



# Investor Presentation

Q4 FY24

# Safe Harbor Statement

This presentation may contain forward-looking statements for which there are risks, uncertainties, and assumptions. Forward-looking statements may include any statements regarding strategies or plans for future operations; any statements concerning new features, enhancements or upgrades to our existing applications or plans for future applications; any projections of revenues, gross margins, earnings, or other financial items; and any statements of expectation or belief. Forward-looking statements are based only on currently available information and our current beliefs, expectations, and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy, and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks, and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements, and therefore you should not rely on any forward-looking statements that we may make. Further information on risks that could affect Workday's results is included in our filings with the Securities and Exchange Commission which are available on the Workday investor relations webpage: [www.workday.com/en-us/company/about-workday/investor-relations/overview.html](http://www.workday.com/en-us/company/about-workday/investor-relations/overview.html).

Workday assumes no obligation for, and does not intend to update, any forward-looking statements. Any unreleased services, features, functionality or enhancements referenced in any Workday document, roadmap, blog, our website, press release or public statement that are not currently available are subject to change at Workday's discretion and may not be delivered as planned or at all.

Customers who purchase Workday services should make their purchase decisions based upon services, features, and functions that are currently available.

# Use of Non-GAAP Measures

In addition to financial results presented in accordance with U.S. generally accepted accounting principles (GAAP), this presentation includes certain non-GAAP financial measures of performance. These non-GAAP financial measures are in addition to, and not a substitute for or superior to, measures of financial performance prepared in accordance with GAAP, and may be different from non-GAAP financial measures used by other companies. In addition, these non-GAAP financial measures have limitations in that they do not reflect all of the amounts associated with Workday's results of operations or cash flows as determined in accordance with GAAP. Reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures are contained in the Appendix to this presentation. The Company has not provided a reconciliation of its forward outlook for non-GAAP operating margin with its forward-looking GAAP operating margin in reliance on the unreasonable efforts exception provided under Item 10(e)(1)(i)(B) of Regulation S-K. The Company is unable, without unreasonable efforts, to quantify share-based compensation expense, which is excluded from our non-GAAP operating margin, as it requires additional inputs such as the number of shares granted and market prices that are not ascertainable.

# Workday at a Glance

# Workday by the Numbers

**\$142B+**

Market Opportunity<sup>1</sup>

**\$6.6B 19% YoY Growth**

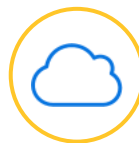
Fiscal Year 2024 Subscription Revenue

**\$1.7B 24.0% Margin**

Fiscal Year 2024 Non-GAAP Operating Income<sup>2</sup>

**\$2.1B 29.6% Margin**

Fiscal Year 2024 Operating Cash Flow



## Enterprise Management Cloud

For Finance, HR, Planning, Spend Management, and Analytics



## 10,000+ Global Customers

Operating across 175+ Countries



## Serving 50%+ of the Fortune 500

Including 70%+ of the top 50 Fortune 500 companies



## 65M+ Global Users<sup>3</sup>

95%+ Customer Satisfaction<sup>4</sup>



## 18,800+ Employees Worldwide

Offices in 30+ Countries

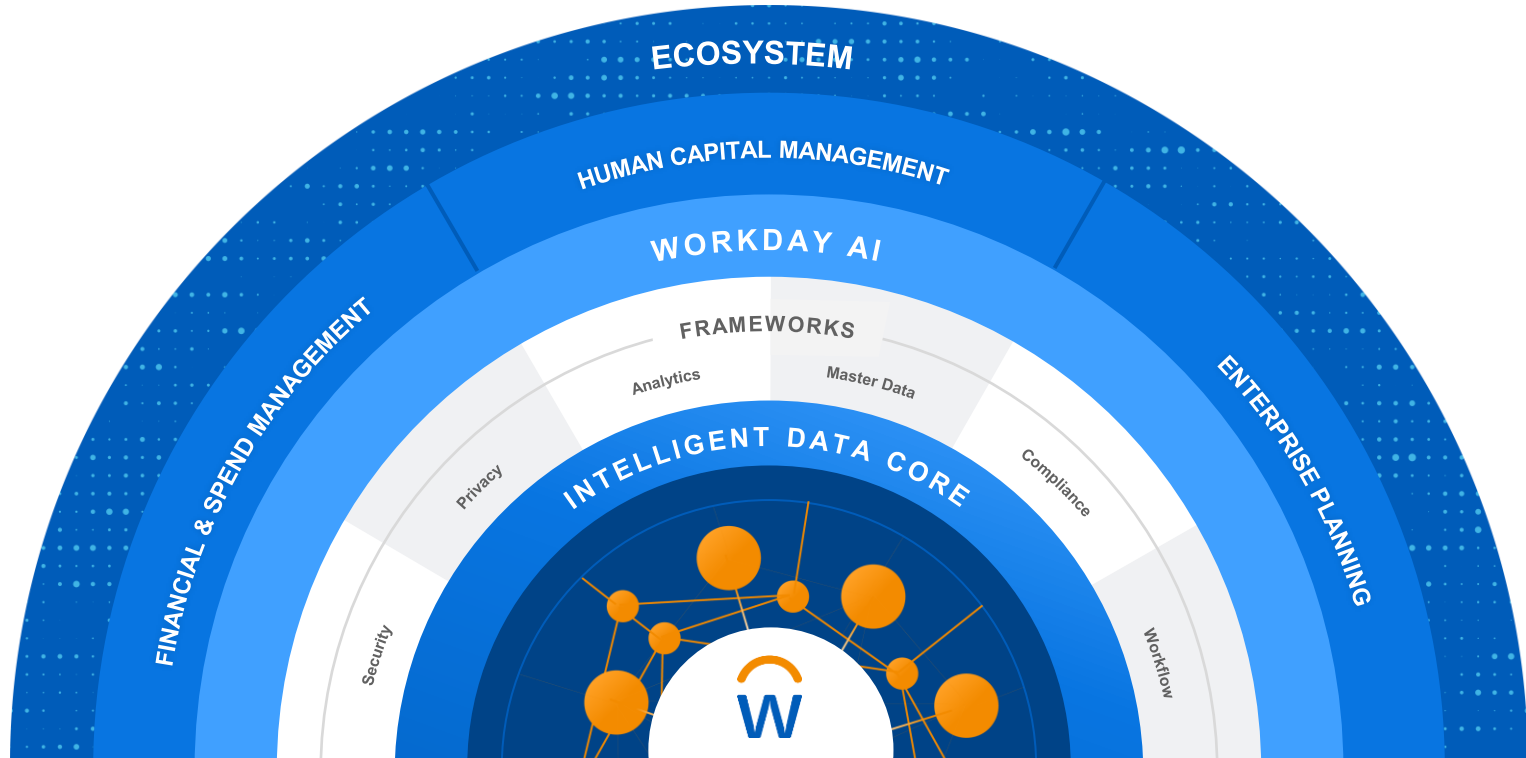
<sup>1</sup> Based on Workday and third-party data as of 9.27.2023

<sup>2</sup> Reconciliations of GAAP to Non-GAAP financial data included in the Appendix

<sup>3</sup> Represents users under contract as of 1.31.2024

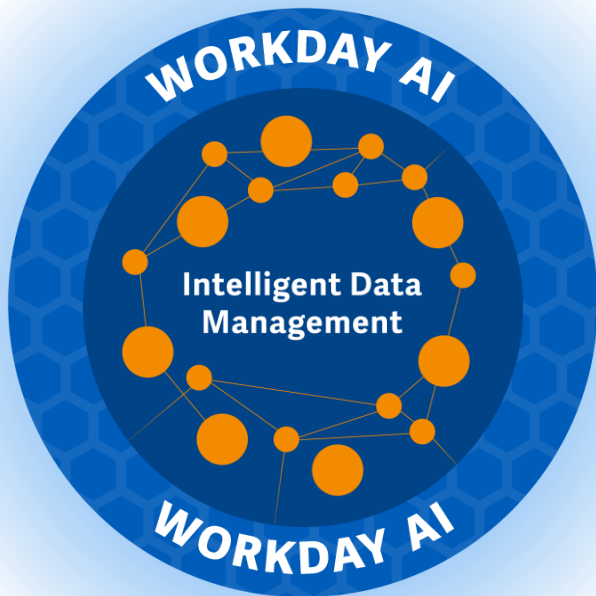
<sup>4</sup> Based on a survey conducted by Workday of HCM and FINs Named Support Contacts in 2023

# Workday Enterprise Management Cloud



**True Cloud** Scale • Elasticity • Performance • Availability • Continuous Delivery of Innovation • Single Version

# Workday Delivers AI Differently



## Quality Data

Uniform data model, 65M+ users<sup>1</sup>,  
800B+ transactions<sup>2</sup>

## Platform Approach

Embedded, not bolted on

## Trustworthy

Transparent and human-centric

<sup>1</sup> Represents users under contract as of 1.31.2024

<sup>2</sup> For the fiscal year ended 1.31.2024

# Serving Organizations of all Sizes and Across Industries





# \$142B+

Addressing One of  
the Largest Markets  
in Enterprise Software

## HCM \$58B

Human Capital  
Management/Workforce  
Management

Talent Management  
Payroll

Workforce Planning  
and People Analytics

Employee Experience

## FINS+ \$84B

Financial Management

Spend Management

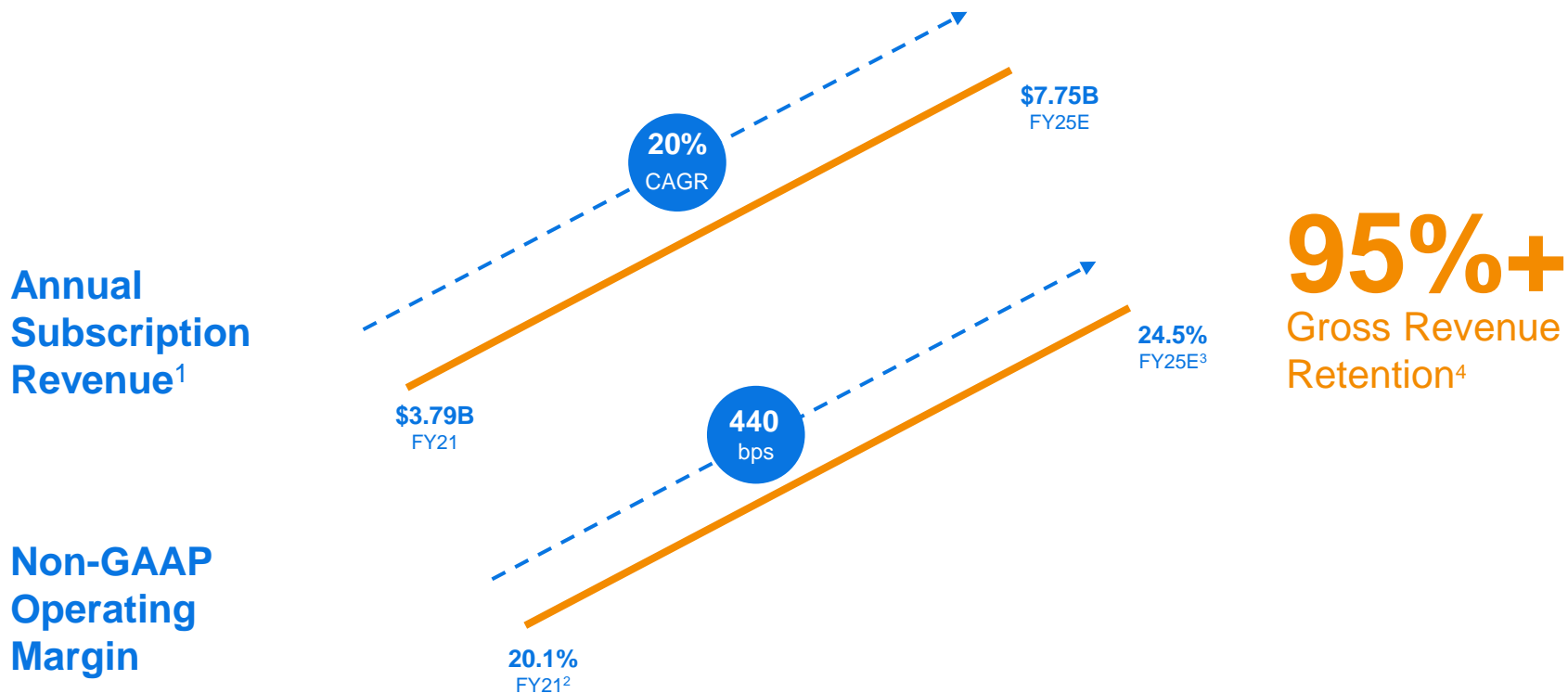
Analytics

Financial Planning

Workday Extend

Student

# Driving Profitable Growth at Scale



<sup>1</sup> CAGR calculation is based on FY21 actual subscription revenue and the mid-point of our FY25 subscription revenue guidance as provided on 2.26.2024

<sup>2</sup> Reconciliations of GAAP to Non-GAAP financial data included in the Appendix

<sup>3</sup> FY24 Non-GAAP operating margin guidance as provided on 2.26.2024

<sup>4</sup> Measures the annual recurring revenue of our customers as of 1.31.2023 that we have maintained as of 1.31.2024, without giving credit for additional upsells or price and/or seats related changes. The metric captures only customer and product churn

Note: Lines not drawn to scale

# While Growing Responsibly and Inclusively

## Our Employees

### **VIBE**

Our commitment to value inclusion, belonging, and equity for all

### **Opportunity Onramps®**

Provide candidates from diverse, nontraditional backgrounds with training and job opportunities

### **Investing in Training**

To help ensure we attract, recruit, hire, and advance employees of all backgrounds

## Our Customers

### **Building Inclusive Solutions**

Investing to help organizations gain valuable insights about equity within their workforce

### **Building Sustainable Solutions**

Helping customers improve sustainability and resilience of their supply chains

### **Empowering our Ecosystem**

Workday's adaptable platform enables customers and partners to manage their emissions reduction strategy

## The World Around Us

### **Net-Zero Carbon Footprint**

Achieved net-zero emissions in fiscal 2023 and matched 100% of the electricity we used at our offices and data centers globally with clean, renewable sources

### **Commitment to 1.5°C**

Science-based targets across our entire value chain

### **Driving Policy Change**

Working to advance policies that support a skills-based approach to talent

### **For More Information:**

Resource Pages: [Sustainability and Reporting with Workday](#)  
[Download our 2023 Global Impact Report](#)

# Financial Highlights and Guidance

# Q4 & FY24 Financial Highlights

Q4 FY24	Quarterly Results	Increase (Decrease) YoY
Total Revenue	\$1.92B	17%
Subscription Revenue	\$1.76B	18%
GAAP Operating Margin	4.1%	950 bps
Non-GAAP Operating Margin <sup>1</sup>	23.9%	540 bps
Operating Cash Flows	\$996M	44%
Free Cash Flows <sup>1</sup>	\$948M	54%

Full Year FY24	Full Year Results	Increase (Decrease) YoY
Total Revenue	\$7.26B	17%
Subscription Revenue	\$6.60B	19%
Total Subscription Revenue Backlog	\$20.92B	27%
12-month Subscription Revenue Backlog	\$6.62B	20%
GAAP Operating Margin	2.5%	610 bps
Non-GAAP Operating Margin <sup>1</sup>	24.0%	450 bps
Operating Cash Flows	\$2.15B	30%
Free Cash Flows <sup>1</sup>	\$1.92B	48%

<sup>1</sup> Reconciliations of GAAP to Non-GAAP financial data included in the Appendix

# Q4 FY24 Customer Wins and Expansions

**Astemo**



**CRANE**

**El Corte Inglés**



**Montefiore**



**RIT**  
Rochester  
Institute of  
Technology



**UHS**



# Q4 FY24 Business Highlights

- **Officially named Carl Eschenbach CEO** effective February 1, 2024. Aneel Bhusri remains integral to the organization as co-founder and as executive chair.
- Announced it has **entered into a definitive agreement to acquire HiredScore**, a leading provider of AI-powered talent orchestration solutions.
- The Board of Directors **approved a new share repurchase program**, with a term of 18 months, to **repurchase up to an additional \$500 million of shares** of its Class A common stock.
- Announced **new full platform customers for Workday Financial Management and Workday Human Capital Management (HCM)**, with new wins including HHS, Randstad, UHS of Delaware, and VXI Global Solutions.
- **Workday and Insperity announced an exclusive strategic partnership** and plans to jointly develop, brand, market, and sell a preeminent full-service HR solution for small and midsize businesses.
- **Continued to build its global leadership bench**, naming David Somers Chief Product Officer, Chikara Furuichi President of Japan, and Lynn Martin head of the Workday Federal business.
- Workday was **named a Leader in the 2023 Gartner® Magic Quadrant™ for Financial Planning Software<sup>1</sup>** for the second time since the category's inception last year.
- KLAS Research named **Workday as Best in KLAS 2024 in enterprise resource planning (ERP)** for the seventh consecutive year.

1. Gartner Magic Quadrant for Financial Planning Software, Regina Crowder, Matthew Mowrey, Vaughan D Archer, 5 December 2023. Gartner does not endorse any vendor, product or service depicted in its research publications, and does not advise technology users to select only those vendors with the highest ratings or other designation. Gartner research publications consist of the opinions of Gartner's research organization and should not be construed as statements of fact. Gartner disclaims all warranties, expressed or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose. GARTNER is a registered trademark and service mark, and MAGIC QUADRANT is a registered trademark of Gartner, Inc., and/or its affiliates in the U.S. and internationally and are used herein with permission. All rights reserved.

# Guidance Summary

Q1 FY25	Quarterly Guidance	Increase (Decrease) YoY
Total Revenue	\$1.973B	17%
Subscription Revenue	\$1.810B	18%
12-month Subscription Revenue Backlog	n/a	17.5 - 18.5%
Non-GAAP Operating Margin	24.5%	100 bps
GAAP Operating Margin	~24 points lower than non-GAAP	n/a
Full Year FY25	Full Year Guidance	Increase (Decrease) YoY
Total Revenue	\$8.355B - \$8.415B	15 - 16%
Subscription Revenue	\$7.725B - \$7.775B	17 - 18%
Non-GAAP Operating Margin	24.5%	50 bps
GAAP Operating Margin	~21 points lower than non-GAAP	n/a
Non-GAAP Tax Rate	19%	n/a
Operating Cash Flows	\$2.250B	5%
Capital Expenditures <sup>1</sup>	\$330M	42%

As provided on Q4 FY24 Earnings Call on 2.26.2024

<sup>1</sup> Capital expenditures include owned real estate projects



# Appendix

# Reconciliation of GAAP to Non-GAAP Data

## Three Months Ended January 31, 2024

(in millions, except percentages and per share data)	GAAP		Share-Based Compensation Expenses		Employer Payroll Tax-Related Items on Employee Stock Transactions		Amortization of Acquisition-Related Intangible Assets		Income Tax Effects <sup>(2)</sup>		Non-GAAP	
Operating income (loss)	\$	79	\$	346	\$	20	\$	16	\$	—	\$	461
Operating margin <sup>(3)</sup>		4.1 %		18.0 %		1.0 %		0.8 %		— %		23.9 %
Net income (loss)	\$	1,188	\$	346	\$	20	\$	16	\$	(1,149)	\$	421
Net income (loss) per share, basic <sup>(1)(3)</sup>	\$	4.52	\$	1.31	\$	0.07	\$	0.06	\$	(4.36)	\$	1.60
Net income (loss) per share, diluted <sup>(1)(3)</sup>	\$	4.42	\$	1.29	\$	0.07	\$	0.06	\$	(4.27)	\$	1.57

## Three Months Ended January 31, 2023

(in millions, except percentages and per share data)	GAAP		Share-Based Compensation Expenses		Employer Payroll Tax-Related Items on Employee Stock Transactions		Amortization of Acquisition-Related Intangible Assets		Income Tax Effects <sup>(2)</sup>		Non-GAAP	
Operating income (loss)	\$	(89)	\$	361	\$	12	\$	21	\$	—	\$	305
Operating margin <sup>(3)</sup>		(5.4) %		21.9 %		0.7 %		1.3 %		— %		18.5 %
Net income (loss)	\$	(126)	\$	361	\$	12	\$	21	\$	(12)	\$	256
Net income (loss) per share, basic <sup>(1)(3)</sup>	\$	(0.49)	\$	1.40	\$	0.05	\$	0.08	\$	(0.04)	\$	1.00
Net income (loss) per share, diluted <sup>(1)(3)</sup>	\$	(0.49)	\$	1.40	\$	0.05	\$	0.08	\$	(0.05)	\$	0.99

(1) For the three months ended January 31, 2024, GAAP and non-GAAP net income per share were both calculated based upon 263,102 basic and 268,843 diluted weighted-average shares of common stock.

For the three months ended January 31, 2023, GAAP net loss per share was calculated based upon 257,322 basic and diluted weighted-average shares of common stock. Non-GAAP net income per share was calculated based upon 257,322 basic and 258,367 diluted weighted-average shares of common stock.

(2) We utilize a fixed long-term projected tax rate in our computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal 2024 and 2023, the non-GAAP tax rate was 19%.

(3) Operating margin and net income (loss) per share are calculated based upon the respective underlying, non-rounded data.

# Reconciliation of GAAP to Non-GAAP Data

Year Ended January 31, 2024

(in millions, except percentages and per share data)	GAAP	Share-Based Compensation Expenses	Employer Payroll Tax-Related Items on Employee Stock Transactions	Amortization of Acquisition-Related Intangible Assets	Income Tax Effects <sup>(2)</sup>	Non-GAAP
Operating income (loss)	\$ 183	\$ 1,416	\$ 66	\$ 75	\$ —	\$ 1,740
Operating margin <sup>(3)</sup>	2.5 %	19.5 %	0.9 %	1.1 %	— %	24.0 %
Net income (loss)	\$ 1,381	\$ 1,416	\$ 66	\$ 75	\$ (1,389)	\$ 1,549
Net income (loss) per share, basic <sup>(1)(3)</sup>	\$ 5.28	\$ 5.42	\$ 0.25	\$ 0.28	\$ (5.30)	\$ 5.93
Net income (loss) per share, diluted <sup>(1)(3)</sup>	\$ 5.21	\$ 5.34	\$ 0.25	\$ 0.28	\$ (5.24)	\$ 5.84

Year Ended January 31, 2023

(in millions, except percentages and per share data)	GAAP	Share-Based Compensation Expenses	Employer Payroll Tax-Related Items on Employee Stock Transactions	Amortization of Acquisition-Related Intangible Assets	Income Tax and Dilution Effects <sup>(2)</sup>	Non-GAAP
Operating income (loss)	\$ (222)	\$ 1,295	\$ 52	\$ 85	\$ —	\$ 1,210
Operating margin <sup>(3)</sup>	(3.6) %	20.8 %	0.9 %	1.4 %	— %	19.5 %
Net income (loss)	\$ (367)	\$ 1,295	\$ 52	\$ 85	\$ (116)	\$ 949
Net income (loss) per share, basic <sup>(1)(3)</sup>	\$ (1.44)	\$ 5.08	\$ 0.21	\$ 0.33	\$ (0.45)	\$ 3.73
Net income (loss) per share, diluted <sup>(1)(3)</sup>	\$ (1.44)	\$ 5.08	\$ 0.21	\$ 0.33	\$ (0.54)	\$ 3.64

Year Ended January 31, 2021

	GAAP	Share-Based Compensation Expenses	Employer Payroll Tax-Related Items on Employee Stock Transactions	Amortization of Acquisition-Related Intangible Assets	Income Tax Effects <sup>(2)</sup>	Non-GAAP
Operating margin <sup>(3)</sup>	(5.8) %	23.3 %	1.2 %	1.4 %	— %	20.1 %

(1) For the fiscal year ended January 31, 2024, GAAP and non-GAAP net income per share were both calculated based upon 261,344 basic and 265,285 diluted weighted-average shares of common stock.

For the fiscal year ended January 31, 2023, GAAP net loss per share was calculated based upon 254,819 basic and diluted weighted-average shares of common stock. Non-GAAP net income per share was calculated based upon 254,819 basic and 261,641 diluted weighted-average shares of common stock. The numerator used to compute non-GAAP diluted net income per share was increased by \$3 million for after-tax interest expense on our convertible senior notes in accordance with the if-converted method.

(2) We utilize a fixed long-term projected tax rate in our computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. For fiscal 2024 and 2023, the non-GAAP tax rate was 19%. For the year ended January 31, 2023, included in the per share amount was a dilution impact of \$0.09 from the conversion of GAAP diluted net loss per share to non-GAAP diluted net income per share.

(3) Operating margin and net income (loss) per share are calculated based upon the respective underlying, non-rounded data.

# Reconciliation of GAAP Operating Cash Flows to Free Cash Flows

(in millions)	Three Months Ended January 31,				Year Ended January 31,			
	2024		2023		2024		2023	
Net cash provided by (used in) operating activities	\$	996	\$	694	\$	2,149	\$	1,657
Less: Total capital expenditures <sup>(1)</sup>		(48)		(77)		(232)		(364)
Free cash flows	\$	948	\$	617	\$	1,917	\$	1,293

(1) For the three months ended January 31, 2024, and 2023, total capital expenditures consisted of Capital expenditures, excluding owned real estate projects of \$46 million and \$73 million, respectively, and Owned real estate projects of \$2 million and \$4 million, respectively.

For the fiscal year ended January 31, 2024, and 2023, total capital expenditures consisted of Capital expenditures, excluding owned real estate projects of \$228 million and \$360 million, respectively, and Owned real estate projects of \$4 million and \$4 million, respectively.

# About Non-GAAP Financial Measures

To provide investors and others with additional information regarding Workday's results, we have disclosed the following non-GAAP financial measures: non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss) per share, and free cash flows. Workday has provided a reconciliation of each non-GAAP financial measure used in this earnings release to the most directly comparable GAAP financial measure. Non-GAAP operating income (loss) and non-GAAP operating margin differ from GAAP in that they exclude share-based compensation expenses, employer payroll tax-related items on employee stock transactions, and amortization expense for acquisition-related intangible assets. Non-GAAP net income (loss) per share differs from GAAP in that it excludes share-based compensation expenses, employer payroll tax-related items on employee stock transactions, amortization expense for acquisition-related intangible assets, and income tax effects. Free cash flows differ from GAAP cash flows from operating activities in that it treats total capital expenditures as a reduction to cash flows.

Workday's management uses these non-GAAP financial measures to understand and compare operating results across accounting periods, for internal budgeting and forecasting purposes, for short- and long-term operating plans, and to evaluate Workday's financial performance. Management believes these non-GAAP financial measures reflect Workday's ongoing business in a manner that allows for meaningful period-to-period comparisons and analysis of trends in Workday's business. Management also believes that these non-GAAP financial measures provide useful information to investors and others in understanding and evaluating Workday's operating results and prospects in the same manner as management and in comparing financial results across accounting periods and to those of peer companies.

Management believes excluding the following items from the GAAP Condensed Consolidated Statements of Operations is useful to investors and others in assessing Workday's operating performance due to the following factors:

- *Share-based compensation expenses.* Although share-based compensation is an important aspect of the compensation of our employees and executives, management believes it is useful to exclude share-based compensation expenses to better understand the long-term performance of our core business and to facilitate comparison of our results to those of peer companies. Share-based compensation expenses are determined using a number of factors, including our stock price, volatility, and forfeiture rates, that are beyond our control and generally unrelated to operational decisions and performance in any particular period. Further, share-based compensation expenses are not reflective of the value ultimately received by the grant recipients.
- *Employer payroll tax-related items on employee stock transactions.* We exclude the employer payroll tax-related items on employee stock transactions in order to show the full effect that excluding share-based compensation expenses has on our operating results. Similar to share-based compensation expenses, this tax expense is dependent on our stock price and other factors that are beyond our control and do not correlate to the operation of the business.

# About Non-GAAP Financial Measures (cont'd)

- *Amortization of acquisition-related intangible assets.* For business combinations, we generally allocate a portion of the purchase price to intangible assets. The amount of the allocation is based on estimates and assumptions made by management and is subject to amortization. The amount of purchase price allocated to intangible assets and the term of the related amortization can vary significantly and are unique to each acquisition and thus we do not believe it is reflective of ongoing operations. Although we exclude the amortization of acquisition-related intangible assets from these non-GAAP measures, management believes that it is important for investors to understand that such intangible assets were recorded as part of purchase accounting and contribute to revenue generation.
- *Income tax effects.* We utilize a fixed long-term projected tax rate in our computation of the non-GAAP income tax provision to provide better consistency across the reporting periods. In projecting this long-term non-GAAP tax rate, we utilize a three-year financial projection that excludes the direct impact of share-based compensation and related employer payroll taxes, and amortization of acquisition-related intangible assets. The projected rate considers other factors such as our current operating structure, existing tax positions in various jurisdictions, and key legislation in major jurisdictions where we operate. For fiscal 2025 and 2024, we determined the projected non-GAAP tax rate to be 19%, which reflects currently available information, as well as other factors and assumptions. We will periodically re-evaluate this tax rate, as necessary, for significant events, relevant tax law changes, material changes in the forecasted geographic earnings mix, and any significant acquisitions.

Additionally, with regards to free cash flows, Workday's management believes that reducing cash provided by (used in) operating activities by capital expenditures is meaningful to investors and others because it provides an enhanced view of cash flow generation from the ongoing operations of our business, and it balances operating results, cash management, and capital efficiency.

The use of the non-GAAP measures of non-GAAP operating income (loss), non-GAAP operating margin, non-GAAP net income (loss) per share, and free cash flows have certain limitations as they do not reflect all items of expense or cash that affect Workday's operations. Workday compensates for these limitations by reconciling the non-GAAP financial measures to the most comparable GAAP financial measures. These non-GAAP financial measures should be considered in addition to, not as a substitute for or in isolation from, measures prepared in accordance with GAAP. Further, these non-GAAP measures may differ from the non-GAAP information used by other companies, including peer companies, and therefore comparability may be limited. Management encourages investors and others to review Workday's financial information in its entirety and not rely on a single financial measure.

