

Adobe Inc. - ADBE:USA (\$548.76, Mkt Cap \$249.85bn)

GICS Sector Information Technology
Sub-Industry Application Software

Adobe Inc., together with its subsidiaries, operates as a diversified software company worldwide.

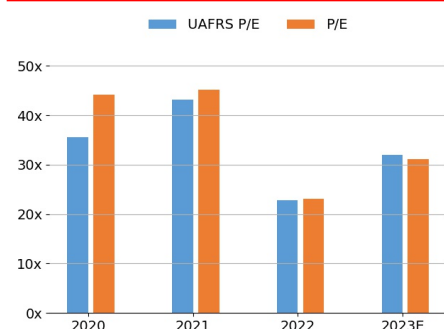
Summary

32.1x	UAFRS Forward P/E	Above Market	At a P/E of 32.1x, this is above the global corporate average of 18.4x, but around ADBE's historical P/E of 33.4x.
10%	Mkt. Required UAFRS EPS Growth	Avg. Expectations	To justify current valuations, ADBE earnings need to grow by 10% per year over the next three years.
8%	Historical UAFRS EPS Growth	Below Avg	UAFRS EPS grew by 8% last year.
9% 11%	Forecast UAFRS EPS Growth - 2023 Forecast UAFRS EPS Growth - 2024	Average	Analysts forecast UAFRS EPS to grow by 9% in 2023 and by 11% in 2024.
Grade: B Grade: C	UAFRS EPS' Growth vs Peers UAFRS P/E vs Peers	Above Avg	UAFRS EPS growth for the coming two years ranks in the 70 th percentile versus peers. UAFRS P/E for the company ranks in the 40 th percentile versus peers.
\$5.4bn	Earnings Revision Momentum	Above Avg	Estimates for 2023 UAFRS Earnings have increased by \$5.4bn in the past quarter.
69%	Economic Profitability (UAFRS)	High	ADBE corporate return on assets was 69% in 2022, which is 12x the long-run corporate averages, and has consistently been well above global long-run corporate averages.
No Div. IG2+	Credit & Dividend Risk (UAFRS)	Low Credit Risk	Cash flows and cash on hand are at 571% of total obligations. Intrinsic credit risk is 50bps above the risk free rate.
	Accuracy of As-Reported EPS	Low	As-reported GAAP earnings is unreliable due to high accounting inconsistencies.

Overall: ADBE is seeing below average earnings growth, but this is not expected to continue in the next several years. P/E is above market valuations, but if the company sees earnings grow by 10% over the next three years, the valuation is justified.

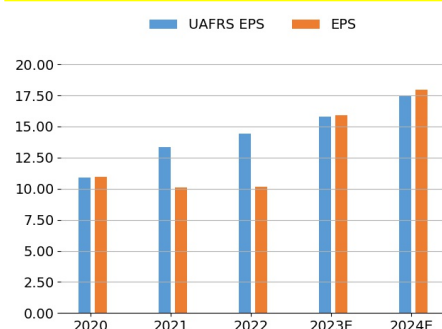
Insights

UAFRS P/E vs P/E As-Reported



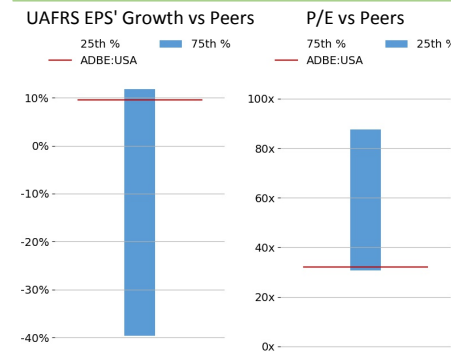
ADBE trades at a 32.1x UAFRS Fwd P/E, which is in line with the as-reported 31.2x P/E. ADBE trades in line with valuations over the past 3+ years, and trades above average valuations of 18.4x in the market currently.

UAFRS Annual EPS vs EPS As-Rep.



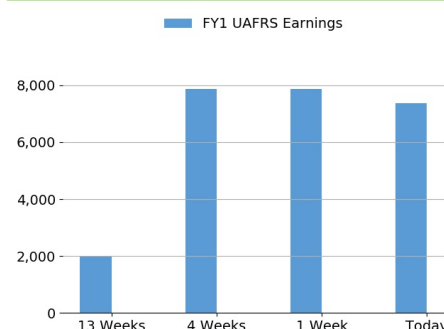
UAFRS EPS has remained in line with \$13.3 in 2021 to \$14.4 in 2022; UAFRS Earnings were higher than as-reported earnings in 2022. Analyst forecasts call for UAFRS EPS to grow to \$15.8 in 2023, growth of 9%. Forecasted US market UAFRS earnings for 2023 is 5%.

UAFRS EPS' Growth and P/E vs Peers



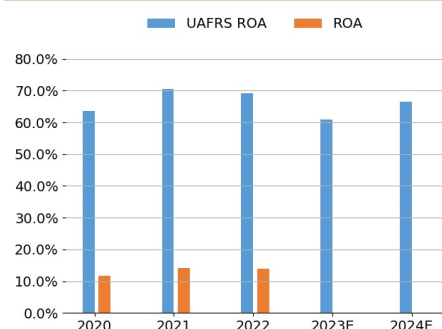
UAFRS EPS growth for FY1 is 9%, which ranks in the 70th percentile versus peers. UAFRS Forward P/E is 32.1x, which ranks in the 40th percentile versus peers.

Consensus Revision Momentum



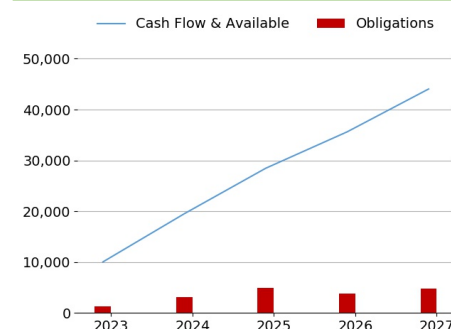
Forecasted 2023 UAFRS Earnings have risen by \$5.4bn in the past quarter. However, expanding forecasts occurred several months ago, with forecasts down \$507.0mn over that time period.

UAFRS ROA vs ROA As-Rep.



Analysts forecast UAFRS ROA to fall from 69% in 2022 to 61% in 2023 and 67% in 2024; UAFRS ROA was above highly inaccurate as-reported ROA of 14% in 2022. Long-run corporate average returns are 6%.

Credit & Dividend Risk



ADBE has low operating risk, with cash flows and cash on hand consistently exceeding obligations. Based on operating risk and refinancing capability, ADBE's iCDS is 50bps, suggesting a low credit risk.

UAFRS has become a recognized alternative to as-reported GAAP and IFRS reported accounting statements. This provides an apples to apples comparison of corporate financial activity and valuations in a way that as-reported financial statements simply do not. The calculations and framework are vetted by the UAFRS Advisory Council.

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Peers Included in Analysis

CRM:USA	Salesforce, Inc.
INTU:USA	Intuit Inc.
SNPS:USA	Synopsys, Inc.
CDNS:USA	Cadence Design Systems, Inc.
WDAY:USA	Workday, Inc.
ROP:USA	Roper Technologies, Inc.
ADSK:USA	Autodesk, Inc.
PLTR:USA	Palantir Technologies Inc.
DDOG:USA	Datadog, Inc.
SPLK:USA	Splunk Inc.

Summary Section Rules

Section	Negative	Neutral	Positive
UAFRS Forward P/E	> Market P/E + 2x	+/- 2x from Market P/E	< Market P/E - 2x
Mkt. Required UAFRS EPS Growth	> 10%	10% > Growth > 3%	< 3%
Historical UAFRS EPS Growth	< Market Growth - 5%	+/- 5% from Market Growth	> Market Growth + 5%
Forecast UAFRS EPS Growth	< Market Growth - 5%	+/- 5% from Market Growth	> Market Growth + 5%
UAFRS EPS and P/E vs. Peers	Average Grade: D or F	Average Grade: C	Average Grade: A or B
Earnings Revision Momentum	< -5%	5% > Revision > -5%	> 5%
Economic Profitability	< 4%	4% < x < 8%	> 8%
Dividend Risk	Cash flow + Cash < 80% of Obligations	Cash flow + Cash > 80% of Obligations	Cash flow + Cash > 100% of Obligations
Credit Risk (when no dividend)	iCDS > 500bps	500bps > iCDS > 100bps	iCDS < 100bps

Insights Section Rules

Section	Negative	Neutral	Positive
UAFRS P/E vs P/E As-Reported	> Market P/E + 2x	+/- 2x from Market P/E	< Market P/E - 2x
UAFRS Annual EPS vs EPS As-Rep.	< Market Growth - 5%	+/- 5% from Market Growth	> Market Growth + 5%
UAFRS EPS' Growth and P/E vs Peers	Average Grade: D or F	Average Grade: C	Average Grade: A or B
Consensus Revision Momentum	< -5%	5% > Revision > -5%	> 5%
UAFRS ROA vs ROA As-Rep.	< 4%	4% < x < 8%	> 8%
Dividend Risk	Cash flow + Cash < 80% of Obligations	Cash flow + Cash > 80% of Obligations	Cash flow + Cash > 100% of Obligations
Credit Risk (when no dividend)	iCDS > 500bps	500bps > iCDS > 100bps	iCDS < 100bps

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