

SALESFORCE, INC (CRM)

October 18, 2024

Information Technology – Application Software

Stock Rating

BUY

Target Price

\$310 – 325

Investment Thesis

We recommend a BUY rating for Salesforce, Inc. with a target price range of \$310-325, showcasing an upside of approximately 10% from the current price of \$288. We believe that Salesforce, a pioneer in Customer Relationship Management (CRM) software, has high growth potential due to its focus on high growth segments such as CRM and cloud, as well as its continuous innovation in AI indicated by its recent launch of Agentforce, the first AI-powered platform for autonomous business processes.

Drivers of Thesis

- The CRM segment of the enterprise software industry is expected to become a larger portion of the industry and grow at a CAGR of 10% through 2029, benefiting Salesforce due to its dominant market share of 59%.
- The Agentforce platform by Salesforce provides autonomous enterprise AI agents for sales, services, marketing, driving revenue from Salesforce's Platform segment with a CAGR of 15% over our forecasting horizon.
- Salesforce has diverse revenue streams with high-growth offerings such as MuleSoft, Slack, and Tableau, as well as recurring subscription-based revenue streams, showcasing high potential for top line growth.

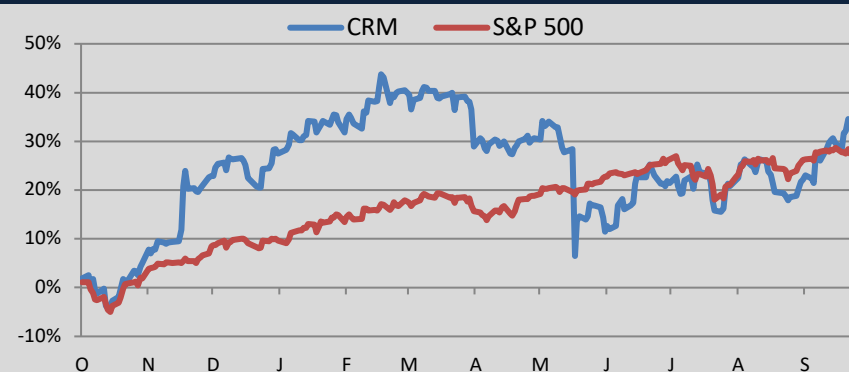
Risks to Thesis

- While cloud computing is expected to increase at 16% CAGR, there is heavy competition from tech giants in cloud and Salesforce must continuously innovate and invest in R&D to maintain its market share.
- Macroeconomic factors such as continued high inflation, high interest rates have led to delayed IT spending. Slower adoption of products, AI initiatives, and reduced margins have led to layoffs.

Earnings Estimates

Year	2022	2023	2024	2025E	2026E	2027E
EPS	\$1.53	\$0.21	\$4.25	\$6.14	\$7.20	\$8.64
HF est.				\$6.15	\$7.25	\$8.71
Growth	-66.4%	-86.2%	1911.1%	46.1%	17.9%	20.1%

12 Month Performance



Henry Fund DCF	\$310
Henry Fund DDM	\$134
Relative Multiple	\$320

Price Data

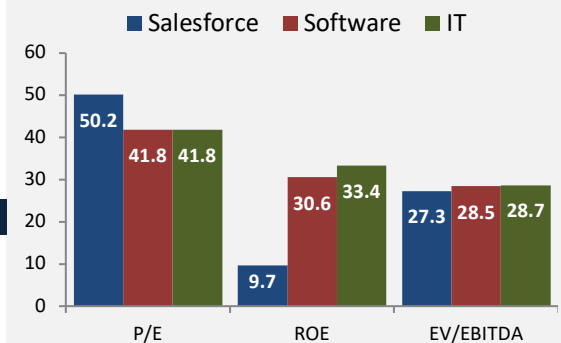
Current Price	\$288
52wk Range	\$194 – 318
Consensus 1yr Target	\$313

Key Statistics

Market Cap (B)	\$278.1
Shares Outstanding (M)	956.0
Institutional Ownership	97.2%
Beta	1.30
Dividend Yield	0.6%
Est. 5yr Growth	12.4%
Price/Earnings (TTM)	50.2
Price/Earnings (FY1)	68.7
Price/Sales (TTM)	7.9
Price/Book (mrq)	4.8

Profitability

Operating Margin	17.2%
Profit Margin	11.9%
Return on Assets (TTM)	4.7%
Return on Equity (TTM)	9.7%



Company Description

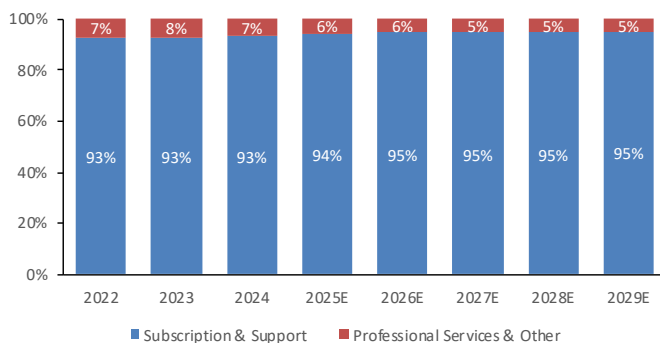
Founded in 1999, Salesforce, Inc. is a global leader in Customer Relationship Management software. Headquartered in San Francisco, the company's primary offering is its Customer 360 platform, providing tools for sales, service, marketing, commerce, integration, and analytics. Operating worldwide, Salesforce emphasizes innovation in AI and automation, with its latest launch of Agentforce, the first AI-powered platform with autonomous agents for customer interactions and streamlined business processes.

COMPANY DESCRIPTION

Founded by Marc Benioff in 1999, Salesforce is a global leader in customer relationship management (CRM) software, known for its cloud-based solutions that help businesses manage sales, marketing, and customer service. Headquartered in San Francisco, Salesforce offers a broad range of enterprise cloud applications, including sales automation, customer support, marketing analytics, and business collaboration tools. It is recognized for its focus on innovation, leveraging AI-driven tools to help clients better connect with their customers. Salesforce operates in the enterprise software industry, with a strong focus on CRM and cloud computing. It has dominated the CRM market in terms of market share and has been ranked the number 1 CRM provider worldwide for the last 11 years in a row.¹

Salesforce's total revenue in FY2024 was \$34.9 billion, representing an 11% year-over-year growth. The company's growth was largely driven by its dominant Subscription and Support segment, which comprised 93% of total revenue. This segment includes Sales Cloud, Service Cloud, Platform and Other, Marketing and Commerce, and Integration and Analytics. The Professional Services and Other segment, accounting for the remaining 7% of revenue, includes consulting and implementation services for Salesforce customers. Over the last three years, Subscription and Support has consistently made up over 90% of Salesforce's revenue, a trend that we expect to continue with revenue from the segment increasing to 95% by 2029 as the company further innovates and expands its cloud-based services and customer engagement tools.

Revenue Breakdown by Segment

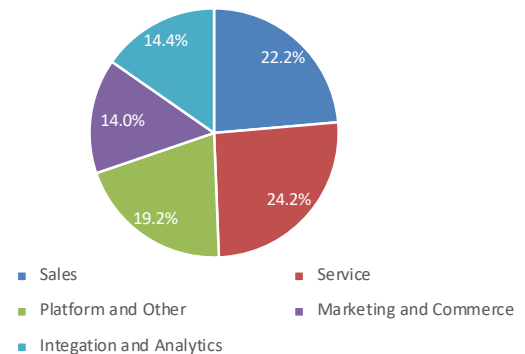


Source: CRM 10-K, HF estimates

Subscription and Support

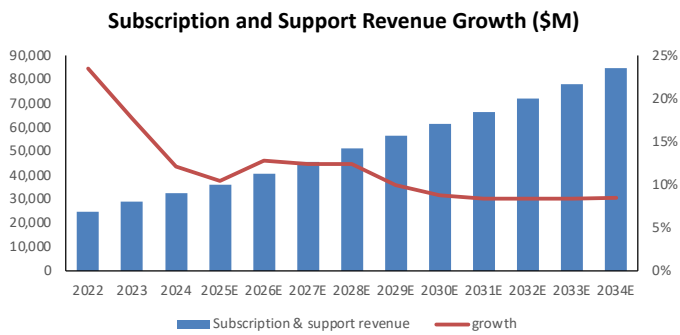
Salesforce's Subscription and Support segment is the backbone of its business, encompassing cloud-based solutions designed to help companies manage their customer relationships, automate sales processes, and enhance marketing strategies. Salesforce's primary offering is Customer 360, which includes products such as Sales Cloud, helping businesses manage sales pipelines; Service Cloud, supporting customer service and engagement; and Marketing & Commerce Cloud, enhancing customer outreach and driving sales. Additionally, the platform includes MuleSoft, enabling seamless integration of systems and data; Slack, enhancing collaboration and custom workflow; and Tableau, providing advanced analytics and in-depth business insights. The company's subscription-based model ensures steady, recurring revenue. Salesforce customers typically subscribe to individual products tailored to their specific needs, as each product requires a separate subscription.

Subscription and Support Revenue Breakdown by Segment for FY2024



Source: CRM 10-K

In FY2024, revenue from this segment reached \$32.5 billion, marking solid growth driven by increased demand for Salesforce's cloud services, particularly in AI-driven customer engagement and automation tools. The ongoing digital transformation across industries has fueled this growth, as businesses continue to invest in technology to enhance their customer interactions and operational efficiencies. Therefore, we forecast this segment to grow at a CAGR of 10% over the forecasting horizon.



Source: CRM 10-K, HF estimates

Sales Cloud

Sales Cloud is a key component of its Customer 360 platform, designed to help sales teams manage pipelines, automate sales processes, and optimize customer relationships. With AI-powered features such as lead scoring, email generation, and customer sentiment analysis, Sales Cloud allows teams to work more efficiently across all sales stages. Sales Cloud has maintained strong demand as companies have continued to shift towards automated, digital-first sales models. Salesforce's Sales Cloud has 38.3% market share, 3.3x higher than Microsoft Dynamics 365 Sales. We project Sales to grow at an 8% CAGR, driven by the increased adoption of AI tools that enhance productivity and customer targeting.

Service Cloud

Service Cloud is Salesforce's AI-powered customer service solution that brings together all customer service interactions on a single platform. It allows businesses to automate case management, connect customers through various channels, and streamline field service operations. The offering is particularly valuable in industries that prioritize customer support, such as retail, healthcare, and financial services. Service Cloud has experienced strong demand due to its ability to enhance customer satisfaction. Salesforce's Service Cloud has 44.9% of the niche market compared to 8.4% of Oracle Service Cloud. We anticipate Service to grow at an 8% CAGR, fueled by increasing investments in AI-driven automation for customer service and field management.

Platform and Other

Salesforce's Platform is a powerful ecosystem that enables businesses to build, deploy, and scale custom applications using low-code tools and AI-powered capabilities. Central

to this platform is Einstein AI, first introduced in 2016, which brought predictive analytics, automated insights, and personalized recommendations into Salesforce's products. Over the years, Einstein's capabilities have expanded, driving adoption in industries prioritizing AI-powered innovation. Last month, Salesforce launched Agentforce as a major evolution of Einstein AI, introducing autonomous agents capable of managing complex business processes with minimal human intervention. Agentforce takes automation further, enabling companies to deploy industry-specific AI agents that independently handle customer interactions, sales forecasting, and service operations. With Agentforce, Salesforce's platform is set to grow faster than any other segment, as more enterprises seek to leverage autonomous AI solutions for efficiency and innovation.

Salesforce's Slack platform enhances collaboration by bringing teams, technologies, and workflows together into a single workspace. Since its acquisition in 2021, Slack has become deeply integrated with Customer 360, offering no-code workflow automation, AI-powered search, and seamless knowledge sharing. Slack's role in supporting hybrid and remote work has fueled adoption, with enterprise clients increasingly choosing it over competitors like Microsoft Teams. As AI becomes a bigger part of Slack's functionality, the platform is expected to gain market share and improve productivity for customers. With the combined growth of Slack and Agentforce, we expect Salesforce's platform segment to drive the most growth and forecasted it to grow at a 14% CAGR.

Marketing and Commerce Cloud

Marketing Cloud is Salesforce's AI-driven marketing platform that enables businesses to create personalized, automated customer journeys across email, mobile, social, and web channels. It allows businesses to manage campaigns, analyze customer behavior, and integrate data from various sources for a single customer view. Commerce Cloud supports businesses in creating seamless digital shopping experiences, merging customer touchpoints across mobile, web, social, and in-store channels. It integrates AI to provide personalized product recommendations, automated customer assistance, and real-time inventory management. We anticipate this segment to grow at a 7% CAGR, as businesses continue to adopt AI-powered marketing automation tools to boost conversion rates and customer lifetime value as well as increasing demand for AI-powered e-commerce solutions.

Integration and Analytics

MuleSoft, Salesforce's integration platform, allows companies to connect data, AI models, and business processes across their ecosystems through APIs and automation. MuleSoft has seen increased adoption as enterprises sought more seamless data integration to power their digital transformation efforts. Tableau, Salesforce's AI-powered analytics platform, allows businesses to visualize and analyze data from multiple sources. It provides advanced analytics capabilities, such as predictive modeling and natural language processing, to enable smarter decision-making. We expect this segment to grow at a CAGR of 12%, driven by rising demand for real-time data integration and API management solutions.

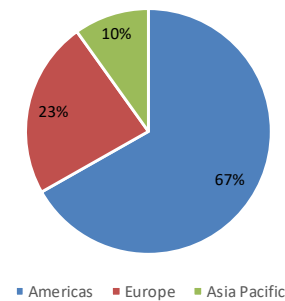
Professional Services & Other

Salesforce's Professional Services and Other segment encompasses consulting, training, and implementation services to help clients effectively adopt and maximize their Salesforce solutions. In FY2024, this segment generated \$2.21 billion, a 9% year-over-year decline, largely due to the reduction in workforce as part of Salesforce's broader restructuring plan. These job cuts were intended to streamline operations, leading to a temporary slowdown in large-scale implementation projects. Looking ahead, we anticipate a gradual recovery with growth rates of 3-5%, driven by increasing demand for AI and data integration services.

Geographic Business Segments

Operating in more than 100 countries, Salesforce has established itself as a global leader in CRM technology. Salesforce divides its revenue into three primary regions: the Americas, Europe, and Asia-Pacific. In FY2024, 67% of total revenue came from the Americas, with the United States being its largest market. Europe contributed 23%, with strong demand from regions such as the UK and Germany, while 10% of the company's revenue was derived from the APAC region. While India remains a growing market, Japan and Australia currently account for a larger share of Salesforce's APAC revenue. We expect growth across all regions as businesses adopt AI-powered CRM solutions. This distribution of revenue across geographic regions has remained consistent over the last five years, and we expect it to hold fairly steady over the forecasting horizon. The primary competitors CRM market are largely consistent both in the US and internationally.

**Revenue Breakdown by Geography FY2024
(\$34.9 B)**

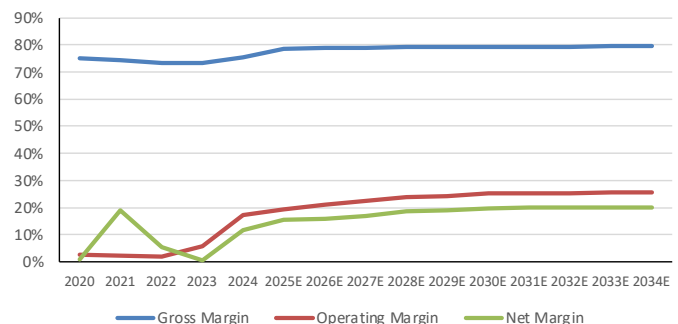


Source: CRM 10-K

Cost Structure Analysis

Salesforce's cost structure is impacted by increasing investments in AI and data-driven solutions, which require substantial R&D and infrastructure spending. Despite these investments, Salesforce has maintained strong gross margins of around 75-78%, benefiting from its high-margin subscription-based business model. However, operating margins have been under pressure as the company continues to invest in R&D, marketing, and sales. Salesforce has made strategic moves to streamline costs, including workforce reductions and targeted cost optimizations. Net margins have also improved, reaching 16% in FY2024, as Salesforce starts to realize the benefits of its efficiency measures. Moving forward, we anticipate that both gross and operating margins will remain relatively stable, with incremental improvements expected as Salesforce scales its AI-driven solutions and realizes further economies of scale. Therefore, we assume the gross margin over the next ten years to be 77-79%, the average gross margin for five years.

Salesforce Margins



Source: CRM 10-K, HF estimates

Debt Maturity Analysis

As of FY2024, Salesforce has \$9.5 billion in total debt including long-term debt and the current portion as shown in the table. We do not think that this is a substantial amount and a risk to consider. In FY2024, Salesforce had a current ratio of 1.09x, showcasing its ability to cover its current liabilities using current assets. It also generated \$10.2 billion in operating cash flows, demonstrating the company's capability to manage its debt. Additionally, this year Salesforce's bond rating was upgraded to A+ by S&P. Most of Salesforce's peers have high bond ratings: Microsoft (AAA), SAP (A), Adobe (A+), Oracle (BBB).

Five-Year Debt Maturity Schedule

Fiscal Year	Payment (\$M)
2025	1000
2026	0
2027	0
2028	0
2029	2500
Thereafter	1200
Total	\$9500

Source: CRM 10-K

RECENT DEVELOPMENTS

FY2025 Earnings Announcements

For FY2025, Salesforce has released earnings for both Q1 and Q2, beating expectations for both quarters.

Q1 FY2025: On May 29, 2024, Salesforce reported revenue of \$9.13 billion, slightly below the expected \$9.17 billion, but EPS of \$2.34 beat the anticipated \$1.60. Revenue grew 11% year-over-year, with Subscription and Support contributing \$8.59 billion. It benefited from its focus on AI and cost optimizations during this quarter. Operating margins increased to 19%, in line with our forecasts.

Q2 FY2025: On August 28, 2024, Salesforce reported \$9.33 billion in revenue, surpassing expectations of \$9.23 billion, and EPS of \$2.36, significantly beating the projected \$1.33. Subscription and Support remained the dominant segment. This quarter showed strong performance as Salesforce announced its new Agentforce AI platform.

For FY2025, Salesforce updated its EPS guidance to be between \$6.05 and \$6.13. We estimate FY2025 EPS to be \$6.15 and consensus expects \$6.14.

Dreamforce 2024

Held from September 12-14, 2024, in San Francisco, Dreamforce is one of Salesforce's biggest annual events, showcasing cutting-edge innovations with a heavy focus on AI. The main focus was the unveiling of Agentforce, Salesforce's AI-powered assistant platform designed to automate complex workflows across sales, service, marketing, and commerce. Built on Salesforce's Data Cloud and powered by the Atlas Reasoning Engine, it goes beyond simple task assistance as it autonomously manages data, generates action plans, and can execute tasks without human intervention. Agentforce introduces specialized AI agents that automate customer interactions, sales forecasts, and service operations. It also features Agent Builder, a low-code tool that allows businesses to customize AI agents based on their specific industry needs. These agents can operate around the clock, providing personalized customer interactions and enhancing workflow efficiency. Additionally, Salesforce showcased its deep integration with partners like Google and AWS, which bolsters the scalability and capabilities of Agentforce. Set to be available in October, Agentforce is a direct competitor to Microsoft's Copilot, which already has a market lead and advantages due to integration with Office 365. We want to monitor closely whether Agentforce's autonomous features can differentiate enough to overcome this and create expected demand.

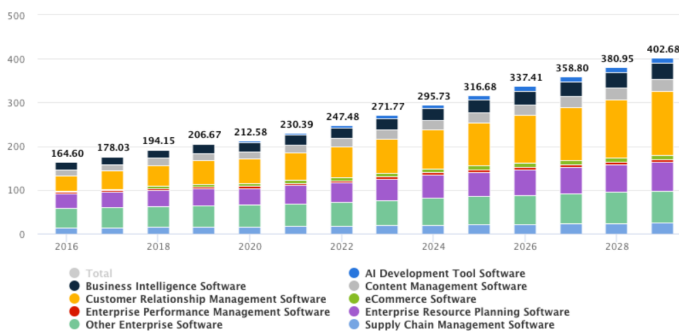
Acquisitions

After making headlines for acquiring Slack for \$27.7 billion in 2021, Salesforce has been relatively quiet on the acquisition front. However, in September 2024, Salesforce signed a definitive agreement to acquire Zoomin, an Israeli startup specializing in unstructured data management, for \$450 million in all-cash. This acquisition marks Salesforce's strategic move to enhance its Data Cloud and Agentforce platforms by improving how AI agents process and utilize unstructured data, such as technical content, support articles, and product documentation. Zoomin's technology will allow Salesforce to offer more personalized, data-driven responses across various customer touchpoints, streamlining customer support interactions. The acquisition is seen as a positive development, positioning Salesforce for further growth in the automation and AI-driven enterprise software space.

INDUSTRY TRENDS

Salesforce operates in the enterprise software industry, with a focus on CRM software. The enterprise software industry has experienced significant growth over the past decade, and its upward trajectory is expected to continue. In 2024, the industry's total global revenue was \$296 billion, and it's forecast to grow to nearly \$403 billion over the next five years with a CAGR of 7%. This growth is driven by increasing demand for cloud computing, AI integration, and digital transformation. As shown below, CRM software represents a substantial and growing segment within the enterprise software industry. CRM software has seen steady growth due to the rise in cloud-based solutions and increasing need for businesses to manage customer relationships efficiently. Its role in the enterprise software industry is expected to expand as companies increasingly adopt CRM tools for automation and personalization.

Enterprise Software Industry Revenue by Segment Worldwide (\$B)



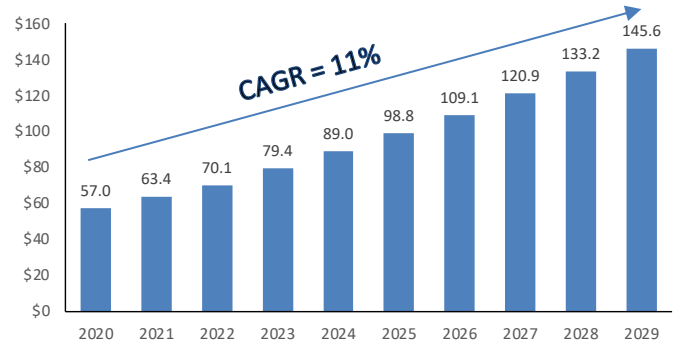
Source: Statista Market Insights

Customer Relationship Management

CRM software helps businesses manage customer interactions, streamline processes, and improve profitability by automating sales, marketing, and customer service, enabling efficient customer data management. It provides businesses with insights into customer behavior, helps personalize customer engagement, and supports relationship-building at scale. The CRM market is growing steadily, with global revenue expected to reach \$146 billion by 2029 with a CAGR of 10%. Key trends include the integration of AI and cloud-based systems, which enhance personalization and automation. Salesforce leads the market and other key players include Microsoft, Oracle, and SAP. We forecast that increasing reliance on AI, autonomous agents, and digital transformation will continue driving CRM market expansion. Currently, 73% of businesses have adopted CRM software, leaving 27% yet

to implement it. Adoption is particularly high in tech (94%), manufacturing (86%), education (85%), healthcare (82%), and HR (81%), with 71% of small businesses also leveraging CRM systems to streamline operations. While the market has significant penetration, the remaining growth will likely come from two sources: further adoption among smaller businesses and less-saturated industries, and expanding value for existing users through advanced features, add-ons, and integration with other tools.

CRM Market Worldwide Revenue (\$B)



Source: Statista

Cloud Computing

Cloud adoption involves businesses transitioning from on-premises infrastructure to cloud technologies, enabling them to host applications, data, and workloads more flexibly and efficiently. By 2025, 85% of organizations are expected to operate with a cloud-first approach. Cloud computing is a rapidly growing market and is projected to grow from \$602 billion in 2023 to \$1.25 trillion by 2028, indicating a CAGR of 16%. We expect growth in cloud to be driven by innovations like AI-powered services, edge computing, and multi-cloud environments. The proliferation of IoT devices and the need for real-time data processing are driving the growth of edge computing, bringing computation closer to data sources to reduce latency and bandwidth usage. However, Salesforce faces strong competition from major cloud players like Microsoft, Amazon, and Google. To maintain and grow market share, Salesforce must invest heavily in innovation and R&D, particularly in AI and automation, to meet evolving customer demands.

MARKETS AND COMPETITION

Salesforce faces stiff competition from several key players in the enterprise software industry. Microsoft, through its Dynamics 365 suite, offers strong integration with Office and Teams, making it a formidable competitor, particularly for larger enterprises. Oracle competes with Salesforce in cloud services and CRM solutions, leveraging its expertise in database management. SAP integrates CRM with its ERP solutions, making it appealing to companies seeking full business process integration. ServiceNow challenges Salesforce with workflow automation, particularly in customer service, and Adobe rivals Salesforce in marketing automation and analytics tools. Despite this competition, Salesforce remains a leader in the CRM space. While Microsoft and Oracle surpass Salesforce in market capitalization, Salesforce excels in its specialized focus on CRM software. The company has maintained consistent growth by adapting to market needs, even as competitors like Adobe and ServiceNow push into marketing automation and customer service automation.

Company	Market Cap (B)	Revenue (B)
Salesforce, Inc.	273.62	34.86
Adobe Inc.	227.92	19.36
ServiceNow, Inc.	184.12	8.97
SAP SE	265.20	31.21
Oracle Corporation	472.19	52.97
Intuit Inc.	174.06	16.28
Microsoft Corporation	3236.30	245.12

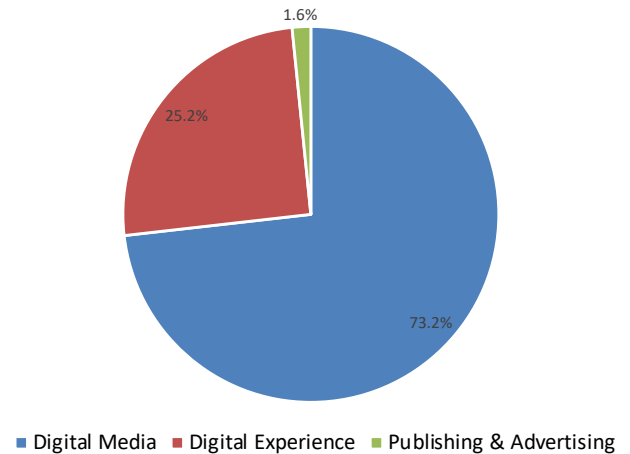
Source: FactSet

Adobe Inc. (ADBE)

Founded in 1982, Adobe is a global provider of creative, marketing, and document management solutions, competing with Salesforce in the marketing and analytics segments. Adobe's popular tools like Photoshop and Acrobat constitute 73% of its revenue. Digital Experience, accounting for 25%, is where Adobe challenges Salesforce's Marketing Cloud, with Adobe Experience Cloud. It includes tools for customer journey mapping, personalization, and data-driven insights. Adobe's advantage lies in its ability to combine creative content solutions with its marketing platform, giving it an edge in delivering cohesive customer experiences. Adobe has intensified its focus on AI-driven solutions, with the introduction of Adobe Firefly and enhancements in

Experience Manager, which improve real-time content creation and customer engagement. These developments allow Adobe to compete more aggressively with Salesforce, especially for businesses seeking to combine creative content with marketing automation. While Salesforce maintains its dominance in CRM with seamless data integration, Adobe's push into AI-powered marketing tools poses an increasing threat.

Adobe Inc.
Revenue Breakdown FY2023 (\$19.41 B)

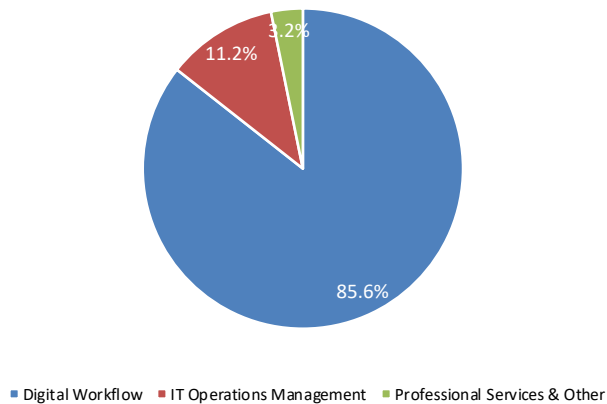


Source: FactSet

ServiceNow, Inc (NOW)

ServiceNow, established in 2004, is a key player in the enterprise IT and workflow automation space. Its Digital Workflow platform, which accounts for 85.6% of its revenue, is a direct competitor to Salesforce's Service Cloud, providing tools that allow businesses to automate and optimize processes across IT, HR, and customer service. Beyond workflows, IT Operations Management makes up 11.2% of ServiceNow's revenue, further intensifying competition with Salesforce, particularly in customer service automation and IT management. ServiceNow's core strength is its emphasis on IT and business process automation, with a growing focus on AI-driven workflows. This targeted approach makes it a formidable competitor, particularly as companies increasingly seek comprehensive automation solutions across different functions. ServiceNow's ability to streamline workflows presents a challenge to Salesforce in customer service and IT operations management.

ServiceNow, Inc.
Revenue Breakdown FY2023 (\$8.97 B)

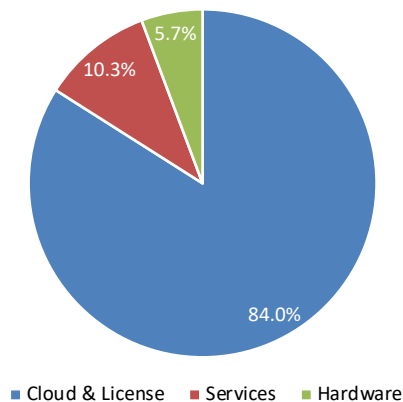


Source: FactSet

Oracle Corporation (ORCL)

Founded in 1977, Oracle is a global leader in cloud services, enterprise software, and database management systems. In FY2024, Oracle generated \$52.96 revenue with its Cloud & License segment accounting for 84.0%. This includes Oracle's cloud applications and software licensing, which competes with Salesforce's CRM and cloud offerings, particularly in large enterprises seeking integrated cloud solutions. Oracle's Services segment, contributing 10.3%, includes consulting and support services, further competes with Salesforce's professional services in helping businesses implement and manage cloud solutions. Oracle's strength lies in its robust cloud infrastructure and database services, offering a comprehensive suite of tools for businesses to manage data and applications at scale.

Oracle Corporation
Revenue Breakdown FY2024 (\$52.96 B)

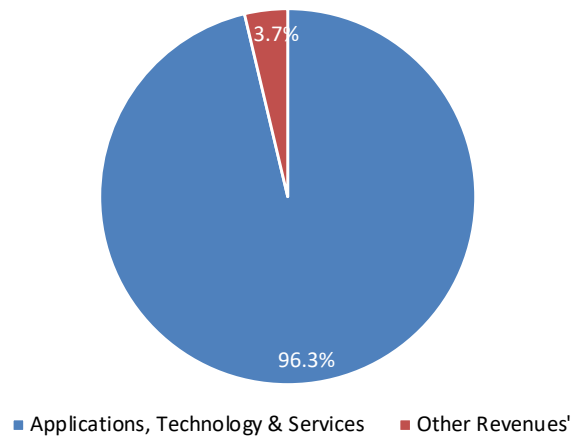


Source: FactSet

SAP SE (SAP)

Founded in 1972, SAP is a global leader in enterprise software, competing with Salesforce in areas such as cloud applications and CRM. SAP reported \$32.03 billion in revenue, with 96.3% coming from its Applications, Technology & Services segment. This includes SAP's ERP, CRM, and supply chain solutions, widely adopted by large enterprises to manage complex operations. Unlike Salesforce's stronger focus on CRM and customer engagement, SAP provides a more integrated solution for end-to-end business processes, especially in industries like manufacturing and logistics. SAP also continues to expand its cloud offerings, positioning itself as a strong player in enterprise technology transformation.

SAP SE
Revenue Breakdown FY2023 (\$32.03 B)



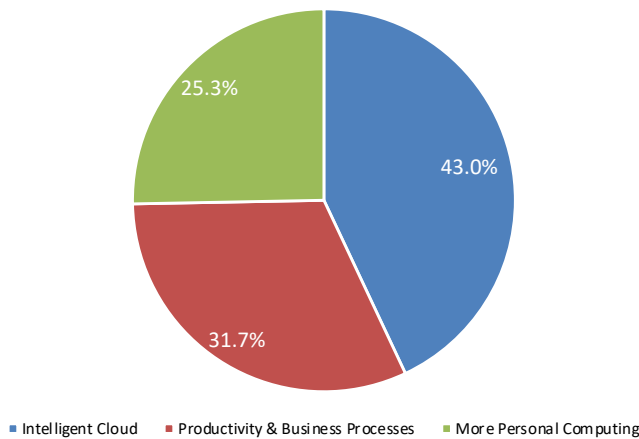
Source: FactSet

Microsoft Corporation (MSFT)

Founded in 1975, Microsoft is a dominant force in cloud computing, enterprise software, and productivity tools, competing head-to-head with Salesforce. Microsoft reported \$245.12 billion in revenue, with Server Products & Cloud Services, driven by Azure, contributing 35.63%. This cloud segment directly challenges Salesforce's cloud offerings, providing scalable infrastructure and AI-driven services for enterprise customers. Additionally, Office Products & Cloud Services, which accounts for 19.56% of revenue, offers integrated productivity solutions that compete with Salesforce's CRM in areas like workplace efficiency and collaboration. Microsoft's Copilot, an AI assistant integrated into its ecosystem, has positioned

Microsoft as a key player in the AI-powered enterprise productivity space. Salesforce launched Agentforce in October 2024 to compete directly with Copilot. Agentforce utilizes Salesforce's Data Cloud and Atlas Reasoning Engine to autonomously manage workflows, create action plans, and execute tasks, making it a powerful rival to Microsoft's AI assistant. By enabling low-code customization and industry-specific workflows, Agentforce is designed to automate complex tasks across service, sales, marketing, and commerce functions, presenting a significant challenge to Microsoft's AI initiative.

Microsoft Corporation
Revenue Breakdown FY2024 (\$245.12 B)

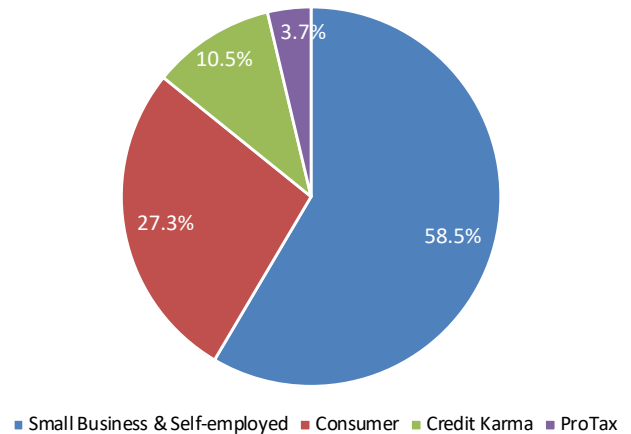


Source: FactSet

Intuit Inc (INTU)

Founded in 1983 and headquartered in Mountain View, California, Intuit focuses on financial management software for individuals and small businesses, indirectly competing with Salesforce in the small to medium-sized business market. Intuit reported \$16.29 billion in revenue, with its Small Business & Self-Employed segment, which includes QuickBooks, accounting for 58.5%. This aligns with Salesforce's offerings for small business financial management. While Salesforce dominates in CRM, Intuit has established itself as a leader in financial and tax management software, particularly for small businesses and consumers.

Intuit Inc.
Revenue Breakdown FY2023 (\$16.29 B)



Source: FactSet

Profitability and Ratio Analysis

Salesforce's operating margin of 17.21% and net margin of 11.87% place it among the lowest among its peers, only above ServiceNow, signaling that its profitability lags behind key competitors. This is due to its heavy investment in R&D and aggressive expansion efforts. Salesforce's ROA of 4.03% highlights inefficiencies in asset utilization compared to competitors. Salesforce's capex to sales ratio of 2.11% reflects its low capital expenditure on infrastructure. While this allows for operational agility, the lower investment could limit its long-term scalability in cloud infrastructure and data center capacity.

Company	Oper. Margin	Net Margin	Capex to Sales	ROA (%)
Salesforce, Inc.	17.21	11.87	2.11	4.03
Adobe Inc.	34.13	28.03	2.13	19.06
ServiceNow, Inc.	8.49	19.30	7.74	11.28
SAP SE	21.10	11.64	2.52	5.02
Oracle Corporation	30.34	19.76	12.96	7.60
Intuit Inc.	23.66	18.19	1.54	9.89
Microsoft Corporation	44.64	35.96	18.14	19.07

Source: FactSet

Salesforce's P/E ratio of 66.88 has consistently remained higher than its peers over the past few years, highlighting a long-standing trend of high market expectations for its future growth. This elevated valuation reflects Salesforce's leadership in CRM. If Salesforce fails to meet its growth targets, the high valuation could lead to significant stock price volatility. Additionally, with a relatively low ROE of 7.01%, Salesforce is less efficient in generating returns compared to Microsoft and Oracle.

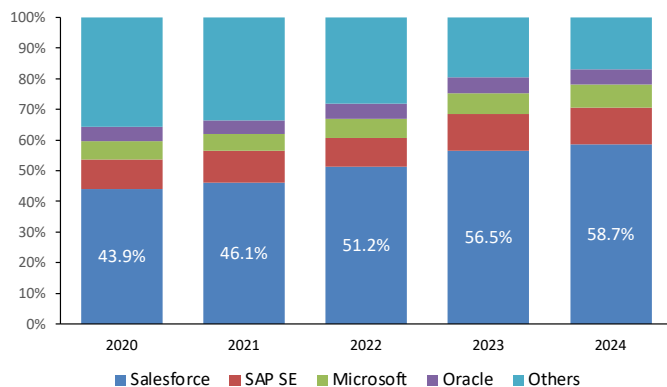
Company	EV/EBITDA	P/E (TTM)	ROE
Salesforce, Inc.	22.92	66.88	7.01
Adobe Inc.	36.30	51.79	35.51
ServiceNow, Inc.	116.52	83.91	27.35
SAP SE	20.18	63.16	8.72
Oracle Corporation	18.33	31.61	214.11
Intuit Inc.	39.62	62.05	16.60
Microsoft Corporation	25.39	37.88	37.13

Source: FactSet

CRM Market Share

Salesforce continues to dominate the CRM market in the US, with its market share growing from 43.9% to an impressive 58.7% in 2024. This steady increase highlights Salesforce's ability to capture a significant portion of the market, far surpassing competitors like Microsoft, Oracle, and SAP, which have consistently maintained much smaller shares. Looking forward, we expect Salesforce to maintain and possibly expand its dominance in the CRM space. This projection is driven by Salesforce's continuous investment in AI-powered tools, like Agentforce, and its deep integrations across the cloud and data ecosystems, which give businesses powerful, scalable solutions. Additionally, Salesforce's aggressive focus on innovation and expansion of its platform with industry-specific solutions strengthens its leadership position. With the overall CRM market expected to grow, Salesforce's strong foundation positions it well to continue capturing new opportunities and increasing its market share further. We believe CRM will continue to gain market share due to new customers as well as gaining competitors' customers as the industry becomes more dominated by the big players and the market share of the small players decreases.

CRM Market Share (US 2024)

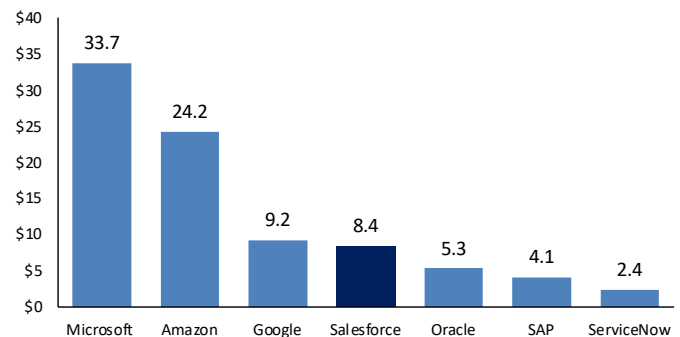


Source: IBISWorld

Cloud Revenue by Company

In the US cloud market for 2024, Salesforce holds a solid position with \$8.4 billion in revenue, placing it behind major players like Microsoft, Amazon, and Google. While these top three giants dominate the cloud space, Salesforce is the next largest vendor, outperforming competitors such as Oracle, SAP, and ServiceNow. Salesforce's cloud offerings have allowed it to maintain a strong foothold in the market. As businesses increasingly adopt cloud-based solutions, Salesforce's integrated services and commitment to AI-driven development position it to continue gaining momentum and increasing market share, especially within enterprise software. Unlike competitors like Microsoft and Amazon, whose cloud revenues are driven largely by infrastructure services (IaaS), Salesforce's revenue comes from its highly specialized SaaS offerings. Its deep integration of AI, especially through its Agentforce and Data Cloud platforms, gives Salesforce a unique edge in providing personalized, data-driven solutions for businesses.

Cloud Vendors Revenue Worldwide 2024 (\$B)

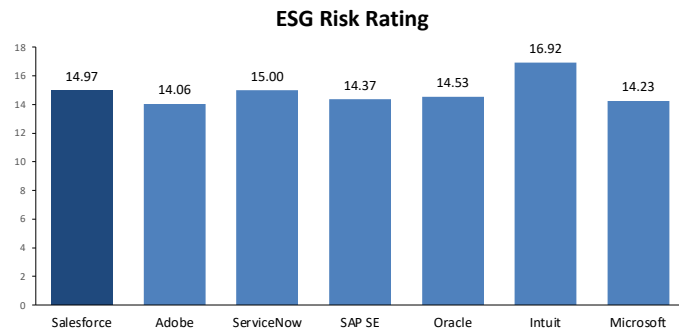


Source: Statista

ESG Analysis

Salesforce has made significant strides in its ESG (Environmental, Social, and Governance) efforts, achieving Net Zero residual emissions across its full value chain and 100% renewable energy use across its global operations. It has committed to reducing its scope 1, 2, and 3 emissions by 50% by 2030 and reaching near-zero emissions by 2040. Salesforce is focused on driving sustainable innovations through its Net Zero Cloud platform, which helps businesses track and reduce their carbon emissions. On the social front, Salesforce emphasizes diversity, equity, and inclusion, committing to building a workforce where 50% of its global employees are women by 2030, and 25%

of its U.S. workforce identifies as underrepresented minorities. In terms of governance, Salesforce integrates ESG targets into executive compensation, tying 10% of variable pay for senior executives to progress on ESG goals. This focus on transparent governance and sustainability places Salesforce in a strong position compared to peers, with a solid ESG risk rating of 14.97, indicating lower risk in comparison to competitors like Oracle and Intuit, but slightly behind Adobe, SAP and Microsoft.



Source: Bloomberg

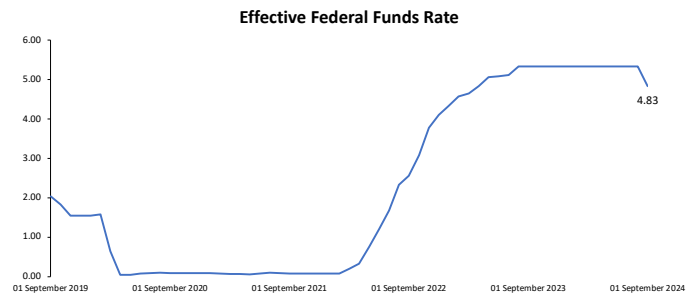
ECONOMIC OUTLOOK

Macroeconomic conditions such as rising interest rates, inflation, and slower economic growth are crucial to Salesforce's business. Higher borrowing costs have made financing more expensive, particularly as it continues to invest in expanding its AI and cloud services. Additionally, cautious spending by enterprises due to economic uncertainty has led to delayed software investments. Despite these challenges, Salesforce's recurring revenue from its subscription model has helped cushion the impact, but it remains vulnerable to shifts in corporate IT spending as companies reassess budgets.

Interest Rates

In 2024, the Federal Reserve has focused on managing inflation while attempting to support economic stability. After a series of rate hikes to curb inflation, the Fed shifted gears in September, cutting interest rates by 50 basis points, bringing the federal funds rate down to a range of 4.75-5.00%. This marked the first rate cut since March 2020, signaling a pivot from aggressive inflation-fighting to preserving the job market and ensuring economic growth. High interest rates created substantial challenges for the technology hardware industry. Rising interest rates have directly impacted Salesforce's ability to finance its growth and operations. As borrowing costs increased, financing large-scale investments, particularly in AI and data

infrastructure, has become more expensive for Salesforce. The Federal Reserve's rate hikes have led to higher costs of capital, which could slow down Salesforce's aggressive expansion plans, especially in R&D and acquisitions. Although the company's subscription-based model provides a steady revenue stream, the increasing cost of debt may limit future opportunities for investment. We predict the Fed to further reduce interest rates by 50 bps this year and another 100 bps next year. As interest rates ease, better financing conditions could positively impact its long-term investment capabilities and profitability.

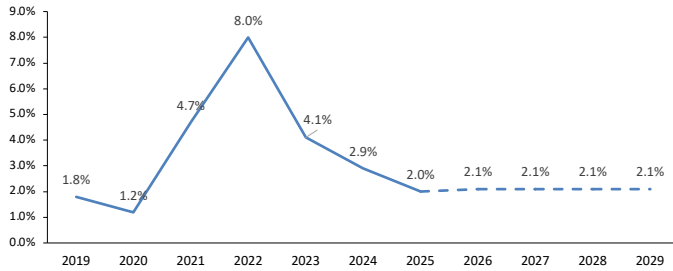


Source: Board of Governors of the Federal Reserve System

Inflation

As of October 2024, inflation has significantly cooled, with the Consumer Price Index falling to 2.3%, marking a three-year low. This is a dramatic improvement from the 9.1% inflation peak in 2022, reflecting the effects of the Fed's aggressive interest rate hikes over the past two years. Looking ahead, we expect inflation to continue its downward trend and reach the target 2% level, aided by the Fed's recent rate cut and further potential easing expected. On one hand, inflation has driven up operational costs for Salesforce, in areas such as data centers, cloud infrastructure, and employee wages. Salesforce proactively addresses hiring and retention challenges, investing over \$22 million since 2015 to rectify pay disparities, and implementing comprehensive employee engagement and retention programs to attract and retain key talent while effectively managing wage pressures. Rising costs for materials and services have placed pressure on margins. However, inflation may push more companies to adopt AI and automation solutions, as they look to cut costs and improve efficiencies, which benefits Salesforce. Salesforce will need to manage these cost pressures to mitigate inflationary impacts.

Consumer Price Index (CPI) Annual Percent Change in US

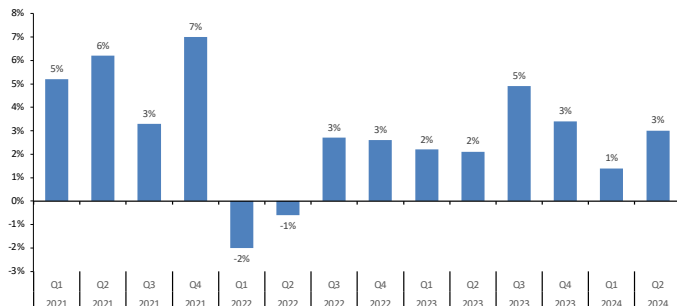


Source: International Monetary Fund

Real GDP

As of October 2024, the US economy has shown resilience, with real GDP growing at an annualized rate of 3.0% in the second quarter, following 1.4% growth in the first quarter. The Fed has shifted towards more accommodative policies, with recent rate cuts aimed at sustaining growth without overheating the economy and impacting the labor market negatively. The Fed's goal is to engineer a soft landing which is historically difficult to achieve, with past tightening cycles leading to recessions about 75% of the time. Economic stability encourages investment in digital transformation, AI, and cloud solutions. However, slower GDP growth could dampen corporate IT spending, causing businesses to defer software purchases and upgrades, slowing down Salesforce's revenue growth. CRM solutions have evolved from being considered discretionary to essential components of business operations. In economic downturns, companies may scrutinize all expenses, but CRM systems are typically among the last to face cuts due to their critical role in maintaining customer relationships and driving sales.

GDP Percent Change From Previous Quarter



Source: US Bureau of Economic Analysis

VALUATION

Revenue Growth

Based on the growth of the various segments of Salesforce's diverse revenue streams, we forecast total revenue to grow at a CAGR of 10% over the next ten years. We predict that Platform is going to be the main driver of growth, with Agentforce growing at high double digit growth rates. The revenue growth estimates for FY2025 and FY2026 are in line with consensus. We predict FY2025 total revenue to be \$38 billion. We think maximum growth in revenue will be in FY2026 driven by AI innovations.

CRM Revenue Growth (\$M)



Source: CRM 10-K, HF estimates

Cost Assumptions

Salesforce has spent an average of 14% of its revenue on research and development, 31% on marketing and sales, and 7% on general and administrative. We predict that these would remain approximately close to that average for our forecast horizon. Additionally, we assume capital expenditure to be the average of the last five years in FY2025, which is \$721 M. Thereafter, we assume that it will be grow by the inflation rate which is assumed to be 2.5%. We also assume a depreciation rate of 21% and amortization expenses according to Salesforce's 10-K.

Dividend and Share Repurchases

On February 28, 2024, Salesforce announced its first-ever quarterly dividend policy, with the declaration of an initial cash dividend of \$0.40 per share. Salesforce has continued the quarterly dividend in FY2025, leading to an annual dividend of \$1.60 per share, which gives a yield of approximately 0.55%. While the dividend yield is relatively modest compared to other large tech companies, it signals Salesforce's growing maturity.

In addition to dividends, Salesforce has been actively returning capital to shareholders through share repurchases. In FY2024, Salesforce returned \$7.7 billion through share repurchases, representing over 80% of its free cash flow. Since the inception of its repurchase program, Salesforce has returned \$11.7 billion to stockholders. Moreover, the board approved a \$10 billion increase to the repurchase plan, bringing total authorization to \$30 billion, signaling continued shareholder returns alongside its dividend policy, which we have included in our model over a ten-year forecasting horizon, implying \$3 billion in share repurchases each year.

WACC Assumptions

We calculated the Weighted Average Cost of Capital (WACC) for Salesforce to be 10.28%. This is above the 9.51% estimated by consensus due to varying assumptions. To estimate the cost of equity, we used CAPM and the following assumptions:

Risk-free rate: The risk-free rate is assumed to be 4.08%, which is the 10-year US Treasury bond yield as of October 18, 2024.

Beta: The beta is assumed to be 1.30, which is the 3-year adjusted beta for Salesforce from FactSet.

Equity risk premium: The Henry Fund consensus estimate for the equity risk premium is 5.00%.

Pre-tax cost of debt: We assumed a pre-tax cost of debt of 4.59%, the yield to maturity of Salesforce's 10-year corporate bond according to Bloomberg. We used the book value of the debt as a proxy for the market value of debt in our calculations.

Tax rate: The marginal tax rate used for the forecast horizon is 20.42%, which is the marginal tax rate in FY2024.

Discounted Cash Flow / Economic Profit

The Discounted Cash Flow (DCF) and Economic Profit (EP) models estimated a share price of \$310, representing a 8% upside from the current stock price of \$288 as of 18 October. The consensus price target is \$313 which represents a 8.5% premium. Analysts factor in extremely high long term growth rate of 18%, whereas we assume it to grow at 7% in the long run. We use this model to make our recommendation as it best represents value by incorporating growth rates for each revenue segment.

Dividend Discount Model (DDM)

The Dividend Discount Model (DDM) estimated a target price of \$134. We believe that this model underestimates the value of Dell as it only announced dividends this year and the current dividend yield is only 0.55%. Therefore, we do not consider this model in our recommendation.

Relative Valuation Model

We considered P/E and PEG as relative valuation multiples. Our relative P/E model gave a price of \$362, representing a 25% upside and our PEG valuation model estimated a price of \$320, a 11% upside from the current price. Our model took into account the following peers in the software industry: Adobe, Microsoft, ServiceNow, SAP, Oracle, and Intuit. Since Salesforce has diversified revenue streams, it competes with different companies in various segments and this model's limitation is that it is hard to include all competitors since each specialises in different segments. It is important to note that the model is skewed by including ServiceNow and the price reduces to \$270 if we do not include it. However, we think it is important to consider it. Salesforce has a history of trading at a high valuation relative to peers, therefore, we are considerate while using this model in our recommendation.

Sensitivity Analysis

Marketing & Sales % of Revenue 2025E-2034E									
	310.44	22.37%	25.37%	28.37%	31.37%	34.37%	37.37%	40.37%	
Beta	1.00	746.69	683.62	620.56	557.49	494.42	431.36	368.29	
	1.10	589.32	539.95	490.59	441.22	391.85	342.49	293.12	
	1.20	485.72	445.37	405.01	364.66	324.30	283.95	243.59	
	1.30	412.38	378.40	344.42	310.44	276.46	242.48	208.50	
	1.40	357.75	328.51	299.27	270.04	240.80	211.57	182.33	
	1.50	315.48	289.91	264.34	238.77	213.20	187.63	162.06	
	1.60	281.82	259.17	236.52	213.86	191.21	168.55	145.90	

Source: HF estimates

The sensitivity analysis highlights how critical assumptions such as beta and marketing and sales expenses significantly impact valuation. We currently assume beta to be 1.30 using FactSet. However, if we assume the average of the 2, 3, 4, and 5-year weekly beta for Salesforce from Bloomberg, 1.48, the price decreases to approximately \$240. We use FactSet as it is closer to the estimate on Yahoo Finance as well as analysts' reports, and we believe it represents the risk level of Salesforce most accurately. Additionally, marketing and sales are the largest expenses for Salesforce as a percentage of revenue (32% in FY2024). Therefore, our assumption regarding the future of these expenses is very important. We use the

average of 2023 and 2024 (31%) as the expenses from 2020-2022 were 40-41%, which we think is too high for Salesforce going forward. However, if we use the average of the last five years for forecasting future expenses, the price decreases to approximately \$210. Therefore, we believe these two assumptions are critical for our model.

KEYS TO MONITOR

In assessing Salesforce's potential for future growth, we have to monitor the following:

Demand for Agentforce: Agentforce is set to release in October 2024. As Salesforce enters a market dominated by Microsoft's Copilot, it will be crucial to monitor whether Agentforce's autonomous features can meet market expectations and attract a large customer base. The platform's ability to deliver seamless automation and measurable productivity improvements will be essential for gaining traction and justifying Salesforce's investment in the competitive AI space. Therefore, monitoring next couple of quarter's Agentforce adoption metrics and revenue from Platform segment will be crucial.

Market share in cloud: While cloud computing remains a rapidly growing industry, Salesforce faces intense competition. Salesforce's strength lies in its leadership in CRM, but maintaining and expanding its cloud market share will require continuous innovation. The key question is whether Salesforce can leverage its partnerships with cloud providers to sustain growth in this industry.

Macroeconomic factors: Salesforce's growth is subject to broader economic pressures. If companies decrease IT budgets, Salesforce could face slower adoption of its products. Rising operational costs could also pressure margins, requiring Salesforce to closely manage expenses. However, if the Fed eases interest rates as expected, it will improve investment conditions, benefiting Salesforce.

Summary

We use the DCF model to make our final recommendation as it considers Salesforce's diversified business more accurately than other valuation methods. We recommend a BUY rating for Salesforce, with a target price range of \$310-325, showcasing an upside of approximately 10%. With its strong positioning in the growing CRM segment of the enterprise software industry and innovations in AI, Salesforce is expected to enhance its competitive edge.

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Salesforce, Inc.
Sensitivity Tables

Cost of Equity	Pre-tax Cost of Debt							
	310.44	1.59%	2.59%	3.59%	4.59%	5.59%	6.59%	7.59%
	10.28%	352.56	348.58	344.69	340.89	337.18	333.55	330.01
	10.38%	341.03	337.30	333.67	330.11	326.63	323.23	319.91
	10.48%	330.22	326.73	323.32	319.98	316.72	313.52	310.39
	10.58%	320.05	316.78	313.58	310.44	307.37	304.36	301.42
	10.68%	310.49	307.41	304.39	301.44	298.55	295.72	292.94
	10.78%	301.47	298.57	295.72	292.94	290.21	287.54	284.92
	10.88%	292.94	290.21	287.53	284.90	282.32	279.79	277.31

Beta	Marketing & Sales % of Revenue 2025E-2034E							
	310.44	22.37%	25.37%	28.37%	31.37%	34.37%	37.37%	40.37%
	1.00	746.69	683.62	620.56	557.49	494.42	431.36	368.29
	1.10	589.32	539.95	490.59	441.22	391.85	342.49	293.12
	1.20	485.72	445.37	405.01	364.66	324.30	283.95	243.59
	1.30	412.38	378.40	344.42	310.44	276.46	242.48	208.50
	1.40	357.75	328.51	299.27	270.04	240.80	211.57	182.33
	1.50	315.48	289.91	264.34	238.77	213.20	187.63	162.06
	1.60	281.82	259.17	236.52	213.86	191.21	168.55	145.90

Risk-Free Rate	R&D % of revenue 2025E-2024E							
	310.44	12.80%	13.30%	13.80%	14.30%	14.80%	15.30%	15.80%
	3.33%	421.58	414.18	406.77	399.36	391.96	384.55	377.14
	3.58%	384.84	378.11	371.38	364.66	357.93	351.21	344.48
	3.83%	353.87	347.72	341.57	335.41	329.26	323.11	316.96
	4.08%	327.43	321.77	316.10	310.44	304.78	299.11	293.45
	4.33%	304.59	299.35	294.11	288.86	283.62	278.38	273.14
	4.58%	284.66	279.78	274.91	270.04	265.17	260.29	255.42
	4.83%	267.11	262.57	258.02	253.47	248.92	244.37	239.82

CV Growth of NOP/LAT	COGS % of Revenue (Subscription & Support) 2025E-2034E							
	310.44	15.19%	15.69%	16.19%	16.69%	17.19%	17.69%	18.19%
	5.50%	247.11	243.13	239.14	235.16	231.17	227.19	223.20
	6.00%	267.44	263.09	258.74	254.39	250.04	245.69	241.34
	6.50%	293.14	288.33	283.52	278.71	273.90	269.09	264.28
	7.00%	326.68	321.26	315.85	310.44	305.03	299.62	294.20
	7.50%	372.26	366.03	359.80	353.57	347.34	341.11	334.88
	8.00%	437.81	430.41	423.00	415.59	408.19	400.78	393.38
	8.50%	540.13	530.89	521.65	512.41	503.16	493.92	484.68

WACC	Normal Cash % of Revenue							
	310.44	17.63%	18.63%	19.63%	20.63%	19.63%	20.63%	21.63%
	8.78%	584.41	582.08	579.75	577.41	579.75	577.41	575.08
	9.28%	455.16	453.24	451.32	449.41	451.32	449.41	447.49
	9.78%	372.38	370.73	369.08	367.42	369.08	367.42	365.77
	10.28%	314.83	313.37	311.91	310.44	311.91	310.44	308.98
	10.78%	272.52	271.20	269.87	268.54	269.87	268.54	267.21
	11.28%	240.11	238.88	237.66	236.44	237.66	236.44	235.22
	11.78%	214.48	213.34	212.20	211.07	212.20	211.07	209.93

Equity Risk Premium	Effective Tax Rate							
	310.44	17.42%	18.42%	19.42%	20.42%	21.42%	22.42%	23.42%
	3.50%	754.44	746.10	737.74	729.36	720.95	712.53	704.08
	4.00%	522.35	516.39	510.41	504.43	498.43	492.43	486.41
	4.50%	398.61	393.99	389.36	384.73	380.10	375.45	370.81
	5.00%	321.72	317.96	314.20	310.44	306.67	302.90	299.13
	5.50%	269.33	266.17	263.01	259.85	256.69	253.52	250.35
	6.00%	231.35	228.63	225.91	223.19	220.47	217.75	215.02
	6.50%	202.55	200.17	197.79	195.41	193.03	190.65	188.26

Salesforce, Inc.
Revenue Decomposition

Riscal Years Ending Jan 31	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025E	Q4 2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Revenue by Business Segment																											
Subscription & Support	6856	7143	7233	7789	7642	8006	8141	8748	8585	8764	9103	10133	10233	10551	10622	11423	11388	11848	11985	13012	54229	59654	64908	70355	76275	82708	89701
% growth	0.4%	4.2%	1.3%	7.7%	-1.9%	4.8%	1.7%	7.5%	-1.9%	2.1%	3.9%	11.3%	1.0%	3.1%	0.7%	7.5%	-0.3%	4.0%	1.2%	8.6%	12.4%	10.0%	8.8%	8.4%	8.4%	8.4%	8.5%
Sales	1632	1695	1717	1787	1810	1895	1906	1969	1998	2071	2133	2261	2272	2341	2364	2435	2459	2508	2508	2634	11121	12122	13092	14008	14989	16038	17161
% growth	2.9%	3.9%	1.3%	4.1%	1.3%	4.7%	0.6%	3.3%	1.5%	3.7%	3.0%	6.0%	0.5%	3.0%	1.0%	3.0%	1.0%	2.0%	0.0%	5.0%	10.0%	9.0%	8.0%	7.0%	7.0%	7.0%	7.0%
Service	1761	1828	1856	1924	1964	2049	2074	2158	2182	2257	2336	2476	2513	2614	2640	2732	2705	2786	2800	2940	12467	13464	14541	15559	16649	17814	19061
% growth	3.0%	3.8%	1.5%	3.7%	2.1%	4.3%	1.2%	4.1%	1.1%	3.4%	3.5%	6.0%	1.7%	4.0%	1.0%	3.5%	-1.0%	3.0%	0.5%	5.0%	11.0%	10.0%	8.0%	7.0%	7.0%	7.0%	7.0%
Platform and Other	1419	1478	1513	1557	1567	1638	1686	1720	1718	1786	1884	2355	2473	2547	2598	2936	2995	3204	3300	3795	15289	17277	19004	20905	22995	25295	27824
% growth	5.1%	4.2%	2.4%	2.9%	0.6%	4.5%	2.9%	2.0%	-0.1%	4.0%	5.5%	25.0%	5.0%	3.0%	2.0%	13.0%	2.0%	7.0%	3.0%	15.0%	15.0%	13.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Marketing and Commerce	1089	1121	1129	1177	1170	1238	1230	1274	1282	1308	1354	1435	1449	1478	1434	1448	1376	1403	1410	1481	6238	6675	7142	7642	8177	8749	9361
% growth	4.1%	2.9%	0.7%	4.3%	-0.6%	5.8%	-0.6%	3.6%	0.6%	2.0%	3.5%	6.0%	1.0%	2.0%	-3.0%	1.0%	-5.0%	2.0%	0.5%	5.0%	10.0%	10.0%	7.0%	7.0%	7.0%	7.0%	7.0%
Integration and Analytics	955	1021	1018	1344	1131	1186	1245	1627	1405	1342	1396	1605	1525	1571	1586	1872	1853	1946	1965	2162	9114	10117	11129	12241	13466	14812	16293
% growth	-15.9%	6.9%	-0.3%	32.0%	-15.8%	4.1%	5.0%	30.7%	-13.6%	-4.5%	4.0%	15.0%	-5.0%	3.0%	1.0%	18.0%	-1.0%	5.0%	1.0%	10.0%	15.0%	11.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Professional Services & Other	555	577	604	595	605	597	579	539	548	561	558	551	584	602	593	590	628	663	661	658	2708	2931	3151	3371	3607	3860	4130
% growth	11.4%	4.0%	4.7%	-1.5%	1.7%	-1.3%	-3.0%	-6.9%	1.7%	2.4%	-0.5%	-1.3%	6.0%	3.0%	-1.4%	-0.6%	6.4%	5.6%	-0.3%	-0.4%	3.8%	8.2%	7.5%	7.0%	7.0%	7.0%	7.0%
Total Revenue	7411	7720	7837	8384	8247	8603	8720	9287	9133	9325	9661	10684	10817	11152	11216	12013	12016	12511	12645	13670	56937	62585	68059	73727	79882	86568	93831
% growth	1.2%	4.2%	1.5%	7.0%	-1.6%	4.3%	1.4%	6.5%	-1.7%	2.1%	3.6%	10.6%	1.2%	3.1%	0.6%	7.1%	0.0%	4.1%	1.1%	8.1%	12.0%	9.9%	8.7%	8.3%	8.3%	8.4%	8.4%
Revenue by Geographic Segment																											
Americas	4971	5261	5361	5657	5482	5769	5862	6176	6062	6201	6485	7278	7477	7820	7977	8664	8786	9274	9500	10406	43343	47016	50447	53912	57614	61570	65797
% growth	0.6%	5.8%	1.9%	5.5%	-3.1%	5.2%	1.6%	5.4%	-1.8%	2.3%	4.6%	12.2%	2.7%	4.6%	2.0%	8.6%	1.4%	5.5%	2.4%	9.5%	14.2%	8.5%	7.3%	6.9%	6.9%	6.9%	6.9%
Europe	1738	1745	1745	1935	1951	1974	1998	2205	2145	2184	2237	2474	2505	2583	2597	2782	2782	2897	2928	3166	13185	14493	15760	17073	18498	20046	21428
% growth	1.2%	0.4%	0.0%	10.9%	0.8%	1.2%	1.2%	10.4%	-2.7%	1.8%	2.4%	10.6%	1.2%	3.1%	0.6%	7.1%	0.0%	4.1%	1.1%	8.1%	12.0%	9.9%	8.7%	8.3%	8.3%	8.4%	8.4%
Asia Pacific	702	714	731	792	814	860	860	906	926	940	939	932	835	749	642	567	447	340	217	98	410	1076	1851	2743	3770	4952	6305
% growth	4.8%	1.7%	2.4%	8.3%	2.8%	5.7%	0.0%	5.3%	2.2%	1.5%	-0.1%	-0.8%	-10.4%	-10.3%	-14.4%	-11.6%	-21.2%	-23.9%	-36.1%	-54.7%	-62.8%	162.6%	72.0%	48.2%	37.5%	31.3%	27.3%
Total	7411	7720	7837	8384	8247	8603	8720	9287	9133	9325	9661	10684	10817	11152	11216	12013	12016	12511	12645	13670	56937	62585	68059	73727	79882	86568	93831
% growth	1.2%	4.2%	1.5%	7.0%	-1.6%	4.3%	1.4%	6.5%	-1.7%	2.1%	3.6%	10.6%	1.2%	3.1%	0.6%	7.1%	0.0%	4.1%	1.1%	8.1%	12.0%	9.9%	8.7%	8.3%	8.3%	8.4%	8.4%
Percentage of Total																											
Subscription & Support	92.5%	92.5%	92.3%	92.9%	92.7%	93.1%	93.4%	94.2%	94.0%	94.0%	94.2%	94.8%	94.6%	94.6%	94.7%	95.1%	94.8%	94.7%	94.8%	95.2%	95.2%	95.3%	95.4%	95.4%	95.5%	95.5%	95.6%
Sales	22.0%	22.0%	21.9%	21.3%	21.9%	22.0%	21.9%	21.2%	21.9%	22.2%	22.1%	21.2%	21.0%	21.0%	21.1%	20.3%	20.8%	20.1%	19.8%	19.3%	19.5%	19.4%	19.2%	19.0%	18.8%	18.5%	18.3%
Service	23.8%	23.7%	23.7%	22.9%	23.8%	23.8%	23.8%	23.2%	23.9%	24.2%	24.2%	23.2%	23.2%	23.4%	23.5%	22.7%	22.5%	22.3%	22.1%	21.5%	21.9%	21.5%	21.4%	21.1%	20.8%	20.6%	20.3%
Platform and Other	19.1%	19.1%	19.3%	18.6%	19.0%	19.0%	19.3%	18.5%	18.8%	19.1%	19.5%	22.0%	22.9%	22.8%	23.2%	24.4%	24.9%	25.6%	26.1%	27.8%	26.9%	27.6%	27.9%	28.4%	28.8%	29.2%	29.7%
Marketing and Commerce	14.7%	14.5%	14.4%	14.0%	14.2%	14.4%	14.4%	13.7%	14.0%	14.0%	14.0%	13.4%	13.8%	12.1%	11.5%	11.2%	11.2%	11.2%	10.8%	11.0%	10.7%	10.5%	10.4%	10.2%	10.1%	10.0%	
Integration and Analytics	12.9%	13.2%	13.0%	16.0%	13.7%	13.8%	14.1%	17.5%	15.4%	14.4%	14.4%	15.0%	14.1%	14.3%	14.1%	15.6%	15.4%	15.6%	15.5%	15.8%	16.0%	16.2%	16.4%	16.6%	16.9%	17.1%	17.4%
Professional Services & Other	7.5%	7.5%	7.7%	7.1%	7.3%	6.9%	6.6%	5.8%	6.0%	6.0%	5.8%	5.2%	5.4%	5.4%	5.3%	4.9%	5.2%	5.3%	5.2%	4.8%	4.8%	4.7%	4.6%	4.6%	4.5%	4.5%	4.4%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Americas	67.1%	68.1%	68.4%	67.5%	66.5%	67.1%	67.2%	66.5%	66.4%	66.5%	67.1%	68.1%	69.1%	70.1%	71.1%	72.1%	73.1%	74.1%	75.1%	76.1%	76.1%	75.1%	74.1%	73.1%	72.1%	71.1%	70.1%
Europe	23.5%	22.6%	22.3%	23.1%	23.7%	22.9%	22.9%	23.7%	23.5%	23.4%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%	23.2%
Foreign Countries	9.5%	9.2%	9.3%	9.4%	9.9%	10.0%	9.9%	9.8%	10.1%	10.1%	9.7%	8.7%	7.7%	6.7%	5.7%	4.7%	3.7%	2.7%	1.7%	0.7%	0.7%	1.7%	2.7%	3.7%	4.7%	5.7%	6.7%
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Salesforce, Inc.
Income Statement - Quarterly

Fiscal Years Ending Jan, 31	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025E	Q4 2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenue	7411	7720	7837	8384	8247	8603	8720	9287	9133	9325	9661	10684	10817	11152	11216	12013	12016	12511	12645	13670	56937	62585	68059	73727	79882	86568	93931
Subscription & support revenue	6856	7143	7233	7799	7642	8006	8141	8748	8585	8764	9103	10133	10233	10551	10622	11423	11388	11846	11985	13012	54229	59654	64908	70355	76275	82708	89701
Professional services & other revenue	555	577	604	585	605	597	579	539	548	561	558	551	584	602	593	590	628	663	661	658	2708	2931	3151	3371	3607	3860	4130
Total cost of revenue	2045	2127	2088	2100	2125	2113	2155	2148	1961	1958	2098	2263	2314	2385	2388	2518	2552	2665	2686	2854	11859	12996	14101	15239	16471	17807	19254
Cost of revenues - subscription & support	1181	1231	1192	1181	1266	1271	1327	1337	1359	1355	1519	1691	1707	1760	1772	1906	1900	1977	2000	2171	9048	9954	10830	11739	12727	13800	14967
Cost of revenues - professional services & other	605	637	637	660	615	598	584	567	602	603	579	572	607	625	616	612	652	688	686	683	2811	3043	3271	3500	3745	4007	4287
Gross profit (loss)	5366	5593	5749	6284	6122	6490	6565	7139	7172	7367	7563	8421	8503	8767	8827	9495	9464	9846	9960	10816	45078	49589	53958	58488	63411	68761	74576
Depreciation & amortization	237	232	0	223	223	223	223	223	223	223	223	223	183	183	183	183	183	183	183	183	738	746	756	769	783	798	815
Amortization of intangible assets acquired through business combin	488	488	488	488	467	467	467	467	401	401	401	401	341	341	341	341	249	249	249	249	619	486	42	42	42	42	42
Research & development	1318	1329	1280	1128	1207	1220	1204	1275	1368	1349	1381	1528	1547	1595	1604	1718	1718	1789	1808	1955	8142	8950	9732	10543	11423	12379	13417
Marketing & sales	2006	2963	3116	2933	2708	2668	2727	2991	2815	2800	3030	3351	3393	3498	3518	3768	3769	3924	3966	4288	17859	19631	21347	23125	25056	27153	29431
General & administrative	656	647	664	586	638	632	632	632	647	711	706	781	790	815	820	878	878	914	924	999	4161	4573	4973	5387	5837	6326	6857
Restructuring	207	207	207	207	247	247	247	247	8	99	5	5	16	16	16	16	0	0	0	0	0	0	0	0	0	0	0
Loss on settlement of Salesforce.org reseller agreement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (loss) from operations	20	193	460	1185	1123	1525	1556	1795	1709	1783	1816	2133	2234	2320	2347	2592	2667	2786	2820	3142	13559	15204	17107	18622	20270	22063	24015
Gains (losses) on strategic investments, net	56	57	8	10	-55	-117	-58	-58	-121	-81	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other income (expense)	-7	-45	-23	1142	852	150	127	208	-29	136	174	225	231	236	127	193	199	206	212	217	236	127	193	199	206	212	217
Income (loss) before provision for (benefit from) income taxes	-29	181	475	33	326	1492	1487	1645	1859	1738	1642	2358	2464	2556	2474	2785	2866	2992	3041	3359	13324	15077	16914	18423	20065	21852	23798
Provision for (benefit from) for income taxes	-57	113	265	131	127	225	263	199	334	408	335	482	503	522	505	569	585	611	621	686	2721	3079	3455	3763	4098	4463	4861
Net income (loss)	28	68	210	-98	199	1267	1224	1446	1525	1330	1307	1876	1961	2034	1969	2216	2281	2381	2420	2673	10662	11998	13459	14666	15967	17389	18937
Weighted average shares outstanding - basic	974	992	992	992	983	974	974	974	979	984	984	984	989	994	994	994	998	1002	1002	1002	2510	1014	1021	1027	1032	1037	1042
Year end shares outstanding	992	992	992	992	974	974	974	974	984	984	984	984	994	994	994	994	1002	1002	1002	1002	1010	1017	1024	1030	1035	1040	1044
Earnings per share - basic	0.03	0.07	0.21	-0.10	0.20	1.30	1.26	1.49	1.58	1.48	1.33	1.91	1.98	2.05	1.98	2.23	2.28	2.38	2.41	2.67	10.54	11.83	13.19	14.28	15.47	16.76	18.17
Dividends per share	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	0.40	0.40	0.40	0.45	0.45	0.45	0.45	0.55	0.55	0.55	0.55	2.64	2.97	3.31	3.58	3.88	4.20	4.56

Salesforce, Inc.
Income Statement

<i>Fiscal Years Ending Jan. 31</i>	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenue	17098	21252	26492	31352	34857	38803	45198	50842	56937	62585	68059	73727	79882	86568	93831
Subscription & support revenue	16043	19976	24657	29021	32537	36584	42829	48233	54229	59654	64908	70355	76275	82708	89701
Professional services & other revenue	1055	1276	1835	2331	2320	2218	2369	2609	2708	2931	3151	3371	3607	3860	4130
Total cost of revenue	4235	5438	7026	8360	8541	8281	9606	10756	11859	12996	14101	15239	16471	17807	19254
Cost of revenues - subscription & support	2758	3492	4162	4786	5199	5924	7146	8048	9048	9954	10830	11739	12727	13800	14967
Cost of revenues - professional services & other	1037	1284	1967	2539	2364	2357	2459	2709	2811	3043	3271	3500	3745	4007	4287
Gross profit (loss)	12863	15814	19466	22992	26316	30522	35593	40086	45078	49589	53958	58488	63411	68761	74576
Depreciation & amortization	178	345	491	692	891	892	731	733	738	746	756	769	783	798	815
Amortization of intangible assets acquired through business combin	792	1121	1624	1951	1869	1605	1363	996	619	486	42	42	42	42	42
Research & development	2766	3598	4465	5055	4906	5626	6463	7270	8142	8950	9732	10543	11423	12379	13417
Marketing & sales	7400	8870	10637	11918	11095	11997	14177	15947	17859	19631	21347	23125	25056	27153	29431
General & administrative	1704	2087	2598	2553	2534	2845	3303	3715	4161	4573	4973	5387	5837	6326	6857
Restructuring	0	0	0	1075	988	18	62.5	0	0	0	0	0	0	0	0
Loss on settlement of Salesforce.org reseller agreement	166	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Income (loss) from operations	463	455	548	1858	5999	7539	9493	11424	13559	15204	17107	18622	20270	22063	24015
Gains (losses) on strategic investments, net	20	-218	129	131	-288	-212	0	0	0	0	0	0	0	0	0
Other income (expense)	-263	-1888	-1113	1067	1337	174	225	231	236	127	193	199	206	212	217
Income (loss) before provision for (benefit from) income taxes	706	2561	1532	660	4950	7577	9268	11194	13324	15077	16914	18423	20065	21852	23798
Provision for (benefit from) for income taxes	580	-1511	88	452	814	1559	2100	2504	2721	3079	3455	3763	4098	4463	4861
Net income (loss)	126	4072	1444	208	4136	6018	7168	8690	10602	11998	13459	14660	15967	17389	18937
Weighted average shares outstanding - basic	829	869	932	974	983	979	989	998	1006	1014	1021	1027	1032	1037	1042
Year end shares outstanding	829	908	955	992	974	984	994	1002	1010	1017	1024	1030	1035	1040	1044
Earnings per share - basic	0.15	4.69	1.55	0.21	4.21	6.15	7.25	8.71	10.54	11.83	13.19	14.28	15.47	16.76	18.17
Dividends per share	0.00	0.00	0.00	0.00	0.00	1.60	1.82	2.18	2.64	2.97	3.31	3.58	3.88	4.20	4.56

Salesforce, Inc.
Balance Sheet

Fiscal Years Ending Jan. 31	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Cash & cash equivalents	4145	6195	5464	7016	8472	3989	7838	13235	19767	29564	36133	44917	54767	65779	78058
Marketable securities	3802	5771	5073	5492	5722	5962	6212	6472	6743	7026	7320	7627	7946	8279	8626
Accounts receivable, net	6174	7786	9739	10755	11414	13702	15960	17953	20105	22100	24033	26034	28208	30568	33133
Costs capitalized to obtain revenue contracts, net	926	1146	1454	1776	1905	2128	2479	2789	3123	3433	3733	4044	4382	4749	5147
Prepaid expenses & other current assets	916	991	1120	1356	1561	1789	2084	2344	2625	2885	3138	3399	3683	3991	4326
Total current assets	15963	21889	22850	26395	29074	27570	34573	42793	52363	65008	74356	86021	98985	113366	129290
Property & equipment, gross	4176	4414	5216	6404	6841	7562	8301	9058	9834	10630	11445	12281	13138	14016	14916
Less accumulated depreciation & amortization	1801	1955	2401	2702	3152	4044	4775	5508	6246	6992	7748	8516	9299	10097	10912
Property & equipment, net	2375	2459	2815	3702	3689	3518	3525	3550	3588	3638	3697	3765	3839	3919	4005
Operating lease right-of-use assets, net	3040	3204	2880	2890	2366	2256	2261	2277	2301	2333	2371	2415	2462	2514	2569
Noncurrent costs capitalized to obtain revenue contracts, net	1348	1715	2342	2697	2515	3152	3671	4130	4625	5083	5528	5988	6488	7031	7621
Strategic investments	1963	3909	4784	4672	4848	5051	5263	5483	5713	5952	6202	6462	6732	7015	7308
Goodwill	25134	26318	47937	48568	48620	48940	48940	48940	48940	48940	48940	48940	48940	48940	48940
Intangible assets acquired through business combinations, net	4724	4114	8978	7125	5278	3673	2310	1314	695	209	167	125	84	42	0
Deferred tax assets & other assets, net	579	2693	2623	2800	3433	3677	4013	4424	4881	5412	6023	6705	7466	8315	9263
Total assets	55126	66301	95209	98849	99823	97836	104556	112910	123107	136576	147285	160420	174996	191141	208996
Accounts payable, accrued expenses & other liabilities	3433	4355	5474	6743	6111	7782	9064	10196	11418	12551	13649	14786	16020	17361	18817
Operating lease liabilities, current	750	766	686	590	518	497	511	527	546	568	591	617	645	675	707
Unearned revenue	10662	12607	15628	17376	19003	21850	25451	28629	32062	35242	38324	41516	44982	48746	52836
Debt, current	0	0	0	1182	999	643	768	885	1016	1145	1276	1417	1574	1748	1942
Total current liabilities	14845	17728	21788	25891	26631	30772	35794	40238	45042	49506	53840	58335	63220	68530	74302
Noncurrent debt	2673	2673	10592	9419	8427	1000	0	0	0	2500	1200	1200	1200	1200	1200
Noncurrent operating lease liabilities	2445	2842	2703	2897	2644	2300	2363	2439	2527	2626	2735	2855	2984	3122	3270
Deferred tax liabilities & other noncurrent liabilities	1278	1565	1995	2283	2475	2667	2932	3256	3617	4036	4517	5054	5654	6324	7072
Total liabilities	21241	24808	37078	40490	40177	36739	41089	45932	51186	58667	62293	67445	73059	79177	85844
Common stock	32117	35602	50920	55048	59842	59842	59842	59842	59842	59842	59842	59842	59842	59842	59842
Treasury stock, at cost	0	0	0	-4000	-11692	-14692	-17692	-20692	-23692	-26692	-29692	-32692	-35692	-38692	-41692
Accumulated other comprehensive income (loss)	-93	-42	-166	-274	-225	-225	-225	-225	-225	-225	-225	-225	-225	-225	-225
Retained earnings (accumulated deficit)	1861	5933	7377	7585	11721	16172	21542	28053	35996	44984	55067	66050	78012	91039	105227
Total stockholders' equity	33885	41493	58131	58359	59646	61097	63467	66978	71921	77909	84992	92975	101937	111964	123152

Salesforce, Inc.
Historical Cash Flow Statement

Fiscal Years Ending Jan. 31	2020	2021	2022	2023	2024
Net income (loss)	126	4072	1444	208	4136
Depreciation & amortization	2135	2846	3298	3786	3959
Amortization of costs capitalized to obtain revenue contracts, net	876	1058	1348	1668	1925
Stock-based compensation expense	1785	2190	2779	3279	2787
Loss on settlement of Salesforce.org reseller agreement	166	-	-	-	-
Losses (gains) on strategic investments, net	-427	-2170	-1211	239	277
Tax benefit from intra-entity transfer of intangible property	-	-2003	-	-	-
Accounts receivable, net	-1000	-1556	-1824	-995	-659
Costs capitalized to obtain revenue contracts, net	-1130	-1645	-2283	-2345	-1872
Prepaid expenses & other current assets & other assets	-119	-133	114	-302	-843
Accounts payable, accrued expenses & other liabilities	982	1100	507	528	-478
Operating lease liabilities	-728	-830	-801	-699	-621
Unearned revenue	1665	1872	2629	1744	1623
Net cash flows from operating activities	4331	4801	6000	7111	10234
Business combinations, net of cash acquired	-369	-1281	-14876	-439	-82
Purchases of strategic investments	-768	-1069	-1718	-550	-496
Sales of strategic investments	434	1051	2201	355	108
Purchases of marketable securities	-3857	-4833	-5674	-4777	-3761
Sales of marketable securities	1444	1836	4179	1771	2129
Maturities of marketable securities	779	1035	2069	2449	1511
Capital expenditures	-643	-710	-717	-798	-736
Net cash flows from investing activities	-2980	-3971	-14536	-1989	-1327
Proceeds from issuance of debt, net of issuance costs	0	-20	7906	-	-
Repayments of Slack convertible notes, net of capped call proceeds	-	-	-1197	-	-
Repurchases of common stock	-	-	-	-4000	-7620
Proceeds from employee stock plans	840	1321	1289	861	1954
Principal payments on financing obligations	-173	-103	-156	-419	-629
Repayments of debt	-503	-4	-4	-4	-1182
Net cash flows from financing activities	164	1194	7838	-3562	-7477
Effect of exchange rate changes	-39	26	-33	-8	26
Net increase (decrease) in cash & cash equivalents	1476	2050	-731	1552	1456
Cash & cash equivalents, beginning of period	2669	4145	6195	5464	7016
Cash & cash equivalents, end of period	4145	6195	5464	7016	8472
Cash paid during the period for interest	106	96	187	275	254
Cash paid during the period for income taxes, net of tax refunds	129	216	196	510	1027

Salesforce, Inc.
Forecasted Cash Flow Statement

<i>Fiscal Years Ending Jan. 31</i>	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Cash at beginning of period	8472	3989	7838	13235	19767	29564	36133	44917	54767	65779
Changes in Operating Activities										
Net Income	6018	7168	8690	10602	11998	13459	14660	15967	17389	18937
Depreciation, amortization, other	892	731	733	738	746	756	769	783	798	815
Accounts receivable, net	-2288	-2258	-1993	-2152	-1994	-1933	-2001	-2174	-2361	-2565
Costs capitalized to obtain revenue contracts, net	-223	-351	-310	-334	-310	-300	-311	-338	-367	-398
Prepaid expenses & other current assets	-228	-295	-260	-281	-260	-252	-261	-284	-308	-335
Noncurrent costs capitalized to obtain revenue contracts, net	-637	-519	-458	-495	-459	-445	-460	-500	-543	-590
Deferred tax assets & other assets, net	-244	-336	-411	-458	-531	-611	-682	-761	-849	-948
Accounts payable, accrued expenses & other liabilities	1671	1283	1132	1222	1133	1098	1137	1234	1341	1457
Unearned revenue	2847	3601	3178	3432	3180	3082	3192	3466	3765	4090
Other noncurrent liabilities	192	265	324	361	419	481	537	600	670	748
Net cash from operating activities	8000	9289	10625	12635	13921	15336	16579	17994	19534	21210
Changes in Investing Activities										
Marketable securities	-240	-250	-260	-271	-283	-294	-307	-320	-333	-347
Property & equipment, gross	-721	-739	-757	-776	-796	-816	-836	-857	-878	-900
Operating lease right-of-use assets, net	110	-5	-16	-25	-32	-38	-43	-48	-51	-55
Strategic investments	-203	-212	-221	-230	-239	-249	-260	-271	-282	-294
Goodwill	-320	0	0	0	0	0	0	0	0	0
Intangible assets acquired through business combinations, net	1605	1363	996	619	486	42	42	42	42	42
Operating lease liabilities, current	-21	14	16	19	21	24	26	28	30	32
Noncurrent operating lease liabilities	-344	63	76	88	99	110	119	129	139	148
Net cash from investing activities	-133	234	-165	-576	-743	-1222	-1259	-1296	-1334	-1374
Changes in Financing Activities										
Debt, current	-356	125	117	131	129	131	141	157	174	194
Noncurrent debt	-7427	-1000	0	0	2500	-1300	0	0	0	0
Common stock	0	0	0	0	0	0	0	0	0	0
Share repurchases	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000	-3,000
Dividends paid	-1567	-1798	-2180	-2659	-3009	-3376	-3677	-4005	-4362	-4750
Net cash from financing activities	-12350	-5673	-5062	-5528	-3381	-7545	-6536	-6848	-7187	-7556
Change in cash	-4483	3850	5397	6531	9797	6569	8784	9850	11012	12280
Cash at end of period	3989	7838	13235	19767	29564	36133	44917	54767	65779	78058

Salesforce, Inc.
Common Size Income Statement - Quarterly

Fiscal Years Ending Jan. 31	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	Q1 2025	Q2 2025	Q3 2025E	Q4 2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Subscription & support revenues	92.51%	92.53%	92.29%	92.90%	92.66%	93.06%	93.36%	94.20%	94.00%	93.98%	94.22%	94.84%	94.60%	94.60%	94.71%	95.09%	94.78%	94.70%	94.77%	95.19%	95.24%	95.32%	95.37%	95.43%	95.48%	95.54%	95.60%
Professional services & other revenues	7.49%	7.47%	7.71%	7.10%	7.34%	6.94%	6.64%	5.80%	6.00%	6.02%	5.78%	5.16%	5.40%	5.40%	5.29%	4.91%	5.22%	5.30%	5.23%	4.81%	4.76%	4.68%	4.63%	4.57%	4.52%	4.46%	4.40%
Total cost of revenues	27.59%	27.55%	26.64%	25.05%	25.77%	24.56%	24.71%	23.13%	21.48%	21.00%	21.72%	21.18%	21.38%	21.39%	21.29%	20.96%	21.24%	21.30%	21.24%	20.88%	20.83%	20.77%	20.72%	20.67%	20.62%	20.57%	20.52%
Cost of revenues - subscription & support	15.94%	15.95%	15.21%	14.09%	15.34%	14.77%	15.21%	14.39%	14.88%	14.53%	15.72%	15.82%	15.78%	15.78%	15.80%	15.87%	15.81%	15.80%	15.81%	15.88%	15.89%	15.90%	15.91%	15.92%	15.93%	15.94%	15.95%
Cost of revenues - professional services & other	8.16%	8.25%	8.13%	7.87%	7.46%	6.95%	6.70%	6.11%	6.59%	6.47%	6.00%	5.36%	5.61%	5.60%	5.49%	5.10%	5.42%	5.50%	5.42%	5.00%	4.94%	4.86%	4.81%	4.75%	4.69%	4.63%	4.57%
Gross profit (loss)	72.41%	72.45%	73.36%	74.95%	74.23%	75.44%	75.29%	76.87%	78.52%	79.00%	78.28%	78.82%	78.61%	78.61%	78.71%	79.04%	78.76%	78.70%	78.76%	79.12%	79.17%	79.23%	79.28%	79.33%	79.38%	79.43%	79.48%
Depreciation & amortization	3.20%	3.01%	0.00%	2.66%	2.70%	2.58%	2.56%	2.40%	2.44%	2.39%	2.31%	2.09%	1.69%	1.64%	1.63%	1.52%	1.52%	1.46%	1.45%	1.34%	1.30%	1.19%	1.11%	1.04%	0.98%	0.92%	0.87%
Amortization of intangible assets acquired through business combin	6.58%	6.32%	6.22%	5.82%	5.67%	5.43%	5.36%	5.03%	4.39%	4.30%	4.15%	3.76%	3.15%	3.06%	3.04%	2.84%	2.07%	1.99%	1.97%	1.82%	1.09%	0.78%	0.66%	0.06%	0.05%	0.04%	0.04%
Research & development	17.78%	17.22%	16.33%	13.45%	14.64%	14.18%	13.81%	13.73%	14.98%	14.47%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%
Marketing & sales	39.21%	38.38%	39.76%	34.98%	32.84%	31.02%	31.28%	32.21%	30.83%	30.03%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%
General & administrative	8.85%	8.38%	8.47%	6.99%	7.74%	7.35%	7.25%	6.81%	7.08%	7.62%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%
Restructuring	2.79%	2.68%	2.64%	2.47%	3.00%	2.87%	2.83%	2.66%	0.09%	1.06%	0.05%	0.04%	0.14%	0.14%	0.14%	0.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on settlement of Salesforce.org reseller agreement	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income (loss) from operations	0.27%	2.50%	5.87%	14.13%	13.62%	17.73%	17.84%	19.33%	18.71%	19.12%	18.80%	19.06%	20.85%	20.81%	20.93%	21.58%	22.19%	22.27%	22.37%	22.69%	23.81%	24.29%	25.14%	25.26%	25.38%	25.49%	25.59%
Gains (losses) on strategic investments, net	0.76%	0.74%	0.10%	0.12%	-0.67%	-1.36%	-0.67%	-0.62%	-1.32%	-0.98%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (expense)	-0.09%	-0.58%	-0.29%	13.62%	10.33%	1.74%	1.46%	2.24%	-0.32%	1.46%	1.81%	2.11%	2.13%	2.12%	1.13%	1.61%	1.66%	1.64%	1.67%	1.59%	0.41%	0.20%	0.28%	0.27%	0.26%	0.24%	0.23%
Income (loss) before provision for (benefit from) income taxes	-0.39%	2.34%	6.06%	0.39%	3.95%	17.34%	17.05%	17.71%	20.35%	18.64%	16.99%	22.07%	22.78%	22.92%	22.06%	23.18%	23.85%	23.91%	24.04%	24.68%	23.40%	24.09%	24.85%	24.99%	25.12%	25.24%	25.36%
Provision for (benefit from) for income taxes	-0.77%	1.46%	3.38%	1.56%	1.54%	2.62%	3.02%	2.14%	3.66%	4.38%	3.47%	4.51%	4.65%	4.68%	4.51%	4.73%	4.87%	4.88%	4.91%	5.02%	4.78%	4.92%	5.08%	5.10%	5.13%	5.16%	5.18%
Net income (loss)	0.38%	0.88%	2.68%	-1.17%	2.41%	14.73%	14.04%	15.57%	16.70%	14.26%	13.52%	17.56%	18.13%	18.24%	17.55%	18.45%	18.98%	19.03%	19.13%	19.66%	18.62%	19.17%	19.78%	19.88%	19.99%	20.09%	20.18%

Salesforce, Inc.
Common Size Income Statement

<i>Fiscal Years Ending Jan. 31</i>	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Subscription & support revenues	93.83%	94.00%	93.07%	92.57%	93.34%	94.28%	94.76%	94.87%	95.24%	95.32%	95.37%	95.43%	95.48%	95.54%	95.60%
Professional services & other revenues	6.17%	6.00%	6.93%	7.43%	6.66%	5.72%	5.24%	5.13%	4.76%	4.68%	4.63%	4.57%	4.52%	4.46%	4.40%
Total cost of revenues	24.77%	25.59%	26.52%	26.66%	24.50%	21.34%	21.25%	21.16%	20.83%	20.77%	20.72%	20.67%	20.62%	20.57%	20.52%
Cost of revenues - subscription & support	16.13%	16.43%	15.71%	15.27%	14.92%	15.27%	15.81%	15.83%	15.89%	15.90%	15.91%	15.92%	15.93%	15.94%	15.95%
Cost of revenues - professional services & other	6.07%	6.04%	7.42%	8.10%	6.78%	6.07%	5.44%	5.33%	4.94%	4.86%	4.81%	4.75%	4.69%	4.63%	4.57%
Gross profit (loss)	75.23%	74.41%	73.48%	73.34%	75.50%	78.66%	78.75%	78.84%	79.17%	79.23%	79.28%	79.33%	79.38%	79.43%	79.48%
Depreciation & amortization	1.04%	1.62%	1.85%	2.21%	2.56%	2.30%	1.62%	1.44%	1.30%	1.19%	1.11%	1.04%	0.98%	0.92%	0.87%
Amortization of intangible assets acquired through business combin	4.63%	5.27%	6.13%	6.22%	5.36%	4.14%	3.02%	1.96%	1.09%	0.78%	0.06%	0.06%	0.05%	0.05%	0.04%
Research & development	16.18%	16.93%	16.85%	16.12%	14.07%	14.50%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%	14.30%
Marketing & sales	43.28%	41.74%	40.15%	38.01%	31.83%	30.92%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%	31.37%
General & administrative	9.97%	9.82%	9.81%	8.14%	7.27%	7.33%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%	7.31%
Restructuring	0.00%	0.00%	0.00%	3.43%	2.83%	0.05%	0.14%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Loss on settlement of Salesforce.org reseller agreement	0.97%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income (loss) from operations	2.71%	2.14%	2.07%	5.93%	17.21%	19.43%	21.00%	22.47%	23.81%	24.29%	25.14%	25.26%	25.38%	25.49%	25.59%
Gains (losses) on strategic investments, net	0.12%	-1.03%	0.49%	0.42%	-0.83%	-0.55%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (expense)	-1.54%	-8.88%	-4.20%	3.40%	3.84%	0.45%	0.50%	0.45%	0.41%	0.20%	0.28%	0.27%	0.26%	0.24%	0.23%
Income (loss) before provision for (benefit from) income taxes	4.13%	12.05%	5.78%	2.11%	14.20%	19.53%	20.51%	22.02%	23.40%	24.09%	24.85%	24.99%	25.12%	25.24%	25.36%
Provision for (benefit from) for income taxes	3.39%	-7.11%	0.33%	1.44%	2.34%	4.02%	4.65%	4.92%	4.78%	4.92%	5.08%	5.10%	5.13%	5.16%	5.18%
Net income (loss)	0.74%	19.16%	5.45%	0.66%	11.87%	15.51%	15.86%	17.09%	18.62%	19.17%	19.78%	19.88%	19.99%	20.09%	20.18%

Salesforce, Inc.
Common Size Balance Sheet

Fiscal Years Ending Jan. 31	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Cash & cash equivalents	24.24%	29.15%	20.63%	22.38%	24.31%	10.28%	17.34%	26.03%	34.72%	47.24%	53.09%	60.92%	68.56%	75.99%	83.19%
Marketable securities	22.24%	27.16%	19.15%	17.52%	16.42%	15.36%	13.74%	12.73%	11.84%	11.23%	10.76%	10.34%	9.95%	9.56%	9.19%
Accounts receivable, net	36.11%	36.64%	36.76%	34.30%	32.75%	35.31%	35.31%	35.31%	35.31%	35.31%	35.31%	35.31%	35.31%	35.31%	35.31%
Costs capitalized to obtain revenue co	5.42%	5.39%	5.49%	5.66%	5.47%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%	5.49%
Prepaid expenses & other current ass	5.36%	4.66%	4.23%	4.33%	4.48%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%	4.61%
Total current assets	93.36%	103.00%	86.25%	84.19%	83.41%	71.05%	76.49%	84.17%	91.97%	103.87%	109.25%	116.68%	123.91%	130.96%	137.79%
Property & equipment, gross	24.42%	20.77%	19.69%	20.43%	19.63%	19.49%	18.36%	17.82%	17.27%	16.98%	16.82%	16.66%	16.45%	16.19%	15.90%
Less accumulated depreciation & amc	10.53%	9.20%	9.06%	8.62%	9.04%	10.42%	10.57%	10.83%	10.97%	11.17%	11.38%	11.55%	11.64%	11.66%	11.63%
Property & equipment, net	13.89%	11.57%	10.63%	11.81%	10.58%	9.07%	7.80%	6.98%	6.30%	5.81%	5.43%	5.11%	4.81%	4.53%	4.27%
Operating lease right-of-use assets, n	17.78%	15.08%	10.87%	9.22%	6.79%	5.81%	5.00%	4.48%	4.04%	3.73%	3.48%	3.28%	3.08%	2.90%	2.74%
Noncurrent costs capitalized to obtain	7.88%	8.07%	8.84%	8.60%	7.22%	8.12%	8.12%	8.12%	8.12%	8.12%	8.12%	8.12%	8.12%	8.12%	8.12%
Strategic investments	11.48%	18.39%	18.06%	14.90%	13.91%	13.02%	11.64%	10.78%	10.03%	9.51%	9.11%	8.76%	8.43%	8.10%	7.79%
Goodwill	147.00%	123.84%	180.95%	154.91%	139.48%	126.12%	108.28%	96.26%	85.95%	78.20%	71.91%	66.38%	61.27%	56.53%	52.16%
Intangible assets acquired through bu	27.63%	19.36%	33.89%	22.73%	15.14%	9.47%	5.11%	2.58%	1.22%	0.33%	0.25%	0.17%	0.10%	0.05%	0.00%
Deferred tax assets & other assets, ne	3.39%	12.67%	9.90%	8.93%	9.85%	9.47%	8.88%	8.70%	8.57%	8.65%	8.85%	9.09%	9.35%	9.61%	9.87%
Total assets	322.41%	311.98%	359.39%	315.29%	286.38%	252.14%	231.33%	222.08%	216.21%	218.22%	216.41%	217.59%	219.07%	220.80%	222.74%
Accounts payable, accrued expenses	20.08%	20.49%	20.66%	21.51%	17.53%	20.05%	20.05%	20.05%	20.05%	20.05%	20.05%	20.05%	20.05%	20.05%	20.05%
Operating lease liabilities, current	4.39%	3.60%	2.59%	1.88%	1.49%	1.28%	1.13%	1.04%	0.96%	0.91%	0.87%	0.84%	0.81%	0.78%	0.75%
Unearned revenue	62.36%	59.32%	58.99%	55.42%	54.52%	56.31%	56.31%	56.31%	56.31%	56.31%	56.31%	56.31%	56.31%	56.31%	56.31%
Debt, current	0.00%	0.00%	0.00%	3.77%	2.87%	1.66%	1.70%	1.74%	1.78%	1.83%	1.87%	1.92%	1.97%	2.02%	2.07%
Total current liabilities	86.82%	83.42%	82.24%	82.58%	76.40%	79.30%	79.19%	79.14%	79.11%	79.10%	79.11%	79.12%	79.14%	79.16%	79.19%
Noncurrent debt	15.63%	12.58%	39.98%	30.04%	24.18%	2.58%	0.00%	0.00%	0.00%	3.99%	1.76%	1.63%	1.50%	1.39%	1.28%
Noncurrent operating lease liabilities	14.30%	13.37%	10.20%	9.24%	7.59%	5.93%	5.23%	4.80%	4.44%	4.20%	4.02%	3.87%	3.74%	3.61%	3.49%
Deferred tax liabilities & other noncurr	7.47%	7.36%	7.53%	7.28%	7.10%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%	7.35%
Total liabilities	124.23%	116.73%	139.96%	129.15%	115.26%	94.68%	90.91%	90.34%	89.90%	93.74%	91.53%	91.48%	91.46%	91.46%	91.49%
Common stock	187.84%	167.52%	192.21%	175.58%	171.68%	154.22%	132.40%	117.70%	105.10%	95.62%	87.93%	81.17%	74.91%	69.13%	63.78%
Treasury stock, at cost	0.00%	0.00%	0.00%	-12.76%	-33.54%	-37.86%	-39.14%	-40.70%	-41.61%	-42.65%	-43.63%	-44.34%	-44.68%	-44.70%	-44.43%
Accumulated other comprehensive inc	-0.54%	-0.20%	-0.63%	-0.87%	-0.65%	-0.58%	-0.50%	-0.44%	-0.40%	-0.36%	-0.33%	-0.31%	-0.28%	-0.26%	-0.24%
Retained earnings (accumulated defic	10.88%	27.92%	27.85%	24.19%	33.63%	41.68%	47.66%	55.18%	63.22%	71.88%	80.91%	89.59%	97.66%	105.17%	112.15%
Total stockholders' equity	198.18%	195.24%	219.43%	186.14%	171.12%	157.45%	140.42%	131.74%	126.32%	124.48%	124.88%	126.11%	127.61%	129.34%	131.25%

Salesforce, Inc.

Value Driver Estimation

Fiscal Years Ending Jan. 31	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
NOPLAT:															
Total Revenue	17098	21252	26492	31352	34857	38803	45198	50842	56937	62585	68059	73727	79882	86568	93831
Less: Total cost of revenues (excl. D/A)	4235	5438	7026	8360	8541	8281	9606	10756	11859	12996	14101	15239	16471	17807	19254
Less: Depreciation & amortization expense	178	345	491	692	891	892	731	733	738	746	756	769	783	798	815
Less: Amortization of intangible assets	792	1121	1624	1951	1869	1605	1363	996	619	486	42	42	42	42	42
Less: Research & development expense	2766	3598	4465	5055	4906	5626	6463	7270	8142	8950	9732	10543	11423	12379	13417
Less: Marketing & sales expense	7400	8870	10637	11918	11095	11997	14177	15947	17859	19631	21347	23125	25056	27153	29431
Less: General & amortization expense	1704	2087	2598	2553	2534	2845	3303	3715	4161	4573	4973	5387	5837	6326	6857
Plus: Implied interest on operating leases	140	147	132	133	109	104	104	105	106	107	109	111	113	115	118
EBIT	163	-60	-217	956	5130	7660	9659	11529	13665	15311	17216	18733	20383	22179	24133
Implied Marginal Tax Rate	26.63%	24.52%	18.60%	17.12%	20.42%	20.42%	20.42%	20.42%	20.42%	20.42%	20.42%	20.42%	20.42%	20.42%	20.42%
Adjusted Taxes															
Provision for income taxes	580	-1511	88	452	814	1559	2100	2504	2721	3079	3455	3763	4098	4463	4861
Less: Tax on gains (losses) on strategic investments	5	-53	24	22	-59	-43	0	0	0	0	0	0	0	0	0
Less: Tax on other income (expense)	-70	-463	-207	183	273	36	46	47	48	26	39	41	42	43	44
Less: Tax on restructuring	0	0	0	184	202	4	13	0	0	0	0	0	0	0	0
Less: Tax on loss on settlement of Salesforce.org reseller	44	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Plus: Tax shield on operating lease interest	37	36	25	23	22	21	21	21	22	22	22	23	23	24	24
Total adjusted taxes	638	-959	296	86	420	1584	2062	2478	2695	3075	3437	3745	4079	4443	4840
Deferred tax assets	579	2693	2623	2800	3433	3677	4013	4424	4881	5412	6023	6705	7466	8315	9263
Deferred tax liabilities	1278	1565	1995	2283	2475	2667	2932	3256	3617	4036	4517	5054	5654	6324	7072
Net deferred taxes	699	-1128	-628	-517	-958	-1010	-1081	-1168	-1264	-1377	-1506	-1650	-1811	-1991	-2191
Change in deferred tax assets		-1827	500	111	-441	-52	-71	-87	-97	-112	-129	-144	-161	-180	-201
NOPLAT	-475	-928	-12	981	4268	6025	7526	8964	10874	12123	13649	14844	16143	17556	19092
Invested Capital (IC):															
Plus: Normal cash	3526	4383	5464	6466	7189	8003	9322	10486	11743	12908	14037	15206	16476	17855	19353
Plus: Accounts receivable, net	6174	7786	9739	10755	11414	13702	15960	17953	20105	22100	24033	26034	28208	30568	33133
Plus: Costs capitalized to obtain revenue contracts, net	926	1146	1454	1776	1905	2128	2479	2789	3123	3433	3733	4044	4382	4749	5147
Plus: Prepaid expenses & other current assets	916	991	1120	1356	1561	1789	2084	2344	2625	2885	3138	3399	3683	3991	4326
Less: Accounts payable	3433	4355	5474	6743	6111	7782	9064	10196	11418	12551	13649	14786	16020	17361	18817
Less: Unearned revenue	10662	12607	15628	17376	19003	21850	25451	28629	32062	35242	38324	41516	44982	48746	52836
Net operating working capital	-2553	-2656	-3325	-3766	-3045	-4009	-4670	-5253	-5883	-6467	-7032	-7618	-8254	-8945	-9695
Plus: Property & equipment, net	2375	2459	2815	3702	3689	3518	3525	3550	3588	3638	3697	3765	3839	3919	4005
Plus: Noncurrent costs capitalized to obtain revenue contracts, net	1348	1715	2342	2697	2515	3152	3671	4130	4625	5083	5528	5988	6488	7031	7621
Plus: Intangible assets acquired through business combinations, net	4724	4114	8978	7125	5278	3673	2310	1314	695	209	167	125	84	42	0
Plus: PV of operating leases	3040	3204	2880	2890	2366	2256	2261	2277	2301	2333	2371	2415	2462	2514	2569
Invested Capital	8934	8836	13690	12648	10803	8589	7098	6017	5326	4797	4732	4675	4619	4561	4499
Free Cash Flow (FCF):															
NOPLAT	-475	-928	-12	981	4268	6025	7526	8964	10874	12123	13649	14844	16143	17556	19092
Change in IC		-98	4854	-1042	-1845	-2214	-1492	-1081	-691	-529	-65	-56	-56	-58	-62
FCF		-830	-4866	2023	6114	8239	9018	10044	11564	12653	13715	14901	16199	17613	19154
Return on Invested Capital (ROIC):															
NOPLAT	-475	-928	-12	981	4268	6025	7526	8964	10874	12123	13649	14844	16143	17556	19092
Beginning IC		8934	8836	13690	12648	10803	8589	7098	6017	5326	4797	4732	4675	4619	4561
ROIC		-10.39%	-0.14%	7.17%	33.75%	55.77%	87.62%	126.30%	180.72%	227.62%	284.54%	313.72%	345.30%	380.06%	418.56%
Economic Profit (EP):															
Beginning IC		8934	8836	13690	12648	10803	8589	7098	6017	5326	4797	4732	4675	4619	4561
x (ROIC - WACC)	-10.28%	-20.67%	-10.42%	-3.12%	23.46%	45.49%	77.34%	116.01%	170.43%	217.34%	274.25%	303.44%	335.01%	369.77%	408.28%
EP		-1847	-921	-427	2968	4914	6643	8234	10255	11576	13156	14358	15662	17081	18623

Salesforce, Inc.*Weighted Average Cost of Capital (WACC) Estimation***Cost of Equity:**

Risk-Free Rate	4.08%
Beta	1.30
Equity Risk Premium	5.00%
Cost of Equity	10.58%

ASSUMPTIONS:*10-year Treasury Bond**Average of 2, 3, 4, and 5-year weekly beta**Henry Fund consensus estimate***Cost of Debt:**

Risk-Free Rate	4.08%
Implied Default Premium	0.51%
Pre-Tax Cost of Debt	4.59%
Marginal Tax Rate	20%
After-Tax Cost of Debt	3.65%

*10-year Treasury Bond**YTM on company's 10-year corporate bond from Bloomberg***Market Value of Common Equity:**

Total Shares Outstanding	974
Current Stock Price	\$288.35
MV of Equity	2,80,852.90

MV Weights

95.71%

Market Value of Debt:

Debt, current	999
Noncurrent debt	8427
PV of Operating Leases	3162
MV of Total Debt	12,588.00

4.29%

Market Value of the Firm**2,93,440.90**

100.00%

Estimated WACC

10.28%

Salesforce, Inc.
Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	7.00%
CV Year ROIC	418.56%
WACC	10.28%
Cost of Equity	10.58%

<i>Fiscal Years Ending Jan. 31</i>	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
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DCF Model:

Free Cash Flow (FCF)	8238.8	9018.1	10044.5	11564.4	12652.6	13714.7	14900.8	16199.1	17613.4	19154.0
Continuing Value (CV)										571846.5
PV of FCF	7470.6	7414.8	7488.6	7818.0	7756.0	7623.2	7510.2	7403.3	7299.2	236978.2

Value of Operating Assets:	304762.3
Non-Operating Adjustments	
Plus: Excess Cash	1282.7
Plus: Marketable securities	5722.0
Plus: Strategic investments	4848.0
Less: Debt, current	-999.0
Less: Debt, non current	-8427.0
Less: PV of operating leases	-3162.0
Value of Equity	304027.0
Shares Outstanding	974.0
Intrinsic Value of Last FYE	\$ 312.14
Implied Price as of Today	\$ 310.44

EP Model:

Economic Profit (EP)	4914.0	6643.0	8234.1	10254.9	11575.8	13156.0	14357.7	15662.4	17080.6	18623.0
Continuing Value (CV)										567285.1
PV of EP	4455.8	5461.9	6138.9	6932.7	7096.0	7312.7	7236.5	7158.1	7078.4	235088.0

Total PV of EP	293959.0
Invested Capital (last FYE)	10803.3
Value of Operating Assets:	304762.3
Non-Operating Adjustments	
Plus: Excess Cash	1282.7
Plus: Marketable securities	5722.0
Plus: Strategic investments	4848.0
Less: Debt, current	-999.0
Less: Debt, non current	-8427.0
Less: PV of operating leases	-3162.0
Value of Equity	304027.0
Shares Outstanding	974.0
Intrinsic Value of Last FYE	\$ 312.14
Implied Price as of Today	\$ 310.44

Salesforce, Inc.*Dividend Discount Model (DDM) or Fundamental P/E Valuation Model*

<i>Fiscal Years Ending</i>	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
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EPS	\$ 6.15	\$ 7.25	\$ 8.71	\$ 10.54	\$ 11.83	\$ 13.19	\$ 14.28	\$ 15.47	\$ 16.76	\$ 18.17
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Key Assumptions

CV growth of EPS	7.00%
CV Year ROE	16.91%
Cost of Equity	10.58%

Future Cash Flows

P/E Multiple (CV Year)										16.37
EPS (CV Year)										\$ 18.17
Future Stock Price										\$ 297.52
Dividends Per Share	1.60	1.82	2.18	2.64	2.97	3.31	3.58	3.88	4.20	
Discounted Cash Flows	1.45	1.49	1.61	1.77	1.80	1.81	1.77	1.74	1.70	120.34

Intrinsic Value as of Last FYE	\$ 135.47
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Implied Price as of Today	\$ 134.73
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Salesforce, Inc.*Relative Valuation Models*

Ticker	Company	Price	EPS	EPS	P/E 25	P/E 26	Est. 5yr	PEG 25	PEG 26
			2025E	2026E			EPS gr.		
ADBE	Adobe Inc.	\$517.78	\$12.25	\$16.18	42.27	32.00	13.9	3.04	2.30
NOW	ServiceNow, Inc.	\$894.39	\$6.37	\$8.16	140.41	109.61	21.9	6.41	5.00
SAP	SAP SE	\$227.97	\$4.46	\$6.27	51.11	36.36	13.2	3.88	2.76
ORCL	Oracle Corporation	\$170.40	\$4.60	\$5.32	37.04	32.03	11.5	3.21	2.78
INTU	Intuit Inc.	\$621.00	\$12.25	\$14.68	50.69	42.30	14.2	3.57	2.98
MSFT	Microsoft Corporation	\$430.30	\$13.18	\$15.32	32.65	28.09	14.6	2.24	1.92
			Average		59.03	46.73		3.72	2.96

CRM	Salesforce, Inc.	\$288.35	\$6.15	\$7.25	46.9	39.8	14.0	3.4	2.8
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Implied Relative Value:

P/E (EPS25)	\$ 362.76
P/E (EPS26)	\$ 338.67
PEG (EPS25)	\$ 320.43
PEG (EPS26)	\$ 300.06

Salesforce, Inc.

Key Management Ratios

<i>Fiscal Years Ending Jan. 31</i>	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:															
Current Ratio (CA/CL)	1.08	1.23	1.05	1.02	1.09	0.90	0.97	1.06	1.16	1.31	1.38	1.47	1.57	1.65	1.74
Cash Ratio (Cash + Mkt. Sec)/CL)	0.54	0.67	0.48	0.48	0.53	0.32	0.39	0.49	0.59	0.74	0.81	0.90	0.99	1.08	1.17
Asset-Management Ratios:															
Asset Turnover (Net Sales/Avg. Total Assets)		0.35	0.33	0.32	0.35	0.39	0.45	0.47	0.48	0.48	0.48	0.48	0.48	0.47	0.47
Accounts Recievable Turnover (Sales/Avg. AR)		3.04	3.02	3.06	3.14	3.09	3.05	3.00	2.99	2.97	2.95	2.95	2.95	2.95	2.95
Financial Leverage Ratios:															
Debt-to-Equity Ratio (ST debt+LT debt/TSE)	0.08	0.06	0.18	0.18	0.16	0.03	0.01	0.01	0.01	0.05	0.03	0.03	0.03	0.03	0.03
Debt-to-Asset Ratio (ST debt+LT debt/Assets)	0.05	0.04	0.11	0.11	0.09	0.02	0.01	0.01	0.01	0.03	0.02	0.02	0.02	0.02	0.02
Profitability Ratios:															
Return on Equity (NI/Beg TSE)		12.0%	3.5%	0.4%	7.1%	10.1%	11.7%	13.7%	15.8%	16.7%	17.3%	17.2%	17.2%	17.1%	16.9%
Return on Assets (NI/Total Assets)		6.7%	1.8%	0.2%	4.2%	6.1%	7.1%	8.0%	9.0%	9.2%	9.5%	9.5%	9.5%	9.5%	9.5%
Gross Profit Margin (Gross Profit/Sales)	75.2%	74.4%	73.5%	73.3%	75.5%	78.7%	78.7%	78.8%	79.2%	79.2%	79.3%	79.3%	79.4%	79.4%	79.5%
Operating Profit Margin (Oper. Profit/Sales)	2.7%	2.1%	2.1%	5.9%	17.2%	19.4%	21.0%	22.5%	23.8%	24.3%	25.1%	25.3%	25.4%	25.5%	25.6%
Net Profit Margin (Net Income/Sales)	0.7%	19.2%	5.5%	0.7%	11.9%	15.5%	15.9%	17.1%	18.6%	19.2%	19.8%	19.9%	20.0%	20.1%	20.2%

Salesforce, Inc.*Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding*

Cost of Equity: 10.58%

Current Stock Price: \$288.35

Fiscal Years Ending Jan. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Share Repurchases (\$)	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Expected Price of Repurchased Shares:	\$ 288.35	\$ 317.19	\$ 348.90	\$ 383.79	\$ 422.17	\$ 464.39	\$ 510.83	\$ 561.91	\$ 618.10	\$ 679.91
Number of Shares Repurchased:	10	9	9	8	7	6	6	5	5	4
Shares Outstanding (beginning of the year)	974	964	954	946	938	931	924	918	913	908
Less: Shares Repurchased in Treasury	10	9	9	8	7	6	6	5	5	4
Shares Outstanding (end of the year)	964	954	946	938	931	924	918	913	908	904