Intuit Inc.
Fourth-Quarter Fiscal 2012
Conference Call Remarks
August 21, 2012

Introduction

Good afternoon and welcome to Intuit's fourth-quarter 2012 conference call. I'm here with Brad Smith, our president and CEO, and Neil Williams, our CFO.

Before we start, I'd like to remind everyone that our remarks will include forward-looking statements. There are a number of factors that could cause Intuit's results to differ materially from our expectations. You can learn more about these risks in the press release we issued earlier this afternoon, our Form 10-K for fiscal 2011 and our other SEC filings. All of those documents are available on the Investor Relations page of Intuit's website at intuit.com. We assume no obligation to update any forward-looking statement.

Some of the numbers in this report are presented on a non-GAAP basis. We've reconciled the comparable GAAP and non-GAAP numbers in today's press release.

Unless otherwise noted, all growth rates refer to the current period versus the comparable prior-year period.

A copy of our prepared remarks and supplemental financial information will be available on our website after this call ends.

With that, I'll turn the call over to Brad Smith.

Fiscal Year 2012 Overview

Thanks, Matt, and thanks to all of you for joining us.

Fiscal 2012 was another solid year for Intuit. For the year, we grew revenue 10 percent and non-GAAP earnings per share 16 percent. The consistency of our performance is reinforced when you put these results in the context of the past five fiscal years, where we've delivered average annual revenue growth of 10 percent and non-GAAP earnings per share growth of 16 percent.

Our fiscal 2012 results, and our guidance for next year, reflect the strength of our core businesses and Intuit's resilience against ongoing fluctuations in the macroeconomic environment.

The uncertainties in the economy are not lost on us. The fact is our customers need our products most when times are tough. We save our customers time and money on the things they need to do to manage their businesses and their financial lives. As consumers and small businesses continue to benefit from Intuit's broad portfolio of offerings, we remain confident in our ability to deliver double-digit revenue growth with margin expansion.

This confidence is driven by our durable and proven growth strategy, which is:

- First, to drive growth in our core businesses.
- Second, to build adjacent businesses and enter new geographies.
- And third, to accelerate our company's transition to connected services.

Our core businesses continue to lead the way. Our consumer tax business grew double-digits, posting 11 percent revenue growth in fiscal 2012, even though the DIY category growth and our share performance did not meet our expectations. Our small business group grew 14 percent, as we continue to benefit from an ongoing shift to connected services and improving revenue per customer. For example:

- QuickBooks Online subscribers grew 28 percent for the year.
- Online Payroll customers grew 19 percent.
- And payment customers grew 13 percent, driven by mobile. GoPayment, our mobile payment offering, quadrupled the number of customers acquired over the last year.

Across the company, our connected services and mobile offerings enable us to deliver powerful benefits to new customers around the globe, while increasing our mix of recurring revenue streams.

Five years ago, connected services represented less than half of Intuit's total revenue. This year, it's 64 percent, and we estimate it will be around 75 percent by 2015. These revenue streams are predictable, and provide transparency into our future growth performance as well.

When you combine revenue from our connected services and highly predictable sales of financial supplies and tax desktop software, more than 80 percent of Intuit's revenue is recurring.

Our market-leading products, which are benefiting from the tailwind of secular technology shifts to digital solutions, are complemented by our disciplined operational rigor.

Throughout fiscal 2012, we made adjustments to deploy our resources to the highest-impact initiatives, keeping us lean and focused on our biggest growth opportunities. These decisions enabled us to continue to reshape our portfolio. As you know, we sold our corporate banking business to Bottomline Technologies in March. We did this to sharpen our financial services group's focus on consumers and small businesses. We've also signed an agreement to sell Intuit Websites to Endurance International Group, the industry leader in hosting, domain and web services. In this case, the emergence of social media and new competition shifted how small businesses think about their web presence, and we believe our customers will be better served by a company whose core business is in these areas. Our websites business has been classified as discontinued operations. This decision has also enabled us to concentrate our resources on providing services that help small businesses attract and retain customers, which is one of the top challenges small businesses face each day. We entered this large and growing market through the acquisition of Demandforce in May.

In addition to reshaping our portfolio, we continuously assess strategic opportunities as we look to invest in new user experiences and deepen our focus on technology. For example, we are changing our approach to the consumer money card business, which allows TurboTax customers to get their refunds on a debit card. We believe debit cards benefit our customers, and we plan to offer cards through a partner next season, which is more profitable for us than managing the business in-house.

Beginning in the first quarter of fiscal 2013, we're moving the Mint business into Intuit Financial Services, or IFS, to accelerate our journey toward delighting millions of personal finance users. Both IFS and Mint have charted a course to deliver compelling platforms to transform the financial lives of consumers—and small businesses. We think this is win-win for our teams and our customers.

All of these decisions reflect our ongoing discipline and rigor around capital allocation.

On that note, I'll turn it over to Neil walk you through the financial details.

<u>Financial and Segment Highlights</u>

Thanks, Brad. Our results reflect several transactions near year-end to execute the strategic realignments Brad just mentioned. The fourth quarter reflects the acquisition of Demandforce and the decision to sell Intuit Websites, which is categorized as discontinued operations in our year-end results. It is therefore excluded from all metrics except GAAP EPS.

We also included a charge of $15 million, or about $0.03 per share, for a staff realignment implemented in July and our decision to terminate certain agreements related to our consumer money card.

Moving to the results…

For fiscal year 2012, we delivered:

- Revenue of $4.15 billion, up 10 percent.
- Non-GAAP operating income of $1.4 billion, up 10 percent.
- GAAP operating income of $1.18 billion, up 14 percent.

    - Non-GAAP diluted earnings per share of $2.97, up 16 percent.
    - GAAP diluted earnings per share of $2.60, up 30 percent. As a reminder, the fourth quarter of fiscal 2011 included an impairment charge of $30 million, or $0.09 per share.

- For the fourth quarter, we delivered:
    - Revenue of $651 million, up 14 percent.
    - Non-GAAP operating income of $19 million.
    - GAAP operating loss of $45 million.
    - Non-GAAP diluted earnings per share of $0.03.
    - GAAP diluted earnings per share of $0.01.

Business Segment Results

Turning to the business segments…

Small Business

Total **Small Business Group** revenue grew 19 percent for the quarter and 14 percent for the year. Total Small Business segment operating margin expanded by 170 basis points in fiscal 2012, to more than 42 percent.

Looking ahead, we're focused on driving customer growth in addition to improving revenue per customer. For fiscal 2013, we expect total Small Business Group revenue growth of 15 to 17 percent.

Within Small Business, Financial Management Solutions revenue grew 17 percent for the quarter and 11 percent for the year, including the acquisition of Demandforce. Excluding Demandforce, revenue was up 9 percent for the quarter and the year.

Employee Management Solutions revenue grew 13 percent for the quarter and 12 percent for the year, driven by improved retention, price and mix.

Payments Solutions revenue grew 31 percent for the quarter and 20 percent for the year. Merchants grew 13 percent in the fourth quarter and fiscal 2012, driven by customer acquisition in our mobile solution GoPayment. Adjustments in rates and fees made up the balance of the revenue growth.

Tax

Consumer Tax revenue grew 16 percent for the quarter and 11 percent for the year. As Brad mentioned, we are changing our approach to the consumer money card business, the majority of which rolled up through our Consumer Tax revenue line. Our TurboTax debit card business generated $19 million in revenue in fiscal 2012. We'll continue to deliver the debit card through a partner next season as we refocus our resources to accelerate category growth and take share.

For fiscal 2013, we expect Consumer Tax revenue growth of 8 to 10 percent. Moving the debit card business to a partner will lower revenue growth by about a point-and-a-half next year, but it will improve segment profitability.

Accounting Professionals revenue grew 8 percent for the quarter and 6 percent for the year. Segment operating margin expanded by 180 basis points over last year.

For fiscal 2013, we expect Accounting Professionals revenue growth of 5 to 8 percent.

Financial Services

Financial Services revenue was down slightly in the fourth quarter and grew 5 percent for the year. Adjusting for the sale of our corporate banking business, Financial Services revenue grew approximately 8 percent in the fourth quarter and 9 percent in fiscal 2012. New sales and strong adoption of online and mobile banking continue to drive revenue growth for IFS.

For fiscal 2013, we expect Financial Services revenue growth of 6 to 9 percent, which includes the addition of Mint revenue, offset by the sale of the corporate banking business.

Other Businesses

Other Businesses revenue grew 5 percent for the quarter and 1 percent for the year. Global small business revenue grew double digits for the year, but tax grew single digits, resulting in global revenue growth of 7 percent, or 9 percent excluding the currency impact. For the year, Intuit Health Group grew fast off a small base, and Quicken revenue declined.

For fiscal 2013, we expect Other Businesses revenue growth of 0 to 4 percent, which excludes Mint.

Balance Sheet and Resource Allocation

Turning to the balance sheet…

Our financial principles and capital allocation strategy have not changed. We target double-digit organic revenue growth while growing revenue faster than expenses. We also take a disciplined approach to capital management, investing the cash we generate in opportunities that yield 15+ percent ROI.

When it's the best use of cash, we'll return cash to shareholders via share repurchases. We repurchased $107 million of shares in the fourth quarter, for a total of about $900 million for fiscal 2012. We have $1.7 billion remaining on our authorization. We expect our share count for fiscal 2013 to be roughly flat year over year.

In addition, our board approved a $0.17 dividend for fiscal Q1, up 13 percent from last year, payable on October 18.

Q1 and Full Year FY13 Guidance

Turning to our guidance…

Our fiscal year 2013 guidance is:

- Revenue of $4.55 billion to $4.65 billion, growth of 10 to 12 percent.
- Non-GAAP operating income of $1.57 billion to $1.60 billion, growth of 12 to 14 percent.
- GAAP operating income of $1.315 billion to $1.345 billion, growth of 12 to 14 percent.
- Non-GAAP diluted EPS of $3.32 to $3.38, growth of 12 to 14 percent.
- GAAP diluted EPS of $2.76 to $2.82, growth of 6 to 8 percent.
- Capital expenditures of $165 million to $185 million.

You'll find a summary of our segment guidance for the year in our press release and on our fact sheet.

For the first quarter of fiscal 2013, we expect:

- Revenue of $630 million to $640 million, growth of 10 to 11 percent.
- Non-GAAP operating loss of $20 million to $25 million.
- GAAP operating loss of $85 million to $90 million.
- Non-GAAP loss per share of $0.06 to $0.07.
- GAAP loss per share of $0.20 to $0.21.

There are a number of moving parts, so we've included a table in our fact sheet to help you understand 2013 guidance. I'll share a few notes here:

- As we've said, Demandforce will add 1 to 2 points to growth in fiscal 2013.
- The change we discussed in our consumer money card offering will reduce consumer tax revenue growth by one-and-a-half points in fiscal 2013.
- Intuit Websites revenue was $76 million and Intuit Financial Services corporate banking revenue was $21 million in fiscal 2012. Of course, neither will be in next year's results.
- Past results have been reclassified to exclude Intuit Websites, which was reported in Financial Management Solutions.
- Past results have not been adjusted for the sale of corporate banking.
- Starting next quarter, we'll report Mint revenue in Financial Services rather than Other Businesses, but we do not plan to reclassify past quarters.

- Also, with the expiration of the R&D tax credit, our tax rate will increase by 1 percent in fiscal 2013, a $0.05 impact to FY13 EPS.

One last thought on seasonality…the table is set for late tax legislation, which could impact form availability and push Consumer Tax and Accounting Professionals revenue from our second fiscal quarter to our third fiscal quarter. We've seen this happen in the past, and we're preparing for a number of scenarios to ensure we deliver the best experience for all of our tax customers.

With that, I'll turn it back to Brad to wrap up.

Closing Comments

Thanks, Neil.

Fiscal 2012 was a good one for Intuit, coming on the heels of two years of strong growth. We once again grew revenue double-digits, despite a tax season that was not the best we can be. These outcomes demonstrate the power of a balanced portfolio.

I'm proud of our team and their determination to deliver high-caliber financial results in any environment.

As I look ahead, I'm enthusiastic about our long-term growth opportunities. Intuit is benefitting from a secular shift to digital solutions.

I'll talk more about the opportunities we see ahead of us, and our strategy to execute against them, at our investor day, which we'll hold on our campus in Mountain View on September 18. I look forward to seeing you all there.

As always, I want to thank our employees for their hard work and their ongoing focus.

Now, let's get to your questions.

About Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures. These measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). These non-GAAP financial measures do not reflect a comprehensive system of accounting, differ from GAAP measures with the same names and may differ from non-GAAP financial measures with the same or similar names that are used by other companies.

We compute non-GAAP financial measures using the same consistent method from quarter to quarter and year to year. We may consider whether other significant items that arise in the future should be excluded from our non-GAAP financial measures. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding Intuit's operating results primarily because they exclude amounts that we do not consider part of ongoing operating results when planning and forecasting and when assessing the performance of the organization, our individual operating segments or our senior management. Segment managers are not held accountable for share-based compensation expenses, amortization of acquired intangible assets, or the other excluded items and, accordingly, we exclude these amounts from our measures of segment performance. We believe that our non-GAAP financial measures also facilitate the comparison by management and investors of results for current periods and guidance for future periods with results for past periods.

The tables that accompany the press release issued by Intuit on August 21, 2012 provide more details on Intuit's historical performance and financial projections, a description of our non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. A copy of the press release can be found on the investor relations page of Intuit's website at http://investors.intuit.com.

Cautions About Forward-Looking Statements

These materials contains forward-looking statements, including forecasts of expected growth and future financial results of Intuit and its reporting segments; Intuit's prospects for the business in fiscal 2013 and beyond; expectations regarding growth opportunities in Intuit's core and adjacent businesses and from connected services; expectations regarding timing and growth of revenue for each of Intuit's reporting segments and from current or future products and services; expectations regarding customer growth; expectations on the timing of tax legislation; expectations regarding the amount and timing of any future dividends or share repurchases; the impact of acquisitions and divestitures on Intuit's business; expectations regarding availability of our offerings; and all of the statements under the heading "Q1 and Full Year FY13 Guidance."

Because these forward-looking statements involve risks and uncertainties, there are important factors that could cause our actual results to differ materially from the expectations expressed in the forward-looking statements. These factors include, without limitation, the following: inherent difficulty in predicting consumer behavior; difficulties in receiving, processing, or filing customer tax submissions; consumers may not respond as we expected to our advertising and promotional activities; product introductions and price competition from our competitors can have unpredictable negative effects on our revenue, profitability and market position; governmental encroachment in our tax businesses or other governmental activities or public policy affecting the preparation and filing of tax returns could negatively affect our operating results and market position; we may not be able to successfully innovate and introduce new offerings and business models to meet our growth and profitability objectives, and current and future offerings may not adequately address customer needs and may not achieve broad market acceptance, which could harm our operating results and financial condition; business interruption or failure of our information technology and communication systems may impair the availability of our products and services, which may damage our reputation and harm our future financial results; as we upgrade and consolidate our customer facing applications and supporting information technology infrastructure, any problems with these implementations could interfere with our ability to deliver our offerings; any failure to properly use and protect personal customer information and data could harm our revenue, earnings and reputation; if we are unable to develop, manage and maintain critical third party business relationships, our business may be adversely affected; increased government regulation of our businesses may harm our operating results; if we fail to process transactions effectively or fail to adequately protect against potential fraudulent activities, our revenue and earnings may be harmed; any significant offering quality problems or delays in our offerings could harm our revenue, earnings and reputation; our participation in the Free File Alliance may result in lost revenue opportunities and cannibalization of our traditional paid franchise; the continuing global economic downturn may continue to impact consumer and small business spending, financial institutions and tax filings, which could negatively affect our revenue and profitability; year-over-year changes in the total number of tax filings that are submitted to government agencies due to economic conditions or otherwise may result in lost revenue opportunities; our revenue and earnings are highly seasonal and the timing of our revenue between quarters is difficult to predict, which may cause significant quarterly fluctuations in our financial results; our financial position may not make repurchasing shares advisable or we may issue additional shares in an acquisition causing our number of outstanding shares to grow; our inability to adequately protect our intellectual property rights may weaken our competitive position and reduce our revenue and earnings; our acquisition and divestiture activities may disrupt our ongoing business, may involve increased expenses and may present risks not contemplated at the time of the transactions; our use of significant amounts of debt to finance acquisitions or other activities could harm our financial condition and results of operation; and litigation involving intellectual property, antitrust, shareholder and other matters may increase our costs. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2011 and in our other SEC filings. You can locate these reports through our website at http://investors.intuit.com. Forward-looking statements are based on information as of August 21, 2012, and we do not undertake any duty to update any forward-looking statement or other information in these materials.