

# Snowflake Inc. (SNOW, Buy, \$312 PT)

November 12, 2025

**SNOW:** Positive FQ3'26 Field Checks. Increase PT to \$312. Reiterate Buy

**WHAT YOU SHOULD KNOW:** Over the last few weeks, we spoke with four contacts (3 partners / 1 industry analyst) to update our view on SNOW ahead of earnings Wednesday (12/3 AMC). While our sample size is small, insights on demand trends were positive. Contacts see their respective SNOW practices sustaining 30%+ growth. Continued strength in core data warehouse trends were consistently highlighted across all contacts. We picked up encouraging data points on Data Engineering products, which we think are rapidly approaching the \$500MM annualized consumption mark. And feedback on AI products like Cortex and Snowflake Intelligence were encouraging. Street estimates call for product revenue growth of 25.5% y/y in FQ3'26. In an upside scenario, we think SNOW can post closer to 30% growth. We increased our PT to \$312/share from \$276 previously. **Reiterate Buy.**

**Continued Strong Demand Driven by Core Data Warehouse Growth.** Our fieldwork on SNOW was positive across all four discussions this quarter and consistent to what we heard in our Q2 checks. Our most bullish contact (a large GSI) described his Q3 performance with SNOW as "stupendous" and called out 33% bookings growth in the quarter versus a 20%+ target in his practice. This contact's growth also accelerated slightly from last quarter. In addition, a smaller partner highlighted 30%+ growth in Q3. And other discussions were directionally positive. While new product commentary was encouraging, all of our contacts indicated that the core data warehouse platform and expansion with existing customers are still the primary drivers of growth. In our view, this positive trend may not be fully appreciated by investors. For example, SNOW currently has 12,062 customers, and of this number, 3,534 customers (~30% of the base) are less than two years old (i.e. still ramping). By our rough math, the annualized spend of the under 2-year customer cohort is about \$85K/year versus the more mature 2+ year customers at over \$475K+/year. As a result, we estimate ~\$1.4B in incremental annual spend potential within existing customers that have been on SNOW's platform for less than two years. This combined with recent net retention trends gives us a higher degree of confidence in forecasts over the next 12 months.

**Data Engineering Feedback Strong. SNOW Likely Approaching New Milestone.** Feedback on SNOW's Data Engineering products were directionally encouraging. All contacts highlighted some level of momentum with Snowpark, Dynamic Tables, and Iceberg. Within our checks, positive Snowpark commentary was most prevalent. In addition, Iceberg Tables (which gives customers the ability to query data in 3rd party storage) was frequently highlighted as a driver of consumption. That said, SNOW IR noted in recent discussions that Dynamic Tables is quickly catching up to Snowpark in terms of scale. Data Engineering products were last quantified at \$200MM in annualized consumption back on the FQ3'25 earnings call. Based on our rough estimates, we think the category crossed \$400MM in Q3 and is rapidly approached the \$500MM mark. As such, we expect an update either on the FQ3'26 or FQ4'26 call.

**Reiterate Buy. Increase PT to \$312 (\$276 Previously).** Our new PT is based on a 16.5x CY27E EV/sales multiple. This is in-line with SNOW's median NTM sales multiple of the last three years.

Gray Powell, CFA  
(212) 882-2348 [gpowell@btig.com](mailto:gpowell@btig.com)

Trevor Rambo  
(212) 593-4461 [trambo@btig.com](mailto:trambo@btig.com)

| Company Data               |                 |                 |                 |
|----------------------------|-----------------|-----------------|-----------------|
|                            | Previous        | Current         |                 |
| Closing Price              | \$272.33        |                 |                 |
| Price Target               | \$312.00        |                 |                 |
| Market Cap (M)             | \$101,415.69    |                 |                 |
| Enterprise Value (M)       | \$96,816.00     |                 |                 |
| Shares Out (M)             | 372.40          |                 |                 |
| Avg Daily Vol-3 Months (M) | 5.47            |                 |                 |
| Dividend / Yield           | \$0.00 / 0.0%   |                 |                 |
| Revisions                  |                 |                 |                 |
|                            | Previous        | Current         |                 |
| Rating                     | Buy             | Buy             |                 |
| Price Target               | \$276.00        | \$312.00        |                 |
| FY26E REV                  | 4,593.57        | 4,593.57        |                 |
| FY27E REV                  | 5,628.40        | 5,628.40        |                 |
| FY26E EPS                  | 1.22            | 1.22            |                 |
| FY27E EPS                  | 1.60            | 1.60            |                 |
| Revenue (M)                |                 |                 |                 |
|                            | 2025A           | 2026E           | 2027E           |
| FY Jan                     | 828.71          | 1,042.07A       | 1,285.84        |
| Q1                         | 868.82          | 1,144.97A       | 1,401.23        |
| Q3                         | 942.09          | 1,178.36        | 1,443.07        |
| Q4                         | 986.77          | 1,228.17        | 1,498.26        |
| <b>FY REV</b>              | <b>3,626.40</b> | <b>4,593.57</b> | <b>5,628.40</b> |
| FY EV/S                    | 26.7x           | 21.1x           | 17.2x           |
| FY P/S                     | 28.0x           | 22.1x           | 18.0x           |
| EPS (Adjusted)             |                 |                 |                 |
|                            | 2025A           | 2026E           | 2027E           |
| Q1                         | 0.14            | 0.24A           | 0.35            |
| Q2                         | 0.18            | 0.35A           | 0.38            |
| Q3                         | 0.20            | 0.33            | 0.41            |
| Q4                         | 0.30            | 0.30            | 0.45            |
| <b>FY EPS</b>              | <b>0.83</b>     | <b>1.22</b>     | <b>1.60</b>     |
| FY P/E                     | 329.9x          | 223.2x          | 170.5x          |

Source: FactSet, BTIG Estimates and Company Documents reported as \$ currency.  
FY = Fiscal Year CY = Calendar Year

## Investment Thesis

After two-plus years of dealing with cloud optimization headwinds, our recent fieldwork is pointing towards an improving demand backdrop for the broader cloud data analytics market and SNOW in CY2025 and 2026. In addition, we think Snowpark and Data Engineering products will become a more meaningful growth driver in FY'26. Roughly speaking, we estimate that Data Engineering's product will grow from a \$200MM run rate (6% of revenue) in FQ3'25 to \$500MM+ in FQ4'26 (10%+ of revs) and ultimately \$1.0B+ over the next few years. We see potential for AI workloads moving into production to create incremental tailwinds to consumption in 2H'F26. And lastly, we think the competitive environment has stabilized. All of these data points give us more confidence in SNOW's ability to sustain a 25%+ revenue growth profile and mid 20's FCF margins longer term.

## Upcoming Catalysts

- Cloud optimization initiatives, which has been a headwind to growth in the past two years, appear to be abating in 2025
- Snowpark and Data Engineering momentum inflecting over the course of FY26 as product enhancements drive incremental demand and existing customers ramp usage.
- AI workloads moving into product should drive increased consumption for cloud data platforms.

## Base Case Assumptions: **\$312 Price Target**

- Revenue growth of 26.7%, 22.5%, and 20.4% in CY25, CY26, and CY27, respectively.
- 16.5x CY2027E EV/sales multiple.
- **Price target of \$312/Share.**

## Upside Scenario: **\$344/sh**

- Newer / existing use cases - Snowpark, Data Exchange, Data Lake - see better-than-expected demand.
- Revenue growth of 30% in CY25, 27% in CY26, and 25% in CY27.
- 16.5x CY2027E EV/sales implies a **\$344/Share Upside Fair Value.**

## Downside Scenario: **\$168/sh**

- Revenue growth of 26.5% in CY25, 20.0% in CY26, and 17.0% in CY27.
- 9.0x 2027E EV/sales implies a **\$168/Share Fair Value.**

## Price Performance



## Company Description

Snowflake's Cloud Data Platform consolidates data into a single source of truth for customers to analyze for business insights, create applications from the data, and to share the data. The Cloud Data Platform supports use cases such as data engineering, data lake, data warehousing, data science, data applications, and data sharing. Under the company's consumption-based business model, customers only pay for the resources they use.

## Additional Details

**Bullish Cortex / AI Insights.** While less relevant to consumption revenue near term, contacts noted that SNOW is much better positioned relative to AI adoption today than they were 6 - 12 months ago. Two GSI's in our discussions called out Cortex deal activity. And our industry analyst contact stated that both Cortex and Snowflake Intelligence are getting more inquiries in customer discussions.

**Sentiment & Set Up.** Investor sentiment on SNOW remains positive, and we think most are expecting some form of a beat and raise report. For FQ3'26, the street is modeling product revenue of \$1,130MM / +25.5% y/y. In an upside scenario, we think SNOW delivers closer to \$1,170MM / +30.0% y/y. Lastly, we think SNOW will simply guide FQ4'26 product revenue in-line with street estimates at \$1,183MM.

### SNOW: Tracking Performance Against T+1 Stock Reaction

\$'s in millions

| Report Date   | 5/24/23       | 8/23/23      | 11/29/23    | 2/28/24       | 5/22/24      | 8/21/24       | 11/20/24     | 2/26/25     | 5/21/25      | 8/27/25      |
|---|---------------|--------------|-------------|---------------|--------------|---------------|--------------|-------------|--------------|--------------|
| Quarter End   | Apr F1Q'24    | Jul F2Q'24   | Oct F3Q'24  | Jan F4Q'24    | Apr F1Q'25   | Jul F2Q'25    | Oct F3Q'25   | Jan F4Q'25  | Apr F1Q'26   | Jul F2Q'26   |
| <b><u>Actual Results vs Consensus Estimates</u></b>                 |               |              |             |               |              |               |              |             |              |              |
| <b>Product Revenue</b>  |               |              |             |               |              |               |              |             |              |              |
| Consensus Est   | \$572.1       | \$626.2      | \$669.2     | \$722.5       | \$750.4      | \$813.7       | \$848.5      | \$914.3     | \$962.4      | \$1,040.7    |
| Actual  | \$590.1       | \$640.2      | \$698.5     | \$738.1       | \$789.6      | \$829.3       | \$900.3      | \$943.3     | \$996.8      | \$1,090.5    |
| Abs \$ Difference   | \$18.0        | \$14.0       | \$29.3      | \$15.6        | \$39.2       | \$15.6        | \$51.8       | \$29.0      | \$34.4       | \$49.8       |
| % Difference  | 3.1%          | 2.2%         | 4.4%        | 2.2%          | 5.2%         | 1.9%          | 6.1%         | 3.2%        | 3.6%         | 4.8%         |
| <b><u>Next Quarter Guidance vs Prior Consensus Estimate</u></b>     |               |              |             |               |              |               |              |             |              |              |
| <b>Product Revenue - Guide</b>                                      |               |              |             |               |              |               |              |             |              |              |
| Consensus Est   | \$648.7       | \$670.5      | \$705.4     | \$766.4       | \$791.8      | \$848.7       | \$881.7      | \$961.4     | \$1,013.7    | \$1,120.8    |
| Guidance (Mid)  | \$622.5       | \$672.5      | \$718.5     | \$747.5       | \$807.5      | \$852.5       | \$908.5      | \$957.5     | \$1,037.5    | \$1,127.5    |
| Abs \$ Difference   | (\$26.2)      | \$2.0        | \$13.1      | (\$18.9)      | \$15.7       | \$3.8         | \$26.8       | (\$3.9)     | \$23.8       | \$6.7        |
| % Difference  | -4.0%         | 0.3%         | 1.9%        | -2.5%         | 2.0%         | 0.4%          | 3.0%         | -0.4%       | 2.3%         | 0.6%         |
| <b><u>Updated Full Year Revenue Guidance vs Prior Consensus</u></b> |               |              |             |               |              |               |              |             |              |              |
| <b>Product Revenue - Guide</b>                                      |               |              |             |               |              |               |              |             |              |              |
| Consensus Est   | \$2,722.3     | \$2,609.9    | \$2,610.4   | \$3,458.0     | \$3,279.8    | \$3,332.3     | \$3,367.0    | \$4,234.3   | \$4,280.0    | \$4,339.5    |
| Guidance (Mid)  | \$2,600.0     | \$2,600.0    | \$2,650.0   | \$3,250.0     | \$3,300.0    | \$3,356.0     | \$3,430.0    | \$4,280.0   | \$4,325.0    | \$4,395.0    |
| % Difference  | -4.5%         | -0.4%        | 1.5%        | -6.0%         | 0.6%         | 0.7%          | 1.9%         | 1.1%        | 1.1%         | 1.3%         |
| <b>Relative Stock Performance</b>                                   | <b>-18.2%</b> | <b>-3.3%</b> | <b>7.3%</b> | <b>-19.0%</b> | <b>-5.0%</b> | <b>-13.0%</b> | <b>32.7%</b> | <b>7.3%</b> | <b>13.0%</b> | <b>19.7%</b> |

Source: FactSet, company reports and BTIG Research

## Field Checks Summary

We highlight the unfiltered feedback from our checks on SNOW below.

### Partner 1

- I see a lot of tailwinds across the data infrastructure land. I think there is still a lot of demand around the AI and ML portfolio. And this should benefit both SNOW and Databricks.
- ***Our performance with SNOW was stupendous. Our target for the quarter was 20%+ and we ended up doing 33%. (BTIG Note: this contact grew 31% last quarter.)*** We saw better growth than usual with existing customers on the core platform. Newer products helped as well.
- SNOW is coming very close to Databricks (private) in terms of the AI demand and AI readiness of the platform. They are closing the gap vs them in other parts as well since they became more module based. And some of their new features are helping to create a bigger moat around the platform.

- New products are doing well. Snowpark has done a great job in terms of net new logos and expansion. Dynamic tables is doing well and becoming more of a needle mover. And Iceberg tables is seeing traction too as its now adopted in around 10% of my practice.
- ***SNOW convert AI is very powerful. I have not seen much traction yet, but there are lot of use cases for it. And it can help speed up large scale migrations. So, I think it will be great.***
- SNOW has a great opportunity with Next Gen modules like Cortex AI and SNOW intelligence. They are very complimentary to the rest of the platform. The number of large deals that are very AI focused have increased over the past few quarters with SNOW.

#### Partner 2

- SNOW is in a market where data is exploding regardless of the macro environment. It is incredible how much data you can accumulate with AI inferencing. And that really helps SNOW.
- ***While my SNOW business is relatively small, it is easily growing 30%. And I don't see that letting up anytime soon.*** Their core customers will continue to grow their data on the platform.
- Most hyperscaler agreements are on a commit bases. So if a customer is behind on their commitment, the easiest thing to do is for them to turn on the data warehousing there to catch back up. They probably are not happy with having to do it, but I am seeing it happen more.

#### Partner 3

- While my practice is not huge, SNOW is doing very very well. Their platform design is much better than the hyperscalers. ***Our view on adoption rates is very positive.***
- Outside of the core data warehousing, our clients are positive on Snowpark the most followed by iceberg tables. Cortex is another product in the portfolio that seems to be doing well
- SNOW innovates so fast. They introduce so many new tools and capabilities every year. And they have converged so many AI offerings and AI capabilities onto their platform. They have evolved from just a data warehouse to a great AI play.
- ***AI has taken over the big stage at SNOW.*** Their platform allows developers to build agentic AI and applications using offerings like Snowpark and Cortex. It is enhancing the appetite for SNOW.

#### Industry Analyst – Cloud Datawarehosue Focus

##### General Cloud Datawarehouse

- ***Cloud data warehouse spending remains strong with no sign of budget tightening. Organizations are continuing to invest at a steady pace.***
- On-prem to cloud migrations continue, typically tied to system refresh cycles. Some organizations maintain hybrid environments, but most new projects and renewals are moving to the cloud.
- While cloud's variable cost structure is attractive, managing spend remains a challenge for some customers.

##### SNOW Focus

- ***Customer interest in Snowflake remains steady. The platform is still highly regarded, particularly for structured data warehousing, even if it's not always top-of-mind for AI-first projects. Feedback on them has probably been more positive now than it was a few months ago.***
- Features like Iceberg and new AI capabilities are getting positive attention. Iceberg, in particular, is seen as a strong differentiator—it allows flexible processing across data types and platforms.
- Most Snowflake discussions still center on its core data warehousing strengths. Snowpark is appreciated for its ease of use and it is good for basic things. But once use cases get more complex, customers look elsewhere.
- Dynamic tables are seen as useful for optimizing dashboards and aggregations, but the concept itself is familiar to most users.

- **Cortex AI and Snowflake Intelligence are increasingly mentioned in customer conversations, with early feedback trending positive.**
- Databricks SQL has improved and is now more competitive with SNOW. Early complaints about its SQL engine have largely disappeared.
- The Crunchy Data acquisition was great. Combining their powerful transactional database with SNOW's analytical database will set SNOW up well to have success with agentic AI. This is because Postgres is a simple database that is easy to spin up and down. And with all these agents firing off thousands of workloads to each other, there is a lot going on. So having a small efficient transactional data base makes it easy to deal with agentic AI.

## Valuation & Conclusion

Our fieldwork on SNOW continues to be strong. Core data warehouse demand is driving the majority of the company's growth and we think investors may be underestimating the potential upside within the company's installed base of existing customers. In addition, emerging Data Engineering products are showing tangible signs of momentum and should be close to the \$500MM or 10% of product revenue mark in short order. And feedback on AI products such as Cortex AI and Snowflake intelligence was very encouraging.

Our new PT is based on a 16.5x CY27E EV/sales multiple. This is in-line with SNOW's median NTM sales multiple of the last three years. Admittedly, SNOW trades towards the high end of security and infrastructure software coverage. That said, the company is increasingly being viewed as an "AI winner". And we think sustainable 25%+ revenue growth and 25%+ FCF margins justifies a premium valuation.

| Snowflake<br>Non GAAP Income Statement (\$'s in millions) | FY'22A           | FY'23A           | FY'24A           | Apr '24<br>Q1'25A | Jul '24<br>Q2'25A | Oct '24<br>Q3'25A | Jan '25<br>Q4'25A | FY'25A           | Apr '25<br>Q1'26A | Jul '25<br>Q2'26A | Oct '25<br>Q3'26E | Jan '26<br>Q4'26E | FY'26E           | FY'27E           | FY'28E           |              |
|---|------------------|------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|-------------------|------------------|------------------|------------------|--------------|
| Revenue:  |                  |                  |                  |                   |                   |                   |                   |                  |                   |                   |                   |                   |                  |                  |                  |              |
| Product   | 1,140.5          | 1,938.8          | 2,666.8          | 789.6             | 829.3             | 900.3             | 943.3             | 3,462.4          | 996.8             | 1,090.5           | 1,129.9           | 1,178.2           | 4,395.3          | 5,410.4          | 6,546.5          |              |
| Yr./Yr. Growth  | 105.9%           | 70.0%            | 37.6%            | 33.8%             | 29.5%             | 28.9%             | 27.8%             | 29.8%            | 26.2%             | 31.5%             | 25.5%             | 24.9%             | 26.9%            | 23.1%            | 21.0%            |              |
| Net Revenue Additions                                     | 586.7            | 798.3            | 728.1            | 51.5              | 39.7              | 71.0              | 43.0              | 795.6            | 53.5              | 93.7              | 39.4              | 48.3              | 932.9            | 1,015.0          | 1,136.2          |              |
| Yr./Yr. Growth  | 94.5%            | 36.1%            | -8.8%            | 48.2%             | -20.9%            | 21.9%             | 8.6%              | 9.3%             | 3.9%              | 136.2%            | -44.6%            | 12.3%             | 17.3%            | 8.8%             | 11.9%            |              |
| Professional Services and other                           | 78.9             | 126.9            | 139.6            | 39.1              | 39.6              | 41.8              | 43.5              | 164.0            | 45.3              | 54.5              | 48.5              | 50.0              | 198.2            | 218.0            | 231.1            |              |
| Yr./Yr. Growth  | 106.1%           | 60.9%            | 10.1%            | 16.7%             | 17.0%             | 17.1%             | 18.7%             | 17.4%            | 15.7%             | 37.7%             | 16.0%             | 15.0%             | 20.9%            | 10.0%            | 6.0%             |              |
| <b>Total revenue</b>                                      | <b>\$1,219.3</b> | <b>\$2,065.7</b> | <b>\$2,806.5</b> | <b>\$828.7</b>    | <b>\$868.8</b>    | <b>\$942.1</b>    | <b>\$986.8</b>    | <b>\$3,626.4</b> | <b>\$1,042.1</b>  | <b>\$1,145.0</b>  | <b>\$1,178.4</b>  | <b>\$1,228.2</b>  | <b>\$4,593.6</b> | <b>\$5,628.4</b> | <b>\$6,777.7</b> |              |
| Qtr./Qtr. Growth  | NA               | NA               | NA               | 7.0%              | 4.8%              | 8.4%              | 4.7%              | NA               | 5.6%              | 9.9%              | 2.9%              | 4.2%              | NA               | NA               | NA               |              |
| Yr./Yr. Growth  | 106.0%           | 69.4%            | 35.9%            | 32.9%             | 28.9%             | 28.3%             | 27.4%             | 29.2%            | 25.7%             | 31.8%             | 25.1%             | 24.5%             | 26.7%            | 22.5%            | 20.4%            |              |
| Cost of revenue:  |                  |                  |                  |                   |                   |                   |                   |                  |                   |                   |                   |                   |                  |                  |                  |              |
| Product   | 295.8            | 481.4            | 589.5            | 182.3             | 195.5             | 213.4             | 228.0             | 819.1            | 242.7             | 256.9             | 293.8             | 306.3             | 1099.6           | 1352.6           | 1636.6           |              |
| Professional Services and other                           | 68.1             | 117.7            | 134.1            | 37.3              | 37.1              | 41.5              | 42.6              | 158.6            | 47.3              | 52.8              | 46.6              | 48.0              | 194.6            | 211.5            | 224.2            |              |
| <b>Total cost of revenue</b>                              | <b>\$364.0</b>   | <b>\$599.1</b>   | <b>\$723.6</b>   | <b>\$219.6</b>    | <b>\$232.6</b>    | <b>\$254.9</b>    | <b>\$270.6</b>    | <b>\$977.7</b>   | <b>\$290.0</b>    | <b>\$309.7</b>    | <b>\$340.3</b>    | <b>\$354.3</b>    | <b>\$1,294.3</b> | <b>\$1,564.1</b> | <b>\$1,860.8</b> |              |
| <i>As a % of Revenue</i>                                  | <i>29.9%</i>     | <i>29.0%</i>     | <i>25.8%</i>     | <i>26.5%</i>      | <i>26.8%</i>      | <i>27.1%</i>      | <i>27.4%</i>      | <i>27.0%</i>     | <i>27.8%</i>      | <i>27.0%</i>      | <i>28.9%</i>      | <i>28.8%</i>      | <i>28.2%</i>     | <i>27.8%</i>     | <i>27.5%</i>     |              |
| Gross profit:   |                  |                  |                  |                   |                   |                   |                   |                  |                   |                   |                   |                   |                  |                  |                  |              |
| Product   | \$844.6          | \$1,457.4        | \$2,077.4        | \$607.3           | \$633.8           | \$686.9           | \$715.3           | \$2,643.3        | \$754.1           | \$833.6           | \$836.1           | \$871.9           | \$3,295.7        | \$4,057.8        | \$4,909.9        |              |
| Margin  | 74.1%            | 75.2%            | 77.9%            | 76.9%             | 76.4%             | 76.3%             | 75.8%             | 76.3%            | 75.7%             | 76.4%             | 74.0%             | 74.0%             | 75.0%            | 75.0%            | 75.0%            |              |
| Professional Services and other                           | \$10.7           | \$9.2            | \$5.5            | \$1.8             | \$2.4             | \$0.3             | \$0.9             | \$5.4            | (\$2.0)           | \$1.7             | \$1.9             | \$2.0             | \$3.6            | \$6.5            | \$6.9            |              |
| Margin  | 13.6%            | 7.3%             | 3.9%             | 4.6%              | 6.1%              | 0.6%              | 2.1%              | 3.3%             | (4.4)%            | 3.0%              | 4.0%              | 4.0%              | 1.8%             | 3.0%             | 3.0%             |              |
| <b>Total gross profit</b>                                 | <b>\$855.3</b>   | <b>\$1,466.6</b> | <b>\$2,082.9</b> | <b>\$609.1</b>    | <b>\$636.2</b>    | <b>\$687.2</b>    | <b>\$716.2</b>    | <b>\$2,648.7</b> | <b>\$752.1</b>    | <b>\$835.3</b>    | <b>\$838.0</b>    | <b>\$873.9</b>    | <b>\$3,299.3</b> | <b>\$4,064.3</b> | <b>\$4,916.8</b> |              |
| <i>Margin</i>   | <i>70.1%</i>     | <i>71.0%</i>     | <i>74.2%</i>     | <i>73.5%</i>      | <i>73.2%</i>      | <i>72.9%</i>      | <i>72.6%</i>      | <i>73.0%</i>     | <i>72.2%</i>      | <i>73.0%</i>      | <i>71.1%</i>      | <i>71.2%</i>      | <i>71.8%</i>     | <i>72.2%</i>     | <i>72.5%</i>     |              |
| Operating expenses:                                       |                  |                  |                  |                   |                   |                   |                   |                  |                   |                   |                   |                   |                  |                  |                  |              |
| Sales and marketing                                       | 528.2            | 823.2            | 1,041.5          | 312.6             | 309.1             | 340.6             | 328.9             | 1,291.2          | 357.9             | 392.1             | 390.0             | 406.5             | 1,546.5          | 1,828.2          | 2,168.9          |              |
| As a % of Revenue   | 43.3%            | 39.9%            | 37.1%            | 37.7%             | 35.6%             | 36.2%             | 33.3%             | 35.6%            | 34.3%             | 34.2%             | 33.1%             | 33.1%             | 33.7%            | 32.5%            | 32.0%            |              |
| Research and development                                  | 215.0            | 367.9            | 612.1            | 203.2             | 224.2             | 224.8             | 230.8             | 883.0            | 238.8             | 247.1             | 271.0             | 307.0             | 1064.0           | 1356.8           | 1626.6           |              |
| As a % of Revenue   | 17.6%            | 17.8%            | 21.8%            | 24.5%             | 25.8%             | 23.9%             | 23.4%             | 24.3%            | 22.9%             | 21.6%             | 23.0%             | 25.0%             | 23.2%            | 24.1%            | 24.0%            |              |
| General and administrative                                | 143.3            | 180.2            | 199.6            | 57.1              | 59.1              | 62.9              | 63.6              | 242.8            | 63.8              | 68.5              | 70.7              | 73.7              | 276.6            | 315.2            | 372.8            |              |
| As a % of Revenue   | 11.8%            | 8.7%             | 7.1%             | 6.9%              | 6.8%              | 6.7%              | 6.4%              | 6.7%             | 6.1%              | 6.0%              | 6.0%              | 6.0%              | 6.0%             | 5.6%             | 5.5%             |              |
| Total operating expenses                                  | 886.5            | 1,371.3          | 1,853.2          | 572.9             | 592.5             | 628.3             | 623.4             | 2,417.0          | 660.5             | 707.7             | 731.8             | 787.3             | 2,887.2          | 3,500.1          | 4,168.3          |              |
| As a % of Revenue   | 72.7%            | 66.4%            | 66.0%            | 69.1%             | 68.2%             | 66.7%             | 63.2%             | 66.6%            | 63.4%             | 61.8%             | 62.1%             | 64.1%             | 62.9%            | 62.2%            | 61.5%            |              |
| <b>Income from operations</b>                             | <b>(\$31.2)</b>  | <b>\$95.3</b>    | <b>\$229.7</b>   | <b>\$36.2</b>     | <b>\$43.7</b>     | <b>\$58.9</b>     | <b>\$92.8</b>     | <b>\$231.7</b>   | <b>\$91.7</b>     | <b>\$127.6</b>    | <b>\$106.3</b>    | <b>\$86.6</b>     | <b>\$412.1</b>   | <b>\$564.2</b>   | <b>\$748.6</b>   |              |
| <i>As a % of Revenue</i>                                  | <i>-2.6%</i>     | <i>4.6%</i>      | <i>8.2%</i>      | <i>4.4%</i>       | <i>5.0%</i>       | <i>6.3%</i>       | <i>9.4%</i>       | <i>6.4%</i>      | <i>8.8%</i>       | <i>11.1%</i>      | <i>9.0%</i>       | <i>7.1%</i>       | <i>9.0%</i>      | <i>10.0%</i>     | <i>11.0%</i>     |              |
| <i>Yr./Yr. Growth</i>                                     | <i>NMF</i>       | <i>NMF</i>       | <i>141.1%</i>    | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>       | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>80.5%</i>      | <i>-6.7%</i>     | <i>77.8%</i>     | <i>36.9%</i>     | <i>32.7%</i> |
| Depreciation  | 13.7             | 24.7             | 37.7             | 16.8              | 21.2              | 23.0              | 24.6              | 85.6             | 24.7              | 27.0              | 27.2              | 27.4              | 106.4            | 111.7            | 114.9            |              |
| % of revenue  | 1.1%             | 1.2%             | 1.3%             | 2.0%              | 2.4%              | 2.4%              | 2.5%              | 2.4%             | 2.4%              | 2.4%              | 2.3%              | 2.2%              | 2.3%             | 2.0%             | 1.7%             |              |
| <b>Adj EBITDA</b>   | <b>(\$17.5)</b>  | <b>\$120.0</b>   | <b>\$267.4</b>   | <b>\$53.0</b>     | <b>\$64.9</b>     | <b>\$81.9</b>     | <b>\$117.5</b>    | <b>\$317.3</b>   | <b>\$116.4</b>    | <b>\$154.6</b>    | <b>\$133.5</b>    | <b>\$114.0</b>    | <b>\$518.5</b>   | <b>\$675.9</b>   | <b>\$863.5</b>   |              |
| <i>EBITDA margin %</i>                                    | <i>-1.4%</i>     | <i>5.8%</i>      | <i>9.5%</i>      | <i>6.4%</i>       | <i>7.5%</i>       | <i>8.7%</i>       | <i>11.9%</i>      | <i>8.8%</i>      | <i>11.2%</i>      | <i>13.5%</i>      | <i>11.3%</i>      | <i>9.3%</i>       | <i>11.3%</i>     | <i>12.0%</i>     | <i>12.7%</i>     |              |
| <i>Yr./Yr. Growth</i>                                     | <i>NMF</i>       | <i>NMF</i>       | <i>122.8%</i>    | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>18.7%</i>     | <i>NMF</i>        | <i>NMF</i>        | <i>63.0%</i>      | <i>-2.9%</i>      | <i>63.4%</i>     | <i>30.4%</i>     | <i>27.8%</i>     |              |
| Other income (expense), net                               | 38.1             | 26.3             | 245.6            | 33.5              | 41.3              | 40.2              | 58.7              | 173.7            | 25.1              | 44.5              | 60.0              | 65.0              | 194.6            | 240.0            | 240.0            |              |
| <b>Loss before income taxes</b>                           | <b>6.9</b>       | <b>121.6</b>     | <b>475.3</b>     | <b>69.7</b>       | <b>85.1</b>       | <b>99.1</b>       | <b>151.5</b>      | <b>405.4</b>     | <b>116.8</b>      | <b>172.1</b>      | <b>166.3</b>      | <b>151.6</b>      | <b>606.7</b>     | <b>804.2</b>     | <b>988.6</b>     |              |
| Provision for (benefit from) income taxes                 | 1.5              | 31.4             | 123.6            | 18.3              | 22.0              | 25.8              | 39.4              | 105.4            | 29.2              | 43.1              | 41.6              | 37.9              | 151.8            | 201.3            | 247.4            |              |
| <i>Effective Rate</i>                                     | <i>22.0%</i>     | <i>25.9%</i>     | <i>26.0%</i>     | <i>26.2%</i>      | <i>25.8%</i>      | <i>26.0%</i>      | <i>26.0%</i>      | <i>26.0%</i>     | <i>25.0%</i>      | <i>25.0%</i>      | <i>25.0%</i>      | <i>25.0%</i>      | <i>25.0%</i>     | <i>25.0%</i>     | <i>25.0%</i>     |              |
| <b>Non GAAP Net Income</b>                                | <b>5.4</b>       | <b>90.1</b>      | <b>351.7</b>     | <b>51.4</b>       | <b>63.1</b>       | <b>73.3</b>       | <b>112.1</b>      | <b>300.0</b>     | <b>87.6</b>       | <b>129.0</b>      | <b>124.7</b>      | <b>113.7</b>      | <b>454.9</b>     | <b>602.9</b>     | <b>741.2</b>     |              |
| <i>Margin</i>   | <i>0.4%</i>      | <i>4.4%</i>      | <i>12.5%</i>     | <i>6.2%</i>       | <i>7.3%</i>       | <i>7.8%</i>       | <i>11.4%</i>      | <i>8.3%</i>      | <i>8.4%</i>       | <i>11.3%</i>      | <i>10.6%</i>      | <i>9.3%</i>       | <i>9.9%</i>      | <i>10.7%</i>     | <i>10.9%</i>     |              |
| <b>Earnings Per Share</b>                                 |                  |                  |                  |                   |                   |                   |                   |                  |                   |                   |                   |                   |                  |                  |                  |              |
| Diluted   | \$0.02           | \$0.25           | \$0.97           | \$0.14            | \$0.18            | \$0.20            | \$0.30            | \$0.83           | \$0.24            | \$0.35            | \$0.33            | \$0.30            | \$1.22           | \$1.60           | \$1.94           |              |
| <i>Yr./Yr. Growth</i>                                     | <i>NMF</i>       | <i>NMF</i>       | <i>286.8%</i>    | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>NMF</i>        | <i>-15.0%</i>    | <i>NMF</i>        | <i>NMF</i>        | <i>47.8%</i>      | <i>31.0%</i>      | <i>21.3%</i>     |                  |                  |              |
| Shares Outstanding  | 325.5            | 358.8            | 362.1            | 363.7             | 359.3             | 362.2             | 370.7             | 363.4            | 370.9             | 372.4             | 374.0             | 374.0             | 372.8            | 377.4            | 382.4            |              |

Source: Company data; BTIG Research estimates



## BTIG Covered Companies Mentioned in this Report

Snowflake Inc. (SNOW, Buy, \$312 PT; Closing Price: \$272.33)

## Appendix: Analyst Certification and Other Important Disclosures

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| Sell              | 4     | 0.8%    | Sell                       | 0     | 0.0%    |

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#### Snowflake Inc. (SNOW, Buy, \$312 PT)

**Valuation:** Our PT of \$312/share is based on a 16.5x CY27E EV/sales multiple. We think this is reasonable for an accelerating high-20s revenue growth story with 25%+ FCF margins.

**Risks:** Risks to the downside include intense competition against large well-established cloud infrastructure providers, the potential for new entrants attracted to a large market opportunity, volatility inherent in SNOW's consumption pricing model, and valuation / investor expectations.



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