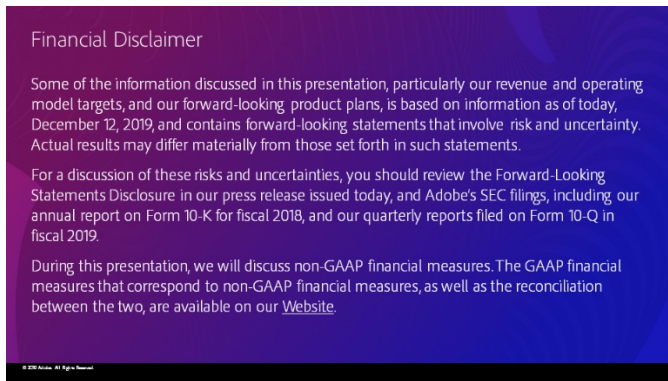


MIKE SAVIAGE

Good afternoon and thank you for joining us today. Joining me on the call are Adobe's President and CEO, Shantanu Narayen; and John Murphy, Executive Vice President and CFO.

In our call today, we will discuss Adobe's fourth quarter and fiscal year 2019 financial results. By now, you should have a copy of our earnings press release which crossed the wire approximately one hour ago. We've also posted PDFs of our earnings call prepared remarks and slides, and an updated investor datasheet on Adobe.com. If you would like a copy of these documents, you can go to Adobe's Investor Relations page and find them listed under Quick Links.

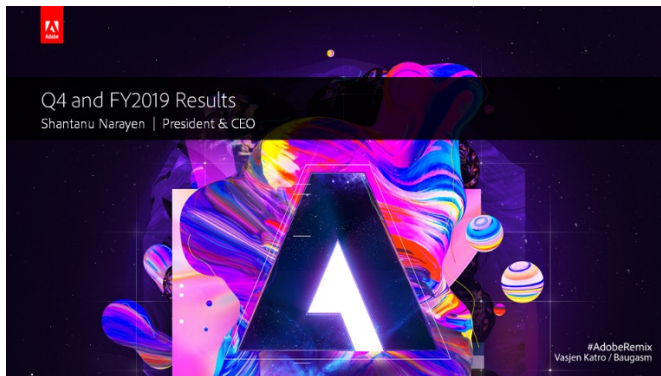


Before we get started, we want to emphasize that some of the information discussed in this call, particularly our revenue and operating model targets, and our forward-looking product plans, is based on information as of today, December 12th, 2019, and contains forward-looking statements that involve risk and uncertainty. Actual results may differ materially from those set forth in such statements. For a discussion of these risks and uncertainties, you should review the Forward-Looking Statements Disclosure in the earnings press release we issued today, as well as Adobe's SEC filings.

On this call we will discuss GAAP and non-GAAP financial measures. A reconciliation between the two is available in our earnings release and on Adobe's Investor Relations website.

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I will now turn the call over to Shantanu.

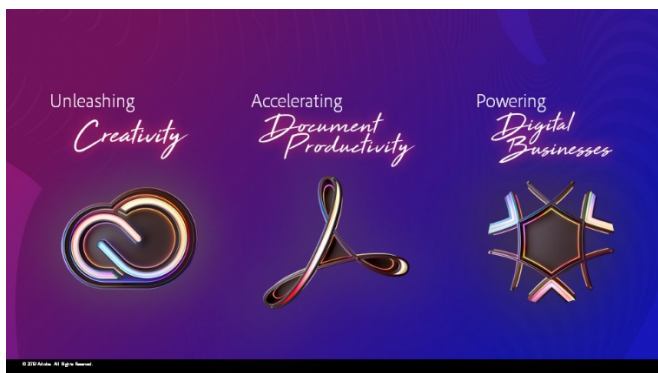


SHANTANU NARAYEN

Thanks, Mike and good afternoon.

Fiscal 2019 was a phenomenal year for Adobe as we exceeded \$11 billion in revenue – a significant milestone for the company. Our record revenue and EPS performance in 2019 makes us one of the largest, most diversified and profitable software companies in the world.

Total Adobe revenue was \$11.17 billion in FY19, which represents 24% annual growth. GAAP earnings per share in FY19 was \$6.00, and non-GAAP earnings per share was \$7.87. We closed the year with another record quarter, delivering Q4 revenue of \$2.99 billion, representing 21% year-over-year growth. GAAP earnings per share for the quarter was \$1.74, and non-GAAP earnings per share was \$2.29.



Our strategy to unleash creativity for all, accelerate document productivity and power digital businesses is significantly expanding our customer universe – from students to business communicators to creative professionals to the world's largest multinational corporations. Ground-breaking innovation in Creative Cloud, Document Cloud and Experience Cloud is accelerating our opportunity and momentum.



Creative Cloud empowers all voices from the most demanding professional to next gen creators; enables the cutting edge of creativity across all media types; makes the creative process more productive and collaborative; and delivers Adobe magic with Sensei. We continue to invest in multiple new growth drivers which has expanded the total addressable market for Creative Cloud to approximately \$31 billion by 2022.

Innovation is at the heart of Creative Cloud's growth. This year at MAX we announced the next generation of Creative Cloud, with goals of deepening customer engagement, continuing to attract new customers, and investing in adjacent opportunities to fuel future growth.

Key announcements at MAX included:

- Delivering additional value to existing subscribers through feature enhancements to our flagship creative tools, including Photoshop, Lightroom, Premiere Pro, Illustrator and InDesign as well as a complete redesign of our Creative Cloud desktop app;
- Enabling collaboration via multi-surface systems with the launch of Photoshop on iPad, Fresco on Windows, and a preview of Illustrator on iPad;
- Extending category leadership with new innovations in Adobe XD, including live co-editing and fully integrated Creative Cloud Libraries;
- Launching new products such as Adobe Aero, the industry's first tool that allows designers to build and share AR experiences;
- Expanding our mobile offering with the introduction of Photoshop Camera, a consumer app that will bring Photoshop technology directly to the moment of capture; and

- Delivering Adobe magic to enable creatives to work faster and smarter than ever before with new Adobe Sensei-powered features.

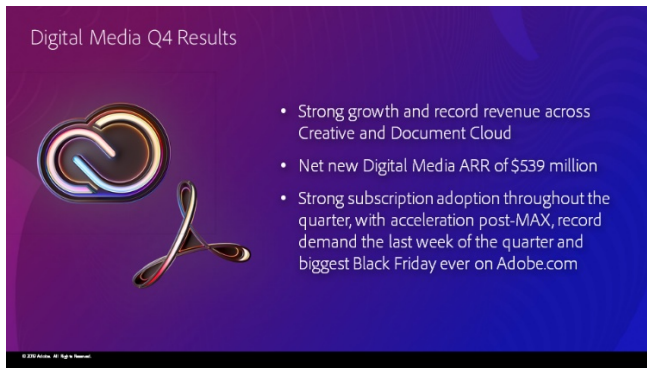
Adobe's heritage is built on providing trusted creative solutions, and we have a responsibility to play a role in addressing content authenticity. At MAX we announced an initiative in partnership with The New York Times Company and Twitter to develop an industry standard for digital content attribution, and we're inviting other companies to join to create a long-term shared solution.



With Document Cloud, Adobe is enabling the paper-to-digital transformation that is underway at organizations and enterprises around the world. With trillions of PDFs created every year and billions of people viewing PDF documents, we've expanded our ambitions in this space, and estimate the total addressable market for Document Cloud will grow to approximately \$13 billion by 2022.

Our Document Cloud strategy is to enable all common document actions, what we call Acrobat verbs – including editing, sharing, scanning and signing – to be frictionless across mobile and web by leveraging the ubiquitous PDF format. We make this possible through desktop and mobile applications, single-click web functionality in browsers, and with a rich set of APIs that can be embedded in third-party applications.

Our Document Cloud ecosystem continues to grow. At BoxWorks, we introduced a new Acrobat web experience, which includes capabilities to modify, organize, sign and collaborate on PDFs directly within Box. At Microsoft Ignite, we announced new advancements in Adobe Sign to simplify the e-signature process, and we deepened integrations between Adobe Sign and Microsoft Office 365, Dynamics 365, and Azure.



In Q4, we drove strong revenue growth across both Creative Cloud and Document Cloud. Digital Media revenue was \$2.08 billion. Net new Digital Media ARR was a record \$539 million, and total Digital Media ARR exiting Q4 grew to \$8.40 billion.

Global interest and subscription adoption were strong throughout the quarter and accelerated after Adobe MAX. Demand for mobile offerings and overall web traffic continued to grow. We are attracting new customers, with over 50% of our cumulative subscribers being new to our Creative Cloud franchise. With 23 million students having access to Adobe Spark, we're spearheading the development of critical creative skills for the next generation.

Document Cloud growth is being driven by new customer acquisition, migration from Acrobat perpetual licenses to subscriptions, and the monetization of an ever-increasing universe of Document Cloud mobile app users.

Digital Media enterprise adoption continues to expand with outstanding seasonal Q4 performance. Finally, we drove record demand for subscriptions during the last week of the quarter, culminating in our biggest ever Black Friday on Adobe.com.



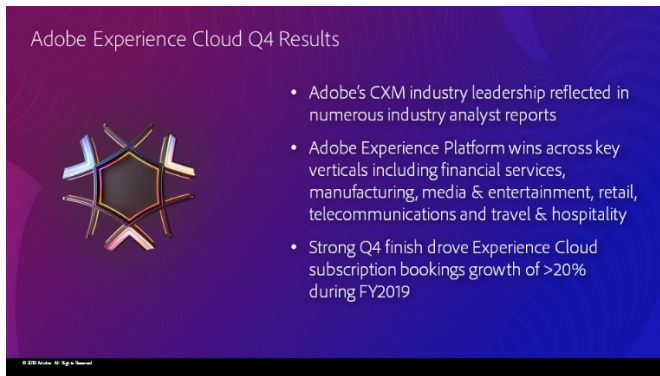
In the experience economy, every business must be a digital business and Adobe Experience Cloud is the industry leader for powering digital businesses. The ever-increasing demand for data and insights, content and personalization, customer journey management, commerce and advertising is expanding our total addressable market for Experience Cloud to \$84 billion by 2022.

We're leveraging our relationships with Chief Marketing Officers and Chief Digital Officers to drive Customer Experience Management (CXM) across the enterprise. With Adobe Experience Platform we are becoming mission critical to the Chief Information Officer. We've extended our offerings and go-to-market across both B2B and B2C and are expanding our footprint in the mid-market segment.

We're rapidly evolving our CXM product strategy to deliver generational technology platforms, launch innovative new services and introduce enhancements to our market-leading applications.

Adobe Experience Platform is the industry's first purpose-built CXM platform. With real-time customer profiles, continuous intelligence, and an open and extensible architecture, Adobe Experience Platform makes delivering personalized customer experiences at scale a reality.

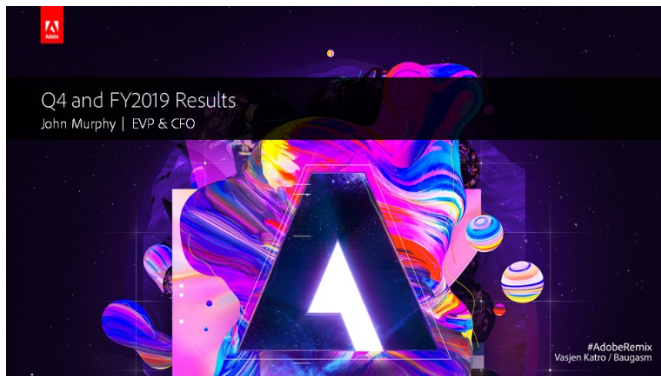
At Adobe, we've leveraged our highly successful data-driven operating model, or DDOM, into a transformation playbook for our customers. We're helping enterprises rearchitect their technology, people and processes to drive business growth. We have a unique and valuable perspective as a company that has used its own technology to transform its business.



Our leadership in Customer Experience Management is reflected in the industry recognition we received in Q4, including being named the top leader in Forrester's Digital Intelligence Platforms Wave report, achieving the best scores across both 'Ability to Execute' and 'Completeness of Vision.' Adobe was named a leader by Gartner and Forrester in the categories of Enterprise Marketing Software Suites, Digital Asset Management and CRM Lead Management.

If you've watched TV, listened to the radio or read the news this past week, you could not have avoided references to Adobe's Holiday Shopping predictions report which leverages Adobe Sensei to identify retail trends and insights from trillions of data points flowing through Adobe Analytics and Adobe Commerce Cloud. Adobe's data showed that Cyber Monday reached a record \$9.4 billion in online sales, and we predict online holiday spending will surpass \$140 billion this year.

Key Digital Experience transactions in the quarter included Goldman Sachs, Marriott, McDonald's and Qualcomm. Interest in the Adobe Experience Platform and our new Real-Time Customer Data Platform is strong and we successfully closed business across key verticals, including financial services, manufacturing, media and entertainment, retail, telecommunications and travel and hospitality. Key wins included 3M, Coca-Cola, Synopsys, Tommy Bahama and Verizon. As a result of the strong Q4, we exceeded 20% subscription bookings growth during FY19.



JOHN MURPHY

Thanks, Shantanu.

Our earnings report today covers both Q4 and fiscal year 2019 results.

FY2019 Results

Total Adobe revenue	\$11.17 billion	
Digital Media segment revenue	22% year-over-year growth	
Digital Media ARR	\$1.69 billion of net new ARR	
Digital Experience segment revenue	31% year-over-year growth	
Digital Experience subscription bookings	Greater than 20% year-over-year growth	
Earnings per share	GAAP: \$6.00	Non-GAAP: \$7.87

- Generated \$4.42 billion of cash flow from operations
- Grew RPO to \$9.82 billion
- Returned \$2.7 billion in cash to stockholders through stock repurchase program

Starting with our annual results, in FY19 Adobe achieved record revenue of \$11.17 billion, which represents 24% year-over-year growth. GAAP EPS for the year was \$6.00, and non-GAAP EPS was \$7.87. This performance is the result of strong execution against our expanding strategy resulting in noteworthy achievements, including:

- Digital Media segment revenue of \$7.71 billion, representing 22% year-over-year growth;
- Creative revenue of \$6.48 billion, representing 21% year-over-year growth;
- Adobe Document Cloud revenue of \$1.22 billion, representing 25% year-over-year growth;
- Exiting the year with \$8.40 billion of Digital Media ARR, an annual increase of \$1.69 billion;
- Digital Experience segment revenue of \$3.21 billion, representing 31% year-over-year growth;

- Digital Experience subscription revenue of \$2.67 billion, representing 37% year-over-year growth;
- Growing Digital Experience subscription bookings by greater than 20%;
- Generating \$4.42 billion in operating cash flow during the year;
- Growing Remaining Performance Obligation, or RPO, to approximately \$9.82 billion; and
- Returning \$2.7 billion in cash to stockholders through our stock repurchase program.

Q4 FY2019 Results

Total Adobe revenue	\$2.99 billion	
Digital Media segment revenue	22% year-over-year growth	
Digital Media ARR	\$539 million of net new ARR	
Digital Experience segment revenue	24% year-over-year growth	
Earnings per share	GAAP: \$1.74	Non-GAAP: \$2.29

- Generated \$1.38 billion of cash flow from operations
- Grew RPO by \$105 billion quarter/quarter
- Repurchased 2.8 million shares

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In the fourth quarter of FY19, Adobe achieved record revenue of \$2.99 billion, which represents 21% year-over-year growth. GAAP diluted earnings per share in Q4 was \$1.74 and non-GAAP diluted earnings per share was \$2.29.

Business and financial highlights in Q4 included:

- Digital Media revenue of \$2.08 billion, which represents 22% year-over-year growth;
- Net new Digital Media ARR of \$539 million;
- Digital Experience revenue of \$859 million, which represents 24% year-over-year growth;
- Record cash flow from operations of \$1.38 billion;
- Increasing RPO by more than \$1 billion; and
- Repurchasing 2.8 million shares of our stock during the quarter.

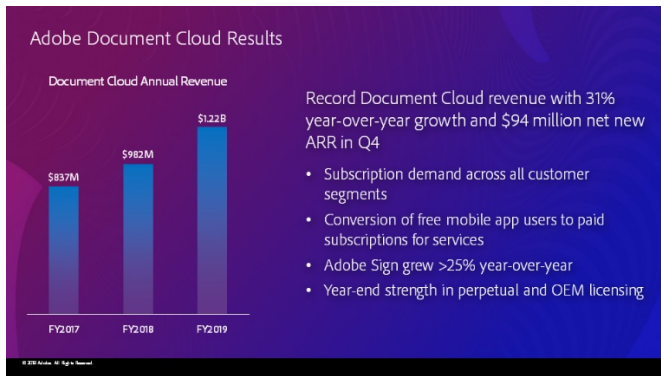


In our Digital Media segment, we achieved record revenue with 22% year-over-year growth in Q4. The addition of \$539 million net new Digital Media ARR grew the total to \$8.40 billion.

Within Digital Media, we achieved another strong quarter with our Creative business. Creative revenue grew 20% year-over-year and we increased Creative ARR by \$445 million in Q4. Driving this performance was continued strength with acquisition, upsell and retention of Creative Cloud subscriptions – as well as the adoption of Creative Cloud services.

Key Q4 Creative growth drivers included:

- New user growth, fueled by demand generation initiatives including targeted campaigns and promotions, an increase in mobile app users, and year-end seasonal strength;
- End of November strength coming from interest driven by the recent Adobe MAX conference and follow-on targeted campaigns that helped drive record performance during the last week of the quarter;
- Continued strength with single app adoption, particularly with our imaging and video offerings;
- A strong finish to the year in the enterprise with renewals, upsell and enterprise services adoption;
- Continued momentum with creative services including Adobe Stock, where revenue again grew greater than 30% year-over-year; and
- Improvements in retention across all our offerings.



Adobe Document Cloud revenue growth accelerated once again in Q4. We achieved record Document Cloud revenue of \$339 million, which represents 31% year-over-year growth, and we added \$94 million of net new Document Cloud ARR during the quarter.

Document Cloud performance during Q4 and the year was driven by:

- Acrobat subscription demand across all customer segments;
- The conversion of free mobile app users to paid subscriptions for services such as Create PDF Online;
- Document Cloud services adoption, including Adobe Sign revenue which grew greater than 25% year-over-year in Q4; and
- Year-end strength in perpetual and OEM licensing.

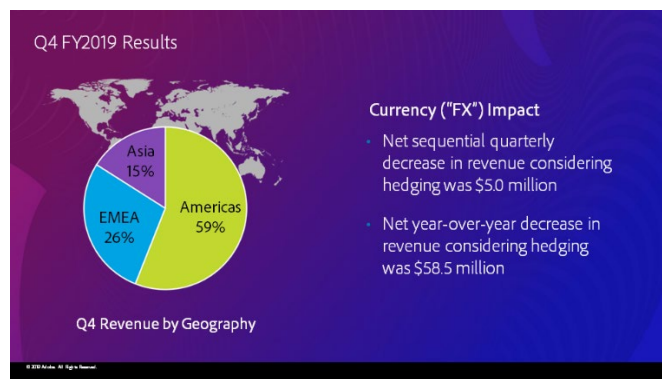


In our Digital Experience segment, we achieved record quarterly revenue of \$859 million, which represents 24% year-over-year growth in Q4. Subscription revenue for the quarter was \$726 million, growing 31% year-over-year. With strong Q4 bookings, we achieved greater than 20% subscription bookings growth for the year.

For the year, we achieved \$3.21 billion of Digital Experience revenue, which represents 31% year-over-year growth.

Key Q4 highlights include:

- Strong year-over-year growth in our Content & Commerce solutions, led by Adobe Experience Manager and success with cross-selling and up-selling Magento;
- Adoption of Adobe Experience Platform, Audience Manager and Real-Time CDP in our Data & Insights solutions; and
- Momentum in our Marketo business, including in the mid-market segment, which helped fuel growth in our Customer Journey Management solutions.



From a quarter-over-quarter currency perspective, FX decreased revenue by \$5.8 million. We had \$11.6 million in hedge gains in Q4 FY19, versus \$10.8 million in hedge gains in Q3 FY19; thus, the net sequential currency decrease to revenue considering hedging gains was \$5.0 million.

From a year-over-year currency perspective, FX decreased revenue by \$39.6 million. The \$11.6 million in hedge gains in Q4 FY19 versus the \$30.5 million in hedge gains in Q4 FY18 resulted in a net year-over-year currency decrease to revenue considering hedging gains of \$58.5 million.

We experienced strong global demand, but FX reduced reported year-over-year revenue growth, particularly in EMEA.

In Q4, Adobe's effective tax rate was 11% on both a GAAP basis and a non-GAAP basis.



Our trade DSO was 47 days, which compares to 49 days in the year-ago quarter, and 44 days last quarter.

Remaining Performance Obligation or “RPO” was \$9.82 billion exiting Q4, which compares to \$8.77 billion exiting Q3. Normal seasonality and strong year-end performance contributed to the more than \$1 billion increase in RPO during Q4.

Deferred revenue exiting Q4 was \$3.50 billion.

Our ending cash and short-term investment position exiting Q4 was \$4.18 billion, and cash flow from operations was \$1.38 billion in the quarter.

In Q4 we repurchased approximately 2.8 million shares at a cost of \$771 million. During fiscal 2019, we repurchased approximately 9.9 million shares, returning \$2.7 billion of cash to stockholders. We currently have \$5.1 billion remaining of our \$8 billion repurchase authority granted in May 2018 which goes through 2021.

FY2020 Targets
December 12, 2019

Total Adobe revenue	~\$13.15 billion	
Digital Media segment revenue	~19% year-over-year growth	
Digital Media ARR	~\$1.55 billion of net new ARR	
Digital Experience segment revenue	~16% year-over-year growth	
Digital Experience subscription revenue ¹	~18% year-over-year growth	
Digital Experience subscription bookings ²	>20% year-over-year growth	
Earnings per share	GAAP: ~\$7.40	Non-GAAP: ~\$9.75

¹ Includes revenue from SaaS, managed services, stable term, usage based, and subscription service offerings for Digital Experience
² Includes annualized subscription value of SaaS, managed services, term and subscription service offerings under contract for Data & Analytics, Content & Commerce and Customer Journey Management solutions

The information discussed in this slide contains forward looking statements that involve risks and uncertainties. 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.

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As you know, we measure ARR on a constant currency basis during a fiscal year and revalue ARR at year-end for current currency rates. FX rate changes between December of 2018 and this year have resulted in a \$66 million decrease in Digital Media ARR. This decreases our FY20 beginning Digital Media ARR balance to \$8.33 billion. The effect of this revision is reflected in our updated investor data sheet, and ARR results will be measured against this amount during FY20.

We are providing the following fiscal year 2020 targets:

- Total Adobe revenue of approximately \$13.15 billion;
- Digital Media segment year-over-year revenue growth of approximately 19%;
- Net new Digital Media ARR of approximately \$1.55 billion;
- Digital Experience segment year-over-year revenue growth of approximately 16%;
- Digital Experience subscription revenue year-over-year growth of approximately 18%;
- Digital Experience subscription bookings year-over-year growth of greater than 20%;
- Tax rate of approximately 11% on a GAAP basis and non-GAAP basis;
- Share count of approximately 486 million shares;
- GAAP earnings per share of approximately \$7.40; and
- Non-GAAP earnings per share of approximately \$9.75.

Q1 FY2020 Targets
December 12, 2019

Total Adobe revenue	~\$3.04 billion	
Digital Media segment revenue	~19% year-over-year growth	
Digital Media ARR	~\$360 million of net new ARR	
Digital Experience segment revenue	~15% year-over-year growth	
Earnings per share	GAAP: ~\$1.76	Non-GAAP: ~\$2.23

- Expect Digital Media net new ARR to grow sequentially from Q1FY20 to Q2FY20, dip sequentially from Q2FY20 to Q3FY20 and have a strong seasonal finish in Q4FY20
- Expect total Adobe revenue to grow by ~17% year-over-year in 1HFY20 and by ~18% in 2HFY20

The information discussed on this slide contains forward-looking statements that include 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 [website](#) for a discussion of these targets and a detailed reconciliation between GAAP and non-GAAP targets.

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For Q1 FY20 we are targeting:

- Revenue of approximately \$3.04 billion;
- Digital Media segment year-over-year revenue growth of approximately 19%;
- Net new Digital Media ARR of approximately \$360 million;
- Digital Experience segment year-over-year revenue growth of approximately 15%;
- Net non-operating expense of approximately \$20 million;
- Tax rate of approximately 5% on a GAAP basis and 11% on a non-GAAP basis;
- Share count of approximately 489 million shares;
- GAAP earnings per share of approximately \$1.76; and
- Non-GAAP earnings per share of approximately \$2.23.

We expect Digital Media net new ARR in FY20 to grow sequentially from Q1 to Q2, dip in Q3 and have a strong seasonal finish in Q4. As a reminder, Q1 FY19 benefitted from a positive one-time \$20 million ARR adjustment due to the adoption of ASC 606.

We anticipate total Adobe revenue to grow by approximately 17% year-over-year in the first half of FY20, followed by approximately 18% year-over-year growth in the second half of the year.

In summary, we finished fiscal 2019 strong with record performance in Q4. Based on our category leadership and strong momentum exiting 2019, we remain bullish about fiscal 2020 and beyond.


I'll now turn the call back over to Mike.

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Available 5:00pm PT on Dec. 12, 2019 through 5:00pm PT on Dec. 29, 2019



Adobe Summit 2020

Opening Keynote on March 31, 2020 in Las Vegas
summit.adobe.com

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MIKE SAVIAGE

Thanks, John.

Adobe Summit, our annual Digital Experience user conference, will occur during the week of March 30th in Las Vegas with day one on Tuesday March 31st. An invitation to Summit for the financial community, including discounted registration information, will be sent to our analyst and investor email list in January. More information about the event can be found online at summit.adobe.com.

If you wish to listen to a playback of today's conference call, a webcast archive of the call will be available on our IR site later today. Alternatively, you can listen to a phone replay by calling 888-203-1112; use conference ID #8536435. International callers should dial 719-457-0820. The phone playback service will be available beginning at 5pm Pacific Time today and ending at 5pm Pacific Time on December 19th, 2019.

We would now be happy to take your questions, and we ask that you limit your questions to one per person. Operator.