Oracle expects EU to approve Sun deal next month

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FILE - In this Jan. 14, 2009 file photo, a sign for Oracle software hangs at the annual National Retail Federation conference in New York. Oracle Corp. is scheduled to report its fiscal second-quarter results Thursday, Dec. 17, 2009. (AP Photo/Mark Lennihan, File)

(AP) -- Oracle Corp. said Thursday that its profit jumped 12.5 percent in the latest quarter and that it expects the European Union will finally approve its $7.4 billion purchase of Sun Microsystems Inc. next month.

Oracle and Sun shares both rose in extended trading.

Oracle's results for its fiscal second quarter show that corporations are becoming less reluctant to spend on technology projects, representing a thawing of frozen budgets that other large companies such as Intel Corp., Microsoft Corp. and EMC Corp. have said will accelerate in the new year.

Oracle is the world's No. 1 maker of database software, which helps companies manage information about everything from payroll to sales figures.

Oracle reported after the market closed that its revenue from new software licenses rose 2 percent in the three months ended Nov. 30. That was better than the company's earlier prediction and comes after four straight quarters of declines.

The figure is significant because Oracle makes most of its money from technical support contracts for existing customers. The more new business it can lock in, the more maintenance contracts it can count on selling in the coming years.

Oracle's revenue from license updates and support contracts was up 14 percent.

"We are definitely seeing customers back buying and it was extremely widespread," Oracle's president, Safra Catz, said on a conference call with analysts.

Oracle, which is based in Redwood Shores, said it earned $1.46 billion, or 29 cents per share, versus $1.30 billion, or 25 cents per share, a year ago.

Excluding one-time charges, the company earned 39 cents per share, which was better than the average estimate of 36 cents per share from analysts polled by Thomson Reuters.

Revenue rose 4 percent to $5.9 billion, topping analysts' prediction of $5.7 billion.

Oracle has spent $35 billion over the past five years acquiring 60 companies, mainly in an effort to expand the kinds of software it offers and better compete with the German company SAP AG. But Oracle is taking a different approach with Sun Microsystems, the world's No. 4 maker of computer servers.

If the deal is allowed, Oracle would become a hardware company for the first time, which will pressure its profit margins and ratchet up the tension with IBM Corp., an Oracle partner that also sells servers and database software. European regulators have until Jan. 27 to decide whether to approve the deal or block it.

The U.S. Department of Justice has approved the deal, but its European counterparts have expressed fears about how Oracle will handle a competing database product from Sun's MySQL division. This week, though, they appeared to soften their tone after hearing new promises from Oracle about its plans to keep supporting MySQL.

Oracle said in a statement Thursday that the company now expects that European regulators will "unconditionally" approve the Sun acquisition in January. In addition, Oracle's CEO, Larry Ellison, described some of his plans for Sun, including his intention to "avoid" the business of low-end servers and instead focus on the high-performance market.

Oracle said revenue from new software licenses should be down 1 percent to up 9 percent in the current quarter. Meanwhile, revenue is expected to rise 3 percent to 6 percent - translating to a total of $5.6 billion to $5.8 billion - as profit ticks up to 36 cents to 38 cents per share, excluding one-time items, figures that were in line with expectations.

Oracle's stock jumped 76 cents, or 3.3 percent, to $23.60 in extended trading. It had closed the regular session down 24 cents at $22.88. Sun's stock rose 6 cents to $9.35 in extended trading, moving closer to the $9.50 per share that Oracle would pay to acquire the company.