Microsoft finished fiscal year June 30, 2019 with a strong performance. (Years end June 30th.) In keeping with the momentum generated in the last 12 to 18 months, revenues and earnings were both nicely ahead across each of the three business segments – Productivity and Business Processes, Intelligent Cloud, and More Personal Computing. From a broader perspective, the performance of the company's cloud business (AWS), in our view, continues to expand, ending the year at 58%, versus the 52% logged in the final quarter of fiscal 2018. The Azure platform continued to be quite popular with customers, with revenue up some 99% in the latest quarter. Azure and with Microsoft's cloud-based services (Office 365, Dynamics 365, etc.) is well placed to continue making progress in the commercial cloud, and is seen as a serious competitor to Amazon Web Services (AWS) and Google Cloud.

We have made some adjustments to our estimates for fiscal 2019. The positive trends that are influencing Microsoft's business should remain in place, with revenues from the cloud arena remaining on an upward trajectory and profitability continuing to widen (though probably not at the pace set in fiscal 2018). As a result, shareholders can expect the company to continue investing in its cloud strategy. That said, our revenue target remains slightly lower at $132 billion for this year, given the 10% growth we envision is impressive for a company the size of Microsoft. Meanwhile, the potential for slightly better overall profitability at the operating level has led us to decrease our earnings call by $0.05 a share, to $4.25. Finally, the company's share-repurchase program and a growing dividend look to remain on the menu this year and beyond.

What about Microsoft stock? If the shares are already owned, we advise our subscribers to continue to do so. If not, new commitments should be made carefully, given the support the stock has experienced over the last 12 to 18 months. Charles Clark