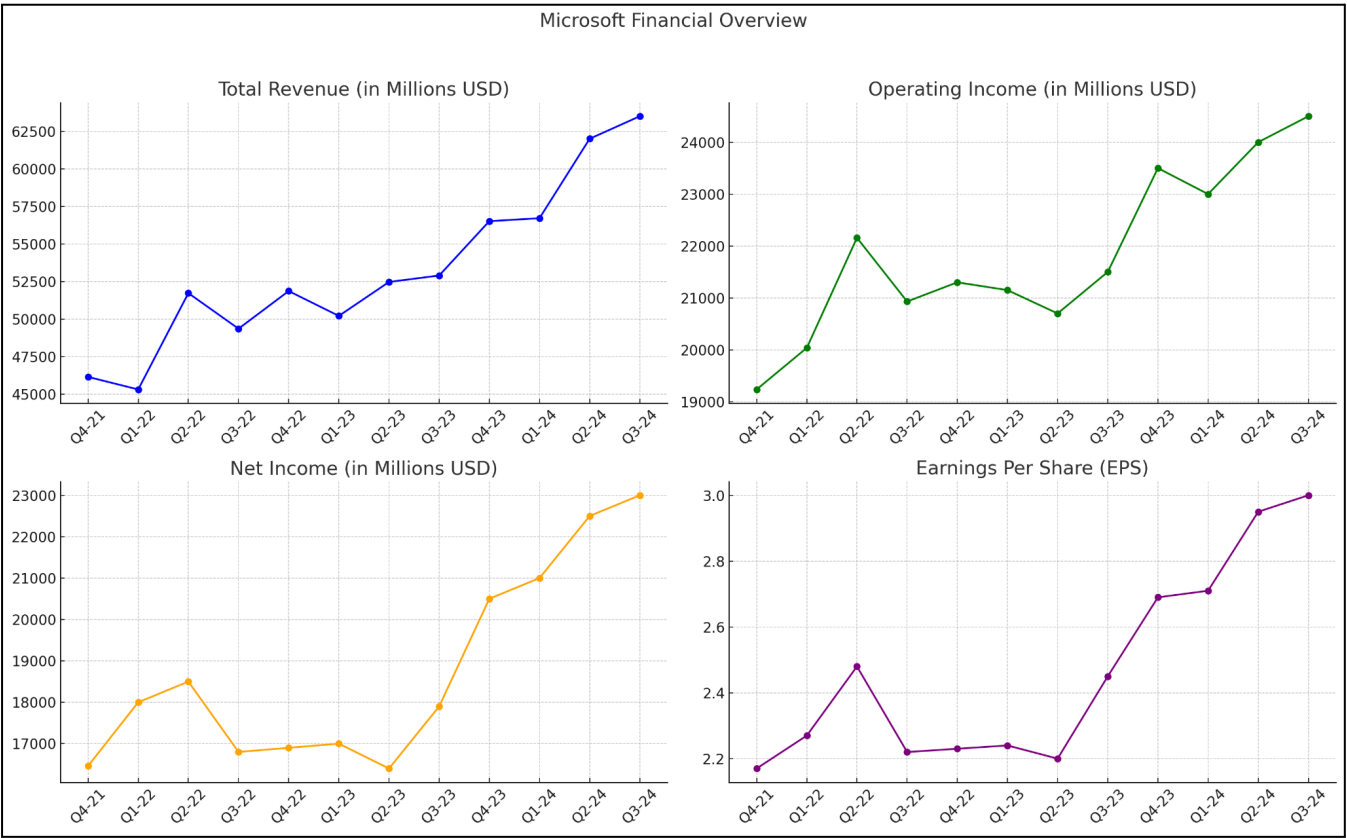


# Financial Performance Report - Microsoft Corporation

**Quarter:** Q3 FY24  
**Audience:** Investors | Analysts | Financial Decision-Makers  
**Prepared By:** Pathu T  
**Date:** 12-06-2025

## Executive Summary

Microsoft delivered a strong Q3 FY24 performance, reinforcing its leadership in technology, enterprise solutions, and AI-integrated services. With robust revenue growth and solid margins, the company continues to outperform broader indices such as the S&P 500 and NASDAQ Composite.



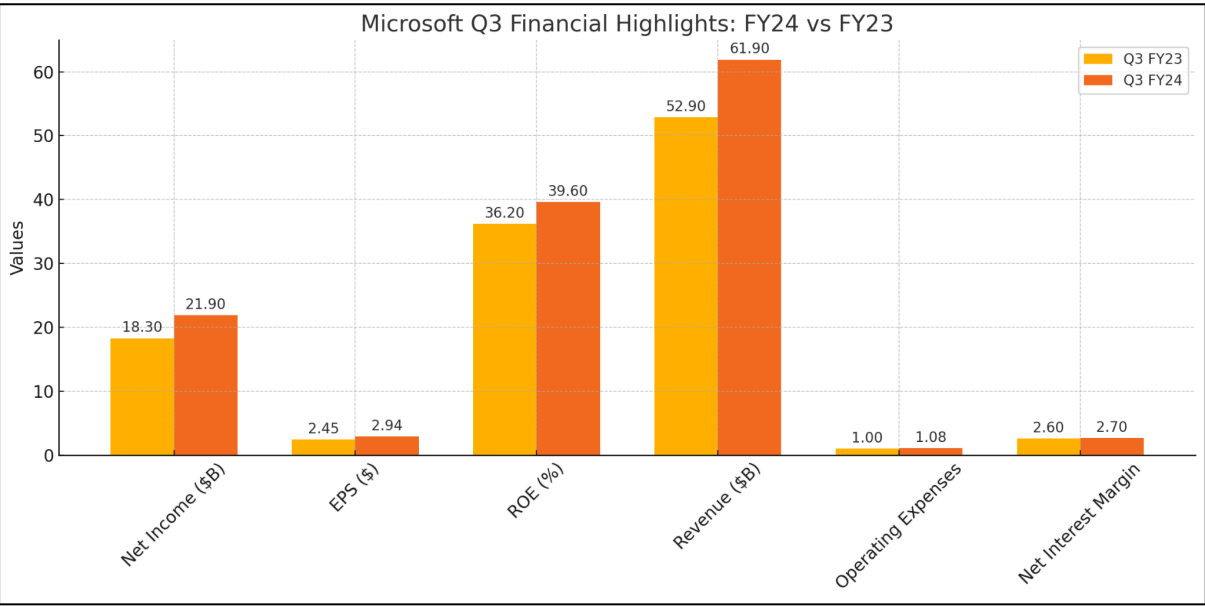
Key accomplishments this quarter:

- Revenue and net profit saw double-digit growth YoY.
- Strong return on equity and improved cost-to-income ratio.
- Leadership in enterprise cloud and productivity tools (Azure, Office 365).
- Strategic focus on AI, platform unification, and enterprise integration.

Financial Highlights

Performance Indicators (Q3 FY24 vs Q3 FY23):

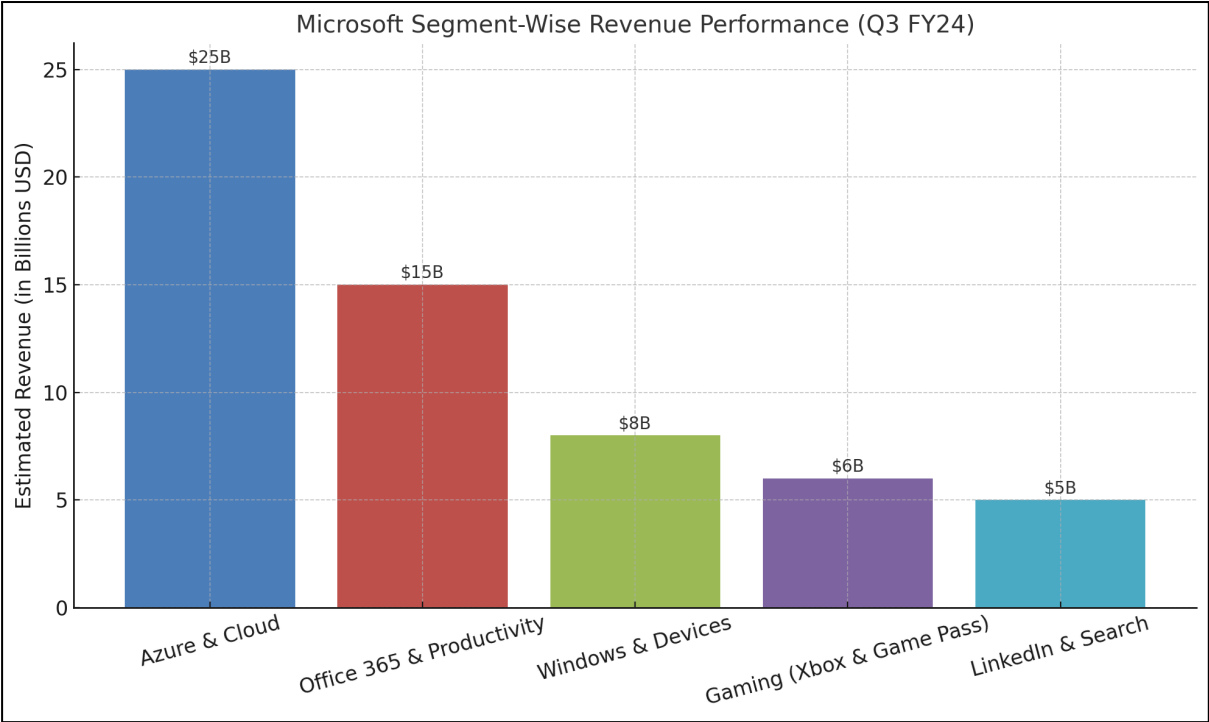
- Net Income: Grew from \$18.3B to \$21.9B (~+20%)
- EPS: Rose from \$2.45 to \$2.94
- Return on Equity (ROE): Improved from 36.2% to 39.6%
- Revenue: \$61.9B this quarter, up from \$52.9B (+17%)
- Operating Expenses: Grew moderately, controlled within revenue limits
- Net Interest Margin: Slight uptick due to higher yields on cash reserves
- Leverage Ratio: Stable at 1.93x



## Segment-Wise Performance

Microsoft’s diverse revenue streams reflect a balanced strategy:

- **Azure & Cloud:** Rapid growth driven by AI services, enterprise migration, and security solutions. Estimated ~\$25B quarterly contribution.
- **Office 365 & Productivity:** Continued growth in enterprise subscriptions and embedded AI tools.
- **Windows & Devices:** Stable recovery post-pandemic; refreshed demand cycles.
- **Gaming (Xbox & Game Pass):** Slight growth due to subscription revenue and digital sales.
- **LinkedIn & Search:** Modest but consistent revenue, driven by B2B marketing and job solutions.

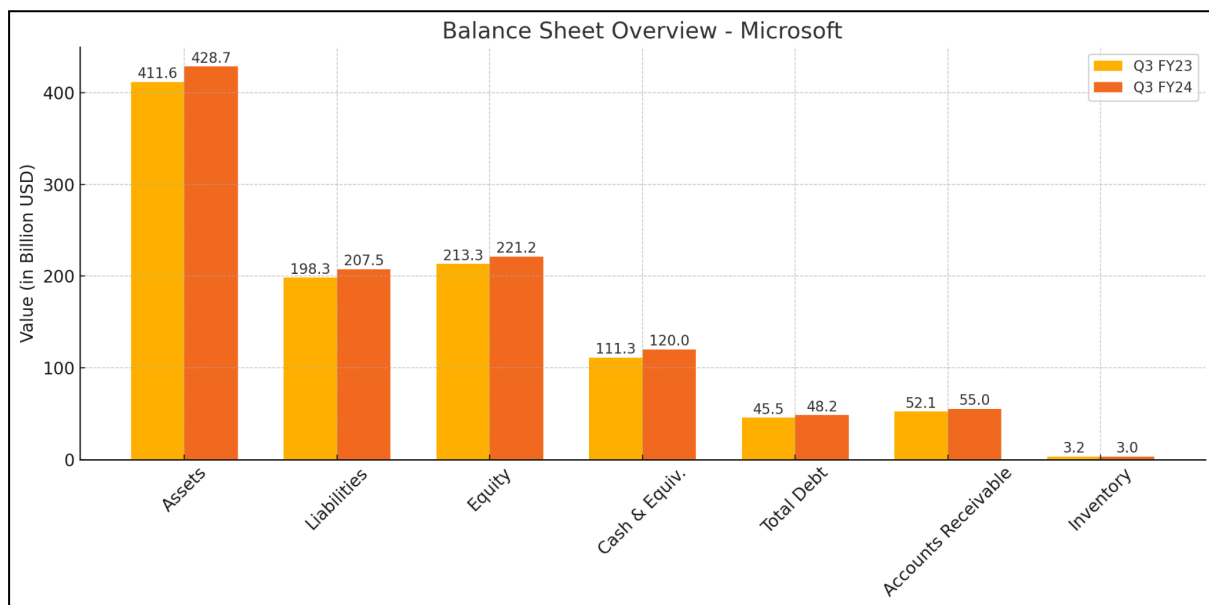


## Balance Sheet Overview

### Strength Indicators:

- **Total Assets:** \$428.7B (↑ 4.2% YoY)
- **Cash & Cash Equivalents:** \$120.0B (↑ 7.8% YoY)
- **Equity:** \$221.2B – reflects strong retained earnings and low dividend pressure
- **Total Debt:** \$48.2B – moderate and manageable
- **Inventory:** Lean inventory supports supply chain efficiency

The balance sheet reflects prudent financial management and a robust capital structure, ensuring liquidity and flexibility for future investments or M&A.



## Strategic Insights

Microsoft's momentum is powered by forward-looking investments and stable fundamentals:

- **AI Leadership:** Integrating AI into every layer – Azure AI, Copilot in Office, GitHub Copilot.
- **Cloud Expansion:** Azure continues to gain market share with global enterprise adoption.

- **M&A Strategy:** Investing in smaller, high-value acquisitions to enhance capabilities.
  - **Risk Management:** Well-positioned to withstand macro risks, with stable currency hedging and strong global presence.
  - **Digital Ecosystem:** Strong community and ecosystem in gaming, cloud, and dev tools.
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## Market Insights

- **Market Sentiment:** Investor confidence remains high due to consistent quarterly performance.
  - **External Environment:** Microsoft navigated inflation, interest rate volatility, and global tech regulation with resilience.
  - **Stock Performance:** Microsoft stock outpaced NASDAQ and S&P 500 indices in Q3 FY24.
  - **Competitive Landscape:** Maintains edge over AWS in enterprise services; rapidly catching up in AI with strategic partnerships.
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## Conclusion

Microsoft is poised for sustainable growth across segments, especially in AI and cloud infrastructure. Its financial discipline, global presence, and focus on innovation reinforce its attractiveness to investors. The company balances short-term execution with long-term vision, ensuring continued value creation.

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### ChatGPT conversation link:

<https://chatgpt.com/share/684a6d02-942c-800a-8b21-2ad7c61af276>

### Sources used:

Official Microsoft Q3 FY24 Earnings, Financial Statements, and Market Data