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Financial News Details

Oracle Reports 40% Profit Increase in Q2 FY 2000, Software Sales Up 18%, Earnings $0.26 Cents Per Share

December 14, 1999

Internet Software Sales Fuel License Growth, E-Business Efficiencies Drive Margin Expansion

Redwood Shores, Calif. 14-DEC-1999 12:00 AM Oracle Corporation today announced record second quarter results for the period ended November 30, 1999. For the quarter, net income increased 40% to $384 million, or $0.26 per share, while total revenue grew to $2.3 billion. This compares to net income of $274 million, or $0.19 per share, and revenue of $2.1 billion for the same period a year ago.

Total software license revenue grew 18% compared to last year. Specifically, database software sales increased 17% to $651 million, while applications software sales increased 31%, to $168 million. The quarter's services revenue increased 10% to $1.4 billion.

"The growth of corporate intranets and the world wide web is driving demand for both the Oracle8i database and our applications," said Larry Ellison, CEO and Chairman, Oracle Corporation. "Our early commitment to Internet Computing has enabled us to extend our lead in world database market share, where we've been number one for some time, while simultaneously building the world's fastest growing ERP and CRM application businesses. The Internet changes everything – especially the software business"

"Six months ago we said that our goal was to save one billion dollars out of our annual cost structure within 18-24 months primarily by using our own Internet applications to transform ourselves into a global e-business internally," said Jeff Henley, Chief Financial Officer, Oracle Corporation. "This quarter's 5.5 percentage points of pre-tax margin improvement is another installment payment marking substantial progress toward that goal."

Oracle Corporation is the world’s second largest software company. With annual revenues of more than $9.3 billion, Oracle offers its database, tools and application products, along with related consulting, education, and support services, in more than 145 countries around the world.

For more information about Oracle, please call Oracle Investor Relations at (650) 506-4073 or see Oracle's World Wide Web page: (URL)

"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 and retain significant numbers of qualified employees, forecast revenues and control expenses, especially on a quarterly basis, 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) 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 Internet computing 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) Intense competition in the various markets in which Oracle competes may put pressure on Oracle to reduce prices on certain products. (6) As the year 2000 approaches, many companies have been testing and modifying their systems to ensure their ability to accommodate the change in date to the year 2000. Oracle suspects that some companies have postponed the purchase of new software products until after the year 2000 in order to assure the continuing ability of their information systems to handle the year 2000 date change. This may have caused the software industry and Oracle to experience a significant decrease in the demand for new products. In prior quarters and to a lesser extent this quarter, demand for database and applications software may have been generated by customers in the process of replacing and upgrading their software in order to accommodate the change in date to the year 2000. As customers complete such preparations, the software industry and Oracle may experience a significant deceleration from the strong annual growth rates previously experienced in the database and applications software marketplace. In addition, Oracle may generally experience increased expenses in addressing issues associated with the transition to software that is year 2000 compliant or providing support for customers as the year 2000 approaches. 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.