

# M&A Target Review

May 2016

salesforce

# Potential Acquisition Targets – Public Companies



Employees	13,893	9,732	4,900	3,991	4,603	3,168	3,400	2,599	1,474	1,370	1,024	1,429	983	1,312
CEO Rating (Glassdoor)	96%	98%	93%	84%	91%	98%	93%	90%	87%	94%	95%	96%	69%	95%
Would Recommend (Glassdoor)	88%	90%	72%	65%	80%	81%	79%	82%	65%	68%	95%	92%	62%	91%
Customers	6,167K subscribers	39,726 (Corporate Solution Customers)	1,100	3,098	30,000+	42,600	N/A	39,000	375+	57,000	349	75,000 (paid customer accounts)	4,615	19,322
FY17E Revenue <sup>1</sup>	\$5,826M	\$3,726M	\$1,549M (PS is 20% of Revenue)	\$1,367M	\$967M	\$850M	\$799M (PS is 30% of Revenue)	\$710M	\$512M	\$393M	\$311M	\$303M	\$273M	\$259M
FY17E Growth Rate <sup>1</sup>	21%	25%	33%	36%	30%	30%	17%	16%	25%	30%	31%	45%	30%	42%
FY17E Gross Margin <sup>1</sup>	87%	87%	74%	75%	70%	90%	71%	87%	70%	74%	74%	73%	70%	76%
FY17E Operating Profit (Loss) <sup>1</sup>	\$1,876M	\$564M	\$8M	\$165M	\$42M	\$63M	\$115M	\$60M	\$126M	\$(106M)	\$18M	\$(27M)	\$(21M)	\$(22M)
Market Cap	\$49,085	\$18,076	\$15,690	\$12,757	\$6,483	\$4,060	\$2,027	\$2,926	\$4,238	\$1,645	\$1,759	\$2,381	\$1,342	\$1,770
Enterprise Value	\$46,904	\$16,082	\$14,228	\$12,339	\$6,383	\$3,252	\$1,833	\$2,556	\$3,892	\$1,504	\$1,563	\$2,127	\$1,254	\$1,664
EV / FY17E Revenue <sup>1</sup>	8.1x	4.3x	9.2x	9.0x	6.6x	3.8x	2.3x	3.6x	7.6x	3.8x	5.0x	7.0x	4.6x	6.4x

Status:		In Exclusivity	Less Interested	Meeting Late May	Larry Ellison owns 47%	In Play	Meeting in June	In Play		CEO has no interest	In Play	CEO has no interest	In Play	
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"Burgundy"














"Sonoma"

"Tuscany"

"Champagne"



# Potential Acquisition Targets – Interlopers

	 Adobe	 Alibaba Group	 amazon		 Baidu 百度	 facebook	 Google	 Hewlett Packard Enterprise	 IBM	 Microsoft	 ORACLE	 SAP	 Tencent
Employees	13,893	36,450	230,800	110,000	41,467	13,598	64,115	240,000	377,757	118,000	132,000	78,230	30,641
CEO Rating (Glassdoor)	96%	95%	81%	94%	95%	98%	98%	67%	56%	93%	72%	94%	97%
Would Recommend (Glassdoor)	87%	95%	64%	82%	87%	92%	91%	59%	58%	84%	66%	84%	89%
FY17E Revenue <sup>1</sup>	\$5,826	\$19,895	\$134,143	\$213,651	\$12,226	\$26,123	\$87,214	\$50,767	\$79,314	\$92,664	\$37,324	\$24,895	\$20,678
FY17E Growth Rate <sup>1</sup>	21%	37%	25%	(9%)	20%	46%	16%	(4%)	(3%)	(1%)	(2%)	5%	31%
FY17E Gross Margin <sup>1</sup>	87%	64%	35%	39%	55%	85%	63%	29%	50%	64%	80%	71%	59%
FY17E Operating Profit (Loss) <sup>1</sup>	\$1,872	\$5,593	\$4,569	\$58,778	\$2,321	\$14,360	\$29,222	\$4,637	\$15,306	\$27,623	\$16,228	\$7,561	\$7,690
Enterprise Value	\$45,804	\$192,063	\$329,801	\$536,152	\$54,221	\$315,036	\$423,589	\$35,175	\$172,909	\$338,461	\$154,139	\$95,798	\$191,971
EV / FY17E Revenue <sup>1</sup>	7.9x	9.7x	2.5x	2.5x	4.4x	12.1x	4.9x	0.7x	2.2x	3.7x	4.1x	3.8x	9.3x
Cash and Cash Equivalents	\$4,098	\$18,552	\$15,859	\$55,840	\$11,054	\$20,621	\$73,450	\$8,505	\$14,869	\$105,338	\$50,767	\$6,951	\$14,138
Onshore Cash <sup>3</sup>	15%	N/A	26%	11% <sup>4</sup>	99%	90%	41%	N/A	N/A	2%	21%	N/A	86%
Debt <sup>2</sup>	\$1,917	\$8,951	\$17,612	\$79,908	\$5,417	\$0	\$7,379	\$16,139	\$45,557	\$46,767	\$40,106	\$9,840	\$11,145
Debt / EBITDA	1.4x	1.8x	1.9x	1.0x	2.0x	0.0x	0.3x	2.1x	2.4x	1.6x	2.7x	1.5x	1.5x

Note: As of May 17, 2016

1. Refers to FY17E or the corresponding calendar year

2. Total debt includes capitalized leases

3. Onshore refers to the location of each company's primary operations

4. Includes long-term marketable securities of \$177B (total cash, cash equivalents and all marketable securities of \$232B).