Q3 FY18 Financial Update

Salesforce

NYSE: CRM

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Safe Harbor

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

This presentation contains forward-looking statements about our financial 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, deferred revenue growth, expected revenue run rate, expected tax rates, stock-based compensation expenses, amortization of purchased intangibles, amortization of debt discount and shares outstanding. 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 possible fluctuations in the company's financial and operating results; the company's rate of growth and anticipated revenue run rate, including the company's ability to convert deferred revenue and unbilled deferred revenue into revenue and cash flow, and ability to maintain continued growth of deferred revenue and unbilled deferred revenue; foreign currency exchange rates; errors, interruptions or delays in the company's services or the company's Web hosting; breaches of the company's security measures; domestic and international regulatory developments, including the adoption of new privacy laws; the financial and other impact of any previous and future acquisitions; the nature of the company's business model, including risks related to government contracts; the company's ability to continue to release, gain customer acceptance of, and provide support for, new and improved versions of the company's services; successful customer deployment and utilization of the company's existing and future services; changes in the company's sales cycle; competition; various financial aspects of the company's subscription model; unexpected increases in attrition or decreases in new business; the company's ability to realize benefits from strategic partnerships and strategic investments; the emerging markets in which the company operates; unique aspects of entering or expanding in international markets, including the compliance with United States export control laws, the company's ability to hire, retain and motivate employees and manage the company's growth; changes in the company's customer base; technological developments; litigation and any related claims, negotiations and settlements, including with respect to intellectual property matters or industry-specific regulations; unanticipated changes in the company's effective tax rate; factors affecting the company's outstanding convertible notes, term loan, and revolving credit facility; fluctuations in the number of company shares outstanding and the price of such shares; collection of receivables; interest rates; factors affecting the company's deferred tax assets and ability to value and utilize them; the potential negative impact of indirect tax exposure; the risks and expenses associated with the company's real estate and office facilities space; and general developments in the economy, financial markets, credit markets, and the impact of current and future accounting pronouncements and other financial reporting standards.

Further information on these and other factors that could affect the company's financial results is included in the reports o n Forms 10-K, 10-Q and 8-K and in other filings we make 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.

Company Overview

The global leader in CRM

salesforce

- Founded 1999, public listing (**NYSE: CRM**) 2004
- **#1 CRM provider** for the fourth year in a row[1]
- **Fastest growing top five enterprise software company** with $8.39 billion in revenue FY17 (26% Y/Y)
- **Nearly tripled free cash flow ($0.58B-$1.70B)** over past three years (FY14-FY17) **while doubling revenue ($4.07B-$8.39B)**
- Headquartered in San Francisco, with **>28,000 Employees** focused on CRM and customer success

"Innovator of the Decade"
Forbes
September 2016

FORTUNE 100 BEST COMPANIES TO WORK FOR® 2017
2009 · 2010 · 2011
2012 · 2013 · 2014
2015 · 2016 · 2017

Forbes
The world's most innovative companies
2011 · 2012 · 2013
2014 · 2015 · 2016
2017

FORTUNE® 500
2016

1IDC, WW Semiannual Software Tracker, 2016H2 Historical release, 4.21.17

Financial Overview

Q3 FY18 Results Highlights

Durable top-line and bottom-line growth

- **Revenue of $2.68 Billion**, up 25% Year-Over-Year, 23% in Constant Currency[1]
- **Deferred Revenue of $4.39 Billion**, up 26% Year-Over-Year, 24% in Constant Currency[1]
- **Unbilled Deferred Revenue** of Approximately **$11.5 Billion**, up 34% Year-Over-Year[1]
- **Guidance**
  - Initiates **Fourth Quarter FY18 Revenue Guidance** of $2.801 Billion to $2.811 Billion[2]
  - Raises **FY18 Revenue** Guidance to $10.43 Billion to $10.44 Billion[2]
  - Raises **FY18 GAAP EPS** Guidance to $0.12 to $0.13[2]
  - Raises **FY18 Non-GAAP EPS** Guidance to $1.32 to $1.33[2,3]
  - Reconfirms **FY19 Revenue** Guidance of $12.45 Billion to $12.50 Billion[2]

[1]Refer to slide 9 for an explanation of non-GAAP revenue constant currency ("CC") growth rate and to slide 10 for an explanation of non-GAAP deferred revenue CC growth rate. Unbilled Deferred Revenue is an operational measure and represents future billings under our non-cancelable subscription agreements that have not been invoiced and, accordingly, are not recorded in deferred revenue. [2]Guidance provided November 21, 2017. [3]Non-GAAP EPS is a non-GAAP financial measures. Refer to the Appendix for an explanation of 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.

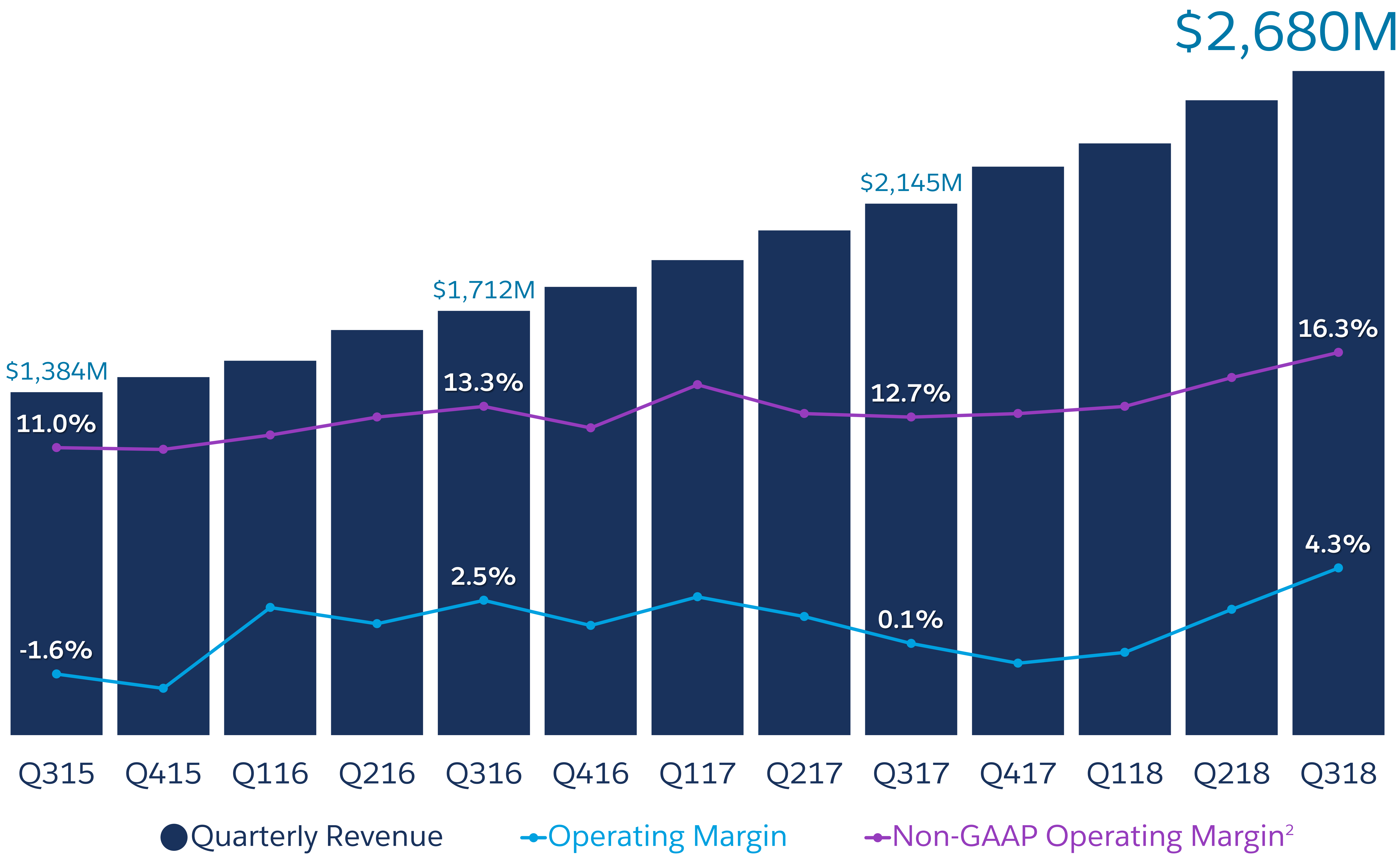
Q3 FY18 Financial Summary

	GAAP		Non-GAAP[1]	
	Quarterly Results	Increase/(Decrease) y/y	Quarterly Results	Increase/(Decrease) y/y
Revenue	$2,680M	25%	$2,641M CC	23% CC
Deferred Revenue	$4,392M	26%	$4,332M CC	24% CC
Unbilled Deferred Revenue	N/A	N/A	$11,500M	34%
Operating Margin	4.3%	419 bps	16.3%	360 bps
Diluted Earnings Per Share	$0.07[2]	240%	$0.39[2]	63%[3]
Operating Cash Flow	$126M	(18%)	N/A	N/A

[1]The Non-GAAP columns present only non-GAAP financial metrics and the related non-GAAP growth rates as compared to prior periods. Non-GAAP revenue and non-GAAP deferred revenue represent CC results. Refer to slide 9 for an explanation of non-GAAP CC revenue and to slide 10 for an explanation of non-GAAP CC deferred revenue. Unbilled Deferred Revenue is an operational measure and represents future billings under our non-cancelable subscription agreements that have not been invoiced and, accordingly, are not recorded in deferred revenue. Non-GAAP operating margin and non-GAAP EPS are non-GAAP financial measures. Refer to the Appendix for an explanation of 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. [2]Diluted EPS calculation utilizes GAAP revenue results disclosed above. [3]Non-GAAP Diluted EPS year-over-year growth is calculated using the EPS results for the current and prior periods rounded to the nearest whole cent, as presented in the Appendix.

Total Quarterly Revenue and Operating Margin

Balanced top-line and bottom-line growth



Q3 FY18

+23% CC[1]
y/y revenue growth

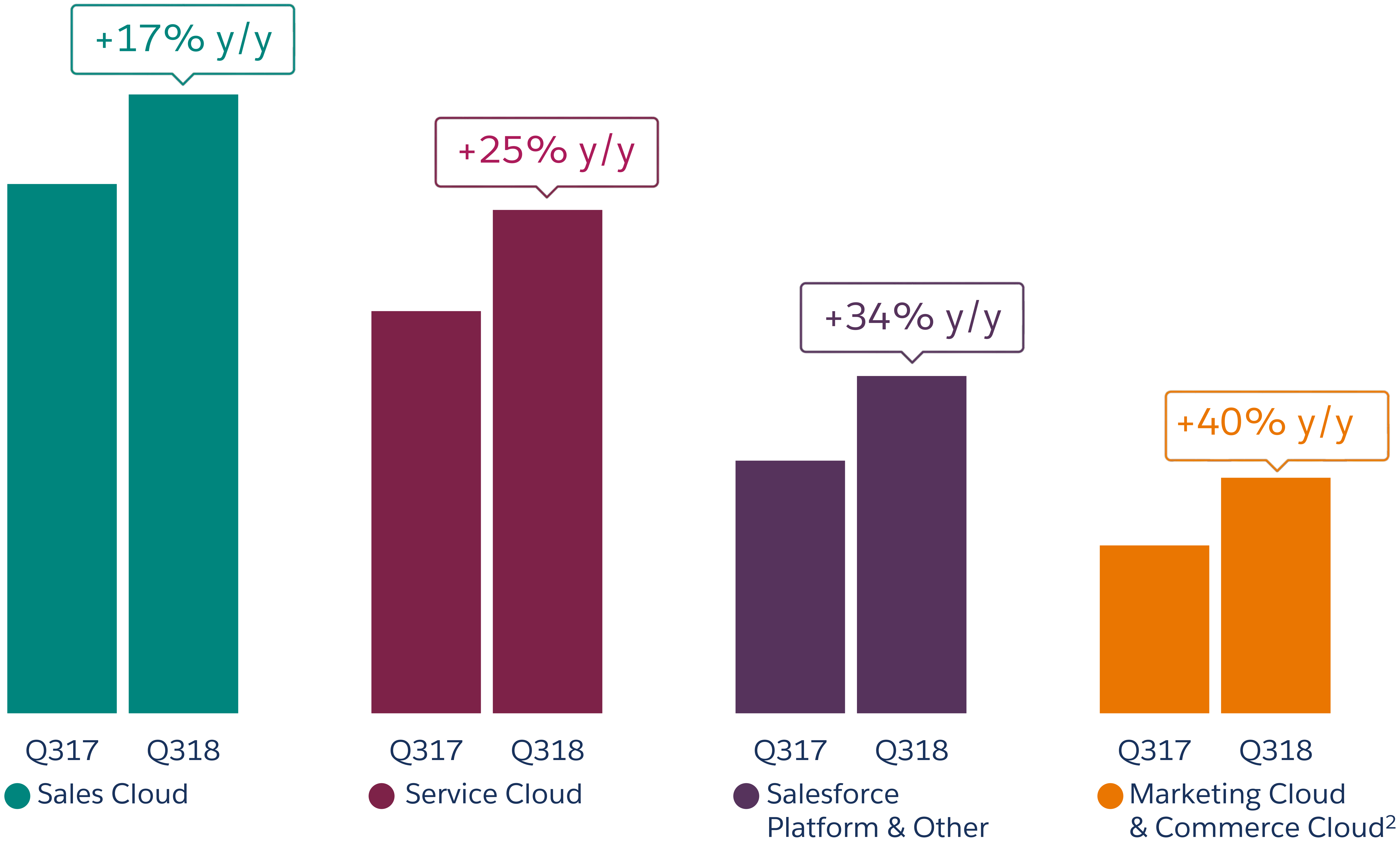
Non-GAAP operating margin[2]
+360bps
y/y improvement

GAAP operating margin
+419 bps
y/y improvement

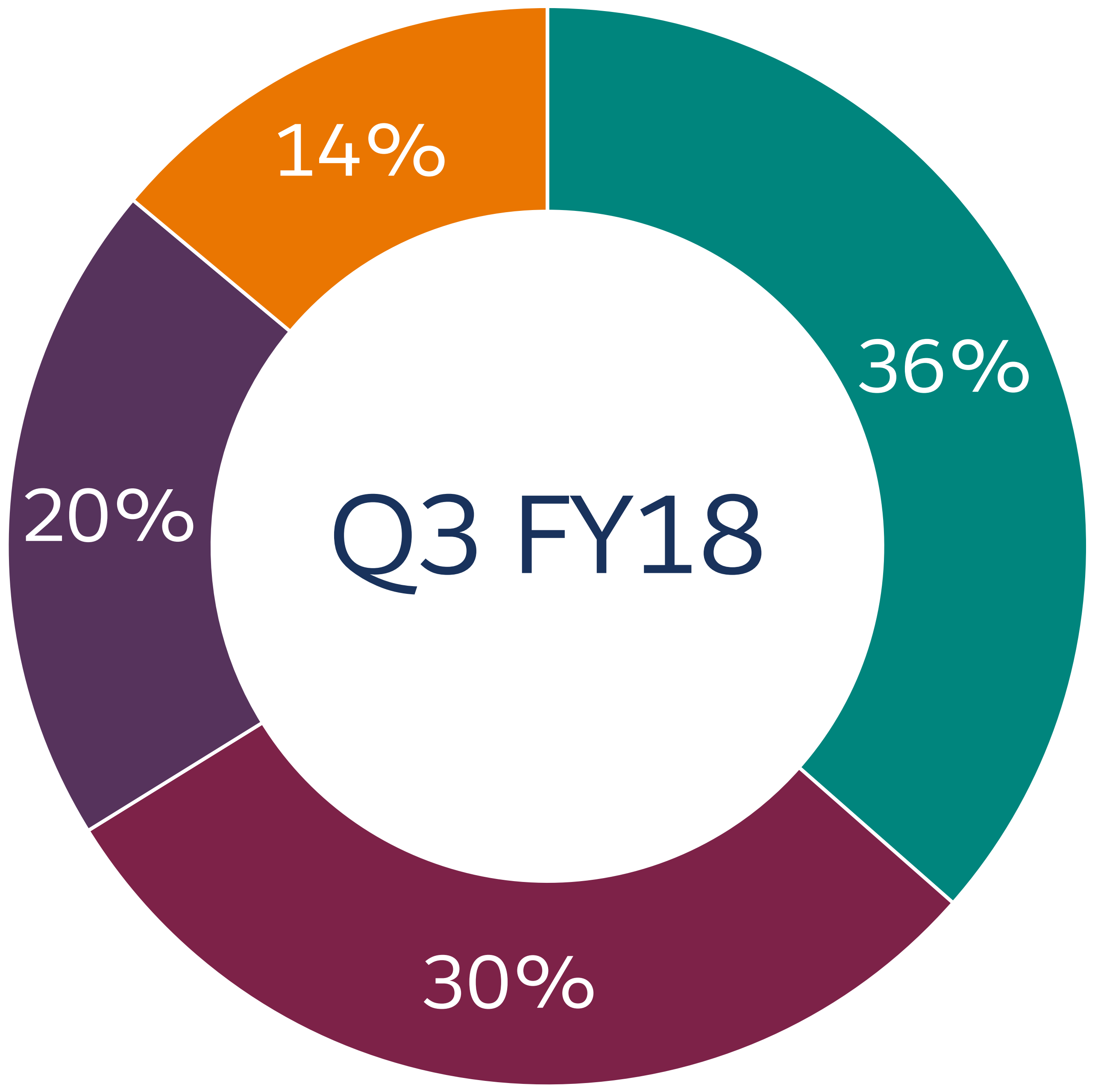
[1]Refer to slide 9 for an explanation of non-GAAP revenue CC growth rate as compared to the comparable prior period. [2]Non-GAAP Operating Margin is the proportion of non-GAAP income from operations as a percentage of revenue and is a non-GAAP financial measure. Refer to the Appendix for an explanation 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.

Quarterly Subscription and Support Revenue by Cloud

Complete portfolio of CRM products



Subscription and Support Revenue by Cloud[1]



[1]Percentages represent Q3 FY18 cloud revenues as a proportion of total Q3 FY18 Subscription and Support revenue.
[2]Marketing Cloud, excluding Commerce Cloud, grew 38% year-over-year.

Q3 FY18 Revenue by Region

Strong revenue growth across geographies

AMERICAS

$1,927M revenue

+21% y/y

+21% CC y/y[1]

EMEA

$494M revenue

+46% y/y

+33% CC y/y[1]

APAC

$259M revenue

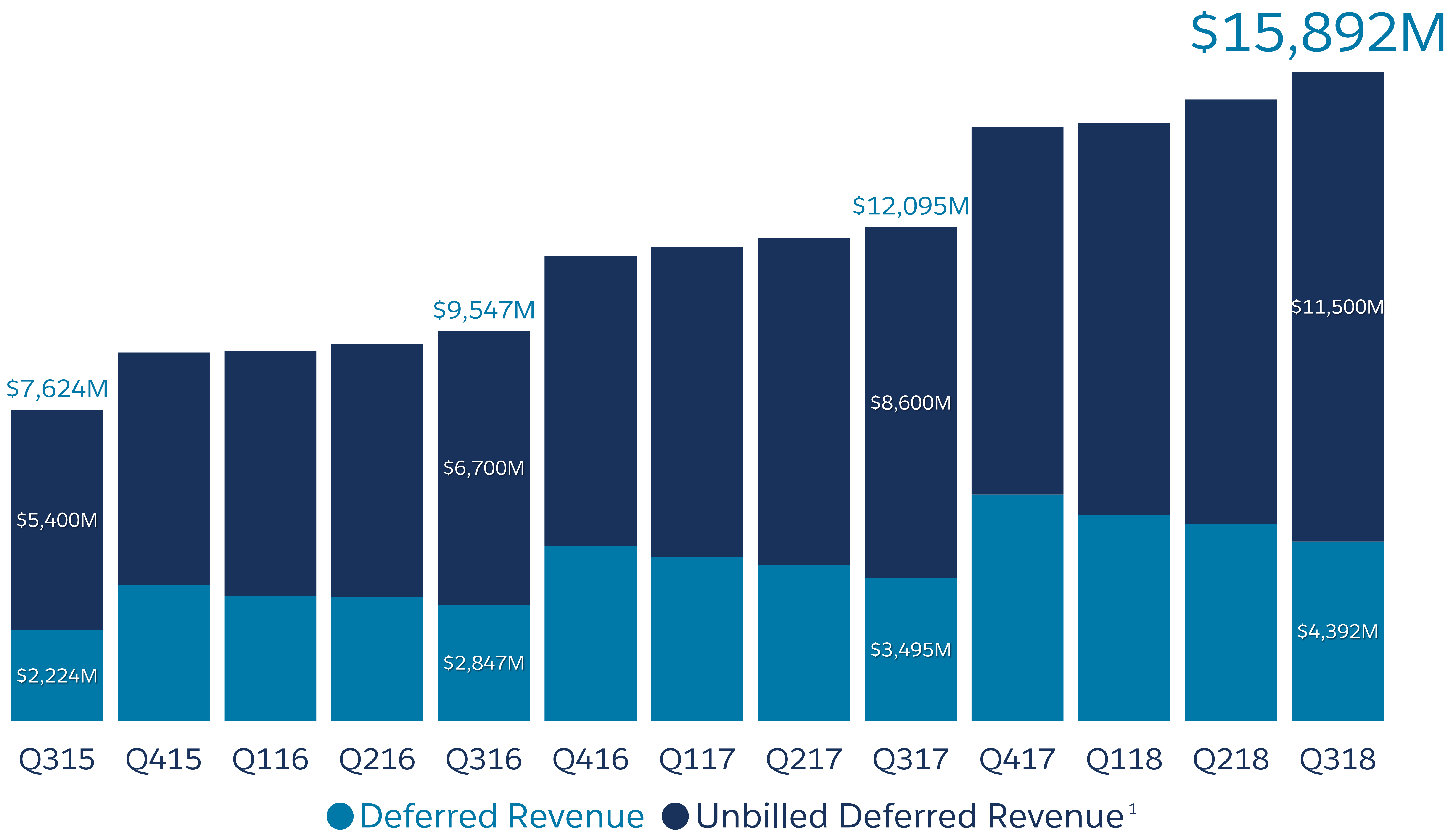
+24% y/y

+27% CC y/y[1]

[1]Non-GAAP revenue CC growth rates as compared to the comparable prior period. We present CC information for revenue to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present CC 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.

Quarterly Deferred Revenue: Billed and Unbilled

Consistent growth on and off the balance sheet



Q3 FY18

y/y growth

+31% Billed & Unbilled Deferred Revenue

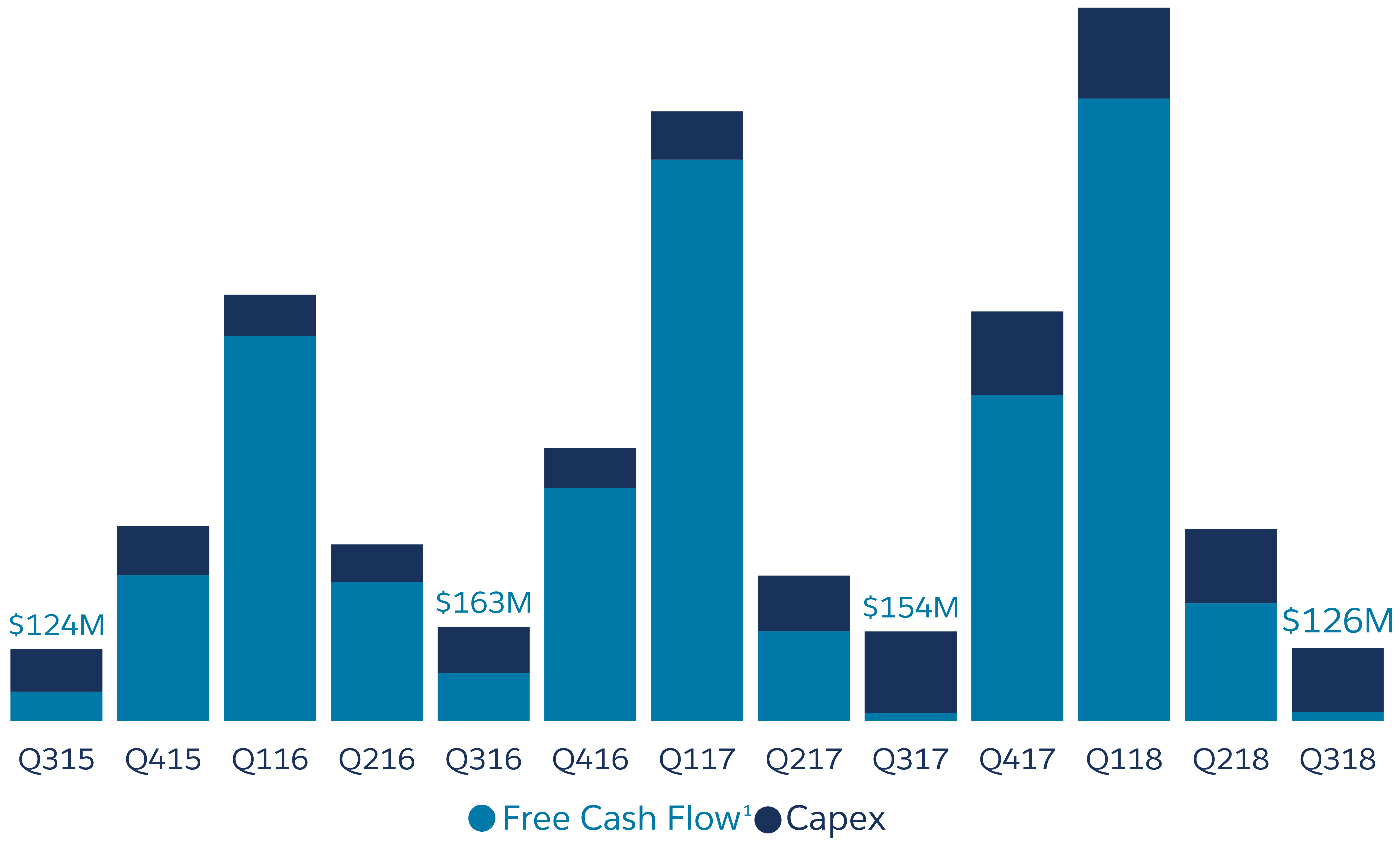
+34% Unbilled Deferred Revenue

Deferred Revenue +26% | +24% CC[2]

[1]Unbilled Deferred Revenue is an operational measure and represents future billings under our non-cancelable subscription agreements that have not been invoiced and, accordingly, are not recorded in deferred revenue. [2]Non-GAAP CC growth rates as compared to the comparable prior periods. We present CC information for deferred revenue to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present CC deferred revenue, we convert the deferred revenue balances in local currencies in previous comparable periods using the United States dollar currency exchange rate as on the most recent balance sheet date.

Quarterly Operating Cash Flow

Trailing twelve month growth in-line with revenue growth

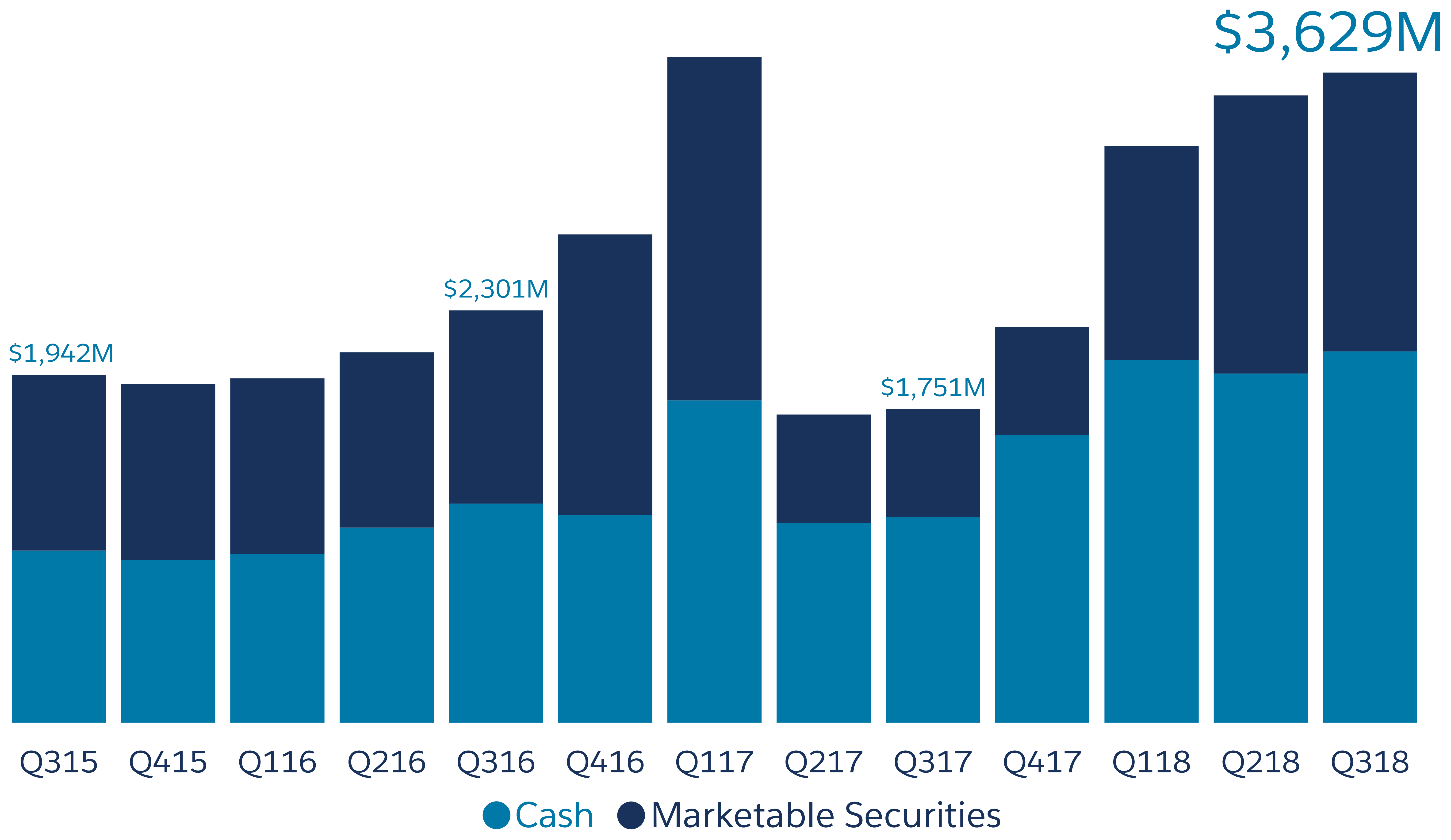


Q3 FY18

+24% Trailing 12 months operating cash flow growth

[1]Free cash flow is a non-GAAP financial measure. Refer to the Appendix for an explanation of non-GAAP financial measures, and why we believe these measures can be useful, as well as a reconciliation of non-GAAP free cash flow to the most comparable GAAP measure.

Quarterly Cash and Marketable Securities

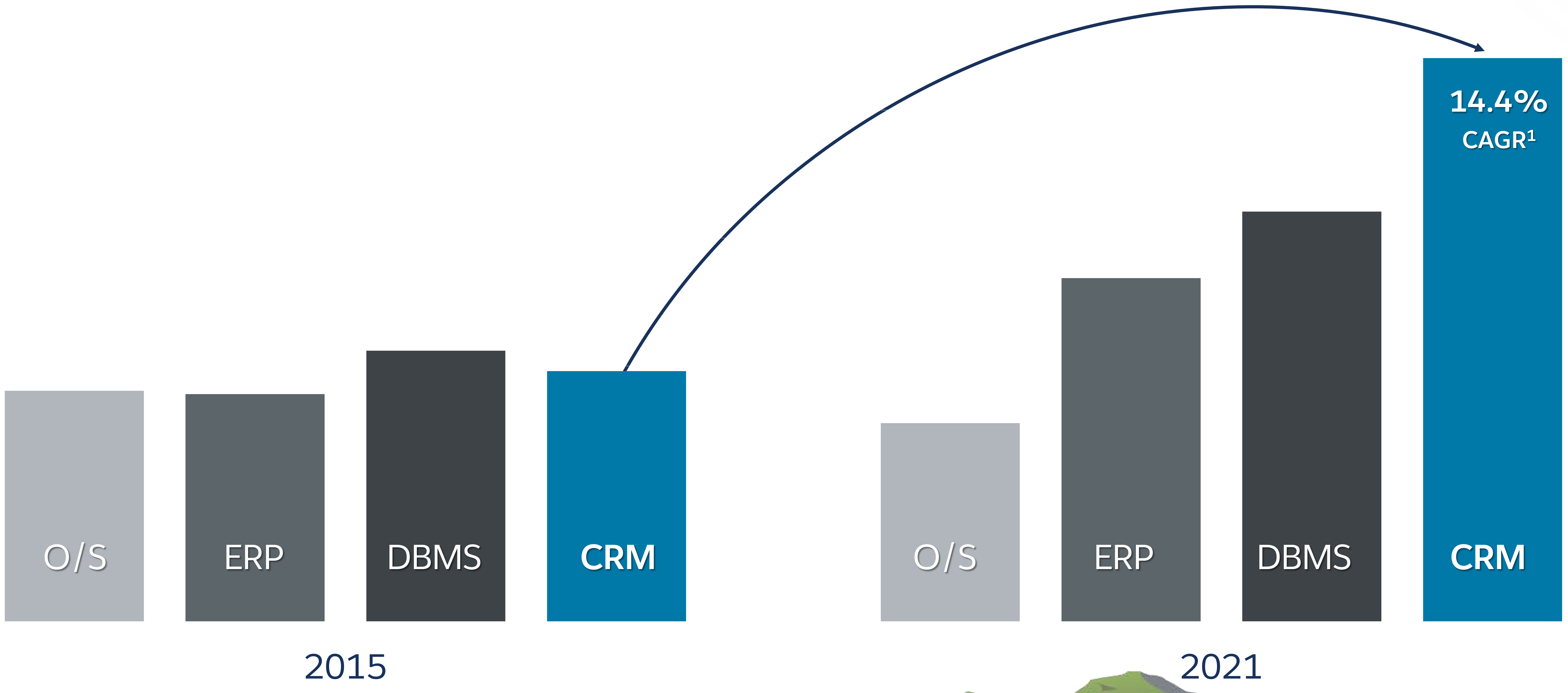


Q3 FY18

y/y growth

Business Overview

CRM is Becoming the Largest Enterprise Segment



Total Software Revenue 2015-2021

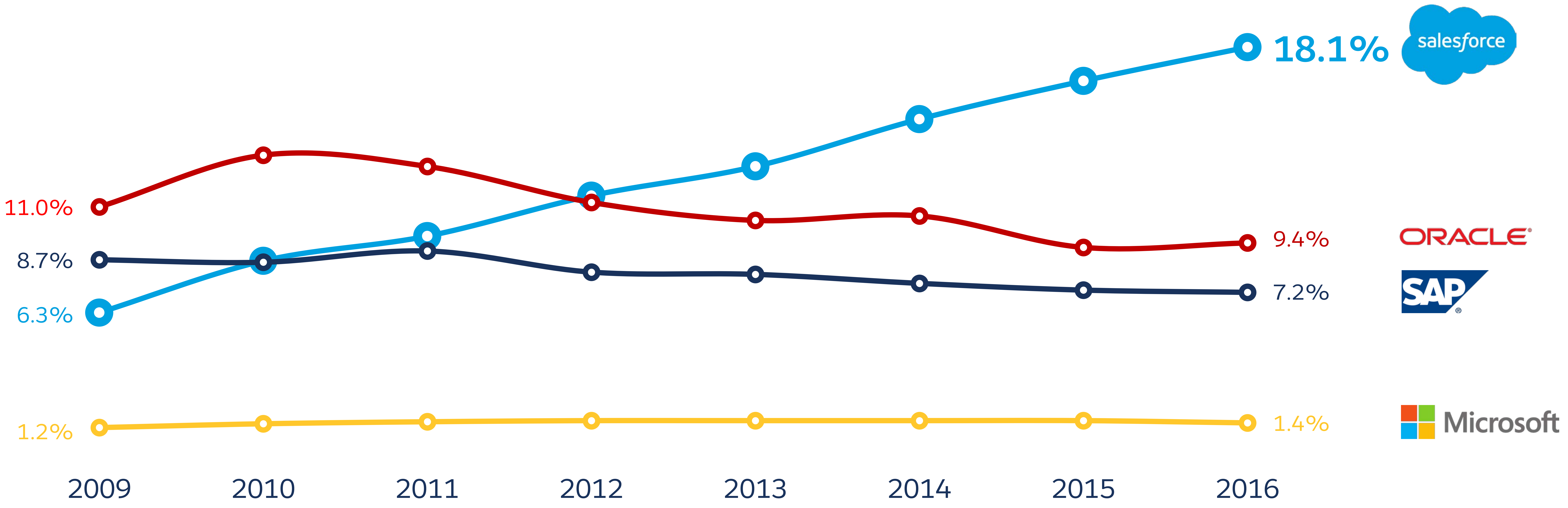
Chart created by Salesforce based on Gartner research.
[1]Source: Gartner, Forecast: Enterprise Software Markets, Worldwide, 2014-2021, 3Q17 Update, 09.25.17. Table 1-1.

The Only Complete Cloud CRM Platform

No other company is better positioned to drive digital transformation

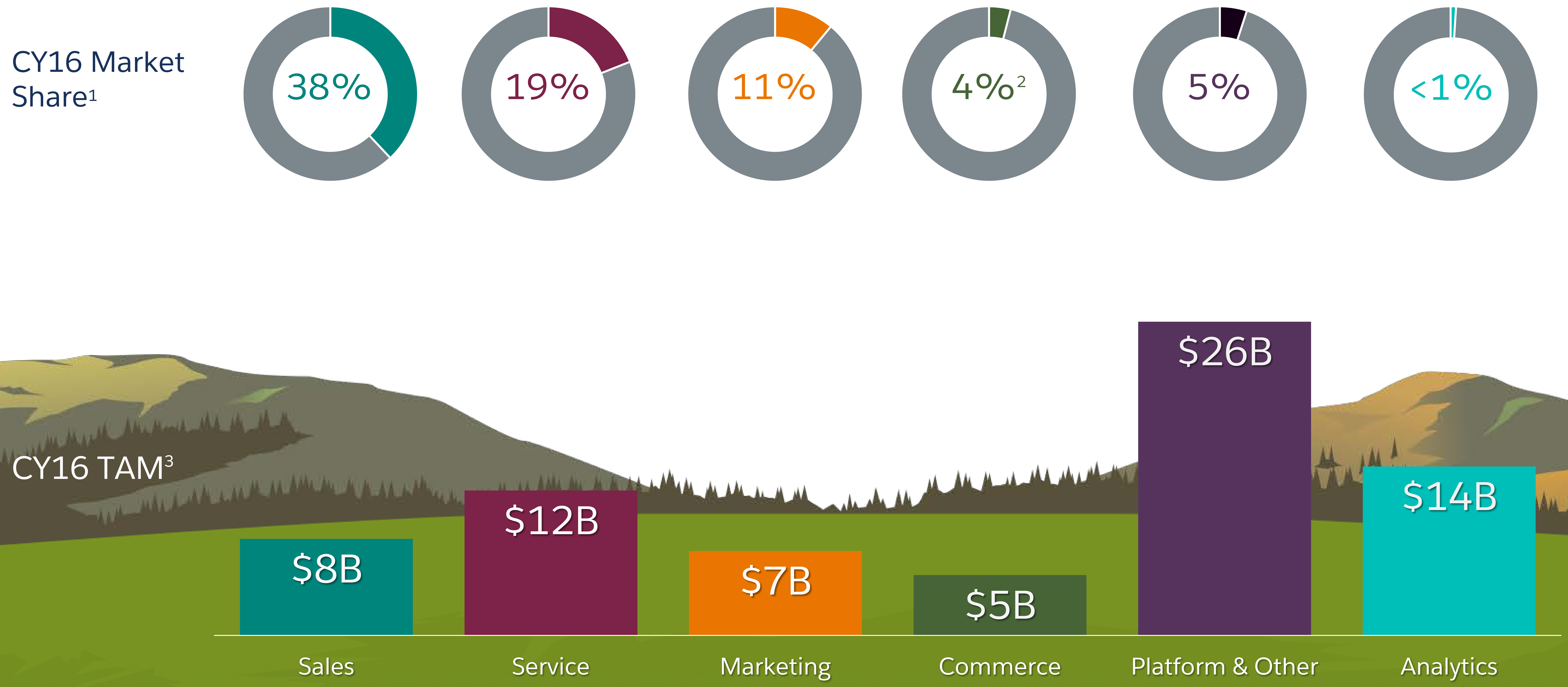
Extending Our CRM Market Leadership

Taking share in the most important enterprise software market



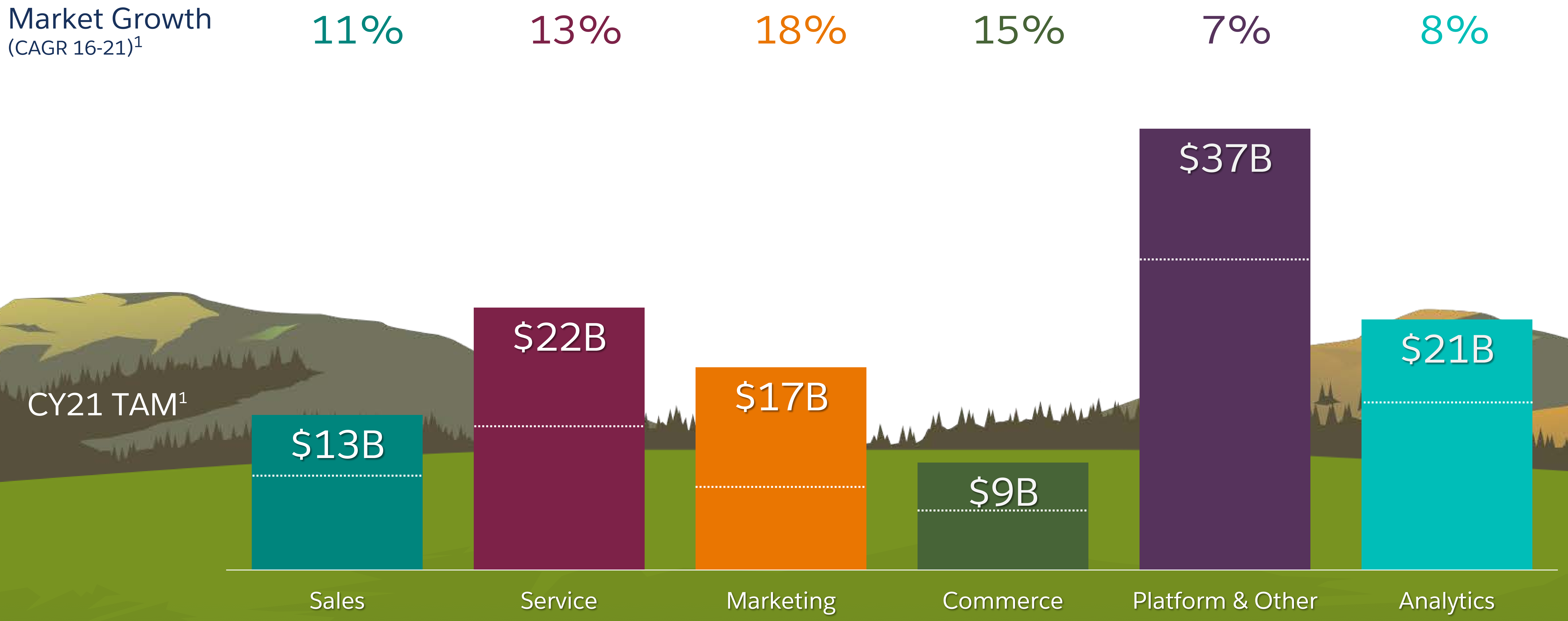
Source: Industry Analysts.

$72 Billion Market Opportunity Today…



Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research. [1]Source: Sales, Service, Marketing, and Commerce per Gartner, Market Share All Software Markets, Worldwide, 2016, 4.14.17. Platform & other and Analytics market share calculated by Salesforce using the definitions below. [2]Salesforce acquired Demandware on July 11, 2016. Market share includes Demandware's 2016 commerce contribution of $115.8M. [3]Source: Gartner Total Enterprise Software Revenue for All Software Segments and Regions, 2014-2021. Platform & Other market defined as Application Platform Software, Application Platform Software as a Service (aPaaS), Other AD, Data Integration Tools, Business Process Management Suites, Identity Governance and Administration, Mobile Application Development Platforms, Testing, Full Life Cycle API Management, Web Access Management. Analytics market defined as Modern BI Platforms, Traditional BI Platforms, Data Science Platforms, Analytic Applications.

...Growing to $120B in 2021



Calculations performed by Salesforce and graphics created by Salesforce based on Gartner research. [1]Source: Gartner Total Enterprise Software Revenue for All Software Segments and Regions, 2014-2021. Platform & Other market defined as Application Platform Software, Application Platform Software as a Service (aPaaS), Other AD, Data Integration Tools, Business Process Management Suites, Identity Governance and Administration, Mobile Application Development Platforms, Testing, Full Life Cycle API Management, Web Access Management. Analytics market defined as Modern BI Platforms, Traditional BI Platforms, Data Science Platforms, Analytic Applications.

Traction in Target Industries

Industry leaders rely on Salesforce

salesforce

Financial Services	HLS	Retail	Travel, Transport & Hospitality
17 OF 20	**16 OF 20**	**10 OF 20**	**7 OF 10**
Top U.S. & European Banks[1]	Top Global Pharmaceutical Companies	Top Global Retailers	Top Hospitality Companies
Manufacturing	**Communications & Media**	**Consumer Goods**	**High Tech**
8 OF 10	**7 OF 10**	**11 OF 15**	**12 OF 15**
Top Discrete Manufacturers	Top Global Telecom Companies	Top CPG Companies	Top Tech Companies

[1]Represents top 10 U.S. banks and top 10 European banks.

The Salesforce Economy

Thriving ecosystem of customers, partners, and developers

salesforce

$859B

in GDP impact by 2020[1]

IDC

3.3M

Salesforce related jobs created by 2020[1]

IDC

2 of the Top 10

jobs in 2017 are Salesforce-specific[2]

indeed

300K

job postings today with Salesforce related skills[3]

[1]IDC White Paper sponsored by Salesforce, The Salesforce Economy Forecast: 3.3 Million New Jobs, $859 Billion New Business Revenues to Be Created from 2016 to 2022, October 2017. [2]Indeed, Mar 2017 [3]Burning Glass Report, "Salesforce Skills Demand", Aug 2016

THANK YOU

Appendix

Seasonality of Financial Metrics

Deferred Revenue and Operating Cash Flow

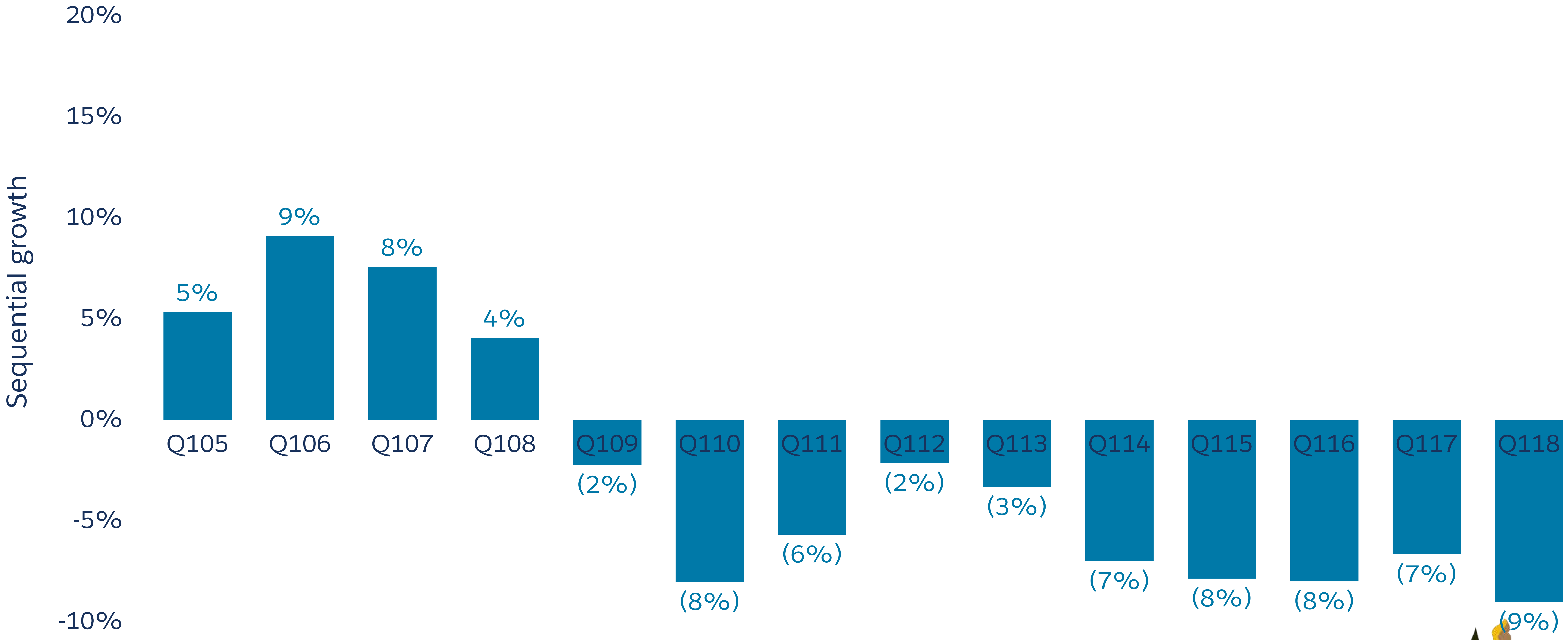
Seasonal Nature of Deferred Revenue and Operating Cash Flow

Quarterly metric seasonality evolving

- Deferred revenue primarily consists of billings to customers for our subscription service and we generally invoice our customers in annual cycles.
- We typically issue renewal invoices in advance of the renewal service period, and depending on timing, the initial invoice for the subscription and services contract and the subsequent renewal invoice may occur in different quarters. This may result in an increase in deferred revenue.
- There is a disproportionate weighting towards annual billings in the fourth quarter, primarily as a result of large enterprise account buying patterns. Our fourth quarter has historically been our strongest quarter for new business and renewals. The year on year compounding effect of this seasonality in both billing patterns and overall new and renewal business causes the value of invoices that we generate in the fourth quarter for both new business and renewals to increase as a proportion of our total annual billings.
- Given the year on year compounding effect of this seasonality, the quarterly sequential changes in Deferred Revenue and Operating Cash Flow have historically become more pronounced.
  - As it relates to Deferred Revenue, the sequential change from our third quarter to our fourth quarter has historically increased. The sequential change in our first three quarters has historically decreased.
  - As it relates to Operating Cash Flow, our first quarter and, increasingly, our fourth quarter are our largest collections and operating cash flow quarters. Our second quarter and third quarter are seasonally smaller in regards to collections and operating cash flow.

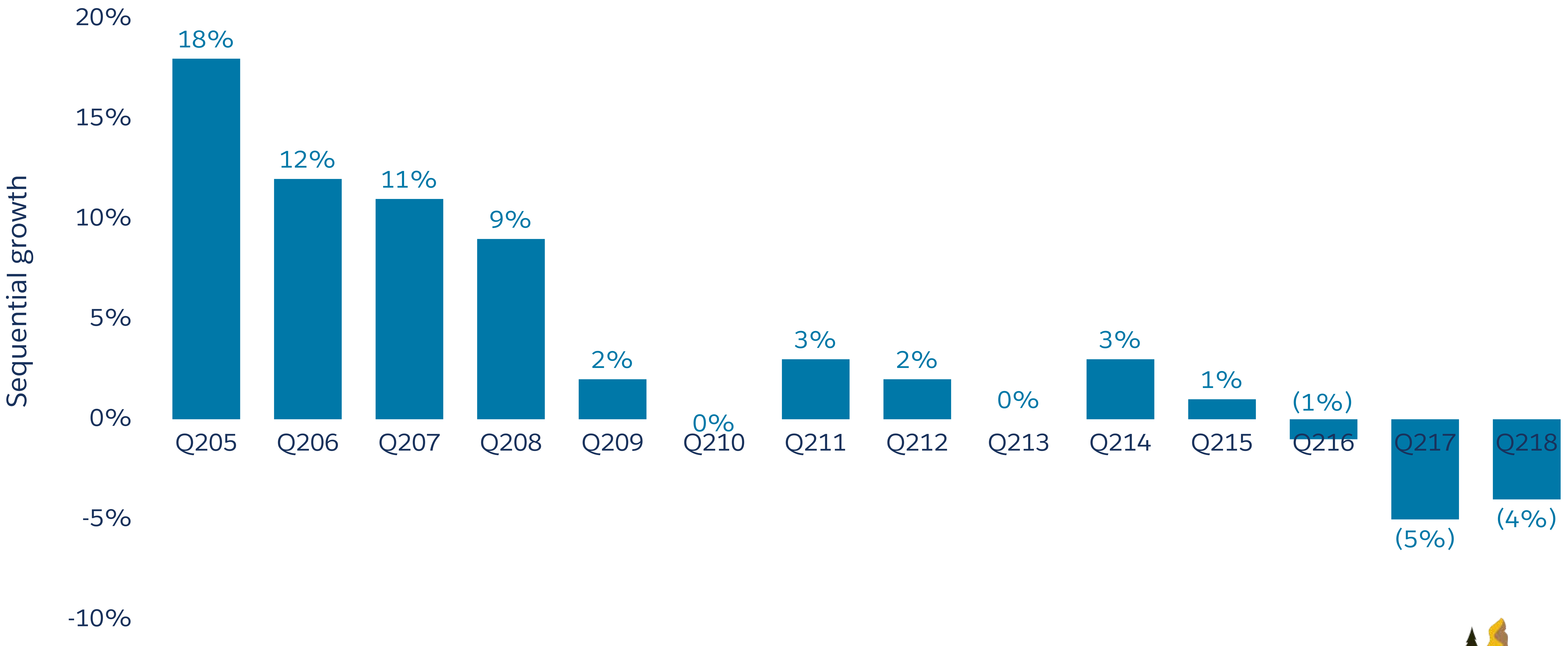
Q1 Deferred Revenue Sequential Change

Q1 seasonality evolving



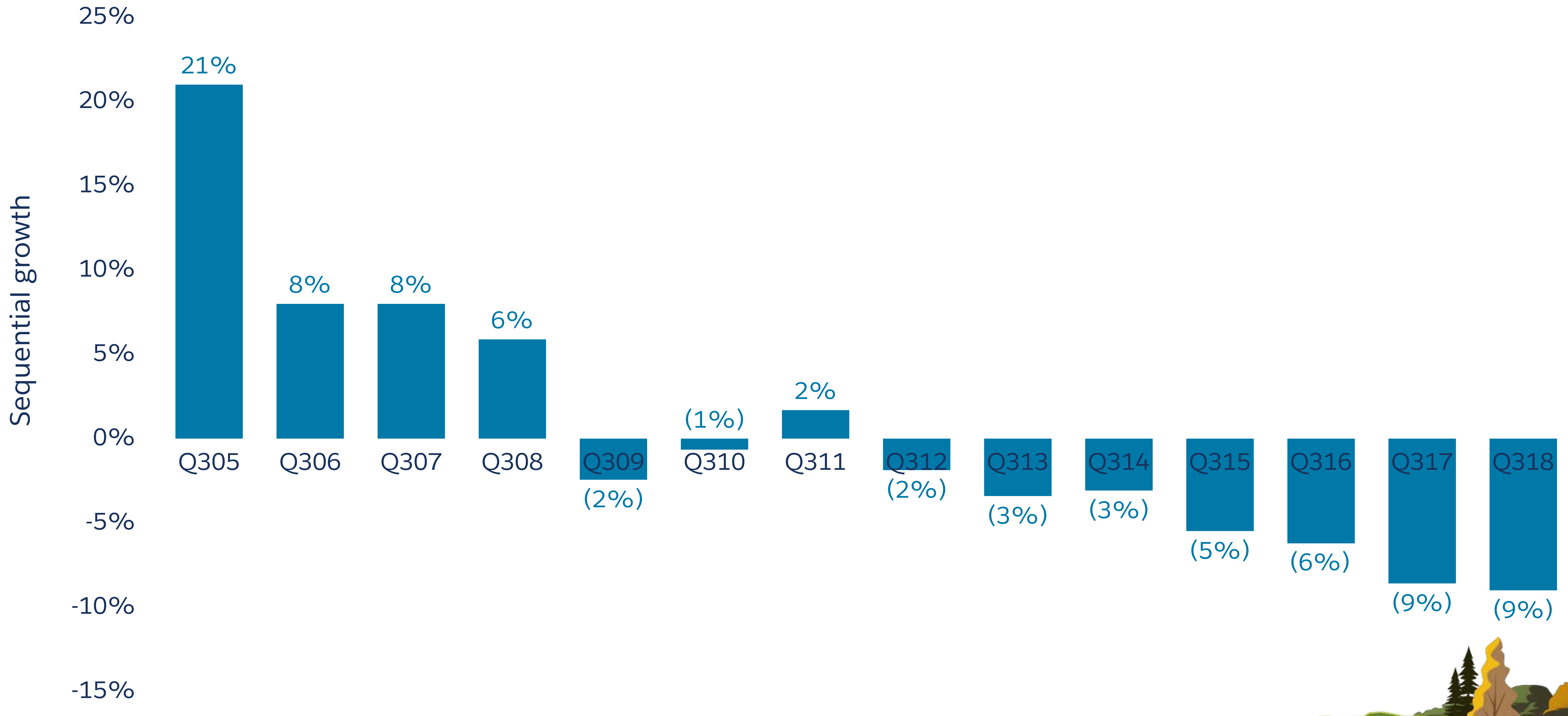
Q2 Deferred Revenue Sequential Change

Q2 seasonality evolving



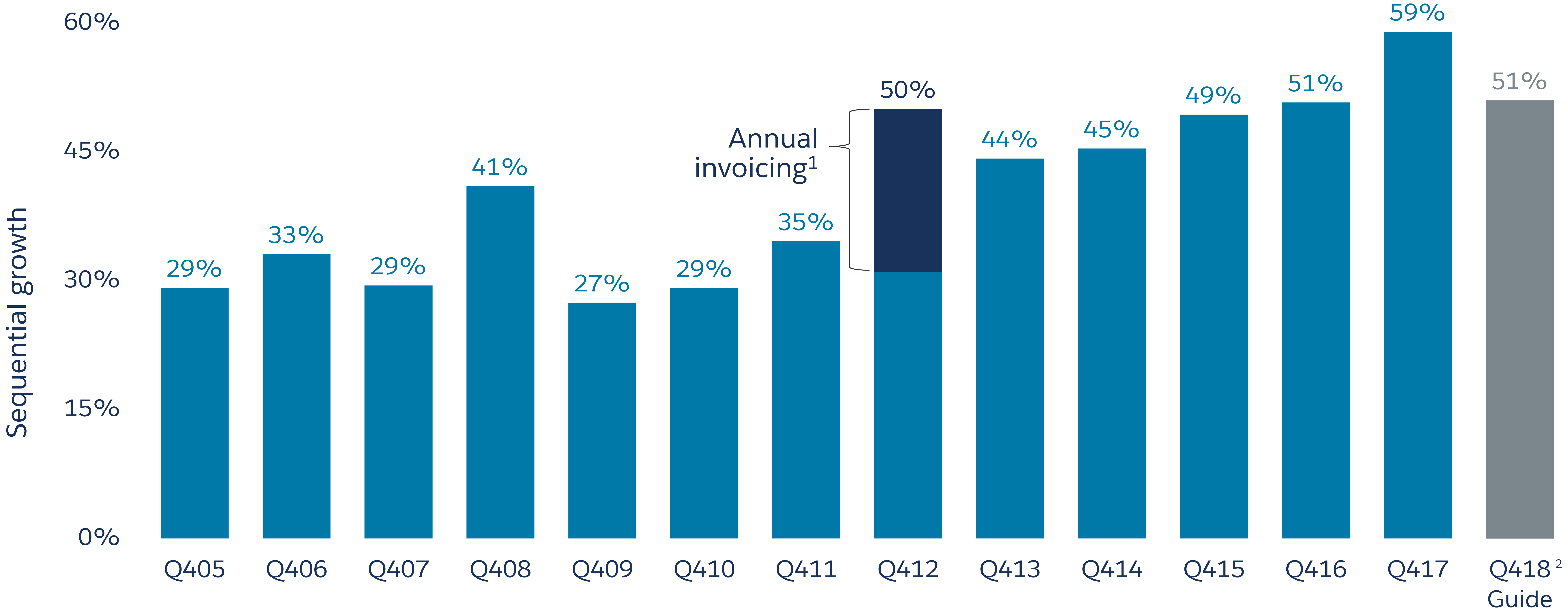
Q3 Deferred Revenue Sequential Change

Q3 seasonality evolving



Q4 Deferred Revenue Sequential Change

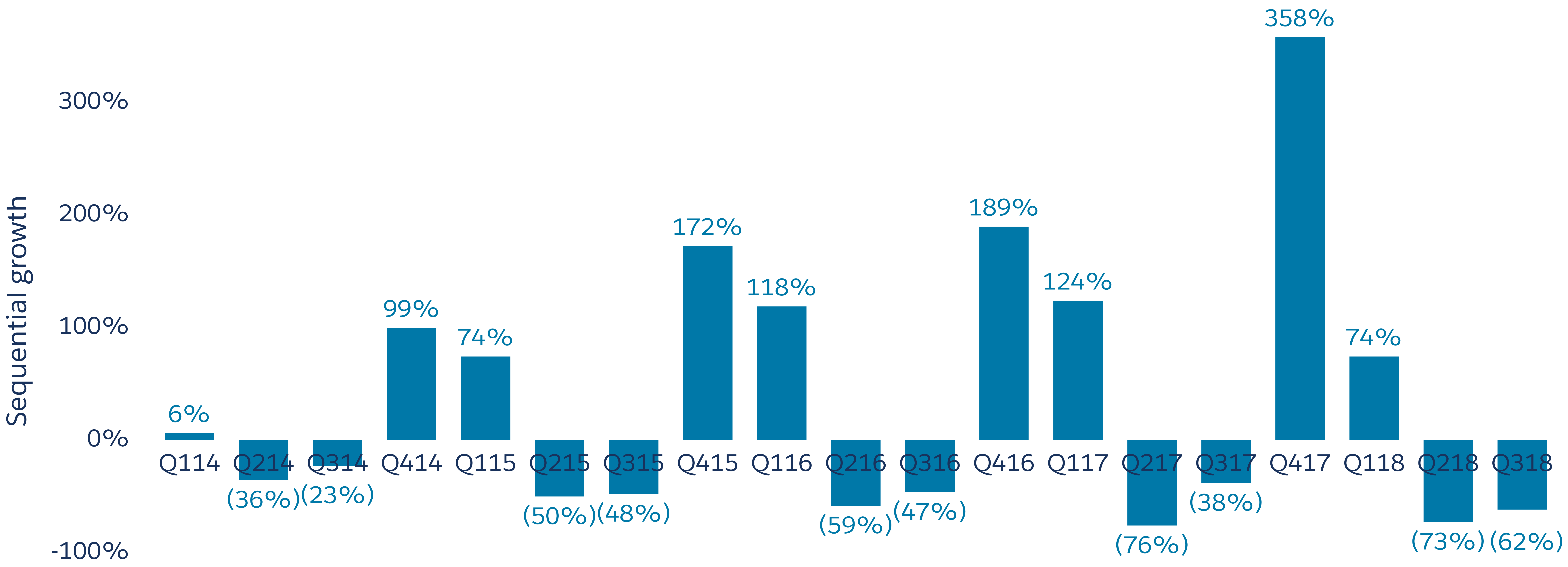
Q4 seasonality evolving



[1]Company implemented annual invoicing policy and benefitted from a multi-year invoice.
[2]Calculated based on the mid-range of the guidance provided November 21, 2017.

Operating Cash Flow Sequential Change

OCF seasonality evolving



All numbers presented have been adjusted for the Company's adoption of Accounting Standards Update No. 2016-09, "Improvements to Employee Share-Based Payment Accounting (Topic 718)," which the Company adopted at the start of fiscal 2017.

Non-GAAP Financial Measures and GAAP to Non-GAAP Financial Reconciliation

Non-GAAP Financial Measures

This presentation includes information about non-GAAP diluted earnings per share, non-GAAP income from operations, non-GAAP free cash flow, and constant currency revenue and deferred revenue 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 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 diluted earnings per share excludes, to the extent applicable, the impact of the following items: stock-based compensation, amortization of acquisition-related intangibles, amortization of acquired leases, the net amortization of debt discount on the company’s convertible senior notes, gains/losses on conversions of the company’s convertible senior notes, gains/losses on sales of land and building improvements, gains/losses on company-initiated acquisitions of entities in which the company held an equity investment, and termination of office leases, as well as income tax adjustments. These items are excluded because the decisions that gave 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.

Non-GAAP income from operations excludes the impact of the following items: stock-based compensation, amortization of acquisition-related intangibles, and termination of office leases. Refer to the next slide for GAAP to non-GAAP reconciliations of income for operations for the periods presented in this presentation.

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, nor does it include any costs or activities related to our purchase of 50 Fremont land and building, and constructed costs related to this building - leased facilities. Refer to the next slide for a reconciliation of GAAP net cash provided by operating activities to free cash flow for the periods presented in this presentation.

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 this information, 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 deferred revenue on a constant currency basis, we convert the deferred revenue 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 thousands)	Three Months Ended October 31,							
Non-GAAP income from operations		**2017**		**2016**		**2015**		**2014**
GAAP income (loss) from operations		115,988		3,036		43,434		(22,042)
Plus:								
Amortization of purchased intangibles		69,677		64,767		39,262		35,446
Stock-based expense		251,277		204,751		144,317		139,460
Non-GAAP income from operations	$	436,942	$	272,554	$	227,013	$	152,864

	Three Months Ended October 31,			
Non-GAAP diluted earnings per share		**2017**		**2016**
GAAP diluted net income (loss) per share	$	0.07	$	(0.05)
Plus:				
Amortization of purchased intangibles		0.10		0.09
Amortization of acquired lease intangible		0.00		0.00
Stock-based expense		0.34		0.29
Amortization of debt discount, net		0.01		0.01
Less:				
Gains from acquisitions of strategic investments		0.00		0.00
Income tax effects and adjustments		(0.13)		(0.10)
Non-GAAP diuited earnings per share	$	0.39	$	0.24
Shares used in computing Non-GAAP diluted net income per share		738,106		704,704

(in thousands)	Three Months Ended October 31,							
Free cash flow analysis, a non-GAAP measure		**2017**		**2016**		**2015**		**2014**
Operating cash flow								
GAAP net cash provided by operating activities		125,792		154,312		162,514		123,732
Less:								
Capital expenditures		(111,278)		(140,653)		(80,041)		(73,426)
Free cash flow	$	14,514	$	13,659	$	82,473	$	50,306