

Analyst's Summary

Analysis by **Eleanor Vance, CFA**

INVESTMENT RATING: BUY

- Strong Q4 results and encouraging FY26 guidance suggest a growth re-acceleration is underway.
- The newly unveiled 'Snowflake Intelligence Layer' provides a credible and compelling strategy for capitalizing on the enterprise AI wave.
- Product revenue growth of 32% in Q4 beat expectations, and the company posted better-than-expected operating margins.
- We are raising our FY26 non-GAAP EPS estimate to \$1.10 (from \$0.88) and introducing our FY27 forecast of \$1.55.

Investment Thesis

We are upgrading our rating on Snowflake Inc. (SNOW) to **BUY** from HOLD. The narrative has materially shifted over the past quarter. Concerns about decelerating growth are being replaced by optimism around a new, AI-driven product cycle. The company's strong Q4 performance and, more importantly, its clear vision for the 'Snowflake Intelligence Layer,' give us confidence that SNOW is poised to be a primary beneficiary of enterprise AI spending. While valuation remains a consideration, we believe the company's strategic position and renewed growth trajectory justify a premium multiple.

Recent Developments

Snowflake reported its fiscal Q4 2025 results on February 26, surpassing consensus estimates. Product revenue grew 32% YoY. For FY26, the company guided to 30% product revenue growth. At its "AI Day" in January, Snowflake provided the first detailed look at its 'Intelligence Layer,' a suite of tools that includes a managed LLM service and vector search. This has catalyzed a positive shift in investor sentiment.

Key Statistics

Close Price	\$215.50
Target Price	\$250.00
Product Revenue Growth (YoY)	32%
Market Cap	\$72.2B