

Oracle shares slip after 1Q revenue disappoints

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FILE - In this Dec. 19, 2007 file photo, the exterior of the Oracle Corp. headquarters in Redwood City, Calif. is shown. Oracle Corp.'s profit rose 4 percent in the latest quarter, matching Wall Street's forecasts Wednesday, Sept. 16, 2009, despite a drop in sales that revealed businesses are still being tightfisted about buying new software. (AP Photo/Paul Sakuma, file)

(AP) -- Shares of Oracle Corp. slipped in premarket activity Thursday after the information technology company reported sales fell below analyst expectations in the latest quarter, showing that businesses are still reluctant to buy new software.

The stock slid 68 cents, or 3 percent, to \$21.45 ahead of the opening bell, edging back from their 52-week high of \$22.95 hit last week.

Oracle said late Wednesday its profit rose 4 percent in its fiscal first quarter ended Aug. 31, matching Wall Street's forecasts. But [sales](#) of

new software licenses fell 17 percent to \$1 billion.

Meanwhile, revenue from software updates and technical support contracts climbed 6 percent to \$3.1 billion. While many businesses are still hesitant to pay for new software, existing Oracle customers usually pay the company to do the follow-up work on software they've already bought.

The increase in support work helped lift Oracle's net income for the quarter to \$1.12 billion, or 22 cents per share, from \$1.08 billion, or 21 cents per share, in the same quarter a year ago.

Excluding one-time items, profit was 30 cents per share, matching the average estimate of analysts polled by Thomson Reuters.

Sales fell 5 percent to \$5.05 billion, short of expectations for \$5.25 billion. Oracle said sales would have fallen just 1 percent were it not for currency fluctuations, which change the value of deals done in other currencies when they're converted into dollars.

Guidance for Oracle's fiscal second quarter were in line with analysts' projections.

Oracle expects profit of 35 cents to 36 cents per share, excluding one-time items. Analysts forecast profit of 36 cents per share, on average. The company expects revenue to be flat to up 3 percent over last year, which translates to a range of \$5.6 billion to \$5.77 billion. Analysts predict revenue of \$5.72 billion.

Oracle sees revenue from new software licenses coming in flat to down 10 percent from last year.

Oracle is the world's No. 1 seller of database software, which companies

use to archive and retrieve data such as payroll or customer information. Based in Redwood Shores, Calif., Oracle is also a major player in the market for "middleware" - software that allows computing applications to talk to each other.

The company, run by billionaire Larry Ellison, is trying to branch out by buying struggling computer server maker Sun Microsystems Inc. for \$7.4 billion, a deal that would thrust Oracle into the hardware market, a new area for the company.

The deal is being held up by European Union antitrust regulators, who are worried about Oracle's plans for Sun's MySQL open-source database, which is popular among Web companies and competes against Oracle's proprietary database. The underlying programming code for open-source software is distributed for free on the Internet; companies make money off it by selling support contracts for products built from that code.

There's still uncertainty about how the transaction will play out, but Oracle is moving ahead with plans for Oracle-Sun products. On Tuesday the companies announced a new "database machine," which combines Oracle's software with Sun computers. Oracle had previously made such a system with Hewlett-Packard Co.

Oracle also said Wednesday that its board of directors has declared a dividend of 5 cents per share for shareholders as of Oct. 14. The dividend will be paid Nov. 4.

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