Stock Selection Guide

Company	Adobe		Date	07/08/24
Prepared by	K EMMONS		Data taken from	BI Stock Data
Where traded	NAS	Industry	Software - Infrastructure	

Capitalization --- Outstanding Amounts		Reference	
Preferred ($M)	0.0	% Insiders	% Institution
Common (M Shares)	451.0	0.4	58.3
Debt ($M) 6,090.0	% to Tot Cap 29.1	% Pot Dil	0.4

Symbol: ADBE

1 VISUAL ANALYSIS of Sales, Earnings, and Price

34,424

20,429

19.18

11.13
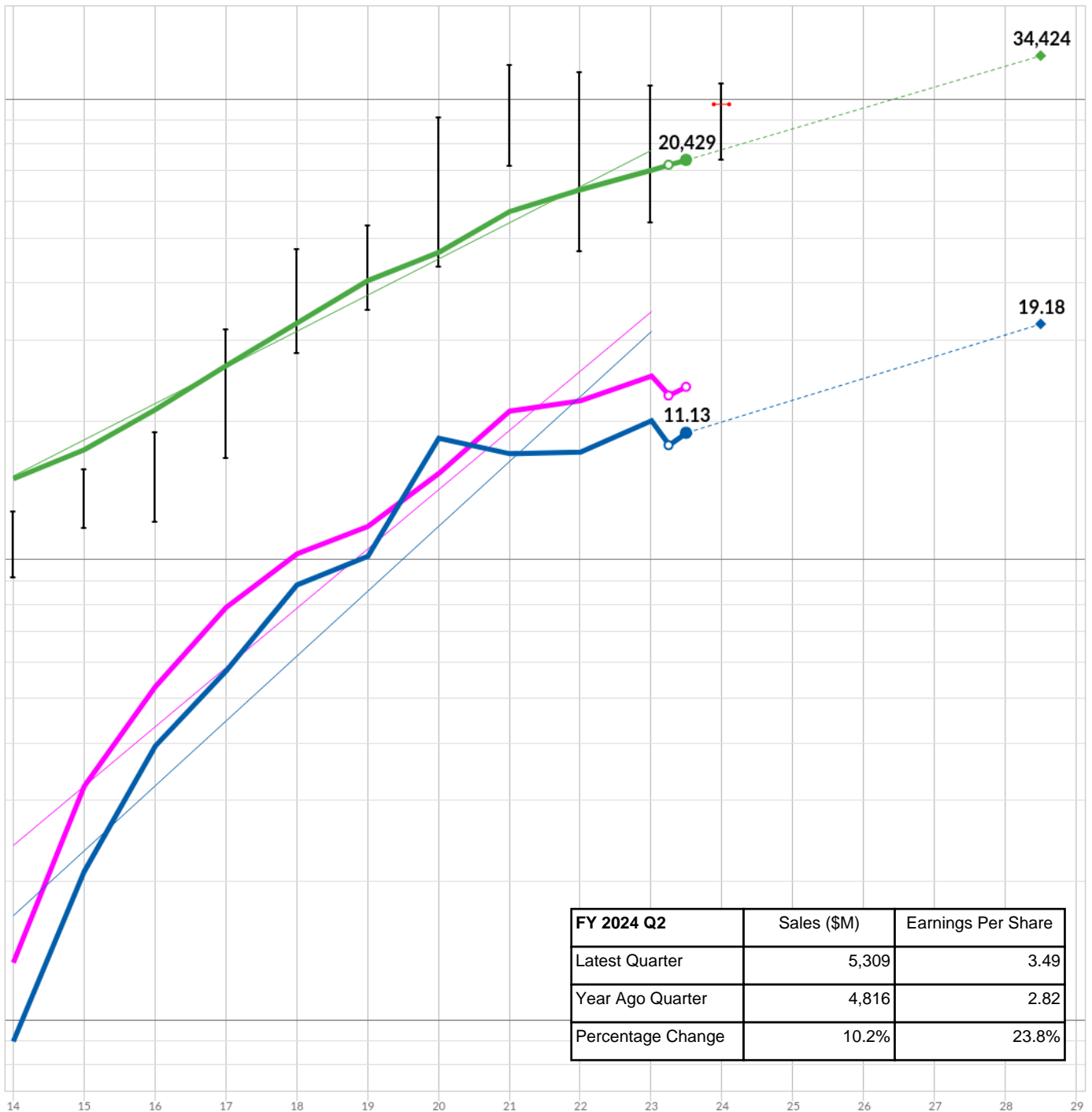
FY 2024 Q2	Sales ($M)	Earnings Per Share
Latest Quarter	5,309	3.49
Year Ago Quarter	4,816	2.82
Percentage Change	10.2%	23.8%

| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 |

(1) Historical Sales Growth   19.8%

(2) Estimated Future Sales Growth   11.0%

(3) Historical Earnings Per Share Growth   38.4%

(4) Estimated Future Earnings Per Share Growth   11.5%

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Last 5 Year Avg.
% Pre-tax Profit on Sales	8.7%	18.2%	24.5%	29.3%	30.9%	28.7%	32.5%	36.1%	34.1%	35.0%	33.3%
% Earned on Equity	3.9%	9.0%	15.9%	20.4%	28.6%	28.3%	44.3%	33.1%	32.7%	34.1%	34.5%
% Debt To Capital	18.3%	21.4%	20.4%	18.2%	30.6%	28.2%	26.2%	24.0%	24.8%	19.8%	24.6%

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.

CURRENT PRICE 575.40 (07/08/24)   **52-WEEK HIGH**   638.25   **52-WEEK LOW**   433.97

	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
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
2022	675.2	274.7	10.10	66.9	27.2	0.00	0.0	0.0
2023	628.6	318.6	11.82	53.2	27.0	0.00	0.0	0.0
AVERAGE		294.8		58.3	30.8		0.0	
CURRENT/TTM			11.13	57.3	39.0	0.00	0.0	
AVERAGE PRICE EARNINGS RATIO: 44.5					CURRENT PRICE EARNINGS RATIO: 51.7			

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   45.0   X Estimate High Earnings/Share   19.18   =   Forecasted High Price $ 863.1

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E   35.0   X Estimate Low Earnings/Share   10.14   =   Forecasted Low Price $ 354.9

(b) Avg. Low Price of Last 5 Years   294.8

(c) Recent Market Low Price   274.7

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

Selected Forecasted Low Price $ 354.9

C ZONING   using 25%-50%-25%

Forecasted High Price   863.1   Minus Forecasted Low Price   354.9   =   508.2   Range.   25% of Range   127.1

Buy Zone   354.9   to   482.0

Hold Zone   482.0   to   736.1

Sell Zone   736.1   to   863.1

Present Market Price of   575.40   is in the   **HOLD**   Zone

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

$\frac{\text{High Price} \quad 863.1}{\text{Current Price} \quad 575.40}$ $\frac{\text{Minus Current Price} \quad 575.40}{\text{Minus Low Price} \quad 354.9}$ = $\frac{287.74}{220.50}$ =   1.3   To 1

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

$\frac{\text{High Price} \quad 863.1}{\text{Current Price} \quad 575.40}$ =   1.5001   X   100   =   150.01   -   100   =   50.0   % 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 $\frac{\text{Indicated Annual Dividend} \quad 0.00}{\text{Current Price} \quad 575.40}$ =   0.0000   =   0.0 %   Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}}$ = $\frac{0.0 \%}{45.00}$ =   0.0 %

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}}$ = $\frac{0.0 \%}{40.00}$ =   0.0 %

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation	8.4 %
Average Yield	0.0 %
Annualized Rate of Return	8.4 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

Annualized Appreciation	5.9 %
Average Yield	0.0 %
Annualized Rate of Return	5.9 %

Notes: ADBE 7/9/24

| Date	Subject	Description	Type
07/09/24	Adobe had a rebound in Q2.	Left Sales and Earnings as-is for now. From Morning Star: Analyst Note Dan Romanoff, CPA, Senior Equity Analyst, 14 Jun 2024We are raising our fair estimate to $635 per share from $610 after wide-moat Adobe reported good second-quarter results and raised its outlook for the full year on all headline numbers. After last quarter's big selloff, which we think was driven by disappointing net new annual recurring revenue, management also raised its full-year outlook for this metric. We were steadfast in our belief in our Adobe thesis after the past quarter and are encouraged by financial progress through the second quarter. We think recent price increases, recent and pending important product launches, and rapid generative artificial intelligence adoption should help drive growth over the next several quarters. Changes to our model were short-term fine-tuning, while our longer-term estimates are unchanged, and we continue to see shares as undervalued. After last quarter's net new ARR hiccup, this quarter's strength should allay concerns about a rapid drop-off in growth. Net new ARR in digital media was $487 million, compared with guidance of $440million, which we view as very good.	Community
06/16/24	I used the 52 week Low price	I used the 52 week Low price	Community
06/09/24	Value Line 5-3-24	For fiscal 2024, we continue to look for the top line to advance roughly 11%, to $21.5 billion. However, we have lowered our earnings forecast, to $11.75 per share, to account for the previously mentioned charge (termination of Figma acquisition). Adobe seems set to return capital to shareholders, with a newly approved $25 billion share-repurchase plan. But how much is this just to offset share based compensation?	Community
01/06/24	VMW removed from peer listing	The "Refresh Study Data" function removed VMW from peer listing as of 01-06-2024 because it is no longer covered in the BetterInvesting stock data.	Study
11/09/23	Member Sentiment Judgment Forecast Statistics	Forecast Sales: Median: 12.0 Mean: 12.3 Range: (8.0 - 17.5) Forecast EPS: Median: 13.0 Mean: 13.0 Range: (6.7 - 19.2) Forecast High P/E: Median: 45.1 Mean: 46.4 Range: (33.0 - 60.6) Forecast High EPS: Median: 19.74 Mean: 19.82 Range: (14.17 - 25.42) Forecast Low Price: Median: 312.2 Mean: 318.1 Range: (204.9 - 452.0) Forecast High Price: Median: 911.0 Mean: 920.2 Range: (576.7 - 1,378.4) Forecast Low P/E: Median: 30.0 Mean: 29.7 Range: (20.0 - 40.0) Forecast Low EPS: Median: 10.83 Mean: 10.68 Range: (7.58 - 12.09) Forecast Payout Rate: Median: 0.0 Mean: 0.0 Range: (0.0 - 0.0) Forecast Total Return: Median: 10.6 Mean: 10.8 Range: (0.7 - 20.7)	Study
11/09/23	Member Sentiment Judgment Forecast Statistics	Forecast Sales: Median: 12.0 Mean: 12.3 Range: (8.0 - 17.5) Forecast EPS: Median: 13.0 Mean: 13.0 Range: (6.7 - 19.2) Forecast High P/E: Median: 45.1 Mean: 46.4 Range: (33.0 - 60.6) Forecast High EPS: Median: 19.74 Mean: 19.82 Range: (14.17 - 25.42) Forecast Low Price: Median: 312.2 Mean: 318.1 Range: (204.9 - 452.0) Forecast High Price: Median: 911.0 Mean: 920.2 Range: (576.7 - 1,378.4) Forecast Low P/E: Median: 30.0 Mean: 29.7 Range: (20.0 - 40.0) Forecast Low EPS: Median: 10.83 Mean: 10.68 Range: (7.58 - 12.09) Forecast Payout Rate: Median: 0.0 Mean: 0.0 Range: (0.0 - 0.0) Forecast Total Return: Median: 10.6 Mean: 10.8 Range: (0.7 - 20.7)	Study
04/21/23	Adobe Systems ADBE	Adobe Systems engages in the provision of digital marketing and media solutions, operating through digital media, digital experience, publishing and advertising.	Community

03/16/23	adobe Q1	My Conclusion: We should leave the stock as is. I don't think we should sell or buy it.	Community
		Earnings: $3.80 per share, adjusted, vs. $3.68 per share as expected by analysts, according to Refinitiv. Revenue: $4.66 billion, vs. $4.62 billion as expected by analysts, according to Refinitiv. Adobe PDF engine is embedded in the default browser in Microsoft browser windows 10 and 11. They are going to start charge user fee for Frame.io. a platform for reviewing and approving videos. Adobe bought Frame.io in 2021. I think they are a good stock. Q1 has beat expectations. They have few competitors and there are many barriers to entry. Source: https://www.cnbc.com/2023/03/15/adobe-adbe-earnings-q1-2023.html My second source determined adobe is a hold stock. Adobe is investing a lot of money into acquiring Figma. https://seekingalpha.com/article/4588006-adobe-listen-to-terry-smith-its-a-hold-for-now?utm_source=marketbeat.com&utm_medium=referral?source=MarketBeat	
01/30/23	Forecast Low	I used the 52-week low for this number.	Community

Study Audit: ADBE 7/9/24

Review Advised	Category	Explanation
✔	Historical Earnings Growth	Is this company's earnings growth sufficiently consistent? R-Squared (5 yr): 0.59
✔	Historical Earnings Growth	It appears that some historical data may be irrelevant for forecasting future growth. Therefore, you may wish to eliminate some data as outliers. R-Squared (10 yr): 0.88
✔	Future P/Es	Do you want to rely upon investors paying more than 30 times earnings for this stock in order for you to make money? Average High P/E Forecast: 45.0
✔	Future P/Es	Do you want to estimate the future low PE to exceed the average low? Average Low P/E Forecast: 35.0 Average Low P/E: 30.8
✔	SSG Results	This stock is selling at a higher multiple of earnings than the average that investors have paid for it over the past five years. Relative Value: 116.1%
✔	SSG Results	If purchased at the current price, your potential gain is projected to be less than three times your potential loss. Upside Downside Ratio: 1.3
✔	SSG Results	If purchased at the current price, this stock is not likely to double your money over the next five years. Total Return (High P/E): 8.4% Total Return Guideline: 14.9%

Company: Adobe

Symbol: ADBE

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

(S) Sales   (e) Earnings
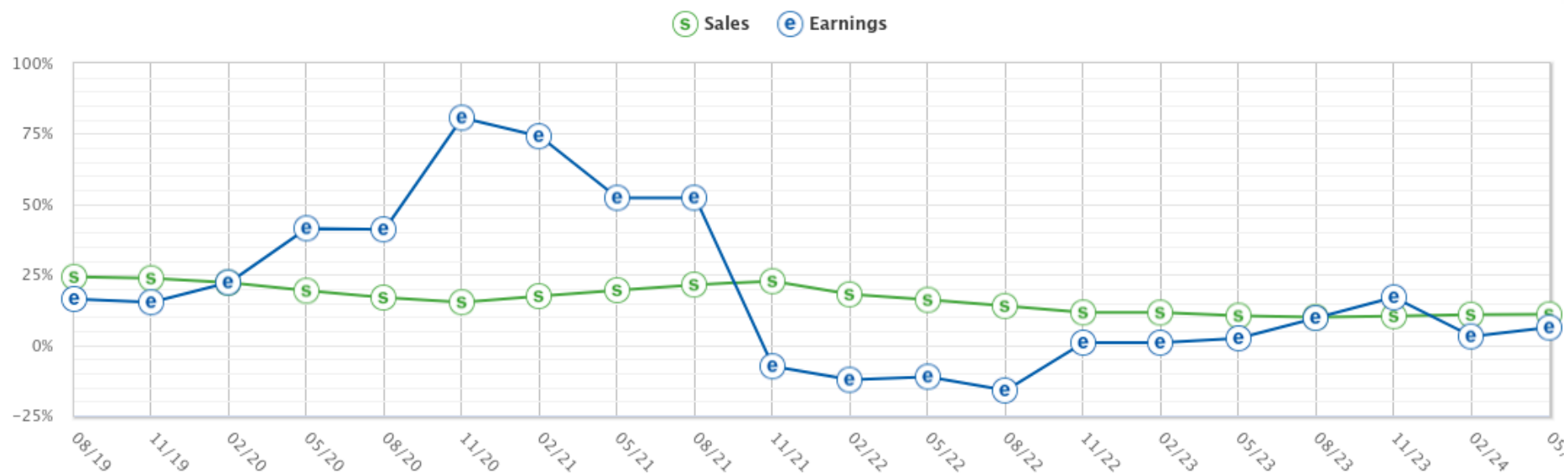
Quarterly Data								Last 12 Months Data								
Period	**EPS**		**Pre-Tax Profit**			**Sales**		**Income Tax Rate**	**EPS**	**Pre-Tax Profit**		**Sales**	**Income Tax**		**%Change**		
	$	%Change	$ Mil	%Sales	%Change	$ Mil	%Change		$	$ Mil	%Sales		$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
05/24	3.49	23.8	1,930.0	36.4	17.0	5,309.0	10.2	18.5	11.13	6,449.0	31.6	20,429.0	1,482.3	23.0	6.2	3.7	10.9
02/24	1.36	-49.8	968.0	18.7	-39.4	5,182.0	11.3	36.0	10.46	6,169.0	30.9	19,936.0	1,464.5	23.7	3.1	1.7	10.8
11/23	3.23	27.7	1,808.0	35.8	19.2	5,048.0	11.6	18.0	11.81	6,799.0	35.0	19,409.0	1,376.3	20.2	16.9	13.2	10.2
08/23	3.05	26.0	1,743.0	35.6	19.7	4,890.0	10.3	19.5	11.11	6,508.0	34.5	18,886.0	1,390.6	21.4	9.6	9.2	9.9
05/23	2.82	13.3	1,650.0	34.3	10.6	4,816.0	9.8	21.5	10.48	6,221.0	33.8	18,429.0	1,367.7	22.0	2.3	5.1	10.4
02/23	2.71	1.9	1,598.0	34.3	3.6	4,655.0	9.2	22.0	10.15	6,063.0	33.7	17,999.0	1,325.8	21.9	0.8	4.3	11.5
11/22	2.53	-1.6	1,517.0	33.5	3.3	4,525.0	10.1	22.5	10.10	6,008.0	34.1	17,606.0	1,253.6	20.9	0.8	5.3	11.5

Quarterly Growth Trend Data

Company: Adobe
Symbol: ADBE

Graph: Trailing 4 Quarters, Last 5 Years of Data

Period	EPS $	EPS %Change	Pre-Tax Profit $ Mil	Pre-Tax Profit %Sales	Pre-Tax Profit %Change	Sales $ Mil	Sales %Change	Income Tax Rate	EPS $	Pre-Tax Profit $ Mil	Pre-Tax Profit %Sales	Sales	Income Tax $ Mil	Income Tax %Rate	%Change EPS	%Change Pre-Tax Profit	%Change Sales
08/22	2.42	-4.0	1,456.0	32.8	2.7	4,433.0	12.7	22.0	10.14	5,959.0	34.7	17,191.0	1,147.0	19.2	-16.1	9.7	13.9
05/22	2.49	7.3	1,492.0	34.0	7.6	4,386.0	14.4	21.1	10.24	5,921.0	35.5	16,693.0	1,029.4	17.4	-11.3	16.6	16.0
02/22	2.66	1.9	1,543.0	36.2	7.7	4,262.0	9.1	18.0	10.07	5,815.0	36.0	16,142.0	988.1	17.0	-12.4	24.0	18.0
11/21	2.57	-44.6	1,468.0	35.7	22.6	4,110.0	20.0	16.0	10.02	5,705.0	36.1	15,785.0	884.6	15.5	-7.6	36.6	22.7
08/21	2.52	27.9	1,418.0	36.0	33.8	3,935.0	22.0	14.5	12.09	5,434.0	36.0	15,099.0	-570.0	-10.5	52.3	38.1	21.4
05/21	2.32	2.2	1,386.0	36.1	38.6	3,835.0	22.6	19.5	11.54	5,076.0	35.3	14,389.0	-591.1	-11.6	52.2	36.8	19.5
02/21	2.61	33.2	1,433.0	36.7	55.9	3,905.0	26.3	12.0	11.49	4,690.0	34.3	13,682.0	-891.8	-19.0	74.1	37.1	17.3
11/20	4.64	166.7	1,197.0	35.0	25.1	3,424.0	14.4	-88.0	10.84	4,176.0	32.5	12,868.0	-960.3	-23.0	80.7	30.3	15.2
08/20	1.97	22.4	1,060.0	32.9	27.0	3,225.0	13.8	9.9	7.94	3,936.1	31.7	12,435.9	68.8	1.7	41.0	33.6	16.8
05/20	2.27	76.0	1,000.0	32.0	40.7	3,128.0	14.0	-10.0	7.58	3,710.6	30.8	12,045.1	19.3	0.5	41.4	31.9	19.2
02/20	1.96	44.1	919.0	29.7	30.8	3,091.0	18.8	-3.9	6.60	3,421.4	29.3	11,661.4	197.4	5.8	22.2	22.5	22.1
11/19	1.74	27.0	957.1	32.0	36.9	2,991.9	21.4	11.0	6.00	3,204.7	28.7	11,171.3	248.4	7.8	15.2	14.7	23.7
08/19	1.61	20.1	834.5	29.4	19.0	2,834.1	23.7	5.0	5.63	2,946.8	27.7	10,644.0	169.4	5.8	16.3	7.6	24.2
05/19	1.29	-3.0	710.8	25.9	2.9	2,744.3	25.0	11.0	5.36	2,813.7	27.9	10,100.9	161.8	5.8	23.5	9.2	24.4
02/19	1.36	16.2	702.3	27.0	0.0	2,600.9	25.1	4.0	5.40	2,793.7	29.2	9,552.0	111.7	4.0	43.6	17.4	24.1
11/18	1.37	37.0	699.2	28.4	8.7	2,464.6	22.8	3.0	5.21	2,793.9	30.9	9,030.0	202.6	7.3	53.7	30.7	23.7
08/18	1.34	59.5	701.4	30.6	29.6	2,291.1	24.4	5.0	4.84	2,737.7	31.9	8,572.0	328.5	12.0	51.7	40.3	24.2
05/18	1.33	77.3	690.8	31.5	40.2	2,195.4	23.9	4.0	4.34	2,577.7	31.7	8,122.0	422.1	16.4	50.2	45.9	24.5
02/18	1.17	46.3	702.5	33.8	52.5	2,078.9	23.6	17.0	3.76	2,379.5	30.9	7,698.8	508.6	21.4	43.5	48.4	25.1
11/17	1.00	25.0	643.0	32.0	40.8	2,006.6	24.8	22.0	3.39	2,137.6	29.3	7,301.5	438.2	20.5	46.1	49.0	24.7
08/17	0.84	55.6	541.4	29.4	51.9	1,841.1	25.8	22.5	3.19	1,951.3	28.3	6,903.3	353.7	18.1	62.8	53.0	24.3
05/17	0.75	56.3	492.6	27.8	49.4	1,772.2	26.7	24.0	2.89	1,766.3	27.1	6,526.2	326.8	18.5	64.2	53.4	23.0
02/17	0.80	60.0	460.6	27.4	57.6	1,681.6	21.6	13.5	2.62	1,603.5	26.1	6,152.7	304.7	19.0	66.9	59.9	21.4
11/16	0.80	81.8	456.7	28.4	53.8	1,608.4	23.1	12.5	2.32	1,435.1	24.5	5,854.4	270.9	18.9	87.1	64.2	22.1
08/16	0.54	58.8	356.3	24.3	53.2	1,464.0	20.2	24.0	1.96	1,275.4	23.0	5,552.4	280.6	22.0	108.5	85.1	21.7
05/16	0.48	65.5	329.8	23.6	82.3	1,398.7	20.4	26.0	1.76	1,151.7	21.7	5,306.2	256.3	22.3	155.1	121.7	22.0
02/16	0.50	194.1	292.3	21.1	79.1	1,383.3	24.7	13.0	1.57	1,002.8	19.8	5,069.7	204.3	20.4	175.4	118.1	19.1
11/15	0.44	214.3	296.9	22.7	164.5	1,306.4	21.7	25.0	1.24	873.8	18.2	4,795.5	254.5	29.1	153.1	141.8	15.6
08/15	0.34	277.8	232.6	19.1	269.6	1,217.8	21.1	25.0	0.94	689.1	15.1	4,562.4	194.7	28.3			
05/15	0.29	70.6	181.0	15.6	49.2	1,162.2	8.8	18.5	0.69	519.4	11.9	4,350.1	151.9	29.3			
02/15	0.17	88.9	163.2	14.7	151.6	1,109.2	10.9	48.0	0.57	459.7	10.8	4,256.1	144.2	31.4			

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Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	$	%Change	$ Mil	%Sales	%Change	$ Mil	%Change		$	$ Mil	%Sales		$ Mil	%Rate	EPS	Pre-Tax Profit	Sales
11/14	0.14		112.3	10.5		1,073.3		21.5									
08/14	0.09		62.9	6.3		1,005.4		29.0									
05/14	0.17		121.3	11.4		1,068.2		27.0									
02/14	0.09		64.9	6.5		1,000.1		27.5									

(Header spans: "Quarterly Data" covers EPS, Pre-Tax Profit, Sales, Income Tax Rate. "Last 12 Months Data" covers EPS, Pre-Tax Profit, Sales, Income Tax, %Change.)