

# Microsoft Financial Report Summary

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## Financial Details for Q2 2025

### Executive Summary

**Quarter:** Q2 2025

**Reporting Period:** October 1, 2024 - December 31, 2024

**Announcement Date:** January 29, 2025

### Key Financial Metrics

- Revenue:** \$69.6B (12% YoY increase)
- Operating Income:** \$31.7B (17% YoY increase)
- Net Income:** \$24.1B (10% YoY increase)
- Diluted EPS:** \$3.23 (10% YoY increase)
- Gross Margin:** \$47.8B

### Significant Business Developments

- Cloud Services:** Microsoft Cloud revenue reached \$40.9B (+21% YoY), underpinned by growth in Azure (31% YoY).
- AI Revenue:** The company's AI-driven offerings achieved an annualized revenue run rate of \$13B, reflecting remarkable growth (+175% YoY).
- Financial Initiatives:** A \$9.7B return to shareholders through dividends and share repurchases, demonstrating robust cash-flow management.

### Financial Performance Analysis

#### Revenue Breakdown by Segment

Segment	Revenue (\$B)	% of Total Revenue	YoY % Change	Contribution in Constant Currency
Productivity and Business Processes	\$29.4	42.2%	+14%	+13%
Intelligent Cloud	\$25.5	36.6%	+19%	+19%
More Personal Computing	\$14.7	21.1%	+0%	+0%

**Note:** Intelligent Cloud revenue growth was primarily driven by Azure and other cloud services (+31% YoY).

## YoY Comparisons (Q2 2025 vs Q2 2024)

Metric	Q2 2025	Q2 2024	Absolute Change (\$B)	Percentage Change
Total Revenue	\$69.6B	\$62.0B	+\$7.6B	+12%
Operating Income	\$31.7B	\$27.0B	+\$4.7B	+17%
Net Income	\$24.1B	\$21.9B	+\$2.2B	+10%
Diluted EPS	\$3.23	\$2.93	+\$0.30	+10%

## Geographical & Product-Specific Performance

- Productivity and Business Processes:** Growth driven by Microsoft 365 and LinkedIn:
  - Microsoft 365 Commercial cloud services grew by +15% YoY.
  - LinkedIn revenue grew moderately at +9%.
- Intelligent Cloud:** Server products and services (+21%) and Azure (+31%) fueled growth.
- More Personal Computing:** Marginal gains in Windows OEM (+4%) and Xbox services (+2%).

## Outlook and Guidance

### Management Remarks

- Satya Nadella (CEO):** "We are innovating across our tech stack and helping customers unlock the full ROI of AI to capture massive opportunities ahead."
- Amy Hood (CFO):** "Our operational discipline enables both continued investments in cloud/AI infrastructure and consistent shareholder returns."

# Strategic Industry Trends

1. **AI Integration:** Rapid AI adoption, reflected by the \$13B run rate, drives cross-product innovation.
2. **Cloud Growth:** Azure's continued expansion aligns with strong industry tailwinds in cloud computing (+31% revenue growth).

## Key Forward-Looking Initiatives

- Expansion of AI technologies across enterprise and personal computing segments. Expected to improve profitability through high-margin recurring revenue streams.
- Robust cloud investment aimed at scaling Azure services globally, with potential customer acquisition across new geographies projected for FY 2026.

## Limitations

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- **Restricted Scope:** Analysis draws exclusively from Q2 2025 data; real-world outcomes may deviate from reported guidance.
- **Forecasting Uncertainty:** Forward-looking statements reflect qualitative and quantitative expectations prone to industry risks.

## References

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### Referenced Websites

- [Microsoft \(NASDAQ:MSFT\) Q2 2025 Earnings Report on 1/29/2025 - MarketBeat](#)

### Bing Search Queries

- [Microsoft Q2 2025 earnings results press release](#)
- [Microsoft latest quarterly earnings report April 2025](#)