

## Snowflake Inc. (SNOW)

1Q26 Results: NRR Inflection & AI Upside Driving Estimates Higher

*A stellar Q1 report confirms the bull thesis is playing out faster than expected. The sequential uptick in Net Revenue Retention is the 'smoking gun' that proves new AI products are driving a re-acceleration in spend. We see continued upside to estimates and are raising our price target.*

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### Stock Summary

Stock Rating:	BUY
Close Price (May 22):	\$255.40
Price Target:	\$295.00
Q1 Growth (YoY):	34%
Market Cap:	\$85.6B

### Analysis: The Growth Engine is Back

Snowflake's Q1 results were a masterclass in execution. The 34% product revenue growth was a significant beat, but the highlight was the 131% Net Revenue Retention rate. This was the first quarter-over-quarter increase in NRR in nearly two years, providing definitive proof that the era of "customer optimization" is over and a new era of AI-driven expansion has begun.

Management commentary suggests that the consumption of new **Intelligence Layer** services is broad-based and ramping quickly. Customers are moving beyond experimentation to production-level AI applications, all running on Snowflake. This dynamic not only drives direct consumption but also pulls through more core data warehousing and Snowpark usage. While

we are mindful of the high valuation, the execution and clear evidence of AI monetization keep us firmly in the bull camp.

## **Bottom Line**

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Snowflake is firing on all cylinders. The investment thesis is playing out, and the company has cemented its position as a key enabler of the enterprise AI revolution. We reaffirm our BUY rating and raise our price target to \$295, reflecting higher growth estimates and increased confidence in the long-term earnings power of the business.

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