


[Home](#) > [Investor Relations](#) > [Financial News](#) > [Financial News Details](#)

Financial News Details

Oracle Reports Fiscal Second Quarter Results Earnings per Share \$0.10; 35% Operating Margin

December 13, 2001

REDWOOD SHORES, Calif. 13-DEC-2001 06:00 AM Today, Oracle Corporation announced second quarter revenues of \$2.4 billion and net income of \$549 million. Earnings per share of \$0.10 compares with \$0.11 in Q2 last year. Second quarter operating margins were 35% versus 36% last year. New software license sales were down 27%, while software license renewals and product support services were up 8% and 12%, respectively. Services revenue was flat with the prior year.

"For Oracle, this quarter included the September 11th tragedy and its impact on an already weak economy," said Oracle CFO, Jeff Henley. "In a difficult economy we are gratified that our business automation has allowed us to continuously take cost out of our business while expanding our engineering capacity."

"It was our toughest quarter in a decade, but we still made over \$800 million dollars in operating profit and a 35% operating margin. When the economy improves, we will earn a lot more," said Oracle CEO Larry Ellison. "With over 1000 customers live on the E-Business Suite, more and more of the world's most profitable businesses are benefiting from dramatic productivity improvements."

"We remain very enthusiastic about our new Oracle 9i database and 9i Application Server. We see continued market share gains in our platform business as over 25% of our new customers in the General Business space are replacements of IBM DB2 and Microsoft SQL Server. Our Application Server growth remains strong at 52%."

Oracle is the world's largest enterprise software company. For more information about Oracle, including supplemental financial information, please call Investor Relations at (650) 506-4073 or visit Oracle on the web at /investor.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act of 1995: Information in this release relating to Oracle's future prospects which are "forward-looking statements" are subject to certain risks and uncertainties that could cause actual results to differ materially, including, but not necessarily limited to, the following: (1) Management's ability to forecast revenues and control expenses, especially on a quarterly basis, continues to be a challenge. The economic, political and other uncertainties caused (or exacerbated) by recent terrorist attacks upon the United States add to this challenge. An unexpected decline in the growth rate of revenues without a corresponding and timely slowdown in expense growth could have a material adverse effect on results of operations. (2) The market for Oracle's products is intensely competitive and is characterized by rapid technological advances and frequent new product introductions. There can be no assurances that Oracle will continue to introduce new products and new versions of existing products that keep pace with technological developments, satisfy increasingly sophisticated customer requirements and achieve market acceptance. (3) Delays in product delivery or closing of sales can cause quarterly revenues and income to fall significantly short of anticipated levels. (4) Oracle is introducing new products, such as Oracle 9i database and 9i application server, internet procurement and supply chain management software, customer relationship management applications and application hosting services; the market acceptance and contribution to Oracle's revenues of these products cannot be assured. (5) Oracle has recently made changes to its pricing model which could lead to a decline or delay in sales as its sales force and customers adjust to the new pricing policies. Intense competition in the various markets in which Oracle competes may also put pressure on Oracle to reduce prices on certain products. Oracle undertakes no obligation to update information contained in this release. For further information regarding risks and uncertainties associated with Oracle's business, please refer to the "Risk Factors" section of Oracle Corporation's SEC filings, including, but not limited to, its annual report on Form 10-K and quarterly reports on Form 10-Q, copies of which may be obtained by contacting Oracle Corporation's Investor Relations Department at (650)506-4073 or Oracle's Investor Relations website at <http://www.oracle.com>.

ORACLE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS (amounts in thousands, except per share data)

(unaudited)

	Three Months Ended November 30, 2001		Six Months Ended November 30, 2001	
	2001	2000	2001	2000
REVENUES				
Licenses and other	\$819,324	\$1,118,238	\$1,550,756	\$1,925,476
Services	1,538,011	1,541,308	3,048,624	2,995,945
	-----	-----	-----	-----
Total revenues	2,357,335	2,659,546	4,599,380	4,921,421
	-----	-----	-----	-----
OPERATING EXPENSES				
Sales and marketing	571,152	640,865	1,106,633	1,213,829
Cost of services	609,838	694,998	1,219,711	1,368,876
Research and development	257,484	266,280	510,783	517,307
General and administrative	98,917	111,402	196,531	217,367
	-----	-----	-----	-----
Total operating expenses	1,537,391	1,713,545	3,033,658	3,317,379
	-----	-----	-----	-----
OPERATING INCOME	819,944	946,001	1,565,722	1,604,042

Net investment gains (losses)				
related to equity securities	(3,388)	(13,468)	(6,689)	1,965
Other income, net	28,770	33,348	71,904	136,117
	-----	-----	-----	-----
INCOME BEFORE TAXES	845,326	965,881	1,630,937	1,742,124
Provision for income taxes	295,864	343,069	570,828	618,635
	-----	-----	-----	-----
NET INCOME	\$549,462	\$622,812	\$1,060,109	\$1,123,489
	-----	-----	-----	-----
EARNINGS PER SHARE				
Basic	\$0.10	\$0.11	\$0.19	\$0.20
Diluted	\$0.10	\$0.11	\$0.18	\$0.19
WEIGHTED SHARES OUTSTANDING				
Basic	5,528,372	5,584,428	5,554,092	5,594,243
Diluted	5,695,860	5,874,987	5,737,940	5,903,929

ORACLE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

	November 30, 2001 (unaudited)	May 31, 2001
ASSETS		
Current Assets		
Cash and short term investments	\$4,959,528	\$5,887,661
Trade receivables, net	1,812,618	2,432,131
Prepaid and refundable income taxes	449,385	272,742
Other current assets	365,115	370,616
	-----	-----
Total Current Assets	7,586,646	8,963,150
	-----	-----
Long-term cash investments	580,471	--
Property and equipment, net	1,009,371	974,751
Prepaid taxes	398,153	376,030
Other assets	710,819	716,229
	-----	-----
TOTAL ASSETS	\$10,285,460	\$11,030,160
	-----	-----
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	\$1,238	\$2,849
Accounts payable	265,725	270,112
Income taxes	1,028,545	767,087
Customer advances and unearned revenues	1,084,715	1,213,529
Other current liabilities	1,352,477	1,663,042
	-----	-----
Total Current Liabilities	3,732,700	3,916,619
	-----	-----
Long-term debt	300,731	300,847
Deferred income taxes	332,417	327,788
Other long-term liabilities	214,480	207,135
Stockholders' equity	5,705,132	6,277,771
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$10,285,460	\$11,030,160
	-----	-----