



2024 Active-Passive Investor Summit

October 2024

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Two Years Ago, We Discussed the Value Creation Opportunity at Salesforce

Excerpt from Starboard's 2022 Active-Passive Presentation

Starboard Has Identified Three New Opportunities To Discuss Today

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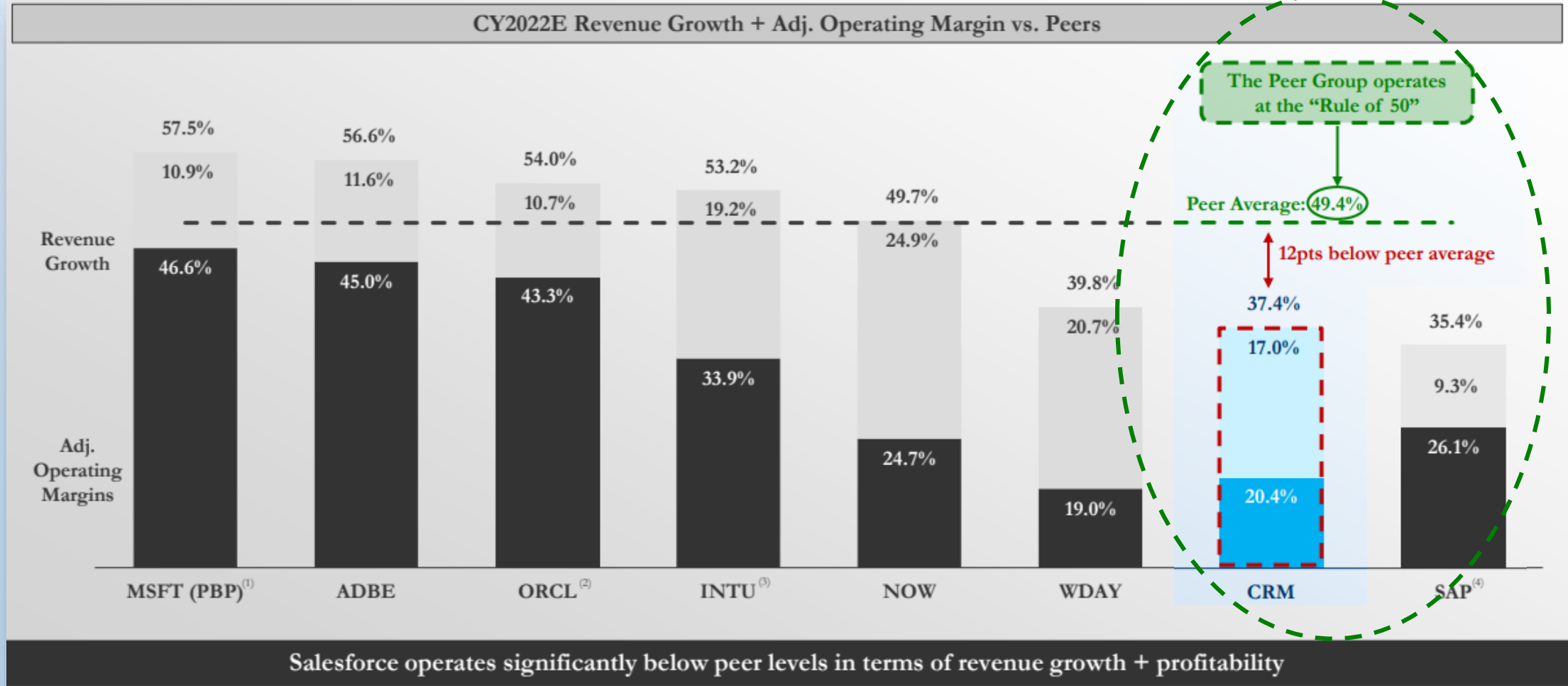
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salesforce

Each Company Represents an Opportunity to Own a High-Quality and Sticky Business at an Attractive Valuation with the Potential for Significant Value Creation Through a Better Balance of Growth and Profitability

At the Time, We Highlighted Salesforce Lagged Its Peers on the Combination of Growth and Profitability

Excerpt from Starboard's 2022 Active-Passive Presentation



Since Then, Salesforce Has Undergone a Remarkable Transformation to Increase Its Operating Margins

Over the last few years, Salesforce has significantly expanded operating margins, increasing profitability by more than 1,000bps since FY2023.

Salesforce Adjusted Operating Margin (FY2017-FY2025E)



Source: Company filings, Capital IQ.

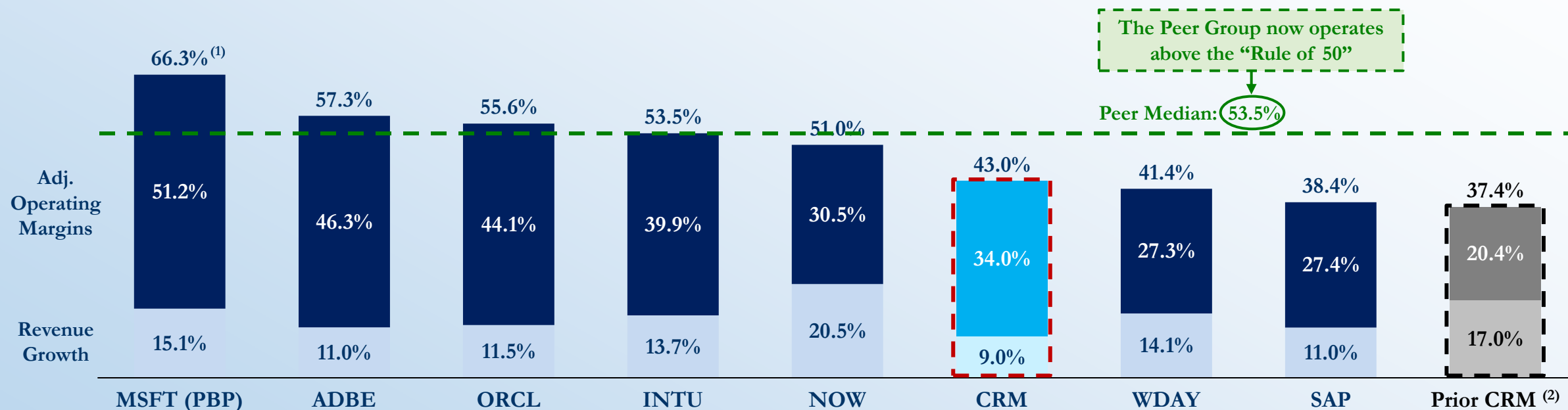
Note: Fiscal Year ends January 31. Prior consensus estimates reflect consensus estimates as of October 17, 2022.

(1) Represents restated FY2017 results reflecting change to accounting standards under ASC 606. (2) Excludes \$166 million loss on settlement of Salesforce.org reseller agreement. (3) Represents increases vs. 22.5% (FY2023 Historical).

Salesforce Has Made Progress Improving Growth and Profitability

We believe Salesforce can be best-in-class among its Peer Group and operate at or above the Rule of 50.

Revenue Growth + Adj. Operating Margin vs. Peers (CY2025E)



The Peer Group now operates above the "Rule of 50"

CRM has improved on the Rule of 50 since the 2022 Active-Passive Investor Summit

Salesforce is moving up the leaderboard

Source: Company filings, Bloomberg, Capital IQ, Visible Alpha. Note: Rule of 50 score reflects CY2025E revenue growth + CY2025E adjusted operating margin.

(1) MSFT figures reflect estimates for the Productivity and Business Processes segment. (2) Reflects CY2022E CRM estimates from the 2022 Active-Passive Conference.

Starboard has identified ADBE, INTU, MSFT, NOW, ORCL, SAP, and WDAY as the relevant peer set for comparison with CRM. Starboard believes these provide appropriate peer comparison. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other companies had been included.

Investors Have Rewarded Salesforce for Improving Its Combination of Growth and Profitability

Over the last two years, Salesforce's stock price has nearly doubled as investors have appreciated the Company's focus on improving profitability and more shareholder-friendly capital allocation.

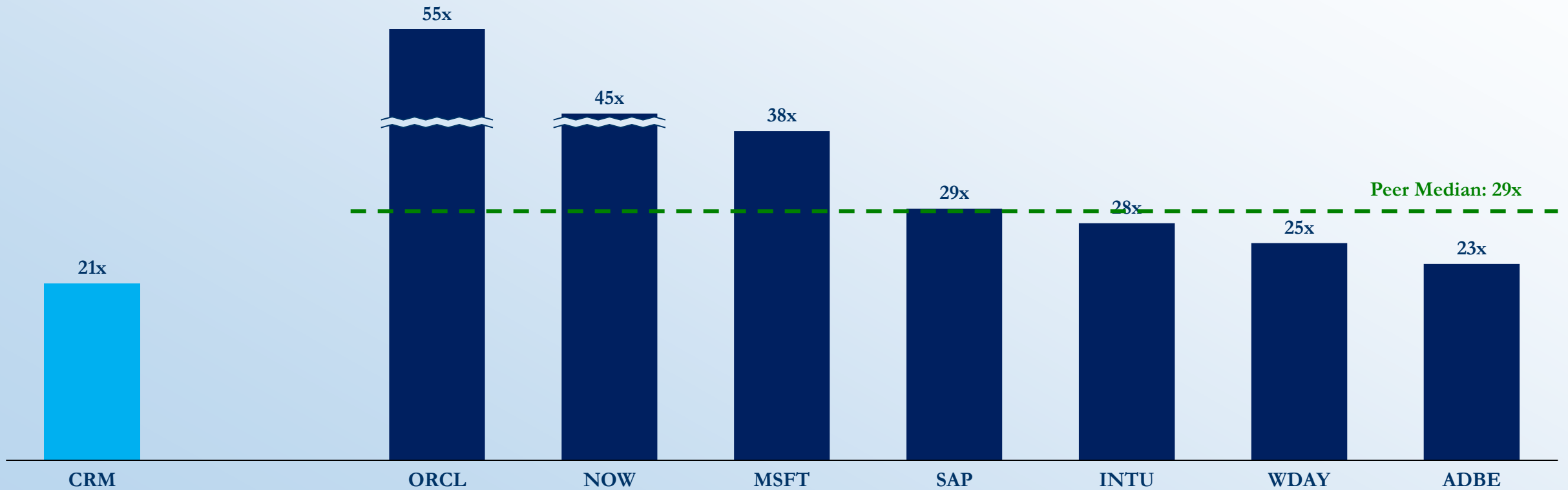


Salesforce has created significant shareholder value over the last two years.

We Believe Salesforce's Current Valuation Is Compelling

Salesforce is currently trading at a significant discount to the peer group.

Price / CY2025E Free Cash Flow



We believe Salesforce's current valuation is compelling.

Source: Capital IQ, Visible Alpha. Market data as of October 18, 2024.

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We Believe Salesforce's Newest Offering, Agentforce, Has the Potential to Drive Improved Revenue Growth...

Only Agentforce brings together Humans + Agents + Data + CRM

2.3 quadrillion records in the second quarter '24

130% YoY customer growth

Agentforce
Support Agents, Marketing Agents, CX Agents, Analytics Agents, Finance Agents, HR Agents

Customer 360
Sales Agents, Service, Marketing, Experience, Revenue & Orders, Partner & Custom Apps

Data Cloud
Zero Copy & RAG

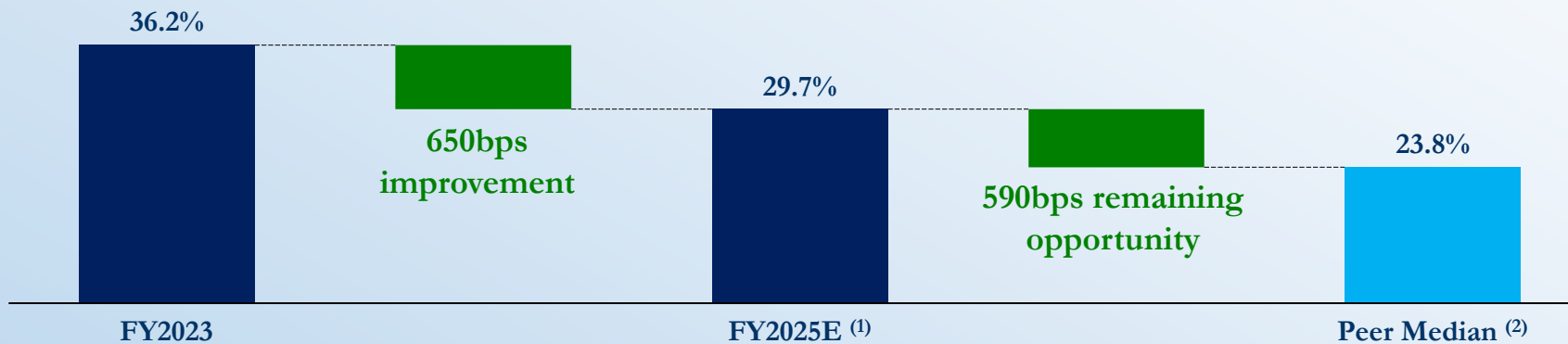
Salesforce Platform
Trust layer, Custom apps & agents, Einstein AI & Models, Flow Automation, Omnichannel User Interface, Security & Privacy, Analytics, MuleSoft Integration

Partners: WYNDHAM HOTELS & RESORTS, Formula 1, FISHER & PAYKEL, ASTON MARTIN, AIR INDIA

...And Salesforce Can Continue to Become More Efficient and More Profitable

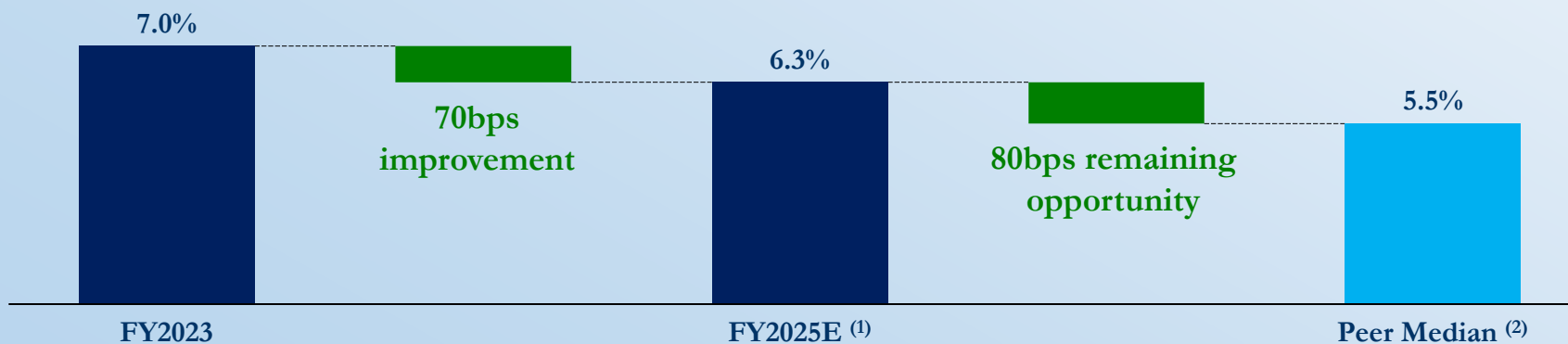
Salesforce has driven meaningful improvements in sales and marketing and G&A efficiency since FY2023, and we believe it can continue to drive incremental efficiencies in these categories.

Salesforce Sales & Marketing % of Sales



Salesforce can continue closing the gap to peers on S&M efficiency

Salesforce General & Administrative % of Sales



Salesforce can continue closing the gap to peers on G&A efficiency

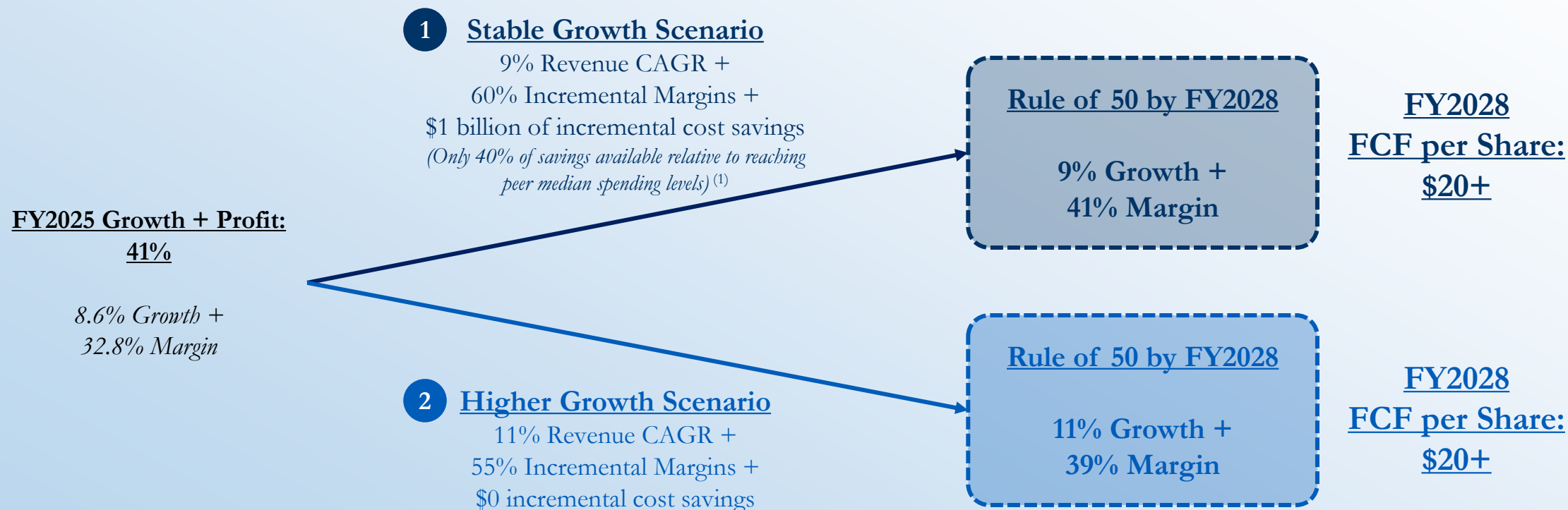
We believe Salesforce can continue to improve its operational efficiency.

Source: Company filings, Visible Alpha. (1) Reflects consensus estimates. (2) The Peer Group includes ADBE, INTU, MSFT, NOW, ORCL, SAP, and WDAY and reflects median consensus estimates for the Peer Group in CY2024E. Starboard has identified ADBE, INTU, MSFT, NOW, ORCL, SAP, and WDAY as the relevant peer set for comparison with CRM. Starboard believes these provide appropriate peer comparison. This presentation is a determination that is subject to a certain degree of subjectivity. As the full universe of potential peers is not listed here, the comparisons made herein may differ materially if other companies had been included.

Salesforce Has Multiple Paths to Reaching the Rule of 50 by FY2028

We believe Salesforce can operate above the Rule of 50 by improving revenue growth and continuing to expand margins.

Paths to Achieving the Rule of 50

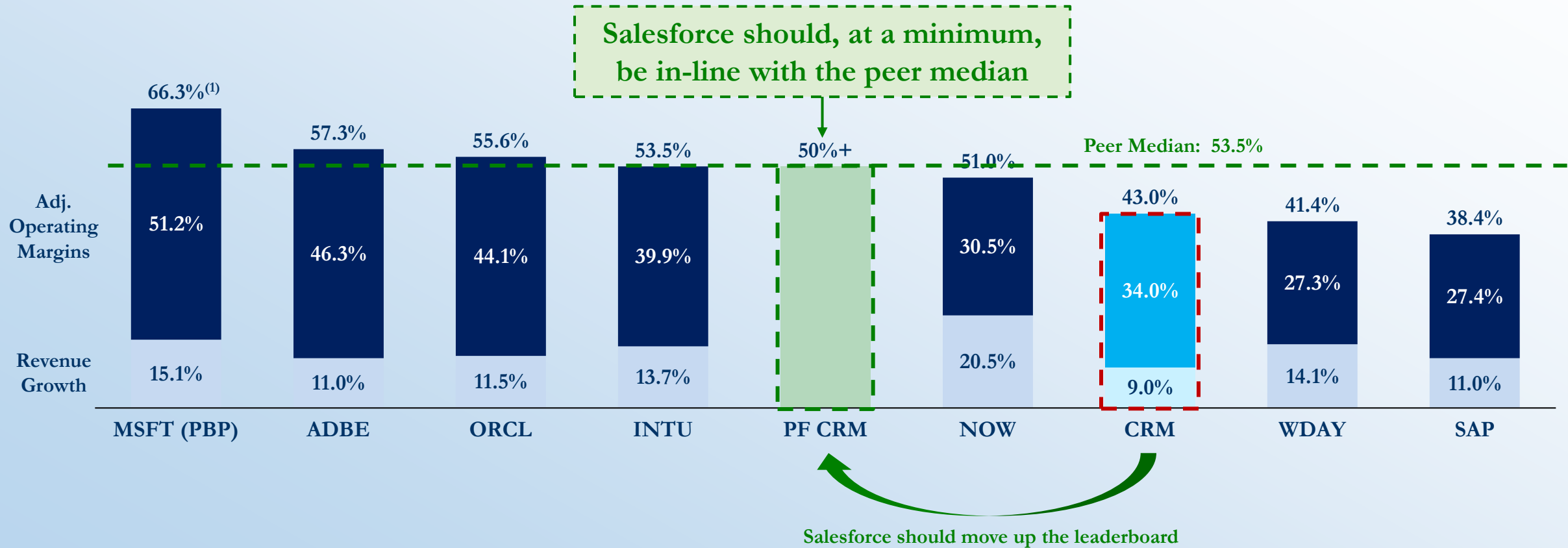


We believe Salesforce can and should commit to achieving the Rule of 50 by FY2028

Salesforce Can Achieve the Rule of 50 by FY2028

We believe Salesforce can operate above the Rule of 50 by improving revenue growth and continuing to expand margins.

Revenue Growth + Adj. Operating Margin vs. Peers (CY2025E)



Source: Company filings, Bloomberg, Capital IQ, Visible Alpha. Note: Rule of 50 score reflects CY2025E revenue growth + CY2025E adjusted operating margin.

(1) MSFT figures reflect estimates for the Productivity and Business Processes segment.

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Salesforce's Current Valuation Is Compelling, Especially If the Company Can Reach, and Exceed, the Rule of 50

If Salesforce can achieve a financial profile that is at least in-line with peer levels, its stock is currently trading at ~14x FY2028 free cash flow.

Price / CY2025E Free Cash Flow



We believe Salesforce can reach the Rule of 50 and generate more than \$20 of free cash flow per share in FY2028.

The logo consists of three overlapping circles in shades of blue. The central circle is the darkest blue and contains a white letter 'V'. The other two circles are lighter shades of blue and overlap the central one.

STARBOARD VALUE[®]