# Valuation Summary: Adobe Inc.

## 1. Project Overview

This project involved a discounted cash flow (DCF) valuation of Adobe Inc., utilizing a 5-year forecast of free cash flows and a terminal value to estimate the company’s intrinsic equity value.

## 2. Key Assumptions

* Revenue Growth Rate: 8.4% (based on WSJ analyst estimates)
* EBIT Margin: 31.3%
* Tax Rate: 19.8%
* WACC (Discount Rate): 9%
* Terminal Growth Rate: 2.5%

## 3. Methodology

The model forecasts revenue and operating income (EBIT) over a 5-year period using a constant growth rate and margin. Taxes, depreciation, capital expenditures, and changes in working capital were used to derive free cash flows (FCFs). These FCFs were discounted using the WACC to obtain present values. A terminal value was calculated using the Gordon Growth Model and discounted to present. The sum of the present values of FCFs and the terminal value resulted in the enterprise value. Subtracting net debt and dividing by shares outstanding yielded the intrinsic value per share.

## 4. Valuation Results

* Enterprise Value: $126,138.5 million
* Net Debt: -$2,258 million (net cash position)
* Equity Value: $108,019.5 million
* Shares Outstanding: 447 million
* Intrinsic Value per Share: $45.60

## 5. Investment Conclusion

Based on the model’s assumptions and calculations, the intrinsic value of Adobe Inc. stock is estimated to be $45.60 per share. Depending on Adobe’s actual market price, this valuation may indicate the stock is undervalued, fairly valued, or overvalued. The model supports a data-driven investment recommendation.