

Receivables Inventory (Avg Cst)
Other Current Assets

Debt Due Unearned Revenue Other
Current Liab.

## ANNUAL RATES of change (per sh)

 Revenues "Cash Flow" "Cash Flow Earnings $\begin{array}{rrr}104757 & 111262 & 81017 \\ 44261 & 48688 & 42831 \\ 3742 & 2500 & 1615 \\ 1632 & 21807 & 21930\end{array}$ $\begin{array}{rrr}3742 & 2500 & 1615 \\ 16924 & 21807 & 21930\end{array}$ $\frac{16924}{169684} \quad \frac{21807}{184257} \quad \frac{21930}{147393}$ $\begin{array}{rrr}19000 & 18095 & 17695\end{array}$ $27495247 \quad 29291$ 4553850901433068 \begin{tabular}{lll}27795 \& 29906 \& $\frac{30962}{104149}$ <br>
\hline 121016
\end{tabular} Pst

| Past | Past | Est'd '21-'23 |
| :---: | :---: | :---: |
| 10 Yrs. | 5 Yrs. | to'27'29 |
| $11.5 \%$ | $15.0 \%$ | $14.5 \%$ |
| $13.5 \%$ | $20.0 \%$ | $13.0 \%$ |
| $13.0 \%$ | $22.5 \%$ | $14.0 \%$ |
| $12.5 \%$ | $9.5 \%$ | $13.0 \%$ |
| $11.0 \%$ | $18.5 \%$ | $20.0 \%$ |


| $\begin{aligned} & \hline \text { Fiscal } \\ & \text { Year } \\ & \text { Ends } \end{aligned}$ | QUARTERLY REVENUES (\$ mill. ${ }^{\text {A }}$ |  |  |  | $\begin{aligned} & \text { Full } \\ & \text { Fiscal } \\ & \text { Year } \end{aligned}$ |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | Sep. 30 | Dec. 31 |  | Jun. 30 |  |
| 2021 | 37154 | 43076 | 41706 | 46152 | 168088 |
| 2022 | 45317 | 51728 | 49360 | 51865 | 198270 |
| 2023 | 50122 | 52747 | 52857 | 56189 | 211915 |
| 2024 | 56517 | 62020 | 61000 | 65463 | 245000 |
| 2025 | 65000 | 70000 | 69000 | 73000 | 277000 |
| $\begin{aligned} & \text { Fiscal } \\ & \text { Year } \\ & \text { Ends } \end{aligned}$ | EARNINGS PER SHARE AB |  |  |  | $\begin{array}{\|c\|c\|} \hline \text { Full } \\ \text { Fiscal } \\ \text { Year } \end{array}$ |
|  |  |  |  |  |  |
| 2021 | 1.82 | 2.03 | 2.03 | 2.17 | 8.05 |
| 2022 | 2.27 | 2.48 | 2.22 | 2.23 | 9.21 |
| 2023 | 2.35 | 2.32 | 2.45 | 2.69 | 9.81 |
| 2024 | 2.99 | 2.93 | 2.85 | 2.88 | 11.65 |
| 2025 | 3.35 | 3.30 | 3.30 | 3.40 | 13.35 |
|  | QUARTERLY DIVIDENDS PAID E. |  |  |  |  |
| endar | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 | Year |
| 2020 | . 51 | . 51 | . 51 | . 56 | 2.09 |
| 2021 | . 56 | . 56 | . 56 | . 62 | 2.30 |
| 2022 | . 62 | . 62 | . 62 | . 68 | 2.54 |
| 2023 | . 68 | . 68 | . 68 | . 75 | 2.79 |
| 2024 | . 75 |  |  |  |  |

BUSINESS: Microsoft Corp. is the largest independent maker of
software. It develops and sells software products for a wide range of computing environments in consumer and enterprise markets. Hardware products include the Xbox video game console and Surface laptops. Revenue sources in fiscal 2023: Productivity \& Business Processes, $33 \%$; Intelligent Cloud, $41 \%$; More Personal Com-
Microsoft will probably post solid results for the 2024 March period, building on a healthy performance from the December period. (Note: Microsoft was scheduled to issue its third quarter earnings results shortly after this report went to press.) The company wrapped up the second quarter (fiscal year ends June 30th) with higher sales figures (Year over year, quarterly net sales increased $18 \%$ from $\$ 52.7$ billion to $\$ 62.0$ billion) and we expect this trend to have continued, although not as strong. We expect March quarter sales to increase $15 \%$. Furthermore, we think the upcoming June quarter will climb $17 \%$, driven by continued strength in Microsoft Cloud. Management has indicated that the company is at a point where it is applying Artificial Intelligence (AI) at scale. As Microsoft continues to infuse AI across all layers of the company's technology, it is gaining new customers and advancing efficiency.
We anticipate the AI-driven transformation to further benefit Microsoft. Azure has been leading the way in Microsoft's AI advantage. Azure allows high-end performance for AI training and
puting, $26 \%$. R\&D, $12.8 \%$ of 2023 revenues. Employed 221,000 at $6 / 30 / 23$. Stock owners: Offs. \& dirs., less than 1\%; The Vanguard Group, 8.6\%; BlackRock, Inc., 7.1\%. (10/23 proxy). Chairman \& CEO: Satya Nadella. Incorporated: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Telephone: 425-882-8080. Internet: www.microsoft.com.
inference in a varied selection of AI accelerators. This includes those from AMD and NVIDIA, as well as Microsoft's firstparty silicon Azure Maia. The software giant has approximately 53,000 Azure AI customers and according to management, one-third are new to Azure over the past 12 months.
We are introducing our 2025 estimates. We expect capital expenditures to increase, due to investments in cloud and AI infrastructure. What's more, continued momentum with Azure OpenAI service ought to help drive both the top and bottom lines. We expect 2025 revenues to clock in at $\$ 277.0$ billion, reflecting a $13 \%$ increase. Earnings ought to improve as well, and we think 2025 will reflect a jump to $\$ 13.35$ a share.
Shares of MSFT are neutrally ranked for year-ahead relative price performance (Timeliness: 3). Further out, our current projections point to above-average upside potential over both the 18 -month and 3 - to 5 -year time frames. The company also receives our top grade for Financial Strength (A++). Kathleen Uckert

May 3, 2024
(A) Fiscal year ends June 30th.
(B) Diluted earnings. Quarters may not sum to total. Excl. nonrec. items: '12, d72¢; '13, d7c; total. Excl. nonrec. items: '12, d7

18, d\$1.75; '19, d33¢; '22, 44¢; '23, 13c. Next (E) Dividends historically paid in March, June, earnings report due late July. (C) In mill. earnings report due late Includes intangibles. In fiscal 2023: $\$ 77.3 \begin{aligned} & \text { Sept., and } \\ & \text { available. }\end{aligned}$ (D) Includes intangible
billion, $\$ 10.39$ a share.

Company's Financial Strength
Stock's Price Stability Price Growth Persistence Price Growth Persistenc
Earnings Predictability

