

Veridian Capital Insights

In-Depth Equity Analysis

Snowflake Inc. (SNOW)

Q1 Analysis: AI Monetization Ahead of Schedule, Reaffirming BUY

Analyst: **Marcus Thorne** | Published: May 23, 2025

RATING

BUY

PRICE TARGET

\$300.00

CLOSE PRICE

\$255.40

Executive Summary

Snowflake's stellar Q1 results and outlook confirm that the company is a primary beneficiary of the enterprise AI investment cycle. We are raising our price target to \$300 and reaffirming our **BUY** rating. The most significant data point from the quarter was the sequential uptick in Net Revenue Retention to 131%, which proves that the new AI products are driving a re-acceleration in customer spending. Early revenue from the Intelligence Layer (driving Product Revenue Growth of +34% YoY) is material and growing faster than anticipated. While valuation is elevated, we believe it is supported by best-in-class growth and a strengthening competitive position.

Q1 Performance: Firing on All Cylinders

Product revenue of \$1.02 billion (up 34% YoY) was a significant beat, but the quality of the beat was even more impressive. Management explicitly called out AI workloads as a key driver of consumption upside. The RPO backlog grew 45% to \$6.5 billion, providing excellent visibility. Furthermore, the company demonstrated impressive cost control, with non-GAAP operating margin expanding sequentially, showcasing the platform's inherent operating leverage.

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