UPDATE TO OUR EQUITY RESEARCH OF 14 NOVEMBER 2026 · CLOUD INFRASTRUCTURE AND ENTERPRISE SOFTWARE

Oracle (ORCL)

Oracle shares fell 19.3% to $101.19 by 20 November, 10.7 points worse than the S&P 500, as AI stocks fell; on current house rules, which count stock compensation as a cost, our weighted value is $53 against $104 as published.

INTRINSIC VALUE	FAIR VALUE RANGE	1–3 MONTH DIRECTION	RATING
Fair	$85–120	Sideways to lower	Neutral
Price 4% above the top of the range	Weighted $104 vs price $125.35	Very high volatility	Overweight below $85

WHAT HAS CHANGED

01 **The shares fell 19.3% from the report price, and only 20 November moved them more than 3 points against software.** Oracle fell 8.5% on 20 November, against −4.6% for the software ETF, as AI stocks fell after a report of an SEC inquiry into NVIDIA. After the close Oracle said its OpenAI contract is fully funded.

02 **On the house rules in force today, our fair value range is $38–65 and our weighted value $53.** Free cash flow now counts stock compensation as a cost (5.8% of revenue in Q1 FY2027), and the base-case cash burn of about $28 billion from September 2026 to May 2027 now reduces value. The discount rate stays at 11.0%.

03 **At the report price of $125.35 the restated range gives Expensive, against Fair as published.** The price was 1.93 times the top of the restated range. The Neutral rating stays on the scorecard as published, and we expect to publish a new report on current rules after the Q2 FY2027 results in December.

04 **None of the tests set in our report has been met, and Oracle has sold no new stock.** We found no rating action, contract cut or force majeure notice between 14 and 20 November 2026. Oracle said on 20 November that the financing outlined at its Investor Day, including vendor financing, is in place.

KEY DATA

Price (20 Nov 2026 close)	$101.19 (−8.5%)
Since report price (13 Nov)	−19.3%; S&P 500 −8.6%
Software ETF (IGV) since 13 Nov	−9.4%
Restated range / weighted	$38–65 / $53
Published range / weighted	$85–120 / $104
Label at $101.19, published / restated	Fair / Expensive
Stock compensation, Q1 FY2027	$1.13B (5.8% of revenue)
Next catalyst	Q2 FY2027, Dec 2026

Yahoo Finance adjusted closes (to 20 Nov 2026); Oracle 10-Q for Q1 FY2027 via SEC XBRL, retrieved 23 Nov 2026; ABiS valuation model re-run on 23 Nov 2026 with information to 13 Nov 2026.

WHAT WOULD CHANGE OUR VIEW

UPSIDE

Q2 FY2027 free cash flow better than −$4 billion without large prepayments, or RPO above $720 billion, as set in our report, would move weight to the bull case.

DOWNSIDE

A reported cut to an OpenAI contract, a new stock sale, an S&P rating cut to junk, or a rise in fiscal 2027 capital spending above the $90–95 billion guide would move weight to the bear case.

NEXT TEST

Q2 FY2027 results, which calendars place between 9 and 14 December 2026; Oracle has not confirmed the date.

This note updates our report of 14 November 2026. The call, fair value range and forecasts above are unchanged as published; prices in this note are closes to 20 November 2026.

Oracle shares fell 19.3% to $101.19 by 20 November, 10.7 points worse than the S&P 500, as AI stocks fell; on current house rules, which count stock compensation as a cost, our weighted value is $53 against $104 as published.

Oracle Corporation shares closed at $101.19 on 20 November 2026, down 19.3% from the report price of $125.35 on 13 November, against −8.6% for the S&P 500 and −9.4% for the iShares Expanded Tech-Software ETF (IGV). Most of the decline came with the market and the software sector, which fell in each of the five sessions except 18 November. On 16 November reports about NVIDIA's leadership weighed on AI infrastructure shares, and coverage also cited Oracle's planned $90–95 billion of data-center spending, rising debt and negative free cash flow (Startup Fortune, 17 November). On 17 November software stocks fell broadly (TIKR, 18 November). We searched the company name with 18 and 19 November and did not obtain a cause for either session; the annual meeting on 18 November elected all 13 directors and approved the advisory vote on executive pay with about 64% of the votes cast for and against (8-K, 20 November).

One session moved Oracle more than 3 points against IGV. On 20 November the shares fell 8.5%, against −3.6% for the S&P 500 and −4.6% for IGV, as AI stocks fell after Reuters reported that SEC enforcement staff are examining NVIDIA's accounting; CoreWeave fell 12% the same day (Motley Fool, 20 November). After the close Oracle said in a post on X that its infrastructure contract with OpenAI is fully funded following the capital raise earlier in the month and that "the financing we outlined at Oracle Investor Day, including vendor financing, is in place" (Reuters, 20 November). The shares rose as much as 3.3% after hours.

EXHIBIT 1 Sessions since the report price (daily return, %)

Date	ORCL	vs SPY	vs IGV	What happened
2026-11-16	−5.0	−3.1	−2.8	AI infrastructure decline after NVIDIA leadership reports; spending and debt concerns
2026-11-17	−3.4	−2.4	−0.1	Software sector decline
2026-11-18	−1.0	−0.7	−2.2	Annual meeting; cause not obtained
2026-11-19	−2.9	−1.0	−2.0	Cause not obtained
2026-11-20	−8.5	−4.8	−3.9	AI decline after Reuters reports an SEC inquiry into NVIDIA; after the close, Oracle says its OpenAI contract is fully funded

Source: Yahoo Finance adjusted closes (to 20 November 2026); Startup Fortune (17 November 2026); TIKR (18 November 2026); Oracle 8-K (20 November 2026); Motley Fool (20 November 2026); Reuters via The Star (20 November 2026); ABiS calculations.

None of the tests in our report has been met in either direction. We found no reported cut to an OpenAI contract, no new force majeure notice, no new stock sale and no rating action between 14 and 20 November, so the S&P rating our register tracks remains BBB−. Oracle's only filings in the period were the annual meeting results and a Form 4. The Q2 FY2027 results date is not yet confirmed: Benzinga lists 9 December, days.to 10 December and Yahoo Finance 14 December. At $101.19 the shares sit inside our published range of $85–120, which our mapping labels Fair, as published, and 19% above the $85 at which we said we would turn Overweight.

Our house valuation rules changed on 15 November, the day after our report, and this note restates the value on them. Our free cash flow counts stock compensation as a cost, our reverse DCF uses the base case's five explicit years, and our growth test uses next-year earnings after stock compensation. For reports dated from 16 November, the cash generated or burned between the latest balance sheet and the first forecast year also counts. Our published model used Oracle's own definition of free cash flow, operating cash flow minus capital spending, which adds stock compensation back, and allowed 1% annual dilution in its place. Stock compensation was $4.81 billion in fiscal 2026 (7.1% of revenue) and $1.13 billion in Q1 FY2027 (5.8%), according to the 10-Ks and 10-Q.

We re-ran the published model with the current rules and information available on 13 November, with revenue, margins on Oracle's definition, fades and the 25/50/25 weights unchanged. We deducted stock compensation at Q1 FY2027's 5.8% of revenue from every year's margin and removed the 1% dilution, because no equity issuance beyond the November offering was announced. The beta stays at 1.65 and the discount rate at 11.0%, because our report already used the company-adaptive beta. The stub from 1 September 2026 to 31 May 2027 is about −$28.4 billion: the −$25 billion base-case estimate our report gave for Q2–Q4 FY2027, less three quarters of stock compensation at the Q1 level. That raises net debt to $130.8 billion from $102.4 billion. Removing dilution adds about $5 a share to the weighted value, counting stock compensation removes about $47 and the stub about $9.5.

EXHIBIT 2 Published and restated valuation ($ per share)

Item	Published, 14 November	Current house rules
Beta / discount rate	1.65 / 11.0%	1.65 / 11.0%
Free cash flow basis	Before stock compensation; 1% annual dilution	After stock compensation (5.8% of revenue); no dilution
Net debt used ($B)	102.4	130.8
Bear / base / bull	18 / 97 / 204	−22 / 46 / 143
Weighted value (25/50/25)	104	53
Fair value range	85–120	38–65
Label at $125.35	Fair	Expensive
Label at $101.19	Fair	Expensive
Annual free cash flow the price needs	about $47B from fiscal 2030	about $64B from fiscal 2033
No-growth value / growth share of price	64 / 49%	55 / 56%

Source: ABiS valuation model (published, and re-run on 23 November 2026 with house rules H-2026-11-22.1 and information to 13 November 2026); Oracle 10-K (22 June 2026) and 10-Q (11 September 2026) via SEC XBRL, retrieved 23 November 2026; U.S. Treasury ten-year yield 5.15% (13 November 2026).

The bear value is below zero because, in that case, the business is worth less than net debt once the stub is included; a floor at zero would lift the weighted value to $58, still inside the restated range. The no-growth value uses management's fiscal 2027 non-GAAP EPS guide of $8.10 less $1.19 a share of after-tax stock compensation (Q1 FY2027 annualized, at a 21% tax rate), capitalized at the 12.6% cost of equity. Stock compensation at the fiscal 2026 share of 7.1% would give a weighted value of $42 and a range of $29–50, so the conclusion does not depend on which recent share we use. The price of $125.35 needed about $64 billion a year of free cash flow after stock compensation from fiscal 2033, against $28.3 billion in fiscal 2032 in our base case and $53.6 billion in our bull case, which delivers management's plan.

Our view: on current rules the published Fair label and Neutral rating were the less cautious result of an older method, because Oracle's stock compensation, about 6–7% of revenue, is a real cost that our published model did not deduct, and the cash burned before fiscal 2028 reduces what shareholders own. The call and its range stay on the scorecard exactly as published, and this note gives no new rating. At $101.19 the shares are 1.56 times the top of the restated range, which our mapping labels Expensive. We expect to publish a new report on Oracle on current rules within five trading days of the Q2 FY2027 results, which will show the first quarter of cash flow after the November financing.

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COVERAGE INITIATION · CLOUD INFRASTRUCTURE AND ENTERPRISE SOFTWARE

Oracle Corporation (ORCL)

At $125.35, Oracle shares price in about $47 billion of annual free cash flow from fiscal 2030, which requires management's $225 billion revenue target on schedule at a 21% cash margin; we expect a delay of about a year and rate the shares Neutral.

INTRINSIC VALUE	FAIR VALUE RANGE	1–3 MONTH DIRECTION	RATING
Fair	$85–120	Sideways to lower	Neutral
Price 4% above the top of the range	Weighted $104 vs price $125.35	Very high volatility	Overweight below $85

INVESTMENT VIEW

01 **At $125.35 the shares need about $47 billion of free cash flow a year from fiscal 2030.** Our reverse DCF at an 11.0% WACC needs fiscal 2030 revenue of $188–314B at 25–15% cash margins. Management targets $225B of revenue and $30B+ of fiscal 2029 free cash flow; our base case has $182B and $16B.

02 **Fixed lease and purchase commitments make any delay by a large customer expensive for Oracle.** Leases of $288B start between Q2 FY2027 and fiscal 2029 for 15–19 years, about $15–19B of rent a year. Microsoft's wind-down, the $7B Tencent cancellation and the Project Jupiter notice all came in the last two months.

03 **Customer prepayments are financing part of the build-out, and the external funding cap is already used.** Reported free cash flow was −$5.4B after $11.4B of prepayments. The 2 November sale of $10B of stock at $116 and $10B of notes at 7.00–8.65% used the whole $20B cap set for fiscal 2027–2030.

04 **The Q2 FY2027 report in December is the next test, and recent reports have hurt the shares.** The shares lagged the S&P 500 by 10–40% over the 21 sessions after each of the last three reports, although other news affected all three windows. Oracle has not yet confirmed the date.

WHAT WOULD CHANGE OUR VIEW

UPSIDE

Quarterly free cash flow better than −$4B without large prepayments, RPO above $720B, or fiscal 2027 net capital spending tracking below $70B.

DOWNSIDE

A reported cut to an OpenAI contract, another force majeure notice, a new stock sale, or an S&P downgrade to junk.

NEXT TEST

Q2 FY2027 results, expected about 10 December 2026 (unconfirmed).

KEY DATA

Price (13 Nov 2026 close)	$125.35
2026 to date / vs 1 Jun high	−35.7% / −49.5%
52-week range (intraday)	$109.21–250.25
Diluted shares (Q1 FY2027)	3.00B
Market value	$376B
P/E on FY2027 EPS guide	15.5x
RPO (31 Aug 2026)	$664B
Street average target	$236 (Investing.com)
Earnings credibility	B
Next catalyst	Q2 FY2027, Dec 2026

Yahoo Finance (13 Nov 2026); Oracle Q1 FY2027 release, 10-Q and November 8-K; Investing.com consensus (14 Nov 2026); ABiS estimates. Fiscal year ends 31 May.

ORCL vs S&P 500, one year



Yahoo Finance adjusted closes, to 13 November 2026

1. Executive Summary

KEY TAKEAWAYS

At $125.35, Oracle Corporation shares price in about $47 billion of annual free cash flow (operating cash flow minus capital spending, here also after all lease payments) from fiscal 2030, which in effect requires management's target of $225 billion of fiscal 2030 revenue to arrive on schedule at a cash margin near 21%. We expect the build-out to deliver that revenue about a year late, which gives a weighted value of $104 a share and a fair value range of $85–120; the shares are Fair on our value scale, and we rate them Neutral and would turn Overweight below $85. We would be proven wrong if Oracle reaches positive quarterly free cash flow in the second half of fiscal 2028 without new external funding, as management promised on 28 October.

Oracle's fiscal year ends on 31 May, so Q1 FY2027 covers June to August 2026 and fiscal 2030 ends in May 2030. The shares closed at $125.35 on 13 November 2026, down 35.7% in 2026 against a 10.6% gain for the S&P 500 and a 4.3% fall in the software sector ETF (exchange-traded fund), and 49.5% below the 1 June closing high of $248.15. The business itself is growing faster than at any time in the last decade: Q1 FY2027 revenue rose 30% to $19.3 billion, cloud infrastructure revenue rose 121% to $7.4 billion, and contracted future revenue (remaining performance obligations, or RPO) reached $664 billion. The decline reflects how that growth is being paid for. Oracle spent $28.5 billion on capital projects in the quarter, has $288 billion of data-center leases that have been signed but have not yet started, and on 2 November sold $10 billion of stock at $116 and $10 billion of notes with coupons of 7.00–8.65%.

The price sits between our base case and management's plan, as the expectations gap below sets out.

EXHIBIT 1 Expectations gap (reverse DCF at an 11.0% WACC against management's plan and our base case)

Driver	Price implies	Management / consensus	Our base case	Base-rate position	Validation signal
Free cash flow from fiscal 2030	About $47B a year, growing 3%	$30B+ in fiscal 2029 (Investor Day)	$16B in fiscal 2029; $29B in fiscal 2030	Oracle's best year was $11.8B (fiscal 2024)	Quarterly free cash flow from 2H fiscal 2028
Revenue, fiscal 2030	$188–314B at 25–15% cash margins	$225B+ (more than 35% a year from fiscal 2026)	$182B (28% a year)	Above anything in Oracle's own history; no base-rate study obtained	Fiscal 2028 revenue; RPO conversion
Steady cash margin	21% if revenue meets the $225B target	40%+ non-GAAP operating margin	19% by fiscal 2032	Fiscal 2024 free cash flow margin 22.3% with little AI capital	Cloud infrastructure gross margin disclosures
External funding	None beyond the $20B cap, which the November offering used	Cap of $20B through fiscal 2030	Vendor finance and prepayments rise; no breach	Not applicable	Any new stock or bond sale before fiscal 2031
Net gap	**Price needs the plan on time**		**Plan about one year late**		**Bearish tilt**

Source: ABiS valuation model (WACC 11.0%, terminal growth 3.0%); Oracle Investor Day release (28 October 2026); Oracle Q1 FY2027 release and 10-Q (10–11 September 2026); Oracle 8-K (4 November 2026); SEC XBRL data, retrieved 14 November 2026.

Over the next one to three months, we expect the shares to trade on funding and customer news first, then on the Q2 FY2027 report, which Oracle has not yet scheduled but which came on 10 December in 2025 and 9 December in 2024. Over the last eight reports the shares moved against the S&P 500 by a median of −2.0% over the two sessions after results, and they lagged by 10–40% over the 21 sessions after each of the last three, although other news affected all three of those windows. We therefore expect Sideways to lower with very high volatility. The upside invalidation is a Q2 FY2027 report showing free cash flow better than −$4 billion with RPO above $720 billion; the downside invalidation is a reported cut to an OpenAI contract or a new equity sale.

Our view: our main disagreement with the 35 of 42 analysts who rate the shares a buy is about timing. Management's plan is credible in its revenue ambition because most of it is contracted, but the cash arrives later than the revenue, and the plan has to absorb a Microsoft wind-down, a cancelled $7 billion Tencent lease, a force majeure notice on an OpenAI site and a credit rating one notch above junk. We would learn we are wrong if Q2 and Q3 FY2027 show net capital spending tracking below the $70 billion annual guide while RPO keeps rising, because that would put positive free cash flow in fiscal 2028 within reach.

The bull points rest on contracts and reported growth, and the bear points rest on the balance sheet and recent customer events.

- Bull: $664 billion of RPO, of which Oracle expects to recognize 13% in the next twelve months and a further 37% in months 13–36, gives unusual visibility for fiscal 2028–2029 revenue.
- Bull: Cloud infrastructure revenue grew 121% in Q1 FY2027, and the database and applications business (about $36 billion of support and cloud application revenue in fiscal 2026) remains a high-margin base.
- Bull: The shares trade at 15.5 times management's fiscal 2027 non-GAAP EPS guide of $8.10, and the no-growth value of that guide alone is $64 a share, so about half the price rests on earnings already being reported.
- Bear: Free cash flow was −$23.7 billion in fiscal 2026 and −$5.4 billion in Q1 FY2027, or −$16.8 billion before $11.4 billion of customer prepayments.
- Bear: Management's own funding cap of $20 billion through fiscal 2030 was used in full by the 2 November offering, which leaves vendor financing and customer prepayments as the only flexible sources.
- Bear: Concentration on OpenAI, which Bernstein estimates at less than half of RPO, links Oracle's revenue to one customer whose own financing is uncertain.

2. Business Overview

Oracle is two businesses with different economics. The first is the database and applications franchise: software licenses, annual support contracts, and cloud applications such as Fusion and NetSuite, which together generated about $40 billion of revenue in fiscal 2026 with low capital needs. The second is Oracle Cloud Infrastructure (OCI), which rents computing capacity, most of it graphics processors for training and running AI models, under multi-year contracts. OCI revenue was $18.1 billion in fiscal 2026 (up 77%) and $7.4 billion in Q1 FY2027 alone (up 121%), and it is the reason capital spending rose from $6.9 billion in fiscal 2024 to $55.7 billion in fiscal 2026.

Cloud revenue is now 60% of the total and nearly all of the growth, as the revenue table shows.

EXHIBIT 2 Revenue by offering ($B)

Offering	FY2026 Q1	FY2026	FY2027 Q1	Q1 YoY
Cloud infrastructure (OCI)	3.35	18.10	7.39	+121%
Cloud applications	3.84	15.89	4.22	+10%
Software license	0.77	4.74	0.66	−15%
Software support	4.96	19.80	4.90	−1%
Hardware	0.67	3.08	0.77	+15%
Services	1.35	5.74	1.41	+5%
Total	**14.93**	**67.36**	**19.35**	**+30%**

Source: Oracle Q1 FY2027 release, supplemental revenue analysis (10 September 2026).

By region, the Americas produced 71% of Q1 FY2027 revenue, Europe, the Middle East and Africa 19% and Asia Pacific 10%. Oracle's filings do not name its largest customers or give concentration percentages, so we rely on public reporting: OpenAI signed an agreement reported at more than $300 billion over five years in 2025, and Bernstein estimates that OpenAI accounts for less than half of RPO. We could not obtain a customer-level breakdown from Oracle.

3. Business and Competitive Analysis

3.1 Contracted revenue and the cost of delivering it

Oracle's contracted backlog is large enough to support management's revenue path, and the fixed costs signed to deliver it are large enough to make any customer shortfall expensive. Of the $664 billion of RPO at 31 August 2026, Oracle expects to recognize about $86 billion (13%) in the next twelve months, $246 billion (37%) in months 13–36, $226 billion (34%) in months 37–60 and the remaining $106 billion later. Against that, the 10-Q discloses $288 billion of data-center lease commitments that start between Q2 FY2027 and fiscal 2029 and run for 15–19 years, which we estimate at $15–19 billion a year of rent once all have started, plus $34.2 billion of unconditional purchase obligations for components and power. Those costs are fixed whether or not the customer for each site takes its capacity on time.

The last two months showed the risk in this structure. Microsoft is winding down a 2023 agreement to rent AI capacity from Oracle (Bloomberg, 6 November), Oracle cancelled a five-year, roughly $7 billion lease of about 100,000 Nvidia chips to Tencent after objections from US officials (Financial Times, via Network World, 4 November), and Oracle sent a force majeure notice to the developer of Project Jupiter, an OpenAI campus in New Mexico, preserving the right to delay rent if the site misses its 2028 date (Bloomberg, via 24/7 Wall St., 24 September). Oracle says Project Jupiter remains on schedule and that demand for earlier-generation GPUs remains strong. None of the three events has yet reduced reported RPO, which rose by $26 billion in Q1 FY2027 after more than $30 billion of new AI contracts.

3.2 Competition and moat

Oracle competes with Amazon Web Services, Microsoft Azure and Google Cloud in general cloud infrastructure, and with CoreWeave, Nebius and other specialist providers in GPU rental. In databases and enterprise applications it competes with SAP, Microsoft, Workday and Salesforce. The two businesses have different moats. The database and applications franchise has high switching costs, because customers run core financial and operational systems on Oracle databases, and support revenue of $19.8 billion barely changed in fiscal 2026 despite license sales falling 9%. GPU rental is closer to a commodity: customers sign for capacity and power, and the hardware comes from the same Nvidia and AMD supply chain that every competitor uses.

We rate the overall moat Narrow, wide in software and absent in AI capacity.

EXHIBIT 3 Moat scorecard

Dimension	Strength	Evidence
Switching costs (database and applications)	High	Software support revenue $19.8B in fiscal 2026, within 1% of the prior year
Switching costs (AI infrastructure)	Low	Microsoft wind-down and Tencent cancellation show capacity can move
Intangible assets	Medium	Oracle Database installed base; no third-party market-share data obtained
Cost advantage	Low	Oracle leases most new sites, and its November notes priced at 7.00–8.65%; competitors' borrowing costs not obtained
Scale	Medium	850 MW of capacity delivered in Q1 FY2027 (company)
Overall	**Narrow**	**Software franchise funds a capital-intensive rental business**

Source: Oracle Q1 FY2027 release; Bloomberg (6 November 2026); Network World (4 November 2026); Oracle 424B2 prospectus supplement (4 November 2026); ABiS assessment.

The industry context has turned less favorable in two months. OpenAI's reported annualized revenue in October was about $20 billion below some earlier estimates (FX Leaders, 10 October), and CoreWeave's shares are down 57.4% since 1 June against Oracle's 49.5% fall over the same period. CoreWeave's Q3 report on 10 November lifted both stocks the next day, which shows that the two are now traded as one risk.

4. Management, Governance, and Capital Allocation

Larry Ellison, the founder, is executive chair and chief technology officer and, according to LSEG data reported by The Star, owns more than 38% of the shares. Clay Magouyrk and Mike Sicilia have been co-CEOs since September 2025, Safra Catz is executive vice chair, and Hilary Maxson is chief financial officer. We see three governance issues that bear on the valuation.

First, a securities class action filed in federal court in Delaware alleges misleading statements about the AI build-out and cites insider sales, including about $1.82 billion by Catz, which the complaint describes; Oracle says it has meritorious defenses (InvestmentNews). Second, compensation is large relative to results: Magouyrk's option award was valued at $621.7 million in the 2026 proxy, with an exercise price of $308.46 (Forbes, 28 September 2026; Calcalist), so it is far out of the money. Third, Ellison adopted a plan on 22 June 2026 to sell up to 50 million shares and cancelled it on 12 September with no shares sold, and Oracle said he has no other plans to sell (Oracle press release and 8-K). We read the cancellation as supportive but note that the shares fell 3.7% on the next trading day.

Capital allocation is now dominated by the build-out, and dilution and leverage are the weakest elements.

EXHIBIT 4 Capital allocation scorecard

Dimension	Record	Score	Evidence
Reinvestment	Capital spending $55.7B in fiscal 2026 (83% of revenue) and $28.5B in Q1 FY2027	Unproven	10-K; 10-Q
Dividends	$0.50 a quarter; $5.8B paid in fiscal 2026 while free cash flow was −$23.7B	Weak	10-K; Q1 release
Buybacks	$95M in fiscal 2026, against $16.2B in fiscal 2022	Not applicable	SEC XBRL
Dilution	141M shares through the ATM program in Q1 FY2027 plus 86.2M at $116 in November; $5B mandatory convertible preferred (February 2026)	Poor	10-Q; 8-K; IFR
Leverage	Debt $135.3B pro forma; S&P BBB− (9 July), Moody's Baa2 negative, Fitch BBB	Weak	424B2; heise; Edge Consultancy
Overall		**Weak**	**Paying a dividend while issuing stock and debt**

Source: Oracle 10-K (22 June 2026), 10-Q (11 September 2026), 8-K (4 November 2026) and 424B2 (4 November 2026); IFR (February 2026); heise online; Edge Consultancy; ABiS.

Management's capital priorities, in its own order, are maintaining investment-grade ratings, paying the dividend and funding growth. We believe the first two compete with the third until fiscal 2029, and the November offering at an 11.2% discount to the 30 October close shows the price Oracle is paying to keep all three.

5. Financial Analysis and Earnings Quality

5.1 Financial trends

Revenue growth accelerated from 6.0% in fiscal 2024 to 17.3% in fiscal 2026 and 30% in Q1 FY2027 while GAAP operating margin held near 30%, but free cash flow fell from $11.8 billion to −$23.7 billion because capital spending rose eightfold.

EXHIBIT 5 Financial trend, fiscal 2023–2026 ($B unless stated)

Metric	FY2023	FY2024	FY2025	FY2026
Revenue	50.0	53.0	57.4	67.4
Revenue growth	+17.7%	+6.0%	+8.4%	+17.3%
Operating margin (fiscal year, GAAP)	26.2%	29.0%	30.8%	30.6%
Net income	8.5	10.5	12.4	17.1
Operating cash flow	17.2	18.7	20.8	32.0
Capital spending	8.7	6.9	21.2	55.7
Free cash flow	8.5	11.8	−0.4	−23.7
Free cash flow margin	17.0%	22.3%	−0.7%	−35.2%
Stock compensation, share of revenue	7.1%	7.5%	8.1%	7.1%
Total debt at year-end	90.5	86.9	92.6	129.5

Source: Oracle 10-K filings via SEC XBRL, retrieved 14 November 2026; ABiS calculations.

Leverage has risen faster than earnings. Over the twelve months to 31 August 2026, operating income was $23.1 billion and depreciation $9.4 billion, so pro forma debt of $135.3 billion is 4.2 times operating income plus depreciation, and interest expense of $5.1 billion is covered 4.5 times by operating income. The November notes add about $0.8 billion of annual interest at a weighted coupon near 7.85%. Management's leverage target counts leases and vendor financing as debt and aims for net debt below 3.5 times adjusted EBITDA in fiscal 2029, a measure we could not reproduce because Oracle does not publish vendor financing balances.

5.2 Earnings quality and customer financing

We grade Oracle's earnings credibility B. Accruals are negative (net income below operating cash flow by 6.9% of average assets in fiscal 2026) and operating cash flow was 1.9 times net income, which would normally signal clean earnings. In Oracle's case two items flatter the cash figures. Customer prepayments with a financing component added $11.4 billion to Q1 FY2027 operating cash flow and $4.6 billion in Q4 FY2026; this is cash for capacity Oracle has not yet delivered, and it will be earned as revenue without new cash later. Capital spending was 7.3 times depreciation in fiscal 2026, so reported margins carry little of the cost of the new capacity yet, and we could not confirm in this run the useful life Oracle applies to GPU servers.

Because customers are financing part of the build-out, we show free cash flow before and after those inflows.

EXHIBIT 6 Free cash flow before and after customer financing ($B)

Item	FY2026	FY2027 Q1
Operating cash flow	31.98	23.10
Capital spending	−55.66	−28.50
Free cash flow (company definition)	−23.69	−5.40
Less customer prepayments with financing component	−4.59	−11.36
Free cash flow before customer prepayments	**−28.28**	**−16.76**
Stock compensation (non-cash, excluded from non-GAAP)	4.81	1.13
Receivable days	56 (Q4)	54

Source: Oracle Q1 FY2027 release and 10-Q; ABiS calculations. Off-balance-sheet: $288B of lease commitments not yet started and $34.2B of unconditional purchase obligations at 31 August 2026. Oracle also sells long-term customer financing receivables to banks without recourse; the amounts were not obtained.

EXHIBIT 7 Earnings-quality checks

Check	Result	Verdict	Evidence
Accruals and cash conversion	−6.9% of assets; operating cash flow 1.9x net income (fiscal 2026)	Pass	10-K
Customer prepayments	$16.0B over two quarters inside operating cash flow	Flag	10-Q
Capital spending versus depreciation	7.3x in fiscal 2026	Flag	10-K
Receivable days	54 in Q1 FY2027, against 55 a year earlier	Pass	10-Q
Non-GAAP adjustments	Exclude stock compensation of $4.8B (7.1% of revenue)	Minor flag	Q1 release
Litigation	Securities class action pending	Flag	InvestmentNews
Credibility grade		**B**	**Profits are backed by cash, although prepayments flatter its timing**

Source: Oracle 10-K and 10-Q via SEC XBRL; ABiS calculations.

6. Valuation

KEY TAKEAWAYS

Our scenario model gives a probability-weighted value of $104 a share, and our two primary range methods give $86–127 and $86–112, so we set the fair value range at $85–120 against a price of $125.35. The price is 4% above the top of the range, which is inside the band our fixed rule labels Fair. The price equals our weighted value only at a cost of capital of about 10.1%, 0.9 percentage points below our 11.0%.

6.1 What the price implies

A reverse DCF solves for the cash flows that justify today's price. We start from an enterprise value of $478 billion: a market value of $376 billion on 3.00 billion diluted shares, plus $102 billion of net debt (debt of $125.3 billion, finance leases of $9.2 billion and the $5.0 billion mandatory convertible preferred at face value, less $37.1 billion of cash and marketable securities at 31 August 2026). If fiscal 2028 and 2029 follow our base case, the price requires $47 billion of free cash flow in fiscal 2030, growing 3% a year after that. At a 21% cash margin that is the $225 billion revenue target exactly; at 15% it needs $314 billion.

A second test, the present value of growth opportunities (PVGO, the part of the price that pays for growth not yet earned), capitalizes management's fiscal 2027 non-GAAP EPS guide of $8.10 at our 12.6% cost of equity. That gives $64 a share with no growth, so 49% of the price pays for growth. This is a moderate share for a company growing revenue 30%, and it is the main reason the value label is Fair rather than Expensive.

6.2 Scenario DCF

The three scenarios differ in how quickly RPO turns into cash and in the margin OCI earns once the build-out slows. Free cash flow is after all capital spending and after lease payments, which we treat as operating costs, and revenue earned from customer prepayments brings no further cash. Following house practice, the forecast covers fiscal 2028–2032 and excludes the rest of fiscal 2027; including our base-case estimate of about −$25 billion of free cash flow for Q2–Q4 FY2027 would lower every value by about $8 a share.

EXHIBIT 8 Scenario assumptions and values

Assumption	Bear	Base	Bull
Revenue, FY2028 / FY2030 / FY2032 ($B)	108 / 132 / 147	120 / 182 / 217	130 / 225 / 280
Free cash flow, FY2028 / FY2029 / FY2032 ($B)	−22 / 0 / 19	−14 / 16 / 41	−4 / 32 / 70
Cash margin, FY2032	13%	19%	25%
Story	OpenAI and other tenants defer; fixed leases outlast demand	Plan arrives about one year late	Management's Investor Day plan delivered
Value per share	$18	$97	$204
Evidence grade	Medium-strong	Central case, not graded	Medium-strong
Probability	25%	50%	25%

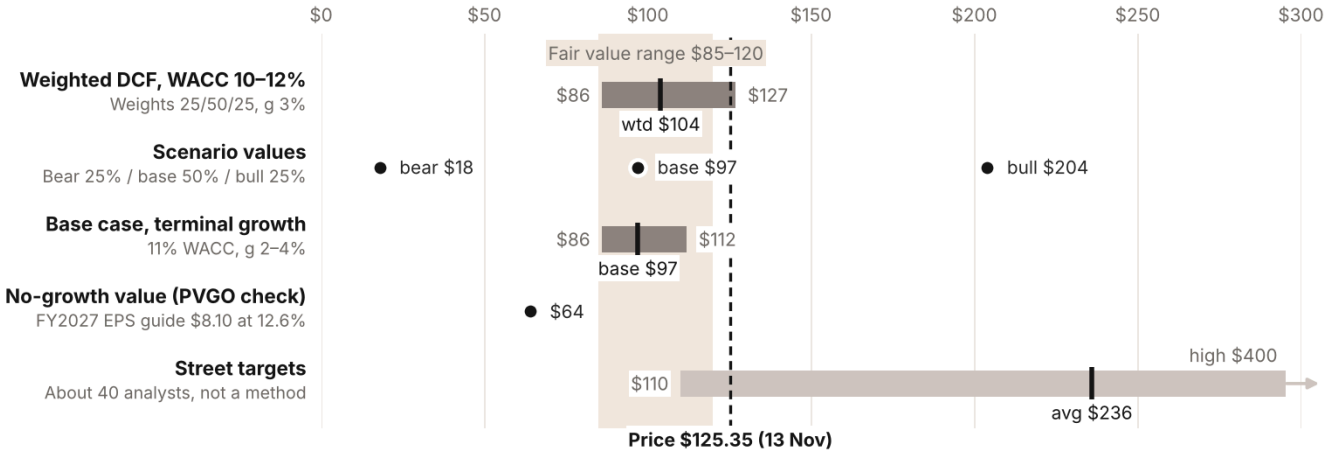
Source: ABiS valuation model (WACC 11.0%, terminal growth 3.0%, five-year fade, 1% annual dilution); Oracle Investor Day release (28 October 2026).

The bear scenario assumes that OpenAI and smaller tenants take capacity later or in smaller amounts, so revenue reaches only $132 billion in fiscal 2030 while the $288 billion of leases start on schedule. Its evidence grade is Medium-strong, resting on the Microsoft wind-down, the Tencent cancellation and the Project Jupiter notice, all within the last two months, together with reports that OpenAI's revenue trails earlier estimates. In the bear scenario the value falls to $18 because free cash flow stays negative through fiscal 2028 and reaches only $19 billion by fiscal 2032 against $102 billion of net debt, which shows how much of the equity depends on the timing of cash. The bull scenario is management's plan, with fiscal 2029 free cash flow of $32 billion and fiscal 2030 revenue of $225 billion; its evidence grade is also Medium-strong, resting on $664 billion of RPO, 121% OCI growth and a reaffirmed fiscal 2027 guide. Equal grades give the house weights of 25/50/25. Weights of 30/50/20 would give $95 and 20/50/30 would give $113.

6.3 Cross-checks and composite range

Across a WACC of 10–12% the weighted value runs from $127 to $86, and the base case alone is worth $86–112 across terminal growth of 2–4% at 11%. The no-growth value of $64 acts as a floor for the software franchise but ignores the debt-funded build-out, and the bear scenario of $18 shows that the floor would not hold if the build-out fails. Street targets average $236 (Investing.com, about 40 analysts), which is above our bull scenario.

EXHIBIT 9 Valuation football field ($ per share)



Source: ABiS valuation model; Investing.com consensus (retrieved 14 November 2026). The shaded band is our fair value range and the dashed line the 13 November close.

The two range methods overlap at $86–112, and only the bull scenario and the low end of our discount-rate range reach the price.

EXHIBIT 10 Valuation summary

Method	Value per share	Versus price	Role	Key assumption
Reverse DCF and PVGO	Not applicable	Price needs $47B of free cash flow from fiscal 2030	Framework	11.0% WACC; 49% of price is growth
Scenario DCF (weighted)	$104 (bear–bull $18–204)	−17%	Primary	Weights 25/50/25
Weighted DCF, WACC 10–12%	$86–127	−31% to +1%	Primary	Terminal growth 3%
Base case, growth 2–4%	$86–112	−31% to −11%	Primary	11.0% WACC
No-growth value	$64	−49%	Floor check	Fiscal 2027 EPS guide $8.10
Composite range	**$85–120**	**−32% to −4%**		**Weighted value $104**

Source: ABiS valuation model. The composite averages the lows and highs of the two range methods and rounds to $5. We did not run a peer-multiple method because we could not obtain consistent peer earnings estimates in this run.

Our view: the valuation turns on the timing of cash rather than the size of the opportunity, because a one-year delay in management's plan moves the value from $204 to $97. At $125.35 the market is paying for something close to on-time delivery, and recent customer events make on-time delivery less likely than it was at the June peak.

7. Analyst View Summary

Sell-side opinion is more positive than ours. Investing.com lists 35 buy, 6 hold and 1 sell rating among 42 analysts with an average 12-month target of $235.77 (high $400, low $110), and TipRanks shows an average of $241.83. Targets have been falling: Goldman Sachs cut its target from $240 to $206 on 23 October and Stifel from $220 to $200 on 11 September, while Stephens upgraded the shares to overweight with a $213 target on 3 November and Bernstein kept its positive rating and $325 target on 10 November. We could not obtain current consensus estimates for fiscal 2028 revenue or free cash flow.

The gap between the Street and us is mostly about discounting and delay. Most published targets appear to apply a multiple to management's fiscal 2029–2030 earnings, which our bull scenario reproduces at $204, while our weighted value gives half weight to a one-year delay and a quarter to a shortfall.

8. Recent News and Catalysts

The news since June has been dominated by funding and by customer events, and every session in the last two weeks that moved more than 3% against the software sector had an identifiable cause except 30 October. The table below covers the 30-day sweep and the material stories of the last six months.

EXHIBIT 11 Recent news and market reaction (most material sessions)

Date	Event	ORCL move	vs IGV	Direction
2026-06-11	Fiscal 2026 results; fiscal 2027 capital spending guided to $90–95B and about $40B of new funding	−8.5%	−7.8 pts	Bear
2026-09-24	Force majeure notice on Project Jupiter (Bloomberg); Oracle's credit default swaps at a record	−3.5%	−2.6 pts	Bear
2026-10-08	Reports that OpenAI's annualized revenue trails estimates by about $20B	−5.5%	−5.3 pts	Bear
2026-10-14	September inflation above expectations lifts Treasury yields	−8.8%	−5.8 pts	Bear
2026-10-28	Investor Day: $225B fiscal 2030 revenue, $30B+ fiscal 2029 free cash flow, $20B funding cap	+10.7%	+10.6 pts	Bull
2026-11-02	$10B of stock at $116 and $10B of notes at 7.00–8.65%	−8.8%	−6.5 pts	Bear
2026-11-04	Oracle cancels $7B Tencent chip lease after US objections (FT)	−1.9%	−2.8 pts	Bear
2026-11-06	Microsoft winding down its 2023 AI capacity agreement (Bloomberg)	+0.8%	+0.9 pts	Bear
2026-11-11	CoreWeave Q3 results lift AI infrastructure stocks; Opower announcement	+8.8%	+6.9 pts	Bull

Source: ABiS calculations on Yahoo Finance adjusted closes (IGV is the iShares software ETF); Zacks; Bloomberg via 24/7 Wall St.; FX Leaders; Yahoo Finance and Motley Fool; Oracle Investor Day release; Oracle 8-K (4 November 2026); Network World; Bloomberg via Yahoo Finance; Investing.com. The full table is in the appendix.

The shares reached an intraday low of $109.21 on 6 November after the Microsoft report and closed up 0.8%, which suggests that the wind-down was partly expected. The funding news mattered more to the price than the customer news: the 10.7% gain on 28 October was more than reversed over the next three sessions, ending with the 2 November offering that used the whole funding cap.

EXHIBIT 12 Catalyst calendar

Date	Event	Direction	Logic	Status
2026-11-17	Nvidia Q3 FY2027 results	Mixed	Read-through on AI demand and GPU supply	Confirmed (our NVDA report)
2026-11-18	Oracle annual meeting (virtual)	Mixed	Governance and compensation votes	Confirmed
Dec 2026	Class action briefing deadline	Bear	Decides whether the case moves to discovery	Reported
Dec 2026	Q2 FY2027 results (about 10 December)	Mixed	RPO, capital spending, prepayments	Unconfirmed
1H 2027	Lease commencements on new sites	Bear	Fixed costs start	10-Q
2028	Project Jupiter online date	Mixed	OpenAI capacity	Force majeure notice
2H FY2028	Positive free cash flow (management target)	Bull	Tests the plan	Company target

Source: Oracle filings and releases; InvestmentNews; days.to and Earnings Whispers (results date estimates); ABiS NVDA report (9 November 2026).

8.1 Earnings reaction history

Oracle's shares have moved by an average of 9.2% against the S&P 500 over the two sessions after each of the last 20 reports, with a median of +2.1% and 12 gains. The pattern has turned negative recently: the last eight reports produced a median of −2.0%, and the 21-session excess return after each of the last three was −10.3%, −40.1% and −12.8%. All three of those windows are contaminated by other material news (a report of data-center delays in December 2025, the S&P downgrade in July 2026, and the Ellison and Project Jupiter news in September 2026). The 21-session median across all 20 reports is −1.1%, or +0.7% without the three contaminated windows.

EXHIBIT 13 Reaction to the last eight reports (excess return against the S&P 500)

Report	Day 0	d0–1	d0–21	Note
Q2 FY2025	2024-12-10	−6.7%	−15.5%	
Q3 FY2025	2025-03-11	+1.7%	−4.3%	
Q4 FY2025	2025-06-12	+22.7%	+29.7%	
Q1 FY2026	2025-09-10	+26.4%	+19.7%	RPO rose to $455B
Q2 FY2026	2025-12-11	−14.0%	−10.3%	Contaminated
Q3 FY2026	2026-03-11	+8.2%	−7.9%	
Q4 FY2026	2026-06-11	−10.8%	−40.1%	Contaminated (S&P downgrade)
Q1 FY2027	2026-09-11	−5.7%	−12.8%	Contaminated (Ellison, Jupiter)
Median (8)		**−2.0%**	**−9.1%**	

Source: ABiS calculations on Yahoo Finance adjusted closes; report dates from Oracle 8-K filings. d0–1 runs from the close before day 0 to the close of day +1; Oracle reports after the close, so day 0 is the next session.

8.2 Forecast register

Each forecast below is dated, scoreable and kept unchanged once published.

EXHIBIT 14 Forecast register

Forecast	Baseline	Range or direction	Validation date	Leading indicator and invalidation	Status
Q2 FY2027 revenue	Guide +30–34% on $16.06B	$20.7–21.5B	2026-12-10	Below $20.5B weakens the base case	Open
Q2 FY2027 cloud infrastructure revenue	$4.08B a year earlier	$8.7–9.5B	2026-12-10	Above $9.5B favors the bull scenario	Open
Q2 FY2027 RPO	$664B at Q1 FY2027	$650–720B	2026-12-10	Below $640B signals contract cuts	Open
Q2 FY2027 free cash flow (company definition)	−$10.0B a year earlier	−$14B to −$4B	2026-12-10	Better than −$4B without large prepayments favors the bull scenario	Open
FY2027 revenue	Guide at least $90B	$88–92B	2027-06-15	Above $93B moves us toward the bull scenario	Open
New common stock sold for cash beyond the November offering, by 31 May 2027	Funding cap used	$0	2027-05-31	Any sale would breach the cap	Open
S&P long-term rating at 31 May 2027	BBB− stable	BBB− or higher	2027-05-31	A cut to junk would invalidate our base case	Open
ORCL vs S&P 500, 63 trading days	Price $125.35	Sideways to lower (at most +5%)	2027-02-17	Above +5% invalidates	Open

Source: ABiS. Oracle has not yet confirmed its Q2 FY2027 results date; 10 December 2026 is the estimate from Oracle's pattern in 2024 and 2025, and the 2027-06-15 date allows for a mid-June fiscal-year report.

9. Investment Conclusion, Counter-Case, and Position Sizing

9.1 Conclusion

KEY TAKEAWAYS

We rate Oracle Neutral, with a Fair value label, a weighted value of $104 and a range of $85–120, because the price of $125.35 assumes management's fiscal 2030 plan arrives on time while recent customer events and a spent funding cap make a delay of about a year more likely. Our direction for the next one to three months is Sideways to lower with very high volatility, and we would turn Overweight below $85. The strongest case against us is that $664 billion of contracts convert on schedule, in which case our bull value of $204 is the better guide.

Decision triad. Intrinsic value view: Fair. 1–3 month market trading direction: Sideways to lower, very high volatility. Rating: Neutral. The three judgments differ for specific reasons. The value label is Fair because the price is inside 115% of the top of our range, although it is 21% above our weighted value. The direction is Sideways to lower because the shares have lagged after recent reports and most new funding or customer stories have moved them down, while the Investor Day rally shows how quickly good news can lift them. The rating is Neutral because that is our pre-set rating for a Fair label with very high uncertainty, and the bear scenario, worth only $18 a share, argues for waiting until the next two quarters show which path the cash is following.

9.2 Counter-case and pre-mortem

Our call fails if Oracle converts its backlog on schedule. The counter-evidence is Medium-strong: RPO rose by $26 billion in Q1 FY2027 despite the Microsoft and Tencent events, Oracle delivered more than 300,000 GPUs and 850 MW of capacity in the quarter, and management reaffirmed every fiscal 2027 target on 28 October. We have given that outcome a 25% weight, and a move to 20/50/30 weights would lift our value to $113, which is still below the price.

EXHIBIT 15 Pre-mortem, three ways this call could fail within a year

Failure scenario	Mechanism	Evidence strength	Monitoring signal	Test date
Cash arrives faster	Prepayments and vendor finance close the gap; free cash flow turns positive in fiscal 2028	Medium	Quarterly free cash flow better than −$4B	Dec 2026 and Mar 2027
Discount rate falls	Treasury yields fall from 5.15% and credit spreads narrow	Medium	10-year yield below 4.5%; rating outlooks stable	2027-02-17
Software franchise is undervalued	Database and applications worth more than the build-out risk	Medium	Cloud applications growth above 12%	Dec 2026

Source: ABiS.

This is ABiS Capital Research's first report on Oracle, so there are no earlier forecasts to review.

9.3 Position thinking

The probability-weighted value of $104 is 17% below the price, the bull scenario offers 62% upside and the bear scenario an 86% loss, so the downside is much larger than the upside even though the scenarios are evenly weighted. Our assessment is that the risk-reward does not support new money at $125.35, and we would turn Overweight below $85. A short position is not our recommendation, because the shares rose 10.7% in a day on the Investor Day plan and 8.8% on a competitor's results, and the bull scenario has substantial contractual support.

9.4 Monitoring list

- Upside invalidation: quarterly free cash flow better than −$4 billion without a large prepayment, RPO above $720 billion, or net capital spending tracking below $70 billion for fiscal 2027.
- Downside invalidation: a reported reduction in an OpenAI contract, another force majeure notice, a new stock sale, or a cut in the S&P rating to junk.
- Lease commencements: the share of the $288 billion of leases that has started, disclosed each quarter in the 10-Q.

9.5 Confidence

EXHIBIT 16 Confidence self-assessment

Dimension	Score	Note
Data completeness	Medium	Customer concentration, vendor financing balances and fiscal 2028 consensus not obtained
Valuation convergence	Medium	Range methods cluster at $86–127; scenarios span $18–204
Expectations gap clarity	High	Price needs $47B of free cash flow from fiscal 2030
Earnings credibility	B	Real profits; cash flattered by prepayments
Overall confidence	**Medium**	**Timing of cash is the main uncertainty**

Source: ABiS.

Appendix: supporting exhibits

The full news sweep below lists the material stories since June and every session in the last two weeks that moved the shares more than 3% against the software sector.

EXHIBIT 17 Recent news and market reaction, full sweep

Date	Event	ORCL move	vs IGV	Direction
2026-06-11	Fiscal 2026 results; fiscal 2027 capital spending guided to $90–95B and about $40B of new funding	−8.5%	−7.8 pts	Bear
2026-07-09	S&P cuts the rating to BBB−, citing OpenAI as a central credit risk	+2.7%; −2.1% next day	+1.2 / −0.5 pts	Bear
2026-09-11	Q1 FY2027 results: revenue +30%, RPO $664B, free cash flow −$5.4B	−1.7%	−2.0 pts	Mixed
2026-09-14	Ellison cancels planned sale of up to 50M shares; rate-rise fears	−3.7%	−8.7 pts	Mixed
2026-09-24	Force majeure notice on Project Jupiter (Bloomberg); Oracle's credit default swaps at a record	−3.5%	−2.6 pts	Bear
2026-10-08	Reports that OpenAI's annualized revenue trails estimates by about $20B	−5.5%	−5.3 pts	Bear
2026-10-14	September inflation above expectations lifts Treasury yields	−8.8%	−5.8 pts	Bear
2026-10-28	Investor Day: $225B fiscal 2030 revenue, $30B+ fiscal 2029 free cash flow, $20B funding cap	+10.7%	+10.6 pts	Bull
2026-10-30	Cause not obtained; software sector fell 3.4%	−6.4%	−3.0 pts	Bear
2026-11-02	$10B of stock at $116 and $10B of notes at 7.00–8.65%	−8.8%	−6.5 pts	Bear
2026-11-03	Stephens upgrades to overweight, $213 target	+5.8%	+5.1 pts	Bull
2026-11-04	Oracle cancels $7B Tencent chip lease after US objections (FT)	−1.9%	−2.8 pts	Bear
2026-11-05	Broad technology sell-off; the S&P 500 fell 4.4%	−6.9%	−2.5 pts	Bear
2026-11-06	Microsoft winding down its 2023 AI capacity agreement (Bloomberg)	+0.8%	+0.9 pts	Bear
2026-11-11	CoreWeave Q3 results lift AI infrastructure stocks; Opower announcement	+8.8%	+6.9 pts	Bull

Source: ABiS calculations on Yahoo Finance adjusted closes (IGV is the iShares software ETF; its 5.0% gain on 14 September against a 0.4% fall in the S&P 500 looks anomalous, and we could not confirm it); Zacks; heise online; Oracle press release and 8-K; Invezz; 24/7 Wall St.; FX Leaders; Yahoo Finance and Motley Fool; Oracle Investor Day release; AAII; Oracle 8-K (4 November 2026); MarketBeat; Network World; Bloomberg via Yahoo Finance; Investing.com.

The cost of capital follows the house defaults, and the largest sensitivity is the discount rate.

EXHIBIT 18 Cost of capital build

Input	Value	Source
Risk-free rate	5.15%	U.S. Treasury daily par yield curve, 10-year, 13 November 2026
Beta	1.65	House company-adaptive beta: company regression 2.13 (35% weight) blended with an industry beta of 1.40 (65%)
Equity risk premium	4.5%	House default; no country premium, because 71% of revenue is in the Americas
Cost of equity	12.6%	5.15% + 1.65 × 4.5% = 12.57%
Cost of debt after tax	6.8%	8.65% yield on the 2046 notes, Oracle's longest bond, priced at par on 2 November 2026; 21% tax
Weights	Equity 73%, debt, finance leases and preferred 27%	Market value of equity; book value of debt, 31 August 2026
WACC	11.0%	11.01% rounded to the nearest half point
Terminal growth	3.0%	House default

Source: U.S. Treasury; Oracle 424B2 (4 November 2026) and 10-Q; ABiS calculations on Yahoo Finance weekly closes.

The company regression is less reliable because Oracle's business changed during the window, so the house rule gives most of the weight to the industry beta.

EXHIBIT 19 Beta build

Business line	Revenue share	Value weight	Peers (unlevered beta)	Median
Cloud infrastructure	38%	55%	NBIS 1.95, AMZN 1.24, MSFT 1.05, GOOGL 1.18	1.21
Database, applications and support	62%	45%	SAP 0.98, MSFT 1.05, CRM 0.92, NOW 1.26, WDAY 0.98, ADBE 0.98, IBM 0.77	0.98

Source: ABiS calculations on Yahoo Finance weekly closes to 13 November 2026. The company regression (Blume-adjusted 2.13, raw 2.68, standard error 0.59) uses one year of weekly returns because cloud infrastructure's share of revenue rose by more than 20 percentage points in two years (from 17% in Q2 FY2025 to 38% in Q1 FY2027), which the house rule treats as a structural change. CoreWeave was dropped for having under two years of trading. The industry beta is 1.11 unlevered and 1.40 relevered at Oracle's net debt. The five-year monthly beta, Blume-adjusted, is 1.53.

EXHIBIT 20 Weighted value by discount rate ($ per share)

WACC	Bear	Base, growth 2%	Base, growth 3%	Base, growth 4%	Bull	Weighted 25/50/25
9.0%	41	n/a	149	n/a	295	**158**
10.0%	28	104	119	**139**	243	**127**
11.0%	18	86	97	112	204	104
12.0%	11	72	80	91	173	86

Source: ABiS valuation model. Bold marks values above the price of $125.35. At 25/50/25 the weighted value equals the price at a WACC of about 10.1%.

The price requires roughly management's fiscal 2030 revenue at a cash margin near 21%.

EXHIBIT 21 Revenue required by the price (reverse DCF)

Steady free cash flow margin	Fiscal 2030 revenue required ($B)	Versus management's $225B	Versus our base $182B
15%	314	1.40x	1.73x
20%	236	1.05x	1.30x
25%	188	0.84x	1.03x

Source: ABiS valuation model. The required free cash flow is $40B at a 10% WACC and $54B at 12%.

EXHIBIT 22 Net debt and other claims at 31 August 2026 ($B)

Item	Amount	Source
Notes payable and other borrowings	125.3	10-Q
Finance lease liabilities	9.2	10-Q
6.50% mandatory convertible preferred, at face value	5.0	10-Q
Cash, cash equivalents and marketable securities	−37.1	10-Q
Net debt used in the valuation	**102.4**	
Memo: customer prepayments with financing component	16.0	10-Q; Q4 FY2026 release
Memo: operating lease liabilities (treated as operating costs)	34.6	10-Q
Memo: leases signed but not yet started	288	10-Q

Source: Oracle 10-Q (11 September 2026); ABiS. After 31 August Oracle sold 86.2M shares at $116 and $10B of notes; the notes leave net debt unchanged until the cash is spent, and the share sale near our base value has little effect on value per share.

Oracle's shares have fallen further in 2026 than those of the large cloud companies and less than CoreWeave's.

EXHIBIT 23 Share price performance against cloud peers (to 13 November 2026)

Company	2026 to date	Since 1 June 2026
Oracle	−35.7%	−49.5%
CoreWeave	−25.8%	−57.4%
Alphabet	−5.5%	−21.4%
Microsoft	+8.3%	+13.8%
Amazon	+15.5%	+2.1%
S&P 500 (SPY)	+10.6%	Not computed

Source: ABiS calculations on Yahoo Finance closes. We could not obtain consistent peer valuation multiples in this run.

EXHIBIT 24 Funding sources for the fiscal 2027–2030 build-out

Source	Amount	Status
At-the-market equity program	$20B (141M shares)	Completed in Q1 FY2027
Mandatory convertible preferred, 6.50%	$5B	February 2026
Common stock at $116	$10B (86.2M shares)	Closed 4 November 2026
Senior notes, 7.00–8.65%, 2029–2046	$10B	Closed 4 November 2026
Customer prepayments	$16.0B received in two quarters	Continuing
Vendor financing and customer-provided hardware	Not disclosed	Planned
Further capital raises through fiscal 2030	None beyond refinancing	Management commitment

Source: Oracle Investor Day release (28 October 2026); 10-Q; 8-K (4 November 2026); IFR.

Method and data notes

Price is the 13 November 2026 close of $125.35 (Yahoo Finance), the last close before work on 14 November. Shares are the 3.000 billion diluted weighted-average shares of Q1 FY2027, with 1% annual dilution in every scenario for stock compensation and equity issuance; the 86.2 million shares sold in November are named in the net debt exhibit. Net debt is from the 10-Q at 31 August 2026 and includes finance leases and the mandatory convertible preferred at face value; operating leases are treated as operating costs. The explicit forecast covers fiscal 2028–2032 and excludes the Q2–Q4 FY2027 stub, then fades growth to 3% over five years at a constant margin, with cash flows discounted at each year-end. Free cash flow margins are ABiS assumptions anchored on management's Investor Day targets, and the scenario weights follow the house evidence-grade table. Day moves use adjusted closes, and reaction windows follow the house convention. We could not obtain customer concentration, vendor financing balances, the useful life applied to GPU servers, fiscal 2028 consensus estimates or peer valuation multiples. This is historical and model-based analysis and is not investment advice.

House rules H-2026-11-14.2; skill equity-research (repository copy); inputs: price $125.35 (13 November 2026 close, Yahoo Finance), risk-free 5.15%, beta 1.65, beta build (company regression weight 35%, industry beta 1.40), country-risk basis none, equity risk premium 4.5%, WACC 11.0%, terminal growth 3.0%.

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Sources

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DISCLOSURES

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