# Microsoft and Meta shares soar on AI-driven earnings and growth outlook



Shares of artificial intelligence leaders Microsoft and Meta Platforms surged in European trading following the release of their blockbuster quarterly earnings, signalling strong investor confidence in their AI-driven business models.

Meta’s shares jumped over 12% in Frankfurt after the company forecast quarterly revenue well above Wall Street estimates. The social media giant reported first-quarter 2025 revenue of $42.31 billion, up 16% year-over-year, largely powered by its AI-enhanced ad platform and a 16% growth in its Family of Apps, including Facebook and Instagram. Meta also raised its annual capital expenditure outlook by $2 billion, reflecting its ambitious investments in AI supercomputing infrastructure aimed at driving long-term innovation. CEO Mark Zuckerberg described the results as a “strong start” to the year, highlighting how AI improved ad targeting and user engagement despite ongoing losses in its Reality Labs division, which is now renamed “AI and Immersive Technologies.” This commitment to AI has helped Meta add $152 billion in market value recently, underscoring the market’s belief in the company’s AI-powered growth strategy.

Microsoft’s shares rose by around 9% after it reported record first-quarter 2025 revenue of $70.1 billion, a 12-13% year-over-year increase. The surge was largely driven by its Azure cloud computing segment, which saw revenue increase by approximately 33%, marking a structural shift towards AI-centric services. Azure’s AI-powered offerings, including GitHub Copilot and Azure AI services, contributed an estimated $13 billion in annualized revenue, with its Intelligent Cloud segment hitting $26.8 billion—up 21%. Despite some investor concerns expressed later about slowing Azure growth and cautious forecasts, the company’s results beat analysts’ expectations and underscored strong returns from Microsoft’s AI investments and cloud infrastructure expansion. CEO Satya Nadella’s vision of embedding AI across Microsoft’s ecosystem, from Office applications to Dynamics tools, appears to be bearing fruit, with operating margins reaching 41%—a testament to the scalability and efficiency of the cloud business. Microsoft’s market value jumped by nearly $288 billion following the results, reflecting widespread optimism about the company’s growth trajectory in AI.

These positive earnings reports from Microsoft and Meta helped lift broader market sentiment, with Wall Street futures for the S&P 500 and Nasdaq rising by 1% and 1.3%, respectively. The surge also propelled Big Tech ETFs to new highs, as investors increasingly view AI as the next frontier for technological innovation and growth. Both companies have embarked on aggressive capital expenditure plans for AI infrastructure in 2025, with Microsoft committing approximately $80 billion to data center expansion and Meta guiding for $64 to $72 billion, prioritizing AI supercomputing facilities to sustain long-term competitive advantages.

However, not all sentiment remains uniformly bullish. Some analysts have expressed caution over Microsoft’s cloud growth trajectory, noting a recent slowdown that raised questions about the company's AI workload strategy versus core cloud demand. Despite these concerns, Microsoft's strong earnings and AI integration efforts have maintained investor confidence.

Overall, the stellar performances of Microsoft and Meta demonstrate their dominance in the AI and cloud computing space, with their latest results highlighting how deeply artificial intelligence is intertwined with their revenue growth and future strategies. As both navigate regulatory challenges and economic uncertainties, their commitment to AI-driven innovation seems set to keep them at the forefront of the tech sector for the foreseeable future.

### 📌 Reference Map:

* Paragraph 1 – [[1]](https://ca.finance.yahoo.com/news/microsoft-meta-surge-blowout-results-061904137.html?.tsrc=rss), [[3]](https://www.reuters.com/business/microsoft-meta-surge-after-blowout-results-2025-07-31/), [[6]](https://www.ainvest.com/news/tech-stocks-surge-microsoft-meta-deliver-ai-fueled-wins-2505/)
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## Bibliography

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2. <https://www.reuters.com/business/retail-consumer/microsoft-meta-fuel-500-billion-gain-ai-stocks-2025-07-30/> - Following strong quarterly earnings from Microsoft and Meta Platforms, AI-related stocks surged on Wall Street, adding a combined $500 billion in market value on July 30, 2025. Microsoft's stock rose 8%, contributing an increase of $288 billion in market capitalization, while Meta surged 9%, adding $152 billion. Both companies highlighted significant progress in their AI investments, boosting investor confidence. Meta exceeded revenue forecasts and raised its annual capital expenditure outlook by $2 billion, emphasizing its drive toward achieving 'superintelligence.' Microsoft reported better-than-expected revenue driven by its Azure cloud business, showcasing strong returns from AI initiatives.
3. <https://www.reuters.com/business/microsoft-meta-surge-after-blowout-results-2025-07-31/> - Shares in artificial intelligence heavyweights Microsoft and Meta Platforms both surged in European trading on Thursday, after blowout quarterly results after-market on Wednesday. Meta shares surged 12.2% in Frankfurt after it forecast quarterly revenue well ahead of Wall Street expectations. Microsoft shares jumped 9%, as surging Azure cloud computing revenue above analysts' expectations, showcasing the growing ... . The jump in shares lifted futures on ... %.
4. <https://www.ainvest.com/news/microsoft-meta-ai-driven-earnings-surge-ignites-big-tech-etf-rally-2505/> - The tech sector is buzzing after Microsoft and Meta delivered blockbuster Q1 2025 earnings, propelling Big Tech ETFs to new heights. Both companies reported record financial results, fueled by AI-driven growth and aggressive investments in cloud infrastructure. The rally underscores a growing investor conviction that artificial intelligence is the next frontier for tech innovation—and the ETFs tracking this trend are set to benefit. Microsoft reported Q1 2025 revenue of $70.07 billion, a 12% year-over-year jump, driven by Azure’s 33% cloud revenue growth and AI-related products. The company’s AI initiatives, including GitHub Copilot and Azure AI services, contributed $13 billion in annualized revenue, signaling a structural shift toward AI-centric business models. Meanwhile, Meta posted revenue of $42.31 billion, up 16% year-over-year, with its AI-powered ad platform and Reality Labs division (now renamed “AI and Immersive Technologies”) defying skeptics. Both companies also raised the stakes on AI infrastructure. Microsoft plans to spend $80 billion on data centers in fiscal 2025, while Meta increased its 2025 capex guidance to $64–72 billion, prioritizing AI supercomputing facilities. This capital allocation reflects a shared belief that AI’s long-term growth potential justifies short-term costs.
5. <https://www.ainvest.com/news/tech-titans-steer-storm-microsoft-meta-deliver-ai-driven-growth-2505/> - The tech sector’s anxieties about slowing demand and regulatory overreach took a backseat this quarter as Microsoft and Meta delivered earnings that not only beat expectations but also reinforced their dominance in the AI race. Both companies reported record revenues, with Microsoft hitting $70.1 billion and Meta reaching $42.31 billion, fueled by soaring cloud adoption and advertising innovation. Their results, coupled with bullish guidance, have calmed investor nerves and set a high bar for the rest of the tech earnings season. Microsoft’s Q1 2025 results marked a milestone: its first $70 billion quarter, driven by a 13% year-over-year revenue jump. The star performer was its Azure cloud division, which grew 20–22% in constant currency, contributing to a record $42.4 billion in Microsoft Cloud revenue. Azure’s AI services, bolstered by partnerships like its exclusive access to OpenAI’s tools, are now expanding at a 34–35% clip in constant currency. This momentum has translated into margin improvements, with operating margins hitting 41%—a testament to the scalability of its cloud business. The stock’s 7% post-earnings surge to $420—an all-time high—reflects investor confidence in its AI-first strategy. CEO Satya Nadella’s vision of embedding AI into every product, from Office to Dynamics, is now bearing fruit. However, the company tempered its data center expansion plans slightly, signaling a focus on efficiency amid rising costs.
6. <https://www.ainvest.com/news/tech-stocks-surge-microsoft-meta-deliver-ai-fueled-wins-2505/> - The U.S. tech sector has been reinvigorated by recent earnings reports from Microsoft and Meta Platforms, which not only beat Wall Street expectations but also underscored the transformative power of artificial intelligence (AI) and cloud computing. Both companies reported robust revenue growth driven by their core businesses, with Azure and Meta’s ad platform leading the charge. This has sent tech stocks soaring, with the Nasdaq Composite hitting a six-month high last week. Microsoft’s third-quarter fiscal 2025 results, released on April 30, highlighted its unyielding grip on the cloud market. Revenue rose 13% year-over-year to $70.1 billion, fueled by a 33% surge in Azure cloud services. This growth, paired with strong performance in Microsoft 365 and LinkedIn, pushed its Intelligent Cloud segment to $26.8 billion in revenue—a 21% increase. Azure’s expansion reflects Microsoft’s strategic investments in AI infrastructure, including its $80 billion commitment to data centers in fiscal 2025. CEO Satya Nadella emphasized that “cloud and AI are essential inputs for every business,” a sentiment echoed by investors who sent Microsoft’s stock up 6% in after-hours trading. Meta Platforms, meanwhile, delivered a surprise beat with Q1 2025 revenue of $42.31 billion, a 16% year-over-year jump. Its Family of Apps (Facebook, Instagram, etc.) grew 16%, driven by a 10% rise in average ad prices and 5% more ad impressions. The company’s Reality Labs segment, despite a $4.2 billion loss, saw narrowing deficits as AI tools like its “Meta AI” platform gained traction. CEO Mark Zuckerberg hailed the results as a “strong start” to the year, with AI improving ad targeting and user engagement. Azure’s 33% growth and Meta’s 16% revenue rise confirm that cloud and AI are the engines of modern tech growth. However, regulatory battles, trade tensions, and macroeconomic uncertainty mean volatility will persist. For investors, this is a buy-the-dip opportunity. Microsoft’s $70.1 billion in Q3 revenue and Meta’s $42.3 billion in ad sales signal that these giants are not just surviving—they’re thriving in a tech landscape reshaped by AI. As Nadella put it, “The future is already here—it’s just unevenly distributed.” For now, that distribution favors Microsoft and Meta.
7. <https://www.nasdaq.com/articles/ai-spending-faces-scrutiny-microsoft-msft-slips-meta-meta-rises> - Microsoft (MSFT) shares tumbled 6% on Thursday as investors reacted to weaker-than-expected cloud growth, casting doubt on the company's heavy AI investments. Despite CEO Satya Nadella's assurances that Azure's performance will improve in the second half of the fiscal year, Wall Street appeared unconvinced. Meanwhile, Meta (META) surged 4% after CEO Mark Zuckerberg touted strong ad revenue growth and reaffirmed the company's AI-driven ambitions for 2025, easing concerns over its massive $65 billion AI spending plan. While Microsoft’s overall earnings exceeded expectations, its cloud unit Azure reported slowing growth, missing market estimates and issuing a disappointing forecast. Analysts at Barclays and J.P. Morgan suggested that Microsoft has focused too much on AI workloads at the expense of core cloud demand, delaying the long-awaited Azure acceleration. Meta, on the other hand, saw a 21% revenue surge, reinforcing confidence that its AI-powered engagement and ad pricing strategies are yielding tangible returns.