

Rating <b>Buy</b>	Price <b>\$31.89</b>	Target <b>\$55–75</b>	Upside <b>72–135%</b>
Mkt Cap \$18.5B	ARR \$1.89B (30%)	GM 78%	\$100K+ Cust. 3,194 (37%)
EV \$17.8B	Revenue \$1.62B	NRR 115%	FCF \$45M

## Company Overview

Samsara is the largest publicly traded pure-play provider of Connected Operations software, with \$1.89B in disclosed ARR as of FY2026, ahead of its closest competitor Motive (private; estimated \$500M+ ARR per industry sources). The company sells internet-connected sensors (GPS trackers, AI-enabled dash cameras, environmental monitors) and a cloud platform that aggregates their data into a unified operational view for fleet managers, safety teams, and dispatchers across transportation, construction, logistics, and field services. The platform serves over 46 million end users. Samsara is founder-led by CEO Sanjit Biswas, who retains significant equity ownership (approximately 2.3 million shares). The company achieved GAAP profitability for two consecutive quarters in FY2026 and authorized a \$50M share repurchase program.

## Comparable Companies

	EV/R	Gr	GM	FCF	Ro40	NRR
<b>IOT</b>	<b>8.5x</b>	<b>28%</b>	<b>77%</b>	<b>18%</b>	<b>46%</b>	<b>115%</b>
CRWD	16.1x	23%	75%	33%	57%	120%
NET	25.3x	34%	75%	18%	51%	110%
DDOG	9.2x	29%	80%	26%	55%	115%
S	3.3x	20%	74%	28%	49%	115%
<b>Med.</b>	<b>12.7x</b>	<b>27%</b>	<b>75%</b>	<b>27%</b>	<b>53%</b>	<b>115%</b>

Forward EV/Rev (FY27E). Peer median excludes IOT.

## Financial Summary (\$M)

	FY24	FY25	FY26	27E	28E	29E
Revenue	937	1,250	1,620	2,100	2,604	3,177
Gr %	43%	33%	30%	30%	24%	22%
Gross Pr.	703	950	1,264	1,659	2,083	2,573
GM	75%	76%	78%	79%	80%	81%
Op Inc	(47)	(13)	81	189	339	540
Op M	-5%	-1%	5%	9%	13%	17%
FCF	(68)	(41)	45	142	281	471
FCF M	-7%	-3%	3%	7%	11%	15%
ARR	1,102	1,458	1,890	2,400	2,976	3,631

## Investment Thesis

We initiate at Buy with a \$55–75 price target, reflecting 72–135% upside. Samsara trades at 8.5x forward EV/Revenue (FY27E) with 28% revenue growth and 78% gross margins, a meaningful discount to the peer median of 12.7x (excluding IOT) despite comparable growth and an earlier-stage profitability inflection. Two dynamics are insufficiently reflected in the current valuation:

### 1. AI product attach is expanding per-customer revenue faster than consensus models reflect.

- Sell-side models attribute ARR growth primarily to new customer acquisition. Q4 FY2026 data suggests this understates the contribution of product attach: ARR from \$100K+ customers grew 37% against total ARR growth of 30%, and \$1M+ customer ARR grew 56%, accelerating for three consecutive quarters. The \$25K+ cohort now represents 85% of total ARR (vs. 81% two years prior), indicating revenue mix is shifting toward larger, more deeply embedded accounts.
- The driver is the rollout of AI-powered safety tools in early 2026, including automated incident triage across 45+ risk factors, AI-generated coaching workflows, and voice-delivered daily briefings. Early adopters processed over 5,000 coaching events within 30 days. On the Q4 FY2026 earnings call, management described customers entering on single-product telematics contracts at approximately \$50K in ARR and subsequently expanding to \$200K+ as they adopted video safety, equipment monitoring, and compliance modules.
- We estimate the expansion/new logo split through a cohort-based ARR bridge: applying 115% NRR to beginning-period ARR yields approximately \$175M in implied expansion ARR for FY2026, with the remaining \$194M attributable to new logos. This is an estimate; the company does not disclose the split. By FY2029, we project expansion ARR reaching \$357M and surpassing new logo contributions. Our independent TAM analysis indicates 18% penetration in core US trucking, supporting the view that future growth depends increasingly on per-customer expansion and entry into adjacent verticals.

### 2. Cross-fleet data aggregation creates operational switching costs that underpin durable retention.

- A prevalent bear case holds that OEM-embedded telematics (Ford, Deere, Caterpillar) will commoditize aftermarket IoT hardware. Through primary research conducted with 40+ fleet operators at electric cooperatives, elevator maintenance firms, and heavy equipment dealers, we observed that over 80% of operations teams manage assets from three or more manufacturers, including unpowered trailers, generators, and compressors. OEM telematics systems serve only their own hardware and do not interoperate, making them insufficient for organizations requiring a unified operational view across mixed asset bases.
- The switching costs are operational and compound over time: incident review workflows, dispatch routing, compliance audit

trails, and years of historical benchmarks become embedded in the platform. Fleet managers we interviewed estimated internal migration cost at \$100K–250K per facility, accounting for retraining, system re-integration, and productivity loss. Net revenue retention has held at approximately 115% across every reported period since FY2023, and average ARR per \$100K+ customer reached \$503K in FY2026 (derived from \$1.2B in \$100K+ ARR across 3,194 customers), up from \$494K prior year. Fleet replacement cycles of 7–10 years preserve the aftermarket addressable market through the end of the decade.

## Independent TAM Analysis

Using FMCSA motor carrier census data (1.49M active carriers, 19.3M power units), we constructed a bottom-up TAM segmented by fleet size with tiered pricing from \$15/unit/month (micro fleets) to \$55/unit/month (large enterprise, full platform with AI):

Segment	Carriers	Units (M)	TAM (\$B)	IOT Pen.
Micro (1–5)	1,329K	2.7	0.5	~1%
Small (6–20)	121K	1.4	0.4	~7%
Mid-Mkt (21–100)	32K	1.5	0.6	~15%
Enterprise (101–500)	5.7K	1.2	0.7	~18%
<b>Lg Ent. (500+)</b>	<b>2.1K</b>	<b>12.5</b>	<b>8.3</b>	<b>~1%</b>
<b>Total</b>	<b>1,490K</b>	<b>19.3</b>	<b>10.4</b>	<b>~18%</b>

Source: FMCSA census (data.transportation.gov). Penetration est. from disclosed ARR and customer data.

Our bottom-up US trucking TAM of \$10.4B compares to management’s stated \$45B (4.3x larger), with the gap reflecting non-trucking verticals, international markets, and adjacent products. The key finding: 2,090 large enterprise carriers account for \$8.3B in addressable spend at only 1.4% unit penetration, consistent with 56% growth in \$1M+ customer ARR. At 18% overall penetration, the base vertical is approaching mid-penetration, independently validating Thesis 1: incremental growth depends on per-customer expansion and TAM extension into adjacent verticals.

## Valuation

**DCF (\$55).** Five-year unlevered FCF projection (FY27–FY31), 10% discount rate, 25x terminal FCF multiple. FCF margins expand from 7% to 20% as operating leverage materializes on 79–82% gross margins. Terminal value accounts for 89% of implied EV, consistent with pre-profit software at this growth stage.

**Comps (\$75).** Peer median forward EV/Revenue of 12.7x (excluding IOT) applied to FY27E revenue of \$2.1B implies \$74. Samsara trades at a 33% discount to this median despite comparable growth. If Rule of 40 performance improves toward the peer median of 53%, a re-rating to 14–18x is plausible, implying \$85–110.

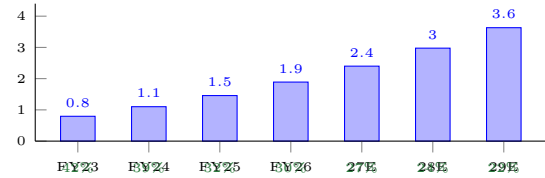
**Downside (\$40).** At 7x forward with growth decelerating to 18%, implied price is \$40, still 25% above current. This is our bear-case floor. The range from \$40 (bear) to \$110+ (bull) against a \$32 entry point presents favorable risk-reward across scenarios.

## Risks

**1. Growth deceleration.** ARR growth has declined from 42% (FY23) to 30% (FY26); if growth falls below 22% before margins reach mid-teens, the stock faces multiple compression. Absolute net new ARR continues to increase (\$237M to \$432M), and \$100K+ customer growth of 37% provides a forward demand indicator.

**2. OEM telematics.** Vehicle manufacturers are embedding native connectivity into new models. Fleet replacement cycles of 7–10 years limit near-term displacement, and our primary research indicates cross-fleet aggregation requirements at mixed-asset operators structurally favor platform solutions.

## ARR Trajectory (\$B)



Source: Company filings. FY27E+ are author estimates.

## Catalysts

**Q1 FY27 earnings (June 2026).** First full quarter reflecting AI coaching adoption; acceleration in \$100K+ customer additions or multi-product attach would validate Thesis 1.

**International expansion.** Canadian operations launched Feb 2026 with local data residency; disclosed international ARR would signal TAM extension beyond the US base.

**Capital return.** \$50M buyback authorization signals management confidence at current price levels.

## Sensitivity: Implied Share Price (\$)

Growth / EV/R	7x	9x	12x	15x	18x
18%	40	50	66	82	98
22%	41	53	70	87	104
27%	43	55	73	91	109
30%	44	57	75	94	112
33%	46	59	78	97	117

FY27E revenue × forward EV/Revenue multiple.  
Current price: \$31.89. All scenarios imply upside.

**3. Competitive pressure.** Motive, the closest direct competitor, has scaled to an estimated \$500M+ in ARR and competes on price in the mid-market segment. Sustained share gains in the 20–100 vehicle tier could pressure new logo growth, though Samsara’s AI differentiation and enterprise traction provide insulation at the upper end.

**4. TAM saturation in core vertical.** Our FMCSA analysis indicates 18% penetration of US trucking. If expansion into adjacent verticals (construction, utilities) proceeds slower than expected, growth may decelerate faster than projected. We track \$1M+ customer growth and non-trucking vertical disclosures as leading indicators.