

Salesforce (CRM US)

Inline 2QFY26 results; intact long-term outlook for AI and data cloud

Salesforce reported 2QFY26 results: total revenue was up by 10% YoY to US\$10.2bn, and non-GAAP net income grew by 12% YoY to US\$2.8bn, both largely in line with Bloomberg consensus estimate. cRPO grew by 11% YoY to US\$29.4bn, c.100bps ahead of the guidance, mainly thanks to strong sales execution in both small and mid-market segments. Management guided 3QFY26 total revenue to increase by 8-9% to US\$10.24-10.29bn, in line with consensus (US\$10.29bn); and also raise FY26 OCF growth guidance to c.12%-13% YoY (previous: +10-11% YoY) driven by cash tax savings. AI momentum continued, with Data Cloud and AI ARR up by c.120% YoY in 2QFY26. We maintain our FY26-28E earnings forecast largely unchanged, and also keep our target price of US\$388.0 based on 21x FY26E EV/EBITDA. Investors' concerns about AI disrupting the enterprise SaaS business model are weighing on short-term sentiment. That said, we remain positive on Salesforce's value proposition, supported by its data cloud infra and Agentforce solutions. Maintain BUY.

- **2QFY26 cRPO ahead of previous guidance.** cRPO grew by 11% YoY in 2QFY26, 1% ahead of previous guidance, mainly driven by 1) strong performance in the small and mid-market businesses; 2) strong sales execution in technology, communication and media sectors. Sales/service/platform & other/marketing & commerce/integration & analytics cloud revenue was up by 9/9/17/4/13% YoY in 2QFY26. For 3QFY26E, management guided cRPO to grow by slightly above 10% YoY, and total revenue to grow by 8-9% YoY, both in line with consensus estimate.
- **Solid AI business momentum.** Data Cloud & AI ARR was over US\$1.2bn in 2QFY26, up by 120% YoY and c.20% QoQ. The company has closed 12,500 Agentforce deals since its launch, of which 6,000 are paid. The consumption model showed strong momentum: 1) over 40% of the Data Cloud and Agentforce bookings in 2QFY26 came from existing customer expansion; 2) Flex Credits accounted for 80% of Agentforce new bookings in 2QFY26. The company also leverages AI to improve its own efficiency. Agentforce has handled 1.4mn customer support conversations of Salesforce with a 77% resolution rate, leading to meaningful reductions in service support headcount.
- **Exploring public sector and ITSM opportunities.** The company also actively pursues new opportunities in the public sector and ITSM business. It plans to launch agentic IT service platform at Dreamforce, a yearly tech event hosted by Salesforce, in October, integrating agentic IT service capabilities and Slack. We expect its solution to better address the underserved IT service demand from SMBs, supported by its 1mn customer base of Slack and agentic capabilities.
- **Expanding margin and shareholder return.** Management raised FY26E non-GAAP OPM guidance by 10bps to 34.1% (+1.1ppt YoY), thanks to the efficiency gains and restructuring. The company returned US\$2.6bn (c.1% of mkt cap) to shareholders in 2QFY26, and announced US\$20bn increase to its share repurchase program, bringing the total authorized to US\$50bn.

Earnings Summary

(YE 31 Jan)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue (US\$ mn)	34,857	37,895	41,217	46,264	49,409
Adjusted net profit (US\$ mn)	8,087.0	9,930.0	10,965.8	12,766.7	14,130.2
EPS (Adjusted) (US\$)	8.22	10.20	11.35	13.22	14.63
Consensus EPS (US\$)	8.22	10.20	11.31	12.61	14.44
P/E (x)	57.5	37.9	34.5	27.6	24.0

Source: Company data, Bloomberg, CMBIGM estimates

BUY (Maintain)

Target Price US\$388.00
 Up/Downside 59.0%
 Current Price US\$244.01

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Stock Data

Mkt Cap (US\$ mn)	235,713.7
Avg 3 mths t/o (US\$ mn)	896.6
52w High/Low (US\$)	367.87/231.66
Total Issued Shares (mn)	966.0

Source: FactSet

Shareholding Structure

The Vanguard Group	8.7%
BlackRock	7.6%

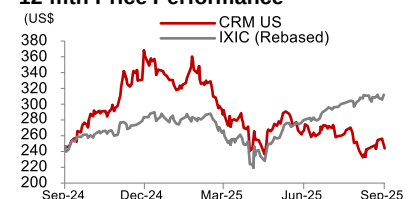
Source: Company data

Share Performance

	Absolute	Relative
1-mth	-1.4%	-5.0%
3-mth	-8.7%	-18.8%
6-mth	-16.4%	-28.6%

Source: FactSet

12-mth Price Performance



Source: FactSet

Business forecasts update and valuation

Figure 1: Salesforce: forecast revision

US\$ bn	Current			Previous			Change (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	41.2	46.3	49.4	41.1	46.1	49.2	0.2%	0.3%	0.4%
Gross Profit	32.0	36.3	39.0	32.0	36.2	38.8	0.0%	0.3%	0.4%
Non-GAAP OP	14.1	16.1	18.0	14.0	16.1	18.0	0.6%	0.1%	-0.2%
Non-GAAP NP	11.0	12.8	14.1	11.0	12.7	14.1	-0.1%	0.3%	0.4%
Non-GAAP EPS (US\$)	11.4	13.2	14.6	11.3	13.1	14.5	0.5%	0.8%	0.9%
Gross Margin	77.7%	78.5%	78.8%	77.9%	78.5%	78.8%	-0.2 ppt	0.0 ppt	0.0 ppt
Non-GAAP OPM	34.1%	34.9%	36.3%	34.0%	35.0%	36.5%	0.1 ppt	-0.1 ppt	-0.2 ppt
Non-GAAP NPM	26.6%	27.6%	28.6%	26.7%	27.6%	28.6%	-0.1 ppt	0.0 ppt	0.0 ppt

Source: CMBIGM estimates

Figure 2: CMBIGM estimates vs consensus

US\$ bn	CMBIGM			Consensus			Diff (%)		
	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Revenue	41.2	46.3	49.4	41.2	44.9	49.4	0.0%	2.9%	0.0%
Non-GAAP OP	14.1	16.1	18.0	14.0	15.5	17.7	0.5%	4.5%	1.6%
Non-GAAP NP	11.0	12.8	14.1	11.0	12.3	14.1	-0.2%	3.4%	0.4%
Non-GAAP EPS (US\$)	11.4	13.2	14.6	11.3	12.6	14.4	0.4%	4.8%	1.3%
Non-GAAP OPM	34.1%	34.9%	36.3%	33.9%	34.4%	35.8%	0.2 ppt	0.5 ppt	0.6 ppt
Non-GAAP NPM	26.6%	27.6%	28.6%	26.7%	27.5%	28.5%	-0.1 ppt	0.1 ppt	0.1 ppt

Source: Bloomberg, CMBIGM estimates

Valuation

We value Salesforce at US\$388.0 per share based on 21x FY26E EV/EBITDA. Our target EV/EBITDA is at a discount to the sector average (27x), given Salesforce earnings growth has entered a more mature stage.

Figure 3: Salesforce: target valuation

EV/EBITDA Valuation (US\$mn)	FY26E
Adjusted EBITDA	17,667
Target FY26E EV/EBITDA	21
Target EV	371,008
Net cash	4,212
Target equity valuation	375,220
Valuation per share (USD)	388.0

Source: Company data, CMBIGM estimates

Figure 4: SaaS: valuation comparison

Companies	Ticker	Price (Local)	EV/Sales (x)			EV/EBITDA (x)			Rev CAGR FWD 3FY
			+1FY	+2FY	+3FY	+1FY	+2FY	+3FY	
CRM									
HubSpot	HUBS US	472.7	7.6	6.6	5.7	34.3	28.3	22.7	17%
Five9	FIVN US	26.5	2.0	1.8	1.7	9.1	8.1	6.7	10%
ITSM									
ServiceNow	NOW US	919.4	14.2	12.0	10.1	40.7	33.6	27.3	19%
Atlassian	TEAM US	170.7	7.0	5.9	4.9	27.1	21.9	17.7	19%
Security									
CrowdStrike	CRWD US	413.2	20.9	17.2	14.1	80.2	60.0	46.7	21%
Okta	OKTA US	89.8	5.0	4.5	4.1	NA	NA	14.8	10%
ERP									
SAP	SAP US	270.9	9.0	8.1	7.2	25.4	21.0	17.4	11%
Oracle	ORCL US	223.5	10.9	9.1	7.5	20.9	17.2	14.3	19%
Collaboration									

Twilio	TWLO US	105.2	3.0	2.8	2.6	14.8	12.9	10.8	9%
Ring Central	RNG US	30.3	1.6	1.5	1.5	6.1	5.5	5.4	5%
Zoom	ZM US	83.5	3.7	3.6	3.5	8.7	8.8	8.7	4%
Average			7.7	6.6	5.7	26.7	21.7	17.5	

Source: Bloomberg, CMBIGM
Note: data are as of 3 Sep, 2025

Financial Summary

INCOME STATEMENT	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan (US\$ mn)						
Revenue	31,352	34,857	37,895	41,217	46,264	49,409
Cost of goods sold	(8,360)	(8,541)	(8,643)	(9,188)	(9,968)	(10,458)
Gross profit	22,992	26,316	29,252	32,029	36,296	38,951
Operating expenses	(21,962)	(21,305)	(22,047)	(23,288)	(25,610)	(26,576)
Selling expense	(13,526)	(12,877)	(13,257)	(14,137)	(15,297)	(15,858)
Admin expense	(3,381)	(3,522)	(3,297)	(3,174)	(3,728)	(3,761)
R&D expense	(5,055)	(4,906)	(5,493)	(5,976)	(6,585)	(6,958)
Operating profit	1,030	5,011	7,205	8,742	10,686	12,375
Other expense	(131)	216	354	177	93	0
Other gains/(losses)	(239)	(277)	(121)	(182)	(204)	(218)
Pre-tax profit	660	4,950	7,438	8,736	10,574	12,156
Income tax	(452)	(814)	(1,241)	(1,966)	(2,115)	(2,431)
After tax profit	208	4,136	6,197	6,771	8,459	9,725
Net profit	208	4,136	6,197	6,771	8,459	9,725
Adjusted net profit	5,224	8,087	9,930	10,966	12,767	14,130

BALANCE SHEET	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan (US\$ mn)						
Current assets	26,395	29,074	29,727	34,767	39,175	46,134
Cash & equivalents	7,016	8,472	8,848	12,645	15,065	20,842
Account receivables	10,755	11,414	11,945	12,680	14,233	15,200
Prepayment	1,356	1,561	1,779	2,258	2,662	2,843
Financial assets at FVTPL	5,492	5,722	5,184	5,184	5,184	5,184
Other current assets	1,776	1,905	1,971	1,999	2,031	2,065
Non-current assets	72,454	70,749	73,201	72,305	79,182	79,062
PP&E	3,702	3,689	3,236	3,032	2,831	2,633
Deferred income tax	2,800	3,433	4,770	4,770	4,770	4,770
Investment in JVs & assos	4,672	4,848	4,852	4,852	4,852	4,852
Intangibles	7,125	5,278	4,428	3,736	3,315	3,392
Goodwill	48,568	48,620	51,283	51,283	58,783	58,783
Other non-current assets	5,587	4,881	4,632	4,632	4,632	4,632
Total assets	98,849	99,823	102,928	107,072	118,358	125,196
Current liabilities	25,891	26,631	27,980	30,112	32,457	34,085
Account payables	6,486	6,111	6,658	6,971	6,807	6,999
Other current liabilities	1,182	999	0	0	0	0
Lease liabilities	847	518	579	579	579	579
Contract liabilities	17,376	19,003	20,743	22,561	25,071	26,507
Non-current liabilities	14,599	13,546	13,775	13,775	18,775	18,775
Long-term borrowings	9,419	8,427	8,433	8,433	13,433	13,433
Other non-current liabilities	5,180	5,119	5,342	5,342	5,342	5,342
Total liabilities	40,490	40,177	41,755	43,887	51,232	52,860
Share capital	1	1	1	1	1	1
Capital surplus	55,047	59,841	64,576	59,818	55,298	50,784
Retained earnings	7,585	11,721	16,369	23,140	31,599	41,324
Other reserves	(4,274)	(11,917)	(19,773)	(19,773)	(19,773)	(19,773)
Total shareholders equity	58,359	59,646	61,173	63,185	67,126	72,336
Total equity and liabilities	98,849	99,823	102,928	107,072	118,358	125,196

CASH FLOW	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan (US\$ mn)						
Operating						
Profit before taxation	660	4,950	7,438	8,736	10,574	12,156
Depreciation & amortization	3,786	3,959	3,477	3,608	3,624	3,393
Tax paid	(452)	(814)	(1,241)	(1,966)	(2,115)	(2,431)
Change in working capital	(1,830)	(2,573)	(1,860)	(1,390)	(2,200)	(2,286)
Others	4,947	4,712	5,278	5,741	6,259	6,437
Net cash from operations	7,111	10,234	13,092	14,730	16,142	17,270
Investing						
Capital expenditure	(798)	(736)	(658)	(783)	(879)	(939)
Acquisition of subsidiaries/ investments	(439)	(82)	(2,734)	0	(7,500)	0
Net proceeds from disposal of short-term investments	(3,006)	(2,250)	(2,736)	0	0	0
Others	2,254	1,741	2,965	(1,929)	(2,122)	(2,335)
Net cash from investing	(1,989)	(1,327)	(3,163)	(2,712)	(10,501)	(3,273)
Financing						
Net borrowings	(4)	(1,182)	(1,000)	0	5,000	0
Share repurchases	(4,000)	(7,620)	(7,829)	(8,220)	(8,220)	(8,220)
Others	442	1,325	(600)	0	0	0
Net cash from financing	(3,562)	(7,477)	(9,429)	(8,220)	(3,220)	(8,220)
Net change in cash						
Cash at the beginning of the year	5,464	7,016	8,472	8,848	12,645	15,065
Exchange difference	(8)	26	(124)	0	0	0
Cash at the end of the year	7,016	8,472	8,848	12,645	15,065	20,842
GROWTH	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan						
Revenue	18.3%	11.2%	8.7%	8.8%	12.2%	6.8%
Gross profit	18.1%	14.5%	11.2%	9.5%	13.3%	7.3%
Operating profit	88.0%	386.5%	43.8%	21.3%	22.2%	15.8%
Net profit	(85.6%)	1,888.5%	49.8%	9.3%	24.9%	15.0%
Adj. net profit	12.1%	54.8%	22.8%	10.4%	16.4%	10.7%
PROFITABILITY	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan						
Gross profit margin	73.3%	75.5%	77.2%	77.7%	78.5%	78.8%
Operating margin	3.3%	14.4%	19.0%	21.2%	23.1%	25.0%
Adj. net profit margin	16.7%	23.2%	26.2%	26.6%	27.6%	28.6%
Return on equity (ROE)	0.4%	7.0%	10.3%	10.9%	13.0%	13.9%
GEARING/LIQUIDITY/ACTIVITIES	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan						
Current ratio (x)	1.0	1.1	1.1	1.2	1.2	1.4
Receivable turnover days	125.2	119.5	115.1	112.3	112.3	112.3
Payable turnover days	283.2	261.2	281.2	277.0	249.3	244.3
VALUATION	2023A	2024A	2025A	2026E	2027E	2028E
YE 31 Jan						
P/E	1,163.7	57.5	37.9	34.5	27.6	24.0
P/E (diluted)	1,169.6	58.1	38.4	34.8	27.9	24.2
P/B	4.1	4.0	3.8	3.7	3.5	3.2

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

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