



The Mungets



Enrique Alvarado
Team Captain
Tenure: 2 years



Barbara Merlo
Tenure: 1 Year



Peyton Bristow
Tenure: 1/2 year



Sam Finley
Tenure: 1/2 Year



Justin Perry
Tenure: 1 year



Max Guzman
Tenure: 1/2 Year



Company Overview

Sam Finley

16-Jan-26





What is Salesforce?

Cloud-based software company
that provides tools for managing
customer relations, sales,
service, marketing, analytics,
and custom business apps



Company Info

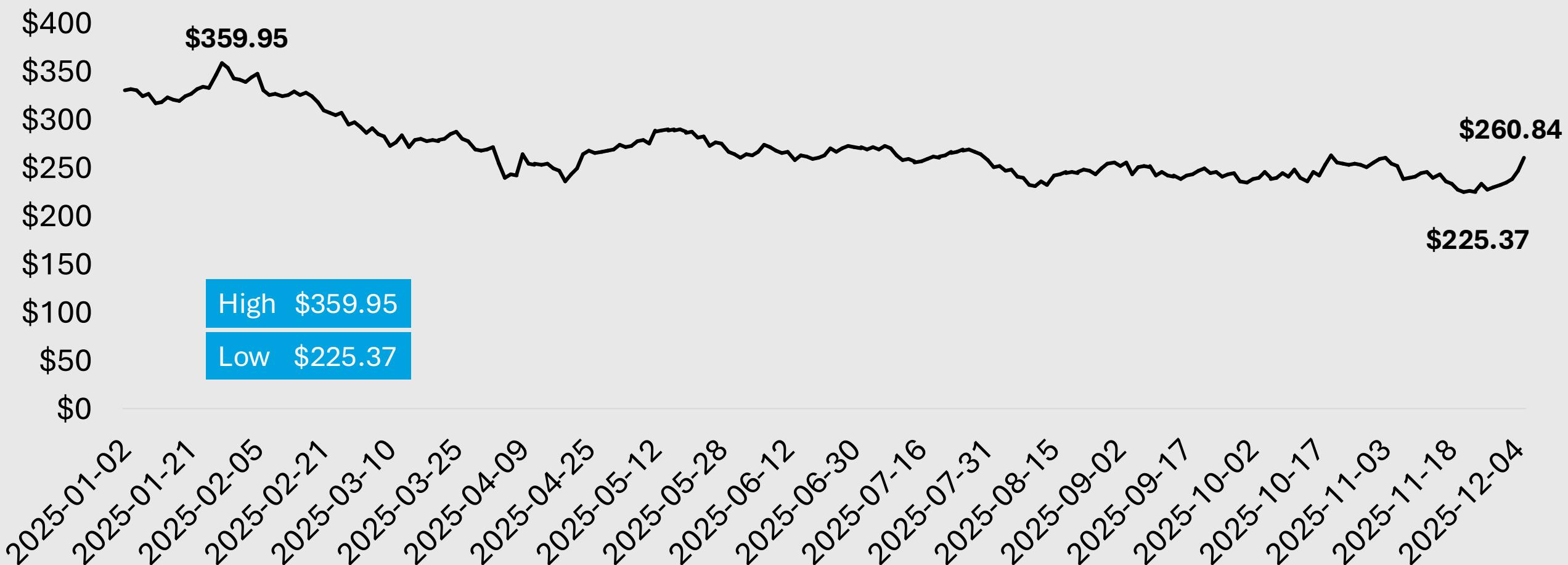


- Ticker: CRM
- Market Cap: \$227.26Bn
- Stock Price: \$260.84
- Founded: 1999
- IPO: 2004
- Revenue (TTM): \$39.5Bn
- Headquarters: San Francisco, CA





52 Week Stock Price Performance



History



Marc Benioff, Parker Harris, Frank Dominguez, and Dave Moellenhoff founded Salesforce

Global expansion to Europe and Asia. Marc Benioff is announced as CEO

Salesforce completes initial public offering at \$11 per share

1999

2000

2001

2003

2004

2005

Releases first CRM Prototype

sForce 2.0 is launched making it the industries first on-demand application service

AppExchange is released allowing customers to create custom applications



History

Service Cloud is released bringing customer service automation

2009

Marketing Cloud released

2012

Acquires ExactTarget, their biggest acquisition to date

2013

Salesforce launches Einstein, the first comprehensive artificial intelligence for CRM

2016

Acquires Tableau bringing the number one CRM platform and analytics platform together

2019

Salesforce launches AgentExchange

2025

News



- Salesforce and AWS collaborate to launch Agentforce 360
- Q3 earnings reported record revenue of \$10.3Bn with an increase of 9% year-over-year
- Management raised guidance on revenue from 9 – 10% YoY and operating cash flow from 13 – 14% YoY
- GAAP Operating Margin is expected to be around 20.3% and non-GAAP is expected to be 34.1%





Revenue Breakdown

Max Guzman

16-Jan-26



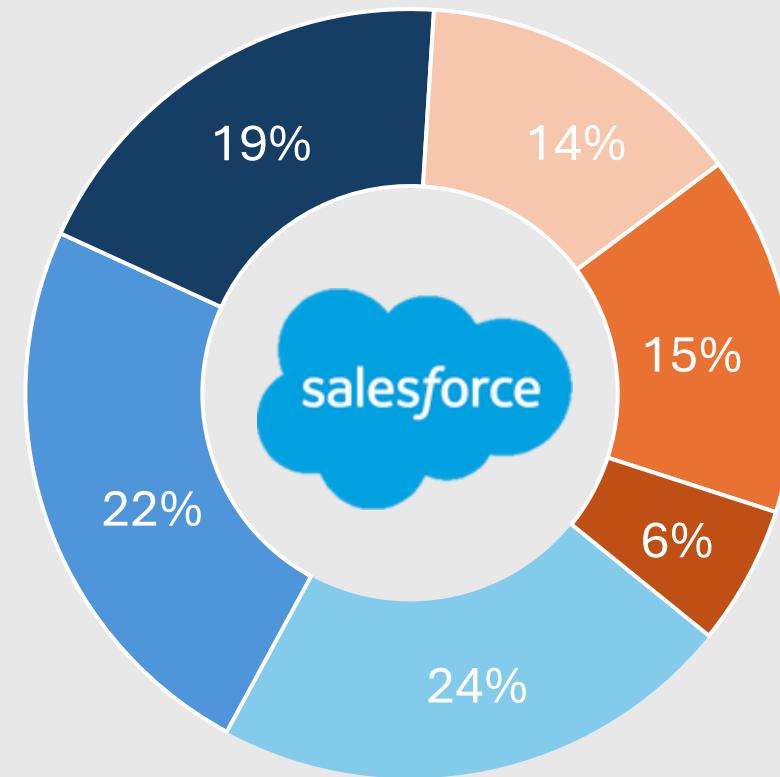
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FY 2025 Revenue by Business Segment

- Service – \$9Bn
- Sales – \$8.3Bn
- Platform & Other – \$7.2Bn
- Integration & Analytics - \$5.7Bn
- Marketing & Commerce - \$5.2Bn
- Professional Services & Other - \$2.2Bn



Service Cloud



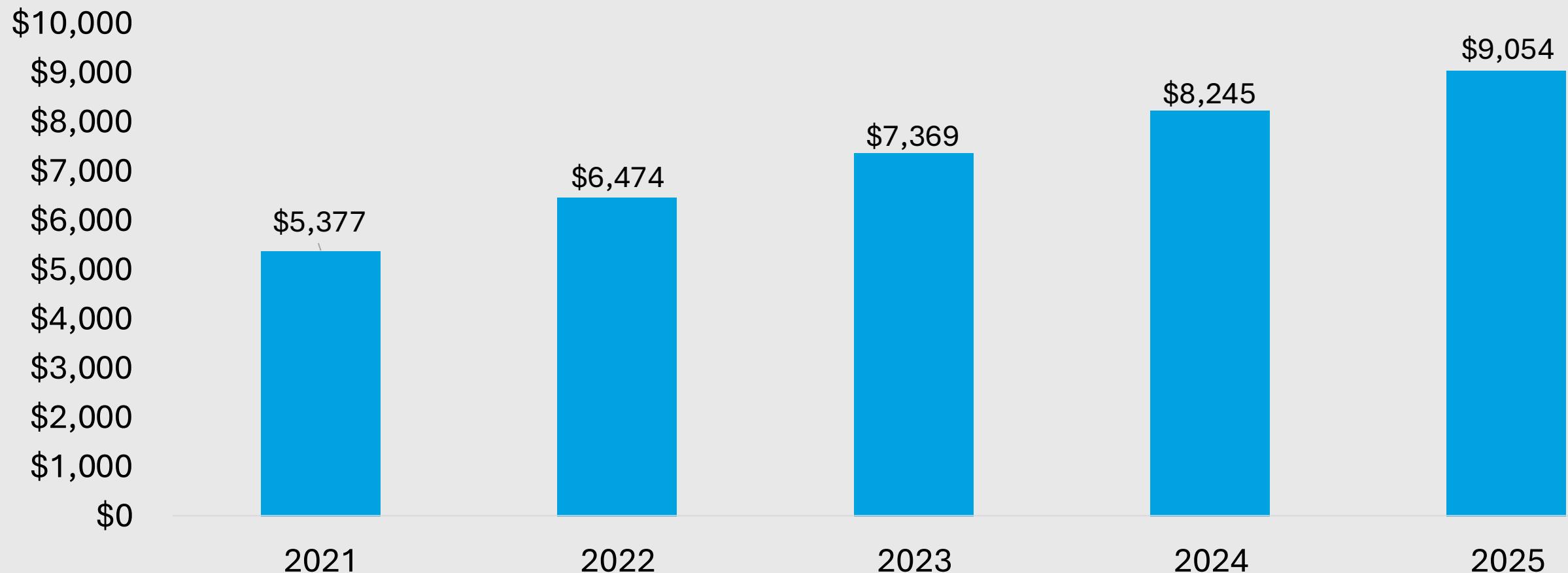
- Platform to help manage customer service and field service needs in one place
- AI technology like AI agents for faster and specific solutions





5 Year Service Cloud Revenue

Millions of Dollars



Sales Cloud



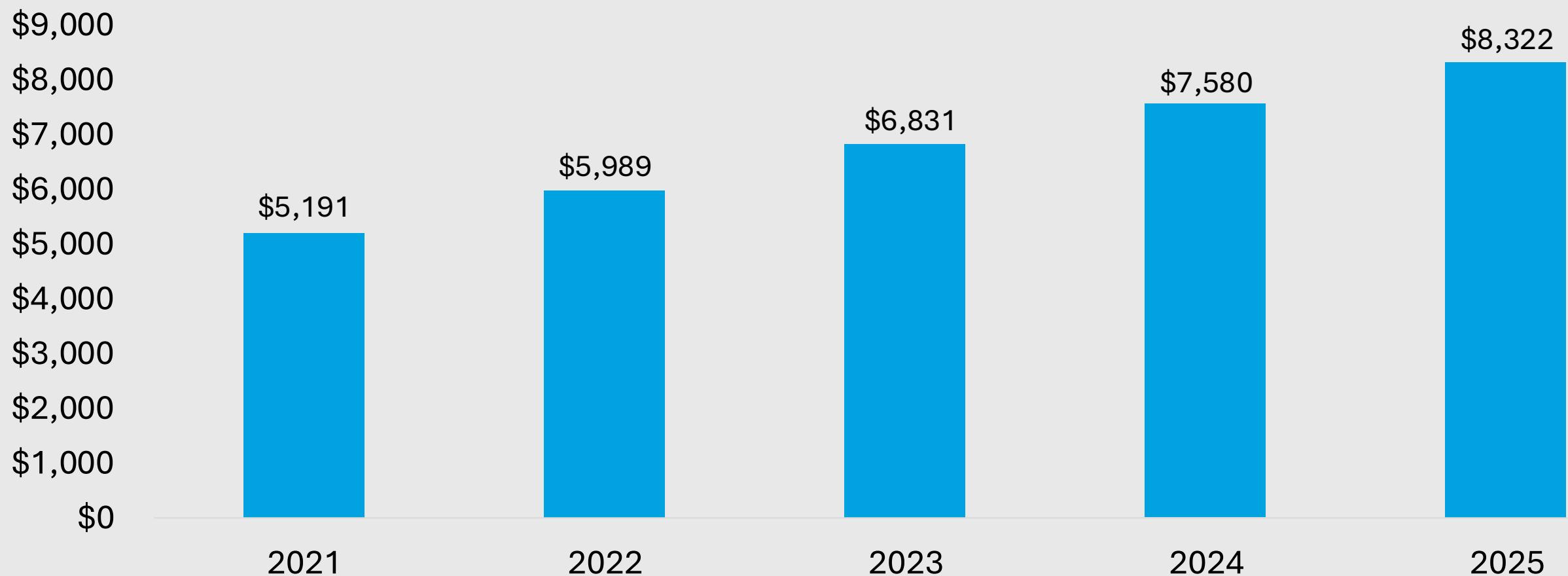
- Platform for sales department by keeping track sales data in one place
- Helps keep everything organized
- AI tools for efficiency





5 Year Sales Cloud Revenue

Millions of Dollars



Platform and other



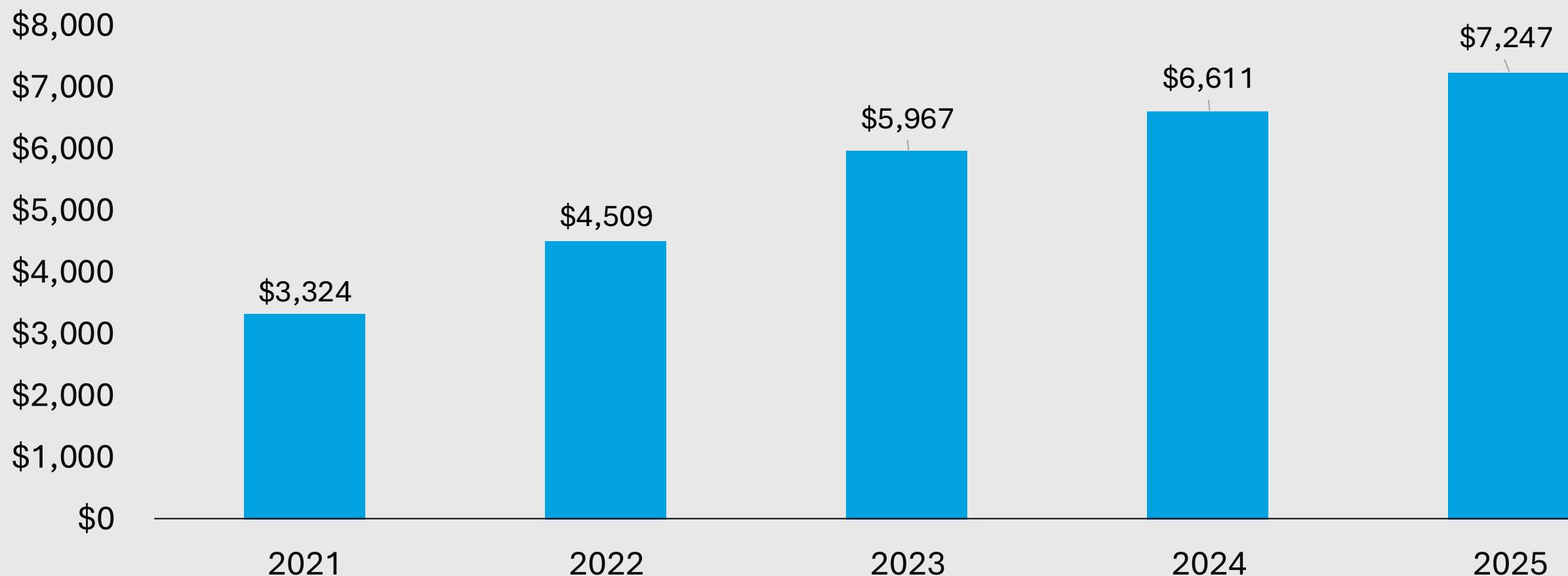
- Platform to help business build AI agents, apps or workflows
- Trust Layer security
- Slack integrated communications app





5 Year Platform and other Revenue

Millions of Dollars

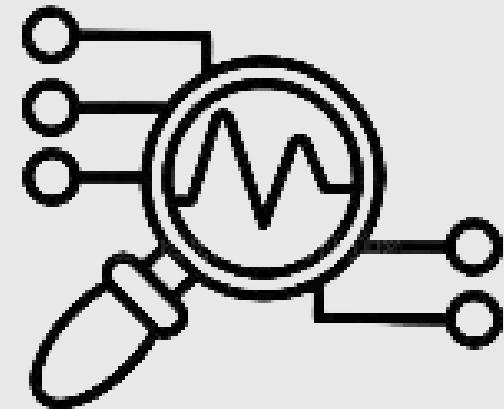


Integration and Analytics



Integration

- Platform helps business innovate and connect data faster
- MuleSoft
- API security



Analytics

- Platform that helps business visualize and analyze data efficiently
- Tableau

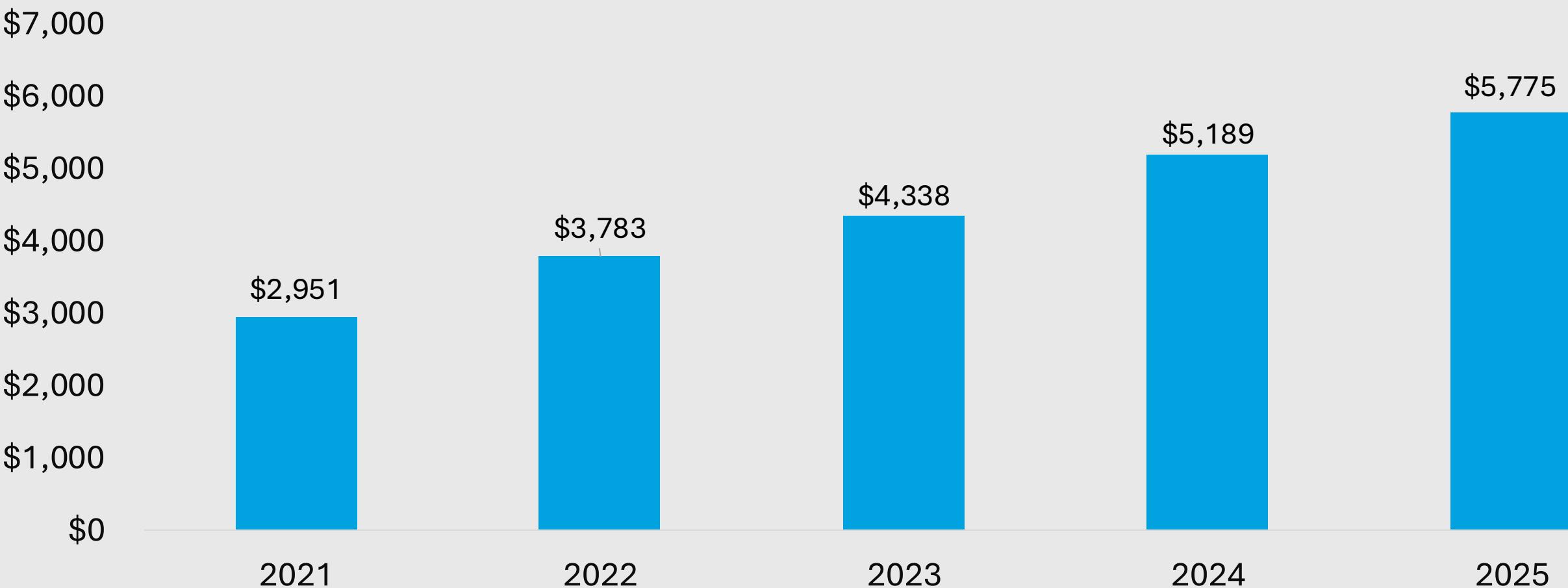


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5 Year Integration and Analytics Revenue

Millions of Dollars



Marketing and Commerce



Marketing Cloud

- Platform to help business marketing by personalizing, using data, suggestions and more
- AI tools



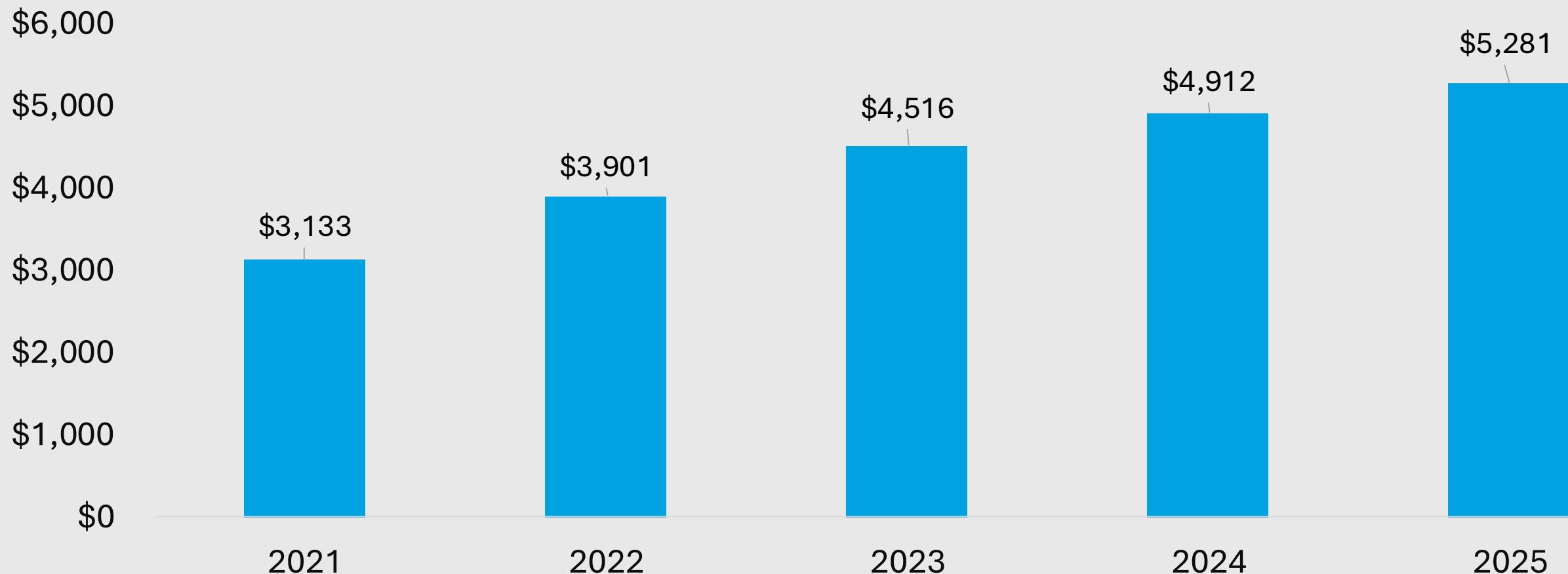
Commerce Cloud

- AI powered platform
- Helps businesses boost and manage commerce and merchandise

5 Year Marketing and Commerce Revenue



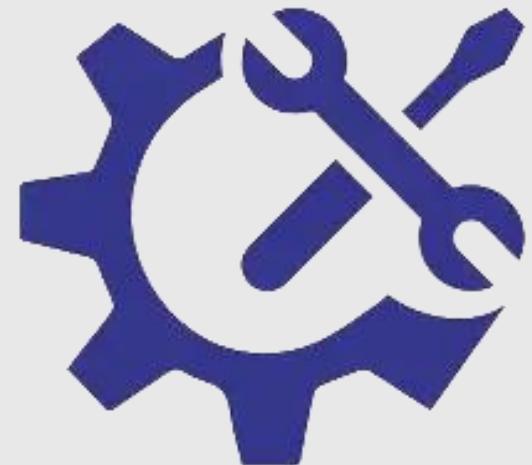
Millions of Dollars



Professional services and other



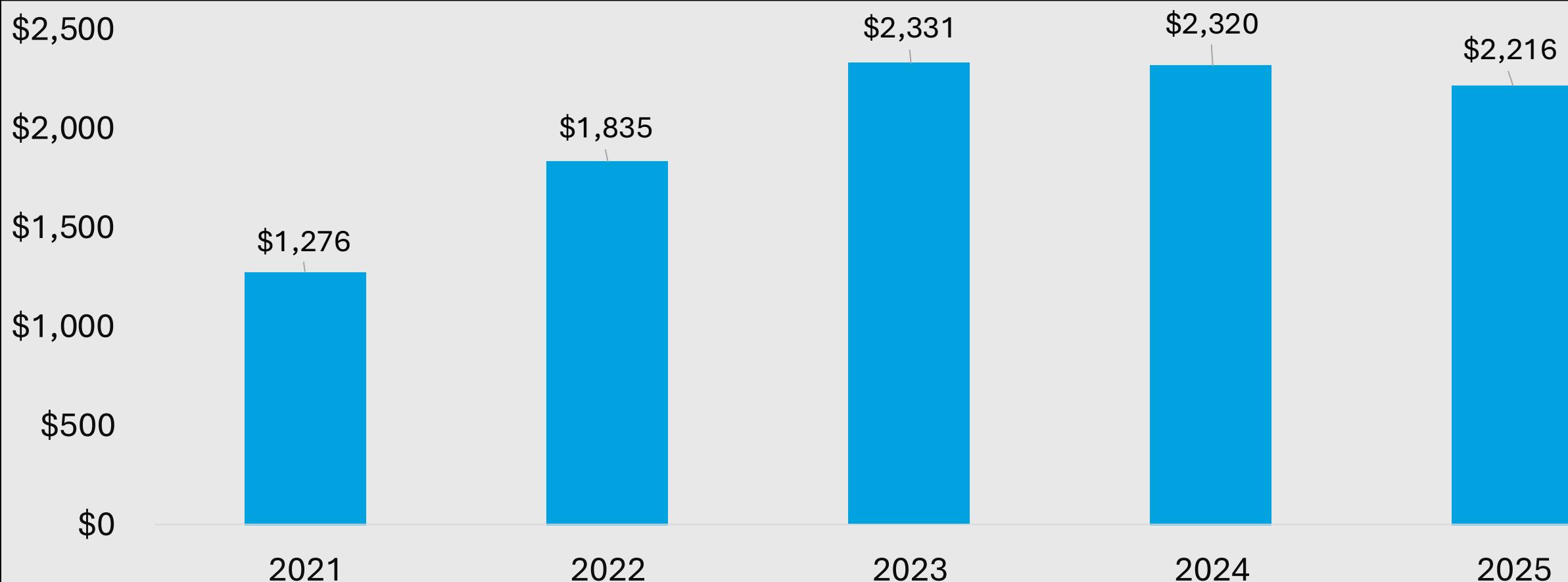
- Services offered for specific solutions customers need
- Agentforce
- Data Cloud
- Industries
- Salesforce Starter



5 Year Professional services and other Revenue



Millions of Dollars





Management &
Capital Allocation
Enrique Alvarado

16-Jan-26



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Named Executive Officers



Marc Benioff
CEO

- 60 Years Old
- Co-founder, at helm since inception
- Significant shareholder
- A pioneer of cloud computing
- Forbes Innovator of the Decade



Robin Washington
Chief Operating &
Financial Officer

- 62 Years Old
- COFO since March 2025
- A member of the board since 2013
- Currently a director at Alphabet
- Extensive leadership & operational experience across tech & life science industries

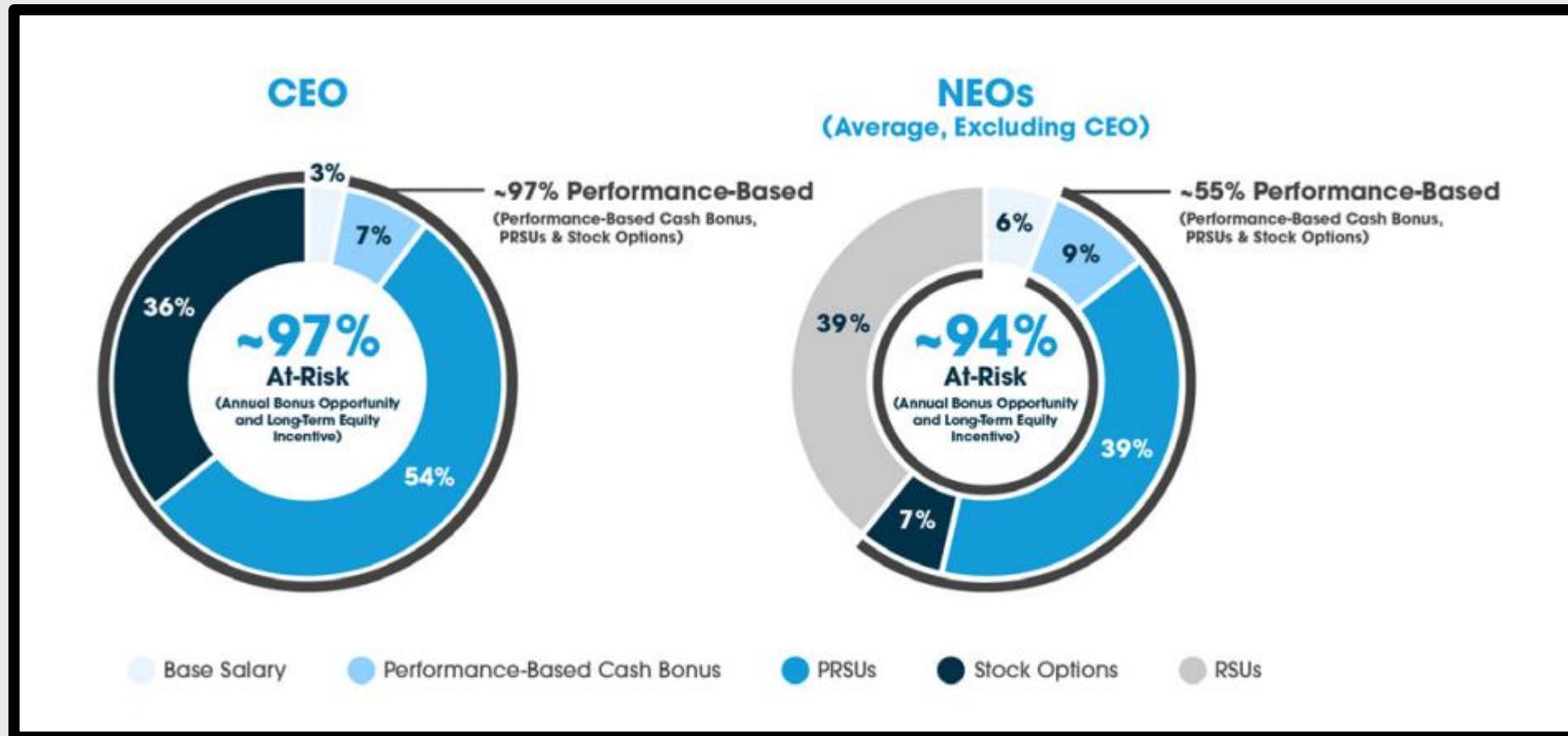


Parker Harris
CTO, Slack

- 58 Years Old
- Co-founder, leading since inception
- Extremely knowledgeable of the business tech & customer base
- The leadership you want



Compensation Structure



Base Salary & Annual Performance Based Cash Bonus



Compensation Element	Fiscal 2025 Program Design and Purpose
Base Salary	<ul style="list-style-type: none">• Base level of compensation commensurate with each executive's responsibilities• Serves to attract and retain high-performing executives
Annual Performance-Based Cash Bonus	<ul style="list-style-type: none">• Financial measures are key indicators of our profitable growth• Drive achievement of key financial goals aligned with external operating framework

APB Cash Bonus Metrics:

- Revenue - \$34.7Bn Target
- Operating cash Flow - \$8.3Bn Target
- Non-GAAP Income from Operations - \$9.4Bn Target



Long-Term Equity Incentives

Long-Term Equity Incentives

Performance-Based Restricted Stock Units

Restricted Stock Units

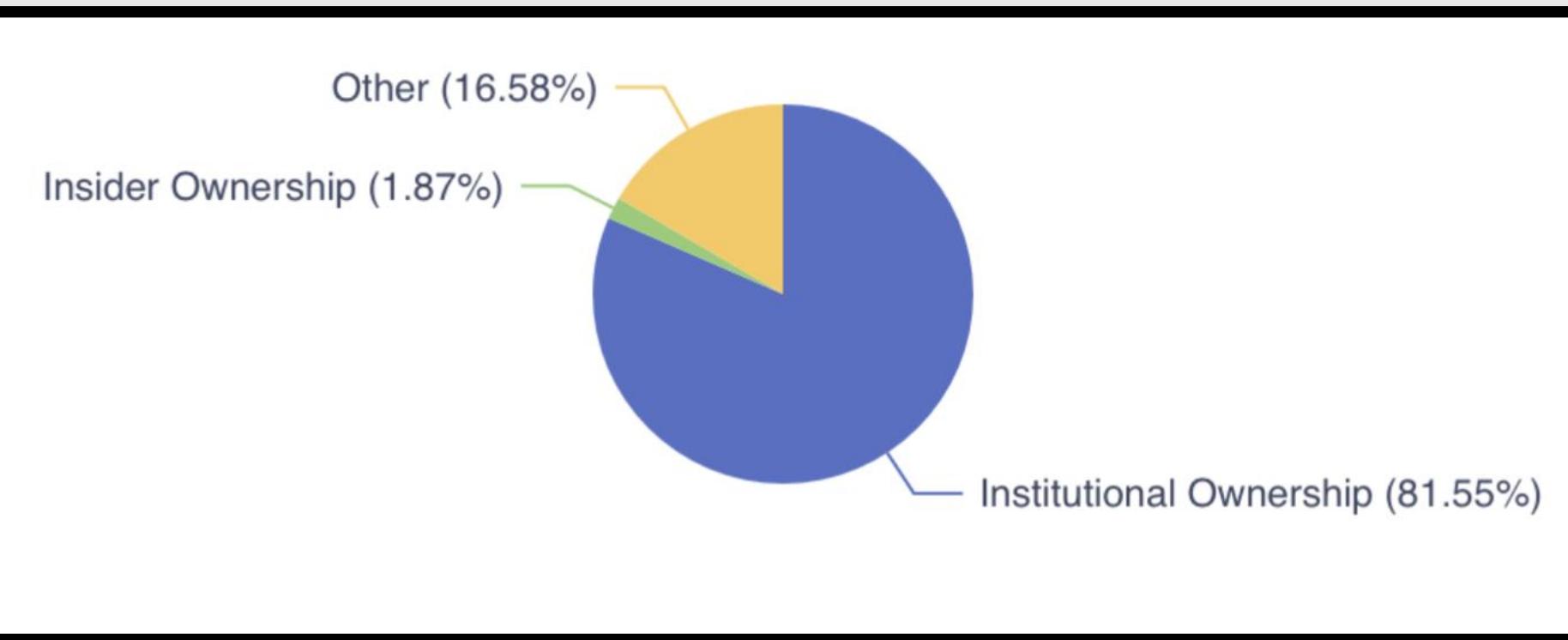
Stock Options

- Long-term equity incentives align executive interests with stockholders, stock price performance, and financial performance and promote long-term retention
 - CEO: **60% PRSUs and 40% stock options**
 - Other NEOs: **50% PRSUs and 50% RSUs***
- PRSU payouts tied to three-year **relative TSR** and annual **non-GAAP operating margin** performance, with no payout above target for relative TSR if absolute TSR is negative
- RSU value directly linked to our stock price performance
- Stock option value directly linked to stock price appreciation

- PRSU's – 3-year vesting periods
- RSU's – 4-year vesting periods
- Stock Options – Vest with stock price targets

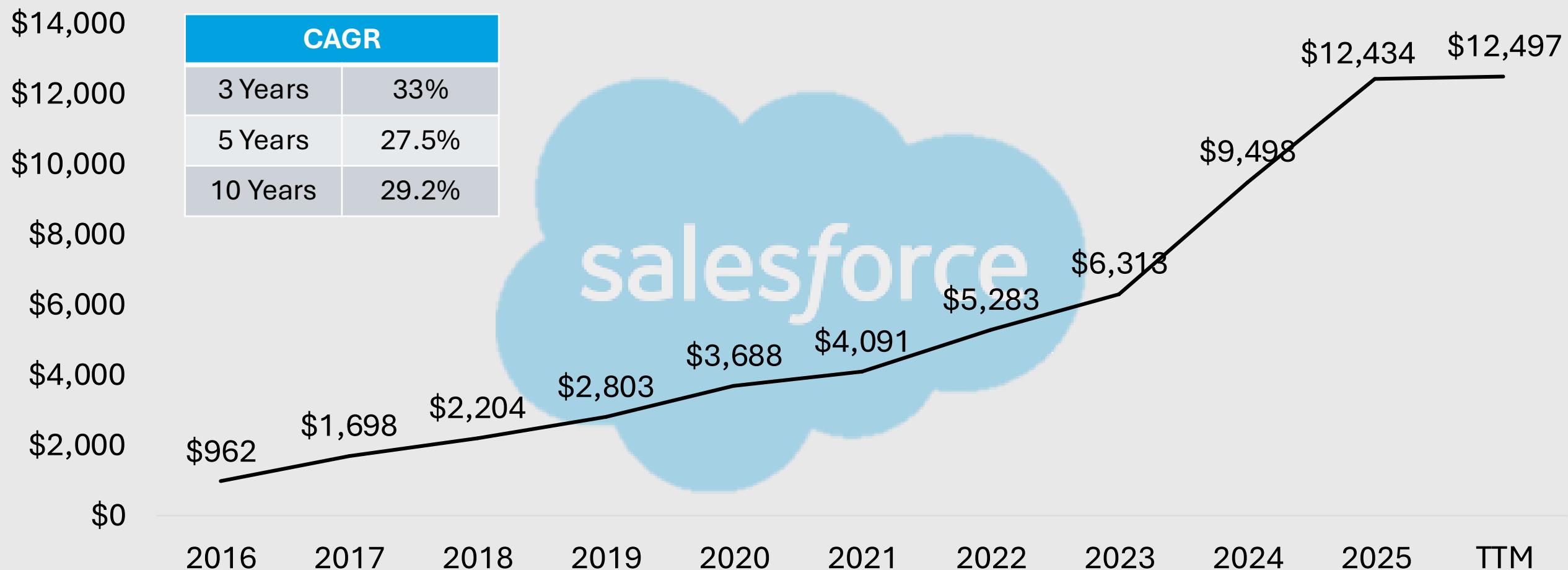


Insider Ownership



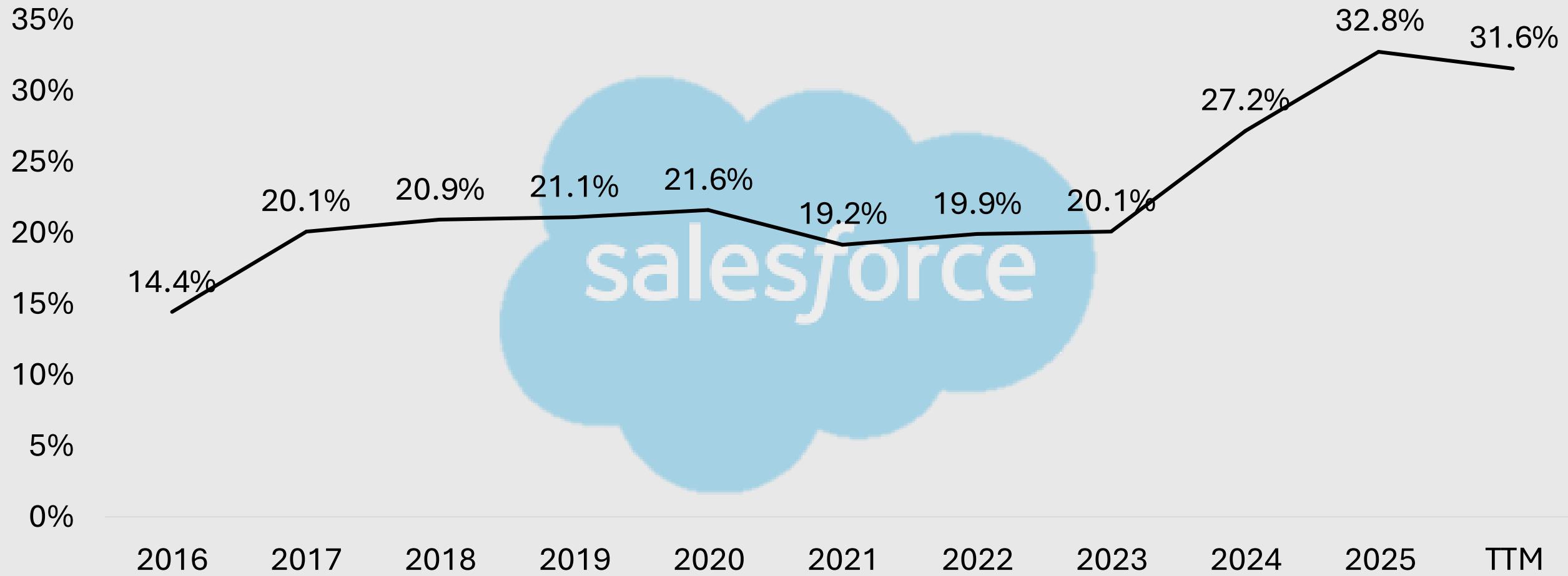
Free Cash Flow

Millions of Dollars



Free Cash Flow Margin

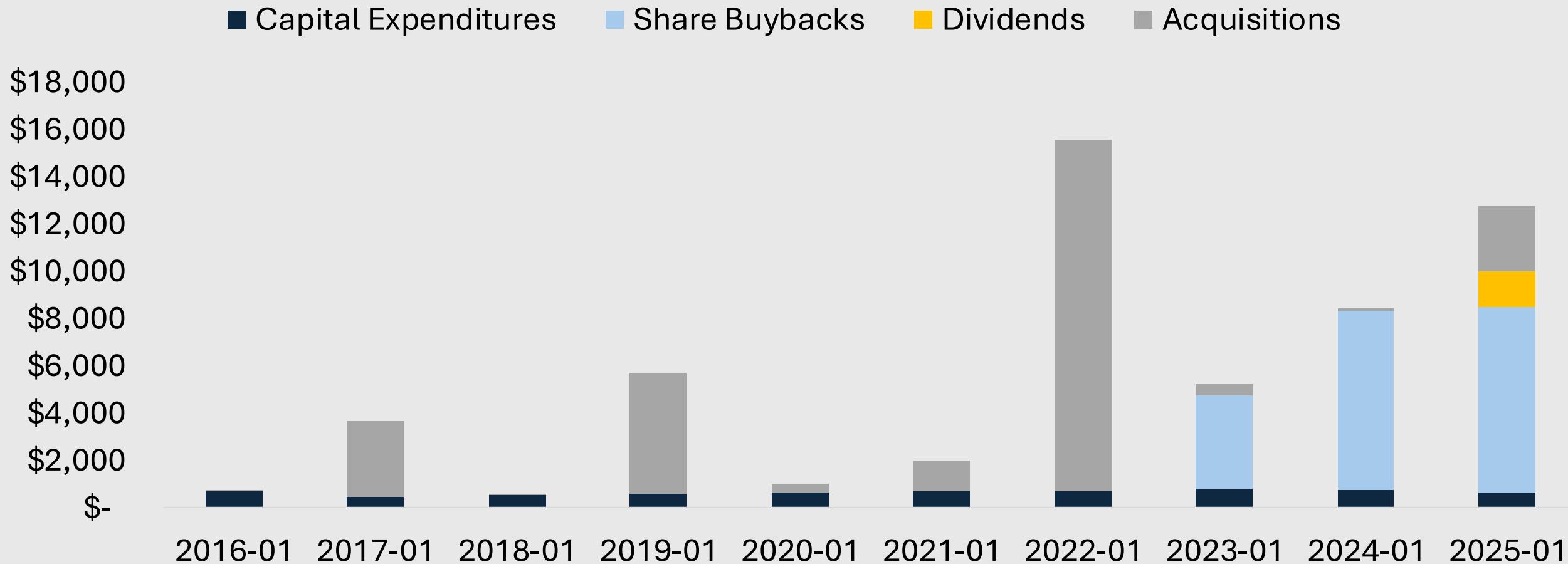
Above 10% Threshold





Capital Allocation

Millions of Dollars





Capital Expenditures

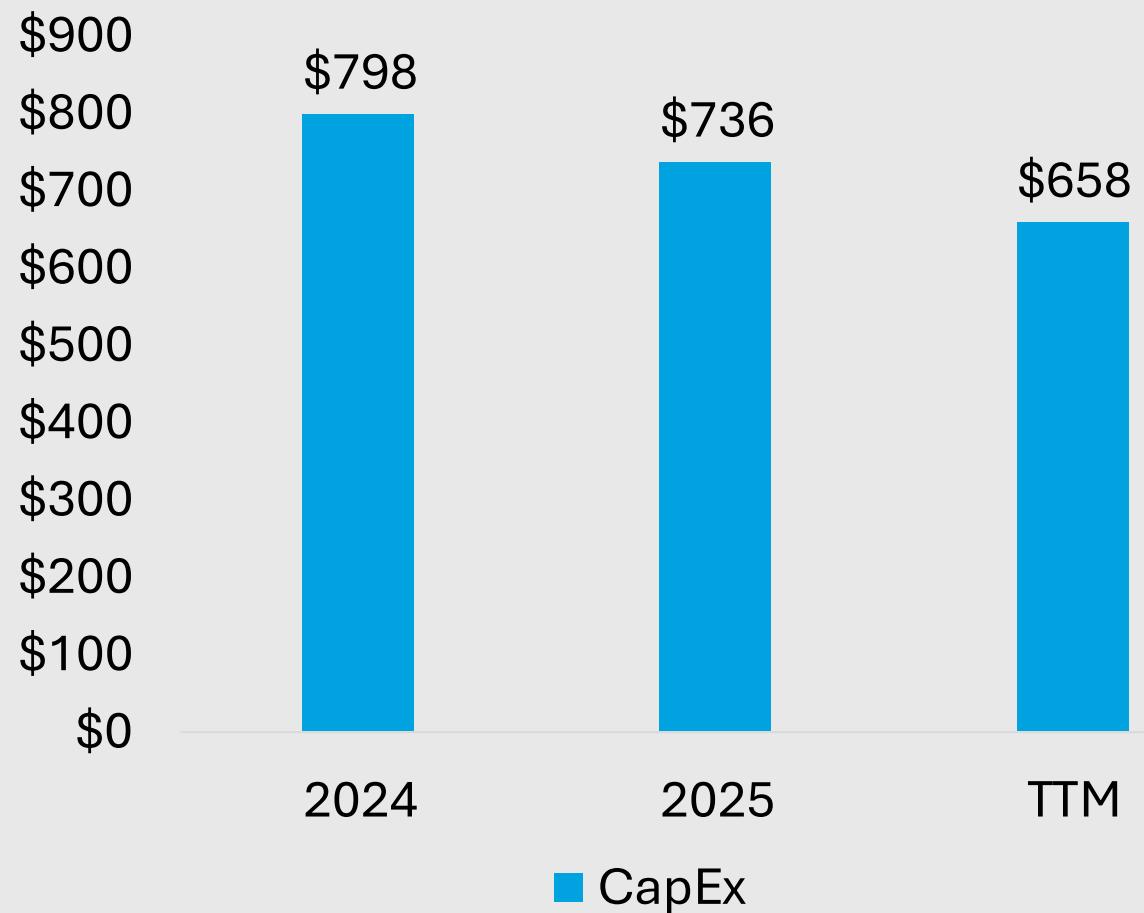
Millions of Dollars

Capex light business model

- FY25 - \$658M
- FY25 FCF - \$12.5Bn

Capex has been decreasing over the last 2 years & TTM

- FY23 to 24: -7.8%
- FY24 to 25: -10.6%

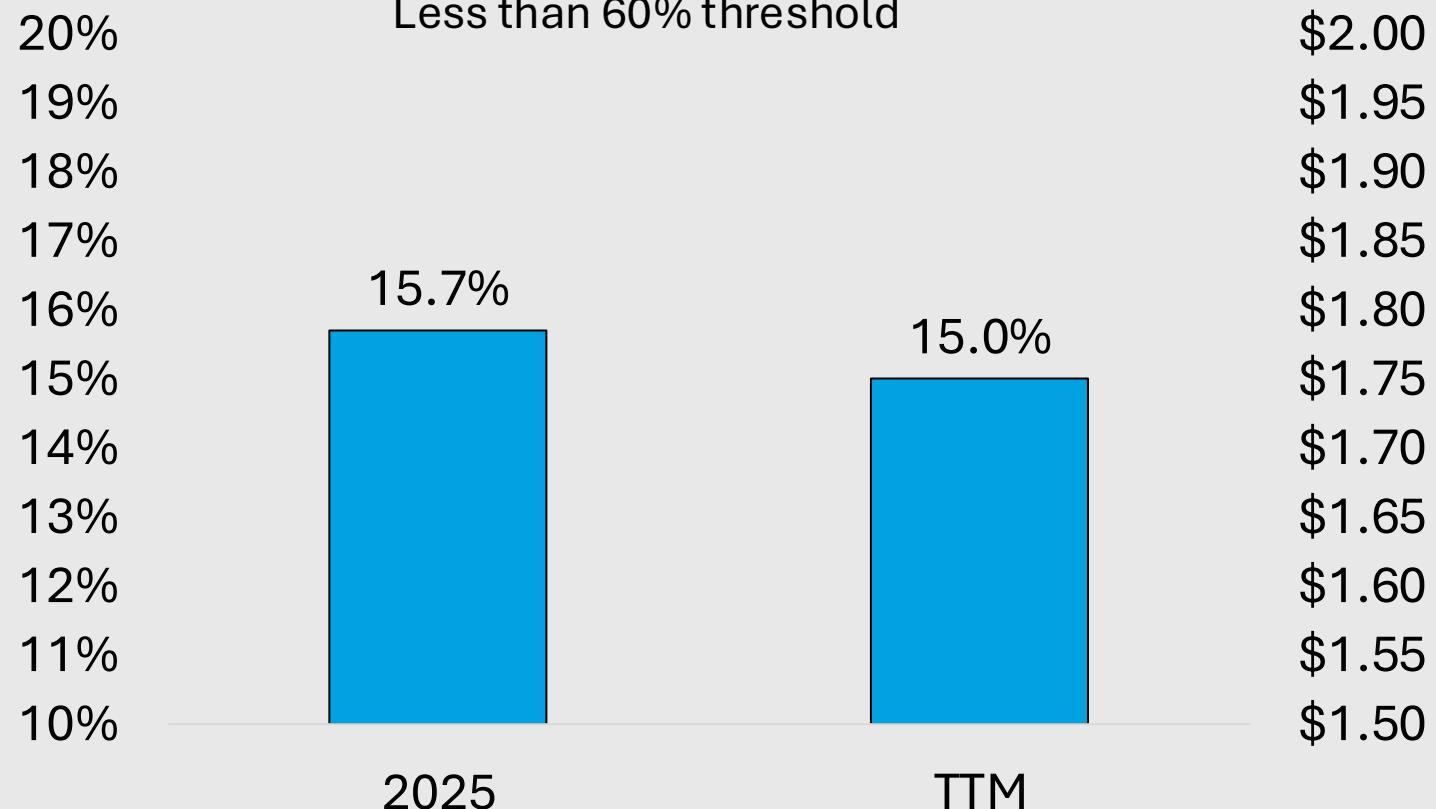




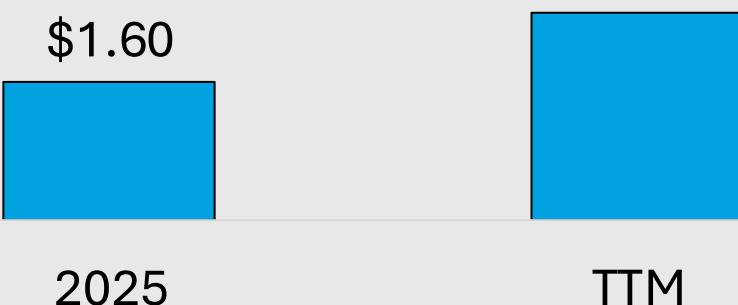
Dividends

Dividend Payout Ratio

Less than 60% threshold



Dividends Per Share





Share Buybacks

Millions of Dollars



Acquisitions



- Over 60 acquisitions since 2015
- Often consist of bolt-on businesses
 - 2016 – Demandware, \$2.8Bn, a cloud e-commerce platform for building and managing online retail stores
 - 2018 – Mulesoft, \$6.5Bn, an API-integration platform that lets companies connect apps, data and devices through API's
 - 2019 – Tableau, \$15.7Bn, a data visualization & business intelligence tool for turning data into interactive dashboards
 - 2021 – Slack, \$27.7Bn, a workplace communication and collaboration platform
 - 2025 – Informatica, \$8Bn, enterprise data integration software that moves, cleans & connects data across systems



Interpretation of Financial Statements

Barbara

16-Jan-26

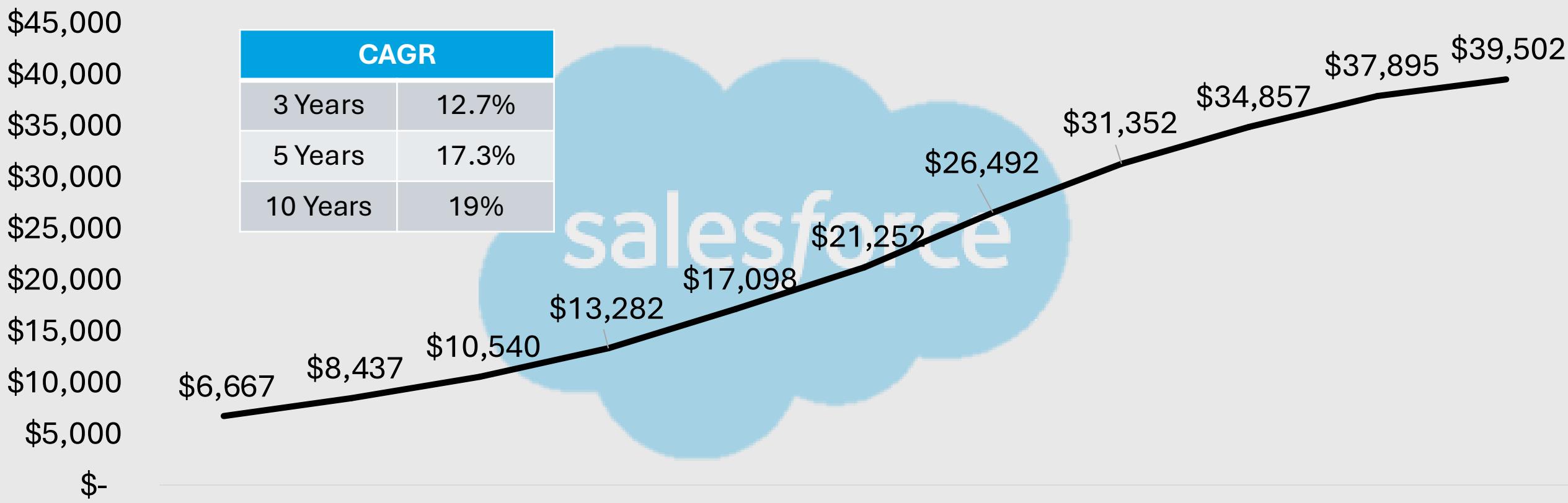


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Revenue

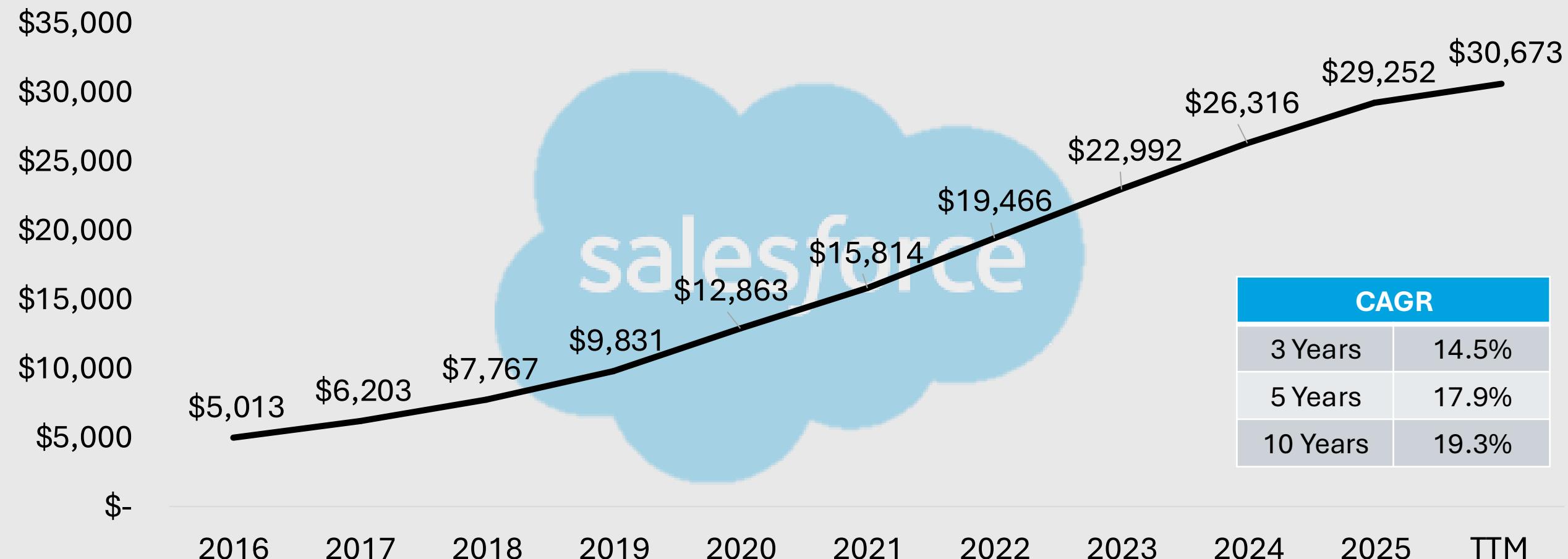
Millions of Dollars





Gross Profit

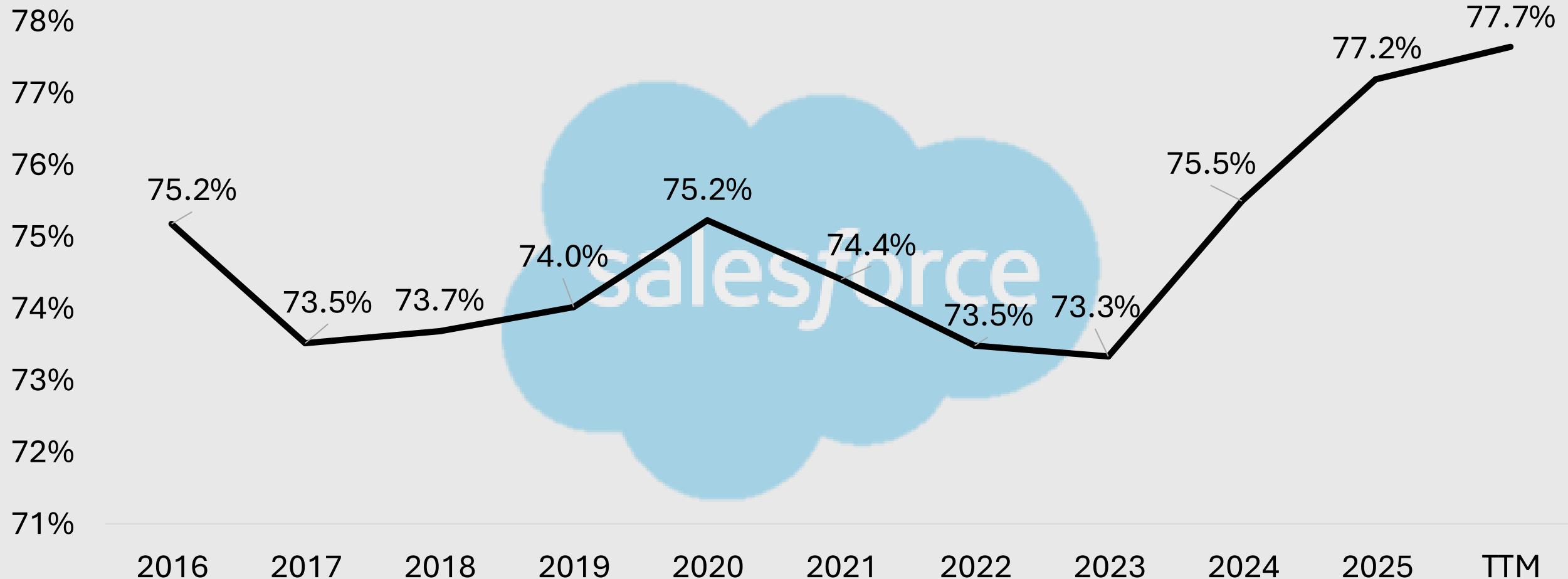
Millions of Dollars





Gross Margin

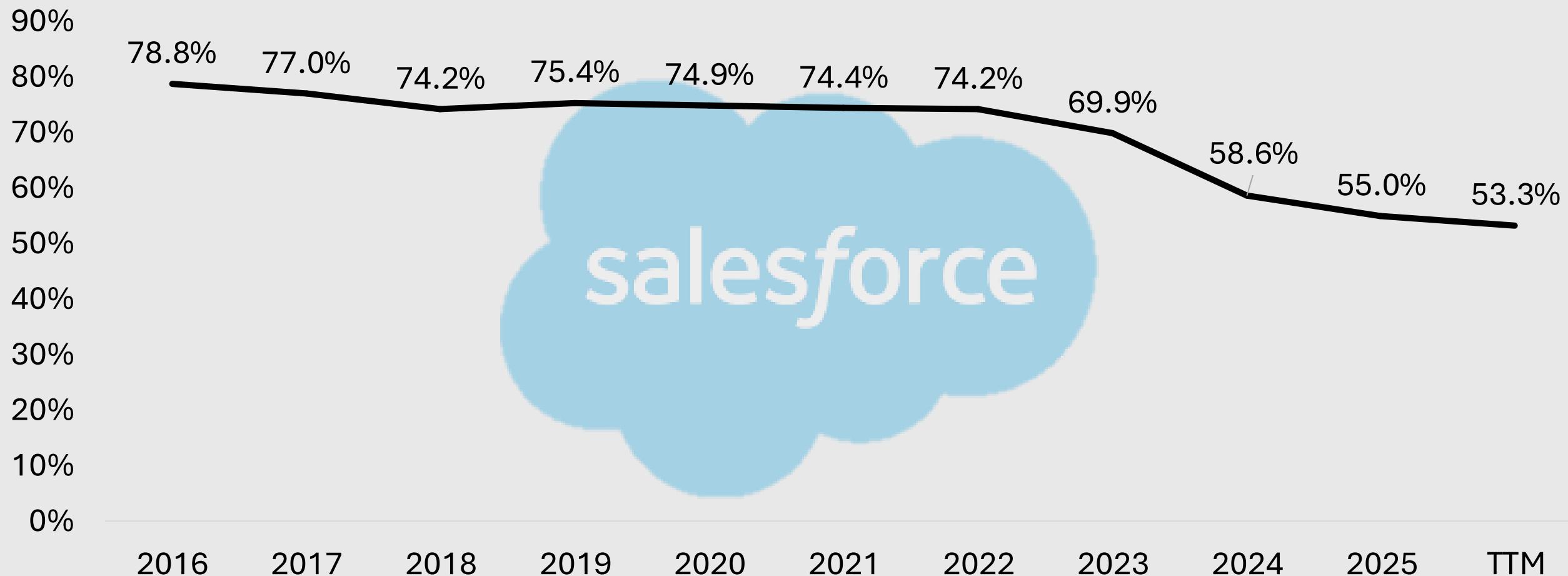
Gross Margin = Gross Profit/Revenue





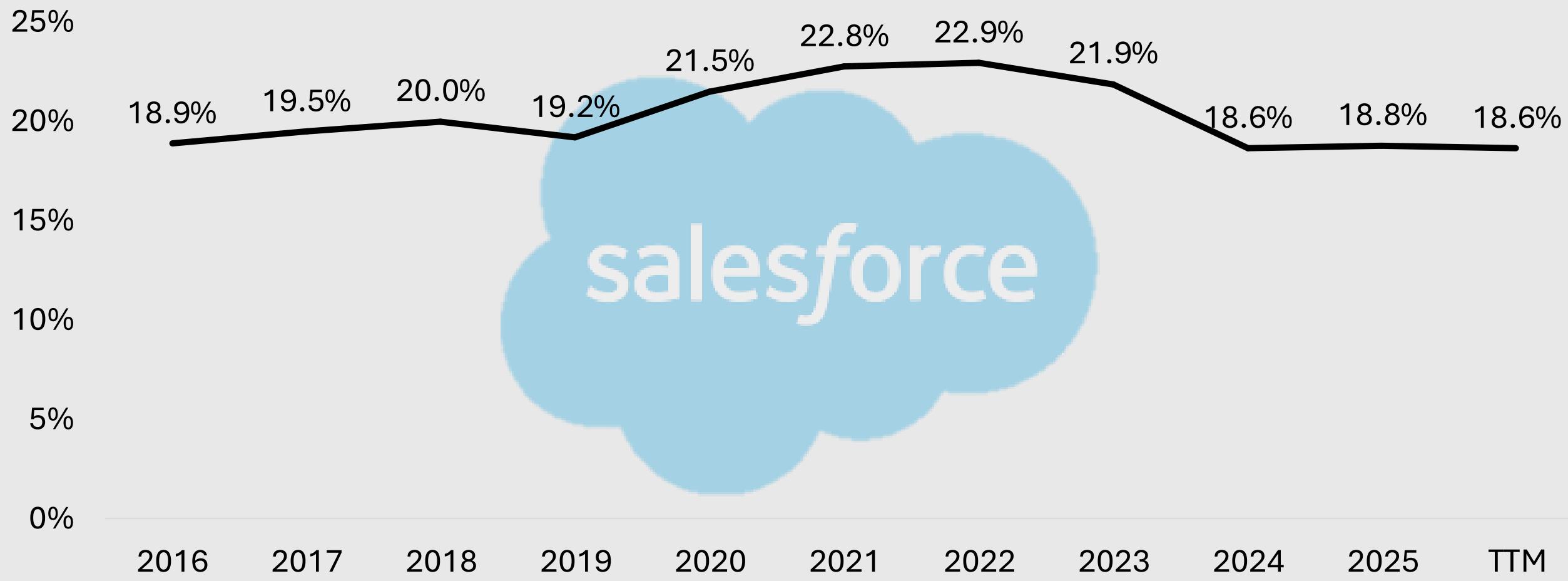
SG&A as a % of Gross Profit

Selling General & Administrative Expenses / Gross Profit

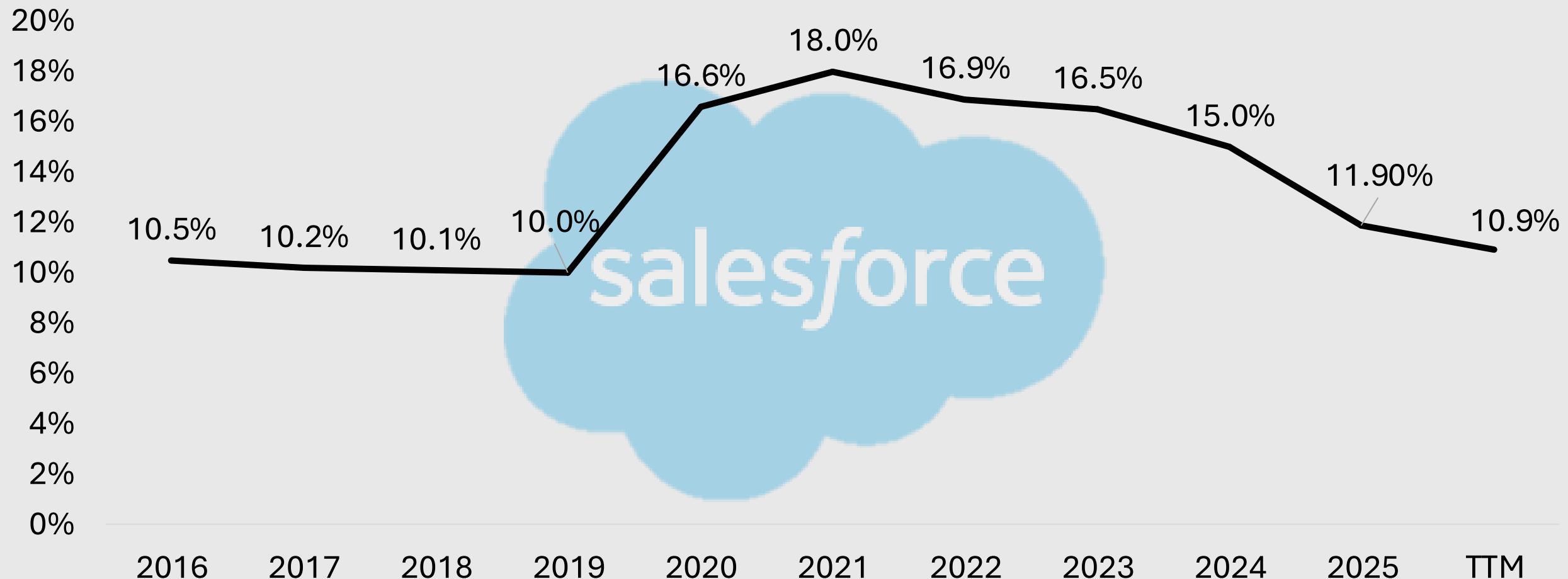




Research & Development as a % of Gross Profit



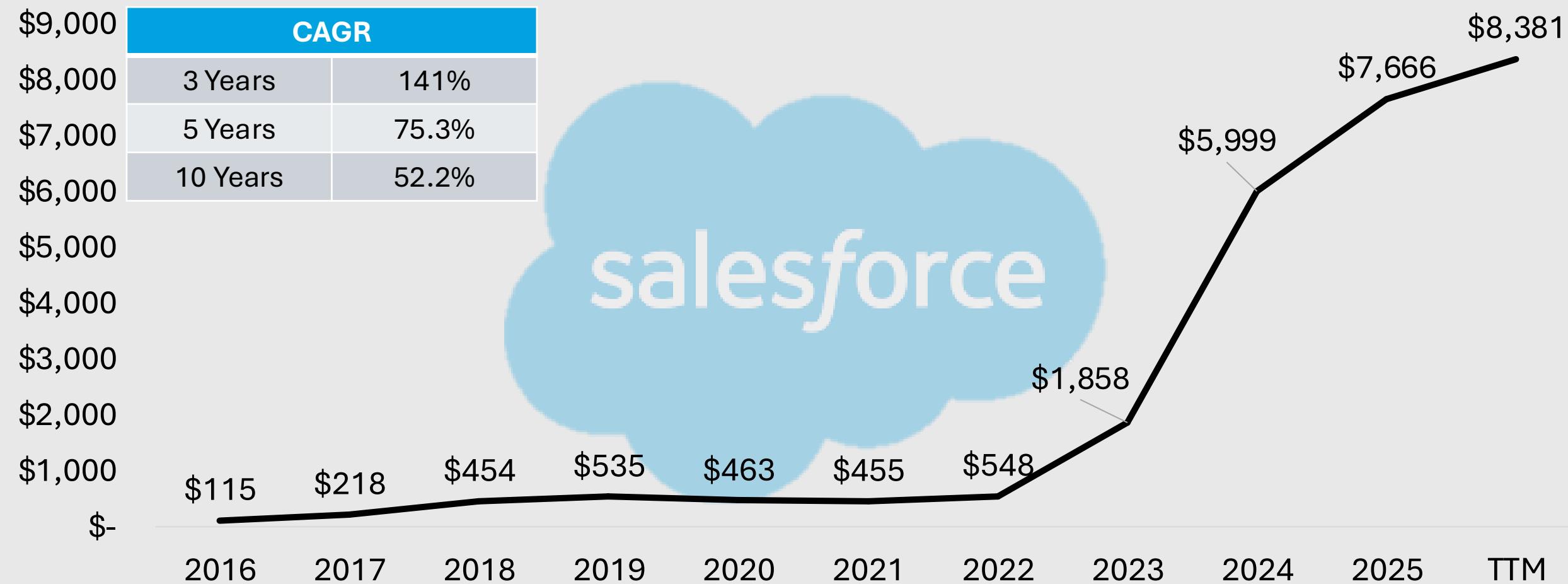
Depreciation & Amortization as a % of Gross Profit





Operating Income (in millions)

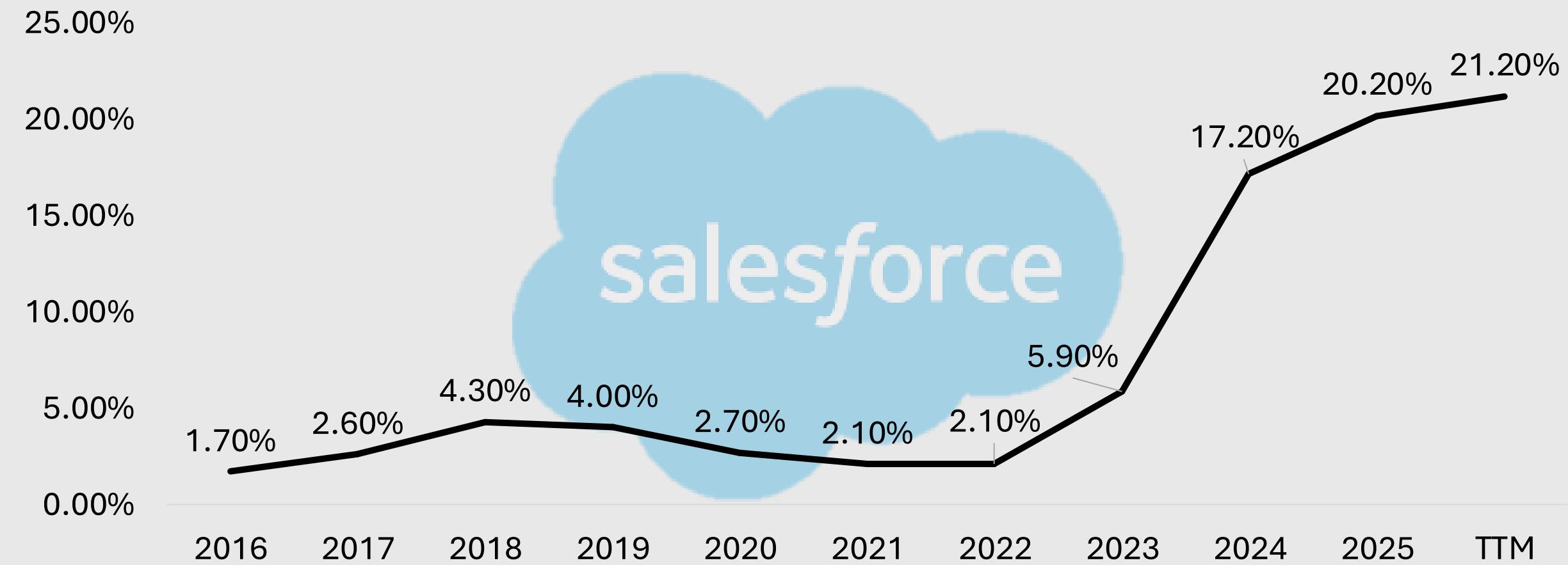
Operating Income = Gross Profit – Total Operating Expenses





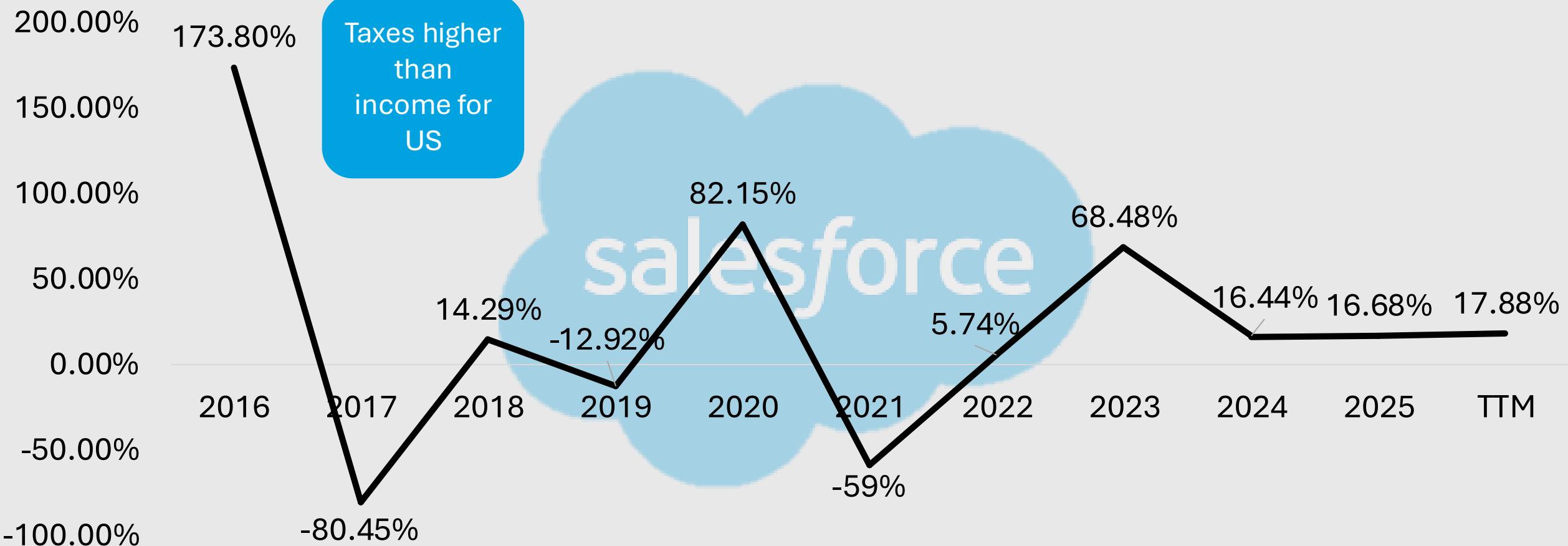
Operating Margin

Operating Margin = Operating Income/Revenue



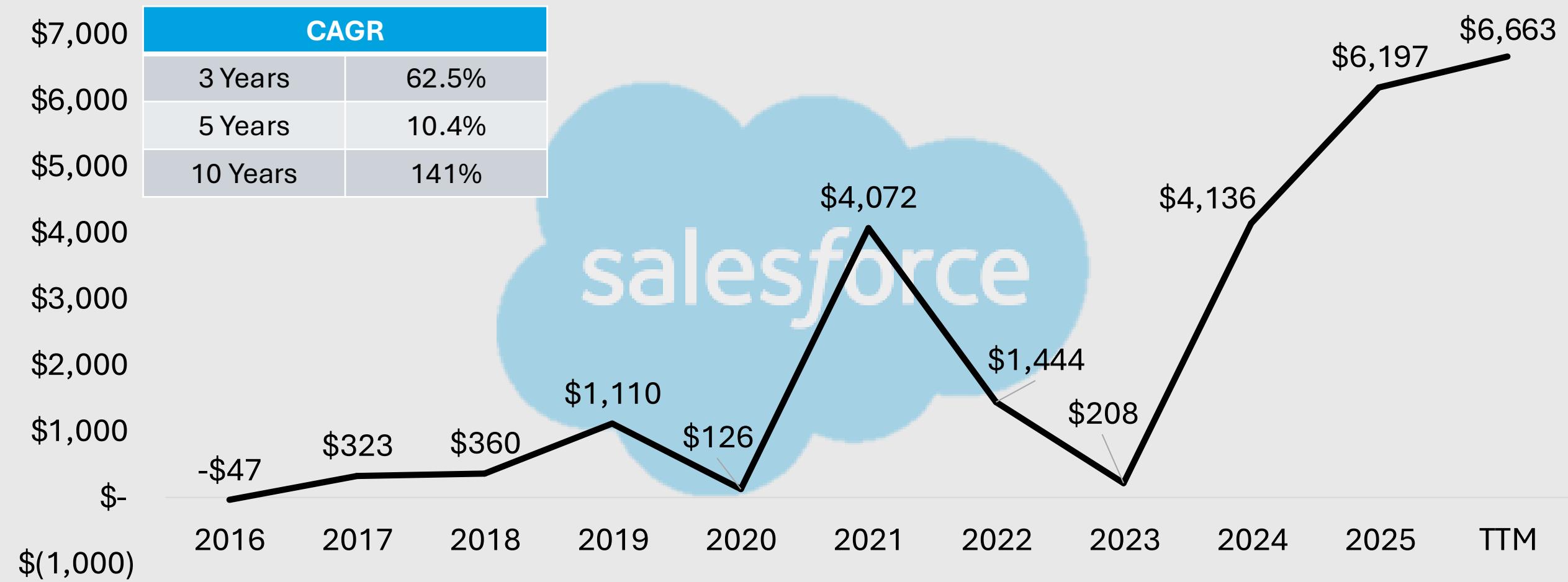


Tax Rate



Net Income (in millions)

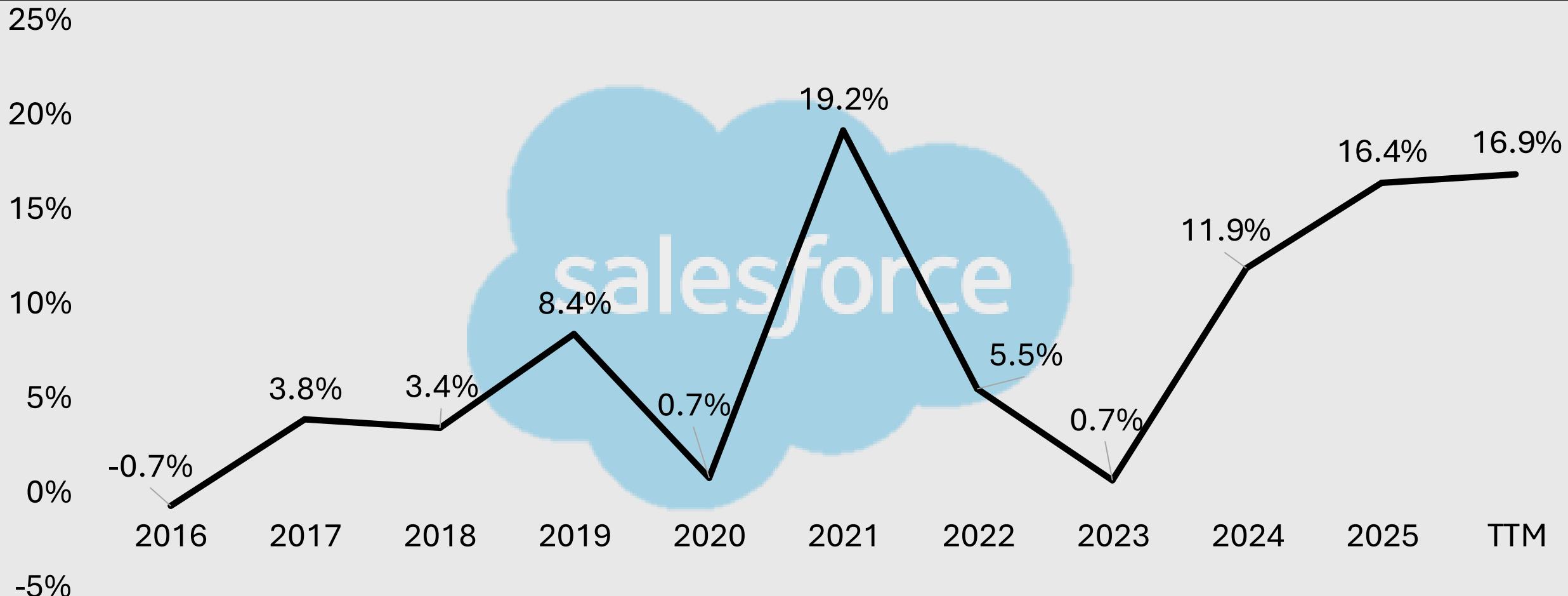
Net Income = Revenue - Expenses





Net Margin

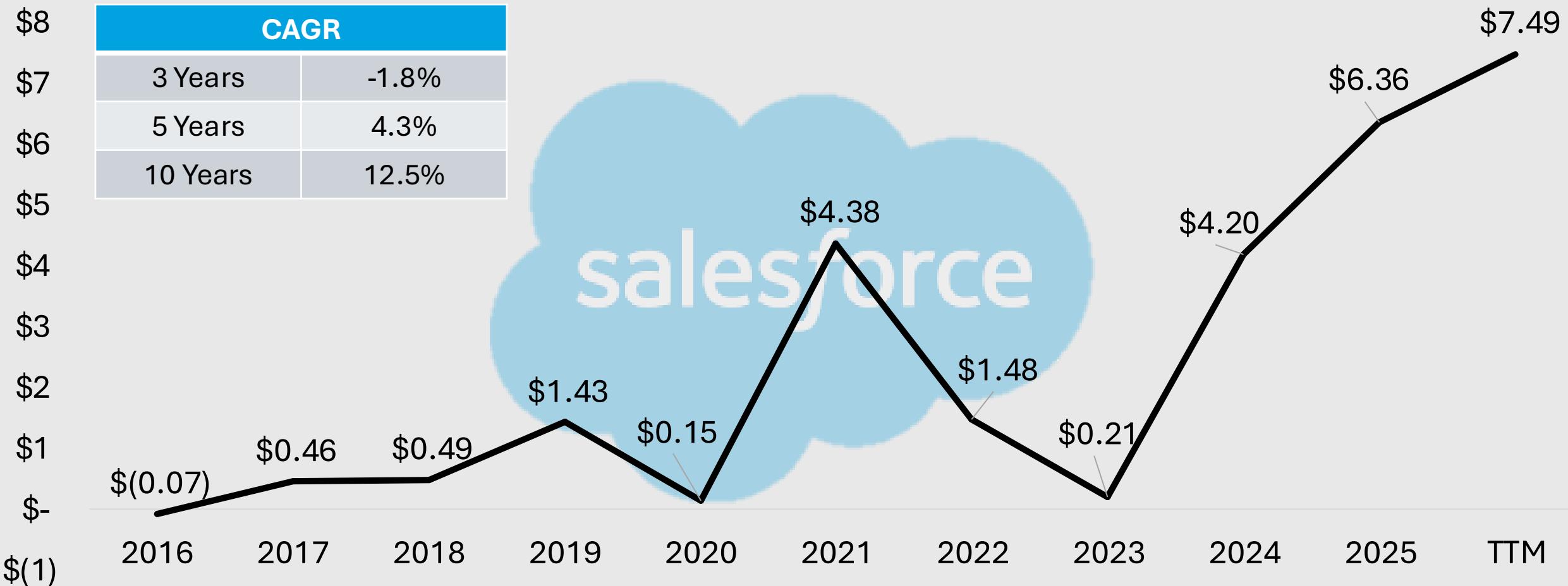
Net Margin = Net Income/Revenue





Earnings Per Share

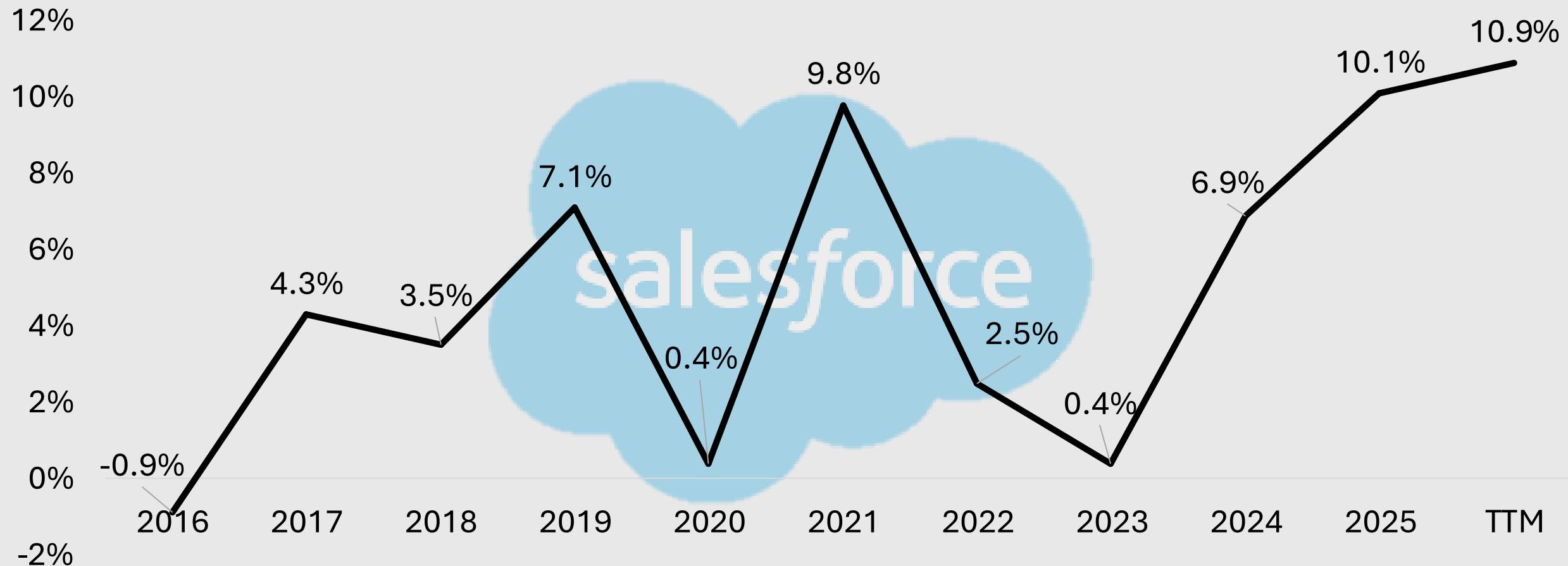
Earnings Per Share = Net Income/Shares Outstanding





Return On Equity

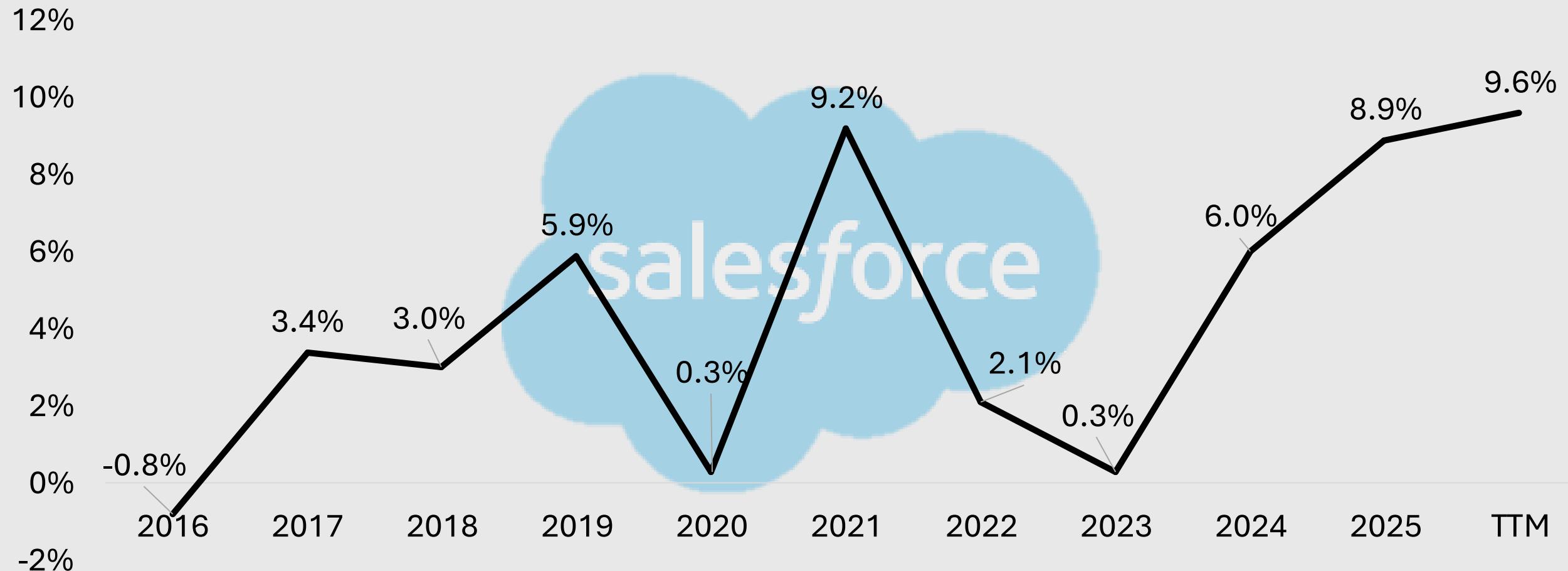
Return On Equity = Net Income/Shareholders Equity





Return on Capital

Return on Capital= Net Income/ Shareholder's Equity + Debt





Obligation Ratio (in millions)

Obligation Ratio Calculations

Short & Term Debt (+)	\$8,436
Preferred Stock (+)	\$0
Pension Shortfall (+)	\$0
Leases *7 (+)	\$4,060
Cash (-)	\$10,365
Divide by Net Income	\$6,663
Time to Pay Obligations =	(0.4) Years < 5



Debt Maturity Schedule (in millions)

Year	Total
2025	\$8,433
2026	\$0
2027	\$0
2028	\$0
2029	\$2,500
>5 years	\$6,000



Economic Moat

Sam Finley

16-Jan-26

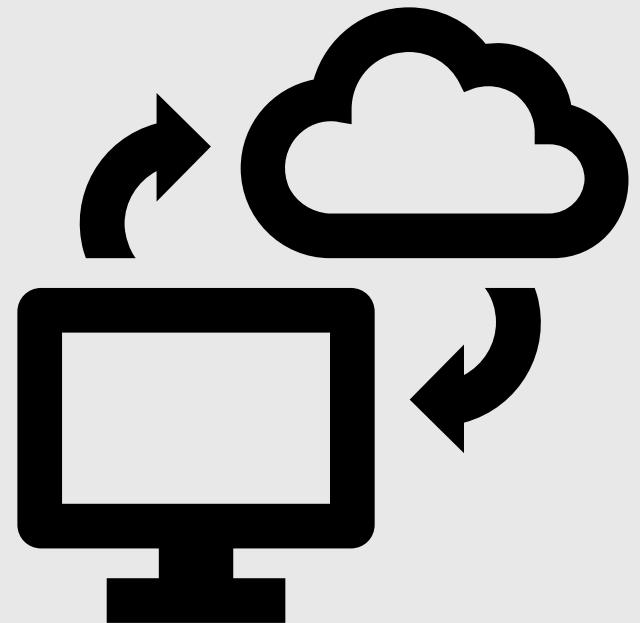


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Barrier to Entry



- Takes years to build up credibility and trust with company's data
- Large upfront investment in cloud infrastructure

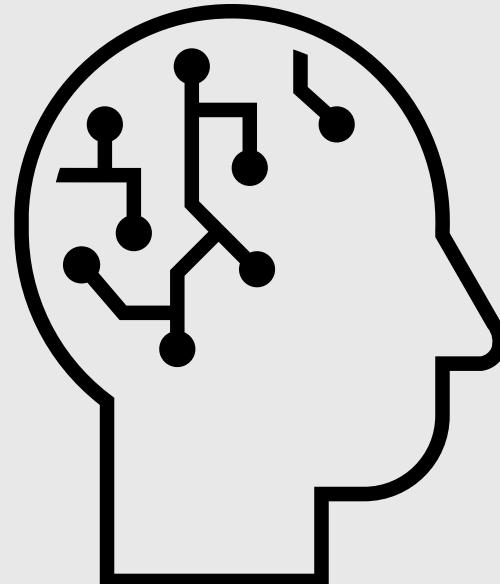


Innovation



Implementation of AI Tools and New Technology:

- Einstein Automate
- Einstein Prediction
- Einstein Bots
- Salesforce Copilot
- Agentforce 360



Customer Trust



- Large enterprises trust salesforce with critical customer data
- Contracts with the Department of Defense
- More trust than competitors





Variety of Services

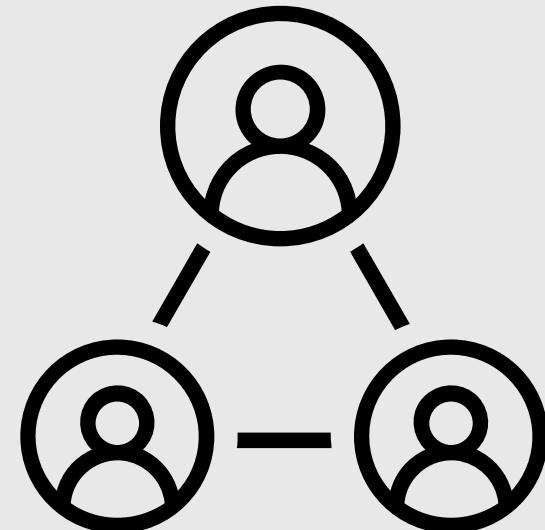
- Sales Cloud
- Service Cloud
- Marketing Cloud
- Data Cloud
- Slack
- AI Tools



Network Effect



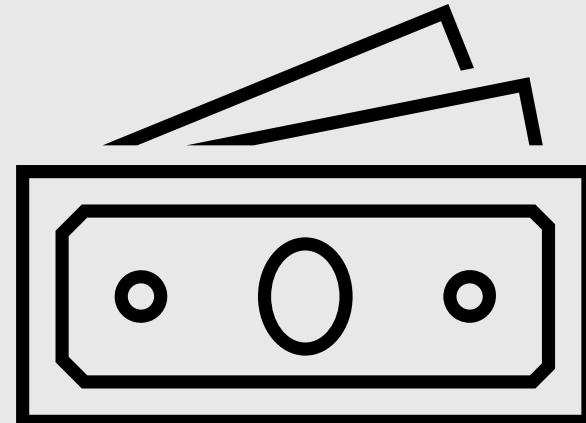
- Thousands of third-party apps on the app exchange
- Large community of consultants and developers
- Integration with other software



Switching Costs



- Companies run large parts of their business through Salesforce
- Switching to another system is slow, expensive, and risky
- Possess large amounts of data which can be lost in the process of switching



Loyal Customer Base



- Salesforce customer retention has been increasing over the last 20 years
- Annual retention is currently 92%
- Moat strengthens as customers buy more Clouds





Competitor Analysis

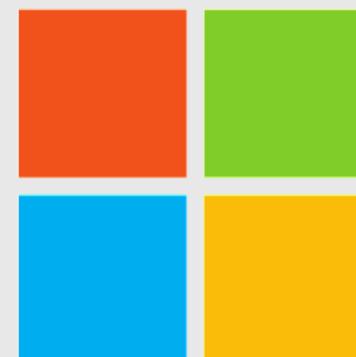
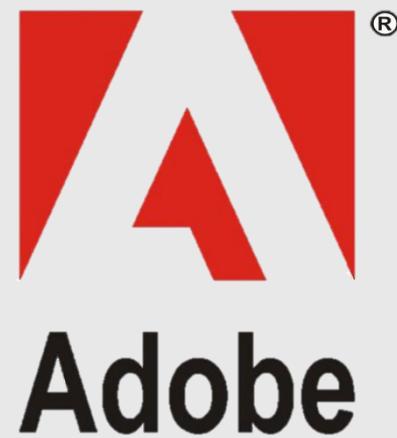
Peyton Bristow

16-Jan-26



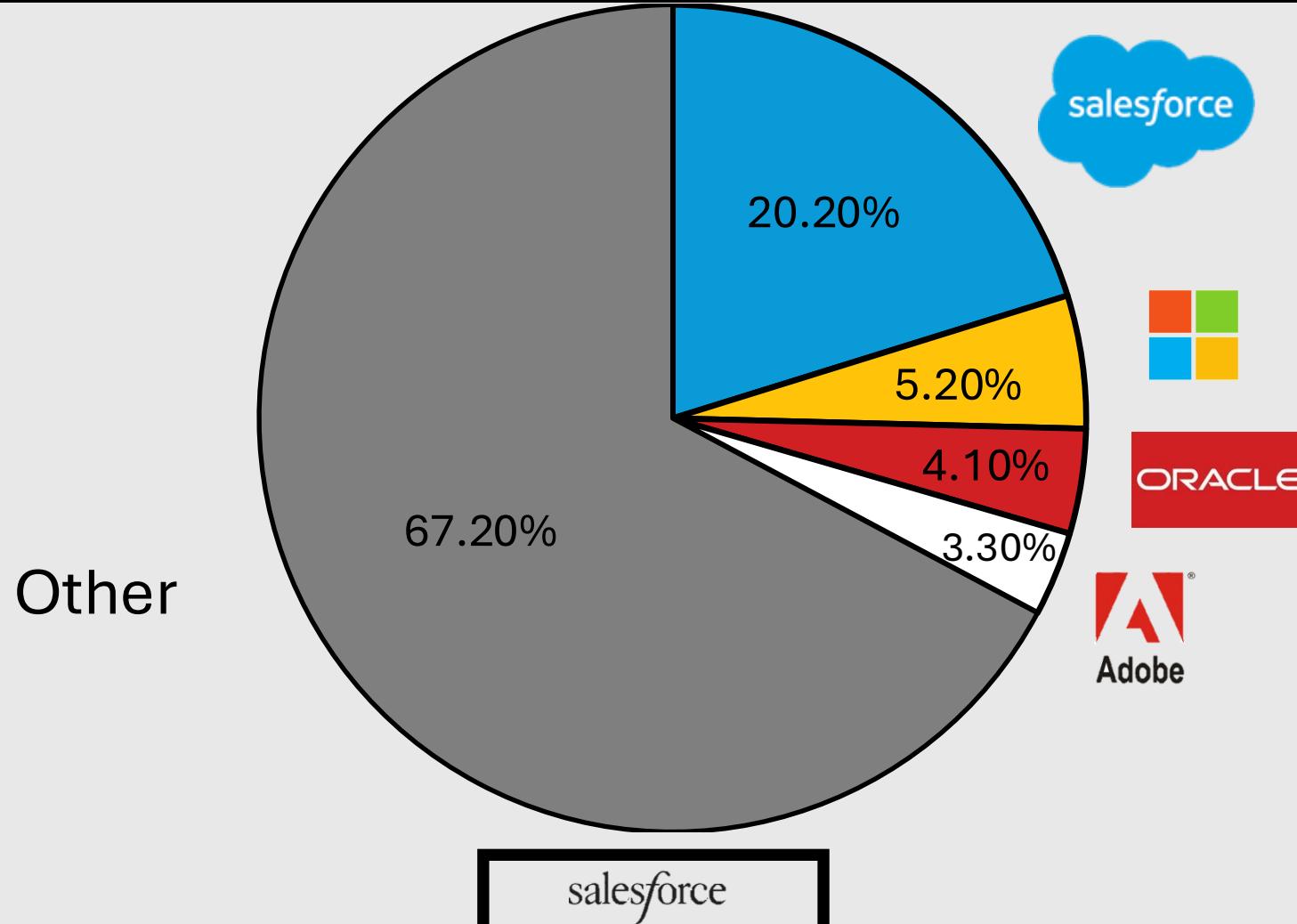
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Salesforce's Biggest Competitors



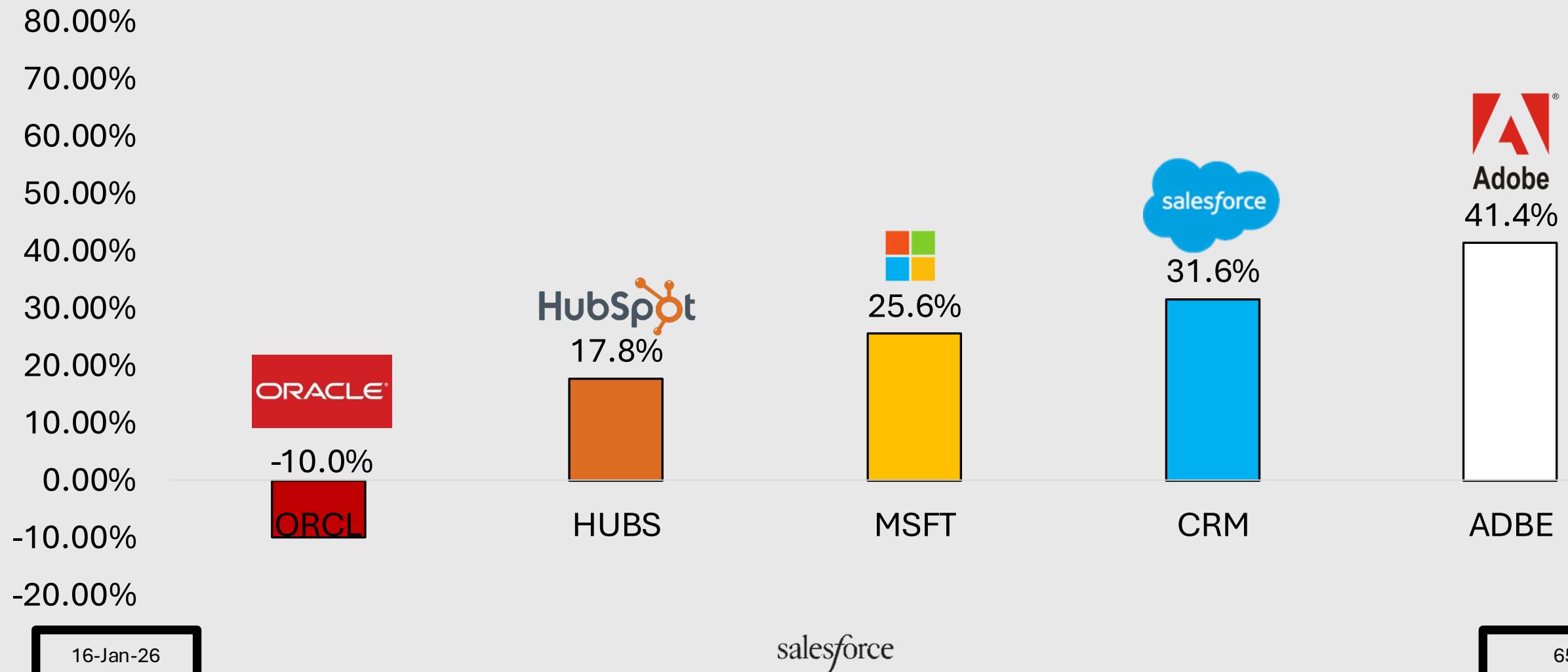


Total CRM Application Market Share



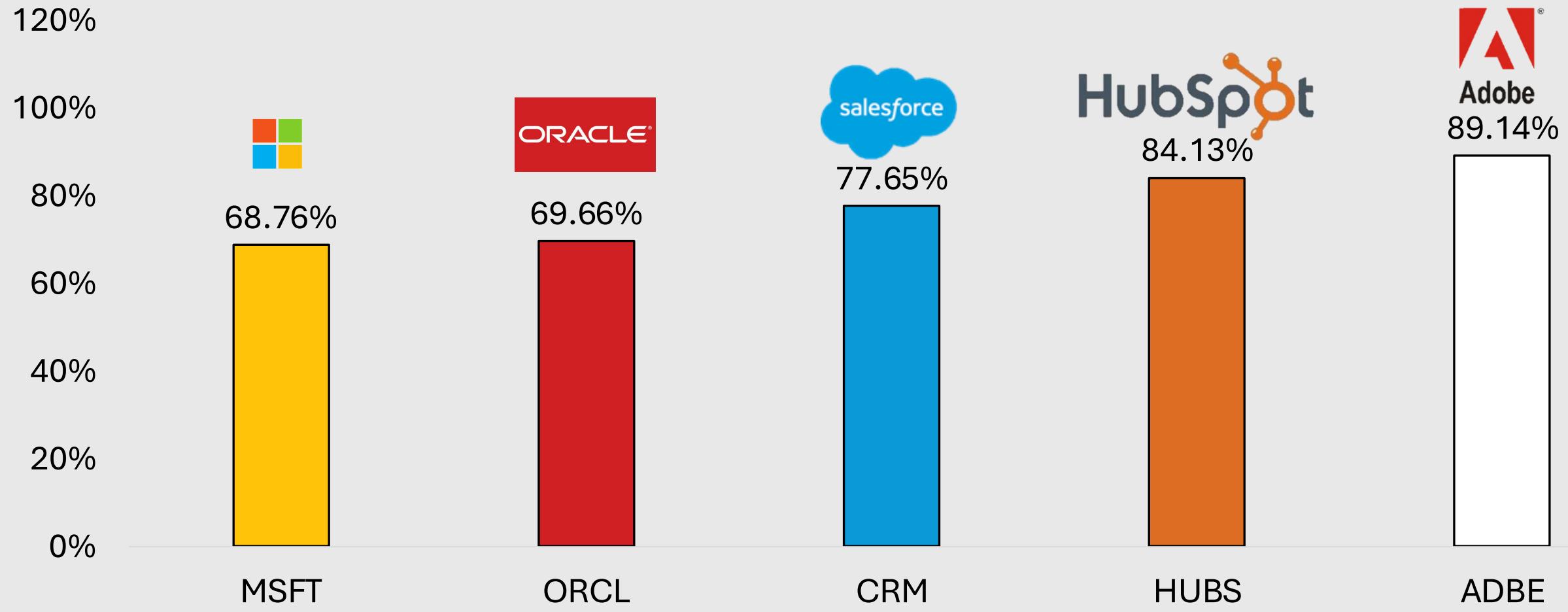


Free Cash Flow Margin %



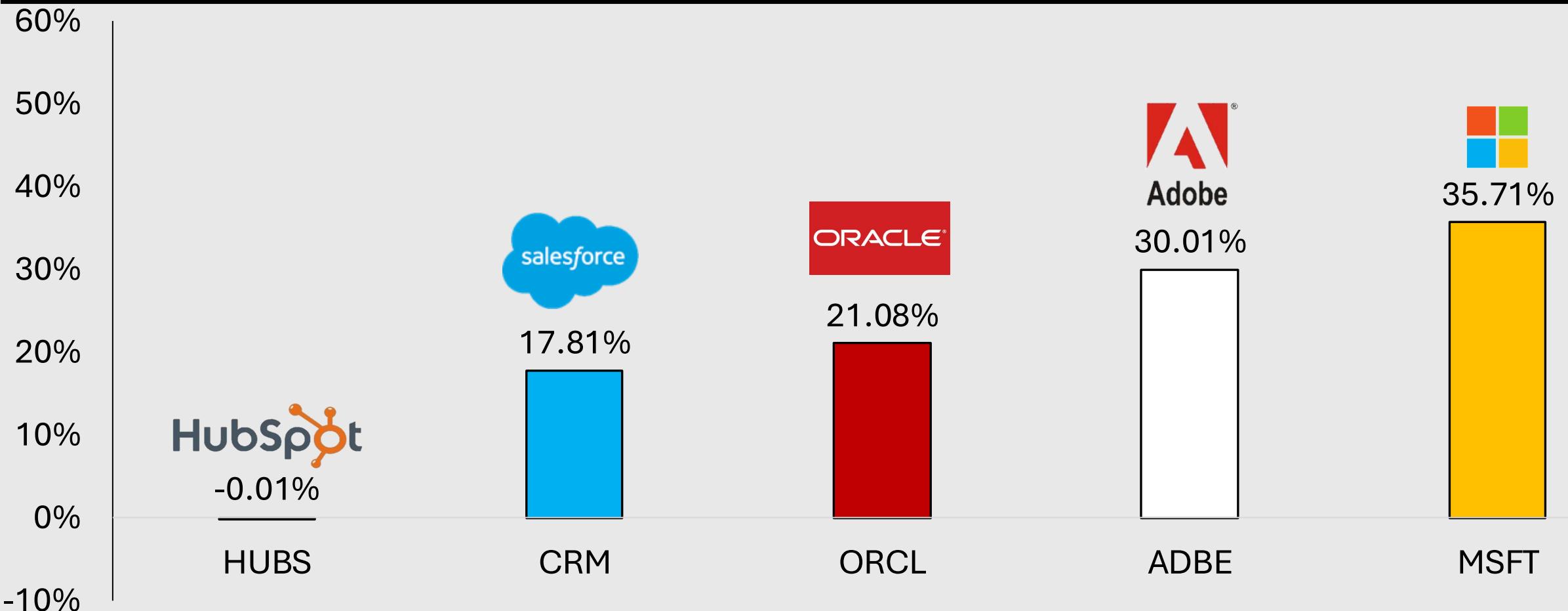


Gross Margin %

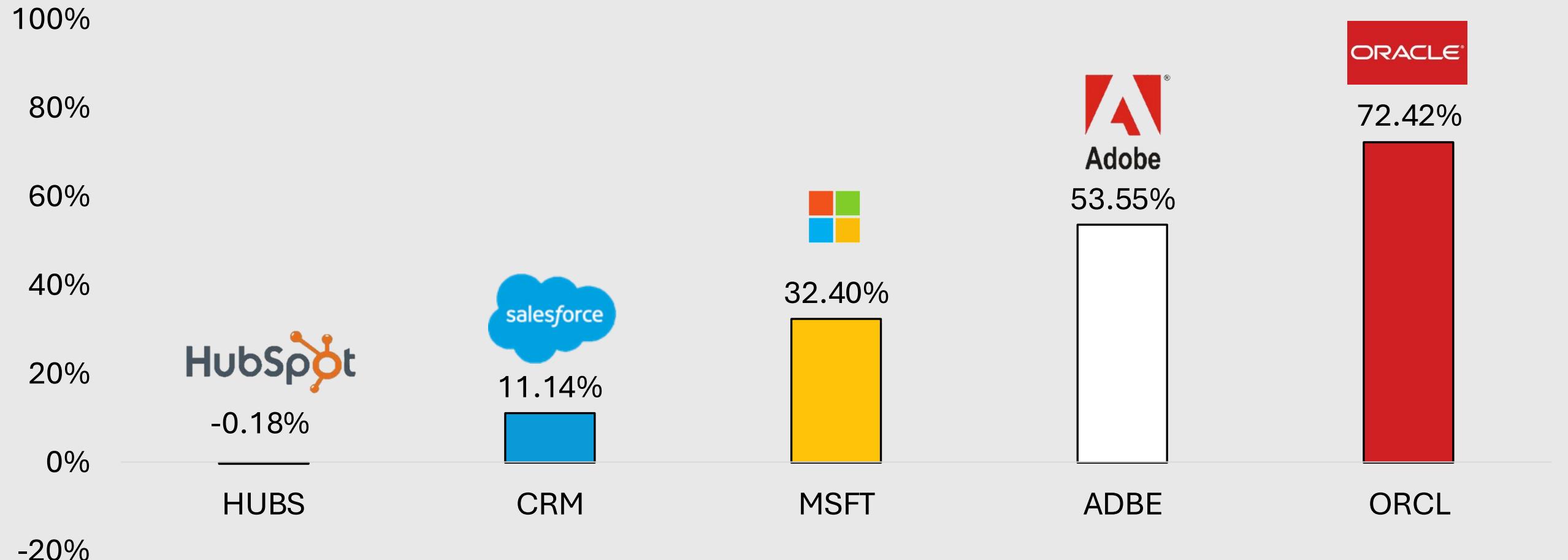




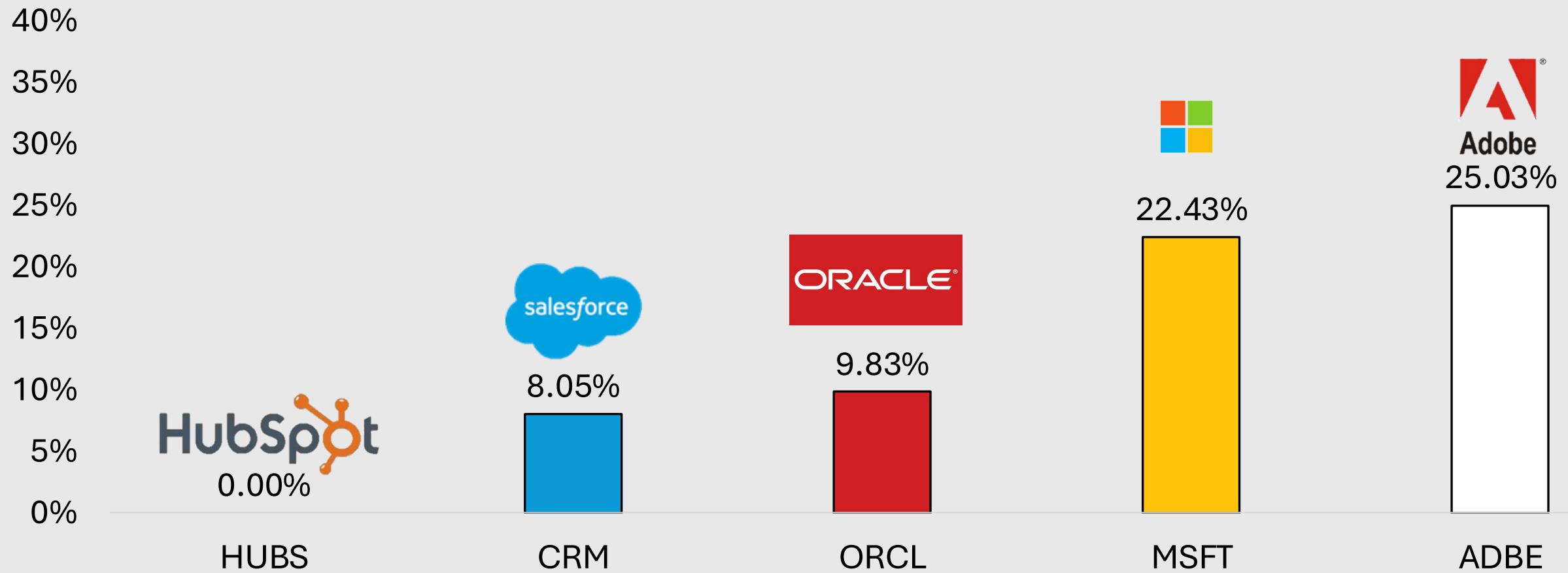
Net Margin%



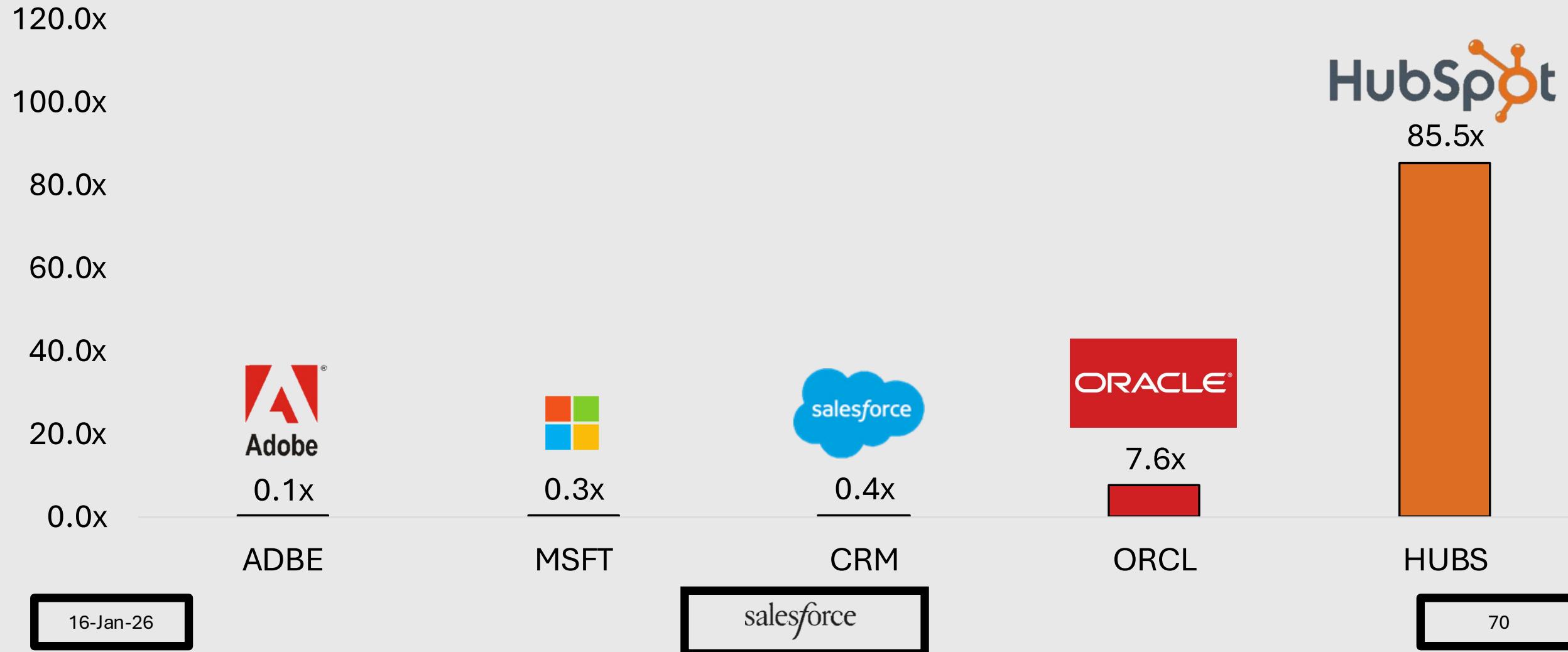
Return on Equity



Return on Invested Capital



Obligation Ratio





Risk Factors

Peyton Bristow

16-Jan-26



A large, white, sans-serif font word "salesforce" is centered within a stylized, blue, three-dimensional cloud shape. The cloud has a soft, rounded, bubbly appearance.

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Main Risk Factors



Lack of software
engineers

Acquisitions and
Integration

Artificial
Intelligence

Lack of Software Engineers



- Salesforce struggles to hire and retain software engineers for AI, cloud, and integrations.
- Salesforce is relying on AI tools to boost productivity.
- Hiring is being prioritized in sales rather than expanding the engineering team.



Acquisitions and Integration



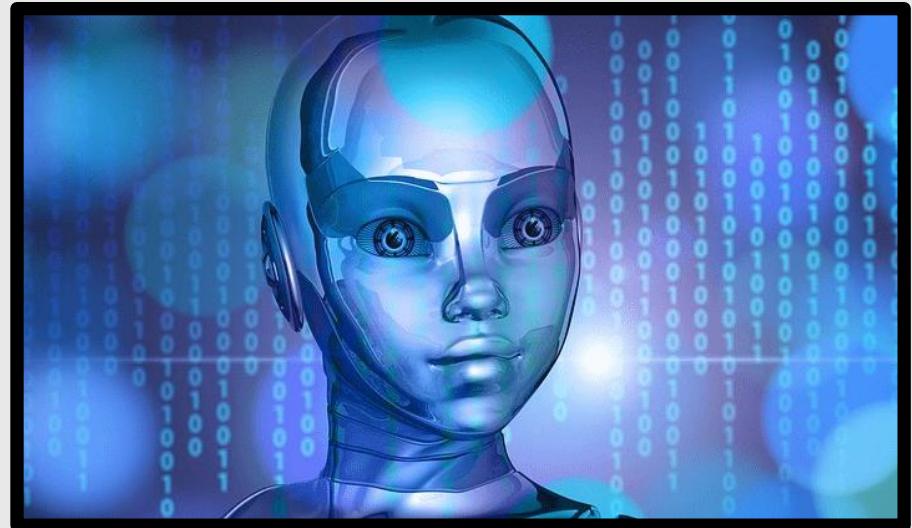
- Salesforce faces challenges integrating acquisitions like Slack, Tableau, and MuleSoft.
- Cultural and technical mismatches may reduce the expected benefits of acquisitions.
- Difficult integrations can frustrate customers and impact retention.



Artificial Intelligence(AI)



- Salesforce's AI features may not be fully adopted by all customers
- Some businesses might build their own AI solutions instead
- Reduced reliance on Salesforce AI could lower revenue and weaken competitive advantage



(Logan's Girlfriend)



Growth Opportunities

Enrique Alvarado

16-Jan-26



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AI Powered Products & Workflow Automation



AI integration & success will strengthen CRM's value proposition

Einstein GPT

- Generative AI



Agentforce AI Platform

- Platform for AI “agents” that automate customer interactions & workflows

Almost half of Fortune 100 companies already use CRM's AI/Data Cloud offering



CRM reported \$900M FY25 Agentforce & Data Cloud revenue, up 120% YoY

Data Cloud & Digitization Momentum



- The overall world digital transformation trend & rise in data-driven customer engagement create tailwinds for CRM
- Small to medium-sized companies switching are a key driver
- CRM's current market domination sets them up for natural capture of new customers



Expansion through Existing Customers (Cross-Selling)



- CRM's product base is on a unified platform (Agentforce 360 Platform)
- This brings ample opportunity to sell more cloud modules to CRM's existing customer base
- This significantly increases revenue per customer
- Continued integration will create a more compelling ecosystem overtime



International Expansion



- Two-thirds of revenue come from the U.S.
- Established economies are underpenetrated
- Globalism & digitization could drive long-term growth in emerging markets
- CRM has been investing in local datacenters and partnerships to capture share abroad
- These regions are growing in the low-teens



Industry Specific Vertical Solutions



- CRM is increasingly offering industry specific vertical solutions
- These come pre-built with industry-specific workflows & compliance features
- Opportunity is apparent in industries that require more customized CRM
- New customers can be gained & premiums can be charged

Choose your industry to get started.

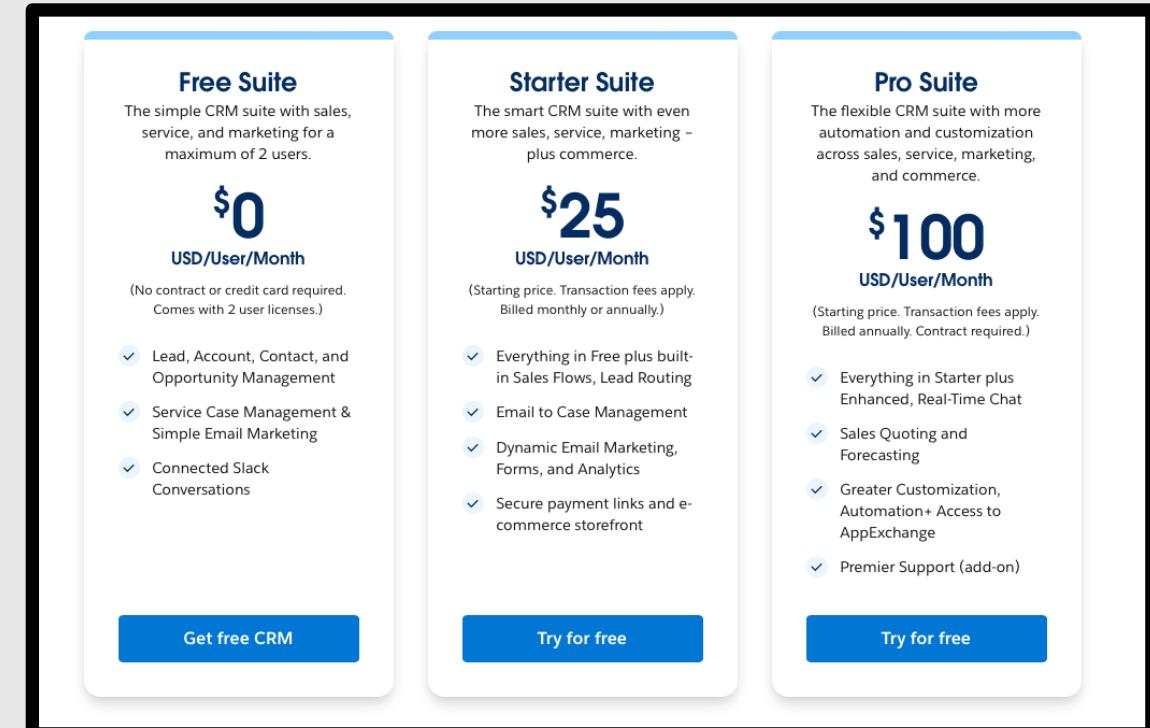
Automotive	Communications	Consumer Goods	Education	Energy & Utilities
Construction & Real Estate	Financial Services	Healthcare & Life Sciences	Manufacturing	Media
Nonprofit	Professional Services	Public Sector	Retail	
Technology	Travel, Transportation, & Hospitality			

Ask Agentforce

Medium – Small Sized Businesses (SMB's)



- Salesforce dominates the corporate world, but their SMB market is not as clear
- Many SMBs are attracted to simpler, lower-cost solutions
- CRM has been adapting through use of Small Business & Essential editions, Slack, and Tableau
- If CRM can package products in a more accessible and SMB friendly way, growth is available



The image displays three pricing tiers for Salesforce CRM: Free Suite, Starter Suite, and Pro Suite. Each tier is represented by a white card with a blue header and a blue 'Try for free' button at the bottom.

- Free Suite**
The simple CRM suite with sales, service, and marketing for a maximum of 2 users.
\$0
USD/User/Month
(No contract or credit card required. Comes with 2 user licenses.)
 - ✓ Lead, Account, Contact, and Opportunity Management
 - ✓ Service Case Management & Simple Email Marketing
 - ✓ Connected Slack Conversations[Get free CRM](#)
- Starter Suite**
The smart CRM suite with even more sales, service, marketing – plus commerce.
\$25
USD/User/Month
(Starting price. Transaction fees apply. Billed monthly or annually.)
 - ✓ Everything in Free plus built-in Sales Flows, Lead Routing
 - ✓ Email to Case Management
 - ✓ Dynamic Email Marketing, Forms, and Analytics
 - ✓ Secure payment links and e-commerce storefront[Try for free](#)
- Pro Suite**
The flexible CRM suite with more automation and customization across sales, service, marketing, and commerce.
\$100
USD/User/Month
(Starting price. Transaction fees apply. Billed annually. Contract required.)
 - ✓ Everything in Starter plus Enhanced, Real-Time Chat
 - ✓ Sales Quoting and Forecasting
 - ✓ Greater Customization, Automation+ Access to AppExchange
 - ✓ Premier Support (add-on)[Try for free](#)

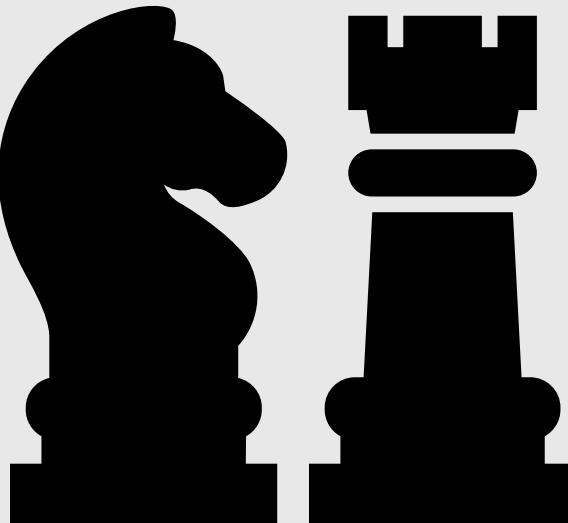


Strategic Acquisition

CRM is constantly looking toward the future through acquisitions

Whether the focus is on

- AI for the future/growth
- Cybersecurity for protection
- Niche software for cross-selling



Successful acquisition/integrations can move the value needle



Value Bands
Justin

16-Jan-26

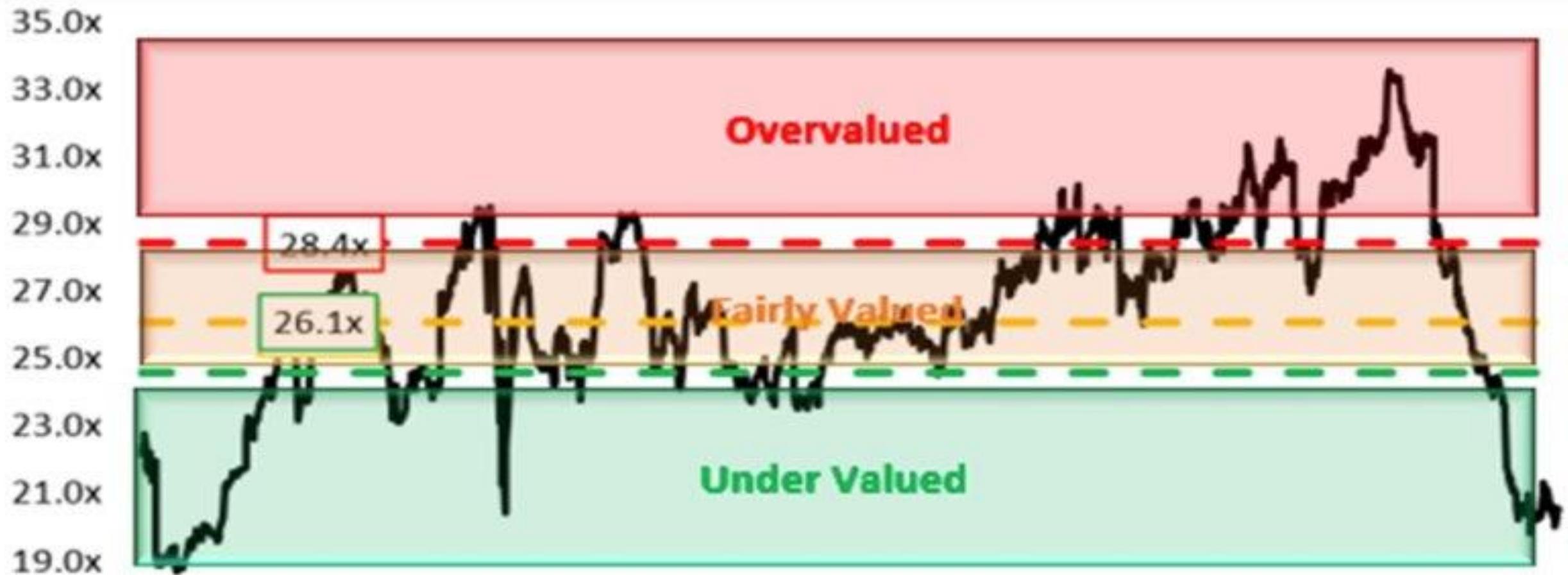


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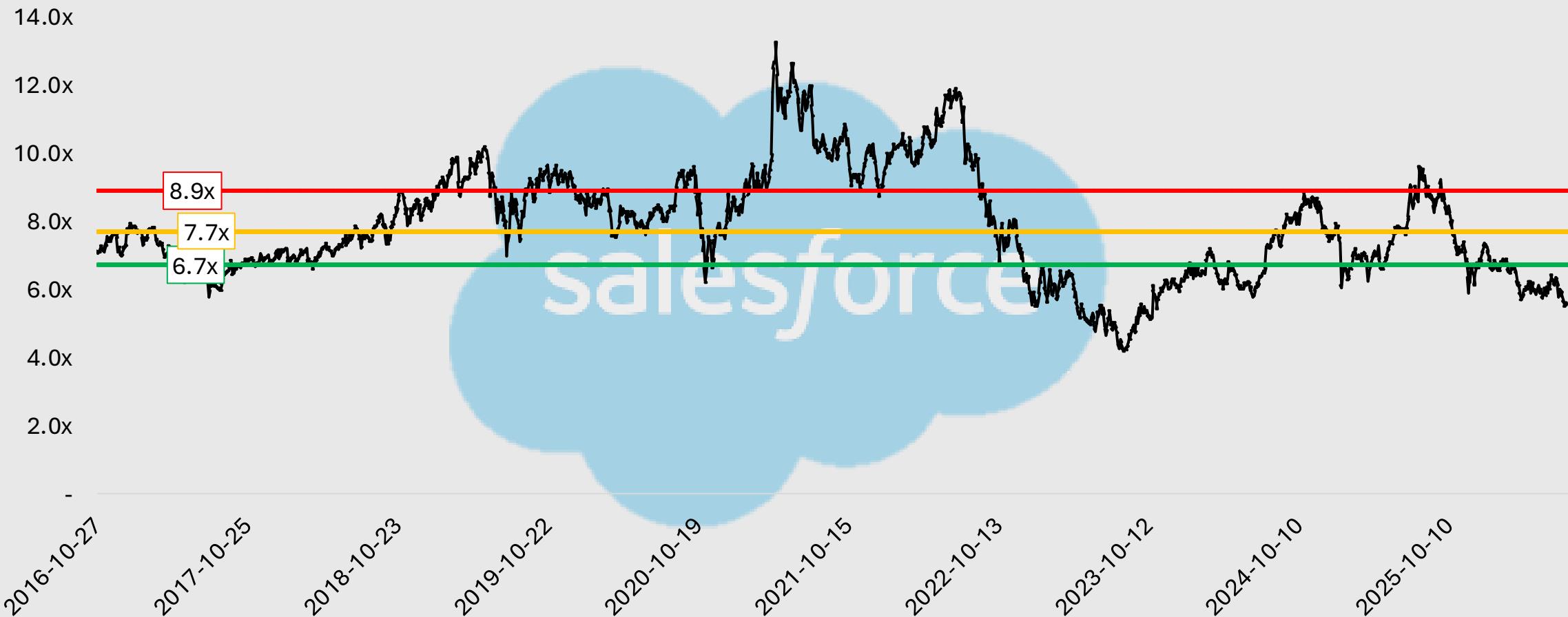
The Salesforce logo is displayed within a large, stylized blue cloud shape. The word "salesforce" is written in a white, lowercase, sans-serif font.



Value Bands (Example)

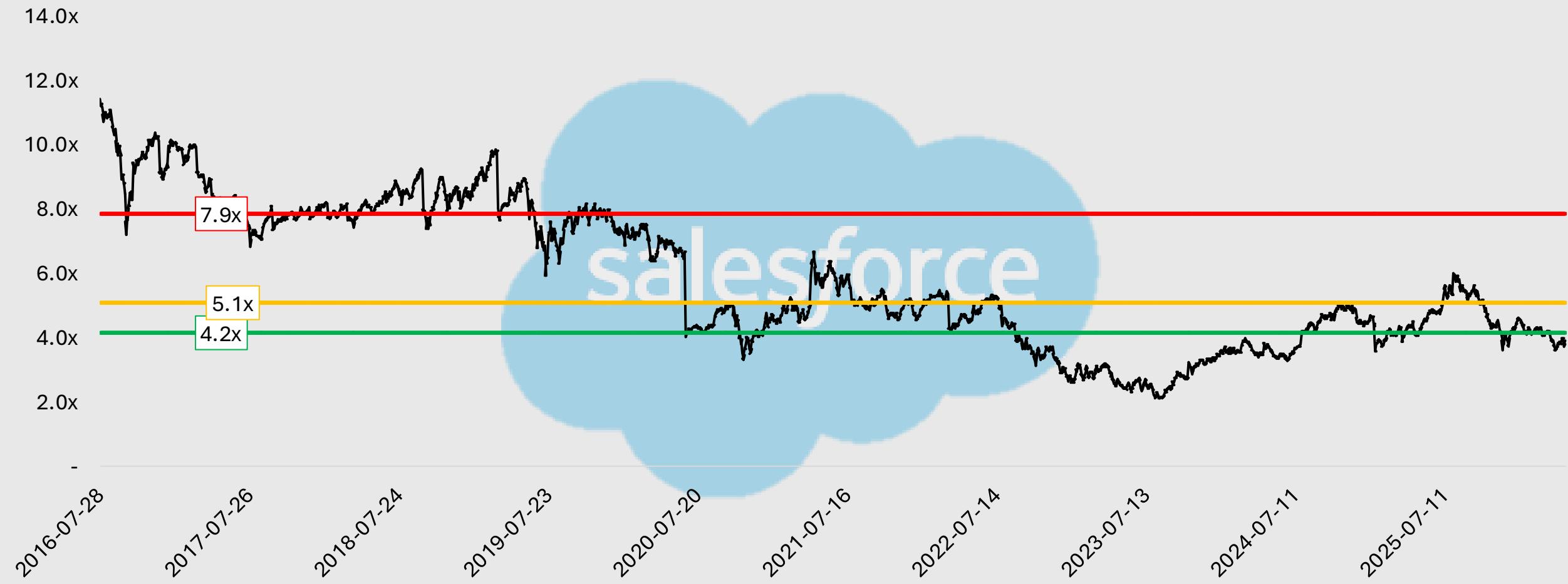


Price to Sales



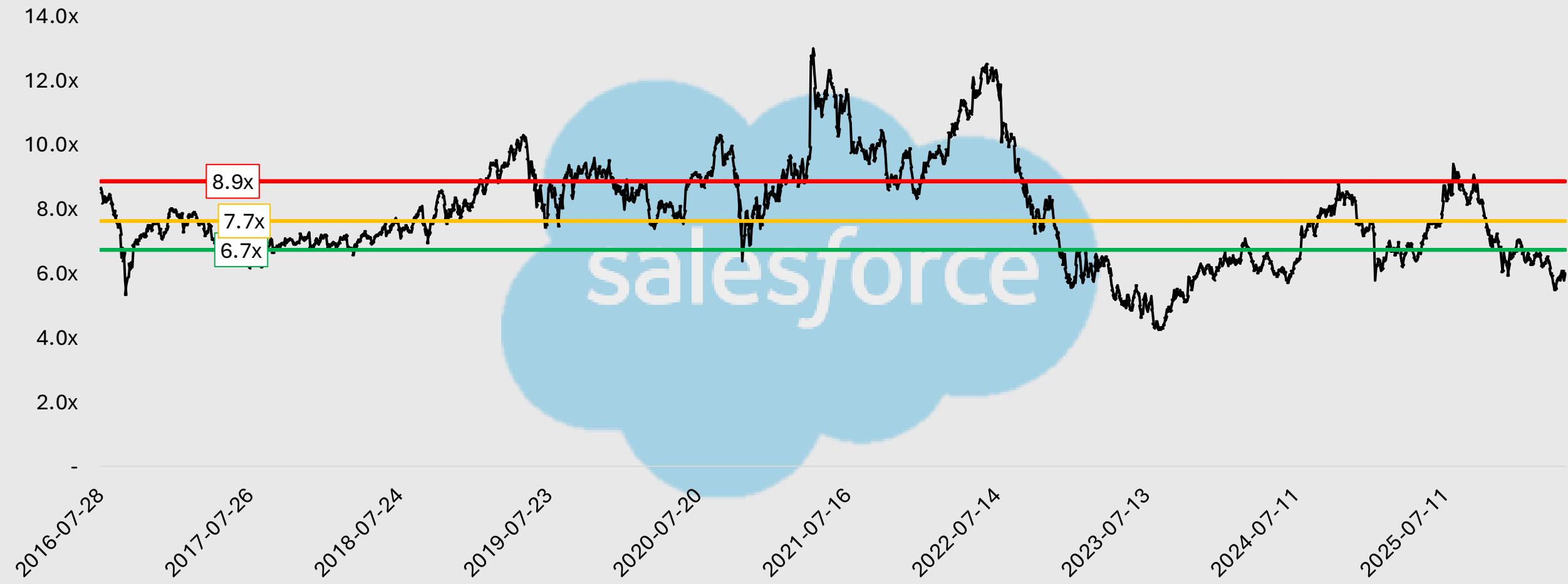


Price to Book Value

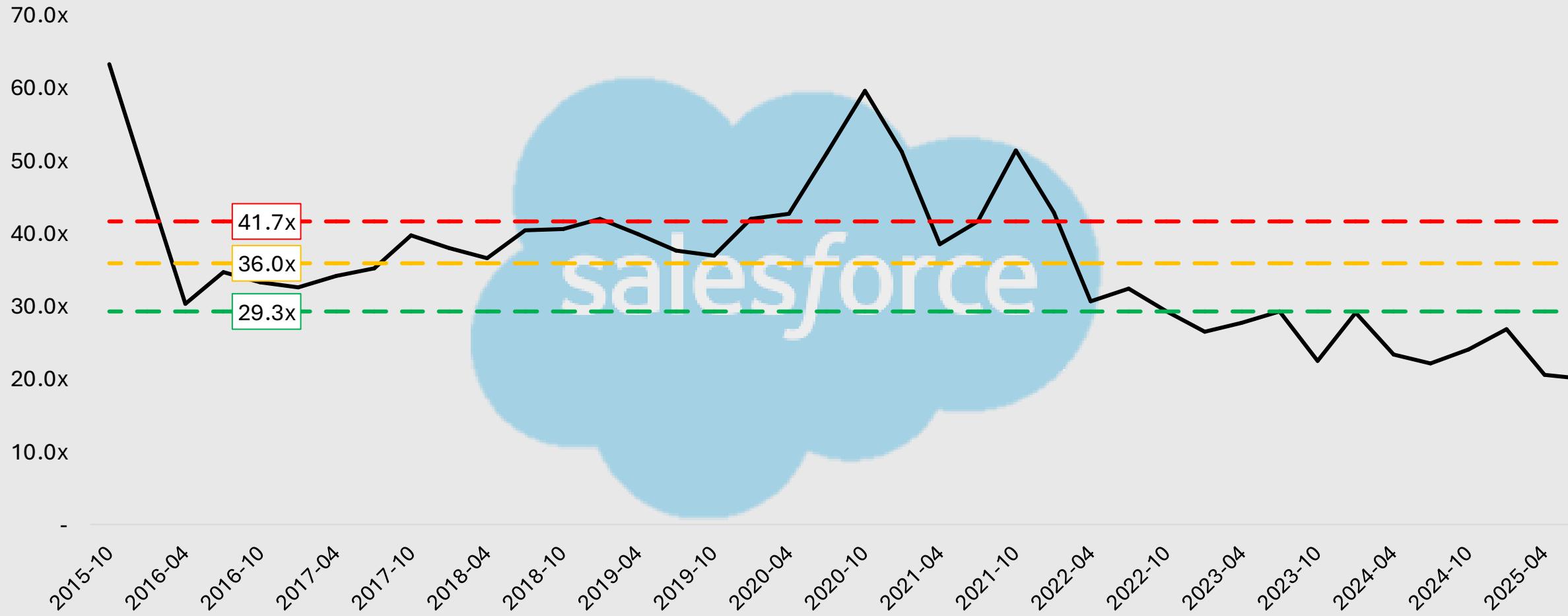




Enterprise Value to Revenue

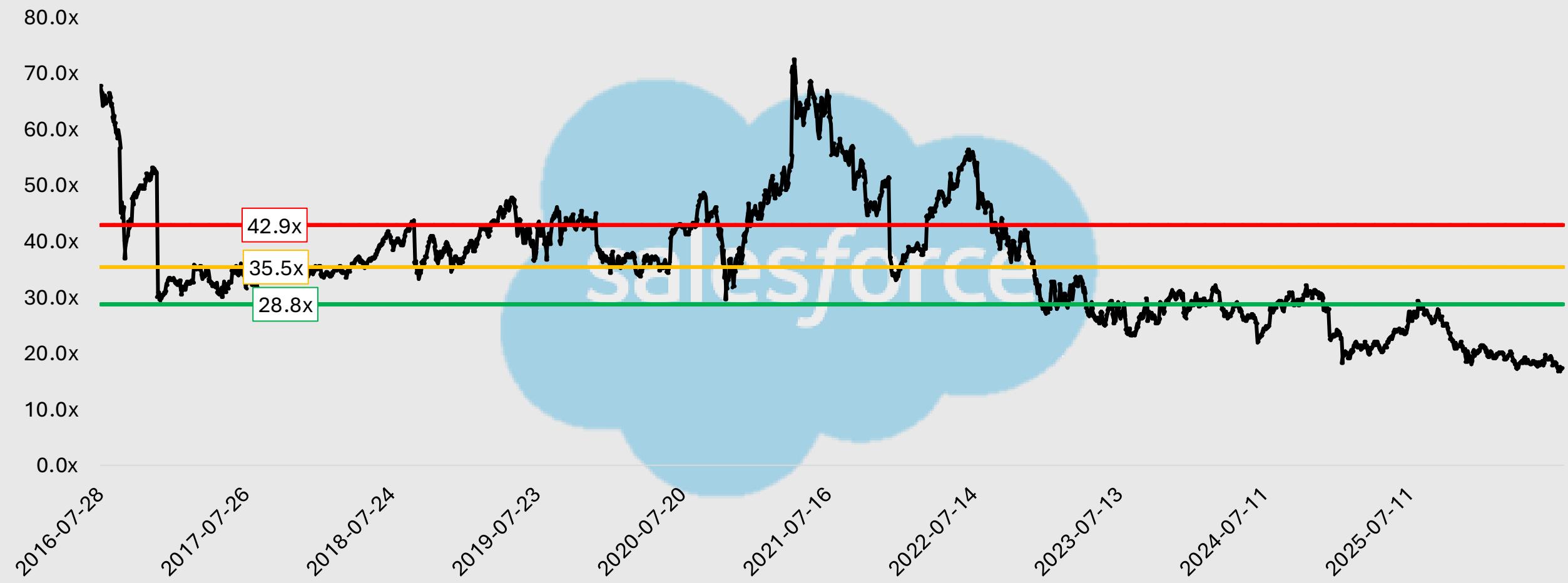


Price to Free Cash Flow





Enterprise Value to Free Cash Flow



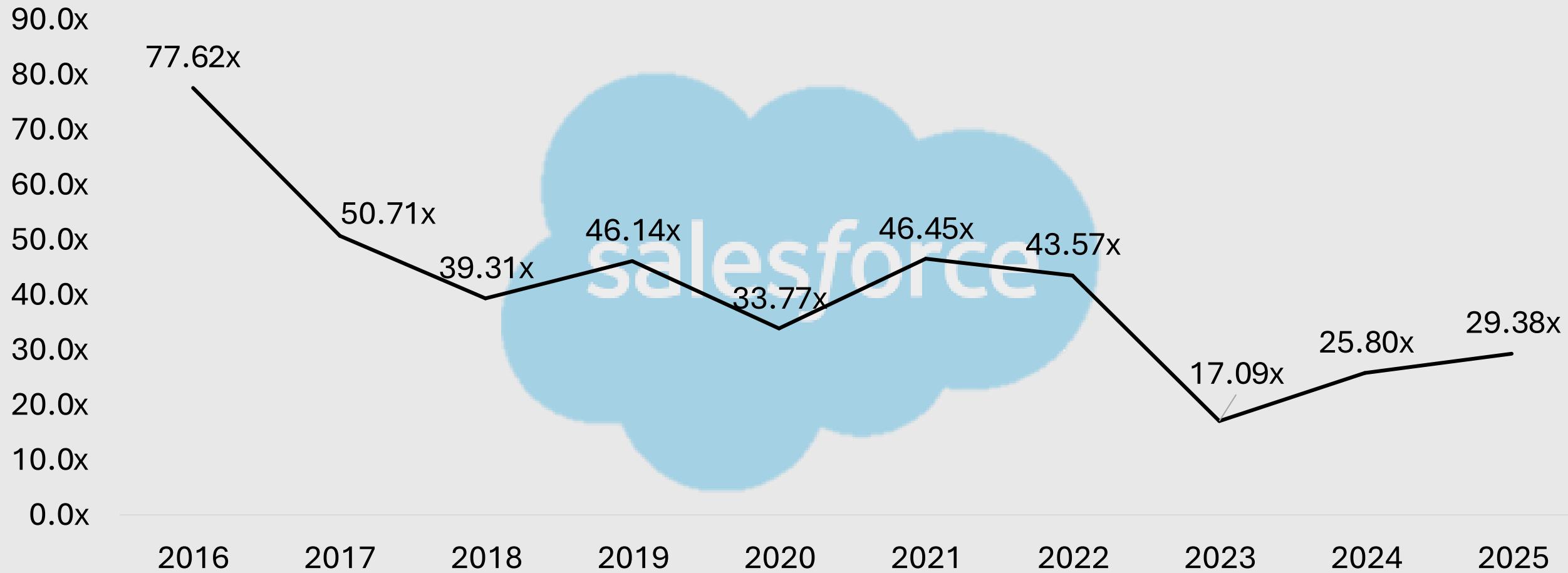
16-Jan-26

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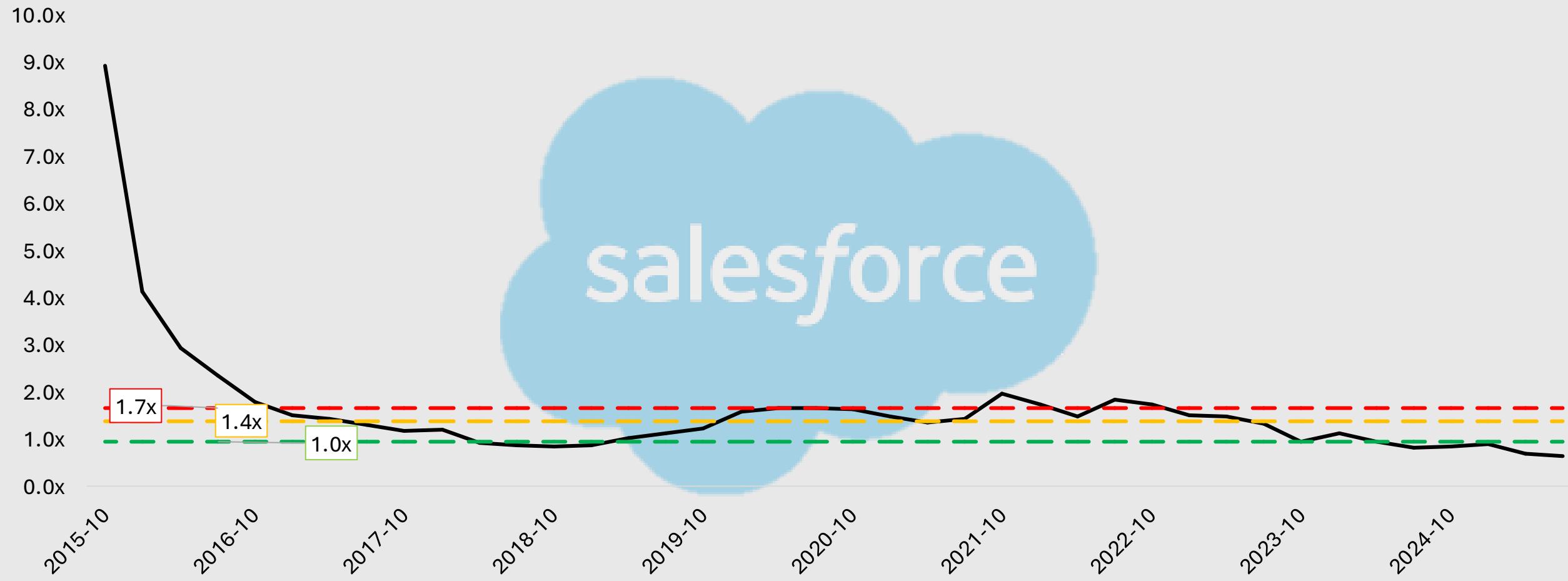
90



Non-GAAP P/E Ratio



PEG Ratio





Intraportfolio Analysis

Enrique Alvarado

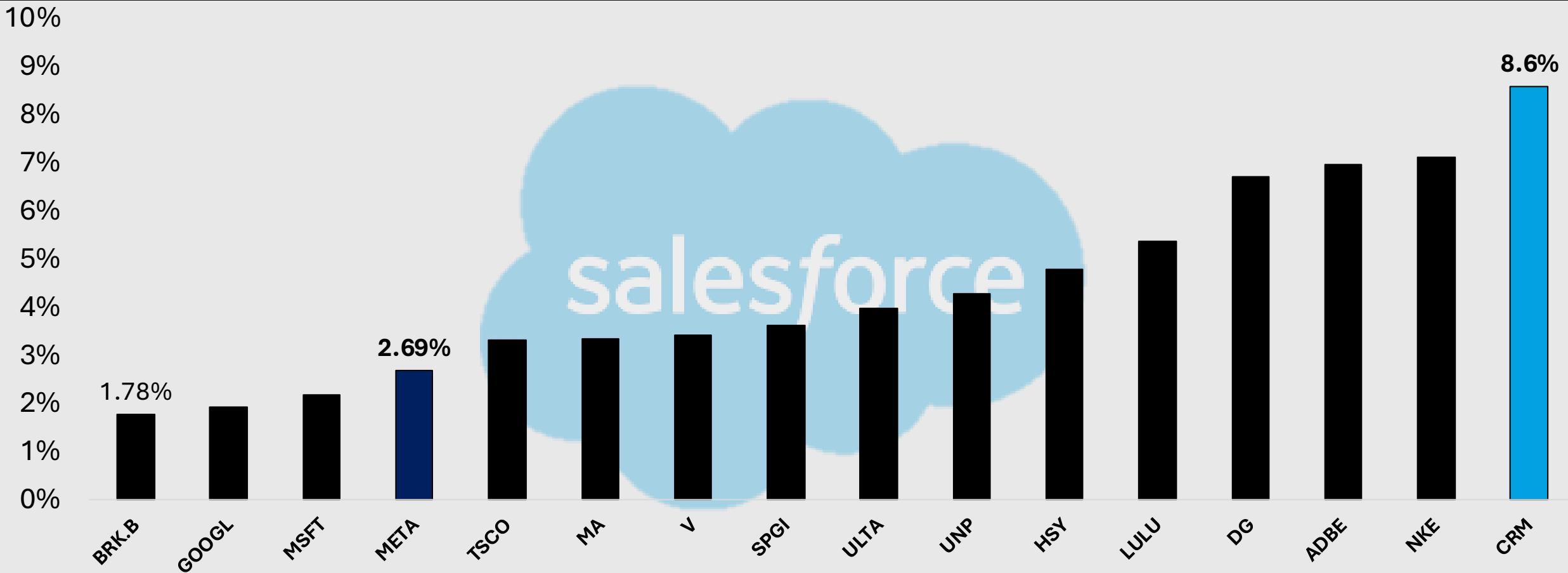
16-Jan-26



93

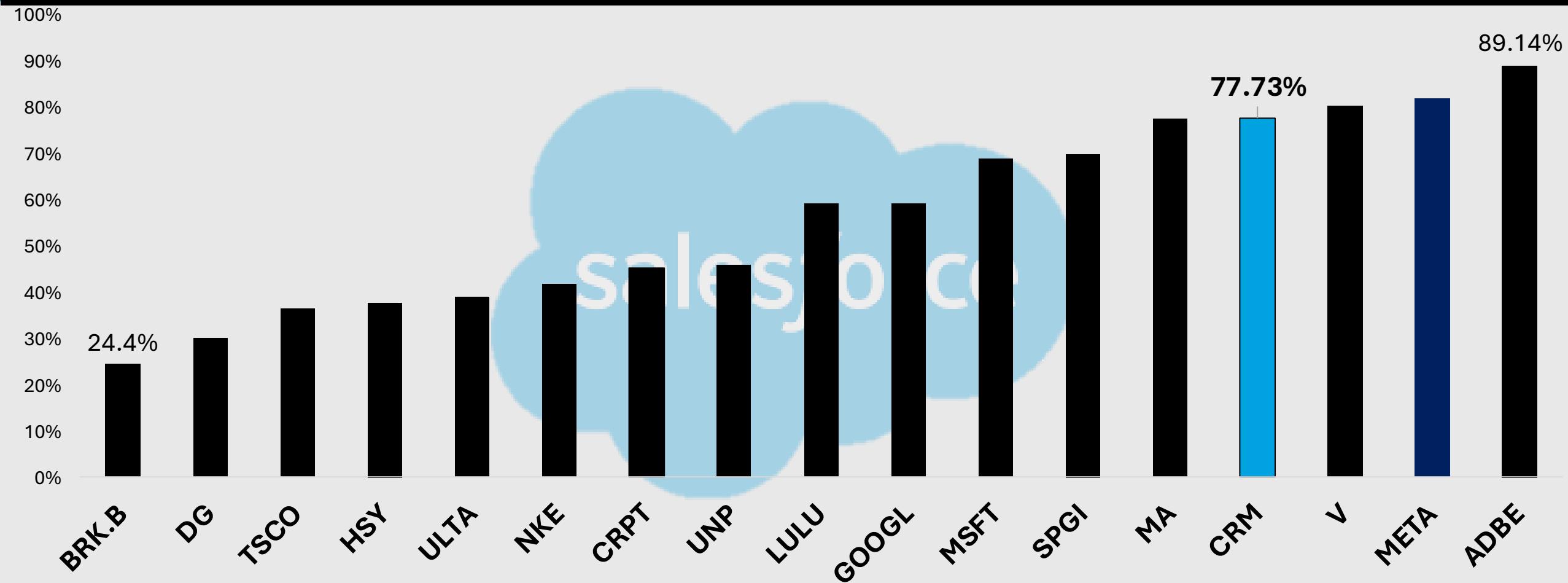


Intraportfolio Analysis (Example)



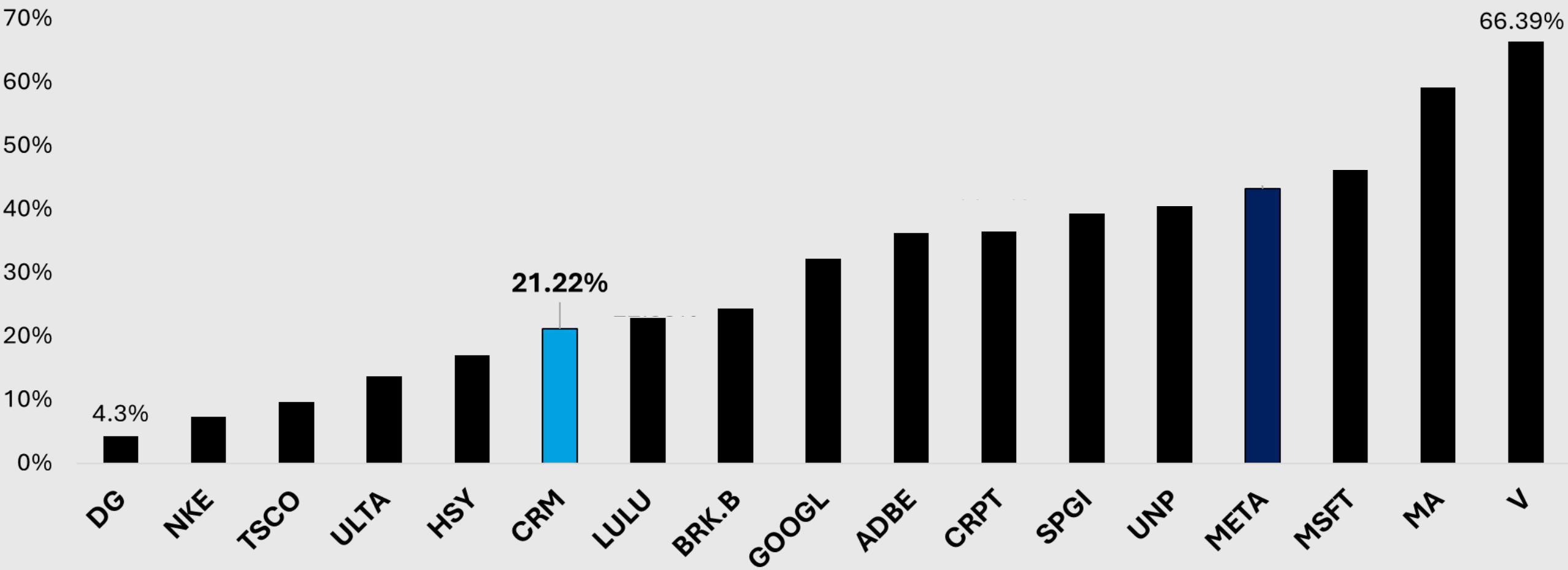


Gross Margin %



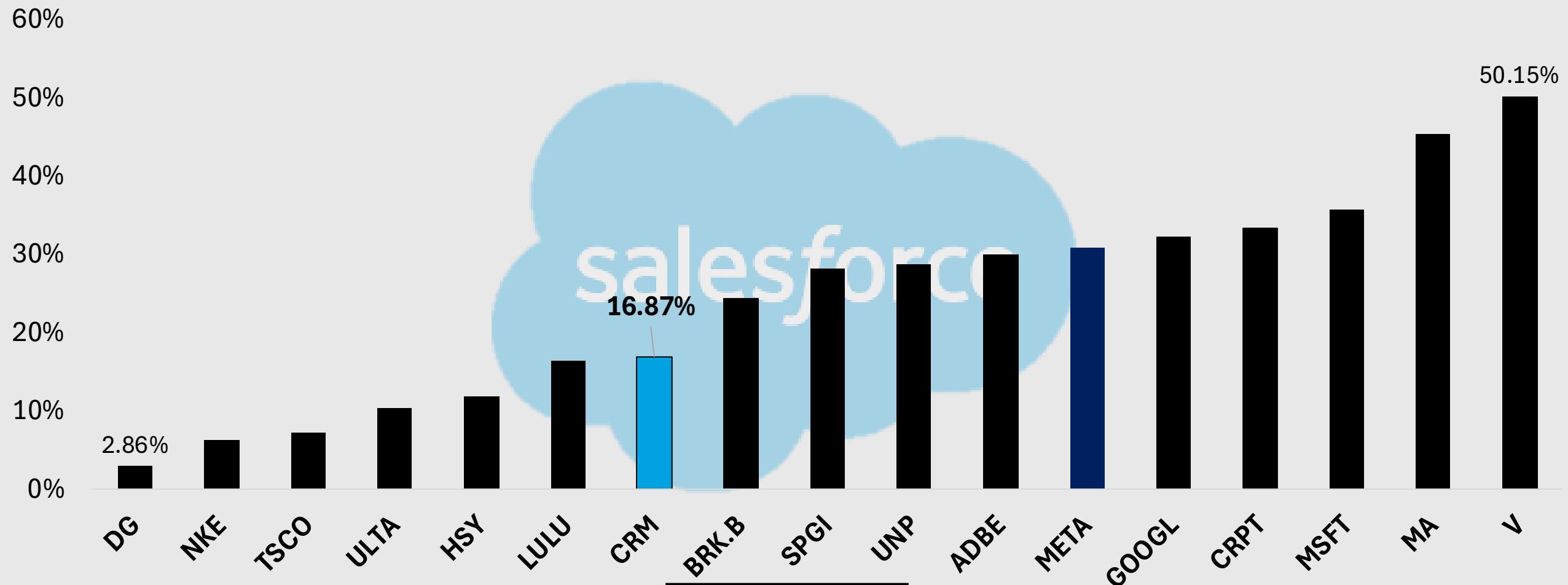


Operating Margin %



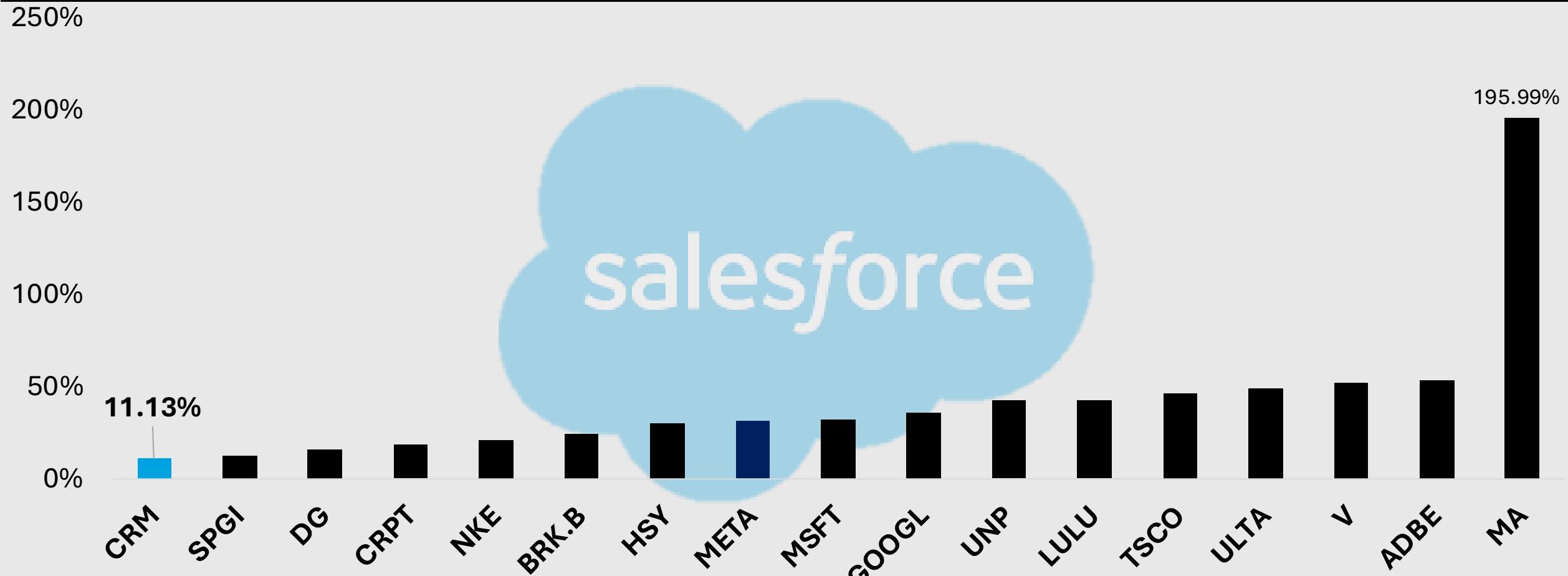


Net Margin %





Return on Equity %



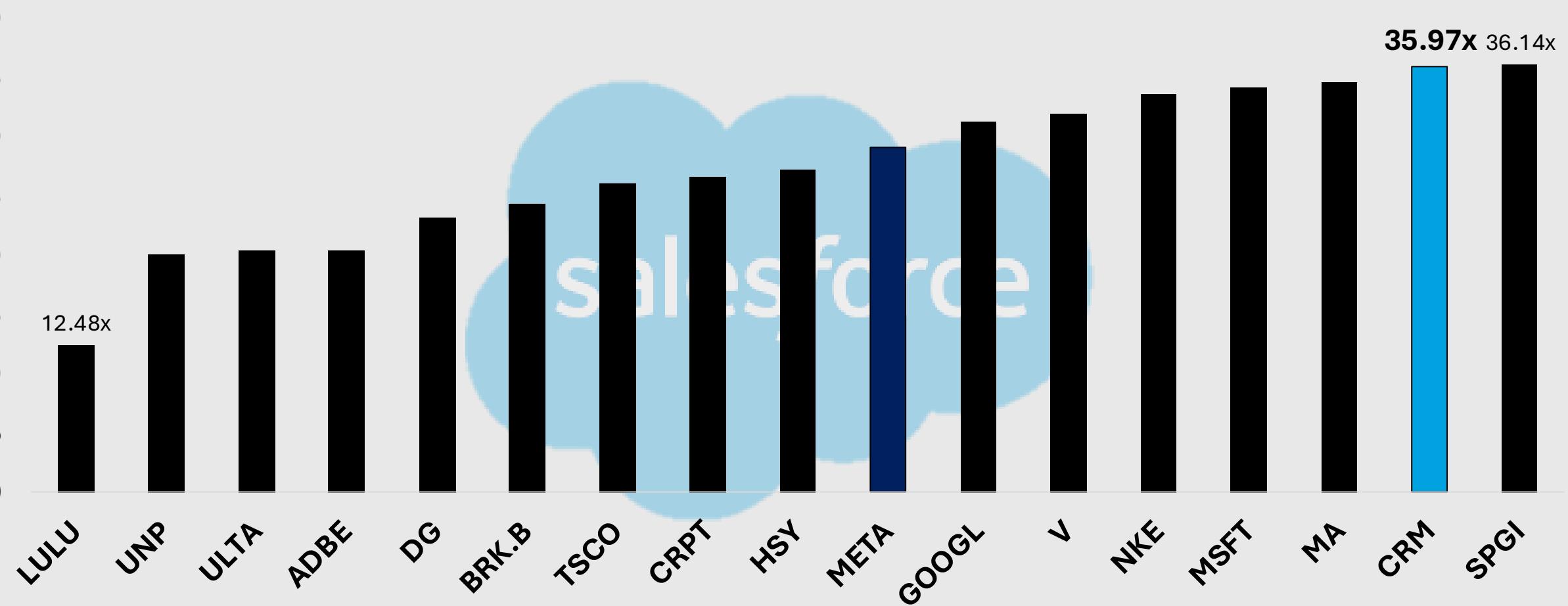


Return on Invested Capital %



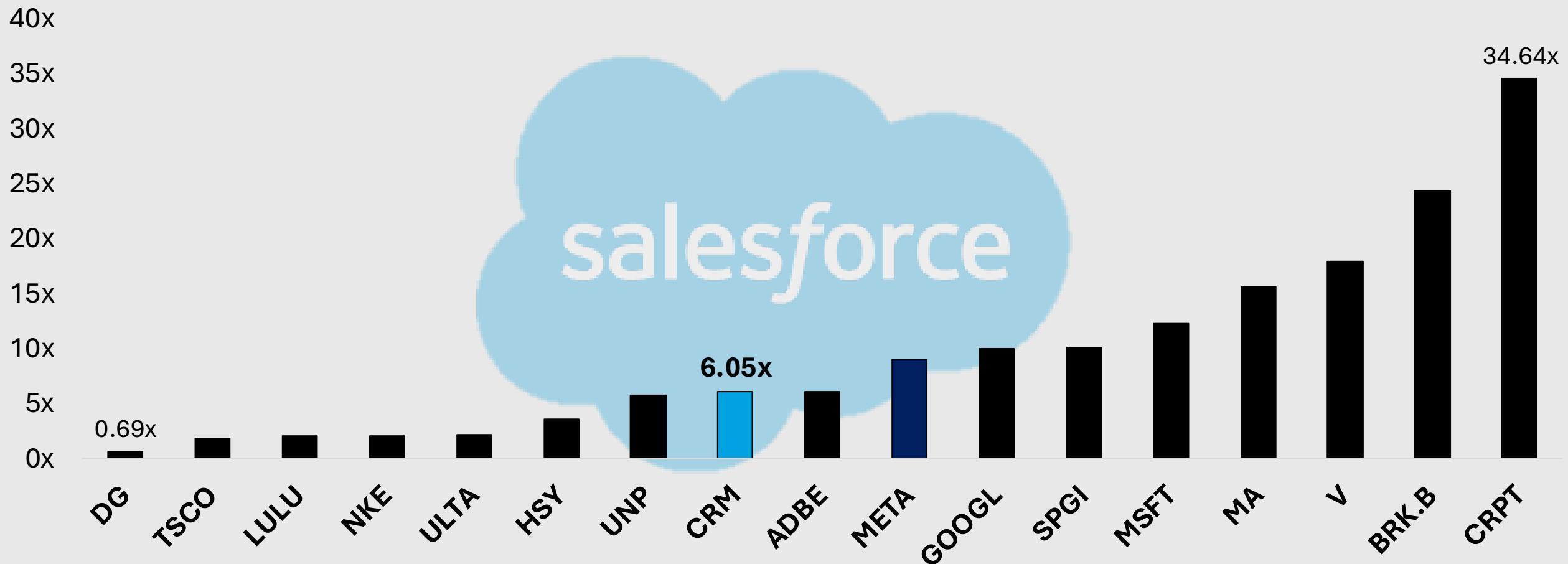


Price to Earnings



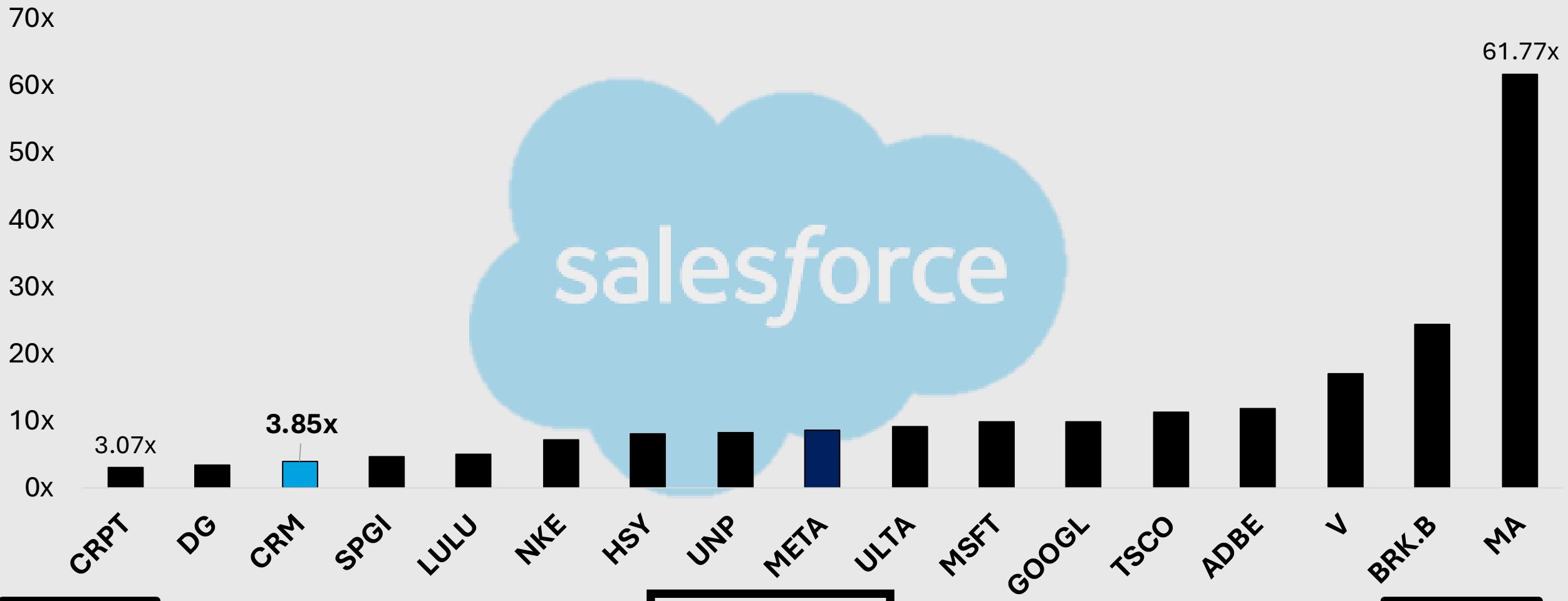


Price to Sales

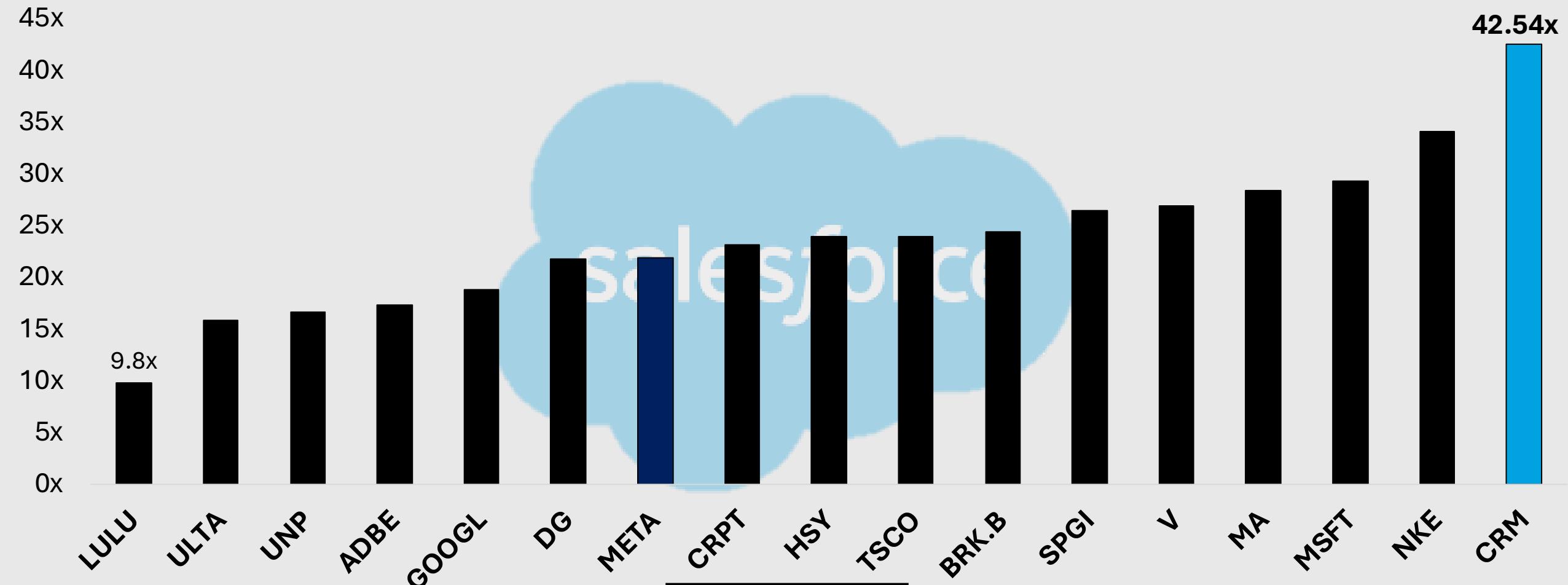




Price to Book Value

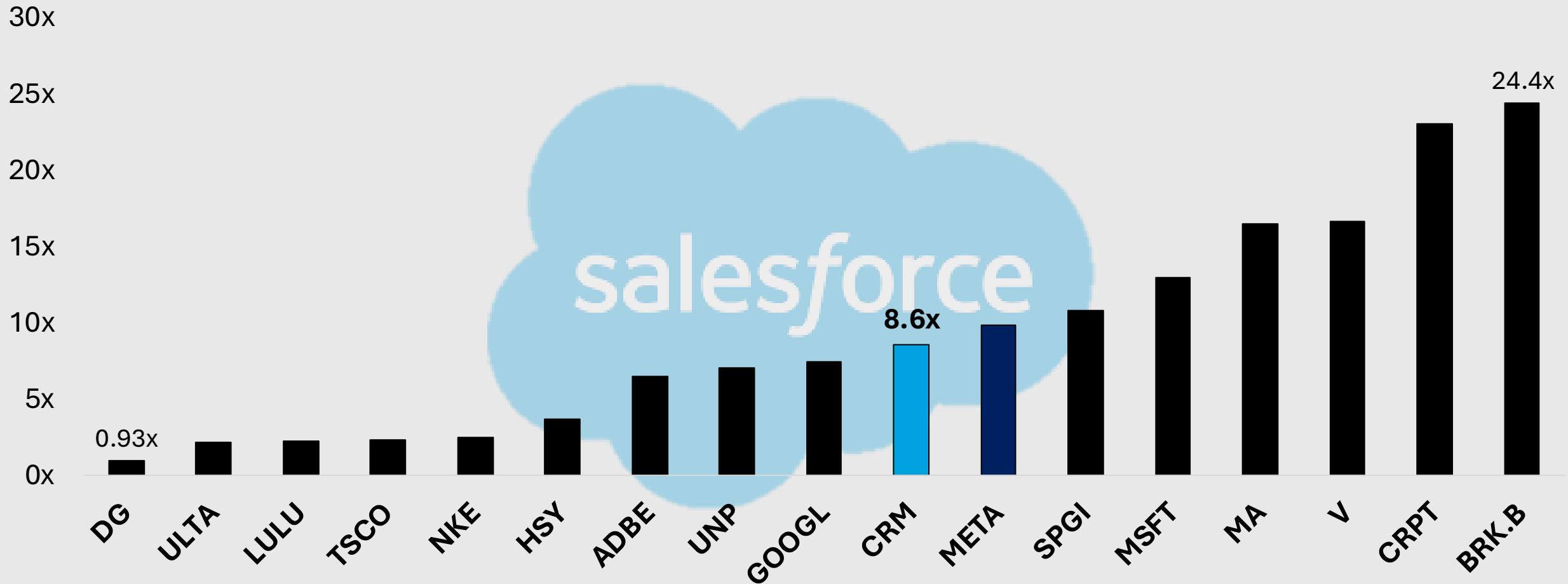


Enterprise Value to EBIT



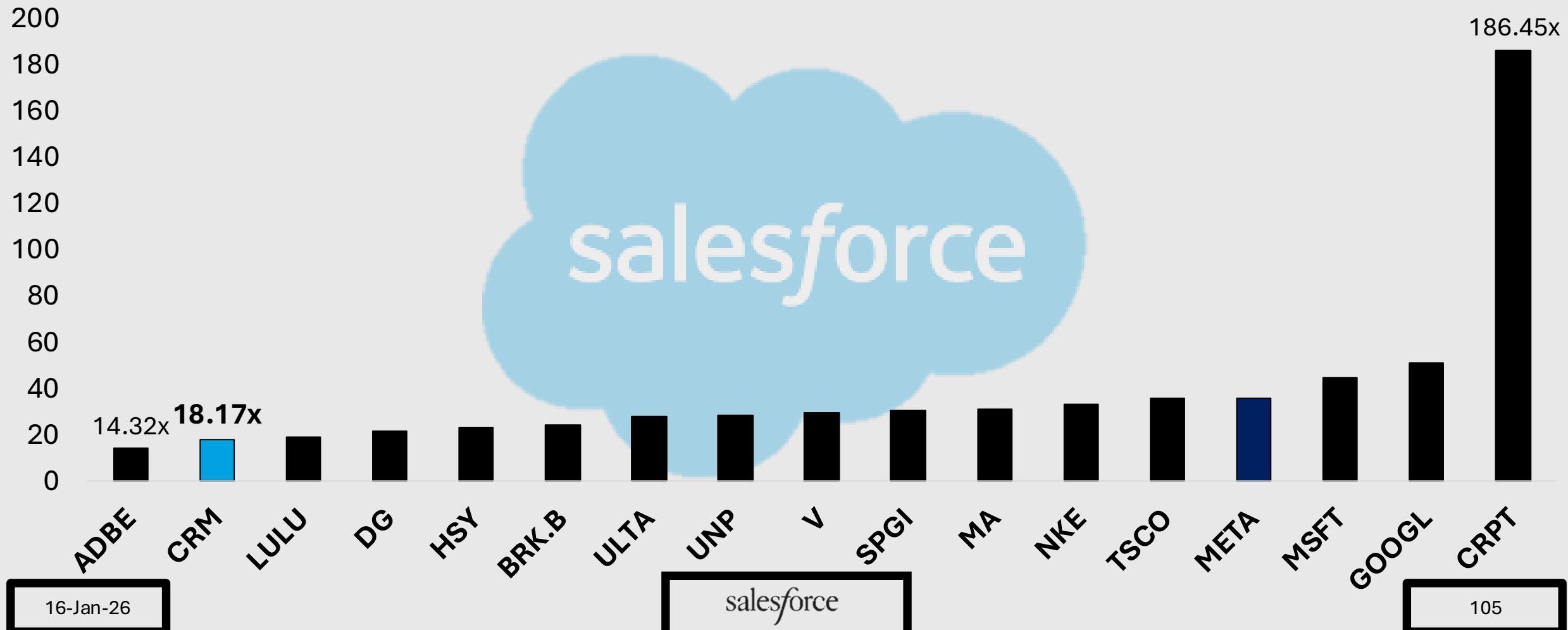


Enterprise Value to Revenue





Enterprise Value to Free Cash Flow





Valuation &
Conclusion
Enrique Alvarado

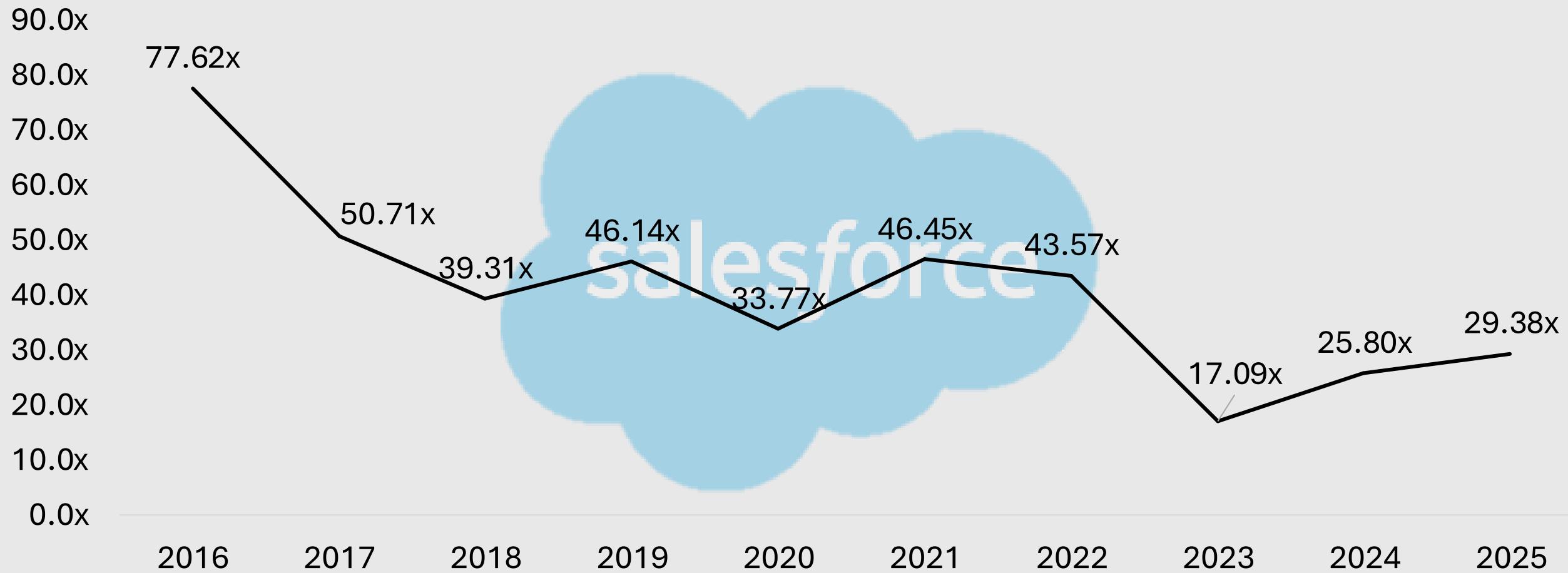
16-Jan-26



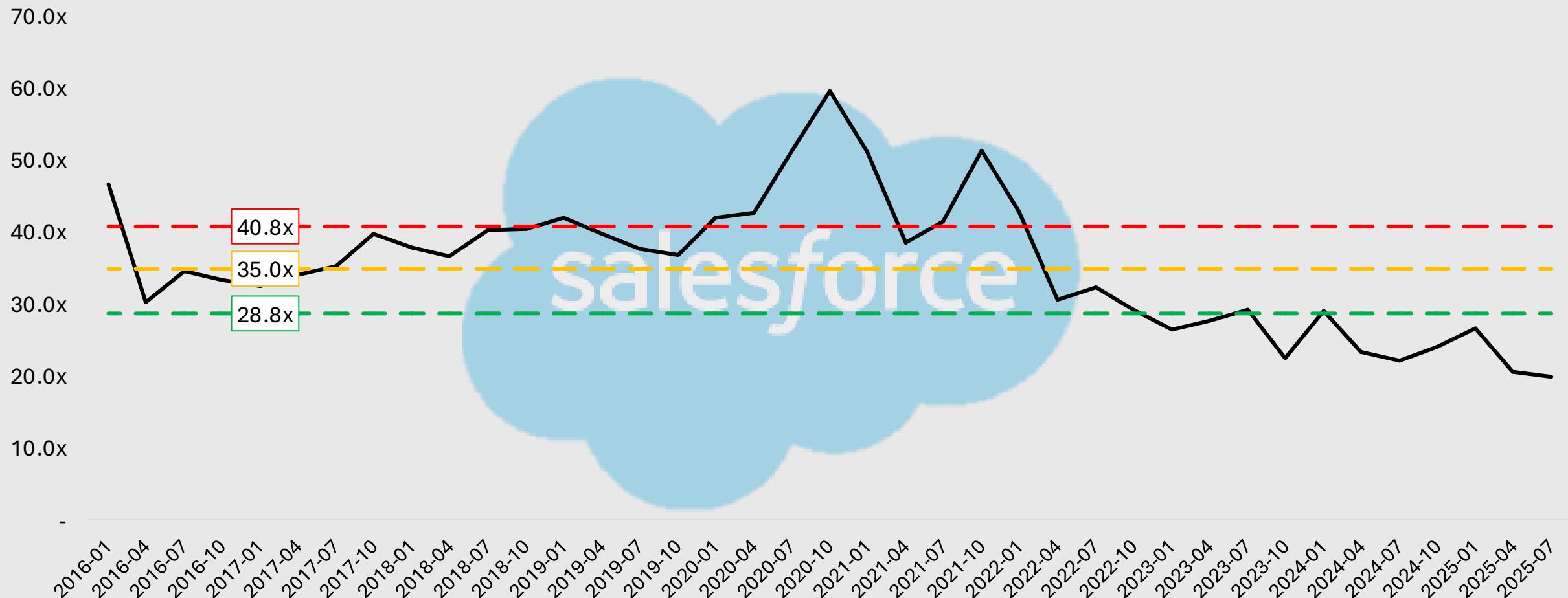
106



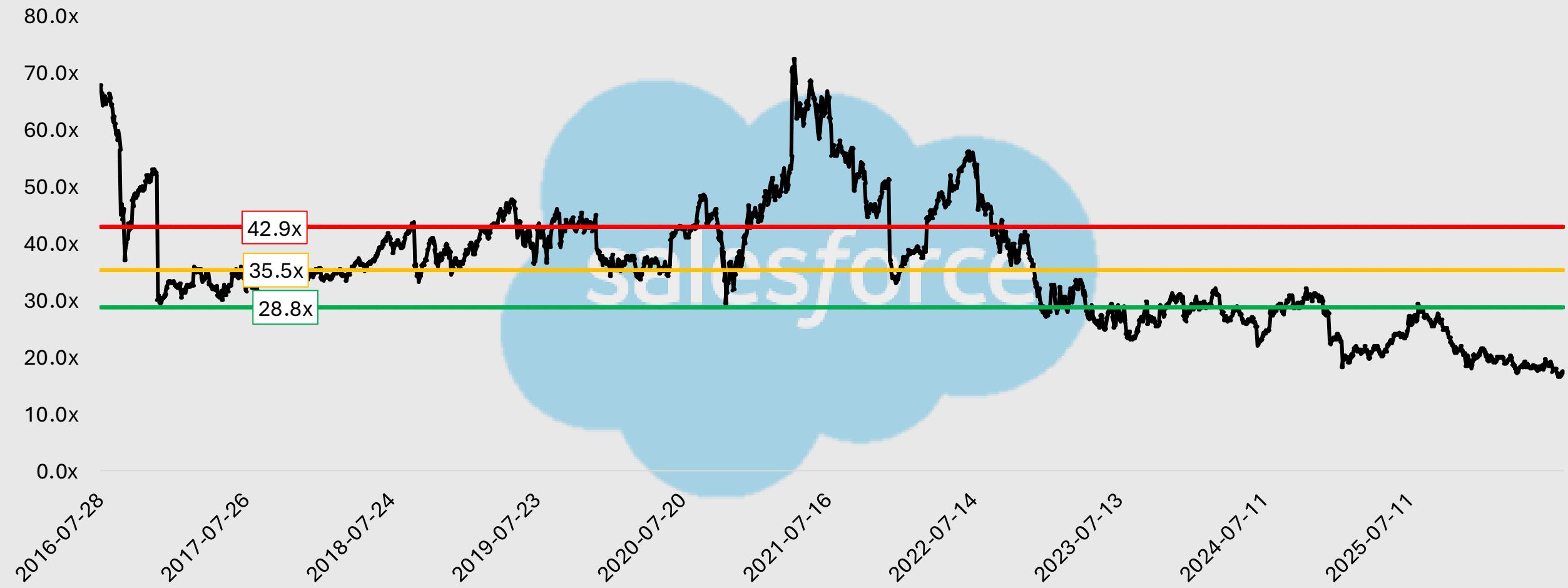
Non-GAAP P/E Ratio



Price to Free Cash Flow



EV to FCF



16-Jan-26

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5 Year Discounted Cash Flow

Ticker:	CRM	Price:	\$247.46	Discount Rate:	10.0%	Method:	FCF Per Share	5 Year Discounted Cash Flow						
Dividend Payout Ratio	15.0%	P/FCF	Price	Present Value	5 YR Return	Return	Return + Dividends							
Bear	FCF Per Share	2025-01	2026	2027	2028	2029	2030	15.0x	\$328.46	\$203.94	32.7%	5.8%	6.7%	
		\$12.77	\$14.43	\$16.31	\$18.26	\$20.09	\$21.90	17.0x	\$372.25	\$231.14	50.4%	8.5%	9.3%	
Base	FCF Per Share		13%	13%	12%	10%	9%	19.0x	\$416.04	\$258.33	68.1%	10.9%	11.7%	
		2025-01	2026	2027	2028	2029	2030	20.0x	\$466.03	\$289.37	88.3%	13.5%	14.2%	
Bull	FCF Per Share	\$12.77	\$14.69	\$16.89	\$19.08	\$21.18	\$23.30	22.0x	\$512.63	\$318.30	107.2%	15.7%	16.3%	
			15%	15%	13%	11%	10%	24.0x	\$559.23	\$347.24	126.0%	17.7%	18.3%	
		2025-01	2026	2027	2028	2029	2030	24.0x	\$599.81	\$372.43	142.4%	19.4%	20.0%	
		\$12.77	\$14.94	\$17.48	\$20.10	\$22.52	\$24.99	26.0x	\$649.79	\$403.47	162.6%	21.3%	21.9%	
			17%	17%	15%	12%	11%	28.0x	\$699.78	\$434.51	182.8%	23.1%	23.6%	



Intrinsic Value Estimates

	<i>Bear</i>	<i>Base</i>	<i>Bull</i>
Present Value	\$214.09	\$328.89	\$445.61
Margin of Safety	-21.9%	20.6%	41.4%



Total Rate of Return Sensitivity

Total RoR Sensitivity

P / E

		Est. EPS growth rate		
		11.4%	12.8%	14.4%
P / E	15.0x	5.8%	13.5%	19.4%
	22.0x	8.5%	15.7%	21.3%
	28.0x	10.9%	17.7%	23.1%

Conclusion



- The most trusted CRM market pioneer & leader
- Financials getting stronger
- Very wide moat
- Business model easily welcomes growth
- The business itself keeps customers locked in
- AI success provides massive tailwinds



Recommendation



- Buy 624 shares via limit order set at \$265 for approximately \$165,268
- This will make CRM a 7% weighting in the portfolio



Q&A Session





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Appendix



Q3 Financial Highlights

Financial Highlights

- Current remaining performance obligation of \$29.4 billion, up 11% year-over-year ("Y/Y") and in constant currency ("CC")
- Remaining performance obligation of \$59.5 billion, up 12% Y/Y
- Third quarter subscription & support revenue of \$9.7 billion, up 10% Y/Y and 9% in CC
- Third quarter revenue of \$10.3 billion, up 9% Y/Y and 8% in CC
- Third quarter GAAP operating margin of 21.3% and non-GAAP operating margin of 35.5%
- Third quarter operating cash flow of \$2.3 billion, up 17% Y/Y, and free cash flow of \$2.2 billion, up 22% Y/Y
- Returned \$4.2 billion to shareholders, including \$3.8 billion in share repurchases and \$395 million in dividends
- Raises full year FY26 revenue guidance to \$41.45 billion to \$41.55 billion, up 9% - 10% Y/Y and approximately 9% in CC, including approximately 80bps Informatica contribution
- Updates full year FY26 GAAP operating margin guidance to 20.3%, and maintains non-GAAP operating margin guidance of 34.1%
- Raises full year FY26 operating cash flow growth guidance to approximately 13% to 14% Y/Y



Q3 Company Highlights

Salesforce Company Highlights

- Agentforce and Data 360 annual recurring revenue ("ARR") reached nearly \$1.4 billion, up 114% Y/Y
- Agentforce ARR surpassed half a billion in Q3, up 330% Y/Y
- Agentforce accounts in production increased 70% quarter-over-quarter
- 50% of Agentforce and Data 360 Q3 bookings came from existing customer expansion
- Salesforce has closed over 18,500 Agentforce deals since launch; over 9,500 paid deals, up 50% quarter-over-quarter
- Agentforce has processed more than 3.2 trillion tokens through our LLM gateway
- In Q3 Data 360 ingested 32 trillion records, up 119% Y/Y, including 15 trillion via Zero Copy, up 341% Y/Y, and 390% Y/Y growth in unstructured data processed
- Nearly 90% of Forbes' Top 50 AI companies run on Salesforce, with an average of 4 clouds
- Completed Informatica acquisition, bringing Informatica's rich data catalog, integration, governance, quality and privacy, metadata management, and Master Data Management services to the Salesforce platform