

Reorganization costs hit Microsoft profit

April 23 2015



Microsoft reports a drop in its quarterly profit, dragged down by higher costs for restructuring and integrating the Nokia mobile phone operations

Microsoft reported a drop in quarterly profit Thursday, dragged down by higher costs for restructuring and integrating Nokia mobile phone operations.

The tech giant's net profit for the [fiscal quarter](#) ending March 31 fell 12 percent to \$4.985 billion on revenues which rose six percent to \$21.7

billion.

Chief executive Satay Nadella, who took the reins a year ago to help lead Microsoft into a much-changed tech landscape, cited gains in Internet "cloud" services and other offerings for enterprise.

"Customers continue to choose Microsoft to transform their business and as a result we saw incredible growth across our [cloud services](#) this quarter," said Nadella.

Commercial cloud revenue grew 106 percent from a year ago, setting an annualized pace of \$6.3 billion, Microsoft said.

Chief financial officer Amy Hood said the quarter's results showed "strong operational and financial discipline" and "positive impact from our investments in key growth areas."

Microsoft saw revenue gains for its "devices and services" segment, which includes most of its computer products including the Surface tablet, which has struggled to gain traction.

Microsoft said revenues from Surface jumped 44 percent from a year ago, helped by the introduction of the Surface Pro 3.

Its revenue from the Windows operating system—long the mainstay of the company—dropped 19 percent from a year ago in a sign of the woes of the personal computer industry and the end of the upgrade cycle from last year.

But revenues improved for its Office 365 service—the online version of its software suite—as well as for search advertising and its Xbox Live gaming service.

Microsoft said it sold 8.6 million Lumia handsets—the name used for the Nokia phone division whose acquisition was completed last year.

That produced \$1.4 billion in revenue, with no comparable figure from a year earlier.

Microsoft's expenses included \$190 million for restructuring and integrating the Nokia division, part of a plan announced last July.

The fiscal third quarter results were still better than most Wall Street forecasts, and prompted a 3.3 percent jump in Microsoft shares in after-hours trade to \$44.74.

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