

Snowflake Inc. (SNOW)

FY25 Results: The AI Thesis is Now Live; Upgrading to BUY

A strong beat-and-raise quarter, coupled with a highly compelling AI product roadmap, provides the inflection point investors have been waiting for. The narrative has shifted from deceleration to a new, AI-fueled growth cycle. We see a clear path for sustained growth and are becoming more constructive.

AUTHORS

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Stock Summary

Stock Rating:	BUY
Close Price (Feb 21):	\$214.90
Price Target:	\$255.00
Q4 Growth (YoY):	32%
Market Cap:	\$72.0B

Key Takeaways

- Upgrading to **BUY** from EQUAL-WEIGHT. The risk/reward profile has improved significantly.
- Q4 product revenue growth of 32% YoY and FY26 guidance of 30% growth demonstrate a durable top-line trajectory.
- The unveiling of the '**Snowflake Intelligence Layer**' at the company's AI day was a major positive, providing a credible strategy to capture GenAI workloads.
- Trading at 14x EV/NTM revenue, the valuation is demanding but justified by the company's best-in-class execution and strategic positioning for the AI era.

Bottom Line

The catalyst we were waiting for has arrived. Snowflake has demonstrated both the resilience of its core business and a clear vision for the future of enterprise AI. The company is successfully navigating the transition from a pure data warehouse to a comprehensive AI Data Cloud platform. With shares breaking out and sentiment turning positive, we believe there is a visible path to outperformance and are upgrading our rating to BUY.

Important Disclosures

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