Intuit fiscal 2nd-qtr profit tumbles 40 percent

The Associated Press

MOUNTAIN VIEW, Calif. (AP) — Analysts found little to be concerned about Friday in Intuit Inc.'s fiscal second-quarter earnings results, despite a 40 percent profit decline that the tax preparation and personal finance software maker attributed to a late start to the tax season.

The Mountain View, Calif., software company's main products include QuickBooks, Quicken and TurboTax, focusing on small business management, payroll processing, personal finance and tax preparation.

The company said Thursday after markets closed that its revenue slipped 3 percent to $968 million in the quarter that ended Jan. 31, due to late legislation and Internal Revenue Service delays that are expected to shift revenue to the third fiscal quarter. That was down 3 percent from $999 million a year ago.

Intuit estimated that revenue would have grown about 10 percent without that shift.

Congress and the White House reached a deal in January on legislation that avoided steering the economy off the so-called fiscal cliff. The Internal Revenue Service started accepting returns on Jan. 30, an eight-day delay necessitated by the late congressional action.

Intuit earned $71 million, or 23 cents per share, in the three months that ended Jan. 31. That compared with earnings of $118 million, or 39 cents per share, in the year-ago quarter. Adjusted earnings, which exclude things like amortization-related costs, totaled 33 cents per share.

Analysts expected, on average, earnings of 30 cents per share on $963.2 million in revenue, according to FactSet.

The company said its small business revenue grew 11 percent in the quarter, excluding gains from Demandforce software it acquired last May.

Total costs and expenses climbed 9 percent to $875 million, as Intuit spent more on selling and marketing and on research and development.

Intuit said it still expects full fiscal 2013 adjusted earnings to range between $3.40 and $3.46 per share on $4.55 billion to $4.65 billion in revenue.

Analysts expect, on average, earnings of $3.36 per share on $4.6 billion in revenue.

Intuit said sales of its TurboTax units were down 7 percent through Feb. 16, compared to last year's tax season. But the company also said sales of its TurboTax Online units picked up through early February. They grew 32 percent from Jan. 30 to

Feb. 16 compared to the same period last year.

Wall Street had a muted reaction to the results.

Cowen and Co. analyst Peter Goldmacher said in a note to clients that all of Intuit's non-tax businesses performed reasonably well during the quarter, and investors will likely remain focused on the tax business until the next quarterly report. He kept an "Outperform" rating on the stock.

Ross MacMillan at Jefferies & Co. said viewing the results through the lens of the shift in the tax season, the second quarter looked strong and guidance seems conservative, "however we are not ready to jump to conclusions just 3 weeks in to an abnormal tax season." He kept a "Hold" rating and $66 price target on the stock.

Citi analyst Walter Pritchard said he was "most comforted" that while Intuit said sales of TurboTax were down 7 percent, that was far below the reported drop in the number of returns filed to so far. "On the surface, it appears Intuit is gaining share in the early stages of tax season," he wrote, adding that the company's solid small business operations remain the reason to own the stock. He kept a "Buy" rating and a $70 price target on the shares.

Intuit shares opened up 39 cents at $61.69. The stock has traded between $53.38 and $64.47 in the past 52 weeks.

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