THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

ACN – ACCENTURE'S Q1 FISCAL 2016 EARNINGS CONFERENCE CALL

DECEMBER 17, 2015 / 8:00 A.M. EST

CORPORATE PARTICIPANTS

KC McClure *Accenture - Managing Director, Head of IR*

Pierre Nanterme *Accenture - Chairman & CEO*

David Rowland *Accenture - CFO*

CONFERENCE CALL PARTICIPANTS

Bryan Keane *Deutsche Bank - Analyst*

Tien-tsin Huang *JPMorgan - Analyst*

Dave Koning *Robert W. Baird & Company, Inc. – Analyst*

Jason Kupferberg *Jefferies LLC - Analyst*

David Togut *Evercore ISI - Analyst*

Rod Bourgeois *DeepDive Equity Research - Analyst*

Jim Schneider *Goldman Sachs - Analyst*

James Friedman *Susquehanna Financial Group / SIG - Analyst*

Joseph Foresi *Cantor Fitzgerald - Analyst*

Lisa Ellis *Bernstein - Analyst*

PRESENTATION

Operator

Welcome to Accenture's first quarter fiscal 2016 earnings conference call. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Instructions will be given at that time.

(Operator Instructions)

As a reminder, this conference is being recorded. I would now like to turn the conference over to your host, Managing Director, Head of Investor Relations, Ms. KC McClure. Please go ahead.

KC McClure *- Accenture - Managing Director, Head of IR*

Thank you, Greg, and thanks to everyone for joining us today on our first quarter fiscal 2016 earnings announcement. As Greg just mentioned, I'm KC McClure, Managing Director, Head of Investor Relations. With me today are Pierre Nanterme, our Chairman and Chief Executive Officer, and David Rowland, our Chief Financial Officer.

We hope you've had an opportunity to review the news release we issued a short time ago. Let me quickly outline the agenda for today's call. Pierre will begin with an overview of our results. David will take you through the financial details including the income statement and balance sheet, along with some key operational metrics for the first quarter.

Pierre will then provide a brief update on our market positioning before David provides our business outlook for the second quarter and full fiscal year 2016. We will then take your questions, before Pierre provides a wrap-up at the end of the call. As a reminder, when we discuss revenues during today's call, we're talking about revenues before reimbursements or net revenues.

Some of the matters we'll discuss on this call, including our business outlook, are forward-looking and as such, are subject to known and unknown risks and uncertainties including, but not limited to, those factors set forth in today's news release and discussed in our annual report on Form 10-K and quarterly reports on Form 10-Q and other SEC filings. These risks and uncertainties could cause actual results to differ materially from those expressed in this call.

During our call today, we will reference certain non-GAAP financial measures which we believe provide useful information for investors. We include reconciliations of non-GAAP financial measures, where appropriate, to GAAP in our news release or in the Investor Relations section of our website at accenture.com. As always, Accenture assumes no obligation to update the information presented on this conference call. Now, let me turn the call over to Pierre.

Pierre Nanterme - ***Accenture - Chairman & CEO***

Thank you, KC. And thanks everyone for joining us today. We had a strong first quarter and I'm very pleased with our results and the continued momentum in our business.

Our revenue growth was again broad-based across the different dimension of our business, including double-digit-local currency growth in three of our five operating groups and in North America and Europe, our two largest geographic regions. I'm particularly pleased with our results in digital-related services, where we delivered very strong revenue growth of more than 20%.

Here are a few highlights for the quarter:

- We delivered $7.7 billion in new bookings, which were in line with our expectations.
- We grew revenues 10% in local currency, gaining significant market share.
- We expanded operating margin 20 basis points to 15.2%.
- We delivered earnings per share of $1.28, which includes a negative impact of $0.07 from a higher tax rate in the quarter.
- We generated solid free cash flow of $517 million.
- And we returned approximately $1.4 billion in cash to shareholders through share repurchases and the payment of our semi-annual dividend.

So we are off to a good start in fiscal year 2016. And given our strong performance, we have raised our outlook for revenue growth for the full year.

Now let me hand over to David. David, over to you.

David Rowland - ***Accenture - CFO***

Thank you, Pierre. Happy holidays to all of you and thank you for taking the time to join us on today's call. Let me start by saying that we were very pleased with our overall results in the first quarter, especially as it relates to our strong and broad-based top line growth. Our differentiated growth strategy, which focuses on five businesses delivered in an industry relevant context, continues to resonate with the market and yield strong value for our clients and our shareholders.

Before I get into the details, let me comment on a few of the highlights this quarter. Strong local-currency growth of 10% represents the fifth consecutive quarter of double-digit growth as we continue to outpace the market and take share. The durability of our growth model is evident in our results with double-digit growth in three of the five operating groups and both Europe and North America.

Digital-related services continues to be the dominant growth theme as we continue to be a market leader in the rotation to the “new.”

Operating margin of 15.2% reflects 20 basis points of expansion, consistent with our objective to expand margins while investing significantly in our business and our people.

Free cash flow came in, as expected, at just over $500 million, and at the same time, we returned roughly $1.4 billion to shareholders through repurchases and dividends. And we continue to invest at scale in our business, closing four acquisitions in the quarter with invested capital of over $600 million, which represents a great start towards our fiscal 2016 objective to invest as much as $900 million to $1 billion to add scale and capabilities in key growth areas.

With that said, let's now turn to some of the details, starting with new bookings. New bookings were $7.7 billion for the quarter. Consulting bookings were $4.4 billion, reflecting a book-to-bill of 1.0; Outsourcing bookings were $3.3 billion with a book-to-bill of 0.9.

This level of new bookings follows our typical pattern of lower new bookings in our first quarter, which then build throughout the year. It's important to note that this level of new bookings represents 9% growth in local currency over last year's Quarter 1, with a significant portion expected to convert to revenue in fiscal 2016.

The highlight of the quarter was strong Consulting bookings, which reflect 24% growth in local currency over last year, fueled by demand for digital-related services across Accenture Strategy, Accenture Consulting, and Application Services. Looking forward, we're very pleased with the expansion in our pipeline and expect strong bookings in the second quarter.

Turning now to revenues. Net revenues for the quarter were $8 billion, a 1.5% increase in USD, 10% local currency, reflecting a negative 8.5% FX impact, consistent with the assumption we provided in September. Quarter 1 revenues were roughly $60 million above the upper end of our guided range, primarily driven by stronger-than-expected Consulting revenues.

Consulting revenues for the quarter were $4.3 billion, up 6% in USD and 15% in local currency. Outsourcing revenues were $3.7 billion, down 4% in USD and an increase of 5% in local currency. Looking broadly at drivers of revenue growth for the quarter, digital-related services grew over 20% in local currency and fueled strong double-digit growth in Strategy and Consulting Services combined. Operations and Application Services came in as expected, with high single-digit growth and mid-single-digit growth, respectively.

Taking a closer look at our operating groups... Communications, Media & Technology grew 12%, the sixth consecutive quarter of double-digit growth. Growth was broad-based and led by double-digit growth in North America and the Growth Markets as well as Communications and Media & Entertainment globally.

Financial Services' strong momentum continued with 12% growth, driven by very strong growth in Banking & Capital Markets and in both Europe and the Growth Markets.

Products also delivered broad-based growth of 12% led by our Industrial and Life Sciences industries, with continued very strong overall growth in Europe and the Growth Markets.

H&PS grew 8% in the quarter. We continue to be pleased with the performance of our Health industry, which again delivered double-digit growth. Additionally, H&PS grew double digits overall in North America, including in both Health and the Public sector.

And finally, Resources delivered the fourth consecutive quarter of 6% growth, led by strong double-digit growth in Utilities, as well as strong overall growth in North America and Europe. Revenue performance in the Energy industry and in the Growth Markets was challenged this quarter due to industry and country-specific cyclical headwinds.

Moving down the income statement, gross margin for the quarter was 32% compared to 32.2% in the same period last year. Sales and marketing expense for the quarter was 10.9% compared with 11.5% for the first quarter last year, down 60 basis points. General and administrative expense was 5.8% compared with 5.6% for the first quarter last year, up 20 basis points.

Operating income was $1.2 billion in the first quarter, reflecting a 15.2% operating margin, up 20 basis points compared with Quarter 1 last year.

Our effective tax rate for the quarter was 29.3%, compared with an effective tax rate of 25.1% for the first quarter last year. The higher effective tax rate was primarily due to lower benefits related to final determinations and other adjustments to prior-year taxes compared to the first quarter of last year. As you know, our quarterly tax rate can vary and our view of our full-year tax rate has not changed, as you'll hear when I provide our business outlook in a few minutes.

Net income was $869 million for the first quarter, compared with net income of $892 million for the same quarter last year. Diluted earnings per share were $1.28, compared with EPS of $1.29 in the first quarter last year. As I just referenced, there was a $0.07 impact to EPS this quarter from the higher tax rate compared to the first quarter last year.

Turning to DSOs... our days services outstanding continue to be industry-leading. They were 41 days compared to 37 days last quarter and in the first quarter of last year.

Our free cash flow for the quarter was $517 million, resulting from cash generated by operating activities of $611 million, net of property and equipment additions of $95 million.

Moving to our level of cash... our cash balance at November 30 was $3.1 billion, compared with $4.4 billion at August 31. The current levels reflect both the cash returned to shareholders through repurchases and dividends, and our investments in acquisitions.

Turning to some other key operational metrics... we ended the quarter with a global headcount of 373,000 people, with 270,000 people in our Global Delivery Network. Utilization was 90%, consistent with last quarter. Attrition was 13%, down 1% from Quarter 4 and consistent with the same period last year.

With regards to our ongoing objective to return cash to shareholders… in the first quarter, we repurchased or redeemed 6.5 million shares for $658 million at an average price of $100.53 per share. At November 30, we had approximately $7 billion of share repurchase authority remaining.

Also, in November, we paid a semi-annual cash dividend of $1.10 per share, for a total of $721 million. This represented an $0.08 per share, or 8% increase over the dividend we paid in May.

So in summary, we're off to a very good start in fiscal 2016. Our top-line results and our increased revenue outlook for the year, which I'll cover shortly, reflect continued strong momentum in our business. Now let me turn it back to Pierre.

Pierre Nanterme - ***Accenture - Chairman & CEO***

Thank you, David. Our strong results in the first quarter demonstrate that we continue to execute very well against our growth strategy.

At our Investor & Analyst Conference in October, we provided an update on the actions we have taken and investments we have made to position Accenture to lead in the “new,” which we define as digital-, cloud- and security-related services, all enabled by new and innovative technology.

In the first quarter, we continued to rapidly rotate our business to the “new” with digital, cloud and security revenues combined already approaching 40% of our total revenue. So the investments we are making in these areas are clearly differentiating Accenture in the marketplace and driving significant growth.

Let me bring this to life with a few examples. Digital is all about enabling our clients to unleash the power of digital technologies to create new sources of value. We continue to see very strong demand in this area and are leveraging our digital capabilities with clients in nearly every industry around the world.

We are working on a five-year digital transformation with a European aerospace company, bringing our capabilities in mobility, analytics and the Internet of Things to drive productivity improvements. We are helping a global pharma company improve its supply chain by leveraging our advanced analytics capability, including the Accenture Insights Platform, ultimately giving patients and doctors access to the diagnostics and medicine they need faster than ever.

Cloud is increasingly becoming a starting point for clients who want to create new services faster and get access to computing capabilities in a more cost-effective way. We are working with a leading U.S. energy company to deliver a new operating model underpinned by the Accenture Cloud Platform and our Hybrid Cloud Solution. With this new as-a-service model, the client can leverage our cloud-based data analytics while benefiting from a flexible, consumption-based pricing structure.

At Accenture, we have a Cloud First agenda to help clients move their businesses to the cloud quickly and easily, and we continue to invest to build our capabilities.

In September we announced the acquisition of Cloud Sherpas, and in October we announced a new partnership with Amazon Web Services. The newly formed Accenture AWS Business Group will offer integrated consulting and technology solutions to help clients take advantage of the flexibility of an as-a-service model.

Turning to security... in this digital and connected world, security is increasingly important to our clients. We are now leveraging FusionX, a cyber security business we acquired in Q4, in our work with a global high-tech company. We identified gaps in the client's defenses by simulating a sophisticated cyber attack, and we are now working with them to improve their security strategy.

And of course, we continue to work with clients on large-scale, mission-critical transformation programs. We bring our full range of services in strategy, consulting, digital, technology and operations, together with our industry expertise, to deliver tangible outcomes for clients.

As an example, we are working with a global apparel manufacturer on an enterprise-wide transformation to reduce back-office costs by 50% and position the company for growth. As a first step, we are enhancing the efficiency and quality of the client's finance and accounting processes across 26 countries, while significantly reducing costs.

Turning now to the performance of our three geographic regions... in North America, I am very pleased that we again delivered double-digit growth. The 11% increase in revenues was driven by strong double-digit growth in the United States.

In Europe, we had another great quarter, with 12% revenue growth in local currency, driven by double-digit growth in many of our major markets, such as the United Kingdom, Spain, Italy and Switzerland, as well as high single-digit growth in Germany.

And in Growth Markets, we delivered 6% growth in local currency, led by Japan, the largest country in our Growth Markets. Japan has delivered eight quarters in a row of double-digit growth. At the same time, we are carefully monitoring the situation in Australia and Brazil, which have been affected by commodity price volatility in the energy and natural resources sectors.

Before I turn it back to David, let me comment on talent and leadership at Accenture. I am extremely pleased that we just promoted a record 723 people to managing director and senior managing director. And I'm particularly pleased that 28% of our new promotes are women. These promotions reflect our commitment to career growth for our people … and to developing the talented leaders we need to serve our clients and run Accenture as a world-class business.

So, with the first quarter behind us, I'm pleased with the continued momentum in our business. We are executing our strategy very well, and our rotation to the "new," combined with our unique ability to deliver end-to-end solutions to clients, continues to drive strong demand.

With that, I will turn the call over to David to provide our updated business outlook. David, over to you.

David Rowland *- Accenture - CFO*

Thank you, Pierre. Let me now turn to our business outlook.

For the second quarter of fiscal 2016, we expect revenues to be in the range of $7.5 billion to $7.75 billion. This assumes the impact of FX will be a negative 6% compared to the second quarter of fiscal 2015, and reflects an estimated 6% to 9% growth in local currency.

For the full fiscal year 2016, based upon how the rates have been trending over the last few weeks, we now assume the impact of FX on our results in U.S. dollars will be negative 5% compared to fiscal 2015.

For the full fiscal 2016, we now expect our net revenue to be in the range of 6% to 9% growth in local currency over fiscal 2015.

For operating margin, we continue to expect fiscal year 2016 to be 14.6% to 14.8%, a 10 to 30 basis-point expansion over adjusted fiscal 2015 results.

We continue to expect our annual effective tax rate to be in the range of 25% to 26%.

For earnings per share, we continue to expect full-year diluted EPS for fiscal 2016 to be in the range of $5.09 to $5.24, or 6% to 9% growth over adjusted fiscal 2015 results.

Turning to cash flow. For the full fiscal 2016, we continue to expect operating cash flow to be in the range of $4.1 billion to $4.4 billion, property and equipment additions to be approximately $500 million, and free cash flow to be in the range of $3.6 billion to $3.9 billion.

We continue to expect to return at least $4 billion through dividends and share repurchases, and now expect to reduce the weighted average diluted shares outstanding in the range of 1.5%, as we remain committed to returning a substantial portion of cash to our shareholders.

With that, let's open it up so we can take your questions. KC?

KC McClure *- Accenture - Managing Director, Head of IR*

Thanks, David. I would ask that you each keep to one question and a follow-up to allow as many participants as possible to ask a question. Greg, would you please provide instructions for those on the call?

QUESTION AND ANSWER

Operator

Thank you. (Operator Instructions)

Your first question comes from the line of Bryan Keane from Deutsche Bank. Please go ahead.

Bryan Keane - ***Deutsche Bank - Analyst***

Hi, guys. Good morning. Solid results. Consulting was a little bit stronger, obviously, than I thought but Outsourcing was a little softer, came in at I think it was 5% constant currency. That was down from 9% in the fourth quarter. Just trying to figure out any one-timers or anything going on there in Outsourcing and what the outlook is going forward in Outsourcing?

David Rowland - ***Accenture - CFO***

Yes, there's nothing -- there's certainly nothing unusual in terms of one-time events. When you pull Outsourcing back, the -- as a type of work and then relate it to our business, our five businesses, a large part of Operations, a significant portion of Operations is part of the Outsourcing-type of work and then the Application Maintenance piece of Application Services is part of the Outsourcing type of work as well.

Within Operations, the core driver is BPO and I'll say we continue to feel very good about our BPO business. The growth rates have been such that we've continued to take significant share, and if you look at our Operations business overall, our expectation for growth remains the same, no different from what I communicated at IA Day where we think our Operations business will grow very well in the upper single to low double-digit range and of course, BPO is a key anchor to that.

If you look at the other component of Outsourcing, which would be Application Maintenance within Application Services, let me say that for Application Services we now see mid-single-digit growth, as we've talked about. There's kind of two components in Application Services.

There is the maintenance of the existing, kind of legacy applications for our clients, which is an important function, and then on the other end of the spectrum there's the investment in new technology and the deployment of new technology. So when you look at App Services, we see extremely strong growth in the project-based work in Application Services, that work related to deploying and building new technology.

That is reflected in our Consulting type of work which is why you see Consulting type of work growth so strong. What we see is clients are looking to reduce their cost of ownership of their existing applications so, therefore, there's relatively less investment in the maintenance piece in lieu of higher investments in the development piece.

Bryan Keane - ***Deutsche Bank - Analyst***

Okay. Then when we look at the full year now, the 6% to 9% constant currency guidance, if you split that between Consulting and Outsourcing, what kind of growth rate should we see in both those segments?

David Rowland - ***Accenture - CFO***

So for Consulting for the full year -- I'm talking about Consulting type of work to be clear, we see low double-digit growth. For Outsourcing, we need to see mid-single-digit growth and then underneath that, you've got the components of Operations and the maintenance piece of App Services as I described.

Pierre Nanterme - ***Accenture - Chairman & CEO***

And we are very pleased with that mix.

Bryan Keane - ***Deutsche Bank - Analyst***

Okay. Thanks so much.

David Rowland - ***Accenture - CFO***

Thank you.

Pierre Nanterme *- Accenture - Chairman & CEO*

Thanks, Bryan.

Operator

Your next question comes from the line of Tien-Tsin Huang from JPMorgan. Please go ahead.

Tien-tsin Huang *- JPMorgan - Analyst*

Good morning. Similar question to Bryan's. Just on the Outsourcing side with the book-to-bill below 1. I heard the answer, but is there simply just a mix shift going on towards Consulting from both your side as well as from the clients? I'm curious if also you've been able to maybe have some tougher comps because you've had some large $100-plus million deals earlier in the year. How is the pipeline on bookings as well? Did you give the $100 million-plus number of contracts this quarter? Thanks.

David Rowland *- Accenture - CFO*

I'll just mention quickly that we had six clients with bookings over $100 million. Let me just mention a couple of data points and then let Pierre add some commentary as well. We feel very good about our pipeline. If you think about our pipeline and the type of work view, if you will, we feel good about our pipeline pretty much across the board and we've seen good expansion in our pipeline.

We see a lot of market activity, at least from our perspective, and good dialogue with our clients across both Consulting and Outsourcing. So we feel good about our pipeline. Again, we expect that we'll see an uptick in bookings in the second quarter and are very encouraged by what we see.

Pierre Nanterme *- Accenture - Chairman & CEO*

Just to add on this, and as well an answer to Bryan. I feel extremely comfortable with where we are with our Outsourcing and Consulting business. The uptick on Outsourcing is lower because Consulting is doing extremely well.

That is why we have the results we have. And it's all our ability indeed to take advantage of any move or shift of the budget of our clients from indeed Outsourcing type of work to Consulting investments. And this is exactly the opportunity we are taking to grow.

And if you look at our rotation to digital and to the "new," the part of the Consulting business in this rotation is more important than the Outsourcing part of it. So it's explaining that Consulting is back with a strong growth and we are pleased with the growth we have in Outsourcing. So from my standpoint, I have zero concerns.

Tien-tsin Huang *- JPMorgan - Analyst*

Makes sense. Consulting was very strong. Just a quick follow-up, and just the Navitaire timing. I know I always ask about Navitaire. Forgive me. Just when should we expect that to come out of the P&L?

David Rowland *- Accenture - CFO*

Well, we -- so Tien-Tsin, we can't -- I wouldn't run the risk of predicting the timing. What I can say again is that the deal has already been approved in the U.S. and in Brazil. We have been in the process of cooperating with the European Commission as they go through their review process and it will conclude when it concludes. Timing is hard to predict.

Tien-tsin Huang *- JPMorgan - Analyst*

Okay. So probably nothing explicit in the guidance.

David Rowland - ***Accenture - CFO***

Right.

Tien-tsin Huang - ***JPMorgan - Analyst***

Thank you. Have a good, safe end of the year.

David Rowland - ***Accenture - CFO***

All right. Thank you. Same to you.

Operator

Your next question comes from the line of Dave Koning from Baird. Please go ahead.

Dave Koning - ***Robert W. Baird & Company, Inc. - Analyst***

Hi, guys. Nice job. First of all, just acquisitions have ramped and you've talked about how that might contribute, I think, 1.5% to 2% to revs. Is that largely in Consulting? Since half of revs is Consulting, is that maybe benefiting right now by 4% from the acquisitions while Outsourcing isn't benefiting from acquisitions?

Pierre Nanterme - ***Accenture - Chairman & CEO***

The answer is yes, indeed, our acquisitions are creating more impact in our revenue growth in Consulting compared to Outsourcing. So it is another driver explaining the difference between both businesses.

Dave Koning - ***Robert W. Baird & Company, Inc. - Analyst***

Is that maybe -- is maybe 90% of acquisitions or maybe what's the mix between how much of those acquisitions are benefiting Consulting relative to Outsourcing?

David Rowland - ***Accenture - CFO***

I would say if you look currently and in recent quarters, it's a very high percentage. Of course, it reflects the market opportunity and the way our business is evolving. If you went back, let's say a year, a year-and-a-half ago, two years ago, they would have been more Outsourcing-oriented.

But it's a very high percentage and you are correct to identify that the overall inorganic contribution is in the 2% range and you're correct to identify that the majority of that is reflected in our Consulting-type of work growth.

Pierre Nanterme - ***Accenture - Chairman & CEO***

To be clear, the vast majority of our acquisitions are contributing to Consulting business.

David Rowland - ***Accenture - CFO***

Your 4% is in the right zone, to be clear.

Dave Koning *- Robert W. Baird & Company, Inc. - Analyst*

Okay. Thanks. Just as a follow-up then, revenue per billable employee, that's been declining a little bit. It's now probably in the mid-single-digit declines on a constant currency basis. It's gotten a little, I guess you could say, worse, but is that really just you significantly ramping hiring in anticipation of what has been and probably continues to be really good growth? Is that the right way to think about it, or maybe you could just outline what's happening there?

David Rowland *- Accenture - CFO*

Certainly, if you look at the last two quarters, that influences that metric which I look at obviously as well. So if you look at it, let's say, in the recent two quarters, you have the impact that we have very intentionally built bench in key skill areas, key growth areas and you have seen that our utilization, let's say in Quarter 1 of this year compared to Quarter 1 of last year was down about 1% and that reflects that building of bench. So that does go into that calculation when you look at it all-in, as you do.

Dave Koning *- Robert W. Baird & Company, Inc. - Analyst*

Okay. Great. Thanks. Nice job.

David Rowland *- Accenture - CFO*

Thank you. Appreciate it.

Operator

Your next question comes from the line of Jason Kupferberg from Jefferies. Please go ahead.

Jason Kupferberg *- Jefferies LLC - Analyst*

Thanks. Good morning guys.

David Rowland *- Accenture - CFO*

Hi Jason.

Jason Kupferberg *- Jefferies LLC - Analyst*

Hi, how are you?

David Rowland *- Accenture - CFO*

Fine.

Jason Kupferberg *- Jefferies LLC - Analyst*

So on the guidance raise for the year, the 1% increase, how much of that is from some of the incremental acquisitions because I know you did spend a bit there in Q1, versus how much is just kind of pure organic?

David Rowland *- Accenture - CFO*

It's really no change in the incremental acquisitions. We still see about 2% for the year. You may remember at, I guess it wasn't the earnings call, but I think it was IA Day, I stated explicitly that the deals that had signed that we anticipated closing in the first quarter, which have ultimately closed. We had reflected that in our initial guidance. So this is a -- I mean, you could interpret this as an increase in our organic revenue outlook.

THOMSON REUTERS

Jason Kupferberg - ***Jefferies LLC - Analyst***

Okay. Good to hear. Just for a follow-up. I had a question on cash flow. I know it can obviously be lumpy on a quarterly basis. You did reiterate the full-year outlook here. Q1, at least relative to our model, was somewhat light. Maybe you can just remind us as far as timing of bonus payments, which quarter that will fall? And was there anything in the cash flow performance this quarter that makes you feel any less confident, reiterating the full-year target? I looked at unbilled. Seemed like those grew a little faster than revenue in the quarter. Was that just timing or anything -- any other factors that might cause that dynamic to continue?

David Rowland - ***Accenture - CFO***

So one of the factors was the increase in DSO in the first quarter. We had signaled, I think both at IA Day and probably the fourth quarter earnings call that our cash flow guidance allowed for the possibility of an uptick in DSOs. That's what we've seen. On one hand, we're very happy with 41 days. On the other hand, we always are working to do better. We have a very cash-is-king kind of culture and so we did have an uptick. That reflects in the first quarter results.

And then the second factor that influences -- there are actually three or four factors but the second one that I would call out would be the timing of tax cash payments. Those can ebb and flow across the quarters of a year and that was a factor in the first quarter this year, compared to the first quarter of last year. Doesn't change our expectation for the full year. It just means that we had a higher percentage of tax cash payments in the first quarter this year relative to the first quarter last year. So those were really the two drivers: the tax cash payments and DSO.

Jason Kupferberg - ***Jefferies LLC - Analyst***

Okay. I appreciate the color and have a good holiday.

David Rowland - ***Accenture - CFO***

All right. You too. Thank you.

Operator

Your next question comes from the line of David Togut from Evercore. Please go ahead.

David Togut - ***Evercore ISI - Analyst***

Thank you and good morning.

David Rowland - ***Accenture - CFO***

Good morning.

David Togut - ***Evercore ISI - Analyst***

The digital-related services growth was very strong at 20%-plus, but down from the 35% you generated in FY15, which was an extraordinary result. Can you give us a little more color on why the magnitude of the slowdown in growth, and in the new guidance you provided today, what is your embedded assumption about digital-related services revenue growth?

Pierre Nanterme - ***Accenture - Chairman & CEO***

So I'll get the first part of the answer. I'm delighted with the growth of our digital-related services over 20%. This is exactly the zone where we expect our digital-related services to grow. As you said, FY15 posted some extraordinary growth and beyond our expectations, if you will. And so we are now planning our investments and the growth of digital-related services to be in that category of growth, and we are very pleased with that. It doesn't signal any form of slowdown. We're growing on back of big numbers.

If you remember last year, our digital-related services, they do represent $7 billion, what we're calling digital and this is where we measure our digital rotation. So growing double-digit on back of that base is what I would qualify a tour de force.

David Rowland - ***Accenture - CFO***

This is, just to add, this is entirely consistent with what we expected and signaled. We see the outlook for digital for the year and continued strong double-digit growth. I think we mentioned again at IA Day, that while we were incredibly pleased with the growth in the -- in 2015, it was much higher than we would have expected and is higher than it would be prudent to assume as we plan our year. Having said that, one of the things about our model is the flexibility and our know-how to ramp up resources as we need to if the growth opportunity presents itself strong -- even stronger than we expected. So we'll see how it plays out. But if we have digital growth above 20%, we're doing a heck of a job executing our strategy.

Pierre Nanterme - ***Accenture - Chairman & CEO***

Especially as the vast majority of this growth is organic.

David Rowland - ***Accenture - CFO***

Yes.

David Togut - ***Evercore ISI - Analyst***

Understood. As a quick follow-up, are you able to get differential pricing for digital-related services from your clients?

David Rowland - ***Accenture - CFO***

We do see some differentiated -- well, first of all, it's hard to talk about -- in that context, it's hard to talk about digital overall, because as you know, we have digital work that we do in Accenture Strategy, Accenture Consulting, Accenture Technology, meaning App Services, and Operations.

I would say, as a general statement, we have favorable economics in digital and I can assure you, we are always pushing, whether it's digital or any other part of our business, where there is a high-value service offering in the marketplace and where we have highly differentiated skills and capabilities, that plays in our favor from a pricing standpoint and we try to get the yield from that.

David Togut - ***Evercore ISI - Analyst***

Understood. Happy holidays.

David Rowland - ***Accenture - CFO***

Same to you. Thank you, David.

Operator

Your next question comes from the line of Rod Bourgeois from DeepDive Equity. Please go ahead.

David Rowland - ***Accenture - CFO***

Hello, Rod.

Rod Bourgeois *- DeepDive Equity Research - Analyst*

Hi there, guys. So I just wanted to talk a little bit about where your partners are spending their time, because I wonder if some of the variation in growth rates across your business are really a function of where they're devoting their attention. Right now, you've got your Growth Markets which currently looks a little bit like a misnomer, right? Your Growth Markets are growing at half the rate of the U.S. and Europe, and Consulting, even on an organic basis, is growing a lot faster than Outsourcing. Is that partly a function of where your partners are spending their time in the pipeline and it's really -- it really wouldn't be feasible for us to expect you to grow Outsourcing and Consulting, right, at this double-digit pace because your partners can only spend their time on certain things at -- in one given quarter?

David Rowland *- Accenture - CFO*

Yes, I think I understand your question. Let me just start with the Growth Markets, as you characterize it as a misnomer. I think it is important to peel that back, and you'll understand that Growth Markets is appropriate when I say this, is that we've talked about the cyclical challenges in energy and natural resources, which is reflected in our Resources operating group results. I can tell you that if you look at the Growth Markets, absent the Resources operating group, which are attributed to the cyclical challenges that we know and understand in energy and natural resources, the rest of the Accenture business is growing double-digits in the Growth Markets. So it's important to peel that one layer back so that you can be exposed to the fact that we actually have a very vibrant business in the Growth Markets.

I think I get the essence of your question is that we have a fixed capacity of partners in the channel and if they direct their focus to our Accenture Strategy, Accenture Consulting and the development part of Application Services, is it simply a function of, if our capacity's focused on one part of our spectrum of our five businesses, does that mean, by design, that Outsourcing goes down. And I would say not necessarily at all. I do think that there's a lot of activity in the Consulting-type of work, which is Strategy, Consulting and the development part of App Services, there's a lot of market activity and a lot of demand and I think that's what the growth reflects. It's not so much about partners spending time on activity A versus activity B.

Pierre Nanterme *- Accenture - Chairman & CEO*

Absolutely. We have clear and differentiated strategies for our three regions. We have clear leaders in the three with Julie Sweet in North America, Gianfranco Casati in Growth Markets, and Jo Deblaere in Europe. They are executing their strategies so there is not a priori or some biased views on this. Indeed, in the Growth Markets, the explanation of the growth slowing down compared to prior quarters is all coming from this cyclical impact of energy and natural resources; otherwise, we are very pleased. I mentioned Japan, part of our Growth Markets, again, posting double-digit growth for, I think, eight quarters now in a row which is, frankly, a fabulous result.

And we are taking opportunities in each and every market, as per our strategy in Outsourcing and in Consulting. I think we did comment on the difference between Outsourcing and Consulting momentum because of the digital-related services nature of the business, which is more around Consulting than Outsourcing, which is a demonstration that budgets from our clients are a bit moving from this Outsourcing type of business to the Consulting type of business. And as you see, in Europe, with 12% growth, we are definitely putting our act together to create our own growth, almost against the economic condition of the markets.

David Rowland *- Accenture - CFO*

I want to say again so it doesn't get lost that Operations and BPO within Operations, we're very pleased with that growth, very good growth and growing above the market, taking share. That is a very vibrant business for us.

Rod Bourgeois *- DeepDive Equity Research - Analyst*

All right. Great. And then the follow-up is especially given that your demand today is very weighted towards Consulting, do you expect any budget uncertainties as we move into early calendar 2015? And has your guidance accounted for the potential that the year gets off to a slow start, as we've seen sometimes in other years, particularly when demand is coming from Consulting, the early calendar year budget can be somewhat of an uncertainty, and I just wondered to what extent that's accounted for in the guidance.

David Rowland *- Accenture - CFO*

We have, of course, our range, Rod, is 3 points to cover scenarios like that on the downside. So we've accounted for it to the extent we have a 3-point range. And I -- we don't have any evidence of any notable change in client budgets to the worse, which is your question. We don't have any evidence of that through our channels.

Rod Bourgeois - ***DeepDive Equity Research - Analyst***

Great.

David Rowland - ***Accenture - CFO***

And again, our pipeline looks very good which is indicative of the level of client discussions that are underway currently.

Rod Bourgeois - ***DeepDive Equity Research - Analyst***

Excellent. Thanks, guys.

David Rowland - ***Accenture - CFO***

Thank you, Rod.

Operator

Your next question comes from the line of Jim Schneider from Goldman Sachs. Please go ahead.

Jim Schneider - ***Goldman Sachs - Analyst***

Good morning. Thanks for taking my question. Relative to the financials vertical, I was wondering if you could maybe talk a little about what you're seeing there, which seems to be stronger than almost of all of your peers, which, some of which seem to be talking about a little bit of a downtick in the business. Can you maybe talk about specific elements or sub areas where you're seeing strength there, and particularly as we head into 2016 with rate hikes, whether you think your clients are messaging a little bit even more optimistic spending expectations next year than this year?

David Rowland - ***Accenture - CFO***

Your question was about Financial Services, the Financial Services operating group, correct?

Jim Schneider - ***Goldman Sachs - Analyst***

That's right, yes.

Pierre Nanterme - ***Accenture - Chairman & CEO***

Okay. So commenting on the FS, we continue to be pleased with the results. You see, again, double-digit growth in Financial Services. This is an industry if you look all together, which is one of the largest. I think we mentioned at the IA Day that if you put together Capital Markets and Banking it would be one of the largest, if not the largest industry at Accenture. And of course, this is an industry historically and currently investing in technology and in transformation.

So we continue to be very pleased with the opportunities offered by Financial Services. They have to transform and of course, digital-related services are extremely relevant in Financial Services, almost by definition. It's a B2C and it's enabling a lot of digital native technologies to maximize connectivity with clients as well as digitalizing their operations.

This is an industry where historically, we made the right investments. I'm thinking about the investments we made in Insurance where we are extremely well-positioned with our software solutions, and I'm thinking about the investments we made in credit services where we are now building a leading independent mortgage processor in the U.S., and very pleased with the momentum we're getting in Brazil, where we are expanding our services and credit services to, again, take a leadership position.

We just announced this quarter a very niche, a very good acquisition in Boston on asset management, called Beacon. I'm very pleased with that, adding super deep expertise. So overall, we are very pleased with what we're doing in FS, which is quite broad-based across the different regions as well. If you look at North America, if you look at, especially Europe, where we're doing very well, excellent results in Growth Markets. So this is the industry where I'm coming from, and this is the one I love the most.

Jim Schneider *- Goldman Sachs - Analyst*

That's helpful. Thanks. And then as a follow-up, to an earlier question on headcount, billable headcount increased, I think the fastest growth rate we've seen in quite a few years. Can you maybe first talk about how much of that is driven by the M&A that closed and then specifically within this, any specific areas outside of digital where you're seeing a lot of uptick in the headcount growth? And I guess more broadly speaking, I assume it says something pretty positive about the outlook you see for the business over the next few quarters.

David Rowland *- Accenture - CFO*

Yes, in the context of the overall Accenture organization, the acquired headcount is just not that -- it's important skills that we're acquiring but in the context of the overall headcount, to your question, it's just not that material. We see growth in headcount really across our business, including, by the way, in our GDN. You'll see in the statistics that a high percentage of the headcount is in our Global Delivery Network and again, I think the theme that underpins it, whether you're talking about Strategy, Consulting, Application Services or Operations, the common theme is this digital rotation, and the services and the type of work we're doing in that regard, really, is a driver of the skills we're acquiring, as a general theme.

Jim Schneider *- Goldman Sachs - Analyst*

Thank you.

David Rowland *- Accenture - CFO*

Thank you.

Operator

Your next question comes from the line of James Friedman from Susquehanna. Please go ahead.

James Friedman *- Susquehanna Financial Group / SIG - Analyst*

David, in your prepared remarks, you had called out the timing of bookings to rev rec. I was wondering, are there any operating groups or business dimensions where the revenue recognition is faster than others?

David Rowland *- Accenture - CFO*

Well, I would say as a general rule, if you look at Accenture Strategy, Accenture Consulting, and the project-based work in Application Services, which is this deployment of new tech and let's just say, packaged software, even more broadly. The turn to revenue is in all of those cases is faster than, let's say, the rest of our business that I didn't call out. And that's just -- those are just structural differences. So when you see such strong growth rates in our Consulting type of work business, that just reflects bookings that convert to revenue faster than, let's say, certainly the typical Operations contract would or an Application Maintenance contract would.

James Friedman *- Susquehanna Financial Group / SIG - Analyst*

Got it. Just writing it down. And then I had a housekeeping question; it was a response to one of your prior answers. When -- I want to make sure I heard this right. You were mapping the two sides of Application Services between application maintenance and what I think you were describing as application modernization. Did I hear that right? That part of it goes towards Outsourcing and part of it goes towards Consulting in terms of the disclosures?

David Rowland - ***Accenture - CFO***

That is correct. So Application Services has what we have traditionally called Application Outsourcing, or Application Maintenance work. That maps to our Outsourcing type of work. The rest of Application Services, which is really about fundamentally development work, application development work, whether it be new tech or could be development around existing legacy applications, packaged software deployment, et cetera, that is what we would have historically referred to as Systems Integration, and that maps to the Consulting type of work.

James Friedman - ***Susquehanna Financial Group / SIG - Analyst***

Thanks. That's helpful.

David Rowland - ***Accenture - CFO***

Thank you. I appreciate it.

Operator

Your next question comes from the line of Joseph Foresi from Cantor Fitzgerald. Please go ahead.

Joseph Foresi - ***Cantor Fitzgerald - Analyst***

I was wondering if you could provide a little bit more color on, just, as digital is becoming a bigger part of your business, what the margin profile is for the digital work that you're doing? And is it fair to categorize its bookings realization as a faster rate than the rest of the business?

David Rowland - ***Accenture - CFO***

We're not going to comment specific -- I mean, not in specific terms on margin for each dimension. I think we've said before that the nature of digital, just as a general statement, it tends to be in high demand. We have unique and differentiated skills and capabilities and, arguably, positioning in the marketplace, and all of those things lend themselves to better economics. It's our job to deliver on that, but it certainly creates the right environment for better economics. Your last question was -- the other part of the question was, so digital economics --

Joseph Foresi - ***Cantor Fitzgerald - Analyst***

It was on the bookings. Is it a faster realization rate on the bookings --

David Rowland - ***Accenture - CFO***

There is to the extent that a high percentage of our digital bookings are Consulting and Consulting has a higher velocity.

Joseph Foresi - ***Cantor Fitzgerald - Analyst***

Okay, and then just as a follow-up, we've heard some commentary in the market of maybe some pricing issues within outsourcing. Has that increased or changed at all as the pricing -- I know it's always difficult in some of the maintenance stuff, but I'm just wondering if you've seen any changes in the market?

David Rowland - ***Accenture - CFO***

Specifically, I think you're referring to the Application Maintenance, Application Outsourcing piece of Application Services. What I would say is that there's no doubt that that continues to be a highly competitive market. When we comment on pricing, we comment on pricing in terms of the profit percentage on work that we sell, and in that part of our business we see stable pricing.

Joseph Foresi - ***Cantor Fitzgerald - Analyst***

Thank you.

David Rowland - ***Accenture - CFO***

Thank you.

Operator

Your next question comes from the line of Lisa Ellis from Bernstein. Please go ahead.

Lisa Ellis - ***Bernstein - Analyst***

Hi. Good morning, guys.

David Rowland - ***Accenture - CFO***

Hi, Lisa.

Lisa Ellis - ***Bernstein - Analyst***

I was hoping to get a little bit more color around your shift to the new operating units. It's been I guess 15 months or 18 months now that you started this transition to Strategy, Consulting, Operations and Technology with Digital as an overlay. How deeply is that plumbed in the organization, I guess either now or you're planning to, meaning, are these truly distinct business units at this point? Is labor fungible across them or do -- does staff sort of reside within a business unit and do they have different investment profiles, pricing models? Can you just give a little more color around that?

Pierre Nanterme - ***Accenture - Chairman & CEO***

Absolutely. Happy to comment on this, because I truly believe that we are proposing to the marketplace and organizing Accenture in a very unique and differentiated way. And I tend to believe that none of our competitors yet could match the capabilities and the organization we're putting in place. First, indeed, we have created five—Accenture Strategy, Accenture Consulting, Accenture Digital, Accenture Technology and Accenture Operations, all at scale, all with highly differentiated skills, very different positioning compared to the competitive environment, different economics. And to your question, indeed, they are run as a business with the objective of being top-class in their own category. But of course, where we differentiate in the marketplace is our unique ability to combine our services to deliver what we are calling the end-to-end services, because we truly believe more and more clients are buying an outcome more than an effort.

If you want to deliver an outcome, you need to contribute and participate to the design and planning, typically done by Accenture Strategy and Accenture Consulting, the high-value services and consultancy, if you will. Then you're moving to building solutions with absolutely leading and cutting-edge solutions, exactly the job of Accenture Digital for digital native solutions, and Accenture Technology for the leading platform solutions or application packages. And when you have been building solutions, you're moving to Accenture Operations, the part of Accenture where we could operate on behalf of the clients, either the business process, their cloud operations or their security operations.

The depth and breadth and kind of operating model is absolutely unique in the marketplace and is a great source of differentiation for Accenture. And on top of that, indeed, Lisa, we're putting our rotation to the "new." Each of the five have a clear mandate to rotate their business to a new type of services. Accenture Strategy is going to be being cutting edge in developing digital technologies and creating new business models for clients. Accenture Technology will now embed very innovative ways of doing development which we're calling, liquid, intelligent and connected. Accenture Operations will be extraordinarily analytics-rich in the way we are developing Operations. And in security, with the acquisition of FusionX, we are absolutely at the top of the game in terms of simulating cyber attacks. So all this architecture we're putting in place, and I said that with a lot of passion and energy during that call, is indeed unique in the marketplace, Lisa.

David Rowland - ***Accenture - CFO***

Lisa, let me just add to what Pierre said and address another part of your question. A key component of what Pierre just said is that our talent strategy is aligned with our five businesses. And so we have talent that is managed, nurtured, developed, specific to Accenture Strategy. Those people tend to work essentially, exclusively on Accenture Strategy work.

We have people that are identified as Accenture Consulting, developed, nurtured, et cetera. Those people tend to work, for the most part, exclusively on Consulting work. By the way, that includes our client account leads, people who are predominantly deployed to our operating groups that, really, not only deliver Consulting services, but are also the integrator of Accenture capabilities to serve the client's needs.

You have Operations where, again, we have a talent model for Operations. Mike Salvino and Debbie Polishook manage that workforce. They, for the most part, work exclusively in Operations. And then you have Accenture Technology. Accenture Technology is a little bit different in that they have a unique talent model, but yet some of those technology people support the development-type work, the new tech. Some of those people may actually even be part of Consulting project delivery. We also are have some of those people that, at points in time, may be part of our Operations project delivery. They work a little bit more across the organization, but beyond technology, we also have the Innovation Labs and things like that. But excluding Technology, the other businesses are very specific and fit-for-purpose in terms of the talent model and the types of projects those people work on for our clients.

Lisa Ellis - ***Bernstein - Analyst***

Terrific. Thank you. As a follow-up, as you're in discussions with your major clients about their budgets for 2016, can you characterize the magnitude of the shift in their budgets from the old to the new? Like, is this like 5%? 20%? 1%?

Pierre Nanterme - ***Accenture - Chairman & CEO***

I can't characterize. I can characterize only the trend is clear, that you see a shift from investments in the legacy, if you will, to investments in the new. I tend to believe that this shift is increasing, as reflected in our growth in digital-related services. Now I don't have any market data that would characterize the percentage of the shift. It's there. It's getting bigger and indeed, we could take advantage of this shift in terms of budget, as reflected with our 20%-plus growth in digital-related services.

Lisa Ellis - ***Bernstein - Analyst***

Okay. But where you're sitting right now, it feels stronger now than it did at this time last year?

Pierre Nanterme - ***Accenture - Chairman & CEO***

On balance, yes.

Lisa Ellis - ***Bernstein - Analyst***

Yes, okay. Thank you. Thank you, guys.

David Rowland - ***Accenture - CFO***

Thank you, Lisa.

KC McClure - ***Accenture - Managing Director, Head of IR***

Greg. We have time for one more question, then Pierre will wrap up the call.

Operator

Okay. That question comes from the line of Keith Bachman from Bank of Montreal. Please go ahead.

Keith Bachman - ***BMO Capital Markets - Analyst***

Many thanks. David, I wanted to go to one area that you mentioned, which is the growth of your global GDN. Over the last seven quarters, it's been pretty steady in terms of increasing as a percent of total headcount by almost 1 point a quarter and it's now just hovering below 73%. Is there a point at which you need to have local presence, such that it's an impediment to the total number? In other words, how high can the global GDN go as a percent of your total headcount? Because I would think that's been a significant contributor to the strong margin performance you've had over the last couple years.

David Rowland - ***Accenture - CFO***

Yes. So first of all, we still have room to expand our GDN headcount in our model. And certainly, we don't see that we've reached a destination and we wouldn't go any further. Having said that, one of the things that highly differentiates Accenture is our deep industry expertise and our client account teams that are at the client site each and every day, working shoulder to shoulder with our clients. And so the thing about our model is that we have a very strong presence in each of the geographic markets around the world where we operate. That's a vital part of what is distinctive about Accenture. And then we extend that and complement that with arguably the best technology Global Delivery Network in the world. To your question, we have the opportunity to take that further, and we'll see how the market evolves and then we'll respond accordingly.

Keith Bachman - ***BMO Capital Markets - Analyst***

Okay. Then maybe I'll just quickly submit my follow-up, if I could. The free cash flow guidance for the year, not the quarter, but the year, is a little slower than certainly the growth of net income or the EPS context. I was just wondering if you could call out some of the puts and takes there. I assume that the days cycle, I think, is a headwind. In addition, it looks like CapEx is, a little bit. Could you also you address how currency might be impacting the growth of cash flow for the year. That's it from me. Thanks very much, everybody.

David Rowland - ***Accenture - CFO***

Great. I'll just say -- I can't really do justice to the questions. I'll just share a couple of quick points. First of all, the free cash flow guidance is still above 1.0 in terms of free cash flow to net income, so very healthy level of free cash flow. I mean, a couple of things that influence it. One is the DSOs; the other is timing of cash tax payments that not only impacts a particular quarter but can be different, fiscal year to fiscal year, and the third is CapEx, just to name those three because you called them out. And we do anticipate a higher level of capital spending this year as compared to last year. So that's in the mix as well.

Pierre Nanterme - ***Accenture - Chairman & CEO***

Okay. Certainly, time now to wrap up and I want to thank you again for joining us today. With our first quarter behind us, clearly, we have created strong momentum in our business, especially with the investments we have made in digital, cloud and security services, which we are now calling at Accenture the "new." And that makes me really confident in our ability to continue to successfully grow our business and gain market share.

I want to take this opportunity to wish all of you, our investors and analysts, and our Accenture people who are hopefully listening to the call, a very happy holiday season and all the best for the New Year.

We look forward to talking with you again next quarter. In the meantime, if you have any questions, please feel free to call KC. All the best to all of you, and the best for the New Year.

Operator

Ladies and gentlemen, this conference will be available for replay after 10:30 AM Eastern time today through March 24. You may access the AT&T Teleconference replay system at any time by dialing 1-800-475-6701, and entering the access code 374571. International participants, dial 320-365-3844. Those numbers, once again, are 1-800-475-6701, or 320-365-3844, with the access code 374571.

That does conclude your conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.