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Oracle 2Q earnings rise 18 pct to top Street view

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Oracle's latest quarterly earnings rose 18 percent as companies splurged on more software and other technology toward the end of the year.

The results announced Tuesday are an improvement from Oracle's previous quarter, when the business software maker's revenue dipped slightly from a year earlier.

The latest quarter spanned September through November. That makes Oracle the first technology bellwether to provide insights into corporate spending since the Nov. 6 re-election of President Barack Obama and negotiations to avoid the so-called fiscal cliff began to heat up in Washington.

Oracle Corp. said it earned $2.6 billion, or 53 cents per share, in its fiscal second quarter. That compares with net income of $2.2 billion, or 43 cents per share, a year ago.

If not for charges for past acquisitions and certain other costs, Oracle said it would have earned 64 cents per share. On that basis, Oracle topped the average earnings estimate of 61 cents per share among analysts surveyed by FactSet.

Revenue increased 3 percent from last year to $9.1 billion—about $900 million more than analysts had projected.

In a particularly heartening sign, Oracle said sales of new software licenses and subscriptions to its online services climbed 17 percent from last year to outstrip the most optimistic predictions issued by management three months ago.

The flow of new licenses and subscriptions, which represent about a quarter of Oracle's revenue, is closely tracked by investors because they spawn more revenue in the future from upgrades.

Oracle's stock price added 31 cents to $33.19 in extended trading after the numbers came out.

The solid performance by the Redwood Shores, California, company suggest corporate decision makers aren't yet fretting too much about the economy falling off a fiscal cliff and plunging into a recession. The fiscal cliff refers to the combination of wide-ranging increases in taxes and wrenching cuts in government spending that will be automatically triggered Jan. 1 unless the Obama administration and Congress can reach an agreement on how to soften the impact.

The specter of higher taxes prompted Oracle to make the unusual decision to bunch the next three quarters of stock dividends into a single payment that will be made before the end of the year. The move, announced earlier this month, is designed to ensure that Oracle CEO Larry Ellison, who owns a 23.5 percent stake in the company, and his fellow shareholders don't get hit with a higher tax bill on dividend income next year.

Oracle would have fared even better if it could find a way to sell more computer servers and other hardware, something it has been unsuccessfully trying to do since completing its $7.3 billion acquisition of Sun Microsystems Inc. in 2010. The company's hardware revenue plunged 16 percent from last year.