

# KeyBanc Capital Markets



August 19, 2025

## Technology: Security, Data & AI Proprietary Survey

### Snowflake Inc.

#### SNOW: F2Q Customer and Partner Survey; Overweight

We conducted our quarterly Snowflake survey of 15 customers and partners, several of whom we spoke with, to get an updated view on spend intentions, product traction, Iceberg adoption/implications, GenAI interest, and competitive dynamics. Overall, we view results as steady with our prior survey.

We came away **incrementally positive** on: 1) on-prem data warehouse migration activity a bigger contributor of spend NT, while also having meaningful runway LT; 2) Data engineering as adoption of Dynamic Tables and Snowpark are strong and/or improving; and 3) increasing GenAI production use cases and supportive commentary of data gravity providing Snowflake a strategic advantage for GenAI.

We came away **incrementally negative** on: 1) an increasing amount of customers plan to migrate data out of Snowflake with Iceberg, while the net change to workloads is neutral; and 2) Cortex adoption still early, which we believe aligns with recent management commentary about Cortex contribution being immaterial.

Responses were **neutral/mixed on interest in using Postgres** (Crunchy Data), with roughly half of respondents "somewhat interested" and the remainder either unsure or not interested. Conversations with Databricks customers, however, have been positive on the opportunity to do reverse ETL workloads with LakeBase (Neon), which we think is supportive of Snowflake's LT strategy as well.

We remain positive on Snowflake given the steady survey results and broadening customer adoption/interest in emerging platform capabilities, along with several other supportive data points in our recent CIO / VAR surveys, accelerating hyperscaler growth (including positive comments from MSFT's F4Q earnings), and a steady competitive environment.

#### Key Investment Points

(=) **Spend.** Customer NTM spend intentions about steady with prior survey at ~10%; however, only 27% of respondents noted they have taken or plan to take measures to reduce or slow consumption in light of macro uncertainty, down from 40% in 1Q.

(Key Investment Points continue on page 2.)

#### Estimates

| FY ends 1/31     | F2025A    | 1Q26A     | 2Q26E     | 3Q26E     | 4Q26E     | F2026E    | F2027E    |
|------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| EPS (Net)        | \$0.83    | \$0.24    | \$0.28    | \$0.29    | \$0.31    | \$1.12    | \$1.58    |
| Revenue (M)      | \$3,626.4 | \$1,042.1 | \$1,083.2 | \$1,167.0 | \$1,222.0 | \$4,514.3 | \$5,439.2 |
| Cons. Revenue    | --        | --        | \$1,086.9 | \$1,169.1 | \$1,226.7 | \$4,525.5 | \$5,570.9 |
| <b>Valuation</b> |           |           |           |           |           |           |           |
| EV/Sales         | 18.3x     | --        | --        | --        | --        | 14.7x     | 12.2x     |

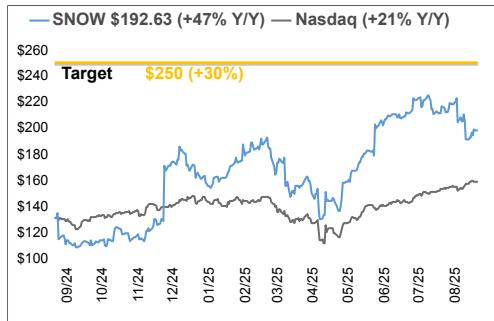
Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

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#### NYSE: SNOW

|                      |                   |
|----------------------|-------------------|
| <b>Rating:</b>       | <b>Overweight</b> |
| <b>Price Target:</b> | <b>\$250.00</b>   |
| <b>Price:</b>        | <b>\$192.63</b>   |



Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

#### Company Data

|                         |               |
|-------------------------|---------------|
| 52-week range           | \$107 - \$229 |
| YTD Price % Chg.        | 28.4%         |
| Market Cap. (M)         | 70,078.8      |
| Shares Out. (M)         | 363.80        |
| Enterprise Value (M)    | 66,232.7      |
| Avg. Daily Volume (30D) | 3,512,602.0   |
| Total Debt (M)          | \$3,846.0)    |
| Minority interest       | \$0.1)        |
| Net cash/market cap     | 5.5%          |

Sources: Company reports, Thomson Reuters, KeyBanc Capital Markets Inc.

**Valuation****Snowflake Inc. (SNOW)**

Our \$250 price target based is on 16.9x FY27E EV/revenue of \$5,439M (0.83 EVRG) vs. the >20% growth group (excluding PLTR) at 14.0x CY25 (0.58 EVRG). At \$192 AH, SNOW trades at 12.8x FY26E EV/revenue

**Investment Risks****Snowflake Inc. (SNOW)**

Risks that could impede the stock from achieving our price target include: 1) increased competition, including with public cloud vendors; 2) Snowflake may not be a meaningful GenAI beneficiary; 3) management turnover may present execution risk; 4) Snowflake may not successfully expand beyond core DW; 5) there may be continuous consumption headwinds; and 6) newer architectures (i.e., Iceberg tables) could erode storage revenue or cause compute workloads to move elsewhere.

**Key Investment Points (cont'd)**

**(=)** ~10% Spend Growth Expected NTM – About Steady with Prior Survey; Little Sign of Efforts to Optimize/Reduce Consumption (N=15). On average, customers and partners expect spend on Snowflake to increase ~10% over the NTM – about in line with our prior survey. However, just 27% of respondents noted efforts/plans to reduce or slow consumption in light of recent macroeconomic uncertainty, down from 40% in 1Q.

**(+)** On-Prem Migrations Driving Growth in Spend (N=12). 75% of respondents noted that migrations of on-prem workloads to cloud are driving increased spend with Snowflake, up from 50% in our prior survey. Additionally, respondents indicated 43% of data warehouse workloads in the cloud today (down from 54% in 1Q), and it is expected to increase to 68% LT (down from 77% in 1Q). However, the delta between the current and LT cloud mix has widened.

**(= / -)** Majority View Snowflake Strategic Importance as Unchanged Over the Past Six months (N=15). 53% of respondents noted Snowflake's strategic importance has not changed in the last six months. However, the percentage of respondents that believe Snowflake's strategic importance has increased has been tapering off.

60% of respondents have not moved, nor have plans to move, workloads off of Snowflake to competitors – roughly consistent q/q. Of the four respondents who have moved workloads, or plan to, three cited Databricks.

**Ease of Use Is the Primary Reason for Choosing Snowflake over Competitors; AI/Gen AI Improved Materially (N=15).** Ease of use, followed by performance, were the top reasons for choosing Snowflake over competing data warehouse solutions. Data engineering and AI/GenAI capabilities tied for #3, with the percentage of respondents noting AI/GenAI capabilities up 13 points q/q.

**(+)** Adoption of Dynamic Tables Significantly Improved (N=15). Dynamic Tables, followed by Snowpark, were cited as the most used products outside of Data Warehouse. Responses for those currently using Dynamic Tables were up 47 points q/q and the high-water mark for our survey. **(-)** Cortex adoption remains low, which we view as a slight negative given the product has been GA since June 2024.

- One >\$1M customer we spoke with noted **Snowpark** is now ~20% of its Snowflake bill. This customer mentioned that it frequently uses Snowpark Optimized Warehouses because it runs a lot of memory-intensive workloads.

**(=)** Most Interest in Iceberg, Followed by AI (Snowflake Intelligence; Cortex) (N=15). Iceberg Tables (60% of responses) was the #1 product respondents are interested in using or planning to use in the future. Cortex responses were up 6 points q/q, and still #2 with 53% interested in using or planning to use. Snowflake Intelligence down 13 points q/q though remains highly desired at #3 (now tied with Dynamic Tables and Data sharing).

**Some Interest in Using Snowflake for PostgreSQL Workloads.** Nearly half (47%) of respondents have some interest in using Snowflake for PostgreSQL workloads. 0%, however, noted that they are "very interested."

**(+) Interest in Using Snowflake for GenAI High, and Progressing Beyond Interest (N=15).** 67% of respondents noted that they, or their end customers, are interested in using/planning to use Snowflake for GenAI, up from 60% in our prior survey and reversing a downward trend. Additionally, three respondents noted that they or their customers are currently using Snowflake for GenAI use cases, up from one in our prior survey. A few use cases that customers are experimenting/piloting or have deployed include:

- "Creating intelligent chatbots based on actual client data."
- "Piloting the construction of Snowflake Semantic views to power Cortex to answer natural language queries."
- "AI-Powered SQL & SQL code generation/validation."
- "Building a data catalog using Cortex."

One customer (O&G) we spoke with that is considering Snowflake Cortex vs. other tools in this space noted that its preference would be to use Cortex because all of its data infrastructure is already hosted in Snowflake – similar to the "data gravity" validation we heard last quarter from a separate customer.

Of the two respondents that are not using/planning to use Snowflake for GenAI, both noted that their organizations don't currently have plans for building Gen AI capabilities.

**(=- ) Iceberg: More Moving or Planning to Move Data Out of Snowflake; Seemingly Neutral to Workloads/Use-Cases (N=15).** 47% of respondents noted they, or their end customers, have some adoption of Iceberg tables today (up from 20% in 1Q). Similar to last quarter, a small percentage indicated meaningful adoption of Iceberg tables today. 50% of respondents now expect to use Iceberg tables to move data out of Snowflake, up from 40% in 1Q. One customer has already started doing so, up from zero in our prior surveys.

This customer noted, however, that storage is a negligible portion of its Snowflake bill, and that the motivation for moving to Iceberg tables is to use different engines (Fabric, in this case).

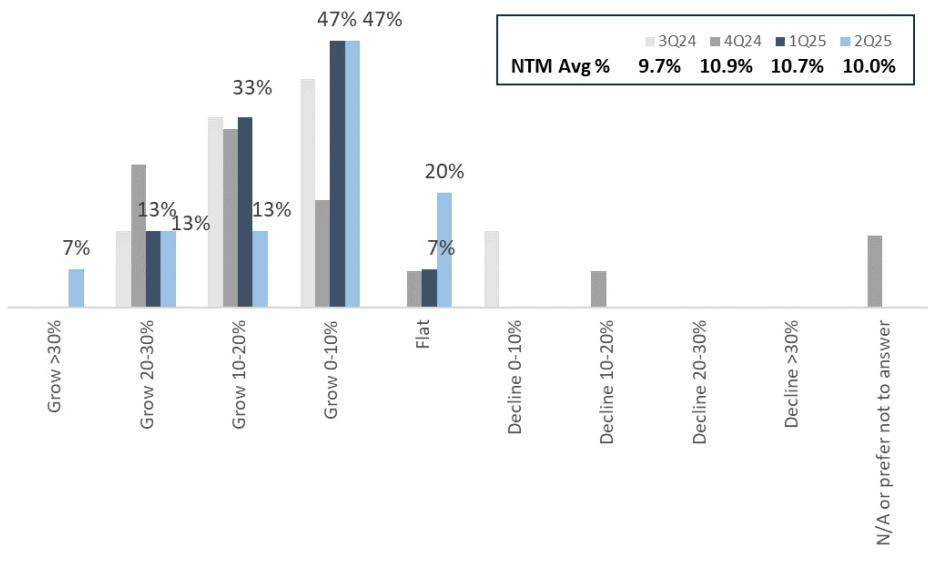
*The percentage of respondents that now expect Iceberg to drive fewer/more workloads & use-cases to Snowflake is now neutral (30% expect more workloads; 30% less), an improvement from last survey.* This compares to management comments that Iceberg has been a net positive, with new workloads more than offsetting any lost storage revenue.

**(=) 50% of Respondents View Databricks/Snowflake as Equally Strategic (N=12).** 12 respondents noted that they are also Databricks customers/partners. 50% view Snowflake/Databricks as equally strategic, consistent with last survey.

**NTM Spend Intentions**

**How much do you expect your, or your end customers', annual Snowflake spend to change over the next year? (Customers and Partners)**

*Customer spend expected to grow 10% over the NTM, roughly consistent with last quarter.*

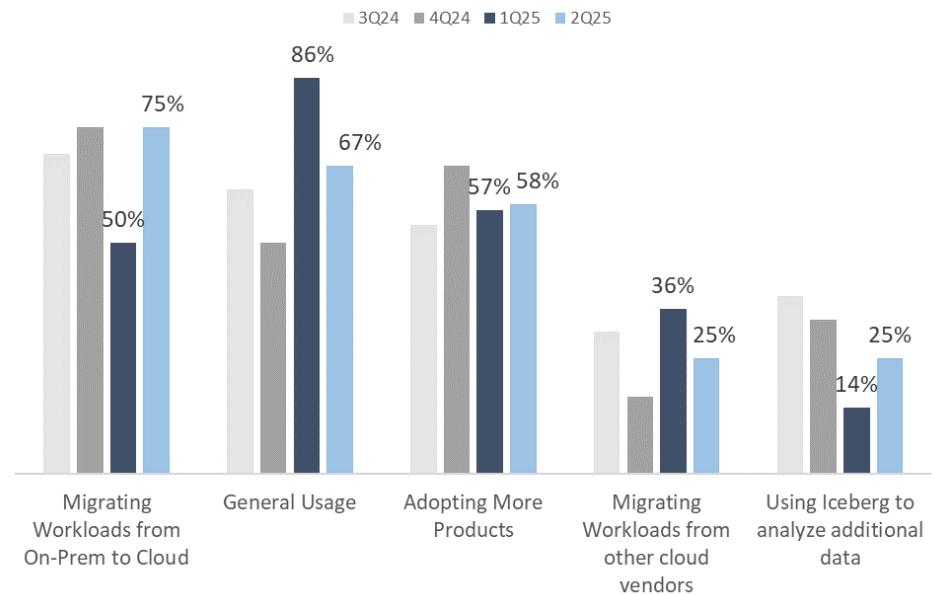


Source: KeyBanc Capital Markets Inc.

Note: 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q25 N=15.

**What are the main reasons for increased spend with Snowflake? (Customers and Partners)**

*On-prem migrations was the #1 reason for spend growth, and rebounded meaningfully from last quarter.*



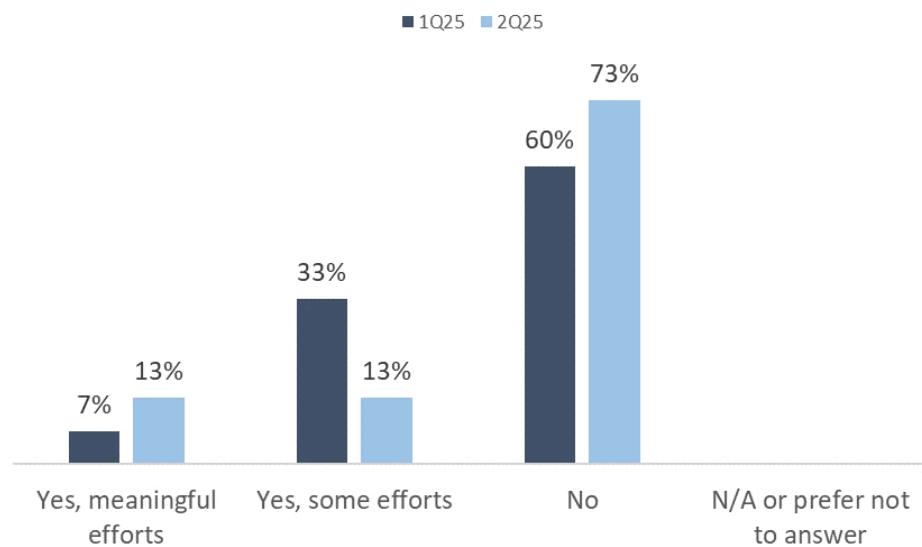
Source: KeyBanc Capital Markets Inc.

Note: 2Q24 N=5; 3Q24 N=13; 4Q24 N=12; 1Q25 N=14; 2Q25 N=12.

Note: This question was only displayed to partners in 2Q24.

As a result of recent macroeconomic uncertainty, have you or your customers recently taken, or plan to take, proactive measures to reduce or slow the growth of your Snowflake consumption/spend? (Customers and Partners)

Just 27% of respondents have taken, or plan to take, proactive measures to reduce or slow consumption in light of macro uncertainty, down from 40% in 1Q.



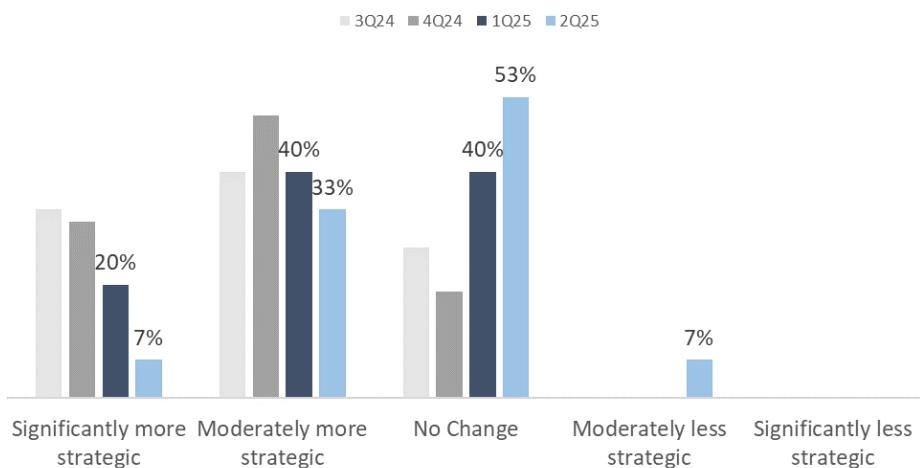
Source: KeyBanc Capital Markets Inc.

Note: 1Q25 N=15; 2Q25 N=15.

**Snowflake Strategic Importance**

**How has Snowflake's strategic importance changed in the last six months?**  
(Customers and Partners)

**40% of respondents noted Snowflake's strategic importance has increased in the past six months, down from 60%+ in our prior surveys. Still, only one respondent cited that Snowflake strategic importance has decreased.**



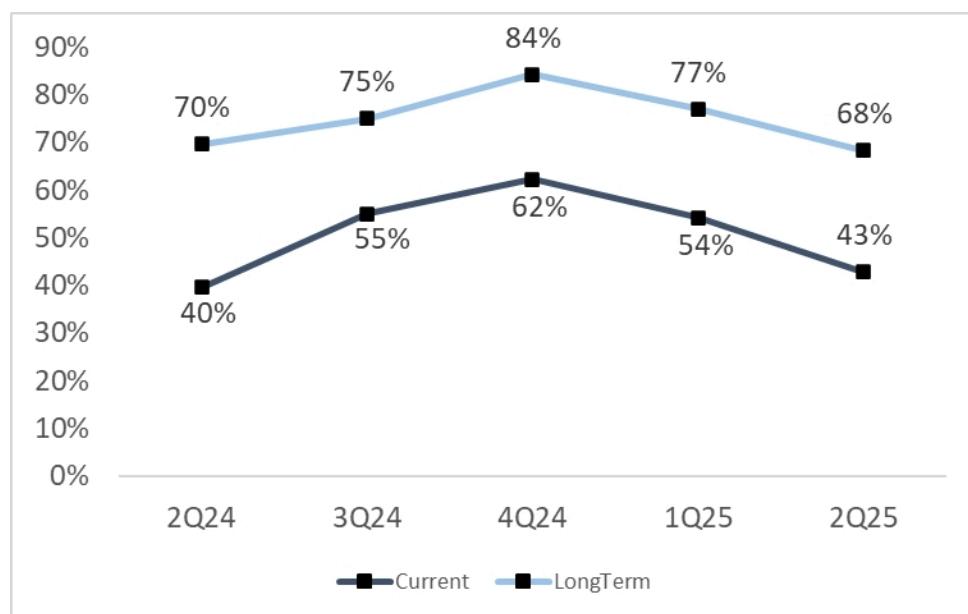
Source: KeyBanc Capital Markets Inc.

Note: 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q25 N=15.

**Current and LT Cloud Data Warehouse Mix**

**What percent of data warehouse workloads is currently in the cloud and expected to be in the cloud LT? (Customers and Partners)**

**68% of data warehouse workloads are expected to be in the cloud LT, down from 43% today. The delta between current and LT mix has widened slightly, however, since our 3Q24 survey.**



Source: KeyBanc Capital Markets Inc.

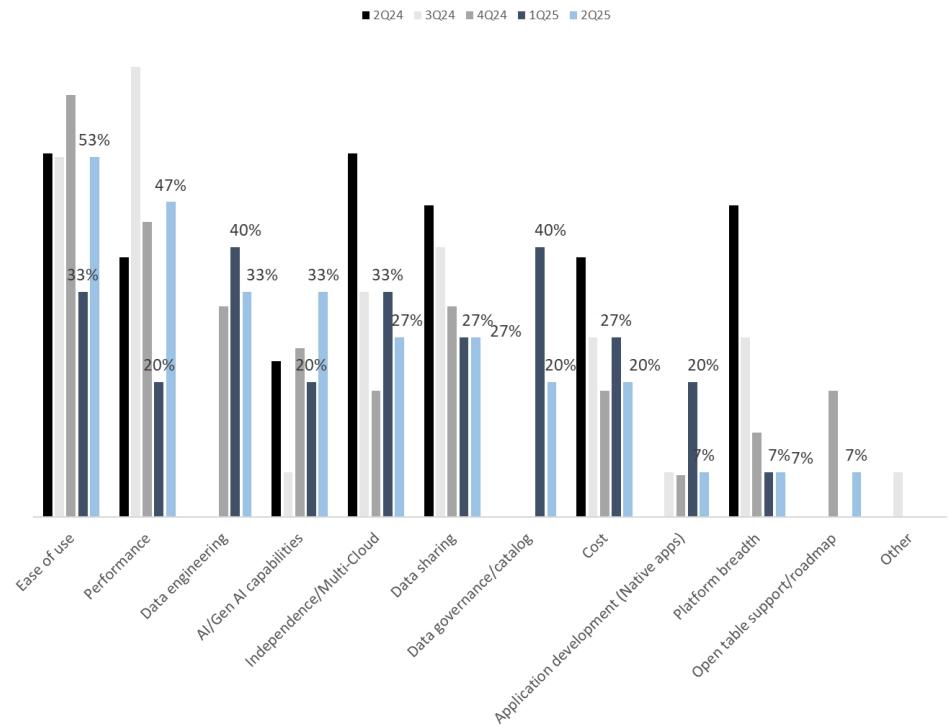
Note: 2Q24 N=13; 3Q24 N=15; 4Q24 N=15; 1Q25 N=15; 2Q25 N=15.

## Snowflake Competition

### Differentiation/ What are the main reasons you or your customers chose Snowflake over competing data warehouse solutions? (Customers and Partners)

*Ease of use, performance, data engineering, and AI/GenAI capabilities cited as the top reasons for choosing Snowflake over competitors.*

- (+) Ease of Use and AI/Gen AI capabilities increased q/q.
- (-) Data governance/catalog and app development declined q/q.



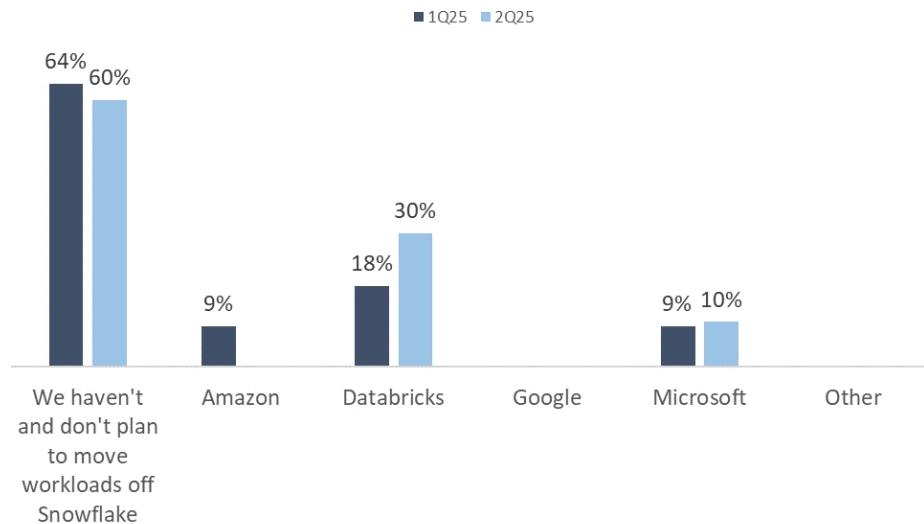
Source: KeyBanc Capital Markets Inc.

Note: 2Q24 N=13; 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q25 N=15.

Note: Data engineering and Open table support/roadmap added in 4Q24; data governance/catalog added in 1Q25.

Have you recently moved, or do you have plans to move, workloads from Snowflake to any of the below cloud competitors? (Customers)

*A majority of customers have not recently moved, or plan to move, workloads off of Snowflake to competitors. Of the four respondents who have moved workloads, or plan to, three cited Databricks, up from two last quarter.*



Source: KeyBanc Capital Markets Inc.

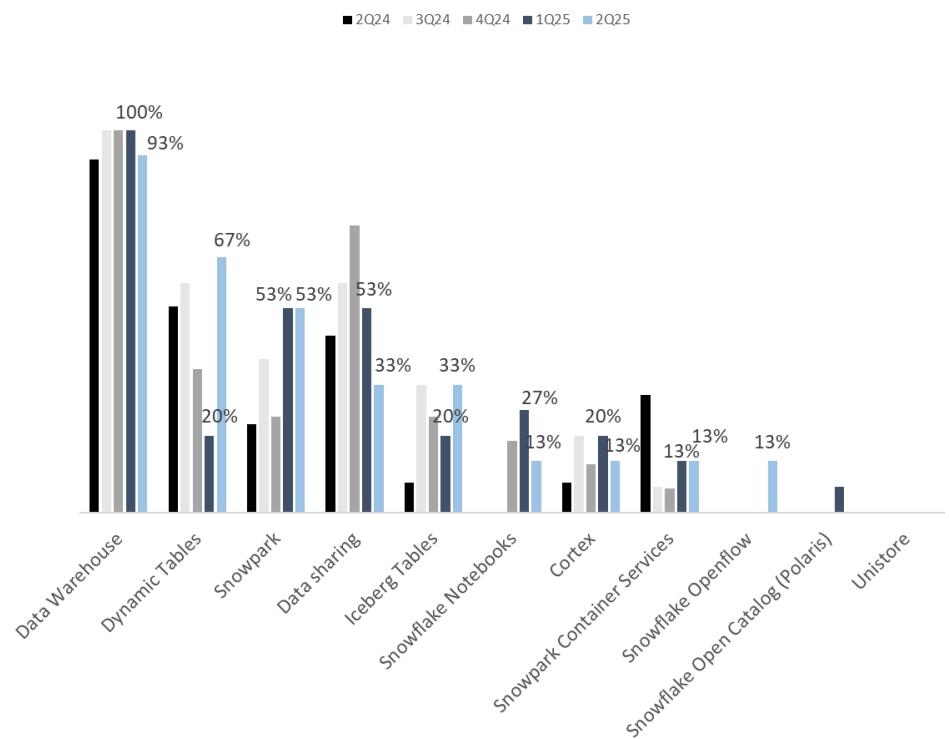
Note: 1Q25 N=11; 2Q25 N=10.

## Current Product Adoption

**Which products do you or the majority of your customers currently use? (Customers and Partners)**

*Dynamic tables and Snowpark are currently the most used products outside of data warehouse.*

- **(+)** **Dynamic Tables saw a significant increase q/q .**
  - Feedback from some customers we spoke to noted that Snowflake's dynamic tables capabilities are meaningfully differentiated vs. Databricks' Delta Live Tables.
- **(-)** **Cortex's seemingly low adoption in our survey data after having been GA for >one year we view as a negative (although interest in using Cortex is high).**



Source: KeyBanc Capital Markets Inc.

Note: 2Q24 N=13; 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q25 N=15.

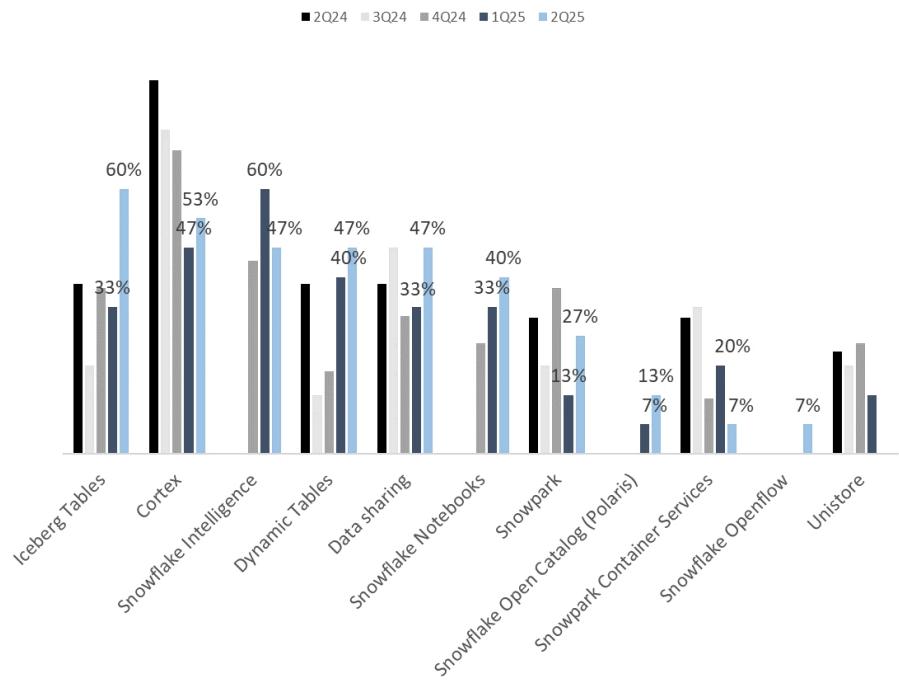
Note: Snowflake Notebooks added in 4Q24; Snowflake Open Catalog (Polaris) added in 1Q25; Snowflake Openflow added in 2Q25.

## Most Desired Products

**Which products are you or your customers most interested in using or planning to use in the future? (Customers and Partners)**

***Iceberg Tables*** now the #1 product customers are most interested in using or planning to use in the future.

- (+) **Cortex** and **Snowflake Intelligence** remain highly desired. Snowflake **Notebooks** continues to improve.
- (-) **Snowpark Container Services** continued to downtick. No mentions for **Unistore**.



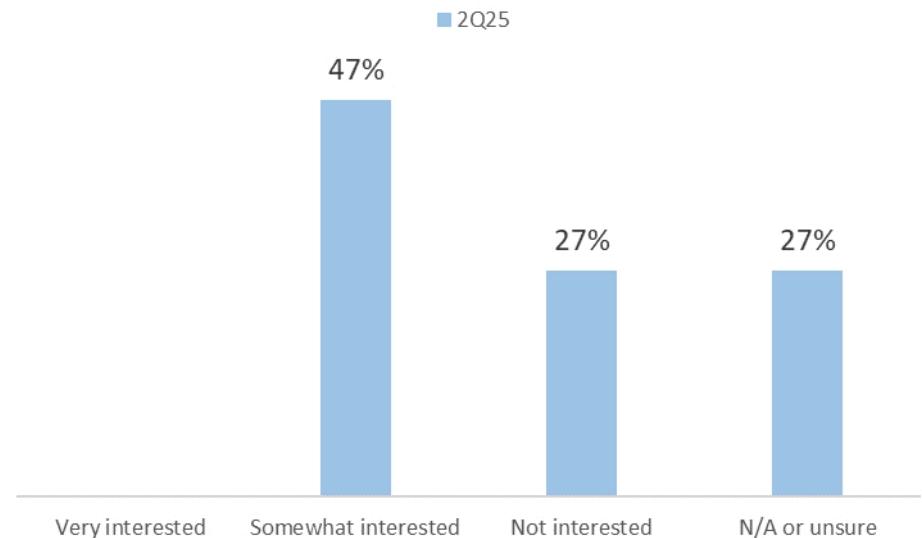
Source: KeyBanc Capital Markets Inc.

Note: 2Q24 N=13; 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q25 N=15.

Note: Snowflake Intelligence and Snowflake Notebooks added in 4Q24; Snowflake Open Catalog (Polaris) added in 1Q25; Snowflake Openflow added in 2Q25.

Are you or your customers interested in using Snowflake for PostgreSQL (transactional/OTLP) workloads? (Customers and Partners)

*Nearly half (47%) of respondents have some interest in using Snowflake for PostgreSQL workloads.*



Source: KeyBanc Capital Markets Inc.

Note: 2Q25 N=15.

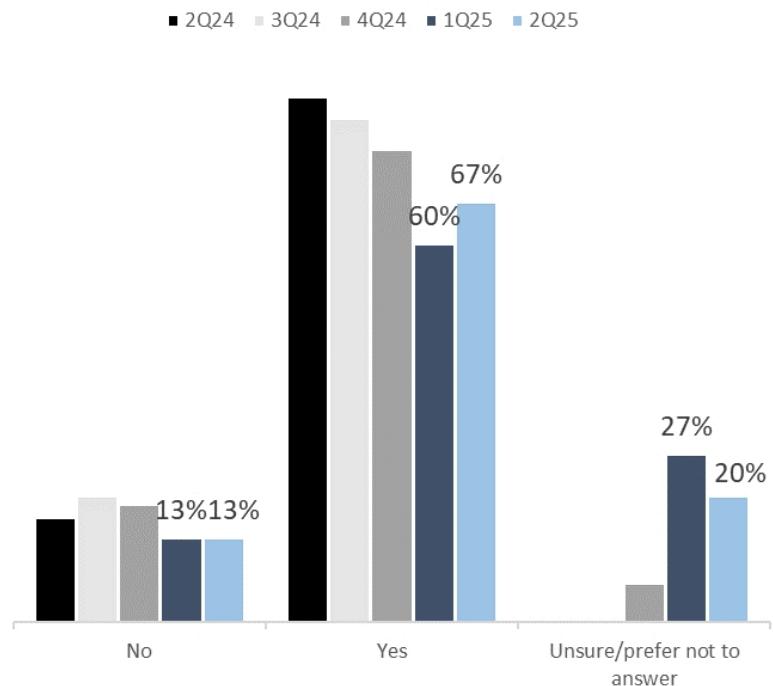
**GenAI Plans**

**Are you or your customers using or planning to use Snowflake for GenAI use cases?**  
(Customers and Partners)

**67% of customers are using or plan to use Snowflake for GenAI use cases, a rebound from our survey-low of 60% last quarter. Three respondents noted that they or their end customers are currently using Snowflake for GenAI use cases, up from one in our prior surveys.**

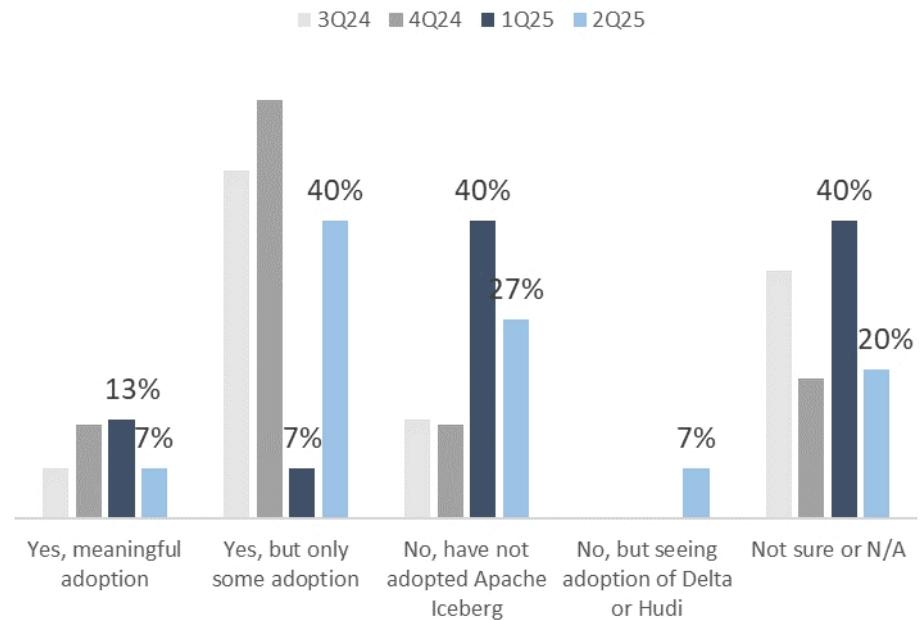
**A few use cases that customers are experimenting/piloting or have deployed include:**

- "Creating intelligent chatbots based on actual client data."
- "Piloting the construction of Snowflake Semantic views to power Cortex to answer natural language queries."
- "AI- Powered SQL & SQL code generation/validation."
- "Building a data catalog using Cortex."



Source: KeyBanc Capital Markets Inc.

Note: 2Q24 N=12; 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q25 N=15.

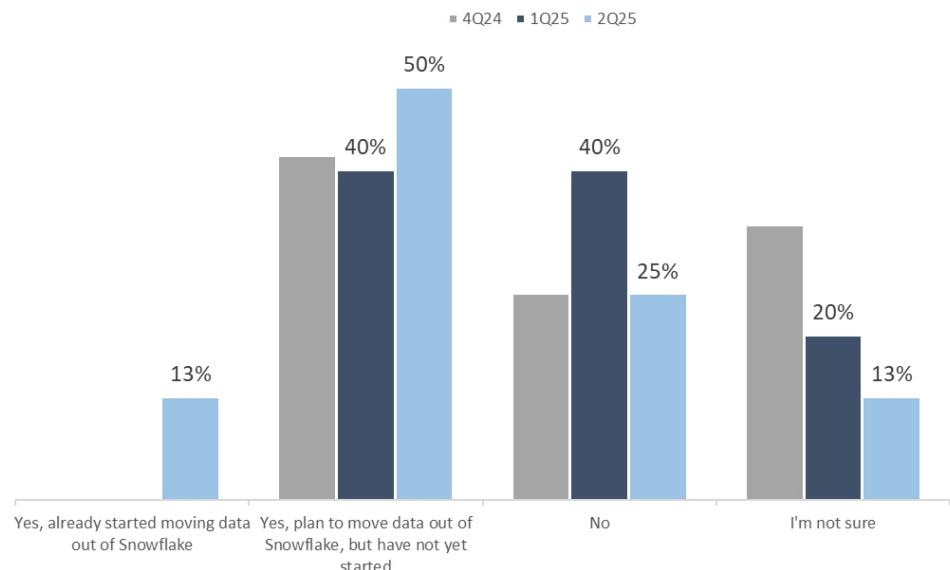
**Iceberg****Are you or your customers using Apache Iceberg? (Customers and Partners)*****47% of respondents have adopted Iceberg tables, up from 20% in our prior survey.***

Source: KeyBanc Capital Markets Inc.

Note: 3Q24 N=15; 4Q24 N=16; 1Q25 N=15; 2Q N=15.

**Do you or your customers plan to use Iceberg tables to move data out of Snowflake?**  
(Customers and Partners)

**50% of respondents plan to move data out of Snowflake, up from 40% in our prior survey. One customer has already started to move data out of Snowflake, up from zero in our prior surveys.**

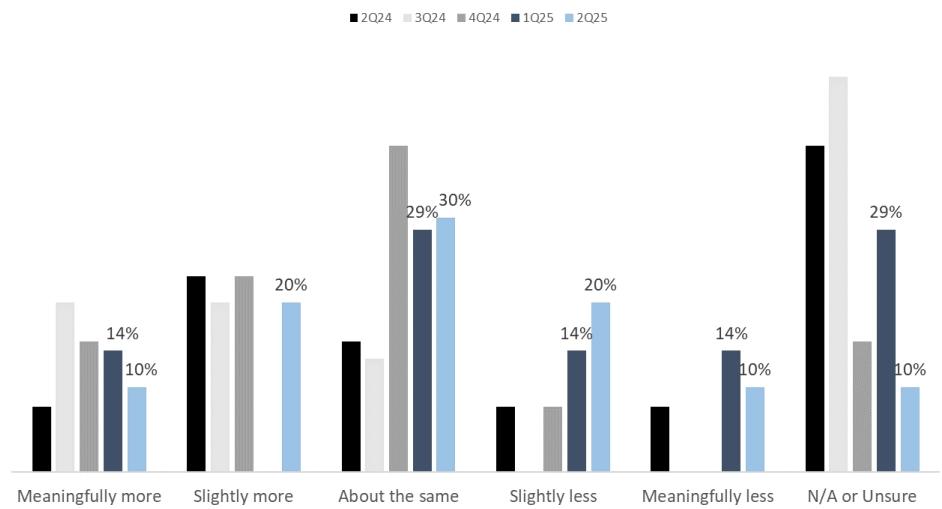


Source: KeyBanc Capital Markets Inc.

Note: 4Q24 N=12; 1Q25 N=5; 2Q25 N=8.

**Do you expect Iceberg to drive more or fewer incremental workloads/use cases to Snowflake? (Customers and Partners)**

**30% of respondents expect Iceberg to drive incremental workloads to Snowflake, up from 14% last quarter.**



Source: KeyBanc Capital Markets Inc.

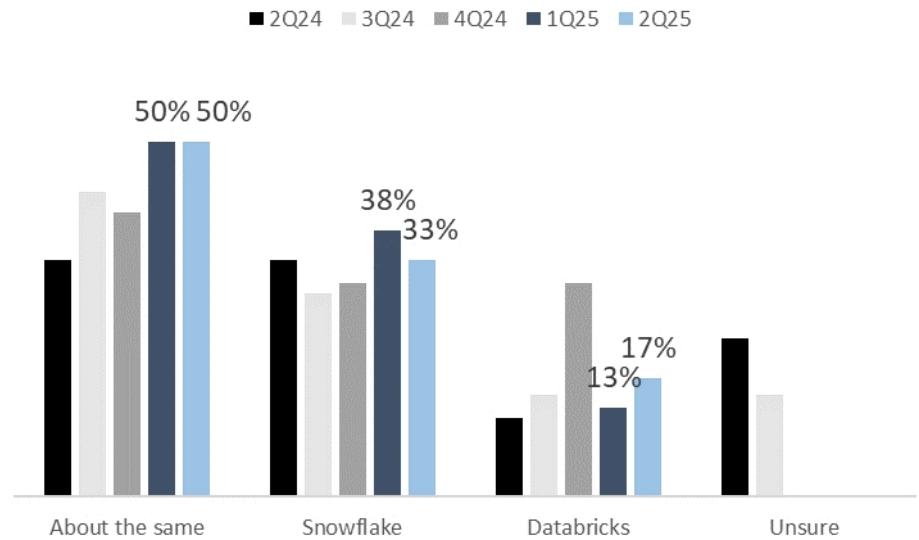
Note: 2Q24 N =13; 3Q24 N=15; 4Q24 N=13; 1Q25 N=7; 2Q25 N=10.

Note: Beginning in 1Q25, only respondents that have adopted iceberg were presented this question.

**Databricks/Snowflake**

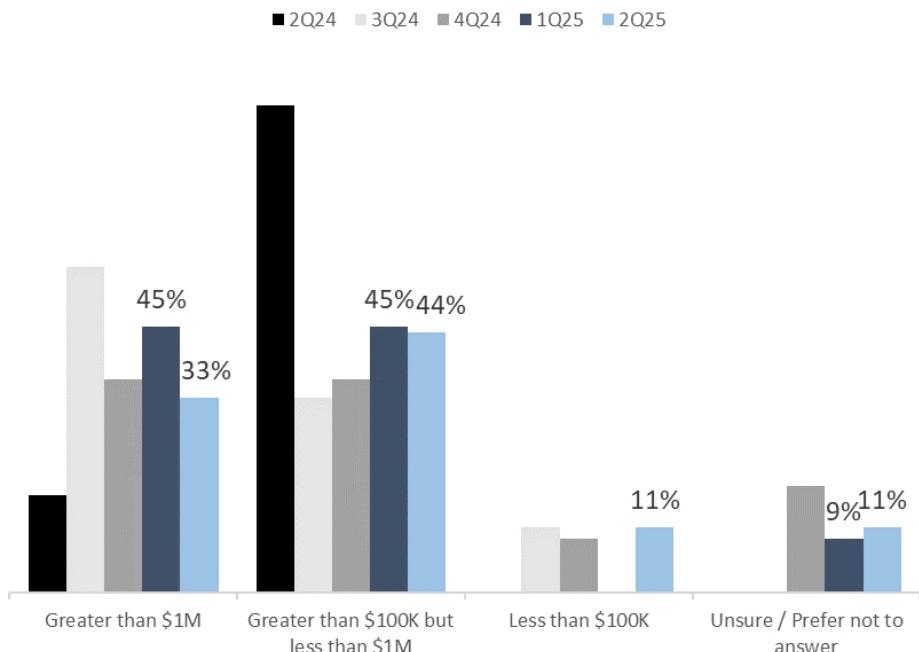
**Do you view Snowflake or Databricks as the more strategic vendor to your organization/customers over the next couple of years? (Customers and Partners)**

*The mix of respondents who view Snowflake vs. Databricks as more strategic was roughly consistent q/q.*



Source: KeyBanc Capital Markets Inc.

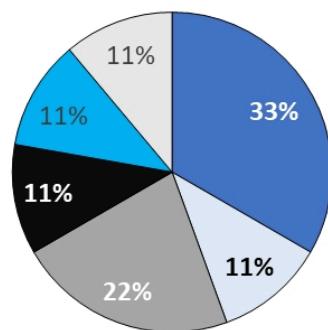
Note: 2Q24 N = 9; 3Q24 N=7; 4Q24 N=10; 1Q25 N=8; 2Q25 N=12.

**Appendix****What is your annual spend with Snowflake? (Customers)**

Source: KeyBanc Capital Markets Inc.

Note: 2Q24 N = 6; 3Q24 N=9; 4Q24 N=11; 1Q25 N=11; 2Q25 N=9.

Which of the following best describes your organization's primary industry?  
(Customers)



■ Finance □ Manufacturing ■ Technology □ Healthcare ■ Education ■ Energy □ Other

Source: KeyBanc Capital Markets Inc.

Note: N=9.

## Income Statement

| Snowflake Inc.<br>(in millions, except per share items) | CAGR     |          |           |           |           |        | F2025    |          |          |          | F2026E   |           |           |           | F2027E    |           |           |           |
|---|----------|----------|-----------|-----------|-----------|--------|----------|----------|----------|----------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|   | F2023    | F2024    | F2025     | F2026E    | F2027E    | F2+F27 | 1Q (Apr) | 2Q (Jul) | 3Q (Oct) | 4Q (Jan) | 1Q (Apr) | 2QE (Jul) | 3QE (Oct) | 4QE (Jan) | 1QE (Apr) | 2QE (Jul) | 3QE (Oct) | 4QE (Jan) |
| Revenue   | 2,065.7  | 2,806.5  | 3,626.4   | 4,514.3   | 5,439.2   | 25%    | 828.7    | 868.8    | 942.1    | 986.8    | 1,042.1  | 1,083.2   | 1,167.0   | 1,222.0   | 1,274.5   | 1,317.9   | 1,393.8   | 1,453.0   |
| Product Revenue   | 1,938.8  | 2,666.8  | 3,462.4   | 4,325.2   | 5,226.0   |        | 789.6    | 829.3    | 900.3    | 943.3    | 996.8    | 1,037.5   | 1,118.8   | 1,172.2   | 1,222.9   | 1,266.3   | 1,339.7   | 1,397.0   |
| Professional Services Revenue                           | 126.9    | 139.6    | 164.0     | 189.1     | 213.2     |        | 39.1     | 39.6     | 41.8     | 43.5     | 45.3     | 45.7      | 48.3      | 49.9      | 51.6      | 54.0      | 56.0      |           |
| Cost of Revenue   | 599.1    | 723.6    | 977.7     | 1,257.2   | 1,483.9   |        | 219.6    | 232.6    | 254.9    | 270.6    | 290.0    | 300.2     | 325.0     | 342.1     | 352.7     | 359.7     | 378.5     | 392.9     |
| Product   | 481.4    | 590.9    | 819.1     | 1,070.0   | 1,277.1   |        | 182.3    | 195.5    | 213.4    | 228.0    | 242.7    | 255.7     | 278.0     | 293.6     | 302.6     | 309.6     | 326.2     | 338.7     |
| Professional Services                                   | 117.7    | 132.7    | 158.6     | 187.2     | 206.8     |        | 37.3     | 37.1     | 41.5     | 42.6     | 47.3     | 44.5      | 47.0      | 48.5      | 50.1      | 52.4      | 54.2      |           |
| Gross Profit  | 1,466.6  | 2,082.9  | 2,648.7   | 3,257.1   | 3,955.3   | 24%    | 609.1    | 636.2    | 687.2    | 716.2    | 752.1    | 783.0     | 842.1     | 880.0     | 921.7     | 958.3     | 1,015.2   | 1,060.1   |
| Product Gross Profit                                    | 1,457.4  | 2,076.0  | 2,643.3   | 3,255.3   | 3,948.9   |        | 607.3    | 633.8    | 686.9    | 715.3    | 754.1    | 781.8     | 840.8     | 878.6     | 920.3     | 956.7     | 1,013.6   | 1,058.3   |
| Professional Services Gross Profit                      | 9.2      | 6.9      | 5.4       | 1.9       | 6.5       |        | 1.8      | 2.4      | 0.3      | 0.9      | -2.0     | 1.2       | 1.3       | 1.4       | 1.5       | 1.5       | 1.7       | 1.8       |
| R&D   | 367.9    | 612.1    | 883.0     | 1,054.3   | 1,264.3   |        | 203.2    | 224.2    | 224.8    | 230.8    | 238.8    | 253.8     | 270.8     | 290.8     | 298.8     | 308.8     | 321.8     | 334.8     |
| S&M   | 823.2    | 1,041.5  | 1,291.2   | 1,567.7   | 1,829.9   |        | 312.6    | 309.1    | 340.6    | 328.9    | 357.9    | 379.9     | 410.3     | 419.6     | 405.8     | 449.1     | 476.0     | 498.9     |
| Y/Y%  | 56%      | 27%      | 24%       | 21%       | 17%       |        | 28%      | 23%      | 27%      | 19%      | 14%      | 23%       | 20%       | 28%       | 13%       | 18%       | 16%       | 19%       |
| G&A   | 180.2    | 199.6    | 242.8     | 258.4     | 270.4     |        | 57.1     | 59.1     | 62.9     | 63.6     | 63.8     | 62.1      | 65.9      | 66.6      | 66.8      | 65.1      | 68.9      | 69.6      |
| Operating Expenses                                      | 1,371.3  | 1,853.2  | 2,417.0   | 2,880.4   | 3,364.6   | 22%    | 572.9    | 592.5    | 628.3    | 623.4    | 660.5    | 695.9     | 747.0     | 777.0     | 771.4     | 823.0     | 866.8     | 903.3     |
| Y/Y%  | 55%      | 35%      | 30%       | 19%       | 17%       |        | 36%      | 33%      | 31%      | 23%      | 15%      | 17%       | 19%       | 25%       | 17%       | 18%       | 16%       | 16%       |
| Q/Q%  | —        | —        | —         | —         | —         |        | 13%      | 3%       | 6%       | -1%      | 6%       | 5%        | 7%        | 4%        | -1%       | 7%        | 5%        | 4%        |
| Total Expenses  | 1,970.4  | 2,576.8  | 3,394.7   | 4,137.6   | 4,848.4   | 23%    | 792.5    | 825.1    | 883.2    | 893.9    | 950.4    | 996.1     | 1,072.0   | 1,119.1   | 1,124.1   | 1,182.7   | 1,245.3   | 1,296.3   |
| Y/Y%  | 58%      | 31%      | 32%       | 22%       | 17%       |        | 34%      | 33%      | 33%      | 27%      | 20%      | 21%       | 21%       | 25%       | 18%       | 19%       | 16%       | 16%       |
| EBIT (Non GAAP)   | 95.3     | 229.7    | 231.7     | 376.7     | 590.8     |        | 36.2     | 43.7     | 58.9     | 92.8     | 91.7     | 87.1      | 95.1      | 102.9     | 150.3     | 135.2     | 148.4     | 156.8     |
| Total Other Income                                      | 26.3     | 245.6    | 173.7     | 177.1     | 203.5     |        | 33.5     | 41.3     | 40.2     | 58.7     | 25.1     | 52.4      | 50.2      | 49.3      | 52.4      | 51.4      | 50.4      | 49.3      |
| Interest Income   | 73.8     | 200.7    | 209.0     | 198.6     | 188.0     |        | 54.8     | 49.3     | 48.7     | 56.3     | 55.2     | 49.6      | 47.4      | 46.5      | 48.5      | 47.5      | 46.5      | 45.5      |
| Other Income (Expense)                                  | (47.6)   | 44.9     | (35.3)    | (21.5)    | 15.5      |        | (21.3)   | (7.9)    | (8.5)    | 2.4      | (30.1)   | 2.9       | 2.9       | 3.9       | 3.9       | 3.9       | 3.9       | 3.9       |
| Pre-Tax Income  | 121.6    | 475.3    | 405.4     | 553.9     | 794.3     |        | 69.7     | 85.1     | 99.1     | 151.5    | 116.8    | 139.5     | 145.3     | 152.3     | 202.7     | 186.6     | 198.8     | 206.1     |
| (Benefit) from provision for Income Taxes               | 31.6     | 123.6    | 105.4     | 138.5     | 198.6     |        | 18.3     | 22.0     | 25.8     | 39.4     | 29.2     | 34.9      | 36.3      | 38.1      | 50.7      | 46.7      | 49.7      | 51.5      |
| Non-GAAP Net Income (Loss)                              | 90.0     | 351.7    | 300.0     | 415.4     | 595.7     |        | 51.4     | 63.1     | 73.3     | 112.1    | 87.6     | 104.6     | 109.0     | 114.2     | 152.0     | 140.0     | 149.1     | 154.6     |
| Noncontrolling interest                                 | (0.5)    | (1.7)    | (1.4)     | 0.3       | 0.0       |        | (0.7)    | (0.8)    | 0.1      | 0.0      | 0.3      | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       | 0.0       |
| Non-GAAP NI (Loss) attributable to Snowflake            | 90.4     | 353.3    | 301.3     | 415.1     | 595.7     |        | 52.2     | 63.9     | 73.2     | 112.1    | 87.3     | 104.6     | 109.0     | 114.2     | 152.0     | 140.0     | 149.1     | 154.6     |
| Diluted WASO  | 359.1    | 362.2    | 363.9     | 371.9     | 376.9     | 1%     | 363.3    | 359.3    | 362.2    | 370.7    | 370.9    | 371.0     | 371.9     | 374.0     | 375.9     | 376.5     | 377.2     | 377.8     |
| Diluted Non-GAAP EPS                                    | \$0.25   | \$0.97   | \$0.82    | \$1.12    | \$1.58    |        | \$0.14   | \$0.18   | \$0.20   | \$0.30   | \$0.24   | \$0.28    | \$0.29    | \$0.31    | \$0.40    | \$0.37    | \$0.40    | \$0.41    |
| Diluted Non-GAAP EPS attributable to Snowflake          | \$0.25   | \$0.98   | \$0.83    | \$1.12    | \$1.58    | 17%    | \$0.14   | \$0.18   | \$0.20   | \$0.30   | \$0.24   | \$0.28    | \$0.29    | \$0.31    | \$0.40    | \$0.37    | \$0.40    | \$0.41    |
| GAAP Net Income (Loss)                                  | (797.5)  | (838.0)  | (1,289.2) | (1,256.6) | (1,034.3) |        | (317.8)  | (317.8)  | (327.9)  | (325.7)  | (430.0)  | (289.9)   | (280.2)   | (256.5)   | (234.6)   | (256.5)   | (267.1)   | (276.2)   |
| Diluted GAAP EPS  | (\$2.22) | (\$2.31) | (\$3.54)  | (\$3.38)  | (\$2.74)  |        | (\$0.87) | (\$0.88) | (\$0.91) | (\$0.88) | (\$1.16) | (\$0.78)  | (\$0.69)  | (\$0.62)  | (\$0.68)  | (\$0.71)  | (\$0.73)  |           |
| <b>Margins</b>  |          |          |           |           |           |        |          |          |          |          |          |           |           |           |           |           |           |           |
| Gross Margin  | 71.0%    | 74.2%    | 73.0%     | 72.2%     | 72.7%     |        | 73.5%    | 73.2%    | 72.9%    | 72.6%    | 72.2%    | 72.3%     | 72.2%     | 72.0%     | 72.3%     | 72.7%     | 72.8%     | 73.0%     |
| Product GM  | 75.2%    | 77.8%    | 76.3%     | 75.3%     | 75.6%     |        | 76.9%    | 76.4%    | 76.3%    | 75.8%    | 75.7%    | 75.4%     | 75.2%     | 75.0%     | 75.3%     | 75.6%     | 75.7%     | 75.8%     |
| Professional Services GM                                | 7.3%     | 5.0%     | 3.3%      | 1.0%      | 3.0%      |        | 4.6%     | 6.1%     | 0.6%     | 2.1%     | -4.4%    | 2.6%      | 2.7%      | 2.8%      | 3.0%      | 3.1%      | 3.2%      |           |
| R&D % Revenue   | 17.8%    | 21.8%    | 24.3%     | 23.4%     | 23.2%     |        | 24.5%    | 25.8%    | 23.9%    | 23.4%    | 22.9%    | 23.4%     | 23.2%     | 23.8%     | 23.4%     | 23.4%     | 23.1%     | 23.0%     |
| S&M % Revenue   | 39.9%    | 37.1%    | 35.6%     | 34.7%     | 33.6%     |        | 37.7%    | 35.6%    | 36.2%    | 33.3%    | 34.3%    | 35.1%     | 35.2%     | 34.3%     | 31.8%     | 34.1%     | 34.2%     | 34.3%     |
| G&A % Revenue   | 8.7%     | 7.1%     | 6.7%      | 5.7%      | 5.0%      |        | 6.9%     | 6.8%     | 6.7%     | 6.4%     | 6.1%     | 5.7%      | 5.6%      | 5.5%      | 5.2%      | 4.9%      | 4.9%      | 4.8%      |
| Non-GAAP EBIT Margin                                    | 4.6%     | 8.2%     | 6.4%      | 8.3%      | 10.9%     |        | 4.4%     | 5.0%     | 6.3%     | 9.4%     | 8.8%     | 8.0%      | 8.1%      | 8.4%      | 11.8%     | 10.3%     | 10.7%     | 10.8%     |
| Y/Y Bps   | 717      | 357      | (180)     | 196       | 252       |        | (86)     | (301)    | (355)    | 25       | 442      | 300       | 190       | (98)      | 300       | 222       | 250       | 236       |
| Non-GAAP Effective Tax Rate                             | 26.0%    | 26.0%    | 26.0%     | 25.0%     | 25.0%     |        | 26.2%    | 25.8%    | 26.0%    | 26.0%    | 25.0%    | 25.0%     | 25.0%     | 25.0%     | 25.0%     | 25.0%     | 25.0%     | 25.0%     |
| Non-GAAP Net Income Margin                              | 4.4%     | 12.5%    | 8.3%      | 9.2%      | 11.0%     |        | 6.2%     | 7.3%     | 7.8%     | 11.4%    | 8.4%     | 9.7%      | 9.3%      | 9.3%      | 11.9%     | 10.6%     | 10.7%     | 10.6%     |
| FCF Margin  | 24.0%    | 27.8%    | 24.4%     | 24.2%     | 25.1%     |        | —        | —        | —        | —        | —        | —         | —         | —         | —         | —         | —         | —         |
| Y/Y Bps   | 1,738    | 372      | (338)     | (17)      | 92        |        | —        | —        | —        | —        | —        | —         | —         | —         | —         | —         | —         | —         |
| FCF Margin to EBIT Margin Delta                         | 19.4%    | 19.6%    | 18.0%     | 15.9%     | 14.3%     |        | —        | —        | —        | —        | —        | —         | —         | —         | —         | —         | —         | —         |
| <b>Growth Y/Y%</b>                                      |          |          |           |           |           |        |          |          |          |          |          |           |           |           |           |           |           |           |
| Revenue   | 69%      | 36%      | 29%       | 24%       | 20%       |        | 33%      | 29%      | 28%      | 27%      | 26%      | 25%       | 24%       | 24%       | 22%       | 19%       | 19%       |           |
| Revenue Q/Q%  | —        | —        | —         | —         | —         |        | 7%       | 5%       | 8%       | 5%       | 6%       | 4%        | 8%        | 5%        | 4%        | 3%        | 6%        | 4%        |
| R&D   | 71%      | 66%      | 44%       | 19%       | 20%       |        | 58%      | 55%      | 41%      | 28%      | 18%      | 13%       | 20%       | 26%       | 25%       | 22%       | 19%       | 15%       |
| S&M   | 56%      | 27%      | 24%       | 21%       | 17%       |        | 28%      | 23%      | 27%      | 19%      | 14%      | 23%       | 20%       | 28%       | 13%       | 18%       | 16%       | 19%       |
| G&A   | 26%      | 11%      | 22%       | 6%        | 5%        |        | 20%      | 16%      | 26%      | 25%      | 12%      | 5%        | 5%        | 5%        | 5%        | 5%        | 5%        | 5%        |
| EPS   | —        | 288%     | -15%      | 35%       | 42%       |        | -5%      | -20%     | -19%     | -14%     | 64%      | 59%       | 45%       | 1%        | 72%       | 32%       | 35%       | 34%       |
| Shares  | 1%       | 1%       | 0%        | 2%        | 1%        |        | —        | —        | —        | —        | —        | —         | —         | —         | —         | —         | —         | —         |

Source: Snowflake, KBCM estimates

## Disclosure Appendix

### **Important Disclosures**

#### **Snowflake Inc. - SNOW**

We expect to receive or intend to seek compensation for investment banking services from Snowflake Inc. within the next three months.

As of the date of this report, we make a market in Snowflake Inc..

### **Reg A/C Certification**

The research analyst(s) responsible for the preparation of this research report certifies that:(1) all the views expressed in this research report accurately reflect the research analyst's personal views about any and all of the subject securities or issuers; and (2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this research report.

### **Three-Year Rating and Price Target History**



### **Rating Disclosures**

| Distribution of Ratings/IB Services Firmwide and by Sector |                      |         |       |         |                      |         |   |      |
|--|----------------------|---------|-------|---------|----------------------|---------|---|------|
| KeyBanc Capital Markets                                    |                      |         |       |         | Technology           |         |   |      |
| Rating   | IB Serv/Past 12 Mos. |         |       |         | IB Serv/Past 12 Mos. |         |   |      |
|  | Count                | Percent | Count | Percent | Count                | Percent |   |      |
| Overweight [OW]  | 275                  | 50.93   | 48    | 17.45   | 97                   | 56.73   | 7 | 7.22 |
| Sector Weight [SW]   | 254                  | 47.04   | 34    | 13.39   | 68                   | 39.77   | 2 | 2.94 |
| Underweight [UW]   | 11                   | 2.04    | 2     | 18.18   | 6                    | 3.51    | 0 | 0.00 |

### **Rating System**

**Overweight** - We expect the stock to outperform the analyst's coverage sector over the coming 6-12 months.

**Sector Weight** - We expect the stock to perform in line with the analyst's coverage sector over the coming 6-12 months.

**Underweight** - We expect the stock to underperform the analyst's coverage sector over the coming 6-12 months.

## **Disclosure Appendix (cont'd)**

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### **Other Disclosures**

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