

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

FORM 10-K

☒ Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended July 31, 2018

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, including zip code)

(650) 944-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Name of Exchange on Which Registered</u>
Common Stock, \$0.01 par value	Nasdaq Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

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 website, 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

INTUIT INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except per share amounts)

	Twelve Months Ended July 31,		
	2018	2017	2016
Net revenue:			
Product	\$ 1,462	\$ 1,376	\$ 1,289
Service and other	4,502	3,801	3,405
Total net revenue	5,964	5,177	4,694
Costs and expenses:			
Cost of revenue:			
Cost of product revenue	112	120	131
Cost of service and other revenue	850	677	599
Amortization of acquired technology	15	12	22
Selling and marketing	1,634	1,420	1,289
Research and development	1,186	998	881
General and administrative	664	553	518
Amortization of other acquired intangible assets	6	2	12
Total costs and expenses	4,467	3,782	3,452
Operating income from continuing operations	1,497	1,395	1,242
Interest expense	(20)	(31)	(35)
Interest and other income (expense), net	26	3	(4)
Income from continuing operations before income taxes	1,503	1,367	1,203
Income tax provision	292	396	397
Net income from continuing operations	1,211	971	806
Net income from discontinued operations	—	—	173
Net income	\$ 1,211	\$ 971	\$ 979
Basic net income per share from continuing operations	\$ 4.72	\$ 3.78	\$ 3.08
Basic net income per share from discontinued operations	—	—	0.65
Basic net income per share	\$ 4.72	\$ 3.78	\$ 3.73
Shares used in basic per share calculations	256	257	262
Diluted net income per share from continuing operations	\$ 4.64	\$ 3.72	\$ 3.04
Diluted net income per share from discontinued operations	—	—	0.65
Diluted net income per share	\$ 4.64	\$ 3.72	\$ 3.69
Shares used in diluted per share calculations	261	261	265
Cash dividends declared per common share	\$ 1.56	\$ 1.36	\$ 1.20

See accompanying notes.

INTUIT INC. **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(In millions)

Net income

Other comprehensive income (loss), net of income taxes:

Unrealized gain (loss) on available-for-sale debt securities

Foreign currency translation gain (loss)

Total other comprehensive income (loss), net

Comprehensive income

Twelve Months Ended July 31,		
2018	2017	2016
\$ 1,211	\$ 971	\$ 979
(2)	(1)	1
(11)	11	(3)
(13)	10	(2)
\$ 1,198	\$ 981	\$ 977

See accompanying notes.

INTUIT INC.

CONSOLIDATED BALANCE SHEETS

(Dollars in millions, except par value; shares in thousands)

	July 31,	
	2018	2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,464	\$ 529
Investments	252	248
Accounts receivable, net of allowance for doubtful accounts of \$5 and \$46	98	103
Income taxes receivable	39	63
Prepaid expenses and other current assets	184	100
Current assets before funds held for customers	2,037	1,043
Funds held for customers	367	372
Total current assets	2,404	1,415
Long-term investments	13	31
Property and equipment, net	812	1,030
Goodwill	1,611	1,295
Acquired intangible assets, net	61	22
Long-term deferred income taxes	87	132
Other assets	190	143
Total assets	<u>\$ 5,178</u>	<u>\$ 4,068</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	\$ 50	\$ 50
Accounts payable	178	157
Accrued compensation and related liabilities	369	300
Deferred revenue	961	887
Other current liabilities	191	178
Current liabilities before customer fund deposits	1,749	1,572
Customer fund deposits	367	372
Total current liabilities	2,116	1,944
Long-term debt	388	438
Long-term deferred revenue	197	202
Other long-term obligations	123	130
Total liabilities	2,824	2,714
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value		
Authorized - 1,345 shares total; 145 shares designated Series A;		
250 shares designated Series B Junior Participating		
Issued and outstanding - None	—	—
Common stock, \$0.01 par value		
Authorized - 750,000 shares		
Outstanding - 258,616 shares at July 31, 2018 and 255,668 shares at July 31, 2017	3	3
Additional paid-in capital	5,335	4,854
Treasury stock, at cost	(11,050)	(10,778)
Accumulated other comprehensive loss	(35)	(22)
Retained earnings	8,101	7,297
Total stockholders' equity	2,354	1,354
Total liabilities and stockholders' equity	<u>\$ 5,178</u>	<u>\$ 4,068</u>

See accompanying notes.

INTUIT INC. **CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**

(Dollars in millions, shares in thousands)

	Common Stock		Additional Paid-In Capital	Treasury Stock	Accumulated Other Comprehensive Loss	Retained Earnings	Total Stockholders' Equity
	Shares	Amount					
Balance at July 31, 2015	277,706	\$ 3	\$ 4,007	\$ (7,675)	\$ (30)	\$ 6,027	\$ 2,332
Comprehensive income	—	—	—	—	(2)	979	977
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	4,963	—	89	—	—	—	89
Stock repurchases under stock repurchase programs	(24,816)	—	—	(2,264)	—	—	(2,264)
Dividends and dividend rights declared (\$1.20 per share)	—	—	—	—	—	(319)	(319)
Tax benefit from share-based compensation plans	—	—	59	—	—	—	59
Share-based compensation expense	—	—	287	—	—	—	287
Balance at July 31, 2016	257,853	3	4,442	(9,939)	(32)	6,687	1,161
Comprehensive income	—	—	—	—	10	971	981
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	4,715	—	73	—	—	—	73
Stock repurchases under stock repurchase programs	(6,900)	—	—	(839)	—	—	(839)
Dividends and dividend rights declared (\$1.36 per share)	—	—	—	—	—	(357)	(357)
Cumulative effect of change in accounting principle	—	—	6	—	—	(4)	2
Share-based compensation expense	—	—	333	—	—	—	333
Balance at July 31, 2017	255,668	3	4,854	(10,778)	(22)	7,297	1,354
Comprehensive income	—	—	—	—	(13)	1,211	1,198
Issuance of stock under employee stock plans, net of shares withheld for employee taxes	4,818	—	96	—	—	—	96
Stock repurchases under stock repurchase programs	(1,870)	—	—	(272)	—	—	(272)
Dividends and dividend rights declared (\$1.56 per share)	—	—	—	—	—	(407)	(407)
Share-based compensation expense	—	—	385	—	—	—	385
Balance at July 31, 2018	258,616	\$ 3	\$ 5,335	\$ (11,050)	\$ (35)	\$ 8,101	\$ 2,354

See accompanying notes.

INTUIT INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)

Cash flows from operating activities:

	Twelve Months Ended July 31,		
	2018	2017	2016
Net income	\$ 1,211	\$ 971	\$ 979
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	228	214	195
Amortization of acquired intangible assets	25	22	43
Share-based compensation expense	382	326	281
Pre-tax gain on sale of discontinued operations (1)	—	—	(354)
Loss on sale of long-lived assets	79	—	—
Deferred income taxes	51	8	70
Tax benefit from share-based compensation plans	—	—	59
Other	6	13	17
Total adjustments	771	583	311
Changes in operating assets and liabilities:			
Accounts receivable	5	5	(20)
Income taxes receivable	(1)	(44)	64
Prepaid expenses and other assets	(31)	(9)	(10)
Accounts payable	12	—	(23)
Accrued compensation and related liabilities	75	10	(11)
Deferred revenue	66	83	192
Other liabilities	4	—	(22)
Total changes in operating assets and liabilities	130	45	170
Net cash provided by operating activities	2,112	1,599	1,460

Cash flows from investing activities:

Purchases of corporate and customer fund investments	(407)	(352)	(934)
Sales of corporate and customer fund investments	128	359	1,165
Maturities of corporate and customer fund investments	286	183	187
Net change in cash and cash equivalents held to satisfy customer fund obligations	5	(68)	58
Net change in customer fund deposits	(5)	68	(33)
Purchases of property and equipment	(38)	(102)	(416)
Capitalization of internal use software	(86)	(128)	(106)
Acquisitions of businesses, net of cash acquired	(363)	—	—
Proceeds from divestiture of businesses	—	—	463
Originations of term loans to small businesses	(137)	—	—
Principal repayments of term loans from small businesses	82	—	—
Other	3	(45)	(13)
Net cash provided by (used in) investing activities	(532)	(85)	371

Cash flows from financing activities:

Proceeds from borrowings under revolving credit facilities	800	150	995
Repayments on borrowings under revolving credit facilities	(800)	(150)	(995)
Proceeds from long-term debt	—	—	500
Repayment of debt	(50)	(512)	—
Proceeds from issuance of stock under employee stock plans	295	226	197

INTUIT INC. CONSOLIDATED STATEMENTS OF CASH FLOWS

Payments for employee taxes withheld upon vesting of restricted stock units	(199)	(153)	(108)
Cash paid for purchases of treasury stock	(272)	(839)	(2,264)
Dividends and dividend rights paid	(407)	(353)	(318)
Other	(1)	(1)	(6)
Net cash used in financing activities	(634)	(1,632)	(1,999)
Effect of exchange rates on cash and cash equivalents	(11)	9	(2)
Net increase (decrease) in cash and cash equivalents	935	(109)	(170)
Cash and cash equivalents at beginning of period	529	638	808
Cash and cash equivalents at end of period	\$ 1,464	\$ 529	\$ 638
Supplemental disclosure of cash flow information:			
Interest paid	\$ 19	\$ 42	\$ 37
Income taxes paid	\$ 245	\$ 430	\$ 389

- (1) Because the cash flows of our discontinued operations were not material for any period presented, we have not segregated the cash flows of those businesses on these statements of cash flows. We have presented the effect of the pre-tax gains on the disposals on these statements of cash flows. See Note 7, "Discontinued Operations," for more information.

See accompanying notes.