on 11-Sep-2026

BERNSTEIN
SOCIETE GENERALE GROUP

11 September 2026

Global Software

Oracle Corp

Rating

Outperform

Price Target

ORCL **325.00 USD**



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Oracle 1Q27: Solid quarter and improving communication. Next catalyst is FAM

Oracle delivered yet another quarter showing that they are executing well towards their FY30 targets with no major hiccups or obscured data points. Investor interest in the name is high and is most of our inbound as investors not currently in the stock look to understand the opportunity and gain confidence the bear concerns are wrong.

Oracle is not only executing well but also communicating better, with more details, clarity and increased confidence. The company is also diversifying its customer base while increasing RPO which does not require meaningful additional cash requirements.

Oracle offers highly differentiated Cloud including AI datacenters; IaaS/PaaS and SaaS. Their database is moving quickly to the Cloud driven by the 3 largest hyperscalers which drives revenue at high margins.

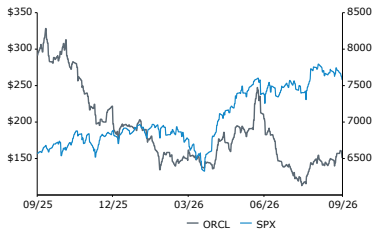
The company is executing very well and continuing to prove they have what it takes to be successful in both their traditional software / SaaS markets, IaaS/PaaS, AI datacenters, database and AI. We like the setup even more after this earnings and believe the upside far outweighs the risks. We await the Analyst Day and additional color and details which could be a catalyst for the stock.

Close Date	10 Sep 2026
ORCL Close Price (USD)	152.94
Price Target (USD)	325.00
Upside/(Downside)	113%
52-Week Range	345.72/114.50
SPX	7,591.70
FYE	May
Div Yield	1.3%
Market Cap (USD) (M)	440,539
EV (USD) (M)	559,393

Performance	YTD	1M	6M	12M
Absolute (%)	(21.5)	1.3	2.4	(53.4)
SPX (%)	10.9	(2.1)	11.9	16.2
Relative (%)	(32.4)	3.3	(9.6)	(69.6)

Source: Bloomberg, Bernstein estimates and analysis.

Price Performance, 1YR



Investment Implications

Oracle (ORCL, Outperform, PT $325): This was another strong quarter that increases clarity around the ORCL thesis as management communications improved. With revenue ramping, RPO increasing, strong margins, and the FY27 guide increased the setup is really strong. We look forward to the FAM as a potential catalyst. We maintain our price target at $325, as we rolled forward our estimates, but lowered our P/FE multiple from 24.5x to 23.5x, reflecting broader step-down in software peer's valuation.

Adjusted EPS	F26A	F27E	F28E
ORCL (USD)	7.63	**8.37**	**12.19**
OLD	--	8.57	12.86

Financials	F26A	F27E	F28E	CAGR
Revenues (M)	67,358	90,249	137,382	42.8%
Operating Earnings (M)	28,925	35,713	52,967	35.3%
Net Earnings (M)	22,235	25,424	37,194	29.3%
Revenue/Share	23.11	29.73	45.01	39.6%
Operating Margin (%)	42.9	39.6	38.6	--
Net Income Margin (%)	33.0	28.2	27.1	--
EPS Growth (%)	26.5	9.8	45.5	--

Valuation Metrics	F26A	F27E	F28E
Adjusted P/E (x)	20.1	18.3	12.6
PEG Adjusted (x)	0.8	1.9	0.3
EV/Sales (x)	8.3	6.2	4.1
P/Sales (x)	6.6	5.1	3.4
PEG Reported (x)	0.8	1.9	0.3
EV/EBIT (x)	19.3	15.7	10.6
Div Yield (%)	1.3	1.4	1.4

Source: Bloomberg, Bernstein estimates and analysis.

See the Disclosure Appendix of this report for required disclosures, analyst certifications and other important information. Alternatively, visit our Global Research Disclosure Website.
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VALUATION COMPS TABLE

	9/10/2026		Net Cash Per Share		Free Cash Flow (LTM)		Revenue Growth	Valuation Multiples			
	Company	Share Price	$	% of Share Price	Per Share ($)	% Yield	NTM (%)	EV / NTM Revenue	P / FE	Price / FCF (LTM)	PEG Ratio
Bernstein Coverage	Adobe	$249.57	(3.48)	(1.4%)	24.86	10.0%	10.1%	3.6x	9.6x	9.6x	0.7x
	Microsoft	$491.46	(6.97)	(1.4%)	8.99	1.8%	18.1%	9.4x	24.8x	54.5x	1.7x
	Oracle	$153.90	(46.51)	(30.2%)	(8.13)	N/A	33.0%	6.5x	19.1x	N/A	3.3x
	MongoDB	$375.05	28.44	7.6%	7.95	2.1%	17.6%	8.5x	53.8x	45.8x	4.3x
	Salesforce.com	$243.29	(33.86)	(13.9%)	16.84	6.9%	10.3%	4.8x	16.5x	13.3x	-1.3x
	HubSpot	$223.34	21.13	9.5%	12.64	5.7%	14.0%	2.6x	14.8x	16.9x	0.5x
	SAP	$205.70	1.09	0.5%	7.39	3.6%	11.5%	5.9x	22.8x	29.3x	1.2x
	Snowflake	$330.54	(1.22)	(0.4%)	3.47	1.1%	32.0%	16.3x	128.5x	97.6x	2.4x
	Quantinuum	$48.58	8.91	18.3%	(1.20)	N/A	50.3%	287.2x	N/A	N/A	N/A
	Workday	$184.28	(1.40)	(0.8%)	11.02	6.0%	10.2%	4.0x	15.2x	15.6x	0.8x
Other Comps	Autodesk	$210.57	2.11	1.0%	13.33	6.3%	12.6%	5.0x	16.2x	15.5x	1.0x
	ServiceNow	$131.17	(3.64)	(2.8%)	4.39	3.4%	20.0%	7.9x	28.7x	29.6x	1.3x
	Amadeus	$64.00	(7.15)	(11.2%)	4.77	7.4%	8.6%	4.3x	15.0x	13.3x	1.4x
	Datadog	$223.61	10.14	4.5%	2.93	1.3%	24.5%	15.5x	80.8x	75.1x	5.1x

Source: Bloomberg, Bernstein analysis

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DETAILS

Last night Oracle delivered another strong quarter, guided for Q2, and updated FY guidance. They also showed that they can continue to execute and deliver OCI revenue that was stronger than the street expected driving the stock up in the after-market (~5%). They also continued to hone how they communicate in numerous ways that will hopefully increase investor confidence. With a solid quarter, where it counts, behind the management team, investor focus is going to shift to the Financial Analyst Day at Oracle AI world in October where we believe they will supply additional information, color and explanations and which we believe could be a catalyst for the stock.

Investors interest in the name has mushroomed with most of our conversations not just in the US but with Asian and European Investors (we marketed earlier this week in the UK and meet with clients at our European SDC). Oracle dominants the conversation with most, we believe, currently not owners of the stock.

The reason is simple:

- Oracle growth and growth acceleration shines through in software with management raising FY revenue and EPS guidance.
- Growth in revenue and EPS is strong and accelerating but FCF is negative, and the cash burn is strong.
- The company is capturing AI datacenter revenue and the backlog is growing and diversifying across customers but still dominated by AI Labs (OpenAI and Meta), consumer tech (Byte Dance) and semiconductor companies (NVIDIA) which means there are customer concentration risks.
- The rest of the business (especially SaaS and Cloud database) continue to be strong even with all the AI software headwinds.

With discussions centering around understanding the upside and answering the numerous bear cases this quarter is another example of management executing well and becoming more transparent and communicative.

To understand both the Oracle bull and bear case you need to focus in 6 main discussion areas:

- **Business trajectory:** Oracle has laid out a very specific trajectory for the business through FY30 and this quarter played out very well in terms of delivering toward that trajectory and directionally above the original guidance (even though management only discussed FY27). There were no major hiccups or obscured data points. The Cloud side of the business was better than expected due to OCI strength and software a bit weaker as natural given the Cloud transition.
    - OCI continues to deliver beating expectation and showing that concerns about individual datacenter projects are overblown, and the company has built-in excess datacenter capacity into their roadmap to deal with any bumps in the road. RPO grew yet again as driven by customers who were willing to front the costs (bring-your-own-hardware or prepay) because of the quality of Oracle OCI datacenters. AI Cloud customer diversity also increased.
    - Management also better articulated and explained the reasons for their confidence both on the call and the call back.
    - We expect more color and commentary that should help increase investor confidence and answer bear case concerns at the Financial Analyst Day in October.
- **Debt**: There has been concern, often fueled by those on the bear case that the company will need to raise significant additional capital to drive to their long term goals and while management did not directly focus on this the company raised the previously announced $20B in equity (which likely helped drive the recent weakness in the stock). They have previously guided to raising another tranche either via equity or debt of as much as $20B this year.
    - Yet again Oracle added to RPO ($30B this quarter of additional AI Cloud contracts) that will not increase the company's need to raise capital. These deals are either pre-paid contracts or build your own hardware. Given that these deals will not require meaningful additional capital once the datacenter goes on-line it very quickly generates positive free cash flow. Even though these most recent contracts will not impact FY27 and likely FY28 results they not only don't add to the cash requirements they help decrease future cash requirements. They are also higher margin revenue than the traditional AI datacenter contracts that required Oracle to front the cash.
        - These contracts came from multiple customers and decrease customer concentration and are from a wide range of companies including well funded startups, enterprises, partners and government agencies.

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  - Cash requirements and CAPEX will, based on the current fiscal guide, peak in FY28. That said, the company stated that the AI business is solid and delivers a strong ROIC, and they will drive to maintain market leadership but, based on commentary, leveraging other methods than debt / equity raises to finance any further / longer term expansion.

  - We will be looking to the Investor day for more information on long term expectations in general and as it relates to CAPEX and debt.

- **Margins:** Investors have been concerned about the impact of the low margin AI datacenter business but Oracle has done a great job of managing their operating expenses to offset the impact of the lower gross margins AI database business (which is fundamentally lower but also negatively impacted during the build-out). In some cases they have lowered expenses as a percentage and in some cases (e.g. S&M) they have lowered the dollar value.

- **Value of the business**: Investors continue to be focused on the AI business while the rest of OCI and SaaS growth strong. Management, as discussed below gave numerous incremental data points (e.g. older GPUs where the contracts were ending renewed / recontacted at 20% higher revenue, AI servers can be used for longer than 6 years, there is far more stickiness to hardware than investors expect).

- **Customer concentration** has and will continue to be an area of concern not just for Oracle but for all the hyperscalers since right now the lion's share of spending both on training and inferencing is with a few AI Labs. But Oracle is diversifying the customer base and effectively decreasing the customer concentration as seen with last quarter and this quarter's RPO increases. Well funded startups, enterprises, partners (tech companies, Cloud providers who leverage Oracle Alloy), and government agencies are increasingly needing capacity and the Oracle technology, which is differentiated, and Oracle's expertise is prized.

- **Revenue sustainability**: This is an area that was not directly focused on during the call, but there were numerous points which highlight why we are not concerned that customers will switch from Oracle in general but also Oracle OCI and OCI AI including:

  - Switching hardware platforms can be difficult and expensive. Management explained that a customer leveraging, let's say 3-year-old servers, is 1) gaining increasing value as Oracle optimizes; and 2) would need to go through a technology revalidation process for critical workloads that is time-consuming and resource expensive.

  - This can be seen in the fact that Oracle is finding that AI servers when the initial contract is up are renewing at an average of a 20% price increase. It is easier / cheaper to use the older hardware then switch to the new hardware which is capacity constrained.

Additional thoughts on the quarter:

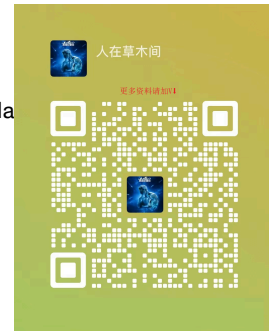
- **Capital Raise:** Oracle raised $20B in equity this quarter and expects as much as $20B of additional capital to be raised (debt + equity) this year. While management did not give additional color on any additional capital requirements this year they did comment that more color could be given at the analyst day in October.

  - Management explained that the choices for how to finance the datacenter build out have increased with a combination of vendor financing, customer prepayments, bring-your-own-hardware and the company will continue to look at the options, especially as demand is higher than supply and both the supply chain and the customers recognize that they should share in driving the build-out.

- **AI and database:** Oracle has built technology that automates the creation of ontologies for Oracle and non-Oracle databases. This technology, if successful would solve a major problem that plagues adoption of AI - the lack of semantic knowledge (meta data) that explains how data is inter-related, how to use and govern. We see this as a potential meaningful upside opportunity.

- **AI and apps**: Oracle has been investing and innovating not only on the data side but also the apps side.

  - On the apps side - Oracle has not only added AI and agentic functionality across its SaaS offerings, they la 100% agentic AI Health Care Management system for hospitals and clinics.



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  - On the app development side Oracle APEX 26.1 brings infrastructure, database, and model capabilities together for application developers. It runs > 2M active apps and is designed to be more human-readable / understandable to be managed, validated and governed using traditional technology and source control systems.

- **CAPEX:** Last quarter Oracle announced $90 to $95B in total CAPEX and reiterated that range explaining that $20-25B will be funded by customers. They explained that guiding on a quarterly basis is difficult as the timing of spending is tied to the availability of datacenter shells (Oracle buys the hardware 6 months or less before the datacenter goes live) and therefore they will discuss CAPEX on an annual basis and any strength or weakness in a quarter should not be used to extrapolate on the full year CAPEX.

  - Management reiterated that, based on the current state of business (e.g. revenue ramp) expects FY28 to be the peak Capex year. With the current line of sight to the pipeline they expected capex to go down in FY29.

- **Component pricing**: One of the concerns investors had going into the results was that with the recently announced pricing increases on memory and other components would negatively impact Oracle's OCI margins. In fact, management reiterated on the earnings call that the increase in component pricing will only increase Oracle revenue (and price drops could decrease revenue) but that margins will be stable even if the costs / revenue increases for AI compute. Oracle has fixed priced contracts (for OCI these are the contracts going live shortly and where the hardware is already in the Oracle manufacturing process we believe) but for contracts with longer time durations or where the pricing could vary, Oracle has conditions in their contracts that allow them to pass along those costs. In other words, Oracle's gross profit dollars will not be meaningfully impacted by price increases.

- **Rental of older GPUs are generating 20% more revenue**: Management explained that this quarter a range of older GPUs (3-4 years old) that came up for contract renewal or available for rental to other parties capture on average 20% more revenue. With many AI bears worried that the useful life of AI hardware is shorter than expected (and not just for Oracle) management explained that customers are not giving up 3-year-old or older hardware (e.g. CPU servers). They have optimized their workloads, the price / performance match is strong, the new hardware is likely more expensive and there are regression testing and other work that must be done when switching hardware. While the company has set the useful life of servers (CPU and GPU) at 6 years (same as Microsoft and other hyperscalers) management implied that the real useful life is longer.

- **SaaS business:** Growth slowed incrementally driven by contract close weakness last year, especially in SMB where the SaaS Apocalypse narrative had a big impact, but that has changed and AI has significantly accelerated the migration and go live process with double-digit month projects shrinking to single digits and multi-month projects shrinking to weeks. As Oracle captures revenue when the customer goes live (often in phases for large projects) this will help with growth strength and likely acceleration.

- **How to think about management guidance**: We have been getting a much better picture on how the company's new CFO and management team thinks about guidance. Some companies will build in a beat and raise as part of their guidance, we understand Hillary Maxson takes what we would call a more conservative and balanced approach. They guide for what they can achieve given a conservatism that some projects / revenue may delay. The revenue range is based on what management believes they can deliver.

- It is Oracle OCI and the full suite everywhere: One point that we have not focused on that is interesting is, as management explained, is that every Cloud install including the big sites includes full OCI and thus can run any of the Oracle IaaS, PaaS or SaaS. This creates future flexibilty. We have previously discussed this with the Oracle multi-Cloud where Oracle could sell their AI or their other PaaS or even SaaS within a Microsoft, Amazon or Google contract and datacenter.

We see better disclosure and clarity and sense higher confidence from management. We believe this clarity, openness in disclosure as well as continued execution will increase investor confidence and help investors more easily model the value being created especially by the AI datacenter build out.

We expect more information, color and possibly updates to longer term guidance at the Financial Analyst Day in October, which could be a catalyst for the stock.

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EXHIBIT 2: **Oracle 1Q27 vs. Consensus**

Q127 (in $ millions)			Actual vs. Consensus
Cloud	Consensus	11,510	*1.4%*
	Actual	**11,670**	
Software	Consensus	5,610	*(1.1%)*
	Actual	**5,550**	
Total Hardware	Consensus	670	*15.5%*
	Actual	**774**	
Services	Consensus	1,360	*4.0%*
	Actual	**1,414**	
Total Revenue	Consensus	19,140	*1.1%*
	Actual	**19,345**	
Diluted EPS ($)	Consensus	1.74	*10.3%*
	Actual	**1.92**	
PF Operating Margin	Consensus	40.7%	*1.4%*
	Actual	**42.1%**	
Cash Flow from Operations	Consensus	7,920	*191.7%*
	Actual	**23,103**	
Ending Deferred Revenue (Current)	Consensus	13,270	*10.7%*
	Actual	**14,686**	

Source: StreetAccount, Company reports, Bernstein analysis

UNDERSTANDING THE QUARTER AND THE BUSINESS

Next we delve more deeply in the key take ways from the earnings and earnings call back with management:

- **Capital Raise**: Oracle raised $43B in debt and $5B in equity financing in FY26. In FY27 the company just completed a $20B equity raise and expects to raise up to an additional $20B this year. No additional debt will be raised in FY27. In our 10-year scenario model we had expected additional financing of roughly $20-$25B but were unsure when that would be raised. We believe that, based on the current guidance through FY30 the company may not need to raise any additional funds or if they do, it will be of a short duration.
    - We understand that some portion of the funds raised in FY27 may be used to repay debt up for repayment, but we expect most of these funds will be used for CAPEX.
- **RPO growth with no additional cash requirements** continued this quarter. Management, we understand from last quarter's call back, considers all the costs associated with delivering services, especially OCI AI including the cost of capital. If the client's believes their cost of capital is lower than Oracle's then the client will either pre-pay or bring their own hardware. Note that ~$20B of the CAPEX in FY27 will be paid using customer prepayments.
- **Solid results**: As we stated earlier this was a solid quarter in which the company was able to deliver results that in all important points beat expectations (Exhibit 2).
    - Cloud revenue beat this quarter. SaaS revenues continue to feel the effects of slower deal closure last year, especially in SMB as the SaaS apocalypse negatively impacted IT actions. Management pointed to their strong RPO and pipeline that this issue is resolving. Software revenue was also slightly lower than consensus as the Cloud transition is progressing.
        - Q1 Cloud Infra (IaaS) Revenue up 121% in USD & up 120% in constant currency to $7.4 billion. Oracle infrastructure (CPU and GPU) grew 151% reaching $6.5B in the quarter.

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    - Oracle Cloud database grew 26% to reach $0.9B. Within that Multi-Cloud database revenue grew 353% YoY and multi-cloud c customers grew 180% YoY. Multi-Cloud database, which is the Oracle Cloud database running at Microsoft, Amazon and Google, reached 70 multi-cloud regions and 119 availability zones.

    - Oracle Cloud apps grew 10% to $8.2B with Fusion growing 14% and industry apps grew at 12% in Q1. Note that NetSuite has decelerated, growing 6%, due to SMB concerns / confusion due to the SaaS Apocalypse overhang.

  - GAAP EPS grew a very impressive 55% (up from 21% last quarter) in USD and 30% in non-GAAP in USD and CC to $1.92.

- **AI datacenter capacity:** Oracle added +850MW of capacity and management stressed that datacenter deliver is accelerating. While investors have been focused on news articles surrounding individual datacenter delays the reality is that Oracle has >100 datacenter projects underway with some comprised of multiple building and phases. Our US Communications Infrastructure & Global Digital Assets team estimates that ~652MW of the capacity added was in US datacenters in Abilene and San Antonio Texas as well as West Jordan Utah.

  - For more information on the datacenter construction pipeline we would recommend reading US Industrials & Tech: The Data Center Project Pipeline - Capacity, Construction, Credibility & Can… For specifics on the Texas datacenter concerns please read Quick Take: Data Centers - Texas data center audit to slow progress on big builds.

  - Management called out the Abilene Texas datacenter which delivered 131,000 GPUs in Q1, 1.9x the volume delivered in Q4. Six of the eight campus buildings, representing 618 megawatts and 75% of total capacity, have now been delivered to the customer.

    - The OpenAI GPT-6 Astra was trained in the Oracle datacenter in Abilene.

- **Sovereign Cloud opportunity:** We have believed for a while that Oracle should be able to leverage their OCI AI datacenter business to create a meaningful and even more valuable sovereign Cloud AI opportunity. There is substantial interest in sovereign governments building their own AI capacity to support government and local AI including both training and inferencing and Oracle is, we believe, the best positioned of the large hyperscalers to win a substantial portion of those opportunities. Oracle already has a large and growing OCI sovereign business via the Oracle Alloy offering and as those governments and government agencies look to build out AI capacity Oracle should be the natural partner. These contracts will likely not require datacenter facilities from Oracle and may incorporate meaningful bring-your-own-hardware (often bought from Oracle) or pre-paid contracts which will likely be at a higher margin.

- **Remaining Performance Obligations** (RPO) increased by $209B YoY to $664B driven by large scale AI contracts, without the need to raise additional funding as customers either pay upfront or bring their own hardware.

  - This showcased Oracle's ability to drive additional revenue growth without expanding its balance sheet.

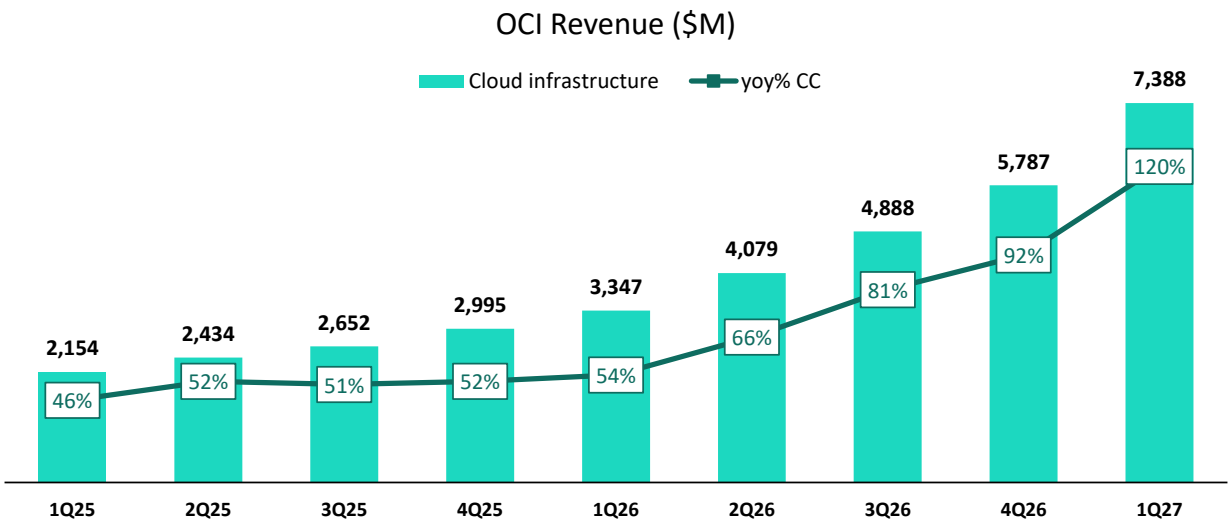
  - We understand that these contracts further diversified Oracle's OCI AI datacenter customer base and contracts.

- **NVIDIA Vera Rubin**: Oracle expects their Vera Rubin adoption to be quicker than expected. The Vera Rubin systems are, according to management, performing better than expected across hardware quality, manufacturing yield, and performance and the 1st systems will be delivered to customers in Q2

- **Quantum Computing**: Oracle purchased a Quantinuum Helios quantum computer which will be installed within Oracle OCI US facilities and integrated with the OCI stack to allow customers to leverage quantum computing (Quantinuum (QNT) 2Q26: Marching forward to their goals).

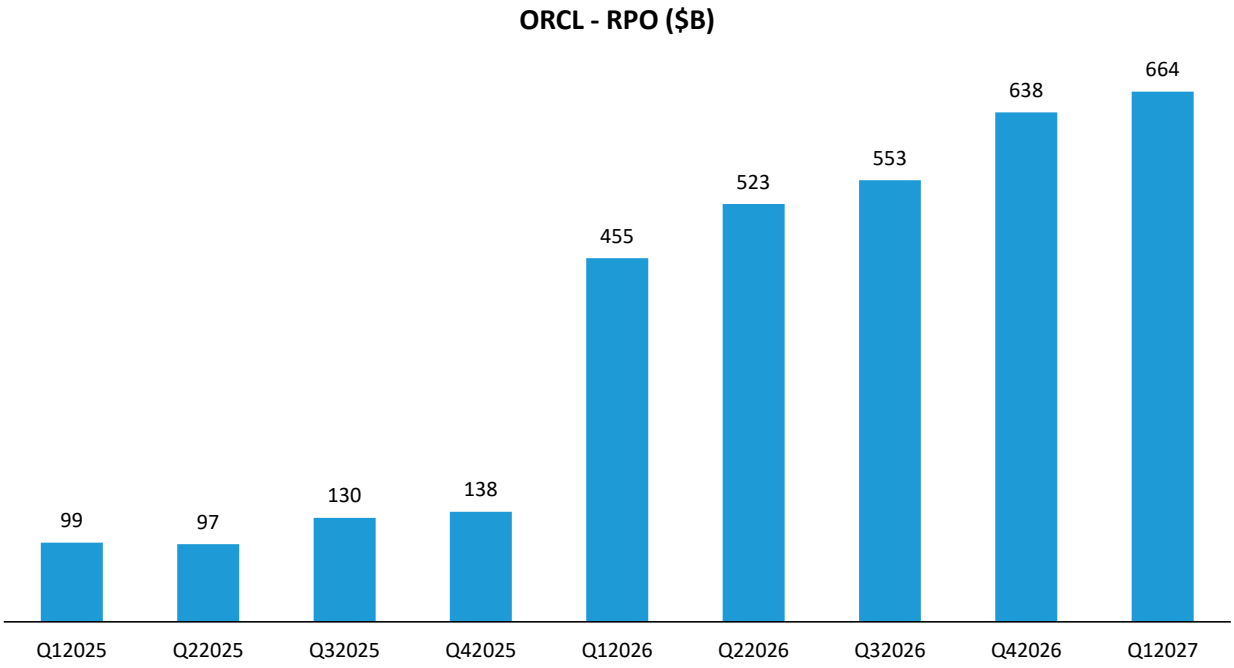
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EXHIBIT 3: **OCI revenue and growth% in CC**



Source: Company disclosures, Bernstein analysis

EXHIBIT 4: **Oracle RPO**



Source: Company disclosure, Bernstein analysis

THE QUARTER

Note that starting1FQ26, management slightly altered the segment reporting structure to show Cloud business more clearly. Specifically they started reporting revenues for Cloud infrastructure (OCI) and Cloud Applications. As a result, some of the older metrics that grouped on-premise and cloud together were discontinued.

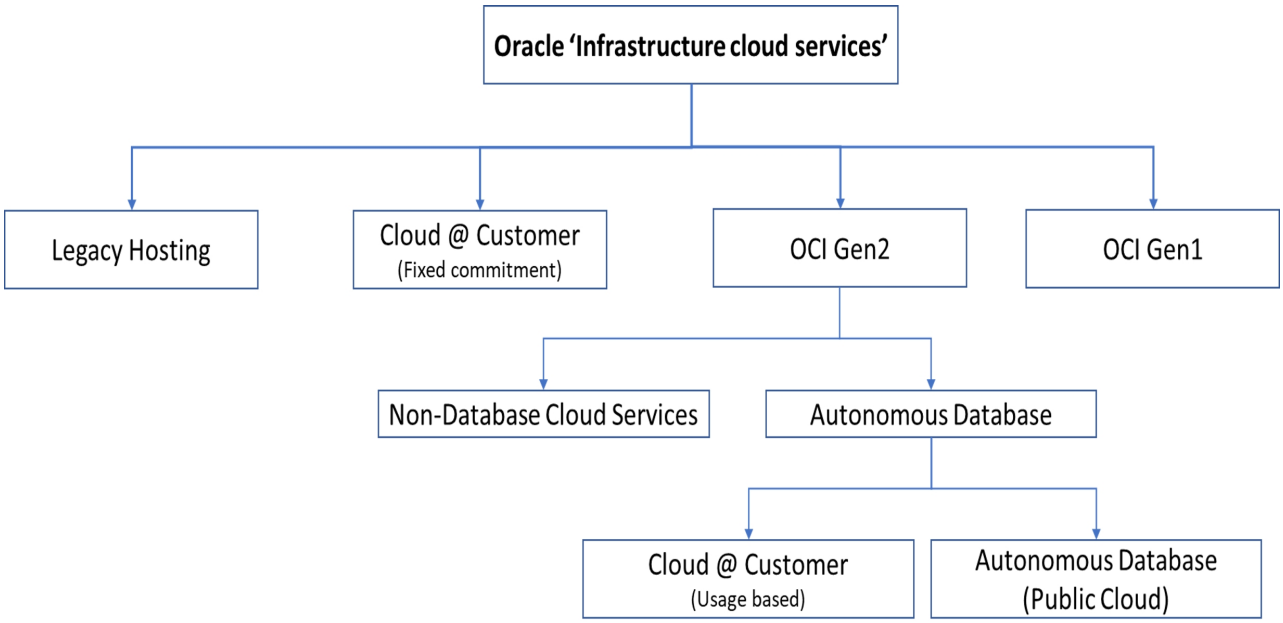
- Total revenue was $19.3 billion, up 30% reported and in CC, above the guidance of 27%-29% in CC (and in USD).

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- Total Cloud revenue was $11.6 billion, up 62% reported and 61% in CC, within the guidance range of 57-63% in CC (58-64% in USD)
  - IaaS revenue was $7.4 billion, up 121% reported and 120% in CC.
    - Cloud Database services was $0.9B, up 26%.
      - MultiCloud Database revenue from Microsoft, Google and Amazon grew 353% Y/Y.
      - As on-premise databases migrate to the cloud, management expects that these Cloud Database services will be a third leg of revenue growth and acceleration — other two legs being OCI Gen II and back office SaaS.
  - SaaS cloud revenue was $4.2 billion, up 10% reported and in CC. Wtihin SaaS, Fusion ERP revenue was $1.6 billion, up 14% and NetSuite ERP was $1.1 billion, up 6%. Industry solutions, including Oracle Health, was up 12%.
- License revenue was $0.65 billion, down 15% (down 14% in CC).
  - Please note that database license sales do not preclude these workloads migrating to the Oracle given Oracle's BYOL model.
- Software support revenue was $4.9 billion, down 1% Y/Y reported and in CC.
- Total RPO grew to $664B, up 46% Y/Y (Exhibit 4)
  - RPO increased by $26 billion sequentially in 1Q. Most of the RPO increase were large-scale AI contracts where the customer either prepaid Oracle or customers brought their own GPU to Oracle.
  - Please note that Oracle's RPO only includes contracted usage. Many government contracts and usage above contracted minimums at enterprise customers as well as contracts that have exit terms are not included in RPO.
  - We understand that Oracle contracts are generally 2 to 4 years in length. AI contracts likely has longer contract length (potentially 6+ years)
- **Margins**: non-GAAP operating margin came in at 42.1%. Non-GAAP EPS, which came in at $1.92.
- The company has paused stock repurchase since 2Q26.
- The board of directors declared the quarterly dividend to $0.50 per share.

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EXHIBIT 5: **What is included in Oracle's Infrastructure Cloud Services**



Source: Bernstein analysis

COMPANY GUIDANCE

ORCL initiated **2**Q27 guidance, and updated guidance for **FY27**.

Q2 GUIDANCE

- Total revenues for Q2 are expected to grow from 30%-34% (up from 27%-29% last quarter) in USD and CC vs consensus expectations of 31.9%
- Cloud revenue is expected to grow 57-63% CC (58-64% in USD).
- Non-GAAP EPS is expected to grow 19 to 23% in CC and 21 to 25% (as compared to 16% to 19% in CC in Q1) and $1.85-$1.93 in USD.
- Oracle expects Q2 FY27 cloud revenue to grow 65% to 71% y/y in U.S. dollars.
-
  - Oracle expects New Mexico and Wisconsin data center developments to have no impact on its previously stated FY27 revenue or earnings guidance.
  - Oracle expects gross margin to flatten over the next couple of years as the current ramp-up finishes.
  - Operating & Commercial
    - Oracle expects to deliver its first NVIDIA Vera Rubin systems to customers in Q2 FY27.
    - Oracle plans to debut its new agentic care management system this month at its Oracle Health and Life Sciences customer event.
    - Oracle plans to unveil a new agentic AI accelerator at AI World in October, intended to compress SaaS deployments from years to months and from months to weeks.
    - Oracle expects cloud infrastructure revenue growth to continue accelerating through the rest of FY27 as more RPO converts into revenue.

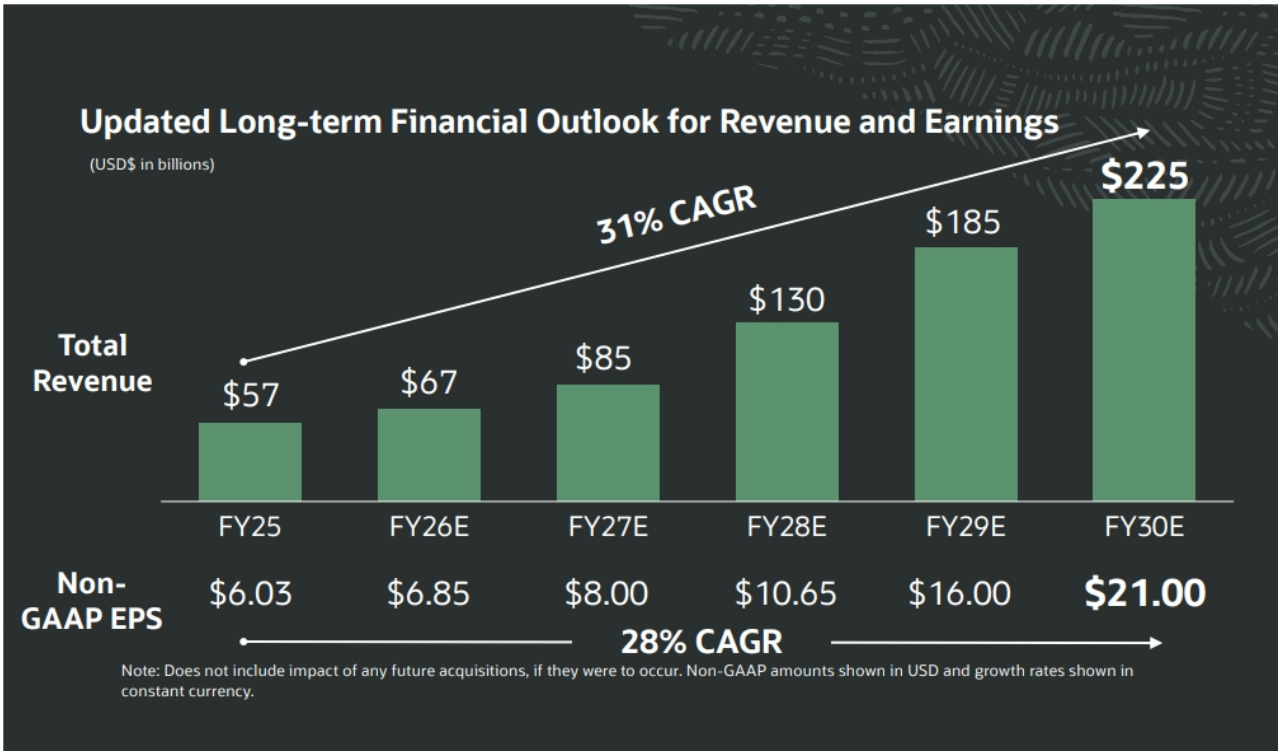
on 11-Sep-2026

- Oracle expects around half of its RPO to convert into sales over the next 36 months.

FY27 GUIDANCE UPDATE

- Oracle raised full-year FY27 guidance to at least $90B of total revenue, up 34% y/y
  - History: at the analyst day on Oct-16th, ORCL had guided to $85 billion in revenue for FY27. The company raised the guidance to $89B in 2Q26. In 3Q26 the company raised the guidance again to $90B in revenue for FY27 and now incrementally increased the guide.
- Oracle raised full-year FY27 non-GAAP EPS guidance to $8.10.
- Oracle continues to anticipate full-year FY27 CAPEX of $90B to $95B, with net cash CAPEX of not more than $70B.
- Oracle expects full-year FY27 gross margin to step down y/y.

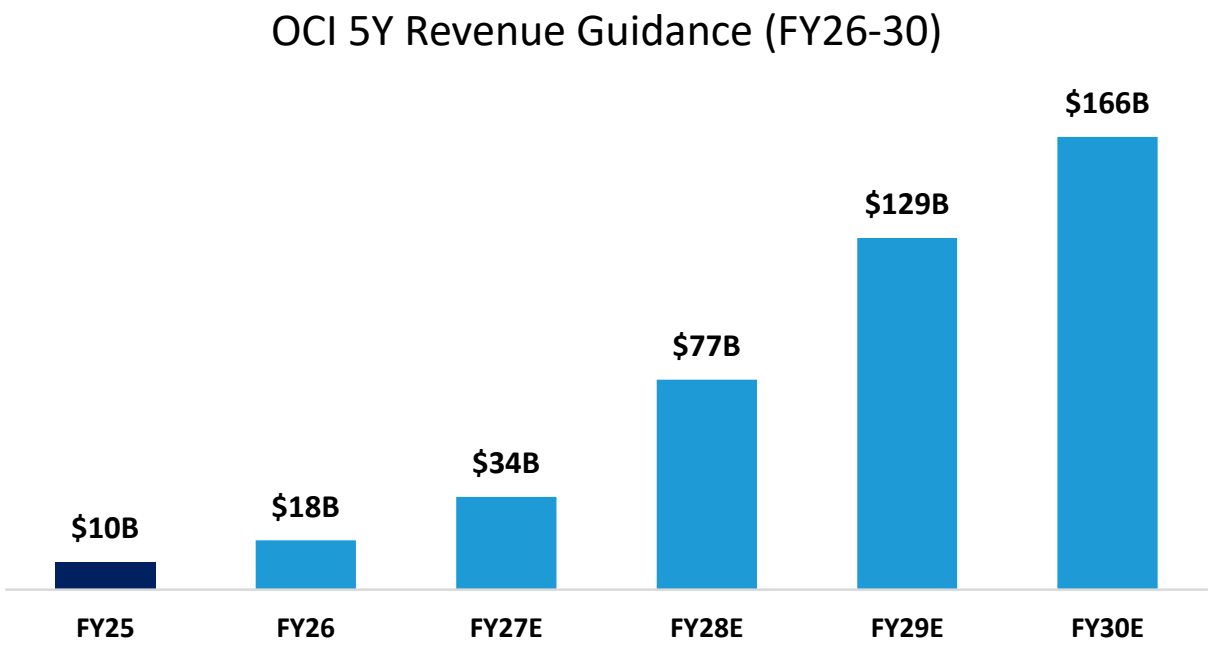
EXHIBIT 6: **Oracle 5-year revenue guide during the CY26 FAM which could be updated at the upcoming FAM**



Source: Oracle

on 11-Sep-2026

EXHIBIT 7: **Oracle previously guided to significant OCI growth in the next 5 years, driven by RPO. They did not explicitly update this guidance**



Source: Company disclosures, Bernstein analysis

RECENT NOTES ON ORACLE

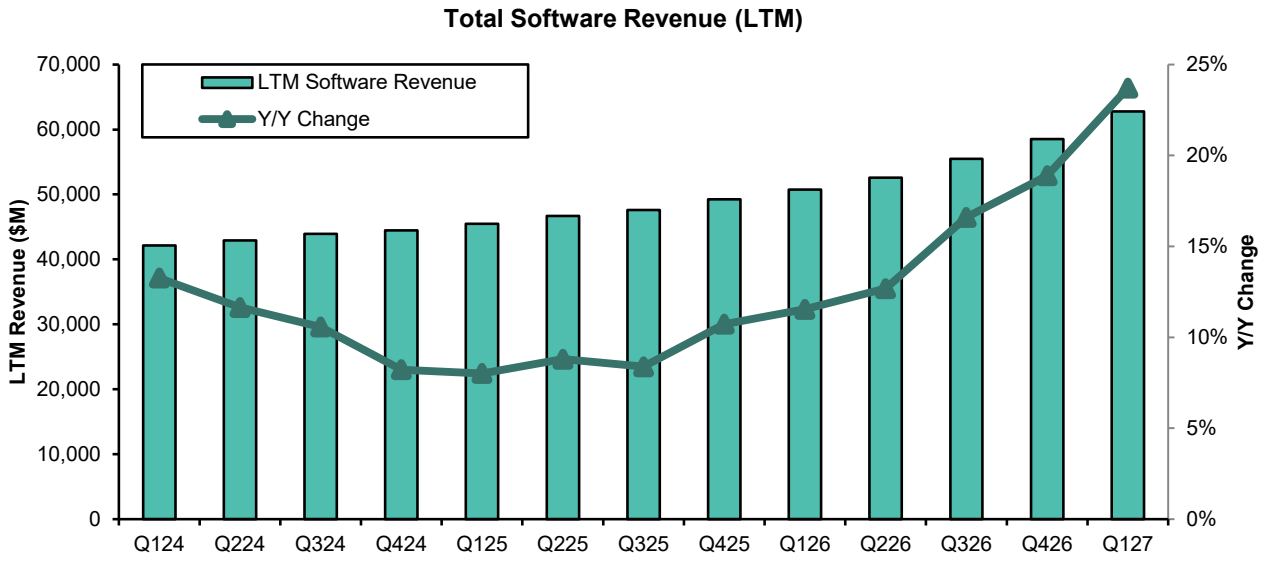
Recently we have been writing extensively on Oracle to help our clients better understand the business, the growth drivers and the path to the FY29/FY30 targets. We highlight these longer term notes here for easy reference:

- Assessing long term (5-10Y) impact of Cloud and AI on revenue, margins, CAPEX, and FCF: Oracle: The story is better than we thought, with better upside potential
  - Older version: Oracle: Implications of updated OCI guidance ($144B in FY30) over the next 5 to 10 years
  - Original version: Long view: The shape of Oracle. Understanding the business in 5 and 10 years
- We also lay out the bear scenario for investors who are concerned about the AI bubble: Oracle: What is Oracle worth if you don't believe in the AI datacenter build-out
- To understand the different revenue streams: Oracle FY26: What is really going on under the hood - our latest update
- Comparing Oracle to its hyperscaler peers: Cloud in the Quarter: How did the hyperscalers do in 1Q26?
- What does an Oracle AI datacenter look like: Oracle: Key takeaways from visiting an OCI datacenter and meeting OCI management
- When Oracle gave their FY29 guidance, we detailed how the company could reach there revenue and margin guidance. This note also discusses the sovereign Cloud opportunity which is a key driver, we believe, of Oracle OCI CPU-centric revenue: Oracle: What do you need to believe?
- A lot of the work in this note is based on the deep dive we did in 2021 into the CAPEX requirements of IaaS/PaaS: Global Software Long View: Cloud CAPEX - what does it really cost to offer IaaS / PaaS?

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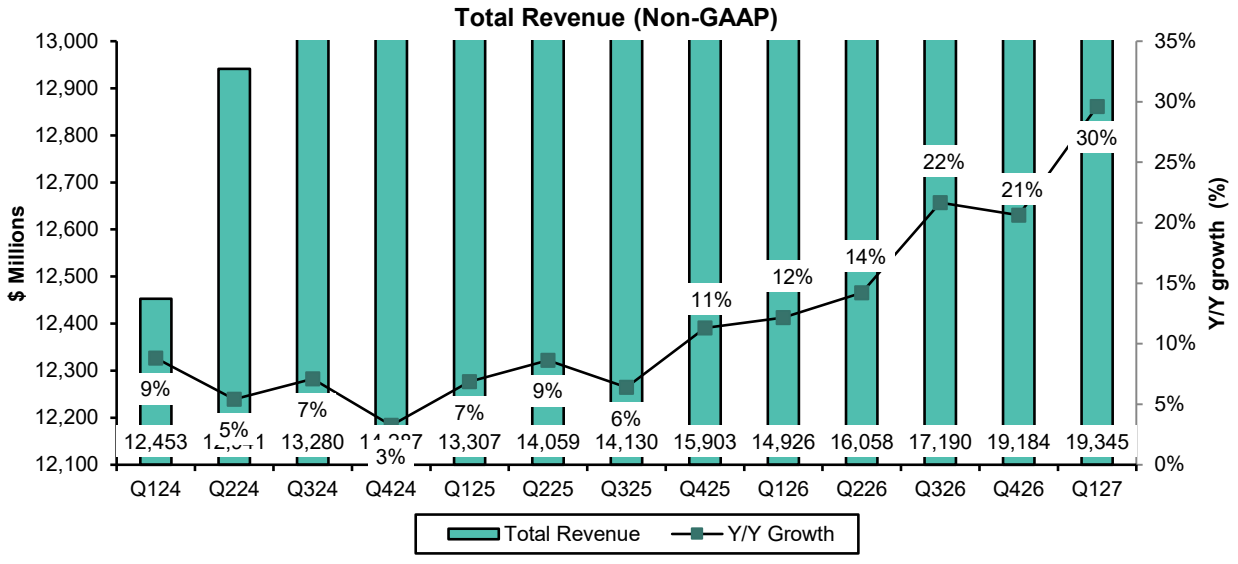
- As a point of comparison we recommend you read 2 notes we wrote on the impact of AI on Microsoft Azure.
  - The 1st discusses the CAPEX requirements of the datacenter build-out: Microsoft: Flashback to the Cloud build-out. Why we think Capex decelerates and Azure accelerates meaningfully. (Latest refresh: Microsoft: Could the bear case in fact be the bull case?)
  - The 2nd looks at Azure margins and their implications for Microsoft margins: Microsoft: Azure AI margins, and its implications for next 5 years

EXHIBIT 8: **LTM Software Revenue growth continued to show strength**



Source: Corporate reports, Bernstein analysis

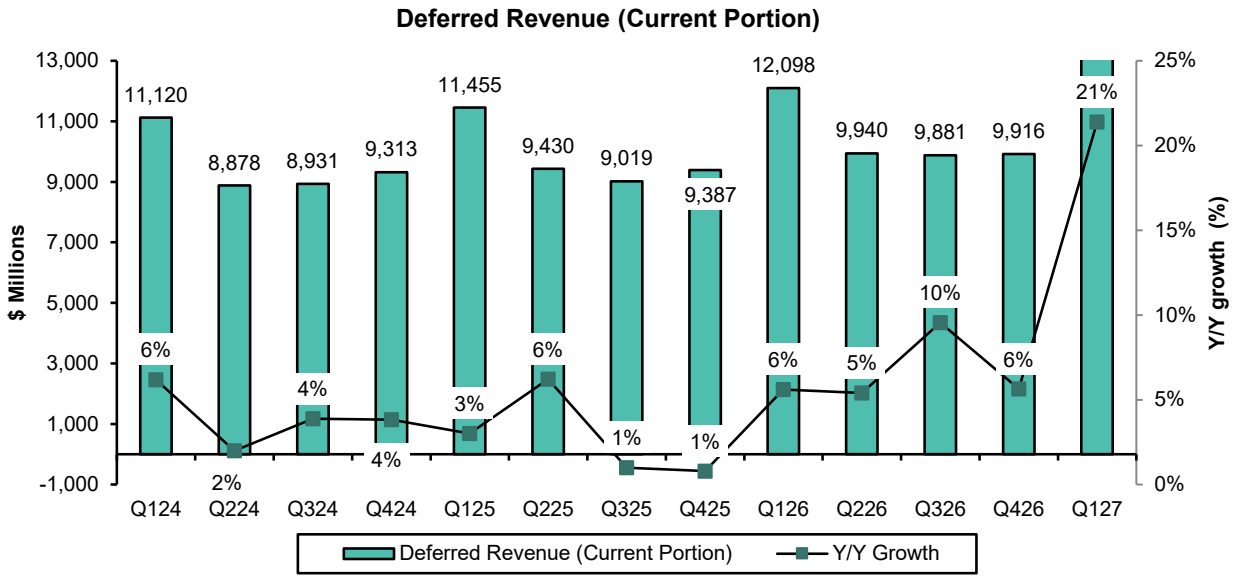
EXHIBIT 9: **Total revenue was up 21% Y/Y**



Source: Company reports, Bernstein analysis

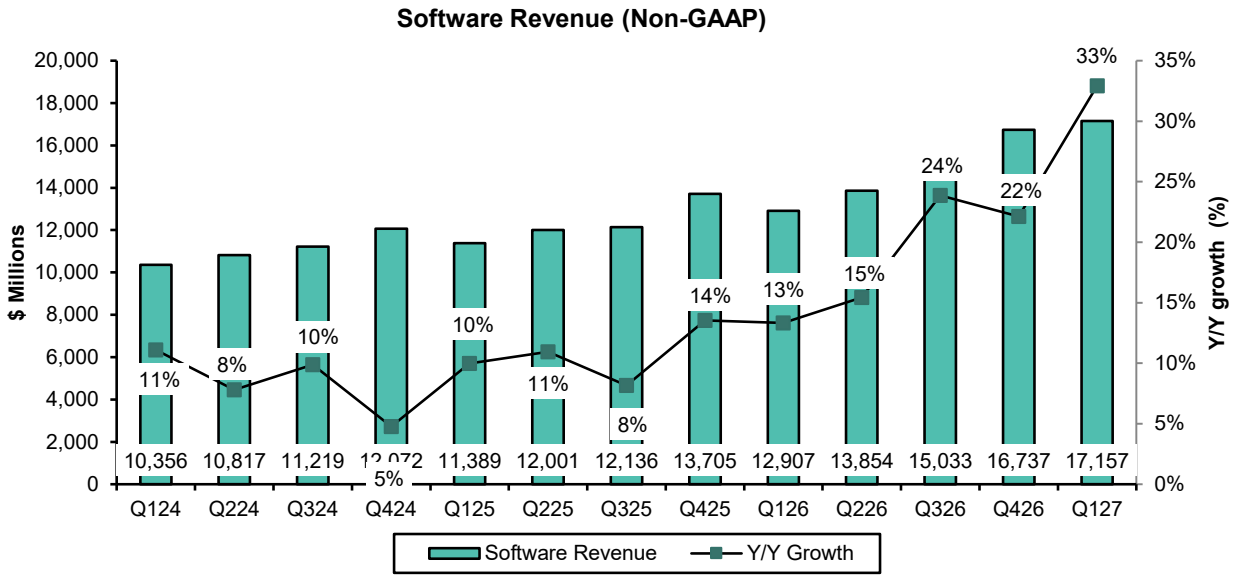
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EXHIBIT 10: **Current Deferred Revenue was up 6% Y/Y**



Source: Company reports, Bernstein analysis

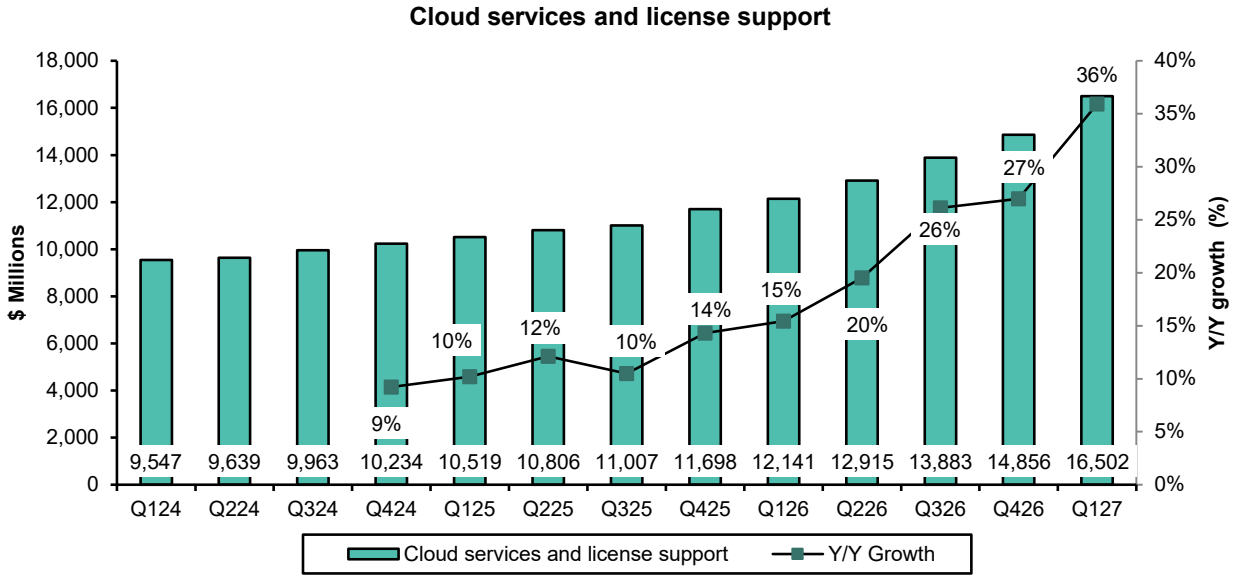
EXHIBIT 11: **Total Cloud and On-Premise Software revenue was up 22% Y/Y**



Source: Company reports, Bernstein analysis

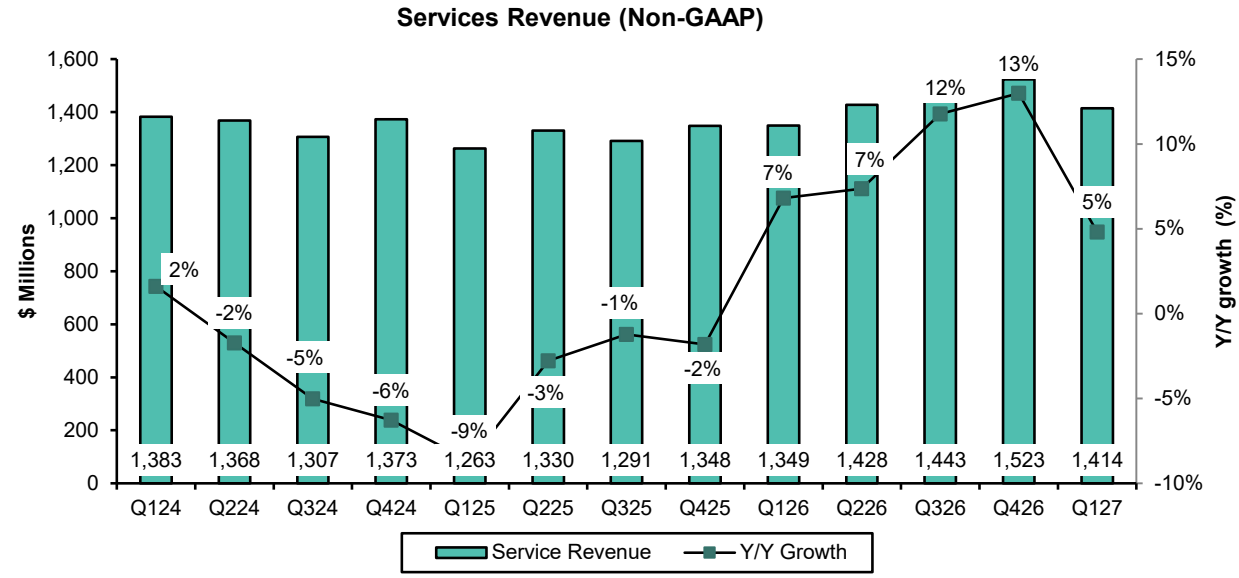
on 11-Sep-2026

EXHIBIT 12: **Cloud services and license support revenue increased 27% Y/Y**



Source: Company reports, Bernstein analysis

EXHIBIT 13: **Services revenue was up 13% Y/Y**

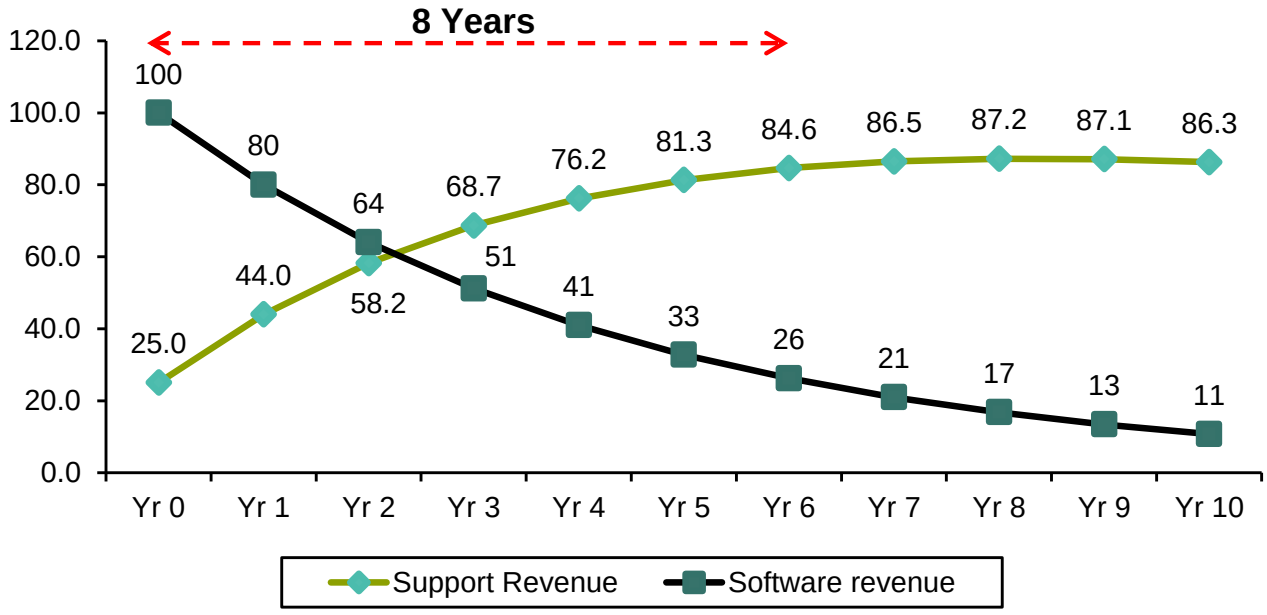


Source: Company reports, Bernstein analysis

EXHIBIT 14: **Hardware revenue increased 9% Y/Y**

on 11-Sep-2026

EXHIBIT 16: **... this growth in Support revenue even while New License revenue is shrinking (20% Y/Y) and Support revenue churns (4% Y/Y) is easier to see graphically**



Source: Bernstein estimates and analysis

on 11-Sep-2026

APPENDIX - FINANCIAL FORECASTS

EXHIBIT 17: **Oracle Income Statement**

$ Millions, PF except otherwise noted

Income Statement	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**	**Q127**	**Q227E**	**Q327E**	**Q427E**
Cloud services and license support	39,383	44,030	53,795	77,530	124,914	182,789	16,502	18,436	20,288	22,304
Cloud license and on-premise license	5,081	5,201	4,736	3,603	3,453	3,259	655	819	819	1,310
Software Revenues	**44,464**	**49,231**	**58,531**	**81,133**	**128,367**	**186,049**	**17,157**	**19,255**	**21,107**	**23,614**
Hardware Systems Revenues	**3,066**	**2,936**	**3,084**	**3,285**	**3,268**	**3,252**	**774**	**807**	**743**	**961**
Services	**5,431**	**5,232**	**5,743**	**5,831**	**5,746**	**3,477**	**1,414**	**1,457**	**1,456**	**1,505**
Total revenues	**52,961**	**57,399**	**67,358**	**90,249**	**137,382**	**192,778**	**19,345**	**21,518**	**23,306**	**26,080**
Cloud services and license support	8,901	10,959	16,975	32,626	62,646	98,088	6,266	7,467	8,733	10,161
Cost of hardware systems	867	754	841	1,008	946	938	275	236	216	281
Cost of services	4,657	4,373	4,346	4,304	4,167	2,370	1,001	1,138	1,086	1,080
Total Cost of Revenue	**14,425**	**16,086**	**22,162**	**37,938**	**67,759**	**101,397**	**7,542**	**8,840**	**10,035**	**11,522**
S&M	7,609	7,894	7,573	7,404	7,293	8,602	1,640	2,050	1,891	1,822
R&D	6,692	7,222	7,467	7,854	7,779	5,950	1,734	2,070	2,087	1,963
G&A	1,181	1,163	1,231	1,340	1,585	1,631	278	357	324	381
Total expenses	**29,907**	**32,365**	**38,433**	**54,536**	**84,415**	**117,579**	**11,194**	**13,317**	**14,337**	**15,688**
Operating income	**23,054**	**25,034**	**28,925**	**35,713**	**52,967**	**75,199**	**8,151**	**8,201**	**8,969**	**10,392**
Non-operating income, net	(98)	58	3,548	1,139	71	34	307	307	249	277
EBIT	22,956	25,092	32,473	36,852	53,038	75,233	8,458	8,508	9,218	10,669
Interest expense	(3,514)	(3,578)	(4,598)	(5,839)	(7,120)	(7,432)	(1,428)	(1,379)	(1,434)	(1,599)
Income before income taxes	**19,442**	**21,514**	**27,875**	**31,013**	**45,918**	**67,801**	**7,030**	**7,129**	**7,784**	**9,070**
(Provision) Benefit for income taxes	3,733	4,231	5,537	5,508	8,724	12,882	1,191	1,283	1,401	1,633
Net income	**15,709**	**17,283**	**22,235**	**25,424**	**37,194**	**54,919**	**5,758**	**5,846**	**6,383**	**7,437**
Proforma Diluted EPS ($)	**5.56**	**6.03**	**7.63**	**8.37**	**12.19**	**17.96**	**1.92**	**1.92**	**2.09**	**2.44**
Basic share count	2,744	2,789	2,861	2,997	3,013	3,018	2,966	3,003	3,008	3,010
Diluted share count	2,823	2,866	2,915	3,036	3,052	3,057	3,000	3,046	3,047	3,049
Key ratios (Based on PF results unless otherwise noted)										
Overall gross margin	72.8%	72.0%	67.1%	58.0%	50.7%	47.4%	61.0%	58.9%	56.9%	55.8%
S&M as % of sales	14.4%	13.8%	11.2%	8.2%	5.3%	4.5%	8.5%	9.5%	8.1%	7.0%
R&D as % of sales	12.6%	12.6%	11.1%	8.7%	5.7%	3.1%	9.0%	9.6%	9.0%	7.5%
G&A as % of sales	2.2%	2.0%	1.8%	1.5%	1.2%	0.8%	1.4%	1.7%	1.4%	1.5%
Operating margin	43.5%	43.6%	42.9%	39.6%	38.6%	39.0%	42.1%	38.1%	38.5%	39.8%
Operating margin (GAAP)	29.0%	30.8%	30.6%	32.8%	33.4%	35.2%	34.8%	31.0%	31.8%	33.6%
Tax rate	19.2%	19.7%	19.9%	17.8%	19.0%	19.0%	16.9%	18.0%	18.0%	18.0%
Net margin	29.7%	30.1%	33.0%	28.2%	27.1%	28.5%	29.8%	27.2%	27.4%	28.5%
Sequential change (based on PF results unless otherwise noted)										
Total Revenues	6.0%	8.4%	17.4%	34.0%	52.2%	40.3%	0.8%	11.2%	8.3%	11.9%
Total Cost of Revenue	11.2%	11.5%	37.8%	71.2%	78.6%	49.6%	16.6%	17.2%	13.5%	14.8%
S&M	-7.5%	3.7%	-4.1%	-2.2%	-1.5%	17.9%	-12.9%	25.0%	-7.8%	-3.6%
R&D	0.8%	7.9%	3.4%	5.2%	-1.0%	-23.5%	-9.1%	19.4%	0.8%	-5.9%
G&A	-3.0%	-1.5%	5.8%	8.8%	18.3%	2.9%	-16.5%	28.3%	-9.1%	17.4%
Operating income	10.3%	8.6%	15.5%	23.5%	48.3%	42.0%	-5.1%	0.6%	9.4%	15.9%
Net income	10.8%	10.0%	28.7%	14.3%	46.3%	47.7%	-6.4%	1.5%	9.2%	16.5%
EPS - Diluted, Pro-Forma	8.7%	8.4%	26.5%	9.8%	45.5%	47.4%	-9.1%	0.0%	9.1%	16.5%
EPS - Diluted, GAAP	20.8%	17.1%	34.2%	14.2%	54.8%	55.6%	7.7%	-5.0%	11.0%	19.3%
Diluted shares	2.1%	1.5%	1.7%	4.2%	0.5%	0.2%	2.9%	1.5%	0.0%	0.0%

Source: Company reports, Bernstein estimates and analysis

on 11-Sep-2026

EXHIBIT 18: **Oracle Balance Sheet**

$ Millions & GAAP, except otherwise noted

Balance Sheet	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**	**Q127**	**Q227E**	**Q327E**	**Q427E**
Assets										
Cash and cash equivalents	10,454	10,786	31,289	28,394	13,360	29,671	36,369	29,470	32,769	28,394
Marketable securities	207	417	605	708	708	708	708	708	708	708
Trade receivables, net	7,874	8,558	10,385	13,551	19,912	25,184	11,394	12,177	14,015	13,551
Inventories	-	-	-	-	-	-	0	0	0	0
Prepaid expenses and other current assets	4,019	4,818	4,288	4,601	5,108	5,322	7,159	5,319	5,234	4,601
Total current assets	**22,554**	**24,579**	**46,567**	**47,254**	**39,088**	**60,884**	**55,630**	**47,675**	**52,725**	**47,254**
PP&E	21,536	43,522	99,957	179,211	250,221	296,018	127,845	143,954	160,808	179,211
Intangible assets, net	6,890	4,587	-	-	-	-	0	0	0	0
Goodwill	62,230	62,207	62,261	62,267	62,267	62,267	62,267	62,267	62,267	62,267
Other assets	27,766	33,466	52,974	60,444	68,355	77,638	57,517	58,242	59,278	60,444
Total non current assets	**118,422**	**143,782**	**215,192**	**301,922**	**380,843**	**435,923**	**247,629**	**264,463**	**282,353**	**301,922**
Total assets	**140,976**	**168,361**	**261,759**	**349,175**	**419,931**	**496,807**	**303,259**	**312,138**	**335,079**	**349,175**
Liabilities										
Accounts payable	2,357	5,113	10,977	14,226	12,917	463	11,063	13,091	11,384	14,226
Accrued compensation and related benefits	1,916	2,243	2,225	1,888	1,664	1,307	1,760	2,004	1,937	1,888
Income taxes payable	-	-	-	-	-	-	0	0	0	0
Deferred revenues	9,313	9,387	9,916	12,383	17,477	26,452	14,686	11,810	12,020	12,383
Notes payable & current borrowings	10,605	7,271	7,199	10,400	6,250	6,250	7,625	10,600	10,600	10,400
Other current liabilities	7,353	8,629	11,447	14,258	21,535	29,494	12,380	9,857	12,488	14,258
Total current liabilities	**31,544**	**32,643**	**41,764**	**53,155**	**59,842**	**63,965**	**47,514**	**47,363**	**48,429**	**53,155**
Notes payble and other non-current borrowings	76,264	85,297	122,342	134,937	147,087	151,087	117,712	119,737	134,737	134,937
Other non-current liabitlies	23,929	29,452	54,597	78,698	98,312	116,686	70,837	73,502	75,487	78,698
Total non current liabilities	**100,193**	**114,749**	**176,939**	**213,635**	**245,399**	**267,773**	**188,549**	**193,239**	**210,224**	**213,635**
Total liabilities	**131,737**	**147,392**	**218,703**	**266,789**	**305,241**	**331,738**	**236,063**	**240,602**	**258,653**	**266,789**
Total Shareholders' equity	**9,239**	**20,969**	**43,056**	**82,386**	**114,690**	**165,069**	**67,196**	**71,536**	**76,426**	**82,386**
Total Liabilities & Shareholders Equity	**140,976**	**168,361**	**261,759**	**349,175**	**419,931**	**496,807**	**303,259**	**312,138**	**335,079**	**349,175**

Source: Company reports, Bernstein estimates and analysis

EXHIBIT 19: **Oracle Cash Flow Statement**

$ Millions & GAAP, except otherwise noted

Cash Flow Statement	**FY2024**	**FY2025**	**FY2026**	**FY2027E**	**FY2028E**	**FY2029E**	**Q127**	**Q227E**	**Q327E**	**Q427E**
Net income	10,467	12,443	17,087	20,272	31,411	48,958	4,760	4,513	5,013	5,985
Depreciation	3,129	3,867	7,623	16,366	26,934	42,401	3,156	3,973	4,401	4,836
Amortization of intangible assets	3,010	2,307	1,671	688	368	48	202	182	162	142
Stock-based compensation	3,974	4,674	4,811	4,965	6,451	6,990	1,127	1,211	1,265	1,363
Other, net	(1,419)	(970)	(3,350)	(77)	-	-	(77)	-	-	-
Changes in operating assets and liabilities	(488)	(1,500)	4,135	21,649	15,305	7,680	13,935	(311)	100	7,926
Net cash provided by operating activities	**18,673**	**20,821**	**31,977**	**63,863**	**80,470**	**106,077**	**23,103**	**9,567**	**10,940**	**20,252**
Acquisitions, net of cash acquired	(63)	-	-	-	-	-	0	0	0	0
Changes in marketable securities	(431)	(496)	3,809	(81)	-	-	(81)	0	0	0
Capital expenditures	(6,866)	(21,215)	(55,663)	(93,075)	(97,945)	(88,197)	(28,499)	(20,082)	(21,255)	(23,239)
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	**(7,360)**	**(21,711)**	**(51,854)**	**(93,156)**	**(97,945)**	**(88,197)**	**(28,580)**	**(20,082)**	**(21,255)**	**(23,239)**
Share buyback	(1,202)	(600)	(95)	-	-	-	0	0	0	0
Proceeds from issuance of common stock	742	653	1,449	20,550	800	800	19,950	200	200	200
Dividends on common stock	(4,391)	(4,743)	(5,787)	(6,325)	(6,358)	(6,369)	(1,565)	(1,584)	(1,587)	(1,588)
Proceeds from issuance of preferred stock	-	-	4,954	-	-	-	0	0	0	0
Dividends on preferred stock	-	-	-	-	-	-	0	0	0	0
Proceeds from borrowings, net of issuance costs	(167)	21,437	49,438	20,000	8,000	4,000	0	5,000	15,000	0
Repayments of borrowings	(3,500)	(15,841)	(9,227)	(5,032)	-	-	(5,032)	0	0	0
Distribution to noncontrolling interests	-	-	-	-	-	-	0	0	0	0
Excess tax benefits on stock option exercise, vesting of restricte	(2,036)	192	(448)	(242)	-	-	(242)	0	0	0
Net cash provided by financing activities	**(10,554)**	**1,098**	**40,284**	**28,951**	**2,442**	**(1,569)**	**13,111**	**3,616**	**13,613**	**(1,388)**
Effect of exchange rate changes	(70)	124	96	11	-	-	11	0	0	0
Net increase in cash	**689**	**332**	**20,503**	**(330)**	**(15,034)**	**16,311**	**7,645**	**(6,899)**	**3,298**	**(4,375)**
Cash and cash equivalents, beginning of period	9,765	10,454	10,786	31,289	30,959	15,925	31,289	38,934	32,035	35,334
Cash and cash equivalents, end of period	**10,454**	**10,786**	**31,289**	**30,959**	**15,925**	**32,236**	**38,934**	**32,035**	**35,334**	**30,959**

Source: Company reports, Bernstein estimates and analysis

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BERNSTEIN TICKER TABLE

on 11-Sep-2026

I. REQUIRED DISCLOSURES

References to "Bernstein" or the “Firm” in these disclosures relate to the following entities: Bernstein Institutional Services LLC (April 1, 2024 onwards), Sanford C. Bernstein & Co., LLC (pre April 1, 2024), Bernstein Autonomous LLP, BSG France S.A. (April 1, 2024 onwards), Sanford C. Bernstein (Hong Kong) Limited 盛博香港有限公司, Sanford C. Bernstein (Canada) Limited, Sanford C. Bernstein (India) Private Limited (SEBI registration no. INH000006378), Sanford C. Bernstein (Singapore) Private Limited, Sanford C. Bernstein Japan KK（サンフォード・C・バーンスタイン株式会社）and analysts employed by Société Générale Africa Technologies & Services to produce Bernstein research under a Global Services Agreement in place between Bernstein and Société Générale.

Bernstein is part of a joint venture between Société Générale (SG) and AllianceBernstein, L.P. (AB). Unless specifically noted otherwise, for purposes of these disclosures, references to Bernstein’s “affiliates” relate to both SG and AB and their respective affiliates.

VALUATION METHODOLOGY

Oracle Corp

We value Oracle shares based on our estimate for 12-months adjusted EPS in 1 years' time ($15.54) and apply an adjusted P/FE multiple of 23.5x. We then add back in the net cash per share, (-$40.7 per share), arriving at price target of $325.

RISKS

Oracle Corp

Risks to our target price for ORCL include: customer concentration risk, AI Winter scenario where Gen AI fails globally, decreased database sales due to increased pressure from cloud and alternate databases; Slower than expected adoption of SaaS ERP; cybersecurity or other concerns that decrease demand for Cloud; lower than expected demand for Oracle's Autonomous Database and Oracle Multi-Cloud database; OCI growth issues especially at Sovereign Clouds.

RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

EQUITY RATINGS DEFINITIONS

Bernstein brand

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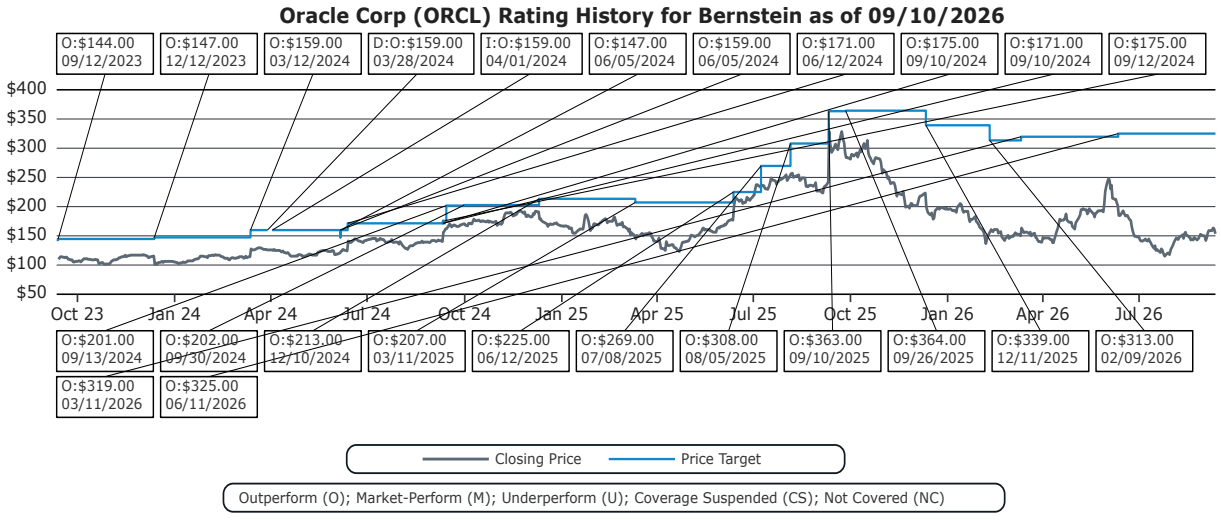
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