

# Oracle Corporation

Forensic Financial Model | Whiteprint Research | March 2026

## THE INVESTMENT QUESTION

Oracle remains a high-quality franchise with durable cloud and database revenues, a growing backlog, and improving scale economics in OCI. But is it still valued like a software company while increasingly operating like an infrastructure company? This model tests that question.

## KEY ANALYTICAL QUESTIONS

1. If Oracle is a software company, why does its capex/revenue (37%) exceed Amazon's (18%)?
2. What does operating margin look like without ~\$1.2B in cumulative useful-life extension benefits?
3. How should investors value \$261B in off-balance-sheet lease commitments with 15-19 year terms?
4. At what ROIC level does the infrastructure buildout stop creating shareholder value?

## FY2025 SNAPSHOT METRICS

Metric	Reported	Adjusted	Gap
Operating margin % (FY2025)	30.8%	29.5%	-1.3%
Reported op. margin – Economic margin (adj)	30.8%	21.4%	-9.4%
FCF (\$M) (FY2025)	-394.0	-5,068	-4,674
FCF margin % (FY2025)	-0.7%	-8.8%	-8.1%
ROIC (FY2025, avg IC)	14.9%	12.6%	-2.2%
WACC assumed (for spread reference)	9.2%	9.2%	0.0%
Capex / Revenue % (FY2025)	37.0%	16.6%	-20.3%
Capex / OCF % (FY2025)	101.9%	50.0%	-51.9%

## WHAT THE CURRENT PRICE IMPLIES

Metric	Value
Enterprise value (\$M)	501,517
EV / Revenue	8.7x
EV / EBIT (reported)	28.4x
EV / EBIT (adjusted)	29.6x

## REVERSE DCF — IMPLIED TERMINAL ECONOMICS

Solve-For	WACC 8.5%	WACC 9.25%	WACC 10.0%
Implied terminal FCF (\$M)	13,792	15,672	17,553
Implied FCF margin	20.6%	23.4%	26.2%
Implied ROIC	5.0%	5.7%	6.4%

## FY2030 TERMINAL YEAR SCENARIOS

Metric	Bear	Base	Bull
Revenue (\$M)	93,583	95,366	97,149
EBIT margin	27.0%	30.0%	33.0%
Capex / Revenue %	30.0%	25.0%	20.0%
FCF (\$M)	4,052	10,204	16,583
FCF margin %	4.3%	10.7%	17.1%
SBC-Adjusted FCF (\$M)	-3,435	2,575	8,811
ROIC (NOPAT / Avg IC-B in termin	8.6%	10.0%	11.0%
WACC hurdle (ref)	9.2%	9.2%	9.2%
ROIC – WACC spread □	-0.7%	0.8%	1.8%

Key risk: If OCI backlog converts at high utilization and margins, ROIC re-expands and this capex cycle looks like exceptional capital allocation. The market may be pricing precisely that outcome. This model tests whether the bull case needs to be right — and whether there is any margin of safety if it is not.

# Historical Financials

FY2021 - FY2025 | Fiscal year ends May 31

## INCOME STATEMENT

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E
Revenue	40,479	42,440	49,954	52,961	57,399	67,000
Op income (reported)	15,213	10,926	13,093	15,353	17,678	–
Op margin % (reported)	37.6%	25.7%	26.2%	29.0%	30.8%	–
R&D expense	6,527	7,219	8,623	8,915	9,860	–

## ADJUSTMENTS

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E
Useful-life ext. benefit	0.00	0.00	434.0	0.00	733.0	–
Adjusted op income	15,213	10,926	12,659	15,353	16,945	–
Adjusted op margin %	37.6%	25.7%	25.3%	29.0%	29.5%	–
SBC expense (memo)	2,383	2,613	3,547	3,974	4,674	–

## CASH FLOW

	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E
OCF	15,887	9,539	17,165	18,673	20,821	–
Capex	2,135	4,511	8,695	6,866	21,215	50,000
FCF (OCF-Capex)	13,752	5,028	8,470	11,807	-394.0	–
FCF margin %	34.0%	11.8%	17.0%	22.3%	-0.7%	–
SBC-Adjusted FCF	11,369	2,415	4,923	7,833	-5,068	–
SBC-Adj FCF margin %	28.1%	5.7%	9.9%	14.8%	-8.8%	–

## BALANCE SHEET

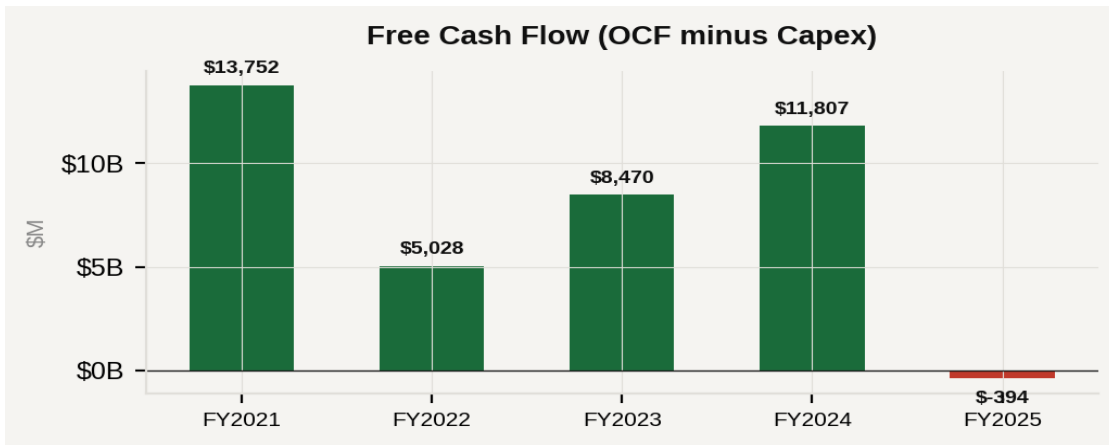
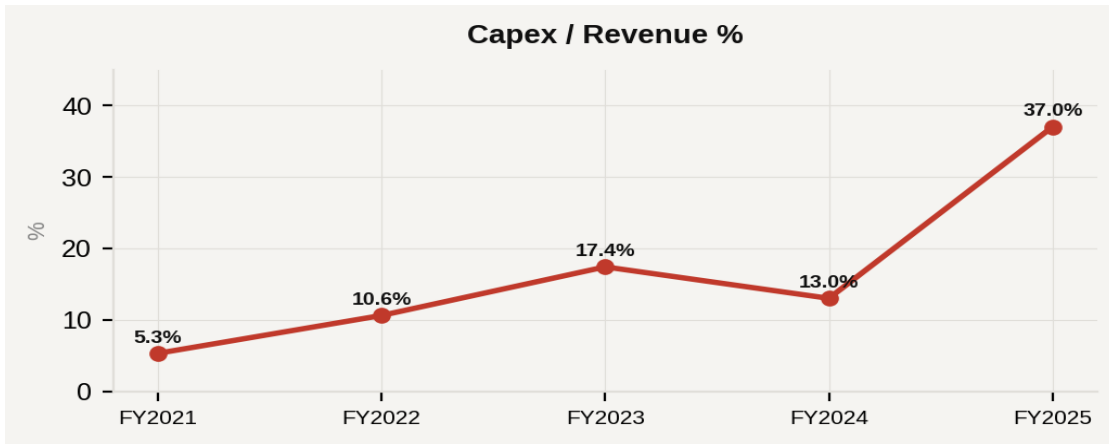
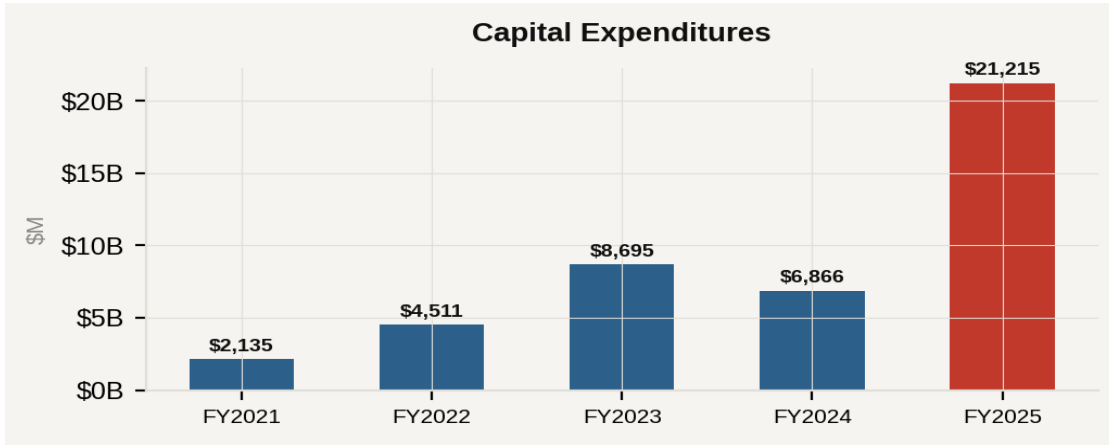
	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026E
PP&E net	7,049	9,716	17,069	21,536	43,522	–
Total assets	131,107	109,297	134,384	140,976	168,361	–
Op lease ROU	2,600	3,500	4,600	7,290	13,145	–
Fin lease ROU	0.00	0.00	0.00	0.00	2,874	–
Op lease liabilities	2,800	3,700	5,000	7,800	13,450	–
Fin lease liabilities	0.00	0.00	0.00	0.00	2,934	–

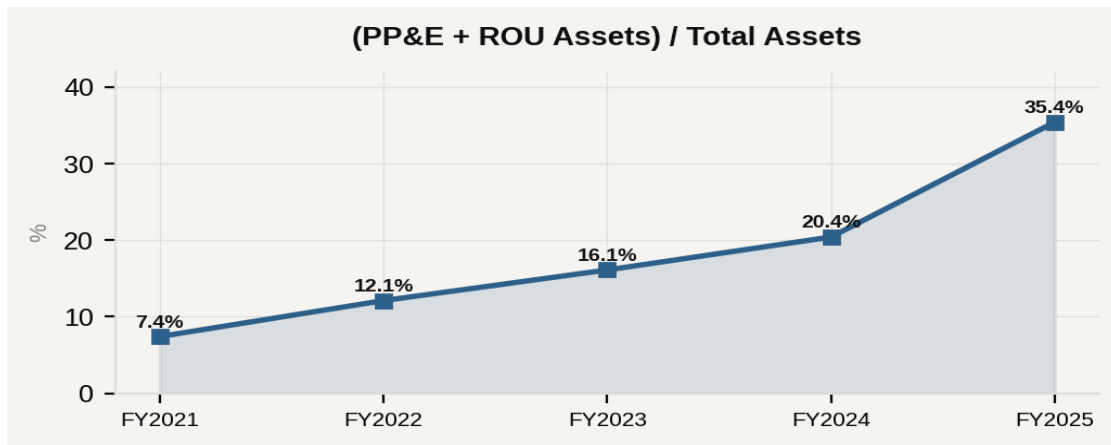
## FY2025 MARGIN BRIDGE

Component	\$M	% Rev
Reported operating income (GAAP)	17,678	30.8%
Minus: useful-life extension benefit (FY	-733.0	-1.3%
Adjusted operating income (ex life-extensi	16,945	29.5%
Memo: SBC expense as % of revenue	4,674	8.1%
Economic margin (adj EBIT minus SBC) / Rev	12,271	21.4%

# Capital Intensity — Visual Analysis

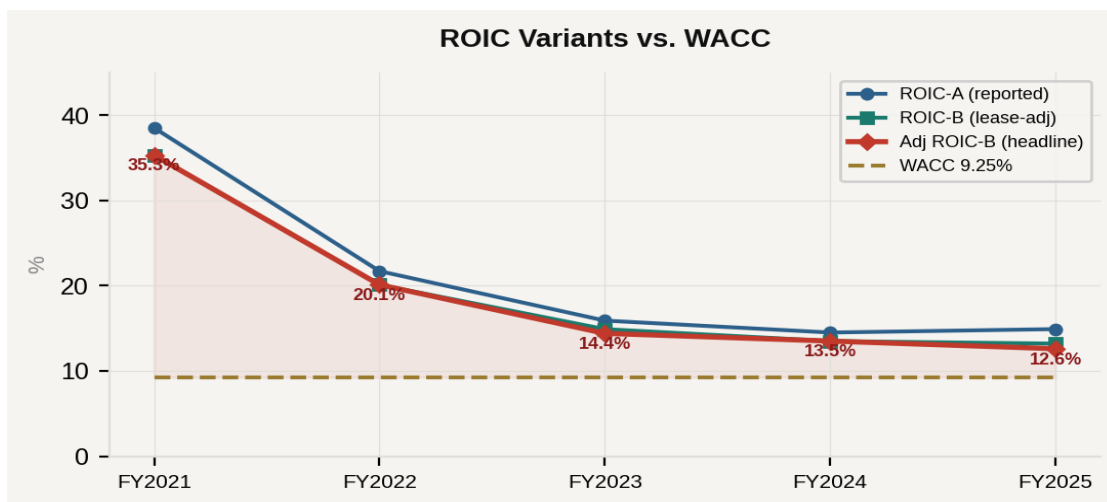
FY2021 - FY2025 | The regime change in four charts





# ROIC Decomposition and Peer Benchmarking

Returns on capital | Oracle vs. MSFT, AMZN, SAP



## ROIC DECOMPOSITION

	FY2021	FY2022	FY2023	FY2024	FY2025
NOPAT	12,018	8,632	10,343	12,129	13,966
Adj NOPAT	12,018	8,632	10,001	12,129	13,387
Avg IC-A	31,220	39,704	65,020	83,648	93,890
Avg IC-B	34,020	42,954	69,370	90,048	105,982
ROIC-A	38.5%	21.7%	15.9%	14.5%	14.9%
ROIC-B	35.3%	20.1%	14.9%	13.5%	13.2%
Adj ROIC-B	35.3%	20.1%	14.4%	13.5%	12.6%
WACC	9.2%	9.2%	9.2%	9.2%	9.2%
Spread (Adj-B minus WACC)	26.1%	10.8%	5.2%	4.2%	3.4%

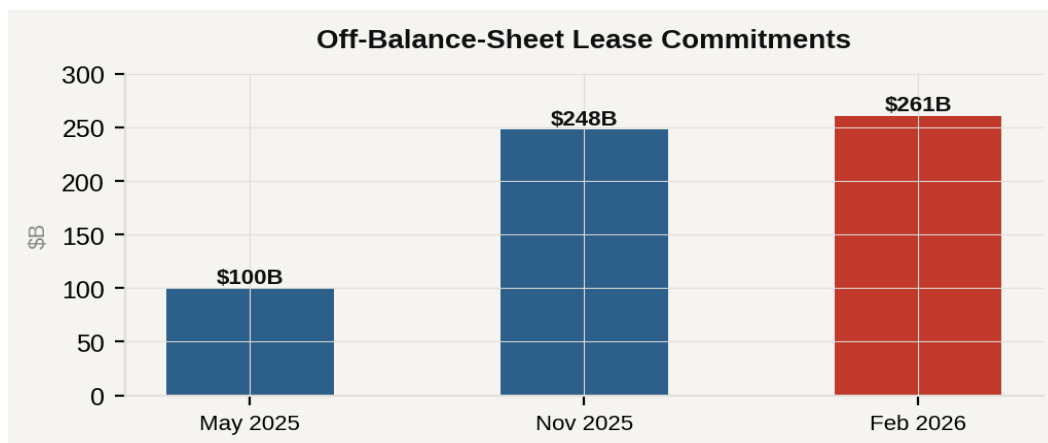
## PEER BENCHMARKING

Metric	Oracle	MSFT	AMZN	SAP
Revenue (\$M)	57,399	281,724	716,924	36,800
FY26E Growth	16.7%	14.5%	11.2%	10.5%
Op margin	30.8%	45.6%	11.2%	26.1%
Capex/Rev	37.0%	22.9%	17.9%	2.0%
Capex/OCF	101.9%	47.4%	92.0%	8.1%
FCF margin	-0.7%	25.4%	1.6%	22.9%
Growth-adj intensity	2.2	1.6	1.6	0.19
ROIC (21% tax)	14.9%	34.8%	17.9%	16.2%

Oracle spends like a hyperscaler (capex/rev 37% vs Amazon 18%) but earns like a software company (ROIC ~13% vs SAP ~16%). The growth-adjusted capex intensity (2.2x) is 40% higher than Microsoft (1.6x).

# Lease and Off-Balance-Sheet Commitments

\$261B in signed but uncommenced datacenter leases | 15-19 year terms



## ON-BALANCE-SHEET (May 31, 2025)

Item	\$M	Type
Op lease ROU assets	13,145	Asset
Fin lease ROU assets	2,874	Asset
Total ROU assets	16,019	
Op lease liabilities	13,450	Liability
Fin lease liabilities	2,934	Liability
Total lease liabilities	16,384	

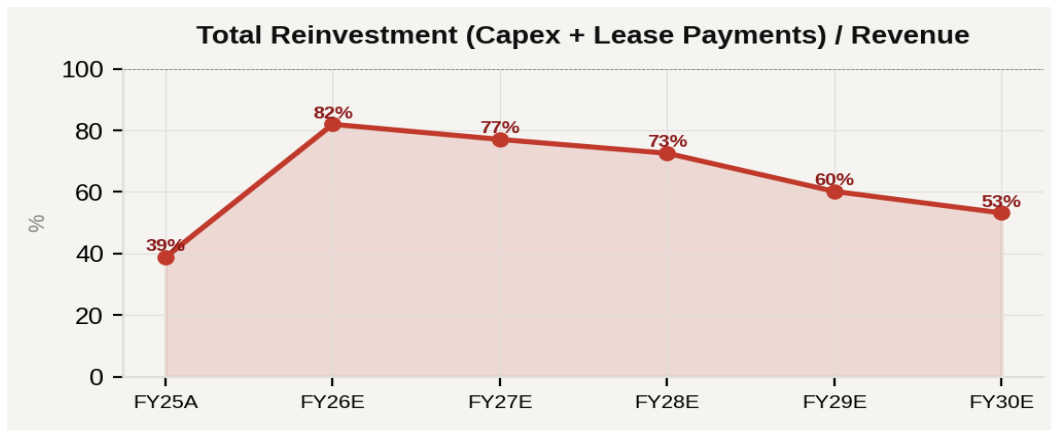
## TOTAL COMMITTED CAPITAL BASE

Component	Amount	Source
PP&E net (Feb 2026)	83,617	Q3 FY2026 10-Q
On-B/S lease liabilities	16,384	FY2025 10-K
Off-B/S commitments	261,000	Q3 FY2026 10-Q
Total committed capital	361,001	
Total / FY2025 Revenue	6.3x	
Total / FY2025 OCF	17.3x	

## LEASE COMMENCEMENT SCHEDULE (Illustrative — 6.5% rate, 17yr term)

Tranche	Lease Value	Annual Pmt	Cumul. Annual
Existing (FY2025)	16,384	1,065	1,065
Q4 FY2026 (15%)	39,150	3,872	4,937
FY2027 (45%)	117,450	11,617	16,554
FY2028 (40%)	104,400	10,326	26,880

## REINVESTMENT BURDEN



# Valuation Framework and Sensitivity Analysis

Reverse DCF | FCF margin matrix | ROIC-WACC spread | OCI stress test

## MARKET DATA

Input	Value	Note
Stock price	149.7	Update before publish
Shares (M)	2,807	Diluted
Market cap (\$M)	420,152	
Net debt (\$M)	81,365	FY2025 10-K; +\$30B Mar 2026 raise not reflected
EV (\$M)	501,517	

## IMPLIED FCF MARGIN (EBIT Margin minus Capex/Revenue)

Capex/Rev \ EBIT	25%	28%	30%	33%
25%	0.0%	3.0%	5.0%	8.0%
30%	-5.0%	-2.0%	0.0%	3.0%
35% (ORCL)	-10.0%	-7.0%	-5.0%	-2.0%
40%	-15.0%	-12.0%	-10.0%	-7.0%

## ROIC-WACC SPREAD (Terminal ROIC minus WACC)

ROIC \ WACC	8.5%	9.25%	10.0%	11.0%
10%	1.5%	0.8%	0.0%	-1.0%
12%	3.5%	2.8%	2.0%	1.0%
14%	5.5%	4.8%	4.0%	3.0%
16%	7.5%	6.8%	6.0%	5.0%

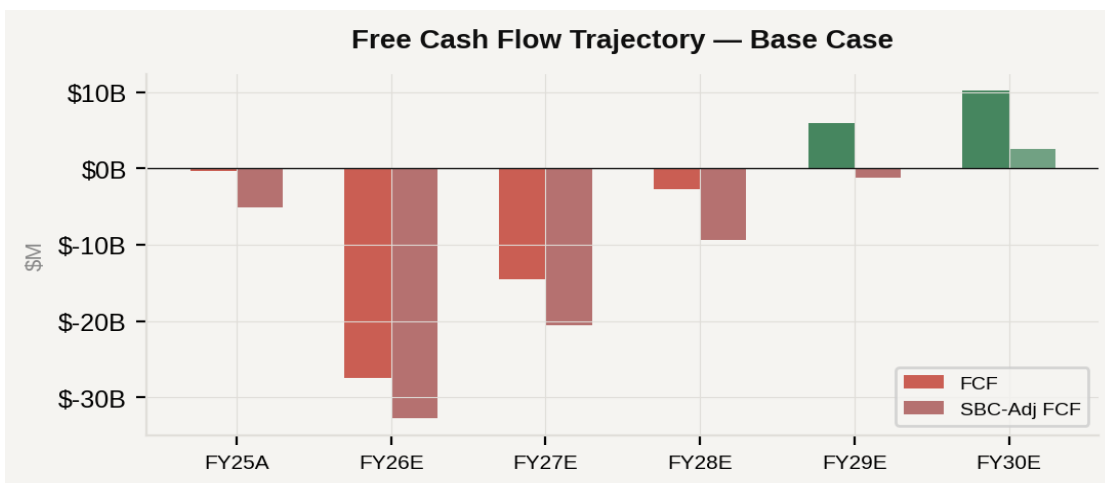
## OCI GROSS MARGIN UNDER REVENUE SHORTFALL (Baseline: 32%)

Shortfall \ Leverage	1.5x	2.0x	2.5x	3.0x
0% (full util.)	32.0%	32.0%	32.0%	32.0%
-5%	24.5%	22.0%	19.5%	17.0%
-10%	17.0%	12.0%	7.0%	2.0%
-15%	9.5%	2.0%	-5.5%	-13.0%
-20% (shock)	2.0%	-8.0%	-18.0%	-28.0%

A 10% OCI revenue miss at 2.5x leverage collapses gross margin from 32% to 7%. Infrastructure is a fixed-cost business; Oracle has signed \$261B in fixed-cost commitments against variable revenue.

# Forward Forecast Model

FY2026E - FY2030E | Bear / Base / Bull scenarios | Whiteprint analyst estimates



## ASSUMPTIONS

	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue growth	—	16.7%	12.0%	10.0%	8.0%	7.0%
EBIT margin	29.5%	30.0%	30.0%	30.0%	30.0%	30.0%
Capex/Rev	37.0%	74.6%	55.0%	40.0%	30.0%	25.0%
D&A/Rev	8.0%	10.0%	12.0%	13.0%	13.0%	12.0%
SBC/Rev	8.1%	8.0%	8.0%	8.0%	8.0%	8.0%

## FORECAST OUTPUT

	FY2025A	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E
Revenue	57,399	66,985	75,023	82,525	89,127	95,366
EBIT	17,678	20,095	22,507	24,758	26,738	28,610
NOPAT	13,966	15,875	17,780	19,558	21,123	22,602
Capex	21,215	49,971	41,263	33,010	26,738	23,841
FCF	-394.0	-27,397	-14,479	-2,723	5,972	10,204
SBC-Adj FCF	-5,066	-32,755	-20,481	-9,325	-1,159	2,575
ROIC	13.2%	12.4%	10.8%	10.2%	10.0%	10.0%
FCF margin	-0.7%	-40.9%	-19.3%	-3.3%	6.7%	10.7%
ROIC-WACC spread	3.4%	3.2%	1.5%	0.9%	0.7%	0.8%

## TERMINAL YEAR SCENARIOS (FY2030)

Metric	Bear	Base	Bull
Revenue (\$M)	93,583	95,366	97,149
EBIT margin	27.0%	30.0%	33.0%
Capex/Rev	30.0%	25.0%	20.0%
FCF (\$M)	4,052	10,204	16,583
FCF margin	4.3%	10.7%	17.1%
SBC-Adj FCF (\$M)	-3,435	2,575	8,811
ROIC	8.6%	10.0%	11.0%
ROIC-WACC spread	-0.7%	0.8%	1.8%

### ANALYST NOTES

1. FY2026E capex/rev of 74.6% is guided (\$50B capex on ~\$67B revenue). This suppresses FCF to deeply negative territory for the second consecutive year.
2. The model assumes gradual capex normalization toward 25% by FY2030. If normalization is delayed, FCF inflection is pushed further out and the bull case collapses toward bear.
3. ROIC remains near WACC (9.25%) in base and bear cases throughout the explicit forecast period — value creation depends entirely on terminal-year margin + capex normalization.
4. SBC-adjusted FCF remains negative through FY2028E in the base case. Equity holders are not receiving economic free cash flow during the build phase.
5. Bear scenario: capex stays elevated (30%), margins compress (27%). ROIC falls below WACC — value-destructive at current pricing.
6. Bull scenario: OCI scales rapidly, capex normalizes to 20%, margins expand to 33%. FCF margin reaches 17%, ROIC recovers to ~10.7% — still below FY2021 software-era levels.

# Debt, Liquidity, and Financing Gap

Cumulative ~\$75B financing shortfall through FY2028 | Credit and capital markets dependency

## DEBT POSITION

	FY2021	FY2022	FY2023	FY2024	FY2025
Gross debt	84,000	75,859	90,481	86,869	92,568
Cash	46,560	21,902	10,187	10,661	11,203
Net debt	84,840	81,657	80,294	76,208	81,365
Interest exp (est.)	2,800	2,950	3,100	3,400	3,700
Interest/Rev %	6.9%	7.0%	6.2%	6.4%	6.4%

## FINANCING GAP ANALYSIS (FY2026E - FY2028E)

	FY2026E	FY2027E	FY2028E
OCF (NOPAT+D&A)	22,574	26,783	30,287
Mar 2026 raise	30,000	–	–
Total cash available	52,574	26,783	30,287
Capex	49,971	41,263	33,010
Interest	5,500	5,800	6,200
Maturities (est.)	7,500	8,200	9,500
SBC settlement	5,359	6,002	6,602
Total outflows	68,329	61,264	55,312
Annual gap	-15,755	-34,481	-25,025
Cumulative gap	-15,755	-50,237	-75,262

Cumulative gap of ~\$75B implies Oracle must raise substantial additional capital during the build phase, on top of the \$30B already issued in March 2026. Debt maturity figures are illustrative.

## SOURCES AND METHODOLOGY

Primary sources: Oracle Forms 10-K (FY2021-FY2025), Form 10-Q (Q3 FY2026), Form 8-K (March 2026 capital raise), Microsoft FY2025 10-K, Amazon FY2025 10-K, SAP FY2025 20-F. All data from SEC EDGAR filings.

Key formulas: NOPAT = Op Income x (1-21%). IC-A = Debt+Equity-Cash. IC-B = IC-A + Lease Liabilities. ROIC = NOPAT/Avg IC. Adjusted NOPAT strips useful-life benefits. FCF = OCF-Capex (historicals) or NOPAT+D&A-Capex; (forecast). SBC-Adj FCF = FCF-SBC.

Key assumptions: WACC 9.25% (analyst est.). Terminal growth 3%. Lease rate 6.5%, 17yr avg term. FY2026E revenue ~\$67B and capex ~\$50B per company guidance. Forward growth/margin/capex assumptions are Whiteprint estimates, not company guidance beyond FY2026.

Comparability: SAP in EUR (ratios currency-invariant). Amazon R&D; not separately disclosed. Oracle FY ends May 31; peers differ. ROIC uses normalized 21% tax across all companies.

DISCLAIMER: This document is produced by Whiteprint Research for informational and educational purposes only. It does not constitute investment advice, a recommendation, or a solicitation to buy or sell any security. Whiteprint Research is not a registered investment adviser, broker-dealer, or financial institution. All views represent Whiteprint Research analysis as of the date of publication. Readers should conduct their own due diligence and consult a qualified financial adviser.

Copyright 2026 Whiteprint Research. All rights reserved.