September 30, 2014

INTUIT

Intuit Reaffirms First Quarter and Fiscal 2015 Outlook

Company Hosts Annual Investor Day; Lays out Plan to Accelerate Move to the Cloud

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)-- Intuit Inc. (Nasdaq:INTU) reaffirmed its financial guidance for the first quarter and full fiscal year 2015, which was first provided on Aug. 21. The company's fiscal year runs from Aug. 1 to July 31.

This announcement is in conjunction with Intuit's annual Investor Day, being held today at the company's Mountain View, Calif., headquarters. President and Chief Executive Officer Brad Smith (@IntuitBrad) will lead off the event with an overview of the company's strategy.

"We're energized going into fiscal year 2015. The platform shift to the cloud is accelerating our strategy to grow our global online ecosystems," said Smith. "As we've done successfully in the past, we're leaning into this secular shift, solving new important problems for customers and extending our market leadership position."

Intuit business leaders will focus on the company's two strategic outcomes: to be the operating system behind small business success, and to do the nations' taxes in the United States and Canada. Neil Williams, Intuit's chief financial officer, will provide a financial overview for fiscal year 2015.

How to Participate

The event will be broadcast live on Intuit's website at http://investors.intuit.com/events/default.aspx. A replay of the audio webcast will be available on Intuit's website two hours after the meeting ends.

Forward-looking Guidance

Intuit reaffirmed guidance for full fiscal year 2015 and the first quarter of fiscal 2015, which ends Oct. 31.

These results factor in the company's strategic decisions to invest in the acceleration to cloud-based subscriptions and to improve the company's future desktop offerings to encourage migration to online services. As a result, desktop software license revenue will be recognized over time as services are delivered, rather than up front.

For fiscal year 2015, the company expects:

- Revenue of \$4.275 billion to \$4.375 billion, a decline of 3 to 5 percent.
    - Adjusted revenue of \$4.75 billion to \$4.85 billion, growth of 5 to 8 percent. This guidance takes into account the expected increase in deferred revenue due to the change in future desktop product offerings, as well as acceleration in the

QuickBooks Online ecosystem growth, which impacts near-term revenue growth as customers pay monthly subscription fees.

- GAAP operating income of $800 million to $830 million.
- Non-GAAP operating income of $1.11 billion to $1.14 billion.
- GAAP diluted earnings per share of $1.70 to $1.75.
- Non-GAAP diluted EPS of $2.45 to $2.50.

Fiscal 2015 Revenue Guidance Bridge

$ millions	Fiscal 2015 Revenue Guidance	Add Impact of Desktop Product Offering Change	Add Impact of Accelerated QuickBooks Online Growth	Adjusted Fiscal 2015 Revenue
Revenue	$4,275 - $4,375	Approx. $400	Approx. $75	$4,750 - $4,850
Revenue Growth	(5%) – (3%)	NA	NA	5% - 8%

For the first quarter of fiscal 2015, Intuit expects:

- Revenue of $620 million to $630 million.
- GAAP operating loss of $155 million to $160 million.
- Non-GAAP operating loss of $80 million to $85 million.
- GAAP loss per share of $0.36 to $0.37.
- Non-GAAP loss per share of $0.20 to $0.21.

Long-term Outlook

Looking beyond fiscal 2015, the company also reaffirmed its financial outlook for fiscal 2017:

- Revenue of approximately $5.8 billion, 9 percent growth on average over the next three years.
- Non-GAAP earnings per share of approximately $5.00.
- Adjusting for share-based compensation expenses and amortization of intangibles, GAAP earnings per share of approximately $4.25.
- QuickBooks Online subscribers of approximately 2 million, an increase from 683,000 at the end of fiscal 2014, compounded annual growth rate of more than 40 percent.

About Intuit Inc.

Intuit Inc. creates business and financial management solutions that simplify the business of life for small businesses, consumers and accounting professionals.

Its flagship products and services include QuickBooks®, Quicken® and TurboTax®, which make it easier to manage small businesses and payroll processing, personal finance, and tax preparation and filing. Mint.com provides a fresh, easy and intelligent way for people to manage their money, while Demandforce® offers marketing and communication tools for small businesses. ProSeries® and Lacerte® are Intuit's leading tax preparation offerings for professional accountants.

Founded in 1983, Intuit had revenue of $4.5 billion in its fiscal year 2014. The company has approximately 8,000 employees with major offices in the United States, Canada, the United Kingdom, India and other locations. More information can be found at www.intuit.com.

Intuit and the Intuit logo, among others, are registered trademarks and/or registered service marks of Intuit Inc. in the United States and other countries.

About Non-GAAP Financial Measures

This press release and accompanying table include non-GAAP financial measures. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles, please see the section of the accompanying tables titled "About Non-GAAP Financial Measures" as well as the related Table 1. A copy of the press release issued by Intuit today can be found on the investor relations page of Intuit's Web site.

Cautions About Forward-looking Statements

This press release 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 2015 and beyond; expectations regarding growth opportunities from connected services; expectations regarding Intuit’s growth outside the US; 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 regarding changes to our products and marketing campaigns and their impact on Intuit’s business; 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; all of the statements under the headings “Forward-looking Guidance” and “Long Term Outlook”, and expectations regarding the impact of our refreshed company strategy, strategic outcomes and organization changes on Intuit’s business. 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. More details about the risks that may impact our business are included in our Form 10-K for fiscal 2014 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 Sept. 30, 2014 and we do not undertake any duty to update any forward-looking statement or other information in these materials.

TABLE 1

INTUIT INC.

RECONCILIATION OF FORWARD-LOOKING GUIDANCE FOR NON-GAAP FINANCIAL MEASURES
TO PROJECTED GAAP REVENUE, OPERATING INCOME (LOSS), AND EPS
(In millions, except per share amounts)
(Unaudited)

	Forward-Looking Guidance										
	GAAP Range of Estimate							Non-GAAP Range of Estimate			
	From		To		Adjmts			From		To	
Three Months Ending October 31, 2014											
Revenue	$	620	$	630	$	—		$	620	$	630
Operating loss	$	(160)	$	(155)	$	75	[a]	$	(85)	$	(80)
Diluted loss per share	$	(0.37)	$	(0.36)	$	0.16	[b]	$	(0.21)	$	(0.20)
Twelve Months Ending July 31, 2015											
Revenue	$	4,275	$	4,375	$	—		$	4,275	$	4,375
Operating income	$	800	$	830	$	310	[c]	$	1,110	$	1,140
Diluted earnings per share	$	1.70	$	1.75	$	0.75	[d]	$	2.45	$	2.50

See “About Non-GAAP Financial Measures” immediately following this Table 1 for information on these measures, the items excluded from the most directly comparable GAAP measures in arriving at non-GAAP financial measures, and the reasons management uses each measure and excludes the specified amounts in arriving at each non-GAAP financial measure.

[a] Reflects estimated adjustments for share-based compensation expense of approximately $59 million; amortization of acquired technology of approximately $10 million; and amortization of other acquired intangible assets of approximately $6 million.

[b] Reflects the estimated adjustments in item [a] and income taxes related to these adjustments.

[c] Reflects estimated adjustments for share-based compensation expense of approximately $253 million; amortization of acquired technology of approximately $34 million; and amortization of other acquired intangible assets of approximately $23 million.

[d] Reflects the estimated adjustments in item [c] and income taxes related to these adjustments.

INTUIT INC.
ABOUT NON-GAAP FINANCIAL MEASURES

The accompanying press release dated September 30, 2014 contains non-GAAP financial measures. Table 1 reconciles the non-GAAP financial measures in that press release to the most directly comparable financial measures prepared in accordance with Generally Accepted Accounting Principles (GAAP). These non-GAAP financial measures include non-GAAP operating income (loss), non-GAAP net income (loss) and non-GAAP net income (loss) per share.

Non-GAAP financial measures should not be considered as a substitute for, or superior to, measures of financial performance prepared in accordance with 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 exclude the following items from all of our non-GAAP financial measures:

- Share-based compensation expense
- Amortization of acquired technology
- Amortization of other acquired intangible assets
- Goodwill and intangible asset impairment charges
- Professional fees for business combinations

We also exclude the following items from non-GAAP net income (loss) and diluted net income (loss) per share:

- Gains and losses on debt securities and other investments
- Income tax effects of excluded items and related discrete tax items
- Discontinued operations

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 expense, amortization, 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 following are descriptions of the items we exclude from our non-GAAP financial measures.

Share-based compensation expenses. These consist of non-cash expenses for stock options, restricted stock units and our Employee Stock Purchase Plan. When considering the impact of equity awards, we place greater emphasis on overall shareholder dilution rather than the accounting charges associated with those awards.

Amortization of acquired technology and amortization of other acquired intangible assets. When we acquire an entity, we are required by GAAP to record the fair values of the intangible assets of the entity and amortize them over their useful lives. Amortization of acquired technology in cost of revenue includes amortization of software and other technology assets of acquired entities. Amortization of other acquired intangible assets in operating expenses includes amortization of assets such as customer lists, covenants not to compete and trade names.

Goodwill and intangible asset impairment charges. We exclude from our non-GAAP financial measures non-cash charges to adjust the carrying values of goodwill and other acquired intangible assets to their estimated fair values.

Professional fees for business combinations. We exclude from our non-GAAP financial measures the professional fees we incur to complete business combinations. These include investment banking, legal and accounting fees.

Gains and losses on debt securities and other investments. We exclude from our non-GAAP financial measures gains and losses that we record when we sell or impair available-for-sale debt securities and other investments.

Income tax effects of excluded items and certain discrete tax items. We use a long-term non-GAAP tax rate for evaluating operating results and for planning, forecasting, and analyzing future periods. This long-term non-GAAP tax rate eliminates the effects of non-recurring and period specific items which can vary in size and frequency. Based on our current long-term projections, we used a long-term non-GAAP tax rate of 34% which is consistent with the average of our normalized fiscal year tax rate over a four year period that includes the past three fiscal years plus the current fiscal year forecast.

Operating results and gains and losses on the sale of discontinued operations. From time to time, we sell or otherwise dispose of selected operations as we adjust our portfolio of businesses to meet our strategic goals. In accordance with GAAP, we segregate the operating results of discontinued operations as well as gains and losses on the sale of these discontinued operations from continuing operations on our GAAP statements of operations but continue to include them in GAAP net income or loss and net income or loss per share. We exclude these amounts from our non-GAAP financial measures.

The reconciliations of the forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures in Table 1 include all information reasonably available to Intuit at the date of this press release. These tables include adjustments that we can reasonably predict. Events that could cause the reconciliation to change include acquisitions and divestitures of businesses, goodwill and other asset impairments, and sales of available-for-sale debt securities and other investments.

Intuit Inc.
Investors
Matt Rhodes, 650-944-2536
matthew_rhodes@intuit.com

Media
Diane Carlini, 408-921-7647
diane_carlini@intuit.com

Source: Intuit Inc.