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## Global Software, Americas Energy + Transition, US Comms Infra

# Data Centers: The impact of Oracle's "Force Majeure" on Oracle, Bloom Energy, and the broader data center industry



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The announcement earlier today (Link) that Oracle had sent a“force majeure” notice to the builders of its Project Jupiter future datacenter in Doña Ana County New Mexico drove ORCL down by ~4% - we believe this to be an overreaction. Bloom’s fuel cells are to power this project, BE was down ~3% on the announcement. We see the equipment relationship as staying intact, with nothing in the contract changing. Oracle remains committed to Bloom’s fuel cells for their buildout.

Without seeing the terms of the contract we don’t know what the effect will be of the “Force Majeure” note, but we believe this is about covering the contingencies and keeping all options open including delaying payments for the datacenter or payments to subcontractors but also to potentially give Oracle the chance to cancel the contract if they so desire at any point up through, we believe, the contracted go-live date.

Data center tenants always have provisions in their contracts for remedies or cancellations based on delivery dates, service level agreements, etc., and hyperscalers are the most sophisticated tenants around. Based on our research and conversations with industry experts (Link), we understand that the hyperscalers, including Oracle, have signed contracts for more data center capacity (not hardware) than they need, intentionally buffering their leased footprints to account for these delays and cancellations. This is particularly true as they have expanded their landlord base beyond the standard, high-credibility developers.

**Impact on Oracle:** While initial reports were that the datacenter was expected to go-live in Q4 CY26 (Link) expectations have been for Oracle’s FY27 or later for the initial go-live of workloads at the facility with more being added over time. But more recently, we have heard the planned go live was in FY28 and in 4 phases. Management in fact discussed on earnings that “In terms of construction, data center is definitely on track… neither of these sites will have any impact into our FY '27 revenue or earnings guidance.” In other words, delays would not have an effect till late CY27 or early CY28 and only partially since capacity is expected to ramp over time.

What is also interesting about the street’s reaction is that the stock’s valuation effectively excludes any revenue / profits from Oracle’s OCI AI business and at times the stock is effectively modeling in a negative value for this revenue (Link). Therefore, if these data centers and the related revenue and costs were to disappear Oracle’s stock should go up.

**Impact on Bloom**: The ~2.5 GW associated with Project Jupiter is the largest deployment in Bloom’s disclosed pipeline against its backlog. Commercially, nothing in the contract has been canceled or repriced and Oracle’s acknowledgment of Project Jupiter remaining on planned schedule suggests the company’s intent to proceed.

**For the broader data center market:** We think this serves as a reminder that all data centers and data center contracts are not equal. It’s why within our Communications Infrastructure team we continue to prefer top-tier developers (DLR, EQIX) and probability weight the market pipeline with our builder credibility 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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## BERNSTEIN TICKER TABLE

| Ticker | Rating | Cur | 24 Sep 2026 Closing Price | Price Target | TTM Rel. Perf. | Cur | Adjusted EPS 2025A | 2026E | 2027E | Adjusted P/E (x) 2025A | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| ORCL (Oracle) | O | USD | 139.54 | 325.00 | (70.5)% | USD | 7.63 | 8.37 | 12.19 | 18.3 | 16.7 | 11.5 |
| MSFT (Microsoft) | O | USD | 497.93 | 660.00 | (18.2)% | USD | 17.28 | 19.96 | 24.01 | 28.8 | 25.0 | 20.7 |
| DLR (Digital Realty) | O | USD | 181.00 | 226.00 | (10.5)% | USD | 3.87 | 3.09 | 3.21 | 46.8 | 58.5 | 56.4 |
| EQIX (Equinix) | O | USD | 1,034.76 | 1,270.00 | 15.3% | USD | 14.96 | 17.79 | 20.87 | 69.2 | 58.2 | 49.6 |
| BE (Bloom Energy) | M | USD | 266.65 | 282.00 | 269.7% | USD | 0.82 | 2.85 | 4.81 | 323.7 | 93.5 | 55.5 |
| SPX | | | 7,706.03 | | | | | | | | | |

O - Outperform, M - Market-Perform, U - Underperform, NR - Not Rated, CS - Coverage Suspended

ORCL, MSFT base year is 2026;

Source: Bloomberg, Bernstein estimates and analysis.

## INVESTMENT IMPLICATIONS

**Oracle**: Oracle has likely contracted for more capacity than they need and the New Mexico facility was not expected to be available for customer use until late CY28. These delays, if they materialize, do not impact revenue in FY27 or FY28 and Oracle has options to meet their customer's capacity requirements from this datacenter or others. The "Force Majeure" notice by Oracle gives Oracle optionality. Therefore, this does not change our Oracle thesis.

**US Communications Infrastructure:** We rate DLR ($226) and EQIX ($1,270) Outperform. We value DLR on a forward Price-to-Adjusted Funds From Operations (AFFO) per share multiple; our $226 price target is based on 27x our NTM+1 AFFO per share of $8.36. We value EQIX on a forward Price-to-Adjusted Funds From Operations (AFFO) per share multiple; our $1,270 price target is based on ~25x NTM+1 AFFO per share of $51.19.

**Americas Power & Energy Tranistion:** We rate Bloom (BE) Market-Perform with a price target of $282.

## DETAILS

The announcement earlier today (Link) that Oracle had sent a"force majeure" notice to the builders of its Project Jupiter future datacenter in Doña Ana County New Mexico drove ORCL down by ~4% - we believe this to be an overreaction. It also negatively impacted Bloom Energy, whose fuel cells are expected to power this project, BE was down ~3% on the announcement. We believe both reactions as over-reactions.

As discussed below the Doña Ana County New Mexico (Project Jupiter) datacenter was not expected to be servicing customers until late CY28, even though Phase 1, likely infrastructure and some building shells, were expected to be completed in CY27. Our estimates have four facilities of 225MW each, with one being handed off to customers in late 2028 and the other three rolling through 2029. While the recent government driven delays that drove the "force majeure" notice are unfortunately Oracle, similar to other hyperscale and large scale compute providers, built delays into their multi-year plans. As discussed below we do not believe that either the delays or the announcement of the "force majeure" notice impact our Oracle thesis.

On the Bloom Energy side we see the equipment relationship as staying intact, with nothing in the contract changing. Oracle remains committed to Bloom's fuel cells for their build out.

### WHAT EXACTLY HAPPENED?

Project Jupiter is a four-building campus in Sunland Park, New Mexico - roughly 1,400 acres outside El Paso. The first of the four buildings is estimated to energize at the end of 2027, with the next three rolling through 2028. OpenAI is the primary Oracle customer for the site.

Power is key to deliver all the compute and this power was expected to be delivered via Bloom Energy fuel cells which would be fueled with natural gas. The Green Chile Project pipeline (Energy Transfer's 17-mile line linking the Transwestern system to the site), which would supply the natural gas has slipped from an August 2026 in-service date to February 2027, after the New Mexico State Land Office repeatedly denied right-of-way permits across state trust land, following opposition from local officials and environmental groups over climate and resource concerns. Bloom needs that gas supply in order to start commissioning at the site.

### WHAT DOES THIS BROADLY MEAN FOR DATACENTER CONSTRUCTION

Oracle put the datacenter builder on notice of a "force majeure" event. Without seeing the terms of the contract we simply don't know what the effect will be of the "force majeure" notice, but these types of clauses are common in a wide range of contracts and in most cases they excuse a party from the contractual obligations when an even outside their control occurs. That said, we believe this is all about covering the contingencies and keeping all options open including delaying payments for the datacenter or payments to subcontractors, including on the power / cooling side, but also to potentially give Oracle the chance to cancel the contract if they so desire at any point up through, we believe, the contracted go-live date. Again, Oracle is keeping their options open and delaying payment if the facility misses its CY28 target to go-live.

It also, we believe, places the government agencies and politicians on notice. Recently we have seen an upswing in political pressure to delay datacenters construction. While we are not discussing the merits or lack of merits of delaying these datacenter constructions projections this puts everyone on notice that Oracle could in theory walk away from the datacenter and thus jeopardize the taxes that would be raised, the jobs that would be created etc.

Data center tenants always have provisions in their contracts for remedies or cancellations based on delivery dates, service level agreements, etc., and hyperscalers are the most sophisticated tenants around.

In addition, based on our research and conversations with industry experts (Link), we understand that the hyperscalers, including Oracle, have signed contracts for more data center capacity (not hardware) than they need, intentionally buffering their leased footprints to account for these delays and cancellations. This is particularly true as they have expanded their landlord base beyond the standard, high-credibility developers.

### IMPACT ON BLOOM ENERGY

Bloom's relationship with Oracle dates to a July 2025 pilot where Bloom stood up on-site power for an Oracle data center in ~60 says instead of a 90 day target. This led to a Master Services Agreement (announced Mid-April 2026) for Oracle to produce up to 2.8 GW of Bloom's fuel cells across Oracles sites, with 1.2GW of the 2.8 GW contracted. Project Jupiter was added on in late April 2026, when Oracle announced the Dona Ana County campus would drop its original gas turbine design, entirely in

favor of a fuel cell micro-grid sized up to ~2.5 GW. This was a huge win for Bloom with the 2.5GW as the largest deployment in Bloom's backlog.

In response to today's announcement, our take is that Bloom remains the provider of choice for Oracle's project, and Oracle remains committed to the Bloom contract.

## IMPACT ON ORACLE

To understand what this could mean for Oracle we consider 5 items:

- Oracle has likely contracted for more datacenter capacity than they need to meet all their contractual obligations and can add more contracted capacity if need be, especially to meet requirements that are 2 years away.
- Project Jupiter was not, we understand, expected to be meeting customer demands until Q4 CY28 and management has repeatedly said it does not impact FY27 revenue or guidance,
    - While initial reports were that the datacenter was expected to go-live in Q4 CY26 (Link) expectations have been for Oracle's FY27 or later for the initial go-live of workloads at the facility with more being added over time. In fact, management discussed on earnings that "In terms of construction, data center is definitely on track… neither of these sites will have any impact into our FY '27 revenue or earnings guidance." In other words any delays would not have an effect till late CY27 or early CY28 and only partially since capacity is expected to ramp over time.
- Based on our research and conversations with industry experts (Link), we understand that the hyperscalers, including Oracle, have signed contracts for more data center capacity (not hardware) than they need, intentionally buffering their leased footprints to account for these delays and cancellations. This is particularly true as they have expanded their landlord base beyond the standard, high-credibility developers.
- Oracle is noticing on "Force Majeure" to give the company, we believe, the option to not simply delay payments, but potentially to give Oracle the option to walk away from the facility if they so desire if CY28 go-live is not meet. Note we do not expect Oracle to walk away, rather this likely limits what they may have to pay to the datacenter contractor or even subcontractors.
    - The notice may also impact Oracle's own contract with their New Mexico customer and since the event was "force majeure" and outside of Oracle's control it may open up flexibility in that contractual commitment.
- Lastly, Oracle's stock has been beaten down from its highs as investors have had concerns about the Oracle OCI AI datacenter contracts and specifically to single customer concentration. In other words the downside risk here is extremely low and the potential that delays in payment could decrease the negative FCF and allow Oracle time to drive more cash from the business and decrease the needs to raise additional capital.

We do not see this as changing our theses.



DISCLOSURE APPENDIX

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### 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.

**Microsoft Corp**

We value Microsoft shares based on our estimate for 12-month forward NOPLAT per share in 1 year's time ($24.2), and apply a P/FE multiple of 27x. We then add back in the net cash per share, discounted at 15% to account for potential tax costs and other "friction" to repatriate all cash ($7.13 per share), arriving at price target of $660.

**Digital Realty Trust, Inc.**

We value DLR on a forward Price-to-Adjusted Funds From Operations (AFFO) per share multiple. Our $226 price target is based on 27x our NTM+1 AFFO per share of $8.36.

**Equinix, Inc.**

We value EQIX on a forward Price-to-Adjusted Funds From Operations (AFFO) per share multiple. Our $1,270 price target is based on ~25x NTM+1 AFFO per share of $51.19.

**Bloom Energy Corporation**

We switch our valuation methodology to utilizing an EV/ EBITDA multiple with this note and model, and arrive at our unchanged price target of $282/share - we apply a 41x EV/EBITDA multiple to our blended 2H27/1H28 Adj. EBITDA.

### 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.

**Microsoft Corp**

Risks to our price target for MSFT include: a decreased demand for Azure PaaS/IaaS; increased Cloud cybersecurity concerns that impact Cloud demand; lower than forecast sales of Microsoft SaaS offerings; increased competitive pricing pressure on IaaS; increased competition in the Office market; decreased PC sales; increased pirating of the company's software, especially Windows and Office; increased functionality in the virtualization layer that limits the need for Windows server on VMs; decreased monetization of Microsoft's online offerings especially Bing; failure to increase international market share of Bing; lower than

forecast sales for Xbox products and services; decreases in Windows sales.

**Digital Realty Trust, Inc.**

The main downside risks to our price target/Outperform rating on DLR are 1) Lower than expected growth in the <1MW segment, 2) Slowdown in enterprise demand for data center capacity, and 3) Continuing decline in market share of data center supply may elevate pricing pressures

**Equinix, Inc.**

The main downside risks to our price target/Outperform rating on EQIX are 1) Slowdown in enterprise demand for data center capacity, 2) Increased competition in the interconnection space, and 3) Continuing decline in market share of data center supply may elevate pricing pressures

**Bloom Energy Corporation**

Key downside risks to our price target include grid upgrades limiting demand for Bloom's onsite power solution, and lower than expected data center demand. Higher than expected demand for onsite power and contracting activity are upside risks.

## RATINGS DEFINITIONS, BENCHMARKS AND DISTRIBUTION

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**Bernstein brand**

The Bernstein brand rates stocks based on forecasts of relative performance for the next 12 months versus the S&P 500 for stocks listed on the U.S. and Canadian exchanges, versus the Bloomberg Europe Developed Markets Large and Mid Cap Price Return Index EUR (EDME) for stocks listed on the European exchanges and emerging markets exchanges outside of the Asia Pacific region, versus the Bloomberg Japan Large and Mid Cap Price Return Index USD (JPL) for stocks listed on the Japanese exchanges, and versus the Bloomberg Asia ex-Japan Large and Mid Cap Price Return Index (ASIAX) for stocks listed on the Asian (ex-Japan) exchanges -unless otherwise specified.

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- Outperform: Stock will outpace the market index by more than 15 pp
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- Underperform: Stock will trail the performance of the market index by more than 15 pp

Coverage Suspended: Coverage of a company under the Bernstein research brand has been suspended. Ratings and price targets are suspended temporarily, are no longer current, and should therefore not be relied upon.

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Not Covered (NC) denotes companies that are not under coverage.

Bernstein brand stock ratings are based on a 12-month time horizon.

**Autonomous brand – common stocks**

The Autonomous brand rates common stocks as indicated below. As our benchmarks we use the Bloomberg Europe 600 Financials Price Return Index (E600BK) and Bloomberg Europe Dev Mkt Financials Large and Mid Cap Price Ret Index EUR (EDMFI) index for developed European banks and Payments, the Bloomberg Europe 600 Insurance Price Retur for European insurers, the S&P 500 and S&P Financials for US banks and Payments coverage, S5LIFE for US Ins Insurance Select Industry (SPSIINS) for US Non-Life Insurers coverage, the Bloomberg Emerging Markets Finar and Small Cap Price Return Index (EMLSF) for emerging market banks and insurers and Payments, and the B Financials Large & Mid Cap Price Return Index (JPFILM) for Japanese Financials. Ratings are stated relative to th market).





The Autonomous brand has three categories of common stock ratings:

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- Neutral (N): Stock will perform in line with the market index to within +/-10 pp
- Underperform (UP): Stock will trail the performance of the relevant index by more than 10 pp

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Those denoted as 'Feature' (e.g., Feature Outperform FOP, Feature Under Outperform FUP) are our core ideas.

Not Covered (NC) denotes companies that are not under coverage.

Autonomous brand common stock ratings are based on a 12-month time horizon.

**Autonomous brand – preferred stocks**

The Autonomous brand has three categories of preferred stock ratings:

- Outperform (OP): The total return of the preferred instrument is expected to outperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Neutral (N): The total return of the preferred instrument is expected to perform in line with preferred securities of other issuers operating in similar sectors or rating categories over the next six months.
- Underperform (UP): The total return of the preferred instrument is expected to underperform preferred securities of other issuers operating in similar sectors or rating categories over the next six months.

Autonomous preferred stock ratings are based on a 6-month time horizon.

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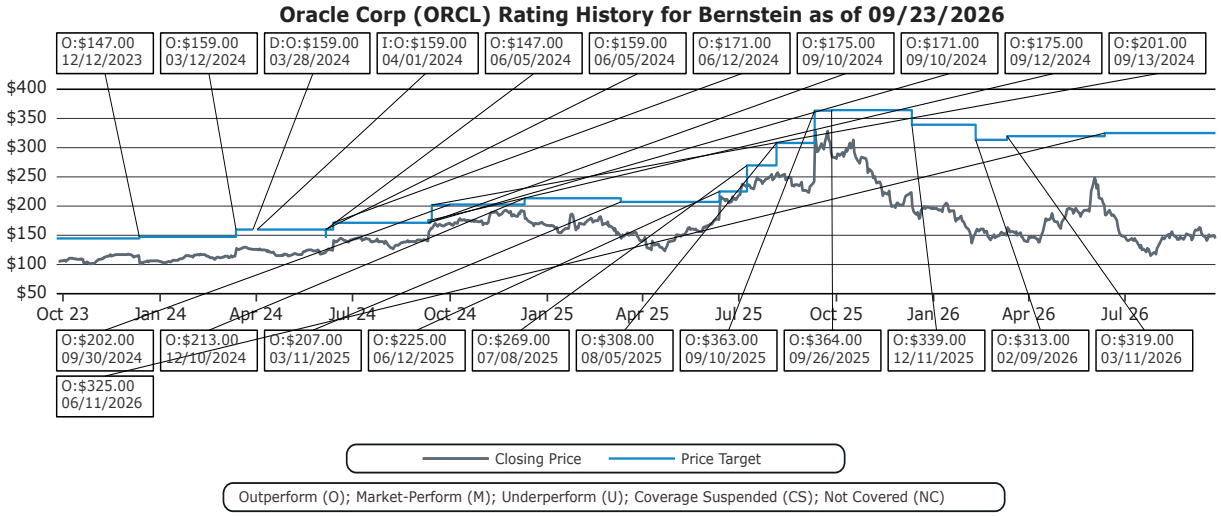
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| Equity Rating | Market Abuse Regulation (MAR) and FINRA Rating Category | Global Rating Distribution | Investment Banking Relationships* |
|---|---|---|---|
| Outperform | BUY | 51.2% | 15.3% |
| Market-Perform (Bernstein Brand)<br>Neutral (Autonomous Brand) | HOLD | 35.8% | 16.2% |
| Underperform | SELL | 13.1% | 13.6% |

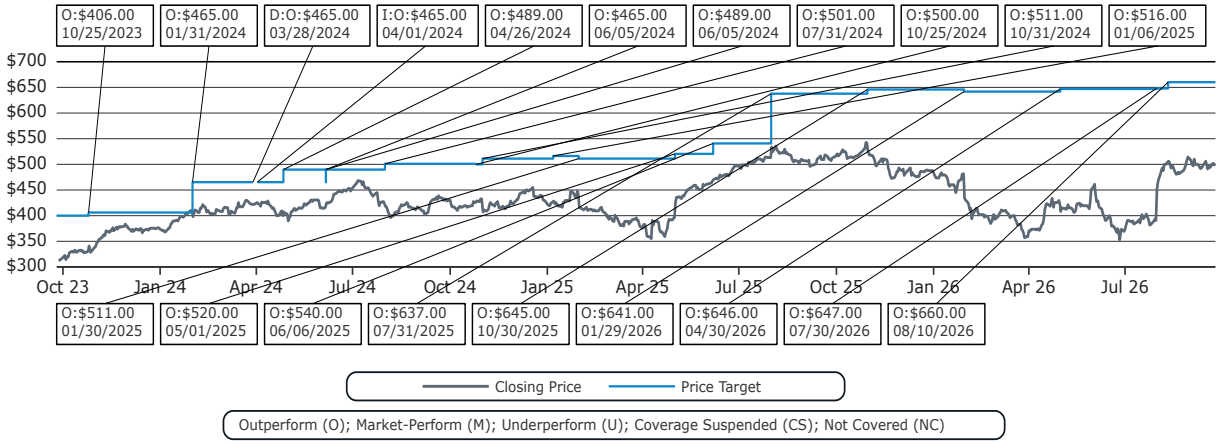
* These figures represent the percentage of companies within each equity rating category for which affiliates of Bernstein have provided investment banking services within the previous 12 months.
As of June 30, 2026. All figures are updated quarterly.

## PRICE CHARTS / RATINGS AND PRICE TARGET HISTORY

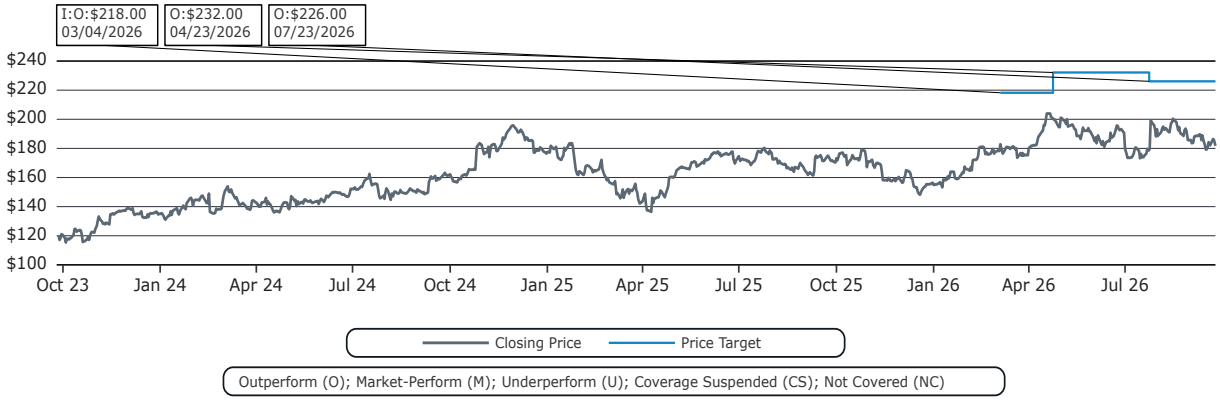
Prior to April 1, 2024, Sanford C. Bernstein & Co., LLC. issued the ratings and price target information in the graph(s) below for the following companies: Oracle Corp and Microsoft Corp.



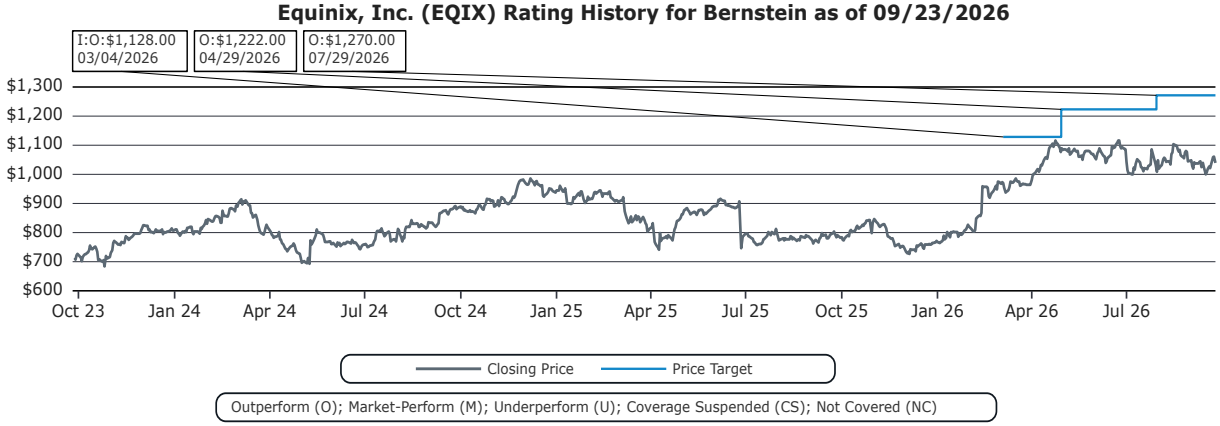
**Microsoft Corp (MSFT) Rating History for Bernstein as of 09/23/2026**

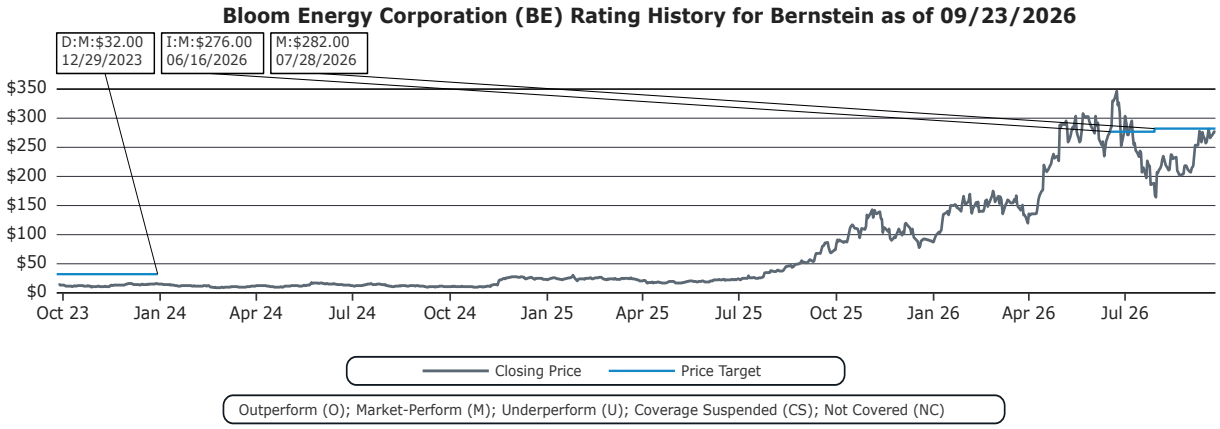



**Digital Realty Trust, Inc. (DLR) Rating History for Bernstein as of 09/23/2026**




**Equinix, Inc. (EQIX) Rating History for Bernstein as of 09/23/2026**






All price target and closing price data in the chart(s) above are denominated in the currency noted in the Ticker Table of this report.

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