Adobe Inc.

NASDAQ: ADBE | Creative, document and experience software | 28 October 2026

Verdict	Buy (unchanged)	**Price (27 Oct close)**	$248.36
Weighted fair value	$264.27 (+6.4%)	**Base case**	$282.66
Ideal buy range / entry	$225-240 / $228 to $238	**Cut-loss**	$210
Targets	$283 / $320	**Investment Score**	73.0 / 100 (was 72.8)
Technical read (chart only)	Conflicts	**Next events**	Adobe MAX 10-12 Nov; Q4 results expected mid-Dec

A Round Trip to $270 and Back

Adobe closed at $248.36 on 27 October, 1.3% above the $245.20 of the last report. In between, the shares jumped to $270.55 on 22 October as investors moved back into established software names, then gave all of it back over three sessions, including a 4.0% fall on 27 October with no company announcement behind it. Nothing in the company's own news since mid-October changes what it earns: two marketing partnerships, an expanded NVIDIA collaboration and a confirmed date for its annual creative conference. The debate is the same one, whether generative tools erode Creative Cloud's paid base, and it will not be settled before Adobe MAX on 10 to 12 November and fiscal fourth-quarter results in December.

The shares trade at 10.1 times the midpoint of fiscal 2026 non-GAAP EPS guidance of $24.45 to $24.50, and at 9.2 times this report's base-case fiscal 2027 EPS of $26.92. The bear case, at 7.5 times lower earnings, is worth $182; the base case is worth $283.

Verdict: Buy, unchanged, from fundamentals. Technical read (chart only): Conflicts. The stock sits below its 50- and 200-day averages after the failed rally, so new buying is better left to the $225-240 range, or to a close back above the 50-day average at $255.56. The weighted fair value is $264.27, +6.4% above the price. Ideal buy range $225-240, cut-loss $210, targets $283 and $320; all four levels are unchanged.

1. Do the published levels still hold?

The last report set an ideal buy range of $225 to $240, a cut-loss of $210 and targets of $283 and $320. None was reached. The closest the price came to the range was a low of $241.51 on 19 October, the stop was never approached, and the rally peaked at an intraday high of $272.10, well short of the first target.

Each level still describes the chart and the valuation it was built on. The floor of the range sits on the 28 September low of $224.67, which held: the lowest point since was $227.00 on 7 October. The ceiling sits just under the 100-day average, now $243.00 against $242.90 at the last report. The cut-loss sits above the July low of $207.06 and is 4.1 average true ranges below the close, with the ATR at $9.27. Target 1 is the base-case value, $282.66, which rounds to the same $283 because the inputs behind it have not moved: fiscal 2026 guidance, a 10% rise in EPS for fiscal 2027 and a 10.5 times multiple. Target 2 is 11.9 times base-case fiscal 2027 EPS.

What has changed is where the price sits relative to the levels. From the close, the first target pays only 0.90 times the risk to the stop, against 1.07 times at the last report; bought at $240 it pays 1.43 times. That is why the close remains above the buy range and the range is not raised to meet it. The weighted fair value is lower, $264.27 against $273.52, because the bull case now carries 20% rather than 22% and a 12 times multiple rather than 13, and the bear case 30% rather than 28%. The reasons are set out in the scenarios section.

2. Company developments

Items since early October that bear on what Adobe earns or how it competes. None is High. The two dated events ahead, Adobe MAX and the chief executive change, are where new information on pricing and conversion could appear.

Development	Status and date	What is known	What is forecast (and by whom)	Impact
Adobe MAX 2026	Pending; 10-12 Nov 2026, Miami Beach	Annual creative conference; dates confirmed by Adobe	None published; launches and pricing not announced in advance	Medium
Chief executive transition	Pending; 1 Dec 2026	Anil Chakravarthy becomes President and CEO; Shantanu Narayen becomes Executive Chair	No change of strategy announced	Medium
Fiscal Q4 2026 results	Expected mid-December; date not yet announced (9 to 11 Dec is the usual pattern)	Q4 targets: revenue $6.80-6.85bn, non-GAAP EPS $6.30-6.35; FY ending-ARR growth 10.2%	Fiscal 2027 targets due with the results (company practice)	Medium
Labour certification suspension	Announced 8 Oct 2026; no update published since	Labor Department will not accept new or pending permanent labour certification applications involving Adobe; no duration stated	None	Medium
NVIDIA collaboration expanded	Announced 15 Oct 2026	Photoshop, Premiere and Substance 3D optimised for NVIDIA RTX hardware; Frame.io acceleration; Brand Concierge on NVIDIA models later this year	Up to 2x faster AI processing (Adobe)	Medium
BWT Alpine Formula One partnership	Announced 22 Oct 2026; from the 2027 season	Official AI Fan Experience Partner using CX Enterprise, GenStudio, Experience Platform, Brand Visibility and Express; no financial terms	None	Low
Heathrow Airport and NHL partnerships	Announced 8 Oct and 28 Sep 2026	Reference customers for the experience business; no financial terms	None	Low

Adobe newsroom releases, 3 Sep to 22 Oct 2026; Adobe Q3 fiscal 2026 results release, 10 Sep 2026; U.S. Department of Labor action as reported 8 Oct 2026.

The partnerships are reference wins for the experience business and too small to move revenue. The NVIDIA work keeps the flagship applications the default on new hardware but carries no new price. The labour-certification suspension has no revenue effect and has not widened; it stays in the Risk score. The report would carry the same verdict and levels without any of these items.

3. Business and financials

Adobe sells subscriptions to creative, document and marketing software. In the third fiscal quarter, to 28 August 2026, revenue was $6.76bn, up 13% (12% in constant currency). Subscription revenue from Business Professionals and Consumers, the Acrobat and Express base, rose 16% to $1.91bn; Creative and Marketing Professionals, the Creative Cloud and experience base, rose 13% to $4.65bn. Non-GAAP EPS was $6.13 and GAAP EPS $4.62. Total ending ARR was $27.50bn, and AI-first ARR grew more than 150% from a small base.

Cash generation is the strongest part of the case. Operating cash flow was a third-quarter record of $2.52bn, about 9.5 million shares were repurchased in the quarter, and cash and short-term investments of $5.64bn sit against $6.36bn of debt. Remaining performance obligations were $22.16bn. For the fourth quarter, management targets revenue of $6.80bn to $6.85bn, non-GAAP EPS of $6.30 to $6.35 and a non-GAAP operating margin of about 44%. The full-year target for ending-ARR growth is 10.2%, which still needs a strong fourth quarter of net new ARR.

4. Growth drivers

Driver	Status	Likelihood	Impact
AI-first products (Firefly, assistants, agents)	Shipping; AI-first ARR up more than 150% (company, Q3)	High	Medium

Driver	Status	Likelihood	Impact
Freemium conversion in Express, Acrobat and Firefly	Shipping; no conversion rate disclosed	Medium	High
Creative Cloud pricing and packaging	Deferred in June 2026; no new plan announced	Low-medium	High
Experience business (CX Enterprise, GenStudio, Brand Visibility)	Shipping; new reference customers in Oct	Medium	Medium
Share repurchases	Ongoing; about 9.5m shares in Q3	High	Medium

Company disclosures to 22 Oct 2026; likelihood and impact are this report's assessments.

5. Valuation at $248.36

Case	FY2027 revenue	FY2027 EPS	P/E	Value
Bull	$29.5bn	$28.51	12.0x	$342.12
Base	$29.0bn	$26.92	10.5x	$282.66
Bear	$28.2bn	$24.23	7.5x	$181.72

Own calculation. Fiscal 2027 EPS from the fiscal 2026 guidance midpoint ($24.475) and stated growth rates; analyst fiscal 2027 EPS estimates averaged $26.40 to $27.64 across two compilations in October 2026.

Price to next year's earnings is the right measure for a business with steady margins and heavy buybacks. The base case takes fiscal 2026 at the guidance midpoint and grows EPS 10% in fiscal 2027, from revenue up about 9%, a stable margin and a falling share count, to $26.92. It pays 10.5 times, roughly where the shares have traded on forward earnings since the summer, which gives $282.66. Neither input has moved since the last report, so the base value is the same. The discount to Adobe's own history and to large software peers is the market's doubt about the terminal value of seat-based creative software; at 9.2 times, the price assumes some of that doubt is right.

The macro variables that matter here. The first is software budgets: Adobe's growth depends on companies and creative professionals renewing and adding seats while some AI spending moves toward model vendors. The labour market that supplies those seats is cooling, with September payrolls up 29,000 and unemployment at 4.2%, although October consumer confidence rose to 91.7. The second is the discount rate, because Adobe's value rests on long-dated cash flows: the ten-year Treasury yield was near 4.99% on 27 October, with the Federal Reserve deciding on 28 October. Interest income on the cash pile is small next to that effect.

6. Sentiment

Indicator	Reading	Read
Analyst ratings	39 analysts: 9 Buy or Strong Buy, 24 Hold, 6 Sell or Strong Sell; average target $272.31, median $260.50, range $195-373	Most bearish in years
Broker actions	Wells Fargo to Underweight, target $225 from $270 (12 Oct); HSBC to Hold from Buy, target $267 from $310 (13 Oct)	Negative
Insiders	Officers' Form 4 filings on 19 Oct for awards vesting on 15 Oct; the chief executive's shows 4,113 shares disposed at $251.67 to cover exercise and tax on 8,300 vested shares	No signal
Price action	Rally to $270.55 on 22 Oct with sector rotation, reversed by 27 Oct	Sentiment-driven

Ratings and targets as compiled 27 Oct 2026; Form 4 filings, 19 Oct 2026.

Sell-side sentiment is close to its weakest, which cuts both ways: it reflects real doubt about Creative Cloud's long-run growth, and it leaves room for the shares to respond if MAX or the December targets show paid users growing. Nothing in the filings or broker actions since the last report adds new information on the thesis.

7. Risks

Risk	Probability	Severity	Comment
Net new ARR shortfall in Q4	Medium	High	The 10.2% ending-ARR target needs a strong fourth quarter.
Generative competition and budget share	Medium	High	Broker surveys point to AI budgets moving toward model vendors.
Freemium conversion unproven	Medium	High	No disclosed rate at which free users become paid ones.
Leadership turnover	High	Medium	Interim finance chief, a departed creative head and a new CEO from 1 December.
Labour certification suspension	High	Low	Constrains skilled hiring; no duration stated.
Discount rate	Medium	Medium	Long yields near 5% weigh on software multiples.

Probability and severity are this report's assessments.

8. Scorecard

Criterion	Score	Weight	Change	Basis
Business Quality	**8/10**	15%	unchanged	Subscription revenue of about $6.6bn a quarter and a 44% non-GAAP operating margin target.
Financial Strength	**9/10**	15%	unchanged	Record $2.52bn quarterly operating cash flow; $5.64bn cash and investments against $6.36bn debt.
Competitive Advantage	**7/10**	15%	unchanged	Workflow lock-in holds; AI-first ARR growing fast, but budget-share pressure is visible.
Management	**6/10**	10%	unchanged	Interim finance chief, a departed creative head and a CEO change on 1 December.
Growth Potential	**6/10**	15%	unchanged	Revenue up 13% but net new ARR needs a strong Q4; fiscal 2027 growth near 9% in the base case.
Valuation	**8/10**	20%	unchanged	10.1x guided fiscal 2026 EPS, against 10.0x at the last report; cheap, with a terminal-value debate.
Risk (10 = lowest risk)	**6/10**	10%	unchanged	Labour-certification suspension, unproven freemium conversion and leadership change; the balance sheet absorbs them.

Scored 1-10, where 10 is always best, including Risk. Investment Score 73.0 / 100 (weights 15/15/15/10/15/20/10); previous report 72.8.

Every factor score is the same as in the last report: guidance, cash flow, balance sheet, leadership and the forward multiple are all where they were. Factor weights changed on 18 October 2026, so part of the change in the Investment Score, from 72.8 to 73.0, reflects the new weights.

9. Scenarios

Case	Probability	FY2027 revenue / EPS	P/E	Value
Bull. MAX or the December results show freemium users converting, the 10.2% target is cleared and fiscal 2027 targets show net new ARR growing; the multiple returns to its late-August level.	20%	$29.5bn / $28.51	12.0x	$342.12
Base. The 10.2% target is met or narrowly missed, revenue grows about 9%, margins hold and buybacks carry EPS up 10%.	50%	$29.0bn / $26.92	10.5x	$282.66

Case	Probability	FY2027 revenue / EPS	P/E	Value
Bear. Net new ARR falls, generative competition compresses entry pricing, margins are cut to defend share and the multiple compresses further.	30%	$28.2bn / $24.23	7.5x	$181.72
Weighted	100%			$264.27

Own calculation. Weighted value = 0.20 x $342.12 + 0.50 x $282.66 + 0.30 x $181.72 = $264.27.

The bull case needs evidence that has not yet appeared: a disclosed conversion rate or growing net new ARR. Twelve times earnings is roughly where the shares traded at their late-August high of $292.79. The 22 October rally showed how quickly the price can respond, and how quickly it fades without company news, so the case carries 20%. The base case follows the company's guidance and its record of meeting it, and carries 50%. The bear case is the one the sell side is moving toward, with two downgrades in October citing budget-share surveys, a cut to organic ARR guidance in June and Creative Cloud price changes deferred; until MAX or the December targets answer it, it carries 30%.

10. Recommendation and trade plan

Buy, unchanged. The grounds are the same as at the last report: record cash flow, a raised year and a falling share count, at about ten times guided earnings, with a bear case near $182. The price is slightly higher and sits above the buy range, where the first target does not pay enough for the risk to the stop. The rating applies to purchases inside $225-240.

Item	Level	Basis
Recommended entry	$228 to $238	Inside the range, below the 100-day average
Ideal buy range	$225 to $240	Floor on the 28 September low ($224.67); ceiling where target 1 pays 1.43x
Cut-loss	$210	Above the July low of $207.06; 4.1 ATRs below the close
Target 1	$283	Base-case value; 13.9% above the close
Target 2	$320	11.9x base-case FY27 EPS; 28.8% above the close
Expected downside	-15.4% to $210	Measured from the close of record
Reward to risk	0.90x to target 1; 1.87x to target 2	From the close; 1.43x to target 1 at $240
Holding horizon	12 to 24 months	
Position size	Moderate	Allow for a gap through the stop on the December results
Suggested allocation	2% to 4%	

Levels are this report's.

The levels assume no particular outcome at Adobe MAX. Buying inside the range before 10 November means holding through the conference and, in December, the fiscal 2027 targets; either can move the price through the stop in one session, which is why the position stays moderate.

What would change the view	Direction
Fiscal fourth-quarter ending ARR meets the 10.2% target and fiscal 2027 targets show net new ARR growing	Better
Adobe quantifies freemium conversion or pricing yield at MAX (10-12 Nov) or with the December results	Better
Fiscal 2027 targets imply ending-ARR growth near 7% or lower, or a Q4 miss against 10.2% (move to Watchlist, with $200, about 7.4x base-case fiscal 2027 EPS, as the level of interest)	Worse
The labour-certification action widens into federal contracts or procurement	Worse
Further senior departures in the creative business before the new CEO starts	Worse
Long yields rise further alongside a contraction in enterprise software budgets	Worse
A close below the $210 cut-loss	Worse

Conditions are this report's; none is a forecast.

11. Technical read

Chart as of 27 October 2026 close

Verdict: Buy, from fundamentals. Technical read (chart only): Conflicts. The chart is in a downtrend: the price is below its 50-day and 200-day averages, the 50-day is falling, and the shares closed under the 200-day within the last ten sessions after the rally failed at $272.10. For a Buy, that means waiting for one of two conditions before adding: a pullback into the $225-240 range that holds above the 7 October low of $227.00 for at least five sessions, or a close back above the 50-day average at $255.56.

Indicator	Value	Reading
Price of record	$248.36	27 Oct close
20-day SMA / EMA	$246.21 / $250.39	Price 0.9% above / 0.8% below
50-day SMA / EMA	$255.56 / $249.90	Price 2.8% / 0.6% below; 50-day falling
100-day SMA / EMA	$243.00 / $250.56	Price 2.2% above / 0.9% below
200-day SMA / EMA	$251.41 / $266.73	Price 1.2% / 6.9% below
RSI(14)	48.9	Neutral
MACD (12,26,9)	2.50, signal 0.39	Above signal, fading
ATR(14)	$9.27	3.7% of price
Volume, 20-day vs 50-day	4.27m vs 4.81m	Lighter than the September sell-off
Support / resistance	$227.00 (7 Oct low), $224.67 (28 Sep low), $207.06 (July low) / $251.41, $255.56, $272.10	52-week range $190.12-363.70

300 completed daily sessions, 19 Aug 2025 to 27 Oct 2026, split-adjusted Twelve Data bars; Wilder smoothing for RSI and ATR; computed by this report.

The Technical read looks only at the price chart. It does not change the verdict or the Investment Score, and only guides entry timing.

12. Final verdict

Would an investor commit new capital to Adobe at $248.36? Yes, but inside $225 to $240 rather than at the close. The business is unchanged since the last report: a raised year, record cash flow and a share count falling quickly, priced at about ten times guided earnings. The single biggest concern is still whether generative tools shrink the paid creative base, and the market will not get hard evidence before Adobe MAX on 10 to 12 November and the fiscal 2027 targets in December. The thesis fails if those targets confirm shrinking net new ARR, or on a close below $210. No High company development drove this verdict.

Sources

Adobe, 'Adobe Reports Record Q3 Results' and financial targets, 10 Sep 2026 (news.adobe.com)
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Adobe MAX 2026 event listing, 10-12 Nov 2026, Miami Beach
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Beating The Bull economic data posts, 2 to 27 Oct 2026

This report is for informational use only and is not financial advice. Figures are as of 27 October 2026 close unless stated.