



# First Quarter Fiscal Year 2026 Outlook

Satya Nadella  
Amy Hood  
Jonathan Neilson

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

# FY26 Q1 Outlook

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

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

