



salesforce

SALESFORCE, INC.

Q3 2026

Earnings Report Update

**PREPARED BY:
SAVEST RESEARCH**

Salesforce, Inc., headquartered in San Francisco, is a global leader in customer relationship management (CRM) technology, connecting companies with their customers. Its core businesses include cloud-based sales, marketing, commerce, and service solutions, along with AI-powered platforms like Agentforce and Data Cloud. Salesforce also offers Slack for workplace collaboration and Tableau for analytics, enabling enterprises to streamline operations, optimize customer engagement, and leverage AI-driven insights across industries.

GUIDANCE

Salesforce has raised its FY26 revenue guidance, projecting Q4 revenue of \$11.13–\$11.23 billion and full-year revenue of \$41.45–\$41.55 billion, signaling stronger growth momentum.

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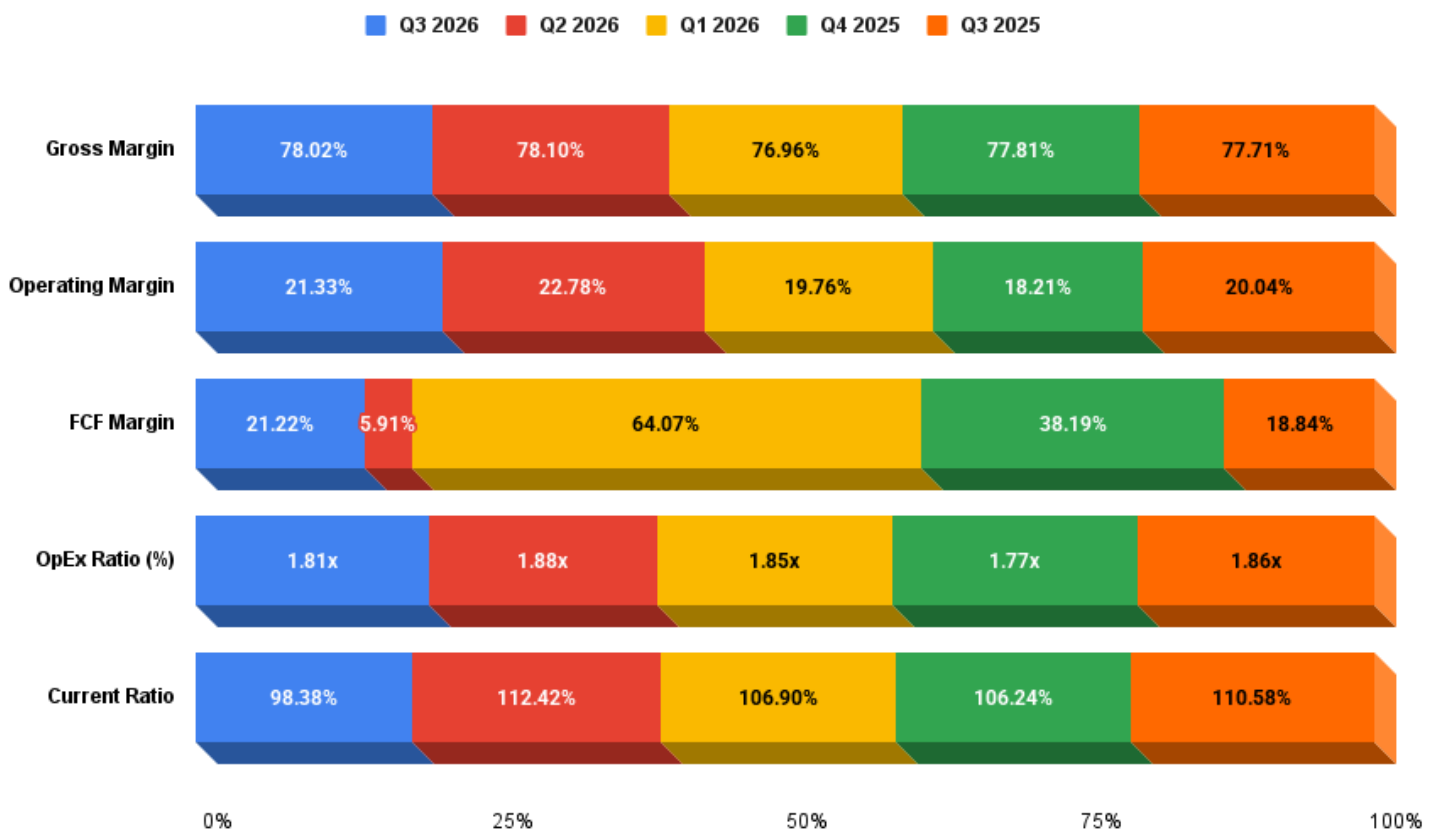
We are raising fiscal year 2026 revenue guidance to \$41.45–\$41.55 billion, with Q3 cRPO up 11% year-over-year at \$29.4 billion, reflecting a strong future revenue pipeline,” said Marc Benioff, Chair and CEO of Salesforce. “Agentforce and Data 360 drove momentum, reaching \$1.4 billion in ARR, a 114% increase, supported by over 9,500 paid deals and 3.2 trillion tokens processed, reinforcing our leadership in the Agentic Enterprise.

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Expectation Analysis

MILLION USD	Q3 2026	ESTIMATE	BEAT/MISS
REVENUE	10.30B	10.27B	0.29%
EBITDA	4.10B	4.22B	-2.70%
EBIT	3.64B	3.51B	3.80%
EPS (adjusted)	3.25	2.86	13.64%

Margin and Efficiency Analysis



Revenue/Profitability Summary				
Million USD(\$), except EPS	Q3 2026	QOQ	YOY	
Revenue	10,259.00	0.22%	8.63%	
Gross profit	8,004.00	0.13%	9.06%	
Income from operations	2,188.00	-6.17%	15.58%	
Income before tax	2,512.00	4.41%	43.87%	
Net income	2,086.00	10.55%	36.61%	
Net income (loss) per share	2.19	11.73%	38.61%	
Cost/Expenses Summary				
Million USD(\$)	Q3 2026	QOQ	YOY	
Cost of revenue	2,255.00	0.58%	7.13%	
Research and development	1,433.00	-3.24%	5.68%	
Sales and marketing	3,456.00	0.38%	4.00%	
General and administrative	667.00	-9.13%	-6.19%	
Total operating expenses	5,816.00	2.72%	6.79%	
Provision for income taxes	426.00	-17.92%	94.52%	
Cash Flow Summary				
Million USD(\$)	Q3 2026	QOQ	YOY	
Net cash from operations	2,316.00	212.97%	16.79%	
Net cash from investing	519.00	-55.45%	339.17%	
Net cash from financing	-4,244.00	-69.56%	-193.50%	
Cash balance	8,978.00	-13.38%	12.27%	
Free cash flow	2,177.00	259.83%	22.37%	
Segment Performance				
Cost of revenue	Q3 2026	% Revenue	QOQ	YOY
Subscription and support	9,726.00	94.80%	0.37%	9.54%
Professional services and other	533.00	5.20%	-2.38%	-5.66%
Key Items of Financial Position Summary				
Cost of revenue	Oct. 31, 2025	YTD	QOQ	YOY
Current assets	21,063.00	-29.15%	-16.85%	-1.69%
Non-current assets	74,081.00	1.20%	2.55%	5.88%
Total assets	95,144.00	-7.56%	-2.49%	4.10%
Current liabilities	21,410.00	-23.48%	-4.98%	10.50%
Non-current liabilities	13,713.00	-0.45%	0.00%	1.62%
Total liabilities	35,123.00	-15.88%	-3.10%	6.85%
Total equities	60,021.00	-1.88%	-2.13%	2.56%
Geographic Breakdown of Total Revenue				
Cost of revenue	Q3 2026	% Revenue	QOQ	YOY
Americas	6,703.00	65.34%	-0.49%	7.77%
Europe	2,470.00	24.08%	1.69%	10.86%
Asia Pacific	1,086.00	10.59%	1.40%	9.04%

Performance Highlights

- Salesforce reported Q3 total revenue of \$10.30 billion, up 9% year-over-year (YoY) and 8% in constant currency (CC). Growth was driven by strong subscription and support revenues, which reached \$9.73 billion, a 10% YoY increase, reflecting robust customer adoption across Agentforce and Data 360 offerings.
- Subscription and support revenue reached \$9.73 billion, up 10% YoY from \$8.88 billion, driven by strong performance across all Agentforce offerings. Agentforce Sales contributed \$2.30 billion (+8%), Agentforce Service \$2.50 billion (+9%), Agentforce 360, Slack, and Other \$2.18 billion (+19%), Agentforce Marketing & Commerce \$1.36 billion (+2%), and Agentforce Integration & Analytics \$1.39 billion (+6%), reflecting broad-based adoption and expanding recurring revenue streams.
- Professional services and other revenue totaled \$533 million, slightly down from \$565 million in Q3 FY25. The marginal decline reflects strategic prioritization of scalable subscription services over lower-margin consulting, while maintaining a stable contribution to total revenue at 5%.
- Net income surged to \$2.09 billion, a 37% YoY increase from \$1.53 billion, driven by strong top-line growth, operational efficiencies, and strategic investment gains. Basic EPS reached \$2.20, up 38% YoY, reflecting improved profitability and effective capital deployment.
- Operating cash flow reached \$2.32 billion, up 17% YoY, while free cash flow increased 22% YoY to \$2.2 billion. Robust cash generation supports reinvestment in strategic initiatives, product innovation, and shareholder returns, underpinning sustainable growth.
- Salesforce returned \$4.2 billion to shareholders in Q3, including \$3.8 billion in share repurchases and \$395 million in dividends. The aggressive buyback program underscores confidence in long-term value creation and financial flexibility.
- Remaining Performance Obligation (RPO) rose 11% YoY to \$29.4 billion, while total RPO increased 12% YoY to \$59.5 billion, signaling strong forward revenue visibility. Growth in contracted yet unrecognized revenue reflects robust pipeline expansion, particularly in Agentforce and Data 360.
- Revenue growth across regions was balanced: Americas grew 8% YoY, Europe 7%, and Asia Pacific 11% in constant currency. International expansion, particularly in Asia Pacific, contributed significantly to overall revenue diversification and global market penetration.
- Agentforce ARR reached nearly \$1.4 billion, up 114% YoY, with over 9,500 paid deals and 3.2 trillion tokens processed. Data 360 ingestion rose 119% YoY, highlighting the company's success in building the Agentic Enterprise platform as a key driver of recurring revenue growth.

Concerns Raised

- Unearned revenue fell to \$14.996 billion from \$20.743 billion, reflecting timing differences in invoicing and revenue recognition. While RPO remains strong, uneven cash conversion timing could introduce short-term operational pressure on working capital management.
- The Informatica acquisition contributes to growth but adds integration complexity. Achieving synergy targets requires careful execution; failure could weigh on operating margins and strain management bandwidth in the near term.
- While subscription revenue drives high margins, heavy reliance on recurring revenue from Agentforce and Data 360 exposes the company to potential churn risk. Any slowdown in enterprise adoption or competitive pressures could materially affect growth.
- International operations contribute meaningfully to revenue, thus exposure to currency fluctuations and macroeconomic volatility could impact reported growth in CC terms. Continued global expansion requires active risk management to safeguard profitability.

SAVEST RATING: OVERWEIGHT

OUR INSIGHT

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Salesforce delivered solid Q3 performance with revenue up 9% YoY, supported by strong subscription momentum and robust 78% gross margins. Operating margin of 21.3% and a healthy 21.2% free-cash-flow margin underscore improving operating leverage and durable cash generation. In the near term, investors may benefit from stable recurring revenue, rising RPO, and expanding AI-driven ARR from Agentforce. Long-term prospects remain compelling as Salesforce deepens its Agentic Enterprise strategy and strengthens cross-cloud adoption. Key lookouts include integration risks tied to recent acquisitions, moderation in unearned revenue, and FX-related volatility, as liquidity remains adequate at a 0.98 current ratio.

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INVESTMENT ADVISOR & INTER-DEALER BROKER

INDIVIDUALS

FAMILY OFFICES

INSTITUTIONS

CONTACT US



+234 913 444 6070



globaladvisory@savest-financial.com



Scan the QR Code to access our website

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