings.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	31,244	27,967	29,854	36,616	36,546	44,560	59,339	47,365	46,254	53,512
SG&A Exp.	13,235	11,905	12,241	13,068	13,092	13,710	18,272	15,960	16,128	17,352
D&A Exp.	991	998	1,152	1,328	1,704	1,902	2,015	2,455	4,856	---
Net Profit	6,083	7,398	4,286	10,459	8,466	9,459	21,635	11,261	8,516	14,276
Net Margin	19.5%	26.5%	14.4%	28.6%	23.2%	21.2%	36.5%	23.8%	18.4%	26.7%
Free Cash Flow	7,648	3,629	-23,673	8,582	15,425	-20,037	-3,746	4,960	-14,903	---
Income Tax	2,695	2,906	6,846	2,022	2,117	3,020	5,409	2,225	2,223	4,121

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets (\$B)	861.40	860.17	916.78	931.8	993.0	1163	1464	1442	1642	1671
Cash & Eq. (\$B)	93.44	121.71	110.05	130.5	133.5	155.8	261.0	242.0	242.0	182.0
Acc. Rec. (\$B)	46.43	47.78	84.79	72.46	74.61	121.33	160.7	135.4	132.0	134.0
Goodwill & Int.	4148	4095	4038	4082	4837	4962	4703	8383	7093	---
Total Liab. (\$B)	774.67	773.27	834.53	841.61	902.70	1067.1	1354.1	1325.0	1525.0	1549.0
Acc. Payable (\$B)	210.36	188.46	178.17	180.24	174.82	190.66	251.93	262.0	231.0	223.0
LT Debt (\$B)	243.46	250.46	289.42	286.08	274.64	292.11	319.59	322.0	318.0	313.0
Total Equity	75528	75690	70390	78982	79062	84729	99223	106486	117000	122000
LTD/E Ratio	2.81	2.88	3.52	3.17	3.04	3.04	2.91	2.75	2.72	2.57

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	0.7%	0.9%	0.5%	1.1%	0.9%	0.9%	1.6%	0.8%	0.6%	0.9%
Return on Equity	8.2%	9.8%	5.9%	14.0%	10.7%	11.6%	23.5%	10.9%	7.6%	12.0%
ROIC	1.9%	2.2%	1.2%	2.8%	2.3%	2.5%	5.3%	2.6%	1.9%	3.2%
Shares Out.	419	398	390	384	367	360	356	358	346	334
Revenue/Share	68.13	64.47	72.19	85.64	88.67	123.67	166.78	132.27	133.76	160.41
FCF/Share	16.68	8.34	-57.87	21.99	41.08	-55.61	-10.53	13.85	-43.10	---

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

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