

INTUIT INC
Form 10-Q
May 21, 2014
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended April 30, 2014

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from _____ to _____ .

Commission File Number 0-21180

INTUIT INC.

(Exact name of registrant as specified in its charter)

Delaware

(State of incorporation)

77-0034661

(IRS employer identification
no.)

2700 Coast Avenue, Mountain View, CA 94043

(Address of principal executive offices)

(650) 944-6000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated
filer

Accelerated filer

Non-accelerated filer

Smaller reporting
company

(Do not check if a smaller reporting
company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. 283,886,921 shares of Common Stock, \$0.01 par value, were outstanding at May 14, 2014.

INTUIT INC.

FORM 10-Q
INDEX

Page
Number

PART I FINANCIAL INFORMATION

ITEM 1: Financial Statements (Unaudited)

Condensed Consolidated Statements of Operations for the three and nine months ended April 30, 2014 and 2013 1

Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended April 30, 2014 and 2013 2

Condensed Consolidated Balance Sheets at April 30, 2014 and July 31, 2013 2

Condensed Consolidated Statements of Stockholders' Equity for the nine months ended April 30, 2014 and 2013 2

Condensed Consolidated Statements of Cash Flows for the nine months ended April 30, 2014 and 2013 2

Notes to Condensed Consolidated Financial Statements 2

ITEM 2: Management's Discussion and Analysis of Financial Condition and Results of Operations 9

ITEM 3: Quantitative and Qualitative Disclosures about Market Risk 18

ITEM 4: Controls and Procedures 18

PART II OTHER INFORMATION

ITEM 1: Legal Proceedings 18

ITEM 1A: Risk Factors 18

ITEM 2: Unregistered Sales of Equity Securities and Use of Proceeds 18

ITEM 6: Exhibits 18

Signatures 18

EX-31.01

EX-31.02

EX-32.01

EX-32.02

EX-101.INS XBRL Instance Document

EX-101.SCH XBRL Taxonomy Extension Schema

EX-101.CAL XBRL Taxonomy Extension Calculation Linkbase

EX-101.LAB XBRL Taxonomy Extension Label Linkbase

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EX-101.PRE XBRL Taxonomy Extension Presentation Linkbase

EX-101.DEF XBRL Taxonomy Extension Definition Linkbase

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PART I

ITEM 1

FINANCIAL STATEMENTS

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In millions, except per share amounts)	Three Months Ended		Nine Months Ended	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Net revenue:				
Product	\$735	\$638	\$1,251	\$1,267
Service and other	1,653	1,453	2,541	2,270
Total net revenue	2,388	2,091	3,792	3,537
Costs and expenses:				
Cost of revenue:				
Cost of product revenue	34	30	108	102
Cost of service and other revenue	130	110	363	334
Amortization of acquired technology	6	5	18	14
Selling and marketing	412	385	1,022	963
Research and development	186	166	548	503
General and administrative	121	106	348	307
Amortization of other acquired intangible assets	5	7	14	21
Total costs and expenses	894	809	2,421	2,244
Operating income from continuing operations	1,494	1,282	1,371	1,293
Interest expense	(8)	(8)	(24)	(23)
Interest and other income, net	3	4	8	7
Income before income taxes	1,489	1,278	1,355	1,277
Income tax provision	505	420	465	408
Net income from continuing operations	984	858	890	869
Net income (loss) from discontinued operations	—	(36)	46	5
Net income	\$984	\$822	\$936	\$874
Basic net income per share from continuing operations	\$3.47	\$2.89	\$3.12	\$2.93
Basic net income (loss) per share from discontinued operations	—	(0.12)	0.16	0.02
Basic net income per share	\$3.47	\$2.77	\$3.28	\$2.95
Shares used in basic per share calculations	284	297	285	296
Diluted net income per share from continuing operations	\$3.39	\$2.83	\$3.06	\$2.87
Diluted net income (loss) per share from discontinued operations	—	(0.12)	0.16	0.02
Diluted net income per share	\$3.39	\$2.71	\$3.22	\$2.89
Shares used in diluted per share calculations	290	304	291	303

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Dividends declared per common share	\$0.19	\$0.17	\$0.57	\$0.51
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See accompanying notes.

Table of Contents

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

(In millions)	Three Months Ended		Nine Months Ended	
	April 30, 2014	April 30, 2013	April 30, 2014	April 30, 2013
Net income	\$984	\$822	\$936	\$874
Other comprehensive income (loss), net of income taxes:				
Unrealized gains on available-for-sale debt securities	—	—	2	—
Unrealized gains (losses) on available-for-sale equity securities(1)	—	—	(5)	3
Foreign currency translation gains (losses)	3	—	(5)	1
Total other comprehensive income (loss), net	2	—	(8)	4
Comprehensive income	\$986	\$822	\$928	\$878

See accompanying notes.

INTUIT INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In millions)	April 30, 2014	July 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$1,574	\$1,009
Investments	1,059	652
Accounts receivable, net	277	130
Income taxes receivable	2	62
Deferred income taxes	137	166
Prepaid expenses and other current assets	116	98
Current assets of discontinued operations	—	44
Current assets before funds held for customers	3,165	2,161
Funds held for customers	273	235
Total current assets	3,438	2,396
Long-term investments	31	83
Property and equipment, net	566	555
Goodwill	1,313	1,246
Acquired intangible assets, net	155	149
Other assets	107	102
Long-term assets of discontinued operations	—	955
Total assets	\$5,610	\$5,486
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$193	\$137
Accrued compensation and related liabilities	215	218
Deferred revenue	499	495
Income taxes payable	277	2

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Other current liabilities	226	154
Current liabilities of discontinued operations	—	39
Current liabilities before customer fund deposits	1,410	1,045
Customer fund deposits	273	235
Total current liabilities	1,683	1,280
Long-term debt	499	499
Other long-term obligations	190	167
Long-term obligations of discontinued operations	—	9
Total liabilities	2,372	1,955
Commitments and contingencies		
Stockholders' equity:		
Preferred stock	—	—
Common stock and additional paid-in capital	3,471	3,201
Treasury stock, at cost	(6,278)	(4,952)
Accumulated other comprehensive income	12	20
Retained earnings	6,033	5,262
Total stockholders' equity	3,238	3,531
Total liabilities and stockholders' equity	\$5,610	\$5,486

See accompanying notes.

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(Unaudited)

(In millions, except shares in thousands)	Shares of Common Stock	Common Stock and Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings	Total Stockholders' Equity
Balance at July 31, 2013	299,503	\$3,201	\$(4,952)	\$ 20	\$5,262	\$3,531
Comprehensive income	—	—	—	(8)	936	928
Issuance of stock under employee stock plans	5,267	70	99	—	—	169
Stock repurchases under stock repurchase programs	(20,507)	—	(1,425)	—	—	(1,425)
Cash dividends declared (\$0.57 per share)	—	—	—	—	(165)	(165)
Tax benefit from share-based compensation plans	—	52	—	—	—	—