

Initiated 2026-09-18 · Price \$40.00 (as of 2026-09-17 close, stockanalysis.com) · Mkt cap \$23.42bn · Technology / connected-operations software · Model: verified (generic, full tier; corrected 2026-09-20 — see note below)

Rating: Sell — Conviction: Low

This is a valuation call on a good business, not a quality call. Samsara is executing: 30% growth at \$2.1bn of ARR, a guided 21% non-GAAP operating margin, four consecutive quarters of GAAP profitability and \$1.24bn of net cash with no debt. But at ~10.8x forward revenue — roughly double Procore and nearly three times Trimble, and well above the ~7x ARR at which private competitor Motive was marked in August — the price already embeds the bull case: the model's Bull midpoint is only 6% above the last close, and Base is 47% below it. Conviction is Low because the dominant input is a terminal multiple that is a judgment, and a five-year DCF is a blunt instrument for a compounder.

MODEL VALUE RANGE VS PRICE



Business overview

Samsara sells a cloud platform for physical operations — vehicle telematics, dash cameras, equipment monitoring, driver safety and workflow apps — to trucking, construction, field-service, utility and public-sector fleets, on subscriptions with IoT hardware attached. Revenue was \$1,619mm in FY2026 (ended 2026-01-31), up 30%, on ARR of \$1,890mm; ARR reached \$2,125mm by Q2 FY2027. Earnings turn on net new ARR, gross margin on the hardware-plus-software mix, and above all on stock-based compensation, which at \$335mm was 20.7% of FY2026 revenue — the entire gap between a 17% non-GAAP operating margin and a (3.3)% GAAP one.

Bull case

- Growth is not decelerating the way scale usually forces** — 30% revenue and ARR growth at \$2.1bn of ARR, net new ARR \$134mm up 28%, enterprise ARR up 50% in the quarter, with the mix shifting toward larger, stickier customers. *Model: rev_growth*
- The margin ramp is mechanical and already half-delivered** — GAAP EBITDA margin (32.8)% → (13.6)% → (1.8)% across FY2024-26 as SBC fell from 26.8% to 20.7% of revenue with gross margin intact. Another five points of SBC leverage is worth more than any pricing action. *Model: ebitda_margin*
- Nothing here can be forced** — \$1.24bn of cash and investments, no debt, negative working capital, and free cash flow \$(23)mm → \$112mm → \$207mm. It funds its own growth and controls its own timetable. *Model: nwc_pct_rev*

Bear case

1. **The price already embeds the bull case** — the model's Bull midpoint is \$42.28 against a \$40.00 close, and Base is \$21.11. A sensitivity run changing only `exit_ev_ebitda` shows the Base case reaches just \$24 at 45x, \$31 at 65x and \$34 even at 75x — about 11x Y5 sales. No plausible terminal multiple alone gets the base case to the current price. *Model: `exit_ev_ebitda`, `wacc`*
2. **The multiple, not the business, is the exposure** — ~10.8x forward revenue versus Procore at 5.5x and Trimble at 3.8x, and Motive, the closest direct competitor, carried a \$3.7bn private mark in August on roughly \$0.5bn of ARR. Faster growth justifies a premium; it is being asked to justify a large one. *Model: `exit_ev_ebitda`, `terminal_growth`*
3. **Stock-based compensation is both the fuel and the ceiling of the margin story** — at 20.7% of revenue it is the largest single cost. If growth slows, retention grants have to rise rather than fall, and the GAAP ramp stalls. The Bear case simply holds SBC near current levels; it is worth \$5.52. *Model: `ebitda_margin`*
4. **The customer base is more cyclical than the revenue model looks** — trucking, construction and field services, weighted to levered SMB fleets. Subscriptions are sticky; net new ARR, which is what the multiple is paid for, is not, and shortening billings duration would drain the negative working capital that funds growth. *Model: `rev_growth`, `nwc_pct_rev`*

Valuation & balance sheet

Metric (definition)	Current	Own history	Peers	Source, as-of
EV / ARR (EV \$22.18bn ÷ Q2 FY27 ARR \$2,125mm)	10.4x	ARR \$1,102 → \$1,458 → \$1,890mm, FY24–26	Motive (private) ~7x ARR at its \$3.7bn Aug-2026 mark	quote, 2026-09-17; Q2 FY27 release
EV / forward revenue (FY2027 guide \$2,045mm)	10.8x	~10.3x at 2026-07-27	PCOR 5.5x (2026-08-05) · TRMB 3.8x (2026-08-13)	quote + Q2 FY27 release; multiples.vc
Rule of 40 (FY27 guided growth + guided non-GAAP op margin)	47 (26 + 21)	47 in FY2026 (30 + 17)	n/a (unverified)	Q2 FY27 + FY26 releases
GAAP operating margin vs non-GAAP (SBC % of revenue)	(3.3)% vs 17%; SBC 20.7%	(34.5)%/0%/26.8% FY24 · (15.2)%/9%/23.9% FY25	n/a (unverified)	FY26 + FY25 releases
EV / free cash flow (FY2026 FCF \$207.4mm)	107x	FCF \$(23) → \$112 → \$207mm, FY24–26	n/a (unverified)	FY26 + FY25 releases

Model-implied value range (`model-summary.json` ; generic module, DCF-Gordon and DCF-exit-multiple, midpoints): Bear \$5.52 · Base \$21.11 · Bull \$42.28 per share, i.e. implied returns of –86% / –47% / +6% vs \$40.00. *These ranges show how the bull and bear drivers translate into value; they are not price targets.* Nothing here floors at zero, so the scenario table below is fully informative. The shape is the finding: the price sits essentially on top of the Bull case, which itself assumes revenue compounding in the low-to-mid twenties for five years and GAAP EBITDA margin reaching 21% — roughly a 30% non-GAAP margin with SBC down to single digits of revenue. That is what is priced in, and it leaves nothing for the bear branch.

Balance sheet: no debt, no preferred, no revolver disclosed; leverage and coverage not meaningful. Cash and investments \$1,236.9mm at FY2026 year end against a \$23.42bn market cap, so net cash is ~5% of equity value and does little valuation work. Working capital is negative \$(519.9)mm — deferred revenue of \$809mm exceeds receivables, inventory and prepaid — which funds growth, though the ratio to revenue has narrowed from (46.7)% to (32.1)% over three years.

Model note: Built, full tier, 0 failing error checks, no scenario CHECKS; `verification.status` is `verified` as of 2026-09-20 (LibreOffice's independent recalculation matches the Python values on every formula cell; it was `not_run` at initiation because the environment's LibreOffice install was missing its Calc component). No unverified inputs, no assumptions without a basis. Four conventions before quoting it. (1) `ebitda` is GAAP operating income plus D&A, so **SBC is expensed** — it is not the company's non-GAAP figure. Tie-out: the model's Y1 GAAP EPS of \$0.15 against management's FY2027 non-GAAP guidance of \$0.76-0.78 implies ~\$0.60/share of SBC, ~\$350mm on 585.6mm shares, matching the FY2026 run rate. (2) Because SBC is expensed, `share_change` sits below actual share growth; charging both would double-count. (3) `cash` includes short- and long-term investments, and `cost_of_debt` acts as the portfolio yield, producing interest income. (4) Cash is the FY2026 year-end balance, the latest retrieved, so net cash is understated by ~\$100-150mm. Method caveat, and the reason conviction is Low: a five-year DCF systematically under-rewards a business compounding above 20%, and the terminal multiple is the dominant input. Peer multiples are from a screening service, not filings. Generator note (2026-09-24): in this module `share_change` , `capital_return_pct` and `cost_of_debt` move EPS and the net-cash path only, and `peer_pe` feeds a

cross-check only; none changes the value range, so bull/bear tags no longer cite them. Scenario deltas were rebuilt after `multiple_pct` shocks were extended to the Gordon method (previously they moved only the exit-multiple half), and EPS now uses average diluted shares.

Scenario stress test

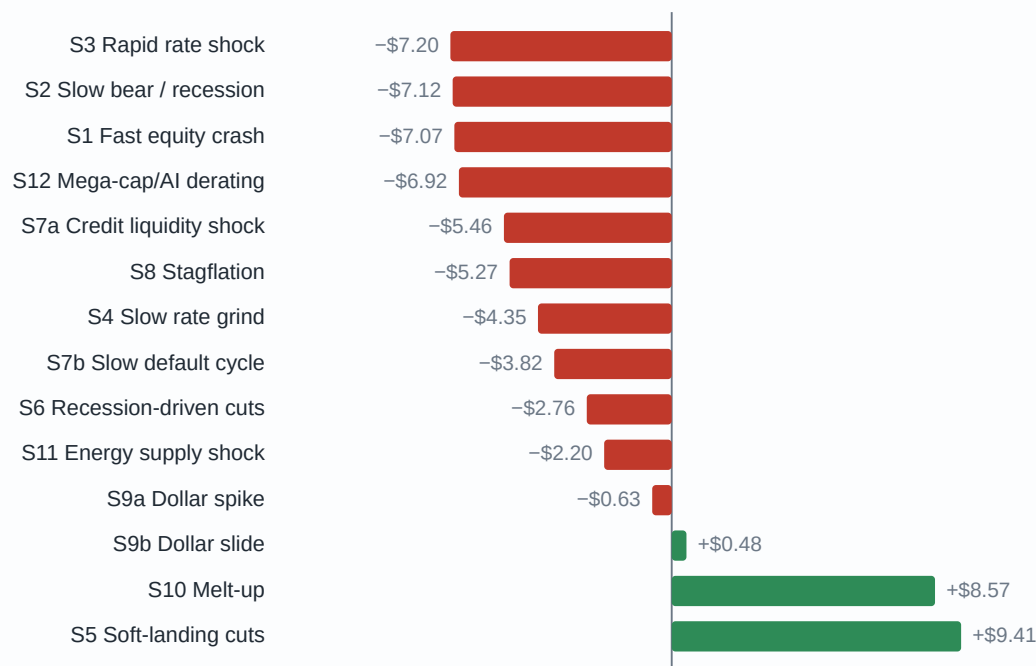
Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	−	Pure duration: no near-term GAAP earnings floor to catch a high-multiple asset in a fast de-risking	High	−\$7.07
S2 Slow bear / recession	−	Fleet customers cut capex and headcount early; subscriptions hold but net new ARR — what the multiple is paid for — slows at once	High	−\$7.12
S3 Rapid rate shock	−	Long-duration cash flows repriced by the discount rate; with no debt the channel is almost entirely valuation	High	−\$7.20
S4 Slow rate grind	−	Sustained terminal-multiple compression across long-duration software, without a single repricing event	Medium	−\$4.35
S5 Soft-landing cuts	+	Best regime for the asset: a falling discount rate lifts the multiple while customer fleet investment stays intact	High	+\$9.41
S6 Recession-driven cuts	±	Two-sided, net negative: lower rates help the multiple, but a breaking labour market hits fleet headcount and net new ARR harder	Medium	−\$2.76
S7a Credit liquidity shock	−	No balance-sheet exposure — no debt, \$1.24bn net cash — so this is risk appetite plus some customer-financing friction	Medium	−\$5.46
S7b Slow default cycle	−	Defaults among levered SMB trucking and construction operators show up directly as churn and gross-retention pressure	Medium	−\$3.82
S8 Stagflation	±	Higher customer costs strengthen Samsara's fuel-and-safety-savings pitch, but budgets tighten, wages rise and the discount rate turns hostile	Medium	−\$5.27
S9a Dollar spike	−	Translates international revenue down and makes dollar-priced subscriptions dearer abroad; Mexico was called out as a growth driver	Low	−\$0.63
S9b Dollar slide	+	Mirror image: better translation and cheaper dollar-priced subscriptions for overseas fleets	Low	+\$0.48
S10 Melt-up	+	High-multiple growth software is the prime beneficiary of narrow breadth and low volatility, on no change in fundamentals	High	+\$8.57
S11 Energy supply shock	±	Near-neutral: an oil spike strengthens the efficiency-savings case while squeezing the budgets that would pay for it	Low	−\$2.20
S12 Mega-cap/AI derating	−	The most important row for this name. Priced as an AI-and-growth software asset at ~10.8x forward revenue with GAAP operating income near zero; a leadership unwind takes the valuation down with no earnings offset and no balance-sheet argument	High	−\$6.92

These deltas are live rather than floored, and the ranking is informative: the four worst rows (S2, S3, S1, S12) are all multiple-driven, and only S5 and S10 — both pure risk-appetite regimes — produce meaningful upside. That is the signature of a name whose exposure is to the discount rate rather than to its own operations. **Active/on watch per the playbook:** S3 partially active; S8, S10, S11 on watch. S3 is a direct headwind here; S10 is where this name would run hardest.

2026-09-20 correction: this table originally showed the pre-2026-09-18 percentage-based delta (e.g. S1 was displayed as −28%), which predates the fix in `scripts/build_model.py` commit `d658635` that switched this field to a dollar delta (to avoid a divide-by-zero mask on distressed, floored-at-\$0 names like HTZ). This report was never rebuilt after that fix. The table above now shows the corrected \$/sh values from a 2026-09-20 rebuild; the ranking above (worst: S2, S3, S1, S12; best: S5, S10) is unchanged, since dividing by a constant positive base preserves order — no conclusion in this report changes, only the displayed numbers.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Upgrades if: the forward revenue multiple compresses toward the high single digits without a corresponding cut to growth — i.e. the price comes to the model rather than the model to the price; **or** GAAP operating margin turns durably positive with SBC falling below ~15% of revenue while growth holds above 25%, which would put the Base case materially above where it sits now. **Downgrades further if:** net new ARR growth turns negative year on year for two consecutive quarters; SBC rises as a share of revenue; or gross retention deteriorates in the SMB fleet cohort.

Watch items

- **W1:** Net new ARR — \$134.1mm in Q2 FY2027, +28%; two consecutive quarters of year-on-year decline breaks bull case 1 — quarterly releases — Dec 2026, Mar 2027 — *Model: rev_growth*
- **W2:** SBC as a share of revenue — 20.7% in FY2026; below ~18% keeps the margin ramp on the base path, flat or rising confirms the bear — FY2027 results — Mar 2027 — *Model: ebitda_margin, share_change*
- **W3:** Deferred revenue growth vs revenue growth — the narrowing from (46.7)% to (32.1)% is the early tell of shortening billings duration — quarterly balance sheets — ongoing — *Model: nwc_pct_rev*
- **W4:** FY2027 FCF margin against the flagged ~100bp headwind from device purchases, inventory and supply-chain costs — FY2027 results — Mar 2027 — *Model: capex_pct_rev*

Sources

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- Samsara Q4 and full fiscal year 2026 results (8-K Ex. 99.1) — <https://www.sec.gov/Archives/edgar/data/1642896/000162828026015170/samsaraepr-q42026.htm> — accessed 2026-09-18

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- Samsara Q2 fiscal 2027 results (2026-09-03) — <https://www.businesswire.com/news/home/20260903120692/en/Samsara-Reports-Second-Quarter-Fiscal-Year-2027-Financial-Results> — accessed 2026-09-18
- Samsara, Procore and Trimble valuation multiples — <https://multiples.vc/public-comps/samsara-valuation-multiples> — accessed 2026-09-18

Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.