Ticker: MSFT

Symbol: ...(6) ▼

Signal Sigma Professional Investing Instruments

Microsoft Corporation is an American multinational technology company which produces computer software, consumer electronics, personal computers, and related services. Its best known software products are the Microsoft Windows line of operating systems, the Microsoft Office suite, and the Internet Explorer and Edge web browsers. Its flagship hardware products are the Xbox video game consoles and the Microsoft Surface lineup of touchscreen personal computers. Microsoft ranked No. 21 in the 2020 Fortune 500 rankings of the largest United States corporations by total revenue; it was the world's largest software maker by revenue as of 2016. It is considered one of the Big Five companies in the U.S. information technology industry, along with Google, Apple, Amazon, and Facebook.

Address: ONE MICROSOFT WAY, REDMOND, WA, US

Financials Date: Jun 30, 2023

Model Assumptions

TECHNOLOGY Exchange: NASDAQ

Executive Valuation Summary

Industry: SERVICES-PREPACKAGED SOFTWARE

Previous Close

Sector:

Distance to Price Target

319.97

Valuation Measures

22.51%

392

7.19

24.39

Price Target

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			,	
450	Price — Price Target — High Trend-Line — Low Trend-Line			
400				
350				
300				
250				
	PY V			
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200 Aug 12	l 2, 2021 Mar 30, 2022 Nov 15, 2022 Jul 3, 2023 F		, 2024	
	Dec 5, 2021 Jul 23, 2022 Mar 10, 2023 Oct 26, 2023			J

Market Cap	2.29T	Valuation Date					
Trailing P/E Ratio	23.60	WACC	WACC				
Forward P/E Ratio	24.10	EBITDA Multip	EBITDA Multiple				
PEG Ratio	2.87	Assumed Tax	Rate	21.00%			
Enterprise Value / EBITDA	18.24	Implied EV / E	Implied EV / EBITDA				
Enterprise Value / Sales	6.16	Implied EV / F	Implied EV / FWD Sales				
Price / Sales Ratio	5.82	Implied Price /	FWD Sales	11.04			
Price Target		Peer Co	Peer Comparison Summary				
3		Name	EVToEBITDA	EVToRevenue			
392		Microsoft Corpo	18.55	9.21			
		Intuit Inc	37.14	9.20			
EPS Growth Rate		Adobe Systems	22.68	9.13			
12		Salesforce.com	32.72	4.52			

Average

			_			Avelage	24.57	7.1.5
Fiscal Year	2021	2022	2023	2023	2024	2025	2026	2027
Fiscal Period	FY	FY	FY	FY	FY	FY	FY	FY
Revenue	168.1	3 198.3B	211.9B	239.5B	270.6B	305.8B	345.5B	390.4B
Revenue Growth using Manual percentage input	NaN	17.96%	6.88%	13.00%	13.00%	13.00%	13.00%	13.00%
Cost of Goods Sold (COGs)	52.28	62.7B	65.9B	75.6B	86.9B	98.2B	110.9B	125.3B
% of Sales	31.07%	% 31.60%	31.08%	31.58%	32.10%	32.10%	32.10%	32.10%
Gross Profit	115.98	3 135.6B	146.1B	163.8B	183.7B	207.6B	234.6B	265.1B
% of Sales - Derived from Quarterly Model	68.93%	68.40%	68.92%	68.42%	67.90%	67.90%	67.90%	67.90%
Operating Expenses (SG&A)	-45.98	-52.2B	-57.5B	-65.1B	-73.8B	-83.4B	-94.3B	-106.5B
% of Sales - Derived from Quarterly Model	-27.33%	-26.35%	-27.15%	-27.19%	-27.28%	-27.28%	-27.28%	-27.28%
Operating Income (EBIT)	69.98	83.4B	88.5B	98.7B	109.9B	124.2B	140.3B	158.6B
Interest Expense	Oł	C OK	0K	0K	0K	0K	0K	0K
Other Income	16	333M	788M	0	0	0	0	0
Total Other Income	16	333M	788M	769M	769M	769M	769M	769M
Pretax Income (EBT)	71.16	83.7B	89.3B	99.5B	110.7B	125.0B	141.1B	159.4B
Income Tax Expense	108	3 11B	17B	20.9B	23.2B	26.2B	29.6B	33.5B
Tax Rate	NaN	NaN	NaN	21.00%	21.00%	21.00%	21.00%	21.00%
Net Income	61.38	3 72.7B	72.4B	78.6B	87.4B	98.7B	111.5B	125.9B
Operating Income (EBIT)	69.98	83.4B	88.5B	98.7B	109.9B	124.2B	140.3B	158.6B
Depreciation & Amortization (D&A)	11.78	3 14.5B	13.9B	16.6B	18.7B	21.2B	23.9B	27.0B
% of Sales	6.95%	7.29%	6.54%	6.92%	6.92%	6.92%	6.92%	6.92%
EBITDA	81.6	97.8B	102.4B	115.3B	128.6B	145.3B	164.2B	185.6B
Diluted EPS	8.13	9.73	9.50	10.32	11.48	12.96	14.64	16.53
Diluted EPS Growth		19.80%	-2.41%	8.61%	11.25%	12.91%	12.92%	12.93%

Discounted Cash Flow Analysis	2023	2024	2025	2026	2027	Normalized
EBITDA	115.3E	128.6B	145.3B	164.2B	185.6B	185.6B
Less: D&A	-16563619.9k	-18716890.5K	-21150086.3K	-23899597.5K	-27006545.2K	-46671952.6K
EBIT	98.7E	109.9B	124.2B	140.3B	158.6B	138.9B
Less: Taxes	-20729468.3k	-23080161.6K	-26080582.6K	-29471058.4K	-33302295.9K	-29172560.4K
NOPAT	78.0E	86.8B	98.1B	110.9B	125.3B	109.7B
Plus: D&A	16.6E	18.7B	21.2B	23.9B	27.0B	46.7B
Less: CapEx	-28624782.6k	-32346004.3K	-36550984.9K	-41302612.9K	-46671952.6K	-46671952.6K
Less: (Increase) / Decrease in NWC	3.9E	5.3B	5.7B	6.4B	7.3B	
Unlevered Free Cash Flow	69.8E	78.5B	88.4B	99.9B	112.9B	109.7B
Discount Period	0.5	1.5	2.5	3.5	4.5	4.5
Discount Factor	0.953	0.864	0.784	0.712	0.646	0.646
PV of Unlevered Free Cash Flow	66.5E	67.9B	69.3B	71.1B	72.9B	



2023	2024	2024	2024	2024	2025	2025	2025
Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
54.3B	55.2B	56.2B	57.1B	58.1B	59.1B	60.0B	61.0B
4.69%	10.23%	6.54%	8.12%	7.00%	6.88%	6.77%	6.66%
17.3B	17.6B	18.0B	18.4B	18.7B	19.1B	19.5B	19.9B
31.84%	31.95%	32.05%	32.15%	32.26%	32.36%	32.46%	32.57%
37.0B	37.6B	38.2B	38.8B	39.4B	39.9B	40.5B	41.1B
68.16%	68.05%	67.95%	67.85%	67.74%	67.64%	67.54%	67.43%
-14747.7M	-15033.5M	-15319.4M	-15605.2M	-15891.0M	-16176.9M	-16462.7M	-16748.5M
-27.16%	-27.21%	-27.26%	-27.31%	-27.35%	-27.39%	-27.44%	-27.48%
22.3B	22.6B	22.9B	23.2B	23.5B	23.8B	24.1B	24.4B
0.0K	0.0K	0.0K	0.0K	0.0K	0.0K	0.0K	0.0K
67.0M	67.0M	67.0M	67.0M	67.0M	67.0M	67.0M	67.0M
67.0M	67.0M	67.0M	67.0M	67.0M	67.0M	67.0M	67.0M
22.3B	22.6B	22.9B	23.2B	23.5B	23.8B	24.1B	24.4B
4.7B	4.8B	4.8B	4.9B	4.9B	5.0B	5.1B	5.1B
21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%	21.00%
17.6B	17.9B	18.1B	18.4B	18.6B	18.8B	19.1B	19.3B
22.3B	22.6B	22.9B	23.2B	23.5B	23.8B	24.1B	24.4B
3.8B	3.8B	3.9B	4.0B	4.0B	4.1B	4.2B	4.2B
6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%	6.95%
26.0B	26.4B	26.8B	27.1B	27.5B	27.9B	28.2B	28.6B
2.37	2.41	2.45	2.49	2.53	2.57	2.61	2.65
6.75%	2.72%	11.41%	1.48%	6.64%	6.53%	6.43%	6.32%
	Q4 54.3B 4.69% 17.3B 31.84% 37.0B 68.16% -14747.7M -27.16% 22.3B 0.0K 67.0M 67.0M 22.3B 4.7B 21.00% 17.6B 22.3B 3.8B 6.95% 26.0B 2.37	Q4 Q1 54.3B 55.2B 4.69% 10.23% 17.3B 17.6B 31.84% 31.95% 37.0B 37.6B 68.16% 68.05% -14747.7M -15033.5M -27.16% -27.21% 22.3B 22.6B 0.0K 0.0K 67.0M 67.0M 67.0M 67.0M 22.3B 22.6B 4.7B 4.8B 21.00% 21.00% 17.6B 17.9B 22.3B 22.6B 3.8B 3.8B 6.95% 6.95% 26.0B 26.4B 2.37 2.41	Q4 Q1 Q2 54.3B 55.2B 56.2B 4.69% 10.23% 6.54% 17.3B 17.6B 18.0B 31.84% 31.95% 32.05% 37.0B 37.6B 38.2B 68.16% 68.05% 67.95% -14747.7M -15033.5M -15319.4M -27.16% -27.21% -27.26% 22.3B 22.6B 22.9B 0.0K 0.0K 0.0K 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 22.3B 22.6B 22.9B 4.7B 4.8B 4.8B 21.00% 21.00% 21.00% 17.6B 17.9B 18.1B 22.3B 22.6B 22.9B 3.8B 3.8B 3.9B 6.95% 6.95% 6.95% 26.0B 26.4B 26.8B 2.37 2.41 2.45	Q4 Q1 Q2 Q3 54.3B 55.2B 56.2B 57.1B 4.69% 10.23% 6.54% 8.12% 17.3B 17.6B 18.0B 18.4B 31.84% 31.95% 32.05% 32.15% 37.0B 37.6B 38.2B 38.8B 68.16% 68.05% 67.95% 67.85% -14747.7M -15033.5M -15319.4M -15605.2M -27.16% -27.21% -27.26% -27.31% 22.3B 22.6B 22.9B 23.2B 0.0K 0.0K 0.0K 0.0K 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 22.3B 22.6B 22.9B 23.2B 4.7B 4.8B 4.8B 4.9B 21.00% 21.00% 21.00% 21.00% 17.6B 17.9B 18.1B 18.4B 22.3B <th>Q4 Q1 Q2 Q3 Q4 54.3B 55.2B 56.2B 57.1B 58.1B 4.69% 10.23% 6.54% 8.12% 7.00% 17.3B 17.6B 18.0B 18.4B 18.7B 31.84% 31.95% 32.05% 32.15% 32.26% 37.0B 37.6B 38.2B 38.8B 39.4B 68.16% 68.05% 67.95% 67.85% 67.74% -14747.7M -15033.5M -15319.4M -15605.2M -15891.0M -27.16% -27.21% -27.26% -27.31% -27.35% 22.3B 22.6B 22.9B 23.2B 23.5B 0.0K 0.0K 0.0K 0.0K 0.0K 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 22.3B 22.6B 22.9B 23.2B 23.5B</th> <th>Q4 Q1 Q2 Q3 Q4 Q1 54.3B 55.2B 56.2B 57.1B 58.1B 59.1B 4.69% 10.23% 6.54% 8.12% 7.00% 6.88% 17.3B 17.6B 18.0B 18.4B 18.7B 19.1B 31.84% 31.95% 32.05% 32.15% 32.26% 32.36% 37.0B 37.6B 38.2B 38.8B 39.4B 39.9B 68.16% 68.05% 67.95% 67.85% 67.74% 67.64% -14747.7M -15033.5M -15319.4M -15605.2M -15891.0M -16176.9M -27.16% -27.21% -27.26% -27.31% -27.35% -27.39% 22.3B 22.6B 22.9B 23.2B 23.5B 23.8B 0.0K 0.0K</th> <th>Q4 Q1 Q2 Q3 Q4 Q1 Q2 54.3B 55.2B 56.2B 57.1B 58.1B 59.1B 60.0B 4.69% 10.23% 6.54% 8.12% 7.00% 6.88% 6.77% 17.3B 17.6B 18.0B 18.4B 18.7B 19.1B 19.5B 31.84% 31.95% 32.05% 32.15% 32.26% 32.36% 32.46% 37.0B 37.6B 38.2B 38.8B 39.4B 39.9B 40.5B 68.16% 68.05% 67.95% 67.85% 67.74% 67.64% 67.54% -14747.7M -15033.5M -15319.4M -15605.2M -15891.0M -16176.9M -16402.7M -27.16% -27.21% -27.26% -27.31% -27.35% -27.39% -27.44% 22.3B 22.6B 22.9B 23.2B 23.5B 23.8B 24.1B 0.0K 0.0K 0.0K 0.0K 0.0K 0.0K 0.0K 0.0K</th>	Q4 Q1 Q2 Q3 Q4 54.3B 55.2B 56.2B 57.1B 58.1B 4.69% 10.23% 6.54% 8.12% 7.00% 17.3B 17.6B 18.0B 18.4B 18.7B 31.84% 31.95% 32.05% 32.15% 32.26% 37.0B 37.6B 38.2B 38.8B 39.4B 68.16% 68.05% 67.95% 67.85% 67.74% -14747.7M -15033.5M -15319.4M -15605.2M -15891.0M -27.16% -27.21% -27.26% -27.31% -27.35% 22.3B 22.6B 22.9B 23.2B 23.5B 0.0K 0.0K 0.0K 0.0K 0.0K 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 67.0M 22.3B 22.6B 22.9B 23.2B 23.5B	Q4 Q1 Q2 Q3 Q4 Q1 54.3B 55.2B 56.2B 57.1B 58.1B 59.1B 4.69% 10.23% 6.54% 8.12% 7.00% 6.88% 17.3B 17.6B 18.0B 18.4B 18.7B 19.1B 31.84% 31.95% 32.05% 32.15% 32.26% 32.36% 37.0B 37.6B 38.2B 38.8B 39.4B 39.9B 68.16% 68.05% 67.95% 67.85% 67.74% 67.64% -14747.7M -15033.5M -15319.4M -15605.2M -15891.0M -16176.9M -27.16% -27.21% -27.26% -27.31% -27.35% -27.39% 22.3B 22.6B 22.9B 23.2B 23.5B 23.8B 0.0K 0.0K	Q4 Q1 Q2 Q3 Q4 Q1 Q2 54.3B 55.2B 56.2B 57.1B 58.1B 59.1B 60.0B 4.69% 10.23% 6.54% 8.12% 7.00% 6.88% 6.77% 17.3B 17.6B 18.0B 18.4B 18.7B 19.1B 19.5B 31.84% 31.95% 32.05% 32.15% 32.26% 32.36% 32.46% 37.0B 37.6B 38.2B 38.8B 39.4B 39.9B 40.5B 68.16% 68.05% 67.95% 67.85% 67.74% 67.64% 67.54% -14747.7M -15033.5M -15319.4M -15605.2M -15891.0M -16176.9M -16402.7M -27.16% -27.21% -27.26% -27.31% -27.35% -27.39% -27.44% 22.3B 22.6B 22.9B 23.2B 23.5B 23.8B 24.1B 0.0K 0.0K 0.0K 0.0K 0.0K 0.0K 0.0K 0.0K

