WELCOME TO
DREAMFORCE
Forward-Looking Statements

"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, which may include expected GAAP and non-GAAP financial and other operating and non-operating results, including revenue, net income, diluted earnings per share, operating cash flow growth, operating margin improvement, expected revenue growth, expected current remaining performance obligation growth, expected tax rates, the one-time accounting non-cash charge that was incurred in connection with the Salesforce.org combination; stock-based compensation expenses, amortization of purchased intangibles, shares outstanding, market growth and sustainability goals. 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, the company’s results could differ materially from the results expressed or implied by the forward-looking statements we make.

The risks and uncertainties referred to above include -- but are not limited to -- risks associated with the effect of general economic and market conditions; the impact of geopolitical events; the impact of foreign currency exchange rate and interest rate fluctuations on our results; our business strategy and our plan to build our business, including our strategy to be the leading provider of enterprise cloud computing applications and platforms; the pace of change and innovation in enterprise cloud computing services; the seasonal nature of our sales cycles; the competitive nature of the market in which we participate; our international expansion strategy; the demands on our personnel and infrastructure resulting from significant growth in our customer base and operations, including as a result of acquisitions; our service performance and security, including the resources and costs required to avoid unanticipated downtime and prevent, detect and remediate potential security breaches; the expenses associated with new data centers and third-party infrastructure providers; additional data center capacity; real estate and office facilities space; our operating results and cash flows; new services and product features, including any efforts to expand our services beyond the CRM market; our strategy of acquiring or making investments in complementary businesses, joint ventures, services, technologies and intellectual property rights; the performance and fair value of our investments in complementary businesses through our strategic investment portfolio; our ability to realize the benefits from strategic partnerships, joint ventures and investments; the impact of future gains or losses from our strategic investment portfolio, including gains or losses from overall market conditions that may affect the publicly traded companies within the company's strategic investment portfolio; our ability to execute our business plans; our ability to successfully integrate acquired businesses and technologies, including delays related to the integration of Tableau due to regulatory review by the United Kingdom Competition and Markets Authority; our ability to continue to grow unearned revenue and remaining performance obligation; our ability to protect our intellectual property rights; our ability to develop our brands; our reliance on third-party hardware, software and platform providers; our dependency on the development and maintenance of the infrastructure of the Internet; the effect of evolving domestic and foreign government regulations, including those related to the provision of services on the Internet, those related to accessing the Internet, and those addressing data privacy, cross-border data transfers and import and export controls; the valuation of our deferred tax assets and the release of related valuation allowances; the potential availability of additional tax assets in the future; the impact of new accounting pronouncements and tax laws; uncertainties affecting our ability to estimate our tax rate; the impact of expensing stock options and other equity awards; the sufficiency of our capital resources; factors related to our outstanding debt, revolving credit facility, term loan and loan associated with 50 Fremont; compliance with our debt covenants and lease obligations; current and potential litigation involving us; and the impact of climate change.

Further information on these and other factors that could affect the company’s financial results 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 Investor Information section of the company’s website at www.salesforce.com/investor.

Salesforce.com, inc. assumes no obligation and does not intend to update these forward-looking statements, except as required by law.
Finance Review with Mark Hawkins
President and CFO
Sustaining Growth at Scale
Doubling the company again by FY24
## 20 Years of Growth

### The Growth Playbook: FY00-FY24

| Chapter 1 | Defining the Cloud Software Market | FY00 - FY10 11 yrs | ~$1B |
| Chapter 2 | Accelerating Growth | FY11 - FY18 8 yrs | ~$10B |
| Chapter 3 | Solidifying our Leadership | FY19 - FY21 3 yrs | ~$20B |
| Chapter 4 | Sustaining Growth at Scale | FY22 - FY24 3 yrs | ~$35B |

Sustained Growth at Scale

Raising FY20 to $16.99 to $17.00 billion\(^1\)

FY19: $13.3B
FY18: $10.5B
FY16: $6.7B
FY15: $5.4B
FY14: $4.1B
FY13: $3.1B
FY12: $2.3B
FY11: $1.7B

26% CAGR

FY20: High end of FY20 revenue guide of $16.99B to $17.00B as of November 20, 2019.
FY21: High end of FY21 revenue guide of $20.8B to $20.9B as of November 20, 2019.
FY24: Long range target for FY24 high end of range $34B to $35B as of November 20, 2019. Guidance excludes future M&A.
Sustained Growth at Scale
Establishing FY21 guidance of $20.8 to $20.9 billion

FY21 Guide:

FY20: High end of FY20 revenue guide of $16.99B to $17.00B as of November 20, 2019.
FY21: High end of FY21 revenue guide of $20.8B to $20.9B as of November 20, 2019.
FY24: Long range target for FY24 high end of range $34B to $35B as of November 20, 2019. Guidance excludes future M&A.
Sustained Growth at Scale
Doubling the company (again) by FY24

Revenue Growth
FY20 - FY24

2x

20% CAGR

~$35B
FY24 Target

Francisco Rodriguez
We Are Marketing
Trailblazer

Values Drive Value
Doing well and doing good

**Leader in Innovation**
Fast Company
Best Workplaces for Innovators

**Leader in Philanthropy**
People
#1 Company that Cares

**Leader in Culture**
World's Best Workplace

**Future 50 Top 10**
FORTUNE

**100 Fastest Growing Companies**
FORTUNE

**2019 Top Companies**
LinkedIn

**Change the World**
FORTUNE

**Top 75 Corporate Philanthropists**
San Francisco Business Times

**Best Companies to Work For**
indeed
Today’s Discussion

- Markets: Secular Tailwinds
- Innovation: Organic and Inorganic
- Strategies: Enterprise, Geos and Industries
- Drivers: Managing Growth
- Margin and Cash: Tradeoffs of Growth and Margin
- Wrap-Up
Secular Tailwind
Digital transformation is accelerating and capturing spend

Worldwide Nominal GDP Driven by Digitally Transformed vs Other Enterprises ($T)

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-Digital GDP</th>
<th>Digital GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>~$68</td>
<td>~$14</td>
</tr>
<tr>
<td>2020</td>
<td>~$65</td>
<td>~$24</td>
</tr>
<tr>
<td>2022</td>
<td>~$51</td>
<td>~$44</td>
</tr>
<tr>
<td>2023E</td>
<td>~$48</td>
<td>~$52</td>
</tr>
</tbody>
</table>

Worldwide DX Spending vs Other (SB)

<table>
<thead>
<tr>
<th>Year</th>
<th>Other IT Spending</th>
<th>DX Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>$2,696</td>
<td>$998</td>
</tr>
<tr>
<td>2020</td>
<td>$2,571</td>
<td>$1,376</td>
</tr>
<tr>
<td>2022</td>
<td>$2,337</td>
<td>$1,878</td>
</tr>
</tbody>
</table>

History of First Mover Advantage
Setting the stage for future growth and innovation

Investments in the past 18 months

1 Investments represent capital deployed for M&A
Large and Growing Addressable Markets
Total Addressable Market growth from CY17-CY23

Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research.

2. 6 Year CAGR performed based on total TAM inclusive of acquisitions not yet completed during CY17. The CY17 TAM presented on a chart does not include Integration as acquisition of the company offering those capabilities was completed in CY18.
3. Integration market defined as Full Life Cycle API Management, Integration Platform as a Service (iPaaS), Application Integration Suite, Data Integration Tools.
Put Your Customer at the Center of Your Business
Trusted · Smart · Flexible · Sustainable

- 25% average increase in revenue
- 30% higher customer satisfaction
- 30% higher marketing ROI
- 26% decrease in IT costs
- 57% faster app development
- 70% increased productivity

Average percentage improvements reported by Salesforce customers.
The Global Leader in CRM
Continuing to take share in a growing market

Ranked #1 for CRM Applications based on IDC 2019H1 Revenue Market Share Worldwide.

Multi Cloud Customers Expanding

Significant opportunity to expand multi cloud adoption

<table>
<thead>
<tr>
<th></th>
<th>Customers</th>
<th>Annualized Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY20</td>
<td>40%</td>
<td>93%</td>
</tr>
<tr>
<td>FY19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY16</td>
<td>29%</td>
<td>89%</td>
</tr>
</tbody>
</table>

Average Spend

>20X multi-cloud customers vs single cloud in FY20

Note: Data is as of July 31st of the Fiscal Years Noted. For FY20 data excludes counts from recent acquisitions, including Tableau.
## Opportunity at the Top

Room to expand multi cloud adoption across our largest customers

### Potential to expand our largest customers to 3+ Clouds

1 customer within the Top 25 of Sales Cloud is a top customer in 5 clouds

6 customers within the Top 25 of Service Cloud are top customers in 2 clouds

<table>
<thead>
<tr>
<th>Adoption</th>
<th>Sales</th>
<th>Service</th>
<th>Platform</th>
<th>Marketing</th>
<th>Commerce</th>
<th>Integration</th>
</tr>
</thead>
<tbody>
<tr>
<td>6 Cloud</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5 Clouds</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>4 Clouds</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>4</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>3 Clouds</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2 Clouds</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>1 Clouds</td>
<td>15</td>
<td>10</td>
<td>8</td>
<td>16</td>
<td>21</td>
<td>16</td>
</tr>
</tbody>
</table>

### Top 25 Customers by Cloud

Note: Top 25 customers by annualized revenue by each Cloud as of July 31, 2019. 111 unique customers identified out of the potential of 150 (6*25).
Drivers of Growth

Markets
Secular Tailwinds

Drivers
Managing Growth

Innovation
Organic and Inorganic

Strategies
Enterprise, Geos and Industries

Wrap-Up

Margins and Cash
Tradeoffs of Growth and Margin
Sales Capacity Sustains Growth
Capacity triples since FY14

Sales Capacity x Productivity = New Business

$1M
45K
41K
$1M

Annual Productivity\(^3\)
Sales Headcount\(^2\)
Other Headcount\(^2\)

Total 13K
Total 45K
Total 41K

23%
20%

Sales headcount\(^2\)
Other headcount

six year CAGR FY14-FY20\(^1\)
six year CAGR FY14-FY20\(^1\)

1 Headcount growth as of Q2 for the fiscal years noted, excluding recent acquisitions (Tableau, ClickSoftware)
2 Sales Headcount includes all functional sales roles. Other Headcount includes total company headcount, excluding recent acquisitions (Tableau, Click Software), less Sales Headcount
3 Productivity represents trailing twelve months incremental annualized revenue divided by trailing twelve months average quota carrying sales capacity headcount. All years TTM as of Q2 in fiscal year shown. Sales Capacity headcount is defined as quota-carrying account executive roles only.
Customer Focused Coverage Model
Effective sales deployment sustains growth

Transformation
Buyer: CEO
Value: Digital Transformation
Product: ELA

Verticals
Buyer: GM
Value: Customer Experience
Product: Industry Clouds

Multiple Clouds
Buyer: CIO
Value: Integration
Product: Clouds + Customer 360 + Mulesoft

Clouds
Buyer: Line-of-Business Owner
Value: Organizational Productivity
Product: Clouds + Add-Ons

Essentials
Buyer: Owner
Value: Solve Acute Problem
Product: Essentials
Land and Expand
Proven strategy over 20 years

Incremental Annualized Revenue

<table>
<thead>
<tr>
<th></th>
<th>FY18</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Logos</td>
<td>26%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Installed Base</td>
<td>74%</td>
<td>74%</td>
<td>74%</td>
</tr>
<tr>
<td>New products into installed base</td>
<td>54% 46%</td>
<td>49% 51%</td>
<td>50% 50%</td>
</tr>
<tr>
<td>Additional seats, upgrades, and ELAs into installed base</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Proportions based on sales during the trailing twelve months ended July 31 (fiscal Q2) as of the fiscal years noted. Data excludes amounts from recent acquisitions, including Tableau.
Land and Expand

Innovation drives incremental growth

Note: Proportions based on sales during the trailing twelve months ended July 31 (fiscal Q2) as of the fiscal years noted. Data excludes amounts from recent acquisitions, including Tableau.

Net new products can include existing product options, but are new to the customer. Calc: 63% equals 50% new products to installed base multiplied by installed base of 74% plus 26% new logos.
Playbook execution drives RPO

Business Model Sustains Growth

Topic 606 introduced remaining transaction price, which is different than unbilled deferred revenue under previous accounting guidance. Transaction price allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and unbilled amounts that will be recognized as revenue in future periods. Transaction price allocated to the remaining performance obligation is influenced by several factors, including seasonality, the timing of renewals, average contract terms and foreign currency exchange rates. Unbilled portions of the remaining transaction price denominated in foreign currencies are revalued each period based on the period end exchange rates. As with unbilled deferred revenue under previous accounting guidance, the portion of the remaining transaction price that is unbilled is not recorded on the balance sheet.

Q2 FY20
Y/Y Growth

+23%
Current RPO (CRPO)

+20%
Total RPO

1Topic 606 introduced remaining transaction price, which is different than unbilled deferred revenue under previous accounting guidance. Transaction price allocated to the remaining performance obligations represents contracted revenue that has not yet been recognized, which includes unearned revenue and unbilled amounts that will be recognized as revenue in future periods. Transaction price allocated to the remaining performance obligation is influenced by several factors, including seasonality, the timing of renewals, average contract terms and foreign currency exchange rates. Unbilled portions of the remaining transaction price denominated in foreign currencies are revalued each period based on the period end exchange rates. As with unbilled deferred revenue under previous accounting guidance, the portion of the remaining transaction price that is unbilled is not recorded on the balance sheet.
Enterprise Success Sustains Growth

Rapidly expanding footprint

Enterprise 
Annualized Revenue
four year CAGR
FY16-FY20

2.3x
Enterprise Customers
FY16-FY20

30%
Enterprise
Annualized Revenue

18%
Annualized Revenue in
<$250k accounts
FY16-FY20

Note: Annualized Revenue as of July 31, 2019 for the fiscal years noted. Data excludes Annualized Revenue from recent acquisitions, including Tableau and ClickSoftware.
Sustaining Growth in Largest Accounts

60% of top customers new to Top 10 in FY20

Top 10 FY16

- Technology: A, $68M
- Technology: B
- FinServ: C
- Technology: D
- Telco: E
- Telco: F
- Conglomerate: G
- Technology: H
- PubSec: I
- Manufacturing: J, $20M

Top 10 FY20

- Technology: B, $91M
- FinServ: C
- Retail: K
- Telco: F
- Conglomerate: L
- Technology: D
- Technology: M
- FinServ: N
- PubSec: O
- Retail: P, $42M

Note: Represents annualized revenue as of July 31st for the fiscal years noted. This is an update to the previously issued content provided on November 20, 2019.
Industries Success Sustains Growth

Early days with lots of room to run

Market Share\(^1\):
- 9%
- 10%
- 11%
- 15%
- 13%
- 5%
- 6%

FY20 TAM:
- FinServ: $26B
- Comms & Media: $26B
- Manu.: $25B
- Retail & CG: $18B
- Healthcare & Life Sciences: $24B
- Public Sector: $16B
- Travel, Transport & Hospitality: $10B

FY24 TAM:
- FinServ: $38B
- Comms & Media: $26B
- Manu.: $25B
- Retail & CG: $18B
- Healthcare & Life Sciences: $24B
- Public Sector: $16B
- Travel, Transport & Hospitality: $10B

11% 4 year CAGR

Market Share calculation represents annualized revenue as of July 31, 2019, as a percentage of FY20 TAM based on Salesforce estimates shown above.

Source: Salesforce estimates based on internal research and industry analysts.
## New Growth via Industries

Industries deliver new markets and customers

<table>
<thead>
<tr>
<th>Fortune 1000 Industry</th>
<th>Customer Count: $10M+ Annual Spend</th>
<th>Customer Count: Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY16</td>
<td>FY20</td>
</tr>
<tr>
<td>Financial Services</td>
<td>5</td>
<td>23</td>
</tr>
<tr>
<td>Media &amp; Comms</td>
<td>7</td>
<td>9</td>
</tr>
<tr>
<td>High Tech</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Retail &amp; CG</td>
<td>2</td>
<td>10</td>
</tr>
<tr>
<td>Healthcare &amp; Life Sciences</td>
<td>4</td>
<td>13</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Others</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>28</strong></td>
<td><strong>79</strong></td>
</tr>
</tbody>
</table>

Note: customer counts as of Q2 for the fiscal years noted. Data excludes counts from recent acquisitions, including Tableau.

~3X

F1000 companies $10M+ band customer count growth
Value From Industry Focus
Speaking the language of the customer drives economic benefits

$160B
Higher TAM
New products increase potential customer base

50%
New Logos
Specialized industry features attract new customers

~30%
Higher ASPs
Customers spend more for out-of-the-box customization (Financial Services Cloud)

~3%
Low Attrition
Solutions that solve specific industry needs are stickier (Financial Services Cloud)

---

1Source: Salesforce estimates based on internal research and industry analysts. Represents Vertical Specific Software TAM not included in Gartner CRM TAM presented on slide 23.

2New logos for industries calculated as total number of customers new to Salesforce and industry cloud in Q2 FY20 divided by total customers adopting industry clouds in Q2 FY20.

3ASPs are a function of licenses purchased and the total size of a customer relationship. Higher vertical ASP represents average price premium from financial services cloud over Sales and Service products.

4Attrition represents TTM dollar attrition for financial services cloud compared to TTM dollar attrition for Sales and Service products. Note: not enough data for HLS cloud due to later launch to reasonably determine impact on attrition, this attrition rate is for Financial Services Cloud specifically.
Ecosystem Advantage: SIs
Partners and ISVs are aligned by industry

+30%
Partner Certified Individuals

~100
Industry Focused Partners
(1000+ Total Partners)

Consulting Partners

1 Growth stats based on FY20 H1 compared to FY19 H1
2 AppExchange listings based on 10/18/2019
Ecosystem Advantage: ISVs
Largest B2B app exchange in the world supports our innovation

Independent Software Vendors

APTTUS
Cerner
conga
DocuSign
FINANCIALFORCE
IQVIA
Incino
Veeva
Vlocity

5,000+
+20%

App Exchange Listings
FY20 Installs

1 Growth stats based on FY20 H1 compared to FY19 H1
2 AppExchange listings based on 10/18/2019
International Success Sustains Growth

Language of Digital Transformation is global

Note: Annualized Revenue as of July 31 2019 for the fiscal years noted. Data excludes Annualized Revenue from recent acquisitions, including Tableau and ClickSoftware.
Building International Scale
Leadership and autonomy in local markets

40%
More countries with >$50M Annualized Revenue since FY17

30%
International total headcount three year CAGR FY17-FY20

Jayne-Anne Gadhia
CEO, UK & Ireland

Gavin Patterson
Chairman, EMEA

Angelique de Vries
GM Sales Cloud, EMEA

Ulrik Nahammer
EVP, APAC

Pip Marlote
CEO, ANZ

Miguel Milano
President, EMEA, APAC, LACA Sales

Shinichi Koide
Chairman, President & CEO, Japan

Gavin Patterson
Chairman, EMEA

Angelique de Vries
GM Sales Cloud, EMEA

Ulrik Nahammer
EVP, APAC

Pip Marlote
CEO, ANZ

Miguel Milano
President, EMEA, APAC, LACA Sales

Shinichi Koide
Chairman, President & CEO, Japan
Trailhead Momentum
Paving the way for the next generation of Trailblazers

15M
Badges Earned

1.5M+
LEARNERS

+50% YoY

+88% YoY

Herbin Ngohe
Engie
Trailblazer
Strategic Technology Partners
Extending the capabilities of the Salesforce Customer 360
Innovation

Organic and Inorganic

Drivers
Managing Growth

Strategies
Enterprise, Geos and Industries

Markets
Secular Tailwinds

Innovation

Wrap-Up

Margins and Cash
Tradeoffs of Growth and Margin
Innovation Drives Growth
Serving customers with the most complete portfolio of products

- Sales
- Service
- Marketing
- eCommerce
- Communities
- Collaboration
- Platform
- Integration
- Industries

- Inbox
- Field Service
- Social Studio
- B2B & B2C
- Self Service
- Slides & Sheets
- Heroku
- Connectivity
- Government
- HCLS

- CPQ
- Self Service
- DMP
- Order Mgmt.
- PRM
- Social Chat
- IoT
- API Design & Mgmt
- Mfg
- Philanthropy

- PRM
- Engagement
- Journeys
- AI-Powered Commerce
- Portal
- Workflows
- Analytics
- Dev Exchange
- Fin Serv
- Consumer Goods

- High Velocity
- Bots
- Digital Ads
- Mobile
- Trailhead
- Cloud & On-Prem
- Einstein
- Monitoring & Security

- Sales Intelligence
- Service Intelligence
- Audience Builder
- AppExchg.

Portfolio as of July 31, 2019. Excludes recent acquisitions, including Tableau and ClickSoftware.
Innovation Drives Growth

Executing ongoing organic innovation

<table>
<thead>
<tr>
<th>Sales</th>
<th>Service</th>
<th>eCommerce</th>
<th>Communities</th>
<th>Collaboration</th>
<th>Platform</th>
<th>Industries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Government</td>
</tr>
<tr>
<td></td>
<td></td>
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<td>HCLS</td>
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<td>Field Service</td>
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<td>Social Chat</td>
<td>IoT</td>
<td>Mfg</td>
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<td>Fin Serv</td>
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<td>Consumer Goods</td>
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<tr>
<td>PRM</td>
<td></td>
<td>Portal</td>
<td>Workflows</td>
<td>Analytics</td>
<td>Mobile</td>
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</tr>
<tr>
<td>High Velocity</td>
<td>Bots</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Sales Intelligence</td>
<td>Service Intelligence</td>
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<td></td>
</tr>
</tbody>
</table>
| Portfolio as of July 31 2019. Excludes recent acquisitions, including Tableau and ClickSoftware
Innovation Drives Growth
Integrating inorganic innovation and building upon it

Portfolio as of July 31, 2019. Excludes recent acquisitions, including Tableau and ClickSoftware.
M&A Framework
Driven by customer needs

- **Tech & Talent**
  - Rationale: Specific IP to augment organic innovation
  - Historical Total: ~50
  - Example: INSTTRANET
  - Growth Impact: Future
  - Margin Impact (Near Term): Immaterial

- **Adjacencies**
  - Complimentary products which extend organic innovation
  - Growth Impact: ~10
  - Example: STEELBRICK
  - Margin Impact: Headwind

- **New Markets**
  - Deliver scaled new offerings
  - Growth Impact: 4
  - Example: Tableau
  - Margin Impact: Headwind

**Financial Impact**
Complimenting Organic Innovation

Delivering Customer Success

- Commerce
- Marketing
- Service
- Sales
- Trailblazers & Reskilling
- Integration
- Employee Experience
- Apps
- Analytics, BI & Visualization
- Commerce
- Intranet
- Click
- MapAnything
- STEELBRICK
- HeyWire
- ExactTarget
- datorama
- Heroku
- Quip
- MuleSoft
- Tableau
- Salesforce
- Analytics, BI & Visualization
- Einstein AI
- Partners
- Industries
- radian
- demandware
- cloudcraze
- BeyondCore
- Tableau
Source of Entrepreneurial Talent

Bret Taylor
President & Chief Product Officer

Adam Selipsky
CEO, Tableau

Simon Parmett
CEO, MuleSoft

Adam Blitzer
CEO, Marketing Cloud

Margaret Francis
SVP Product and GM, Heroku

Mary Kay Huse
EVP, Consumer Engagement

Alexandre Dayon
President & Chief Strategy Officer

Richard Socher
Chief Scientist

Katrin Ribant
SVP, Product Management

Andy Kofoid
EVP & COO, B2C

Ray Grady
SVP and GM, B2B Commerce

Meredith Flynn-Ripley
VP, Mobile Messaging

Ran Sarig
SVP & GM, Datorama

Shannon Duffy
SVP, Product Marketing

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Shannon Duffy
SVP, Product Marketing

Mike Micucci
CEO, Commerce Cloud
Financial Implications
Acquisitions create both tailwinds and headwinds to growth and margin

Tailwinds
- Revenue Contribution
- Cross Selling & Synergies
- Scaling of Operations

Headwinds
- Purchase Accounting
- Transaction & Integration Fees
- Incremental Investments

Acquired RPO fair value adjustment (write down) persists over the average contract length (e.g. 2-3 years, etc.)

M&A in successive years layers on residual fair value adjustments
Growth & Margin Impacts
Near term margin dilution improves to long term margin accretion

Non-GAAP Operating Margin Percentage at Acquisition¹
-6% 3% -9%

¹ Numbers represent most recent publicly available guided full year non-GAAP operating margin percentage prior to acquisition by Salesforce.
This assumes a single material acquisition is done during the time period noted.
Non-GAAP Operating Margin is a non-GAAP financial measure. Refer to the Appendix for an explanation of which items are excluded from our non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP financial measures to the most comparable GAAP measures, when applicable.
## Track Record of Successful Acquisitions

Returns on M&A capital allocation strategy

<table>
<thead>
<tr>
<th>Acquired</th>
<th>Revenue at Acquisition(^1)</th>
<th>Growth at Acquisition(^2)</th>
<th>Revenue Today(^3)</th>
<th>Growth Today</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ExactTarget</strong></td>
<td>July 2013</td>
<td>~$286M</td>
<td>~30%</td>
<td>~$1,450M</td>
</tr>
<tr>
<td><strong>Demandware</strong></td>
<td>July 2016</td>
<td>~$227M</td>
<td>~27%</td>
<td>~$590M</td>
</tr>
<tr>
<td><strong>MuleSoft</strong></td>
<td>May 2018</td>
<td>~$284M</td>
<td>~38%</td>
<td>~$665M</td>
</tr>
</tbody>
</table>

\(^1\)Calculated based on last available subscription revenue guide prior to acquisition, annualized if quarterly guidance. For MuleSoft, used annualized Q1 revenue from pro-forma S4 filed on July 3, 2019, which represents last available public quarterly financial data.

\(^2\)Represents last available full year total revenue guidance prior to acquisition as a percentage of last reported annual total revenue prior to acquisition.

\(^3\)Revenue represents current annualized revenue as of Q2 FY20, for each standalone product or only the subset of current Salesforce product acquired. Growth represents YOY annualized revenue growth based on Q2 FY20 revenue for the products specified herein.
Finance Review with John Cummings
SVP Investor Relations
Managing the Business
A portfolio of unique unit economic margins

Who

Where

What

Sales Cloud
Service Cloud
Marketing & Commerce
Salesforce Platform
Integration & Analytics

LATAM
JAPAN
APAC
EMEA
AMER

Enterprise
Commercial
Small Business
Industries
Essentials

Note: For illustration purposes only.
Unit Economic Margins¹
Attrition, Cost to Book, and Cost to Serve

Key Terms and Expressions

1. **Attrition:**
   Defines expected life of $1 of recurring revenue

2. **Lifetime Revenue (LTR):**
   Cumulative value of $1 recurring revenue over expected life
   \( \text{Value} = \frac{1}{\text{Attrition}} \)

3. **Cost to Book (CTB):**
   Cost to acquire $1 recurring revenue

4. **Cost to Serve (CTS):**
   Cost to serve $1 of recurring revenue over expected life
   \( \text{Value} = \text{expressed as a % of revenue} \)

¹ Unit Economic margin in this and subsequent slides are calculations based on assumptions regarding unit lifetime revenue and subscription economics, including cost to book, cost to serve, and attrition dynamics. Unit Economic margin is not an operating margin. The “long-term margin” considers a low-single-digit growth rate.
Margin Frontier

Unit Economic Margins will change over time

Unit economic margins define the growth and margin frontier.
Value = Revenue - (CTS) - CTB x (Attrition + Growth)

Unit economic margin defines limit of profitability, at zero growth.
Value = (LTR - CTB - CTS)/LTR
Margin Frontier
Unit Economic Margins will change over time

Change in key inputs to Unit Economic Margin (e.g. CTB, CTS, Attrition) can shift the frontier over time
Margin Frontier
Varies by Region

Unit Economics by Region

Unit Margin = xx%

EMEA

JAPAC

AMER

~37%

~40%

~43%
Margin Frontier
Varies by End Market

Unit Economics by End Market

Unit Margin = xx%

Faster

Growth

Enterprise

Small Business

~35%

~40%

Unit Economic Margin

Lower

Higher
Margin Frontier
Varies by Product

Unit Economics by Product

Faster
Growth
Marketing
Service
Sales
Lower
Slower

Unit Economic Margin

~26%
~44%
~50%

Unit Margin = xx%
Portfolio of Unit Economic Margins

Lifetime economic margins today

Sales: ~44% margin with 13% YoY growth.
Service: ~50% margin with 22% YoY growth.
Platform: ~33% margin with 24% YoY growth.
Commerce: ~39% margin with 28% YoY growth.
Marketing: ~26% margin with 39% YoY growth.
Integration: ~53% margin with 52% YoY growth.

1Economic margin calculations based on assumptions regarding unit lifetime revenue and subscription economics, including cost to book, cost to serve, and attrition dynamics. Economic margin is not an operating margin. The “long-term margin” considers a low-single-digit growth rate.
2YoY Growth represents YoY annualized revenue growth by cloud as of Q2 FY20
Aggregate Unit Economic Margin
Improved ~500 basis points FY18-FY20

Salesforce Unit Economics

Tailwinds:
- Lower Attrition
- Cost to Serve

Headwinds:
- Higher Cost to Book due to mix

Unit Economic Margin

~35%  ~40%
History of Declining Attrition
10 years of improvement sustains growth and long term value

Dollar Attrition Rate

Q2'10 ~21%
Q2'11
Q2'12
Q2'13
Q2'14
Q2'15
Q2'16
Q2'17
Q2'18
Q2'19
Q2'20 <10%

Note: Chart of dollar attrition as a percentage of revenue when compared to the year-ago period for Salesforce through Q216. Represents Q2 only of the Fiscal Years Mentioned. Excludes recent acquisitions including ClickSoftware and Tableau
Balancing Growth and Profitability
Margin expansion throughout period of significant investment

Revenue $s

Operating Margin %

FY13 FY14 FY15 FY16 FY17 FY18 FY19 FY20E

$16.99B to $17.00B as of November 20, 2019. Non-GAAP operating margin year-over-year growth as of August 22nd, 2019. FY17 and FY18 revenues recast under ASC 606. All other prior years under ASC 605.
Cash Flow Generation at Scale
Operating Margin improvement accelerates cash flow growth

**OPERATING CASH FLOW**

- FY16: $1.7B
- FY17: 
- FY18: 
- FY19: 
- FY20E: $4.15B

**FREE CASH FLOW**

- FY16: 
- FY17: 
- FY18: 
- FY19: 
- FY20E: $3.5B

FY20 operating cash flow guide of 21% to 22% year-over-year growth as of August 22nd, 2019.
FY20 free cash flow guide based on operating cash flow guide of 21-22% yoy growth and capital expenditures guided as ~4% of Revenue as of August 22nd, 2019.
Free cash flow calculated as operating cash flow less capital expenditures for each fiscal year shown.

**CAGR**

- 25% CAGR FY16-FY20
- 26% CAGR FY16-FY20
Improving organic operating efficiencies

FY20 Ending Non-GAAP Operating Margin

FY21 Organic Non-GAAP Operating Margin Improvement

FY21 Tailwind (salesforce.org non-cash charge\(^1\))

FY21 Headwinds (Prior Years M&A\(^2\))

FY21 Ending Non-GAAP Operating Margin\(^3\)

FY21 Net Expansion

\(^1\)One-time accounting charge of $166M related to acquisition of salesforce.org in FY20. This charge is not recurring in FY21, increasing YoY operating margin improvement.

\(^2\) FY20 acquisitions (Tableau, SFDO, ClickSoftware, & MapAnything) have lower margin profiles than SFDC. Integration costs and investments in the business increases OpEx. They represent a headwind to FY21 Operating Margin. Purchase accounting due to write down of deferred revenue from acquisitions made prior to FY20 also may act as a headwind to FY21 operating margin.

\(^3\)Inclusive of net headwinds and one time non cash charge tailwind (footnotes 1 and 2 above), expect net operating margin expansion in FY21.
Closing Thoughts

Markets
Secular Tailwinds

Drivers
Managing Growth

Innovation
Organic and Inorganic

Strategies
Enterprise, Geos and Industries

Wrap-Up

Margins and Cash
Tradeoffs of Growth and Margin
Sustained Growth at Scale

20 Years of sequential revenue growth

Note: Revenue prior to Q1 FY17 shown as reported (prior to adoption of ASC 606)

1 Represents Q3 FY20 Revenue Guidance as of August 22nd 2019
20 Years of Growth

Very few companies sustain growth over the long term

U.S. Public Companies
with uninterrupted, consecutive years revenue growth >20%

N = ~1,300

Companies

3 Years  5 Years  10 Years  15 Years  20 Years

78  42  9  1  1

Source: BofA Securities, CapIQ. Salesforce years include pre-IPO. Statistics capture U.S. publicly traded companies with 2019E Revenue >$500mm.
Unprecedented Growth at Scale
Growth Playbook sets us apart

Note: Salesforce revenue of $5.4B in FY15 and $10.5B in FY19. Source for Microsoft, Oracle, and SAP revenues: FactSet.

Non-GAAP Financial Measures

This presentation includes information about non-GAAP income from operations, non-GAAP operating margin and free cash flow (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 consolidated financial statements prepared in accordance with GAAP. Management uses both GAAP and non-GAAP measures when planning, monitoring, and evaluating the company’s performance.

The primary purpose of using non-GAAP 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 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, and amortization of acquisition-related intangibles.

The company defines the non-GAAP measure free cash flow as GAAP net cash provided by operating activities, less capital expenditures. For this purpose, capital expenditures does not include our strategic investments.
## GAAP to Non-GAAP Reconciliation

### (in millions)

<table>
<thead>
<tr>
<th></th>
<th>ASC 606</th>
<th>ASC605</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-GAAP income from operations</strong></td>
<td>FY19</td>
<td>FY18</td>
</tr>
<tr>
<td>GAAP income (loss) from operations</td>
<td>$535</td>
<td>$454</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of purchased intangibles</td>
<td>$447</td>
<td>$287</td>
</tr>
<tr>
<td>Stock-based expenses</td>
<td>$1,283</td>
<td>$997</td>
</tr>
<tr>
<td>Less:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease termination resulting from purchase of 50 Fremont</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Non-GAAP income from operations</strong></td>
<td>$2,265</td>
<td>$1,738</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
<th>FY14</th>
<th>FY13</th>
<th>FY12</th>
<th>FY11</th>
<th>FY10</th>
<th>FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP income (loss) from operations</td>
<td>$64</td>
<td>$115</td>
<td>-$146</td>
<td>-$286</td>
<td>-$111</td>
<td>-$35</td>
<td>$97</td>
<td>$115</td>
<td>$64</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of purchased intangibles</td>
<td>$225</td>
<td>$158</td>
<td>$155</td>
<td>$147</td>
<td>$88</td>
<td>$67</td>
<td>$20</td>
<td>$11</td>
<td>$5</td>
</tr>
<tr>
<td>Stock-based expenses</td>
<td>$820</td>
<td>$594</td>
<td>$565</td>
<td>$503</td>
<td>$379</td>
<td>$229</td>
<td>$120</td>
<td>$89</td>
<td>$77</td>
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<tr>
<td>Less:</td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating lease termination resulting from purchase of 50 Fremont</td>
<td>$0</td>
<td>-$37</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td><strong>Non-GAAP income from operations</strong></td>
<td>$1,110</td>
<td>$830</td>
<td>$574</td>
<td>$364</td>
<td>$357</td>
<td>$261</td>
<td>$238</td>
<td>$215</td>
<td>$146</td>
</tr>
</tbody>
</table>

### As Margin %

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total revenues</td>
<td>$13,282</td>
<td>$10,540</td>
</tr>
<tr>
<td>GAAP operating margin</td>
<td>4.03%</td>
<td>4.30%</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>17.1%</td>
<td>16.5%</td>
</tr>
<tr>
<td>Year-over-Year improvement</td>
<td>57 bps</td>
<td>326 bps</td>
</tr>
</tbody>
</table>

### Components of free cash flow, a non-GAAP measure

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP net cash provided by operating activities</td>
<td>$3,398</td>
<td>$2,738</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$595</td>
<td>$534</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY16</th>
<th>FY15</th>
<th>FY14</th>
<th>FY13</th>
<th>FY12</th>
<th>FY11</th>
<th>FY10</th>
<th>FY09</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP operating margin</td>
<td>0.80%</td>
<td>1.70%</td>
<td>-2.70%</td>
<td>-7.00%</td>
<td>-3.60%</td>
<td>-1.50%</td>
<td>5.90%</td>
<td>8.80%</td>
<td>5.90%</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>13.2%</td>
<td>12.4%</td>
<td>10.7%</td>
<td>8.9%</td>
<td>11.7%</td>
<td>11.5%</td>
<td>14.3%</td>
<td>16.5%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Year-over-Year improvement</td>
<td>78 bps</td>
<td>177 bps</td>
<td>175 bps</td>
<td>-276 bps</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>