

Microsoft - Q3 2023 Financial Report

Metric	Value
Revenue	\$40,945,882.00
Growth Rate	14.7%
Profit Margin	19.6%

****Microsoft Corporation: Q3 2023 Financial Report**** ****Executive Summary:**** Microsoft delivered a strong Q3 2023, demonstrating resilience and continued growth despite macroeconomic headwinds. Revenue reached \$53.7 billion, reflecting a 7% increase year-over-year, or 9% in constant currency. Operating income was \$22.5 billion, up 10% year-over-year, showcasing disciplined cost management. These results underscore the strength of our cloud-first strategy and the enduring demand for our productivity and collaboration solutions.

****Revenue Performance:**** Our Intelligent Cloud segment, driven by Azure, remains a significant growth engine. Azure and other cloud services revenue increased 27% year-over-year (29% in constant currency), contributing significantly to the overall Intelligent Cloud revenue of \$22.1 billion, up 16%. Productivity and Business Processes, including Office 365, LinkedIn, and Dynamics 365, generated \$17.5 billion in revenue, up 11%. Office 365 Commercial revenue grew 13%, reflecting continued adoption of cloud-based productivity solutions. More Personal Computing revenue was \$14.1 billion, down 9%, primarily due to the challenging PC market impacting Windows OEM and Devices revenue.

****Key Business Highlights:**** Q3 saw significant advancements across our key business areas. We deepened our commitment to AI, integrating Azure OpenAI Service into more enterprise applications. Adoption of Microsoft Teams continued to grow, exceeding 300 million monthly active users. We also announced strategic partnerships to expand our reach in key verticals, including healthcare and financial services, further solidifying our position as a leading technology partner.

****Market Conditions and Competitive Landscape:**** The cloud computing and software sector remains dynamic and competitive. While overall IT spending is facing scrutiny amidst economic uncertainty, the demand for cloud services, AI, and digital transformation continues to drive growth. Competition from Amazon Web Services (AWS), Google Cloud Platform (GCP), and other players remains intense. Microsoft's differentiated approach, focusing on hybrid cloud solutions, developer tools, and enterprise-grade security, provides a competitive edge.

****Forward-Looking Statements and Guidance:**** While mindful of the evolving macroeconomic environment, we remain confident in our long-term growth prospects. For Q4 2023, we anticipate revenue in the range of \$54.7 billion to \$55.7 billion. We expect continued strong performance in Azure and Office 365, while closely monitoring PC market trends. Our strategic investments in AI and cloud infrastructure, coupled with our commitment to innovation, position Microsoft for sustained success in the years ahead.