

ANNEX BULLETIN

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December 20, 2007

An OPEN CLIENT edition

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IT SERVICES

Updated 12/20/07, 6:20PM HKT (5:20AM EST)

Analysis of Accenture's First Quarter FY08 Business Results

All Lines Point Up Except Stock Price

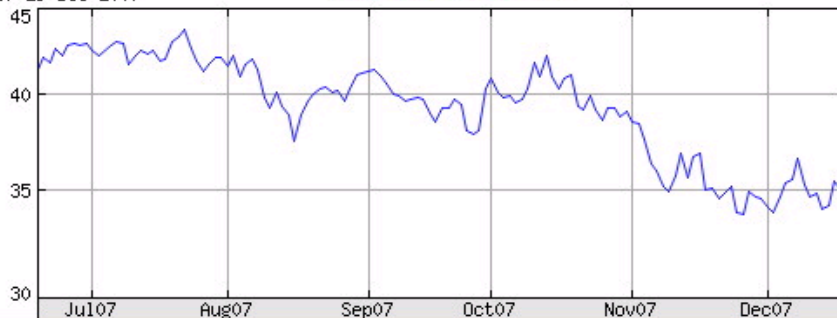
But Even Stock Moves Up 4 Pts in After-hours Trading

Oracle Gives Accenture, Broader Market a Lift?

HONG KONG, Dec 20 – All Accenture financial indicators, from the top to the bottom lines, continue to point upward, some at a record-setting pace. Yet despite a four-point uptick in after-hours trading today, Accenture's stock price continues to languish, implying a relative indifference on Wall Street to its excellent business fundamentals.

ACCENTURE LTD
as of 19-Dec-2007

Accenture



Stock jumps over 4 pts in after-hours trading, after excellent 1Q08 results

Of course, investors feast on the data a company's financial and marketing teams serve up. Which means Accenture's leaders only need to look in the mirror to find the culprits for such a dichotomy. If the stock prices were to parallel the business results, which should happen in an ideal world, Accenture's share would also be setting record by about now, instead of hovering around the 12-month low (see above chart).

Undaunted by the dichotomy, Bill Green, Accenture's CEO (right), said during the post-earnings teleconference with analysts that, "we have built a strong foundation for our business that continues to serve us well. We have a great momentum going into the start of the year."



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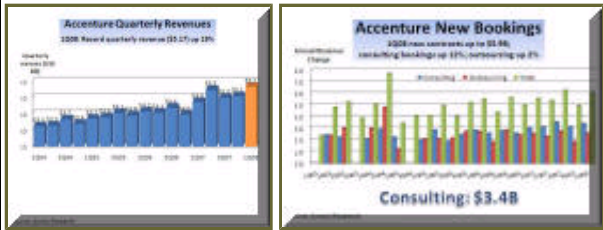
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Well, if only Wall Street saw it that way, too, Accenture's shareholders would be laughing all the way to the bank.

Record Revenues, Earnings per Share



Meanwhile, the company did set a new record quarterly revenue record of \$5.7 billion, with a 19% growth in the US dollars and a 12% growth in local currency. Accenture also achieved a new record earnings per share (EPS) for the quarter of \$0.60. And its \$5.9 billion in new bookings this quarter was another feather in its cap.

"We remain confident going forward with our bookings momentum and our revenue targets," Green said, adding that the company continues to keep a very close eye on global economic trends, developments in the capital markets, and other issues which may affect our business. But he reassured investors that the first quarter results "demonstrate rich opportunities for the right services."

"We have a highly diversified and durable yet flexible business, and we are positioned at the core of our clients needs for high performance," Green added. He added that the company's clients have not canceled or delayed contracts because of economic concerns.

"On balance, people are pretty confident about what they see is going to happen in their businesses," Green told analysts and investors on a conference call after Accenture reported fiscal first-quarter results on Wednesday. "Even in places where they are challenged, people continue to invest broadly in their businesses. We haven't seen any impact of an information-technology budget thing on our results at this point."

As a result, the company also reaffirmed its earlier projection for revenue growth of 9% to 12% in local currency. Accenture expects revenues in the second quarter in the range of \$5.5 billion to \$5.7 billion.

Geographically, Accenture's revenues in constant currency rose 21% in Asia Pacific, 14% in Europe-Middle East-Africa and 9% in the Americas. Gross margins were flat at 30%.

Oracle Gives Accenture, Broader Market a Lift?

Ironically, it may turn out that the 4% boost that Accenture received after the release of its first quarter results may have been at least in part helped by Oracle's outstanding quarterly report card, which was released at the same time.



The tech bellwether stock Oracle helped calm investor fears of a faltering economy, reporting sales and profit results late Wednesday that handily beat Wall Street estimates. Jittery investors were watching the #7 IT company in market cap (see above chart and "[Microsoft Still Wall Street Darling](#)," analysis of Top 10 IT companies' institutional holdings, Nov 2007) for signs of broader economic health. They were seeking some clues about how the credit crunch and high fuel costs have affected corporate spending.

Oracle earned per-share profit of 31 cents for its fiscal second quarter ended Nov. 30,

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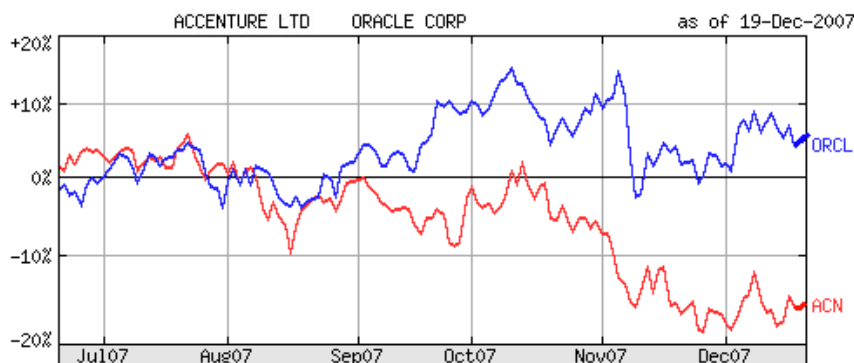
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excluding special items such as certain acquisition costs and stock-based compensation. That's up 41% from the year-ago quarter, Oracle's biggest gain in at least four years. Analysts polled by Thomson Financial had expected 27 cents.

The software maker said revenue rose 28% to \$5.3 billion. Analysts were expecting \$5.04 billion. Oracle exceeded its expectations in all geographic regions and all product lines in the quarter, Chief Financial Officer Safra Catz said in a conference call with analysts.

For the current quarter, Oracle expects EPS of 29-30 cents on revenue growth of 20%-23%. Wall Street analysts were expecting 29 cents and 18% respectively.



Oracle gives Accenture, market a boost with strong quarterly results

Oracle's stock rose 6% in after-hours trading after it issued its results. Shares fell 2.3% in the regular session, but were still up 30% since March.

As the database leader, Oracle's customers include some of the world's top financial service firms, retailers and manufacturers. That's why Wall Street studies Oracle's results so closely. And since Oracle's message about the health of the IT market matched up with Accenture's views, the IT services company's shares also benefited as investors breathed a sigh of relief. Chances are, as investors digest the Oracle and Accenture news overnight, other IT leaders' shares may also benefit from the encouraging market news that these two companies delivered.

Happy bargain hunting!

Bob Djurdjevic

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Volume XXIII, Annex Bulletin 2007-45
December 20, 2007
Bob Djurdjevic, Editor

"going green"

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