



Company: Adobe Inc.	Ticker: ADBE	Price: \$333.60	Sector: Information Technology Industry: Software
52-Week Range: \$323.03–557.90	P/E: 20.80	Target Price: \$457	Market Cap: \$139.64B
Beta (5Y Monthly): 1.41	Div Yield: 0%	Stop Loss: \$283.56	

### Company Background

Adobe Inc., headquartered in San Jose, CA, is a technology company that provides software and services specializing in content creation, document management, and digital marketing and advertising. These services are designed for creative professionals and marketers to manage, deliver, measure, optimize, and engage with compelling content across multiple operating systems, devices, and media. The company operates with three defined segments: digital media content creation, digital experience for marketing solutions, and a publishing segment for legacy products (which generates less than 5% of revenue). With a Market Cap of \$141,089 million, the company is classified as Large Cap and possesses a Wide Economic Moat.

### Industry Outlook

The software industry maintains a fundamentally positive outlook for 2025 and 2026, with revenue forecasted to grow at a resilient 13% and 13.5% respectively, despite macroeconomic volatility and continued customer caution. This stability is driven by robust demand for cloud computing and AI services, where major vendors like Microsoft and Amazon are reporting accelerated growth in AI-capable infrastructure and services. Looking ahead, AI Agents represent the next major phase, expected to expand the enterprise software market by over \$200 billion as they take on complex, solvent-increasing use cases. Furthermore, cost optimization efforts and the falling cost of training large language models (LLMs) are accelerating the widespread adoption of AI tools, enabling software providers to sustain healthy growth and margins by helping customers augment their workforce productivity.

### Investment Thesis

The investment thesis for Adobe is underpinned by its powerful subscription model and strategic AI integration, which collectively forecast robust, double-digit profit growth. Analyst consensus estimates project Adobe's annual revenue to grow consistently in the 9% to 11% range through fiscal 2027, supported by its near 90% gross margins and predictable Annual Recurring Revenue (ARR). More impressively, the company's Earnings Per Share (EPS) is forecast to grow at an even faster rate, typically projected between 10% and 13% annually, driven by operational efficiencies and the successful monetization of AI features that expand its user base across both the professional Creative Cloud and the high-value enterprise Digital Experience segments.

## Investment Risks

- *We may be unsuccessful at innovating in response to rapid technological or industry changes to meet customer needs, which could cause our operating results to suffer.*
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- *We participate in rapidly evolving and intensely competitive markets, and, if we do not compete effectively, our operating results could suffer.*

## Financial Performance

2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	TTM	Financials (USD)
4796	5854	7302	9030	11171	12868	15785	17606	19409	21505	23181	Revenue \$Mil
84.5	86.0	86.2	86.8	85.0	86.6	88.2	87.7	87.9	89.0	89.1	Gross Margin %
903	1494	2168	2840	3268	4237	5802	6098	6650	7741	8402	Oper Income \$Mil
18.8	25.5	29.7	31.5	29.3	32.9	36.8	34.6	34.3	36.0	36.3	Operating Margin %
630	1169	1694	2591	2951	5260	4822	4756	5428	5560	6957	Net Income \$Mil
1.24	2.32	3.38	5.20	6.00	10.83	10.02	10.10	11.82	12.36	16.04	Earnings Per Share \$
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	Dividends \$
507	504	501	498	492	485	481	471	459	450	433	Shares Mil
14.06	15.02	17.22	19.20	21.83	27.69	31.15	30.41	36.30	31.98	28.12	Book Value Per Share \$
1470	2200	2913	4029	4422	5727	7230	7838	7302	8056	9792	Oper Cash Flow \$Mil
-185	-204	-178	-267	-395	-419	-348	-442	-360	-183	-193	Cap Spending \$Mil
1285	1996	2735	3762	4027	5308	6882	7396	6942	7873	9599	Free Cash Flow \$Mil

## Intrinsic Value Analysis

# Using a 2-stage growth model with terminal rate of 3.5%

6.35%	10.35%	14.35%	<= growth rates
324.08	457.79	641.15	<= forecast stock price
3.37%	-26.82%	-47.75%	premium/discount to current price

## Relative Valuation

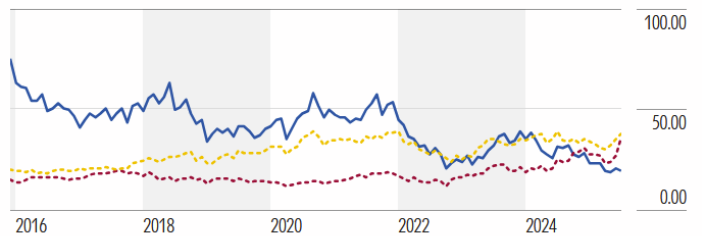
### Valuation

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	ADBE	ORCL	MSFT
Price/Earnings (Normalized)	16.47	35.61	36.14
Price/Book Value	11.90	25.59	10.30
Price/Sales	6.23	10.62	12.79
Price/Cash Flow	15.52	26.69	24.48

### Price/Earnings

■ ADBE ■ ORCL ■ MSFT



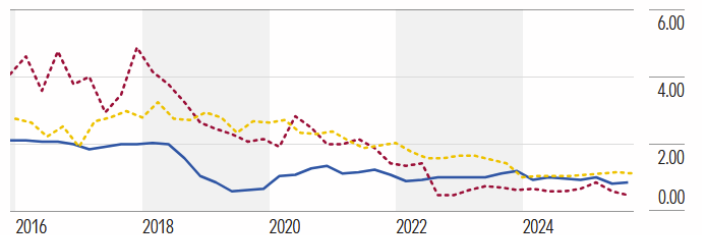
Terms ⓘ

### Financial Strength

	ADBE	ORCL	MSFT
Quick Ratio	0.87	0.50	1.15
Current Ratio	1.02	0.62	1.40
Interest Coverage	33.87	4.79	50.87

### Quick Ratio

■ ADBE ■ ORCL ■ MSFT

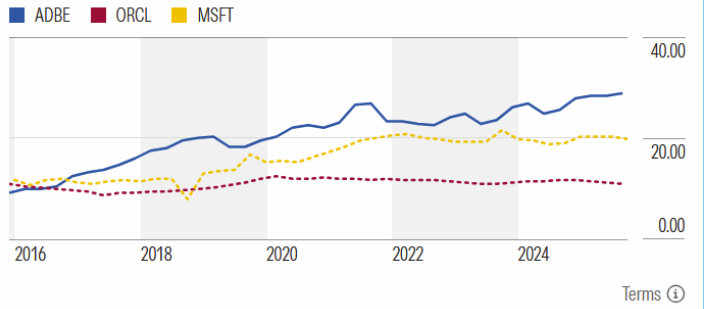


Terms ⓘ

**Profitability**

	ADBE	ORCL	MSFT
Return on Assets (Normalized)	28.98%	10.96%	19.94%
Return on Equity (Normalized)	65.53%	102.46%	35.42%
Return on Invested Capital (Normalized)	43.55%	17.88%	29.70%

**Return on Assets**



**ESG**

**Adobe Inc ADBE ★★★★★**

Stock - XNAS - Rating as of Nov 14, 2025

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**Sustainability**

Risk Rating Assessment

Risk Rating Breakdown

**ESG Risk Rating Assessment**



**ESG Risk Rating**



Highest Controversy Level (1 = Low, 5 = Severe)

**2 Moderate**

Incidents: Customer

**Top Material ESG Issues**

Data Privacy & Cybersecurity  
Overall

Human Capital  
Overall

Product Governance  
Overall

ESG Risk Rating is as of Sep 03, 2025. Highest Controversy Level is as of Nov 08, 2025. Sustainalytics Subindustry: Enterprise and Infrastructure Software. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics' scores for the company. For the most up to date rating and more information, please visit: [sustainalytics.com/esg-ratings/](https://sustainalytics.com/esg-ratings/).