11 Sep 2026

CMB International Global Markets | Equity Research | Company Update

Adobe (ADBE US)

Inline 3QFY26 results; focus on user acquisition to drive long-term growth

Adobe reported inline 3QFY26 results: total revenue grew by 13% YoY to US$6.76bn, and non-GAAP net income was up by 8% YoY to US$2.42bn, both in line with Visible Alpha consensus. Total ARR increased by 11% YoY to US$27.5bn in 3QFY26, driven by solid user and engagement growth. The company slightly raised FY26 total revenue forecast by c.US$50mn to US$26.576-26.626bn (+11.8%-12.0% YoY), while maintaining FY26E ending ARR growth guidance unchanged at +10.2% YoY. The company continues to prioritize customer acquisition to fuel long-term growth, with over 20% YoY growth of total MAUs to over 1bn in 3QFY26. AI-first ARR increased by more than 150% YoY to US$650mn in 3QFY26. We keep our FY26-28E earnings forecasts largely unchanged and maintain our target price of US$300.0 based on 12x FY26E non-GAAP PE. Maintain BUY on positive AI product momentum and attractive valuation.

- **Focus on user acquisition to drive long-term growth.** Creative & marketing professionals subscription revenue increased by 13% YoY to US$4.65bn in 3QFY26, mainly driven by the strong growth of MAUs and AI usage. No. of creative freemium MAUs was up by over 70% YoY to more than 100mn in 3QFY26. Looking ahead, the company will continue to focus on expanding user base through a freemium strategy to drive long-term growth. Business professionals & consumers subscription revenue was up by 16% YoY to US$1.91bn in 3QFY26, with double-digit ending ARR YoY growth across all geographies. Total MAUs of Acrobat and Express increased by over 25% YoY to more than 900mn. The company also recorded strong performance in SMB segment across inside sales and the reseller channel.
- **Strong AI product adoption.** Adobe's AI-first ending ARR surpassed US$650mn in 3QFY26, up by over 150% YoY. AI offerings across business lines all achieved solid performance: 1) Acrobat AI Assistant MAUs doubled QoQ, and the company also saw strong enterprise adoption of Acrobat AI capabilities among ETLA customers; 2) AI credit consumption accelerated QoQ across Creative Cloud and the Firefly, with Firefly ending ARR up by 40% QoQ; 3) the company also recorded ending ARR growth of over 20% YoY for each of AEM & agentic web apps, Adobe GenStudio and AEP & apps.
- **Margin under short-term pressure.** Non-GAAP OPM was down by 2ppt YoY to 44% in 3QFY26, mainly due to the increase in R&D investment and the acquisition of Semrush (SEMR US, NR). The company currently trades at 10x FY26E non-GAAP PE, a 40% discount to the 2-year average PE (17x), offering ample safety margin, in our view. The company announced Anil Chakravarthy, the president of Adobe's Customer Experience Orchestration business, to become Adobe's next president and CEO effective Dec 1.

Earnings Summary

(YE 01 Dec)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US$ mn)	21,505	23,769	26,606	29,318	32,106
YoY growth (%)	10.8	10.5	11.9	10.2	9.5
Adjusted net profit (US$ mn)	8,281.0	8,941.0	9,792.5	10,901.8	12,215.3
EPS (Adjusted) (US$)	18.53	20.98	24.48	27.87	32.03
Consensus EPS (US$)	18.53	20.98	24.39	27.47	30.82
P/S (x)	4.6	4.2	3.7	3.4	3.1
P/E (x)	20.0	14.9	13.7	11.8	10.2

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$300.00**
Up/Downside	**20.6%**
Current Price	**US$248.83**

Software & IT Services

Saiyi HE, CFA
(852) 3916 1739
hesaiyi@cmbi.com.hk

Wentao LU, CFA
luwentao@cmbi.com.hk

Ye TAO, CFA
(852) 3850 5226
franktao@cmbi.com.hk

Shuyin GUO
(852) 3916 3716
guoshuyin@cmbi.com.hk

Stock Data

Mkt Cap (US$ mn)	99,532.0
Avg 3 mths t/o (US$ mn)	517.7
52w High/Low (US$)	367.46/193.41
Total Issued Shares (mn)	400.0

Source: FactSet

Shareholding Structure

BlackRock	9.4%
Vanguard	7.6%

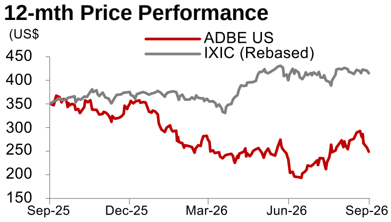
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-5.6%	-4.3%
3-mth	13.7%	12.5%
6-mth	-9.1%	-20.8%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Adobe: forecast revision

US$ bn	Current FY26E	FY27E	FY28E	Previous FY26E	FY27E	FY28E	Change (%) FY26E	FY27E	FY28E
Revenue	26.6	29.3	32.1	26.6	29.3	32.1	0.1%	0.1%	0.1%
Gross profit	23.8	26.2	28.7	23.8	26.2	28.7	0.1%	0.1%	0.1%
Non-GAAP OP	12.0	13.3	14.9	12.0	13.4	15.0	0.1%	-0.7%	-0.7%
Non-GAAP NP	9.8	10.9	12.2	9.7	10.9	12.2	0.7%	0.0%	0.0%
Non-GAAP EPS (US$)	24.5	27.9	32.0	24.4	27.9	32.0	0.4%	0.0%	0.0%
Gross margin	89.5%	89.5%	89.5%	89.5%	89.5%	89.5%	0.0 ppt	0.0 ppt	0.0 ppt
Non-GAAP OPM	45.0%	45.4%	46.4%	45.0%	45.8%	46.8%	0.0 ppt	-0.4 ppt	-0.4 ppt
Non-GAAP NPM	36.8%	37.2%	38.0%	36.6%	37.2%	38.1%	0.2 ppt	0.0 ppt	0.0 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US$ bn	CMBIGM FY26E	FY27E	FY28E	Consensus FY26E	FY27E	FY28E	Diff (%) FY26E	FY27E	FY28E
Revenue	26.6	29.3	32.1	26.6	28.9	31.4	0.2%	1.4%	2.2%
Gross profit	23.8	26.2	28.7	23.7	25.8	28.0	0.5%	1.8%	2.6%
Non-GAAP OP	12.0	13.3	14.9	11.9	13.0	14.0	0.3%	2.8%	6.2%
Non-GAAP NP	9.8	10.9	12.2	9.7	10.5	11.4	0.5%	3.3%	6.8%
Non-GAAP EPS (US$)	24.5	27.9	32.0	24.4	27.5	30.8	0.4%	1.4%	3.9%
Gross margin	89.5%	89.5%	89.5%	89.2%	89.1%	89.1%	0.3 ppt	0.4 ppt	0.4 ppt
Non-GAAP OPM	45.0%	45.4%	46.4%	45.0%	44.8%	44.7%	0.0 ppt	0.6 ppt	1.7 ppt
Non-GAAP NPM	36.8%	37.2%	38.0%	36.7%	36.5%	36.4%	0.1 ppt	0.7 ppt	1.6 ppt

Source: Visible Alpha, CMBIGM estimates

Valuation

We value Adobe at US$120.0bn (US$300.0 per share) based on 12x 2026E P/E. Our target P/E is at a discount to the sector average (25x), as Adobe is at a more mature business stage with slower earnings growth.

Figure 3: Adobe: target valuation

P/E Valuation (US$mn)	FY26E
Non-GAAP earnings	9,792
Target 2026E PE (x)	12
Target equity valuation	119,958
Valuation per share (USD)	300.0

Source: Company data, CMBIGM estimates

Figure 4: SaaS: valuation comparison

Company	Ticker	Price (LC)	P/E (x) 2026E	2027E	2028E	P/S (x) 2026E	2027E	2028E	EPS CAGR 25-28E
CRM									
Salesforce	CRM US	243.0	14.5	15.1	13.1	7.8	7.2	6.5	14%
HubSpot	HUBS US	223.6	16.9	13.3	11.1	13.8	11.3	9.7	28%
ITSM									
ServiceNow	NOW US	131.2	32.2	26.2	21.7	21.9	17.7	14.6	20%
Atlassian	TEAM US	179.6	31.7	29.7	24.5	13.8	11.4	9.4	15%
Communication									
Twilio	TWLO US	231.1	39.0	34.2	29.5	23.0	19.7	17.0	17%
Zoom	ZM US	95.5	15.6	15.1	14.3	12.3	11.8	11.3	4%
Average			**25.0**	**22.3**	**19.0**	**15.4**	**13.2**	**11.4**	

Source: Bloomberg, CMBIGM. Data are as of 10 Sep 2026

Risks

Heightening competitive pressure from AI labs; tightening enterprise IT budgets; AI investment impacts margin.

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 01 Dec (US$ mn)						
Revenue	**19,409**	**21,505**	**23,769**	**26,606**	**29,318**	**32,106**
Cost of goods sold	2,354	2,358	2,551	2,794	3,078	3,371
Gross profit	**17,055**	**19,147**	**21,218**	**23,813**	**26,240**	**28,734**
Operating expenses	**10,405**	**12,406**	**12,512**	**14,410**	**15,562**	**16,730**
Selling expense	5,351	5,764	6,488	7,343	7,916	8,508
Admin expense	1,413	1,529	1,573	1,995	2,166	2,336
R&D expense	3,473	3,944	4,294	4,896	5,287	5,673
Others	168	1,169	157	176	194	212
Operating profit	**6,650**	**6,741**	**8,706**	**9,403**	**10,678**	**12,005**
Other income	262	359	291	234	235	225
Net Interest income/(expense)	**(113)**	**(169)**	**(263)**	**(261)**	**(293)**	**(321)**
Pre-tax profit	**6,799**	**6,931**	**8,734**	**9,376**	**10,619**	**11,908**
Income tax	1,371	1,371	1,604	2,110	2,336	2,560
After tax profit	**5,428**	**5,560**	**7,130**	**7,266**	**8,283**	**9,348**
Net profit	**5,428**	**5,560**	**7,130**	**7,266**	**8,283**	**9,348**
Adjusted net profit	**7,377**	**8,281**	**8,941**	**9,792**	**10,902**	**12,215**

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 01 Dec (US$ mn)						
Current assets	**11,084**	**11,232**	**10,163**	**8,903**	**9,907**	**13,234**
Cash & equivalents	7,141	7,613	5,431	4,049	4,825	7,935
Account receivables	2,224	2,072	2,344	2,361	2,498	2,626
Prepayment	1,018	1,274	1,224	1,329	1,421	1,509
Other current assets	701	273	1,164	1,164	1,164	1,164
Non-current assets	**18,695**	**18,998**	**19,333**	**19,632**	**19,958**	**20,311**
PP&E	2,030	1,936	1,873	2,172	2,498	2,851
Right-of-use assets	358	281	312	312	312	312
Deferred income tax	1,191	1,657	2,186	2,186	2,186	2,186
Intangibles	1,088	782	495	495	495	495
Goodwill	12,805	12,788	12,857	12,857	12,857	12,857
Other non-current assets	1,223	1,554	1,610	1,610	1,610	1,610
Total assets	**29,779**	**30,230**	**29,496**	**28,535**	**29,865**	**33,545**
Current liabilities	**8,251**	**10,521**	**10,200**	**11,377**	**12,436**	**13,514**
Account payables	314	361	417	443	473	503
Tax payable	85	119	153	153	153	153
Lease liabilities	73	1,574	77	77	77	77
Contract liabilities	5,837	6,131	6,905	7,862	8,664	9,487
Accrued expenses	1,942	2,336	2,648	2,842	3,069	3,293
Non-current liabilities	**5,010**	**5,604**	**7,673**	**7,668**	**7,680**	**7,692**
Long-term borrowings	3,634	4,129	6,210	6,210	6,210	6,210
Obligations under finance leases	373	353	361	361	361	361
Deferred income	113	128	125	120	132	144
Other non-current liabilities	890	994	977	977	977	977
Total liabilities	**13,261**	**16,125**	**17,873**	**19,045**	**20,116**	**21,206**
Share capital	0	0	0	0	0	0
Capital surplus	11,586	13,419	15,361	17,516	19,891	22,491
Retained earnings	33,061	38,269	45,109	52,375	60,658	70,006
Other reserves	(28,129)	(37,583)	(48,847)	(60,401)	(70,800)	(80,158)
Total shareholders equity	**16,518**	**14,105**	**11,623**	**9,490**	**9,750**	**12,339**
Total equity and liabilities	**29,779**	**30,230**	**29,496**	**28,535**	**29,865**	**33,545**

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 01 Dec (US$ mn)						
Operating						
Profit before taxation	**6,799**	**6,931**	**8,734**	**9,376**	**10,619**	**11,908**
Depreciation & amortization	872	857	210	233	260	289
Tax paid	1,371	1,371	1,604	2,110	2,336	2,560
Change in working capital	(355)	144	718	1,049	843	874
Others	(1,385)	(1,247)	(1,235)	(2,064)	(2,298)	(2,520)
Net cash from operations	**7,302**	**8,056**	**10,031**	**10,704**	**11,760**	**13,112**
Investing						
Capital expenditure	(360)	(183)	(475)	(532)	(586)	(642)
Acquisition of subsidiaries/ investments	0	0	0	0	0	0
Net proceeds from disposal of short-term investments	1,136	332	(712)	0	0	0
Others	0	0	0	0	0	0
Net cash from investing	**776**	**149**	**(1,187)**	**(532)**	**(586)**	**(642)**
Financing						
Net borrowings	(500)	1,997	0	0	0	0
Share repurchases	(4,989)	(9,139)	(11,554)	(11,554)	(10,399)	(9,359)
Others	307	(582)	494	0	0	0
Net cash from financing	**(5,182)**	**(7,724)**	**(11,060)**	**(11,554)**	**(10,399)**	**(9,359)**
Net change in cash						
Cash at the beginning of the year	4,236	7,141	7,613	5,431	4,049	4,825
Exchange difference	9	(9)	34	0	0	0
Cash at the end of the year	**7,141**	**7,613**	**5,431**	**4,049**	**4,825**	**7,935**
GROWTH	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 01 Dec						
Revenue	10.2%	10.8%	10.5%	11.9%	10.2%	9.5%
Gross profit	10.5%	12.3%	10.8%	12.2%	10.2%	9.5%
Operating profit	9.1%	1.4%	29.1%	8.0%	13.6%	12.4%
Net profit	14.1%	2.4%	28.2%	1.9%	14.0%	12.9%
Adj. net profit	14.2%	12.3%	8.0%	9.5%	11.3%	12.0%
PROFITABILITY	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 01 Dec						
Gross profit margin	87.9%	89.0%	89.3%	89.5%	89.5%	89.5%
Operating margin	34.3%	31.3%	36.6%	35.3%	36.4%	37.4%
Adj. net profit margin	38.0%	38.5%	37.6%	36.8%	37.2%	38.0%
Return on equity (ROE)	35.5%	36.3%	55.4%	68.8%	86.1%	84.6%
GEARING/LIQUIDITY/ACTIVITIES	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 01 Dec						
Current ratio (x)	1.3	1.1	1.0	0.8	0.8	1.0
Receivable turnover days	41.8	35.2	36.0	32.4	31.1	29.9
Payable turnover days	48.7	55.9	59.7	57.9	56.1	54.5
VALUATION	**2023A**	**2024A**	**2025A**	**2026E**	**2027E**	**2028E**
YE 01 Dec						
P/E	20.9	20.0	14.9	13.7	11.8	10.2
P/E (diluted)	21.0	20.1	14.9	13.7	11.8	10.2
P/B	6.9	7.9	9.1	10.5	10.0	7.7

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

Disclosures & Disclaimers

Analyst Certification

The research analyst who is primary responsible for the content of this research report, in whole or in part, certifies that with respect to the securities or issuer that the analyst covered in this report: (1) all of the views expressed accurately reflect his or her personal views about the subject securities or issuer; and (2) no part of his or her compensation was, is, or will be, directly or indirectly, related to the specific views expressed by that analyst in this report.
Besides, the analyst confirms that neither the analyst nor his/her associates (as defined in the code of conduct issued by The Hong Kong Securities and Futures Commission) (1) have dealt in or traded in the stock(s) covered in this research report within 30 calendar days prior to the date of issue of this report; (2) will deal in or trade in the stock(s) covered in this research report 3 business days after the date of issue of this report; (3) serve as an officer of any of the Hong Kong listed companies covered in this report; and (4) have any financial interests in the Hong Kong listed companies covered in this report.

CMBIGM Ratings

BUY	: Stock with potential return of over 15% over next 12 months
HOLD	: Stock with potential return of +15% to -10% over next 12 months
SELL	: Stock with potential loss of over 10% over next 12 months
NOT RATED	: Stock is not rated by CMBIGM
OUTPERFORM	: Industry expected to outperform the relevant broad market benchmark over next 12 months
MARKET-PERFORM	: Industry expected to perform in-line with the relevant broad market benchmark over next 12 months
UNDERPERFORM	: Industry expected to underperform the relevant broad market benchmark over next 12 months

CMB International Global Markets Limited

Address: 45/F, Champion Tower, 3 Garden Road, Hong Kong, Tel: (852) 3900 0888   Fax: (852) 3900 0800

CMB International Global Markets Limited ("CMBIGM") is a wholly owned subsidiary of CMB International Capital Corporation Limited (a wholly owned subsidiary of China Merchants Bank)

Important Disclosures

There are risks involved in transacting in any securities. The information contained in this report may not be suitable for the purposes of all investors. CMBIGM does not provide individually tailored investment advice. This report has been prepared without regard to the individual investment objectives, financial position or special requirements. Past performance has no indication of future performance, and actual events may differ materially from that which is contained in the report. The value of, and returns from, any investments are uncertain and are not guaranteed and may fluctuate as a result of their dependence on the performance of underlying assets or other variable market factors. CMBIGM recommends that investors should independently evaluate particular investments and strategies, and encourages investors to consult with a professional financial advisor in order to make their own investment decisions.
This report or any information contained herein, have been prepared by the CMBIGM, solely for the purpose of supplying information to the clients of CMBIGM or its affiliate(s) to whom it is distributed. This report is not and should not be construed as an offer or solicitation to buy or sell any security or any interest in securities or enter into any transaction. Neither CMBIGM nor any of its affiliates, shareholders, agents, consultants, directors, officers or employees shall be liable for any loss, damage or expense whatsoever, whether direct or consequential, incurred in relying on the information contained in this report. Anyone making use of the information contained in this report does so entirely at their own risk.
The information and contents contained in this report are based on the analyses and interpretations of information believed to be publicly available and reliable. CMBIGM has exerted every effort in its capacity to ensure, but not to guarantee, their accuracy, completeness, timeliness or correctness. CMBIGM provides the information, advices and forecasts on an "AS IS" basis. The information and contents are subject to change without notice. CMBIGM may issue other publications having information and/ or conclusions different from this report. These publications reflect different assumption, point-of-view and analytical methods when compiling. CMBIGM may make investment decisions or take proprietary positions that are inconsistent with the recommendations or views in this report.
CMBIGM may have a position, make markets or act as principal or engage in transactions in securities of companies referred to in this report for itself and/or on behalf of its clients from time to time. Investors should assume that CMBIGM does or seeks to have investment banking or other business relationships with the companies in this report. As a result, recipients should be aware that CMBIGM may have a conflict of interest that could affect the objectivity of this report and CMBIGM will not assume any responsibility in respect thereof. This report is for the use of intended recipients only and this publication, may not be reproduced, reprinted, sold, redistributed or published in whole or in part for any purpose without prior written consent of CMBIGM.
Additional information on recommended securities is available upon request.

For recipients of this document in the United Kingdom
This report has been provided only to persons (I)falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended from time to time)("The Order") or (II) are persons falling within Article 49(2) (a) to (d) ("High Net Worth Companies, Unincorporated Associations, etc.,) of the Order, and may not be provided to any other person without the prior written consent of CMBIGM.

For recipients of this document in the United States
CMBIGM is not a registered broker-dealer in the United States. As a result, CMBIGM is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. The research analyst who is primary responsible for the content of this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority ("FINRA"). The analyst is not subject to applicable restrictions under FINRA Rules intended to ensure that the analyst is not affected by potential conflicts of interest that could bear upon the reliability of the research report. This report is intended for distribution in the United States solely to "major US institutional investors", as defined in Rule 15a-6 under the US, Securities Exchange Act of 1934, as amended, and may not be furnished to any other person in the United States. Each major US institutional investor that receives a copy of this report by its acceptance hereof represents and agrees that it shall not distribute or provide this report to any other person. Any U.S. recipient of this report wishing to effect any transaction to buy or sell securities based on the information provided in this report should do so only through a U.S.-registered broker-dealer.

For recipients of this document in Singapore
This report is distributed in Singapore by CMBI (Singapore) Pte. Limited (CMBISG) (Company Regn. No. 201731928D), an Exempt Financial Adviser as defined in the Financial Advisers Act (Cap. 110) of Singapore and regulated by the Monetary Authority of Singapore. CMBISG may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, as defined in the Securities and Futures Act (Cap. 289) of Singapore, CMBISG accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact CMBISG at +65 6350 4400 for matters arising from, or in connection with the report.