

Letter to Shareholders



2016

**LEADING
IN THE NEW**

DELIVERING IN FISCAL 2016

Accenture delivered outstanding financial results in fiscal 2016, demonstrating that our growth strategy is resonating with our clients and that we continue to execute very well.

We met or exceeded all of the objectives in our initial business outlook for the year. I am particularly pleased that we delivered double-digit revenue growth in local currency for the second year in a row, gaining significant market share. We also generated strong new bookings and delivered excellent earnings per share and free cash flow—enabling us to return substantial cash to shareholders while making significant investments in our business.



**FROM OUR
CHAIRMAN & CEO
PIERRE NANTERME**

Here are some highlights:

- We delivered strong new bookings of \$35.4 billion, a 7 percent increase in local currency.
- We grew net revenues 10.5 percent in local currency to a record \$32.9 billion.
- We delivered diluted earnings per share of \$6.45, compared with \$4.76 in fiscal 2015. After excluding \$1.11 per share in gains on the sale of businesses in fiscal 2016 and a \$0.06 per share pension settlement charge in fiscal 2015, adjusted EPS of \$5.34 in fiscal 2016 increased 11 percent.
- Our operating margin was 14.6 percent, a 10 basis-point expansion from our adjusted fiscal 2015 operating margin of 14.5 percent, which excludes the 20 basis-point impact of the pension settlement charge.
- We generated free cash flow of \$4.1 billion and returned \$4.0 billion in cash to shareholders through dividends and share repurchases.
- We announced a 10 percent increase in our semi-annual dividend shortly after fiscal year-end.

Our durable and balanced performance—across industries, businesses and geographic regions—is particularly impressive in the context of a global economic environment that remains volatile and uncertain. We achieved double-digit revenue growth in local currency for the year in three of our five operating groups and in both North America and Europe, our two largest geographic regions. In the United States—our largest market—we have now delivered double-digit growth in five of the last six years.

“Accenture delivered outstanding financial results in fiscal 2016, demonstrating that our growth strategy is resonating with our clients and that we continue to execute very well.”

Our continued strong financial results, together with our focus on returning cash to shareholders, enabled us to deliver significant shareholder value in fiscal 2016. Accenture shares provided a 24 percent total return (including dividends) for the year ended August 31—11 percentage points above the S&P 500 Index. For the last five fiscal years, our compound annual total return to shareholders has been 19 percent, compared with 15 percent for the S&P 500.

DRIVING DIFFERENTIATION

We have taken bold strategic actions over the last few years to drive differentiation and make Accenture the leading professional services company in the new digital world. We have aligned Accenture around five distinct businesses, transformed the services we offer and increased our investment in new and high-growth areas.

Our **five businesses**—Accenture Strategy, Accenture Consulting, Accenture Digital, Accenture Technology and Accenture Operations—all operate at scale and are highly competitive, while also working together synergistically to deliver value for our clients.

Today, the breadth of capabilities we provide—end-to-end—is truly unique in the marketplace. We are highly relevant in the C-suite; we deliver cutting-edge technologies, digital solutions and innovative platforms; and we

operate services on behalf of clients to drive tangible outcomes.

At the same time, we have **transformed our services**, rotating our business rapidly to what we call “the New”—digital-, cloud- and security-related services—which together accounted for about \$13.5 billion or 40 percent of our total revenues in fiscal 2016. That is a substantial increase from approximately 30 percent of revenues just one year ago.

In **digital**, we bring together our market-leading capabilities in Accenture Interactive, Accenture Analytics and Accenture Mobility:

- **Accenture Interactive**, which was recognized by *Ad Age* as the largest and fastest-growing provider of digital marketing services, helps clients ranging from **BMW** to **ENGIE**, the global energy company, to transform their digital customer experiences.
- In **Accenture Analytics**, we are using the Accenture Insights Platform to help clients such as **Thames Water** in the United Kingdom analyze thousands of sensors and embrace the Internet of Things to transform their decision-making.
- And **Accenture Mobility** has become one of the world’s leading developers of mobile apps, leveraging the capabilities of our Global Delivery Network to develop more than 2,800 apps releases across iOS, Android and Windows for clients from many different industries.

In **cloud**, we are focused on building strong platforms for key industries, such as our Accenture Life Sciences Cloud for R&D platform. This truly innovative solution to collect, share and analyze clinical data is now being used by seven top pharmaceutical companies—including **Pfizer**, **Merck**, **GSK** and **Lilly**—to accelerate drug development and improve patient outcomes.

And in **security**, our cybersecurity experts are working with many leading companies, providing them with comprehensive next-generation solutions spanning strategy development, risk management, cyber

defense, digital identity, application security and managed security services.

We continue to make **substantial investments** across our business, particularly in acquisitions. In fiscal 2016, we invested more than \$930 million of capital in acquisitions—in addition to about \$800 million the prior year—and approximately 70 percent of these investments were in “the New.” Key examples in fiscal 2016 included **Cloud Sherpas**, a leading cloud advisory and services provider; **IMJ Corporation**, one of Japan’s largest digital marketing agencies; and several European digital services companies, including **MOBGEN** in the Netherlands, **Tecnológica** in Spain and **dgroup** in Germany.

We are also investing to enhance our expertise in key industries through acquisitions such as **Sagacious Consultants** in Health, **Beacon Consulting** and **Formicary** in Capital Markets, and **Schlumberger Business Consulting** and **Cimation** in Energy.

With our broad range of services and deep industry expertise, Accenture remains the partner of choice for many of the world’s leading companies and largest government agencies on mission-critical transformation programs. We serve more than three-quarters of the FORTUNE Global 500 and 94 of the top 100. We also continue to build strong, long-term relationships with our clients. All of our top 100 clients have been clients for at least five years, and 98 have been clients for 10 years or more.

LEADING WITH INNOVATION

In today’s fast-changing business environment, where companies need to continually reinvent themselves, we are increasingly leading with innovation to help clients—and Accenture itself—“imagine and invent” the future. Our unique approach, through the **Accenture Innovation Architecture**, enables us to combine our capabilities across the company to develop and deliver disruptive innovations—and to scale them faster. Our innovation capabilities include:

- **Accenture Research** identifies and anticipates game-changing business,

market and technology trends through provocative thought leadership. To do this, our researchers leverage techniques such as economic modeling, data science, crowdsourcing, expert networks, online surveys, design thinking and data visualization.

- **Accenture Ventures** identifies and partners with early-stage companies to capitalize on emerging trends using an open innovation approach. We also selectively invest in growth-stage companies with innovative enterprise technologies that can be a catalyst for our growth. In fiscal 2016, we invested in **Digital Asset Holdings**, a leading developer of blockchain technology, which is expected to drive significant efficiency gains for financial institutions.
- **Accenture Labs** incubate and prototype new concepts through applied R&D projects that are expected to have a significant near-term impact on clients’ businesses. We opened two new Labs during the year in Ireland and Israel—focused on artificial intelligence and cybersecurity, respectively—and now have seven Accenture Labs around the world.
- **Accenture Studios** co-create innovative solutions for clients with speed and agility. We opened several new studios in fiscal 2016, including a Liquid Studio in Silicon Valley—to help clients dramatically accelerate application development—and a Digital Studio for US government clients in Washington, DC.
- **Accenture Innovation Centers** bring our solutions to scale and demonstrate their impact for clients. Our new Innovation Center in Paris is leveraging our proven ideation methodology, digital technology expertise and deep industry knowledge in an immersive environment to help clients rapidly achieve business results.
- **Accenture Delivery Centers** industrialize the delivery of our innovations through our unparalleled network of more than 50 delivery centers around the world.

A key indicator of our innovation capabilities is our extensive intellectual property portfolio, which today includes more than 5,500 patents and pending patent applications in 44 countries, in addition to our many trade secrets. We have patented innovations in the most disruptive emerging technologies, including artificial intelligence, cybersecurity, drones, virtual agents, Internet of Things, platforms and many more. Our intellectual property is an important asset for Accenture, differentiating our services and driving value in the marketplace.

OUR PEOPLE AND OUR COMMUNITIES

One of Accenture's highest priorities—as a talent-led organization—is attracting, developing and inspiring the very best people in our industry. Each of our five businesses has a unique talent strategy focused on the highly specialized and differentiated skills needed to serve our clients. In fiscal 2016, we invested \$941 million in training and professional development for our people, using digital learning technologies to help deepen skills and drive innovation.

We also pioneered Performance Achievement, our new approach to performance management, which is enabling us to better understand our people's skills and aspirations, and provide real-time feedback to accelerate their career development. By moving from annual performance reviews to a digitally enabled process featuring ongoing, forward-looking conversations, we are empowering and inspiring our people to succeed professionally as well as personally.

We were very pleased to be recognized once again as one of FORTUNE's "100 Best Companies to Work For," as well as one of the "World's Most Ethical Companies" by the Ethisphere Institute. And we were proud that our work with the **United Nations High Commissioner for Refugees** to deliver a biometric identity management system earned us a place on FORTUNE's "Change the World" list of the 50 best companies putting purpose at the center of their business strategies.

We are committed to making a difference in the communities where we work and live—from closing employment gaps, to advancing client sustainability, to accelerating gender equality in the workforce.

Through **Skills to Succeed**, Accenture and our partners have now equipped more than 1.2 million people around the world with the skills to get a job or build a business since 2010. We are increasingly leveraging technology and digital solutions to scale our impact as we strive to meet our goal of equipping more than 3 million people with workplace or entrepreneurial skills by 2020.

We also remain focused on reducing our environmental impact and have made further progress toward our goal of decreasing our per-employee carbon emissions by more than 50 percent by 2020 from our 2007 baseline. We are using collaborative technologies to connect our people and clients while reducing travel.

Accenture's commitment to diversity, which starts at the top, makes us stronger, smarter and more innovative. We offer an inclusive environment regardless of ethnicity, religion, gender, sexual orientation, age or disability. Our more than 145,000 women make up more than one-third of our global workforce, and we were very pleased to surpass our goal of reaching 40 percent women new hires by 2017.

In closing, I want to thank all Accenture people around the world for their continued hard work and dedication to our clients and our business, which enabled us to deliver another excellent year. We have strong, ongoing momentum in our business and are very well-positioned in the marketplace. With the highly differentiated capabilities we are building, our continued rotation to "the New" and our disciplined management of the business, I am very confident in our ability to continue gaining market share and driving sustainable, profitable growth.



Pierre Nanterme
Chairman & CEO
October 28, 2016

We delivered a strong, broad-based financial performance in fiscal 2016, driving superior shareholder value.

Twelve months ended August 31, 2016

Net Revenues

\$32.9B

An **increase of 10.5 percent in local currency** and 6 percent in US dollars from fiscal 2015

New Bookings

\$35.4B

An **increase of 7 percent in local currency** and 3 percent in US dollars from fiscal 2015

Diluted Earnings Per Share

\$6.45

After excluding \$1.11 in gains on the sale of businesses in fiscal 2016 and a \$0.06 pension settlement charge in fiscal 2015, **adjusted EPS of \$5.34 increased 11 percent** from \$4.82 in fiscal 2015

Operating Margin

14.6%

An **expansion of 10 basis points** from the adjusted 2015 operating margin of 14.5 percent, which excludes a 20 basis-point impact from a pension settlement charge

Free Cash Flow

\$4.1B

Defined as operating cash flow of **\$4.6 billion** net of property and equipment additions of **\$497 million**

Cash Returned to Shareholders

\$4.0B

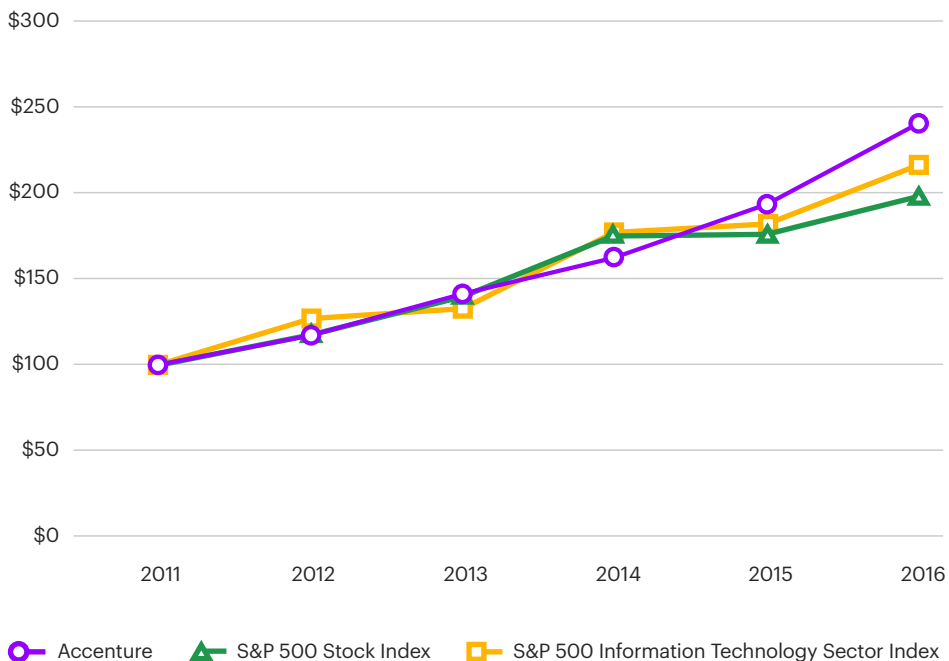
Defined as cash dividends of **\$1.4 billion** plus share repurchases of **\$2.6 billion**

Comparison of Cumulative Total Return

August 31, 2011–August 31, 2016

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, 2011, and ending on August 31, 2016, which was the end of fiscal 2016. 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, 2011, \$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

	2011	2012	2013	2014	2015	2016
Accenture	\$100	\$118	\$141	\$162	\$193	\$241
S&P 500 Stock Index	\$100	\$118	\$140	\$175	\$176	\$198
S&P 500 Information Technology Sector Index	\$100	\$126	\$133	\$178	\$182	\$216

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 www.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) 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. 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, 2016, together constitute Accenture's annual report to security holders for purposes of Rule 14a-3(b) of the Exchange Act.

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) 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.

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