Q2 FY19 Financial Update

Salesforce

NYSE: CRM
@Salesforce_ir

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, unearned revenue (previously referred to as deferred revenue) growth, expected revenue growth, expected tax rates, stock-based compensation expenses, amortization of purchased intangibles, 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 the effect of general economic and market conditions; 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 competitive nature of the market in which we participate; our international expansion strategy; our service performance and security, including the resources and costs required to 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; 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 and investments; our ability to successfully integrate acquired businesses and technologies, including the operations of MuleSoft, Inc.; our ability to continue to grow and maintain 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 and import and export controls; the valuation of our deferred tax assets; the potential availability of additional tax assets in the future; the impact of new accounting pronouncements and tax laws, including the U.S. Tax Cuts and Jobs Act, and interpretations thereof; uncertainties affecting our ability to estimate our non-GAAP tax rate; the impact of future gains or losses from our strategic investment portfolio; 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 loans and loan associated with 50 Fremont; compliance with our debt covenants and capital 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 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

Founded in 1999, public listing (NYSE: CRM) 2004

#1 CRM provider for the fifth year in a row[1]

Fastest growing top five enterprise software company with $10.54B in revenue FY18 (25% Y/Y)[2]

Doubled operating cash flow ($1.2B-$2.7B) over the past three years (FY15-FY18)

Headquartered in San Francisco, with >32,000 employees focused on CRM and customer success

#1 The Future 50

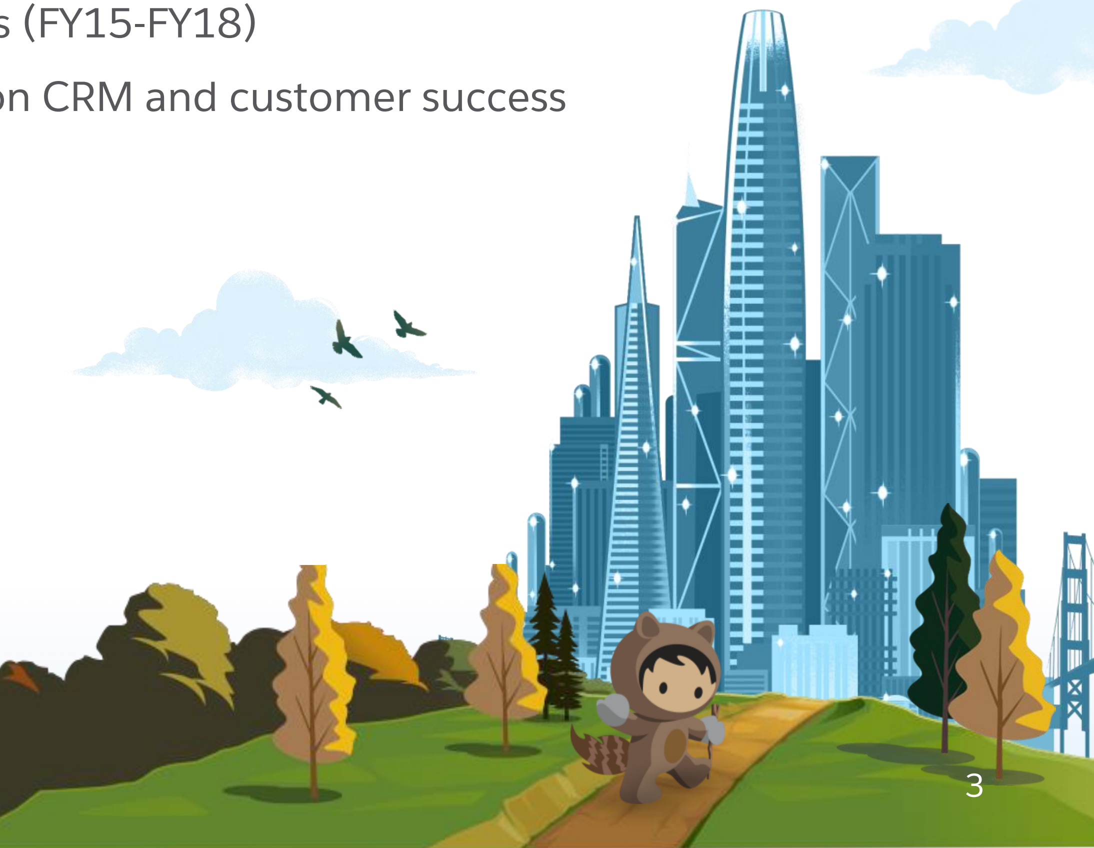
The World's Most Innovative Companies

#1 World's Most Innovative Companies

#1 FORTUNE'S 100 BEST COMPANIES TO WORK FOR 2018

Best Places to Work for LGBTQ Equality

#1 Top 50 Companies that Care



[1]Source: IDC Worldwide Semiannual Software Tracker, April 2018. CRM Applications market includes the following IDC-defined functional markets: Sales, Customer Service, Contact Center, and Marketing Applications.
[2]Prior period information has been adjusted for the adoption of Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers (Topic 606)", which the Company adopted on February 1, 2018. Refer to slide 5 for additional discussion.

Financial Overview

Quarterly Results

Notes on Q2 Results

Adoption of New Accounting Standards

- Salesforce retrospectively adopted new accounting standard Topic 606 on February 1, 2018 (Q1 FY19)
- Topic 606 includes changes to accounting policies for revenue recognition and costs capitalized to acquire revenue contracts (primarily commissions)
- All financial results and guidance in this presentation reflect Topic 606. Historical results for FY17, FY18 and Q1-Q4 of FY18 are adjusted to reflect the adoption of new standard
- Refer to the Q1 FY19 press release for additional information, including adjusted historical Statements of Operations and Balance Sheets
- Adjusted information is based on best available information and reflects management's best estimate of the potential impact as a result of the adoption of the new standard
- Reconciliations to prior standards will not be provided

MuleSoft Acquisition

- The MuleSoft acquisition closed on May 2, 2018 (Q2 FY19)
- Q3 FY19 and FY19 guidance reflect the anticipated financial impact of the MuleSoft acquisition

Q2 FY19 Results Highlights

Durable top-line and bottom-line growth

- **Revenue of $3.28 Billion**, up 27% Year-Over-Year, 27% in Constant Currency[1]
- **Unearned Revenue of $5.88 Billion**, up 24% Year-Over-Year, 24% in Constant Currency[2]
- **Remaining Performance Obligation** of Approximately **$21 Billion**, up 36% Year-Over-Year[3]
- **Operating Cash Flow** of **$458 Million**, up 38% Year-Over-Year
- **Guidance**[4]
    - Initiates **Third Quarter FY19 Revenue Guidance** of $3.355 Billion to $3.365 Billion
    - Raises **FY19 Revenue** Guidance to $13.125 Billion to $13.175 Billion
    - Raises **FY19 GAAP EPS** Guidance to $0.97 to $0.99
    - Raises **FY19 Non-GAAP EPS** Guidance to $2.50 to $2.52[5]

[1]Refer to slide 10 for an explanation of non-GAAP revenue constant currency (“CC”) growth rate.
[2]Unearned revenue was previously referred to as Deferred Revenue. We present CC information for unearned revenue to provide a framework for assessing how our underlying business performed excluding the effects of foreign currency rate fluctuations. To present a CC unearned revenue growth rate, we convert the unearned 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.
[3]Remaining Performance Obligation is a new disclosure effective Q1 FY19. Refer to slide 11 for additional discussion.
[4]Guidance provided August 29, 2018. This guidance does not reflect any potential future gains or losses on our strategic investment portfolio resulting from the future impact of ASU 2016-01 and is based on estimated GAAP tax rates that reflect currently available information, including the anticipated impact of the new Tax Act and interpretations thereof, as well as other factors and assumptions. The GAAP tax rates may fluctuate due to recent acquisitions.
[5]Non-GAAP EPS 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 financial measures to the most comparable GAAP measures, when applicable.

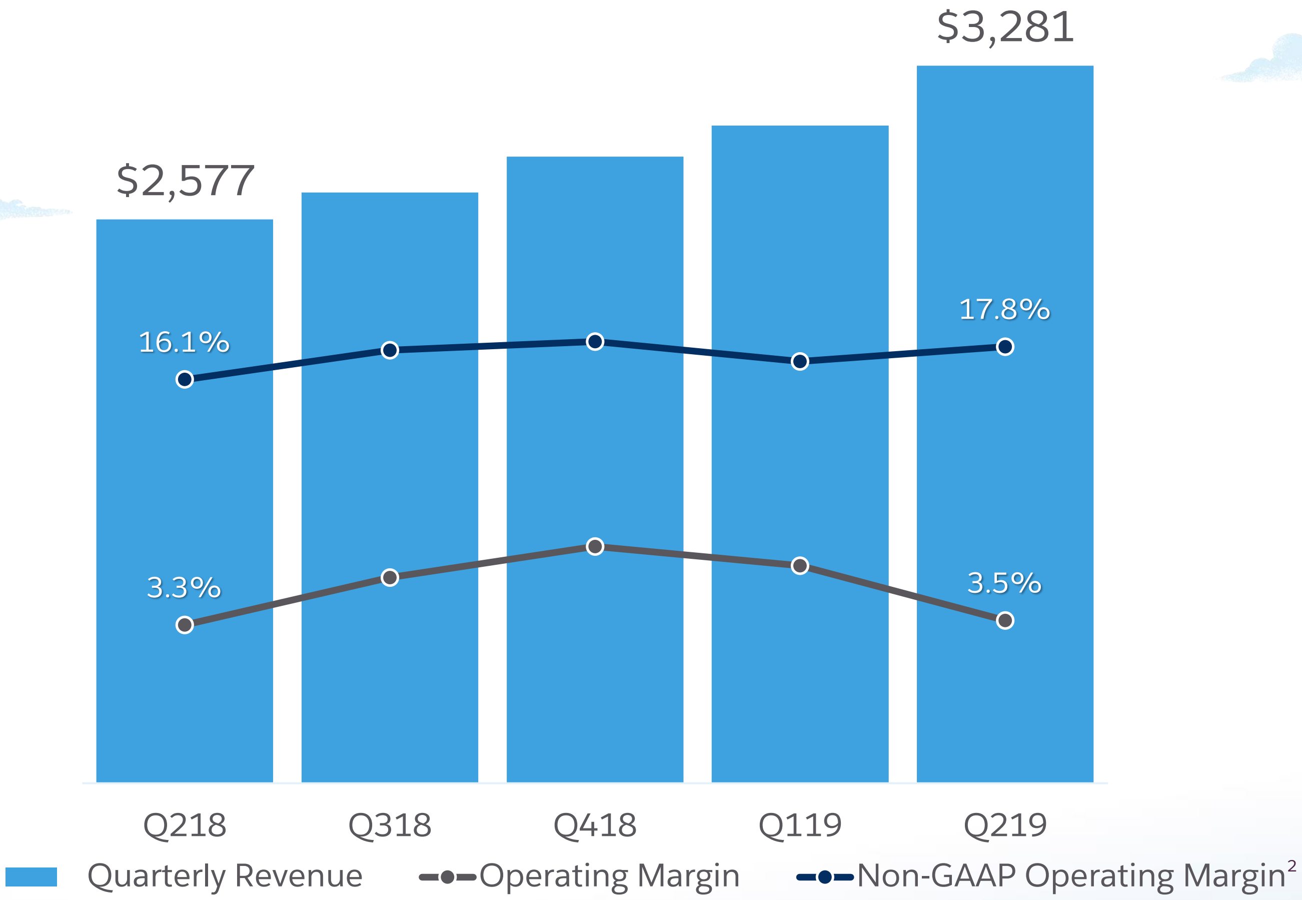
Q2 FY19 Financial Summary

	GAAP		Non-GAAP[1]	
	Quarterly Results	Increase y/y	Quarterly Results	Increase y/y
Revenue	$3,281M	27%	$3,264M	27% CC
Unearned Revenue	$5,883M	24%	$5,889M	24% CC
Current Remaining Performance Obligation[2]	$9.8B	27%	N/A	N/A
Total Remaining Performance Obligation[2]	$21.0B	36%	N/A	N/A
Operating Margin	3.5%	25 bps	17.8%	176 bps
Diluted Earnings Per Share	$0.39[3]	512%	$0.71[3]	98%[4]
Operating Cash Flow	$458M	38%	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 unearned revenue represent CC results. Refer to slide 10 for an explanation of non-GAAP CC revenue growth and to slide 6 for an explanation of non-GAAP CC unearned revenue growth. 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]Remaining Performance Obligation is a new disclosure effective Q1 FY19. Refer to slide 11 for additional discussion.
[3]Diluted EPS calculations utilize GAAP revenue results listed above.
[4]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



Q2 FY19

+27% / +27% CC[1]
y/y revenue growth

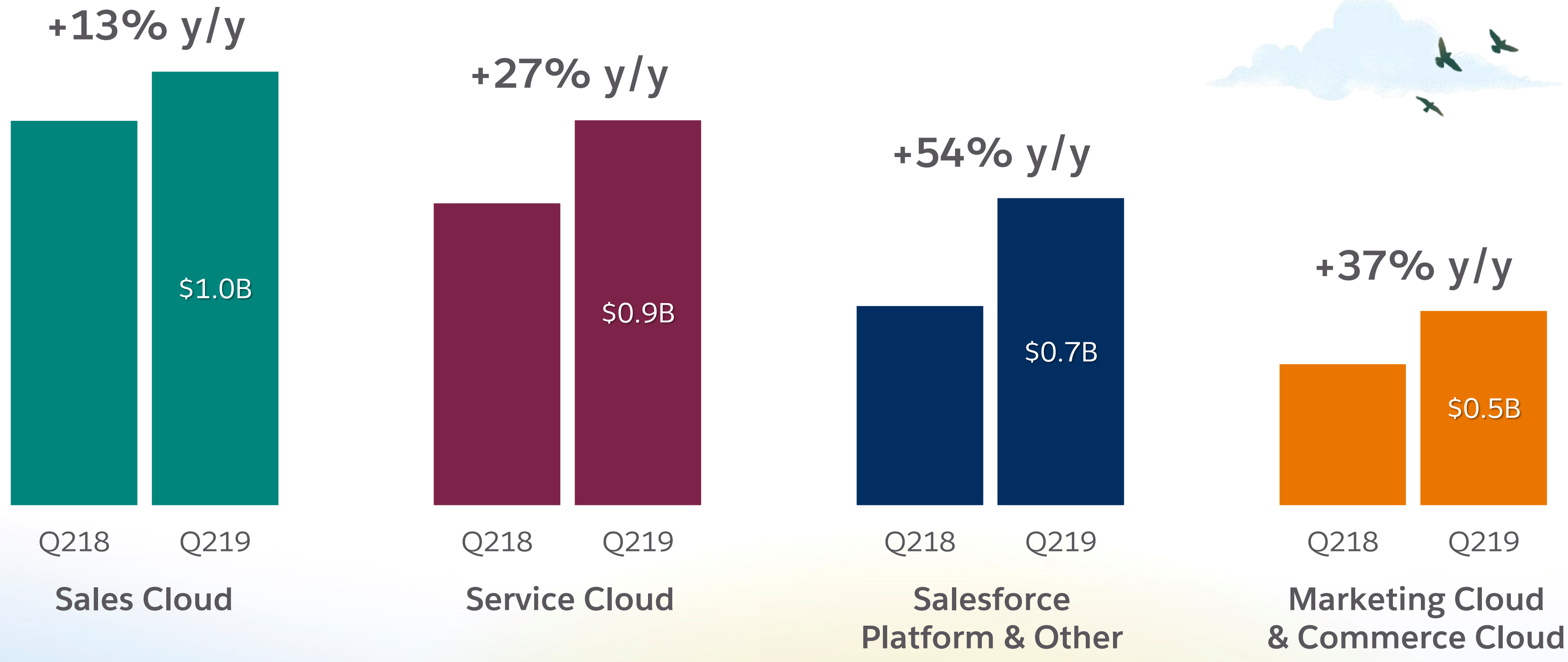
GAAP operating margin
+25 bps
y/y improvement

Non-GAAP operating margin[2]
+176bps
y/y improvement

Note: FY18 information has been adjusted for the adoption of Topic 606. Refer to slide 5 for additional discussion.
[1]Refer to slide 10 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



Note: FY18 information has been adjusted for the adoption of Topic 606. Refer to slide 5 for additional discussion.
[1]Percentages represent quarterly cloud revenues as a proportion of total quarterly Subscription and Support revenue.

Q2 FY19 Revenue by Region

Strong revenue growth across geographies

AMERICAS

$2,338M
+25% y/y
+25% y/y CC[1]

EMEA

$629M
+35% y/y
+32% y/y CC[1]

APAC

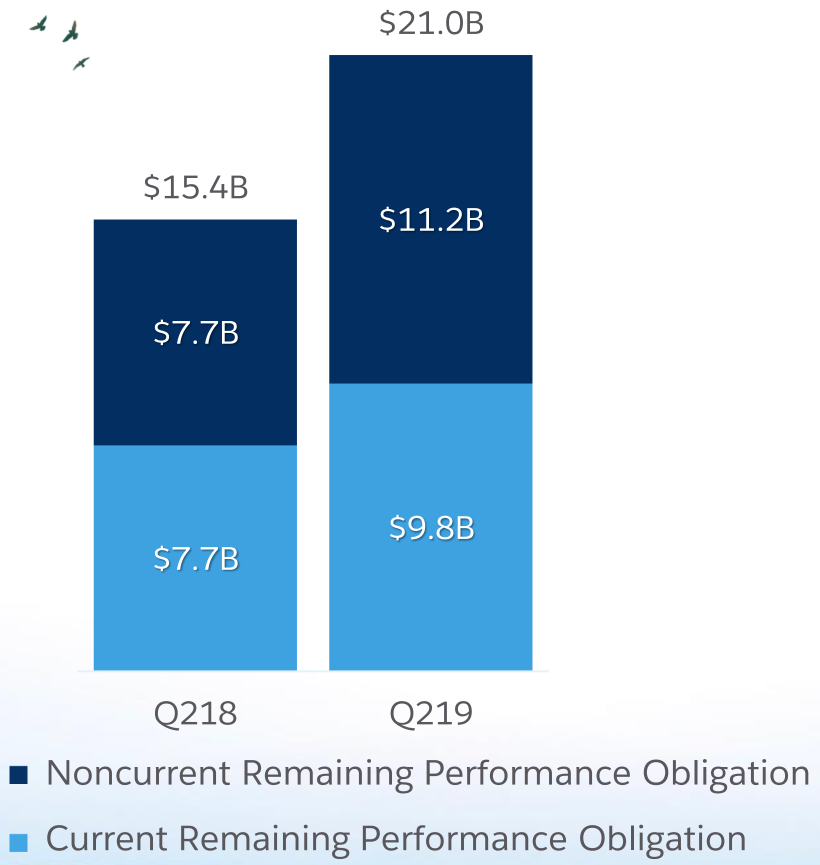
$314M
+29% y/y
+28% y/y CC[1]

[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.

Remaining Performance Obligation

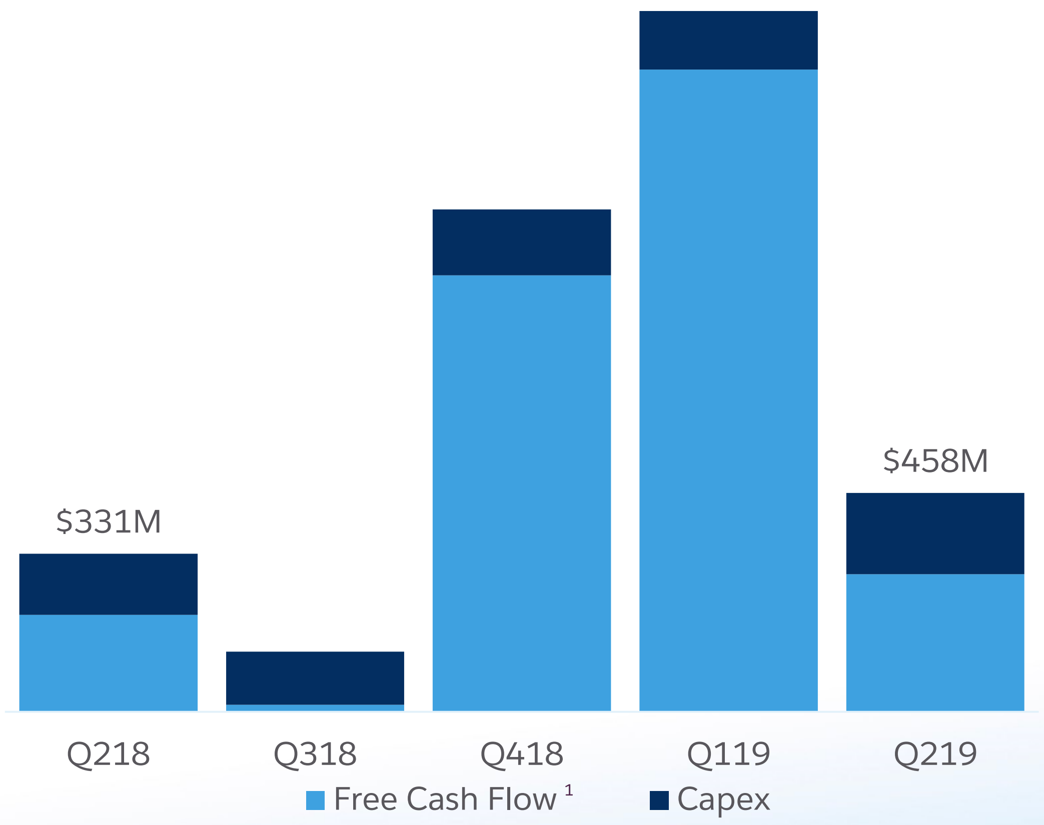
New disclosure in FY19

- Remaining Performance Obligation (RPO) is a new metric disclosed with the adoption of Topic 606[1]
- RPO represents all future revenue under contract that has not yet been recognized as revenue
- Current RPO represents future revenue under contract that is expected to be recognized as revenue in the next 12 months
- Noncurrent RPO represents future revenue under contract that is expected to be recognized as revenue beyond 12 months
- RPO is influenced by several factors, including seasonality, the timing of renewals, average contract terms, and foreign currency exchange rates



[1]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.

Quarterly Operating Cash Flow



Q2 FY19

y/y growth

+38%

operating cash flow

Our fourth quarter has historically been our strongest quarter for new business and renewals and we generally invoice our customers annually.

As a result, 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.

Note: FY18 information has been adjusted for the adoption of Topic 606. The net cash provided by operating activities during Q1 – Q4 FY18 did not change. Refer to slide 5 for additional discussion.

[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, Cash Equivalents, and Marketable Securities

Q2 FY19

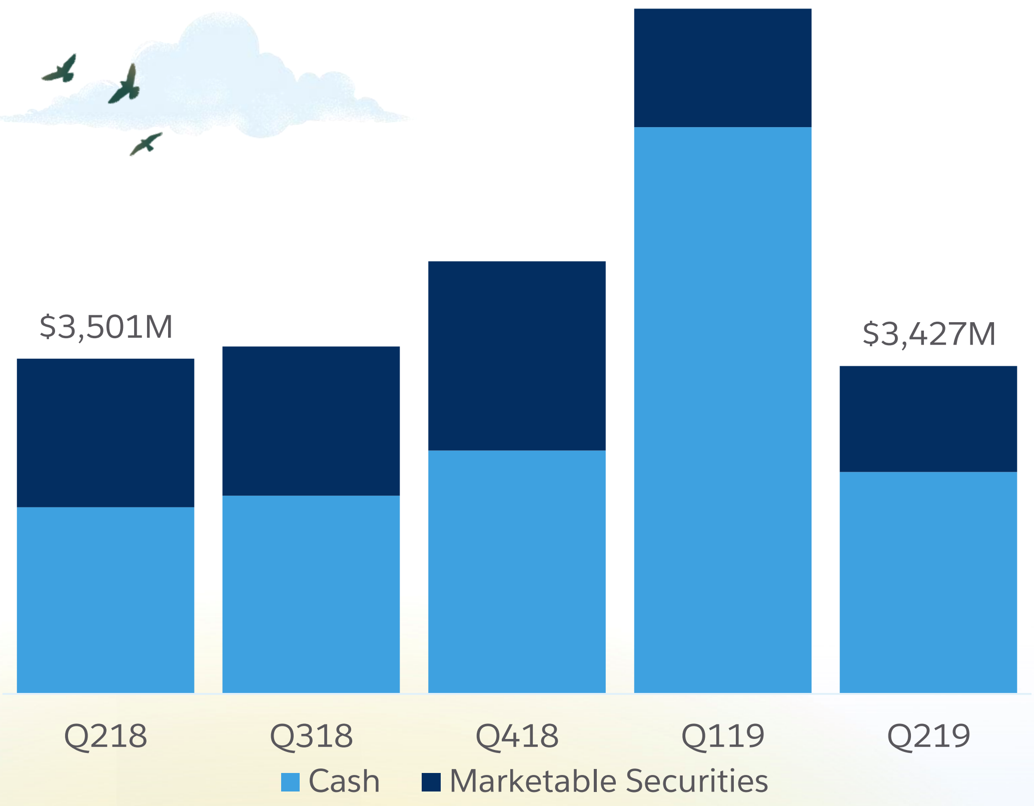
y/y growth

(2%)

Total Cash and Marketable Securities

MuleSoft Acquisition

In Q1, the increase in cash was primarily due to $2.5 billion in debt raised in April 2018 (Q1 FY19) in contemplation of the acquisition of MuleSoft which closed in May 2018 (Q2 FY19). Total cash paid in connection with the acquisition in May 2018 was ~$4.9 billion.



Business Overview

Our Values

Core values drive consistent performance

Trust
Communicate openly and deliver the highest level of service.

Customer Success
Focus on customer success to drive mutual growth.

Innovation
Consistently deliver new technology that empowers Trailblazers to innovate.

Equality
Respect and value a diversity of people.

Putting Our Values into Action

Doing well by doing good

#1 ON THE FORTUNE
"THE FUTURE 50" LIST
- FORTUNE MAGAZINE

BEST PLACES TO WORK
FOR LGBTQ EQUALITY
- HUMAN RIGHTS CAMPAIGN

"CHANGE THE
WORLD" LIST
- FORTUNE MAGAZINE

WORLD'S MOST
ETHICAL COMPANIES
HONOREE
ETHISPHERE 2018

#2 ON THE
MOST SUSTAINABLE
COMPANIES LIST
- BARRON'S 2018

1% Time | **1% Equity** | **1% Product**

Philanthropy Model

#1 BEST WORKPLACES
FOR GIVING BACK
- FORTUNE MAGAZINE

BEST WORKPLACES
FOR WOMEN
- FAIRYGODBOSS

BEST WORKPLACES
FOR DIVERSITY
- FORTUNE MAGAZINE

CRM is Now the Fastest Growing Enterprise Software Segment

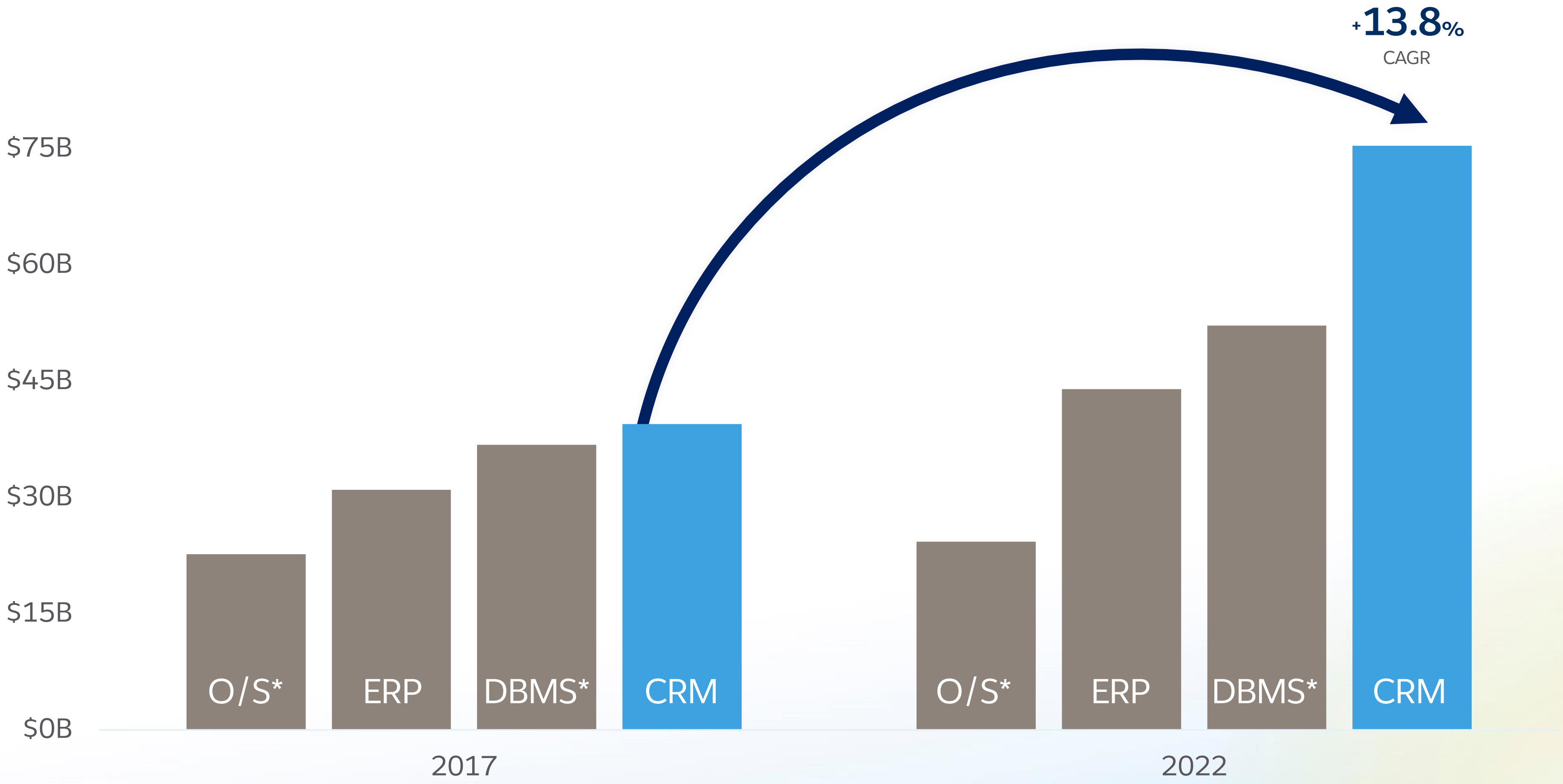


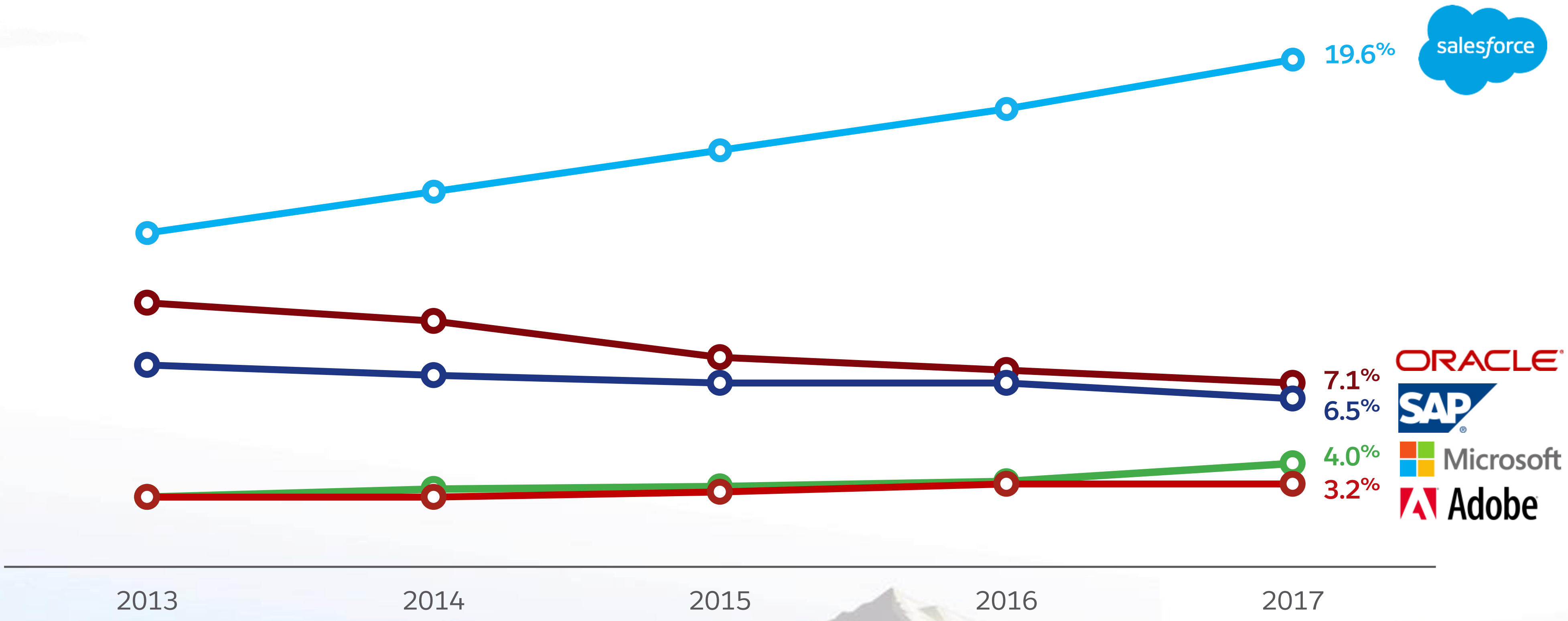
Chart created by Salesforce based on Gartner Research.
Gartner, Forecast: Enterprise Application Software, Worldwide, 2016-2022, 2Q18 Update, 29 Jun 2018.
*Gartner, Forecast: Enterprise Infrastructure Software Worldwide, 2016-2022, 2Q18 Update, 16 Jul 2018.

The Only Complete Cloud CRM Platform

No other company is better positioned to drive digital transformation

Salesforce #1 in CRM

Worldwide CRM applications 2017 market share by IDC

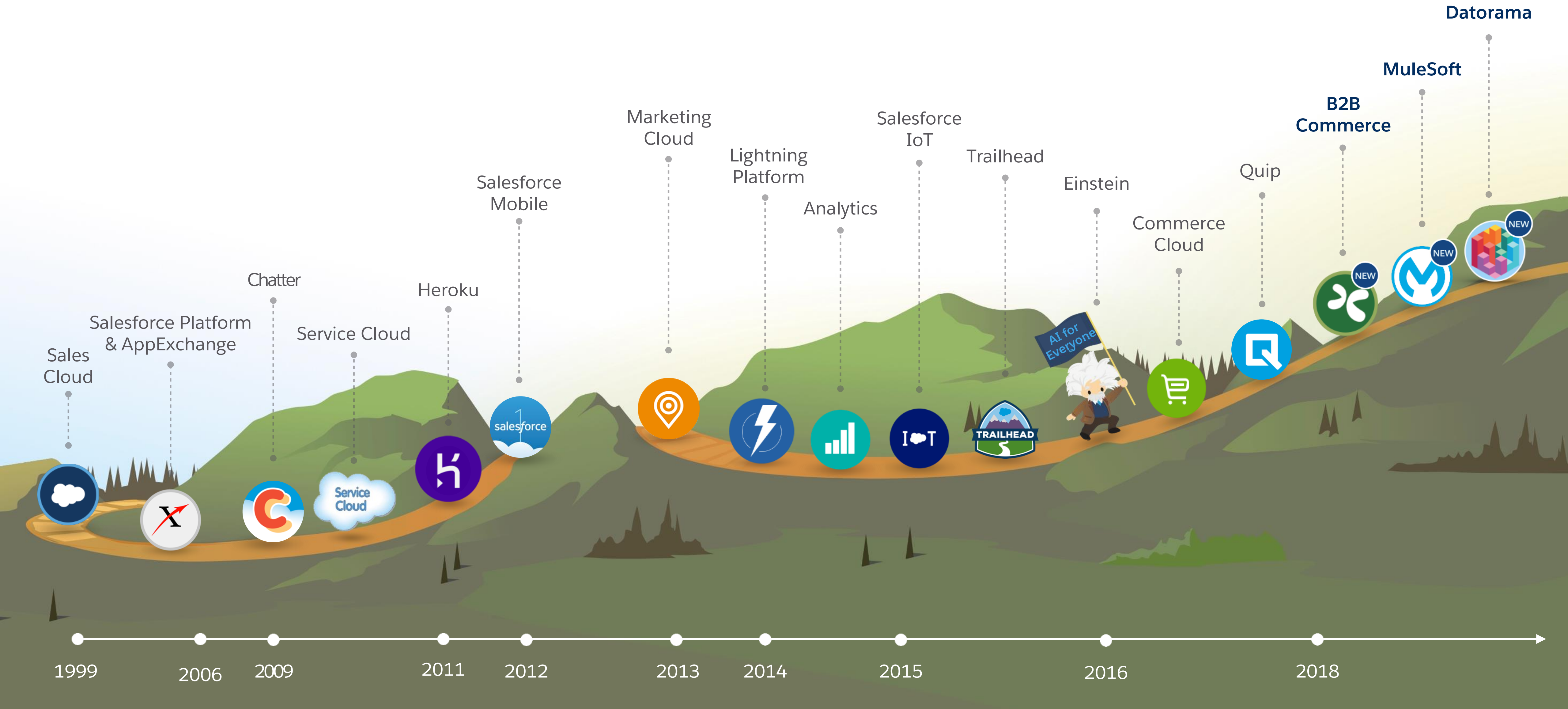


Source: IDC Worldwide Semiannual Software Tracker, April 2018. CRM Applications market includes the following IDC-defined functional markets: Sales, Customer Service, Contact Center, and Marketing Applications.

The World's Top Companies Are Powered by Trailblazers

[1]Salesforce annual Fortune Rankings assessment, based on Fortune 2017 rankings and on Salesforce customers during FY18 and through January 31, 2018.

Empowering Companies to Connect With their Customers Since 1999



THANK YOU

Appendix

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 constant currency unearned 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, and previously the net amortization of debt discount on the company’s convertible senior notes, as well as 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

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.

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 unearned revenue on a constant currency basis, we convert the unearned 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

Quarterly Results

(in millions)	Three Months Ended July 31,			
Non-GAAP income from operations		**2018**		**2017***
GAAP income from operations	$	115	$	84
Plus:				
Amortization of purchased intangibles		119		74
Stock-based expense		351		256
Non-GAAP income from operations	$	585	$	414

	Three Months Ended July 31,			
Non-GAAP diluted earnings per share		**2018**		**2017***
GAAP diluted net income per share	$	0.39	$	0.06
Plus:				
Amortization of purchased intangibles		0.15		0.10
Stock-based expense		0.45		0.35
Amortization of debt discount, net		0.00		0.01
Less:				
Income tax effects and adjustments		(0.28)		(0.16)
Non-GAAP diluted earnings per share	$	0.71	$	0.36
Shares used in computing Non-GAAP diluted net income per share		774		729

(in millions)	Three Months Ended July 31,			
Free cash flow analysis, a non-GAAP measure		**2018**		**2017***
Operating cash flow				
GAAP net cash provided by operating activities	$	458	$	331
Less:				
Capital expenditures		(170)		(128)
Free cash flow	$	288	$	203

*Prior period information has been adjusted for the adoption of Topic 606.