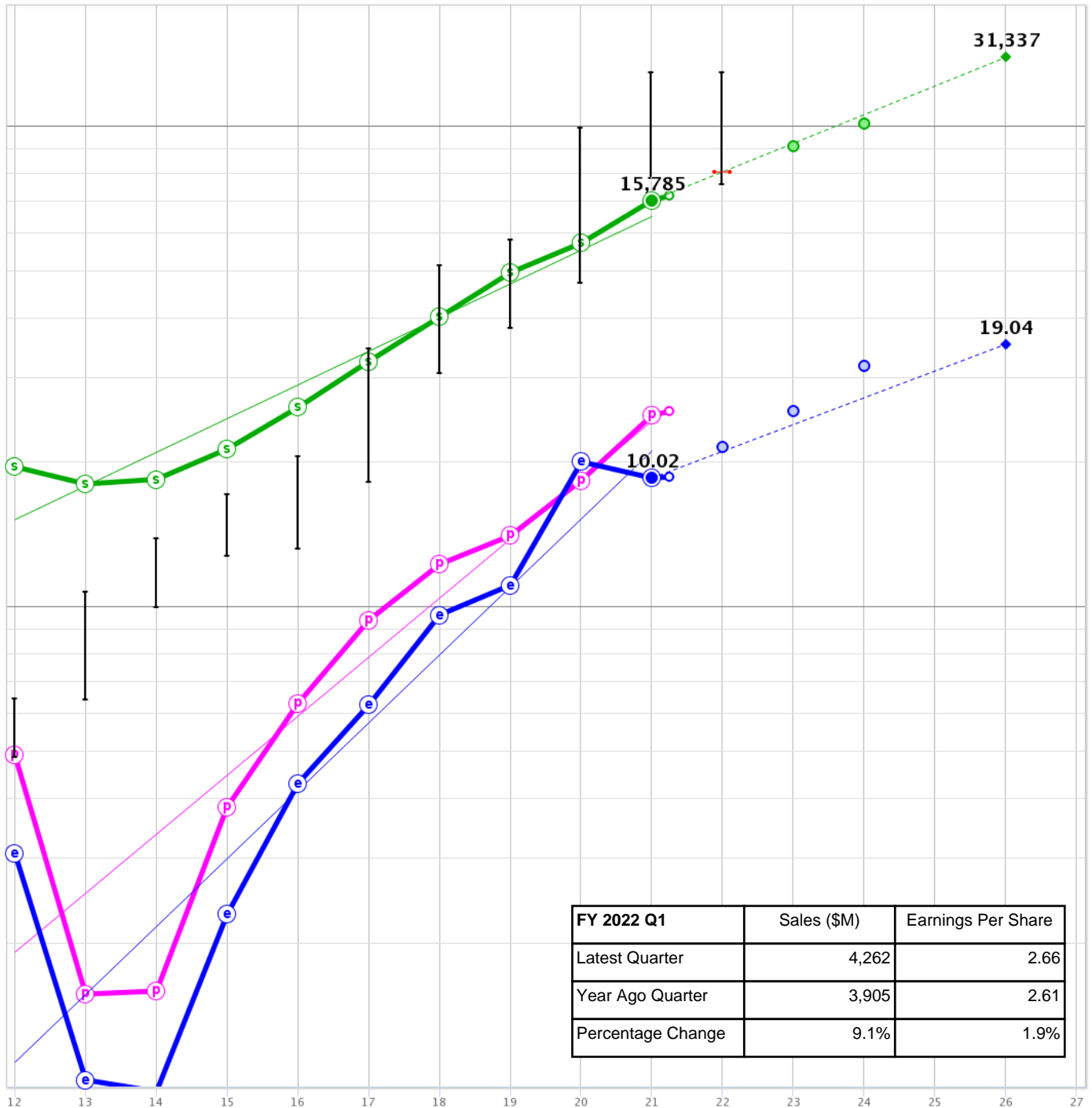


Stock Selection Guide

Company	Adobe		Date	04/11/22	
Prepared by	K EMMONS		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Software - Infrastructure		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	475.0		0.3	84.0	
Debt (\$M)	4,665.0	% to Tot Cap	25.3	% Pot Dil	0.4

Symbol: ADBE

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 17.5% | (3) Historical Earnings Per Share Growth | 38.5% |
| (2) Estimated Future Sales Growth | 14.7% | (4) Estimated Future Earnings Per Share Growth | 13.7% |

2 EVALUATING Management

Adobe

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Last 5 Year Avg.
Pre-tax Profit on Sales	25.4%	8.8%	8.7%	18.2%	24.5%	29.3%	30.9%	28.7%	32.5%	36.1%	31.5%
% Earned on Equity	12.3%	4.1%	3.9%	9.0%	15.9%	20.4%	28.6%	28.3%	44.3%	33.1%	30.9%
% Debt To Capital	18.5%	18.4%	18.3%	21.4%	20.4%	18.2%	30.6%	28.2%	26.2%	24.0%	25.4%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 434.44 (04/11/22)

HIGH THIS YEAR 699.54

LOW THIS YEAR 407.94

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2017	186.3	98.0	3.38	55.1	29.0	0.00	0.0	0.0
2018	277.6	165.7	5.20	53.4	31.9	0.00	0.0	0.0
2019	313.1	205.0	6.00	52.2	34.2	0.00	0.0	0.0
2020	536.9	255.1	10.83	49.6	23.6	0.00	0.0	0.0
2021	699.5	420.8	10.02	69.8	42.0	0.00	0.0	0.0
AVERAGE		228.9		56.0	32.1		0.0	
CURRENT/TTM			10.07			0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 44.1				CURRENT PRICE EARNINGS RATIO: 43.1				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 49.0 X Estimate High Earnings/Share 19.04 = Forecasted High Price \$ 933.0

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 32.0 X Estimate Low Earnings/Share 10.07 = Forecasted Low Price \$ 322.2

(b) Avg. Low Price of Last 5 Years 228.9

(c) Recent Market Low Price 255.1

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.00}{0.00\%} = 0.0$

Selected Forecasted Low Price \$ 322.2

C ZONING using 25%-50%-25%

Forecasted High Price 933.0 Minus Forecasted Low Price 322.2 = 610.8 Range. 25% of Range 152.7

Buy Zone 322.2 to 474.9

Hold Zone 474.9 to 780.3

Sell Zone 780.3 to 933.0

Present Market Price of 434.44 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{933.0 - 434.44}{434.44 - 322.2} = \frac{498.53}{112.24} = 4.4$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{933.0 - 434.44}{434.44} = 2.1475$ X 100 = 214.75 - 100 = 114.8 % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.00}{434.44} = 0.0000 = 0.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{0.0\%}{49.00} = 0.0\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{0.0\%}{40.50} = 0.0\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 16.5 %
Average Yield 0.0 %
Annualized Rate of Return 16.5 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation 12.2 %
Average Yield 0.0 %
Annualized Rate of Return 12.2 %