

EVERCORE ISI

Technology | Software

May 16, 2025

Snowflake, Inc.

SNOW | \$182.87

Outperform | Target Price/Base Case: \$200.00 (from \$185.00)

Earnings Preview

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Company Statistics

Market Capitalization (M)	\$71,289
Shares Outstanding (M)	385
Float (M)	311
Average 10-Day Volume (M)	3,431
Enterprise Value (M)	\$68,853
52-Week Range	\$107.13 - \$194.40
Fiscal Year End	Jan

Earnings Summary

	2025	2026E	2027E
Revenue (M)	Q1	\$829	\$1,005
	Q2	\$869	\$1,060
	Q3	\$942	\$1,150
	Q4	\$987	\$1,205
	FY	\$3,626	\$4,420
EPS	Q1	\$0.14	\$0.22
	Q2	\$0.18	\$0.28
	Q3	\$0.20	\$0.35
	Q4	\$0.30	\$0.46
	FY	\$0.83	\$1.30

1 Year Price History



Source: FactSet

Thoughts Into F1Q: Expect 'Beat/Bracket' Results, Partners Survey More Cautious N/T But L/T Trends Intact; PT to \$200

Bottom line: While our partner survey was marginally more conservative vs. our last survey (Feb), we believe that the overall commentary remains constructive, and we expect SNOW to deliver a 'beat/bracket' quarter that also incorporates some conservatism in the guidance for a potentially choppier macro backdrop. **Though no company is immune to the macro, we believe that SNOW's consumption revenue is more durable today vs. the last macro pullback and we believe that our/Street estimates already incorporate a fairly healthy level of conservatism. We are bumping our PT to \$200, or 15x EV/CY26 sales, based on our view that FY26 revenue and margin assumptions leave room for upside.** Please see inside for more details regarding the results from our partner survey (starting on page 5) as well as our expectations for the quarter.

Partner survey takeaways: 1) On the margin, our survey down-ticked vs. last quarter, as **68% of partners view their book of business as better today than 3-6 months ago, down from 73% in the prior survey.** Given the macro uncertainty, this downtick does not really concern us in terms of the F1Q results; 2) **Over the next 12 months, 74% of partners expect AI to contribute a tailwind, up slightly q/q;** 3) 73% of partners noted that they expect consumption trends to remain stable or slightly increase in a worsening macro; and 4) Partners flagged Snowpark and Cortex as key products to watch over the course of the next year that could contribute more meaningful product revenue. Feedback on Cortex was mixed (mainly in that it's early) and **we estimate that ~20% of customers are engaged in pilots with partners expecting half of them to convert;** and 5) Interestingly, expansion of existing workloads and increased product adoption ticked up nicely as growth drivers.

What are our thoughts heading into the F1Q print? We expect SNOW to deliver moderate upside (~3pts) to Street ests. of F1Q product revenue of \$955.1mn (+21%) and mgmt. guidance of \$955-960 (+21-22%). We believe Street estimates for F2Q product revenue of \$1,014.6mn (+22.4%) seem reasonable, though mgmt. may opt to take a conservative approach to the full year guide (i.e., just carrying the beat forward or just keep full year to de-risk estimates for a choppier macro).

Please reach out for the full partner survey and/or the data file or if you would like to catch-up before the print. Lastly, you can view our recently published 'Deep Dive' note on SNOW's Data Engineering & AI offerings [here](#).

Key Takeaways From Partner Survey (See Full Results Starting On Page 5)

- Partners were slightly more cautious with their commentary on the macro backdrop, as 68% of partners view their book of business as better today than 3-6 months ago, down from 73% in the prior survey. Qualitative commentary from partners points to some level of macro uncertainty impacting deals, though increasing demand for data modernization services is driving consumption growth.
- 53% of partners are expecting their Snowflake practices to accelerate over the next 12 months, down from 67% in the prior survey. We believe that while the set-up for consumption revenue looks better in May than in April, growth may remain measured until the macroeconomic clouds dissipate.
- Consumption revenue appears durable, as 33% of customers expect SNOW revenue to increase (with 40% expecting stability) ***if the macro were to worsen***, driven by a potential slowdown in new projects and logos.
- GenAI is driving demand for data modernization efforts, though most customers are still engaged in extended trials and POCs; some of the earliest adopters have started to see meaningful ROIs, but most customers are still quantifying this. ***Over the next 12 months, 74% of partners expect AI to contribute a tailwind, up slightly q/q.***
- While core data warehousing remains the key driver for momentum, partners expect AI and Data Science to act as the key drivers for SNOW growth in FY26. Partners flagged Snowpark and Cortex as key products to watch over the course of the next year that could contribute more meaningful product revenue. ***Cortex feedback mixed, though we estimate that ~20% of customers are engaged in pilots with partners expecting half of them to convert.***
- **The competitive environment remains fairly stable**, as 47% of partners expect Snowflake to gain wallet share and 33% expect Snowflake to maintain wallet-share; the hyperscalers and Databricks are becoming increasingly active.

Key Metrics / Topics

- **F2Q / FY26 Revenue Guidance:** Over the last 12 quarters, SNOW has beaten revenue guidance by an average of 3.9% or 5.5pts of growth. For F1Q, we believe that a beat in the ~3pt range, placing product revenue in the mid-20%s, should be viewed as “good enough”. Even though our survey results indicate that customers are continuing to take a “cautious” approach to new investments, we believe that consumption revenue remains stable and durable and adoption of data engineering / AI products should start to drive the next wave of revenue growth. We view F2Q / FY26 Street product revenue estimates of +23% / +23% as reasonable and beatable, though management may opt to take a more conservative approach in the near-term.

Figure 1: SNOW Historical Revenue Beats vs. Guidance

	Guidance		Actual		Beat	
	Midpoint	% Growth	Results	% Growth	% Beat	pts Beat
1Q23	\$ 385.5	80%	\$394.4	84%	2.3%	4pts
2Q23	\$ 437.5	72%	\$466.3	83%	6.6%	11pts
3Q23	\$ 502.5	61%	\$522.8	67%	4.0%	6pts
4Q23	\$ 537.5	49%	\$555.3	54%	3.3%	5pts
1Q24	\$ 570.5	45%	\$590.1	50%	3.4%	5pts
2Q24	\$ 622.5	34%	\$640.2	37%	2.8%	4pts
3Q24	\$ 672.5	29%	\$698.5	34%	3.9%	5pts
4Q24	\$ 718.5	29%	\$738.1	33%	2.7%	4pts
1Q25	\$ 747.5	27%	\$789.6	34%	5.6%	7pts
2Q25	\$ 807.5	26%	\$829.3	30%	2.7%	3pts
3Q25	\$ 852.5	22%	\$900.3	29%	5.6%	7pts
4Q25	\$ 908.5	23%	\$943.3	28%	3.8%	5pts

Source: Company Data, Evercore ISI Research

- **Net Revenue Retention Rate:** Net revenue retention rate remains an important metric as the company relies heavily on its land and expand model to scale revenue. We are conservatively modelling net revenue retention rate at 120.5%, down from 126% in the prior quarter, and we see upside to our estimates as we believe that consumption revenue remains mostly stable. While we see upside to our estimates here, we believe that some customers and certain industries are taking a more cautious approach around new projects given the macro uncertainty.
- **Paid Customer Growth:** While new customers take several months to reach their contracted consumption levels and do not correlate closely to current revenue, customer lands are important in terms of evaluating future revenue growth potential. We are conservatively modeling q/q paid customer growth of 2% vs. 5% in the prior quarter.

- **Remaining Performance Obligation:** RPO landed at \$6.9bn in the prior quarter, growing by 33% y/y – indicating the strong base of future revenue that SNOW has – and we believe that RPO growth in the low-30s would be a positive indicator in terms of the set-up and future growth opportunity.
- **Operating Margins:** Snowflake delivered operating margins of 9.4% in the prior quarter, and while we are modelling operating margins at 5.2%, in-line with guidance, we believe that management can exceed on the margin front – given the increased focus on operating leverage and cash flow generation. However, we acknowledge that SNOW likely has to make significant upfront investments to support its AI innovation and GTM.

Figure 2: SNOW Variance Table (EVR-ISI vs. Street)

	1Q26 (E)			2Q26 (E)			3Q26 (E)			FY26 (E)			FY27 (E)		
	Consensus	EVR	Variance	Consensus	EVR	Variance	Consensus	EVR	Variance	Consensus	EVR	Variance	Consensus	EVR	Variance
Total revenue	\$1,007.7	\$1,005.1	(\$2.6)	\$1,068.6	\$1,059.8	(\$8.8)	\$1,163.2	\$1,149.9	(\$13.4)	\$4,468.1	\$4,420.1	(\$48.0)	\$5,479.4	\$5,386.9	(\$92.5)
y/y growth	21.6%	21.3%	-0.3%	23.0%	22.0%	-1.0%	23.5%	22.1%	-1.4%	23.2%	21.9%	-1.3%	22.6%	21.9%	-0.8%
Operating margin	5.3%	5.2%	-0.1%	7.0%	7.4%	0.4%	8.9%	9.2%	0.3%	8.2%	9.0%	0.7%	10.3%	11.1%	0.8%
y/y growth	+92 bps	+86 bps	-6 bps	+192 bps	+236 bps	+44 bps	+268 bps	+299 bps	+31 bps	+183 bps	+257 bps	+74 bps	+208 bps	+218 bps	+10 bps
Non-GAAP EPS	\$0.21	\$0.22	\$0.01	\$0.26	\$0.28	\$0.02	\$0.31	\$0.35	\$0.03	\$1.17	\$1.30	\$0.13	\$1.59	\$1.79	\$0.20
y/y growth	50.7%	54.9%	4.2%	44.0%	57.4%	13.3%	56.7%	70.9%	14.2%	41.2%	57.8%	16.6%	35.8%	37.0%	1.3%
Operating cash flow	\$409.0	\$429.9	\$21.0	\$83.6	\$99.8	\$16.1	\$161.8	\$175.2	\$13.4	\$1,160.4	\$1,219.1	\$58.7	\$1,460.5	\$1,555.8	\$95.3
Free cash flow	\$396.8	\$400.3	\$3.5	\$84.7	\$68.6	(\$16.1)	\$148.1	\$142.5	(\$5.6)	\$1,103.4	\$1,091.3	(\$12.1)	\$1,420.8	\$1,400.5	(\$20.3)
Billings	\$742.8	\$748.0	sr	\$978.4	\$998.7	\$20.3	\$1,311.2	\$1,304.4	(\$6.9)	\$5,013.9	\$5,001.1	(\$12.8)	\$6,060.9	\$5,951.1	(\$109.9)
y/y growth	31.3%	32.2%	0.9%	25.6%	28.2%	2.6%	22.7%	22.1%	-0.7%	25.1%	24.8%	-0.3%	20.9%	19.0%	-1.9%
Remaining performance obligation	\$0.0	\$6,584.5	\$6,584.5	\$0.0	\$6,872.4	\$6,872.4	\$0.0	\$7,496.2	\$7,496.2	\$8,772.6	\$8,943.1	\$170.5	\$10,927.9	\$11,215.5	\$287.6
Total subscriber count	11,475	11,382	(93)	11,860	11,667	(194)	12,301	12,017	(284)	12,685	12,377	(307)	14,203	13,728	(474)
y/y growth	16.8%	15.9%	-0.9%	15.7%	13.8%	-1.9%	15.8%	13.2%	-2.7%	13.7%	10.9%	-2.8%	12.0%	10.9%	-1.1%

Source: Company Data, Evercore ISI Research



Enterprise & Application Software

EVR-ISI Software Survey: Snowflake Partner Outlook

**Some Increasing Conservatism Given The Macro, But L/T Trends Remain Intact
With Growing Interest In Data Engineering/AI Offerings**

Insights into various demand drivers continuing through FY26 from 15 large Snowflake partners

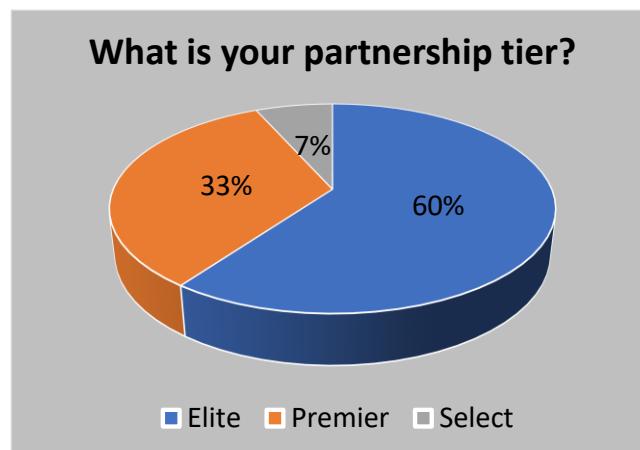


Survey Details

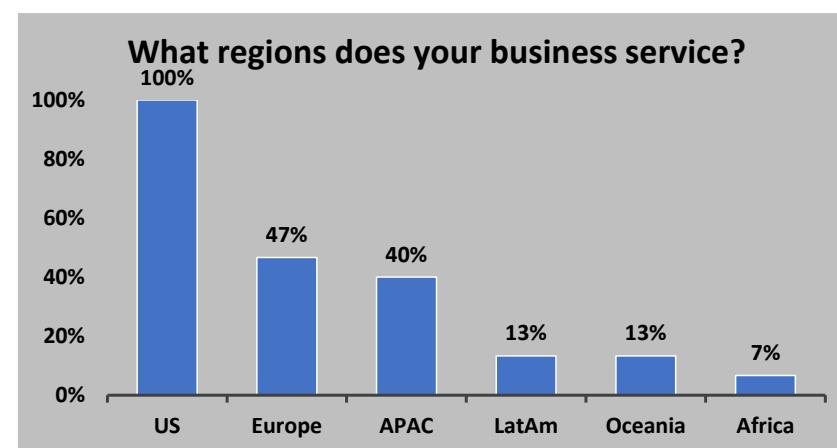
We surveyed 15 large Snowflake partners (***12 repeat partners from the prior survey***) with vast global exposure to get a sense for how the ecosystem is feeling about business momentum as we continue through FY26. All respondents are Director level and above, and 10 out of the 15 respondents were either Vice Presidents or C-Level Executives.

Number of Respondents: 15

Partner status?



Region serviced?



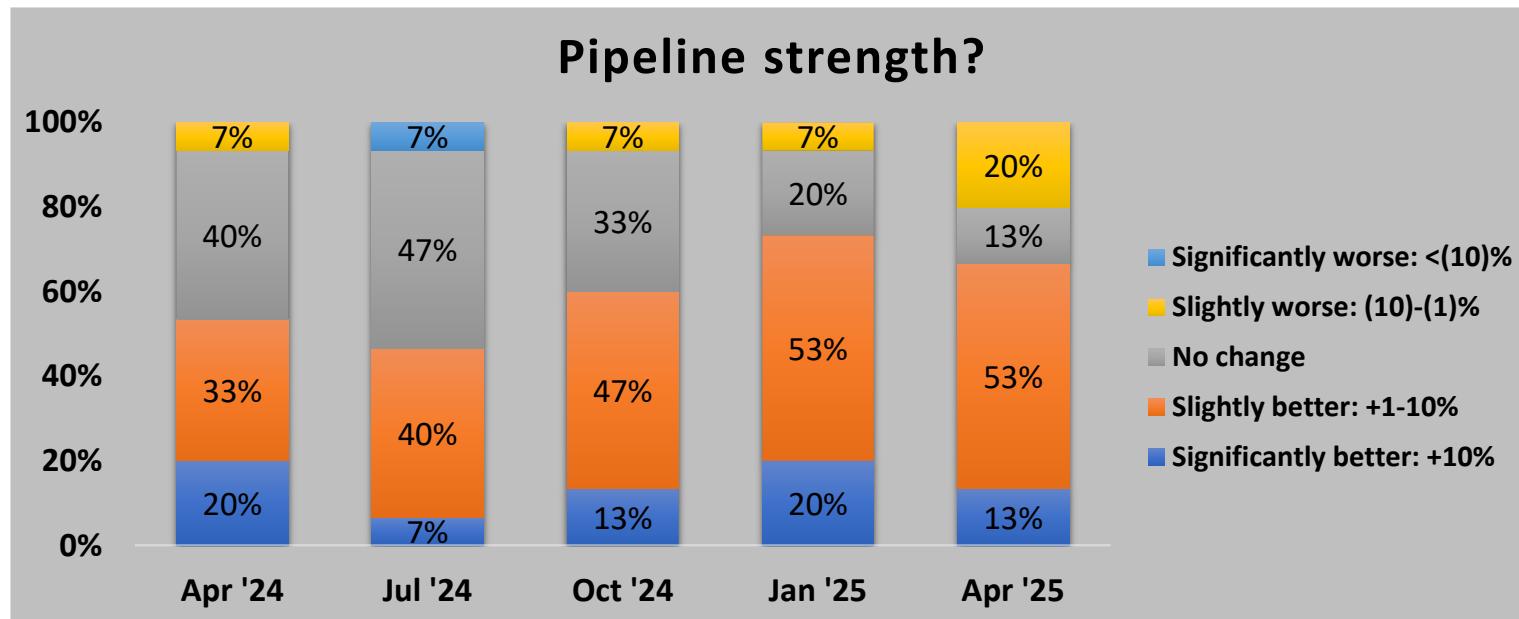
Executive Summary: Partners Remain Cautiously Optimistic

- Partners were slightly more cautious with their commentary on the macro backdrop, as 68% of partners view their book of business as better today than 3-6 months ago, down from 73% in the prior survey. Qualitative commentary from partners points to some level of macro uncertainty impacting deals, though increasing demand for data modernization services is driving consumption growth.
- 53% of partners are expecting their Snowflake practices to accelerate over the next 12 months, down from 67% in the prior survey.** We believe that while the set-up for consumption revenue looks better in May than in April, growth may remain measured until the macroeconomic clouds dissipate.
- Consumption revenue appears durable, as 33% of customers expect SNOW revenue to increase (with 40% expecting stability) *if the macro were to worsen*, driven by a potential slowdown in new projects and logos.
- GenAI is driving demand for data modernization efforts, though most customers are still engaged in extended trials and POCs; some of the earliest adopters have started to see meaningful ROIs, but most customers are still quantifying this. **Over the next 12 months, 74% of partners expect AI to contribute a tailwind, up slightly q/q.**
- While core data warehousing remains the key driver for momentum, partners expect AI and Data Science to act as the key drivers for SNOW growth in FY26. Partners flagged Snowpark and Cortex as key products to watch over the course of the next year that could contribute more meaningful product revenue. *Cortex feedback mixed, though we estimate that ~20% of customers are engaged in pilots with partners expecting half of them to convert.*
- The competitive environment remains fairly stable,** as 47% of partners expect Snowflake to gain wallet share and 33% expect Snowflake to maintain wallet-share; the hyperscalers and Databricks are becoming increasingly active.

In addition to the quantitative base of questions included in the survey, we also received a good deal of qualitative responses regarding particular products and trends driving growth, interest around GenAI, ‘emerging’ products, competitive dynamics, and more. Please reach out to discuss in more detail!

Partners Optimistic, Though Slightly More Cautious Q/Q

How would you best characterize your Snowflake book of business/pipeline today versus where it was 3-6 months ago?

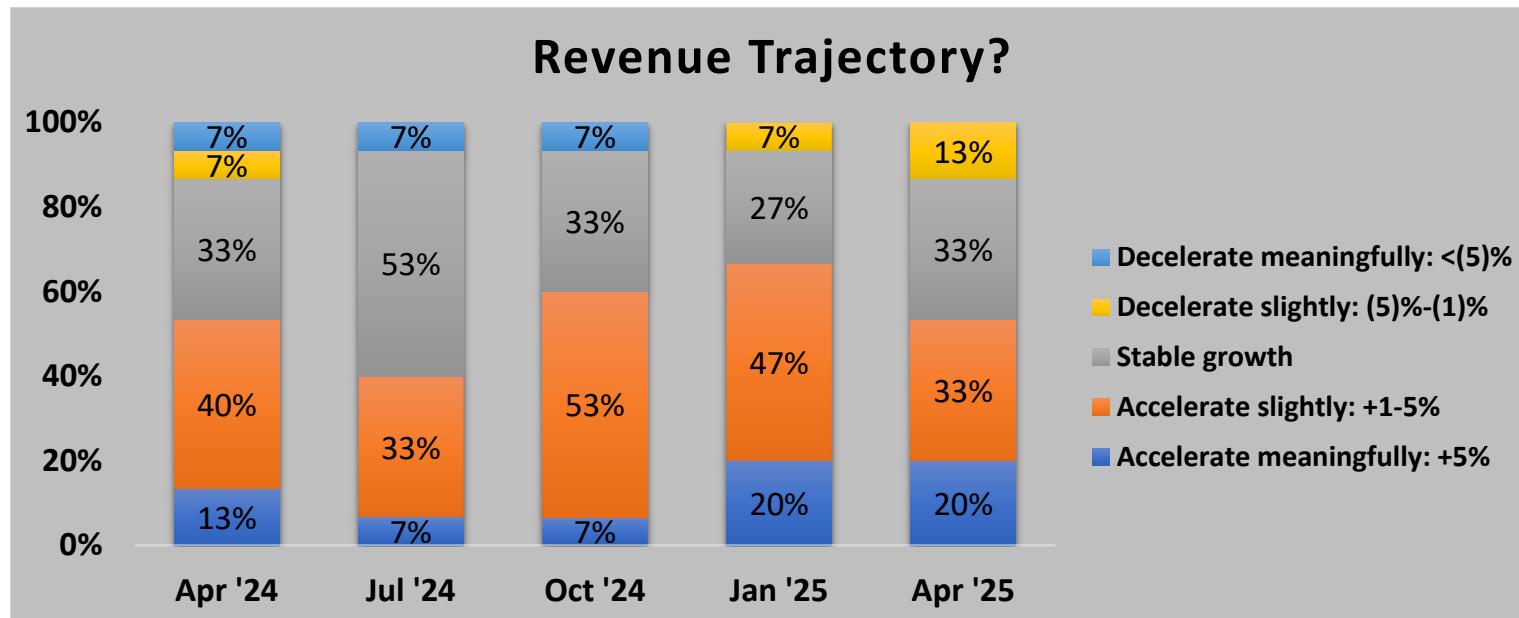


Key Takeaway: Partners are slightly more cautious, as 68% of respondents are seeing an improved pipeline today vs. 3-6 months ago, down from 73% q/q.

Partner Quote: “We expect accelerated growth in AI-powered applications and models running directly within Snowflake... Their Cortex AI product is probably the most significant driver this year.”

53% Expecting Revenue Acceleration From Snowflake Practice, Down Q/Q

How do you expect revenue growth from your Snowflake practice to trend over the next 12 months versus the last 12 months?

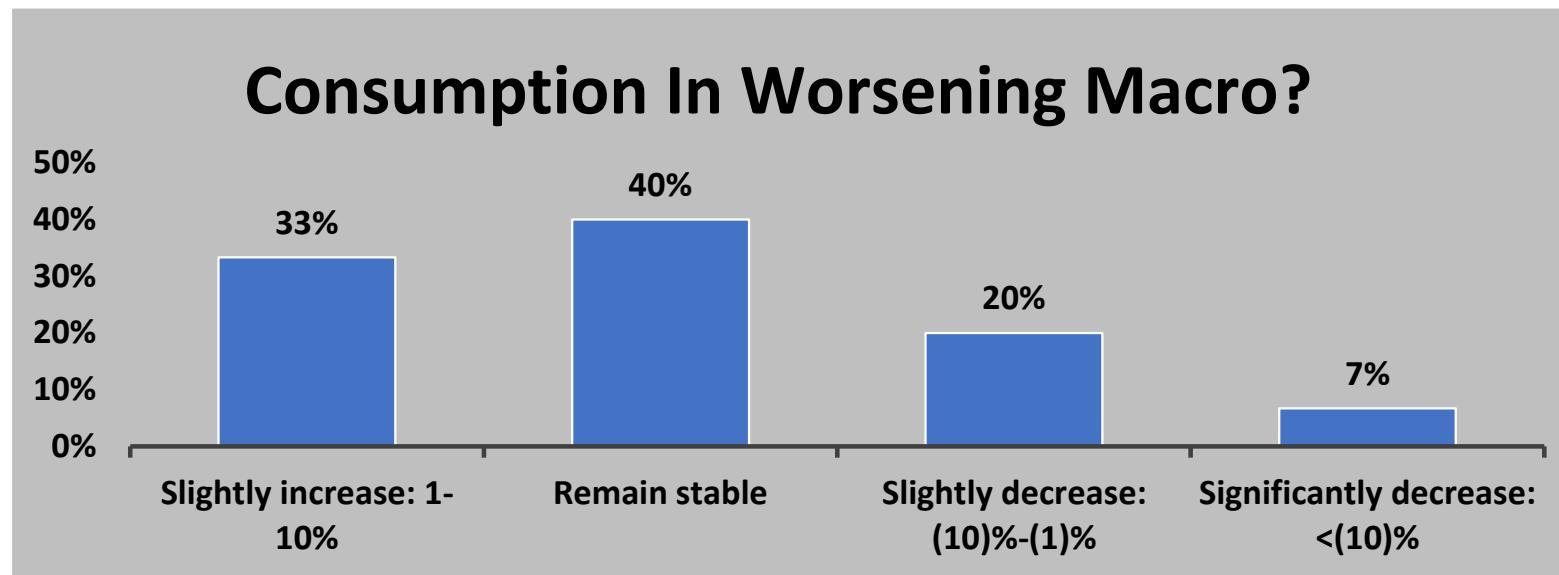


Key Takeaway: 53% of respondents expect their Snowflake practice revenue to accelerate over the next 12 months, down slightly from 67% in the prior quarter.

Partner Quote: “We still feel good overall but just being a little more cautious with all the macroeconomic factors at play.”

Expecting Stable Consumption Even If Macro Worsened

If the economy / macro were to worsen, how would you characterize the durability of Snowflake's revenue spend?

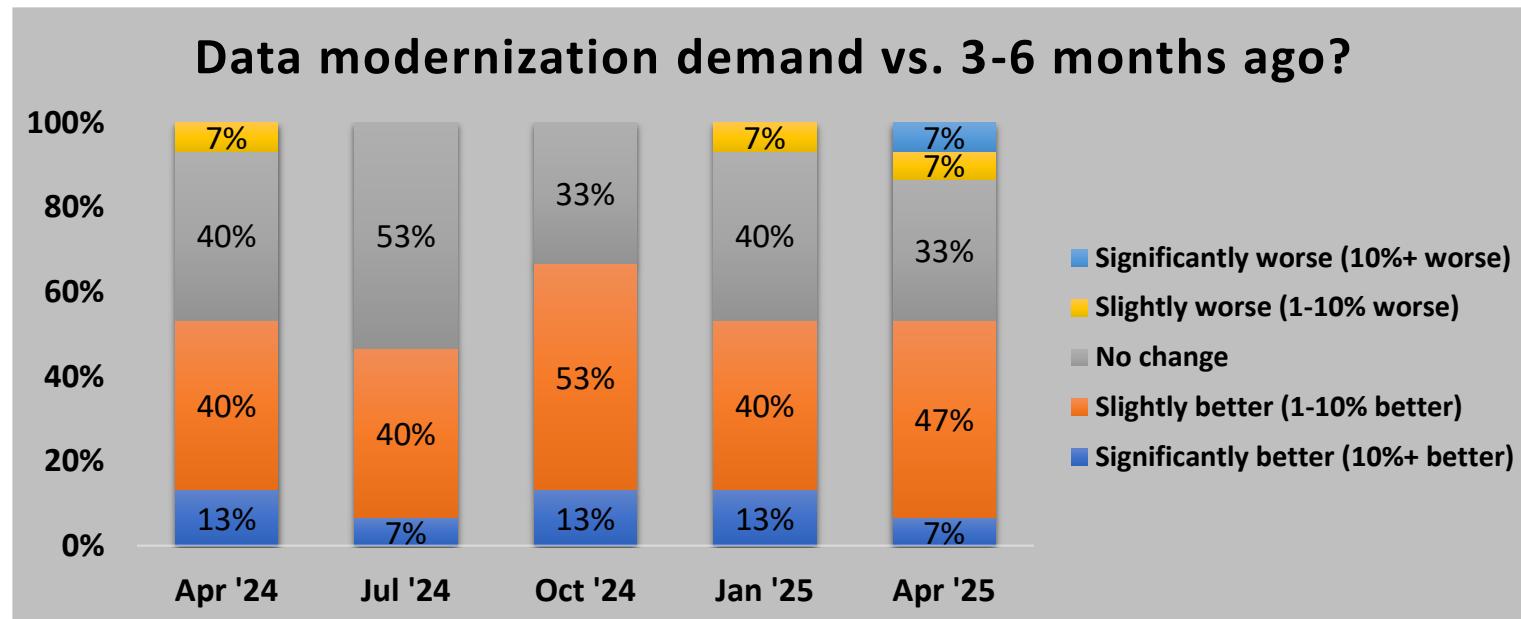


Key Takeaway: Partners were mixed on the impact of a worsening macro on Snowflake consumption revenue, though the majority flagged that existing workloads were mostly secure while new projects *might* be put on hold.

Partner Quote: “Currently we’re not seeing existing projects being put on the shelf but [some] organizations are either scaling back new builds or waiting until things change.”

Data Modernization Environment Appears To Have Stabilized

How would you characterize the broader data modernization environment and customer demand today vs. 3-6 months ago?

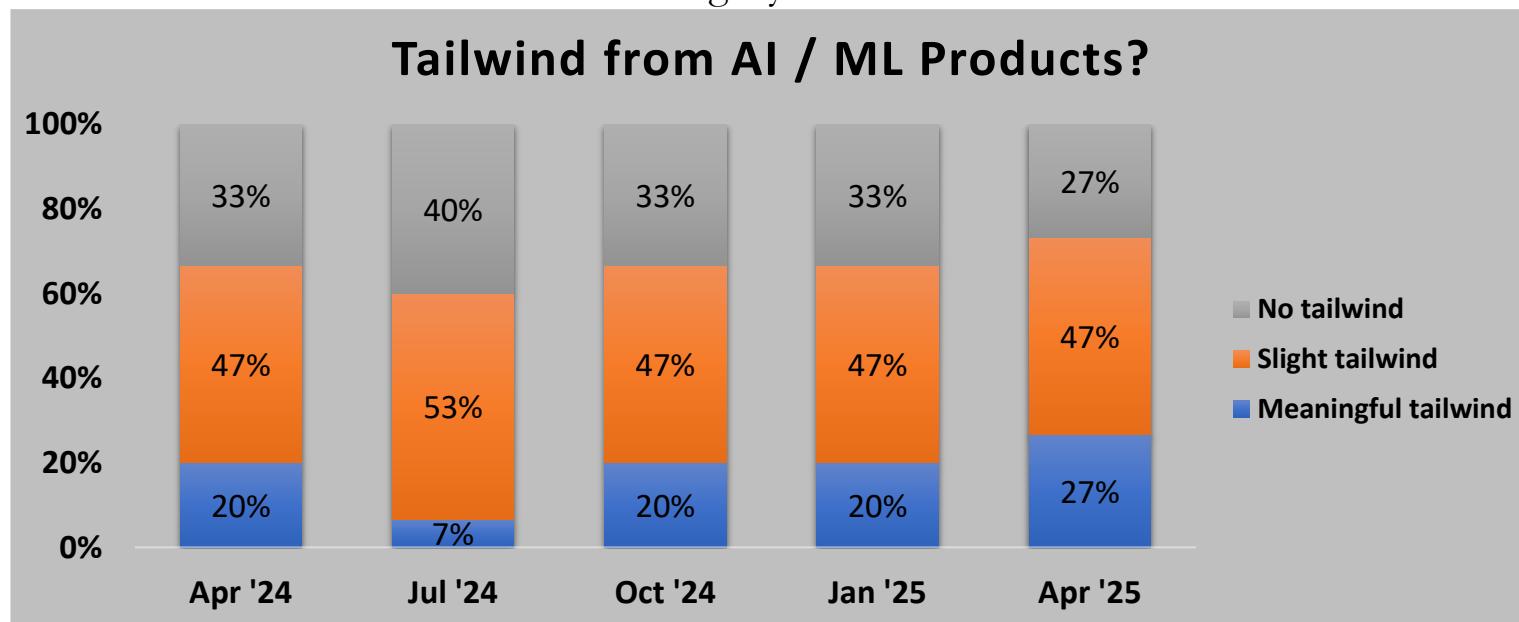


Key Takeaway: 54% of our partners view the demand environment for data modernization as better than 3-6 months ago, in line q/q.

Partner Quote: “The data modernization environment today is characterized by increased urgency and a more-cloud centric focus, fueled by the rapid adoption of AI and need for real-time insights.”

Adoption For SNOW's AI Products Still In Early Days

Could you characterize the tailwind you are expecting to see for Snowflake's ML / AI products (e.g. Snowpark, Cortex) over the next 12 months given Snowflake's recent announcements and innovation in the category?

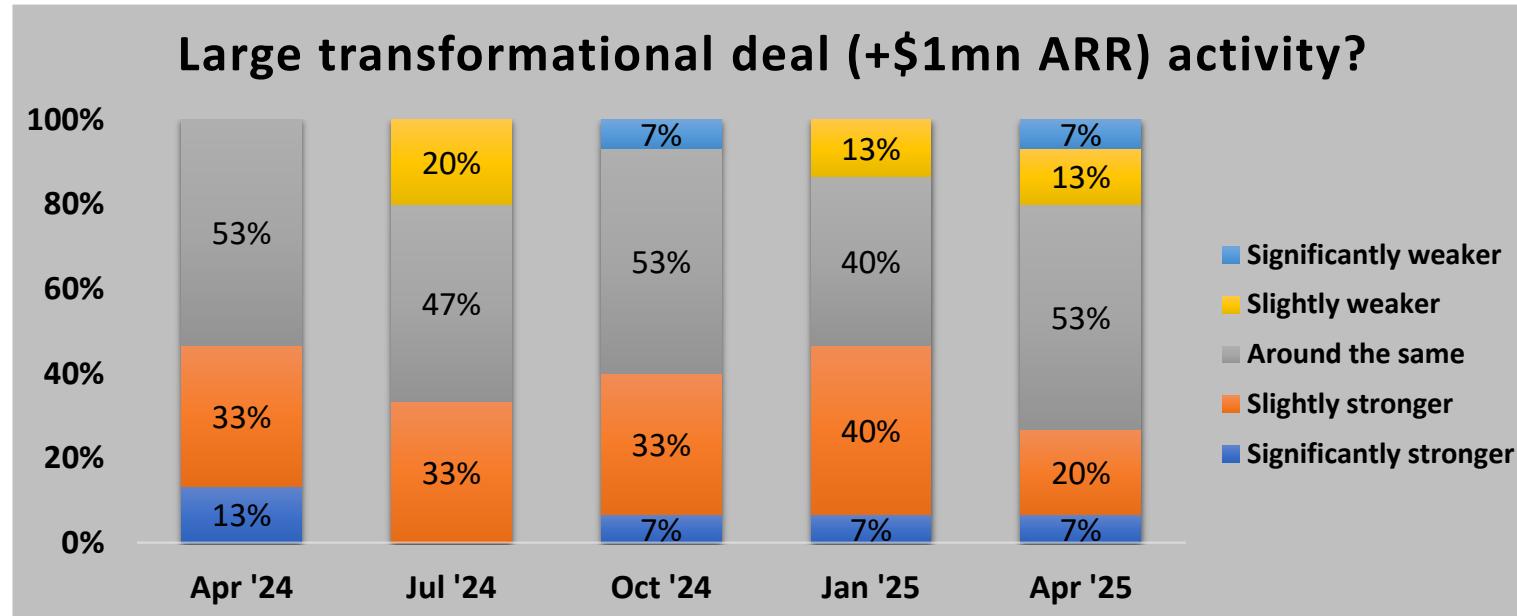


Key Takeaway: Most customers are in the early innings, leveraging pilots to determine the ROI and which business cases are best suited.

Partner Quote: “Customers are still utilizing Snowflake AI under design and POC build-outs. This will increase demand when the workloads are moved into production.”

Large Deal Activity Down Slightly; Spend Still Remains ‘Measured’

How does your pipeline for larger transformational deals (\$1mn+ ARR) look today compared to the last 12 months?

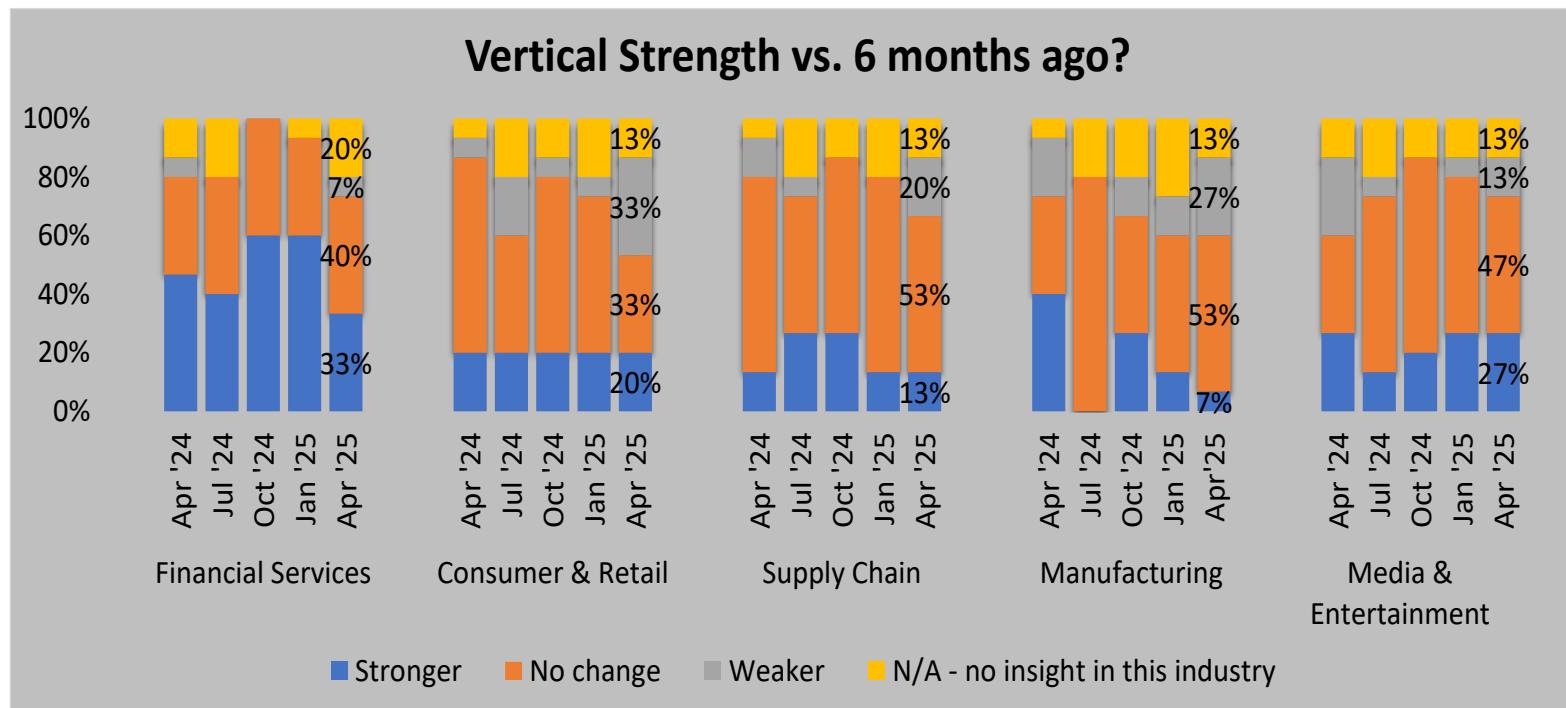


Key Takeaway: Partners have not seen large deals return, as customers are taking a measured approach. However, some noted that momentum seems to be building.

Partner Quote: “Some larger deals are coming back, but it’s not like a full snapback. A lot of customers are still in optimization mode. We’re still seeing a more measured approach”

Top 3 Verticals: Tech, Telecom & Financial Services

In what industries are you seeing strength and weakness relative to 6 months ago?

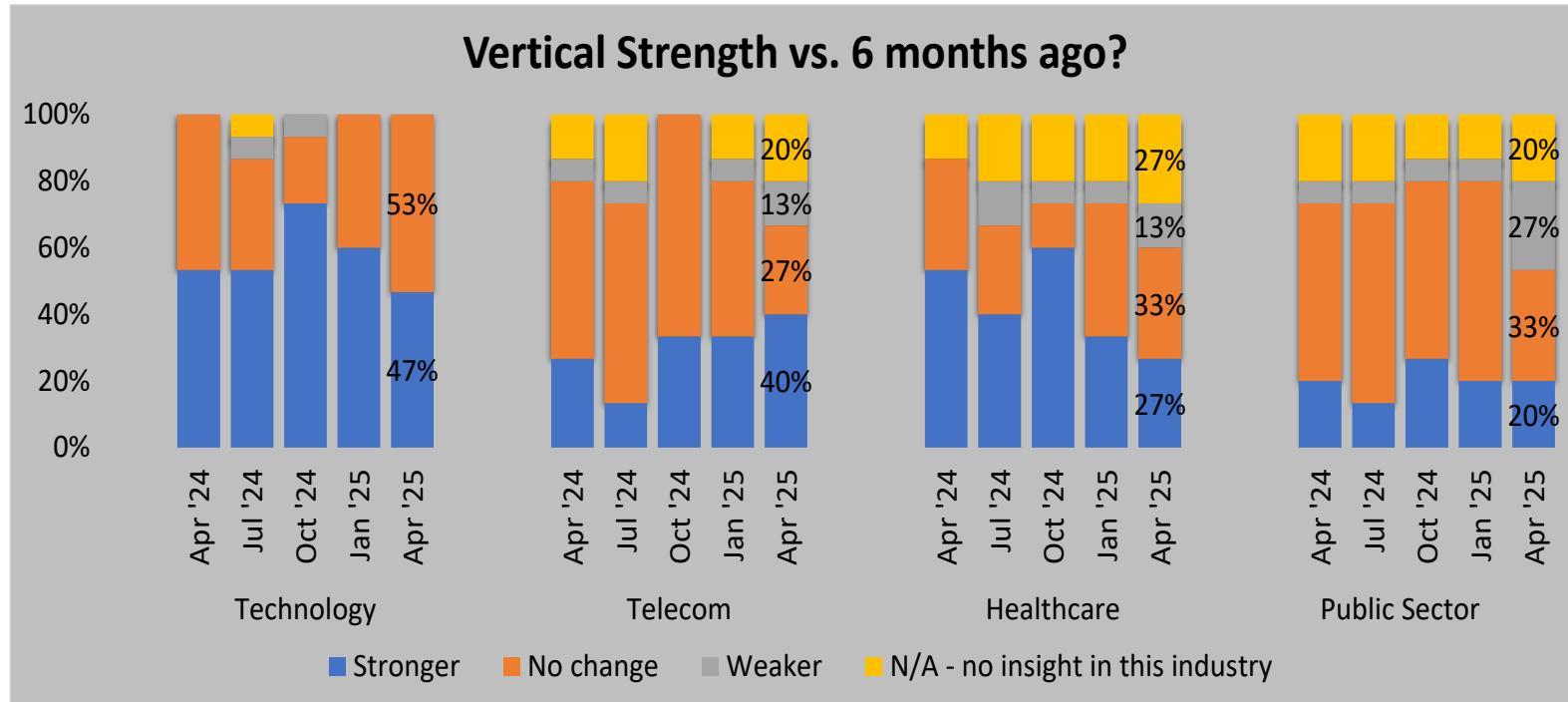


Key Takeaway: Most verticals saw stable traction q/q, with FinServ, Tech, and Telecom seeing the greatest strength and Public Sector (unsurprisingly) seeing some pressure.

Partner Quote: “*Financial, Healthcare, and Technological verticals have been the primary drivers of increased opportunities.*”

Top 3 Verticals: Tech, Telecom & Financial Services (cont.)

In what industries are you seeing strength and weakness relative to 6 months ago?

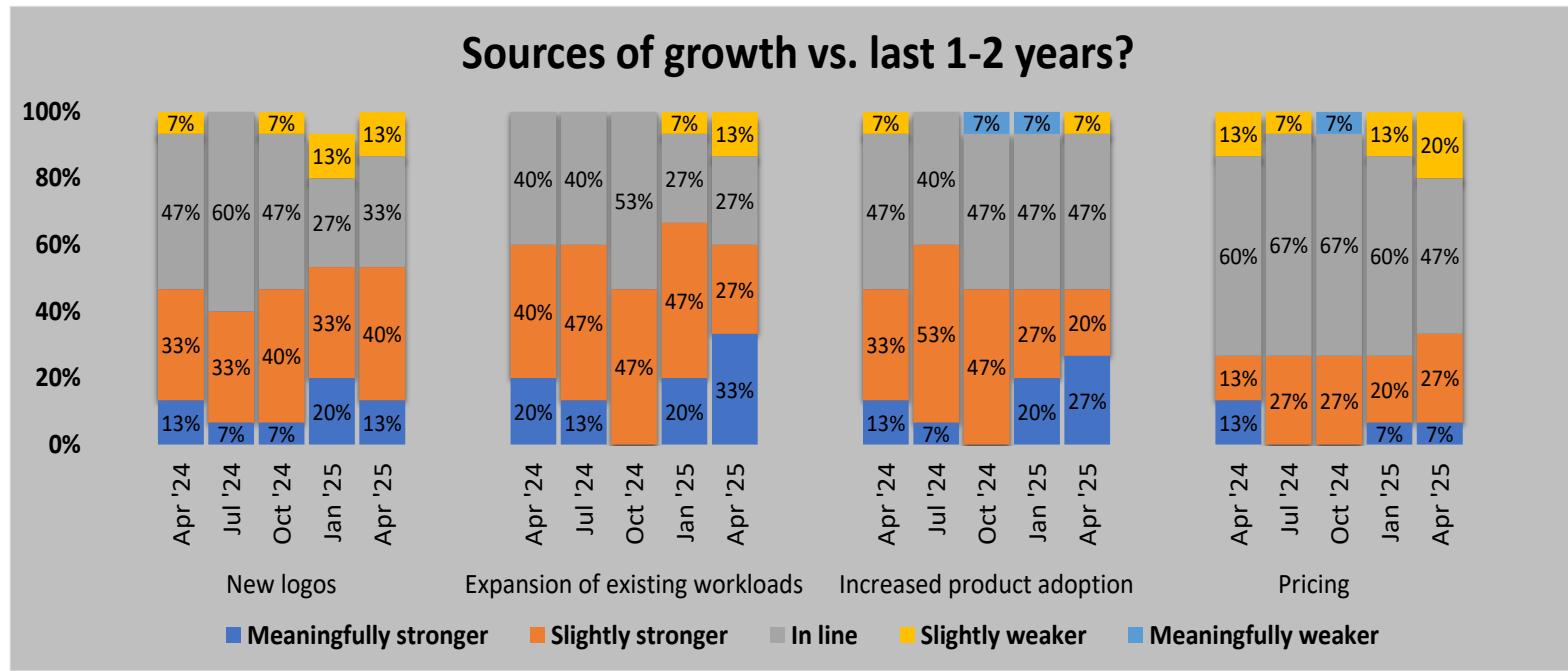


Partner Quote: “We've seen the biggest drops in manufactory and the public sector.”

Partner Quote: “Certain verticals have a greater interest to invest in AI tools – also based on the level of funding in place.”

Expansions & Increased Product Adoption Driving Growth

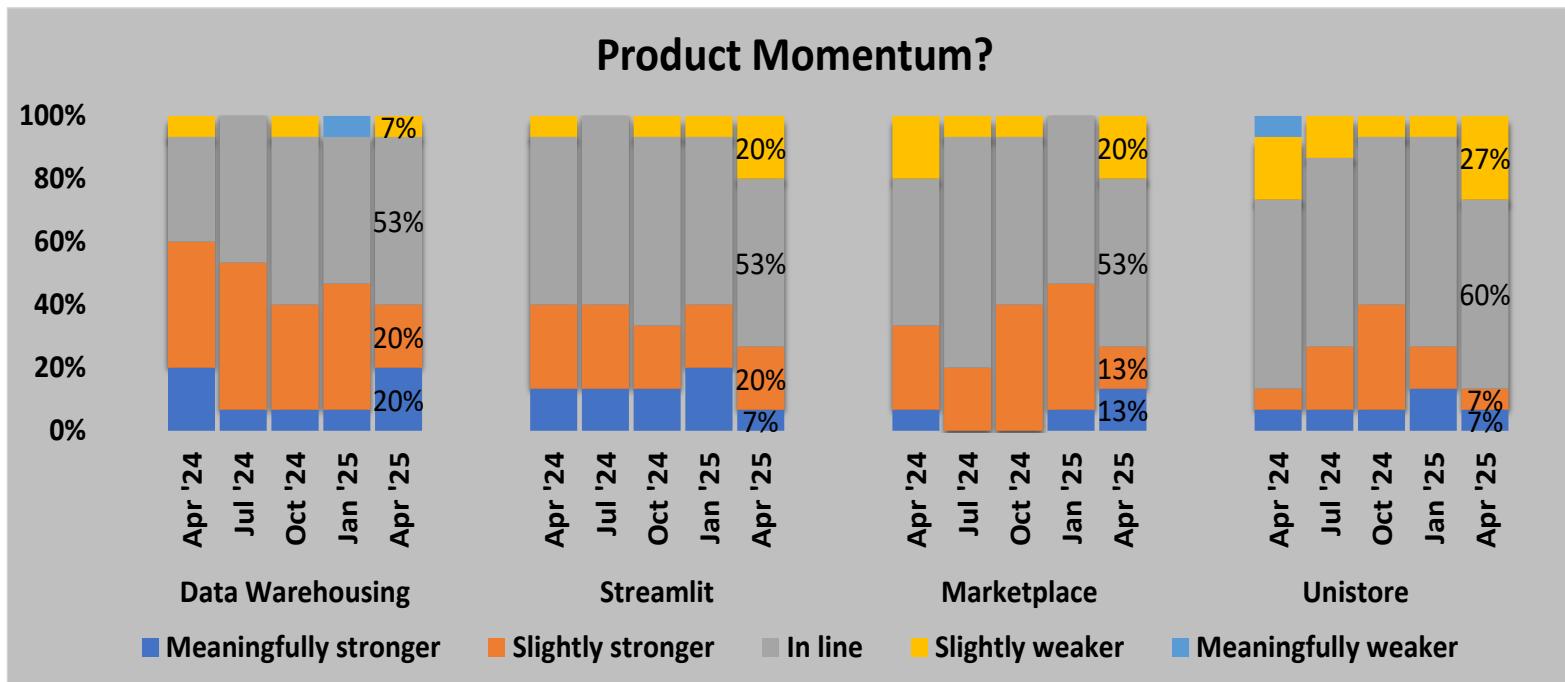
Comparing and contrasting with what it has been over the last 1-2 years, how would you characterize the sources of growth for the company going forward?



Key Takeaway: SNOW's revenue levers are mostly stable q/q, with expansions and increased product adoption up q/q, though growth clearly still remains measured.

Overall Product Momentum Slightly Tempered Q/Q

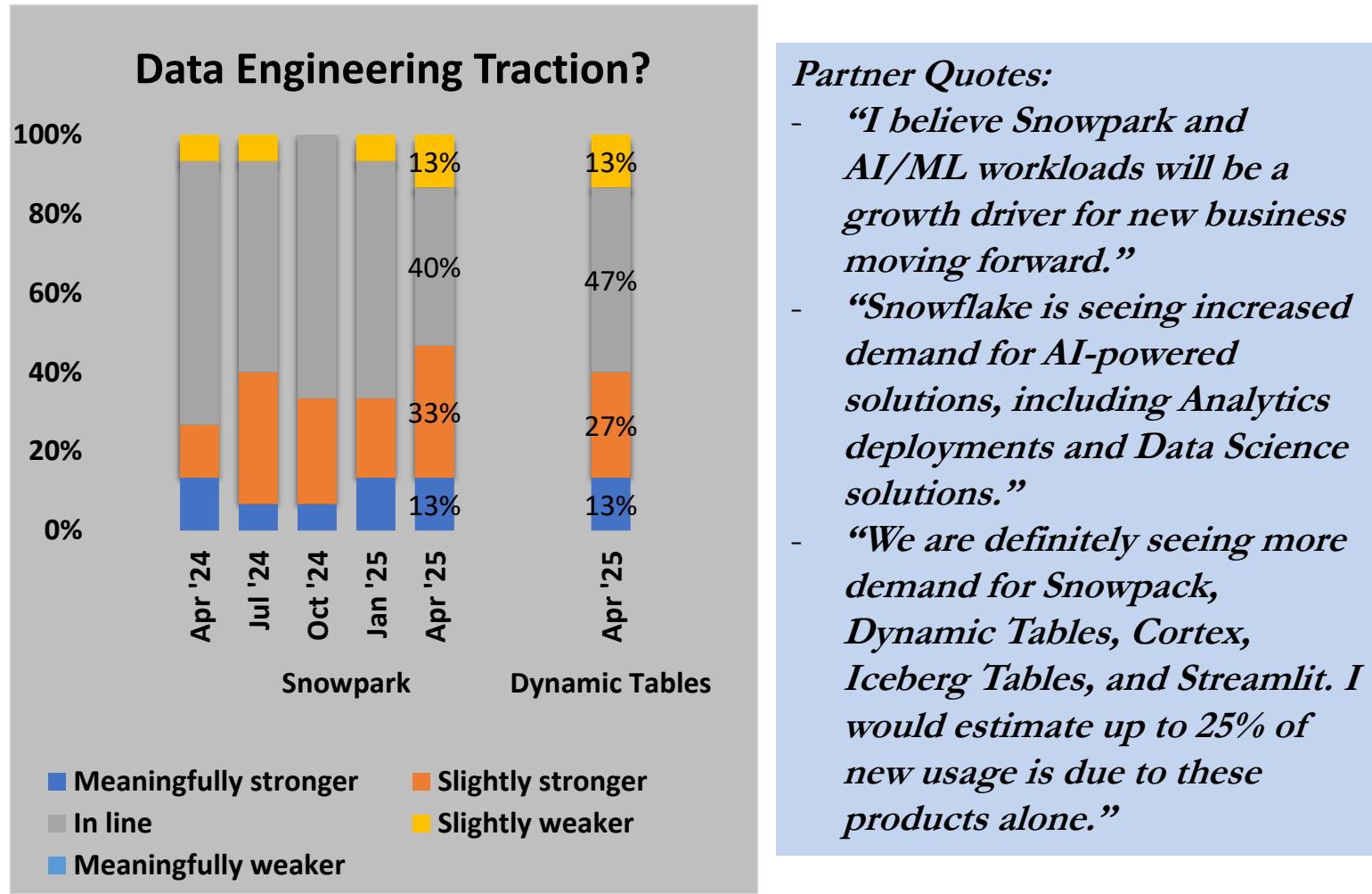
How would you characterize momentum across the different offerings today vs. 6-12 months ago? Does any one functional area stand out among the others?



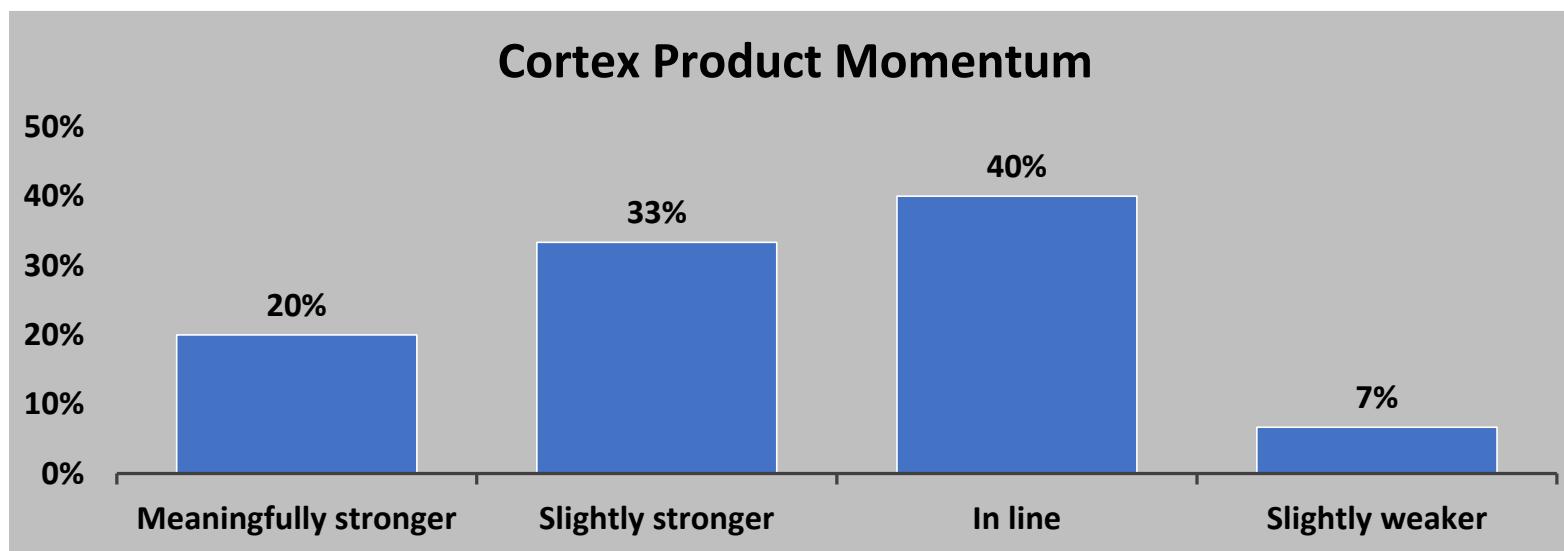
Key Takeaway: The CDW business continues to drive momentum, and we believe that SNOW's strength in CDW will boost emerging products (e.g., Snowpark, Cortex).

Partner Quote: “Data warehousing... is leading the charge.”

Data Engineering Workloads Driving New Growth



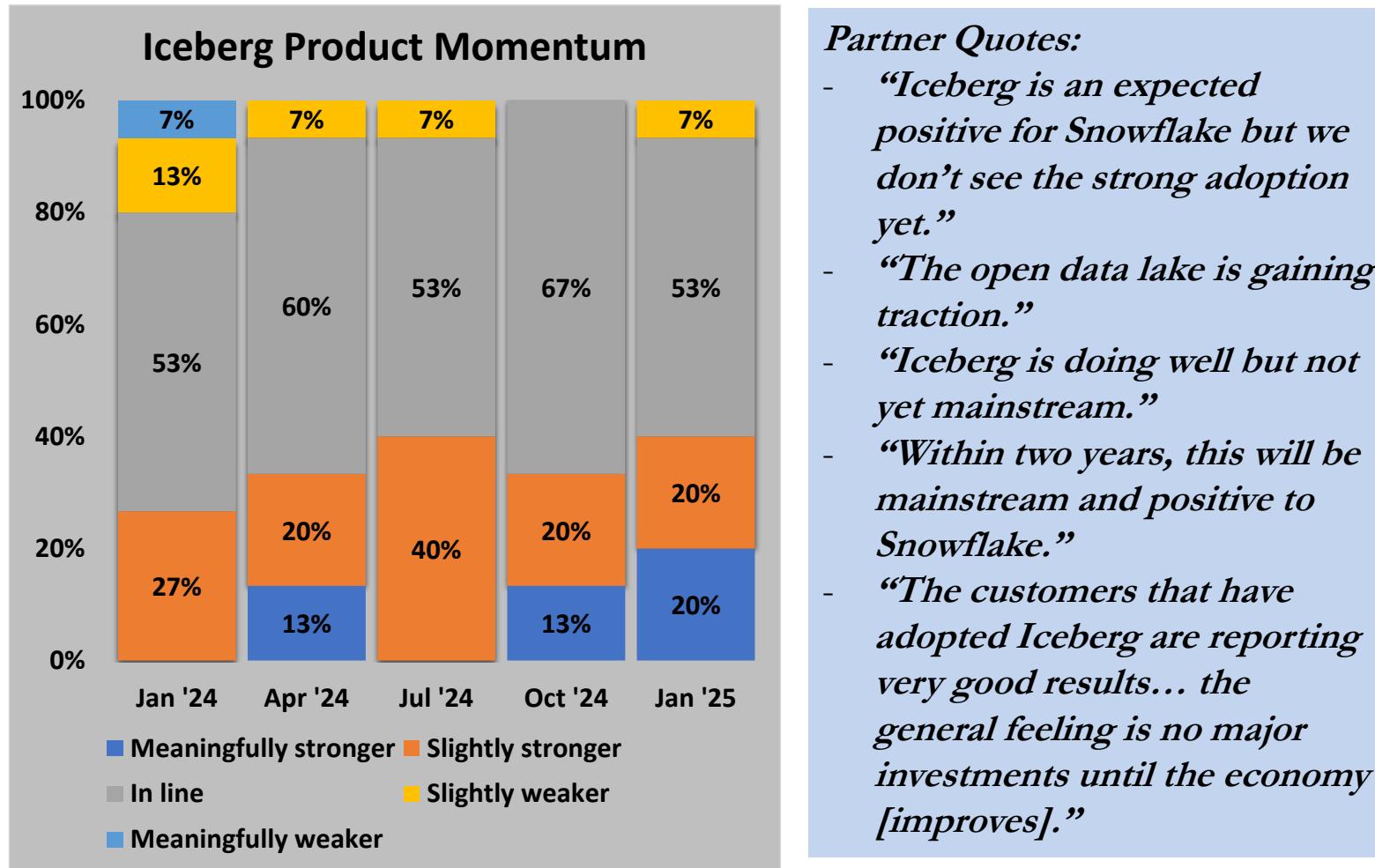
AI Continues To (Slowly) Gain Momentum



Key Takeaway: While there were a wide range of qualitative inputs, on average, our partners estimate that ~20% of customers are engaged in POCs with partners expecting half of them to convert to production. Cortex accounts for single-digit spend for active customers today with partners expecting this to double.

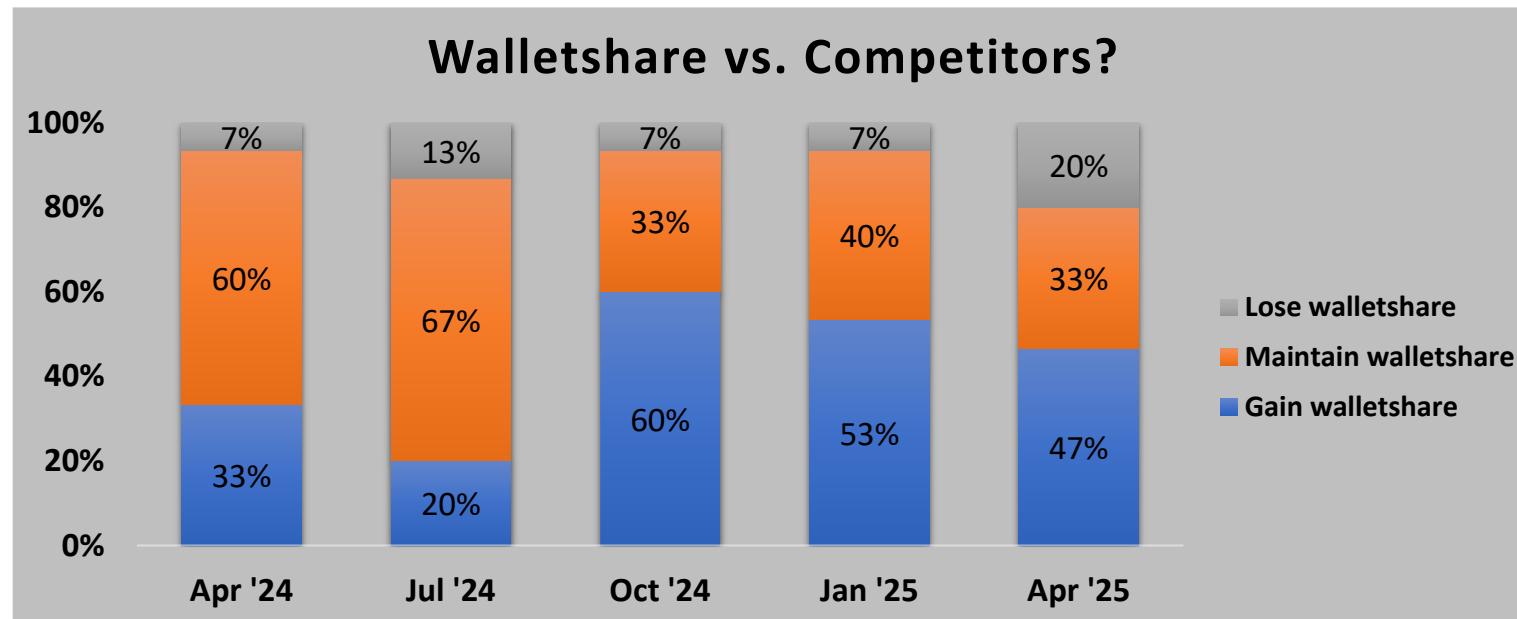
Partner Quote: “Cortex AI is probably the most significant driver for this year. It still has to prove itself out before we [can be sure that] there will be rapid adoption, but so far, [SNOW is] meeting all the promises they are making.”

Iceberg Remains In Very Early Days



Competitive Landscape Remains Stable; Hyperscaler Momentum Builds

How do you believe Snowflake's wallet share will trend vs. competitors?



Key Takeaway: Even as the space is becoming increasingly more competitive, partners believe that SNOW will gain walletshare over time.

Partner Quote: “[Microsoft] offers everything 80% of customers need at a substantial discount.”

Partner Quote: “AWS Redshift, Microsoft Fabric, and GCP BigQuery are the main competitors.”

Disclosures

TIMESTAMP

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

Time of dissemination: May 15 2025 8:36 PM ET

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Evercore ISI's recommendations are based on a stock's total forecasted return over the next 12 months. Total forecasted return is equal to the expected percentage price return plus gross dividend yield. We divide our stocks under coverage into three primary ratings categories, with the following guidelines:

Outperform- the total forecasted return is expected to be greater than the expected total return of the analyst's coverage sector.

In Line- the total forecasted return is expected to be in line with the expected total return of the analyst's coverage sector.

Underperform- the total forecasted return is expected to be less than the expected total return of the analyst's coverage sector.

Coverage Suspended- the rating and target price have been removed pursuant to Evercore ISI policy when Evercore is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.*

Rating Suspended- Evercore ISI has suspended the rating and target price for this stock because there is not sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, a rating or target price. The previous rating and target price, if any, are no longer in effect for this company and should not be relied upon.*

*Prior to October 10, 2015, the "Coverage Suspended" and "Rating Suspended" categories were included in the category "Suspended."

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Historical Ratings Definitions

Prior to March 2, 2017, Evercore ISI's recommendations were based on a stock's total forecasted return over the next 12 months:

Buy- the total forecasted return is expected to be greater than 10%

Evercore ISI rating (as of 01/09/2024)

Coverage Universe

Investment Banking Services I Past 12 Months					
Ratings	Count	Pct.	Ratings	Count	Pct.
Buy	437	56	Buy	56	13
Hold	303	39	Hold	25	8
Sell	16	2	Sell	0	0
Coverage Suspended	23	3	Coverage Suspended	7	30
Rating Suspended	5	1	Rating Suspended	1	20

Issuer-Specific Disclosures (as of January 09, 2024)

Price Charts

ServiceNow, Inc. Rating History as of 01/08/2024



Ratings Key

B	Buy	OP	Outperform	L	Long	CS	Coverage Suspended
H	Hold	IL	In Line	NP	No Position	RS	Rating Suspended
S	Sell	UP	Underperform	S	Short		

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VALUATION METHODOLOGY

Our price target is derived using our proprietary long-term risk/reward and valuation framework.

RISKS

- 1) Slower growth than expected, anything less than perfect execution;
- 2) Hyperscale cloud vendors becoming competitive in the market;
- 3) Rising interest rate environment

COMPANIES UNDER COVERAGE BY AUTHOR

Symbol	Company	Rating	Price (2025-15-05)	Evercore ISI Target
ADBE	Adobe Systems Inc.	Outperform	\$403.49	\$475.00
AVPT	AvePoint, Inc	Outperform	\$19.64	\$20.00
BLKB	Blackbaud Inc.	In Line	\$63.85	\$70.00
CCCS	CCC Intelligent Solutions Holdings In	Outperform	\$8.96	\$12.00
CRM	salesforce.com Inc.	Outperform	\$290.48	\$350.00
DDOG	Datadog Inc	Outperform	\$117.30	\$132.00
DOCU	DocuSign, Inc	In Line	\$90.41	\$90.00
EVCM	EverCommerce Inc	Outperform	\$10.70	\$11.00
HUBS	HubSpot, Inc	In Line	\$661.95	\$700.00
INTU	Intuit Inc.	Outperform	\$659.72	\$685.00
IOT	Samsara Inc	In Line	\$46.94	\$45.00
MSFT	Microsoft Corporation	Outperform	\$452.26	\$500.00
NOW	ServiceNow, Inc.	Outperform	\$1036.03	\$1000.00
ORCL	Oracle Corporation	Outperform	\$159.87	\$180.00
PATH	UiPath, Inc	In Line	\$13.07	\$11.00
RAMP	LiveRamp Holdings, Inc	Outperform	\$29.65	\$37.00
SAP-ETR	SAP SE	In Line	€263.20	€245.00
SNOW	Snowflake, Inc.	Outperform	\$182.87	\$200.00
TYL	Tyler Technologies, Inc.	In Line	\$572.16	\$595.00
VEEV	Veeva Systems Inc.	In Line	\$241.99	\$240.00
WDAY	Workday, Inc.	Outperform	\$275.20	\$275.00

TIMESTAMP

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

Time of dissemination:

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Ratings Definitions

Current Ratings Definition

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Outperform- the total forecasted return is expected to be greater than the expected total return of the analyst's coverage sector.

In Line- the total forecasted return is expected to be in line with the expected total return of the analyst's coverage sector.

Underperform- the total forecasted return is expected to be less than the expected total return of the analyst's coverage sector.

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Evercore ISI rating (as of 05/15/2025)

Coverage Universe			Investment Banking Services I Past 12 Months		
Ratings	Count	Pct.	Ratings	Count	Pct.
Buy	440	59	Buy	61	14
Hold	278	37	Hold	21	8
Sell	14	2	Sell	1	7
Coverage Suspended	13	2	Coverage Suspended	2	15
Rating Suspended	6	1	Rating Suspended	2	33

Issuer-Specific Disclosures (as of May 15, 2025)

Price Charts

Snowflake, Inc. Rating History as of 05/15/2025



Ratings Key

B	Buy	OP	Outperform	L	Long	CS	Coverage Suspended
H	Hold	IL	In Line	NP	No Position	RS	Rating Suspended
S	Sell	UP	Underperform	S	Short		

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