

INTUIT INC
Form 8-K
February 18, 2003

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

February 18, 2003

(Date of report)

February 6, 2003

(Date of earliest event reported)

INTUIT INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware

(State or other Jurisdiction
of Incorporation)

000-21180

(Commission File Number)

77-0034661

(I.R.S. Employer
Identification No.)

2535 Garcia Avenue

Mountain View, CA 94043

Edgar Filing: INTUIT INC - Form 8-K

(Address of Principal Executive Offices) (Zip Code)

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

ITEM 5. OTHER EVENTS.

Completed Disposition of Intuit's Japanese Subsidiary

On December 23, 2002, Intuit Inc. announced that it had signed a definitive agreement to sell its wholly owned Japanese subsidiary, Intuit KK, to Advantage Partners, Inc., a private equity investment firm located in Japan. The transaction closed on February 6, 2003. Advantage Partners paid 9.6 billion yen (approximately \$79 million) for the business.

Announcement of Fiscal 2003 Second Quarter Results

On February 13, 2003, Intuit Inc. announced the results for its second quarter of fiscal 2003, which ended January 31, 2003. Revenue of \$558.1 million increased 17 percent from the second quarter of fiscal 2002. Intuit reported net income of \$124.8 million, up 7 percent from net income of \$119.9 million in the earlier period. This represents \$0.60 per share, up 9 percent from \$0.55 per share in the second quarter of 2002. Stronger revenue growth and lower acquisition-related charges in fiscal 2003 due to the adoption of the Financial Accounting Standard Board's SFAS 142 contributed to the year-over-year difference.

INTUIT INC.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

(In thousands, except per share data)

(unaudited)

| | Three Months Ended | | Six Months Ended | |
|--|--------------------|------------|------------------|------------|
| | January 31, | | January 31, | |
| | 2002 | 2003 | 2002 | 2003 |
| Net revenue: | | | | |
| Products | \$ 413,096 | \$ 465,130 | \$ 524,169 | \$ 607,033 |
| Services | 45,029 | 75,348 | 76,950 | 130,952 |
| Other | 17,783 | 17,598 | 33,107 | 32,963 |
| Total net revenue | 475,908 | 558,076 | 634,226 | 770,948 |
| Costs and expenses: | | | | |
| Cost of revenue: | | | | |
| Products, services and other | 106,250 | 115,783 | 166,255 | 185,697 |
| Amortization of purchased software | 7,171 | 3,518 | 8,877 | 6,495 |
| Customer service and technical support | 50,289 | 55,591 | 85,985 | 95,221 |
| Selling and marketing | 74,720 | 97,796 | 131,012 | 172,617 |
| Research and development | 51,402 | 66,080 | 98,822 | 130,207 |
| General and administrative | 28,761 | 38,405 | 54,987 | 78,021 |
| Charge for purchased research and development | | 1,070 | | 8,859 |
| Acquisition-related charges | 62,008 | 9,154 | 102,999 | 18,609 |
| Loss on impairment of long-lived asset | | | 27,000 | |
| Total costs and expenses | 380,601 | 387,397 | 675,937 | 695,726 |
| Income (loss) from continuing operations | 95,307 | 170,679 | (41,711) | 75,222 |
| Interest and other income | 7,635 | 7,770 | 17,463 | 16,556 |
| Gains (losses) on marketable securities and other investments, net | 1,632 | 2,827 | (10,622) | 3,080 |
| Income (loss) from continuing operations before income taxes | 104,574 | 181,276 | (34,870) | 94,858 |
| Income tax (benefit) provision (i) | 4,678 | 55,905 | (31,460) | 29,936 |
| Income from continuing operations | 99,896 | 125,371 | (3,410) | 64,922 |
| Discontinued operations, net of income taxes (ii) and (iii): | | | | |
| Net income from Quicken Loans discontinued operations | 16,740 | | 26,469 | |
| Gain on disposal of Quicken Loans discontinued operations | | | | 5,556 |
| Net income from Intuit KK discontinued operations | 3,232 | 3,059 | 4,382 | 3,267 |
| Net income from discontinued operations | 19,972 | 3,059 | 30,851 | 8,823 |
| Net income | \$ 119,868 | \$ 128,430 | \$ 27,441 | \$ 73,745 |

Edgar Filing: INTUIT INC - Form 8-K

| | | | | |
|--|---------|---------|-----------|---------|
| Basic net income (loss) per share from continuing operations | \$ 0.47 | \$ 0.61 | \$ (0.02) | \$ 0.32 |
| Basic net income per share from discontinued operations | 0.09 | 0.01 | 0.15 | 0.04 |
| Basic net income per share | \$ 0.56 | \$ 0.62 | \$ 0.13 | \$ 0.36 |
| Shares used in basic per share amounts | 212,520 | 205,682 | 211,780 | 206,823 |
| Diluted net income (loss) per share from continuing operations | \$ 0.46 | \$ 0.59 | \$ (0.01) | \$ 0.31 |
| Diluted net income per share from discontinued operations | 0.09 | 0.01 | 0.14 | 0.04 |
| Diluted net income per share | \$ 0.55 | \$ 0.60 | \$ 0.13 | \$ 0.35 |
| Shares used in diluted per share amounts | 219,355 | 212,455 | 217,914 | 213,445 |

- (i) There is a difference in the effective tax rate for each of these periods, primarily due to the net effect of non-deductible merger and divestiture related charges offset by the benefit received from tax-exempt interest income and various tax credits.
- (ii) On July 31, 2002, we sold our Quicken Loans mortgage business to Rock Acquisition Corporation. We accounted for the sale as discontinued operations and, accordingly, the operating results of Quicken Loans have been segregated from continuing operations on our statement of operations for the three and six months ended January 31, 2002. Income taxes netted against net income from discontinued operations amounted to \$9.4 million and \$14.9 million for those periods. In the first quarter of fiscal 2003, we sold our residual minority equity interest in Rock and recorded a gain of \$5.6 million. We also received payment in full on a \$23.3 million promissory note from Rock. We did not record a tax benefit related to the transaction because we cannot be assured that we will realize the tax benefit.
- (iii) On December 23, 2002, we signed a definitive agreement to sell our wholly owned Japanese subsidiary, Intuit KK, to a private equity investment firm located in Japan. Intuit KK became a long-lived asset held for sale and a discontinued operation during the second quarter of fiscal 2003 and, accordingly, its operating results have been segregated from continuing operations on our statement of operations for all periods presented. Income tax benefits included in net income from discontinued operations amounted to \$0.4 million and \$0.5 million for the second quarter and first six months of fiscal 2002. Income tax expense netted against net income from discontinued operations amounted to \$2.2 million and \$2.4 million for the same periods of fiscal 2003.

INTUIT INC.

CONDENSED CONSOLIDATED BALANCE SHEET

(In thousands)

(unaudited)

| | July 31, 2002 | January 31, 2003 |
|--|------------------|---------------------|
| | <u>2002</u> | <u>2003</u> |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 414,748 | \$ 379,915 |
| Short-term investments | 815,342 | 718,437 |
| Marketable securities | 16,791 | 18,548 |
| Customer deposits | 300,409 | 259,958 |
| Accounts receivable, net | 51,999 | 245,687 |
| Deferred income taxes | 67,799 | 61,270 |
| Income taxes receivable | 2,187 | |
| Prepaid expenses and other current assets | 49,581 | 39,520 |
| Amounts due from discontinued operations entities | 241,616 | 4,728 |
| | <u>1,960,472</u> | <u>1,728,063</u> |
| Total current assets | 1,960,472 | 1,728,063 |
| Property and equipment, net | 179,122 | 195,990 |
| Goodwill, net | 428,948 | 583,907 |
| Purchased intangibles, net | 125,474 | 124,289 |
| Long-term deferred income taxes | 176,553 | 172,835 |
| Loans to executive officers and other employees | 21,270 | 19,968 |
| Other assets | 31,854 | 11,512 |
| Net long-term assets of discontinued operations | 4,312 | 4,066 |
| | <u>2,928,005</u> | <u>2,840,630</u> |
| Total assets | \$ 2,928,005 | \$ 2,840,630 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 71,069 | \$ 107,189 |
| Accrued compensation and related liabilities | 87,426 | 91,598 |
| Payroll service obligations | 300,381 | 259,958 |
| Deferred revenue | 147,120 | 170,500 |
| Income taxes payable | | 17,169 |
| Short-term note payable | 2,277 | 2,717 |
| Other current liabilities | 81,795 | 176,855 |
| Net current liabilities of discontinued operations | 7,688 | 4,220 |
| | <u>697,756</u> | <u>830,206</u> |
| Total current liabilities | 697,756 | 830,206 |
| Long-term obligations | 14,610 | 12,766 |
| Stockholders' equity | 2,215,639 | 1,997,658 |
| | <u>2,928,005</u> | <u>2,840,630</u> |
| Total liabilities and stockholders' equity | \$ 2,928,005 | \$ 2,840,630 |



SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INTUIT INC.

Date: February 18, 2003

By:

/s/ ROBERT B. HENSKÉ

Robert B. Henske

Senior Vice President and Chief Financial
Officer