

Analyst's Summary

Analysis by [Eleanor Vance, CFA](#)

INVESTMENT RATING: HOLD

- FY25 guidance raised following strong Q3 performance, signaling operational stability amid customer cost optimization headwinds.
- Non-GAAP diluted EPS saw a 15% decline despite a robust 27% revenue growth in fiscal Q3, reflecting increased investment in sales and R&D.
- We are adjusting our FY25 non-GAAP EPS estimate to \$0.75 (from \$0.60) and our FY26 forecast to \$0.88 (from \$0.78), acknowledging improved margin control.

Investment Thesis

We are maintaining our **HOLD** rating on Snowflake Inc. (SNOW) as the company navigates a crucial transition period. The post-earnings stock appreciation reflects relief, not renewed euphoria. While the core business shows resilience and management has adeptly guided the company through a cycle of customer cost-consciousness, the narrative is clouded by a necessary, but costly, strategic pivot. The recent overhaul of its go-to-market strategy and a heavy investment cycle in its AI/ML product pipeline are prudent long-term moves. However, as CEO Sridhar Ramaswamy likely emphasized on the earnings call, these initiatives are about "building the foundation for the next decade of growth," not about immediate revenue contribution. Investors are being asked to pay a premium valuation for a story whose most exciting chapters have yet to be written, creating a balanced risk/reward profile at the current price.

CEO's Commentary & Strategic Direction

The earnings call narrative focused on a dual mandate: delivering efficiency in the core business while aggressively investing in future growth vectors. The CEO's message was clear: the era of growth-at-all-costs is over, replaced by a focus on durable, profitable growth. He highlighted that the slowdown in consumption growth from some large customers is stabilizing, suggesting the worst of the optimization headwinds may be passing. The emphasis is now on deepening customer relationships and driving new workloads, particularly through Snowpark and the nascent AI capabilities. The message to investors is one of patience, as the company seeds the ground for its next major growth cycle, which will be centered on making enterprise AI simple and secure.

Key Statistics

Close Price	\$173.70
Price Target	\$180.00
Q3 Revenue Growth (YoY)	27%
FY25 Rev Guidance (YoY)	26%
Market Cap	\$58.1B

Valuation Analysis

EV/Sales multiple compared to high-growth SaaS peers.



