

UWIG Stock Pitch: Microsoft (MSFT)

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Three overlapping purple circles of varying sizes in the top-left corner.

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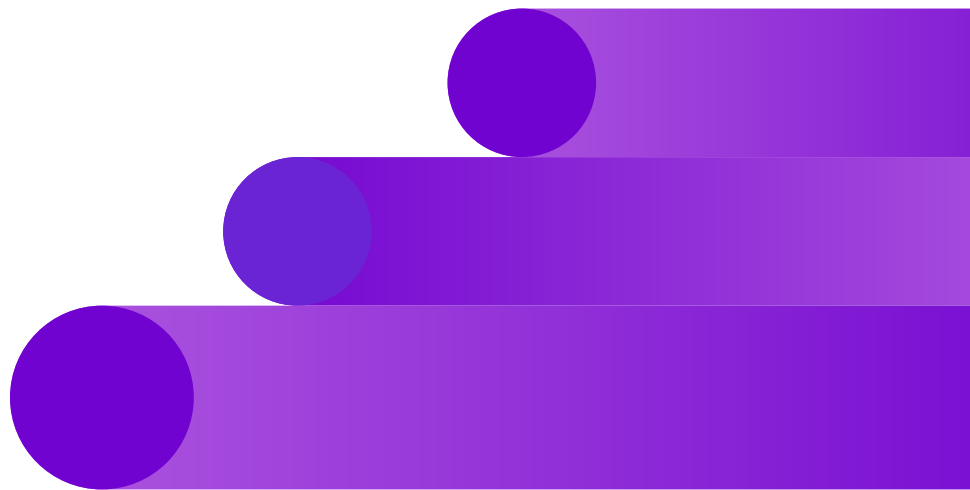
Investment theses

04

Risks and Mitigations

Background

- ❖ Founded in 1975 by Bill Gates
 - ❖ Worth \$2.8 trillion currently
 - ❖ Headquarters in Redmond, operating globally in 190 countries
- ❖ Emphasis on growth for customers and company



Introduction

Microsoft (MSFT) products and services:

Windows, Microsoft 365, Xbox and Activision,
cloud computing via Azure, personal computers





02

Competitor Analysis

Apple, Amazon, Google, IBM

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Competitors

Apple	Amazon	Google★	IBM
Enterprise solutions, hardware, and mobile operating system market P.E. 31.04	Cloud services market, (Microsoft Azure vs. Amazon Web Services) P.E. 207.08	Cloud Platforms, enterprise solutions, desktop operating systems, and most recently AI P.E 30.09	Client Relationship Management services within the cloud and AI P.E. 17.05

Microsoft Competitors Analysis : Top 5 Competitors - Business Chronicler



Strengths

Segments:

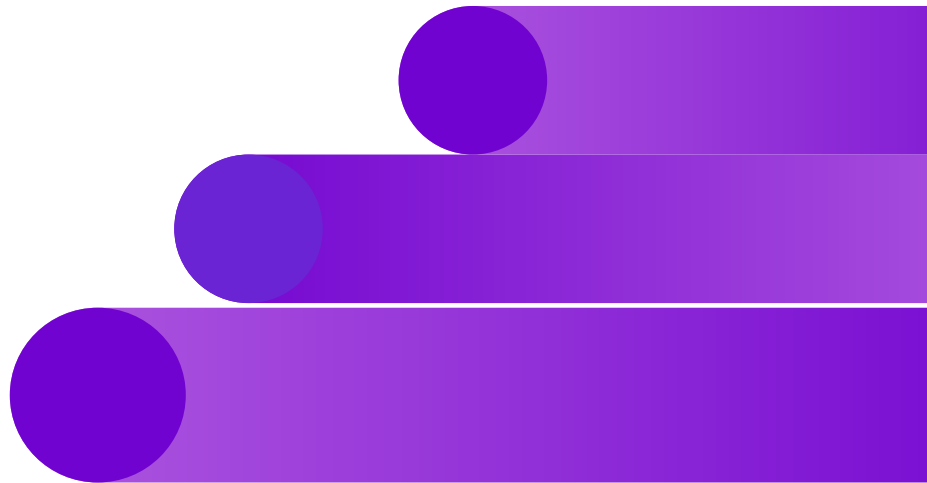
- Desktop operating system
- Enterprise solutions
- Mobile operating systems

Company differentiation:

- Flexible Deployment Options
- Competitive pricing

Strengths:

- Good customer support/ customer loyalty
- Diverse product portfolio across multiple business verticals
- Microsoft's AI shifting to new technologies for product offerings
- Acquisition of LinkedIn, Skype, and Mojang





3A

Acquisitions & Collaboration

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Acquisitions and Collaboration



Xbox and Activision Blizzard

Expanding their reach into gaming and entertainment industries



Bing/Powerset

Further diversification through early-stage acquisition of search engine



Amazon

\$1 billion dollar deal to onboard Amazon as a cloud-based Microsoft 365 customer

Acquisitions and Collaboration



Xbox, Activision Blizzard

Expanding reach into gaming and entertainment industries

Xbox

Revenue:

- Hardware Sales
- Game sales
- Subscriptions
- Related services

Activision Blizzard

- Major game developer and publisher
 - Call of Duty
 - World of Warcraft
 - Overwatch
- Adds valuable intellectual property to Microsoft's portfolio
- Expands Microsoft's influence in the gaming sector



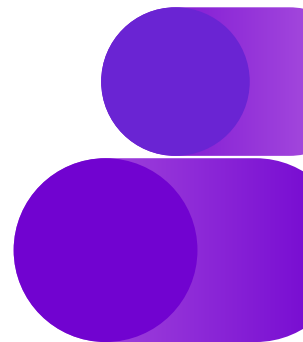
Acquisitions and Collaboration



Bing/Powersearch

Further diversification through early-stage acquisition of search engine

- Provides Microsoft with a diverse range of services beyond its traditional software offerings.
- Diversification into search engines can contribute to Microsoft's overall growth strategy.



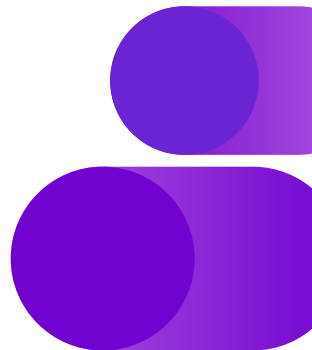
Acquisitions and Collaboration



Amazon

\$1 billion dollar deal to onboard Amazon as a cloud-based Microsoft 365 customer

- Amazon and Microsoft are currently in talks for a \$1B deal over 5 years for 365 Cloud Computing Tools
- Highlights Microsoft's strength in cloud computing
- Not only brings in Revenue but strengthens Microsoft's position as a key provider of cloud solutions





3B

Diverse offerings and strong financials

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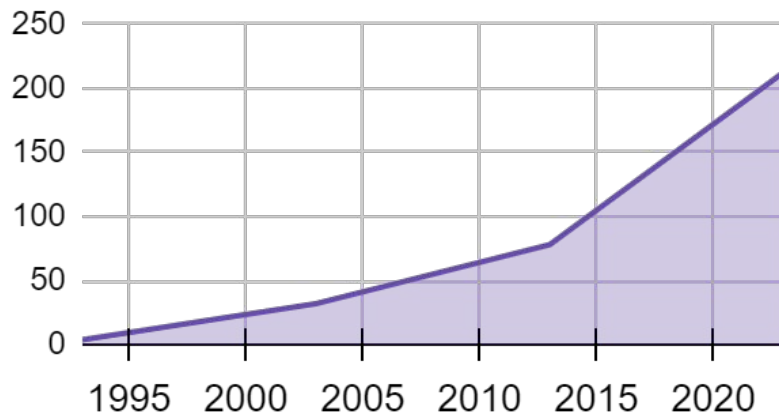


Predicted growth

From 1993–2023

Annual revenue and market value have consistently grown exponentially since founding

Annual Revenue (Billions of \$)



36.69

P/E Ratio

7.5%

YoY Revenue growth

Products and Services



Hardware

1. Personal computers
2. Xbox



Software

1. Quantum research
2. Windows
3. More...





3C

AI and Cloud Computing

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AI and cloud computing



Microsoft owns 49% of OpenAI

Invested \$10 billion in exchange for 75% of OpenAI profits until it earns it back + additional \$3 billion



Azure cloud

\$35 billion in revenue, 29% growth rate compared to 22% for Google Cloud and 12% for AWS



Integration into commercial cloud products

Estimated to add more than \$10 billion in annualized revenue by 2026.

04

Risks and Mitigations

- ❖ Heavy reliance on Windows
- ❖ High competition
- ❖ Government litigation



Risks and Mitigations



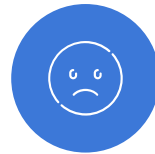
Risk 1

Large portion of revenue depends on Windows licenses.



Risk 2

High Competition



Risk 3

Government Litigation and Regulatory Activities



Mitigation 1

Diversification (hardware/software)



Mitigation 2

Merger and Acquisition lessen competition



Mitigation 3

Open AI are confident that they followed the law



Conclusion

- Acquisitions and Collaboration
- Diverse Offerings and Strong Financials
- AI and Cloud Computing



We Recommend a BUY at
\$378

Thank You!

Do you have any questions?

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