

August 22, 2024 03:17 AM GMT

Snowflake Inc. | North America

2Q25 Results – Good, But Perhaps Not Enough

A smaller product revenue beat and further deceleration in growth left Q2 short of the catalyst needed to inflect investor sentiment on SNOW. Waning optimization headwinds and emerging new product initiatives should support growth, but investors may need more concrete signals to get onboard.

Key Takeaways

- Q2 product revenue growth of 30% YoY was solid, but the magnitude of the outperformance fell from ~5% in Q1 to ~2% in Q2
- Q3 product revenue guidance of 22% YoY came in modestly ahead of consensus, while FY25 product revenue growth outlook was raised to 26% YoY from 24% YoY prior
- While the beat and raise is encouraging, the trajectory of decelerating growth likely fails to address existing bear cases around rising competitive intensity
- That said, we think the core data warehouse opportunity remains intact and new initiatives to attack the adjacent GenAI opportunity could materialize in FY26
- At 10x EV/CY25 revs or 0.44x growth-adjusted, below Large Caps at 0.63x, we remain EW and look for a more consistent beat cadence to get more positive

Missing the Forest Through the Trees? A 2% product revenue beat in Q2, down from 5% in Q1, with product revenue growth dipping further to 29.5% YoY, likely sews enough doubt in the investor conversation to keep shares under pressure in the near-term. But is that the right takeaway from this print? Here's how we break it down:

- **The Problem – Snowflake Still Has Not Settled Into a Consistent Beat-and-Raise Cadence.** Coming into the Q2 print, we previewed what we saw as a relatively low bar for product revenue (which could enable a beat in-line with Q1), but highlighted several potential impacts which might weigh on consumption trends (Iceberg tables going GA, data leak intra-quarter, CrowdStrike outage). None of those factors impacted consumption in the quarter, according to management, yet the magnitude of the beat still came down from ~5% to ~2%. With no definitive explanation from management on why, this leaves fertile ground for investors to sew bear cases on 'what is pressuring growth at Snowflake'. Chances are increasing competition will remain one of those bear cases.
- **The Opportunity – The Core Data Warehousing Opportunity is Not Obviated by GenAI.** There seems to be an investor misperception that GenAI broadly and Large Language Models (LLMs) specifically will obviate the need for data warehouses. The concern reminds us of the period when block chain

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Snowflake Inc. (SNOW.N, SNOW UN)				
Software United States of America				
Stock Rating	Equal-weight			
Industry View	Attractive			
Price target	\$175.00			
Shr price, close (Aug 21, 2024)	\$135.06			
Mkt cap, curr (mm)	\$49,277			
52-Week Range	\$237.71-109.15			
Fiscal Year Ending	01/24	01/25e	01/26e	01/27e
EPS (\$)**	0.98	0.66	1.31	2.09
Prior EPS (\$)**	-	0.68	1.32	2.10
P/E	NM	NM	NM	NM
EPS (\$)§	0.81	0.63	0.99	1.55
Div yld (%)	-	-	-	-

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
§ = Consensus data is provided by Refinitiv Estimates
e = Morgan Stanley Research estimates

QUARTERLY EPS (\$)					
Quarter	2024	2025e Prior	2025e Current	2026e Prior	2026e Current
Q1	0.15	-	0.14a	0.27	0.27
Q2	0.22	0.17	0.18	0.32	0.35
Q3	0.25	0.18	0.17	0.35	0.35
Q4	0.35	0.19	0.17	0.38	0.34

e = Morgan Stanley Research estimates, a = Actual Company reported data

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technologies first emerged and investors worried existing solutions from payment networks to general ledgers would be disrupted, despite the fact block chain solved no new incremental problem in these workflows and was a far less efficient technology. Data warehousing remains an optimized and extremely efficient technology for analyzing structured data, where the vast majority of analytical workloads reside today. In our view, GenAI largely presents 1) an adjacent opportunity for Snowflake to enable new workloads and capabilities and 2) an additional and easier querying methodology into the data held within Snowflake. The more pertinent question may be how effectively can Snowflake execute to those opportunities.

- **The Catalyst Path – Firming the Core and Success in the Adjacent Opportunities.** On the conference call, management spoke to seeing alleviating optimization headwinds, healthy consumption trends, and strong bookings in the quarter. Unfortunately, given the dynamism in Snowflake's core consumption model, investors likely need to see a more consistent beat-and-raise cadence from the company to garner comfort in that underlying fundamental strength. While raising the full year guide, including the implied Q4 product revenue growth rate from 17% to 20% YoY helps express management's confidence in the strength of the business, it may not help build investor confidence in future beats. Further, with consensus currently looking for 24% YoY product growth in FY26 (versus the 20% exit growth rate), the out year still does not look de-risked. More positively, initial commentary from management on traction in the new Generative AI focused portfolio was optimistic, with CFO Mike Scarpelli suggesting the company may accelerate sales hiring related to the new solutions in the back half of the year. Notably, revenue contribution from new products is not included in the guide.

Bottom Line: The Time Will Come to Get More Positive Here, But We Are Not There Yet. The near-term path to top-line outperformance has to come from the core data warehousing business, in our view, as the new solution portfolio will take time to mature and scale – improving query volumes and solid bookings growth in the quarter are indicators of stability in that core. On the other hand, what investors really want to see to get more constructive is success in the GenAI portfolio and we likely need to wait until CY25 to garner hard data points in that regard. Shares trading at 10X EV/CY25 revenues or 0.44X growth adjusted, represent a discount to the Large Cap average at 0.63X EV/Sales/Growth, suggesting investors concerns are already reflected in the multiple, which may limit further downside from here.

What Worked Well in F2Q:

- **Product Revenue Grows 30% YoY.** Product revenue of \$829.3 million beat by ~2% in the quarter yielding YoY growth of 30%. Financial Services and Technology customers drove strength in the quarter, while the security incident and CrowdStrike outage caused no meaningful headwind.
- **Query Volume Growth Sustains in Q2.** Average daily query volume for the month in April was 5.3 billion. We estimate that average daily query volume in Q2 was up 69% YoY – in-line with 69% YoY growth in Q1.
- **Q3 Product Revenue Guidance Ahead of Consensus.** Q3 product revenue

guidance of \$850-\$855 million, which implies growth of +22%, was ahead of MSe/cons of \$841/\$847 million. Management guided Q3 product revenue +2.8% QoQ at the midpoint, below the 9.1% QoQ guide the same period the prior year.

- **FY25 Product Revenue Raised.** FY25 product revenue was raised from \$3,300 million to \$3,356 which implies 26% YoY growth vs. 24% prior and was ahead of MSe/cons of \$3,300/\$3,331 million.
- **New Customer Additions Improve QoQ.** The company added 440 net-new customers in Q2 (vs. +385 customers in Q1) bringing the total 10,249, which was up 21% YoY. Net-new customers grew 36% YoY, ahead of 1Q25.
- **Q2 Margins Ahead of Estimates.** Operating margin of 5.3% was well ahead of MSe/consensus of 3.0%/3.3%, reflecting top-line outperformance. Adjusted Free cash flow came in at \$66 million ahead of consensus of \$46 million, which implies a FCF margin of 8%, down ~500bps YoY.

What We Are Watching:

- **Guidance Assumes Sustained Deceleration For The Balance of the Year.** After Q1 product revenue grew 32% YoY (normalized for leap year), product revenue slowed to 30% YoY in Q2. However, guidance implies more pronounced deceleration to 22% YoY in Q3 and to 20% YoY in Q4.
- **Net Retention (NRR) Continues to Slow but at a More Moderated Pace.** Q1 NRR of 127% slowed compared to the 128% in Q1 and 131% in Q4.
- **Revenue per Query Declines.** While query volume growth sustained in Q2, we estimate that revenue per query declined -23% YoY vs. -21% YoY in Q1.
- **FY25 FCF and Operating Margins Reaffirmed.** Despite the top-line outperformance in Q2 and the raise to FY25 product revenue guide, management reiterated its operating margin and free cash flow margin guidance of 3%/26%.

Presentation

Morgan Stanley
Team Software
Takeaways from the Print



Assessing the Snowflake Print

Good, But Perhaps Not Enough

August 21st, 2024

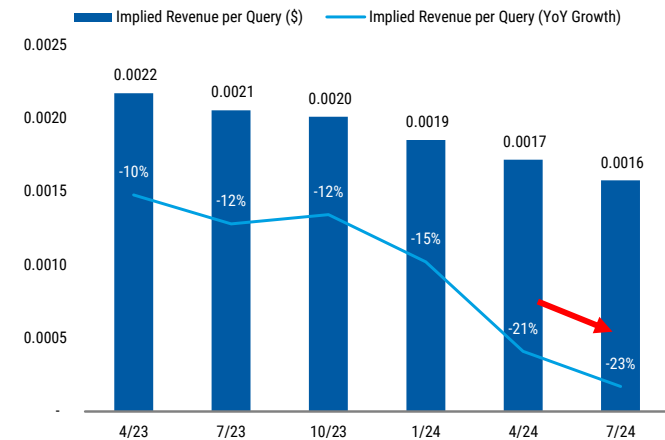
Assessing the Snowflake F2Q25 Print



Key Takeaways

1. The Problem – Snowflake Has Still Not Settled Into a Consistent Beat and Raise Cadence

- Delivering a 2% Product Revenue beat, despite speaking to a 3-5% target beat
- No meaningful impact from the security incident, nor the CrowdStrike outage or Iceberg GA leaves unanswered questions
- Revenue per Query continues to decline (~20% YoY), which leaves competitive bear cases in play



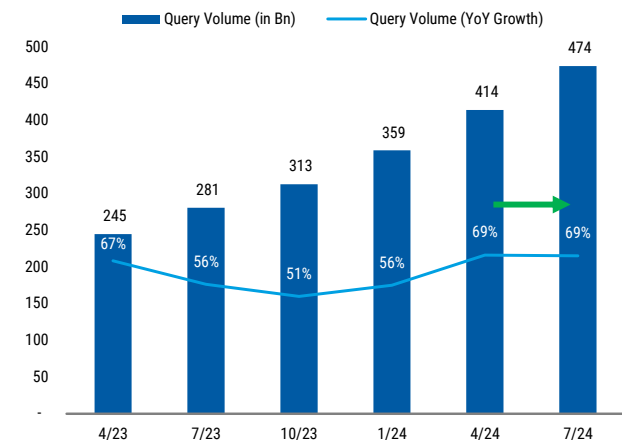
Source: Company data, Morgan Stanley Research

Assessing the Snowflake F2Q25 Print



Key Takeaways

1. **The Problem – Snowflake Has Still Not Settled Into a Consistent Beat and Raise Cadence**
2. **The Opportunity – Core Data Warehousing Opportunity Not Obviated by GenAI**
 - Snowflake's success in winning more queries does not appear to slow
 - Avg. Daily Queries of 5.3B in July, up 66% YoY, and still well ahead of query volume growth for the FY24
 - Total RPO Bookings grew 38% YoY, well ahead of product revenue growth
 - Even customers impacted by the breach did not meaningfully slow



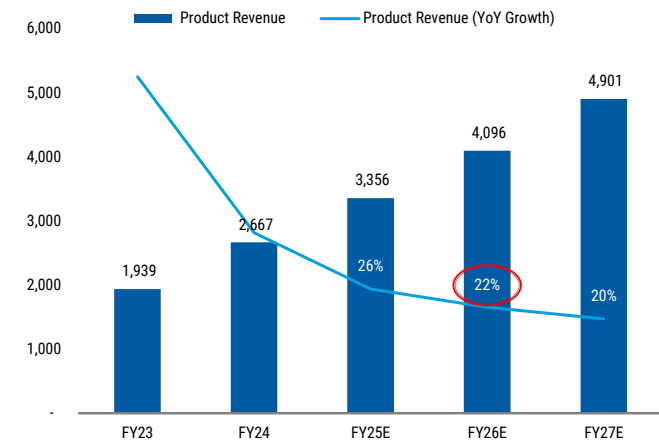
Source: Company data, Morgan Stanley Research

Assessing the Snowflake F2Q25 Print



Key Takeaways

1. **The Problem – Snowflake Has Still Not Settled Into a Consistent Beat and Raise Cadence**
2. **The Opportunity – Core Data Warehousing Opportunity Not Obviated by GenAI**
3. **The Catalyst Path – Firming the Core and Success in the Adjacent Opportunity**
 - Management cited alleviating optimizations, healthy consumption, strong bookings, and hiring ahead of demand
 - Culminating in further confidence to raise the implied Q4 growth rate from 17% to 20% YoY
 - While this does not yet make the out year appear de-risked, the time may come when expectations reset and/or new products ramp
 - Either of which can prove a positive catalyst



Source: Company data, Morgan Stanley Research

Assessing the Snowflake F2Q25 Print



What Did We Hear on the Callback

1. Q2 Affected by Normal Volatility

- Management did not cite any meaningful incremental factors for the narrower product revenue beat beyond normal volatility
- On the margin, the company said to have seen lower expiry revenue than prior years, which drove some of the shortfall
- Emphasizing that no concerns arose, management pointed to the guidance as a signal of their confidence in the business

Assessing the Snowflake F2Q25 Print



What Did We Hear on the Callback

1. **Q2 Affected by Normal Volatility**
2. **Higher Confidence in 2H Consumption Growth**
 - Management cited three factors driving the higher Q3 and FY25 guidance
 - Healthy consumption trends through this current week
 - A big RPO bookings quarter
 - Several POCs with new products progressing well

Assessing the Snowflake F2Q25 Print



What Did We Hear on the Callback

- 1. Q2 Affected by Normal Volatility**
- 2. Higher Confidence in 2H Consumption Growth**
- 3. Sales Hiring Focused on New Products**
 - Sales hiring may be accelerated based on good momentum with new products
 - Management spoke to a realization the company needs more sales reps who can sell these products and identify new workloads for them

Assessing the Snowflake F2Q25 Print



What Did We Hear on the Callback

- 1. Q2 Affected by Normal Volatility**
- 2. Higher Confidence in 2H Consumption Growth**
- 3. Sales Hiring Focused on New Products**
- 4. Unchanged Impacts of Shorter Invoice Duration**
 - Management clarified that the mix of customers on annual payment terms (80% of customers) is largely unchanged since the IPO
 - Clarifying that the intention of adding further detail is to combat misunderstanding arising from last quarter's comment on a large customer renewing under monthly payment terms
 - This customer had already been under monthly payment terms prior
 - Nonetheless, management sees customers moving to monthly and quarterly billing as a longer-term risk as customers align more with hyperscalers terms

Assessing the Snowflake F2Q25 Print



What Did We Hear on the Callback

- 1. Q2 Affected by Normal Volatility**
- 2. Higher Confidence in 2H Consumption Growth**
- 3. Sales Hiring Focused on New Products**
- 4. Unchanged Impacts of Shorter Invoice Duration**
- 5. GPU Spending Largely Externally Focused and Demand Driven**
 - The incremental GPU investments in the 2H are driven by customer demand for GPUs in cloud regions where the hyperscalers have none available yet
 - Whereas the number of GPUs used internally has been fixed and is unlikely to change

Assessing the Snowflake F2Q25 Print



What Did We Hear on the Callback

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- 4. Unchanged Impacts of Shorter Invoice Duration**
- 5. GPU Spending Largely Externally Focused and Demand Driven**
- 6. Security Incident Causing No Customer Departures Yet**
 - Management spoke to four prominent customers who were affected
 - Of those customers, only one remains unhappy while the other three acknowledged the issue was not the fault of Snowflake
 - No meaningful consumption slowdowns have occurred thus far and only one customer remains a risk on a go forward basis



Assessing the Snowflake F2Q25 Print

Where Do Our Numbers Go?

Snowflake Model Changes	FY24	4/24	7/24	10/24E	1/25E	FY25E	FY26E	FY27E
New Product Revenue	2666.8	789.6	829.3	853.1	884.4	3356.4	4096.2	4901.1
YoY	38%	34%	30%	22%	20%	26%	22%	20%
Old Product Revenue	2666.8	789.6	807.6	840.7	863.2	3301.1	4000.9	4787.9
YoY	38%	34%	26%	20%	17%	24%	21%	20%
% Change	0%	0%	3%	1%	2%	2%	2%	2%
New Pro Services Revenue	139.6	39.1	39.6	39.3	40.8	158.8	193.7	231.8
YoY	10%	17%	17%	10%	11%	14%	22%	20%
Old Services Revenue	139.6	39.1	42.6	43.0	44.5	169.3	205.3	245.6
YoY	10%	17%	26%	20%	22%	21%	21%	20%
% Change	0%	0%	-7%	-8%	-8%	-6%	-6%	-6%
New Total Revenue	2806.5	828.7	868.8	892.4	925.2	3515.2	4289.9	5133.0
YoY	36%	33%	29%	22%	19%	25%	22%	20%
Old Total Revenue	2806.5	828.7	850.3	883.7	907.7	3470.4	4206.1	5033.5
YoY	36%	33%	26%	20%	17%	24%	21%	20%
% Change in Revenue \$	0%	0%	2%	1%	2%	1%	2%	2%
New Gross Profit	2082.9	609.1	636.2	638.5	659.1	2542.9	3058.0	3659.2
New Gross Margin	74.2%	73.5%	73.2%	71.5%	71.2%	72.3%	71.3%	71.3%
Old Gross Profit	2082.9	609.1	611.1	630.4	644.5	2495.0	3005.0	3596.2
Old Gross Margin	74.2%	73.5%	71.9%	71.3%	71.0%	71.9%	71.4%	71.4%
% Change to Gross Margin	0%	0%	1%	0%	0%	0%	0%	0%
Change to Gross Profit \$	\$0	\$0	\$25	\$8	\$15	\$48	\$53	\$63
New Operating Income	229.7	36.2	43.7	26.2	11.2	117.4	260.4	460.1
New Operating Margin	8.2%	4.4%	5.0%	2.9%	1.2%	3.3%	6.1%	9.0%
Old Operating Income	229.7	36.2	25.9	24.1	17.8	104.1	250.8	452.6
Old Operating Margin	8.2%	4.4%	3.0%	2.7%	2.0%	3.0%	6.0%	9.0%
% Change to Operating Margin	0%	0%	2%	0%	-1%	0%	0%	0%
Change to Operating Income \$	\$0	\$0	\$18	\$2	-\$7	\$13	\$10	\$7
New Adj. FCF	810.2	365.7	66.0	116.3	371.4	919.3	1144.0	1417.9
New Adj. FCF Margin	29%	44%	8%	13%	40%	26%	27%	28%
Old Adj. FCF	810.2	365.7	107.6	116.8	317.0	907.0	1136.0	1414.3
Old Adj. FCF Margin	29%	44%	13%	13%	35%	26%	27%	28%
% Change to Adj. FCF Margin	0%	0%	-5%	0%	5%	0%	0%	0%
Change to Adj. FCF \$	\$0	\$0	-\$42	\$0	\$54	\$12	\$8	\$4

Assessing the Snowflake F2Q25 Print



What to Do with the Stock?

- ***Unchanged \$175 Price Target***
- Price target based on modified DCF
 - Assumes revenue grows at a 20% CAGR through CY29, driving \$8.8 billion in revenues as operating margins scale to 16% in that year, generating \$2.4 billion in FCF growing at a 22% FCF growth CAGR from CY27-CY29
 - We apply a ~38x EV/FCF multiple to that FCF (~1.8x EV/FCF/Growth, a discount to Large Cap peers at 2.0x) and discount back at a ~11.1% discount rate

Risk Reward – Snowflake Inc. (SNOW.N)

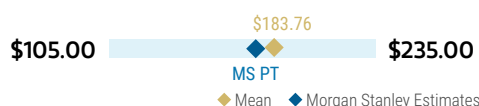
Firm Foundation Over the Near-Term, But Longer-Term Debates Unresolved

PRICE TARGET \$175.00

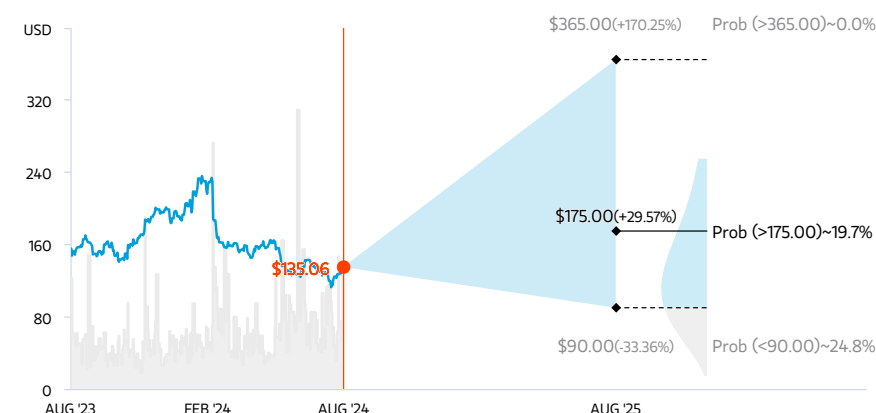
Our base case assumes revenue grows at a 20% CAGR through CY29, driving \$8.8 billion in revenues as operating margins scale to 16% in that year, generating \$2.4 billion in FCF growing at a 22% FCF growth CAGR from CY27-CY29. We apply a ~38x EV/FCF multiple to that FCF (~1.8x EV/FCF/Growth, a discount to Large Cap peers at 2.0x) and discount back at a ~11.1% discount rate.

Consensus Price Target Distribution

Source: Refinitiv, Morgan Stanley Research



RISK REWARD CHART AND OPTIONS IMPLIED PROBABILITIES (12M)



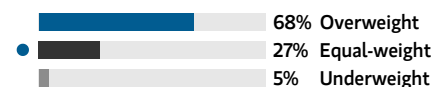
Key: — Historical Stock Performance ● Current Stock Price ◆ Price Target

Source: Refinitiv, Morgan Stanley Research, Morgan Stanley Institutional Equities Division. The probabilities of our Bull, Base, and Bear case scenarios playing out were estimated with implied volatility data from the options market as of 21 Aug 2024. All figures are approximate risk-neutral probabilities of the stock reaching beyond the scenario price in either three-months' or one-years' time. View explanation of Options Probabilities methodology [here](#)

EQUAL-WEIGHT THESIS

Snowflake's cloud data platform enables its customers to eliminate data silos and overhead allowing them to focus on driving and sharing insights from their data, making the company a mission-critical tool within their customers software stack. However, while forward estimates seem reasonably reset at ~26% FY25 product revenue growth and the company maintains a large TAM ahead, valuation now more appropriate reflects the forward trajectory and a return to the historical growth-adj. multiple premium will likely require multiple quarters of strong execution and resolve on longer-term debates.

Consensus Rating Distribution



● MS Rating

Source: Refinitiv, Morgan Stanley Research

Risk Reward Themes

Secular Growth: *Positive*
New Data Era: *Positive*

View descriptions of Risk Rewards Themes [here](#)

BULL CASE \$365.00

Discount of ~50x Bull Case 2029e FCF of ~\$4.0B

Data Cloud Vision Expands Core Markets On Top of Successful Expansion into Adjacent Markets.

- Customer count grows to ~23K by CY29 (~15% CAGR from CY24-CY29)
- Revenue grows at 31% 5-year CAGR to ~\$14.4B in CY29
- Operating margins grow from 8% in CY23 to ~16% in CY29
- CY29 FCF margin reaches 28%, driving ~\$4.0B in FCF
- 50x multiple on 32% CY27-CY29 CAGR = ~1.6x EV/FCF/G

BASE CASE \$175.00

Discount of ~38x Base Case 2029e FCF of \$2.4B

Continued Leadership and Share Gains in Core Data Analytics.

- Customer count grows to ~21K by CY29 (~14% CAGR from CY24-CY29)
- Revenue grows at 20% 5-year CAGR to ~\$8.8B in CY29
- Operating margins grow from 8% in CY23 to ~16% in CY29
- CY29 FCF margin reaches 28%, driving ~\$2.4B in FCF
- 38x multiple on 22% CY27-CY29 CAGR = ~1.8x EV/FCF/G

BEAR CASE \$90.00

Discount of ~26x Bear Case 2029e FCF of \$1.7B

Public Cloud Competition Weighs on Growth.

- Customer count grows to ~21K by CY29 (~13% CAGR from CY24-CY29)
- Revenue grows at 15% 5-year CAGR to ~\$7.0B in CY29
- Operating margins grow from 8% in CY23 to ~14% in CY29
- CY29 FCF margin reaches 24%, driving ~\$1.7B in FCF
- 26x multiple on 15% CY27-CY29 CAGR = ~1.7x EV/FCF/G

Risk Reward – Snowflake Inc. (SNOW.N)

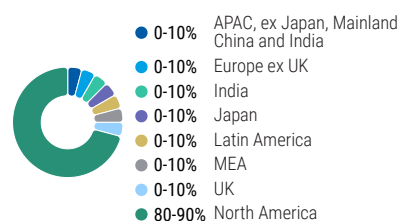
KEY EARNINGS INPUTS

Drivers	2024	2025e	2026e	2027e
Product Revenue Growth (%)	37.6	25.9	22.0	19.6
Total Revenue Growth (%)	35.9	25.3	22.0	19.7
Total RPO Growth (%)	41.4	32.0	21.7	20.7
Operating Margin (%)	8.2	3.3	6.1	9.0
Free Cash Flow Margin (%)	27.8	24.7	25.5	26.7

INVESTMENT DRIVERS

- Net Revenue Retention;
- Growth in customers >\$1 Million in TTM Product Revenue;
- Share Gains from Legacy, On-Premise Data Warehousing Vendors;
- Operating Profitability and Free Cash Flow Performance.

GLOBAL REVENUE EXPOSURE



Source: Morgan Stanley Research Estimate
View explanation of regional hierarchies [here](#)

MS ALPHA MODELS

3/5 BEST	24 Month Horizon	5/5 MOST	3 Month Horizon
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Source: Refinitiv, FactSet, Morgan Stanley Research; 1 is the highest favored Quintile and 5 is the least favored Quintile

RISKS TO PT/RATING

RISKS TO UPSIDE

- Disruptive model expands the core data warehousing opportunity, of which Snowflake takes significant share
- Data sharing drives network effects and significantly more usage
- Successful penetration into transactional workloads

RISKS TO DOWNSIDE

- Competition from the competitive vendors pressures pricing and weighs on growth and margins
- Movement into adjacent data management (i.e. OLTP) use cases proves difficult

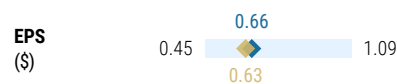
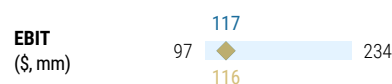
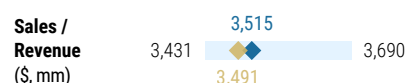
OWNERSHIP POSITIONING

Inst. Owners, % Active	61.1%	<div><div></div><div></div><div></div><div></div><div></div></div>
HF Sector Long/Short Ratio	2.1x	<div><div></div><div></div><div></div><div></div><div></div></div>
HF Sector Net Exposure	25.3%	<div><div></div><div></div><div></div><div></div><div></div></div>

Refinitiv; MSPB Content. Includes certain hedge fund exposures held with MSPB. Information may be inconsistent with or may not reflect broader market trends. Long/Short Ratio = Long Exposure / Short exposure. Sector % of Total Net Exposure = (For a particular sector: Long Exposure - Short Exposure) / (Across all sectors: Long Exposure - Short Exposure).

MS ESTIMATES VS. CONSENSUS

FY Jan 2025e



◆ Mean ◆ Morgan Stanley Estimates
Source: Refinitiv, Morgan Stanley Research

Analysis

Exhibit 1: SNOW Model Changes

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New Total Revenue	2806.5	828.7	868.8	892.4	925.2	3515.2	4289.9	5133.0
YoY	36%	33%	29%	22%	19%	25%	22%	20%
Old Total Revenue	2806.5	828.7	850.3	883.7	907.7	3470.4	4206.1	5033.5
YoY	36%	33%	26%	20%	17%	24%	21%	20%
% Change in Revenue \$	0%	0%	2%	1%	2%	1%	2%	2%
New Gross Profit	2082.9	609.1	636.2	638.5	659.1	2542.9	3058.0	3659.2
New Gross Margin	74.2%	73.5%	73.2%	71.5%	71.2%	72.3%	71.3%	71.3%
Old Gross Profit	2082.9	609.1	611.1	630.4	644.5	2495.0	3005.0	3596.2
Old Gross Margin	74.2%	73.5%	71.9%	71.3%	71.0%	71.9%	71.4%	71.4%
% Change to Gross Margin	0%	0%	1%	0%	0%	0%	0%	0%
Change to Gross Profit \$	\$0	\$0	\$25	\$8	\$15	\$48	\$53	\$63
New Operating Income	229.7	36.2	43.7	26.2	11.2	117.4	260.4	460.1
New Operating Margin	8.2%	4.4%	5.0%	2.9%	1.2%	3.3%	6.1%	9.0%
Old Operating Income	229.7	36.2	25.9	24.1	17.8	104.1	250.8	452.6
Old Operating Margin	8.2%	4.4%	3.0%	2.7%	2.0%	3.0%	6.0%	9.0%
% Change to Operating Margin	0%	0%	2%	0%	-1%	0%	0%	0%
Change to Operating Income \$	\$0	\$0	\$18	\$2	-\$7	\$13	\$10	\$7
New Adj. FCF	810.2	365.7	66.0	116.3	371.4	919.3	1144.0	1417.9
New Adj. FCF Margin	29%	44%	8%	13%	40%	26%	27%	28%
Old Adj. FCF	810.2	365.7	107.6	116.8	317.0	907.0	1136.0	1414.3
Old Adj. FCF Margin	29%	44%	13%	13%	35%	26%	27%	28%
% Change to Adj. FCF Margin	0%	0%	-5%	0%	5%	0%	0%	0%
Change to Adj. FCF \$	\$0	\$0	-\$42	\$0	\$54	\$12	\$8	\$4

Source: Morgan Stanley Research estimates, Company data

Financials

Exhibit 2: SNOW Income Statement

(\$ millions, Except Per-Share Data)															
	FY20	FY21	FY22	FY23	FY24	2025E				FY25E	2026E				FY27E
						4/24	7/24	10/24E	1/25E		4/25E	7/25E	10/25E	1/26E	
Product Revenue	252.2	553.8	1,140.5	1,938.8	2,666.8	789.6	829.3	853.1	884.4	3,356.4	929.3	1,007.2	1,062.9	1,096.8	4,096.2
Year over year % change	163.6%	119.6%	105.9%	70.0%	37.6%	33.8%	29.5%	22.1%	19.8%	25.9%	17.7%	21.5%	24.6%	24.0%	22.0%
Quarter over Quarter % change						7.0%	5.0%	2.9%	3.7%		5.1%	8.4%	5.5%	3.2%	
Professional Services Revenue	12.5	38.3	78.9	126.9	139.6	39.1	39.6	39.3	40.8	158.8	46.0	48.1	49.0	50.6	193.7
Year over year % change	1173.6%	205.6%	106.1%	60.9%	10.1%	16.7%	17.0%	10.2%	11.4%	13.7%	17.7%	21.5%	24.6%	24.0%	22.0%
Quarter over Quarter % change						6.9%	1.2%	-0.6%	3.7%		12.9%	4.4%	2.0%	3.2%	
Total Revenue	264.7	592.0	1,219.3	2,065.7	2,806.5	828.7	868.8	892.4	925.2	3,515.2	975.3	1,055.3	1,111.9	1,147.4	4,289.9
Year over year % change	173.9%	123.6%	106.0%	69.4%	35.9%	32.9%	28.9%	21.6%	19.4%	25.3%	17.7%	21.5%	24.6%	24.0%	22.0%
Quarter over quarter % change						7.0%	4.8%	2.7%	3.7%		5.4%	8.2%	5.4%	3.2%	
Cost of Revenue															
Cost of Product Revenue	93.9	173.4	295.8	481.4	590.9	182.3	195.5	217.7	228.3	823.8	233.1	252.5	276.6	288.6	1,050.8
Cost of Professional Services Revenue	18.2	32.6	68.1	117.7	132.7	37.3	37.1	36.2	37.8	148.5	43.9	45.1	45.1	46.9	181.1
Total Cost of Revenue	112.1	206.1	364.0	599.1	723.6	219.6	232.6	254.0	266.1	972.3	277.0	297.6	321.7	335.5	1,231.9
Gross Profit	152.7	386.0	855.3	1,466.6	2,082.9	609.1	636.2	638.5	659.1	2,542.9	698.3	757.6	790.2	811.9	3,058.0
Gross Margin	57.7%	65.2%	70.1%	71.0%	74.2%	73.5%	73.2%	71.5%	71.2%	72.3%	71.6%	71.8%	71.1%	70.8%	71.3%
Product Gross Profit	158.4	380.4	844.6	1,457.4	2,076.0	607.3	633.8	635.4	656.1	2,532.6	696.2	754.7	786.3	808.3	3,045.4
Product Gross Margin	62.8%	68.7%	74.1%	75.2%	77.8%	76.9%	76.4%	74.5%	74.2%	75.5%	74.9%	74.9%	74.0%	73.7%	74.3%
Professional Services Gross Profit	-5.7	5.6	10.7	9.2	6.9	1.8	2.4	3.1	2.9	10.3	2.1	2.9	3.9	3.6	12.6
Professional Services Gross Margin	-45.4%	14.7%	13.6%	7.3%	5.0%	4.6%	6.1%	7.9%	7.2%	6.5%	4.6%	6.1%	7.9%	7.2%	6.5%
Operating Expenses															
Sales & Marketing	272.6	374.8	528.2	823.2	1,041.5	312.6	309.1	327.1	349.2	1,298.0	355.7	362.2	379.7	410.1	1,507.8
Research & Development	89.4	134.0	215.0	367.9	612.1	203.2	224.2	224.4	237.8	889.6	234.9	246.0	257.4	271.9	1,010.2
General & Administration	69.0	102.1	143.3	180.2	199.6	57.1	59.1	60.8	60.9	238.0	64.8	69.2	72.9	72.7	279.6
Total Operating Expenses	430.9	610.9	886.5	1,371.3	1,853.2	572.9	592.5	612.3	647.9	2,425.5	655.4	677.4	710.0	754.8	2,797.6
Year over year % change	141%	42%	45%	55%	35%	36%	33%	28%	28%	31%	14%	14%	16%	16%	15%
QoQ Change						13%	3%	3%	6%		1%	3%	5%	6%	
Operating Income	(278.2)	(224.9)	(31.2)	95.3	229.7	36.2	43.7	26.2	11.2	117.4	42.8	80.2	80.2	57.1	260.4
Operating Margin	-105.1%	-38.0%	-2.6%	4.6%	8.2%	4.4%	5.0%	2.9%	1.2%	3.3%	4.4%	7.6%	7.2%	5.0%	6.1%
Net Interest and Other Income (Expense)	10.5	6.9	38.1	26.3	245.6	33.5	41.3	54.2	68.5	197.5	85.5	87.2	91.7	110.6	374.9
Income Before Taxes	(267.7)	(218.0)	6.9	121.6	475.3	69.7	85.1	80.5	79.7	314.9	128.3	167.4	171.9	167.7	635.3
% of revenues	-101.1%	-36.8%	0.6%	5.9%	16.9%	8.4%	9.8%	9.0%	8.6%	9.0%	13.2%	15.9%	15.5%	14.6%	14.8%
Provision (Benefit) for Income Taxes	1.4	3.1	4.9	31.6	123.6	18.3	22.0	20.8	20.6	81.6	33.1	43.2	44.4	43.3	164.1
% Tax Rate	0.5%	1.4%	71.6%	26.0%	26.0%	26.2%	25.8%	25.8%	25.9%	25.9%	25.8%	25.8%	25.8%	25.8%	25.8%
Net income	(269.1)	(221.1)	2.0	90.4	353.3	52.2	63.9	60.4	59.8	236.3	95.9	124.9	128.2	125.1	474.3
Net margin	-101.6%	-37.3%	0.2%	4.4%	12.6%	6.3%	7.3%	6.8%	6.5%	6.7%	9.8%	11.8%	11.5%	10.9%	11.1%
Pro Forma EPS - Operating⁽¹⁾	ND	(\$0.95)	\$0.01	\$0.25	\$0.98	\$0.14	\$0.18	\$0.17	\$0.17	\$0.66	\$0.27	\$0.35	\$0.35	\$0.34	\$1.31

Source: Morgan Stanley Research estimates, Company data

Exhibit 3: SNOW Revenue Drivers

(\$ in millions, except EPS)

	FY19	FY20	FY21	FY22	FY23	FY24	2025E				FY25E	2026E				FY26E	FY27E
Customer Model							4/24	7/24	10/24E	1/25E		4/25E	7/25E	10/25E	1/26E		
Total Customers - EoP	948	2,392	4,139	5,944	7,776	9,424	9,809	10,249	10,657	11,241	11,241	11,641	12,096	12,519	13,118	13,118	15,055
YoY Growth		152%	73%	44%	31%	21%	21%	21%	20%	19%	19%	19%	18%	17%	17%	17%	15%
QoQ Growth							4%	4%	4%	5%		4%	4%	3%	5%		
Net New Customers		1,444	1,747	1,805	1,832	1,648	385	440	408	584	1,817	400	455	423	599	1,877	1,937
YoY Growth			21%	3%	1%	-10%	8%	36%	3%	2%	10%	4%	3%	4%	3%	3%	3%
Customers >\$1M in TTM Product Revenue	14	41	77	184	332	458	484	510	549	579	579	608	640	685	721	721	884
YoY Growth		193%	88%	139%	80%	38%	30%	28%	27%	26%	26%	26%	25%	25%	25%	25%	23%
QoQ Growth							6%	5%	8%	5%		5%	5%	7%	5%		
% of Total Customer Base	1.5%	1.7%	1.9%	3.1%	4.3%	4.9%	4.9%	5.0%	5.2%	5.2%	5.2%	5.2%	5.3%	5.5%	5.5%	5.5%	5.9%
Net New >\$1M Product Revenue Customers		27	36	107	148	126	26	26	39	30	121	29	32	45	36	142	163
YoY Growth			33%	197%	38%	-15%	-37%	0%	15%	20%	-4%	12%	23%	15%	20%	17%	15%
Compute vs. Storage Split																	
Compute																	
% of Total Product Revenue		90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	90%	91%	91%	91%	91%	91%
Compute Product Revenue		227.0	498.4	1,026.4	1,744.9	2,400.2	710.6	746.3	767.3	795.5	3,019.7	839.8	912.6	964.5	994.8	3,711.6	4,461.0
YoY Growth			120%	106%	70%	38%	34%	30%	22%	20%	26%	18%	22%	26%	25%	23%	20%
QoQ Growth							7.0%	5.0%	2.8%	3.7%		5.6%	8.7%	5.7%	3.1%		
Query Volume (in Bn)			192.4	406.9	763.3	1,197.0	414.0	473.8	486.9	535.7	1,910.4	574.8	668.2	708.1	777.2	2,728.3	3,717.9
YoY Growth				111%	88%	57%	69%	69%	56%	49%	60%	39%	41%	45%	45%	43%	36%
QoQ Growth							15.4%	14.4%	2.8%	10.0%		7.3%	16.2%	6.0%	9.8%		
Query Volume per T-1 Customer			0.12	0.12	0.15	0.17	0.05	0.06	0.06	0.06	0.22	0.06	0.07	0.07	0.07	0.26	0.31
YoY Growth				8%	22%	15%	30%	34%	26%	22%	27%	15%	17%	20%	21%	19%	16%
QoQ Growth						8.7%	8.7%	9.8%	-1.5%	4.2%		2.0%	11.5%	1.7%	4.8%		
Implied Effective Revenue per Query (\$)			0.0026	0.0025	0.0023	0.0020	0.0017	0.0016	0.0016	0.0015	0.0016	0.0015	0.0014	0.0014	0.0013	0.0014	0.0012
YoY Growth				-3%	-9%	-12%	-21%	-23%	-21.6%	-19.8%	-21%	-14.9%	-13.3%	-13.6%	-13.8%	-14%	-12%
QoQ Growth							-7.3%	-8.2%	0.1%	-5.8%		-1.6%	-6.5%	-0.3%	-6.0%		
Storage																	
% of Total Product Revenue		10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	9%	9%	9%	9%	9%
Storage Product Revenue		25.2	55.4	114.0	193.9	266.7	79.0	82.9	85.8	89.0	336.6	89.5	94.6	98.5	102.1	384.6	440.1
YoY Growth			120%	106%	70%	38%	34%	30%	23%	21%	26%	13%	14%	15%	15%	14%	14%
QoQ Growth							7.0%	5.0%	3.5%	3.7%		0.6%	5.6%	4.1%	3.7%		
Implied Effective Data Volume (in PB)			201	413	702	966	1,284	1,382	1,453	1,506	1,405	1,597	1,687	1,756	1,820	1,715	2,073
YoY Growth				106%	70%	38%	50%	49%	43%	41%	45%	24%	22%	21%	21%	22%	21%
QoQ Growth							20.0%	7.6%	5.1%	3.7%		6.0%	5.6%	4.1%	3.7%		
Price / per TB / per Period (\$)			276.0	276.0	276.0	276.0	61.5	60.0	59.1	59.1	239.6	56.1	56.1	56.1	56.1	224.3	212.3
YoY Growth				0%	0%	0%	-11%	-13%	-14%	-14%	-13%	-9%	-7%	-5%	-5%	-6%	-5%
QoQ Growth							-10.9%	-2.4%	-1.5%	0.0%		-5.1%	0.0%	0.0%	0.0%		
Effective Storage cost / per TB / per Month (\$)		23.00	23.00	23.00	23.00	23.00	20.50	20.00	19.69	19.69	19.97	18.69	18.69	18.69	18.69	18.69	17.69
* reflects Tier 1 AWS, US East (Northern Virginia)																	
Revenue Model																	
Total Product Revenue	95.7	252.2	553.8	1,140.5	1,938.8	2,666.8	789.6	829.3	853.1	884.4	3,356.4	929.3	1,007.2	1,062.9	1,096.8	4,096.2	4,901.1
YoY Growth		164%	120%	106%	70%	38%	34%	30%	22%	20%	26%	18%	21%	25%	24%	22%	20%
2-Yr Stack							83%	67%	56%	53%	63%	52%	51%	47%	44%	48%	42%
QoQ Growth						-2.5%	7.0%	5.0%	2.9%	3.7%		5.1%	8.4%	5.5%	3.2%		
3-Yr Avg Seasonality							7.6%	10.6%	8.0%	5.2%		6.1%	7.3%	5.8%	4.2%		
Net-New Product Rev		156.5	301.6	586.7	798.3	728.1	51.5	39.7	23.9	31.3	689.5	44.9	77.9	55.7	33.9	739.9	804.9
YoY Growth			93%	95%	36%	-9%	48%	-21%	-59%	-21%	-5%	-13%	96%	134%	8%	7%	9%
Days in the Quarter	365	365	366	365	365	365	90	92	92	92	366	89	92	92	92	365	365
Product Revenue per Day	0.3	0.7	1.5	3.1	5.3	7.3	8.8	9.0	9.3	9.6	9.2	10.4	10.9	11.6	11.9	11.2	13.4
YoY Growth		164%	119%	107%	70%	38%	32%	30%	22%	20%	26%	19%	21%	25%	24%	22%	20%
QoQ Growth							9%	3%	3%	4%		9%	5%	6%	3%		
Daily Product Rev per Customer (\$K)	0.277	0.414	0.463	0.620	0.774	0.850	0.912	0.899	0.887	0.878	0.888	0.913	0.922	0.939	0.930	0.921	0.953
YoY Growth		50%	12%	34%	25%	10%	9%	7%	1%	0%	4%	0%	3%	6%	6%	4%	3%
QoQ Growth							4%	-1%	-1%	-1%		4%	1%	2%	-1%		
Professional Services Attach Rate	1.0%	5.0%	6.9%	6.9%	6.5%	5.2%	5.0%	4.8%	4.6%	4.6%	4.7%	5.0%	4.8%	4.6%	4.6%	4.7%	4.7%
Professional Services Revenue	1.0	12.5	38.3	78.9	126.9	139.6	39.1	39.6	39.3	40.8	158.8	46.0	48.1	49.0	50.6	193.7	231.8
YoY Growth		1174%	206%	106%	61%	10%	17%	17%	10%	11%	14%	18%	21%	25%	24%	22%	20%
QoQ Growth							7%	1%	-1%	4%		13%	4%	2%	3%		
Total Revenue	96.7	264.7	592.0	1,219.3	2,065.7	2,806.5	828.7	868.8	892.4	925.2	3,515.2	975.3	1,055.3	1,111.9	1,147.4	4,289.9	5,133.0
YoY Growth		174%	124%	106%	69%	36%	33%	29%	22%	19%	25%	18%	21%	25%	24%	22%	20%
QoQ Growth							7%	5%	3%	4%		5%	8%	5%	3%		

Source: Morgan Stanley Research estimates, Company data

Exhibit 4: SNOW Balance Sheet

(\$ in millions, except EPS)															
	FY20	FY21	FY22	FY23	FY24	4/24	7/24	10/24E	1/25E	FY25E	4/25E	7/25E	10/25E	1/26E	FY26E
Assets															
Cash and Cash Equivalents	142.0	835.4	1,102.7	939.9	1,762.7	1,330.4	1,282.0	1,411.3	1,782.9	1,782.9	2,224.6	2,268.2	2,386.7	2,877.7	2,877.7
Short Term Investments	306.8	3,087.9	2,766.4	3,068.0	2,083.5	2,200.9	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5	1,948.5
Accounts Receivables, net	179.5	294.0	545.6	715.8	926.9	345.5	431.6	497.1	1,008.7	1,008.7	324.4	365.9	476.9	1,104.0	1,104.0
Deferred Commissions	26.4	32.4	51.4	67.9	86.1	85.4	86.9	90.3	105.4	105.4	104.2	105.6	109.2	126.4	126.4
Prepays and Other Current Assets	10.6	51.0	132.5	193.1	180.0	181.0	149.1	228.7	225.5	225.5	220.1	178.9	276.5	283.7	283.7
Deferred Taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	665.2	4,300.7	4,598.6	4,984.7	5,039.3	4,143.3	3,898.1	4,175.9	5,071.0	5,071.0	4,821.7	4,867.1	5,197.8	6,340.4	6,340.4
Property and Equipment, net	27.1	69.0	105.1	160.8	247.5	263.7	264.8	232.4	202.1	202.1	177.8	156.1	137.3	121.7	121.7
Deferred Commissions, less current	69.5	86.2	124.5	145.3	187.1	179.9	177.5	182.1	229.0	229.0	219.3	215.6	220.2	274.8	274.8
Intangible Assets, net	4.8	16.1	37.1	186.0	331.4	308.0	286.5	260.2	233.4	233.4	208.8	183.1	156.7	130.0	130.0
Goodwill	7.0	8.4	8.4	657.4	975.9	975.9	984.1	984.1	984.1	984.1	984.1	984.1	984.1	984.1	984.1
Deferred Tax Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Investments	23.5	1,165.3	1,256.2	1,073.0	916.3	928.0	697.4	697.4	697.4	697.4	697.4	697.4	697.4	697.4	697.4
Other Assets	215.5	276.1	519.7	515.1	525.9	499.3	635.5	671.9	655.2	655.2	607.1	762.8	812.3	799.6	799.6
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	1,012.7	5,921.7	6,649.7	7,722.3	8,223.4	7,298.0	6,943.9	7,204.0	8,072.1	8,072.1	7,716.2	7,866.2	8,205.8	9,348.0	9,348.0
Liabilities															
Accounts Payable	8.5	5.6	13.4	23.7	51.7	64.2	134.5	98.7	67.2	67.2	75.6	159.0	117.6	104.0	104.0
Accrued Compensation and Benefits	62.8	125.3	200.7	269.1	446.9	398.0	448.9	477.6	524.2	524.2	497.9	541.2	562.3	604.7	604.7
Other Accrued	18.1	19.7	25.1	27.3	33.9	30.9	32.8	44.1	44.4	44.4	38.7	39.6	51.9	51.2	51.2
Deferred Revenue	327.1	638.7	1,157.9	1,673.5	2,198.7	1,935.6	1,848.4	2,001.9	2,816.4	2,816.4	2,425.1	2,312.4	2,515.8	3,534.8	3,534.8
Short-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Short-term Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	416.5	789.3	1,397.1	1,993.5	2,731.2	2,426.8	2,464.7	2,622.2	3,452.2	3,452.2	3,037.3	3,052.1	3,247.5	4,294.7	4,294.7
Deferred Revenue	2.9	4.2	11.2	11.5	14.4	14.7	12.3	20.2	17.7	17.7	22.0	19.8	25.4	22.2	22.2
Other Liabilities	201.6	191.8	192.4	248.7	287.2	286.8	329.3	368.4	375.8	375.8	358.8	397.0	433.7	433.5	433.5
Long-Term Debt	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	621.0	985.3	1,600.7	2,253.7	3,032.8	2,730.3	2,806.3	3,010.8	3,845.8	3,845.8	3,418.2	3,469.0	3,706.7	4,750.5	4,750.5
Preferred Stock	936.5	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Additional Paid-in Capital	155.3	6,185.3	7,038.9	8,008.8	9,295.5	9,666.6	10,052.9	10,406.3	10,774.7	10,774.7	11,189.1	11,618.5	12,024.9	12,448.6	12,448.6
Retained Earnings (Accumulated Deficit)	(700.3)	(1,239.4)	(1,919.4)	(2,716.1)	(3,571.0)	(3,888.7)	(4,207.3)	(4,526.7)	(4,862.0)	(4,862.0)	(5,205.1)	(5,535.2)	(5,839.8)	(6,165.0)	(6,165.0)
Accumulated Other Comprehensive Gain (Loss)	0.2	(9.4)	(70.5)	176.0	(533.9)	(1,210.2)	(1,708.0)	(1,708.0)	(1,708.0)	(1,708.0)	(1,708.0)	(1,708.0)	(1,708.0)	(1,708.0)	(1,708.0)
Total Stockholders' Equity	391.7	4,936.5	5,049.0	5,468.6	5,190.6	4,567.7	4,137.6	4,171.7	4,204.8	4,204.8	4,276.1	4,375.3	4,477.2	4,575.6	4,575.6
Total Liabilities and Stockholders' Equity	1,012.7	5,921.7	6,649.7	7,722.3	8,223.4	7,298.0	6,943.9	7,182.4	8,050.6	8,050.6	7,694.2	7,844.3	8,183.8	9,326.0	9,326.0

Source: Morgan Stanley Research estimates, Company data

Exhibit 5: SNOW Cash Flow Statement

(\$ in millions, except EPS)						2025E					2026E					
	FY20	FY21	FY22	FY23	FY24	4/24	7/24	10/24E	1/25E	FY25E	4/25E	7/25E	10/25E	1/26E	FY26E	FY27E
Net Income	(348.5)	(539.1)	(680.0)	(797.5)	(838.0)	(317.8)	(317.8)	(319.4)	(335.2)	(1,290.2)	(343.2)	(330.1)	(304.6)	(325.2)	(1,303.1)	(1,265.0)
Depreciation and Amortization	48.2	80.5	96.3	167.2	247.6	76.7	81.8	93.2	93.5	345.1	93.0	92.3	91.0	90.7	367.1	359.7
Stock Compensation Expenses, net of amounts capitalized	78.4	301.4	605.1	861.5	1,168.0	331.9	356.0	353.5	368.3	1,409.7	414.4	429.3	406.5	423.6	1,673.9	1,924.9
Other	(4.0)	4.8	20.3	50.4	(120.2)	9.4	(5.0)	-	-	4.4	-	-	-	-	-	-
Changes in Working Capital																
Accounts Receivable	(116.9)	(116.3)	(251.7)	(167.0)	(212.1)	579.3	(87.1)	(65.5)	(511.6)	(84.9)	684.3	(41.5)	(111.0)	(627.1)	(95.3)	(173.6)
Deferred Commissions	(68.6)	(51.4)	(95.9)	(95.1)	(134.8)	(14.9)	(21.8)	(31.0)	(86.2)	(153.9)	(17.0)	(25.6)	(36.0)	(101.2)	(179.7)	(201.4)
Prepaid Expenses and Other Assets	(10.8)	(62.3)	(159.2)	(2.9)	59.8	(1.1)	34.5	(116.0)	19.9	(62.7)	53.6	(114.5)	(147.1)	5.4	(202.7)	(212.9)
Accounts Payable	1.1	(2.9)	7.4	8.0	19.2	21.2	70.2	(35.8)	(31.5)	24.1	8.4	83.4	(41.4)	(13.5)	36.8	15.0
Operating Lease Liability	(13.5)	(31.3)	(37.0)	(42.3)	(40.5)	(13.4)	(11.9)	-	-	(25.3)	-	-	-	-	-	-
Accrued expenses & other current liabilities	35.0	58.3	78.5	74.3	171.0	(54.7)	59.3	78.9	54.5	138.0	(49.0)	82.3	70.1	41.5	144.9	140.3
Deferred Revenue	223.0	312.9	526.2	514.3	528.0	(261.2)	(88.3)	161.5	812.0	624.0	(387.0)	(114.9)	209.0	1,015.8	722.9	886.3
Other Items and Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (used in) Operating Activities	(176.6)	(45.4)	110.1	545.6	848.1	355.5	69.9	119.3	383.7	928.3	457.5	60.7	136.6	510.1	1,164.9	1,473.3
YoY Growth	22.6%	-74.3%	-342.5%	395.5%	55.4%	19%	-16%	-1%	11%	9.5%	29%	-13%	14%	33%	25.5%	26.5%
Capital Expenditures and Capitalized SW Dev Costs	(22.8)	(40.3)	(29.0)	(49.1)	(69.2)	(23.9)	(11.0)	(11.6)	(12.1)	(58.6)	(16.3)	(17.1)	(18.1)	(19.1)	(70.5)	(105.0)
Maturities/(Purchases) of Investments	153.6	(3,985.4)	8.2	(364.1)	1,177.2	(126.5)	404.0	-	-	277.5	-	-	-	-	-	-
Net Cash Paid for Acquisitions, Other Assets	(6.3)	(6.0)	-	(184.7)	(275.7)	(0.7)	-	-	-	(0.7)	-	-	-	-	-	-
Investment in Unconsolidated Affiliates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activities	14.1	(4.7)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (used in) Investing Activities	138.5	(4,036.5)	(20.8)	(597.9)	832.3	(151.2)	393.0	(11.6)	(12.1)	218.1	(16.3)	(17.1)	(18.1)	(19.1)	(70.5)	(105.0)
Proceeds from Issuance of Common Shares	-	4,244.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Issuance of Preferred Shares, net of issuance	24.1	478.6	-	-	37.1	46.7	-	-	-	46.7	-	-	-	-	-	-
Proceeds from Exercise of Stock Options and Restricted Stock	33.7	53.5	178.2	80.8	57.2	10.7	13.0	-	-	23.7	-	-	-	-	-	-
Tax Benefit from exercise of stock options	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock Repurchases	-	-	-	-	(591.7)	(516.3)	(400.0)	-	-	(916.3)	-	-	-	-	-	-
Net Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activities	(0.4)	(1.4)	-	(173.4)	(357.6)	(174.6)	(103.5)	-	-	(278.1)	-	-	-	-	-	-
Net Cash Provided by (used in) Financing Activities	57.5	4,775.3	178.2	(92.6)	(855.1)	(633.5)	(490.5)	-	-	(1,124.0)	-	-	-	-	-	-
Exchange Rate Impact	-	(0.0)	(0.2)	(0.9)	(2.0)	(2.6)	0.7	-	-	(1.9)	-	-	-	-	-	-
Change in Cash and Cash Equivalents	19.4	693.4	267.3	(145.8)	823.3	(431.8)	(27.0)	107.7	371.6	20.5	441.3	43.7	118.5	491.0	1,094.4	1,368.3
Change in Cash due to restatements	-	-	-	16.8	0.4	-	0.4	-	-	-	-	-	-	-	-	-
Cash, Beginning of Period	122.6	142.0	835.4	1,102.5	939.9	1,762.8	1,330.9	1,303.6	1,411.3	1,762.8	1,783.3	2,224.6	2,268.2	2,386.7	1,783.3	2,877.7
Cash, end of Period	142.0	835.4	1,102.5	939.9	1,762.8	1,330.9	1,303.6	1,411.3	1,782.9	1,783.3	2,224.6	2,268.2	2,386.7	2,877.7	2,877.7	4,246.0
Free Cash Flow	(199.4)	(85.7)	81.1	496.5	778.9	331.5	58.8	107.7	371.6	869.7	441.3	43.7	118.5	491.0	1,094.4	1,368.3
YoY Growth	-35%	57%	195%	512%	57%	17%	-15%	5%	15%	12%	33%	-26%	10%	32%	26%	25%
Employer Payroll Tax on Employee Stock Trans.	0.2	14.1	58.5	23.9	31.3	34.1	7.1	8.5	(0.2)	49.6	34.1	7.1	8.5	(0.2)	49.6	49.6
Non-GAAP Adjusted FCF	(199.2)	(71.6)	139.7	520.4	810.2	365.7	66.0	116.3	371.4	919.3	475.4	50.8	127.0	490.8	1,144.0	1,417.9
Adjusted FCF Margin	-	-12%	11%	25%	29%	44%	8%	13%	40%	26.2%	49%	5%	11%	43%	26.7%	27.6%
Adjusted Free Cash Flow	(209.9)	(92.5)	45.8	479.0	597.2	306.8	28.2	67.5	320.8	723.3	377.9	(21.0)	50.5	409.0	816.3	949.2
YoY Growth	-34%	56%	149%	946%	25%	21%	-2%	3%	29%	21%	23%	-175%	-25%	27%	13%	16%

Risk Reward Reference links

1. View explanation of Options Probabilities methodology - [Options_Probabilities_Exhibit_Link.pdf](#)
2. View descriptions of Risk Rewards Themes - [RR_Themes_Exhibit_Link.pdf](#)
3. View explanation of regional hierarchies - [GEG_Exhibit_Link.pdf](#)
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Stock Rating Category	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1427	38%	335	44%	23%	663	40%
Equal-weight/Hold	1740	46%	347	46%	20%	779	46%
Not-Rated/Hold	3	0%	0	0%	0%	1	0%
Underweight/Sell	585	16%	76	10%	13%	233	14%
Total	3,755		758			1676	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

Analyst Stock Ratings

Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Not-Rated (NR). Currently the analyst does not have adequate conviction about the stock's total return relative to the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

Analyst Industry Views

Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

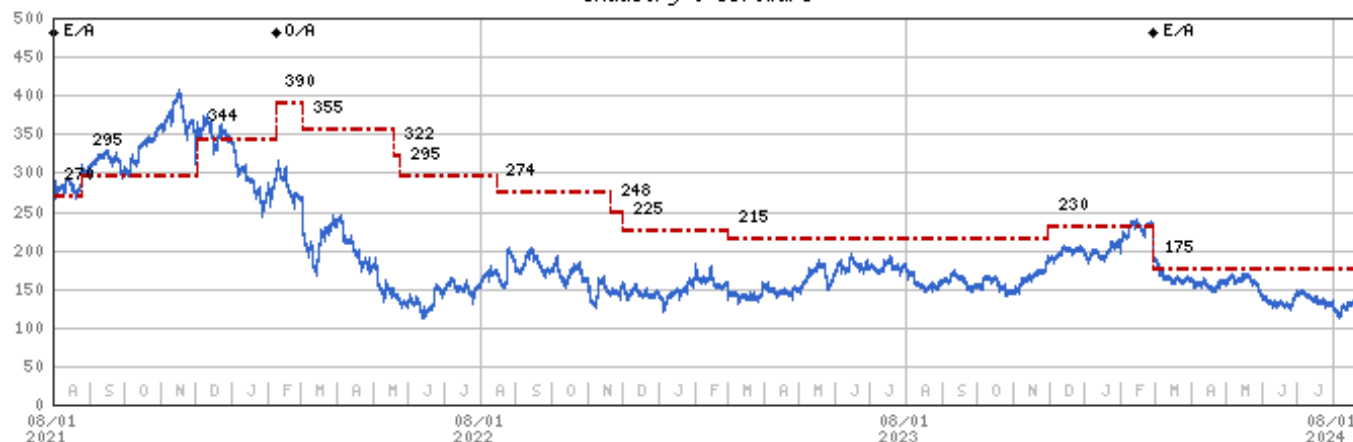
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

Benchmarks for each region are as follows: North America - S&P 500; Latin America - relevant MSCI country index or MSCI Latin America Index; Europe - MSCI Europe; Japan - TOPIX; Asia -

relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

Stock Price, Price Target and Rating History (See Rating Definitions)

Snowflake Inc. (SNOW.N) - As of 08/22/24 GMT in USD
Industry : Software



Stock Rating History: 8/1/19 : /A; 7/27/20 : /I; 10/12/20 : E/I; 3/8/21 : E/A; 2/7/22 : O/A; 2/29/24 : E/A

Price Target History: 10/12/20 : 220; 12/3/20 : 265; 3/3/21 : 270; 8/26/21 : 295; 12/2/21 : 344; 2/7/22 : 390; 3/3/22 : 355; 5/19/22 : 322; 5/25/22 : 295; 8/15/22 : 274; 11/21/22 : 248; 12/1/22 : 225; 3/2/23 : 215; 11/30/23 : 230; 2/29/24 : 175

Source: Morgan Stanley Research

Date Format : MM/DD/YY

Price Target --

No Price Target Assigned (NA)

Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —

Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View

Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)

Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

Effective January 13, 2014, the stocks covered by Morgan Stanley Asia Pacific will be rated relative to the analyst's industry (or industry team's) coverage.

Effective January 13, 2014, the industry view benchmarks for Morgan Stanley Asia Pacific are as follows: relevant MSCI country index or MSCI sub-regional index or MSCI AC Asia Pacific ex Japan Index.

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INDUSTRY COVERAGE: Software

COMPANY (TICKER)	RATING (AS OF)	PRICE* (08/21/2024)
Chris Quintero		
Blackline Inc (BL.O)	E (09/18/2023)	\$50.90
E2open Parent Holdings Inc (ETWO.N)	E (01/17/2024)	\$4.28
OneStream Inc (OS.O)	E (08/19/2024)	\$29.70
Vertex Inc. (VERX.O)	O (01/17/2024)	\$35.73
Elizabeth Porter, CFA		
Amplitude Inc. (AMPL.O)	U (02/01/2024)	\$8.90
Freshworks Inc (FRSH.O)	E (10/18/2021)	\$12.00
GoDaddy Inc (GDDY.N)	E (07/19/2021)	\$164.93
HubSpot, Inc. (HUBS.N)	O (03/21/2023)	\$495.29
Klaviyo, Inc (KVYO.N)	E (10/16/2023)	\$31.90
LegalZoom.com Inc (LZ.O)	U (07/28/2022)	\$6.41
Liveramp Holdings Inc (RAMP.N)	O (07/15/2019)	\$25.90
Matterport Inc (MTTR.O)	E (04/19/2022)	\$4.33
Semrush Holdings Inc -A (SEMR.N)	E (06/06/2022)	\$13.61
Sprinklr Inc (CXM.N)	E (07/19/2021)	\$9.06
Sprout Social Inc (SPT.O)	E (11/17/2020)	\$33.92
Wix.Com Ltd (WIX.O)	E (05/19/2022)	\$169.30
Zeta Global Holdings Corp (ZETA.N)	E (08/01/2024)	\$23.80
ZoomInfo Technologies Inc (ZI.O)	E (02/01/2024)	\$9.69
Hamza Fodderwala		
Check Point Software Technologies Ltd. (CHKP.O)	E (10/16/2023)	\$189.07
Cloudflare Inc (NET.N)	E (10/30/2023)	\$82.37
CrowdStrike Holdings Inc (CRWD.O)	O (01/09/2024)	\$273.21
CyberArk Software Ltd (CYBR.O)	E (01/09/2024)	\$281.56
Fortinet Inc. (FTNT.O)	O (10/07/2022)	\$75.42
Gen Digital Inc. (GEN.O)	E (06/07/2024)	\$25.75
Okta, Inc. (OKTA.O)	E (09/01/2022)	\$97.93
Palo Alto Networks Inc (PANW.O)	O (10/10/2017)	\$359.75
Qualys Inc (QLYS.O)	U (02/09/2021)	\$123.67
Rapid7 Inc (RPD.O)	E (08/11/2015)	\$37.37

Secureworks Corp (SCWX.O)	E (09/09/2020)	\$7.27
SentinelOne, Inc. (S.N)	O (06/12/2023)	\$24.56
Tenable Holdings Inc (TENB.O)	O (01/09/2024)	\$42.74
Varonis Systems, Inc. (VRNS.O)	O (10/16/2023)	\$57.06
Zscaler Inc (ZS.O)	E (01/12/2023)	\$200.47
Josh Baer, CFA		
Asana Inc (ASAN.N)	E (10/26/2020)	\$13.86
BigCommerce Holdings, Inc. (BIGC.O)	E (05/11/2021)	\$5.93
Box Inc (BOX.N)	E (05/21/2024)	\$28.43
CCC Intelligent Solutions Holdings Inc (CCCS.O)	E (12/12/2023)	\$10.83
Chegg Inc (CHGG.N)	E (07/16/2024)	\$2.29
Coursera, Inc. (COUR.N)	O (04/26/2021)	\$8.37
DigitalOcean Holdings Inc (DOCN.N)	E (08/11/2023)	\$37.35
Docebo Inc. (DCBO.O)	O (08/17/2023)	\$43.77
DocuSign Inc (DOCU.O)	E (01/16/2024)	\$56.79
Instructure Holdings Inc (INST.N)	++	\$23.41
Lightspeed POS Inc. (LSPD.N)	E (02/18/2021)	\$13.30
Sabre Corp (SABR.O)	E (03/16/2021)	\$2.98
Smartsheet Inc (SMAR.N)	O (05/22/2018)	\$49.72
Toast, Inc. (TOST.N)	O (12/16/2021)	\$24.21
Udemy Inc (UDMY.O)	E (11/23/2021)	\$8.24
WalkMe Ltd (WKME.O)	++	\$13.85
Keith Weiss, CFA		
Adobe Inc. (ADBE.O)	O (07/31/2023)	\$565.79
Akamai Technologies, Inc. (AKAM.O)	E (04/29/2020)	\$102.11
Atlassian Corporation PLC (TEAM.O)	O (01/13/2020)	\$158.34
Autodesk (ADSK.O)		\$252.06
BILL Holdings Inc (BILL.N)	E (06/12/2023)	\$51.47
Intuit (INTU.O)	E (08/13/2024)	\$670.49
Microsoft (MSFT.O)	O (01/13/2016)	\$424.14
Oracle Corporation (ORCL.N)	E (01/15/2019)	\$140.20
Palantir Technologies Inc. (PLTR.N)	U (08/31/2023)	\$32.54
Salesforce, Inc. (CRM.N)	O (12/21/2023)	\$261.09
Samsara Inc (IOT.N)	E (03/23/2023)	\$41.27
ServiceNow Inc (NOW.N)	O (11/12/2020)	\$839.18
Shopify Inc (SHOP.N)	O (04/19/2024)	\$76.14
Snowflake Inc. (SNOW.N)	E (02/29/2024)	\$135.06
UiPath Inc (PATH.N)	E (09/07/2022)	\$12.25
Workday Inc (WDAY.O)	O (04/14/2020)	\$233.51
Meta A Marshall		
8x8 Inc (EGHT.O)	U (06/14/2024)	\$1.78
Five9 Inc (FIVN.O)	E (10/10/2022)	\$34.15
NICE Ltd. (NICE.O)	O (10/16/2023)	\$179.02
RingCentral Inc (RNG.N)	E (08/08/2023)	\$32.96
Twilio Inc (TWLO.N)	E (06/14/2024)	\$59.25
Zoom Video Communications Inc (ZM.O)	E (10/11/2022)	\$60.23
Roy D Campbell		
Karooooo Ltd (KARO.O)	O (04/27/2021)	\$38.50
Sanjit K Singh		
Appian Corp (APPN.O)	E (12/03/2021)	\$31.16
C3.ai (AI.N)	U (01/04/2021)	\$24.83
Confluent, Inc. (CFLT.O)	O (04/12/2023)	\$22.10
Couchbase, Inc. (BASE.O)	E (08/16/2021)	\$18.60
Datadog, Inc. (DDOG.O)	O (05/21/2021)	\$117.74

Domo Inc (DOMO.O)	E (01/20/2023)	\$8.21
Dynatrace Inc (DT.N)	E (02/13/2024)	\$50.53
Fastly Inc. (FSLY.N)	E (04/20/2023)	\$6.46
HashiCorp (HCP.O)	E (04/29/2024)	\$33.94
JFrog Ltd. (FROG.O)	O (12/21/2023)	\$27.15
MongoDB Inc (MDB.O)	O (04/12/2023)	\$261.69
PagerDuty, Inc. (PD.N)	E (01/24/2024)	\$19.68
Solarwinds Corp (SWI.N)	E (11/13/2018)	\$12.52

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