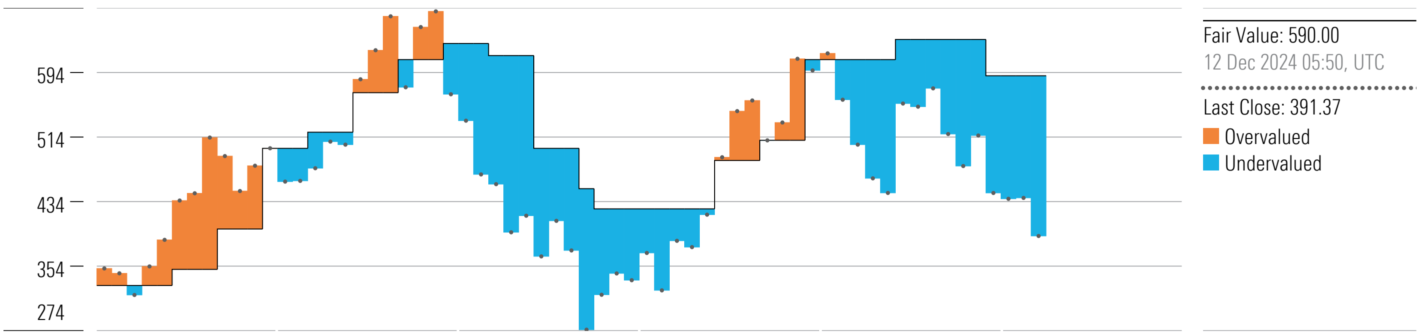
Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 1 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

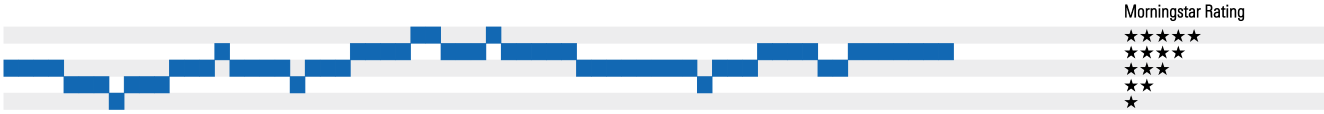
Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Price vs. Fair Value



	2020	2021	2022	2023	2024	YTD	
	1.00	0.90	0.79	0.98	0.75	0.66	Price/Fair Value
	51.64	13.38	-40.65	77.28	-25.46	-11.99	Total Return %

Morningstar Rating



Total Return % as of 18 Mar 2025. Last Close as of 18 Mar 2025. Fair Value as of 12 Dec 2024 05:50, UTC.

Contents

[1] The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

Adobe: The Relentless Focus on Generative AI Is Producing Innovation and Spurring Adoption

Analyst Note Dan Romanoff, CPA, Senior Equity Analyst, 19 Mar 2025

Wide-moat Adobe's upbeat investor session focused mainly on artificial intelligence innovation and monetization, along with its new customer-focused strategy. Management stopped short of declaring concrete long-term financial targets, but did provide some details consistent with our model for the next five years. Thus, we hold our model steady and keep our fair value estimate of $590 per share. Shares remain attractive, in our view. We continue to view Adobe as the clear leader in software solutions for the creative industry and believe the company is well-positioned to capitalize on the ongoing shift toward generative AI. Adobe Summit 2025 reinforced this thesis, in our view.

From a financial perspective, management said it aspires to increase revenue by double digits annually while expanding EPS at a faster rate. Our model is a hair under this revenue aspiration, but we think it's consistent with the spirit of the firm's goals. We see growth driven by new customer additions, new pricing models for generative AI—tiered pricing specifically, and a drumbeat of new solution releases such as the day's Orchestrator announcement. One interesting data point was that about 1,500 of its 22,000 enterprise customers pay for five or more of Adobe's products, so there is tremendous room for cross-selling efforts. On the margin side, we model approximately 200 basis points of non-GAAP operating margin expansion over the next five years. Our margin assumption is based on declining research and development intensity as generative AI matures. Management added that share buybacks should shrink the share count in the coming years, which also contributes to EPS growth that outpaces

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 2 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Sector	Industry
Technology	Software - Application

Business Description

Adobe provides content creation, document management, and digital marketing and advertising software and services to creative professionals and marketers for creating, managing, delivering, measuring, optimizing, and engaging with compelling content multiple operating systems, devices, and media. The company operates with three segments: digital media content creation, digital experience for marketing solutions, and publishing for legacy products (less than 5% of revenue).

revenue growth.

From an AI standpoint, Adobe continues to integrate Firefly and generative AI throughout the portfolio, introduce new AI solutions, and evolve on pricing models for these solutions. We continue to believe generative AI will be a tailwind for growth and supportive of the firm’s moat.

Business Strategy & Outlook Dan Romanoff, CPA, Senior Equity Analyst, 12 Dec 2024

Adobe has come to dominate in content creation software with its iconic Photoshop and Illustrator solutions, both now part of the broader Creative Cloud. The firm has added new products and features to the suite through organic development and bolt-on acquisitions to drive the most comprehensive portfolio of tools used in print, digital, and video content creation. The December 2021 launch of Adobe Express helps further broaden the company’s funnel, as it incorporates popular features of the full Creative Cloud but comes in lower cost and free versions. The 2023 introduction of Firefly marks an important artificial intelligence solution that should also attract new users. We think Adobe is properly focusing on bringing new users under its umbrella and believe that converting these users will become more important over time.

CEO Shantanu Narayen provided Adobe with another growth leg in 2009 with the acquisition of Omniture, a leading web analytics solution that serves as the foundation of the digital experience segment that Adobe has used as a platform to layer in a variety of other marketing and advertising solutions. Adobe benefits from the natural cross-selling opportunity from Creative Cloud to the business and operational aspects of marketing and advertising. On the heels of the Magento, Marketo, and Workfront acquisitions, we expect Adobe to continue to focus its M&A efforts on the digital experience segment and other emerging areas.

The Document Cloud is driven by one of Adobe’s first products, Acrobat, and the ubiquitous PDF file format created by the company; it is now racing to become a $4 billion business. The rise of smartphones and tablets, coupled with bring-your-own-device and a mobile workforce, has made a file format that is usable on any screen more relevant than ever.

Adobe believes it is attacking an addressable market well in excess of $200 billion. The company is introducing and leveraging features across its various cloud offerings (like Sensei artificial intelligence) to drive a more cohesive experience, win new clients, upsell users to higher-price-point solutions, and cross-sell digital media offerings.

Bulls Say Dan Romanoff, CPA, Senior Equity Analyst, 12 Dec 2024

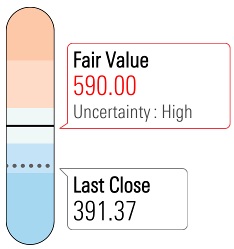
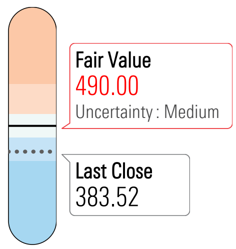
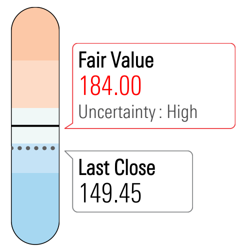
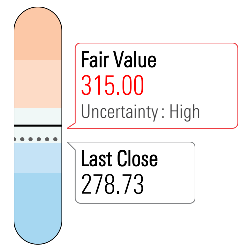
- Adobe is the de facto standard in content creation software and PDF file editing, categories it created and still dominates.
- Shift to subscriptions eliminates piracy and makes revenue recurring, while removing the high upfront

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Competitors

	Adobe Inc ADBE	Microsoft Corp MSFT	Oracle Corp ORCL	Salesforce Inc CRM
				
Economic Moat	Wide	Wide	Wide	Wide
Currency	USD	USD	USD	USD
Fair Value	590.00 12 Dec 2024 05:50, UTC	490.00 31 Jul 2024 06:07, UTC	184.00 11 Mar 2025 03:38, UTC	315.00 4 Dec 2024 02:31, UTC
1-Star Price	914.50	661.50	285.20	488.25
5-Star Price	354.00	343.00	110.40	189.00
Assessment	Undervalued 18 Mar 2025	Undervalued 18 Mar 2025	Undervalued 18 Mar 2025	Fairly Valued 18 Mar 2025
Morningstar Rating	★★★★18 Mar 2025 21:29, UTC	★★★★18 Mar 2025 21:29, UTC	★★★★18 Mar 2025 21:29, UTC	★★★18 Mar 2025 21:33, UTC
Analyst	Dan Romanoff, Senior Equity Analyst	Dan Romanoff, Senior Equity Analyst	Luke Yang, Equity Analyst	Dan Romanoff, Senior Equity Analyst
Capital Allocation	Exemplary	Exemplary	Standard	Standard
Price/Fair Value	0.66	0.78	0.81	0.88
Price/Sales	7.91	10.94	7.65	7.16
Price/Book	13.00	9.42	25.04	4.38
Price/Earning	25.87	30.61	32.97	40.66
Dividend Yield	0.00%	0.82%	1.07%	0.57%
Market Cap	170.21 Bil	2,851.08 Bil	419.09 Bil	267.86 Bil
52-Week Range	374.50—587.75	376.91—468.35	112.78—198.31	212.00—369.00
Investment Style	Large Blend	Large Blend	Large Blend	Large Blend

price for customers. Growth has accelerated and margins are expanding from the initial conversion inflection.

- Adobe is extending its empire in the creative world from content creation to marketing services more broadly through the expansion of its digital experience segment. This segment should drive growth in the coming years.

Bears Say Dan Romanoff, CPA, Senior Equity Analyst, 12 Dec 2024

- Momentum is slowing in Creative Cloud after elevated growth driven largely by the model transition to software as a service.
- Digital experience is an emerging space and one that Adobe neither created nor dominates. Growth could be slower than we anticipate or margin expansion may not materialize.
- Digital experience has been built largely through acquisition, including Magento and Marketo in 2018. This raises the possibility of disruption from inadequate integration efforts and lends credence to

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

concerns that Adobe may overpay for increasingly large deals.

Economic Moat Dan Romanoff, CPA, Senior Equity Analyst, 14 Jun 2024

For Adobe overall, we assign a wide economic moat rating arising from switching costs. Based on the company's segments, we believe digital media has a wide moat based on switching costs and digital experience has a narrow moat also arising from switching costs. We believe Adobe's moat will allow the company to earn returns in excess of its cost of capital over the next 20 years.

Switching costs for software are often driven by several factors, in our view. The more critical the function and the more touch points across an organization a software vendor has, the higher the switching costs. There is also the direct time and expense of implementing a new software package for the customer while maintaining the existing platform and retraining employees on a new system. Additionally, there is operational risk of changing software vendors, including business process re-engineering, loss of data during the changeover, and overall project execution. A major implementation is likely to involve a system integrator and can take in excess of a year in bad cases. Lastly, lost productivity is likely to be an issue as customers move up a learning curve on the new system along with the distraction of users involved in the function where the change is occurring.

Retention metrics typically help inform investors on both the presence and the durability of a moat. These come in two flavors: gross, which describes what percentage of the customer base remains customers after a given period, and net, which highlights what percentage of customer spending is retained by the software provider after a given period. Adobe does not provide retention metrics because its user base has a large percentage of small-business users and periodic subscribers. Software firms regularly see lower retention rates for small-business users than for enterprise customers. Further, in the case of Adobe, many creative professionals work on a contract basis, meaning that they might subscribe to Creative Cloud for a month, not subscribe for the next month, and subscribe again the following month. We believe Adobe experiences customer retention of 85%-90%, but we also do not think this is particularly relevant for the company, given the dynamics at play with the customer base.

We believe the digital media segment enjoys a wide moat based on switching costs. Digital media represents approximately 70%-75% of revenue. This segment contains Creative Cloud, which is nearly 50% of total revenue, and Document Cloud, which is approximately 10% of revenue. Creative Cloud is composed of iconic products Photoshop, Premiere, Illustrator, and After Effects, among others, and a variety of mobile versions of these products and additional discrete mobile solutions. Document Cloud consists of the Acrobat family of products, including Sign.

We believe Creative Cloud enjoys the widest moat under the Adobe umbrella. Like most software solutions, once Creative Cloud or any of the individual applications contained therein is inserted into the workflow of creative professionals, it becomes very difficult to change solutions. Further, while there is no shortage of competitive point solutions, Adobe Creative Cloud is so pervasive in the creative world that replacing it would be an insurmountable barrier, in our view. Because nearly all creative professionals rely on the Creative Cloud, all other creative professionals must also use it. While the Creative Cloud has its issues, particularly premium pricing, and any one organization or freelance professional might be willing to switch, they would find it difficult to work in an industry that has generally standardized around it. Similarly, Adobe's large installed base helps ensure that when the company releases or acquires a related new solution, it immediately faces a substantial and welcoming audience.

Since its introduction in the late 1980s, Photoshop quickly became the industry leader and eventually the industry standard for image editing software. Rather than remaining complacent, Adobe has consistently invested in the solution, introducing new features and adding applications that could be sold to existing users of Photoshop. These features and products were both internally developed and from acquisitions. For these reasons, Creative Cloud still finds itself at the forefront of the industry.

We believe Adobe's creation of the PDF file format, its first-mover advantage with Acrobat, and significant installed base have created a wide moat based on switching costs for the firm's Document Cloud. Within Document Cloud, Adobe created the portable document format as an evolution of its original product, PostScript. In 1990, there was no file format that was readily usable across operating system platforms, but by the mid-1990s, there were several products vying for widespread adoption. Adobe's PDF won, thanks in part to distributing Acrobat Reader for free to personal computer original equipment manufacturers, and has become the standard. Adobe then developed an enterprise Acrobat product as a PDF editor and workflow solution. We believe there are no truly competitive solutions to the PDF file format, even if there is a wide variety of PDF editors in free and paid versions. By any measure, Acrobat remains the gold standard in PDF editors. Over the years, the firm has added a variety of key features to Acrobat, including e-signatures, which became mainstream overnight during the covid lockdowns.

In our opinion, the digital experience segment enjoys a narrow moat based on switching costs. Digital experience represents approximately 25% of revenue. This segment contains Adobe Experience Platform, Adobe Analytics, Adobe Experience Manager, Marketo Engage, and Adobe Commerce, among other solutions. We view Digital Experience as a natural extension of the digital media segment and see the same switching costs that we see for most software companies. Once these applications are integrated into a business process workflow, we believe they are difficult to change. A digital experience platform, by its very nature, is complex, involving numerous applications and touching a wide range of systems and data repositories used by the customer.

Unlike the creative side, Adobe does not have a first-mover advantage in digital experience. The company made its foray into this broad umbrella initially through acquisitions, notably of Omniture in

2009. Since then, it has made other meaningful acquisitions, such as Marketo and Magento, both in 2018, and has also organically added solutions to the portfolio. Through these efforts, Adobe has established itself as a leader in various categories that fall under the digital experience umbrella, including digital marketing analytics, campaign management, and customer engagement, among others.

Digital experience solutions are relatively new compared with the creative side, and unlike with Photoshop, where no serious competitive threats exist, there are a wide variety of large competitors in the various marketing analytics, campaign management, customer engagement, advertising platform, and related areas. While this has been a nascent and rapidly emerging area, more recently we see several companies starting to emerge as leaders with a holistic and complete platform. One of these leaders is Adobe. We believe Adobe's tightly integrated and robust platform, with its accelerated innovation based on customer feedback from its extensive creative customer base, is seen as a strong suite by the marketplace and well positioned to capture an outsize position in this young and growing market.

Fair Value and Profit Drivers Dan Romanoff, CPA, Senior Equity Analyst, 12 Dec 2024

Our fair value estimate for Adobe is $590 per share, which implies a fiscal 2025 enterprise value/sales multiple of 11 times, and an adjusted P/E multiple of 29 times.

We model a five-year revenue compound annual growth rate of approximately 10%. We model solid growth in digital media and digital experience even as both steadily slow over time. Digital experience should benefit from 2023 price increases that should filter in over the course of several years and increasing penetration into an enormous market as defined by Adobe. We believe a relatively frictionless cross-selling opportunity exists for the company, as creative professionals are already steeped in Adobe products. The desire to consolidate vendors makes Adobe an obvious choice for marketing software solutions, and the fact that Adobe's products are strong should help initially in what we believe is a large greenfield opportunity. In digital media, we have been impressed by Adobe's ability to draw in new users that many did not believe existed. We believe some of this is related to piracy, which is effectively eliminated in the SaaS model. Additionally, the company has had success upselling existing users to higher-price-point products and cross-selling acquired technologies, such as Workfront and Frame.io. We believe continued innovation, gathering new users, and upselling existing users in Creative Cloud should help drive strong growth for the next several years.

We model non-GAAP operating margin, which was 47% in fiscal 2024, to expand modestly on an annual basis, given increased scale. Management continues to talk about pushing margins higher over time, but given that the company's margins are already right near the top of the software group, we think expansion is likely but will be more incremental from here.

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 7 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Risk and Uncertainty Dan Romanoff, CPA, Senior Equity Analyst, 14 Jun 2024

We assign Adobe a Morningstar Uncertainty Rating of High. It faces risks that vary by segment. Creative Cloud's high market share over the last 25 years means a significant portion of high margin revenue is at risk, however slight that risk may be, if a competitor were to make inroads in the space. The damping of cross-selling opportunities with digital experience would likely then be diminished, which would be problematic, as digital experience represents the larger growth opportunity over the next five years, in our view. While Adobe is generally considered a leader in the various categories included under its digital experience umbrella, it did not create any of these categories and does not dominate them the way it does with Creative Cloud.

Adobe has built the digital experience business largely through acquisitions. The acquisitions of Magento and Marketo also pose risks, as those were on the larger side for the company. Any integration missteps could cause delays in new contract signings. Further, material missteps could possibly result in substantial write-downs regarding these (or other) acquisitions. Further, while the margin structure may ultimately be lower in digital experience relative to Creative Cloud, the company has worked to improve margins over time, and we believe Adobe must continue to drive down costs and expand margins to meet investor expectations.

We generally model the publishing segment as modestly declining throughout our projections. This segment is largely composed of legacy products with very high margins. At this point, we believe this cash-cow business could be a potential source of disappointment if it were to begin to more rapidly deteriorate, which is not contemplated in our model.

While we do not see significant environmental, social, and governance risks, Adobe does face strong competition for software engineers on the hiring front as well as risks arising from a potential breach of its data centers.

Capital Allocation Dan Romanoff, CPA, Senior Equity Analyst, 12 Dec 2024

We assign Adobe an Exemplary Capital Allocation Rating. This reflects our assessments of sound balance sheet, exceptional investment, and appropriate shareholder distributions. We think investments back into the business are most likely to be the key driver of total shareholder returns and are therefore appropriately prioritized over other capital returns such as dividends and buyback, although given the company's prodigious free cash flow generation, we see share buybacks and acquisitions continuing.

The balance sheet is sound with a material net cash position with gross leverage under one times trailing EBITDA. Adobe's capital deployment strategy centers around re-investing in the business and making generally small tuck-in acquisitions. We expect the balance sheet to remain sound as the company has typically maintained a conservative balance sheet and generates more than enough free cash flow to fund growth, buy back shares, and execute its acquisition strategy. Despite a lack of meaningful acquisitions over the last two years, we expect tuck-in deals to remain a key part of the company's strategy.

Shantanu Narayen joined the company in 1998 as senior vice president of worldwide product development. He was promoted to COO and then to CEO, a position he has had since 2007. Narayen has steered the company through a variety of critical changes over the years.

Narayen is responsible for initially bundling Photoshop, Illustrator, and other products into what was then known as the Creative Suite in 2003, which he ultimately converted to a subscription model in 2013. While moving to a SaaS model was not a novel move by 2013, it had never been attempted at a company the size of Adobe. After the initial margin and growth hit, both measures improved markedly, with growth remaining strong years after the transition and margins rebounding to pretransition levels within a few years.

While the transition to SaaS was a critical shift for Adobe, the acquisition of Omniture in 2009 represented a new strategic direction for the company. Omniture was purchased for $1.7 billion and served as the foundation for what was initially Adobe Marketing and is now called the Adobe Analytics Cloud. At its core, Omniture is a web analytics platform. By virtue of moving beyond content creation for creative professionals, the company significantly expanded its total addressable market. Omniture also served as the core of what has become the Adobe Experience Cloud, which is a collection of leading solutions for marketing, analytics, advertising, and commerce, integrated on a single platform. It also allows Adobe to sell a wide variety of marketing technology solutions into a customer base that already thinks of Adobe as the clear leader in content creation. The strategy has paid off handsomely thus far, as momentum in Experience Cloud is undeniable in a market that is loosely 2 times the size of the market for the company's content creation solutions. Management recognizes this and has been directing M&A investment in this direction since the Omniture transaction, including large deals for Magento and Marketo in fiscal 2018. After some uneven performance early on, Narayen stepped into to personally oversee parts of the integration, which we believe improved the process. Adobe has also acquired its way into emerging areas like collaboration and workflow management with the Workfront deal in 2021.

Beyond business model and strategic shifts, Narayen has shrunk the share count and is likely to continue to do so, in our view.

Analyst Notes Archive

Adobe Earnings: A Good Quarter With Mixed Signals, but Document Cloud Shines Dan Romanoff, CPA,Senior Equity Analyst,12 Dec 2024

We are lowering our fair estimate to $590 per share, from $635, after wide-moat Adobe reported good fourth-quarter results and an outlook for fiscal 2025 that we believe is mildly disappointing. Based on guidance, we lowered our 2025 estimates, which also drove a smoothing over several years. While we do not see a meaningful change to our long-term thinking, we see some nicks in the firm's armor. Given another selloff, we observe a clear disconnect between management's excitement and the internal signs of success that they see relative to what investors are seeing. We are encouraged by recent product introductions throughout the portfolio and think Firefly leaves Adobe well-positioned in artificial intelligence. We are also encouraged by the firm's decision to use pricing as a lever within a coming tiered pricing structure tied largely to AI for core applications. We think recent price increases, product launches, and rapid generative AI adoption should help drive growth in 2025. Considering our fair value cut and the stock selloff, we still see shares as undervalued.The demand environment appears relatively healthy between the upside last quarter and this quarter, and we see Adobe leaning into innovation. Adobe's strategy of creating a broad demand funnel at the top with Express and driving AI usage to convert users seems to be resonating. The company's new products are gaining traction, notably with Acrobat AI Assistant, Firefly, and GenStudio. Management noted good performance in all products through all channels. Fourth-quarter revenue increased 11% year over year in constant currency and as reported to $5.61 billion, exceeding the top end of guidance at $5.55 billion. Management is pushing investors to focus on the entire book of business rather than just net new digital media annual recurring revenue, which were up 14% and 2% year over year, respectively, and diverge in their support for management's enthusiasm.

Adobe: Continuing to Flex Its Generative AI Muscle at Max User Conference Dan Romanoff, CPA,Senior Equity Analyst,14 Oct 2024

Wide-moat Adobe held its annual Max user conference, where it also hosted a brief investor session. The company reaffirmed its guidance for the fourth quarter but provided no immediate financial updates. We made no changes to our model and, therefore, are maintaining our fair value estimate of $635. Key takeaways from the event included a bevy of both traditional and generative artificial intelligence features, a discussion of AI monetization efforts, a new Firefly generative AI model that is now available for limited public beta, and a change to guidance measures that moves quarterly net new digital media annual recurring revenue in dollar terms to an annual growth expectation. While we do not favor fewer guidance measures, management still plans to provide the actual net new ARR figures quarterly, so the transparency impact is lessened.From a product standpoint, we came away impressed and believe that Adobe's leadership position in serving the creative markets has been enhanced by the generative AI announcements. The product demos were amazing, especially for generative fill for video within Premiere Pro. The new Firefly video model has moved into limited public beta and remains the only video model available that is commercially safe, meaning there is no risk to intellectual property infringement based on the content used to train the model. Management outlined several ways the firm is already monetizing generative AI, including tiered subscription offerings in digital media and digital experience, AI add-on offerings, and AI-first standalone solutions, like Firefly Services and

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 10 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

GenStudio.The company also announced that a beta version of Project Neo, an accessible and easy-to-use web-based tool for 3D illustration, is available. While the tool is robust and easy to use, we think its availability over the internet is a critical factor as the company gradually moves its portfolio to be truly cloud-based.

Adobe Earnings: Shares Are Attractive as Strong Quarter Overshadowed by Light Revenue Guidance
Dan Romanoff, CPA,Senior Equity Analyst,13 Sep 2024

We are maintaining our fair estimate at $635 per share after wide-moat Adobe reported good third-quarter results, while providing guidance that was light on the top line. We think the 9% after-hours selloff is overdone as we see solid trends from last quarter continuing this quarter. We see no glaring weak spots in its results. Management hinted that some deals may have been pulled forward, which would help explain the top-line strength this quarter combined with slight downward guidance for the fourth quarter. We are encouraged by recent product introductions throughout the portfolio and think Firefly leaves Adobe well positioned in artificial intelligence. We think recent price increases, recent important product launches, and rapid generative AI adoption should help drive growth at least through 2025. Changes to our model were short-term fine-tuning, while our longer-term estimates are unchanged and we continue to see shares as undervalued.We view revenue performance in the quarter as strong and we left our forecast largely intact. Adobe's strategy of creating a broad demand funnel at the top with Express and driving AI usage to convert users is working. Management noted good performance in digital, large enterprise customers, small and midsize businesses, and international. Third-quarter revenue increased by 11% year over year in constant currency to $5.41 billion, exceeding the top end of guidance at $5.38 billion. Net new digital media ARR was $504 million, compared with guidance of $460 million, which was a stumbling block in the first quarter, but has been strong since.Management's ability to drive margins in the face of high investment levels surrounding generative AI remains impressive. We think margins can grind a little higher over time, but will be limited by Adobe's already stellar profitability levels. Our long-term margin forecast is largely unchanged. Non-GAAP operating margin was 46.5%, compared with 46.3% a year ago.

Adobe Earnings: Adobe Express Drawing in New Users, Contributing to Net New ARR Strength Dan Romanoff, CPA,Senior Equity Analyst,14 Jun 2024

We are raising our fair estimate to $635 per share from $610 after wide-moat Adobe reported good second-quarter results and raised its outlook for the full year on all headline numbers. After last quarter's big selloff, which we think was driven by disappointing net new annual recurring revenue, management also raised its full-year outlook for this metric. We were steadfast in our belief in our Adobe thesis after the past quarter and are encouraged by financial progress through the second quarter. We think recent price increases, recent and pending important product launches, and rapid generative artificial intelligence adoption should help drive growth over the next several quarters.

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 11 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Changes to our model were short-term fine-tuning, while our longer-term estimates are unchanged, and we continue to see shares as undervalued.Revenue performance was solid overall, with no obvious weak spots and notable strength in digital media. Adobe's strategy of creating a broad demand funnel at the top with express and driving AI usage to help convert users seems to be working, as management noted strength in both new users on the digital front, better-than-expected conversions to higher-price solutions, and better retention of existing clients. The firm also saw strength in digital, large enterprise customers, small and medium business, and international. Second-quarter revenue increased by 11% year over year in constant currency (10% as reported) to $5.31 billion, exceeding the top end of guidance at $5.30 billion. Digital media increased by 11% year over year, as reported, and effectively drove all of the upside in the quarter relative to our model, while digital experience increased by 9%.After last quarter's net new ARR hiccup, this quarter's strength should allay concerns about a rapid drop-off in growth. Net new ARR in digital media was $487 million, compared with guidance of $440 million, which we view as very good.

Adobe Earnings: Guidance Is Needlessly Unclear, but We Believe the Big Picture Is Largely Unchanged Dan Romanoff, CPA,Senior Equity Analyst,15 Mar 2024

We are maintaining our fair value estimate of $610 per share after Adobe reported good first-quarter results, but offered perplexing guidance for the second quarter that is ultimately slightly disappointing. The problem with guidance is threefold in our opinion. First, management refused to simply reiterate its full-year outlook for net new annual recurring revenue, which it repeatedly said it "felt really good" about. Second, it implies the second half of the year will be even more back-end-loaded. Third, multiple moving parts made the outlook overly confusing. We think these factors are driving a steep after-hours selloff. However, given recent pricing actions that should roll out in the rest of the world, pending important product launches, and rapid generative artificial intelligence adoption, we are not making material changes to our model and think shares are back in the "attractive" category.Revenue performance was solid and better than anticipated, with notable strength in digital media. The company's strategy of creating a broad demand funnel at the top and driving usage to help convert users seems to be working. First-quarter revenue grew 12% year over year in constant currency (11% as reported) to $5.18 billion, exceeding the top end of guidance at $5.15 billion. Digital media grew 12% year over year as reported and effectively drove the vast majority of upside in the quarter relative to our model, while digital experience grew 10%. Within digital media, we see Creative Cloud and Acrobat doing well this quarter, with better subscriber growth and good consumption within Firefly for enterprise customers in creative, and strong mobile and Acrobat Sign performance. Many of these elements were present in last quarter's solid results.Profitability remains impressive, which is consistent with our long-term model, and therefore changes to our margin assumptions were minimal, even as we modestly lowered our near-term revenue estimates.

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Adobe: Termination of Figma Agreement Does Not Change Adobe's Leadership Position Dan Romanoff, CPA,Senior Equity Analyst,18 Dec 2023

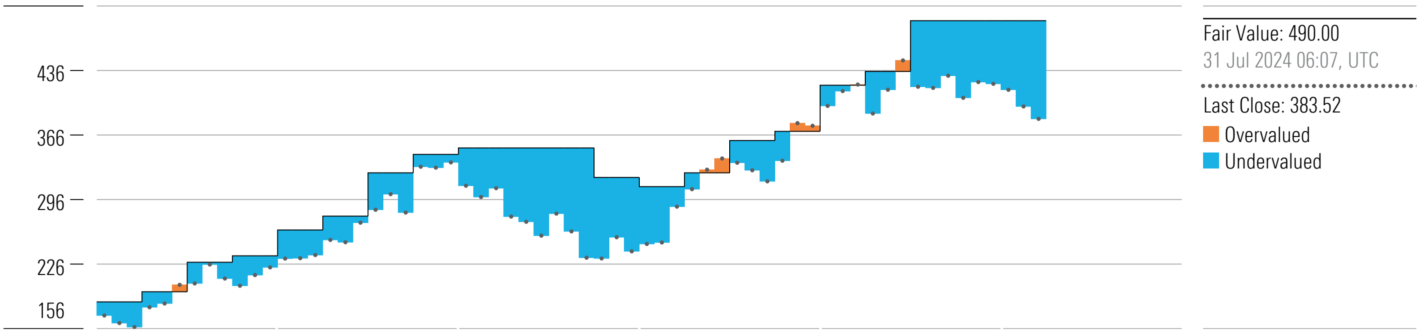
After a 15-month saga of claims and counterclaims with relevant oversight bodies, Adobe and Figma have agreed to terminate their $20 billion merger agreement. We have consistently viewed the acquisition as strategically strong and financially challenging, so our reaction to the news is similarly mixed. We now expect Adobe to invest resources and take the time to improve its XD solution and introduce key functionality throughout its portfolio, mainly to bring its applications to the web and introduce the ability to have multiple users simultaneously editing a single work product. Adobe's development team is excellent, so we view this as a matter of time without material margin pressure. From a financial perspective, we think investors will be pleased that Adobe will not be issuing approximately $10 billion in new shares and utilizing $10 billion in cash that could otherwise be used to buy back shares. There is no Figma impact contemplated in our model, so no changes are required. Our fair value estimate remains $610 per share, leaving the stock fairly valued, in our view.While we do not believe the termination of the Figma deal has a near-term impact on Adobe's wide moat, it does create a nick in the company's armor. Therefore, we think Adobe has some wood to chop from a software development and feature addition perspective, as Figma usage greatly outpaces Adobe XD usage. We note XD is one small product within the firm's industry-leading (and industry defining) creative cloud. Even if the deal would have closed, Adobe would still have needed time to port web-based and multiple editor features from Figma to the broader portfolio. Over the last 25 years, we think the company has proven it is up to the task. Lastly, we do not view the $1 billion breakup fee as material in the context of Adobe's cash hoard of $7.8 billion and the company's $272 billion market capitalization.

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 13 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

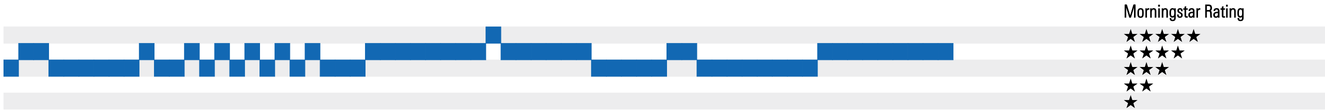
Competitors Price vs. Fair Value

Microsoft Corp MSFT



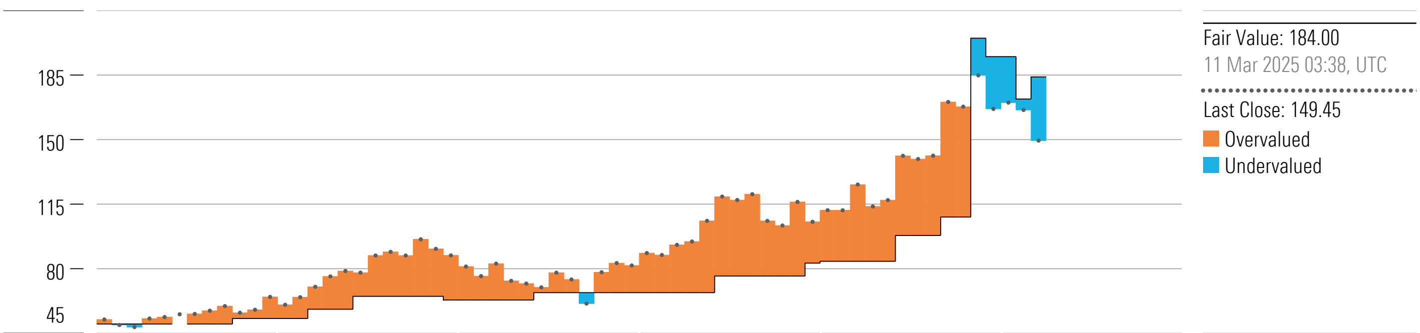
	2020	2021	2022	2023	2024	YTD
Price/Fair Value	0.95	0.97	0.75	1.02	0.86	0.78
Total Return %	42.37	52.24	-27.94	57.96	12.91	-8.81

Morningstar Rating



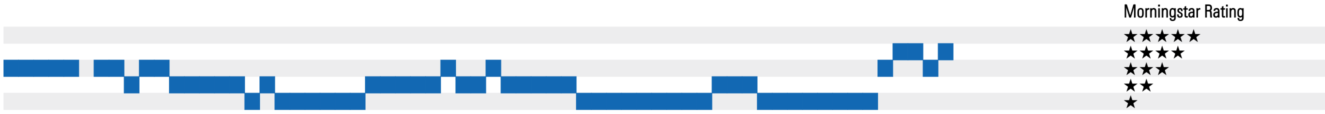
Total Return % as of 18 Mar 2025. Last Close as of 18 Mar 2025. Fair Value as of 31 Jul 2024 06:07, UTC.

Oracle Corp ORCL



	2020	2021	2022	2023	2024	YTD
Price/Fair Value	1.22	1.38	1.22	1.27	0.85	0.81
Total Return %	23.91	36.67	-4.80	30.84	59.58	-10.08

Morningstar Rating



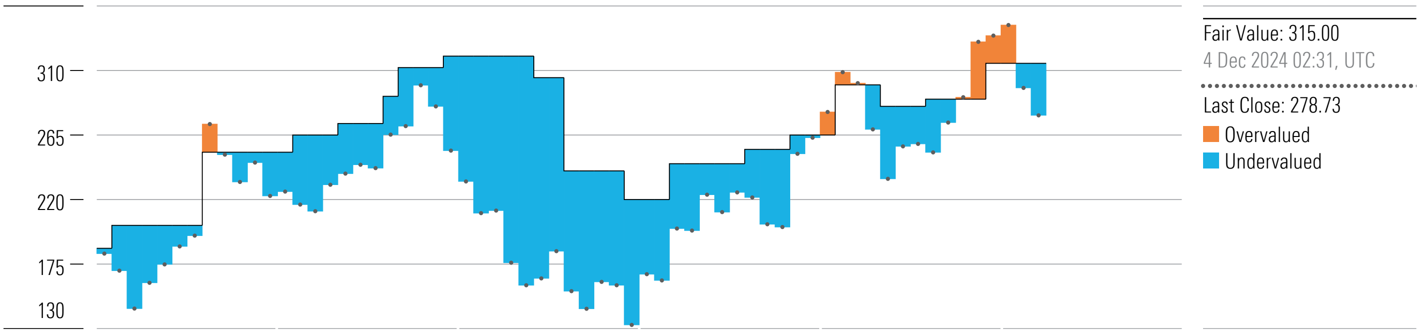
Total Return % as of 18 Mar 2025. Last Close as of 18 Mar 2025. Fair Value as of 11 Mar 2025 03:38, UTC.

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

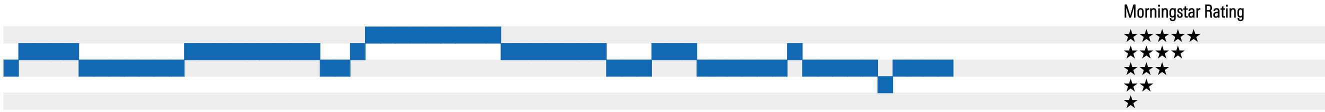
Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Competitors Price vs. Fair Value

Salesforce Inc CRM



	2020	2021	2022	2023	2024	YTD	
	0.88	0.79	0.60	0.99	1.06	0.88	Price/Fair Value
	36.82	14.20	-47.83	98.46	27.66	-16.63	Total Return %



Total Return % as of 18 Mar 2025. Last Close as of 18 Mar 2025. Fair Value as of 4 Dec 2024 02:31, UTC.

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Morningstar Valuation Model Summary

Financials as of 12 Mar 2025	Actual			Forecast				
Fiscal Year, ends 30 Nov	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Revenue (USD Mil)	17,606	19,409	21,505	23,554	25,878	28,400	31,151	34,147
Operating Income (USD Mil)	6,098	6,650	6,741	8,485	9,448	10,579	11,853	13,266
EBITDA (USD Mil)	6,954	7,522	7,598	9,309	10,224	11,289	12,476	14,060
Adjusted EBITDA (USD Mil)	6,954	7,522	7,598	9,309	10,224	11,289	12,476	14,060
Net Income (USD Mil)	4,756	5,428	5,560	6,920	7,637	8,605	9,668	10,822
Adjusted Net Income (USD Mil)	6,457	7,377	8,281	8,852	9,890	11,260	12,351	13,594
Free Cash Flow To The Firm (USD Mil)	7,140	6,780	9,787	5,923	7,722	8,516	9,335	10,507
Weighted Average Diluted Shares Outstanding (Mil)	471	459	450	433	430	430	430	430
Earnings Per Share (Diluted) (USD)	10.10	11.82	12.36	15.99	17.76	20.01	22.48	25.17
Adjusted Earnings Per Share (Diluted) (USD)	13.71	16.07	18.42	20.46	23.00	26.19	28.72	31.61
Dividends Per Share (USD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Margins & Returns as of 12 Mar 2025		Actual			Forecast					
	3 Year Avg	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**5 Year Avg**
Operating Margin %	33.4	34.6	34.3	31.4	36.0	36.5	37.3	38.1	38.9	37.3
EBITDA Margin %	—	39.5	38.8	35.3	39.5	39.5	39.8	40.1	41.2	—
Adjusted EBITDA Margin %	—	39.5	38.8	35.3	39.5	39.5	39.8	40.1	41.2	40.0
Net Margin %	27.0	27.0	28.0	25.9	29.4	29.5	30.3	31.0	31.7	30.4
Adjusted Net Margin %	37.7	36.7	38.0	38.5	37.6	38.2	39.7	39.7	39.8	39.0
Free Cash Flow To The Firm Margin %	40.3	40.6	34.9	45.5	25.1	29.8	30.0	30.0	30.8	29.1

Growth & Ratios as of 12 Mar 2025		Actual			Forecast					
	3 Year CAGR	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**	**5 Year CAGR**
Revenue Growth %	10.9	11.5	10.2	10.8	9.5	9.9	9.8	9.7	9.6	9.7
Operating Income Growth %	5.1	5.1	9.0	1.4	25.9	11.3	12.0	12.0	11.9	14.5
EBITDA Growth %	4.9	5.5	8.2	1.0	22.5	9.8	10.4	10.5	12.7	13.2
Adjusted EBITDA Growth %	4.9	5.5	8.2	1.0	22.5	9.8	10.4	10.5	12.7	13.1
Earnings Per Share Growth %	7.3	0.8	17.1	4.6	29.4	11.0	12.7	12.4	11.9	15.3
Adjusted Earnings Per Share Growth %	7.3	9.9	17.2	14.6	11.1	12.4	13.9	9.7	10.1	15.3

Valuation as of 12 Mar 2025	Actual			Forecast				
	2022	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Price/Earning	25.2	38.0	28.0	19.1	17.0	14.9	13.6	12.4
Price/Sales	9.1	14.3	10.6	7.2	6.6	6.0	5.5	5.0
Price/Book	11.6	17.0	16.4	10.5	7.3	5.3	4.1	3.2
Price/Cash Flow	—	—	—	—	—	—	—	—
EV/EBITDA	22.9	36.5	29.8	18.2	16.6	15.0	13.6	12.0
EV/EBIT	26.1	41.3	33.5	20.0	17.9	16.0	14.3	12.8
Dividend Yield %	—	—	—	—	—	—	—	—
Dividend Payout %	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow Yield %	—	—	—	—	—	—	—	—

Operating Performance / Profitability as of 12 Mar 2025	Actual			Forecast				
Fiscal Year, ends 30 Nov	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
ROA %	17.5	18.2	18.4	21.8	19.3	17.7	16.2	15.1
ROE %	33.9	32.9	39.4	42.9	33.3	27.3	23.5	20.8
ROIC %	27.8	29.5	30.2	37.3	39.2	42.4	45.6	48.7

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 16 of 24

Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

Financial Leverage (Reporting Currency)	Actual			Forecast				
Fiscal Year, ends 30 Nov	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**	**2029**
Debt/Capital %	2.8	1.5	2.6	1.5	1.4	1.0	0.9	0.9
Assets/Equity	1.9	1.8	2.1	2.0	1.7	1.5	1.4	1.4
Net Debt/EBITDA	-0.2	-0.5	-0.2	-0.5	-1.2	-1.9	-2.5	-3.0
Total Debt/EBITDA	0.7	0.5	0.8	0.4	0.4	0.3	0.3	0.2
EBITDA/ Net Interest Expense	77.3	-50.5	-40.0	269.7	131.7	132.5	200.3	205.9

Forecast Revisions as of 12 Mar 2025	2025		2026		2027	
Prior data as of 11 Dec 2024	**Current**	**Prior**	**Current**	**Prior**	**Current**	**Prior**
Fair Value Estimate Change (Trading Currency)	590.00	590.00	—	—	—	—
Revenue (USD Mil)	23,554	21,505	25,878	23,517	28,400	25,837
Operating Income (USD Mil)	8,485	6,741	9,448	8,471	10,579	9,431
EBITDA (USD Mil)	9,309	7,598	10,224	9,294	11,289	10,206
Net Income (USD Mil)	8,852	8,281	9,890	8,842	11,260	9,873
Earnings Per Share (Diluted) (USD)	15.99	12.36	17.76	15.76	20.01	17.73
Adjusted Earnings Per Share (Diluted) (USD)	20.46	18.42	23.00	20.35	26.19	22.96
Dividends Per Share (USD)	0.00	0.00	0.00	0.00	0.00	0.00

Key Valuation Drivers as of 12 Mar 2025	
Cost of Equity %	9.0
Pre-Tax Cost of Debt %	5.3
Weighted Average Cost of Capital %	8.8
Long-Run Tax Rate %	11.0
Stage II EBI Growth Rate %	9.7
Stage II Investment Rate %	28.5
Perpetuity Year	20

Additional estimates and scenarios available for download at https://pitchbook.com/.

Discounted Cash Flow Valuation as of 12 Mar 2025	**USD Mil**
Present Value Stage I	65,280
Present Value Stage II	64,637
Present Value Stage III	117,296
Total Firm Value	**247,213**
Cash and Equivalents	7,613
Debt	5,628
Other Adjustments	0
Equity Value	**249,198**
Projected Diluted Shares	433
Fair Value per Share (USD)	**590.00**

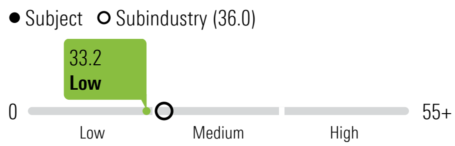
Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 17 of 24

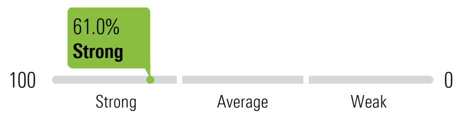
Adobe Inc ADBE ★★★★ 18 Mar 2025 21:29, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment[1]
391.37 USD 18 Mar 2025	590.00 USD 12 Dec 2024 05:50, UTC	0.66	170.21 USD Bil 18 Mar 2025	Wide	Large Blend	High	Exemplary	5 Mar 2025 06:00, UTC

ESG Risk Rating Breakdown

Exposure		
Company Exposure[1]	33.2
– Manageable Risk	30.9
Unmanageable Risk[2]	**2.3**
Management	
Manageable Risk	30.9
– Managed Risk[3]	18.8
Management Gap[4]	**12.0**
Overall Unmanaged Risk	**14.4**





- Exposure represents a company's vulnerability to ESG risks driven by their business model
- Exposure is assessed at the Subindustry level and then specified at the company level
- Scoring ranges from 0-55+ with categories of low, medium, and high-risk exposure

- Management measures a company's ability to manage ESG risks through its commitments and actions
- Management assesses a company's efficiency on ESG programs, practices, and policies
- Management score ranges from 0-100% showing how much manageable risk a company is managing

ESG Risk Rating

ESG Risk Ratings measure the degree to which a company's value is impacted by environmental, social, and governance risks, by evaluating the company's ability to manage the ESG risks it faces.

1. A company's Exposure to material ESG issues 2. Unmanageable Risk refers to risks that are inherent to a particular business model that cannot be managed by programs or initiatives 3. Managed Risk = Manageable Risk multiplied by a Management score of 61.0% 4. Management Gap assesses risks that are not managed, but are considered manageable 5. ESG Risk Rating Assessment = Overall Unmanaged Risk = Management Gap plus Unmanageable Risk

ESG Risk Rating Assessment[5]

ESG Risk Rating is of Mar 05, 2025. Highest Controversy Level is as of Mar 08, 2025. Sustainalytics Subindustry: Enterprise and Infrastructure Software. Sustainalytics provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainalytics' scores for the company. For the most up to date rating and more information, please visit: sustainalytics.com/esg-ratings/.

Peer Analysis 05 Mar 2025

Peers are selected from the company's Sustainalytics-defined Subindustry and are displayed based on the closest market cap values

Company Name	Exposure			Management			ESG Risk Rating		
Adobe Inc	33.2 | Low	0	55+	61.0 | Strong	100	0	14.4 | Low	0	40+
Microsoft Corp	33.6 | Low	0	55+	63.8 | Strong	100	0	13.7 | Low	0	40+
Salesforce Inc	35.2 | Medium	0	55+	52.1 | Strong	100	0	18.1 | Low	0	40+
Oracle Corp	34.0 | Low	0	55+	60.2 | Strong	100	0	14.9 | Low	0	40+
DoubleVerify Holdings Inc	35.4 | Medium	0	55+	51.7 | Strong	100	0	18.4 | Low	0	40+

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 18 of 24

Appendix
Historical Morningstar Rating

Adobe Inc ADBE 18 Mar 2025 21:29, UTC

Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
—	—	—	—	—	—	—	—	—	★★★★	★★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★	★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★	★★★★	★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★★	★★★★★	★★★★	★★★★	★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★	★★★	★★★	★★★	★★	★★★	★★★	★★★	★★★	★★★★	★★★	★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★	★★	★★	★★	★	★★	★★	★★	★★★	★★★	★★★	★★★

Microsoft Corp MSFT 18 Mar 2025 21:29, UTC

Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
—	—	—	—	—	—	—	—	—	★★★★	★★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★	★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★	★★★★	★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★	★★★	★★★★	★★★	★★★★	★★★	★★★★	★★★	★★★★	★★★	★★★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★★	★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★

Oracle Corp ORCL 18 Mar 2025 21:29, UTC

Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
—	—	—	—	—	—	—	—	—	★★★★	★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★	★	★	★	★	★	★	★	★	★★	★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★	★	★	★	★	★	★	★	★	★	★★	★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★	★★	★★	★★★	★★	★★	★★★	★★	★★	★★	★★	★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★	★	★	★	★	★	★★	★	★★	★★	★★	★★
Dec 2020	Nov 2020	Oct 2020	Sep 2020	Aug 2020	Jul 2020	Jun 2020	May 2020	Apr 2020	Mar 2020	Feb 2020	Jan 2020
★★	★★★	★★★	★★	★★★	★★★	—	★★★	★★★	★★★	★★★	★★★

Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 19 of 24

Salesforce Inc CRM 18 Mar 2025 21:33, UTC

Dec 2025 —	Nov 2025 —	Oct 2025 —	Sep 2025 —	Aug 2025 —	Jul 2025 —	Jun 2025 —	May 2025 —	Apr 2025 —	Mar 2025 ★★★	Feb 2025 ★★★	Jan 2025 ★★★
Dec 2024 ★★★	Nov 2024 ★★	Oct 2024 ★★★	Sep 2024 ★★★	Aug 2024 ★★★	Jul 2024 ★★★	Jun 2024 ★★★	May 2024 ★★★★	Apr 2024 ★★★	Mar 2024 ★★★	Feb 2024 ★★★	Jan 2024 ★★★
Dec 2023 ★★★	Nov 2023 ★★★	Oct 2023 ★★★★	Sep 2023 ★★★★	Aug 2023 ★★★★	Jul 2023 ★★★	Jun 2023 ★★★	May 2023 ★★★	Apr 2023 ★★★★	Mar 2023 ★★★★	Feb 2023 ★★★★	Jan 2023 ★★★★
Dec 2022 ★★★★	Nov 2022 ★★★★	Oct 2022 ★★★★	Sep 2022 ★★★★★	Aug 2022 ★★★★★	Jul 2022 ★★★★★	Jun 2022 ★★★★★	May 2022 ★★★★★	Apr 2022 ★★★★★	Mar 2022 ★★★★★	Feb 2022 ★★★★★	Jan 2022 ★★★★★
Dec 2021 ★★★★	Nov 2021 ★★★	Oct 2021 ★★★	Sep 2021 ★★★★	Aug 2021 ★★★★	Jul 2021 ★★★★	Jun 2021 ★★★★	May 2021 ★★★★	Apr 2021 ★★★★	Mar 2021 ★★★★	Feb 2021 ★★★★	Jan 2021 ★★★★
Dec 2020 ★★★	Nov 2020 ★★★	Oct 2020 ★★★	Sep 2020 ★★★	Aug 2020 ★★★	Jul 2020 ★★★	Jun 2020 ★★★	May 2020 ★★★★	Apr 2020 ★★★★	Mar 2020 ★★★★	Feb 2020 ★★★★	Jan 2020 ★★★

Research Methodology for Valuing Companies

Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, indepth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss shortterm market-price movements), but we believe these negatives are mitigated by deep analysis and our longterm approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our singlepoint star rating.

1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in workingcapital accounts, and capital spending. Based on these projections, we calculate earnings before interest, after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

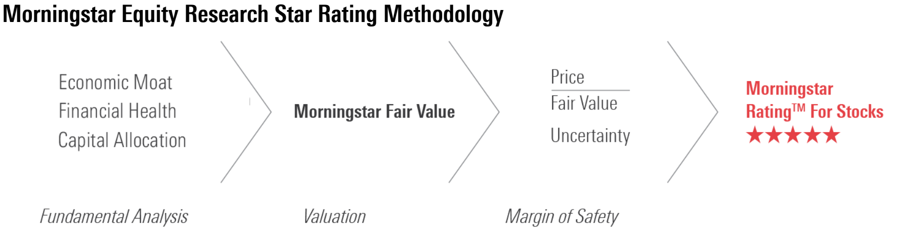
Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future outcomes for the intrinsic value of a company, and any-

Morningstar Equity Research Star Rating Methodology



Morningstar Equity Analyst Report | Report as of 19 Mar 2025 05:28, UTC | Reporting Currency: USD | Trading Currency: USD | Exchange: NASDAQ - ALL MARKETS Page 21 of 24

Research Methodology for Valuing Companies

thing that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

	Margin of Safety	
Qualitative Analysis Uncertainty Ratings	★★★★★Rating	★Rating
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

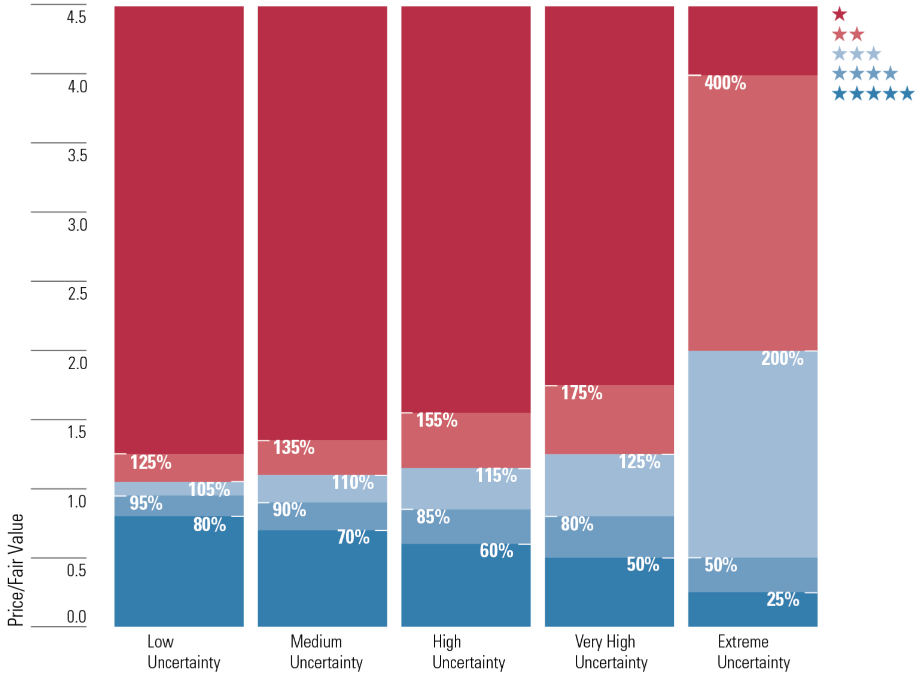
4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to https://shareholders.morningstar.com

Morningstar Star Rating for Stocks

Morningstar Equity Research Star Rating Methodology



Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multiyear time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

Other Definitions

Last Price: Price of the stock as of the close of the market of the last trading day before date of the report.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider compan-

Research Methodology for Valuing Companies

ies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Capital Allocation Rating: Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

Sustainalytics ESG Risk Rating Assessment: The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score. Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit sustainalytics.com/esg-ratings/

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This Report is for informational purposes, should not be the sole piece of information used in making an investment decision, and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed herein may not be suitable for all investors; investors must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position. Morningstar encourages Report recipients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a financial, legal, tax, and/or accounting professional. The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established by local and/or regional regulatory bodies, including laws in

Research Methodology for Valuing Companies

connection with the distribution third-party research reports.

Conflicts of Interest

- No interests are held by the analyst with respect to the security subject of this investment research report.
- Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click http://msi.morningstar.com and http://mdi.morningstar.com
- Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, who provide services to product issuers.
- Morningstar employees may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams.
- Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx
- Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from http://global.morningstar.com/equitydisclosures . Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

Risk Warning Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security's investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. For investments in foreign markets there are further risks, generally based on exchange rate changes or changes in political and social conditions.

For more information about Morningstar's methodologies, please visit global.morningstar.com/equitydisclosures

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

For recipients in Australia: This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at http://www.morningstar.com.au/fsg.pdf

For recipients in New Zealand: This report has been issued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013).The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

For recipients in Hong Kong: The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

For recipients in India: This investment research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with SEBI as a Portfolio Manager (registration number INP000006156) and as a Research Entity (registration number INH000008686). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data-related services, financial data analysis, and software development. The research analyst has not served as an officer, director, or employee of the fund company within the last 12 months, nor have they or their associates engaged in market-making activity for the fund company.The ESG-related information, methodologies, tool, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar In-

Research Methodology for Valuing Companies

vestment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

For recipients in Japan: The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency, for informational purposes only. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

For recipients in Singapore: For Institutional Investor audiences only. The Report is distributed by Morningstar Investment Adviser Singapore Pte. Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this presentation. Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decisions.

For recipients in Korea: The report is distributed by Morningstar Korea Ltd., which has filed to the Financial Services Committee, for informational purposes only. Neither Morningstar Korea Ltd. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.