29 May 2026

CMB International Global Markets | Equity Research | Company Update

Salesforce (CRM US)

1QFY27 review: solid Agentforce growth; accelerating capital return

Salesforce announced 1QFY27 results: total revenue grew by 13% YoY to US$11.1bn, in line with Bloomberg consensus estimate; non-GAAP operating income increased by 22% YoY to US$3.87bn, 5% ahead of consensus estimate thanks to the enhanced operating efficiency from AI. Agentforce and Data 360 maintained strong momentum, with ARR up by over 200% YoY to US$3.4bn in 1QFY27. Looking ahead, management guides total revenue to grow by 10-11% YoY to US$11.27-11.35bn in 2QFY27E, and remains upbeat on the reacceleration of organic revenue growth in 2HFY27E. Supported by the solid business growth, the company entered US$25bn share repurchase program, reducing 1QFY27 total share count by 11%. As a result, we raise our FY27-29E non-GAAP EPS forecasts by 7-14%; but we trim our target price to US$288.0 based on 13x FY27E EV/EBITDA (previous: US$320.0 based on 15x FY26E EV/EBITDA), given the decline in SaaS sector valuation. Maintain BUY on solid AI momentum and attractive valuation.

- **Healthy AOV growth to support 2HFY27 growth reacceleration.** cRPO grew by 13% YoY in constant currency (CC), and subscription revenue rose by 12% YoY to US$10.6bn in CC in 1QFY27, mainly driven by the strong growth of AgentForce, Data 360, and Slack, but partially offset by softness in commerce and Tableau. Revenue from Agentforce Apps/Data 360, Headless Platform, & Other was up by 9%/25% YoY respectively in 1QFY27. For 2QFY27E, management guides cRPO to maintain healthy growth of 13% YoY in constant currency, and expects 1HFY27 net new AOV growth to outpace AOV growth, which should drive organic revenue reacceleration in 2HFY27E, underpinned by the continued momentum in Agentforce and Data 360
- **Solid momentum from AgentForce and Data 360.** AgentForce and Data 360 ARR increased by over 200% YoY to US$3.4bn in 1QFY27, with AgentForce ARR up by 205% YoY to US$1.2bn. AgentForce saw solid deal acquisition and consumption growth in 1QFY27: 1) On consumption front, the company has processed over 28.6tn tokens to date, up by 152% QoQ; and over 50% of Agentforce and Data 360 bookings came from existing customers in 1QFY27; 2) Bookings from Agentforce One Edition and Agentforce for Apps, the premium SKUs, grew by c.60% YoY; 3) Slack became the go-to platform for enterprises to integrate agentic AI capabilities, with Slack MCP surpassing 1mn active users within six weeks of launch. The company also introduced Headless 360 in Apr 2026, which allow agents/users to access Salesforce offerings on any user interfaces.
- **AI driving margin expansion.** Non-GAAP OPM improved by 2.5ppts YoY to 34.8% in 1QFY27, as Agentforce continues to improve internal efficiency. Agentforce has handled 4mn customer inquiries since its deployment on help.salesforce.com 15 months ago, and Agentforce Sales processed 220,000 sales leads autonomously and generated US$42mn in the pipeline in 1QFY27.

Earnings Summary

(YE 31 Jan)	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue (US$ mn)	37,895	41,525	46,219	51,515	57,136
Adjusted net profit (US$ mn)	9,930.0	11,969.0	11,843.0	13,841.0	16,138.8
EPS (Adjusted) (US$)	10.20	12.52	14.12	16.50	19.24
Consensus EPS (US$)	10.20	12.52	13.22	14.92	17.68
P/E (x)	25.5	20.8	21.1	18.1	14.9

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$288.00**
(Previous TP	US$320.00)
Up/Downside	**63.5%**
Current Price	**US$176.17**

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Stock Data

Mkt Cap (US$ mn)	147,102.0
Avg 3 mths t/o (US$ mn)	1,163.2
52w High/Low (US$)	274.51/164.96
Total Issued Shares (mn)	835.0

Source: FactSet

Shareholding Structure

The Vanguard Group	10.2%
BlackRock	8.9%

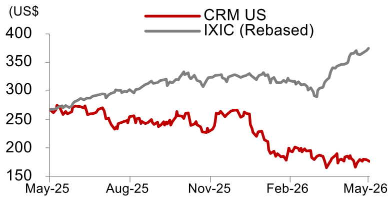
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-2.8%	-10.9%
3-mth	-9.6%	-23.8%
6-mth	-23.6%	-33.7%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Salesforce: forecast revision

US$ bn	Current FY27E	FY28E	FY29E	Previous FY27E	FY28E	FY29E	Change (%) FY27E	FY28E	FY29E
Revenue	46.2	51.5	57.1	46.1	51.0	56.6	0.3%	1.0%	0.9%
Gross profit	35.9	40.3	44.9	36.0	40.1	44.7	-0.3%	0.5%	0.4%
Non-GAAP OP	15.9	18.5	21.4	15.8	17.8	20.3	0.4%	3.8%	5.3%
Non-GAAP NP	11.8	13.8	16.1	12.4	14.0	15.9	-4.5%	-0.9%	1.2%
Non-GAAP EPS (US$)	14.1	16.5	19.2	13.1	14.8	16.9	7.4%	11.4%	13.8%
Gross margin	77.7%	78.2%	78.6%	78.2%	78.6%	79.0%	-0.5 ppt	-0.4 ppt	-0.4 ppt
Non-GAAP OPM	34.3%	35.9%	37.5%	34.3%	34.9%	35.9%	0.0 ppt	1.0 ppt	1.6 ppt
Non-GAAP NPM	25.6%	26.9%	28.2%	26.9%	27.4%	28.2%	-1.3 ppt	-0.5 ppt	0.1 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US$ bn	CMBIGM FY27E	FY28E	FY29E	Consensus FY27E	FY28E	FY29E	Diff (%) FY27E	FY28E	FY29E
Revenue	46.2	51.5	57.1	46.1	50.6	56.0	0.3%	1.7%	2.1%
Non-GAAP OP	15.9	18.5	21.4	15.8	17.8	20.2	0.3%	3.9%	5.8%
Non-GAAP NP	11.8	13.8	16.1	12.3	13.8	15.7	-4.0%	0.1%	2.5%
Non-GAAP EPS (US$)	14.1	16.5	19.2	13.2	14.9	17.7	6.8%	10.6%	8.8%
Non-GAAP OPM	34.3%	35.9%	37.5%	34.3%	35.1%	36.1%	0.0 ppt	0.8 ppt	1.3 ppt
Non-GAAP NPM	25.6%	26.9%	28.2%	26.8%	27.3%	28.1%	-1.1 ppt	-0.4 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

Valuation

We value Salesforce at US$288.0 per share based on 13x FY27E EV/EBITDA. Our target EV/EBITDA is on par with the sector average.

Figure 3: Salesforce: target valuation

EV/EBITDA Valuation (US$mn)	FY27E
Adjusted EBITDA	20,289
Target FY27E EV/EBITDA	13
Target EV	263,756
Net Cash	(23,658)
Target equity valuation	240,098
Valuation per share (USD)	288.0

Source: Company data, CMBIGM estimates

Figure 4: SaaS: valuation comparison

Companies	Ticker	Price (LC)	EV/Sales (x) +1FY	+2FY	+3FY	EV/EBITDA (x) +1FY	+2FY	+3FY	Rev CAGR FWD 3FY
CRM									
HubSpot	HUBS US	200.7	2.4	2.1	1.8	9.6	8.0	7.4	16%
Five9	FIVN US	22.3	1.4	1.3	1.2	6.1	5.3	4.4	10%
ITSM									
ServiceNow	NOW US	102.1	6.3	5.3	4.4	17.0	14.0	11.6	20%
Atlassian	TEAM US	89.1	3.2	2.8	2.4	10.6	9.6	8.0	18%
ERP									
SAP	SAP US	174.1	5.3	4.7	4.2	14.1	12.3	10.7	11%
Oracle	ORCL US	191.0	9.6	7.3	5.0	17.8	12.9	9.0	31%
Communication									
Twilio	TWLO US	181.6	4.5	4.1	3.7	21.4	19.2	17.2	11%
Zoom	ZM US	100.0	4.2	4.1	3.9	9.8	9.3	8.9	4%
Average			**4.6**	**4.0**	**3.3**	**13.3**	**11.3**	**9.7**	

Source: Bloomberg, CMBIGM
Note: data as of 27 May

Financial Summary

INCOME STATEMENT	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan (US$ mn)						
Revenue	**34,857**	**37,895**	**41,525**	**46,219**	**51,515**	**57,136**
Cost of goods sold	(8,541)	(8,643)	(9,270)	(10,285)	(11,239)	(12,251)
Gross profit	**26,316**	**29,252**	**32,255**	**35,933**	**40,277**	**44,886**
Operating expenses	**(21,305)**	**(21,586)**	**(23,338)**	**(26,114)**	**(28,849)**	**(31,196)**
Selling expense	(12,877)	(13,257)	(14,345)	(16,084)	(17,927)	(19,426)
Admin expense	(3,522)	(2,836)	(3,000)	(3,235)	(3,452)	(3,657)
R&D expense	(4,906)	(5,493)	(5,993)	(6,794)	(7,470)	(8,113)
Operating profit	**5,011**	**7,666**	**8,917**	**9,820**	**11,428**	**13,689**
Other expense	216	354	172	(1,509)	(1,545)	(1,600)
Other gains/(losses)	(277)	(121)	1,017	558	515	571
Pre-tax profit	**4,950**	**7,899**	**10,106**	**8,869**	**10,398**	**12,661**
Income tax	(814)	(1,241)	(2,063)	(1,890)	(2,287)	(2,785)
After tax profit	**4,136**	**6,658**	**8,043**	**6,979**	**8,110**	**9,875**
Net profit	**4,136**	**6,658**	**8,043**	**6,979**	**8,110**	**9,875**
Adjusted net profit	**8,087**	**9,930**	**11,969**	**11,843**	**13,841**	**16,139**

BALANCE SHEET	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan (US$ mn)						
Current assets	**29,074**	**29,727**	**28,222**	**36,347**	**40,329**	**46,483**
Cash & equivalents	8,472	8,848	7,327	11,781	11,724	13,503
Account receivables	11,414	11,945	14,339	15,960	17,789	19,730
Prepayment	1,561	1,779	2,075	2,310	2,497	2,686
Financial assets at FVTPL	5,722	5,184	2,238	2,238	2,238	2,238
Other current assets	1,905	1,971	2,243	4,058	6,082	8,326
Non-current assets	**70,749**	**73,201**	**84,083**	**81,954**	**80,047**	**79,099**
PP&E	3,689	3,236	3,120	2,806	2,398	1,973
Deferred income tax	3,433	4,770	3,628	3,628	3,628	3,628
Investment in JVs & assos	4,848	4,852	7,591	7,591	7,591	7,591
Intangibles	5,278	4,428	6,815	5,000	3,502	2,977
Goodwill	48,620	51,283	57,941	57,941	57,941	57,941
Other non-current assets	4,881	4,632	4,988	4,988	4,988	4,988
Total assets	**99,823**	**102,928**	**112,305**	**118,301**	**120,377**	**125,581**
Current liabilities	**26,631**	**27,980**	**37,118**	**37,253**	**41,582**	**46,133**
Account payables	6,111	6,658	8,253	8,974	9,610	10,160
Other current liabilities	999	0	4,000	0	0	0
Lease liabilities	518	579	548	548	548	548
Contract liabilities	19,003	20,743	24,317	27,731	31,424	35,425
Non-current liabilities	**13,546**	**13,775**	**16,045**	**41,045**	**41,045**	**41,045**
Long-term borrowings	8,427	8,433	10,439	35,439	35,439	35,439
Other non-current liabilities	5,119	5,342	5,606	5,606	5,606	5,606
Total liabilities	**40,177**	**41,755**	**53,163**	**78,298**	**82,627**	**87,178**
Share capital	1	1	1	1	1	1
Capital surplus	59,841	64,576	68,835	72,995	77,631	82,659
Retained earnings	11,721	16,369	22,221	28,922	37,033	46,908
Other reserves	(11,917)	(19,773)	(31,915)	(61,915)	(76,915)	(91,165)
Total shareholders equity	**59,646**	**61,173**	**59,142**	**40,003**	**37,750**	**38,403**
Total equity and liabilities	**99,823**	**102,928**	**112,305**	**118,301**	**120,377**	**125,581**

CASH FLOW	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan (US$ mn)						
Operating						
Profit before taxation	**4,950**	**7,899**	**10,106**	**8,869**	**10,398**	**12,661**
Depreciation & amortization	3,959	3,477	3,631	4,415	4,431	3,558
Tax paid	(814)	(1,241)	(2,063)	(1,890)	(2,287)	(2,785)
Change in working capital	(2,573)	(1,860)	(781)	(849)	(1,175)	(1,447)
Others	4,712	4,817	4,103	5,196	6,100	6,652
Net cash from operations	**10,234**	**13,092**	**14,996**	**15,740**	**17,467**	**18,638**
Investing						
Capital expenditure	(736)	(658)	(594)	(693)	(773)	(857)
Acquisition of subsidiaries/ investments	(82)	(2,734)	(9,268)	0	0	0
Net proceeds from disposal of short-term investments	(2,250)	(2,736)	651	0	0	0
Others	1,741	2,965	621	(1,592)	(1,752)	(1,752)
Net cash from investing	**(1,327)**	**(3,163)**	**(8,590)**	**(2,286)**	**(2,524)**	**(2,609)**
Financing						
Net borrowings	(1,182)	(1,000)	6,000	21,000	0	0
Share repurchases	(7,620)	(7,829)	(12,596)	(30,000)	(15,000)	(14,250)
Others	1,325	(600)	(1,483)	0	0	0
Net cash from financing	**(7,477)**	**(9,429)**	**(8,079)**	**(9,000)**	**(15,000)**	**(14,250)**
Net change in cash						
Cash at the beginning of the year	7,016	8,472	8,848	7,327	11,781	11,724
Exchange difference	26	(124)	152	0	0	0
Cash at the end of the year	**8,472**	**8,848**	**7,327**	**11,781**	**11,724**	**13,503**

GROWTH	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
Revenue	11.2%	8.7%	9.6%	11.3%	11.5%	10.9%
Gross profit	14.5%	11.2%	10.3%	11.4%	12.1%	11.4%
Operating profit	386.5%	53.0%	16.3%	10.1%	16.4%	19.8%
Net profit	1,888.5%	61.0%	20.8%	(13.2%)	16.2%	21.8%
Adj. net profit	54.8%	22.8%	20.5%	(1.1%)	16.9%	16.6%

PROFITABILITY	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
Gross profit margin	75.5%	77.2%	77.7%	77.7%	78.2%	78.6%
Operating margin	14.4%	20.2%	21.5%	21.2%	22.2%	24.0%
Adj. net profit margin	23.2%	26.2%	28.8%	25.6%	26.9%	28.2%
Return on equity (ROE)	7.0%	11.0%	13.4%	14.1%	20.9%	25.9%

GEARING/LIQUIDITY/ACTIVITIES	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
Current ratio (x)	1.1	1.1	0.8	1.0	1.0	1.0
Receivable turnover days	119.5	115.1	126.0	126.0	126.0	126.0
Payable turnover days	261.2	281.2	325.0	318.5	312.1	302.7

VALUATION	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
P/E	41.5	25.5	20.8	21.1	18.1	14.9
P/E (diluted)	41.9	25.8	20.9	21.2	18.2	15.0
P/B	2.9	2.8	2.8	3.7	3.9	3.8

Source: Company data, CMBIGM estimates. Note: The calculation of net cash includes financial assets.

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