### Microsoft Corporation

**Revenue Breakdown:**
- **Operating Systems:** 32%;
- **Intelligent Cloud:** 28%;
- **More Personal Computing:** 21%;
- **Other:** 7%.

**Key Performance Indicators:***
- **Revenue per Share:** $29.09.
- **Earnings per Share:** $16.15.
- **Dividend per Share:** $0.42.

**Recent History:**
- **Earnings Growth:** 23%.
- **Dividend Growth:** 8%.

**Market Capitalization:**
- **Market Cap:** $730 billion.
- **Volume Traded:** 2056.0 million.

**Price-Earnings Ratio:**
- **Current:** 20.02.
- **Avg. over 5 yrs:** 20.2.
- **P/E Ratio:**
  - **Trailing 12 months:** 21.81.
  - **Forward:** 19.05.
  - **Yield:** 1.76.

**Valuation Ratios:**
- **Gross Profit margin:** 37.7%.
- **Net Profit margin:** 14.2%.
- **Return on Equity:** 24.4%.
- **Return on Assets:** 7.8%.
- **Current Ratio:** 1.6.
- **Quick Ratio:** 1.0.

**Dividend History:**
- **Dividend Growth:** 8%.
- **Yield:** 1.76.

**Book Value:**
- **Book Value per Share:** $9.92.
- **Book Value Growth:** 24.1%.

**Dividend Policy:**
- **Dividend Payout Ratio:**
  - **Current:** 43%.
  - **Avg. over 5 yrs:** 44%.
- **Dividend Yield:** 1.76%.

**Historical Earnings:**
- **Earnings per Share:**
  - **Dec. 31, 2018:** $16.15.
  - **Dec. 31, 2017:** $12.22.
  - **Dec. 31, 2016:** $9.92.

**Price History:**
- **Price Range:**
  - **52 Week High:** $218.85.
  - **52 Week Low:** $89.12.

**Key Executives:**
- **Chief Executive Officer:** Satya Natarajan.
- **President:** Brad Smith.

**Business Overview:**
Microsoft turned in a good financial performance for the March period. The healthy demand for its cloud-based products and services was again evident in evidence in the Productivity and Business Processes and Intelligent Cloud segments. This all fits with the company’s new cloud-first strategy. We see marginal revenue gains ahead and expect earnings to increase next year. This increase is likely to continue benefiting from scale economies, we are not looking for the kind of improvement that is likely to be reflected in this year. In addition, operating expenses and capital spending seem set to increase next year, in support of growth in the cloud. Adding it all up, though, a respectable financial performance appears to be in the cards.

**What about Microsoft stock?**
The ride has been a little bumpy so far this year, but these high-quality shares should find favor with investors. The company's prospects in the cloud arena, which should continue resulting in good revenue and earnings growth next year (and beyond), suggest that the market support is warranted. In addition, a growing dividend payout and an active stock-buyback program are seen as being shareholder friendly. At this juncture, those subscribers considering making new commitments to MSFT stock will continue to have a premium at its current valuation, suggesting a degree of care be taken. That said, if these shares are already owned, we continue to hold on to them.

Charles Clark

May 11, 2018

**Microsoft Stock Picks:**
- **Top Pick:**
  - **Risk Level:** Low.
  - **Potential Upside:** 50%.
- **Support:**
  - **Price Range:** $140 - $200.
- **Resistance:**
  - **Price Range:** $250 - $300.

**Technical Analysis:**
- **Average True Range:**
  - **20-Day:** 1.3.
  - **50-Day:** 2.2.

**Historical Data:**
- **Earnings per Share:**
  - **Dec. 31, 2018:** $16.15.
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**Company’s Financial Statement:**
- **Stocks:**
  - **Price Stability:** 75.
  - **Price Growth Potential:** 65.

**Earnings Predictability:**
- **1 Year:** 90.
- **5 Year:** 80.

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