

| | | | | | | | | | | | | | | | | | | | |
|--|-------|--------------------|--|-----------------|--------------|--------------|--------------|------------------------------------|--------------|--------------------|--------------|--------------|--------------|--------------|--------|--|-------|-----------------------------------|-------|
| MICROSOFT NDQ-MSFT | | | | RECENT PRICE | 69.30 | | P/E RATIO | 22.6 (Trailing: 23.0 Median: 14.0) | | RELATIVE P/E RATIO | 1.12 | | DIV'D YLD | 2.3% | | VALUE LINE | | | |
| TIMELINESS | 4 | Lowered 2/3/17 | High: 30.3 Low: 21.5 | 37.5 26.6 | 36.0 17.5 | 31.5 14.9 | 31.6 22.7 | 29.5 23.7 | 32.9 26.3 | 39.0 26.3 | 50.0 34.6 | 56.8 39.7 | 64.1 48.0 | 69.7 61.9 | | Target Price Range 2020 2021 2022 | | | |
| SAFETY | 1 | Raised 5/26/06 | LEGENDS — 14.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession | | | | | | | | | | | | | 120 100 80 64 | | | |
| TECHNICAL | 4 | Lowered 5/12/17 | | | | | | | | | | | | | | 48 32 24 20 16 12 8 | | | |
| BETA | 1.00 | (1.00 = Market) | | | | | | | | | | | | | | | | | |
| 2020-22 PROJECTIONS | | | | | | | | | | | | | | | | | | | |
| Price | | Gain | Ann'l Total Return | | | | | | | | | | | | | | | | |
| High | 85 | (+25%) | 8% | | | | | | | | | | | | | | | | |
| Low | 70 | (Nil) | 3% | | | | | | | | | | | | | | | | |
| Insider Decisions | | | | | | | | | | | | | | | | | | | |
| J A S O N D J F M | | | | | | | | | | | | | | | | | | | |
| to Buy | | 0 0 0 0 0 0 0 0 | | | | | | | | | | | | | | | | | |
| Options | | 1 0 13 0 0 6 0 5 0 | | | | | | | | | | | | | | | | | |
| to Sell | | 1 2 0 2 1 0 1 1 0 | | | | | | | | | | | | | | | | | |
| Institutional Decisions | | | | | | | | | | | | | | | | | | | |
| 202016 | | 302016 | 402016 | | | | | | | | | | | | | | | | |
| to Buy | | 1089 | 945 | 1104 | | | | | | | | | | | | | | | |
| to Sell | | 1055 | 1144 | 1118 | | | | | | | | | | | | | | | |
| Hld's(000) | | 5612 | 16553 | 76045 | 678189 | | | | | | | | | | | | | | |
| Percent shares traded | | | | 21 14 7 | | | | | | | | | | | | | | | |
| % TOT. RETURN 4/17 | | | | | | | | | | | | | | | | | | | |
| THIS STOCK | | | | VL ARITH. INDEX | | | | | | | | | | | | | | | |
| 1 yr. | | | | 40.9 | 19.0 | | | | | | | | | | | | | | |
| 3 yr. | | | | 83.4 | 25.3 | | | | | | | | | | | | | | |
| 5 yr. | | | | 145.5 | 82.4 | | | | | | | | | | | | | | |
| 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | © VALUE LINE PUB. LLC | 20-22 |
| 2.39 | 2.65 | 3.00 | 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 | 12.55 | 14.30 | Revenues per sh ^A | 17.75 |
| 1.09 | 1.07 | 1.12 | 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 | 4.25 | 4.65 | "Cash Flow" per sh | 5.85 |
| .90 | .94 | .97 | 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 | 3.02 | 3.25 | Earnings per sh ^B | 4.25 |
| -- | -- | .08 | .16 | .32 | .34 | .40 | .44 | .52 | .52 | .64 | .80 | .89 | 1.12 | 1.24 | 1.44 | 1.56 | 1.64 | Div'ds Decl'd per sh ^E | 2.20 |
| .10 | .07 | .08 | .10 | .08 | .16 | .24 | .35 | .35 | .23 | .28 | .28 | .51 | .67 | .74 | 1.07 | 1.05 | 1.00 | Cap'l Spending per sh | .75 |
| 4.48 | 4.87 | 5.69 | 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 | 9.20 | 9.40 | Book Value per sh ^D | 10.15 |
| 10566 | 10718 | 10718 | 10862 | 10710 | 10062 | 9380.0 | 9151.0 | 8908.0 | 8668.0 | 8376.0 | 8381.0 | 8328.0 | 8239.0 | 8027.0 | 7808.0 | 7650 | 7450 | Common Shs Outst'g ^C | 6900 |
| 35.3 | 32.4 | 26.1 | 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 | Bold figures are Value Line estimates | | Avg Ann'l P/E Ratio | 18.0 |
| 1.81 | 1.77 | 1.49 | 1.36 | 1.22 | 1.17 | 1.06 | .98 | .89 | .83 | .60 | .66 | .63 | .74 | .86 | .95 | | | Relative P/E Ratio | 1.12 |
| -- | -- | .3% | .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% | | | Avg Ann'l Div'd Yield | 2.9% |
| CAPITAL STRUCTURE as of 3/31/17 | | | | | | | | | | | | | | | | | | | |
| Total Debt \$84008 mill. Due in 5 Yrs \$22000 mill. | | | | | | | | | | | | | | | | | | | |
| LT Debt \$76222 mill. LT Interest \$2275 mill. | | | | | | | | | | | | | | | | | | | |
| (52% of Cap'l) | | | | | | | | | | | | | | | | | | | |
| Leases, Uncapitalized \$572.0 mill. | | | | | | | | | | | | | | | | | | | |
| No defined benefit pension plan | | | | | | | | | | | | | | | | | | | |
| Pfd Stock None | | | | | | | | | | | | | | | | | | | |
| Common Stock 7,720,514,731 shs. | | | | | | | | | | | | | | | | | | | |
| as of 4/21/17 | | | | | | | | | | | | | | | | | | | |
| MARKET CAP: \$535 billion (Large Cap) | | | | | | | | | | | | | | | | | | | |
| CURRENT POSITION (SMILL.) | | | | | | | | | | | | | | | | | | | |
| 2015 | | 2016 | | 3/31/17 | | | | | | | | | | | | | | | |
| Cash Assets | | 85709 | | 96526 | | 126018 | | | | | | | | | | | | | |
| Receivables | | 19544 | | 17908 | | 12882 | | | | | | | | | | | | | |
| Inventory (Avg Cst) | | 2660 | | 2902 | | 1979 | | | | | | | | | | | | | |
| Other | | 6333 | | 7376 | | 5434 | | | | | | | | | | | | | |
| Current Assets | | 114246 | | 124712 | | 146313 | | | | | | | | | | | | | |
| Accts Payable | | 7432 | | 6591 | | 6217 | | | | | | | | | | | | | |
| Debt Due | | 2000 | | 7484 | | 7786 | | | | | | | | | | | | | |
| Unearned Revenue | | 23150 | | 23223 | | 26518 | | | | | | | | | | | | | |
| Other | | 13043 | | 12560 | | 11484 | | | | | | | | | | | | | |
| Current Liab. | | 45625 | | 49858 | | 52005 | | | | | | | | | | | | | |
| ANNUAL RATES | | | | | | | | | | | | | | | | | | | |
| Past | | Past | | Est'd '14-'16 | | | | | | | | | | | | | | | |
| of change (per sh) | | 10 Yrs. | | 5 Yrs. | | to '20-'22 | | | | | | | | | | | | | |
| Revenues | | 11.5% | | 9.0% | | 8.0% | | | | | | | | | | | | | |
| "Cash Flow" | | 11.0% | | 7.0% | | 9.0% | | | | | | | | | | | | | |
| Earnings | | 9.0% | | 4.5% | | 8.0% | | | | | | | | | | | | | |
| Dividends | | 16.5% | | 17.5% | | 9.5% | | | | | | | | | | | | | |
| Book Value | | 7.0% | | 12.5% | | Nil | | | | | | | | | | | | | |
| Fiscal Year Ends | | | | | | | | | | | | | | | | | | | |
| QUARTERLY REVENUES (\$ mill.) ^A | | Full Fiscal Year | | | | | | | | | | | | | | | | | |
| Sep.30 Dec.31 Mar.31 Jun.30 | | | | | | | | | | | | | | | | | | | |
| 2014 | 18529 | 24519 | 20403 | 23382 | 86833 | | | | | | | | | | | | | | |
| 2015 | 23201 | 26470 | 21729 | 22180 | 93580 | | | | | | | | | | | | | | |
| 2016 | 21660 | 25506 | 22156 | 22642 | 91964 | | | | | | | | | | | | | | |
| 2017 | 22334 | 26066 | 23557 | 24143 | 96100 | | | | | | | | | | | | | | |
| 2018 | 24650 | 29000 | 26100 | 26750 | 106500 | | | | | | | | | | | | | | |
| Fiscal Year Ends | | | | | | | | | | | | | | | | | | | |
| EARNINGS PER SHARE ^{AB} | | Full Fiscal Year | | | | | | | | | | | | | | | | | |
| Sep.30 Dec.31 Mar.31 Jun.30 | | | | | | | | | | | | | | | | | | | |
| 2014 | .62 | .78 | .68 | .55 | 2.63 | | | | | | | | | | | | | | |
| 2015 | .65 | .77 | .62 | .62 | 2.65 | | | | | | | | | | | | | | |
| 2016 | .70 | .77 | .63 | .69 | 2.79 | | | | | | | | | | | | | | |
| 2017 | .76 | .83 | .73 | .70 | 3.02 | | | | | | | | | | | | | | |
| 2018 | .80 | .95 | .75 | .75 | 3.25 | | | | | | | | | | | | | | |
| Cal-endar | | | | | | | | | | | | | | | | | | | |
| QUARTERLY DIVIDENDS PAID ^E | | Full Year | | | | | | | | | | | | | | | | | |
| Mar.31 Jun.30 Sep.30 Dec.31 | | | | | | | | | | | | | | | | | | | |
| 2013 | .23 | .23 | .23 | .28 | .97 | | | | | | | | | | | | | | |
| 2014 | .28 | .28 | .31 | .31 | 1.18 | | | | | | | | | | | | | | |
| 2015 | .31 | .31 | .31 | .36 | 1.29 | | | | | | | | | | | | | | |
| 2016 | .36 | .36 | .39 | .39 | 1.50 | | | | | | | | | | | | | | |
| 2017 | .39 | | | | | | | | | | | | | | | | | | |
| 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 tablet. Revenue sources in fiscal 2016: Productivity & Business Processes, 28.8%; Intelligent Cloud, 27.2%; More Personal Computing, 44.0%. R&D, 13.0% of 2016 revenues. Employed 114,000 at 6/30/16. Stock owners: William H. Gates, 2.5%; other offs. & dirs., 0.5%; The Vanguard Group, 6.1%; BlackRock, Inc., 5.6%; (10/16 proxy). Chrmn: John Thompson. CEO: Satya Nadella. Inc.: Washington. Addr.: One Microsoft Way, Redmond, Washington 98052-6399. Tel.: 425-882-8080. Internet: www.microsoft.com. | | | | | | | | | | | | | | | | | | | |
| of this business was respectable. Finally, Microsoft's Search and Gaming businesses remained on an upswing, but competition and an end-of-product cycle for the Surface products took a bite out of revenue. We have made only minor changes to our estimates for fiscal 2017. On point, we are looking for the company to finish the year with the wind to its back, and for 2018 to be another good one. In fact, despite a bit of an initial drag from the LinkedIn acquisition, our sense is share earnings are likely to take another step up next year. What about Microsoft stock? The company is having good success with the strategy set by CEO Satya Nadella, and we think that the momentum Microsoft is building in the regard will likely continue showing up in its future financial results. That said, the market support accorded to this untimely stock and the ensuing valuation make it somewhat less attractive as a long-term holding for those considering new commitments, in our view. If high-quality MSFT shares are already owned, though, we would continue to hold them. Charles Clark May 12, 2017 | | | | | | | | | | | | | | | | | | | |
| The business trends that have been evident at Microsoft for the last year, or so, remained in place in the March quarter. Indeed, the adoption of Office 365 in both the commercial and consumer markets continued to move forward at a fast pace, with Dynamics 365 and related cloud services also being a customer attraction. In this regard, strong demand for the the company's cloud infrastructure services (Azure, etc.) showed little sign of abating, with high value-added services finding increased interest. Meanwhile, commercial customers continued with their healthy adoption of the Windows 10 operating system, and the consumer side | | | | | | | | | | | | | | | | | | | |