GANÉ Value Event Fund (WKN A3D05P)

Investment Report June 2024 **Aschaffenburg, 5th July 2024**

We invest in winners. This means we invest in strong companies that create value for their shareholders with sustainable business models, solid balance sheets and high margins. We keep the risks low and invest when our position is fuelled by a positive event. We refer to that as the combination of value and event.

Salesforce, Inc.

When Marc Benioff founded Salesforce in 1999, he was a pioneer: he hosted all the software and all the important customer data on the Internet and made it available as a subscription service. This pioneering SaaS (Software-as-a-Service) model is now standard in the technology industry, and Salesforce is the undisputed leader in the Customer Relationship Management (CRM) market. Salesforce survived the bursting of the dot-com bubble and dared to go pubic as early as 2004. The share price was split-adjusted at USD 3. Since then, it has risen consistently by a factor of 100. However, while revenue growth was 28% on average in the fiscal years from 2012 to 2022, it declined to 18% and 11% in the past two years. For the current year as of 31 January, 2025, only a single-digit increase of 8-9% is expected for the first time. We used the negative reaction of the share price as an opportunity to buy. We consider the uncertainties regarding corporate customers' reluctance to invest and the not immediately visible monetisation of AI applications as an entry-level opportunity. Because (a) Salesforce is likely to be one of the major AI profiteers. Salesforce´s AI platform "Einstein" seamlessly connects all CRM applications such as marketing, communication and tableau to support users directly in their work processes with predictive solutions tailored to their specific requirements: it makes suggestions to improve customer satisfaction, detects anomalies in usage and payment behaviour, and improves and automates trend analyses, pricing, approaches and much more. In addition, the Model Builder can be used to create individual AI models in order to train data in Data Cloud within the existing CRM tools. Furthermore, (b) Salesforce had come under pressure from activist investors. They successfully demanded more profitability. Salesforce had long focused on growth, staffing and acquisitions. The focus on earnings, capital allocation and share buybacks is now greater (table).

	2024	2023	2022	2021	2020
Revenue in bn USD	35	31	26	21	17
Gross profit margin	76%	73%	74%	75%	74%
EBIT margin	14%	3%	2%	2%	2%
ROCE	8%	3%	1%	1%	1%
Δ Shares YoY	-3%	1%	7%	3%	16%

The enormous internal financing power and core profitability based on high and scalable recurring sales of the debt-free business is impressive. For the year 2025, an additional increase to 20% in the EBIT margin is expected; adjusted for stock option expenses, amortization of intangible assets from acquisitions and restructuring expenses even to 33%. Accordingly, the return on capital employed (ROCE) is likely to rise significantly.

Sincerely yours

J. Henrik Muhle Dr. Uwe Rathausky