

# Microsoft, amid layoffs, says quarterly profit declined 12%

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People walk past a Microsoft office in New York, Nov. 10, 2016. On Tuesday, Jan. 24, 2023, Microsoft reported a 12% drop in profit for the October-December 2022 quarter, reflecting the economic uncertainty it said led to its decision to cut 10,000 workers. Credit: AP Photo/Swayne B. Hall, File

Microsoft on Tuesday reported a 12% drop in profit for the October-December quarter, reflecting the economic uncertainty it said led to its [decision to cut 10,000 workers](#).

The company reported [quarterly profit](#) of \$16.43 billion, or \$2.20 per share.

Excluding one-time items such as \$800 million to pay severance to laid-off employees, the company based in Redmond, Washington, said it earned \$2.32 a share, which topped Wall Street expectation for adjusted earnings of \$2.29 a share. Microsoft's stock was up more than 4% in extended trading following the release of its earnings report.

The software maker posted revenue of \$52.75 billion in the October-December period, its second fiscal quarter, up 2% from the same period a year ago. Analysts polled by FactSet expected Microsoft to post revenue of \$52.99 billion for the quarter.

Microsoft last week blamed "macroeconomic conditions and changing customer priorities" for its decision to cut nearly 5% of its global workforce. It's one of a number of tech companies, including Google, Amazon, Salesforce and Facebook parent Meta, to [announce mass layoffs](#).

Microsoft's personal computing business, centered on its Windows software, was widely expected to continue a deterioration that [began earlier last year](#) due to economic uncertainties and crimped demand. Quarterly sales from that segment dropped 19% to \$14.24 billion, the company said Tuesday.

The company gets licensing revenue from PC manufacturers who install its Windows operating system on their products.

Market research firm Gartner reported that worldwide PC shipments in the October-December quarter declined 28.5% from the same period of 2021, the steepest quarterly decline since Gartner began tracking the market in the 1990s.

Among the factors reducing [consumer demand](#) for PCs were increased inflation, higher interest rates, the expectation of a global recession and the fact that many people already bought new computers during the COVID-19 pandemic, Gartner said.

With a weak PC market, analysts were closely watching for results from Microsoft's other big business segments—namely, its cloud-computing division, where sales grew 18% to \$21.51 billion. Revenue also grew from the [company's](#) workplace software segment—which includes the Office suite of products—by 7% to \$17 billion.

In a bid to further integrate the latest advances in artificial technology into its products, Microsoft on Monday announced a "multiyear, multibillion dollar investment" [in the artificial intelligence startup OpenAI](#), [maker of ChatGPT](#) and other tools that can write readable text and computer code and [generate new images](#).

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