

# ModernGraham Valuation

## Company Name:

Company Ticker ADBE

Date of Analysis

8/20/2016

Adobe Systems  
Incorporated



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$49,814,744,355	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.20	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	17.85%	Fail
5. Earnings Growth	PEmg < 20	70.71	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.99	Fail
7. Moderate Price to Assets			

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.20	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.67	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.42
MG Growth Estimate	-0.72%
<b>MG Value</b>	<b>\$10.00</b>
MG Value based on 3% Growth	\$20.57
MG Value based on 0% Growth	\$12.06
Market Implied Growth Rate	31.11%

### MG Opinion

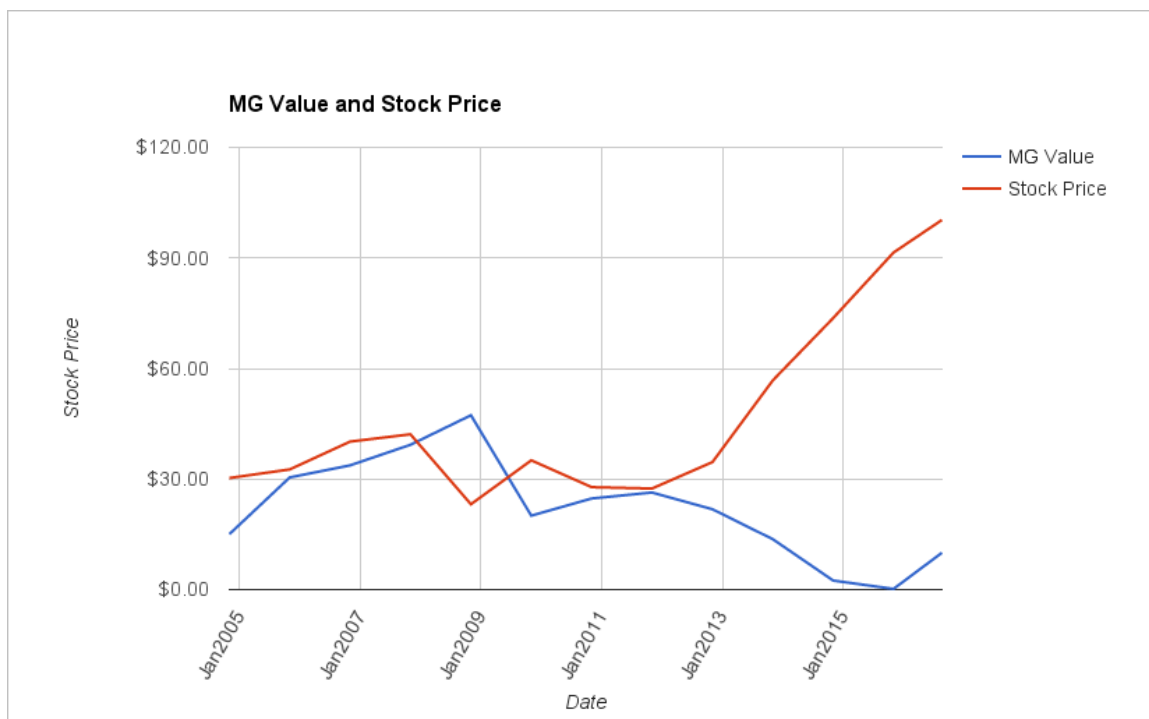
Current Price	\$100.32
% of Intrinsic Value	1002.90%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.54
Graham Number	\$27.95
PEmg	70.71
Current Ratio	2.20
PB Ratio	6.99
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.39	Next Fiscal Year Estimate	\$1.42
Nov2015	\$1.24	Nov2015	\$1.00
Nov2014	\$0.53	Nov2014	\$0.98
Nov2013	\$0.56	Nov2013	\$1.20
Nov2012	\$1.66	Nov2012	\$1.49
Nov2011	\$1.65	Nov2011	\$1.38
Nov2010	\$1.47	Nov2010	\$1.22
Nov2009	\$0.73	Nov2009	\$1.10
Nov2008	\$1.59	Nov2008	\$1.24
Nov2007	\$1.21	Nov2007	\$1.02
Nov2006	\$0.83	Nov2006	\$0.88
Nov2005	\$1.19	Nov2005	\$0.83
Nov2004	\$0.91	Nov2004	\$0.62
Nov2003	\$0.55	Nov2003	\$0.48
Nov2002	\$0.40	Nov2002	\$0.43
Nov2001	\$0.42	Nov2001	\$0.43
Nov2000	\$0.57	Nov2000	\$0.41
Nov1999	\$0.46	<b>Balance Sheet Information 5/1/2016</b>	
Nov1998	\$0.19	Total Current Assets	\$5,238,564,000
Nov1997	\$0.32	Total Current Liabilities	\$2,385,590,000
Nov1996	\$0.25	Long-Term Debt	\$1,918,389,000
		Total Assets	\$12,216,783,000
		Intangible Assets	\$5,938,749,000
		Total Liabilities	\$4,968,172,000
		Shares Outstanding (Diluted Average)	504,725,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

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[21 Companies in the Spotlight This Week – June 14, 2014](#)  
[Adobe Systems Inc. Annual Valuation – 2014 \\$ADBE](#)

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[Red Hat Inc Valuation – June 2016 \\$RHT](#)  
[Yahoo! Inc Valuation – June 2016 \\$YHOO](#)  
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