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Financial News Details

Oracle Corporation Reports First Quarter 1998 Results, EPS \$0.15, Excluding One-Time Charges

September 16, 1997

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REDWOOD SHORES, Calif., Sept. 16, 1997 -- Oracle Corporation (Nasdaq: ORCL) today reported results for the quarter ended August 31, 1997. Revenues increased 30 percent (36 percent in local currencies) to \$1.369 billion from \$1.052 billion in the same period last year. Net income for the period increased 33 percent to \$149.8 million, or \$0.15 per share (excluding one-time charges in connection with current quarter acquisitions), compared to net income of \$113 million, or \$0.11 per share, in the first quarter of fiscal 1997. Giving effect to the one-time charges, net income for the quarter was \$40.5 million, or \$0.04 per share. All of the share and per-share amounts in this release have been adjusted to reflect the 3-for-2 stock split effective August 15, 1997.

Applications license revenue led overall license growth at 96 percent, confirming the continued strong demand for Oracle's flexible, easy to implement, end-user business applications. Overall license and other sales grew 15 percent year-to-year in the first fiscal quarter. Oracle Services, which includes support, consulting and education, grew 42 percent during the same period.

Geographically, Oracle experienced a 6 percentage point negative impact on worldwide revenue growth for the first fiscal quarter. EMEA (Europe, Middle East and Africa) had the greatest currency impact reporting revenue growth at 20 percent, or 33 percent in local currencies. Asia Pacific reported revenue growth at 32 percent, or 43 percent in local currencies. Americas reported revenue growth, up 36 percent, or 37 percent in local currencies, versus the same period last year.

Oracle made a number of significant announcements during the quarter:

- > * Oracle officially launched Oracle8(TM) -- the Database for Network Computing(TM), Oracle's most advanced version of its flagship product offers a ten-fold improvement in performance and a ten-fold increase in the number of users versus its previous version. Oracle8 is a versatile information platform that enables high-speed transactions, better business decisions, and sophisticated object-relational applications.
- > * Oracle and Netscape announced the merger of their two high-profile, industry-leading affiliates, Navio Communications, Inc. and Network Computer, Inc. The new company, called Network Computer, Inc. plans to accelerate the adoption of network computers in the consumer, corporate and educational markets and make the power of the Internet available to everyone. The one-time after-tax net charge for the write-off of in-process research and development expenses for this transaction in the first quarter of 1998 was \$49.8 million, or \$0.05 per share.
- > * Oracle and British Petroleum announced they have completed a transaction for Oracle to acquire and distribute the downstream oil commercial processing software application developed by BP called ISP. Oracle's existing suite of oil and gas offerings, most notably for oil and gas exploration and production, are further strengthened with the addition of the ISP solution for refining and distribution.
- > * Oracle broadened its financial services vertical application leadership position with the acquisition of Treasury Services Corporation, the leading provider of profitability and risk analysis applications for large financial institutions. The combined applications solution will provide financial institutions worldwide with the only full range of enterprise-wide, vertically-integrated offerings for large financial institutions. The acquisition was structured as a purchase transaction valued at approximately \$120 million. The one-time after-tax net charge for the write-off of in-process research and development expenses for this transaction in the first quarter of 1998 was \$59.5 million, or \$0.06 per share.
- > * Oracle and Sun Microsystems announced a joint agreement to target the workgroup database market with versions of Oracle8 for Sun's new two-processor and four-processor Ultra Enterprise servers. By combining Oracle's high-performance Oracle8 database with Sun's new server line, the two companies are providing a very compelling alternative to Windows-NT based solutions in the workgroup space. Oracle is encouraging a market of multiple vendors and operating systems competing in the workgroup and medium-size business arena, while at the same time maintaining its own aggressive NT solution.
- > * Oracle unveiled results from an independent study by Business Research Group (BRG) comparing total cost of ownership (TCO) for Windows NT databases.

The study found that Oracle database software on Windows NT provides the lowest TCO per customer site and more than twice the economies of scale over Microsoft's SQL Server database software.

"We were pleased with our overall performance, led by strong growth in Applications and Services," said Raymond J. Lane, Oracle's president and chief operating officer. "Areas where we focused management attention last year, such as EMEA, verticals and NT, are showing good results. Looking ahead to the remainder of the fiscal year, Oracle8 and our Web Applications Server, position us well to gain marketshare."

Oracle Corporation is the world's leading supplier of software for information management, and the world's second largest independent software company. With annual revenues of \$6 billion, the company offers its database, tools and application products, along with related consulting, education, and support services, in more than 140 countries around the world.

For more information about Oracle, call Oracle Investor Relations at 650-506-4073. Oracle's World Wide Web address is (URL) <http://www.oracle.com/>.

"Safe Harbor" Statement Under the Private Securities Litigation Reform Act 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 manage growth, continuously hire significant numbers of qualified employees, forecast revenues and control expenses continues to be a 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) Intense competition in the various markets in which Oracle competes may put pressure on Oracle to reduce prices on certain products, particularly in the departmental database marketplace. (4) Delays in product delivery or closing of sales can cause quarterly revenues and income to fall significantly short of anticipated levels. (5) Oracle is introducing new products, such as web applications servers and network computing software; the market acceptance and contribution to Oracle's revenues of these products cannot be assured. (6) A significant amount of current demand for applications software may be generated by customers in the process of replacing and upgrading applications in order to accommodate the change in date to the year 2000. Once such customers have completed such preparations, the software industry and Oracle may experience a significant deceleration from the strong annual growth rates recently experienced in the applications software marketplace. In addition, Oracle may experience increased expenses in addressing issues associated with the transition to software that is year 2000 compliant. Oracle undertakes no obligation to update information contained in this release. For further information regarding risks and uncertainties associated with Oracle's business, refer to the "Risk Factors" section of Oracle Corporation's SEC filings, including, but not limited to, its annual report on Form 10-K for the year ended May 31, 1997, copies of which may be obtained by contacting Oracle Corporation's Investor Relations

Department at 415-506-4073 or Oracle's Fax-on-Demand service 800-ORCL-NOW (672-5669).

NOTE: Oracle is a registered trademark of Oracle Corporation. All other trademarks are property of their respective holders.

ORACLE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(\$ in thousands, except per share data)
(unaudited)

	1st Quarter Ended August 31,	
	1997	1996
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REVENUES		
Licenses and other	\$ 530,642	\$ 461,848
Services	838,187	590,472
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Total Revenues	1,368,829	1,052,320
OPERATING EXPENSES		
Sales and marketing	449,451	359,850
Cost of services	468,167	336,107
Research and development (1)	159,667	117,209
General and administrative	75,514	70,279
Acquired in-process research and development (2)	167,054	--
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Total Operating Expenses	1,319,853	883,445
OPERATING INCOME	48,976	168,875
Other income (expense) (3)	39,974	7,330
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INCOME BEFORE TAXES	88,950	176,205
Provision for income taxes	48,454	63,434
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NET INCOME	\$ 40,496	\$ 112,771
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EARNINGS PER SHARE (2)	\$ 0.04	\$ 0.11
Common and common equivalent shares	1,006,266	1,010,715

(1) In accordance with Statement of Financial Accounting Standards No. 86, \$4,442 and \$9,508 were capitalized in the quarters ended August 31, 1997 and 1996, respectively. Amortization of capitalized software costs was \$4,485 and \$9,618 in the quarters ended August 31, 1997 and 1996, respectively.

(2) Represents charges of \$91,500 and \$75,554, respectively, for the Treasury Services Corporation and Navio Communications, Inc. merger transactions that closed in August, 1997. Including the tax effects of the transactions, as well as the minority interest's share of the one-time charge, earnings per share for the first quarter of fiscal 1998 would have been \$0.15 per share.

(3) As a result of the merger and the resultant minority interest in the combined entity, the minority interest's share of the one-time charge was \$25,726 which is included in Other income (expense) for the quarter ended August 31, 1997.

ORACLE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

	August 31, 1997	May 31, 1997
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	(unaudited)	
ASSETS		
Current Assets		
Cash and short-term investments	\$1,488,326	\$1,213,190
Trade receivables, net	1,183,408	1,540,470
Prepaid and refundable income taxes	265,785	274,366
Other current assets	197,326	243,070
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Total Current Assets	3,134,845	3,271,096
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Long-term cash investments	180,740	116,337

Property and equipment, net	882,018	868,948
Computer software development costs, net	98,938	98,981
Other assets	300,524	268,953
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TOTAL ASSETS	\$4,597,065	\$4,624,315
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	\$ 4,913	\$ 3,361
Accounts payable	173,955	185,444
Income taxes	121,149	203,646
Customer advances and unearned revenues	694,123	602,862
Other current liabilities	787,307	926,826
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Total Current Liabilities	1,781,447	1,922,139
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Long-term debt	300,742	300,836
Long-term liabilities	29,649	24,226
Deferred income taxes	7,910	7,402
Stockholders' equity	2,477,317	2,369,712
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$4,597,065	\$4,624,315
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Web site: <http://www.oracle.com/>