

USA | Software

Snowflake

Equity Research
November 23, 2025

Survey Says: Robust Demand, Incremental Growth Driven By AI

Our proprietary SNOW survey indicates robust demand (pipeline, partner growth outlooks) with AI as the primary driver of incremental growth. We continue to favor SNOW as a Top Pick and believe the co is poised for a strong F2H on positive checks, growing AI adoption, easing comps, and a conservative guide. Buy, PT to \$300 (implies 16x CY27 rev).

SNOW Partner Survey Says: Robust Demand, Incremental Growth Driven By AI. We surveyed 20 US-based SNOW partners to gauge demand and other key debates (AI traction, Iceberg Tables, data warehouse migration, competitive dynamics, etc.). Key takeaways: 1) 70% of partners either hit or exceeded their plans in F3Q; 2) overall pipeline remained robust with 45% of partners seeing q/q improvement; 3) growth expected to further accelerate in '25 off solid '24 growth numbers; 4) AI growth expectations rising and still ample runway for further adoption ahead; 5) some macro impact in F3Q and partners expect macro headwinds to persist through rest of '25.

F3Q Setup. We continue to view SNOW as a top AI beneficiary and one of only two dominant data clouds that enable enterprises to centralize proprietary data for analytics and AI workloads. Execution towards 30% durable growth alongside increasing margins can drive further upside.

We believe investors are focused on: 1) **30% durable growth prospects.** F3Q product rev was guided to 25-26%, implying a 6pt sequential decel on a 1pt easier comp. The bogey for product rev growth is at 31% in F3Q, which assumes a 4.5% beat over the midpoint of guide (in-line with average beat). The current FY26 product rev guide implies a blended 25% growth in F2H vs 29% in F1H which appears conservative given SNOW's expected ramp in contributions from newer products. Balancing this optimism is the arrival of new CFO Brian Robins (joined Sept 22), which could introduce added prudence in guidance as he settles into the role. 2) **AI traction.** Mgmt indicated that AI features influenced nearly half of F2Q new logo wins and now power roughly 25% of all deployed use cases. Weekly adoption continues to climb, with 6,100 accounts using AI features (up from 5,200 in F1Q). Our partner checks point to increasing adoption of Cortex over the past couple of months, though SNOW has limited disclosure around AI contribution metrics. 3) **Margins, sales productivity, RPO.** Margins have been steadily trending higher, as SNOW delivered a record high 11% op margin in F2Q and issued its highest guided op margin of 9% in F3Q. This was achieved even while adding more S&M heads in F1H26 (737) than in the prior two years combined. Margins should continue to increase as S&M hiring was said to be F1H weighted. F3Q Street estimates for RPO call for \$7.32B or 28% y/y growth, a 5pt sequential growth deceleration on a 7pt tougher growth comp.

See inside for 40+ page deck including F3Q partner survey.

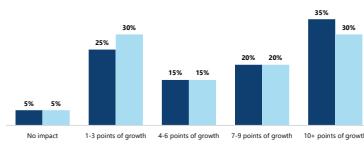
TARGET CHANGE	
RATING	BUY
PRICE	\$244.66^
PRICE TARGET % TO PT	▲ \$300.00 (\$270.00) +23%
52W HIGH-LOW	\$280.67 - \$120.10
FLOAT (%) ADV MM (USD)	87.8% 932.14
MARKET CAP	\$91.1B
TICKER	SNOW

[^]A Prior trading day's closing price unless otherwise noted.

FY (Jan)	CHANGE TO JEF ^e		JEF vs CONS	
	2026	2027	2026	2027
REV	NA	NA	+1%	+3%
EPS	NA	NA	+3%	-1%
<hr/>				
2026 (\$)	Q1A	Q2A	Q3	Q4
EPS	0.24	0.35	0.28	0.27
<hr/>				
PREV		FY		
EPS		1.13		

Exhibit 1 - AI Optimism Rising

Q: How much do you expect SNOW's AI products to contribute to your practice growth in 2025?



Source: Jefferies Proprietary Survey (n=20)

FY (Jan)	2024A	2025A	2026E	2027E
Rev. (MM)	2,806.5	3,626.4	4,595.7	5,765.0
Cons. Rev.	2,806.5	3,626.4	4,532.8	5,587.8
Cons. EPS	0.97	0.83	1.10	1.56
EPS	0.97	0.82	1.13	1.54

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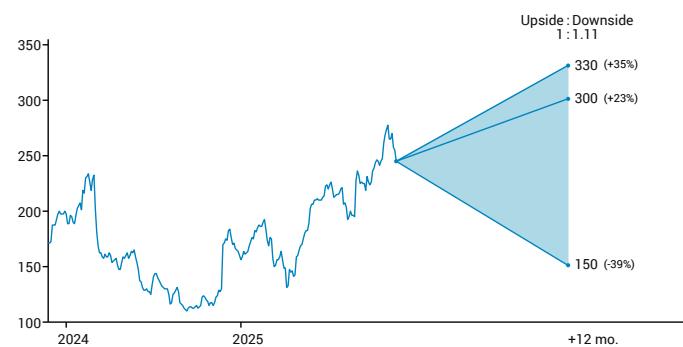
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The Long View: Snowflake

Investment Thesis / Where We Differ

Snowflake is an early beneficiary of the cloud data warehousing space, and we see rapid growth sustainability on rising penetration among enterprises and potential expansion in the product offering to address adjacent workloads. We like: 1) best-in-class software growth rates; 2) significant room for profitability expansion following evidence of scale in FY21. Key risks: 1) narrowing of competitive differentiation as Redshift, Azure Synapse Analytics, and BigQuery add features/functionality; 2) more limited rev visibility vs traditional SaaS given consumption-based business model; 3) aggressive valuation premium to high-growth software peers.

Risk/Reward - 12 Month View



Base Case, \$300, +23%

- Assumes FY26E/FY27E total rev growth of 27%/25%
- Assumes FY26E/FY27E gross margins of 72%/72%
- Assumes FY26E/FY27E FCF margins of 25%/25%
- PT of \$300 implies 19x FY27E revenue

Upside Scenario, \$330, +35%

- Assumes FY26E/FY27E total rev growth of >27%/>25%
- Assumes FY26E/FY27E gross margins of >72%/>72%
- Assumes FY26E/FY27E FCF margins of >25%/>25%
- PT of \$330 implies 21x FY27E revenue

Downside Scenario, \$150, -39%

- Assumes FY26E/FY27E total rev growth of <27%/<25%
- Assumes FY26E/FY27E gross margins of <72%/<72%
- Assumes FY26E/FY27E FCF margins of <25%/<25%
- PT of \$150 implies 9x FY27E revenue

Sustainability Matters

Top Material Issue(s): 1) **Employee Engagement, Diversity & Inclusion:** Snowflake fosters a culture of inclusion across a workforce that is diverse in many ways. Combined with its performance-based culture of individual accountability, it believes this will fuel innovation, encourage authenticity, and serve its customers as it enables every organization to become data-driven. 2) **Data Security:** As a data company, Snowflake understands the importance of responsibly investing in the governance and technology required to protect data in an increasingly complex, global environment.

Company Target(s): 1) In early stages of developing a sustainability program and has identified three high-impact areas to address in its workplace operations: a) Energy management; b) GHG emissions (Scopes 1-3); c) Waste management solutions.

Qs to Mgmt: 1) What actions/steps are management taking to increase representation of minorities across its employee base? 2) What cost savings do you predict to have on a more diverse workforce?

ESG Sector Deep Dive

Catalysts

- SNOW is likely to report F3Q26 results in early December
- Ramp in adoption for Cortex and other AI products, as well as Data Engineering solutions (Snowpark, Dynamic Tables, Notebooks and others)

Jefferies

SOFTWARE

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SECTION I

SNOW Partner Survey

F3Q Survey: Robust Demand, Incremental Growth Driven By AI

1

70% of partners either hit or exceeded their plans in F3Q

- 50% of partners exceeded their plans (35% were >10% above plan, 5% were >30% above plan)

2

Healthy leading indicators through F3Q

- 45% of partners cited pipeline improvement in the last 3 months (30% saw a >10% improvement, 10% saw a >20% improvement)

3

Growth expected to further accelerate in '25 off of solid '24 practice growth numbers

- Partners expect ~2pts of growth acceleration in CY25 (15% growth in '25 vs 13% in '24)
- 50% of partners expect >10% y/y growth, 25% expect >30% growth, 15% expect >40% growth, 5% expect >50% growth

4

AI growth expectations are rising; still ample runway for adoption ahead

- 55% of partners expect >7pts of AI growth contribution in 2025, 35% expect >10pts
- 70% of partners noted that <10% of their practices are driven by AI-related use cases

5

Contained macro impact in F3Q but expect macro to continue weighing on growth through rest of '25

- Macro uncertainty drove ~3pts of headwind in F3Q and expect ~3.5pts of negative impact in CY25
- 55% of partners believe macro drag will either stay the same or get better through rest of the year

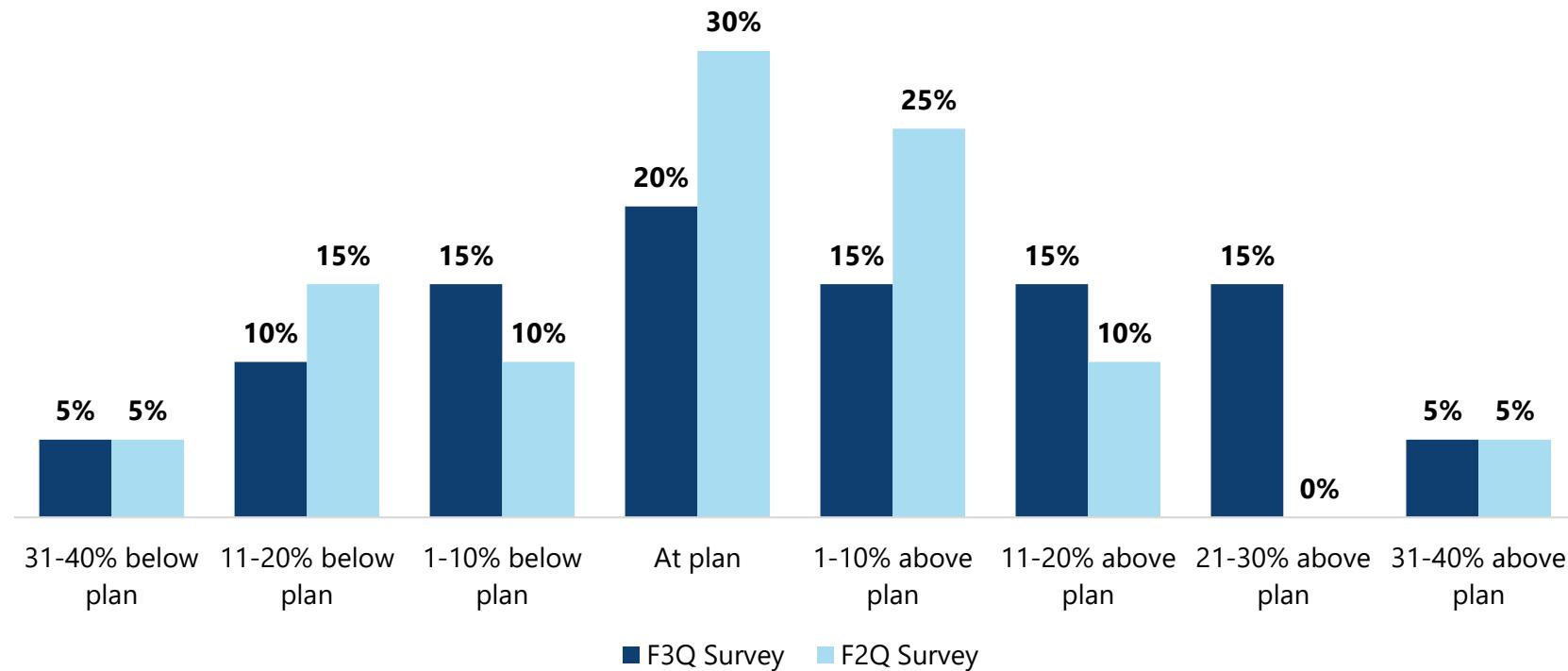
SUBSECTION 1

F3Q Business Momentum & CY25 Expectations

Majority of Partners Met or Exceeded F3Q Targets

The vast majority (70%) of partners either hit or exceeded their SNOW practice targets in F3Q, in-line with what we saw in our F2Q partner survey. While 20% of partners finished the quarter at plan (down from 30% in our F2Q survey), 50% were above plan (vs 40% in our F2Q survey).

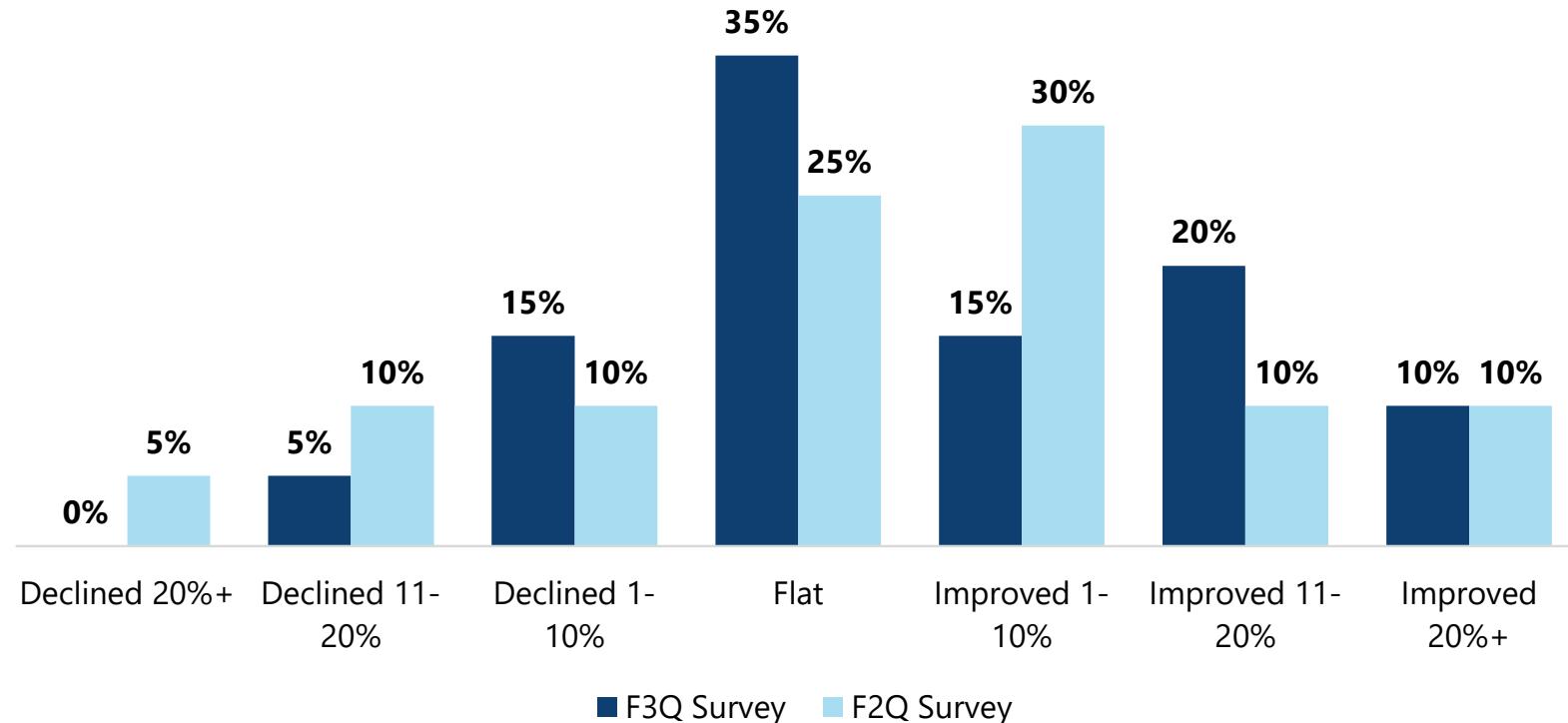
Over the past 3 months, how has your overall Snowflake related business performed?



Healthy Leading Indicators Through F3Q

45% of partners in F3Q saw sequential improvements in their SNOW pipelines and 30% noted >10% improvements (up from 20% in our F2Q survey). 35% of partners noted flat pipelines and 20% observed a decline (though mostly <10% decline).

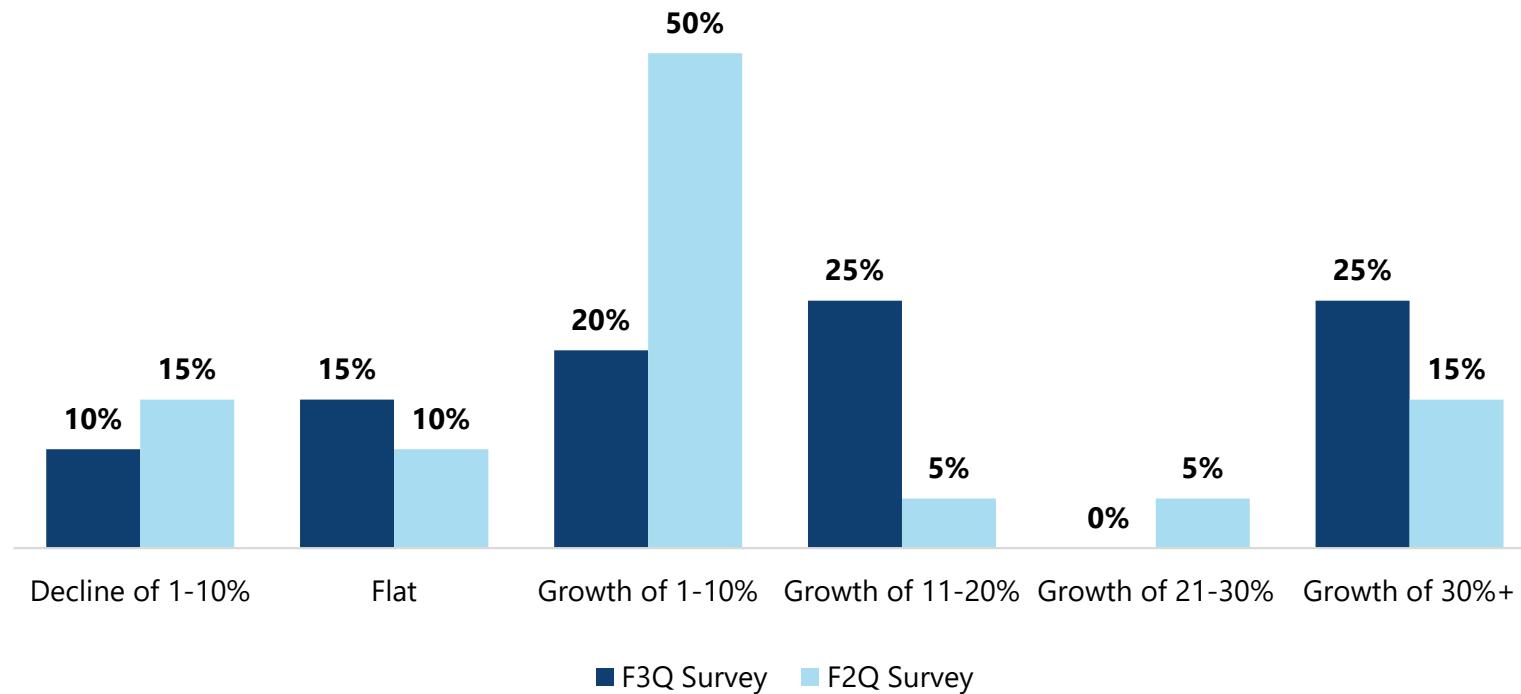
Has your Snowflake pipeline changed in the last three months when compared to the three months prior to that, and by how much?



Growth Acceleration in the 2025 Partner Practice Outlook

70% of partners expect positive practice growth in 2025. Within that, 20% expect single-digit growth (vs 50% in our F2Q survey) and 50% expect double-digit growth, a notable uptick from 25% in our F2Q survey. The survey results indicate both growth acceleration in 2025 (from 2024) and also higher average growth in 2024/2025 compared to our F2Q survey results.

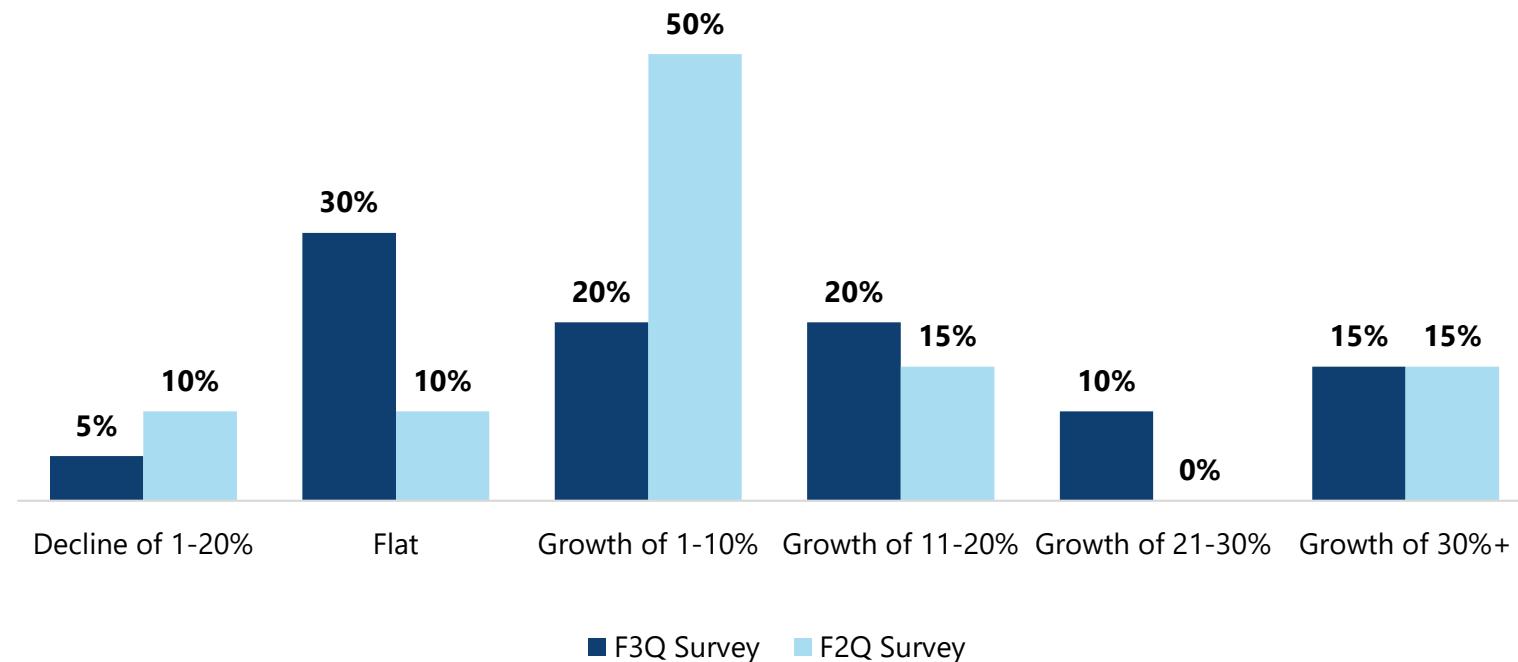
What are your growth expectations for your overall Snowflake practice in 2025?



2024 Practice Growth Was Solid

65% of partners delivered positive practice growth in 2024. Within that, 45% saw double-digit growth (vs 30% in our F2Q survey) and 20% saw single-digits growth (vs 50% in our F2Q survey).

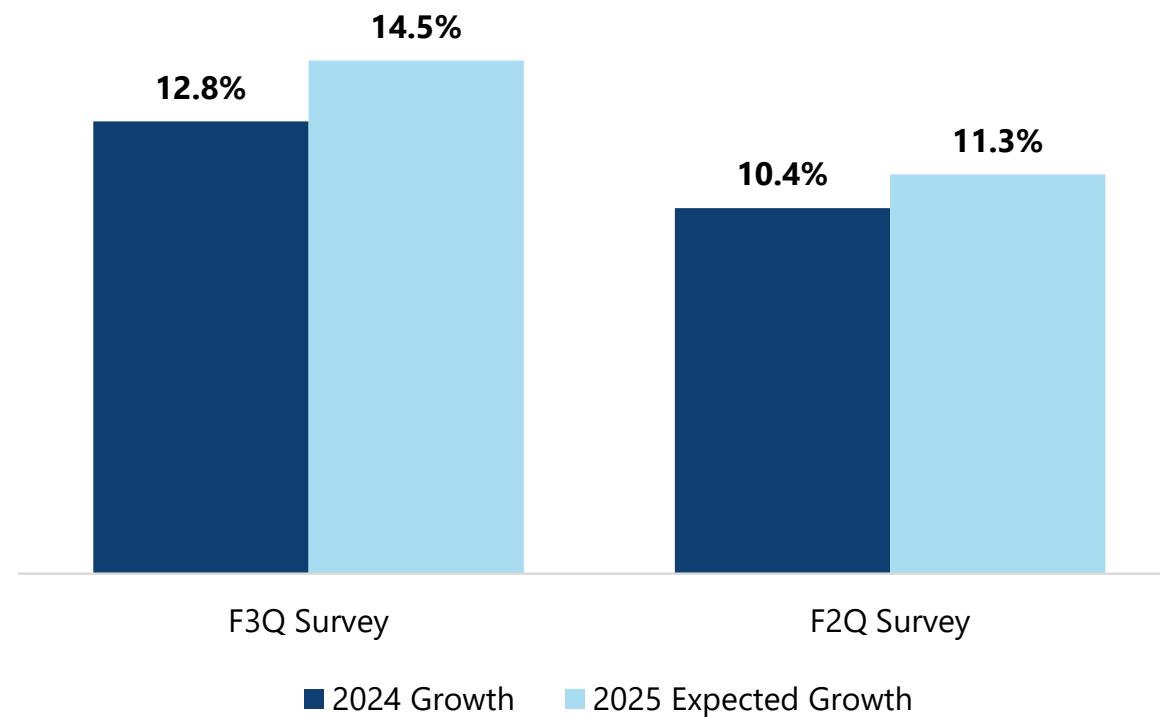
What did your overall Snowflake practice grow in 2024?



In Aggregate, Partners Anticipate ~2pts of Growth Acceleration in 2025

The F3Q partner cohorts' SNOW practices grew 13% in 2024 and is expected to accelerate by ~2pts to 15% in 2025. On an individual basis, 35% of respondents expect y/y practice growth acceleration in 2025 vs 2024, 50% expect similar growth, and 15% expect modest growth deceleration.

Average Growth in 2024 vs. Expected Average Growth in 2025

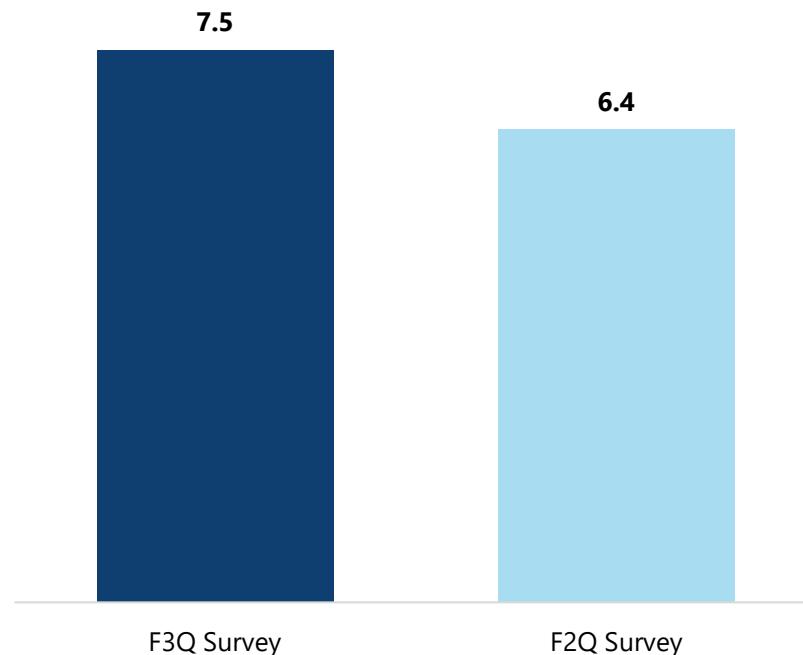


** Note: Weighted average calculation

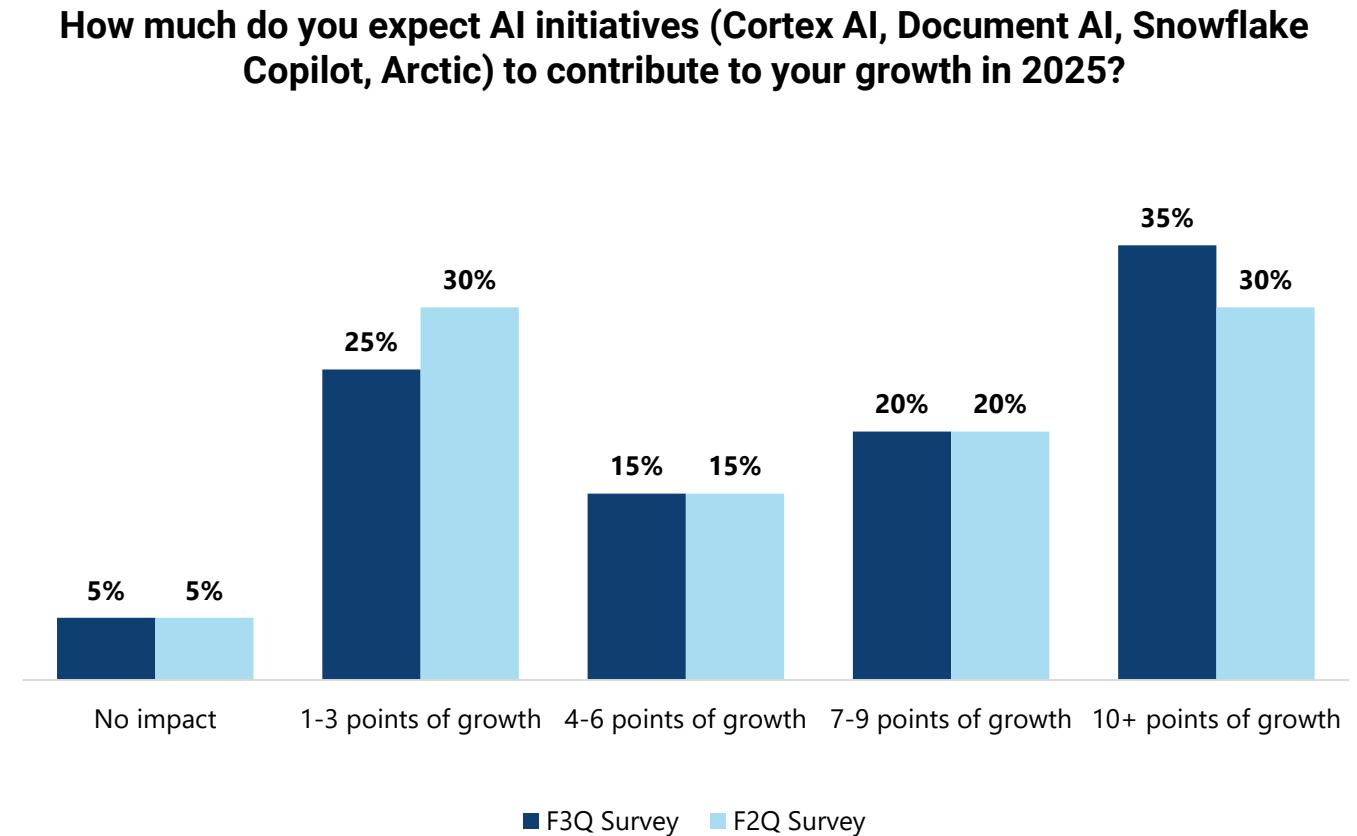
AI Growth Expectations Rising

AI is expected to contribute to nearly 8pts of growth in 2025, 110bps above the expected growth contribution from our F2Q survey. 55% of partners anticipate AI to drive >7pts of growth in 2025, which we view as a positive signal that supports a 2H ramp in AI-related products.

Average Expected AI Growth Contribution in 2025



How much do you expect AI initiatives (Cortex AI, Document AI, Snowflake Copilot, Arctic) to contribute to your growth in 2025?

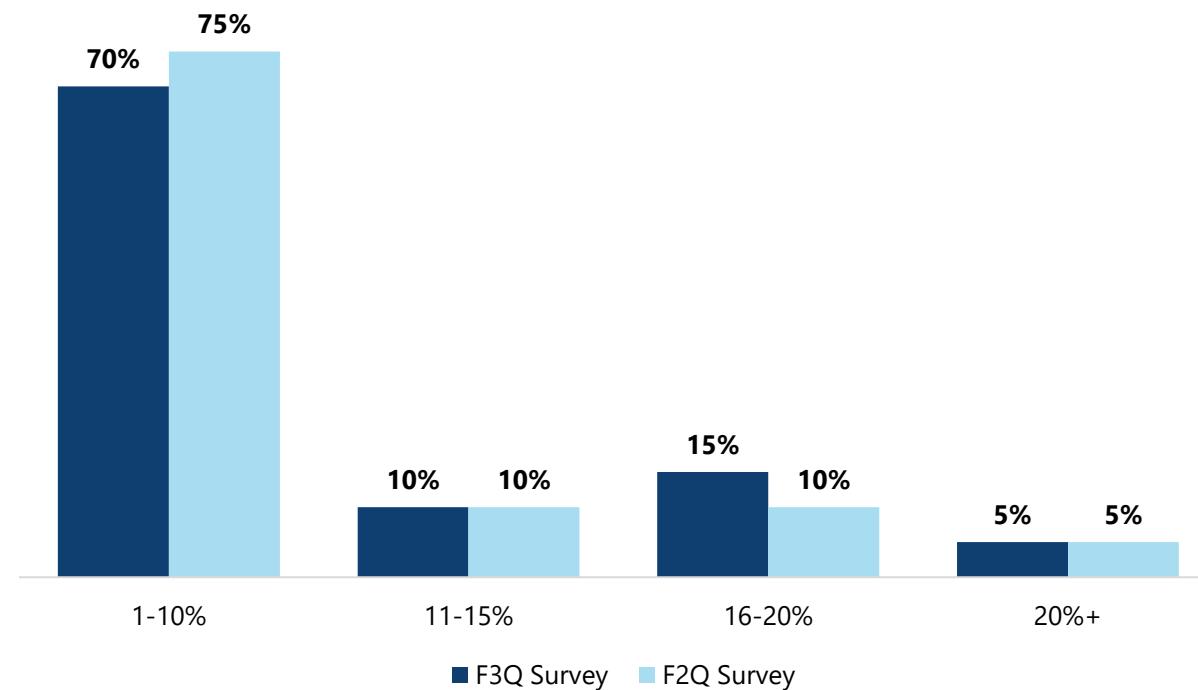


** Note: Weighted average calculation

Ample Runway for Growth in AI-Related Use Cases

The vast majority (70%) of partners noted that <10% of their practices are driven by AI-related use cases. While this makes sense as many of SNOW's AI product modules have yet to fully ramp, this number needs to be meaningfully higher for the AI narrative to take off.

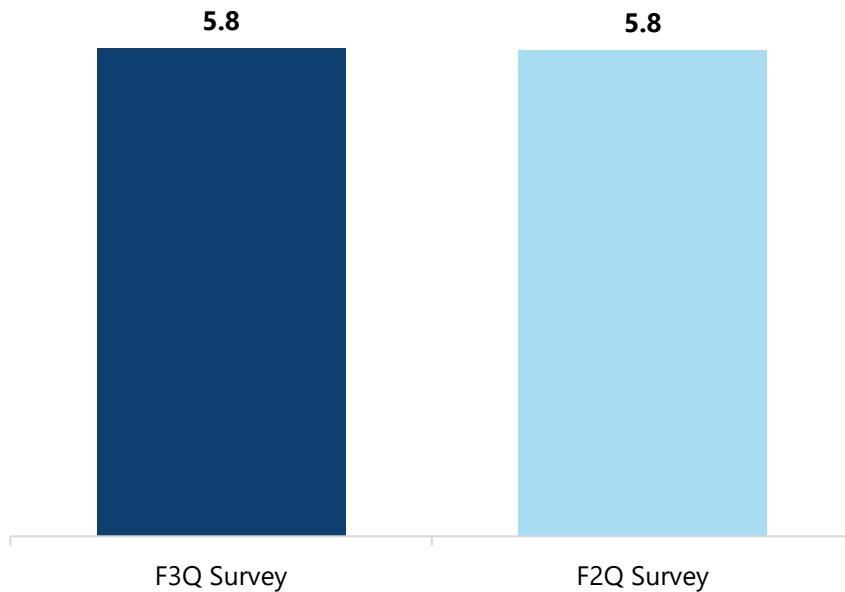
What portion of your Snowflake practice in 2025 do you anticipate will be driven by AI-related use cases?



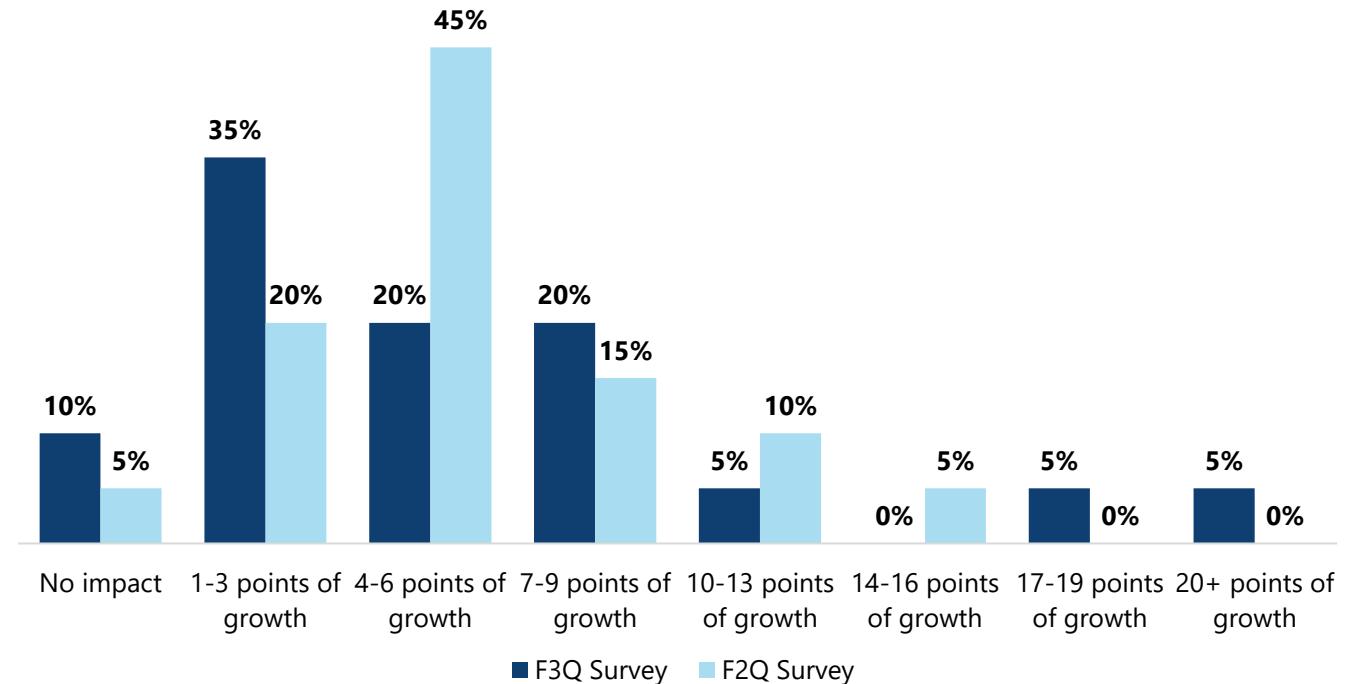
Sustained Momentum from Data Engineering Initiatives

40% of F3Q's partner cohort believes data engineering initiatives can contribute mid to high-single digits growth in 2025 (vs 60% in F2Q). 15% of partners expect double-digit growth (vs 15% in our F2Q survey), while 10% anticipated no impact (vs 5% in our F2Q survey).

Average Expected Data Engineering Growth Contribution in 2025



How much do you expect data engineering initiatives (Snowpark, Snowflake Notebooks, Dynamic Tables, Snowpipe) to contribute to your growth in 2025?

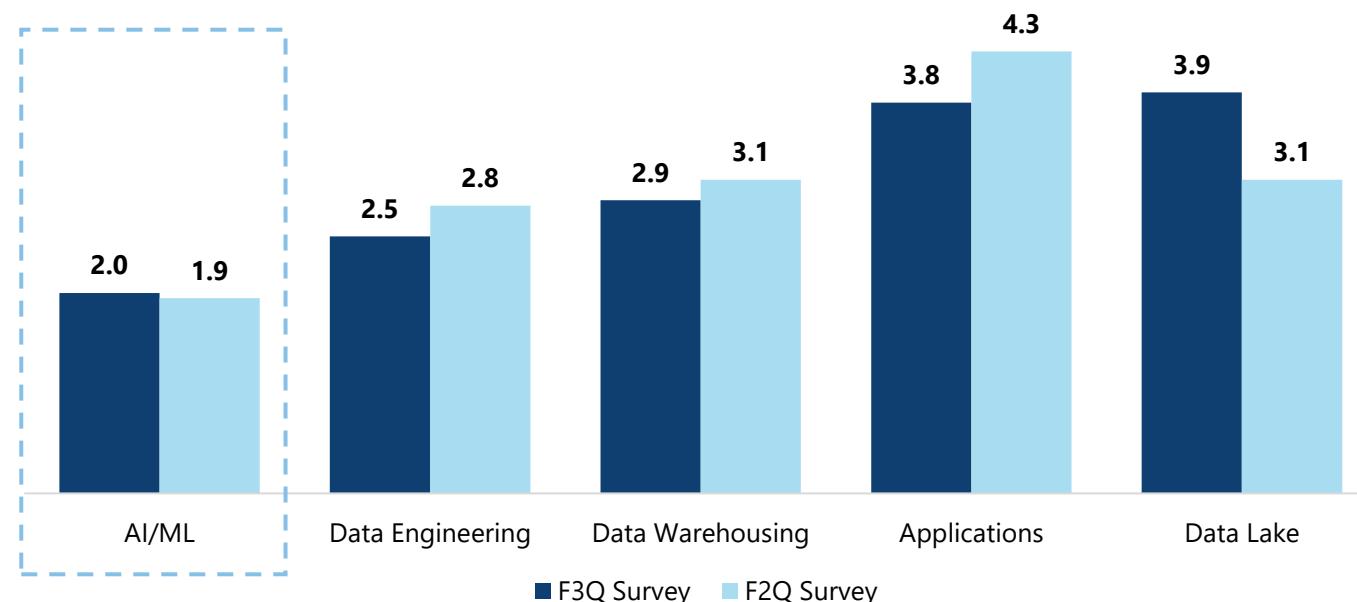


** Note: Weighted average calculation

AI Enthusiasm Across Partners

Partners continue to view AI/ML as the key driver for sales opportunities over the next year. With AI/ML leading this survey category in the last 4 quarters, we believe these insights reinforce SNOW's ramping AI momentum and growing partner optimism on SNOW's accelerating product innovation.

Where do you see the most sales opportunity in the next twelve months?



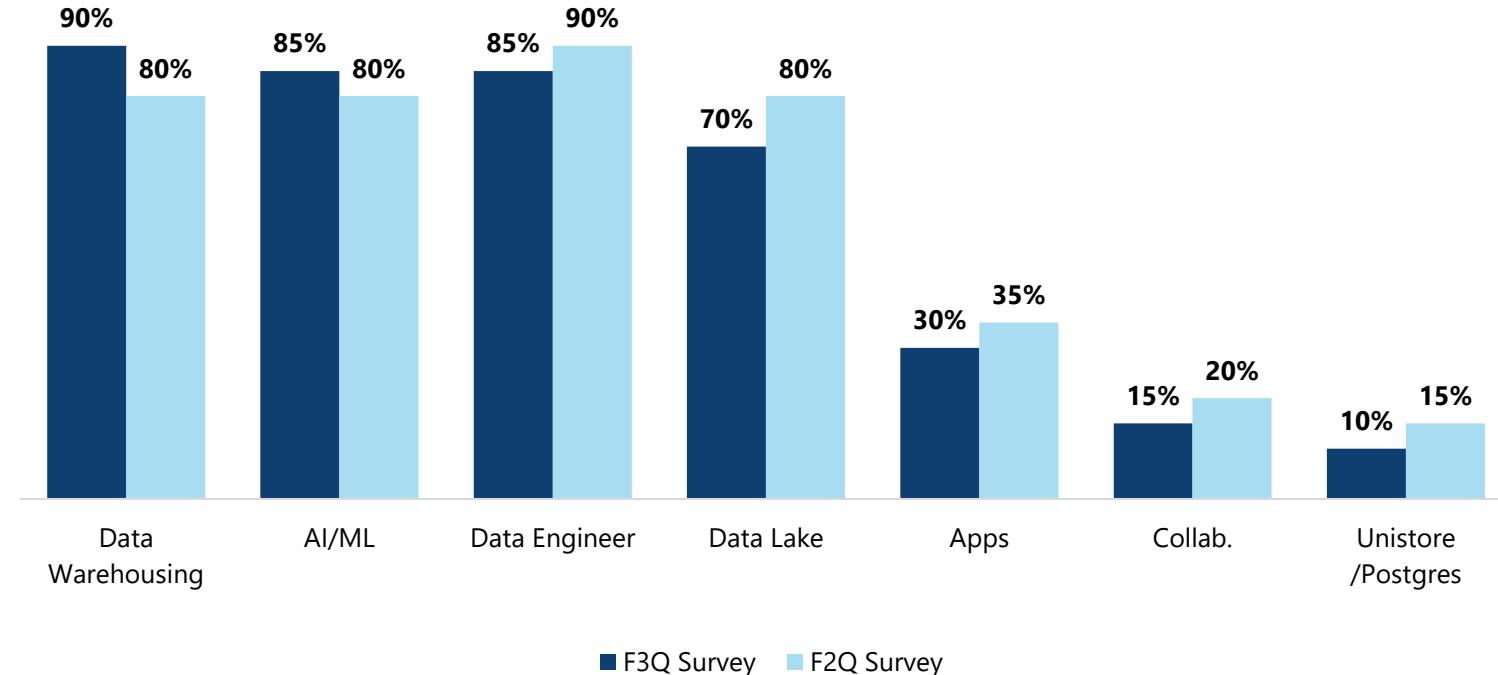
** Note: Full Question: "Please rank each category 1-6, with 1 being the most attractive sales opportunity and 6 being the least. If you don't have anything to add as "other", please rank 1-5".

** Note: Weighted average calculation

Data Warehousing Leads in Partner Specialization

90% of partners specialize in data warehousing, followed by AI/ML and Data Engineering.

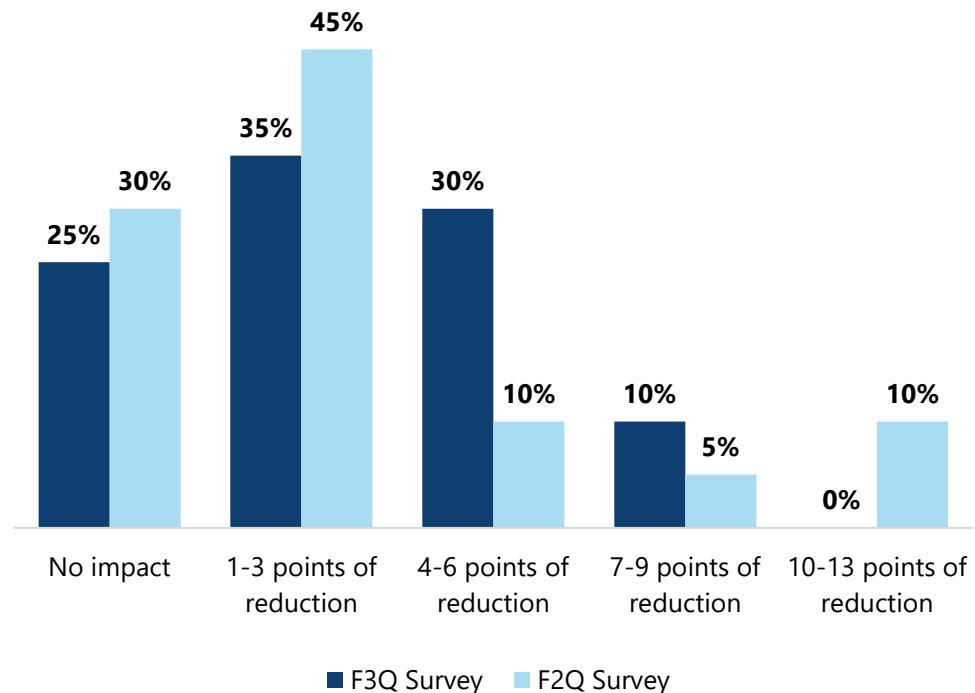
Which Snowflake workload or service areas does your practice specialize in?



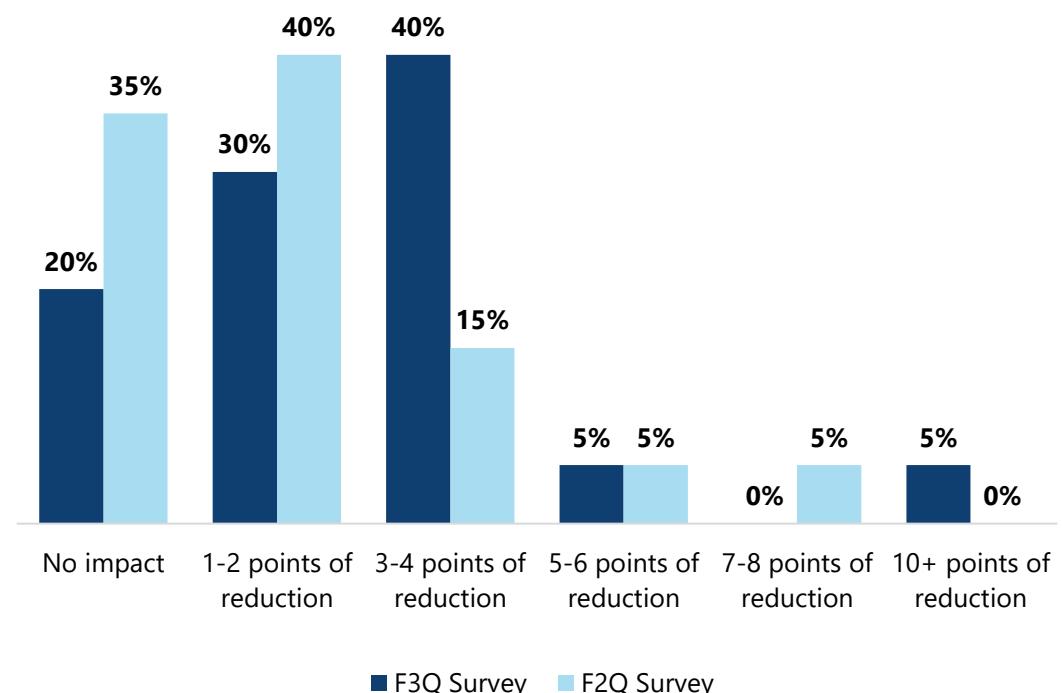
Limited But Persistent Macro Overhang

On a weighted average basis, partners saw just under a 3pt macro impact to both pipelines and growth during F3Q. 60% of partners noted <3pts of negative impact on pipeline, while 50% of partners observed <3pts of impact on growth.

To what extent did macro uncertainty (tariffs and other federal policy changes) negatively impact your Snowflake pipeline during the past three months?



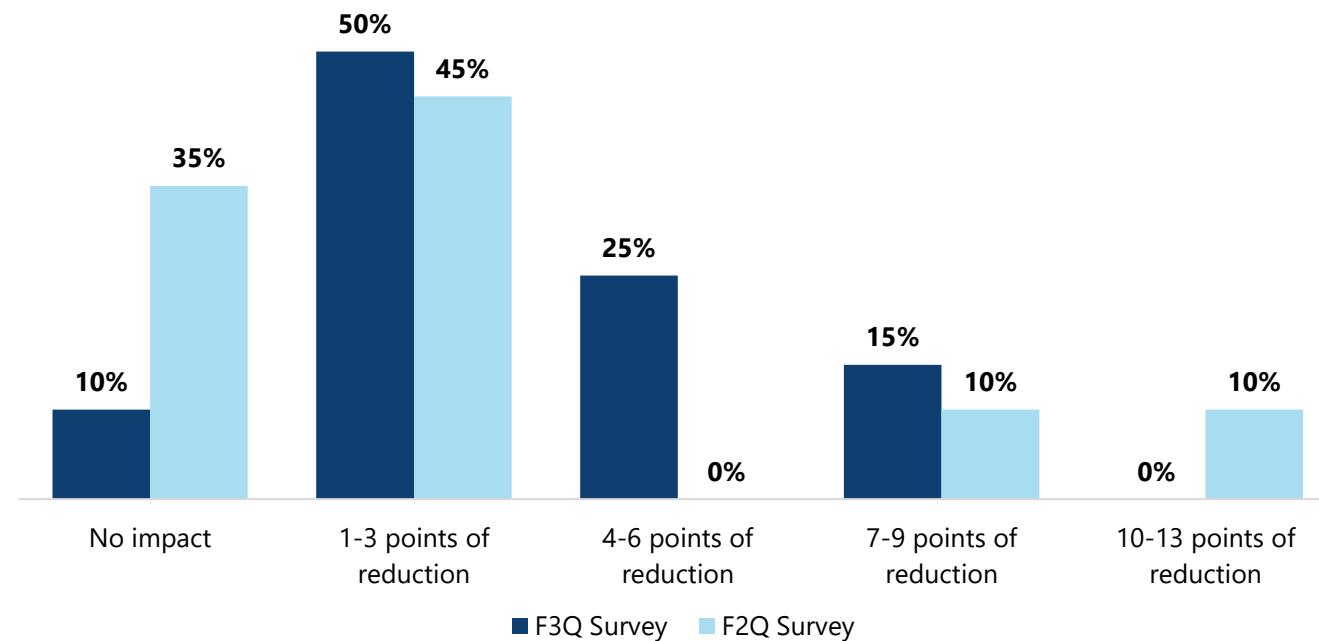
To what extent did macro uncertainty (tariffs and other federal policy changes) negatively impact your Snowflake practice (revenue) during the past three months?



Macro Overhang Expected to Continue Through Rest of 2025

Looking ahead, partners expect 3.5pts of negative impact on their SNOW practice growth in 2025 on average. On an individual basis, 10% of partners expect no impact. Notably, 50% expect <4pts of negative impact and 40% expect mid-to-high single digits of negative impact.

How much do you expect macro uncertainty (tariffs and other federal policy changes) to negatively impact your Snowflake practice growth in 2025?



55% of Partners Expect Macro Impact to Stay the Same or Get Better

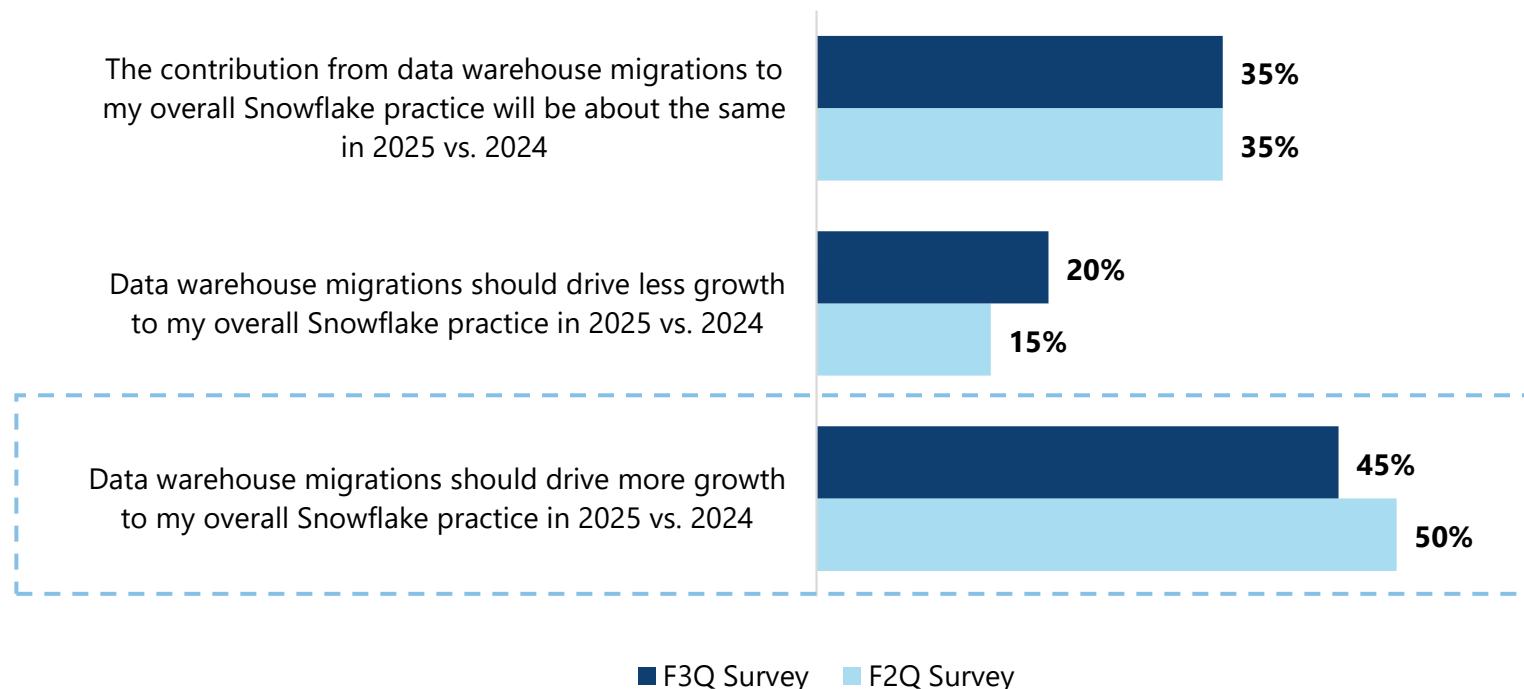
Macro Impact Over Last Three Months vs Expected Macro Impact in 2025

		Expected Macro Negative Impacts for '25			
		No impact	1-3 points of reduction	4-6 points of reduction	7-9 points of reduction
Macro uncertainty impact past 3 months	No impact	1	3		
	1-2 points of reduction		5		1
	3-4 points of reduction	1	2	3	2
	5-6 points of reduction			1	
	7-8 points of reduction				
	9-10 points of reduction				
	10+ points of reduction			1	

Partner Confidence in Migration Trends for 2025

45% of partners believe data warehouse migrations should drive more growth to their SNOW practices in 2025 compared to 2024 (vs 50% of partners in our F2Q survey). 35% of partners (vs 35% in our F2Q survey) expect similar data warehouse migration activity in 2025 vs 2024, and 20% (vs 15% in our F2Q survey) expect a decline in migration activity.

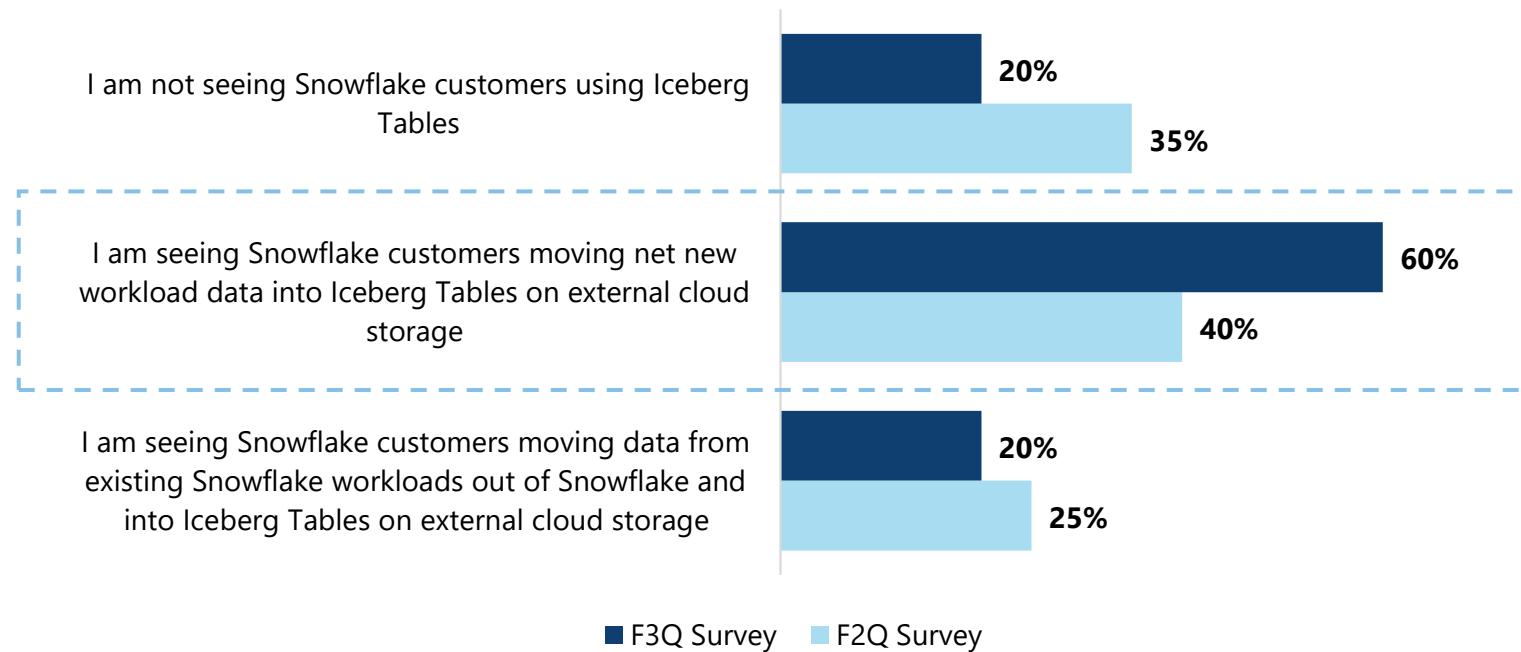
Do you expect data warehouse migrations to drive more/less growth to your overall Snowflake practice in 2025 vs 2024?



Increasing Traction with Open Table Formats

60% of partners are seeing SNOW customers moving net new workload data into Iceberg tables on external cloud storage (vs 40% in our F2Q survey). 20% of partners are seeing SNOW customers moving data out of SNOW and into Iceberg tables vs 25% in our F2Q survey.

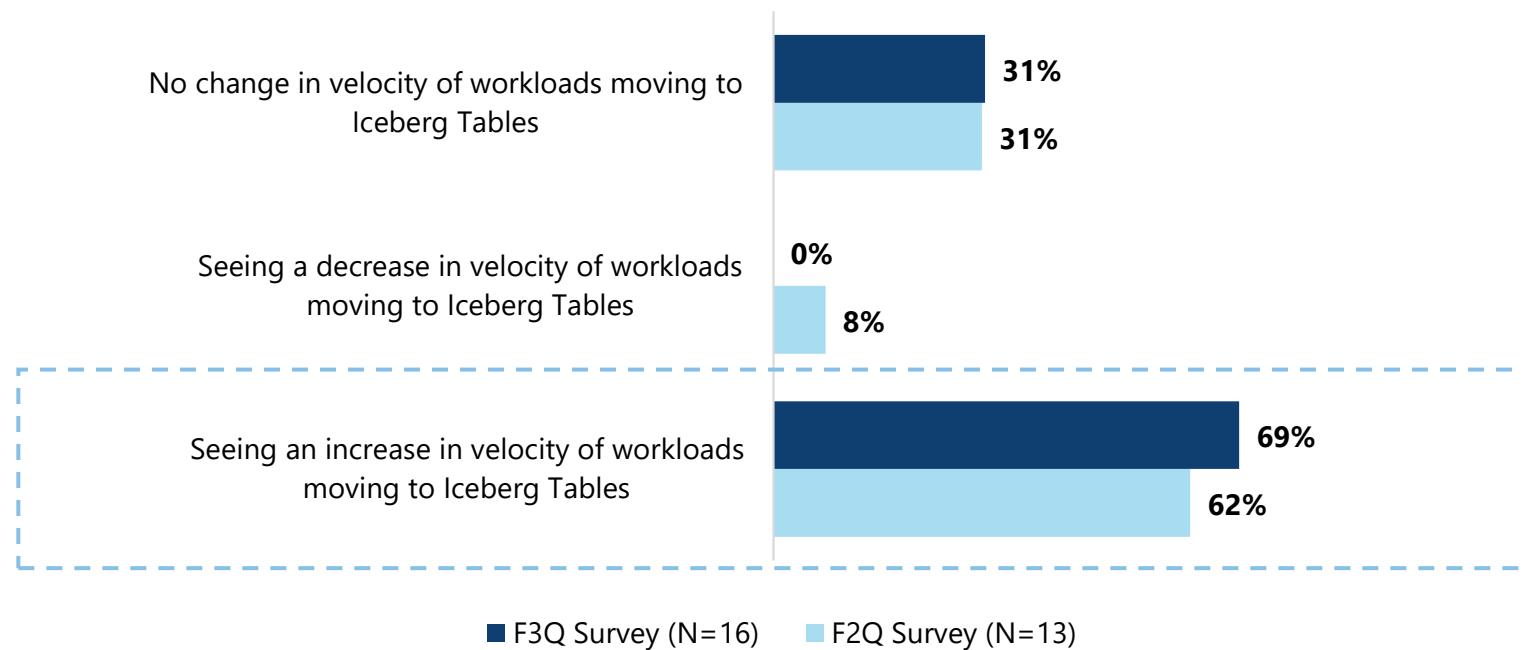
To what extent are you seeing your Snowflake clients use Iceberg Tables?



Iceberg Momentum is Ramping, But Still Early

We then asked the 80% of respondents who indicated signs of clients using Iceberg Tables whether activity levels have changed over the past 3 months. Within those 65% of partners, 69% (or 55% of the total partners) indicated an increase in velocity of workloads moving to Iceberg, 31% (or 25% of the total partners) indicated no change in activity. No partners saw a decrease in velocity in workloads. We view survey results as a positive indicator for Iceberg demand, but practical implications for SNOW still needs to be monitored.

How has customer activity on Iceberg Tables changed in the past 3 months?



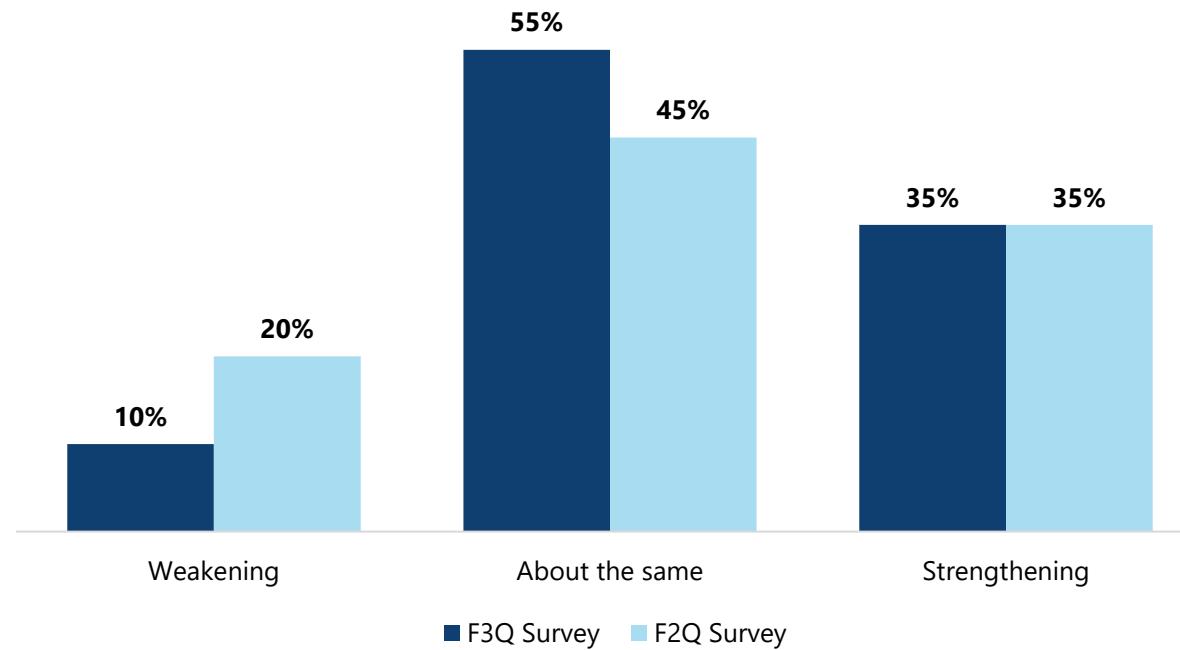
SUBSECTION 2

Competitive Positioning

90% of Partners Believe SNOW is Not Losing Share

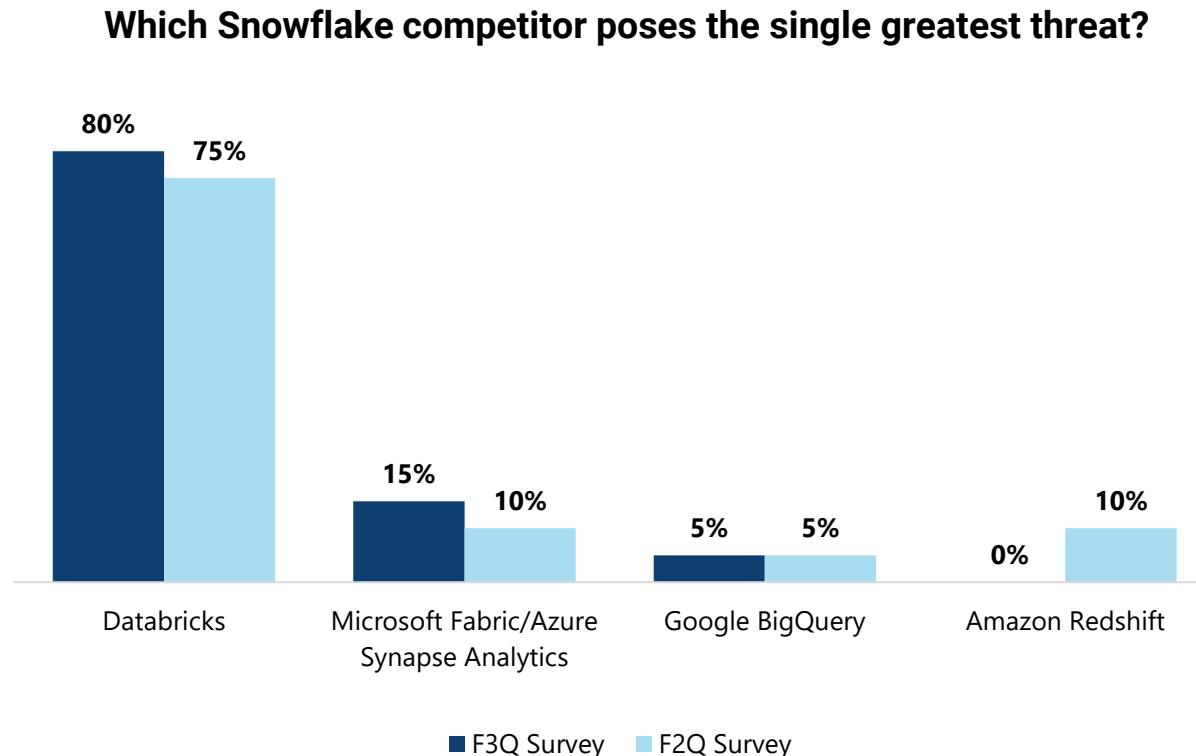
55% of partners (vs 45% in our F2Q survey) reported that SNOW's competitive position remained the same compared to last quarter. 35% stated that SNOW has strengthened its positioning (vs 35% in our F2Q survey). The survey results directionally align with our channel checks, and we believe concerns of Databricks eating SNOW's lunch are overblown.

Compared to a few months ago, how do you feel Snowflake's competitive position is changing in the market?



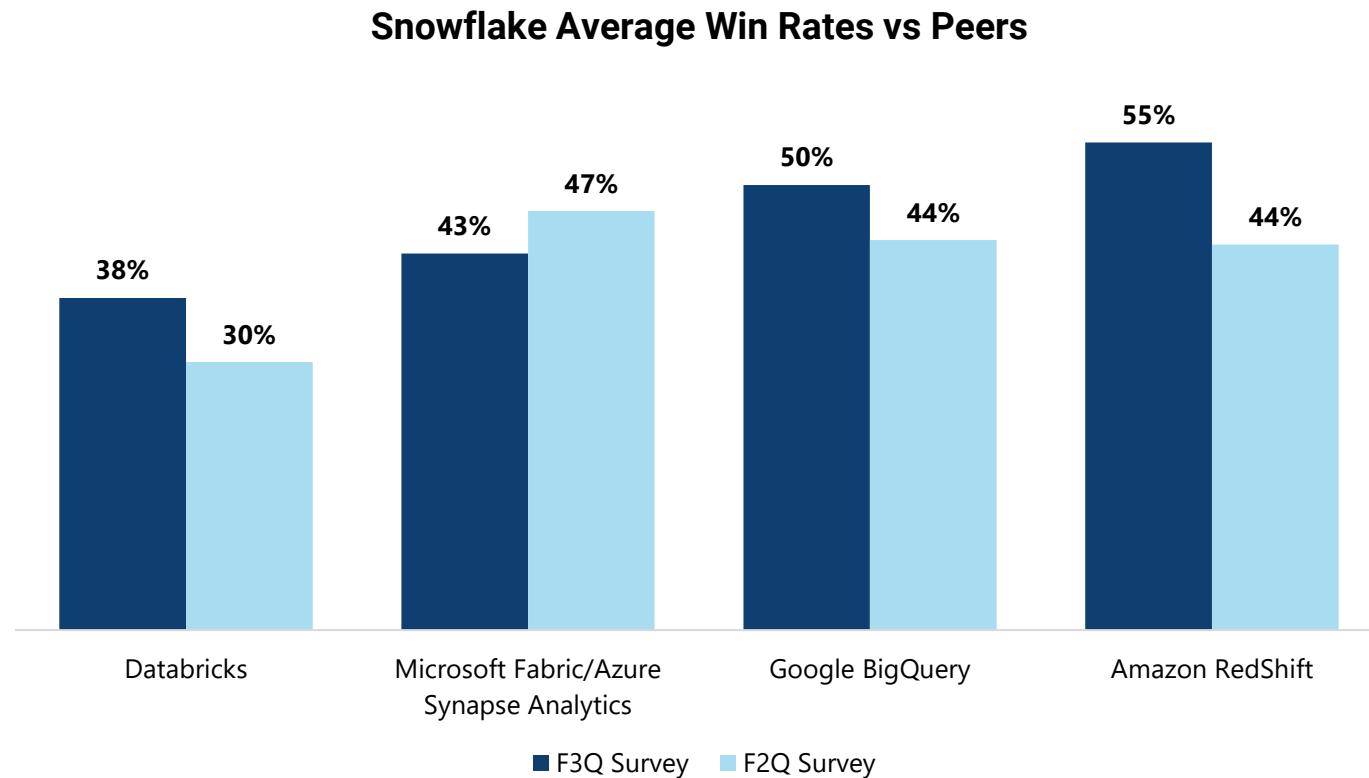
Databricks Still Viewed as SNOW's Biggest Threat

80% of partners indicated that Databricks poses the single greatest threat to Snowflake, consistent with 75% in our F2Q survey. 15%/5% of partners voted MSFT/GOOGL as the biggest threat.



Lowest Win Rates Against Databricks & Highest Against RedShift

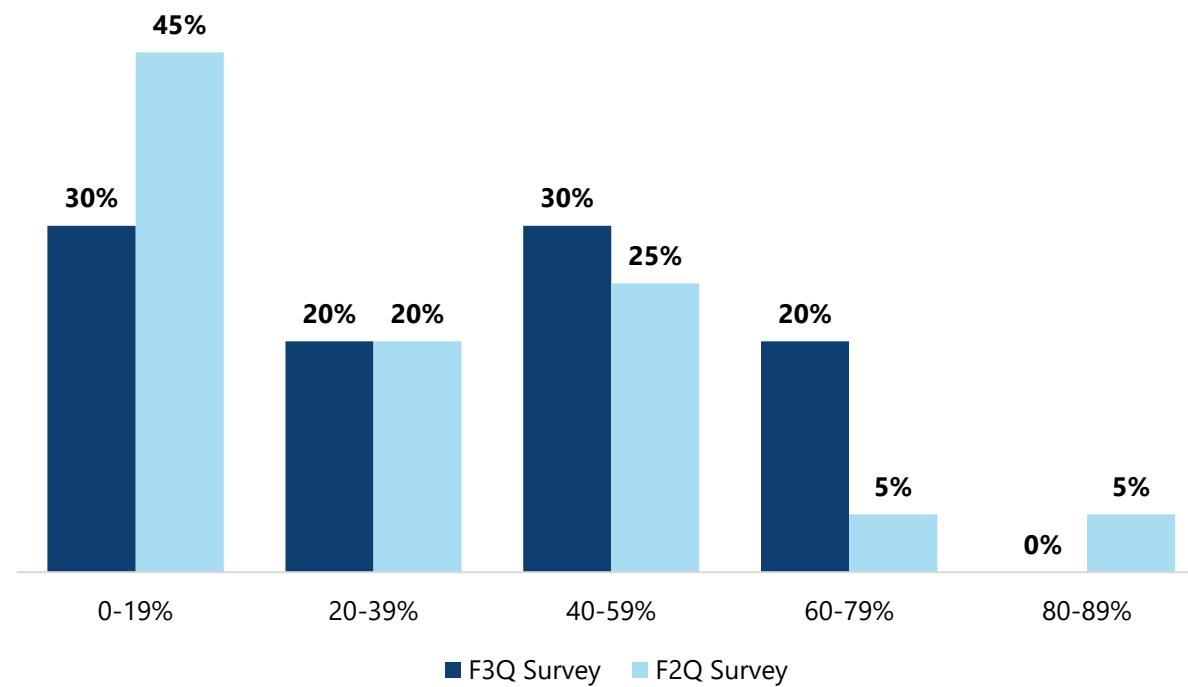
On a weighted average basis, partners indicated that SNOW has the lowest win rates vs Databricks at ~38%, followed by Microsoft Fabric at 43%, Google BigQuery at 50%, and Amazon Redshift at 55%. The results indicate a competitive landscape, though we note the sequential increase in SNOW's win rates (vs F2Q survey results) in all but Fabric/Azure Synapse.



SNOW's Win Rates vs Databricks

30% of partners noted that SNOW's win rates against Databricks are <20%, and 50% noted win rates were <40%. Notably, 20% of partners cited SNOW having >60% win rates against Databricks.

What are Snowflake's win rates against Databricks?

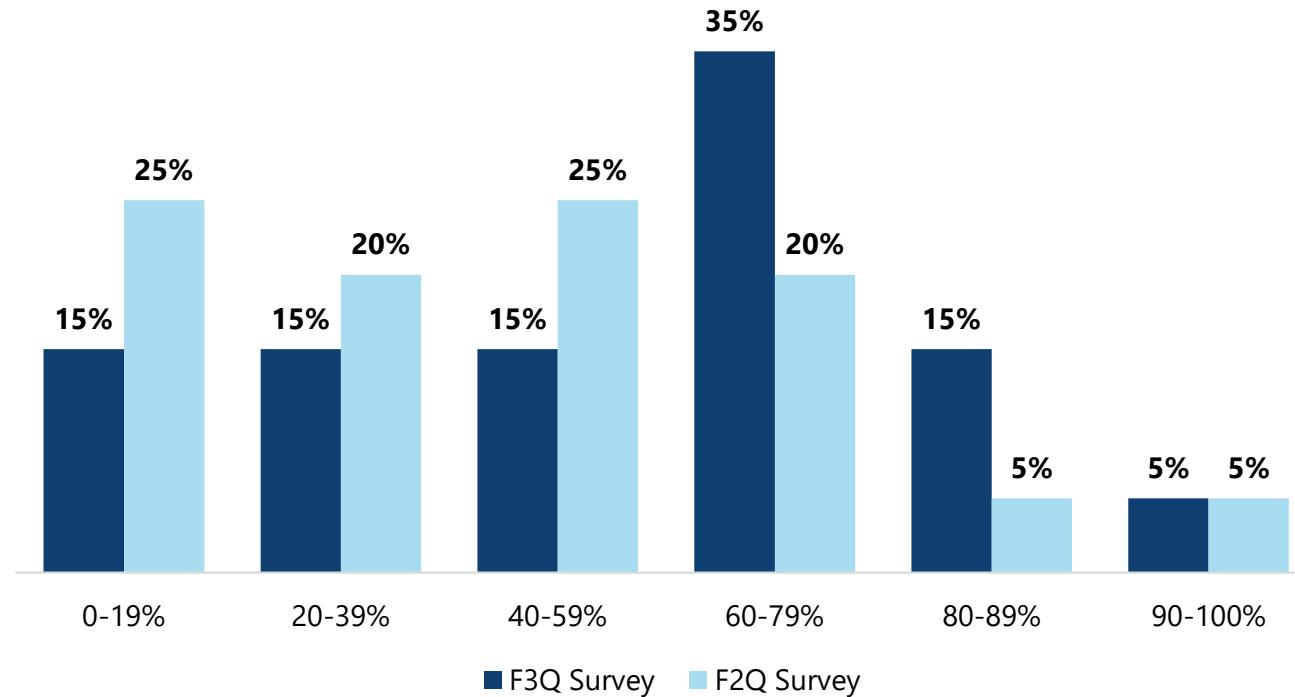


Note that respondents are likely different in both surveys, resulting in decreased likelihood for like-to-like comparisons between survey results.

SNOW's Win Rates vs Redshift

15% of partners noted that SNOW's win rates against Redshift are <20%. Interestingly, 55% of partners indicated win rates of >60%, is significant increase vs 30% of partners in F2Q.

What are Snowflake's win rates against Amazon Redshift?

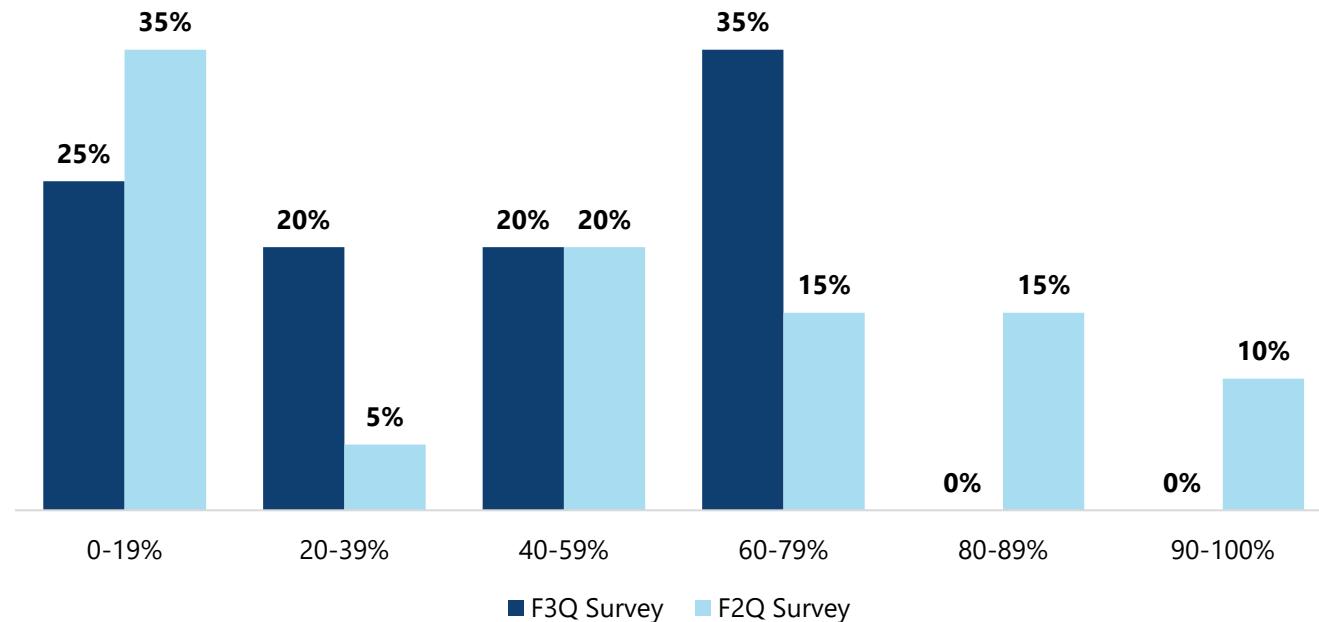


Note that respondents are likely different in both surveys, resulting in decreased likelihood for like-to-like comparisons between survey results.

SNOW's Win Rates vs Microsoft Fabric/Azure Synapse

25% of partners noted that SNOW's win rates against MSFT are <20%, and 45% noted win rates were <40%. 35% of partners indicated win rates of >60% with the median win rates between 40-60%.

What are Snowflake's win rates against Microsoft Fabric/Azure Synapse Analytics?

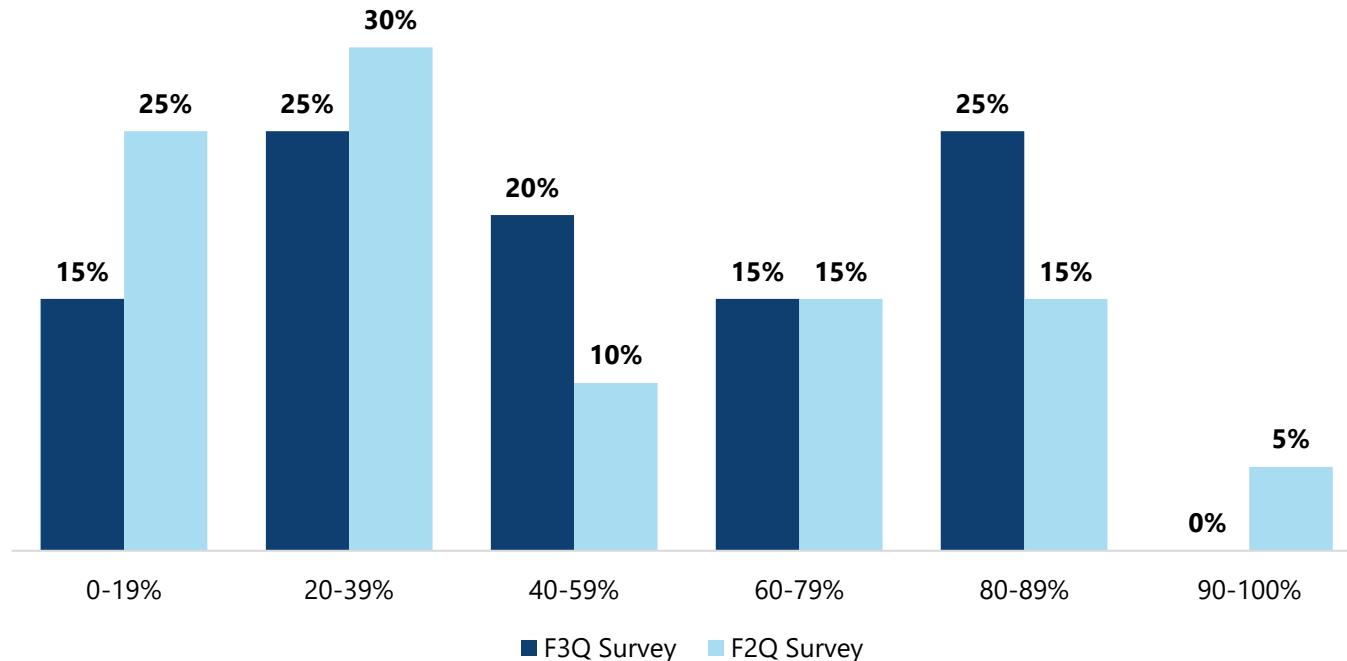


Note that respondents are likely different in both surveys, resulting in decreased likelihood for like-to-like comparisons between survey results.

SNOW's Win Rates vs BigQuery

15% of partners noted that SNOW's win rates against BigQuery are <20%, 40% stated win rates of <40% while 40% indicated win rates of >60 with the median win rates between 40-60%.

What are Snowflake's win rates against Google BigQuery?



Note that respondents are likely different in both surveys, resulting in decreased likelihood for like-to-like comparisons between survey results.

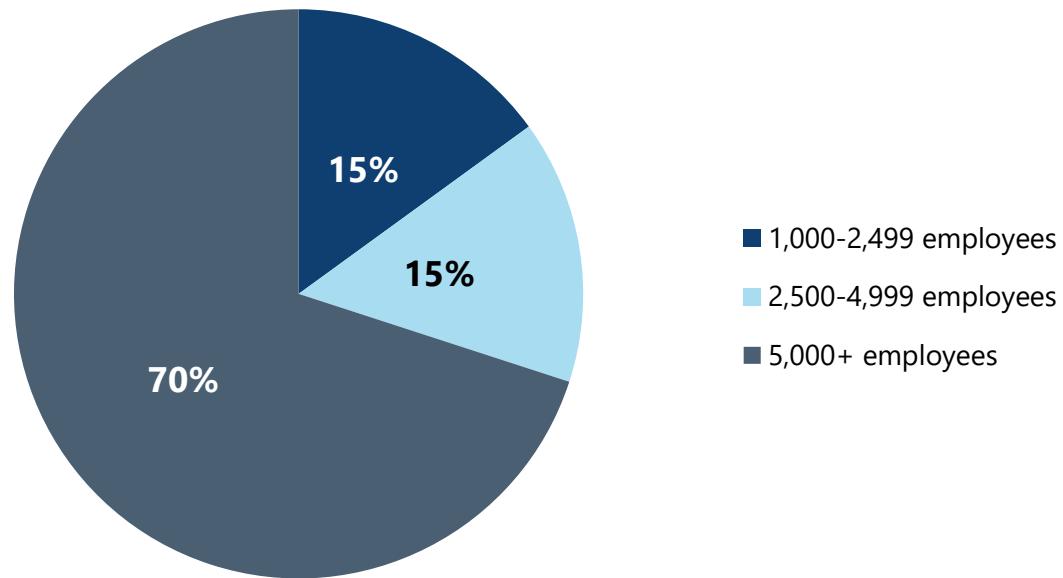
SUBSECTION 3

Survey Demographics

Survey Demographics Skewed Towards Enterprise

We surveyed 20 Snowflake partners on the level of demand within their SNOW practices and SNOW's competitive positioning in Database management. 70% were large partners that work with clients with 5,000+ employees, 15% of respondents were medium partners that work with clients with 2,500-4,900 employees, and 15% were partners that work with clients with 1,000-2,400 employees.

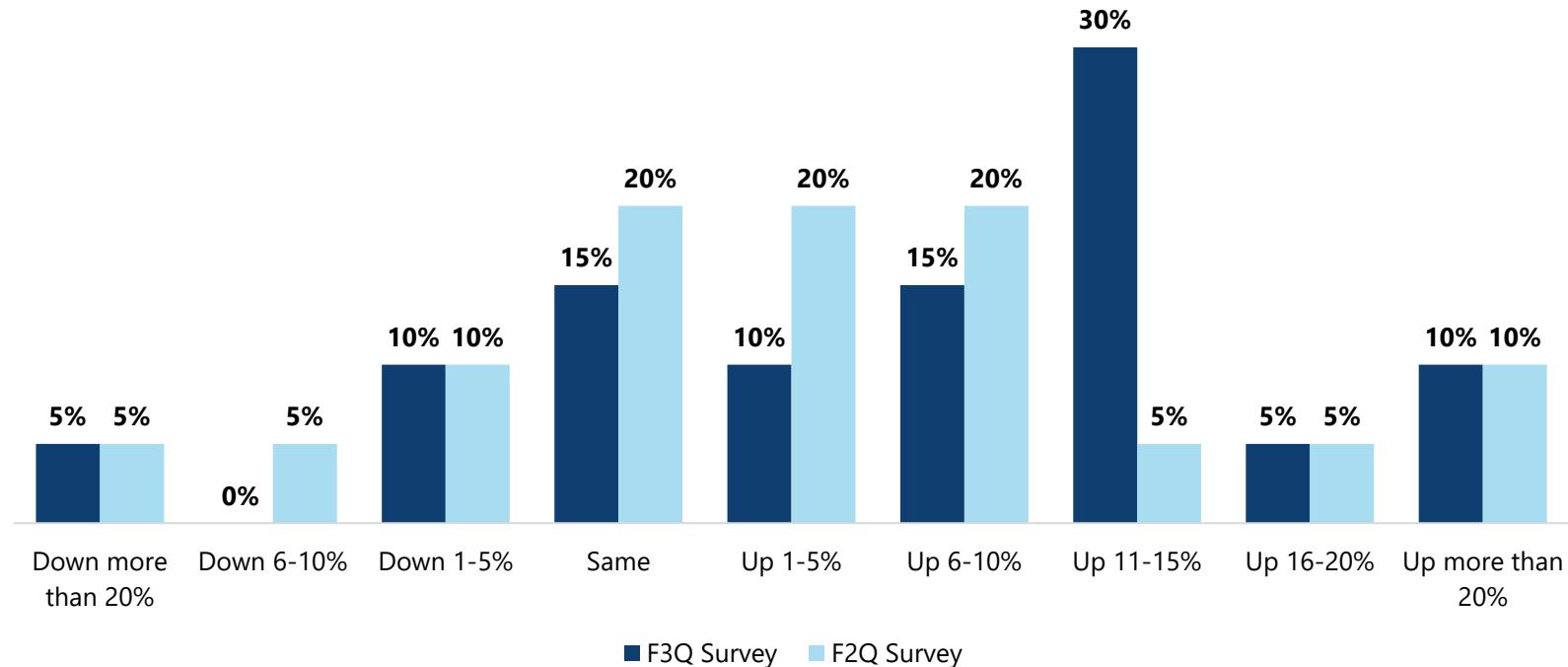
Which employee size range best identifies the majority of your clients?



Growing Talent Pool

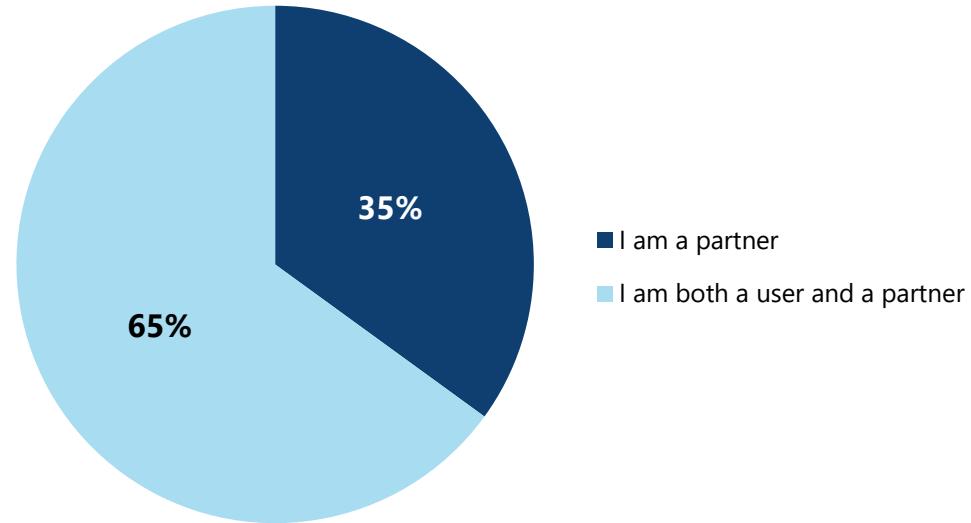
70% of respondents indicated y/y growth in the number of certified SNOW professionals, while 15% indicated flat growth.

Compared to a year ago, how has the number of certified Snowflake professionals changed within your organization?

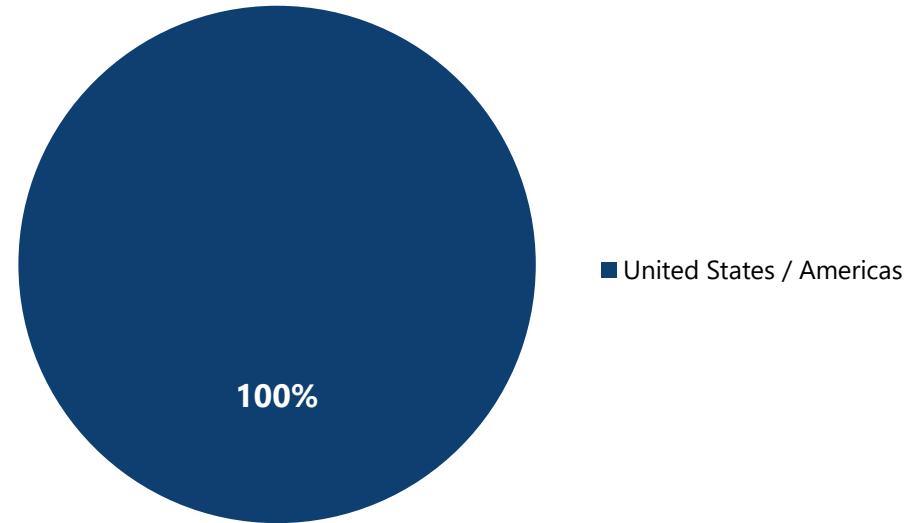


Partner/User and Regional Demographics

Have you been a Snowflake partner?

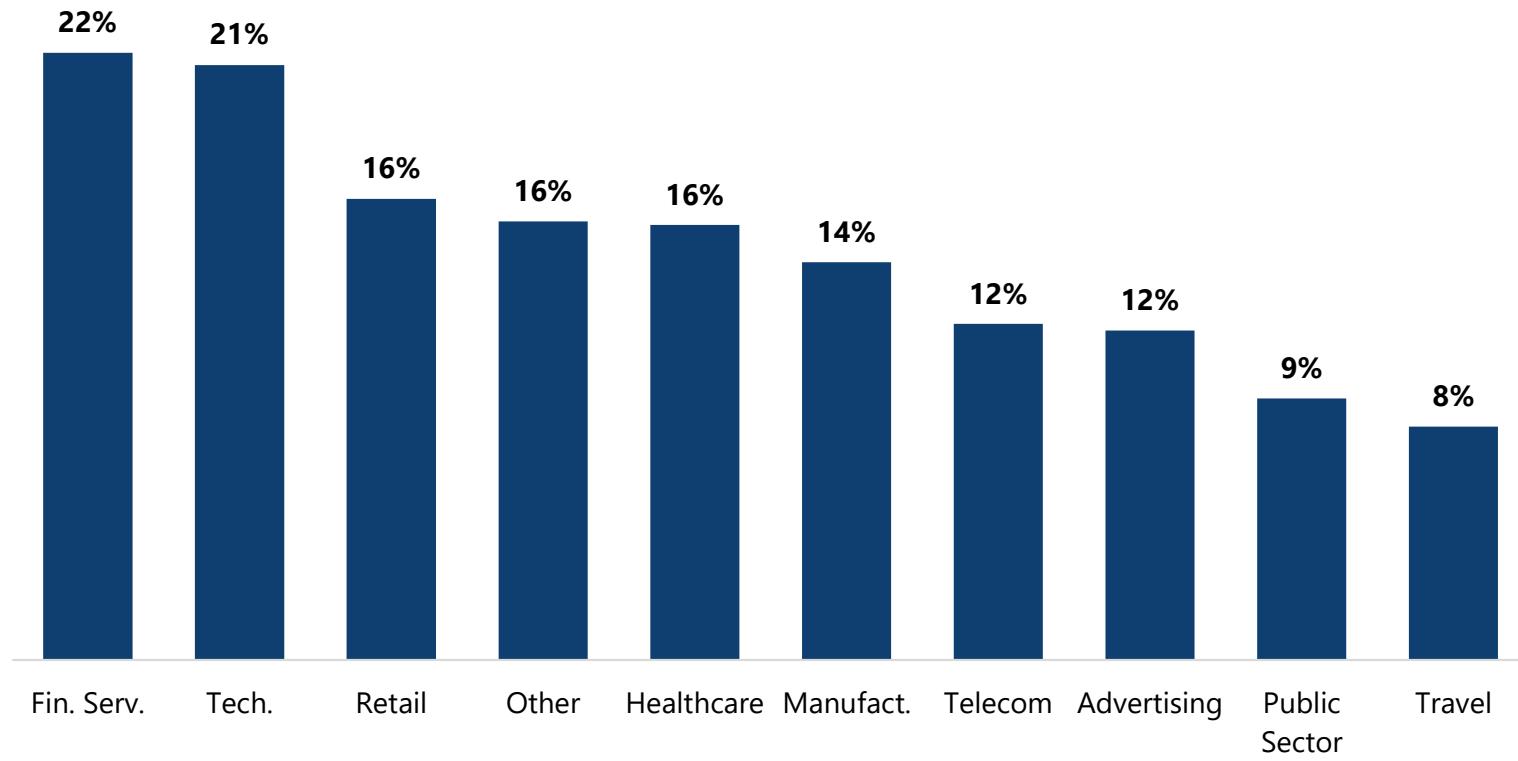


Which region does your organization primarily operate in?



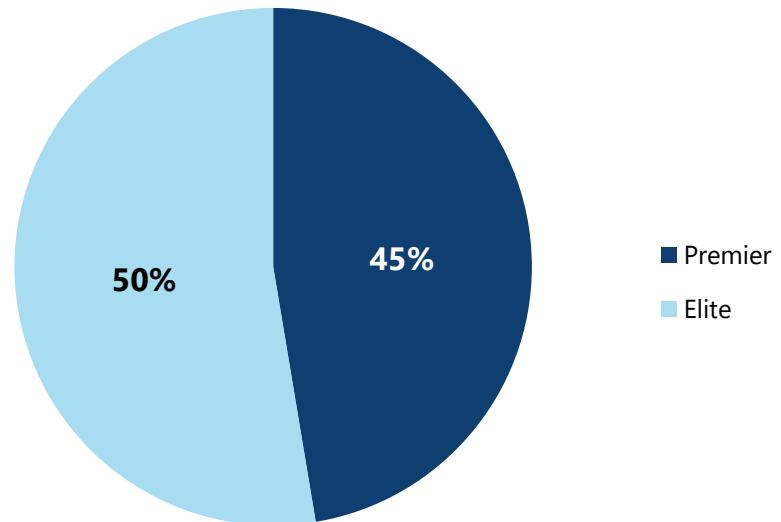
Partner Industry Exposure

What is your exposure to each of the following industries
(as a % of your overall practice)?

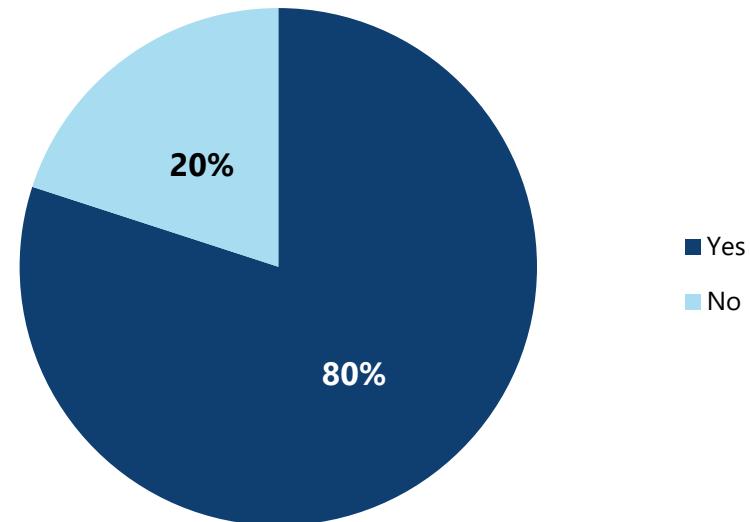


SNOW Partner Tier Dynamics

Which Snowflake Partner tier is your company currently enrolled in?



Has your company achieved the “Snowflake Ready Technology Partner” validation?



SECTION II SNOW Preview

Checks from SNOW Partners

“

SAP Snowflake – comes nearly a year after the SAP Databricks partnership, but they will hit the ground running as Databricks was the guinea pig and SAP has already worked out the GTM kinks

“

SNOW gives you a really nice ability to write SQL in a very performant and more cost effective away, but Databricks is similar enough

“

Have seen a significant pickup of Cortex in the last 6 months

“

SNOW does a great job when it comes to first time users, takes significantly more effort to get up and running with Databricks

“

Iceberg has given SNOW a chance to access on-prem data to do analytics there. Iceberg has helped open the door to larger deals for them

“

Text to SQL in SNOW is very very good. Clients are thinking about a world where you don't need excel or SQL, where it's all abstracted away by an interface

Checks from Databricks AI NYC World Tour

“

Snowflake is making significant strides in AI, and it is easier for them to ramp product given their massive customer base

“

Has seen instances where customers move from SNOW to Databricks, but from a migration perspective, it is tough to completely move away, so oftentimes clients will choose to stay on their chosen platform

“

Had some clients reporting performance functionality issues on SNOW Iceberg since it is still very early. Open-source is native to Databricks

“

Most traction is coming from AI use cases where SAP application semantics matter (finance, supply chain). Biggest unlock is reducing ETL cost to move from SAP to Lakehouse

“

Databricks SQL improvements making dbt adoption easier. SNOW historically stronger for SQL-first teams, but gap is narrowing

“

Customers prefer Databricks so they can combine raw + refined + model ready data sets. SNOW is still popular for BI but not ideal for high-volume AI pipelines. Databricks is winning in industries with messy data like retail and manufacturing and life sciences

SNOW F3Q26 Preview

F3Q setup. Guidance from the F2Q print calls for F3Q26 product revenue of \$1.125–\$1.130B (25-26% y/y) and FY26 product revenue of \$4.395B (27% y/y) with ~75% non-GAAP product GM, 9% non-GAAP OPM, and 25% adj. FCF margin. Looking at how mgmt has historically guided to next quarter product rev vs current quarter results (since SNOW has consistently delivered beats on product rev guide since IPO), F3Q product rev guidance is on the higher end vs historical guidance trends, with the midpoint of guidance implying \$37M net adds vs \$23M in F3Q25 and \$32M in F3Q24. Assuming SNOW can deliver a 4.5% beat over the midpoint of guidance (in-line with average beat over the past 6 quarters), it would imply ~31% y/y product rev growth in F3Q.

Key debates we're focused on into the print:

- **Can SNOW sustain 30% growth?** Bulls point to improving consumption signals and \$6.9B RPO as visibility for F2H, alongside FY26 guidance at +27% product rev growth with margins steadily going higher. Skeptics flag that with NRR steadily declining to 125%, more of the growth burden must come from new workloads and newer products scaling in-year. We'll watch for F2H commentary on cohort expansion and signs of reacceleration.
- **Will AI/ML product usage be additive to core data warehouse usage or is there cannibalization risk?** Management has framed Cortex AI features as driving value largely within existing contracts, but it raises the question of whether AI monetization is net-additive to consumption or just mix shift within current budgets. New AI capabilities (e.g., Cortex AISQL, SnowConvert AI, Cortex Analyst) broaden the user base and lower friction for data engineering /analytics workloads, which could unlock incremental usage if they pull in non-SQL users and new applications. Early traction headlines are constructive but we are looking for quantitative attach/consumption metrics.

SNOW F3Q26 Preview

Key debates we're focused on into the print:

- **Databricks vs SNOW in the lakehouse era.** Competitive intensity remains elevated. Databricks' recent announcements (e.g., Lakehouse enhancements, LakeBase, emerging Agent tooling) keep pressure on Snowflake to show differentiation in governance, performance, and enterprise-grade AI. Commentary on competitive win-rates and migration pipelines will matter for medium-term share.
- **Are open table formats / Iceberg Tables a flywheel or a headwind?** Support for Apache Iceberg and the Open Catalog lowers data-gravity barriers and may draw more external data into Snowflake's orbit, while performance investments for Iceberg are ramping. There is an ongoing debate around whether open formats expand the addressable queryable data set and drive compute, or pressure storage mix and weaken "data lock-in". We will be monitoring for commentary around net workload capture across data lakes/lakehouses.
- **Is there upside optionality to consumption from AI-native customers?** AI-native revenue contribution is <1% as of F2Q26 (still early days), yet platform usage signals are improving (e.g., Cortex reportedly surpassed ~6,100 weekly active accounts, suggesting a pipeline of AI-centric workloads that could become material in FY26-27 if tied to monetized consumption). We'll be watching for any disclosure on AI-native cohort growth and GPU-intensive use cases translating into credits.
- **FY26 top-line outlook.** SNOW's updated FY26 product rev outlook calls for \$4.395B (27% y/y growth) vs. \$3.462B (30% growth) in FY25. The current outlook implies \$947M in net adds y/y, vs \$796M net adds in FY25 and \$728M in FY24. While the current guide embeds a modest acceleration in absolute net adds, we believe this could prove conservative given the ramp of multiple new product modules launched in recent quarters (Cortex AI, Iceberg Tables, Native Apps, Snowpark Container Services, Streamlit in Snowflake, and Unistore) which should contribute more meaningfully in 2H26. Our conversations suggest the buy side is looking for a "normal-sized" beat (4.5%) in F3Q and some pass-through to the FY26 guide. At the midpoint, F3Q guidance implies ~\$37M q/q net adds, above historical seasonal patterns, but still leaves room for upside if AI-related workloads begin to scale.

SECTION III FINANCIALS

SNOW: Jefferies vs Street Estimates

Snowflake (SNOW)					
in millions, except per share items					
F3Q26E	Jefferies	Consensus	Delta	Guidance	
Product	\$1,129.8	\$1,130.6	(\$0.8)	1,125-1,130	
Professional Service & Other	\$49.3	\$50.9	(\$1.6)		
Total Revenue	\$1,179.1	\$1,183.3	(\$4.2)		
<i>YoY growth</i>	25.2%	25.6%	(0.4%)		
Non-GAAP Gross Margin	71.9%	72.0%	(0.1%)		
Non-GAAP Operating Income	\$105.9	\$110.1	(\$4.2)		
Non-GAAP Operating Margin	9.0%	9.3%	(0.3%)	9.0%	
Non-GAAP EPS	\$0.28	\$0.31	(\$0.03)		
Total Billings	\$1,303.6	\$1,339.3	(\$35.7)		
Cash Flow from Ops.	\$277.6	\$256.7	\$20.9		
Free Cash Flow	\$261.1	\$264.6	(\$3.5)		

FY26E	Jefferies	Consensus	Delta	Guidance
Product	\$4,395.3	\$4,405.4	(\$10.0)	4,395
Professional Service & Other	\$200.4	\$204.0	(\$3.6)	
Total Revenue	\$4,595.7	\$4,609.3	(\$13.6)	
<i>YoY growth</i>	26.7%	27.1%	(0.4%)	
Non-GAAP Gross Margin	72.2%	72.2%	(0.0%)	
Non-GAAP Operating Income	\$414.7	\$432.8	(\$18.1)	
Non-GAAP Operating Margin	9.0%	9.4%	(0.4%)	9.0%
Non-GAAP EPS	\$1.13	\$1.20	(\$0.07)	
Total Billings	\$5,092.4	\$5,217.8	(\$125.4)	
Cash Flow from Ops.	\$1,206.4	\$1,191.0	\$15.5	
Free Cash Flow	\$1,111.1	\$1,059.4	\$51.7	

F4Q26E	Jefferies	Consensus	Delta	Guidance
Product	\$1,178.3	\$1,183.2	(\$4.9)	
Professional Service & Other	\$51.3	\$52.4	(\$1.1)	
Total Revenue	\$1,229.6	\$1,236.5	(\$6.9)	
<i>YoY growth</i>	24.6%	25.3%	(0.7%)	
Non-GAAP Gross Margin	71.9%	71.9%	(0.0%)	
Non-GAAP Operating Income	\$89.6	\$103.3	(\$13.7)	
Non-GAAP Operating Margin	7.3%	8.4%	(1.1%)	
Non-GAAP EPS	\$0.27	\$0.30	(\$0.03)	
Total Billings	\$1,925.6	\$2,007.1	(\$81.5)	
Cash Flow from Ops.	\$625.6	\$640.8	(\$15.2)	
Free Cash Flow	\$608.4	\$612.5	(\$4.1)	

FY27E	Jefferies	Consensus	Delta	Guidance
Product	\$5,524.6	\$5,473.9	\$50.7	
Professional Service & Other	\$240.4	\$232.6	\$7.9	
Total Revenue	\$5,765.0	\$5,707.6	\$57.5	
<i>YoY growth</i>	25.4%	23.8%	1.6%	
Non-GAAP Gross Margin	72.3%	72.0%	0.2%	
Non-GAAP Operating Income	\$592.6	\$634.2	(\$41.6)	
Non-GAAP Operating Margin	10.3%	11.1%	(0.8%)	
Non-GAAP EPS	\$1.54	\$1.65	(\$0.11)	
Total Billings	\$6,333.0	\$6,427.7	(\$94.7)	
Cash Flow from Ops.	\$1,530.5	\$1,515.6	\$14.9	
Free Cash Flow	\$1,449.7	\$1,381.8	\$68.0	

SNOW: Non-GAAP Income Statement (\$MM, except per share data)

Non-GAAP Income Statement											
	Fiscal Quarters	F1Q25 Apr-24	F2Q25 Jul-24	F3Q25 Oct-24	F4Q25 Jan-25	FY25 90	F1Q26 Apr-25	F2Q26 Jul-25	F3Q26E Oct-25	F4Q26E Jan-26	FY26E 89
	Calendar Quarter										
	Days in Quarter										
Total Revenue		\$828.7	\$868.8	\$942.1	\$986.8	\$3,626.4	\$1,042.1	\$1,145.0	\$1,179.1	\$1,229.6	\$4,595.7
YoY		32.9%	28.9%	28.3%	27.4%	29.2%	25.7%	31.8%	25.2%	24.6%	26.7%
QoQ		7.0%	4.8%	8.4%	4.7%		5.6%	9.9%	3.0%	4.3%	
Cost of Product Revenue		\$182.3	\$195.5	\$213.4	\$228.0	\$819.1	\$242.7	\$256.9	\$284.7	\$296.9	\$1,081.2
% of Product Revenue		23.1%	23.6%	23.7%	24.2%	23.7%	24.3%	23.6%	25.2%	25.2%	24.6%
Cost of Professional Service & Other Revenue		\$37.3	\$37.1	\$41.5	\$42.6	\$158.6	\$47.3	\$52.8	\$46.9	\$48.7	\$195.7
% of Professional Services & Other Revenue		95.4%	93.9%	99.4%	97.9%	96.7%	104.4%	97.0%	95.0%	95.0%	97.7%
Total Cost of Revenue		\$219.6	\$232.6	\$254.9	\$270.6	\$977.7	\$290.0	\$309.7	\$331.6	\$345.7	\$1,276.9
% of Total Revenue		26.5%	26.8%	27.1%	27.4%	27.0%	27.8%	27.0%	28.1%	28.1%	27.8%
Product Gross Profit		\$607.3	\$633.8	\$686.9	\$715.3	\$2,643.3	\$754.1	\$833.6	\$845.1	\$881.3	\$3,314.2
Product Gross Margin		76.9%	76.4%	76.3%	75.8%	76.3%	75.7%	76.4%	74.8%	74.8%	75.4%
Professional Services & Other Gross Profit		\$1.8	\$2.4	\$0.3	\$0.9	\$5.4	(\$2.0)	\$1.7	\$2.5	\$2.6	\$4.7
Professional Services & Other Gross Margin		4.6%	6.1%	0.6%	2.1%	3.3%	(4.4%)	3.0%	5.0%	5.0%	2.3%
Gross Profit		\$609.1	\$636.2	\$687.2	\$716.2	\$2,648.7	\$752.124	\$835.3	\$847.5	\$883.9	\$3,318.8
% margin		73.5%	73.2%	72.9%	72.6%	73.0%	72.2%	73.0%	71.9%	71.9%	72.2%
YoY		34.2%	27.1%	25.0%	23.8%	27.2%	23.5%	31.3%	23.3%	23.4%	25.3%
Research & Development		\$203.2	\$224.2	\$224.8	\$230.8	\$883.0	\$238.8	\$247.1	\$283.0	\$302.5	\$1,071.4
YoY		57.5%	55.2%	41.4%	28.4%	44.3%	17.6%	10.2%	25.9%	31.0%	21.3%
QoQ		13.0%	10.4%	0.2%	2.7%		3.5%	3.5%	14.5%	6.9%	
% of Revenue		24.5%	25.8%	23.9%	23.4%	24.3%	22.9%	21.6%	24.0%	24.6%	23.3%
Sales & Marketing		\$312.6	\$309.1	\$340.6	\$328.9	\$1,291.2	\$357.9	\$392.1	\$387.9	\$411.9	\$1,549.8
YoY		27.8%	23.2%	26.6%	18.8%	24.0%	14.5%	26.9%	13.9%	25.2%	20.0%
QoQ		12.9%	(1.1%)	10.2%	(3.4%)		8.8%	9.6%	(1.1%)	6.2%	
% of Revenue		37.7%	35.6%	36.2%	33.3%	35.6%	34.3%	34.2%	32.9%	33.5%	33.7%
General & Administrative		\$57.1	\$59.1	\$62.9	\$63.6	\$242.8	\$63.8	\$68.5	\$70.7	\$79.9	\$282.9
YoY		19.7%	16.4%	25.9%	24.7%	21.7%	11.6%	15.8%	12.4%	25.6%	16.5%
QoQ		12.0%	3.5%	6.4%	1.1%		0.2%	7.4%	3.3%	13.0%	
% of Revenue		6.9%	6.8%	6.7%	6.4%	6.7%	6.1%	6.0%	6.0%	6.5%	6.2%
Total Operating Expenses		\$572.9	\$592.5	\$628.3	\$623.4	\$2,417.0	\$660.5	\$707.7	\$741.6	\$794.3	\$2,904.1
YoY		36.0%	32.8%	31.4%	22.8%	30.4%	15.3%	19.5%	18.0%	27.4%	20.2%
Operating Income		\$36.2	\$43.7	\$58.9	\$92.8	\$231.7	\$91.7	\$127.6	\$105.9	\$89.6	\$414.7
YoY		11.2%	(19.3%)	(18.1%)	30.8%	0.9%	152.9%	191.6%	79.8%	(3.5%)	79.0%
% margin		4.4%	5.0%	6.3%	9.4%	6.4%	8.8%	11.1%	9.0%	7.3%	9.0%
Other Income		(\$21.3)	(\$7.9)	(\$8.5)	\$2.4	(\$35.3)	(\$28.1)	(\$5.0)	(\$5.0)	(\$43.0)	(\$1.0)
Interest Expense		\$54.8	\$49.3	\$48.7	\$56.3	\$209.0	\$53.2	\$49.5	\$40.2	\$48.6	\$191.5
Pre-tax Income		\$69.7	\$85.1	\$99.1	\$151.5	\$405.4	\$116.8	\$172.1	\$141.1	\$133.2	\$563.2
Pre-tax Margin		8.4%	9.8%	10.5%	15.4%	11.2%	11.2%	15.0%	12.0%	10.8%	12.3%
Provision for Income Taxes		\$18.3	\$22.0	\$25.8	\$39.4	\$105.4	\$29.2	\$43.1	\$35.3	\$33.3	\$140.9
Effective Tax Rate		26.2%	25.8%	26.0%	26.0%	26.0%	25.0%	25.0%	25.0%	25.0%	25.0%
Net income, Non-GAAP		\$51.4	\$63.1	\$73.3	\$112.1	\$300.0	\$87.6	\$129.0	\$105.9	\$99.9	\$422.3
EPS, Non-GAAP		\$0.14	\$0.18	\$0.20	\$0.30	\$0.82	\$0.24	\$0.35	\$0.28	\$0.27	\$1.13
Basic Shares		333.6	334.1	331.8	331.4	364.3	332.7	335.2	373.9	372.4	372.4
Diluted Shares		365.1	359.3	362.2	370.7	364.3	370.9	372.4	373.9	375.4	376.1

SNOW: Base Case DCF

Snowflake (NYSE: SNOW) Discounted Cash Flow Analysis

	Forecast	Transition	Terminal
Current Risk-free Rate of Return	3.50%	3.50%	3.50%
Historical Risk-free Rate of Return	5.00%	5.00%	5.00%
Beta	1.25	1.00	
Market Rate of Return	11.50%	11.50%	11.50%
Cost of Equity	11.63%	10.00%	
Growth Rate	As Modeled	5.00%	

SCENARIO 2:

	FORECAST PERIOD				TRANSITIONAL PERIOD				TERMINAL	
	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E
Current Risk-free Rate of Return	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Historical Risk-free Rate of Return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Beta	1.25	1.25	1.25	1.25	1.21	1.17	1.13	1.08	1.04	1.00
Market Rate of Return	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%
Cost of Equity	11.6%	11.6%	11.6%	11.6%	11.4%	11.1%	10.8%	10.5%	10.3%	10.0%
FCF Growth Rate	10.9%	53.1%	62.5%	56.0%	47.3%	38.5%	29.8%	21.1%	12.4%	3.6%
Diluted Shares at Year-end	372.4	376.1	381.8	385.6	388.8	391.4	393.4	394.7	395.3	395.3
Share Growth %	2.2%	1.0%	1.5%	1.0%	0.8%	0.7%	0.5%	0.3%	0.2%	0.0%
Free Cash Flow to Enterprise (\$M)	946.8	1,449.7	2,355.8	3,675.1	5,412.4	7,498.5	9,734.2	11,786.8	13,243.5	13,724.2
Free Cash Flow to Enterprise per Share	2.5	3.9	6.2	9.5	13.9	19.2	24.7	29.9	33.5	34.7
NPV of Free Cash Flow to Enterprise per Share	2.4	3.3	4.7	6.5	8.6	10.7	12.7	14.1	14.6	220.4
Cumulative NPV of Free Cash Flow to Enterprise per Share	2.4	5.7	10.4	16.8	25.4	36.2	48.9	63.0	77.5	297.9
Cumulative NPV of FCFE per Share	297.92									
Total NPV per Share	\$300.34									

Jefferies

Company Description

Snowflake

Snowflake provides enterprises with highly scalable data management solutions for use cases that include data warehousing and data science. The company's offering is offered as SaaS-only and can be deployed on AWS, Azure and GCP.

Company Valuation/Risks

Snowflake

Our DCF-based price target of \$300 implies a 19x multiple of FY27E total rev. Risks include: 1) sustained competitive differentiation as Redshift, Azure Synapse Analytics and BigQuery fail to add similar functionality/pricing models; 2) gross margin upside as SNOW procures infrastructure at attractive rates and benefits from scale; 3) growth upside supports the stock to the downside; 4) premium valuation.

Alphabet, Inc.

Our \$320 PT is based on 17x EV/EBITDA our forward NTM estimates, which is modestly above the 12.5x 10-year historical average given its superior fundamentals relative to ad peers. Risks include impact from macro, regulatory overhang, margin pressure from ongoing investments, and impacts from shift toward generative AI, mobile, in-app, and voice-to-core search.

Amazon.com, Inc

Valuation: Our \$275 PT is based on ~16x 2026E EV/EBITDA. **Risks:** Ongoing need to invest keeps a lid on margin expansion; regulatory pressure leads to increasing costs; macroeconomic headwinds cause top-line growth to slow.

Microsoft Corporation

Our Price Target of \$675 is based on a DCF. Key risks include the PC cycle and risks related to revenues and margins as MSFT transitions to the Cloud.

Analyst Certification:

I, Brent Thill, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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I, ShengQi Lin, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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Investment Recommendation Record

(Article 3(1)e and Article 7 of MAR)

Recommendation Published

November 21, 2025 14:03 P.M.

Recommendation Distributed

November 23, 2025 12:00 P.M.

Company Specific Disclosures

Rayyan Matraji owns shares of Amazon.com common stock Steven DeSanctis owns shares of Amazon.com common shares.

Rayyan Matraji owns shares of Amazon.com common stock. Steven DeSanctis owns shares of Amazon.com common shares.

Rayyana Matraji owns shares of Alphabet Inc common stock.

Within the past twelve months, Jefferies Financial Group Inc. and/or its affiliates received compensation for products and services other than investment banking services from non-investment banking, securities related compensation for client services it provided to Microsoft Corporation.

Explanation of Jefferies Ratings

Buy - Describes securities that we expect to provide a total return (price appreciation plus yield) of 15% or more within a 12-month period.

Hold - Describes securities that we expect to provide a total return (price appreciation plus yield) of plus 15% or minus 10% within a 12-month period.

Underperform - Describes securities that we expect to provide a total return (price appreciation plus yield) of minus 10% or less within a 12-month period.

The expected total return (price appreciation plus yield) for Buy rated securities with an average security price consistently below \$10 is 20% or more within a 12-month period as these companies are typically more volatile than the overall stock market. For Hold rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below \$10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.

NR - The investment rating and price target have been temporarily suspended. Such suspensions are in compliance with applicable regulations and/or Jefferies policies.

CS - Coverage Suspended. Jefferies has suspended coverage of this company.

NC - Not covered. Jefferies does not cover this company.

Restricted - Describes issuers where, in conjunction with Jefferies engagement in certain transactions, company policy or applicable securities regulations prohibit certain types of communications, including investment recommendations.

Monitor - Describes securities whose company fundamentals and financials are being monitored, and for which no financial projections or opinions on the investment merits of the company are provided.

Valuation Methodology

Jefferies' methodology for assigning ratings may include the following: market capitalization, maturity, growth/value, volatility and expected total return over the next 12 months. The price targets are based on several methodologies, which may include, but are not restricted to, analyses of market risk, growth rate, revenue stream, discounted cash flow (DCF), EBITDA, EPS, cash flow (CF), free cash flow (FCF), EV/EBITDA, P/E, PE/growth, P/CF, P/FCF, premium (discount)/average group EV/EBITDA, premium (discount)/average group P/E, sum of the parts, net asset value, dividend returns, and return on equity (ROE) over the next 12 months.

Jefferies Franchise Picks

Jefferies Franchise Picks include stock selections from among the best stock ideas from our equity analysts over a 12 month period. Stock selection is based on fundamental analysis and may take into account other factors such as analyst conviction, differentiated analysis, a favorable risk/reward ratio and investment themes that Jefferies analysts are recommending. Jefferies Franchise Picks will include only Buy rated stocks and the number can vary depending on analyst recommendations for inclusion. Stocks will be added as new opportunities arise and removed when the reason for inclusion changes, the stock has met its desired return, if it is no longer rated Buy and/or if it triggers a stop loss. Stocks having 120 day volatility in the bottom quartile of S&P stocks will continue to have a 15% stop loss, and the remainder will have a 20% stop. Franchise Picks are not intended to represent a recommended portfolio of stocks and is not sector based, but we may note where we believe a Pick falls within an investment style such as growth or value.

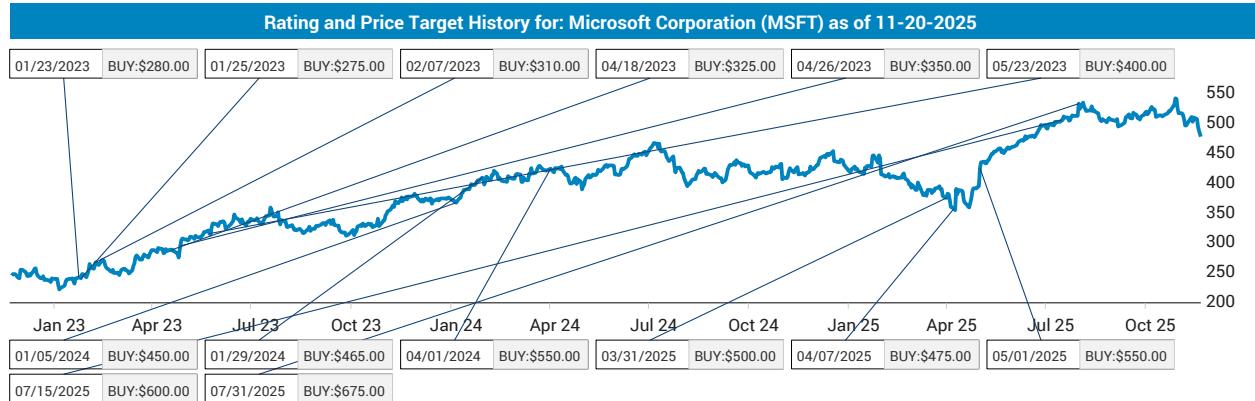
Risks which may impede the achievement of our Price Target

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Other Companies Mentioned in This Report

- Alphabet, Inc. (GOOGL: \$299.66, BUY)
- Amazon.com, Inc (AMZN: \$220.69, BUY)
- Microsoft Corporation (MSFT: \$472.12, BUY)
- Snowflake Inc (SNOW: \$244.66, BUY)





Notes: Each box in the Rating and Price Target History chart above represents actions over the past three years in which an analyst initiated on a company, made a change to a rating or price target of a company or discontinued coverage of a company.

Legend:

I: Initiating Coverage

D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

Distribution of Ratings

	IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent
BUY	2151	61.11%	388	18.04%
HOLD	1214	34.49%	108	8.90%
UNDERPERFORM	155	4.40%	1	0.65%

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