Bull Run

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Microsoft Corporation (MSFT)

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1. Fiche d'identité

Nom	Microsoft Corporation
Secteur	Technology
Industrie	Software - Infrastructure
Bourse	NASDAQ
Pays de cotation	US

Référence

1.1 1.2

1.1 Modèle d'affaires

Microsoft earns revenue by selling cloud and software subscriptions, as well as licensing, to both businesses and consumers. Its primary streams include Microsoft 365 and other cloud services, Windows and Office licensing, LinkedIn, and enterprise software like Dynamics, plus gaming and devices. Revenue is generated across three segments: Productivity and Business Processes, Intelligent Cloud, and More Personal Computing.

Référence

1.1.1

1.2 Données de marché

Prix actuel	497.74 USD
Capitalisation boursière	3,696.0 G USD

Référence

1.2.1

2. Diagnostic du Moat

2.1 Résumé du moat

Microsoft clearly has a strong, durable moat built on several reinforcing advantages: dominance in desktop operating systems and enterprise productivity software, a top-two position in global cloud infrastructure, deep integration across productivity, collaboration, security, and developer tools, and large, sticky enterprise contracts that underpin high margins and ROIC. These advantages have persisted and strengthened over at least a decade and are likely to remain material for 10–20+ years, though cloud, AI, and regulatory pressures mean the moat must continually be defended rather than taken as permanent.

Référence

2.1.1 **2.1.2** **2.1.3** **2.1.4** **2.1.5**

2.2 Type de moat identifié

The primary moat types evident for Microsoft are

- network effects and ecosystem lock-in across Windows, Microsoft 365, Teams, Azure, and security/developer tools
- switching costs and high customer stickiness via multi-year contracts, embedded workflows, and data migration costs
- scale and cost advantages in cloud and AI infrastructure due to massive data-center, hardware, and R&D investments
- brand and trust, especially among enterprises and governments; and
- powerful distribution and bundling advantages that leverage Microsoft's incumbent position and licensing model

Among these, switching costs and distribution/bundling are most directly proven; network/ecosystem and scale/cost moats are well supported but rely more on indirect and third-party evidence; brand/trust is supported by scale and financials but not independently quantified.

Référence

2.2.1 **2.2.2** **2.2.3** **2.2.4** **2.2.5** **2.2.6** **2.2.7** **2.2.8** **2.2.9**

2.3 Preuves concrètes du moat

Linking each moat type to evidence:

1) Network effects and ecosystem lock-in Microsoft's ecosystem spans Windows, Microsoft 365/Office, Teams, Azure, Dynamics, GitHub, and security products. StatCounter data show Windows retaining roughly 70%+ of global desktop OS usage in 2025–2026, far ahead of macOS and ChromeOS. Once a workplace standardizes on Windows PCs, Office/Microsoft 365, and Teams, the value of each component rises with the number of users and compatible applications. Item 1 of the 10-K emphasizes integrated solutions (e.g., Azure plus Microsoft 365 plus security/identity) and LinkedIn as an interconnected professional network. Apps Run the World notes Microsoft as the leading collaboration vendor. These observations together suggest that more users, devices, and developers on Microsoft platforms make the ecosystem more valuable, providing a soft but real barrier to displacement. Because we lack direct user and developer-ecosystem time series from filings, the strength of pure network effects remains plausible rather than fully documented.

2) Switching costs and high customer stickiness (proven) The FINANCIAL supplement based on Item 8 shows $75.7B in current unearned revenue and $684B in remaining performance obligations, with approximately 2.3-year average duration, predominantly from commercial customers. This indicates that a very large share of future revenue is contractually committed. Item 1 describes products like Microsoft 365, Dynamics 365, and Azure as embedded in core business processes (ERP, CRM, collaboration, identity, security). Migrating away implies re-platforming core workflows, retraining staff, and moving data. Financial metrics corroborate this: over 2017–2026, ROIC rose from ~12% to 20–26%, net margin stabilized in the mid-30s to 40%, and gross margin stayed around 65–70%, despite aggressive competition. The cash conversion cycle is deeply negative (-52 days in 2026), reflecting significant customer prepayments. These patterns are hard to sustain without high renewal rates and low churn, making switching-cost moats clearly present even without explicit disclosed churn figures.

3) Scale and cost advantages in cloud and AI infrastructure Public cloud is capital-intensive. Microsoft's capex surged from roughly $20–24B in 2021–2022 to $115.9B in 2026, yet overall gross margin (~68%) and operating margin (~47%) remain extremely high. Item 7 confirms that Microsoft Cloud revenue and profit are growing rapidly, with Azure up ~41% in 2026. Independent market trackers (Synergy/Statista) place Azure as the #2 global cloud provider with roughly 21–25% share vs AWS at ~28–31% and Google Cloud ~11–14%. At that scale, Microsoft can amortize massive fixed infrastructure and R&D costs over a broad customer base, likely yielding lower unit costs, better service breadth, and favorable economics for customers compared to smaller providers. While we do not have per-unit cost data or a direct benchmark against AWS/GCP costs, the coexistence of heavy capex, high growth, and elite margins strongly supports a scale/cost advantage, though we label it plausible rather than fully proven against peers.

4) Brand and trust in enterprise/government Microsoft's products underpin mission-critical workloads worldwide. Item 1 describes extensive offerings for enterprises, developers, and public-sector customers, including dedicated cloud services for health and life sciences and government. The company's ability to sign multi-year, multi-billion-dollar contracts (reflected in $684B of remaining performance obligations) and its very high institutional ownership levels indicate that large organizations trust Microsoft to deliver secure, compliant, and long-lived solutions. Sustained ROE around 30–40% and a fortress balance sheet further reflect this trust. However, in this research run we did not load detailed contract case studies or independent survey data (e.g., CIO preference surveys), so brand/trust is supported indirectly rather than via direct third-party reputation measurements.

5) Distribution and bundling advantages (go-to-market moat) Microsoft leverages its incumbency and licensing model to bundle multiple products into a single subscription or enterprise agreement. Item 1

highlights Microsoft 365 as a suite combining Office applications, Teams, security, and device management; Teams is often included in those suites, making it a default collaboration choice. Item 7 explains that growth in Productivity & Business Processes is driven by Microsoft 365 Commercial, while Apps Run the World identifies Microsoft as the leading collaboration vendor. On the cost side, Microsoft's SG&A is just ~10–13% of revenue, unusually low for a fast-growing software and cloud company, implying efficient selling through long-standing enterprise relationships, channels, and self-service subscriptions. Competitors like Slack and Zoom must often sell product-by-product, which is inherently more expensive. This bundling and distribution reach constitute a clearly evidenced moat mechanism that reduces customer acquisition cost and protects share.

Overall, the most firmly established moats are high switching costs and powerful distribution/bundling. Network effects and scale/cost moats are very likely but rest more heavily on market-share and profitability inferences. Brand/trust is evident but less quantifiable in this dataset.

Référence

2.3.1 **2.3.2** **2.3.3** **2.3.4** **2.3.5** **2.3.6**

2.4 Durabilité du moat

Moat sustainability

Time horizon: The combination of entrenched enterprise contracts, ecosystem depth, and cloud/AI scale suggests a long-term moat (10–20+ years), though its exact strength across business lines will evolve.

Strengthening forces

- Cloud and AI integration: As Microsoft embeds Copilot and AI features into Microsoft 365, Dynamics, GitHub, and Azure, customer dependence deepens. AI features often rely on tenant data and custom models, which increases switching friction.
- Expanding RPO and subscription base: The large and growing remaining performance obligations and unearned revenue indicate that more of Microsoft's business is on multi-year, recurring terms, reinforcing revenue visibility and stickiness.
- Ecosystem breadth: Each additional layer—security, identity, analytics, developer tools—makes Microsoft more of an operating system for enterprise IT, making partial displacement harder.

Weakening or uncertain forces

- Cloud competition: AWS and Google Cloud continue to invest heavily and innovate, particularly in AI. While Azure is growing fast, share could fluctuate, and price competition could pressure margins.
- AI disruption: Foundation models, open-source AI, and new AI-native productivity tools could substitute parts of Office, Teams, or even Windows workflows over time, potentially eroding some traditional application moats.
- Regulatory actions: Antitrust and competition authorities (EU, US, others) are increasingly aggressive about tying and bundling. Remedies that restrict how Microsoft bundles Teams or security with Microsoft 365, or how it uses Windows as a distribution channel for Edge and Bing, could weaken the go-to-market moat.
- Platform shifts: A future dominant platform (e.g., VR/AR, edge, or something else) where Microsoft is not as strong could reduce the relevance of today's desktop and cloud advantages.

Directionally, the moat appears to be strengthening in core enterprise cloud and productivity (thanks to AI and deeper integration), while being challenged at the margins by regulation and fast-moving competitors in AI tools. Sustainability is therefore high but not immutable: it is reasonable to expect a durable advantage over at least the next 10–15 years, assuming continued execution and regulatory management.

Référence

2.4.1 2.4.2 2.4.3 2.4.4 2.4.5 2.4.6 2.4.7 2.4.8

2.5 Menaces au moat

Key threats to the moat

- Intensifying cloud and AI competition: AWS and Google Cloud, plus open-source and specialized AI providers, aggressively innovate. If they out-execute Microsoft on price, performance, or developer experience, Azure's growth and margins could slow.
- Regulatory and antitrust risk: Item 1A describes business-model competition and mentions that competitors' content/app marketplaces and alternative platforms can constrain Microsoft. Ongoing and future investigations (e.g., around bundling Teams with Microsoft 365, or integrating AI services) could force unbundling, interoperability, or data-portability commitments that weaken switching costs and distribution advantages.
- Open-source and freemium alternatives: Risk factors emphasize competition from open-source and free/ad-supported products. In productivity, collaboration, security, and AI tools, capable open-source or low-cost rivals can undercut pricing power and incrementally erode share.
- Platform shifts and device competition: Growth of alternative platforms (macOS, iPadOS, ChromeOS, mobile-first work) and new paradigms (VR/AR, edge computing) could reduce Windows' centrality and alter how users interact with productivity tools, potentially favoring more neutral or web-centric solutions.
- Security or reliability failures: As a trusted provider of enterprise cloud and productivity tools, any major, repeated security breaches, outages, or compliance failures could damage Microsoft's brand moat and drive customers to diversify away.
- Customer bargaining power: Large enterprise and government customers may use multi-cloud strategies to negotiate better terms, limiting Microsoft's ability to capture full economic rents from its platform position.

These threats could narrow, but are unlikely to eliminate, Microsoft's advantage; the company's breadth and financial strength give it substantial room to respond, though regulatory outcomes and AI dynamics are particularly important to watch.

Référence

2.5.1 2.5.2 2.5.3

2.6 Comparaison avec les concurrents

Comparison with named direct competitors

Cloud (Azure vs AWS vs Google Cloud)

- Market position: Third-party trackers consistently place AWS as #1 in cloud infrastructure (28–31% share), Azure #2 (~21–25%), and Google Cloud #3 (~11–14%) in 2024–2026. Azure has been gaining share gradually and posting faster growth than AWS, but still trails in scale.
- Economics: Microsoft's consolidated margins (~68% gross, ~47% operating, ~40% net in 2026) and ROIC (~20%) show that its cloud business is highly profitable despite heavy capex. Without AWS/GCP segment data here, we cannot prove that Azure's cost position is superior, but it is clearly competitive: Azure supports a top-two share and rapid growth without materially diluting Microsoft's margins.
- Moat comparison: AWS has first-mover and ecosystem advantages; Microsoft counters with deep integration into Windows, Office, and on-premises enterprise IT. Microsoft's moat here is strong but somewhat narrower than AWS's in pure cloud; however, Microsoft's broader enterprise stack arguably gives it a more diversified, system-level moat.

Productivity and collaboration (Microsoft 365/Teams vs Google Workspace, Slack, Zoom)

- Market position: Gartner commentary cites Microsoft 365 as having a ~77% share of SaaS enterprise productivity, far ahead of Google Workspace. Apps Run the World lists Microsoft as the leading collaboration vendor in 2024, reflecting Teams' dominance as the default enterprise platform. Slack and Zoom are large, but far smaller in user count and more concentrated in specific use cases.
- Economics: Microsoft's productivity segment benefits from suite bundling and low incremental distribution cost (SG&A ~10–13% of revenue) relative to typical SaaS peers. Slack and Zoom must incur higher standalone marketing and sales expenses to displace pre-installed Teams/Office.
- Moat comparison: Microsoft's bundling and integration across email, calendar, documents, chat, meetings, and device management give it a wider moat than Google Workspace or Slack/Zoom, which are often used in parallel or as niche tools. Google has strengths in certain segments and usability, but trails materially on installed base in enterprises.

Operating systems (Windows vs macOS/ChromeOS)

- Market position: StatCounter data for mid-2026 show Windows at roughly 71% global desktop OS share, with macOS/OS X in the mid-teens and Linux/ChromeOS in the mid-single digits. This dominance has persisted over many years with only gradual share shifts.
- Economics: Windows is a high-margin business that also reinforces Microsoft's productivity and cloud offerings by acting as the default enterprise endpoint environment.
- Moat comparison: Apple holds a strong premium niche with macOS and iPadOS, and ChromeOS is important in education, but neither has displaced Windows' central position in enterprise PCs. Microsoft's OS moat remains structurally stronger in breadth and application compatibility.

Collaboration platforms (Teams vs Slack vs Zoom)

- Market position: Secondary sources indicate Microsoft Teams surpassed 270M users by 2022 and has continued to grow, while Slack and Zoom have far smaller collaboration user counts. Apps Run the World names Microsoft as the top collaboration vendor by market share in 2024.
- Moat comparison: Because Teams is bundled with Microsoft 365, it benefits from both switching costs (embedded in workflows and documents) and distribution economies. Slack and Zoom must

justify incremental spend and drive behavioral change, making Microsoft's moat here stronger, especially in large enterprises already standardized on Microsoft 365.

Overall, Microsoft's moat is at least as strong as, and often stronger than, those of its major competitors in the specific arenas where it is dominant (enterprise productivity, collaboration, desktop OS). In cloud, it faces its toughest rival in AWS and a rapidly improving Google Cloud; here the moat is strong but more contested. Microsoft's greatest relative advantage comes from the breadth and integration of its stack rather than from any single product line.

Référence

2.6.1 2.6.2 2.6.3 2.6.4 2.6.5 2.6.6 2.6.7 2.6.8 2.6.9 2.6.10
2.6.11 2.6.12 2.6.13 2.6.14 2.6.15 2.6.16 2.6.17 2.6.18
2.6.19 2.6.20 2.6.21

2.7 Verdict 4.5/5

Evidence from a decade of financials (high and rising ROIC ~20–26%, net margins ~35–40%, and stable ~68% gross margins) and segment data, combined with independent market-share sources, support that Microsoft has multiple, reinforcing moats: dominant, sticky positions in desktop OS and enterprise productivity; a top-two hyperscale cloud and collaboration platform; switching costs and ecosystem lock-in via integrated suites (Windows, Microsoft 365, Teams, Azure, security); and scale/data advantages in cloud and AI. These are clearly durable over at least a decade. However, the moat is not unassailable: Azure still trails AWS in cloud share, Google and open-source alternatives are credible in productivity and AI, regulators actively constrain platform tying, and AI could alter some software layers. Given these threats and the fact that network/ecosystem and scale claims rely on third-party market data rather than direct internal user/retention metrics, a conservative 4.5/5 score (strong but not perfect) is warranted.

Force du moat	strong
Durabilité estimée	10-20+ years (long term)

Evidence from a decade of financials (high and rising ROIC ~20–26%, net margins ~35–40%, and stable ~68% gross margins) and segment data, combined with independent market-share sources, support that Microsoft has multiple, reinforcing moats: dominant, sticky positions in desktop OS and enterprise productivity; a top-two hyperscale cloud and collaboration platform; switching costs and ecosystem lock-in via integrated suites (Windows, Microsoft 365, Teams, Azure, security); and scale/data advantages in cloud and AI. These are clearly durable over at least a decade. However, the moat is not unassailable: Azure still trails AWS in cloud share, Google and open-source alternatives are credible in productivity and AI, regulators actively constrain platform tying, and AI could alter some software layers. Given these threats and the fact that network/ecosystem and scale claims rely on third-party market data rather than direct internal user/retention metrics, a conservative 4.5/5 score (strong but not perfect) is warranted.

Référence

2.7.1 2.7.2 2.7.3 2.7.4 2.7.5 2.7.6 2.7.7 2.7.8 2.7.9 2.7.10
2.7.11 2.7.12 2.7.13

3. Anomalies détectées

3.1 Résumé des anomalies détectées

Across the FY 2026 10-K and proxy, there are no material anomalies in accounting, liquidity, profitability, or internal controls. Reported numbers are internally consistent and supported by strong cash generation and conservative leverage. The main non-fundamental flags are: (i) unusually high and rising capex that materially compresses free cash flow; (ii) a very large new 2026 equity compensation plan that increases potential dilution even though share count is currently stable; and (iii) very low insider ownership. None of these presently threatens solvency or earnings quality, but they warrant monitoring.

Référence

3.1.1 3.1.2 3.1.3 3.1.4 3.1.5 3.1.6 3.1.7 3.1.8 3.1.9

3.2 Anomalies comptables

Accounting quality appears high with no clear red flags in accruals, goodwill, inventory, or receivables:

- Accruals and earnings quality: Net income of $133.7B in 2026 is more than covered by operating cash flow of $182.9B, giving an income-to-cash ratio of ~1.37x (calc_python; cash-flow statement). This consistently strong cash conversion over several years is inconsistent with aggressive revenue or expense accruals.
- Revenue recognition and deferred revenue: Note 1 describes standard ASC 606 policies with multiple performance obligations, SSP estimation, and treatment of variable consideration, with no exotic structures (edgar_search_note). Current deferred revenue is very large at $72.97B vs revenue $331.8B (deferred/current liabilities on balance sheet; ratio ~22% of annual revenue per calc_python), consistent with pre-paid subscription/cloud contracts rather than revenue pull-forward. Negative cash-conversion cycle further supports this.
- Receivables quality: Net receivables rose to $80.9B from $69.9B in 2025, but days sales outstanding are ~89 days vs ~91 in 2025 and ~85 in 2024 (ratios). Note 1 discusses standard allowance for doubtful accounts and credit-loss methodologies with no indication of weakening credit quality (edgar_search_note). Rising receivables track rapid revenue growth and are still matched by strong cash collection in the cash-flow statement, so no anomaly is evident.
- Inventory: Inventory is minimal for Microsoft's scale ($1.4B in 2026, down as a % of sales, with inventory days ~4.8 vs ~3.9 in 2025 and ~6.1 in 2024; ratios; balance sheet). There is no sign of inventory build-up or obsolescence risk of a magnitude that could distort results.
- Goodwill and intangibles: Goodwill was $119.7B in 2026, up only slightly from $119.5B in 2025 and $119.2B in 2024 (balance sheet). Note 8 shows modest acquisition-related increases by segment, with accumulated goodwill impairment static at $11.3B and no new impairments in 2024-2026 (edgar_search_note). Goodwill is tested annually using DCF at the reporting-unit level; no units were close to impairment according to the note, so no hidden impairment risk is obvious.
- Internal controls: The auditor (Deloitte & Touche) issued an unqualified opinion on internal control over financial reporting, with no material weaknesses disclosed (Item 9A excerpt).

Given strong cash backing, conservative policies, clean control opinions, and the absence of unusual swings in working-capital metrics, I do not identify accounting anomalies for FY 2026.

Référence

3.2.1 3.2.2 3.2.3 3.2.4 3.2.5 3.2.6 3.2.7 3.2.8 3.2.9

3.3 Anomalies dans la dette et la liquidité

Debt and liquidity are conservative, with one notable but manageable feature: a large increase in absolute debt and capex commitments tied to AI infrastructure.

- Liquidity: Current ratio is 1.23x and quick ratio 1.22x in 2026 (ratios), with $76.8B of cash and short-term investments (balance sheet). The cash-conversion cycle is strongly negative (~-52 days), driven by large deferred revenue and payables, which structurally supports liquidity.
- Leverage: Total debt increased to $128.8B from $112.2B in 2025 and $97.9B in 2024, but debt-to-equity is only 0.29x and debt/assets 0.17x (ratios; balance sheets). Net-debt/EBITDA remains around ~0.5x using EBITDA from the income statement (; balance sheet), far from distress levels.
- Coverage and cash flow: Interest coverage is ~50.9x and cash-flow-to-debt 1.42x (ratios). Operating cash flow of $182.9B exceeds total debt service requirements by a wide margin (cash-flow statement). There is no sign of covenant pressure in the filings retrieved.
- Capex and contractual commitments: Note 6 shows property and equipment at cost jumping from $298.6B to $431.8B in one year, driven by servers, network equipment, and buildings; depreciation rose to $34.3B from $22.0B (edgar_search_note). The note discloses $26.7B of capex already in accounts payable and an additional $34.6B of committed but not yet spent construction obligations, mainly datacenters. Combined with cash-flow data (capex of $115.9B in 2026, cash-flow statement), this shows an extreme capex ramp that ties up liquidity but is still easily funded by operating cash and moderate debt.

Net: leverage is rising in nominal terms and capex commitments are large, but metrics remain strong. I treat this as a strategic high-investment posture rather than a debt/liquidity anomaly, though execution risk on AI/datacenter investments should be monitored.

Référence

3.3.1 3.3.2 3.3.3 3.3.4

3.4 Anomalies dans la rentabilité

Profitability patterns are unusually strong but not obviously unsustainable or manipulated:

- Margin structure: 2026 gross margin is ~67.9%, operating margin ~46.8%, and net margin ~40.3% (income statement; ratios). These are extremely high but consistent with software and cloud economics and have improved gradually over several years rather than spiking abruptly.
- Growth and scalability: Revenue grew 17.8% year-over-year in 2026 to $331.8B, while operating income rose faster due to operating leverage. R&D and SG&A as a percentage of revenue remained around 10–11% each (per prior FINANCIAL analysis of FMP key metrics), indicating disciplined scaling rather than under-investment.
- Cash vs. profit: Operating-cash-flow margin (~55% of revenue) exceeds net margin (~40%), and this gap has been stable to improving (cash-flow statement; ratios). This supports the reality of profits.
- FCF compression: Free-cash-flow margin has compressed to ~20% due to capex absorbing ~63% of OCF (cash-flow statement; ratios). This could superficially look like a deterioration in profitability, but is clearly explained by growth investment in AI/cloud infrastructure and not by weaker underlying economics.

Overall, profitability is exceptionally high and stable, with the only “anomaly” being that free cash flow temporarily understates economic profitability because of front-loaded capex. That anomaly is well disclosed and supported by high ROIC and margins, not a sign of earnings overstatement.

Référence

3.4.1 3.4.2 3.4.3 3.4.4

3.5 Anomalies dans le discours de la direction

Management's discourse in MD&A appears consistent with the numbers, and there is no sign of guidance gamesmanship or concealment in the excerpts reviewed:

- Critical accounting estimates: Item 7 discusses goodwill impairment, investment valuation, and revenue recognition as key estimates, emphasizing use of DCF for goodwill and systematic methodologies for investment impairments (edgar_search; edgar_search_note). These match the policies and absence of impairments seen in Note 8 and the financials.
- Capex and AI strategy: Web-accessible 10-K/earnings materials highlight a deliberate ramp of AI/datacenter investment funded by strong legacy cash flows (web_search; Note 6). The large increase in PP&E and capex commitments in the statements matches this narrative; there is no hidden capital intensity.
- Internal controls and auditor reports: Item 9A contains a clean opinion from Deloitte with no material weaknesses, aligning with management's own assertion of effective controls.
- Prior MANAGEMENT follow-up: The separate MANAGEMENT agent's review found MD&A and proxy disclosures generally candid about trade-offs (e.g., capex vs. FCF and pay-versus-performance) and did not identify instances where narrative conflicted with outcomes.

Given the alignment between discourse and financial outcomes, I do not detect discourse anomalies such as unexplained metric redefinitions, quietly dropped KPIs, or material inconsistencies between guidance and results in the 2026 10-K context available here.

Référence

3.5.1 3.5.2 3.5.3 3.5.4 3.5.5 3.5.6 3.5.7 3.5.8 3.5.9

3.6 Anomalies stratégiques ou opérationnelles

Strategic and operationally, the main unusual pattern is the intensity and speed of the AI and cloud infrastructure build-out:

- Datacenter/AI build-out: PP&E at cost rose from $298.6B to $431.8B in one year, with servers/network equipment and buildings accounting for most of the increase; depreciation jumped by over 50% (Note 6). Capex surged to $115.9B in 2026 from $64.6B in 2025 and $44.5B in 2024 (cash-flow statement). Management attributes this to AI infrastructure investment, which is consistent with segment performance and MD&A commentary.
- Commitments: Microsoft discloses an additional $34.6B of committed capital projects for construction of new buildings and leasehold improvements, mostly datacenters, plus $26.7B of PP&E already in accounts payable (Note 6). This front-loads future depreciation and fixed costs and increases execution risk if AI demand slows.
- Segment/goodwill stability: Goodwill by segment changed only modestly, with no major acquisitions or divestitures that would signal abrupt strategic pivots (Note 8; balance sheet). Core segments—Productivity & Business Processes, Intelligent Cloud, and More Personal Computing—remain intact.

I therefore see a single, clearly disclosed strategic “anomaly”: a very heavy capital-intensity phase for AI/cloud that structurally raises fixed-cost leverage. This is a risk if growth underperforms expectations, but not a hidden one; it is evident in the numbers and MD&A and currently financed conservatively.

Référence

3.6.1 3.6.2 3.6.3

3.7 Anomalies dans la rémunération et la gouvernance

Compensation and governance show generally strong practices with two potential concerns: a large new equity plan authorization and very low insider ownership.

- Equity compensation plan scale: The 2025 proxy's Compensation Discussion and Analysis describes a new 2026 Stock Plan requesting 226M additional shares for equity awards, anticipated to last about five years based on historical burn rates (edgar_search_proxy). At Microsoft's ~7.4B diluted share base, this pool represents roughly 3% of outstanding shares, a meaningful but not extreme potential dilution level.
- Plan safeguards: The same proxy excerpt emphasizes shareholder-friendly features: no evergreen provision, no liberal share recycling, no single-trigger change-in-control acceleration, no dividends on unvested awards, and no repricing of options/SARs without shareholder approval. These mitigate governance risk from the plan.
- Actual dilution trend: Despite substantial equity grants (roughly 38.5M shares in FY 2025, including PSAs), diluted share count has remained broadly flat or slightly declining (7.47B→7.45B) thanks to large buybacks (income statement; cash-flow statement). Thus, the large plan capacity has not yet translated into rising net dilution.
- Insider ownership: Prior MANAGEMENT analysis using Yahoo ownership data found insider ownership around 0.088% of outstanding shares, with institutions holding ~75%. That level of direct executive/board ownership is low versus smaller firms, though it is common for a mega-cap. It modestly weakens direct alignment but is partly offset by heavy use of stock-based pay.
- Internal control governance: A clean SOX 404 opinion from Deloitte (Item 9A) and robust board/committee oversight of compensation and equity plans (proxy excerpts;) support strong governance infrastructure.

Overall, compensation/governance anomalies are limited to the scale of potential future equity issuance and low insider holdings. With flat share count, strong safeguards, and clean control opinions, I classify governance risk as low, with a watchpoint on long-term dilution.

Référence

3.7.1 3.7.2 3.7.3 3.7.4 3.7.5

3.8 Conclusion et niveau de risque Faible

Final Verdict – Section 3.8 • Overall anomaly risk level: LOW (score 5.0/5.0 – best-in-class anomaly profile). Justification grounded in Sections 3.1–3.7: 1) Accounting (3.2): Earnings are strongly cash-backed, with OCF/net income ~1.37x in 2026 (;). Revenue recognition follows standard ASC 606 with large, economically logical deferred revenue balances (;). Receivables, inventory, and goodwill show no signs of manipulation or looming impairment, and Deloitte issued a clean internal-control opinion. 2) Debt & liquidity (3.3): Despite higher absolute debt and large capex commitments, leverage is conservative (debt/equity 0.29x; net-debt/EBITDA ~0.5x), coverage is extremely strong (>50x interest coverage), and liquidity is ample with a negative cash-conversion cycle (;;). There is no evidence of covenant stress. 3) Profitability (3.4): Gross, operating, and net margins (~68%, ~47%, ~40%) and ROIC (~20%+) are stable and consistent with a mature software/cloud franchise, not short-term boosts. FCF compression is fully explained by disclosed capex for AI/datacenters (;), not by deteriorating economics. 4) Discourse (3.5): MD&A's focus on AI infrastructure investment, revenue mix, and key estimates aligns closely with changes in PP&E, capex, and segment performance (;;). No major inconsistencies between narrative and numbers were found. 5) Strategy/operations (3.6): The one strategic anomaly is an aggressively front-loaded AI/datacenter build-out, reflected in PP&E cost exploding from $298.6B to $431.8B and capex $115.9B (;). This raises execution risk but is thoroughly disclosed and comfortably financed by OCF and modest leverage. 6) Compensation/governance (3.7): A large new 2026 Stock Plan (226M shares, ~3% of float) and very low insider ownership (~0.088% per MANAGEMENT/Yahoo data) are governance watchpoints, but the plan has strong shareholder safeguards and actual net dilution remains minimal due to buybacks (;;). Internal controls and board oversight appear robust. Taken together, these points support a LOW anomaly risk verdict: there are identifiable but well-disclosed strategic and governance risks, yet no signs of accounting manipulation, hidden leverage, or structural weaknesses that would justify a moderate, high, or critical anomaly rating.

Catégories d'anomalies :

- capex_intensity
- equity_compensation
- insider_ownership

Référence

3.8.1 3.8.2 3.8.3 3.8.4 3.8.5 3.8.6 3.8.7 3.8.8 3.8.9

4. Analyse financière

4.1 Croissance et qualité des revenus

Revenue growth and quality

• Scale and growth: Revenue grew from $96.6B in FY 2017 to $331.8B in FY 2026, a 9-year CAGR of ~14.7% (calc_python). Recent growth has accelerated: 2022–2023 +6.9%, 2023–2024 +15.7%, 2024–2025 +14.9%, 2025–2026 +17.8% (FMP income statement).

• Mix and durability: As per IDENTITY, revenue is dominated by cloud and software subscriptions (Microsoft 365, Azure, Dynamics), Windows/Office licensing, LinkedIn, and gaming/devices. These are largely recurring or subscription-like, with high switching costs and enterprise customers, which supports high revenue quality and visibility.

• Margin stability: Gross margin has stayed very high and stable, 65–70% over the last decade, and 67.9% in 2026, only slightly below the 2024 peak 69.8% (FMP ratios/income). This is consistent with high-value software and cloud services rather than low-margin hardware or commoditized products.

• Working-capital discipline: Days sales outstanding have drifted up modestly from ~82–86 days historically to ~89 days in 2026, but cash conversion cycle remains strongly negative (-52 days in 2026 vs small negative in 2022–2024), indicating Microsoft is effectively funded by customer prepayments and payables (FMP ratios). Deferred revenue remains very large ($73.0B current in 2026 vs $57.6B in 2024), further evidence of prepaid and subscription revenue (FMP balance sheet).

Overall, Microsoft exhibits strong, accelerating revenue growth from sticky, high-margin, recurring software and cloud services, with robust deferred revenue and negative cash conversion cycle supporting very high revenue quality.

Référence

4.1.1 4.1.2 4.1.3 4.1.4

4.2 Rentabilité et efficacité opérationnelle

Profitability and operational efficiency

• Margin profile: Microsoft operates at elite profitability levels: – Gross margin: 67.9% in 2026 vs 68.8% in 2025, 69.8% in 2024, and ~65–69% over the past decade (FMP ratios/income). Slight dip in 2026 likely reflects mix shift toward capital-intensive cloud/AI services, but levels remain excellent. – Operating margin: 46.8% in 2026, up from 45.6% in 2025 and 44.6% in 2024, and well above ~30–42% in 2017–2022 (FMP ratios). This reflects strong operating leverage despite heavy AI/cloud investment. – Net margin: 40.3% in 2026, up from 36.1% in 2025 and 36.0% in 2024, compared with ~31–37% pre-AI wave (FMP ratios). This is exceptionally high for any mega-cap and signals strong pricing power and cost control.

• Returns on capital: – ROE has normalized from unusually elevated COVID-era levels but remains very strong: 30.2% in 2026 vs 29.6% in 2025, 32.8% in 2024, and 35–44% in 2021–2023 (FMP key_metrics/ratios). – ROIC: 20.6% in 2026, 21.6% in 2025, 22.3% in 2024, 22–26% in 2020–2023 (FMP key_metrics). Sustained ~20%+ ROIC at Microsoft's scale indicates a durable moat and disciplined reinvestment.

• Cost structure and R&D: R&D intensity has risen with AI/infrastructure investment but remains well supported by margins: – R&D as % of revenue: 10.7% in 2026 vs 11.5% in 2025 and 2024, up from ~10–12% historically (FMP key_metrics). – SG&A to revenue: 10.4% in 2026, down from 11.7% in 2025 and 13.1% in 2024 (FMP key_metrics), evidence of scaling benefits and disciplined overhead.

• Efficiency: Asset turnover improved slightly vs 2024 despite a much larger asset base, at 0.438x in 2026 vs 0.456x in 2025 and 0.479x in 2024 (FMP ratios). Fixed-asset turnover is just under 1.0x in 2026 vs 1.23x in 2025 and 1.59x in 2024, reflecting the rapid build-out of datacenter and AI infrastructure, but profitability remains strong enough that overall returns are not compromised.

The combination of ~68% gross margin, ~47% operating margin, ~40% net margin, and ~20–23% ROIC over a decade makes Microsoft one of the most profitable large companies globally and indicates excellent operational efficiency even while investing heavily in AI and cloud infrastructure.

Référence

4.2.1 4.2.2 4.2.3

4.3 Flux de trésorerie et conversion des profits

Cash flow and profit conversion

• Operating cash flow: Operating cash flow has grown strongly alongside earnings: – OCF: $60.7B (2020), $76.7B (2021), $89.0B (2022), $87.6B (2023), $118.5B (2024), $136.2B (2025), $182.9B (2026) (FMP cash flow). – OCF margin (OCF/revenue): ~42–45% in 2020–2024, dipping to 48.3% in 2024, 48.3% in 2025, and rising to 55.1% in 2026 (FMP ratios), well above accounting net margin.

• Free cash flow and capex: – Capex has ramped sharply with AI/cloud infrastructure: $15.4B (2020), $20.6B (2021), $23.9B (2022), $28.1B (2023), $44.5B (2024), $64.6B (2025), $115.9B (2026) (FMP cash flow). – FCF: $45.2B (2020), $56.1B (2021), $65.1B (2022), $59.5B (2023), $74.1B (2024), $71.6B (2025), $67.0B (2026) (FMP cash flow). – FCF margin: high-teens to mid-20s historically, but compressed in 2025–2026 as capex surged: FCF/Revenue ~26% (2022), ~28% (2023), ~30% (2024), ~25% (2025), ~20% (2026), using reported revenue and FCF. – Capex/OCF: rose from ~25–27% in 2020–2022 to 37.5% in 2024, 47.4% in 2025, and 63.4% in 2026 (FMP key_metrics). This reflects the strategic decision to front-load investment in datacenters and AI infrastructure.

• Profit-to-cash conversion: – OCF/net income has consistently been above 1.0: income quality ratio 1.21–1.37 across 2020–2026; for 2026 specifically, OCF of $182.9B vs net income of $133.7B (ratio ~1.37) (FMP key_metrics/ratios). – FCF/net income in 2026 is weaker than prior years due to capex: $67.0B FCF vs $133.7B net income (~50%), compared with >70% in 2020–2024 (based on cash flow and income statements). This is not due to weak cash generation but to large, likely high-return investments.

• Working capital and receivables: – Working capital remains positive ($38.9B in 2026) though down from $49.9B in 2025 and $34.4B in 2024 (FMP key_metrics/balance sheet). – Cash conversion cycle is deeply negative (-52 days in 2026 vs -17 to -21 days in 2023–2025), due to high deferred revenue and strong payables terms (FMP ratios), supporting strong operating cash flow.

Overall, Microsoft converts earnings to cash very effectively at the operating level. Free cash flow is currently suppressed by an intentional surge in growth capex, not by deteriorating cash collection or quality of earnings. This is acceptable given sustained high ROIC and strong balance sheet capacity.

Référence

4.3.1 4.3.2 4.3.3

4.4 Solidité du bilan

Balance sheet strength

• Size and composition: Total assets have more than doubled from $250.3B in 2017 to $758.4B in 2026 (FMP balance sheet), driven primarily by massive growth in property, plant & equipment ($33.1B → $337.3B) and goodwill/intangibles ($45.2B → $138.3B), reflecting Microsoft's build-out of cloud/AI infrastructure and acquisitions.

• Liquidity: – Cash and short-term investments: $76.8B in 2026 vs $94.6B in 2025 and $75.5B in 2024 (FMP balance sheet). Even after heavy capex and buybacks, cash and equivalents remain very large. – Current ratio: 1.23x in 2026 vs 1.35x in 2025 and 1.27x in 2024; quick ratio similarly healthy at 1.22x in 2026 (FMP ratios). These are more than adequate for a business with strong recurring revenue and negative cash conversion cycle. – Cash ratio: 0.12x in 2026, down from 0.21x in 2025, but on an absolute basis $20.9B in cash remains ample for day-to-day liquidity.

• Leverage: – Total debt: $128.8B in 2026 vs $112.2B in 2025 and $97.9B in 2024 (FMP balance sheet). – Net debt: $107.9B in 2026 vs $81.9B in 2025 and $79.5B in 2024; net debt/EBITDA remains modest at ~0.52x in 2026 and ~0.51x in 2025 (FMP key_metrics). – Debt-to-equity has fallen structurally vs a decade ago and is now very conservative at 0.29x in 2026 vs 0.33x in 2025 and 0.36x in 2024, down from ~0.58–1.09x in 2017–2021 (FMP ratios). – Debt ratio (debt/assets) is only 17.0% in 2026 vs ~27–34% in 2017–2020 (FMP ratios).

• Interest coverage and solvency: – Interest coverage is extremely strong and improving: 50.9x in 2026, 53.9x in 2025, 37.3x in 2024, vs ~20–45x over the prior decade (FMP key_metrics/ratios). – Cash-flow-to-debt ratio is robust at 1.42x in 2026 vs ~0.5–1.2x in 2018–2025 (FMP ratios). Microsoft could, in principle, retire its debt from a few years of operating cash flow.

• Equity and book value: Shareholders' equity has grown from $87.7B (2017) to $442.4B (2026) despite decades of buybacks and dividends, reflecting strong retained earnings generation (FMP balance sheet). Book value per share has compounded strongly, reaching $59.5/share in 2026 vs $11.3/share in 2017 (FMP key_metrics).

On any conventional measure—liquidity, leverage, interest coverage, and asset quality—Microsoft's balance sheet is very strong. The rise in absolute debt and net debt is manageable relative to cash flow and earnings power, and leverage is far below levels that would threaten solvency.

Référence

4.4.1 4.4.2 4.4.3

4.5 Allocation du capital

Capital allocation

• Dividends: Microsoft has a long-standing and steadily growing dividend. – Dividend payout ratio has remained moderate: ~25–34% of earnings across 2018–2026, and 19.8% in 2026 (FMP key_metrics/ratios), leaving ample room for reinvestment and buybacks. – Dividend yield based on period-end price is modest (0.65–0.95% in 2024–2026), appropriate for a growth-oriented mega-cap.

• Share repurchases: Microsoft regularly returns additional capital via buybacks: – Share count has trended down from 7.75B diluted shares in 2017 to 7.45B in 2024 and 7.45B in 2025, and 7.43B basic / 7.45B diluted in 2026 (FMP income statement), a reduction of roughly 4–5% over nine years. – Annual repurchases: $10–33B in 2018–2022, $22.2B in 2023, $17.3B in 2024, $18.4B in 2025, $22.3B in 2026 (FMP cash flow). These are meaningful but not so aggressive as to compromise balance-sheet strength.

• Reinvestment and growth capex: – Microsoft has significantly ramped capex to fund growth in cloud and AI: from ~$8–15B annually in 2017–2020 to $20–24B in 2021–2022, then $28.1B (2023), $44.5B (2024), $64.6B (2025), and $115.9B (2026) (FMP cash flow). – Capex/OCF rose from mid-20% to 63% in 2026 (FMP key_metrics). While this compresses near-term FCF, it supports long-term growth and competitive positioning. ROIC remaining around 20%+ suggests these investments are earning attractive returns. – R&D spending has also grown materially in absolute terms (from $13.0B in 2017 to $35.6B in 2026) while staying around 10–12% of revenue (FMP income & key_metrics), indicating continued focus on innovation.

• Balance across uses of cash: – Over 2017–2026, Microsoft has consistently funded dividends and buybacks out of free cash flow while also increasing growth investment, without over-leveraging the balance sheet. Free cash flow coverage of dividends plus capex remained above 1.0x every year (dividend-and-capex coverage ratios >1.28x in 2026 and generally >1.5–2.0x in prior years; FMP ratios), showing a conservative payout policy. – Debt levels have increased in absolute terms, but net debt/EBITDA has remained around ~0.5x or lower since 2023 (FMP key_metrics), consistent with prudent use of leverage.

Overall, Microsoft’s capital allocation is exemplary: it returns substantial cash via dividends and buybacks, yet still prioritizes heavy reinvestment in high-return opportunities such as cloud and AI, all while maintaining a fortress balance sheet. This aligns well with a Buffett-style preference for companies that can reinvest a large portion of earnings at high incremental returns.

Référence

4.5.1 4.5.2 4.5.3

4.6 Résumé 5.0/5

Microsoft's FY 2026 financials show exceptional and improving fundamentals across every major dimension: very strong and accelerating revenue growth from high-quality, recurring software and cloud lines; industry-leading and rising margins; robust cash generation with solid, though moderating, FCF conversion; a conservative balance sheet with moderate net leverage and ample interest coverage; and consistently shareholder-friendly capital allocation through dividends, sizable buybacks, and heavy reinvestment in high-return cloud and AI infrastructure. While capex intensity and net debt have risen to fund cloud/AI growth, returns on capital remain high and interest coverage extremely strong. Overall, this is top-tier financial quality with no material structural red flags, meriting a 5/5 score.

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Référence

4.6.1 4.6.2 4.6.3 4.6.4 4.6.5

5. Évaluation de la Gestion

5.1 Qualité et stabilité de l'équipe de direction

Team quality and stability

- CEO and leadership continuity: Microsoft’s executive team is long-tenured and stable. Satya Nadella remains Chair & CEO (longstanding tenure since 2014) and the published executive list shows a deep, experienced senior leadership team covering finance, commercial operations, and legal (source: Yahoo executives list).
- Breadth and depth of experience: Senior roles (CFO Amy Hood; President/VP Bradford Smith; heads of commercial, marketing, operations) reflect leaders with long Microsoft careers and industry experience; Microsoft retains specialized cloud/AI leadership which supports the company’s strategic priorities..
- Stability metrics: Share-count and company-scale trends (stable diluted shares in the 7.4B range) and repeated multi-year strategy (cloud/AI investment) are consistent with an experienced, stable leadership team executing a multi-year plan (FY weighted-average diluted share counts across FY2017–FY2026 in the income-statement records).

Référence

5.1.1 5.1.2

5.2 Historique de performance de la direction

Performance history (track record under current leadership)

- Revenue growth: Microsoft revenue rose to $331.839B in FY2026 (fiscal year ended 2026-06-30) from $281.724B in FY2025 and $245.122B in FY2024 (fmp income statements) — consistent, strong multi-year growth and accelerating recent years.
- Margins: FY2026 gross margin ~67.94%, operating margin ~46.78%, net margin ~40.31% (;). These are industry-leading and have improved or been preserved while scaling cloud/AI investment.
- ROIC and returns: Reported ROIC ~20.56% in FY2026 (fmp key metrics) with ROIC ~21–23% in prior years — sustained high incremental returns despite material capex increases.
- Cash conversion & capital intensity: Operating cash flow and free cash flow remain very large (OCF and FCF per FMP series). Capex has ramped sharply (capex/OCF in 2026 ~0.634) reflecting deliberate infrastructure investment; ROIC has remained ~20%+, indicating the company’s investments have not destroyed returns (;).
- Conclusion: Quantitatively, management has repeatedly produced scale, high margins and strong returns on capital over many years — this is a strong operational track record (primary financial source: FMP income/ratios/key metrics) (;;).

Référence

5.2.1 5.2.2 5.2.3

5.3 Alignement avec les actionnaires

Shareholder alignment (insider ownership, compensation structure, dilution, buybacks)

- Insider ownership: Yahoo ownership summary indicates insiders hold a very small percent of Microsoft stock (insidersPercentHeld = 0.00088 from Yahoo ownership data, i.e., ~0.088% of outstanding) while institutions hold ~75.41%. Low insider percent is common in very large, long-public companies but is a relative weakness for direct economic alignment.
- Executive compensation form: Proxy excerpts indicate Microsoft primarily uses restricted/stock awards (SAs and PSAs) and has not granted traditional stock options since 2003; the proxy includes explicit “Pay Versus Performance” disclosure and equity-grant practice text. That structure ties pay to share performance and to performance stock awards, which aligns pay to long-term shareholder value if performance metrics are appropriately calibrated.
- Equity plan capacity and dilution: The proxy excerpt (equity-compensation-plan table in the proxy excerpt) reports shares issuable upon vesting/outstanding award counts and remaining available shares (example excerpt as of June 30, 2025: ~81.7M outstanding and ~161.1M remaining available under plans) — this shows a manageable absolute share-reserve pool relative to Microsoft’s multibillion-share float, but I could not extract an explicit FY2026 DEF 14A table-by-table extraction in machine form during this run.
- Dilution and buybacks: Outstanding diluted shares have been broadly stable ~7.4B (fmp income-statement weighted-average shares) with continued buybacks and dividends historically; Microsoft continues to return capital while repurposing shares (;).
- Net view: Compensation structure is oriented to long-term equity and performance stock awards rather than short-term cash or options — a point in favor of alignment. However, direct economic alignment via insider share ownership is low in percentage terms, which reduces the signal that executives’ net wealth is concentrated in Microsoft stock (;).

Référence

5.3.1 **5.3.2** **5.3.3**

5.4 Transparence et qualité du discours

Transparency and discourse quality (candour in MD&A, guidance accuracy, communication style)

- Disclosure quality in the proxy: The proxy excerpts retrieved show comprehensive pay disclosure (Pay Versus Performance charts) and explicit equity award/grant-practices discussion, indicating high disclosure standards in governance materials.
- MD&A vs results: Public 10-K/financial disclosures (summarized by FMP financials) make management's strategic choices (large, deliberate capex ramp to support cloud/AI) clear and quantify the trade-offs (FCF compression vs capex) — the numbers (capex, OCF, ROIC) align with management's explanations about investing for durable growth (;).
- Guidance and candour: Microsoft's reporting has historically been thorough and generally candid about investment cycles (the proxy and filings include forward-looking statements language and explicit MD&A discussion of strategy). I reviewed proxy text showing explicit forward-looking disclaimers and the company's willingness to explain equity practices; more granular assessment of guidance accuracy over multiple quarters would require mapping historical guidance vs results beyond the present summary. (;).
- Conclusion: Communication quality is high and disclosures robust; however, I was unable in this run to extract all Item 7/Item 8 MD&A block text in machine form that would allow sentence-level candour scoring (I relied on FMP financials and proxy excerpts) — I recommend a short follow-up to pull the full MD&A and proxy Item 11/12/13 tables for exhaustive verification (;).

Référence

5.4.1 5.4.2 5.4.3

5.5 Discipline opérationnelle

Operational discipline (cost control, capital discipline, acquisition track record)

- Cost control and margins: Despite heavy investment in capex and R&D, Microsoft has expanded operating margin (FY2026 operating margin ~46.8%) and controlled SG&A as a percent of revenue (;). This reflects disciplined scaling and cost management.
- Capital discipline: Management purposefully ramped capex (CapEx/OCF ~0.634 in FY2026) to build cloud/AI infrastructure; free cash flow was compressed by the investment, but ROIC remained ~20% and interest coverage remained very strong — this indicates capital is being deployed at attractive returns and financed prudently (;).
- M&A: Microsoft has a long history of acquisitions and integrating them; the proxy and public filings give governance oversight to M&A decisions. I did not pull a distinct catalogue of FY2026 acquisitions in this run; verifying the return-on-investment of each major acquisition would require a follow-up extraction of acquisition/Goodwill schedules and related performance commentary from the 10-K/MD&A.
- Conclusion: Operational and capital discipline are strong — management has demonstrated the ability to invest aggressively (cloud/AI) without eroding core profitability or returns on invested capital, which is a positive signal for stewardship (;).

Référence

5.5.1 5.5.2 5.5.3

5.6 Gouvernance et risques de conflits d'intérêts

Governance and conflict-of-interest risks (board independence, related-party transactions, pay ratios)

- Board independence and governance materials: The proxy excerpts show Microsoft publishes board/committee charters and governance policies publicly and includes standard governance disclosures in the proxy (;). That is consistent with a well-structured governance program.
- Related-party transactions and conflicts: I could not extract comprehensive Item 13 related-party transaction tables in machine-readable form during this run — the proxy text I located contains generic statements about governance but I do not have a parsed Item 13 table to confirm there are no related-party transactions or to evaluate any director/executive outside ties in detail. I attempted to obtain a full DEF 14A extraction for Item 11/12/13 via a FINANCIAL follow-up but the extraction attempt was interrupted; therefore I recommend a direct follow-up to pull Item 13 and the beneficial-ownership table for detailed conflict checks. (;).
- Pay ratio and executive pay structure: Proxy excerpts reference Pay Versus Performance disclosure and equity award practice (no broad use of options) which supports governance transparency on pay constructs. However without the full NEO compensation tables and CEO pay ratio table parsed from the 2026 DEF 14A I cannot compute an exact CEO-to-median-worker pay ratio for FY2026 in this run.
- Conclusion and risk level: Governance frameworks appear robust and documentation is publicly available; the principal open issue is confirming absence (or presence) of any significant related-party transactions or nonstandard executive arrangements and obtaining the detailed beneficial-ownership table (I have requested follow-up). Pending that, governance risk is low-to-moderate based on materials reviewed (;;).

Référence

5.6.1 **5.6.2** **5.6.3**

5.7 Points forts et points faibles de la gestion 4.5/5

Microsoft's leadership shows long-tenured, experienced executives and a stable team that has delivered consistently excellent financial outcomes (very strong revenue growth, margins and sustained ~20%+ ROIC). Compensation and equity-plan disclosures reviewed (proxy excerpts) show pay practices oriented to performance stock awards rather than options and significant shareholder returns via buybacks/dividends. Weaknesses are low economic insider ownership (public-data ~0.088% insiders) and some residual opacity because I could not extract the full 2026 DEF 14A compensation/beneficial-ownership tables and related-party disclosures in machine-readable form during this run; that prevents a full forensic check of pay-for-performance details and any late-year governance changes. On balance the board and management appear highly capable and shareholder-friendly; given the evidence available I assign 4.5/5 (near-best-in-class, but not perfect because of low insider ownership and the missing proxy extraction for every compensation/related-party detail).

Points forts :

- Long-tenured, experienced leadership and stable senior team (CEO & senior VPs) (call_aloiMeCgNEh4LdXCkrL7HhlO).
- Consistent, strong financial performance under current leadership: scale, rising margins, and sustained ROIC (~20%+) (call_R2oo2G1Uf3QeQXO6oP6GiHJL; call_xno6Ah5UB6PYowhnng5gsPnJ).
- Compensation framework emphasizes performance stock awards and Pay Versus Performance disclosure (proxy excerpts) — aligns pay to long-term outcomes (call_C0A3rJNyOCYRJ4d8LXmOQBto).
- Capital allocation balance: simultaneous heavy reinvestment (capex/R&D) and shareholder returns (dividend + buybacks) while maintaining a very strong balance sheet (call_xno6Ah5UB6PYowhnng5gsPnJ).

Points faibles :

- Low insider ownership as a percent of outstanding shares (~0.088%), which reduces direct economic alignment (call_2si9KlfsLZjx0XEqWgILE8XP).
- Incomplete extraction of the 2026 DEF 14A compensation/beneficial-ownership/related-party tables in this run — prevents final verification of granular pay-for-performance and related-party risks (call_C0A3rJNyOCYRJ4d8LXmOQBto; call_P2QGvAaw8b3qsNvcJAkzcGto).
- Large surge in growth capex compresses free cash flow in the short term; this is purposeful but raises execution risk that the investment will continue to generate high ROIC (call_xno6Ah5UB6PYowhnng5gsPnJ).

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Référence

5.7.1 5.7.2 5.7.3 5.7.4 5.7.5 5.7.6

6. Valeur Intrinsèque

Résultats synthétiques des trois scénarios

Scénario	Valeur d'entreprise	Valeur des actions	Valeur par action	Prix de marché actuel	Marge de sécurité
Prudent	574,318.5 M	466,445.2 M	62.58 USD	497.74 USD	-695.3%
Réaliste	893,267.3 M	785,394.0 M	105.38 USD	497.74 USD	-372.3%
Optimiste	1,191,720.2 M	1,083,846.9 M	145.42 USD	497.74 USD	-242.3%

6.1 Méthode utilisée

Method used: I value Microsoft with a 10-year explicit DCF (year-by-year free-cash-flow projection) followed by a Gordon (perpetuity) terminal value. I ran three fully-specified scenarios (Conservative / Realistic / Optimistic) that use the same FY2024–FY2026 historical anchors (revenue, FCF margin, shares) and provide ten individually-justified projected years (2027–2036) per scenario. The DCFs and scenario comparison were computed with the valuation_scenario_compare call. The discount rate used is 15% to reflect the investor's explicit required minimum return; I do not reduce the discount rate despite Microsoft's high-quality business because ANOMALIES and MANAGEMENT analyses identify material capex execution and governance/watchpoint risks that justify maintaining the investor hurdle.

Référence

6.1.1 6.1.2

6.2 Hypothèses communes aux scénarios

Shared assumptions across scenarios

- Discount rate: 15% (0.15). Rationale: investor-required minimum return. Microsoft's very high historical ROIC and durable moats (MOAT outputs) argue for a lower idiosyncratic risk premium, but ANOMALIES (large, front-loaded capex and a sizeable new equity plan) and regulatory risks mean I do not lower the discount rate below the investor's baseline. Sources: investor instruction and MOAT/ANOMALIES/FINANCIAL outputs (valuation_scenario_compare; FMP financial records;).
- Terminal growth rate: 2.5% (0.025). Rationale: conservative approximation of long-run nominal growth for a global mature technology franchise (slightly above developed-country real GDP growth plus inflation). This keeps the tail prudently modest given Microsoft's large scale. Source: economic judgment and consistency with long-run GDP assumptions used in DCFs (valuation_scenario_compare).
- Net debt: $107,873,300,000 (FY2026). Rationale: explicit FY2026 net debt from the balance sheet (Total debt $128.8083B less cash & short-term investments $76.8430B). I use this as the default net-debt adjustment for all scenarios rather than assuming an aggressive paydown. Source: FMP balance-sheet.

Hypothèses générales de valorisation

Hypothèse	Valeur	Justification
Taux d'actualisation	15.0%	Investor framing: the investor requires a minimum 15% annual return. I apply a 15% discount rate across scenarios to preserve that investor hurdle. Microsoft's strong, long-duration moat (moat_output: durable switching costs, bundling, and scale) argues against a higher idiosyncratic risk premium; however, anomalies and execution risks (very large AI/cloud capex, potential regulatory pressure and equity-plan dilution noted in ANOMALIES and MANAGEMENT outputs) prevent a haircut below the investor's 15% base. Therefore no deviation from the 15% hurdle is applied.
Taux de croissance terminal	2.5%	2.5% terminal growth reflects a conservative long-run nominal growth assumption slightly above developed-economy GDP per-capita growth but below high-growth software levels; this is appropriate for a very large, mature, global software + cloud franchise whose core markets will roughly track long-run global GDP expansion.
Dette nette	107,873.3 M	Net debt (total debt less cash & short-term investments) taken from FY2026 balance sheet: Total debt $128.8083B minus cash & short-term investments $76.8430B = $107.8733B (FMP balance-sheet record).
Prix actuel	497.74	

Référence

6.2.1 6.2.2 6.2.3

6.3 Scénario prudent

Conservative (Prudent) scenario — result and key mechanics

- Value per share (intrinsic): $62.58 per share (USD). Source: valuation_scenario_compare output (Prudent row).
- Enterprise value (EV): $574.32 billion. Equity value (EV – net debt): $466.45 billion. Sanity check: equity value / FY2026 share count (using TTM/diluted shares for N=0 = 7.453B from FMP income and Yahoo shares) produces the $62.58/share figure.
- Main assumptions (each justified):
- Revenue growth: early 2027 growth ~+6% decelerating to ~2.8% by 2036, reflecting slow monetization of AI investments and a high-capex environment that constrains short-term FCF conversion. Source: historical revenue base (FMP income-statement) and conservative judgment given large capex (ANOMALIES and FINANCIAL outputs).
- FCF margin path: starts near FY2026 level (~20.18%) and slowly falls to ~18% by 2036 as depreciation and maintenance capex remain materially elevated. Source: FY2026 FCF and capex (FMP cash-flow).
- Shares outstanding: modest decline (~0.2% p.a.) from FY2026 diluted starting point ≈7.425B–7.453B (Yahoo/FMP) as modest buybacks continue but are constrained by capex. Sources: FMP cash-flow and historical buybacks and Yahoo shares.
- Discount rate: 15%; terminal growth 2.5%; net debt = FY2026 net debt $107.8733B (FMP balance-sheet).
- Why this is conservative: it assumes AI/cloud investments produce only modest incremental FCF per dollar invested in the near-term and that capex remains a structural drag for longer than management hopes (consistent with ANOMALIES capex-intensity finding).

Projection DCF – Prudent (USD)

Taux d'actualisation **15.0%** Croissance terminale **2.5%** Dette nette **107,873.3 M**

n	Année	Chiffre d'affaires	Marge FCF	FCF	Facteur d'actualisation	FCF actualisé	Justification – chiffre d'affaires	Justification – marge FCF	Actions en circulation
-2	2024	245,122.0 M	30.2%	74,075.9 M	—	—			7,469.0 M
-1	2025	281,724.0 M	25.4%	71,614.2 M	—	—			7,465.0 M
0	2026	331,839.0 M	20.2%	66,965.1 M	—	—			7,453.0 M
1	2027	351,749.3 M	20.2%	70,983.0 M	0.870	61,724.4 M	Continued growth in Microsoft 365 and steady Azure expansion; cautious 6% recovery from 2026 base as AI investments monetize slowly in conservative case.	FCF margin holds near 2026 level as capex remains elevated and FCF conversion recovers slowly.	7,419.9 M Modest buybacks continue but at a low pace (0.2% annual net reduction) given prioritization of capex and dividends.
2	2028	369,336.8 M	19.9%	73,645.8 M	0.756	55,686.8 M	Productivity & Business Processes and LinkedIn add modest incremental revenue; Azure benefits from enterprise renewals (5% growth).	Small margin compression as short-term operating leverage is absorbed by ongoing datacenter depreciation.	7,405.5 M Continued small buybacks funded by FCF; net share count down ~0.2% YoY.
3	2029	387,803.6 M	19.7%	76,397.3 M	0.658	50,232.5 M	Revenue growth sustained by enterprise renewals and price realization in Microsoft 365; incremental AI monetization begins to appear (5% growth).	Slight decline in FCF margin as growth capex remains high, delaying FCF normalization.	7,391.1 M Share-count reduction continues at modest pace as buybacks outpace dilution.
4	2030	405,254.8 M	19.5%	78,862.6 M	0.572	45,089.9 M	Gradual maturation of Azure growth with moderate share gains and product mix shift to cloud services (4.5% growth).	Depreciation and interest costs from datacenter investments keep near-term FCF margins subdued.	7,376.7 M Buybacks continue; net issuance limited by compensation-related grants but offset by repurchases.
5	2031	421,465.0 M	19.2%	81,005.6 M	0.497	40,274.1 M	Stable commercial execution and cross-sell within enterprise accounts drive 4% revenue growth.	Margins inch down as capital intensity remains elevated but efficiency measures slightly reduce opex growth.	7,362.3 M Share count modestly lower due to steady but restrained repurchase activity.
6	2032	436,216.1 M	19.0%	82,793.8 M	0.432	35,794.1 M	Growth slows toward long-term industry rates as Azure and productivity businesses mature (3.5% growth).	FCF margin gradually improves as capex plateaus and depreciation growth moderates, but remains below long-term potential.	7,347.9 M Consistent buybacks reduce share count slightly each year.
7	2033	450,174.9 M	18.7%	84,362.8 M	0.376	31,715.1 M	Enterprise renewals and modest AI feature monetization sustain low-single-digit growth (3.2%).	Slow improvement in FCF conversion as operating leverage returns and efficiency gains offset some capex drag.	7,333.5 M Projected buyback program continues at a measured pace.
8	2034	463,680.2 M	18.5%	85,780.8 M	0.327	28,041.9 M	Market share consolidates; low-single-digit growth from installed base and price increases (3.0%).	Margins recover incrementally as AI infrastructure investments are mostly complete and maintenance capex dominates.	7,319.1 M Share count declines gradually as buybacks modestly outpace equity compensation.
9	2035	477,590.6 M	18.3%	87,208.0 M	0.284	24,790.0 M	Mature growth driven by subscription price escalation and maintenance of enterprise share (3.0%).	FCF margin improves modestly as capex normalizes and OCF remains strong.	7,304.7 M Continued, measured repurchases reduce outstanding shares slightly.

10	2036	490,963.2 M	18.0%	88,373.4 M	0.247	21,844.5 M	Steady, low-single-digit growth as the business reaches a mature scale with modest AI monetization tailwinds (2.8%).	FCF margin settles around 18% as capex normalizes in a conservative outcome.	7,290.3 M Share-count declines slowly as buybacks persist at conservative rates.
t		—	—	90,582.7 M	0.247	179,125.3 M			—

VALEUR D'ENTREPRISE
574,318.5 M

VALEUR DES ACTIONS
466,445.2 M

VALEUR PAR ACTION
62.58 USD

Référence

6.3.1 6.3.2 6.3.3

6.4 Scénario réaliste

Realistic (Base) scenario — result and key mechanics

- Value per share (intrinsic): $105.38 per share (USD). Source: valuation_scenario_compare output (Réaliste row).
- Enterprise value: $893.27 billion. Equity value: $785.39 billion. Calculation: EV minus net debt ($107.8733B) = equity value; divided by FY2026 diluted share count yields $105.38/share.
- Main assumptions (each justified):
- Revenue growth: Azure and AI monetization accelerate near-term (2027 +12%) with deceleration to mid-single digits by the early-2030s and ~3.5% by 2036. Evidence: FY2024–FY2026 accelerating growth and MOAT durability (FMP income-statement; MOAT outputs).
- FCF margin path: recovers from FY2026 (~20.18%) to ~26.0% by 2036 as capex normalizes, high-margin AI services scale, and operating leverage improves. Evidence: FY2026 OCF and capex and historical cash-conversion patterns (FINANCIAL output).
- Share count: material buybacks (net ~0.6% annual reduction) funded by high OCF and normalized capex (FMP cash-flow; MANAGEMENT findings).
- Discount & terminal: 15% discount rate and 2.5% terminal growth; net debt $107.8733B (FMP balance-sheet).
- Why realistic: balances Microsoft’s durable moat and high ROIC (MOAT output) against documented execution risks (very large, front-loaded capex and regulatory watchpoints per ANOMALIES). This scenario assumes Microsoft mostly executes well: AI monetization ramps, capex yields attractive returns, and buybacks continue at meaningful levels.

Projection DCF – Réaliste (USD)

Taux d'actualisation **15.0%** Croissance terminale **2.5%** Dette nette **107,873.3 M**

n	Année	Chiffre d'affaires	Marge FCF	FCF	Facteur d'actualisation	FCF actualisé	Justification – chiffre d'affaires	Justification – marge FCF	Actions en circulation
-2	2024	245,122.0 M	30.2%	74,075.9 M	—	—			7,469.0 M
-1	2025	281,724.0 M	25.4%	71,614.2 M	—	—			7,465.0 M
0	2026	331,839.0 M	20.2%	66,965.1 M	—	—			7,453.0 M
1	2027	371,659.7 M	20.2%	75,000.9 M	0.870	65,218.2 M	Strong Azure expansion (+12%) as enterprise AI adoption accelerates and Copilot monetization begins in Microsoft 365.	2027 FCF margin holds initially as capex remains high but revenue growth offsets some investment drag.	7,381.0 M Moderate buybacks accelerate slightly (0.6% annual net reduction) supported by large OCF.
2	2028	408,825.6 M	20.8%	85,158.4 M	0.756	64,392.0 M	Double-digit cloud growth continues (+10%) with sustained commercial cloud demand and upsells into enterprise accounts.	FCF margin expands as revenue growth begins to leverage fixed costs and capex tapering reduces cash outflows.	7,338.7 M Ongoing buybacks funded by strong FCF; dilution from compensation is modest relative to repurchases.
3	2029	445,621.4 M	21.5%	95,674.9 M	0.658	62,907.8 M	Azure and commercial Microsoft 365 penetration drive continued high-teens to single-digit deceleration (+9%).	Margins improve further through operating leverage and higher-margin AI services mix.	7,296.8 M Share-count falls as repurchases outpace awards; buyback program remains material.
4	2030	481,270.7 M	22.1%	106,457.1 M	0.572	60,867.2 M	Growth remains healthy (+8%) as AI features become standard across enterprise workflows and accelerate retention and ARPU.	Higher-margin services and improving capex efficiency lift FCF conversion further.	7,255.5 M Continued buybacks reduce shares; company remains committed to returning excess cash.
5	2031	514,959.9 M	22.8%	117,256.4 M	0.497	58,297.1 M	Expansion into new AI services and security offerings supports +7% revenue growth as monetization broadens.	FCF margin benefits from product-mix shift toward high-margin software and services and lower incremental capex.	7,214.7 M Net share-count continues to decline due to sustained repurchases.
6	2032	546,756.5 M	23.4%	127,995.7 M	0.432	55,336.1 M	Persistent commercial cloud adoption and pricing power produce +6% growth, with enterprise renewals and multi-year deals.	Margins expand as capex normalizes and recurring SaaS-like revenue comprises a larger share of sales.	7,174.4 M Buybacks continue at a steady pace, reducing outstanding shares over time.
7	2033	573,094.4 M	24.1%	137,886.5 M	0.376	51,836.6 M	Growth moderates (+5%) as company scales but retains above-market growth through AI-led differentiation.	FCF margin increases as operating leverage and service mix shift bring higher cash conversion.	7,134.7 M Share-count declines as capital returns remain prioritized.
8	2034	598,885.3 M	24.7%	147,984.6 M	0.327	48,376.4 M	Mid-single-digit growth (+4.5%) as market matures and incremental share gains slow.	FCF margin continues to expand toward long-run levels as capex stabilizes.	7,095.5 M Ongoing repurchases reduce share count materially over the medium term.
9	2035	622,840.7 M	25.4%	157,890.1 M	0.284	44,882.2 M	Growth slows to +4% as saturation effects appear, but strong cross-sell and enterprise pricing sustain revenue momentum.	Higher-margin services and normalized capex push FCF margin further toward 25%+.	7,056.8 M Shares outstanding decline due to continued share repurchases funded by robust FCF.

10	2036	644,640.1 M	26.0%	167,606.4 M	0.247	41,429.7 M	Growth at +3.5% as Microsoft approaches large-scale maturity with recurring high-margin revenue streams.	FCF margin reaches ~26% as capex normalizes and operating leverage fully materializes.	7,018.6 M Share-count declines steadily as buybacks remain a core use of free cash flow.
t		—	—	171,796.6 M	0.247	339,723.9 M			—

VALEUR D'ENTREPRISE
893,267.3 M

VALEUR DES ACTIONS
785,394.0 M

VALEUR PAR ACTION
105.38 USD

Référence

6.4.1 6.4.2 6.4.3

6.5 Scénario optimiste

Optimistic scenario — result and key mechanics

- Value per share (intrinsic): $145.42 per share (USD). Source: valuation_scenario_compare output (Optimiste row).
- Enterprise value: $1,191.72 billion. Equity value: $1,083.85 billion.
- Main assumptions (each justified):
- Revenue growth: very strong near-term (2027 +18%, 2028 +15%), driven by rapid AI monetization, increased ARPU from Copilot and premium AI services, and greater upsell/retention (MOAT strength + FINANCIAL evidence of accelerated growth through FY2026).
- FCF margin: expands from ~20.18% in 2026 to ~30% by 2036 as revenue mix shifts to high-margin software/AI services and capex normalizes (FMP cash-flow base and operational leverage expectations).
- Shares outstanding: aggressive buybacks (~1% net reduction annually) funded by very large OCF.
- Discount & terminal: discount rate retained at 15% to preserve investor hurdle; terminal growth 2.5%; starting net debt FY2026 value used.
- Why optimistic: assumes Microsoft converts AI investments into sustained, materially higher-margin revenue faster than the market expects while controlling incremental capex and executing buybacks aggressively.

Projection DCF – Optimiste (USD)

Taux d'actualisation **15.0%** Croissance terminale **2.5%** Dette nette **107,873.3 M**

n	Année	Chiffre d'affaires	Marge FCF	FCF	Facteur d'actualisation	FCF actualisé	Justification – chiffre d'affaires	Justification – marge FCF	Actions en circulation
-2	2024	245,122.0 M	30.2%	74,075.9 M	—	—			7,469.0 M
-1	2025	281,724.0 M	25.4%	71,614.2 M	—	—			7,465.0 M
0	2026	331,839.0 M	20.2%	66,965.1 M	—	—			7,453.0 M
1	2027	391,569.0 M	20.2%	79,018.6 M	0.870	68,711.8 M	Rapid AI monetization lifts Azure and Microsoft 365 revenues (+18%) as enterprise adoption accelerates and pricing power increases.	Near-term FCF margin holds while investments continue but revenue growth drives absolute FCF higher.	7,351.3 M Aggressive buybacks funded by robust OCF; 1% net reduction anticipated in optimistic case.
2	2028	450,303.0 M	21.3%	95,779.4 M	0.756	72,423.0 M	Sustained high growth (+15%) from deep AI integration across products and higher ARPU from Copilot/AI services.	Margin expansion begins as higher-margin AI services scale and capex growth moderates.	7,277.8 M Buybacks accelerate as management returns excess cash while maintaining strategic investments.
3	2029	504,341.4 M	22.4%	112,770.7 M	0.658	74,148.6 M	Network effects and ecosystem lock-in drive continued strong growth (+12%) with superior upsell and retention.	Operating leverage and higher-margin service mix push FCF margins materially higher.	7,205.0 M Substantial repurchases reduce share base; dilution from awards is small relative to buybacks.
4	2030	554,773.3 M	23.4%	130,094.3 M	0.572	74,381.9 M	AI-driven platform services and partner ecosystem expand addressable market (+10%).	Margins expand as incremental revenues are disproportionately high-margin software and services.	7,132.9 M Repurchases continue aggressively, reducing outstanding shares ~1% annually.
5	2031	604,703.9 M	24.5%	148,394.3 M	0.497	73,778.2 M	New enterprise AI offerings and security add-ons sustain high-teens growth (+9%).	Mix shift to premium AI services and strong pricing increases FCF conversion materially.	706,163.00 Aggressive repurchase program reduces shares quickly; net shares outstanding fall approximately 1% per year.
6	2032	653,079.2 M	25.6%	167,384.2 M	0.432	72,364.8 M	Global expansion and multi-year AI contracts keep growth elevated (+8%).	Higher-margin AI services and reduced incremental capex raise FCF margin further.	6,931.0 M Continued buybacks funded by very strong cash generation cut the share count materially.
7	2033	698,794.7 M	26.7%	186,718.0 M	0.376	70,194.2 M	Strong cross-sell and platform effects sustain growth (+7%) as Microsoft captures more enterprise AI spend.	FCF margin benefits from scale and product-mix shifts toward services and recurring revenue.	6,861.7 M Share reduction continues as buybacks remain a priority.
8	2034	740,716.4 M	27.8%	205,993.2 M	0.327	67,339.6 M	Market leadership in enterprise AI and cloud drives +6% growth even as competition intensifies.	Margins approach software-native levels as capex normalizes and operating leverage is realized.	6,793.1 M Repurchases further shrink the share base, increasing per-share economics.
9	2035	777,752.3 M	28.9%	224,770.4 M	0.284	63,893.8 M	Large enterprise deployments and platform monetization sustain +5% growth with strong retention.	High-margin services dominate revenue mix, pushing FCF margins close to 29%+.	6,725.1 M Buyback program continues; share-count declines meaningfully year on year.

10	2036	812,753.1 M	30.0%	243,825.9 M	0.247	60,270.0 M	Mature AI monetization and ecosystem capture maintain +4.5% growth into long-term scale.	FCF margin reaches 30% as recurring SaaS and AI services become a larger revenue share and capex settles.	6,657.9 M Shares outstanding fall steadily under an aggressive buyback program.
t		—	—	249,921.6 M	0.247	494,214.3 M			—

VALEUR D'ENTREPRISE	VALEUR DES ACTIONS	VALEUR PAR ACTION
1,191,720.2 M	**1,083,846.9 M**	**145.42 USD**

Référence

6.5.1 **6.5.2** **6.5.3**

6.6 Comparaison avec le prix actuel

Comparison with current market price (as of report date 2026-06-30)

- Market price used: $497.74 (Yahoo quote). Market cap ≈ $3.696T (IDENTITY/market_data).
- Comparison vs scenarios: realistic (base) intrinsic value $105.38/share implies the market price is ~4.72x the base intrinsic estimate. Conservative intrinsic $62.58 and optimistic $145.42 frame the range.
- Margin-of-safety: comparing the realistic value to the current price gives a margin-of-safety of -78.86% (i.e., the market price is ~78.86% above the DCF realistic intrinsic). Numerically: (105.38 − 497.74) / 497.74 = −78.86%. Put differently, the market would need to fall by ~78.9% to reach the realistic intrinsic, or the company would need to outperform the base-case assumptions massively to justify the current price.
- Practical interpretation: At the current price the stock does not offer the investor's 15% hurdle with any margin of safety under these scenarios — the market price is materially higher than even the optimistic DCF in this exercise.

Référence

6.6.1 **6.6.2** **6.6.3**

6.7 Conclusion

Conclusion and sensitivity notes

- Final verdict: Using the investor's 15% required return and conservative terminal assumptions (2.5%), Microsoft's intrinsic value per share is estimated at $105.38 in the realistic (base) scenario, with a conservative range of $62.58 (Prudent) to $145.42 (Optimistic). At the reported market price ($497.74) the stock appears materially overvalued relative to these DCF-based estimates; there is a negative margin of safety (~−78.9% vs the realistic estimate). Therefore, on pure DCF valuation against the investor's 15% hurdle, I would not recommend buying at the current market price. This judgment uses validated FINANCIAL, MOAT, MANAGEMENT and ANOMALIES findings as the factual anchors for the scenarios (FMP income/cash/balance calls;; and the scenario tool).
- Sensitivity: intrinsic value is most sensitive to (1) terminal-growth-rate and (2) discount-rate (cost of capital), followed by the mid-term revenue trajectory and FCF-margin recovery path. Because the terminal value comprises a large fraction of a growing, profitable business' DCF, a small change in terminal-growth (e.g., ±0.5 percentage points) or discount-rate (e.g., ±1 percentage point) can swing value materially. Practically, an investor should watch: (a) realized FCF conversion as capex normalizes (track FCF margin and capex/OCF ratios from quarterly filings), (b) evidence that AI monetization increases ARPU (Copilot/AI product metrics and segment disclosures), and (c) regulatory developments that could force unbundling or constrain pricing (Item 1A risk factors).
- Implied return comment: the investor's 15% hurdle is embedded in the discount rate. Buying at the current market price (~$497.74) would imply expected returns far below 15% relative to the realistic intrinsic estimate; to achieve the investor's 15% (plus a reasonable margin of safety) one would need to purchase at a substantial discount to the DCF base-case (the required discount is roughly the negative of the margin-of-safety above ~78.9%).
- Robustness: the valuation uses audited FY2026 statements for historical anchors, explicit year-by-year projections with scenario-specific justifications, and a consistent net-debt and terminal-growth treatment across scenarios. Key failure modes that would invalidate the realistic valuation are: systemic mis-execution of AI investments (capex producing poor ROIC), materially higher regulatory constraints on bundling/pricing, or structural and rapid re-platforming of enterprise productivity that meaningfully lowers switching costs. If Microsoft demonstrates materially faster FCF margin expansion and sustained high revenue growth from AI (supported in filings/quarterly disclosures), the realistic and optimistic scenarios should be revised upward accordingly.

Référence

6.7.1 6.7.2 6.7.3

7. Score d'attractivité Buffett

7.1 Tableau

| Critère | Score | Justification | |---|---:|---| | Prévisibilité | 5.0/5 | FINANCIAL shows revenue growing from $96.6B in 2017 to $331.8B in 2026 (~14.7% 9-year CAGR) with recent acceleration and dominated by recurring/subscription-like cloud and software (Microsoft 365, Azure, Dynamics) plus large deferred revenue ($73B current) and a deeply negative cash conversion cycle (–52 days). Margins and ROIC are high and stable (gross ~68%, operating ~47%, ROIC ~20%+), and ANOMALIES confirms earnings are strongly cash-backed (OCF/net income ~1.37x) with no accounting red flags. This combination of scale, recurring contracts, and cash-backed earnings makes future cash flows highly predictable. | | Modèle d'affaires | 5.0/5 | IDENTITY describes a diversified software and cloud subscription/licensing model across three segments (Productivity & Business Processes, Intelligent Cloud, More Personal Computing) centered on mission-critical enterprise and consumer software. FINANCIAL highlights elite margins (2026 net margin 40.3%), high and sustained ROIC (~20–26%), large and rising deferred revenue, and negative working-capital needs—classic traits of a high-quality, capital-light software platform even while funding heavy cloud/AI capex. The business monetizes through long-term subscriptions, licenses, and usage-based cloud, with global reach and broad customer base, supporting a strong, durable business model. | | Moat | 4.5/5 | MOAT concludes Microsoft has a strong, long-duration moat (10–20+ years) built on multiple reinforcing advantages: dominant share in desktop OS (~70%+ Windows), leading enterprise productivity and collaboration (Microsoft 365/Teams), a top-two cloud platform (Azure), high switching costs evidenced by $684B of remaining performance obligations and deeply negative cash conversion cycle, and powerful bundling and distribution (SG&A only ~10–13% of revenue). Sustained ROIC ~20%+ and net margins ~35–40% over a decade corroborate moat strength. However, MOAT also notes credible threats from AWS/Google in cloud and AI, regulatory pressure on bundling, and potential platform shifts, justifying a strong but not perfect 4.5/5. | | Gestion | 4.5/5 | MANAGEMENT finds long-tenured, experienced leadership (Satya Nadella since 2014, stable senior team) with an excellent track record: under current leadership revenue has grown strongly to $331.8B with expanding operating margin (~46.8%) and sustained ROIC (~20%+). FINANCIAL shows disciplined capital allocation: rising R&D, a deliberate but well-funded AI/cloud capex ramp (capex/OCF up to ~63% while ROIC stays ~20%), consistent dividends with moderate payout (~20–30%), and sizable but not reckless buybacks (share count slowly declining). Compensation relies on performance stock awards rather than options, and ANOMALIES notes robust controls with a clean Deloitte opinion. Weak spots are very low insider ownership (~0.088%) and incomplete proxy detail extraction, so stewardship is near-best-in-class but not flawless. | | Risques | 5.0/5 | ANOMALIES assigns a LOW anomaly risk (5.0/5.0), citing cash-backed earnings (OCF/net income ~1.37x), conservative leverage (debt/equity 0.29x, net-debt/EBITDA ~0.5x), extremely strong interest coverage (~50x), ample liquidity with a negative cash-conversion cycle, and clean internal-control opinions from Deloitte. Accounting policies follow standard ASC 606 with large but economically logical deferred revenue; no issues in receivables, inventory, or goodwill (no recent impairments and goodwill not near testing thresholds). The main watchpoints—front-loaded AI/datacenter capex, a sizable new equity plan (~3% of shares), and low insider ownership—are strategic/governance considerations but are well disclosed and currently well covered by cash flows and balance sheet, so overall risk containment is excellent. | | Valorisation | 0.5/5 | VALUATION’s DCF with a 15% required return values Microsoft at $105.38/share in the realistic scenario (range $62.58–$145.42). With the current price at $497.74 (IDENTITY), the stock trades at ~4.7x the realistic intrinsic value and above even the optimistic $145.42 case, implying a negative margin of safety (~–78.9%). Under a Buffett-style, margin-of-safety-focused framework with a 15% hurdle, this represents a very unattractive entry valuation despite the company’s quality. A small non-zero score (0.5/5) reflects that, for investors with a much lower required return, some upside could exist if AI execution far exceeds the realistic scenario, but relative to the stated 15% hurdle the valuation is extremely stretched. |

Grille Buffett

Critère	Score	Justification
Prévisibilité	5.0/5	FINANCIAL shows revenue rising from $96.6B in 2017 to $331.8B in 2026 (~14.7% 9-year CAGR) with recent acceleration (2023–2026 growth re-accelerating to mid-teens and high-teens) and dominated by recurring/subscription-like software and cloud (Microsoft 365, Azure, Dynamics) plus Windows/Office licensing and LinkedIn, as described in IDENTITY. FINANCIAL also highlights very stable and elite margins (gross ~65–70%, operating ~47%, net ~40% in 2026) and consistently high ROIC (~20–26% over many years). ANOMALIES confirms earnings quality: OCF/net income ~1.37x in 2026, large deferred revenue (~$73B current) consistent with prepaid subscriptions, and a deeply negative cash-conversion cycle (–52 days). Together, the scale, contractually committed revenues, stable profitability, and strong cash conversion make Microsoft's future cash flows highly predictable, warranting 5/5.
Modèle d'affaires	5.0/5	IDENTITY describes Microsoft's model as selling cloud and software subscriptions and licensing across three diversified segments (Productivity & Business Processes, Intelligent Cloud, More Personal Computing), powered by mission-critical enterprise and consumer software (Microsoft 365, Azure, Dynamics, Windows, Office, LinkedIn, gaming). FINANCIAL shows this model produces exceptional economics: in 2026 gross margin 67.9%, operating margin 46.8%, net margin 40.3%, and ROIC ~20.6%, with large negative working capital (funded by customer prepayments) and very high operating-cash-flow margins (~55% of revenue). Revenue is largely recurring or subscription-like, with high switching costs and enterprise customers, and the company can reinvest heavily in R&D and capex while still returning cash via dividends and buybacks. These characteristics—recurring revenue, pricing power, scalability, and high returns on capital—indicate an outstanding, durable business model, so 5/5 is justified.
Moat	4.5/5	MOAT concludes Microsoft has a strong, long-duration moat (10–20+ years) based on multiple reinforcing sources: (1) dominant share in desktop OS (Windows ~70%+ global desktop share), (2) leading positions in enterprise productivity and collaboration (Microsoft 365/Teams with very high enterprise share), (3) a top-two global cloud platform (Azure), (4) high switching costs and stickiness evidenced by $75.7B of current unearned revenue and $684B of remaining performance obligations with ~2.3-year average duration, and (5) powerful bundling/distribution advantages reflected in very low SG&A (~10–13% of revenue) despite high growth. Financially, this is corroborated by a decade of very high net margins (~35–40%) and ROIC (~20–26%) noted in FINANCIAL. However, MOAT also highlights credible threats: intense competition from AWS and Google Cloud, open-source and AI-native alternatives in productivity, active regulatory scrutiny of bundling (e.g., Teams/Microsoft 365), and potential platform shifts (e.g., new computing paradigms). Because of these risks and some reliance on third-party market-share data rather than full internal user metrics, MOAT assigns 4.5/5 rather than a perfect score; I align with that.

Gestion	4.5/5	MANAGEMENT finds Microsoft's leadership to be long-tenured and stable (Satya Nadella CEO since 2014, experienced senior team) and documents an excellent performance record: under current leadership, revenue has grown strongly to $331.8B in 2026 with expanding operating margin (~46.8%) and sustained ROIC (~20%+). FINANCIAL shows disciplined capital allocation: increasing R&D (around 10–12% of revenue), a deliberate but well-financed ramp in capex for cloud/AI (capex/OCF rising to ~63% in 2026) while maintaining very strong margins and interest coverage (>50x), and shareholder returns via a steadily growing dividend (payout ~20–30%) and sizable buybacks that modestly reduce share count over time. MANAGEMENT notes compensation is oriented to performance stock awards, with comprehensive Pay Versus Performance disclosure, and ANOMALIES reports clean internal-control opinions from Deloitte and generally strong governance. Weaknesses include very low insider ownership (~0.088% of outstanding shares) and incomplete extraction of some 2026 proxy tables, so a small discount is warranted versus a perfect 5; hence 4.5/5.
Risques	5.0/5	ANOMALIES assigns a LOW anomaly risk level with a 5.0/5.0 score, citing multiple lines of evidence: (1) strong accounting quality with OCF of $182.9B vs net income $133.7B in 2026 (OCF/net income ~1.37x), standard ASC 606 revenue recognition, and no red flags in receivables, inventory, or goodwill (minimal inventory, stable DSO, no new goodwill impairments); (2) conservative balance sheet with total debt $128.8B but low leverage (debt/equity 0.29x, debt/assets 17%, net-debt/EBITDA ~0.5x), robust interest coverage (~50.9x), and cash-flow-to-debt of 1.42x; (3) ample liquidity including $76.8B in cash and short-term investments, a current ratio of 1.23x, and a strongly negative cash-conversion cycle (~–52 days); and (4) clean internal-control and audit opinions from Deloitte, with no material weaknesses disclosed. The main flagged items—very high AI/datacenter capex, a large new equity compensation plan (~226M shares, ~3% of float), and very low insider ownership—are strategic/governance watchpoints but are well disclosed and currently fully supported by cash generation and balance-sheet strength. Given the explicit LOW anomaly verdict and lack of structural red flags, a 5/5 risk containment score is appropriate.
Valorisation	0.5/5	VALUATION's DCF analysis, using the investor's required 15% return and a 2.5% terminal growth rate, estimates intrinsic value at $105.38/share in the realistic scenario, with a conservative range of $62.58 (Prudent) to $145.42 (Optimistic). With the current market price at $497.74/share (IDENTITY), Microsoft trades at roughly 4.7x the realistic intrinsic value and well above even the optimistic estimate, implying a negative margin of safety of about –78.9% relative to the realistic scenario. Under a Buffett-style framework that emphasizes buying at a discount to intrinsic value with a margin of safety and meeting a 15% return hurdle, this pricing is extremely demanding and offers little to no margin of safety. A small non-zero score (0.5/5) acknowledges that for investors with a much lower required return or who expect AI monetization to materially exceed the realistic scenario, some value could be realized, but against the explicit 15% hurdle the valuation is very unattractive.

Référence

7.1.1

7.2 Score final et interprétation 24.5/30

The internal Buffett-style score for Microsoft totals 24.5/30. Business quality dimensions are exceptionally strong: Prévisibilité 5/5, Modèle d'affaires 5/5, Moat 4.5/5, Gestion 4.5/5, and Risques 5/5. These results, grounded in the FINANCIAL, MOAT, MANAGEMENT, and ANOMALIES outputs, depict a company with highly predictable, recurring cash flows; a superior, scalable software-and-cloud business model; a strong, long-lived competitive moat; capable, disciplined management; and very well-contained accounting, financial, and operational risks.

The only weak dimension is Valorisation at 0.5/5. VALUATION's DCF work, using a 15% required return and conservative terminal growth, indicates intrinsic value of about $105/share in the realistic scenario (range ~$63–$145), versus a market price near $498. This implies a large negative margin of safety and expected returns far below the 15% hurdle at current prices.

Interpreted through a Buffett lens, Microsoft in FY 2026 is a classic "wonderful business at a demanding price." For a long-term investor prioritizing business quality, it is an excellent franchise; for a value investor insisting on a 15% required return with a margin of safety, the stock is not attractively priced at the current level.

Référence

7.2.1

8. Résumé exécutif VENDRE

Executive summary (Section 8)

What the company does Microsoft is a diversified software and cloud franchise that sells subscriptions, licenses and usage-based cloud services across three reportable segments: Productivity & Business Processes, Intelligent Cloud, and More Personal Computing. Its revenue mix is dominated by Microsoft 365, Azure and enterprise software licensing, supplemented by LinkedIn, gaming and devices.

Financial health (FY2026) Financials are top-tier: FY2026 revenue $331.8B, operating cash flow $182.9B and strong free-cash-flow generation despite a deliberate surge in capex. Margins are industry-leading (gross ~67.9%, operating ~46.8%, net ~40.3%) and ROIC remains around ~20%+, supported by a conservative balance sheet (net debt ~$107.9B, debt/equity ~0.29x) and very strong interest coverage. The recent capex ramp to fund AI/datacenters (CapEx $115.9B in 2026) compresses near-term FCF but is financed from robust OCF and modest leverage.

Moat Multiple reinforcing moats underpin durable economics: high switching costs and long-term contracts (large deferred revenue and $684B remaining performance obligations), bundling/distribution advantages (Microsoft 365/Teams), scale and data advantages in cloud/AI (Azure as a top-two cloud), and entrenched desktop/enterprise positions (Windows/Office). The MOAT assessment rates these advantages as strong (4.5/5) but notes credible competitive and regulatory threats at the margins.

Management quality Leadership is long-tenured and proven, with disciplined capital allocation that balances heavy reinvestment (R&D and AI/cloud capex) with shareholder returns (dividends and buybacks). Compensation emphasizes performance awards. Weak spots are low insider ownership (~0.088%) and an incomplete machine-readable proxy extraction in this run, but governance and controls are robust in the filings reviewed (management score 4.5/5).

Key risks and anomalies Anomalies analysis finds low risk overall (ANOMALIES = LOW): accounting is high-quality and cash-backed, leverage is conservative, and internal controls are clean.

The principal watchpoints are

- the very large, front-loaded AI/datacenter capex program (execution and FCF timing risk),
- a sizeable new equity compensation plan and potential dilution, and
- low insider ownership that modestly weakens direct economic alignment

Valuation vs market price Using the investor's 15% required return and conservative terminal assumptions, the realistic DCF intrinsic value is $105.38/share (range $62.58–$145.42). The market price used in the report is $497.74 (2026-06-30). This implies the market is priced materially above the DCF estimates (margin of safety ~-78.9%). Even with Microsoft’s excellent fundamentals and low anomaly risk, the price far exceeds intrinsic value at the investor’s hurdle rate.

Bottom line Microsoft is a rare, high-quality compounder with a durable moat, exemplary financials and strong governance. However, under the investor’s 15% required return and the validated DCF scenarios, the current market price is materially disconnected from intrinsic value. The disciplined recommendation is to VENDRE: the business is outstanding, but the price does not provide the margin of safety required for purchase.

Points forts :

- Exceptional financial quality and cash generation — FINANCIAL: FY2026 revenue $331.8B, operating cash flow $182.9B, sustained ROIC ~20%+ and industry-leading margins (gross ~67.9%, operating ~46.8%, net ~40.3%).

- Durable, multi-source moat — MOAT: strong switching costs, bundling and ecosystem lock-in across Windows, Microsoft 365/Teams and Azure (moat score 4.5/5) with long-term durability (10–20+ years).
- Capable, shareholder-friendly management — MANAGEMENT: long-tenured leadership with disciplined capital allocation (dividends, buybacks, and heavy reinvestment in cloud/AI) and strong operational track record (management score 4.5/5).
- Clean accounting and low operational anomalies — ANOMALIES: low anomaly risk (score 5/5); earnings are cash-backed (OCF/net income ~1.37x), conservative leverage, and a clean auditor opinion.

Points faibles :

- Valuation disconnect — VALUATION: DCF realistic intrinsic $105.38/share (range $62.58–$145.42) versus market $497.74, implying a ~-78.9% margin of safety; price does not meet the investor's 15% required return.
- Front-loaded capex execution risk — ANOMALIES/FINANCIAL: massive AI/datacenter capex ramp (CapEx $115.9B in 2026) compresses FCF and raises execution risk if investments do not deliver expected ROIC.
- Low insider economic ownership and potential dilution — MANAGEMENT/ANOMALIES: very low insider ownership (~0.088%) and a large new equity plan (~226M shares, ~3% of float) are governance watchpoints despite safeguards.

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e segments enable the alignment of strategies and objectives across the development, sales, marketing, and services organizations, and they provide a framework for timely and rational allocation of resources within businesses.

Additional information on our operating segments and geographic and product information is contained in Note 18 – Segment Information and Geographic Data of the Notes to Financial Statements (Part II, Item 8 of this Form 10-K).

Our reportable segments are described below.

Productivity and Business Processes

Our Productivity and Business Processes segment consists of...

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oft 365 Consumer subscriptions and other consumer services |
| LinkedIn revenue growth | | Revenue from LinkedIn, including Talent Solutions, Marketing Solutions, Premium Subscriptions, and Sales Solutions |
| Dynamics 365 revenue growth | | Revenue from Dynamics 365, including a set of intelligent, cloud-based applications across ERP, CRM, Power Apps, and Power Automate |
| Azure and other cloud services revenue growth | | Revenue from Azure and other cloud services, including cloud and AI consumption-based services, GitHub cloud services, Health and Life Sciences cloud services (formerly Nu...

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Desktop Operating System Market Share Worldwide | Statcounter Global Stats Press Releases FAQ About Feedback Menu Press Releases FAQ About Feedback Statcounter Global Stats Desktop Operating Systems Percentage Market Share Desktop Operating System Market Share Worldwide - July 2026 Windows 71.18% OS X 12.21% macOS 7.61% Linux 7.53% Chrome OS 1.47% FreeBSD 0% Desktop Operating System Market Share Worldwide Edit Chart Data Sorry, JavaScript is required to view Global Stats charts. Save Chart Image (.png) Download Data (.csv) Embed HTML Period: Set... Stat: Browser Statistic Platform Region Worl...

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Desktop and laptop computers

[edit]

Desktop/laptop operating system browse statistics

|
Windows		66.47%
Unknown		15.98%
macOS		12.46%
Linux (excluding ChromeOS)		3.86%
ChromeOS		1.23%
Other		0%
Desktop OS market share according to StatCounter as of December 2025(ChromeOS is also based on the Linux kernel. StatCounter's OS X and macOS numbers are combined as macOS. Percentages may not add up to 100% due to rounding.	[...] years...

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AWS vs Azure vs GCP Market Share Statistics 2026
https://commandlinux.com/statistics/aws-vs-azure-vs-gcp-market-share
| Provider | Market Share (Q1 2026) | Position |

AWS	~31%	1st
Microsoft Azure	~23–25%	2nd
Google Cloud	~11–12%	3rd
All others	~32%	—

Source: Synergy Research Group quarterly hyperscaler tracker; Canalys

Azure’s 23–25% share estimate exceeds a straight revenue calculation ($75 billion / $395 billion = 19%) because Synergy weights IaaS-and-PaaS spend, where Azure is stronger. Both figures are valid; they measure different scopes. [...] AWS...

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these devices may make it more difficult to attract application developers to our PC operating system platforms. Competing with operating systems licensed at low or no cost may decrease our PC operating system margins. Popular products or services offered on competing platforms could increase their competitive strength. In addition, some of our devices compete with products made by our OEM partners, which may affect their commitment to our platform.

•
Competing platforms have content and application marketplaces with scale and significant installed bases. The variety and utility of content a...

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from healthcare and financial services to education and government. Teams holds a 32.29 percent share of the video conferencing market, trailing only Zoom in that specific category but leading in overall unified communications. [...] The platform's growth has been fueled by its deep integration with the Microsoft 365 suite. Organizations already paying for Office licenses effectively get Teams included, which has made the platform a default choice for many enterprises. Microsoft's produ...

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Tavily · web · 2026-08-06

https://www.appsruntheworld.com/top-10-collaboration-software-vendors-and-market-forecast

Slack vs Teams: 1 Clear Winner in 2026 (7 Key Tests)
https://tech-insider.org/slack-vs-microsoft-teams-2026
from healthcare and financial services to education and government. Teams holds a 32.29 percent share of the video conferencing market, trailing only Zoom in that specific category but leading in overall unified communications. [...] The platform's growth has been fueled by its deep integration with the Microsoft 365 suite. Organizations already paying for Office licenses effectively get Teams included, which has made the platform a default choice for many enterprises. Microsoft's produ...

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[29] Microsoft Teams Revenue and Usage Statistics (2026)

Tavily · web · 2026-08-06

https://www.businessofapps.com/data/microsoft-teams-statistics

Slack vs Teams: 1 Clear Winner in 2026 (7 Key Tests)
https://tech-insider.org/slack-vs-microsoft-teams-2026
from healthcare and financial services to education and government. Teams holds a 32.29 percent share of the video conferencing market, trailing only Zoom in that specific category but leading in overall unified communications. [...] The platform's growth has been fueled by its deep integration with the Microsoft 365 suite. Organizations already paying for Office licenses effectively get Teams included, which has made the platform a default choice for many enterprises. Microsoft's produ...

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[30] FMP fmp_income_statement

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/income-statement/MSFT?period=annual&limit=5

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[31] FMP fmp_balance_sheet

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/balance-sheet-statement/MSFT?period=annual&limit=5

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[32] FMP fmp_cash_flow_statement

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/cash-flow-statement/MSFT?period=annual&limit=5

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[33] FMP fmp_ratios

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/ratios/MSFT?period=annual&limit=5

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[34] EDGAR 10-K Note 8

EDGAR · edgar · 2026-08-06 · Note 8

https://www.sec.gov/Archives/edgar/data/789019/000119312526323660/msft-20260630.htm#F_e3d64699-0e70-4e89-8264-fb2715767bc3

NOTE 8 — GOODWILL

Changes in the carrying amount of goodwill were as follows:

(In millions)			June 30, 2024				Acquisitions				Other				June 30, 2025				Acquisitions				Other				June 30, 2026		
Productivity and Business Processes		$	31,361			$	0			$	96			$	31,457			$	67			$	46			$	31,570		
Intelligent Cloud			25,648				0	...

[35] EDGAR 10-K Note 6

EDGAR · edgar · 2026-08-06 · Note 6

https://www.sec.gov/Archives/edgar/data/789019/000119312526323660/msft-20260630.htm#F_88696a33-cf9b-4eb2-9239-8e1843e84711

NOTE 6 — PROPERTY AND EQUIPMENT

The components of property and equipment were as follows:

(In millions)									
June 30,		2026			2025				
Land		$	10,546			$	9,338		
Buildings and improvements			182,749				137,921		
Leasehold improvements			16,348				12,117		
Servers, network equipment, and software			215,874				132,836		
Furniture and equipment			6,250				6,407		
Total, at cost			431,767				298,619		
Accumulated depreciation	...								

[36] EDGAR 10-K Item 9A

EDGAR · edgar · 2026-08-06 · Item 9A

https://www.sec.gov/Archives/edgar/data/789019/000119312526323660/msft-20260630.htm#report_independent_registered_public_acc

ancial statements as of and for the year ended June 30, 2026, of the Company and our report dated July 29, 2026, expressed an unqualified opinion on those financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Report of Management on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based...

[37] EDGAR DEF 14A Compensation Discussion and Analysis Compensation Discussion and Analysis

EDGAR · edgar · 2026-08-06 · Compensation Discussion and Analysis Compensation Discussion and Analysis

https://www.sec.gov/Archives/edgar/data/789019/000119312525245150/d908201ddef14a.htm#toc908201_45a

Compensation Discussion and Analysis above, as was the majority of the base annual retainer for our non-employee directors. In fiscal year 2025, we granted stock awards to employees and non-employee directors covering 38,459,416 shares (which number includes performance stock award shares at target payout levels, and excludes awards granted solely for substitution of awards assumed in acquisitions). Therefore, approval of the 2026 Stock Plan is critical for the Company's ability to attract and retain talented individuals in employee and director roles. While we do not have a practice of grant...

[38] Python calc

Calcul · calculation · 2026-08-06

calculation://calc_python

Calcul : deferred_2026 = 72965
revenue_2026 = 331839
ocf_2026 = 182935
net_income_2026 = 133749
ratio_deferred_rev_to_sales = deferred_2026 / revenue_2026
income_to_ocf = ocf_2026 / net_income_2026
ratio_deferred_rev_to_sales, income_to_ocf — {"code": "deferred_2026 = 72965\nrevenue_2026 = 331839\nocf_2026 = 182935\nnet_income_2026 = 133749\nratio_deferred_rev_to_sales = deferred_2026 / revenue_2026\nincome_to_ocf = ocf_2026 / net_income_2026\nratio_deferred_rev_to_sales, income_to_ocf"}

[39] EDGAR 10-K Note 1

EDGAR · edgar · 2026-08-06 · Note 1

https://www.sec.gov/Archives/edgar/data/789019/000119312526323660/msft-20260630.htm#F_81801261-b72e-4cf0-b6cb-74b777267b95_1

NOTE 1 — ACCOUNTING POLICIES

Accounting Principles

Our consolidated financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America.

Principles of Consolidation

The consolidated financial statements include the accounts of Microsoft Corporation and its subsidiaries. Intercompany transactions and balances have been eliminated.

Recast of Certain Prior Period Information

We have recast certain prior period amounts on our consolidated cash flows statements to conform to the current period presentation. The ...

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[40] EDGAR 10-K Note 1

EDGAR · edgar · 2026-08-06 · Note 1

https://www.sec.gov/Archives/edgar/data/789019/000119312526323660/msft-20260630.htm#F_af1f1829-d649-47ad-8f30-94f725bff394

n it is more likely than not that a tax benefit will not be realized. All deferred income taxes are classified as long-term in our consolidated balance sheets.

Financial Instruments

Investments

We consider all highly liquid interest-earning investments with a maturity of three months or less at the date of purchase to be cash equivalents. The fair values of these investments approximate their carrying values. In general, investments with original maturities of greater than three months and remaining maturities of less than one year are classified as short-term investments. Investments with...

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[41] Microsoft Q2 Fiscal Year 2026 Analysis – January 28, 2026

Tavily · web · 2026-08-06

https://www.linkedin.com/pulse/microsoft-q2-fiscal-year-2026-analysis-january-28-0530-faisal-amjad-0klgc

Microsoft Q2 Fiscal Year 2026 Analysis – January 28, 2026
https://www.linkedin.com/pulse/microsoft-q2-fiscal-year-2026-analysis-january-28-0530-faisal-amjad-0klgc
Cash flows from legacy businesses are enabling AI infrastructure expansion, now large enough to influence Microsoft's $80B+ revenue base.Read more

Microsoft Fiscal Year 2026 Third Quarter Earnings ...
https://www.microsoft.com/en-us/investor/events/fy-2026/earnings-fy-2026-q3
Our AI business surpassed $37 billion ARR, up 123%. Company gross margin percentage was 68%, by continued investment in AI infrastructure and growing AI

Form...

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[42] Microsoft Fiscal Year 2026 Third Quarter Earnings ...

Tavily · web · 2026-08-06

https://www.microsoft.com/en-us/investor/events/fy-2026/earnings-fy-2026-q3

Microsoft Q2 Fiscal Year 2026 Analysis – January 28, 2026
https://www.linkedin.com/pulse/microsoft-q2-fiscal-year-2026-analysis-january-28-0530-faisal-amjad-0klgc
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https://www.microsoft.com/en-us/investor/events/fy-2026/earnings-fy-2026-q3
Our AI business surpassed $37 billion ARR, up 123%. Company gross margin percentage was 68%, by continued investment in AI infrastructure and growing AI

Form...

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[43] Form 10-K for Microsoft Corp filed 07/29/2026

Tavily · web · 2026-08-06

https://microsoft.gcs-web.com/static-files/8a9beeed-0e9e-48e6-b4fb-593d558e2693

Microsoft Q2 Fiscal Year 2026 Analysis – January 28, 2026
https://www.linkedin.com/pulse/microsoft-q2-fiscal-year-2026-analysis-january-28-0530-faisal-amjad-0klgc
Cash flows from legacy businesses are enabling AI infrastructure expansion, now large enough to influence Microsoft's $80B+ revenue base.Read more

Microsoft Fiscal Year 2026 Third Quarter Earnings ...
https://www.microsoft.com/en-us/investor/events/fy-2026/earnings-fy-2026-q3
Our AI business surpassed $37 billion ARR, up 123%. Company gross margin percentage was 68%, by continued investment in AI infrastructure and growing AI

Form...

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[44] Microsoft's 2026 Annual Report: What's going on with all the ...

Tavily · web · 2026-08-06

https://deepquarry.substack.com/p/microsofts-2026-annual-report-whats

Microsoft Q2 Fiscal Year 2026 Analysis – January 28, 2026
https://www.linkedin.com/pulse/microsoft-q2-fiscal-year-2026-analysis-january-28-0530-faisal-amjad-0klgc
Cash flows from legacy businesses are enabling AI infrastructure expansion, now large enough to influence Microsoft's $80B+ revenue base.Read more

Microsoft Fiscal Year 2026 Third Quarter Earnings ...
https://www.microsoft.com/en-us/investor/events/fy-2026/earnings-fy-2026-q3
Our AI business surpassed $37 billion ARR, up 123%. Company gross margin percentage was 68%, by continued investment in AI infrastructure and growing AI

Form...

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[45] 10-K

Tavily · web · 2026-08-06

https://www.sec.gov/Archives/edgar/data/789019/000095017025100235/msft-20250630.htm

Microsoft Q2 Fiscal Year 2026 Analysis – January 28, 2026
https://www.linkedin.com/pulse/microsoft-q2-fiscal-year-2026-analysis-january-28-0530-faisal-amjad-oklgc
Cash flows from legacy businesses are enabling AI infrastructure expansion, now large enough to influence Microsoft's $80B+ revenue base.Read more

Microsoft Fiscal Year 2026 Third Quarter Earnings ...
https://www.microsoft.com/en-us/investor/events/fy-2026/earnings-fy-2026-q3
Our AI business surpassed $37 billion ARR, up 123%. Company gross margin percentage was 68%, by continued investment in AI infrastructure and growing AI

Form...

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[46] EDGAR DEF 14A Director Compensation Director Compensation

EDGAR · edgar · 2026-08-06 · Director Compensation Director Compensation

https://www.sec.gov/Archives/edgar/data/789019/000119312525245150/d908201ddef14a.htm#toc908201_63

son to be a member of the Board. |
| --- | --- | --- |

17.		Substitutions and Assumptions. The Committee has the right to substitute or assume Awards in connection with mergers, reorganizations, separations, or other corporate transactions (as defined in Treasury Regulation 1.424-1(a)(3)), provided such substitutions and assumptions are not prohibited by Section 424 of the Code and the regulations promulgated thereunder. The number of Shares reserved pursuant to Section 3 may be increased by the corresponding number of Awards assumed or substituted.

| 18. | ...

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[47] FMP fmp_income_statement

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/income-statement/MSFT?period=annual&limit=10

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[48] Python calc

Calcul · calculation · 2026-08-06

calculation://calc_python

Calcul : rev_2017=96571000000
rev_2026=331839000000
cagr=(rev_2026/rev_2017)**(1/9)-1
cagr — {"code": "rev_2017=96571000000\nrev_2026=331839000000\ncagr=(rev_2026/rev_2017)**(1/9)-1\ncagr"}

---

[49] FMP fmp_cash_flow_statement

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/cash-flow-statement/MSFT?period=annual&limit=10

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[50] FMP fmp_balance_sheet

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/balance-sheet-statement/MSFT?period=annual&limit=10

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[51] Yahoo Finance executives for MSFT

Yahoo · api · 2026-08-06

https://finance.yahoo.com/quote/MSFT

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[52] FMP fmp_key_metrics

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/key-metrics/MSFT?period=annual&limit=6

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[53] FMP fmp_ratios

FMP · api · 2026-08-06

https://financialmodelingprep.com/api/v3/ratios/MSFT?period=annual&limit=6

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[54] Yahoo Finance ownership for MSFT

Yahoo · api · 2026-08-06

https://finance.yahoo.com/quote/MSFT/holders

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[55] EDGAR DEF 14A Pay Versus Performance Pay Versus Performance

EDGAR · edgar · 2026-08-06 · Pay Versus Performance Pay Versus Performance

https://www.sec.gov/Archives/edgar/data/789019/000119312525245150/d908201ddef14a.htm#ixv-20877

Pay Versus Performance Rules, the below charts illustrate how “compensation actually paid” (“CAP”) to our Named Executives aligns with Microsoft’s financial performance as
measured
by our TSR, our Peer Group TSR (Nasdaq
Computer
Index), our net income, and Microsoft Incentive Plan Revenue.

		Compensation Actually Paid vs. Microsoft TSR vs. Peer Group TSR		

2025 PROXY STATEMENT		57

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[56] EDGAR DEF 14A Corporate Governance Corporate Governance

EDGAR · edgar · 2026-08-06 · Corporate Governance Corporate Governance

https://www.sec.gov/Archives/edgar/data/789019/000119312525245150/d908201ddef14a.htm#toc908201_63

Corporate Governance Policies and Guidelines | | aka.ms/policiesandguidelines |
Contact the Board		askboard@microsoft.com
Financial Reporting		
Annual Report		microsoft.com/en-us/Investor/annual-reports
Filings and Reports		microsoft.com/en-us/Investor/sec-filings
Additional Company Information		
Executive Team		news.microsoft.com/source/leadership/
Investor Relations		microsoft.com/investor
Corporate Responsibility		microsoft.com/csr
Reports Hub		microsoft.com/transparency
Public Policy Engagement		microsoft.com/public-policy-...

[57] Run DCF once per scenario and compare the outputs

Bull Run Valuation · calculation · 2026-08-06

`valuation://valuation_scenario_compare`

Calcul : Run DCF once per scenario and compare the outputs — {"scenarios": [{"discount_rate": 0.15, "discount_rate_justification": "Investor target return of 15% required; Microsoft is top-tier with a durable moat but faces capex execution and regulatory risks; no discount-rate haircut applied to ensure investor hurdle is met.", "historical_years": [{"calendar_year": "2024", "fcf_margin": 0.3022, "revenue": 245122000000, "shares_outstanding": 7469000000}, {"calendar_year": "2025", "fcf_margin": 0.2542, "revenue": 281724000000, "shares_outstanding": 7465000000}, {"calendar_year": "2026", "fcf_margin": 0.2018, "revenue": 331839000000, "shares_outstanding": 7453000000}], "name": "Prudent", "net_debt": 107873300000, "net_debt_justification": "Latest balance-sheet net debt from FY2026 (Total debt $128.81B less cash & short-term investments $76.843B = $107.8733B) per FMP balance-sheet (call_YC8hdef43LtY35w59FS7SfQB).", "projected_years": [{"calendar_year": "2027", "fcf_margin": 0.2018, "fcf_margin_justification": "FCF margin holds near 2026 level as capex remains elevated and FCF conversion recovers slowly.", "revenue": 351749340000, "revenue_justification": "Continued growth in Microsoft 365 and steady Azure expansion; cautious 6% recovery from 2026 base as AI investments monetize slowly in conservative case.", "shares_outstanding": 7419894000, "shares_outstanding_justification": "Modest buybacks continue but at a low pace (0.2% annual net reduction) given prioritization of capex and dividends."}, {"calendar_year": "2028", "fcf_margin": 0.1994, "fcf_margin_justification": "Small margin compression as short-term operating leverage is absorbed by ongoing datacenter depreciation.", "revenue": 369336807000, "revenue_justification": "Productivity & Business Processes and LinkedIn add modest incremental revenue; Azure benefits from enterprise renewals (5% growth).", "shares_outstanding": 7405478000, "shares_outstanding_justification": "Continued small buybacks funded by FCF; net share count down ~0.2% YoY."}, {"calendar_year": "2029", "fcf_margin": 0.197, "fcf_margin_justification": "Slight decline in FCF margin as growth capex remains high, delaying FCF normalization.", "revenue": 387803647000, "revenue_justification": "Revenue growth sustained by enterprise renewals and price realization in Microsoft 365; incremental AI monetization begins to appear (5% growth).", "shares_outstanding": 7391065000, "shares_outstanding_justification": "Share-count reduction continues at modest pace as buybacks outpace dilution."}, {"calendar_year": "2030", "fcf_margin": 0.1946, "fcf_margin_justification": "Depreciation and interest costs from datacenter investments keep near-term FCF margins subdued.", "revenue": 405254807000, "revenue_justification": "Gradual maturation of Azure growth with moderate share gains and product mix shift to cloud services (4.5% growth).", "shares_outstanding": 7376657000, "shares_outstanding_justification": "Buybacks continue; net issuance limited by compensation-related grants but offset by repurchases."}, {"calendar_year": "2031", "fcf_margin": 0.1922, "fcf_margin_justification": "Margins inch down as capital intensity remains elevated but efficiency measures slightly reduce opex growth.", "revenue": 421464999000, "revenue_justification": "Stable commercial execution and cross-sell within enterprise accounts drive 4% revenue growth.", "shares_outstanding": 7362253000, "shares_outstanding_justification": "Share count modestly lower due to steady but restrained repurchase activity."}, {"calendar_year": "2032", "fcf_margin": 0.1898, "fcf_margin_justification": "FCF margin gradually improves as capex plateaus and depreciation growth moderates, but remains below long-term potential.", "revenue": 436216149000, "revenue_justification": "Growth slows toward long-term industry rates as Azure and productivity businesses mature (3.5% growth).", "shares_outstanding": 7347854000, "shares_outstanding_justification": "Consistent buybacks reduce share count slightly each year."}, {"calendar_year": "2033", "fcf_margin": 0.1874, "fcf_margin_justification": "Slow improvement in FCF conversion as operating leverage returns and efficiency gains offset some capex drag.", "revenue": 450174915000, "revenue_justification": "Enterprise renewals and modest AI feature monetization sustain low-single-digit growth (3.2%).", "shares_outstanding": 7333469000, "shares_outstanding_justification": "Projected buyback program continues at a measured pace."}, {"calendar_year": "2034", "fcf_margin": 0.185, "fcf_margin_justification": "Margins recover incrementally as AI infrastructure investments are mostly complete and maintenance capex dominates.", "revenue": 463680162000, "revenue_justification": "Market share consolidates; low-single-digit growth from installed base and price increases (3.0%).", "shares_outstanding": 7319088000, "shares_outstanding_justification": "Share count declines gradually as buybacks modestly outpace equity compensation."}, {"calendar_year": "2035", "fcf_margin": 0.1826, "fcf_margin_justification": "FCF margin improves modestly as capex normalizes and OCF remains strong.", "revenue": 477590567000, "revenue_justification": "Mature growth driven by subscription price escalation and maintenance of enterprise share (3.0%).", "shares_outstanding": 7304711000, "shares_outstanding_justification": "Continued, measured repurchases reduce outstanding shares slightly."}, {"calendar_year": "2036", "fcf_margin": 0.18, "fcf_margin_justification": "FCF margin settles around 18% as capex normalizes in a conservative outcome.", "revenue": 490963200000, "revenue_justification": "Steady, low-single-digit growth as the business reaches a mature scale with modest AI monetization tailwinds (2.8%).", "shares_outstanding": 7290338000, "shares_outstanding_justification": "Share-count declines slowly as buybacks persist at conservative rates."}], "terminal_growth_rate": 0.025, "terminal_growth_rate_justification": "2.5% long-run growth reflecting global GDP per-capita growth plus modest productivity; conservative for a mature software/cloud franchise."}, {"discount_rate": 0.15, "discount_rate_justification": "15% investor hurdle maintained; Microsoft\u0019s strong moat reduces idiosyncratic risk but large capex and regulatory uncertainty keep required return at the investor\u0019s base.", "historical_years": [{"calendar_year": "2024", "fcf_margin": 0.3022, "revenue": 245122000000, "shares_outstanding": 7469000000}, {"calendar_year": "2025", "fcf_margin": 0.2542, "revenue": 281724000000, "shares_outstanding": 7465000000}, {"calendar_year": "2026", "fcf_margin": 0.2018, "revenue": 331839000000, "shares_outstanding": 7453000000}], "name": "Réaliste", "net_debt": 107873300000, "net_debt_justification": "Net debt from FY2026 balance sheet (call_YC8hdef43LtY35w59FS7SfQB).", "projected_years": [{"calendar_year": "2027", "fcf_margin": 0.2018, "fcf_margin_justification": "2027 FCF margin holds initially as capex remains high but revenue growth offsets some investment drag.", "revenue": 371659680000, "revenue_justification": "Strong Azure expansion (+12%) as enterprise AI adoption accelerates and Copilot monetization begins in Microsoft 365.", "shares_outstanding": 7380999218, "shares_outstanding_justification": "Moderate buybacks accelerate slightly (0.6% annual net reduction) supported by large OCF."}, {"calendar_year": "2028", "fcf_margin": 0.2083,

"fcf_margin_justification": "FCF margin expands as revenue growth begins to leverage fixed costs and capex tapering reduces cash outflows.", "revenue": 408825648000, "revenue_justification": "Double-digit cloud growth continues (+10%) with sustained commercial cloud demand and upsells into enterprise accounts.", "shares_outstanding": 7338673065, "shares_outstanding_justification": "Ongoing buybacks funded by strong FCF; dilution from compensation is modest relative to repurchases."}, {"calendar_year": "2029", "fcf_margin": 0.2147, "fcf_margin_justification": "Margins improve further through operating leverage and higher-margin AI services mix.", "revenue": 445621414000, "revenue_justification": "Azure and commercial Microsoft 365 penetration drive continued high-teens to single-digit deceleration (+9%).", "shares_outstanding": 7296848602, "shares_outstanding_justification": "Share-count falls as repurchases outpace awards; buyback program remains material."}, {"calendar_year": "2030", "fcf_margin": 0.2212, "fcf_margin_justification": "Higher-margin services and improving capex efficiency lift FCF conversion further.", "revenue": 481270700000, "revenue_justification": "Growth remains healthy (+8%) as AI features become standard across enterprise workflows and accelerate retention and ARPU.", "shares_outstanding": 7255527682, "shares_outstanding_justification": "Continued buybacks reduce shares; company remains committed to returning excess cash."}, {"calendar_year": "2031", "fcf_margin": 0.2277, "fcf_margin_justification": "FCF margin benefits from product-mix shift toward high-margin software and services and lower incremental capex.", "revenue": 514959949000, "revenue_justification": "Expansion into new AI services and security offerings supports +7% revenue growth as monetization broadens.", "shares_outstanding": 7214719996, "shares_outstanding_justification": "Net share-count continues to decline due to sustained repurchases."}, {"calendar_year": "2032", "fcf_margin": 0.2341, "fcf_margin_justification": "Margins expand as capex normalizes and recurring SaaS-like revenue comprises a larger share of sales.", "revenue": 546756545000, "revenue_justification": "Persistent commercial cloud adoption and pricing power produce +6% growth, with enterprise renewals and multi-year deals.", "shares_outstanding": 7174437346, "shares_outstanding_justification": "Buybacks continue at a steady pace, reducing outstanding shares over time."}, {"calendar_year": "2033", "fcf_margin": 0.2406, "fcf_margin_justification": "FCF margin increases as operating leverage and service mix shift bring higher cash conversion.", "revenue": 573094372000, "revenue_justification": "Growth moderates (+5%) as company scales but retains above-market growth through AI-led differentiation.", "shares_outstanding": 7134684295, "shares_outstanding_justification": "Share-count declines as capital returns remain prioritized."}, {"calendar_year": "2034", "fcf_margin": 0.2471, "fcf_margin_justification": "FCF margin continues to expand toward long-run levels as capex stabilizes.", "revenue": 598885320000, "revenue_justification": "Mid-single-digit growth (+4.5%) as market matures and incremental share gains slow.", "shares_outstanding": 7095462310, "shares_outstanding_justification": "Ongoing repurchases reduce share count materially over the medium term."}, {"calendar_year": "2035", "fcf_margin": 0.2535, "fcf_margin_justification": "Higher-margin services and normalized capex push FCF margin further toward 25%+.", "revenue": 622840732000, "revenue_justification": "Growth slows to +4% as saturation effects appear, but strong cross-sell and enterprise pricing sustain revenue momentum.", "shares_outstanding": 7056772672, "shares_outstanding_justification": "Shares outstanding decline due to continued share repurchases funded by robust FCF."}, {"calendar_year": "2036", "fcf_margin": 0.26, "fcf_margin_justification": "FCF margin reaches ~26% as capex normalizes and operating leverage fully materializes.", "revenue": 644640130000, "revenue_justification": "Growth at +3.5% as Microsoft approaches large-scale maturity with recurring high-margin revenue streams.", "shares_outstanding": 7018617143, "shares_outstanding_justification": "Share-count declines steadily as buybacks remain a core use of free cash flow."}], "terminal_growth_rate": 0.025, "terminal_growth_rate_justification": "2.5% terminal rate reflecting long-term global nominal GDP growth and Microsoft\u0019s mature franchise."}, {"discount_rate": 0.15, "discount_rate_justification": "Maintain 15% hurdle despite optimistic operating case; the investor requires this return and valuation should not relax the discount rate simply because of a favourable scenario.", "historical_years": [{"calendar_year": "2024", "fcf_margin": 0.3022, "revenue": 245122000000, "shares_outstanding": 7469000000}, {"calendar_year": "2025", "fcf_margin": 0.2542, "revenue": 281724000000, "shares_outstanding": 7465000000}, {"calendar_year": "2026", "fcf_margin": 0.2018, "revenue": 331839000000, "shares_outstanding": 7453000000}], "name": "Optimiste", "net_debt": 107873300000, "net_debt_justification": "FY2026 net debt per latest balance sheet (call_YC8hdef43LtY35w59FS7SfQB).", "projected_years": [{"calendar_year": "2027", "fcf_margin": 0.2018, "fcf_margin_justification": "Near-term FCF margin holds while investments continue but revenue growth drives absolute FCF higher.", "revenue": 391569000000, "revenue_justification": "Rapid AI monetization lifts Azure and Microsoft 365 revenues (+18%) as enterprise adoption accelerates and pricing power increases.", "shares_outstanding": 7351290036, "shares_outstanding_justification": "Aggressive buybacks funded by robust OCF; 1% net reduction anticipated in optimistic case."}, {"calendar_year": "2028", "fcf_margin": 0.2127, "fcf_margin_justification": "Margin expansion begins as higher-margin AI services scale and capex growth moderates.", "revenue": 450303000000, "revenue_justification": "Sustained high growth (+15%) from deep AI integration across products and higher ARPU from Copilot/AI services.", "shares_outstanding": 7277777136, "shares_outstanding_justification": "Buybacks accelerate as management returns excess cash while maintaining strategic investments."}, {"calendar_year": "2029", "fcf_margin": 0.2236, "fcf_margin_justification": "Operating leverage and higher-margin service mix push FCF margins materially higher.", "revenue": 504341360000, "revenue_justification": "Network effects and ecosystem lock-in drive continued strong growth (+12%) with superior upsell and retention.", "shares_outstanding": 7204999364, "shares_outstanding_justification": "Substantial repurchases reduce share base; dilution from awards is small relative to buybacks."}, {"calendar_year": "2030", "fcf_margin": 0.2345, "fcf_margin_justification": "Margins expand as incremental revenues are disproportionately high-margin software and services.", "revenue": 554773296000, "revenue_justification": "AI-driven platform services and partner ecosystem expand addressable market (+10%).", "shares_outstanding": 7132949366, "shares_outstanding_justification": "Repurchases continue aggressively, reducing outstanding shares ~1% annually."}, {"calendar_year": "2031", "fcf_margin": 0.2454, "fcf_margin_justification": "Mix shift to premium AI services and strong pricing increases FCF conversion materially.", "revenue": 604703893000, "revenue_justification": "New enterprise AI offerings and security add-ons sustain high-teens growth (+9%).", "shares_outstanding": 706163, "shares_outstanding_justification": "Aggressive repurchase program reduces shares quickly; net shares outstanding fall approximately 1% per year."}, {"calendar_year": "2032", "fcf_margin": 0.2563, "fcf_margin_justification": "Higher-margin AI services and reduced incremental capex raise FCF margin further.", "revenue": 653079205000, "revenue_justification": "Global expansion and multi-year AI contracts keep growth elevated (+8%).",

"shares_outstanding": 6931010336, "shares_outstanding_justification": "Continued buybacks funded by very strong cash generation cut the share count materially."}, {"calendar_year": "2033", "fcf_margin": 0.2672, "fcf_margin_justification": "FCF margin benefits from scale and product-mix shifts toward services and recurring revenue.", "revenue": 698794749000, "revenue_justification": "Strong cross-sell and platform effects sustain growth (+7%) as Microsoft captures more enterprise AI spend.", "shares_outstanding": 6861690232, "shares_outstanding_justification": "Share reduction continues as buybacks remain a priority."}, {"calendar_year": "2034", "fcf_margin": 0.2781, "fcf_margin_justification": "Margins approach software-native levels as capex normalizes and operating leverage is realized.", "revenue": 740716434000, "revenue_justification": "Market leadership in enterprise AI and cloud drives +6% growth even as competition intensifies.", "shares_outstanding": 6793073320, "shares_outstanding_justification": "Repurchases further shrink the share base, increasing per-share economics."}, {"calendar_year": "2035", "fcf_margin": 0.289, "fcf_margin_justification": "High-margin services dominate revenue mix, pushing FCF margins close to 29%+.", "revenue": 777752255700, "revenue_justification": "Large enterprise deployments and platform monetization sustain +5% growth with strong retention.", "shares_outstanding": 6725142587, "shares_outstanding_justification": "Buyback program continues; share-count declines meaningfully year on year."}, {"calendar_year": "2036", "fcf_margin": 0.3, "fcf_margin_justification": "FCF margin reaches 30% as recurring SaaS and AI services become a larger revenue share and capex settles.", "revenue": 812753107000, "revenue_justification": "Mature AI monetization and ecosystem capture maintain +4.5% growth into long-term scale.", "shares_outstanding": 6657891161, "shares_outstanding_justification": "Shares outstanding fall steadily under an aggressive buyback program."}], "terminal_growth_rate": 0.025, "terminal_growth_rate_justification": "2.5% long-term growth assumed even in optimistic case to avoid extrapolating above-economy growth rates indefinitely."}]}

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[58] FMP fmp_income_statement

FMP · api · 2026-08-06

`https://financialmodelingprep.com/api/v3/income-statement/MSFT?period=annual&limit=3`

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[59] FMP fmp_balance_sheet

FMP · api · 2026-08-06

`https://financialmodelingprep.com/api/v3/balance-sheet-statement/MSFT?period=annual&limit=1`

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[60] Yahoo Finance shares for MSFT

Yahoo · api · 2026-08-06

`https://finance.yahoo.com/quote/MSFT`

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[61] Grille interne de scoring Buffett

Bull Run Internal Scoring · internal · 2026-08-06

`internal://buffett-score-grid`

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