

Microsoft delivers robust profit, but shares take a hit

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Microsoft said Wednesday it swung to profit in the past quarter on gains in cloud computing and business services, but shares took a hit on disappointing revenue growth.

The US tech giant said profit was \$8.4 billion in the fiscal second quarter to December 31, compared with a loss in the same period a year ago on funds set aside for one-time charges,

Revenues in the period rose 12 percent to \$32.5 billion, Microsoft said in results a shade below most market forecasts, prompting a drop of some 3.5 percent in after-hours trade.

Chief executive Satya Nadella said Microsoft continues to see gains from its [cloud services](#) after having shifted away from many of its consumer offerings.

"Our strong commercial cloud results reflect our deep and growing partnerships with leading companies in every industry including retail, financial services and healthcare," Nadella said.

"We are delivering differentiated value across the cloud and edge as we work to earn customer trust every day."

The transformation of Microsoft has brought it back to the ranks of the world's most valuable companies after years of lagging behind the likes of Apple and Google.

Microsoft ended the day in a virtual tie with Amazon, with a market valuation of more than \$800 billion for each of the companies.

Microsoft said revenues rose 11 percent from a year ago for its Office [commercial software](#) and cloud operations, and one percent for the Office consumer versions.

LinkedIn, the professional social network acquired by Microsoft in 2016, saw a 29 percent jump in revenues and "record levels of engagement."

Revenues jumped 20 percent for Microsoft's "intelligent cloud" services, the business and artificial intelligence unit that has become a core for the company.

The company saw a five percent drop from revenue in Windows, the dominant software for personal computers, but a 39 percent gain from Surface, its hardware division that makes tablets and other devices.

Gaming revenue edged up eight percent led by Xbox software and services growth and search advertising saw a 14 percent gain in revenues.

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