



# Microsoft Financial Overview and Analysis

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# Executive Summary

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Understanding Microsoft's Finances: What Investors Need to Know About Performance, Trends, and Risks



Investors often struggle to make smart decisions because it's hard to analyze financial statements and predict how a company will perform in the future.



By using the Yahoo Finance API, investors can easily track Microsoft's performance and financial health.



The interactive dashboard offers clear visuals that provide a comprehensive overview of the company's financial performance, helping investors make well-informed decisions.

# Introduction

- Analysing Microsoft Financial Health: A Guide for Investors
- Understanding a company financial performance is crucial for making informed investment decision.
- Navigating financial data can be daunting.
- This report propose a solution by utilizing Yahoo Finance API that provide real-time and historical data on Microsoft financial metrics. This include balance sheet, income statement and cashflow statement.
- Moreover, the interactive dashboard offer clear visual representation of Microsoft financial data
- This help investor quicky understand how company is performing and identify trends, risk and opportunity
- Having this comprehensive overview makes it easier for investor to make smart decision confidentially.

# Methodology

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## Collecting data from API

Retrieve the data from Yahoo Finance API

Retrieve the income statement, balance sheet and cashflow statement

Calculating Financial Ratio

Save the data into CSV format



## Data wrangling

Remove duplicates records to ensure data integrity

Handle missing value by removing or imputing them

Normalize data to ensure consistency



## Data visualization (Power BI)

Gather data from the CSV files created from Data collecting

Create three dashboards

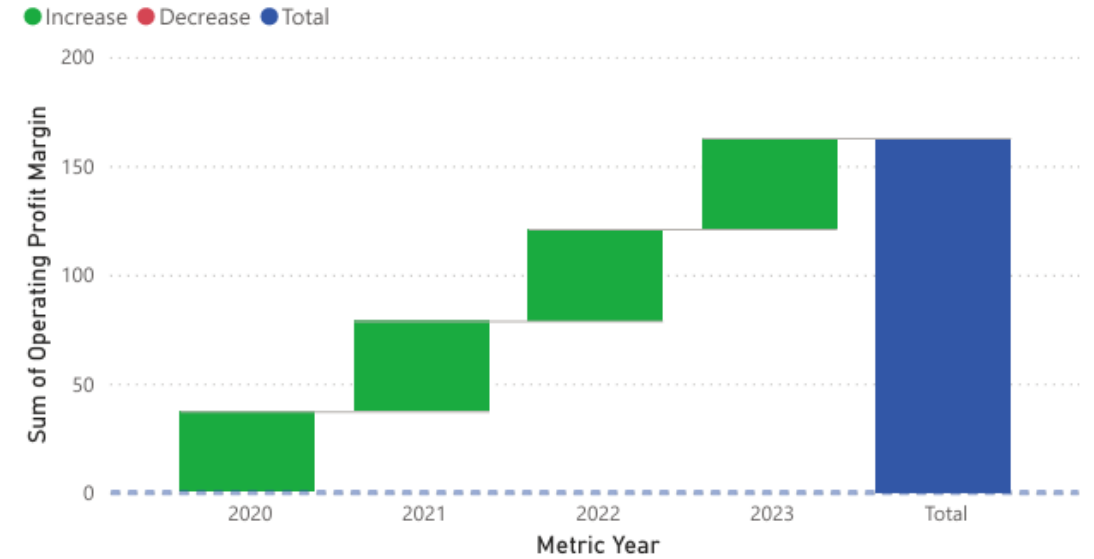
In each dashboard create four different charts

# Results

Sum of Net Income Margin and Sum of Gross Profit Margin by Year



Sum of Operating Profit Margin by Year



# Income statement



# Income statement – Findings and Implication

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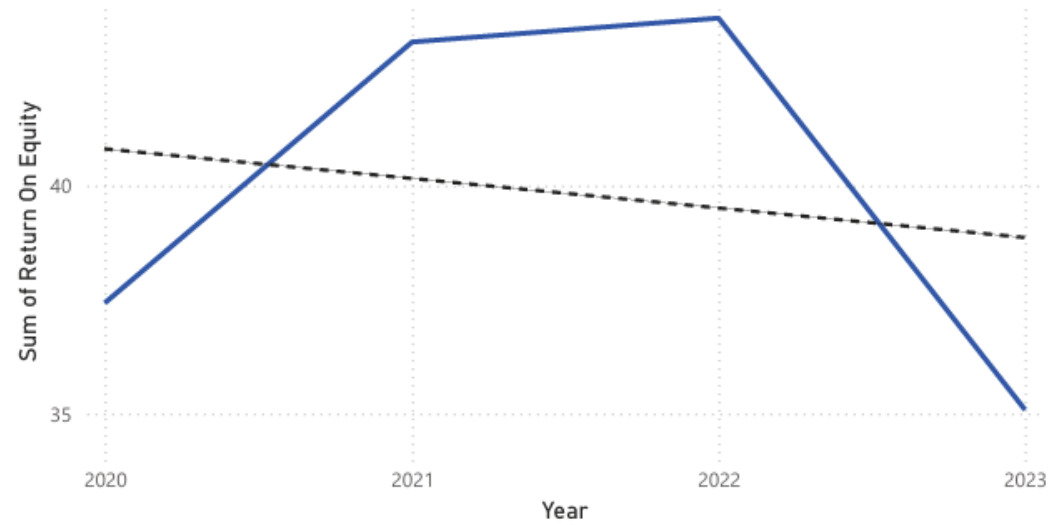
## FINDINGS

- The net income margin is above 30% in 2020 and still growing till 34% when it reaches 2023
- A gross profit is 67% in 2020 and continues to grow till 69% in year 2023
- The sum of operating profit margin is 162% from 2020 to 2023

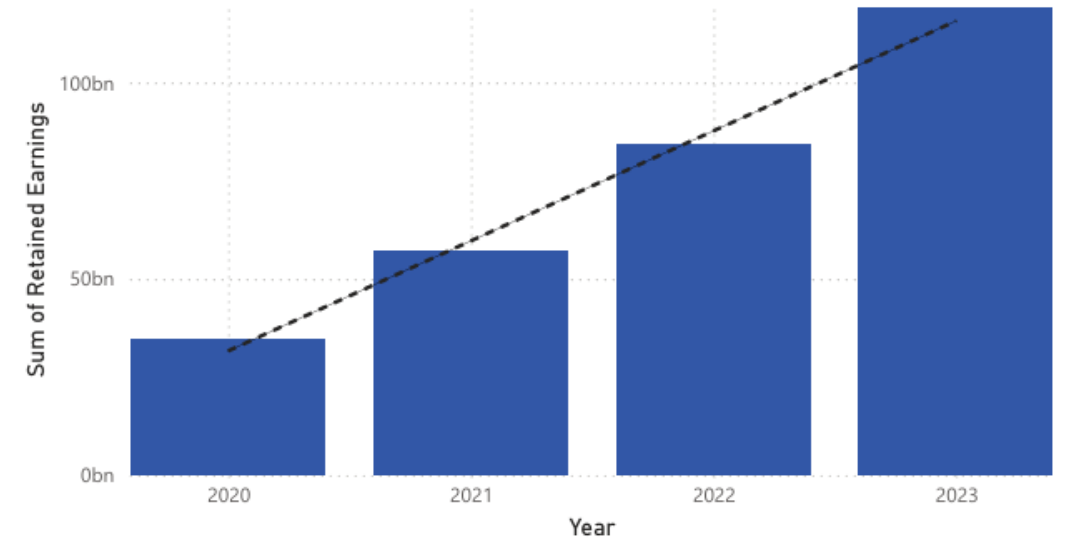
## IMPLICATION

- The net profit margin above 30% is a positive sign and it indicate that business is doing very well and very profitable.
- A gross profit above 67% and growing is a positive sign, it indicates the company is effectively managing its production cost relative to its revenue
- On average the annual operating profit margin between the 4 years is 40.5%. 40.5% operating profit margin is very high, it indicates the company is very profitable interns of its core operation

Sum of Return On Equity by Year

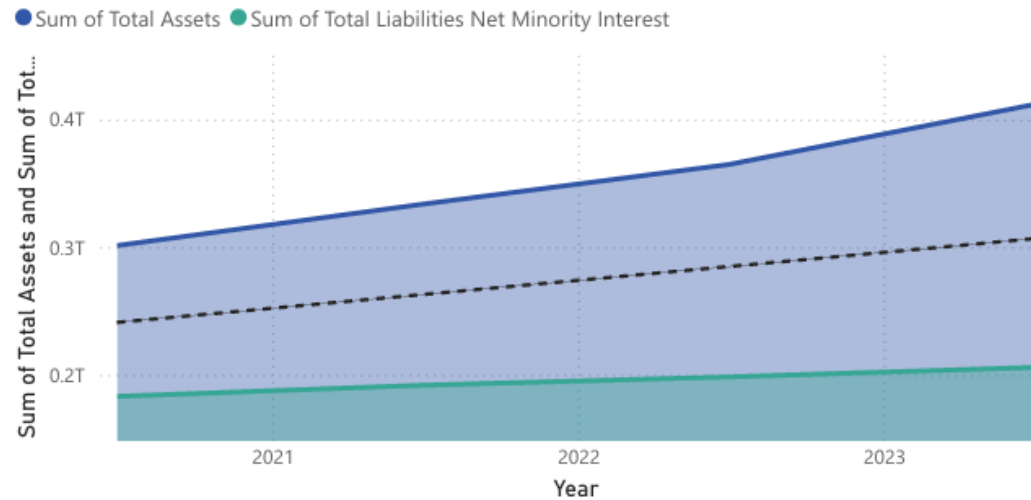


Sum of Retained Earnings by Year

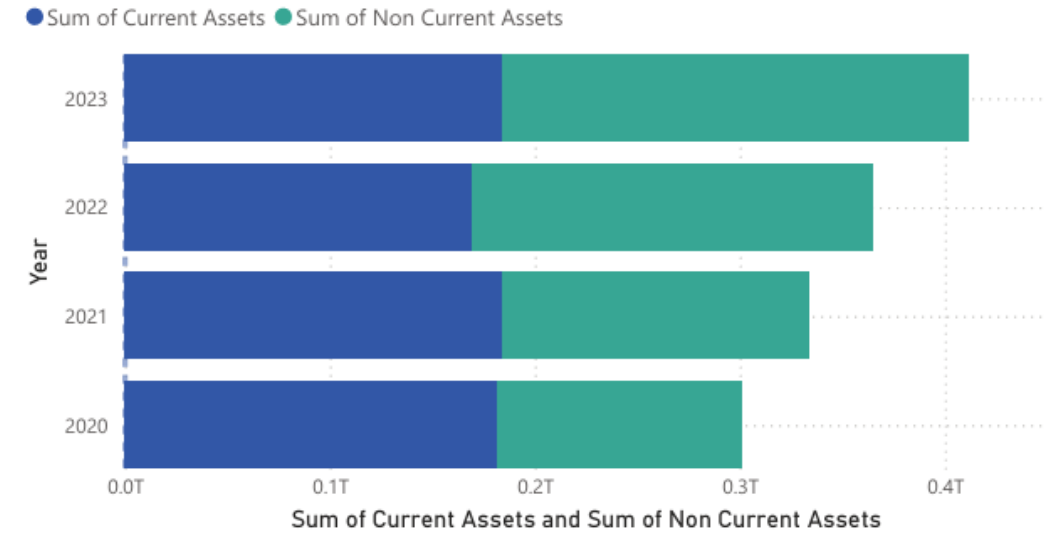


# Balance Sheet #1

Sum of Total Assets and Sum of Total Liabilities Net Minority Interest by Year, Quarter, Month and Day



Sum of Current Assets and Sum of Non Current Assets by Year



# Balance sheet#2

# Balance sheet – Findings and Implication

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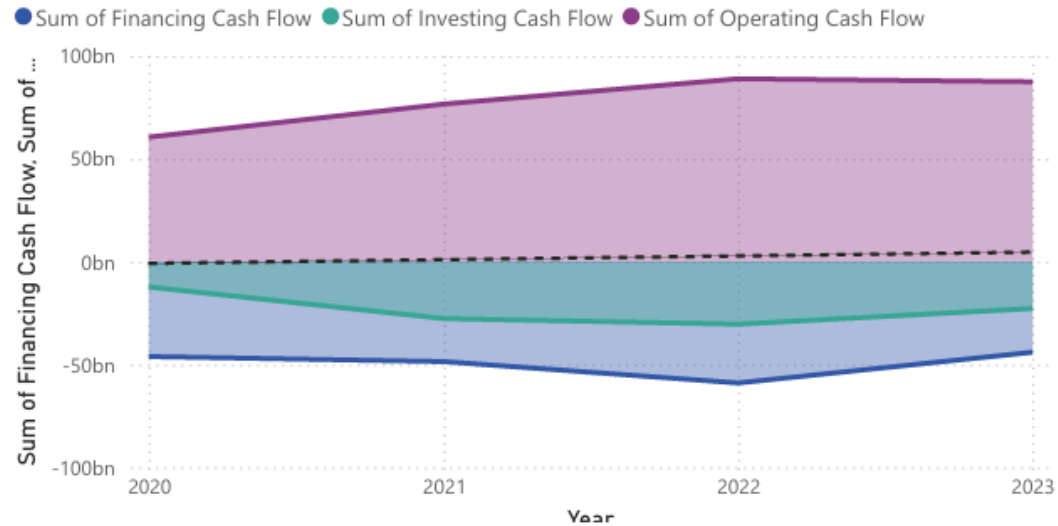
## FINDINGS

- The retained earning went from \$34.6 billion in 2020 to \$119 billion in 2023
- The sum of return equity in 2020 is 37% then it grows and drop to 35% in 2023
- There is growth in total assets (acquiring assets) and slow growth in total liabilities (debt)

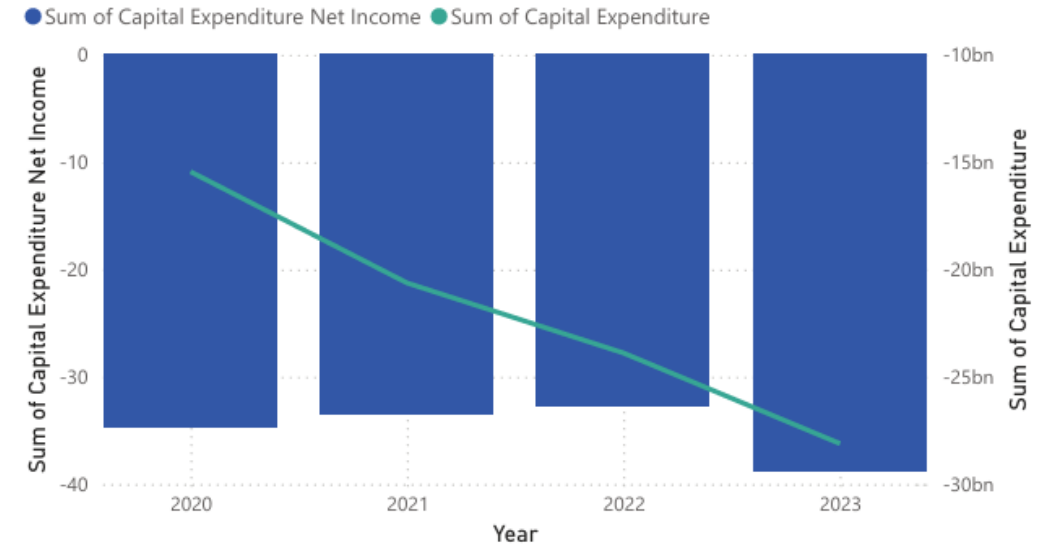
## IMPLICATION

- A strong growth in retained earnings generally positive indicator. Company is profitable and potentially high growth company, make it an attractive investment
- An equity above 30% indicates the company's management is efficient at generating income and growth from its equity (money invested by shareholder)
- This indicate the company is expand wisely, managing risk prudently and maintain a strong financial position, which are all positive indicator for investors

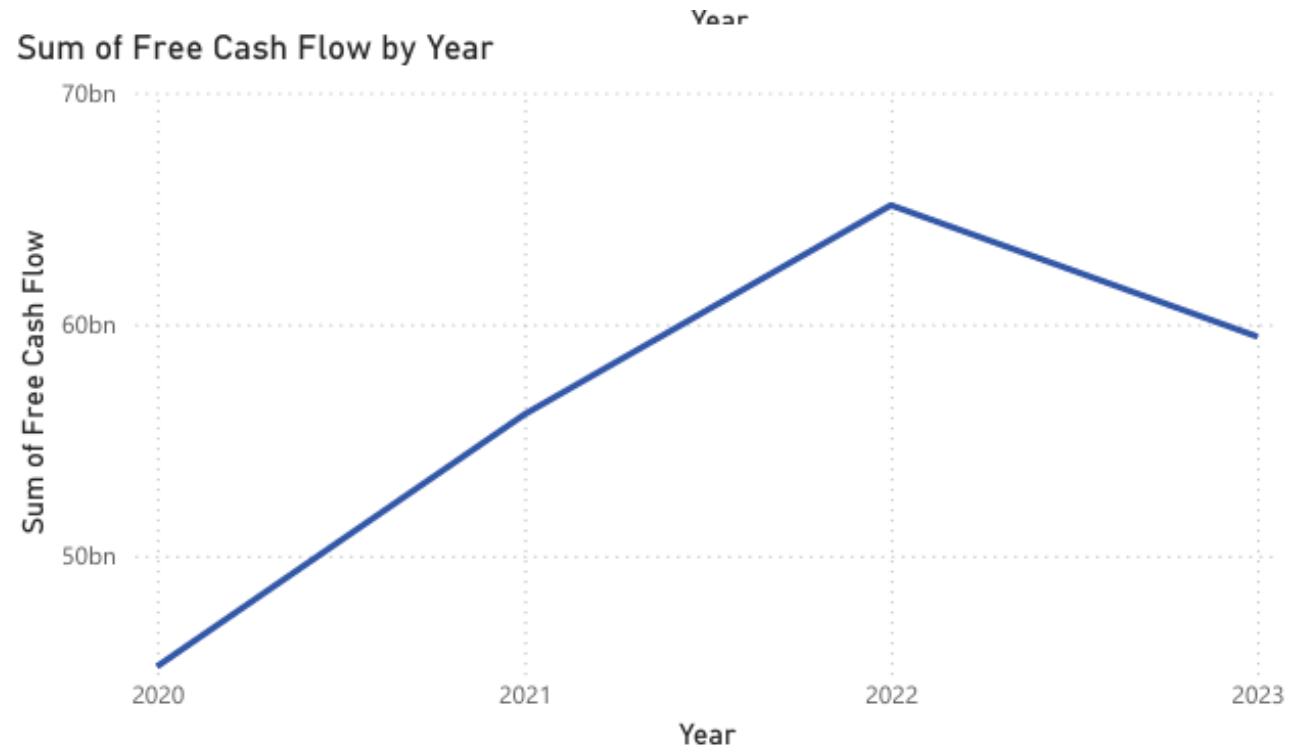
Sum of Financing Cash Flow, Sum of Investing Cash Flow and Sum of Operating Cash Flow by Year



Sum of Capital Expenditure Net Income and Sum of Capital Expenditure by Year



# Cashflow statement



Cashflow statement

# Cashflow statement – Findings and Implication

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## FINDINGS

- Capital expenditure to net income ratio is negative - 30%
- Slow growth in operation cashflow
- There is a growth in free cashflow between 2020 to 2023
- Slight decrease in free cashflow

## IMPLICATION

- This indicate that the company is spending money to acquire assets are greater than the net income, This can be positive for future growth and competitiveness. Investor should assess the company investment strategy align with it financial capabilities
- This suggest that the company is managing money carefully and making smart investment over time.
- This indicate that the company operation are generating more cash. Which is a positive signal for investor looking for potential profitable investment
- Even though Microsoft has a strong track record in managing cash flow, it can experience fluctuation due to various internal and external factor like R&D, Competitive pressure or technological disruption

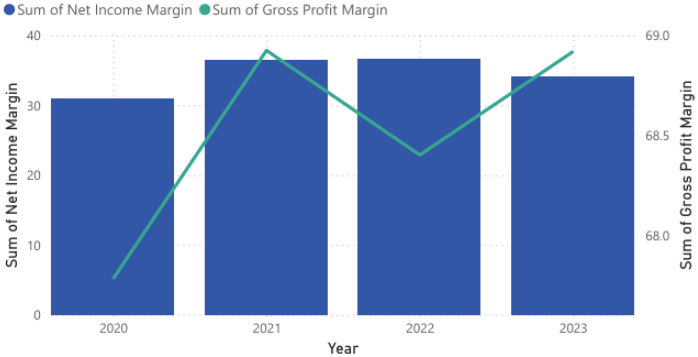


# Dashboards

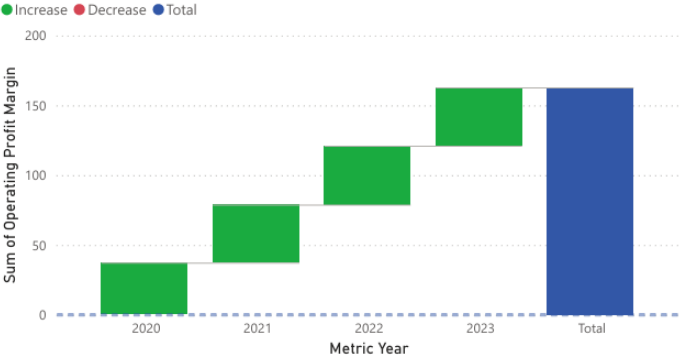


# Income statement dashboard

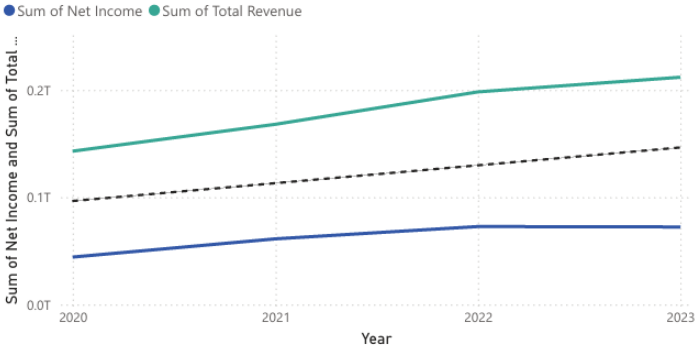
Sum of Net Income Margin and Sum of Gross Profit Margin by Year



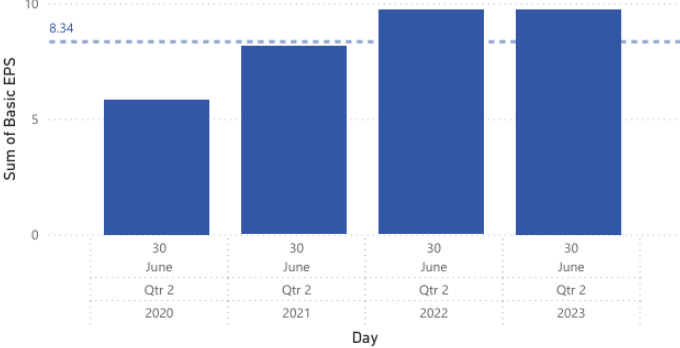
Sum of Operating Profit Margin by Year



Sum of Net Income and Sum of Total Revenue by Year

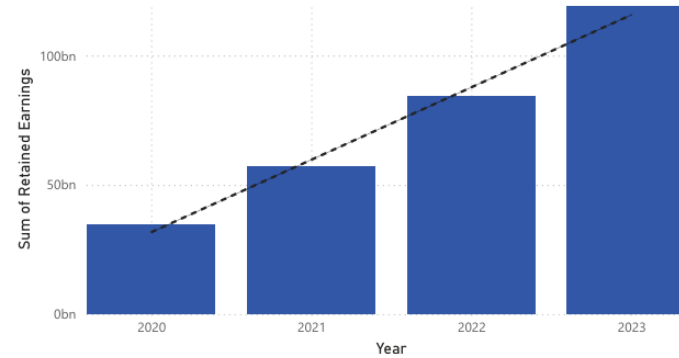
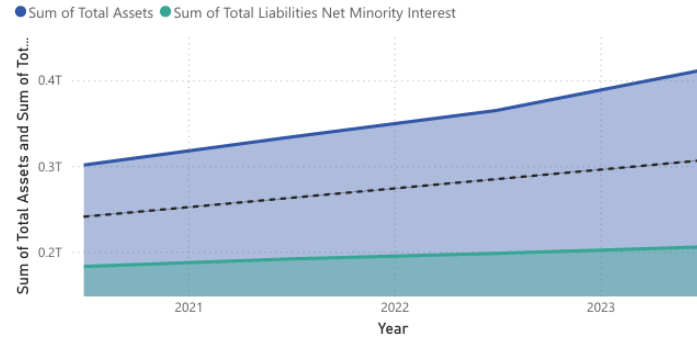


Sum of Basic EPS by Year, Quarter, Month and Day

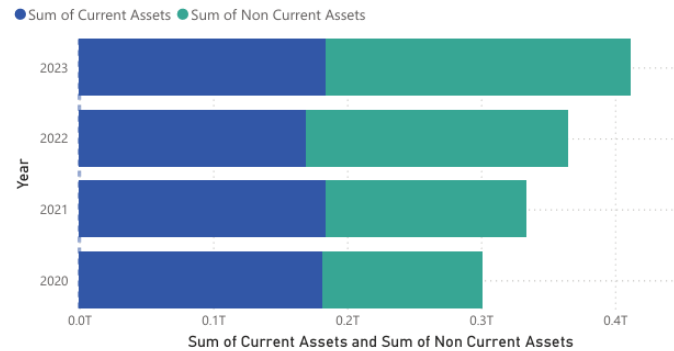


# Balance Sheet Dashboard

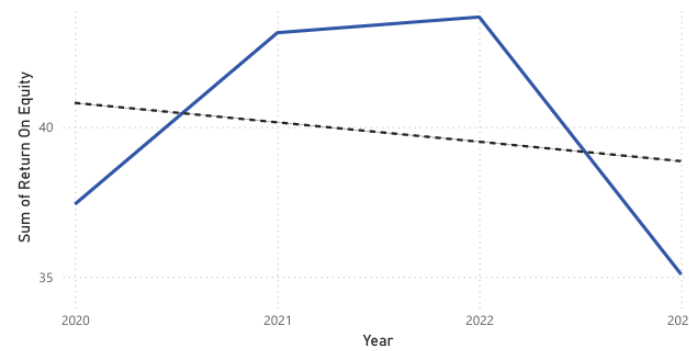
Sum of Total Assets and Sum of Total Liabilities Net Minority Interest by Year, Quarter, Month and Day



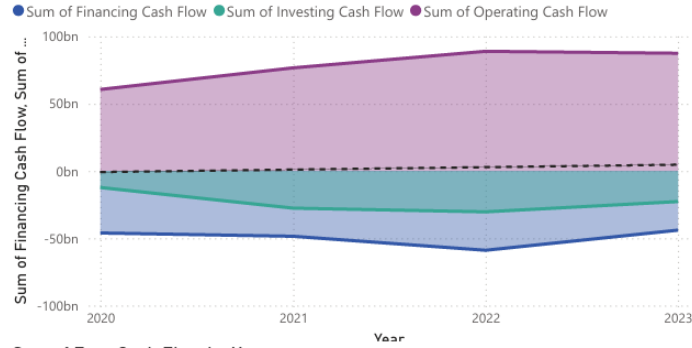
Sum of Current Assets and Sum of Non Current Assets by Year



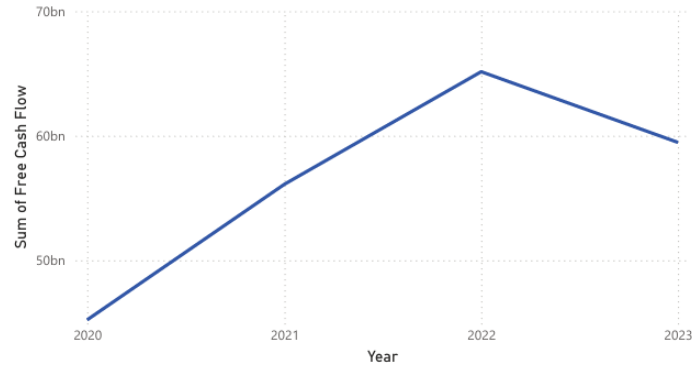
Sum of Return On Equity by Year



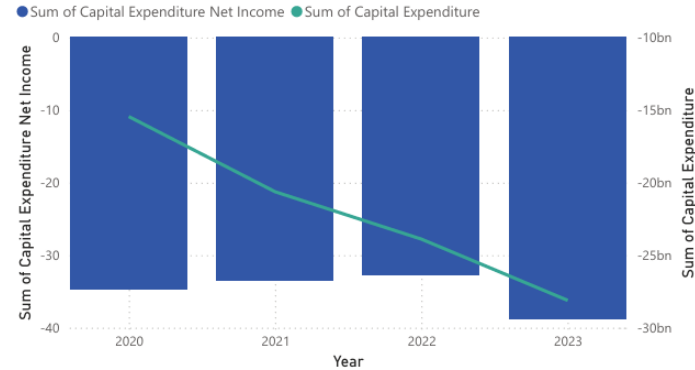
Sum of Financing Cash Flow, Sum of Investing Cash Flow and Sum of Operating Cash Flow by Year



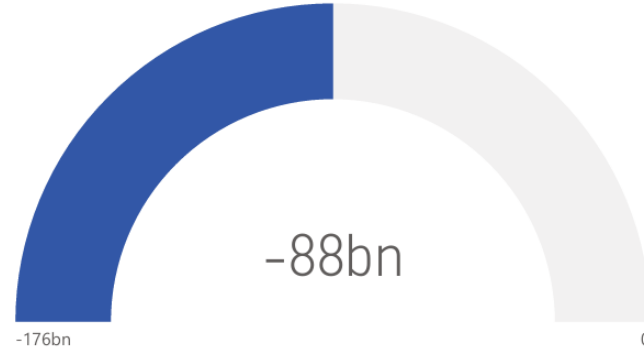
Sum of Free Cash Flow by Year



Sum of Capital Expenditure Net Income and Sum of Capital Expenditure by Year



Sum of Capital Expenditure and Sum of Total Revenue



# Cashflow Statement Dashboard

# Discussion

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- The result indicate that Microsoft has good track record of financial health and performance
- These findings show that Microsoft is financially strong, with steady revenue growth, high profit margins, and effective cost management strategies.
- These finding highlight Microsoft's strength and competitiveness in the market. Investor can trust the company to deliver sustainable return. While stake holders see Microsoft as stable and capable of handling economic changes
- However, the result does not provide insight into future challenges that Microsoft might face such as regulatory changes or shift in consumer preference.
- The financial metric indicate strength they don't capture intangible factor such as innovation or leadership succession, which are also pivotal for long term success
- Future studies should investigate how Microsoft financial strategies support is corporate strategy and competitive edge, and how technological advancement and market trend affect Microsoft's financial performance

# Conclusion

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Microsoft shows strong financial performance marked by high profit margin, effective cost management strategies and revenue growth.

Throughout this analysis, Microsoft can generate income through investor funding, expand strategically, manage risk effectively and maintain high net and gross profit.

However its financial performance may fluctuate due to factors such as competitive pressure, technological disruption and research and development.

For investor, understanding these factors help them evaluate how well Microsoft can handle challenges and maintain growth in the competitive technology industry.

Final thought, Microsoft demonstrates strong financial performance, investor should consider its ability to adapt to industry challenges for sustained growth.

# Appendix

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**GitHub pages:** <https://github.com/HAZCHEM234/Financial-Analysis-of-Microsoft-Corporation>



**Dashboard:** [https://github.com/HAZCHEM234/Financial-Analysis-of-Microsoft-Corporation/blob/main/Microsoft financial analysis.pdf](https://github.com/HAZCHEM234/Financial-Analysis-of-Microsoft-Corporation/blob/main/Microsoft%20financial%20analysis.pdf)



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