Snowflake

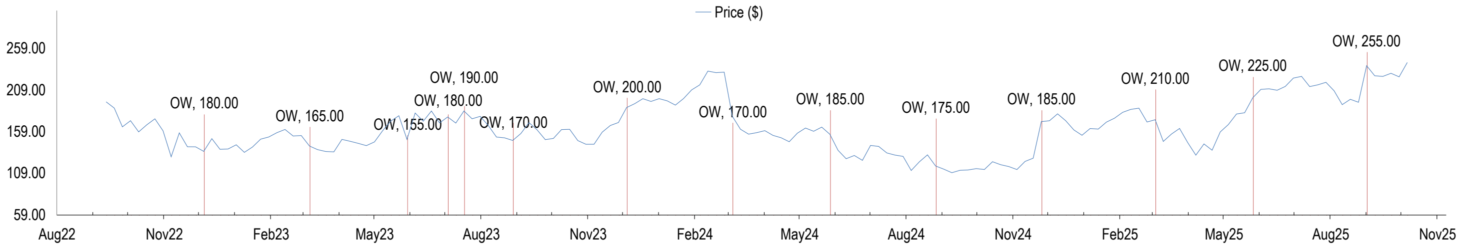
10 October 2025

WORLD TRADE SECURITIES

Equity Research

Recommendation	Price Target	PT End Date	Price	Upside/Downside to PT
Overweight	$255.00	31-Dec-25	$242.17	5.30%

Snowflake Inc. provides software solutions. The Company develops database architecture, data warehouses, query optimization, and parallelization solutions. Snowflake serves customers worldwide.



Note: All analysts forecasts are as of last note published on 28-Aug-2025

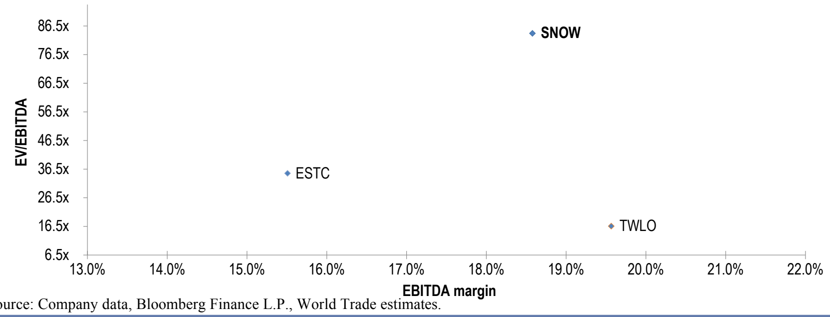
The Upside/Downside to PT is calculated based on the previous day's closing price which is quoted above.

Source: Bloomberg Finance L.P., World Trade estimates.

Key Financials ($mn, year end Jan)	FY24	FY25	FY26E	FY27E	FY28E
Revenue	2,806	3,626	4,594	5,516	n/a
EBITDA	477	567	853	1,147	n/a
EBIT	230	232	425	558	n/a
Pretax Income	475	405	571	716	n/a
Net Profit	352	300	427	530	n/a
Total Assets	8,223	9,034	9,435	11,109	n/a
Shareholder Equity	5,191	3,007	2,588	3,347	n/a
Adjusted Net Debt/(Cash)	n/a	(3,023)	(2,996)	(4,055)	n/a
Capex	(35)	(46)	(122)	(169)	n/a
Free Cash Flow to firm	813	913	1,113	1,441	n/a
EPS ($)	0.97	0.82	1.15	1.41	n/a
DPS	n/a	n/a	n/a	n/a	n/a
Key Ratios	**FY24**	**FY25**	**FY26E**	**FY27E**	**FY28E**
EBITDA Margin	17.0%	15.6%	18.6%	20.8%	n/a
EBIT Margin	8.2%	6.4%	9.3%	10.1%	n/a
Net Margin	12.5%	8.3%	9.3%	9.6%	n/a
Payout Ratio	n/a	n/a	n/a	n/a	n/a
Net Debt/Equity (excl MI)	n/a	NM	NM	NM	n/a
FCF Yield	0.9%	1.0%	1.2%	1.6%	n/a
P/E	249.4x	293.7x	211.2x	171.8x	n/a
EV/EBITDA	146.4x	126.2x	83.9x	61.5x	n/a
ROE	6.6%	7.3%	15.3%	17.8%	n/a

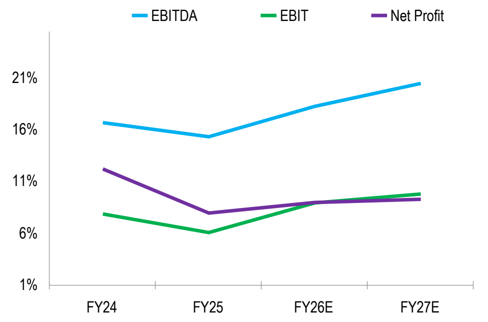
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Chart FY26



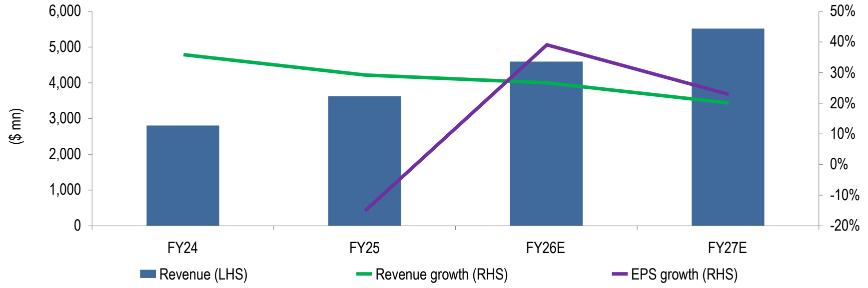
Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Margin Analysis (SNOW)



Source: Company data, World Trade estimates.

Revenue and EPS growth



Source: Company data, World Trade estimates.

Company Data

Market Cap (USDmn)	90,180
Shares O/S (mn)	372
Float	92.6%
Dividend Yield	n/a
EPS ($)	1.15
3M - Avg daily volume (mn)	5.28
52 wk High/Low ($)	255.39-113.23

WTS EPS Estimate		BBG EPS Estimate	
FY26E	FY27E	FY26E	FY27E
1.15	1.41	1.64	n/a

Source: Company data, Bloomberg Finance L.P., World Trade estimates.

Peer Valuation Analysis	Ticker	Fiscal Year End	Last Note Published	Rating	Price Target	Mkt Cap ($mn)	EV/EBITDA FY26E	EV/EBITDA FY27E	P/BV FY26E	P/BV FY27E	P/E FY26E	P/E FY27E	ROE FY26E	ROE FY27E
Local peers														
Twilio	TWLO	2024/12	08-Aug-25	OW	$140.00	17,106	16.6x	n/a	1.8x	n/a	21.5x	n/a	9.3%	n/a
Elastic	ESTC	2025/4	29-Aug-25	OW	$120.00	9,330	35.0x	27.9x	7.9x	6.3x	36.9x	30.4x	24.3%	23.7%
Global peers														
ZoomInfo	GTM	2024/12	05-Aug-25	OW	$14.00	3,419,710	7495.2x	n/a	1.5x	n/a	9.5x	n/a	18.5%	n/a
Snowflake	**SNOW**	**2025/1**	**28-Aug-25**	**OW**	**$255.00**	**90,180**	**83.9x**	**61.5x**	**34.8x**	**27.2x**	**211.2x**	**171.8x**	**15.3%**	**17.8%**
Median							59.5x	44.7x	4.9x	16.7x	29.2x	101.1x	16.9%	20.7%
Mean							1907.7x	44.7x	11.5x	16.7x	69.8x	101.1x	16.8%	20.7%
High							7495.2x	61.5x	34.8x	27.2x	211.2x	171.8x	24.3%	23.7%
Low							16.6x	27.9x	1.5x	6.3x	9.5x	30.4x	9.3%	23.7%

Source: Company data, World Trade estimates.

Investment Thesis

Snowflake, at its core, is a massively scalable, highly elastic, cloud-native data warehouse solution that has begun to disrupt the cloud data management space. Snowflake's highly differentiated solution has pulled it into a wide variety of use cases from data engineering to data science, and its simplicity and compelling value proposition have led to its adoption ranging from one-man operations up to Fortune 10 companies, allowing it to pursue a $67-87B current TAM. Additionally, Snowflake's cloud-agnostic multi-region solution, with intuitive and efficient data-sharing capabilities, lays the foundation for a much broader vision of a new category called the Data Cloud, potentially leading to an open-ended market opportunity with strong inherent network effects. Snowflake's broad-based appeal is underscored by its large, fast-growing blue-chip customer base, while its existing customers continue to expand at a rapid pace as well, evidenced by the high dollar-based net retention rate for the last eight quarters. The pent-up demand for its solutions has allowed Snowflake to exhibit a very rare level of growth at scale with best-in-class growth-plus-margin profile. We expect Snowflake to continue to grow revenue at a rapid scale. We believe the combination of alignment to secular trends like data growth and digital transformation, very rapid revenue growth at scale, and a solid, efficient business model makes Snowflake an exceptional asset among software companies. Considering the large TAM, superb management team, and impressive trajectory, Snowflake could grow into and beyond the current valuation in future years, in our view.

Valuation

Our Dec-25 PT of $255 is based on ~17x EV/CY26E revenue, derived from our CY26E revenue estimate of $5.52B for SNOW. The revised PT is due to an updated forecast and shift in peer group multiples. Our multiple for SNOW is at a premium to its comp set of High Growth Infrastructure Software, which trades at ~14x on average. The premium multiple for SNOW relative to its peer comp set accounts for Snowflake's superior MRQ revenue growth (32% vs. 22% for comps) and FTM FCF margin (26% vs. 20% for comps) profiles. Longer term, we continue to believe Snowflake is benefiting from demonstrable secular tailwinds, including potentially ones related to AI, and that the combination of Snowflake's elite growth profile and blossoming cash flow dynamic show the merits of Snowflake's business model.

Risks to Rating and Price Target

Macro & Recession Risks. A confluence of risk factors including inflationary pressure, tightening monetary policy, shifting consumer and business sentiment, and government stimulus, or lack thereof, as well as geopolitical events could cause the US or global economy generally to slow or enter recession, which would likely negatively impact Snowflake and its end markets, representing an adverse risk for growth and valuation.

Competition from Public Cloud Vendors. Snowflake has established itself as a category leader in Cloud Data Warehouse, with minimal credible competition in the market. However, it does compete with in-house offerings from the various public cloud vendors, with big pockets and strong talent pools. If these vendors revamp their technology and eliminate the competitive gap that exists today compared to Snowflake, it could negatively impact Snowflake's growth trajectory.

Subpar Investment Efficacy Could Impact the Stock. Snowflake continues to invest in Sales and Marketing, especially with a focus on international expansion. Should the company's investment fail to result in corresponding customer acquisition and revenue, losses could be greater than we are modeling and could impact the stock price.

Security Breaches and Outages. Snowflake is a cloud-native service and hence provides 100% of its software over the internet, which involves transmission of its customers' data. Additionally, Snowflake's cloud applications are hosted, and the data is stored in third-party data centers. Any unauthorized access to the data due to security breaches or any outages that might impact the uptime of the systems could negatively impact Snowflake's business.