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Equity Research
May 19, 2025

SNOW Much Potential - Survey Shows Snowflake's Growth Isn't Melting Away

Our proprietary SNOW survey (50+ page visual deck inside) indicates robust demand in F1Q, with pipelines and AI growth expectations largely intact. We reiterate SNOW as our top AI recovery story supported by an achievable F1Q setup, positive checks and non-core momentum. PT to $220. We spoke to 3 ESTC partners, all of whom indicated significant deal pushouts in April/early May. Sales execution will be key, particularly as ESTC navigates its recent GTM overhaul.

SNOW Partner Survey. We surveyed 20 SNOW partners to gauge demand and other key debates around SNOW (AI traction, Iceberg Tables, data warehouse migration, competitive dynamics, etc). Key takeaways: 1) 85% of partners either hit or exceeded their plans in F4Q; 2) overall pipeline remained robust with 55% of partners seeing q/q improvement; 3) partners expect ~1pt of growth acceleration in CY25; 4) expected AI growth contributions in CY25 remain intact at 6 ppts; 5) limited impact from macro headwinds so far, though concerns are starting to grow.

SNOW (Buy, $220 PT) - F1Q Setup. We favor SNOW as our top AI breakout play, with more meaningful AI upside in the back half of the year. Expectations are reasonably balanced heading into F1Q26, with product rev calling for $955-960M (or 21-22% y/y growth), implying a 6-7pt sequential decel on a 1pt tougher comp. Public cloud readthroughs were overall positive with combined Big 3 Cloud growth indicated better than feared core cloud demand (note). SNOW's FY26 product rev outlook calls for $4.28B (23.6% y/y growth) vs. $3.46B (29.8% growth) in FY25 and implies $818M in net adds y/y vs $796M net adds in FY25 and $728M in FY24. Given a number of modules that have been made generally available in recent months and are expected to ramp throughout the year (contributing to higher growth rates in F2H26), we believe that net adds should be meaningfully higher. F1Q Street estimates for RPO call for 34% y/y growth, a 1pt sequential growth acceleration on a 5pt tougher growth comp (from 41% in F4Q to 46% in F1Q). This should be achievable, especially if the large customers who were consuming on-demand in F4Q renew their contracts. SNOW trades at 12x CY26E rev, a slight discount vs large cap avg of 13x. We believe the stock can rerate on a turn in the AI narrative in FY26. *See inside for 50+ page deck including F1Q partner survey.*

ESTC Partner Checks. We spoke with 3 partners - our checks were mixed to negative, with a common theme revolving around sales cycles lengthening and deals in late March and April getting pushed out as decision makers are in a wait-and-see mode on fears of a looming recession. Full-year expectations have not been revised down yet, as some are expecting a rebound in 2H. *See inside 50+ page deck for full takes from partner checks.*

ESTC (Buy, $110 PT) - F4Q Setup. ESTC has had a volatile FY25 with unexpected sales execution issues and a full-year guidance cut in F1Q, though it has recovered nicely with back-to-back strong quarters in F2Q/F3Q (record top-line beats, record op margins, improving sales execution and search AI acceleration). Exiting FY25, investors will be closely watching consumption trends (given some softness in commitments from earlier in F1Q25) and pipeline demand. F4Q setup looks de-risked, with total rev guide calling for 13-14% y/y growth, a 3pt sequential decel from F3Q on flat comps. We expect the initial FY26 outlook to be conservative as the new CFO finds his footing, and margins should expand only modestly from ~15% opm in FY25E as ESTC front-loads its opex in

KEY STOCKS FEATURED INCLUDE:

TICKER	RATING	PRICE TARGET
SNOW	BUY	$220.00
ESTC	BUY	$110.00

KEY CHANGES INCLUDE:

TICKER	RATING	PRICE TARGET
SNOW	BUY	↑ $220.00 ($190.00)

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FY26. ESTC trades at 5x CY26E rev, which leaves room for a rerate if the company can deliver on sales execution to meet demand tailwinds from GenAI.

Summary of Changes

				EPS Estimates			P/E		
Company	Rating	Price^	Price Target	2024	2025	2026	2024	2025	2026
Snowflake SNOW	BUY	$183.08	$220.00 ↑ +16%	$0.97	$0.82	$1.10	NM	NM	NM
Previous			$190.00	$0.97	$0.82	$1.10			
Elastic ESTC	BUY	$92.32	$110.00	$1.20	$1.94	$2.03	77.2x	47.5x	45.6x

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

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SNOW Much Potential - Proprietary Survey + Preview

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MAY 2025

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SECTION I

SNOW Partner Survey

F1Q Partner Survey: Stable Demand But Macro Headwind Remains

Ahead of SNOW's F1Q earnings on May 21st, we surveyed 20 SNOW partners to gauge demand and other key debates around SNOW (AI traction, Iceberg Tables, data warehouse migration, competitive dynamics, etc). Our key takeaways:

1

85% of partners either hit or exceeded their plans in F1Q
- 35% of partners were above plan while 50% were at plan. 15% of partners cited underperformance, a slight uptick from 10% in our F4Q survey

2

Overall pipeline remained robust in F1Q
- 55% of partners saw pipeline improvement in the last 3 months, with 15% noting double-digit growth, 30% of partners indicated flat q/q pipeline growth, while 15% indicated a sequential decline

3

Partners expect ~1ppt of growth acceleration in CY25 (10.3%) vs CY24 (9.1%)
- 40%/35% of partners expect to see double-digit/single-digit growth in 2025, while 35%/30% of partners reported double-digit/single-digit growth in 2024

4

Expected AI growth contributions in CY25 remain intact at 6 ppts
- Partners expect AI initiatives on average to contribute 5.8 ppts of growth in CY25 and data engineering initiatives to contribute 6.0 ppts
- Partners continue to rank AI/ML as the top driver for sales opportunities within the next year

5

Limited impact from macro headwinds so far, though concerns are starting to grow
- Macro uncertainty had (on average) a ~2pt headwind on F1Q pipelines and partner practice revenues related to SNOW
- Partners expect ~3pt negative impact on SNOW practice growth amid macro backdrop in 2025
- On an individual basis, 40% of partners expect macro headwinds to get incrementally worse throughout the year

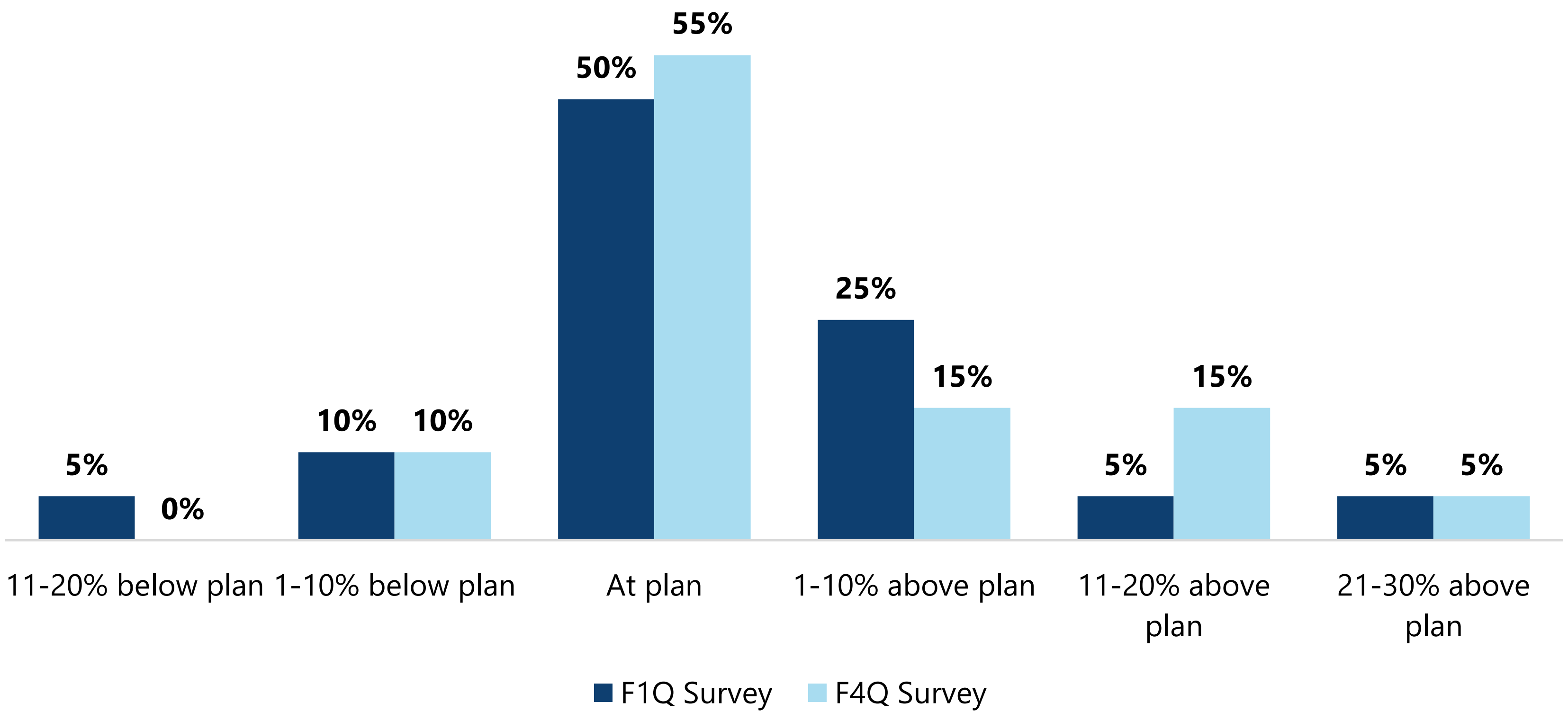
SUBSECTION 1

F1Q Business Momentum & CY25 Expectations

Vast Majority of Partners Hit Their Plans in F1Q

85% of partners either hit or exceeded their plans in F1Q, a marginal decrease from 90% in our F4Q survey. 35% were above plan, in-line with last quarter survey results, while 50% were at plan vs. 55% in F4Q. 15% of partners cited underperformance, a slight uptick from 10% in our F4Q survey.

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



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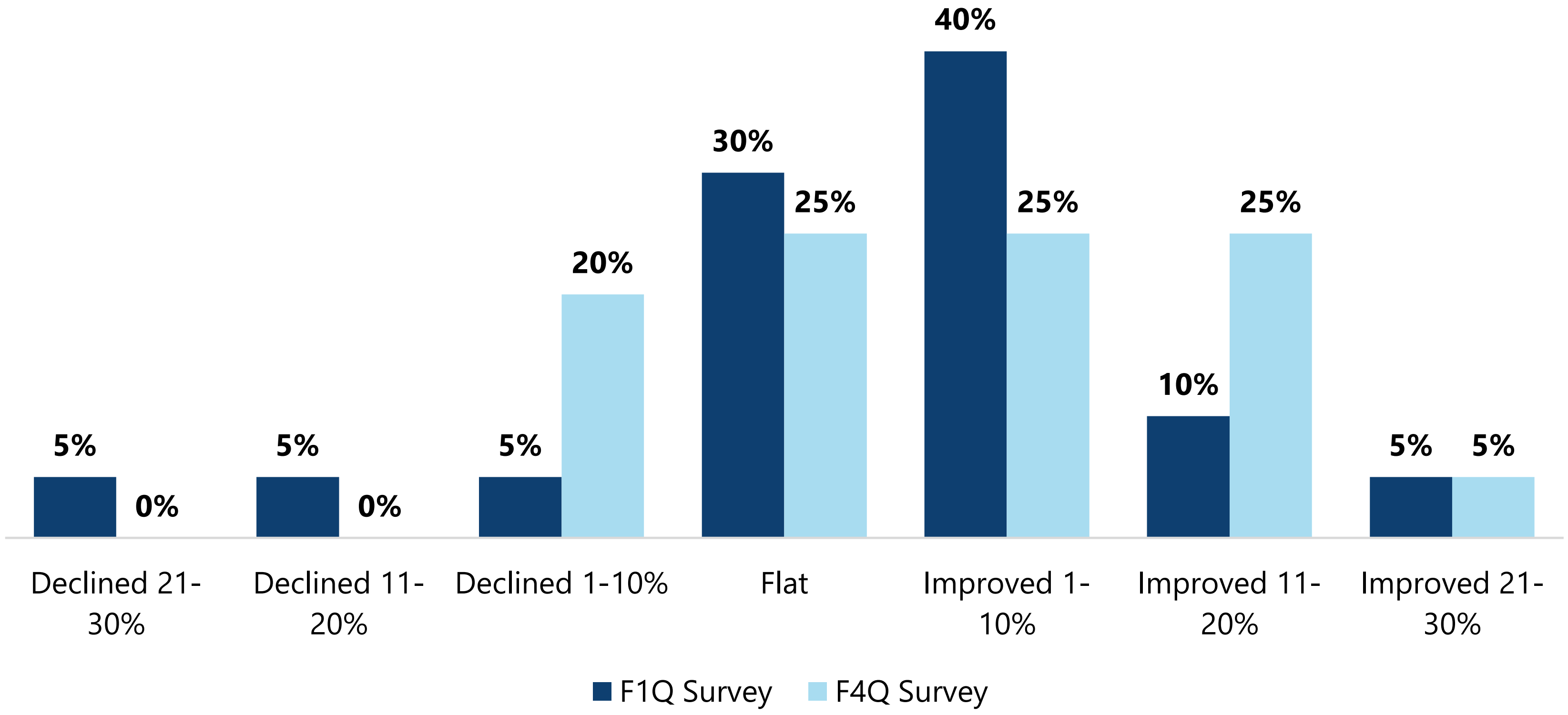
Source: Jefferies Proprietary Survey (n=20)

Solid Pipeline Demand in F1Q

Similar to our F4Q survey, 55% of partners in our F1Q survey reported a q/q improvement in their SNOW pipelines. Within that, 15% indicated >11% pipeline improvement, notably lower than 30% in F4Q. 40% or partners indicated <10% improvement in F1Q vs 25% from our F4Q survey, while 30% noted flat q/q pipeline growth vs 25% in F4Q.

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



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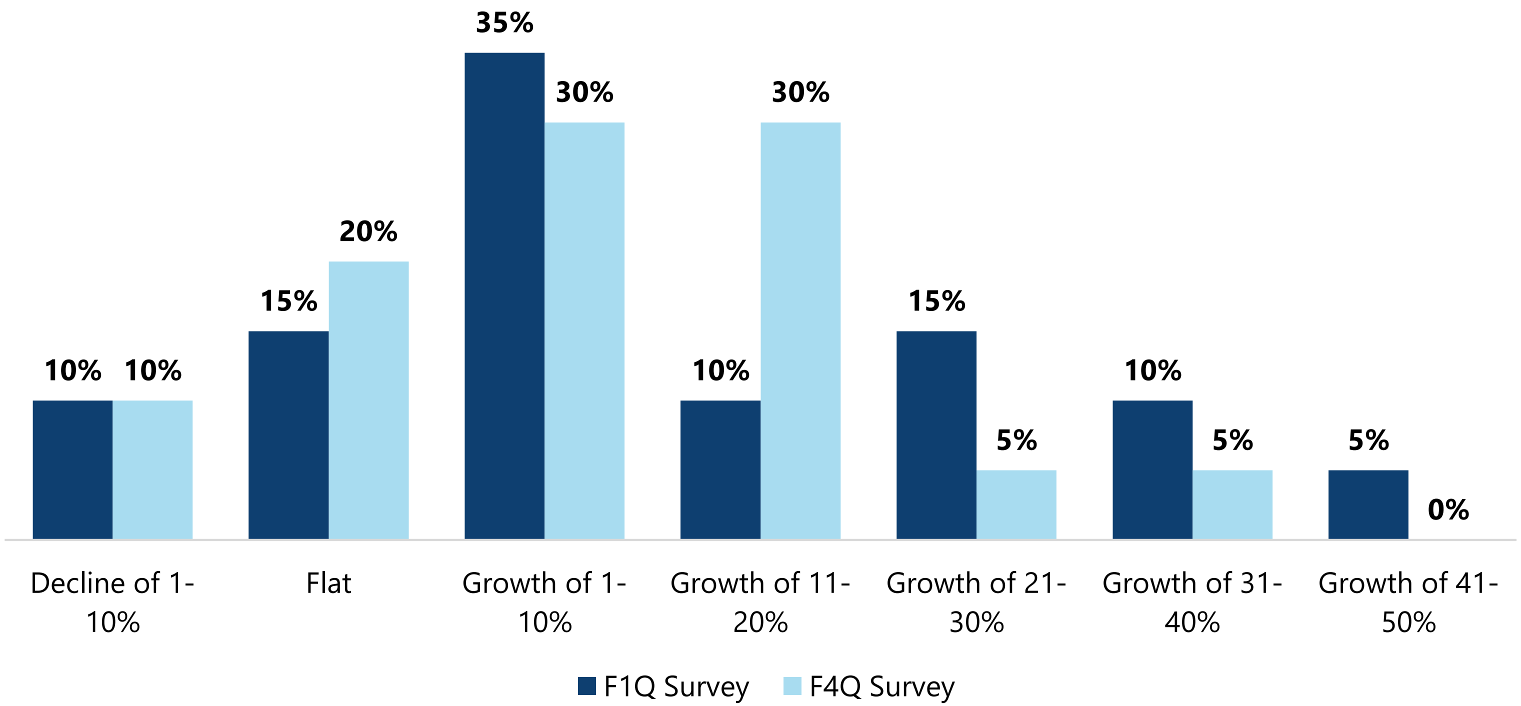
Source: Jefferies Proprietary Survey (n=20)

Majority of Partners Expect Positive Growth in 2025

40%/35% of partners expect to see double-digit/single-digit growth in 2025, which compares to 40%/30% in our F4Q survey results. 15% of partners expect flat practice growth in 2025 vs 20% of partners in our F4Q survey, and 10% of partners expect a modest decline (<10%) in 2025.

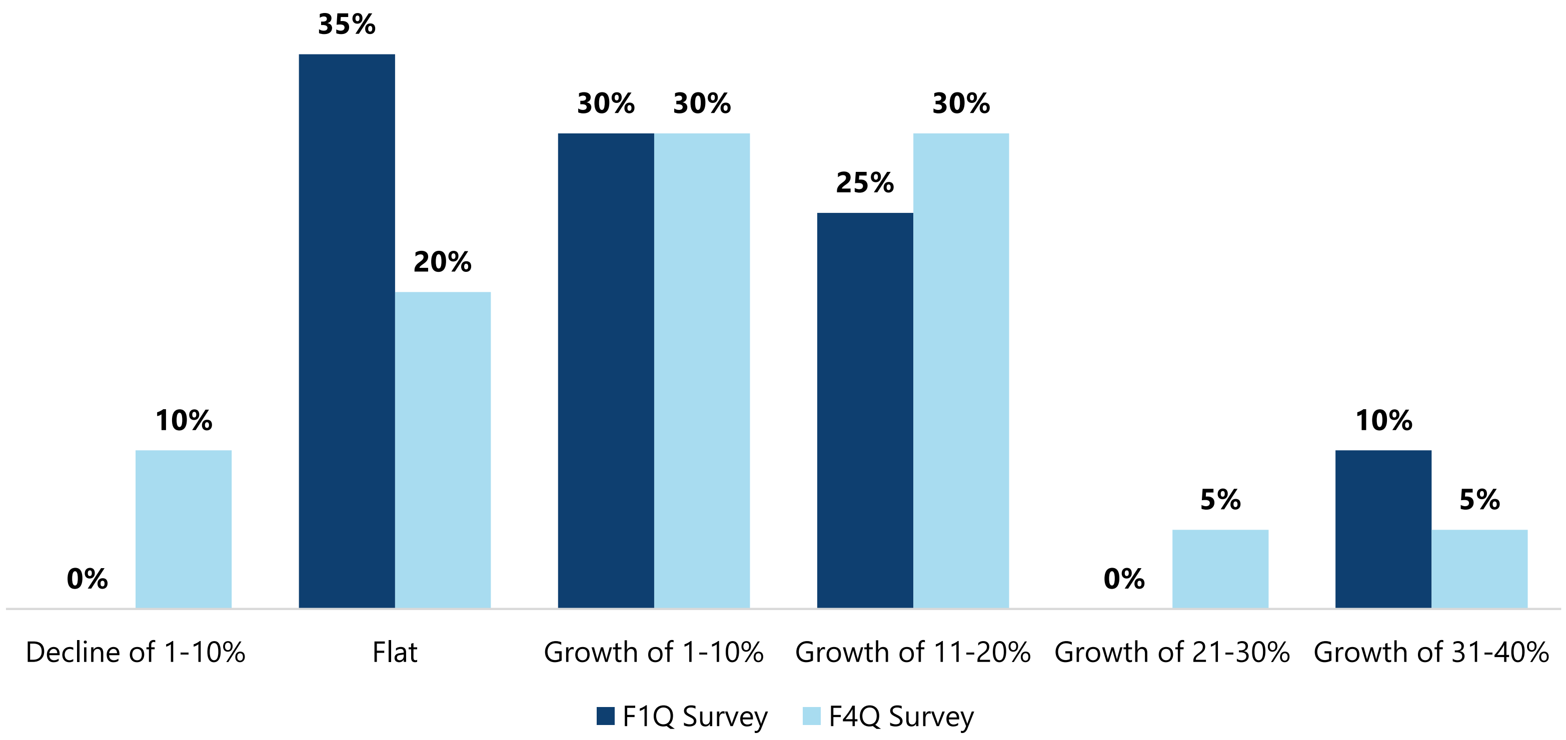
What are your growth expectations for your overall Snowflake practice in 2025?



Growth Expectations Are Generally Higher in 2025 Compared to 2024

35% of partners reported double-digit growth in 2024, slightly below 40% from our F4Q cohort. 30% indicated single-digit growth, which is consistent with our F4Q survey. Meanwhile, 35% stated a flat growth in 2024, higher than 20% in our F4Q survey. No partners noted a decline in 2024 growth this quarter.

What did your overall Snowflake practice grow in 2024?



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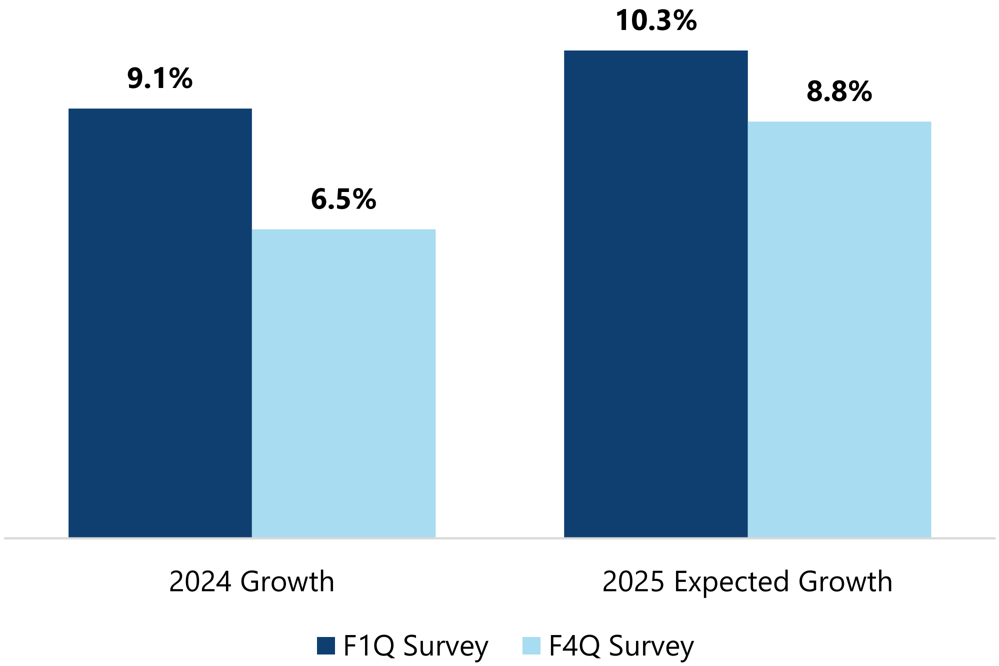
In Aggregate, Partners Expect ~1pt of Growth Acceleration in 2025

Partners' SNOW practices grew 9.1% in 2024 and are expected to grow 10.3% in 2025 on a weighted-average basis. This represents a 13.5% increase in growth expectations, modestly lower than the 35% increase in our F4Q survey. We note that sample sizes in both surveys are likely different and reduce the likelihood of an apples-to-apples comparison. On an individual basis, 45% of respondents expect y/y practice growth acceleration in 2025 vs 2024, 40% expect similar growth, and 15% expect modest growth deceleration.

Average Growth in 2024 vs. Expected Growth in 2025

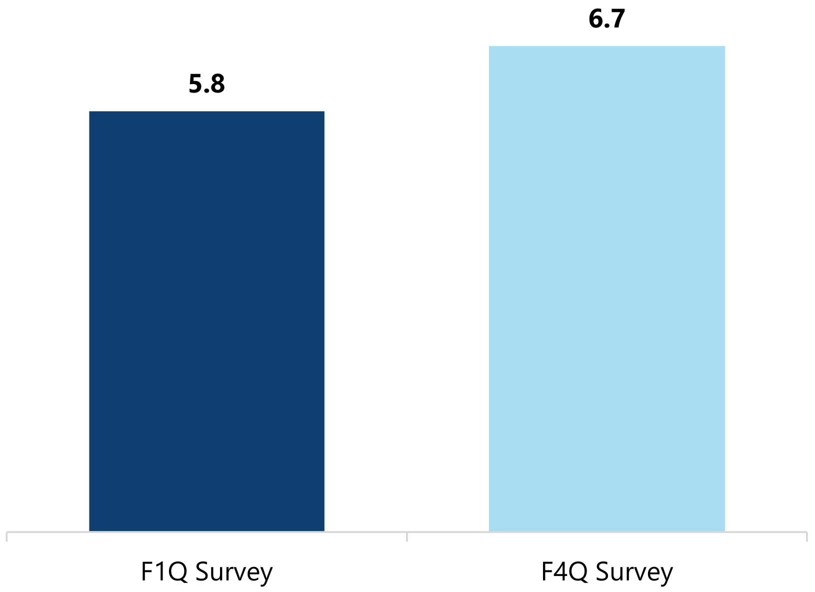


** Note: Weighted average calculation

Expected AI Growth Contributions Intact

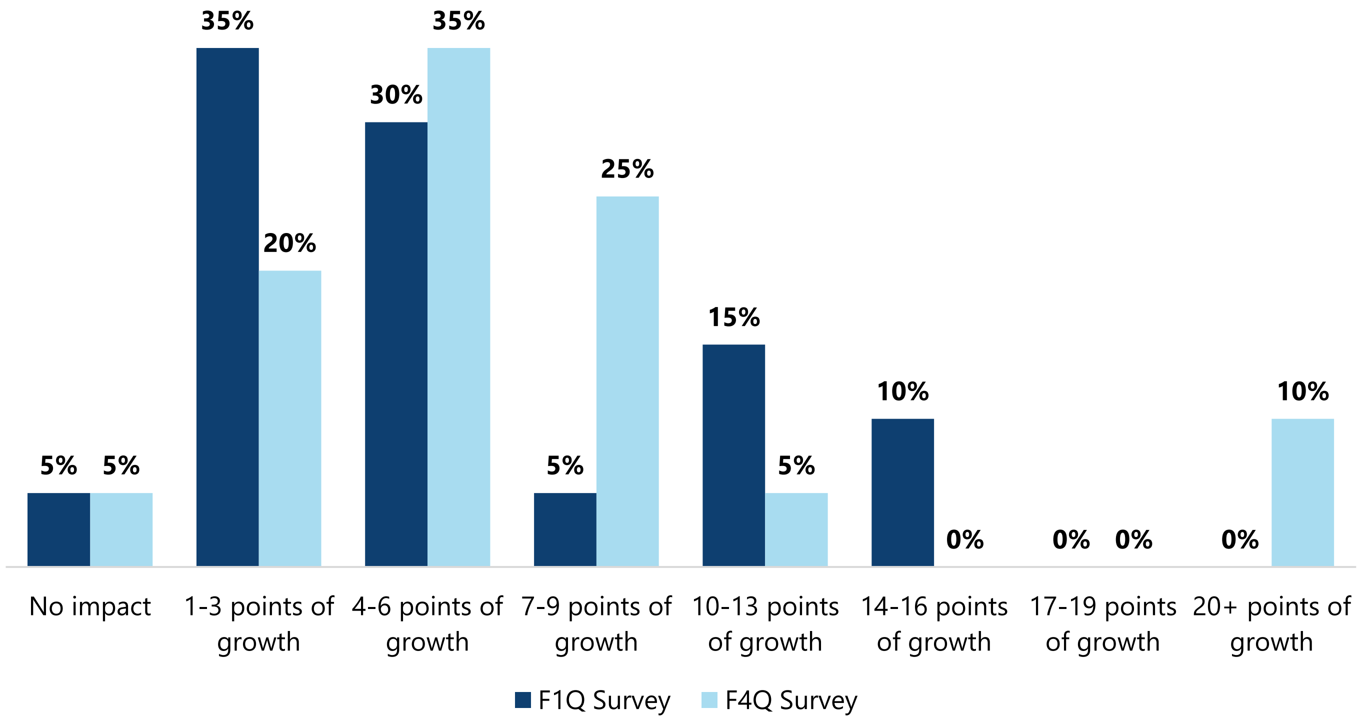
AI initiatives are expected to contribute ~6pts to growth, slightly below (90bps) the average expected growth contribution from our F4Q survey. 35% of partners (vs. 60% in F4Q) expect AI to contribute mid to high single digits of growth in 2025. 25% anticipate double-digit growth contribution, a slight increase from 15% in F4Q.

Average Expected AI Growth Contribution in 2025



** Note: Weighted average calculation

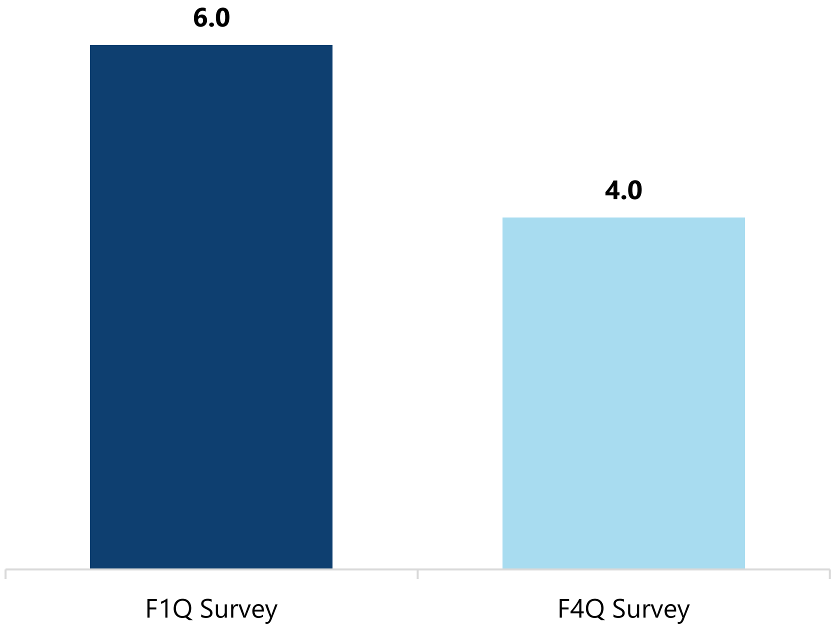
How much do you expect AI initiatives (Cortex AI, Document AI, Snowflake Copilot, Arctic) to contribute to your growth in 2025?



While Data Engineering Initiatives Expected to Pick Up

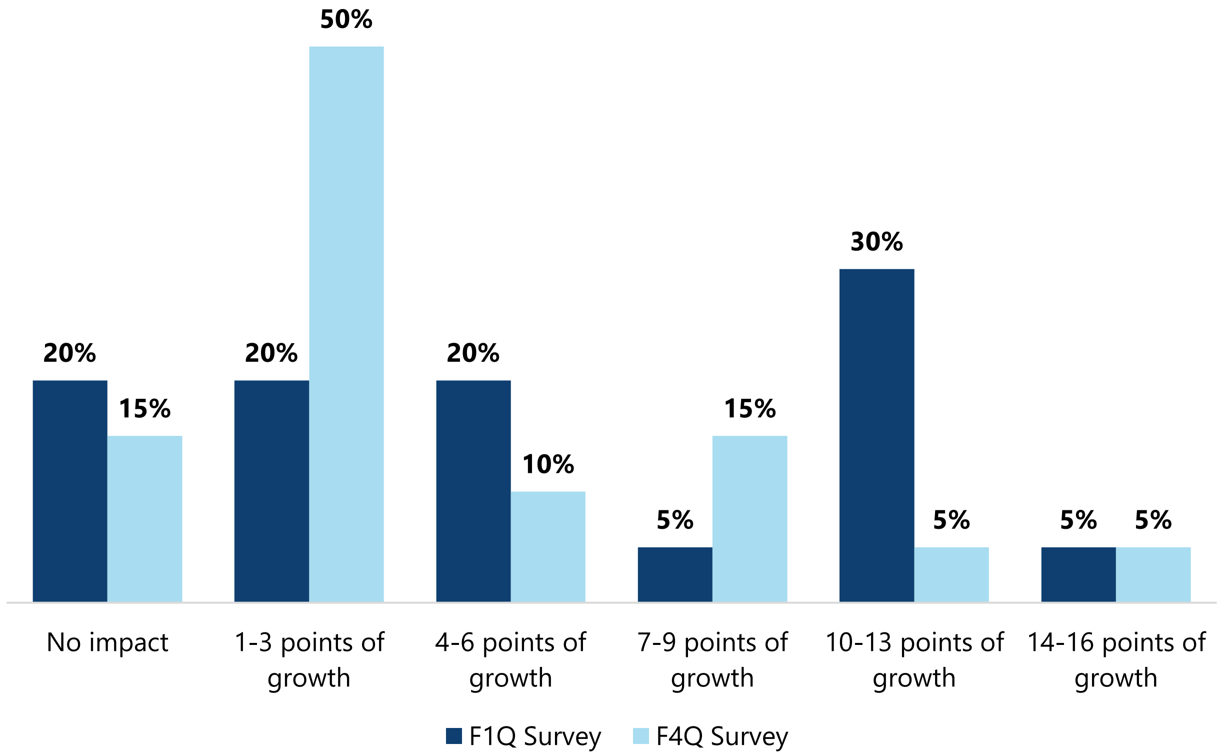
Data engineering growth contributions remained varied among partners, with 20% of respondents expecting Data Engineering initiatives to contribute low single digits of growth in 2025, 25% expecting mid to high single digits of growth contribution in 2025, 35% expecting double-digit growth, and 20% expecting no impact.

Average Expected Data Engineering Growth Contribution in 2025



** Note: Weighted average calculation

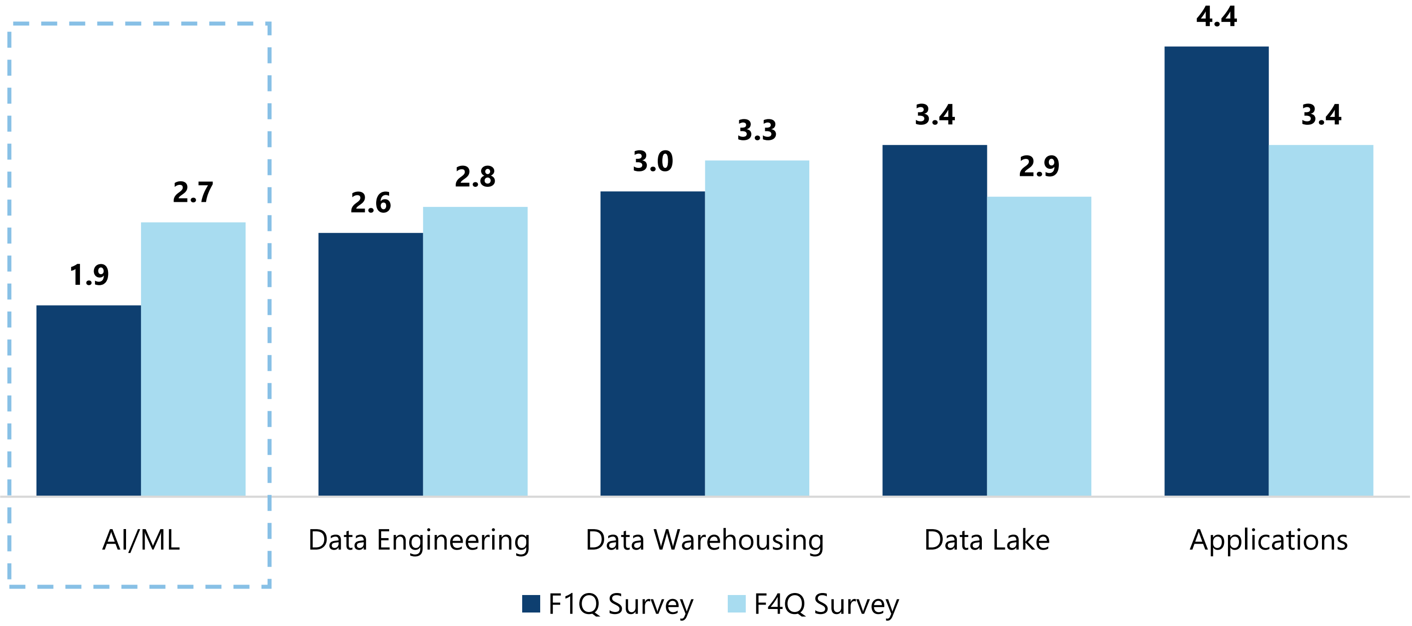
How much do you expect data engineering initiatives (Snowpark, Snowflake Notebooks, Dynamic Tables, Snowpipe) to contribute to your growth in 2025?



AI Leading The Way For The Most Sales Opportunity in 2025

On a weighted average basis, partners ranked AI/ML as the top driver for sales opportunities within the next year. Though still early, we view these partner results as consistent with SNOW's AI narrative and its push on product innovation on the AI front.

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



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

** Note: Weighted average calculation

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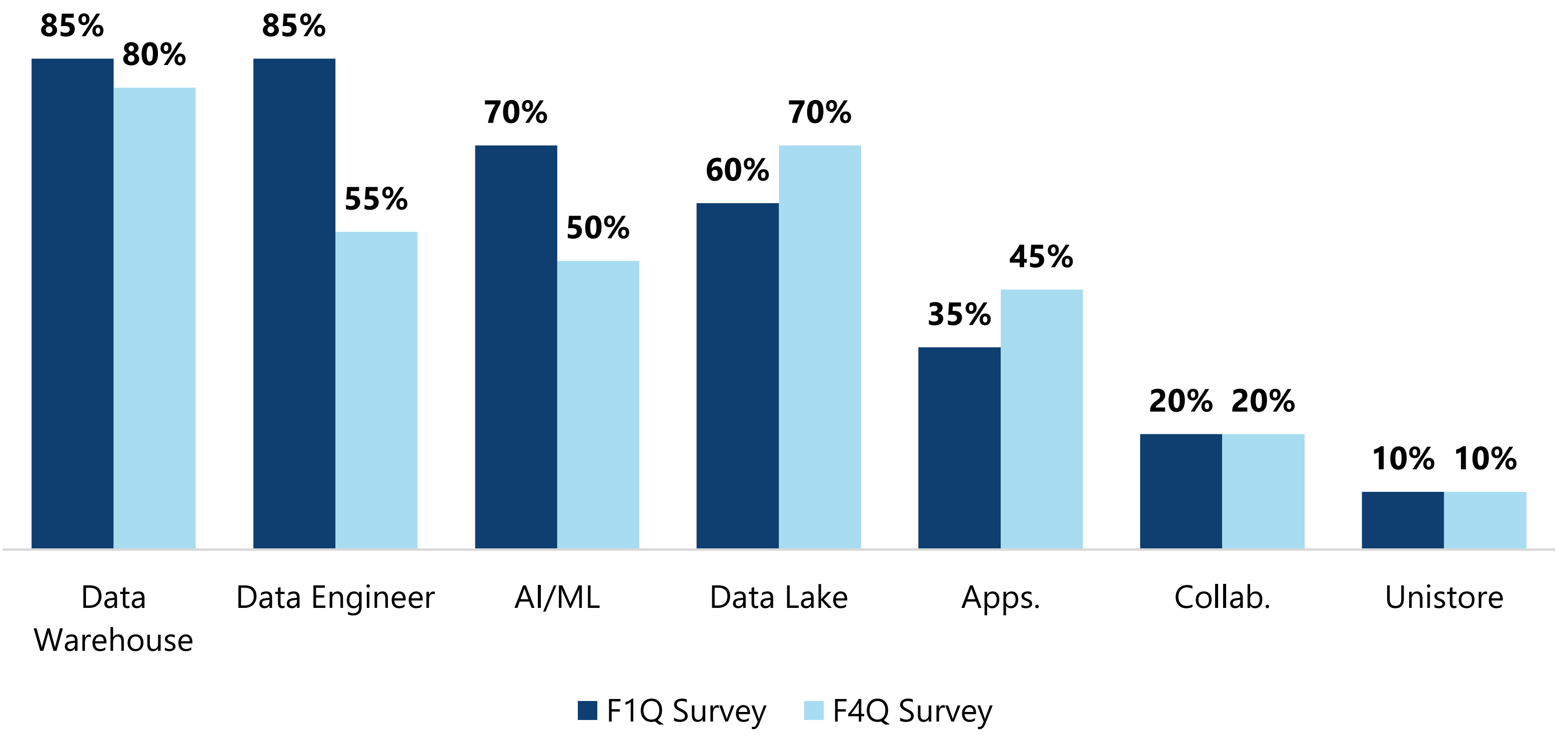
Source: Jefferies Proprietary Survey (n=20)

Data Warehousing & Data Engineering Tie For 1st in Partner Specialization

85% of respondents indicated practice specialization in data warehousing (tied with data engineering), followed by AI/ML at 70% and data lake at 60%.

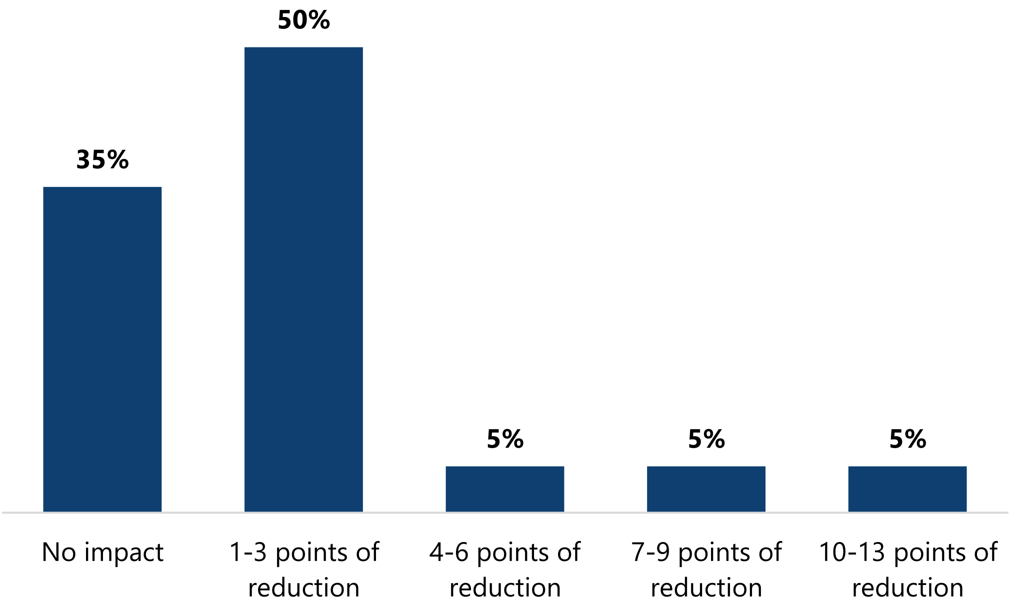
Which Snowflake workload or service areas does your practice specialize in?



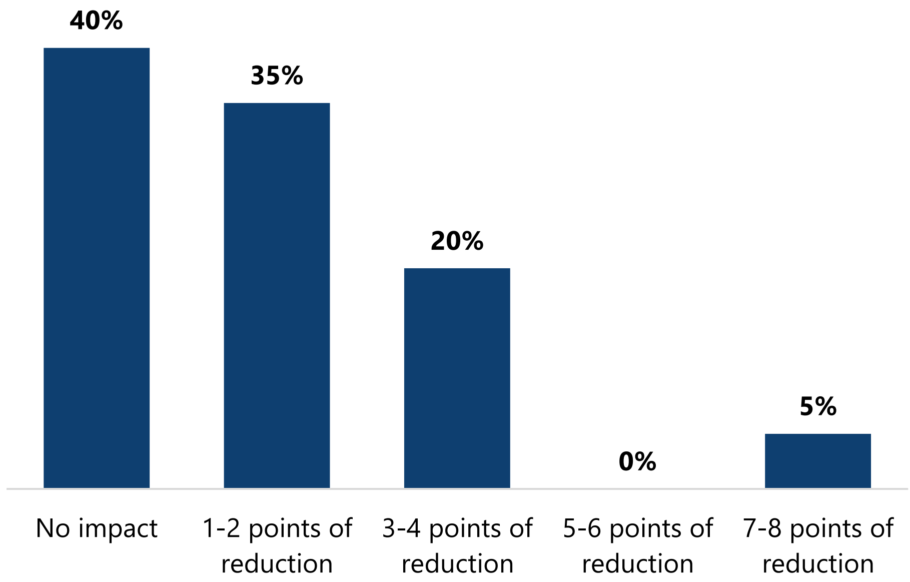
Limited Impact From Macro Uncertainty

On a weighted average basis, partners saw a ~2pt negative impact from macro uncertainty to both pipeline growth and practice revenue growth over the past three months (Feb to May 2025). The majority of partners indicated limited impact, with 85% reporting <3% impact to pipelines and 75% reporting <2% impact to practice revenue.

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



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

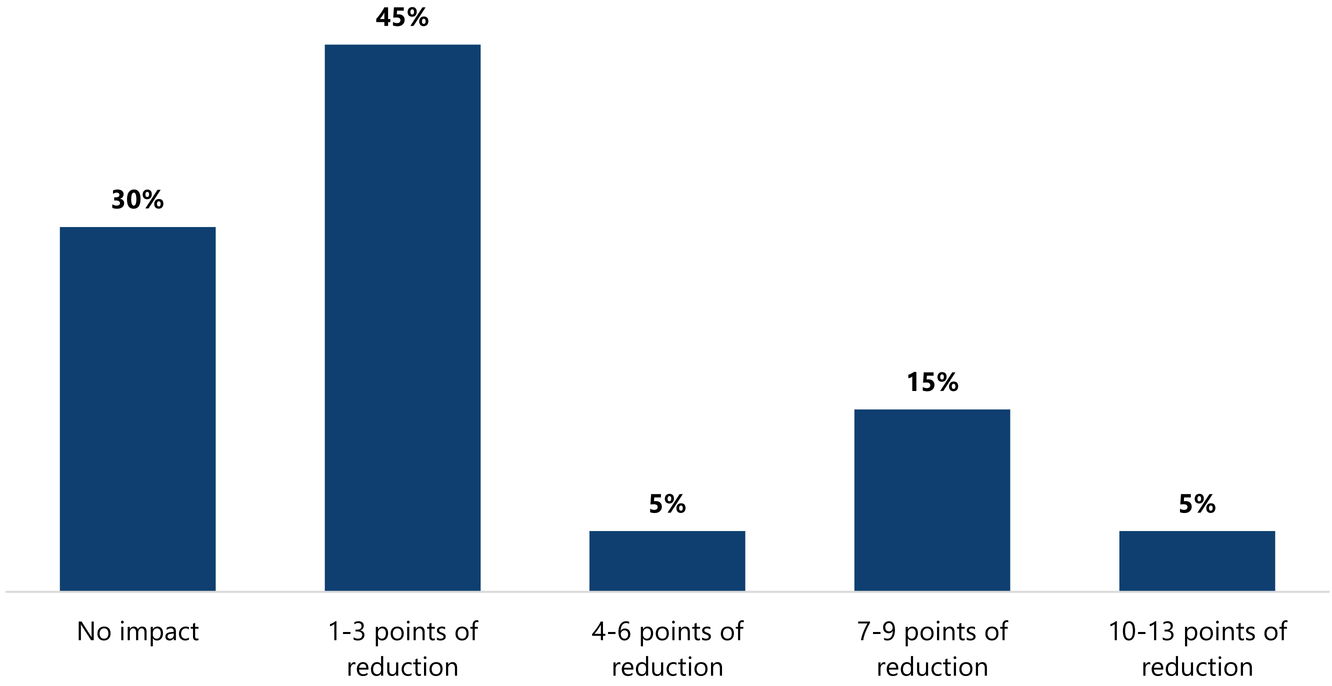


Source: Jefferies Proprietary Survey (n=20)

Most Partners Don't Expect Macro Impact To Get Much Worse in 2025

We then asked partners to assess expectations from the macro impact for the full year. On a weighted average basis, partners anticipate ~3pts of negative impact on its SNOW practice growth, only slightly higher than the ~2pts of impact observed over F1Q. While 30% of partners expect no macro headwinds, 45% expect <3pts of negative impact, and 25% expect >3pts of negative impact. Interestingly, the respondents who indicated expectations of larger impact this year were over-indexed to Advertising, Media & Entertainment, Retail & Consumer Goods, and Financial Services industries as it relates to vertical exposure.

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



Source: Jefferies Proprietary Survey (n=20)

On an Individual Basis, 40% of Partners Expect Macro Impact To Get Incrementally Worse

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

Macro uncertainty impact past 3 months	Expected Macro Negative Impacts for '25: No impact	1-3 points of reduction	4-6 points of reduction	7-9 points of reduction	10-13 points of reduction
No impact	5	3			
1-2 points of reduction		5	1	1	
3-4 points of reduction	1	1		2	
5-6 points of reduction					
7-8 points of reduction					1

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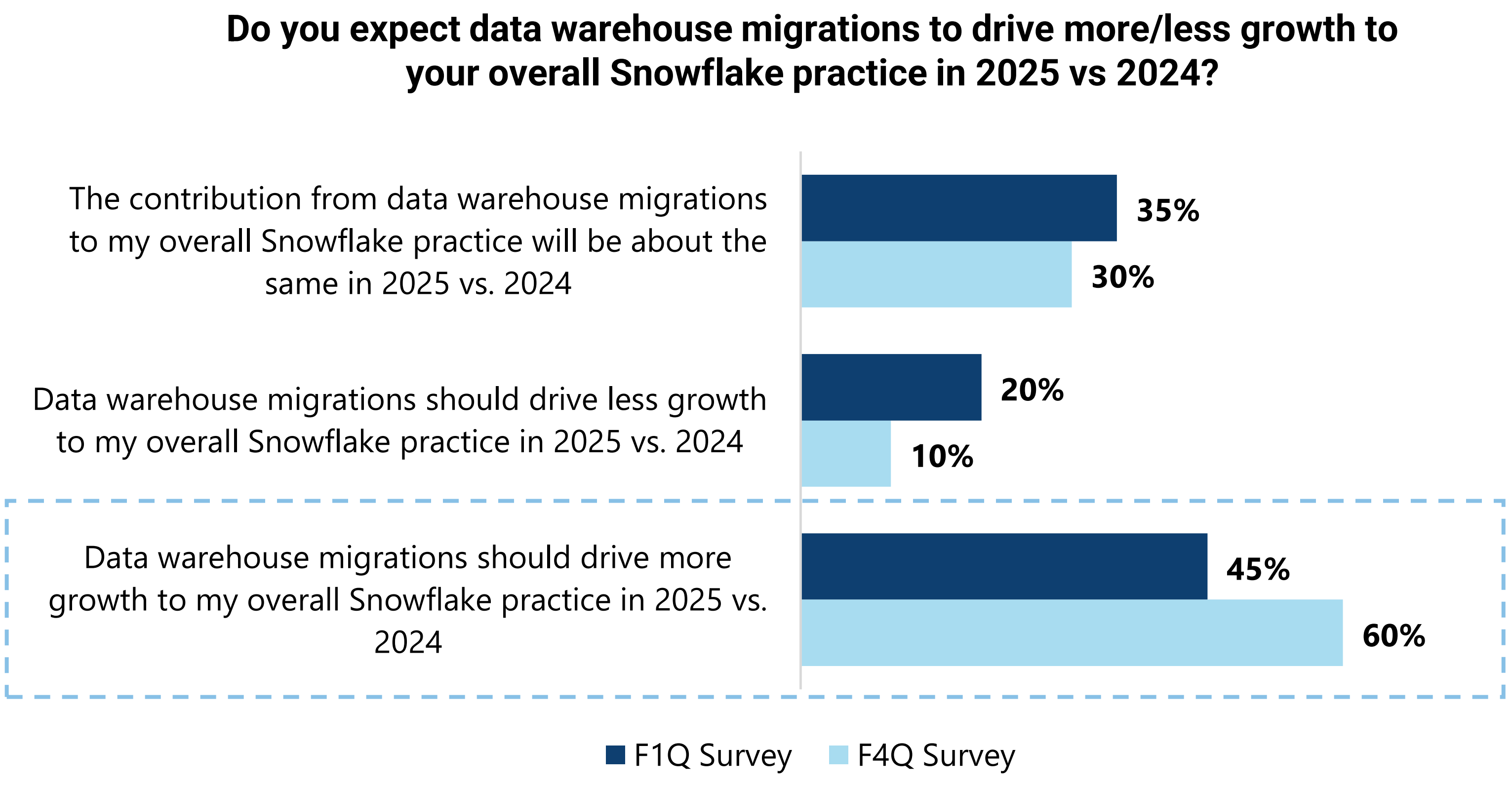
Source: Jefferies Proprietary Survey (n=20)

More Partners Are Optimistic About Migration Activity in 2025

45% of partners believe data warehouse migrations should drive more growth to their SNOW practices in 2025 compared to 2024 (vs 60% of partners in our F4Q survey). 35% (vs 30 in F4Q) of partners expect similar data warehouse migration activity in 2025 vs 2024, and 20% (vs 10% in F4Q) expect a decline in migration activity.

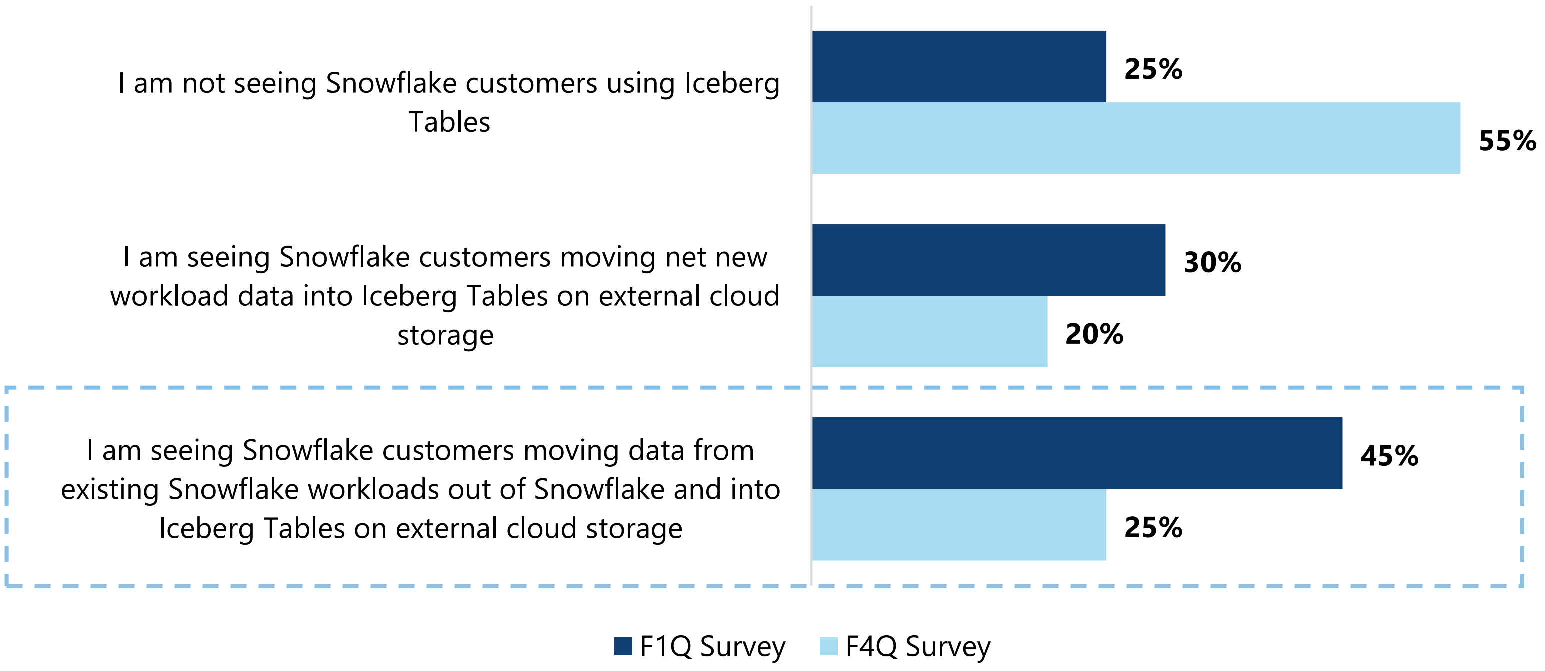


Source: Jefferies Proprietary Survey (n=20)

Iceberg Feedback Shows Increasing Activity

Notably, 45% of partners are seeing SNOW customers moving data out of Snowflake and into iceberg tables, a meaningful increase vs 25% in our F4Q survey. Conversely, only 25% of partners indicated they are not seeing SNOW customers using Iceberg Tables, down from 55% in our F4Q survey.

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



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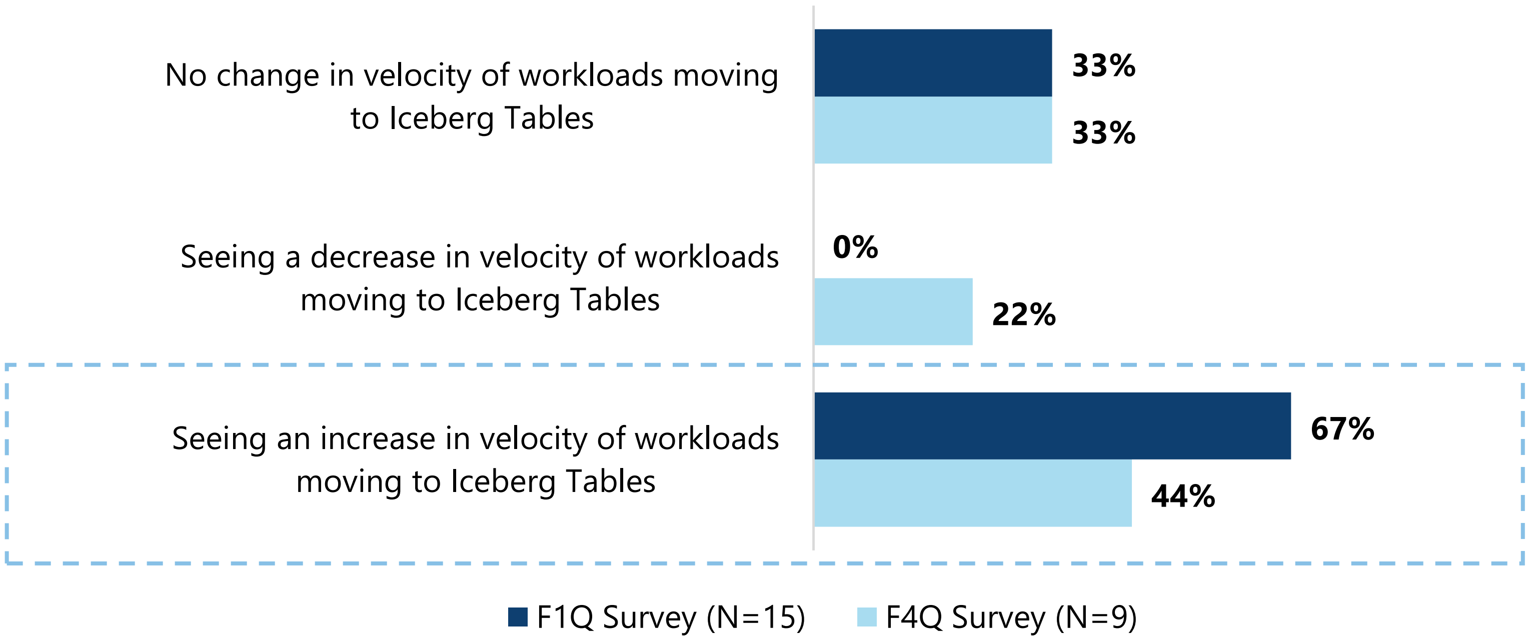
As Iceberg Traction Gradually Ramps, But Still Early Days

We then asked the 75% of respondents who indicated signs of clients using Iceberg Tables whether activity levels have changed over the past 3 months. Within those 75% of partners, 67% (or 50% of the total partners) indicated an increase in velocity of workloads moving to Iceberg, 33% (or 25% of the total partners) indicated no change in activity, and no partners indicated a decrease in activity. We view these results as an indicator that Iceberg demand is picking up, though it is still too early to tell whether Iceberg will be a net tailwind or headwind to SNOW.

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



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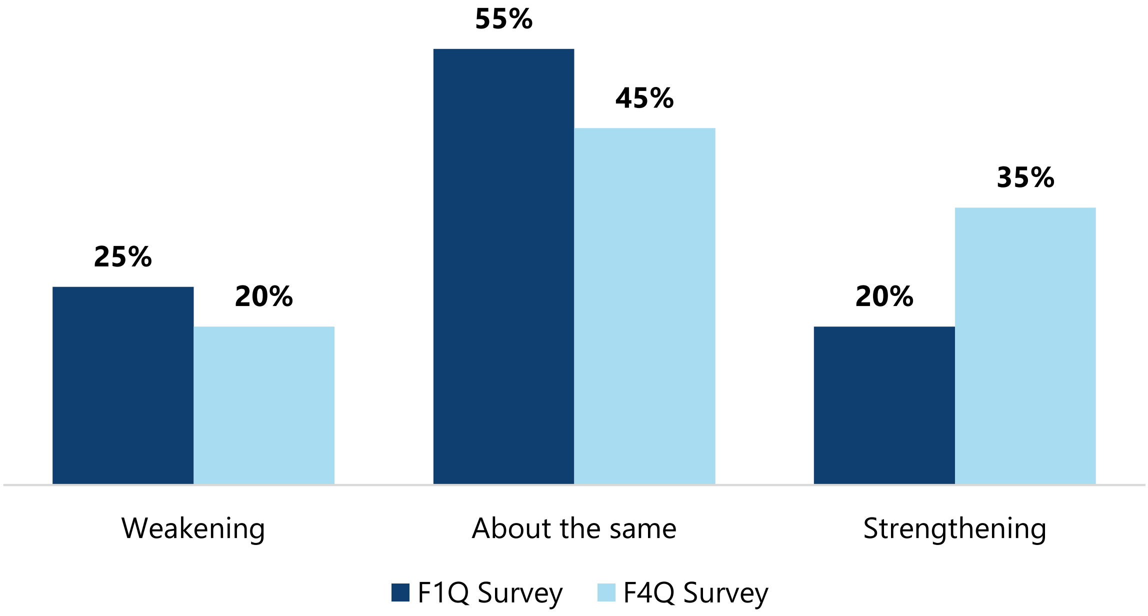
SUBSECTION 2

Competitive Positioning

75% of Partners See SNOW Maintaining or Improving Its Market Position

55% of partners (vs 45% in our F4Q survey) cited that SNOW's competitive position remained the same compared to last quarter. 20% believe SNOW has strengthened its positioning, a decrease vs 35% in our F4Q survey. Finally, 25% of partners noted a decline, a marginal increase from 20% in our F4Q survey. We view these results as constructive vs recent concerns of increasing competition from Databricks, GCP BigQuery and others.

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



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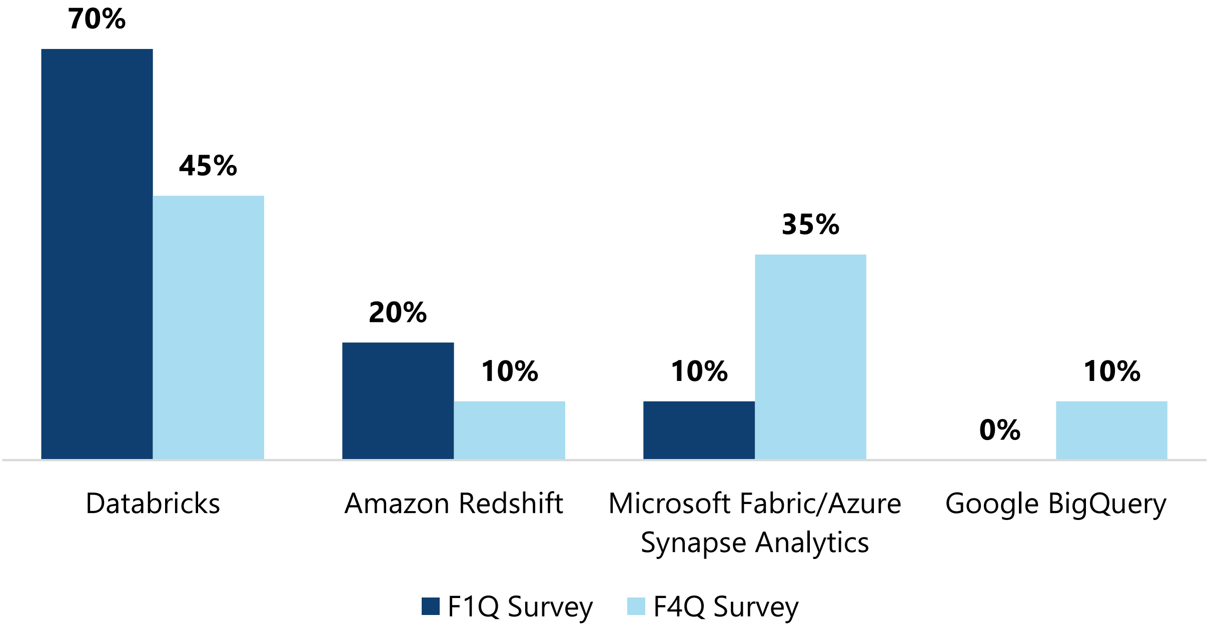
Source: Jefferies Proprietary Survey (n=20)

Databricks Increasingly Viewed as the Biggest Threat to SNOW

70% of partners indicated that Databricks poses the single greatest threat to Snowflake, noticeably higher than 45% in our F4Q survey. Interestingly, 20% named Redshift and 10% called out Fabric/Azure Synapse Analytics to pose the single greatest threat, while none indicated BigQuery.

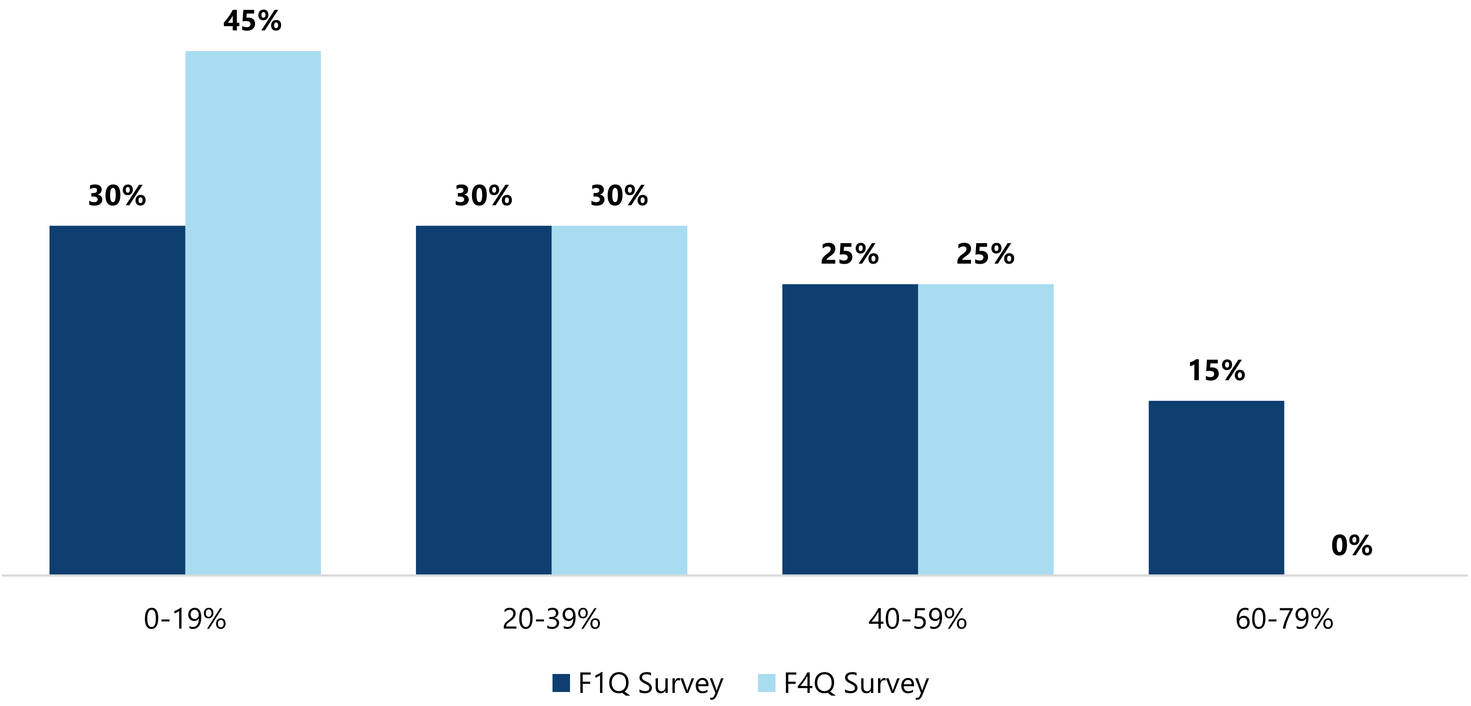
Which Snowflake competitor poses the single greatest threat?



SNOW’s Win Rates vs Databricks

30% of partners noted that SNOW’s win rates against Databricks are <20%, and 60% noted win rates were <40%. Notably, 15% of partners cited SNOW to have >60% of win rates against Databricks. Note that respondents are likely different in both surveys, resulting in decreased likelihood for like-to-like comparisons between survey results.

What are Snowflake’s win rates against Databricks?

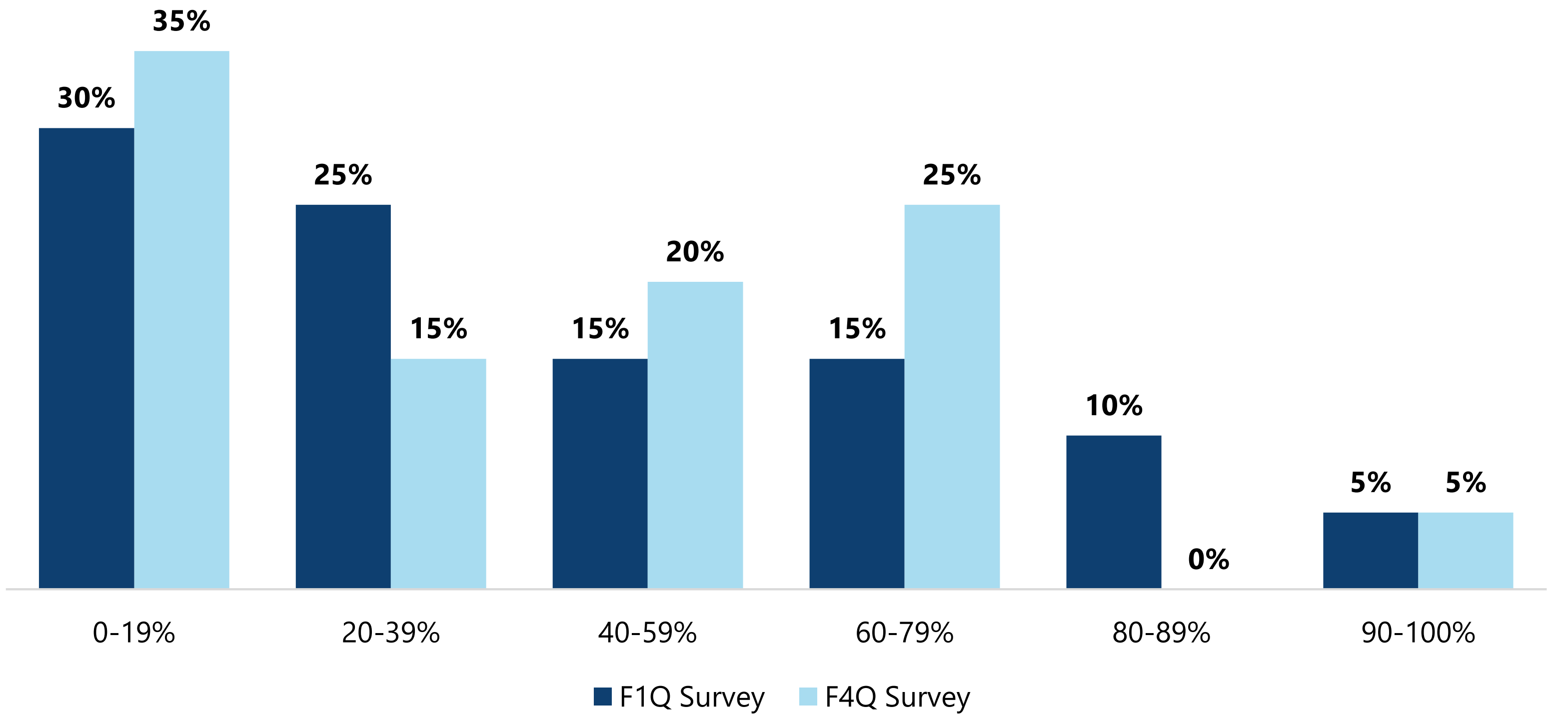


Source: Jefferies Proprietary Survey (n=20)

SNOW's Win Rates vs Redshift

30% of partners noted that SNOW's win rates against Redshift are <20%, while 30% indicated win rates of >60%. The median win rate lies just around 40%, consistent with our F4Q survey results. Note that respondents are likely different in both surveys, resulting in decreased likelihood for like-to-like comparisons between survey results.

What are Snowflake's win rates against Amazon Redshift?



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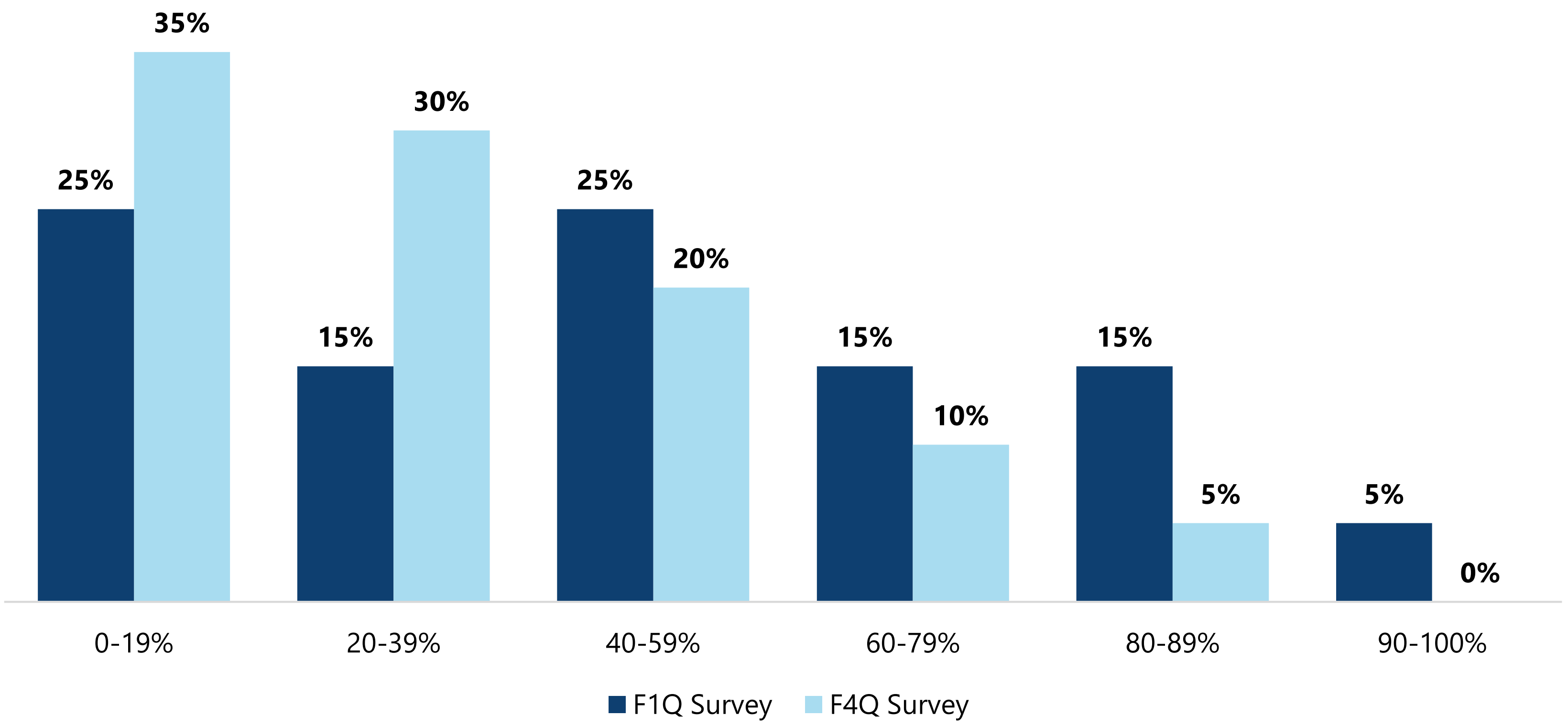
Source: Jefferies Proprietary Survey (n=20)

SNOW's Win Rates vs Microsoft Fabric/Azure Synapse

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

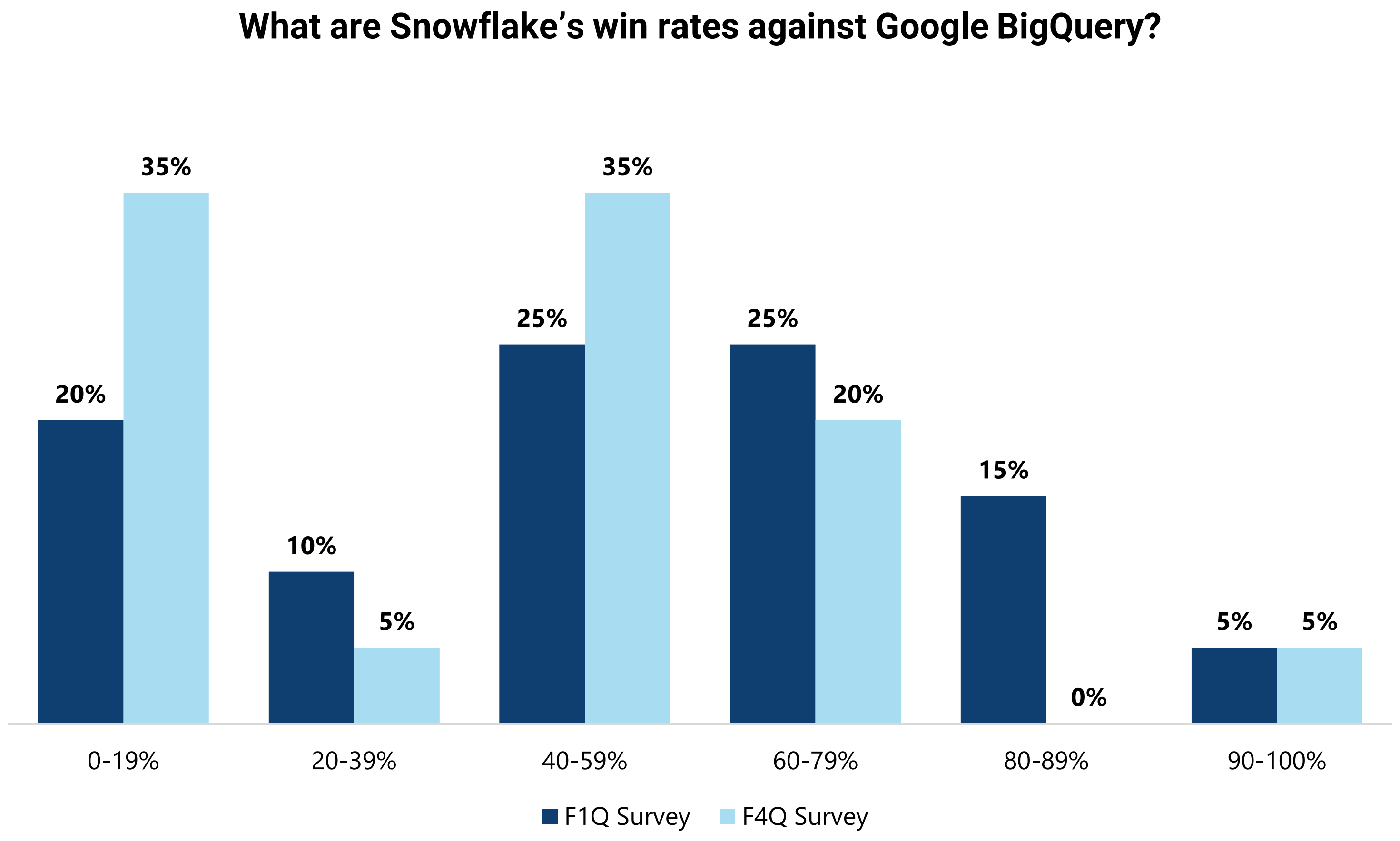
What are Snowflake's win rates against Microsoft Fabric/Azure Synapse Analytics?



Source: Jefferies Proprietary Survey (n=20)

SNOW’s Win Rates vs BigQuery

20% of partners noted that SNOW’s win rates against BigQuery are <20%, while 45% indicated win rates of >60%. The median win rate lies between 40-60%.

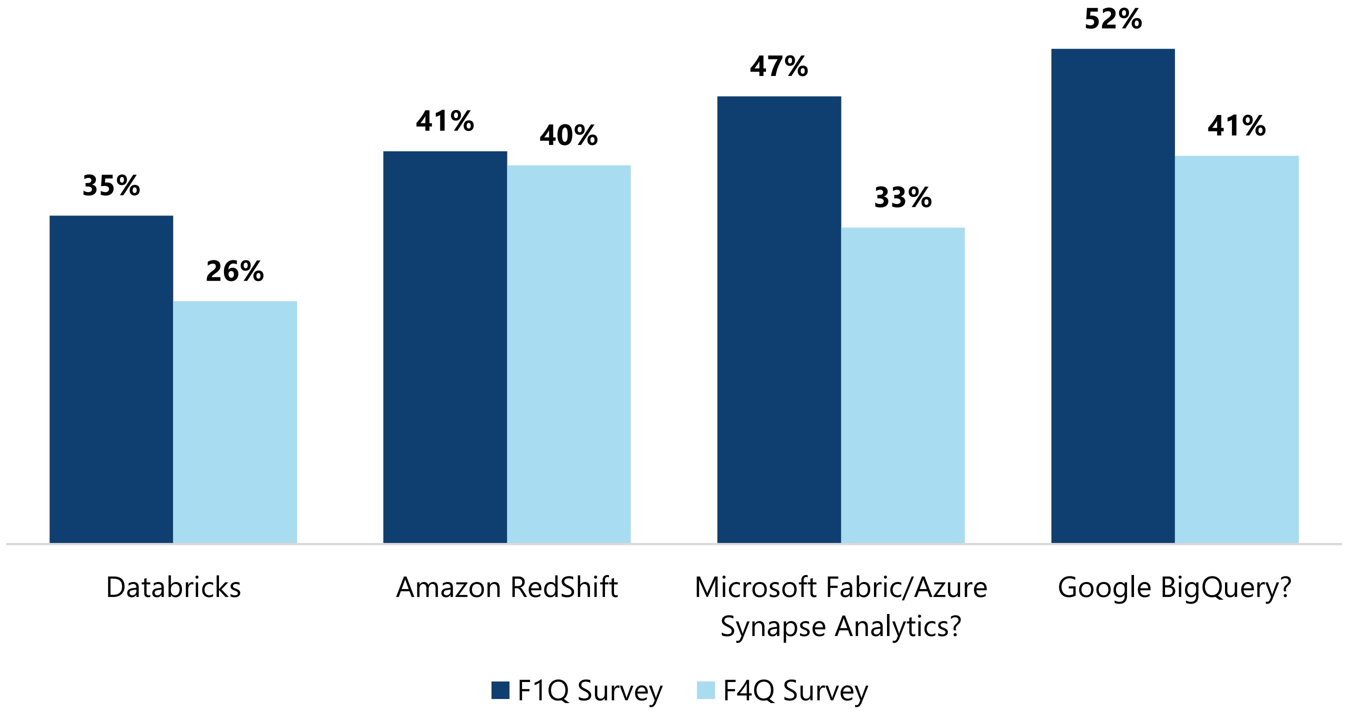


Source: Jefferies Proprietary Survey (n=20)

Lowest Win Rates Against Databricks and Highest Against BigQuery

SNOW's win rates increased against all major competitors compared to our F4Q survey results. On a weighted average basis, partners indicated that SNOW has the lowest win rates vs Databricks at ~35%, followed by Redshift at 41%, MSFT Fabric/Azure Synapse at ~47%, and BigQuery at 52%. Given win rates are <50% (except BigQuery), we view the competitive landscape as becoming more difficult.

Snowflake Average Win Rates vs Peers



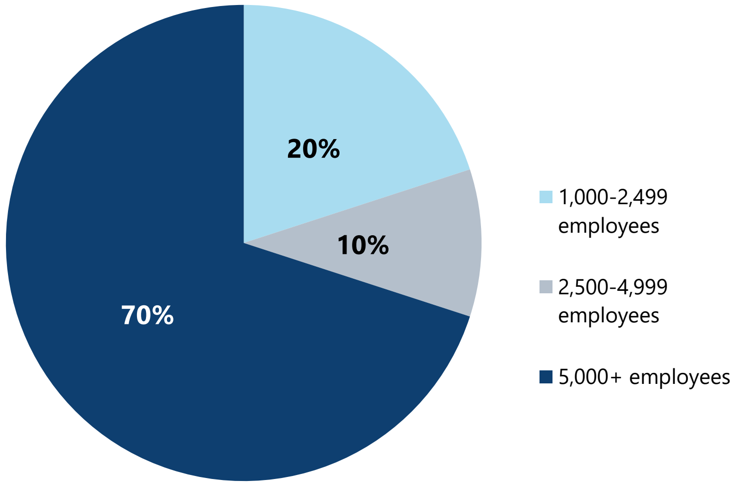
SUBSECTION 3

Survey Demographics

Survey Demographics Skewed Towards Enterprise

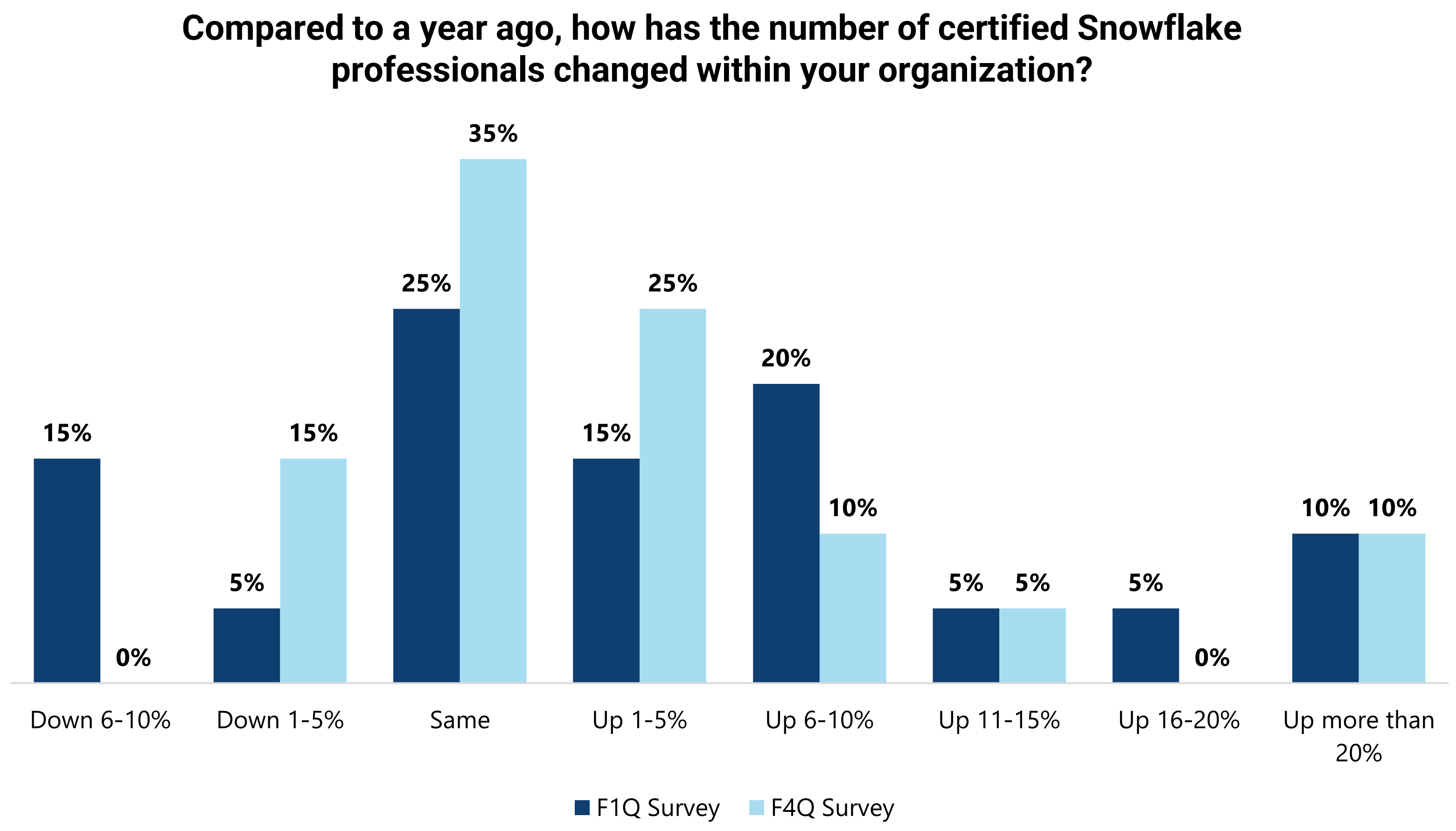
We surveyed 20 Snowflake partners on the level of demand within their SNOW practices and SNOW's competitive positioning in Database management. 70% were large partners that work with clients with 5,000+ employees, 10% of respondents were medium partners that work with clients with 2,500-4,900 employees, and 20% were partners that work with clients with 1,000-2,400 employees.

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



Increasing Talent Pool

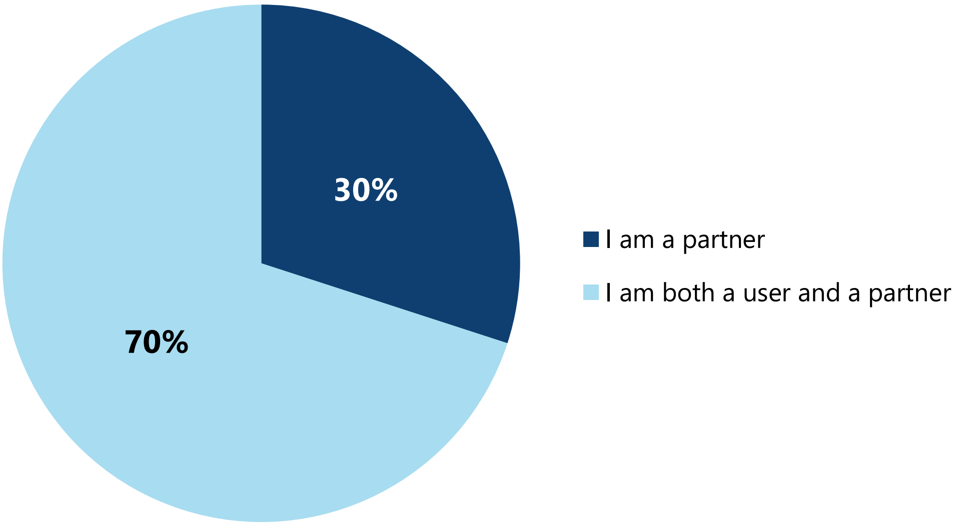
55% of respondents indicated y/y growth in the number of certified SNOW professionals, while 25% indicated flat growth.



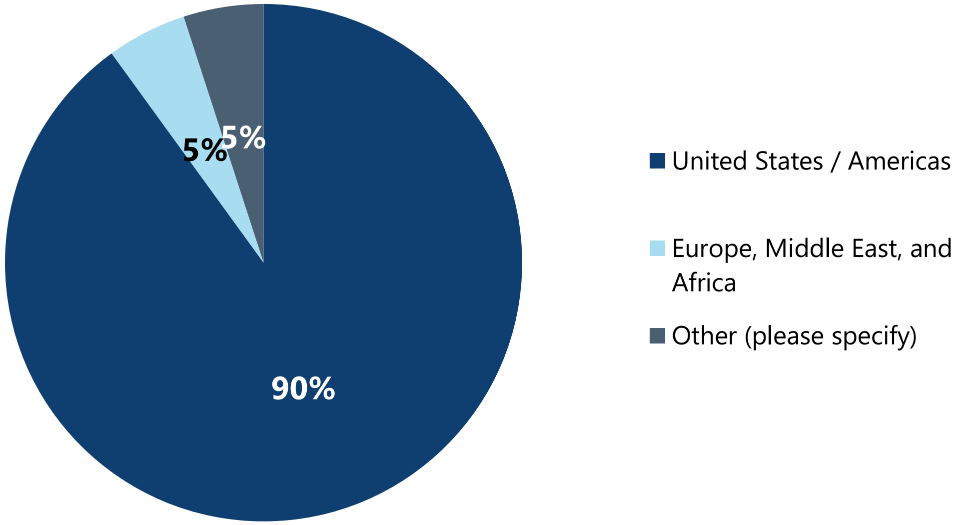
Source: Jefferies Proprietary Survey (n=20)

Partner/User and Regional Demographics

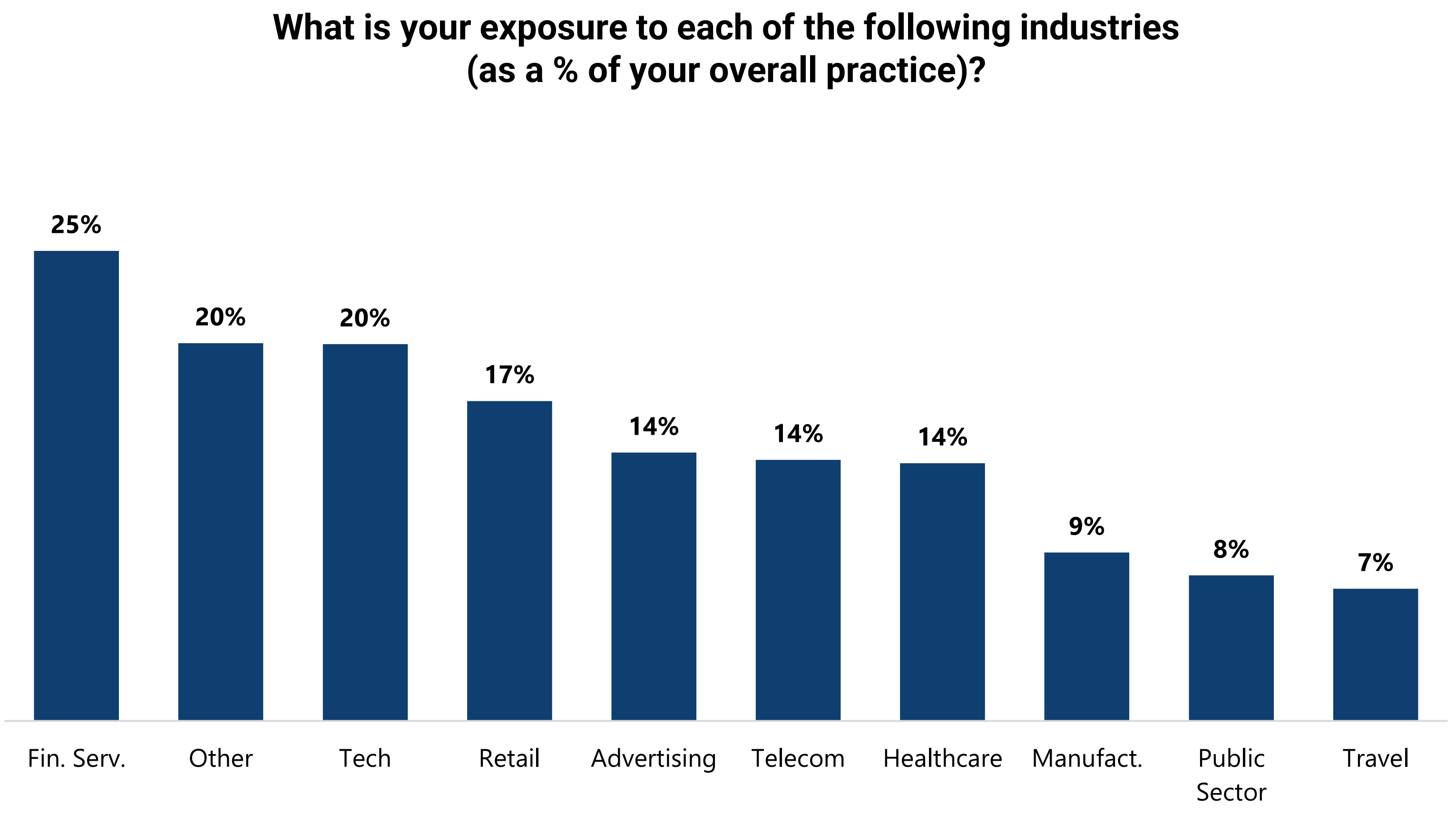
Have you been a Snowflake partner?



Which region does your organization primarily operate in?

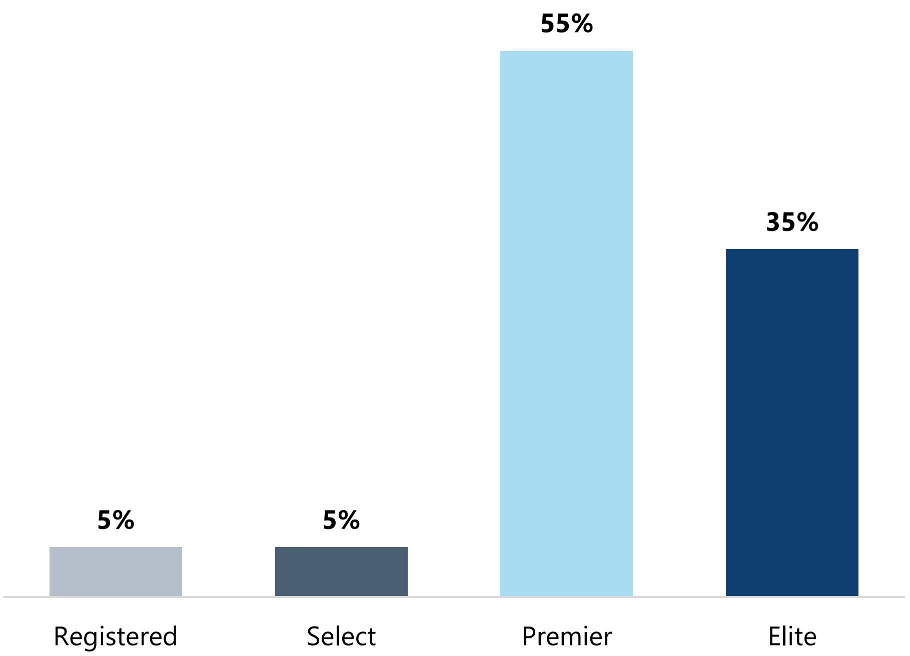


Partner Industry Exposure

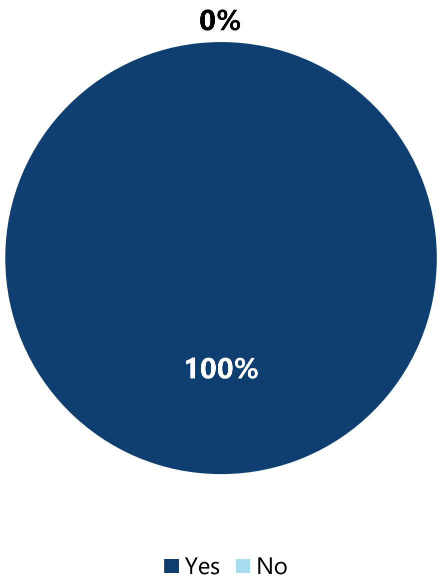


SNOW Partner Tier Dynamics

Which Snowflake Partner tier is your company currently enrolled in?



Has your company achieved the "Snowflake Ready Technology Partner" validation?



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SECTION II

What We Heard – ESTC Partner Checks

Partner 1

Our Q1 actually ended up being a little better than expected. Q2 has been down a bit because of tariff talks - people are in a wait-and-see mode. Pipeline hasn't deteriorated, although we are seeing a lot of SMB/mid-market clients moving some deals (including cloud migration projects) from Q2 to Q3. Enterprise customers have been more resilient.

We haven't taken down our full-year rev targets. Q2 performance might be down a few points (1-2pts) but we expect for Q3/Q4 to more than make up for it.

Our full-year practice revenue target has not changed. Q1 outperformed a bit, and Q2 so far has dropped down a bit, but Q3/Q4 look pretty positive.

We are expecting the ESTC GenAI/search practice to grow 20% higher this year vs last year.

Within ESTC, the endpoint security business has not been impacted by as much, whereas observability and search businesses went a little more sideways. Search continues to grow y/y, but relative to security it did not grow by as much against plan.

Seeing the strongest ESTC relationship with AWS, followed by MSFT as a close second and GCP after that.

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Source: Jefferies

Partner 2

Going into January, we were running ~10% ahead of plan. Things fell apart in the last week of March, with deals put on hold that were supposed to close. We are now running at about 70% of plan (i.e. 30% below plan), although demand seems to be picking back up just in the last couple of days.

ESTC rarely is sold as a standalone solution. It is typically packaged with other vendors like SNOW, DB or DDOG. The entire bundled deal is being put on hold, and ESTC is getting caught up in it.

The Federal side is even worse - new projects are completely frozen.

Some of our clients have been concerned that Elasticsearch going back to opensource, and some companies are banned from using opensource for compliance reasons. They still like the product, but can no longer use it for compliance reasons. They had to look for a replacement vendor.

Security has been the most resilient area. Customers are not thinking twice about whether to pull their deals with PANW, CRWD, etc.

80% of our ESTC practice is on cloud, 20% on prem. We were initially looking to do $4.5-4.8M of annual rev with ESTC, now taking that target down to $3.5-4.0M.

Partner 3

In our reselling practice, we have seen a significant impact to pipeline demand in the last 5-6 weeks. Sales cycles are lengthening and deals are getting pushed out. Roughly 40-45% of our deals in April got pushed out a month into May. So far in May, we are seeing similar trends with 40-45% of deals getting pushed another month out.

The good news is that we have not seen any lost demand yet, just deals getting pushed out. On an aggregate basis, we have not adjusted our growth rates down yet for the full-year.

At the beginning of the year, we were expecting overall IT budgets to increase 4-5% y/y and we believe that number is still intact on an aggregate level, although there will be some reallocation of spending resources and reprioritization within the overall budget.

Our ESTC practice was similarly impacted across search/observability/security businesses. While cybersecurity software has been more resilient, SIEM is a very small facet of the end-to-end security solution within the cyber vertical and is not as resilient as other areas within cloud security.

Log management is the only area where ESTC is really strong, even stronger than DDOG or DT. In all other observability areas, ESTC is behind DDOG and DT.

Retail, Hi-Tech, Financial Services and Healthcare verticals account for >90% of our ESTC customer base. We work mostly with mid-market or lower enterprise customers with ESTC.

SECTION III

SNOW & ESTC Previews

SNOW F1Q26 Preview

What we're watching heading into F1Q:

F1Q setup. SNOW remains a highly debated name, particularly around its positioning as an AI beneficiary. Into FY26, the key debates are focused on: 1) can SNOW generate real momentum from its newer AI products (particularly in the data engineering space); 2) can SNOW remain competitive with Databricks in the data lakehouse market; 3) the net impact of Iceberg Tables on SNOW's ability to draw more data into its Data Cloud ecosystem; 4) whether top-line growth can reaccelerate while margins rebound. Expectations are reasonably balanced heading into F1Q26, with product rev calling for $955-960M (or 21-22% y/y growth), implying a 6-7pt sequential decel on a 1pt tougher comp. Looking at how mgmt has historically guided to next quarter product rev vs current quarter results (since SNOW has consistently delivered beats on product rev guide since IPO), F1Q product rev guidance is in-line vs historical guidance trends, with the midpoint of guidance implying $14M net adds vs $9M in F1Q25, $15M in F1Q24, and $27M in F1Q23. Assuming SNOW can deliver a ~4% beat over the midpoint of guidance (vs average of 3.9% beat over the past 12 quarters), it would imply 26% y/y product rev growth in F1Q. We note that F1Q is a seasonally soft quarter, not only because it has three fewer days in the quarter vs F2Q-F4Q, but also because it is lapping a tougher comp with the year-ago quarter benefiting from the extra leap year day. Due to the nature of a consumption model, this could amount to a headwind of ~$10-11M vs the year-ago period.

SNOW F1Q26 Preview

FY26 top-line outlook. SNOW's initial FY26 product rev outlook calls for $4.28B (23.6% y/y growth) vs. $3.46B (29.8% growth) in FY25. The current outlook implies $818M in net adds y/y, vs $796M net adds in FY25 and $728M in FY24. Given a number of new product modules that have been made generally available in recent months and are expected to ramp throughout the year (contributing to higher growth rates in F2H26), we believe that net adds should be meaningfully higher. These newer product features include Cortex AI, Snowflake Iceberg Tables, Native Apps, Snowpark Container Services, Streamlit in Snowflake, and Unistore among others. Our conversations so far suggest that investors expect SNOW to deliver a normal-sized (~4%) beat in F1Q and pass through at least some of the beat to the FY26 guide.

Backlog. RPO grew 33% y/y in F4Q25, which was the first quarter of decelerating growth after four consecutive quarters of accelerating growth. F4Q RPO y/y growth decelerated by 22pts on a 17pt tougher comp and off a very strong F4Q24 bookings quarter (recall this was the quarter that SNOW signed its largest deal to date, a 5-year $200M contract with an existing customer). Despite the headline growth deceleration number, we remain constructive on the bookings momentum that SNOW has delivered. The company indicated that several large customers burned through their contracted capacity before their contract end dates during F4Q25 and chose to consume on-demand for the remainder of their contracts rather than opt for an early renewal. Mgmt also noted that they expect these large customers to renew their contracts over the next six months. More generally, SNOW has signed several large deals (three 9-figure deals and three $50M+ deals throughout FY25), a signal that customers are standardizing on SNOW's platform and that the technology is not only working but is critical to customers' businesses. F1Q Street estimates for RPO call for $6.67B or 34% y/y growth, a 1pt sequential growth acceleration on a 5pt tougher growth comp (from 41% in F4Q to 46% in F1Q).

SNOW F1Q26 Preview

Margins. F1Q guidance for non-GAAP op margin was set at 5%, slightly above the 3-4% quarterly guides set throughout FY25. While mgmt has set op margin guidance anywhere from 0-4% over the last 8 quarters, the company has shown more upside throughout FY24 (non-GAAP op margin beat of 5.2-6.0% from F1Q24-F4Q24) vs in FY25 where it beat op margin by 1.4-5.4% from F1Q25-F4Q25. We attribute the lower margins in FY25 to several factors, including lower gross margins associated with new product features (not yet fully optimized), incremental operating expenses associated with AI investments ($50M in GPU related costs), changes in GTM compensation ($30M impact from amortized commission expenses), and increased leasing expenses related to the build out of a new campus. Looking ahead, we believe there is plenty of runway for margins to expand as mgmt executes on several efficiency initiatives (centralizing teams, targeted early career hiring, continuous performance management) and gross margin tailwinds in the form of easier GPU access and product optimizations.

Iceberg Tables. Iceberg and other open table formats are still early on in the adoption curve but has already been a key debate in terms of their net impact on SNOW's ability to draw more data into its Data Cloud ecosystem. Bulls will say that Iceberg enables SNOW to address a larger overall data footprint by leveling the playing field and giving SNOW (and other data analytics vendors) a chance to compete for analytics workloads that were previously locked behind other vendor's walls. Bears will say that Iceberg introduces an existential risk to the SNOW Data Cloud and that should SNOW customers choose to store their data on open Iceberg Tables instead of directly in SNOW, there is a risk that the analytics workloads associated with that data storage rev might also be lost. In our view, it is still early days for Iceberg to have a material impact on SNOW in either direction, and we note that storage was still running at about 11% of SNOW's rev (in-line with historical average) as of F4Q25 and that only ~500 SNOW customers (out of 10,618 total customers, or <5%) are currently adopting Iceberg as of F3Q25.

SNOW F1Q26 Preview

Net expansion rates. SNOW's net expansion rate seems to have stabilized in the mid-120s after steadily trending down from 151% in F1Q24 to 126% in F4Q25. We note that this is a TTM metric and consequently a lagging indicator that will take several quarters to reflect any sustained rebound in consumption trends (which seems to have stabilized). Further, we note that while SNOW's net expansion rates have declined, they continue to hover just below 130% which is considered best-in-class in enterprise software (especially at multi-billion dollar scale) and where many other enterprise software vendors peaked during the Covid era.

ESTC F4Q25 Preview

What we're watching heading into F4Q:

F4Q setup. ESTC has had a volatile FY25 with unexpected sales execution issues and a full-year guidance cut in F1Q, though it has recovered nicely with back-to-back strong quarters in F2Q/F3Q (record top-line beats, record op margins, improving sales execution and search AI acceleration). Sentiment heading into F4Q would be best characterized as cautiously optimistic, and investors will be watching for consumption trends (given some softness in commitments from earlier in F1Q25) and pipeline demand. While we view ESTC as fundamentally well-positioned with an accelerating search business, we think that near-term growth could continue to be hampered as ESTC works through its sales realignment changes. For F4Q, total rev guide calls for 13-14% y/y growth. The midpoint of the guide implies a 3pt sequential decel from F3Q on flat comps. The midpoint of F4Q rev guide also implies a -0.5% q/q decline vs 2.1%/2.0% growth in F4Q24/F4Q23. Recall that there are three fewer days in F4Q vs F3Q, which will create a sequential headwind of ~$10M to revenue. For the full-year, ESTC is guiding to $1.475B at the midpoint (or 16.4% y/y growth), and all top-line items are expected to modestly decelerate from FY24 to FY25E, with SMS at 9% y/y growth in FY25E vs 12% in FY24 and cloud at 26% growth in FY25E vs 29% in FY24. In our view, the Street is underappreciating the magnitude of upside that ESTC's cloud business could see over the next couple of quarters as a wave of enterprise generative AI apps likely moves out of testing/development stages and into production. We are modeling 23% cloud rev growth in FY26E (vs Street at 21%), reflecting our view that cloud rev will benefit sooner than expected via cloud subscription upsells and greater compute consumption.

ESTC F4Q25 Preview

FY26 outlook. ESTC is expected to provide its initial FY26 outlook in F4Q25. There are a few factors to keep in mind on the framework of the guide. Given the timing of the new CFO announcement in late Feb 2025, we believe the initial FY26 outlook is likely to have an added layer of conservatism applied as CFO Welihinda finds his footing in his new role. On profitability, we note that mgmt's recent preliminary thoughts on the FY26 indicate that operating margin will only expand modestly from the estimated ~15% margin in FY25 as the company front loads its operating expenses in FY26. For FY26, Street is expecting 21% y/y growth in cloud rev, 14% growth in total rev, 15.4% non-GAAP operating margin, and 17.4% FCF margin.

Backlog and commitments. We continue to look at backlog as a leading proxy for consumption given that ESTC sales reps are largely comped on commitments rather than consumption, and mgmt commentary that its customers tend not to overcommit. In F3Q, RPO growth accelerated to 15% y/y (from 13% in F2Q), a positive sign given the 6pt tougher growth comp. Supporting the backlog momentum were mgmt's comments that it is seeing a return to normalized levels of pipeline creation and progression, noting the new sales reorg's focus on enterprise and high-potential mid-market is gaining traction. GenAI bookings is also picking up, with the company signing five >$1M deals in F3Q related to GenAI. Backlog growth comps get harder in F4Q (18% in F3Q to 22% in F4Q) and we believe investors will be focused on the metric given broader macro-related concerns that could impact pipeline close rates.

Margins. Since its 13% RIF in Nov 2022, ESTC has seen a marked improvement in its adjusted operating margins, hovering from near breakeven to consistently delivering operating margin in the 8-13% range since F3Q23 and a record 17-18% in F2Q25/F3Q25. Mgmt guided to 13.5% in F4Q, which is above its average of 12.3% since the company's restructuring in F3Q23. While we believe that normalized margins can be above that, we see limited upside to margins in F4Q25 and through F1H26 outside of rev outperformance flowing through the operating model given recent mgmt commentary indicating plans to front-load and accelerate investments broad-based throughout the business in FY26 to capture the market in Generative AI.

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Source: Jefferies, Company Data

ESTC F4Q25 Preview

Vector/AI search momentum. ESRE, which was launched in F1Q24, is ESTC's all-encompassing platform for AI innovation. It includes ESTC's vector database implementation, capabilities to bring in and run external transformer models, integrations with major third party and open source LLMs, and a host of developer capabilities to vectorize proprietary data, among other features. Over the last 7 quarters, ESTC has added >1,750 customers on cloud using ESRE for GenAI use cases and many more on self-managed (undisclosed given lack of telemetry data to track that cohort), with ~270 of those being customers with ACV >$100K. We will be looking for more commentary on the makeup of those customers (enterprise vs midmarket/SMB, existing platinum/enterprise tier sub vs new) and on adoption/ramp patterns of ESRE capabilities, as we have already seen some early AI adopters begin to use ESRE in production based on our checks in the field. Throughout FY25, mgmt attributed an overall acceleration in its search business to GenAI demand.

Net expansion rates. ESTC's net expansion rate stabilized at 112% from F1Q25 to F3Q25 after rebounding from a bottom of 109% in F3Q24. We view this as one of the indicators that the GTM motion (which has likely been evolving since the new head of sales arrived in Dec 2023) is starting to work, although we do expect NT noise as the team works through the significant sales segmentation changes made at the beginning of F1Q25. Given this is a TTM metric and recent consumption trends have been incrementally positive, this metric should continue to improve.

ESTC F4Q25 Preview

GTM. We followed up with mgmt on the specifics of the GTM changes made at the beginning of FY25. There were 3 distinct changes: 1) adding more reps and accounts to its strategic customer segment, where ESTC sees a big opportunity to drive very large deals; 2) reducing the number of accounts per sales rep in the enterprise customer segment (which mgmt noted was previously significantly greater than industry average) to drive more focus and productivity in the remaining accounts; 3) assigning hunter sales reps to accounts that were in greenfield territories. While mgmt wouldn't comment on the magnitude of accounts that changed hands in F1Q, they noted that it was “significant” and impacted all verticals in the Americas except the US public sector. While we believe the implementation and investor communication of the sales segmentation changes in F1Q were poorly executed, both F2Q and F3Q demonstrated early signs of improvement in sales execution. We are constructive on the GTM changes in itself and view the GTM overhaul as a necessary structural change that should benefit ESTC in the long run.

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Source: Jefferies, Company Data

SECTION IV
FINANCIALS

SNOW: Jefferies vs Street Estimates

Snowflake (SNOW)
in millions, except per share items

F1Q26E	Jefferies	Consensus	Delta	Guidance
Product	**$954.9**	**$955.1**	**($0.2)**	**955-960**
Professional Service & Other	$46.9	$44.3	$2.6	
Total Revenue	**$1,001.8**	**$1,007.7**	**($5.9)**	
YoY growth	20.9%	21.6%	(0.7%)	
Non-GAAP Gross Margin	71.7%	72.1%	(0.4%)	
Non-GAAP Operating Income	**$50.3**	**$53.4**	**($3.1)**	
Non-GAAP Operating Margin	5.0%	5.3%	(0.3%)	5.0%
Non-GAAP EPS	$0.20	$0.21	($0.01)	
Total Billings	$847.2	$742.8	$104.3	
Cash Flow from Ops.	$377.5	$409.0	($31.5)	
Free Cash Flow	$363.5	$396.8	($33.4)	

FY26E	Jefferies	Consensus	Delta	Guidance
Product	**$4,234.7**	**$4,241.6**	**($6.9)**	**4,280.0**
Professional Service & Other	$196.8	$187.3	$9.5	
Total Revenue	**$4,431.5**	**$4,468.1**	**($36.7)**	
YoY growth	22.2%	23.2%	(1.0%)	
Non-GAAP Gross Margin	71.9%	72.0%	(0.1%)	
Non-GAAP Operating Income	**$350.9**	**$367.3**	**($16.4)**	
Non-GAAP Operating Margin	7.9%	8.2%	(0.3%)	8.0%
Non-GAAP EPS	$1.10	$1.17	($0.07)	
Total Billings	$5,185.8	$5,013.9	$171.9	
Cash Flow from Ops.	$1,203.6	$1,160.4	$43.2	
Free Cash Flow	$1,141.5	$1,103.4	$38.1	

F2Q26E	Jefferies	Consensus	Delta	Guidance
Product	**$1,013.5**	**$1,014.6**	**($1.1)**	
Professional Service & Other	$47.5	$45.6	$1.9	
Total Revenue	**$1,061.0**	**$1,068.6**	**($7.6)**	
YoY growth	22.1%	23.0%	(0.9%)	
Non-GAAP Gross Margin	71.9%	72.2%	(0.3%)	
Non-GAAP Operating Income	**$86.7**	**$74.3**	**$12.4**	
Non-GAAP Operating Margin	8.2%	7.0%	1.2%	
Non-GAAP EPS	$0.27	$0.26	$0.01	
Total Billings	$1,083.7	$978.4	$105.3	
Cash Flow from Ops.	$92.2	$83.6	$8.6	
Free Cash Flow	$77.4	$84.7	($7.3)	

FY27E	Jefferies	Consensus	Delta	Guidance
Product	**$5,182.1**	**$5,203.1**	**($21.0)**	
Professional Service & Other	$226.3	$211.0	$15.3	
Total Revenue	**$5,408.4**	**$5,479.4**	**($71.1)**	
YoY growth	22.0%	22.6%	(0.6%)	
Non-GAAP Gross Margin	72.1%	72.2%	(0.1%)	
Non-GAAP Operating Income	**$533.6**	**$564.3**	**($30.7)**	
Non-GAAP Operating Margin	9.9%	10.3%	(0.4%)	
Non-GAAP EPS	$1.46	$1.59	($0.14)	
Total Billings	$6,123.8	$6,060.9	$62.9	
Cash Flow from Ops.	$1,483.6	$1,460.5	$23.1	
Free Cash Flow	$1,407.8	$1,420.8	($12.9)	

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

Non-GAAP Income Statement															
Fiscal Quarters	F1Q25	F2Q25	F3Q25	F4Q25	FY25	F1Q26E	F2Q26E	F3Q26E	F4Q26E	FY26E	F1Q27E	F2Q27E	F3Q27E	F4Q27E	FY27E
Calendar Quarter	Apr-24	Jul-24	Oct-24	Jan-25		Apr-25	Jul-25	Oct-25	Jan-26		Apr-26	Jul-26	Oct-26	Jan-27	
Days in Quarter	90	92	92	92	366	89	92	92	92	365	89	92	92	92	365
Total Revenue	**$828.7**	**$868.8**	**$942.1**	**$986.8**	**$3,626.4**	**$1,001.8**	**$1,061.0**	**$1,156.4**	**$1,212.2**	**$4,431.5**	**$1,226.9**	**$1,298.7**	**$1,408.0**	**$1,474.8**	**$5,408.4**
YoY	*32.9%*	*28.9%*	*28.3%*	*27.4%*	*29.2%*	*20.9%*	*22.1%*	*22.7%*	*22.8%*	*22.2%*	*22.5%*	*22.4%*	*21.8%*	*21.7%*	*22.0%*
QoQ	*7.0%*	*4.8%*	*8.4%*	*4.7%*		*1.5%*	*5.9%*	*9.0%*	*4.8%*		*1.2%*	*5.8%*	*8.4%*	*4.7%*	
Cost of Product Revenue	$182.3	$195.5	$213.4	$228.0	$819.1	$238.7	$253.4	$276.5	$290.0	$1,058.7	$293.2	$311.0	$337.6	$353.7	$1,295.5
% of Product Revenue	*23.1%*	*23.6%*	*23.7%*	*24.2%*	*23.7%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*	*25.0%*
Cost of Professional Service & Other Revenue	$37.3	$37.1	$41.5	$42.6	$158.6	$44.6	$45.1	$47.7	$49.6	$186.9	$51.3	$51.9	$54.8	$57.0	$215.0
% of Professional Services & Other Revenue	*95.4%*	*93.9%*	*99.4%*	*97.9%*	*96.7%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*	*95.0%*
Total Cost of Revenue	$219.6	$232.6	$254.9	$270.6	$977.7	$283.3	$298.5	$324.2	$339.6	$1,245.6	$344.5	$362.9	$392.4	$410.7	$1,510.5
% of Total Revenue	*26.5%*	*26.8%*	*27.1%*	*27.4%*	*27.0%*	*28.3%*	*28.1%*	*28.0%*	*28.0%*	*28.1%*	*28.1%*	*27.9%*	*27.9%*	*27.8%*	*27.9%*
Product Gross Profit	$607.3	$633.8	$686.9	$715.3	$2,643.3	$716.2	$760.1	$829.6	$870.1	$3,176.0	$879.7	$933.1	$1,012.7	$1,061.1	$3,886.6
Product Gross Margin	*76.9%*	*76.4%*	*76.3%*	*75.8%*	*76.3%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*	*75.0%*
Professional Services & Other Gross Profit	$1.8	$2.4	$0.3	$0.9	$5.4	$2.3	$2.4	$2.5	$2.6	$9.8	$2.7	$2.7	$2.9	$3.0	$11.3
Professional Services & Other Gross Margin	*4.6%*	*6.1%*	*0.6%*	*2.1%*	*3.3%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*	*5.0%*
Gross Profit	**$609.1**	**$636.2**	**$687.2**	**$716.2**	**$2,648.7**	**$718.5**	**$762.5**	**$832.2**	**$872.7**	**$3,185.9**	**$882.4**	**$935.8**	**$1,015.6**	**$1,064.1**	**$3,897.9**
% margin	*73.5%*	*73.2%*	*72.9%*	*72.6%*	*73.0%*	*71.7%*	*71.9%*	*72.0%*	*72.0%*	*71.9%*	*71.9%*	*72.1%*	*72.1%*	*72.2%*	*72.1%*
YoY	*34.2%*	*27.1%*	*25.0%*	*23.8%*	*27.2%*	*18.0%*	*19.9%*	*21.1%*	*21.8%*	*20.3%*	*22.8%*	*22.7%*	*22.0%*	*21.9%*	*22.3%*
Research & Development	$203.2	$224.2	$224.8	$230.8	$883.0	$250.5	$256.8	$277.5	$297.0	$1,081.8	$306.7	$311.7	$330.9	$339.2	$1,288.5
YoY	*57.5%*	*55.2%*	*41.4%*	*28.4%*	*44.3%*	*23.3%*	*14.5%*	*23.5%*	*28.7%*	*22.5%*	*22.5%*	*21.4%*	*19.2%*	*14.2%*	*19.1%*
QoQ	*13.0%*	*10.4%*	*0.2%*	*2.7%*		*8.5%*	*2.5%*	*8.1%*	*7.0%*		*3.3%*	*1.6%*	*6.2%*	*2.5%*	
% of Revenue	*24.5%*	*25.8%*	*23.9%*	*23.4%*	*24.3%*	*25.0%*	*24.2%*	*24.0%*	*24.5%*	*24.4%*	*25.0%*	*24.0%*	*23.5%*	*23.0%*	*23.8%*
Sales & Marketing	$312.6	$309.1	$340.6	$328.9	$1,291.2	$350.6	$350.1	$381.6	$387.9	$1,470.3	$417.2	$415.6	$450.5	$457.2	$1,740.5
YoY	*27.8%*	*23.2%*	*26.6%*	*18.8%*	*24.0%*	*12.2%*	*13.3%*	*12.0%*	*17.9%*	*13.9%*	*19.0%*	*18.7%*	*18.1%*	*17.9%*	*18.4%*
QoQ	*12.9%*	*(1.1%)*	*10.2%*	*(3.4%)*		*6.6%*	*(0.1%)*	*9.0%*	*1.7%*		*7.5%*	*(0.4%)*	*8.4%*	*1.5%*	
% of Revenue	*37.7%*	*35.6%*	*36.2%*	*33.3%*	*35.6%*	*35.0%*	*33.0%*	*33.0%*	*32.0%*	*33.2%*	*34.0%*	*32.0%*	*32.0%*	*31.0%*	*32.2%*
General & Administrative	$57.1	$59.1	$62.9	$63.6	$242.8	$67.1	$69.0	$71.7	$75.2	$282.9	$76.1	$80.5	$87.3	$91.4	$335.3
YoY	*19.7%*	*16.4%*	*25.9%*	*24.7%*	*21.7%*	*17.5%*	*16.6%*	*13.9%*	*18.1%*	*16.5%*	*13.3%*	*16.8%*	*21.8%*	*21.7%*	*18.5%*
QoQ	*12.0%*	*3.5%*	*6.4%*	*1.1%*		*5.5%*	*2.7%*	*4.0%*	*4.8%*		*1.2%*	*5.8%*	*8.4%*	*4.7%*	
% of Revenue	*6.9%*	*6.8%*	*6.7%*	*6.4%*	*6.7%*	*6.7%*	*6.5%*	*6.2%*	*6.2%*	*6.4%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*	*6.2%*
Total Operating Expenses	$572.9	$592.5	$628.3	$623.4	$2,417.0	$668.2	$675.9	$730.8	$760.1	$2,835.0	$800.0	$807.8	$868.7	$887.8	$3,364.3
YoY	*36.0%*	*32.8%*	*31.4%*	*22.8%*	*30.4%*	*16.6%*	*14.1%*	*16.3%*	*21.9%*	*17.3%*	*19.7%*	*19.5%*	*18.9%*	*16.8%*	*18.7%*
Operating Income	**$36.2**	**$43.7**	**$58.9**	**$92.8**	**$231.7**	**$50.3**	**$86.7**	**$101.3**	**$112.6**	**$350.9**	**$82.4**	**$128.0**	**$146.9**	**$176.3**	**$533.6**
YoY	*11.2%*	*(19.3%)*	*(18.1%)*	*30.8%*	*0.9%*	*38.8%*	*98.1%*	*72.1%*	*21.3%*	*51.4%*	*63.9%*	*47.7%*	*44.9%*	*56.6%*	*52.1%*
% margin	*4.4%*	*5.0%*	*6.3%*	*9.4%*	*6.4%*	*5.0%*	*8.2%*	*8.8%*	*9.3%*	*7.9%*	*6.7%*	*9.9%*	*10.4%*	*12.0%*	*9.9%*
Other Income	($21.3)	($7.9)	($8.5)	$2.4	($35.3)	($0.5)	($0.5)	($0.5)	($0.5)	($2.0)	($1.0)	($1.0)	($1.0)	($1.0)	($4.0)
Interest Expense	$54.8	$49.3	$48.7	$56.3	$209.0	$50.3	$49.5	$50.2	$58.7	$208.7	$56.3	$51.8	$53.1	$54.9	$216.1
Pre-tax Income	$69.7	$85.1	$99.1	$151.5	$405.4	$100.1	$135.7	$151.0	$170.8	$557.6	$137.8	$178.8	$199.0	$230.2	$745.7
Pre-tax Margin	*8.4%*	*9.8%*	*10.5%*	*15.4%*	*11.2%*	*10.0%*	*12.8%*	*13.1%*	*14.1%*	*12.6%*	*11.2%*	*13.8%*	*14.1%*	*15.6%*	*13.8%*
Provision for Income Taxes	$18.3	$22.0	$25.8	$39.4	$105.4	$26.0	$35.3	$39.3	$44.4	$145.0	$35.8	$46.5	$51.7	$59.8	$193.9
Effective Tax Rate	*26.2%*	*25.8%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*	*26.0%*
Net income, Non-GAAP	**$51.4**	**$63.1**	**$73.3**	**$112.1**	**$300.0**	**$74.1**	**$100.4**	**$111.7**	**$126.4**	**$412.6**	**$101.9**	**$132.3**	**$147.3**	**$170.3**	**$551.8**
EPS, Non-GAAP	**$0.14**	**$0.18**	**$0.20**	**$0.30**	**$0.82**	**$0.20**	**$0.27**	**$0.30**	**$0.34**	**$1.10**	**$0.27**	**$0.35**	**$0.39**	**$0.45**	**$1.46**
Basic Shares	333.6	334.1	331.8	331.4	364.3	374.2	374.7	374.2	373.7	374.2	375.7	377.7	379.7	381.7	378.7
Diluted Shares	365.1	359.3	362.2	370.7	364.3	374.2	374.7	374.2	373.7	374.2	375.7	377.7	379.7	381.7	378.7

SNOW: Base Case DCF

Snowflake (NYSE: SNOW)
Discounted Cash Flow Analysis

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

SCENARIO 2:

	FORECAST PERIOD				TRANSITIONARY PERIOD					TERMINAL	
	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	Perpetuity
Current Risk-free Rate of Return	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
Historical Risk-free Rate of Return	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
Beta	1.25	1.25	1.25	1.25	1.21	1.17	1.13	1.08	1.04	1.00	
Market Rate of Return	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	11.5%	
Cost of Equity	11.6%	11.6%	11.6%	11.6%	11.4%	11.1%	10.8%	10.5%	10.3%	10.0%	
FCF Growth Rate	69.7%	33.7%	23.3%	**63.8%**	53.8%	43.7%	33.7%	23.7%	13.7%	3.6%	
Diluted Shares at Year-end	364.3	374.2	378.7	382.5	385.7	388.2	390.2	391.5	392.1	392.1	
Share Growth %	0.6%	2.7%	1.2%	1.0%	0.8%	0.7%	0.5%	0.3%	0.2%	0.0%	
Free Cash Flow to Enterprise ($M)	853.7	1,141.5	1,407.8	2,306.0	3,546.0	5,097.0	6,815.2	8,429.1	9,579.6	9,926.4	155,586.7
Free Cash Flow to Enterprise per Share	2.3	3.1	3.7	6.0	9.2	13.1	17.5	21.5	24.4	25.3	396.8
NPV of Free Cash Flow to Enterprise per Share	2.2	2.6	2.8	4.1	5.7	7.4	9.0	10.2	10.6		160.4
Cumulative NPV of Free Cash Flow to Enterprise per Share	2.2	4.8	7.6	11.7	17.4	24.8	33.7	43.9	54.5		215.0

Cumulative NPV of FCFE per Share	214.96
Total NPV per Share	**$220.37**
Current Price per Share	$183.31
Upside/Downside Potential	20%

ESTC: Jefferies vs Street Estimates

F4Q25E	Jefferies Ests.	Consensus	Delta	Guidance
Cloud Revenue	$184.13	$180.73	$3.40	
YoY Growth	*24.4%*	*22.1%*	*2.3%*	
Other Subscription Revenue	$169.5	$172.1	($2.6)	
YoY Growth	*4.0%*	*5.6%*	*(1.6%)*	
Total Revenue	$379.2	$380.3	($1.1)	379-381
YoY Growth	*13.2%*	*13.5%*	*(0.3%)*	13%
Non-GAAP Gross Profit	$291.6	$291.8	($0.2)	
% Margin	*76.9%*	*76.7%*	*0.2%*	
Non-GAAP Operating Income	$48.9	$51.2	($2.3)	
% Margin	*12.9%*	*13.5%*	*(0.6%)*	13.5%
Non-GAAP EPS	$0.37	$0.37	$0.00	0.36-0.37
Cash Flow from Operations	$61.82	$63.68	($1.86)	
Deferred Revenue	$790.46	$821.70	($31.23)	

FY25E	Jefferies Ests.	Consensus	Delta	Guidance
Cloud Revenue	$690.24	$687.64	$2.60	
YoY Growth	*26.1%*	*25.6%*	*0.5%*	
Other Subscription Revenue	$686.2	$680.6	$5.6	
YoY Growth	*9.1%*	*8.2%*	*0.9%*	
Total Revenue	$1,474.1	$1,475.1	($1.0)	1474-1476
YoY Growth	*16.3%*	*16.4%*	*(0.1%)*	16%
Non-GAAP Gross Profit	$1,130.9	$1,131.0	($0.1)	
% Margin	*76.7%*	*76.7%*	*0.0%*	
Non-GAAP Operating Income	$214.4	$216.7	($2.3)	
% Margin	*14.5%*	*14.7%*	*(0.1%)*	14.7%
Non-GAAP EPS	$1.94	$1.94	$0.00	1.91-1.96
Cash Flow from Operations	$241.01	$241.01	($0.00)	
Deferred Revenue	$790.46	$821.70	($31.23)	

F1Q26E	Jefferies Ests.	Consensus	Delta	Guidance
Cloud Revenue	$196.64	$190.44	$6.21	
YoY Growth	*25.0%*	*21.1%*	*3.9%*	
Other Subscription Revenue	$174.8	$178.9	($4.1)	
YoY Growth	*5.0%*	*7.5%*	*(2.5%)*	
Total Revenue	$396.5	$395.0	$1.5	
YoY Growth	*14.1%*	*13.7%*	*0.4%*	
Non-GAAP Gross Profit	$304.0	$302.0	$2.1	
% Margin	*76.7%*	*76.5%*	*0.2%*	
Non-GAAP Operating Income	$54.2	$51.7	$2.5	
% Margin	*13.7%*	*13.1%*	*0.6%*	
Non-GAAP EPS	$0.44	$0.42	$0.02	
Cash Flow from Operations	$63.68	$59.19	$4.48	
Deferred Revenue	$725.63	$749.24	($23.61)	

FY26E	Jefferies Ests.	Consensus	Delta	Guidance
Cloud Revenue	$851.88	$829.56	$22.31	
YoY Growth	*23.4%*	*20.6%*	*2.8%*	
Other Subscription Revenue	$722.2	$737.3	($15.1)	
YoY Growth	*5.3%*	*8.3%*	*(3.1%)*	
Total Revenue	$1,678.0	$1,677.4	$0.5	
YoY Growth	*13.8%*	*13.7%*	*0.1%*	
Non-GAAP Gross Profit	$1,288.0	$1,285.1	$2.8	
% Margin	*76.8%*	*76.6%*	*0.1%*	
Non-GAAP Operating Income	$258.7	$258.6	$0.1	
% Margin	*15.4%*	*15.4%*	*0.0%*	
Non-GAAP EPS	$2.03	$2.08	($0.06)	
Cash Flow from Operations	$295.40	$291.59	$3.80	
Deferred Revenue	$936.42	$950.65	($14.23)	

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Source: Jefferies, FactSet

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

Non-GAAP Income Statement:	FY23	FY24	F1Q25	F2Q25	F3Q25	F4Q25E	FY25E	F1Q26E	F2Q26E	F3Q26E	F4Q26E	FY26E	F1Q27E	F2Q27E	F3Q27E	F4Q27E	FY27E
			7/31/2024	10/31/2024	1/31/2025	4/30/2025		7/31/2025	10/31/2025	1/31/2026	4/30/2026		7/31/2026	10/31/2026	1/31/2027	4/30/2027	
Revenue:																	
Subscription	$984.762	$1,176.606	$323.774	$340.807	$358.198	$353.651	$1,376.430	$371.460	$391.341	$408.143	$403.151	$1,574.095	$423.783	$446.163	$468.973	$461.200	$1,800.120
Services	$84.227	$90.715	$23.646	$24.554	$23.885	$25.576	$97.661	$25.065	$26.027	$25.676	$27.111	$103.879	$26.318	$27.329	$26.832	$28.331	$108.809
Total Revenue	$1,068.989	$1,267.321	$347.420	$365.361	$382.083	$379.227	$1,474.091	$396.525	$417.368	$433.819	$430.262	$1,677.974	$450.101	$473.491	$495.805	$489.530	$1,908.928
Total Cost of Revenue	$266.257	$294.983	$82.173	$84.436	$88.921	$87.628	$343.158	$92.496	$97.131	$100.083	$100.310	$390.020	$103.634	$108.792	$112.782	$112.526	$437.734
Gross Profit:	$802.732	$972.338	$265.247	$280.925	$293.162	$291.599	$1,130.933	$304.029	$320.237	$333.736	$329.952	$1,287.954	$346.467	$364.699	$383.023	$377.005	$1,471.194
YoY Growth	*22.2%*	*21.1%*	*18.1%*	*17.7%*	*16.1%*	*13.6%*	*16.3%*	*14.6%*	*14.0%*	*13.8%*	*13.2%*	*13.9%*	*14.0%*	*13.9%*	*14.8%*	*14.3%*	*14.2%*
Gross Margin	*75.1%*	*76.7%*	*76.3%*	*76.9%*	*76.7%*	*76.9%*	*76.7%*	*76.7%*	*76.7%*	*76.9%*	*76.7%*	*76.8%*	*77.0%*	*77.0%*	*77.3%*	*77.0%*	*77.1%*
Operating Expenses:																	
Research and Development	$224.951	$242.392	$63.562	$63.380	$67.676	$73.949	$268.567	$75.340	$77.213	$78.087	$77.447	$308.087	$81.018	$85.228	$89.245	$88.115	$343.607
YoY growth	*10.0%*	*7.8%*	*12.5%*	*10.9%*	*10.6%*	*9.5%*	*10.8%*	*18.5%*	*21.8%*	*15.4%*	*4.7%*	*14.7%*	*7.5%*	*10.4%*	*14.3%*	*13.8%*	*11.5%*
QoQ growth			*(5.9%)*	*(0.3%)*	*6.8%*	*9.3%*		*1.9%*	*2.5%*	*1.1%*	*(0.8%)*		*4.6%*	*5.2%*	*4.7%*	*(1.3%)*	
% of Revenue	*21.0%*	*19.1%*	*18.3%*	*17.3%*	*17.7%*	*19.5%*	*18.2%*	*19.0%*	*18.5%*	*18.0%*	*18.0%*	*18.4%*	*18.0%*	*18.0%*	*18.0%*	*18.0%*	*18.0%*
Sales and Marketing	$427.287	$475.482	$134.908	$122.840	$130.803	$136.522	$525.073	$142.749	$146.079	$147.499	$150.592	$586.918	$157.535	$163.355	$168.574	$171.336	$660.799
YoY growth	*21.6%*	*11.3%*	*20.2%*	*8.1%*	*8.6%*	*5.7%*	*10.4%*	*5.8%*	*18.9%*	*12.8%*	*10.3%*	*11.8%*	*10.4%*	*11.8%*	*14.3%*	*13.8%*	*12.6%*
QoQ growth			*4.5%*	*(8.9%)*	*6.5%*	*4.4%*		*4.6%*	*2.3%*	*1.0%*	*2.1%*		*4.6%*	*3.7%*	*3.2%*	*1.6%*	
% of Revenue	*40.0%*	*37.5%*	*38.8%*	*33.6%*	*34.2%*	*36.0%*	*35.6%*	*36.0%*	*35.0%*	*34.0%*	*35.0%*	*35.0%*	*35.0%*	*34.5%*	*34.0%*	*35.0%*	*34.6%*
General and Administrative	$104.551	$112.044	$29.586	$30.425	$30.661	$32.234	$122.906	$31.722	$33.389	$34.706	$34.421	$134.238	$36.008	$37.879	$39.664	$39.162	$152.714
YoY growth	*4.2%*	*7.2%*	*10.4%*	*14.0%*	*11.9%*	*3.4%*	*9.7%*	*7.2%*	*9.7%*	*13.2%*	*6.8%*	*9.2%*	*13.5%*	*13.4%*	*14.3%*	*13.8%*	*13.8%*
QoQ growth			*(5.1%)*	*2.8%*	*0.8%*	*5.1%*		*(1.6%)*	*5.3%*	*3.9%*	*(0.8%)*		*4.6%*	*5.2%*	*4.7%*	*(1.3%)*	
% of Revenue	*9.8%*	*8.8%*	*8.5%*	*8.3%*	*8.0%*	*8.5%*	*8.3%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*	*8.0%*
Total Operating Expenses	$756.789	$829.918	$228.056	$216.645	$229.140	$242.706	$916.547	$249.811	$256.682	$260.291	$262.460	$1,029.244	$274.562	$286.462	$297.483	$298.614	$1,157.121
Operating Income:	$45.943	$142.420	$37.191	$64.280	$64.022	$48.894	$214.387	$54.219	$63.555	$73.445	$67.492	$258.711	$71.905	$78.237	$85.540	$78.391	$314.073
YoY growth	*5062.1%*	*210.0%*	*27.9%*	*55.8%*	*47.8%*	*69.9%*	*50.5%*	*45.8%*	*(1.1%)*	*14.7%*	*38.0%*	*20.7%*	*32.6%*	*23.1%*	*16.5%*	*16.1%*	*21.4%*
Operating Margin	*4.3%*	*11.2%*	*10.7%*	*17.6%*	*16.8%*	*12.9%*	*14.5%*	*13.7%*	*15.2%*	*16.9%*	*15.7%*	*15.4%*	*16.0%*	*16.5%*	*17.3%*	*16.0%*	*16.5%*
Other Income	$2.295	$7.146	$4.682	$2.644	$8.709	$5.025	$21.060	$5.025	$5.025	$5.025	$5.025	$20.100	$5.025	$5.025	$5.025	$5.025	$20.100
Loss Before Income Taxes	$48.238	$149.566	$41.873	$66.924	$72.731	$53.919	$235.447	$59.244	$68.580	$78.470	$72.517	$278.811	$76.930	$83.262	$90.565	$83.416	$334.173
Provision for Income Taxes	$12.585	$25.648	$4.757	$4.018	$5.548	$13.480	$27.803	$11.256	$13.030	$14.909	$13.778	$52.974	$14.617	$15.820	$17.207	$15.849	$63.493
Tax Rate	26.1%	17.1%	11.4%	6.0%	7.6%	25.0%	11.8%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%	19.0%
Net Income	$25.253	$123.668	$37.116	$62.906	$67.183	$40.439	$207.644	$47.987	$55.550	$63.560	$58.739	$225.837	$62.314	$67.442	$73.358	$67.567	$270.680
EPS:	$0.25	$1.20	$0.35	$0.59	$0.63	$0.37	$1.94	$0.44	$0.50	$0.57	$0.52	$2.03	$0.55	$0.59	$0.63	$0.58	$2.35
Shares Outstanding			102.284	103.239	104.085	105.085		106.085	107.085	108.085	109.085		110.085	111.085	112.085	113.085	
Fully Diluted Shares Outstanding			105.965	105.828	106.885	108.885		109.885	110.885	111.885	112.885		113.885	114.885	115.885	116.885	

Brent Thill, Equity Analyst, (415) 229-1559, bthill@jefferies.com

Source: Jefferies, Company Data

ESTC: Base Case DCF

Elastic, NV (ESTC)
Discounted Cash Flow Analysis
$ in millions, except per share data

	Year 1	Transition	Terminal
Current risk-free rate of return	2.5%		2.5%
Historical risk-free rate of return	5.3%	5.3%	5.3%
Beta	1.22		1.00
Market rate of return	11.8%	11.8%	11.8%
Cost of equity	10.4%		9.0%
Growth rate	*As Modeled*		5.0%

Cash and Cash Equivalents		1284.0
Total Debt		569.4
Net Cash and Cash Equivalents		714.6
LTM Revenues		1429.9
Shares Outstanding (m)		106.9
Net Cash/Share - 10% of Revenue	**$**	**5.35**

SCENARIO 2: ESTC sees continued adoption of its product as a platform solution for search, as well as growing customer acceptance of the value prop beyond this, which leads to high model leverage

	HISTORICALS					FORECAST PERIOD					TRANSITIONARY PERIOD					TERMINAL	
	FY20	FY21	FY22	FY23	FY24	FY25E	FY26E	FY27E	FY28E	FY29E	FY30E	FY31E	FY32E	FY33E	FY34E	FY35E	Perpetuity
Current risk-free rate of return	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
Beta	1.22	1.22	1.22	1.22	1.22	1.22	1.22	1.22	1.22	1.22	1.18	1.15	1.11	1.07	1.04	1.00	
Market rate of return	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	11.8%	
Cost of equity	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.4%	10.2%	10.0%	9.7%	9.5%	9.2%	9.0%	
FCF Growth Rate	NM	NM	NM	NM	198.1%	40.1%	21.2%	29.0%	25.0%	24.0%	20.6%	17.2%	13.8%	10.3%	6.9%	4.4%	
Free cash flow to enterprise ($m)	(35.6)	18.3	(1.7)	56.7	169.0	236.9	287.0	370.2	462.8	573.9	692.0	810.8	922.3	1,017.6	1,087.9	1,135.9	
Diluted Shares Outstanding 4Q	82.1	90.0	93.8	100.1	105.4	108.9	112.9	116.8	120.3	124.0	127.0	129.6	131.5	132.8	133.5	133.5	
Share Growth %						3.3%	3.7%	3.5%	3.0%	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%	0.0%	
Free cash flow to Enterprise per share						2.2	2.5	3.2	3.8	4.6	5.4	6.3	7.0	7.7	8.1	8.5	185.4
NPV of free cash flow ($m)						2.0	2.1	2.4	2.6	2.8	3.0	3.2	3.3	3.4	3.4		76.6
Cumulative NPV of FCF ($m)						2.0	4.1	6.4	9.0	11.8	14.9	18.1	21.4	24.8	28.2		104.8

Cumulative NPV of FCF ($m)		104.8
Net cash/ share- 10% of revenue	$	5.35
Total NPV/share	**$**	**110.13**

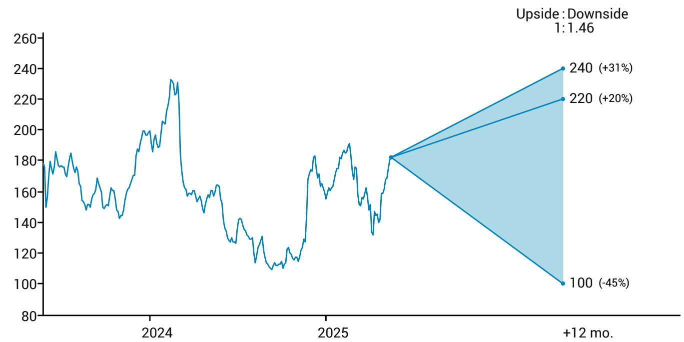
Jefferies

The Long View: Snowflake

Investment Thesis / Where We Differ

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

Risk/Reward - 12 Month View



Base Case,
$220, +20%

- Assumes FY26E/FY27E total rev growth of 22%/22%
- Assumes FY26E/FY27E gross margins of 72%/72%
- Assumes FY26E/FY27E FCF margins of 26%/26%
- PT of $220 implies 15x FY27E revenue

Upside Scenario,
$240, +31%

- Assumes FY26E/FY27E total rev growth of >22%/>22%
- Assumes FY26E/FY27E gross margins of >72%/>72%
- Assumes FY26E/FY27E FCF margins of >26%/>26%
- PT of $240 implies 16x FY27E revenue

Downside Scenario,
$100, -45%

- Assumes FY26E/FY27E total rev growth of <22%/<22%
- Assumes FY26E/FY27E gross margins of <72%/<72%
- Assumes FY26E/FY27E FCF margins of <26%/<26%
- PT of $100 implies 6x FY27E revenue

Sustainability Matters

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

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

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

ESG Sector Deep Dive

Catalysts

- SNOW is likely to report F1Q26 results in late May
- Ramp in adoption for Cortex and other AI products

Financials: Snowflake

Estimate changes

USD	2024A	2025A	2026E	2027E
Rev. (MM)	2,806.5	3,626.4	4,431.5	5,408.4
Cons. Rev.	2,806.5	3,626.4	4,482.4	5,503.8
Cons. EPS	0.97	0.83	1.16	1.55
EPS	0.97	0.82	1.10	1.46
Q1	0.15	0.14	0.20	0.27
Q2	0.22	0.18	0.27	0.35
Q3	0.25	0.20	0.30	0.39
Q4	0.35	0.30	0.34	0.45

Valuation metrics

	2024A	2025A	2026E	2027E
EV/Rev	23.3x	18.1x	14.8x	12.1x
P/Rev	24.2x	18.7x	15.3x	12.5x
FY P/E	NM	NM	NM	NM

Jefferies

Software

Equity Research

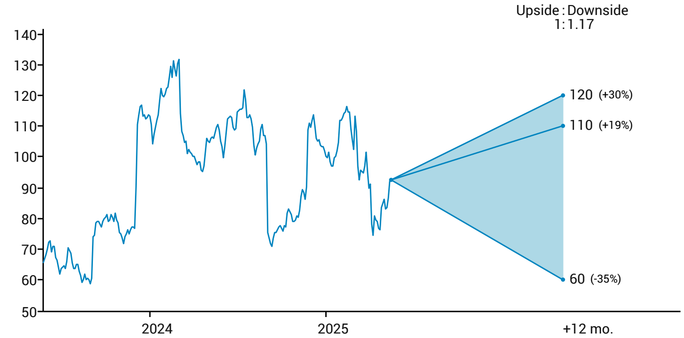
May 19, 2025

The Long View: Elastic

Investment Thesis / Where We Differ

- We believe search is at the forefront of AI, and ESTC is a unique asset positioned to be a beneficiary of AI. These workloads could drive consumption to the platform as organizations shift from discovery to implementing AI use cases, acting as a tailwind to revenue acceleration.

Risk/Reward - 12 Month View



Base Case,
$110, +19%

- Assumes FY26E/FY27E total rev growth of 14%/14%
- Assumes FY26E/FY27E gross margin of 77%/77%
- Assumes FY26E/FY27E FCF margin of 17%/18%
- PT of $110 implies 6.7x FY26E total rev

Upside Scenario,
$120, +30%

- Assumes FY26E/FY27E total rev growth of >14%/>14%
- Assumes FY26E/FY27E gross margin of >77%/ >77%
- Assumes FY26E/FY27E FCF margin of >17%/ >18%
- PT of $120 implies 7.2x FY26E total rev

Downside Scenario,
$60, -35%

- Assumes FY26E/FY27E total rev growth of <14%/<14%
- Assumes FY26E/FY27E gross margin of <77%/ <77%
- Assumes FY26E/FY27E FCF margin of <17%/ <18%
- PT of $60 implies 3.5x FY26E rev

Sustainability Matters

Top Material Issue(s): 1) Data Security: Elastic is committed to rapidly addressing security vulnerabilities affecting its customers and providing clear guidance on impact, severity and mitigation. Working with members of the security community and customers, ESTC ensures that security vulnerabilities affecting its products are documented and that solutions are released in a responsible manner.

2) Employee Engagement, Diversity & Inclusion: As a distributed company, Elastic employs people around the globe and focuses on recruiting top, diverse talent and then engaging, supporting and retaining them with a flexible, supportive and inclusive workplace that offers fair and consistent pay practices.

Company Target(s): 1) Created diversity hiring rate targets.

Qs to Mgmt: 1) What cost savings do you expect to have on a more diverse workforce? **2)** What steps are you taking to maintain a strong culture of growth, innovation and inclusion while balancing talent attraction, retention and career development? **3)** What investments are you making to protect your firm and your customers' data?

ESG Sector Deep Dive

Catalysts

- Elastic is likely to report F4Q25 earnings in late May

Financials: Elastic

Estimate changes

USD	2024A	2025E	2026E	2027E
Rev. (MM)	1,267.3	1,474.1	1,678.0	1,908.9
EPS	1.20	1.94	2.03	2.35
Cons. Rev.	1,267.3	1,475.5	1,683.2	1,927.0
Cons. EPS	1.20	1.94	2.08	2.48
Q1	0.25	0.35A	0.42	0.54
Q2	0.37	0.59A	0.53	0.63
Q3	0.36	0.63A	0.58	0.67
Q4	0.21	0.37	0.54	0.63

Valuation metrics

	2024A	2025A	2026E	2027E
EV/Rev	7.2x	6.2x	5.5x	4.8x
P/Rev	7.8x	6.7x	5.9x	5.2x
FY P/E	77.2x	47.5x	45.6x	39.4x

Company Description

Elastic

Elastic's enterprise software platform ingests and stores data from any source, and in any format, and performs search, analysis, and visualization on this data in milliseconds. Developers build on top of the Elastic Stack to apply the power of search to their data and solve business problems. Since founding in 2012, ESTC has built additional features that address a wide variety of use cases including app search, site search, enterprise search, logging, metrics, application performance monitoring, business analytics, and security analytics.

Snowflake

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

Company Valuation/Risks

Elastic

Our $110 PT is derived via a discounted cash flow (CoE 10.4%; TG 5%). Key risks include competition, including open-source developments and the technical nature of the products from a sales perspective.

Snowflake

Our DCF-based price target of $220 implies a 15x multiple of FY27E total rev. Risks include: 1) sustained competitive differentiation as Redshift, Azure Synapse Analytics and BigQuery fail to add similar functionality/pricing models; 2) gross margin upside as SNOW procures infrastructure at attractive rates and benefits from scale; 3) growth upside supports the stock to the downside; 4) premium valuation.

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Investment Recommendation Record

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

Recommendation Published	May 19, 2025 , 15:49 ET.
Recommendation Distributed	May 19, 2025 , 16:00 ET.

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

below $10, the expected total return (price appreciation plus yield) is plus or minus 20% within a 12-month period. For Underperform rated securities with an average security price consistently below $10, the expected total return (price appreciation plus yield) is minus 20% or less within a 12-month period.
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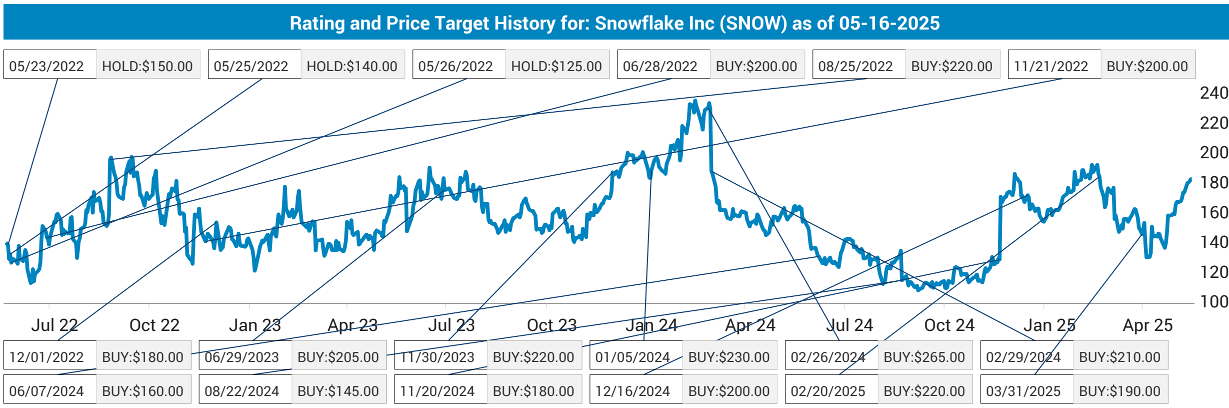
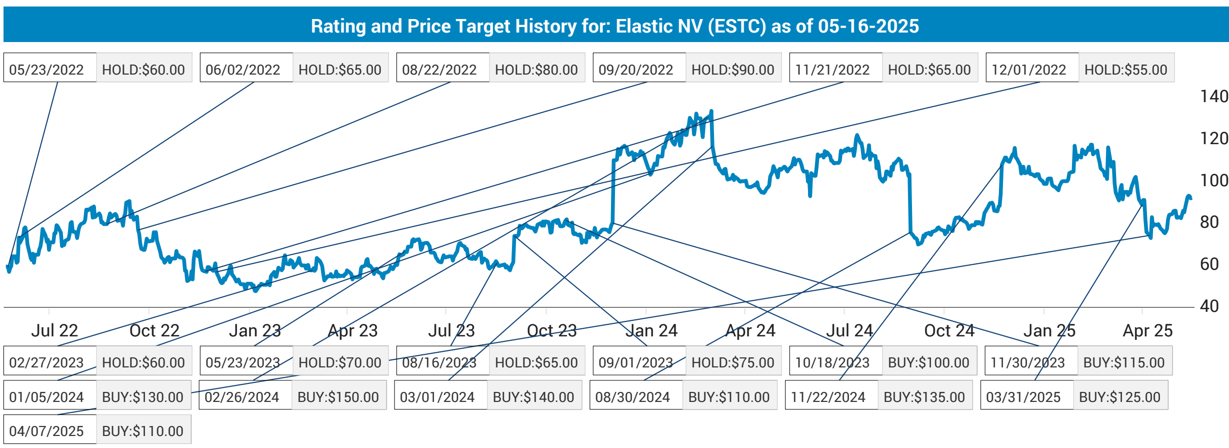
Other Companies Mentioned in This Report

- Elastic NV (ESTC: $92.32, BUY)
- Snowflake Inc (SNOW: $183.08, BUY)





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

I: Initiating Coverage

D: Dropped Coverage

B: Buy

H: Hold

UP: Underperform

Distribution of Ratings

			IB Serv./Past12 Mos.		JIL Mkt Serv./Past12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY	2094	60.64%	382	18.24%	124	5.92%
HOLD	1208	34.98%	110	9.11%	22	1.82%
UNDERPERFORM	151	4.37%	5	3.31%	4	2.65%

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