


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

Financial News Details

Oracle Reports Net Income Up 111%, Earnings Per Share \$0.17, Application Sales Up 42%, Database Sales Up 32%; Oracle Stock to Split 2 for 1

September 14, 2000

Application Sales Up 42%, Database Sales Up 32%; Oracle Stock to Split 2 for 1

Redwood Shores, Calif. 14-SEP-2000 Today, Oracle Corporation announced record results for the first quarter (Q1) of its fiscal year 2001. In addition, Oracle announced a two-for-one stock split of its outstanding common shares.

First quarter net income increased 111% to \$501 million, or \$0.17 per share, while revenue grew to \$2.3 billion. This compares to \$237 million in net income, or \$0.08 per share and \$2.0 billion in revenue, in Q1 last year. First quarter applications software sales increased 42% to \$156 million, while database software sales grew 32% to \$585 million. Total software license revenue was up 28% to \$807 million, while total service revenue increased 8% to \$1.5 billion for the quarter.

"We are off to our fastest start in six years," said Oracle CEO, Larry Ellison. "The spectacular growth in our database business demonstrates that we are continuing to take market share from IBM and Microsoft. The world's largest Web sites — from Amazon.com to Yahoo! — rely on the Oracle database to handle huge numbers of users and enormous quantities of information. The Oracle database is the software that powers the Internet."

"Sales of our new applications software — the Oracle e-Business suite — will just get stronger and stronger throughout the year," Ellison continued. "The e-Business suite puts every aspect of a business — marketing, sales, supply chain, manufacturing, customer service, accounting, human resources — everything, on the Internet. Our complete and integrated E-business suite is proving to be a compelling alternative to buying applications from several different vendors, and trying to make them work together."

"A little more than a year ago, Oracle set out to save one billion dollars annually by using our own Internet e-Business applications," said Oracle Chief Financial Officer, Jeff Henley. "A billion dollars in annual savings translates to a 10 point improvement in our margins. We did better than that again this quarter. In Q1 our operating margin improved over last year's Q1 by 11.7 points — from 17.4% to 29.1%. And now that we are in the second year of our e-Business transformation, we are seeing the sales and marketing productivity gains that should accelerate revenue growth throughout fiscal 2001. It should be a great year."

This marks the tenth time that Oracle's common stock has been split since the company's initial public offering in March 1986. The two-for-one stock split will entitle each stockholder of record at the close of business on September 25, 2000 (the record date) to receive one additional share for every share of Oracle common stock held on that date. Shares resulting from the split will be distributed by the transfer agent on October 12, 2000 (the effective date). Oracle's stock will reflect the post-split price at the opening of the trading session on October 13, 2000. Oracle currently has approximately 2,802,029,000 shares of common stock outstanding.

Oracle Corporation is the world's second largest software company. With annual sales of more than \$10 billion, Oracle provides the software that powers the Internet. For more information about Oracle, please call Investor Relations at (650) 506-4073 or visit Oracle on the web at <http://www.oracle.com>.

"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 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) 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. (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 internet procurement and supply chain management software, customer relationship management applications and application hosting services, as well as assisting its customers in forming exchanges for a number of business procurement needs; the market acceptance and contribution to Oracle's revenues of these products and exchanges cannot be assured. 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 (\$ in thousands, except per share data) (unaudited)

	1st Quarter Ended August 31,	
	2000	1999
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REVENUES		
Licenses and other	\$807,238	\$632,181
Services	1,454,637	1,352,336
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Total Revenues	2,261,875	1,984,517

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OPERATING EXPENSES		
Sales and marketing	572,964	538,426
Cost of services	673,878	756,750
Research and development	251,027	235,941
General and administrative	105,965	107,537
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Total Operating Expenses	1,603,834	1,638,654
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OPERATING INCOME	658,041	345,863
Net investment gains/(losses) related to marketable securities (A)	15,433	(3,340)
Other income (expense), net	102,769	21,687
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INCOME BEFORE TAXES	776,243	364,210
Provision for income taxes	275,566	127,474
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NET INCOME	\$500,677	\$236,736
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EARNINGS PER SHARE (B)		
Basic	\$0.18	\$0.08
Diluted	\$0.17	\$0.08
SHARES OUTSTANDING		
Basic	2,802,029	2,860,920
Diluted	2,966,435	2,982,402

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- (A) Net investment gains related to marketable securities relate to results from sales of marketable securities, and the Company's equity share in the results of non-consolidated subsidiaries.
- (B) All earnings per share and shares outstanding amounts have been adjusted to reflect a 2:1 stock split during the quarter ended February 2000.

ORACLE CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

	August 31,	May 31,
	2000	2000
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	(unaudited)	
ASSETS		
Current Assets		
Cash and short term investments	\$5,062,572	\$7,761,998
Trade receivables, net	1,696,320	2,533,964
Prepaid and refundable income taxes	213,780	212,829
Other current assets	285,923	374,543
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Total Current Assets	7,258,595	10,883,334
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Long-term cash investments	70,000	110,000
Property and equipment, net	936,757	934,455
Computer software development costs, net	88,696	94,609
Other assets	1,158,479	1,054,381
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TOTAL ASSETS	\$9,512,527	\$13,076,779
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Notes payable, including current maturities	\$3,660	\$2,691
Accounts payable	253,243	287,495
Income taxes	517,123	2,821,776
Customer advances and unearned revenues	1,269,585	1,133,482

Other current liabilities	1,263,498	1,616,794
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Total Current Liabilities	3,307,109	5,862,238
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Long-term debt	300,731	300,770
Long-term liabilities	178,128	186,178
Deferred income taxes	355,661	266,130
Stockholders' equity	5,370,898	6,461,463
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TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$9,512,527	\$13,076,779
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