

Equity Research

ANALYSIS OF ACCENTURE PLC

DATE:
11/02/2025

[Keyvalue.com](https://keyvalue.com)



Buy: \$424.70 (21.44%)

Equity Research Division
11/02/2025

Summary

UNITS

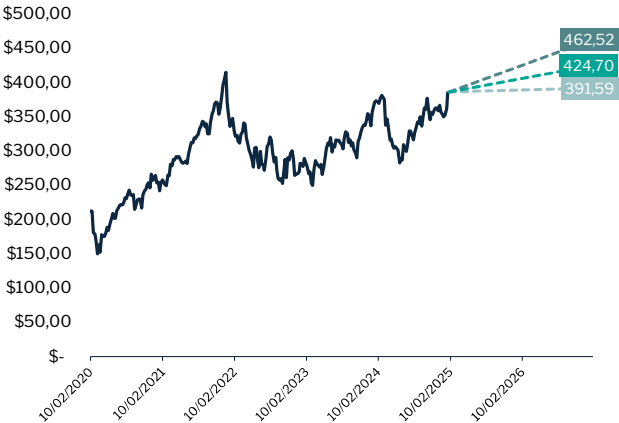
Country	Ireland
Sector	IT Services
Current Price	387 \$
Target Price	425 \$
Upside	10% %
Ticker	ACN
Stock Exchange	NYSE

Shares Outstanding	635 m
Market Capitalization	245.772 m
EPS (2024)	11,4 \$



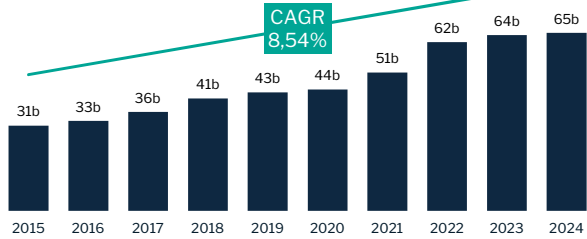
Analyst My-Tam Hoang Team Leader Alessandro Bindi Head of Equity Research Marco Tempestini

Optimistic Pessimistic base



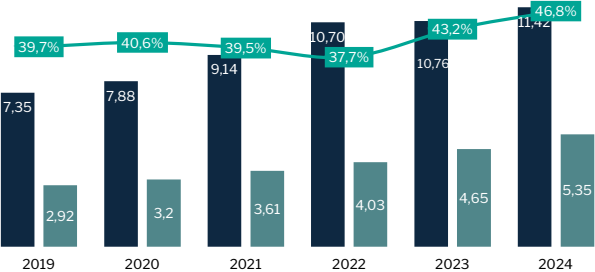
Source: Team Analysis

Total Revenues



Source: Company data, Team Analysis

EPS Dividends per Share Payout Ratio



Source: Company data, Team Analysis

INVESTMENT SUMMARY

We recommend a BUY for Accenture plc (ACN), with a target price of \$424.70, presenting a 9.77% upside potential from the current price of \$386.89 on February 10th, 2024. The target price is derived using a Discounted Cash Flow (DCF) approach, supported by Relative Valuation. Our recommendation is based on the following catalysts: (1) Accenture's leadership in technology and diversified offerings, (2) its strategic expansion through emerging markets and M&A, (3) ability to monetize emerging technologies and talent development, and (4) strong client relationships and financial resilience.

Leadership in Technology and Diversified Offerings

Accenture's ability to seamlessly combine strategy consulting with advanced technology solutions positions it as a leader in enterprise transformation. With capabilities spanning cloud, cybersecurity, generative AI, and data analytics, Accenture provides tailored solutions that drive innovation, operational efficiency, and cost reduction for clients. Its strong investment in generative AI and the launch of the Generative AI and Data Foundations practice demonstrate a commitment to staying at the forefront of technological advancements.

The diversity of Accenture's service offerings ensures that it remains relevant across a broad range of sectors. This balanced portfolio not only mitigates risks associated with industry-specific downturns but also allows the company to capture opportunities in high-growth markets. Its geographic footprint, spanning 120 countries, further strengthens its ability to serve clients globally and adapt to regional economic conditions.

By integrating technology with deep industry expertise, Accenture has positioned itself as a trusted partner for enterprises navigating disruption, enabling the company to maintain strong client loyalty and sustain long-term revenue growth.

Strategic Expansion Through Emerging Markets and M&A

Accenture's growth strategy is driven by its ability to expand into new markets and industries through targeted acquisitions and investments. In FY2024 alone, the company completed 40 acquisitions, focusing on high-demand areas like AI, cloud services, and sustainability. These acquisitions enable Accenture to rapidly integrate specialized capabilities, staying ahead of competitors and expanding its addressable market. Emerging markets represent a significant growth opportunity for Accenture, as regions such as Asia-Pacific, Latin America, and the Middle East continue to accelerate their digital transformation initiatives. Governments and corporations in these areas are investing heavily in cloud adoption, cybersecurity, and sustainable technologies, aligning perfectly with Accenture's expertise. The company's ability to tailor solutions to meet local needs while scaling operations quickly ensures it can capitalize on these high-growth markets.

Additionally, Accenture's focus on high-potential industries like renewable energy, healthcare, and supply chain transformation aligns with global macroeconomic trends and policy priorities. This strategic alignment ensures that the company remains a leader in sectors poised for long-term growth, further solidifying its market position.

Monetization of Emerging Technologies and Talent Development

Accenture's leadership in emerging technologies is a key differentiator in the global consulting space. The company has developed a strong capability to translate advancements in AI, blockchain, and quantum computing into actionable solutions for clients. This ability to monetize new technologies ensures that Accenture captures growth in fast-evolving sectors. Its investments in generative AI, for example, have already delivered results, with enterprise applications that automate operations, improve decision-making, and drive efficiency at scale. Accenture's workforce is another critical driver of its success. The company invested \$1.1 billion in training and development in FY2024, focusing on upskilling employees in high-demand areas like cloud computing, AI, and cybersecurity. With over 774,000 professionals globally, Accenture's ability to attract, retain, and reskill top talent ensures it can meet the evolving needs of its clients.

This focus on talent not only enhances Accenture's operational capacity but also reinforces its reputation as a trusted partner capable of delivering transformative solutions. By combining technological innovation with a highly skilled workforce, Accenture ensures its ability to adapt to emerging market demands and maintain its competitive edge.

Strong Client Relationships and Financial Resilience

Accenture's client relationships are a key differentiator, with the majority of its top 100 clients maintaining partnerships for more than a decade. These deep, trusted relationships translate into predictable revenue streams and significant cross-selling opportunities. The \$81 billion in new bookings for FY2024 reflects the company's ability to secure large, multi-year contracts that support long-term growth.

Accenture's financial discipline is a cornerstone of its long-term success. In FY2024, the company generated \$8.6 billion in free cash flow, underscoring its ability to fund growth initiatives, pursue acquisitions, and return value to shareholders. Accenture returned \$7.8 billion to shareholders through dividends and buybacks, reflecting its commitment to delivering consistent returns. With an adjusted operating margin of 15.5%, Accenture maintains a balance between profitability and investment in future growth. Accenture's strong balance sheet also enables it to pursue strategic investments in R&D, ensuring that it remains a leader in emerging technologies.

OVERVIEW

Accenture plc is a global professional services company that assists organizations in developing their digital infrastructure, improving operational efficiency, driving revenue growth, and enhancing service delivery. The firm was founded in 1989 and is headquartered in Dublin, Ireland. Accenture applies its capabilities in technology, along with its leadership in cloud computing, data analytics, and artificial intelligence, to provide a comprehensive portfolio of services across Strategy & Consulting, Technology, Operations, Industry X, and Song divisions. The company specializes in five key industry groups: Communications, Media & Technology, Financial Services, Health & Public Service, Products and Resources.

BUSINESS SEGMENTS & GEOGRAPHIC REACH

The company operates primarily in the consulting and managed services sectors, supporting digital transformations across diverse industries and geographies.

Business Segments

Consulting revenues, encompassing strategy, management, technology consulting, and integration projects with defined deliverables, declined by 1% in fiscal 2024 (both in U.S. dollars and local currency). This decrease reflected cautious client spending, with businesses prioritizing smaller contracts and short-term projects.

Managed services revenues, which involve ongoing services like cloud enablement, application modernization, and cybersecurity-as-a-service, grew by 4% in U.S. dollars and 5% in local currency in fiscal 2024. This growth was fueled by increased demand for cloud services, cybersecurity, and digital solutions focused on efficiency and innovation.

Industries

The company serves diverse industries, each facing unique digital transformation challenges:

- Communications, Media & Technology and Financial Services: Declines in consulting revenues reflected reduced demand for transformation services, though cost-saving initiatives remained a focus.
- Health & Public Service: Strong growth driven by priorities such as cloud migration and AI adoption for service delivery improvements.
- Products: Modest growth as businesses leveraged digital platforms to cut costs and enhance customer experiences.
- Resources: Solid growth as energy and utility sectors used data and AI for efficiency and modernization.

Geographic Reach

Operations are divided into North America, EMEA, and Growth Markets:

- North America: Steady demand for consulting and managed services, with growth in Public Service and Industrial offset by declines in Banking, Communications, and Software. The U.S. drove revenue growth.
- EMEA: Flat performance, with Public Service growth offset by declines in Communications and Banking. Growth in Italy was counterbalanced by declines in France and the UK.
- Growth Markets: Strongest growth, especially in managed services, led by Banking, Industrial, and Chemicals sectors. High demand for cloud, AI, and cybersecurity solutions fueled this expansion.

Currency fluctuations significantly impact operations, with a strong U.S. dollar in fiscal 2024 reducing revenue growth in non-dollar-denominated markets.

COMPANY STRATEGY

Accenture's strategy focuses on delivering "360° Value" by combining financial returns with goals like inclusion, diversity, employee growth, sustainability, and meaningful experiences.

Leveraging Technology for Enterprise Transformation

Accenture utilizes its technological expertise to support clients in three key areas:

- Building a Digital Core: Assisting clients in adopting cloud technologies, leveraging data and artificial intelligence (AI), and integrating security measures across their organizations.
- Optimizing Operations: Helping clients accelerate digitalization, access skilled digital talent, reduce costs, and enhance engineering and manufacturing processes through digitization.
- Accelerating Revenue Growth: Employing technology and creativity to develop personalized customer interactions, transform marketing and commerce models, and create new digital services and business models.

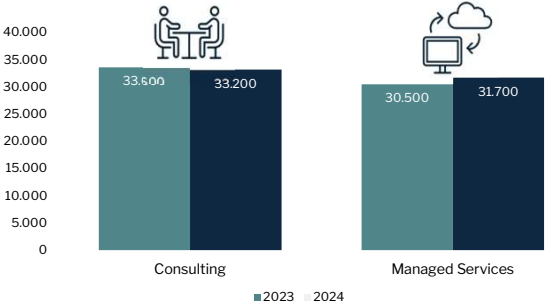
Emphasizing Talent Development

Accenture recognizes that successful transformation and AI integration require a focus on talent, which involves:

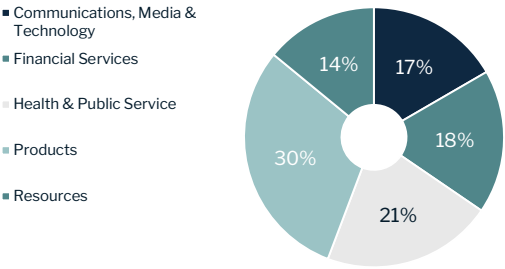
- Accessing Skilled Personnel: Ensuring the availability of the right talent at the appropriate time, location, and cost.
- Talent Creation: Investing in continuous learning and development to keep employees relevant in the evolving market.
- Unlocking Potential: Maximizing employee capabilities to drive innovation and growth.

Key Enablers of Growth Strategy

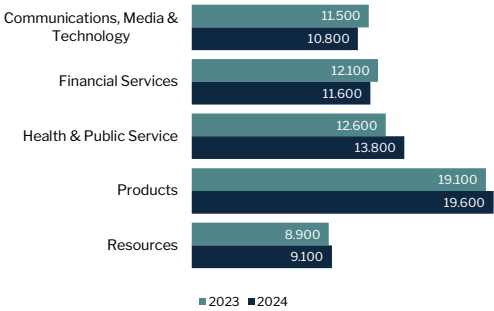
- People: As a talent- and innovation-led organization, Accenture's workforce possesses specialized skills that enhance differentiation and competitiveness. The company is committed to fostering a culture of shared success, investing in employee development, and promoting inclusion and diversity.
- Commitment: Accenture is dedicated to delivering on the promise of technology and human ingenuity by continuously innovating and anticipating client needs. This commitment is supported by core values and a Code of Business Ethics, which build trust with clients and partners.
- Foundation: The company's Leadership Essentials define expectations for its people. Accenture's growth model, organized around geographic markets and industry groups, enables close collaboration with clients, efficient scaling, and the creation of enduring shareholder value.



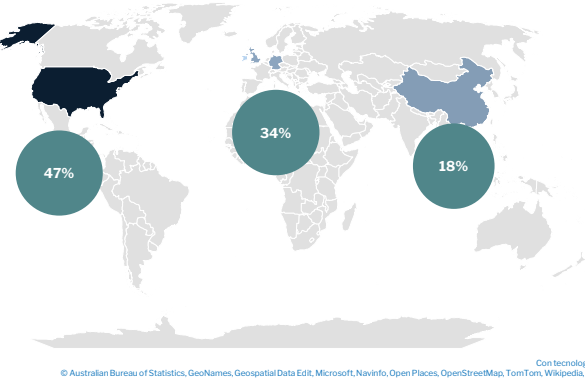
Source: Team Analysis, Company Data

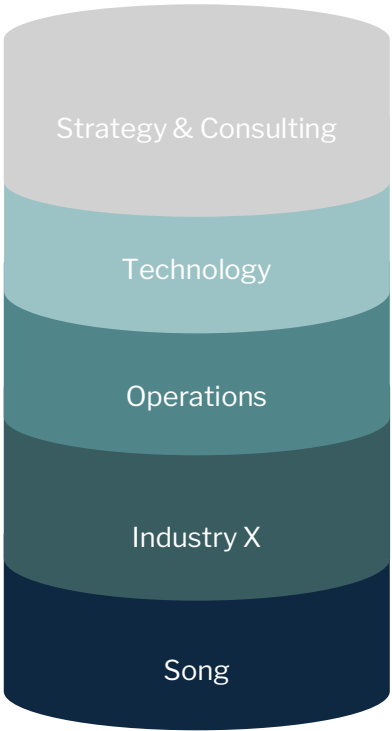


Source: Team Analysis, Company Data



Source: Team Analysis, Company Data





Strategy & Consulting

Accenture's Strategy & Consulting services focus on working with senior executives to reinvent organizations and help them achieve sustainable, measurable growth. This service helps clients address challenges such as enhancing competitiveness, improving operational efficiency, reducing costs, and driving innovation. It includes expertise in areas like technology, data, analytics, AI, change management, talent, learning, and sustainability.

Technology

Accenture's Technology services cover a wide array of solutions that help organizations leverage advanced technologies to meet business challenges. These include cloud, systems integration, application management, security, data & AI, automation, and software engineering services. Accenture continuously innovates, adopting emerging technologies like generative AI, blockchain, 5G, edge computing, and metaverse to help clients stay ahead of digital transformation. The company also partners with leading tech firms such as AWS, Microsoft, and Google, enabling clients to achieve greater value and improve their business operations through digital innovation and cutting-edge platforms.

Operations

Accenture's Operations services focus on managing and optimizing business processes for clients across functions such as finance, procurement, supply chain, marketing, and human resources. Using SynOps, a cloud-enabled platform, Accenture helps clients achieve intelligent operations by integrating data, automation, generative AI, and other advanced technologies. This helps organizations operate more efficiently, improve scalability, and transform enterprise operations at speed, enabling them to adapt quickly to market changes and streamline their internal processes.

Industry X

Industry X integrates Accenture's digital capabilities with engineering and manufacturing expertise to help clients digitally transform their product development processes. This includes services like capital project planning, asset management, manufacturing, and product lifecycle management. By using technologies like AI, IoT, advanced robotics, and digital twins, Accenture helps clients reimagine how they design, manufacture, and service products, increasing productivity, resilience, and sustainability. The goal is to enable organizations to create intelligent products faster, more cost-effectively, and with hyper-personalized features.

Song

Song focuses on creating unique, hyper-personalized experiences and services that foster customer loyalty and drive growth. This includes expertise in design, digital products, marketing, commerce, and customer service. Accenture helps brands enhance their value by creating clear and compelling propositions that resonate with customers across multiple touchpoints.



Accenture is a talent- and innovation-led organization with approximately 774,000 employees, primarily based in India, the Philippines, and the U.S., working across 120+ countries. The company's approach emphasizes inclusivity, well-being, and professional growth as key elements to foster a culture of shared success.

Diversity and Inclusion Goals: Accenture strives to achieve gender parity and racial equity by 2025. Women currently represent 48% of the workforce and 30% of managing directors. Similar goals address representation in specific regions, including Black African colleagues in South Africa (47% vs. a 68% goal) and Hispanic American colleagues in the U.S. (10% vs. a 13% goal). These efforts are underpinned by pay equity initiatives ensuring dollar-for-dollar fairness across gender, race, and ethnicity.

Learning and Career Development: Significant investments, totaling \$1.1 billion in FY2024, support employee training and development. Accenture delivered 44 million training hours, with a focus on emerging technologies like generative AI. Programs provide career pathways, job-specific certifications, and skill-building for future client demands. Approximately 97,000 employees were promoted in FY2024, reflecting a strong commitment to vibrant career growth.

Well-being and Rewards: Comprehensive health, mental wellness, and flexible work policies ensure employees are supported both personally and professionally. The company also offers competitive rewards, including bonuses, equity, and tailored benefits, ensuring employees are recognized for their contributions and skills.

Ethical and Inclusive Business Practices: Accenture's Code of Business Ethics reinforces its commitment to integrity, fairness, and transparency in all operations.



Net-Zero and Emissions Reduction: Accenture has committed to net-zero greenhouse gas emissions by reducing Scope 1, 2, and 3 emissions through science-based targets. It maintains 100% renewable electricity in all facilities and collaborates with suppliers to align with emissions reduction goals. Any remaining emissions are offset through investments in nature-based carbon removal projects.

Zero-Waste Initiatives: The company aims to reuse or recycle 100% of its e-waste and office furniture by 2025. Processes have been established to extend the lifecycle of assets through refurbishment and recycling, while single-use plastics have been eliminated in all office locations.

Water Risk Management: Although not water-intensive, Accenture is proactive in developing water resiliency plans for 90% of its facilities in high-risk areas. These measures address climate-related risks such as flooding, drought, and scarcity, ensuring business continuity and employee safety.

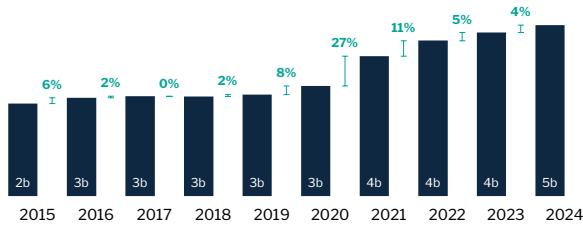
Client and Community Engagement: Sustainability is integrated into client services, helping businesses connect environmental goals with strategic transformations. Internally, Accenture engages employees in sustainability activities, with over 81,000 participating in social and environmental initiatives during FY2024.

Education and Awareness: Accenture provides Sustainability Quotient (SQ) training to its workforce, equipping employees with the knowledge and skills needed to lead and implement sustainable solutions.

Recent notable acquisitions

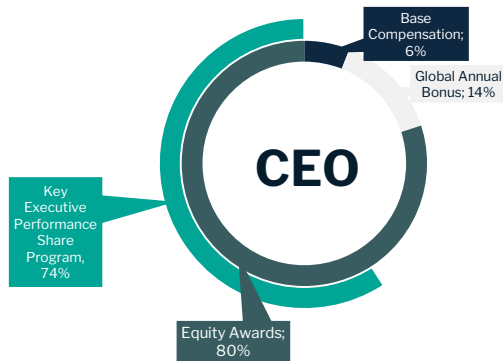
- **IQT Group:** Italy-based engineering services provider specializing in clean energy and infrastructure projects, enhancing Accenture's generative AI and digital capabilities.
- **AOX:** German software solutions company supporting automotive clients' transition to software-defined vehicles and advancing system architecture and software integration.
- **Award Solutions:** U.S.-based provider of training and consulting in wireless technologies like 5G, IoT, and AI, bolstering Accenture's technology learning services.
- **Allitix:** U.S.-based consulting firm specializing in Anaplan solutions to streamline planning across finance, sales, and supply chain operations.
- **Joshua Tree Group:** Supply chain consulting firm focused on optimizing distribution centers, enabling AI-driven autonomous supply chain solutions.

Repurchase of Common Stock



Source: Team Analysis, Company Data

Chief Executive Officer - Julie Sweet



Source: Team Analysis, Company Data

Other NEOs



Source: Team Analysis, Company Data



Capital Allocation

Accenture leverages its liquidity and capital resources to support strategic initiatives and maintain financial stability. The company's primary sources of liquidity include cash flows from operations, cash reserves, and access to credit facilities and other borrowing mechanisms.

In fiscal 2024, Accenture demonstrated a balanced approach to utilizing its capital to fuel growth, enhance shareholder value, and maintain financial flexibility. The company returned \$7.8 billion to shareholders, comprising \$4.5 billion through share repurchases and \$3.2 billion in cash dividends. This commitment reflects Accenture's focus on delivering consistent value to its investors.

Additionally, Accenture invested heavily in strategic acquisitions, spending \$6.6 billion in 2024 across 46 acquisitions to expand its capabilities in high-growth areas and deepen its industry expertise. The company also directed significant resources toward innovation and employee development. It allocated \$1.2 billion to research and development to create new services and solutions, and \$1.1 billion to professional development, delivering 44 million hours of training with a focus on cutting-edge technologies like generative AI.

Finally, Accenture continued to maintain financial stability by allocating funds to repay outstanding borrowings and debt. This disciplined approach to capital management underscores its commitment to sustaining long-term growth while adapting to market opportunities and challenges.

CEO Background and Executive Compensation Philosophy

CEO Background

Julie Sweet has served as Accenture's Chief Executive Officer and member of the Board of Directors since September 2019, and became Chair of the Board in September 2021. Before her current role, she was CEO of Accenture's business in North America from 2015 to 2019, overseeing the company's largest geographic market. Her expertise stems from a proven leadership record as part of Accenture's global management team and senior leadership. Sweet's roles have provided her with in-depth knowledge of Accenture's business, operations, growth strategies, and sustainability efforts. She is also recognized for her external leadership as a Trustee of the World Economic Forum and her advocacy for innovation, technology, inclusion, and diversity in business.

Executive Compensation Philosophy

Accenture's executive compensation approach aligns closely with its performance-driven philosophy. The company emphasizes shared success across stakeholders, linking compensation with company performance and individual contributions.

Key elements of the compensation program include:

- **Pay-for-Performance:** Compensation decisions reflect the company's fiscal performance, with challenging objectives tied to financial outcomes.
- **Balanced Incentives:** Executives receive a mix of short-term and long-term incentives, including cash bonuses and equity awards. The Global Annual Bonus Program rewards company and individual performance, while equity programs like the Key Executive Performance Share Program incentivize sustained, multi-year achievements.
- **Alignment with Shareholders:** Performance-based vesting of equity awards ensures that executive pay aligns with shareholder returns.

The Accenture Leadership Performance Equity Award Program accounts for the largest percentage of compensation. This program recognizes and rewards executives based on their performance over the prior fiscal year. It evaluates individual, team, and company-wide performance, offering equity-based incentives that align leadership rewards with the company's overall success. By tying compensation to performance, this program reinforces Accenture's strategic goals and motivates executives to deliver strong results, ensuring they are rewarded for contributing to the company's long-term growth and value creation.

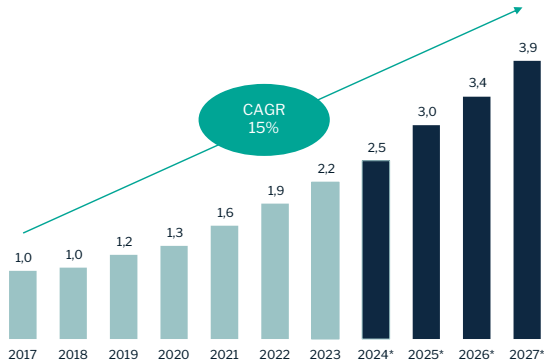
Accenture avoids practices like guaranteed multi-year salary increases, "golden parachutes," or supplemental executive retirement plans. This measured approach underscores its commitment to aligning executive compensation with performance and stakeholder value.

Communication

Accenture's communication strategy with investors emphasizes transparency, accessibility, and proactive engagement. The company provides detailed insights into its financial performance, strategic priorities, and governance through regular reports, earnings calls, and an up-to-date Investor Relations website. Accenture fosters strong relationships with investors by maintaining open lines of communication, participating in investor meetings, and addressing inquiries through a dedicated Investor Relations team. Its focus on Environmental, Social, and Governance (ESG) goals is integrated into reporting, showcasing a commitment to long-term value creation. By incorporating feedback from shareholders and leveraging digital platforms for real-time updates, Accenture ensures alignment with investor priorities and demonstrates accountability in its decision-making processes.

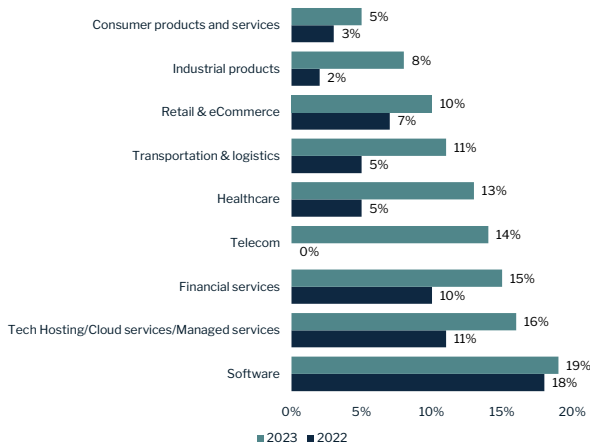
Digital Transformation & IT Segment

Spending on digital transformation technologies and services worldwide from 2017 to 2027 (in trillion U.S. dollars)



Source: Statista market insights, Team Analysis

IT spending as share of company revenue in 2022 and 2023, by industry



Source: Statista market insights, Team Analysis

The provided charts shed light on the accelerating global shift toward digital transformation and the rising strategic importance of IT investments across industries. Digital transformation technologies and services have witnessed significant growth, with global spending increasing from \$1 trillion in 2017 to a projected \$3.9 trillion in 2027, driven by a robust Compound Annual Growth Rate (CAGR) of 15%. This growth reflects how businesses across the globe are prioritizing technological advancements to remain competitive in the evolving digital economy. Companies are investing in critical areas such as artificial intelligence (AI), cloud computing, cybersecurity, automation, and data analytics to enhance operational efficiency, improve customer experiences, and drive innovation. This trend underscores a broader movement toward digital-first strategies, wherein technology adoption is no longer an option but a necessity for survival and growth.

Regarding spendings by industry, Software companies lead the charge, allocating 19% of their revenue to IT, up from 18% the previous year. Similarly, technology hosting, cloud services, and managed services allocate 16% of revenue to IT spending, a significant rise from 11%. This surge is indicative of the increasing demand for scalable IT infrastructure and managed services, driven by hybrid work models, the rise of data-intensive applications, and the need for seamless operational continuity.

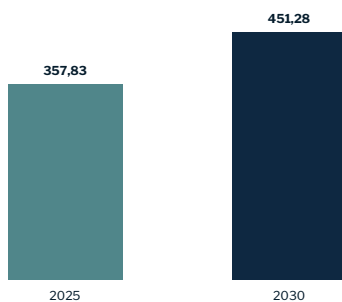
Financial services also saw a significant increase, with IT spending growing to 15% of revenue. This growth reflects the sector's ongoing efforts to modernize legacy systems, enhance cybersecurity frameworks, and adopt advanced analytics for risk management and customer personalization. In telecom, the jump in IT spending from 0% to 14% is striking, reflecting heavy investments in 5G infrastructure rollout, network modernization, and the integration of IoT (Internet of Things) solutions. Healthcare also shows remarkable growth, with IT spending rising from 5% to 13%, highlighting the industry's rapid adoption of telemedicine, AI-driven diagnostics, electronic health records, and data security measures. This is a reflection of how the pandemic catalyzed technological adoption in healthcare and underscored the critical role of digital tools in improving patient outcomes.

These trends reveal the increasing reliance of industries on technology to drive growth and efficiency. However, the disparity in IT spending across sectors highlights varying levels of digital maturity and adoption challenges. Industries with high IT spending, such as software, cloud hosting, and financial services, are more advanced in leveraging technology to transform their business models. In contrast, sectors like consumer products and industrial products may need targeted strategies and consulting expertise to overcome barriers such as high upfront costs, skill gaps, and integration issues.

For consulting firms like Accenture, these trends provide a roadmap for addressing sector-specific challenges and opportunities. The rising investment in IT creates a favorable environment for technology consulting, systems integration, and managed services. Accenture's expertise in cloud transformation, AI-driven solutions, and data analytics positions it to help industries unlock the full potential of their IT investments. Moreover, as businesses aim to achieve measurable ROI from digital initiatives, consulting firms play a critical role in aligning technology solutions with strategic goals. By tailoring their offerings to meet the unique needs of industries, consulting firms can drive significant value creation and help clients navigate the complexities of digital transformation in a rapidly evolving marketplace.

Consulting Segment

Management Consulting Services Market Size (in USD billions)



Source: Mordor Intelligence

The management consulting services market is projected to grow from USD 357.83 billion in 2025 to USD 451.28 billion by 2030, at a compound annual growth rate (CAGR) of 4.75%. This expansion is driven by increasing demand for specialized expertise to navigate complex business challenges, including digital transformation, regulatory compliance, and operational efficiency. Key trends influencing this growth include the integration of advanced technologies such as artificial intelligence and data analytics into consulting practices, enabling firms to offer data-driven solutions and enhance decision-making processes. Additionally, there is a notable shift towards sustainable business practices, prompting consultants to develop strategies that address environmental, social, and governance (ESG) considerations. The industry is also experiencing a rise in demand for cybersecurity and risk management services, as organizations prioritize safeguarding digital assets amid increasing cyber threats.

Overall, the management consulting industry is poised for steady growth, driven by evolving client needs and the continuous adaptation of consulting firms to emerging market dynamics.

External Analysis

SWOT ANALYSIS

S

Strengths

- Strong brand reputation and global presence
- Diversified service portfolio across industries and functions
- Leadership in innovation and technology with a skilled workforce
- Consistent robust financial performance

W

Weaknesses

- High operational costs and pricing pressures
- Dependence on client spending and economic cycles
- Complex organizational structure with a large workforce

O

Opportunities

- Growth in AI, cloud computing, and digital transformation
- Expansion in emerging markets and new industries
- Rising demand for cybersecurity services
- Potential benefits from mergers, acquisitions, and strategic partnerships

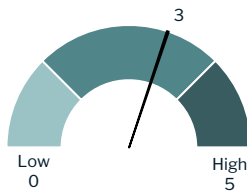
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Threats

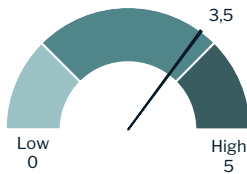
- Rapid technological advancements
- Increased competition from global consultancies and tech firms
- Economic and geopolitical instability in the global market
- Data security and privacy concerns
- Integration challenges

Porter's Five Forces

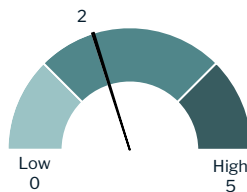
BARGAINING POWER OF SUPPLIERS



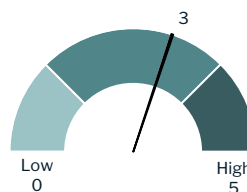
BARGAINING POWER OF BUYERS



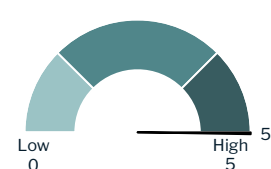
THREAT OF NEW ENTRANTS



THREAT OF SUBSTITUTE PRODUCTS



COMPETITIVE RIVALRY



Contractual Distributor

Accenture's reliance on skilled professionals and technology providers means that while suppliers are essential, the company can easily switch suppliers due to the wide variety of available technology solutions and labor sources. Accenture's bargaining power is amplified by its size and financial standing, enabling it to negotiate favorable terms. Technology suppliers and labor markets may exert some influence, but Accenture's long-term relationships and its scale reduce the impact of supplier bargaining power.

Bargaining power of customers

Accenture serves large clients, including major corporations and governments, which can leverage their purchasing power to negotiate prices. With a broad range of service providers to choose from, buyers have more room to influence terms. However, Accenture's specialized services and long-standing client relationships help reduce buyer power. Clients recognize the unique value Accenture brings through its industry expertise, customized solutions, and global reach, which decreases their ability to push back on pricing as aggressively.

Threat of new entrants

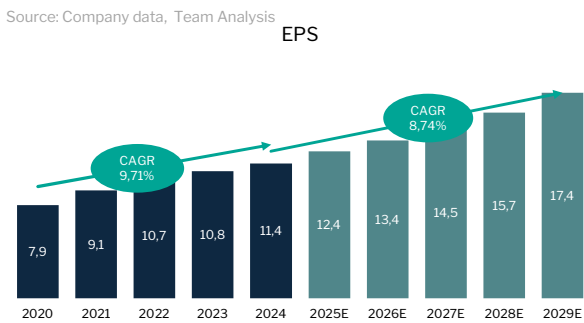
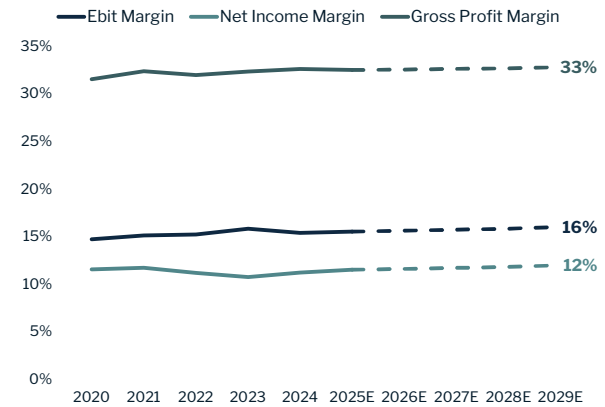
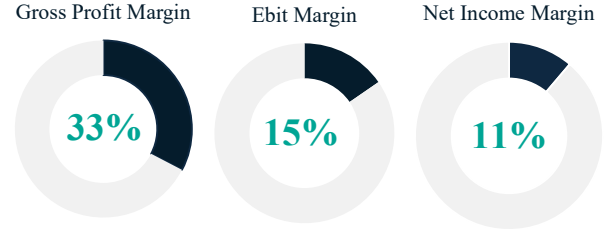
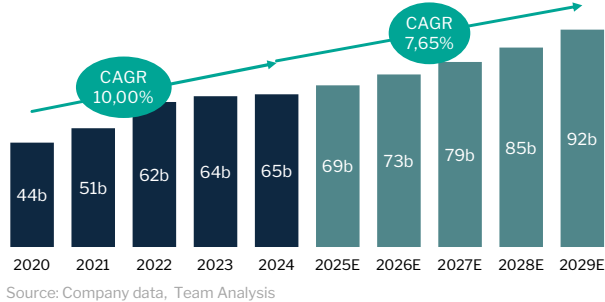
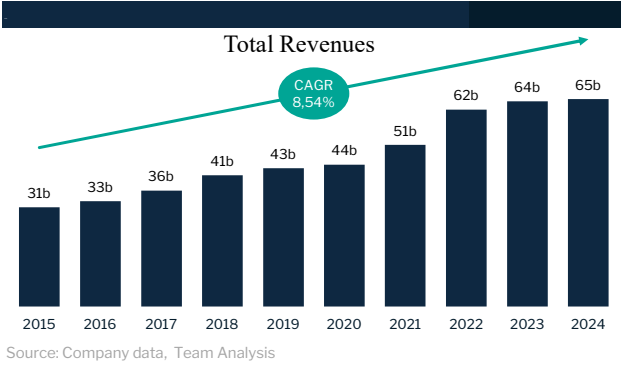
Entry barriers for consulting firms like Accenture are high due to the need for significant capital, a skilled workforce, established brand reputation, and long-term client relationships. New firms would find it difficult to match Accenture's global scale, industry expertise, and reputation, further lowering the threat. However, emerging digital platforms and specialized service providers can still nibble at niche markets, albeit posing a lower direct challenge.

Threat of substitute products

While technologies such as automation and AI can replace certain aspects of consulting services, Accenture's personalized, high-level consulting and complex problem-solving capabilities are difficult to substitute. Companies may turn to cheaper alternatives for basic services, but the specialized expertise Accenture offers in digital transformation, business strategy, and deep industry knowledge cannot easily be replicated by substitutes. The threat remains moderate, as emerging tools and technologies could reduce reliance on traditional consulting models over time.

Competition

Accenture faces intense competition from other global firms. The consulting space is crowded with companies offering similar services, creating a highly competitive environment. Clients often have many choices, which drives companies to innovate constantly and differentiate themselves. Accenture's reputation, global scale, technological prowess, and client relationships help it maintain a competitive edge, but rivalry remains fierce, and continuous innovation is essential to stay ahead in this dynamic industry.



INCOME STATEMENT

Performance Review

From 2015 to 2024, Accenture showcased remarkable growth, solidifying its leadership in technology consulting and enterprise transformation. Revenues rose steadily from \$31 billion in 2015 to \$65 billion in 2024, reflecting a Compound Annual Growth Rate (CAGR) of approximately 8.5%. This growth is underpinned by strong demand for digital transformation services, cloud migration, and data-driven business strategies across industries. Strategic acquisitions of niche technology firms and expansion into emerging markets have also fueled revenue growth. Additionally, Accenture's ability to capitalize on sector-specific needs, particularly in healthcare, financial services, and retail, has contributed significantly to its sustained success.

Future Growth Scenarios (2025-2029)

For the period from 2025 to 2029, Accenture's revenue growth is projected across three possible scenarios: base, pessimistic, and optimistic. Each scenario reflects varying levels of adoption of Accenture's new features and innovations, as well as the influence of competition and customer preferences.

Base Scenario (CAGR of ~7%)

In the base-case scenario, Accenture maintains steady growth, leveraging its diversified portfolio of services and continued demand for digital transformation. Revenue is projected to rise from \$69 billion in 2025 to over \$92 billion by 2029. This growth is driven by the adoption of advanced cloud solutions, AI capabilities, and sustainable technology frameworks. Strategic investments in talent development and innovation will ensure Accenture's ability to meet client demands in key regions like Asia-Pacific and the Middle East. The company's focus on building long-term partnerships with Fortune 500 clients will provide a steady stream of recurring revenues, further strengthening its growth prospects.

Optimistic Scenario (CAGR of ~10%)

In an optimistic scenario, Accenture capitalizes on accelerated adoption of generative AI, digital twin technologies, and sustainability-driven transformations. This could propel revenues to approximately \$103 billion by 2029. The integration of newly acquired capabilities through M&A, particularly in high-growth industries like renewable energy and healthcare, would act as significant growth accelerators. Additionally, successful market penetration in emerging economies and industries undergoing rapid digitalization could further amplify Accenture's growth trajectory.

Pessimistic Scenario (CAGR of ~5%)

In a more challenging environment characterized by slower global economic growth or heightened competition, Accenture's growth could decelerate to a CAGR of 5%, with revenues reaching \$82 billion by 2029. However, the company's resilient business model, underpinned by its diversified offerings and geographic footprint, would provide a buffer against economic headwinds. Long-term client relationships and a focus on cost optimization would help sustain profitability even in adverse conditions.

Margins

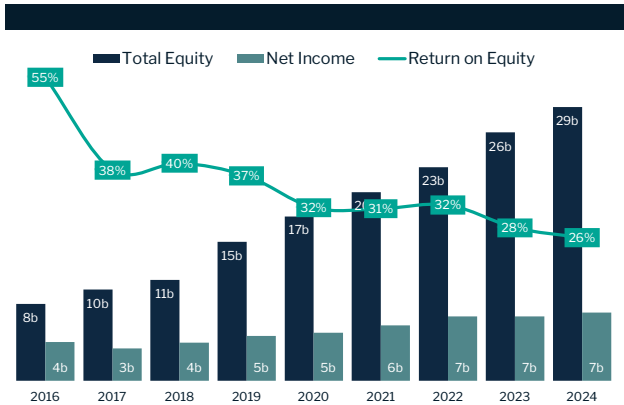
Gross Profit Margins improved slightly from 31% in 2016 to 33% in 2024, showcasing the value of its high-margin service offerings. This improvement is attributed to its shift towards technology-enabled delivery models, the standardization of service processes, and the application of automation and analytics tools, which have enhanced operational efficiencies while maintaining service quality. Accenture's continuous move towards subscription-based and platform-as-a-service (PaaS) models has also played a crucial role in sustaining these margins.

Ebit Margins have grown from 14% in 2015 to 15% in 2024, indicating operational discipline and scalability. Investments in centralized delivery centers, automation initiatives, and workforce upskilling have allowed the company to optimize costs and enhance client delivery. This is complemented by a shift towards high-growth, high-margin industries like healthcare, financial services, and sustainability consulting, which have significantly contributed to profitability.

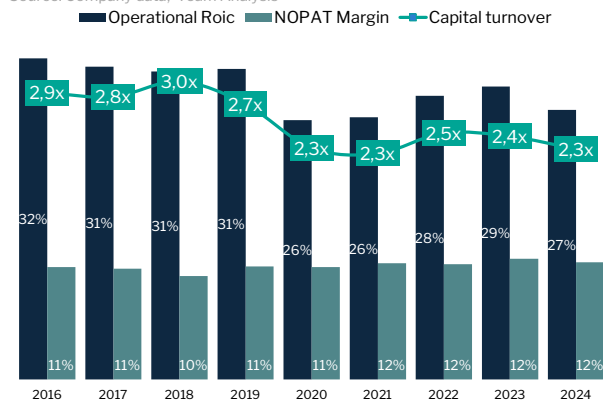
Net Income Margins, stable at around 11%, reflect Accenture's effective cost control and pricing strategies. The company's focus on long-term contracts and its ability to cross-sell digital and consulting services within existing accounts have been instrumental in maintaining stable profitability.

Accenture's **earnings per share (EPS)** have experienced impressive growth over the years, reflecting the company's ability to deliver consistent returns to shareholders. This growth is supported by increasing profitability and a focus on shareholder-centric strategies, such as share repurchases. While EPS continues to grow, the rate of increase is projected to higher growth after 2024, signaling a shift to rapid expansion period.

Accenture has demonstrated remarkable growth and financial discipline over the years, as evidenced by key performance indicators. The company's total assets have grown significantly, from \$21 billion in 2016 to \$56 billion in 2024, showcasing its ability to scale operations and invest in strategic initiatives. However, there is a slight decline in **ROA** at 14% in 2024. This marginal decrease could be attributed to the company's expanding asset base outpacing profitability growth, a sign of market maturation or higher investments in assets that may not immediately translate into returns.



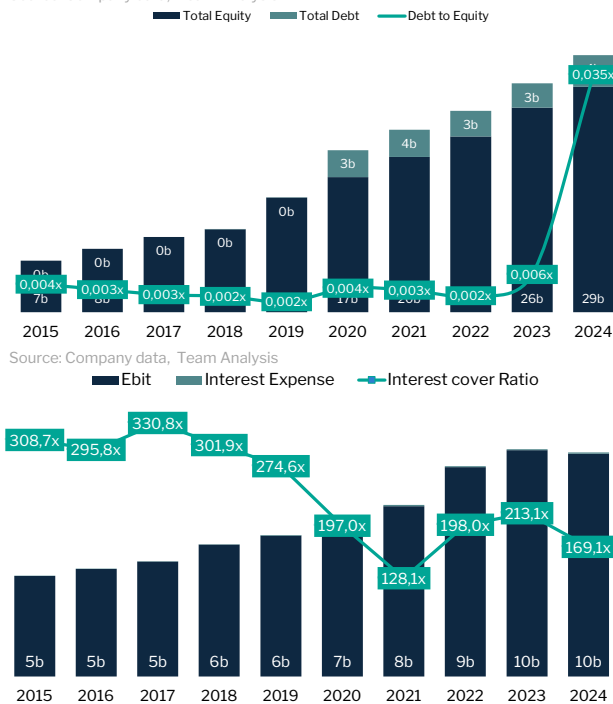
Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis

Accenture's **Return on Equity (ROE)** has seen a decline, moving to 26% in 2024. This decrease reflects increased investments in innovation and talent acquisition, which, while necessary for long-term growth, have tempered immediate returns to shareholders. Despite this, the company maintains a strong overall performance, driven by stable Net Income Margins and prudent capital allocation into high-growth areas such as generative AI and cloud technologies. Additionally, the company's steady Net Income Margins of around 11% reflect its ability to balance competitive pricing with effective cost management. This stability is further supported by long-term, high-value contracts, as well as cross-selling opportunities that maximize client relationships and ensure repeat business, highlighting Accenture's strong financial discipline and operational efficiency.

The NOPAT Margin, which increased from 11% in 2016 to 12% in 2024, underscores enhanced operational effectiveness and cost management efforts. Despite these efforts, Operational ROIC has declined from 32% in earlier years to 27% in 2024, reflecting a need to enhance asset utilization amidst growing investments in innovation and talent.

Capital Turnover has gradually decreased over the years, moving from 2.9x in 2016 to 2.3x in 2024. This declining trend suggests that Accenture's ability to generate revenue from its capital base has faced challenges. These challenges can be attributed to rising competitive pressures, a strategic shift toward asset-heavy investments such as cloud infrastructure, and the expansion of specialized delivery centers. While these investments align with long-term growth strategies, they have tempered short-term capital efficiency. Nonetheless, Accenture continues to focus on scalable delivery models and subscription-based offerings, ensuring that its capital utilization remains competitive even in a rapidly evolving market environment.

BALANCE SHEET

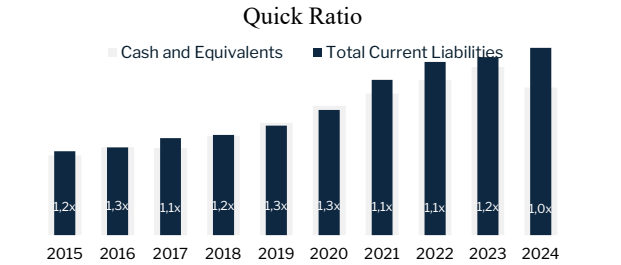
Accenture's balance sheet remains robust, reflecting disciplined financial management. By 2024, the company reported Total Equity of \$29 billion, supported by \$21 billion in Current Assets and \$35 billion in Long-Term Assets. This structure indicates Accenture's focus on maintaining a balance between liquidity and long-term investments, ensuring resilience during economic fluctuations.

Current Assets of \$21 billion comfortably exceed Current Liabilities of \$19 billion, underscoring Accenture's strong liquidity position and ability to meet short-term obligations. This financial stability enables the company to pursue growth opportunities, such as mergers and acquisitions (M&A), without compromising operational continuity.

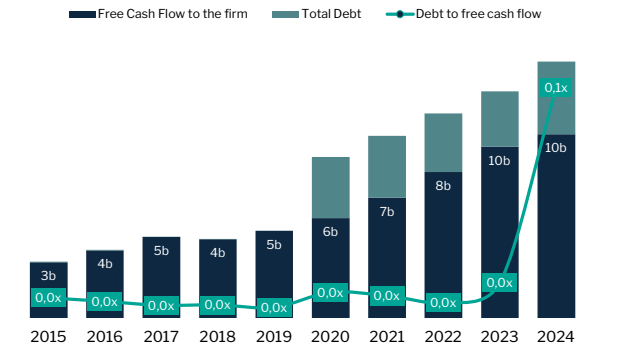
Accenture's **debt-to-equity ratio** has consistently remained far below 0.5x over the past decade, showcasing its commitment to maintaining a conservative leverage approach. By prioritizing financial prudence, the company has minimized its reliance on debt financing, thereby reducing financial risks and interest obligations. This low leverage ensures that Accenture's balance sheet remains strong, providing a solid foundation for future growth and allowing the company to navigate macroeconomic uncertainties with confidence.

Furthermore, the negligible proportion of **interest expenses** relative to EBIT underscores Accenture's exceptional financial management. By ensuring that operating income is more than sufficient to cover financial obligations, the company not only protects its profitability but also preserves cash flow flexibility. This flexibility enables Accenture to allocate capital effectively toward high-impact initiatives such as mergers and acquisitions, research and development, and strategic expansions into emerging markets and technologies.

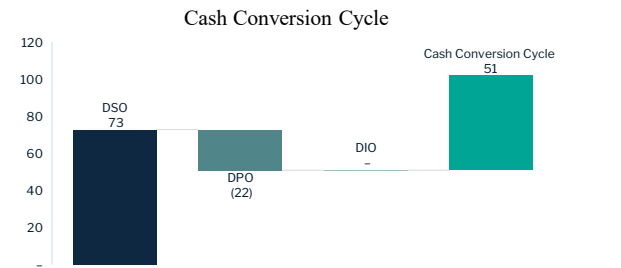
This disciplined capital structure is a cornerstone of Accenture's long-term resilience. It empowers the company to seize growth opportunities without overextending its financial resources, even during periods of economic uncertainty or market volatility. The company's ability to consistently deliver strong EBIT, maintain low leverage, and effectively manage financial obligations positions it as a leader in the industry, capable of driving sustainable growth and creating lasting value for shareholders.



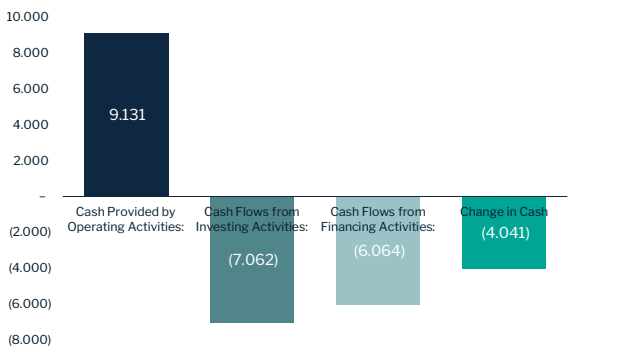
Source: Company data, Team Analysis



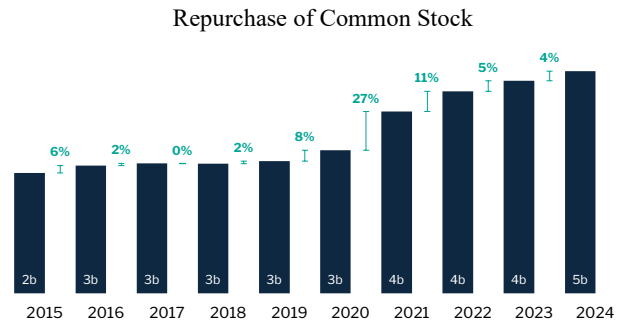
Source: Company data, Team Analysis



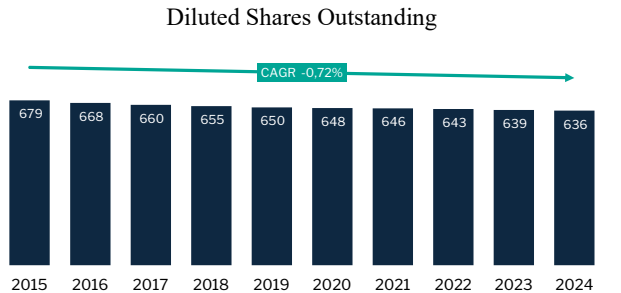
Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis



Source: Company data, Team Analysis

Accenture's Quick Ratio has been maintained at a healthy level of 1x to 1.3x from 2015 to 2024, reflecting its ability to cover short-term liabilities with readily available assets. This strong liquidity is further reinforced by the company's strategic treasury management and cash reserves. The company's focus on maintaining liquidity strengthens its ability to navigate economic uncertainties and capitalize on growth opportunities.

Accenture has consistently demonstrated a strong Debt to Free Cash Flow ratio, which underscores the company's disciplined financial management and its ability to generate substantial cash flow from operations. A lower ratio indicates that the company generates enough free cash flow to easily service its debt obligations, reflecting both financial stability and operational efficiency. Over the years, Accenture has maintained this ratio at healthy levels, showcasing its ability to fund strategic initiatives, such as acquisitions and R&D, while simultaneously reducing reliance on external financing.

By maintaining a low debt-to-free cash flow ratio, Accenture ensures it has ample flexibility to allocate capital toward shareholder returns, including dividends and stock buybacks, without compromising its liquidity or financial position. This ratio also signals that Accenture is not overly burdened by debt, which reduces financial risk and strengthens its resilience during economic downturns or industry disruptions. In summary, Accenture's strong Debt to Free Cash Flow ratio highlights the company's robust cash flow generation, prudent leverage, and capacity to sustain long-term growth while delivering consistent value to stakeholders.

Accenture's Cash Conversion Cycle (CCC) has exhibited a gradual upward trend over the analyzed period, increasing from 47 days in earlier years to 51 days in the most recent year. This trend highlights a lengthening of the time it takes for the company to convert its investments in accounts receivable and payables into cash flow from operations. The increase in CCC primarily stems from the rise in Days Sales Outstanding (DSO), indicating that customers are taking longer to settle their payments, potentially tying up working capital and impacting short-term liquidity.

On the other hand, Accenture has maintained a consistent and relatively low level of Days Payable Outstanding (DPO), hovering around 20 to 22 days as the company is settling its obligations to suppliers promptly, which may contribute to maintaining strong supplier relationships but limits the company's ability to improve cash flow through extended payment terms.

The absence of Days Inventory Outstanding (DIO), due to Accenture's nature as a service-oriented company with minimal inventory.

While the upward trend in CCC indicates room for optimization, Accenture's strong free cash flow generation and robust financial position mitigate the immediate risks associated with a lengthened cash cycle. However, improving CCC would provide further flexibility to reinvest in growth initiatives, strengthen liquidity, and enhance shareholder returns.

CASHFLOW STATEMENT

Accenture demonstrates a negative change in cash flow in 2024, as evidenced by its financial strategy and operational performance, offsetting by its strong investment in acquisition activities and its high dividend payment & share repurchases.

Operating Cash Flow: Net cash provided by operating activities reached \$9,131 million in 2024. Accenture's net cash provided by operating activities has remained strong, although it experienced fluctuations influenced by shifts in working capital management and macroeconomic conditions.

Investing Cash Flow: Accenture continues to prioritize strategic acquisitions and investments in digital transformation, cloud, and AI capabilities. While net cash used in investing activities has decreased, this reflects the company's commitment to driving innovation and expanding its portfolio to meet evolving client demands. The company's disciplined approach to acquisitions ensures that these investments align with its long-term growth strategy, contributing to sustainable revenue streams.

Financing Cash Flow: Accenture's cash used in financing activities has been a reflection of its shareholder-friendly policies. Over the years, the company has consistently returned value to shareholders through dividends and share repurchases, while maintaining a conservative debt structure. Despite an increase in operational and investment activities, Accenture's debt-to-free cash flow ratio remains well-controlled, signifying its ability to fund operations and strategic initiatives without over-leveraging.

Accenture has consistently emphasized share repurchases as a core component of its capital allocation strategy, deploying \$5 billion annually in recent years. Share buybacks reflect confidence in the company's long-term growth potential and signal financial stability. Repurchases counteract the dilution caused by issuing new shares, ensuring minimal impact on shareholder equity.

Over the past decade, Accenture has successfully managed to stabilize its diluted shares outstanding, with the number decreasing from 679 million in 2015 to 636 million in 2024, reflecting a Compound Annual Growth Rate (CAGR) of -0.72%. This small but steady decline indicates that the company's share repurchase program has effectively neutralized the impact of stock-based compensation.

Valuation

DCF VALUATION

Weighted Average Cost of Capital

Risk free rate (R_f)	4,46% ⁽¹⁾
Country risk premium	0,35% ⁽²⁾
Equity risk premium ($R_m - R_f$)	4,25% ⁽³⁾
Equity Beta	1,03 ⁽⁴⁾
Cost of Equity (K_e)	9,18%
Cost of debt	5,05% ⁽⁵⁾
Tax rate	23,57%
After-tax Cost of Debt (K_{dt})	3,86%

Capital Structure

Equity	97%
Debt	3%
Weighted Average Cost of Capital	9,01%

We estimate a WACC of 9,01% for Accenture. To determine the cost of debt, we add Accenture' debt rating-implied corporate spread to the risk-free rate. To reflect Accenture' global operations, we use a revenue-weighted spread plus the risk-free rate (US5y), adjusted based on regional revenue distribution. The cost of equity is calculated using the CAPM formula, incorporating a revenue-weighted equity risk premium. The Beta is derived from a direct correlation with the S&P 500, as we believe this benchmark aligns more closely with Accenture' global reach and its potential market movements.

We expect the terminal growth rate to stabilize at 4% after 2029 based on projected growth of the industry in core markets of operation. We see potential upside for the terminal growth rate based on the possible favorable market position and economic conditions. This will result in further appreciation of the share price far beyond our target price. Our terminal value also implies an exit EV/EBITDA multiple of 17x.

SCENARIOS

BEAR CASE

BASE

BULL CASE



Global competitive situation in the sector

Competitors providers innovate faster or offer lower-cost alternatives, causing Accenture to slowly grow market share.

Accenture maintains leadership due to its broad suite of capabilities, long-term client relationships, and dominance in delivering high-value consulting and technology solutions.

Accenture extends its market dominance through cutting-edge innovations in AI-powered solutions and tighter integration with client operations and industry workflows.

Market share

+2-3%

+5%

+7-8%



Expansion through strategic acquisitions

Accenture invests in acquisitions that face challenges in seamless integration or fail to deliver expected synergies, leading to inefficiencies.

Accenture continues its strategic acquisitions to strengthen its portfolio in key areas such as AI, cybersecurity, and digital transformation, ensuring long-term value creation and operational efficiency.

Accenture acquires a transformative player (e.g., in AI-driven automation or advanced digital solutions), accelerating growth and reinforcing its leadership in the consulting and technology ecosystem.

Customer Base

+5%

+10%

15,00%



Innovation for technology

Competitors match or outpace Accenture's AI-driven solutions, making differentiation more challenging. Customers perceive limited added value, slowing adoption.

Accenture steadily integrates advanced AI features into its consulting and technology solutions, enhancing client productivity and ensuring strong demand across industries.

Accenture revolutionizes digital transformation with AI breakthroughs that enable significant reductions in time-to-market and cost, setting new industry standards.

Revenue growth

+5-6% YoY

+9-10% YoY

+12% YoY

Price target ACN

391,59

424,7

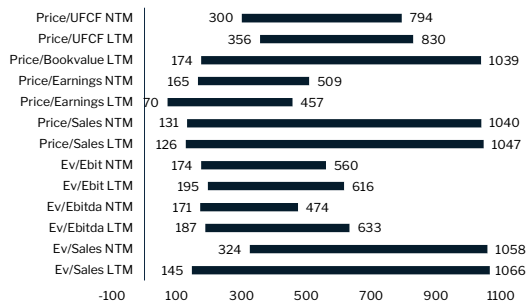
462,52

% Change from current price

1%

10%

20%



RELATIVE VALUATION

We identify EV/EBITDA as the most appropriate multiple for valuing Accenture due to the company's strong margins and scalability within the professional services and technology consulting sectors. This metric effectively reflects Accenture's operating profitability while accounting for its significant investments in talent, innovation, and technology platforms that drive client transformation. Currently, Accenture trades at a last twelve-month (LTM) EV/EBITDA multiple of 19.8x, compared to the average of its peer group of 21.4x. The Price/Earnings (P/E) ratio provides an additional lens for understanding valuation. Accenture has a P/E ratio of 30x (LTM), compared to the sector average of 24.8x. This indicates strong market confidence in Accenture's ability to sustain growth through its broad expertise, global delivery capabilities, and ability to navigate evolving business needs. The premium valuation is a testament to Accenture's consistent execution, innovation-driven growth, and its critical role in enabling organizations to thrive in an increasingly digital and connected world.

Based on our analysis, Accenture aligns strongly with both qualitative and quantitative investment criteria, positioning itself as a high-quality company within the global consulting, technology, and outsourcing sectors. Qualitatively, Accenture's unique business model integrates strategy, consulting, technology, and operations services, delivering significant value to clients through digital transformation and innovation. Operating globally with a diversified customer base across industries, the company is well-positioned for sustainable growth. Its competitive advantages include deep industry expertise, strong client relationships, economies of scale, and the ability to attract top talent, making Accenture resilient to economic downturns and market disruptions. Additionally, the management team consistently demonstrates effective capital allocation and operational execution, driving both organic and inorganic growth.

Quantitatively, Accenture meets most rigorous financial metrics for quality investments. It boasts a strong balance sheet with a low Debt-to-Equity ratio (<0.8) and an EBIT-to-interest expense ratio exceeding 5, reflecting solid financial health and conservative leverage. Over the past five years, Accenture achieved revenue and EBITDA CAGRs of over 5% and 7%, respectively, underscoring its sustainable growth capability. The company converts free cash flow at a higher rate than net income (FCF/Net Income >80%), demonstrating operational efficiency and strong cash generation. While its five-year average ROIC slightly trails the 15% benchmark, this stems from significant reinvestments in acquisitions, talent, and technology, essential for maintaining market leadership. Accenture stands out as a compelling long-term investment. Its industry leadership, integrated business model, and operational efficiency position it for sustained growth and profitability. We reiterate our BUY recommendation, highlighting robust upside potential based on intrinsic valuation methods and scenario analysis.

Qualitative Factors

Unique business model	<input checked="" type="checkbox"/>
Operates globally	<input checked="" type="checkbox"/>
Diversified customer base	<input checked="" type="checkbox"/>
Capable of Growing	<input checked="" type="checkbox"/>
Competitive advantages	<input checked="" type="checkbox"/>
Pricing Power	<input type="checkbox"/>
Leading Market position	<input checked="" type="checkbox"/>
Capable Management	<input checked="" type="checkbox"/>
Recession resistant	<input checked="" type="checkbox"/>
Immune to disruption	<input checked="" type="checkbox"/>

Quantitative Factors

Debt/Equity <0.8	Yes
Ebit/interst exp. >5	Yes
Revenue 5y CAGR > 5%	Yes
ROIC 5y Avg > 15%	NO
FCF/Net income > 80%	Yes
Ebitda 5y CAGR > 7%	Yes

1/ Business Risks

Economic and Geopolitical Volatility

Accenture faces risks from global economic uncertainties, including inflation, political instability, and trade policy changes. These factors could delay client spending or reduce demand for consulting and technology services, impacting revenue growth.

Challenges in Technological Adaptation

As a leader in innovation, Accenture must continuously invest in emerging technologies like AI and digital platforms. Failing to adapt quickly or manage risks like biased algorithms or regulatory compliance could harm its competitive advantage and client trust.

Competitive Pressures

The consulting industry is highly competitive. Accenture faces threats from clients building in-house capabilities and rivals offering specialized or lower-cost services, which could lead to pricing pressures, reduced margins, or the loss of key clients.

People Capability Risks

Accenture relies on a skilled workforce. Challenges in recruiting, retaining, and reskilling talent, especially in areas like AI, cloud, and cybersecurity, could hinder the company's ability to meet client demands and sustain growth.

Security Incidents and Cyberattacks

As a tech and consulting leader, Accenture manages sensitive client and operational data. The rising risk of cybersecurity incidents, such as data breaches or ransomware attacks, could have financial, reputational, and operational consequences.

2/ Financial Risks

Foreign Currency Exchange Risk

Operating in multiple countries, Accenture faces risks from fluctuations in foreign exchange rates, which can impact operating margins, revenue, and financial results. While hedging strategies are in place, they may not fully mitigate these risks, and some currencies lack robust hedging options.

Cost Management and Pricing Pressures

Accenture's profitability depends on competitive pricing and effective cost management. Intense client pricing pressures and rising labor costs, particularly in countries like India and the Philippines, could reduce profit margins. Failing to deliver within budget or delays in meeting performance targets may negatively affect earnings.

Debt Obligations

Accenture's current and future debt levels may limit financial flexibility. Debt servicing obligations could reduce funds available for investments and operations. A decline in credit ratings could raise financing costs and restrict access to new capital.

Equity and Investment Risks

Investments in private equity and marketable securities expose Accenture to valuation and liquidity risks. Changes in equity market conditions or poor performance of invested firms could lead to significant losses, affecting the company's financial stability.

Tax and Accounting Standards Changes

Changes in global tax laws or accounting standards, particularly in regions like Ireland and the U.S., could increase tax liabilities or require revisions to financial estimates, potentially impacting Accenture's financial performance.

3/ Operational Risks

Managing a Large Workforce

Accenture's global workforce of approximately 774,000 employees poses significant management challenges, such as ensuring consistent standards, institutionalizing knowledge, and aligning strategy across diverse regions. Risks include employee misconduct, data breaches, and misuse of AI or social media tools, which can harm competitiveness and hinder business goals without proper processes and cultural integration.

Dependence on Acquisitions

Accenture's growth relies on acquisitions, joint ventures, and investments to expand its capabilities and market presence. These strategies carry risks, including difficulties in deal completion, integration challenges, and potential employee turnover or unforeseen liabilities. Mismanagement in these areas could disrupt operations, strain resources, and affect profitability.

External Disruptions and Delivery Center Risks

External events such as pandemics, natural disasters, geopolitical conflicts, and cyberattacks pose risks to Accenture's operations. Its dependence on delivery centers in India and the Philippines exposes it to infrastructure failures, political instability, and workforce disruptions. While business continuity plans exist, widespread events could severely affect operations and client services.

4/ Legal and Regulatory Risks

Complex Compliance Requirements

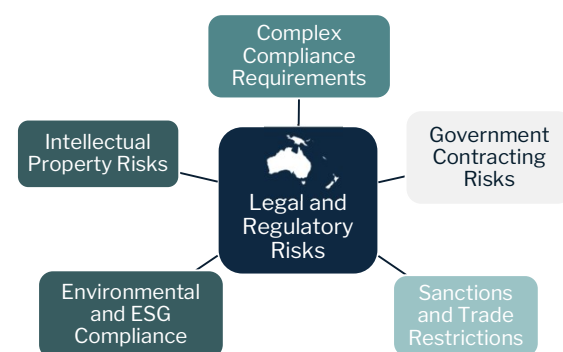
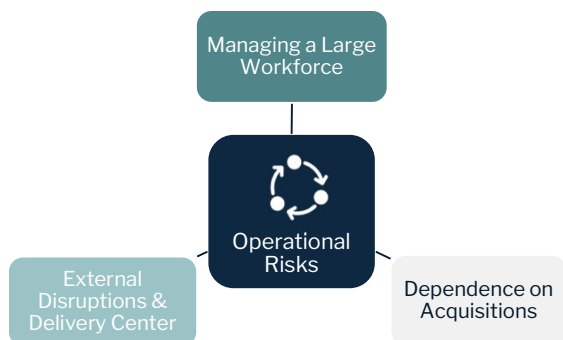
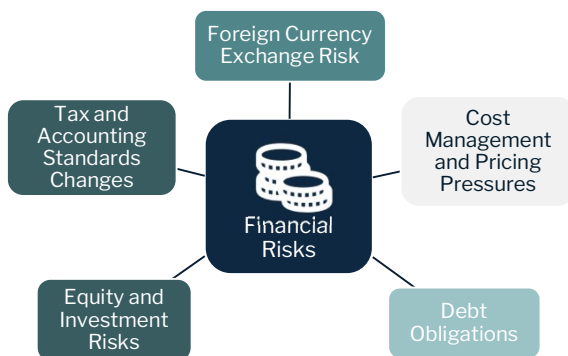
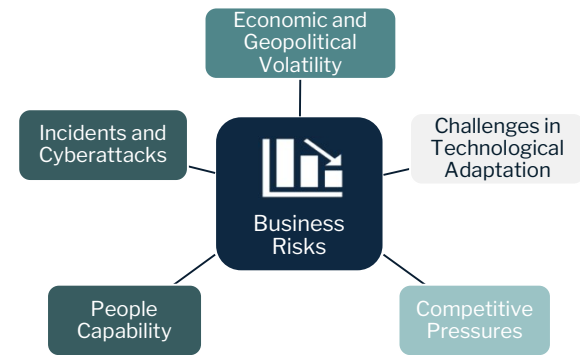
Accenture operates under diverse and conflicting laws in areas like anti-corruption, data privacy, and AI regulations. Compliance requires significant resources, and violations can result in fines, legal actions, and reputational damage.

Government Contracting Risks

Accenture faces strict compliance obligations in government contracts, which expose it to audits, investigations, and potential penalties. Non-compliance could lead to contract terminations, bans, or financial losses, especially with U.S. government clients.

Sanctions and Trade Restrictions

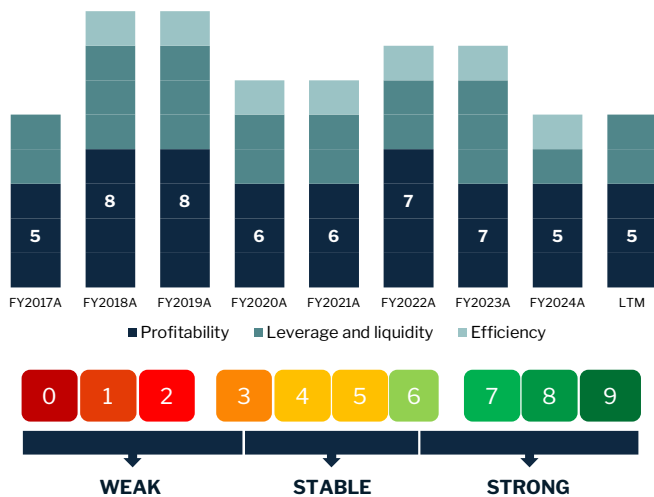
Sanctions, such as those related to the Russia-Ukraine conflict, limit Accenture's ability to operate in certain regions. Violations could disrupt client relationships and lead to fines or legal actions.



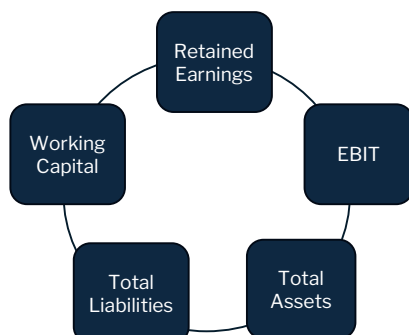
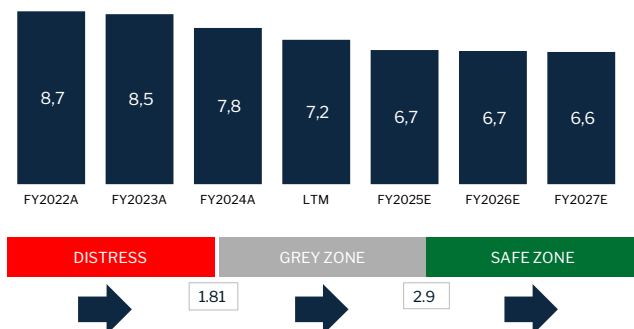
APPENDIX



Piotroski F-Score



Z-score



SLOAN RATIO

	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM
Net Income	5.108	5.907	6.877	6.872	7.265	7.570
Cash Flow from Operations	8.215	8.975	9.541	9.524	9.131	9.655
Cash Flow from Investing	(1.895)	(4.310)	(4.261)	(2.622)	(7.062)	(6.592)
Total Assets	37.079	43.176	47.263	51.245	55.932	59.868
Sloan Ratio	-3.27%	2.88%	3.38%	-0.06%	9.29%	7.53%
Interpretation	Good Quality	Good Quality	Good Quality	Good Quality	Good Quality	Good Quality

The profits reported in the income statement, along with revenue, are among the key financial metrics closely monitored by investors, as they directly influence the short-term performance of the stock price. However, this focus can place pressure on management, pushing them to adopt accounting practices aimed at meeting market expectations, potentially resulting in profits that may not be sustainable in the long run. Provisions, being subject to discretionary estimates, are one of the areas where more aggressive management can intervene.

Sloan highlighted that companies with a high level of accruals, meaning a high proportion of provisions, tend to generate lower stock returns compared to those with a lower provision ratio. The Sloan ratio, which represents the percentage of provisions relative to total assets, is thus a useful indicator for assessing the quality of a company's earnings.

Our analysis indicates that the company's Sloan Ratio falls within the optimal range of -10% to 10%. This figure reflects a high quality of earnings, suggesting that the company's profitability is solid and sustainable in the long term. In this context, we believe the risk for investors is limited, with an optimal balance between provisions and operating earnings. This positioning indicates prudent management and a healthy financial foundation.

PIOTROSKI F-SCORE

The Piotroski F-Score is a fundamental analysis tool developed by accounting professor Joseph D. Piotroski to assess a company's financial health. This score comprises nine financial criteria, divided into three main categories: profitability, operational efficiency, and capital structure. Each metric within these categories is assigned one point if it meets certain favorable conditions, resulting in a cumulative score that ranges from 0 to 9.

Over the past 20 years, a stock selection strategy within the S&P 500 that used a Piotroski F-Score greater than 6 and included annual rebalancing would have outperformed the S&P 500, achieving a compound annual growth rate (CAGR) of 14.8%. This superior performance highlights how the Piotroski F-Score can enhance returns within a value investing strategy, demonstrating its effectiveness in selecting financially strong companies relative to the broader market.

Our analysis indicates that the company's Piotroski F-Score in 2024 is within the optimal range of 7 to 9, reflecting a strong financial position and robust fundamentals. This high score suggests the company excels across profitability, operational efficiency, and capital structure management. In this context, we consider the investment risk to be limited, as the financial indicators demonstrate effective management and resilience. With this strong foundation, the company is well-positioned for sustainable growth, making it an attractive option for value-focused investors.

ALTMAN Z-SCORE

	Historical				Projected		
	FY2022A	FY2023A	FY2024A	LTM	FY2025A	FY2026A	FY2027A
1.	0,5	0,5	0,4	0,4	0,5	0,5	0,5
2.	0,1	0,1	0,1	0,1	0,1	0,1	0,1
3.	0,2	0,2	0,2	0,2	0,2	0,2	0,2
4.	10	10	9	8	7	7	7
5.	1,30	1,25	1,16	1,11	1,05	1,11	1,17
Z-score	8,7	8,5	7,8	7,2	6,7	6,7	6,6
Interpretation	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone	Safe zone

The Altman Z-score is a predictive financial metric designed to assess the likelihood of a company's insolvency within the next two years. Developed to anticipate bankruptcy risk, Altman's model has demonstrated an accuracy rate of 95% one year before bankruptcy, decreasing to 72% two years before and 52% three years before.

This formula measures the "distance" between a company's financial ratios and those typical of distressed companies. A high Z-score indicates a lower risk of failure, while a low score signals higher risk, providing investors and analysts with a key parameter to evaluate a company's creditworthiness and financial stability.

Based on our analysis, the company is in a safe zone, with a low risk of default in the short to medium term. This high score indicates a solid financial structure and a stable capacity to generate operating cash flows. Assets are efficiently utilized, and leverage is maintained at manageable levels, making this company an attractive option for investors seeking stability and resilience to market shocks. This positioning inspires confidence in the company's management reliability and long-term sustainability.



INCOME STATEMENT														
Amounts in million	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Revenues	36.177	40.993	43.215	44.327	50.533	61.594	64.112	64.896	66.362	68.790	73.330	78.610	84.742	92.369
% YoY Growth	10,0%	13,3%	5,4%	2,6%	14,0%	21,9%	4,1%	1,2%	2,3%	6,0%	6,6%	7,2%	7,8%	9,0%
Cost of goods sold	(25.105)	(28.499)	(29.900)	(30.351)	(34.169)	(41.893)	(43.380)	(43.734)	(44.825)	(46.433)	(49.454)	(52.968)	(57.048)	(62.072)
Gross Profit	11.071	12.493	13.315	13.976	16.364	19.702	20.732	21.162	21.537	22.357	23.876	25.643	27.694	30.297
% YoY Growth	7,7%	12,8%	6,6%	5,0%	17,1%	20,4%	5,2%	2,1%	1,8%	5,6%	6,8%	7,4%	8,0%	9,4%
SG&A expenses	(5.928)	(6.595)	(7.010)	(7.463)	(8.743)	(10.334)	(10.605)	(11.193)	(11.324)	(11.694)	(12.437)	(13.301)	(14.304)	(15.518)
R&D expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other operating expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Income	5.143	5.899	6.305	6.514	7.622	9.367	10.127	9.969	10.213	10.662	11.440	12.342	13.389	14.779
% YoY Growth	6,9%	14,7%	6,9%	3,3%	17,0%	22,9%	8,1%	-1,6%	2,4%	7,0%	7,3%	7,9%	8,5%	10,4%
± Non-operating income(e)	(702)	(226)	(97)	216	115	(235)	(1.072)	(365)	(256)	(256)	(268)	(268)	(268)	(268)
– Interest Expense	(16)	(20)	(23)	(33)	(59)	(47)	(48)	(59)	(75)	(71)	(69)	(67)	(65)	(60)
Pretax Income	4.426	5.653	6.185	6.697	7.677	9.084	9.007	9.545	9.883	10.336	11.103	12.007	13.057	14.450
– Tax Provision	(981)	(1.594)	(1.406)	(1.589)	(1.771)	(2.207)	(2.136)	(2.280)	(2.313)	(2.429)	(2.609)	(2.822)	(3.068)	(3.396)
Net Income	3.445	4.060	4.779	5.108	5.907	6.877	6.872	7.265	7.570	7.907	8.494	9.185	9.988	11.055
% YoY Growth	-16,2%	17,8%	17,7%	6,9%	15,6%	16,4%	-0,1%	5,7%	4,2%	8,8%	7,4%	8,1%	8,7%	10,7%
Ebit	5.143	5.899	6.305	6.514	7.622	9.367	10.127	9.969	10.213	10.662	11.440	12.342	13.389	14.779
Depreciation & Amortization	512	594	618	1.472	1.594	1.038	1.074	1.097	1.145	1.169	1.247	1.336	1.441	1.570
Ebitda	5.656	6.492	6.923	7.986	9.216	10.406	11.201	11.066	11.358	11.832	12.686	13.678	14.830	16.349
% YoY Growth	7,6%	14,8%	6,6%	15,4%	15,4%	12,9%	7,6%	-1,2%	2,6%	6,9%	7,2%	7,8%	8,4%	10,2%

INCOME STATEMENT DRIVERS														
	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Cost of sales % Rev.	69,4%	69,5%	69,2%	68,5%	67,6%	68,0%	67,7%	67,4%	67,5%	67,5%	67,4%	67,4%	67,3%	67,2%
SG&A % of Rev.	16,4%	16,1%	16,2%	16,8%	17,3%	16,8%	16,5%	17,2%	17,1%	17,0%	17,0%	16,9%	16,9%	16,8%
R&D expenses % of Rev.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
D&A % of revenues	1,4%	1,4%	1,4%	3,3%	3,2%	1,7%	1,7%	1,7%	1,7%	1,7%	1,7%	1,7%	1,7%	1,7%
Cost of debt % Revenue	62,0%	78,1%	101,3%	0,9%	1,7%	1,4%	1,5%	1,4%	0,9%	1,4%	1,4%	1,3%	1,3%	1,2%
Effective tax Rate	22,2%	28,2%	22,7%	23,7%	23,1%	24,3%	23,7%	23,9%	23,4%	23,5%	23,5%	23,5%	23,5%	23,5%
EPS	5,2	6,2	7,4	7,9	9,1	10,7	10,8	11,4	11,9	12,4	13,4	14,5	15,7	17,4
% YoY Growth	-15,3%	18,8%	18,6%	7,3%	16,0%	17,0%	0,6%	6,2%	4,3%	4,4%	7,4%	8,1%	8,7%	10,7%
Diluted Shares Outstanding	660	655	650	648	646	643	639	636	635	635	635	635	635	635
Dividends per Share	2,42	2,66	2,92	3,2	3,61	4,03	4,65	5,35	7,02	0	0	0	0	0
Payout Ratio	46,4%	42,9%	39,7%	40,6%	39,5%	37,7%	43,2%	46,8%	58,9%	50,0%	50,4%	50,8%	51,2%	52,0%

BALANCE SHEET														
Amounts in millions	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025A	FY2026A	FY2027A	FY2028A	FY2029A
Total Cash	4.127	5.061	6.127	8.415	8.168	7.890	9.045	5.004	8.306	13.870	13.235	14.879	12.378	15.202
Short Term Investments	3	3	3	94	4	4	5	5	5	5	5	5	5	5
Cash & short-Term Invest.	4.130	5.065	6.130	8.510	8.172	7.894	9.050	5.010	8.311	13.875	13.240	14.884	12.384	15.208
Accounts Receivable	6.885	7.496	8.095	7.847	9.728	11.777	12.227	13.665	14.575	15.134	16.499	16.508	18.643	19.397
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Current Assets	1.082	1.025	1.225	1.393	1.766	1.940	2.105	2.183	2.313	2.064	2.200	2.358	2.542	2.771
Total Current Assets	12.097	13.586	15.451	17.750	19.667	21.611	23.382	20.858	25.198	31.073	31.939	33.751	33.569	37.376
Net PP&E	1.141	1.264	1.391	4.729	4.822	4.678	4.167	4.279	4.177	3.627	3.040	2.332	1.570	738
Other Non-Current Assets	4.450	4.216	6.743	6.890	7.562	7.842	8.123	9.676	9.624	9.676	9.676	9.676	9.676	9.676
Goodwill	5.002	5.383	6.206	7.710	11.126	13.133	15.573	21.120	20.869	21.222	21.222	21.222	21.222	21.222
Total Assets	22.690	24.449	29.790	37.079	43.176	47.263	51.245	55.932	59.868	65.597	65.877	66.981	66.037	69.013
Accounts Payable	1.525	1.349	1.647	1.350	2.274	2.559	2.491	2.744	2.579	2.786	2.967	3.178	3.423	3.724
Short Term Debt	3	5	6	8	12	9	105	946	114	946	946	946	946	946
Other Current Liabilities	8.296	8.798	9.409	11.305	13.423	14.955	15.413	15.286	14.493	16.510	17.599	18.866	18.643	20.321
Total Current Liabilities	9.824	10.152	11.062	12.663	15.709	17.524	18.009	18.976	17.187	20.242	21.513	22.991	23.012	24.992
Long Term Debt	22	20	16	54	53	46	43	79	5.039	5.039	5.039	5.039	5.039	5.039
Other non-current Liabilities	3.133	3.553	3.884	6.863	7.316	6.947	6.735	7.709	7.539	7.709	7.709	7.709	7.709	7.709
Total Liabilities	12.980	13.725	14.962	19.579	23.079	24.516	24.787	26.764	29.766	32.991	34.262	35.740	35.761	37.740
Total Equity	9.710	10.725	14.828	17.499	20.097	22.747	26.459	29.168	30.102	32.606	31.615	31.241	30.275	31.272
Total Liabilities and Equity	22.690	24.449	29.790	37.079	43.176	47.263	51.245	55.932	59.868	65.597	65.877	66.981	66.037	69.012

BALANCE SHEET DRIVERS														
Accounts Receivable % Rev.						19%	19%	21%	22%	22,0%	22,5%	21,0%	22,0%	21,0%
Inventory % COGS						0%	0%	0%	0%	0,0%	0,0%	0,0%	0,0%	0,0%
Other Current Assets % Rev.						3%	3%	3%	3%	3,0%	3,0%	3,0%	3,0%	3,0%
Accounts Payable % COGS						6%	6%	6%	6%	6,0%	6,0%	6,0%	6,0%	6,0%
Other CL % Revenues						24%	24%	24%	22%	24,0%	24,0%	24,0%	22,0%	22,0%
Book Value / Share						3502%	4089%	4524%	4670%					
TBV / Share						1422%	1281%	682%	893%					
Total Debt						3.326	3.149	4.121	8.146					

INDICATORS														
	FY2017A	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY2023A	FY2024A	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Margins														
Gross Profit Margin	31%	30%	31%	32%	32%	32%	32%	33%	32%	33%	33%	33%	33%	33%
EBITDA Margin	16%	16%	16%	18%	18%	17%	17%	17%	17%	17%	17%	17%	18%	18%
EBIT Margin	14%	14%	15%	15%	15%	15%	16%	15%	15%	16%	16%	16%	16%	16%
Net Income Margin	10%	10%	11%	12%	12%	11%	11%	11%	11%	11%	12%	12%	12%	12%
Free Cash Flow Margin	13%	11%	11%	13%	14%	13%	15%	16%	16%	13%	13%	11%	16%	12%
Profitability														
Return on Assets	16%	17%	18%	15%	15%	15%	14%	14%	13%	13%	13%	14%	15%	16%
Return on Equity	38%	40%	37%	32%	31%	32%	28%	26%	26%	26%	26%	29%	32%	36%
Return on invested capital	18%	18%	18%	15%	15%	16%	16%	14%	14%	13%	13%	14%	15%	17%
Growth														
Operational Roic	31%	31%	31%	26%	26%	28%	29%	27%	26%	27%	28%	30%	32%	35%
NOPAT Margin	11%	10%	11%	11%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Capital turnover	2,8x	3,0x	2,7x	2,3x	2,3x	2,5x	2,4x	2,3x	2,2x	2,2x	2,4x	2,5x	2,7x	2,8x
Reinvestment rate (5%)	16%	16%	16%	19%	19%	18%	17%	19%	19%	19%	18%	16%	15%	14%
Reinvestment rate (10%)	32%	33%	32%	39%	38%	35%	34%	37%	39%	38%	35%	33%	31%	29%
Liquidity														
Current Ratio	1,2x	1,3x	1,4x	1,4x	1,3x	1,2x	1,3x	1,1x	1,5x	1,5x	1,5x	1,5x	1,5x	1,5x
Quick Ratio (Acid Test)	1,1x	1,2x	1,3x	1,3x	1,1x	1,1x	1,2x	1,0x	1,3x	1,4x	1,4x	1,4x	1,3x	1,4x
Activity														
Asset Turnover	1,6x	1,7x	1,5x	1,2x	1,2x	1,3x	1,3x	1,2x	1,1x	1,0x	1,1x	1,2x	1,3x	1,3x
DSO	66	64	66	66	63	64	68	73	78	76	79	77	76	75
DPO	20	18	18	18	19	21	21	22	22	21	21	21	21	21
DIO	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Conversion Cycle	46	46	48	48	44	43	47	51	56	55	57	55	55	54
Leverage														
Debt to Equity	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,2x	0,2x	0,2x	0,2x	0,2x	0,2x
Debt to Capital	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,1x	0,2x	0,2x	0,2x	0,2x	0,2x
Debt to free cash flow	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,1x	0,5x	0,7x	0,6x	0,7x	0,4x	0,5x
Debt / EBITDA	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,0x	0,1x	0,5x	0,5x	0,5x	0,4x	0,4x	0,4x
Coverage														
Interest cover Ratio	330,8x	301,9x	274,6x	197,0x	128,1x	198,0x	213,1x	169,1x	137,1x	151,1x	166,9x	185,5x	207,6x	244,4x

VALUATION

Weighted Average Cost of Capital		Discounted Cash Flow		Projected				
		Amounts in millions, except per share amount	Units	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
Risk free rate (Rf)	4,46% ⁽¹⁾	EBIT	\$	10.662	11.440	12.342	13.389	14.779
Country risk premium	0,35% ⁽²⁾	% YoY Growth	%	7%	7%	8%	8%	10%
Equity risk premium (Rm - Rf)	4,25% ⁽³⁾	Taxes	\$	(2.429)	(2.609)	(2.822)	(3.068)	(3.396)
Equity Beta	1,03 ⁽⁴⁾	Tax Rate/Ebit	%	23%	23%	23%	23%	23%
Cost of Equity (Ke)	9,18%	NOPAT	\$	8.234	8.830	9.520	10.321	11.383
Cost of debt	5,05% ⁽⁵⁾	+ Depreciation and Amortization	\$	1.169	1.247	1.336	1.441	1.570
Tax rate	23,57%	D&A % of Revenues		1,7%	1,7%	1,7%	1,7%	1,7%
After-tax Cost of Debt (Kdt)	3,86%	± Changes in working capital	\$	84	231	(1.311)	2.297	(996)
Capital Structure	0	% YoY Growth current Assets		49%	3%	6%	-1%	11%
Equity	97%	% YoY Growth current Liabilities		7%	6%	7%	0%	9%
Debt	3%	- Capital expenditures	\$	(619)	(660)	(629)	(678)	(739)
Weighted Average Cost of Capital	9,01%	Capex % of Revenue		1%	1%	1%	1%	1%
		Unlevered Free Cash Flows	\$	8.868	9.648	8.917	13.381	11.218
		Discount rate	%	9,01%	9,01%	9,01%	9,01%	9,01%
		Discount period		-0,1	0,9	1,9	2,9	3,9
		Discount factor		1,01	0,93	0,85	0,78	0,72
		Present Value of Unlevered Free Cash Flow	\$	8.956	8.939	7.579	10.434	8.025

DCF Value - Perpetuity Growth	
NPV of UFCF 2025 - 2029	43.934
PV of Terminal Value	192.409
Implied Enterprise Value	236.342
Less: Debt	8.146
Add: Cash	8.306
Add: short-term investments	5
Implied Equity Value	236.507
Diluted shares	635
Implied Value Per Share	372,31
Method	Weight
Exit Multiple	80%
Perpetuity growth rate	20%

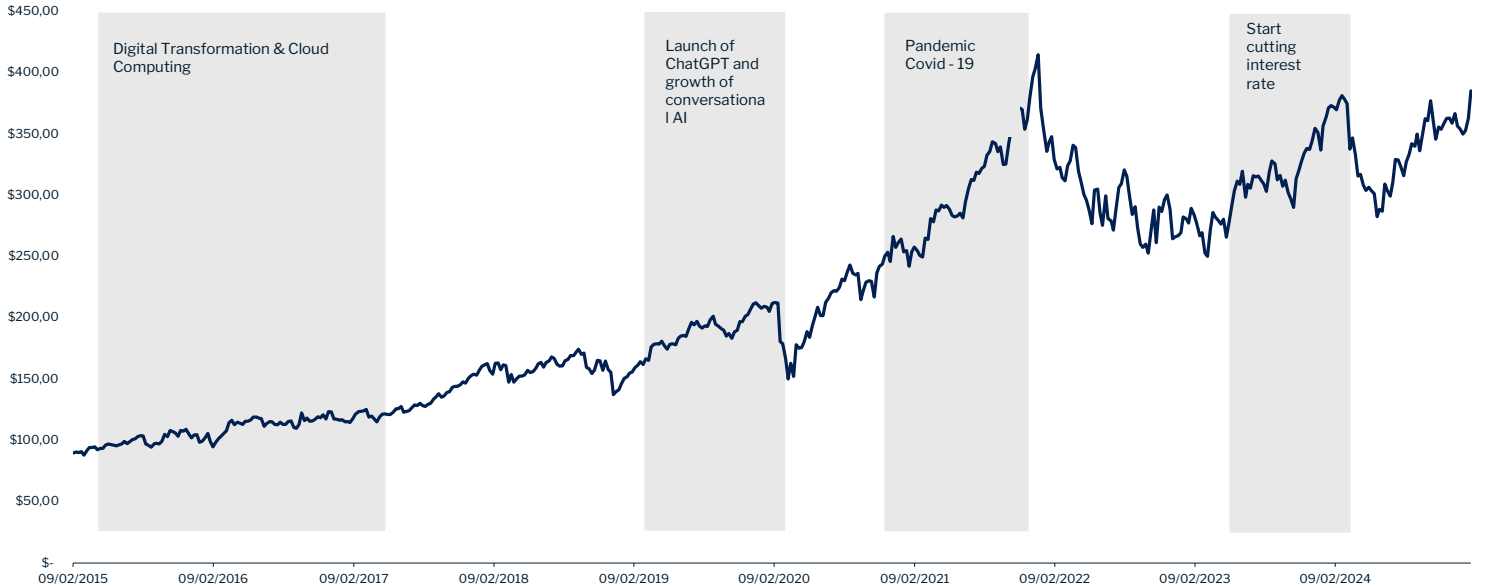
Wacc	Perpetuity growth Rate					
	332	3,50%	3,75%	4,00%	4,25%	4,50%
	8,5%	337,66	352,49	368,98	387,41	408,16
	8,7%	322,30	335,62	350,35	366,72	385,04
	9,0%	308,33	320,36	333,59	348,23	364,49
	9,2%	295,58	306,49	318,44	331,58	346,12
	9,5%	283,90	293,83	304,66	316,53	329,59
Wacc	Exit Multiple					
	382	16,5x	16,8x	17,0x	17,3x	17,5x
	8,5%	379,60	384,29	388,98	393,67	398,36
	8,7%	376,54	381,19	385,84	390,49	395,13
	9,0%	373,52	378,12	382,73	387,34	391,95
	9,2%	370,53	375,09	379,66	384,22	388,79
	9,5%	367,57	372,09	376,62	381,14	385,67

RELATIVE VALUATION

Enterprise Value Multiples							Equity Value Multiples						
	LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E		LTM	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E
EV / Revenue	3,7x	3,6x	3,3x	3,1x	2,9x	2,7x	Price / Sales	3,7x	3,6x	3,4x	3,1x	2,9x	2,7x
EV / Ebitda	21,6x	20,8x	19,4x	18,0x	16,6x	15,0x	Price / Earnings	32,5x	31,1x	28,9x	26,8x	24,6x	22,2x
EV / Ebit	24,0x	23,0x	21,5x	19,9x	18,3x	16,6x	Price / BV	8,2x	7,5x	7,8x	7,9x	8,1x	7,9x
							Price / UFCF	23,3x	27,7x	25,5x	27,6x	18,4x	21,9x

Trading Comparables	Equity Value	Enterprise Value	Ev / Sales		Ev / Ebitda		Price / sales		Price / Earnings		Price / Book		Price / UFCF	
Company	Value	Value	LTM	NTM	LTM	NTM	LTM	NTM	LTM	NTM	LTM	LTM	LTM	NTM
Tata Consultancy Services Limited	165.718	170.122	5,7x	5,4x	21,8x	20,0x	5,9x	5,5x	5,9x	28,4x	14,4x	45,7x	30,1x	
Infosys Limited	90.117	92.446	4,8x	4,6x	20,8x	19,0x	4,9x	4,7x	29,0x	28,3x	8,6x	38,8x	29,0x	
Cognizant Technology Solutions Corpor	37.531	37.693	1,9x		10,8x	10,2x	1,9x	1,8x	16,8x			22,3x	16,3x	
Wipro Limited	31.876	35.566	3,1x	3,0x	16,5x	14,7x	3,5x	3,3x	26,1x	24,0x	3,7x	20,9x	22,8x	
Capgemini SE	31.865	27.668	1,4x		10,5x	9,2x	1,2x	1,2x	16,5x	13,2x			14,1x	
Automatic Data Processing	120.771	118.933	6,2x	5,9x	21,1x	20,0x	6,1x	5,8x	31,2x	28,9x	22,3x	40,8x	24,7x	
RELX PLC	95.269	86.909	8,3x	7,9x	25,8x	20,1x	7,6x	7,2x	38,3x	30,4x	22,1x	37,6x	28,6x	
Thomson Reuters Corporation	73.076	71.792	10,2x	9,8x	35,4x	25,4x	10,0x	9,6x	32,2x	40,9x	6,0x	48,7x	37,4x	

Equity Value	372.221	391.276	243.150	222.101	243.150	222.101	371.012	365.344	187.840	219.903	374.880	410.705	361.870
Diluted shares	635	635	635	635	635	635	635	635	635	635	635	635	635
Implied Share price	586	616	383	350	383	350	584	575	296	346	590	647	570
High	1.066	1.058	633	474	633	474	1.047	1.040	457	509	1.039	830	794
Low	145	324	187	171	187	171	126	131	70	165	174	356	300



Disclosures

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