

Microsoft revenues suffer from slowdown in PC sales

CE Noticias Financieras English

July 26, 2022 Tuesday

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Length: 277 words

Body

Microsoft Corp MSFT.O **missed** quarterly **revenue estimates on Tuesday**, hit by a higher dollar, slowing personal computer sales and lower advertising spending.

Shares of the Redmond, Washington-based company were down about 1% in after-hours trading. The paper has lost about 25% this year.

Microsoft faces **pressure from a stronger dollar** because it earns about half of its revenue outside the United States. That led the company in June to cut its earnings and revenue forecasts for the quarter.

The .DXY dollar index rose more than 2% in the quarter ended June and nearly 12% this year, compared with a 1% drop a year earlier during the same period.

Microsoft's Azure cloud service grew 40%, compared with analyst estimates of a 43.1% advance, according to Visible Alpha.

Read: Wall Street closes sharply lower after Walmart warning spooks investors

Microsoft said its advertising revenue fell in LinkedIn, Search and News.

Revenue from its personal computer segment came in at \$14.4 billion, compared with estimates of a \$14.68 billion bill.

Advancing **inflation has reduced spending and weigh** ed on consumer **demand for PCs**, causing overall shipments to drop 15% in the second quarter, according to research firm Canalys.

Microsoft reported total revenue of \$51.87 billion in the fourth quarter, compared with sales of \$46.15 billion in the year-ago period. Analysts on average expected revenues of 52.44 billion dollars, according to Refinitiv IBES data.

Net income increased to 16.74 billion dollars, or 2.23 dollars per share, during the quarter ended June 30, from gains of 16.46 billion dollars, or 2.17 dollars per share, reported in the same quarter of the previous year.

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End of Document

Microsoft results disappoint, impacted by slowdown in equipment sales and dollar hike

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Body

Microsoft Corp missed quarterly revenue estimates, impacted by a higher dollar, slowing personal computer sales and lower advertising spending.

The company's shares were down about 1% in after-hours trading. The paper has lost about 25% this year.

The company faces pressure from a stronger dollar because it earns about half of its revenue outside the United States. That led the company in June to cut its fourth-quarter earnings and revenue forecasts.

The dollar index rose more than 2% in the quarter ended June and nearly 12% this year, compared with a 1% drop a year earlier during the same period.

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Personal Computers

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Microsoft Q4 Results Miss Street View As Cloud Business Growth Slows Down

CE Noticias Financieras English

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Body

Software giant **Microsoft Corp.** (MSFT) Tuesday reported fourth-quarter results, with both earnings and revenues missing Wall Street estimates, as cloud business growth slows down.

Net income for the fourth quarter was \$16.74 billion or \$2.23 per share, up from \$16.46 billion or \$2.17 per share in the same quarter last year. Twenty-nine analysts polled by Thomson Reuters expected earnings of \$2.30 per share for the quarter.

Microsoft said its revenues grew 12% to \$51.87 billion from \$46.15 billion last year. Analysts had a consensus revenue estimate of \$52.47 billion.

"In a dynamic environment we saw strong demand, took share, and increased customer commitment to our cloud platform. Commercial bookings grew 25% and **Microsoft** Cloud revenue was \$25 billion, up 28% year over year," said CFO Amy Hood.

The revenue from intelligent cloud services increased to \$20.9 billion in the quarter, up 20% from last year, driven by Azure and other cloud services revenue growth of 40%. However, Azure and other cloud services revenues has slowed down compared to previous quarter's 46% growth.

Revenue in Productivity and Business Processes increased 13% to \$16.6 billion, with office commercial products and cloud services revenue up 9 percent driven by Office 365 commercial revenue growth of 15 percent.

Revenues in More Personal Computing segment, which includes Windows operating system, increased 2 percent to \$14.4 billion.

MSFT closed Tuesday's trading at \$251.90, down \$6.93 or 2.68%, on the Nasdaq. The stock further slipped \$3.13 or 1.24% in the after-hours trading.

For more earnings news, earnings calendar, and earnings for stocks, visit rttnews.com

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WALL STREET RISES ON MICROSOFT AND ALPHABET GAINS AHEAD OF FED VERDICT

CE Noticias Financieras English

July 27, 2022 Wednesday

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Body

The tech-heavy Nasdaq led Wall Street's major indexes Wednesday with gains of more than 2% as upbeat quarterly reports from **Microsoft** and Alphabet lifted spirits ahead of a key U.S. interest rate decision.

* Investors were jittery after an earnings warning from top U.S. retailer Walmart stoked fears of a further slowdown in spending as high inflation drives up costs for consumers.

* All three indexes had closed lower in the previous session.

* **Microsoft Corp** shares rose 4.8% after anticipating that revenues will grow at a double-digit percentage rate this fiscal year, thanks to demand for cloud computing services.

* Alphabet Inc added 5.1% as better-than-expected sales of Google search ads came as a relief, after last week's warning from social networking company Snap Inc had raised fears of a slowdown in the advertising market.

* The S&P 500 communication services index added 3.1%, its first gain in five sessions, and led sector gains. Technology stocks were up 2.8%.

* Meta Platforms Inc shares added 3% ahead of its quarterly report after the markets closed, while Apple Inc shares rose 1.75% and Amazon.com Inc shares gained 3.1%.

* Investors expect the U.S. central bank to raise interest rates another 75 basis points later on Wednesday, with attention likely to focus on the depth of signs of an economic slowdown seen by policy makers.

* At 1432 GMT, the Dow Jones Industrial Average was up 124.17 points, or 0.39 percent, at 31,884.93 units, while the S&P 500 advanced 48.43 points, or 1.24 percent, to 3,969.48 units.

* The Nasdaq gained 278.792 points, or 2.41 percent, to 11,841.367 units.

(Reporting by Shreyashi Sanyal, Sruthi Shankar and Aniruddha Ghosh in Bengaluru; Edited in Spanish by Javier López de Lérida)

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WALL STREET RISES ON MICROSOFT AND ALPHABET GAINS AHEAD OF FED VERDICT

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Wall Street advances boosted by Microsoft and Alphabet

CE Noticias Financieras English

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Body

Foto EE: Archivo

Wall Street' s three major indices are advancing Wednesday morning. The market is tinged with green, boosted by quarterly results that beat analysts' expectations, as investors await the U.S.

Federal Reserve

's (Fed) monetary policy announcement later today.

The **Dow Jones** main index of 30 industrial giants is up 0.38% at 31,882.16 points. The extended benchmark **S&P 500**, of the market's top 500 companies, advances 1.25% to 3,970.22 units. The tech-heavy **Nasdaq** market index moves 2.38% to a level of 11,837.92 units.

Quarterly results from two of the biggest tech giants, **Microsoft Corp.** and **Alphabet Inc.**

beat analysts' estimates, who had been wary due to the economic slowdown and inflation. Shares of these two companies soared more than 5% in trading.

MSFT Chart by TradingView

"Both companies' results were hurt by a strong dollar, but were generally satisfactory. The two tech giants also took the opportunity to reaffirm their 2023 targets, despite the current complicated economic and political backdrop," said David Derhy, market analyst at eToro.

The rest of the mega-cap tech giants will release their results later this week. Later in the day, the Federal Reserve will release its monetary policy decision. Analysts expect it to raise interest rates by 75 basis points, its fourth consecutive increase.

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Microsoft Adds Video Sharing Features In Teams To Energize The Co-working App

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Body

Chipmaker **Microsoft Corp.** (MSFT) on Tuesday announced a new portal Viva Engage, coming to the Teams communication app, which would let co-workers share video stories documenting their activities.

The portal is expected to make the Teams app livelier. The chat app had over 270 million active users in January. The app is the main component of **Microsoft** Office, which contributes around 23 percent of the company's \$49 billion in quarterly revenue.

Similar capabilities were earlier used in Snapchat, Instagram, Twitter and even **Microsoft**-owned LinkedIn. Twitter and LinkedIn both stopped their stories features in 2021.

Workers communicate mainly through emails, documents, spreadsheets and presentations and the new portal is expected to make things livelier, especially for the younger generation who are used to getting information from short-form videos.

Dan Holme, product lead for Viva Engage, told CNBC, "There was a real interest in using video as a richer way to express messages and thoughts within an organization, whether it's something just to keep your team going, whether it's capturing or meeting recording, or whether it's on a broader level across an organization. Because video allows people to express things in their own voice and captures much richer body language and signals there."

Viva Engage will replace the Communities app, which brought the enterprise-oriented social network Yammer into Teams, following **Microsoft's** \$1.2 billion acquisition of Yammer in 2012.

Users will be able to record stories for circulation on the portal with the help of high-quality PC webcams, or they can use the Teams or Yammer apps for mobile devices, he added. said.

The software will showcase recommended stories from other co-workers, and users can comment or add emoji reactions. The feature does not limit the circulation of a video story to a small group of colleagues. And the story won't vanish after 24 hours and the video will be available on the creator's page until it's deleted.

Rather than evaluate success by simply counting active users, which is the usual approach in social networks targeting consumers, **Microsoft** will give importance to creation activity. "We want to see people actually connecting and then see the outcome of that connection," Holme said.

The stories feature will be available in Teams for no additional fees along with Office subscriptions later this summer. It will eventually be launched in **Microsoft's** Outlook and Yammer applications, the company said.

Load-Date: August 17, 2022

Microsoft Adds Video Sharing Features In Teams To Energize The Co-working App

End of Document

Netflix will rely on Microsoft for its ad-backed video service

Telegraph Herald (Dubuque, IA)

July 16, 2022 Saturday

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Section: A; Pg. 9

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Body

The Associated Press

SAN FRANCISCO - Netflix has picked **Microsoft** to help deliver the commercials in a cheaper version of its video streaming service expected to launch later this year with a pledge to minimize the intrusions into personal privacy that often accompany digital ads.

The alliance announced Wednesday marks a major step toward Netflix's first foray into advertising after steadfastly refusing to include commercials in its video streaming service since its inception 15 years ago. Netflix announced it would abandon its resistance to ads three months ago after disclosing it had lost 200,000 subscribers during the first three months of the year amid stiffer competition and rising inflation that has pressured household budgets, causing management to realize the time had come for a less-expensive option.

Netflix has warned it will likely report even larger subscriber losses for the April-June period, increasing the urgency to roll out a cheaper version of its service backed by ads to help reverse customer erosion. That decline has contributed to a 70% decline in its stock price so far this year, wiped out in about \$190 billion in shareholder wealth and triggered hundreds of layoffs.

The Los Gatos, Calif., company is scheduled to release its April-June numbers on July 19, but still hasn't specified when its ad-supported option will be available except it will roll out before 2023. Netflix's announcement about the **Microsoft** partnership also omitted a crucial piece of information: the anticipated price of the ad-supported option.

"It's very early days and we have much to work through," Greg Peters, Netflix's chief operating officer, said in a post that also highlighted **Microsoft's** "strong privacy protections."

Landing the ad deal with a video streaming service that boasts more than 220 million subscribers represents a major coup for **Microsoft**, which has been engaged in a long-running and often acrimonious battle for the past 20 years with Google, the dominant force in digital advertising.

"This deal gives **Microsoft** something its growing ad business has lacked - quality streaming video inventory that has potential to scale" said Insider Intelligence analyst Ross Benes.

Mikhail Parakhin, **Microsoft's** president of web experiences, said the Redmond, Washington, company is "thrilled" with Netflix's choice in a post that also underscored the company's commitment to privacy.

While **Microsoft** still makes software that powers most of the world's personal computers, Google has become increasingly powerful through its dominant search engine, ubiquitous Android software for smartphones and other popular digital services that last year generated more than \$200 billion in ad revenue - far more than any other marketing network.

Netflix will rely on Microsoft for its ad-backed video service

But Google ad sales depend heavily on the personal information that its mostly free services collect about their billions of worldwide users, a form of surveillance that Netflix evidently wants to avoid with the commercial interruptions in its video service to lessen the chances of alienating subscribers. Google also owns YouTube's video site, which already competes against Netflix for people's attention and will soon be an advertising rival, too.

Microsoft also may have had another factor working in its favor. Netflix Inc.'s co-founder and co-CEO, Reed Hastings, served on **Microsoft Corp.**'s board of directors from 2007 to 2012.

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Microsoft sales growth slows on tepid demand, strong dollar

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Body

Microsoft Corp. on Tuesday reported quarterly sales and earnings below analysts' projections, held back by a stronger dollar and weaker demand for cloud computing services, personal computer software and advertising on its online properties.

Revenue in the fourth quarter, which ended June 30, rose 12% to US\$51.9 billion, the software maker said Tuesday in a statement. **Net income rose to US\$16.7 billion**, or US\$2.23 per share. On average, analysts had estimated sales of \$52.4 billion and \$2.29 per share in profit, according to a Bloomberg survey. Revenue growth in Azure's cloud-computing services slowed to 4%, a closely watched rate that also missed forecasts.

The rising U.S. dollar, which reduces the value of foreign sales, hurt revenue and earnings in the quarter, prompting Microsoft to cut its forecasts in early June. The company has slowed hiring in divisions such as Azure and Office, which makes productivity software for PCs.

Overall sales rose less from September 2020, with Azure growth rates continuing to slow and the broader PC market on track for a year-over-year decline. Demand slowed further in the final weeks of **Microsoft's** quarter as customers delayed purchases in anticipation of a possible global recession, said Derrick Wood, an analyst at Cowen.

"After Memorial Day, things started to slow down and you started to hear more cautious buying behavior and longer sales cycles," Wood said. Those headwinds may affect the company's forecast even more than last quarter's results, he said, and foreign exchange rates have become even less favorable since **Microsoft** cut projections last month.

Analysts forecast Azure revenue would rise 44%, according to a Jefferies note. In the fiscal third quarter, the division posted 46% growth.

Microsoft shares were little changed in extended trading after the results were known, after falling 2.7% to \$251.90 at the close in New York. While the stock jumped 51% in 2021, it has fallen 25% so far this year amid a slump in big tech stocks.

Excluding the currency impact, Azure's growth was 1% lower than expected in April, Chief Financial Officer Amy Hood said in an interview. Still, the company signed a record number of Azure contracts worth more than \$100 million and \$1 billion, she said.

Commercial bookings, a measure of future sales to corporate customers, were "significantly" better than the company expected, rising 25%, an indication that corporate demand for **Microsoft** software remained strong in the quarter. "We do most of our commercial bookings business in June and it was a record quarter for us and much better than we had planned," Hood said.

Redmond, Washington-based **Microsoft** in June cut its sales and earnings forecast for the quarter, blaming the stronger U.S. dollar for a \$460 million revenue hit. **The software giant said Tuesday that currency impacts were**

Microsoft sales growth slows on tepid demand, strong dollar

even more pronounced than it projected. The war in Ukraine caused the company to scale back its operations in Russia, resulting in accounting charges of \$126 million. In addition, hardware production shutdowns in China and the worsening PC market affected sales of Windows operating system software to computer manufacturers.

Microsoft also recorded \$113 million in severance payments in the recent period. Earlier this month, **Microsoft** said it cut less than 1% of its 180,000-person workforce, affecting groups such as consulting and customer solutions, but said it planned to end the current fiscal year with a larger workforce. The company also eliminated many open positions and reduced hiring even in units that make Azure, Windows, Office and security software. These hiring restrictions will continue for the foreseeable future, the company said last week.

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End of Document

Microsoft forecasts double-digit revenue growth, soothes market fears

The Financial Express (Bangladesh)

July 27, 2022 Wednesday

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Dateline: Dhaka

Body

Dhaka, July 27 -- **Microsoft Corp** on Tuesday forecast revenue this fiscal year would grow by double digits, driven by demand for cloud computing services and sending shares up 5 per cent.

The strong outlook shows **Microsoft** continues to benefit from the pandemic-led shift to hybrid work models and comes at a time when investors are bracing for an economic downturn, with inflation roaring and consumers cutting spending, reports Reuters.

Bob O'Donnell, an analyst for TECHanalysis Research, said **Microsoft's** forecast shows that despite the negative economic trends, companies continue to move more business and work online.

"I don't think it's unique to **Microsoft**," he said about the outlook. "**Microsoft** is extraordinarily well positioned because of the range of businesses it has and the critical role their software and computing services play for organisations."

Despite the positive forecast for the fiscal year starting July 1, **Microsoft** results for the fourth quarter amounted to a slight miss, hurt by a stronger dollar, slowing sales of PCs and lower advertiser spending.

Still **Microsoft** had its best quarter for its cloud business with record bookings for its cloud service called Azure, said Brett Iversen, **Microsoft's** general manager of investor relations.

Azure growth was 40 per cent, missing the 43 per cent analyst target compiled by Visible Alpha. It was up 46 per cent if foreign exchange factors are eliminated. In its broader Intelligent Cloud division, revenue was up 20 per cent to \$20.9 billion, ahead of the average Wall Street target of \$19.1 billion, according to Refinitiv.

For the first quarter ending Sept 30, the Intelligent Cloud division was forecast to bring in \$20.3 billion to \$20.6 billion, with the upper end slightly above analysts' forecasts.

"We are seeing larger and longer-term commitments and won a record number of \$100 million-plus and \$1 billion-plus deals this quarter," said CEO Satya Nadella. "We have more data center regions than any other provider and we will launch 10 regions over the next year."

Microsoft faces pressure from a stronger greenback as it gets about half of its revenue from outside the United States. That led the company to lower its fourth-quarter profit and revenue forecasts in June. Shares of the Redmond, Washington-based company have fallen about 25 per cent this year.

The US dollar index .DXY rose over 2 per cent in the quarter ended June and nearly 12 per cent this year, compared to a 1 per cent drop a year earlier for the same period.

Without the stronger dollar, the company's 12 per cent year-on-year revenue growth would have been 4 percentage points higher, Iversen said. Three main factors reduced fourth-quarter revenue by about \$1 billion.

Microsoft forecasts double-digit revenue growth, soothes market fears

Foreign exchange negatively impacted revenue by nearly \$600 million. A slowdown in the PC market hit Windows OEM revenue by over \$300 million. And advertising spend slowdown hit LinkedIn and Search and news ad revenue by over \$100 million.

"With **Microsoft** being the size that they are, it's hard for them not to reflect the overall economy," John Freeman, vice president of equity research at CFRA Research. "We've got inflation and that's obviously going to dampen consumer demand."

Softer consumer demand also hit gaming revenue, which fell 7 per cent year-on-year due to a drop in Xbox hardware, content and services, the company said. It is expected to fall in the low to mid-single digits this quarter, driven by declines in first-party content.

Microsoft reported revenue of \$51.87 billion in the fourth quarter, compared with \$46.15 billion a year earlier. Analysts on average had expected revenue of \$52.44 billion, according to Refinitiv IBES data.

Net income rose to \$16.74 billion, or \$2.23 per share, during the quarter ended Jun 30, from \$16.46 billion, or \$2.17 per share, a year earlier.

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Apple initiates bond sale to fund buybacks and dividends

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Body

Apple Inc. is tapping the investment-grade debt market with a sale of up to four tranches.

The longest part of the offering, a 40-year instrument, may yield about 150 basis points over U.S. Treasuries, according to a person familiar with the matter.

Proceeds from the sale will be used for general corporate purposes, including funding share repurchases and dividends, said the person, who asked not to be identified because the details are confidential.

The sale comes after the U.S. primary market for investment-grade bonds came back to life in the second half of July amid a credit market rally.

Many of the big banks made large debt sales after reporting their results, which helped supply beat expectations for the month. The momentum is expected to continue this week, with Wall Street's syndicated debt desks expecting new investment-grade issuance of around \$30 billion.

Apple appears to be taking advantage of recent stability and the relatively cheaper cost of funding in the high-grade market. Yields on Bloomberg's benchmark investment-grade index hit a nearly two-month low on Friday.

The iPhone maker's cash and cash equivalents reserves total nearly \$180 billion, while it has paid about \$14 billion in dividends in each of the past three years.

Goldman Sachs Group Inc, JPMorgan Chase & Co and Bank of America **Corp** are leading the sell-off, the person said.

In December, Apple's long-term credit rating was upgraded to Aaa by Moody's Investors Service, putting it in an exclusive tier alongside **Microsoft Corp.** and Johnson & Johnson as the only U.S. companies in the S&P 500 with the highest possible credit rating.

Load-Date: September 7, 2022

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