

ModernGraham Valuation

Adobe Systems
Incorporated



Company Name:

Company Ticker ADBE

Date of Analysis

4/7/2018

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	\$105,284,567,394	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.12	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	210.13%	Pass
6. Moderate PEmg Ratio	PEmg < 20	59.96	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	12.65	Fail

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	2.12	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.48	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.65
MG Growth Estimate	15.00%
MG Value	\$140.37
MG Value based on 3% Growth	\$52.87
MG Value based on 0% Growth	\$30.99
Market Implied Growth Rate	25.73%

MG Opinion

Current Price	\$218.61
% of Intrinsic Value	155.74%
Opinion	Overvalued
MG Grade	C-

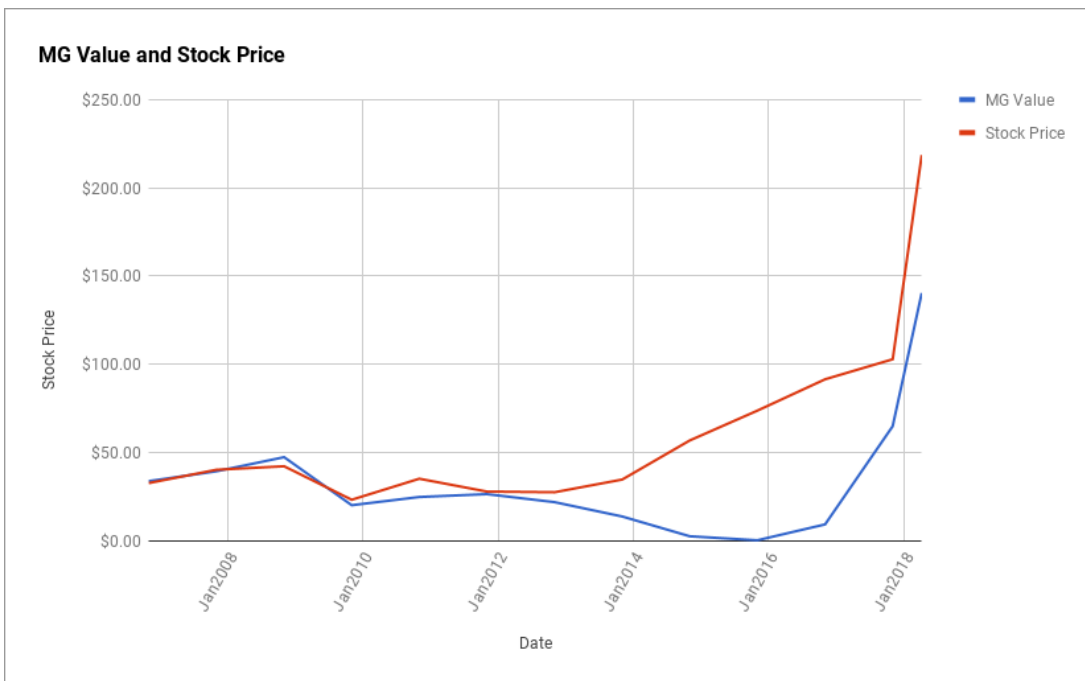
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.29
Graham Number	\$49.09
PEmg	59.96
Current Ratio	2.12
PB Ratio	12.65
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.24	Next Fiscal Year Estimate	\$3.65
Nov2017	\$3.38	Nov2017	\$2.10
Nov2016	\$2.32	Nov2016	\$1.40
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	Balance Sheet Information 2/1/2018	
Nov2000	\$0.57	Total Current Assets	\$7,480,814,000
Nov1999	\$0.46	Total Current Liabilities	\$3,536,469,000
Nov1998	\$0.19	Long-Term Debt	\$1,874,794,000
		Total Assets	\$14,973,485,000
		Intangible Assets	\$6,197,639,000
		Total Liabilities	\$6,339,457,000
		Shares Outstanding (Diluted Average)	499,433,000





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:

Other ModernGraham posts about the company

- [Adobe Systems Inc Valuation – February 2017 \\$ADBE](#)
- [5 of the Worst Stocks to Invest In – December 2016](#)
- [Adobe Systems Inc Valuation – August 2016 \\$ADBE](#)
- [5 Speculative and Overvalued Companies to Avoid – June 2015](#)
- [Adobe Systems Inc. Analysis – 2015 Update \\$ADBE](#)

Other ModernGraham posts about related companies

- [F5 Networks Inc Valuation – April 2018 \\$FFIV](#)
- [Cadence Design Systems Inc Valuation – Initial Coverage \\$CDNS](#)
- [Oracle Corporation Valuation – March 2018 \\$ORCL](#)
- [CA Inc Valuation – March 2018 \\$CA](#)
- [Red Hat Inc Valuation – March 2018 \\$RHT](#)
- [Alphabet Inc Valuation – March 2018 \\$GOOGL](#)
- [Ansys Inc Valuation – March 2018 \\$ANSS](#)
- [Citrix Systems Inc Valuation – February 2018 \\$CTXS](#)
- [Microsoft Corp Valuation – February 2018 \\$MSFT](#)
- [Cisco Systems Inc Valuation – February 2018 \\$CSCO](#)