

Salesforce.com

A multi-year AI growth cycle coming into view

Reiterate Rating: BUY | PO: 360.00 USD | Price: 299.77 USD

Broad strength across the stack drives backlog upside

Salesforce reported solid Q4 results with revenue and margin upside from strength in large deals (deals >\$10mn + 80% y/y). Q4 cRPO growth of 13% constant currency nicely exceeded our 11% (and 12% upside case), with balanced strength across core Sales and Service Clouds as well as early Data Cloud strength (included in 25% of deals > \$1mn). Guidance for Q1 cRPO of 12% y/y cc is nicely above our +10% y/y est, supported by solid pipelines, though the FY25 outlook for total revenue growth of 8% to 9% is impacted by a prof services headwind (13% y/y in our model). The outlook for FY25 margin at 32.5% is nicely above our 32% from solid ongoing focus on productivity gains.

Solid Data Cloud installs in large accounts

Efforts to streamline sales operations via solution selling is yielding solid results, driving strength in multi cloud deals. Early strength in Salesforce's key AI offering, Data Cloud (\$400mn ARR, growing 90%) is encouraging (included in 25% of deals > \$1mn). These are large customers with capacity to ramp significant txn volume over time. Given promising new apps to run on top of Data Cloud and a variable/consumption pricing model, we believe AI/data cloud is in the early stages of a multi-year growth cycle.

Potential non-linear growth from Data Cloud Consumption

Guidance for 10% FY25 constant subs growth takes into account a healthy degree of conservatism on 1) new AI product contribution, 2) an unchanged macro. The +11% guide for Q1 cRPO growth suggests 13% is again possible, providing line of sight to low/mid teens subs growth by end of the year. This scenario would provide a catalyst for the stock, trading at a discount (20x C25 FCF) on the debate for subscription growth reacceleration.

Reiterate Buy on our top pick; Next quality GARP stock

Guidance for FY25 margin expansion of 200 bps is nicely ahead of our prior +150 bps, and evidence that Salesforce is on a path for meaningful ongoing margin expansion. Guidance for 23% to 26% FY25 FCF growth suggests 30%+ growth is possible (in an upside case). We continue to believe that 30%+ FCF growth is possible in each of the next 3 years, and that Salesforce is emerging as the next quality GARP stock. We reiterate our Buy rating and view Salesforce as a top pick. We revise estimates and raise our PO to \$360 from \$350 to reflect strong 4Q performance.

Estimates (Jan) (US\$)	2023A	2024A	2025E	2026E	2027E
EPS	5.24	8.21	9.72	10.80	12.08
GAAP EPS	0.21	4.20	6.15	7.72	8.81
EPS Change (YoY)	9.6%	56.7%	18.4%	11.1%	11.9%
Consensus EPS (Bloomberg)			9.64	11.13	NA
DPS	0	0	0	0	0
Valuation (Jan)					
P/E	57.2x	36.5x	30.8x	27.8x	24.8x
GAAP P/E	1,427.5x	71.4x	48.7x	38.8x	34.0x
EV / EBITDA*	24.9x	18.5x	16.7x	14.7x	12.9x
Free Cash Flow Yield*	2.2%	3.4%	4.2%	5.0%	6.0%

* For full definitions of *IQmethod*SM measures, see page 10.

BofA Securities does and seeks to do business with issuers covered in its research reports. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making their investment decision. Refer to important disclosures on page 12 to 14. Analyst Certification on page 9. Price Objective Basis/Risk on page 9.

12665473

Timestamp: 28 February 2024 11:50PM EST

28 February 2024

Equity

Key Changes

(US\$)	Previous	Current
Price Obj.	350.00	360.00
2025E Rev (m)	38,941.9	37,901.0
2026E Rev (m)	44,202.9	42,240.6
2027E Rev (m)	NA	47,723.2
2025E EPS	9.63	9.72
2026E EPS	10.77	10.80
2027E EPS	NA	12.08

Brad Sills

Research Analyst
BofAS
+1 415 436 1400
brad.sills@bofa.com

Natalie Howe

Research Analyst
BofAS
+1 415 436 1103
natalie.howe@bofa.com

Christopher Nolan

Research Analyst
BofAS
+1 917 864 1441
cnolan2@bofa.com

Stock Data

Price	299.77 USD
Price Objective	360.00 USD
Date Established	28-Feb-2024
Investment Opinion	B-1-9
52-Week Range	161.53 USD - 303.83 USD
Mrkt Val (mn) / Shares Out (mn)	280,884 USD / 937.0
Free Float	96.9%
Average Daily Value (mn)	1559.61 USD
BofA Ticker / Exchange	CRM / NYS
Bloomberg / Reuters	CRM US / CRM.N
ROE (2025E)	15.1%
Net Dbt to Eqty (Jan-2024A)	-2.7%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

CRPO = current remaining performance obligation;

ARR = Annual Recurring Revenue

iQprofileSM Salesforce.com

iQmethodSM – Bus Performance*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Return on Capital Employed	6.6%	11.9%	12.2%	12.1%	12.1%
Return on Equity	9.0%	13.7%	15.1%	14.8%	14.4%
Operating Margin	22.5%	30.5%	32.5%	34.0%	35.5%
Free Cash Flow	6,313	9,498	11,847	14,035	16,874

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash Realization Ratio	1.4x	1.3x	1.3x	1.3x	1.3x
Asset Replacement Ratio	0.2x	0.2x	0.2x	0.2x	0.2x
Tax Rate	30.4%	16.4%	22.5%	23.0%	23.0%
Net Debt-to-Equity Ratio	2.7%	-2.7%	-18.1%	-30.6%	-40.9%
Interest Cover	19.1x	NM	NA	NA	NA

Income Statement Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Sales	31,352	34,857	37,901	42,241	47,723
% Change	18.3%	11.2%	8.7%	11.4%	13.0%
Gross Profit	24,526	27,725	30,864	34,511	39,171
% Change	18.2%	13.0%	11.3%	11.8%	13.5%
EBITDA	10,854	14,591	16,234	18,335	20,929
% Change	31.6%	34.4%	11.3%	12.9%	14.1%
Net Interest & Other Income	(370)	(61)	435	412	412
Net Income (Adjusted)	5,224	8,087	9,916	11,712	13,832
% Change	12.3%	54.8%	22.6%	18.1%	18.1%

Free Cash Flow Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Net Income from Cont Operations (GAAP)	208	4,136	6,278	8,370	10,092
Depreciation & Amortization	3,786	3,959	3,926	3,953	3,989
Change in Working Capital	(2,069)	(2,850)	(2,707)	(3,112)	(2,708)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	5,186	4,989	5,026	5,577	6,352
Capital Expenditure	(798)	(736)	(676)	(753)	(851)
Free Cash Flow	6,313	9,498	11,847	14,035	16,874
% Change	19.5%	50.5%	24.7%	18.5%	20.2%
Share / Issue Repurchase	(4,000)	(7,620)	0	0	0
Cost of Dividends Paid	0	0	0	0	0
Change in Debt	(419)	(629)	(492)	(492)	(492)

Balance Sheet Data (Jan)

(US\$ Millions)	2023A	2024A	2025E	2026E	2027E
Cash & Equivalents	12,508	14,194	25,549	39,092	55,473
Trade Receivables	10,755	11,414	13,504	16,347	18,487
Other Current Assets	3,132	3,466	4,251	4,804	5,433
Property, Plant & Equipment	3,702	3,689	3,580	3,542	3,595
Other Non-Current Assets	68,752	67,060	65,121	63,581	62,580
Total Assets	98,849	99,823	112,005	127,366	145,568
Short-Term Debt	1,772	1,517	1,517	1,517	1,517
Other Current Liabilities	24,119	25,114	25,282	25,566	25,627
Long-Term Debt	12,316	11,071	11,071	11,071	11,071
Other Non-Current Liabilities	2,283	2,475	2,475	2,475	2,475
Total Liabilities	40,490	40,177	40,345	40,629	40,690
Total Equity	58,359	59,646	71,660	86,736	104,878
Total Equity & Liabilities	98,849	99,823	112,005	127,366	145,568

* For full definitions of iQmethodSM measures, see page 10.

Company Sector

Server & Enterprise Software

Company Description

Salesforce.com is a provider of on-demand customer relationship management (CRM) services to business of all sizes and industries worldwide, including sales, service, marketing, commerce, analytics, AI. Salesforce.com also offers PaaS for customers and developers to build applications.

Investment Rationale

We believe Salesforce is well positioned to continue capturing share of the cumulative \$200 billion market opportunity. With a combined market share of only 15% and a formidable competitive Moat, stemming from 1) largest installed base of over 150,000 customers in the core sales/front office category, 2) distribution channel of an estimated 14,000 personnel, and 3) breadth and depth of the suite, we believe a long runway exists for Salesforce to continue growing 15%+ organic in the coming years.

Stock Data

Average Daily Volume 5,202,679

Quarterly Earnings Estimates

	2024	2025
Q1	1.69A	2.37E
Q2	2.12A	2.40E
Q3	2.11A	2.40E
Q4	2.29A	2.54E

Q4 Recap

Salesforce reported solid Q4 results with revenue and margin upside as they continue their disciplined growth, however, they also reported soft guidance for FY25 cRPO growth of +11% y/y. Revenue of \$9.29 billion (+11% y/y, +10% c/c) slightly exceeded our \$9.22 billion, driven primarily by continued strong performance in core Sales and Service Clouds. Sales Cloud revenue grew +10% y/y, in line with our 10%. Service Cloud revenue grew +12% y/y, above our 11%. Marketing and Commerce Cloud revenue grew +8% y/y, above our +5%. Platform revenue grew +11%, above our 9%. Data Cloud revenue grew +21%, nicely exceeding our +16%. Finally, cRPO growth of +11% y/y, +10% y/y cc, was above our +10% y/y.

EPS of \$2.29 slightly exceeded our \$2.25 from topline and margin upside. Operating margin of 31.4% was largely in line with our 31.6%, driven by a disciplined hiring efforts and investment strategies. Outlook for FY25Q1 revenue of \$9.15 billion at the midpoint (+11% y/y, +12% y/y cc) is in line with our prior estimates. Non-GAAP EPS outlook for Q1 of \$2.38 at the midpoint exceeds our \$2.21. Q1 cRPO growth is guided to (+11% y/y, +12% y/y cc), right in line with our 11%.

Exhibit 1: Variance

Total revenue exceeded our estimates by 0.7%

\$ Thousands	BofA Estimates	4Q24A Actuals	Variance
Subscription and support	8,581,030	8,748,000	1.9%
y/y	10.2%	12.3%	2.1%
Prof services and other	642,600	539,000	(16.1%)
y/y	8.0%	-9.4%	(17.4%)
Total Revenue	9,223,630	9,287,000	0.7%
y/y	10.0%	10.8%	0.8%
Research and Development	10.9%	11.2%	0.3%
Marketing and Sales	30.4%	31.9%	1.5%
General and Administrative	6.2%	6.0%	(0.2%)
Operating (loss) Income	2,913,514	2,920,000	0.2%
Operating Margin	31.6%	31.4%	(0.1%)
Net Income - Proforma	2,218,420	2,251,000	1.5%
EPS - Proforma	\$2.25	\$2.29	1.6%
Cash & Marketable Securities	14,119,507	14,194,000	0.5%
Deferred Revenues	19,504,339	19,003,000	(2.6%)
Billings	16,163,969	15,726,000	(2.7%)
y/y	11%	8%	(3.0%)
Current RPO	27,060,000	27,600,000	2.0%
y/y	10%	12%	2.2%
RPO	53,460,000	56,900,000	6.4%
y/y	10%	17%	7.1%
Cash Flow from Operations	2,546,094	3,403,000	33.7%
y/y	-8.7%	22.1%	(354.2%)
Free Cash Flow	2,370,507	3,256,000	37.4%
y/y	-7.8%	26.7%	(443.9%)

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH



Exhibit 2: Estimate revisions

We forecast total revenue of \$37.9bn in FY25

\$ Millions (except per share)	1Q25E				FY25E				FY26E			
	Prev Est	Prev Y/Y	New Est	New Y/Y	Prev Est	Prev Y/Y	New Est	New Y/Y	Prev Est	Prev Y/Y	New Est	New Y/Y
Total Rev	9,140,722	10.8%	9,144,234	10.9%	38,941,913	11.9%	37,900,964	8.7%	44,202,917	13.5%	42,240,622	11.4%
Subs and Support	8,464,553	10.8%	8,617,884	12.8%	36,207,246	11.9%	35,882,564	10.3%	41,073,425	13.4%	39,992,912	11.5%
Prof serv and other	676,170	11.8%	526,350	-13.0%	2,734,667	12.8%	2,018,400	-13.0%	3,129,492	14.4%	2,247,710	11.4%
Current Bookings	8,831,722	14.0%	8,295,234	7.1%	42,189,113	13.2%	40,936,964	8.1%	48,445,925	14.8%	46,223,302	12.9%
cRPO	26,751,000	11.0%	26,751,000	11.0%	30,307,200	12.0%	30,636,000	11.0%	34,550,208	14.0%	34,618,680	13.0%
PF Operating Margin	30.5%	NM	27.6%	NM	32.0%	57.8%	32.5%	46.5%	33.5%	17.0%	34.0%	25.5%
EPS (Pro Forma)	\$2.21	30.6%	\$2.37	39.7%	\$9.63	17.8%	\$9.72	18.3%	\$10.77	11.8%	\$10.80	11.1%

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

Exhibit 3: Income Statement

We forecast total revenue of \$37.9bn in FY25

\$ Thousands (except per share data)	YEAR FY23A	Apr 1Q24A	Jul 2Q24A	Oct 3Q24A	Jan 4Q24A	YEAR FY24A	Apr 1Q25E	Jul 2Q25E	Oct 3Q25E	Jan 4Q25E	YEAR FY25E
Sales Cloud (ex Salesforce.org)	6,063,950	1,604,375	1,679,000	1,679,500	1,743,500	6,706,375	1,812,944	1,830,110	1,830,655	1,900,415	7,374,124
Service Cloud (ex Salesforce.org)	7,271,450	1,938,375	2,023,000	2,047,500	2,130,500	8,139,375	2,190,364	2,205,070	2,231,775	2,322,245	8,949,454
ExactTarget Marketing Cloud (incl. Pardot, Radian6, BuddyMedia)	2,185,450	564,375	562,000	568,500	616,500	2,311,375	598,238	590,100	591,240	641,160	2,420,738
App Cloud and Other (ex MULE, DATA, Vlocity, Slack)	4,337,450	1,128,875	1,177,000	1,185,500	1,212,500	4,703,875	1,230,474	1,259,390	1,256,630	1,285,250	5,031,744
Commerce Cloud (Demandware)	2,233,000	580,000	650,000	635,000	630,000	2,495,000	649,600	728,000	711,200	705,600	2,794,400
MuleSoft	2,189,000	531,000	576,000	627,000	952,000	2,686,000	631,890	662,400	708,510	1,075,760	3,078,560
Tableau	2,149,000	600,000	610,000	618,000	675,000	2,503,000	702,000	689,300	698,340	762,750	2,852,390
Salesforce.org	390,200	102,500	104,000	106,000	110,000	422,500	112,750	111,280	113,420	117,700	455,150
Vlocity	669,500	180,000	190,000	200,000	198,000	768,000	207,000	214,700	226,000	221,760	869,460
Slack	1,532,000	412,500	435,000	474,000	480,000	1,801,500	482,625	495,900	535,620	542,400	2,056,545
Sales Cloud	6,831,000	1,810,000	1,895,000	1,906,000	1,969,000	7,580,000	2,048,131	2,072,630	2,085,010	2,151,600	8,357,371
Service Cloud	7,369,000	1,964,000	2,049,000	2,074,000	2,158,000	8,245,000	2,218,551	2,232,890	2,260,130	2,351,670	9,063,241
Salesforce Platform and Other	5,967,000	1,567,000	1,638,000	1,686,000	1,720,000	6,611,000	1,741,286	1,783,110	1,820,605	1,857,075	7,202,076
Marketing and Commerce Cloud	4,516,000	1,170,000	1,238,000	1,230,000	1,274,000	4,912,000	1,276,025	1,345,920	1,330,795	1,376,185	5,328,925
Data	4,338,000	1,131,000	1,186,000	1,245,000	1,627,000	5,189,000	1,333,890	1,351,700	1,406,850	1,838,510	5,930,950
Total Subscription revenue	29,021,000	7,642,000	8,006,000	8,141,000	8,748,000	32,537,000	8,617,884	8,786,250	8,903,390	9,575,040	35,882,564
Total Prof services and other	2,331,000	605,000	597,000	579,000	539,000	2,320,000	526,350	519,390	503,730	468,930	2,018,400
Total revenue	31,352,000	8,247,000	8,603,000	8,720,000	9,287,000	34,857,000	9,144,234	9,305,640	9,407,120	10,043,970	37,900,964
Sales Cloud (ex Salesforce.org) y/y	13.2%	10.1%	11.6%	10.8%	9.9%	10.6%	13.0%	9.0%	9.0%	9.0%	10.0%
Service Cloud (ex Salesforce.org) y/y	13.9%	11.6%	12.1%	11.8%	12.2%	11.9%	13.0%	9.0%	9.0%	9.0%	10.0%
ExactTarget Marketing Cloud (incl. Pardot, Radian6, BuddyMedia) y/y	2.9%	0.9%	9.7%	7.0%	5.9%	5.8%	6.0%	5.0%	4.0%	4.0%	4.7%
App Cloud and Other excl MULE and DATA y/y	13.1%	7.5%	9.1%	9.1%	8.1%	8.4%	9.0%	7.0%	6.0%	6.0%	7.0%
Commerce Cloud (Demandware) y/y	32.2%	14.9%	11.1%	10.8%	10.5%	11.7%	12.0%	12.0%	12.0%	12.0%	12.0%
MuleSoft y/y	19.9%	26.4%	18.8%	26.7%	20.7%	22.7%	19.0%	15.0%	13.0%	13.0%	14.6%
Tableau y/y	9.8%	12.1%	13.8%	18.2%	21.6%	16.5%	17.0%	13.0%	13.0%	13.0%	14.0%
Salesforce.org y/y	9.1%	4.9%	10.2%	8.1%	10.0%	8.3%	10.0%	7.0%	7.0%	7.0%	7.7%
Vlocity y/y	23.1%	20.0%	13.4%	13.0%	13.1%	14.7%	15.0%	13.0%	13.0%	12.0%	13.2%
Slack y/y		19.9%	15.7%	17.9%	17.1%	17.6%	17.0%	14.0%	13.0%	13.0%	14.2%
Sales Cloud y/y	14.1%	10.9%	11.8%	11.0%	10.2%	11.0%	13.2%	9.4%	9.4%	9.3%	10.3%
Service Cloud y/y	13.8%	11.5%	12.1%	11.7%	12.2%	11.9%	13.0%	9.0%	9.0%	9.0%	9.9%
Salesforce Platform and Other y/y	32.3%	10.4%	10.8%	11.4%	10.5%	10.8%	11.1%	8.9%	8.0%	8.0%	8.9%
Marketing and Commerce Cloud y/y	15.7%	7.4%	10.4%	8.9%	8.2%	8.8%	9.1%	8.7%	8.2%	8.0%	8.5%
Data	14.7%	18.4%	16.2%	22.3%	21.1%	19.6%	17.9%	14.0%	13.0%	13.0%	
Total Subscription revenue y/y	17.7%	11.5%	12.1%	12.6%	12.3%	12.1%	12.8%	9.7%	9.4%	9.5%	10.3%
Organic subscription revenue y/y	14.2%	11.5%	12.1%	12.6%	12.3%	12.1%	12.8%	9.7%	9.4%	9.5%	10.3%
Prof services and other y/y	27.0%	9.0%	3.5%	(4.1%)	(9.4%)	-0.5%	(13.0%)	(13.0%)	(13.0%)	(13.0%)	-13.0%
Organic professional services y/y	33.9%	25.3%	3.5%	(4.1%)	(9.4%)						
Total revenues y/y	18.3%	11.3%	11.4%	11.3%	10.8%	11.2%	10.9%	8.2%	7.9%	8.2%	8.7%
Total revenue y/y cc	21.6%	13.3%	11.4%	10.0%	10.2%	11.2%	11.5%	8.2%	7.9%	8.2%	9.0%
Organic revenues y/y	15.1%	11.3%	11.4%	11.3%	10.8%						
Organic revenue y/y cc	18.3%	13.3%	11.4%	10.0%	10.2%						

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH



Exhibit 4: Income statement analysis

We forecast operating margin of 32.5% in FY25

	YEAR	Apr	Jul	Oct	Jan	YEAR	Apr	Jul	Oct	Jan	YEAR
	FY23A	1Q24A	2Q24A	3Q24A	4Q24A	FY24A	1Q25E	2Q25E	3Q25E	4Q25E	FY25E
Margin Analysis											
Subscription and support	85.2%	84.8%	85.6%	85.1%	85.8%	85.3%	85.9%	86.0%	86.0%	86.0%	86.0%
Total Prof services and other	(8.9%)	(1.7%)	(0.2%)	(0.9%)	(5.2%)	(1.9%)	0.0%	0.0%	0.0%	0.0%	0.0%
Total Gross Margin	78.2%	78.5%	79.6%	79.3%	80.6%	79.5%	81.0%	81.2%	81.4%	82.0%	81.4%
Research and development	12.5%	11.7%	11.2%	11.1%	11.2%	11.3%	11.3%	11.5%	11.3%	11.4%	11.4%
Sales & Marketing	36.2%	32.4%	30.4%	30.7%	31.9%	31.3%	32.0%	31.0%	31.1%	31.7%	31.4%
General and administrative	7.0%	6.9%	6.4%	6.4%	6.0%	6.4%	6.1%	6.2%	6.2%	6.0%	6.1%
Total Operating Expenses	55.7%	50.9%	48.0%	48.2%	49.1%	49.0%	49.4%	48.7%	48.6%	49.2%	49.0%
S&M/Incr. Revenues	2.3x	3.2x	3.0x	3.0x	3.3x	3.1x	3.3x	4.1x	4.3x	4.2x	3.9x
GAAP Operating Margin	5.9%	5.0%	17.2%	17.2%	17.5%	14.4%	18.6%	19.8%	20.5%	21.8%	20.2%
Operating Margin	22.5%	27.6%	31.6%	31.2%	31.4%	30.5%	31.6%	32.6%	32.8%	32.9%	32.5%
Pretax Margin	21.4%	26.5%	31.8%	31.0%	31.7%	30.3%	33.1%	33.6%	33.9%	33.9%	33.6%
Proforma Tax Rate	22.0%	23.5%	23.5%	23.5%	23.5%	23.5%	22.3%	22.3%	22.3%	21.8%	22.2%
Net Margin	16.7%	20.3%	24.3%	23.7%	24.2%	23.2%	25.7%	26.1%	26.3%	26.5%	26.2%
Growth Rates											
Quarter-to-Quarter											
Subscription and support (organic excl ET)		(1.9%)	4.8%	1.7%	7.5%		(1.5%)	2.0%	1.3%	7.5%	
Total Prof services and other		1.7%	(1.3%)	(3.0%)	(6.9%)		(2.3%)	(1.3%)	(3.0%)	(6.9%)	
Total revenue		(1.6%)	4.3%	1.4%	6.5%		(1.5%)	1.8%	1.1%	6.8%	
Operating (loss) income		(7.1%)	19.7%	(0.1%)	7.5%		(0.9%)	4.7%	1.8%	7.0%	
Pretax Income		3.1%	25.1%	(1.2%)	8.9%		2.9%	3.4%	1.7%	6.8%	
PF Net Income (Loss)		1.1%	25.1%	(1.2%)	8.8%		4.5%	3.4%	1.7%	7.6%	
PF EPS (diluted)		1.0%	25.3%	(0.7%)	8.6%		3.3%	1.6%	(0.0%)	5.7%	
Year-to-Year											
Sales Cloud (ex Salesforce.org) y/y	13.2%	10.1%	11.6%	10.8%	9.9%	10.6%	13.0%	9.0%	9.0%	9.0%	10.0%
Service Cloud (ex Salesforce.org) y/y	13.9%	11.6%	12.1%	11.8%	12.2%	11.9%	13.0%	9.0%	9.0%	9.0%	10.0%
ExactTarget Marketing Cloud (incl. Pardot, Radian6, BuddyMedia) y/y	2.9%	0.9%	9.7%	7.0%	5.9%	5.8%	6.0%	5.0%	4.0%	4.0%	4.7%
App Cloud and Other excl MULE and DATA y/y	13.1%	7.5%	9.1%	9.1%	8.1%	8.4%	9.0%	7.0%	6.0%	6.0%	7.0%
Commerce Cloud (Demandware) y/y	32.2%	14.9%	11.1%	10.8%	10.5%	11.7%	12.0%	12.0%	12.0%	12.0%	12.0%
MuleSoft y/y	19.9%	26.4%	18.8%	26.7%	20.7%	22.7%	19.0%	15.0%	13.0%	13.0%	14.6%
Tableau y/y	9.8%	12.1%	13.8%	18.2%	21.6%	16.5%	17.0%	13.0%	13.0%	13.0%	14.0%
Salesforce.org y/y	9.1%	4.9%	10.2%	8.1%	10.0%	8.3%	10.0%	7.0%	7.0%	7.0%	7.7%
Vlocity y/y	23.1%	20.0%	13.4%	13.0%	13.1%	14.7%	15.0%	13.0%	13.0%	12.0%	13.2%
Slack	162.3%	19.9%	15.7%	17.9%	17.1%	17.6%	17.0%	14.0%	13.0%	13.0%	14.2%
Subscription and support (organic)	14.2%	11.5%	12.1%	12.6%	12.3%	12.1%	12.8%	9.7%	9.4%	9.5%	10.3%
Subscription and support	17.7%	11.5%	12.1%	12.6%	12.3%	12.1%	12.8%	9.7%	9.4%	9.5%	10.3%
Total Prof services and other	27.0%	9.0%	3.5%	(4.1%)	(9.4%)	(0.5%)	(13.0%)	(13.0%)	(13.0%)	(13.0%)	(13.0%)
Total revenue	18.3%	11.3%	11.4%	11.3%	10.8%	11.2%	10.9%	8.2%	7.9%	8.2%	8.7%
Operating (loss) income	42.8%	73.9%	77.1%	52.9%	19.3%	50.4%	27.2%	11.4%	13.5%	13.0%	15.8%
Pretax Income	12.9%	73.8%	79.6%	50.8%	38.6%	57.8%	38.4%	14.4%	17.8%	15.5%	20.6%
PF Net Income (Loss)	12.1%	70.5%	76.0%	47.9%	35.9%	54.8%	40.5%	16.1%	19.6%	18.2%	22.6%
PF EPS (diluted)	9.6%	72.7%	78.6%	50.8%	36.5%	56.8%	39.7%	13.2%	14.0%	11.0%	18.3%
Reported net income - GAAP	(85.6%)	NM	NM	NM	NM	NM	NM	19.0%	28.6%	22.9%	51.8%
Diluted EPS -- GAAP	(85.9%)	NM	NM	NM	NM	NM	NM	16.0%	22.6%	15.4%	46.5%

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH



Exhibit 5: Balance sheet

We forecast cash and equivalents of \$19.8bn in FY25

\$Thousands	YEAR FY23A	Apr 1Q24A	Jul 2Q24A	Oct 3Q24A	Jan 4Q24A	YEAR FY24A	Apr 1Q25E	Jul 2Q25E	Oct 3Q25E	Jan 4Q25E	YEAR FY25E
CURRENT ASSETS:											
Cash and Cash Equivalents	7,016,000	9,155,000	6,772,000	6,453,000	8,472,000	8,472,000	13,014,870	13,706,906	16,218,605	19,827,048	19,827,048
Marketable Securities	5,492,000	4,822,000	5,625,000	5,410,000	5,722,000	5,722,000	5,722,000	5,722,000	5,722,000	5,722,000	5,722,000
Net Receivables	10,755,000	4,632,000	5,400,000	4,850,000	11,414,000	11,414,000	5,181,660	6,120,208	5,702,527	13,504,417	13,504,417
Deferred Commissions	1,776,000	1,772,000	1,781,000	1,757,000	1,905,000	1,905,000	2,166,573	2,194,419	1,895,448	2,060,274	2,060,274
Prepaid Expenses & other current	1,356,000	1,600,000	1,560,000	1,732,000	1,561,000	1,561,000	2,231,284	2,152,693	2,338,834	2,190,433	2,190,433
TOTAL CURRENT ASSETS:	26,395,000	21,981,000	21,138,000	20,202,000	29,074,000	29,074,000	28,316,388	29,896,226	31,877,415	43,304,172	43,304,172
Marketable Securities, LT	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-
Net PP&E	3,702,000	3,695,000	3,876,000	3,807,000	3,689,000	3,689,000	3,662,600	3,635,734	3,608,574	3,579,577	3,579,577
Capitalized Software Costs	2,697,000	2,506,000	2,352,000	2,194,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000	2,515,000
Deferred commissions LT	2,800,000	2,859,000	2,980,000	3,176,000	3,433,000	3,433,000	3,859,650	4,023,000	4,287,600	4,634,550	4,634,550
Goodwill and other LT Assets	63,255,000	62,500,000	62,101,000	61,643,000	61,112,000	61,112,000	60,354,284	59,583,194	58,803,695	57,971,425	57,971,425
TOTAL ASSETS:	98,849,000	93,541,000	92,447,000	91,022,000	99,823,000	99,823,000	98,707,922	99,653,154	101,092,284	112,004,724	112,004,724
LIABILITIES:											
Accounts Payables	6,743,000	5,733,000	5,059,000	5,308,000	6,111,000	6,111,000	4,436,434	3,518,004	3,750,765	4,499,865	4,499,865
Accrued Expenses and Other Current	-	-	-	-	-	-	-	-	-	-	-
Income Taxes Payable	-	-	-	-	-	-	-	-	-	-	-
AP and Accruals	6,743,000	5,733,000	5,059,000	5,308,000	6,111,000	6,111,000	4,436,434	3,518,004	3,750,765	4,499,865	4,499,865
Capital Leases – Current	-	-	-	-	-	-	-	-	-	-	-
Deferred Revenue	17,376,000	15,121,000	14,237,000	12,564,000	19,003,000	19,003,000	16,536,853	15,570,080	13,740,429	20,782,344	20,782,344
ST convert/loans	1,772,000	772,000	1,509,000	1,522,000	1,517,000	1,517,000	1,517,000	1,517,000	1,517,000	1,517,000	1,517,000
TOTAL CURRENT LIABILITIES:	25,891,000	21,626,000	20,805,000	19,394,000	26,631,000	26,631,000	22,490,287	20,605,084	19,008,194	26,799,209	26,799,209
Capital Lease - LT	2,897,000	2,880,000	2,867,000	2,764,000	2,644,000	2,644,000	2,644,000	2,644,000	2,644,000	2,644,000	2,644,000
LT Rent Liability	-	-	-	-	-	-	-	-	-	-	-
Long Term Debt/term loan	9,419,000	9,421,000	8,424,000	8,426,000	8,427,000	8,427,000	8,427,000	8,427,000	8,427,000	8,427,000	8,427,000
Income Taxes Payable	-	-	-	-	-	-	-	-	-	-	-
LT Liabilities	2,283,000	2,202,000	2,269,000	2,348,000	2,475,000	2,475,000	2,475,000	2,475,000	2,475,000	2,475,000	2,475,000
Long Term Deferred Revenue	-	-	-	-	-	-	-	-	-	-	-
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES:	40,490,000	36,129,000	34,365,000	32,932,000	40,177,000	40,177,000	36,036,287	34,151,084	32,554,194	40,345,209	40,345,209
TOTAL EQUITY:	58,359,000	57,412,000	58,082,000	58,090,000	59,646,000	59,646,000	62,671,635	65,502,070	68,538,090	71,659,515	71,659,515
TOTAL LIABILITIES & EQUITY:	98,849,000	93,541,000	92,447,000	91,022,000	99,823,000	99,823,000	98,707,922	99,653,154	101,092,284	112,004,724	112,004,724

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

Exhibit 6: Cash flow statement

We forecast operating cash flow growth of 22.4% in FY25

\$Thousands	YEAR	Apr	Jul	Oct	Jan	YEAR	Apr	Jul	Oct	Jan	YEAR
	FY23A	1Q24A	2Q24A	3Q24A	4Q24A	FY24A	1Q25E	2Q25E	3Q25E	4Q25E	FY25E
Net income (loss)	208,000	199,000	1,267,000	1,224,000	1,446,000	4,136,000	1,419,293	1,507,411	1,573,799	1,777,237	6,277,739
Cash flows from operating activities:											
Minority Interest	-	-	-	-	-	-	-	-	-	-	-
Depreciation & Amortization	3,786,000	1,254,000	890,000	862,000	953,000	3,959,000	947,145	963,863	974,374	1,040,338	3,925,719
Loss on retirement of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Lease Abandonment (recovery)/Amort of debt disc (FY11)	-	-	-	-	-	-	-	-	-	-	-
Amortization of deferred commissions	1,668,000	470,000	476,000	482,000	497,000	1,925,000	575,662	544,740	571,616	367,489	2,059,506
Accrued Interest on Stockholder notes receivable	-	-	-	-	-	-	-	-	-	-	-
Expenses related to stock-based awards	3,279,000	696,000	724,000	693,000	674,000	2,787,000	727,030	737,935	749,004	752,750	2,966,719
Tax Benefit from Employee stock plans	-	-	-	-	-	-	-	-	-	-	-
Tax valuation allowance	-	-	-	-	-	-	-	-	-	-	-
Gains on strategic investments, net	239,000	141,000	29,000	72,000	35,000	277,000	-	-	-	-	-
Change in assets and liabilities, net	(2,069,000)	1,731,000	(2,578,000)	(1,801,000)	(202,000)	(2,850,000)	1,159,769	(2,773,006)	(1,066,379)	(27,300)	(2,706,915)
Net cash provided by (used in) operating activities	7,111,000	4,491,000	808,000	1,532,000	3,403,000	10,234,000	4,828,899	980,942	2,802,415	3,910,513	12,522,768
y/y	18.5%	22.2%	141.9%	389.5%	22.1%	43.9%	7.5%	21.4%	82.9%	14.9%	22.4%
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-
Changes in marketable securities	(752,000)	590,000	(972,000)	194,000	(321,000)	(509,000)	-	-	-	-	-
Acquisitions	(439,000)	-	-	(82,000)	-	(82,000)	-	-	-	-	-
Capital Expenditures	(798,000)	(243,000)	(180,000)	(166,000)	(147,000)	(736,000)	(163,029)	(165,906)	(167,716)	(179,070)	(675,720)
Net cash provided by (used in) investing activities	(1,989,000)	347,000	(1,152,000)	(54,000)	(468,000)	(1,327,000)	(163,029)	(165,906)	(167,716)	(179,070)	(675,720)
Proceeds from borrowing on convertible debt	-	-	-	-	-	-	-	-	-	-	-
Proceeds from exercise of stock options	861,000	449,000	362,000	274,000	869,000	1,954,000	-	-	-	-	-
Collection of Notes receivables	-	-	-	-	-	-	-	-	-	-	-
Principal payments on financing obligations	(419,000)	(110,000)	(282,000)	(114,000)	(123,000)	(629,000)	(123,000)	(123,000)	(123,000)	(123,000)	(492,000)
Repurchase of shares/Subsidiary stock	(4,000,000)	(2,054,000)	(1,949,000)	(1,925,000)	(1,692,000)	(7,620,000)	-	-	-	-	-
Repayments of debt	(4,000)	(1,001,000)	(181,000)	-	-	(1,182,000)	-	-	-	-	-
Net cash provided by (used in) financing activities	(3,562,000)	(2,716,000)	(2,050,000)	(1,765,000)	(946,000)	(7,477,000)	(123,000)	(123,000)	(123,000)	(123,000)	(492,000)
Effect of exchange rate changes	(8,000)	17,000	11,000	(32,000)	30,000	26,000	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	1,552,000	2,139,000	(2,383,000)	(319,000)	2,019,000	1,456,000	4,542,870	692,036	2,511,699	3,608,443	11,355,048
Cash and cash equivalents, beginning of period	5,464,000	7,016,000	9,155,000	6,772,000	6,453,000	7,016,000	8,472,000	13,014,870	13,706,906	16,218,605	8,472,000
Cash and cash equivalents, end of period	7,016,000	9,155,000	6,772,000	6,453,000	8,472,000	8,472,000	13,014,870	13,706,906	16,218,605	19,827,048	19,827,048

Source: BofA Global Research estimates, company report

BofA GLOBAL RESEARCH

Price objective basis & risk

Salesforce.com (CRM)

Our PO of \$360 is based on an EV/FCF multiple of 25x our C25E FCF estimate, representing a growth adjusted multiple of 0.7x. This is a discount to the large cap software group at 1.3x, which we believe is justified for margin expansion.

Downside risks are: 1) Competition from point solutions and platform vendors presents the risk of slowing share gains/share losses if the company fails to continue delivering ongoing roadmap of new features/new modules, 2) Salesforce's history of acquisitions could present a higher degree of execution risk given the need to continuously integrate the technologies and the installed bases of offerings of technology that are not organically built, and 3) enterprise application spending has proven to be highly cyclical, given the more discretionary nature of applications projects - during an economic slowdown, projects involving application upgrades, migrations or new installations are often deferred which could present a higher degree of risk for a bookings deceleration.

Analyst Certification

I, Brad Sills, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
BUY				
	8x8	EGHT	EGHT US	Michael J. Funk
	Adobe	ADBE	ADBE US	Brad Sills
	Alarm.com	ALRM	ALRM US	Michael J. Funk
	Amplitude, Inc.	AMPL	AMPL US	Koji Ikeda, CFA
	Asana	ASAN	ASAN US	Michael J. Funk
	BILL	BILL	BILL US	Brad Sills
	CCC Intelligent Solutions	CCCS	CCCS US	Michael J. Funk
	Dynatrace	DT	DT US	Koji Ikeda, CFA
	Elastic NV	ESTC	ESTC US	Koji Ikeda, CFA
	GitLab Inc.	GTLB	GTLB US	Koji Ikeda, CFA
	Global-e Online Ltd.	GLBE	GLBE US	Koji Ikeda, CFA
	HubSpot	HUBS	HUBS US	Brad Sills
	Informatica Inc.	INFA	INFA US	Koji Ikeda, CFA
	Intapp Inc.	INTA	INTA US	Koji Ikeda, CFA
	Intuit	INTU	INTU US	Brad Sills
	JFrog Ltd	FROG	FROG US	Koji Ikeda, CFA
	MeridianLink, Inc.	MLNK	MLNK US	Koji Ikeda, CFA
	Microsoft Corporation	MSFT	MSFT US	Brad Sills
	Monday.com	MNDY	MNDY US	Michael J. Funk
	MongoDB Inc	MDB	MDB US	Brad Sills
	nCino, Inc.	NCNO	NCNO US	Adam Bergere
	NICE Ltd.	NICE	NICE US	Michael J. Funk
	NICE Ltd.	NCSYF	NICE IT	Michael J. Funk
	PagerDuty	PD	PD US	Koji Ikeda, CFA
	PowerSchool Holdings, Inc.	PWSC	PWSC US	Koji Ikeda, CFA
	RingCentral	RNG	RNG US	Michael J. Funk
	Salesforce.com	CRM	CRM US	Brad Sills
	ServiceNow	NOW	NOW US	Brad Sills
	UiPath	PATH	PATH US	Brad Sills
	Unity	U	U US	Michael J. Funk
	Weave	WEAV	WEAV US	Michael J. Funk
	Workday Inc.	WDAY	WDAY US	Brad Sills
	Zeta Global	ZETA	ZETA US	Koji Ikeda, CFA
	ZoomInfo	ZI	ZI US	Koji Ikeda, CFA



US - Enterprise Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
NEUTRAL				
	Autodesk	ADSK	ADSK US	Michael J. Funk
	Bentley Systems	BSY	BSY US	Michael J. Funk
	BigCommerce Holdings, Inc.	BIGC	BIGC US	Koji Ikeda, CFA
	Coveo	YCVO	CVO CN	Koji Ikeda, CFA
	Datadog Inc	DDOG	DDOG US	Koji Ikeda, CFA
	DocuSign	DOCU	DOCU US	Brad Sills
	Freshworks, Inc.	FRSH	FRSH US	Adam Bergere
	HashiCorp	HCP	HCP US	Brad Sills
	Jamf	JAMF	JAMF US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	LSPD	LSPD US	Koji Ikeda, CFA
	Lightspeed Commerce Inc.	YLSPD	LSPD CN	Koji Ikeda, CFA
	Oracle Corporation	ORCL	ORCL US	Brad Sills
	Paycom	PAYC	PAYC US	Adam Bergere
	Paylocity	PCTY	PCTY US	Adam Bergere
	Shopify, Inc.	SHOP	SHOP US	Brad Sills
	Snowflake	SNOW	SNOW US	Brad Sills
	Veeva Systems, Inc.	VEEV	VEEV US	Brad Sills
	Zoom Video Communications	ZM	ZM US	Michael J. Funk
UNDERPERFORM				
	AvidXchange, Inc.	AVDX	AVDX US	Brad Sills
	Blackbaud, Inc.	BLKB	BLKB US	Koji Ikeda, CFA
	BlackLine, Inc.	BL	BL US	Koji Ikeda, CFA
	C3.ai	AI	AI US	Brad Sills
	Confluent	CFLT	CFLT US	Brad Sills
	CS Disco, Inc.	LAW	LAW US	Koji Ikeda, CFA
	Dropbox	DBX	DBX US	Michael J. Funk
	Enfusion, Inc.	ENFN	ENFN US	Koji Ikeda, CFA
	Five9	FIVN	FIVN US	Michael J. Funk
	Guidewire Software, Inc.	GWRE	GWRE US	Michael J. Funk
	Smartsheet	SMAR	SMAR US	Michael J. Funk
	Twilio	TWLO	TWLO US	Michael J. Funk
	Vertex, Inc.	VERX	VERX US	Brad Sills
RSTR				
	Splunk	SPLK	SPLK US	Brad Sills

IQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

Valuation Toolkit

Numerator

Denominator

*IQmethod*SM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and validations. The key features of iQmethod are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

IQdatabase[®] is our real-time global research database that is sourced directly from our equity analysts' earnings models and includes forecasted as well as historical data for income statements, balance sheets, and cash flow statements for companies covered by BofA Global Research.

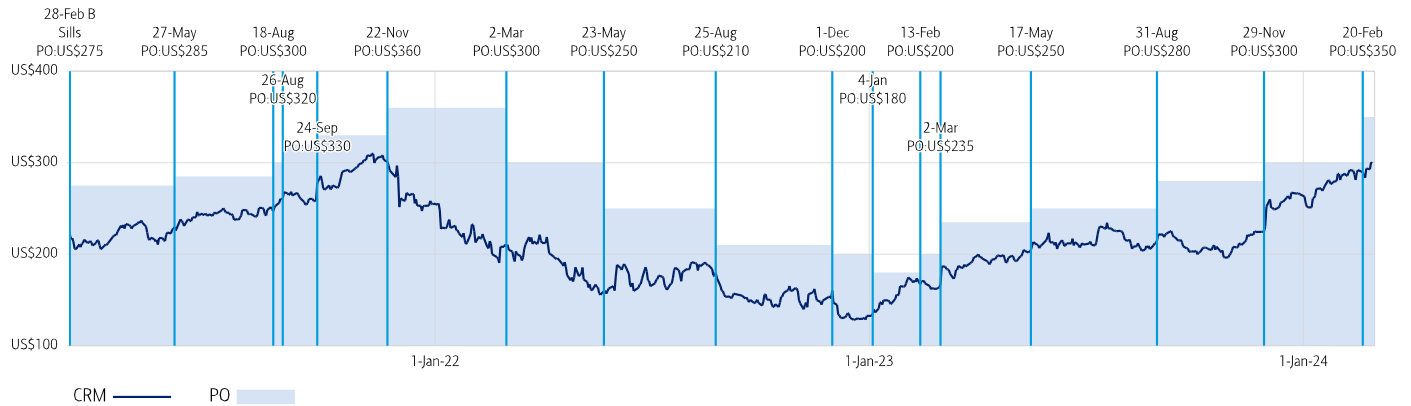
*IQprofile*SM, *IQmethod*SM are service marks of Bank of America Corporation. *IQdatabase*[®] is a registered service mark of Bank of America Corporation.



Disclosures

Important Disclosures

Salesforce.com (CRM) Price Chart



B: Buy, N: Neutral, U: Underperform, PO: Price Objective, NA: No longer valid, NR: No Rating

The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

INCOME RATINGS, indicators of potential cash dividends, are: 7 - same/higher (dividend considered to be secure), 8 - same/lower (dividend not considered to be secure) and 9 - pays no cash dividend. **Coverage Cluster** is comprised of stocks covered by a single analyst or two or more analysts sharing a common industry, sector, region or other classification(s). A stock's coverage cluster is included in the most recent BofA Global Research report referencing the stock.

Price Charts for the securities referenced in this research report are available on the [Price Charts website](#), or call 1-800-MERRILL to have them mailed.

BofAS or one of its affiliates acts as a market maker for the equity securities recommended in the report: Salesforce.com.

The issuer is or was, within the last 12 months, an investment banking client of BofAS and/or one or more of its affiliates: Salesforce.com.

BofAS or an affiliate has received compensation from the issuer for non-investment banking services or products within the past 12 months: Salesforce.com.

The issuer is or was, within the last 12 months, a non-securities business client of BofAS and/or one or more of its affiliates: Salesforce.com.

An officer, director or employee of BofAS or one of its affiliates is an officer or director of this issuer: Salesforce.com.

BofAS or an affiliate has received compensation for investment banking services from this issuer within the past 12 months: Salesforce.com.

BofAS or an affiliate expects to receive or intends to seek compensation for investment banking services from this issuer or an affiliate of the issuer within the next three months: Salesforce.com.

BofAS together with its affiliates beneficially owns one percent or more of the common stock of this issuer. If this report was issued on or after the 9th day of the month, it reflects the

ownership position on the last day of the previous month. Reports issued before the 9th day of a month reflect the ownership position at the end of the second month preceding the date of the report: Salesforce.com.

BofAS or one of its affiliates is willing to sell to, or buy from, clients the common equity of the issuer on a principal basis: Salesforce.com.

The issuer is or was, within the last 12 months, a securities business client (non-investment banking) of BofAS and/or one or more of its affiliates: Salesforce.com.

BofA Global Research personnel (including the analyst(s) responsible for this report) receive compensation based upon, among other factors, the overall profitability of Bank of America Corporation, including profits derived from investment banking. The analyst(s) responsible for this report may also receive compensation based upon, among other factors, the overall profitability of the Bank's sales and trading businesses relating to the class of securities or financial instruments for which such analyst is responsible.

Other Important Disclosures

From time to time research analysts conduct site visits of covered issuers. BofA Global Research policies prohibit research analysts from accepting payment or reimbursement for travel expenses from the issuer for such visits.

Prices are indicative and for information purposes only. Except as otherwise stated in the report, for any recommendation in relation to an equity security, the price referenced is the publicly traded price of the security as of close of business on the day prior to the date of the report or, if the report is published during intraday trading, the price referenced is indicative of the traded price as of the date and time of the report and in relation to a debt security (including equity preferred and CDS), prices are indicative as of the date and time of the report and are from various sources including BofA Securities trading desks.

The date and time of completion of the production of any recommendation in this report shall be the date and time of dissemination of this report as recorded in the report timestamp.

Recipients who are not institutional investors or market professionals should seek the advice of their independent financial advisor before considering information in this report in connection with any investment decision, or for a necessary explanation of its contents.

Officers of BofAS or one or more of its affiliates (other than research analysts) may have a financial interest in securities of the issuer(s) or in related investments.

Refer to [BofA Global Research policies relating to conflicts of interest](#).

'BofA Securities' includes BofA Securities, Inc. ('BofAS') and its affiliates. Investors should contact their BofA Securities representative or Merrill Global Wealth Management financial advisor if they have questions concerning this report or concerning the appropriateness of any investment idea described herein for such investor. 'BofA Securities' is a global brand for BofA Global Research.

Information relating to Non-US affiliates of BofA Securities and Distribution of Affiliate Research Reports:

BofAS and/or Merrill Lynch, Pierce, Fenner & Smith Incorporated ('MLPF&S') may in the future distribute, information of the following non-US affiliates in the US (short name: legal name, regulator): Merrill Lynch (South Africa): Merrill Lynch South Africa (Pty) Ltd., regulated by The Financial Service Board; MLI (UK): Merrill Lynch International, regulated by the Financial Conduct Authority (FCA) and the Prudential Regulation Authority (PRA); BofASE (France): BofA Securities Europe SA is authorized by the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers (AMF). BofA Securities Europe SA ('BofASE') with registered address at 51, rue La Boétie, 75008 Paris is registered under no 842 602 690 RCS Paris. In accordance with the provisions of French Code Monétaire et Financier (Monetary and Financial Code), BofASE is an établissement de crédit et d'investissement (credit and investment institution) that is authorised and supervised by the European Central Bank and the Autorité de Contrôle Prudentiel et de Résolution (ACPR) and regulated by the ACPR and the Autorité des Marchés Financiers. BofASE's share capital can be found at www.bofamli.com/BofASEdisclaimer; BofA Europe (Milan): Bank of America Europe Designated Activity Company, Milan Branch, regulated by the Bank of Italy, the European Central Bank (ECB) and the Central Bank of Ireland (CBI); BofA Europe (Frankfurt): Bank of America Europe Designated Activity Company, Frankfurt Branch regulated by BaFin, the ECB and the CBI; BofA Europe (Madrid): Bank of America Europe Designated Activity Company, Sucursal en España, regulated by the Bank of Spain, the ECB and the CBI; Merrill Lynch (Australia): Merrill Lynch Equities (Australia) Limited, regulated by the Australian Securities and Investments Commission; Merrill Lynch (Hong Kong): Merrill Lynch (Asia Pacific) Limited, regulated by the Hong Kong Securities and Futures Commission (HKSCF); Merrill Lynch (Singapore): Merrill Lynch (Singapore) Pte Ltd, regulated by the Monetary Authority of Singapore (MAS); Merrill Lynch (Canada): Merrill Lynch Canada Inc, regulated by the Canadian Investment Regulatory Organization; Merrill Lynch (Mexico): Merrill Lynch Mexico, SA de CV, Casa de Bolsa, regulated by the Comisión Nacional Bancaria y de Valores; Merrill Lynch (Argentina): Merrill Lynch Argentina SA, regulated by Comisión Nacional de Valores; BofAS Japan: BofA Securities Japan Co., Ltd., regulated by the Financial Services Agency; Merrill Lynch (Seoul): Merrill Lynch International, LLC Seoul Branch, regulated by the Financial Supervisory Service; Merrill Lynch (Taiwan): Merrill Lynch Securities (Taiwan) Ltd., regulated by the Securities and Futures Bureau; BofAS India: BofA Securities India Limited, regulated by the Securities and Exchange Board of India (SEBI); Merrill Lynch (Israel): Merrill Lynch Israel Limited, regulated by Israel Securities Authority; Merrill Lynch (DIFC): Merrill Lynch International (DIFC Branch), regulated by the Dubai Financial Services Authority (DFS); Merrill Lynch (Brazil): Merrill Lynch S.A. Corretora de Títulos e Valores Mobiliários, regulated by Comissão de Valores Mobiliários; Merrill Lynch KSA Company: Merrill Lynch Kingdom of Saudi Arabia Company, regulated by the Capital Market Authority.

This information has been prepared for publication and is distributed in the United Kingdom (UK) to professional clients and eligible counterparties (as each is defined in the rules of the FCA and the PRA) by MLI (UK), which is authorized by the PRA and regulated by the FCA and the PRA - details about the extent of our regulation by the FCA and PRA are available from us on request; has been approved for publication and is distributed in the European Economic Area (EEA) by BofASE (France), which is authorized by the ACPR and regulated by the ACPR and the AMF; has been considered and distributed in Japan by BofAS Japan, a registered securities dealer under the Financial Instruments and Exchange Act in Japan, or its permitted affiliates; is issued and distributed in Hong Kong by Merrill Lynch (Hong Kong) which is regulated by HKSCF; is issued and distributed in Taiwan by Merrill Lynch (Taiwan); is issued and distributed in India by BofAS India; and is issued and distributed in Singapore to institutional investors and/or accredited investors (each as defined under the Financial Advisers Regulations) by Merrill Lynch (Singapore) (Company Registration No 198602883D). Merrill Lynch (Singapore) is regulated by MAS. Merrill Lynch Equities (Australia) Limited (ABN 65 006 276 795), AFS License 235132 (MLEA) distributes this information in Australia only to 'Wholesale' clients as defined by s.761G of the Corporations Act 2001. With the exception of Bank of America N.A., Australia Branch, neither MLEA nor any of its affiliates involved in preparing this information is an Authorised Deposit-Taking Institution under the Banking Act 1959 nor regulated by the Australian Prudential Regulation Authority. No approval is required for publication or distribution of this information in Brazil and its local distribution is by Merrill Lynch (Brazil) in accordance with applicable regulations. Merrill Lynch (DIFC) is authorized and regulated by the DFSA. Information prepared and issued by Merrill Lynch (DIFC) is done so in accordance with the requirements of the DFSA conduct of business rules. BofA Europe (Frankfurt) distributes this information in Germany and is regulated by BaFin, the ECB and the CBI. BofA Securities entities, including BofA Europe and BofASE (France), may outsource/delegate the marketing and/or provision of certain research services or aspects of research services to other branches or members of the BofA Securities group. You may be contacted by a different BofA Securities entity acting for and on behalf of your service provider where permitted by applicable law. This does not change your service provider. Please refer to the [Electronic Communications Disclaimers](#) for further information.

This information has been prepared and issued by BofAS and/or one or more of its non-US affiliates. The author(s) of this information may not be licensed to carry on regulated activities in your jurisdiction and, if not licensed, do not hold themselves out as being able to do so. BofAS and/or MLPF&S is the distributor of this information in the US and accepts full responsibility for information distributed to BofAS and/or MLPF&S clients in the US by its non-US affiliates. Any US person receiving this information and wishing to effect any transaction in any security discussed herein should do so through BofAS and/or MLPF&S and not such foreign affiliates. Hong Kong recipients of this information should contact Merrill Lynch (Asia Pacific) Limited in respect of any matters relating to dealing in securities or provision of specific advice on securities or any other matters arising from, or in connection with, this information. Singapore recipients of this information should contact Merrill Lynch (Singapore) Pte Ltd in respect of any matters arising from, or in connection with, this information. For clients that are not accredited investors, expert investors or institutional investors Merrill Lynch (Singapore) Pte Ltd accepts full responsibility for the contents of this information distributed to such clients in Singapore.

General Investment Related Disclosures:

Taiwan Readers: Neither the information nor any opinion expressed herein constitutes an offer or a solicitation of an offer to transact in any securities or other financial instrument. No part of this report may be used or reproduced or quoted in any manner whatsoever in Taiwan by the press or any other person without the express written consent of BofA Securities.

This document provides general information only, and has been prepared for, and is intended for general distribution to, BofA Securities clients. Neither the information nor any opinion expressed constitutes an offer or an invitation to make an offer, to buy or sell any securities or other financial instrument or any derivative related to such securities or instruments (e.g., options, futures, warrants, and contracts for differences). This document is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of, and is not directed to, any specific person(s). This document and its content do not constitute, and should not be considered to constitute, investment advice for purposes of ERISA, the US tax code, the Investment Advisers Act or otherwise. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this document and should understand that statements regarding future prospects



may not be realized. Any decision to purchase or subscribe for securities in any offering must be based solely on existing public information on such security or the information in the prospectus or other offering document issued in connection with such offering, and not on this document.

Securities and other financial instruments referred to herein, or recommended, offered or sold by BofA Securities, are not insured by the Federal Deposit Insurance Corporation and are not deposits or other obligations of any insured depository institution (including, Bank of America, N.A.). Investments in general and, derivatives, in particular, involve numerous risks, including, among others, market risk, counterparty default risk and liquidity risk. No security, financial instrument or derivative is suitable for all investors. Digital assets are extremely speculative, volatile and are largely unregulated. In some cases, securities and other financial instruments may be difficult to value or sell and reliable information about the value or risks related to the security or financial instrument may be difficult to obtain. Investors should note that income from such securities and other financial instruments, if any, may fluctuate and that price or value of such securities and instruments may rise or fall and, in some cases, investors may lose their entire principal investment. Past performance is not necessarily a guide to future performance. Levels and basis for taxation may change.

This report may contain a short-term trading idea or recommendation, which highlights a specific near-term catalyst or event impacting the issuer or the market that is anticipated to have a short-term price impact on the equity securities of the issuer. Short-term trading ideas and recommendations are different from and do not affect a stock's fundamental equity rating, which reflects both a longer term total return expectation and attractiveness for investment relative to other stocks within its Coverage Cluster. Short-term trading ideas and recommendations may be more or less positive than a stock's fundamental equity rating.

BofA Securities is aware that the implementation of the ideas expressed in this report may depend upon an investor's ability to "short" securities or other financial instruments and that such action may be limited by regulations prohibiting or restricting "shortselling" in many jurisdictions. Investors are urged to seek advice regarding the applicability of such regulations prior to executing any short idea contained in this report.

Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned herein. Investors in such securities and instruments, including ADRs, effectively assume currency risk.

BofA or one of its affiliates is a regular issuer of traded financial instruments linked to securities that may have been recommended in this report. BofAS or one of its affiliates may, at any time, hold a trading position (long or short) in the securities and financial instruments discussed in this report.

BofA Securities, through business units other than BofA Global Research, may have issued and may in the future issue trading ideas or recommendations that are inconsistent with, and reach different conclusions from, the information presented herein. Such ideas or recommendations may reflect different time frames, assumptions, views and analytical methods of the persons who prepared them, and BofA Securities is under no obligation to ensure that such other trading ideas or recommendations are brought to the attention of any recipient of this information. In the event that the recipient received this information pursuant to a contract between the recipient and BofAS for the provision of research services for a separate fee, and in connection therewith BofAS may be deemed to be acting as an investment adviser, such status relates, if at all, solely to the person with whom BofAS has contracted directly and does not extend beyond the delivery of this report (unless otherwise agreed specifically in writing by BofAS). If such recipient uses the services of BofAS in connection with the sale or purchase of a security referred to herein, BofAS may act as principal for its own account or as agent for another person. BofAS is and continues to act solely as a broker-dealer in connection with the execution of any transactions, including transactions in any securities referred to herein.

BofA ESGMeter Methodology:

ESGMeter is a proprietary metric based on quantitative analysis and fundamental analyst inputs that reflects our assessment of a company's Environmental, Social and Governance-related attributes. The ESGMeter is intended to indicate a company's likelihood of experiencing stronger financial stability (higher return on equity and lower earnings and price volatility) over the next three years relative to peer group. There are three ESGMeter levels - Low, Medium, and High - which indicate whether a company has attributes most likely to translate into superior financial stability (in the case of a High level) or weaker financial stability (in the case of a Low level) over the next three years relative to its peer group. A Medium level suggests that a company exhibits ESG characteristics that are likely associated with financial stability results in line with its peer group over the next three years. Full details of our methodology, financial stability definition and disclaimers are available at [BofA ESGMeter methodology](#). ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of the BofA Global Research fundamental equity analyst's investment rating, volatility risk rating, income rating or price objective for that company.

Copyright and General Information:

Copyright 2024 Bank of America Corporation. All rights reserved. iQDatabase® is a registered service mark of Bank of America Corporation. This information is prepared for the use of BofA Securities clients and may not be redistributed, retransmitted or disclosed, in whole or in part, or in any form or manner, without the express written consent of BofA Securities. BofA Global Research information is distributed simultaneously to internal and client websites and other portals by BofA Securities and is not publicly-available material. Any unauthorized use or disclosure is prohibited. Receipt and review of this information constitutes your agreement not to redistribute, retransmit, or disclose to others the contents, opinions, conclusion, or information contained herein (including any investment recommendations, estimates or price targets) without first obtaining express permission from an authorized officer of BofA Securities.

Materials prepared by BofA Global Research personnel are based on public information. Facts and views presented in this material have not been reviewed by, and may not reflect information known to, professionals in other business areas of BofA Securities, including investment banking personnel. BofA Securities has established information barriers between BofA Global Research and certain business groups. As a result, BofA Securities does not disclose certain client relationships with, or compensation received from, such issuers. To the extent this material discusses any legal proceeding or issues, it has not been prepared as nor is it intended to express any legal conclusion, opinion or advice. Investors should consult their own legal advisers as to issues of law relating to the subject matter of this material. BofA Global Research personnel's knowledge of legal proceedings in which any BofA Securities entity and/or its directors, officers and employees may be plaintiffs, defendants, co-defendants or co-plaintiffs with or involving issuers mentioned in this material is based on public information. Facts and views presented in this material that relate to any such proceedings have not been reviewed by, discussed with, and may not reflect information known to, professionals in other business areas of BofA Securities in connection with the legal proceedings or matters relevant to such proceedings.

This information has been prepared independently of any issuer of securities mentioned herein and not in connection with any proposed offering of securities or as agent of any issuer of any securities. None of BofAS or any of its affiliates or their research analysts has any authority whatsoever to make any representation or warranty on behalf of the issuer(s). BofA Global Research policy prohibits research personnel from disclosing a recommendation, investment rating, or investment thesis for review by an issuer prior to the publication of a research report containing such rating, recommendation or investment thesis.

Any information relating to the tax status of financial instruments discussed herein is not intended to provide tax advice or to be used by anyone to provide tax advice. Investors are urged to seek tax advice based on their particular circumstances from an independent tax professional.

The information herein (other than disclosure information relating to BofA Securities and its affiliates) was obtained from various sources and we do not guarantee its accuracy. This information may contain links to third-party websites. BofA Securities is not responsible for the content of any third-party website or any linked content contained in a third-party website. Content contained on such third-party websites is not part of this information and is not incorporated by reference. The inclusion of a link does not imply any endorsement by or any affiliation with BofA Securities. Access to any third-party website is at your own risk, and you should always review the terms and privacy policies at third-party websites before submitting any personal information to them. BofA Securities is not responsible for such terms and privacy policies and expressly disclaims any liability for them.

All opinions, projections and estimates constitute the judgment of the author as of the date of publication and are subject to change without notice. Prices also are subject to change without notice. BofA Securities is under no obligation to update this information and BofA Securities ability to publish information on the subject issuer(s) in the future is subject to applicable quiet periods. You should therefore assume that BofA Securities will not update any fact, circumstance or opinion contained herein.

Subject to the quiet period applicable under laws of the various jurisdictions in which we distribute research reports and other legal and BofA Securities policy-related restrictions on the publication of research reports, fundamental equity reports are produced on a regular basis as necessary to keep the investment recommendation current.

Certain outstanding reports or investment opinions relating to securities, financial instruments and/or issuers may no longer be current. Always refer to the most recent research report relating to an issuer prior to making an investment decision.

In some cases, an issuer may be classified as Restricted or may be Under Review or Extended Review. In each case, investors should consider any investment opinion relating to such issuer (or its security and/or financial instruments) to be suspended or withdrawn and should not rely on the analyses and investment opinion(s) pertaining to such issuer (or its securities and/or financial instruments) nor should the analyses or opinion(s) be considered a solicitation of any kind. Sales persons and financial advisors affiliated with BofAS or any of its affiliates may not solicit purchases of securities or financial instruments that are Restricted or Under Review and may only solicit securities under Extended Review in accordance with firm policies.

Neither BofA Securities nor any officer or employee of BofA Securities accepts any liability whatsoever for any direct, indirect or consequential damages or losses arising from any use of this information.