



Adobe Inc. is an American multinational computer software company. Incorporated in Delaware and headquartered in San Jose, California, it has historically specialized in software for the creation and publication of a wide range of content, including graphics, photography, illustration, animation, multimedia, motion pictures and print. The company has expanded into digital marketing management software. Adobe has millions of users worldwide. Flagship products include: Photoshop image editing software, Adobe Illustrator vector-based illustration software, Adobe Acrobat Reader and the Portable Document Format (PDF), plus a host of tools primarily for audio-visual content creation, editing and publishing.

Address: 345 PARK AVE, SAN JOSE, CA, US

Financials Date: May 31, 2023

Industry: SERVICES-PREPACKAGED SOFTWARE

Sector:

TECHNOLOGY Exchange: NASDAQ

### Executive Valuation Summary



Previous Close	Distance to Price Target	Price Target
<b>525.06</b>	<b>-5.73%</b>	<b>495</b>

Valuation Measures		Model Assumptions	
Market Cap	2.29T	Valuation Date	
Trailing P/E Ratio	23.60	WACC	13.96%
Forward P/E Ratio	24.10	EBITDA Multiple	31
PEG Ratio	2.87	Assumed Tax Rate	21.00%
Enterprise Value / EBITDA	18.24	Implied EV / EBITDA	28.59
Enterprise Value / Sales	6.16	Implied EV / FWD Sales	10.67
Price / Sales Ratio	5.82	Implied Price / FWD Sales	11.35

Price Target	Peer Comparison Summary		
	Name	EVToEBITDA	EVToRevenue
495	Adobe Systems ...	22.68	9.13
	Oracle Corporati...	16.78	6.50
	Microsoft Corpo...	18.55	9.21
	Intuit Inc	37.14	9.20
	<b>Average</b>	<b>24.39</b>	<b>7.19</b>

Fiscal Year	2020	2021	2022	2023	2024	2025	2026	2027
Fiscal Period	FY	FY	FY	FY	FY	FY	FY	FY
Revenue	12.9B	15.8B	17.6B	19.4B	21.3B	23.3B	25.6B	28.1B
Revenue Growth derived from Quarterly Model	NaN	22.67%	11.54%	10.05%	9.69%	9.69%	9.69%	9.69%
Cost of Goods Sold (COGs)	1.7B	1.9B	2.2B	2.3B	2.6B	2.8B	3.1B	3.4B
% of Sales	13.38%	11.82%	12.30%	12.00%	12.00%	12.00%	12.00%	12.00%
Gross Profit	11.1B	13.9B	15.4B	17.0B	18.7B	20.5B	22.5B	24.7B
% of Sales - using Manual percentage input	86.62%	88.18%	87.70%	88.00%	88.00%	88.00%	88.00%	88.00%
Operating Expenses (SG&A)	-6.9B	-8.1B	-9.3B	-10.1B	-11.1B	-12.1B	-13.3B	-14.6B
% of Sales - using Manual percentage input	-53.69%	-51.43%	-53.07%	-52.00%	-52.00%	-52.00%	-52.00%	-52.00%
<b>Operating Income (EBIT)</b>	<b>4.2B</b>	<b>5.8B</b>	<b>6.1B</b>	<b>7.0B</b>	<b>7.7B</b>	<b>8.4B</b>	<b>9.2B</b>	<b>10.1B</b>
Interest Expense	-116000K	-113000K	-112000K	-112000K	-112000K	-112000K	-112000K	-112000K
Other Income	55M	16M	22M	0	0	0	0	0
<b>Total Other Income</b>	<b>-61000K</b>	<b>-97000K</b>	<b>-90000K</b>	<b>-82667K</b>	<b>-82667K</b>	<b>-82667K</b>	<b>-82667K</b>	<b>-82667K</b>
<b>Pretax Income (EBT)</b>	<b>4.2B</b>	<b>5.7B</b>	<b>6.0B</b>	<b>6.9B</b>	<b>7.6B</b>	<b>8.3B</b>	<b>9.1B</b>	<b>10.0B</b>
Income Tax Expense	-1084000K	883M	1B	1.4B	1.6B	1.7B	1.9B	2.1B
Tax Rate	NaN	NaN	NaN	21.00%	21.00%	21.00%	21.00%	21.00%
<b>Net Income</b>	<b>5.3B</b>	<b>4.8B</b>	<b>4.8B</b>	<b>5.4B</b>	<b>6.0B</b>	<b>6.6B</b>	<b>7.2B</b>	<b>7.9B</b>
Operating Income (EBIT)	4.2B	5.8B	6.1B	7.0B	7.7B	8.4B	9.2B	10.1B
Depreciation & Amortization (D&A)	757.0M	788.0M	856.0M	954.6M	1.0B	1.1B	1.3B	1.4B
% of Sales	5.88%	4.99%	4.86%	4.93%	4.93%	4.93%	4.93%	4.93%
<b>EBITDA</b>	<b>5.0B</b>	<b>6.6B</b>	<b>7.0B</b>	<b>7.9B</b>	<b>8.7B</b>	<b>9.5B</b>	<b>10.5B</b>	<b>11.5B</b>
<b>Diluted EPS</b>	<b>11.07</b>	<b>10.24</b>	<b>9.81</b>	<b>11.23</b>	<b>12.33</b>	<b>13.54</b>	<b>14.86</b>	<b>16.32</b>
Diluted EPS Growth		-7.55%	-4.22%	14.49%	9.81%	9.80%	9.79%	9.78%

Discounted Cash Flow Analysis	2023	2024	2025	2026	2027	Normalized
EBITDA	7.9B	8.7B	9.5B	10.5B	11.5B	11.5B
Less: D&A	-954610.6K	-1047154.3K	-1148669.4K	-1260025.8K	-1382177.6K	-726571.2K
<b>EBIT</b>	<b>7.0B</b>	<b>7.7B</b>	<b>8.4B</b>	<b>9.2B</b>	<b>10.1B</b>	<b>10.8B</b>
Less: Taxes	-1464747.8K	-1606746.1K	-1762510.2K	-1933374.8K	-2120803.5K	-2258480.9K
<b>NOPAT</b>	<b>5.5B</b>	<b>6.0B</b>	<b>6.6B</b>	<b>7.3B</b>	<b>8.0B</b>	<b>8.5B</b>
Plus: D&A	954.6M	1.0B	1.1B	1.3B	1.4B	726.6M
Less: CapEx	-501811.5K	-550459.0K	-603822.6K	-662359.5K	-726571.2K	-726571.2K
Less: (Increase) / Decrease in NWC	1.7B	490.1M	537.6M	589.8M	646.9M	
<b>Unlevered Free Cash Flow</b>	<b>7.7B</b>	<b>7.0B</b>	<b>7.7B</b>	<b>8.5B</b>	<b>9.3B</b>	<b>8.5B</b>
Discount Period	0.5	1.5	2.5	3.5	4.5	4.5
Discount Factor	0.937	0.822	0.721	0.633	0.555	0.555
<b>PV of Unlevered Free Cash Flow</b>	<b>7.2B</b>	<b>5.8B</b>	<b>5.6B</b>	<b>5.4B</b>	<b>5.2B</b>	