

Analyst's Summary

Analysis by [Eleanor Vance, CFA](#)

INVESTMENT RATING: HOLD

- Q2 results showed continued growth deceleration, with product revenue growth at 30% YoY, meeting expectations but failing to inspire a more bullish outlook.
- Customer optimization headwinds appear to be stabilizing, but a clear inflection point for re-acceleration remains elusive.
- The company's AI strategy is a key part of the long-term thesis, but visibility into monetization is limited, keeping us on the sidelines.
- Valuation remains a key hurdle, as shares trade at a significant premium to peers like ICBG and QRYQ despite the slowing growth profile.

Investment Thesis: A Premium Price for a "Show-Me" Story

We are maintaining our **HOLD** rating on Snowflake. The company is in a transitional phase, moving from a period of hyper-growth to what it hopes will be a second act driven by new workloads like Snowpark and AI. While Q2 results were solid and demonstrated that the worst of customer optimization cycles may be past, they did not provide a catalyst for upside. The core issue remains unchanged: investors are being asked to pay a premium multiple for a growth story that is increasingly dependent on future products whose revenue contribution is still uncertain. Until we see tangible evidence of these new products driving a re-acceleration in consumption, we believe the risk/reward is balanced at current levels.

Quarterly Product Revenue Growth (YoY)

