



Adobe

# Adobe Financial Analyst Meeting

October 15, 2018



#AdobeRemix  
S1T2



# Welcome

Mike Saviage | VP Investor Relations

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# Agenda

Vision & Strategy	Shantanu Narayen
Platform for Growth	Gloria Chen
Digital Media	Bryan Lamkin and Scott Belsky
BREAK	
Digital Experience	Brad Rencher
Technology Vision	Abhay Parasnis
Finance	John Murphy
Q&A	

# Financial Disclaimer

Some of the information discussed in this presentation contains forward-looking statements that involve risk and uncertainty. Actual results may differ materially from those set forth in such statements. For a discussion of the risks and uncertainties, you should review Adobe's SEC filings, including the annual report on Form 10-K for fiscal year 2017 and the quarterly reports on Form 10-Q filed by the company in 2018. In our presentation, we may discuss non-GAAP financial measures. The GAAP financial measures that correspond to such non-GAAP measures, as well as the reconciliation between the two, are available on our website at <http://www.adobe.com/ADBE>.

Adobe does not undertake an obligation to update forward-looking statements.



# Adobe Vision & Strategy

Shantanu Narayen | President & CEO

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*Changing the World*  
Through Digital Experiences

# Trends Driving Our Business

Experience is the Currency of Customer Satisfaction

Digital Transformation Leads the C-Suite Agenda

Customers Buy Experiences, Not Products

Intelligence is Everywhere

It's the Golden Age of Design & Creativity

Everyone has a Story to Tell

Paper & Processes are Going Digital

Content & Screens are Multiplying



*Empowering*  
People  
To Create

*Transforming*  
How  
Businesses Compete



# Creative Cloud: From Inspiration to Monetization



Creating new design categories

Expanding to non-professionals

Data-driven customer engagement

Growth in new services

Sensei and Adobe magic

# Adobe Document Cloud: Next-generation Digital Documents



Lingua franca for electronic documents

Scanning, Editing, Collaborating, Sharing

Modernizing mobile PDF

Driving the business to subscriptions

Scaling adoption through partners

Enabling Paper to Digital transformation

# Adobe Experience Cloud: Enabling Digital Transformation



Reimagining enterprise software categories

Extending to the C-Suite

Expanding value proposition with Magento & Marketo

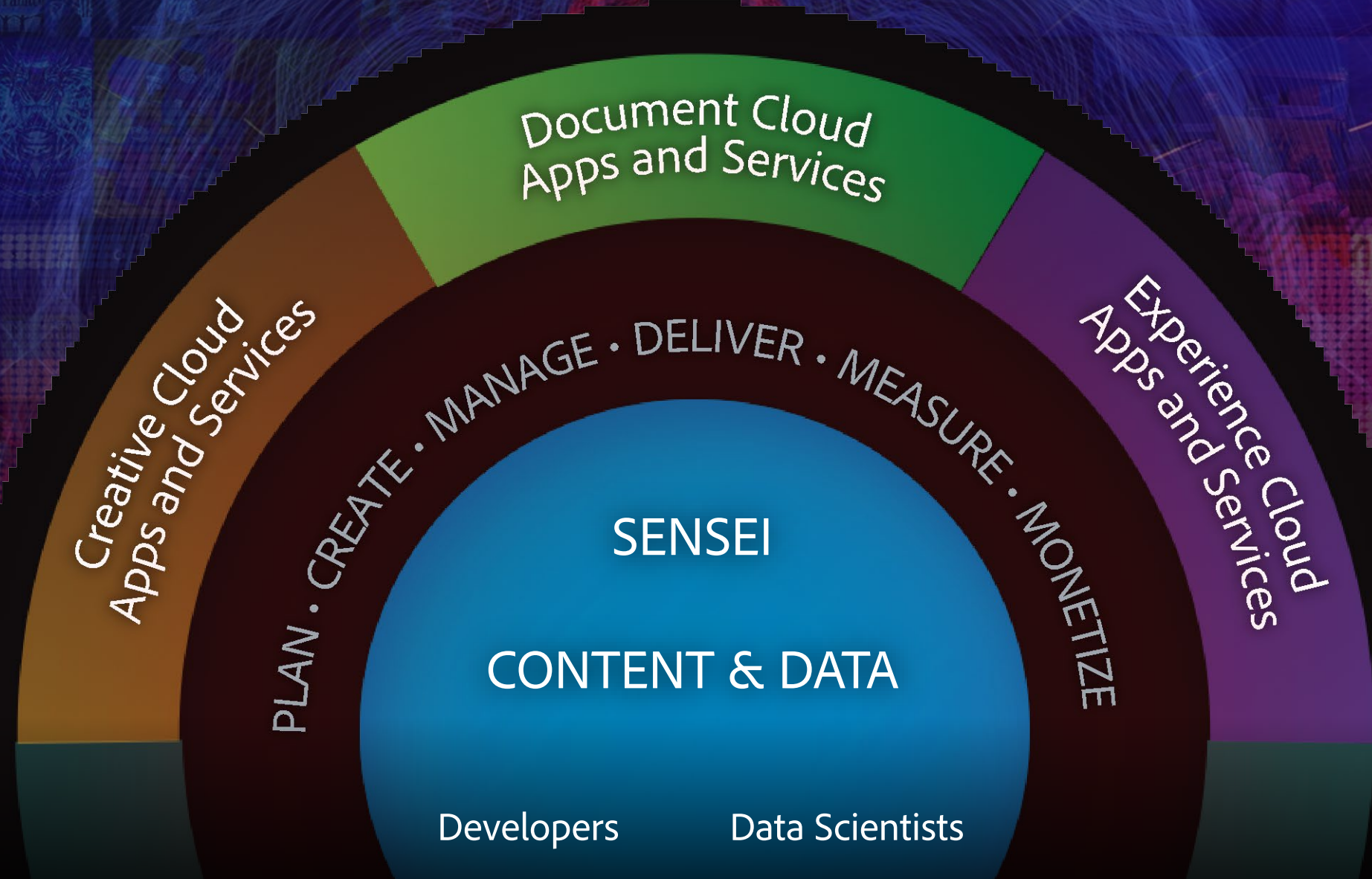
Unlocking data assets in the enterprise

Investing in deep technology moats

# Adobe's Impact



# Adobe's Technology Strategy



# Adobe's Growth Strategy

*Empowering*  
People  
To Create

~\$108B

Total Addressable Market

Brand  
Permission

Customer  
Centricity

Technology  
Moats

Market Growth &  
Category Expansion

*Transforming*

How  
Businesses Compete

Source: Adobe, October 2018

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Adobe

# Platform for Growth

Gloria Chen | SVP, Strategy & Growth

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# Proven Track Record of Transformation

*Empowering*  
People  
To Create



## From Applications to Suites

- Graphics & publishing
- Acrobat & PDF franchise
- Creative pro desktop

Adobe Revenue



## Move to the Cloud

- Subscriptions & recurring revenue
- New users & new services
- Digital Marketing leadership

## Platforms & Intelligence

- Creativity for All
- Platform for Digital Documents
- Reimagining Customer Experience Management (CXM)

*Transforming*  
How  
Businesses Compete



# Expanding Total Addressable Market

## Category Creation & Expansion



Creativity for All  
Platform for Digital Documents  
Reimagining CXM

## Technology Drivers

- New media, devices & modalities
- Intelligence everywhere
- Investments in platforms

## Customer Expansion

- Creative pros, office workers, consumers, students
- Marketers, data scientists, developers
- CMO, CDO, CRO, CIO
- Vertical & global markets



# 2021 Digital Media Total Addressable Market



Digital Media 2020 TAM

**\$29.5B**

Total Addressable Market



Digital Media 2021 TAM

**\$36.7B**

Total Addressable Market

**\$29.2B** Creative Cloud

**\$7.5B** Document Cloud

# 2021 Digital Experience Total Addressable Market



Experience Cloud 2020 TAM

**\$53.2B**

Total Addressable Market



Experience Cloud 2021 TAM

**\$71.2B**

Total Addressable Market

**\$37.6B<sup>\*</sup>**

Marketing Cloud

**\$18.5B<sup>\*\*</sup>**

Analytics Cloud

**\$9.2B**

Advertising Cloud

**\$5.9B**

Commerce Cloud

\* Includes incremental Marketo TAM

\*\* Includes Incremental Adobe Experience Platform TAM

Source: Adobe, October 2018

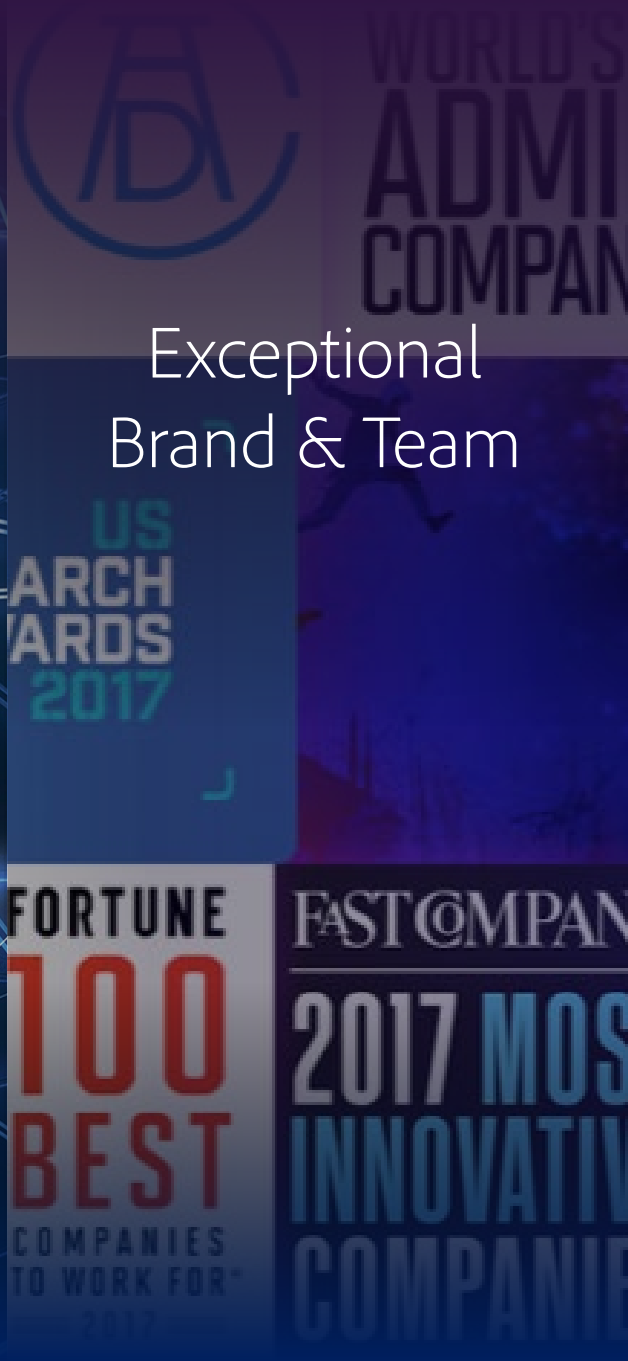
# Leveraging Our Core Capabilities

Innovation  
Engine

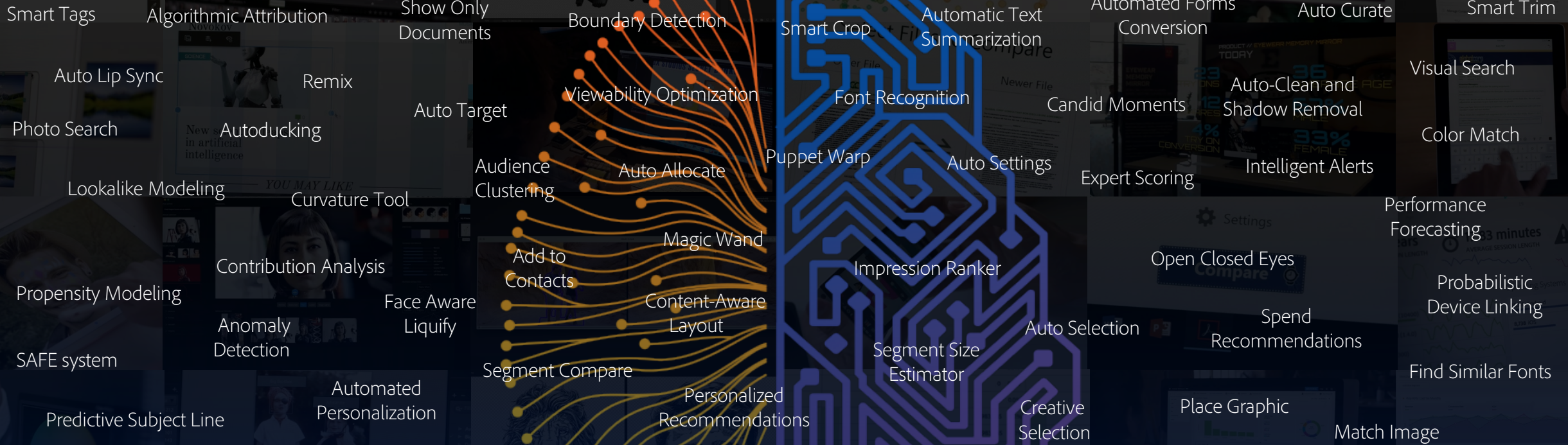
Broad Range  
of Customers

Thriving  
Ecosystem

Exceptional  
Brand & Team



# Innovation Engine



**Forbes 2018**  
**THE WORLD'S**  
**MOST INNOVATIVE**  
**COMPANIES**

**FAST COMPANY**  
**MOST INNOVATIVE**  
**COMPANIES IN AI**

# Broad Range of Customers

*Empowering*  
People  
To Create

*Transforming*  
How  
Businesses Compete

## ADOBE.COM

Data-driven consumer engagement & "Customer Zero"

## MID-MARKET

Resellers, inside sales & volume demand-gen to SMB & enterprises

## ENTERPRISE

High touch, consultative selling to Fortune 5000 & public sector

# Thriving Ecosystem

## Community

>300,000  
Magento Developers



~14M  
Behance Members

>150,000  
Experience League Members

>550,000  
Education Exchange Members

## Technology



facebook



workday



servicenow



ATLASSIAN

## Go-to-Market



accenture

WPP

Deloitte.



Cognizant



OmnicomGroup



Infosys




Exceptional Brand  
&  
Exceptional Team

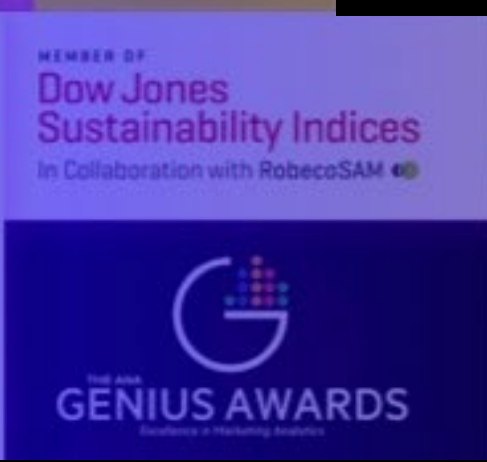


**Interbrand** Best Global Brands 2018

51 TOP GROWING



Adobe





# Adobe's Growth Story

*Empowering*  
People  
To Create

*Transforming*  
How  
Businesses Compete

~\$108B

Total Addressable Market

Innovation  
Engine

Broad  
Customer Reach

Thriving  
Ecosystem

Exceptional  
Brand & Team

Source: Adobe, October 2018

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# Digital Media

Bryan Lamkin | EVP & GM, Digital Media

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# Empowering People To Create



# Trends Driving Our Business

Democratization  
of Creativity

Experience Business

Paper-to-Digital

Emerging  
Social Platforms

Everyone is a Storyteller

Experience Businesses

Mobile & Cloud  
Productivity

# Our Customers



*Creative Professionals*

Freelancers



*Social Content Creators*

Small Businesses



*Enthusiasts*

Agencies



*Students*

Enterprises



*Knowledge Workers*

Governments

# Digital Media Business Momentum

## Digital Media Annualized Recurring Revenue (ARR)

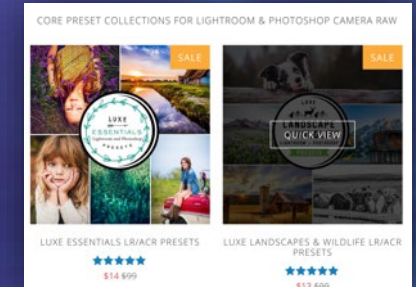
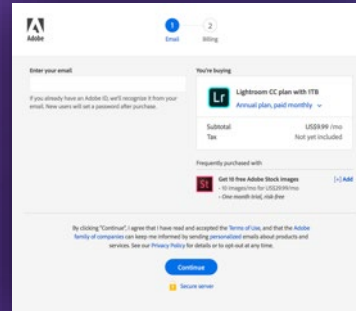
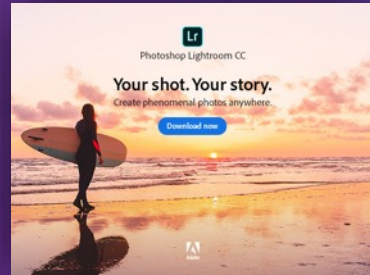
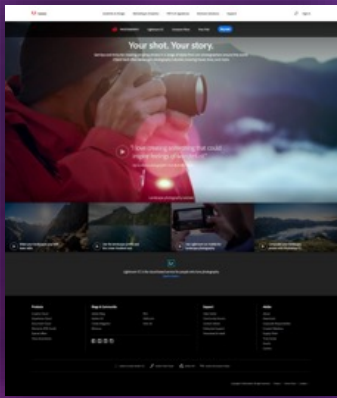


Source: Adobe, October 2018

\* Reflects FY2018 YTD results and Q4FY18 target

# Data-Driven Operating Model (DDOM)

## World Class Customer Experience Management



DISCOVER

TRY

BUY

USE

RENEW/UPSELL

- Expanded touchpoints
- Customer segmentation
- Marketing attribution
- Geographic differences
- Cross-device experience
- Tailored paywalls
- Mobile offerings
- Multi-year offerings
- Targeted promotions
- Conversion optimization
- Value discovery
- Triggered actions
- Community
- Training
- Upsell/cross-sell
- Stock attach
- Sign attach
- Seat expansion

# Data Driven Operating Model

## Offering and Customer Framework — DME GTM Running the Business

Daily Dash Q4W05

Quarter	Geo	Market Area	Route to Market	Segment	Subscription Offering	Product Name
2018-Q4	EMEA	Germany	adobe.com	Photography	LRCC	All



### JOURNEYS

#### Discover

Traffic

#### Try

New QFMs

#### Buy

Conversion

#### Use

Repeat User MAU

\* one week behind

#### Renew

Reseller Renewal

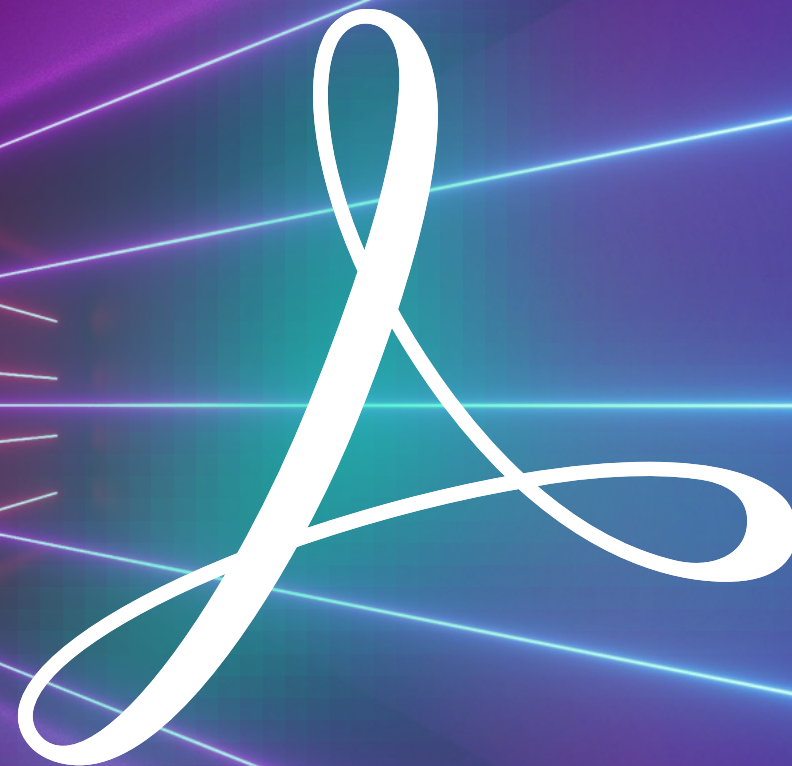
#### Billing Completion

"For illustrative purposes only. Not based on actual data."

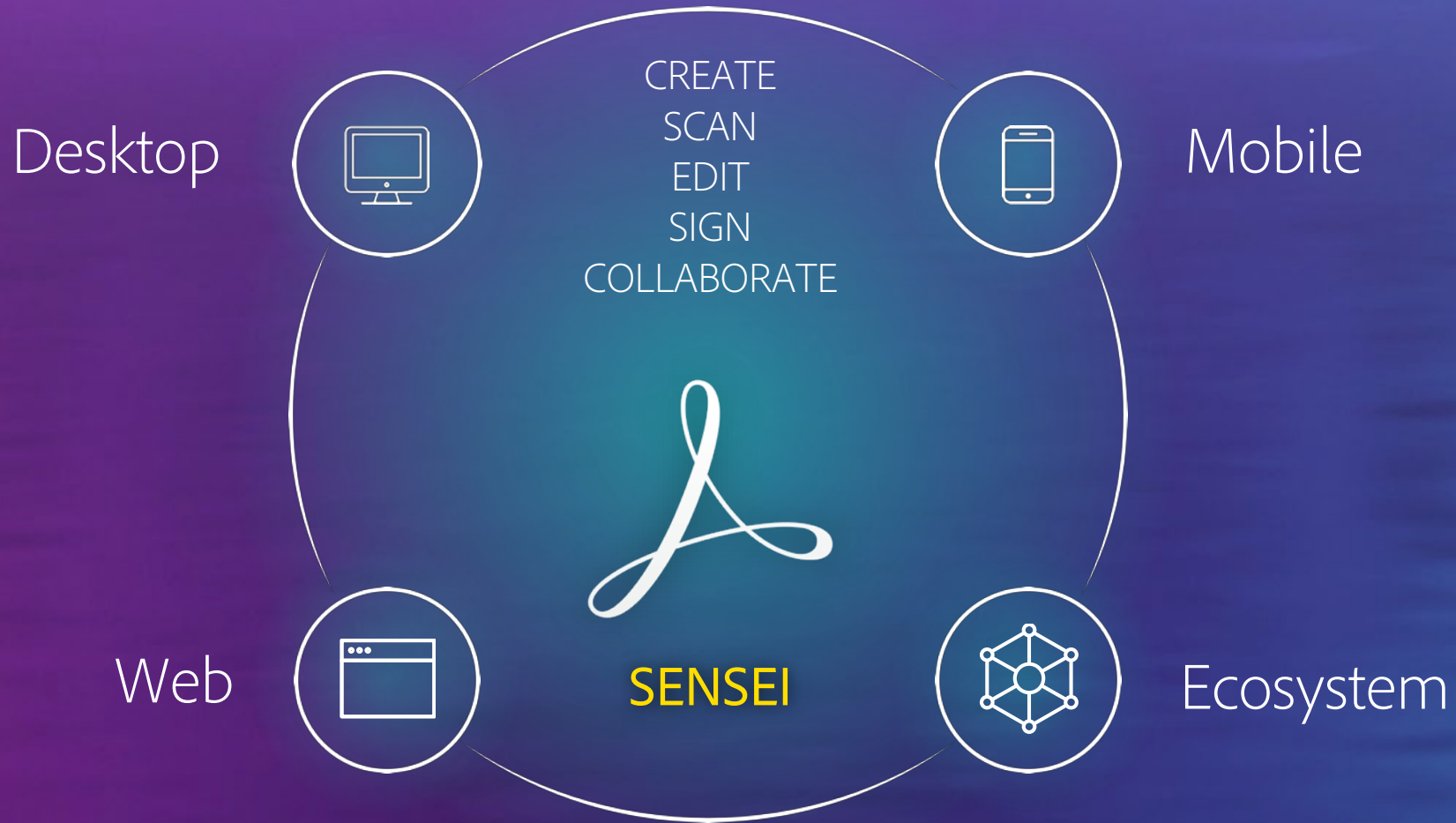
FILTERS



# Adobe Document Cloud



# Adobe Document Cloud: The Platform for Digital Documents



# Adobe Document Cloud Business Momentum



>250B

PDFs opened in Adobe apps in last 4 quarters

~630M

Document Cloud mobile app installs

>20%

Acrobat YoY unit growth for 5 consecutive quarters<sup>1</sup>

>40%

Of subscribers new to Acrobat franchise

>45%

Channel units are subscription<sup>2</sup>

~50%

Acrobat Enterprise seats licensed with services

>50%

Fortune 100 use Adobe Sign

Source: Adobe, as of Q3FY18

<sup>1</sup> Across Creative Cloud and Adobe Document Cloud, Q2FY17 through Q3FY18

<sup>2</sup> Subscription units as a percentage of total units sold through reseller channel including perpetual units

# Adobe Document Cloud Customers

## Financial Services



## Government & Public Sector



## Manufacturing



## Education



## Healthcare & Life Sciences



## Other Industries



## High Tech



## Travel & Hospitality



## Telecommunications & Media



## Retail



# Adobe Document Cloud Powers Digital Transformation

## Digital Enrollment

Modern processes for customer onboarding

HSBC Retail Banking



Forms and eSignatures transformed customer experience, reducing enrollment time from weeks to minutes

## Paper to Digital

Reduce paper and accelerate efficiency

State of Hawaii



Moved ~400k documents online, improving citizen access and saving ~\$5M over 2.5 years

## Sales Acceleration

Contracts reviewed, approved, and signed faster

Merck

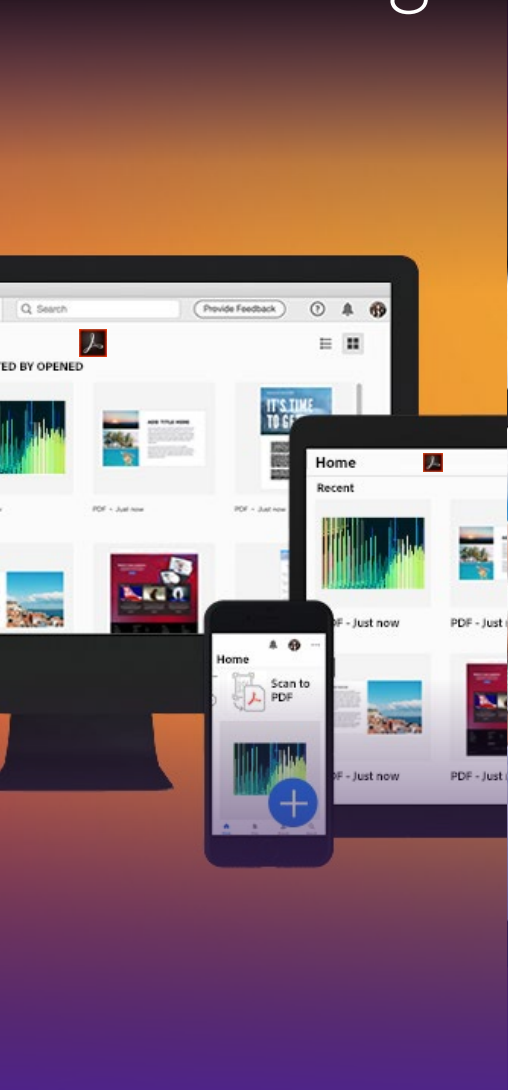


eSignatures accelerated business with ~14x faster time to close, from >7 days to hours

# New Acrobat DC: Reimagining How Work Gets Done with PDF



Scan



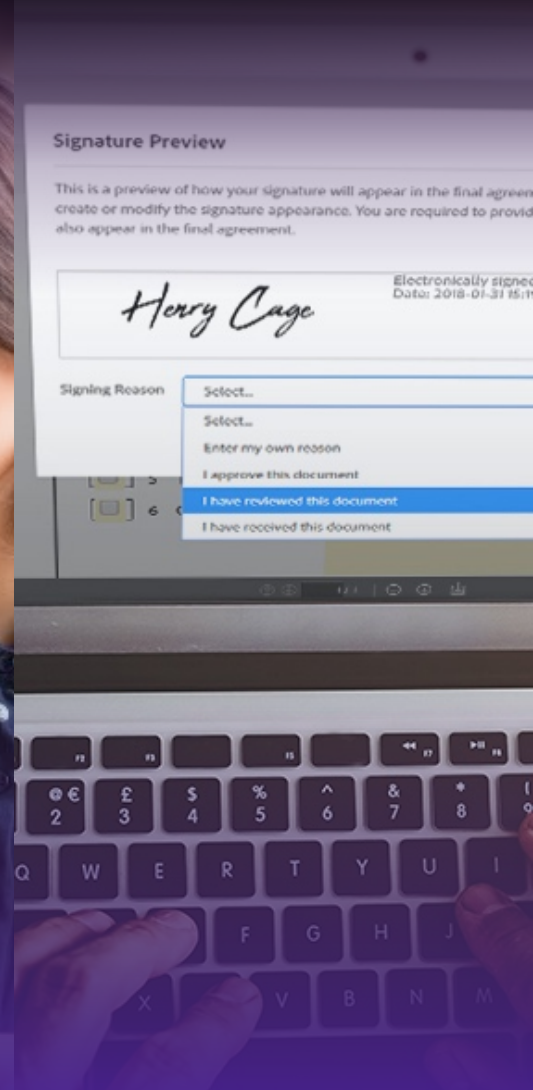
Multi-Surface



Collaborate



Edit



Sign

# PDF Accelerates Modern Work



**PDF LIKE A PRO**

EVEN IF YOU'RE WORKING PRO BONO.

ONLY WITH  Adobe Acrobat DC

**PDF LIKE A MOM**

WHO RUNS HER OWN COMPANY TOO.

ONLY WITH  Adobe Acrobat DC



# Adobe Document Cloud Growth Drivers



## CORE

- PDF category growth and reinvention
- Acrobat migration to subscription
- Free to paid conversion
- SMB & enterprise seat expansion
- International growth
- Product line optimization
- Anti-piracy



## MARKET EXPANSION

- New mobile users
- Cloud services: Scan, Edit, Collaborate, Sign
- Partnerships



## VALUE EXPANSION

- Paper to Digital transformation, including eSignatures
- Collaboration
- Document intelligence



# 2021 Adobe Document Cloud Total Addressable Market



Document Cloud 2020 TAM

**\$5.3B**

Total Addressable Market



Document Cloud 2021 TAM

**\$7.5B**

Total Addressable Market

**\$2.5B**

Core

**\$0.5B**

Market Expansion

**\$4.5B**

Value Expansion

Creative Cloud



# Creative Cloud: The Platform for Creativity



# Creative Cloud Business Momentum



>110M

Mobile IDs

>45%

New to Creative Cloud  
franchise

>3M

XD downloads

~14M

Behance members

>80%

Enterprise seats licensed  
with services

~40%

Y/Y growth for  
Photography offerings

>30%

YoY revenue growth  
for Adobe Stock

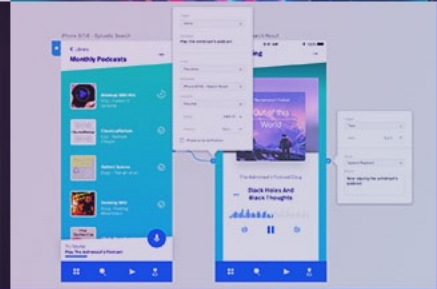
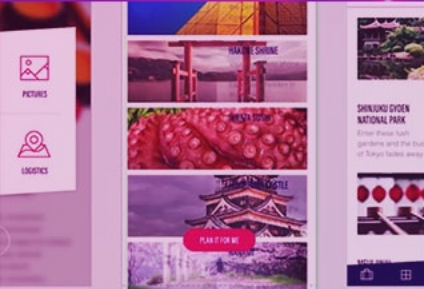
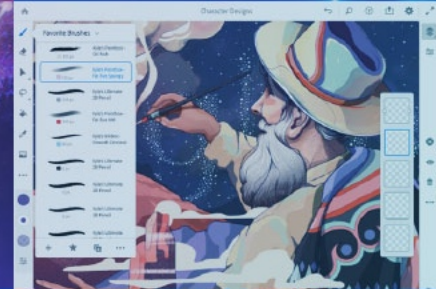
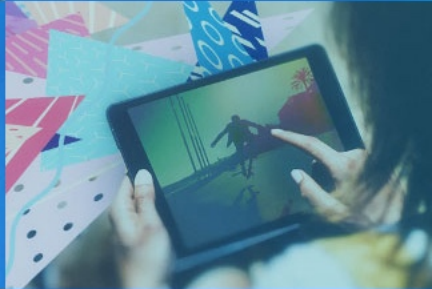
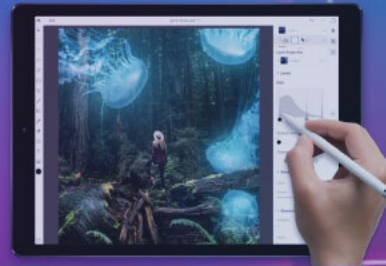
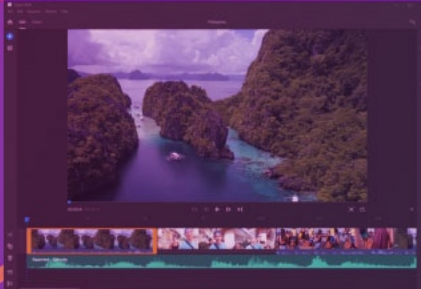
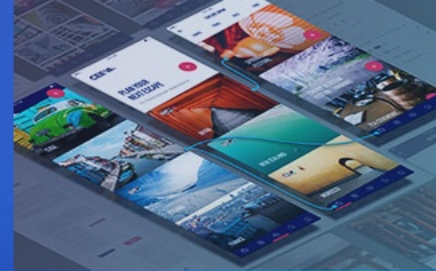


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# Creative Cloud Product Strategy

Scott Belsky | EVP & CPO, Creative Cloud

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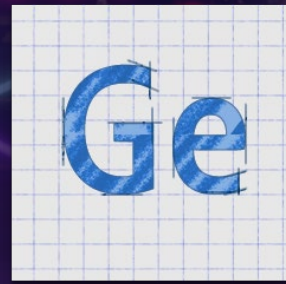
# MAX Announcements



Premiere Rush



Photoshop on iPad

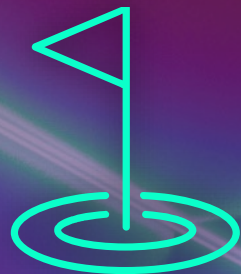


Project Gemini

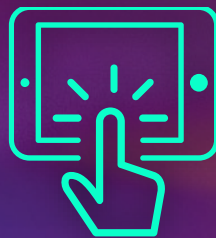


Adobe XD

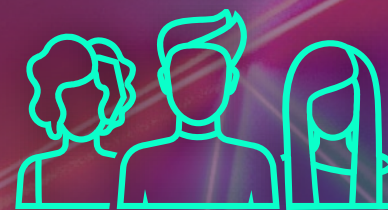
# Creative Cloud Product Strategies



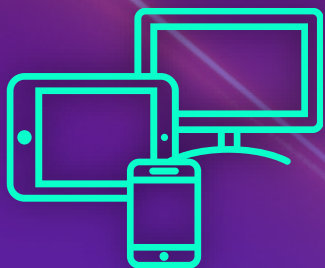
First Mile



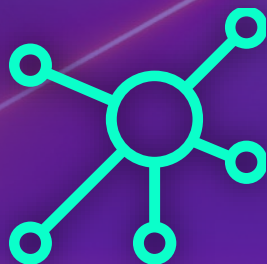
Experience Design



Expand to Non-Pros



Multi-Surface  
Systems



Services



New Mediums

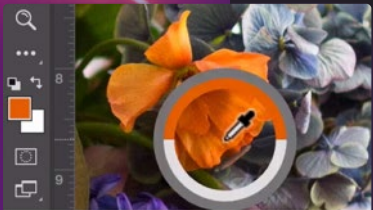
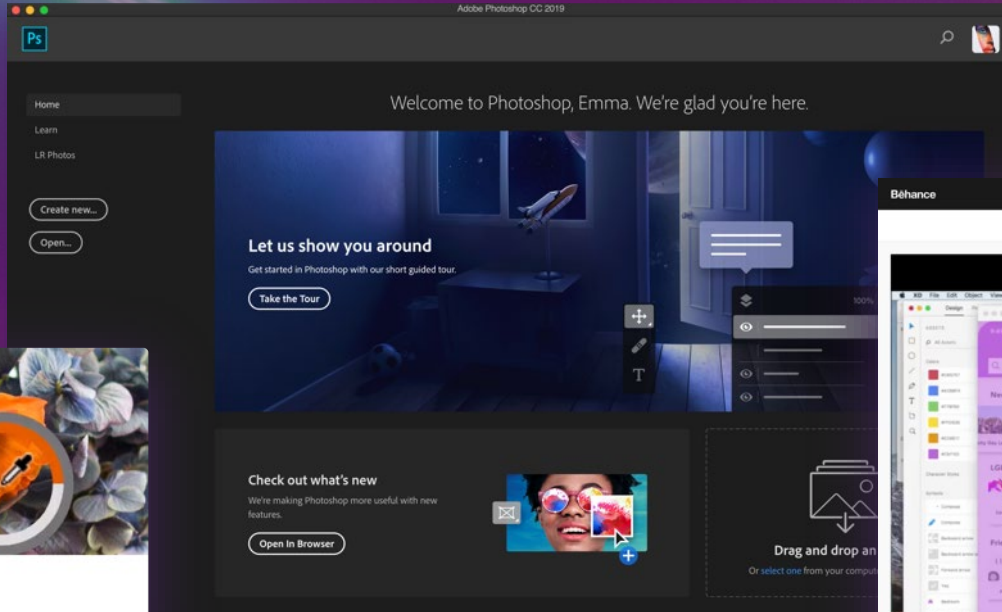


New Stakeholders

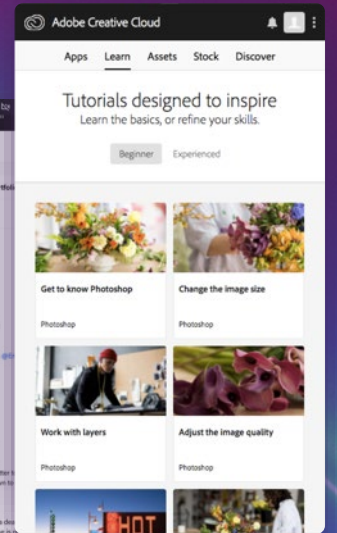
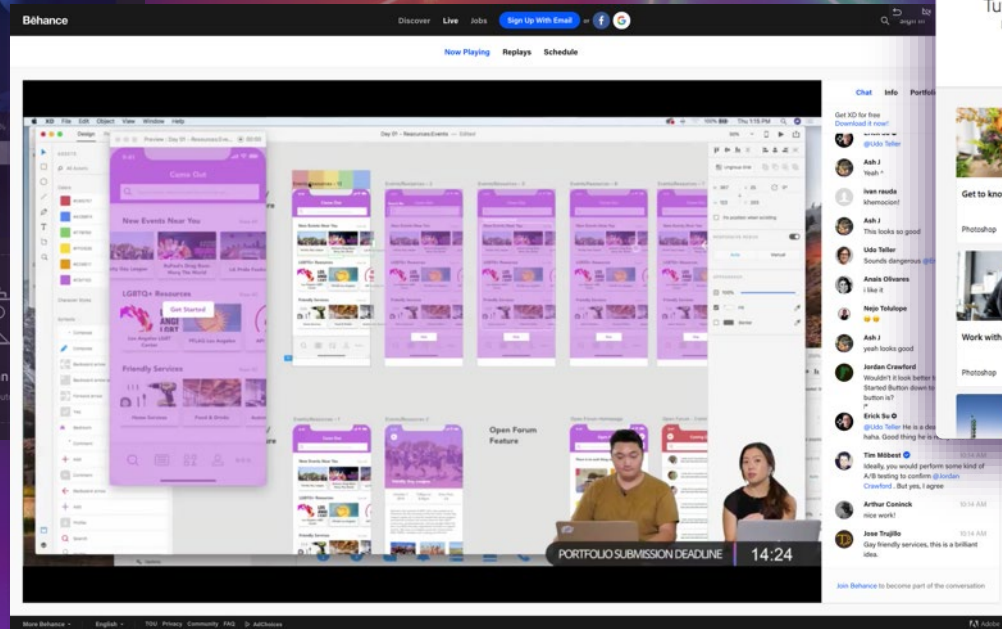




# First Mile: From Zero to Hero



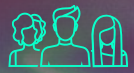
**Eyedropper tool (I)**  
Samples colors from an image





# Experience Design: Transform the World of Interactive Design





# Expand to Non-Pros: Extend the Power of Creative Cloud to All



Destinations: Device, Youtube, Facebook, Facebook Stories, Instagram, Instagram Stories, Vimeo, Twitter, Snapchat, Behance

Settings: NYC Couple, Title: Philippines, Description: Add a description. Optional, Tags: Comma-separated list of tags, Privacy when shared: Public, Category: People & Blogs, Playlist: None, Schedule video

Preview: Main Sequence  
Philippines  
00:00 02:16:34  
Thumbnail: Philippines

Render



Featured Personal Lifestyle

HAPPY EASTER SUNDAY! MUSIC FESTIVAL VLOG DAY 1 EASTER DIY SALE 40% OFF EVERYTHING

believe in your inner Beyoncé

HAPPY EARTH DAY!

april.

EASTER SUNDAY BRUNCH

COME & JOIN THE FUN! EASTER EGG HUNT

Save the Date 2017 COMMENCEMENT

DIY PROM DRESS UNDER \$50

POST HIGH SCHOOL CLASS OF 2018 SENIOR PROM

NEW LAYOUT

Templates + My Posts



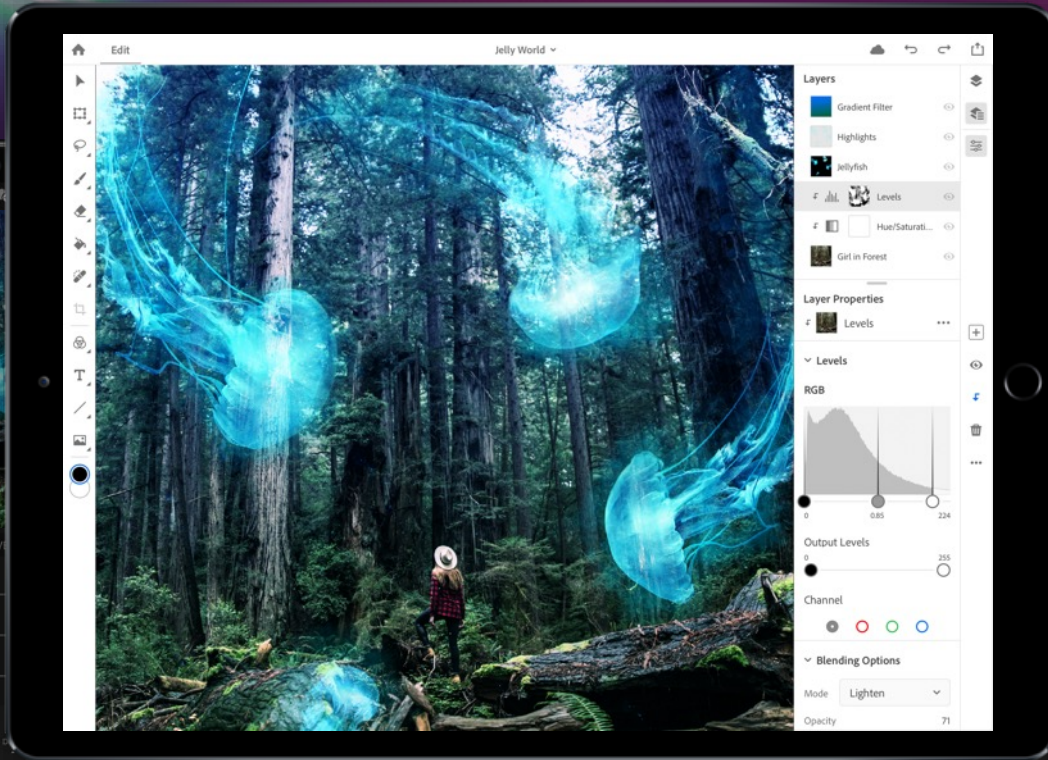
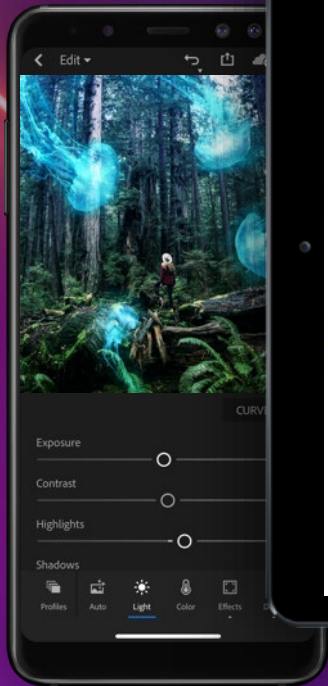
LIGHT: White Balance, Temp, Tint, Vibrance, Saturation

EFFECTS, DETAIL, OPTICS, GEOMETRY

Presets

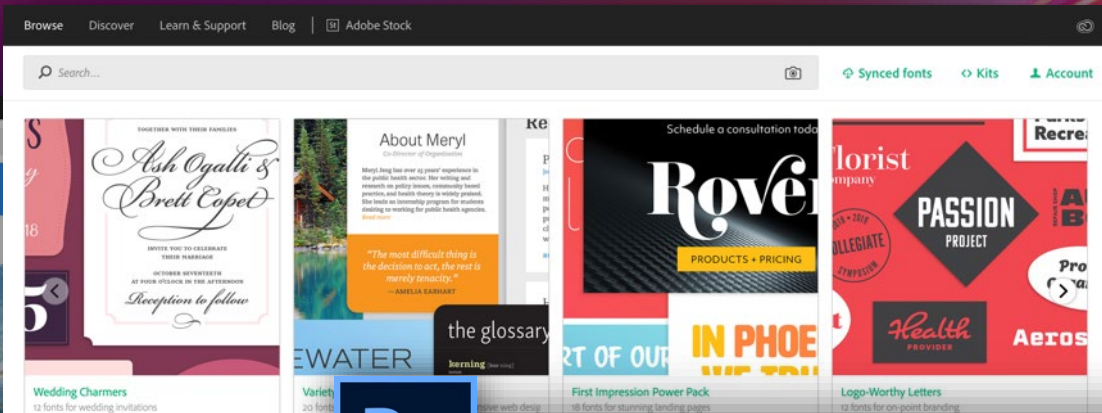
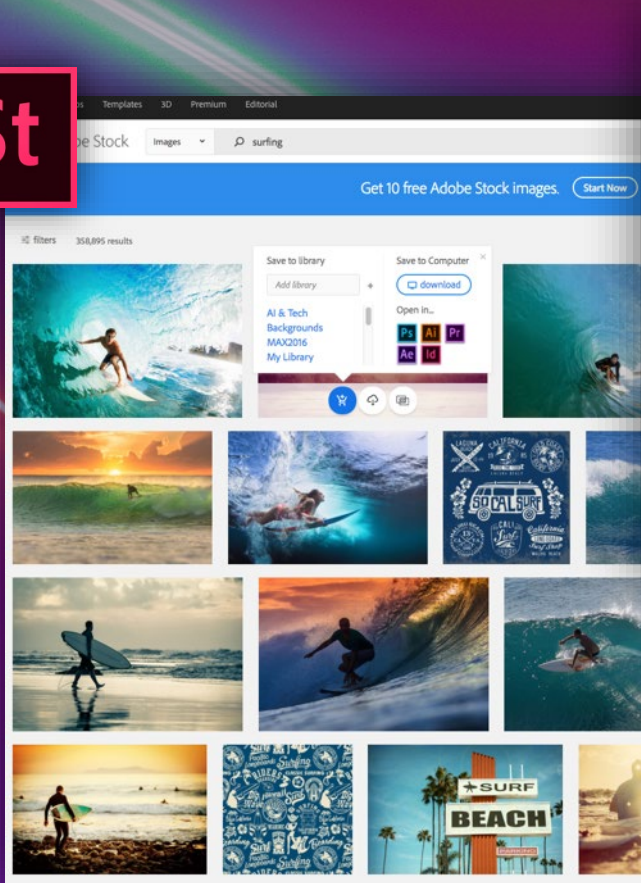


# Multi-Surface Systems: Extend Creativity Beyond the Desktop

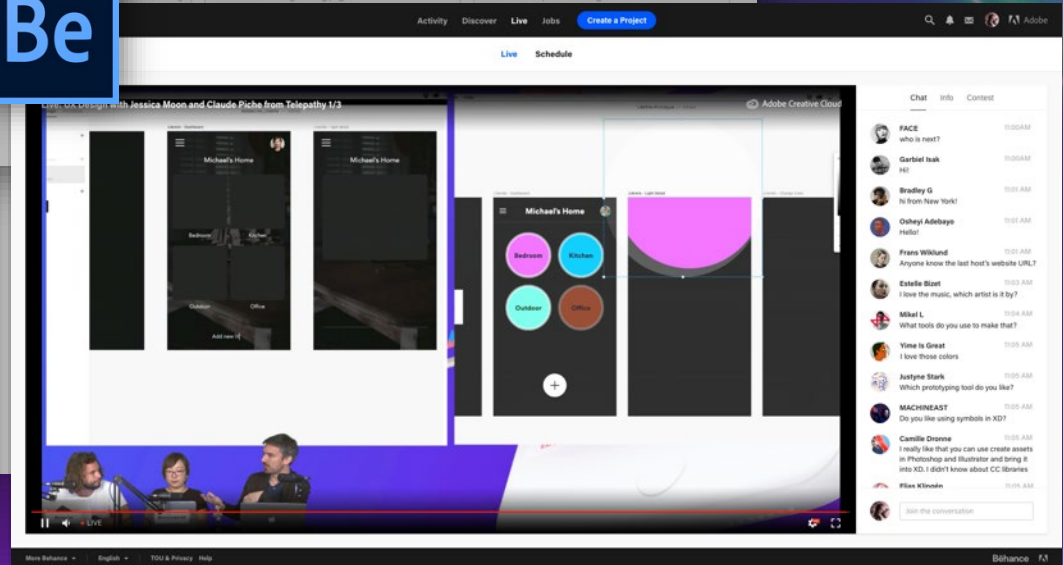


# Services: Adobe Stock, Fonts & Behance

St



Be





# New Mediums: Designing for AR, Voice, 3D & Beyond





# New Stakeholders: Extend Creative Cloud to the Broader Organization





Photoshop



After Effects



Premiere Pro



Premiere Rush



XD



InDesign



Illustrator



Dreamweaver



Dimension



Lightroom



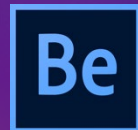
Lightroom Classic



Acrobat



Portfolio



Behance



Media Encoder



Character Animator



Stock



Animate



Bridge



Spark



Audition



Prelude



Photoshop (on iPad)



Photoshop Fix



Photoshop Mix



Photoshop Sketch



Comp



Premiere Clip



Capture



Illustrator Draw



Project Gemini



Project Aero



# Creative Cloud Growth Drivers



## CORE

- CS migration to subscription
- New creative jobs
- Growth in students
- New media types
- SMB & enterprise seat expansion
- International growth
- Anti-piracy
- Product line optimization
- Free-to-paid conversion



## MARKET EXPANSION

- Photo & video enthusiasts
- Social media marketers
- Mobile users for creative imaging
- Lightroom perpetual and Elements migration to subscription
- Partnerships



## VALUE EXPANSION

- Stock
- Collaboration
- Marketplace for learn and creative services

# 2021 Creative Cloud Total Addressable Market



Creative Cloud 2020 TAM

**\$24.2B**

Total Addressable Market



Creative Cloud 2021 TAM

**\$29.2B**

Total Addressable Market

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**\$14.5B**

Core

**\$7.2B**

Market Expansion

**\$7.5B**

Value Expansion

# 2021 Total Addressable Market

TOTAL DIGITAL MEDIA

\$36.7B

\$17.0B



CORE



\$7.7B



MARKET  
EXPANSION



\$12.0B



VALUE  
EXPANSION

# Digital Media Opportunity



Explosion of new content & document experiences

Expanding customer opportunities

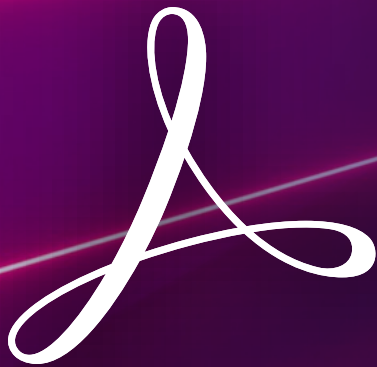
Unprecedented rate of product & platform innovation

Mobile drives innovation agenda & new user acquisition

Reimagined PDF & modern document experiences drive digital transformation

World-class Data Driven Operating Model

Multiple drivers for ARR growth





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# Digital Experience

Brad Rencher | EVP & GM, Digital Experience

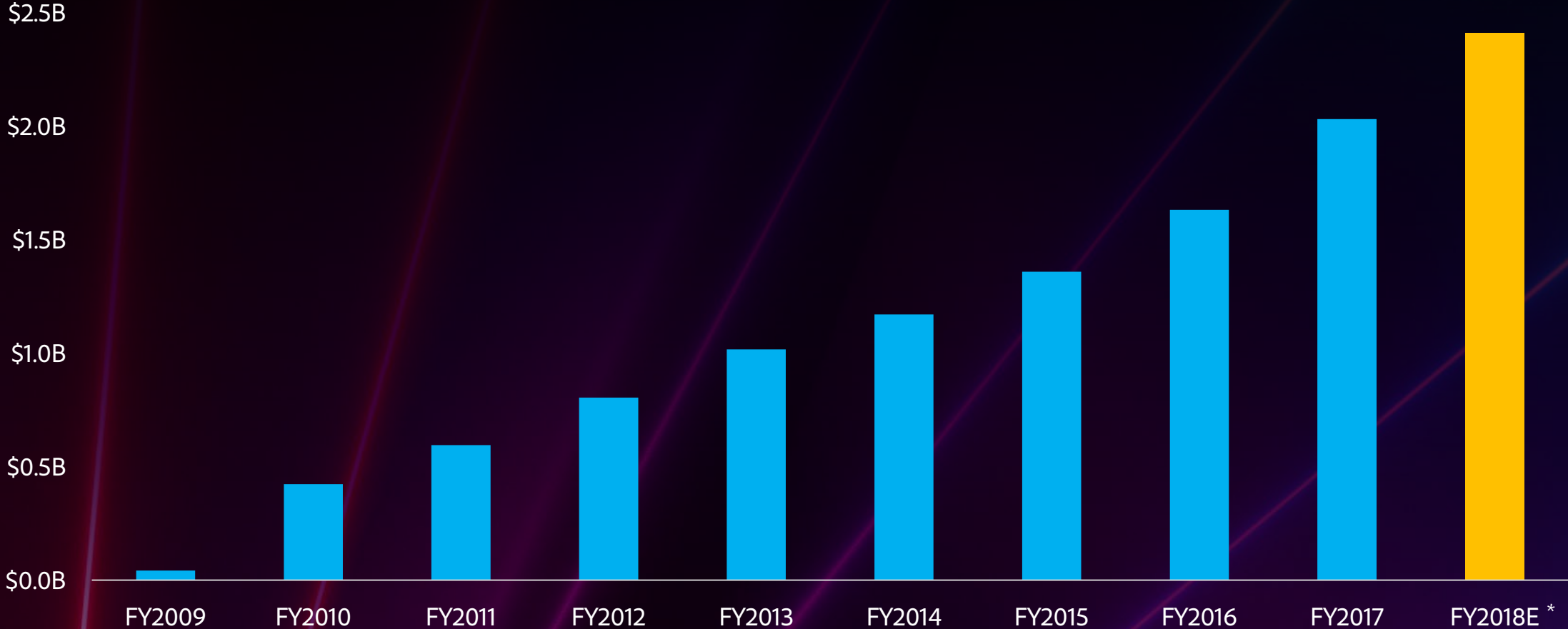
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# *Transforming* How Businesses Compete

# Digital Experience Business Momentum

## Annual Revenue



\* Reflects FY2018 YTD results and Q4FY18 target



# Land & Expand with Customers

## Industry

## Use Cases

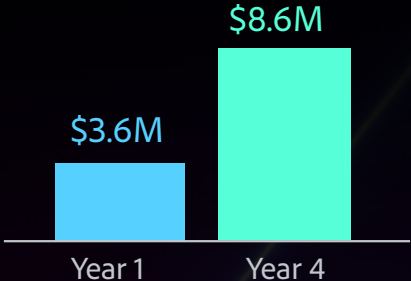
## ARR Growth

## Business Impact



Large Multi-Channel Retailer

- Increase e-commerce revenue
- More efficient audience reach in advertising
- Decrease time to update/change website



~\$250M in incremental revenue



Large Telecommunications Provider

- Reduce churn to competitive carrier
- Increase ARPU via cross selling new plans
- Increase sales within shopping cart

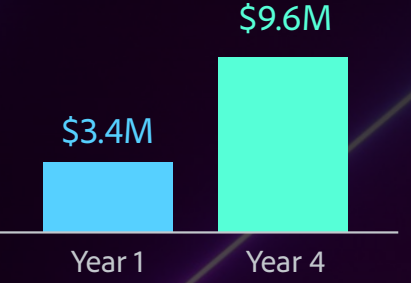


~\$50M in profits<sup>50</sup>



Large Automotive Manufacturer

- Increase online appointments for dealerships
- Match financing offers to website visitors
- Increase email campaign click through to offer rate



~2x email open rate  
Increased engagement



# Land & Expand with Customers

## Industry

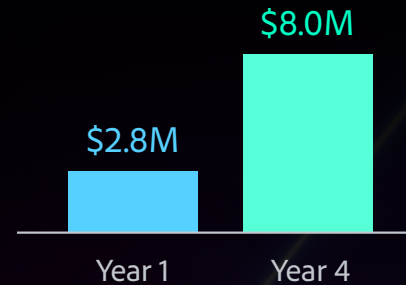


Large Financial Services Company

## Use Cases

- Increase credit card application conversions
- Ensure regulatory data compliance
- Lower acquisition costs in commercial banking

## ARR Growth



## Business Impact

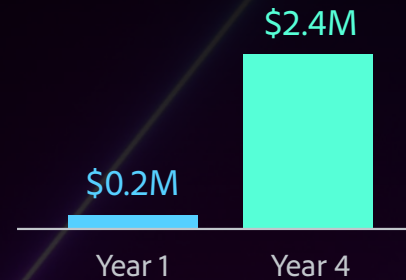
~70% increase in customer engagement tied to high value actions



Large International Airline

- Improve continuity across channels
- Automate media campaigns
- Increased loyalty program membership

## ARR Growth



Personalization: Created more contextual emails that saw the revenue generated from the emails increase by 66 percent.



Large Media Company

- Asset centralization
- Lower operating cost
- More profitable audience segmentation

## ARR Growth



~\$14 million in annual incremental revenue

# Land & Expand with Customers

## Industry

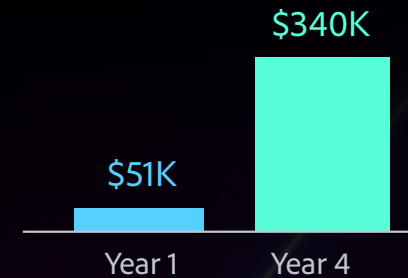


B2B Power Management Company

## Use Cases

- Asset centralization
- Lower operating cost
- Create relevant experiences across channels

## ARR Growth



## Business Impact

~4X efficiency gains



Small Financial Services Company

- Decrease cost-per-conversion
- Increase application completion rate
- Integrate online and offline data for one customer view across brands and channels

\$800K



~300% increase in conversions across channels



Mid-Sized International Airline

- Improve continuity across channels
- Automate media campaigns
- Increased loyalty program membership

>\$1M



Reduced campaign launch time by ~90%, increased website update capacity by ~10X

# Adobe Experience Cloud Momentum

## Land & Expand

~33%

Of new bookings from new customers<sup>1</sup>

~39%

Of all customers have 2+ solutions<sup>2</sup>

~77%

Of top 500 customers have 3+ solutions<sup>2</sup>

~92%

Of top 100 customers have 3+ solutions<sup>2</sup>

## Ecosystem

>200%

Y/Y growth in Microsoft partnership related bookings<sup>1</sup>

~92%

Uplift in new ASV on deals sold with a partner<sup>1</sup>

~139%

Y/Y growth in Adobe Exchange tech partners

>300k

Developers in Magento Community

Source: Adobe

<sup>1</sup> Based on FY2018 YTD new Annual Subscription Value (ASV) bookings, as of Q3FY2018

<sup>2</sup> As of Q3FY18

© 2018 Adobe. All Rights Reserved.



# Adobe Experience Cloud Momentum

## Product

Per Second

>3.5B

Ad opportunities evaluated

>2B

Profile activations distributed<sup>1</sup>

Per Hour

~4M

Ad hoc queries generated by Experience Cloud users against trillions of rows of data

~2.5B

Events fed into profile and analytics systems

Per Day

~15B

Web pages served

~100B

Third party records onboarded

~3.3B

Targeted offers served

Source: Adobe

<sup>1</sup> Profile activations distributed into downstream and third-party systems

# Adobe Leadership Recognition



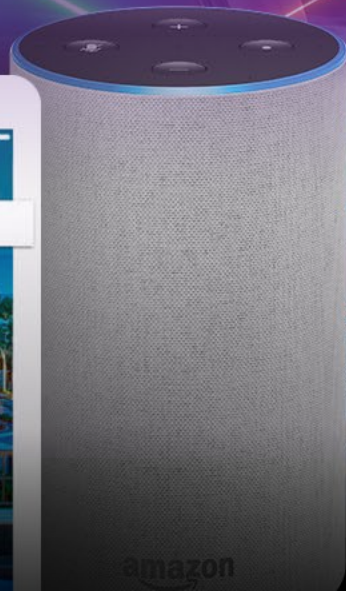
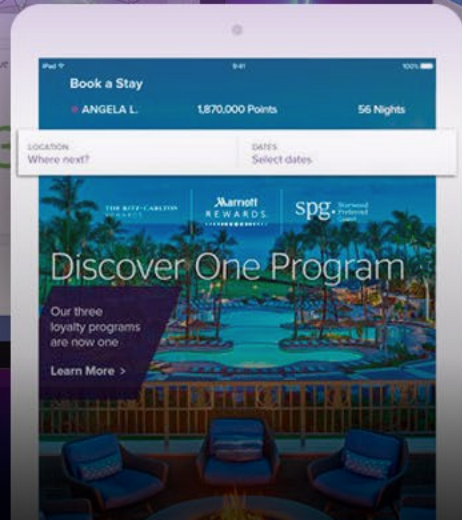
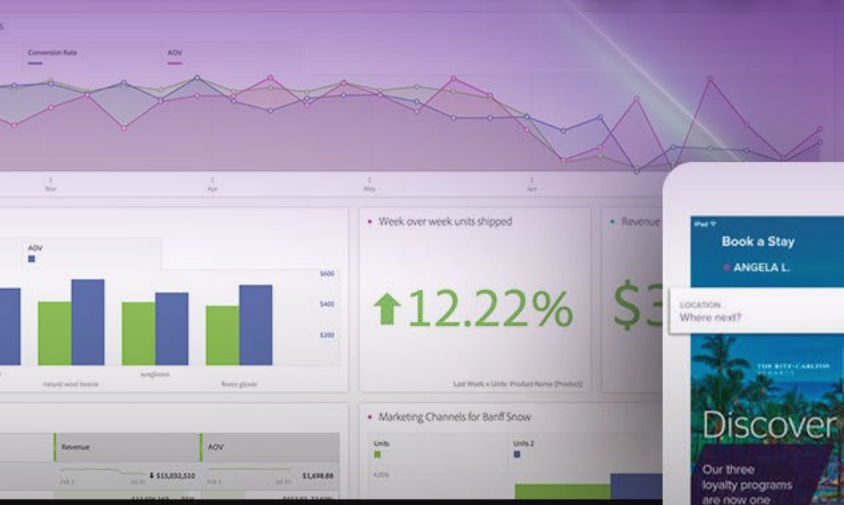
As of October 2018

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# DIGITAL TRANSFORMATION



# Customer Experience



# DIGITAL TRANSFORMATION

## What the C-Suite is Asking Today

How do I get a handle on content production costs?

How do I acquire more customers?

How do I create a direct ongoing relationship with my customers in the digital age?

How can I do personalization at scale?

Who is my customer?

How do I bring my customer data together?

What is the impact of my marketing spend?

How do I ensure compliance with GDPR?

CXO

CIO

CTO

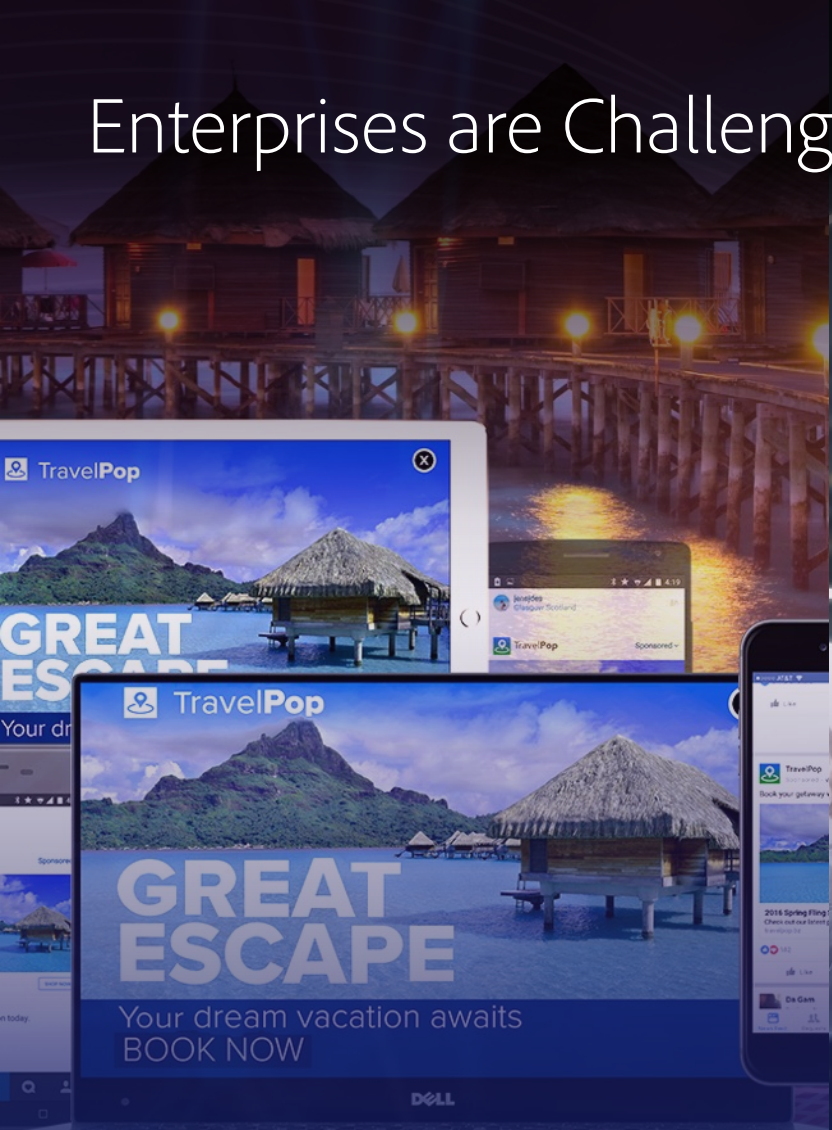
CFO

CMO

CDO



# Enterprises are Challenged to Deliver on the Customer Experience Agenda



Escalating Customer Expectations



New Engagement & Business Models



Existing Systems Struggling to Interoperate and Scale

# Reimagining Customer Experience Management (CXM)



# Pillars of Customer Experience Management



Open, Real-time  
Unified Profile



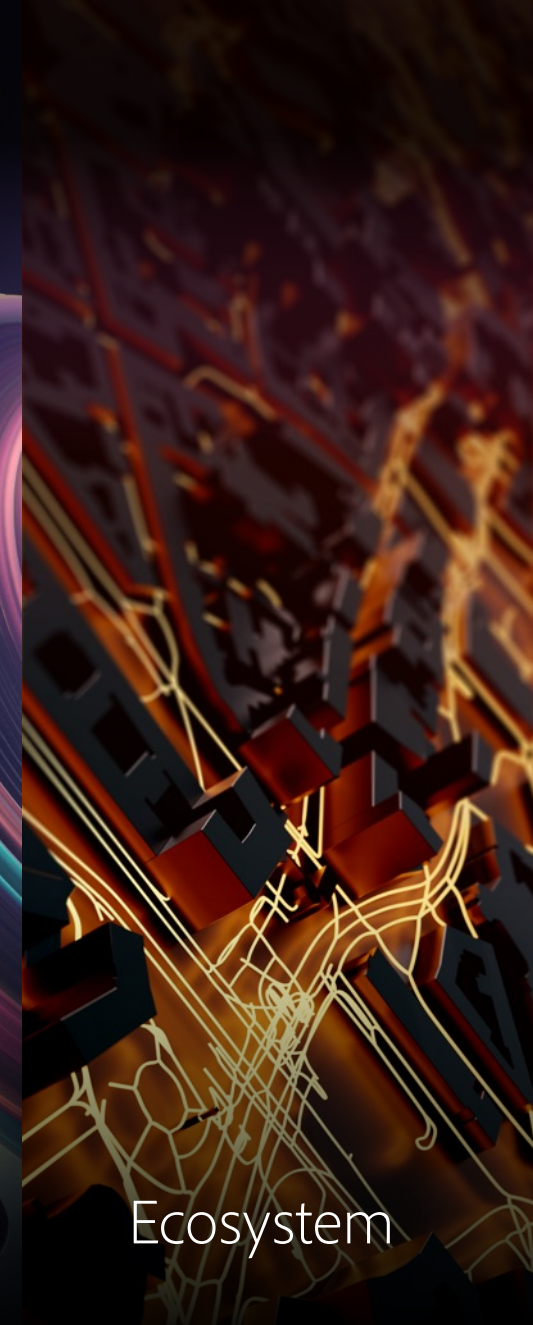
Content  
Velocity



Cross-Channel  
Orchestration



Intelligence



Ecosystem

# Adobe is the Leader in CXM Category

Open, Real-time  
Unified Profile



Customer Analytics/Data  
Management & Platform  
Leadership

Content  
Velocity



Content Creation &  
Management  
Leadership

Cross-Channel  
Orchestration



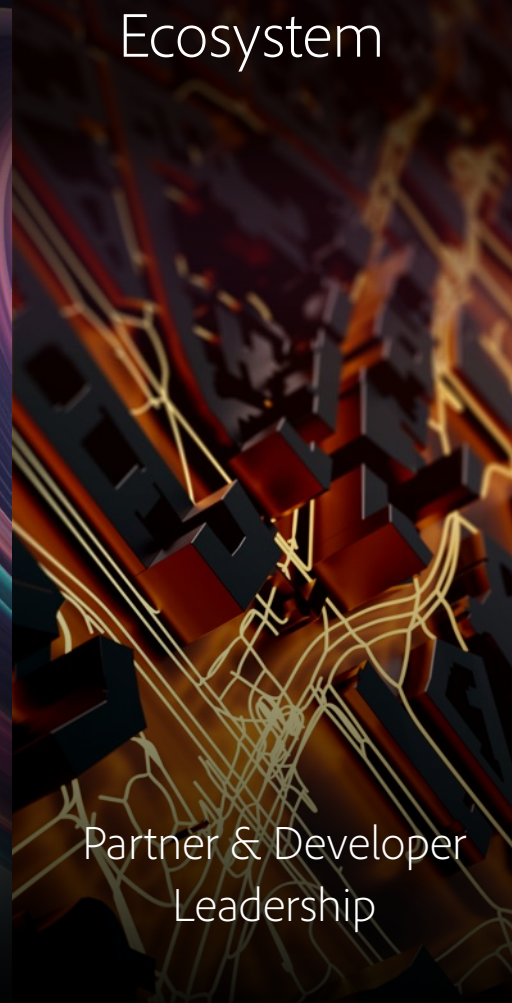
Real-time, Cross-Channel,  
Experience Delivery  
Management Leadership

Intelligence



Adobe Sensei AI  
Leadership

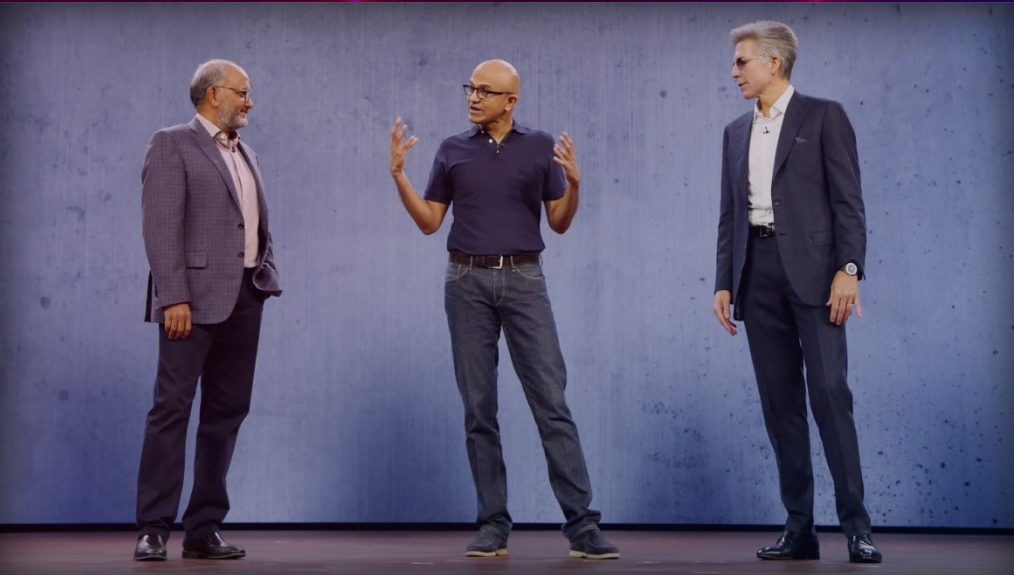
Ecosystem



Partner & Developer  
Leadership

# Open Data Initiative

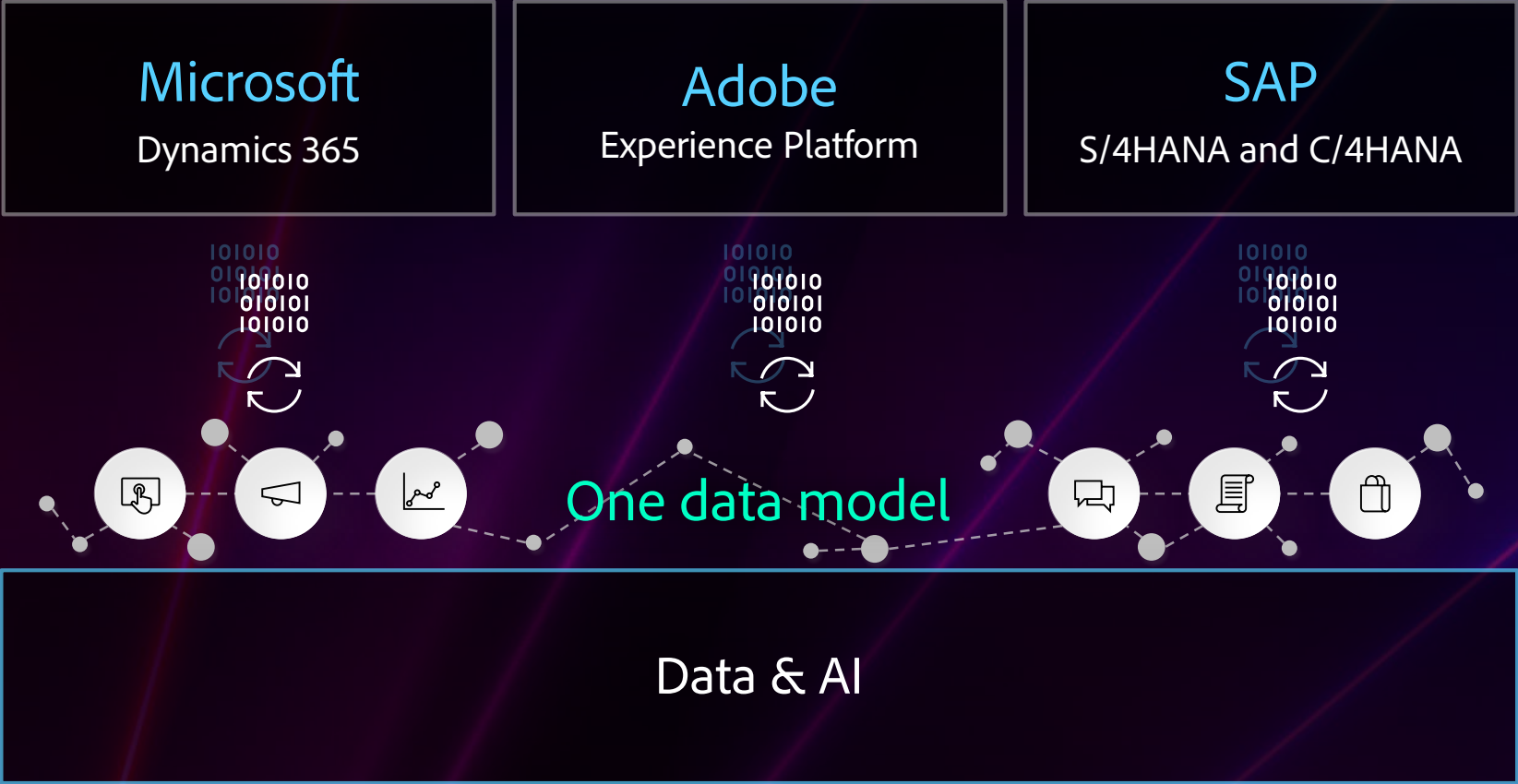
Reimagining the Customer Experience Management (CXM) category with a common data initiative that will enable seamless flow of connected customer data



## Reimagine Customer Experience

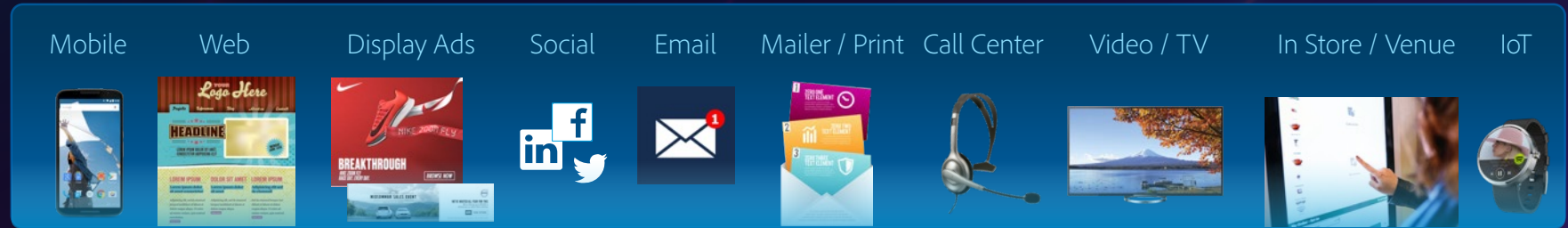
# Open Data Initiative

Organizations own their data  
Individuals dictate data preferences

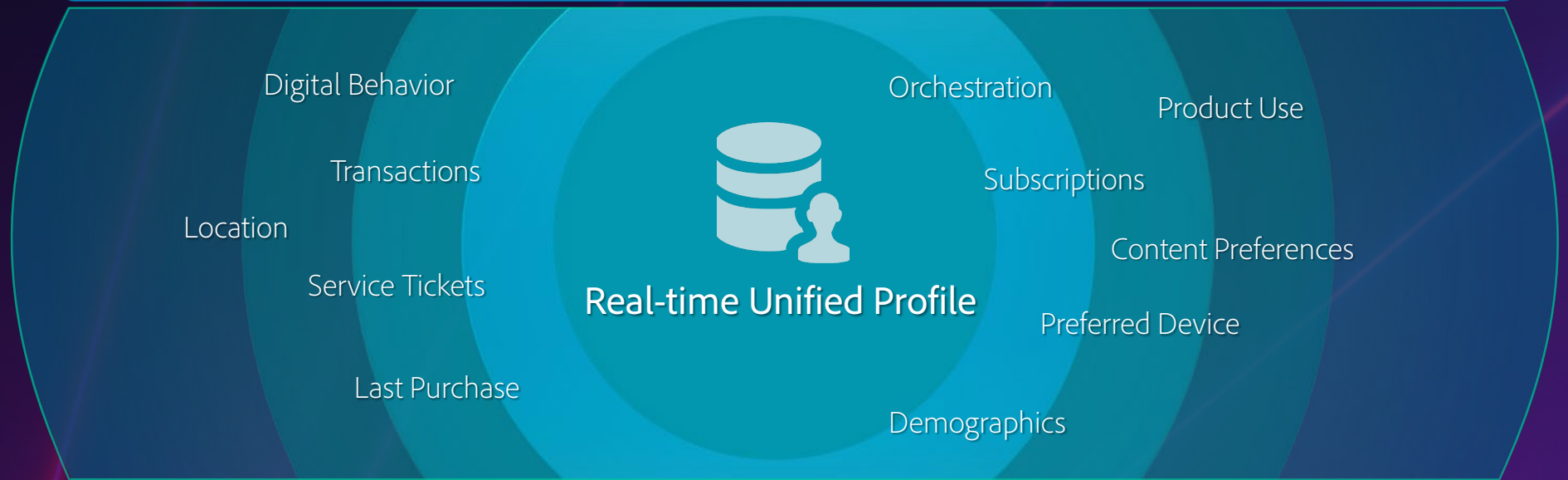


# Adobe Experience Platform: Architected for CXM

Unified Experiences



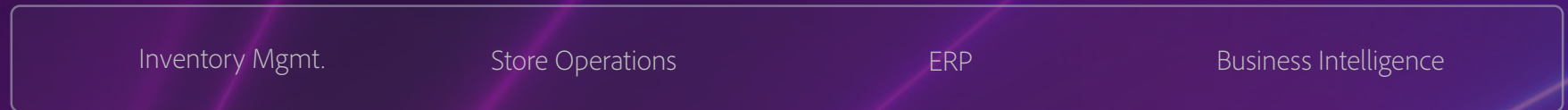
Adobe Experience Platform



Front Office



Back Office





# Adobe Experience Cloud



## Analytics Cloud

Meaningful measurement

Precise audience creation

Instant insights in action



Analytics



Audience Manager



## Advertising Cloud

Cross-channel

Performance without compromise

Independent



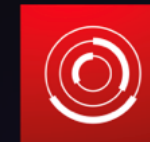
DSP



Search



Creative



## Marketing Cloud

Manage experiences at scale

Personalize each experience

Orchestrate the journey



Experience Manager



Campaign



Target



Primetime Manager



Experience-Driven Commerce



**Adobe**

Making every  
experience personal



**Magento**<sup>®</sup>

An Adobe Company

Making every  
moment shoppable



# Adobe Experience Cloud: Extending into Commerce



## Analytics Cloud

Meaningful measurement

Precise audience creation

Instant insights in action



Analytics



Audience Manager



## Advertising Cloud

Cross-channel

Performance without compromise

Independent



DSP



Search



Creative



## Marketing Cloud

Manage experiences at scale

Personalize each experience

Orchestrate the journey



Experience Manager



Campaign



Target



Primerime



## Magento Commerce Cloud

Create highly engaging shopping experiences

Personalize every experience

Anticipate customer needs



Magento

# Strengthening Experience Cloud Leadership in B2B



Making every  
experience personal



Making every business an  
experience business

# Adobe Experience Cloud Growth Drivers



## Go-to-Market Expansion

New logos, cross-sell and upsell

- Customer segmentation drives account penetration
- Industry approach creates new opportunities
- International markets offer significant expansion opportunity



## Product Expansion & Category Expansion

New logos, cross-sell and upsell

- Customer Experience Management
- B2B opportunity
- Commerce opportunity
- Adobe Experience Platform



## Ecosystem Leverage

Grow ARR and win rate %

- Go-to-market partners
- Innovation partners
- New monetization (marketplaces and platforms)

# 2021 Digital Experience Total Addressable Market



Experience Cloud 2020 TAM

\$53.2B

Total Addressable Market



Experience Cloud 2021 TAM

\$71.2B

Total Addressable Market

\$37.6B<sup>\*</sup>

Marketing Cloud

\$18.5B<sup>\*\*</sup>

Analytics Cloud

\$9.2B

Advertising Cloud

\$5.9B

Commerce Cloud

\* Includes incremental Marketo TAM

\*\* Includes Incremental Adobe Experience Platform TAM

Source: Adobe, October 2018

# Adobe Experience Cloud



Significant  
Momentum

Most Comprehensive Vision  
& Offering for the Enterprise

Explosive Market  
Opportunity

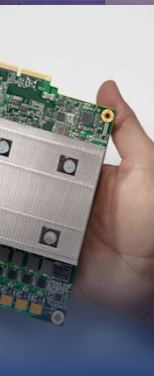
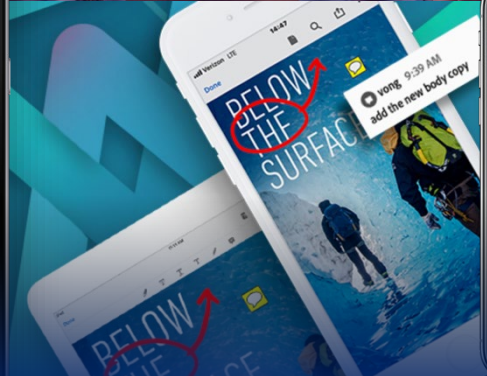
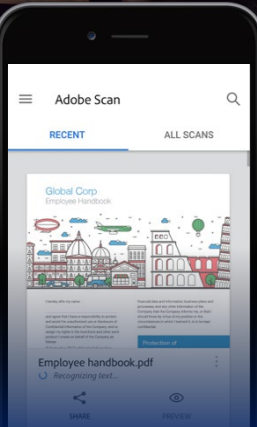
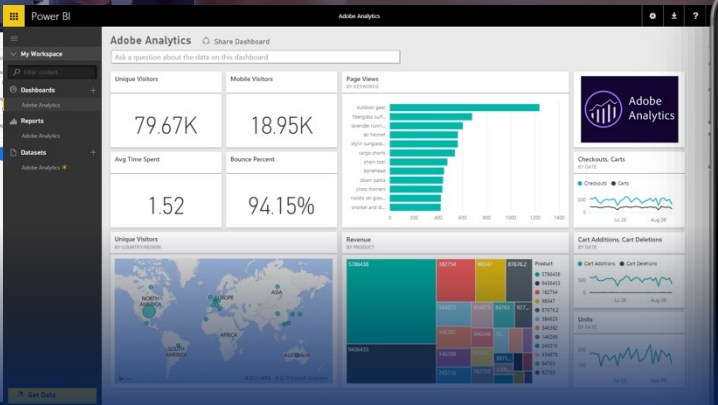


# Technology Vision

Abhay Parasnis | EVP & CTO

#AdobeRemix  
S1T2

# Technology Landscape





*Empowering*  
People  
To Create

*Transforming*  
How  
Businesses Compete

Breakthrough  
*Experiences*

Foundational  
*Platforms*

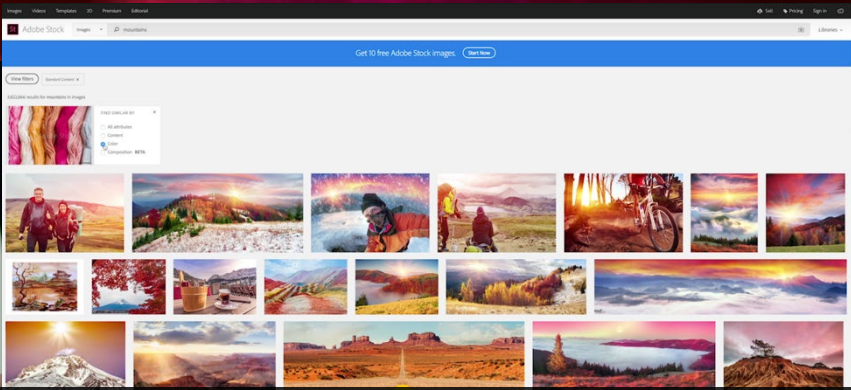
*Intelligence*  
At the Core



# Breakthrough *Experiences*

- World beyond screens
- Multi-surface & cloud-first workflows
- Democratizing creativity with AI
- Understanding documents
- Reimagined enterprise experience

# Breakthrough Experiences: Creativity



Imaging & Video Reimagined · Voice, Vision & Immersive · Interactive Design · Collaboration at the Core · Creative Assistant



# Breakthrough Experiences. Documents.



Adobe Acrobat Pro DC

Polished and professional. That's the impression you'll make when you use Adobe Acrobat Pro DC - the complete solution for a mobile, connected world. With a one-year subscription you get the latest Acrobat software - that always stays up to date - plus Adobe Document Cloud services to accomplish more in the office or on the go. For both Windows and Mac OS.

**KEY FEATURES**

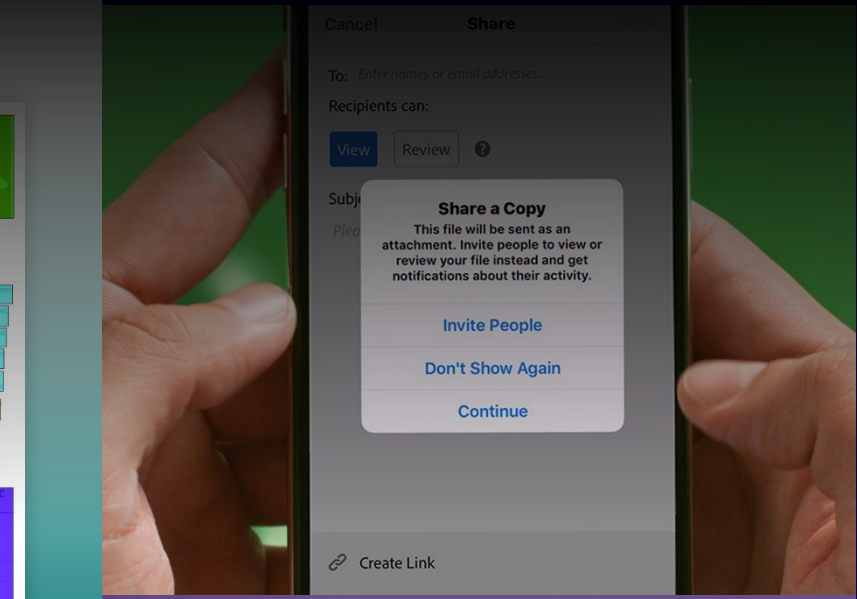
- Create high-quality PDFs: Turn any document into a PDF that starts easy to send and view.
- Organize pages: Insert, delete, reorder, rotate, split, extract, or replace pages.
- Use e-signatures: Forget paper and ink. Fill and sign documents and forms electronically.
- Scan to editable PDF: Go from scanned paper to an instantly editable PDF in a few quick clicks.
- Export PDF to Word: Convert PDFs to Word, Excel or PowerPoint. Save fonts and formatting.
- Combine files: Combine and arrange documents, spreadsheets, and more in one PDF.
- Speed document reviews: Automatically collect everyone's comments in a single PDF.
- Compare versions: Compare and highlight the differences between two versions of a PDF.
- Edit PDF text and images: Easily fix typos, change a font, or add a photo right in your PDF.
- Protect your PDFs: Keep others from copying or editing the information in your PDFs.
- Transform your forms: Quickly convert paper, Word, or Excel forms to fillable PDF forms.
- Standardize routine tasks: Use automated or guided Actions to complete PDF tasks quickly and consistently.

These features and more, can be yours with a single subscription to Adobe Acrobat Pro DC. One subscription includes access to the desktop app, two online services, and four mobile apps.

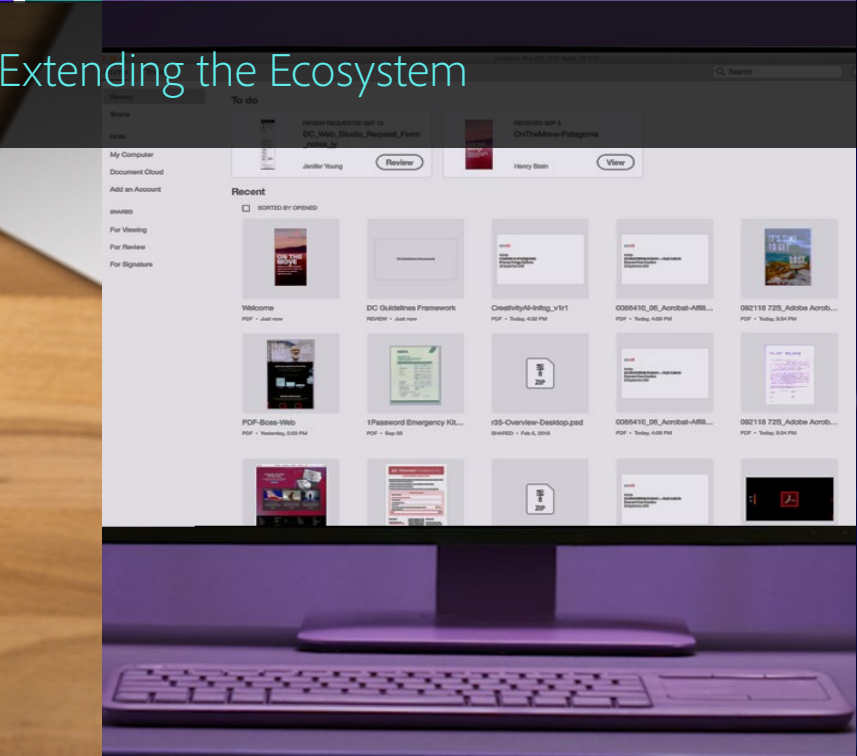
**PLANS**

With a one-year subscription you get the latest Acrobat software that always stays up to date plus Adobe Document Cloud services to accomplish more in the office or on the go.

	Adobe Acrobat Pro DC	Adobe Acrobat Standard DC	Adobe Reader DC
Create PDFs and export to Word, Excel, or PowerPoint. Store and share files online with instant access to recently viewed files.	Yes	Yes	No
Edit text and images right in your PDF.	Yes	Yes	No
Add comments to PDFs with a highlighter, sticky notes, and	Yes	Yes	No



## Scan is the New Print · PDF Reinvention · Document Intelligence · Extending the Ecosystem



# Breakthrough Experiences: Enterprise



Content & Data



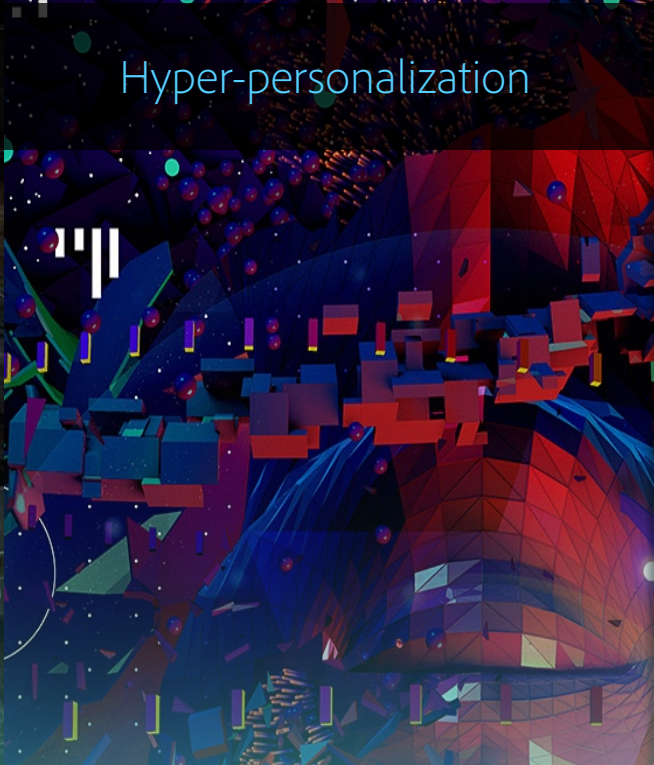
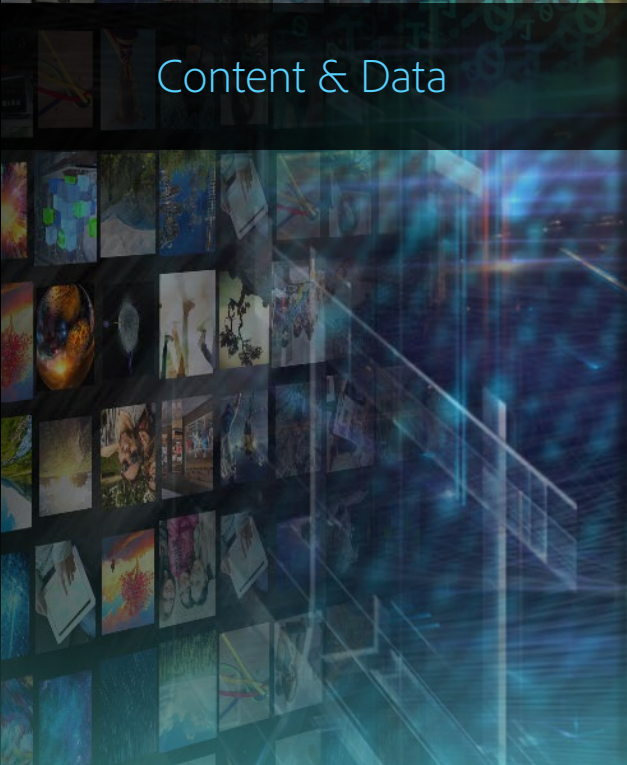
Action & Insight



Hyper-personalization

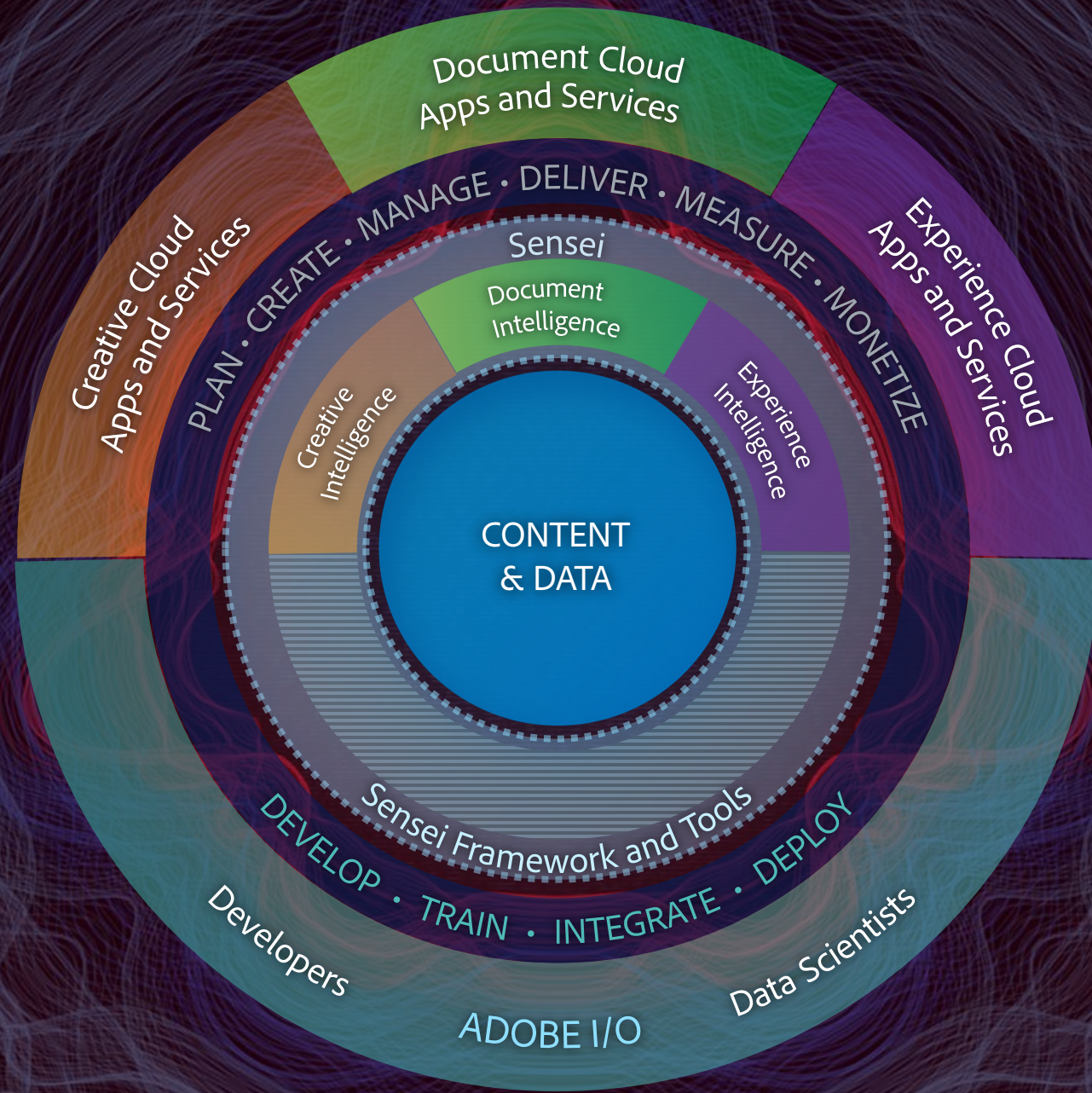


Physical & Digital



- Connecting SaaS silos
- Hyper-scale & multi-cloud
- True cross-cloud unlock
- Enabling new enterprise ecosystem

# Foundational *Platforms*







# Adobe Sensei

Creative intelligence

Content intelligence

Experience intelligence

Breakthrough  
*Experiences*

Foundational  
*Platforms*

*Intelligence*  
At the Core



Adobe

# Executing On Our Growth Strategy

John Murphy | EVP & CFO

#AdobeRemix  
S1T2



Disciplined Execution

Operating at Scale

# Reaffirming Q4 FY2018 P&L Targets\*

October 15, 2018

Revenue	~\$2.420 billion	
Digital Media segment revenue	~22% year-over-year growth	
Digital Experience segment revenue	~20% year-over-year growth	
Non-operating expense	~\$7 million	
Tax rate	GAAP: ~6%	Non-GAAP: ~5%
Earnings per share	GAAP: ~\$1.42	Non-GAAP: ~\$1.87
Share count	~495 million shares	
Net new Digital Media ARR	~\$385 million	

\*Does not include financial impact of Marketo acquisition, which we anticipate will close during Q4FY18

The information discussed on this slide contains forward looking statements that involve risk and uncertainty. Actual results may differ materially. For a discussion of these risks and uncertainties, you should review Adobe's SEC filings. Please see our investor relations website for a discussion of these targets and a detailed reconciliation between GAAP and non-GAAP targets.

# New Accounting Standards Update

October 15, 2018



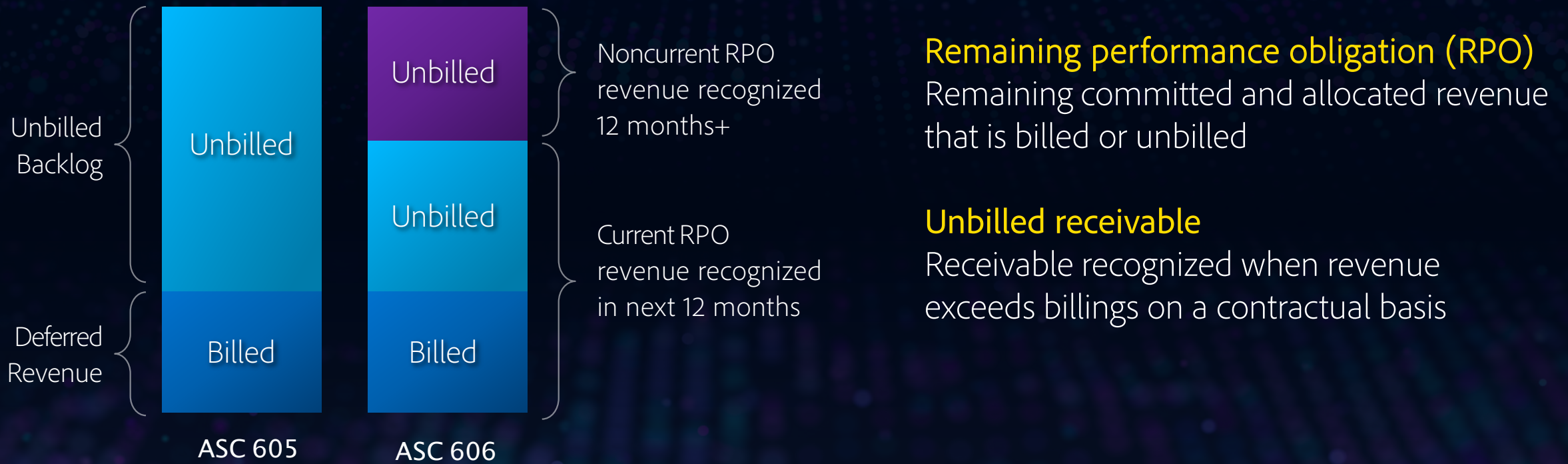
## ASC 606 and ASC 340-40

- Adobe cloud offerings recognized ratably
- On premise license revenue recognized upfront
- New disclosure of remaining performance obligations (RPO) and unbilled receivables
- Certain costs expensed today will be capitalized, e.g. sales commissions

## Impact

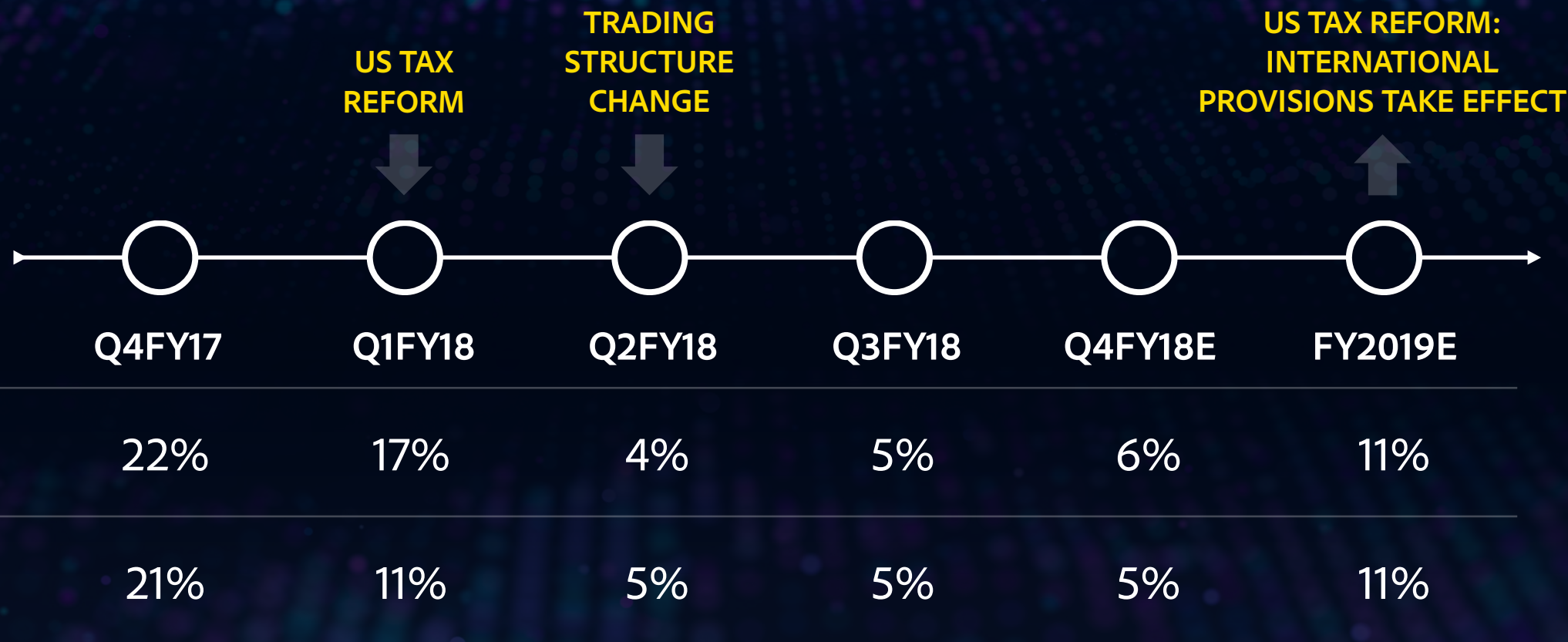
- Annual consolidated revenue and expense largely unchanged
- One-time impact to retained earnings from deferred and unbilled revenue will be immaterial
- Capitalized asset to be amortized based on several factors, e.g. customer life

# Key New Terminology – Disclosures and Earnings



# Tax Reform and Trading Structure Planning

October 15, 2018



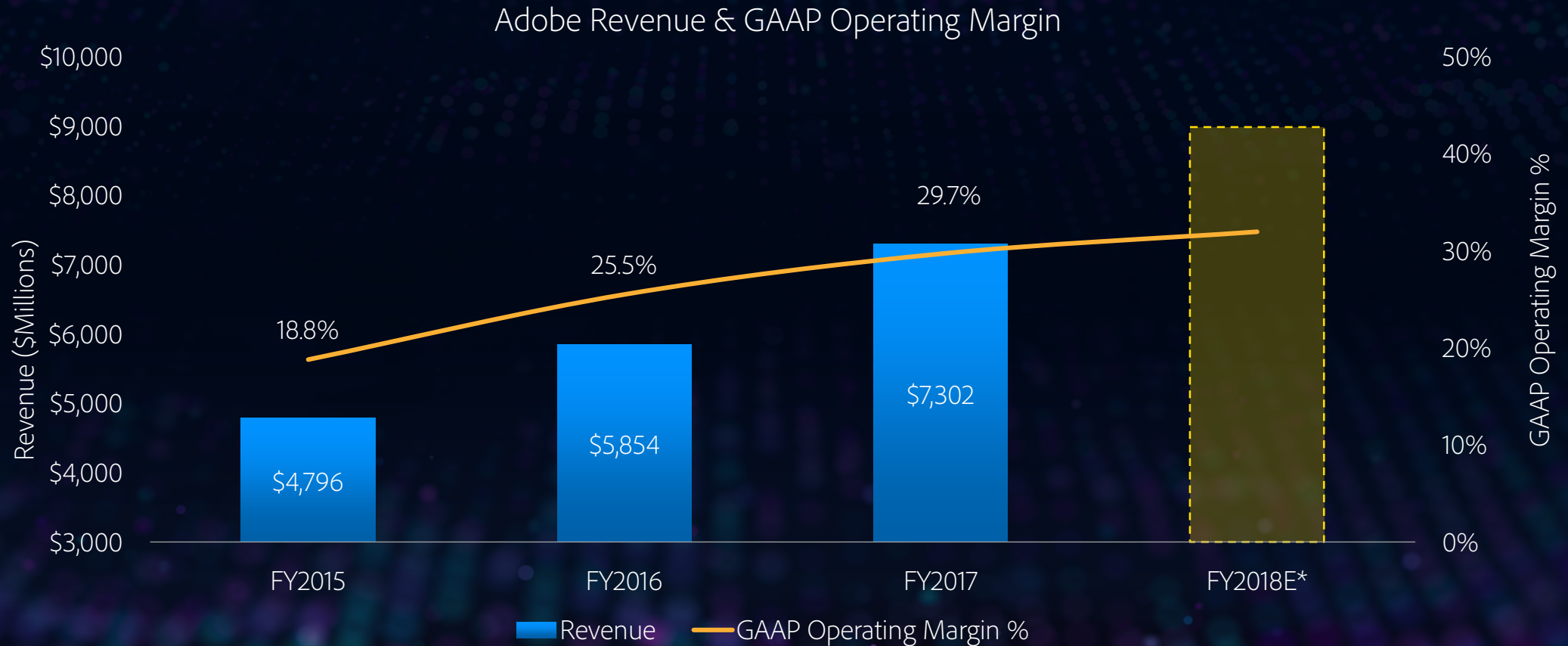
## Notes

1. Actual tax rates may vary from targets because some tax rate benefits come from stock-based compensation, we expect more technical guidance on the Tax Act during FY2019, and we expect uncertainty related to enforcement and regulations in the U.S. and around the globe.
2. A detailed reconciliation between GAAP and non-GAAP rates can be found on Adobe's Investor Relations website



# Business Momentum

## Total Revenue and Margin

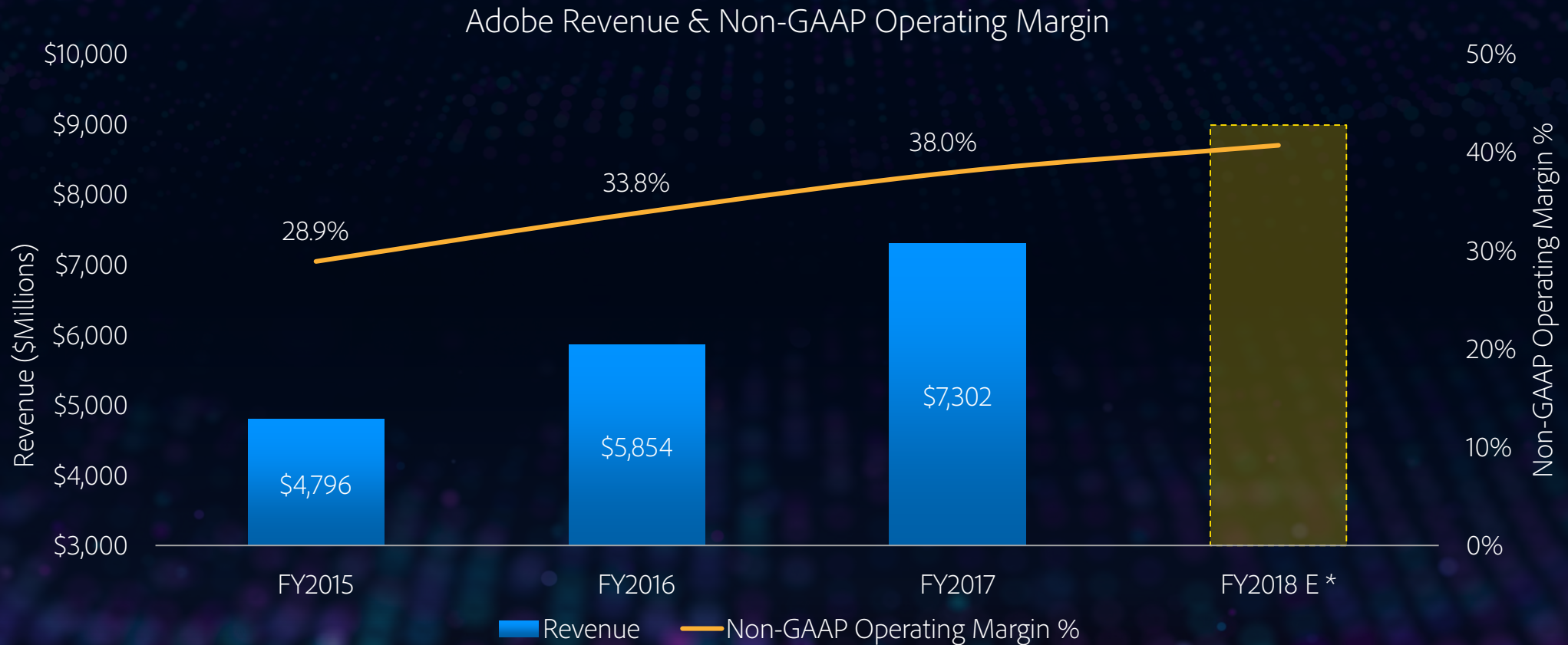


Source: Adobe, October 2018

\* Based on FY2018 YTD results and Q4FY18 financial targets

# Business Momentum

## Total Revenue and Margin



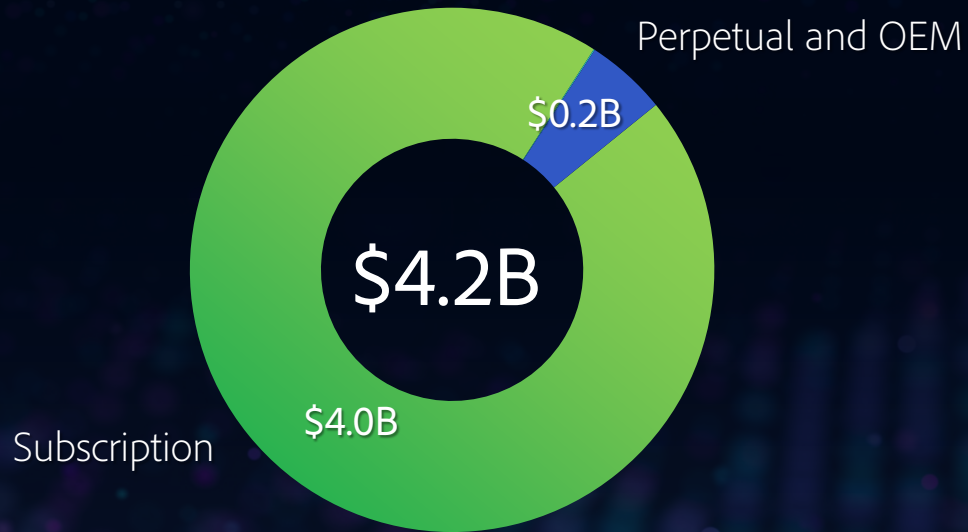
Source: Adobe, October 2018

\* Based on FY2018 YTD results and Q4FY18 financial targets; reconciliations between GAAP and non-GAAP operating margins can be found on Adobe's Investor Relations website

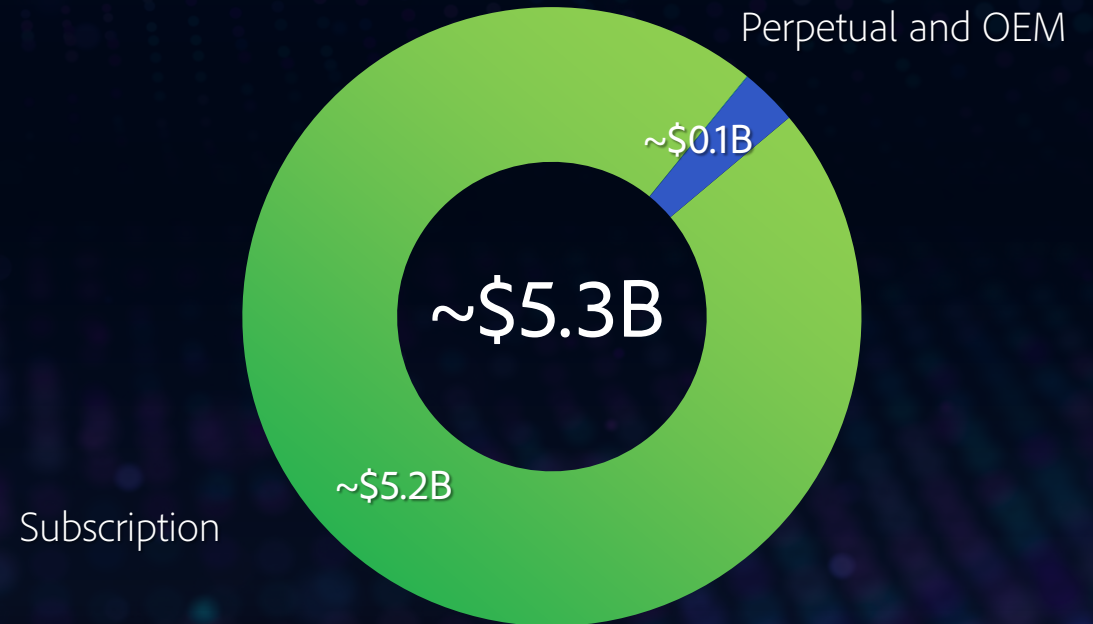
# Business Momentum

## Creative Cloud Revenue Mix

FY2017 Revenue Mix



FY2018E\* Revenue Mix



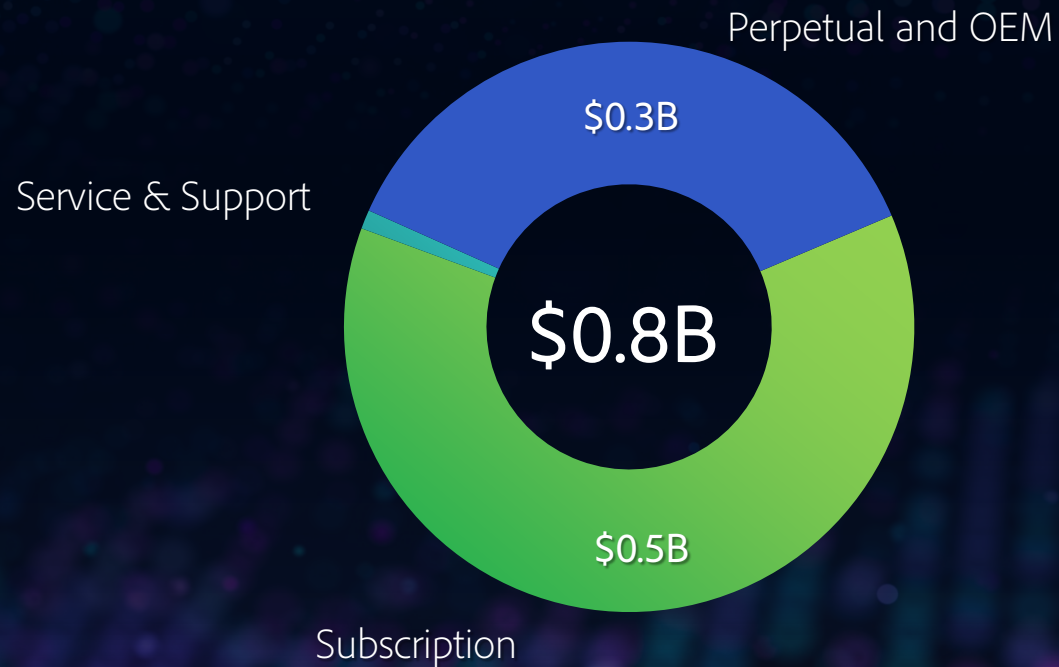
Source: Adobe, October 2018

\* Based on FY2018 YTD results and Q4FY18 financial targets

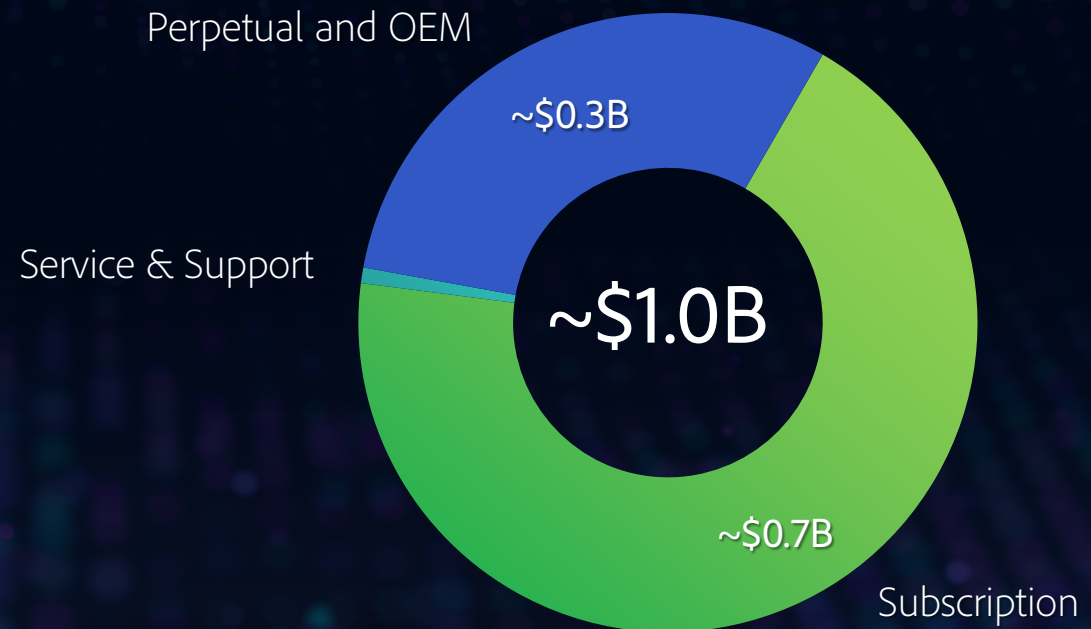
# Business Momentum

## Adobe Document Cloud Revenue Mix

FY2017 Revenue Mix



FY2018E\* Revenue Mix



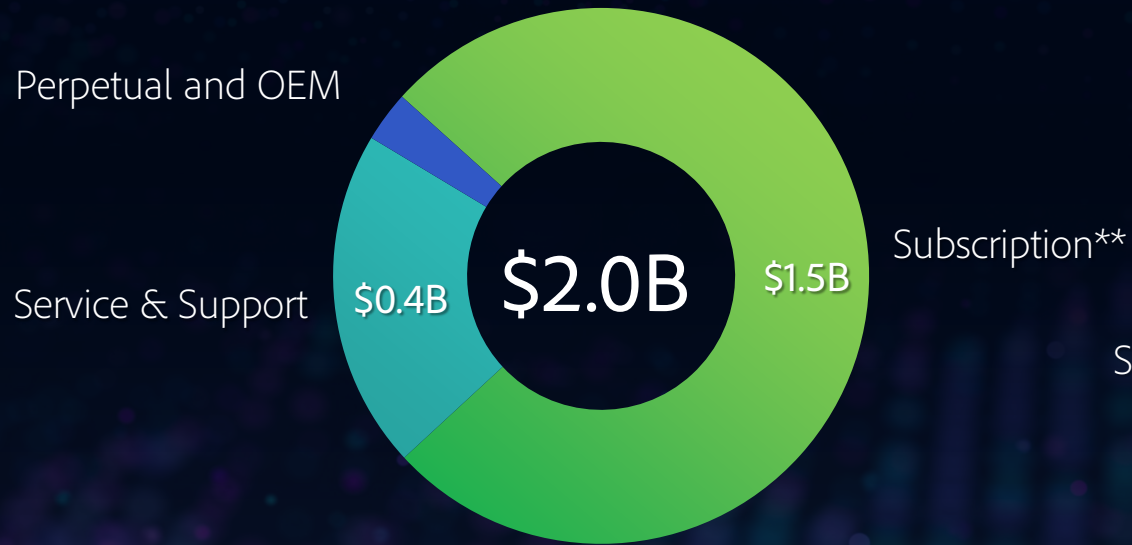
Source: Adobe, October 2018

\* Based on FY2018 YTD results and Q4FY18 financial targets

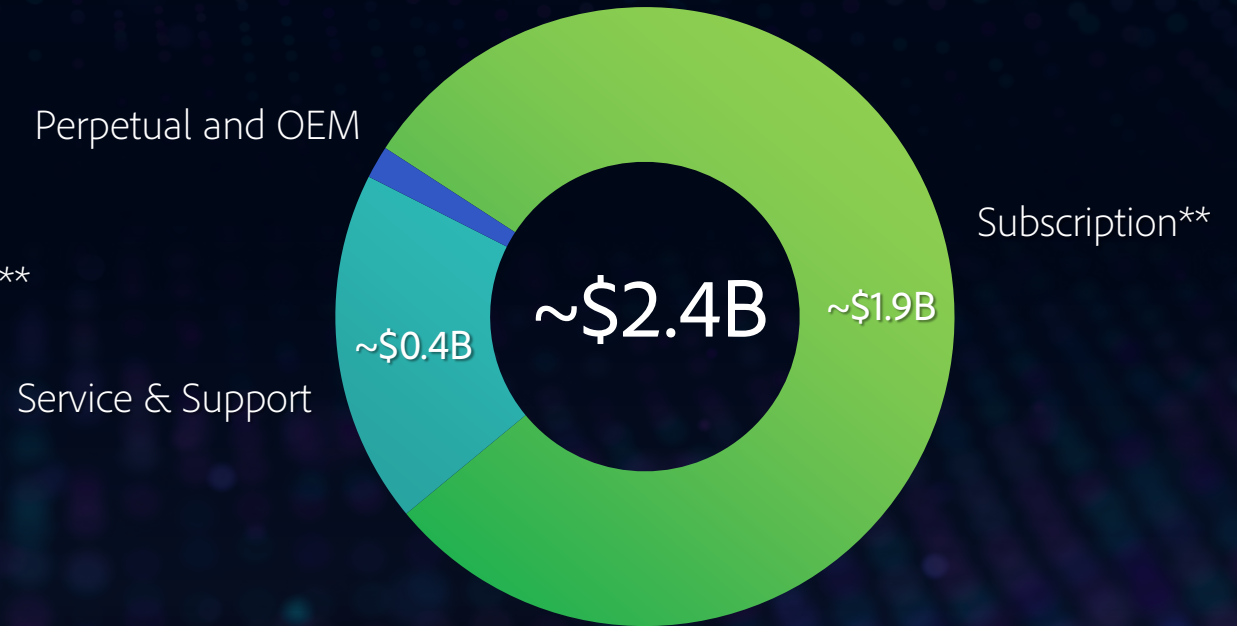
# Business Momentum

## Adobe Experience Cloud Revenue Mix

FY2017 Revenue Mix



FY2018E\* Revenue Mix



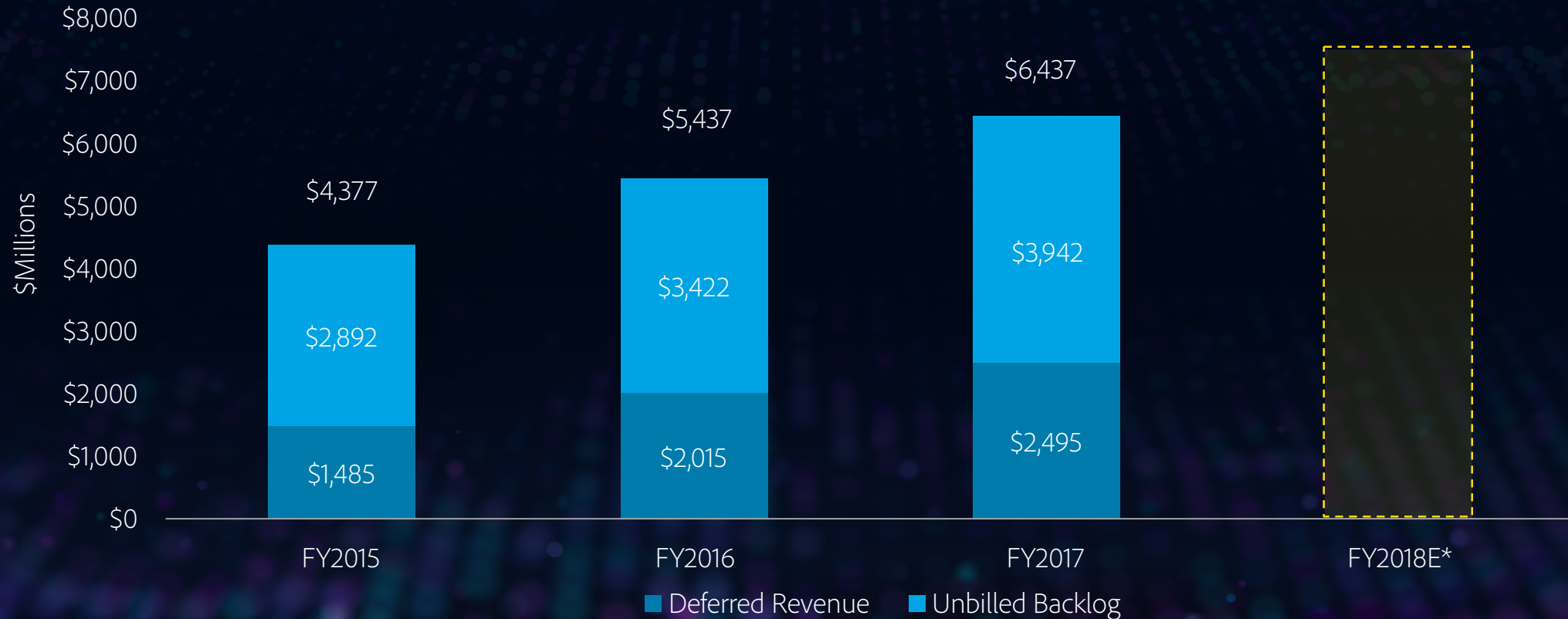
Source: Adobe, October 2018

\*Based on FY2018 YTD results and Q4FY18 financial targets

\*\*Includes revenue from SaaS, managed service and term offerings for Adobe Analytics Cloud and Adobe Marketing Cloud, all revenue for Adobe Advertising Cloud, and all technology revenue for Magento Commerce Cloud

# Business Momentum

## Deferred Revenue and Unbilled Backlog

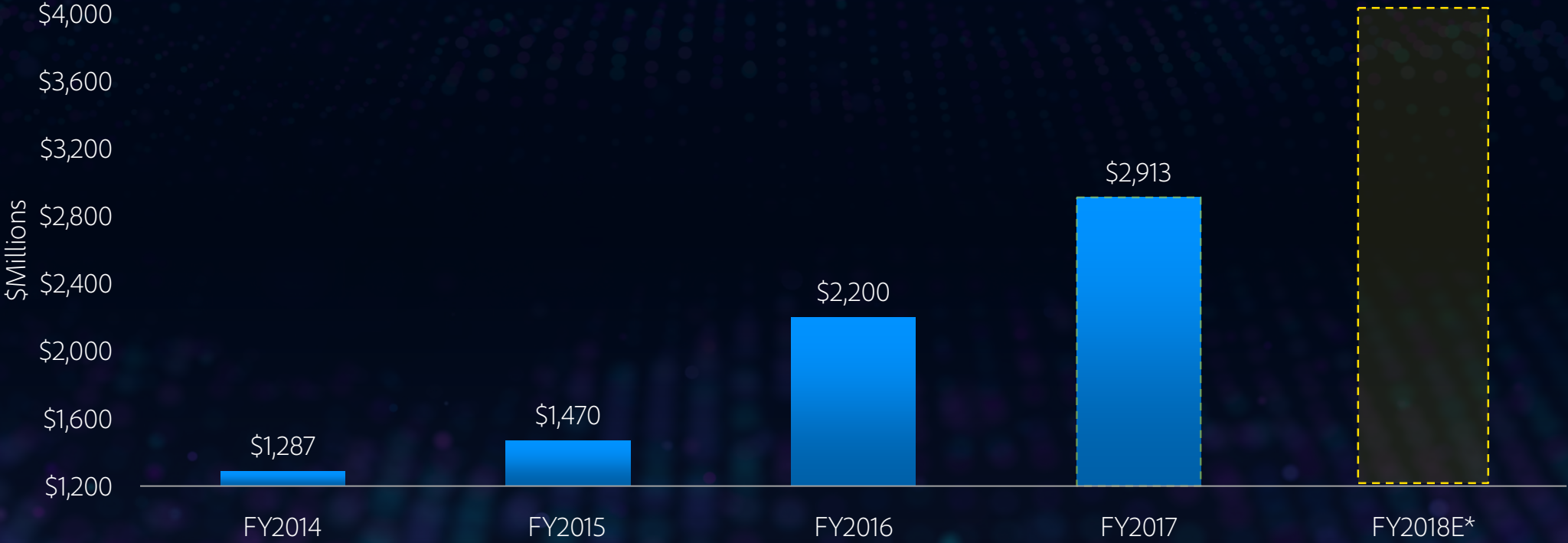


Source: Adobe, October 2018

\* Based on FY2018 YTD results and Q4FY18 financial targets

# Business Momentum

## Operating Cash Flow



Source: Adobe, October 2018

\* Based on FY2018 YTD results and Q4FY18 financial targets

# Business Momentum

## Capital Structure



### Strong liquidity position

- \$4.9B of cash and short-term investments
- \$1.0B unutilized credit facility, remains available until 2020



### Conservative leverage approach

- \$1.9B of public debt outstanding
- Rated A by S&P
- Rated A3 by Moody's



### Excess cash returned to stockholders through stock repurchase



# M&A Investments



**Magento**<sup>®</sup>  
An Adobe Company

**\$1.68B**  
funded via existing  
cash position

Closed June 18, 2018

As of October 15, 2018

- Adds market-leading commerce platform to Adobe Experience Cloud
- Makes Adobe more mission-critical to customers
- Increases Digital Experience revenue growth and expands market opportunity

# M&A Investments



**\$4.75B**  
to be funded by  
existing cash, new  
borrowing

Announced Sept. 20, 2018  
Expected Q4FY18 close

As of October 15, 2018

- Acquisition will add market-leading B2B marketing engagement platform to Adobe Experience Cloud
- Widens Adobe's lead in customer experience across B2B and B2C
- Expected to accelerate Digital Experience revenue growth and expand market opportunity

# Opportunity Ahead

## Digital Experience Summary

- Large tailwinds continue to be fueled by digital transformation and customer experience waves
- First mover and market leader with most complete customer experience offering
- Land and expand strategy with existing customers and success acquiring new logos driving growth
- Strong partnerships increasing opportunities and building competitive advantage
- Expansion into commerce and strong B2B offering increase an already large TAM, and will accelerate growth rates



### 2021 MARKET OPPORTUNITY

Marketing Cloud	\$37.6B
Analytics Cloud	\$18.5B
Advertising Cloud	\$9.2B
Commerce Cloud	\$5.9B

**\$71.2B**

Addressable Market

# Opportunity Ahead

## Digital Media Summary

- Continued innovation in Creative Cloud features, products, apps and services and support driving subscriber value
- Expanding customer opportunities resulting in larger TAM
- Strong Document Cloud growth driven by product innovation and move to subscriptions, apps and cloud services
- Mobile is powerful new frontier for demand and innovation
- Long list of growth drivers can fuel continued Digital Media ARR growth



### 2021 MARKET OPPORTUNITY

Creative Cloud	\$29.2B
Document Cloud	\$7.5B

**\$36.7B**

Addressable Market

# FY2019 Preliminary Targets\*

October 15, 2018

Total Adobe revenue <sup>1</sup>	~20% Y/Y
Digital Media segment revenue	~20% Y/Y
Digital Experience segment revenue	~20% Y/Y
Digital Media ARR	~\$1.4B of net new ARR
Experience Cloud subscription bookings <sup>2</sup>	~25% Y/Y

\* Does not include financial impact of Marketo acquisition, which is anticipated will close during Q4FY18

<sup>1</sup>All revenue were set based on September 2018 foreign exchange ("FX") rates, which for current planning purposes are assumed to be constant during fiscal year 2019

<sup>2</sup> Includes annualized subscription value of SaaS, managed service and term offerings under contract for Adobe Analytics Cloud, Adobe Marketing Cloud and Magento Commerce Cloud

The information discussed on this slide contains forward looking statements that involve risk and uncertainty. Actual results may differ materially. For a discussion of these risks and uncertainties, you should review Adobe's SEC filings.

# Growth and Margin at Scale

Large, expanding  
opportunity  
~\$108B TAM in 2021

Strong business  
momentum and  
market leadership

Strong  
ecosystem and  
partnerships

Investing for  
top-line and  
bottom-line growth

# GAAP to Non-GAAP Reconciliations

The following tables show Adobe's GAAP tax rates and operating margins reconciled to the non-GAAP tax rates and operating margins included in this presentation:

Operating Margins	FY2015	FY2016	FY2017
GAAP operating margin	18.8%	25.5%	29.7%
Stock-based and deferred compensation	7.0	6.0	6.3
Amortization of purchased intangibles and technology license arrangements	3.3	2.3	2.0
Loss contingency (reversal)	(0.2)	-	-
Non-GAAP operating margin	28.9%	33.8%	38.0%

Income Tax Rates	Q4FY17	Q1FY18	Q2FY18	Q4FY18E
GAAP effective income tax rate	22.0%	17.0%	4.0%	6.0%
Impacts of the Tax Act	-	(17.0)	(3.0)	1.0
Trading structure change	-	-	6.0	-
Income tax adjustments	(1.2)	9.0	(2.0)	(2.0)
Stock-based and deferred compensation expense	0.2	-	-	-
Resolution of income tax examinations	-	2.0	-	-
Non-GAAP effective income tax rate	21.0%	11.0%	5.0%	5.0%

Source: Adobe, October 2018