# Oracle

## Investor Day Preview: Expect FY30 Raise Led by Stronger Monetization of Compute Despite Capacity Hurdles; Access to Capital & Visibility to Peak Capex More Crucial to Share Price

**Overweight**

**ORCL, ORCL US**
Price (19 Oct 26):$129.59

**Software - Large Cap / Mid & Small Cap**

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Oracle shares have struggled in recent months led by the combination of: 1) medium-term concerns around its ability to deliver to compute capacity/ revenue plans on account of challenges surfacing in relation to execution on certain large datacenter sites; and 2) medium-term concerns around leverage and further access to capital markets (both debt and equity) required to keep up with growth investments from other AI infrastructure builders to maintain its share leadership. In relation to the capacity/ revenue plans, we expect all eyes to be on confidence from the management team to reiterate its last issued guidance for revenue of $225B by FY30 and all intermediate targets to FY30. **On that front, we expect Oracle to raise its FY30 targets, contrary to concerns around execution to the ramp, but at the same time the company is unlikely to look to reiterate the outlook for each year leading up to FY30. We do not perceive the potential absence of reiteration of the annual revenue targets through to FY30 to be a concern, but rather to be led by aligning guidance practices to peer companies with flexibility on medium-term outlooks.** In relation to the leverage, investors will likely look for confirmation around divergence of gross and net capex trends in the coming years to enable the company to fund future revenue growth while balancing leverage. We expect the company to outline a trajectory of net capex required to support its updated FY30 revenue target, while highlighting that positioning for stronger revenue outlook beyond the outlined targets will be supported by partner financing with limited change in net capex outlook. On that front, we see potential financing agreements to be highlighted by the company heading into the investor day or at the investor day to drive investor confidence in relation to partner support for a robust capex cycle, enabling Oracle to find a path to support upside to its revenue targets without a material change in leverage.

- **Exceeded prior analyst day framework and raised FY27 outlook to reflect confidence from better execution on capacity relative to plans.** At the October 2025 analyst day, Oracle outlined total company revenue expanding at a ~31% CAGR to $225B by FY30 and OCI revenue at a ~75% CAGR to $166B (both off a FY25 base), side-by-side with a PF EPS path to $21.00 in FY30. Relative to the above targets, FY26 revenue of $67.4B and OCI revenue of $18.1B modestly exceeded the respective $67B and $18B targets, and the FY27 revenue target has since been raised to at least $90B from $85B, and FY27 PF EPS guidance was raised to $8.10 with the F1Q27 print, reflecting that the recent execution has increased management confidence in relation to raising its medium-term outlook.
- **Expect a raised FY30 end-point despite recent concerns around disruption to certain projects.** While investors have been focused on potential disruptions to timelines on certain large datacenter projects, we believe there remains room for the company to still increase its FY30 revenue guide relative to prior targets, on account of the following drivers: 1) Increase in pricing for each unit of capacity brought online, helped by pricing strength

**See page 4 for analyst certification and important disclosures.**



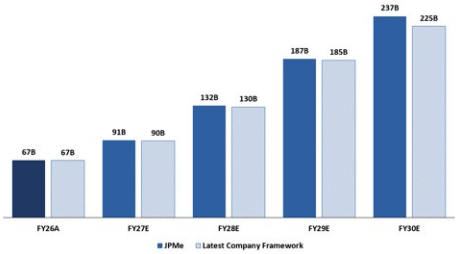
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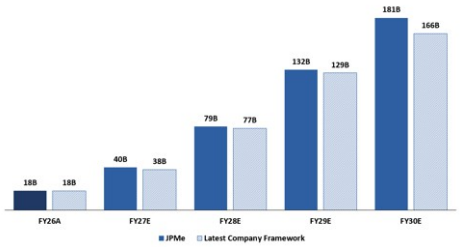
in recent months, driving an improvement in the revenue opportunity associated with similar capacity plans; and 2) prior FY30 revenue targets already budgeting for risks to the planned build out at different sites, leaving room for execution hiccups. Relative to the previously outlined framework for FY30, our current forecast implies upside of ~ $12B to FY30 revenue and ~$15B to OCI revenue, although only modest upside to the $21 PF EPS target after the dilution from the recent equity offering which was incremental to the long-term plan.

**Figure 1: Total Revenue (JPMe vs Current Framework)**




Source: J.P. Morgan, Company reports

**Figure 2: OCI Revenue (JPMe vs Current Framework)**




Source: J.P. Morgan, Company reports

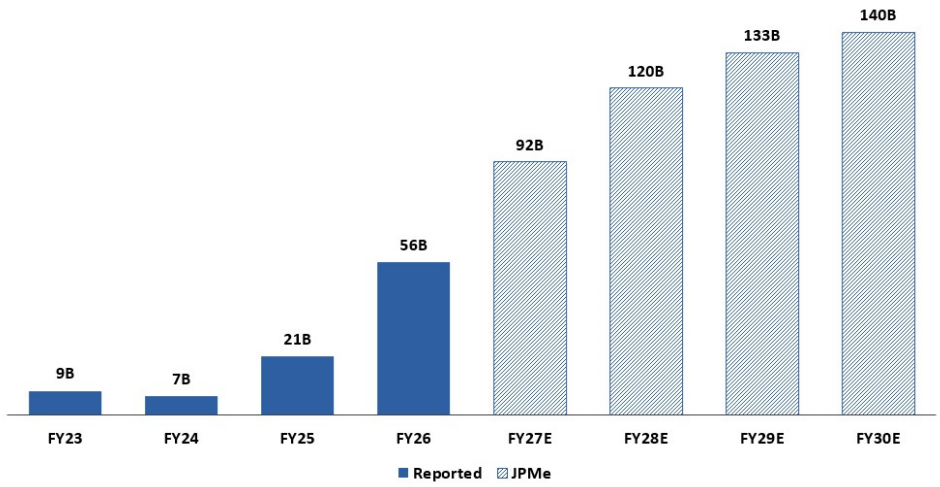
- **Absence of specific medium-term targets might keep the debate on ease of conversion to active capacity alive for now.** While we expect the company to raise its FY30 revenue targets, at the same time, we also expect the company to move away from specific annual revenue targets for each of the years through to FY30 in an effort to move guidance practices closer to peer companies. We do not believe the change in guidance practice necessarily stems from any concerns on progress towards prior medium-term outlook metrics, but could likely keep the debate relative to its ability to bring capacity online as planned alive for now.
- **Funding avenues for capital investments to be in focus.** With the $20B ATM now complete, we expect investor focus to shift to the remaining ~$20B of capital forecasted to be raised by Oracle in the remainder of FY27. The raise in capital is anticipated to be required to cover the planned gross capex in the range of $90-$95B (net capex of around $70B), which we estimate will drive a free cash flow burn in excess of $32B, as well as the free cash burn in excess of $25B estimated by us for FY28. With the recent pull back in appetite for AI datacenter debt, we expect a large focus of investor questions at the Investor Day to be focused on alternative sources of funding to navigate volatility of sentiment in the debt markets. We expect Oracle to potentially indicate to a higher mix of prepayments as well as supplier-led funding for incremental capex relative to its earlier stated plans, helping set up the company to participate in revenue upsides from greater capacity without associated increases in net capex beyond the earlier outlined trajectory.
- **Capex peak confirmation could potentially ease leverage concerns as well.** Despite most AI infrastructure builders pursuing aggressive builds at the expense of increasing capex and leverage, Oracle has stood in contrast to the peer group to highlight peak capex in FY27 or FY28 and pointed to moderating capex and improving FCF beyond the same time frame. Investors are uncertain about the company's ability to hold to its issued peak capex commentary and deliver to improvement in free cash flow when competing against the opportunity to cement its leadership amongst AI builders; as outlined in our capex outlook below, we are hesitant as well around the company's ability to moderate capex, although we do forecast a moderation in rate of capex increases. If the company were to reiterate moderation of net capex in absolute dollars beyond FY27/FY28, the outlook will be a positive surprise to our FCF expectations as well.

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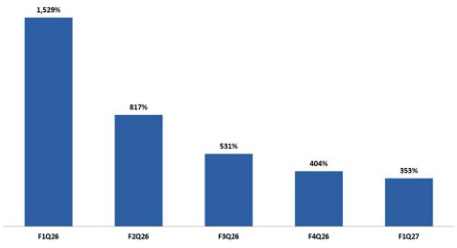
Figure 3: Gross Capex JPMe Estimates




Source: J.P. Morgan, Company reports

- **Non-infrastructure focus items to include sustainability of growth pace for Multi-cloud database as well as SaaS business.** Oracle outlined a strong outlook for multi-cloud database at its last investor day, which included achieving $20B of revenue by FY30 for AI Database and AI Data Platform revenue. Some portion of the $20B within the OCI revenue target of $166B being attributable to the database business implies a healthy contribution to growth and margin expansion for OCI through to FY30. With multi-cloud database revenue +353% y/y in F1Q27, the focus from investors will be more in relation to sustainability of the strong growth rates, particularly when further aided by new agentic AI offerings likely to be outlined at the upcoming investor day to further help in relation to software attach to compute. Similarly, we expect another area of focus to be SaaS revenue growth following double digit growth in recent years.

Figure 4: Multi-Cloud Database Growth Rate Y/Y




Source: Company reports

Figure 5: Cloud Applications (SaaS) Revenue and Growth




Source: Company reports