

MSFT

Share price (& 52wk range)

Company Name **Microsoft**
 Share price **\$36.58**
 (26.28 - 38.98)

Microsoft Corporation is engaged in developing, licensing and supporting a range of software products and services. The Company operates in five segments: Windows & Windows Live Division (Windows Division), Server and Tools, Online Services Division (OSD), Microsoft Business Division (MBD), and Entertainment and Devices Division (EDD). The Company's products include operating systems for personal computers (PCs), servers, phones, and other intelligent devices; server applications for distributed computing environments; productivity applications; business solution applications; desktop and server management tools; software development tools; video games, and online advertising. It also designs and sells hardware, including the Xbox 360 gaming and entertainment console. In September 2013, Ericsson completed the acquisition of Microsoft's Mediaroom business and TV solution. Effective October 23, 2013, Microsoft Corp acquired Apiphany Inc.

Top Shareholders

The Vanguard Group, Inc.	4.4%
SSgA Funds Management, Inc.	4.0%
BlackRock Fund Advisors	3.5%

Quarterly EPS

	Q4	Q1	Q2	Q3
12mths ending 2013	0.76	0.73	0.60	0.63
12mths ending 2012	0.79	0.61	-0.06	0.53
12mths ending 2011	0.79	0.62	0.70	0.68
12mths ending 2010	0.76	0.46	0.52	0.63
12mths ending 2009	0.47	0.33	0.34	0.40

Basic overview

Market Cap	\$305,297m
Net Debt (cash)	(\$64,740m)
Interest Cover	n/a
Dividend Yield	3.1%

Valuation Metrics

EV/EBIT TTM	10.7
P/E (cash adjusted)	10.6
P/FCF TTM (cash adjusted)	10.1
P/TBV	4.8

Cash flow conversion

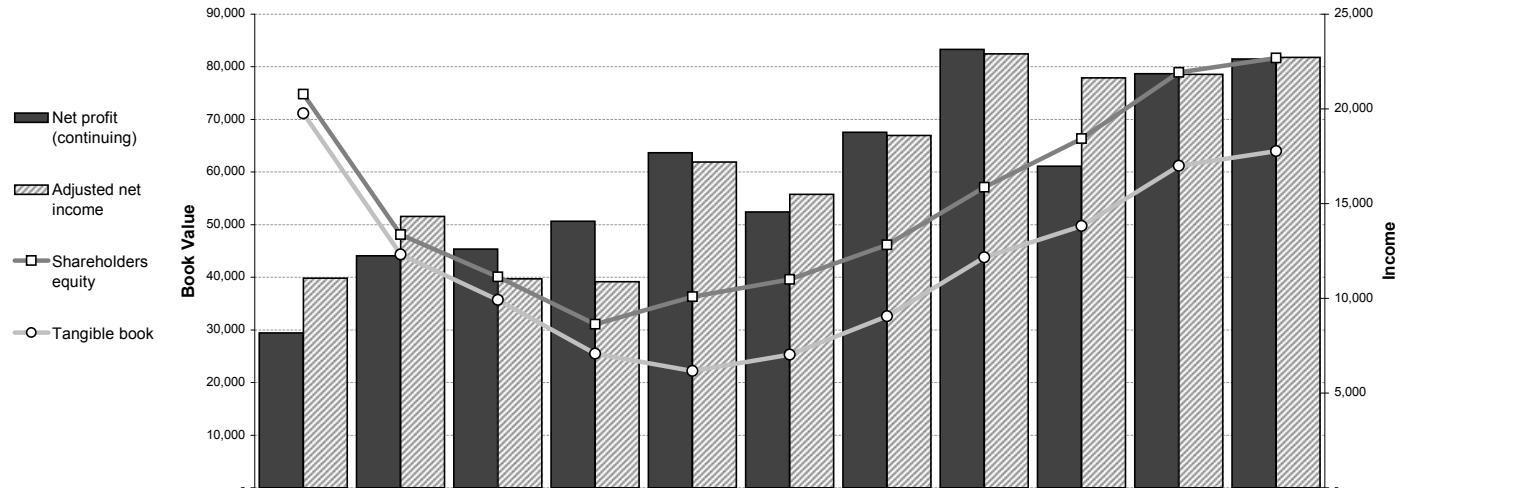
FCF/Net profit (10yr)	126%
FCF - acq / Net profit (5yr)	109%
Cap ex/depr (5yr)	95%

Capital allocation in last 5 years (% of total FCF)

Acquisitions	11%
Dividends	24%
Share buybacks	36%
Decrease/(increase) in net debt	31%

(may not sum to 100 due to liquidation/purchase of other assets)

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	TTM	CAGR/average	
												5 year	10 year
Income													
Revenue	36,835	39,788	44,282	51,122	60,420	58,437	62,484	69,943	73,723	77,849	80,370	7%	8%
Gross Profit	30,119	33,757	36,632	40,429	48,822	46,282	50,089	54,366	56,193	57,600	59,175	6%	7%
Gross Margin	81.8%	84.8%	82.7%	79.1%	80.8%	79.2%	80.2%	77.7%	76.2%	74.0%	73.6%	77.5%	79.7%
EBITDA	10,220	15,416	17,375	19,878	25,976	22,421	27,837	31,132	25,614	31,236	32,377	9%	12%
EBITDA Margin	27.7%	38.7%	39.2%	38.9%	43.0%	38.4%	44.6%	44.5%	34.7%	40.1%	40.3%	40.5%	39.0%
Net Interest	-	1,231	1,808	1,762	888	706	692	605	420	248	245		
PBT	12,196	16,628	18,262	20,101	23,814	19,821	25,013	28,071	22,267	27,052	27,926	8%	8%
Net profit (continuing)	8,168	12,254	12,599	14,065	17,681	14,569	18,760	23,150	16,978	21,863	22,641	11%	10%
Special income (charges)	(1,844)	(2,067)	1,577	3,187	655	(1,248)	223	305	(6,109)	40	(109)		
EPS (continuing)	0.75	1.14	1.26	1.50	1.94	1.64	2.16	2.76	2.03	2.63	2.71	13%	13%
Adjusted net income	11,065	14,321	11,022	10,878	17,195	15,486	18,593	22,898	21,636	21,831	22,725	9%	7%
Balance Sheet													
Shareholders equity	74,825	48,115	40,104	31,097	36,286	39,558	46,175	57,083	66,363	78,944	81,641	19%	1%
Tangible book	71,141	44,307	35,699	25,459	22,205	25,296	32,623	43,758	49,741	61,206	63,992	25%	-1%
TBV per share	6.54	4.14	3.58	2.72	2.43	2.84	3.76	5.22	5.93	7.35	7.67	27%	1%
ROI	57.3%	117.9%	211.8%	182.5%	140.0%	105.1%	122.4%	142.6%	111.2%	124.8%	134.0%	121%	132%
Net debt (cash)	(60,572)	(37,726)	(34,155)	(23,392)	(23,654)	(25,701)	(30,849)	(40,851)	(51,096)	(61,422)	(64,740)		
Cash Flow													
Depreciation & amortisation	1,186	855	903	1,440	2,056	2,562	2,673	2,766	2,967	3,755	3,999	10%	12%
Net Cap Ex	(1,109)	(812)	(1,578)	(2,264)	(3,182)	(3,119)	(1,977)	(2,355)	(2,305)	(4,178)	(4,806)	8%	14%
Net cash from operations	14,626	16,605	14,404	17,796	21,612	19,037	24,073	26,994	31,626	28,833	28,554		
Net Disposals (acquisitions)	-	-	-	(1,150)	(8,053)	(868)	(245)	(71)	(10,112)	(1,584)	(454)		
Dividends	(1,729)	(36,112)	(3,545)	(3,805)	(4,015)	(4,468)	(4,578)	(5,180)	(6,385)	(7,455)	(7,695)		
Share buybacks	(3,383)	(8,057)	(19,207)	(27,575)	(12,533)	(9,353)	(11,269)	(11,555)	(5,029)	(5,360)	(5,916)		
Other Information													
Shares outstanding	10,873	10,713	9,970	9,375	9,130	8,908	8,668	8,376	8,381	8,328	8,346	-1.8%	-2.6%
Receivable days	15	16	19	20	21	17	19	20	20	20	12		
Inventory days	6	7	18	10	8	5	5	8	6	9	11		