# MicNova Stock Watcher Quarterly Report

Microsoft (MSFT)

Report Date: 8/2/2024

## Financial Performance

1.1 Sales Growth

Year-over-Year (YoY) Sales Change: 15.2%

1.2 Earnings Growth

Year-over-Year (YoY) Earnings per Share (EPS) Change: 9.7%

1.3 Target Achievement

Is the company meeting our target sales & earnings estimates? Yes

Explanation: Consensus estimates, and guidance support our view of 5yr mid teen plus growth.

## Financial Ratios

2.1 Profitability

Pre-tax Profit on Sales (Last 12 Months): 44.0%

2.2 Leverage

Current Debt to Equity: 30.0%

Latest Year Debt to Capital: 20.0%

## Valuation Metrics

3.1 Current Price-to-Earnings (P/E) Ratio: 35.3

3.2 Estimated 5-Year P/E Range

High P/E: 33.8

Low P/E: 22.8

## Stock Performance

4.1 Club's Cost Basis: $25.44

4.2 Current Stock Price: $417.12

4.3 Forecasted High Price: $781.5

## Return Projections

5.1 Using Forecast High P/E

Annualized Rate of Return: 14.1%

5.2 Using Forecast Average P/E

Annualized Rate of Return: 12.8%

## Growth Drivers

Further integration of AI and AI based products. Expecting productivity gains and a strengthen market moat or edge.

## Additional Comments

MSFT is overvalued based on P/E matrix. It will react badly in volatile markets as its valuations fluctuate down to average levels. It should however trade at above average valuations till AI and its impact is better understood or realized in the long run.

## Recommendation

Hold or trim for allocation reasons.

*References:*

Sales Growth: MSFT\_08-04-24\_SSG.pdf, Quarterly Growth Trend Data table, row "06/24", column "Sales %Change"

Earnings Growth: MSFT\_08-04-24\_SSG.pdf, Quarterly Growth Trend Data table, row "06/24", column "EPS %Change"

Pre-tax Profit on Sales: MSFT\_08-04-24\_SSG.pdf, Quarterly Growth Trend Data table, row "06/24", column "Pre-Tax Profit %Sales" (Last 12 Months Data)

Latest Year Debt to Capital: MSFT\_08-04-24\_SSG.pdf, Visual Analysis table, row "% Debt To Capital", column "2024"

Current P/E Ratio: MSFT\_08-04-24\_SSG.pdf, Section 3 PRICE-EARNINGS HISTORY, "CURRENT PRICE EARNINGS RATIO: 35.3"

High P/E: MSFT\_08-04-24\_SSG.pdf, Section 4A HIGH PRICE - NEXT 5 YEARS, "Avg. High P/E 33.8"

Low P/E: MSFT\_08-04-24\_SSG.pdf, Section 4B LOW PRICE - NEXT 5 YEARS, "Avg. Low P/E 22.8"

Current Stock Price: MSFT\_08-04-24\_SSG.pdf, Section 3 PRICE-EARNINGS HISTORY, "CURRENT PRICE 417.12 (08/01/24)"

Forecasted High Price: MSFT\_08-04-24\_SSG.pdf, Section 4A HIGH PRICE - NEXT 5 YEARS, "Forecasted High Price $ 781.5"

Annualized Rate of Return (High P/E): MSFT\_08-04-24\_SSG.pdf, Section 5 5-YEAR POTENTIAL, "COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E 14.1%"

Annualized Rate of Return (Average P/E): MSFT\_08-04-24\_SSG.pdf, Section 5 5-YEAR POTENTIAL, "COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E 12.8%"