



2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	© VALUE LINE PUB. LLC	24-26
4.02	4.39	5.53	6.80	5.64	7.57	8.58	8.91	8.17	8.34	9.63	11.85	14.86	18.52	23.16	26.86	<b>33.20</b>	<b>38.55</b>	Revenues per sh <sup>A</sup>	<b>60.90</b>
1.31	1.39	1.82	2.17	1.28	2.24	2.29	1.23	1.17	1.95	3.04	4.11	6.02	7.65	12.56	<b>11.80</b>	<b>13.60</b>	"Cash Flow" per sh	<b>20.85</b>	
1.13	.83	1.21	1.59	.73	1.47	1.65	1.66	.56	.53	1.24	2.32	3.38	5.20	6.00	10.83	<b>10.00</b>	<b>11.60</b>	Earnings per sh <sup>A,B</sup>	<b>18.00</b>
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.10	.14	.23	.21	.23	.34	.43	.55	.38	.30	.37	.41	.36	.55	.82	.87	<b>.90</b>	<b>1.00</b>	Cap'l Spending per sh	<b>1.40</b>
3.81	8.77	8.14	8.38	9.36	10.35	11.77	13.49	13.55	13.62	14.06	15.02	17.22	19.20	21.83	27.69	<b>32.70</b>	<b>40.70</b>	Book Value per sh	<b>76.90</b>
488.73	587.23	571.41	526.11	522.66	501.90	491.54	494.13	496.26	497.48	497.81	494.25	491.26	487.66	482.34	479.00	<b>474.00</b>	<b>472.00</b>	Common Shs Outst'g	<b>468.00</b>
26.9	42.6	34.5	23.4	37.2	21.7	18.4	19.2	NMF	NMF	NMF	41.5	40.8	44.2	45.2	37.0	<b>Bold figures are Value Line estimates</b>		Avg Ann'l P/E Ratio	<b>42.0</b>
1.43	2.30	1.83	1.41	2.48	1.38	1.15	1.22	NMF	NMF	NMF	2.18	2.05	2.39	2.41	1.89			Relative P/E Ratio	<b>2.35</b>
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CAPITAL STRUCTURE as of 9/3/21		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		24-26
Total Debt \$4122.0 mill. Due in 5 Yrs. \$2000 mill.		4216.3	4403.7	4055.2	4147.1	4795.5	5854.4	7301.5	9030.0	11171	12868	<b>15750</b>	<b>18200</b>							Revenues (Smill) <sup>A</sup>	<b>28500</b>
LT Debt \$4122.0 mill. LT Int. \$180.0 mill. (22% Cap'l)		32.5%	33.6%	18.3%	17.5%	25.9%	31.2%	34.2%	35.3%	35.8%	38.8%	<b>42.0%</b>	<b>42.0%</b>							Operating Margin	<b>42.0%</b>
Leases, Uncapitalized Annual rentals \$104.0 mill.		270.2	299.8	321.2	313.6	339.5	331.5	326.0	346.5	736.7	757.0	<b>800</b>	<b>880</b>							Depreciation (Smill)	<b>1200</b>
No Defined Benefit Pension Plan.		832.8	832.8	290.0	268.4	629.6	1168.8	1694.0	2590.8	2951.5	5260.0	<b>4800</b>	<b>5550</b>							Net Profit (Smill)	<b>8550</b>
Pfd Stock None		19.5%	25.6%	18.6%	25.7%	28.0%	18.6%	20.8%	7.3%	7.9%	17.0%	<b>20.0%</b>	<b>20.0%</b>							Income Tax Rate	<b>20.0%</b>
Common Stock 475,800,000 shs. as of 9/24/21		19.8%	18.9%	7.2%	6.5%	13.1%	20.0%	23.2%	28.7%	26.4%	40.9%	<b>30.5%</b>	<b>30.5%</b>							Net Profit Margin	<b>30.0%</b>
MARKET CAP: \$308 billion (Large Cap)		2520.7	3059.6	2520.2	2107.9	2608.3	3028.2	3720.3	555.9	d1696	2634.0	<b>2000</b>	<b>2100</b>							Working Cap'l (Smill)	<b>3000</b>
CURRENT POSITION		1505.1	1496.9	1499.3	911.1	1907.2	1902.1	1881.4	4124.8	988.9	4117.0	<b>4100</b>	<b>4100</b>							Long-Term Debt (Smill)	<b>4200</b>
		5783.1	6665.2	6724.6	6775.9	7001.6	7424.8	8459.9	9362.1	10530	13264	<b>15500</b>	<b>19200</b>							Shr. Equity (Smill)	<b>36000</b>
		11.9%	10.6%	3.9%	3.9%	7.4%	12.9%	16.7%	19.5%	26.3%	30.6%	<b>24.0%</b>	<b>24.0%</b>							Return on Total Cap'l	<b>21.0%</b>
		14.4%	12.5%	4.3%	4.0%	9.0%	15.7%	20.0%	27.7%	28.0%	39.7%	<b>31.0%</b>	<b>29.0%</b>							Return on Shr. Equity	<b>24.0%</b>
		14.4%	12.5%	4.3%	4.0%	9.0%	15.7%	20.0%	27.7%	28.0%	39.7%	<b>31.0%</b>	<b>29.0%</b>							Retained to Com Eq	<b>24.0%</b>
		--	--	--	--	--	--	--	--	--	--	<b>Nil</b>	<b>Nil</b>							All Div's to Net Prof	<b>Nil</b>

**BUSINESS:** Adobe, Inc. develops various computer software products that enable users to create, transfer, and print electronic documents. In fiscal 2020, the company operated in the following primary business segments: Digital Media, Digital Experience, and Publishing and Advertising. Adobe's leading software products include *Illustrator*, *Photoshop*, *InDesign*, and *Acrobat*. R&D spending accounted for roughly 16.5% of the company's total revenues in fiscal '20. Has about 22,516 employees. Vanguard Group owns approximately 8.0% of stock. Officers & directors own less than 1% (3/21 proxy). Chairman, President and CEO: Shantanu Narayen. Inc.: DE. Address: 345 Park Avenue, San Jose, CA 95110-2704. Telephone: 408-536-6000. Internet: www.adobe.com.

**Adobe should close fiscal 2022 with solid results (year ends Friday closest to November 30th).** The software developer made healthy progress during the first nine months of the year, reflecting strong demand across the business. Adobe continues to benefit from the ongoing use of digital media and the need for more advanced graphic content. We currently look for Adobe's top line to increase about 22%, to \$15.75 billion, up nicely from our prior forecast. In addition, we have added \$0.25 to our profit forecast, which now stands at \$10.00 per share.

**The larger Digital Media segment continues to make progress.** Demand for the *Creative Cloud* offering remains healthy, thanks to customer additions, high retention rates, and product upgrades, particularly in the photography category. In addition, the *Substance 3D* collection is resonating well with users. Also included in the Digital Media segment, Adobe's *Document Cloud* maintains a leading position in the paperless forms space with few credible competitors. **Elsewhere, the Digital Experience segment is making contributions, as well.** This unit's software provides enterprise customers with analytics, marketing, content, and commerce solutions. We think Adobe's offerings hold potential, as the e-commerce marketplace is expanding. The *Experience Cloud* suite has been adopted by top clients (Facebook, Ford Motor, Honeywell) suggesting a competitive edge. **A small acquisition is worth noting.** Recently, Adobe agreed to purchase Frame.io, a cloud-based video collaboration platform with over one million users. Its platform complements Adobe's main video offerings and makes sense, as digital collaboration is an emerging marketplace. The transaction, valued at \$1.3 billion, is expected to close shortly. For perspective, Adobe has a history of making acquisitions, such as the purchase of Marekto, a provider of digital marketing software. **These shares are favorably ranked for Timeliness.** However, the stock has staged a sizable advance over the past year and trades at an elevated multiple. Our projections suggest that this issue holds somewhat limited appreciation potential for the next 3 to 5 years.

(A) Fiscal year ends the Friday closest to November 30th.	(B) Diluted earnings. Excludes net nonrec. (losses)/gains: '05, 06. Egs. may not sum due to rounding. Next earnings report due mid-December.	(C) Dividend discontinued mid-year fiscal '05.	Company's Financial Strength	A+
			Stock's Price Stability	90
			Price Growth Persistence	100
			Earnings Predictability	75