

TD SECURITIES (USA) LLC

May 15, 2025

Price: \$182.97 (05/15/2025)

Price Target: \$210.00

BUY (1)

ESG SCORE: 42/100

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Key Data

Symbol	NYSE: SNOW
Beta:	1.11
52-Week Range:	\$192.78-\$108.56
Market Cap:	\$61.0B
Net Debt (MM):	\$(1,952.4)
Cash/Share:	\$2.75
Dil. Shares Out (MM):	332.7
Enterprise Value (MM):	\$58,929.7
BV/Share:	\$8.99
Dividend:	\$0.00
Yield:	0.0%

FY (Jan)	2025A	2026E	2027E
Revenue (MM)			
Q1	\$828.7	\$1,005.9	\$1,257.5
Q2	\$868.8	\$1,064.5	\$1,307.3
Q3	\$942.1	\$1,158.9	\$1,404.0
Q4	\$986.8	\$1,243.6	\$1,500.0
Year	\$3,626.4	\$4,472.8	\$5,468.7
EV/S	16.3x	13.2x	10.8x
Consensus Rev	\$3,626.4	\$4,468.1	\$5,479.4
Consensus source: FactSet			

EPS

Year	\$0.83	\$1.21	\$1.61
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TARGET UPDATE

1Q PREVIEW: POSITIVE CHECKS, EXPECTING SOLID GROWTH MOMENTUM

THE TD COWEN INSIGHT

SNOW reports 1Q on 5/23. Our partner checks were constructive, citing further stability in growth in core SQL workloads, increasing traction w/ new products (Data Engineering + Cortex AI), no notable macro impacts on demand/consumption trends, and good execution vs. targets. We expect a solid 1Q out-performance & see room for FY26 numbers to move modestly higher. Reiterate Buy.

Key Takes

- In 4Q, SNOW posted a ~3.5% \$ beat, delivering 28% product rev growth, & set FY26 guide at +24%, above Street at +23%. cRPO growth was 27% (vs. 36% in 2Q), and NRR was down 1pt Q/Q to 126%, but mgmt continues to see this stabilizing in the mid-120% range. The rev upside was driven by more stable consumption patterns in core workloads, with Data Engineering & AI/ML workloads gaining traction.
- For 1Q, our partner checks were constructive, citing SNOW's durability through April despite elevated macro uncertainties. One GSI we spoke to saw ~30% growth in 1Q, slightly above plan, and expects growth for 2Q/3Q of ~31-32%. This partner noted 1) solid demand for core SQL workloads; 2) increasing co-opetition with Databricks as base customers use SNOW for BI/Analytics and Databricks for Data Science; & 3) Cortex AI traction is picking up (though monetization still early), while Snowpark growth remains steadfast & Iceberg net tailwinds continue. Another GSI we spoke to hit the high-end of targets w/ 29% growth, and maintained CY25 outlook for 25-27% growth. This partner called out 1) healthy consumption trends; 2) strong traction w/ Snowpark, especially in the TMT vertical; & 3) synergies building w/ OpenAI & Azure via partnerships where customers can build agents on structured/unstructured data types inside of SNOW. Other notable conversations include 1) no signs of optimization headwinds, aided by key growth drivers coming from more resilient G2K spend areas; 2) no signs of a pause in migration patterns; & 3) increasingly positive feedback on new leadership and innovation release cadence.
- We look for upside in the ~3% range (vs. ~3.5% last qtr) vs. high-end of guide at ~22% (noting ~1% impact from leap year comp), alongside further stability in consumption trends despite the macro volatility in April as we view Data/Analytics investments remaining high priority. For FY26, we continue to see room for estimates to go higher (current product guide at +24%) as core SQL/Analytics growth stabilizes and emerging offerings (Data Engineering, Cortex AI) see a steepening adoption curve & help drive 2H reacceleration. Reiterate Buy and PT of \$210 (~49x EV/CY26E FCF).

AT A GLANCE

Our Investment Thesis

SNOW's original focus was to disrupt the data warehousing market, which is a large and strategic market and one that we think will be enlarged by SNOW's innovation that breaks down cost barriers and democratizes the ability to build cross-enterprise analytic insights. But SNOW has a broader vision, via its Cloud Data Platform (expands workload/use-case capabilities) and Data Cloud (adds unique data sharing & exchange services), and there are already ISVs starting to build businesses on SNOW, giving it true platform status. We think SNOW is ushering in a high level of innovation to the large data management market, supporting a long growth runway. As companies become more data-driven and digital-oriented, SNOW should grow in strategic importance and wallet share.

Base Case Assumptions

- Product revenue growth of mid 20% in FY26
- Mid ~120% net revenue retention rates ending FY26
- Mid 20% FCF margins

Upside Scenario

- Product revenue growth of high 20% in FY26
- Upper ~120% net revenue retention rates ending FY26
- High 20% FCF margins

Forthcoming Catalysts

- 1Q Earnings

Downside Scenario

- Product revenue growth of low 20% in FY26
- Low ~120% net revenue retention rates ending FY26
- Low 20% FCF margins

Price Performance



Source: Bloomberg

Company Description

SNOW was founded in 2012 and is considered the first vendor to have fully architected a data warehousing platform in the public cloud. It offers true multi-region and multi-cloud deployment across AWS, Azure, and GCP utilizing a single unified data layer. This has resulted in a unique data management platform that is designed for full elasticity, fast query processing, unlimited user concurrency, and unified data, all via a usage-based utility service. SNOW's Cloud Data Platform can serve a variety of workloads, enabling customers to unify data into a single source of truth to drive business insights, build data-driven apps, and share data. SNOW is disrupting traditional on-premise analytical database vendors while expanding the market by lowering costs and making it more affordable for companies of all sizes to deploy infrastructure for analytics initiatives. In FY25, SNOW had over 11,000 customers and nearly \$3.6b in revenue.

Analyst Top Picks

	Ticker	Price (05/15/2025)	Price Target	Rating
Microsoft	MSFT	\$453.13	\$490.00	Buy
Snowflake	SNOW	\$182.97	\$210.00	Buy
GitLab	GTLB	\$51.81	\$82.00	Buy

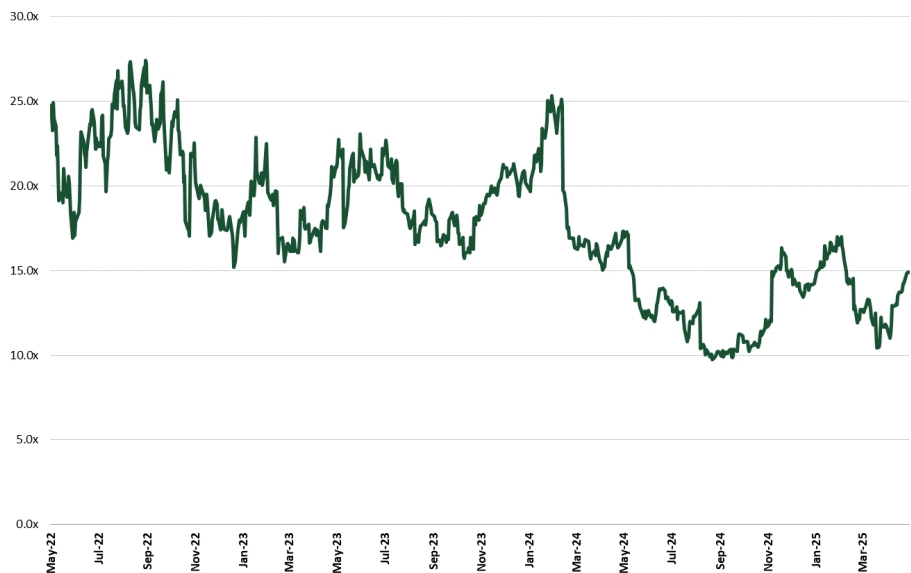
Estimates

- For 1Q, we model product revs of \$960m (+22% Y/Y vs. +28% last qtr; off of a 2pt leap year comp) vs. guide of \$950-\$960m, and FCF of \$316m vs. Street at \$397m. Average TTM beat is ~4.0%. For 2Q, we model product revs of \$1,018m (+23%), vs. Street at \$1,015m (+22%). For FY26, we model product revs of \$4,280m (+24%) vs. Street at \$4,242m (+23%), and FCF of \$1,134m vs. Street at \$1,103m.

Valuation

- SNOW currently trades at ~14.9x EV/NTM Sales, above the TTM average of ~12.9x. On CY26 estimates, shares traded at ~11x EV/Sales and ~42x EV/FCF.

SNOW EV/NTM Sales

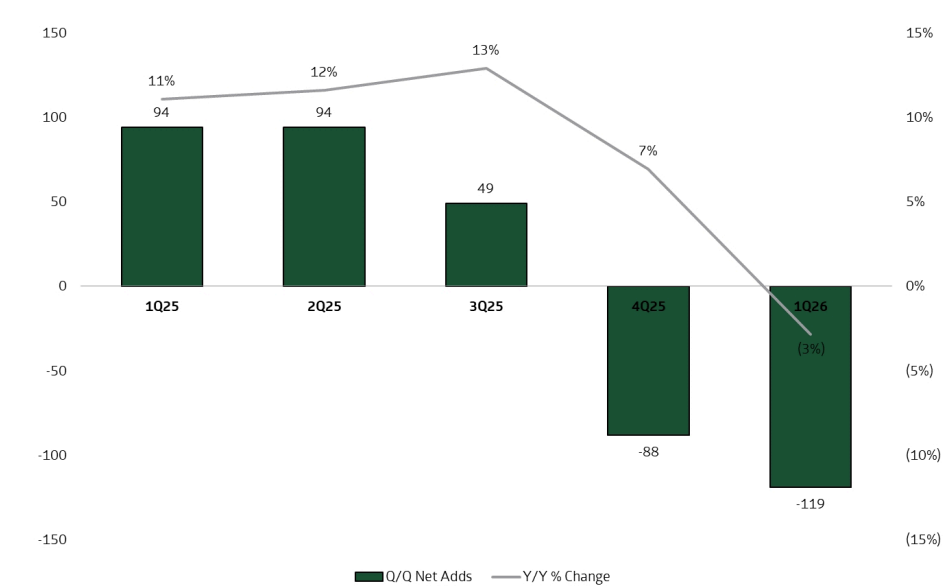


Source: TD Cowen, LinkedIn

Proprietary Sales Headcount Data

- Our proprietary sales headcount data analysis shows that SNOW sales hiring again weakened Q/Q, with a decline of -119 net new sales employees vs. -88 last quarter and below +94 a year ago. In terms of total sales headcount, our analysis shows a deceleration to -3% Y/Y growth exiting 1Q, down from +7% exiting 4Q. We think this continues to reflect the sales performance mgmt efforts SNOW proactively made in 2H in order to clean up under-performing teams, as well as initiatives to enable more technical roles take on sales responsibilities. Of note, LinkedIn reports SNOW sales job openings being up ~70% over the last 6 months.

SNOW Net Sales Headcount Adds by Qtr; Y/Y % Change



Source: TD Cowen, LinkedIn

Figure 1 : Operating Metrics (in \$ mln)

	FY23A Total	Apr Q1:24A	Jul Q2:24A	Oct Q3:24A	Jan Q4:24A	FY24A Total	Apr Q1:25A	Jul Q2:25A	Oct Q3:25A	Jan Q4:25A	FY25A Total	Apr Q1:26E	Jul Q2:26E	Oct Q3:26E	Jan Q4:26E	FY26E Total	FY27E Total
Revenue Breakdown																	
Product Revenue	\$1,939	\$590	\$640	\$698	\$738	\$2,667	\$790	\$829	\$900	\$943	\$3,462	\$960	\$1,018	\$1,110	\$1,193	\$4,280	\$5,245
Q/Q Growth		6%	8%	9%	6%		7%	5%	9%	5%		2%	6%	9%	8%		
Y/Y Growth	70%	50%	37%	34%	33%	38%	34%	30%	29%	28%	30%	22%	23%	23%	26%	24%	23%
Professional Services & Other Revenue	\$127	\$34	\$34	\$36	\$37	\$140	\$39	\$40	\$42	\$43	\$164	\$46	\$47	\$49	\$51	\$192	\$223
Q/Q Growth		0%	1%	6%	3%		7%	1%	6%	4%		5%	2%	6%	3%		
Y/Y Growth	61%	20%	9%	4%	9%	10%	17%	17%	17%	19%	17%	17%	18%	18%	17%	17%	16%
Total Revenue	\$2,066	\$624	\$674	\$734	\$775	\$2,806	\$829	\$869	\$942	\$987	\$3,626	\$1,006	\$1,064	\$1,159	\$1,244	\$4,473	\$5,469
Q/Q Growth		6%	8%	9%	6%		7%	5%	8%	5%		2%	6%	9%	7%		
Y/Y Growth	69%	48%	36%	32%	32%	36%	33%	29%	28%	27%	29%	21%	23%	23%	26%	23%	22%
Billings																	
Q/Q Change	\$516	(\$110)	(\$39)	\$82	\$595	\$528	(\$263)	(\$90)	\$126	\$609	\$382	(\$311)	(\$114)	\$108	\$706	\$389	\$467
Deferred Revenue		\$1,575	\$1,536	\$1,618	\$2,213		\$1,950	\$1,861	\$1,987	\$2,596		\$2,284	\$2,170	\$2,278	\$2,985		
Q/Q Growth		-7%	-2%	3%	37%		-12%	-5%	7%	31%		-12%	-5%	5%	31%		
Y/Y Growth		38%	33%	34%	31%		24%	21%	23%	17%		17%	17%	15%	15%		
Billings	\$2,582	\$513	\$635	\$816	\$1,370	\$3,335	\$566	\$779	\$1,068	\$1,595	\$4,009	\$694	\$950	\$1,267	\$1,950	\$4,862	\$5,936
Q/Q Growth		-52%	24%	29%	68%		-59%	38%	37%	49%		-56%	37%	33%	54%		
Y/Y Growth	48%	29%	25%	34%	28%	29%	10%	23%	31%	16%	20%	23%	22%	19%	22%	21%	22%
RPO																	
Q/Q Change	\$1,014	(\$252)	\$131	\$159	\$1,476	\$1,514	(\$187)	\$243	\$501	\$1,135	\$1,692						
Total RPO		\$3,409	\$3,540	\$3,699	\$5,175		\$4,988	\$5,231	\$5,732	\$6,867							
Q/Q Growth		-7%	4%	4%	40%		-4%	5%	10%	20%							
Y/Y Growth		31%	30%	23%	41%		46%	48%	55%	33%							
Q/Q Change	\$660	(\$85)	\$89	\$76	\$479	\$559	(\$43)	\$72	\$251	\$430	\$709						
Current RPO		\$1,943	\$2,032	\$2,108	\$2,587		\$2,544	\$2,616	\$2,866	\$3,296							
Q/Q Growth		-4%	5%	4%	23%		-2%	3%	10%	15%							
Y/Y Growth		40%	32%	27%	28%		31%	29%	36%	27%							
cRPO Bookings (Calculated)	\$2,598	\$505	\$729	\$775	\$1,217	\$3,226	\$746	\$901	\$1,151	\$1,373	\$4,171						
Q/Q Growth		-45%	44%	6%	57%		-39%	21%	28%	19%							
Y/Y Growth	47%	23%	17%	20%	32%	24%	48%	24%	49%	13%	29%						
Customers																	
Net New Total Customers	1,832	311	369	396	572	1,648	385	440	369	541	1,735	400	460	474	664	1,999	2,196
Q/Q Growth		-45%	19%	7%	44%		-33%	14%	-16%	47%		-26%	15%	3%	40%		
Y/Y Growth	1%	-18%	-26%	2%	1%	-10%	24%	19%	-7%	-5%	5%	4%	5%	29%	23%	15%	10%
Total Customers		8,087	8,456	8,852	9,424		9,809	10,249	10,618	11,159		11,559	12,020	12,494	13,158		
Q/Q Growth		4%	5%	5%	6%		4%	4%	4%	5%		4%	4%	4%	5%		
Y/Y Growth		28%	24%	23%	21%		21%	21%	20%	18%		18%	17%	18%	18%		
Net New >\$1 mln Customers	148	41	26	34	25	126	26	26	32	38	122						
Q/Q Growth		-9%	-37%	31%	-26%		4%	0%	23%	19%							
Y/Y Growth	38%	86%	-38%	-13%	-44%	-15%	-37%	0%	-6%	52%	-3%						
>\$1 mln Customers		373	399	433	458		484	510	542	580							
Q/Q Growth		12%	7%	9%	6%		6%	5%	6%	7%							
Y/Y Growth		81%	61%	51%	38%		30%	28%	25%	27%							
Net New G2K Customers				1	11	12	10	7	15	3	35						
G2K Customers			698	699	710		720	727	742	745							
Q/Q Growth				0%	2%		1%	1%	2%	0%							
Y/Y Growth								4%	6%	5%							
Net Revenue Retention Rate		151%	142%	135%	131%		128%	127%	127%	126%		125%	125%	125%	125%		
Geography																	
Americas	\$1,680.4	\$499.8	\$534.2	\$587.8	\$617.4	\$2,239.2	\$654.7	\$686.4	\$745.6	\$779.5	\$2,866.2						
Q/Q Growth		5%	7%	10%	5%		6%	5%	9%	5%							
Y/Y Growth	67%	45%	32%	30%	29%	33%	31%	28%	27%	26%	28%						
EMEA	\$292.7	\$94.9	\$106.3	\$110.4	\$121.0	\$432.6	\$131.7	\$137.9	\$147.2	\$157.9	\$574.6						
Q/Q Growth		11%	12%	4%	10%		9%	5%	7%	7%							
Y/Y Growth	73%	64%	53%	39%	41%	48%	39%	30%	33%	30%	33%						
APAC	\$92.6	\$28.9	\$33.5	\$35.9	\$36.3	\$134.6	\$41.3	\$44.5	\$49.3	\$49.3	\$184.5						
Q/Q Growth		-20%	16%	7%	1%		14%	8%	11%	0%							
Y/Y Growth	98%	210%	47%	46%	1%	45%	43%	33%	37%	36%	37%						
% of Total Revenue																	
Americas	81%	80%	79%	80%	80%	80%	79%	79%	79%	79%	0%						
EMEA	14%	15%	16%	15%	15%	15%	16%	16%	16%	16%	0%						
APAC	4%	5%	5%	5%	5%	5%	5%	5%	5%	5%	0%						
Employees																	
Net Adds	847	128	113	(1)	30	270	122	105	48	27	302						
Sales & Marketing Headcount		2,866	2,979	2,978	3,008		3,130	3,235	3,283	3,310							
Q/Q Growth		5%	4%	0%	1%		4%	3%	1%	1%							
Y/Y Growth		28%	23%	13%	10%		9%	9%	10%	10%							
Net Adds	1,892	426	349	124	221	1,120	292	334	193	11	830						
Total Headcount		6,310	6,659	6,783	7,004		7,296	7,630	7,823	7,834							
Q/Q Growth		7%	6%	2%	3%		4%	5%	3%	0%							
Y/Y Growth		38%	33%	22%	19%		16%	15%	15%	12%							

Source: TD Cowen; Company Reports

Figure 2 : Income Statement (in \$ 000s)

NYSE - SNOW	FY23A Total	Apr Q1:24A	Jul Q2:24A	Oct Q3:24A	Jan Q4:24A	FY24A Total	Apr Q1:25A	Jul Q2:25A	Oct Q3:25A	Jan Q4:25A	FY25A Total	Apr Q1:26E	Jul Q2:26E	Oct Q3:26E	Jan Q4:26E	FY26E Total	FY27E Total
Revenue																	
Product Revenue	1,938,783	590,072	640,209	698,478	738,090	2,666,849	789,587	829,250	900,282	943,303	3,462,422	960,282	1,017,899	1,109,510	1,192,724	4,280,416	5,245,363
Professional Services	126,876	33,527	33,809	35,695	36,609	139,640	39,122	39,573	41,812	43,467	163,974	45,640	46,553	49,346	50,827	192,367	223,356
Total Revenue	2,065,659	623,599	674,018	734,173	774,699	2,806,489	828,709	868,823	942,094	986,770	3,626,396	1,005,923	1,064,453	1,158,857	1,243,550	4,472,782	5,468,719
Cost of Revenue																	
Product	481,401	135,997	141,431	151,381	162,088	590,897	182,275	195,468	213,379	227,997	819,119	234,982	251,116	275,936	296,631	1,058,666	1,289,003
Professional Services	117,669	33,670	32,173	32,865	33,985	132,693	37,318	37,145	41,542	42,561	158,566	43,079	43,231	48,287	49,259	183,857	211,229
Total Cost of Revenue	599,070	169,667	173,604	184,246	196,073	723,590	219,593	232,613	254,921	270,558	977,685	278,061	294,348	324,224	345,890	1,242,523	1,500,231
Gross Profit	1,466,589	453,932	500,414	549,927	578,626	2,082,899	609,116	636,210	687,173	716,212	2,648,711	727,862	770,105	834,633	897,660	3,230,260	3,968,488
Operating Expenses																	
Sales and Marketing	823,244	244,626	250,913	269,093	276,901	1,041,533	312,571	309,084	340,606	328,944	1,291,205	366,156	381,873	410,863	414,102	1,572,993	1,869,285
Research and Development	367,855	128,960	144,484	158,915	179,735	612,094	203,153	224,246	224,753	230,810	882,962	242,427	242,805	241,700	266,001	992,933	1,193,050
General and Administrative	180,207	47,740	50,817	49,981	51,024	199,562	57,148	59,134	62,926	63,613	242,821	66,391	69,256	72,769	78,344	286,759	339,771
Total Operating Expenses	1,371,306	421,326	446,214	477,989	507,660	1,853,189	572,872	592,464	628,285	623,367	2,416,988	674,974	693,933	725,331	758,447	2,852,686	3,402,107
Operating Income	95,283	32,606	54,200	71,938	70,966	229,710	36,244	43,746	58,888	92,845	231,723	52,887	76,171	109,302	139,213	377,574	566,381
Other																	
Interest & Other Income	26,274	40,569	54,366	49,321	101,294	245,550	33,477	41,319	40,181	58,693	173,670	61,193	59,693	61,193	62,693	244,772	269,772
Pre-Tax Income	121,557	73,175	108,566	121,259	172,260	472,260	69,721	85,065	99,069	151,538	405,393	114,080	135,864	170,495	201,906	622,346	836,153
Income Tax Expense	3,288	25,631	31,947	28,136	44,788	130,502	18,276	18,183	25,757	39,400	101,616	30,802	36,683	46,034	54,515	168,033	225,761
Net Income	118,269	54,149	80,340	89,731	127,472	344,758	51,445	63,096	73,312	112,138	303,777	83,279	99,181	124,461	147,391	454,312	610,392
Net Income (GAAP)	(797,526)	(226,064)	(227,320)	(214,694)	(169,912)	(837,990)	(317,816)	(317,770)	(327,902)	(325,724)	(1,288,523)	(323,444)	(306,410)	(269,029)	(241,868)	(1,140,750)	(1,028,943)
EPS (GAAP)	(\$2.50)	(\$0.70)	(\$0.69)	(\$0.65)	(\$0.51)	(\$2.56)	(\$0.95)	(\$0.95)	(\$0.99)	(\$0.98)	(\$3.87)	(\$0.97)	(\$0.91)	(\$0.79)	(\$0.71)	(\$3.38)	(\$2.98)
EPS	\$0.33	\$0.15	\$0.22	\$0.25	\$0.35	\$0.95	\$0.14	\$0.18	\$0.20	\$0.30	\$0.83	\$0.22	\$0.27	\$0.33	\$0.39	\$1.21	\$1.61
Shares Outstanding (Diluted, Reported)	358,771	360,309	363,033	361,667	363,757	362,192	363,314	359,319	362,153	370,683	363,867	373,537	373,911	374,659	375,408	374,379	378,609
Revenue Mix																	
Product	93.9%	94.6%	95.0%	95.1%	95.3%	95.0%	95.3%	95.4%	95.6%	95.6%	95.5%	95.5%	95.6%	95.7%	95.9%	95.7%	95.9%
Professional Services	6.1%	5.4%	5.0%	4.9%	4.7%	5.0%	4.7%	4.6%	4.4%	4.4%	4.5%	4.5%	4.4%	4.3%	4.1%	4.3%	4.1%
Margins																	
Product Gross Margin	75.2%	77.0%	77.9%	78.3%	78.0%	77.8%	76.9%	76.4%	76.3%	75.8%	76.3%	75.5%	75.3%	75.1%	75.1%	75.3%	75.4%
Professional Services Gross Margin	7.3%	-0.4%	4.8%	7.9%	7.2%	5.0%	4.6%	6.1%	0.6%	2.1%	3.3%	5.6%	7.1%	2.1%	3.1%	4.4%	5.4%
Total Gross Margin	71.0%	72.8%	74.2%	74.9%	74.7%	74.2%	73.5%	73.2%	72.9%	72.6%	73.0%	72.4%	72.3%	72.0%	72.2%	72.2%	72.6%
Sales and Marketing	39.9%	39.2%	37.2%	36.7%	35.7%	37.1%	37.7%	35.6%	36.2%	33.3%	35.6%	36.4%	35.9%	35.5%	33.3%	35.2%	34.2%
Research and Development	17.8%	20.7%	21.4%	21.6%	23.2%	21.8%	24.5%	25.8%	23.9%	23.4%	24.3%	24.1%	22.8%	20.9%	21.4%	22.2%	21.8%
General and Administrative	8.7%	7.7%	7.5%	6.8%	6.6%	7.1%	6.9%	6.8%	6.7%	6.4%	6.7%	6.6%	6.5%	6.3%	6.3%	6.4%	6.2%
Operating Margin	4.6%	5.2%	8.0%	9.8%	9.2%	8.2%	4.4%	5.0%	6.3%	9.4%	6.4%	5.3%	7.2%	9.4%	11.2%	8.4%	10.4%
Tax Rate	2.7%	35.0%	29.4%	23.2%	26.0%	27.5%	26.2%	21.4%	26.0%	26.0%	25.1%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%
Net Margin	5.7%	8.7%	11.9%	12.2%	16.5%	12.3%	6.2%	7.3%	7.8%	11.4%	8.4%	8.3%	9.3%	10.7%	11.9%	10.2%	11.2%
Sequential Growth																	
Product		6.3%	8.5%	9.1%	5.7%		7.0%	5.0%	8.6%	4.8%		1.8%	6.0%	9.0%	7.5%		
Professional Services		-0.5%	0.8%	5.6%	2.6%		6.9%	1.2%	5.7%	4.0%		5.0%	2.0%	6.0%	3.0%		
Total Revenue		5.9%	8.1%	8.9%	5.5%		7.0%	4.8%	8.4%	4.7%		1.9%	5.8%	8.9%	7.3%		
Gross Profit		8.8%	10.2%	9.9%	5.2%		5.3%	4.4%	8.0%	4.2%		1.6%	5.8%	8.4%	7.6%		
Operating Income		-0.5%	66.2%	32.7%	-1.4%		-48.9%	20.7%	34.6%	57.7%		-43.0%	44.0%	43.5%	27.4%		
Net Income		11.9%	48.4%	11.7%	42.1%		-59.6%	22.6%	16.2%	53.0%		-25.7%	19.1%	25.5%	18.4%		
EPS		11.6%	47.3%	12.1%	41.2%		-59.6%	24.0%	15.3%	49.4%		-26.3%	19.0%	25.2%	18.2%		
Year-Over-Year Growth																	
Product	70.0%	49.6%	37.3%	33.6%	32.9%	37.6%	33.8%	29.5%	28.9%	27.8%	29.8%	21.6%	22.7%	23.2%	26.4%	23.6%	22.5%
Professional Services	60.9%	20.0%	9.1%	4.1%	8.7%	10.1%	16.7%	17.0%	17.1%	18.7%	17.4%	16.7%	17.6%	18.0%	16.9%	17.3%	16.1%
Total Revenue	69.4%	47.6%	35.5%	31.8%	31.5%	35.9%	32.9%	28.9%	28.3%	27.4%	29.2%	21.4%	22.5%	23.0%	26.0%	23.3%	22.3%
Gross Profit	71.5%	51.4%	42.1%	38.5%	38.7%	42.0%	34.2%	27.1%	25.0%	23.8%	27.2%	19.5%	21.0%	21.5%	25.3%	22.0%	22.9%
Operating Income	405.6%	1846.6%	210.4%	65.9%	116.5%	141.1%	11.2%	-19.3%	-18.1%	30.8%	0.9%	45.9%	74.1%	85.6%	49.9%	62.9%	50.0%
Net Income	292.5%	119.7%	3265.7%	133.4%	163.3%	191.5%	-5.0%	-21.5%	-18.3%	-12.0%	-11.9%	61.9%	57.2%	69.8%	31.4%	49.6%	34.4%
EPS	-2878.3%	118.9%	3221.7%	131.2%	160.3%	188.8%	-5.8%	-20.7%	-18.4%	-13.7%	-12.3%	57.4%	51.1%	64.1%	29.8%	45.4%	32.9%

Source: TD Cowen; Company Reports

Figure 3 : Cash Flow Statement (in \$ 000s)

	FY23A	Apr Q1-24A	Jul Q2-24A	Oct Q3-24A	Jan Q4-24A	FY24A	Apr Q1-25A	Jul Q2-25A	Oct Q3-25A	Jan Q4-25A	FY25A	Apr Q1-26E	Jul Q2-26E	Oct Q3-26E	Jan Q4-26E	FY26E	FY27E
Net loss	(797,526)	(226,064)	(227,320)	(214,694)	(169,912)	(837,990)	(317,816)	(317,770)	(327,902)	(325,724)	(1,289,212)	(323,444)	(306,410)	(269,029)	(241,868)	(1,140,750)	(1,028,943)
Depreciation and amortization	63,535	23,163	29,284	32,470	34,986	119,903	40,221	45,111	47,046	50,130	182,508	53,253	55,078	56,997	59,185	224,513	260,155
Amortization of operating lease right-of-use assets	46,240	12,869	12,784	13,488	13,751	52,892	13,722	13,846	14,802	17,573	59,943	17,500	17,500	17,500	17,500	70,000	70,000
Amortization of deferred commissions	57,445	17,672	18,181	18,869	20,065	74,787	22,764	22,822	23,249	24,293	93,128	24,931	25,565	26,173	26,880	103,550	113,304
Stock-based compensation	861,533	264,509	299,722	298,286	305,498	1,168,015	331,936	356,000	363,259	428,119	1,479,314	416,122	420,122	417,122	421,122	1,674,488	1,770,488
Net accretion of discounts on investments	3,497	(15,331)	(17,661)	(16,234)	(12,299)	(61,525)	(11,992)	(12,780)	(9,097)	(9,565)	(43,434)	0	0	0	0	0	0
Impairment of strategic investment	46,435	2,414	(5,309)	1,790	(45,704)	(46,809)	20,695	6,508	8,611	(4,394)	31,420	0	0	0	0	0	0
Amortization of debt issuance costs	0	0	0	0	0	0	0	0	689	2,070	2,759	0	0	0	0	0	0
Deferred income tax	(26,425)	(8,868)	(4,026)	(213)	(13,655)	(26,762)	0	49	(583)	(7,139)	(7,671)	0	0	0	0	0	0
Other	1,618	9,978	1,834	2,474	609	14,895	669	1,249	2,961	2,541	7,420	0	0	0	0	0	0
Changes in assets and liabilities:																	
Accounts Receivable	(166,965)	362,893	(53,050)	(104,705)	(417,221)	(212,083)	579,319	(87,127)	(163,488)	(328,168)	536	496,227	(72,129)	(147,239)	(378,822)	(101,963)	(122,966)
Deferred Commissions	(95,107)	(16,440)	(24,552)	(25,478)	(68,317)	(134,787)	(14,940)	(21,814)	(26,031)	(38,784)	(101,569)	(15,115)	(24,931)	(25,565)	(49,913)	(115,524)	(126,223)
Prepaid expenses and other current assets	(2,904)	5,527	41,389	4,658	8,221	59,795	(1,111)	34,458	9,109	(12,606)	29,850	3,352	30,257	(1,392)	(13,709)	45,926	12,180
Accounts payable	8,024	(3,093)	20,562	34,203	(32,460)	19,212	21,244	70,181	11,296	6,131	108,852	(4,561)	16,218	14,812	9,271	35,739	39,490
Accrued Expenses & Other Liabilities	74,280	(8,542)	35,648	6,603	137,339	171,048	(54,688)	59,325	34,065	32,174	70,876	(16,081)	29,056	14,521	31,605	59,101	87,862
Operating lease liabilities	(42,342)	(10,763)	(5,260)	(12,716)	(11,759)	(40,498)	(13,374)	(11,915)	(9,055)	(13,367)	(47,711)	(12,000)	(12,000)	(12,000)	(12,000)	(48,000)	(48,000)
Deferred revenue	514,301	(110,480)	(39,035)	82,106	595,438	528,029	(261,181)	(88,278)	122,773	609,441	382,755	(311,465)	(114,204)	108,494	706,293	389,118	466,916
Net Cash Provided by Operating Activities	\$545,639	\$299,444	\$83,191	\$120,907	\$344,580	\$848,122	\$355,468	\$69,865	\$101,706	\$432,725	\$959,746	\$328,720	\$64,122	\$200,393	\$602,962	\$1,196,198	\$1,494,264
Purchases of property and equipment	(25,128)	(6,970)	(6,298)	(8,746)	(13,072)	(35,086)	(16,519)	(5,043)	(13,440)	(11,277)	(46,279)	(12,715)	(14,407)	(15,333)	(16,321)	(58,776)	(66,926)
Capitalized internal-use software development costs	(24,012)	(9,341)	(7,874)	(9,889)	(7,059)	(34,133)	(7,404)	(5,992)	(10,032)	(6,005)	(29,433)	(6,424)	(6,975)	(7,320)	(7,965)	(28,684)	(34,538)
Cash paid for acquisitions, net	(362,609)	(123,112)	(141,459)	(14,963)	3,828	(275,706)	0	(8,908)	(8,219)	0	0	0	0	0	0	0	0
Purchase of intangible assets	(700)	0	(27,480)	(1,264)	0	(28,744)	0	0	0	0	0	0	0	0	0	0	0
Purchase of investments	(3,901,321)	(1,037,286)	(688,678)	(369,365)	(380,877)	(2,476,206)	(1,078,261)	(196,481)	(1,014,243)	(280,258)	(2,569,243)	0	0	0	0	0	0
Sales of investments	58,813	5,652	1,614	4,000	0	11,266	30,360	10,437	13,597	10,179	64,573	0	0	0	0	0	0
Maturities & redemptions of investments	3,657,072	808,844	971,217	971,087	919,719	3,670,867	921,395	590,063	765,195	525,429	2,802,082	0	0	0	0	0	0
Settlement of cash flow hedges	0	0	0	0	0	0	(749)	0	0	0	(749)	0	0	0	0	0	0
Net Cash Provided by Investing Activities	(\$597,885)	(\$362,213)	\$101,042	\$570,860	\$522,569	\$832,258	(\$151,178)	\$384,078	(\$267,142)	\$224,888	\$190,646	(\$19,139)	(\$21,382)	(\$22,653)	(\$24,286)	(\$87,460)	(\$101,434)
Proceeds from private placement	13,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Proceeds from exercise of stock options	39,893	15,370	16,149	7,335	18,340	57,194	10,686	12,978	11,548	9,674	44,886	12,500	12,500	12,500	12,500	50,000	60,000
Proceeds from exercise of common stock under the ESPP	40,931	37,065	0	24,169	0	61,234	46,735	0	30,318	0	77,053	0	0	0	0	0	0
Taxes paid related to net share settlement of equity awards	(184,648)	(84,399)	(98,311)	(91,118)	(106,971)	(380,799)	(174,590)	(103,524)	(81,493)	(129,542)	(489,149)	0	0	0	0	0	0
Repurchases of common stock in connection with tender offers	0	(191,694)	0	(400,036)	0	(591,732)	(516,329)	(400,000)	(1,016,004)	0	(1,932,333)	0	0	0	0	0	0
Gross proceeds from issuance of convertible senior notes	0	0	0	0	0	0	0	0	2,300,000	0	2,300,000	0	0	0	0	0	0
Cash paid for issuance costs on convertible senior notes	0	0	0	0	0	0	0	0	(31,230)	0	(31,230)	0	0	0	0	0	0
Purchases of capped calls related to convertible senior notes	0	0	0	0	0	0	0	0	(195,500)	0	(195,500)	0	0	0	0	0	0
Payment of deferred purchase consideration for an acquisition	(1,800)	0	0	0	0	0	0	0	0	(250)	(250)	0	0	0	0	0	0
Net Cash Provided by Financing Activities	(\$92,624)	(\$223,658)	(\$82,162)	(\$459,652)	(\$88,631)	(\$854,103)	(\$633,498)	(\$490,546)	\$1,017,639	(\$120,118)	(\$226,523)	\$12,500	\$12,500	\$12,500	\$12,500	\$50,000	\$60,000
Effect of exchange rate on cash and cash equivalents	(933)	535	470	(5,600)	2,564	(2031)	(2,633)	724	778	(5,055)	(6,186)	0	0	0	0	0	0
Net increase in cash and equivalents	(\$145,803)	(\$285,892)	\$102,541	\$226,515	\$781,082	\$824,246	(\$431,841)	(\$35,879)	\$852,981	\$532,440	\$917,701	\$322,080	\$55,240	\$190,240	\$591,177	\$1,158,738	\$1,452,829
Cash, cash equivalents, and restricted cash, beginning of period	\$1,102,534	\$956,731	\$670,839	\$773,380	\$999,895	\$956,731	\$1,780,977	\$1,349,136	\$1,313,257	\$2,166,238	\$1,780,977	\$2,698,678	\$3,020,758	\$3,075,999	\$3,266,239	\$2,698,678	\$3,857,416
Cash, cash equivalents, and restricted cash, end of period	\$956,731	\$670,839	\$773,380	\$999,895	\$1,780,977	\$1,780,977	\$1,349,136	\$1,313,257	\$2,166,238	\$2,698,678	\$2,698,678	\$3,020,758	\$3,075,999	\$3,266,239	\$3,857,416	\$3,857,416	\$5,310,245
Operating Cash Flow (Non-GAAP Adjusted)	\$569,566	\$303,229	\$102,329	\$129,448	\$344,398	\$879,404	\$389,614	\$74,011	\$109,852	\$433,871	\$1,007,348	\$334,866	\$70,468	\$206,939	\$609,708	\$1,221,982	\$1,542,448
DCF Margin	28%	49%	15%	18%	44%	31%	47%	9%	12%	44%	28%	33%	7%	18%	49%	27%	28%
Y/Y Growth	219%	57%	48%	63%	51%	54%	28%	-28%	-15%	26%	15%	-14%	-5%	88%	41%	21%	26%
Cash paid for employer payroll tax-related items on stock transactions	23,927	3,785	19,138	8,541	(182)	31,282	34,146	4,146	8,146	1,146	47,584	6,146	6,346	6,546	6,746	25,784	48,184
Free Cash Flow (Non-GAAP Adjusted)	\$520,426	\$286,918	\$88,157	\$110,813	\$324,279	\$810,185	\$365,691	\$62,796	\$86,380	\$416,589	\$931,636	\$315,726	\$49,086	\$184,286	\$585,423	\$1,134,522	\$1,441,013
FCF Margin	25%	46%	13%	15%	42%	29%	44%	7%	9%	42%	26%	31%	5%	16%	47%	25%	26%
Y/Y Growth	247%	58%	50%	70%	51%	56%	27%	-29%	-23%	28%	15%	-14%	-22%	113%	41%	22%	27%
Operating Cash Flow Per Share	\$1.59	\$0.84	\$0.28	\$0.36	\$0.95	\$2.43	\$1.07	\$0.21	\$0.30	\$1.17	\$2.77	\$0.90	\$0.19	\$0.55	\$1.62	\$3.26	\$4.07
Y/Y Growth																	
Free Cash Flow Per Share (Non-GAAP Adjusted)	\$1.45	\$0.80	\$0.24	\$0.31	\$0.89	\$2.24	\$1.01	\$0.18	\$0.24	\$1.12	\$2.56	\$0.85	\$0.13	\$0.49	\$1.56	\$3.03	\$3.81
Y/Y Growth																	

Source: TD Cowen; Company Reports

TD COWEN ESG SCORES

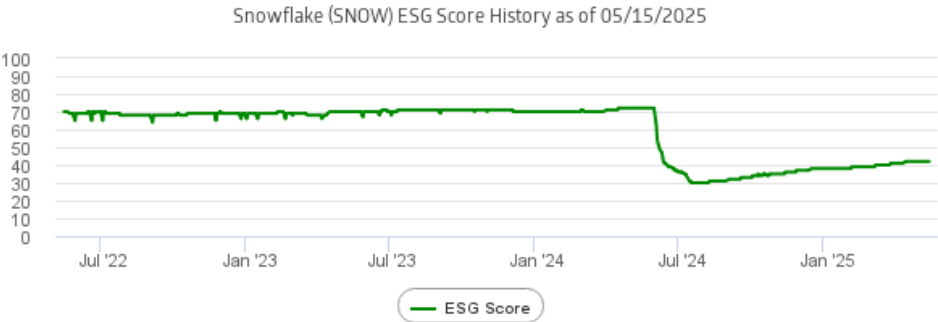
Snowflake
NYSE: SNOW

ESG Score: 42/100

ESG Industry Percentile: 8th

Snowflake(SNOW) ESG Material Category Rankings as of May 15, 2025

Top 3 Material ESG Categories	Dynamic Materiality™	Score
Data Security	68%	29
Customer Privacy	13%	62
Employee Engagement	4%	68



ESG performance is scored on a 0 to 100 scale. A score of 50 represents a neutral impact. Scores above 50 indicate more positive performance, and scores below reflect more negative performance. A blank chart means the company has an ESG performance score of N/A. A score of N/A means not enough data is available on the company to generate a score.
Source: Truvalue Labs

ESG MATERIALITY

Establishing **materiality** is critical to evaluating a company's ESG performance. Factors most material in one sector (or to a particular company) may not be as important to another. In addition, the factors that are material – and the degree to which factors are material – can change over time.

Applying data to frameworks established by SASB (the Sustainability Accounting Standards Board) and by FactSet, we present in the chart above the three most material ESG factors that investors should focus on for the company that is the subject of this report; the Dynamic Materiality™ of each factor (i.e., what percentage of overall materiality the category represents for the subject company); and a Score for the subject company in each of these three categories (on a 0 to 100 basis, with 50 being average).

We also calculate an **overall ESG Score** for the subject company, which is presented above (in green) and on the cover of this report. A full explanation of how this ESG Score is derived is presented below.

HOW ARE TD COWEN'S ESG SCORES CALCULATED?



TD Cowen leverages technology from FactSet to generate our ESG scores. Truvalue uses artificial intelligence to capture the stakeholder view of how companies are performing on ESG metrics, using the Sustainability Accounting Standards Board (SASB) materiality framework (www.sasb.org). These data are leveraged to calculate a score for each company, which allows TD Cowen to have a **common framework** and uniform way to approach ESG discussions with our clients. TD Cowen ESG scores appear on Company and Company Quick Take notes and are updated daily.

HOW DOES THE PROCESS WORK?

The process begins with capturing unstructured data from more than 200,000 sources, in 38 languages. These data are culled from a wide range of sources with varied perspectives, including industry publications, news outlets, NGOs, trade unions, government sources, legal and regulatory filings, and academic publications.

Natural language processing is used to interpret semantic content from the original sources and generate analytics by applying criteria consistent with established sustainability and ESG frameworks. Performance is scored on a 0 to 100 scale. **A score of 50 represents a neutral impact.** Scores above 50 indicate more positive ESG performance, and scores below reflect more negative ESG performance. A score of NA means not enough data is available on the company to generate a score.

VALUATION METHODOLOGY AND RISKS

Valuation Methodology

Software:

Our valuation methodology is primarily based on Enterprise Value to Free Cash Flow (EV/FCF), followed by Price-to-Earnings (P/E). However, this varies by company; for instance, we will often use Enterprise Value to Revenue (EV/Revs) or a discounted cash flow (DCF) analysis for software companies that are primarily subscriptions-based, or for growth companies that have recently entered the public equity markets.

We make investment recommendations on certain early stage, pre-revenue companies based upon an assessment of their business model, technology, probability of market success, and the potential market opportunity, balanced by an assessment of applicable risks. Such companies may not be assigned a price target.

Investment Risks

Software:

The global economy or specific end markets significantly worsen, contracting IT spending and impairing software growth. The rate of SaaS/Cloud adoption slows, resulting in prolonged sales cycles and higher-than-anticipated quarterly volatility across much of our coverage universe. Competition increases materially, driving deflationary pricing pressure and compressing margins. In particular, innovation by new entrants in the software sector often produces solutions with similar or better functionality at materially lower prices than incumbents' legacy offerings.

Risks To The Price Target

- The market is highly competitive with AWS, MSFT Azure, and GCP being both partners and competitors. SNOW also faces competition from TDC, IBM, HP, and other legacy vendors.
- SNOW's consumption-based model will likely see greater revenue volatility vs. a typical subscription-based software model.
- The ability to maintain such high levels of growth requires efficient scaling of internal business operations, including sales operations management.

ADDENDUM

Stocks Mentioned In Important Disclosures

Ticker	Company Name
GTLB	GitLab
MSFT	Microsoft
SNOW	Snowflake

Analyst Certification

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Buy (1): The stock is expected to achieve total return of +15% or more over the next 12 months

Hold (2): The stock is expected to achieve a total return that falls between -10% to +15% over the next 12 months

Sell (3): The stock is expected to achieve a total return of -10% or below over the next 12 months

Suspended (4): Due to evolving circumstances and potential conflicts of interest, we can no longer generate what we consider a defensible rating at the current time

Assumption: The expected total return calculation includes annual return and forecasted dividend yield

TD Cowen Equity Research Rating Distribution

Distribution of Ratings/Investment Banking Services (IB) as of 03/31/25

Rating	Count	Ratings Distribution	Count	IB Services/Past 12 Months
Buy	815	66.05%	324	39.75%
Hold	403	32.66%	103	25.56%
Sell	16	1.30%	3	18.75%

TD Cowen Equity Research Rating Distribution Table does not include any subject company for which the equity research rating is currently suspended.

GitLab Rating History as of 05/14/2025

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Snowflake Rating History as of 05/14/2025

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Legend for Price Chart:

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