

MICROSOFT NDQ-MSFT

RECENT PRICE **459.86** P/E RATIO **28.3** (Trailing: 32.7; Median: 27.0) RELATIVE P/E RATIO **1.47** DIV'D YLD **0.8%**

VALUE LINE

TIMELINESS 2 Lowered 1/30/26
SAFETY 1 Raised 5/26/06
TECHNICAL 1 Raised 1/30/26
BETA .95 (1.00 = Market)

High: 50.0 56.8 64.1 87.5 116.2 159.5 232.9 349.7 338.0 384.3 468.3 555.4
 Low: 34.6 39.7 48.0 61.9 83.8 97.2 132.5 211.9 213.4 219.4 366.5 344.8

LEGENDS
 — 25.0 x "Cash Flow" p sh
 ... Relative Price Strength
 Options: Yes
 Shaded area indicates recession

18-Month Target Price Range
 Low-High Midpoint (% to Mid)
 \$397-\$767 \$582 (25%)

2028-30 PROJECTIONS
 Price Gain Ann'l Total
 High 860 (+85%) 17%
 Low 705 (+55%) 12%

Institutional Decisions
 10/20/25 20/20/25 30/20/25
 to Buy 2727 2726 2731
 to Sell 2726 2663 2543
 Hld's(000)53335905452225375833



2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	© VALUE LINE PUB. LLC	28-30
6.56	7.21	8.35	8.80	9.34	10.54	11.66	11.78	12.54	14.38	16.47	18.89	22.36	26.56	28.51	32.97	37.90	44.00	Revenues per sh ^A	59.90
1.92	2.47	3.09	3.12	3.15	3.31	3.47	3.71	4.26	5.28	6.35	7.54	9.70	11.24	11.73	14.85	18.29	20.80	"Cash Flow" per sh	29.35
1.62	2.10	2.69	2.72	2.65	2.63	2.65	2.79	3.08	3.88	4.75	5.76	8.05	9.21	9.81	11.80	13.64	15.70	Earnings per sh ^B	23.00
.52	.52	.64	.80	.89	1.12	1.24	1.44	1.56	1.68	1.84	2.04	2.24	2.48	2.72	3.00	3.32	3.64	Div'ds Decl'd per sh ^E	5.90
.35	.23	.28	.28	.51	.67	.74	1.07	1.05	1.52	1.82	2.04	2.74	3.20	3.78	5.98	8.68	10.45	Cap'l Spending per sh	13.95
4.44	5.33	6.82	7.92	9.48	10.90	12.90	9.98	9.22	9.39	10.77	13.39	15.63	18.88	22.31	27.75	36.11	46.20	Book Value per sh ^D	85.35
8908.0	8668.0	8376.0	8381.0	8328.0	8239.0	8027.0	7808.0	7708.0	7677.0	7643.0	7571.0	7519.0	7464.0	7432.0	7434.0	7434.0	7430.0	Common Shs Outst'g ^C	7415.0
13.4	13.1	9.6	10.4	11.2	14.0	17.0	18.1	20.2	22.1	23.7	27.4	28.3	32.2	27.3	32.0	31.1		Avg Ann'l P/E Ratio	34.0
.89	.83	.60	.66	.63	.74	.86	.95	1.02	1.19	1.26	1.41	1.53	1.86	1.52	1.69	1.56		Relative P/E Ratio	1.90
2.4%	1.9%	2.5%	2.8%	3.0%	3.0%	2.7%	2.9%	2.5%	2.0%	1.6%	1.3%	1.0%	.8%	1.0%	.8%	.8%		Avg Ann'l Div'd Yield	.8%

CAPITAL STRUCTURE as of 9/30/25
 Total Debt \$43208 mill. Due in 5 Yrs \$14303 mill.
 LT Debt \$35376 mill. LT Interest \$2385 mill.
 (11% of Cap'l)

Leases, Uncap'l \$8820 mill.

No Defined Benefit Pension Plan
 Pfd Stock None

Common Stock 7,432,377,655 shs.
 as of 10/23/25
 MARKET CAP: \$3.4 trillion (Large Cap)

CURRENT POSITION (SMILL.)

	2023	2024	9/30/25
Cash Assets	111262	75543	102012
Receivables	48688	56924	52894
Inventory (Avg Cst)	2500	1246	1130
Other	21807	26021	33030
Current Assets	184257	159734	189066
Accts Payable	18095	21996	32580
Debt Due	5247	8942	7832
Unearned Revenue	50901	57582	58987
Other	29906	36766	35597
Current Liab.	104149	125286	134996

93580	91964	96657	110360	125843	143015	168088	198270	211915	245122	281724	326700	Revenues per sh ^A	444000
36.5%	37.6%	39.4%	41.1%	43.4%	46.0%	48.5%	49.3%	48.9%	53.7%	57.7%	55.0%	Operating Margin	60.0%
5957.0	6622.0	8778.0	10261	11682	12796	11686	14460	13861	22287	34153	38000	Depreciation (\$mill)	47000
21885	22329	24084	30267	36830	44281	61271	69447	73307	88136	101832	116700	Net Profit (\$mill)	170500
23.3%	18.8%	20.2%	17.0%	15.7%	16.5%	13.8%	17.0%	19.0%	18.2%	17.6%	19.0%	Income Tax Rate	19.0%
23.4%	24.3%	24.9%	27.4%	29.3%	31.0%	36.5%	35.0%	34.6%	36.0%	36.1%	35.7%	Net Profit Margin	38.4%
74854	80303	95324	111174	106132	109605	95749	74602	80108	34448	49913	54000	Working Cap'l (\$mill)	55000
27808	40783	76073	72242	66662	59578	50074	47032	41990	42688	40152	36000	Long-Term Debt (\$mill)	40000
80083	71997	72394	82718	102330	118404	141988	166542	206223	268477	343479	457000	Shr. Equity (\$mill) ^D	633000
20.6%	20.3%	17.0%	20.4%	22.6%	25.6%	32.5%	33.0%	29.9%	28.8%	26.9%	24.0%	Return on Total Cap'l	25.5%
27.3%	31.0%	33.3%	36.6%	36.0%	37.4%	43.2%	41.7%	35.5%	32.8%	29.6%	25.5%	Return on Shr. Equity	27.0%
15.0%	15.7%	16.9%	21.2%	22.5%	24.6%	31.5%	30.8%	25.9%	24.7%	22.6%	19.5%	Retained to Com Eq	20.0%
45%	49%	49%	42%	37%	34%	27%	26%	27%	25%	24%	25%	All Div'ds to Net Prof	25%

ANNUAL RATES Past Past Est'd '23-'25
 of change (per sh) 10 Yrs. 5 Yrs. to '28-'30

Revenues	12.0%	15.0%	12.5%
"Cash Flow"	14.5%	19.0%	14.5%
Earnings	14.5%	21.5%	14.5%
Dividends	11.5%	10.0%	14.5%
Book Value	12.0%	21.0%	18.5%

QUARTERLY REVENUES (\$ mill.) ^A

Fiscal Year Ends	QUARTERLY REVENUES (\$ mill.) ^A	Full Fiscal Year
	Sep.30 Dec.31 Mar.31 Jun.30	
2022	45317 51728 49360 51865	198270
2023	50122 52747 52857 56189	211915
2024	56517 62020 61858 64727	245122
2025	65585 69632 70066 76441	281724
2026	77673 80500 81500 87027	326700

EARNINGS PER SHARE ^{AB}

Fiscal Year Ends	EARNINGS PER SHARE ^{AB}	Full Fiscal Year
	Sep.30 Dec.31 Mar.31 Jun.30	
2022	2.27 2.48 2.22 2.23	9.21
2023	2.35 2.32 2.45 2.69	9.81
2024	2.99 2.93 2.94 2.95	11.80
2025	3.30 3.23 3.46 3.65	13.64
2026	3.72 3.85 3.95 4.18	15.70

QUARTERLY DIVIDENDS PAID ^E

Cal-endar	QUARTERLY DIVIDENDS PAID ^E	Full Year
	Mar.31 Jun.30 Sep.30 Dec.31	
2022	.62 .62 .62 .68	2.54
2023	.68 .68 .68 .75	2.79
2024	.75 .75 .75 .83	3.08
2025	.83 .83 .83 .91	3.40

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 2025: Productivity & Business Processes, 43%; Intelligent Cloud, 38%; More Personal Com-

Shares of Microsoft are down 5% in price since our October review. The decline can be attributed in part to market concern that investments in artificial intelligence (AI) are not paying off as quickly as hoped. Microsoft reported overall strong results for the fiscal first quarter of 2026 (year ends June 30th), yet its share price dipped in response. The tech giant's investments in OpenAI (which reduced quarterly net income by \$3.1 billion), as well as its forecast for higher capital expenditure spending spooked investors. Meanwhile, the top line rose 18% year-over-year, thanks to increasing demand for AI solutions and the robust adoption of Copilot features across various domains. **Microsoft will probably post another round of strong results for the December period.** (Note: Microsoft was scheduled to issue its second-quarter earnings release shortly after this report went to press.) We think demand for AI-powered tools such as Copilot and services like Azure will continue to climb and support a further top-line advance. Leadership expects Azure growth to remain strong, with revenue projected to grow about 37% in

the December quarter. However, the company acknowledges that Azure will likely remain capacity-constrained through at least the end of the fiscal year due to the rapid acceleration in demand for AI and cloud services. To address this, Microsoft is ramping up investments in GPUs, CPUs, and datacenter infrastructure. **While increased capital spending may temporarily weigh on margins, we think it helps position the company for long-term growth.** By expanding its infrastructure, Microsoft can accommodate more customers, scale its operations, and enhance its ability to deliver advanced AI and cloud solutions. This, in turn, should drive revenue higher, as the company captures more demand. As the investments begin to yield efficiency gains, we expect the bottom line to benefit. **These timely shares have worthwhile appeal.** Our current projections point to above average capital appreciation potential over the 3- to 5-year time frame. Also worth noting is the top-notch grade for Financial Strength (A++) and high score for Price Growth Persistence (100).
 Kathleen Uckert
 January 30, 2026

(A) Fiscal year ends June 30th. (B) Diluted earnings. Quarters may not sum to total due to rounding. Excl. nonrec. items: '12, d72c; '13, d7c; '15, d\$1.17; '16, d70c; '17, d37c; '18, d\$1.75; '19, d33c; '22, 44c; '23, 13c. Next earnings report due late April. (C) In millions. (D) Includes intangibles. In fiscal 2025: \$142.1 billion, \$19.12 a share. (E) Dividends historically paid in March, June, Sept., and Dec. ■Dividend reinvestment plan available.