

Oracle Corp

ORCL
NYSE

B Outperform
Data as of 09/13/2024

SCHWAB EQUITY RATING

B Outperform
Percentile Ranking: 23
Data as of 09/13/2024

Last week's rating: **B** Outperform
Percentile Ranking: 30
Data as of 09/06/2024

A	1-10	Strongly Outperform	BUY
B	11-30	Outperform	BUY
C	31-70	Marketperform	HOLD
D	71-90	Underperform	SELL
F	91-100	Strongly Underperform	SELL

Schwab Equity Ratings is a quantitative measure of the equity's prospects for stock price appreciation over the next twelve months in relation to its market peers.

For more details about the quantitative model's design and intent, please review the Schwab Equity Ratings Foundations document.

For more information on important disclosures please visit page 4 within this report.

PRICE VOLATILITY OUTLOOK

High Above average price volatility
Data as of 09/13/2024

Last week's rating: Medium
Data as of 09/06/2024

High	Above average price volatility
Medium	Average price volatility
Low	Below average price volatility
N/A	Volatility score not available

Price Volatility Outlook measures the degree of variance typically demonstrated by the equity in relation to its peers within the same A-F ratings group. The outlook's measurement is based on a six month forecast.

Investment suitability is partially dependent on your portfolio risk tolerance. Positive or negative connotations associated with the price volatility outlook score should mirror your personal risk appetite. For more information, please consult Managing a Portfolio Using Schwab Equity Ratings.

RATIONALE BEHIND OUR **B** RATING ON ORCL

For details about inputs to Schwab Equity Rating, see "Schwab Equity Ratings Foundations" in the "Stocks" article library under Market Insight.

▲ IMPROVED VS. PREVIOUS WEEK
▼ DECLINED VS. PREVIOUS WEEK

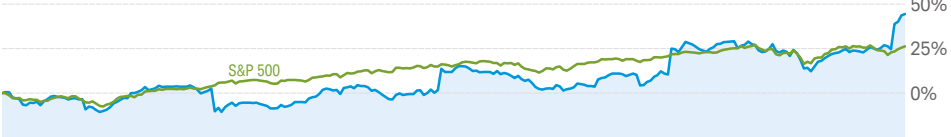
	THIS WEEK	LAST WEEK	AVERAGE IMPORTANCE
B Growth Grade	Positive	Positive	Medium
C Quality Grade	Neutral	Neutral	High
C Sentiment Grade	Neutral	Neutral	Medium
A Stability Grade	Positive	Positive	Medium
C Valuation Grade	Neutral	Neutral	Low

PRICE & VOLUME HISTORY

ORCL Daily Close Prices



Price Performance vs. the S&P 500



BUSINESS SUMMARY

Source: Reuters

Oracle Corporation offers integrated suites of applications plus secure, autonomous infrastructure in the Oracle Cloud. The Company's segments include cloud and license, hardware, and services. The cloud and license segment markets, sells and deliver...

For more details, see page 2.

OVERVIEW

Source: Reuters

Price as of 9/13/24 \$162.03
Market Capitalization \$449.0 Billion
Asset Class Large Cap
Beta 0.99

SECTOR/INDUSTRY

Source: S&P Global

Sector Information Technology
Industry Software
Sub-Industry Systems Software

METRICS

Source: Refinitiv

VALUE METRICS	ORCL	S&P 500
P/E last 4Q	41.8	27.8
P/E forecast EPS	25.7	32.0
P/Free Cash Flow last 4Q	65.4	31.3
P/Sales last 4Q	8.34	3.00
Price/Book	41.5	17.4
Dividend Yield(%)	1.0	1.5

GROWTH METRICS (%)

1 year sales growth	5.6	4.6
3 year sales growth	9.4	18.6
1 year EPS growth	15.3	25.4
3 year EPS growth	-6.6	35.1
1-year forecast EPS growth	13.3	21.8
Long term growth rate 3-5 years	11.5	11.5
1 year dividend growth	25.0	5.8
3 year dividend growth	18.6	11.0

MOMENTUM METRICS (%)

4 week stock price change	17.9	1.3
26 week stock price change	29.1	9.9

FINANCIAL METRICS (%)

Gross margin	71.3	40.8
Net margin	20.4	11.0
Return on assets	7.8	4.9
Return on equity	166.5	18.4
Return on invested capital	9.9	22.4
Long-term debt/capital	.88	.42

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ESG RATING

ESG data source: MSCI

Environmental, Social and Governance (ESG) Ratings Overview

ESG is a term used to describe various investing approaches that emphasize environmental, social and governance factors in addition to risk and return. ESG ratings try to measure a company's exposure to long-term, financially relevant ESG risks so that investors can implement the ESG investing approach they choose.



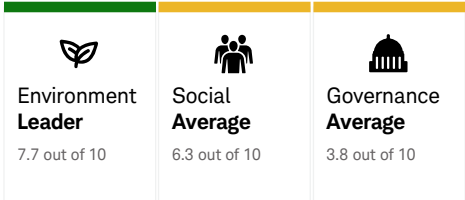
MSCI ESG Rating

Data as of 06/18/2024



Weighted Average Key
Issues Score

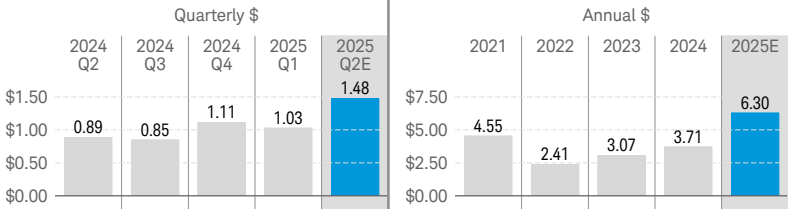
Average
7.1 out of 10



EARNINGS PER SHARE

Earnings data source: Refinitiv

Fiscal Year ending
in May



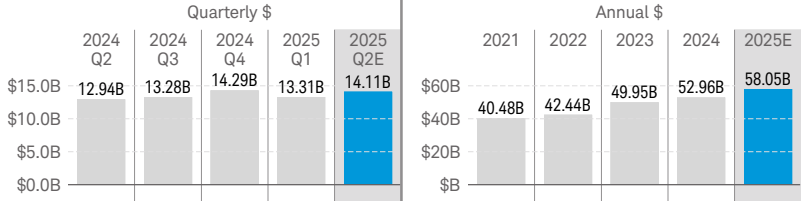
vs. prior year (%)	10.7	15.6	-2.4	16.8	--	47.8	-47.0	27.5	20.6	--
Earnings Surprise(%)	--	--	--	--	--	--	--	--	--	--
# of analysts	24	22	24	24	23	26	25	29	29	27

Next earnings announcement is expected in the week of 12/9

REVENUE

Revenue data source: Refinitiv

Fiscal Year ending
in May



vs. 1 year ago (%)	5.4	7.1	3.3	6.9	--	3.6	4.8	17.7	6.0	--
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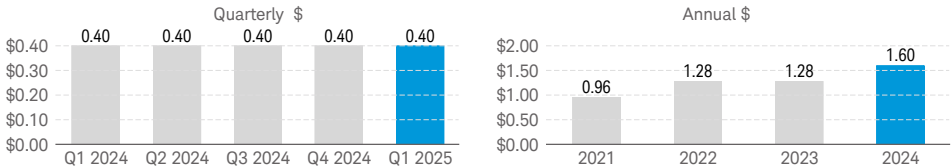
ANNUAL EARNINGS FORECAST

Source: Refinitiv

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
05/31/2025	\$6.29	\$0.04	\$6.15-\$6.61	27
05/31/2026	\$7.15	\$-0.05	\$6.55-\$7.73	27
Next 5 Yr. Growth Rate	11.5%	0.9%	10.0%-13.4%	3

DIVIDENDS

Dividends data source: Refinitiv



Dividends are paid on a Quarterly basis.

OTHER OPINIONS

CFRA RANKING SINCE 06/13/2023



Morningstar Rating RATING SINCE 10/29/2022



Argus 12 Month Rating RATING SINCE 03/12/2024



Market Edge Second Opinion® RATING SINCE 09/12/2024



Reuter's Average Rating RATING SINCE 09/12/2024



BUSINESS DESCRIPTION

Source: Reuters

Oracle Corporation offers integrated suites of applications plus secure, autonomous infrastructure in the Oracle Cloud. The Company's segments include cloud and license, hardware, and services. The cloud and license segment markets, sells and delivers a broad spectrum of enterprise applications and infrastructure technologies through its cloud and license offerings. The hardware segment provides a broad selection of enterprise hardware products and hardware-related software products including Oracle Engineered Systems, servers, storage, operating systems, virtualization, management and other hardware-related software and related hardware support. The services segment helps customers and partners maximize the performance of their investments in Oracle applications and infrastructure technologies. Its products and services are delivered worldwide through a variety of flexible and interoperable IT deployment models. These models include on-premise, cloud-based and hybrid deployments.

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NEWS HEADLINES



1 09/13/24 12:12 pm ET... CFRA Maintains Hold Recommendation on Shares of Oracle Corporation (ORCL 163.95 ***) : We up our 12-month target to \$172 from \$150, on a higher revised P/E of 25x our CY 25 EPS estimate of \$6.88, above historical/below peers. We keep our FY 25 (May) EPS at \$6.29 and raise FY 26's to \$7.16 from \$7.08. ORCL says that it expects revenue in FY 26 (May) to exceed \$66B, above our \$65B forecast, and committed to growing EPS at least 10% in FY 26. In addition, ORCL provided longer term assumptions, stating that it expects FY 29 revenue to exceed \$104B, which implies an annual growth CAGR of 16% from FY 26 to FY 29 (scale to 45% operating margin at that time). We attribute the more positive outlook to momentum across ORCL's Infrastructure as a Service business and prospects that it sees tied to greater AI enterprise adoption. Although recent multiple expansion is warranted to reflect the more favorable outlook, we caution investors not to chase gains as capex spend will likely limit FCF upside in the intermediate term and elevated debt position (net debt \$74B) should limit further multiple expansion.. /Angelo Zino, CFA

2 09/10/24 7:46 am ET... CFRA Maintains Hold Recommendation on Shares of Oracle Corporation (ORCL 139.89 ***) : We hold our 12-month target at \$150, on a P/E of 22x our CY 25 EPS estimate of \$6.80, above historical/below peers. We keep our FY 25 (May) EPS at \$6.29 and FY 26 at \$7.08. ORCL posts Aug-Q EPS of \$1.39 vs. \$1.19, beating the \$1.33 consensus. Sales rose 6.9%, as 10% growth in cloud services and licenses was partly offset by legacy declines in hardware and services. Cloud revenue grew an impressive 21%, with Infrastructure-as-a-Service (IaaS) rising 45% (up from 42% in May-Q) and cloud SaaS +10%. We think IaaS (now 17% of sales) remains the key growth driver, more than doubling in 2 years and should accelerate through FY 25, supported by cloud expansion plans. Also, after signing a MultiCloud deal with AWS, additional growth will be injected from locking up partnerships with the 3 biggest cloud providers over the last year. RPO rose 53% to \$99B that provides revenue visibility into FY 26 but aggressive capex spend (doubling in FY 25) and net debt of \$74B will limit FCF growth (seen down in FY 25 vs. FY 24).. /Angelo Zino, CFA

3 06/12/24 12:53 am ET... CFRA Maintains Hold Recommendation on Shares of Oracle Corporation (ORCL 123.88 ***) : We up our 12-month target to \$150 from \$142, on a P/E of 22x our CY25 EPS estimate of \$6.80, above historical/below peers. We keep our FY25 (May) EPS at \$6.29 and start FY26 at \$7.08. ORCL posts May-Q EPS of \$1.63 vs. \$1.67, missing the \$1.65 consensus. Sales rose 3%, as 20% growth from cloud services was largely offset by declines in licenses, hardware, and services. Infrastructure-as-a-Service (IaaS) grew +42%, now 14% of sales (run rate doubled in the last seven Qs) and is benefiting from large-scale deals (+30 AI sales contracts for over \$12.5B; Open AI deal to train ChatGPT adds credibility). RPO rose an impressive 44% to \$98B (+29% in Feb-Q), driving its backlog and will allow ORCL to grow +10% in FY25. Applications decelerated to 10% but Cerner headwinds to ease. The Google Cloud partnership is poised to aid database services revenue, which could add another leg to growth. Although we see capex spend doubling in FY25 to \$14B and note net debt of \$76B, margins/FCF will benefit from greater OCI scale/mix.. /Angelo Zino, CFA

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IMPORTANT DISCLOSURES FOR ORCL

Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

Note the Price Chart in the disclosures of this report which shows the rating and price history over applicable periods for this stock, including if and when coverage was terminated or suspended.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 2.45% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 1.79% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 1.25% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for ORCL

Schwab Equity Rating History for ORCL



SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 U.S.-traded stocks. The Schwab Equity Ratings model universe is generally composed of the combined set of stocks in the Russell Investments' ("Russell") 3000 Index and the Standard & Poor's ("S&P") 500. Additional universe coverage may be incorporated from time to time. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from five broad categories: Growth, Quality, Sentiment, Stability and Valuation. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). Schwab may update the Schwab Equity Ratings methodology.

Schwab Equity Ratings Distribution

Schwab Equity Rating	Percentile Ranking Distribution	Distribution	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1 - 10	Top 10%	Strongly Outperform	Buy
B	11 - 30	Next 20%	Outperform	Buy
C	31 - 70	Next 40%	Marketperform	Hold
D	71 - 90	Next 20%	Underperform	Sell
F	91 - 100	Bottom 10%	Strongly Underperform	Sell

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Investment Rating Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor holding a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Percentile Rankings Explanation: Each of the approximately 3,000 stocks rated in the Schwab Equity Ratings U.S. universe is given a composite score that is derived from the research factors used in the Schwab Equity Ratings model. Once the stock's composite score, which includes all research factor scores, is calculated, the universe of rated stocks is divided into percentiles ranging from 1 to 100. The lowest percentile rankings represent the best Schwab Equity Rating Model scores and correspond to the best letter grades. For example, in a universe of 1000 stocks, the top 10 stocks would receive a percentile ranking of 1 and the bottom 10 stocks would receive a percentile ranking of 100. Stocks ranked in percentile groups 1-10 are rated "A" and those in percentile groups 11-30 are rated "B", and so forth.

Model Risks

Schwab Equity Ratings uses quantitative analyses in its modeling method. Any limitations or inaccuracies in its analyses or models could affect model performance and the results investors may achieve. Models that appear to explain prior market data can fail to predict future market events. While the data used in the models has been taken from sources Schwab believes to be reliable; its accuracy, completeness or interpretation cannot be guaranteed. Schwab Equity Ratings may not capture subjective, qualitative influences on return and risk such as changes in management, business and political trends, or legal and regulatory developments. Thus, it is important to conduct additional research prior to making a trading decision.

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IMPORTANT DISCLOSURES FOR ORCL

Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Ratings universe or is prohibited from coverage for regulatory or other reasons.

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GICS - The industry classification information contained in these materials reflects The Global Industry Classification Standard (GICS) which was developed by and is the exclusive property of Morgan Stanley Capital International Inc. and Standard and Poor's. GICS is a service mark of MSCI and S&P and has been licensed for use by Schwab.

¹Markit on Demand used S&P Global's data in making its calculations.

ESG - Environmental, social and governance (ESG) ratings given to publicly traded companies are currently subject to inconsistent industry definitions and standards for the measurement and evaluation of ESG factors; therefore, such factors may differ significantly across each ESG ratings provider. As a result, it may be difficult to compare ESG ratings.

A stock's ESG rating may or may not significantly influence its performance. Because stocks are evaluated based on ESG factors rather than other investment criteria, the stock's performance may differ (either higher or lower) from its ESG rating(s), the overall market or comparable stocks that have different ESG ratings. Environmental ("E") factors can include climate change, pollution, waste, and how a company protects and/or conserves natural resources. Social ("S") factors can include how a company manages its relationships with individuals, such as its employees, shareholders, and customers as well as its community. Governance ("G") factors can include how a company operates, such as its leadership composition, pay and incentive structures, internal controls, and the rights of equity and debt holders. Carefully review the ESG rating provider's methodology and framework to learn more about how they incorporate ESG factors into their overall rating.

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