

Microsoft reports higher profits and revenue powered by cloud computing and AI investments

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The logo for Microsoft, and a scene from Activision "Call of Duty - Modern Warfare," are shown in this photo, in New York, Wednesday, June 21, 2023. Microsoft reports earnings on Tuesday, Oct. 24, 2023. Credit: AP Photo/Richard Drew, File

Microsoft on Tuesday reported a 27% increase in profit for the July-September quarter compared to the same time last year, powered by growth in its cloud computing division where it has centered its investments in artificial intelligence.

The [company](#) reported quarterly net income of \$22.29 billion, or \$2.99 per share, which beat Wall Street expectations.

The Redmond, Washington-based software maker posted revenue of \$56.52 billion in the quarter, up 13% from last year, also beating expectations.

Analysts polled by FactSet Research expected Microsoft to earn \$2.65 per share on revenue of \$54.52 billion. Analysts are currently projecting Microsoft will produce revenue of \$58.67 billion for the October-December quarter.

CEO Satya Nadella said in a prepared statement that the [software company](#) is "rapidly infusing AI across every layer of the tech stack" to drive [productivity gains](#) for customers.

Microsoft's cloud-focused business segment experienced the most growth, up 19% from the same time last year to \$24.26 billion for the three months ending Sept. 30.

Its productivity business segment, which includes its Office suite of email and other workplace products, grew 13% to \$18.59 billion for the quarter.

Its personal computing business, led by its Windows division, grew 3% to \$13.67 billion. That segment includes Microsoft's Xbox video games and services, which sported a 13% increase in revenue for the quarter, according to the company, which did not reveal how Xbox console sales

performed.

Microsoft hopes to drive more gamers to its Xbox division with its [recently closed \\$69 billion deal](#) to acquire California video game giant Activision Blizzard, maker of Call of Duty and other popular franchises.

Shares in Microsoft Corp. were up about 4% in after-hours trading following the release of the results.

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