

# Snowflake Inc. (SNOW)

## Outperformance Reflects Strong Execution; Constructive on Combination of Healthy Core Plus Emerging Product Cycles

**SNOW**      12m Price Target: **\$220.00**      Price: **\$129.12**      Upside: **70.4%**

We reiterate our Buy rating and \$220 Price Target on Snowflake (on CL) following impressive F3Q results that augment our conviction the company can sustain mid-20's revenue growth at a \$4B revenue scale while delivering 25% FCF margins, representing the top decile in software and rightfully supporting the stock re-rating from 10.6 EV/S (FY26) closer to Rule of 50+ peers Datadog and ServiceNow (>13x EV/S). Our view is supported by a long runway in its core Data Warehousing opportunity via continued legacy migrations coupled with emerging product cycles (Gen-AI, Unistore, Container Services, Iceberg Tables) that is starting to get validated. We point to F3Q results, largely playing out in-line with our [preview](#), with Product Revenue +5% above Consensus, OpM outperforming (+300 bps), cRPO growth accelerating to +36% (vs. +30% F1H25) and a guide-up on F4Q Product Revenue to +23% (vs. Street +20.8%). The stock is indicated +20% AH as we believe investors are reacting to the strong beat-and-raise that helps dispel the narrative that heightened competition from Databricks is hindering a stronger forward growth trajectory. The following dynamics also fuel our optimism: 1) Stabilization in NRR (127%) signaling a steady core business, 2) Iceberg Tables storage revenues headwind proving immaterial (still 11%) with offsetting dynamics from Data Engineering (\$200M+ run-rate) and early signals of Iceberg adopters onboarding new workloads that could manifest as a strong growth lever mid-to-long-term, and 3) Accelerating AI momentum with 3,200 accounts leveraging AI services (+28% Q/Q), growing revenue contributions from AI products and a new partnership with Anthropic to bring their models into Snowflake's Data Cloud.

### Our Thesis

Given the company's strong competitive positioning, we continue to view Snowflake as well positioned to capitalize on a generational

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### Key Data

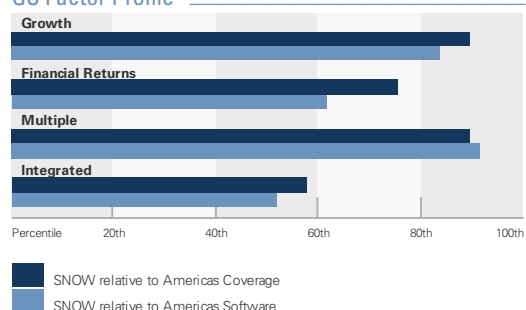
Market cap: \$46.8bn  
Enterprise value: \$44.6bn  
3m ADTV: \$804.6mn  
United States  
Americas Software  
M&A Rank: 3  
Americas Conviction List

### GS Forecast

	1/24	1/25E	1/26E	1/27E
<b>Revenue (\$ mn) New</b>	<b>2,806.5</b>	<b>3,591.0</b>	<b>4,437.2</b>	<b>5,438.3</b>
Revenue (\$ mn) Old	2,806.5	3,519.0	4,281.4	5,161.5
EBITDA (\$ mn)	349.6	356.4	515.2	761.9
EBIT (\$ mn)	229.7	177.3	331.0	570.8
<b>EPS (\$) New</b>	<b>0.97</b>	<b>0.69</b>	<b>1.05</b>	<b>1.54</b>
EPS (\$) Old	0.97	0.57	0.91	1.37
P/E (X)	169.7	NM	123.5	83.6
Dividend yield (%)	—	—	—	—
Net debt/EBITDA (X)	(11.8)	(6.1)	(5.1)	(4.9)

	10/24	1/25E	4/25E	7/25E
EPS (\$)	0.20	0.17	0.22	0.25

### GS Factor Profile



Source: Company data, Goldman Sachs Research estimates.  
See disclosures for details.

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Buy

## Snowflake Inc. (SNOW)

Rating since May 14, 2021

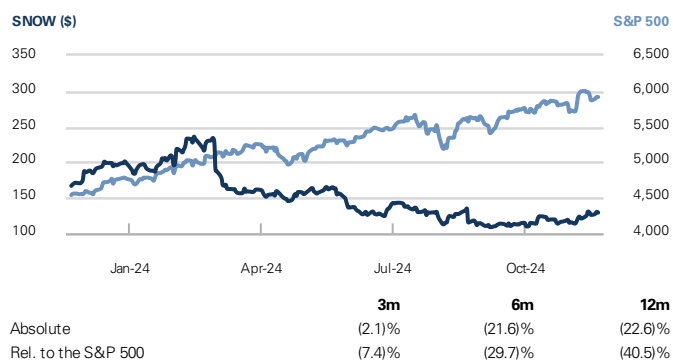
## Ratios &amp; Valuation

	1/24	1/25E	1/26E	1/27E
P/E (X)	169.7	NM	123.5	83.6
EV/EBITDA (X)	142.7	115.1	80.6	54.2
EV/sales (X)	17.8	11.4	9.4	7.6
FCF yield (%)	1.4	2.1	2.7	3.3
EV/DACF (X)	162.5	149.5	123.7	79.6
CROCI (%)	7.7	8.5	12.5	24.4
ROE (%)	6.6	6.6	17.9	32.1
Net debt/EBITDA (X)	(11.8)	(6.1)	(5.1)	(4.9)
Net debt/equity (%)	(79.6)	(87.9)	(140.5)	(211.6)
Interest cover (X)	NM	NM	NM	NM
Inventory days	NM	NM	NM	NM
Receivable days	106.8	100.8	92.2	85.3
Days payable outstanding	19.0	34.1	42.7	42.5

## Growth &amp; Margins (%)

	1/24	1/25E	1/26E	1/27E
Total revenue growth	35.9	28.0	23.6	22.6
EBITDA growth	120.1	1.9	44.5	47.9
EPS growth	188.2	(28.7)	50.9	47.7
DPS growth	NM	NM	NM	NM
Gross margin	74.2	72.7	72.0	72.4
EBIT margin	8.2	4.9	7.5	10.5

## Price Performance



Source: FactSet. Price as of 20 Nov 2024 close.

## Income Statement (\$ mn)

	1/24	1/25E	1/26E	1/27E
Total revenue	2,806.5	3,591.0	4,437.2	5,438.3
Cost of goods sold	(723.6)	(981.0)	(1,242.5)	(1,498.7)
SG&A	(1,241.1)	(1,552.8)	(1,825.2)	(2,142.0)
R&D	(612.1)	(880.0)	(1,038.5)	(1,226.7)
Other operating inc./exp.)	—	—	—	—
<b>EBITDA</b>	<b>349.6</b>	<b>356.4</b>	<b>515.2</b>	<b>761.9</b>
Depreciation & amortization	(119.9)	(179.1)	(184.2)	(191.1)
<b>EBIT</b>	<b>229.7</b>	<b>177.3</b>	<b>331.0</b>	<b>570.8</b>
Net interest inc./exp.)	200.7	201.4	194.3	219.5
Income/(loss) from associates	—	—	—	—
<b>Pre-tax profit</b>	<b>475.3</b>	<b>340.9</b>	<b>525.2</b>	<b>790.3</b>
Provision for taxes	(123.6)	(88.6)	(136.6)	(205.5)
Minority interest	—	—	—	—
Preferred dividends	—	—	—	—
<b>Net inc. (pre-exceptionals)</b>	<b>351.7</b>	<b>252.3</b>	<b>388.7</b>	<b>584.8</b>
<b>Net inc. (post-exceptionals)</b>	<b>(838.0)</b>	<b>(1,308.0)</b>	<b>(1,439.9)</b>	<b>(1,523.6)</b>
<b>EPS (basic, pre-exception) (\$)</b>	<b>1.07</b>	<b>0.75</b>	<b>1.14</b>	<b>1.68</b>
<b>EPS (diluted, pre-exception) (\$)</b>	<b>0.97</b>	<b>0.69</b>	<b>1.05</b>	<b>1.54</b>
<b>EPS (ex-ESO exp., dil.) (\$)</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>
DPS (\$)	—	—	—	—
Div. payout ratio (%)	0.0	0.0	0.0	0.0
Wtd avg shares out. (basic) (mn)	328.0	334.4	341.8	348.9
Wtd avg shares out. (diluted) (mn)	362.2	364.2	371.8	378.9

## Balance Sheet (\$ mn)

	1/24	1/25E	1/26E	1/27E
Cash & cash equivalents	1,762.7	2,066.0	2,345.9	3,251.7
Accounts receivable	926.9	1,055.6	1,184.9	1,355.5
Inventory	—	—	—	—
Other current assets	2,349.6	2,253.3	2,224.4	2,194.6
<b>Total current assets</b>	<b>5,039.3</b>	<b>5,374.9</b>	<b>5,755.2</b>	<b>6,801.8</b>
Net PP&E	499.6	559.8	586.6	630.0
Net intangibles	1,307.3	1,235.4	1,146.4	1,061.6
Total investments	916.3	892.8	892.8	892.8
Other long-term assets	460.9	515.3	570.2	632.5
<b>Total assets</b>	<b>8,223.4</b>	<b>8,578.2</b>	<b>8,951.3</b>	<b>10,018.6</b>
Accounts payable	51.7	131.8	159.2	189.8
Short-term debt	—	—	—	—
Current lease liabilities	33.9	44.1	90.4	152.3
Other current liabilities	2,645.6	3,268.0	3,989.4	4,849.6
<b>Total current liabilities</b>	<b>2,731.2</b>	<b>3,443.8</b>	<b>4,239.0</b>	<b>5,191.7</b>
Long-term debt	—	—	—	—
Non-current lease liabilities	254.0	326.3	459.3	612.8
Other long-term liabilities	47.5	63.6	108.8	169.9
<b>Total long-term liabilities</b>	<b>301.6</b>	<b>389.8</b>	<b>568.0</b>	<b>782.7</b>
<b>Total liabilities</b>	<b>3,032.8</b>	<b>3,833.7</b>	<b>4,807.0</b>	<b>5,974.4</b>
Preferred shares	—	—	—	—
<b>Total common equity</b>	<b>5,180.3</b>	<b>2,470.1</b>	<b>1,869.8</b>	<b>1,769.7</b>
Minority interest	10.3	5.0	5.0	5.0
<b>Total liabilities &amp; equity</b>	<b>8,223.4</b>	<b>8,578.2</b>	<b>8,951.3</b>	<b>10,018.6</b>
BVPS (\$)	14.33	6.80	5.04	4.68

## Cash Flow (\$ mn)

	1/24	1/25E	1/26E	1/27E
Net income	(838.0)	(1,308.0)	(1,439.9)	(1,523.6)
D&A add-back	119.9	179.1	184.2	191.1
Minority interest add-back	—	—	—	—
Net (inc)/dec working capital	390.7	542.1	818.0	964.4
Others	1,175.5	1,554.6	1,739.6	2,023.5
<b>Cash flow from operations</b>	<b>848.1</b>	<b>967.9</b>	<b>1,301.8</b>	<b>1,655.4</b>
Capital expenditures	(98.0)	(82.1)	(122.0)	(149.6)
Acquisitions	(275.7)	(17.1)	—	—
Divestitures	—	—	—	—
Others	1,205.9	41.3	—	—
<b>Cash flow from investing</b>	<b>832.3</b>	<b>(57.9)</b>	<b>(122.0)</b>	<b>(149.6)</b>
Dividends paid	—	—	—	—
Share issuance/(repurchase)	(591.7)	(2,432.3)	(900.0)	(600.0)
Inc/(dec) in debt	—	—	—	—
Others	(265.8)	(247.6)	—	—
<b>Cash flow from financing</b>	<b>(857.5)</b>	<b>(606.6)</b>	<b>(900.0)</b>	<b>(600.0)</b>
<b>Total cash flow</b>	<b>822.8</b>	<b>303.3</b>	<b>279.8</b>	<b>905.8</b>
Free cash flow	750.2	885.7	1,179.8	1,505.8
Free cash flow per share (basic) (\$)	2.29	2.65	3.45	4.32

Source: Company data, Goldman Sachs Research estimates.

shift of data and analytics to the cloud, with strong secular tailwinds including cloud adoption, big data, AI/ML, and secure data sharing which we expect will drive durable growth for the foreseeable future. As we have seen dominant vendors emerge in SaaS, IaaS, and PaaS, we believe Snowflake is well positioned to capitalize on the shift in data and database to the cloud, which remains in relatively early stages. We believe Snowflake will continue to replace incumbent warehousing solutions owing to its scalable and elastic cloud native data platform, while also capitalizing on net new workloads and use cases as DX drives greater digitization within the enterprise, and business intelligence (BI) and analytics remains a top priority for spending. Moreover, while we believe the company's current large and rapidly growing TAM provides runway for continued expansion, we see opportunity for Snowflake to continue to expand its addressable market as the platform's scalability, ease of use, and efficiency enable new use cases like secure data sharing through the company's data exchange.

### **Key Trends Driving the SNOW Platform**

We believe Snowflake's cloud native data platform remains well positioned to take share from incumbent data warehousing solutions and will continue to capitalize on long-term secular growth drivers as enterprises grapple with analyzing large and growing volumes of data across disparate sources. Relative to the competition, our customer conversations point to ease of use and maintenance, elasticity and scalability, the ability to support global multi-cloud deployments, and the ability to facilitate secure data sharing as key differentiators of Snowflake's Cloud Data Platform. While our industry conversations point to Snowflake's heritage as a data warehouse addressing the \$12bn relational data warehouse market, as the cloud data platform has continued to expand alongside new use cases and the growing importance of business intelligence and analytics more broadly, we believe Snowflake will continue to expand its opportunity set over time.

### **SNOW Through the Lens of the GS Framework for Investing in Software**

Across our framework for investing in software, we note that Snowflake screens well on a variety of areas, including addressing a large and growing TAM. As the company continues to expand its cloud data platform and enable new use cases through its efficient, cloud-native architecture, we see upside to current TAM estimates. Moreover, we believe several long-term secular trends will continue to underpin sustainable growth over the medium-term, particularly cloud adoption, digital transformation, and AI/ML. As outlined in our [CIO Survey](#), business intelligence and analytics remains a top spending priority, behind only security software and SaaS applications.

## Exhibit 1: Mapping Snowflake to the GS Framework for Investing in Software

OUR VIEW ON SNOWFLAKE		
8 KEY FACTORS	TANGIBLE	INTANGIBLE
<b>TAM</b>	Large and expanding TAM (\$342bn in C28), while new use cases driving TAM expansion (Unistore, AI/ML, data sharing)	Potential to expand the overall addressable market The company's ability to continue to gain market share
<b>SECULAR THEMES</b>	Cloud adoption, digital transformation, AI/ML, secure data sharing, transactional/analytical workloads (Unistore)	Key beneficiary of data growth and data migrations to cloud; BI & analytics top CIO priority, #3 only behind Security & SaaS
<b>ENTRY/EXIT POINTS</b>	Stock trades at 11x FY26 EV/Sales	At current levels we view the long-term risk/reward as favorable
<b>LT FRAMEWORK RETURN</b>	Compounded Returns: Bear: 7%, Base: 16%, Bull: 28%	The ultimate size of the overall market opportunity and how much market share the company can capture
<b>UNIT ECONOMICS</b>	Best-in-class net expansion and low churn supports operating leverage as Snowflake scales; 30% FCF margin target in F29	Sustainability of current expansion rates Ability to drive higher utilization and better pricing from CSPs
<b>PLATFORM/ BEST OF BREED</b>	The company continues to add support for various data types and workloads, expanding its cloud data platform	Ability to expand use cases and workloads on the platform Potential competition from proprietary solutions from CSPs
<b>COMPETITIVE MOAT</b>	We view the company's cloud native/agnostic architecture and ease of use as differentiated relative to the competition	Ability for CSPs to narrow the feature functionality gap and leverage existing customer relationships to maintain/grow share
<b>ESG</b>	The company's cloud-native architecture drives increased efficiencies while enabling use cases like secure data sharing	Potential for secure data sharing to drive enhanced security and data governance

Source: Company data, Goldman Sachs Global Investment Research

## Exhibit 2: Results vs. Expectations &amp; Guidance

\$ in mn except per share items

All figures in \$ mns	2023 (A)		3Q25 (A)		3Q25 (A)		Variance (vs. cons.)		4Q25 (E)		4Q25 (E)		FY24 (A)		FY25 (E)		FY25 (E)		FY26 (E)		FY27 (E)	
	Actual	%	GS Est.	Consensus	Actual	GS Est.	\$	%	Guidance	GS Est.	Consensus	Actual	GS Est.	Consensus	Guidance	GS Est.	Consensus	GS Est.	Consensus	GS Est.	Consensus	
Product Revenue	\$629	\$850	-- \$955	\$854	\$858	\$900	\$43	5%	\$906	-- \$911	\$863	\$891	\$2,667	\$3,356	\$3,367	\$3,430	-- \$3,430	\$4,095	\$4,163	\$4,950	\$5,125	
YoY	30%	22%	-- 22%	22%	23%	29%			23%	-- 23%	20%	20.8%	38%	26%	26%	29%	-- 29%	22%	24%	21%	23%	
QoQ	5%	3%	-- 3%	3%	3%	3%			1%	-- 1%	3%	4%										
Professional Services	\$40			\$42	\$41	\$42	\$1	3%			\$43	\$42	\$140	\$163	\$161			\$186	\$184	\$211	\$203	
YoY	17%			17%	14%	17%					17%	14%	10%	17%	15%			14%	14%	14%	11%	
QoQ	1%			1%	3%	6%					3%	2%										
Total Revenue	\$669			\$896	\$899	\$942	\$43	5%			\$926	\$934	\$2,806	\$3,519	\$3,532			\$4,281	\$4,365	\$5,161	\$5,317	
YoY	28%			22%	22%	28%					19%	21%	36%	25%	26%			22%	24%	21%	22%	
QoQ	5%			4%	4%	8%					3%	4%										
Non GAAP Gross Profit	\$636			\$644	\$644	\$687	\$43	7%			\$690	\$664	\$2,083	\$2,539	\$2,554			\$3,080	\$3,156	\$3,734	\$3,887	
Gross Margin	73%			72%	72%	73%					70%	71%	74%	72%	72%			72%	72%	72%	73%	
Non GAAP Operating Income	\$44			\$27	\$29	\$59	\$30	103%			\$0	\$14	\$230	\$107	\$124			\$258	\$265	\$467	\$491	
Operating Margin	5%		3%	3%	3%	6%					0%	1%	8%	3%	4%			6%	6%	9%	9%	
Non GAAP EPS	\$0.18		3%	\$0.16	\$0.15	\$0.20	\$0.05	32%			\$0.10	\$0.12	\$0.97	\$0.97	\$0.90		5%	-- 5%	\$0.91	\$0.91	\$1.37	\$1.41
Remaining Performance Obligations (RPO)	\$5,231				\$5,362	\$5,700						\$6,819	\$6,819	\$6,855				\$8,979		\$12,075		
YoY	48%			48%	54%	54%					32%	41%			32%				31%		34%	
QoQ	5%			3%	9%	9%					27%											
Total Billings (via Balance Sheet)	\$779			\$908	\$908	\$1,068	\$82	8%				\$1,624	\$1,629	\$3,335	\$3,968	\$3,960		\$4,919	\$4,951	\$5,811	\$5,910	
YoY	23%			21%	27%	27%					19%	19%	29%	19%	19%			22%	22%	21%	22%	
QoQ	38%			27%	27%	37%					64%	65%										
Short-Term Deferred Revenue	\$1,848			\$1,941	\$2,018	\$1,975	(\$43)	-2%			\$2,639	\$2,680	\$2,199	\$2,639	\$2,680			\$3,177	\$3,375	\$3,826	\$4,157	
YoY	21%			21%	20%	21%					20%	22%	31%	20%	22%			20%	26%	20%	23%	
QoQ	-16%			5%	9%	7%					36%	33%										
Long-Term Deferred Revenue	\$12			\$12	\$14	\$12	(\$2)	-11%			\$12	\$16	\$14	\$12	\$16			\$12	\$19	\$12	\$26	
YoY	-2%			2%	2%	2%					-15%	14%	26%	-15%	14%			0%	16%	0%	37%	
QoQ	-16%			0%	10%	-2%					0%	21%	31%	20%	21%							
Total Deferred Revenue	\$1,861			\$1,953	\$2,014	\$1,987	(\$27)	-1%			\$2,652	\$2,680	\$2,213	\$2,652	\$2,680			\$3,189	\$3,349	\$3,838	\$4,206	
YoY	21%			21%	21%	21%					20%	21%	31%	20%	21%			20%	25%	20%	26%	
QoQ	-16%			0%	8%	7%					43%	33%										
Cash Flow from Operations	\$70			\$148	\$125	\$102	(\$24)	-19%			\$361	\$389	\$848	\$834	\$929			\$1,298	\$1,227	\$1,643	\$1,544	
CF Margin	8%			17%	14%	11%					39%	42%	30%	27%	26%			30%	28%	32%	29%	
Adjusted Free Cash Flow	\$66			\$136	\$109	\$87	(\$23)	-21%			\$349	\$374	\$810	\$817	\$883			\$1,180	\$1,136	\$1,501	\$1,431	
FCF Margin	6%			15%	12%	9%					38%	40%	29%	26%	25%			26%	26%	29%	27%	

Source: FactSet, Goldman Sachs Global Investment Research, Company Data

## Estimate Changes and Guidance

We outline management guidance and our estimate revisions in [Exhibit 3](#).

Exhibit 3: Estimate Revisions  
\$ in mn except per share items

All figures in \$ mns	4Q25 (E)					4Q25 (E)					FY25 (E)					FY25 (E)					FY26 (E)					FY27 (E)							
	Guidance		Prior Est.	New Est.	Δ	Consensus	Guidance		Prior Est.	New Est.	Δ	Consensus	Guidance		Prior Est.	New Est.	Δ	Consensus	Guidance		Prior Est.	New Est.	Δ	Consensus	Guidance		Prior Est.	New Est.	Δ	Consensus			
Product Revenue	\$906	--	\$911	\$882.8	\$908.5	\$25.8	\$891.4	\$3,430	--	\$3,430	\$3,355.6	\$3,427.6	\$72.0	\$3,367.4	\$4,095.2	\$4,250.9	\$155.7	\$4,163.1	\$4,950.1	--	\$5,226.9	\$276.8	\$5,125.5	22.7%	--	23.4%	19.6%	23.1%	20.8%	28.6%	--	28.6%	
YoY	1%	--	1%	3%	1%	4%	22.7%	28.6%	--	28.6%	25.8%	28.5%	26.3%	22.0%	24.0%	23.6%	20.9%	23.0%	20.9%	23.0%	20.9%	23.0%	20.9%	23.1%	22.7%	--	23.4%	19.6%	23.1%	20.8%	28.6%	--	28.6%
QoQ	1%	--	1%	3%	1%	4%	22.7%	28.6%	--	28.6%	25.8%	28.5%	26.3%	22.0%	24.0%	23.6%	20.9%	23.0%	20.9%	23.0%	20.9%	23.0%	20.9%	23.1%	22.7%	--	23.4%	19.6%	23.1%	20.8%	28.6%	--	28.6%
Professional Services				\$42.9	\$42.9	\$0.0	\$41.7				\$163.3	\$163.4	\$0.1	\$161.3		\$186.2	\$186.3	\$0.1	\$183.6		\$211.3	\$211.4	\$0.1	\$203.0	17%		17%	17%	14%	2%		17%	
YoY				17%	17%	14%	2%				17%	17%	15%		14%	14%	14%	14%	14%		14%	14%	14%	11%			17%	17%	14%	2%		17%	
QoQ				3%	3%	2%	2%				3%	3%	17%		14%	14%	14%	14%	14%		14%	14%	14%	11%			3%	3%	2%	2%		3%	
Total Revenue				\$925.6	\$951.4	\$25.8	\$934.5				\$3,519.0	\$3,591.0	\$72.1	\$3,532.2		\$4,281.4	\$4,437.2	\$155.8	\$4,365.0		\$5,161.5	\$5,438.3	\$276.8	\$5,316.6	25%		28%	25%	22%		25%		
YoY				19%	23%	21%	21%				25%	28%	26%		22%	24%	24%	24%	24%		21%	23%	22%	22%			19%	23%	21%	21%		25%	
QoQ				3%	1%	4%	2%				3%	3%	17%		14%	14%	14%	14%	14%		14%	14%	14%	11%			3%	1%	4%	2%		3%	
Non GAAP Gross Profit				\$650.2	\$677.6	\$27.4	\$664.3				\$2,539.0	\$2,610.1	\$71.0	\$2,553.9		\$3,080.3	\$3,194.7	\$114.4	\$3,156.3		\$3,734.5	\$3,939.6	\$205.1	\$3,887.2	72%		73%	72%	72%	71%		72%	
Gross Margin				70%	71%	71%	71%				72%	73%	72%		72%	72%	72%	72%	72%		72%	72%	73%	73%			70%	71%	71%	71%		72%	
Non GAAP Operating Income				\$0.4	\$38.4	\$38.0	\$13.7				\$107.2	\$177.3	\$70.1	\$124.4		\$258.4	\$331.0	\$72.6	\$265.2		\$466.9	\$570.8	\$103.9	\$490.6	3.0%		4.9%	3.5%	3.5%		6.0%		
Operating Margin				0.0%	4.0%	1.5%	1.5%				3.0%	4.9%	3.5%		6.0%	7.5%	6.1%	6.1%	6.1%		9.0%	10.5%	9.2%	9.2%			0.0%	4.0%	1.5%	1.5%		6.0%	
Non GAAP EPS				\$0.10	\$0.17	\$0.08	\$0.12				\$0.57	\$0.69	\$0.12	\$0.60		\$0.91	\$1.05	\$0.14	\$0.91		\$1.37	\$1.54	\$0.18	\$1.41	20%		20%	20%	20%	20%		20%	
Total Deferred Revenue				\$2,651.8	\$2,697.9	\$46.1	\$2,680.0				\$2,651.8	\$2,697.9	\$46.1	\$2,680.0		\$3,188.9	\$3,244.5	\$55.6	\$3,348.9		\$3,838.2	\$3,905.2	\$67.0	\$4,205.6	20%		21%	21%	21%	21%		21%	
YoY				20%	22%	21%	21%				20%	22%	21%		20%	20%	20%	20%	20%		20%	20%	20%	26%			20%	22%	21%	21%		20%	
QoQ				43%	45%	33%	33%				43%	45%	33%		20%	20%	20%	20%	20%		20%	20%	20%	26%			43%	45%	33%	33%		43%	
Cash Flow from Operations				\$360.9	\$440.8	\$79.9	\$388.6				\$934.0	\$967.9	\$33.8	\$928.9		\$1,297.8	\$1,301.8	\$4.0	\$1,227.5		\$1,642.7	\$1,655.4	\$12.7	\$1,543.9	39%		27%	27%	26%	30%		30%	
CFO Margin				39%	46%	42%	42%				27%	27%	26%		30%	29%	28%	28%	28%		32%	30%	30%	29%			39%	46%	42%	42%		30%	
Adjusted Free Cash Flow				\$349.1	\$417.1	\$68.0	\$373.9				\$917.2	\$935.6	\$18.3	\$892.9		\$1,180.1	\$1,179.8	(\$0.3)	\$1,135.8		\$1,500.8	\$1,505.8	\$5.0	\$1,431.1	37.7%		37.7%	37.7%	28.0%	28.0%		28.0%	
FCF Margin				37.7%	43.8%	40.0%	40.0%				26.0%	--	26.0%		26.0%	26.1%	26.0%	26.0%	26.0%		29.1%	27.7%	27.7%	26.9%			37.7%	43.8%	40.0%	40.0%		26.0%	

Source: FactSet, Goldman Sachs Global Investment Research, Company Data

Valuation and Key Risks

We reiterate our 12-month Price Target of \$220. Our price target is derived from an equal weighting of a DCF analysis and EV/Sales multiple. Our DCF analysis is based on a terminal growth rate of ~4% (unchanged) and our relative valuation is based on a 15x Q5-Q8 EV/Sales multiple (vs. 17x prior). We slightly reduce our multiple to better reflect Rule of 50+ comps.

Key downside risks include: 1) Adverse changes in the IT spending environment, 2) Competition - particularly from cloud service providers (CSPs) and Databricks, and 3) Outages from reliance on CSPs.

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# Disclosure Appendix

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We, Kash Rangan, Matthew Martino, Selina Zhang, Gili Naftalovich, Henry Dane and Nishad Patwardhan, hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities. We also certify that no part of our compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in this report.

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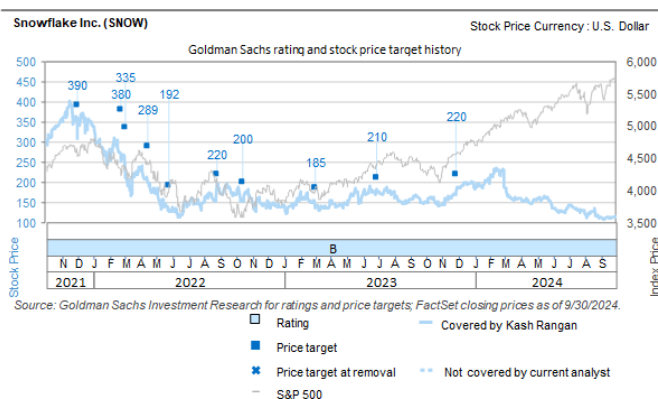
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