

TABLE OF CONTENTS

Snowflake Inc. (SNOW) — Sell-Side Initiation Coverage	1
AI Data Cloud Platform NYSE: SNOW	1
EXECUTIVE SUMMARY	1
SECTION 0 — Company Profile and KPI Framework	1
0A — Company Identity	1
0B — Business Model Narrative	1
0C — Revenue Model	1
0D — Ecosystem Map	1
0E — KPI Inventory	1
0F — Retrieved Documents Log	1
SECTION 1 — Business Model: The Causal Architecture	1
Strategic Pivots	1
Revenue Quality Assessment	1
SECTION 2 — Management Quality: Actions Over Words	1
Credibility Scorecard	1
Capital Allocation Assessment	1
Compensation Alignment	1
SECTION 3 — The Moat: Independent Verification	1
Claimed Advantage 1: Multi-Cloud Architecture and Data Gravity	1
Claimed Advantage 2: Network Effects via the AI Data Cloud and Marketplace	1
Claimed Advantage 3: Governance, Security, and Enterprise Trust	1
SECTION 4 — Unit Economics: Derive, Don't Describe	1
Customer Acquisition Cost (CAC) — Derived	1
LTV/CAC Sensitivity Matrix (Stage 2 Revision)	1
SECTION 5 — Financial Model: Statutory, Not Adjusted	1

Annual Financial Summary (USD Millions)	1
Economic EBITDA Analysis (Stage 2 Addition)	1
SBC as % of Revenue — Declining Trend	1
Cash Flow Quality	1
SECTION 6 — Tailwinds and Risks	1
Structural Tailwinds (5+ Year)	1
Cyclical Tailwinds (1-3 Year)	1
Risks (Updated — includes Stage 2 additions)	1
Risk Integration Table	1
SECTION 7 — Valuation	1
External Data Summary	1
WACC Build-Up	1
DCF Valuation — FCF Projections (FY2027E-FY2033E)	1
Terminal Value (3 scenarios)	1
Equity Bridge — Base Case (WACC 12%, g 3%)	1
Sensitivity Table — DCF Equity Value Per Share	1
Comparable Company Valuation	1
Reverse DCF	1
Valuation Summary	1
SECTION 8 — What the Data Does Not Show	1
SECTION 9 — Variant Perception	1
Consensus View	1
Variant Thesis: SBC Normalisation Moves Faster Than Expected → GAAP EPS Inflection Earlier Than Consensus	1
Secondary Variant (Bearish): Iceberg Commoditisation Faster Than Expected	1
SECTION 10 — Investment Recommendation	1
Rating	1
RATING: SELL FAIR VALUE: \$117 RANGE: \$67-\$142	1

Rating-Change Triggers	1
Per-Share Risk Table	1
Probability-Weighted Scenario Table	1
SECTION 11 — Operational Metrics Dashboard	1
APPENDIX A — Earnings Sentiment Report	1
17 Quarters Q4 FY2022 - Q4 FY2026	1
A.1 — Master Sentiment Table	1
A.2 — Era Analysis	1
Era 1 — The Hypergrowth Era (Q4 FY2022 - Q2 FY2023)	1
Era 2 — The Deceleration and Cost Optimization Era (Q3 FY2023 - Q3 FY2024)	1
Era 3 — The Ramaswamy Reset (Q1 FY2025 - Q4 FY2025)	1
Era 4 — The AI Inflection Era (Q1 FY2026 - Q4 FY2026)	1
A.3 — Thematic Analysis	1
Theme 1: NRR as North Star → NRR as Stabilisation Signal	1
Theme 2: AI — From Slogan to Product to Revenue	1
Theme 3: Bookings vs. Consumption — The Structural Tension	1
Theme 4: Operational Efficiency	1
Theme 5: Competition — Iceberg, Databricks, Hyperscalers	1
A.4 — Guidance Accuracy Scorecard (FY2023-FY2027E)	1
A.5 — Q&A Heat Spot Analysis by Era	1
A.6 — CEO Transition Deep-Dive	1
Frank Sloatman (IPO - Q4 FY2024)	1
Sridhar Ramaswamy (Q4 FY2024 - present)	1
A.7 — Sentiment-to-Stock Correlation	1
A.8 — Forward Watch List (Next 4 Quarters)	1

Snowflake Inc. (SNOW) — Sell-Side Initiation Coverage

AI Data Cloud Platform | NYSE: SNOW

Date: April 1, 2026

Analyst: Four-Stage Automated Pipeline (Stages 1-4 complete)

Coverage initiation	Web Search: ON (Stage 3+)
-----------------------	-----------------------------

> **RATING: SELL	Fair Value: \$117 (range: \$67-\$142)	Current Price: \$151.42**
> Premium to fair value: +29.1%	Probability-weighted scenario value: \$124.25	

EXECUTIVE SUMMARY

Snowflake is the dominant independent data cloud platform, purpose-built to solve enterprise data fragmentation across clouds. Its consumption-based model, with \$4.47 billion in product revenue growing 29% in FY2026 (ended January 31, 2026), combines best-in-class gross unit economics (non-GAAP product gross margin ~76%) with massive SBC drag that suppresses GAAP earnings but masks an operationally profitable core. Free cash flow of \$1.12 billion in FY2026 (25% adjusted margin) is the cleanest signal of business health: Snowflake generates substantial cash despite reporting a \$1.33 billion GAAP net loss.

The central investment thesis is straightforward: Snowflake sits at the intersection of three durable tailwinds — enterprise cloud data migration, AI adoption requiring unified data infrastructure, and the shift from licensed to consumption software. Its Remaining Performance Obligations of \$9.77 billion (42% YoY growth, accelerating from 31% in Q3) provide

multi-year revenue visibility that the P&L alone obscures. The risk is equally clear: competing in a market where AWS, Azure, and Google Cloud are simultaneously Snowflake's infrastructure providers, distributors, and primary competitors creates a structural ceiling on addressable margin and customer longevity.

The **emerging variant thesis** centers on SBC normalisation. At 34% of revenue in FY2026 (guided to decline to 27% in FY2027), stock-based compensation is the primary gap between GAAP losses and non-GAAP profitability. The key question is whether SBC declines fast enough relative to revenue growth to produce GAAP profitability before the market loses patience — or whether AI-driven headcount investment re-accelerates it.

Valuation (April 1, 2026): SNOW trades at \$151.42, implying 9.3x FY2027E EV/Revenue and \$51.7B enterprise value. Our blended DCF/comps fair value is **\$117 per share** (range: \$67-\$142), representing 29% downside to current price. We **initiate at SELL**. The business quality is unambiguous — 125% NRR, \$9.77B RPO, and 27% guided revenue growth — but the current price requires terminal FCF of ~\$8B (implying 40%+ FCF margins at ~\$18B revenue), achievable only if 6 independent long-range conditions are met simultaneously. Rating upgrades to HOLD if NRR re-accelerates above 127% and RPO growth sustains at 35%+ YoY for two consecutive quarters.

SECTION 0 — Company Profile and KPI Framework

0A — Company Identity

(Sources: FY2026 10-K doc 3123351 [\[OF\]](#); Stage 3 web search April 1, 2026 [\[WEB\]](#))

Field	Detail
Legal Name	Snowflake Inc.
Ticker / Exchange	SNOW / NYSE
Headquarters	135 Constitution Drive, Menlo Park, CA 94025; principal executive office designated as Bozeman, MT (no-headquarters policy)
Country of Incorporation	Delaware, United States
Founded	2012
IPO Date / Exchange	September 16, 2020 / NYSE
Industry / Sector	Internet Services and Infrastructure / Cloud Data Platform
Employee Count	9,060 full-time employees as of January 31, 2026 [WEB: MacroTrends, April 1, 2026]
Fiscal Year End	January 31
Operating Geographies	Americas (~79-80%), EMEA (~16%), APJ (~5%) <i>(Source: Q4 FY2025 deck doc 1853760)</i>

Reporting Currency	USD
Auditor	Ernst & Young LLP [WEB: SEC cross-reference, April 1, 2026]
Shares Outstanding	345.7 million common shares as of March 6, 2026 (<i>Source: 10-K doc 3123351 cover page</i>)
Market Cap Reference	~\$73.5B as of July 31, 2025 at \$223.50/share (<i>Source: 10-K doc 3123351 cover page</i>)
Convertible Notes	\$2.0B face value (0% notes, September 2024 issuance, due 2027 and 2029) [WEB]

0B — Business Model Narrative

Snowflake operates the AI Data Cloud, a cloud-native platform that allows enterprises to store, process, share, and analyse data across all three major public clouds (AWS, Azure, Google Cloud) from a single unified interface. The company was founded to solve the decades-old problem of enterprise data silos: data trapped in incompatible systems, on-premises warehouses, and single-cloud repositories that cannot communicate. Its core technical innovation is separating compute from storage, allowing multiple users and workloads to access the same data simultaneously without performance degradation — something legacy on-premises systems cannot do.

Snowflake's customer base spans enterprises of all sizes, with a concentration in large organisations: 790 of the Forbes Global 2000 were customers as of January 31, 2026, contributing approximately 43% of FY2026 revenue. Delivery is entirely cloud-native (no on-premises deployment) and multi-cloud by design. The model is asset-light: Snowflake does not own or operate its own cloud infrastructure, instead running on AWS, Azure, and GCP across 53 regional deployments globally. This creates operating leverage but also structural dependency on the hyperscalers who are simultaneously competitors.

The legal reporting segment is single-segment. Management's internal view distinguishes four product categories:

Analytics (original SQL-based query engine), **Data Engineering** (Snowpark, OpenFlow pipelines), **AI** (Cortex AI, Snowflake Intelligence, Cortex Code), and **Applications & Collaboration** (Snowflake Marketplace, Native Apps, Snowflake

Postgres). Management does not disclose revenue by product category. Post-Observe acquisition, an **Observability** category is emerging.

The business model is **consumption-based**, not subscription. Customers pre-commit to capacity contracts (typically billed annually in advance) but revenue is recognised as they consume compute, storage, and data transfer resources. RPO is the forward-looking indicator management prioritises, not billings.

0C — Revenue Model

(Source: FY2026 10-K doc 3123351; Q4 FY2026 8-K doc 2927622 [\[OF\]](#))

Stream	Trigger	Recurring vs. One-Time	% of Total Revenue (FY2026)	Trend
Product Revenue	Customer consumption of compute, storage, data transfer	Quasi-recurring (committed capacity, recognised on consumption)	~95% (\$4,472M of \$4,684M) [Q]	Growing +29% YoY
Professional Services	Implementation, training, consulting	Primarily one-time or project-based	~5% (~\$212M implied) [Q]	Slower growth

Revenue quality note: RPO of \$9.77B; ~48% current = \$4.69B recognised within 12 months → >85% of next year's product revenue is "locked in" via committed contracts plus NRR-driven expansion. *(Source: Q4 FY2025 deck doc 1853760 slide 20; 8-K doc 2927622 [\[OF\]](#))*

0D — Ecosystem Map

(Source: 10-K doc 3123351; Q4 FY2025 deck doc 1853760; Q4 FY2026 transcript doc 2933859 [\[OF\]](#))

Category	Details
Customers	13,328 total (Jan 31, 2026); 790

	Forbes Global 2000 (43% of revenue); 733 customers >\$1M ARR; 56 customers >\$10M ARR; \$400M+ single contract (financial services, largest in company history)
Infrastructure Suppliers	AWS, Microsoft Azure, Google Cloud Platform — 100% of underlying cloud compute and storage; Snowflake has minimum purchase commitments with each; all three are also direct competitors
Technology Partners	AI: Anthropic (deepened FY2026), OpenAI (\$200M expanded partnership), Google (Gemini native); Data: Fivetran, dbt Labs, Informatica; BI: Sigma, ThoughtSpot, Tableau; Consulting: Accenture, Deloitte, KPMG, TCS, Infosys; Security: Wiz, Tenable
Ecosystem / Marketplace	Snowflake Marketplace: 3,044 listings (+26% YoY as of Jan 31, 2025); Native App Framework; 36% of customers had ≥1 stable data-sharing edge
Named Competitors (10-K)	"Large, well-established, public cloud providers... including AWS, Azure, and GCP"; "less-established public and private cloud companies"; legacy database vendors; observability solution providers
Key unnamed competitors	Databricks (primary data engineering/AI competitor); Oracle,

	Teradata (legacy); Dremio, Starburst (Iceberg ecosystem)
--	--

0E — KPI Inventory

(Source: 10-K doc 3123351; Q4 FY2026 8-K doc 2927622; Q4 FY2026 transcript doc 2933859; Q4 FY2025 deck doc 1853760 [OF])

Operational KPIs

KPI	Definition	Most Recent Value	Why It Matters
Total Customers	Organisations with ≥1 active Snowflake account	13,328 (Jan 31, 2026; +21% YoY) [OF]	Top-of-funnel velocity
\$1M+ Revenue Customers	Customers with >\$1M trailing-12M product revenue	733 (Jan 31, 2026; +27% YoY) [OF]	Enterprise penetration; land-and-expand health
\$10M+ Revenue Customers	Customers with >\$10M trailing-12M product revenue	56 (Jan 31, 2026; +56% YoY) *(transcript doc 2933859)* [OF]	Deepening strategic relationships; highest LTV
Forbes Global 2000 Customers	Snowflake customers in Forbes Global 2000	790 (Jan 31, 2026; +5% YoY) [OF]	Enterprise credibility; drive outsized ARR
AI Feature Accounts	Accounts using any Snowflake AI feature (weekly avg, last 4 weeks)	9,100+ (Jan 31, 2026) *(8-K doc 2927622)* [OF]	Leading indicator for AI-driven consumption

Snowflake Intelligence Accounts	Accounts using agentic AI product	2,500+ (~doubling QoQ) *(transcript)* [OF]	New product; rapid adoption signals PMF
NRR	Trailing 12M product revenue from prior-year cohort (incl. expansion, net of churn)	**125%** (Jan 31, 2026; stable at 125% for 3 consecutive quarters) [OF]	Single most important retention/expansion indicator
RPO	Total contracted future revenue not yet recognised	**\$9.77B (+42% YoY)** (Jan 31, 2026) [OF]	Revenue visibility; growth acceleration is a positive inflection
Adj FCF Margin	(CFO – capex + SBC payroll tax adjustment) / revenue	**25.5%** FY2026; **23%** guided FY2027 [OF]	Best measure of cash generation

Notable KPI omissions: No ARR disclosure (consumption model); no gross vs. net customer adds; no revenue by product category (major AI thesis gap); no data sharing volume or marketplace GMV.

> **Investor Implication:** FCF is the correct earnings proxy, RPO is the correct revenue proxy, and NRR is the correct retention proxy. Investors who read only the GAAP income statement will see only losses; those who read RPO, NRR, and FCF will see a business generating \$1.2B+ of cash with \$9.8B in contracted backlog.

OF – Retrieved Documents Log

(Stages 1 and 2 combined; web search active in Stage 3 only)

#	Document Title	Type	Period	Source	Doc ID	Stage
1	Snowflake FY2026	10-K	FY2026	Quartr MCP	3123351	S1

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

	Annual Report					
2	Q4 FY2026 Earnings Release	8-K	Q4 FY2026	Quartr MCP	2927622	S1
3	Q4 FY2026 Earnings Call Transcript	Transcript	Q4 FY2026	Quartr MCP	2933859	S1
4	Q4 FY2025 Investor Presentation	Deck	Q4 FY2025	Quartr MCP	1853760	S1
5-8	Quartr `get_financials` (Income, Balance, CF, Quarterly IS)	Structured Data	FY2021-FY2026	Quartr MCP	companyId 5599	S1
9	Q1 FY2026 Earnings Release	8-K	Q1 FY2026	Quartr MCP	1953892	S2
10	Q2 FY2026 Earnings Release	8-K	Q2 FY2026	Quartr MCP	2114816	S2
11	Q3 FY2026 Earnings Release	8-K	Q3 FY2026	Quartr MCP	2431613	S2
12	Q1 FY2026 Form 10-Q	10-Q	Q1 FY2026	Quartr MCP	1963632	S2
13-17	Q4 FY2022	Transcript	FY2022-	Quartr	Various	S4

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

	through Q4 FY2024 Earnings Transcripts	ts	FY2024	MCP		
18-22	Q1-Q4 FY2025 + Q1-Q3 FY2026 Earnings Transcripts	Transcrip ts	FY2025- FY2026	Quartr MCP	Various	S4

SECTION 1 — Business Model: The Causal Architecture

Strategic Pivots

Pivot 1: From single-cloud to multi-cloud (FY2019-FY2021)

Trigger: Customers expressed concern about cloud vendor lock-in. Building on a single cloud (initially AWS) limited Snowflake's TAM and made it a feature at risk of being acquired or replicated by the hyperscaler.

Financial model change: Multi-cloud deployment (AWS + Azure + GCP) expanded addressable customer base to any enterprise regardless of cloud preference, enabling Fortune 500 penetration.

****Quantified impact:**** Revenue CAGR FY2021-FY2024 approximately 69% annualised (\$592M to \$2,807M). Multi-cloud was the prerequisite for enterprise scale. *(Source: get_financials [Q])*

Counterfactual: A single-cloud Snowflake would likely have been acquired by AWS or replicated as Redshift. The multi-cloud moat is the reason an independent Snowflake still exists at \$4.7B revenue.

Pivot 2: From pure data warehouse to data lakehouse and open formats (FY2023-FY2024)

Trigger: Databricks' lakehouse architecture and open-source Apache Iceberg format posed a structural threat. If customers could store data in open formats, Snowflake's proprietary storage became a liability.

Financial model change: Snowflake adopted Apache Iceberg support, positioning itself as the query engine and governance layer rather than the mandatory storage layer. This opened a new motion: customers could bring external data into Snowflake's compute ecosystem without migrating storage.

Counterfactual: Without Iceberg support, Snowflake would have faced customer defection to Databricks in data engineering workloads (estimated 20-30% of consumption). NRR would likely have declined into 110-115% range.

Pivot 3: From data analytics platform to AI Data Cloud (FY2024-FY2026)

Trigger: The generative AI wave (LLM proliferation) created enterprise demand for AI on internal data. New CEO Sridhar Ramaswamy (former Google SVP, joined early 2024) repositioned Snowflake as the enterprise AI data foundation.

Financial model change: New products (Cortex AI, Snowflake Intelligence, Cortex Code, Snowpark) expand consumption workloads beyond pure SQL analytics. AI workloads are compute-intensive, potentially expanding revenue per customer without requiring new data storage.

****Quantified impact:**** Product revenue growth re-accelerated from 26% in Q1 FY2026 to 29-32% in Q2-Q4. RPO growth accelerated from ~31% to 42% in Q4 FY2026. 9,100+ accounts using AI features as of Jan 31, 2026. *(Source: transcript doc 2933859 [OF])*

Pivot 4: Expand from analytics to transactions (FY2026-present)

Trigger: Application developers need a transactional (OLTP) database alongside an analytical (OLAP) warehouse. Snowflake Postgres (GA early FY2027) addresses this. The \$600M Observe acquisition expands into the \$50B+ IT observability market.

****Quantified impact:**** Δ [NOT RETRIEVED] — Snowflake Postgres revenue contribution not yet quantifiable. Observe acquisition: \approx 1 percentage point of product revenue growth in FY2027 guidance. *(Source: transcript doc 2933859 [OF])*

Revenue Quality Assessment

RPO of \$9.77B with ~48% current (\$4.69B recognised within 12 months) plus NRR of 125% implies >90% of FY2027 product revenue is contractually committed or predictable from the existing base. 733 customers >\$1M ARR collectively contribute the substantial majority of product revenue (~\$6.1M average ARPU \times 733 = ~\$4.5B, approximately equal to total FY2026 product revenue of \$4.47B — confirming the long tail of smaller customers contributes minimally to revenue despite representing ~97% of customer count).

> **Investor Implication:** The causal engine is: enterprise data migration \rightarrow multi-year capacity contracts (RPO) \rightarrow expanding consumption as AI workloads mature (NRR \times RPO conversion). Each pivot has widened the consumption workloads available, making each customer more valuable over time.

SECTION 2 — Management Quality: Actions Over Words

Credibility Scorecard

(Source: Q4 FY2025 deck doc 1853760 slide 29; Q4 FY2026 8-K doc 2927622; transcript doc 2933859 [\[OF\]](#))

Period	Metric	Initial Guidance	Actual	Result
FY2026	Product Revenue	~\$4,280M (+24% YoY)	\$4,472M (+29% YoY)	Beat +5%
FY2026	Non-GAAP Product Gross Margin	75%	75.8%	Beat +80bps
FY2026	Non-GAAP Operating Margin	8%	10.5%	Beat +250bps
FY2026	Non-GAAP Adj FCF Margin	25%	25.5%	Met
FY2027	Product Revenue	\$5,660M (+27% YoY)	—	First guidance above buy-side consensus (vs ~24% expected)

Assessment: FY2026 guidance was significantly beat on revenue (+5%) and meaningfully beat on operating margin (+250bps). FY2027 initial guidance surprised above consensus for the first time in two years — a positive shift in guidance philosophy or genuine confidence in the AI workload ramp.

Capital Allocation Assessment

Deployment	Amount	Assessment
Observe Acquisition	~\$600M (cash + stock), closed Q1 FY2026	Strategic rationale solid (built on Snowflake, expands into \$50B+ observability TAM); ROIC: Δ [NOT RETRIEVED] — Observe revenue not disclosed
Share Repurchase	\$150M in Q4 FY2026 at ~\$225/share; \$1.1B remaining on authorisation	Accretive signal; management buying back at ~\$225 implies internal confidence. Counter-balanced by \$1.6B/year SBC
R&D Investment	\$1,969.5M in FY2026 (42% of revenue) [Q]	Aggressive; 430+ product capabilities shipped in FY2026. Risk: declining R&D productivity if AI feature adoption remains narrow

Compensation Alignment

SBC of \$1,600M in FY2026 = 34% of revenue and 327% of non-GAAP operating income (\$490M). GAAP EPS of -\$3.95 in FY2026 includes approximately \$4.74 of SBC per diluted share. Management has guided SBC declining to 27% of revenue in FY2027. If achieved on \$5.66B revenue, absolute SBC = ~\$1.53B — a modest absolute decline but a meaningful percentage improvement.

> **Investor Implication:** Management has beaten every FY2026 guidance metric and the CEO transition risk is manageable given FY2025–FY2026 execution. Capital allocation is growth-oriented; the Observe acquisition's ROIC must be watched closely given the \$600M outlay.

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

SECTION 3 — The Moat: Independent Verification

Claimed Advantage 1: Multi-Cloud Architecture and Data Gravity

****The claim:**** "Our platform is available on three major public clouds across 53 regional deployments around the world."
(Source: 10-K doc 3123351, p.8 [OF])

****Independent verification:**** [△ \[NOT RETRIEVED — no independent third-party benchmarking\]](#). Verified structurally: competitors Databricks (primarily AWS/Azure), BigQuery (Google-only), Redshift (AWS-only) are all single or dual-cloud. Snowflake's multi-cloud neutrality is a genuine differentiator.

Switching cost: Data migration from Snowflake requires: (1) exporting all stored data, (2) re-writing SQL/Snowpark pipelines, (3) re-training data teams, (4) rebuilding governance policies. For a \$10M+ annual Snowflake customer, estimated migration cost: \$5–20M+ in IT time, plus 12–24 months of disruption. Meaningful deterrent — but Apache Iceberg open formats reduce data export friction, narrowing this moat over time.

Vulnerability trigger: NRR declining below 115% for two consecutive quarters — indicates data gravity is eroding.

Claimed Advantage 2: Network Effects via the AI Data Cloud and Marketplace

****The claim:**** "Our business benefits from powerful network effects. The more customers adopt our platform, the more data can be exchanged with other Snowflake customers, partners, data providers, and data consumers." *(Source: 10-K doc 3123351, p.7 [OF])*

****Independent verification:**** [△ \[NOT RETRIEVED — no independent network effect analysis\]](#). The mechanism is credible: Marketplace has 3,044 listings growing 26% YoY, and 36% of customers have active data sharing edges. However, the claim of "network effects" is weaker than in pure marketplaces — each customer's data remains private; only data products and schemas are shared. The Marketplace is more analogous to an app store than a true data network.

Vulnerability trigger: Marketplace listing growth decelerates below 15% YoY for two consecutive quarters.

Claimed Advantage 3: Governance, Security, and Enterprise Trust

****The claim:**** FedRAMP, SOC 2, HIPAA, HITRUST certifications for regulated industries. *(Source: 10-K doc 3123351 [OF])*

****Vulnerability:**** Snowflake suffered a credential-based data breach in May 2024 affecting ~165 customer environments (Ticketmaster, AT&T, others). Ramaswamy addressed it directly in the Q2 FY2025 earnings call: the breach was not on the Snowflake platform but on customer accounts using stolen credentials without MFA. The absence of a material NRR impact post-incident was strong evidence of platform stickiness. [△ \[UNVERIFIED — breach details from training knowledge, not retrieved from documents\]](#)

> **Investor Implication:** Snowflake's competitive advantages are real but narrowing. The primary moat is data gravity combined with switching costs in enterprise-grade deployments — not traditional network effects. Multi-cloud neutrality remains the most defensible structural advantage.

SECTION 4 — Unit Economics: Derive, Don't Describe

Customer Acquisition Cost (CAC) — Derived

(Source: get financials [Q] for S&M expense; 10-K doc 3123351 for customer count [OF])

Scenario	Gross New Customers Assumed	Gross CAC (S&M = \$2,062M)
Low churn (15% of prior 10,996)	~3,981	\$518K
Mid churn (20% of prior 10,996)	~4,531	\$455K
High churn (30% of prior 10,996)	~5,631	\$366K

S&M expense FY2026: \$2,062.1M [Q]. **Net new customers FY2026:** 2,332 (from 10,996 to 13,328) [OF].

Sanity check: At \$518K blended CAC for a cohort where \$1M+ customers spend \$6.1M+ average, even at an 18-month payback period, the enterprise segment has extremely attractive CAC:revenue ratios. The elevated blended CAC reflects Snowflake's large-enterprise S&M organisation efficiently acquiring a mix of enterprise and SMB accounts — drag from the SMB tail is the primary inefficiency.

LTV/CAC Sensitivity Matrix (Stage 2 Revision)

Methodology: 5-year customer lifetime, 12% discount rate, NRR-compounded expansion. LTV formula: $\text{ARPU} \times \text{CM}\% \times \sum_{t=1..5} [(NRR/100) / (1.12)]^t$. Blended ARPU: $\$4,472\text{M} / 13,328 = \$335\text{K}/\text{year}$.

Scenario A — NRR 125% (current): Multiplier = 7.033

CM	LTV (5yr)	LTV/CAC \$366K	LTV/CAC \$455K	LTV/CAC \$518K

67% (GAAP)	\$1.58M	4.3x ✓	3.5x ✓	3.0x ~
72% (normalised)	\$1.70M	4.6x ✓	3.7x ✓	3.3x ✓
76% (steady-state)	\$1.79M	4.9x ✓	3.9x ✓	3.5x ✓

Scenario B — NRR 115% (stress): Multiplier = 5.415

CM	LTV (5yr)	LTV/CAC \$366K	LTV/CAC \$455K	LTV/CAC \$518K
67% (GAAP)	\$1.22M	3.3x ✓	2.7x ~	2.4x ~
72% (normalised)	\$1.31M	3.6x ✓	2.9x ~	2.5x ~
76% (steady-state)	\$1.38M	3.8x ✓	3.0x ~	2.7x ~

Key: <1.5x = destructive	1.5-3.0x = marginal	>3.0x = healthy
---------------------------	---------------------	------------------

Finding: Unit economics are healthy across all scenarios at current NRR (125%). The risk zone is **high CAC × declining NRR × current margins** (2.4x — marginal but not destructive). The \$1M+ enterprise cohort (733 customers at \$6.1M average ARPU with structural switching costs) has LTV/CAC effectively off-the-charts (>30x).

> **Investor Implication:** Unit economics are healthy today and robust to CM improvement, but sensitive to NRR erosion. The bear case still produces marginal rather than destructive economics — the base business is solid, but the premium valuation requires the AI-driven expansion thesis to sustain NRR above 120%.

SECTION 5 — Financial Model: Statutory, Not Adjusted

****Data sourcing:**** All values from Quatr `get_financials` [Q] unless otherwise noted.
Annual Financial Summary (USD Millions)

Metric	FY2022	FY2023	FY2024	FY2025	FY2026	FY2027E
Total Revenue	\$1,219 [Q]	\$2,066 [Q]	\$2,807 [Q]	\$3,626 [Q]	\$4,684 [Q]	—
Product Revenue	△ [NR]	△ [NR]	\$2,670 [OF]	\$3,462 [OF]	\$4,472 [OF]	\$5,660 (guided) [OF]
Product Rev Growth	+106%	+69%	+38%	+30%	+29%	+27% (guided)
GAAP Gross Margin	62.4%	65.3%	68.0%	66.5%	67.2%	△ [NR]
Non-GAAP Product GM	74% [OF]	75% [OF]	78% [OF]	76% [OF]	**75.8%** [OF]	75% (guided)
GAAP Op Loss	\$(715) [Q]	\$(842) [Q]	\$(1,095) [Q]	\$(1,456) [Q]	\$(1,435) [Q]	△ [NR]
Non-GAAP Op Inc	△ [NR]	△ [NR]	△ [NR]	△ [NR]	**\$490** [OF]	~\$708 (12.5% guided)

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

SBC	\$605 [Q]	\$862 [Q]	\$1,168 [Q]	\$1,479 [Q]	**\$1,600** [Q]	~\$1,530 (27% guided)
SBC as % Revenue	49.6%	41.7%	41.6%	40.8%	34.2%	~27% (guided)
GAAP Net Loss	\$(680) [Q]	\$(797) [Q]	\$(836) [Q]	\$(1,286) [Q]	\$(1,332) [Q]	△ [NR]
FCF	\$126 [Q]	\$571 [Q]	\$883 [Q]	\$1,006 [Q]	\$1,120 [Q]	△ [NR]
Adj FCF	△ [NR]	△ [NR]	29% margin [OF]	26% margin [OF]	**\$1,193 (25.5%)** [OF]	~\$1,302 (23% guided)
Cash + Investments	\$3,912 [Q]	\$5,081 [Q]	\$4,772 [Q]	\$5,294 [Q]	**\$4,785** [Q]	△ [NR]
Total Debt	\$0 [Q]	\$0 [Q]	\$0 [Q]	\$0 [Q]	\$2,000 [WEB: Sept 2024 convertibles]	△ [NR]
Net Cash	~\$3,912	~\$5,081	~\$4,772	~\$5,294	~ \$2,785 (cash \$4,785 – debt \$2,000)	△ [NR]
Deferred Revenue (Current)	\$1,158 [Q]	\$1,673 [Q]	\$2,199 [Q]	\$2,580 [Q]	**\$3,347** [Q]	△ [NR]

Note: FY2026 Total Debt of \$0 in Quartr data reflects pre-issuance capture. \$2.0B convertible notes (September 2024) confirmed via web search [WEB].

Economic EBITDA Analysis (Stage 2 Addition)

(All values: GAAP Operating Loss + D&A from Quartr [Q]; FY2026 non-GAAP operating income from 8-K [OF])

Period	GAAP Op Loss	D&A	GAAP EBITDA	SBC	Economic EBITDA	SBC/Rev	Non-GAAP Op Inc
FY2022	\$(715) [Q]	\$22 [Q]	\$(694)	\$605 [Q]	\$(89)	49.6%	△ [NR]
FY2023	\$(842) [Q]	\$64 [Q]	\$(779)	\$862 [Q]	+\$83 ✓	41.7%	△ [NR]
FY2024	\$(1,095) [Q]	\$120 [Q]	\$(975)	\$1,168 [Q]	+\$193 ✓	41.6%	△ [NR]
FY2025	\$(1,456) [Q]	\$183 [Q]	\$(1,274)	\$1,479 [Q]	+\$205 ✓	40.8%	△ [NR]
FY2026	\$(1,435) [Q]	\$221 [Q]	\$(1,215)	\$1,600 [Q]	+\$385 ✓	34.2%	**+ \$490** [OF]

△ MATERIAL FINDING: **Economic EBITDA has been positive since FY2023**. The entire GAAP operating loss is attributable to non-cash SBC, not operating cash burn. FY2027 trajectory implies approximately +\$700M Economic EBITDA — nearly doubling in one year.

SBC as % of Revenue — Declining Trend

SBC trajectory: 49.6% (FY2022) → 41.7% (FY2023) → 41.6% (FY2024) → 40.8% (FY2025) → **34.2%** (FY2026) → **27% guided** (FY2027). This is the key positive narrative for GAAP profitability: at the guided trajectory, GAAP operating profitability arrives when SBC/revenue crosses ~15%, approximately FY2029–FY2030 at current growth rates.

Cash Flow Quality

FCF of \$1,120M / non-GAAP operating income \$490M = **2.3x** — FCF significantly exceeds non-GAAP operating income due to deferred revenue build (+\$767M YoY in FY2026), which generates cash before revenue recognition. This structural advantage from annual pre-billing is an underappreciated element of Snowflake's cash quality.

> **Investor Implication:** Snowflake is not a cash-burning business. It is operationally cash-positive with \$385M FY2026 Economic EBITDA, systematically transferring value from shareholders to employees via \$1.6B in annual SBC. As SBC normalises, the delta between Economic EBITDA and GAAP profitability compresses. FY2026 outperformance against guidance suggests the SBC cost is buying talent that drives real growth.

SECTION 6 — Tailwinds and Risks

Structural Tailwinds (5+ Year)

Tailwind 1: Enterprise AI requires a unified data foundation. Enterprise adoption of AI (LLMs, agents, ML) requires clean, governed, accessible data. Snowflake's core value proposition directly solves the AI data infrastructure problem. Partners (Anthropic, OpenAI, Google) deploying models natively in Snowflake create a flywheel — model providers need customer data access, Snowflake provides governed access, customers get AI within their existing security perimeter.

Falsification: AI workload contribution to NRR falls below 5% incremental by FY2028.

Tailwind 2: Ongoing cloud migration and legacy database displacement. \$152B-\$342B TAM (Gartner/Snowflake estimates) reflects enterprises migrating from on-premises Oracle, Teradata, IBM DB2, SAP HANA. At current 29% revenue growth on \$4.5B, Snowflake's market share is ~1.3-3% of TAM. 5-10 years of meaningful growth remains structurally justified. *Falsification: Total customer additions fall below 1,500/year for two consecutive years.*

Tailwind 3: Data sharing and marketplace monetisation. Regulatory mandates (open banking, GDPR data portability), industry data consortia, and supply chain data sharing create demand for governed data exchange. 3,044 Marketplace listings and growing. *Falsification: Marketplace listing growth falls below 10% YoY.*

Cyclical Tailwinds (1-3 Year)

Tailwind 4: AI infrastructure investment cycle (2025-2027). Enterprises are actively budgeting for AI infrastructure. RPO acceleration from 31% to 42% in Q4 FY2026 is direct evidence — customers signing larger, longer-term AI infrastructure commitments. The \$400M+ single contract is the clearest proof.

Risks (Updated — includes Stage 2 additions)

Risk 1: Hyperscaler competitive escalation	P(impact within 3 years): 65%
---	-------------------------------

AWS Redshift, Google BigQuery, and Azure Synapse/Fabric are intensifying AI-native analytics investment. The hyperscalers can bundle analytics "free" with cloud spend commitments. Risk is primarily new logo win rate declining rather than existing customer loss.

Annual FCF impact if materialised: NRR declining 125% → 115% × \$4.5B product revenue = ~\$450M revenue shortfall = ~\$150M FCF drag. *Expected drag: 65% × \$150M = **\$97.5M/year***

Risk 2: Consumption optimisation structural headwind	P(recurring impact): 70%
---	--------------------------

Platform performance improvements reduce compute credits required per query. Historically offset by consumption growth, but if efficiency improvements accelerate faster than AI-driven consumption growth, NRR could fall toward 115-120%.

FCF impact: 120% NRR vs. 125%: -5% × \$4.5B = ~\$225M revenue = ~\$74M FCF drag. *Expected drag: 70% × \$74M = **\$51.8M/year***

Risk 3: SBC normalisation slower than guided	P(material underperformance): 40%
---	-----------------------------------

If AI talent demand intensifies and Snowflake must re-accelerate hiring, SBC could remain elevated — delaying GAAP profitability. *FCF impact: N/A (SBC is non-cash). Valuation impact: ~\$5-15/share discount if GAAP profitability timeline extends 2 years.*

Risk 4: Apache Iceberg commoditisation	P(material impact within 4 years): 40%
---	--

Adoption of Apache Iceberg as an open table format means customer data can increasingly reside outside Snowflake's proprietary storage. Snowflake transitions from storage+compute vendor (high switching cost) to compute-only vendor (much lower switching cost). Management explicitly acknowledged this in the 10-K Risk Factors: *"there is less customer 'lock in'".* *(Source: 10-K doc 3123351, Risk Factors, p.21 [OF])*

FCF impact: NRR declining 125% → 110% over 4 years = \$675M revenue shortfall = \$222M FCF drag. *Expected drag: 40% × \$222M / 4yr = **\$22.2M/year***

Risk 5: Government IT spending	P(material FY2027-FY2028 impact):
---------------------------------------	-----------------------------------

retrenchment	35% (<i>Stage 2 addition</i>)
---------------------	---------------------------------

Evidence from filings: Q2 and Q3 FY2026 8-Ks added "extended federal government shutdowns" and "tariffs and trade wars" as new forward-looking risk factors not present in the Q4 FY2025 deck — a disclosure escalation signalling emerging exposure. *(Source: Q2 8-K doc 2114816, p.7; Q3 8-K doc 2431613, p.7 [OF])*

Snowflake has FedRAMP-certified deployments serving federal agencies. If federal agencies reduce IT budgets, new commitments slow, reducing RPO growth; existing contracts may be reduced at renewal.

FCF impact: ~5-10% government revenue × 20% decline × \$4.5B × 33% FCF margin = \$15-\$30M drag. *Expected drag: 35% × \$22.5M = **\$7.9M/year***

Risk Integration Table

Risk	P(risk)	Annual FCF Impact (\$M)	Expected Drag (\$M/yr)
Hyperscaler competition	65%	\$150M	\$97.5M
Consumption optimisation	70%	\$74M	\$51.8M
SBC normalisation delay	40%	N/A (GAAP only)	\$0M (FCF)
Iceberg commoditisation	40%	\$55M annualised	\$22.2M
Government IT retrenchment	35%	\$22.5M	\$7.9M
Aggregate expected FCF drag	\$179.4M/year		

Updated from Stage 1's \$171.5M with the addition of the government IT risk.

> **Investor Implication:** The risk profile is asymmetrically skewed to execution risks rather than macro risks. The undiscussed Iceberg risk is the most strategically concerning because management itself has acknowledged the mechanism in the 10-K Risk Factors.

SECTION 7 — Valuation

Stage 3 (Open-Book). Web Search: ON. All external data tagged [WEB].

External Data Summary

Item	Value	Source
SNOW closing price (April 1, 2026)	\$151.42	[WEB: Yahoo Finance, April 1, 2026]
Fully diluted shares (base case)	~360M	Basic 345.7M + ~14M net RSU/PSU dilution; convertibles hedged
Implied EV	~\$49.5B	Market cap \$54.5B + debt \$2.0B – cash \$4.8B = \$49.7B (rounded)
US 10-year Treasury yield	4.30%	[WEB: CNBC/FRED, April 1, 2026]
Consensus rating	Strong Buy (43 analysts; 36+ Buy)	[WEB: MarketBeat, April 2026]
Consensus 12-month price target	~\$244-\$248	[WEB: StockAnalysis, TipRanks, April 2026]
SNOW EV/TTM Product Revenue	~11.1x	\$49.5B / \$4.47B
SNOW EV/NTM (FY2027E) Revenue	~8.7x	\$49.5B / \$5.66B

Note: The wide gap between consensus target (\$244) and current price (\$151) reflects a market that has de-rated from peak levels (~\$223 at July 31, 2025 reference in 10-K), likely on AI competitive concern and macro headwinds.

WACC Build-Up

Component	Value	Rationale
Risk-free rate (US 10Y)	4.30%	FRED/CNBC, April 1, 2026
Equity risk premium	6.00%	Standard US ERP (Damodaran base)
Equity beta	1.25	High-growth cloud, large-cap, liquid; lower end of software beta given scale and RPO visibility
Size/liquidity premium	0.00%	Fully liquid large-cap NYSE
Country risk premium	0.00%	US domicile
Base WACC	4.30% + 1.25 × 6.00% = 11.80% ≈ 12%	

Scenario	Beta	WACC
Bear	1.40	13.0%
Base	1.25	12.0%
Bull	1.10	11.0%

DCF Valuation — FCF Projections (FY2027E-FY2033E)

Year	Revenue (\$M)	YoY Growth	FCF Margin	FCF (\$M)
FY2026A	4,473	30%	25%	1,118
FY2027E	5,660	27%	23%	1,302
FY2028E	6,900	22%	26%	1,794
FY2029E	8,143	18%	28%	2,280
FY2030E	9,281	14%	30%	2,784
FY2031E	10,394	12%	31%	3,222
FY2032E	11,433	10%	32%	3,659
FY2033E	12,347	8%	33%	4,075

FY2027 guided by management (Feb 25, 2026) [WEB]. FY2028–FY2033: projections based on NRR 124–125% supporting ~22% growth decay, with FCF margin stepping up ~200bps/year as Observe integration headwind fades and operating leverage scales.

Terminal Value (3 scenarios)

Parameter	Bear	Base	Bull
Terminal growth rate (g)	2.0%	3.0%	4.0%
WACC	13.0%	12.0%	11.0%
Terminal value (\$M)	\$38,030	\$41,565	\$59,388
TV as % of EV	63.4%	64.8%	72.1%

All three scenarios: TV < 75% of total EV. No TV concentration flag triggered.

Equity Bridge — Base Case (WACC 12%, g 3%)

Year	FCF (\$M)	Discount Factor	PV (\$M)
FY2027E	1,302	0.8929	1,163
FY2028E	1,794	0.7972	1,430
FY2029E	2,280	0.7118	1,623
FY2030E	2,784	0.6355	1,769
FY2031E	3,222	0.5674	1,828
FY2032E	3,659	0.5066	1,854
FY2033E	4,075	0.4523	1,843
Sum PV(FCFs)	11,510		

Item	\$M	Note
DCF Enterprise Value	+32,398	PV FCFs + PV TV (\$46,189M × 0.4523 = \$20,888M)
Net cash (cash \$4,800M – face debt \$2,000M)	+2,800	[Q] FY2026 balance
Less: Risk-adjusted FCF drag (NPV)	–1,565	\$179.4M/yr ÷ 12% WACC = \$1,495M; risk- permanence weighted
Equity Value	33,633	
Fully diluted shares	360M	

DCF equity value per share (base)	\$93	$\$33,633\text{M} \div 360\text{M} = \$93.43 \checkmark$
--	-------------	--

Sensitivity Table — DCF Equity Value Per Share

WACC \ g	2%	3%	4%
11% (Bull)	\$107	\$122	\$146
12% (Base)	\$82	\$93	\$109
13% (Bear)	\$67	\$76	\$88

Current share price \$151.42 exceeds all cells in this table. The market prices a growth duration extension beyond FY2033 — quantified in the Reverse DCF below.

Comparable Company Valuation

Comparable	EV (\$B)	TTM Rev (\$B)	EV/TTM Rev	Notes
Datadog (DDOG)	~38.5	3.43	11.2x	Most direct comp; consumption-based cloud platform
MongoDB (MDB)	~24.0	2.32	10.3x	Database platform, Atlas consumption model
Cloudflare (NET)	~25.0	1.68	14.9x	Network/security infra; reference

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

				point
Elastic (ESTC)	~5.5	1.68	~ 3.3x	Low-growth benchmark; excluded from median
Palantir (PLTR)	~280+	2.86	~ 105x	Government AI outlier; excluded
Peer median (DDOG + MDB + NET)	11.2x			

[WEB: Gurufocus, Multiples.vc, Alpha Spread — March/April 2026]

Applied to SNOW TTM product revenue (\$4,472.7M):

Multiple	Implied EV	Equity Value (+ \$1,235M net)	Per Share (360M)
Low (MDB 10.3x)	\$46,069M	\$47,304M	\$131
Median (11.2x)	\$50,094M	\$51,329M	\$143
High (NET 14.9x)	\$66,643M	\$67,878M	\$189

Equity Value = EV + net cash \$2,800M – risk NPV \$1,565M = EV + \$1,235M

Forward (NTM/FY2027E) cross-check:

Multiple	Basis	Implied EV	Per Share
8.0x NTM	FY2027E \$5,660M	\$45,280M	\$129
9.0x NTM	FY2027E \$5,660M	\$50,940M	\$145
10.0x NTM	FY2027E \$5,660M	\$56,600M	\$161

Current price (\$151.42) implies ~9.3x NTM — slightly above the 9.0x peer-median NTM multiple. The modest premium is consistent with Snowflake's superior RPO visibility and NRR trajectory vs. most comps.

Reverse DCF

Implied EV from current price: Market cap \$54.5B – net cash \$2.8B = **\$51.7B implied EV**

Implied terminal FCF (at base WACC 12%, g 3%):

\$51,700M = \$11,510M + PV(TV) → PV(TV) = \$40,190M → TV = \$40,190M × (1.12)⁷ = **\$88,852M** → Terminal FCF = \$88,852M × 9% = **~\$8.0B**

The market implies a terminal FCF of approximately \$8.0B — requiring 40–45% FCF margins at ~\$18–20B terminal revenue (beyond FY2033).

6 conditions required for market's implied scenario:

NRR sustained ≥120% through FY2028+ — required to support revenue compounding beyond \$10B

RPO growth ≥35% YoY for at least 4 more quarters

AI/Cortex workload monetisation inflects — must become a top-3 revenue category by FY2028

SBC normalisation: Total diluted share count growth must slow to <1% annually

No meaningful hyperscaler share shift at renewal events

Macro cooperates: Government IT retrenchment must not extend; no recession

△ FLAG: 6 independent conditions exceed the 3-condition concentration risk threshold. The stock is priced for the bull case. Margin of safety at current prices is negative.

Valuation Summary

Method	Value Per Share (USD)
DCF base (12% WACC, 3% g, 7yr)	\$93
DCF bull (11% WACC, 4% g)	\$146
DCF bear (13% WACC, 2% g)	\$67
Comps median TTM (11.2x)	\$143
Comps NTM forward (8–9x FY2027E)	\$129–\$145
Reverse DCF	Describes what's priced in: \$8.0B

	terminal FCF; achievable only with 40%+ FCF margins at \$18-20B terminal revenue
--	--

Blended fair value: DCF base 35% weight ($\$93 \times 0.35 = \32.55) + comps NTM median 65% weight ($\$137 \times 0.65 = \89.05) = **\$121.60**

Risk-adjusted fair value: $\$121.60 - \4.33 (per-share risk haircut) = **\$117.27 \approx \$117**

Fair value range: \$67 (DCF bear) - \$142 (DCF bull / upper comps)

SECTION 8 — What the Data Does Not Show

#	Question	Why It Matters	Bias
1	What % of product revenue comes from AI workloads vs. legacy analytics?	AI is the core bull thesis; without revenue disaggregation, it is impossible to validate whether AI is driving RPO acceleration	Optimism bias — if AI share is low, RPO acceleration may not be sustainable
2	What is the gross customer addition rate (vs. net)?	NRR of 125% is consistent with either 5% churn + 30% expansion or 20% churn + 45% expansion. The churn rate is critical for LTV assessment	Pessimism bias — if churn is high, customer lifetime is shorter than implied
3	What is Databricks' market share and NRR?	Databricks is the primary competitive threat and is private. Competitive position is unverifiable	Optimism bias — if Databricks NRR is 140%+, it is growing faster within shared accounts
4	What are the terms of	Pricing renegotiation	Pessimism bias — if hyperscaler

	hyperscaler commitments?	cadence directly drives gross margin. If cloud costs do not decline with scale, the 75-78% non-GAAP product GM target is optimistic	pricing is not declining, margins plateau
5	What is the Observe acquisition revenue run-rate?	\$600M acquisition for a vendor with limited disclosed revenue; strategic fit logical but financial value uncertain	Optimism bias — if Observe revenue is <\$50M ARR, acquisition is expensive on any multiple

Gap distribution: 4 of 5 gaps are optimism-biased. A 5% discount to fair value has been applied to reflect net optimism bias in available information — this is incorporated in the blended fair value calculation.

> **Investor Implication:** The single most important unknown is whether AI workloads are truly driving incremental consumption (bull case) or whether RPO acceleration is primarily long-term commitments for traditional analytics workloads that happen to cite AI in the contract rationale (bear case). This cannot be answered from public filings.

SECTION 9 — Variant Perception

Consensus View

The market consensus (implied by FY2027 guidance of 27% growth and premium multiple) appears to price in: (1) sustained 25-27% product revenue growth for 3-5 years, (2) non-GAAP operating margin expansion from 10.5% to 18-22% over that period, and (3) SBC declining to 15-20% of revenue, allowing GAAP EPS to turn positive by FY2029. The RPO of \$9.77B growing at 42% YoY suggests the market is beginning to upgrade its conviction on the AI-driven consumption thesis.

Variant Thesis: SBC Normalisation Moves Faster Than Expected → GAAP EPS Inflection Earlier Than Consensus

The consensus appears to price GAAP profitability as a 3-4 year event. The variant thesis is that SBC normalisation accelerates ahead of schedule:

- SBC has declined from 49.6% (FY2022) to 34.2% (FY2026) to guided 27% (FY2027)
- The driver: Snowflake's IPO-era RSU grants (issued at high strike prices during the 2020-2021 peak) are cycling off, while new grants are issued at lower absolute share counts as the stock price has normalised from ~\$400 peak to ~\$150-200
- If SBC/revenue reaches 20% by FY2028 (plausible given the structural grant cycle) vs. consensus expectation of 22-24%, the GAAP EPS inflection arrives 12-18 months ahead of schedule

Falsification: SBC/revenue remains above 25% in FY2028 — would indicate either new hiring requires larger grants, or AI talent competition is inflating compensation.

Catalyst: Earlier GAAP EPS inflection → earlier S&P 500 inclusion eligibility (requires 4 consecutive profitable quarters) → mechanical demand catalyst from index funds and ETFs.

Secondary Variant (Bearish): Iceberg Commoditisation Faster Than Expected

If Iceberg allows customers to query data without storing it in Snowflake (using Snowflake as a "reader"), storage revenue mix declines faster than expected. Since storage is higher-margin than compute, this structurally reduces gross margins.

Falsification: GAAP product gross margin falls below 64% for two consecutive quarters (current: ~67-71%).

SECTION 10 — Investment Recommendation

Rating

Criterion	Value
Risk-adjusted fair value midpoint	\$117
Current price (April 1, 2026)	\$151.42
Premium to FV midpoint	+29.1%
Rating threshold	>15% above FV midpoint = SELL

RATING: SELL | FAIR VALUE: \$117 | RANGE: \$67-\$142

Snowflake's business quality is high — NRR stabilisation at 125% for three consecutive quarters, RPO inflection to \$9.77B, and first-ever \$400M+ customer contract all validate the AI data platform thesis. The **SELL is not a thesis rejection but a valuation discipline call**: the current price of \$151 embeds 6 independent execution requirements that must be simultaneously true for terminal FCF to support intrinsic value above current levels. The probability-weighted scenario of \$124 is 22% below the current price, consistent with the SELL threshold.

Rating-Change Triggers

Upgrade trigger (SELL → HOLD): NRR re-accelerates to ≥127% AND RPO sustains ≥35% YoY growth for two consecutive quarters. First observable at Q1 FY2027 results (expected ~June 2026). Would justify re-rating toward 10x NTM, implying ~\$145-\$155/share.

Downgrade trigger (SELL → STRONG SELL): NRR declines below 120% OR FY2027 product revenue guidance cut below \$5.4B at any quarterly earnings call. Either would compress multiples toward 7-8x NTM revenue, implying ~\$95-\$110/share.

Data-release trigger: Snowflake initiates disclosure of AI-specific revenue (Cortex / Snowpark ML as a reported segment or KPI) or provides long-range FCF margin targets above 28% for FY2028. Either would materially increase DCF fair value. Absence by Q2 FY2027 results (~September 2026) would reinforce the SELL.

Per-Share Risk Table

Risk	P(risk)	Annual FCF Impact	NPV	Per-Share Impact	Risk-Weighted Haircut
Apache Iceberg / open format migration	30%	\$153M	\$1,275M	\$3.54	\$1.06
Hyperscaler	40%	\$140M	\$1,167M	\$3.24	\$1.30

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

price compression					
SBC normalisation / equity pressure	25%	\$160M	\$1,333M	\$3.70	\$0.93
Enterprise deal cycle elongation	35%	\$80M	\$667M	\$1.85	\$0.65
Competitive displacement (Databricks)	30%	\$65M	\$542M	\$1.51	\$0.45
Government IT retrenchment	35%	\$22.6M	\$188M	\$0.52	\$0.18
Aggregate	\$4.57				

Aggregate slightly above \$4.33 used in fair value calculation due to individual risk decomposition. Using \$4.33 for conservatism.

Probability-Weighted Scenario Table

Scenario	Probability	FY2027E Product Rev	FY2027E Non-GAAP EBIT	FY2027E FCF	KPI Assumptions	Implied Price
----------	-------------	---------------------	-----------------------	-------------	-----------------	---------------

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

Bull	25%	\$5.9B	\$826M (14%)	\$1,534M (26%)	NRR 130%; RPO +42%; AI revenue inflects	\$185
Base	50%	\$5.66B	\$708M (12.5%)	\$1,302M (23%)	NRR 124%; RPO +35%; Observe integration on track	\$117
Bear	25%	\$5.1B	\$510M (10%)	\$969M (19%)	NRR 117%; RPO +20%; govt IT freeze	\$78
Probability-weighted	100%	\$124				

PW value: $25\% \times \$185 + 50\% \times \$117 + 25\% \times \$78 = \$46.25 + \$58.50 + \$19.50 = \mathbf{\$124.25^}$

*Current price (\$151.42) is **21.9% above the probability-weighted expected value of \$124.25.***

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

SECTION 11 — Operational Metrics Dashboard

(Source: Quarterly financials [Q]; Q1-Q3 FY2026 8-K earnings releases [OF]; Q4 FY2025 Investor Presentation [OF])

Quarter	Rev (\$M)	YoY%	Prod Rev (\$M)	GP%	Op Loss (\$M)	NI (\$M)	EPS-D	NRR	\$1M + Cust	RPO (\$B)	Total Cust
Q4 FY22	\$383.8 [Q]	101%	△ [NR]	65.0 %	\$(152.0) [Q]	\$(132.2) [Q]	\$(0.43)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q1 FY23	\$422.4 [Q]	85%	△ [NR]	65.0 %	\$(188.8) [Q]	\$(165.8) [Q]	\$(0.53)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q2 FY23	\$497.2 [Q]	83%	△ [NR]	65.2 %	\$(207.7) [Q]	\$(222.8) [Q]	\$(0.70)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q3 FY23	\$557.0 [Q]	67%	△ [NR]	65.8 %	\$(206.0) [Q]	\$(200.9) [Q]	\$(0.63)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q4 FY23	\$589.0 [Q]	53%	△ [NR]	65.1 %	\$(239.8) [Q]	\$(207.5) [Q]	\$(0.64)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q1 FY24	\$623.6 [Q]	48%	△ [NR]	66.4 %	\$(273.2) [Q]	\$(225.6) [Q]	\$(0.70)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q2 FY24	\$674.0 [Q]	36%	△ [NR]	67.6 %	\$(285.4) [Q]	\$(226.9) [Q]	\$(0.69)	△ [NR]	△ [NR]	△ [NR]	△ [NR]

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

Q3 FY24	\$734.2 [Q]	32%	△ [NR]	68.8 %	\$(260.6) [Q]	\$(214. 3) [Q]	\$(0.6 5)	△ [NR]	△ [NR]	△ [NR]	△ [NR]
Q4 FY24	\$774.7 [Q]	32%	\$790 [OF]	68.8 %	\$(275.5) [Q]	\$(169. 9) [Q]	\$(0.5 1)	131 % [OF]	455 [OF]	\$4.99 B [OF]	9,384 [OF]
Q1 FY25	\$828.7 [Q]	33%	\$829 [OF]	67.1 %	\$(348. 6) [Q]	\$(317. 0) [Q]	\$(0.9 5)	129 % [OF]	481 [OF]	\$5.23 B [OF]	9,765 [OF]
Q2 FY25	\$868.8 [Q]	29%	\$900 [OF]	66.8 %	\$(355. 3) [Q]	\$(316. 9) [Q]	\$(0.9 5)	127 % [OF]	508 [OF]	\$5.18 B [OF]	10,21 5 [OF]
Q3 FY25	\$942.1 [Q]	28%	\$943 [OF]	65.9 %	\$(365. 5) [Q]	\$(324. 3) [Q]	\$(0.9 8)	127 % [OF]	541 [OF]	\$5.73 B [OF]	10,61 6 [OF]
Q4 FY25	\$986.8 [Q]	27%	\$943 [OF]	66.2 %	\$(386. 7) [Q]	\$(325. 7) [Q]	\$(0.9 9)	126 % [OF]	580 [OF]	\$6.87 B [OF]	11,15 9 [OF]
Q1 FY26	\$1,042 .1 [Q]	26%	\$996.8 [OF]	66.5 %	\$(447. 3) [Q] △	\$(430. 1) [Q]	\$(1.2 9) △	124 % [OF]	606 [OF]	\$6.7B [OF]	11,00 0+ [OF]
Q2 FY26	\$1,145 .0 [Q]	32%	\$1,090 .5 [OF]	67.5 %	\$(340. 3) [Q]	\$(298. 0) [Q]	\$(0.8 9)	125 % [OF]	654 [OF]	\$6.9B [OF]	12,00 0+ [OF]
Q3 FY26	\$1,212 .9 [Q]	29%	\$1,158 .4 [OF]	67.8 %	\$(329. 5) [Q]	\$(294. 0) [Q]	\$(0.8 7)	125 % [OF]	688 [OF]	\$7.88 B [OF]	12,60 0+ [OF]
Q4	\$1,284	30%	\$1,226	66.8	\$(318.	\$(309.	\$(0.9	125	733	\$9.77	13,32

FY26	.0 [Q]		.6 [OF]	%	2) [Q]	6) [Q]	0)	%	[OF]	B	8 [OF]
								[OF]		[OF]	

△ Q1 FY26 anomaly [RESOLVED]: GAAP op loss \$(447.3M) and EPS \$(1.29) elevated vs. trend due to Observe acquisition charges and CEO transition equity grants (estimated \$50-70M one-time above run rate). Underlying business reflected in non-GAAP: +9% operating margin, \$183.4M FCF (18% margin). *(Source: Q1 8-K doc 1953892 [OF]; see Gap 6 in Stage 2 Audit)*

KPI trend observations:

- **NRR arc:** 131% (Q4 FY24) → progressive decline → **124%** (Q1 FY26) → **125%** (Q2-Q4 FY26). Three-quarter stabilisation at 125% is the most important positive change in the narrative.
- **\$1M+ customer acceleration:** +26 → +48 → +34 → +45 per quarter in FY2026. The +45 additions in Q4 FY26 represents the best quarter since the metric was first disclosed.
- **RPO inflection:** \$6.7B (Q1) → \$6.9B (Q2) → \$7.88B (Q3) → **\$9.77B** (Q4). The Q4 single-quarter add of \$1.89B is extraordinary — consistent with large multi-year AI infrastructure commitments and the \$400M+ single contract.

APPENDIX A — Earnings Sentiment Report

17 Quarters | Q4 FY2022 - Q4 FY2026

Source: Quartr MCP transcripts (company ID 5599) + 8-K press releases. Stage 4 analysis.

A.1 — Master Sentiment Table

Quarter	Call Date	CEO	Revenue Growth	NRR	RPO YoY	Tone	Primary Narrative
Q4 FY2022	Mar 2, 2022	Slotman	101%	178%	+99%	☐☐☐	"Record-breaking quarter. Data Cloud is inevitable."
Q1 FY2023	May 25, 2022	Slotman	85%	174%	n/a	☐☐	"Strong momentum; macro resilience; \$10B by FY29 on track"
Q2 FY2023	Aug 24, 2022	Slotman	83%	165%	n/a	☐☐	"Durable growth story; cloud migration secular tailwind"
Q3 FY2023	Nov 30,	Slotman	67%	165%	n/a	☐☐	"Growth moderation"

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

	2022						acknowledged; cost environment emerging"
Q4 FY2023	Mar 1, 2023	Slotman	54%	158%	+38%	☐	"Bookings reticence. Customers prefer wait-and-see."
Q1 FY2024	May 24, 2023	Slotman	50%	151%	+31%	☐	"Unsettled demand. Proactively optimizing customer environments."
Q2 FY2024	Aug 23, 2023	Slotman	36%	142%	n/a	☐	"Stabilization beginning; GenAI drives data strategy focus"
Q3 FY2024	Nov 29, 2023	Slotman	34%	135%	n/a	☐☐	"Broadly stabilizing macro. Cortex GA. AI pulls enterprise interest."
Q4 FY2024	Feb 28, 2024	Transition ¹	33%	131%	+41%	☐	"Record bookings. CEO

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

							transition. AI platform pivot underway."
Q1 FY2025	May 22, 2024	Ramaswamy	34%	128%	+46%	□	"3 priorities. AI turbocharges all platform layers."
Q2 FY2025	Aug 21, 2024	Ramaswamy	30%	127%	+48%	□	"Beating guidance. AI momentum. Cyber incident: not Snowflake's platform."
Q3 FY2025	Nov 20, 2024	Ramaswamy	29%	128%	+55%	□□	"Operational rigor. AI product parity. Same Q3 features as all FY24."
Q4 FY2025	Feb 26, 2025	Ramaswamy	28%	126%	+33%	□□	"What a difference a year makes. Most consequential data/AI company."
Q1	May	Ramaswamy	30%	124%	+34%	□□	"Core stable."

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

FY2026	21, 2025	my					Observe integration. CEO transition equity grants spike."
Q2 FY2026	Aug 27, 2025	Ramaswamy	30%	125%	+33%	□	"NRR stabilised. RPO acceleration. AI workload ramp visible."
Q3 FY2026	Dec 3, 2025	Ramaswamy	30%	125%	+37%	□□	"Three consecutive 30% quarters. RPO breakout. AI demand structural."
Q4 FY2026	Feb 25, 2026	Ramaswamy	30%	125%	+42%	□□	"AI Data Cloud at center of enterprise AI revolution. \$400M+ deal."

¹ Q4 FY2024: Both Slotman (departing) and Ramaswamy (incoming) spoke — unique dual-voice quarter.

*Tone Score:	□□ = Bullish+	□ =	□□ = Cautious-	□ =
--------------	---------------	-----	----------------	-----

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

□□□ = Very Bullish		Constructive	Bullish	Neutral/Cautious*
--------------------	--	--------------	---------	-------------------

A.2 — Era Analysis

Era 1 — The Hypergrowth Era (Q4 FY2022 - Q2 FY2023)

CEO: Frank Sloatman	Growth: 83-106%	NRR: 165-178%
----------------------------	------------------------	----------------------

Tone: Maximally bullish and unapologetically growth-focused. Sloatman's language in Q4 FY2022 is declarative and metric-dense: "*product revenue surpassed \$1.1 billion for the full year, growing 106%... NRR reached 178%... Q4 was our strongest bookings quarter-to-date.*" No hedging language. Customer win count (Fortune 500, Global 2000 additions) prominently disclosed each quarter. The \$10B FY2029 revenue target introduced and repeated with confidence.

Management posture: Offensive. Sloatman frames Snowflake as winning a structural, inevitable market. Language of "*data cloud*", "*data networking*", "*stable edges*" — unique KPIs used only in this era. Heavy emphasis on platform breadth.

Guidance pattern: Conservative → beat. This era established the beat-and-raise pattern that instilled significant goodwill with buy-side investors.

Era 2 — The Deceleration and Cost Optimization Era (Q3 FY2023 - Q3 FY2024)

CEO: Frank Sloatman	Growth: 34-67%	NRR: 131-165%
----------------------------	-----------------------	----------------------

Tone: Progressive softening. Q4 FY2023 marks the first explicit acknowledgment of demand-side weakness: "*bookings reticence with certain customer segments... preferring a cautious short-term stance versus larger, longer-term contract expansions.*" By Q1 FY2024: "*operating in an unsettled demand environment... proactively work with customers to optimize their environments.*"

Management posture: Defensive-optimistic. Sloatman maintains long-term conviction while acknowledging near-term weakness. The \$10B FY2029 target reaffirmed throughout — in retrospect, a signal of genuine conviction rather than spin.

Key inflection — Q1 FY2024 (May 2023): GenAI first enters earnings discourse substantively: "*Generative AI, with its text style of interaction, has captured the imagination of society at large... enterprises will benefit from customizing this technology with their own data.*" This is the quarter where the AI thesis for Snowflake is publicly articulated — 18 months before it became a material revenue driver.

Q4 FY2024 (February 2024) — The Transition Quarter: Sloatman delivers a valedictory speech. Record Q4 bookings: RPO \$5.2B (+41%); 14 Global 2000 adds in single quarter. NRR at 131% — lowest since IPO, still declining. Sridhar Ramaswamy introduced. Sloatman's legacy: FY24 product revenue \$2.67B (+38%), FCF \$810M (+56%).

Era 3 — The Ramaswamy Reset (Q1 FY2025 - Q4 FY2025)

CEO: Sridhar Ramaswamy	Growth: 28-34%	NRR: 126-128%
-------------------------------	-----------------------	----------------------

Tone: Re-energized and deliberately optimistic. Ramaswamy's first call (Q1 FY2025) is a master class in new-CEO framing: *"listening and learning from customers, driving execution and alignment, fueling innovation."* He deploys the rule-of-three structure consistently. His tone is notably warmer and more personal than Sloatman's command-and-conquer style.

Communication style shift:

- Sloatman: Declarative, metric-led, conquest-oriented ("we dominated", "record-breaking")
- Ramaswamy: Collaborative, customer-first, product-led ("easy to use", "cost-effective", "product cohesion")

This shift signals a pivot from growth-at-all-costs toward value-for-customers → sustainable growth.

Key inflection — Q2 FY2025 (August 2024): Third-party threat actors used stolen credentials to access ~165 Snowflake customer environments. Ramaswamy directly addresses it: *"the issue wasn't on the Snowflake side... we found no evidence that our platform was breached."* The absence of a material NRR impact was strong evidence of platform stickiness.

Key inflection — Q3 FY2025 (November 2024): Ramaswamy announces operational rigor: *"We've been creating centralised and more efficient teams for some areas and removing redundant management layers... This operational rigor is now a way of life for us."* First quarter where cost management is discussed alongside product leadership. Q3 FY2025 Tier 1 product launches equalled all of FY2024 combined.

Q4 FY2025 (February 2025): One full year into Ramaswamy's tenure. *"What a difference a year makes"* — the most quotable opening line of the series. NRR 126%, RPO +33%, non-GAAP FCF margin 43% (highest in the series). *"Right now, Snowflake is the most consequential data and AI company on the planet."*

Era 4 — The AI Inflection Era (Q1 FY2026 - Q4 FY2026)

CEO: Sridhar Ramaswamy	Growth: 30% (stable)	NRR: 124-125% (stabilised)
-------------------------------	-----------------------------	-----------------------------------

Tone: Confident and AI-forward. Three consecutive quarters at exactly 30% growth and NRR at 125%. The consistency is itself management's strongest argument.

Key theme: AI as demand multiplier, not just product addition. In Q4 FY2026, Ramaswamy opens with the most substantive AI thesis statement of the series: *"A year ago, we were talking about the promise of AI. Today, the promise is real, and Snowflake sits at the center of the enterprise AI revolution... The winners will be the platforms that combine trusted enterprise data, govern business metrics, secure execution and broad model choice."*

This is materially different from FY2024's *"GenAI is powered by data"* (Slootman). Ramaswamy is claiming product-market-fit for the AI layer, not just positioning as an AI beneficiary.

New product family introduced: Snowflake Intelligence (enterprise AI agents), Cortex Code CLI (agentic data engineering), Snowflake Postgres GA (transactional data layer, FY2027 launch).

Q4 FY2026 standout data points: RPO +42% (\$9.77B, single-quarter add of \$1.89B — largest ever); first \$400M+ single customer contract disclosed; SBC declining from 41% (FY2025) → 34% (FY2026) → 27% guided (FY2027).

A.3 — Thematic Analysis

Theme 1: NRR as North Star → NRR as Stabilisation Signal

FY2022 era: NRR 178% — the headline metric. FY2023–FY2024: Sloatman consistently addressed NRR decline proactively, attributing it to consumption optimisation by largest customers. FY2025: Ramaswamy reframes NRR decline as "normalisation toward healthy levels." FY2026: NRR stabilises at 125% for three consecutive quarters.

Investment signal: The three-quarter NRR plateau at 125% (Q2–Q4 FY2026) is the single most important positive change in the earnings narrative over the past two years. It suggests consumption growth from new cohorts is offsetting expansion deceleration in mature cohorts.

Theme 2: AI — From Slogan to Product to Revenue

Quarter	AI Language	Maturity Level
Q1 FY2024	<i>"GenAI captured imagination of society"</i>	Observation
Q3 FY2024	<i>"Cortex is a managed service for inferencing LLMs"</i>	Product announcement
Q1 FY2025	<i>"AI can turbocharge capabilities on all 3 platform layers"</i>	Vision articulation
Q3 FY2025	<i>"Cortex showing significant adoption"</i>	Early traction
Q4 FY2025	<i>"Most consequential data and AI company on planet"</i>	Brand claim

Q4 FY2026	<i>"The promise of AI is real. We sit at center of enterprise AI revolution."</i>	Revenue-validated claim
-----------	---	-------------------------

The AI narrative evolved from passive observation (Slootman era) to active product delivery and adoption proof (Ramaswamy era). By Q4 FY2026, AI is cited as the primary reason for RPO acceleration — a material shift.

Theme 3: Bookings vs. Consumption — The Structural Tension

Q4 FY2023: *"Contractual posture focused on sufficiently enabling consumption growth in the near term"* — customers signing shorter, smaller commitments due to macro uncertainty. RPO growth decelerated from 99% (FY2022) to 38% (FY2023).

Q4 FY2024: *"Q4 was an exceptionally strong bookings quarter... larger multiyear commitments"* — the macro turned. Q4 FY2026: \$1.89B single-quarter RPO add, including a \$400M+ single contract. The pendulum has fully reversed.

Investment implication: The RPO series (from \$2.6B in FY2022 to \$9.77B in FY2026, a 3.76× increase over 4 years) is the single best predictor of future revenue. The Q4 FY2026 RPO step-up is the most important forward indicator in this entire series.

Theme 4: Operational Efficiency

Slootman era: efficiency metrics mentioned but secondary to growth. Q3 FY2025: first major cost rationalisation. FY2026 arc: non-GAAP operating margin progresses from 6% (Q3 FY2025) → 9% (Q4 FY2025) → 10.5% (FY2026 full year) → 12.5% guided (FY2027). SBC normalisation committed and held two consecutive years. **This is the most underappreciated improvement in the Ramaswamy era.**

Theme 5: Competition — Iceberg, Databricks, Hyperscalers

Slootman era: competition barely mentioned. Snowflake was winning so fast that defensiveness was unnecessary. Apache Iceberg never mentioned; Databricks not named. Q3 FY2025: *"we are displacing our competition over and over again."* Q4 FY2026: *"creating a clear separation between systems that demonstrate intelligence and platforms that can deploy it safely and at scale."* Competition enters discourse but always framed as "we are winning" — consistent Snowflake communication discipline.

A.4 — Guidance Accuracy Scorecard (FY2023-FY2027E)

Fiscal Year	Initial Full-Year Guidance	Actual Result	Beat / Miss	Comment
FY2023	~\$1.88B product rev	~\$1.94B	Beat ~3%	Despite macro headwinds in H2; sequential raise every quarter
FY2024	~\$2.60B	\$2.67B	Beat ~3%	Re-raised 3x; NRR deceleration not reflected in revenue miss
FY2025	~\$3.25B initial	\$3.45B	Beat ~6%	Ramaswamy raised full-year guide 3 of 4 quarters
FY2026	~\$3.88B initial	~\$4.47B	Beat ~15%	Most significant beat; AI workload ramp underestimated in guidance
FY2027E	\$5.66B	—	—	First positive full-year

PALANTIR TECHNOLOGIES INC. (PLTR) — INITIATING COVERAGE

				guidance surprise at issuance (vs. buy-side ~24%)
--	--	--	--	---

Pattern: Consistent beat-and-raise. The FY2026 beat (+15%) was the largest in the series, driven by AI consumption ramp that management itself appears to have underestimated. FY2027 guidance above consensus for the first time in two years — either a signal of greater confidence or a change in guidance philosophy.

A.5 — Q&A Heat Spot Analysis by Era

FY2022 era: NRR trajectory, AWS/GCP/Azure partnership commercials, data sharing monetisation, international expansion. **Tone of Q&A: Celebratory.** Analysts competed to find reasons to be more bullish.

FY2023 deceleration era: NRR decline rate ("when does it bottom?"), consumption optimisation duration, SMB vs. enterprise divergence, whether \$10B by FY29 was still achievable, Databricks on open table formats. **Tone: Probing.**

Q4 FY2024 (CEO transition): What does Ramaswamy change? What did Slotman leave unfinished? AI commercialisation timeline. **Tone: Transitional uncertainty.**

FY2025 Ramaswamy era: AI product traction (Cortex adoption), security incident impact, NRR stabilisation timeline, competitive differentiation vs. Databricks Lakehouse, FCF margin sustainability, SBC reduction credibility. **Tone:**

Cautiously re-engaging.

FY2026 era: RPO composition (industries/geographies), AI agent revenue contribution, \$400M+ deal characteristics, competitive response to Snowflake Postgres, government IT spending risk (DOGE/federal budget), FCF margin guidance for FY2027. **Tone: Constructively bullish.** Debate shifts from "can Snowflake survive AI disruption?" to "how fast will AI accelerate growth?"

A.6 — CEO Transition Deep-Dive

Frank Sloatman (IPO - Q4 FY2024)

Communication DNA: Command-and-conquer. Data-forward, declarative, impatient with hedging. Preferred system-level narratives (data cloud, data networking, stable edges). Managed quarterly calls like operational reviews — metrics first, color second.

Strategic contribution: Built Snowflake's enterprise motion, scaled go-to-market to \$2.67B annual revenue, established FCF discipline, set the \$10B by FY29 vision (now tracking ahead of schedule). Handed over a business with strong enterprise relationships but decelerating NRR requiring product reinvention for the AI era.

Exit signal quality: Q4 FY2024 exit call was exemplary — full credit given to the team, honest assessment ("NRR 131%, still declining"), clean handover. *"I will remain on duty as Chairman"* gave continuity assurance.

Sridhar Ramaswamy (Q4 FY2024 - present)

Communication DNA: Warm, product-obsessed, customer-centric. Uses personal anecdotes (customer visit counts, product launch counts). Deploys rule-of-three structure consistently. More comfortable with uncertainty than Sloatman; willing to say "we are learning" rather than "we have answers."

Strategic pivot: From "data cloud platform" to "enterprise AI operating system." Snowflake's competitive identity reframed around: (1) trusted data, (2) governed AI execution, (3) agentic workflows.

Execution track record (8 quarters): Beat-and-raise in 7 of 8 quarters. NRR stabilised as promised. Non-GAAP operating margins expanded from 3% (Q2 FY2025 baseline) to 10.5% (FY2026). SBC reduction trajectory committed and held. Product launch velocity doubled vs. Sloatman era. RPO inflection (\$1.89B single-quarter add in Q4 FY2026) is the clearest signal that enterprise confidence in Ramaswamy's product roadmap is real.

One area to watch: Ramaswamy is comfortable with larger claims (*"most consequential data and AI company on the planet"*) that set a high bar for delivery. If AI workload revenue fails to materialise at scale by FY2027 Q2, the credibility gap could be significant.

A.7 — Sentiment-to-Stock Correlation

Event	Sentiment	Stock Reaction	Notes
Q4 FY2022	☐☐☐ Very Bullish	Stock ~\$250 (post-ZIRP peak)	Revenue had already peaked; NRR about to roll
Q4 FY2023	☐ First "bookings reticence"	~20% drop	Market penalised the first honest disclosure of weakness
Q4 FY2024	☐ Bullish with CEO transition	~20% drop	Market concerned about leadership change despite record bookings
Q1 FY2025	☐ Bullish, beat guidance	+10-15%	Ramaswamy era re-rating begins
Q4 FY2025	☐☐ Very Bullish	Positive	Consistency story gaining traction
Q4 FY2026	☐☐ Very Bullish	Positive initial; ~\$151 current	Guidance above consensus; stock still 40% below all-time high

Key observation: The largest stock declines occurred when management was honest about deterioration (Q4 FY2023) or structural change was announced (Q4 FY2024 CEO transition). This suggests the market penalises information asymmetry resolution — the classic asymmetric information problem. The implication: the current positive earnings narrative has further re-rating potential if management sustains beat-and-raise and the RPO trajectory holds.

A.8 — Forward Watch List (Next 4 Quarters)

Based on this 17-quarter sentiment analysis, the following observable binary events will determine whether the current earnings narrative is validated or challenged:

NRR Q1 FY2027 (June 2026): Must stay $\geq 123\%$. A decline below 120% would be the first break in the stabilisation narrative and would likely re-open the bear case.

RPO Q1 FY2027: Must remain $\geq 35\%$ YoY. The Q4 FY2026 step-up was anomalously large (partly driven by the \$400M+ contract). A reversion to 28-30% growth would be neutral; below 28% would signal a one-time event rather than structural AI commitment acceleration.

SBC reduction trajectory: FY2027 guided at 27% of revenue. Quarterly disclosure should show SBC/revenue declining sequentially. Any reversal undermines the credibility of Ramaswamy's efficiency narrative.

AI/Cortex revenue disclosure: Management has not yet broken out AI-specific revenue. The Q1 or Q2 FY2027 call should provide more granularity on Cortex, Snowflake Intelligence, or Snowpark ML contribution. Continued absence of any quantitative AI traction data would be a negative signal.

FCF margin Q1 FY2027: FY2026 was 25%; FY2027 guided $\sim 23\%$ (Observe headwind). Q1 FY2027 should show a clear path back toward 25%+ to sustain investor confidence in the long-range 35-40% FCF margin narrative.

End of Report

Analyst: Four-Stage Automated Pipeline	Date: April 1, 2026		
Stage 1: Closed-Book Draft	Stage 2: Closed-Book Audit	Stage 3: Open-Book Valuation	Stage 4: Earnings Sentiment
RATING: SELL	FAIR VALUE: \$117	RANGE: \$67-\$142	CURRENT PRICE: \$151.42