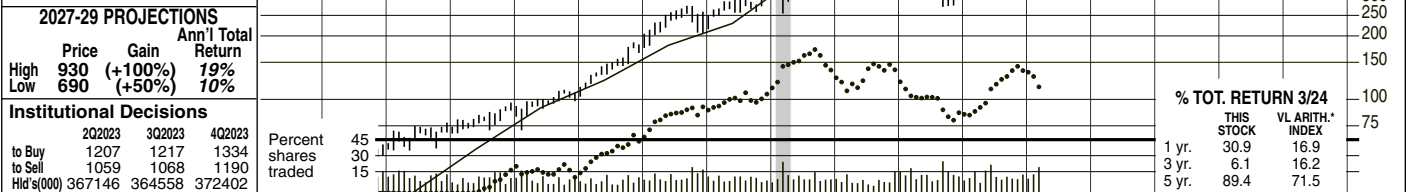


TIMELINESS 3 Lowered 3/15/24	High: 61.1	77.6	96.4	111.1	186.3	277.6	332.9	536.9	699.5	575.0	633.9	638.3	Target Price Range 2027 2028 2029	
SAFETY 2 Lowered 11/4/22	Low: 37.4	57.2	69.0	71.3	102.8	175.3	215.1	255.1	420.8	274.7	318.6	462.3		1250
TECHNICAL 1 Raised 4/12/24	LEGENDS — 30.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession													
BETA .90 (1.00 = Market)														

18-Month Target Price Range
Low-High Midpoint (% to Mid)
\$391-\$786 \$589 (25%)



2027-29 PROJECTIONS		Price	Gain	Ann'l Total Return														% TOT. RETURN 3/24		
High	Low	930	(+100%)	19%														THIS STOCK	VL ARITH. INDEX	
		690	(+50%)	10%														1 yr.	3 yr.	5 yr.
																		30.9	16.9	
																		6.1	16.2	
																		89.4	71.5	

2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC		27-29
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	33.23	38.11	42.66	48.40	54.55	Revenues per sh ^A	80.65	
2.17	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	13.90	18.35	"Cash Flow" per sh	26.95	
1.59	.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	11.75	16.00	Earnings per sh ^{A,B}	22.50	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Div'ds Decl'd per sh	Nil	
.21	.23	.34	.43	.55	.38	.30	.37	.41	.36	.55	.82	.87	.73	.96	.79	1.15	1.25	Cap'l Spending per sh	1.75	
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	31.15	30.41	36.30	40.55	50.00	Book Value per sh	82.95	
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	475.00	462.00	455.00	444.00	440.00	Common Shs Outst'g	434.00	
23.4	37.2	21.7	18.4	19.2	NMF	NMF	NMF	41.5	40.8	44.2	45.2	37.0	55.1	41.4	37.5	Bold figures are Value Line estimates		Avg Ann'l P/E Ratio	36.0	
1.41	2.48	1.38	1.15	1.22	NMF	NMF	NMF	2.18	2.05	2.39	2.41	1.90	2.98	2.39	2.17			Relative P/E Ratio	2.00	
--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--			Avg Ann'l Div'd Yield	Nil	

CAPITAL STRUCTURE as of 3/1/24				2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	© VALUE LINE PUB. LLC		27-29	
Total Debt \$3635.0 mill. Due in 5 Yrs. \$2350 mill.				4147.1	4795.5	5854.4	7301.5	9030.0	11171	12868	15785	17606	19409	21500	24000	21500	24000	21500	24000	21500	24000	21500	24000	Revenues (\$mill) ^A	35000
LT Debt \$2138.0 mill. LT Int. \$120.0 mill. (12% Cap'l)				17.5%	25.9%	31.2%	34.2%	35.3%	35.8%	38.8%	41.7%	39.5%	38.8%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	Operating Margin	40.0%
Leases, Uncapitalized Annual rentals \$83.0 mill.				313.6	339.5	331.5	326.0	346.5	736.7	757.0	788.0	856.0	872.0	900	950	900	950	900	950	900	950	900	950	Depreciation (\$mill)	1800
No Defined Benefit Pension Plan.				268.4	629.6	1168.8	1694.0	2590.8	2951.5	5260.0	4822.0	4756.0	5428.0	5280	7130	5280	7130	5280	7130	5280	7130	5280	7130	Net Profit (\$mill)	9900
Pfd Stock None				25.7%	28.0%	18.6%	20.8%	7.3%	7.9%	--	15.5%	20.8%	20.2%	20.0%	20.2%	20.0%	20.2%	20.0%	20.2%	20.0%	20.2%	20.0%	20.2%	Income Tax Rate	22.0%
Common Stock 448,000,000 shs. as of 3/22/24				6.5%	13.1%	20.0%	23.2%	28.7%	26.4%	40.9%	30.5%	27.0%	28.0%	24.6%	29.7%	24.6%	29.7%	24.6%	29.7%	24.6%	29.7%	24.6%	29.7%	Net Profit Margin	28.3%
MARKET CAP: \$209 billion (Large Cap)				2107.9	2608.3	3028.2	3720.3	555.9	d1696	2634.0	1737.0	868.0	2833.0	1000	1500	1000	1500	1000	1500	1000	1500	1000	1500	Working Cap'l (\$mill)	3000
CURRENT POSITION (SMILL.)				911.1	1907.2	1902.1	1881.4	4124.8	988.9	4117.0	4123.0	3629.0	3634.0	2500	3000	2500	3000	2500	3000	2500	3000	2500	3000	Long-Term Debt (\$mill)	4000
Cash Asset				6775.9	7001.6	7424.8	8459.9	9362.1	10530	13264	14797	14051	16518	18000	22000	18000	22000	18000	22000	18000	22000	18000	22000	Share Equity (\$mill)	36000
Receivables				3.9%	7.4%	12.9%	16.7%	19.5%	26.3%	30.6%	25.8%	27.2%	27.2%	26.0%	28.0%	26.0%	28.0%	26.0%	28.0%	26.0%	28.0%	26.0%	28.0%	Return on Total Cap'l	26.0%
Inventory (FIFO)				4.0%	9.0%	15.7%	20.0%	27.7%	28.0%	39.7%	32.6%	33.8%	32.9%	29.5%	32.5%	29.5%	32.5%	29.5%	32.5%	29.5%	32.5%	29.5%	32.5%	Return on Shr. Equity	27.5%
Other				4.0%	9.0%	15.7%	20.0%	27.7%	28.0%	39.7%	32.6%	33.8%	32.9%	29.5%	32.5%	29.5%	32.5%	29.5%	32.5%	29.5%	32.5%	29.5%	32.5%	Retained to Com Eq	27.5%
Current Assets				--	--	--	--	--	--	--	--	--	--	--	--	--	Nil	Nil	All Div'ds to Net Prof	Nil					
Accts Payable																									
Debt Due																									
Other																									
Current Liab.				8128	8251	9537																			

ANNUAL RATES	Past 10 Yrs.	Past 5 Yrs.	Est'd '21-'23 to '27-'29													
change (per sh)	16.0%	20.5%	13.5%													
Revenues	20.5%	23.5%	13.5%													
"Cash Flow"	23.5%	24.0%	13.5%													
Earnings	--	--	Nil													
Dividends	9.5%	13.5%	17.0%													
Book Value																

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A				Full Fiscal Year
	Feb.Per	May.Per	Aug.Per	Nov.Per	Fiscal Year
2021	3905	3835	3935	4110	15785
2022	4262	4386	4433	4525	17606
2023	4655	4816	4890	5048	19409
2024	5182	5300	5500	5518	21500
2025	5750	5900	6100	6250	24000

Fiscal Year Ends	EARNINGS PER SHARE ^{A,B}				Full Fiscal Year
	Feb.Per	May.Per	Aug.Per	Nov.Per	Fiscal Year
2021	2.61	2.32	2.52	2.57	10.02
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	3.35	3.50	3.54	11.75
2025	3.80	3.80	4.00	4.40	16.00

Cal-endar	QUARTERLY DIVIDENDS PAID				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	Fiscal Year
2020					
2021					
2022					
2023					
2024					

NO CASH DIVIDENDS BEING PAID

(A) Fiscal year ends the Friday closest to November 30th. (B) Diluted earnings. Egs. may not sum due to rounding. Next earnings report due mid-June.

Company's Financial Strength	A+
Stock's Price Stability	65
Price Growth Persistence	85
Earnings Predictability	75

Adobe posted mixed results for the first quarter of fiscal 2024 (year ends November 29th). The software company's top line advanced about 11%, to \$5.18 billion for the period. The improvement was driven by healthy demand across the company's two main operating segments (Digital Media and Digital Experience). However, profits fell 50%, to \$1.36 per share, owing to a \$1 billion payment associated with the termination of the Figma acquisition.

We have adjusted our financial outlook at this time. 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. Investors should note that we have introduced encouraging figures for fiscal 2025.

Adobe is well positioned in a few key markets. Its *Creative Cloud* software is heavily used by designers to create content across many categories (graphics, illustration, photography, video, etc.). In addition, Adobe's *Acrobat* technology is widely deployed to create and manage digital

forms. Finally, the *Experience Cloud* offering, which provides e-commerce, customer engagement, and advertising solutions, is being well received. Lately, Adobe has been making a major push to introduce artificial intelligence (AI) technology through its *Firefly* and *AI Assistant* applications. However, commercializing these tools may take time.

The balance sheet is a major asset. At the end of the first quarter, Adobe had cash of \$6.3 billion and a manageable amount of debt. Given that the Figma acquisition was derailed, big deals may not be pursued right now. However, Adobe seems set to return capital to shareholders, with a newly approved \$25 billion share-repurchase plan.

Adobe stock has retreated in price since our February report. Some investors may have been hoping that AI applications would have a larger impact on results. But our projections suggest that this issue holds attractive appreciation potential for the next 3 to 5 years. Conservative investors interested in a technology holding may want to take a look here.

Adam Rosner
May 3, 2024