

November 21, 2025

ANALYTICS, DATA, SECURITY, AND INFRASTRUCTURE SOFTWARE

Stock Rating:
OUTPERFORM

12-18 mo. Price Target	\$295.00
SNOW - NYSE	\$252.98

3-5 Yr. EPS Gr. Rate	69%
52-Wk Range	\$280.67-\$120.10
Shares Outstanding	372.4M
Float	357.9M
Market Capitalization	\$85,709.6M
Avg. Daily Trading Volume	5,315,893
Dividend/Div Yield	NA/NM
Book Value	\$6.39
Fiscal Year Ends	Jan
2026E ROE	16.0%
LT Debt	\$2,276.0M
Preferred	\$0.0M
Common Equity	\$2,380M
Convertible Available	Yes

Revenue (\$/mil)	Q1	Q2	Q3	Q4	Year	Mult.
2024A	623.6	674.0	734.2	774.7	2.8B	25.9x
2025A	828.7	868.8	942.1	986.8	3.6B	20.0x
2026E	1.0BA	1.1BA	1.2B	1.2B	4.6B	15.8x
2027E	1.3B	1.3B	1.4B	1.5B	5.5B	13.1x
EPS	Q1	Q2	Q3	Q4	Year	Mult.
2024A	0.15	0.22	0.25	0.35	0.97	NM
2025A	0.14	0.18	0.20	0.39	0.92	NM
2026E	0.24A	0.35A	0.29	0.24	1.12	NM
2027E	0.30	0.35	0.40	0.44	1.49	NM
RPO (\$/ mil)	Q1	Q2	Q3	Q4	Year	Mult.
2024A	3,409	3,540	3,699	5,175	5,175	NM
2025A	4,988	5,231	5,732	6,867	6,867	NM
2026E	6,687A	6,932A	7,444	8,796	8,796	NM
2027E	8,473	8,741	9,339	10,810	10,810	NM

Snowflake Inc.

3QFY26 Preview; Steady Consumption Trends

SUMMARY

Our 3QFY26 (Oct.-qtr.) Snowflake checks are encouraging, suggesting another strong quarter on broad-based consumption (across regions/verticals) even as head-to-head competitive headwinds grow versus Databricks. While we don't expect total revenue YoY growth to accelerate, given a tough 2QFY26 comparison (+31.8%), we believe growth could approach +29-30% topping consensus' +25.6%-estimate. Our checks suggest strong product attach rates, continued new product momentum (Snowpark, Cortex), incremental gains in AI and ML workloads, and growing C-level engagement/large-deal activity. We view this positively for sustaining NRR at 125%, while also supporting healthy consumption trends into 4QFY26. With 3QFY26 Street expectations for product growth (+25.6% YoY) and OM (9.3%) modeled in-line with guidance of +25-26% and 9%, we see beatable targets that keep investors engaged. Reiterate Snowflake as a top pick.

KEY POINTS

- **Broad support.** Our checks suggest Snowflake's market momentum is good across regions and verticals, and that it's seeing strong product attach rates and incremental gains in AI and ML workloads versus tough competition. We expect new products (Snowpark, Cortex) to again outperform management's expectations. Consensus models 3QFY26 product growth at +25.6% YoY, in-line with guidance of +25-26%, setting what we view as a beatable bar.
- **Model.** 3QFY26 earnings will be new CFO Brian Robins first quarterly call. We don't expect any changes in approach to 4QFY26 guidance (conservative) with any changes to the model (pace/priorities of investment, capital management, etc.) likely expressed/integrated when FY27 guidance is laid-out post 4Q results. Net, we expect FY26 GM (75%), OM (9%), and FCFM (25%) guidance to only adjust for 3QFY26 out-performance.
- **Sales/GTM.** We expect another strong quarter of large customer momentum (a record +50 QoQ to 654 \$1M+ product revenue customers in 2QFY26). Snowflake's increased its focus on large enterprise opportunities under new CRO Mike Gannon, and we believe it's making a difference with C-level engagement and channel/GSI partners. We expect this to support NRR around ~125% and healthy new customer growth of +18-19% YoY.
- **Competition.** Our checks suggest an increasingly competitive environment, especially in head-to-head engagements versus Databricks. While the general pattern continues to favor Snowflake for data warehouse workloads and Databricks for AI and ML workloads, each is making inroads into the other's territory with examples of wins for both companies. That said, we believe Snowflake is seeing success getting into AI-driven workloads.
- **Bottom line.** Snowflake's strong 1HFY26 performance sets a high-bar, but one we believe will be met in 3QFY26 despite growing head-to-head competition. Data warehouse workloads remain the company's primary consumption driver, though our checks suggest steady progress with new products and gains in AI and ML. Overall, we're bullish on Snowflake's ability to execute and see growing leverage from a maturing sales/GTM motion.

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Stock Price Performance**INVESTMENT THESIS**

Snowflake offers a unified Cloud Data Platform (CDP) that eliminates data silos and consolidates data into a single source of truth, thereby enabling data analytics across multiple use cases. Our bullish view is predicated on our belief that Snowflake: (1) can take advantage of secular themes (rising importance of data, public cloud reliance for scale, on-demand IT consumption, etc.); (2) will gain share as it expands its TAM to address use cases beyond data warehousing (data lakes, data science, data engineering, data applications, data exchange); and (3) will execute on its land-and-expand model by driving strong customer growth and expansion, with a focus on larger enterprises.

BASE CASE ASSUMPTION

- Dollar-Based NRR (Net Retention [Product] rates) tracks with revenue growth as usage expands across depts./new use cases
- Strong new customer growth
- Solid large-customer (>\$100K and >\$1M ARR) customer traction with growing Fortune 500 penetration
- Snowflake remains ahead of cloud providers and legacy data warehouse incumbents in product innovation, enabling a strong competitive moat for data warehousing use cases
- Steady progress toward achieving operating improvement

UPSIDE SCENARIO

- Dollar-Based Net Retention (Product) >130% with widespread usage across depts. and for new use cases
- Strong new customer growth with more customers landing on higher tiers (Business Critical, VPS)
- Robust large-customer (>\$100K and >\$1M ARR) customer traction
- Product innovation drives strong traction for data warehouse, data engineering, data lake, data science, data applications, and data exchange use cases

PRICE TARGET CALCULATION

Our \$295 PT assumes a FY27E EV/sales multiple of ~19x, near the upper end of the range of its high-growth peer group (~5 to 21x). We believe this reflects Snowflake's technological leadership and competitive moat in the cloud data warehouse market, growing developer mind share, execution track record, robust growth prospects (above the peer group), and potential for upside (based on share gains into its large TAM).

KEY RISKS TO PRICE TARGET

If market growth expectations or product innovation slows, mind share among enterprise customers and developers could be affected while usage could decline, affecting revenue growth. The competitive landscape is quickly evolving and intense (cloud providers, legacy incumbents), putting pressure on Snowflake to execute on its land-and-expand strategy and expand usage with larger enterprises and to new use cases. It also continues to significantly invest in its product and sales motion, relies on public cloud infrastructure, and faces seasonality and revenue concentration risks.

COMPANY DESCRIPTION

Snowflake is a modern cloud-based database that ingests and centralizes data, eliminating data silos and helping its customers perform a variety of analytical functions for data engineering, data lake, data warehousing, data science, data applications, and data sharing use cases.

CATALYSTS

- New product enhancements and additions
- Large-customer (>\$100K ARR and >\$1M ARR) traction
- International expansion
- Incremental commentary on outlook/trends

DOWNSIDE SCENARIO

- DBNR (Product) rates contract below 120% as usage plateaus and upselling opportunities are slower to emerge
- New customer growth slows significantly while large-customer (\$100K and >\$1M ARR) traction slows
- Product innovation slows, exposing the company to increasing competition from the cloud providers and modernizing legacy vendor solutions for data warehousing use cases

Snowflake, Inc.**Quarterly Consolidated Statement of Income**

(\$ in Millions, except per share data)

	2024A	2025A	Apr-25	1Q26A	2Q26A	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Product Revenue	\$2,666.8	\$3,462.4	\$996.8	\$1,090.5	\$1,128.1	\$1,180.0	\$4,395.4	\$1,215.4	\$1,282.3	\$1,359.2	\$1,427.2	\$1,493.1	\$5,284.0
Professional Services Revenue	139.6	164.0	45.3	54.5	57.2	58.9	215.8	60.7	62.5	64.4	66.0	66.0	253.5
Total Revenue	\$2,806.5	\$3,626.4	\$1,042.1	\$1,145.0	\$1,185.3	\$1,238.9	\$4,611.3	\$1,276.1	\$1,344.8	\$1,423.6	\$1,493.1	\$5,537.6	
Product Cost of Goods Sold	590.9	819.1	242.7	256.9	282.0	306.8	1,088.4	303.9	320.6	339.8	356.8	356.8	1,321.0
Professional Services Cost of Goods Sold	132.7	158.6	47.3	52.8	54.3	56.0	210.4	57.6	59.4	61.2	62.7	62.7	240.9
Gross Profit	\$2,082.9	\$2,648.7	\$752.1	\$835.3	\$848.9	\$876.2	\$3,312.5	\$914.6	\$964.8	\$1,022.6	\$1,073.7	\$3,975.7	
Research and Development	612.1	883.0	238.8	247.1	258.4	275.0	1,019.4	284.6	297.2	310.3	321.0	321.0	1,213.1
Sales and Marketing	1,041.5	1,291.2	357.9	392.1	408.9	433.6	1,592.5	437.7	454.5	472.6	492.7	492.7	1,857.6
General and Administrative	199.6	242.8	63.8	68.5	74.7	76.8	283.7	79.1	80.7	82.6	86.6	86.6	329.0
Operating Income (Loss)	\$229.7	\$231.7	\$91,658	\$127.6	\$106.9	\$90.7	\$416.8	\$113.2	\$132.4	\$157.1	\$173.3	\$576.0	
Other Income (Expense), net	245.6	171.6	25.1	44.5	50.0	50.0	169.6	50.0	50.0	50.0	50.0	50.0	200.0
Pre-Tax Income (Loss)	\$475.3	\$403.3	\$116.8	\$172.1	\$156.9	\$140.7	\$586.4	\$163.2	\$182.4	\$207.1	\$223.3	\$776.0	
Provision for Income Taxes	122.7	70.7	29.5	42.8	47.4	49.6	169.2	51.0	53.8	56.9	59.7	59.7	221.5
Net Income (Loss)	\$352.6	\$332.6	\$87,285	\$129.3	\$109.5	\$91.1	\$417.2	\$112.2	\$128.6	\$150.1	\$163.6	\$554.5	
Pro Forma EPS	\$0.97	\$0.92	\$0.24	\$0.35	\$0.29	\$0.24	\$1.12	\$0.30	\$0.35	\$0.40	\$0.44	\$1.49	
GAAP Adjustments	1,189.6	1,584.6	517.4	427.3	434.3	443.4	1,822.4	441.9	439.1	436.0	433.2	433.2	1,750.2
Net Income (Loss) - GAAP	(\$837.0)	(\$1,294.3)	(\$430.0)	(\$298.0)	(\$324.8)	(\$352.3)	(\$1,405.0)	(\$329.7)	(\$310.5)	(\$285.8)	(\$269.6)	(\$1,195.7)	
EPS - GAAP	(\$2.55)	(\$3.89)	(\$1.29)	(\$0.89)	(\$0.97)	(\$1.05)	(\$4.20)	(\$0.98)	(\$0.93)	(\$0.85)	(\$0.81)	(\$3.57)	
Diluted Shares Outstanding - Non-GAAP	362.2	363.4	370.9	372.4	373.9	372.0	372.3	372.0	372.0	372.0	372.0	372.0	372.0

Source: Company Data, Oppenheimer & Co. Inc.

Snowflake, Inc.**RPO and TCV Analysis**

(\$ in Millions)

	2024A	2025A	Apr-25	1Q26A	2Q26A	3Q26E	4Q26E	2026E	1Q27E	2Q27E	3Q27E	4Q27E	2027E
Revenue	\$2,806.5	\$3,626.4	\$1,042.1	\$1,145.0	\$1,185.3	\$1,238.9	\$4,611.3	\$1,276.1	\$1,344.8	\$1,423.6	\$1,493.1	\$5,537.6	
QoQ Growth				5.6%	9.9%	3.5%	4.5%		3.0%	5.4%	5.9%	4.9%	
YoY Growth	35.9%	29.2%		25.7%	31.8%	25.8%	25.6%	27.2%	22.5%	17.4%	20.1%	20.5%	20.1%
Current RPO	\$2,587.5	\$3,296.2	\$3,343.5	\$3,466.0	\$3,721.9	\$4,398.2	\$4,398.2	\$4,236.6	\$4,370.5	\$4,669.3	\$5,405.2	\$5,405.2	
QoQ Growth				1.4%	3.7%	7.4%	18.2%		(3.7%)	3.2%	6.8%	15.8%	
YoY Growth	28.5%	27.4%		31.4%	32.5%	29.9%	33.4%	33.4%	26.7%	26.1%	25.5%	22.9%	22.9%
Total RPO	\$5,175.0	\$6,867.0	\$6,687.0	\$6,932.0	\$7,443.8	\$8,796.4	\$8,796.4	\$8,473.2	\$8,740.9	\$9,338.6	\$10,810.3	\$10,810.3	
QoQ Growth				(2.6%)	3.7%	7.4%	18.2%		(3.7%)	3.2%	6.8%	15.8%	
YoY Growth	41.4%	32.7%		34.1%	0.0%	29.9%	28.1%	28.1%	26.7%	26.1%	25.5%	22.9%	22.9%

Source: Company data, Oppenheimer & Co. Inc.

ESG CONSIDERATIONS *

ESG Rating	C+
ESG Rating Environment	D-
ESG Rating Social	B-
ESG Rating Governance	B-

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Distribution of Ratings/IB Services Firmwide				
Rating	IB Serv/Past 12 Mos.			
	Count	Percent	Count	Percent
OUTPERFORM [O]	441	64.57	177	40.14
PERFORM [P]	239	34.99	103	43.10
UNDERPERFORM [U]	3	0.44	0	0.00

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