

atches its run of success

S.V. firm puts new roots
in old, familiar ground
of tools for software

Business - B
By JENNIFER PITTMAN

SENTINEL CORRESPONDENT

SCOTTS VALLEY — For the last 18 months or so, Dale Fuller has been sending 6-foot surfboards to Wall Street analysts. Borland's chief executive officer and president has been reminding them that the fledgling company, with its history of revolving chief executive officers and grave identity crises, has returned to its roots.

The message is as much about returning to the company's former technological successes in software-development tools after a clumsy foray elsewhere as it is about the future of the Internet — surfing the Net, that is.

For just about 18 months, the company also has been proving itself again, showing steady progress — despite the troubled economy — and earning praise from financial analysts, who have said it has become a company to watch.

"We are primed for when this economy turns around," Fuller said Thursday after announcing a sixth consecutive profitable quarter, and seeing company stock increase about 150 percent of what it was last year.

Before the second-quarter earnings announcement, Borland shares (Nasdaq: BORL) closed down 11 cents at \$14.86. In the last year, shares have ranged from \$4.15 to \$16.39.

Although corporate technology spending is down, Borland still plans to increase revenues and remain profitable in the third quarter. The company anticipates a 20-25 percent increase in revenues in the third quarter, compared to last year and third quarter earnings per share in the range of 8-10 cents.

"Our competitors are down 70 percent," Fuller said. "We are primed for exponential growth. We are definitely doing a lot of the right things. We're definitely showing a company in Santa Cruz can kick butt."

Borland's strategy is to help companies integrate new

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BORLAND
PRESIDENT, CEO

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Dan Coyro/Sentinel

Fred Ball, Borland's senior vice president, and CEO Dale Fuller are the last to sign a special Borland postcard to a Wall Street analyst on Thursday.

Borland: New firm grows from old roots

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technologies, including the Internet, without abandoning pricey technologies they've invested in for years. They build the tools that software developers use to make products.

Thursday's numbers reflected the seventh sequential quarter of revenue growth, the fifth quarter of profitability and the sixth consecutive quarter with a positive cash flow. And the company has \$270 million in cash to invest or leverage.

With that much cash, Borland has been studying investment opportunities in Santa Cruz companies as well as elsewhere. Fuller is attending local venture capital forums and talking with chief executive officers.

"We're constantly looking at companies that are fitting into the direction we're heading in software development and management," Fuller said. We're even talking to founding CEOs of this company."

Hinting at upcoming interesting partnership announcements, Fuller said the latest announcements about partnerships with software maker SAP and

telecommunications giant Nokia, which is using Borland's technology in its mobile phone development, are only part of the story.

Borland employs more than 1,000 people worldwide, about 375 of them in Santa Cruz. The worldwide numbers are up about 70 from this time last quarter. Fuller said he was expecting to hire another 50 by year-end, about half in the Santa Cruz headquarters.

Fuller predicts the Kylix product, a Linux-based development platform, will rise in the market parallel to its successful Java-based products. The last year has meant stronger pushes into Korea and China, including new offices in countries where Borland's distributors used to handle business.

China is primarily interested in Linux, and Fuller expects the new six-person Beijing office to double in size by next year.

Korea is also "a wonderful story for us," said Doug Barre, chief financial officer. "We are seeing exponential growth for our products there."

Contact Jennifer Pittman at jcopeland@santa-cruz.com.

Borland

SECOND-QUARTER REVENUE: Up 20 percent to \$56 million compared to same time last year.

SECOND-QUARTER PROFIT: \$6.4 million, or 9 cents per share, compared with \$2 million, or 3 cents in the second quarter of 2000.

NET INCOME: Second quarter increased 60 percent when compared to pro forma net income of \$4 million for second quarter, 2000.

STOCK SYMBOL: Nasdaq: BURL

STOCK PRICE: Closed Thursday down 11 cents at \$14.86; 52-week range \$4.15 to \$16.39.

MOVEMENT: First six months of 2001, revenues increased 16 percent to \$107.7 million; company earned \$12.3 million in profit or 17 cents per share, compared with \$856,000, or 1 cent per diluted share.