

# LEADING WITH VALUE

Annual Report 2019

NEW APPLIED NOW

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# DELIVERING IN FISCAL 2019

Accenture reported another year of outstanding financial results in fiscal 2019. With our team of nearly 500,000 of the very best people, we delivered on our commitments to create value for our clients, our people, our shareholders and the communities in which we live and work.

We met or exceeded all the objectives in our initial business outlook for the year. Our record performance included very strong new bookings and revenue growth that significantly outpaced the market. We also delivered excellent profitability and returned record cash to shareholders, while continuing to invest substantially in our business.

Our results across industries and markets around the world speak to the durability of our business, the breadth and depth of our team, the continued strong demand for our services, and the significant growth opportunities ahead.

## Among the highlights:

- We delivered record new bookings of \$45.5 billion, including our highest-ever quarterly bookings of \$12.9 billion in the fourth quarter.
- We grew revenues to \$43.2 billion, an 8.5 percent increase in local currency and above the high end of our initial guided range.
- We delivered diluted earnings per share of \$7.36, a 9 percent increase from adjusted fiscal 2018 EPS of \$6.74, which exclude \$0.40 in charges related to tax law changes.
- Operating margin was 14.6 percent, an expansion of 20 basis points.
- We generated excellent free cash flow of \$6.0 billion and returned a record \$4.6 billion in cash to shareholders through share repurchases and dividends.
- Shortly after our fiscal year-end, we announced our first quarterly cash dividend of \$0.80 per share, a 10 percent increase over the equivalent quarterly rate of our previous semi-annual dividend.

**We also delivered significant shareholder value once again in fiscal 2019. Accenture shares provided a 19 percent total return to shareholders for the year ended August 31, compared with 3 percent for the S&P 500 Index. Over the last five fiscal years, our compound annual total return to shareholders has been 22 percent, outperforming the S&P 500 by 12 percentage points.**

### **Creating Value for Our Clients**

Our excellent results reflect the power of our growth strategy, which starts with our clients and their imperative to transform their businesses in today's digital world. Accenture's ability to create value for clients by combining unmatched technology expertise with our privileged ecosystem relationships, our innovation-led approach and deep industry knowledge continues to set us apart in the marketplace.

Our clients count on us to help them build resilience and drive growth in an increasingly complex and disruptive environment. Today, we serve more than three-quarters of the FORTUNE Global 500 and 91 of the top 100. Of our 100 largest clients, 95 have been with us for 10 years or more. And we are especially pleased that we finished fiscal 2019 with more than 200 Diamond Clients—our biggest relationships with many of the world's most iconic companies—an increase of 60 clients from five years ago.

Most of our clients are still in the early stages of their transformations, and they recognize that technology is core to their business—and to ours. They understand that we have a unique ability to imagine, create and execute at scale and speed across markets to deliver technology solutions that are changing industries, growing businesses and improving lives. This is why our clients choose to partner with Accenture.

We believe our technology capabilities are the strongest and most innovative in the industry, with scale and leadership in all the areas that are most relevant to our clients. In particular, our **Intelligent Platform Services** business is a clear global leader, accounting for about 40 percent of Accenture's total revenues, with double-digit growth in fiscal 2019. Intelligent Platform Services benefits from our strong partnerships with leading next-generation, cloud-enabled platforms—including **SAP, Microsoft, Oracle, Salesforce** and **Workday**. We are also a global leader in cloud on the major platforms including **Amazon Web Services, Microsoft Azure** and **Google Cloud Platform**. We leverage all of these relationships, together with our digital and industry expertise, to help clients transform their entire enterprises.

Our deep and broad industry expertise has always provided durability and resilience in our business. Today, it is also creating competitive advantages for us as clients increasingly seek the best solutions—not just in their own industries, but from leaders in other industries. More and more, we are adapting leading solutions from one industry to accelerate value in other industries.

For example, using artificial intelligence and our knowledge of the communications industry, we created a solution that helped **Verizon** use digital assistant experiences to address more than 70 percent of its customer calls. In many cases, a 20-minute conversation with a human agent has become a three- to four-minute digital interaction, improving the customer experience and allowing agents to concentrate on more complex and interesting work.

We are now applying this solution across other industries, including utilities, where **Enbridge**'s gas utility customers can now complete many transactions digitally, enhancing their experiences significantly. And the **New Mexico Human Services Department** is deploying our solution to help employees reduce the time it takes to provide Medicaid coverage to newborn babies by up to 75 percent.

## Continuous Innovation

As our clients navigate their futures, they rely on us for fresh ideas, cutting-edge technology solutions and strong execution.

In fiscal 2019, we continued to make substantial investments in creating innovative business and technology solutions. We invested \$800 million in R&D and now have a global portfolio of more than 7,400 patents and pending patent applications.

Our investment strategy reflects our commitment to both leveraging technologies already in the market to create value, while exploring the potential and impact of emerging advancements in artificial intelligence, blockchain, extended reality, quantum computing, cybersecurity and more. For example, we collaborated with **Kellogg** and **Qualcomm Technologies** to create and pilot a virtual reality solution that embeds eye-tracking technology in a mobile headset to gather valuable insights about what grocery shoppers are looking at and why.

At the same time, in fiscal 2019, we invested \$1.2 billion across 33 acquisitions to acquire critical skills and capabilities in strategic, high-growth areas of the market. The vast majority of that capital was deployed in "the New"—digital, cloud and security services.

An important strategic acquisition this year was creative agency **Droga5**, which brings unparalleled brand expertise, creativity and strategic rigor to help clients reinvent their customer experiences and forge meaningful connections. Droga5 further strengthens

our market-leading business in **Accenture Interactive**, which reached a key milestone in fiscal 2019 by surpassing \$10 billion in annual revenue.

The New is our core—accounting for about 65 percent of total revenues—and we still have huge growth opportunities across all of these businesses. **Accenture Industry X.O**, which we launched last year, is among the most exciting as we look ahead.

Industry X.O is focused on the digital reinvention of industries through advanced technologies including the Internet of Things, connected devices and digital platforms. For example, we have been working with **Magneti Marelli** (now MARELLI), a leading automotive supplier, to deploy sensors and artificial intelligence to monitor critical production equipment and anticipate possible breakdowns, improving operating efficiency.

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**"We delivered on our commitments to create value for our clients, our people, our shareholders and the communities in which we live and work."**

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Collaboration is fundamental to how we work with our clients. That's why we continue to invest in our **Innovation Architecture**, which combines research, ventures, labs, studios, innovation centers and delivery centers. Across this network of more than 100 world-class facilities, innovation and industry come together, and ideas become solutions. The design thinking and strategic working sessions hosted in our innovation hubs have become integral to our clients' understanding of their own businesses in the context of their peers and global best practices—as CEOs increasingly benchmark themselves against the best companies, regardless of industry.

## Leading by Example

Our purpose is to deliver value to all our stakeholders—and includes being a responsible business in how we serve our clients, creating value in our communities and for our people, and driving strong shareholder returns.

Our people and our culture are, and will continue to be, our biggest competitive advantage. We strive to be a magnet for the best people, who understand how helping our clients succeed has an impact on the millions they employ and the communities where we all work and live.

Our unwavering commitment to inclusion and diversity enables us to recruit and retain the most talented people in our markets. It creates an environment that unleashes innovation and allows our people to perform at their very best, and underpins a culture in which everyone feels they have an equal opportunity to belong and build a career.

I am extremely pleased that for the second year in a row, we have been ranked No. 1 on **Refinitiv's Diversity & Inclusion Index**, which was previously produced by Thomson Reuters. I am also proud that we achieved another milestone on our path to gender equality by 2025. With nearly half a million people around the world, and as a technology powerhouse, we are now 44 percent women.

We continue to build the best possible leadership team. During fiscal 2019, we promoted 700 new managing directors and hired more than 400 from outside Accenture, adding highly specialized skills, industry expertise and fresh perspectives.

To stay on top of technology trends and remain relevant to our clients' needs, we invested \$973 million in learning and professional development in fiscal 2019, applying our continuous learning approach and focusing on emerging technologies, Agile development and intelligent platforms.

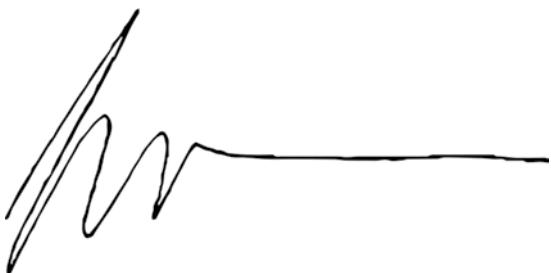
Through **Skills to Succeed**, we have joined with our external network of strategic partners to equip more than 2.8 million people to date around the world with the skills to get a job or build a business in the digital age.

Whether at work or in our communities, we believe our conduct counts. We strive to lead in critical areas and recently announced our commitment to using 100 percent renewable energy across our global operations by 2023. We were also very pleased to be ranked No. 1 on **Barron's** new list of the Most Sustainable International Companies.

At Accenture, one of our greatest strengths is that we are always striving to be better. We know our clients need us to continue developing new solutions and helping them navigate the complex world in which we work and live. I am confident we will continue raising the bar, redefining what is possible and leading by example.

I want to thank David Rowland and our entire Global Management Committee, which came together under David's inspiring leadership as interim CEO to ensure that we delivered on our commitments for fiscal 2019. This was the ultimate way to honor Pierre Nanterme, who passed away in January, for his incredible contributions over eight years as Accenture's CEO.

In closing, I thank all Accenture people around the world for their dedication and commitment to our clients and our business. Based on our fiscal 2019 performance, the momentum in the business and our continued discipline in executing our growth strategy, I am very confident in our ability to continue creating value for all our stakeholders.

A handwritten signature in black ink, appearing to read "Julie Sweet".

**Julie Sweet**  
Chief Executive Officer  
October 29, 2019



# We delivered another year of outstanding financial results in fiscal 2019, driving superior shareholder value.

Twelve months ended August 31, 2019

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## REVENUES

# \$43.2B

An increase of 8.5 percent in local currency and 5 percent in US dollars from fiscal 2018  
Includes \$28 billion from digital, cloud and security services—up about 20 percent in local currency

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## NEW BOOKINGS

# \$45.5B

Broad-based and strong across the business, with approximately 65 percent in digital, cloud and security services

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## DILUTED EARNINGS PER SHARE

# \$7.36

A 9 percent increase from \$6.74 on an adjusted basis in fiscal 2018, after excluding \$0.40 in charges related to tax law changes

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## OPERATING MARGIN

# 14.6%

An expansion of 20 basis points from fiscal 2018

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## FREE CASH FLOW

# \$6.0B

Defined as operating cash flow of **\$6.6 billion** net of property and equipment additions of **\$599 million**

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## CASH RETURNED TO SHAREHOLDERS

# \$4.6B

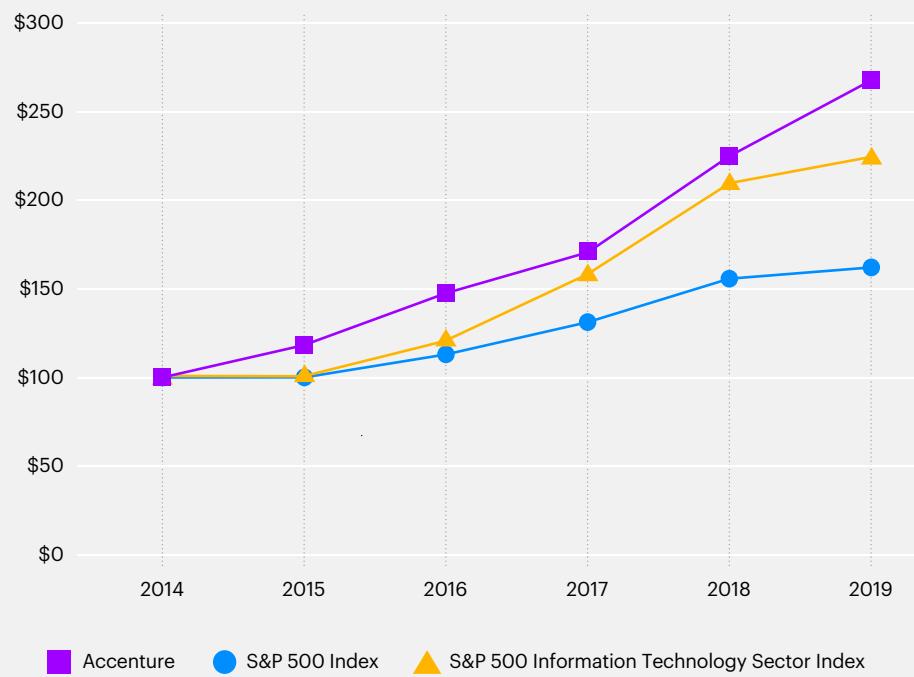
Defined as cash dividends of **\$1.9 billion** plus share repurchases of **\$2.7 billion**

# Comparison of Cumulative Total Return

**August 31, 2014—  
August 31, 2019**

Accenture vs. S&P 500  
Stock Index and S&P 500  
Information Technology  
Sector Index

The performance graph to the right shows the cumulative total shareholder return on our Class A shares for the period starting on August 31, 2014, and ending on August 31, 2019, which was the end of fiscal 2019. This is compared with the cumulative total returns over the same period of the S&P 500 Stock Index and the S&P 500 Information Technology Sector Index. The graph assumes that, on August 31, 2014, \$100 was invested in our Class A shares and \$100 was invested in each of the other two indices, with dividends reinvested on the ex-dividend date without payment of any commissions. The performance shown in the graph represents past performance and should not be considered an indication of future performance.



## Index Prices as of August 31

	2014	2015	2016	2017	2018	2019
<b>Accenture</b>	\$100	\$119	\$148	\$172	\$227	\$270
S&P 500 Index	\$100	\$100	\$113	\$131	\$157	\$162
S&P 500 IT Sector Index	\$100	\$102	\$122	\$160	\$212	\$226

# AWARDS AND RECOGNITION

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## RECOGNIZED AMONG

### **FORTUNE's World's Most Admired Companies**

for 17 consecutive years;  
ranked No. 1 in IT Services  
category for six years

## RECOGNIZED AMONG

### **Ethisphere's World's Most Ethical Companies**

for 12 consecutive years

## RANKED NO. 1 ON THE

### **Refinitiv Diversity & Inclusion Index**

for two consecutive years; included  
for four consecutive years

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## RANKED NO. 31 ON

### **Interbrand's Best Global Brands**

marking 18 consecutive years

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## RANKED NO. 248 ON

### **Forbes' Global 2000**

marking 16 consecutive years

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## RANKED NO. 298 ON

### **FORTUNE's Global 500**

marking 18 consecutive years

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## RANKED NO. 1 ON NEW

### **Barron's Most Sustainable International Companies**

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## INCLUDED ON

### **Dow Jones Sustainability Index North America and FTSE4GOOD Global Index**

for 15 consecutive years

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## RECOGNIZED ON

### **CDP's Climate Change "A List"**

and in report for seven consecutive years

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## RANKED NO. 7 ON

### **Wall Street Journal's Management Top 250**

marking two consecutive years

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## INCLUDED ON

### **FORTUNE's Change the World**

for three years

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## RECEIVED A PERFECT SCORE ON

### **Human Rights Campaign's Corporate Equality Index**

each year since 2008

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## RANKED NO. 2 ON

### **Business Today/People Strong's Best Companies to Work For in India**

for two consecutive years; included  
for eight consecutive years

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## RANKED AMONG

### **The Sunday Times Best 25 Big Companies to Work For**

marking four consecutive years

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## RANKED AMONG

### **FORTUNE's 100 Best Companies to Work For in the US**

marking 11 consecutive years

## **Stock listing**

Accenture plc Class A ordinary shares are traded on the New York Stock Exchange under the symbol ACN.

## **Available information**

Our website address is accenture.com. We use our website as a channel of distribution for company information. We make available free of charge on the Investor Relations section of our website ([investor.accenture.com](http://investor.accenture.com)) our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission (the "SEC") pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"). We also make available through our website other reports filed with or furnished to the SEC under the Exchange Act, including our proxy statements and reports filed by officers and directors under Section 16(a) of the Exchange Act, as well as our Code of Business Ethics. Financial and other material information regarding Accenture is routinely posted on and accessible at [investor.accenture.com](http://investor.accenture.com). We do not intend for information contained in this letter or on our website to be part of the Annual Report on Form 10-K. This letter and our Annual Report on Form 10-K for the fiscal year ended August 31, 2019, together constitute Accenture's annual report to security holders for purposes of Rule 14a-3(b) of the Exchange Act.

Accenture discloses information about "the New"—digital, cloud and security services—to provide additional insights into the company's business. Revenues for the New are approximate, require judgment to allocate revenues for arrangements with multiple offerings and may be modified to reflect periodic changes to the definition of the New.

## **Trademark references**

Rights to trademarks referenced herein, other than Accenture trademarks, belong to their respective owners. We disclaim proprietary interest in the marks and names of others.

## **Forward-looking statements and certain factors that may affect our business**

We have included in this letter "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act relating to our operations, results of operations and other matters that are based on our current expectations, estimates, assumptions and projections. Words such as "will," "expect," "believe" and similar expressions are used to identify these forward-looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that are difficult to predict.

Forward-looking statements are based upon assumptions as to future events that may not prove to be accurate. Actual outcomes and results may differ materially from what is expressed or forecast in these forward-looking statements.

Risks, uncertainties and other factors that might cause such differences, some of which could be material, include, but are not limited to, the factors discussed in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q (available through the Investor Relations section of our website at [investor.accenture.com](http://investor.accenture.com)) under the sections entitled "Risk Factors." Our forward-looking statements speak only as of the date of this letter or as of the date they are made, and we undertake no obligation to update them.

## **Reconciliation of non-GAAP measures**

This letter contains certain non-GAAP (Generally Accepted Accounting Principles) measures that our management believes provide our shareholders with additional insights into Accenture's results of operations. The non-GAAP measures in this letter are supplemental in nature. They should not be considered in isolation or as alternatives to net income as indicators of company performance, to cash flows from operating activities as measures of liquidity, or to other financial information prepared in accordance with GAAP. Reconciliations of this non-GAAP financial information to Accenture's financial statements as prepared under GAAP are included in this letter.

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All amounts throughout this letter are stated in US dollars, except where noted.