



First Quarter Fiscal Year 2026 Outlook

Satya Nadella
Amy Hood
Jonathan Neilson

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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.

FY26 Q1 Outlook

Foreign currency impact	<ul style="list-style-type: none">• Increase to total revenue growth of 2 points, with roughly 3 points in Productivity and Business Processes, and roughly 1 point in Intelligent Cloud and More Personal Computing• Increase to COGS growth and Opex growth of roughly 1 point
Productivity and Business Processes	<ul style="list-style-type: none">• Revenue of \$32.2 to \$32.5 billion
Intelligent Cloud	<ul style="list-style-type: none">• Revenue of \$30.1 to \$30.4 billion
More Personal Computing	<ul style="list-style-type: none">• Revenue of \$12.4 to \$12.9 billion
Cost of revenue	<ul style="list-style-type: none">• COGS of \$24.3 to \$24.5 billion
Operating expenses	<ul style="list-style-type: none">• Expenses of \$15.7 to \$15.8 billion
Other income and expense	<ul style="list-style-type: none">• Expected to be roughly \$(1.3) billion
Effective tax rate	<ul style="list-style-type: none">• Between 19% and 20%

FY26 Q1 Outlook Detail

Commercial Business

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

Productivity and Business Processes

Microsoft 365 Commercial cloud revenue	Growth of 13% to 14% in constant currency
Microsoft 365 Commercial products revenue	Growth in mid- to high-single digits
Microsoft 365 Consumer cloud revenue	Growth in low-twenties
LinkedIn revenue	Growth in high-single digits
Dynamics 365 revenue	Growth in high-teens

Intelligent Cloud

Azure and other cloud services revenue	Growth of approximately 37% in constant currency
Server products revenue	Decline in low- to mid-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 low- to mid-teens
Gaming revenue	Decline in mid- to high-single digits
Xbox content and services revenue	Decline in mid-single digits

FY26 Full Year Outlook

Foreign currency impact	<ul style="list-style-type: none">• Increase to total revenue growth of approximately 2 points• Increase to COGS growth of approximately 2 points and an increase to Opex growth of 1 point
Revenue	<ul style="list-style-type: none">• Total revenue expected to grow double-digits
Capital expenditures	<ul style="list-style-type: none">• Expect FY26 capital expenditures growth to moderate compared to FY25 with a greater mix of short-lived assets
Operating income	<ul style="list-style-type: none">• Operating income expected to grow double-digits• Operating margins expected to be relatively unchanged year-over-year
Effective tax rate	<ul style="list-style-type: none">• Between 19% and 20%

