



Microsoft

Stock Pitch

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Microsoft's Background

- ❑ What is Microsoft?
- ❑ When was it founded?
- ❑ Has 4,234 employee participants
- ❑ CEO – Satya Nadella
- ❑ 2,533 Partners



Microsoft's Main competitors

□ Top five Microsoft competitors

include:

□ Apple

□ Sony

□ Samsung

□ Yahoo

□ Oracle

- Microsoft's rankings:
 - 1st for CEO rankings
 - 1st for employee net promoter score
 - 4th in Product quality score

Microsoft's health

- Robust Revenue streams from new Cloud computing division named, Azure. Absolute market lead.
- Market Share rising.
- The consistent performance allows Microsoft to meet its debt obligations, assuring its bond holders of timely interests and principal payments.

Microsoft's health

MICROSOFT CORPORATION

INCOME STATEMENTS

(In millions, except per share amounts) (Unaudited)

	Three Months Ended September 30,	
	2023	2022
Revenue:		
Product	\$15,535	\$15,741
Service and other	40,982	34,381
Total revenue	56,517	50,122
Cost of revenue:		
Product	3,531	4,302
Service and other	12,771	11,150
Total cost of revenue	16,302	15,452
Gross margin	40,215	34,670
Research and development	6,659	6,628
Sales and marketing	5,187	5,126
General and administrative	1,474	1,398
Operating income	26,895	21,518
Other income, net	389	54
Income before income taxes	27,284	21,572
Provision for income taxes	4,993	4,016
Net income	\$22,291	\$17,556
Earnings per share:		
Basic	\$3.00	\$2.35
Diluted	\$2.99	\$2.35
Weighted average shares outstanding:		
Basic	7,429	7,457
Diluted	7,462	7,485



- Income, Expenses, Assets and Liabilities are all measured in the high millions.
- Cost of Revenue (Explain)
- Differences between the months and how this attracts investors.

Microsoft's health

- Balance sheet's, Income Statements, Statement of Financial Position, Share Price.
- LSEG (London Stock Exchange Group 10-year strategic partnership. (Visionary).

BALANCE SHEETS (In millions) (Unaudited)		
	September 30, 2023	June 30, 2023
Assets		
Current assets:		
Cash and cash equivalents	\$80,452	\$34,704
Short-term investments	63,499	76,558
Total cash, cash equivalents, and short-term investments	143,951	111,262
Accounts receivable, net of allowance for doubtful accounts of \$512 and \$650	36,953	48,688
Inventories	3,000	2,500
Other current assets	23,682	21,807
Total current assets	207,586	184,257
Property and equipment, net of accumulated depreciation of \$69,486 and \$68,251	102,502	95,641
Operating lease right-of-use assets	15,435	14,346
Equity investments	11,423	9,879
Goodwill	67,790	67,886
Intangible assets, net	8,895	9,366
Other long-term assets	32,154	30,601
Total assets	\$445,785	\$411,976
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$19,307	\$18,095
Short-term debt	25,808	0
Current portion of long-term debt	3,748	5,247
Accrued compensation	6,990	11,009
Short-term income taxes	8,035	4,152
Short-term unearned revenue	46,429	50,901
Other current liabilities	14,475	14,745
Total current liabilities	124,792	104,149
Long-term debt	41,946	41,990
Long-term income taxes	22,983	25,560
Long-term unearned revenue	2,759	2,912
Deferred income taxes	470	433
Operating lease liabilities	13,487	12,728
Other long-term liabilities	18,634	17,981
Total liabilities	225,071	205,753
Commitments and contingencies		
Stockholders' equity:		
Common stock and paid-in capital - shares authorized 24,000; outstanding 7,431 and 7,432	95,508	93,718
Retained earnings	132,143	118,848
Accumulated other comprehensive loss	-6,937	-6,343
Total stockholders' equity	220,714	206,223
Total liabilities and stockholders' equity	\$445,785	\$411,976



- Post Covid-19 activities to tackle arising challenges – Remote working apps.
- Wall Street's three major stock averages closed higher on Monday with Nasdaq's 1% rally leading the charge as heavyweight Microsoft hit a record high after it hired prominent artificial intelligence executives.

Microsoft's health

- May 2023 \$333.21 vs November 2023 \$378.21 (Highest it has ever been)
- The second highest surge was in November 2021 when the stock prices reached \$329.81, based on technological advances to tackle present issues.
- Teams, Computers, Partnerships, gaming.
- My peer Alex will explain in more depth what this tells about the company and to its future investors.



Does it follow ESG standards?

Positives:

Low ESG Risk:

- ❑ Strong ESG performance lowers the risk profile for bondholders.
- ❑ Attractive to socially responsible investors.

Stability and Leadership:

- ❑ Market leadership and commitment to ESG enhance long term stability
- ❑ Potential increased demand for Microsoft bonds.

ESG background

Concerns:

Regulatory Risks:

- Regulatory scrutiny could impact operations.
- Bondholders should monitor regulatory developments.

❑ ESG in practice

Environmental Impact:

- Carbon negativity commitment by 2030.
- Renewable energy investments.

Social Responsibility:

- Diversity and inclusion initiatives.
- Philanthropic contributions.

Governance Standards:

- Transparency in corporate governance.
- Cybersecurity measures.

Positives

- Signatory of the United nations global compact
- Offers products helping customers reduce their environmental impact

Market leadership

Concerns

- Historical controversies (Labour practices)
- Ambitious goals might pose challenges

Graphic Analysis (stock)

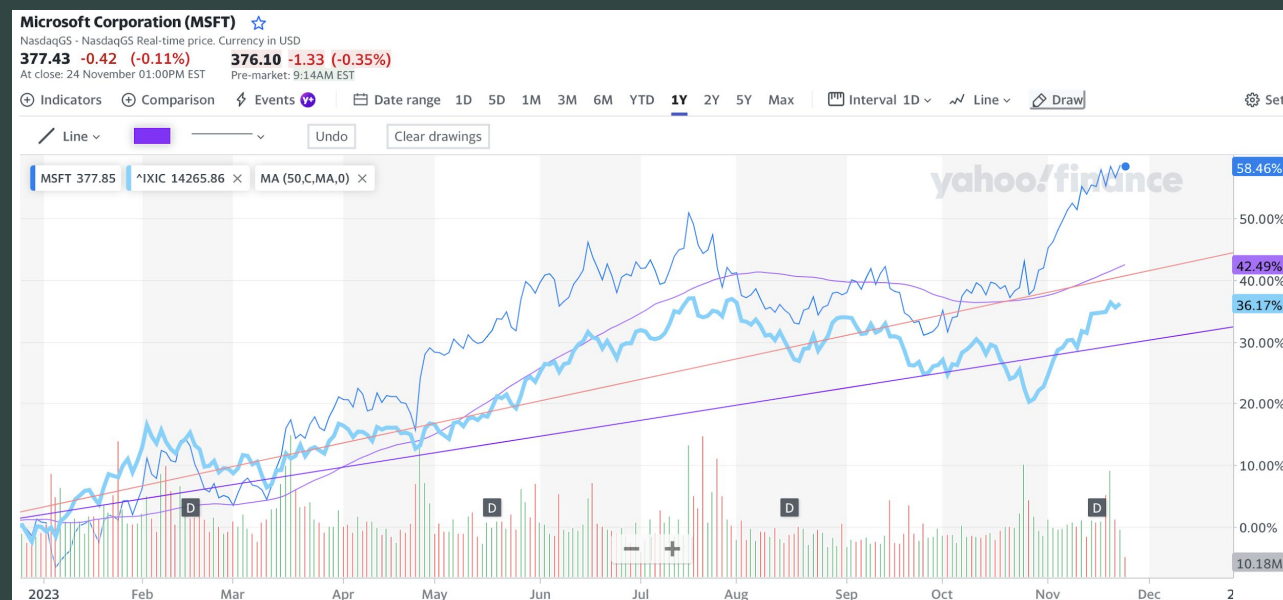
Growth estimates	MSFT
Current qtr.	9.50%
Next qtr.	-1.20%
Current year	4.70%
Next year	15.10%
Next 5 years (per annum)	14.08%
Past 5 years (per annum)	20.93%

The moving average shows similar patterns to an economic cycle suggesting the stock is in tune with the state of the economy.

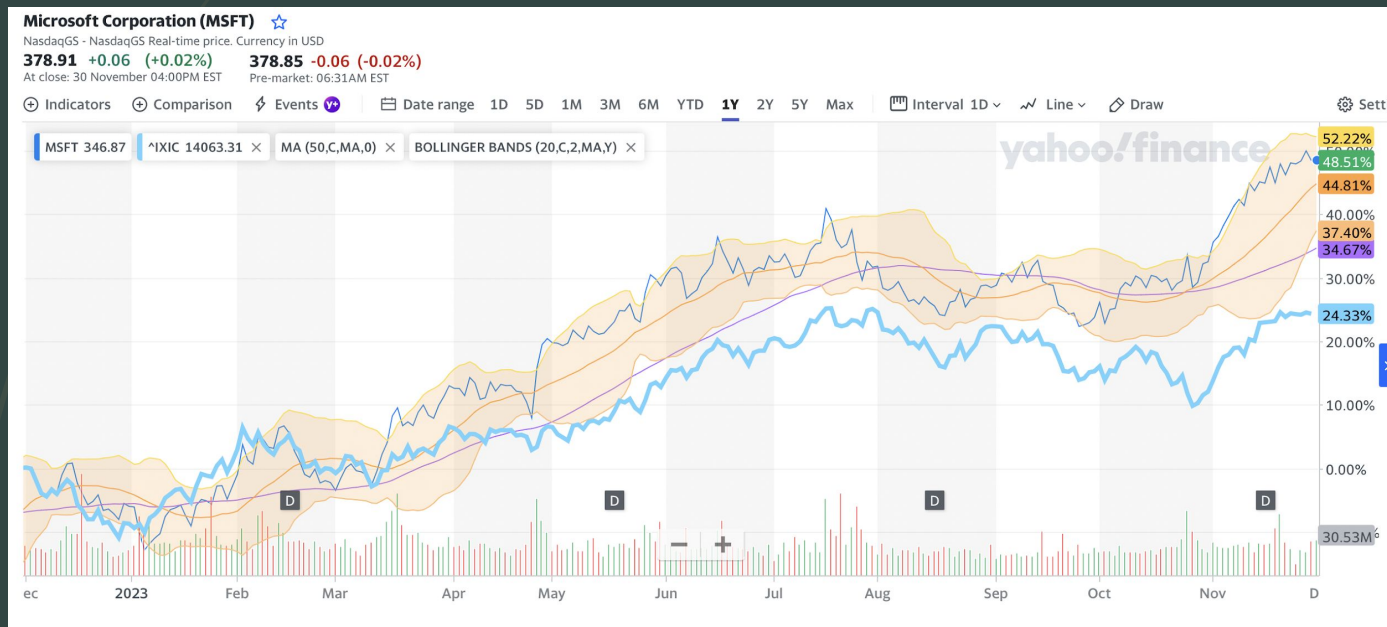
The light blue line represents the NASDAQ returns YTD and the darker blue MSFT.

Promising results on the year has seen growth in the stock with ambition for further growth.

Gov. Bonds have negative correlations to stocks whilst corporate bonds do not so sustainable growth in the company benefits their issued bonds.

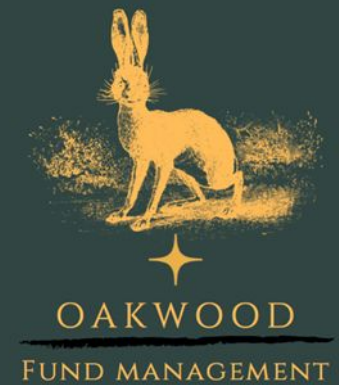


Graphic Analysis (stock cont.)

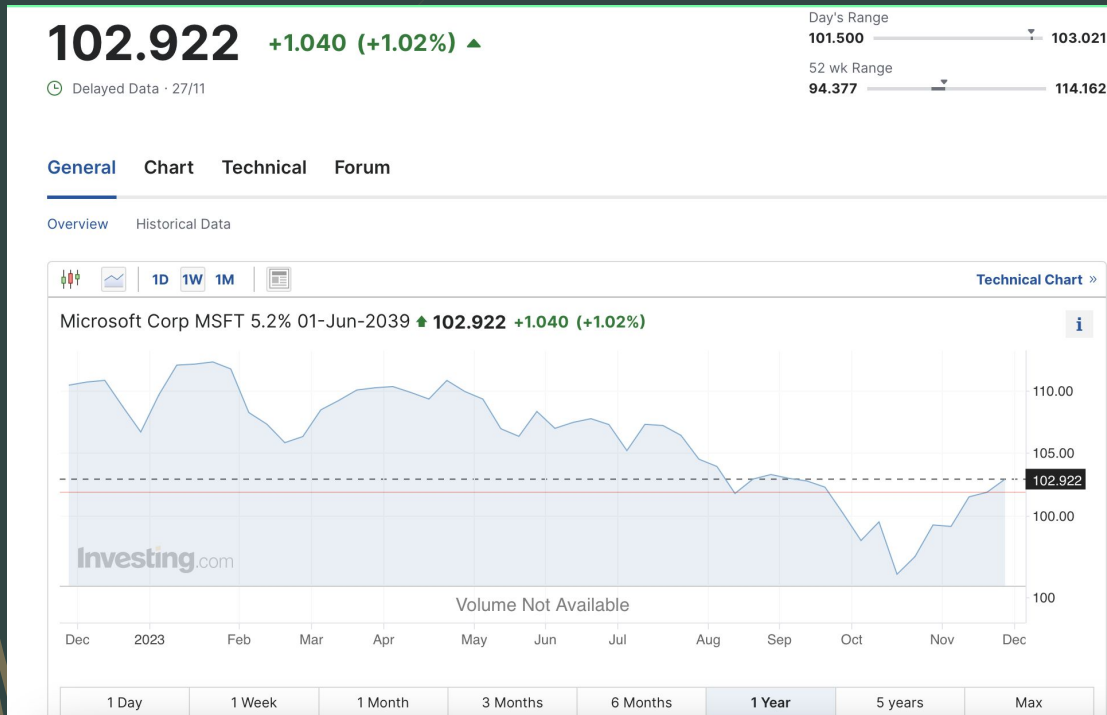


Looking at Bollinger Bands, MSFT stays within the upper and lower brackets at almost all times emphasizing the stability of the stock. There aren't any breaks meaning the stock isn't overbought or oversold and offers consistent returns.

Graphic Analysis (bond)



MSFT OTC bond is triple-A rated yielding 5.2% opposed to Treasuries yielding 5.5% to date. The corporate bonds issued yield consistent returns and present low risk investment opportunities



The candle graph shows promising buy opportunities with bullish indicators. The issued bonds present secure buy opportunities for investors.



Insightful Statistics (Microsoft Stock)

- ❑ Trailing P/E ratio – 36.5
- ❑ Forward P/E ratio – 34.25
- ❑ Industry P/E – 52
- ❑ Market Cap - 2.82T
- ❑ P/B ratio – 12.71
- ❑ Beta – 0.88
- ❑ Debt/equity ratio – 47.88%
- ❑ Dividend Yield – 0.79%



Insightful Statistics (Bond)

- ❑ Prev.close 102.922
- ❑ Day's range – 102.67-103.562
- ❑ 52 week range – 94.377 – 114.16
- ❑ Coupon – 5.20
- ❑ Coupon Frequency – Semi-Annual
- ❑ Next coupon date – 01/06/2020
- ❑ Credit rating – AAA
- ❑ Yield – 5.2%



Changes/Future Plans for Microsoft

- ❑ What are Microsoft's plans in 2023?
- ❑ Cloud infrastructure
- ❑ Partnerships with Open AI and immigration of chatGBT
- ❑ New installations:
 - ❑ Microsoft Azure Mania
 - ❑ Microsoft Azure Cobalt



Recommended Strategy

- ☐ Yield 5.2%
- ☐ That seems rather low...
- ☐ What is our return?
- ☐ Could we split our assets?



Thank You for listening!

Any Questions?

Creators

- Senior Analyst:
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- Junior Analysts:
 - Alex Page – Graphic Analysis
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