Introduction

Good afternoon and welcome to Intuit’s fourth-quarter fiscal 2020 conference call.

I’m here with Intuit's CEO Sasan Goodarzi and Michelle Clatterbuck, 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 2019 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 these remarks 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, and the business metrics and associated growth rates refer to worldwide business metrics.

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 Sasan.

**Fourth-quarter Fiscal 2020 Overview**

Thanks Kim, and thanks to all of you for joining us today. I hope you’re all safe and well.

We had a very strong fourth quarter capping off a dynamic fiscal 2020. Full-year revenue grew 13 percent, and operating margin expanded. Total revenue growth was fueled by 15 percent growth in the Small Business and Self-Employed Group and 13 percent growth in the Consumer Group. QBO and TTO platform revenue totaled $4.8 billion in fiscal 2020, growing 22 percent year-over-year. With our AI-driven expert platform strategy and the focus on our five Big Bets, we are building
momentum and accelerating innovation in the current environment, which we believe positions us well for durable growth into the future.

Since we just finished tax season, let’s start there.

This tax season was like no other, and our team delivered a strong season in an uncertain environment by executing on our strategy of expanding our lead in the DIY category, transforming the assisted category and disrupting consumer finance. Based on our estimates excluding stimulus filings of approximately 7 to 8 million, the DIY category share grew over 2 points this season. We grew our share of total returns and posted 11 percent customer growth, the strongest in four years, while growing revenue double-digits for the third year in a row. We grew the base of customers paying us nothing just over 20 percent, posted double-digit growth of new customers across underpenetrated segments, including Latinx, self-employed and customers with investments and grew TurboTax Live customers nearly 70 percent.

Turning to small business…
Revenue for the Small Business and Self-Employed Group grew 16 percent in the fourth quarter and 15 percent for the year. Online ecosystem revenue grew 29 percent in the fourth quarter, including 4 points of nonrecurring revenue from the Paycheck Protection Program, and 31 percent for the year.

We are seeing the resiliency of our platform following a dip in demand earlier this year when shelter-in-place shut down many small businesses. We are now seeing recovering trends across our platform including improved retention rates, payments volume and employees paid with our payroll offerings, as customers continue to rely on QuickBooks as the source of truth for their business. With that said, there remains a great deal of uncertainty in the market, particularly for small businesses, as the pandemic continues to run its course.

Next, I’ll turn to the progress of our AI-driven expert platform strategy and how we are executing against our five Big Bets. These big bets focus on the largest problems our customers face, and represent durable growth opportunities for Intuit. I will cover big bet number one last as it accelerates innovation across our platform and is foundational to the other bets.
Big Bet number two is “connect people to experts.” One of the largest problems our customers face is lack of confidence - to do their own taxes and to manage their business. We’re connecting customers to experts on our platform to solve this problem with TurboTax Live and QuickBooks Live, allowing us to reach more customers, deepen engagement and grow ARPC.

- Within TurboTax Live, we had a terrific season. The number of TurboTax Live customers grew nearly 70 percent. We provided new ways for customers to access an expert throughout the filing process, contributing to first-year retention and conversion rates increasing several points. And almost 70 percent of new TurboTax customers who used our Live offering came from an assisted method the prior year, a higher percentage than TurboTax Online. For experts on our platform, we saw higher satisfaction scores and lower attrition as we focused on improving the expert experience.

- For QuickBooks Live, we are proud of the progress we’ve made this year, building on the virtual expert platform we created for TurboTax Live. With the rapid adoption of virtual solutions, we continue to see encouraging early signs for QuickBooks Live as we further develop the offering, with a higher
percentage than expected of customers upgrading to a monthly subscription from our set-up offering we introduced in January.

Our third big bet is to “unlock smart money decisions” by connecting customers with financial offerings that help put more money in their pockets.

- In its third season, we more than doubled monthly active use for Turbo, and increased customer retention rates as we grew registered users by 8 million, to 22 million. This suggests customers are finding value from our recently introduced innovations, such as refund tracking and goal setting.

- We expect our pending acquisition of Credit Karma to be more important than ever in this challenging environment as we work to help consumers save money, get out of debt and have faster access to money. We continue to expect the transaction to close during the second half of calendar year 2020.

Our fourth big bet is to “become the center of small business growth” by helping our customers get paid fast, manage capital, pay employees with confidence and grow in an omnichannel world.
• We recently launched QuickBooks Cash, a small business bank account that provides full visibility into a small businesses' current and future financial picture with the ability to move money instantly and to ensure their money is working for them, while leveraging the built-in accounting of QuickBooks. The cash account earns an attractive interest rate, enables small businesses to set aside funds for upcoming expenses in envelopes and comes with a debit card. It is fully integrated with QuickBooks Payments and Payroll, enabling a small business to pay a worker or vendor the same day they receive funds from a customer. It also includes an integrated Cash Flow Planner to predict future cash needs. We are excited to learn fast and scale this new innovation.

• We continue to support our small business customers by helping them access the Paycheck Protection Program, or PPP, through QuickBooks Capital. As of July 31, Intuit helped make available just over $1.2 billion of approved small business loans to customers. We’ve helped approximately 37,000 small businesses access these loans, with an average loan of nearly $38,000, keeping over 220,000 employees on payrolls.
• Finally, following the announced acquisition of TradeGecko’s robust inventory and order management system, we look forward to sharing more with you at Investor Day about how we will integrate these capabilities into QuickBooks to help small businesses manage and grow in an omnichannel environment.

Our fifth big bet is to “disrupt the small business mid-market” with QuickBooks Online Advanced, designed to address the needs of small businesses with 10 to 100 employees. Throughout the last year we introduced features to help customers individually tailor the offering to their needs, including workflow automation, “build your own dashboard,” custom fields for expense transactions and batch invoicing and payments. We also continue to work closely with partners to establish deeper integrations with premium apps, with the goal to save our customers time by personalizing the offering and improving their experience. Now more than ever, a simple and flexible cloud offering is needed by mid-market customers at a disruptive price.

Let me wrap up our Big Bets by circling back to bet number one, which is our foundational bet to “revolutionize speed to benefit” for our customers. Our goal is
to put more money in our customers’ pockets, eliminate friction, and deliver confidence at every touch point by using AI and customer insights. Here are a couple examples of the progress we’re making:

• First, we accelerated use of AI and increased the number of models deployed across our platform by over 50 percent this year. This increased use of AI drove a variety of customer benefits, including saving customers twenty-five thousand hours with self-help and cutting expert review time in half, improving customer confidence.

• Second, we completed the migration of our data centers to the cloud, while expanding our core technology capabilities. This enabled us to decrease downtime by 30 percent, triple the speed of delivery on our modern development platform and increase mobile application deployments by 60 percent. We can now launch new features in a fraction of the time it once took us and deliver customer benefit with even greater speed.

As I shared earlier, we believe the current environment is acting as an accelerant to these bets. Most everyone is looking for virtual solutions, small businesses are
accelerating their shift to online and omnichannel commerce, and both consumers and small businesses are looking for ways to put more money in their pockets.

To wrap up, I’m incredibly proud of our accomplishments this year. We remain focused on what matters most to our customers and what we can control during this time of uncertainty.

Now let me hand it over to Michelle.

**Financial Results and Segment Details**

Thanks, Sasan. Good afternoon everyone.

We are successfully executing on the principles we laid out last quarter for operating in a downturn. These principles are designed to accelerate our execution, and help both our customers and Intuit emerge from a downturn stronger than ever.

Let me now turn to our results. As a reminder, fourth quarter results reflect a shift of a significant portion of tax filings out of the third quarter and into the fourth quarter.

For the fourth quarter of fiscal 2020, we delivered:
• Revenue of $1.8 billion.

• GAAP operating income of $483 million, versus a loss of $153 million last year.

• Non-GAAP operating income of $616 million, versus a loss of $47 million last year.

• GAAP diluted earnings per share of $1.68, versus a loss per share of $0.17 a year ago.

• And non-GAAP diluted earnings per share of $1.81, versus a loss per share of $0.09 last year.

**Business Segment Results**

Turning to the business segments:

**Consumer and Strategic Partner Groups**

Consumer Group revenue grew 13 percent in fiscal 2020. TurboTax units grew 11 percent, and our retention rate increased again this year for our online tax customers.

There are four primary drivers in our Consumer business.
• The first is the total number of returns filed with the IRS. Based on the latest IRS data through July 24, we estimate total returns including paper filings grew 3 to 4 percent. This excludes approximately 7 to 8 million stimulus-only filings.

• The second is the percentage of those returns filed using do-it-yourself software. Excluding stimulus-only filings, we estimate category share grew over 2 points this season, the fastest pace in 15 years. As a reminder, DIY category growth is our largest revenue growth lever.

• The third driver is our share within DIY. Excluding stimulus-only filings, we estimate our share of total tax returns grew over 1.5 points and our share of the category was flat.

• The fourth is average revenue per return, which increased again this season. The growth reflects a stronger contribution by TurboTax Live and minor price increases in the Premier product and state attach.

Turning to the Strategic Partner Group, we reported $493 million of professional tax revenue in fiscal 2020, up 4 percent.
Small Business and Self-Employed Group

In the Small Business and Self-Employed Group, revenue grew 16 percent during the quarter and 15 percent in fiscal 2020, including nonrecurring PPP revenue. Excluding PPP, Small Business and Self-Employed Group revenue grew 13 percent during the quarter and 14 percent in fiscal 2020, reflecting the impact of the pandemic on small businesses. Online Ecosystem revenue remained resilient, with growth of 29 percent during the quarter and 31 percent during the year, including non-recurring PPP revenue. Excluding PPP, Online Ecosystem revenue grew 25 percent in fiscal Q4 and 30 percent in fiscal 2020. Our strategic focus within Small Business and Self-Employed is to grow the core, connect the ecosystem and expand globally. Last quarter I shared recent business trends, and I'd like to update you on those same trends compared to pre-COVID levels in the first half of the third quarter.

- First, we continue to focus on growing the core. QuickBooks online accounting revenue grew 34 percent in fiscal Q4, driven mainly by customer growth, higher effective prices and to a lesser extent mix-shift. During the fourth quarter, QBO new customer acquisition accelerated by approximately
10 points versus the second half of the third quarter, but is still down 5 points from pre-COVID levels. Retention within the existing customer base improved during Q4, but full year QBO retention is down two points to 77 percent.

• Second, we continue to focus on connecting the ecosystem. Online Services revenue grew 21 percent in fiscal Q4, driven by payments, PPP loans, payroll, and time tracking. Excluding nonrecurring PPP revenue, online services revenue grew 12 percent.

  ◦ Within payroll, we continue to see revenue tailwinds during the quarter from a mix-shift to our full service offering. The number of workers paid was roughly flat year-over-year in the fourth quarter, improving from a 10 percent year-over-year decrease during the second half of the third quarter but still 20 points below pre-COVID levels. Similarly, the number of companies running payroll grew approximately 10 percent year-over-year in the fourth quarter, improving from flat year-over-year in the second half of the third quarter. This is still 5 points below pre-COVID levels.
Within payments, revenue growth reflects continued customer growth, along with an increase in charge volume per customer. Payment charge volume grew 15 percent in the fourth quarter, improving from flat year-over-year in the second half of the third quarter. This is still 15 points below pre-COVID levels.

Third, our progress expanding globally added to the growth of Online Ecosystem revenue during fiscal Q4. Total international online revenue grew 31 percent, reflecting subscriber and ARPC growth earlier in the fiscal year. Desktop Ecosystem revenue was up 3 percent in the fourth quarter and roughly flat for the year. Excluding nonrecurring PPP revenue, desktop ecosystem revenue was flat in the fourth quarter. The decline in desktop units moderated in the fourth quarter, and QuickBooks Desktop Enterprise revenue grew mid-single digits. Intuit helped facilitate more than $1.2 billion in small business loans from the Paycheck Protection Program through QuickBooks Capital. This resulted in approximately $30 million in nonrecurring revenue in the fourth quarter.
Turning to our financial principles. We remain committed to growing organic revenue double-digits and growing operating income dollars faster than revenue. We take a disciplined approach to capital management, investing the cash we generate in opportunities that yield an expected return on investment greater than 15 percent. We continue to focus on reallocating resources to top priorities, with an emphasis on becoming an AI-driven expert platform. These principles remain our long-term commitment, though we recognize that we may not be able to achieve them in the current environment.

During the fourth quarter, we refocused our investments to ensure our capabilities are aligned against our AI-driven expert platform strategy and Big Bets. This resulted in the departure of over 700 employees and a one-time charge of $43 million in both GAAP and non-GAAP results. We plan to hire about 700 employees in our most strategic areas including systems, full-stack and data engineering, data science, customer success and sales.

Turning back to our financial principles, our first priority for the cash we generate is investing in the business to drive customer and revenue growth. We consider acquisitions to accelerate our growth and fill out our product roadmap. We return
excess cash that we can’t invest profitably in the business to shareholders via both share repurchases and dividends.

- We finished the quarter with approximately $7.1 billion in cash and investments on our balance sheet. In June, we issued $2 billion in senior notes to fund a portion of the Credit Karma acquisition and for other general corporate purposes. These notes carry a blended coupon rate of 1.15%. Following the end of the quarter, we repaid the $1 billion balance on our revolver.

- We did not repurchase any stock during the fourth quarter, as we have temporarily suspended share purchases in conjunction with the Credit Karma acquisition. We have approximately $2.4 billion remaining on our authorization, and we expect to be in the market in the future.

- The Board approved a quarterly dividend of $0.59 per share, payable October 19, 2020. This represents an 11 percent increase versus last year.

**Fiscal 2021 Commentary**
Looking ahead to fiscal 2021, while we are not providing company level guidance today reflecting uncertainty in small business trends, we believe the current environment accelerated our Consumer results this season, creating a more challenging comparison for next year. We see several scenarios for how the economic recovery may impact our small business performance and that we are considering as we run the business.

- The first scenario is that the pace of economic recovery continues at its current pace, reaching normalized growth in the spring of 2021. Under this scenario we could see Small Business and Self-Employed Group revenue grow high single-digits.

- The second scenario is a more gradual opening of the economy including ongoing headwinds from small businesses failures. This “W” shaped recovery assumes cases increase during the winter months, coinciding with our peak season in the U.S. Under this scenario we could see Small Business and Self-Employed Group revenue grow mid single-digits.

- The third scenario is a choppy recovery and more than one wave of small business failures or shut-downs, creating a “double W” shaped recovery.
Under this scenario we could see Small Business and Self-Employed Group revenue flat to up low single-digits.

In addition:

- We expect slower Small Business and Self-Employed revenue growth in the first half as compared to the second half of fiscal 2021. We supported customers during the second half of 2020 by delaying price increases, migration to our new payroll offerings and upgrades to QBO Advanced.

- As a reminder, we began rolling out a QBO price increase in first quarter of fiscal 2020, and we’ll start lapping the full impact of that increase in the second quarter of fiscal 2021. Keep in mind that there is also a lagging impact to QuickBooks online accounting revenue from the slower customer acquisition and higher attrition we experienced during third quarter.

To reiterate, our long-term expectations include revenue growth of 8 to 12 percent for the Consumer Group and 10 to 15 percent for the Small Business and Self-Employed Group. We continue to expect Online Ecosystem revenue growth of more than 30 percent longer-term.
Last, we expect a GAAP and non-GAAP tax rate of 23 percent for fiscal 2021.

With that, I’ll turn it back over to Sasan.

**Closing Comments (Sasan)**

Thanks, Michelle.

I’m proud of the team and all we accomplished together during fiscal 2020. We’re uniquely positioned to make a positive impact on the world, as our mission has never been more meaningful than now, to power prosperity around the world. I look forward to sharing with you how our strategy of an AI-driven expert platform and our five Big Bets are accelerating innovation at our virtual Investor Day on September 23. Let's now open it up to your questions.

**Closing Comments After Q&A**

Thank you everyone for your time and questions today. I would like to close by thanking our employees, customers and partners. I look forward to connecting with you at our Investor Day in September.

**Cautions About Forward-looking Statements**
These materials contain 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 2021 and beyond; 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 Intuit's corporate tax rate; expectations regarding changes to our products and their impact on Intuit’s business; expectations regarding the amount and timing of any future dividends or share repurchases; expectations regarding availability of our offerings; expectations regarding the impact of our strategic decisions on Intuit’s business; expectations regarding the timing, completion and impact of the Credit Karma acquisition; and all of the statements under the heading “Fiscal 2021 Commentary.”

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 risks and uncertainties may be amplified by the COVID-19 pandemic, which has caused
significant economic instability and uncertainty. These factors include, without limitation, the following: our ability to compete successfully; our participation in the Free File Alliance; potential governmental encroachment in our tax businesses; our ability to adapt to technological change; our ability to predict consumer behavior; our reliance on third-party intellectual property; our ability to protect our intellectual property rights; any harm to our reputation; risks associated with acquisition and divestiture activity; the issuance of equity or incurrence of debt to fund an acquisition; our cybersecurity incidents (including those affecting the third parties we rely on); customer concerns about privacy and cybersecurity incidents; fraudulent activities by third parties using our offerings; our failure to process transactions effectively; interruption or failure of our information technology; our ability to maintain critical third-party business relationships; our ability to attract and retain talent; any deficiency in the quality or accuracy of our products (including the advice given by experts on our platform); any delays in product launches; difficulties in processing or filing customer tax submissions; risks associated with international operations; changes to public policy, laws or regulations affecting our businesses; litigation in which we are involved; the
seasonal nature of our tax business; changes in tax rates and tax reform legislation; global economic changes; exposure to credit risk of the businesses we provide capital to; amortization of acquired intangible assets and impairment charges; our ability to repay outstanding debt; our ability to repurchase shares or distribute dividends; volatility of our stock price; and our ability to successfully market our offerings. More details about these and other risks that may impact our business are included in our Form 10-K for fiscal 2019 and in our other SEC filings. You can locate these reports through our website at http://investors.intuit.com. Forward-looking statements represent the judgment of the management of Intuit as of the date of this presentation. We do not undertake any duty to update any forward-looking statement or other information in this presentation.