

Microsoft Corporation

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Microsoft sees first-quarter revenue and profit beat Wall Street estimates on cloud computing boost

Microsoft Corp (NASDAQ:MSFT) saw its first-quarter revenue and profit beat Wall Street estimates in an after-hours on Tuesday, boosted by growth in its flagship cloud computing business as the software maker continued to benefit from the shift to working from home and online learning amid the coronavirus pandemic.

Revenue growth for Azure, the company's flagship cloud computing business, was 48% higher, up from 47% in the previous quarter and ahead of Wall Street estimates for 43.45% according to consensus data.

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Microsoft said revenue in its "Intelligent Cloud" segment rose by 20% to \$13 billion in the first quarter, above analysts expectations for \$12.7 billion.

Revenue from its personal computing division, which includes Windows software and Xbox gaming consoles, rose 6% to \$11.8 billion.

The company's overall revenue rose by 12% to \$37.2 billion in the quarter ended September 30, beating estimates for \$35.72 billion, while net income rose to \$13.89 billion, or \$1.82 per share, from \$10.68 billion, or \$1.38 per share, a year earlier. Analysts had expected a profit of \$1.54 per share.

Microsoft has shifted to selling many of its products via recurring subscriptions, which investors like because it generates stable revenue flows. The value of Microsoft's future recurring revenue contracts with big business customers was flat from the previous quarter and its proportion of one-time deals rose slightly after two quarters of growth.

The company said 93% of commercial cloud products were sold as subscriptions, compared with 94% the quarter before.

The group's remaining performance obligations - a measure of how much revenue has been booked for the future in sales contracts but not yet formally recognized as revenue - stayed flat at \$107 billion in the fiscal first quarter but was up from \$86 billion a year prior.

Microsoft shares were down 0.2% at \$212.77 in after-hours trading following the results.

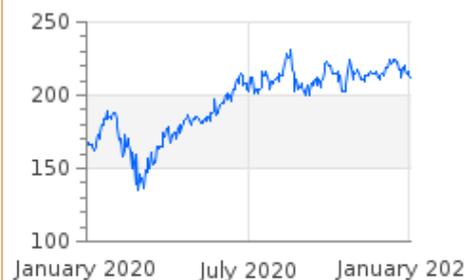
Commenting on the results, Haris Anwar, senior analyst at uk.Investing.com said: "Microsoft's strong earnings beat shows its market share in cloud computing is expanding while its legacy software products such as Windows and Office are in great demand during the pandemic.

"This durable advantage will help the company achieve sustained, double-digit growth in revenue, earnings per share and free cash flow, making it a reliable tech stock to own over the long term."

Price: 212.65

Market Cap: \$1.61 trillion

1 Year Share Price Graph



Share Information

Code: MSFT

Listing: NASDAQ

52 week High Low
232.85 132.53

Sector: Software & services

Website: www.microsoft.com

Company Synopsis:

Microsoft Corporation is engaged in developing, manufacturing, licensing, and supporting a range of software products and services for different types of computing devices.

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