



# Fourth Quarter Fiscal Year 2025 Outlook

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This presentation contains forward-looking statements, which are any predictions, projections, or other statements about future events.

These statements are based on current expectations and assumptions that are subject to risks and uncertainties. Actual results could materially differ because of factors discussed in today's earnings press release, in the comments made during the conference call, and in the Risk Factors section and other sections of our Form 10-K, Forms 10-Q, and other reports and filings with the Securities and Exchange Commission.

We do not undertake any duty to update forward-looking statements.

# FY25 Q4 Outlook

Foreign currency impact	<ul style="list-style-type: none"><li>• Increase to total revenue growth of 1 point, with 1 point in Productivity and Business Processes, and less than 1 point in Intelligent Cloud and More Personal Computing</li><li>• Increase to COGS growth and Opex growth of less than 1 point</li></ul>
Productivity and Business Processes	<ul style="list-style-type: none"><li>• Revenue of \$32.05 to \$32.35 billion</li></ul>
Intelligent Cloud	<ul style="list-style-type: none"><li>• Revenue of \$28.75 to \$29.05 billion</li></ul>
More Personal Computing	<ul style="list-style-type: none"><li>• Revenue of \$12.35 to \$12.85 billion</li></ul>
Cost of revenue	<ul style="list-style-type: none"><li>• COGS of \$23.6 to \$23.8 billion</li></ul>
Operating expenses	<ul style="list-style-type: none"><li>• Expenses of \$18.0 to \$18.1 billion</li></ul>
Other income and expense	<ul style="list-style-type: none"><li>• Expected to be roughly \$(1.2) billion</li></ul>
Effective tax rate	<ul style="list-style-type: none"><li>• Approximately 19%</li></ul>

# FY25 Q4 Outlook Detail

## Commercial Business

Commercial bookings	Solid growth on a growing expiry base
Microsoft Cloud gross margin percentage	Roughly 67%

## Productivity and Business Processes

Microsoft 365 Commercial cloud revenue	Growth of approximately 14% in constant currency
Microsoft 365 Commercial products revenue	Growth in mid-single digits
Microsoft 365 Consumer cloud revenue	Growth in mid-teens
LinkedIn revenue	Growth in high-single digits
Dynamics 365 revenue	Growth in mid- to high-teens

## Intelligent Cloud

Azure and other cloud services revenue	Growth of 34% to 35% in constant currency
Server products revenue	Decline in mid-single digits
Enterprise and partner services revenue	Growth in mid- to high-single digits

## More Personal Computing

Windows OEM and Devices revenue	Decline in mid- to high-single digits
Search and news advertising revenue (ex TAC)	Growth in high-teens
Gaming revenue	Growth in mid-single digits
Xbox content and services revenue	Growth in high-single digits

# Appendix

# Reconciliation of GAAP and Non-GAAP Financial Measures

Our presentation of fourth-quarter outlook includes non-GAAP financial measures. The following slides provide reconciliations between the GAAP and non-GAAP financial measures presented:

- Constant currency reconciliation

# Constant Currency Reconciliation – FY25 Q4 Outlook

(\$ in billions)	Productivity and Business Processes Revenue		Intelligent Cloud Revenue		Cost of Revenue		Operating Expenses	
	Low	High	Low	High	Low	High	Low	High
<b>FY24 Q4 As Reported (GAAP)</b>	<b>\$28.63</b>		<b>\$23.79</b>		<b>\$19.68</b>		<b>\$17.12</b>	
<b>FY25 Q4 Outlook (GAAP)</b>	<b>\$32.05</b>	<b>\$32.35</b>	<b>\$28.75</b>	<b>\$29.05</b>	<b>\$23.60</b>	<b>\$23.80</b>	<b>\$18.10</b>	<b>\$18.00</b>
Percentage Change Y/Y (GAAP)	12%	13%	21%	22%	20%	21%	6%	5%
<b>Constant Currency Impact</b>	<b>(1)%</b>		<b>(1)%</b>		<b>0%</b>		<b>0%</b>	
Percentage Change Y/Y (non-GAAP) Constant Currency	11%	12%	20%	22%	19%	20%	5%	5%

*We have recast certain prior period amounts to conform to the way we internally manage and monitor our business. Numbers may not foot as unrounded expected foreign exchange rate impact is applied to US dollar guidance range to calculate growth rates in constant currency.*

*We present constant currency information to provide a framework for assessing how our underlying businesses performed excluding the effect of foreign currency rate fluctuations. To present this information, current and comparative prior period results for entities reporting in currencies other than United States dollars are converted into United States dollars using the average exchange rates from the comparative period rather than the actual exchange rates in effect during the respective periods. The non-GAAP financial measures presented should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP. All growth comparisons relate to the corresponding period in the last fiscal year.*

