31 Aug 2026

CMB International Global Markets | Equity Research | Company Update

Salesforce (CRM US)

2QFY27 review: robust bookings growth on strong AI momentum

Salesforce reported 2QFY27 results: total revenue increased by 11% YoY to US$11.3bn, and non-GAAP operating income grew by 10% YoY to US$3.87bn, both in line with Visible Alpha (VA) consensus estimates. 2QFY27 cRPO was up by 14% YoY to US$33.5bn, 1ppt ahead of the company guidance, mainly thanks to the strong bookings and low customer attrition. NNAOV growth in 2QFY27 is the strongest in four years, supporting the second-half organic revenue reacceleration and further easing investor concern on "SaaSpocalypse". Management lifted FY27 revenue guidance by US$300mn in constant currency to US$46.1-46.4bn (+11-12% YoY), reflecting organic growth of US$100mn and US$200mn from acquisitions. Overall, we maintain our FY27-29E total revenue forecasts largely unchanged, but lift our target price to US$312.0 based on 14x FY27E EV/EBITDA (US$288.0 based on 13x FY27E EV/EBITDA) given the recovery of sector valuation. Maintain BUY.

- **Strong AI product momentum.** Revenue from Agentforce Apps/Data 360, Headless Platform, and Other grew by 8% YoY/20% YoY to US$7.2/3.6bn in 2QFY27 respectively. AI monetization momentum remained strong in 2QFY27: 1) Agentforce and Data 360 ARR was up by over 210% YoY to US$3.9bn, within which Agentforce ARR grew by over 240% YoY to US$1.5bn; 2) Bookings from Agentforce One Edition and Agentforce for Apps more than doubled QoQ; 3) The number of accounts with agents in production grew by 70% QoQ. Besides, Agentforce Sales, Service, and Slack all saw YoY seat growth in 2QFY27, with attrition rate near historical low. For 3QFY27, management guided cRPO to grow by 14% YoY, and total revenue to increase by 11-12% YoY.
- **Deepen partnership with Anthropic to launch Claudeforce.** Salesforce expanded strategic partnership with Anthropic to launch Claudeforce, which brings Claude's reasoning capability together with Salesforce's enterprise harness (i.e. data, workflows, business logic, actions, and governance of the Salesforce platform). The Claudeforce partnership will first launch the open beta of *Salesforce in Claude* in Sep 2026, which is a Plugin with 37 prebuilt sales skills that enables sellers and agents to reason over entire revenue cycle from Claude. The expanded partnership not only brings incremental business opportunities to Salesforce, but also demonstrates Salesforce's unique value proposition in enterprise agent harness, in our view.
- **Expanding AE capacity to drive business growth.** Non-GAAP OPM was largely flattish YoY at 34.1% in 2QFY27, as the company expanded its AE capacity. The company plans to hire 1,200 more AEs by the end of the year in addition to its current 15,000 AEs. The company also actively increased shareholder return through dividends and share repurchases. The US$25bn Accelerated Share Repurchase program (12% of current market cap) commenced in Mar 2026 is expected to be completed in Oct 2026.

Earnings Summary

(YE 31 Jan)	FY25A	FY26A	FY27E	FY28E	FY29E
Revenue (US$ mn)	37,895	41,525	46,389	51,730	57,398
YoY growth (%)	8.7	9.6	11.7	11.5	11.0
Adjusted net profit (US$ mn)	9,930.0	11,969.0	13,997.3	13,890.0	16,206.4
EPS (Adjusted) (US$)	10.20	12.52	16.70	16.66	19.53
Consensus EPS (US$)	10.20	12.52	16.72	15.89	18.38
P/E (x)	37.0	30.2	23.9	27.1	22.1

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price	**US$312.00**
(Previous TP	US$288.00)
Up/Downside	**21.9%**
Current Price	**US$256.00**

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Stock Data

Mkt Cap (US$ mn)	213,760.0
Avg 3 mths t/o (US$ mn)	981.5
52w High/Low (US$)	266.23/150.12
Total Issued Shares (mn)	835.0

Source: FactSet

Shareholding Structure

The Vanguard Group	10.2%
BlackRock	8.9%

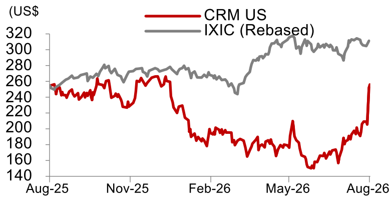
Source: Company data

Share Performance

	Absolute	Relative
1-mth	41.0%	32.9%
3-mth	45.3%	48.1%
6-mth	31.4%	12.8%

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	46.4	51.7	57.4	46.2	51.5	57.1	0.4%	0.4%	0.5%
Gross profit	35.7	40.1	44.7	35.9	40.3	44.9	-0.5%	-0.4%	-0.4%
Non-GAAP OP	15.9	18.5	21.4	15.9	18.5	21.4	0.0%	-0.2%	-0.1%
Non-GAAP NP	14.0	13.9	16.2	11.8	13.8	16.1	18.2%	0.4%	0.4%
Non-GAAP EPS (US$)	16.7	16.7	19.5	14.1	16.5	19.2	18.3%	1.0%	1.6%
Gross margin	77.1%	77.5%	77.9%	77.7%	78.2%	78.6%	-0.7 ppt	-0.7 ppt	-0.7 ppt
Non-GAAP OPM	34.2%	35.7%	37.3%	34.3%	35.9%	37.5%	-0.1 ppt	-0.2 ppt	-0.2 ppt
Non-GAAP NPM	30.2%	26.9%	28.2%	25.6%	26.9%	28.2%	4.5 ppt	0.0 ppt	0.0 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	46.4	51.7	57.4	46.3	50.7	55.7	0.2%	1.9%	3.1%
Gross profit	35.7	40.1	44.7	35.6	39.3	43.3	0.3%	2.0%	3.3%
Non-GAAP OP	15.9	18.5	21.4	15.9	17.8	20.1	0.0%	3.5%	6.3%
Non-GAAP NP	14.0	13.9	16.2	14.0	13.2	15.0	0.1%	5.3%	7.9%
Non-GAAP EPS (US$)	16.7	16.7	19.5	16.7	15.9	18.4	-0.1%	4.8%	6.3%
Gross margin	77.1%	77.5%	77.9%	77.0%	77.4%	77.8%	0.1 ppt	0.1 ppt	0.1 ppt
Non-GAAP OPM	34.2%	35.7%	37.3%	34.3%	35.1%	36.1%	-0.1 ppt	0.5 ppt	1.1 ppt
Non-GAAP NPM	30.2%	26.9%	28.2%	30.2%	26.0%	27.0%	0.0 ppt	0.9 ppt	1.3 ppt

Source: Visible Alpha, CMBIGM estimates

Valuation

We value Salesforce at US$312.0 per share based on 14x FY27E EV/EBITDA. Our target EV/EBITDA is at a discount to the sector average (19x), since Salesforce earnings growth has entered a more mature stage.

Figure 3: Salesforce: target valuation

EV/EBITDA Valuation (US$mn)	FY27E
Adjusted EBITDA	20,286
Target FY27E EV/EBITDA	14
Target EV	284,010
Net Cash	(23,650)
Target equity valuation	260,360
Valuation per share (USD)	312.0

Source: Company data, CMBIGM estimates

Figure 4: SaaS: valuation comparison

Companies	Ticker	Price (Local)	EV/Sales (x) +1FY	+2FY	+3FY	EV/EBITDA (x) +1FY	+2FY	+3FY	Rev CAGR FWD 3FY
CRM									
HubSpot	HUBS US	255.8	3.1	2.7	2.4	12.2	10.1	9.4	15%
Five9	FIVN US	34.6	2.1	1.9	1.8	8.6	7.4	6.4	10%
ITSM									
ServiceNow	NOW US	138.4	8.6	7.2	6.1	22.4	18.7	15.3	19%
Atlassian	TEAM US	185.6	6.3	5.5	4.7	24.0	20.0	17.4	15%
Communication									
Twilio	TWLO US	241.3	5.9	5.3	4.8	28.5	24.3	21.0	13%
Zoom	ZM US	68.5	2.6	2.5	2.4	9.3	9.1	8.4	5%
Average			***5.2***	***4.5***	***4.0***	***19.2***	***16.1***	***13.9***	

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

Financial Summary

INCOME STATEMENT	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan (US$ mn)						
Revenue	**34,857**	**37,895**	**41,525**	**46,389**	**51,730**	**57,398**
Cost of goods sold	(8,541)	(8,643)	(9,270)	(10,644)	(11,632)	(12,681)
Gross profit	**26,316**	**29,252**	**32,255**	**35,745**	**40,098**	**44,717**
Operating expenses	**(21,305)**	**(21,586)**	**(23,338)**	**(26,071)**	**(28,969)**	**(31,339)**
Selling expense	(12,877)	(13,257)	(14,345)	(16,143)	(18,002)	(19,515)
Admin expense	(3,522)	(2,836)	(3,000)	(3,108)	(3,466)	(3,673)
R&D expense	(4,906)	(5,493)	(5,993)	(6,819)	(7,501)	(8,151)
Operating profit	**5,011**	**7,666**	**8,917**	**9,674**	**11,129**	**13,378**
Other expense	216	354	172	(1,438)	(1,552)	(1,607)
Other gains/(losses)	(277)	(121)	1,017	3,171	517	574
Pre-tax profit	**4,950**	**7,899**	**10,106**	**11,407**	**10,094**	**12,345**
Income tax	(814)	(1,241)	(2,063)	(2,461)	(2,251)	(2,753)
After tax profit	**4,136**	**6,658**	**8,043**	**8,946**	**7,843**	**9,592**
Net profit	**4,136**	**6,658**	**8,043**	**8,946**	**7,843**	**9,592**
Adjusted net profit	**8,087**	**9,930**	**11,969**	**13,997**	**13,890**	**16,206**

BALANCE SHEET	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan (US$ mn)						
Current assets	**29,074**	**29,727**	**28,222**	**36,932**	**47,001**	**58,752**
Cash & equivalents	8,472	8,848	7,327	11,789	17,734	25,021
Account receivables	11,414	11,945	14,339	16,522	18,424	20,443
Prepayment	1,561	1,779	2,075	2,318	2,507	2,699
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	4,065	6,097	8,351
Non-current assets	**70,749**	**73,201**	**84,083**	**81,957**	**80,053**	**79,107**
PP&E	3,689	3,236	3,120	2,809	2,403	1,982
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**	**118,889**	**127,054**	**137,859**
Current liabilities	**26,631**	**27,980**	**37,118**	**35,952**	**39,618**	**43,381**
Account payables	6,111	6,658	8,253	9,287	9,946	10,517
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	26,117	29,124	32,315
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**	**76,997**	**80,663**	**84,426**
Share capital	1	1	1	1	1	1
Capital surplus	59,841	64,576	68,835	73,010	77,666	82,717
Retained earnings	11,721	16,369	22,221	30,796	38,639	48,231
Other reserves	(11,917)	(19,773)	(31,915)	(61,915)	(69,915)	(77,515)
Total shareholders equity	**59,646**	**61,173**	**59,142**	**41,892**	**46,391**	**53,434**
Total equity and liabilities	**99,823**	**102,928**	**112,305**	**118,889**	**127,054**	**137,859**

CASH FLOW	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan (US$ mn)						
Operating						
Profit before taxation	**4,950**	**7,899**	**10,106**	**11,407**	**10,094**	**12,345**
Depreciation & amortization	3,959	3,477	3,631	4,415	4,431	3,558
Tax paid	(814)	(1,241)	(2,063)	(2,461)	(2,251)	(2,753)
Change in working capital	(2,573)	(1,860)	(781)	(2,732)	(1,928)	(2,333)
Others	4,712	4,817	4,103	5,122	6,126	6,682
Net cash from operations	**10,234**	**13,092**	**14,996**	**15,750**	**16,473**	**17,499**
Investing						
Capital expenditure	(736)	(658)	(594)	(696)	(776)	(861)
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)**	**(2,288)**	**(2,528)**	**(2,613)**
Financing						
Net borrowings	(1,182)	(1,000)	6,000	21,000	0	0
Share repurchases	(7,620)	(7,829)	(12,596)	(30,000)	(8,000)	(7,600)
Others	1,325	(600)	(1,483)	0	0	0
Net cash from financing	**(7,477)**	**(9,429)**	**(8,079)**	**(9,000)**	**(8,000)**	**(7,600)**
Net change in cash						
Cash at the beginning of the year	7,016	8,472	8,848	7,327	11,789	17,734
Exchange difference	26	(124)	152	0	0	0
Cash at the end of the year	**8,472**	**8,848**	**7,327**	**11,789**	**17,734**	**25,021**

GROWTH	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
Revenue	11.2%	8.7%	9.6%	11.7%	11.5%	11.0%
Gross profit	14.5%	11.2%	10.3%	10.8%	12.2%	11.5%
Operating profit	386.5%	53.0%	16.3%	8.5%	15.0%	20.2%
Net profit	1,888.5%	61.0%	20.8%	11.2%	(12.3%)	22.3%
Adj. net profit	54.8%	22.8%	20.5%	16.9%	(0.8%)	16.7%

PROFITABILITY	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
Gross profit margin	75.5%	77.2%	77.7%	77.1%	77.5%	77.9%
Operating margin	14.4%	20.2%	21.5%	20.9%	21.5%	23.3%
Adj. net profit margin	23.2%	26.2%	28.8%	30.2%	26.9%	28.2%
Return on equity (ROE)	7.0%	11.0%	13.4%	17.7%	17.8%	19.2%

GEARING/LIQUIDITY/ACTIVITIES	2024A	2025A	2026A	2027E	2028E	2029E
YE 31 Jan						
Current ratio (x)	1.1	1.1	0.8	1.0	1.2	1.4
Receivable turnover days	119.5	115.1	126.0	130.0	130.0	130.0
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	60.3	37.0	30.2	23.9	27.1	22.1
P/E (diluted)	60.9	37.5	30.4	24.0	27.2	22.1
P/B	4.2	4.0	4.1	5.1	4.6	4.0

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

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