

| Other | 10146 | 11482 | 13393 |
| :---: | :---: | :---: | :---: |
| Current Assets | 175552 | 181915 | 184406 |
| Accts Payable | 9382 | 12530 | 15163 |
| Debt Due | 5516 | 3749 | 8072 |
| Unearned Revenue | 32676 | 36000 | 41525 |
| Other | 21846 | 20031 | 23897 |
| Current Liab. | 69420 | 72310 | 88657 |


| ANNUAL RATES <br> of change (per sh) <br> Revenues <br> "Cash Flow" <br> Earnings <br> Dividends <br> Book Value |  | Past 10 Yrs. $9.5 \%$$11.5 \%$ 10.0\% $14.0 \%$ 11.0\% | Past  <br> 5 Yrs. Est'd ' 18 -'20 <br> to 24.26  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  |  | 5 Yrs. to '24-'26 |
|  |  | \% 14.0 | \% 12 | 12.0\% |
|  |  |  | 5\% 15 |  |
|  |  |  | 5\% | 9.0\% |
|  |  |  | 16.0\% |  |
| Fiscal Year Ends | QUARTERLY REVENUES (\$ mill.) A |  |  |  | Full <br> Fiscal Year |
|  | $\text { Sep. } 30$ |  | Dec. 31 | Mar. 31 Jun. 30 |  |
| 2018 | 24538 |  | 28918 | 26819 |  | 30085 | 110360 |
| 2019 | 29084 |  | 32471 | 30571 | 33717 | 125843 |
| 2020 | 33055 |  | 36906 | 35021 | 38033 | 143015 |
| 2021 | 37154 |  | 43076 | 41706 | 46152 | 168088 |
| 2022 | 43750 | 48000 | 47000 | 49500 | 188250 |
| $\begin{aligned} & \text { Fiscal } \\ & \text { Year } \\ & \text { Ends } \end{aligned}$ | EARNINGS PER SHARE AB |  |  |  | Full Fiscal Year |
|  | Sep. 30 | Dec. 31 | Mar. 3 | Jun. 30 |  |
| 2018 | . 84 | . 96 | . 95 | 1.13 | 3.88 |
| 2019 | 1.14 | 1.10 | 1.14 | 1.37 | 4.75 |
| 2020 | 1.38 | 1.51 | 1.40 | 1.46 | 5.76 |
| 2021 | 1.82 | 2.03 | 1.95 | 2.17 | 8.05 |
| 2022 | 2.05 | 2.25 | 2.20 | 2.35 | 8.85 |
| Calendar | QUARTERLY DIVIDENDS PAID E. |  |  |  | Full Year |
|  | Mar. 31 | Jun. 30 | Sep. 30 | Dec. 31 |  |
| 2017 | . 39 | . 39 | . 42 | . 42 | 1.62 |
| 2018 | . 42 | . 42 | . 42 | 46 | 1.72 |
| 2019 | . 46 | . 46 | . 46 | . 51 | 1.89 |
| 2020 | . 51 | . 51 | . 51 | . 56 | 2.09 |
| 2021 | . 56 | . 56 |  |  |  |

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 2020: Productivity \& Business Processes, 32\%; Intelligent Cloud, 34\%; More Personal Com-
Microsoft posted good financial results for its fiscal fourth quarter. (Years end June 30th.) The momentum that was established beginning with the September period of fiscal 2020 held forth in the June period, keeping revenues and earnings on a rapid upward trajectory and benefiting from dynamic performances from the company's commercial business and the move to cloud services. In addition, most of the important performance metrics continued showing improvement in the June period. Meanwhile, revenue growth from the Azure platform remained rapid, growing $51 \%$ year over year and extending the strong performances from the second and third quarters. The upward trend in consumption-based services was again a positive factor in this regard, underpinning the demand for Azure and the prospects that the platform will continue expanding at a fast pace. Elsewhere, revenue from Office 365 and cloud services remained on the advance in both the commercial and consumer arenas, advancing $20 \%$ and $18 \%$, respectively. For is part, Dynamics 365 continued to make headway in the enterprise application business.
puting, $34 \%$. R\&D, $13.5 \%$ of 2020 revenues. Employed 163,000 at 6/30/20. Stock owners: Offs. \& dirs., less than 1\%; The Vanguard Group, $8.2 \%$; BlackRock, Inc., $6.8 \%$. (10/20 proxy). Chairman \& CEO: Satya Nadella. Incorporated: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Telephone: 425-882-8080. Internet: www.microsoft.com.
We look for the rapid growth to continue in fiscal 2022. Although the rush to distributed work environments caused by the COVID-19 pandemic generally helped to accelerate the adoption of cloud architecture, Microsoft was already experiencing strong demand for its Azure cloud platform and associated consumptionbased services. Our sense is this trend will likely remain in place for some time yet, playing a continuing role in the company's progress. Office 365, Dynamics 365, gaming, and the Windows ecosystem should also support growth.
What about Microsoft stock? As we have mentioned in previous reviews, the company's prospects have not gone unnoticed, with the shares continuing to be accorded a generous relative valuation since our early-May report. Although a growing dividend and the ongoing stock repurchase program are certainly supportive, new commitments to this highquality equity are best made carefully, in our view. If the shares are already held in a long-term portfolio, we would continue to hold the position.
Charles Clark

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[^0]:    (A) Fiscal year ends June 30th.

