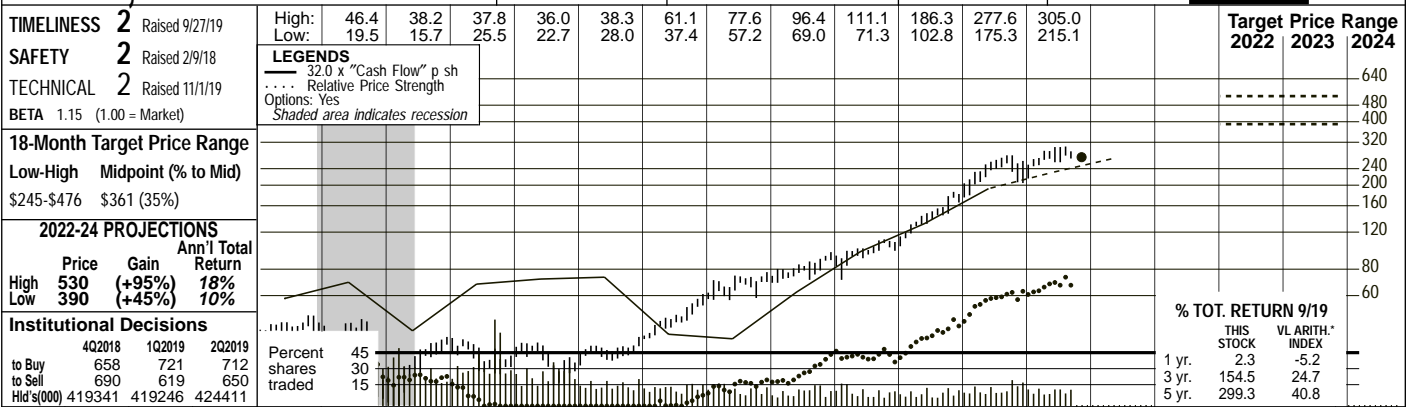


ADOBE, INC. NDQ:ADBE

RECENT PRICE **271.45** P/E RATIO **43.9** (Trailing: 48.2 Median: 41.0) RELATIVE P/E RATIO **2.52** DIV'D YLD **Nil**

VALUE LINE



	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
Revenues per sh ^A	2.72	3.44	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	23.05	27.80	Revenues per sh ^A	46.05
"Cash Flow" per sh	.68	1.05	1.31	1.39	1.82	2.17	1.28	2.13	2.24	2.29	1.23	1.17	1.95	3.04	4.11	6.02	7.20	8.45	"Cash Flow" per sh	13.50
Earnings per sh ^{A,B}	.57	.91	1.13	.83	1.21	1.59	.73	1.47	1.65	1.66	.56	.53	1.24	2.32	3.38	5.20	5.95	7.10	Earnings per sh ^{A,B}	11.50
Div's Decl'd per sh ^C	.03	.03	.01	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div's Decl'd per sh ^C	Nil
Cap'l Spending per sh	.08	.13	.10	.14	.23	.21	.23	.34	.43	.55	.38	.30	.37	.41	.36	.55	.70	.80	Cap'l Spending per sh	1.20
Book Value per sh	2.31	2.94	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	22.30	29.05	Book Value per sh	54.40
Common Shs Outst'g	476.60	484.37	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	484.00	482.00	Common Shs Outst'g	478.00
Avg Ann'l P/E Ratio	29.6	24.4	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	20.0	23.9	Avg Ann'l P/E Ratio	40.0
Relative P/E Ratio	1.69	1.29	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	2.00	2.39	Relative P/E Ratio	2.20
Avg Ann'l Div'd Yield	.1%	.1%	.0%	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Avg Ann'l Div'd Yield	Nil

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020		22-24
Total Debt \$4137.0 mill. Due in 5 Yrs. \$3490 mill.	2945.9	3800.0	4216.3	4403.7	4055.2	4147.1	4795.5	5854.4	7301.5	9030.0	11150	13400	Revenues (\$mill) ^A	22000						
LT Debt \$988.4 mill. LT Int. \$50.0 mill.	33.0%	33.8%	32.5%	33.6%	18.3%	17.5%	25.9%	31.2%	34.2%	35.3%	34.5%	35.0%	Operating Margin	35.5%						
(9% Cap'l)	282.4	292.7	270.2	299.8	321.2	313.6	339.5	331.5	326.0	346.5	580	620	Depreciation (\$mill)	900						
Leases, Uncapitalized Annual rentals \$88.6 mill.	386.5	774.7	832.8	832.8	290.0	268.4	629.6	1168.8	1694.0	2590.8	2900	3450	Net Profit (\$mill)	5550						
No Defined Benefit Pension Plan.	44.9%	17.9%	19.5%	25.6%	18.6%	25.7%	18.6%	18.6%	20.8%	7.3%	11.0%	14.0%	Income Tax Rate	18.0%						
Pfd Stock None	13.1%	20.4%	19.8%	18.9%	7.2%	6.5%	13.1%	20.0%	23.2%	28.7%	26.0%	25.7%	Net Profit Margin	25.2%						
Common Stock 484,078,609 shs. as of 9/20/19	1629.0	2148.0	2520.7	3059.6	2520.2	2107.9	2608.3	3028.2	3720.3	555.9	600	800	Working Cap'l (\$mill)	1000						
MARKET CAP: \$131.4 billion (Large Cap)	1000.0	1513.7	1505.1	1496.9	1499.3	911.1	1907.2	1902.1	1881.4	4124.8	4100	4100	Long-Term Debt (\$mill)	4500						
CURRENT POSITION 2017 2018 8/30/19 (\$MILL.)	4890.6	5192.4	5783.1	6665.2	6724.6	6775.9	7001.6	7424.8	8459.9	9362.1	10800	14000	Book Value (\$mill)	26000						
Cash Asset	2306.1	1642.8	2209.0	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	Return on Total Cap'l	18.0%						
Receivables	1218.0	1315.6	1441.7	1441.7	1441.7	1441.7	1441.7	1441.7	1441.7	1441.7	1441.7	1441.7	Return on Shr. Equity	21.5%						
Inventory (FIFO)	--	--	--	--	--	--	--	--	--	--	--	--	Retained to Com Eq	21.5%						
Other	3723.7	1898.6	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	2099.4	All Div's to Net Prof	Nil						
Current Assets	7247.8	4857.0	5750.1	5750.1	5750.1	5750.1	5750.1	5750.1	5750.1	5750.1	5750.1	5750.1								
Accts Payable	113.5	186.3	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0	187.0								
Debt Due	--	--	3148.6	3148.6	3148.6	3148.6	3148.6	3148.6	3148.6	3148.6	3148.6	3148.6								
Other	3414.0	4114.8	4467.4	4467.4	4467.4	4467.4	4467.4	4467.4	4467.4	4467.4	4467.4	4467.4								
Current Liab.	3527.5	4301.1	7803.0	7803.0	7803.0	7803.0	7803.0	7803.0	7803.0	7803.0	7803.0	7803.0								

BUSINESS: Adobe, Inc. develops various computer software products that enable users to create, transfer, and print electronic documents. In fiscal 2018, the company operated in the following business segments: Digital Media, Digital Experience, and Publishing. Adobe's leading software products include *Illustrator*, *Photoshop*, *InDesign*, and *Acrobat*. R&D spending accounted for roughly 17.0% of total revenue in fiscal '18. Has about 21,360 employees. FMR LLC owns approximately 7.4% of stock. Officers & directors own less than 1% (3/19 proxy). Co-Chairman: J. Warnock. Co-Chairman: C. Geschke. President & CEO: Shantanu Narayen. Inc.: DE. Address: 345 Park Avenue, San Jose, CA 95110-2704. Telephone: 408-536-6000. Internet: www.adobe.com.

Adobe is on track to exit fiscal 2019 with solid results (year ends November 30th). Business advanced at a brisk pace during the first nine months of the year, with impressive demand across the software company's vast product portfolio. Given a supportive climate, we think Adobe's top line will settle at nearly \$11.2 billion in fiscal 2019, suggesting a 24% annual improvement. Elsewhere, the bottom line continues to make progress, too. Profits exceeded our expectations in the third quarter, aided by business improvements and healthy margins. We have added \$0.15 to our fiscal 2019 earnings forecast, which now stands at \$5.95 per share.

The larger Digital Media segment continues to forge ahead. The Adobe *Creative Cloud* platform continues to gain customers, thanks to a wide range of offerings and constant innovation. For example, Adobe is launching *Fresco*, a comprehensive drawing and painting application that is being well received. Also, in the Digital Media Segment, Adobe *Document Cloud* remains the leading platform for document handling. The offerings here include advanced security features, such as electron-

ic signature handling, and are used by major corporate and public institutions. **The smaller Digital Experience segment is expanding at a rapid pace.** The *Experience Cloud* platform provides a comprehensive suite of digital services to enterprise and small corporate users. This provides businesses with applications for marketing, commerce, data analytics, and other tasks. Although there is competition in this area, the total addressable market for these services is sizable. **The company is in solid financial shape.** At the end of August, Adobe had cash of \$2.2 billion, and total debt of \$4.1 billion, on its balance sheet. Rather than make large acquisitions, at this point, Adobe may concentrate on integrating existing purchases, as it looks to fully realize business and cost synergies. **These shares have pulled back since our August report.** While Adobe's outlook remains supportive, the stock has been trading at somewhat elevated valuations. Elsewhere, our projections suggest that this stock holds good capital appreciation potential for the next 3 to 5 years.

Adam Rosner
 November 8, 2019

(A) Fiscal yr. ends about November 30th.	(B) Diluted earnings. Excludes net nonrec. (losses)/gains: '03, (2¢); '05, 6¢. Egs. may not sum due to rounding. Next earnings report due mid-Dec.	(C) Dividend discontinued mid-year fiscal '05.	Company's Financial Strength	A+
			Stock's Price Stability	65
			Price Growth Persistence	90
			Earnings Predictability	40