



Intuit, Inc. (NASDAQ: INTU)

By: Jayaram Kanagasabai, Harshil Chooramun, Juan Tinoco

Market Data as of 04-Apr-2022

Intuit is a leader in the bookkeeping and financial software space

Business Model:

How Do They Make Money?

- Main products include TurboTax, QuickBooks, Mint, and Credit Karma
- Makes money by charging customers for using their software via subscription
- Subscriptions are priced differently depending on the service, for example TurboTax has a segmented pricing model, depending on complexity and filing status
- Mint revenue is strictly through ads referral links

Investment Thesis:

Why Is This a Good Business?

- Monopolistic position in tax & bookkeeping, with high switching costs and barriers to entry
- Strong brand, high recurring revenue base, and wide economic moat
- Cross-selling potential among small and medium sized businesses with MailChimp and QuickBooks
- Most products are extremely recession resilient, as the tax filing industry is defensive

*We recommend a **HOLD** on **Intuit** with an implied upside of **3.5%***

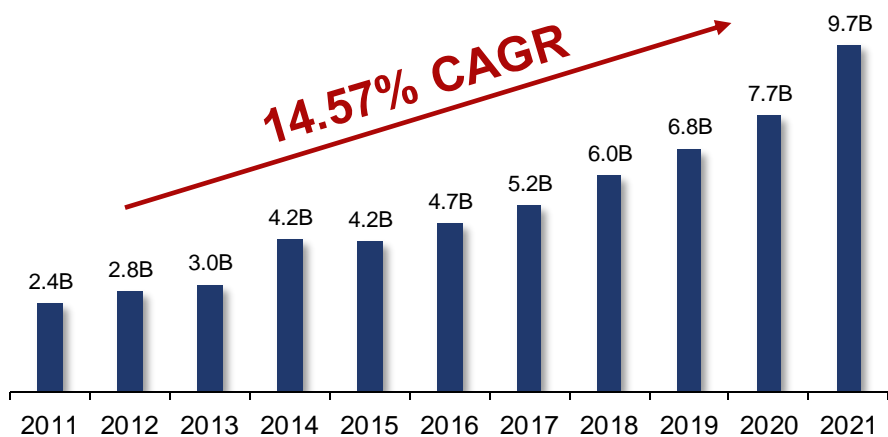
Business Overview

Deliver financial management products and services

Product Ecosystem



Revenue











Key Information¹

Total Users	13M
Monthly Active Users	2.4M
Paid Customers	800K
Recurring Revenue in CY21	95.0%
EBITDA Margin	25.3%
EV / EBITDA (LTM)	19.2x
Net Debt / EBITDA (LTM)	1.8x

Source(s): Company Filings, CapIQ
1. Data as of January 30, 2022

Product Portfolio

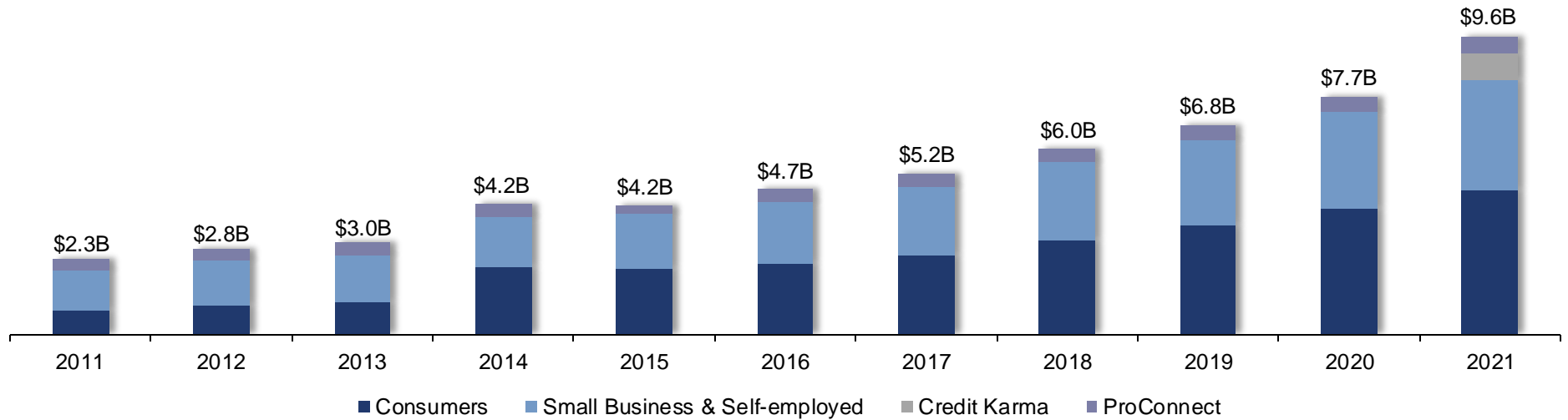
Intuit has an array of differentiated products in overlapping markets

SMBs			<ul style="list-style-type: none">■ QuickBooks provides financial and business management online services and desktop software, payroll solutions, time tracking, merchant payment processing solutions, and financing for businesses
<p>2021 Revenue: \$4,668M 2021 EBIT Margin: 55.2%</p>			
Consumers			<ul style="list-style-type: none">■ TurboTax provides income tax preparation products and service that also provides do-it-yourself software■ Mint offering is a personal finance offering which helps customers track their finances and daily financial behaviors
<p>2021 Revenue: \$3,568M 2021 EBIT Margin: 62.8%</p>			
Credit Karma			<ul style="list-style-type: none">■ A personal finance platform that provides personalised recommendations of credit card, home, auto and personal loan, and insurance products
<p>2021 Revenue: \$865M 2021 EBIT Margin: 21.0%</p>			
Pro Connect			<ul style="list-style-type: none">■ Is a cloud-based online professional tax software from Intuit that allows you to accurately prepare business and individual returns with all levels of complexity■ Services professional accountants in the U.S. and Canada, who are essential to small business and tax preparation and filing
<p>2021 Revenue: \$517M 2021 EBIT Margin: 72.0%</p>			

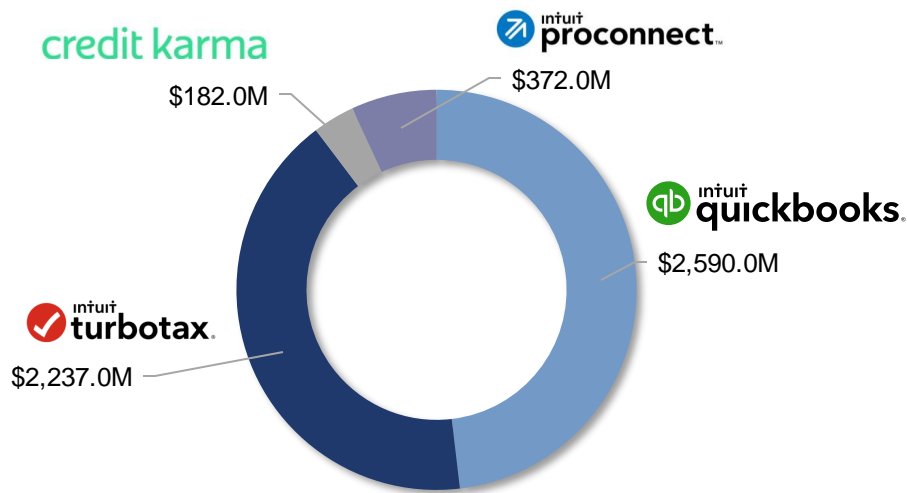
Segment Specific Breakdown

The company's QuickBooks and TurboTax have grown at steady rate

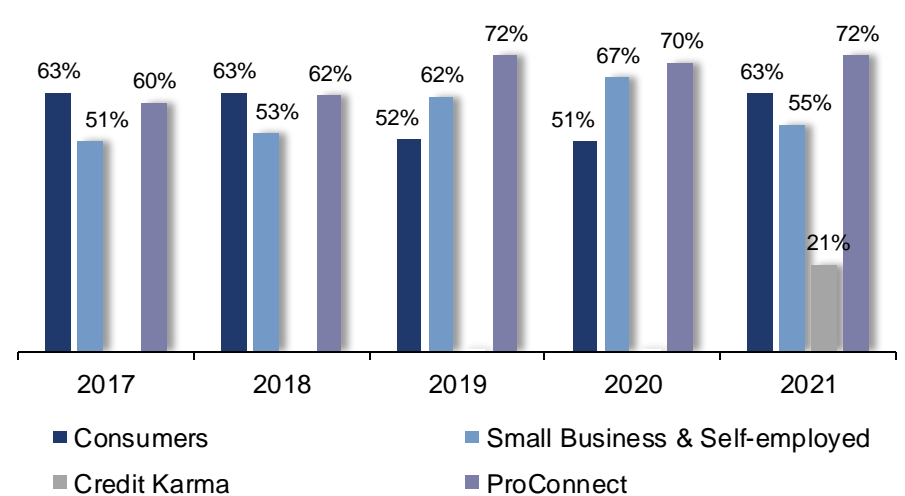
Revenue Segmentation



EBIT Contribution



EBIT Margin



5-Year Share Price Performance

Intuit has outperformed S&P 500

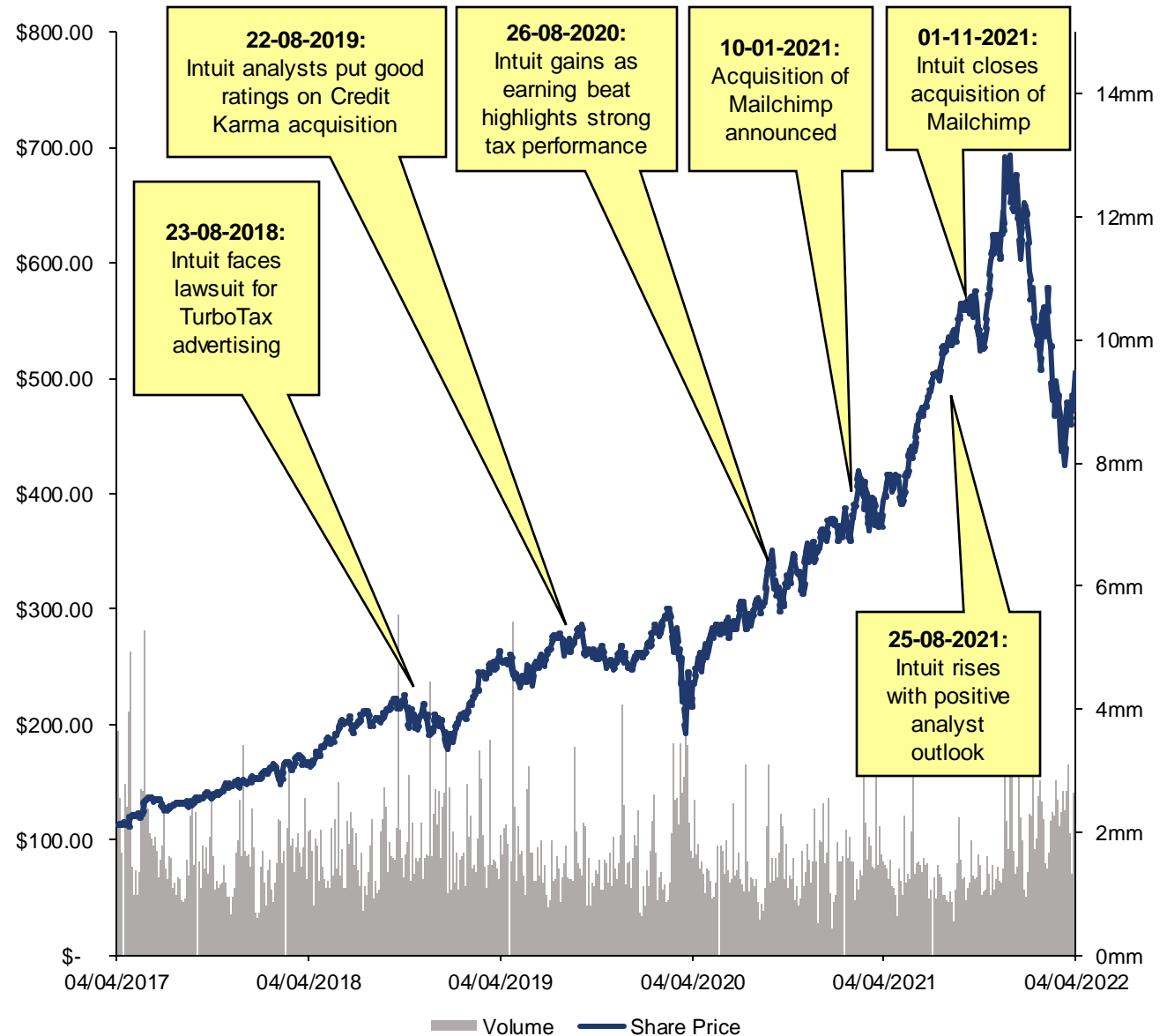
Commentary

- INTU has seen strong price appreciation and was a COVID beneficiary
- Credit Karma grew consumer TAM by \$30B, expanded Intuit's data and analytic capabilities, and grows the core products while complements offerings
- The MailChimp acquisition is expected to add another \$30B to Intuit's Tam
- Mailchimp complements their SMB offerings and creates a one-stop platform where they can manage financials and market their business

Key Financial Information

Market Cap	\$136B
Share Price (April 4)	\$505.65
Price / Earnings	31.5x
2021 Revenues	\$9.6B
5-Year Revenue CAGR	18.7%
ROIC	25.7%

Stock Chart

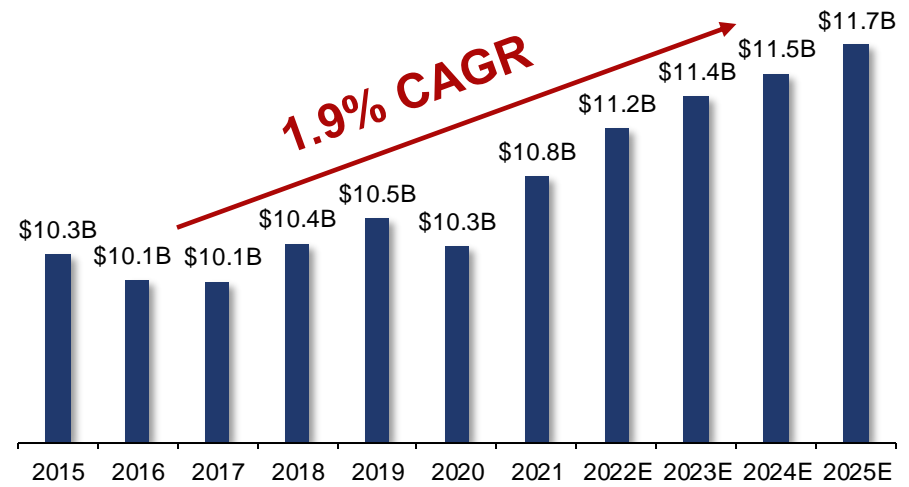


Tax preparation services is a defensive industry with high growth prospects

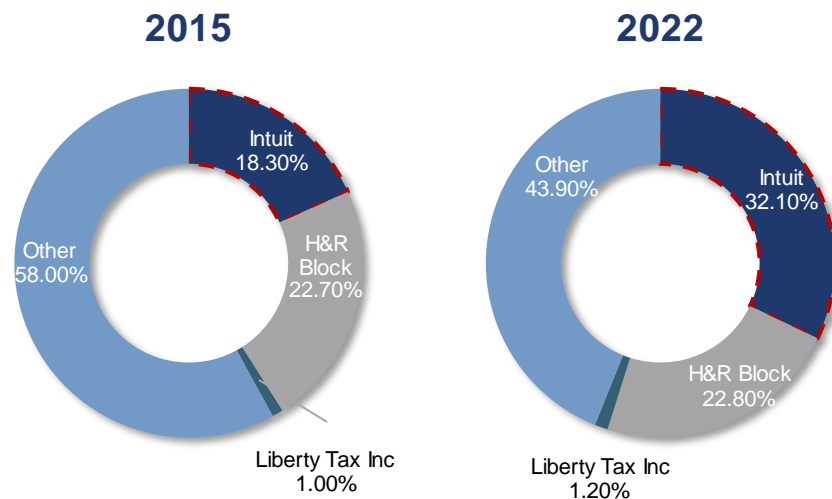
Industry Overview

- The tax preparation services industry assists individuals and businesses filing government income tax returns
- Businesses operate through multiple channels including do-it-yourself software, assisted software and in-person assistance
- Large industry players offer multiple offerings at different price points to better suit customers' special needs and situations
 - Low-income households tend to request basic services that fulfill their taxing obligations to receive government credits, while middle-income individuals tend to request more tailored solutions for maximizing tax returns.
- The industry is cyclical, and revenues are highest during the first and second quarters which align with tax return deadlines

Historical and Projected Revenues



Market Share



Industry Trends

- Convenient online services, including e-filing and the US Internal Revenue Service's Free File has become prevalent
 - Industry players have adapted to this digital environment by modifying price structures and business models
- Low-income individuals are the largest revenue drivers accounting for 28.5% of total revenues due to the ease of use and price points of do-it-yourself software
- As of March 2022, tax returns have decreased by 4.0% YoY albeit strong unemployment figures indicating that consumers are expected to file later in the year instead of the regular season
- Small businesses form 20% of the industry total revenues and establishments are expected to increase by 9.8% over 4 years

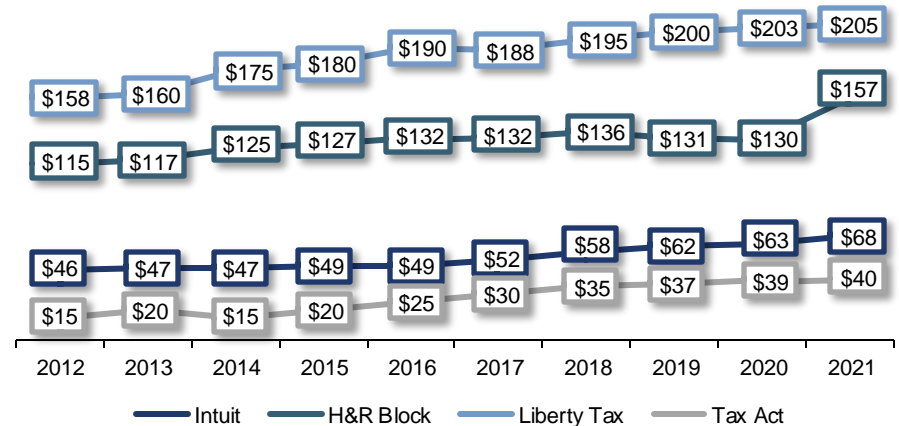
Industry Overview

Tax preparation services is a defensive industry with high growth prospects

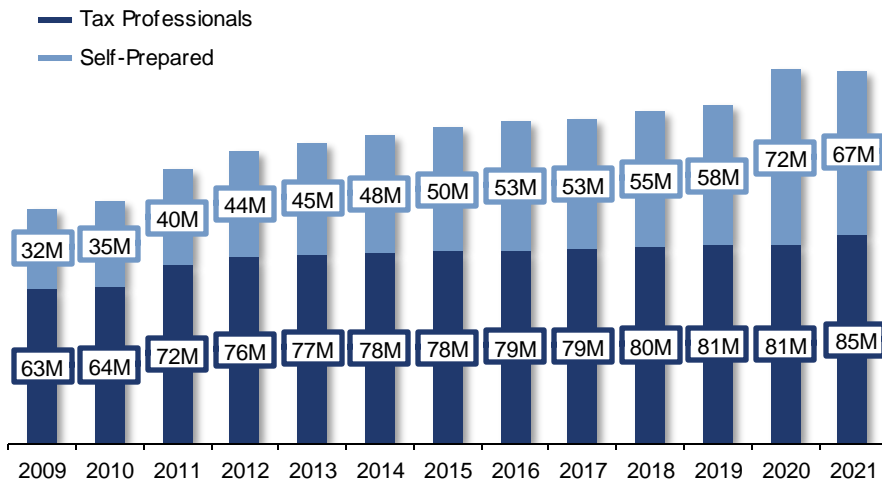
Commentary

- As the work force expands, many professionals will begin filing income taxes since tax filings are not mandatory nor offer any returns for the unemployed population
 - Unemployment rate is especially important because the industry does not target a minority of workers with high incomes but rather low to middle-class households which represent over 80.0% of the workforce in the U.S.
- Individuals are investing substantially more than previous years and capital gains or losses on investments must be filed
- The IRS reports that over 45.0% of the population is filing without the help of a professional due to the ease of use and price effectiveness of do-it-yourself tax programs such as TurboTax

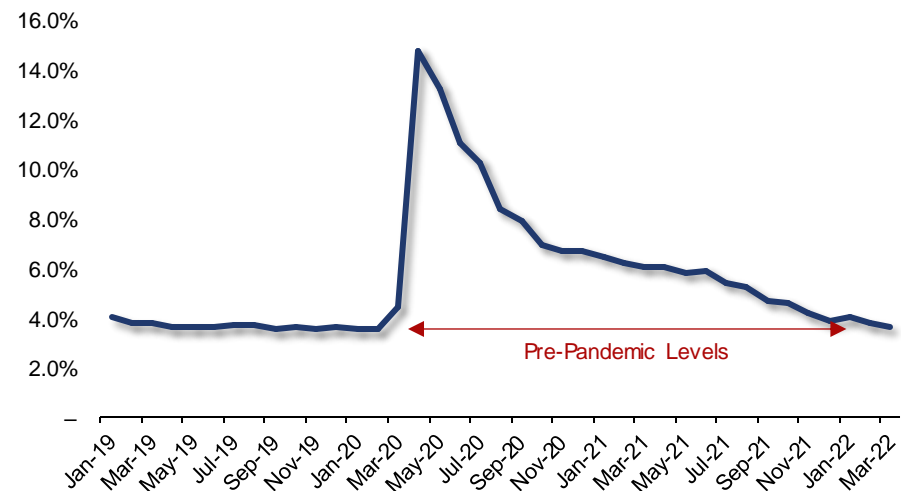
Average Revenue per Tax Filing



Individual Income Tax Filings



U.S. Unemployment Rate

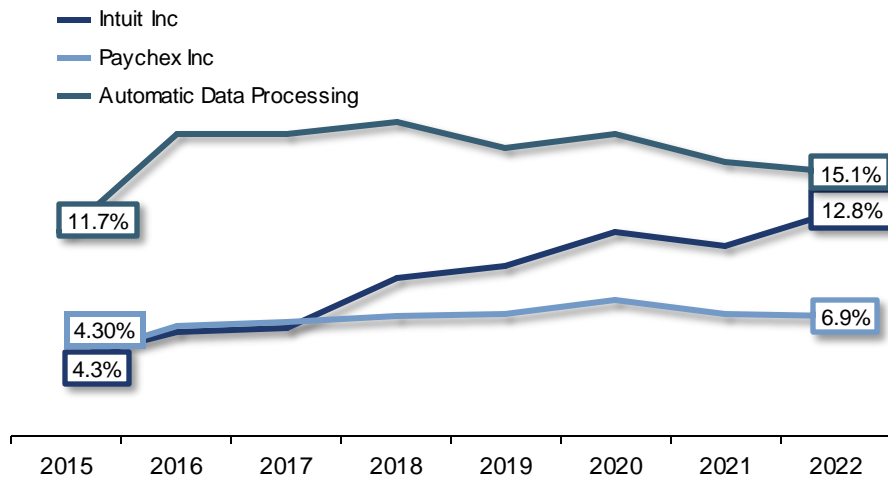


Bookkeeping will experience pent-up demand due to a shift in automation

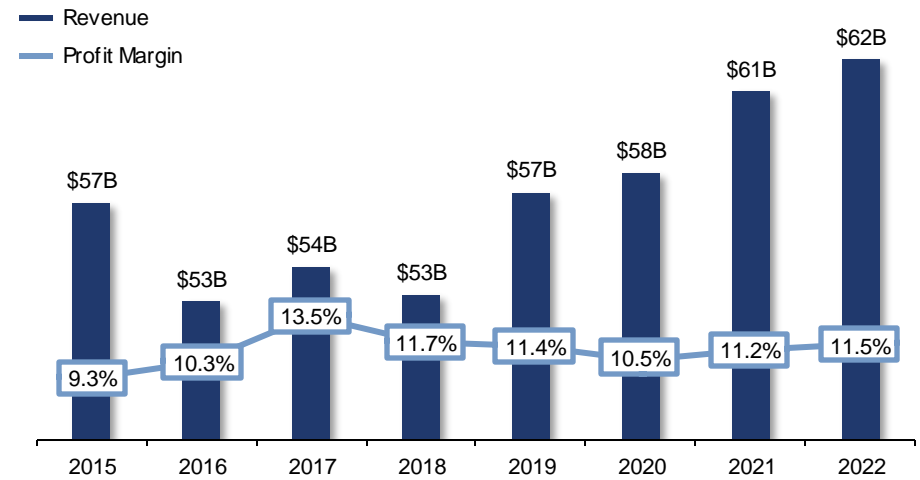
Increasing Demand for Services

- Tax code has become increasingly complex, which has led more businesses to outsource bookkeeping service. The credit's error rate is 27.0% which amounts to \$18 billion in accounting mistakes
- Software bookkeeping services have increased as bookkeepers taken on analytical roles leaving behind administrative tasks
- Improving economic conditions will likely lead managers and small business operators to focus its time strategizing business activity and expansion plans, decreasing its focus on administrative tasks, such as payroll and bookkeeping
- Industry players have started offering value-added products that complement bookkeeping services such as payroll services, data analytics and tax filing software

Key Players



Industry Revenue



Industry Shift to Automation

- The company experiences high fragmentation due to the ease of entrants from local service providers for bookkeeping services
- Many small business clients prefer doing business with small local service providers that provide personalized services and have extensive knowledge of the business and its environment
- Industry consolidation within large players is driving out market share for small local service providers that charge higher fees
 - Key market players are focusing on technology acquisitions to automate processes and achieve economies of scale
- Bookkeepers ages 55 or older account for more than 40.0% of total bookkeepers in the U.S. indicating that many bookkeeping roles are now being replaced with software and automation

Industry Comparable Table

Competitors in tax filing services

Metrics	TurboTax	H&R Block	Liberty Tax
Revenue	\$3,500M	\$3,100M	\$70M
Total Filings	51M	20M	0.4M
ARPU	\$68	\$157	\$205
Highest Price-Point*	\$119.00	\$179.99	~\$250.00
Lowest Price-Point	\$19.99	\$29.95	\$44.95
Countries of Operation	2 countries	3 countries	2 countries

Note: Lowest price-point excludes services free of charge

Industry Comparable Table

Competitors in bookkeeping services

Metrics	QuickBooks	Paychex	ADP
Revenue	\$4,700M	\$3,100M	\$15,000M
Growth Rate	16.4%	0.4%	3.8%
Churn Rate	10.0%	20.0%	<1.0%
Average Billing per User	\$4,700	\$4,627	\$16,304
Total Customers	1,000,000	670,000	920,000

Industry Comparable Table

Competitors in B2B marketing services

Metrics	MailChimp	Hubspot	Constant Contact
Revenue	~\$900M	\$883M	~\$1,200M
Growth Rate	20.0%	44.8%	N/A
Churn Rate	10.0%	12.0%	N/A
ARPU	\$82	\$30	\$2,000
Total Customers	11.00M	0.15M	0.60M

Industry Comparable Table

Competitors in credit scoring and consumer services

Metrics	CreditKarma	NerdWallet	Mint
Revenue	\$865M	\$3,100M	~\$2,800M
Growth Rate	6.2%	20.0%	0.4%
Churn Rate	10.0%	22.0%	11.0%
ARPU	\$7.86	\$79.49	\$280.00
Total Customers	110M	39M	10M

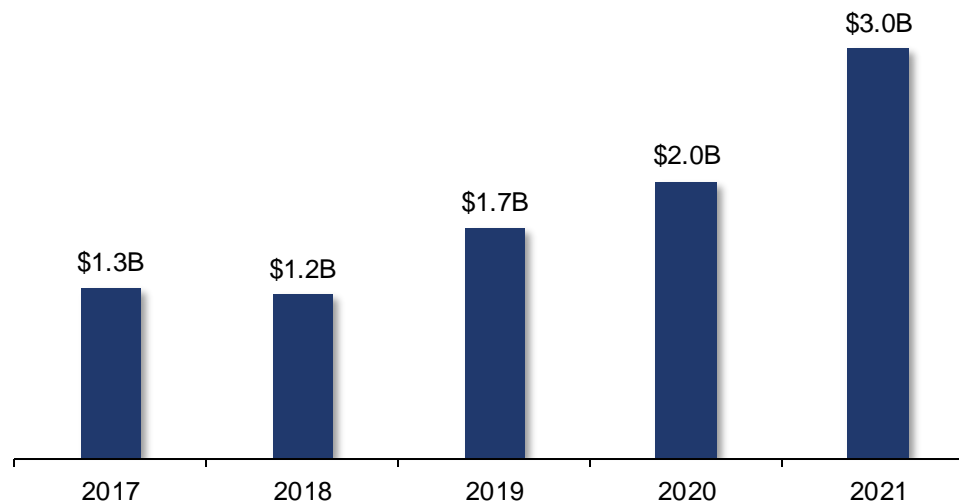
Investment Thesis: Why Is This a Good Business?

Predictable businesses with recessionary resiliency & pricing Power

Monopolistic Position in Tax & Bookkeeping

- Intuit owns a variety of businesses that have distinct competitive advantages however the best business would be QuickBooks and TurboTax
- These products own 80.0% of the market and are used by 94.0% of professionals
 - **Switching costs** are high; due to compiling years of bookkeeping data and learning a new software
 - **Barriers to Entry** are high; provided by patented software along with a sticky customer base
- 50.0%+ EBIT Margins supported by incremental operating leverage which provides substantial opportunity for margin expansion

Expanding Levered FCF Generation



Cross-Selling Growth: Credit Karma & MailChimp

- **Credit Karma** – provides credit scoring data to consumers for free and makes money through online advertisements
 - Credit Karma will provide current Intuit customers with enormous value with credit scoring services, which enhances the value proposition of Intuit's service platform and creates network effects
- **MailChimp** – provides marketing tools for small and mid-sized businesses and will be integrated into the QuickBooks platform
 - MailChimp will provide additional cross-selling opportunities as QuickBooks integration allows for businesses to not only file taxes, track financials, but also re-invest in automated marketing services

Recession Resilience & Pricing Power

- Intuit operates in defensive industries like tax filings and accounting software
 - In a downturn scenario, every business and consumer will still need to file taxes and use accounting services
 - Intuit is a far superior business than most other names trading at similar prices because of the counter-cyclicality
- Inelastic demands provides substantial pricing power
 - QuickBooks increased monthly fees by 25.0% from FY 2020 to FY 2021
 - Justification of price increases involves adding extra services which costs Intuit nothing to provide

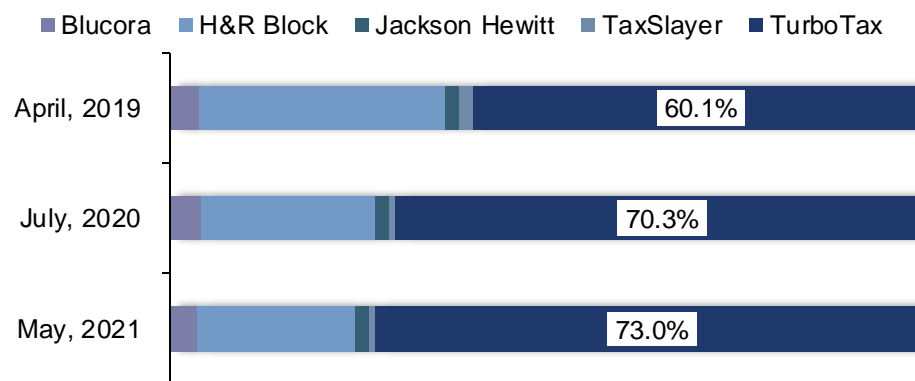
Investment Thesis: Why Is This a Good Business?

Intuit's TurboTax outcompetes all competing products/services

Consumers Prefer TurboTax for its Modernity

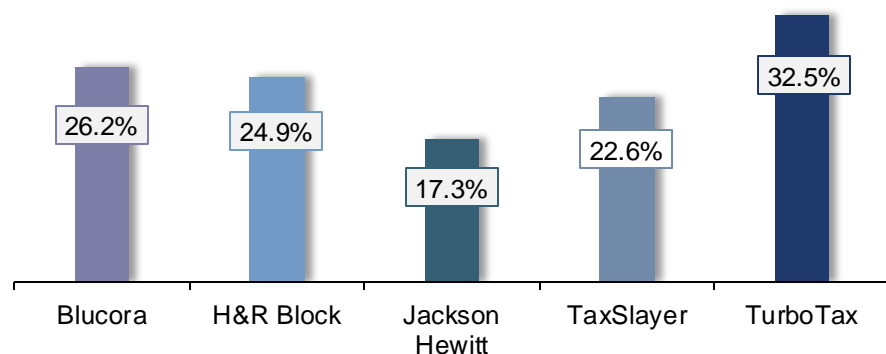
- The shift to online tax-service providers will continue post-pandemic as consumers favor a simpler, less time-consuming, and streamlined product
 - Over the pandemic, H&R Block's market share rapidly decreased as customers decided to file online with online-assistance and DIY
 - Portion of business conducted online is expected to increase 29.1% to 35.1% from 2021 to 2026
- TurboTax is powered by Intuit's Tax Knowledge Engine that uses AI and ML to deliver a personalized and streamlined experience
 - Able to tailor an individual's financial situation to correspond to 80,000+ pages of U.S. tax requirements seamlessly
 - Patent over software provides barriers to entry and ability to price products at a premium

Tax Prep Share of Sales by Tax Month



- TurboTax has maintained its position as the top industry competitor, and has garnered market share faster than any other tax preparation provider

Percentage of Customer With Income >\$100K (2021)



- TurboTax has the highest percentage of customers with incomes over \$100k and charge more if the customer has to file taxes on capital gains, this results in more income being drawn from affluent individuals

Resilience to Regulations and Seasonality

- IRS reports that tax returns prepared by third-parties contain more errors and relate to a higher incidence of fraud. With more implications being made to the tax code, citizens are encouraged to file taxes on their own, making TurboTax's DIY service more attractive
- TurboTax's technology allows it to be better positioned to service consumers in the event that seasonal volumes fluctuate irregularly
 - In 2021, the IRS reported that the in the initial 33 days of the tax season, there were 23.0% fewer tax returns that were filed in comparison to analogous periods in 2020 and 2019
 - When the demand for service spiked at the end of the season, other tax service providers were unable to meet the immense volumes

Investment Thesis: Why Is This a Good Business?

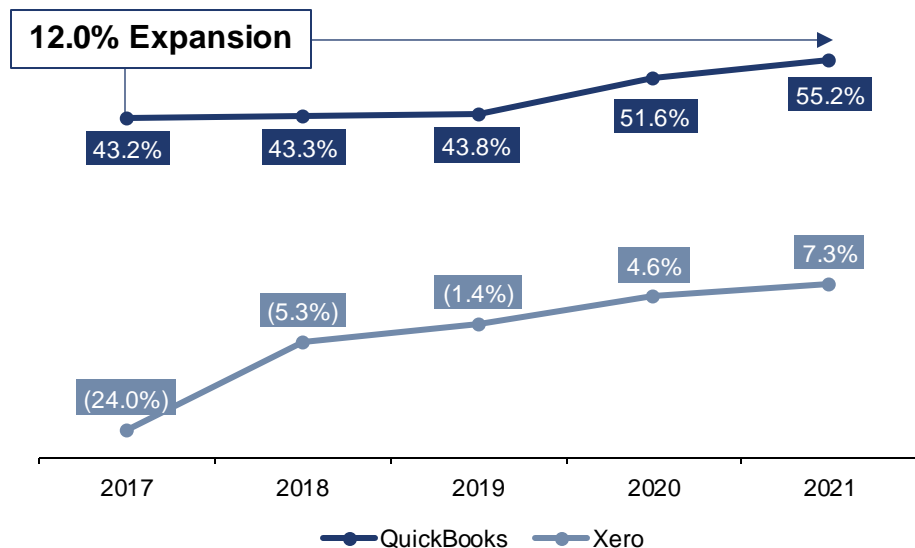
Intuit's QuickBooks provides a superior product to that of competitors

First Mover Advantage Allows for a Comprehensive Product at a Lower Cost

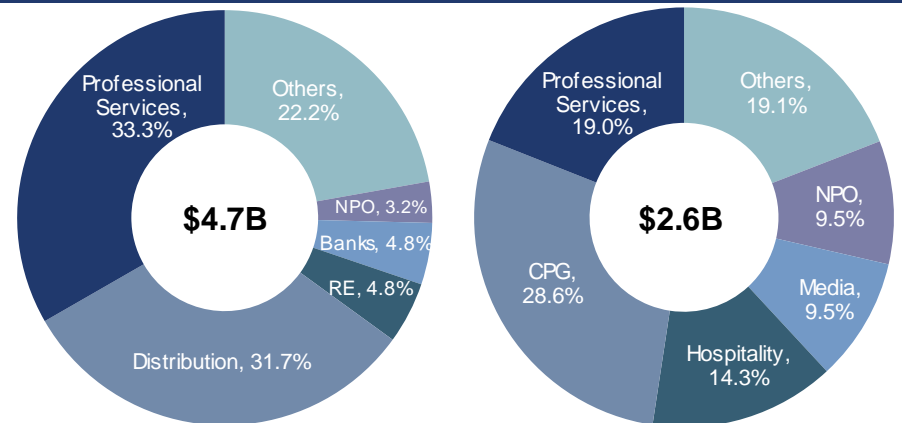
Metrics	QuickBooks	Xero
Advanced Features	Project tracking, inventory management, advanced report all included in premium plans	Advanced features only available as add-ons with additional charges
Pricing	Simple Start: \$22.00/month Essentials: \$44.00/month Plus: \$66.00/month	Simple Start: \$32.00/month Essentials: \$57.00/month Plus: \$69.00/month
Feature Limitations	No Limitations	Limitations features on early plans; not able to bulk reconcile transactions or use multiple currencies
Integration	Available on both cloud and desktop software	Purely cloud-based software

- As a pioneer in the cloud-based accounting services industry, Intuit's QuickBooks is able to use its first mover advantage to provide a superior product at a lower cost to its largest competitor
- Intuit bundles its services, QuickBooks and TurboTax together, allowing for its customers to access accounting and tax services, and payroll in one place
 - Stickier model given the high switching costs and process of combining various financial data
- QuickBooks's desktop software integration allows for greater accessibility and less vulnerability to security issues

Unexposed EBIT Margins Despite Cheaper Pricing



QuickBooks vs. Xero Customer Segmentation

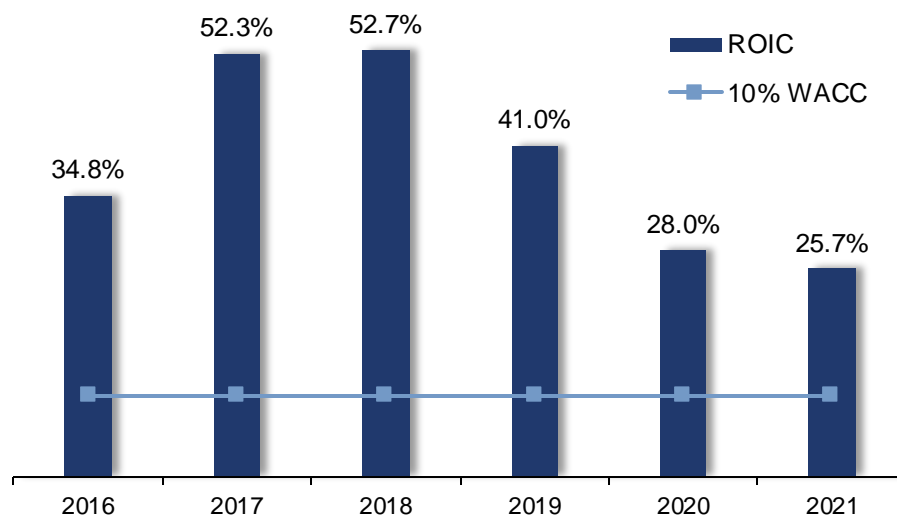


QuickBooks is highly adopted by accountants because the platform triples the average number of client leads for them, thus many accountants recommend the product to their clients

Why Is This A Good Business?

Robust capital allocation leading to significant shareholder value creation

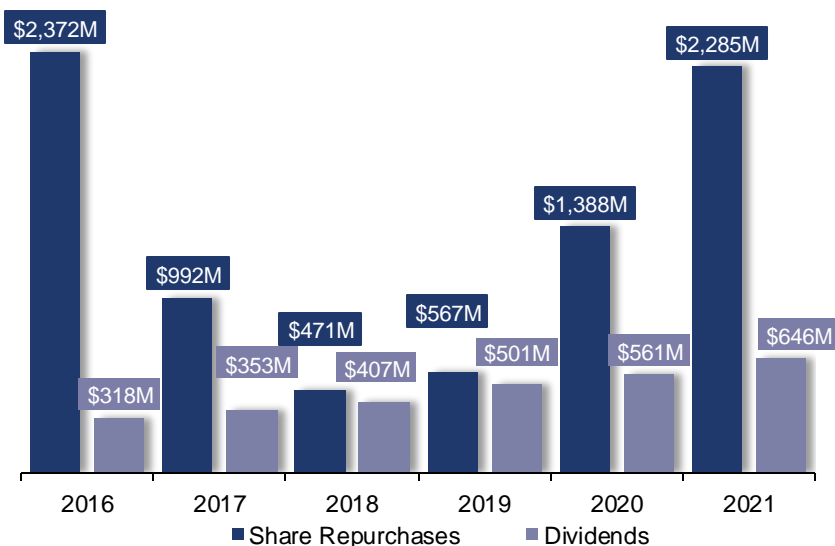
Sustainable ROIC Generation



Value Creation Through M&A

	Credit Karma	MailChimp
Transaction Purchase Price	\$8,100M	\$11,800M
Cash	\$3,400M	\$5,000M
Stock	\$4,700M	\$6,800M
LTM EBIT	\$141M	\$300M
NTM EBIT (Guidance)	\$350M	\$500M
NTM Revenue Growth Rate	79.2%	30.0%
Purchase Multiple	57.4x	39.3x
Purchase Price / NTM EBIT	23.1x	23.6x

Capital Returns



Commentary: How We See the Future?

- Sustainable ROIC Generation:** ROICs have declined due to recent acquisitions however will grow over the long-term as both MailChimp and Credit Karma become more profitable
 - In 10-15 years, Intuit will mature and spend less on R&D/Capex, which will significantly increase ROIC
- Value Creation Through M&A:** Intuit acquisitions of Credit Karma and MailChimp have provided segments that are growing 3-5x their legacy business growth rate, which is immensely accretive to EPS over the long-run
 - NTM Multiples for their acquisitions more than half the Purchase Multiple, illustrating significant EBIT growth
- Capital Returns:** Dividends and share repurchases will grow as FCF generation accelerates, further bolstered by acquisitions

The Bear Case (What Could Go Wrong?)

Anti-trust regulations present the largest risk

Competitive Risks

- Many large fintech providers offer payment system processing, digital wallets, and other services
 - In the event that such competitors enter the online accounting market, Intuit risks losing its market share
- Many governments in developed countries offer free platforms that allow their citizens to complete their taxes. In the event that the US adopts the same practice and provides a free competing product, Intuit risks losing its entire TurboTax product
 - This risk has grown in recent years as consumers have realized that companies such as TurboTax and H&R Block actively lobby to the US government to maintain their product

Recession Scenario

- In a recession scenario, Intuit will be impacted as bankruptcy rates skyrocketing will cause less businesses to use their products and services
- In addition, downturns force many potential entrepreneurs to curtail their decision to start new businesses which hurts Intuit given many of their services are targeted towards businesses
- In the 2008 recession, EBIT margins averaged around 22%
 - Revenues and profits still grew a modest amount
 - Intuit has a great track record with weathering downturns, including the pandemic
- While a recession will hurt this business, it will not have much of a meaningful impact, especially in relation to most businesses

Recent Acquisitions: Credit Karma & MailChimp

- In 2021, Intuit purchased Credit Karma and Mailchimp for \$8.1B and \$12.0B respectively. Given the nature of these relatively newer businesses, Intuit expects that these acquisitions will fuel growth while having expanding margins
 - Mailchimp alone is expected to contribute ~\$800M in revenue in 2022
- If the integration of these businesses alongside Intuit's already established products fails, the growth of the company as well as the history of expanding margins will not be supported as expected
- Intuit's acquisition of Mailchimp is also expected to support retention rates of their SMB clients which can potentially not work as effectively as the company believes

Anti-Trust

- Intuit's acquisition of Credit karma resulted in the Antitrust division of the U.S. DOJ to investigating the company's influence over consumer tax preparation platforms
 - Intuit's dominance over the digital tax preparation industry raises concerns by policy-makers
- Intuit has engaged in a twenty-year campaign to fend off government initiatives designed to make tax filing easier and less expensive, over time this has made consumers less trustworthy of the company and can continue
- Consumers have also highlighted trust issues regarding TurboTax deleting information for consumers refusing to upgrade past the free version, which can result in greater churn

Valuation Summary

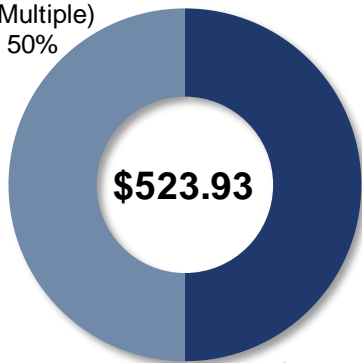
Football field and weighted average implied upside

We recommend a **HOLD** on **Intuit, Inc.** with an implied upside of **3.5%**

Results and Weighting

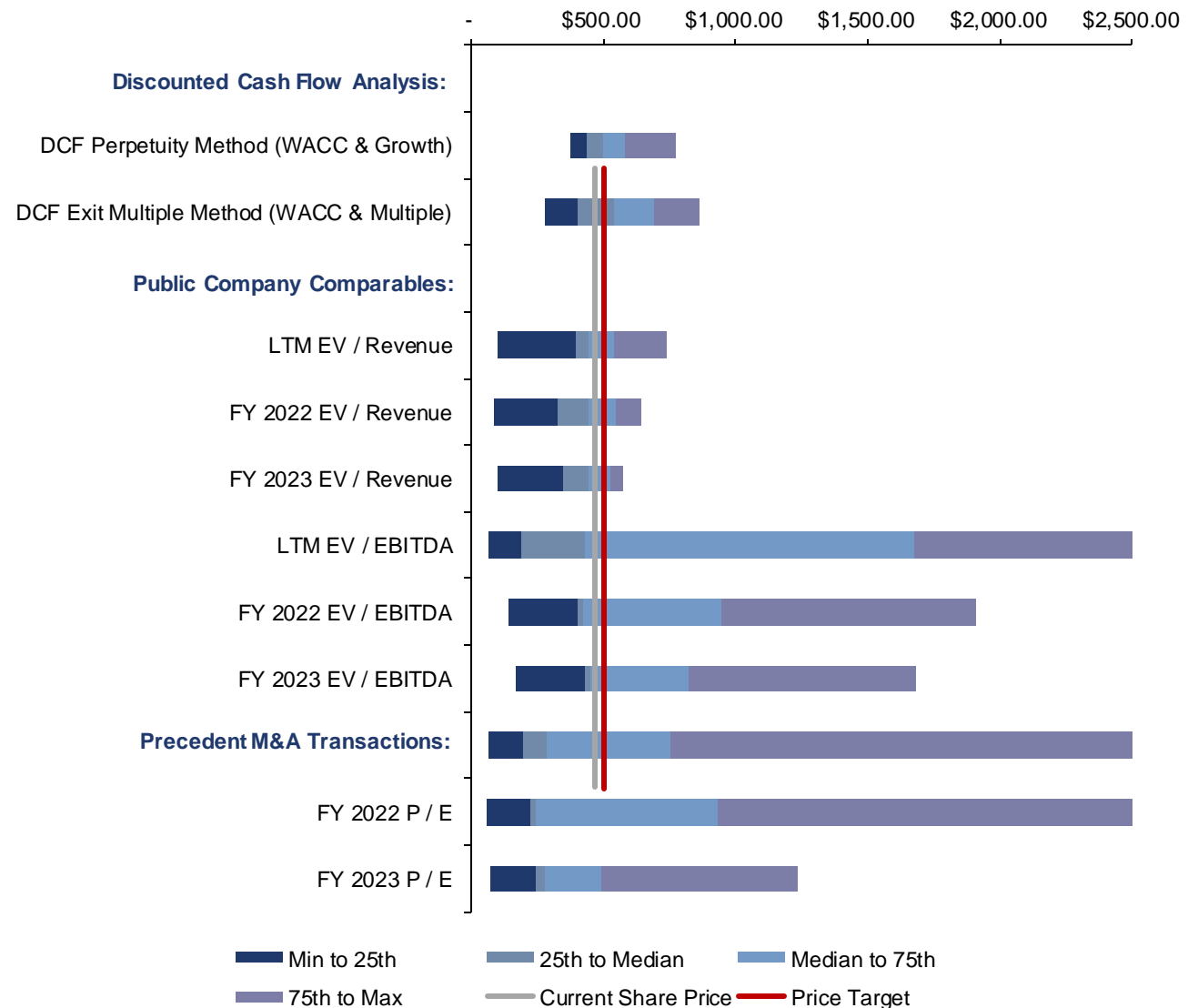
- **Current Price:** \$505.65
- **Target Price:** \$523.93
- **Implied Upside:** 3.5%

DCF Exit Multiple
Method (WACC
& Multiple)
50%



DCF Perpetuity
Method (WACC &
Growth)
50%

Football Field Valuation Summary



Appendix

Discounted Cash Flow Analysis

Intrinsic valuation

Discounted Cash Flow Analysis (In \$ Millions)	Historicals				Projections																
	2018A	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	2035E	2036E	2037E	
Revenue:																					
Small Business & Self-Employed	3,061	3,533.0	4,050.0	4,688.0	6,094.4	6,947.6	7,850.8	8,832.2	9,892.0	11,029.6	12,132.6	13,285.2	14,348.0	15,495.8	16,735.5	17,739.6	18,626.6	19,371.6	19,952.8	20,351.8	
% Growth		15.4%	14.6%	15.8%	30.0%	14.0%	13.0%	12.5%	12.0%	11.5%	10.0%	9.5%	8.0%	8.0%	8.0%	6.0%	5.0%	4.0%	2.5%	1.5%	
Consumer	2,508	2,775.0	3,136.0	3,563.0	4,133.1	4,773.7	5,465.9	6,176.5	6,979.4	7,886.7	8,990.9	10,069.8	10,774.7	11,421.1	12,106.4	12,711.7	13,093.1	13,420.4	13,688.8	13,962.6	
% Growth		10.6%	13.0%	13.6%	16.0%	15.5%	14.5%	13.0%	13.0%	13.0%	14.0%	12.0%	7.0%	6.0%	6.0%	5.0%	3.0%	2.5%	2.0%	1.5%	
Credit Karma	--	--	--	865.0	1,550.0	2,557.5	4,092.0	6,342.6	9,196.8	12,415.6	16,140.3	20,175.4	24,210.5	27,842.1	32,018.4	35,220.2	38,037.8	40,129.9	41,735.1	43,404.5	
% Growth		--	--	--	79.2%	65.0%	60.0%	55.0%	45.0%	35.0%	30.0%	25.0%	20.0%	15.0%	15.0%	10.0%	8.0%	5.5%	4.0%	4.0%	
ProConnect	456	476.0	493.0	517.0	537.7	556.5	573.2	590.4	608.1	626.3	645.1	661.3	677.8	694.7	712.1	729.9	748.2	759.4	770.8	774.6	
% Growth		4.4%	3.6%	4.9%	4.0%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	1.5%	1.5%	1.5%	0.5%	
Total Revenue	6,025.0	6,784.0	7,679.0	9,633.0	12,315.2	14,835.3	17,981.9	21,941.6	26,676.3	31,958.3	37,908.9	44,191.6	50,010.9	55,453.7	61,572.4	66,401.4	70,505.6	73,681.3	76,147.5	78,493.6	
% Growth		12.6%	13.2%	25.4%	27.8%	20.5%	21.2%	22.0%	21.6%	19.8%	18.6%	16.6%	13.2%	10.9%	11.0%	7.8%	6.2%	4.5%	3.3%	3.1%	
Small Business & Self-Employed	1,326.0	1,549.0	2,091.0	2,590.0	3,367.0	3,880.1	4,431.6	5,038.5	5,702.5	6,424.5	7,139.7	7,897.7	8,615.6	9,397.8	10,250.0	10,971.5	11,631.8	12,213.3	12,579.7	12,831.3	
EBIT Margin %	43.3%	43.8%	51.6%	55.2%	55.2%	55.8%	56.4%	57.0%	57.6%	58.2%	58.8%	59.4%	60.0%	60.6%	61.2%	61.8%	62.4%	63.0%	63.0%	63.0%	
Consumer	1,587.0	1,742.0	2,063.0	2,237.0	2,636.1	3,068.6	3,540.9	4,032.1	4,591.1	5,227.4	6,004.2	6,775.1	7,303.2	7,798.5	8,326.9	8,806.8	9,136.5	9,432.0	9,623.2	9,815.7	
EBIT Margin %	63.3%	62.8%	65.8%	62.8%	63.8%	64.3%	64.8%	65.3%	65.8%	66.3%	66.8%	67.3%	67.8%	68.3%	68.8%	69.3%	69.8%	70.3%	70.3%	70.3%	
Credit Karma	--	--	--	182.0	341.0	575.4	941.2	1,490.5	2,207.2	3,041.8	4,035.1	5,144.7	6,294.7	7,378.1	8,645.0	9,685.6	10,650.6	11,437.0	12,103.2	12,587.3	
EBIT Margin %	--	--	--	21.0%	22.0%	22.5%	23.0%	23.5%	24.0%	24.5%	25.0%	25.5%	26.0%	26.5%	27.0%	27.5%	28.0%	28.5%	29.0%	29.0%	
ProConnect	284.0	318.0	346.0	372.0	382.1	397.2	410.8	424.9	439.5	454.5	470.1	483.8	498.0	512.5	527.4	542.8	558.6	569.3	580.1	583.3	
EBIT Margin %	62.3%	66.8%	70.2%	72.0%	71.1%	71.4%	71.7%	72.0%	72.3%	72.6%	72.9%	73.2%	73.5%	73.8%	74.1%	74.4%	74.7%	75.0%	75.3%	75.3%	
Unallocated Overhead	(1,637.0)	(2,018.0)	(2,324.0)	(2,881.0)	(3,694.5)	(4,294.5)	(5,754.2)	(7,460.1)	(9,603.5)	(12,144.2)	(13,647.2)	(15,467.1)	(16,003.5)	(16,636.1)	(17,856.0)	(18,592.4)	(19,036.5)	(19,525.6)	(19,798.3)	(20,015.9)	
% of Revenue	(27.2%)	(29.7%)	(30.3%)	(29.9%)	(30.0%)	(28.9%)	(32.0%)	(34.0%)	(36.0%)	(38.0%)	(36.0%)	(35.0%)	(32.0%)	(30.0%)	(29.0%)	(28.0%)	(27.0%)	(26.5%)	(26.0%)	(25.5%)	
Operating Income	1,560.0	1,591.0	2,176.0	2,500.0	3,031.7	3,626.7	3,570.2	3,525.8	3,336.8	3,004.1	4,001.9	4,834.2	6,708.0	8,450.8	9,893.4	11,414.3	12,941.0	14,126.1	15,087.9	15,801.8	
EBIT Margin	25.9%	23.5%	28.3%	26.0%	24.6%	24.4%	19.9%	16.1%	12.5%	9.4%	10.6%	10.9%	13.4%	15.2%	16.1%	17.2%	18.4%	19.2%	19.8%	20.1%	
Income Tax	15.1%	17.2%	16.9%	19.3%	18.0%	26.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	28.0%	
NOPAT	1,324.4	1,317.3	1,808.3	2,017.5	2,486.0	2,683.8	2,570.5	2,538.6	2,402.5	2,162.9	2,881.4	3,480.7	4,829.7	6,084.6	7,123.2	8,218.3	9,317.5	10,170.8	10,863.3	11,377.3	
Add: Depreciation and Amortization	228.0	199.0	189.0	166.0	246.3	296.7	359.6	438.8	533.5	639.2	758.2	883.8	1,000.2	1,109.1	1,231.4	1,328.0	1,410.1	1,473.6	1,522.9	1,569.9	
% of Revenue	3.8%	2.9%	2.5%	1.7%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Less: Capital Expenditures	(124.0)	(155.0)	(137.0)	(125.0)	(246.3)	(296.7)	(359.6)	(438.8)	(533.5)	(639.2)	(758.2)	(883.8)	(1,000.2)	(1,109.1)	(1,231.4)	(1,328.0)	(1,410.1)	(1,473.6)	(1,522.9)	(1,569.9)	
% of Revenue	(2.1%)	(2.3%)	(1.8%)	(1.3%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	
Add / (Less): Change in NWC	68.0	133.0	132.0	(11.0)	184.7	222.5	269.7	329.1	400.1	479.4	568.6	662.9	750.2	831.8	923.6	996.0	1,057.6	1,105.2	1,142.2	1,177.4	
% of Revenue	1.1%	2.0%	1.7%	(0.1%)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Unlevered Free Cash Flow	774.5	2,906.3	2,840.3	2,867.7	2,802.7	2,642.3	3,450.0	4,143.5	5,579.9	6,916.4	8,046.8	9,214.3	10,375.1	11,276.0	12,005.5	12,554.7					
% Growth		275.2%	(2.3%)	1.0%	(2.3%)	(5.7%)	30.6%	20.1%	34.7%	24.0%	16.3%	14.5%	12.6%	8.7%	6.5%	4.6%					
Discount Period		0.29	1.29	2.29	3.29	4.29	5.29	6.29	7.29	8.29	9.29	10.29	11.29	12.29	13.29	14.29	15.29				
Discount Rate		8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	
PV of Unlevered Free Cash Flow	757.3	2,632.6	2,383.3	2,229.1	2,018.1	1,762.5	2,131.8	2,371.8	2,958.7	3,397.3	3,661.5	3,884.0	4,051.2	4,078.7	4,022.8	3,897.0					

Discounted Cash Flow Sensitivity Analysis

Intrinsic valuation

Perpetuity Growth Method	
Cumulative PV of UFCF	46,237.6
% of Enterprise Value	33.2%
Terminal Value	
Final Year UFCF	12,554.7
Perpetuity Growth Rate	2.5%
Terminal Value	237,958.5
PV of Terminal Value	92,915.9
% of Enterprise Value	66.8%
Total Enterprise Value	139,153.5
Plus: Cash	1,809.5
Plus: Marketable Securities	--
Less: Total Debt	(3,060.0)
Less: Preferred Stock	--
Less: Minority Interest	--
Total Equity Value	137,903.0
Diluted Shares Outstanding	272.0
Implied Share Price	\$507.00
Current Share Price	\$505.65
Implied Upside	0.3%

Exit Multiple Method	
Cumulative PV of UFCF	46,237.6
% of Enterprise Value	31.2%
Terminal Value	
Final Year EBITDA	17,371.6
Exit EBITDA Multiple	15.0x
Terminal Value	260,574.4
PV of Terminal Value	101,746.8
% of Enterprise Value	68.8%
Total Enterprise Value	147,984.3
Plus: Cash	1,809.5
Plus: Marketable Securities	--
Less: Total Debt	(3,060.0)
Less: Preferred Stock	--
Less: Minority Interest	--
Total Equity Value	146,733.8
Diluted Shares Outstanding	272.0
Implied Share Price	\$539.46
Current Share Price	\$505.65
Implied Margin of Safety	6.7%

		Perpetuity Growth Rate				
		1.5%	2.0%	2.5%	3.0%	3.5%
Discount Rate	7.0%	\$557.03	\$597.09	\$650.55	\$707.62	\$786.91
	7.5%	\$498.33	\$529.94	\$571.32	\$614.48	\$672.80
	8.0%	\$449.01	\$474.36	\$507.00	\$540.42	\$584.58
	8.5%	\$407.05	\$427.65	\$453.81	\$480.18	\$514.41
	9.0%	\$370.98	\$387.91	\$409.16	\$430.30	\$457.33

		Exit EBITDA Multiple				
		5.0x	10.0x	15.0x	20.0x	25.0x
Discount Rate	7.0%	\$320.49	\$460.30	\$600.10	\$739.90	\$879.71
	7.5%	\$304.84	\$436.85	\$568.86	\$700.87	\$832.89
	8.0%	\$290.08	\$414.77	\$539.46	\$664.15	\$788.84
	8.5%	\$276.18	\$393.98	\$511.79	\$629.59	\$747.39
	9.0%	\$263.07	\$374.40	\$485.72	\$597.05	\$708.38

		Perpetuity Growth Rate				
		1.5%	2.0%	2.5%	3.0%	3.5%
Discount Rate	7.0%	10.2%	18.1%	28.7%	39.9%	55.6%
	7.5%	(1.4%)	4.8%	13.0%	21.5%	33.1%
	8.0%	(11.2%)	(6.2%)	0.3%	6.9%	15.6%
	8.5%	(19.5%)	(15.4%)	(10.3%)	(5.0%)	1.7%
	9.0%	(26.6%)	(23.3%)	(19.1%)	(14.9%)	(9.6%)

		Exit EBITDA Multiple				
		5.0x	10.0x	15.0x	20.0x	25.0x
Discount Rate	7.0%	(36.6%)	(9.0%)	18.7%	46.3%	74.0%
	7.5%	(39.7%)	(13.6%)	12.5%	38.6%	64.7%
	8.0%	(42.6%)	(18.0%)	6.7%	31.3%	56.0%
	8.5%	(45.4%)	(22.1%)	1.2%	24.5%	47.8%
	9.0%	(48.0%)	(26.0%)	(3.9%)	18.1%	40.1%

Comparable Company Analysis

Intuit's premium is justified given its leading market share and higher growth rates

Company Name	Equity Value (\$M)	Enterprise Value (\$M)	EV / Revenue			EV / EBITDA			P / E			Leverage
			LTM	2022E	2023E	LTM	2022E	2023E	LTM	2022E	2023E	Debt/EBITDA
Paychex, Inc.	\$49,656	\$49,188	10.9x	10.4x	9.7x	7.3x	23.7x	22.1x	36.5x	35.0x	32.8x	0.4x
Workday, Inc.	\$61,454	\$59,913	11.7x	11.7x	9.7x	109.4x	97.8x	39.8x	2090.3x	2090.3x	nmf	6.0x
SS&C Technologies Holdings, Inc.	\$20,406	\$26,134	13.5x	4.9x	4.7x	39.3x	11.9x	11.3x	25.5x	14.5x	13.5x	3.2x
Automatic Data Processing, Inc.	\$95,992	\$97,678	6.2x	5.8x	5.4x	23.9x	22.7x	20.6x	35.0x	32.1x	28.8x	0.8x
Thomson Reuters Corporation	\$53,145	\$56,462	8.9x	8.5x	8.0x	262.4x	24.6x	20.3x	9.3x	45.6x	33.8x	2.4x
Ceridian HCM Holding Inc.	\$10,699	\$11,509	11.2x	9.5x	8.1x	195.1x	61.1x	47.7x	nmf	187.3x	109.7x	78.4x
Adobe Inc.	\$217,378	\$217,342	13.5x	12.2x	10.6x	218.7x	24.6x	21.4x	45.0x	33.7x	28.7x	0.7x
Paylocity Holding Corporation	\$11,534	\$11,528	15.8x	12.6x	10.3x	11.6x	47.6x	37.8x	128.9x	77.3x	60.1x	0.8x
H&R Block, Inc.	\$4,313	\$6,642	2.6x	2.0x	2.0x	6.7x	8.3x	8.1x	8.4x	8.5x	8.3x	2.3x
HubSpot, Inc.	\$24,504	\$24,019	18.5x	13.9x	10.9x	24.2x	109.4x	79.3x	nmf	199.0x	134.6x	72.0x
Autodesk, Inc.	\$48,025	\$49,276	11.2x	9.7x	8.4x	49.6x	24.8x	20.8x	96.6x	32.1x	26.6x	3.3x
Maximum	\$217,378	\$217,342	18.5x	13.9x	10.9x	262.4x	109.4x	79.3x	2090.3x	2090.3x	134.6x	78.4x
75th Percentile	\$57,299	\$58,187	13.5x	11.9x	10.0x	152.2x	54.3x	38.8x	96.6x	132.3x	53.5x	4.6x
Median	\$48,025	\$49,188	11.2x	9.7x	8.4x	39.3x	24.6x	21.4x	36.5x	35.0x	30.8x	2.4x
Average	\$54,282	\$55,426	11.3x	9.2x	8.0x	86.2x	41.5x	29.9x	275.1x	250.5x	47.7x	15.5x
25th Percentile	\$15,970	\$17,773	9.9x	7.1x	6.7x	17.7x	23.2x	20.5x	25.5x	32.1x	27.1x	0.8x
Minimum	\$4,313	\$6,642	2.6x	2.0x	2.0x	6.7x	8.3x	8.1x	8.4x	8.5x	8.3x	0.4x

Intuit Inc.	\$133,938	\$139,761	12.2x	10.6x	9.3x	44.7x	28.2x	23.1x	61.7x	37.7x	31.3x	2.3x
-------------	-----------	-----------	-------	-------	------	-------	-------	-------	-------	-------	-------	------

Company Name	Revenue Growth		EBITDA Growth		Net Income Growth		EBITDA Margin			Return Metrics (LTM)		
	2022E	2023E	2022E	2023E	2022E	2023E	LTM	2022E	2023E	ROIC	ROA	ROE
Paychex, Inc.	9.2%	6.9%	(69.1%)	7.5%	10.9%	6.7%	149.7%	43.8%	44.0%	28.0%	11.3%	43.4%
Workday, Inc.	24.2%	20.7%	145.0%	145.9%	110.4%	(1170.4%)	10.7%	11.9%	24.3%	(1.2%)	(0.8%)	0.8%
SS&C Technologies Holdings, Inc.	174.0%	4.4%	230.9%	4.9%	76.3%	7.3%	34.4%	41.5%	41.7%	6.3%	4.8%	13.4%
Automatic Data Processing, Inc.	11.9%	7.3%	8.3%	9.8%	15.1%	11.4%	26.1%	25.7%	26.3%	26.6%	4.1%	50.1%
Thomson Reuters Corporation	5.0%	5.7%	968.4%	20.7%	(79.5%)	35.2%	3.4%	34.5%	39.4%	5.4%	4.3%	47.8%
Ceridian HCM Holding Inc.	17.8%	17.6%	219.4%	28.1%	175.7%	70.9%	5.8%	15.6%	17.0%	(0.6%)	(0.3%)	(3.5%)
Adobe Inc.	13.1%	14.9%	788.3%	15.0%	33.7%	17.5%	6.2%	49.4%	49.5%	20.2%	14.5%	35.3%
Paylocity Holding Corporation	25.4%	21.9%	(75.6%)	26.0%	66.6%	28.7%	135.9%	26.4%	27.3%	7.1%	1.5%	19.6%
H&R Block, Inc.	27.8%	2.5%	(19.0%)	2.3%	(0.8%)	1.5%	38.4%	24.3%	24.3%	--	--	--
HubSpot, Inc.	32.8%	27.3%	(77.9%)	37.9%	258.2%	47.9%	76.4%	12.7%	13.8%	(2.2%)	(1.7%)	(9.5%)
Maximum	174.0%	27.3%	968.4%	145.9%	258.2%	70.9%	149.7%	49.4%	49.5%	28.0%	14.5%	50.1%
75th Percentile	27.2%	19.9%	228.0%	27.6%	101.9%	33.5%	66.9%	39.8%	41.1%	16.9%	4.6%	41.4%
Median	21.0%	11.1%	76.6%	17.8%	50.2%	14.4%	30.2%	26.0%	26.8%	5.9%	2.8%	16.5%
Average	34.1%	12.9%	211.9%	29.8%	66.7%	(94.3%)	48.7%	28.6%	30.8%	9.0%	3.8%	19.7%
25th Percentile	12.2%	6.0%	(56.6%)	8.1%	11.9%	6.8%	7.3%	17.8%	24.3%	(0.4%)	(0.2%)	0.2%
Minimum	5.0%	2.5%	(77.9%)	2.3%	(79.5%)	(1170.4%)	3.4%	11.9%	13.8%	(2.2%)	(1.7%)	(9.5%)

Intuit Inc.	37.3%	13.8%	67.7%	21.8%	72.1%	20.6%	27.4%	37.5%	40.2%	25.7%	8.1%	27.5%
-------------	-------	-------	-------	-------	-------	-------	-------	-------	-------	-------	------	-------

Intuit vs SaaS Peer Comparables

Key valuation metrics

Metrics	Intuit	Peer Comps (SaaS)
NTM P/E Ratio	38.7x	35.0x
5-Year Revenue CAGR	17.1%	13.2%
5-Year EPS CAGR	25.1%	3.9%
CY 2021 EBIT Margin	26.3%	22.0%
CY 2021 ROIC	25.7%	4.3%
CY 2021 ROE	27.5%	2.4%

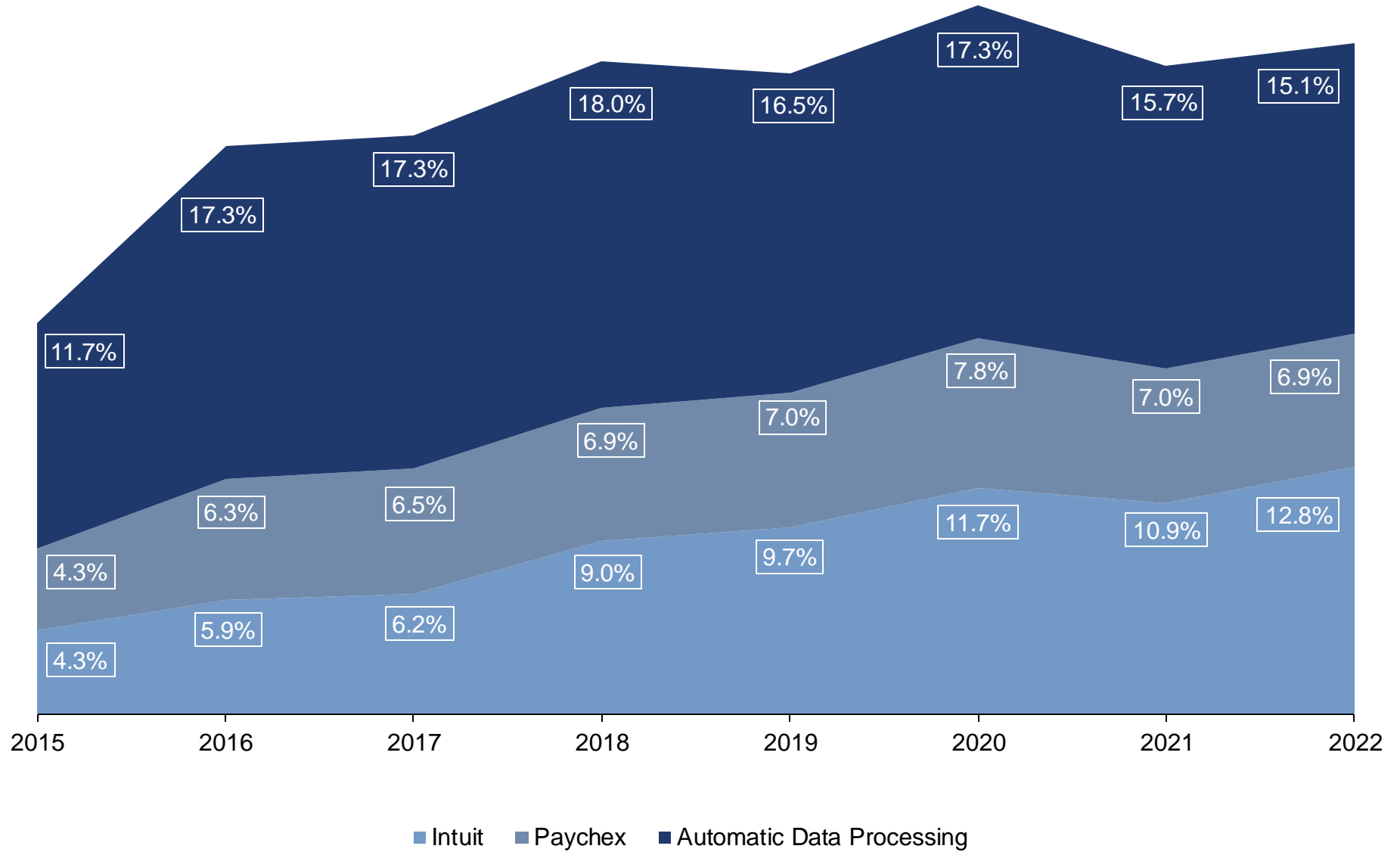
Intuit vs Average S&P500 Business

Key valuation metrics

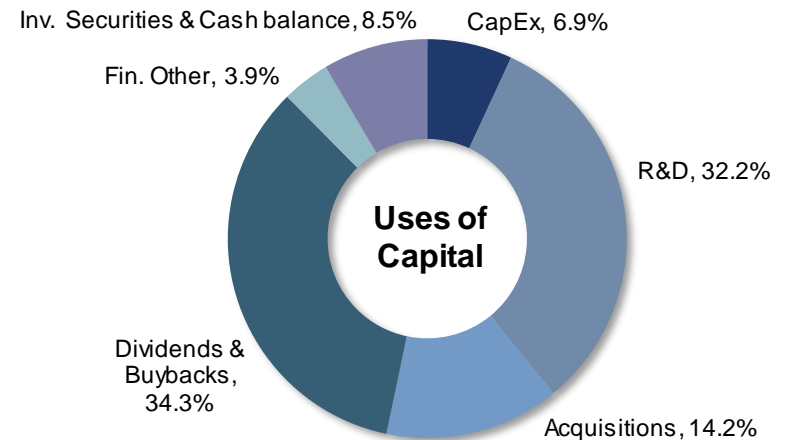
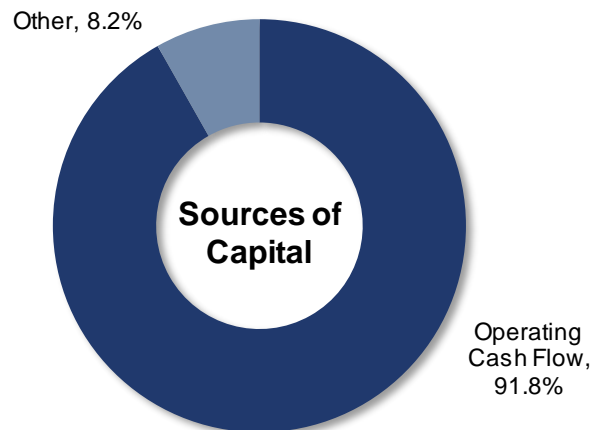
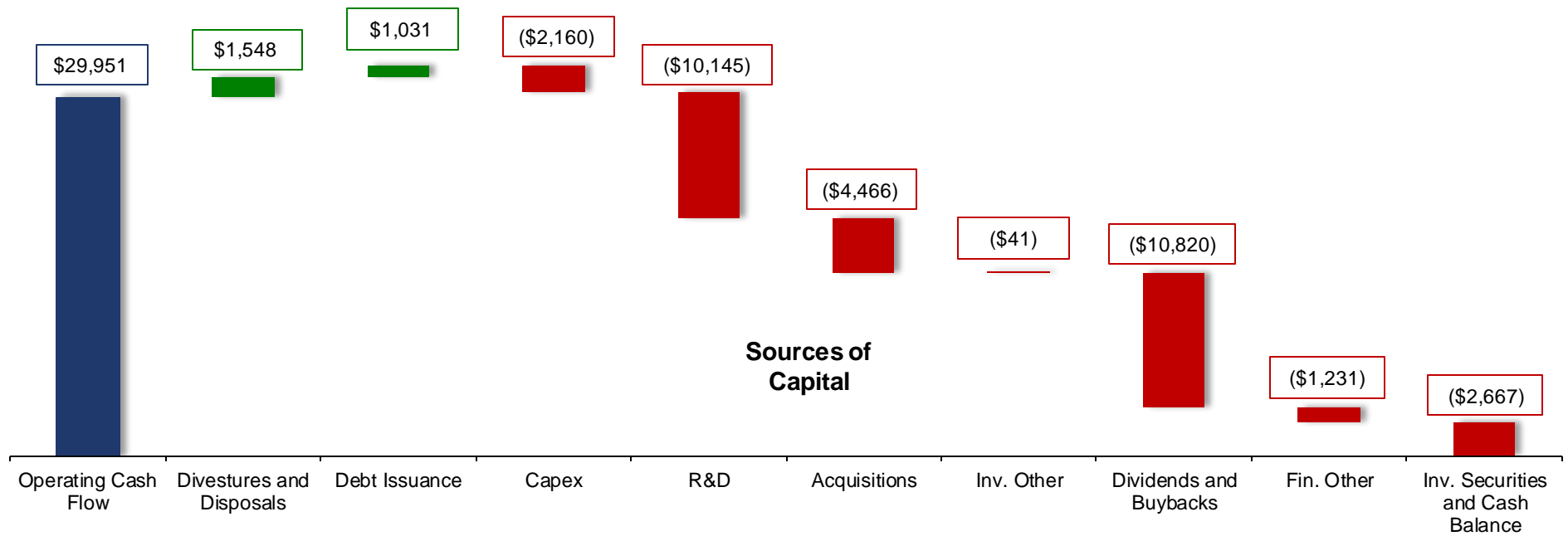
Metrics	Intuit	S&P500
NTM P/E Ratio	38.7x	19.8x
5-Year Revenue CAGR	17.1%	6.5%
5-Year EPS CAGR	25.1%	7.5%
CY 2021 EBIT Margin	26.3%	12.9%
CY 2021 ROIC	25.7%	N/A
CY 2021 ROE	27.5%	13.7%

Appendix

Market share of payroll and bookkeeping services in the U.S.



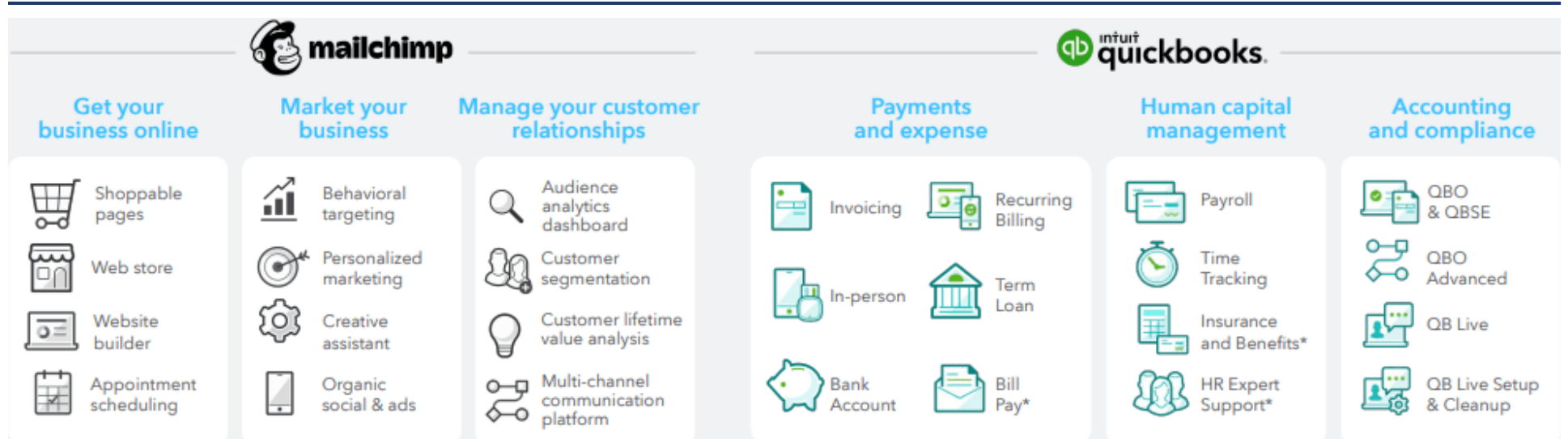
Capital deployment over the last 10 fiscal years (in millions USD)



Small Business Penetration

Opportunity for integration substantially increases TAM

Consolidating Small-Business Offerings



TAM Analysis

