

ModernGraham Valuation

Company Name:

Adobe Inc

Company Ticker ADBE

Date of Analysis

2/7/2019



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	\$122,604,564,261	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13	Fail
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	241.00%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	49.97	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	13.30	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	1.13	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	7.42	Fail
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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.03
MG Growth Estimate	15.00%
MG Value	\$193.58
MG Value based on 3% Growth	\$72.91
MG Value based on 0% Growth	\$42.74
Market Implied Growth Rate	20.73%

MG Opinion

Current Price	\$251.24
% of Intrinsic Value	129.79%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

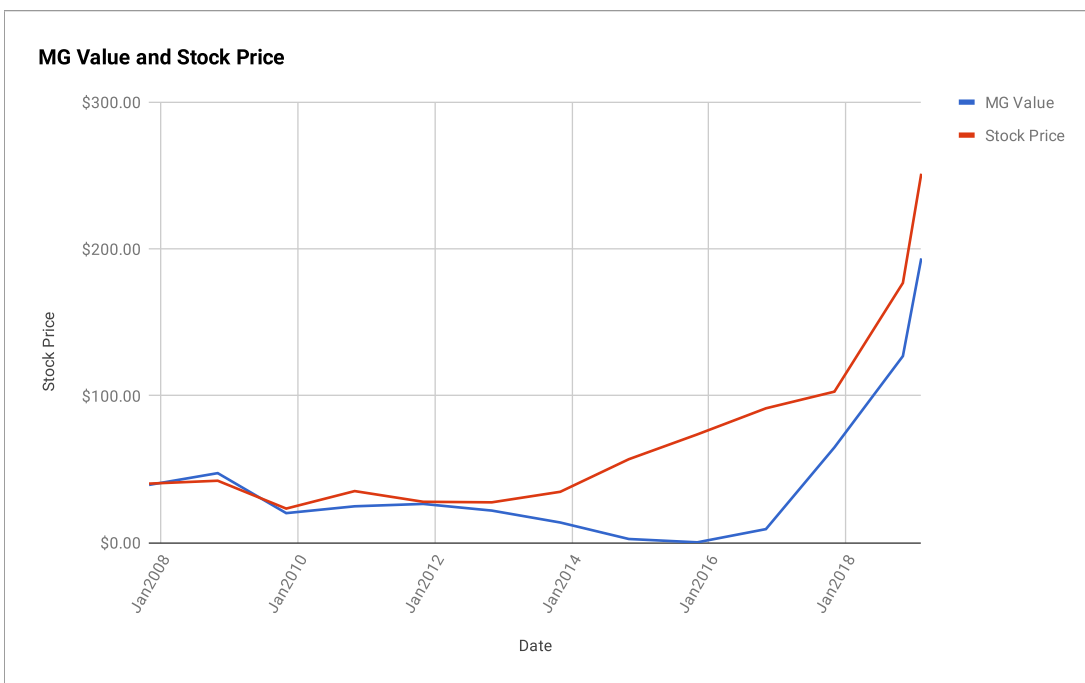
Net Current Asset Value (NCAV)	-\$9.18
Graham Number	\$57.72
PEmg	49.97
Current Ratio	1.13
PB Ratio	13.30
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

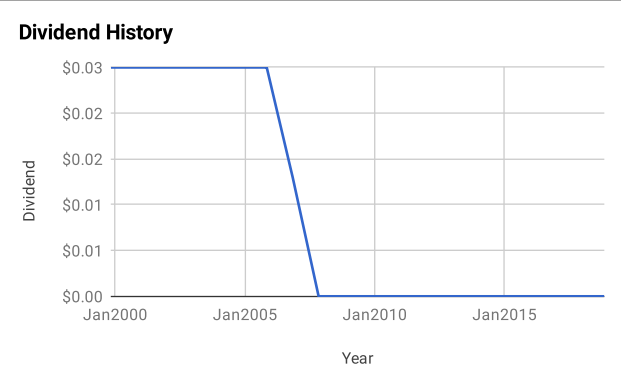
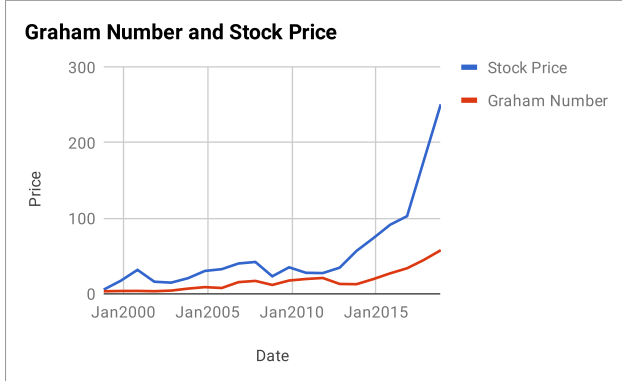
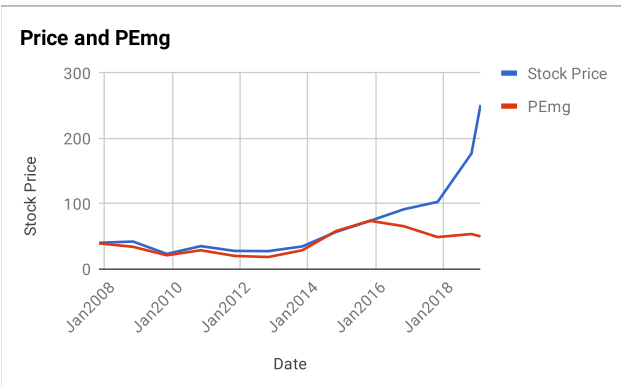
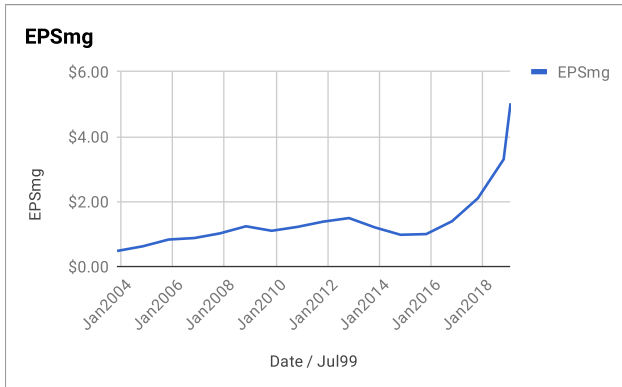
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.72	Next Fiscal Year Estimate	\$5.03
Nov2018	\$5.20	Nov2018	\$3.30
Nov2017	\$3.38	Nov2017	\$2.10
Nov2016	\$2.32	Nov2016	\$1.40
Nov2015	\$1.24	Nov2015	\$1.00
Nov2014	\$0.53	Nov2014	\$0.98
Nov2013	\$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	Balance Sheet Information 11/1/2018	
Nov2001	\$0.42	Total Current Assets	\$4,857,039,000
Nov2000	\$0.57	Total Current Liabilities	\$4,301,126,000
Nov1999	\$0.46	Long-Term Debt	\$4,124,800,000
		Total Assets	\$18,768,682,000
		Intangible Assets	\$12,650,049,000
		Total Liabilities	\$9,406,568,000
		Shares Outstanding (Diluted Average)	495,611,000





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 – April 2018 \\$ADBE](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Autodesk Inc Valuation – February 2019 \\$ADSK](#)
 - [F5 Networks Inc Valuation – February 2019 \\$FFIV](#)
 - [Cadence Design Systems Inc Valuation – January 2019 \\$CDNS](#)
 - [Oracle Corporation Valuation – January 2019 \\$ORCL](#)
 - [Red Hat Inc Valuation – January 2019 \\$RHT](#)
 - [Alphabet Inc Valuation – January 2019 \\$GOOG \\$GOOGL](#)
 - [Ansys Inc Valuation – January 2019 \\$ANSS](#)
 - [Citrix Systems Inc Valuation – January 2019 \\$CTXS](#)
 - [Microsoft Corporation Valuation – November 2018 \\$MSFT](#)
 - [Cisco Systems Inc Valuation – November 2018 \\$CSCO](#)