
PROJECT HELIX

Defensive Acquisition of a Scaled SMB CRM Platform

Prepared for Salesforce, Inc. | Strategic M&A Advisory | Internal MD Review

Salesforce Must Acquire HubSpot Now to Lock the Front Office Before Microsoft Closes the Gap

STRATEGIC RATIONALE

- Microsoft's Dynamics 365 + Copilot + Teams stack is the only credible competing front office and the window to respond is closing
- Salesforce remains structurally absent in SMB; Starter Suite has failed to build organic share at the bottom of the funnel
- HubSpot is the only public asset combining scaled SMB customer access (~258k customers, 52% international), unified Hub architecture and native first-party CRM + marketing data at the scale required to feed Agentforce
- Acquisition accelerates Agentforce monetization by 18+ months versus build; removes the only viable independent SMB consolidator from the market

FINANCIAL IMPACT

- Target equity value \$14.6bn implied at \$270 / share (41% premium to spot of \$191.34)
- Enterprise value \$13.0bn at 3.5x FY1 revenue (\$3.71bn) and 14.2x FY1 EBITDA (\$916m) — at the low end of scaled SaaS take-out range
- 60% stock / 40% cash funded from \$9.6bn CRM cash + \$5.0bn new debt; pro-forma net leverage 1.4x LTM EBITDA, investment-grade preserved
- EPS accretive Year 2 across all leverage cases; pro-forma adds ~\$3.3bn ARR at 75%+ gross margin

RECOMMENDATION

Proceed with all-friendly approach to HubSpot Board at \$270 / share (60% stock / 40% cash); deliverable terms sheet within 30 days, signed merger agreement within 90 days; targeted close Q1-2027

OFFER PRICE

\$270

vs. \$191.34 spot

PREMIUM TO SPOT

41%

vs. 12d VWAP \$360

EQUITY VALUE

\$14.6bn

diluted, 54.2m shs

ENTERPRISE VALUE

\$13.0bn

net of \$1.7bn cash

EV / FY1 REVENUE

3.5X

\$3.71bn FY1 rev

EV / FY1 EBITDA

14.2X

\$916m FY1 EBITDA

Source: Felix as of 11 May 2026 (HUBS share price, FY1 estimates, EV bridge from FY2025 10-K); HUBS FY2025 10-K filed 11 Feb 2026; CRM 10-K filed Mar 2026. Premium calculated to undisturbed spot of \$191.34.

Microsoft Has Assembled the Only Competing Front Office Stack; Salesforce Must Respond With Scaled SMB Access

SALESFORCE TODAY

Enterprise CRM leader without SMB distribution or organic first-party data flywheel

- Dominant in enterprise; minimal SMB share below 200 seats
- Starter Suite (SMB) launched 2022; modest traction vs. HubSpot scale
- Agentforce ARR ramp constrained by narrow customer surface area
- Trades at 3.4x FY1 revenue — market discounting growth durability

MICROSOFT POSITION

Bundled front office stack with distribution, AI infrastructure and capital advantage

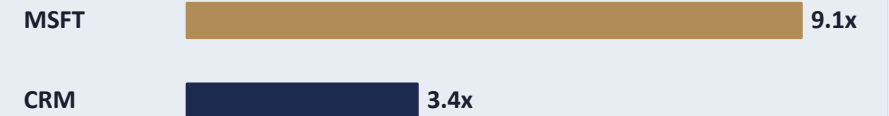
- Dynamics 365 bundled into M365 enterprise contracts (~400m seats)
- Copilot is the dominant agentic UI layer for knowledge work
- Teams as distribution channel; Azure OpenAI as vertical AI moat
- Trades at 9.1x FY1 revenue — market rewarding bundle economics

CONSEQUENCE FOR SALESFORCE

- Horizontal front-office CRM is the worst-performing SaaS sub-sector at (31%) YTD, evidencing market pricing in seat erosion from agentic AI
- Salesforce's defensive trump cards (workflow complexity, customer trust, data gravity) require SMB scale and first-party data CRM does not own organically
- Every quarter of delay compounds Microsoft's structural lead in bundled-agent economics; M&A is the only path to close the gap inside 18 months
- Acquisition of scaled SMB CRM removes the most likely independent consolidator and pre-empts a Microsoft / private equity counterbid

MARKET VALUATION GAP

EV / FY1 Revenue



5.7x

turn multiple gap reflects market's view of Microsoft's bundled-agent advantage

Source: Felix as of 11 May 2026 (CRM 3.4x FY1 EV/Rev; MSFT 9.1x FY1 EV/Rev); Lazard Technology Advisory, AI Impact on Technology M&A 2nd Edition (Apr 2026) for sector YTD performance. Front office CRM defined per Lazard sub-sector classification.

HubSpot Is the Only Public Target Combining SMB Scale, Unified Architecture and First-Party Data

HUBSPOT, INC. (NYSE: HUBS) | FY2025 REV \$3.13BN | ~258K CUSTOMERS | FOUNDED 2006 | HQ CAMBRIDGE, MA

COMPANY OVERVIEW

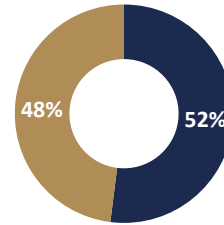
- Unified customer platform for SMB and mid-market combining Marketing, Sales, Service, CMS, Operations and Commerce Hubs on a single first-party CRM data layer
- Native AI layer ('Breeze') and AI Agents launched 2024; 250k+ accounts already on AI features
- ~9k employees; sells direct and through ~7k Solutions Partner ecosystem (49% of revenue)
- FY2025: \$3.13bn revenue (+18% YoY), \$782m LTM EBITDA (24% margin), \$1.70bn cash, no debt

KEY MANAGEMENT

- Yamini Rangan** CEO (since 2021); prior CCO HubSpot, Dropbox, Workday
- Dharmesh Shah** Co-Founder & CTO; owns ~4.5% of shares outstanding
- Brian Halligan** Executive Chairman & Co-Founder; owns ~3.1%
- Kathryn Bueker** CFO (since 2021); prior CFO Wayfair

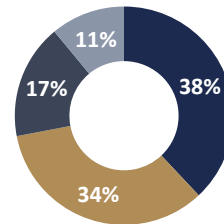
REVENUE MIX

By Geography (FY2025)



■ Americas (United States) ■ International

By Product / Hub (FY2025 est.)



■ Marketing Hub ■ Sales Hub ■ Service Hub ■ CMS / Ops / Commerce

FINANCIAL PROFILE

\$m	FY24A	FY25A	FY26E
Revenue	2,628	3,131	3,707
Growth %	21%	19%	18%
EBITDA	541	712	916
Margin %	21%	23%	25%
EPS (\$)	7.85	9.70	13.08

MARKET DATA

Share price (11-May-26)	\$191.34
52-week range	\$180 – \$683
Diluted shares (m)	54.2
Market cap	\$10.4bn
Enterprise value	\$8.5bn
Cash & investments	\$1.7bn

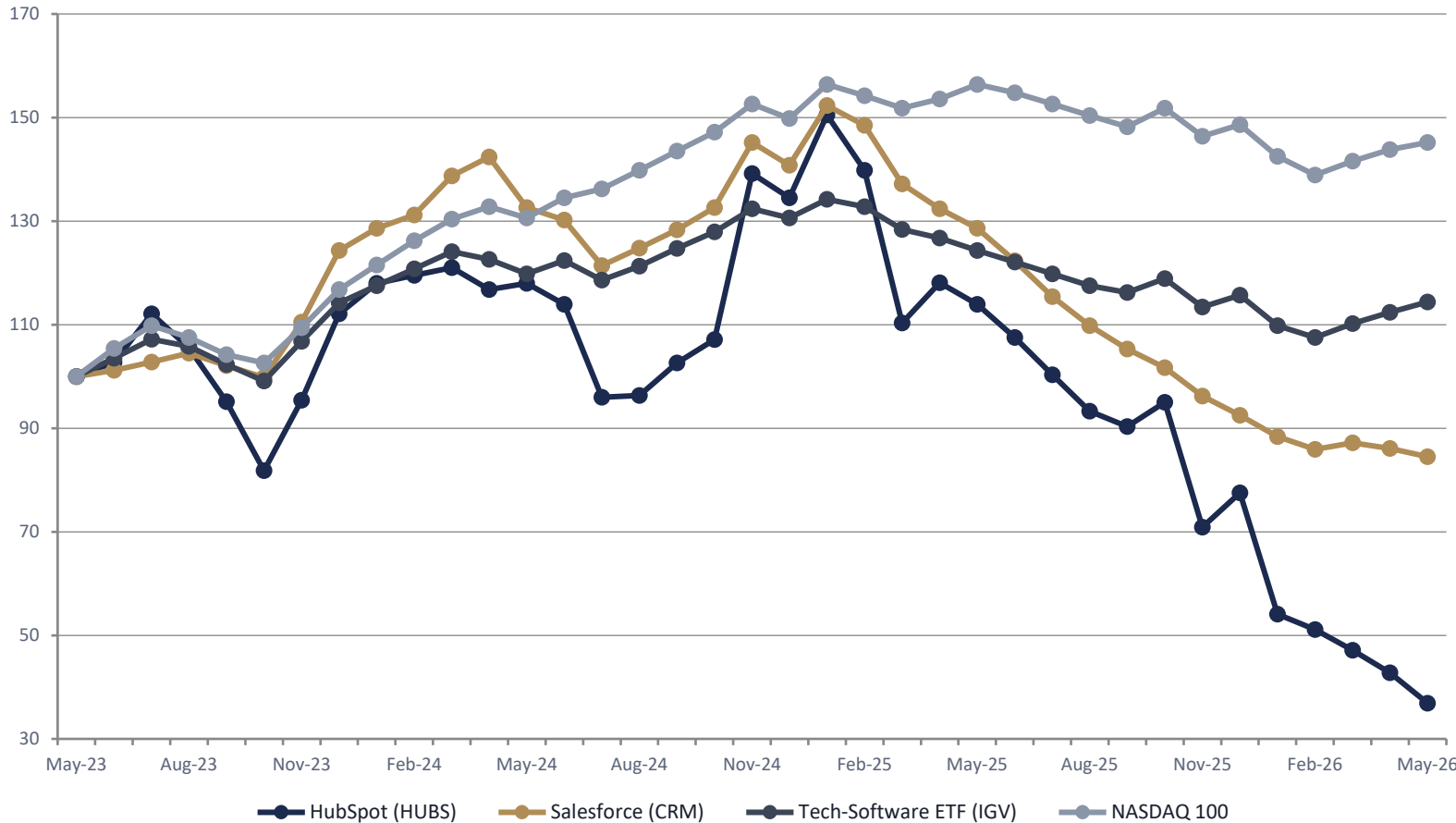
OWNERSHIP

Vanguard Group	11.2%
BlackRock	8.4%
Dharmesh Shah (Co-Founder)	4.5%
Brian Halligan (Co-Founder)	3.1%

Source: HUBS 10-K (FY2025, filed 11 Feb 2026); Felix EV bridge and FY1 estimates as of 11 May 2026; geographic split per HUBS 10-K (52% US / 48% international); product mix Kingsbridge estimates per HUBS subscription revenue commentary; ownership per 13F/13G filings as of Q1-2026.

HubSpot Has Re-Rated 72% From Peak, Opening a Rare Defensive Entry Window

3-YEAR SHARE PRICE PERFORMANCE — REBASED TO 100 AT MAY 2023



KEY OBSERVATIONS

(72%)

HUBS decline from Jan-2025 peak of \$683 to \$191 spot

36

HUBS rebased index value vs. 144 for NASDAQ 100 — widest gap in 3 years

8.5x

EV \$8.5bn at 9.3x LTM EBITDA — below scaled SaaS take-out median of 14-18x

DEFENSIVE WINDOW

Sell-off driven by sector-wide AI seat-erosion repricing, not HubSpot-specific operating weakness

FY2025 revenue grew 19% with EBITDA margin expanding 200bps to 23%

Entry at this level paid through by ~25% premium versus pricing at peak which required 14-18x EBITDA

Source: Felix daily market data (HUBS, CRM) for the 36-month period ending 11 May 2026, month-end closes rebased to 31-May-23 = 100; IGV and NASDAQ 100 series approximated from Lazard Technology Advisory (Apr 2026) sector performance commentary; multiples per Felix EV bridge as of 11 May 2026.

Combined Entity Captures the Full Front-Office Stack With \$850m – \$1.1bn Run-Rate Synergies

PRO-FORMA SCALE		SALESFORCE + HUBSPOT							
REVENUE (FY1)		EBITDA (FY1)		EBITDA MARGIN		CUSTOMERS		ENTERPRISE VALUE	
CRM	\$40.5bn	CRM	\$15.2bn	CRM	37.5%	CRM	~150k	CRM	\$166bn
HUBS	\$3.7bn	HUBS	\$0.9bn	HUBS	24.7%	HUBS	~258k	HUBS	\$8.5bn
PF	\$44.2bn	PF	\$16.1bn	PF	36.4%	PF	~408k	PF	\$187bn

SYNERGY ESTIMATE

Synergy Category	% Target Cost	Run-Rate (\$m)	Timing
Cost: G&A and duplicate corporate functions	8-10%	240 – 290	Yr 1-2
Cost: Sales & marketing overlap, regional consolidation	6-8%	190 – 250	Yr 2-3
Cost: R&D rationalization (overlapping CRM/MA platforms)	4-6%	120 – 180	Yr 2-3
Cost: Infrastructure (data centers, AI compute)	3-4%	90 – 120	Yr 3
Subtotal — Cost Synergies	21-28%	640 – 840	Run-rate Y3
Revenue: Cross-sell Agentforce into HUBS SMB base	5-8%	150 – 240	Yr 2-4
Revenue: Data Cloud on HUBS first-party data	2-3%	60 – 90	Yr 3-4
TOTAL RUN-RATE SYNERGIES	28-39%	850 – 1,170	Run-rate Y4

ANCHORED TO RELEVANT DEAL COMPARABLES

Precedent	Year	Deal EV	Synergies % Target Cost
Salesforce / Slack	2021	\$27.7bn	~22%
Salesforce / Tableau	2019	\$15.7bn	~25%
Microsoft / LinkedIn	2016	\$26.2bn	~18%
Oracle / Cerner	2022	\$28.3bn	~30%
Adobe / Marketo	2018	\$4.8bn	~28%
Cisco / Splunk	2024	\$28.0bn	~32%
Mean / Median	—	\$21.8bn	26% / 27%

NPV OF SYNERGIES

\$5.8bn – \$8.2bn

Discounted at 8.5% WACC, 50% tax-effected for revenue and 25% one-time integration cost of \$400 – \$550m (1.0x annual run-rate)

Source: Pro-forma figures per Felix as of 11 May 2026; synergy estimates Kingsbridge analysis benchmarked to median 27% of target cost base in scaled horizontal SaaS precedents; deal comparables per company filings, Mergermarket; HUBS FY2025 cost base \$2.4bn per 10-K.

Triangulated Valuation Supports Indicative Bid Range of \$260 – \$295 / Share

52-Week Trading Range

(NYSE: HUBS daily closes, 12-May-25 to 11-May-26)

Broker Price Targets (12m)

(consensus of 32 sell-side analysts, range)

Trading Comps — LTM EV/EBITDA

(SaaS peer median 18.5x LTM, applied to \$782m LTM EBITDA)

Trading Comps — CY2 EV/EBITDA

(SaaS peer median 13.0x CY2, applied to \$1,100m CY2 EBITDA)

DCF — Standalone (excl. synergies)

(WACC 9.5%, TGR 3.5%, FCF margin to 28% by 2030)

DCF — Including Synergies

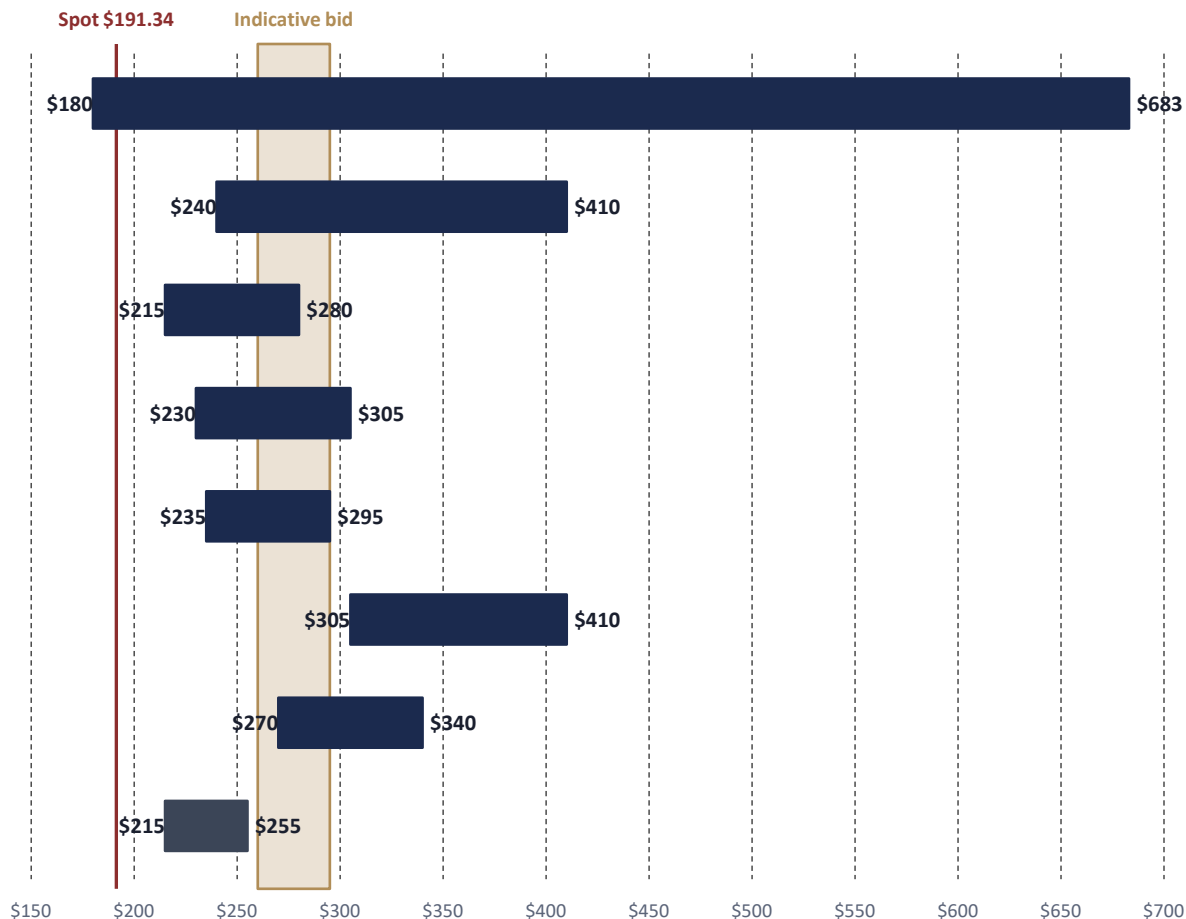
(adds NPV \$5.8-8.2bn / 54.2m shares = \$107-151 per share)

Precedent Transactions — LTM EV/EBITDA

(median 22.0x LTM in scaled SaaS take-outs since 2018)

Private Equity Take-Out (LBO)

(5.5x net leverage, 22% IRR, 5-yr hold, 12x exit EBITDA)



KEY DCF ASSUMPTIONS

Discount rate (WACC)	9.5%
Terminal growth rate	3.5%
Revenue CAGR 26-30E	16%
Terminal EBITDA margin	30%
Terminal FCF margin	28%
Marginal tax rate	19%
Forecast horizon	FY26-FY30E

VALUATION SUMMARY

INDICATIVE BID

\$260 – \$295

per HUBS share

Implied premium 36-54%

Implied EV \$12.4-\$14.3bn

13.5-15.6x CY2 EBITDA

PRIVATE EQUITY FLOOR

LBO at 5.5x net leverage and 22% sponsor IRR clears \$215-255 / share; a strategic counterbid above \$260 forecloses sponsor optionality and pre-empts a Vista / Thoma Bravo platform play

Source: 52-week range and broker estimates per Felix as of 11 May 2026 (HUBS); trading comps reflect SaaS peer median (CRM, NOW, WDAY, INTU, ADBE, TEAM, ZM, ZS, MDB, DDOG); DCF Kingsbridge model FY26-FY30E; precedents per Mergermarket scaled SaaS take-outs 2018-2024 (median 22.0x LTM EV/EBITDA); LBO Kingsbridge analysis per sponsor return targets.

60% Stock / 40% Cash Structure Delivers EPS Accretion by Year 2 Across All Leverage Cases

RECOMMENDED STRUCTURE

Offer price / share	\$280
Premium to spot (\$191.34)	46%
Equity value (54.2m diluted)	\$15.2bn
Less: net cash assumed	(\$1.7bn)
Enterprise value	\$13.5bn
Stock consideration (60%)	\$9.1bn
Cash consideration (40%)	\$6.1bn
<i>New CRM shares issued (m)</i>	<i>51.3</i>
<i>Exchange ratio (HUBS / CRM)</i>	<i>0.947x</i>

FUNDING SOURCES

CRM cash on hand	\$2.6bn
<i>(of \$9.6bn total — preserves liquidity)</i>	
New senior notes (10-yr, 5.0% indicative)	\$3.5bn
Total cash consideration	\$6.1bn

EPS ACCRETION / (DILUTION) AND LEVERAGE BY STRUCTURE

	Case A 80% Stock / 20% Cash	Case B (RECOMMENDED) 60% Stock / 40% Cash	Case C 40% Stock / 60% Cash
New CRM shares issued (m)	68.4	51.3	34.2
New debt raised	\$0.5bn	\$3.5bn	\$6.5bn
Pro-forma total debt	\$14.9bn	\$17.9bn	\$20.9bn
Total Debt / LTM EBITDA	1.0x	1.2x	1.4x
Net Debt / LTM EBITDA	0.5x	0.8x	1.1x
Pro-forma credit rating	A2 (stable)	A2 (stable)	A3 (negative)
Year 1 GAAP EPS impact	(3.8%)	(2.1%)	(0.4%)
Year 2 GAAP EPS impact (incl. cost syn.)	1.2%	3.4%	5.1%
Year 3 GAAP EPS impact (run-rate syn.)	4.6%	6.8%	8.9%

STRUCTURAL CONCLUSION

Case B (60/40) is recommended: 1.2x leverage preserves CRM's A2 rating with stable outlook, year-2 GAAP accretion of 3.4% delivers the EPS narrative needed for proxy support, and the stock component aligns HUBS shareholders to combined-entity upside while limiting cash outflow to \$6.1bn (well below \$9.6bn balance sheet capacity)

Source: Kingsbridge accretion / dilution model; CRM share count and balance sheet per Felix EV bridge as of 11 May 2026 (\$9.6bn cash, \$14.4bn debt, A2 credit rating); HUBS LTM EBITDA \$782m; cost synergies phased per Slide 6 (Year 1 40%, Year 2 75%, Year 3 100% run-rate); new debt assumed 5.0% pre-tax cost at 19% blended marginal rate.

Antitrust, Integration and Shareholder Acceptance Risks Are All Navigable Within 9-Month Close Timeline

1	<p>ANTITRUST</p>	<p>RISK FTC and CMA could challenge horizontal CRM consolidation given Salesforce's existing enterprise share (~22% global CRM market)</p>	<p>MITIGANT Combined entity holds <30% of fragmented horizontal CRM market; HubSpot serves SMB segment where CRM has minimal presence; Microsoft Dynamics, Zoho, Pipedrive, Freshworks remain credible competitors; behavioural remedies feasible if needed</p>	<p>MODERATE</p>
2	<p>INTEGRATION</p>	<p>RISK HubSpot has deliberately separate architecture; full platform integration is a 3-5 year program with risk of customer attrition in mid-market segment (Slack-style overhang)</p>	<p>MITIGANT Operate HubSpot as standalone Hub brand for 24 months; preserve product roadmap autonomy; lock in HUBS senior leadership (Rangan, Bueker) with 24-month retention packages; integration limited to back office in Years 1-2</p>	<p>MODERATE</p>
3	<p>SHAREHOLDER ACCEPTANCE</p>	<p>RISK HUBS shareholders may anchor to 12-day VWAP of \$360 or 52-week high of \$683 rather than spot; founders Shah and Halligan (7.6% combined) hold informal veto power</p>	<p>MITIGANT 46% premium to spot, 60% stock component aligns to upside, ISS likely to recommend in favour given proxy analysis; pre-wire founders before public announcement with bespoke retention and board observer rights</p>	<p>LOW</p>
4	<p>MARKET RISK</p>	<p>RISK CRM share price decline during pendency dilutes consideration value; further AI-driven sector derating could reprice the deal</p>	<p>MITIGANT Collar structure (±10% CRM price band) with fixed exchange ratio inside band, fixed value outside; walkaway right if CRM falls more than 20% pre-close; 9-month timeline limits market exposure</p>	<p>LOW</p>
5	<p>STRATEGIC EXECUTION</p>	<p>RISK Agentforce integration with HUBS first-party data may underdeliver versus synergy plan; Microsoft Copilot may close the bundle gap faster than projected</p>	<p>MITIGANT Revenue synergies modelled conservatively (\$210-330m of \$850-1,170m total); cost synergies are 75% of total and benchmark-supported; do-not-acquire risk (CRM falls further behind MSFT) materially exceeds execution risk</p>	<p>MODERATE</p>

Source: Kingsbridge legal and regulatory analysis; FTC/CMA precedents on horizontal SaaS consolidation (Microsoft/Activision 2023, Adobe/Figma 2023); credit rating impact per Moody's methodology for issuer-level metrics; ISS proxy voting framework.

Trading Comps Confirm \$260-\$295 Indicative Bid Sits Within Scaled SaaS Take-Out Range

Company	Ticker	Mkt Cap (\$bn)	EV (\$bn)	Rev FY1 (\$bn)	Rev Growth	EBITDA Margin	EV / Rev CY2	EV / EBITDA CY2	
HubSpot	HUBS	10.4	8.5	3.7	18%	25%	2.0x	9.3x	
<i>Front Office CRM</i>									
Salesforce	CRM	168.3	165.5	40.5	8%	38%	3.4x	8.5x	
Zoom	ZM	21.5	13.8	4.8	3%	38%	2.7x	7.2x	
<i>Horizontal Platforms</i>									
Microsoft	MSFT	3,085	3,010	330.0	12%	55%	8.2x	12.5x	
Adobe	ADBE	215.0	212.5	23.5	10%	47%	8.0x	16.5x	
Intuit	INTU	175.0	171.2	18.8	13%	42%	8.4x	19.5x	
ServiceNow	NOW	150.0	147.5	13.8	22%	35%	9.5x	26.5x	
Workday	WDAY	65.0	62.8	9.2	13%	27%	6.0x	21.5x	
Atlassian	TEAM	32.0	30.8	5.8	21%	28%	4.5x	15.5x	
<i>High-Growth SaaS</i>									
MongoDB	MDB	18.5	16.5	2.5	22%	20%	5.5x	26.0x	
Datadog	DDOG	42.0	40.5	3.6	25%	33%	9.5x	27.0x	
Zscaler	ZS	32.0	30.5	2.9	26%	26%	8.5x	30.0x	
MEDIAN — Horizontal Platforms					13%	35%	8.0x	19.5x	
MEDIAN — High-Growth SaaS					25%	26%	8.5x	27.0x	
IMPLIED TAKE-OUT — Project Helix at \$280		—	15.2	13.5	3.7	18%	25%	3.2x	14.7x

KEY TAKEAWAY

Project Helix at \$280 / share implies 14.7x CY2 EBITDA — a 25% discount to horizontal platforms median (19.5x), a 46% discount to high-growth SaaS median (27.0x), and consistent with precedent SaaS take-outs (median 22.0x LTM); supports premium economics versus standalone trading multiples

Source: Felix as of 11 May 2026 for CRM, HUBS, MSFT, NOW, ADBE, WDAY, INTU, MDB, DDOG, ZS, ZM, TEAM; revenue growth and EBITDA margin are FY1 consensus estimates; CY2 multiples calculated on calendar-2027 estimates. Implied take-out reflects \$280 / share offer (60/40 stock-cash) and \$920m midpoint of FY1 EBITDA range.