



# Second 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 Q2 Outlook

<b>Foreign currency impact</b>	<ul style="list-style-type: none"><li>• Increase to revenue growth at the total company and all individual segment levels of less than 1 point</li><li>• No meaningful impact to COGS or Opex growth</li></ul>
<b>Productivity and Business Processes</b>	<ul style="list-style-type: none"><li>• Revenue of \$28.7 to \$29.0 billion</li></ul>
<b>Intelligent Cloud</b>	<ul style="list-style-type: none"><li>• Revenue of \$25.55 to \$25.85 billion</li></ul>
<b>More Personal Computing</b>	<ul style="list-style-type: none"><li>• Revenue of \$13.85 to \$14.25 billion</li></ul>
<b>Cost of revenue</b>	<ul style="list-style-type: none"><li>• COGS of \$21.9 to \$22.1 billion</li></ul>
<b>Operating expenses</b>	<ul style="list-style-type: none"><li>• Expenses of \$16.4 to \$16.5 billion</li></ul>
<b>Other income and expense</b>	<ul style="list-style-type: none"><li>• Expected to be roughly \$(1.5) billion</li></ul>
<b>Effective tax rate</b>	<ul style="list-style-type: none"><li>• Approximately 19%</li></ul>

# FY25 Q2 Outlook Detail

## Commercial Business

Commercial bookings	Strong growth on a growing expiry base
Microsoft Cloud gross margin percentage	Roughly 70%

## Productivity and Business Processes

Microsoft 365 Commercial cloud revenue	Growth of approximately 14% in constant currency
Microsoft 365 Commercial products revenue	Decline in low-single digits
Microsoft 365 Consumer cloud revenue	Growth in mid-single digits
LinkedIn revenue	Growth of approximately 10%
Dynamics 365 revenue	Growth in mid- to high-teens

## Intelligent Cloud

Azure and other cloud services revenue	Growth of 31% to 32% in constant currency
Server products revenue	Decline in low- to mid-single digits
Enterprise and partner services revenue	Growth in low-single digits

## More Personal Computing

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

# Appendix

# **Reconciliation of GAAP and Non-GAAP Financial Measures**

Our presentation of second-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 Q2 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 Q2 As Reported (GAAP)</b>	\$25.85		\$21.53		\$19.62		\$15.37	
<b>FY25 Q2 Outlook (GAAP)</b>	\$28.70	\$29.00	\$25.55	\$25.85	\$21.90	\$22.10	\$16.50	\$16.40
Percentage Change Y/Y (GAAP)	11%	12%	19%	20%	12%	13%	7%	7%
<b>Constant Currency Impact</b>	(1)%		0%		0%		0%	
Percentage Change Y/Y (non-GAAP) Constant Currency	10%	11%	18%	20%	11%	13%	7%	7%

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.

