

Industry Update — November 26, 2025

U.S. Software

3Q26 Snowflake Survey

>\$1 mil. customers survey (n=25, we est. ~\$275 mil. annual SNOW spend)

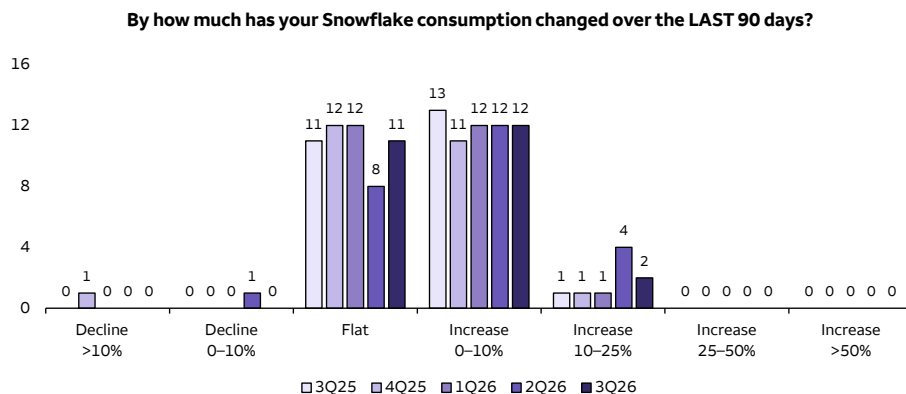
Our Call

Our 3Q survey indicates stable consumption trends among large customers and continued share gains within data & analytics budgets. Views around GenAI remain mixed, though qualitative commentary shows AI adoption driving growth for many customers.

Key takeaways. Survey of >\$1 mil. SNOW customers pointed to: 1) an uptick in SNOW share of budgets, the most positive read for share gains in 5 quarters, 2) slightly softer outlook for 2026 consumption compared to 2Q survey, and 3) improving competitive position vs. Databricks, majority of customers using both vendors plan to spend more with SNOW over the next 2 years. We believe SNOW is positioned to capture incremental share gains and more consumption from new workloads as AI adoption ramps.

Constructive 3Q trends. Consumption trends for the last 90 days were consistent with recent quarters. Notably, no customers reported declines, while most cited q/q increases of 0-10%.

Figure 1 - All respondents in 3Q26 noted that consumption was at least flat over the last 90 days



Source: Wells Fargo Securities, LLC Survey | N=25

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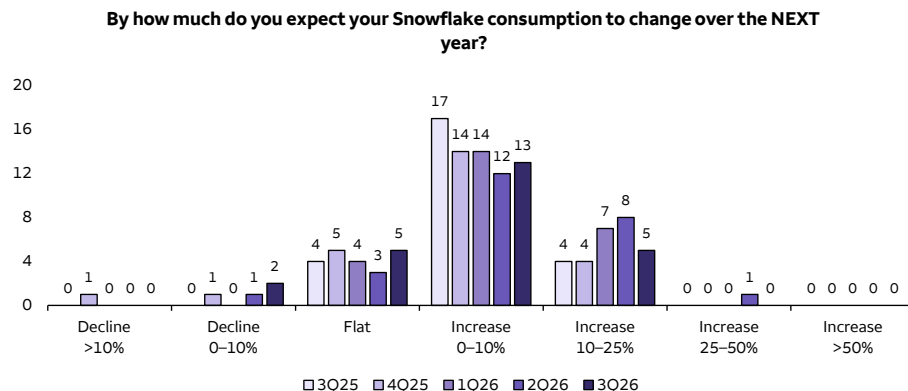
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Sight down-tick in next-year outlook. Consumption for 2026 still skews positive, but respondents noted a slightly softer outlook compared to 2Q26.

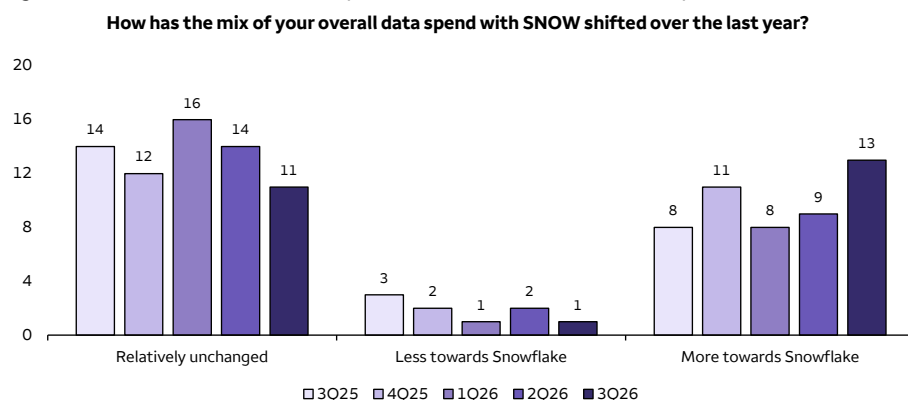
Figure 2 - Consumption outlook for next year saw a slight sequential down-tick compared to 2Q26



Source: Wells Fargo Securities, LLC Survey | N=25

Budgets shifting towards SNOW. Snowflake is benefiting from incremental share gains, with over half of the respondents noting share shift towards SNOW in the last year.

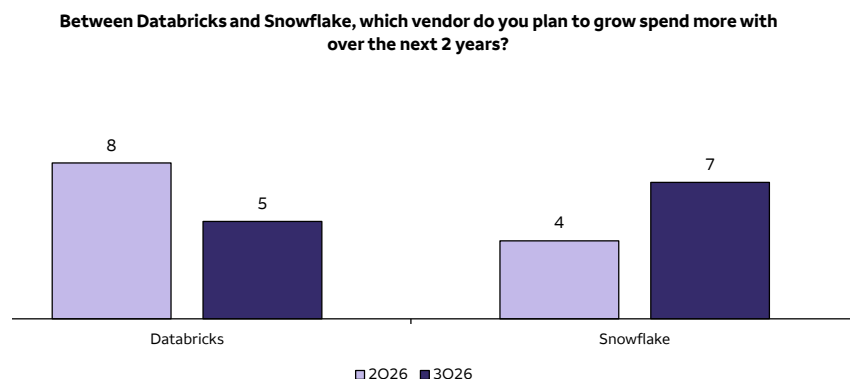
Figure 3 - SNOW continues to capture more mix of overall data spend



Source: Wells Fargo Securities, LLC Survey | N=25

SNOW spend outlook improving vs competitors. Customers who have both SNOW and Databricks as a vendor indicated that they expect to spend more with SNOW over the next 2 years, which is contrary to our prior survey. While the reading is positive for SNOW, we have limited history asking this question and think the results are more reflective of the current panel, which has some newer respondents.

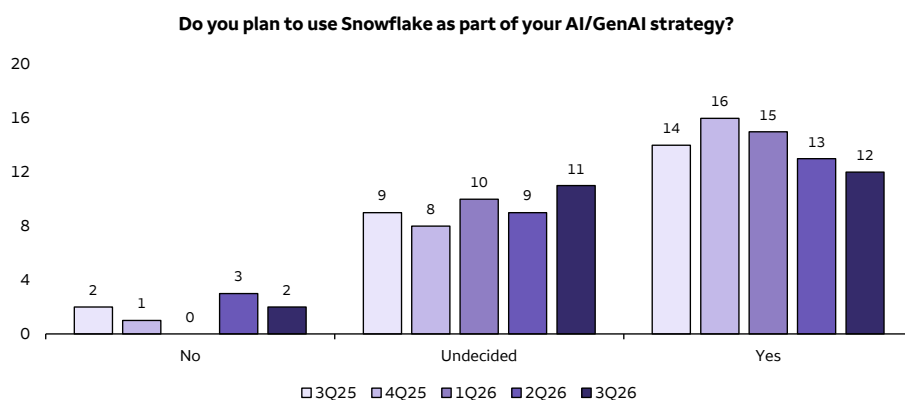
Figure 4 - The majority of respondents using both Snowflake and Databricks now expect to grow spend more with SNOW over the next 2 years



Source: Wells Fargo Securities, LLC Survey | N=12

Mixed responses around AI. Similar to last quarter, many respondents are unsure about SNOW's role in their GenAI strategies, with a larger share selecting "undecided" in 3Q26 relative to prior quarters. However, qualitative commentary was more constructive, pointing to consumption growth from AI workloads and from customers shoring up their data estate in preparation to better leverage AI. Notably, 8 customers cited AI as the primary driver behind their spend growth with SNOW.

Figure 5 - Respondents were increasingly undecided in leveraging SNOW as an AI strategy vendor



Source: Wells Fargo Securities, LLC Survey | N=25

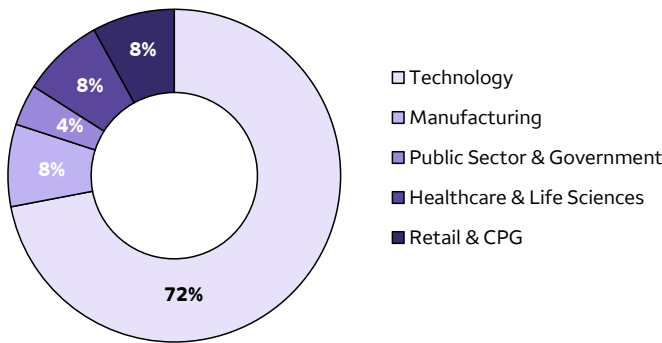
Key qualitative commentary:

- "Agentic AI roll-out initiative will bring more business to [SNOW]"
- "AI analytics and query engines will result in more workloads"
- "We are using Snowflake to gradually migrate our back-end databases and storage infrastructure to the cloud"
- "We use Snowflake for both complex ETL as well as store data to drive ML pipelines for AI learning"
- "We are moving highly disparate data from many sources into Snowflake to normalize it"

Survey Demographics

Figure 6 - Respondents were spread out across various verticals, with the majority in technology

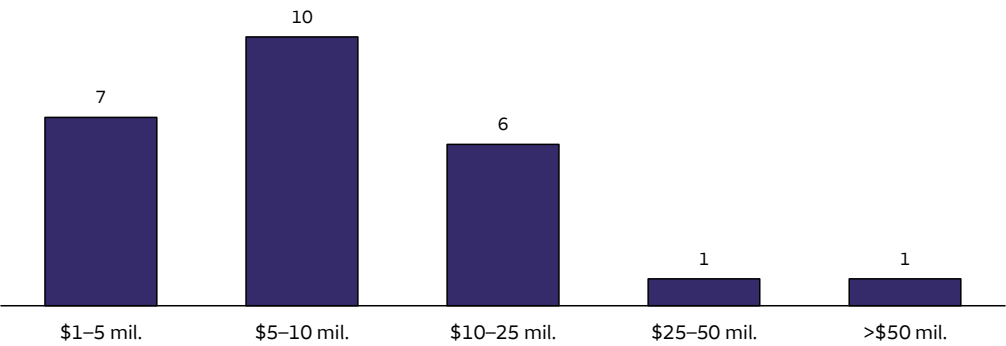
What vertical is your organization in?



Source: Wells Fargo Securities, LLC Survey | N=25

Figure 7 - All respondents had at least \$1 mil. in spend with Snowflake

What is your current annual consumption on Snowflake?

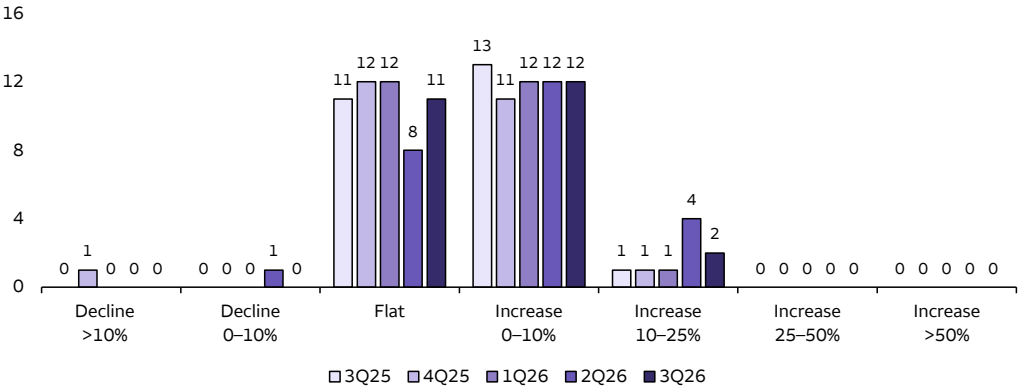


Source: Wells Fargo Securities, LLC Survey | N=25

Spend Growth Survey Questions

Figure 8 - All respondents in 3Q26 noted that consumption was at least flat over the last 90 days

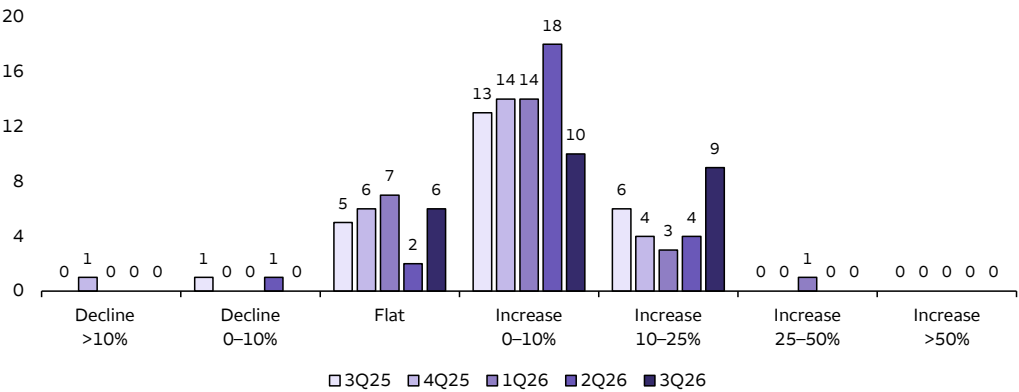
By how much has your Snowflake consumption changed over the LAST 90 days?



Source: Wells Fargo Securities, LLC Survey | N=25

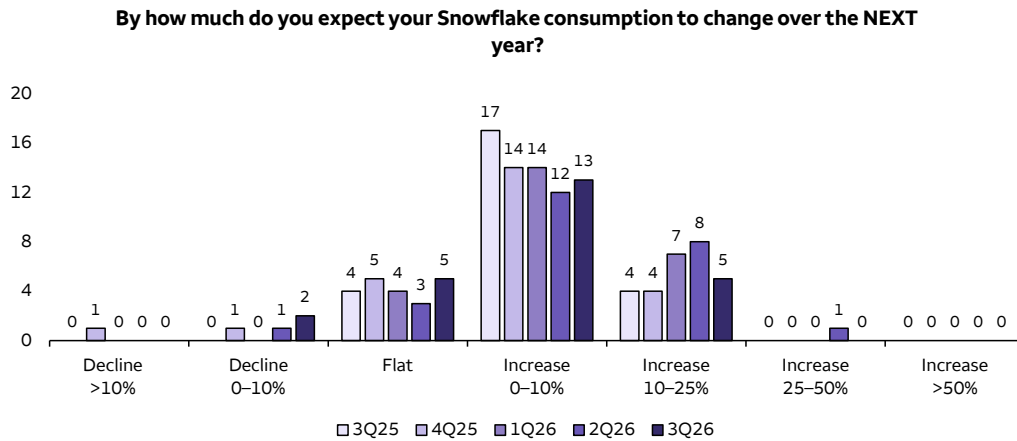
Figure 9 - Consumption trends for the last year saw a noticeable uptick in the 10-25% increase cohort

By how much has your Snowflake consumption changed over the LAST year?



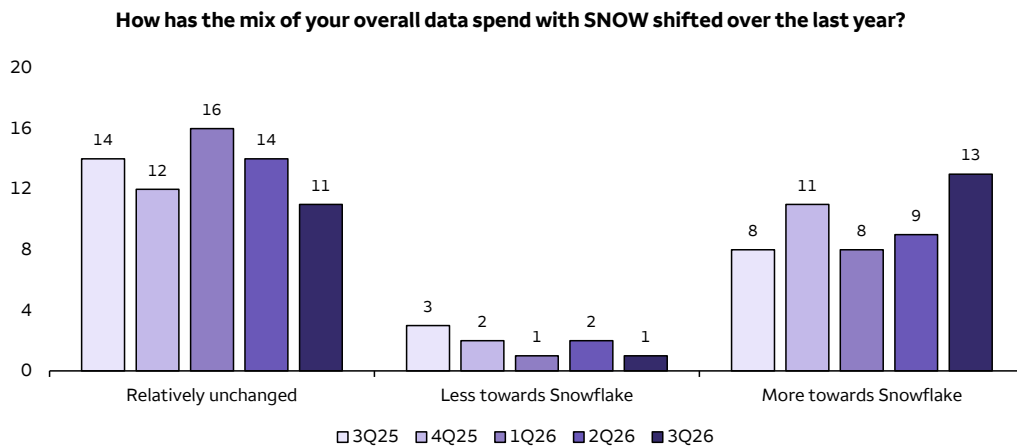
Source: Wells Fargo Securities, LLC Survey | N=25

Figure 10 - Consumption outlook for next year saw a slight sequential down-tick compared to 2Q26



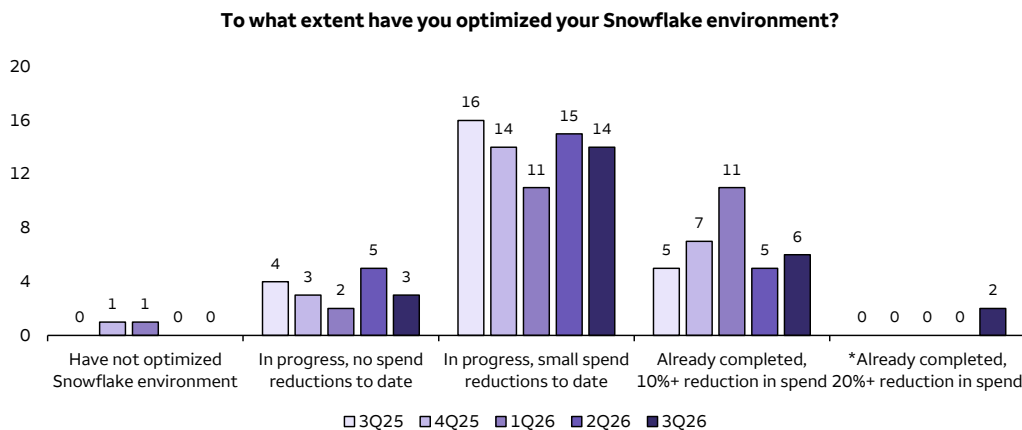
Source: Wells Fargo Securities, LLC Survey | N=25

Figure 11 - SNOW continues to capture more mix of overall data spend



Source: Wells Fargo Securities, LLC Survey | N=25

Figure 12 - Snowflake environment optimizations are making more progress



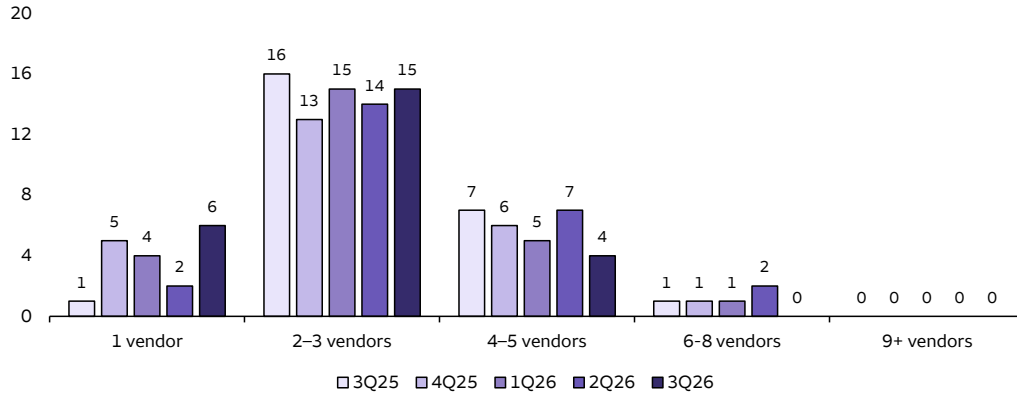
Source: Wells Fargo Securities, LLC Survey | N=25

* Added in 3Q26

Competitive Landscape Survey Questions

Figure 13 - Total vendor count continues to see consolidation

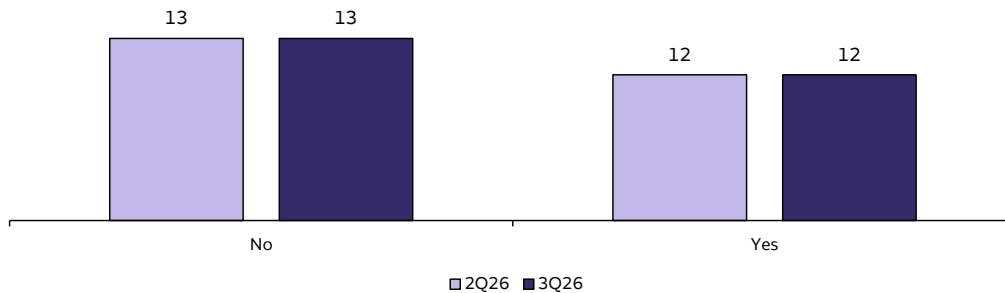
How many vendors do you use in your data estate (storage, management, ETL, etc.)?



Source: Wells Fargo Securities, LLC Survey | N=25

Figure 14 - Respondents using both Snowflake and Databricks was flat q/q

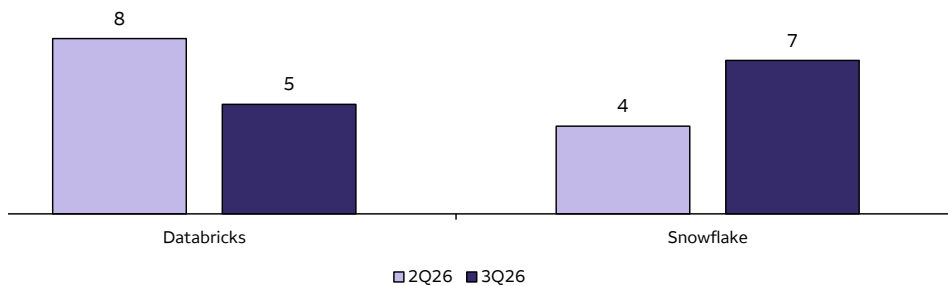
Do you currently utilize Databricks in addition to Snowflake?



Source: Wells Fargo Securities, LLC Survey | N=25

Figure 15 - The majority of respondents using both Snowflake and Databricks now expect to grow spend more with SNOW over the next 2 years

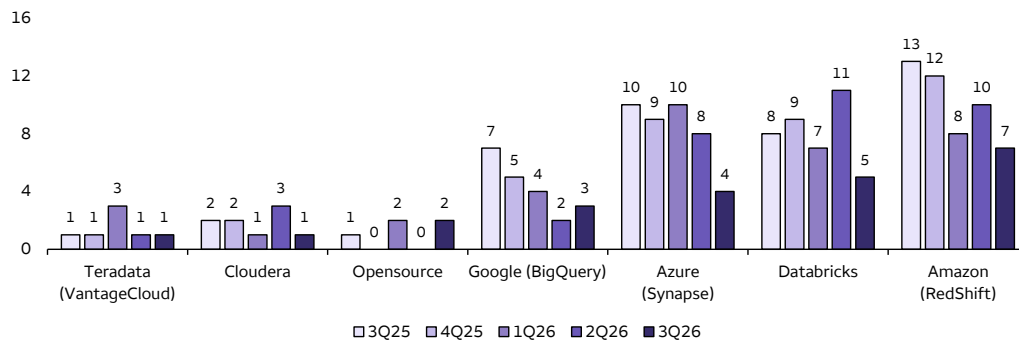
Between Databricks and Snowflake, which vendor do you plan to grow spend more with over the next 2 years?



Source: Wells Fargo Securities, LLC Survey | N=12

Figure 16 - Competitors were less cited for augmentation/replacement of Snowflake

If augmenting/replacing Snowflake, which other vendors are you planning to use?
(Select all that apply)

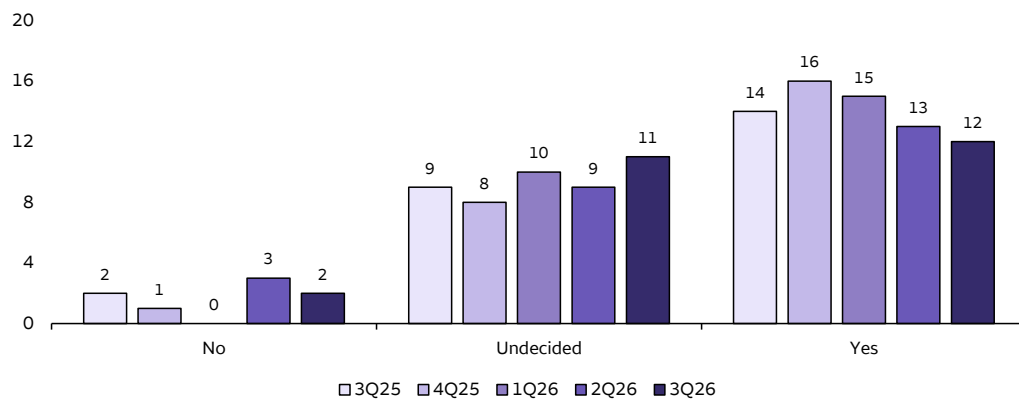


Source: Wells Fargo Securities, LLC Survey | N=12

AI Survey Questions

Figure 17 - Respondents were increasingly undecided in their AI strategy vendor

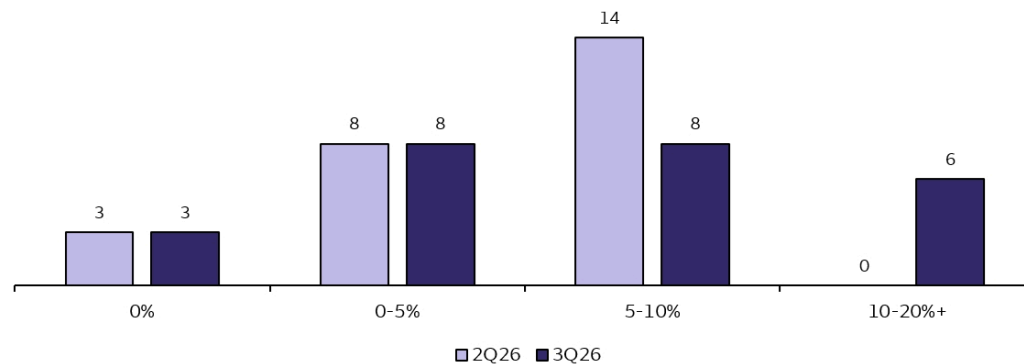
Do you plan to use Snowflake as part of your AI/GenAI strategy?



Source: Wells Fargo Securities, LLC Survey | N=25

Figure 18 - Expectations for Snowpark and Cortex AI usage over the next 2 years increased

What are your expectations for Snowpark + Cortex AI usage as a percentage of your Snowflake contract over the next 2 years?

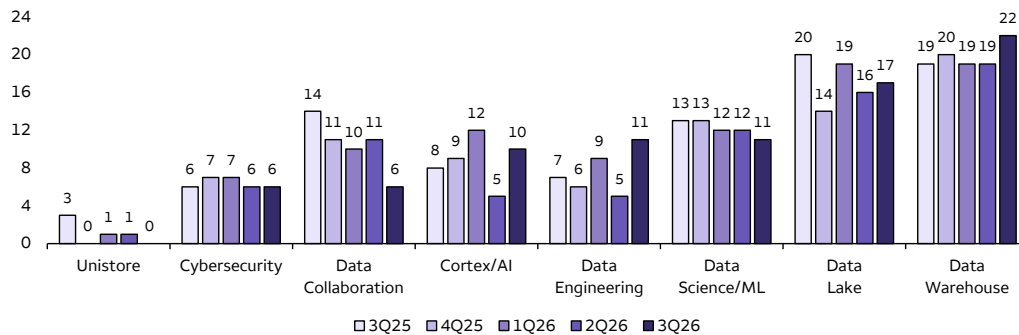


Source: Wells Fargo Securities, LLC Survey | N=25

SNOW Workloads Survey Questions

Figure 19 - Data Warehouse continues to lead consumption-based service adoption

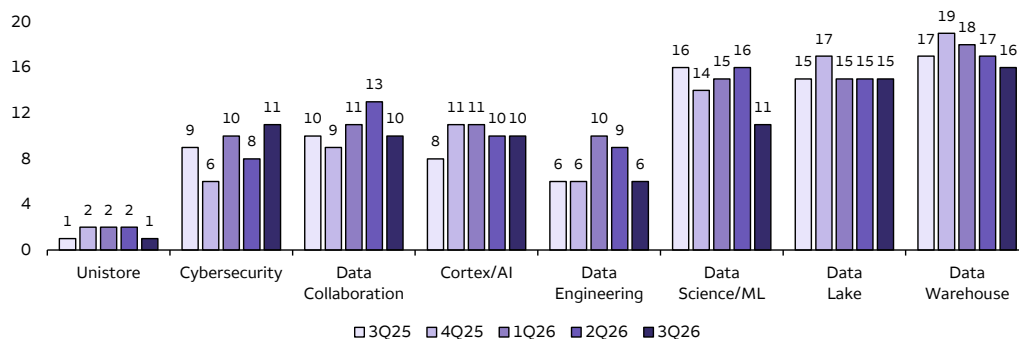
**What consumption-based services/workloads do you currently use from Snowflake?
(Select all that apply)**



Source: Wells Fargo Securities, LLC Survey | N=25

Figure 20 - Most consumption-based services were less cited for plans of future use

What consumption-based services/workloads do you plan to use from Snowflake in the future? (Select all that apply)



Source: Wells Fargo Securities, LLC Survey | N=25

Qualitative Survey Questions

What are the primary drivers behind the increase in your spend growth with SNOW?

- "Increased by GenAI needs and projects"
- "Higher data cleanup and aggressive use of LLMs with Cortex"
- "AI use cases on top of Data and Analytics framework"
- "Growth in user base and also larger data warehouses"
- "Increased demand for access and improved reporting"
- "Increasing interest in AI projects"
- "More interest in using Snowflake to power AI capabilities"

What are the primary use-cases you have in production with your Snowflake deployment?

- "Data Warehouse"
- "We are moving highly disparate data from many sources into Snowflake to normalize it"
- "Centralizing structured and semi-structured data (e.g., ERP, CRM, app logs, clickstreams)"
- "ML-based decision making"

- "Data sharing a collaboration and replacing on-prem legacy systems"
- "AI and capacity"
- "We are using Snowflake to gradually migrate our back-end databases and storage infrastructure to the cloud"
- "Enterprise data warehouse (EDW) and AI use cases on top of that for RAG"
- "We use snowflake for both complex ETL as well as store data to drive ML pipelines for AI learning"
- "Integrations with various data sources, data consolidation and analytics"

How do AI initiatives translate into greater spend with SNOW?

- "SNOW is crucial"
- "More data collection by consumption increases spend"
- "Data model expansion primarily and increased usage and query"
- "Production AI workloads require ongoing scoring and inference against live data"
- "These real-time or near-real-time queries create sustained usage and always-on compute clusters"
- "The data and analytics in Snowflake is the foundation for AI"
- "Agentic AI roll-out initiative will bring more business to [SNOW]"
- "AI analytics and query engines will result in more workloads"
- "Use of CortexAI and agents will mean more for SNOW"

Investment Thesis, Valuation and Risks

Snowflake Inc. (SNOW)

Investment Thesis

We believe SNOW is among a few leaders in the cloud data space and poised to continue its momentum as a new management team doubles down on its AI ambitions. We rate SNOW Overweight.

Target Price Valuation for SNOW: \$275.00

Our \$275 PT is based on 53.1x EV/FCF (implies 14.1x EV/S) on CY27e, which we view as fair given the improving underlying fundamentals and favorable backdrop for data and AI.

Risks to Our Price Target and Rating for SNOW

Downside risks to our price target include: **1)** macro deterioration, which could result in increased scrutiny on IT budgets; **2)** intensifying competition; **3)** valuation compression, with shares currently trading among the highest multiples in software.

Companies Mentioned in Report

Company Name	Ticker	Last Price (11/25/25)	Rating
Snowflake Inc.	SNOW	\$250.32	Overweight

Source: Wells Fargo Securities LLC Estimates, FactSet

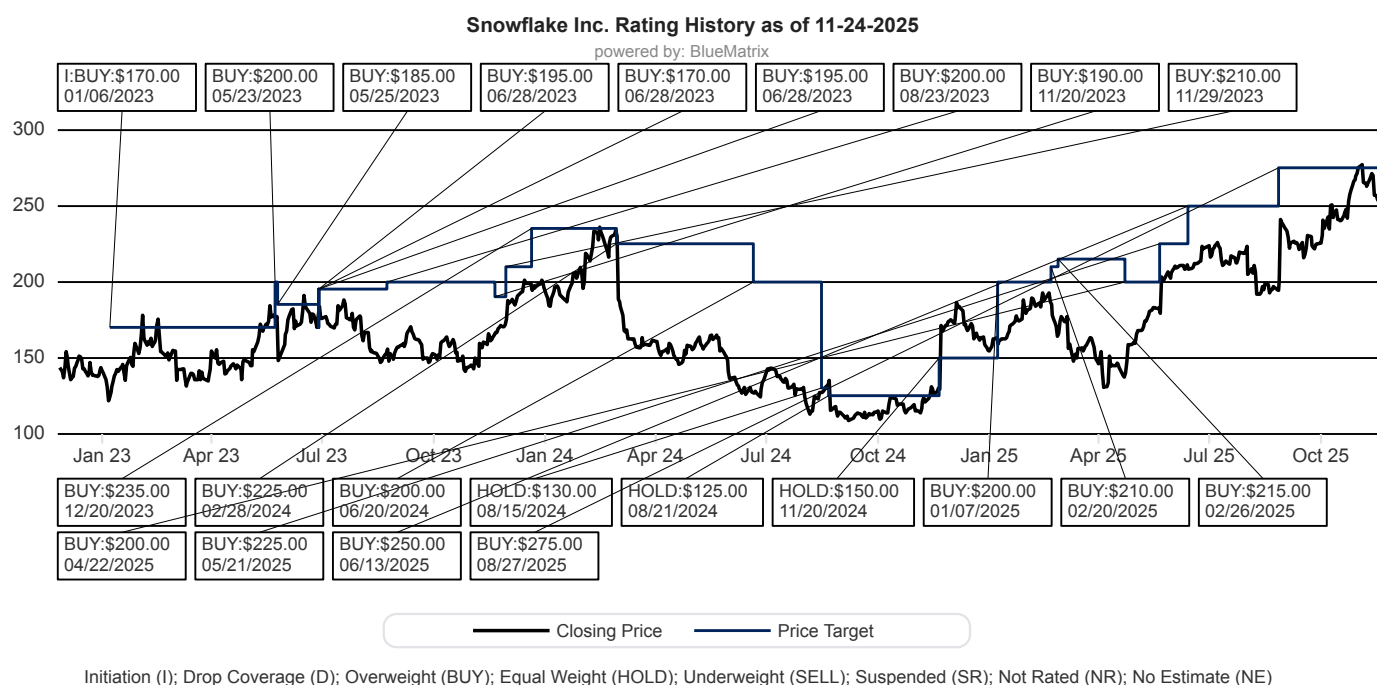
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UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. (SELL)

NR=Not Rated: The rating and price target has been removed due to lack of fundamental basis to support the recommendation or due to legal, regulatory or company policy considerations.

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