

salesforce

Salesforce Q1 FY26 Earnings Call

May 28, 2025

NYSE: CRM

@Salesforce_ir



Introduction

Mike Spencer

Executive Vice President of Investor Relations



Safe Harbor and Note About Non-GAAP Financial Measures



"Safe harbor" statement under the Private Securities Litigation Reform Act of 1995: This presentation contains forward-looking statements about the Company's financial and operating results and guidance which include, but are not limited to, expected GAAP and non-GAAP financial and other operating and non-operating results. The achievement or success of the matters covered by such forward-looking statements involves risks, uncertainties and assumptions. If any such risks or uncertainties materialize or if any of the assumptions prove incorrect, results or outcomes could differ materially from those expressed or implied by these forward-looking statements. The risks and uncertainties referred to above include, but are not limited to: our ability to consummate the proposed Informatica transaction on a timely basis or at all, including our ability to obtain regulatory approvals and satisfy other conditions precedent to the completion of the transaction; the effect of the announcement of the Informatica transaction on our operating results, the market price of our common stock, our ability to retain and hire key personnel and our ability to maintain relationships with customers, suppliers and others with whom we or Informatica do business; uncertainties regarding AI technologies and its integration into our product offerings; the effect of evolving domestic and foreign government regulations; regulatory developments and regulatory investigations involving us or affecting our industry; our ability to successfully introduce new services and product features, including related to AI and Agentforce; our ability to execute our business plans; the pace of change and innovation in enterprise cloud computing services; and our ability to maintain and enhance our brands. Further information on these and other factors that could affect the Company's actual results or outcomes is included in the reports on Forms 10-K, 10-Q and 8-K and in other filings it makes with the Securities and Exchange Commission from time to time. These documents are available on the SEC Filings section of the Financials section of the Company's website at investor.salesforce.com/financials/. Salesforce, Inc. assumes no obligation and does not intend to revise or update publicly any forward-looking statements for any reason, except as required by law.

This presentation includes both GAAP and non-GAAP financial measures. An explanation of non-GAAP financial measures, why we believe these measures can be helpful, and a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable, are included in the Appendix to this presentation and in our most recent earnings press release, which are available at investor.salesforce.com/financials/.



Marc Benioff
Chair and CEO



Robin Washington
President and Chief Operating
and Financial Officer



**Humans with agents drive customer success
on a trusted data & metadata platform**



Agentforce

Customer 360

Agentblazers

Customers

Data & metadata

MuleSoft

Connect systems
& manage APIs

Informatica
New

Understand, govern
and catalog data

Data Cloud

Unify & activate data
with zero copy

Tableau

Turn insights
into action

Salesforce has not yet closed its proposed acquisition of Informatica, and this view is reflective of the complementary fit upon closing.

M&A Framework



Customer Success & Strategic Fit

- Accelerates Salesforce product differentiation strategy
- Best-in-class product with extensive ecosystem
- Represents an attractive customer opportunity

Customers gain trusted, AI-ready data and unified metadata from a recognized leader in data integration, quality, and governance. This accelerates our AI strategy, creating a unified data foundation.

Acceleration

- Strong ability to increase monetization
- Cultural and organizational alignment
- Opportunities to drive significant operational efficiencies

Cross sell and product synergies, clear alignment to CIO/CDO needs, ability to leverage Salesforce S&M and G&A structure.

Value

- Clear timeline for value accretion
- Use of balance sheet / non-dilutive form of consideration
- Appropriate valuation

Non-GAAP Operating Margin, Non-GAAP EPS, and free cash flow accretion in year 2 post close. Leveraging strong cash flow and balance sheet; cash and debt deal. No expected disruption to our capital return strategy.

Q1 FY26 Highlights

Marc Benioff
Chair and CEO





Q1 Financial Results



34% FY26 Non-GAAP Operating Margin Guidance

\$41.0B to \$41.3B FY26 Total Revenue Guidance



\$9.8B FY26 Q1 Revenue



\$6.5B FY26 Q1 Operating Cash Flow



10% to 11% FY26 Operating Cash Flow Guidance



\$1B+ Data Cloud + AI ARR (+120% Y/Y)





Become an **Agentforce** Company.



GE APPLIANCES
a Haier company

Engine™

GRUPO **GLOBO**



VOLKSWAGEN GROUP

Q1 FY26 Highlights & Guidance

Robin Washington

President and Chief Operating and Financial Officer



COFO Priorities



1

Deliver customer success & accelerate AI adoption

2

Drive operational excellence to maximize shareholder value

3

Responsible capital allocation

CORE VALUES

TRUST | CUSTOMER SUCCESS | INNOVATION | EQUALITY | SUSTAINABILITY

Q1 FY26 Financial Results



Top Line

Revenue
\$9.8B

+8% Y/Y, +8% Y/Y CC

Subscription & Support Revenue
\$9.3B

+8% Y/Y, +9% Y/Y CC

cRPO
\$29.6B

+12% Y/Y, +11% Y/Y CC

Profit & Cash

GAAP Operating Margin
19.8%

Non-GAAP Operating Margin
32.3%

Operating Cash Flow
\$6.5B

Free Cash Flow
\$6.3B

Q1 Revenue Disaggregation

Sales
\$2.1B

+7% Y/Y CC



Service
\$2.3B

+7% Y/Y CC



Platform & Other
\$2.0B

+14% Y/Y CC



Marketing & Commerce
\$1.3B

+4% Y/Y CC



Integration & Analytics
\$1.5B

+10% Y/Y CC



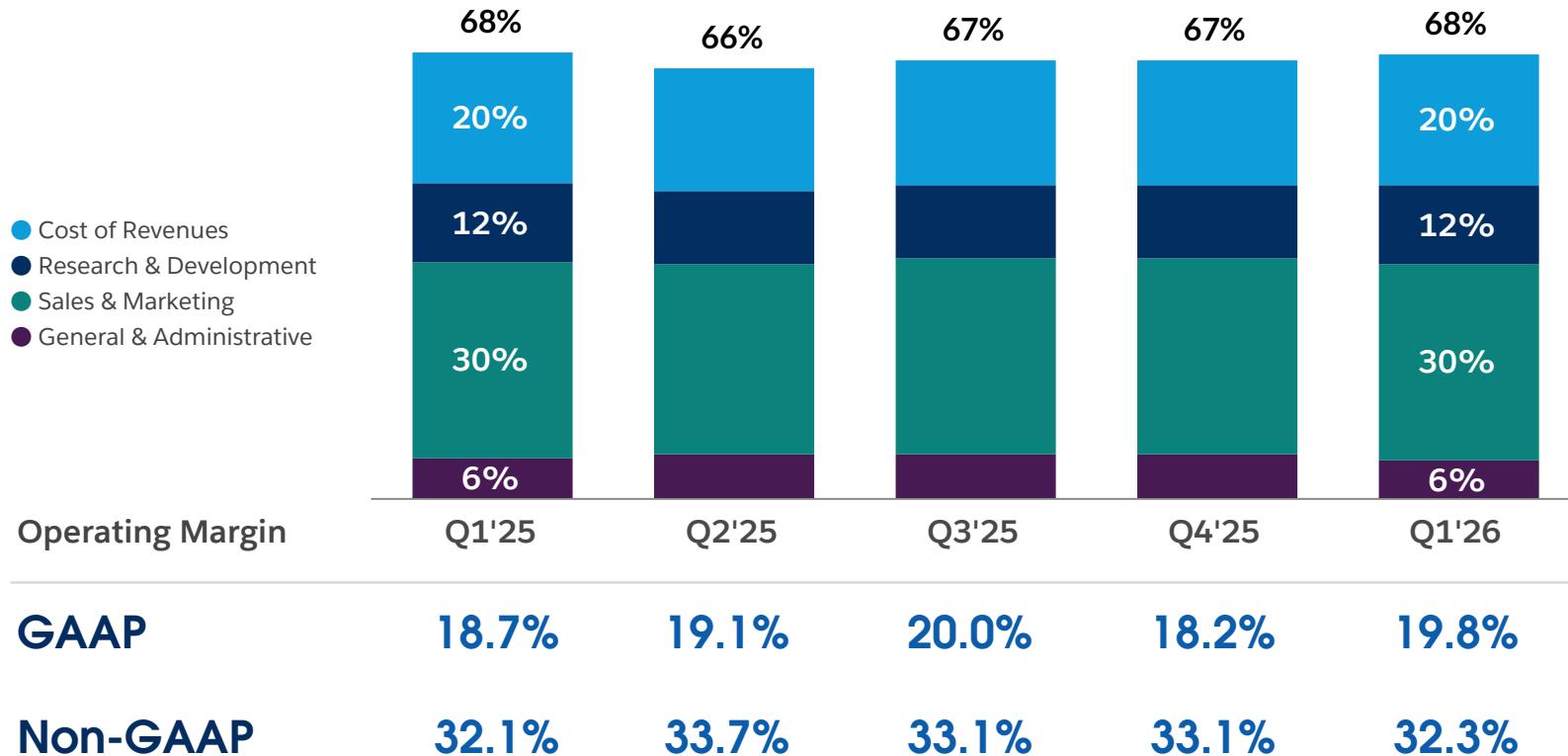
Capital Returns
\$3.1B

\$2.7B Share Repurchases
\$402M Dividends

Q1 FY26 Non-GAAP Expense Profile



Non-GAAP % of Revenue



+110bps
GAAP
Operating
Margin
Expansion Y/Y

+20bps
Non-GAAP
Operating
Margin
Expansion Y/Y

Investing in S&M and R&D to fuel Data + AI while driving margin expansion to 34% in FY26, +100bps Y/Y



Full-Year FY26 Guidance Summary



		Current Guidance	Prior Guidance
Revenue	▲	\$41.0B - \$41.3B 8% - 9% Y/Y Approximately 8% Y/Y CC, \$250M Y/Y FX	\$40.5B - \$40.9B 7% - 8% Y/Y 7% - 8% Y/Y CC, (\$150M) Y/Y FX
Subscription & Support Revenue Growth	▲	Approximately 9.5% Y/Y Approximately 9% Y/Y CC	Approximately 8.5% Y/Y Approximately 9% Y/Y CC
GAAP Operating Margin	HOLD	21.6%	21.6%
Non-GAAP Operating Margin	HOLD	34.0%	34.0%
GAAP Diluted EPS	▲	\$7.15 - \$7.21	\$6.95 - \$7.03
Non-GAAP Diluted EPS	▲	\$11.27 - \$11.33	\$11.09 - \$11.17
Operating Cash Flow Growth	HOLD	Approximately 10% - 11% Y/Y	Approximately 10% - 11% Y/Y
Free Cash Flow Growth	HOLD	Approximately 9% - 10% Y/Y	Approximately 9% - 10% Y/Y

Prior Guidance as of Q4 Earnings, February 26, 2025.

Q2 FY26 Guidance Summary



	Current Guidance
Revenue	\$10.11B - \$10.16B 8% - 9% Y/Y 7% - 8% Y/Y CC, \$100M Y/Y FX
GAAP Diluted EPS	\$1.80 - \$1.82
Non-GAAP Diluted EPS	\$2.76 - \$2.78
cRPO Growth	Approximately 10% Y/Y Approximately 9% Y/Y CC, \$300M Y/Y FX

Guidance reflects a consistent demand environment and assumes those trends continue



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Thank you





Appendix

Subscription & Support Growth Trends



	Q1' 25	Q2' 25	Q3' 25	Q4' 25	Q1' 26*
Subscription & Support Revenue Y/Y Growth in Constant Currency					
Sales	11%	10%	11%	9%	7%
Service	11%	11%	10%	9%	7%
Platform and Other	10%	10%	8%	12%	14%
Marketing and Commerce	10%	7%	8%	8%	4%
Integration and Analytics	25%	14%	5%	6%	10%
Total Subscription & Support Revenue	13%	10%	9%	9%	9%
MuleSoft Total Revenue ¹	27%	13%	1%	7%	8%
Tableau Total Revenue ¹	21%	11%	5%	3%	12%
Slack Total Revenue ¹	17%	17%	8%	12%	11%



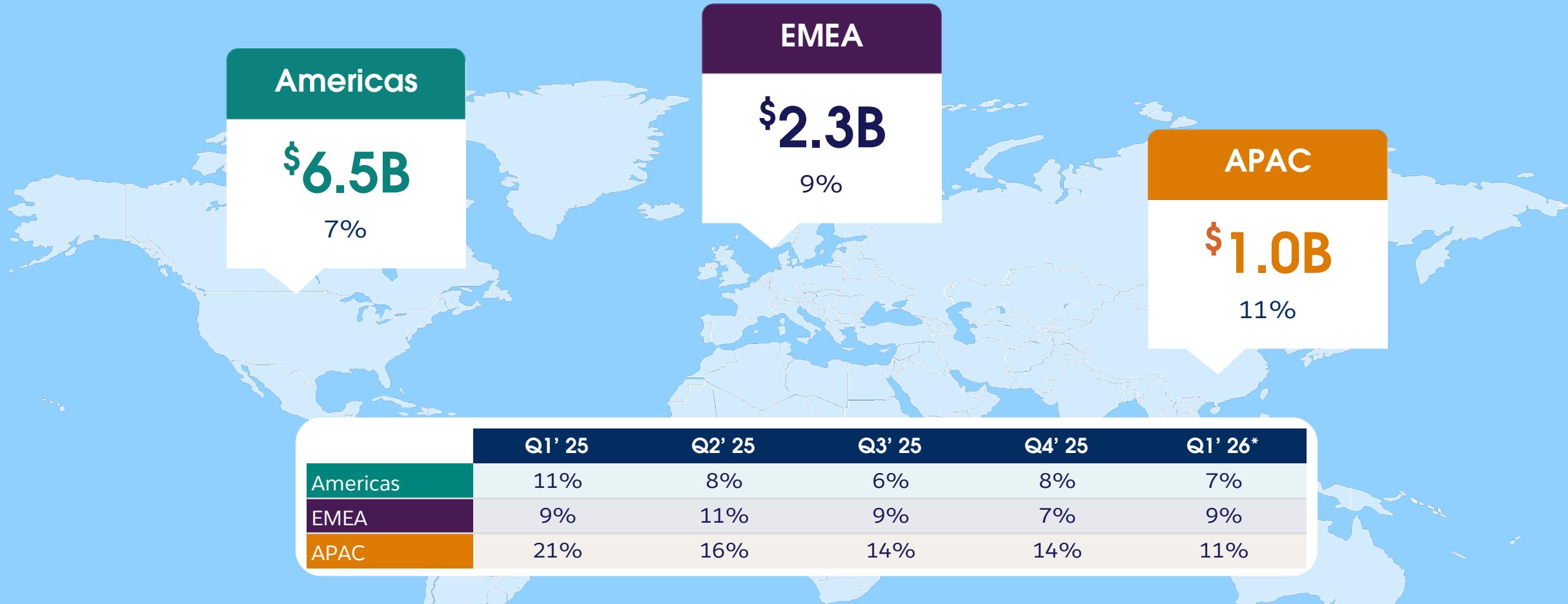
Data Cloud and Agentforce revenue is prospectively included in Platform and Other effective with deals closed in FY26.

Data Cloud + AI ARR over \$1 billion, up more than 120% Y/Y

*Q1 FY26 revenue includes (~1pt) leap year headwind Y/Y

¹MuleSoft, Tableau, and Slack's contributions to total revenue include professional services revenue and subscription and support revenue.

Q1 FY26 Revenue Growth by Region in CC



GEO growth anchored by UK, France, Canada, and South Asia

*Q1 FY26 revenue includes (~1pt) leap year headwind Y/Y

Q1 FY26 Key Balance Sheet and Cash Flow Metrics Trends



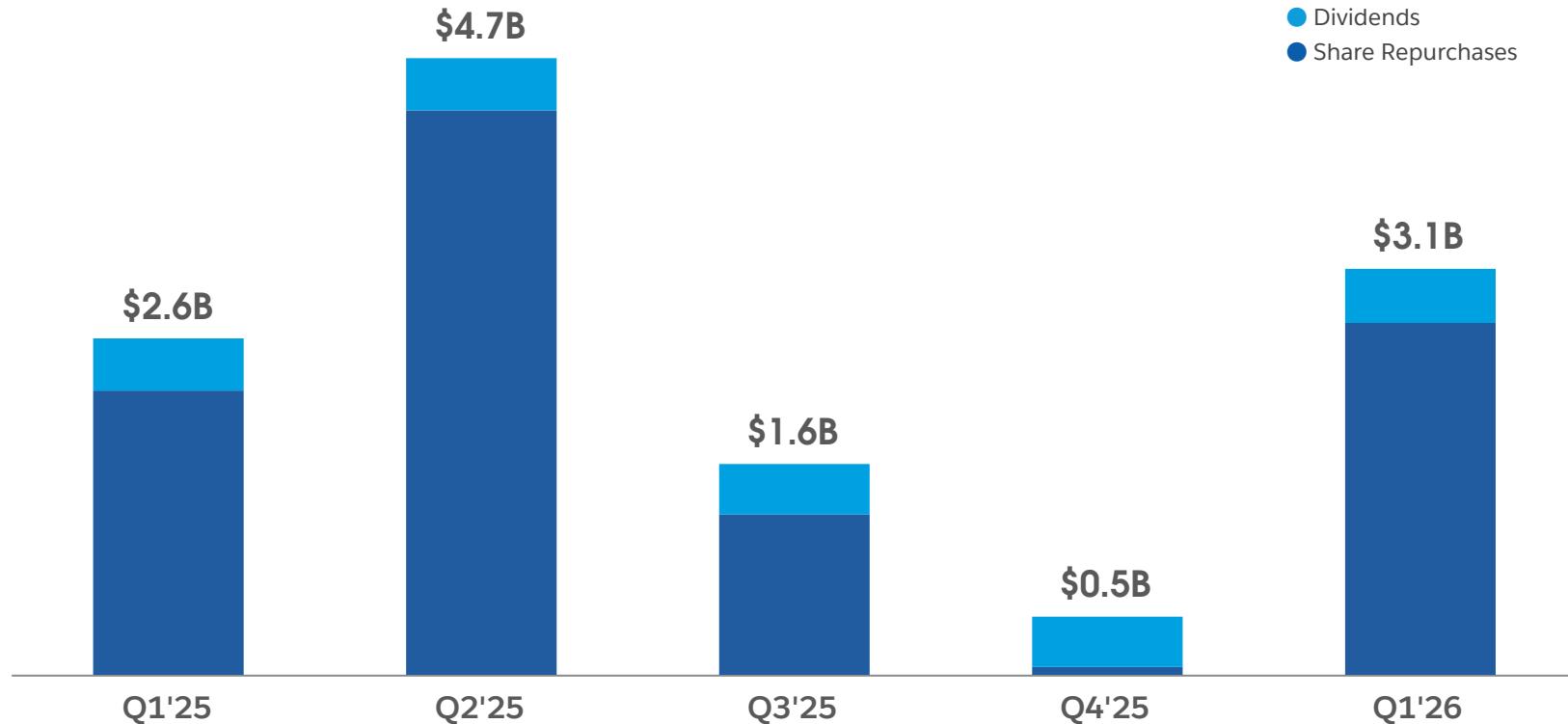
	Q1' 25	Q2' 25	Q3' 25	Q4' 25	Q1' 26
Total RPO	15%	15%	10%	11%	13%
cRPO	10%	10%	10%	9%	12%
cRPO (in CC)	10%	11%	10%	11%	11%
cRPO FX \$M (Headwind) / Tailwind	(\$200M)	(\$300M)	\$100M	(\$300M)	\$300M
Operating Cash Flow	39%	10%	29%	17%	4%
Free Cash Flow	43%	20%	30%	17%	4%

Delivered another quarter of strong RPO and cash flow results

In Q1 FY26, \$3.1B Capital Returned to Shareholders



Capital Returns



\$22.1B

Repurchased Since
Inception of Total \$30B
Authorized

\$1.9B

Quarterly Dividend
Payments to Date

**Increased Q1 FY26
Dividend +4% Q/Q**

(2)% Y/Y

Q1 FY26 Diluted Share
Count Down (15M) Y/Y

**Continued Focus on
Reducing Share Count**

Non-GAAP Financial Measures



This presentation includes information about non-GAAP diluted earnings per share, non-GAAP income from operations, non-GAAP expenses, non-GAAP operating margin, free cash flow and constant currency revenue and constant currency current remaining performance obligation growth rates (collectively the “non-GAAP financial measures”). These non-GAAP financial measures are measurements of financial performance that are not prepared in accordance with U.S. generally accepted accounting principles and computational methods may differ from those used by other companies. Non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP measures and should be read only in conjunction with the Company’s condensed consolidated financial statements prepared in accordance with GAAP. Management uses both GAAP and non-GAAP financial measures when planning, monitoring and evaluating the Company’s performance.

The primary purpose of using non-GAAP financial measures is to provide supplemental information that may prove useful to investors and to enable investors to evaluate the Company’s results in the same way management does. Management believes that supplementing GAAP disclosure with non-GAAP disclosure provides investors with a more complete view of the Company’s operational performance and allows for meaningful period-to-period comparisons and analysis of trends in the Company’s business. Further, to the extent that other companies use similar methods in calculating non-GAAP financial measures, the provision of supplemental non-GAAP information can allow for a comparison of the Company’s relative performance against other companies that also report non-GAAP operating results.

Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue. Non-GAAP income from operations excludes the impact of the following items: stock-based compensation expense, amortization of acquisition-related intangibles and charges related to the restructuring initiatives.

Non-GAAP diluted earnings per share excludes, to the extent applicable, the impact of the following items: stock-based compensation expense, amortization of purchased intangibles, charges related to the restructuring initiatives and income tax adjustments. These items are excluded because the decisions that give rise to them are not made to increase revenue in a particular period, but instead for the Company’s long-term benefit over multiple periods.

The Company defines Data Cloud and AI annual recurring revenue (“ARR”) as the annualized recurring value of active Data Cloud and certain generative artificial intelligence (“AI”) subscription agreements, including those for Agentforce and standalone generative AI products, at the end of the reporting period.

The Company defines the non-GAAP measure free cash flow as GAAP net cash provided by operating activities, less capital expenditures.

Constant currency information is provided as a framework for assessing how our underlying business performed excluding the effect of foreign currency rate fluctuations. To present constant currency revenue, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars at the weighted average exchange rate for the quarter being compared to for growth rate calculations presented, rather than the actual exchange rates in effect during that period. To present current remaining performance obligation on a constant currency basis, we convert the current remaining performance obligation balances in local currencies in previous comparable periods using the United States dollar currency exchange rate as of the most recent balance sheet date.

GAAP to Non-GAAP Financial Reconciliation



(in millions)	Three Months Ended April 30,		Non-GAAP operating margin	Full Year FY26 Guidance
	2024	2025		
Non-GAAP income from operations				
GAAP income from operations	\$ 1,709	\$ 1,942	GAAP operating margin ²	21.6 %
Plus:			Plus:	
Amortization of purchased intangibles	461	395	Amortization of purchased intangibles ⁴	3.7 %
Stock-based compensation expense ⁵	750	799	Stock-based compensation expense ^{4,5}	8.4 %
Restructuring	8	36	Restructuring ^{4,5}	0.3 %
Non-GAAP income from operations ¹	\$ 2,928	\$ 3,172	Non-GAAP operating margin ²	34.0 %
Revenue	9,133	9,829		
Non-GAAP operating margin ²	32.1 %	32.3 %		
(in millions)	Three Months Ended April 30,			
Computations of free cash flow, a non-GAAP measure	2024	2025		
GAAP net cash provided by operating activities	\$ 6,247	\$ 6,476		
(Capital expenditures)	(163)	(179)		
Free cash flow ³	\$ 6,084	\$ 6,297		
Non-GAAP diluted earnings per share	2024	2025	Q2 FY26 Guidance	Full Year FY26 Guidance
GAAP diluted earnings per share	\$ 1.56	\$ 1.59	\$ 1.80 - \$ 1.82	\$ 7.15 - \$ 7.21
Plus:				
Amortization of purchased intangibles	0.47	0.41	0.39	1.57
Stock-based compensation expense ⁵	0.76	0.82	0.82	3.54
Restructuring	0.01	0.04	-	0.11
(Income tax effects and adjustments)	(0.36)	(0.28)	(0.25)	(1.10)
Non-GAAP diluted earnings per share ⁶	\$ 2.44	\$ 2.58	\$ 2.76 - \$ 2.78	\$ 11.27 - \$ 11.33
Shares used in computing non-GAAP diluted earnings per share (millions) ⁷	985	970	967	971

¹Non-GAAP income from operations is used to calculate non-GAAP operating margin. It excludes the impact of the amortization of purchased intangibles, stock-based compensation expense and charges related to the Company's restructuring initiatives.

²GAAP operating margin is the proportion of GAAP income from operations as a percentage of GAAP revenue. Non-GAAP operating margin is the proportion of non-GAAP income from operations as a percentage of GAAP revenue.

³Free cash flow ("FCF") is defined as GAAP net cash provided by operating activities, less capital expenditures.

⁴The percentages shown above have been calculated based on the midpoint of the low and high ends of the revenue guidance for full year FY26.

⁵The percentages shown in the restructuring line have been calculated based on charges associated with the Company's restructuring initiatives. Stock-based compensation expense excludes stock-based compensation expense related to the Company's restructuring initiatives, which is included in the restructuring line.

⁶GAAP diluted earning per share ("EPS") is calculated by dividing GAAP net income by number of diluted shares. Non-GAAP diluted EPS is calculated by dividing non-GAAP net income by number of diluted shares. It excludes the impact of stock-based compensation expense, amortization of purchased intangibles, charges related to the restructuring initiatives and income tax adjustments.

⁷The Company's shares used in computing GAAP net income per share guidance and non-GAAP net income per share guidance excludes any impact to share count from potential Q2 - Q4 FY26 repurchase activity under our share repurchase program.

GAAP to Non-GAAP Financial Reconciliation



(in millions)

Period	Q1 FY25	Q2 FY25	Q3 FY25	Q4 FY25	Q1 FY26
Revenue	9,133	9,325	9,444	9,993	9,829
GAAP Cost of Revenues	2,162	2,159	2,150	2,217	2,265
Less:					
Amortization of purchased intangibles	238	231	131	150	162
Stock-based compensation expense ¹	119	132	135	132	151
Non-GAAP Cost of Revenues	1,805	1,796	1,839	1,935	1,952
Non-GAAP Cost of Revenues as a % of Revenue²	20 %	19 %	19 %	19 %	20 %
GAAP Sales and Marketing Expense	3,239	3,224	3,323	3,471	3,429
Less:					
Amortization of purchased intangibles	223	223	223	232	233
Stock-based compensation expense ¹	290	309	312	294	285
Non-GAAP Sales and Marketing Expense	2,726	2,692	2,788	2,945	2,911
Non-GAAP Sales and Marketing Expense as a % of Revenue²	30 %	29 %	30 %	30 %	30 %
GAAP Research and Development Expense	1,368	1,349	1,356	1,420	1,460
Less:					
Stock-based compensation expense ¹	260	276	278	277	275
Non-GAAP Research and Development Expense	1,108	1,073	1,078	1,143	1,185
Non-GAAP Research and Development Expense as a % of Revenue²	12 %	11 %	11 %	11 %	12 %
GAAP General and Administrative Expense	647	711	711	767	697
Less:					
Stock-based compensation expense ¹	81	91	95	100	88
Non-GAAP General and Administrative Expense	566	620	616	667	609
Non-GAAP General and Administrative Expense as a % of Revenue²	6 %	7 %	7 %	7 %	6 %

¹Stock-based compensation expense included in the GAAP to non-GAAP reconciliation tables above excludes those expenses related to the Company's restructuring initiatives. For the three months ended July 31, 2024 and April 30, 2025, \$2 million and \$15 million of such expense is excluded, respectively. No other quarters presented in this slide incurred stock-based compensation expense related to restructuring.

²Non-GAAP expense categories as a % of revenue are calculated using GAAP revenue.