



ADOBE INC

Profile:

ADOBE Inc. develops, markets, and supports computer software products and technologies. The company's products allow users to express and use information across all print and electronic media. Adobe offers a line of application software products, type products, and content for creating, distributing, and managing information.

Analysis:

Adobe is among the better-positioned software companies to capitalize on the trend of digital disruption and the need to improve the customer experience across all industries. The company's undisputed lead in creative and document software, along with its strength in digital marketing, analytics, advertising and commerce, should help it increase sales 15-20% in fiscal 2020. Adobe's third quarter earnings report of fiscal year 2019 on 19th of September came well. Adobe achieved record quarterly revenue of 2,83 mld. USD, which represents 24% year-over-year growth. Estimated revenue growth for fourth quarter is 21%, which should finalize full year revenue growth to 24%. Earnings per share should growth 23% in fourth quarter with 16% full year growth. Adobe's powerful growth ratio is visible through its share price, which returned more than 300% in five years compared to 52% growth of S&P at the same time frame. Biggest growth opportunity for the company is their experience cloud segment with its 2,5 mld. USD sales which is far below its potential market worth of 70 mld. USD. Technical analysis is pointing at opportunity to buy slightly below simple moving average 200 with RSI value of 40. Price to earnings ratio (P/E) should decrease in twelve months from current value 49 to 35. Average target price of 30 analysts is more than 312 USD. 18 analysts recommended buy and on the other side only 1 analyst recommended sell. The largest shareholder is Vanguard Group which holds 7,86%, then follows FMR LLC 7,52%, Blackrock with 6,97% and State Street Corp with 3,89 % of shares.

Cena:

Target price 318 USD based on valuation technique that we believe best suits subscription software model is one based on cash flow, specifically 22,5xEV/FCFF multiple applied to end year estimate. We believe this valuation compares favorably to other software names such as AZPN, CDNS, and INTU, which trade on higher CF multiples despite Adobe's better growth rates.

Buy

| | |
|------------------------|-----------|
| Target price | 318,00 \$ |
| Horizon: | Mid |
| Price (on 01.10.2019): | 270,23 \$ |

Data of equities:

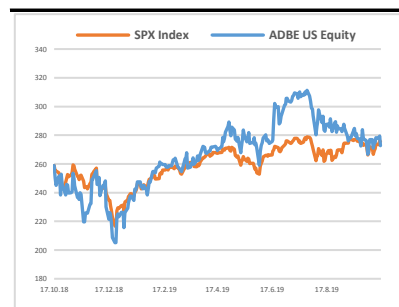
| | |
|------------------------|----------------|
| Stock: | NASDAQ GS |
| Bloomberg: | ADBE US Equity |
| Mkt.Cap: | 143,96 mld. \$ |
| Average. daily volume: | 0,77 mld. \$ |
| P/E: | 53,38 |
| Return Potencial: | 29,08% |
| EPS: | 16,57 \$ |
| Dividend: | 0,00 \$ |
| Revenue Growth YoY: | 23,67% |
| Net Income YoY: | 52,94% |

Expected Earnings Report Date:

12.12.2019

Development of share price:

| | |
|-------------------|-----------|
| 52 weekly maximum | 313,11 \$ |
| 52 weekly minimum | 204,95 \$ |



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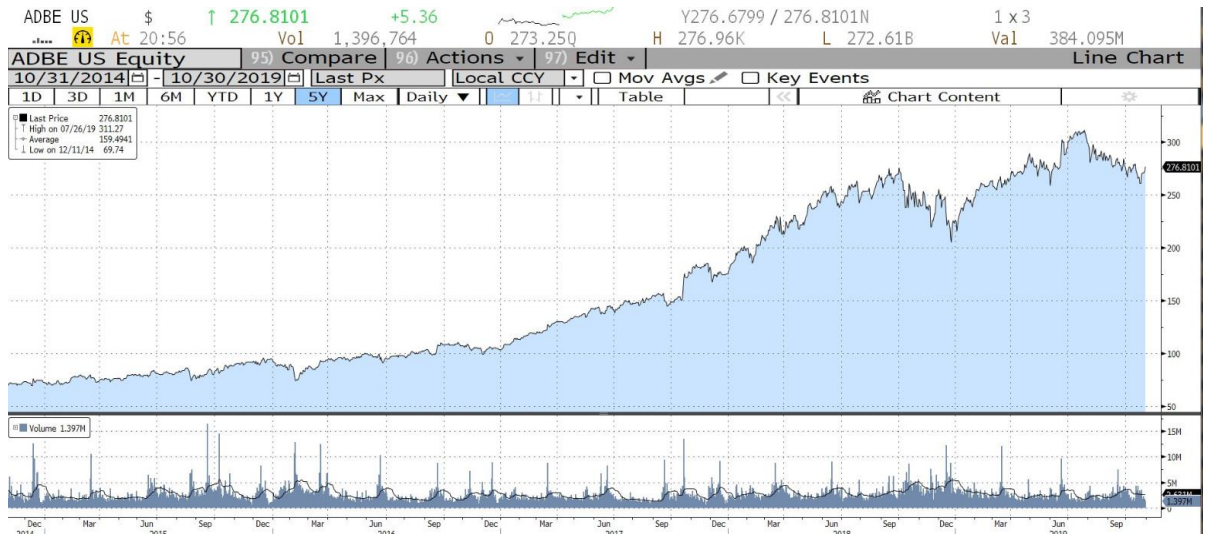
source of information: Bloomberg

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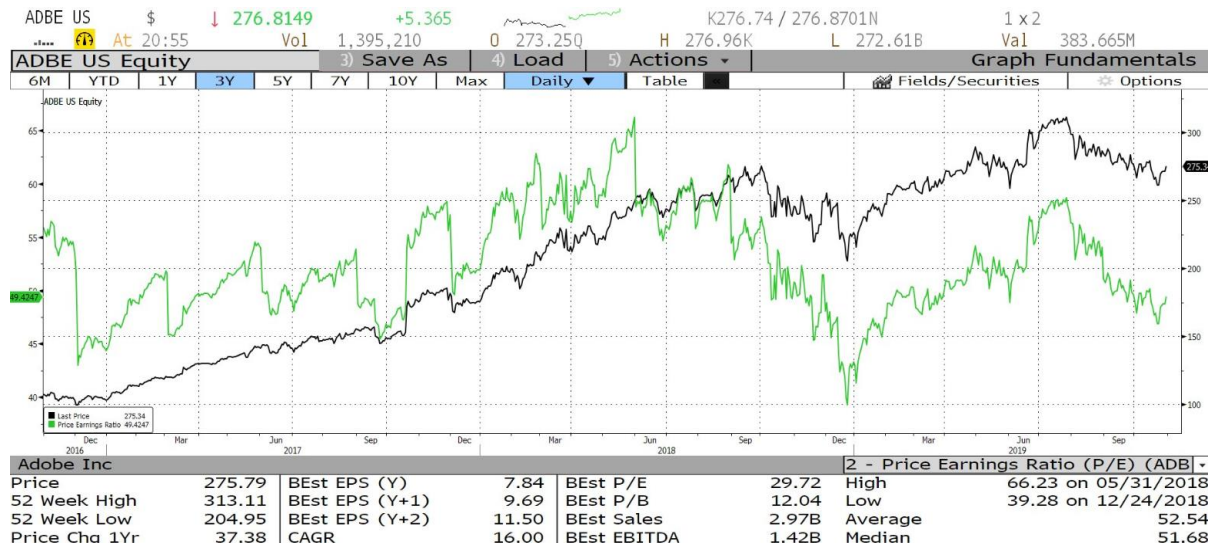
ADOBE INC

Buy

Price development in 5 year horizon



Development of the P/E indicator over a 3 year horizon



List of the top 19 owners

ADBE US \$ ↓ 276.8579 +5.408 Q276.80 / 276.8901Q 2 x 7
At 20:57 Vol 1,417,462 0 273.250 H 277.00Q L 272.61B Val 389.825M

ADBE US Equity 25) Export Settings Security Ownership CUSIP00724F10

ADOBE INC
Current Historical Matrix Ownership Summary Insider Transactions Options Debt

Search Name All Holders, Sorted by Size 21) Save Search 22) Delete Search Refine Search
Text Search Holder Group All Holders Investment Manager View
Color Legend Shrs Out 484.1M % Out 94.06 Float/Shrs Out 99.70 SI % Out 1.31

| Holder Name | Portfolio Name | Source | Opt | Position | % Out | Latest Chg | File Dt |
|---------------------------|---------------------|---------|-----|------------|-------|------------|----------|
| 1. Vanguard Group I... | | ULT-AGG | All | 38,052,601 | 7.86 | 678,418 | 06/30/19 |
| 2. FMR LLC | | ULT-AGG | | 36,412,975 | 7.52 | 307,878 | 06/30/19 |
| 3. BlackRock Inc | | ULT-AGG | | 33,730,576 | 6.97 | 887,115 | 06/30/19 |
| 4. State Street Corp | | ULT-AGG | | 19,717,773 | 4.07 | 103,467 | 06/30/19 |
| 5. PRIMECAP Manag... | PRIMECAP MAN... | 13F | | 16,526,040 | 3.41 | -2,802,153 | 06/30/19 |
| 6. BANK OF NEW YOR... | | ULT-AGG | | 9,508,546 | 1.96 | -149,507 | 09/30/19 |
| 7. Jennison Associat... | JENNISON ASSO... | 13F | | 8,116,836 | 1.68 | -484,903 | 06/30/19 |
| 8. Janus Henderson ... | JANUS HENDERS... | 13F | | 8,017,961 | 1.66 | 60,035 | 06/30/19 |
| 9. Capital Group Cos... | Multiple Portfol... | 13F | | 7,998,990 | 1.65 | 2,282,142 | 06/30/19 |
| 10. Invesco Ltd | | ULT-AGG | | 7,973,766 | 1.65 | 2,174,047 | 06/30/19 |
| 11. UBS AG | | ULT-AGG | | 7,877,218 | 1.63 | 57,596 | 08/31/19 |
| 12. Sun Life Financial... | | ULT-AGG | | 6,746,564 | 1.39 | -364,805 | 08/30/19 |
| 13. Morgan Stanley | | ULT-AGG | | 6,668,318 | 1.38 | 530,361 | 06/30/19 |
| 14. Geode Capital Ma... | GEODE CAPITAL... | 13F | | 6,520,608 | 1.35 | 209,112 | 06/30/19 |
| 15. Northern Trust C... | NORTHERN TRU... | 13F | | 6,227,401 | 1.29 | 71,206 | 06/30/19 |
| 16. Ameriprise Finan... | | ULT-AGG | | 6,193,029 | 1.28 | 8,137 | 06/30/19 |
| 17. Government Pens... | Multiple Portfol... | MF-AGG | | 5,704,319 | 1.18 | 0 | 03/31/19 |
| 18. Bank of America ... | BANK OF AMERI... | 13F | Y | 4,870,333 | 1.01 | -95,171 | 06/30/19 |
| 19. Edgewood Manag... | EDGEWOOD MAN... | 13F | | 4,669,420 | 0.96 | 46,748 | 06/30/19 |