



(NASDAQ: ADBE)

“Changing the world through
personalized digital experiences.”





Recommendation - Buy



Current Price at Close
12/09/24 - \$547.93

WHAT DO ALL OF THESE HAVE IN COMMON?

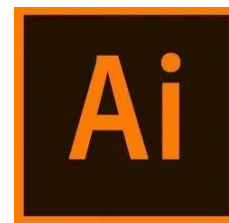
Hollywood movie



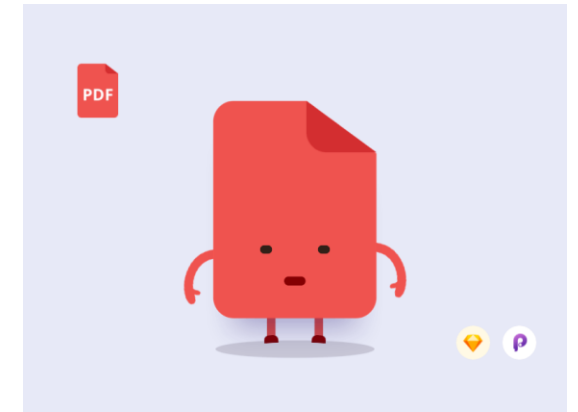
Podcast

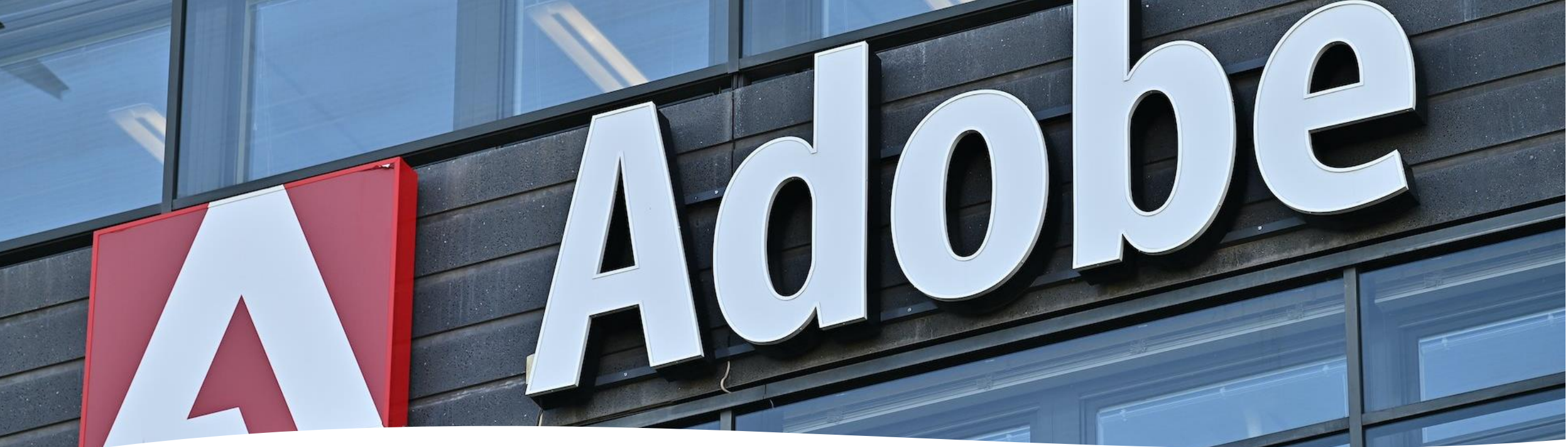


Billboard



PDF



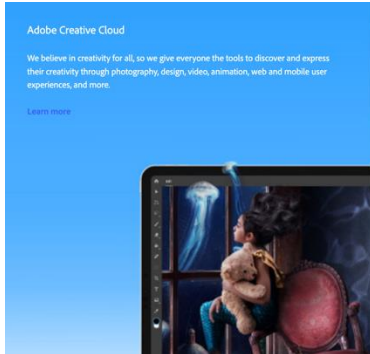


General Overview

- Founded - December 1982 by Charles Geschke and John Warnock
- Initial public offering - August 20, 1986, at a split-adjusted share price of US\$0.17
- Corporate Headquarters - San Jose, California, USA
- Revenue - Fiscal 2023 revenue: US \$19.41 billion (FY ended Dec. 1, 2023)
- Employees - More than 30,000 worldwide
- Market Capitalization - \$ 241.199B
- Sector: Technology

Industry: Software - Infrastructure

Fast Facts



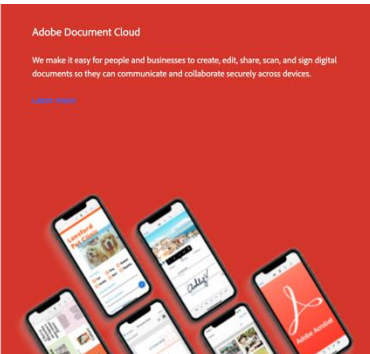
Adobe Creative Cloud

What it does:

Empowers creativity by offering tools for photography, design, video, animation, web, and mobile user experiences.

Fast Facts:

- Adobe Firefly, its generative AI, generated 70+ million images in the first month of launch and over 8 billion images to date.
- Adobe Stock offers 450+ million assets, including 246 million photos, 166 million vectors, 31 million videos, and 1 million free assets.



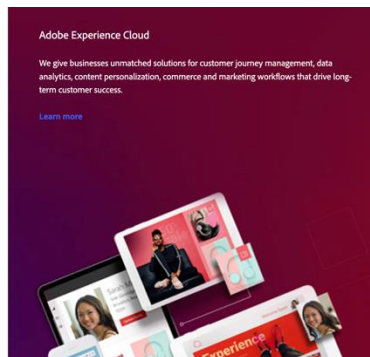
Adobe Document Cloud

What it does:

Simplifies secure digital document creation, editing, sharing, scanning, and signing across devices.

Fast Facts:

- 400 billion PDFs opened and 16 billion documents edited in Acrobat last year.
- Adobe Sign transactions save 105 million liters of water, 31,000 trees, and \$7.2 million per 1 million transactions.



Adobe Experience Cloud

What it does:

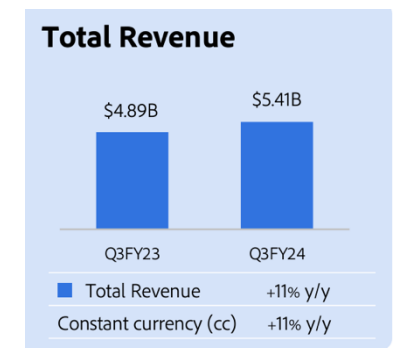
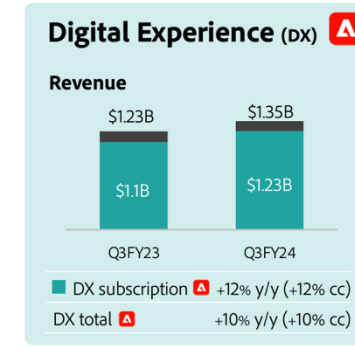
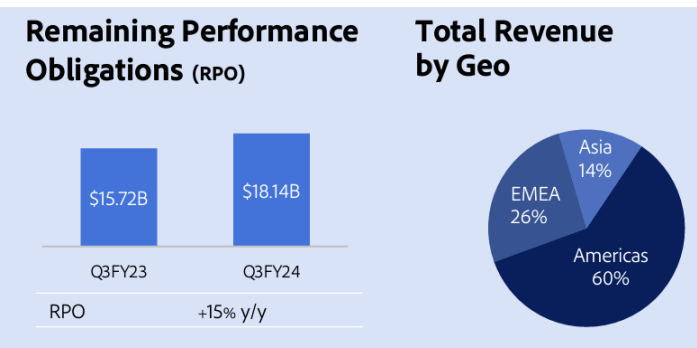
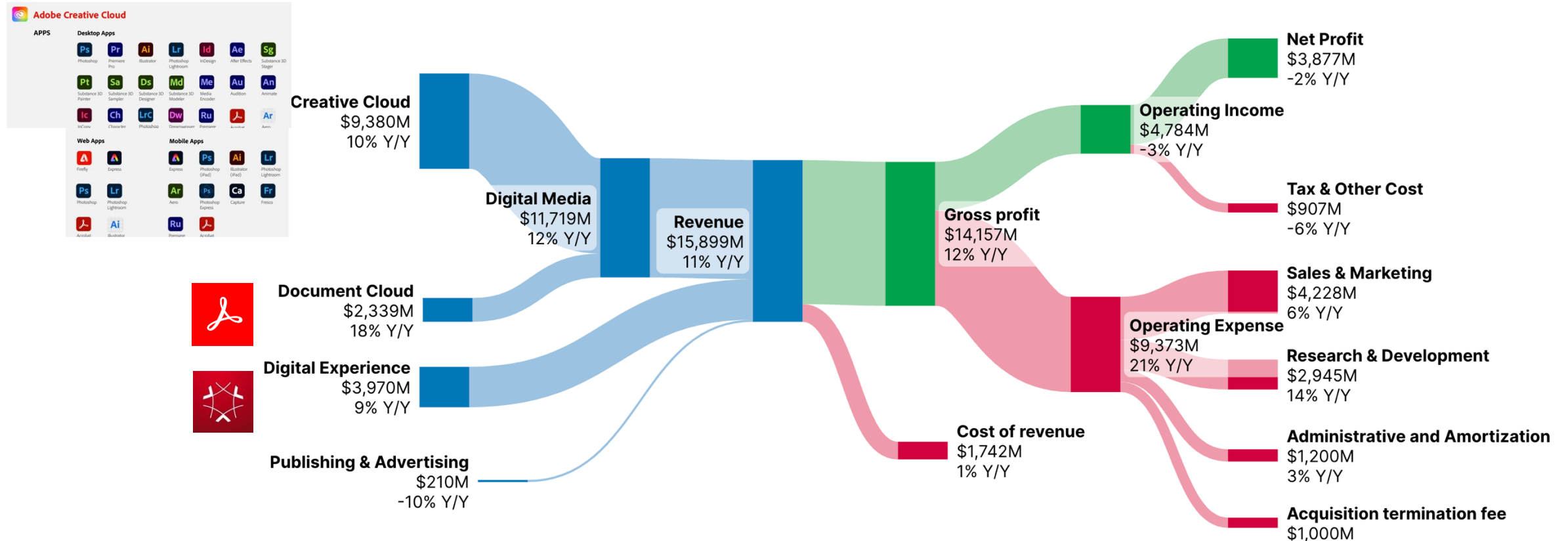
Provides tools for customer journey management, data analytics, content personalization, commerce, and marketing workflows.

Fast Facts:


- Recognized as a leader in 50+ industry analyst reports across digital platforms and analytics categories.
- Adobe Analytics tracks 1 trillion+ retail website visits and 100 million+ product stock keeping unit, used by 85%+ of the top 100 U.S. retailers.

Adobe's Revenue and Expense Breakdown (9M FY24)

Source: Adobe Q3 2024




Plans and pricing




Creative Cloud All Apps
US\$59.99/mo

Get 20+ Creative Cloud apps including Photoshop, Illustrator, Adobe Express, Premiere Pro, and Acrobat Pro. (Substance 3D apps are not included.)
[See all plans & pricing details](#)

☐ Add a 30-day free trial of Adobe Stock.*


 Secure transaction

Select




Adobe Firefly
US\$4.99/mo

Use everyday language to create extraordinary results with generative AI.
[See all plans & pricing details](#)

 Secure transaction


Select




Photography (1TB)
US\$19.99/mo

Lightroom, Lightroom Classic, Photoshop on desktop and iPad, and 1TB of cloud storage.
[Compare photography plans](#)
[See all plans & pricing details](#)

☐ Add a 30-day free trial of Adobe Stock.*

 Secure transaction


Select




Photoshop
US\$22.99/mo

Create beautiful graphics, photos, and art on desktop, web, and iPad. Comes with Adobe Fresco for drawing and painting.
[See all plans & pricing details](#)

☐ Add a 30-day free trial of Adobe Stock.*

 Secure transaction


Select




Adobe Premiere Pro
US\$22.99/mo

Professional video and film editing.
[See all plans & pricing details](#)

☐ Add a 30-day free trial of Adobe Stock.*

 Secure transaction


Select




Illustrator
US\$22.99/mo

Create precise designs, illustrations, and vector graphics on desktop and iPad.
[See all plans & pricing details](#)

☐ Add a 30-day free trial of Adobe Stock.*

 Secure transaction


Select



Acrobat Pro
US\$19.99/mo

Create, edit, sign, and manage your PDFs — quickly, easily, anywhere.
[See all plans & pricing details](#)


☐ Add a 30-day free trial of Adobe Stock.*

 Secure transaction

Select


Creativity and design plans for teams

Get apps like Adobe Photoshop, Illustrator, InDesign, Premiere Pro, and Acrobat Pro for your business or department, plus [generative credits](#) for AI-powered content creation and features to simplify admin tasks and protect creative work.




Creative Cloud All Apps
US\$89.99/mo
per license

Get 20+ Creative Cloud apps. (Substance 3D apps are not included.)
[See what's included](#)


 Secure transaction

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Single App
US\$37.99/mo
per license

Your choice of one app.


 Secure transaction

Buy now




Adobe Substance 3D Collection
US\$99.99/mo
per license

Model, texture, and render 3D assets and scenes.
[See what's included](#)

 Secure transaction

Buy now


Students and teachers save over 66% for the first year.



Creative Cloud All Apps
US\$19.99/mo ~~US\$59.99/mo*~~
Annual, paid monthly

Get 20+ Creative Cloud apps, including Photoshop, Acrobat Pro, and more.
Pay US\$19.99/mo the first year and US\$34.99/mo after that.
[See what's included](#) | [See terms](#)

☐ Add a 30-day free trial of Adobe Stock.**

 Secure transaction

Buy now

Available for qualified students and teachers only.
[Check eligibility](#) | [Learn more](#)



Shantanu Narayen



Chairman & Chief
Executive Officer

Tenure: 26 Years

Prior Experience:

- Apple
- Silicon Graphics

Shares held: 267

Options: 1,307

Dan Durn



Chief Financial
Officer

Tenure: 3 Years

Prior Experience:

- Goldman Sachs
- NXP
Semiconductors

Shares held: 23,805

Scott Belsky



Chief Strategy
Officer

Tenure: 7 Years

Prior Experience:

- Benchmark
- Uber (Advisor)

Shares held: 18,128

Options: 3,030

Lara Balazs



Chief Marketing
Officer

Tenure: 1 Year

Prior Experience:

- Intuit
- Amazon
- Nike

Shares held: 19,674

- Leader in digital media and creative software
- Flagship products are industry standards
- SaaS model creates consistent revenue
- Innovative technology and use of AI
- Wide range of available products
- High customer retention rates

Strengths

S

- Large amount of revenue comes from Creative Cloud
- Very complex products which can take a while to fully learn how to use
- High product prices

Weaknesses

W



Opportunities

- Expansion into emerging markets (APAC, Africa)
- Further implementation of AI
- Targeting certain customer segments more (small businesses, education)

O

Threats

- Regulations and legal issues
- Cybersecurity risks
- Highly competitive market
- Ethical implications of AI

T

Industry Overview and Trends

- Design, Editing, and Rendering Software Publishing in the US

Adobe's Industry Position

- Leader in this industry (37% Market Share)
- Leader in Website Creation Software Developers in the US Industry (57% Market Share)
- Flagship products are industry standards amongst creative professionals

Industry Trends

- Shift to SaaS model (Software as a Service)
- AI and machine learning are becoming more important
- Trend to cloud-based services which drive collaboration, efficiency, and accessibility among users
- Higher emphasis and importance on cyber security

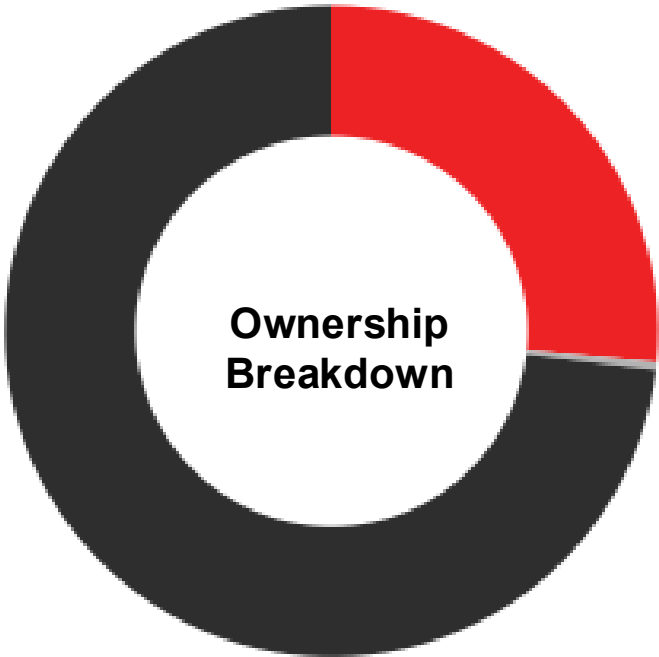
Design, Editing & Rendering Software Publishing in the US

Major Markets Segmentation

Industry revenue in 2024 broken down by key markets



Top 5 Institutional Holders				
Institution Name	Total Shares	Total Values	Change in Shares	Percent of Total Shares
The Vanguard Group	40,962,976	\$ 22,444,843,139	(69,242)	9.31%
BlackRock	38,400,708	\$ 21,040,899,653	-	8.72%
State Street Corporation	20,270,287	\$ 11,106,698,207	234,909	4.60%
Geode Capital Management	10,529,089	\$ 5,769,203,658	147,981	2.39%
Fidelity Investments	9,690,163	\$ 5,309,530,941	787,356	2.20%



Top 5 Mutual Fund Holders			
Mutual Fund	Total Shares	Value of Shares	Fund Type
Vanguard Total Stock Market Index Fund	14,050,000	\$ 7,700,774,687	Blend
Vanguard 500 Index Fund	11,610,000	\$ 6,363,358,669	Blend
Invesco QQQ ETF	8,610,000	\$ 4,718,303,520	Growth
Fidelity 500 Index Fund	5,440,000	\$ 2,981,727,077	Blend
SPDR S&P 500 ETF Trust	5,380,000	\$ 2,950,593,695	Blend

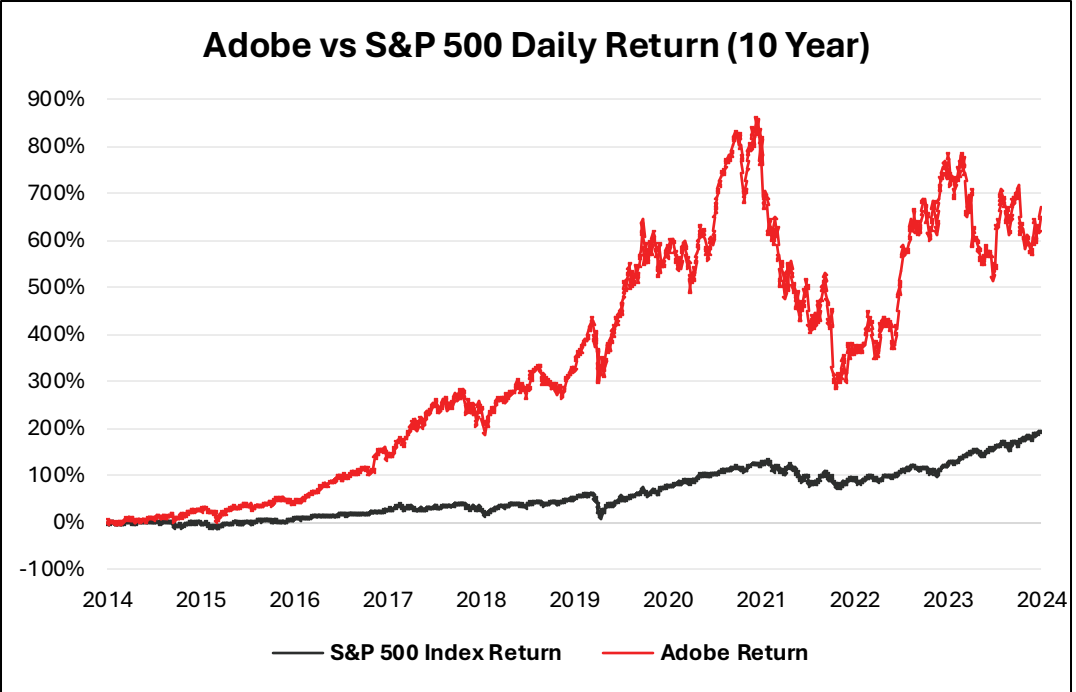
■ Individual Investors (26.51%)
■ Insider Investors (0.38%)
■ Institutional Ownership (73.11%)

Historical Performance

- Adobe's Year range: 433.97- 638.25
- Adobe has historically outperformed their earnings all but once going back to 2015.
- YoY revenue increase has not fallen below 10% for a decade.
- Gross margin ranges from 84.48%-88.19%.
- Earnings call tomorrow shows good promise.



Comparable Analysis and Performance

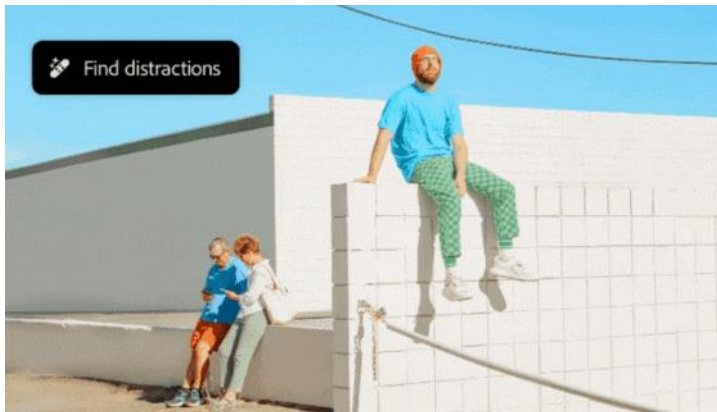


Comparable Company Analysis for ADOBE												
	Market Data			Financial Data						Valuation		
Company Name	Price	Market Cap	Revenue	Revenue Growth (1Y)	Gross Margin	EBITDA	Earnings	EPS	Enterprise Value	P/E	EV/EBITDA	EV/Revenue
	(\$/Share)	(\$M)	(\$M)	(%)	(%)	(\$M)	(\$M)	(\$)	(\$M)	(X)	(X)	(X)
ORACLE CORPORATION (XNYS:ORCL)	\$ 190.54	\$ 527,998	\$ 53,810	6.86%	71.31%	\$ 21,803	\$10,976	\$ 3.96	\$ 602,180	49.09x	27.62x	11.19x
SALESFORCE, INC. (XNYS:CRM)	\$ 351.49	\$ 336,376	\$ 36,470	8.39%	76.35%	\$ 9,345	\$ 5,935	\$ 6.20	\$ 310,130	57.71x	33.19x	8.50x
Comparable Average										53.40x	30.40x	9.85x
ADOBE INC. (XNAS:ADBE)	\$ 547.93	\$ 241,199	\$ 20,960	10.59%	88.66%	\$ 8,134	\$ 5,360	\$12.18	\$ 218,440	46.70x	26.86x	10.42x

Source: S&P Global NetAdvantage



AI Innovation and Leadership



Adobe's current position with AI

- Adobe is at the forefront of creative generative AI
- AI enhances creativity

Potential Impact

- The AI market is estimated to reach \$1.3-\$1.8 trillion by 2030 with a CAGR of 35.7%-37%

Enterprise AI's

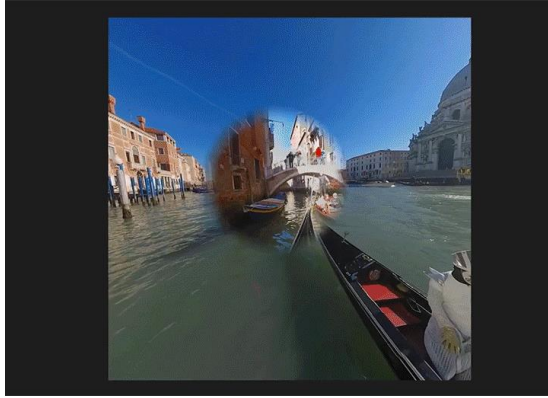
- Potential Contracts
- Tiered Annual Contracts
- Streamlining Company Data

Adobe Sensei

- Pattern Recognition and Adaptive Mechanisms
- Data processing recognizes images up to 99.7% accuracy
- Predictive content generation based on professional standards.
- Completely Cross Platform



Technological Strides Beyond AI

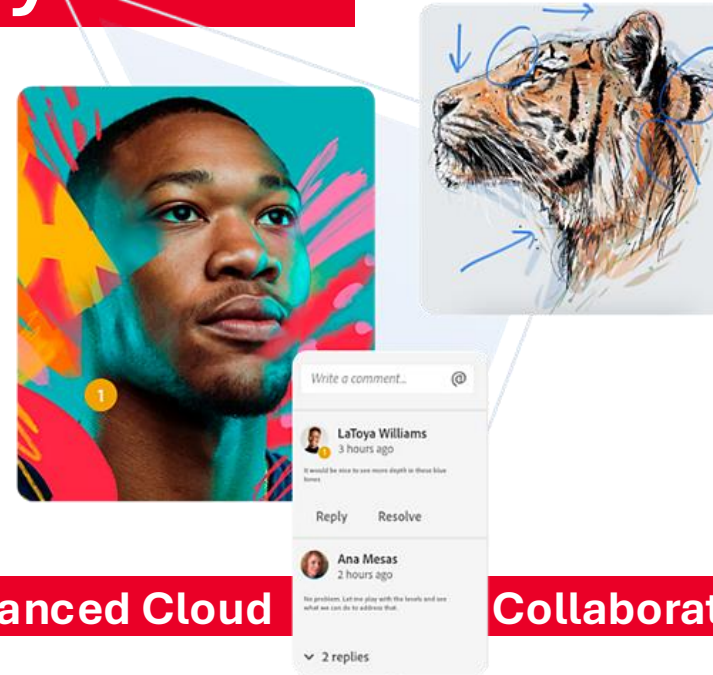


Augmented Reality Design Tools

3D rendering in a real-world context.

Customize your Reality

Immersive previewing for creative professionals



Advanced Cloud

Collaboration

Cross-compatibility for streamlined usage.

Cross-device state preservation.

DCF Model



Projected Income Statement (\$ in millions)													
	Historical					Projected							
Operating Assumptions	2021	2022	2023			2024	2025	2026	2027	2028	2029		
Revenue Growth	22.7%	11.5%	10.2%			11.0%	12.0%	12.0%	11.0%	11.0%	10.0%		
Gross Margin %	88.2%	87.7%	87.9%			88.0%	88.0%	88.0%	88.0%	88.0%	88.0%		
Operating Expenses (as a % of Sales)	51.4%	53.1%	53.6%			53.0%	53.0%	52.5%	52.0%	52.0%	52.0%		
Tax Rate	15.5%	20.8%	20.1%			21.0%	21.0%	21.0%	21.0%	21.0%	21.0%		
Depreciation and Amortization	\$ 576.00	\$ 618.00	\$ 618.00			\$ 350.00	\$ 650.00	\$ 600.00	\$ 600.00	\$ 625.00	\$ 633.33		
Capital Expenditures (CAPEX)	\$ 348.00	\$ 442.00	\$ 360.00			\$ 210.00	\$ 390.00	\$ 360.00	\$ 360.00	\$ 375.00	\$ 380.00		
Asset Replacement Ratio	0.60	0.72	0.58			0.60	0.60	0.60	0.60	0.60	0.60		
Net Working Capital (NWC) Balance in \$	\$ (2,010.00)	\$ (2,781.00)	\$ (4,235.00)			\$ (4,555.25)	\$ (4,875.50)	\$ (5,134.02)	\$ (5,394.62)	\$ (5,662.17)	\$ (5,959.14)		
Change in NWC as a % of Sales	NA	-42.3%	-80.6%			-15.0%	-15.0%	-10.0%	-9.0%	-9.0%	-9.0%		
Change in NWC in Dollars	NA	\$ (771.00)	\$ (1,454.00)			\$ (320.25)	\$ (320.25)	\$ (258.53)	\$ (260.60)	\$ (267.55)	\$ (296.98)		
	Historical					Projected							
	2020	2021	2022	2023		1	2	3	4	5	6		
	2024	2025	2026	2027	2028	2029	Terminal						
Revenue	12,868.00	15,785.00	17,606.00	19,409.00		\$ 21,543.99	\$ 24,129.27	\$ 27,024.78	\$ 29,997.51	\$ 33,297.23	\$ 36,626.96	\$ 36,626.96	
Cost of Goods Sold	1,722.00	1,865.00	2,165.00	2,354.00		2,585.28	2,895.51	3,242.97	3,599.70	3,995.67	4,395.23	4,395.23	
Gross Margin	11,146.00	13,920.00	15,441.00	17,055.00		18,958.71	21,233.76	23,781.81	26,397.81	29,301.56	32,231.72	32,231.72	
Operating Expenses	6,909.00	8,118.00	9,343.00	10,405.00		11,418.31	12,788.51	14,188.01	15,598.70	17,314.56	19,046.02	19,046.02	
EBIT	4,237.00	5,802.00	6,098.00	6,650.00		7,540.40	8,445.24	9,593.80	10,799.10	11,987.00	13,185.70	13,185.70	
Interest (Income)/Expense	73	96	51	(156.00)		50.00	50.00	50.00	50.00	50.00	50.00	50.00	
Other (Income)/Expense	-12	1	39	7		10	10	10	10	10	10	10	
Pre-Tax Income	4,176.00	5,705.00	6,008.00	6,806.00		7,480.40	8,385.24	9,533.80	10,739.10	11,927.00	13,125.70	13,125.70	
Taxes	(1,084.00)	883.00	1,252.00	1,371.00		1,570.88	1,760.90	2,002.10	2,255.21	2,504.67	2,756.40	2,756.40	
Net Income	\$ 5,260.00	\$ 4,822.00	\$ 4,756.00	\$ 5,435.00		\$ 5,909.51	\$ 6,624.34	\$ 7,531.70	\$ 8,483.89	\$ 9,422.33	\$ 10,369.31	\$ 10,369.31	
Common Shares Outstanding (millions)	479.0	475.0	462.0	455		440.2	437	428	420	411	404	397	
Earnings Per Share (EPS)	\$ 10.98	\$ 10.15	\$ 10.29	\$ 11.95		\$ 13.42	\$ 15.16	\$ 17.60	\$ 20.20	\$ 22.93	\$ 25.67	\$ 25.67	
EBITDA	\$ 4,813.00	\$ 6,420.00	\$ 6,716.00	\$ 7,000.00		\$ 7,890.40	\$ 9,095.24	\$ 10,193.80	\$ 11,399.10	\$ 12,612.00	\$ 13,819.04	\$ 12,612.00	
EBITDA Per Share	\$ 10.05	\$ 13.52	\$ 14.54	\$ 15.38		\$ 17.92	\$ 20.81	\$ 23.82	\$ 27.14	\$ 30.69	\$ 34.21	\$ 30.69	
EPS Growth	na	-7.6%	1.4%	16.0%		12.4%	12.9%	16.1%	14.8%	13.5%	12%	NM	
3 Yr Historical Revenue CAGR	14.7%	5 Yr Forward Revenue CAGR				11.2%	Terminal Value Sensi						
3 Yr Historical EPS CAGR	2.8%	5 Yr Forward EPS CAGR				13.8%	Terminal EBITDA Multiple						
							P/Share Equity Value						
							28 29						
							\$ 536.71 \$ 553.40 \$						

Analyst Opinion

Brokerage Firm	Date	Price Target	Upside/Downside (%)
Citigroup	12/9/24	\$ 616.00	12.42%
BMO Capital Markets	12/6/24	\$ 600.00	9.50%
Royal Bank of Canada	12/5/24	\$ 610.00	11.33%
Piper Sandler	12/5/24	\$ 635.00	15.89%
Morgan Stanley	9/13/24	\$ 660.00	20.45%
Bank of America	9/13/24	\$ 640.00	16.80%
UBS Group	9/13/24	\$ 550.00	0.38%

Adobe - Analysts' Recommendations and Stock Price Forecast (2025)



Consensus Rating



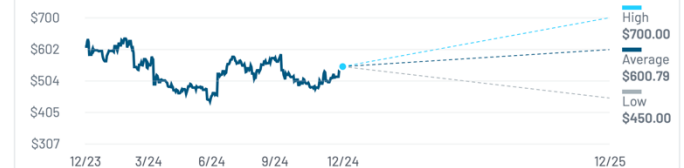
Based on 26 Wall Street analysts who have issued ratings for Adobe in the last 12 months, the stock has a consensus rating of "Moderate Buy." Out of the 26 analysts, 2 have given a sell rating, 7 have given a hold rating, 16 have given a buy rating, and 1 has given a strong buy rating for ADBE.

Consensus Price Target

\$600.79

↑ 9.65% Upside

According to the 26 analysts' twelve-month price targets for Adobe, the average price target is \$600.79. The highest price target for ADBE is \$700.00, while the lowest price target for ADBE is \$450.00. The average price target represents a forecasted upside of 9.65% from the current price of \$547.93.



Recommendation - Buy



Current Price at Close
12/09/24 - \$547.93

16.8%
Upside

Conclusion

Adobe \$ADBE is a buy for the following reasons

- Strong balance sheet (A- Rating on MorningStar)
- Opportunities for future growth (AI, Emerging Markets)
- Many of Adobe's product offerings are industry standards (Photoshop, Illustrator, Lightroom, InDesign, Premiere Pro, Acrobat, etc.)
- Strong management group
- Consistent revenue streams due to SaaS model
- Large market share
- Undervalued (Lower P/E to comps, DCF Intrinsic Value is higher)



Thank You!

Any Questions?

Sources

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<https://finance.yahoo.com/quote/ADBE/holders/>

APPENDIX

BULL DCF MODEL



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Gross Margin %	88.2%	87.7%	87.9%			88.0%	88.0%	88.0%	88.0%
Operating Expenses (as a % of Sales)	51.4%	53.1%	53.6%			53.0%	53.0%	52.0%	51.0%
Tax Rate	15.5%	20.8%	20.1%			21.0%	21.0%	21.0%	21.0%
Depreciation and Amortization	\$ 576.00	\$ 618.00	\$ 618.00			\$ 350.00	\$ 650.00	\$ 600.00	\$ 600.00
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Asset Replacement Ratio	0.60	0.72	0.58			0.60	0.60	0.60	0.60
Net Working Capital (NWC) Balance in \$	\$ (2,010.00)	\$ (2,781.00)	\$ (4,235.00)			\$ (4,555.25)	\$ (4,875.50)	\$ (5,177.11)	\$ (5,486.57)
Change in NWC as a % of Sales	NA	-42.3%	-80.6%			-15.0%	-15.0%	-10.0%	-9.0%
Change in NWC in Dollars	NA	\$ (771.00)	\$ (1,454.00)			\$ (320.25)	\$ (320.25)	\$ (301.62)	\$ (309.46)

	Historical					Projected					
	2020	2021	2022	2023		1	2	3	4	5	6
	2020	2021	2022	2023		2024	2025	2026	2027	2028	2029
Revenue	12,868.00	15,785.00	17,606.00	19,409.00		\$ 21,543.99	\$ 24,560.15	\$ 27,998.57	\$ 31,638.38	\$ 35,751.37	\$ 40,399.05
Cost of Goods Sold	1,722.00	1,865.00	2,165.00	2,354.00		2,585.28	2,947.22	3,359.83	3,796.61	4,290.16	4,847.89
Gross Margin	11,146.00	13,920.00	15,441.00	17,055.00		18,958.71	21,612.93	24,638.74	27,841.78	31,461.21	35,551.17
Operating Expenses	6,909.00	8,118.00	9,343.00	10,405.00		11,418.31	13,016.88	14,559.26	16,135.58	18,233.20	20,603.52
EBIT	4,237.00	5,802.00	6,098.00	6,650.00		7,540.40	8,596.05	10,079.48	11,706.20	13,228.01	14,947.65
Interest (Income)/Expense	73	96	51	(156.00)		50.00	50.00	50.00	50.00	50.00	50.00
Other (Income)/Expense	-12	1	39	7		10	10	10	10	10	10
Pre-Tax Income	4,176.00	5,705.00	6,008.00	6,806.00		7,480.40	8,536.05	10,019.48	11,646.20	13,168.01	14,887.65
Taxes	(1,084.00)	883.00	1,252.00	1,371.00		1,570.88	1,792.57	2,104.09	2,445.70	2,765.28	3,126.41
Net Income	\$ 5,260.00	\$ 4,822.00	\$ 4,756.00	\$ 5,435.00		\$ 5,909.51	\$ 6,743.48	\$ 7,915.39	\$ 9,200.50	\$ 10,402.73	\$ 11,761.24
Common Shares Outstanding (millions)	479.0	475.0	462.0	455		440.2	437	428	420	411	404
Earnings Per Share (EPS)	\$ 10.98	\$ 10.15	\$ 10.29	\$ 11.95		\$ 13.42	\$ 15.43	\$ 18.49	\$ 21.91	\$ 25.31	\$ 29.11
EBITDA	\$ 4,813.00	\$ 6,420.00	\$ 6,716.00	\$ 7,000.00		\$ 7,890.40	\$ 9,246.05	\$ 10,679.48	\$ 12,306.20	\$ 13,853.01	\$ 15,580.98
EBITDA Per Share	\$ 10.05	\$ 13.52	\$ 14.54	\$ 15.38		\$ 17.92	\$ 21.16	\$ 24.95	\$ 29.30	\$ 33.71	\$ 38.57
EPS Growth	na	-7.6%	1.4%	16.0%		12.4%	14.9%	19.8%	18.4%	15.5%	15%

3 Yr Historical Revenue CAGR	14.7%	5 Yr Forward Revenue CAGR	13.4%
3 Yr Historical EPS CAGR	2.8%	5 Yr Forward EPS CAGR	16.7%

Terminal Value Sensitivity				
Terminal EBITDA Multiple	29	30	31	32
P/Share Equity Value	\$ 604.45	\$ 622.78	\$ 641.11	\$ 659.44

\$ 677.77

BEAR DCF MODEL

Projected Income Statement (\$ in millions)

	Historical			Projected					
Operating Assumptions	2021	2022	2023	2024	2025	2026	2027	2028	2029
Revenue Growth	22.7%	11.5%	10.2%	11.0%	9.0%	8.0%	8.0%	8.0%	8.0%
Gross Margin %	88.2%	87.7%	87.9%	88.0%	85.0%	85.0%	85.0%	85.0%	85.0%
Operating Expenses (as a % of Sales)	51.4%	53.1%	53.6%	53.0%	53.0%	53.0%	53.5%	53.5%	53.5%
Tax Rate	15.5%	20.8%	20.1%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Depreciation and Amortization	\$ 576.00	\$ 618.00	\$ 618.00	\$ 350.00	\$ 616.67	\$ 616.67	\$ 616.67	\$ 625.00	\$ 633.33
Capital Expenditures (CAPEX)	\$ 348.00	\$ 442.00	\$ 360.00	\$ 210.00	\$ 370.00	\$ 370.00	\$ 370.00	\$ 375.00	\$ 380.00
Asset Replacement Ratio	0.60	0.72	0.58	0.60	0.60	0.60	0.60	0.60	0.60
Net Working Capital (NWC) Balance in \$	\$ (2,010.00)	\$ (2,781.00)	\$ (4,235.00)	\$ (4,555.25)	\$ (4,747.40)	\$ (4,902.51)	\$ (4,996.45)	\$ (5,097.89)	\$ (5,207.45)
Change in NWC as a % of Sales	NA	-42.3%	-80.6%	-15.0%	-9.0%	-8.0%	-5.0%	-5.0%	-5.0%
Change in NWC in Dollars	NA	\$ (771.00)	\$ (1,454.00)	\$ (320.25)	\$ (192.15)	\$ (155.12)	\$ (93.93)	\$ (101.45)	\$ (109.56)

	Historical				Projected						
	2020	2021	2022	2023	1	2	3	4	5	6	
	2024	2025	2026	2027	2028	2029	Terminal				
Revenue	12,868.00	15,785.00	17,606.00	19,409.00	\$ 21,543.99	\$23,482.95	\$ 25,361.59	\$ 27,390.51	\$ 29,581.75	\$ 31,948.29	\$ 31,948.29
Cost of Goods Sold	1,722.00	1,865.00	2,165.00	2,354.00	2,585.28	3,522.44	3,804.24	4,108.58	4,437.26	4,792.24	4,792.24
Gross Margin	11,146.00	13,920.00	15,441.00	17,055.00	18,958.71	19,960.51	21,557.35	23,281.94	25,144.49	27,156.05	27,156.05
Operating Expenses	6,909.00	8,118.00	9,343.00	10,405.00	11,418.31	12,445.96	13,441.64	14,653.92	15,826.24	17,092.34	17,092.34
EBIT	4,237.00	5,802.00	6,098.00	6,650.00	7,540.40	7,514.54	8,115.71	8,628.01	9,318.25	10,063.71	10,063.71
Interest (Income)/Expense	73	96	51	(156.00)	50.00	50.00	50.00	50.00	50.00	50.00	50.00
Other (Income)/Expense	-12	1	39	7	10	10	10	10	10	10	10
Pre-Tax Income	4,176.00	5,705.00	6,008.00	6,806.00	7,480.40	7,454.54	8,055.71	8,568.01	9,258.25	10,003.71	10,003.71
Taxes	(1,084.00)	883.00	1,252.00	1,371.00	1,570.88	1,565.45	1,691.70	1,799.28	1,944.23	2,100.78	2,100.78
Net Income	\$ 5,260.00	\$ 4,822.00	\$ 4,756.00	\$ 5,435.00	\$ 5,909.51	\$ 5,889.09	\$ 6,364.01	\$ 6,768.73	\$ 7,314.02	\$ 7,902.93	\$ 7,902.93
Common Shares Outstanding (millions)	479.0	475.0	462.0	455	440.2	437	428	420	411	404	397
Earnings Per Share (EPS)	\$ 10.98	\$ 10.15	\$ 10.29	\$ 11.95	\$ 13.42	\$ 13.48	\$ 14.87	\$ 16.12	\$ 17.80	\$ 19.56	\$ 19.56
EBITDA	\$ 4,813.00	\$ 6,420.00	\$ 6,716.00	\$ 7,000.00	\$ 7,890.40	\$ 8,164.54	\$ 8,715.71	\$ 9,228.01	\$ 9,943.25	\$ 9,943.25	\$ 9,943.25
EBITDA Per Share	\$ 10.05	\$ 13.52	\$ 14.54	\$ 15.38	\$ 17.92	\$ 18.68	\$ 20.36	\$ 21.97	\$ 24.19	\$ 24.61	\$ 24.19
EPS Growth	na	-7.6%	14%	16.0%	12.4%	0.4%	10.3%	8.4%	10.4%	10%	NM

3 Yr Historical Revenue CAGR	14.7%	5 Yr Forward Revenue CAGR	8.2%	Terminal Value Sensitivity					
3 Yr Historical EPS CAGR	2.8%	5 Yr Forward EPS CAGR	7.8%	Terminal EBITDA Multiple	26	27	28	29	30
				P/Share Equity Value	\$ 402.06	\$ 415.22	\$ 428.38	\$ 441.53	\$ 454.69

Income Statement



		ACTUAL FULL YEAR (4)				LTM (5) Through August 30 2024		
Income Statement (\$ in millions)		2020	2021	2022	2023			
Revenue		\$ 12,868	\$ 15,785	\$ 17,606	\$ 19,409	\$ 20,947		
EBITDA (Earnings Before Interest, Taxes and Depreciation)		\$ 4,808	\$ 6,378	\$ 6,716	\$ 7,268	\$ 8,134		
Operating Income ("EBIT")		\$ 4,237	\$ 5,802	\$ 6,098	\$ 6,650	\$ 7,527		
Net Income		\$ 5,260	\$ 4,822	\$ 4,756	\$ 5,428	\$ 5,360		
Revenue Growth Rate		NA	22.67%	11.54%	10.24%	7.92%		
Net Income Growth Rate		NA	-8.33%	-1.37%	14.13%	-1.25%		
EBITDA Margin		37.36%	40.41%	38.15%	37.45%	38.83%		
Operating Income ("EBIT") Margin		32.93%	36.76%	34.64%	34.26%	35.93%	FORECAST	
Net Income Margin		40.88%	30.55%	27.01%	27.97%	25.59%	FULL YEAR	
							2024	2025
Earnings Per Share ("EPS")		\$ 10.94	\$ 10.10	\$ 10.13	\$ 11.87	\$ 11.89	\$ 18.27	\$ 20.56
EPS Growth		NA	-7.68%	0.30%	17.18%	0.17%	53.66%	12.53%

Balance Sheet and Valuation Metrics



Balance Sheet (\$ in millions)		2020	2021	2022	2023	2024 Q3
Cash		\$ 4,478	\$ 3,844	\$ 4,236	\$ 7,141	\$ 7,193
Current Assets		\$ 8,146	\$ 8,669	\$ 8,996	\$ 11,084	\$ 10,716
Total Assets		\$ 24,284	\$ 27,241	\$ 27,165	\$ 29,779	\$ 29,830
Current Liabilities		\$ 5,512	\$ 6,932	\$ 8,128	\$ 8,251	\$ 9,644
Total Interest Bearing Debt (Debt Capital) (2)		\$ 4,117	\$ 4,123	\$ 4,129	\$ 3,634	\$ 5,627
Shareholders Equity		\$ 13,264	\$ 14,797	\$ 14,051	\$ 16,518	\$ 14,545
Debt / Total Contributed Capital (3)		0.06%	0.05%	0.04%	0.03%	0.04%
Net Debt / Total Contributed Capital (3)		-60.81%	-45.56%	-42.88%	-61.60%	-55.18%

		ACTUAL	FORECAST
Valuation Metrics		LTM	2025
Earnings Per Share (full year)		\$11.89	\$22.67
Price / Earnings Ratio (P/E) (6)		42.62	24.39
EV / EBITDA		7.25	NA

SUMMARYANALYSISPRICE/FAIR VALUESUSTAINABILITYTRAILING RETURNSKEY METRICSFINANCIALSVALUATIONDIVIDENDSOWNERSHIPPROFILE

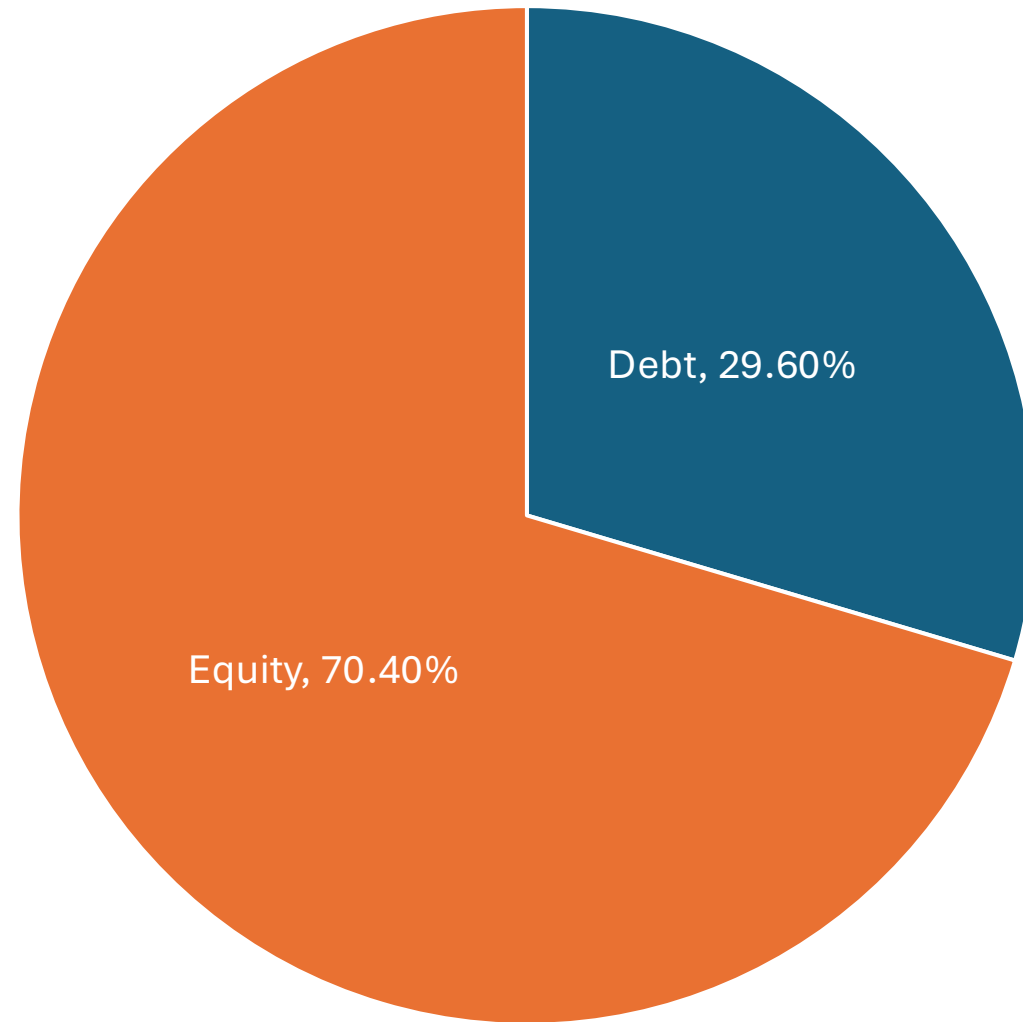
Income Statement (in Bil, except ratios)	08/31/2024	11/2023	11/2022	11/2021	11/2020	11/2019
Revenue	20.95	19.41	17.61	15.79	12.87	11.17
Revenue Growth %	10.91%	10.24%	11.54%	22.67%	15.19%	23.71%
Gross Profit	18.57	17.06	15.44	13.92	11.15	9.50
Gross Profit Margin %	87.87%	87.87%	87.70%	88.19%	86.62%	85.03%
Operating Income	7.53	6.65	6.10	5.80	4.24	3.27
Operating Margin %	34.26%	34.26%	34.64%	36.76%	32.93%	29.25%
EBIT	6.64	6.64	6.06	5.80	4.25	3.29
EBIT Margin %	34.23%	34.23%	34.41%	36.75%	33.02%	29.48%
EBITDA	7.25	7.25	6.65	6.36	4.81	3.87
EBITDA Margin %	37.37%	37.37%	37.79%	40.30%	37.36%	34.63%
Net Income	5.36	5.43	4.76	4.82	5.26	2.95
Net Profit Margin %	27.97%	27.97%	27.01%	30.55%	40.88%	26.42%
Basic EPS	11.89	11.87	10.13	10.10	10.94	6.07
Diluted EPS	11.81	11.82	10.10	10.02	10.83	6.00
Normalized EPS	17.89	16.07	13.72	12.48	10.10	7.88
Dividends per Share	—	—	—	—	—	—

Balance Sheet (in Bil, except ratios)	08/31/2024	11/2023	11/2022	11/2021	11/2020	11/2019
Total Assets	29.83	29.78	27.17	27.24	24.28	20.76
Total Liabilities	15.29	13.26	13.11	12.44	11.02	10.23
Total Debt	6.08	4.08	4.63	4.67	4.71	4.14
Total Equity	14.55	16.52	14.05	14.80	13.26	10.53
Cash And Cash Equivalents	7.19	7.14	4.24	3.84	4.48	2.65
Working Capital	1.07	2.83	0.87	1.74	2.63	-1.70
Shares Outstanding (Bil)	0.46	0.46	0.46	0.48	0.48	0.48
Book Value Per Share	32.69	36.28	30.22	31.10	27.69	21.83
Debt To Equity	0.42	0.25	0.33	0.32	0.35	0.39

Cash Flow Statement (in Bil, except ratios)	08/31/2024	11/2023	11/2022	11/2021	11/2020	11/2019
Cash From Operating Activities	6.73	7.30	7.84	7.23	5.73	4.42
Cash From Investing Activities	0.28	0.78	-0.57	-3.54	-0.41	-0.46
Cash From Financing Activities	-6.44	-5.18	-6.83	-4.30	-3.49	-2.95
Capital Expenditures	0.18	0.36	0.44	0.35	0.42	0.39
Free Cash Flow	7.43	7.30	7.06	6.59	5.12	4.05
Change in Cash	0.58	2.90	0.44	-0.61	1.83	1.02



Capital Structure



■ Debt ■ Equity

PERFORMANCE VS MARKET INDEX					
	YTD	1 Year	3 Year	5 Year	10 Year
Adobe	-4.67%	-11.55%	-12.59%	80.09%	672.67%
S&P 500	28.41%	31.75%	30.48%	94.21%	195.67%
Adobe Performance vs S&P 500	-33.08%	-43.30%	-43.07%	-14.12%	477.00%
Adobe Performance vs S&P 500	(1.16x)	(1.36x)	(1.41x)	(0.15x)	2.44x

Sustainability ⓘ

Risk Rating Assessment

Risk Rating Breakdown

ESG Risk Rating Assessment



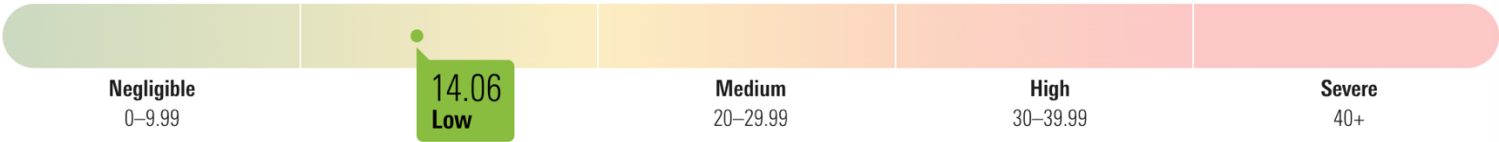
Highest Controversy Level (1 = Low, 5 = Severe)

2

Moderate

Incidents: Business Ethics, Customer

ESG Risk Rating



Top Material ESG Issues

Human Capital
Overall

Data Privacy & Cybersecurity
Overall

Product Governance
Overall

ESG Risk Rating is as of Dec 04, 2024. Highest Controversy Level is as of Dec 08, 2024. Sustainalytics Subindustry: Enterprise and Infrastructure Software. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics’ scores for the company. For the most up to date rating and more information, please visit: sustainalytics.com/esg-ratings/.

Trailing Returns

Daily

Monthly

Quarterly

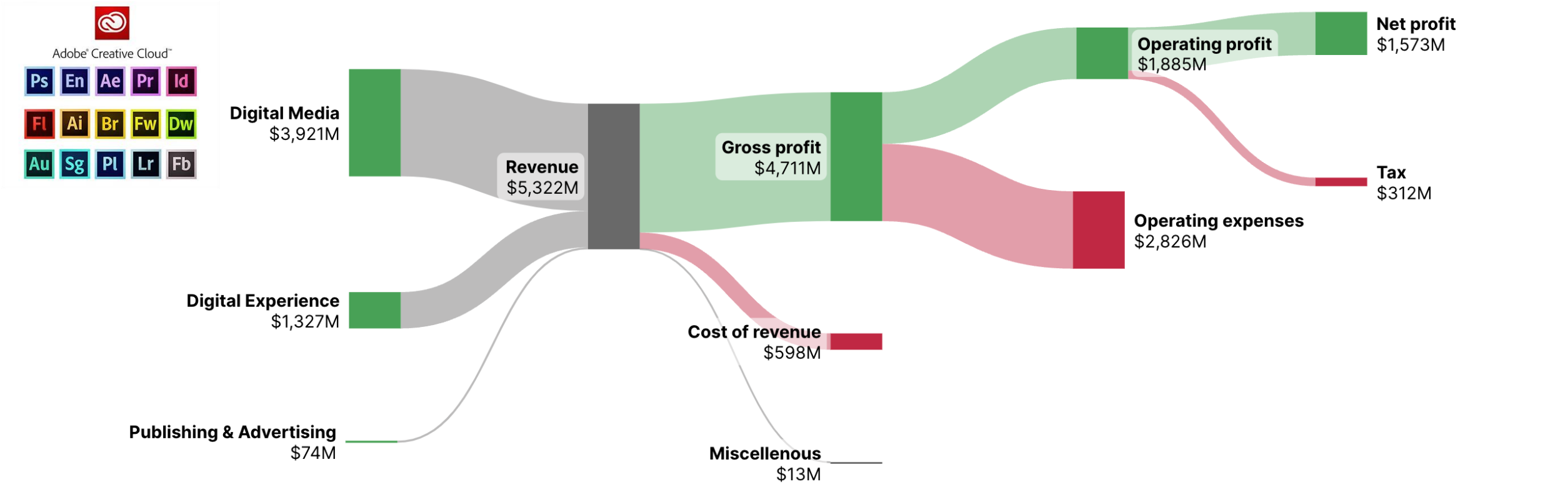
Total Return %	15-Year	10-Year	5-Year	3-Year	1-Year	YTD	3-Month	1-Month	1-Week	1-Day
ADBE	19.87	22.54	12.55	-3.85	-7.17	-7.31	-1.85	9.53	7.18	2.74
Industry	18.11	21.09	21.18	10.52	27.63	25.46	17.30	7.53	4.59	0.92
Index	14.07	13.05	15.48	10.88	35.95	29.09	13.86	3.15	0.97	0.30



Analyst covering ADOBE - 28

Firm	Analyst
Argus Research	Joseph Bonner
Atlantic Equities	Peter Sazel
Baird	Robert Oliver
Bank of America Securities	Brad Sills
Barclays	Saket Kalia
BMO Capital Markets	Keith Bachman
Citi	Tyler Radke
Cleveland Research Company	Ari Terjanian
Cowen & Co.	J. Derrick Wood
Credit Suisse	Philip A. Winslow, Jr.
Deutsche Bank Securities	Brad Zelnick
Evercore Partners	Kirk Materne
Goldman Sachs & Co.	Kash Rangan
Griffin Securities	Jay Vleeschhouwer
Jefferies	Brent Thill
JMP Securities	Patrick Walravens
JP Morgan	Sterling Auty
Mizuho Securities	Gregg Moskowitz
Morgan Stanley	Keith Weiss
Morningstar	Dan Romanoff
Oppenheimer	Brian Schwartz
Piper Sandler	Brent Bracelin
RBC Capital Markets	Matthew Hedberg
Sanford C. Bernstein & Co.	Mark Moerdler
Stifel	J. Parker Lane
UBS	Karl Keirstead
Wells Fargo Securities	Michael Turrin
Wolfe Research	Alex Zukin

ADOBE Q3 FY24 Income Statement



Education plans

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Request consultation

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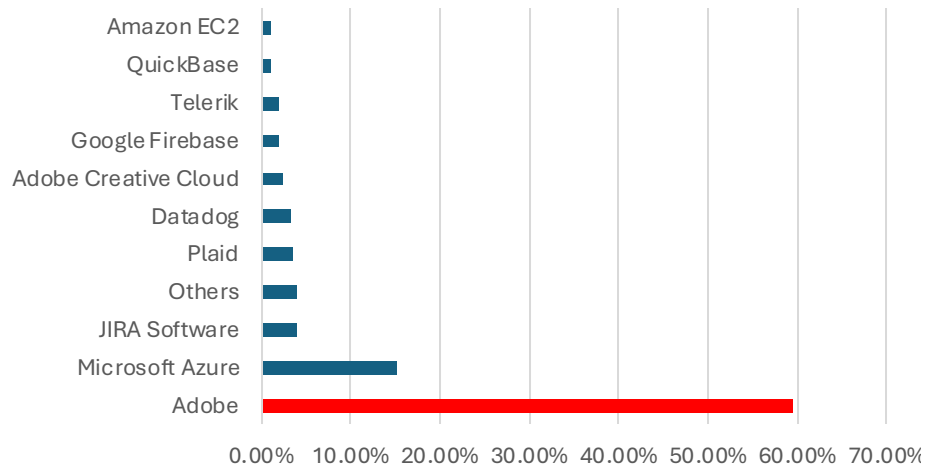
Includes:

- 100GB of cloud storage, per license, for easy file sharing
- Deeper discounts on all purchases plus consolidated annual billing

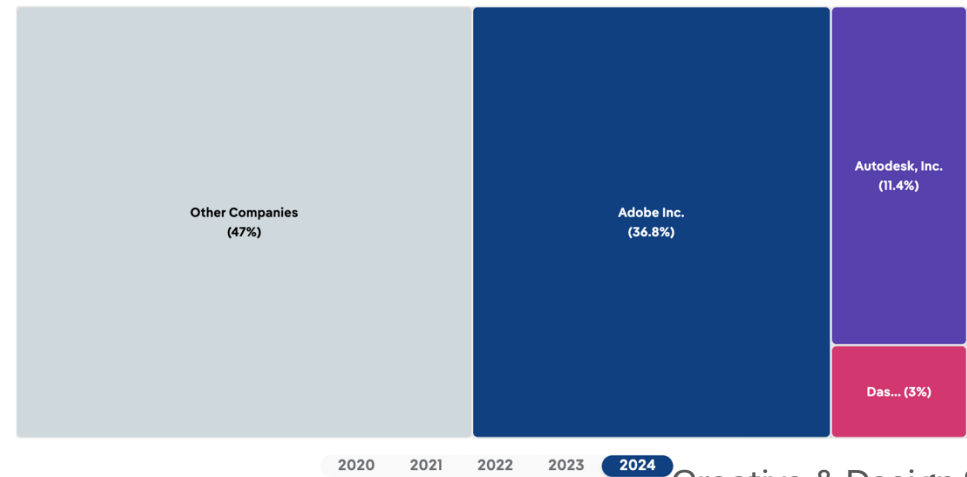
Request consultation

Market Share

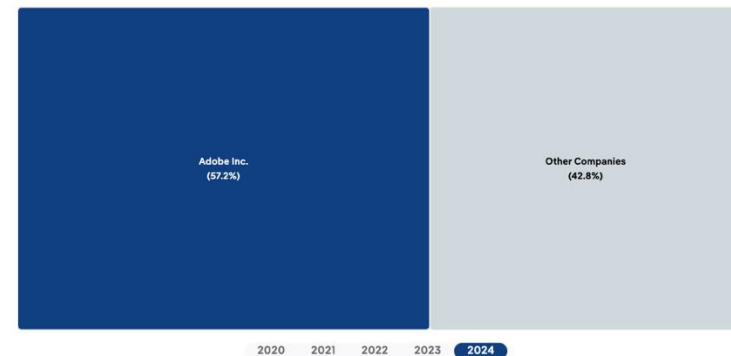
Application Development - Market Share



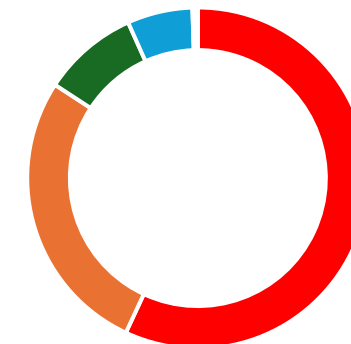
Design, Editing & Rendering Software Publishing in the US
Industry Market Share by Company
 Industry-specific company revenue as a share of total industry revenue



Website Creation Software Developers in the US
Industry Market Share by Company
 Industry-specific company revenue as a share of total industry revenue



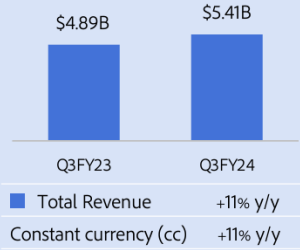
Creative & Design Software Estimate - Market Share (%) (2022)



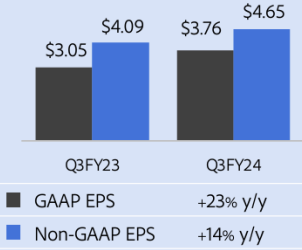
Adobe Q3 FY24 Financial Highlights

As of September 12, 2024
\$USD

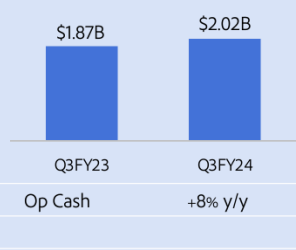
Total Revenue



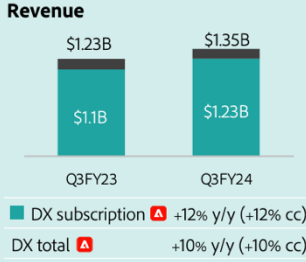
Earnings Per Share (EPS) - Diluted



Operating Cash Flows (Op cash)



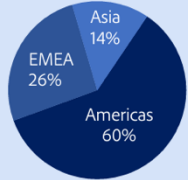
Digital Experience (DX)



Remaining Performance Obligations (RPO)

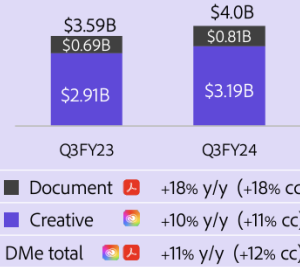


Total Revenue by Geo

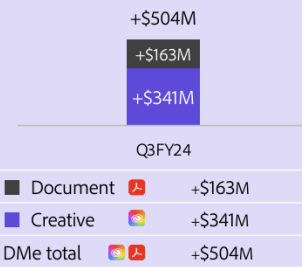


Digital Media (DMe)

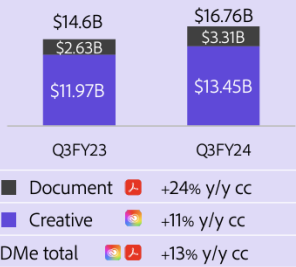
Revenue



Net New ARR*



Ending ARR**



* Annualized Recurring Revenue
* Q3FY23 at December 2022 Currency Rates & Q3FY24 at December 2023 Currency Rates.

Other Financial Highlights

Shares Repurchased
5.2 million

Operating Margin
GAAP: 36.8% | Non-GAAP: 46.5%

Worldwide Employees
30,830 -190 q/q

For a full explanation of our financial highlights, you are encouraged to review Adobe's Form 10-K and 10-Q SEC filings. Reconciliations between GAAP and non-GAAP financial measures and information about the use of non-GAAP financial measures can be found on the third page of this Investor Relations Data Sheet.