

Adobe

Team Munger



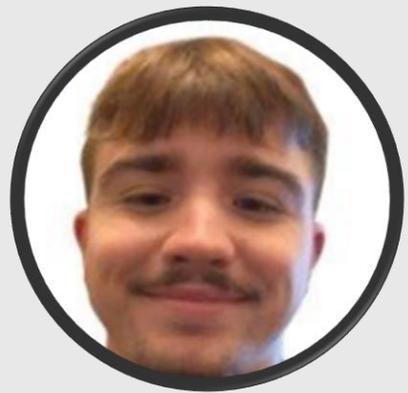
Diego Bonilla



Pablo Samanez-LT



Jaiden Conrad-LT



Adam Schultz



Jackson Laauwe



Andy Garcia

2/13/2026



Gameplan

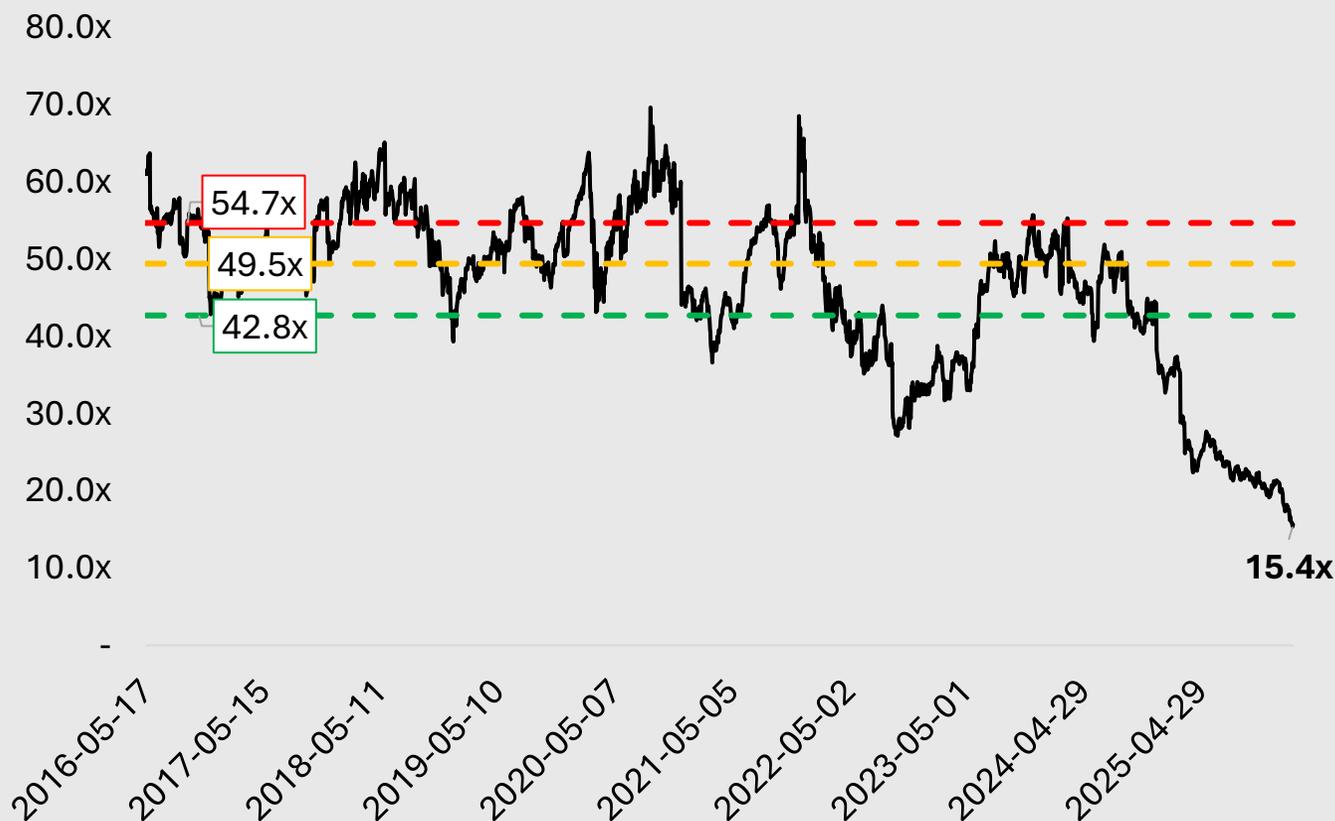


Presenters	Presentation Segments
Jackson Laauwe	Company Overview and Intraportfolio Analysis
Andy Garcia	Management and IOFS
Adam Schultz	Capital Allocation and Risk Factors
Diego Bonilla	Growth Opportunities and Value Bands
Pablo Samanez-LT	Moat and Competitor Analysis
Jaiden Conrad-LT	Revenue Breakdown and Valuation & Conclusion



Why ADBE?

- **Wide Moat**
- **Recurring Cash Flow**
- **Strong Financials**
- **High Return on Capital**
- **Trading at Low Multiples**





Company Overview

Jackson Laauwe



The Adobe logo, consisting of the word "Adobe" in a white, bold, sans-serif font, centered on a large red rounded rectangle. Below the rectangle is a faint, light-colored reflection of the logo.

Company Information & History



- Ticker: **ADBE**
- Market Cap: \$114.82 Billion
- Stock Price: \$262
- Founded: December 1982
- IPO: 1986
- Revenue (FY 2025): \$23.77 Billion
- Headquarters: San Jose, CA





52 Week Price Performance



Company History



1982

Postscript

1990

Acquisition of
Photoshop

1993

Invention of PDF

Acquired Macromedia

2005

"Big Pivot" to Creative
Cloud

2013

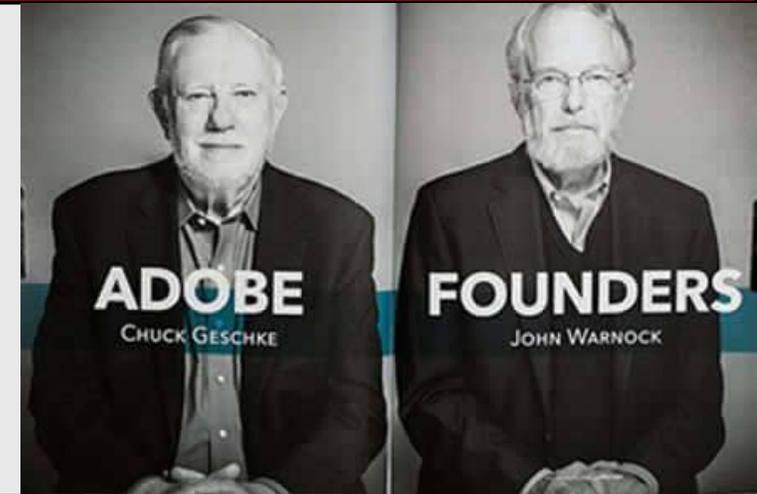
Launch of Adobe
Firefly

2023



History Breakdown

- **1982: Postscript**- John Warnock and Charles Geschke developed a way to allow images to be printed in detail.
- **1990: Acquisition of Photoshop**- Allowed Adobe to enter the mass market due to its integration into the Windows operating system.
- **1993: Invention of PDF**- Introduced the Portable Document Format at a Windows Conference.





More History Breakdown

- **2005: Acquisition of Macromedia-** Bought their biggest rival, giving Adobe an edge over web design and video animation.
- **2013: “Big Pivot” to Creative Cloud-** From selling CDs with their products to now going to subscriptions for an X number of years.
- **2023: Launch of Adobe Firefly-** Trained their own AI on their library of stock images. Allowed artists to generate/edit images inside Photoshop.

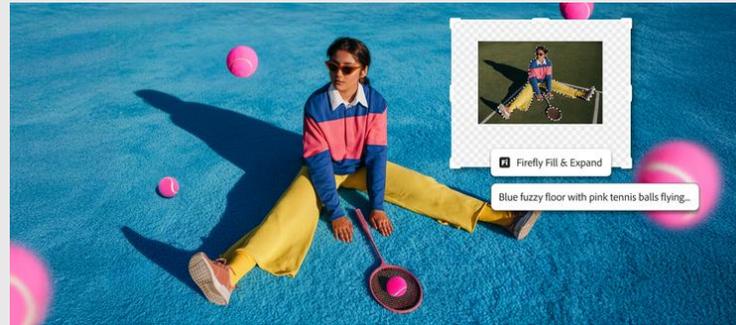




Recent News



Adobe partners with OpenAI to test Ads in Chatgpt



Photoshop innovations give more control, realism, and precision



Partners with artists to power new era of media/entertainment



Revenue Breakdown

Jaiden Conrad



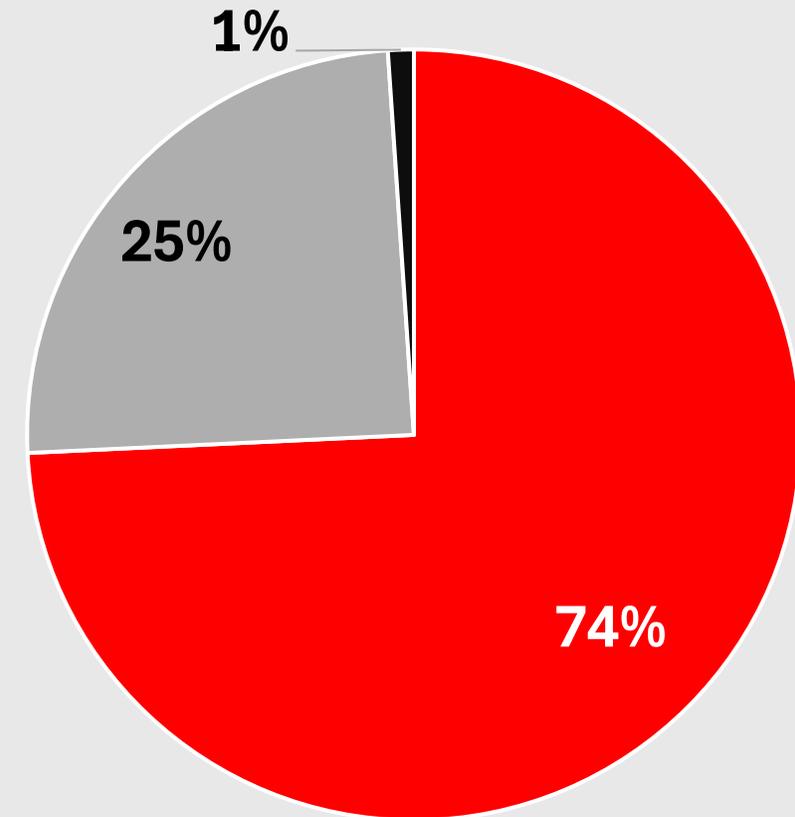


How does ADBE make money?

Adobe makes money through:

- Subscriptions
- Digital Products
- Services

- Digital Media
- Digital Experience
- Publishing and Advertising



Digital Media-Two Cloud Segments



- **Adobe Creative Cloud**
- Provides software for content creation and design
- **Adobe Document Cloud**
- enables companies to create, manage and edit digital documents



Digital Media-Creative Cloud



Creative Cloud – provides cloud-based solutions for content creators from businesses to just a regular individual artist

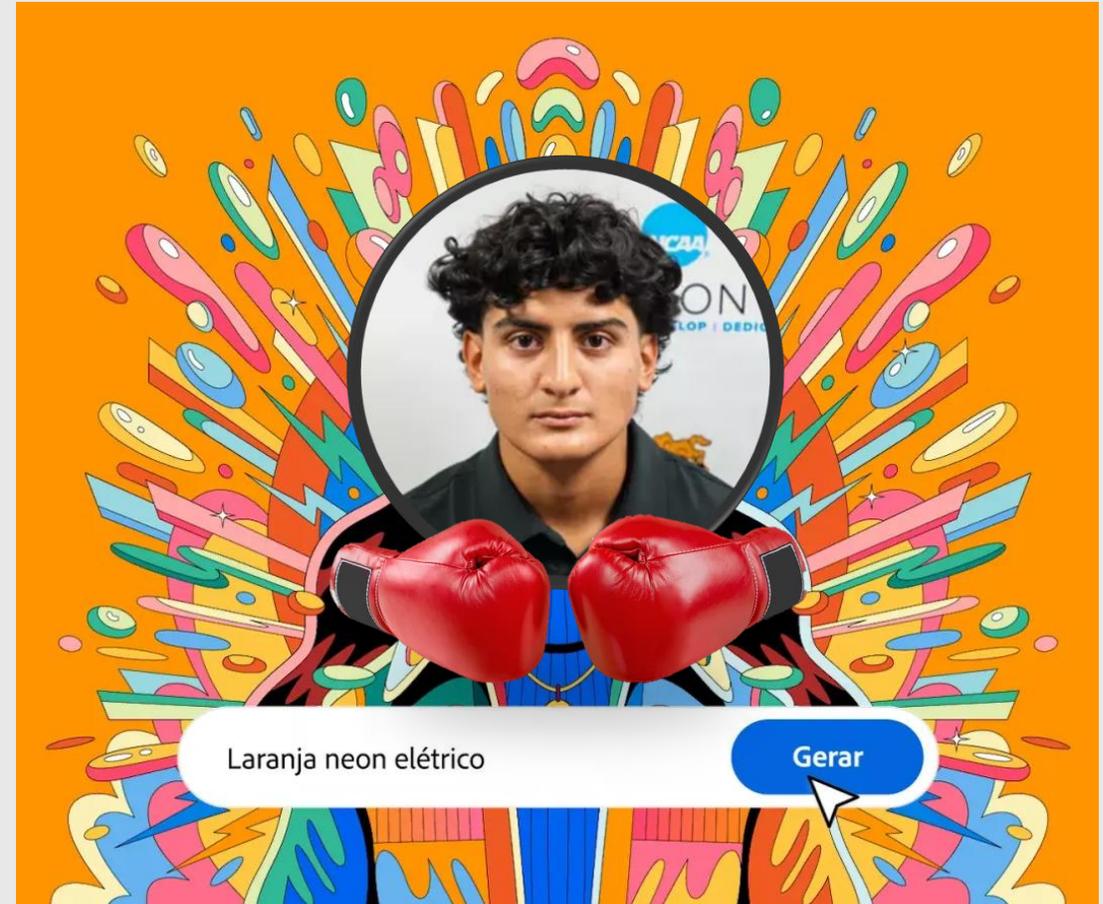
- **Core Revenue Engine of Adobe**
- **Applications:**
 - Photoshop
 - Premier Pro
 - After Effects
 - Firefly
- **Users are:**
 - Enterprises
 - Designers
 - Students





Adobe Firefly AI

- Firefly is the generative AI platform by Adobe. Supports Open Ai and Gemini.
- Adobe's generative AI is the only brand safe AI because it is trained using licensed content Adobe owns
- 70% of Adobe users are already using generative AI



Digital Media-Document Cloud



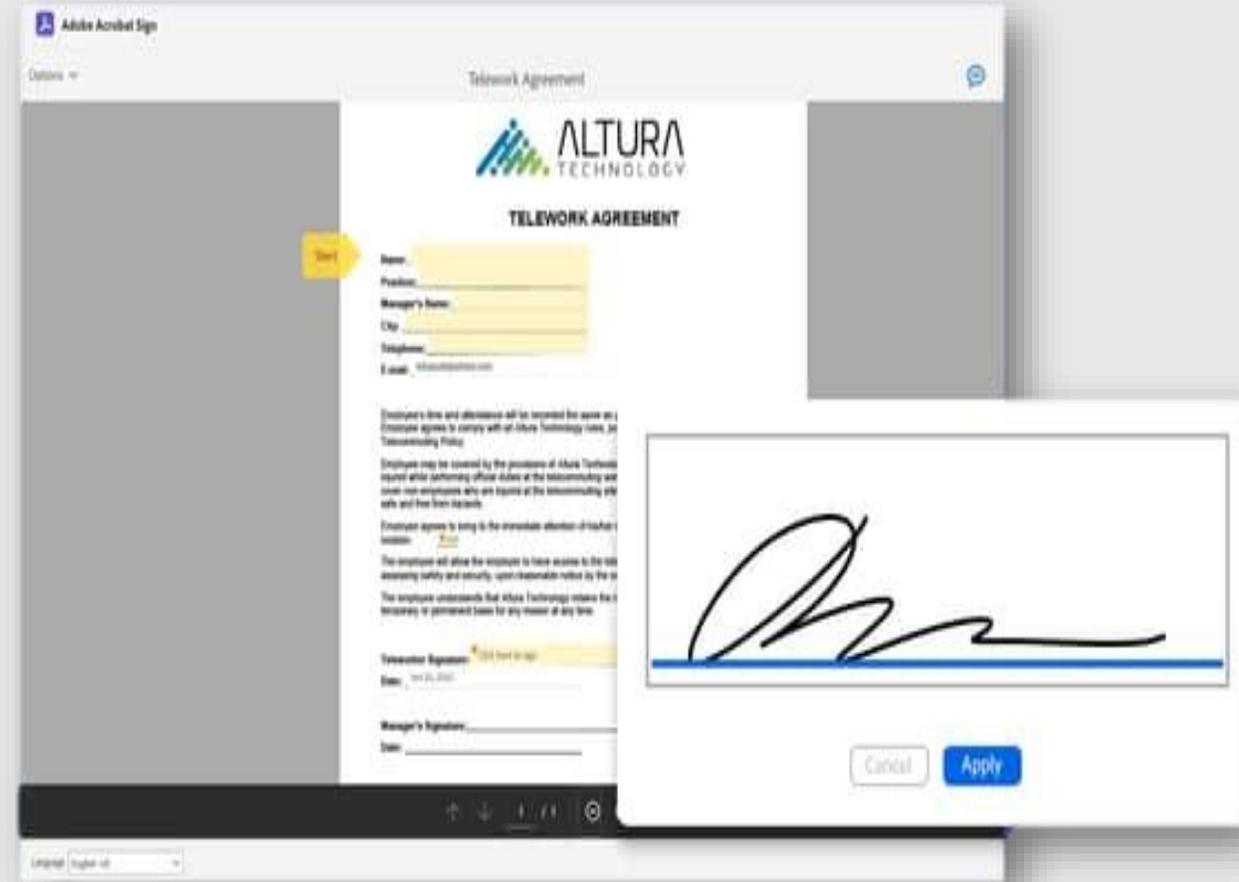
Document Cloud – provides tools to create, share and edit PDF's and sign documents

Segments include:

- Adobe Acrobat DC
- Adobe Scan
- Adobe Sign

Users:

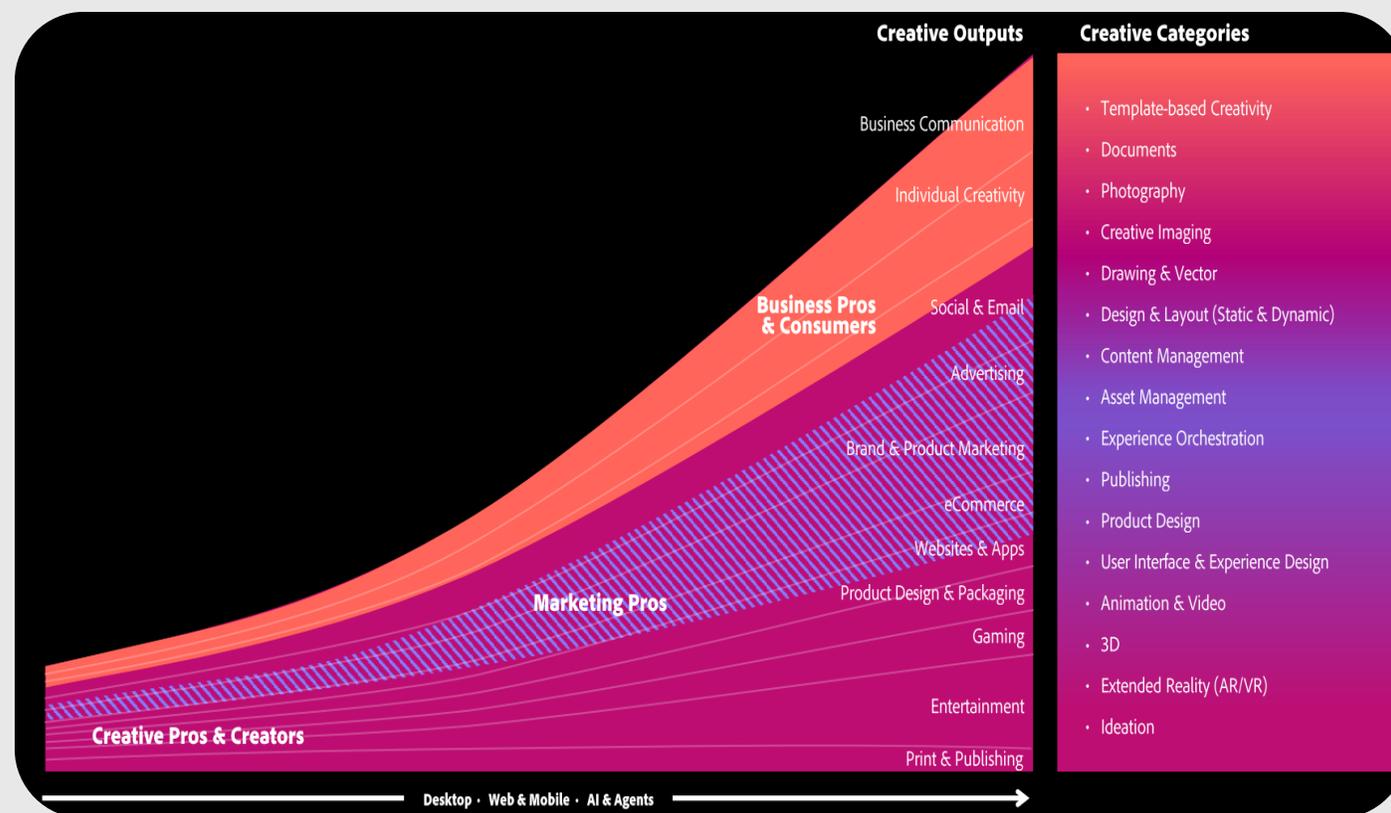
- Government Institutions
- Educational Institutions
- Large Companies like Goldman Sachs, Deloitte , JP Morgan use this for their contracts and PDF's and proposals.





Industry Standard

- Roughly 70% of users are professionals
- Almost every industry leader uses **ADOBE**
- Big Tech - Apple, Meta, Google
- Media & Entertainment - Disney, Warner Bros, Spotify
- Retail and Consumer – Nike, Coca-Cola, Walmart
- Automotive & Manufacturing- Tesla, BMW, Ford
- Provides Consistent “Good” Revenue





Adobe's Segment Performance

Creative & Marketing Professionals

(proxy for Creative Cloud)

Revenue- 16.3B

Growth YoY-11%

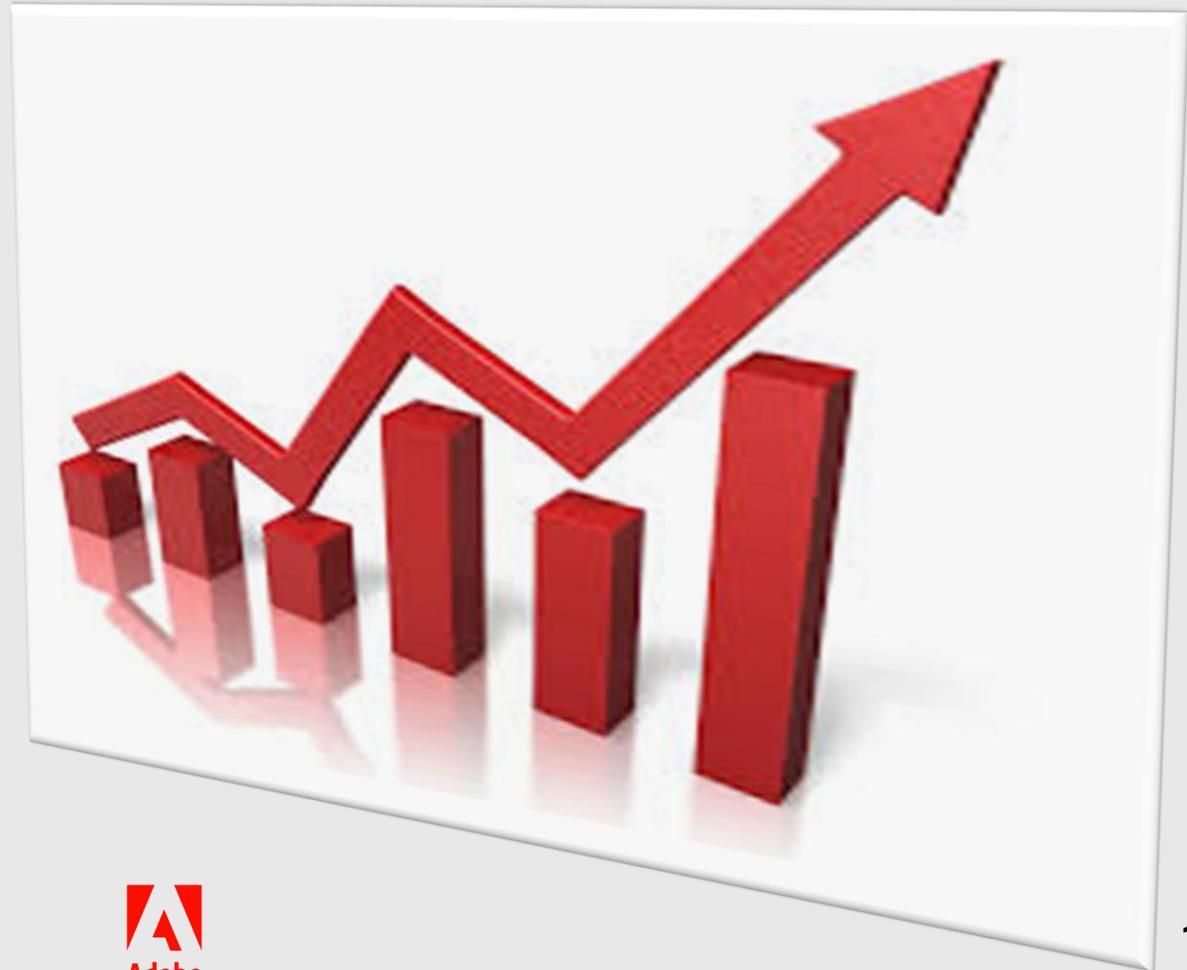
Business Professionals &

Consumers (proxy for Document Cloud + Acrobat + Express)

Revenue- \$6.50 B

Growth YoY -15%

11.2% Annual Recurring Revenue Growth for 2025



Digital Experience-Experience Cloud



- **Adobe Experience Cloud** is a set of cloud tools that helps businesses manage, personalize, and measure customer experiences
- **There are four subsegments**
 - Data and Insight
 - Content and Commerce
 - Customer Journeys
 - Marketing Workflow





Data and Content

Data and Insights

- Collects and unifies customer data from multiple places like email, mobile or social media
- Provides real-time analytics and dashboards for customer behavior.
- Uses Adobe Sensei AI to generate predictive insights and trends.

Content and Commerce

- Delivers personalized digital content across platforms.
- Supports e-commerce with product recommendations and dynamic content.
- Matches content to customer preferences.





Customer Journey and Workflow

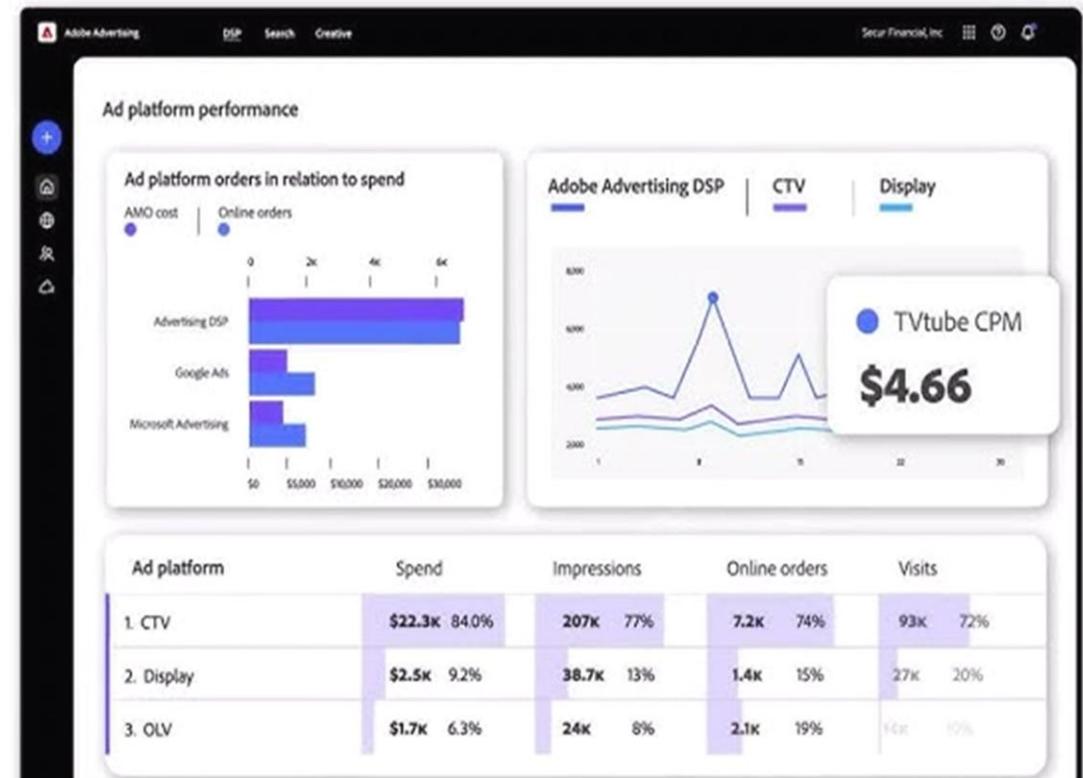
- **Customer Journey**
- Builds a real-time customer profile by tracking individual customer behavior
- Allows marketers to visually design customer paths and defines the stages such as onboarding, retention and upsell all in one place with real time data insights
- Applies consent and privacy rules automatically.
- **Marketing Workflow**
- Streamlines campaign planning, execution, and tracking
- Enables collaboration between marketing, creative, and analytics teams.
- Provides performance reporting to make future campaigns even better



Publishing and Advertising



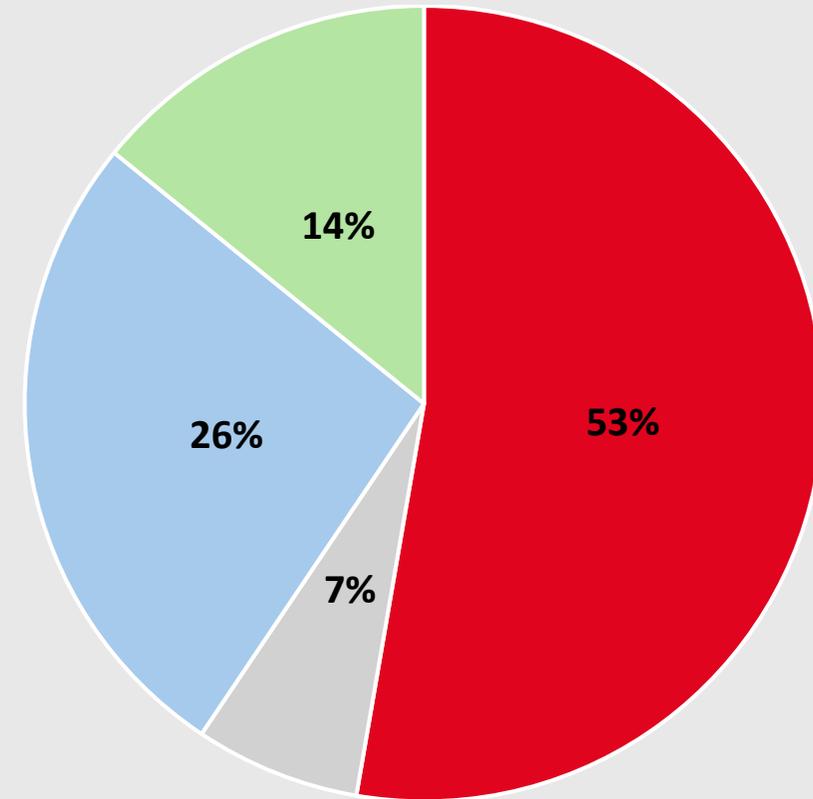
- **Adobe's Publishing & Advertising** segment is a small, legacy business that provides desktop publishing and older ad software
- **Legacy Publishing Tools** like Adobe Frame maker and Adobe Page maker, used for books and newspapers
- **Legacy Advertising Solutions** which are small-scale digital ad-serving tools as well as basic analytics for ads





Revenue By Geography

- Majority of Adobe's revenue comes from the Americas with 53 % of Revenue being from the United States
- Room for growth in EMEA even with a strong of revenue 26%



■ Americas - US ■ Americas - Other ■ EMEA ■ APAC

Management

Andy Garcia



2/13/2026



25

Shantanu Narayen



- At Adobe since 1998 → 27 years
- CEO since 2007 → 18 years
- Sets long term strategy and capital priorities
- Oversaw Adobe's transition from packaged software to subscription model

Rare continuity and a proven ability to adapt without breaking the business.



Other Executives



Chief Financial Officer
Dan Durn
(5 years at ADBE)



President, Creativity &
Productivity Business
David Wadhvani
(21 years at ADBE)



President, Customer
Experience
Orchestration
Anil Chakravarthy
(6 years at ADBE)

Other Executives Cont.



Chief Marketing Officer
Lara Balazs
(2 years at ADBE)

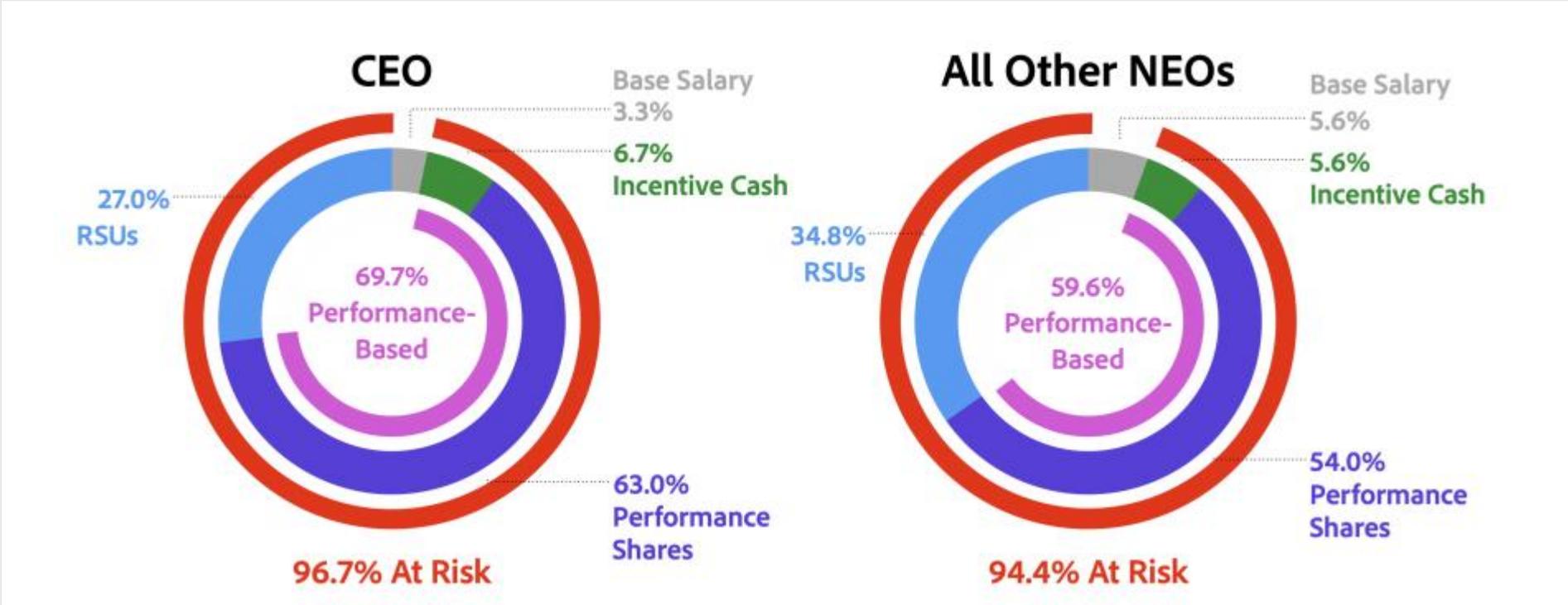


Chief People Officer
Gloria Chen
(26 years at ADBE)



Chief Legal Officer
Louise Pentland
(1 year at ADBE)

Management Structure Summary





Economic Moat

Pablo Samanez





Adobe Is Infrastructure for Digital Content

Adobe sits at the center of the professional content workflow.

- Owns the file standards the industry runs on (.PSD, .AI, .PDF)
- Embedded inside enterprise production and approval workflows
- 90%+ recurring revenue with high enterprise retention





The Moat Has Two Foundations

Switching Costs

- Embedded workflows
- Compounding assets
- High disruption to leave



Intangible Assets

- Industry filing standards
- Trust
- Enterprise IP protection



ADOBE DEFINES THE GLOBAL CREATIVE INFRASTRUCTURE

Switching Costs Are Structural, Not Emotional



(.PSD, .AI, .PDF)

- Format professionals work in



Connected Teams

- Adobe sits on across production, review, and approval



Creative Assets

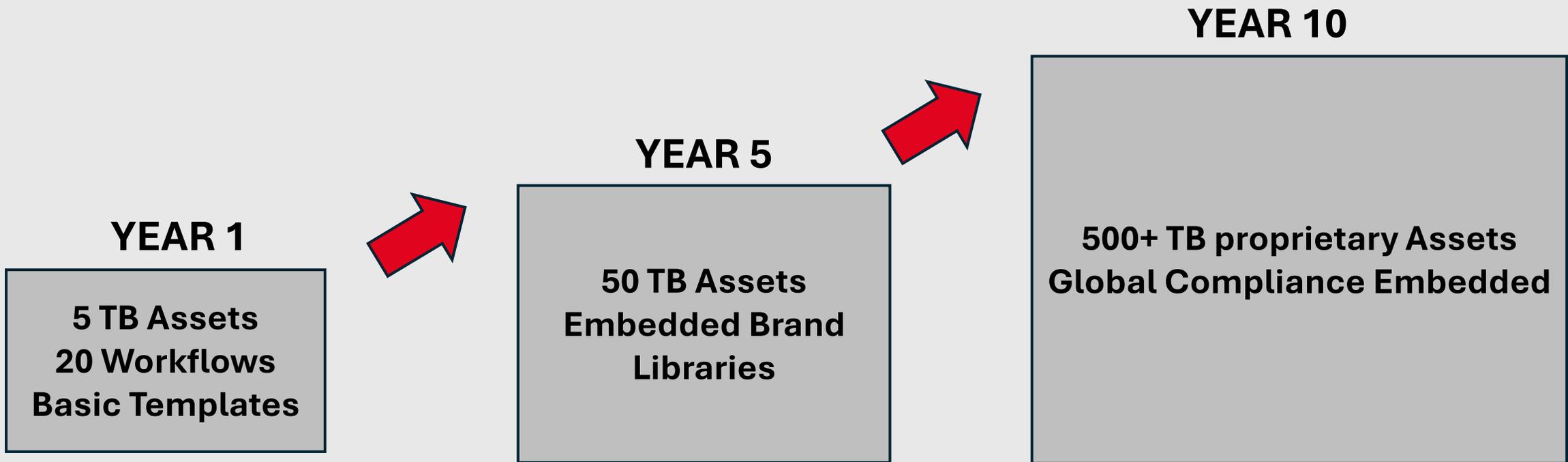
- Years of file, templates, brand archives compound inside Adobe



90%+ Retention

- Years of file, templates, brand archives compound inside Adobe

Switching Costs Compound Over Time



By Year 10, switching is no longer a software decision

Enterprise Trust, IP Protection, and Firefly Foundry

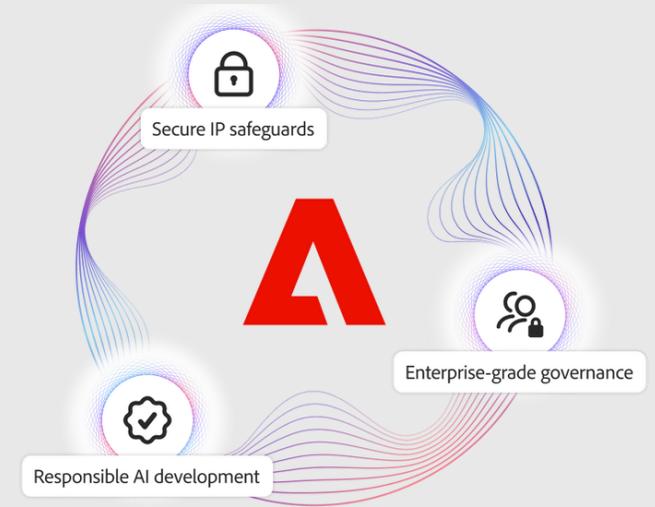


Enterprise MOAT

- Governance
- IP Ownership
- Workflow Control

Other AI Tool Points

- No Governance
- No Control
- No Enterprise Integration





Intangible Assets

File Format Dominance

PDF used in 3 trillion+ documents globally



Brand Authority

Photoshop market leader for decades





Intangible Assets Cont.

Enterprise Trust

Licensed AI trained for commercial safety training



Performance Marketing

Content is both generated and measured



AI Does Not Break the MOAT

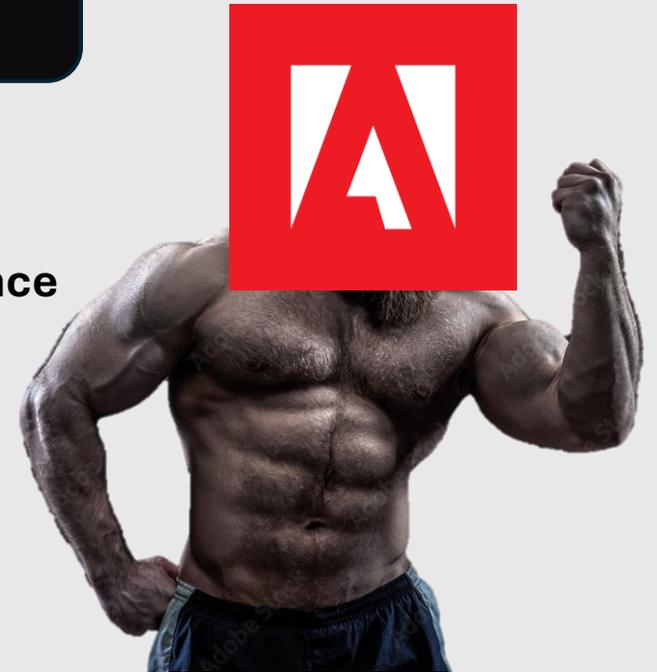


AI changes creation

- Generative tools embedded in Creative Cloud
- Monetized through subscriptions and credits
- Faster iteration
- More content creation

Adobe controls the system

- Workflow ownership
- Enterprise contracts
- Governance and compliance
- File format standards





Why This Moat Is Durable

Switching Costs

- Compounding systems
- Embedded workflows
- High retention

Intangible Assets

- File standards
- Brand dominance
- Enterprise trust

To disrupt Adobe, a competitor must replace the global professional creative workflow.



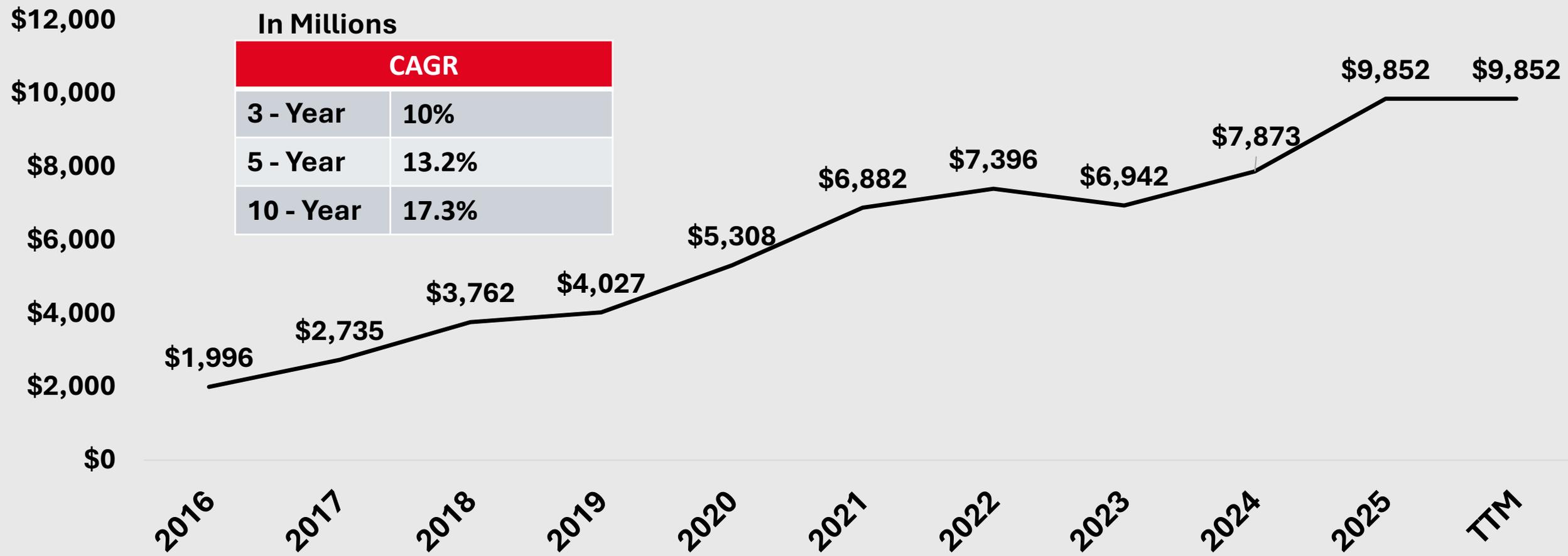
Capital Allocation

Adam Shultz



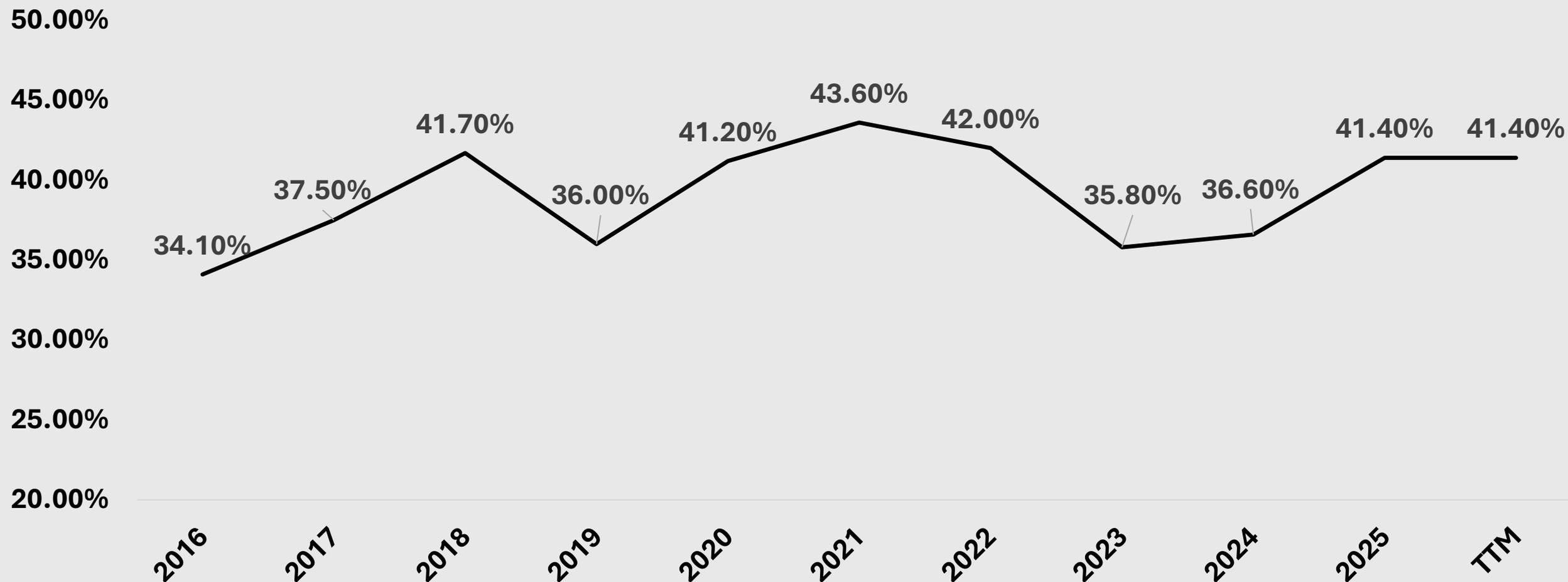


Free Cash Flow

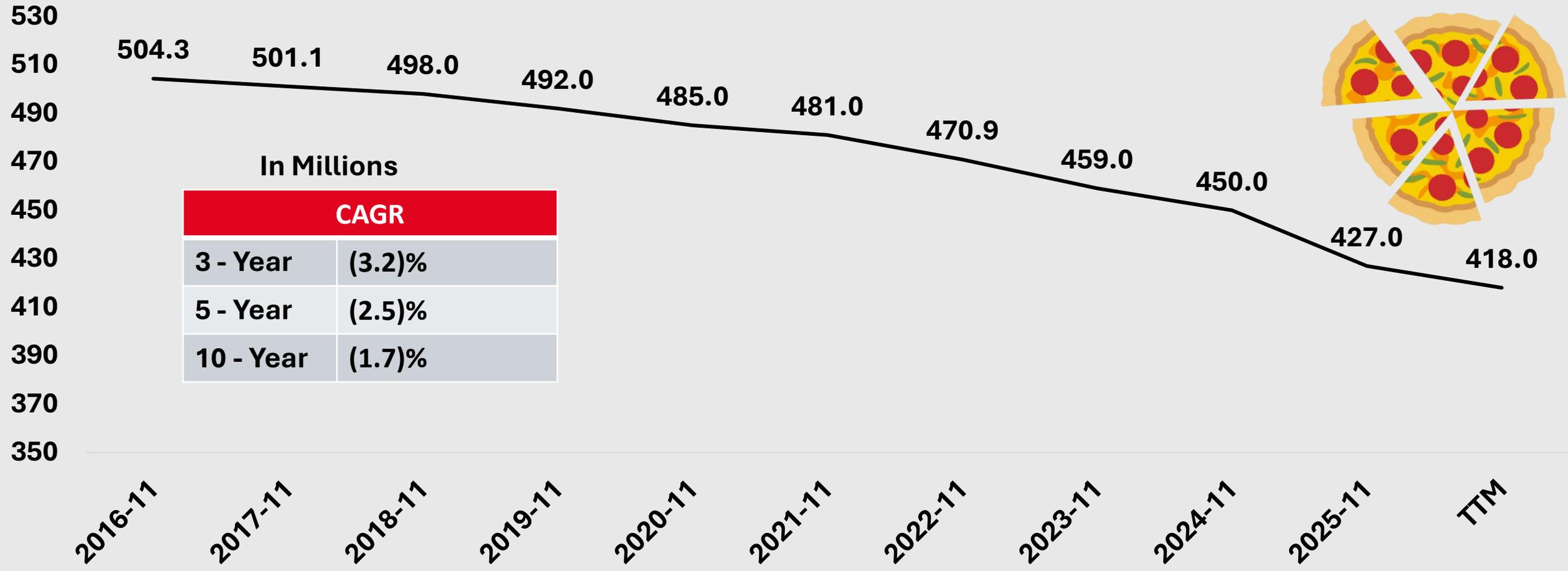




Free Cash Flow Margin %



Shares Outstanding



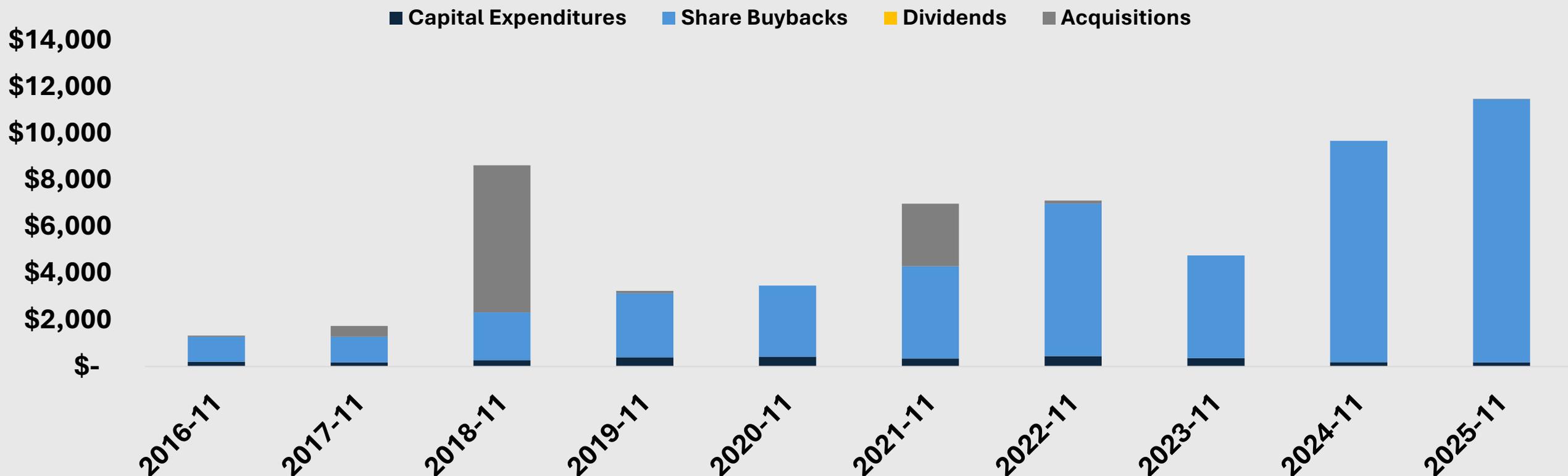
In Millions

CAGR	
3 - Year	(3.2)%
5 - Year	(2.5)%
10 - Year	(1.7)%



Capital Allocation

Capital Allocation Breakdown



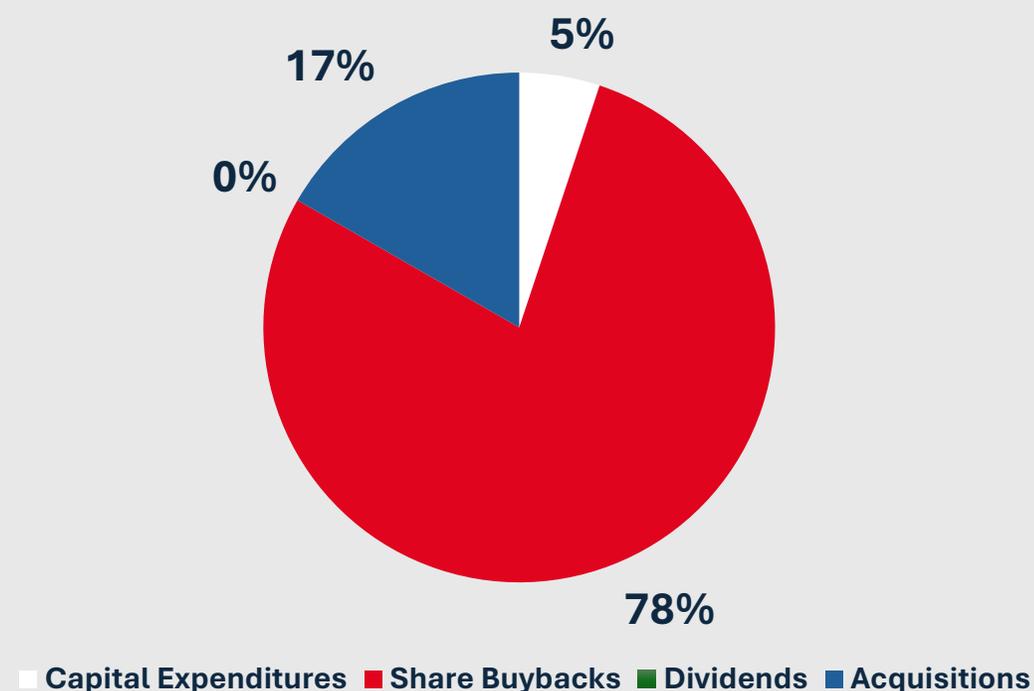


Share Buybacks

Share Buyback Program

- **March 14, 2024, Adobe's board approved a new \$25 billion stock repurchase program that runs through March 14, 2028.**
- **One of the largest Buyback programs in history**
- **Adobe has totaled over \$40 Billion in share Buybacks since 2015**

Capital Allocation Mix (Past 10 Years)



Acquisitions



Magento[®]

An Adobe Company

Acquired 2018, for \$1.7B



Marketo[™]

An Adobe Company

Acquired 2018, for \$4.75B



allegorithmic

An Adobe Company

Acquired in 2019, for \$2.6B

Acquisitions Cont.



Adobe
Workfront

Acquired in 2020, for \$1.5B



Frame.io

An Adobe Company

Acquired in 2021, for \$1.3B

Interpretation of Financial Statement

Andy Garcia



2/13/2026

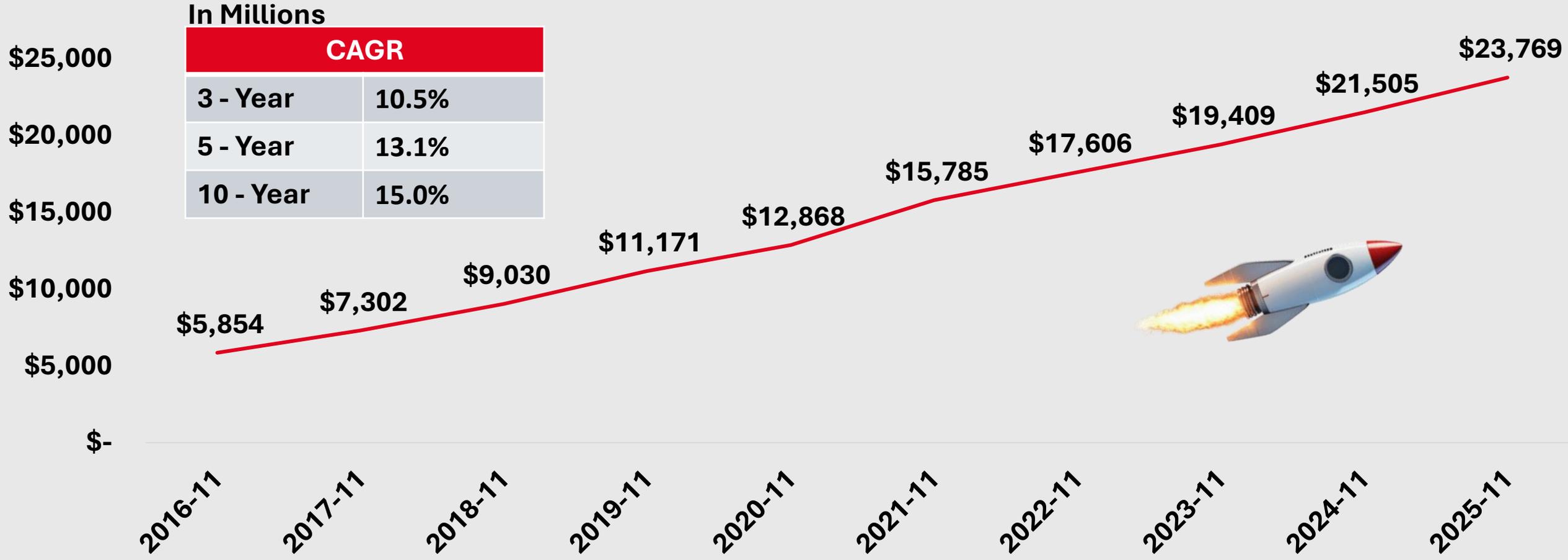




Revenue

In Millions

CAGR	
3 - Year	10.5%
5 - Year	13.1%
10 - Year	15.0%

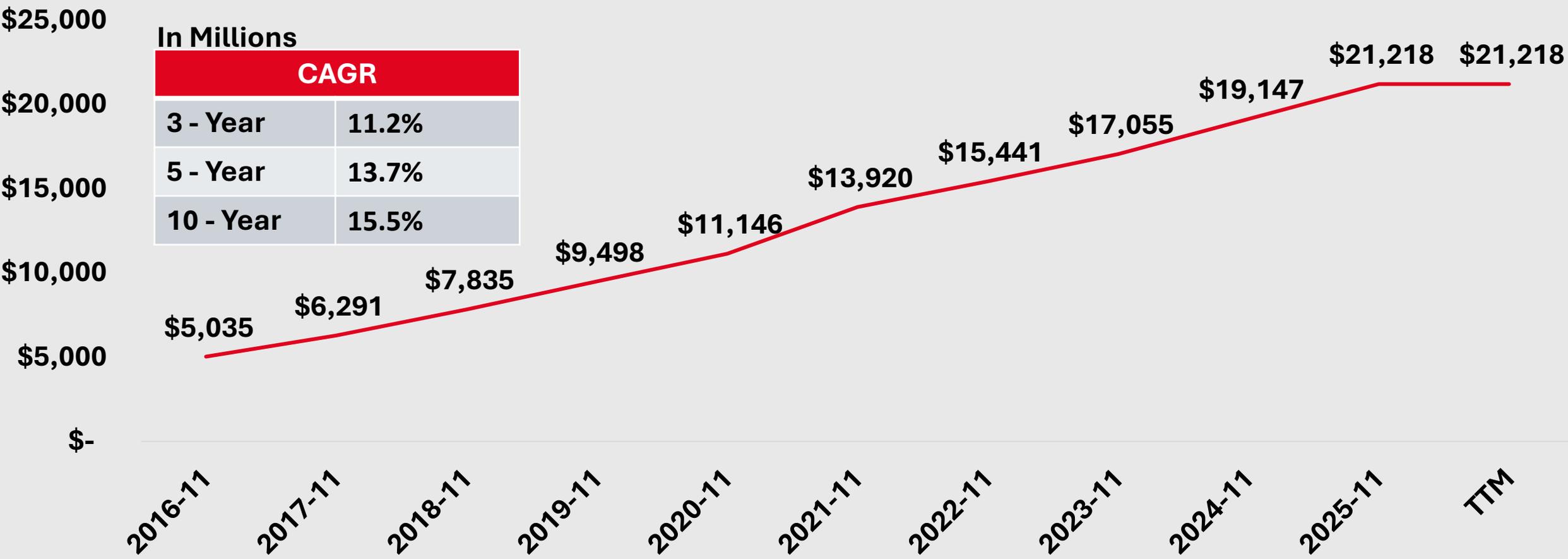




Gross Profit

In Millions

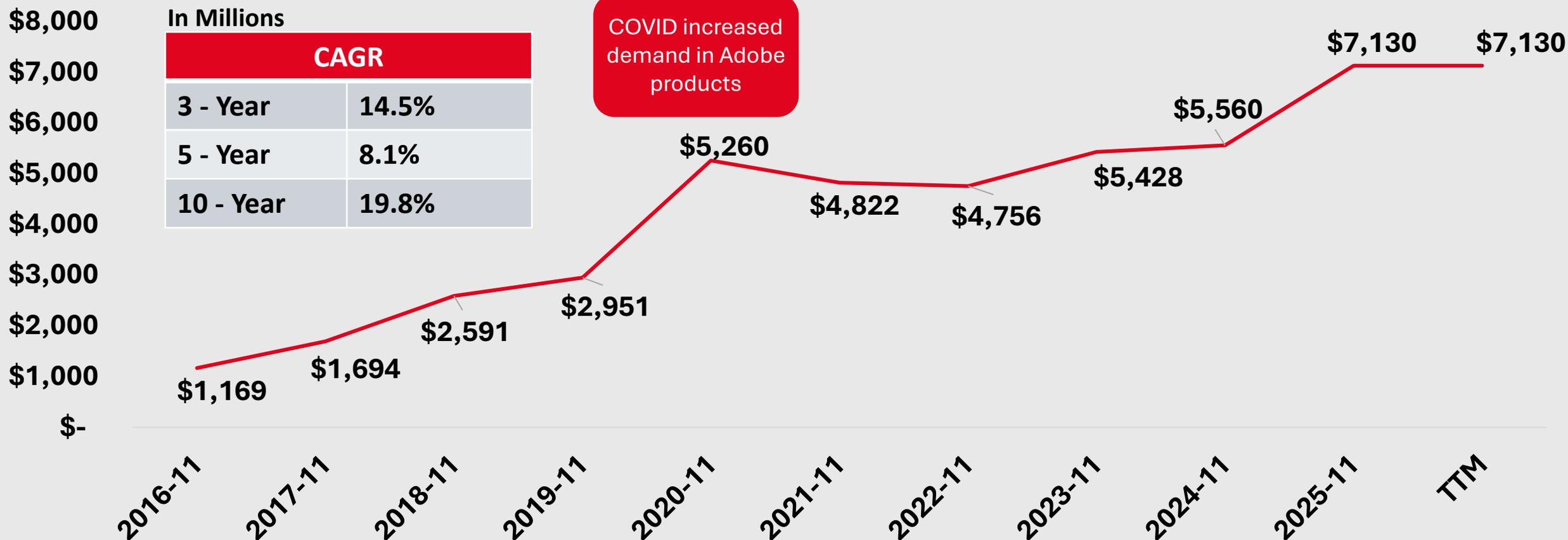
CAGR	
3 - Year	11.2%
5 - Year	13.7%
10 - Year	15.5%





Net Income

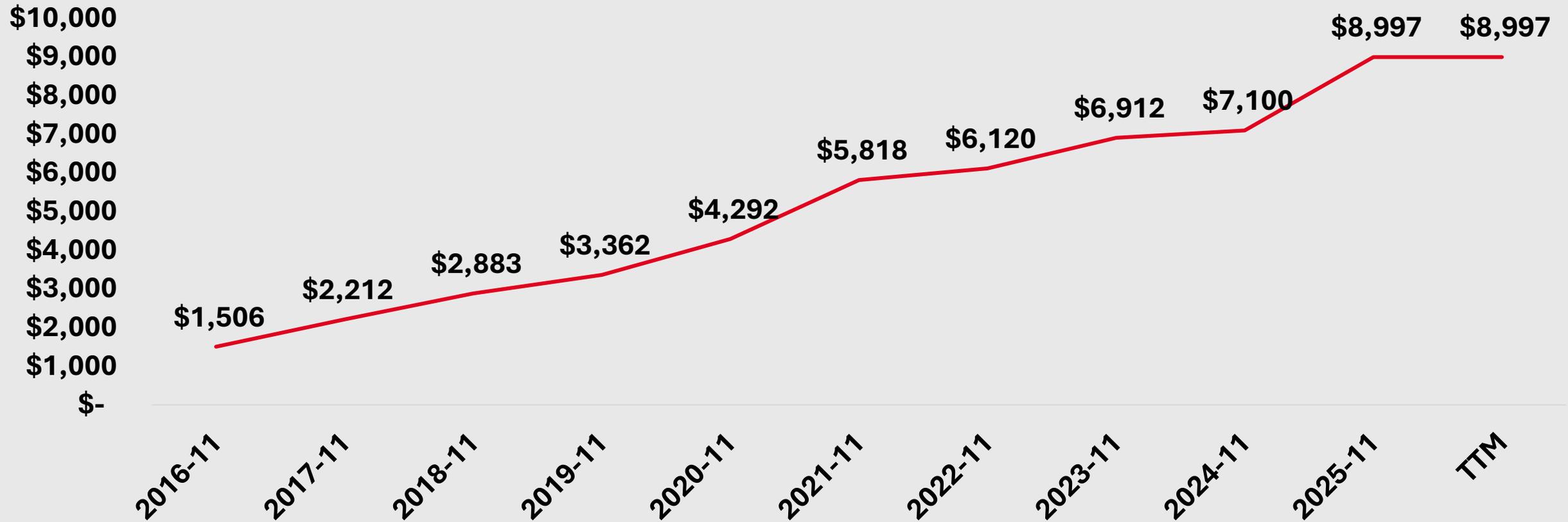
NI = Revenue - Expense



EBIT



In Millions

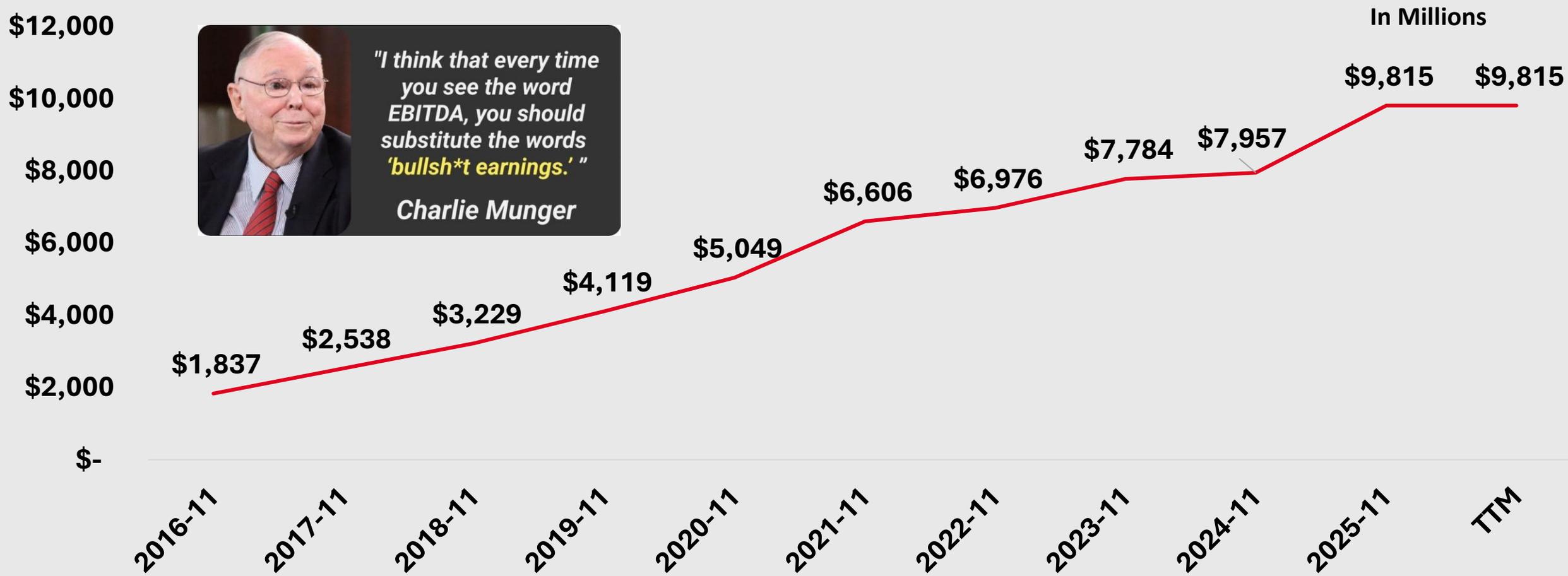


EBITDA “Bullsh*t Earnings”



*"I think that every time you see the word EBITDA, you should substitute the words 'bullsh*t earnings.'"*

Charlie Munger

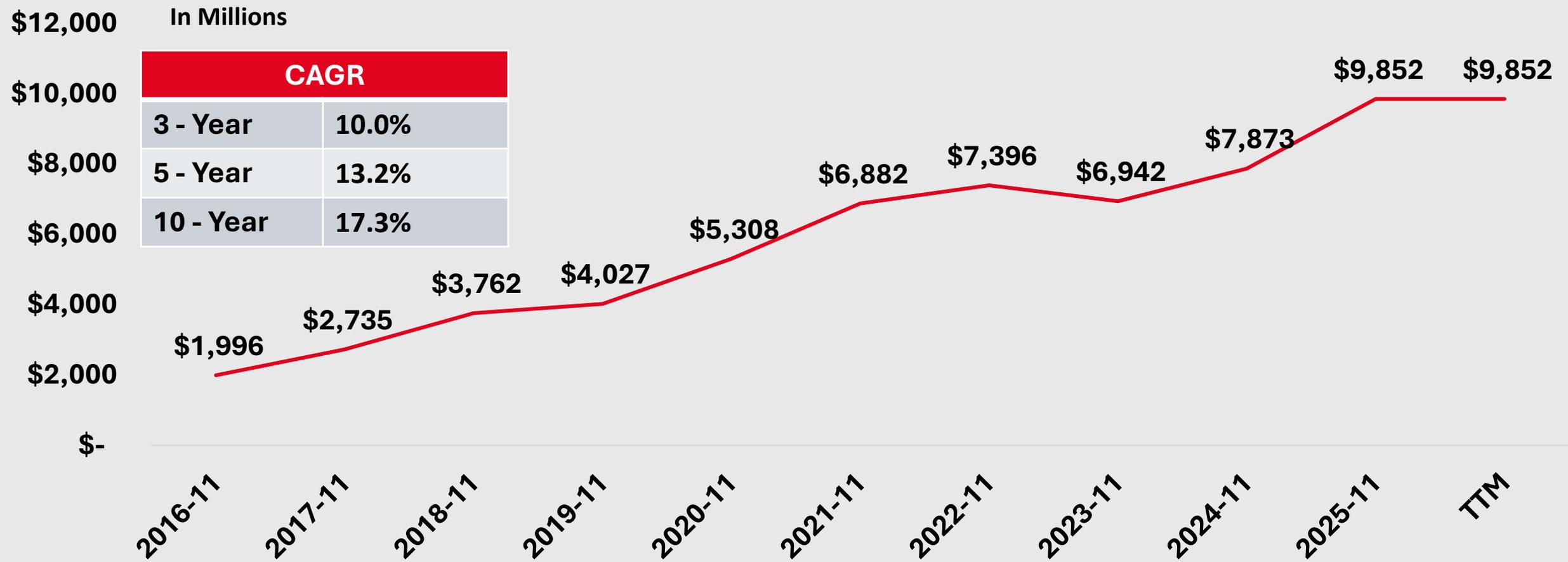




Free Cash Flow

In Millions

CAGR	
3 - Year	10.0%
5 - Year	13.2%
10 - Year	17.3%





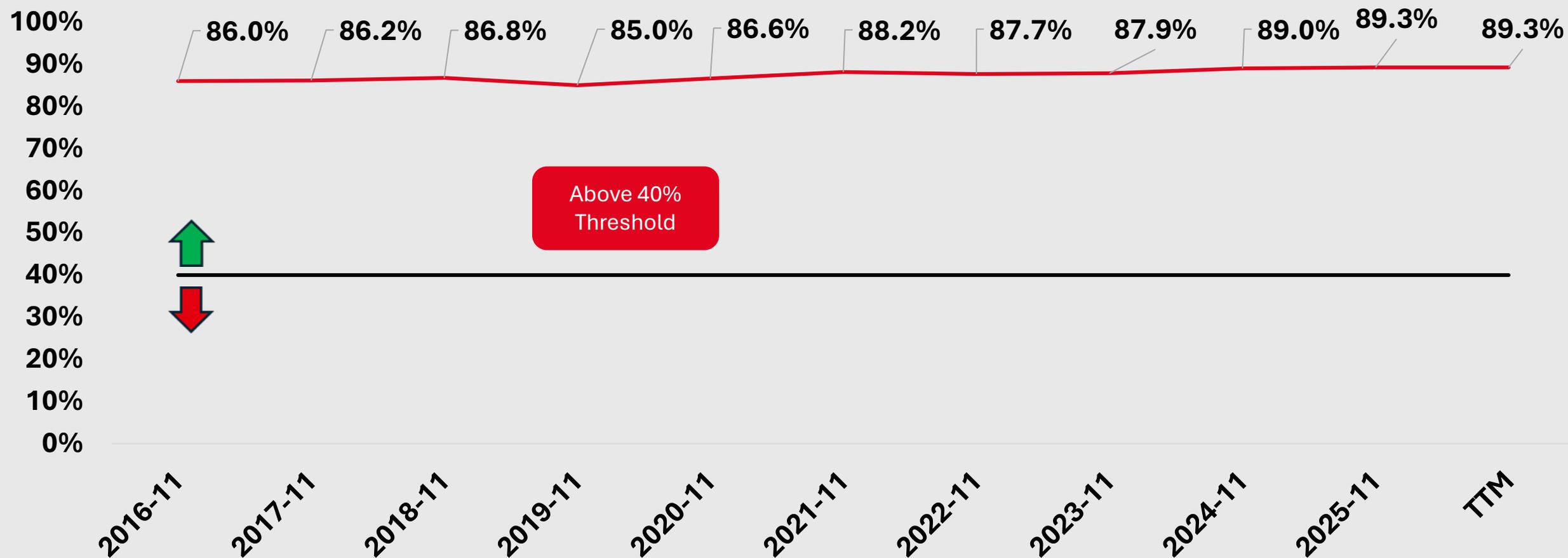
Earnings Per Share





Gross Margin %

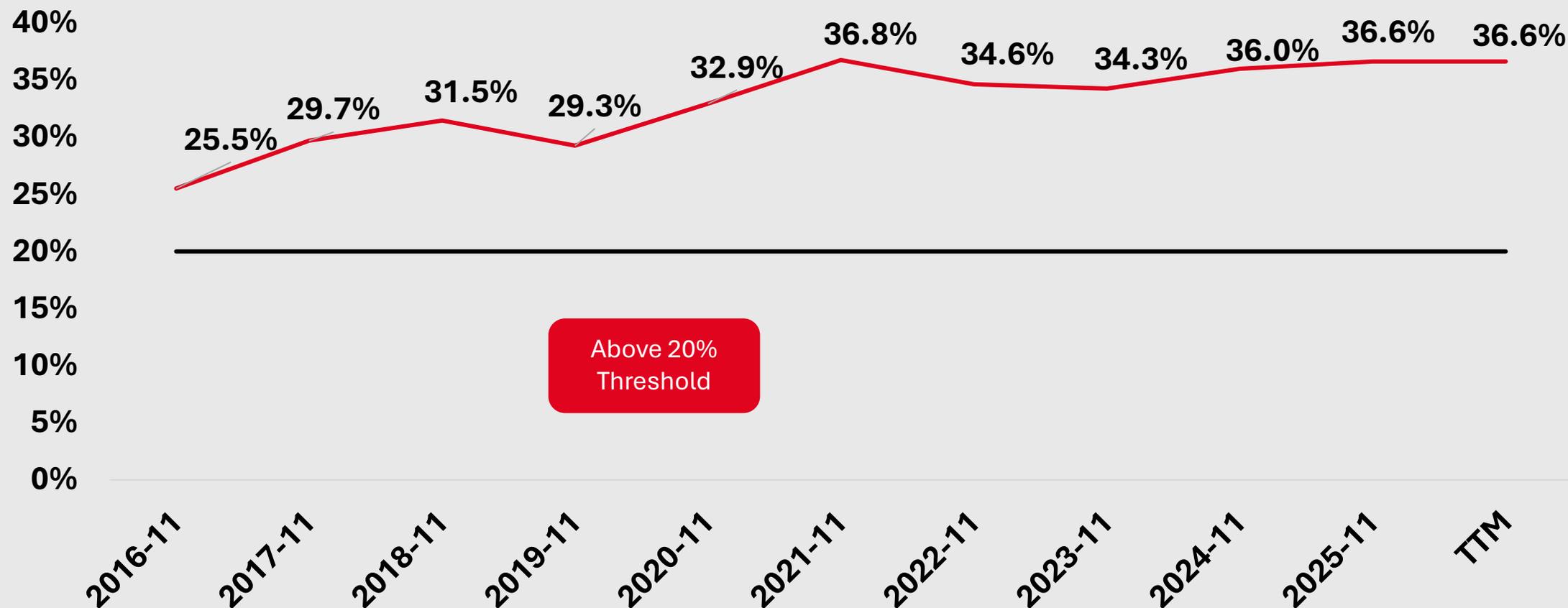
Gross Margin = Gross Profit/Revenue





Operating Margin %

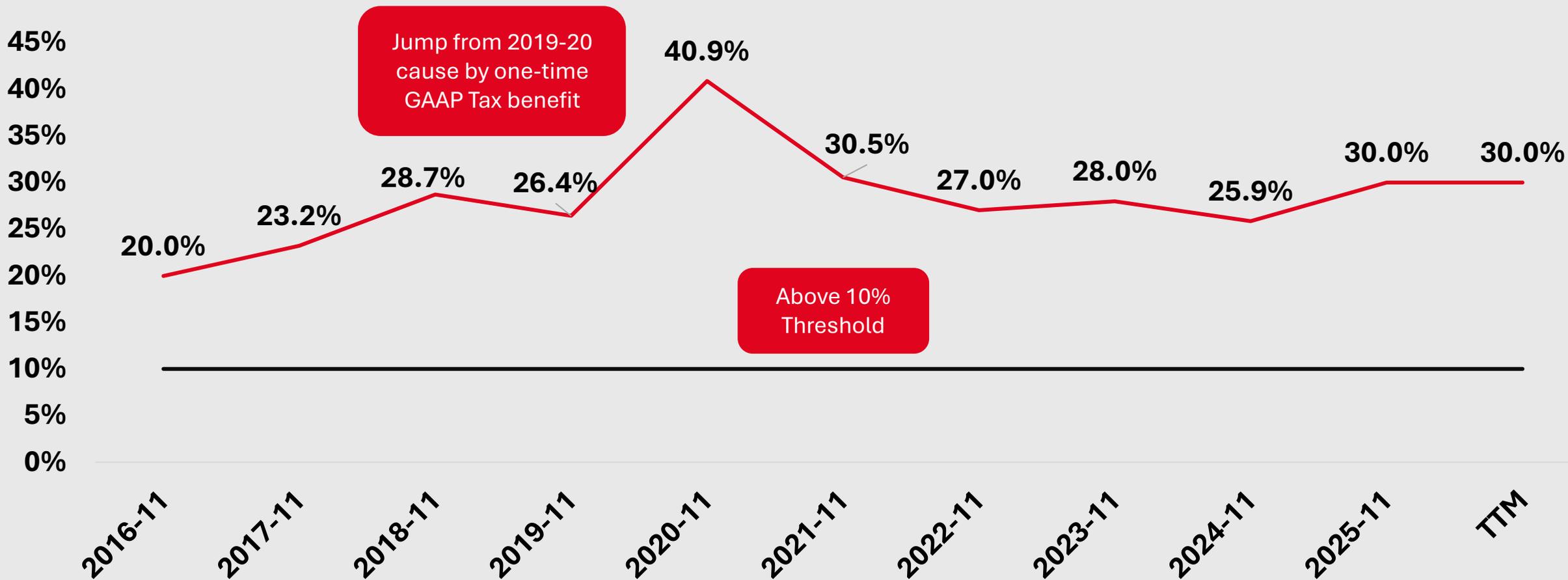
Operating Margin = Operating Income/Revenue





Net Margin %

Net Margin = Net Income/Revenue





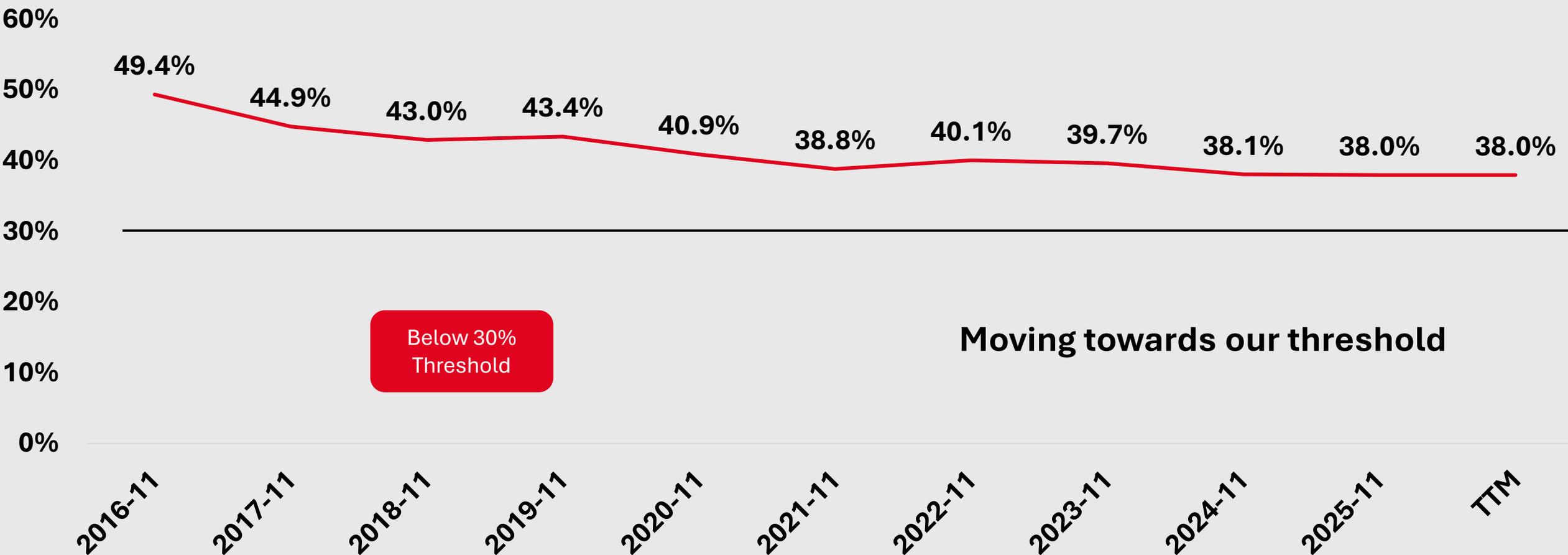
Free Cash Flow Margin

Free Cash Flow Margin = Free Cash Flow/Revenue





SGA as a % of Gross Profit



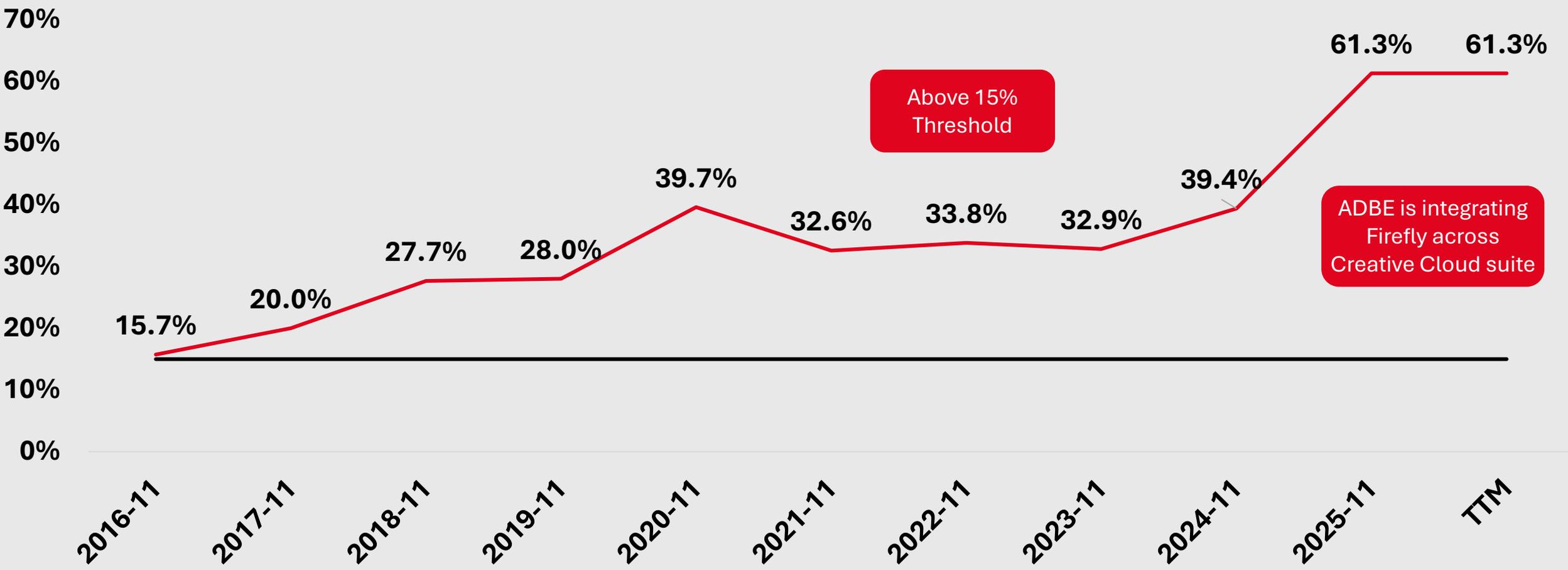
Below 30%
Threshold

Moving towards our threshold



Return on Equity

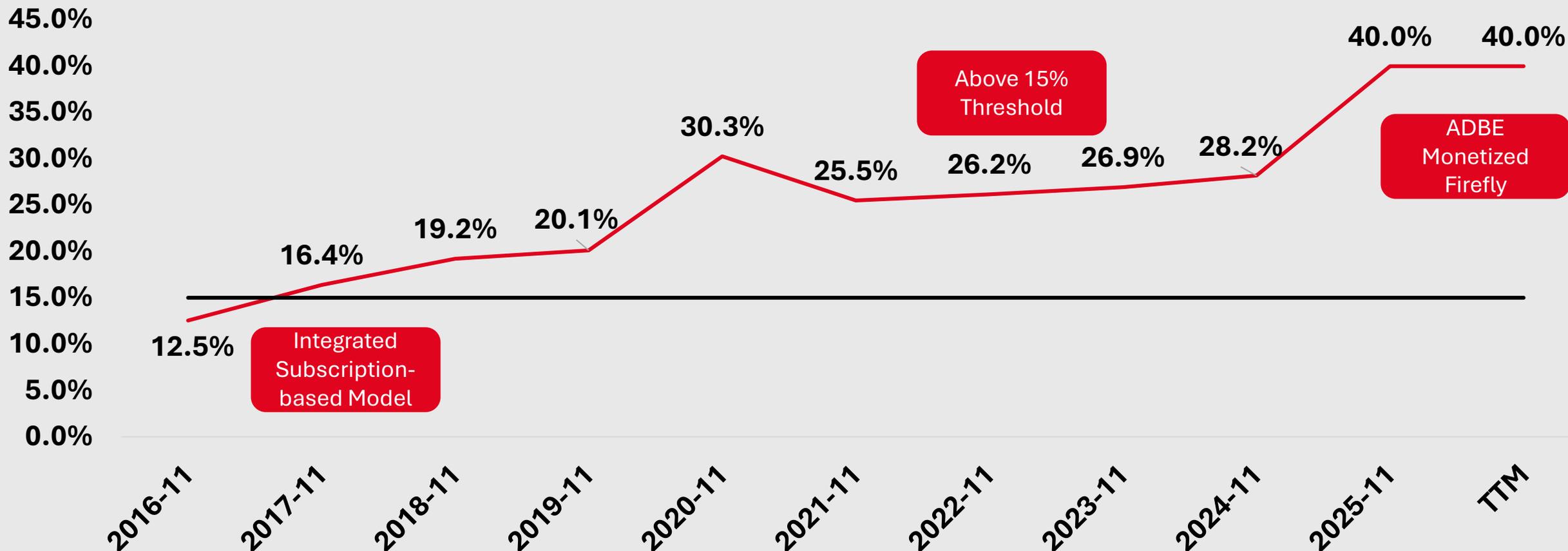
Return On Equity = Net Income/Shareholders Equity





Return on Capital

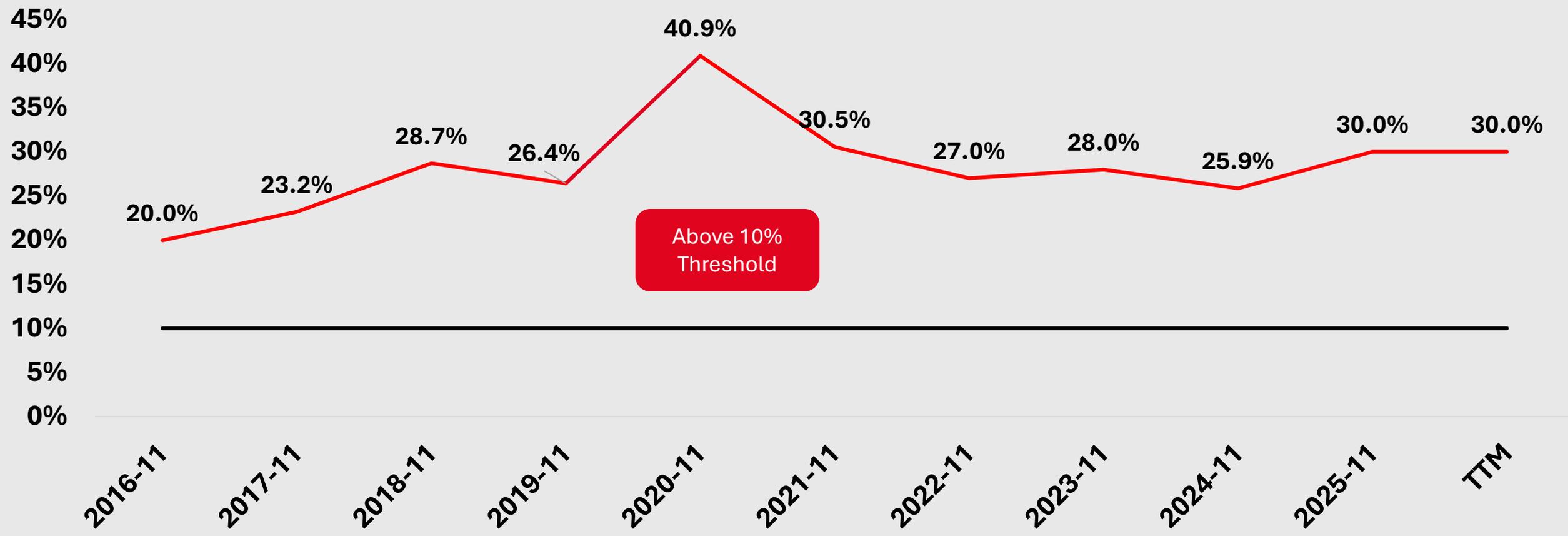
$$\text{Return On Capital} = \text{Net Income} / \text{Shareholder's Equity} + \text{LT Debt}$$





Net Profit Margin

(Net Income/Sales)





Obligation Ratio

Obligation Ratio Calculation	
Long term debt (+)	\$6,210
Short Term Debt (+)	\$4,900
Preferred Stock (+)	\$0
Annual Leases x 7 (+)	\$623
Cash (-)	\$5,431
Total Obligations	\$6,292
Divide by Net Income	\$7,130
Time to pay Obligations =	0.88 Years < 5 Years



Risk Factors

Adam





4 Main Risks

Slower Growth
Expectations

AI will eventually
replace the need
for ADBE

“Seat Dilution”

Increased
competition

AI will eventually replace the need for ADBE



- AI can now create what used to require Adobe skills
- Adobes pricing power weakens, due to cheaper AI substitutes
- AI lowers the barrier to content creation, reducing the need for creative tools





Increased competition

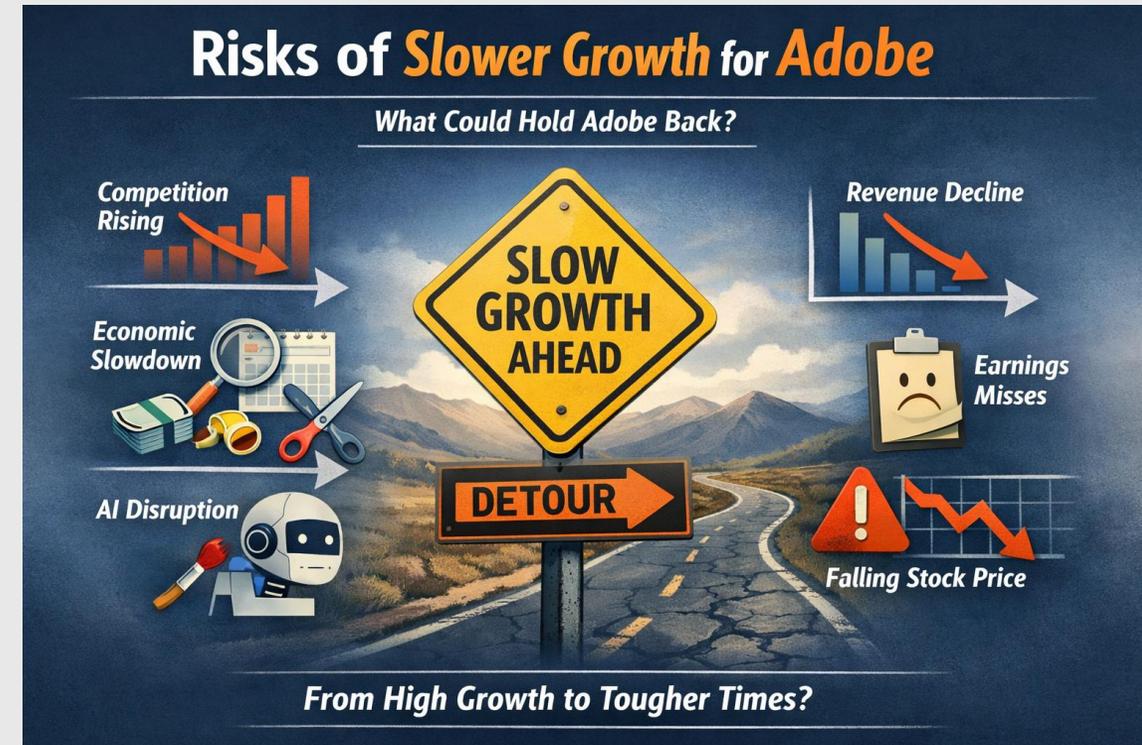
- Lower switching costs are pressuring Adobe's premium pricing
- Rising competition may slow Adobe's user growth



Slower Growth



- Core Creative Cloud is already widely adopted → fewer new users
- Experience Cloud growth depends on large, slower-moving customers





Seat Dilution

- ADBE charges per customer
- AI makes employees more productive which means we need less employees (bad for ADBE)
- They charge per employee





Competitor Analysis

Pablo Samanez





Competitors

Enterprise SaaS Peers



Enterprise Platform Competitors



Segment Specific Competitors



Emerging and Private Competitors





Competitors

Enterprise SaaS Peers



Segment Specific Competitors



Emerging and Private Competitors





Competitors

Enterprise SaaS Peers



Enterprise Platform Competitors



Segment Specific Competitors



Emerging and Private Competitors





Competitors

Enterprise SaaS Peers



Enterprise Platform Competitors



Segment Specific Competitors

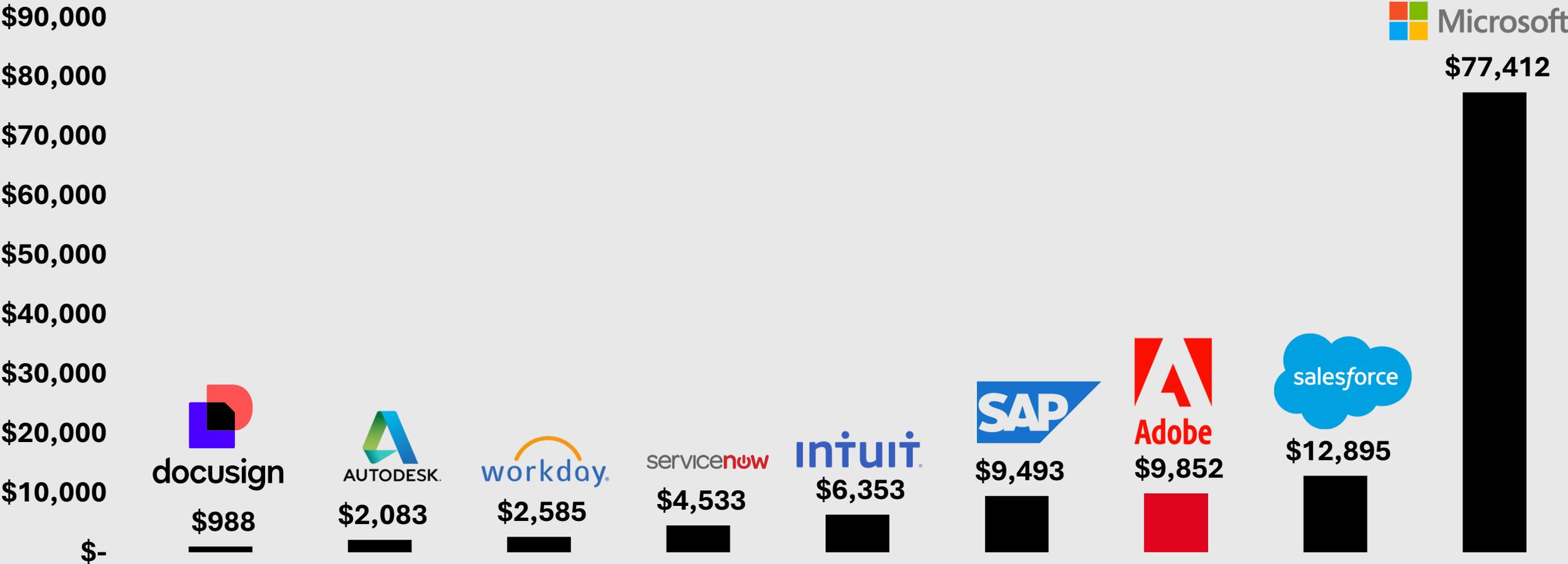


Emerging and Private Competitors



Free Cash Flow TTM

In Millions

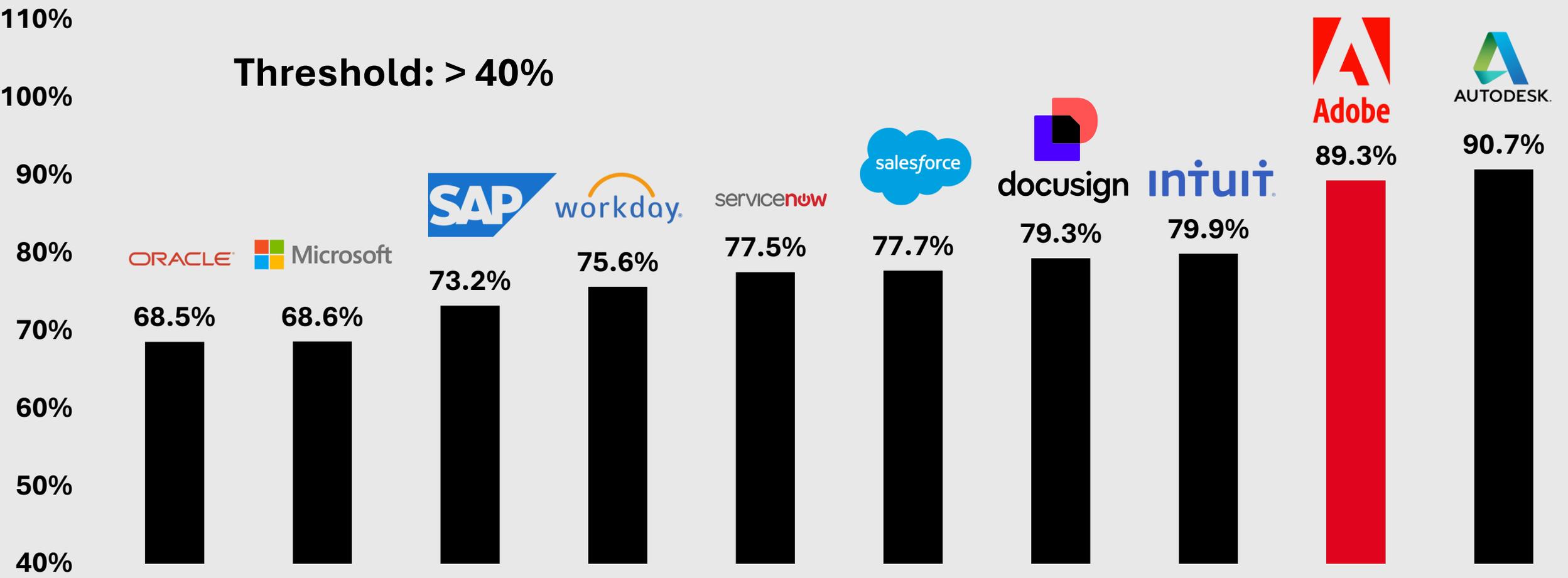




Gross Margin % TTM

Gross Margin = Gross Profit/Revenue

Threshold: > 40%



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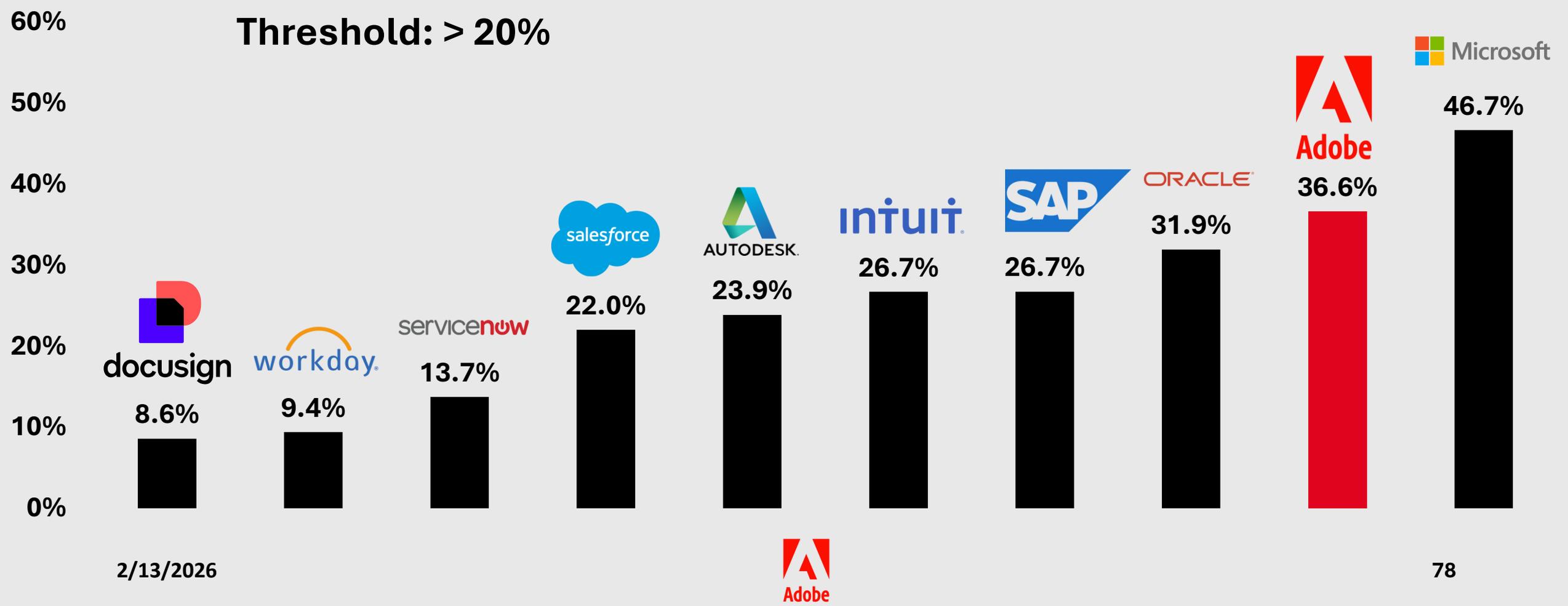


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Operating Margin % TTM

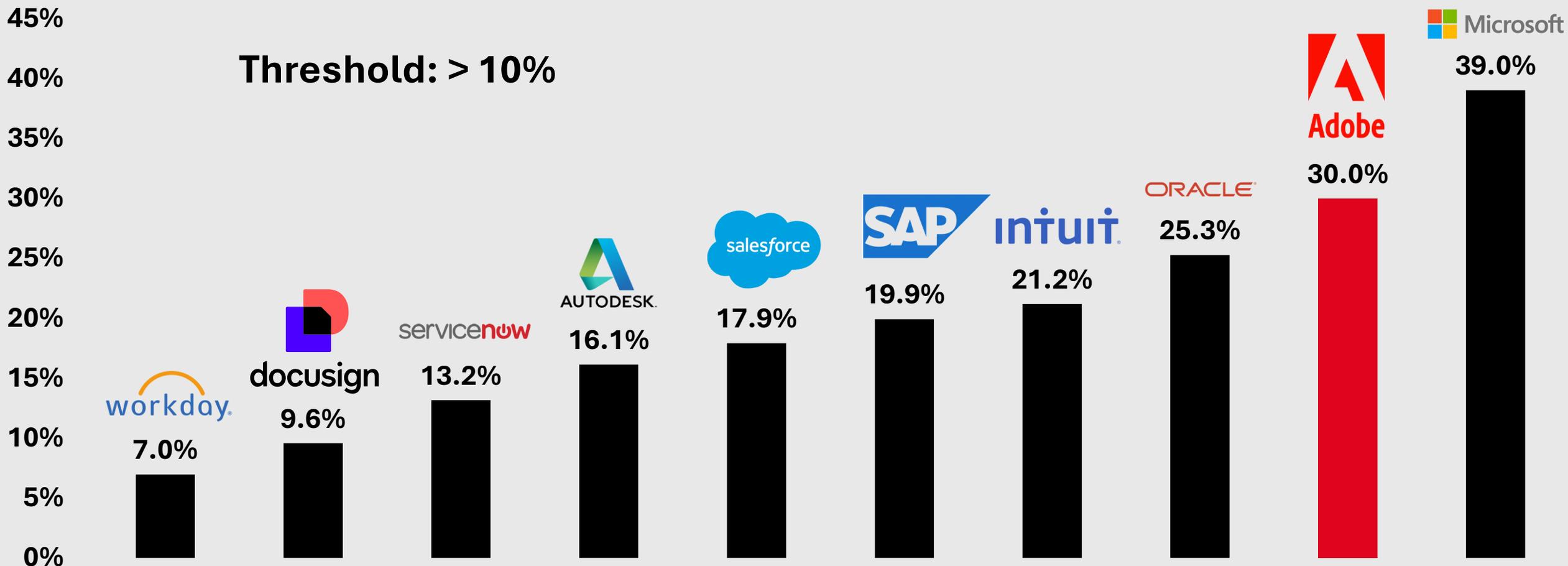
Operating Margin = Operating Income/Revenue





Net Margin % TTM

Net Margin = Net Income/Revenue

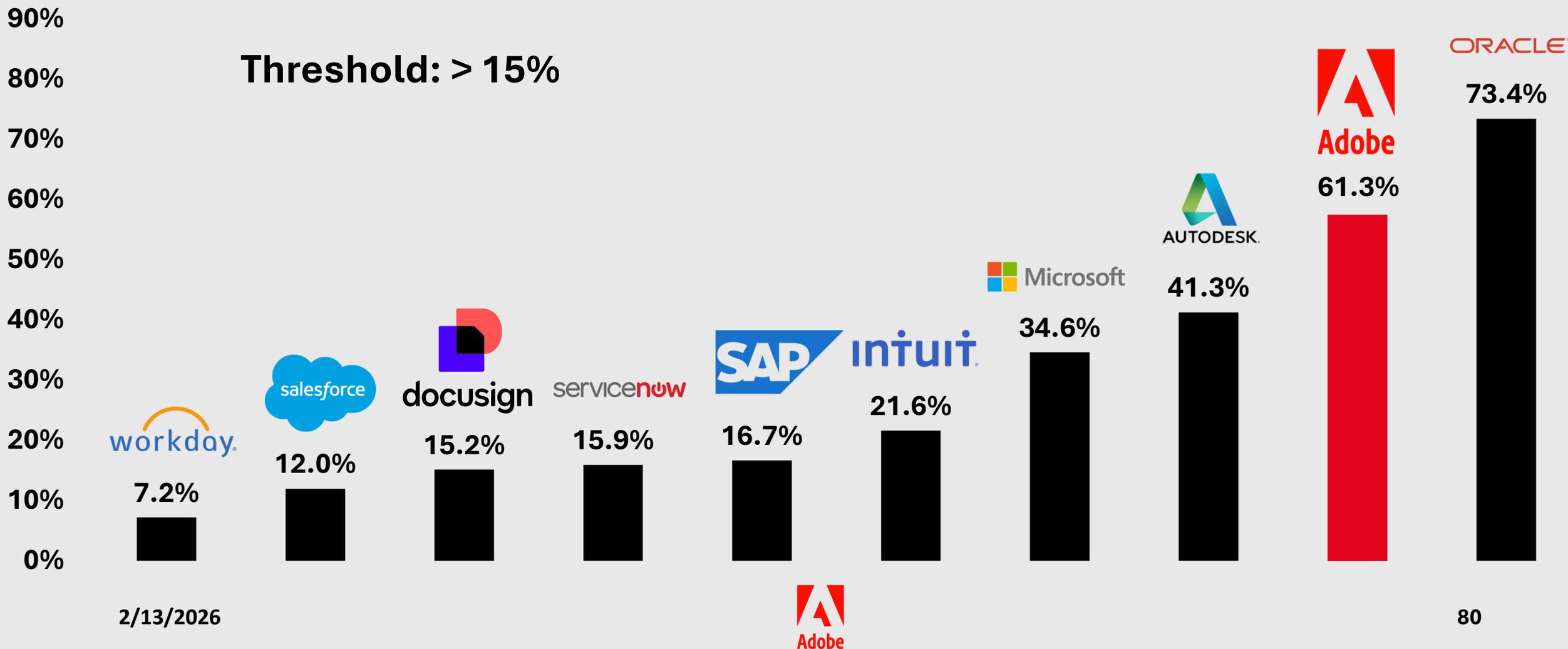


Threshold: > 10%



Return on Equity % TTM

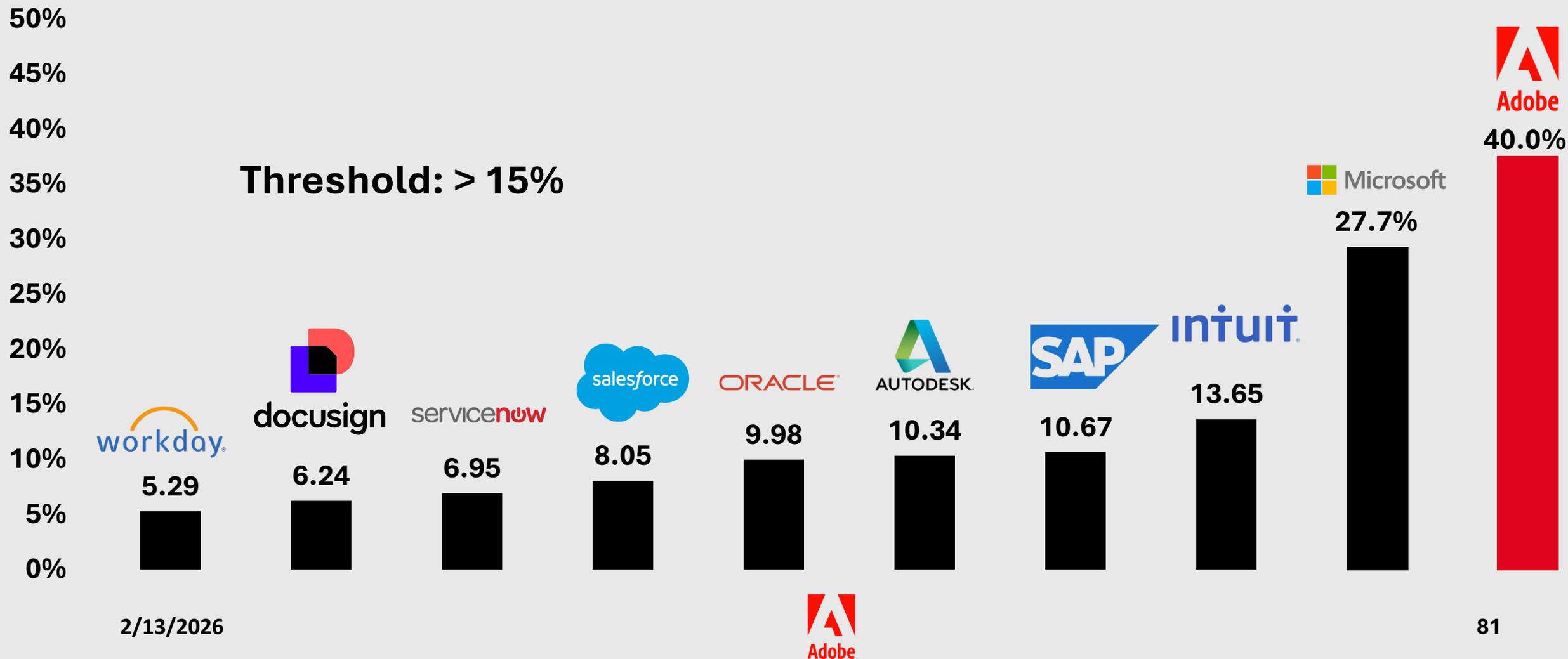
Return On Equity = Net Income/Shareholders Equity





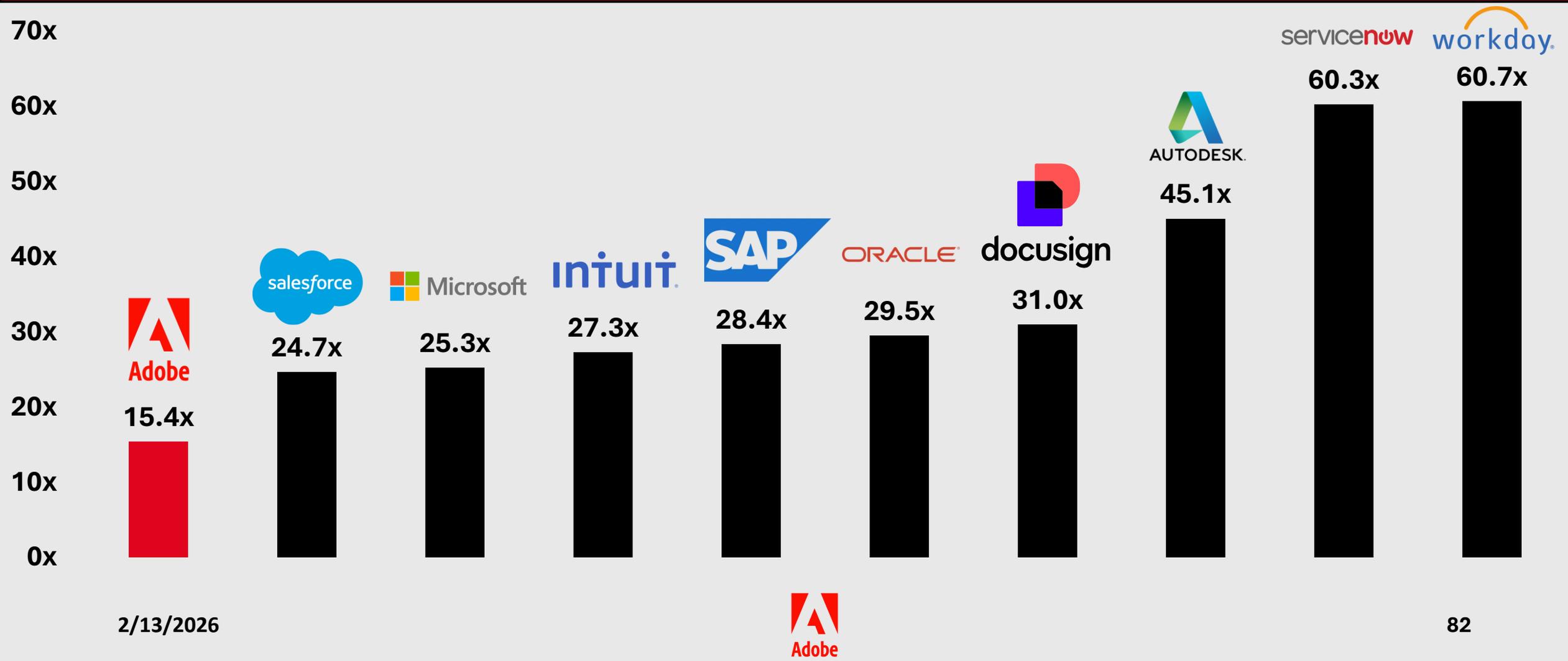
Return on Capital % TTM

Return On Capital = Net Income/Shareholder's Equity + LT Debt



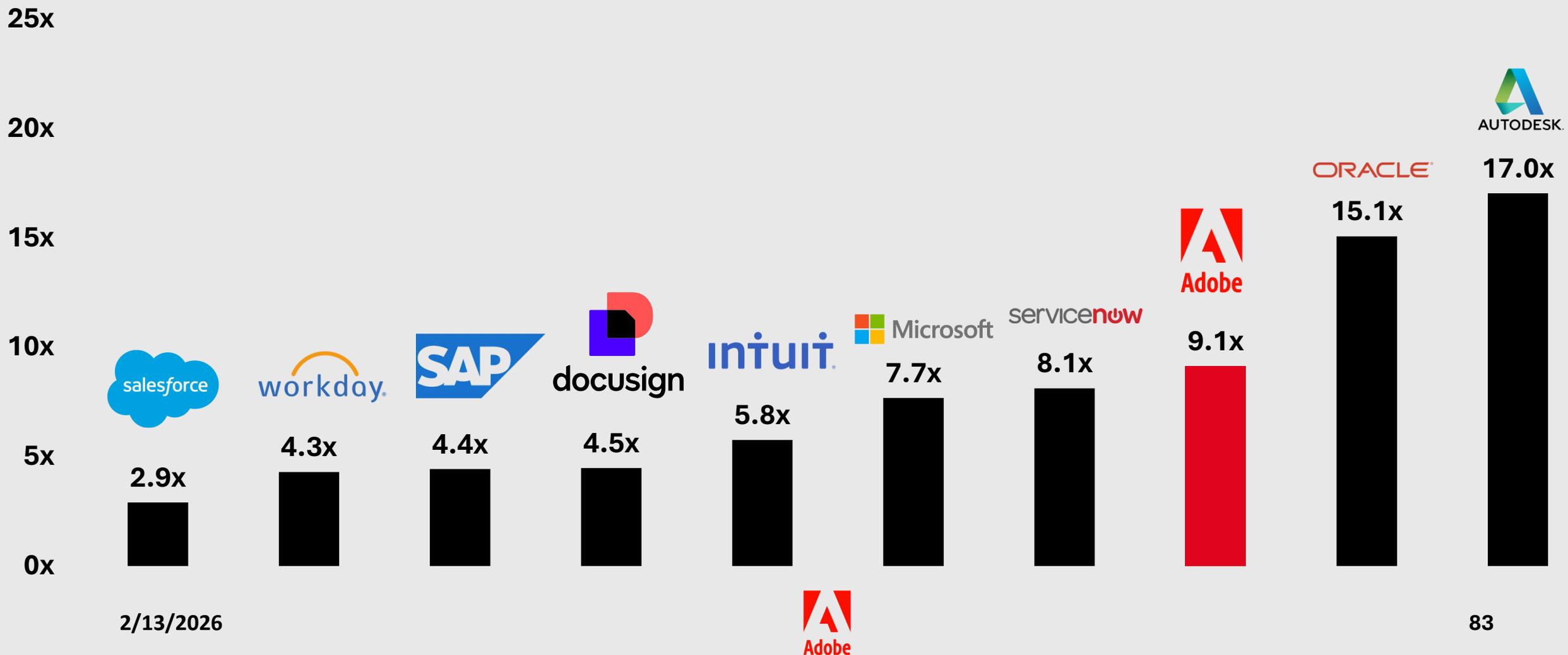


LTT Price To Earnings TTM



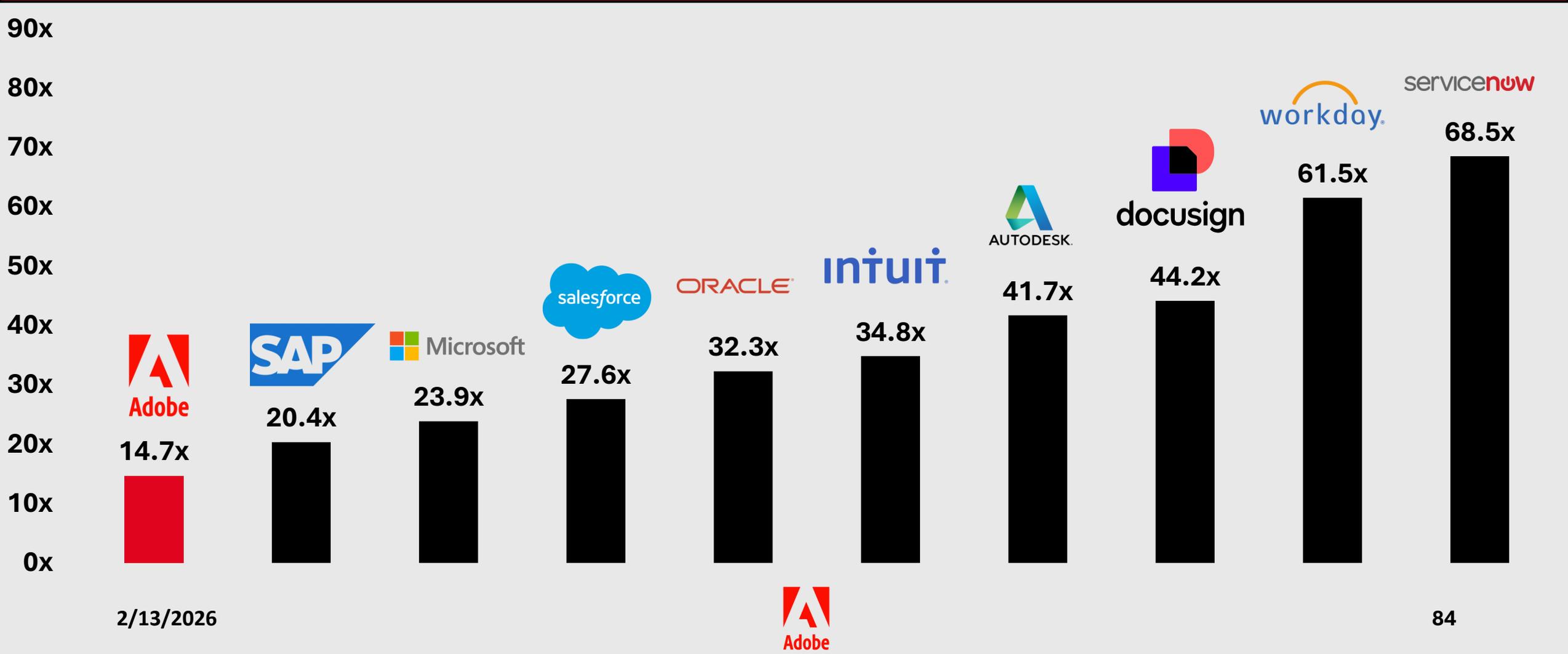


Price To Book TTM





EV-To-EBIT TTM

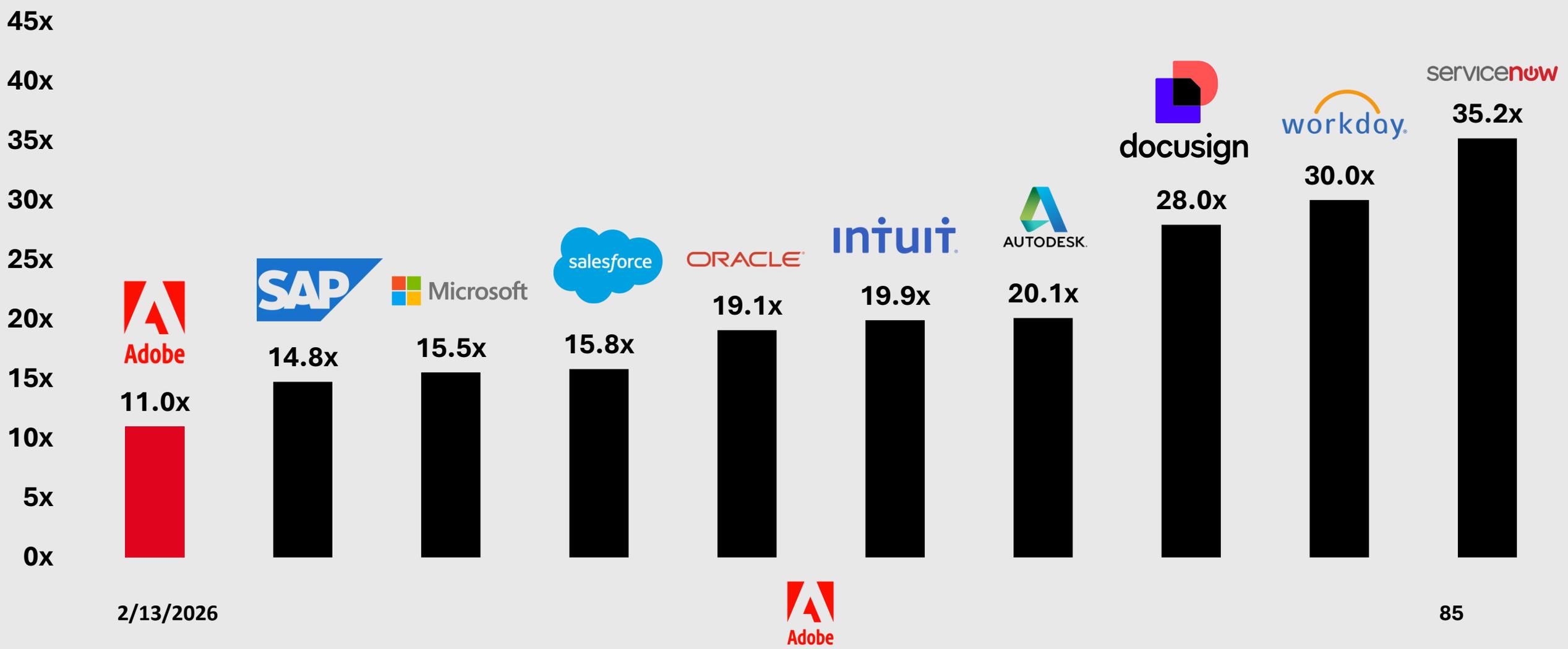


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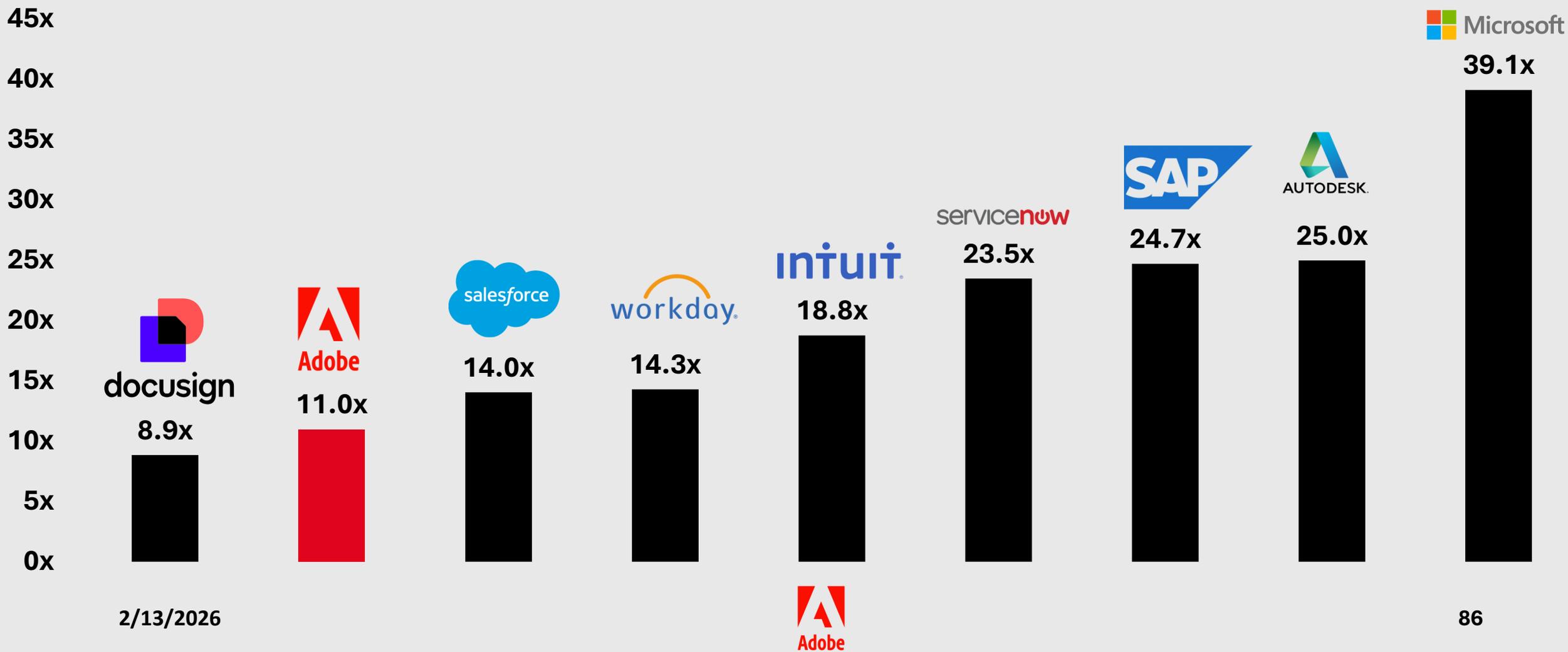


EV-To-EBITDA TTM





EV-To-Free Cashflow TTM





PEG Ratio TTM

Company	PEG Ratio
	2.0x
	1.6
	1.4x
	1.2x
	1.0x
	1.0x
	0.8x
	0.5x



DuPont Analysis

Net Profit Margin increasing = becoming more profitable 

Equity Multiplier increasing = using more debt to boost returns 

DuPont Analysis							
Ticker	Net Margin	Asset Turnover	Leverage Multiplier		ROE	ROE Actual	
ORCL	25.3%	0.4x	6.7x		59.5%	73.4%	
DOCU	9.6%	0.8x	2.0x		15.4%	15.2%	
adbe	30.0%	0.8x	2.5x		61.7%	57.5%	
CRM	17.9%	0.4x	1.6x		11.9%	12.0%	
WDAY	7.0%	0.5x	2.0x		7.4%	7.2%	
INTU	21.2%	0.6x	1.7x		20.7%	21.6%	
NOW	13.2%	0.6x	2.0x		15.9%	15.9%	
SAP	19.9%	0.5x	1.6x		16.1%	16.7%	
ADSK	16.1%	0.6x	3.9x		40.0%	41.3%	
MSFT	39.0%	0.5x	1.7x		33.9%	34.6%	

Asset Turnover increasing = assets are being used more efficiently to generate sales 



Obligation Ratio

Company	Obligation Ratio
INTU	0.8x
MSFT	(0.3x)
CRM	0.1x
Autodesk	0.5x
NOW	(2.2)
DOCU	(2.3)x
ADBE	0.88x

≤ 5 Years



Growth Opportunities

Diego Bonilla



Digital Experience



- Expands Adobe into digital marketing and customer experience services
- Turns Adobe's creative ecosystem into a broader business platform with marketing and customer experience tools
- Creates new revenue streams through analytics, advertising, and data-driven marketing tools



Strategic Partnerships



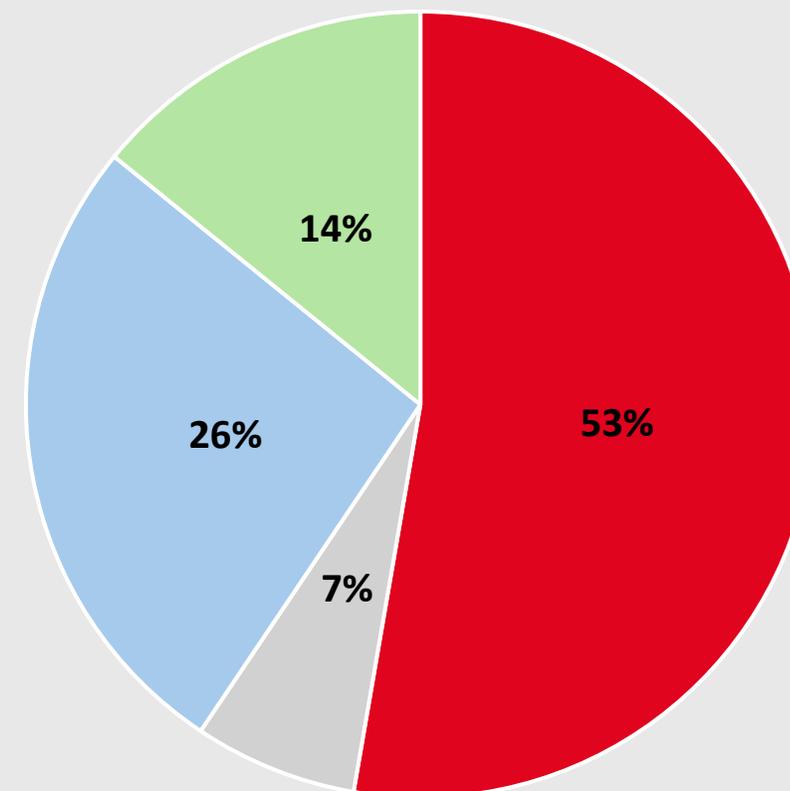
- **Integrate Adobe into major AI and cloud ecosystems.**
- **Partnerships expand AI-driven product features and automation**
- **Partner networks help Adobe reach new customers and industries**
- **Collaborations:**
 - **AWS, Microsoft Copilot, OpenAI, and Google Gemini**





International Market

- **Cloud delivery enables global scaling without physical distribution**
- **Rapid digital adoption in Asia-Pacific and Latin America expands the customer base**
- **Region-specific pricing increases accessibility and subscription growth**



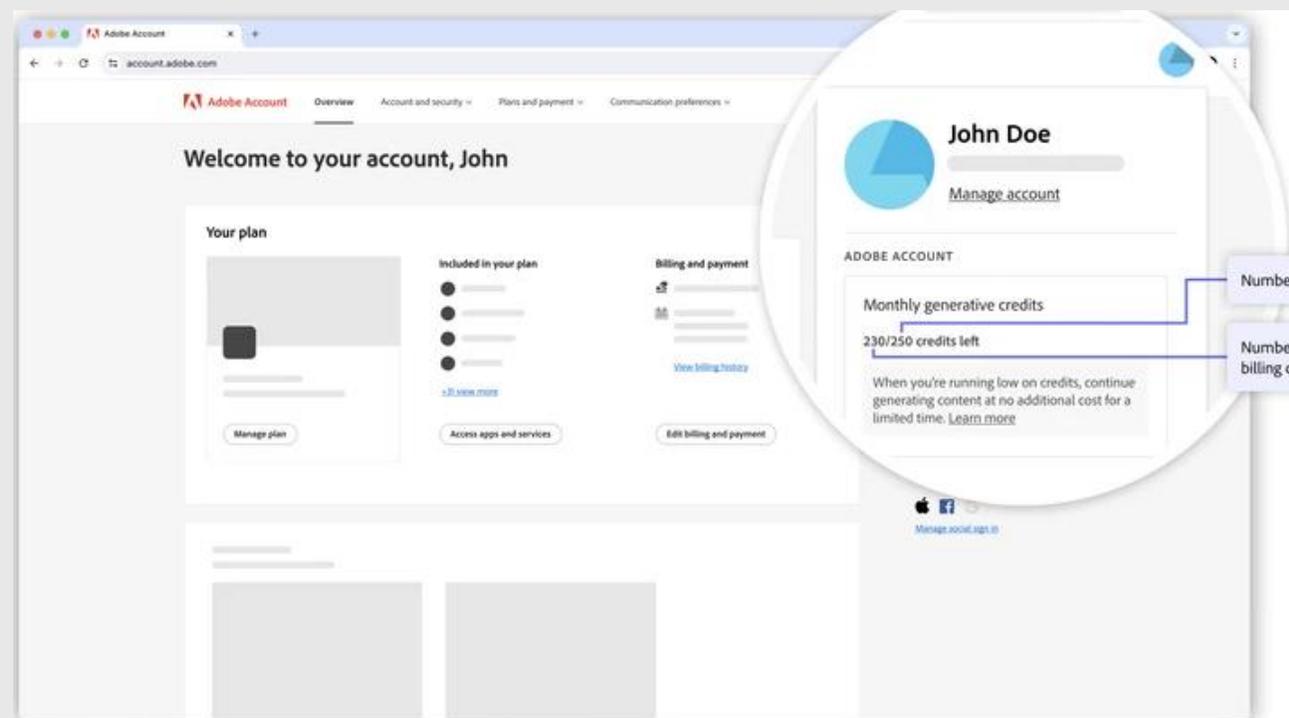
■ Americas - US ■ Americas - Other ■ EMEA ■ APAC





AI Monetization Layer

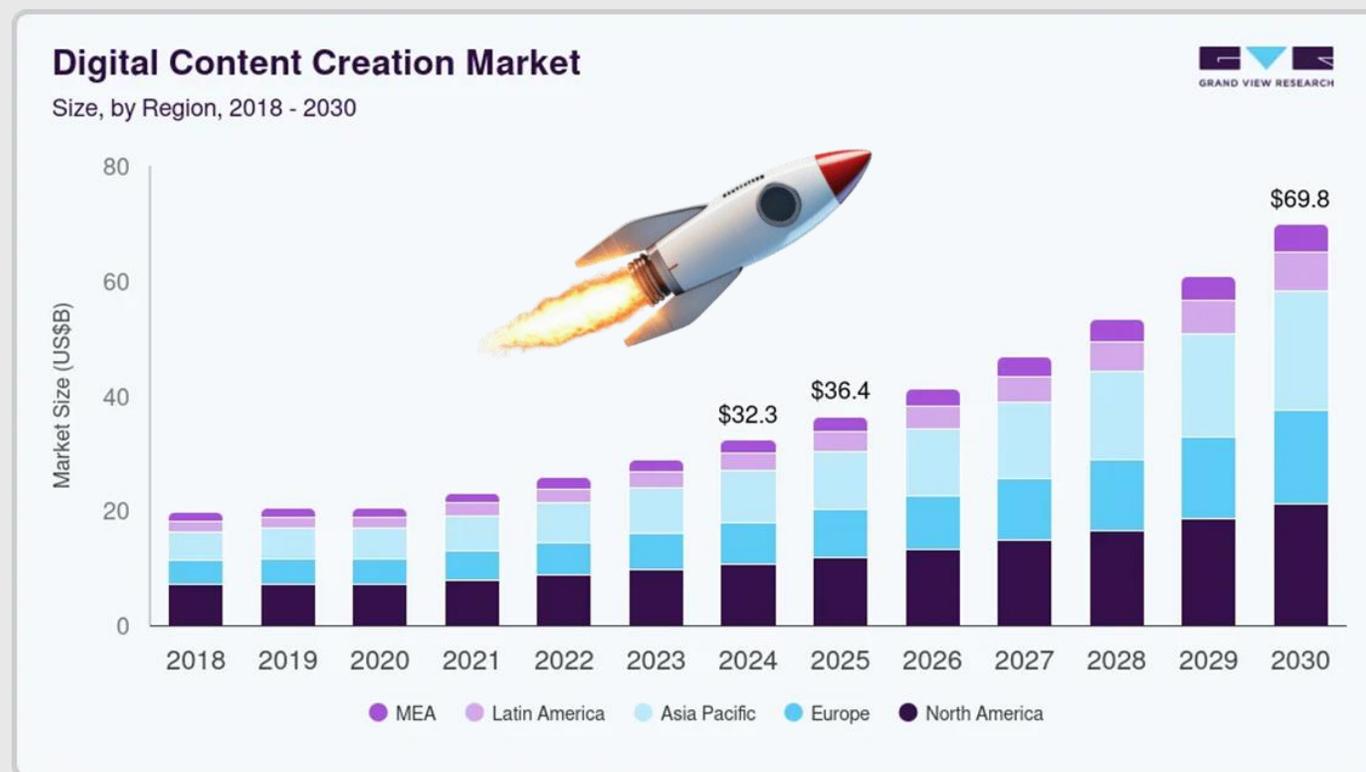
- AI credits introduce usage-based revenue
- Higher generative usage = higher revenue per user
- Enterprise plans bundle recurring AI capacity
- Creates Incremental margin without replacing core subscriptions





Content Explosion

- The global content platforms market was valued 13.36 billion USD in 2025, and advanced to 15.8 billion in 2026
- Businesses must deliver consistent, personalized content and Adobe products become central to these workflows
- Global Content expected to surge to 74.5 billion by 2035 driven by rising digital engagement, advances in AI automation tools and digital channel market shifts



AI and Generative Tools



- **AI tools expand Creative Cloud's feature set and differentiate Adobe from competitors**
- **Premium AI capabilities allow Adobe to introduce higher-value subscription tiers**
- **Faster creation and automation increased usage and retention**





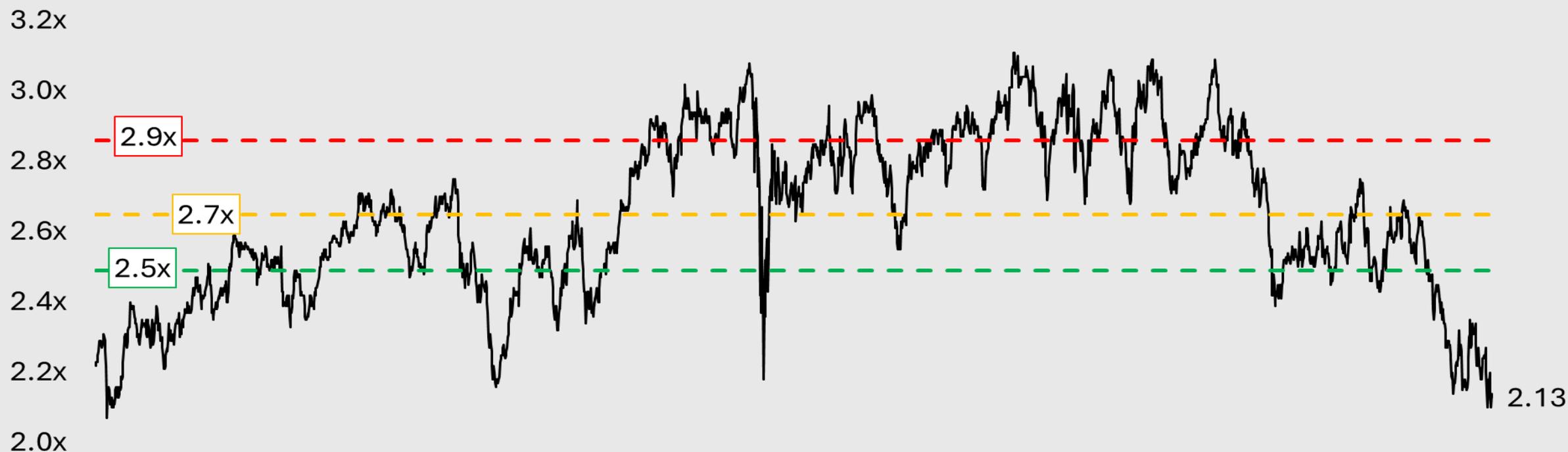
Value Bands

Diego Bonilla





Value Bands Example





Price to Earnings

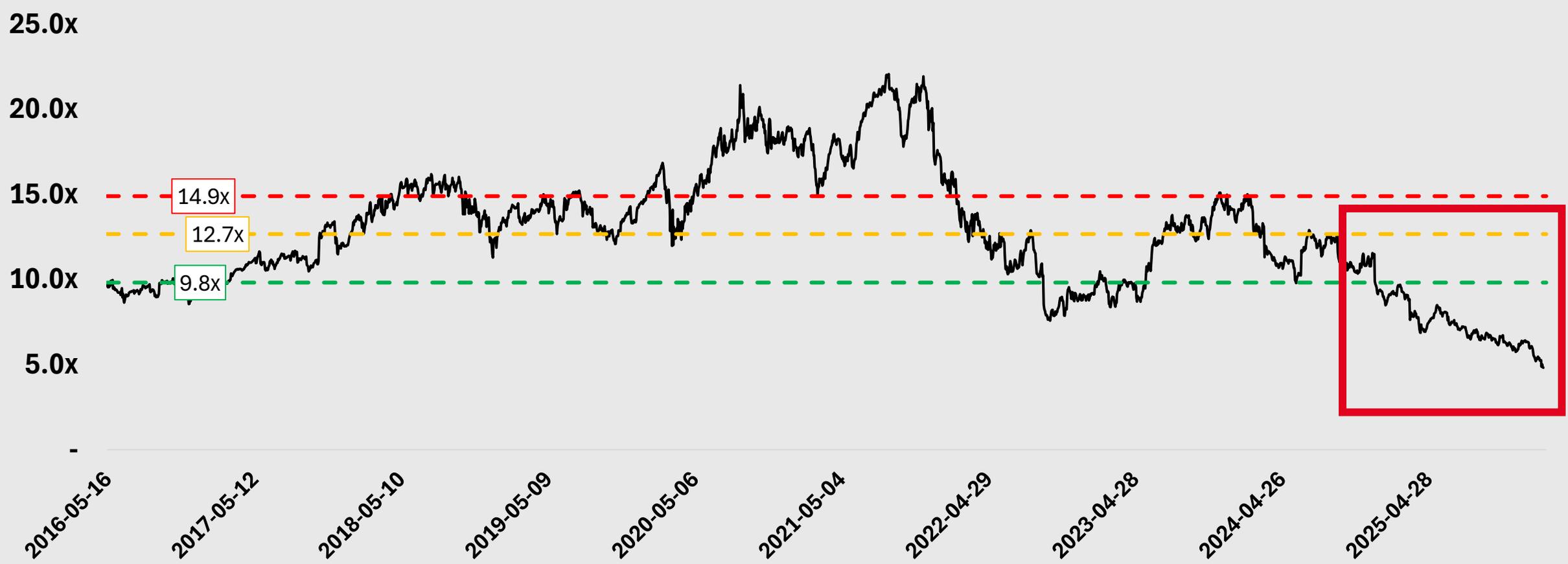
$P/E = \text{Share Price} / \text{Earnings Per Share}$





Price to Sales

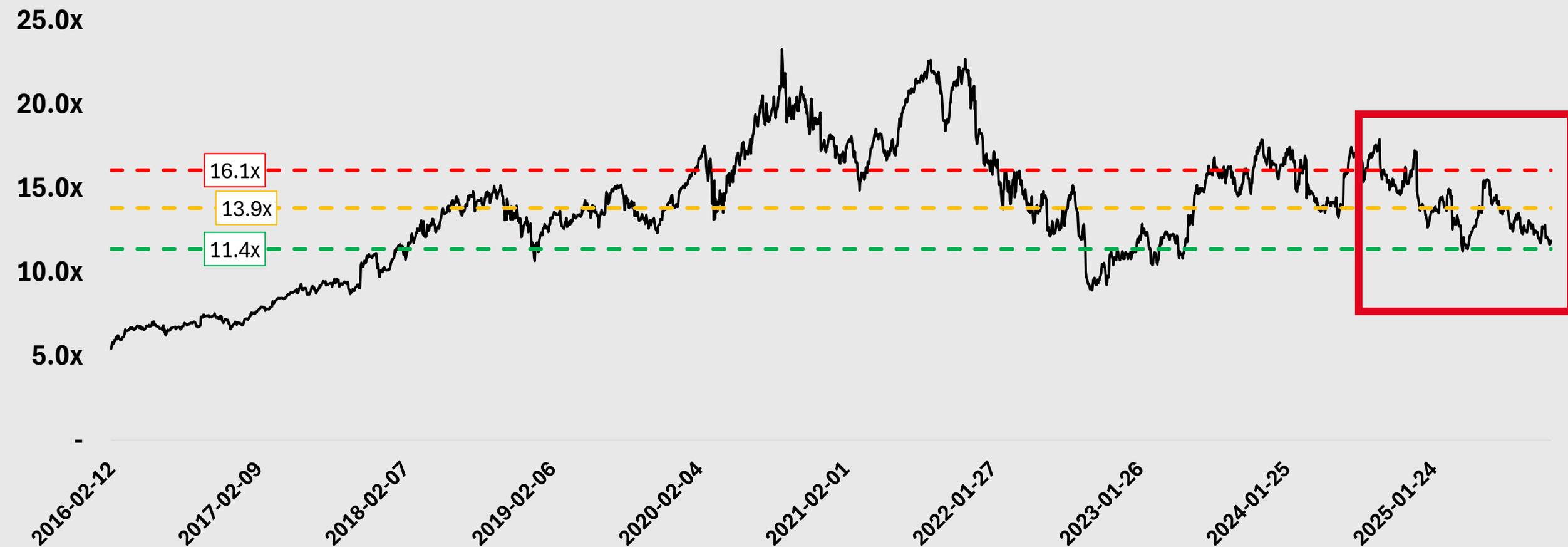
$P/S = \text{Market Capitalization} / \text{Annual Return}$





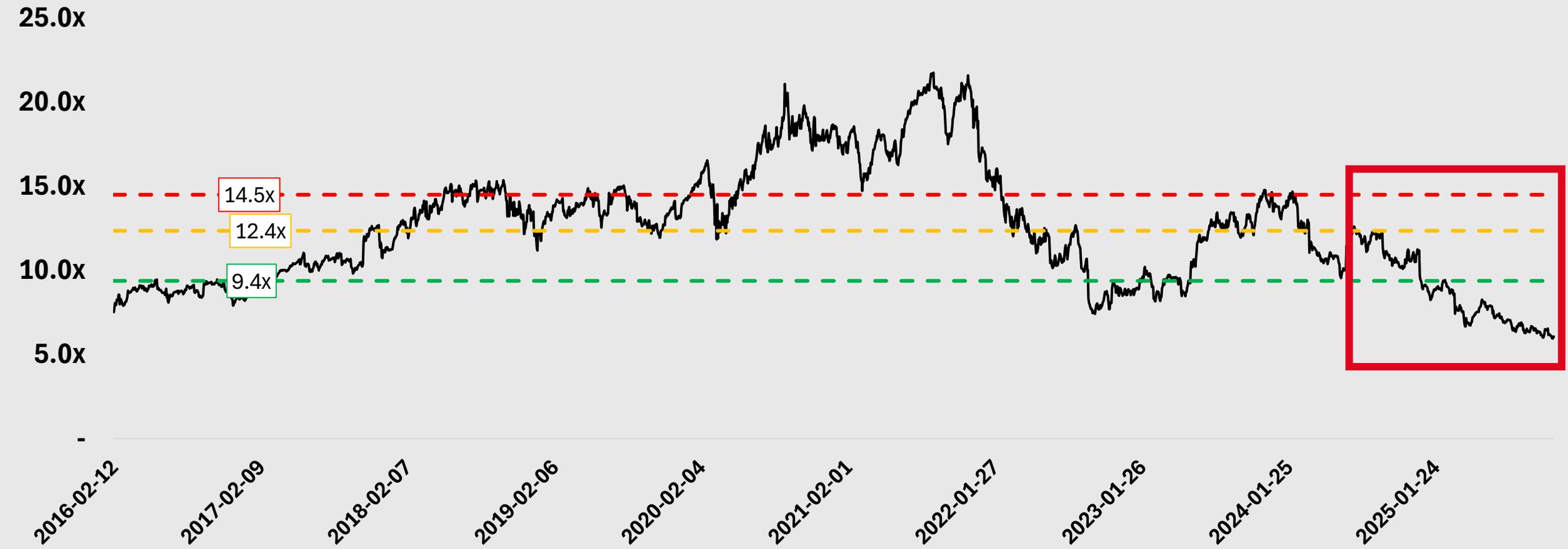
Price to Book

$P/B = \text{Share Price} / \text{Book Value Per Share}$



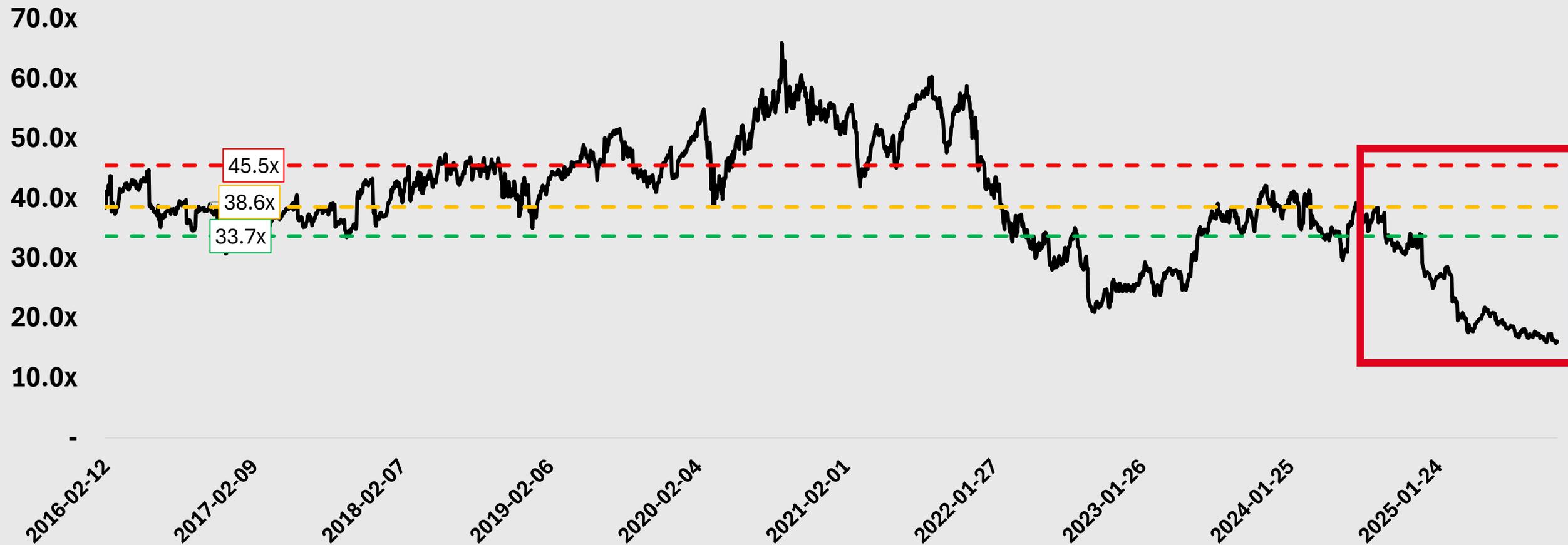


Enterprise Value-to-Revenue



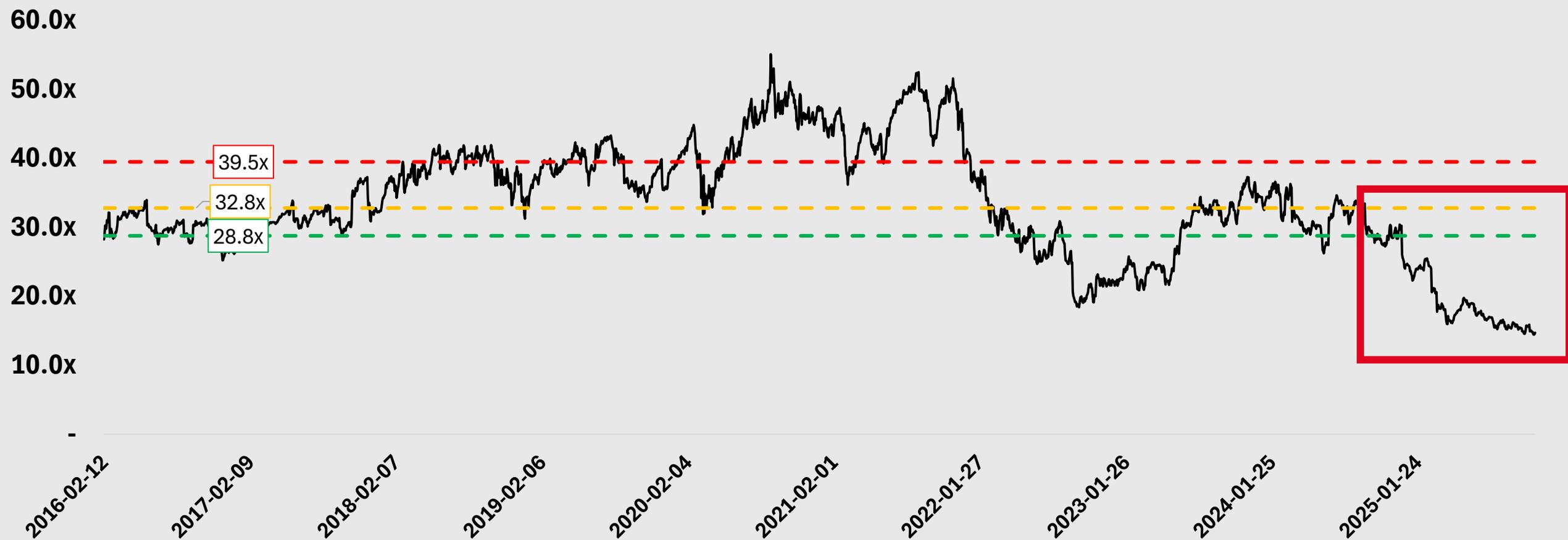


Enterprise Value-to-EBIT





Enterprise Value-to-EBITDA





Intraportfolio Analysis

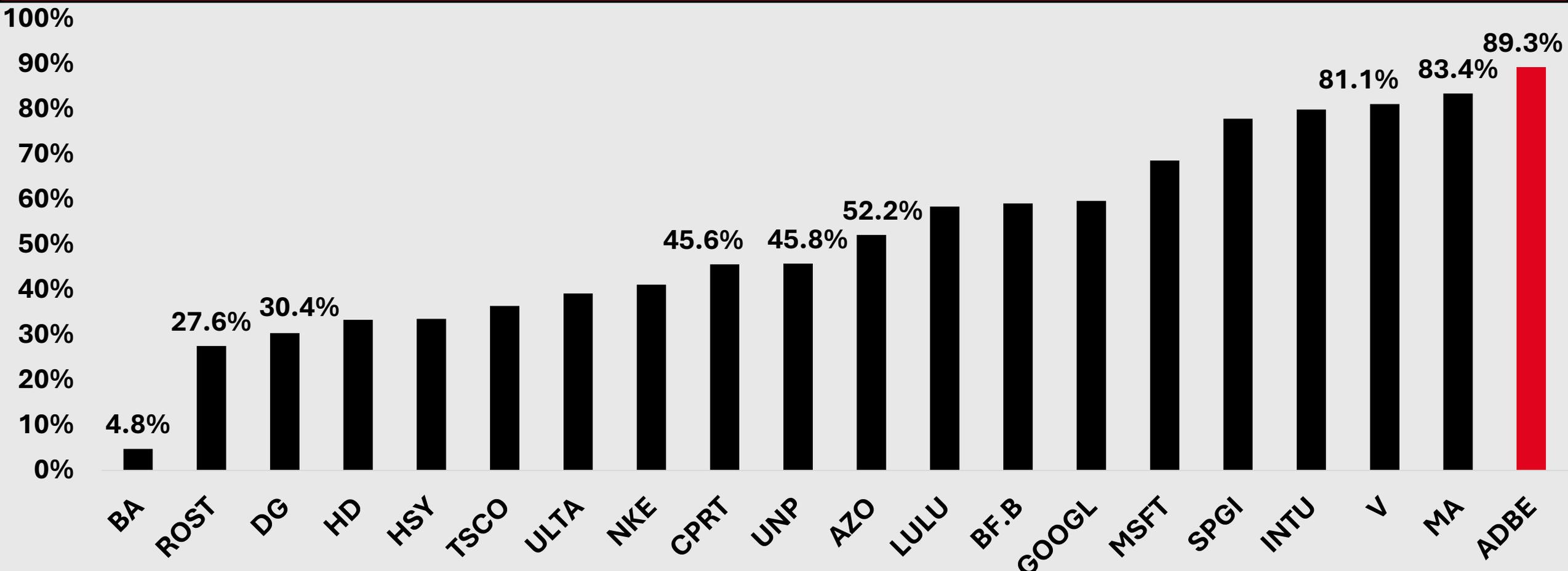
Jackson Laauwe





Gross Margin % NTM

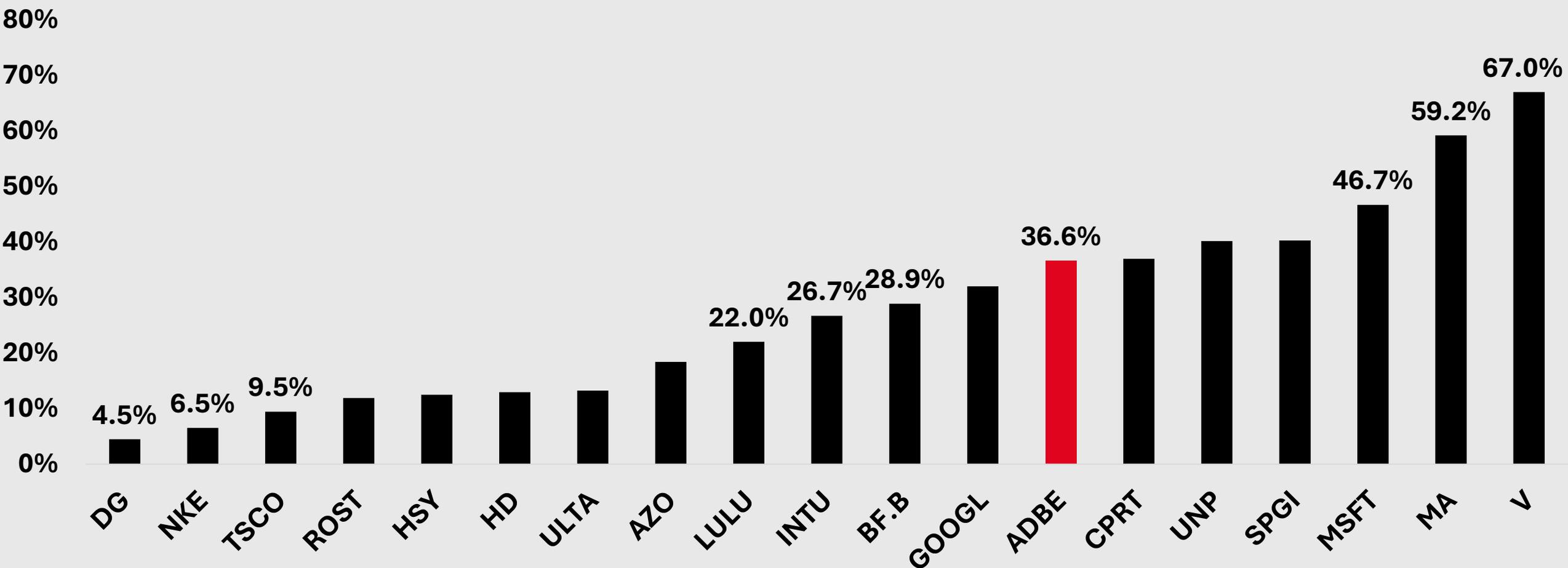
Revenue-COGS/Revenue





Operating Margin % NTM

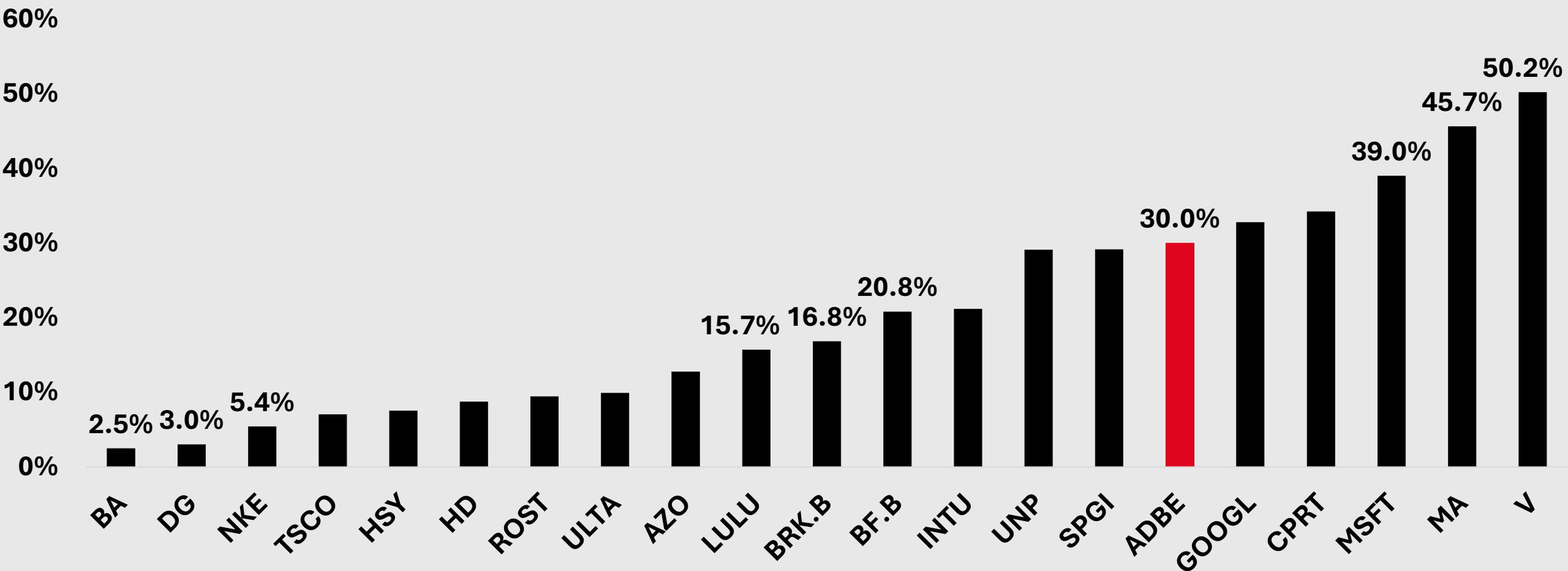
(Operating Income/Total Revenue) x 100





Net Margin %

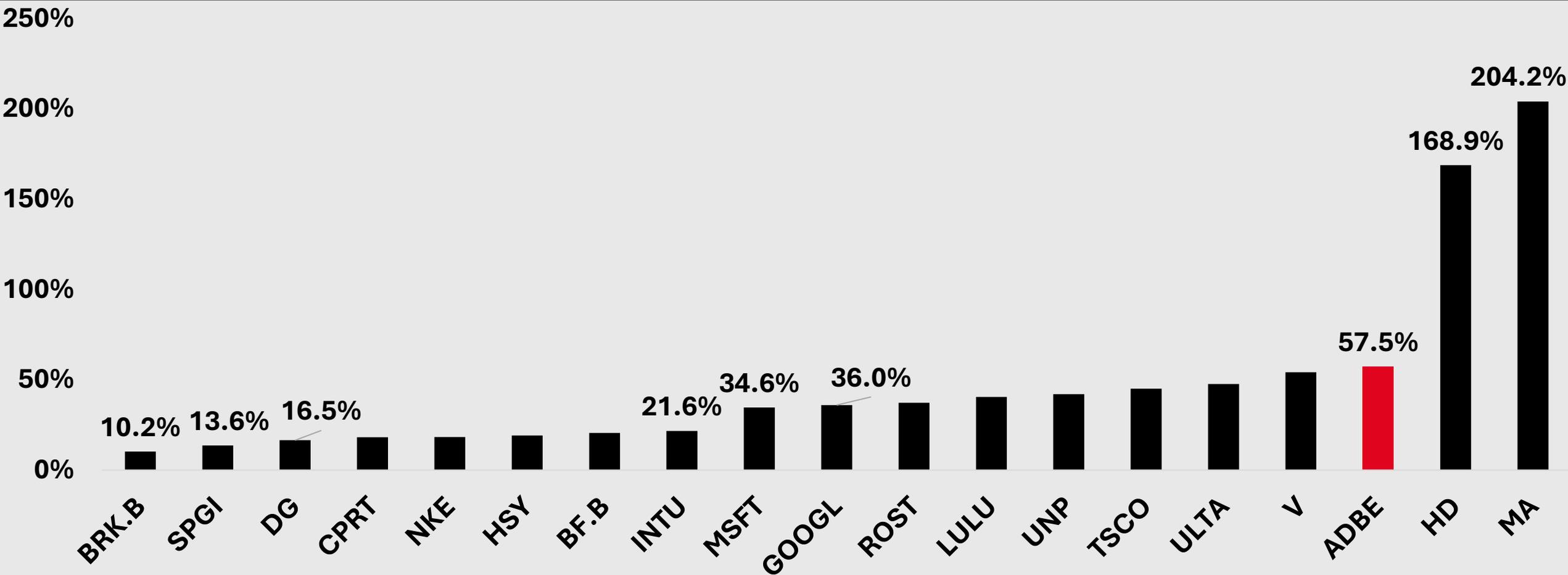
(Net Income/Total Revenue) x 100





Return on Equity %

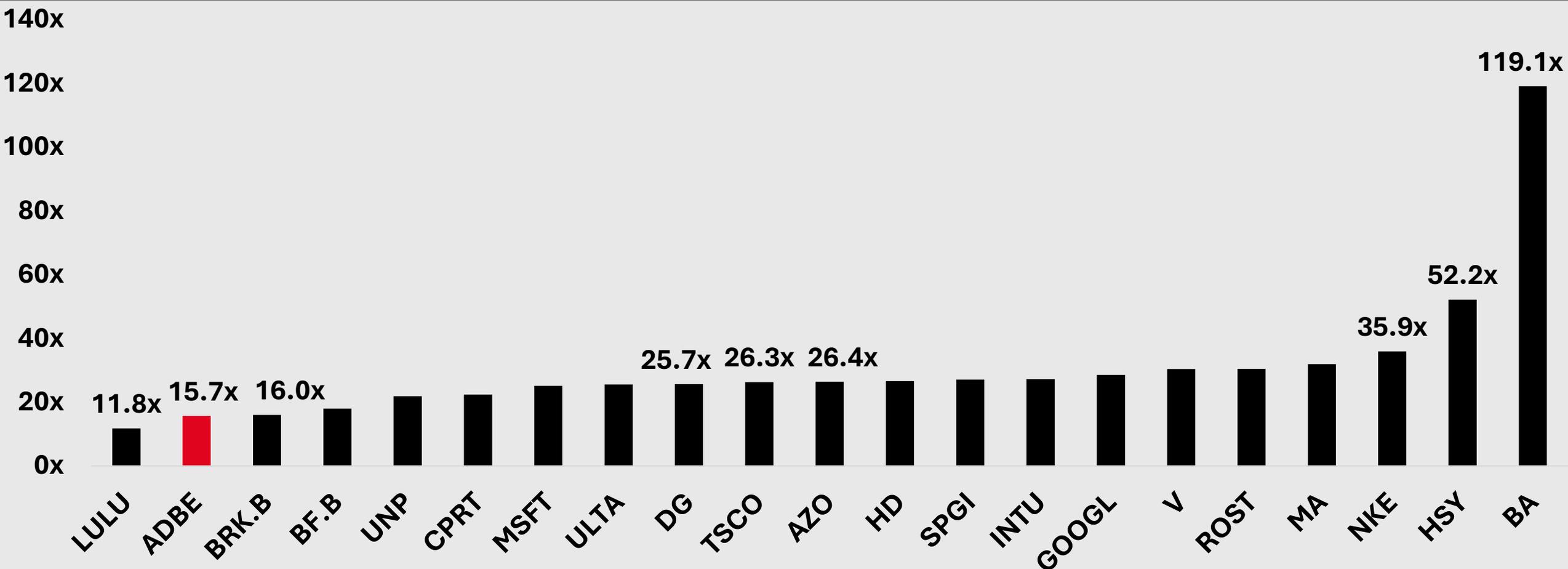
Net Income/Shareholders' Equity





Price to Earnings

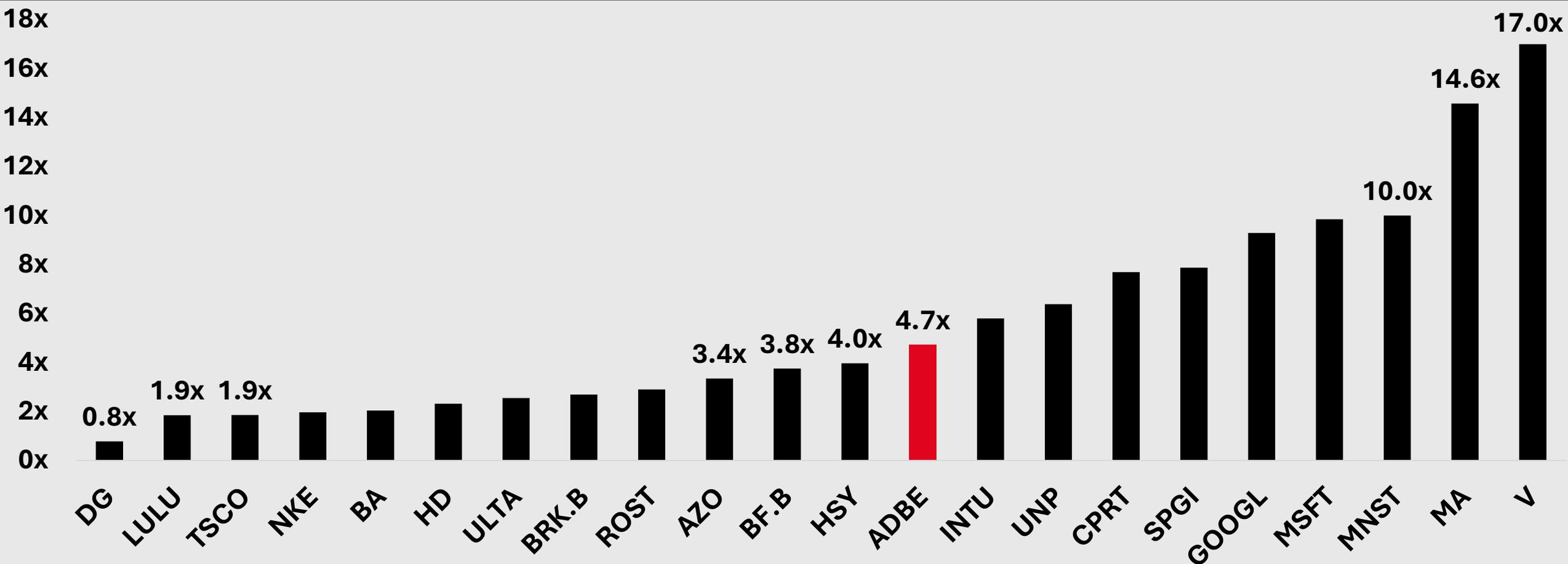
Market Value per Share/Earnings per Share





Price to Sales

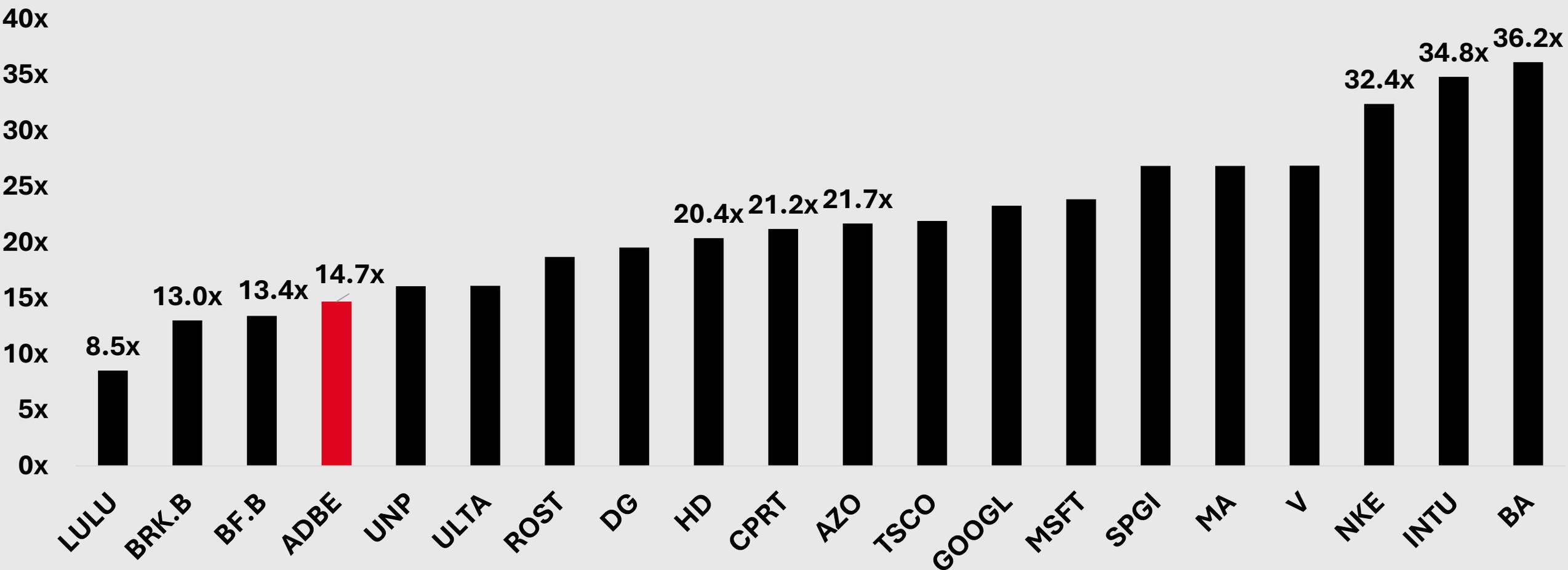
Market Value per Share/Sales per Share





EV/ EBIT

Enterprise value/Earnings before interest and taxes



Valuation and Conclusion

Jaiden



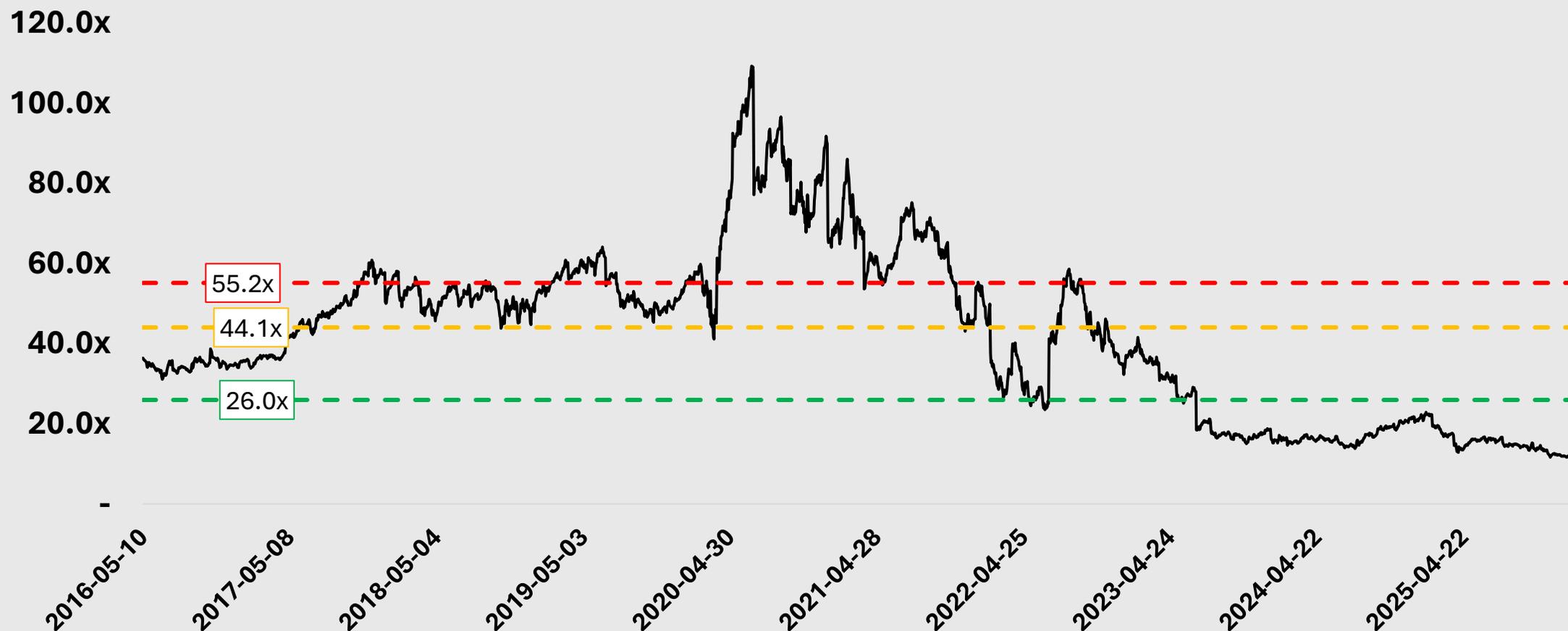
2/13/2026



113



ADBE P/E Value Bands



PEG



Feb 12 2016 - Feb 12 2026 MTD 1M QTD 3M 6M YTD 1Y 3Y 5Y 10Y 20Y ALL Daily

ADBE Adobe Inc. Price / Earnings to Growth - PEG (NTM) 0.87

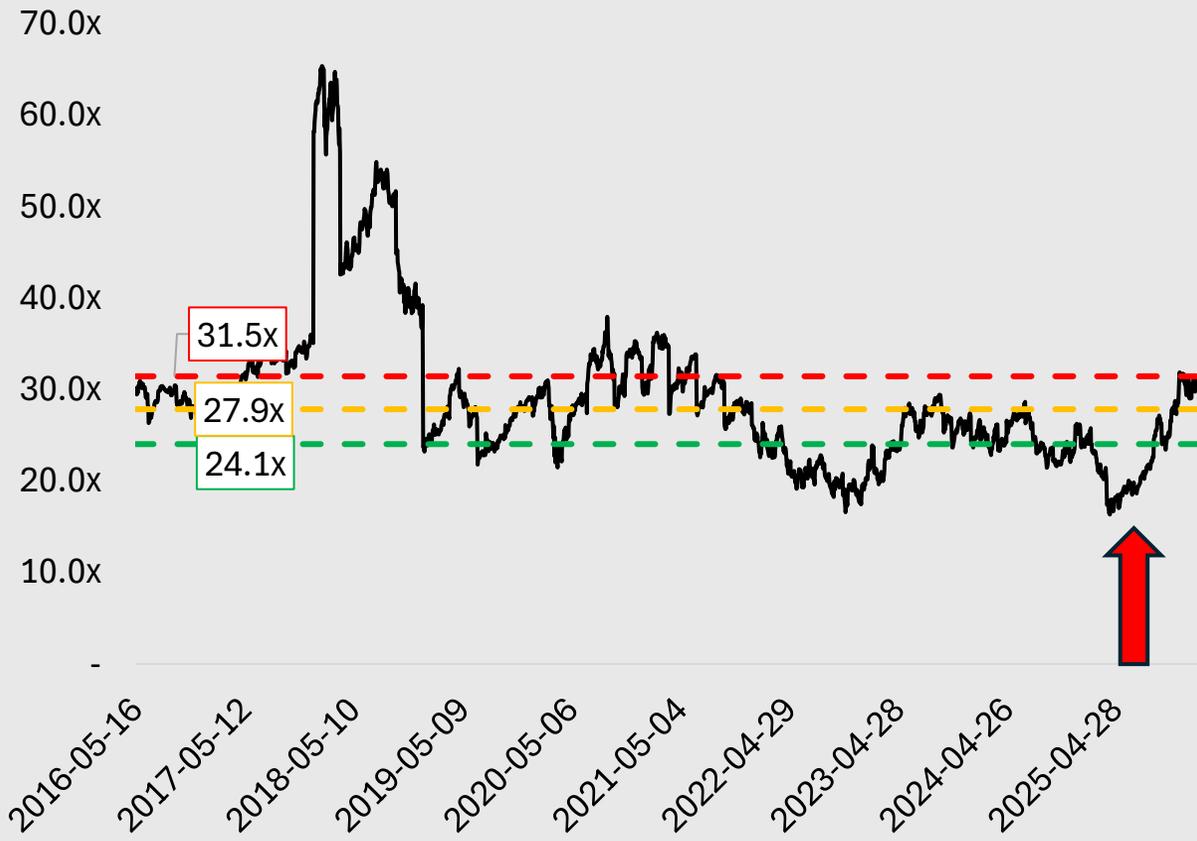
LESS THAN 1!



2/13/2026



Google Value



2/13/2026

Alphabet Inc (GOOG) Stock Price

10Y: **+813.25%** Above Low: **+832.57%** Below High: **-9.65%**



Feb 11, 2026 Powered by **gurufocus**





Current Stock Price

- The market is pricing Adobe to grow its FCF per share by only 1.4% per year for the next decade.

Inputs:

Starting FCF per share-23.10
Annual Growth Rate-1.4(.014)
Discount Rate-11% (.11)
Terminal Multiple-12x

Cash Flows:

Year 1: $\$23.10 \times 1.014^1$
 $/1.11^1 = \$21.10$

Year 2: $\$23.10 \times 1.014^2$
 $/1.11^2 = \$19.27$

.....

Year 10: $\$23.10 \times 1.014^{10}$
 $/1.11^{10} = \$9.34$

Sum of all 10 years of Cash
Flows (PV): \$145.18

Terminal Value:

FCF in Year 10: $\$23.10 \times (1.014)^{10} = \26.55

Total Terminal Value: $\$26.55 \times 12 = \318.60

Discounted to today : $318.60 / 1.11^{10} = \$112.08$

Final Value = \$145.18(Cash Flows) + \$112.08(Exit Value) = \$257.26



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FCF DCF

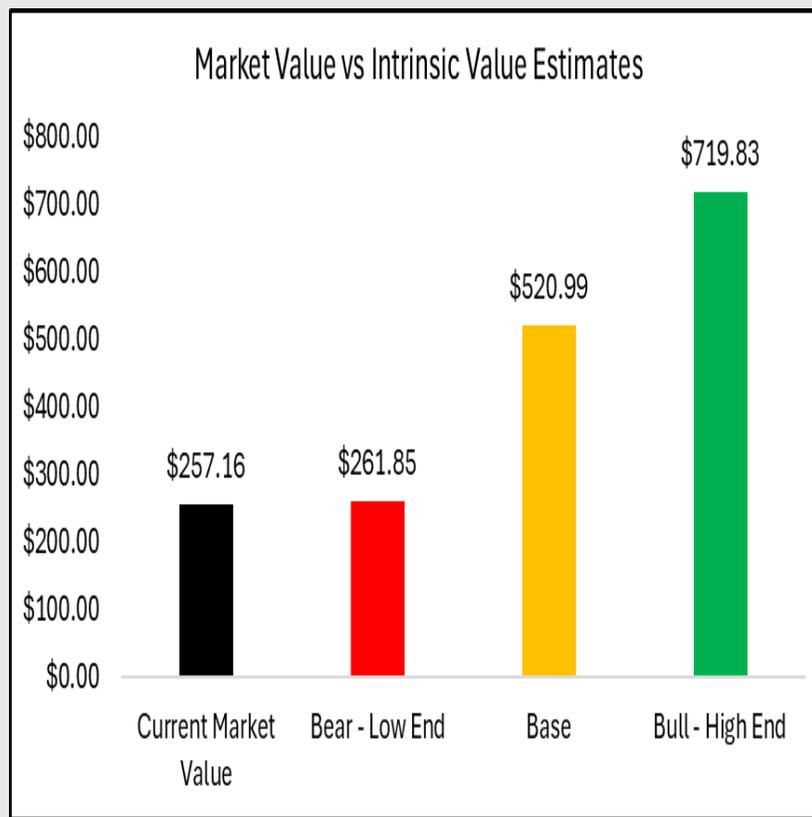
Ticker: ADBE Price: \$257.16 Discount Rate: 11.0% Method: FCF Per Share Dividend Payout Ratio: 0.0%		5 Year Discounted Cash Flow										P/FCF	Price	Present Value	5 YR Return	Annual Return	Return + Dividends
		2025	2026	2027	2028	2029	2030										
Bear	FCF Per Share	\$23.10	\$24.95	\$26.94	\$29.10	\$31.43	\$33.94	13.0x	\$441.24	\$261.85	71.6%	11.4%	11.4%				
								14.0x	\$475.18	\$282.00	84.8%	13.1%	13.1%				
			8.00%	8.00%	8.00%	8.00%	8.00%	15.0x ##	\$509.12	\$302.14	98.0%	14.6%	14.6%				
Base	FCF Per Share	\$23.10	\$26.26	\$29.86	\$33.95	\$38.61	\$43.89	18.0x	\$790.11	\$468.89	207.2%	25.2%	25.2%				
								20.0x	\$877.90	\$520.99	241.4%	27.8%	27.8%				
			13.70%	13.70%	13.70%	13.70%	13.70%	22.0x	\$965.69	\$573.09	275.5%	30.3%	30.3%				
Bull	FCF Per Share	\$23.10	\$26.80	\$31.08	\$36.06	\$41.83	\$48.52	23.0x	\$1,115.91	\$662.24	333.9%	34.1%	34.1%				
								24.0x	\$1,164.43	\$691.03	352.8%	35.3%	35.3%				
			16.00%	16.00%	16.00%	16.00%	16.00%	25.0x	\$1,212.95	\$719.83	371.7%	36.4%	36.4%				



Sensitivity Analysis

Margin of Safety

- **Bear: 1.5%**
- **Base: 50.6%**
- **Bull: 64%**



Total RoR Sensitivity

		Est. FCF/Share growth rate		
		8.0%	13.7%	16.0%
P / E	13.0x	11.4%	25.2%	34.1%
	20.0x	13.1%	27.8%	35.3%
	25.0x	14.6%	30.3%	36.4%

Damaged Stock vs Damaged Company



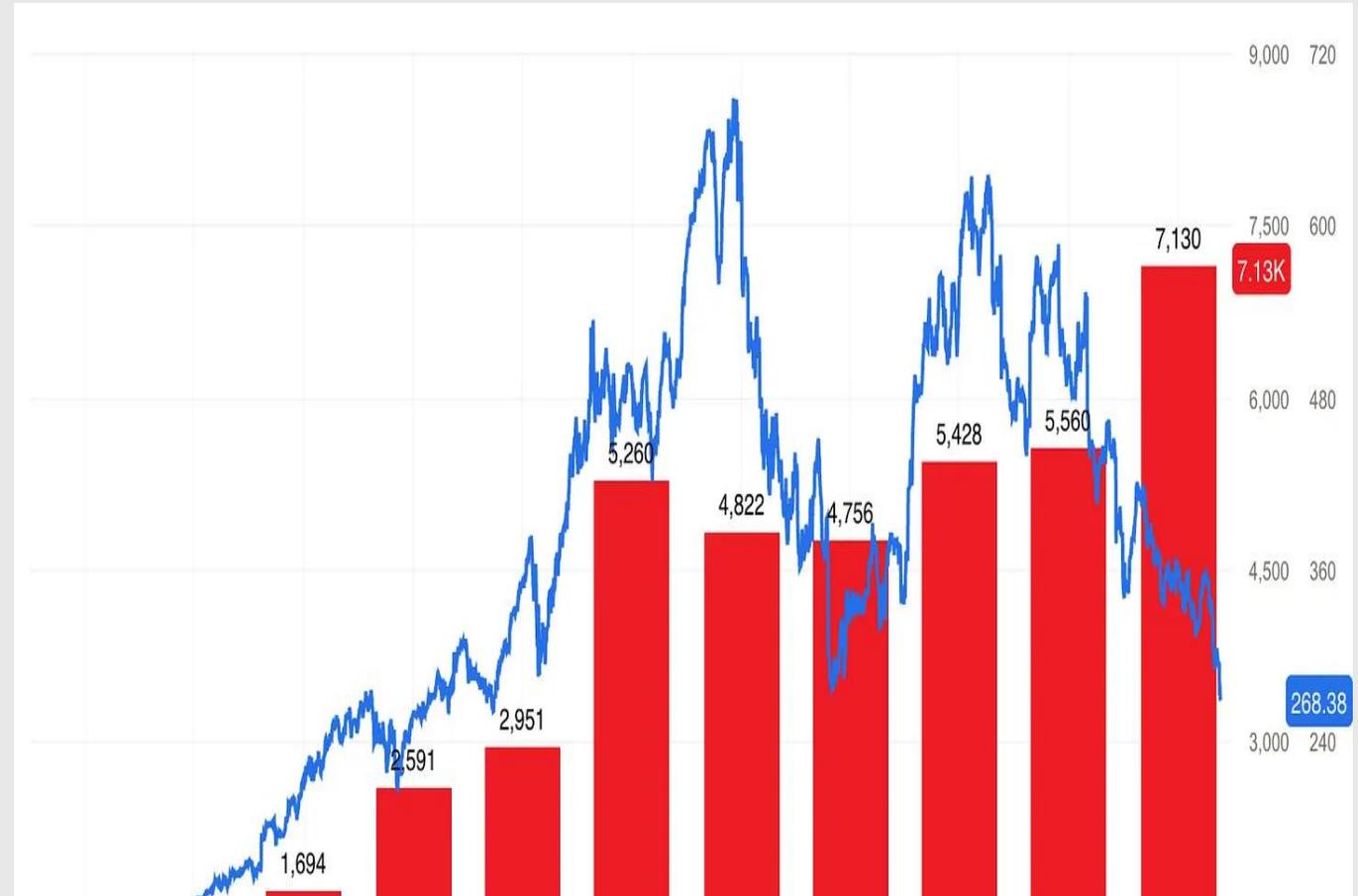
- **We want to buy stocks at a damaged price**
- **Not buy a Damaged company**
- **Adobe is far from a damaged company**





ADBE Stock Price compared to Net Income

- **Stock Price eventually follows Revenue**
- **The winners in the stock market are those who ignore the noise and stick to the principals of buying great companies at a great price**



Recap



- **AI worries are overblown by those who do not understand the business**
- **Consistently growing company with great financials and billions of FCF coming in**
- **Management team who has guided the company through a business adjustment period before**
- **Margin of Safety on a great company that we have not seen since Google last year**
- **Benefiting from AI without massive CapEX spend**
- **Huge Margin Of Safety Net**



Recommendation

- **Buy 455 shares of ADBE at a limit order of \$265**
- **This would make this invest proposal around a \$120,000 purchase**
- **We would be adding around 4% to are already existing 13% of ADBE's weight in our portfolio**
- **After adding this to our portfolio, ADBE's weight in the portfolio would be about 17%**
- **This would make ADBE our second largest position in the portfolio**

Thank You!



Questions?



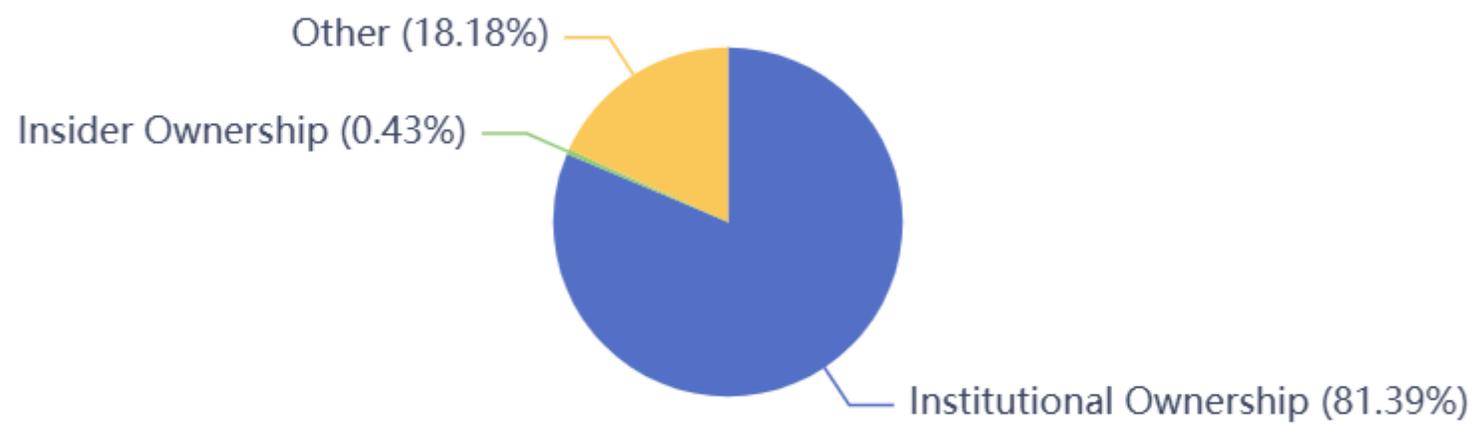
Appendix





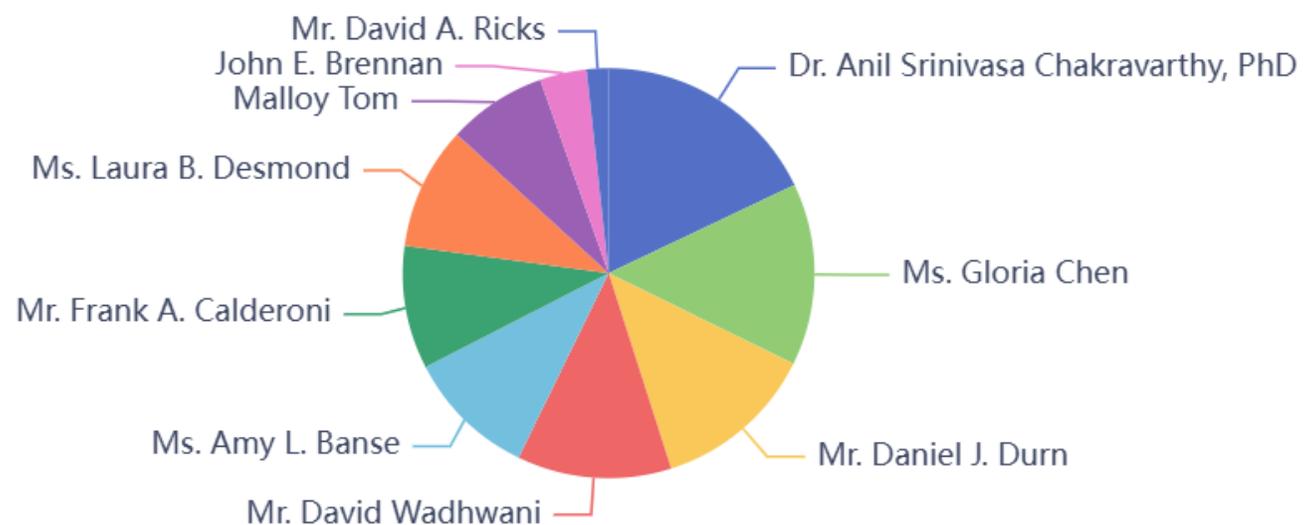
Compensation Formula







Top Direct Holders





Stock Compensation

Name	Year	Salary(\$)	Bonus(\$)	Stock Awards(\$)	Option Awards(\$)	Non-Equity Incentive Plan(\$)	All Other Compensation(\$)	Change in Pension and Deferred Comp(\$)	Total to Revenue(%)	Total(\$)
Shantanu Narayen CHAIR AND CEO	2024	1,500,000	0	46,349,135	-	2,940,000	1,601,047	-	24.36	52,390,182
	2023	1,500,000	0	40,077,295	-	3,000,000	355,283	-	23.15	44,932,578
David Wadhvani PRESIDENT, DIGITAL MEDIA ...	2024	800,000	0	15,365,328	-	784,000	30,293	-	7.90	16,979,621
	2023	791,346	1,666,667	13,463,694	-	791,071	18,228	-	8.62	16,731,006
Anil Chakravarthy PRESIDENT, DIGITAL EXPERI...	2024	800,000	0	15,365,328	-	784,000	45,407	-	7.90	16,994,735
	2023	791,346	0	13,463,694	-	791,071	37,062	-	7.77	15,083,173
Daniel Durn CHIEF FINANCIAL OFFICER A...	2024	900,000	0	13,761,183	-	882,000	21,676	-	7.24	15,564,859
	2023	891,346	0	12,536,147	-	891,071	18,726	-	7.39	14,337,290
Scott Belsky CHIEF STRATEGY OFFICER A...	2024	725,000	0	12,227,829	-	710,500	10,704	-	6.36	13,674,033
	2023	720,673	0	11,102,323	-	720,536	10,254	-	6.47	12,553,786

"The biggest opportunity for Adobe in decades"



- In the company's Q3 earnings call last September, CEO Shantanu Narayen called the AI revolution "the biggest opportunity for Adobe in decades." He pointed to the popularity of the Adobe Experience Platform (AEP) AI Assistant, with 70% of eligible AEP customers using it, and the company's success in introducing innovative new AI-first products, with AI already heavily integrated into Adobe's flagship applications in Creative Cloud.

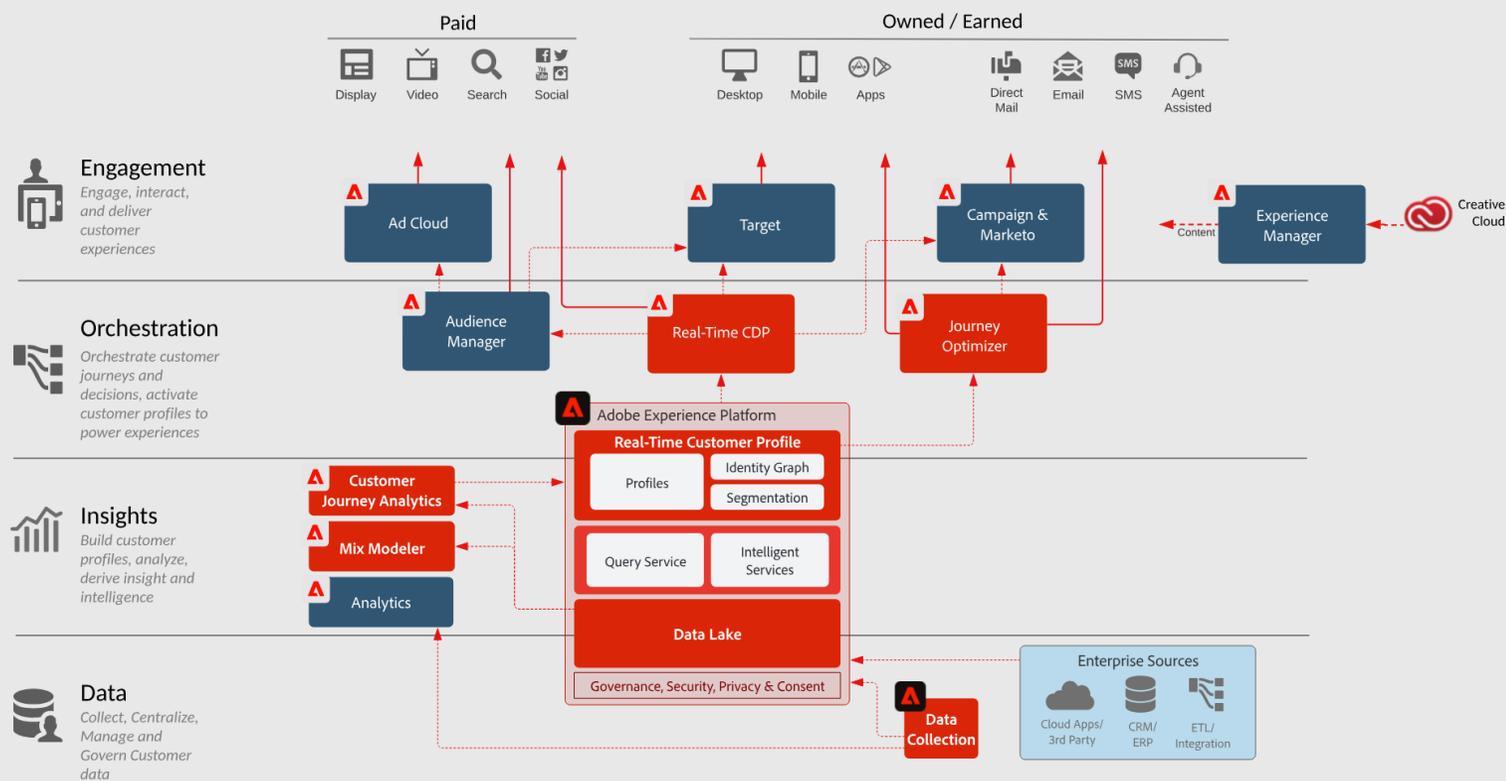


Exhibit 1: Mapping Adobe to the GS Framework for Investing in Software

OUR VIEW ON ADOBE		
8 KEY FACTORS	TANGIBLE	INTANGIBLE
TAM	Large TAM: Creative (\$63bn), Document (\$32bn), Experience (\$110bn) Targeting 2x or 3x revs from current levels	TAM realization and expansion Expanding reach of Creative Cloud segment + land larger Document Cloud deals
SECULAR THEMES	Digital Transformations Ecommerce, Digital Engagement, Marketing, E-signature, Collaboration	Strong position with both professional and individual creators
ENTRY/EXIT POINTS	Stock trades at 5x FY27 EV/Sales, and 12x FY27 P/E	Growth acceleration within Creative Cloud Clarity around long-term growth opportunity within Digital Experience
LT FRAMEWORK RETURN	Compounded Returns: Bear: 2%, Base: 22%, Bull: 34%	Rule of 60+ garners premium multiple Path to high 40%+ FCF margins
UNIT ECONOMICS	Direct to Adobe.com, Data Driven Operating Model Operating Margins: 46%	Majority of EPS growth from Digital Media Incremental margin impact of attracting more down-market users within Creative Cloud
PLATFORM/ BEST OF BREED	Customer data + AI to create marketing/commerce platform Broad portfolio of apps across Creative market	Single-app use case vs multi-app use case Pricing optimization as product portfolio continues to expand
COMPETITIVE MOAT	Strong foundation and pricing power in Creative Cloud Large install base; access to personalized customer data	Differentiation vs Creative pure-play apps + Best-of-suite approach Point product competition in Creative Cloud. Faces CRM, SAP, Oracle in Digital Experience
ESG	Goal to operate with 100% renewable energy by 2035 Potential return to M&A	Potential social impacts of products and potential risks from security breaches



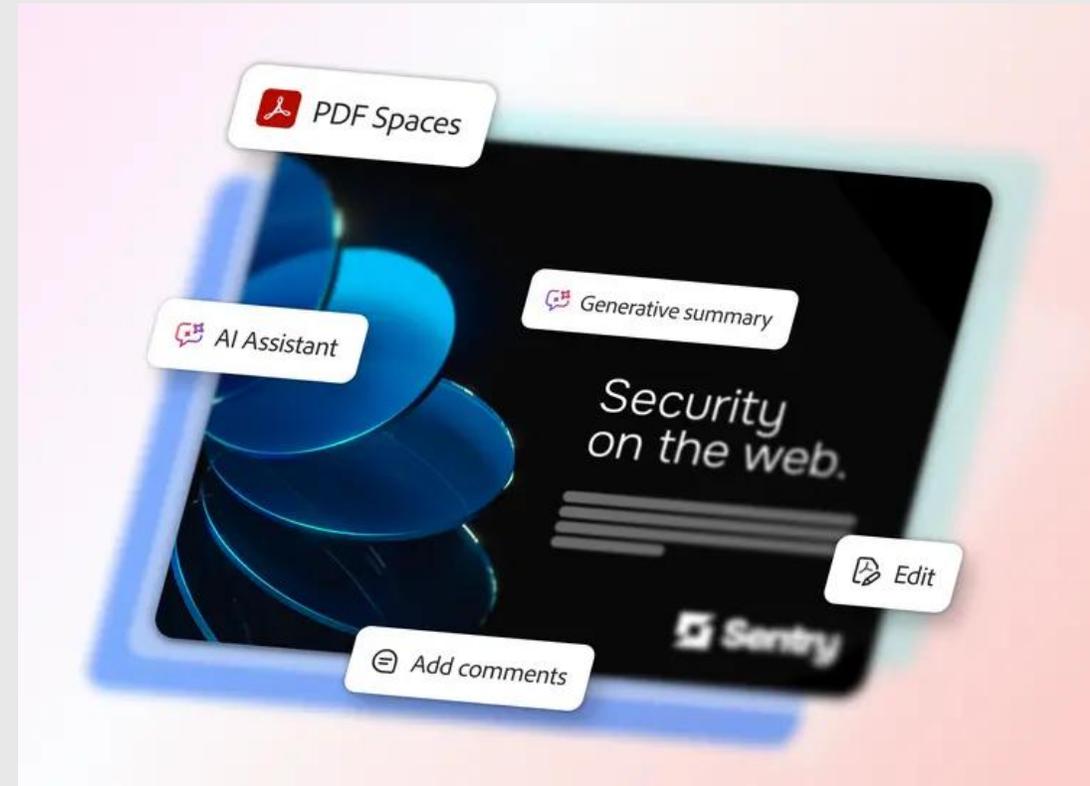
Customer Experience Architecture



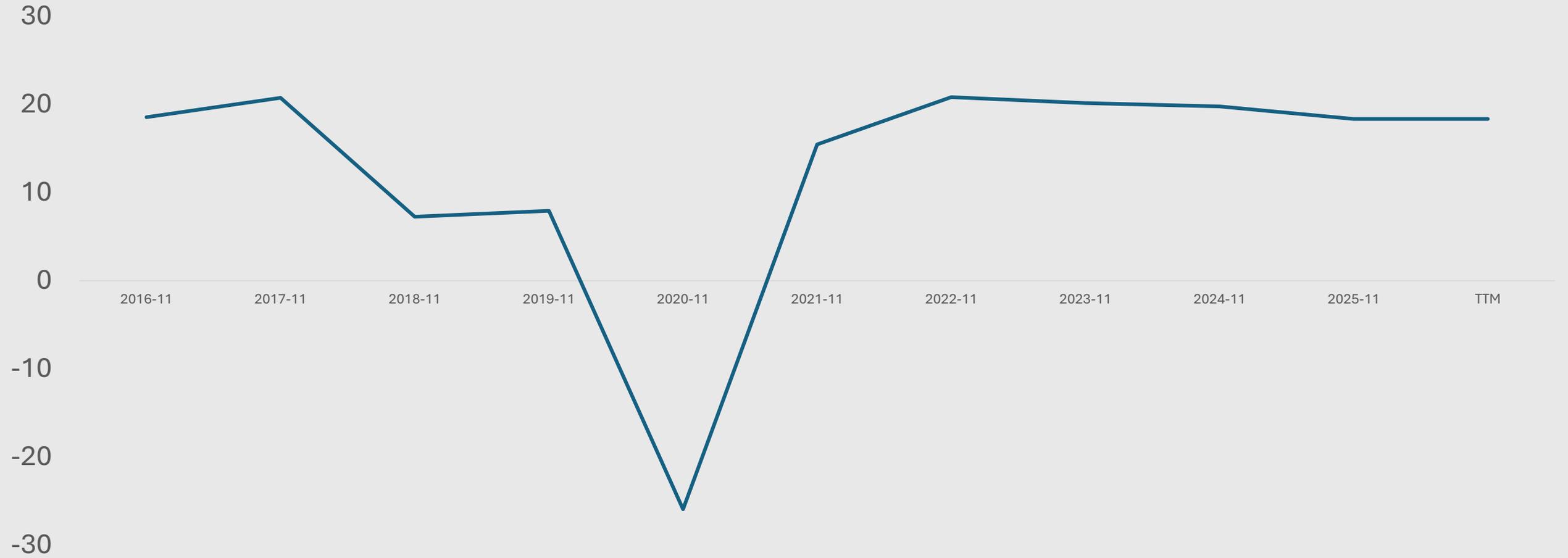
Business & PDF Tools



- AI features expand Acrobat from basic document viewing into a productivity platform
- Enhanced capabilities encourage individual and business users to upgrade to paid plans
- Increased standardization of Acrobat across companies supports long-term subscription growth.

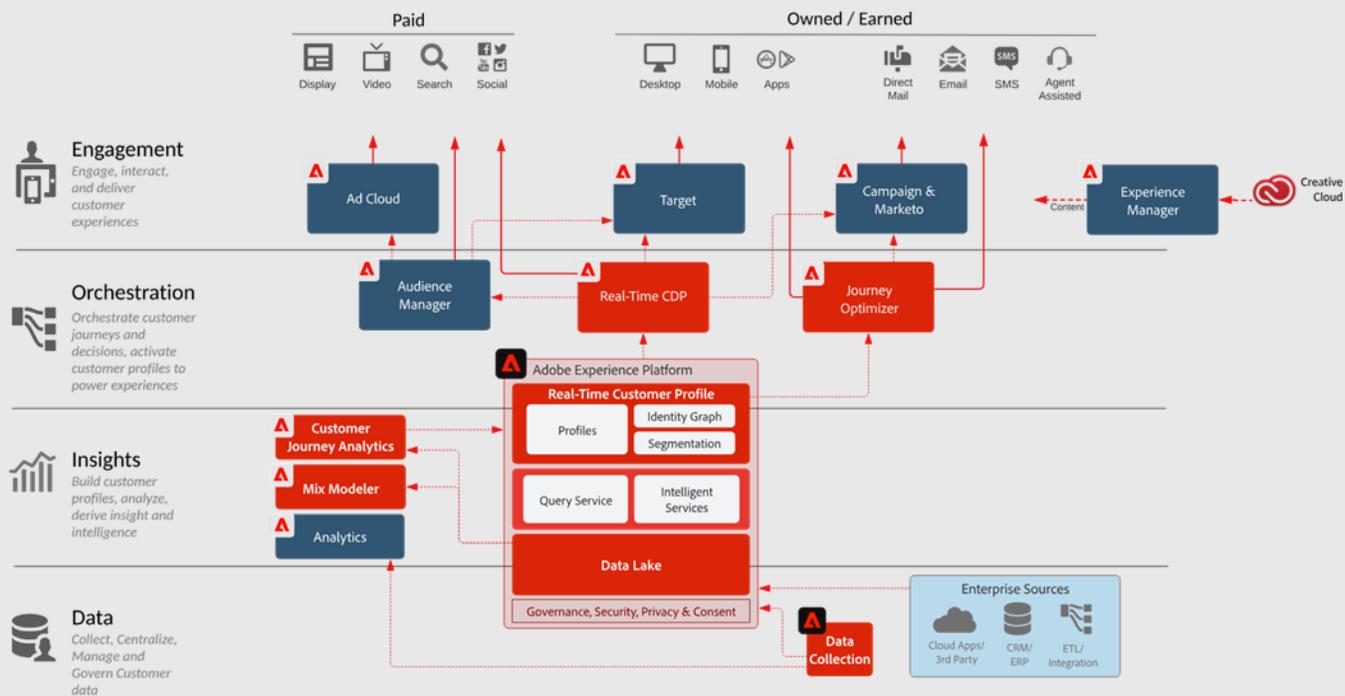


Tax Rate

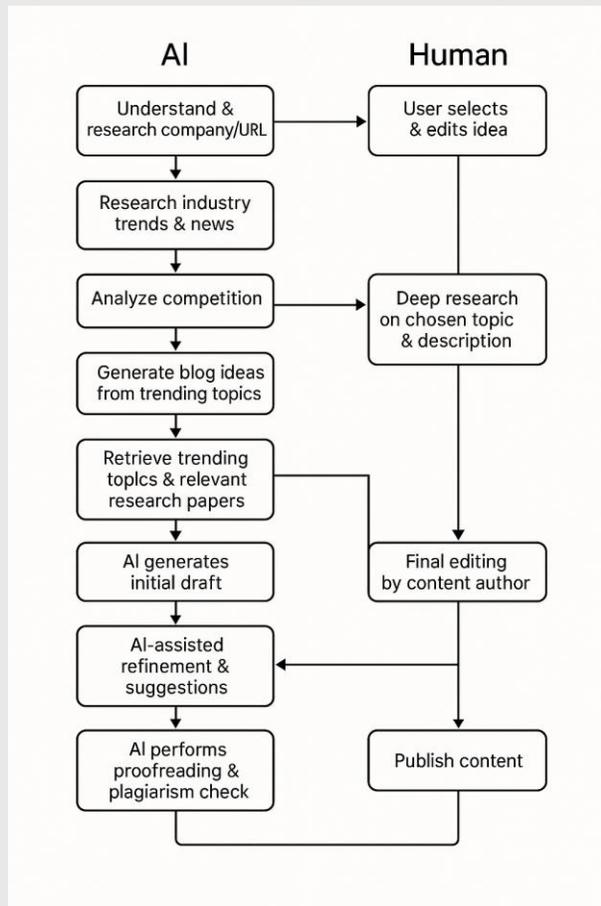




Customer Experience Architecture

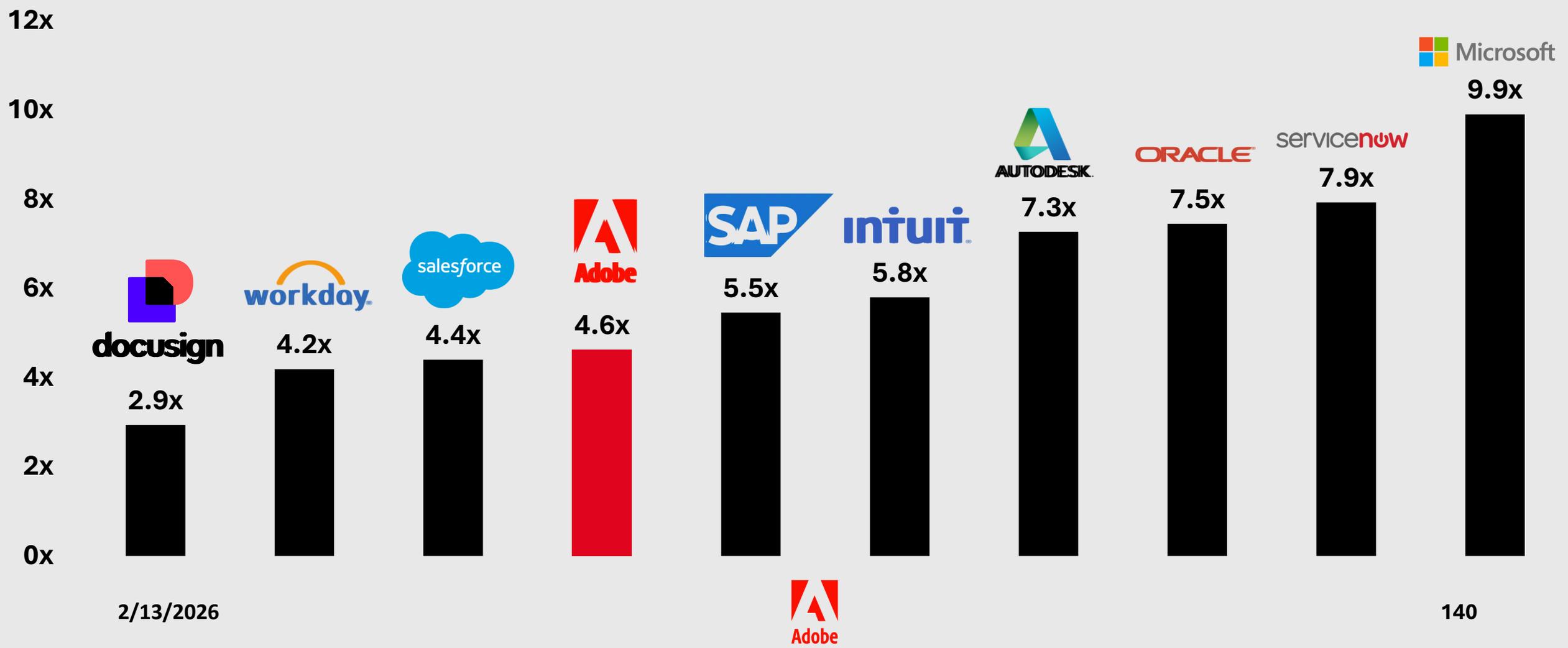


AI Changes Creation Not Responsibility





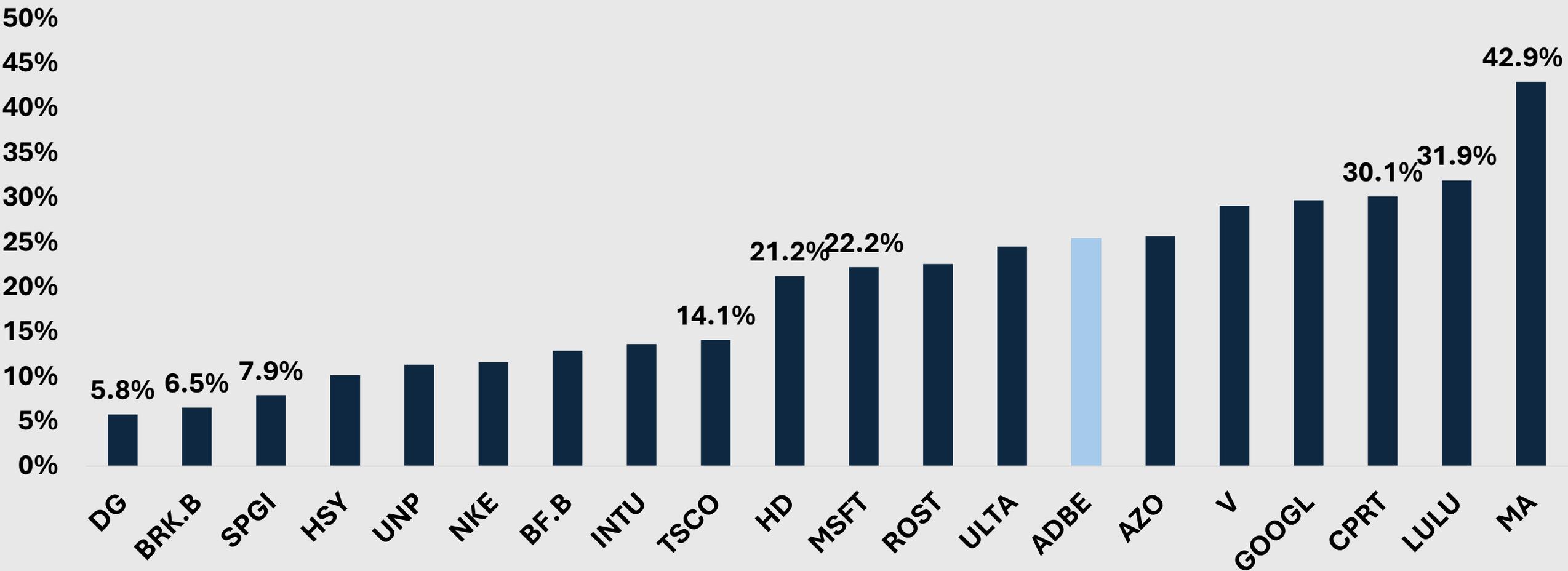
Price To Share TTM





Return on Invested Capital %

Net Operating Profit After Tax/Invested Capital





DuPont Analysis

$$ROE = (\text{Net Income/Sales}) \quad (\text{Sales/Assets}) \quad (\text{Assests/Equity})$$

