

SAP posts sharp profit drop due to Oracle lawsuit

January 26 2011

German professional software maker SAP posted on Wednesday a sharp drop in fourth quarter earnings owing to a defeat in a court case involving US rival Oracle.

SAP nonetheless expects to record stronger results in 2011, saying that its operating profit at constant exchange rates should increase by 11-16 percent from the level in 2010 to 4.45-4.65 billion euros (\$6.08-6.36 billion).

Sales of software and related services are forecast to gain 10-14 percent and operating margin should rise by 0.5 to 1.0 percentage point, the group added in a statement

In the fourth quarter of 2010 however, SAP's [net profit](#) dropped 36 percent to 437 million euros, while its operating profit margin was cut by more than half to 13.4 percent from 32 percent in the same period a year earlier.

Sales rose however by 27 percent to four billion euros.

The poor net profit was largely the result of 933 million euros in provisions taken by SAP in November after it lost a [copyright lawsuit](#) filed by [Oracle](#).

SAP was ordered by a jury to pay 1.3 billion dollars to the US company, an amount is said Wednesday was "disproportionate and wrong."

"SAP intends to file post-trial motions in the coming weeks asking the court to reduce the amount of damages awarded, or to order a new trial," it added.

For 2010 as a whole, SAP sales were 17 percent stronger at 12.4 billion euros, and net profit gained 4.0 percent to 1.8 billion euros.

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Citation: SAP posts sharp profit drop due to Oracle lawsuit (2011, January 26) retrieved 25 April 2024 from <https://phys.org/news/2011-01-sap-sharp-profit-due-oracle.html>

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