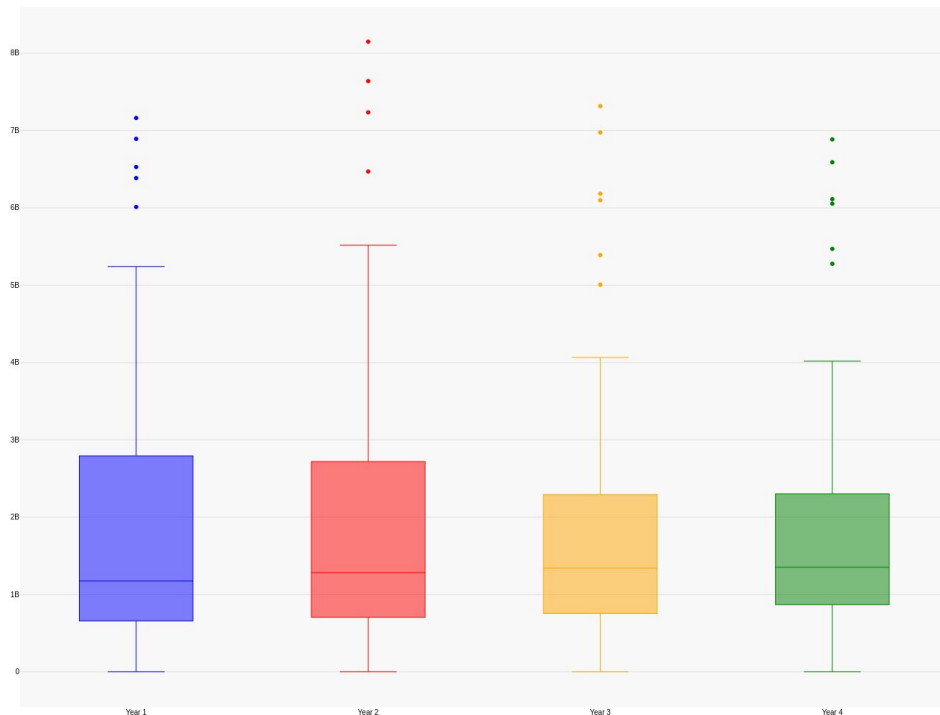


How have SGA costs changed over 4 years in Industrials sector?

SGA cost boxplot for Industrials sector



These are four boxplots for Sales, General and Admin cost across 4 years in Industrials sector. Outliers have been excluded for better visualization. The mean of SGA cost increases year by year (3.396B, 3.607B, 3.876B, 3.929B, respectively), meaning companies spent more money on marketing, advertising, rent, and utilities

Due to the outlier in the data (i.e. some events have very high SGA cost), the mean and standard deviation are highly affected. All years have relatively large standard deviation (5.854B, 5.698B, 6.497B, 6.58B, respectively), telling that there are big differences in SGA costs among companies.

As the minimum values of SGA cost in all years are zero, the ranges (max-min) for all year are also the maximum values. Year 1 has the highest range, but year 4 has the highest standard deviation. This is because of the extremely high outlier in year 1. Based on calculated standard deviation, data in year 4 are spread the most.

Profit and Loss Statement over 4 years of ADBE

Profit & Loss Statement				
	Year 1	Year 2	Year 3	Year 4
Revenue	\$4,055,240,000	\$4,147,065,000	\$4,795,511,000	\$5,854,430,000
COGS	\$586,557,000	\$622,080,000	\$744,317,000	\$819,908,000
Gross Profit	\$3,468,683,000	\$3,524,985,000	\$4,051,194,000	\$5,034,522,000
Sales, General and Admin	\$2,140,578,000	\$2,195,640,000	\$2,215,161,000	\$2,487,907,000
Other operatings expenses	\$52,254,000	\$52,424,000	\$68,649,000	\$78,534,000
R&D	\$826,631,000	\$844,353,000	\$862,730,000	\$975,987,000
Total operating expenses	\$3,019,463,000	\$3,092,417,000	\$3,146,540,000	\$3,542,428,000
Operating income / EBIT	\$449,220,000	\$432,568,000	\$904,654,000	\$1,492,094,000

The revenue of ADBE increased from \$4,055B to in year 1 to \$5.854B in year 4. The cost of goods sold also increased over this course, but not so much compared to the revenue increase; therefore the gross profit also rose by \$1.566B after 4 years.

The total operating expenses were quite stable during the first three years (around \$3.1B); however, it went up by \$395.888M in year 4. Meanwhile, the Operating income has climbed up three times from \$449.22M in year 2 to \$1.492B in year 4.

Profit and Loss Statement Forecast of ADBE for the next two years

Profit & Loss Statement						
	Historical				Forecast	
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Revenue	\$4,055,240,000	\$4,147,065,000	\$4,795,511,000	\$5,854,430,000	\$6,693,215,277	\$7,719,108,495
COGS	\$586,557,000	\$622,080,000	\$744,317,000	\$819,908,000		
Gross Profit	\$3,468,683,000	\$3,524,985,000	\$4,051,194,000	\$5,034,522,000	\$5,773,053,817	\$6,735,101,658
Sales, General and Admin	\$2,140,578,000	\$2,195,640,000	\$2,215,161,000	\$2,487,907,000		
Other operations expenses	\$52,254,000	\$52,424,000	\$68,649,000	\$78,534,000		
R&D	\$826,631,000	\$844,353,000	\$862,730,000	\$975,987,000		
Total operating expenses	\$3,019,463,000	\$3,092,417,000	\$3,146,540,000	\$3,542,428,000		
Operating income / EBIT	\$449,220,000	\$432,568,000	\$904,654,000	\$1,492,094,000	\$1,168,960,051	\$1,425,321,855
Revenue Growth		0.02264354268	0.1563626324	0.2208146327	14%	15%
Gross Margin	0.8553582525	0.849995117	0.8447888035	0.8599508406	86%	87%
Operating Margin	0.1107751946	0.104307022	0.1886460067	0.2548658025	17%	18%
Operating Scenarios						
	Year 5	Year 6				
Revenue growth (%)						
Strong Case	14%	15%				
Base Case	13%	14%				
Weak Case	12%	13%				
Gross Margin (%)						
Strong Case	86%	87%				
Base Case	85%	86%				
Weak Case	84%	85%				
Operating Margin (%)						
Strong Case	17%	18%				
Base Case	16%	17%				
Weak Case	15%	16%				

The forecast of Profit and Loss Statement of ADBE shows consistent increases in the next two years. Here we show the **strong case** as an example.

The revenue growth is predicted to increase by 14% and 15% in the next two years, resulting in the final revenue of \$7.719B in year 6. The gross margin and operating margin are also forecast to increase in year 5 and year 6. This will lead to a gross profit of \$6.735B and an operating income of \$1.425B in year 6.