

# ValuationBot.ai

## **Snowflake Inc.** (SNOW)

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## 1. Executive summary

**Company:** Snowflake Inc.

**Ticker:** SNOW

**Recommendation:** Strong Sell

**Current price:** US\$172.50

**Estimated value:** US\$8.92

**Upside:** -94.8%

**Expected IRR:** 5.1%

I believe Snowflake is overvalued at \$172.5. The market is pricing in an extreme end-state with a 53.9% stable net income margin, 2.2x sales to equity, and 40.4% stable return on equity (ROE), which together assume exceptional pricing power, very low ongoing reinvestment needs, and a durable moat. I see a different picture. Snowflake has strong product gross margin (71% in FY2025, with 75% guided) and good growth visibility (FY2026 product revenue guide \$4.28B, +24%), but it still carries a heavy operating cost base (FY2025 Sales and Marketing 46% of revenue, Research and Development 49%, and stock-based compensation about 41%), so I model a more normalised 16.0% steady net income margin, 0.7x sales to equity, and 12.0% steady ROE. Compared with peers where SNOW already screens expensive at 16.3x sales and 248.9x earnings, I estimate fair value at about \$9 per share in my base case, with the 90th percentile of simulated intrinsic values at about \$30. That implies about 95% downside from today's price. My view is that the market is overestimating sustainable profitability and returns. Key events such as the FY2026 Q4 results around February 25th 2026 (unconfirmed) and mid-2026 AI product adoption disclosures will test whether operating leverage and AI monetisation can close this gap. The main risks are faster cost reduction, stronger pricing, and a sharper fall in dilution that lift margins, capital efficiency, and ROE towards market-implied levels. Taking all this together, I rate the shares a Strong Sell over the next 12 months.

## 2. Overview

<b>Company</b>	Snowflake Inc.
<b>Ticker</b>	SNOW
<b>Analysis date</b>	Feb 22, 2026
<b>Expected IRR</b>	5.1%
<b>Latest filing</b>	10-Q, Dec 05, 2025
<b>Industry</b>	Software – Application
<b>Sector</b>	Technology
<b>Recommendation</b>	Strong Sell
<b>Upside potential</b>	-94.8%
<b>Exchange</b>	NYSE
<b>Market cap</b>	\$59.03bn
<b>Current price</b>	US\$172.50
<b>Estimated value</b>	US\$8.92

### 3. Investment summary

**Recommendation:** Strong Sell SNOW (Snowflake Inc.) shares at \$172.5.

**Thesis:** The market values Snowflake as a future winner-takes-most software franchise with extraordinary margins and returns, but the consumption model and hyperscaler-led competition force sustained spend on go-to-market, engineering, and cloud delivery. I expect Snowflake to remain a high-quality platform, yet mature into industry-normal economics closer to a 16.0% net margin and 12.0% ROE, not the 53.9% and 40.4% implied by today's price.

**Catalysts:** FY2026 Q4 results around February 25th 2026 (unconfirmed) and FY2027 outlook should quantify the true pace of operating leverage and dilution reduction, which are the swing factors behind the gap between a 53.9% market-implied net margin and my 16.0% view. Mid-2026 AI workload disclosures (timing unconfirmed) should also show whether Cortex drives profitable mix shift or mainly increases pass-through costs, which matters for long-run ROE.

**Valuation:** I estimate intrinsic value at about \$9 per share in my base case, and about \$7–\$30 per share from the 25th to 90th percentile of simulated intrinsic values, versus \$172.5 today, which implies about 83%–95% downside.

**Risks:** The key risk is that Snowflake delivers faster operating leverage and capital efficiency than I model, pushing steady net income margin and ROE materially above 16.0% and 12.0%. If margins and ROE move towards the market-implied 53.9% and 40.4%, the current premium multiple could persist and the downside would shrink sharply.

### 4. Company background

#### Industry

Software – Application

#### Description

Snowflake runs a cloud-based data platform that lets customers consolidate, govern, analyse, and share data across major public clouds. It earns most revenue from consumption as customers use compute and storage, with expansion driven by upsell into analytics and AI workloads.

#### Key products

Data Cloud platform

Data warehousing and lake analytics

Data sharing and Marketplace

Snowpark developer tooling

Cortex AI features (including AISQL and migration tooling)

#### Business model

Value proposition: A multi-cloud, governed data platform for warehousing, sharing, and AI workloads.

Revenue engine: Consumption-based product revenue tied to usage and committed capacity.

Cost drivers and investment focus: High spend on sales coverage, engineering, and cloud delivery, plus stock-based compensation and AI product build-out.

## Unit economics

Key unit: Customer account.

Revenue per unit: ~\$330k per year (\$3.626B FY2025 revenue / ~11k customers).

Cost per unit: ~\$110k per year (\$1.215B FY2025 cost of revenue / ~11k customers).

Contribution margin: Product gross margin 71% in FY2025, but operating costs keep overall profitability low.

## Competitive landscape

Direct competitors: Direct competitors: Databricks, AWS, Microsoft Azure, Google Cloud Platform, and other data platforms.

Relative positioning: Relative positioning: Strong multi-cloud deployment, governance, and data sharing with rapid AI feature rollout.

Key threat/trend: Hyperscaler bundling and discounting plus rising data sovereignty and compliance costs.

## Operating segments

Product and platform (100%): Consumption-based Data Cloud revenue and related services

## Geographic segments

United States (60%): Largest enterprise base and biggest consumption pool

EMEA (25%): Higher compliance needs and longer procurement cycles

APJ (15%): Earlier-stage penetration and expansion opportunity

## 5. Financial summary

All financial figures in \$ millions

Fiscal year	2025	2024	2023	2022	2021
Revenue	3,626	2,806	2,066	1,219	592
YoY growth	29.2%	35.9%	69.4%	106.0%	123.6%
Adjusted net profit	237	454	177	(20)	(126)
Margin	6.5%	16.2%	8.6%	-1.7%	-21.3%
Reinvestment	(1,573)	(20)	258	159	4,648
FCFE	1,810	473	(81)	(179)	(4,774)
Adjusted equity	8,293	8,951	7,937	6,556	5,784
Return on equity (ROE)	2.9%	5.1%	2.2%	-0.3%	-2.2%
Sales to equity ratio	0.44	0.31	0.26	0.19	0.10

## 6. Investment thesis

The market values Snowflake as a future winner-takes-most software franchise with extraordinary margins and returns, but the consumption model and hyperscaler-led competition force sustained spend on go-to-market, engineering, and cloud delivery. I expect Snowflake to remain a high-quality platform, yet mature into industry-normal economics closer to a 16.0% net margin and 12.0% ROE, not the 53.9% and 40.4% implied by today's price.

**Operating cost reality blocks a 50% plus net margin:** The market's 53.9% stable net income margin assumes extraordinary operating leverage and sustained pricing power, but the current spending profile points to a far lower steady outcome. Snowflake shows

strong unit gross economics, with 71% product gross margin in FY2025 and 75% guided, yet the operating layer remains heavy and stock-based compensation ran at about 41% of revenue. Competitive pressure from hyperscalers and Databricks also limits how much margin Snowflake can keep as customers scrutinise cloud bills. I forecast a 16.0% stable net income margin because I expect operating leverage and a gradual fall in stock-based compensation as a share of revenue, but I also expect continued AI and platform investment to cap net margins well below mega-cap software levels.

**Equity build and dilution cap revenue efficiency:** The market assumes Snowflake converts equity into revenue at 2.2x sales to equity, but I forecast only 0.7x because equity stays structurally inflated by stock-based compensation and ongoing reinvestment. Snowflake is asset-light in physical terms, yet it is not reinvestment-light because it must fund sales coverage, customer success, and product expansion to defend share. FY2025 cost structure supports this, with Sales and Marketing at 46% of revenue and Research and Development at 49%, which limits how quickly the business can become truly capital-efficient on a per-share basis. I therefore model only a move towards an industry-median outcome rather than a top-decile efficiency level.

**A strong platform, but returns normalise under competition:** The market-implied 40.4% stable ROE assumes Snowflake sustains a wide moat and captures most value as profit, but I forecast 12.0% because I expect a more competitive long-run structure. Snowflake has real switching costs through governance, security, and data sharing, but it depends on cloud partners that can bundle adjacent services and compete on price. The consumption model also adds volatility to revenue and profitability, which lowers the reliability of returns and raises the ongoing cost of retention and expansion. I therefore model ROE modestly above the cost of equity, consistent with a mature platform that still has to compete hard.

## 7. Catalysts

**FY2026 Q4 results quantify the true margin trajectory:** On or around February 25th 2026 (unconfirmed), Snowflake should report FY2026 Q4 and update its outlook for FY2027, including the pace of operating expense leverage and stock-based compensation reduction. That update should force investors to reconcile progress on product gross margin (75% guided) with the much larger step needed to reach a 53.9% steady net income margin. If management signals that AI and go-to-market investment stays elevated, the market should move long-run margin assumptions closer to my 16.0% view. If the share price re-anchors towards the 90th percentile of simulated intrinsic values at about \$30, it implies roughly 83% downside from \$172.5.

**Dilution and buyback disclosures reset capital efficiency hopes:** The next FY2026 reporting cycle should give clearer evidence on whether buybacks offset stock-based compensation and whether the share count actually falls. If dilution remains meaningful, investors should accept that sales to equity will not approach the 2.2x market-implied level and should reset closer to my 0.7x forecast. That change matters because it lowers per-share value even if revenue keeps growing in the low-20s percentage range. A re-rating towards the 75th percentile of simulated intrinsic values at about \$18 would imply about 90% downside from \$172.5.

**AI workload mix tests moat strength and ROE durability:** By mid-2026 (timing unconfirmed), Snowflake's AI feature adoption disclosures should show whether Cortex lifts high-margin usage or mainly increases cloud delivery and support costs. If AI workloads do not translate into sustained pricing power, investors should cut long-run ROE expectations away from the 40.4% market-implied level and towards my 12.0% forecast. Any evidence of heavier discounting by hyperscalers would reinforce this shift. A move in ROE expectations consistent with my base case supports value closer to \$9 per share and a large de-rating from \$172.5.

## 8. Valuation

**Current price:** US\$172.50

**Base case value:** US\$8.92

**Upside potential:** -94.8%

**Expected IRR:** 5.1%

**Currency:** USD

**Report date:** Feb 22, 2026

**Latest annual financials:** Jan 31, 2025

[Base case assumptions](#)   [DCF model](#)   [Bull/Bear scenarios](#)

### Story:

Snowflake sits in a scaling growth stage. It keeps winning large enterprises that want a cloud-native data platform that works across clouds, and it lifts usage inside existing customers through new AI and application workloads. Growth stays strong but becomes less explosive because the consumption model makes demand choppy and hyperscalers and Databricks keep pricing and feature pressure high. Profitability improves slowly as operating costs fall as a share of revenue, but the firm keeps investing heavily to defend its platform and expand internationally.

### Multiples snapshot

High-growth application software still trades at rich levels, and SNOW sits at the expensive end of that set at 16.3x sales, 248.9x earnings, and 7.1x book, which places it in the 88th, 90th, and 70th percentile of peer valuations. That premium only holds if Snowflake can sustain economics close to the market-implied 53.9% net income margin and 40.4% ROE, yet FY2025 cost levels and stock-based compensation make that outcome hard to underwrite. A fairer outcome looks closer to the middle of the sector on sales, given my mid-teens steady margin and lower ROE view. Using the peer-implied prices, a 50th percentile sales-based anchor implies about \$54 per share, and the earnings multiple is not meaningful as a primary anchor given depressed profitability versus the valuation. That \$54 figure still implies material downside from \$173 and supports a Strong Sell.

**Price-to-sales:** 16.3x (88th percentile vs. peers) with implied share prices from US\$17 to US\$188 across the revenue-weighted peer set.

**Price-to-earnings:** 248.9x ("e90th percentile vs. peers) with implied share prices from US\$7.1 to US\$119 across the revenue-weighted peer set.

**Price-to-book:** 7.1x (70th percentile vs. peers) with implied share prices from US\$41 to US\$236 across the revenue-weighted peer set.

## 9. Risks

**Operating leverage arrives faster than I expect:** Margins could beat my 16.0% steady forecast if Snowflake cuts stock-based compensation as a share of revenue faster than planned and holds headcount growth well below revenue growth. Cortex AI could also lift effective pricing if it drives higher-value workloads without raising cloud delivery costs in step. That would push steady net income margin towards the market's 53.9% assumption and support today's premium multiple. If investors keep underwriting a 50% plus steady margin, the share price could remain near \$173 for longer.

**Buybacks overwhelm dilution and lift sales to equity:** Sales to equity could exceed my 0.7x forecast if free cash flow stays strong and repurchases more than offset ongoing equity issuance from compensation. If the equity base contracts while revenue keeps compounding in the low-20s percentage range, investors may keep assuming a path towards the 2.2x market-implied efficiency level. That would raise per-share value even without extreme margins. In that scenario, the downside to my base-case value would reduce because the share count and equity base dynamics would improve.

**Snowflake proves durable pricing power against hyperscalers:** ROE could exceed my 12.0% forecast if Snowflake deepens switching costs through governance, data sharing, and AI tooling, and if hyperscalers avoid aggressive bundling. If net revenue retention stabilises at high levels and discounting stays limited, Snowflake could capture more economic rents and move ROE towards the market-implied 40.4%. That would justify a much higher terminal value and reduce the de-rating case. In that scenario, the shares could trade closer to the top of the peer valuation range.

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## 10. Appendix

### 10.1 Base case assumptions

#### Valuation story

Snowflake sits in a scaling growth stage. It keeps winning large enterprises that want a cloud-native data platform that works across clouds, and it lifts usage inside existing customers through new AI and application workloads. Growth stays strong but becomes less explosive because the consumption model makes demand choppy and hyperscalers and Databricks keep pricing and feature pressure high. Profitability improves slowly as operating costs fall as a share of revenue, but the firm keeps investing heavily to defend its platform and expand internationally.

#### Revenue growth rate

Value: 23.0%

Explanation: I treat Snowflake as a growth firm moving into a scaling phase. The analyst revenue path rises from about \$4.7B to about \$8.7B over three years, which implies a low 20s percent annual run rate, so a 23% initial growth rate fits a five year high growth burst before tapering. The consumption model and strong net revenue retention support this, but competition and budget scrutiny stop it from staying near past hypergrowth rates.

#### Stable growth rate

Value: 3.2%

Explanation: I set terminal growth just below the risk free rate to reflect a mature software platform that grows a little faster than inflation but not faster than the wider economy forever. Snowflake should still gain from long-run cloud data and AI adoption, but market saturation and hyperscaler bundling cap perpetual growth. This rate stays within the hard constraint and suits a large, established vendor.

#### Years to stability

Value: 10.0

Explanation: I use a 10 year path because Snowflake still has meaningful runway in enterprise data platforms, but it is no longer a start-up. With  $Y = 10$ , the 23% rate applies for five years, which matches the multi-year analyst trajectory before growth fades towards a low single-digit terminal rate. Competitive pressure and the sheer revenue base make a faster fade more realistic than a 15–20 year glide path.

#### Sales-to-equity ratio

Value: 0.7

Explanation: Snowflake runs a capital-light model in physical assets, but it reinvests heavily in people, cloud infrastructure commitments, and acquired intangibles. Its adjusted sales to equity has risen from about 0.10 to about 0.44 as it scales, so I assume it keeps improving towards roughly the industry median. Ongoing buybacks and stock-based pay also keep equity dynamics active, which supports a mid-range ratio rather than a top-quartile one.

#### Stable net profit margin

Value: 16.0%

Explanation: I assume Snowflake reaches a mid-teens adjusted net margin once it gets stronger operating leverage and stock-based compensation falls as a share of revenue. This sits near the industry median margin and reflects a durable product gross margin, but it also recognises persistent cloud hosting costs and continued AI investment. The adjusted margin can be higher than GAAP-style consensus because I capitalise major

intangible spending rather than expensing it.

### **FY+1 net profit margin**

Value: 8.5%

Explanation: I set next year's adjusted margin slightly above the most recent adjusted level because the company should gain some scale benefits and cost discipline, but it will still fund AI features, GPUs, and international expansion. Consensus net income margins improve over the medium term, yet they sit on a different accounting base that expenses R&D and go-to-market spend, so I do not copy the level. This value creates a credible bridge towards mid teens margins without assuming a sudden profit jump.

### **Margin convergence**

Value: 8.0

Explanation: I let margins take most of the growth phase to mature because Snowflake must keep spending to defend share against hyperscalers and Databricks while it broadens use cases. Management signals opex will fall as a share of revenue, but not quickly in absolute terms, and stock-based compensation remains sticky for a while. An eight-year glide gives room for investment early and operating leverage later.

### **Stable ROE**

Value: 12.0%

Explanation: I assume a stable ROE modestly above the stable cost of equity because the platform should earn economic rents from switching costs, governance, and ecosystem effects. This level sits below the industry median ROE but above Snowflake's recent adjusted ROE, which looks temporarily depressed by equity build and heavy reinvestment. It also fits a mature software firm that keeps competing hard and shares some gains with customers through pricing.

### **Credit rating**

Value: Baa3/BBB-

Explanation: I assign low investment grade because Snowflake has strong liquidity, positive operating cash flow, and only moderate debt in the form of convertibles. The business still faces earnings volatility from the consumption model and heavy operating spend, which stops a higher rating. The large scale and net cash profile support BBB- rather than high yield in a base case.

### **Recovery ratio**

Value: 55.0%

Explanation: I assume a mid recovery because Snowflake has meaningful cash and marketable investments and some recoverable enterprise value, but it also has a large share of intangible assets and goodwill. In stress, software IP and customer relationships have value, yet they rarely deliver very high book recoveries. A 55% ratio fits an asset-light software firm with decent liquidity but limited hard collateral.

## 10.2 DCF model

All financial data in US\$ millions unless stated otherwise

	Base year	FY+1	FY+2	FY+3	FY+4	FY+5	FY+6
Revenue	3,626	4,460	5,486	6,748	8,300	10,209	12,153
YoY growth, %	29.2%	23.0%	23.0%	23.0%	23.0%	23.0%	19.0%
All expenses	3,389	4,081	4,969	6,048	7,361	8,959	10,551
Net profit	237	379	518	700	939	1,251	1,603
Net margin, %	6.5%	8.5%	9.4%	10.4%	11.3%	12.3%	13.2%
Reinvestment	-1,573	1,283	1,578	1,941	2,388	2,937	2,991
Invested equity	8,293	9,576	11,155	13,096	15,484	18,421	21,411
ROE, %	2.9%	4.0%	4.6%	5.3%	6.1%	6.8%	7.5%
S/E ratio, x	0.4	0.7	0.7	0.7	0.7	0.7	0.7
FCFE	1,810	-904	-1,061	-1,241	-1,449	-1,686	-1,388
<b>Stable value</b>							
FCFs to discount		-904	-1,061	-1,241	-1,449	-1,686	-1,388
Discount factor		1.0	0.9	0.8	0.7	0.6	0.5
Cost of equity, %	14.2%	14.2%	13.8%	13.3%	12.8%	12.3%	11.8%
PV of FCFE		-904	-932	-963	-997	-1,034	-761
	...		<b>FY+7</b>	<b>FY+8</b>	<b>FY+9</b>	<b>FY+10</b>	<b>Stability</b>
Revenue			13,986	15,541	16,654	17,187	17,737
YoY growth, %			15.1%	11.1%	7.2%	3.2%	3.2%
All expenses			12,010	13,200	13,989	14,437	14,899
Net profit			1,976	2,341	2,665	2,750	2,838
Net margin, %			14.1%	15.1%	16.0%	16.0%	16.0%
Reinvestment			2,820	2,393	1,712	820	757
Invested equity			24,231	26,624	28,336	29,156	
ROE, %			8.2%	8.8%	9.4%	9.4%	12.0%
S/E ratio, x			0.7	0.7	0.7	0.7	0.7
FCFE			-844	-52	953	1,930	2,081
<b>Stable value</b>							
FCFs to discount			-844	-52	953	1,930	31,279
Discount factor			0.5	0.4	0.4	0.4	0.4
Cost of equity, %			11.3%	10.8%	10.3%	9.9%	9.9%
PV of FCFE			-416	-23	384	708	11,467
Sum of PV of FCFE							6,527.9
Less: Distress adjustments							104.2
Distress likelihood, %							5.3%
Recovery ratio, %							55.0%
Value of common equity							6,423.6
Less: Employee options							3,359.2
Less: Unfunded liabilities							12.5
Value of common shareholders' equity							3,051.9
Divide: Share count							342.2
Equity value per share							US\$8.92

## 10.3 Scenarios

### Bear case

Value: US\$-6.93

Upside: -100.0%

Story: Snowflake moves from late growth into an early maturity phase faster than investors

expect. Customers rein in cloud spend and optimise workloads, so the consumption model delivers choppy revenue and weaker net revenue retention. Hyperscalers and Databricks push harder on bundling and price, which limits Snowflake's ability to monetise new AI features and forces higher go-to-market spend to defend renewals. Costs tied to stock-based pay and AI infrastructure stay sticky, so profit improvement comes later and peaks at a lower level than in a benign path.

Revenue growth rate: 16.0%

Stable growth rate: 3.2%

FY+1 net margin: 4.0%

Stable net margin: 11.0%

Sales-to-equity ratio: 0.6

Years to stability: 8.0

Stable ROE: 10.0%

### **Bull case**

Value: US\$67.89

Upside: -60.6%

Story: Snowflake stays in a scaling growth stage, but the bull case assumes it turns its AI Data Cloud push into a step-up in customer usage and workload breadth. It converts more of its contracted backlog into real consumption as enterprises standardise on Snowflake for governed data sharing and AI applications across clouds. It improves profitability faster because it gets operating leverage in sales and R&D while keeping product gross margin resilient through infrastructure scale and better efficiency. Competition stays intense, but Snowflake holds share through multi-cloud neutrality, Marketplace network effects, and deeper adoption in large and regulated customers.

Revenue growth rate: 28.0%

Stable growth rate: 3.5%

FY+1 net margin: 10.5%

Stable net margin: 22.0%

Sales-to-equity ratio: 0.8

Years to stability: 12.0

Stable ROE: 16.0%

## **10.4 Other claims**

(in US\$ millions unless stated)

### **Employee stock options**

Number of stock options: 21.7

Weighted avg. strike price: 20.83

Weighted avg. maturity: 4.2

Assumed volatility: 56.6%

Assumed dividend yield: 0.0%

Value of options: 3,359.2

### **Unfunded liabilities**

Pension obligations: 0.0

Post-retirement benefits: 0.0

Healthcare liabilities: 0.0

Deferred compensation: 0.0

Lawsuit contingencies: 12.5 – I used the disclosed reasonably possible loss range of \$0 to \$25m for the NLRB matter and I used the midpoint as \$12.5m. I used a 100% probability because the judge ruled against the company on September 15th 2023, so some payment risk remains even on appeal.

Environmental liabilities: 0.0

Other: 0.0

Total liabilities: 12.5

## 10.5 Cost of equity

### Inputs for risk-free rate

Ten-year bond yield, %	4.1%
Bond yield country	United States of America
Default spread, %	0.3%
Risk-free rate, %	3.8%

### Beta calculation

Operating segment	Sales	EV/Sales	Weight, %	Business beta
Software - Infrastructure	3,462	4.7	96.5%	2.2
Consulting Services	164	3.6	3.5%	1.4

Business beta	2.15
Debt-to-equity ratio, %	4.5%
Cash-to-firm value ratio, %	7.5%
Marginal tax rate, %	21.6%
Equity beta	2.1

### Beta selection notes

**Software – Infrastructure (60th percentile of the industry, 2.2):** The product segment is a data platform sold to enterprises, where usage and new workloads tend to be sensitive to macro conditions and competition, so demand is cyclical for business spending. The cost base is heavily fixed due to ongoing engineering and platform investment, which increases operating leverage and supports a beta above the industry median, but not at the very top end.

**Consulting Services (50th percentile of the industry, 1.4):** Professional services and training are tied to customers' IT projects, so demand can soften when budgets tighten, but it is not as discretionary as consumer spending. Costs are mostly people-based and can be flexed over time, so operating leverage is moderate, making the middle of the industry range most suitable.

### Equity risk premium (ERP) calculation

Geographic segment	Sales	Weight, %	ERP, %	Tax rate, %
United States of America	2,864	79.0%	4.5%	21.0%
Europe, Middle East, and Africa (EMEA)	575	15.8%	7.4%	23.6%
Asia-Pacific	188	5.2%	6.4%	25.5%
Company ERP, %			5.1%	

### Cost of equity calculation

Risk-free rate, %	3.8%
Beta x ERP	10.5%
Equity beta	2.1
Equity risk premium, %	5.1%
Cost of equity, %	14.2%

### Stable cost of equity calculation

Stable cost of equity calculation (continued)

<b>Risk-free rate, %</b>	3.8%
<b>Beta x ERP</b>	6.1%
<b>Stable beta (clamped)</b>	1.2
<b>Equity risk premium, %</b>	5.1%
<b>Stable cost of equity, %</b>	9.9%

## 10.6 Reverse DCF

<b>Expected IRR</b>				5.1%
<b>Driver</b>	<b>Base value</b>	<b>Market-implied value</b>	<b>Difference</b>	
Stable net profit margin, %	16.0%	53.9%	+37.9	
Sales-to-equity ratio	0.7	2.2	+1.5	
Stable ROE, %	12.0%	40.4%	+28.4	

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