



Company: Adobe Inc
Unlevered Free Cash Flows



Assumptions

Date	Sunday, March 7, 2021
Discount Rate	8.53%
Tax Rate	21%
Revenue Growth Rate	14%

Year	2020	2021	2022	2023	2024	2025
Revenue	12,868	14,670	16,723	19,065	21,734	24,776
COGS	(1,722)	(1,907)	(2,174)	(2,478)	(2,825)	(3,221)
Selling/General/Admin. Expenses, Total	(4,373)	(4,164)	(4,164)	(4,164)	(4,164)	(4,164)
Research & Development	(2,188)	(1,571)	(1,571)	(1,571)	(1,571)	(1,571)
Other Operating Expenses	(186)	-	-	-	-	-
Interest/Invest Income - Non-Operating	55	55	55	55	55	55
EBITDA	4,454	7,082	8,869	10,906	13,228	15,875
Depreciation/Amortization	(162)	(162)	(162)	(162)	(162)	(162)
EBIT	4,292	6,920	8,707	10,744	13,066	15,713
Tax	1,084	(1,453)	(1,828)	(2,256)	(2,744)	(3,300)
EBIT (1-t)	5,376	5,467	6,879	8,488	10,322	12,413
Add Back Depreciation	162	162	162	162	162	162
Change in Net Working Capital						
CAPEX	(419)	(360)	(360)	(360)	(360)	(360)
Unlevered Free Cash Flows	5,119	5,269	6,681	8,290	10,124	12,215
PV Unlevered Free Cash Flows		4,855	5,672	6,485	7,297	8,113
SUM PV Free Cash Flows	32,421					

Terminal value - Growing perpetuity

Long term growth rate	5%
2025 FCF x (1+g)	12,826
Terminal value in 2025	363,347
PV Terminal Value	241,308
Enterprise Value	273,729

Terminal value - EBITDA Multiple

EBITDA multiple	15
Terminal value in 2025	238,127
PV Terminal Value	158,146
	190,567

Net Debt

Total Debt	4,117
Cash and Short Term Investments	5,992
Net Debt	(1,875)

Total Shares Outstanding

478.7

Share Price Target

Growing Perpetuity	\$ 575.73
EBITDA Multiple	\$ 402.01

Enterprise Value

Market Cap	220,044
Total Debt	4,117
Less Cash	(5,992)
Enterprise Value	218,169

Ratios

2021 EV/EBITDA	30.80
2021 EV/Sales	14.87