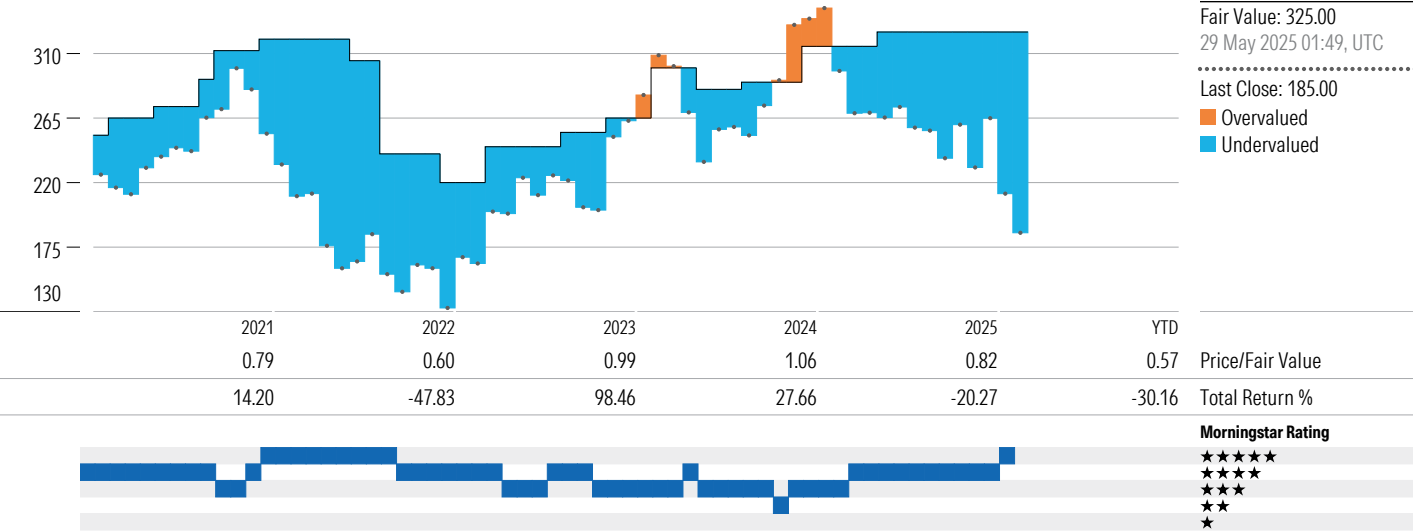


Salesforce IncCRM★★★★★

11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

Price vs. Fair Value



Total Return % as of 11 Feb 2026. Last Close as of 11 Feb 2026. Fair Value as of 29 May 2025 01:49, UTC.

Contents

- Business Description
- Business Strategy & Outlook (27 Feb 2025)
- Bulls Say / Bears Say (29 May 2025)
- Economic Moat (29 May 2025)
- Fair Value and Profit Drivers (29 May 2025)
- Risk and Uncertainty (30 May 2024)
- Capital Allocation (29 May 2025)
- Analyst Notes Archive
- Financials
- ESG Risk
- Appendix
- Research Methodology for Valuing Companies

Important Disclosure

The conduct of Morningstar's analysts is governed by Code of Ethics/Code of Conduct Policy, Personal Security Trading Policy (or an equivalent of), and Investment Research Policy. For information regarding conflicts of interest, please visit: <http://global.morningstar.com/equitydisclosures>.

The primary analyst covering this company does not own its stock.

The ESG Risk Rating Assessment is a representation of Sustainalytics' ESG Risk Rating.

# Salesforce Should Continue to Shine With the Rise in Agentic AI


## Business Strategy & Outlook Dan Romanoff, CPA, Senior Equity Analyst, 27 Feb 2025

Salesforce has established itself as the clear leader in software for all aspects of the customer relationship journey. As the company has matured and growth has slowed, profitability has improved and the capital allocation strategy has evolved. We think the combination of these factors should continue to compound good earnings growth for years to come.

After introducing the software-as-a-service model to the world, Salesforce has assembled a front-office empire that it can build on for years to come, in our view. Sales Cloud represents the original salesforce automation product, which streamlined process management for sales leads and opportunities, contact and account data, process tracking, approvals, and territory tracking. Salesforce's critical differentiator was that the software was accessed through a web browser and delivered over the internet, thus inventing the SaaS software delivery model. Service Cloud brought in customer service applications, and Marketing Cloud delivers marketing automation solutions. Finally, we think Data Cloud helps tie the offerings together. These solutions encompass nearly all aspects of customer acquisition and retention and, in our view, are mission-critical. Salesforce Platform also offers customers a platform-as-a-service solution, complete with the AppExchange, as a way to rapidly create and distribute apps. We believe this further strengthens the substantial community of Salesforce users.

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

Sector	Industry
 Technology	Software - Application

## Business Description

Salesforce provides enterprise cloud computing solutions. The company offers customer relationship management technology that brings companies and customers together. Its Customer 360 platform helps the group deliver a single source of truth, connecting customer data across systems, apps, and devices to help companies sell, service, market, and conduct commerce. It also offers Service Cloud for customer support, Marketing Cloud for digital marketing campaigns, Commerce Cloud as an e-commerce engine, the Salesforce Platform, which allows enterprises to build applications, and other solutions, such as MuleSoft for data integration.

In our view, Salesforce will benefit further from natural cross-selling among its clouds, upselling more robust features within product lines, vertical solutions, pricing actions, and international growth. Salesforce is widely considered a leader in each of its served markets, which is attractive on its own, but the tight integration among the solutions and the natural fit they have with one another make for a powerful value proposition, in our view. To that end, more than half of enterprise customers use multiple clouds. Further, customer retention has gradually improved over time and is better than 92%, which we expect to grind higher still in the coming years.

## Bulls Say Dan Romanoff, CPA, Senior Equity Analyst, 29 May 2025

- Salesforce dominates salesforce automation but still only controls 30% in a highly fragmented market that continues to grow double digits each year, suggesting there is still room to run.
- The company has added legs to the overall growth story, including customer service, marketing automation, e-commerce, analytics, and artificial intelligence.
- Management is likely going to focus on expanding margins after years of subscale profitability.

## Bears Say Dan Romanoff, CPA, Senior Equity Analyst, 29 May 2025

- As the company grows larger, it may be increasingly difficult for Salesforce to grow faster than its various end markets.
- Salesforce has entered new areas via acquisition and has arguably paid material premiums in the process. Integration risk is real, as is the risk of increasingly large, dilutive, or ill-conceived deals.
- The company's generative AI strategy has been a series of fits and starts and while Agentforce looks promising, it may be just another iteration in an evolving approach.

## Economic Moat Dan Romanoff, CPA, Senior Equity Analyst, 29 May 2025

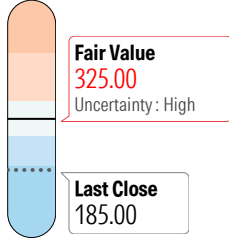
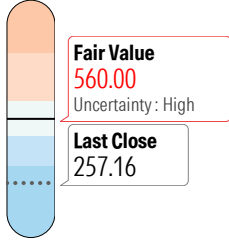
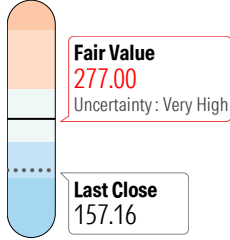
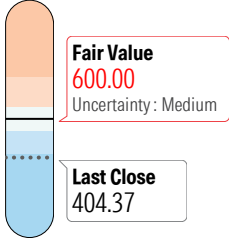
For Salesforce overall, we assign a wide moat rating, arising primarily from switching costs, with the network effect serving as a secondary moat source. Based on the company's product lines, we believe Sales Cloud, Service Cloud, and Salesforce Platform and other have earned wide moats, while Salesforce, Marketing and Commerce Cloud, and Data Cloud have carved out narrow moats. While services, which is a small portion of revenue, help facilitate software sales and contribute to customer relationships, we do not think the company's professional services business would warrant a moat on a stand-alone basis. We believe Salesforce's moat will probably allow the company to earn returns in excess of its cost of capital over the next 20 years.

We believe customers value Salesforce's discrete clouds as stand-alone solutions, but the various clouds are highly complementary and tightly integrated with one another, making the complete set of solutions more compelling. In our opinion, the strength of these clouds is important but should not overshadow the importance of all the solutions being offered under one umbrella by Salesforce as customers are usually looking to consolidate vendors. These factors combine to reinforce our wide-moat assertion. As Salesforce offers a wider set of related and best-in-class solutions, we believe it

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

## Competitors

	Salesforce Inc CRM	Adobe Inc ADBE	Oracle Corp ORCL	Microsoft Corp MSFT
	 <b>Fair Value</b> 325.00 Uncertainty: High <b>Last Close</b> 185.00	 <b>Fair Value</b> 560.00 Uncertainty: High <b>Last Close</b> 257.16	 <b>Fair Value</b> 277.00 Uncertainty: Very High <b>Last Close</b> 157.16	 <b>Fair Value</b> 600.00 Uncertainty: Medium <b>Last Close</b> 404.37
Economic Moat	Wide	Wide	Wide	Wide
Currency	USD	USD	USD	USD
Fair Value	325.00 29 May 2025 01:49, UTC	560.00 13 Jun 2025 02:52, UTC	277.00 18 Dec 2025 01:24, UTC	600.00 31 Jul 2025 03:51, UTC
1-Star Price	503.75	868.00	484.75	810.00
5-Star Price	195.00	336.00	138.50	420.00
Assessment	Undervalued 11 Feb 2026	Undervalued 11 Feb 2026	Undervalued 11 Feb 2026	Undervalued 11 Feb 2026
Morningstar Rating	★★★★★ 11 Feb 2026 22:31, UTC	★★★★★ 11 Feb 2026 22:29, UTC	★★★★★ 11 Feb 2026 22:29, UTC	★★★★★ 11 Feb 2026 22:31, UTC
Analyst	Dan Romanoff, Senior Equity Analyst	Dan Romanoff, Senior Equity Analyst	Luke Yang, Equity Analyst	Dan Romanoff, Senior Equity Analyst
Capital Allocation	Standard	Exemplary	Standard	Exemplary
Price/Fair Value	0.57	0.46	0.57	0.67
Price/Sales	4.63	4.75	7.58	10.10
Price/Book	3.04	9.40	15.33	7.85
Price/Earning	24.99	15.90	32.24	26.17
Dividend Yield	0.86%	0.00%	1.25%	0.82%
Market Cap	173.35 Bil	105.56 Bil	451.69 Bil	3,002.70 Bil
52-Week Range	181.81—330.35	255.71—465.70	118.86—345.72	344.79—555.45
Investment Style	Large Value	Large Value	Large Blend	Large Blend

becomes more deeply entrenched in its customers as they adopt multiple clouds.

Switching costs for software are often driven by several factors, in our view. The more critical the function and the more touch points across an organization a software vendor has, the higher the switching costs. There is also the direct time and expense of implementing a new software package for the customer while maintaining the existing platform and retraining employees on a new system. Additionally, there is operational risk of changing software vendors, including business process re-engineering, loss of data during the changeover, and overall project execution. A major implementation is likely to involve a system integrator and can take in excess of a year in bad cases. Lastly, lost productivity is likely to be an issue as customers move up a learning curve on the new system, along with the distraction of users involved in the function where the change is occurring.

Retention metrics typically help inform investors on both the presence and the durability of a moat.

Salesforce IncCRM★★★★★

11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

These come in two flavors: gross, which describes what percentage of the customer base remains customers after a given period, and net, which highlights what percentage of customer spending is retained by the software provider after a given period. Salesforce's customer retention has been improving gradually over the last 20 years and now sits at approximately 92% annually, which we characterize as good. Software firms regularly see lower retention rates for small-business users than for enterprise customers, so retention is weighed down by a large proportion of small-business customers.

We believe Sales Cloud and Service Cloud enjoy a wide moat based on switching costs. Sales Cloud represents 20%-25% of total revenue, while Service Cloud represents approximately 25% of total revenue. Key modules within Sales Cloud include buyer engagement, sales engagement, team collaboration, sales analytics, sales programs, partner management, performance management, configure, price, and quote, and billing. Critical elements of Service Cloud cover customer service automation, field service, self-service experience, omnichannel customer engagement, agent and mobile worker productivity, intelligent service operations, contact center, and voice support.

The CRM and Service suites are mission-critical to business users in that they drive the selling and servicing processes, contain all known information on the customer base, and are tied into a variety of other back-end systems, such as accounting, accounts receivable, inventory, customer service, customer relationship management, marketing, and email, among others. Changing out either the CRM or customer service applications then becomes a monumental task that users are usually unwilling to undertake because of the time, expense, and operational risk involved.

Salesforce revolutionized the software industry in 2000 with the release of its salesforce automation application. It generally had a feature set competitive with other CRM packages but offered workflow streamlining capabilities and was accessed through a browser and delivered over the internet. The streamlining capabilities were critical and represent the automation portion of the product name. We now refer to this business model as software as a service. While the company did not invent the CRM, it represented a variety of critical technology and category advancements. Service Cloud is a natural extension of Sales Cloud and was the company's second core product.

Salesforce is considered a leader in software solutions for both the CRM and customer service industries. We believe the company's offerings are still considered best of breed despite being part of a much larger software provider. There is no shortage of competition, including point solutions from upstart vendors to modules included in enterprise resource planning behemoths, and everything in between. However, we believe that Salesforce's offerings are best in class and that the inclusion of its other offerings cements the company's lead.

We think the Salesforce Platform and other segment enjoys a wide moat based on switching costs and

Salesforce Inc CRM ★★★★★

11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

network effects. This segment accounts for approximately 20% of total revenue. Application development platforms are sticky in that they serve as the core platform on which businesses and processes are built, and switching could be highly disruptive and expensive for developers. The network effect arises from the fact that the software is extensible and the company provides software development kits, offers the development platform, offers an application exchange, and has worked with leading system integrators to establish a large ecosystem of consulting partners.

Salesforce was early to the market with a cloud-based application development platform for customers. Use of the platform provided the low-investment benefits of a SaaS product, allowed for immediate and smooth integration with Salesforce's solutions, and also allowed developers to sell and distribute their applications on the company's AppExchange. Developing code is clearly mission-critical to users is an area that would be extremely difficult to change given ongoing research and development programs, including maintenance of existing code, code repositories, and an always challenging hiring environment for software engineers.

The AppExchange was revolutionary and was very enticing to developers. A variety of publicly traded companies started out as apps developed on the platform and initially distributed on the AppExchange. The popularity of Salesforce's solutions attracts developers, the company provided a robust and easy-to-use application development platform, and developers created additional applications often built as add-ons to various Salesforce solutions to extend the software's functionality. We believe these dynamics allow Salesforce to continue to benefit from network effects. That is, as more customers adopt any of the company's solutions, the AppExchange provides an ever-expanding audience, which makes it incrementally more attractive to developers, thus perpetuating a virtuous cycle. We also think the large ecosystem of consultants that have built practices around Salesforce furthers the network effects.

Salesforce reports Marketing Cloud and Commerce Cloud as a single segment, which represents approximately 15% of total revenue and has a narrow moat based on switching costs in our view. Key Marketing Cloud applications include Data Cloud for marketing, marketing automation, email marketing, mobile advertising, personalization, analytics, and loyalty programs. Commerce Cloud applications include digital storefronts, customer acquisition, loyalty programs, reporting and insights, and order management and fulfillment.

Digital experience solutions are relatively new compared with CRM and customer service, and there is a wide variety of large competitors in the various marketing analytics, campaign management, customer engagement, advertising platform, and related areas. While this has been a nascent and rapidly emerging area, more recently, we see several companies starting to emerge as leaders with a holistic and complete platform. One of these leaders is Salesforce. We believe Salesforce's tightly integrated and robust platform, with its accelerated innovation based on customer feedback from its extensive

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

customer base is seen as a strong suite by the marketplace, and well positioned to capture an outside position in this young and growing market.

We view Marketing Cloud and Commerce Cloud as natural extensions of Salesforce's core solutions, and they are also mission-critical to the users' operations. Once these applications are integrated in a business process workflow, we believe they are difficult to change. A digital experience platform, by its very nature, is complex, involving numerous applications and touching a wide range of systems and data repositories used by the customer.

Unlike salesforce automation, Salesforce does not have a first-mover advantage in these areas. Indeed, the company's first marketing foray was the acquisition of ExactTarget, while Commerce Cloud was established with the acquisition of Demandware. The company has made other acquisitions to bolster these emerging areas and has also organically added solutions to the portfolio.

We think the Data Cloud segment, which represents approximately 15% of revenue, enjoys a narrow moat based on switching costs. Both MuleSoft and Tableau are included here. We view this segment as an add-on solution to the company's other main offerings. It pulls in data from disparate sources and helps connect data in commerce, sales, marketing, and service areas into a single interface. We therefore think realistically that Data Cloud enhances the moat of the other clouds as it makes those solutions more useful to customers. Lastly, professional services represents approximately 5% of revenue and does not warrant an economic moat.

## Fair Value and Profit Drivers Dan Romanoff, CPA, Senior Equity Analyst, 29 May 2025

Our fair value estimate for Salesforce is \$325 per share, which implies a fiscal 2026 enterprise value/sales multiple of 7 times, adjusted price/earnings multiple of 29 times, and a 4% free cash flow yield.

We model a five-year compound annual growth rate for total revenue of 8% through fiscal 2030, which we think will be driven by solid growth in all clouds, with the most notable strength coming from the data cloud. Our revenue forecast assumes modest revenue acceleration after depressed growth in both fiscal 2023 and 2024. We forecast non-GAAP operating margin expanding from 31% in fiscal 2024 (actual) to the upper 30% area in fiscal 2030, which we think is consistent with management's new profitability focus.

We believe the underlying markets are large and growing. According to management, the total addressable market will grow to \$248 billion in 2025, with compound annual growth rates for the markets served by Salesforce's various clouds generally in the low-double-digit percentage area, notwithstanding the slowdown since the pandemic. In our view, the company will benefit from natural cross-selling of solutions among the clouds. To help support a decade of strong growth, we model several hundred million dollars in bolt-on acquisitions annually after a strategic shift away from

Salesforce Inc CRM★★★★★

11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

inorganic growth.

**Risk and Uncertainty** Dan Romanoff, CPA, Senior Equity Analyst, 30 May 2024

We assign Salesforce a Morningstar Uncertainty Rating of High. From a big-picture perspective, we believe CEO Marc Benioff will be difficult to replace, as he pioneered the software industry, co-founded the company, and led it to be a dominant force with a broad portfolio of sales and marketing-related solutions.

We believe the most important metric for Salesforce investors is revenue growth. Therefore, continued deceleration in the Sales Cloud, or growth that does not materialize as expected in the Service, Marketing, and Commerce Clouds or the Salesforce Platform would likely have an adverse impact on the stock, in our view.

To help drive growth, Salesforce has also been acquisitive. While we do not believe acquisitions have been transformative, the company has certainly executed some larger transactions in order to help establish an immediate or larger presence with a particular solution. Investors have been concerned at times about rich valuations and organic growth prospects, as was the case with the Slack, Tableau, and MuleSoft acquisitions over the last several years. We believe the company is likely to continue to make acquisitions but has pulled back from larger deals. In these situations, valuation and integration will remain risks.

Building on the acquisition-driven risks, Salesforce is likely to face new competitors as it continues to acquire its way into markets the company was not previously serving. The Demandware acquisition drove entry into a completely new area and brought a wide variety of competitors the company had not previously come across.

While we do not see significant environmental, social, and governance risks, Salesforce faces strong competition for software engineers on the hiring front and also faces risks arising from a potential data breach in its data centers.

**Capital Allocation** Dan Romanoff, CPA, Senior Equity Analyst, 29 May 2025

We assign Salesforce a Standard Capital Allocation Rating. This rating reflects our assessments of a sound balance sheet, fair investments, and appropriate shareholder distributions. Salesforce has dramatically changed its capital allocation strategy beginning in August 2022, when it began a formal share repurchase program. Then in February 2024, the company instituted a quarterly dividend. We expect a balanced approach between buybacks, dividends, and internal investments for product innovation.

While the firm has been active historically from an acquisition standpoint, including large deals, we expect deals to skew smaller and occur with less frequency going forward. We have a strong preference

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

that the company avoid larger deals given the complications arising from integration, the opaque nature of underlying growth of the core business, and the potential to erode investor confidence in management focus.

After spending 13 years at Oracle in various leadership roles in sales and product development, Marc Benioff cofounded Salesforce.com in 1999 with the “end of software” mission statement. In 2000, the company released the original version of its salesforce automation product and offered it solely in a SaaS model. This delivery model revolutionized the industry, and 20 years after forming the company, while Benioff has yet to fully achieve his goal of ending the on-premises software model, it is clear he has steered the industry along the path he envisioned. Benioff’s constant presence is important because we are somewhat cautious in a steady stream of C-suite executives leaving the firm over the last several years, including Keith Block, Bret Taylor, Brian Millham, and Amy Weaver.

## Analyst Notes Archive

**Salesforce Earnings: AI Momentum Is Undeniable With Notable Strength in Agentforce** Dan Romanoff, CPA, Senior Equity Analyst, 4 Dec 2025

Salesforce's fiscal third-quarter revenue grew 8% in constant currency to \$10.26 billion, while non-GAAP operating margin was 35.5%. Fourth-quarter guidance is as expected after normalizing for the inclusion of Informatica, which recently closed. Why it matters: Artificial intelligence is top of mind for investors, and momentum here is clearly growing, with Agentforce and Data 360 annual recurring revenue of \$1.4 billion, up 114% year over year, while stand-alone Agentforce ARR passed \$500 million and was up 330% year over year. Subscriptions and services were both in line with our model, with Data 360 shy of our expectations and Platform and Other better than we anticipated. Billings accelerated to 13% year-over-year growth, topping revenue growth and boding well for the near term. The bottom line: We maintain our fair value estimate of \$325 per share and see the stock as attractive. The seat-based model Salesforce employs has come under intense scrutiny and pressured most of our software coverage throughout 2025, despite our belief that AI is more tool than threat. We remind investors that management has guided toward becoming a rule-of-50 firm on its march toward \$60 billion in revenue by 2030, and that our model is more conservative. Assuming the firm shows meaningful progress over the next several years, shares would have even more upside. Coming up: The fourth-quarter outlook formally includes the Informatica deal, which closed on November 18. After normalizing for the acquisition, we characterize guidance as consistent with broader expectations. Management was enthusiastic about the building pipeline and the growing usage of AI and still expects revenue to accelerate within 12-18 months. Fourth quarter guidance calls for \$11.13 billion to \$11.23 billion in revenue, which includes approximately \$300 million in incremental sales from Informatica based on our calculations, while the full-year outlook for non-GAAP operating margin remains stable at 34.1%.

**Salesforce: Agentic Enterprise to Drive \$60 Billion in Revenue by 2030** Dan Romanoff, CPA, Senior

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

Equity Analyst, 17 Oct 2025

Salesforce hosted an investor day at Dreamforce 2025, focusing on artificial intelligence and its Agentforce 360 Solution. Management also introduced new long-term financial targets, including at least \$60 billion in revenue and to be a rule of 50 company by 2030. Why it matters: The stock has lagged enterprise software peers in recent months, which we think is due to the growth deceleration post-covid and uncertainty around AI adoption. The revenue and margin targets are both meaningfully ahead of our model. Our revenue estimates are slightly below FactSet consensus for fiscal 2026 and slightly above for fiscal 2027. In order to hit management's \$60 billion in revenue target, we have to boost our growth rate by about 150 basis points annually—and this excludes the pending Informatica acquisition. In order to hit management's rule of 50 framework, they would need to generate a non-GAAP operating margin of 40% on top of the 10% revenue growth, so we would have to raise our margin assumptions by at least 200 basis points annually. The bottom line: We are maintaining our fair value estimate of \$325 per share and see shares as attractive even without adjusting our model for management's new fiscal 2030 targets. All else equal, if we made our model in line with these guideposts, our fair value would be about \$50 higher. We would prefer to see evidence of sustained revenue acceleration and more substantial margin improvements before increasing our estimates to fully reflect these bullish guideposts. Big picture: Management expects the newly released Agentforce 360 to be at the center of the company's growth strategy, as all of Salesforce's applications have been re-architected to have Agentforce serve as the base of everything, hence the agentic enterprise theme. Agentforce 360 is the fourth iteration of Agentforce, demonstrating the company's ability to rapidly innovate and deliver on customer feedback, including more flexible pricing options.

## **Salesforce Earnings: Data Cloud and AI Momentum Help Drive Good Results, With Guidance More In Line** Dan Romanoff, CPA, Senior Equity Analyst, 4 Sep 2025

Salesforce's fiscal second-quarter results topped the high end of guidance, with revenue growth of 9% in constant currency to \$10.24 billion, while non-GAAP operating margin was 34.3%. Despite this strength, guidance was largely in line with the FactSet consensus. Why it matters: Subscriptions were ahead of our model, while services were in line. Data cloud and artificial intelligence annual recurring revenue, or ARR, of \$1.2 billion was up 120% year over year. For the second straight quarter, management was positive on strength in small business customers. Data and AI products were in 60 deals greater than \$1 million, with 40% of bookings from this business coming from expansions at existing clients. The firm has closed more than 12,500 Agentforce deals so far, about half of which are paid. Further, 80% of new Agentforce bookings are flex credits. Multicloud deals continue to perform well, with 70% of the top 100 deals in the quarter including five or more clouds. The bottom line: We keep our fair value estimate of \$325 per share and see shares as attractive. While we are more concerned with the longer-term growth and profitability trajectory, our near-term estimates are a thin

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

slice below broader Wall Street expectations. Coming up: Salesforce raised the midpoint of revenue guidance for the full year by less than the quarterly upside. It expects a further \$50 million boost from currency, which suggests the firm is more cautious about the fourth quarter. Third-quarter guidance was about as anticipated. Guidance for fiscal 2026 includes sales of \$41.1 billion to \$41.3 billion, which raises the low end by \$100 million, with non-GAAP operating margin now at 34.1%, up 10 basis points. Third-quarter guidance includes revenue of \$10.24 billion to \$10.29 billion and non-GAAP EPS of \$2.84 to \$2.86. Management was bullish during the analyst call, noting acceleration in bookings and ARR, which suggests that guidance could be conservative.

## Salesforce Earnings: Good Quarter With Agentforce Momentum Building Dan Romanoff, CPA, Senior Equity Analyst, 29 May 2025

Salesforce reported results for its fiscal first quarter that were ahead of the top end of guidance. Revenue growth of 8%, both as reported and in constant currency, to \$9.83 billion was driven primarily by strength in data cloud, while non-GAAP operating margin was 32.3%. Why it matters: Both subscriptions and services were ahead of our model, with Agentforce and data cloud providing notable strength during the quarter. We see solid results around the world and note management's positive remarks on strength in small business customers. Multicloud deals continue to perform well, with more than half of the top 100 deals in the quarter including six or more clouds. Almost 60% of the top 100 deals include both data cloud and artificial intelligence. Salesforce has closed more than 8,000 Agentforce deals so far, half of which are paid. Agentforce is generating \$100 million in annually recurring revenue, which is impressive given the solution has been available for just two full quarters. The bottom line: We are raising our fair value estimate to \$325 per share from \$315 and see shares as attractive. Based on results and guidance that skew positive, we nudged our near-term estimates slightly higher while holding our long-term model in check. Management offered broad commentary on the Informatica deal, announced yesterday, noting the importance of the firm's data integration tools in the AI age and recommitted to both its capital allocation strategy and margin targets. Coming up: Management raised guidance for the full-year beyond quarterly upside, including an assist from improving currency impacts. Given product momentum, we see potential for results that track even better throughout the year. Guidance for fiscal 2026 includes revenue of \$41.0 billion to \$41.3 billion, up from \$40.5 billion to \$40.9 billion previously, with non-GAAP operating margin unchanged at 34.0%. Second-quarter guidance was better than we were modelling on both the top and bottom lines.

## Salesforce: Acquiring Informatica to Bolster AI Offerings Dan Romanoff, CPA, Senior Equity Analyst, 27 May 2025

Salesforce has entered into an agreement to acquire Informatica for \$25 per share, or approximately \$8 billion, which excludes the portion of the firm that Salesforce does not already own. The transaction is expected to close in fiscal 2027. Why it matters: This is the first substantial deal for Salesforce since it

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

acquired Slack in July 2021. Salesforce was reportedly in talks to acquire Informatica in April 2024. Our reaction to that was skewed negatively because Informatica grows more slowly and earns lower margins than Salesforce. We see the strategic value of the deal and appreciate the lower purchase price relative to indications of \$10 billion-\$13 billion a year ago. An \$8 billion deal price equates to 3% of Salesforce's market cap, which is generally not material. We believe that the Slack deal significantly contributed to the shareholder revolt that led to substantial changes within Salesforce, including significantly higher operating margins, lower stock-based compensation, increased share buybacks, a quarterly dividend, and lower acquisition activity. The bottom line: Our fair value estimate for wide-moat Salesforce is unchanged at \$315 per share. We clearly see the strategic rationale for combining Informatica's data integration platform with Salesforce's own data cloud, but we acknowledge top- and bottom-line dilution. We are upbeat about strategy, as this transaction is likely to reinforce Salesforce's AI platform. The company's MuleSoft acquisition made it easier for customers to connect applications, and this deal would be along similar lines, in our view. While we see no immediate change to our long-term thinking on Salesforce, the timing of the deal can potentially tilt negative on how the April quarter unfolded, but the market seems to be shrugging off the acquisition. Coming up: Salesforce reports first-quarter earnings for fiscal 2026 tomorrow after the close, when we expect to hear details from management surrounding the acquisition.


## Salesforce Earnings: Lots of Buzz for Agentforce Even if No Meaningful Revenue Impact Yet Dan Romanoff, CPA, Senior Equity Analyst, 27 Feb 2025

We are maintaining our \$315 fair value estimate for wide-moat Salesforce after the company reported solid fiscal 2025 fourth-quarter results. The newly initiated outlook for fiscal 2026 was slightly below our expectations on the top and bottom lines after normalizing for increasing currency headwinds. Management remains excited about Agentforce, which we think represents a good long-term opportunity to transition from a mostly human agent labor force to a mostly virtual agent pool over time. Importantly, management believes consumption pricing will be a meaningful net positive for the company. After a dramatic run from June through November 2024, where we thought shares ended up overvalued, the stock has pulled back, leaving some daylight back up to our fair value estimate. We were impressed by some of the data points on Agentforce, including Data Cloud, but we continue to think of the mature Salesforce as a high-single-digit growth company. Total revenue grew 8% year over year as reported and 9% in constant currency, to \$9.99 billion. Subscriptions were slightly light compared with our model, with all clouds similarly light, while services were slightly better than expected. Multicloud deals continued to perform well, with the top 100 deals averaging six clouds. Management noted some signs of stabilization in the US in the midmarket, while still closing 400 deals at \$1 million or more. The company closed 5,000 Agentforce deals in the quarter, its first full quarter of availability. From a segment perspective, health and life sciences and communications and media performed well, while technology, manufacturing and automotive, and energy were more measured. While profitability

Salesforce IncCRM★★★★★

11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	 Wide	 Large Value	High	Standard	 7 Jan 2026 06:00, UTC

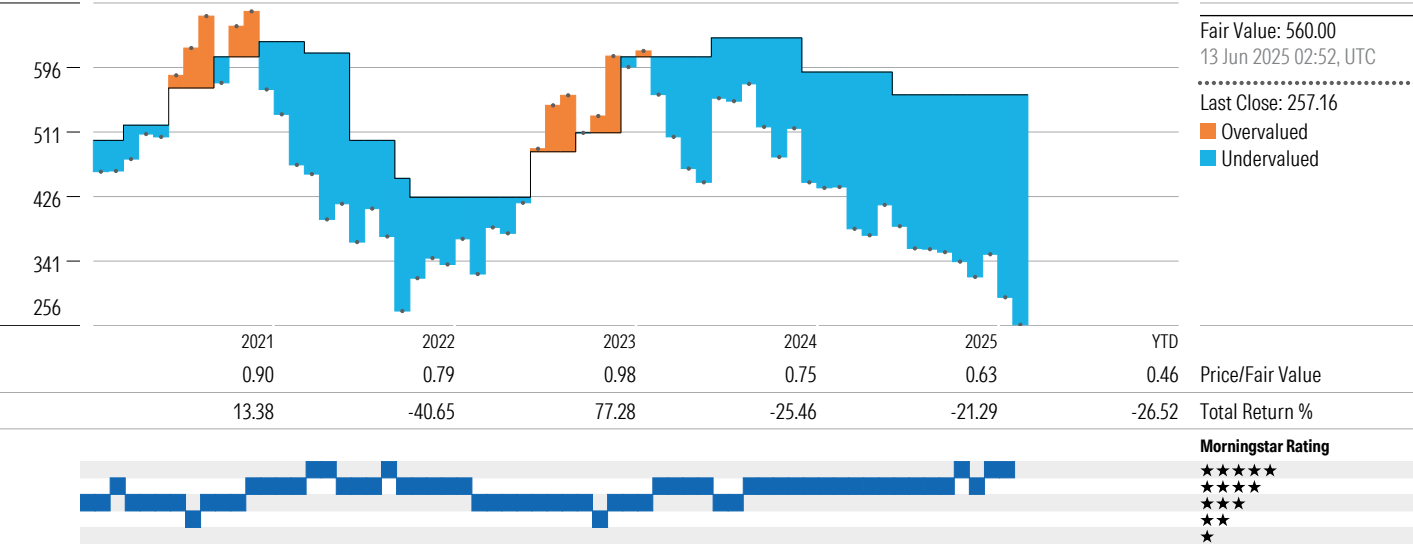
remains a source of strength, we see a path for continued margin expansion even as the firm invests in artificial intelligence innovation. Non-GAAP operating margin was 33.1% versus 31.4% a year earlier.Feb. 27, 2025: The quarter reported has been corrected. 

Salesforce Inc CRM ★★★★★

11 Feb 2026 22:31, UTC

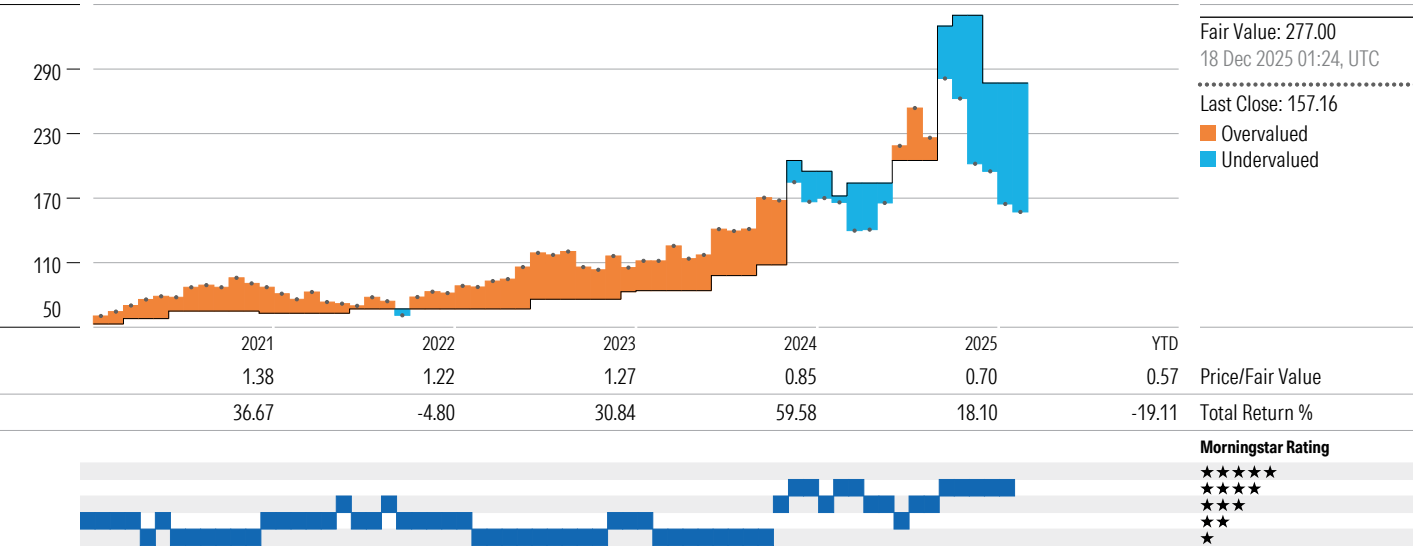
Competitors Price vs. Fair Value

Adobe Inc ADBE



Total Return % as of 11 Feb 2026. Last Close as of 11 Feb 2026. Fair Value as of 13 Jun 2025 02:52, UTC.

Oracle Corp ORCL

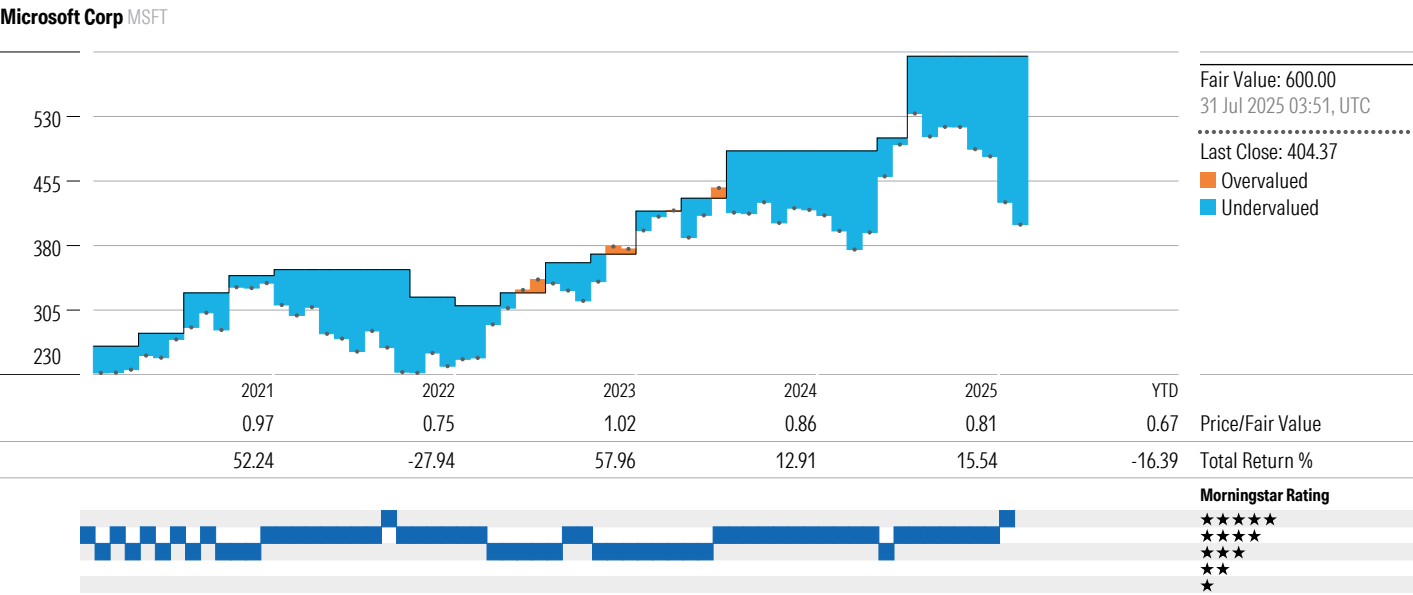


Total Return % as of 11 Feb 2026. Last Close as of 11 Feb 2026. Fair Value as of 18 Dec 2025 01:24, UTC.

Salesforce Inc CRM ★★★★★

11 Feb 2026 22:31, UTC

Competitors Price vs. Fair Value



Total Return % as of 11 Feb 2026. Last Close as of 11 Feb 2026. Fair Value as of 31 Jul 2025 03:51, UTC.

# Salesforce Inc CRM ★★★★★ 11 Feb 2026 22:31, UTC

<b>Last Price</b> 185.00 USD 11 Feb 2026	<b>Fair Value Estimate</b> 325.00 USD 29 May 2025 01:49, UTC	<b>Price/FVE</b> 0.57	<b>Market Cap</b> 173.35 USD Bil 11 Feb 2026	<b>Economic Moat™</b> Wide	<b>Equity Style Box</b> Large Value	<b>Uncertainty</b> High	<b>Capital Allocation</b> Standard	<b>ESG Risk Rating Assessment¹</b> 7 Jan 2026 06:00, UTC
--	--	--------------------------	--	-------------------------------	--	----------------------------	---------------------------------------	---

## Morningstar Valuation Model Summary

### Financials as of 03 Dec 2025

Fiscal Year, ends 31 Jan	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
Revenue (USD Mil)	31,352	34,857	37,895	41,504	44,971	48,606	52,403	56,354
Operating Income (USD Mil)	1,030	5,011	7,205	8,287	9,220	11,277	12,891	14,455
EBITDA (USD Mil)	3,563	7,950	10,038	10,899	12,750	14,144	15,472	16,673
Adjusted EBITDA (USD Mil)	3,563	7,950	10,038	10,899	12,750	14,144	15,472	16,673
Net Income (USD Mil)	208	4,136	6,197	6,537	7,407	8,758	10,014	11,231
Adjusted Net Income (USD Mil)	5,226	8,087	9,930	11,309	12,382	13,554	14,960	16,264
Free Cash Flow To The Firm (USD Mil)	9,421	11,980	12,860	12,483	13,880	14,950	16,085	17,048
Weighted Average Diluted Shares Outstanding (Mil)	997	984	974	959	954	954	954	954
Earnings Per Share (Diluted) (USD)	0.21	4.20	6.36	6.81	7.77	9.18	10.50	11.77
Adjusted Earnings Per Share (Diluted) (USD)	5.24	8.22	10.20	11.79	12.98	14.21	15.68	17.05
Dividends Per Share (USD)	0.00	0.00	1.60	1.60	1.73	1.87	2.02	2.18

### Margins & Returns as of 03 Dec 2025

	3 Year Avg	Actual			Forecast					5 Year Avg
		2023	2024	2025	2026	2027	2028	2029	2030	
Operating Margin %	12.0	3.3	14.4	19.0	20.0	20.5	23.2	24.6	25.7	22.8
EBITDA Margin %	—	11.4	22.8	26.5	26.3	28.3	29.1	29.5	29.6	—
Adjusted EBITDA Margin %	—	11.4	22.8	26.5	26.3	28.3	29.1	29.5	29.6	28.6
Net Margin %	9.7	0.7	11.9	16.4	15.8	16.5	18.0	19.1	19.9	17.9
Adjusted Net Margin %	22.0	16.7	23.2	26.2	27.3	27.5	27.9	28.5	28.9	28.0
Free Cash Flow To The Firm Margin %	32.8	30.0	34.4	33.9	30.1	30.9	30.8	30.7	30.3	30.5

### Growth & Ratios as of 03 Dec 2025

	3 Year CAGR	Actual			Forecast					5 Year CAGR
		2023	2024	2025	2026	2027	2028	2029	2030	
Revenue Growth %	12.7	18.4	11.2	8.7	9.5	8.4	8.1	7.8	7.5	8.3
Operating Income Growth %	136.0	88.0	386.5	43.8	15.0	11.3	22.3	14.3	12.1	14.9
EBITDA Growth %	47.6	-6.5	123.1	26.3	8.6	17.0	10.9	9.4	7.8	10.7
Adjusted EBITDA Growth %	38.1	-6.5	123.1	26.3	8.6	17.0	10.9	9.4	7.8	10.7
Earnings Per Share Growth %	62.5	-85.9	1914.7	51.4	7.1	14.0	18.2	14.4	12.2	13.1
Adjusted Earnings Per Share Growth %	62.5	9.6	56.8	24.1	15.6	10.1	9.5	10.4	8.7	13.1

### Valuation as of 03 Dec 2025

	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
Price/Earning	32.1	34.2	33.5	15.7	14.3	13.0	11.8	10.9
Price/Sales	5.3	7.8	8.7	4.2	3.9	3.6	3.3	3.1
Price/Book	2.9	4.6	5.4	2.8	2.6	2.4	2.2	1.9
Price/Cash Flow	—	—	—	—	—	—	—	—
EV/EBITDA	46.8	34.4	32.6	15.9	13.6	12.2	11.2	10.4
EV/EBIT	162.0	54.6	45.4	20.9	18.8	15.4	13.4	12.0
Dividend Yield %	—	—	0.5	0.9	0.9	1.0	1.1	1.2
Dividend Payout %	0.0	0.0	15.7	13.6	13.3	13.1	12.9	12.8
Free Cash Flow Yield %	—	—	—	—	—	—	—	—

### Operating Performance / Profitability as of 03 Dec 2025

Fiscal Year, ends 31 Jan	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
ROA %	0.2	4.1	6.0	7.8	8.3	9.3	9.7	9.9
ROE %	0.4	6.9	10.1	10.5	11.1	11.9	12.3	12.4
ROIC %	10.3	16.1	16.3	15.4	14.8	14.5	14.4	14.5

# Salesforce Inc CRM ★★★★★

11 Feb 2026 22:31, UTC

Last Price	Fair Value Estimate	Price/FVE	Market Cap	Economic Moat™	Equity Style Box	Uncertainty	Capital Allocation	ESG Risk Rating Assessment¹
185.00 USD 11 Feb 2026	325.00 USD 29 May 2025 01:49, UTC	0.57	173.35 USD Bil 11 Feb 2026	Wide	Large Value	High	Standard	 7 Jan 2026 06:00, UTC

## Financial Leverage (Reporting Currency)

Fiscal Year, ends 31 Jan	Actual			Forecast				
	2023	2024	2025	2026	2027	2028	2029	2030
Debt/Capital %	7.7	4.4	3.4	2.6	2.4	1.6	1.5	1.4
Assets/Equity	1.7	1.7	1.7	1.3	1.3	1.3	1.3	1.3
Net Debt/EBITDA	0.4	-0.2	-0.3	0.9	0.3	-0.2	-0.7	-1.2
Total Debt/EBITDA	4.0	1.6	1.1	0.8	0.7	0.4	0.4	0.4
EBITDA/ Net Interest Expense	—	—	—	—	—	—	—	—

## Forecast Revisions as of 3 Dec 2025

Prior data as of 3 Sep 2025	2026		2027		2028	
	Current	Prior	Current	Prior	Current	Prior
Fair Value Estimate Change (Trading Currency)	325.00	325.00	—	—	—	—
Revenue (USD Mil)	41,504	41,268	44,971	44,665	48,606	48,396
Operating Income (USD Mil)	8,287	9,068	9,220	10,460	11,277	11,663
EBITDA (USD Mil)	10,899	11,502	12,750	13,270	14,144	13,309
Net Income (USD Mil)	11,309	11,040	12,382	12,210	13,554	13,835
Earnings Per Share (Diluted) (USD)	6.81	7.25	7.77	8.63	9.18	9.34
Adjusted Earnings Per Share (Diluted) (USD)	11.79	11.43	12.98	12.59	14.21	14.26
Dividends Per Share (USD)	1.60	1.60	1.73	1.73	1.87	1.87

## Key Valuation Drivers as of 03 Dec 2025

Cost of Equity %	9.0
Pre-Tax Cost of Debt %	5.3
Weighted Average Cost of Capital %	8.8
Long-Run Tax Rate %	22.0
Stage II EBI Growth Rate %	7.1
Stage II Investment Rate %	30.1
Perpetuity Year	20

Additional estimates and scenarios available for download at <https://pitchbook.com/>.

## Discounted Cash Flow Valuation as of 03 Dec 2025

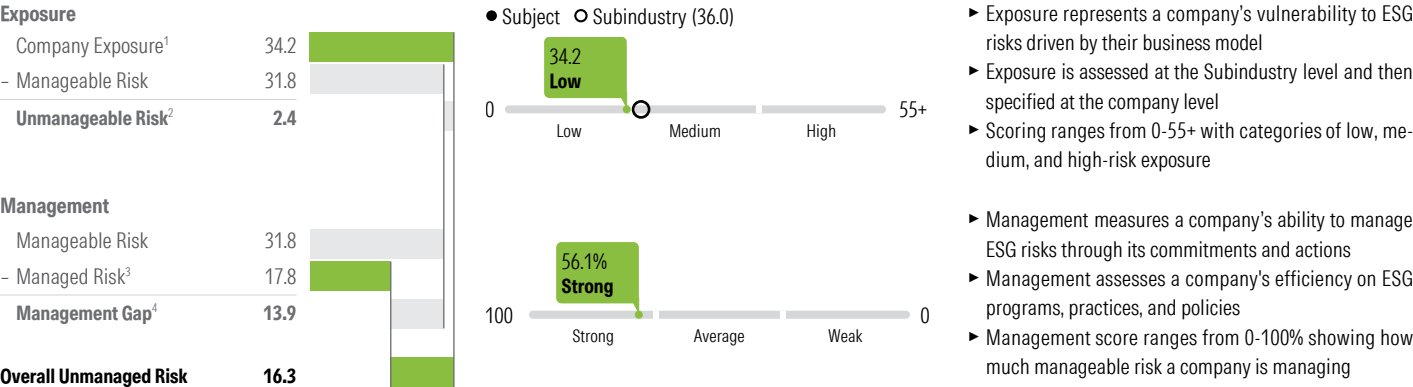
	USD Mil
Present Value Stage I	106,372
Present Value Stage II	68,020
Present Value Stage III	111,291
<b>Total Firm Value</b>	<b>285,683</b>
Cash and Equivalents	14,032
Debt	8,433
Other Adjustments	0
<b>Equity Value</b>	<b>291,282</b>
Projected Diluted Shares	959
<b>Fair Value per Share (USD)</b>	<b>325.00</b>

Salesforce IncCRM★★★★★

11 Feb 2026 22:31, UTC

<b>Last Price</b> 185.00 USD 11 Feb 2026	<b>Fair Value Estimate</b> 325.00 USD 29 May 2025 01:49, UTC	<b>Price/FVE</b> 0.57	<b>Market Cap</b> 173.35 USD Bil 11 Feb 2026	<b>Economic Moat™</b> Wide	<b>Equity Style Box</b> Large Value	<b>Uncertainty</b> High	<b>Capital Allocation</b> Standard	<b>ESG Risk Rating Assessment¹</b>  7 Jan 2026 06:00, UTC
--	--	--------------------------	--	-------------------------------	--	----------------------------	---------------------------------------	--

ESG Risk Rating Breakdown



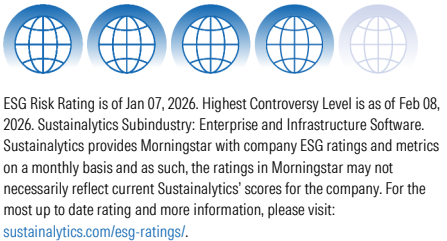
ESG Risk Rating



ESG Risk Ratings measure the degree to which a company's value is impacted by environmental, social, and governance risks, by evaluating the company's ability to manage the ESG risks it faces.

1. A company's Exposure to material ESG issues 2. Unmanageable Risk refers to risks that are inherent to a particular business model that cannot be managed by programs or initiatives 3. Managed Risk = Manageable Risk multiplied by a Management score of 56.1% 4. Management Gap assesses risks that are not managed, but are considered manageable 5. ESG Risk Rating Assessment = Overall Unmanaged Risk = Management Gap plus Unmanageable Risk

ESG Risk Rating Assessment⁵



Peer Analysis 07 Jan 2026		Peers are selected from the company's Sustainalytics-defined Subindustry and are displayed based on the closest market cap values					
Company Name	Exposure	Management		ESG Risk Rating			
Salesforce Inc	34.2   Low	0 —●— 55+	56.1   Strong	100 —●— 0	16.3   Low	0 —●— 40+	
Microsoft Corp	32.8   Low	0 —●— 55+	60.3   Strong	100 —●— 0	14.4   Low	0 —●— 40+	
Adobe Inc	33.0   Low	0 —●— 55+	64.3   Strong	100 —●— 0	13.3   Low	0 —●— 40+	
Oracle Corp	35.0   Low	0 —●— 55+	60.0   Strong	100 —●— 0	15.4   Low	0 —●— 40+	
Pegasystems Inc	41.8   Medium	0 —●— 55+	42.4   Average	100 —●— 0	25.4   Medium	0 —●— 40+	

# Appendix

## Historical Morningstar Rating

### Salesforce Inc CRM 11 Feb 2026 22:31, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★★★	★★★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

### Adobe Inc ADBE 11 Feb 2026 22:29, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★★★	★★★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

### Oracle Corp ORCL 11 Feb 2026 22:29, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★★★	★★★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

Microsoft Corp MSFT 11 Feb 2026 22:31, UTC

Dec 2026	Nov 2026	Oct 2026	Sep 2026	Aug 2026	Jul 2026	Jun 2026	May 2026	Apr 2026	Mar 2026	Feb 2026	Jan 2026
—	—	—	—	—	—	—	—	—	—	★★★★★	★★★★
Dec 2025	Nov 2025	Oct 2025	Sep 2025	Aug 2025	Jul 2025	Jun 2025	May 2025	Apr 2025	Mar 2025	Feb 2025	Jan 2025
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Dec 2024	Nov 2024	Oct 2024	Sep 2024	Aug 2024	Jul 2024	Jun 2024	May 2024	Apr 2024	Mar 2024	Feb 2024	Jan 2024
★★★★	★★★★	★★★★	★★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★
Dec 2023	Nov 2023	Oct 2023	Sep 2023	Aug 2023	Jul 2023	Jun 2023	May 2023	Apr 2023	Mar 2023	Feb 2023	Jan 2023
★★★	★★★	★★★★	★★★★	★★★	★★★	★★★	★★★	★★★	★★★★	★★★★	★★★★
Dec 2022	Nov 2022	Oct 2022	Sep 2022	Aug 2022	Jul 2022	Jun 2022	May 2022	Apr 2022	Mar 2022	Feb 2022	Jan 2022
★★★★	★★★★	★★★★	★★★★★	★★★★	★★★★	★★★★★	★★★★	★★★★	★★★★	★★★★	★★★★
Dec 2021	Nov 2021	Oct 2021	Sep 2021	Aug 2021	Jul 2021	Jun 2021	May 2021	Apr 2021	Mar 2021	Feb 2021	Jan 2021
★★★	★★★	★★★	★★★★	★★★	★★★★	★★★	★★★★	★★★	★★★★	★★★	★★★★

# Research Methodology for Valuing Companies

## Overview

At the heart of our valuation system is a detailed projection of a company's future cash flows, resulting from our analysts' research. Analysts create custom industry and company assumptions to feed income statement, balance sheet, and capital investment assumptions into our globally standardized, proprietary discounted cash flow, or DCF, modeling templates. We use scenario analysis, in-depth competitive advantage analysis, and a variety of other analytical tools to augment this process. Moreover, we think analyzing valuation through discounted cash flows presents a better lens for viewing cyclical companies, high-growth firms, businesses with finite lives (e.g., mines), or companies expected to generate negative earnings over the next few years. That said, we don't dismiss multiples altogether but rather use them as supporting cross-checks for our DCF-based fair value estimates. We also acknowledge that DCF models offer their own challenges (including a potential proliferation of estimated inputs and the possibility that the method may miss short-term market-price movements), but we believe these negatives are mitigated by deep analysis and our long-term approach.

Morningstar's equity research group ("we," "our") believes that a company's intrinsic worth results from the future cash flows it can generate. The Morningstar Rating for stocks identifies stocks trading at a discount or premium to their intrinsic worth—or fair value estimate, in Morningstar terminology. Five-star stocks sell for the biggest risk adjusted discount to their fair values, whereas 1-star stocks trade at premiums to their intrinsic worth.

Four key components drive the Morningstar rating: (1) our assessment of the firm's economic moat, (2) our estimate of the stock's fair value, (3) our uncertainty around that fair value estimate and (4) the current market price. This process ultimately culminates in our single-point star rating.

## 1. Economic Moat

The concept of an economic moat plays a vital role not only in our qualitative assessment of a firm's long-term investment potential, but also in the actual calculation of our fair value estimates. An economic moat is a structural feature that allows a firm to sustain excess profits over a

long period of time. We define economic profits as returns on invested capital (or ROIC) over and above our estimate of a firm's cost of capital, or weighted average cost of capital (or WACC). Without a moat, profits are more susceptible to competition. We have identified five sources of economic moats: intangible assets, switching costs, network effect, cost advantage, and efficient scale.

Companies with a narrow moat are those we believe are more likely than not to achieve normalized excess returns for at least the next 10 years. Wide-moat companies are those in which we have very high confidence that excess returns will remain for 10 years, with excess returns more likely than not to remain for at least 20 years. The longer a firm generates economic profits, the higher its intrinsic value. We believe low-quality, no-moat companies will see their normalized returns gravitate toward the firm's cost of capital more quickly than companies with moats.

When considering a company's moat, we also assess whether there is a substantial threat of value destruction, stemming from risks related to ESG, industry disruption, financial health, or other idiosyncratic issues. In this context, a risk is considered potentially value destructive if its occurrence would eliminate a firm's economic profit on a cumulative or midcycle basis. If we deem the probability of occurrence sufficiently high, we would not characterize the company as possessing an economic moat.

## 2. Estimated Fair Value

Combining our analysts' financial forecasts with the firm's economic moat helps us assess how long returns on invested capital are likely to exceed the firm's cost of capital. Returns of firms with a wide economic moat rating are assumed to fade to the perpetuity period over a longer period of time than the returns of narrow-moat firms, and both will fade slower than no-moat firms, increasing our estimate of their intrinsic value.

Our model is divided into three distinct stages:

### Stage I: Explicit Forecast

In this stage, which can last five to 10 years, analysts make full financial statement forecasts, including items such as revenue, profit margins, tax rates, changes in working capital accounts, and capital spending. Based on these projections, we calculate earnings before interest,

after taxes (EBI) and the net new investment (NNI) to derive our annual free cash flow forecast.

### Stage II: Fade

The second stage of our model is the period it will take the company's return on new invested capital—the return on capital of the next dollar invested ("RONIC")—to decline (or rise) to its cost of capital. During the Stage II period, we use a formula to approximate cash flows in lieu of explicitly modeling the income statement, balance sheet, and cash flow statement as we do in Stage I. The length of the second stage depends on the strength of the company's economic moat. We forecast this period to last anywhere from one year (for companies with no economic moat) to 10–15 years or more (for wide-moat companies). During this period, cash flows are forecast using four assumptions: an average growth rate for EBI over the period, a normalized investment rate, average return on new invested capital (RONIC), and the number of years until perpetuity, when excess returns cease. The investment rate and return on new invested capital decline until a perpetuity value is calculated. In the case of firms that do not earn their cost of capital, we assume marginal ROICs rise to the firm's cost of capital (usually attributable to less reinvestment), and we may truncate the second stage.

### Stage III: Perpetuity

Once a company's marginal ROIC hits its cost of capital, we calculate a continuing value, using a standard perpetuity formula. At perpetuity, we assume that any growth or decline or investment in the business neither creates nor destroys value and that any new investment provides a return in line with estimated WACC.

Because a dollar earned today is worth more than a dollar earned tomorrow, we discount our projections of cash flows in stages I, II, and III to arrive at a total present value of expected future cash flows. Because we are modeling free cash flow to the firm—representing cash available to provide a return to all capital providers—we discount future cash flows using the WACC, which is a weighted average of the costs of equity, debt, and preferred stock (and any other funding sources), using expected future proportionate long-term, market-value weights.

## 3. Uncertainty Around That Fair Value Estimate

Morningstar's Uncertainty Rating is designed to capture the range of potential outcomes for a company's intrinsic value. This rating is used to assign the margin of safety required before investing, which in turn explicitly drives our stock star rating system. The Uncertainty Rating is aimed at identifying the confidence we should have in assigning a fair value estimate for a given stock.

Our Uncertainty Rating is meant to take into account anything that can increase the potential dispersion of future

## Morningstar Equity Research Star Rating Methodology



# Research Methodology for Valuing Companies

outcomes for the intrinsic value of a company, and anything that can affect our ability to accurately predict these outcomes. The rating begins with a suggested rating produced by a quantitative process based on the trailing 12-month standard deviation of daily stock returns. An analyst overlay is then applied, with analysts using the suggested rating, historical rating data, and their own knowledge of the company to inform them as they make the final Uncertainty Rating decision. Ultimately, the rating decision rests with the analyst. Analysts take into account many characteristics when making their final decision, including cyclical factors, operational and financial factors such as leverage, company-specific events, ESG risks, and anything else that might increase the potential dispersion of future outcomes and our ability to estimate those outcomes.

Our recommended margin of safety—the discount to fair value demanded before we'd recommend buying or selling the stock—widens as our uncertainty of the estimated value of the equity increases. The more uncertain we are about the potential dispersion of outcomes, the greater the discount we require relative to our estimate of the value of the firm before we would recommend the purchase of the shares. In addition, the Uncertainty Rating provides guidance in portfolio construction based on risk tolerance.

Our Uncertainty Ratings are: Low, Medium, High, Very High, and Extreme.

Margin of Safety		
Qualitative Analysis	★★★★★ Rating	★ Rating
Uncertainty Ratings		
Low	20% Discount	25% Premium
Medium	30% Discount	35% Premium
High	40% Discount	55% Premium
Very High	50% Discount	75% Premium
Extreme	75% Discount	300% Premium

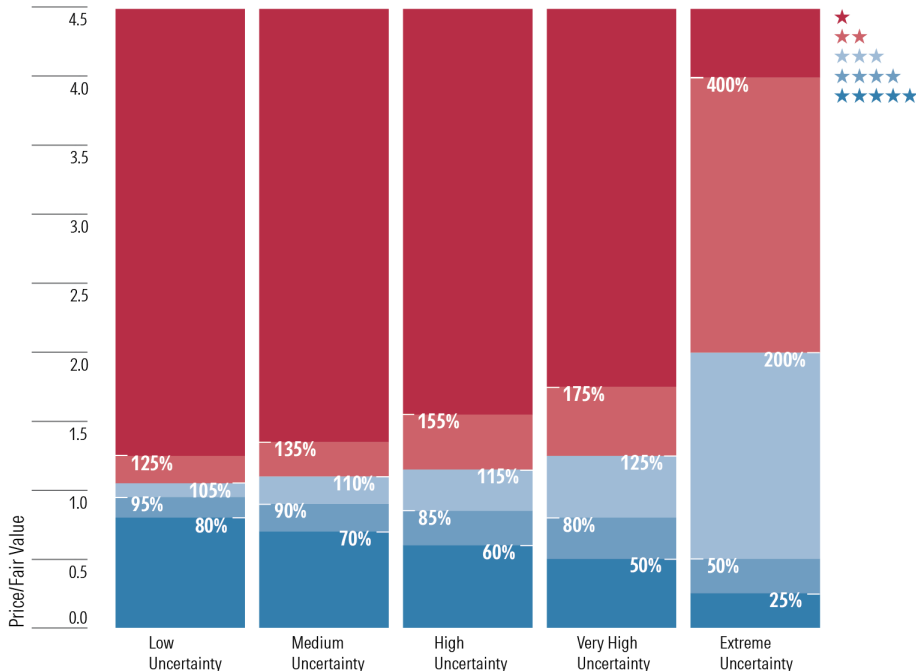
Our uncertainty rating is based on the interquartile range, or the middle 50% of potential outcomes, covering the 25th percentile–75th percentile. This means that when a stock hits 5 stars, we expect there is a 75% chance that the intrinsic value of that stock lies above the current market price. Similarly, when a stock hits 1 star, we expect there is a 75% chance that the intrinsic value of that stock lies below the current market price.

## 4. Market Price

The market prices used in this analysis and noted in the report come from exchange on which the stock is listed which we believe is a reliable source.

For more details about our methodology, please go to <https://shareholders.morningstar.com>

## Morningstar Equity Research Star Rating Methodology



## Morningstar Star Rating for Stocks

Once we determine the fair value estimate of a stock, we compare it with the stock's current market price on a daily basis, and the star rating is automatically re-calculated at the market close on every day the market on which the stock is listed is open. Our analysts keep close tabs on the companies they follow, and, based on thorough and ongoing analysis, raise or lower their fair value estimates as warranted.

Please note, there is no predefined distribution of stars. That is, the percentage of stocks that earn 5 stars can fluctuate daily, so the star ratings, in the aggregate, can serve as a gauge of the broader market's valuation. When there are many 5-star stocks, the stock market as a whole is more undervalued, in our opinion, than when very few companies garner our highest rating.

We expect that if our base-case assumptions are true the market price will converge on our fair value estimate over time generally within three years (although it is impossible to predict the exact time frame in which market prices may adjust).

Our star ratings are guideposts to a broad audience and individuals must consider their own specific investment goals, risk tolerance, tax situation, time horizon, income needs, and complete investment portfolio, among other factors.

The Morningstar Star Ratings for stocks are defined below:

★★★★★ We believe appreciation beyond a fair risk-adjusted return is highly likely over a multiyear time frame. Scenario analysis developed by our analysts indicates that the current market price represents an excessively pessimistic outlook, limiting downside risk and maximizing upside potential.

★★★★ We believe appreciation beyond a fair risk-adjusted return is likely.

★★★ Indicates our belief that investors are likely to receive a fair risk-adjusted return (approximately cost of equity).

★★ We believe investors are likely to receive a less than fair risk-adjusted return.

★ Indicates a high probability of undesirable risk-adjusted returns from the current market price over a multi-year time frame, based on our analysis. Scenario analysis by our analysts indicates that the market is pricing in an excessively optimistic outlook, limiting upside potential and leaving the investor exposed to Capital loss.

## Other Definitions

**Last Price:** Price of the stock as of the close of the market of the last trading day before date of the report.

**Capital Allocation Rating:** Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments,

# Research Methodology for Valuing Companies

and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

**Capital Allocation Rating:** Our Capital Allocation (or Stewardship) Rating represents our assessment of the quality of management's capital allocation, with particular emphasis on the firm's balance sheet, investments, and shareholder distributions. Analysts consider companies' investment strategy and valuation, balance sheet management, and dividend and share buyback policies. Corporate governance factors are only considered if they are likely to materially impact shareholder value, though either the balance sheet, investment, or shareholder distributions. Analysts assign one of three ratings: "Exemplary", "Standard", or "Poor". Analysts judge Capital Allocation from an equity holder's perspective. Ratings are determined on a forward looking and absolute basis. The Standard rating is most common as most managers will exhibit neither exceptionally strong nor poor capital allocation.

Capital Allocation (or Stewardship) analysis published prior to Dec. 9, 2020, was determined using a different process. Beyond investment strategy, financial leverage, and dividend and share buyback policies, analysts also considered execution, compensation, related party transactions, and accounting practices in the rating.

**Sustainalytics ESG Risk Rating Assessment:** The ESG Risk Rating Assessment is provided by Sustainalytics; a Morningstar company.

Sustainalytics' ESG Risk Ratings measure the degree to which company's economic value at risk is driven by environment, social and governance (ESG) factors.

Sustainalytics analyzes over 1,300 data points to assess a company's exposure to and management of ESG risks. In other words, ESG Risk Ratings measures a company's unmanaged ESG Risks represented as a quantitative score.

Unmanaged Risk is measured on an open-ended scale starting at zero (no risk) with lower scores representing less unmanaged risk and, for 95% of cases, the unmanaged ESG Risk score is below 50.

Based on their quantitative scores, companies are grouped into one of five Risk Categories (negligible, low, medium, high, severe). These risk categories are absolute, meaning that a 'high risk' assessment reflects a comparable degree of unmanaged ESG risk across all subindustries covered.

The ESG Risk Rating Assessment is a visual representation of Sustainalytics ESG Risk Categories on a 1 to 5 scale. Companies with Negligible Risk = 5 Globes, Low Risk = 4, Medium Risk = 3 Globes, High Risk = 2 Globes, Severe Risk = 1 Globe. For more information, please visit [sustainalytics.com/esg-ratings/](https://sustainalytics.com/esg-ratings/)

Ratings should not be used as the sole basis in evaluating a company or security. Ratings involve unknown risks and uncertainties which may cause our expectations not to occur or to differ significantly from what was expected and should not be considered an offer or solicitation to buy or sell a security.

## Risk Warning

Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. Morningstar's Uncertainty Rating serves as a useful data point with respect to sensitivity analysis of the assumptions used in our determining a fair value price.

## General Disclosure

Unless otherwise provided in a separate agreement, recipients accessing this report may only use it in the country in which the Morningstar distributor is based. Unless stated otherwise, the original distributor of the report is Morningstar Research Services LLC, a U.S.A. domiciled financial institution.

This Report is for informational purposes, should not be the sole piece of information used in making an investment decision, and has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient. This publication is intended to provide information to assist investors in making their

own investment decisions, not to provide investment advice to any specific investor. Therefore, investments discussed herein may not be suitable for all investors; investors must exercise their own independent judgment as to the suitability of such investments and recommendations in the light of their own investment objectives, experience, taxation status and financial position. Morningstar encourages Report recipients to read all relevant issue documents (e.g., prospectus) pertaining to the security concerned, including without limitation, information relevant to its investment objectives, risks, and costs before making an investment decision and when deemed necessary, to seek the advice of a financial, legal, tax, and/or accounting professional. The information, data, analyses and opinions presented herein are not warranted to be accurate, correct, complete or timely. Unless otherwise provided in a separate agreement, neither Morningstar, Inc. or the Equity Research Group represents that the report contents meet all of the presentation and/or disclosure standards applicable in the jurisdiction the recipient is located.

Except as otherwise required by law or provided for in a separate agreement, the analyst, Morningstar, Inc. and the Equity Research Group and their officers, directors and employees shall not be responsible or liable for any trading decisions, damages or other losses resulting from, or related to, the information, data, analyses or opinions within the report.

The Report and its contents are not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Morningstar, Inc. or its affiliates to any registration or licensing requirements in such jurisdiction.

Where this report is made available in a language other than English and in the case of inconsistencies between the English and translated versions of the report, the English version will control and supersede any ambiguities associated with any part or section of a report that has been issued in a foreign language. Neither the analyst, Morningstar, Inc., or the Equity Research Group guarantees the accuracy of the translations.

This report may be distributed in certain localities, countries and/or jurisdictions ("Territories") by independent third parties or independent intermediaries and/or distributors ("Distributors"). Such Distributors are not acting as agents or representatives of the analyst, Morningstar, Inc. or the Equity Research Group. In Territories where a Distributor distributes our report, the Distributor is solely responsible for complying with all applicable regulations, laws, rules, circulars, codes and guidelines established

# Research Methodology for Valuing Companies

by local and/or regional regulatory bodies, including laws in connection with the distribution third-party research reports.

## Conflicts of Interest

- ▶ No interests are held by the analyst with respect to the security subject of this investment research report.
- ▶ Morningstar, Inc. may hold a long position in the security subject of this investment research report that exceeds 0.5% of the total issued share capital of the security. To determine if such is the case, please click <http://msi.morningstar.com> and <http://mdi.morningstar.com>
- ▶ Analysts' compensation is derived from Morningstar, Inc.'s overall earnings and consists of salary, bonus and in some cases restricted stock.
- ▶ Neither Morningstar, Inc. or the Equity Research Group receives commissions for providing research nor do they charge companies to be rated.
- ▶ Morningstar's overall earnings are generated in part by the activities of the Investment Management and Research groups, and other affiliates, who provide services to product issuers.
- ▶ Morningstar employees may not pursue business and employment opportunities outside Morningstar within the investment industry (including but not limited to, working as a financial planner, an investment professional or investment professional representative, a broker-dealer or broker-dealer agent, a financial writer, reporter, or analyst) without the approval of Morningstar's Legal and if applicable, Compliance teams.
- ▶ Neither Morningstar, Inc. or the Equity Research Group is a market maker or a liquidity provider of the security noted within this report.
- ▶ Neither Morningstar, Inc. or the Equity Research Group has been a lead manager or co-lead manager over the previous 12-months of any publicly disclosed offer of financial instruments of the issuer.
- ▶ Morningstar, Inc.'s investment management group does have arrangements with financial institutions to provide portfolio management/investment advice some of which an analyst may issue investment research reports on. However, analysts do not have authority over Morningstar's investment management group's business arrangements nor allow employees from the investment management group to participate or influence the analysis or opinion prepared by them.
- ▶ Morningstar, Inc. is a publicly traded company (Ticker Symbol: MORN) and thus a financial institution the security of which is the subject of this report may own more than 5% of Morningstar, Inc.'s total outstanding shares. Please access Morningstar, Inc.'s proxy statement, "Security Ownership of Certain Beneficial Owners and Management" section <https://shareholders.morningstar.com/investor-relations/financials/sec-filings/default.aspx>

- ▶ Morningstar, Inc. may provide the product issuer or its related entities with services or products for a fee and on an arms' length basis including software products and licenses, research and consulting services, data services, licenses to republish our ratings and research in their promotional material, event sponsorship and website advertising.

Further information on Morningstar, Inc.'s conflict of interest policies is available from <http://global.morningstar.com/equitydisclosures>. Also, please note analysts are subject to the CFA Institute's Code of Ethics and Standards of Professional Conduct.

**Risk Warning** Please note that investments in securities are subject to market and other risks and there is no assurance or guarantee that the intended investment objectives will be achieved. Past performance of a security may or may not be sustained in future and is no indication of future performance. A security's investment return and an investor's principal value will fluctuate so that, when redeemed, an investor's shares may be worth more or less than their original cost. A security's current investment performance may be lower or higher than the investment performance noted within the report. For investments in foreign markets there are further risks, generally based on exchange rate changes or changes in political and social conditions.

For more information about Morningstar's methodologies, please visit [global.morningstar.com/equitydisclosures](http://global.morningstar.com/equitydisclosures)

For a list of securities which the Equity Research Group currently covers and provides written analysis on please contact your local Morningstar office. In addition, for historical analysis of securities covered, including their fair value estimate, please contact your local office.

**For recipients in Australia:** This Report has been issued and distributed in Australia by Morningstar Australasia Pty Ltd (ABN: 95 090 665 544; ASFL: 240892). Morningstar Australasia Pty Ltd is the provider of the general advice ('the Service') and takes responsibility for the production of this report. The Service is provided through the research of investment products.

To the extent the Report contains general advice it has been prepared without reference to an investor's objectives, financial situation or needs. Investors should consider the advice in light of these matters and, if applicable, the relevant Product Disclosure Statement before making any decision to invest. Refer to our Financial Services Guide (FSG) for more information at <http://www.morningstar.com.au/fsg.pdf>

**For recipients in New Zealand:** This report has been is-

sued and distributed by Morningstar Australasia Pty Ltd and/or Morningstar Research Ltd (together 'Morningstar'). This report has been prepared and is intended for distribution in New Zealand to wholesale clients only and has not been prepared for use by New Zealand retail clients (as those terms are defined in the Financial Markets Conduct Act 2013). The information, views and any recommendations in this material are provided for general information purposes only, and solely relate to the companies and investment opportunities specified within. Our reports do not take into account any particular investor's financial situation, objectives or appetite for risk, meaning no representation may be implied as to the suitability of any financial product mentioned for any particular investor. We recommend seeking financial advice before making any investment decision.

**For recipients in Hong Kong:** The Report is distributed by Morningstar Investment Management Asia Limited, which is regulated by the Hong Kong Securities and Futures Commission to provide services to professional investors only. Neither Morningstar Investment Management Asia Limited, nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information unless expressly agreed to by Morningstar Investment Management Asia Limited.

**For recipients in India:** This investment research is issued by Morningstar Investment Adviser India Private Limited. Morningstar Investment Adviser India Private Limited is registered with SEBI as a Portfolio Manager (registration number INP000006156) and as a Research Entity (registration number INH000008686). Morningstar Investment Adviser India Private Limited has not been the subject of any disciplinary action by SEBI or any other legal/regulatory body. Morningstar Investment Adviser India Private Limited is a wholly owned subsidiary of Morningstar Investment Management LLC. In India, Morningstar Investment Adviser India Private Limited has one associate, Morningstar India Private Limited, which provides data-related services, financial data analysis, and software development. The research analyst has not served as an officer, director, or employee of the fund company within the last 12 months, nor have they or their associates engaged in market-making activity for the fund company. The ESG-related information, methodologies, tool, ratings, data and opinions contained or reflected herein are not directed to or intended for use or distribution to India-based clients or users and their distribution to Indian resident individuals or entities is not permitted, and Morningstar/Sustainalytics accepts no responsibility or liability whatsoever for the actions of third parties in this respect.

\*The Conflicts of Interest disclosure above also applies to relatives and associates of Manager Research Analysts in

# Research Methodology for Valuing Companies

India # The Conflicts of Interest disclosure above also applies to associates of Manager Research Analysts in India. The terms and conditions on which Morningstar Investment Adviser India Private Limited offers Investment Research to clients, varies from client to client, and are detailed in the respective client agreement.

**For recipients in Japan:** The Report is distributed by Ibbotson Associates Japan, Inc., which is regulated by Financial Services Agency, for informational purposes only. Neither Ibbotson Associates Japan, Inc., nor its representatives, are acting or will be deemed to be acting as an investment professional to any recipients of this information.

**For recipients in Singapore:** The Report is intended for Institutional Investor audiences and is distributed by Morningstar Investment Adviser Singapore Pte. Limited, which is licensed by the Monetary Authority of Singapore to provide financial advisory services in Singapore. Morningstar Investment Adviser Singapore Pte. Limited is the entity responsible for the creation and distribution of the research services described in this Report.

This content is provided for informational purposes only and may be shared or redistributed by Institutional Investors to their clients or other permitted persons, subject to obtaining the appropriate licence from Morningstar. Redistribution of this content is subject to any applicable conditions or limitations, including those agreed commercially or contractually with Morningstar. The person who shares or redistributes this content shall be solely responsible for compliance with all relevant legal and regulatory obligations in the jurisdictions in which the material is made available.

Investors should consult a financial adviser regarding the suitability of any investment product, taking into account their specific investment objectives, financial situation or particular needs, before making any investment decision.

Morningstar, Inc., and its affiliates rely on certain exemptions (Financial Advisers Regulations, Section 27(1)(e), Section 32B and 32C) to provide its investment research to recipients in Singapore.

**For recipients in Korea:** The report is distributed by Morningstar Korea Ltd., which has filed to the Financial Services Committee, for informational purposes only. Neither Morningstar Korea Ltd. nor its representatives are acting or will be deemed to be acting as an investment advisor to any recipients of this information.