

## COMPANY UPDATE

# China Shanshui Cement Group (0691.HK)

Sell

Equity Research

## Pre-announces 60%+ earnings drop, 2015 still difficult; Sell

### What's changed

Shanshui pre-announced a more than 60% yoy drop in FY14 net income, at least 28%/36% lower than GS/Bloomberg consensus estimate. This marks a third year of significant earnings drop, to a level even lower than in the 2008 global financial crisis, despite its capacity more than doubling. The company is expected to report full results in the next two weeks.

The company attributes such result to a substantial decline in Northeast China and the Shanxi market due to weak cement prices, although the Shandong area continued to achieve stable profit.

### Implications

While we expect a difficult 1H15 for the cement industry due to a slowdown in property and infrastructure construction, it could be particularly challenging for Northeast China and the Shanxi market (where c.40% of Shanshui's capacity is located), as evidenced by their lowest 2015 GDP targets among all provinces, estimated by the local governments.

Shanshui's share price is up by 47% since Feb 1, 2015, vs. +4.7%/-0.2% for China cement peers on average and MSCI China. We believe such rally cannot be justified by the weak cement price outlook, and see downside risk to consensus' 2015 earnings estimates (currently implying 15% yoy growth).

### Valuation

Shanshui is currently trading at 1.2x FY15 PBR, in line with its historical average of 1.2x (since listing in 2008). Given its FY15E ROE of 5% is significantly lower than the previous decade (14% in 2009), we believe the valuation is not cheap. Maintain Sell with 12-month PB/ROE target price of HK\$2.8.

### Key risks

Higher-than-expected cement prices/volume, lower-than-expected costs and interest expense.

### INVESTMENT LIST MEMBERSHIP

Asia Pacific Sell List

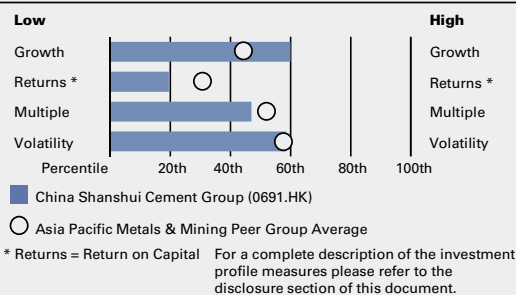
### Coverage View: Neutral

**Julian Zhu**  
+852-2978-7367 julian.zhu@gs.com Goldman Sachs (Asia) L.L.C.

**Yan Yan**  
+852-2978-7143 yan.yan@gs.com Goldman Sachs (Asia) L.L.C.

**Christina He**  
+852-2978-0223 christina.he@gs.com Goldman Sachs (Asia) L.L.C.

### Investment Profile

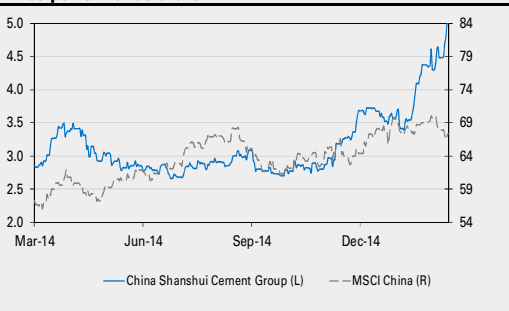


### Key data

	Current
Price (HK\$)	5.00
12 month price target (HK\$)	2.80
Market cap (HK\$ mn / US\$ mn)	16,895.7 / 2,174.8
Foreign ownership (%)	--

	12/13	12/14E	12/15E	12/16E
EPS (HK\$)	0.46	0.21	0.21	0.34
EPS growth (%)	(33.4)	(53.3)	1.1	58.9
EPS (diluted) (Rmb)	0.36	0.17	0.17	0.27
EPS (basic pre-ex) (Rmb)	0.36	0.17	0.17	0.27
P/E (X)	8.7	23.8	23.5	14.8
P/B (X)	1.0	1.3	1.2	1.1
EV/EBITDA (X)	7.1	9.2	9.1	7.1
Dividend yield (%)	2.3	1.0	1.1	1.7
ROE (%)	11.4	5.7	5.2	7.8
CROCI (%)	10.3	8.5	8.9	10.9

### Price performance chart



Share price performance (%)	3 month	6 month	12 month
Absolute	52.9	67.8	75.4
Rel. to MSCI China	45.0	64.9	49.1

Source: Company data, Goldman Sachs Research estimates, FactSet. Price as of 3/13/2015 close.

Goldman Sachs does and seeks to do business with companies covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. For Reg AC certification and other important disclosures, see the Disclosure Appendix, or go to [www.gs.com/research/hedge.html](http://www.gs.com/research/hedge.html). Analysts employed by non-US affiliates are not registered/qualified as research analysts with FINRA in the U.S.

# China Shanshui Cement Group: Summary Financials

Profit model (Rmb mn)	12/13	12/14E	12/15E	12/16E	Balance sheet (Rmb mn)	12/13	12/14E	12/15E	12/16E
<b>Total revenue</b>	<b>16,535.2</b>	<b>16,121.4</b>	<b>17,260.4</b>	<b>18,300.5</b>	Cash & equivalents	1,277.4	1,086.4	1,143.2	3,067.8
Cost of goods sold	(12,706.0)	(12,897.5)	(14,064.8)	(14,656.4)	Accounts receivable	2,020.0	1,934.6	2,416.5	1,830.1
SG&A	(1,570.0)	(1,450.9)	(1,553.4)	(1,647.0)	Inventory	1,966.1	1,805.7	2,391.0	1,758.8
R&D	--	--	--	--	Other current assets	1,980.7	2,011.2	1,971.4	1,529.5
Other operating profit/(expense)	0.0	0.0	0.0	0.0	<b>Total current assets</b>	<b>7,244.1</b>	<b>6,837.8</b>	<b>7,922.1</b>	<b>8,186.2</b>
<b>EBITDA</b>	<b>3,476.3</b>	<b>3,134.7</b>	<b>3,068.1</b>	<b>3,455.1</b>	Net PP&E	21,404.5	22,212.4	21,556.3	20,868.0
Depreciation & amortization	(1,217.1)	(1,361.8)	(1,425.9)	(1,458.0)	Net intangibles	464.2	394.5	324.7	255.0
<b>EBIT</b>	<b>2,259.2</b>	<b>1,772.9</b>	<b>1,642.2</b>	<b>1,997.1</b>	Total investments	80.5	80.5	80.5	80.5
Interest income	40.5	38.6	36.4	68.8	Other long-term assets	3,043.1	3,070.3	3,048.2	3,025.1
Interest expense	(967.7)	(1,038.7)	(986.8)	(913.4)	<b>Total assets</b>	<b>32,236.4</b>	<b>32,595.4</b>	<b>32,931.8</b>	<b>32,414.8</b>
Income/(loss) from uncons. subs.	24.4	0.0	0.0	0.0	Accounts payable	3,179.4	2,708.5	3,234.9	3,371.0
Others	257.4	174.3	186.6	197.8	Short-term debt	6,875.8	4,699.6	4,464.6	4,018.2
<b>Pretax profits</b>	<b>1,613.9</b>	<b>947.0</b>	<b>878.4</b>	<b>1,350.2</b>	Other current liabilities	1,991.9	2,021.9	2,204.9	2,297.7
Income tax	(539.2)	(378.8)	(307.4)	(445.6)	<b>Total current liabilities</b>	<b>12,047.2</b>	<b>9,430.0</b>	<b>9,904.4</b>	<b>9,686.8</b>
Minorities	(58.0)	0.0	0.0	0.0	Long-term debt	9,614.0	10,965.7	10,417.4	9,375.7
<b>Net income pre-preferred dividends</b>	<b>1,016.7</b>	<b>568.2</b>	<b>571.0</b>	<b>904.7</b>	Other long-term liabilities	608.5	631.5	612.8	593.3
Preferred dividends	0.0	0.0	0.0	0.0	Total long-term liabilities	10,222.5	11,597.2	11,030.3	9,969.0
<b>Net income (pre-exceptionals)</b>	<b>1,016.7</b>	<b>568.2</b>	<b>571.0</b>	<b>904.7</b>	<b>Total liabilities</b>	<b>22,269.7</b>	<b>21,027.2</b>	<b>20,934.7</b>	<b>19,655.7</b>
Post-tax exceptionals	0.0	0.0	0.0	0.0	Preferred shares	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>1,016.7</b>	<b>568.2</b>	<b>571.0</b>	<b>904.7</b>	<b>Total common equity</b>	<b>9,246.0</b>	<b>10,847.4</b>	<b>11,276.3</b>	<b>12,038.2</b>
EPS (basic, pre-exception) (Rmb)	0.36	0.17	0.17	0.27	Minority interest	720.8	720.8	720.8	720.8
EPS (basic, post-exception) (Rmb)	0.36	0.17	0.17	0.27	<b>Total liabilities &amp; equity</b>	<b>32,236.4</b>	<b>32,595.4</b>	<b>32,931.8</b>	<b>32,414.8</b>
EPS (diluted, post-exception) (Rmb)	0.36	0.17	0.17	0.27	<b>BVPS (Rmb)</b>	<b>3.28</b>	<b>3.21</b>	<b>3.34</b>	<b>3.56</b>
DPS (Rmb)	0.07	0.04	0.04	0.07	<b>Ratios</b>	<b>12/13</b>	<b>12/14E</b>	<b>12/15E</b>	<b>12/16E</b>
Dividend payout ratio (%)	20.1	25.0	25.0	25.0	CROCI (%)	10.3	8.5	8.9	10.9
Free cash flow yield (%)	(23.3)	(2.6)	6.7	24.6	ROE (%)	11.4	5.7	5.2	7.8
<b>Growth &amp; margins (%)</b>	<b>12/13</b>	<b>12/14E</b>	<b>12/15E</b>	<b>12/16E</b>	ROA (%)	3.4	1.8	1.7	2.8
Sales growth	2.3	(2.5)	7.1	6.0	ROACE (%)	7.2	4.6	4.6	6.0
EBITDA growth	(11.9)	(9.8)	(2.1)	12.6	Inventory days	54.0	53.4	54.5	51.7
EBIT growth	(19.6)	(21.5)	(7.4)	21.6	Receivables days	40.9	44.8	46.0	42.3
Net income growth	(33.0)	(44.1)	0.5	58.4	Payable days	82.9	83.3	77.1	82.3
EPS growth	(33.0)	(53.4)	0.5	58.4	Net debt/equity (%)	152.6	126.0	114.5	80.9
Gross margin	23.2	20.0	18.5	19.9	Interest cover - EBIT (X)	2.4	1.8	1.7	2.4
EBITDA margin	21.0	19.4	17.8	18.9	<b>Valuation</b>	<b>12/13</b>	<b>12/14E</b>	<b>12/15E</b>	<b>12/16E</b>
EBIT margin	13.7	11.0	9.5	10.9	P/E (analyst) (X)	8.7	23.8	23.5	14.8
<b>Cash flow statement (Rmb mn)</b>	<b>12/13</b>	<b>12/14E</b>	<b>12/15E</b>	<b>12/16E</b>	P/B (X)	1.0	1.3	1.2	1.1
Net income pre-preferred dividends	1,016.7	568.2	571.0	904.7	EV/EBITDA (X)	7.1	9.2	9.1	7.1
D&A add-back	1,217.1	1,361.8	1,425.9	1,458.0	EV/GCI (X)	0.9	0.9	0.9	0.8
Minorities interests add-back	58.0	0.0	0.0	0.0	Dividend yield (%)	2.3	1.0	1.1	1.7
Net (inc)/dec working capital	(201.5)	(225.1)	(540.8)	1,354.7					
Other operating cash flow	(165.6)	22.5	204.1	515.1					
<b>Cash flow from operations</b>	<b>1,924.8</b>	<b>1,727.4</b>	<b>1,660.1</b>	<b>4,232.4</b>					
Capital expenditures	(4,155.1)	(2,100.0)	(700.0)	(700.0)					
Acquisitions	0.0	0.0	0.0	0.0					
Divestitures	0.0	0.0	0.0	0.0					
Others	(240.1)	(27.2)	22.1	23.1					
<b>Cash flow from investments</b>	<b>(4,395.3)</b>	<b>(2,127.2)</b>	<b>(677.9)</b>	<b>(676.9)</b>					
Dividends paid (common & pref)	(522.7)	(204.3)	(142.1)	(142.7)					
Inc/(dec) in debt	3,253.3	(824.5)	(783.3)	(1,488.2)					
Common stock issuance (repurchase)	0.0	1,237.6	0.0	0.0					
Other financing cash flows	(66.0)	0.0	0.0	0.0					
<b>Cash flow from financing</b>	<b>2,664.7</b>	<b>208.8</b>	<b>(925.3)</b>	<b>(1,630.9)</b>					
<b>Total cash flow</b>	<b>194.1</b>	<b>(191.0)</b>	<b>56.9</b>	<b>1,924.6</b>					

Note: Last actual year may include reported and estimated data.  
Source: Company data, Goldman Sachs Research estimates.

## Analyst Contributors

### Julian Zhu

julian.zhu@gs.com

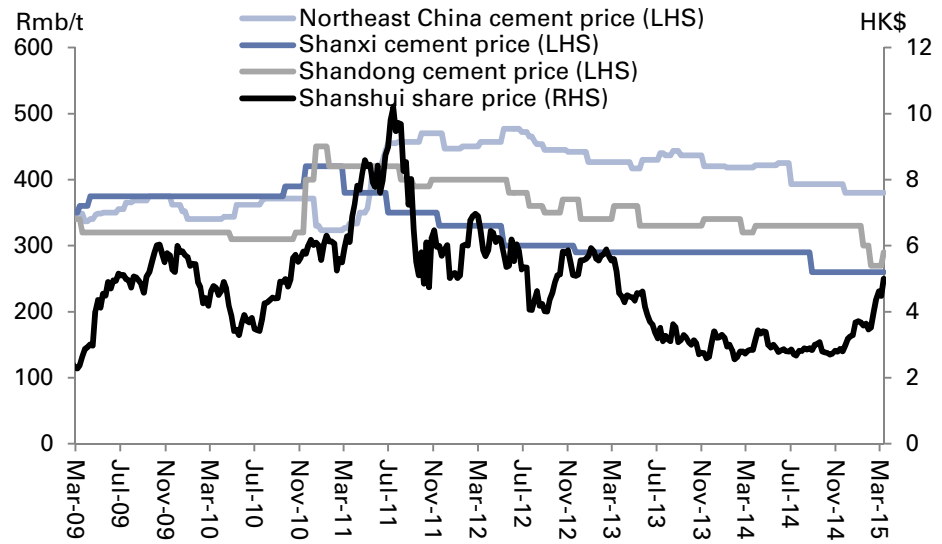
### Yan Yan

yan.yan@gs.com

### Christina He

christina.he@gs.com

**Exhibit 1: Shanshui share price vs. cement prices in Northeast China, Shanxi and Shandong**



Source: Datastream, Digital Cement.

# Disclosure Appendix

## Reg AC

We, Julian Zhu, Yan Yan and Christina He, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

Unless otherwise stated, the individuals listed on the cover page of this report are analysts in Goldman Sachs' Global Investment Research division.

## Investment Profile

The Goldman Sachs Investment Profile provides investment context for a security by comparing key attributes of that security to its peer group and market. The four key attributes depicted are: growth, returns, multiple and volatility. Growth, returns and multiple are indexed based on composites of several methodologies to determine the stocks percentile ranking within the region's coverage universe.

The precise calculation of each metric may vary depending on the fiscal year, industry and region but the standard approach is as follows:

**Growth** is a composite of next year's estimate over current year's estimate, e.g. EPS, EBITDA, Revenue. **Return** is a year one prospective aggregate of various return on capital measures, e.g. CROCI, ROACE, and ROE. **Multiple** is a composite of one-year forward valuation ratios, e.g. P/E, dividend yield, EV/FCF, EV/EBITDA, EV/DACF, Price/Book. **Volatility** is measured as trailing twelve-month volatility adjusted for dividends.

## Quantum

Quantum is Goldman Sachs' proprietary database providing access to detailed financial statement histories, forecasts and ratios. It can be used for in-depth analysis of a single company, or to make comparisons between companies in different sectors and markets.

## GS SUSTAIN

GS SUSTAIN is a global investment strategy aimed at long-term, long-only performance with a low turnover of ideas. The GS SUSTAIN focus list includes leaders our analysis shows to be well positioned to deliver long term outperformance through sustained competitive advantage and superior returns on capital relative to their global industry peers. Leaders are identified based on quantifiable analysis of three aspects of corporate performance: cash return on cash invested, industry positioning and management quality (the effectiveness of companies' management of the environmental, social and governance issues facing their industry).

## Disclosures

### Coverage group(s) of stocks by primary analyst(s)

Julian Zhu: Asia Commodities Companies. Yan Yan: Asia Commodities Companies.

Asia Commodities Companies: ACC, Aluminum Corporation of China (A), Aluminum Corporation of China (H), Ambuja Cements, Angang Steel (A), Angang Steel (H), Anhui Conch Cement (A), Anhui Conch Cement (H), Banpu Public Company, Baoshan Iron & Steel, BBMG Corporation (A), BBMG Corporation (H), Beijing Zhongke Sanhuan High-Tech Co Ltd, China Coal Energy (A), China Coal Energy (H), China Conch Venture Holdings Limited, China Minmetals Rare Earth Co., Ltd, China Molybdenum Co., China National Building Material, China Resources Cement Holdings, China Shanshui Cement Group, China Shenhua Energy (A), China Shenhua Energy (H), Coal India Ltd., Dongpeng Holdings Co Ltd, Grasim Industries, Hindalco Industries, Jiangxi Copper (A), Jiangxi Copper (H), Korea Zinc, Maanshan Iron & Steel (A), Maanshan Iron & Steel (H), Mongolian Mining Corp., Ningbo Yunsheng Group Co Ltd, Northern Rare Earth, PT Adaro Energy Tbk, PT Indo Tambangraya Megah, PT Tambang Batubara Bukit Asam, Sesa Sterlite Ltd, Shandong Gold Mining Co, Shougang Fushan Resources Group, Shree Cement Ltd, Sino-Platinum Metals Co., Ltd, Tongling Nonferrous Metals Group Co., Ultratech Cement, Xiamen Tungsten Co., Ltd., Yanzhou Coal Mining (A), Yanzhou Coal Mining (H), Zhaojin Mining Industry, Zhongjin Gold, Zhongjin Lingnan Nonfemet, Zijin Mining (A), Zijin Mining (H).

### Company-specific regulatory disclosures

The following disclosures relate to relationships between The Goldman Sachs Group, Inc. (with its affiliates, "Goldman Sachs") and companies covered by the Global Investment Research Division of Goldman Sachs and referred to in this research.

Goldman Sachs had a non-securities services client relationship during the past 12 months with: China Shanshui Cement Group (HK\$5.00)

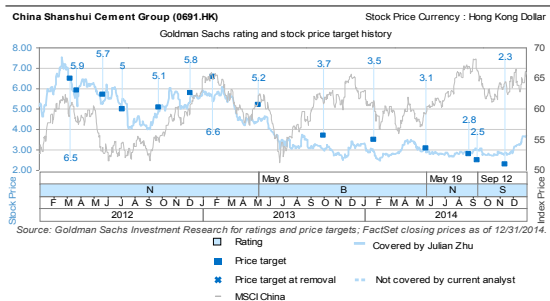
### Distribution of ratings/investment banking relationships

Goldman Sachs Investment Research global coverage universe

	Rating Distribution			Investment Banking Relationships		
	Buy	Hold	Sell	Buy	Hold	Sell
Global	33%	54%	13%	44%	38%	32%

As of January 1, 2015, Goldman Sachs Global Investment Research had investment ratings on 3,483 equity securities. Goldman Sachs assigns stocks as Buys and Sells on various regional Investment Lists; stocks not so assigned are deemed Neutral. Such assignments equate to Buy, Hold and Sell for the purposes of the above disclosure required by NASD/NYSE rules. See 'Ratings, Coverage groups and views and related definitions' below.

### Price target and rating history chart(s)



The price targets shown should be considered in the context of all prior published Goldman Sachs research, which may or may not have included price targets, as well as developments relating to the company, its industry and financial markets.

## Regulatory disclosures

### Disclosures required by United States laws and regulations

See company-specific regulatory disclosures above for any of the following disclosures required as to companies referred to in this report: manager or co-manager in a pending transaction; 1% or other ownership; compensation for certain services; types of client relationships; managed/co-managed public offerings in prior periods; directorships; for equity securities, market making and/or specialist role. Goldman Sachs usually makes a market in fixed income securities of issuers discussed in this report and usually deals as a principal in these securities.

The following are additional required disclosures: **Ownership and material conflicts of interest:** Goldman Sachs policy prohibits its analysts, professionals reporting to analysts and members of their households from owning securities of any company in the analyst's area of coverage. **Analyst compensation:** Analysts are paid in part based on the profitability of Goldman Sachs, which includes investment banking revenues. **Analyst as officer or director:** Goldman Sachs policy prohibits its analysts, persons reporting to analysts or members of their households from serving as an officer, director, advisory board member or employee of any company in the analyst's area of coverage. **Non-U.S. Analysts:** Non-U.S. analysts may not be associated persons of Goldman, Sachs & Co. and therefore may not be subject to NASD Rule 2711/NYSE Rules 472 restrictions on communications with subject company, public appearances and trading securities held by the analysts.

**Distribution of ratings:** See the distribution of ratings disclosure above. **Price chart:** See the price chart, with changes of ratings and price targets in prior periods, above, or, if electronic format or if with respect to multiple companies which are the subject of this report, on the Goldman Sachs website at <http://www.gs.com/research/hedge.html>.

### Additional disclosures required under the laws and regulations of jurisdictions other than the United States

The following disclosures are those required by the jurisdiction indicated, except to the extent already made above pursuant to United States laws and regulations. **Australia:** Goldman Sachs Australia Pty Ltd and its affiliates are not authorised deposit-taking institutions (as that term is defined in the Banking Act 1959 (Cth)) in Australia and do not provide banking services, nor carry on a banking business, in Australia. This research, and any access to it, is intended only for "wholesale clients" within the meaning of the Australian Corporations Act, unless otherwise agreed by Goldman Sachs. In producing research reports, members of the Global Investment Research Division of Goldman Sachs Australia may attend site visits and other meetings hosted by the issuers the subject of its research reports. In some instances the costs of such site visits or meetings may be met in part or in whole by the issuers concerned if Goldman Sachs Australia considers it is appropriate and reasonable in the specific circumstances relating to the site visit or meeting. **Brazil:** Disclosure information in relation to CVM Instruction 483 is available at <http://www.gs.com/worldwide/brazil/area/gir/index.html>. Where applicable, the Brazil-registered analyst primarily responsible for the content of this research report, as defined in Article 16 of CVM Instruction 483, is the first author named at the beginning of this report, unless indicated otherwise at the end of the text. **Canada:** Goldman Sachs Canada Inc. is an affiliate of The Goldman Sachs Group Inc. and therefore is included in the company specific disclosures relating to Goldman Sachs (as defined above). Goldman Sachs Canada Inc. has approved of, and agreed to take responsibility for, this research report in Canada if and to the extent that Goldman Sachs Canada Inc. disseminates this research report to its clients. **Hong Kong:** Further information on the securities of covered companies referred to in this research may be obtained on request from Goldman Sachs (Asia) L.L.C. **India:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (India) Securities Private Limited. **Japan:** See below. **Korea:** Further information on the subject company or companies referred to in this research may be obtained from Goldman Sachs (Asia) L.L.C., Seoul Branch. **New Zealand:** Goldman Sachs New Zealand Limited and its affiliates are neither "registered banks" nor "deposit takers" (as defined in the Reserve Bank of New Zealand Act 1989) in New Zealand. This research, and any access to it, is intended for "wholesale clients" (as defined in the Financial Advisers Act 2008) unless otherwise agreed by Goldman Sachs. **Russia:** Research reports distributed in the Russian Federation are not advertising as defined in the Russian legislation, but are information and analysis not having product promotion as their main purpose and do not provide appraisal within the meaning of the Russian legislation on appraisal activity. **Singapore:** Further information on the covered companies referred to in this research may be obtained from Goldman Sachs (Singapore) Pte. (Company Number: 198602165W). **Taiwan:** This material is for reference only and must not be reprinted without permission. Investors should carefully consider their own investment risk. Investment results are the responsibility of the individual investor. **United Kingdom:** Persons who would be categorized as retail clients in the United Kingdom, as such term is defined in the rules of the Financial Conduct Authority, should read this research in conjunction with prior Goldman Sachs research on the covered companies referred to herein and should refer to the risk warnings that have been sent to them by Goldman Sachs International. A copy of these risks warnings, and a glossary of certain financial terms used in this report, are available from Goldman Sachs International on request.

**European Union:** Disclosure information in relation to Article 4 (1) (d) and Article 6 (2) of the European Commission Directive 2003/126/EC is available at <http://www.gs.com/disclosures/europeanpolicy.html> which states the European Policy for Managing Conflicts of Interest in Connection with Investment Research.

**Japan:** Goldman Sachs Japan Co., Ltd. is a Financial Instrument Dealer registered with the Kanto Financial Bureau under registration number Kinsho 69, and a member of Japan Securities Dealers Association, Financial Futures Association of Japan and Type II Financial Instruments Firms Association. Sales and purchase of equities are subject to commission pre-determined with clients plus consumption tax. See company-specific disclosures as to any applicable disclosures required by Japanese stock exchanges, the Japanese Securities Dealers Association or the Japanese Securities Finance Company.

## Ratings, coverage groups and views and related definitions

**Buy (B), Neutral (N), Sell (S)** -Analysts recommend stocks as Buys or Sells for inclusion on various regional Investment Lists. Being assigned a Buy or Sell on an Investment List is determined by a stock's return potential relative to its coverage group as described below. Any stock not assigned as a Buy or a Sell on an Investment List is deemed Neutral. Each regional Investment Review Committee manages various regional Investment Lists to a global guideline of 25%-35% of stocks as Buy and 10%-15% of stocks as Sell; however, the distribution of Buys and Sells in any particular coverage group may vary as determined by the regional Investment Review Committee. Regional Conviction Buy and Sell lists represent investment recommendations focused on either the size of the potential return or the likelihood of the realization of the return.

**Return potential** represents the price differential between the current share price and the price target expected during the time horizon associated with the price target. Price targets are required for all covered stocks. The return potential, price target and associated time horizon are stated in each report adding or reiterating an Investment List membership.

**Coverage groups and views:** A list of all stocks in each coverage group is available by primary analyst, stock and coverage group at <http://www.gs.com/research/hedge.html>. The analyst assigns one of the following coverage views which represents the analyst's investment outlook on the coverage group relative to the group's historical fundamentals and/or valuation. **Attractive (A).** The investment outlook over the following 12 months is favorable relative to the coverage group's historical fundamentals and/or valuation. **Neutral (N).** The investment outlook over the following 12 months is neutral relative to the coverage group's historical fundamentals and/or valuation. **Cautious (C).** The investment outlook over the following 12 months is unfavorable relative to the coverage group's historical fundamentals and/or valuation.

**Not Rated (NR).** The investment rating and target price have been removed pursuant to Goldman Sachs policy when Goldman Sachs is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances. **Rating Suspended (RS).** Goldman Sachs Research has suspended the investment rating and price target for this stock, because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon. **Coverage Suspended (CS).** Goldman Sachs has suspended coverage of this company. **Not Covered (NC).** Goldman Sachs does not cover this company. **Not Available or Not Applicable (NA).** The information is not available for display or is not applicable. **Not Meaningful (NM).** The information is not meaningful and is therefore excluded.

## Global product; distributing entities

The Global Investment Research Division of Goldman Sachs produces and distributes research products for clients of Goldman Sachs on a global basis. Analysts based in Goldman Sachs offices around the world produce equity research on industries and companies, and research on macroeconomics, currencies, commodities and portfolio strategy. This research is disseminated in Australia by Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897); in Brazil by Goldman Sachs do Brasil Corretora de Títulos e Valores Mobiliários S.A.; in Canada by either Goldman Sachs Canada Inc. or Goldman, Sachs & Co.; in Hong Kong by Goldman Sachs (Asia) L.L.C.; in India by Goldman Sachs (India) Securities Private Ltd.; in Japan by Goldman Sachs Japan Co., Ltd.; in the Republic of Korea by Goldman Sachs (Asia) L.L.C., Seoul Branch; in New Zealand by Goldman Sachs New Zealand Limited; in Russia by OOO Goldman Sachs; in Singapore by Goldman Sachs (Singapore) Pte. (Company Number: 198602165W); and in the United States of America by Goldman, Sachs & Co. Goldman Sachs International has approved this research in connection with its distribution in the United Kingdom and European Union.

**European Union:** Goldman Sachs International authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, has approved this research in connection with its distribution in the European Union and United Kingdom; Goldman Sachs AG and Goldman Sachs International Zweigniederlassung Frankfurt, regulated by the Bundesanstalt für Finanzdienstleistungsaufsicht, may also distribute research in Germany.

## General disclosures

This research is for our clients only. Other than disclosures relating to Goldman Sachs, this research is based on current public information that we consider reliable, but we do not represent it is accurate or complete, and it should not be relied on as such. We seek to update our research as appropriate, but various regulations may prevent us from doing so. Other than certain industry reports published on a periodic basis, the large majority of reports are published at irregular intervals as appropriate in the analyst's judgment.

Goldman Sachs conducts a global full-service, integrated investment banking, investment management, and brokerage business. We have investment banking and other business relationships with a substantial percentage of the companies covered by our Global Investment Research Division. Goldman, Sachs & Co., the United States broker dealer, is a member of SIPC (<http://www.sipc.org>).

Our salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients and our proprietary trading desks that reflect opinions that are contrary to the opinions expressed in this research. Our asset management area, our proprietary trading desks and investing businesses may make investment decisions that are inconsistent with the recommendations or views expressed in this research.

The analysts named in this report may have from time to time discussed with our clients, including Goldman Sachs salespersons and traders, or may discuss in this report, trading strategies that reference catalysts or events that may have a near-term impact on the market price of the equity securities discussed in this report, which impact may be directionally counter to the analyst's published price target expectations for such stocks. Any such trading strategies are distinct from and do not affect the analyst's fundamental equity rating for such stocks, which rating reflects a stock's return potential relative to its coverage group as described herein.

We and our affiliates, officers, directors, and employees, excluding equity and credit analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives, if any, referred to in this research.

The views attributed to third party presenters at Goldman Sachs arranged conferences, including individuals from other parts of Goldman Sachs, do not necessarily reflect those of Global Investment Research and are not an official view of Goldman Sachs.

Any third party referenced herein, including any salespeople, traders and other professionals or members of their household, may have positions in the products mentioned that are inconsistent with the views expressed by analysts named in this report.

This research is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Clients should consider whether any advice or recommendation in this research is suitable for their particular circumstances and, if appropriate, seek professional advice, including tax advice. The price and value of investments referred to in this research and the income from them may fluctuate. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Fluctuations in exchange rates could have adverse effects on the value or price of, or income derived from, certain investments.

Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Investors should review current options disclosure documents which are available from Goldman Sachs sales representatives or at

<http://www.theocc.com/about/publications/character-risks.jsp>. Transaction costs may be significant in option strategies calling for multiple purchase and sales of options such as spreads. Supporting documentation will be supplied upon request.

All research reports are disseminated and available to all clients simultaneously through electronic publication to our internal client websites. Not all research content is redistributed to our clients or available to third-party aggregators, nor is Goldman Sachs responsible for the redistribution of our research by third party aggregators. For research, models or other data available on a particular security, please contact your sales representative or go to <http://360.gs.com>.

Disclosure information is also available at <http://www.gs.com/research/hedge.html> or from Research Compliance, 200 West Street, New York, NY 10282.

© 2015 Goldman Sachs.

**No part of this material may be (i) copied, photocopied or duplicated in any form by any means or (ii) redistributed without the prior written consent of The Goldman Sachs Group, Inc.**