



Adobe vs Apple

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ROE Comparison

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Adobe vs Apple - By the Numbers

Adobe:

Net Income:	\$1,168,782,000
Revenue:	\$5,854,430,000
Beginning Assets:	\$11,726,472,000
Ending Assets:	\$12,707,114,000
Average Assets:	\$12,216,793,000
Beginning Equity:	\$7,001,580,000
Ending Equity:	\$7,424,835,000
Average Equity:	\$7,213,207,500

Apple:

Net Income:	\$4,568,700,000
Revenue:	\$21,563,900,000
Beginning Assets:	\$29,034,500,000
Ending Assets:	\$32,168,600,000
Average Assets:	\$30,601,550,000
Beginning Equity:	\$11,935,500,000
Ending Equity:	\$12,824,900,000
Average Equity:	\$12,380,200,000

ROE and Analysis

Adobe

ROE = Profit Margin * Asset Turnover * Equity Multiplier
= (Net Profit / Sales) * (Sales / Assets) * (Assets / Equity)
= (1,168,782 / 5,854,430) * (5,854,430 / 12,216,793) *
(12,216,793 / 7,213,207.5) = 0.1620336...

= Net Income / Average Equity
= \$1,168,782,000 / \$7,213,207,500
= 0.1620336... = **~16.2%**

Apple

ROE = Profit Margin * Asset Turnover * Equity Multiplier
= (Net Profit / Sales) * (Sales / Assets) * (Assets / Equity)
= (4,568,700 / 21,563,900) * (21,563,900 / 30,601,550) *
(30,601,550 / 12,380,200) = 0.3690328...

= Net Income / Average Equity
= \$4,568,700,000 / \$12,380,200,000
= 0.3690328... = **~36.9%**

Apple's ROE is over two times as large as Adobe's -- at face value, this means that Apple makes over two times as much money for what is invested in it as Adobe does, which is compounded by the fact that Apple has significantly higher equity and income. Not only is its ROE percentage greater, but it is dealing with much higher quantities of money.

Also worth noting are the different markets these companies occupy. Apple sells software, mobile phones, and PC hardware, while Adobe sells almost exclusively subscription based software.