Oracle misses 3Q revenue expectations, shares fall

The Associated Press

Oracle Corp. on Wednesday reported flat earnings for its fiscal third-quarter, hurt by a drop in sales of hardware systems and new software. Shares tumbled in after-hours trading on the weaker-than-expected results.

Revenue from new software licenses and online or "cloud" subscriptions, a closely watched figure, fell 2 percent year-over-year to $2.3 billion. The company had predicted that number would rise by 3 percent to 13 percent. Sales of hardware systems products dropped 23 percent.

As one of the world's largest makers of business software, Oracle's numbers help Wall Street gauge the direction of corporate technology budgets. When Oracle's earnings are lackluster, it's often a sign that companies are concerned about the economy.

But Oracle also depends on international markets for a major part of its revenue. Europe's economy is still limping amid worries about unwieldy government debts and China's economic growth has been slowing.

Oracle earned $2.5 billion, or 52 cents per share, in the December-February quarter. That compares with $2.5 billion, or 49 cents per share, in the same period a year earlier, when it had more shares outstanding. Adjusted earnings totaled 65 cents per share in the latest quarter.

Revenue fell 1 percent to $8.96 billion from $9.04 billion, hurt in part by the stronger dollar.

Analysts polled by FactSet had expected earnings of 66 cents per share, excluding charges for past acquisitions and other costs, on revenue of $9.38 billion.

Shares of the Redwood City, California, company fell $2.76, or nearly 8 percent, to $33 in after-hours trading following the announcement. The stock had closed the regular session up 8 cents at $35.76 before the report.

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