



Accenture (ACN)

Updated January 21st, 2025 by Jonathan Weber

Key Metrics

Current Price:	\$356	5 Year CAGR Estimate:	2.3%	Market Cap:	\$222B
Fair Value Price:	\$252	5 Year Growth Estimate:	7.5%	Ex-Dividend Date:	01/16/25
% Fair Value:	141%	5 Year Valuation Multiple Estimate:	-6.7%	Dividend Payment Date:	02/14/25
Dividend Yield:	1.7%	5 Year Price Target	\$362	Years Of Dividend Growth:	14
Dividend Risk Score:	D	Retirement Suitability Score:	F	Rating:	Sell

Overview & Current Events

Accenture is an information technology company that offers services such as consulting, technology, and outsourcing solutions. Its customers include communications and media companies, banks and other financial corporations, the healthcare industry, and public services, as well as consumer goods, retail, travel, and other industries. Accenture was founded in 1989 and is headquartered in Dublin, Ireland.

When Accenture reported its most recent quarterly results, for its fiscal first quarter of fiscal 2025, the company showcased revenues of \$17.7 billion, which was 9.3% more than Accenture's revenues during the previous year's quarter. Accenture's sales were up 8% in constant currencies, which was significantly better than during the previous quarter, when organic, currency-neutral revenues had risen only slightly on a year-over-year basis. Accenture recorded new bookings of \$18.7 billion, which suggests that revenue growth will continue as the book-to-bill ratio was significantly above 1.0.

The company was able to earn \$3.59 per share during the first quarter, which beat what the analyst community had estimated slightly, by \$0.20. The company forecasts organic revenue growth of 4% to 7% for fiscal 2025, with a guidance midpoint of 5.5%, which is meaningfully better than the 1% revenue growth Accenture generated in fiscal 2024. Accenture forecasts that its earnings-per-share will fall in a range of \$12.43 to \$12.79 during the current year, which represents growth of around 5% versus 2024.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$4.76	\$5.34	\$5.91	\$6.74	\$7.36	\$7.46	\$9.16	\$10.71	\$11.67	\$11.95	\$12.61	\$18.10
DPS	\$2.04	\$2.20	\$2.42	\$2.66	\$2.90	\$3.20	\$3.52	\$3.88	\$4.48	\$5.16	\$5.92	\$8.70
Shares¹	650	643	636	635	637	636	633	630	630	626	622	610

Accenture has recorded compelling growth rates in the past, although its earnings-per-share history has seen some ups and downs over the years. Overall, Accenture was able to grow its earnings-per-share by ~10% over the last decade.

Accenture's growth has been primarily driven by organic revenue expansion. Except for small setback during the financial crisis, the company was able to grow its top line pretty consistently. Accenture's biggest customer groups are what it calls Product (consumer goods, travel industry, retail) and Financial Services. There is a lot of pressure on these industries to lower their costs and to optimize their operations. This means that there is a lot of demand for Accenture to help its customers in fields such as digital, cloud, and security services. As IT remains a growth industry that is impacted by megatrends such as digital, cloud computing, security, big data, and Artificial Intelligence, the market for consulting in these fields should remain strong for the foreseeable future. Accenture has been able to record especially strong growth in markets outside of North America and Europe, where more potential for further optimization of processes exists. Thanks to strong cash flows and low capital expenditures, Accenture has ample means to finance share repurchases and dividend payments. Accenture's share count has declined over the last decade, and we believe that buybacks will remain a tailwind for the company's earnings-per-share in the future.

¹ In Millions

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	19.0	20.2	20.4	24.5	26.8	32.2	36.5	26.9	27.7	28.6	28.2	20.0
Avg. Yld.	2.3%	2.0%	2.0%	1.6%	1.5%	1.3%	1.1%	1.3%	1.4%	1.5%	1.7%	2.4%

Accenture's share price has declined slightly since our last update. Shares are trading at a relatively pricey valuation with an earnings multiple of more than 28. We believe that shares are overvalued today, which will pressure total returns over the coming years, due to the impact of multiple contraction on Accenture's share price.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	42.9%	41.2%	40.9%	39.5%	39.5%	42.9%	38.4%	36.2%	38.4%	43.2%	46.9%	48.0%

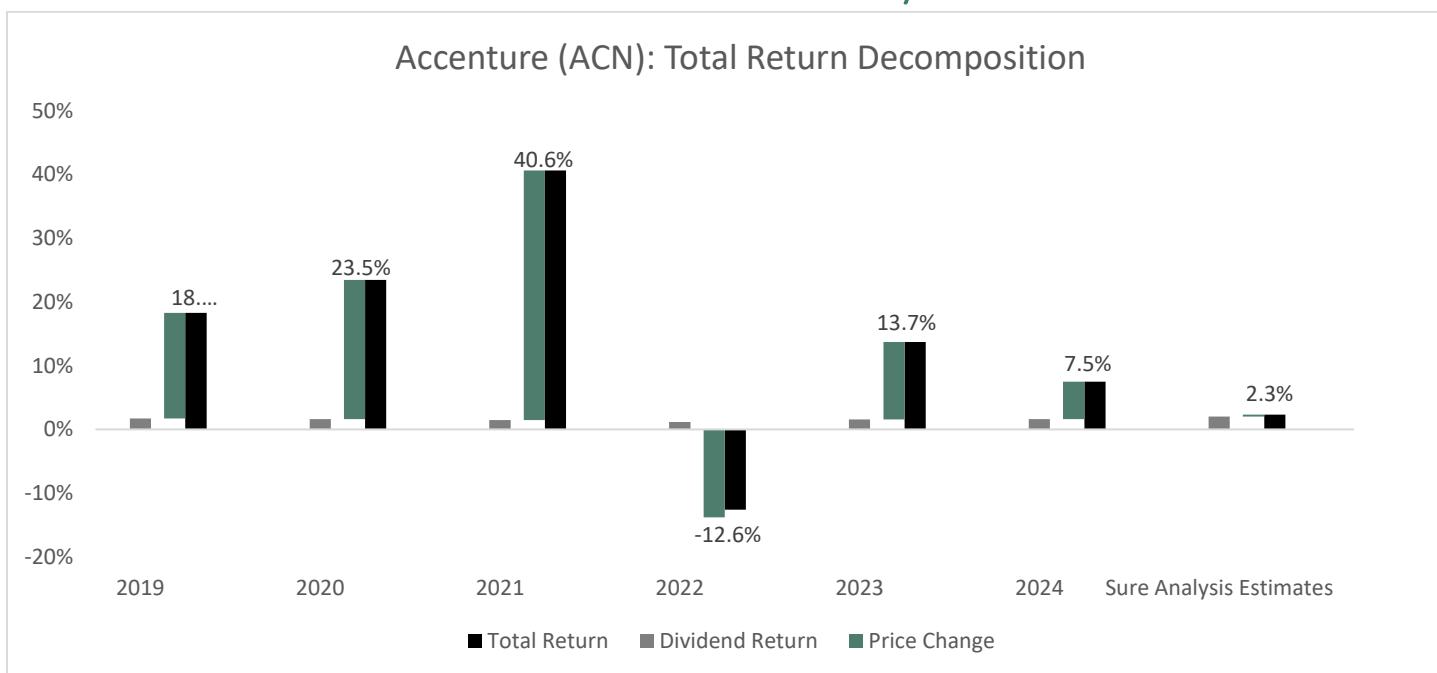
Accenture has raised its dividend at a nice pace over the last decade, but thanks to the fact that the company's earnings have grown considerably as well, its dividend payout ratio still is not high, as the company pays out roughly 40% to 50% of its net profits in the form of dividends. We believe that Accenture's dividend is very safe.

Accenture's competitive advantage mainly consists of its excellent fundamentals: Accenture has high returns on equity and assets, and it has a very strong balance sheet. Accenture is not particularly vulnerable to economic downturns, as demand for its services will remain strong even if profits for its customers are shrinking. One could even argue that such a time is when its customers have an especially significant need for Accenture's services. During the last financial crisis, between 2008 and 2010, earnings were flat, and Accenture was able to grow its profits during the pandemic.

Final Thoughts & Recommendation

Accenture's strong position in a high-growth industry and its strong track record of growing its profits indicate a lot of potential for future earnings-per-share growth, while we think that Accenture will also continue to increase its dividend regularly. Shares look overvalued, however, which will be a headwind for its total return from the current price. The relatively high earnings multiple is why we rate Accenture a sell at current prices.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	32,914	34,798	36,177	40,993	43,215	44,327	50,533	61,594	64,112	64,896
Gross Profit	9,809	10,277	11,071	12,493	13,315	13,976	16,364	19,702	20,732	21,162
Gross Margin	29.8%	29.5%	30.6%	30.5%	30.8%	31.5%	32.4%	32.0%	32.3%	32.6%
SG&A Exp.	5,373	5,467	5,880	6,595	7,010	7,463	8,743	10,334	10,859	11,128
D&A Exp.	646	729	802	927	893	1,773	1,891	1,311	1,401	1,430
Operating Profit	4,436	4,810	5,191	5,899	6,305	6,514	7,622	9,367	8,810	9,596
Op. Margin	13.5%	13.8%	14.4%	14.4%	14.6%	14.7%	15.1%	15.2%	13.7%	14.8%
Net Profit	3,054	4,112	3,445	4,060	4,779	5,108	5,907	6,877	6,872	7,265
Net Margin	9.3%	11.8%	9.5%	9.9%	11.1%	11.5%	11.7%	11.2%	10.7%	11.2%
Free Cash Flow	3,781	4,171	4,457	5,408	6,028	7,616	8,395	8,823	8,996	8,615
Income Tax	1,137	1,254	981	1,593	1,406	1,589	1,771	2,207	2,136	2,280

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	18,203	20,609	22,690	24,449	29,790	37,079	43,176	47,263	51,245	55,932
Cash & Equivalents	4,361	4,906	4,127	5,061	6,127	8,415	8,168	7,890	9,045	5,004
Acc. Receivable	3,841	4,072	4,569	7,496	8,095	7,847	9,728	10,484	10,691	11,873
Goodwill & Int.	3,395	4,120	5,713	6,070	7,046	7,710	11,126	15,064	17,646	24,024
Total Liabilities	11,555	12,420	12,980	13,724	14,962	19,579	23,079	24,516	24,787	26,764
Accounts Payable	1,151	1,281	1,525	1,349	1,647	1,350	2,274	2,559	2,491	2,744
Long-Term Debt	27	27	25	25	23	62	66	55	148	1,025
Total Equity	6,134	7,555	8,949	10,365	14,409	17,001	19,529	22,106	25,693	28,289
LTD/E Ratio	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.04

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	16.9%	21.2%	15.9%	17.2%	17.6%	15.3%	14.7%	15.2%	14.0%	13.6%
Return on Equity	47.2%	55.4%	38.5%	39.7%	37.4%	31.6%	31.4%	32.1%	27.9%	26.1%
ROIC	47.0%	55.2%	38.4%	39.6%	37.3%	31.5%	31.3%	32.0%	27.8%	25.6%
Shares Out.	650	643	636	635	637	636	633	630	630	626
Revenue/Share	48.49	52.11	54.78	62.56	66.46	68.43	78.24	95.82	100.4	102.05
FCF/Share	5.57	6.25	6.75	8.25	9.27	11.76	13.00	13.73	14.09	13.55

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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