

ADOBE INC. NDQ-ADBE

RECENT PRICE **296.12** P/E RATIO **14.6** (Trailing: 17.7 Median: 43.0) RELATIVE P/E RATIO **0.76** DIV'D YLD **Nil**

VALUE LINE

TIMELINESS 1 Raised 4/25/25
SAFETY 3 Lowered 11/1/24
TECHNICAL 3 Raised 1/30/26
BETA 1.25 (1.00 = Market)

High: 77.6 96.4 111.1 186.3 277.6 332.9 536.9 699.5 575.0 633.9 638.3 465.7
 Low: 57.2 69.0 71.3 102.8 175.3 215.1 255.1 420.8 274.7 318.6 432.5 311.6

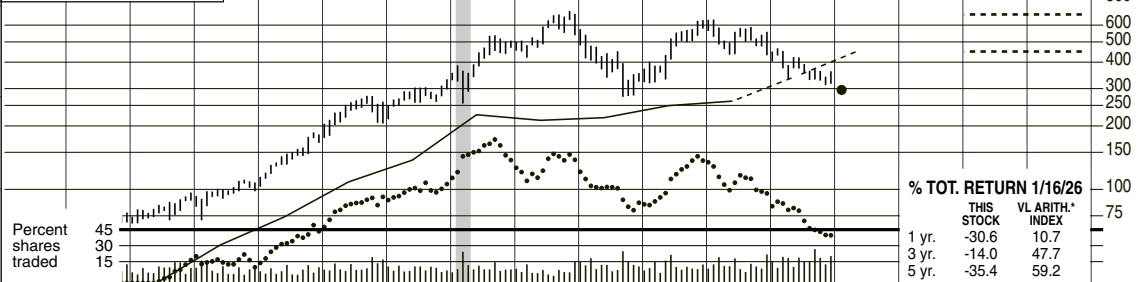
LEGENDS
 — 18.0 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$245-\$497 \$371 (25%)

2028-30 PROJECTIONS
 Price Gain Ann'l Total
 High 675 (+130%) 23%
 Low 450 (+50%) 11%

Institutional Decisions
 10/20/25 20/20/25 30/20/25
 to Buy 1315 1228 1038
 to Sell 1360 1320 1402
 Hld's(000) 344753 350643 339191

Percent shares traded: 45, 30, 15



Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues per sh	5.64	7.57	8.58	8.91	8.17	8.34	9.63	11.85	14.86	18.52	23.16	26.86	33.23	38.11	42.66	48.76	57.55	64.20
"Cash Flow" per sh	1.28	2.13	2.24	2.29	1.23	1.17	1.95	3.04	4.11	6.02	7.65	12.56	11.81	12.15	13.85	14.55	19.25	25.45
Earnings per sh	.73	1.47	1.65	1.66	.56	.53	1.24	2.32	3.38	5.20	6.00	10.83	10.02	10.10	11.82	12.36	16.70	23.50
Div'ds per sh	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil
Cap'l Spending per sh	.23	.34	.43	.55	.38	.30	.37	.41	.36	.55	.82	.87	.73	.96	.79	.42	.43	.50
Book Value per sh	9.36	10.35	11.77	13.49	13.55	13.62	14.06	15.02	17.22	19.20	21.83	27.69	31.15	30.41	36.30	31.98	28.14	32.10
Common Shs Outst'g	522.66	501.90	491.54	494.13	496.26	497.48	497.81	494.25	491.26	487.66	482.34	479.00	475.00	462.00	455.00	441.00	413.00	405.00
Avg Ann'l P/E Ratio	37.2	21.7	18.4	19.2	NMF	NMF	NMF	41.5	40.8	44.2	45.2	37.0	NMF	41.4	37.5	43.4	23.4	17.0
Relative P/E Ratio	2.48	1.38	1.15	1.22	NMF	NMF	NMF	2.18	2.05	2.39	2.41	1.90	NMF	2.39	2.09	2.29	1.21	.95
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil

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Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil

CAPITAL STRUCTURE as of 11/28/25
 Total Debt \$6210.0 mill. Due in 5 Yrs. \$4900 mill.
 LT Debt \$6210.0 mill. LT Int. \$250.0 mill.
 (35% Cap'l)
 Leases, Uncapitalized Annual rentals \$89.0 mill.

No Defined Benefit Pension Plan.

Pfd Stock None

Common Stock 410,500,000 shs. as of 1/9/26

MARKET CAP: \$122 billion (Large Cap)

Year	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenues (\$mill)	4795.5	5854.4	7301.5	9030.0	11171	12868	15785	17606	19409	21505	23769	26000	28000	30000	32000	34000	36000	38000
Operating Margin	25.9%	31.2%	34.2%	35.3%	35.8%	38.8%	41.7%	39.5%	38.8%	40.0%	40.5%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%
Depreciation (\$mill)	339.5	331.5	326.0	346.5	736.7	757.0	788.0	856.0	872.0	857.0	818.0	750	750	750	750	750	750	750
Net Profit (\$mill)	629.6	1168.8	1694.0	2590.8	2951.5	5260.0	4822.0	4756.0	5428.0	5560.0	7130	9550	12800	12800	12800	12800	12800	12800
Income Tax Rate	28.0%	18.6%	20.8%	7.3%	7.9%	--	15.5%	20.8%	20.2%	19.8%	18.4%	18.4%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%
Net Profit Margin	13.1%	20.0%	23.2%	28.7%	26.4%	40.9%	30.5%	27.0%	28.0%	25.9%	30.0%	36.7%	35.7%	35.7%	35.7%	35.7%	35.7%	35.7%
Working Cap'l (\$mill)	2608.3	3028.2	3720.3	555.9	d1696	2634.0	1737.0	868.0	2833.0	711.0	d37.0	100	1500	1500	1500	1500	1500	1500
Long-Term Debt (\$mill)	1907.2	1902.1	1881.4	4124.8	988.9	4117.0	4123.0	3629.0	3634.0	4129.0	6210	6200	7500	7500	7500	7500	7500	7500
Shr. Equity (\$mill)	7001.6	7424.8	8459.9	9362.1	10530	13264	14797	14051	16518	14105	11623	13000	25000	25000	25000	25000	25000	25000
Return on Total Cap'l	7.4%	12.9%	16.7%	19.5%	26.3%	30.6%	25.8%	27.2%	27.2%	31.0%	40.0%	52.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Return on Shr. Equity	9.0%	15.7%	20.0%	27.7%	28.0%	39.7%	32.6%	33.8%	32.9%	39.4%	61.3%	73.5%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
Retained to Com Eq	9.0%	15.7%	20.0%	27.7%	28.0%	39.7%	32.6%	33.8%	32.9%	39.4%	61.3%	73.5%	51.0%	51.0%	51.0%	51.0%	51.0%	51.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Business: Adobe Inc. develops various computer software products that enable users to create, transfer, and print electronic documents. In fiscal 2025, 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 18.0% of the company's total revenues in fiscal '25. Has about 31,360 employees. Vanguard Group owns approximately 9.0% of stock. Officers & directors own less than 1% (3/25 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.

Year	2023	2024	11/28/25
Cash Asset	7141	7613	5431
Receivables	2224	2072	2344
Inventory (FIFO)	--	--	--
Other	1719	1547	2388
Current Assets	11084	11232	10163
Accts Payable	314	361	417
Debt Due	--	1499	--
Other	7937	8661	9783
Current Liab.	8251	10521	10200

Adobe should make continued progress in the year ahead. For fiscal 2026 (year ends November 27th), we think the software company will post revenues of \$26.0 billion, representing a nearly 10% annual advance. The improvement should be driven by strength across Adobe's various product lines. Adobe is working to integrate AI (Artificial Intelligence) technology into its creative and marketing software. At the Digital Media segment, the *Firefly* technology continues to enhance the company's photography, design, illustration, and video software. At the Digital Experience unit, the use of AI assistants and agents is keeping Adobe's technology current.

We will be posting adjusted figures going forward. Our presentation will now exclude charges for stock-based compensation, the amortization of intangibles, investment gains and losses, etc. Although this method may make annual comparisons difficult this year, it should provide a clearer picture of Adobe's performance. For 2026, we now look for adjusted earnings of \$23.50 per diluted share.

Adobe has started to pursue acquisitions again. In November, the company agreed to purchase Semrush Holdings in an all-cash deal valued at \$1.9 billion. Semrush, which operates a digital marketing platform, has over \$400 million in annual revenues, but no meaningful profits. However, the deal is strategic and should help Adobe enhance its product line.

The balance sheet is quite strong. At the end of fiscal 2025, Adobe reported cash of \$5.43 billion, and a manageable amount of debt. The technology company, which does need to support large manufacturing facilities, maintains a modest capital budget. As a result, funds should be returned to investors. Last year, Adobe spent over \$10 billion on share repurchases. We look for continued buybacks in fiscal 2026.

Adobe stock has declined over the past couple of years. Despite investor concerns, we think the company can thrive in the AI arena. The issue is favorably ranked for Timeliness, and trades at a reasonable valuation. Our projections indicate these shares offer wide appreciation potential for the next 3 to 5 years.

Fiscal Year Ends	Feb.Per	May.Per	Aug.Per	Nov.Per	Full Fiscal Year
2022	4262	4386	4433	4525	17606
2023	4655	4816	4890	5048	19409
2024	5182	5309	5408	5606	21505
2025	5714	5873	5988	6194	23769
2026	6250	6400	6550	6800	26000

Fiscal Year Ends	Feb.Per	May.Per	Aug.Per	Nov.Per	Full Fiscal Year
2022	2.66	2.49	2.42	2.53	10.10
2023	2.71	2.82	3.05	3.23	11.82
2024	1.36	3.49	3.76	3.79	12.36
2025	4.14	3.94	4.18	4.45	16.70
2026	5.85	5.80	5.90	5.95	23.50

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022					
2023					
2024					
2025					
2026					

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2022					
2023					
2024					
2025					
2026					

NO CASH DIVIDENDS BEING PAID

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(A) Fiscal year ends the Friday closest to November 30th.

(B) Diluted earnings. Egs. may not sum due to rounding. Next earnings report due late March.

Company's Financial Strength	A
Stock's Price Stability	45
Price Growth Persistence	60
Earnings Predictability	75