



2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
3.39	3.72	4.40	5.45	6.60	6.56	7.21	8.35	8.80	9.34	10.54	11.66	11.78	12.54	14.38	16.47	18.65	20.85	Revenues per sh ^A	29.00
1.15	1.27	1.34	1.65	2.16	1.92	2.47	3.09	3.12	3.15	3.31	3.47	3.71	4.26	5.28	6.35	7.25	8.05	"Cash Flow" per sh	11.25
1.04	1.16	1.20	1.42	1.87	1.62	2.10	2.69	2.72	2.65	2.63	2.65	2.79	3.08	3.88	4.75	5.50	6.20	Earnings per sh ^B	8.75
.16	.32	.34	.40	.44	.52	.52	.64	.80	.89	1.12	1.24	1.44	1.56	1.68	1.80	1.99	2.19	Div'ds Decl'd per sh ^E	3.30
.10	.08	.16	.24	.35	.35	.23	.28	.28	.51	.67	.74	1.07	1.05	1.52	1.82	2.00	2.00	Cap'l Spending per sh	2.00
6.89	4.49	3.99	3.32	3.97	4.44	5.33	6.82	7.92	9.48	10.90	9.98	9.22	9.39	10.77	13.39	15.70	18.55	Book Value per sh ^D	27.00
10862	10710	10062	9380.0	9151.0	8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8027.0	7808.0	7708.0	7677.0	7643.0	7575.0	7525.0	Common Shs Outst'g ^C	7375.0
25.8	22.9	21.7	19.9	16.3	13.4	13.1	9.6	10.4	11.2	14.0	17.0	18.1	20.2	22.1	23.7	25.0	25.0	Avg Ann'l P/E Ratio	25.0
1.36	1.22	1.17	1.06	.98	.89	.83	.60	.66	.63	.74	.86	.95	1.02	1.19	1.29	1.19	1.29	Relative P/E Ratio	1.40
.6%	1.2%	1.3%	1.4%	1.4%	2.4%	1.9%	2.5%	2.8%	3.0%	3.0%	2.7%	2.9%	2.5%	2.0%	1.6%	2.0%	1.6%	Avg Ann'l Div'd Yield	1.5%

CAPITAL STRUCTURE as of 12/31/19		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Revenues (Smill) ^A	214725
Total Debt \$69608 mill. Due in 5 Yrs \$19720 mill.		62484	69943	73723	77811	86833	93580	91964	96657	110360	125843	141150	157000	125843	141150	157000	125843	141150	157000	Operating Margin	45.0%
LT Debt \$63361 mill. LT Interest \$2175 mill. (37% of Cap'l)		42.9%	42.8%	41.9%	40.3%	38.0%	36.5%	37.6%	39.4%	41.1%	43.4%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	44.5%	Depreciation (Smill)	17725
Leases, Uncapitalized \$1678 mill.		2673.0	2766.0	2967.0	3755.0	5212.0	5957.0	6622.0	8778.0	10261	11682	12500	13325	12500	13325	12500	13325	12500	13325	Net Profit (Smill)	65775
No Defined Benefit Pension Plan Pfd Stock None		18760	23150	23171	22453	22074	21885	22329	24084	30267	36830	42340	47425	36830	42340	47425	36830	42340	47425	Income Tax Rate	17.0%
Common Stock 7,606,047,010 shs. as of 1/24/20		25.0%	17.5%	18.6%	19.6%	20.7%	23.3%	18.8%	20.2%	17.0%	15.7%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	17.0%	Net Profit Margin	30.6%
MARKET CAP: \$1324 billion (Large Cap)		30.0%	33.1%	31.4%	28.9%	25.4%	23.4%	24.3%	24.9%	27.4%	29.3%	30.0%	30.2%	30.0%	30.2%	30.0%	30.2%	30.0%	30.2%	Working Cap'l (Smill)	125000
CURRENT POSITION (SMILL.)		29529	46144	52396	64049	68621	74854	80303	95324	111174	106132	100000	100000	106132	100000	100000	106132	100000	Long-Term Debt (Smill)	80000	
Cash Assets		4939.0	11921	10713	12601	20645	27808	40783	76073	72242	66662	68000	70000	72242	66662	68000	70000	72242	66662	Shr. Equity (Smill) ^D	199000
Receivables		46175	57083	66363	78944	89784	80083	71997	72394	82718	102330	118875	139700	82718	102330	118875	139700	82718	102330	Return on Total Cap'l	24.0%
Inventory (Avg Cst)		36.8%	33.8%	30.3%	24.7%	20.3%	20.6%	20.3%	17.0%	20.4%	22.6%	23.0%	23.0%	20.4%	22.6%	23.0%	23.0%	20.4%	22.6%	Return on Shr. Equity	33.0%
Other		40.6%	40.6%	34.9%	28.4%	24.6%	27.3%	31.0%	33.3%	36.6%	36.0%	35.5%	34.0%	36.6%	36.0%	35.5%	34.0%	36.6%	36.0%	Retained to Com Eq	21.0%
Current Assets		30.7%	31.5%	25.3%	19.0%	14.7%	15.0%	15.0%	15.7%	16.9%	21.2%	22.5%	23.0%	16.9%	21.2%	22.5%	23.0%	16.9%	21.2%	All Div'ds to Net Prof	37%
Accts Payable		24%	22%	28%	33%	40%	45%	49%	49%	42%	37%	36%	35%	42%	37%	36%	35%	42%	37%		
Debt Due		BUSINESS: Microsoft Corp. is the largest independent maker of software. It develops and sells software products for a wide range of computing environments in consumer and enterprise markets. Hardware products include the Xbox video game console and Surface laptops. Revenue sources in fiscal 2019: Productivity & Business Processes, 33%; Intelligent Cloud, 31%; More Personal Computing, 36%. R&D, 13.4% of 2019 revenues. Employed 144,000 at 6/30/19. Stock owners: William H. Gates, 1.34%, other offs. & dirs., 0.05%; The Vanguard Group, 7.8%; BlackRock, Inc., 6.6%; (10/19 proxy). Chrmn: John W. Thompson. CEO: Satya Nadella. Inc.: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Tel.: 425-882-8080. Internet: www.microsoft.com.																			

Microsoft should be able to weather the coronavirus pandemic nicely. The company has a very strong financial position, giving it the capability to withstand not only the initial disruption of economic activity caused by the COVID-19 pathogen, but also the recession that is to follow in its wake. To wit, although the way ahead is not yet clearly understood and any read on the severity and extent of the ensuing global economic slowdown is unknown at this writing, Microsoft's ability to generate cash flow should remain largely intact through the ordeal, putting it in an position accorded to only a handful of companies (high-tech, or not). The company recently noted that it has been able to maintain employee productivity in the wake of going fully remote due the pandemic, supporting our view. **Microsoft's cloud infrastructure and services businesses should continue to do well.** True, the tech giant withdrew its revenue forecast for the More Personal Computing segment in late February, reflecting difficulties in the related supply chain in China. That said, the demand for its Azure platform and associated services

Fiscal Year Ends	2017	2018	2019	2020	2021
QUARTERLY REVENUES (\$ mill.) ^A	22334	26066	23557	24700	96657
2017	22334	26066	23557	24700	96657
2018	24538	28918	26819	30085	110360
2019	29084	32471	30571	33717	125843
2020	33055	36906	34100	37089	141150
2021	36275	40500	38150	42075	157000

Fiscal Year Ends	2017	2018	2019	2020	2021
EARNINGS PER SHARE ^{AB}	.76	.83	.73	.75	3.08
2017	.76	.83	.73	.75	3.08
2018	.84	.96	.95	1.13	3.88
2019	1.14	1.10	1.14	1.37	4.75
2020	1.38	1.51	1.27	1.34	5.50
2021	1.43	1.60	1.50	1.67	6.20

Cal-endar	2016	2017	2018	2019	2020
QUARTERLY DIVIDENDS PAID ^E	.36	.39	.42	.46	1.89
2016	.36	.39	.42	.46	1.89
2017	.39	.39	.42	.42	1.62
2018	.42	.42	.42	.46	1.72
2019	.46	.46	.46	.51	1.89
2020	.51				

What about Microsoft stock? The shares have reclaimed a good portion of the decline that was registered with the sharp fall in the equity market, as investors have assessed the company's inherent strengths. Still, some of Microsoft's customers may find an extended economic recession (should it come to pass) quite challenging, and have to reallocate capital away from Microsoft and its products and services. Nonetheless, high-quality MSFT stock, though currently trading at a relative market premium, should continue to be held in most subscribers' portfolios. *Charles Clark* *May 8, 2020*

Company's Financial Strength	A++
Stock's Price Stability	85
Price Growth Persistence	90
Earnings Predictability	85

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