



Company	Ticker	Sector	Industry
Adobe Incorporated	ADBE-US	Information Technology	Software

## Business Description

Adobe, Inc. engages in the provision of digital marketing and media solutions. It operates through the following segments: Digital Media, Digital Experience, and Publishing and Advertising. The Digital Media segment offers creative cloud services, which allow members to download and install the latest versions of products, such as Adobe Photoshop, Adobe Illustrator, Adobe Premiere Pro, Adobe Photoshop Lightroom and Adobe InDesign, as well as utilize other tools, such as Adobe Acrobat. The Digital Experience segment provides solutions, including analytics, social marketing, targeting, media optimization, digital experience management, and cross-channel campaign management, as well as premium video delivery and monetization. The Publishing and Advertising segment includes legacy products and services for eLearning solutions, technical document publishing, web application development, and high-end printing. The company was founded by Charles M. Geschke and John E. Warnock in December 1982 and is headquartered in San Jose, CA.

## Price Chart



## Key Info & Metrics

<b>Empirical Research Rank:</b>	<b>2</b>
Date Purchased:	06/16/2021
Price:	\$382.02
52-Week Range:	\$275.20 - \$452.72
Dividend Yield:	0.00%
Market Cap (\$M):	\$175,233
Forward Price-to-Earnings:	24
<b>Total Return</b>	
Year-to-Date:	13.5%
1 Year:	-16.7%
3 Year:	30.1%
5 Year:	70.9%

## Investment Case - Updated: February 28, 2023

Nearly a decade ago, Adobe started offering its software on a cloud-based subscription basis. Since then, the company has gradually phased out its perpetual license option (buy once, own forever). The transition had the dual effect of increasing the affordability of Adobe's software and increasing the lifetime value of each user. Adobe's Digital Media software suite is the industry standard by a wide margin due to its cutting-edge features. On the other hand, the company's smaller Digital Experience (marketing) segment faces much higher competition, and growth has been less impressive. During the pandemic, the Digital Media segment's growth was only modestly affected due to Adobe's leading market position. The Digital Experience business saw growth fall to about one-third of pre-pandemic levels as clients scaled back their marketing campaigns during the pandemic. Since then revenue growth trends have stabilized. However, the stock reacted negatively to the proposed \$20 billion acquisition of design tool competitor Figma in September 2022. The bid has been viewed as mostly a defensive move by Adobe. In early 2023 the Department of Justice (DOJ) is preparing to challenge the deal in court citing anticompetitive concerns. Win or lose, Adobe is in a difficult position. If the company wins, it has to prove to the market that the expensive acquisition

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