Oracle Financial Services Software Limited

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FOR IMMEDIATE RELEASE

Oracle Financial Services Software Reports Q2 Fiscal Year 2021 Net Income of Rs. 392 Crore Up 9% YoY; Revenue for the Quarter at Rs. 1,197 Crore, up 3% YoY

Mumbai, India, November 2, 2020: Oracle Financial Services Software Limited (Reuters: ORCL.BO and ORCL.NS), a majority owned subsidiary of Oracle, today announced results for the quarter ended September 30, 2020. Net income for the quarter was Rs. 392 Crore, up 9% year-over-year. Revenue for the Quarter was Rs. 1,197 Crore, up 3% year-over-year. Operating income for the quarter was Rs. 545 Crore, up 11% year-over-year.

For the three months ended September 30, 2020, the Products business posted revenue of Rs. 1,058 Crore, up 4% year-over-year, and operating income of Rs. 553 Crore, up 13% year-over-year. For the same period, the Services business posted revenue of Rs. 105 Crore, down 7% year-over-year, and the Operating income of Rs. 16 Crore, down 17% year-over-year.

Chet Kamat, Managing Director and Chief Executive Officer, Oracle Financial Services Software, said, “I am pleased to report a robust quarter amidst the headwinds due to COVID-19. We signed new licenses of $13.4 million, which, despite a typical seasonal Q2 dip, were 11% higher year-over-year. Our margins continue to be strong. Operating income grew 11%, and net income rose 9%, both year-over-year. We have an exciting portfolio and are fully ready to help financial institutions accelerate their digital transformation initiatives as they respond to the changes in the economic environment."

Makarand Padalkar, Executive Director and Chief Financial Officer, Oracle Financial Services Software, said, “Our robust execution resulted in strong margin expansion. Our operating margins for the six months ended September 2020, expanded to 48% from 44% in the corresponding period last fiscal. Collections were good resulting in the days of sales outstanding at 55 days.”

Business Highlights

- The Company signed license deals of $13.4 million during this quarter with customers in 26 countries.
- 18 customers went live on Oracle Financial Services software products during the quarter.

Registered Office: Oracle Park, Off Western Express Highway, Goregaon (East), Mumbai, Maharashtra 400063, India

- Hiscox Underwriting Group Services Ltd. is a UK-based insurance firm that offers services for valuable artwork, property, general liability, and specialized service like aerospace. The company has more than 100 years of experience and expertise in offering tailored insurance services. The firm has selected Oracle Financial Services Analytical Applications.

- Banca Transilvania, one of Romania's top two banks with more than 3 million customers and 8,000 employees, has signed a deal for Oracle FLEXCUBE Universal Banking, Oracle Banking Payments, Oracle Banking Corporate Lending, Oracle Banking Treasury Management, and Oracle Banking Enterprise Limits and Collateral Management. This extends the bank's existing technology partnership with Oracle.

- A UK-based technology company has invested in Oracle banking technology by signing a deal for Oracle FLEXCUBE Universal Banking, Oracle Banking APIs, and Oracle Banking Payments.

- A leading UK-based financial institution with operations across the world, has chosen to implement Oracle's Virtual Account Management Solution, Banking Digital Experience, Banking APIs, Banking Payments, Banking Liquidity Management, and Banking Cash Management.

- Banco de Desarrollo Rural SA (BANRURAL), headquartered in Guatemala, focuses on the rural and micro-enterprise sector servicing more than 8 million customers. The bank is embarking on a digital transformation with Oracle technology by signing a deal for Oracle FLEXCUBE Universal Banking, Oracle Banking Payments, Oracle Banking Trade Finance, and Oracle Banking Treasury Management.

- Postbank, part of the South Africa Post Office Ltd., presents a range of retail banking offerings to its customers with a mission to provide cost-effective services through optimized processes and infrastructure. The bank has extended its relationship with Oracle by selecting Oracle FLEXCUBE Universal Banking, Oracle Banking Digital Experience, and Oracle Banking APIs.

- A Taiwanese bank that offers retail and corporate banking services has signed a deal for Oracle FLEXCUBE Universal Banking and Oracle Financial Service Analytical Applications.

- A leading Jordanian bank has signed a deal for Oracle FLEXCUBE Universal Banking, Oracle Banking Payments, Oracle Banking Trade Finance, Oracle Banking Treasury Management, Oracle Banking Corporate Lending, Oracle Banking Extensibility Framework, and Oracle Banking Enterprise Limits and Collateral Management.

- Gulf Bank of Kuwait is one of the leading conventional banks in Kuwait with total assets of KD 6 billion at the year ending December 31, 2019. The bank provides a broad offering of consumer banking, wholesale banking, treasury, and financial services through its network of 52 branches and more than 200 ATMs in Kuwait. The bank was founded in 1960 and is listed on the Kuwait Stock Exchange (Boursa Kuwait) since 1984. The bank is currently rated 'A' by the four leading international credit rating agencies. The bank has decided to migrate its banking technology to Oracle Banking Digital Experience and Oracle Banking APIs.

- International Commercial Bank (Tanzania) Limited is a member of the ICB Banking Group. Established in 1997 in Dar E Salaam, the bank combines its international expertise with strong local knowledge to offer its customers a unique experience in their retail and commercial banking transactions. As part of its expansion plans, the bank is increasing its investment in digital banking technology. The bank has signed a deal for Oracle FLEXCUBE Universal Banking, Oracle Banking Digital Experience, Oracle Banking Payments, Oracle Banking Trade Finance, Oracle Banking Treasury Management, and Oracle Banking Extensibility Framework.

- Kanbawza Bank, the largest privately owned bank in Myanmar with a 40 percent market share in retail and corporate banking, follows a mobile-first approach to financial inclusion resulting in the fastest growing mobile wallet: KBZPay. The bank has chosen to implement Oracle FLEXCUBE Universal Banking, Oracle Banking Corporate Lending, Oracle Banking Payments, Oracle Banking Liquidity Management, Oracle Banking Virtual Accounts Management, Oracle Banking Trade Finance, and Oracle Banking Treasury Management, as well as trade and credit facilities process-management products.

- A renowned bank headquartered in Bermuda has extended its relationship with Oracle by signing a deal for Oracle FLEXCUBE Universal Banking, Oracle Banking Liquidity Management, Oracle Banking Trade Finance, Oracle Banking Treasury Management, Oracle Banking Corporate Lending, Oracle Banking Payments and Oracle Financial Services Lending and Leasing.

- A leading bank in Ethiopia has extended its relationship with Oracle by choosing to implement Oracle FLEXCUBE Universal Banking, Oracle Banking Payments, Oracle Banking Trade Finance, and Oracle Banking Extensibility Framework.

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Q2 FY 2020-21 : FINANCIAL RESULTS
CONSOLIDATED STATEMENTS OF OPERATIONS
(In INR Million, except per share data)

Particulars	Three Months Ended				% Increase (Decrease)
	Sep 30, 2020	% of Revenues	Sep 30, 2019	% of Revenues	
REVENUES					
Products	10,578	88%	10,198	88%	4%
Services	1,048	9%	1,131	10%	(7%)
BPO - Services	348	3%	296	2%	18%
Total Revenues	**11,974**	**100%**	**11,625**	**100%**	3%
SEGMENT RESULTS					
Products	5,532	52%	4,884	48%	13%
Services	163	16%	198	17%	(17%)
BPO - Services	153	44%	97	33%	57%
Total	**5,848**	**49%**	**5,179**	**45%**	13%
Unallocable expenses	(395)	(3%)	(277)	(3%)	42%
OPERATING INCOME	**5,453**	**46%**	**4,902**	**42%**	11%
Interest and other income, net	177	1%	461	4%	(62%)
INCOME BEFORE PROVISION OF TAXES	**5,630**	**47%**	**5,363**	**46%**	5%
Provision for taxes	1,709	14%	1,775	15%	(4%)
NET INCOME	**3,921**	**33%**	**3,588**	**31%**	9%
Earnings per share of Rs 5/- each (in Rs)					
Basic	45.60		41.82		9%
Diluted	45.44		41.65		9%

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FY 2020-21 YEAR TO DATE : FINANCIAL RESULTS
CONSOLIDATED STATEMENTS OF OPERATIONS
(In INR Million, except per share data)

Particulars	Half Year Ended				% Increase (Decrease)
	Sep 30, 2020	**% of Revenues**	**Sep 30, 2019**	**% of Revenues**	
REVENUES					
Products	22,500	89%	21,552	88%	4%
Services	2,196	9%	2,248	9%	(2%)
BPO - Services	651	2%	576	3%	13%
Total Revenues	**25,347**	**100%**	**24,376**	**100%**	4%
SEGMENT RESULTS					
Products	12,179	54%	10,705	50%	14%
Services	400	18%	484	22%	(17%)
BPO - Services	259	40%	184	32%	41%
Total	**12,838**	**51%**	**11,373**	**46%**	13%
Unallocable expenses	(793)	(3%)	(575)	(2%)	38%
OPERATING INCOME	**12,045**	**48%**	**10,798**	**44%**	12%
Interest and other income, net	654	2%	782	3%	(16%)
INCOME BEFORE PROVISION OF TAXES	**12,699**	**50%**	**11,579**	**47%**	10%
Provision for taxes	3,981	16%	4,217	17%	(6%)
NET INCOME	**8,719**	**34%**	**7,362**	**30%**	18%
Earnings per share of Rs 5/- each (in Rs)					
Basic	101.44		85.82		18%
Diluted	101.07		85.45		18%

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Oracle Financial Services Software Limited
Q2 FY 2020-21 Financial Results
SUPPLEMENTAL OPERATING MATRICES

	Financial Year 2019-20					Financial Year 2020-21				
	Q1	Q2	Q3	Q4	Full Year	Q1	Q2	Q3	Q4	Full Year
Geographic Revenues										
Products Business										
India	6%	7%	7%	7%	**7%**	8%	7%			
Outside India										
Americas										
United States of America	20%	21%	21%	22%	**21%**	20%	19%			
Rest of America	6%	9%	8%	6%	**7%**	9%	8%			
Europe	16%	16%	17%	18%	**17%**	16%	20%			
Asia Pacific	27%	27%	27%	30%	**28%**	28%	30%			
Middle East and Africa	25%	20%	20%	17%	**21%**	19%	16%			
Services Business (incl. BPO Services)										
India	0%	1%	1%	0%	**1%**	1%	1%			
Outside India										
Americas										
United States of America	74%	70%	73%	72%	**72%**	72%	74%			
Rest of America	1%	1%	1%	1%	**1%**	1%	0%			
Europe	13%	16%	12%	15%	**14%**	15%	12%			
Asia Pacific	8%	8%	11%	9%	**9%**	7%	9%			
Middle East and Africa	5%	4%	2%	3%	**3%**	4%	3%			
Total Company										
India	5%	6%	6%	6%	**6%**	7%	7%			
Outside India										
Americas										
United States of America	26%	27%	27%	27%	**27%**	25%	25%			
Rest of America	6%	8%	7%	6%	**7%**	8%	7%			
Europe	16%	16%	16%	17%	**16%**	16%	19%			
Asia Pacific	25%	25%	26%	28%	**26%**	26%	28%			
Middle East and Africa	22%	18%	18%	16%	**19%**	18%	14%			
Revenue Analysis										
Products Business										
License Fees	19%	9%	8%	15%	**13%**	19%	10%			
Maintenance Fees	29%	34%	35%	32%	**32%**	32%	37%			
Consulting fees										
Fixed Price	28%	29%	29%	30%	**29%**	26%	30%			
Time & Material Basis	24%	28%	28%	23%	**26%**	23%	24%			
Services Business (incl. BPO Services)										
Fixed Price	24%	27%	24%	24%	**25%**	28%	25%			
Time & Material Basis	76%	73%	76%	76%	**75%**	72%	75%			
Trade Receivables										
0-180 days	92%	91%	92%	93%	**93%**	97%	97%			
More than 180 days	8%	9%	8%	7%	**7%**	3%	3%			
DSO (Days)	68	62	65	63	**63**	64	55			
Attrition Rate (TTM)	22%	22%	22%	21%	**21%**	17%	15%			
Staff Data										
Products Business	5,998	6,119	6,122	6,188	**6,188**	6,185	6,319			
Services Business	946	957	954	958	**958**	953	906			
BPO Business	635	653	654	664	**664**	651	644			
Corporate	195	188	189	191	**191**	193	189			
Total	7,774	7,917	7,919	8,001	**8,001**	7,982	8,058			

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About Oracle Financial Services Software Limited

Oracle Financial Services Software Limited (Reuters: ORCL.BO & ORCL.NS) is a world leader in providing products and services to the financial services industry and is a majority owned subsidiary of Oracle Corporation. Oracle Corporation [NASDAQ: ORCL] is the world's most complete, open and integrated business software and hardware systems company. For more information, visit www.oracle.com/financialservices.

About Oracle

The Oracle Cloud offers a complete suite of integrated applications for Sales, Service, Marketing, Human Resources, Finance, Supply Chain and Manufacturing, plus Highly Automated and Secure Oracle Cloud Infrastructure featuring the Oracle Autonomous Database. For more information about Oracle (NYSE: ORCL), please visit us at www.oracle.com.

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"Safe Harbor" Statement: Statements in this press release relating to Oracle Financial Services Software Limited future plans and prospects are "forward-looking statements" and are subject to material risks and uncertainties. Many factors could affect our current expectations and our actual results, and could cause actual results to differ materially. All information set forth in this release is current as of November 2, 2020. Oracle Financial Services Software Limited undertakes no duty to update any statement in light of new information or future events.

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