

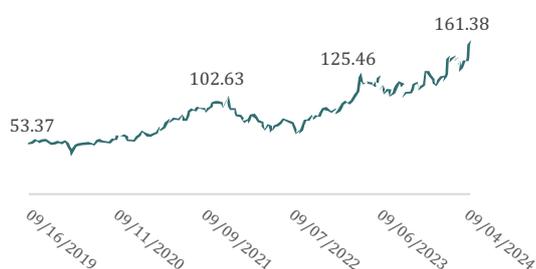
Analysts

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Basic Issuer Information

Issuer Oracle Corporation
Equity Ticker NYSE: ORCL
Corporate Ticker ORCL
Credit Rating (M/S/F) Baa2/BBB/BBB
Country of Risk United States
Sector Enterprise Software and Cloud Computing

Share Price (USD)



Company Description

Oracle Corporation, established in 1977, is a global technology leader specializing in software, cloud computing, and database management systems. Headquartered in Austin, Texas, the company is renowned for its flagship Oracle Database software, which enables enterprises to manage and analyze large volumes of data effectively. Oracle also offers a wide range of products, including Oracle Cloud Infrastructure (OCI), ERP, and HCM, supporting businesses in their transition to cloud-based solutions.

Publicly listed on the New York Stock Exchange in 1986, Oracle has grown to operate in more than 175 countries with a global workforce of approximately 160,000 employees as of FY2024.

5Y Key Financials

(USD millions)	2020A	2021A	2022A	2023A	2024A
Revenue	39,068	40,479	42,440	49,954	52,961
% Growth	(1.1%)	3.6%	4.8%	17.7%	6.0%
Gross Profit	31,130	32,624	33,563	36,390	37,818
% Margin	79.7%	80.6%	79.1%	72.8%	71.4%
EBITDA	17,119	18,569	18,958	18,986	21,227
% Margin	43.8%	45.9%	44.7%	38.0%	40.1%
EBIT	14,151	15,653	15,836	13,670	15,764
% Margin	36.2%	38.7%	37.3%	27.4%	29.8%
Net Income	10,135	13,746	6,717	8,503	10,467
% Margin	25.9%	34.0%	15.8%	17.0%	19.8%
Total Asset	115,438	131,107	109,297	134,384	140,976
Total Liability	102,721	125,155	115,065	132,828	131,737
Total Equity	12,717	5,952	(5,768)	1,556	9,239
Net Debt	28,808	37,691	53,957	80,294	83,753
Total Debt	71,865	84,245	75,859	90,481	94,414
C&CE	43,057	46,554	21,902	10,187	10,661

Balancing Growth and Credit Stability

Recommendations

We are initiating coverage of Oracle Corporation (NYSE:ORCL) with an issuer profile rating of "Neutral" on Oracle's credit outlook.

- **ORCL 0450 (3.60%, 25.34 yrs):** Rated *Neutral*. High YTM is offset by long duration and interest rate risk. Medium-term bonds may offer better risk-adjusted returns.
- **ORCL 0438 (6.50%, 13.38 yrs):** Rated *Neutral to Underweight*. Premium pricing lowers YTM, limiting upside. Broader macro risks further reduce appeal for long-term investors.

Recent Developments

- Oracle's cloud strategy emphasizes "New Value Creation & Sustainability" by investing heavily in the next five years, focusing on growth areas to boost cash-generation capabilities.
- Oracle has expanded its data centre footprint in the U.S. and internationally, enhancing global cloud connectivity.
- Oracle has achieved significant partnerships as an AWS competitor through OCI (Oracle Cloud Infrastructure) to strengthen cloud connectivity.
- Regulatory environments, such as those in Japan and the U.S., may ease restrictions that currently impact Oracle's cloud services operations.

Key Credit Considerations

Oracle faces uncertainty related to its aggressive shift toward the cloud, which may impact its credit profile. High capital expenditures and competition with industry giants like AWS and Microsoft are significant risks. The potential deregulation in cloud infrastructure could be beneficial, but high leverage and extensive debt obligations remain a concern.

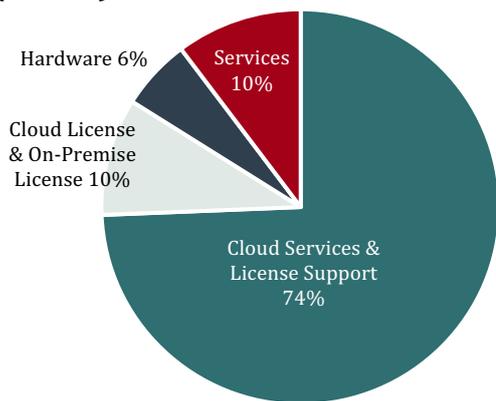
Credit Positives

- **Strong Cloud Service Moat:** Leading ERP and HCM solutions, robust recurring revenue model, and advanced AI/cloud integration will see Oracle benefit from the ERP market's projected 14.4% CAGR growth to \$239B by FY32.
- **Long-term Strategic Partnerships:** Alliances with Nvidia, Microsoft, and others boost OCI capabilities, multi-cloud integration, and revenue diversification.
- **Growing Recurring Revenue:** Projected Remaining Performance Obligations (RPO) growth (12% CAGR FY24 to FY26, 46% FY27 to FY28) supports predictable cash flow and long-term growth.

Credit Negatives

- **Competitive Pressures:** Threats from Salesforce, Workday, AWS, and Azure in core markets. Capital-intensive investments in cloud and AI will strain margins and cash flow.
- **Challenges with Oracle Health :** The Cerner acquisition struggles with declining market share (25% to 23.4%) and integration issues. Financial underperformance could potentially impact credit profile and growth potential.

Figure 1. Revenue by Business Segments (FY2024)



Source: Company Filings

Figure 2. Oracle's Top Competitors

Cloud Computing Industry		
Amazon Web Services (AWS)		
Microsoft Azure		
Google Cloud		
Niche Cloud Computing Competitors		
Snowflake Inc.	Intuit	Workday
Datadog	Salesforce	
ServiceNow	HubSpot	
Enterprise Software and Database Management		
SAP SE		
Microsoft Dynamics		
Healthcare IT		
Epic Systems Corporation		
Allscripts Healthcare Solutions		

Source: Company Filings, Financial Times

3. Oracle's Key Subsidiaries

Key Subsidiaries	
Oracle America, Inc.	Oracle Japan
Oracle International Corporation	Oracle Financial Services Software Limited
NetSuite Inc.	Cerner Corporation
MICROS Systems, Inc.	Taleo Corporation
PeopleSoft, Inc.	BEA Systems, Inc.

Source: Company Filings

Company Overview

Oracle Corporation, established in 1977, is a global leader in technology, specializing in software, cloud computing, and database management systems. Headquartered in Austin, Texas, Oracle is best known for its Oracle Database software, which enables enterprises to manage and analyze large volumes of data.

The company has a strong presence in cloud services through its Oracle Cloud Infrastructure (OCI) and offers a diverse suite of business applications, including enterprise resource planning (ERP), human capital management (HCM), and customer relationship management (CRM). These services place Oracle in direct competition with other major cloud providers such as Amazon AWS, Microsoft Azure, and Google Cloud.

As of FY2024, Oracle had a global workforce of approximately 160,000 employees, with operations in more than 175 countries, predominantly in North America, Europe, and Asia-Pacific, reflecting its strong presence in key technology markets and its focus on delivering enterprise solutions worldwide.

The company is publicly traded on the New York Stock Exchange, with a market capitalization of approximately USD 385.52B as of September 9, 2024. Additionally, in the technology services and consulting space, companies like IBM, Salesforce, and Workday present significant challenges.

In healthcare IT, particularly after Oracle's acquisition of Cerner, its key competitors include Epic Systems Corporation and Allscripts Healthcare Solutions, which are leaders in the electronic health records (EHR) domain (Figure 2).

Revenue by Segments

Oracle Corporation derives most of its revenue from Cloud Services and License Support, accounting for 79% of the company's total revenue in Q1 FY2025. This segment includes Oracle Cloud Infrastructure (OCI) and Oracle's business applications such as ERP, HCM, and CRM. It generates revenue through subscription models and licensing fees for cloud services and support. In Q1 FY2025, this segment saw a 10% year-on-year revenue growth, bringing in \$10.52 billion (Figure 1).

Other revenue streams include Cloud License and On-Premise License, Hardware, and Services. Cloud License and On-Premise License contributed 7% to Oracle's overall revenue in the same quarter. This segment involves the sale of perpetual licenses for Oracle's database, middleware, and application software for on-premise or cloud deployment. This revenue stream grew by 8% year-on-year to \$870 million. Hardware makes up 5% of Oracle's revenue. This segment includes sales from Oracle's Engineered Systems, servers, storage, and related hardware services. In Q1 FY2025, hardware revenues declined by 8% year-on-year to \$655 million. Services represent 9% of total revenue, offering consulting, education, and cloud-related support services to customers. Revenue from services decreased by 9% year-on-year, generating \$1.26 billion in Q1 alone.

Recent Earnings Review

Oracle's total revenue grew by 7% in Q1 FY2025 compared to the same period in FY2024, reaching \$13.31 billion. This growth was primarily driven by the 21% year-over-year increase in Cloud services revenues alone, reflecting strong demand for Oracle Cloud Infrastructure and SaaS applications.

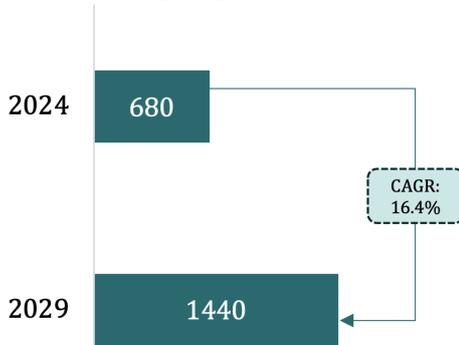
Figure 4: Oracle's Leadership

Positions in Oracle	
Chairman of the Board & Chief Technology Officer	Larry Ellison
Senior Executive Vice President	Safra Catz
Vice Chairman of the Board	Jeffrey O. Henley

Source: Company Website

Figure 5: Cloud computing market forecast

Cloud Computing Market (USD, Bn)



Source: Company Website

Figure 6: Oracle's Table of Financial Ratios & Forecasts

	2022A	2023A	2024A	2025F	2026F	2027F	2028F
Profitability Ratios							
Underlying profit margin	34.0%	15.8%	17.0%	19.8%	20.7%	21.3%	20.4%
ROA (Underlying profit)	7.9%	8.2%	7.0%	7.2%	8.9%	12.3%	12.9%
ROE (Underlying profit)	147%	117%	194%	68%	47%	36%	28%
Liquidity ratios							
Quick ratio	1.4	0.7	0.5	0.2	0.3	0.8	1.4
Current ratio	2.3	1.6	0.9	0.6	0.4	0.4	0.1
OCF ratio	0.7	0.4	0.7	0.6	0.6	0.4	0.4
Solvency ratios							
Debt / Assets	0.64	0.69	0.67	0.63	0.52	0.47	0.44
Debt / Equity (Gearing)	14.15	12.12	13.12	10.22	4.82	2.28	1.17
Long-term debt / Equity	12.77	11.12	8.93	4.19	2.04	1.22	0.79
Interest coverage	4.5	4.0	5.1	3.6	4.4	4.9	5.9
Altman Z Score	N/A	2.73	1.40	1.78	1.90	2.60	2.53

Source: Oracle's Financial Statements, NUS Investment Society

Oracle's robust cloud growth is likely to continue, supported by its innovation in autonomous databases and AI-powered cloud applications, as well as strategic market positioning in the TMT sector. However, ongoing challenges in hardware and services reflect the need for improved operational efficiency and potentially shifting customer preferences. Net Income has also increased 21% compared to last fiscal year, accounting for \$2,929 million.

Industry Outlook

Strong Growth in Cloud Computing Market

The global cloud computing market is projected to grow at a robust CAGR of 16.4%, increasing from USD 680 billion in 2022 to USD 1.4 trillion by 2029 (Figure 5). This rapid expansion is primarily driven by increasing enterprise demand for digital transformation across various industries, as businesses seek to enhance operational efficiency while finding cost-effective IT infrastructure solutions. Oracle stands to benefit significantly from this growth due to its strong portfolio of cloud solutions, including Oracle Cloud Infrastructure (OCI) and its suite of Software-as-a-Service (SaaS) offerings.

Surge in AI Adoption

The global AI market, projected to grow from USD 136.55 billion in 2022 to USD 1.81 trillion by 2030 (CAGR of 38.1%), is reshaping industries with advancements in machine learning, natural language processing, and analytics.

Generative AI, requiring massive computational power and data, relies on cloud solutions as building in-house infrastructure is prohibitively expensive for most organizations.

Oracle's partnerships with Microsoft and Google, combined with a 45% year-over-year growth in cloud infrastructure revenue in fiscal 2024, position it as a leader in providing scalable, AI-optimized cloud platforms. As hybrid and multi-cloud strategies dominate enterprise IT, Oracle's AI integration helps businesses automate processes, gain insights, and enhance efficiency, driving its competitive edge in this rapidly evolving market.

Financial Analysis

Overview: Strategic Growth Amidst Liquidity Pressures

The table (Figure 6) summarizes Oracle Corporation's latest 3-year historical financial performance (2022-2024A) alongside a 5-year forecast (2024F-2028F), including key profitability, liquidity, and solvency ratios (Figure 6).

Oracle Corporation's financial performance is underpinned by bottom-up revenue projections, indicating its profit margin is expected to grow by 20% over the next five years. This is attributed to efficient cost management and robust revenue generation from its SaaS business, which continues to outpace competitors in the hyperscale cloud market. Strategic investments in cloud infrastructure and AI are expected to yield stronger returns, though liquidity remains tight in the mid-term, as highlighted by the current ratio declining from 2.3x in 2021 to a forecasted 0.1x by 2028. Heavy reliance on short-term debt financing to fund these expansions is adding liquidity stress.

Investments and Debt Management to Bolster Long-Term Stability

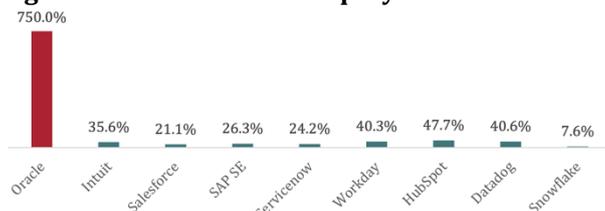
While Oracle faces mid-term liquidity challenges, it is making strides toward a more conservative capital structure by reducing long-term debt to enhance credit stability and investor confidence. Despite a low debt service coverage ratio (DSCR) of 0.2x, Oracle's ample operating income supports a healthy interest coverage ratio (~5x), ensuring it can meet its interest obligations comfortably. In

Figure 7: Oracle's Near-term Concentration of Debt Maturity (USD, mm)

Maturity Date	Coupon (%)	Amount Outstanding (\$mm)
Nov-15-2024	2.95	2,000
Apr-01-2025	2.5	3,500
May-15-2025	2.95	2,500
Jul-10-2025	3.125	814
Nov-10-2025	5.8	1,000

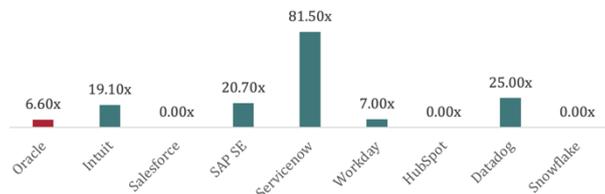
Source: Company Filings

Figure 8: Oracle's Debt to Equity



Source: Capital IQ, Company Filings

Figure 9: Oracle's Interest Coverage Ratio



Source: Capital IQ, Company Filings

the long term, Oracle's strategic focus on cost efficiency, coupled with its investments in high-margin SaaS and AI offerings, is expected to drive sustained profitability and financial stability, positioning the company for stronger growth.

Liquidity Faces Short-term Pressure

Oracle Corporation faces significant near-term debt obligations, with approximately \$7.7 billion maturing in 2025. This substantial concentration of debt, accounting for a large portion of Oracle's total outstanding liabilities, poses short-term liquidity risks. The higher refinancing costs driven by a rising interest rate environment could further strain Oracle's cash flows.

Moreover, the downgrades by major credit rating agencies in recent years due to Oracle's aggressive debt-financed acquisitions and share buybacks have increased its cost of borrowing, further intensifying liquidity challenges. However, we anticipate Oracle will leverage its predictable cash flow from cloud services and enterprise software to address these obligations. Strategic refinancing and growth in subscription-based revenue models from OCI and healthcare IT expansions, such as the Cerner acquisition, are likely to stabilize liquidity by late 2025 or early 2026.

Growing Debt as Financing Source to Drag on Solvency

Oracle's capital structure reflects a high reliance on debt, as evidenced by its elevated Debt-to-Equity ratio of 7.5, significantly surpassing peers like Salesforce (21.1%) and Workday (40.3%) (Figure 8). The company has historically used debt to finance key initiatives, including R&D investments, acquisitions, and cloud infrastructure expansion. However, this debt-heavy strategy has led to credit rating downgrades, higher borrowing costs, and growing concerns over long-term solvency. We expect Oracle to focus on deleveraging over the medium term by using its strong cash flows to reduce its debt burden, particularly considering rising refinancing costs. Hence, solvency risks will likely remain elevated in the short term.

Comfortable Interest Coverage Ratios across Businesses

Oracle's interest coverage ratio, while comparatively lower at 6.6x relative to some peers like Workday (81.5x) and ServiceNow (20.7x) (Figure 9), remains sufficient to meet its debt servicing requirements. This is supported by its predictable revenue streams from subscription-based cloud services and enterprise applications. Oracle's heavy investment in cloud infrastructure and strategic acquisitions positions it to enhance its revenue base, which could offset the impact of higher interest expenses. Despite anticipated pressures from increased leverage, Oracle's interest coverage ratio is expected to remain within a manageable range, underscoring its capacity to service debt obligations effectively.

Recent Developments

Expansion of Cloud Infrastructure

Oracle Corporation significantly increased its cloud infrastructure capabilities, focusing on AI and machine learning workloads. In August 2024, Oracle launched a second public cloud region in Saudi Arabia, part of a \$1.5 billion investment aligned with Saudi Vision 2030. This move strengthens Oracle's cloud capacity in the region and enhances Oracle's footprint in the Middle East.

Globally, Oracle now operates in over 40 cloud regions, with plans to open more to meet increasing customer demand and bringing forward its global cloud expansion efforts.

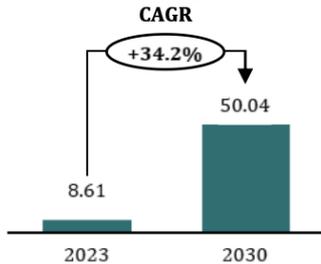
These efforts strategically benefit Oracle by creating new revenue streams driven by the growing demand for sustainable cloud services, unlocking revenue growth potential in cloud services and

Figure 10: Benefits from Oracle’s Cloud Infrastructure Expansion

Strategic Benefits to Oracle from Cloud Infrastructure Expansion	
<p>(1) New Revenue Streams</p> <ul style="list-style-type: none"> Growing demand for Sustainable Cloud Services 	<p>(3) Global Expansion</p> <ul style="list-style-type: none"> Capture demand in the Middle East Targeting emerging markets in Asia Pacific and Latin America
<p>(2) Revenue Growth Potential</p> <ul style="list-style-type: none"> Growth in cloud services and AI solutions 	<p>(4) Competitive Positioning</p> <ul style="list-style-type: none"> Strengthen market position Reduced Vendor Lock-In Expansion to broader customer base

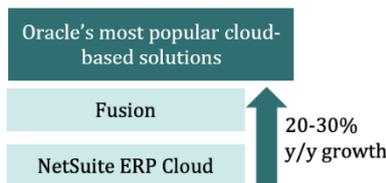
Source: Company Filings and Website

Figure 11: Forecast of Multi-cloud Management Market (USD, bn)



Source: Fortune Business Insights

Figure 12: Growth potential of Oracle’s most popular cloud-based solutions



Source: Oracle

AI solutions, capturing demand in emerging markets across the Middle East, Asia Pacific, and Latin America, and enhancing its competitive positioning through reduced vendor lock-in and access to a broader customer base.

Strategic Partnerships and Collaborations

The company has reinforced its global presence through key partnerships. For instance, its collaboration with AT&T enhances IoT connectivity, while the partnership with Advanced Info Service (AIS) has enabled the development of Thailand’s first hyperscale cloud infrastructure.

Oracle partnered with Amazon Web Services (AWS) to bring Oracle's Exadata capabilities closer to AWS users, allowing users to leverage Oracle's high-performance databases within the AWS environment. These partnerships are pivotal for Oracle's expansion into new markets and sectors, helping it gain a competitive edge globally.

Enhanced Generative AI and Multi-cloud Capabilities

Oracle expanded its existing HeatWave platform to include Generative AI capabilities, such as retrieval-augmented generation (RAG), which enhances AI-driven data management and analytics across multicloud environments like AWS.

Additionally, Oracle’s new OCI Roving Edge infrastructure now supports remote AI inferencing, allowing users to manage mission-critical data at the edge. These innovations help enterprises leverage AI and cloud technology for real-time insights and enhanced operational efficiency.

The rising demand for multicloud solutions is highlighted by the multicloud management market, which is forecasted to grow from USD 8.61 billion in 2023 to USD 50.0 billion by 2030, at a CAGR of 34.2% (Figure 11), further emphasizing Oracle's strategic positioning in this rapidly evolving space.

Introduction of AI-Centric Generative Development Infrastructure

Oracle continues to integrate AI into its services, offering advanced solutions tailored for industries such as telecom, healthcare, and finance. Recently, the company introduced an AI-centric generative development infrastructure designed to enable enterprises to rapidly create AI-powered applications.

Announced at Oracle CloudWorld 2024, this infrastructure is built on Oracle Database 23ai, featuring advanced capabilities like JSON Relational Duality Views and AI Vector Search (Figure 12). These tools simplify the development of modular, AI-powered applications, enabling developers to interact with data through natural language and automate application scalability, security, and performance.

Issuer Credit Analysis

Positives

1. Oracle's Economic Moat in Cloud Services (SaaS and IaaS)

Oracle holds a broad and well-established competitive advantage in the Enterprise Software industry, driven by its diversified product portfolio, which includes database management, cloud applications (SaaS), and cloud infrastructure (IaaS). Among its offerings, Oracle's Enterprise Resource Planning (ERP) and Human Capital Management (HCM) solutions have become industry benchmarks, widely recognized for their reliability and comprehensive functionality. These flagship products have solidified Oracle's position as a preferred partner for large enterprises globally.

The company has strategically focused on product and service differentiation by integrating advanced technologies such as artificial intelligence (AI), automation, and cloud-based services into its legacy products. This approach has not only enhanced the capabilities of its solutions but has also made them more attractive to large enterprises navigating digital transformation. As a result, Oracle has successfully secured a loyal customer base and established a stable, recurring revenue stream.

The ERP software market, a critical area for Oracle, is projected to grow at a compound annual growth rate (CAGR) of 14.4% from FY24 to FY32, reaching a market size of USD 239 billion by FY32. This growth trajectory outpaces that of the CRM software market, which is expected to grow at a CAGR of 12.6% over the same period.

Oracle's strong foothold in the ERP segment positions it to capitalize on this expanding market, leveraging its innovative cloud-based ERP solutions to meet the evolving needs of enterprises.

Furthermore, Oracle's commitment to enhancing its cloud offerings through integration with advanced technologies ensures it remains relevant in high-growth segments such as AI-driven analytics and multi-cloud solutions. These efforts not only bolster Oracle's competitive advantage but also position the company as a key player in shaping the future of enterprise software.

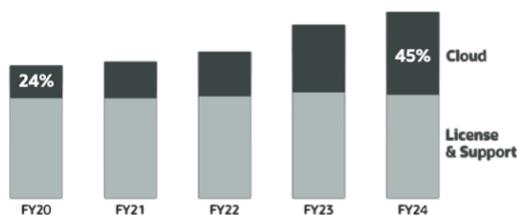
2. Strategic Partnerships and Customer Centric Innovation

Oracle has redefined its market approach through the development and expansion of Oracle Cloud Infrastructure (OCI), forging strategic alliances with industry leaders including Nvidia, Microsoft, VMware, and Red Hat. These partnerships reflect Oracle's commitment to integrating best-of-breed technologies into its ecosystem, enhancing its adaptability and competitive edge in the rapidly evolving cloud market.

This transformation has significantly diversified Oracle's revenue streams, providing greater stability while enabling the company to capitalize on high-growth areas such as artificial intelligence (AI) and multi-cloud solutions. These sectors not only align with market demand but also position Oracle as a leader in delivering innovative and customer-centric cloud services. Notably, products such as Oracle Interconnect for Azure stand out for their ability to offer tailored cloud solutions and seamless multi-cloud capabilities, which strengthen customer retention and loyalty.

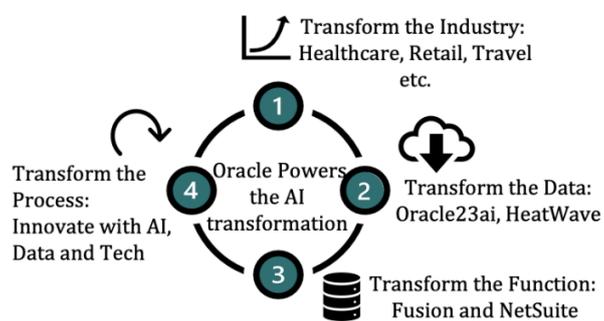
Furthermore, this strategic pivot supports Oracle's profitability and cash flow generation, reinforcing its ability to meet debt obligations and maintain a stable credit profile. The company's emphasis on collaborative innovation, customer-centric solutions, and scalable cloud infrastructure solidifies its position as a forward-looking leader in the cloud computing landscape. This trajectory suggests Oracle is well-equipped to sustain its momentum, leveraging both

Figure 13: Revenue Contribution of Cloud vs License and Support



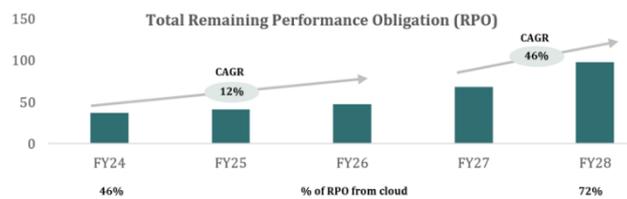
Source: Company Investor Relations

Figure 14: 4 Key Focus Areas of Oracle's AI Transformation Efforts



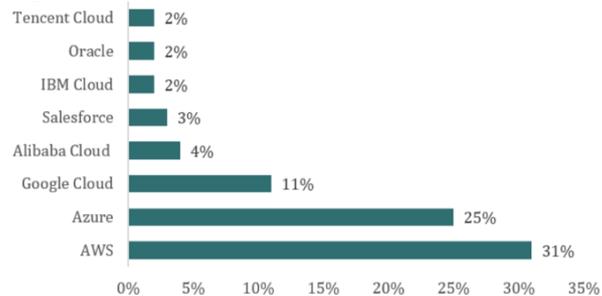
Source: Oracle, NUS Investment Society

Figure 15: Oracle’s Total Remaining Performance Obligations (RPO) from FY24 to FY28



Source: Oracle Investor’s Relations, NUS Investment Society

Figure 16: Cloud Infrastructure Market Share



Source: Oracle Company Filings

its technological advancements and robust partnerships to secure a competitive advantage and ensure financial resilience.

3. Oracle’s Growing RPO and Recurring Revenue Model: A Driver of Long-Term Growth

Oracle’s strategic focus on growing its RPO underpins its ability to generate significant recurring revenue streams and sustain long-term growth. The company’s RPO is projected to achieve a compound annual growth rate (CAGR) of 12% between FY24 and FY26, with an accelerated growth rate of 46% from FY27 to FY28 (Figure 15). These projections highlight Oracle’s ability to consistently drive predictable revenue and free cash flow, underpinned by its robust installed customer base, high renewal rates, and increasing demand for its comprehensive suite of cloud solutions.

Oracle’s emphasis on multi-cloud integration is particularly relevant in today’s enterprise IT landscape, where hybrid and multi-cloud strategies are becoming the norm. By catering to these evolving needs, Oracle ensures its offerings remain integral to customers’ IT ecosystems, bolstering long-term revenue potential and contributing to the sustained growth of its RPO. Notably, products like Oracle Interconnect for Azure exemplify the company’s ability to deliver seamless multi-cloud capabilities, further enhancing customer loyalty and retention.

The shift from on-premise solutions to cloud-based models has positioned Oracle to capitalize on the increasing adoption of Software-as-a-Service (SaaS) and Infrastructure-as-a-Service (IaaS). This transition has reached a critical mass, with cloud revenue expected to offset declines in traditional on-premise revenue categories. In the first quarter of FY25, 79% of Oracle’s revenue was recurring, reflecting a stable and predictable income base. This trend is expected to persist as the company leverages its cloud solutions to drive both customer satisfaction and market share.

Negatives

1. Potential Threats of Competition and Strategic Challenges

Despite Oracle’s strong operational foundation and broad market presence, it faces significant competitive pressures from both niche and dominant rivals in various segments of the enterprise software and cloud markets.

In the enterprise application space, competitors like Salesforce.com, Inc. and Workday, Inc. are growing rapidly within narrower sub-segments, presenting a challenge to Oracle’s market share. While Oracle continues to hold a leading position in ERP and Human Capital Information Technology (HCIT) solutions, its rivals’ aggressive growth trajectories suggest potential market share erosion over time. In the HCIT sector, Oracle Health faces competition from well-established providers such as Epic Systems, Athenahealth, and McKesson.

Oracle’s position in the cloud infrastructure space also highlights challenges. Despite notable growth in its Oracle Cloud Infrastructure (OCI), the company remains behind dominant cloud providers like Amazon Web Services (AWS) and Microsoft Azure in terms of market share and scale. These larger incumbents have established extensive global networks and brand recognition, making it challenging for Oracle to close the competitive gap. Without substantial investments in cloud capabilities, Oracle risks further market share loss, which could constrain its long-term revenue growth and cash flow generation.

In the enterprise software industry, ERP and HCIT solutions are widely recognized as mission-critical for businesses, with high

switching costs that contribute to stable and durable revenue streams. Sustaining leadership in these areas will demand ongoing investments in product innovation and a strong focus on customer engagement. However, these investments, while critical for competitiveness, place additional pressure on Oracle's financials. The high scaling costs associated with cloud services, coupled with capital-intensive initiatives in AI-driven innovation, weigh heavily on free cash flow in the medium term. These expenditures, though necessary for future growth, compress profit margins and limit the company's ability to service its debt obligations and sustain shareholder returns.

2. Unpredictable Challenges Lie Ahead at Oracle Health

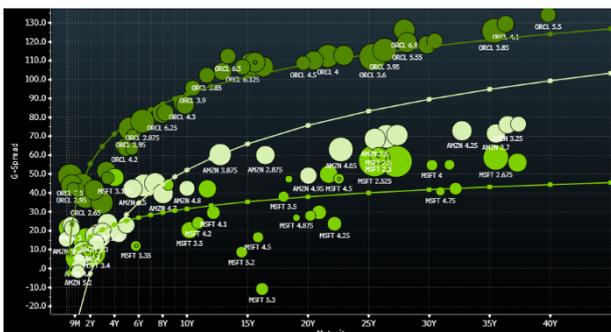
Oracle's \$28 billion acquisition of Cerner Corporation, now rebranded as Oracle Health, was initially seen as a strategic opportunity to deepen its footprint in the healthcare technology sector. However, the integration has faced significant hurdles, raising questions about the acquisition's contribution to Oracle's overall portfolio. From 2021 to 2023, Oracle Health's hospital market share declined from 0.25 to 0.18, with notable losses in acute care clients as large multispecialty organizations departed. These challenges have strained Oracle's financial position, as Oracle Health's revenue has fallen short of expectations, resulting in diminished returns on the significant capital investment.

The financial impact of this underperformance is compounded by its broader implications for Oracle's credit profile. The acquisition triggered credit rating downgrades from analysts, signalling heightened risk perception and reflecting concerns over Oracle's ability to realize its strategic goals with Oracle Health. The substantial resources committed to this initiative may have diverted attention and capital from high-growth areas such as cloud infrastructure and artificial intelligence (AI), potentially limiting Oracle's ability to compete effectively in these critical markets.

If Oracle Health's performance does not improve, the situation could exacerbate Oracle's leverage metrics, placing further pressure on its balance sheet. The challenges associated with integrating Oracle Health underscore the importance of swiftly addressing operational inefficiencies and aligning its healthcare technology offerings with market demands.

Moving forward, Oracle must demonstrate its ability to stabilize and grow Oracle Health, ensuring that the acquisition aligns with its long-term strategic objectives and delivers the expected financial and operational synergies. Without tangible improvements, the acquisition risks becoming a drag on Oracle's broader growth trajectory.

Figure 17: G-spread curves of Oracle, Amazon and Microsoft



Source: Bloomberg

Issuance Analysis

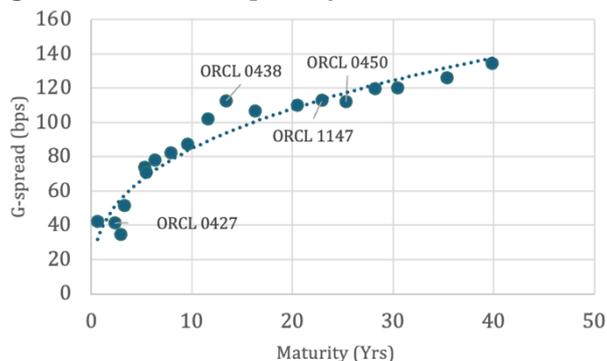
Overview

Oracle's bonds exhibit a relatively consistent upward trajectory in yield as maturity increases, reflecting a typical positive slope for corporate debt securities. The yields appear competitive across various maturities, clustering closely along the curve, suggesting Oracle's credit quality remains stable and market participants are not demanding excessive risk premiums compared to peers. The relatively tight spread between yields of different maturities demonstrates investor confidence in Oracle's ability to meet its obligations over both the short and long term.

Neutral ORCL 0450

The ORCL 0450 3.60% bond, with a maturity of 25.34 years, offers a current yield of 4.92% and an attractive YTM of 5.589%, reflecting its below-par trading price. While the high YTM makes it appealing for investors seeking long-term fixed-income opportunities, the

Figure 18: Oracle' G-spread yield curve



Source: Bloomberg

extended duration exposes it to significant interest rate and inflation risks. In a rising rate environment, the bond's price could decline sharply, posing challenges for those who may need to sell before maturity.

Additionally, competitive yields are available in medium-term bonds (10–15 years) with considerably lower duration risk, which might offer a better risk-adjusted return for many investors. Although Oracle's strong credit quality provides confidence in its long-term reliability, the bond's sensitivity to interest rate fluctuations in the long term and potential inflation erosion suggests a neutral rating, particularly for investors who seek to mitigate duration risk.

Neutral to Underweight ORCL 0438

ORCL 0438 6.5% bond, with its maturity of 13.38 years, offers a current yield of 5.92%, which is attractive for income-focused investors seeking consistent cash flow. However, the bond, which is trading at a premium, significantly reduces its YTM to 5.462%, which limits its total return potential compared to other Oracle bonds trading at a discount.

While its medium-to-long duration provides a balanced risk profile, the lower YTM fails to adequately compensate for the premium price paid upfront. Additionally, investors have access to similar or slightly longer maturities, such as the ORCL 1147 4.000% that offer better risk-adjusted YTM and potential price appreciation.

Furthermore, the premium-priced bonds in the cloud software industry with comparable such as Amazon and Microsoft are at a heightened risk of price depreciation under a Trump presidency, as uncertainties in trade policies, economic growth patterns, and inflationary pressures could cloud the sector's outlook.

This environment makes such bonds less appealing for investors focused on long-term stability and returns, particularly when alternative investments with more favorable risk-return profiles are available. While the strong current yield may justify inclusion for income-seeking portfolios, the bond's relatively poor YTM and opportunity cost make it less compelling, warranting a neutral to underweight rating for most investors.

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Appendix

Oracle Corporation (ORCL) Financial Statements									
	2021A	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F
Fiscal Period Starting	1/6/20	1/6/21	1/6/22	1/6/23	1/6/24	1/6/25	1/6/26	1/6/27	1/6/28
Fiscal Period Ending	31/5/21	31/5/22	31/5/23	31/5/24	31/5/25	31/5/26	31/5/27	31/5/28	31/5/29
All values in USD Millions unless otherwise stated									
Income Statement									
Revenues:									
Cloud services and license support	28,700	30,174	35,307	39,383	49,682	63,872	83,631	111,384	150,638
Cloud license and on-premise license	5,399	5,878	5,779	5,081	4,998	4,917	4,837	4,758	4,680
Hardware	3,359	3,183	3,274	3,066	2,977	2,890	2,806	2,724	2,645
Services	3,021	3,205	5,594	5,431	6,186	7,930	10,167	13,034	16,710
Total Revenue	40,479	42,440	49,954	52,961	63,842	79,609	101,441	131,900	174,673
Operating expenses:									
Cloud services and license support	4,353	5,213	7,763	9,427	10,756	12,272	14,001	15,975	18,226
Hardware	972	972	1,040	891	910	906	903	899	895
Services	2,530	2,692	4,761	4,825	5,202	5,608	6,046	6,518	7,027
Sales and marketing	7,682	8,047	8,833	8,274	9,748	11,484	13,529	15,939	18,778
Research and development	6,527	7,219	8,623	8,915	10,413	12,164	14,208	16,596	19,385
General and administrative	1,254	1,317	1,579	1,548	1,596	1,645	1,695	1,747	1,801
Amortization of intangible assets	1,379	1,150	3,582	3,010	2,303	1,639	672	635	561
Acquisition related and other	138	4,713	190	314	324	334	344	355	366
Restructuring	431	191	490	404	-	-	-	-	-
Total Operating expenses	25,266	31,514	36,861	37,608	41,251	46,051	51,398	58,663	67,039
Operating income	15,213	10,926	13,093	15,353	22,592	33,558	50,043	73,237	107,634
Interest expense	(2,496)	(2,755)	(3,505)	(3,514)	(3,299)	(2,952)	(2,981)	(2,636)	(1,829)
Non-operating (expenses) income, net	282	(522)	(462)	(98)	(312)	(402)	(522)	(680)	(891)
Income before income taxes	12,999	7,649	9,126	11,741	18,981	30,204	46,540	69,921	104,914
(Provision for) benefit from income taxes	747	(932)	(623)	(1,274)	3,986	6,343	9,773	14,683	22,032
Net income	12,252	8,581	9,749	13,015	14,995	23,861	36,767	55,237	82,882
Balance Sheet									
Current Assets:									
Cash and cash equivalents	30,098	21,383	9,765	10,454	(461)	(612)	17,056	51,461	107,305
Marketable securities	16,456	519	422	207	207	207	207	207	207
Trade receivables, net	5,409	5,953	6,915	7,874	8,908	11,108	14,116	18,405	24,373
Other current assets	3,604	3,778	3,902	4,019	4,019	4,019	4,019	4,019	4,019
Total Current Assets	55,567	31,633	21,004	22,554	12,673	14,722	35,398	74,092	135,904
Non-current Assets:									
Property, plant, and equipment, net	7,049	9,716	17,069	21,536	20,371	21,622	24,849	27,265	28,872
Intangible assets, net	2,430	1,440	9,837	6,890	6,890	6,890	6,890	6,890	6,890
Goodwill, net	43,935	43,811	62,261	62,230	62,230	62,230	62,230	62,230	62,230
Deferred tax assets	13,636	12,782	12,226	12,273	14,795	18,448	23,507	30,566	40,478
Other non-current assets	8,490	9,915	11,987	15,493	15,493	15,493	15,493	15,493	15,493
Total Non-current Assets	75,540	77,664	113,380	118,422	119,778	124,683	132,969	142,444	153,963
Total assets	131,107	109,297	134,384	140,976	132,451	139,406	168,367	216,537	289,867
Liabilities and Stockholders' Equity									
Current liabilities:									
Notes payable and other borrowings, current	8,250	3,749	4,061	10,605	10,612	5,016	5,743	10,145	55,750
Accounts payable	745	1,317	1,204	2,357	2,380	2,967	3,771	4,916	6,510
Accrued compensation and related benefits	2,017	1,944	2,053	1,916	1,916	1,916	1,916	1,916	1,916
Deferred revenues	8,775	8,357	8,970	9,313	11,226	13,999	17,838	23,194	30,716
Other current liabilities	4,377	4,144	6,802	7,353	7,353	7,353	7,353	7,353	7,353
Total current liabilities	24,164	19,511	23,090	31,544	33,487	31,251	36,621	47,524	102,245
Non-current liabilities									
Notes payable and other borrowings, non-current	75,995	72,110	86,420	76,264	70,483	59,871	54,855	49,112	38,967
Income taxes payable	12,345	12,210	11,077	10,817	9,952	9,156	8,423	7,749	7,129
Deferred tax liabilities	7,864	6,031	5,772	3,692	3,692	3,692	3,692	3,692	3,692
Other non-current liabilities	4,787	5,203	6,469	9,420	9,420	9,420	9,420	9,420	9,420
Total Non-current Liabilities	100,991	95,554	109,738	100,193	93,546	82,138	76,390	69,973	59,208
Total Liabilities (Current and non-current)	125,155	115,065	132,828	131,737	127,033	113,389	113,010	117,497	161,453
Stockholders' Equity									
Preferred stock	-	-	-	-	-	-	-	-	-
Common stock and Additional paid in capital	26,533	26,808	30,215	32,764	32,764	32,764	32,764	32,764	32,764
Retained Earnings (Accumulated deficit)	(20,120)	(31,336)	(27,620)	(22,628)	(12,756)	9,356	45,525	100,558	183,370
Accumulated other comprehensive (loss)	(1,175)	(1,692)	(1,522)	(1,432)	(1,432)	(1,432)	(1,432)	(1,432)	(1,432)
Total Oracle Corporation stockholders' equity (deficit)	5,238	(6,220)	1,073	8,704	18,576	40,688	76,857	131,890	214,702
Non-controlling interests	714	452	483	535	535	535	535	535	535
Total stockholders' equity (deficit)	5,952	(5,768)	1,556	9,239	19,111	41,223	77,392	132,425	215,237
Total liabilities and stockholders' equity	131,107	109,297	134,384	140,976	132,451	139,406	168,367	216,537	289,867
Balance Check	-	-	-	-	-	-	-	-	-
Cashflow Statement									
Cash flows from operating activities:									
Net income	12,252	8,581	9,749	13,015	14,995	23,861	36,767	55,237	82,882
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation	1,537	1,972	2,526	3,129	-	-	-	-	-
Amortization of intangible assets	1,379	1,150	3,582	3,010	2,303	1,639	672	635	561
Deferred income taxes	(2,425)	(1,146)	(2,167)	(2,139)	(2,522)	(3,654)	(5,059)	(7,059)	(9,912)
Stock-based compensation	1,837	2,613	3,547	3,974	-	-	-	-	-
Other, net	(39)	220	661	720	-	-	-	-	-
Changes in assets and liabilities:									
Decrease (increase) in trade receivables, net	333	(874)	(151)	(965)	(1,034)	(2,200)	(3,008)	(4,289)	(5,968)
Decrease in prepaid expenses and other assets	622	11	317	542	-	-	-	-	-
Decrease in accounts payable and other liabilities	(23)	(733)	(281)	(594)	23	588	803	1,146	1,594
Decrease in income taxes payable	(1,485)	(398)	(153)	(127)	(865)	(796)	(732)	(674)	(620)
Increase (decrease) in deferred revenues	405	7	781	656	1,913	2,773	3,839	5,356	7,521
Total adjustments	2,141	2,822	8,662	8,206	(182)	(1,651)	(3,485)	(4,885)	(6,824)
Net cash provided by operating activities	14,393	11,403	18,411	21,221	14,812	22,211	33,282	50,353	76,059
Cash flows from investing activities:									
Purchases of marketable securities and other investments	(37,982)	(10,272)	(1,181)	(1,003)	-	-	-	-	-
Proceeds from sales and maturities of marketable securities and other investments	27,060	26,151	1,113	572	-	-	-	-	-
Acquisitions, net of cash acquired	(41)	(148)	(27,721)	(63)	-	-	-	-	-
Capital expenditures	(2,135)	(4,511)	(8,695)	(6,866)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Net cash provided by (used for) investing activities	(13,098)	11,220	(36,484)	(7,360)	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Cash flows from financing activities:									
Payments for repurchases of common stock	(20,934)	(16,248)	(1,300)	(1,202)	-	-	-	-	-
Proceeds from issuances of common stock	1,786	482	1,192	742	-	-	-	-	-
Shares repurchased for tax withholdings upon vesting of restricted stock-based awards	(666)	(1,093)	(1,203)	(2,040)	-	-	-	-	-
Payments of dividends to stockholders	(3,063)	(3,457)	(3,668)	(4,391)	(5,123)	(1,750)	(598)	(204)	(70)
Proceeds from issuances of commercial paper, net of repayments	-	-	500	(167)	-	-	-	-	-
Proceeds from issuances of senior notes and other borrowings, net of issuance costs	14,934	-	33,494	-	-	-	-	-	-
Repayments of senior notes and other borrowings	(2,631)	(8,250)	(21,050)	(3,500)	(10,605)	(10,612)	(5,016)	(5,743)	(10,145)
Other, net	196	(560)	(55)	4	-	-	-	-	-
Net cash provided by (used for) financing activities	(10,378)	(29,126)	7,910	(10,554)	(15,728)	(12,362)	(5,614)	(5,947)	(10,215)
Effect of exchange rate changes on cash and cash equivalents	(448)	(348)	(209)	(70)	-	-	-	-	-
Net increase (decrease) in cash and cash equivalents	(9,531)	(6,851)	(10,372)	3,237	(10,915)	(151)	17,668	34,405	55,844

Oracle Corporation (ORCL)									
Financial Statements									
	2021A	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F
Fiscal Period Starting	1/6/20	1/6/21	1/6/22	1/6/23	1/6/24	1/6/25	1/6/26	1/6/27	1/6/28
Fiscal Period Ending	31/5/21	31/5/22	31/5/23	31/5/24	31/5/25	31/5/26	31/5/27	31/5/28	31/5/29
<i>All values in USD Millions unless otherwise stated</i>									
Revenue Build									
Total revenue	40,479	42,440	49,954	52,961	63,842	79,609	101,441	131,900	174,673
% change YoY	-	4.8%	17.7%	6.0%	20.5%	24.7%	27.4%	30.0%	32.4%
Cloud Services and Licensing Support									
Applications cloud services and license support (SaaS)	11,712	12,612	16,651	18,172	26,349	38,207	55,400	80,329	116,478
% change YoY		7.7%	32.0%	9.1%	45.0%	45.0%	45.0%	45.0%	45.0%
Infrastructure cloud services and license support (IaaS)	16,988	17,562	18,656	21,211	23,332	25,665	28,232	31,055	34,161
% change YoY		3.4%	6.2%	13.7%	10.0%	10.0%	10.0%	10.0%	10.0%
Total Revenue Generated from cloud services and license support	28,700	30,174	35,307	39,383	49,682	63,872	83,631	111,384	150,638
% change YoY		5.1%	17.0%	11.5%	26.1%	28.6%	30.9%	33.2%	35.2%
Cloud License and On-premise License									
Revenue generated from Cloud License and On-premise License	5,399	5,878	5,779	5,081	4,998	4,917	4,837	4,758	4,680
% growth		8.9%	-1.7%	-12.1%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
Hardware									
Revenue generated from Hardware	3,359	3,183	3,274	3,066	2,977	2,890	2,806	2,724	2,645
% growth		-5.2%	2.9%	-6.4%	-2.9%	-2.9%	-2.9%	-2.9%	-2.9%
Services									
Revenue generated from Services	2,530	2,692	4,761	4,825	6,186	7,930	10,167	13,034	16,710
% growth		6.4%	76.9%	1.3%	28.2%	28.2%	28.2%	28.2%	28.2%
Cost Schedule									
Cloud services and license support	4,353	5,213	7,763	9,427	10,756	12,272	14,001	15,975	18,226
% revenue	10.8%	12.3%	15.5%	17.8%	14.1%	14.1%	14.1%	14.1%	14.1%
Hardware	972	972	1,040	891	910	906	903	899	895
% revenue	2.4%	2.3%	2.1%	1.7%	2.1%	-0.4%	-0.4%	-0.4%	-0.4%
Services	2,530	2,692	4,761	4,825	5,202	5,608	6,046	6,518	7,027
% revenue	6.3%	6.3%	9.5%	9.1%	7.8%	7.8%	7.8%	7.8%	7.8%
Sales and Marketing	7,682	8,047	8,833	8,274	9,748	11,484	13,529	15,939	18,778
% revenue	19.0%	19.0%	17.7%	15.6%	17.8%	17.8%	17.8%	17.8%	17.8%
Research and development	6,527	7,219	8,623	8,915	10,413	12,164	14,208	16,596	19,385
% revenue	16.1%	17.0%	17.3%	16.8%	16.8%	16.8%	16.8%	16.8%	16.8%
General and Administrative	1,254	1,317	1,579	1,548	1,596	1,645	1,695	1,747	1,801
% revenue	3.1%	3.1%	3.2%	2.9%	3.1%	3.1%	3.1%	3.1%	3.1%
Acquisition related and other	138	4,713	190	314	324	334	344	355	366
% revenue	0.3%	11.1%	0.4%	0.6%	3.1%	3.1%	3.1%	3.1%	3.1%
Restructuring	431	191	490	404	-	-	-	-	-
% revenue	1.1%	0.5%	1.0%	0.8%	-	-	-	-	-
Other items									
Income before taxes (EBT)	12,999	7,649	9,126	11,741	16,981	30,204	46,540	69,921	104,914
Provision for (benefit from) taxes	747	(932)	(623)	(1,274)	3,986	6,343	9,773	14,683	22,032
Tax Rate					21.0%	21.0%	21.0%	21.0%	21.0%

Notes

<https://www.oracle.com/a/ocom/docs/corporate/financial-analyst-meeting-2024-kehring.pdf>

Historical Figures pulled from AR
Assume growth based on FY2025 Q1 results

Historical Figures pulled from AR
Assume growth based on FY2025 Q1 results

Historical Figures pulled from AR
Assume growth is average of the historical years

Historical Figures pulled from AR
Assume growth is average of the historical years

Assume zero

US corporate tax rate used

Oracle Corporation (ORCL)									
Financial Statements									
	2021A	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F
Fiscal Period Starting	1/6/20	1/6/21	1/6/22	1/6/23	1/6/24	1/6/25	1/6/26	1/6/27	1/6/28
Fiscal Period Ending	31/5/21	31/5/22	31/5/23	31/5/24	31/5/25	31/5/26	31/5/27	31/5/28	31/5/29
All values in USD Millions unless otherwise stated									
Working Capital									
Days in FY	365	365	366	365	365	365	366	365	365
Total Revenue	40,479	42,440	49,954	52,961	63,842	79,609	101,441	131,900	174,673
Operating Expenses	25,266	31,514	36,861	37,608	41,251	46,051	51,398	58,663	67,039
Accounts Receivable	5,409	5,953	6,915	7,874	8,908	11,108	14,116	18,405	24,373
Change in Trade Receivables		544	962	959	1,034	2,200	3,008	4,289	5,968
Trade Receivable Days	49	51	51	51	51	51	51	51	51
Accounts Payable	745	1,317	1,204	2,357	2,380	2,967	3,771	4,916	6,510
Change in accounts payable		572	(113)	1,153	23	588	803	1,146	1,594
Accounts payable days	11	15	12	14	14	14	14	14	14
Asset and Depreciation Schedule									
Property plant and equipment (PPE)									
Maintenance Capex					5,000	5,000	5,000	5,000	5,000
Expansion Capex	50,000				5,000	5,000	5,000	5,000	5,000
Additions to property, plant and equipment (Capex) % revenue		2,135	4,511	8,695	10,000	10,000	10,000	10,000	10,000
		5.3%	10.6%	17.4%	18.9%	15.7%	12.6%	9.9%	7.8%
PPE Breakdown									
Useful lives									
Property	3,616	2,882	2,775	2,785	6,785	10,785	14,785	18,785	22,785
Freehold Land	436	436	426	436					
Improvement to leasehold premises	491	357	260	260					
Buildings	2,089	2,089	2,089	2,089					
Computer equipments	2,961	3,216	3,235	3,233	7,233	11,233	15,233	19,233	23,233
Office equipments	2,278	2,244	2,219	2,199	4,199	6,199	8,199	10,199	12,199
Electricals and other installations	1,190	1,189	1,186	1,126					
Furniture and fixtures	1,088	1,055	1,033	1,073					
Gross PPE, closing balance	8,255	8,342	8,229	8,217	11,432	17,432	23,432	29,432	35,432
New Asset additions									
Capex					10,000	10,000	10,000	10,000	10,000
Property additions					4,000	4,000	4,000	4,000	4,000
Computer equipments additions					4,000	4,000	4,000	4,000	4,000
Office equipments					2,000	2,000	2,000	2,000	2,000
Existing Asset Depreciation (Straight line basis)									
Useful lives used									
Property measured at cost	25			2,775					
Yearly depreciation amount				111	111	111	111	111	111
Computer equipments measured at cost	10			1,033					
Yearly depreciation amount				103	103	103	103	103	103
Office equipment measured at cost	8			1,033					
Yearly depreciation amount				129	129	129	129	129	129
Total Existing Asset Depreciation					343	343	343	343	343
New Asset Depreciation (Straight line basis)									
Useful lives used									
Property	25								
Capex									
2025F	4,000			160	160	160	160	160	160
2026F	4,000			160	160	160	160	160	160
2027F	4,000			160	160	160	160	160	160
2028F	4,000			160	160	160	160	160	160
2029F	4,000			160	160	160	160	160	160
Total Depreciation					160	320	480	640	800
Computer equipment	10								
Capex									
2025F	4,000			400	400	400	400	400	400
2026F	4,000			400	400	400	400	400	400
2027F	4,000			400	400	400	400	400	400
2028F	4,000			400	400	400	400	400	400
2029F	4,000			400	400	400	400	400	400
Total Depreciation					400	800	1,200	1,600	2,000
Office equipment	8								
Capex									
2025F	2,000			250	250	250	250	250	250
2026F	2,000			250	250	250	250	250	250
2027F	2,000			250	250	250	250	250	250
2028F	2,000			250	250	250	250	250	250
2029F	2,000			250	250	250	250	250	250
Total Depreciation					250	500	750	1,000	1,250
Total New Asset Depreciation					810	1,620	2,430	3,240	4,050
Total Asset Depreciation									
Existing Asset Depreciation				343	343	343	343	343	343
New Asset Depreciation				810	1,620	2,430	3,240	4,050	
Additional Depreciation				1,153	1,963	2,773	3,583	4,393	343
Accumulated Depreciation, opening balance				13,307	12,154	10,190	7,417	3,833	3,833
Additional Depreciation				(1,153)	(1,963)	(2,773)	(3,583)	(4,393)	(560)
Accumulated Depreciation, closing balance				13,307	12,154	10,190	7,417	3,833	(560)
PPE, Net balance									
PPE, opening balance (Gross)				8,229	8,217	11,432	17,432	23,432	29,432
Accumulated Depreciation				13,307	12,154	10,190	7,417	3,833	(560)
PPE, closing balance (Net)				21,536	20,371	21,622	24,849	27,265	28,872
Amortization of intangible assets				2,303	1,639	672	635	561	
Goodwill									
Goodwill	43,935	43,811	62,261	62,230	62,230	62,230	62,230	62,230	62,230
Other items									
Identified intangible assets, net	2,430	1,440	9,837	6,890	6,890	6,890	6,890	6,890	6,890
Other current assets	3,604	3,778	3,902	4,019	4,019	4,019	4,019	4,019	4,019
Deferred tax assets	13,636	12,782	12,226	12,273	14,795	16,448	23,507	30,566	40,478
Income taxes payable	12,345	12,210	11,077	10,817	9,952	9,156	8,423	7,749	7,129
Other non-current assets	8,490	9,915	11,987	15,493	15,493	15,493	15,493	15,493	15,493
Accrued compensation and benefits	2,017	1,844	2,053	1,916	1,916	1,916	1,916	1,916	1,916
Deferred revenue	8,775	8,357	8,970	9,313	11,228	13,999	17,838	23,194	30,716
Deferred tax liabilities	7,864	6,031	5,772	3,692	3,692	3,692	3,692	3,692	3,692
Other non-current liabilities	4,787	5,203	6,469	9,420	9,420	9,420	9,420	9,420	9,420
Other Current Liabilities	4,377	4,144	6,802	7,353	7,353	7,353	7,353	7,353	7,353

Notes

Since COGS is unavailable, forecast was based on Opex instead

<https://accelerate1oneconomy.com/cloud-wars/oracle-capex-surging-50-to-10-billion-to-meet-booming-cloud-demand/>

Assume capex split between land and buildings, computer equipments and office equipments to be 40%, 40% and 20% respectively

Figured pulled from 10-K (Estimated future annual amortization expense related to intangible assets as of May 31, 2024)

Oracle Corporation (ORCL) Financial Statements									
	2021A	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F
Fiscal Period Starting	1/6/20	1/6/21	1/6/22	1/6/23	1/6/24	1/6/25	1/6/26	1/6/27	1/6/28
Fiscal Period Ending	31/5/21	31/5/22	31/5/23	31/5/24	31/5/25	31/5/26	31/5/27	31/5/28	31/5/29

All values in USD Millions unless otherwise stated

Debt Schedule

Short-term debt

Notes payable and other borrowings, current	8,250	3,749	4,061	10,605	10,612	5,016	5,743	10,145	55,750
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Notes

Figures pulled from 10-K

Long Term debt

Fixed-rate senior notes

Effective Interest Rate

\$2,000, 3.40%, due July 2024	3.40%	2,000	-	-	-	-	-	-	-
\$2,000, 2.95%, due November 2024	2.95%	2,000	-	-	-	-	-	-	-
\$3,500, 2.50%, due April 2025	2.50%	3,500	(3,105)	-	-	-	-	-	-
\$2,500, 2.95%, due May 2025	2.95%	2,500	2,500	-	-	-	-	-	-
€750, 3.125%, due July 2025	3.13%	837.5	838	(10,380)	-	-	-	-	-
\$1,000, 5.80%, due November 2025	5.80%	1,000	1,000	1,000	-	-	-	-	-
\$2,750, 1.65%, due March 2026	1.65%	2,750	2,750	2,750	(11,646)	-	-	-	-
\$3,000, 2.65%, due July 2026	2.65%	3,000	3,000	3,000	3,000	-	-	-	-
\$2,250, 2.80%, due April 2027	2.80%	2,250	2,250	2,250	2,250	-	-	-	-
\$2,750, 3.25%, due November 2027	3.25%	2,750	2,750	2,750	2,750	(9,389)	-	-	-
\$2,000, 2.30%, due March 2028	2.30%	2,000	2,000	2,000	2,000	2,000	-	-	-
\$750, 4.50%, due May 2028	4.50%	750	750	750	750	750	-	-	-
\$1,250, 6.15%, due November 2029	6.15%	1,250	1,250	1,250	1,250	1,250	(15,534)	-	-
\$3,250, 2.95%, due April 2030	2.95%	3,250	3,250	3,250	3,250	3,250	3,250	-	-
\$750, 4.65%, due May 2030	4.65%	750	750	750	750	750	750	-	-
\$500, 3.25%, due May 2030	3.25%	500	500	500	500	500	500	-	-
\$3,250, 2.875%, due March 2031	2.88%	3,250	3,250	3,250	3,250	3,250	3,250	-	-
\$2,250, 6.25%, due November 2032	6.25%	2,250	2,250	2,250	2,250	2,250	2,250	-	-
\$1,500, 4.90%, due February 2033	4.90%	1,500	1,500	1,500	1,500	1,500	1,500	-	-
\$1,750, 4.30%, due July 2034	4.30%	1,750	1,750	1,750	1,750	1,750	1,750	-	-
\$1,250, 3.90%, due May 2035	3.90%	1,250	1,250	1,250	1,250	1,250	1,250	-	-
\$1,250, 3.85%, due July 2036	3.85%	1,250	1,250	1,250	1,250	1,250	1,250	-	-
\$1,750, 3.80%, due November 2037	3.80%	1,750	1,750	1,750	1,750	1,750	1,750	-	-
\$1,250, 6.50%, due April 2038	6.50%	1,250	1,250	1,250	1,250	1,250	1,250	-	-
\$1,250, 6.125%, due July 2039	6.13%	1,250	1,250	1,250	1,250	1,250	1,250	-	-
\$3,000, 3.60%, due April 2040	3.60%	3,000	3,000	3,000	3,000	3,000	3,000	-	-
\$2,250, 5.375%, due July 2040	5.38%	2,250	2,250	2,250	2,250	2,250	2,250	-	-
\$2,250, 3.65%, due March 2041	3.65%	2,250	2,250	2,250	2,250	2,250	2,250	-	-
\$1,000, 4.50%, due July 2044	4.50%	1,000	1,000	1,000	1,000	1,000	1,000	-	-
\$2,000, 4.125%, due May 2045	4.13%	2,000	2,000	2,000	2,000	2,000	2,000	-	-
\$3,000, 4.00%, due July 2046	4.90%	3,000	3,000	3,000	3,000	3,000	3,000	-	-
\$2,250, 4.00%, due November 2047	4.00%	2,250	2,250	2,250	2,250	2,250	2,250	-	-
\$4,500, 3.60%, due April 2050	3.60%	4,500	4,500	4,500	4,500	4,500	4,500	-	-
\$3,250, 3.95%, due March 2051	3.95%	3,250	3,250	3,250	3,250	3,250	3,250	-	-
\$2,500, 6.90%, due November 2052	6.90%	2,500	2,500	2,500	2,500	2,500	2,500	-	-
\$2,250, 5.55%, due February 2053	5.55%	2,250	2,250	2,250	2,250	2,250	2,250	-	-
\$1,250, 4.375%, due May 2055	4.38%	1,250	1,250	1,250	1,250	1,250	1,250	-	-
\$3,500, 3.85%, due April 2060	3.85%	3,500	3,500	3,500	3,500	3,500	3,500	-	-
\$1,500, 4.10%, due March 2061	4.10%	1,500	1,500	1,500	1,500	1,500	1,500	-	-
Total fixed rate senior notes		81,088	70,483	59,871	54,855	49,112	38,967		

Assume no new loan taken, loan is repaid when due

Assume 1 EUR = 1.116757 USD (As of Sep 20, 2024)

Term loan credit agreement and other borrowings: Effective Interest Rate

\$790, SOFR plus 1.70%, due August 2025	6.99%	790	790	790	790	790	790
\$170, SOFR plus 1.70%, due August 2025	6.98%	170	170	170	170	170	170
\$3,570, SOFR plus 1.70%, due August 2027	6.99%	3,570	3,570	3,570	3,570	3,570	3,570
\$1,100, SOFR plus 1.70%, due August 2027	6.98%	1,100	1,100	1,100	1,100	1,100	1,100

Assume constant

Commercial Paper Notes	5.43%	401	401	401	401	401	401
Other borrowings due August 2025	3.53%	113	113	113	113	113	113

Total senior notes and other borrowings		87,232	76,627	66,015	60,999	55,256	45,111
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Repayment Schedule

Repayments	(10,605)	(10,612)	(5,016)	(5,743)	(10,145)
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Interest Expense Schedule

Interest expense for fixed rate senior notes	2,879	2,533	2,562	2,217	1,410
Interest expense for term loan credit agreement and other borrowings	419	419	419	419	419
Total interest expense	3,299	2,952	2,981	2,636	1,829

Investment Schedule

Money Market Funds	12,263	12,842	1,694	2,620					
Time deposits and other	9,470	520	468	310					
Commercial debt securities	11,712	-	-	-					
Total Investments	33,445	13,362	2,162	2,930	2,930	2,930	2,930	2,930	2,930
Investments classified as cash equivalents	16,989	12,843	1,740	2,723					
Investments classified as marketable securities	16,456	519	422	207	207	207	207	207	207

Figures pulled from 10-K

Assume no change

Figures pulled from 10-K

Purchases of marketable securities and other investments	-	-	-	-	-	-	-
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Interest income	101	94	285	451	451	451	451	451
% of investments	0.3%	0.7%	13.2%	15.4%	15.4%	15.4%	15.4%	15.4%

Figures pulled from 10-K

Assume interest rate is same as recent FY

Interest expense	(2,496)	(2,755)	(3,505)	(3,514)	3,299	2,952	2,981	2,636	1,829
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Foreign currency losses, net	(112)	(199)	(249)	(228)	(300)	(394)	(518)	(681)	(895)
% change YoY		77.7%	25.1%	-8.4%	31.5%	31.5%	31.5%	31.5%	31.5%

Figures pulled from 10-K

Noncontrolling interests in income	(180)	(184)	(168)	(165)	(160)	(156)	(152)	(148)	(144)
% change YoY		2.2%	-8.7%	-1.8%	-2.8%	-2.8%	-2.8%	-2.8%	-2.8%

Losses from equity investments, net	262	(147)	(327)	(303)	(303)	(303)	(303)	(303)	(303)
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Assume no change

Other income (expenses), net	211	(86)	(6)	168	-	-	-	-	-
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Assume zero

Total non-operating expenses, net				(312)	(402)	(522)	(680)	(891)	
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Oracle Corporation (ORCL)									
Financial Statements									
	2021A	2022A	2023A	2024A	2025F	2026F	2027F	2028F	2029F
Fiscal Period Starting	1/6/20	1/6/21	1/6/22	1/6/23	1/6/24	1/6/25	1/6/26	1/6/27	1/6/28
Fiscal Period Ending	31/5/21	31/5/22	31/5/23	31/5/24	31/5/25	31/5/26	31/5/27	31/5/28	31/5/29

All values in USD Millions unless otherwise stated

Equity Schedule

Preferred stock	-	-	-	-	-	-	-	-	-
Common stock opening balance					32,764	32,764	32,764	32,764	32,764
(+) New stock issuances/reissurances					-	-	-	-	-
(-) Stock buybacks					-	-	-	-	-
Common stock closing balance					32,764	32,764	32,764	32,764	32,764
Accumulated other comprehensive income (loss)	(1,175)	(1,692)	(1,522)	(1,432)	(1,432)	(1,432)	(1,432)	(1,432)	(1,432)
Non-controlling interests	714	452	483	535	535	535	535	535	535
Retained earnings opening balance					(22,628)	(12,756)	9,356	45,525	100,558
(+) Net Income					14,995	23,861	36,767	55,237	82,882
(-) Dividends					5,123	1,750	598	204	70
Retained earnings closing balance					(22,628)	(12,756)	9,356	45,525	100,558
Dividends									
Net Income	12,252	8,581	9,749	13,015	14,995	23,861	36,767	55,237	82,882
Dividend payout	3,063	3,457	3,668	4,391	5,123	1,750	598	204	70
% of net income	25.0%	40.3%	37.6%	33.7%	34.2%	34.2%	34.2%	34.2%	34.2%

Notes

Assume constant

Assume no buybacks and reissurances

Assume constant

Assume constant

Assume payout is average of historical's % of net income, no payout if net income <0