

Initiated 2026-10-22 · Price \$335.61 (close 2026-10-21, stockanalysis.com) · Mkt cap \$89.7bn (267.2mm shares) · Information technology / application software · Model: verified

Rating: Buy — Conviction: High

Intuit has halved in a year (~49.5%) on the fear that AI agents and cheap filers hollow out TurboTax and QuickBooks. The filings show a slowdown, not a break: FY2027 is guided to +9–10% revenue and +26–27% GAAP operating income, QuickBooks Online Accounting grew 23% last year, and the stock now trades at ~13x trailing EBITDA with a ~9.6% FCF yield. The price sits roughly midway between our Bear and Base cases, which leaves room for the stock to work even if growth fades to high single digits.

Conviction tests (3a-v-c): T1 pass (Base +19.5% at +1pp, +45.1% at -1pp; Buy at both) · T2 pass (Gordon alone +29.3%, exit-multiple alone +32.1%) · T3 pass (every FY0 fact and historical series from EDGAR XBRL, the FY2026 10-K and the Q4 release; no est. inputs) · T4 pass (no pending deal, ruling or contract that alone moves value >25%; IRS Direct File was not offered for the 2026 season)

The rule gives High, but none of T1–T4 tests the assumption the call rests on most: that Base growth holds at 8–9%. The tail run below shows how far the stock falls if it doesn't.

MODEL VALUE RANGE VS PRICE



Business overview

Intuit sells financial software and services to small businesses, accountants and consumers. In FY2026 (year to 31 July), revenue was \$21.45bn. Global Business Solutions made up \$12.86bn (60%): QuickBooks Online Accounting \$5.05bn, Online Services such as payments, payroll, capital and Mailchimp \$4.87bn, and the Desktop ecosystem \$2.95bn. Consumer made up \$8.58bn (40%): TurboTax \$5.30bn, Credit Karma \$2.64bn and ProTax \$0.65bn. Mailchimp becomes a separate segment from FY2027 and is guided flat at ~\$1.26bn. Three variables drive earnings:

- QuickBooks customer growth and price, plus attach of payments and payroll;
- the number and mix of TurboTax filers: US units fell 2% to 39.0mm, while assisted TurboTax Live grew 37% to 53% of TurboTax revenue;
- operating margin after ~\$2.1bn of stock compensation. That cost now sits inside the company's own non-GAAP figures, from FY2027.

Competition

In tax, H&R Block is the listed rival, but it isn't where Intuit is losing ground. A YipitData e-receipt panel found that 50.1% of TurboTax's 2025 filers refiled with TurboTax in 2026. Only 1.3% moved to H&R Block, and 44.8% showed no observed paid preparer (2026 season; the panel likely undercounts free filing). Management said on the Q4 call that it "lost quality DIY customers to low-cost providers" (August 2026). That leak shows up first in unit counts and DIY pricing. IRS Direct File is not a factor for now: it was not offered for the 2026 season.

In small business, the competitive pressure comes from Xero and Sage abroad, from BILL in payables and spend, from Paychex and ADP in payroll, and potentially from AI agents doing the bookkeeping. QuickBooks Online Accounting still grew 23% on higher effective prices and customer growth. H&R Block, the closest listed comparable for the tax franchise, trades at 6.8x aggregator EV/EBITDA and 7.8x forward P/E. Paychex trades at 14.2x and 18.6x. Intuit trades at 13.3x and 14.1x (stockanalysis.com, 2026-10-21 close).

Bull case

- 1. **The business platform keeps compounding.** QuickBooks Online, money and payroll, and Intuit Enterprise Suite keep Global Business Solutions growing at mid-teens rates. TurboTax Live offsets the DIY losses, and total growth runs at 10–11% through FY2030. Plays out if GBS beats the +13–14% FY2027 guide and TurboTax revenue grows in the 2027 season. *Model: rev_growth*
- 2. **AI lowers the cost to serve.** Agents take over expert and bookkeeping work, and the cost base reset in FY2026 sticks. Model-basis EBITDA margin rises from 35% in FY2027 to 40%. Plays out if the GAAP operating margin beats the ~32% FY2027 guide. *Model: ebitda_margin*
- 3. **The multiple recovers part of the 2026 de-rating.** The exit multiple is 16x model-basis EBITDA, against 13.4x today. *Model: exit_ev_ebitda*

Bear case

- 1. **AI agents and low-cost providers take the DIY customer.** TurboTax units keep falling and SMB bookkeeping seats move to cheaper or agent-driven tools. Growth slows to ~1% by FY2030. Plays out if TurboTax revenue declines in the 2027 season or QuickBooks Online Accounting growth drops below 10%. *Model: rev_growth*
- 2. **Price defense compresses margin.** Intuit cuts DIY and SMB prices while AI compute costs rise, and model-basis margin falls to 30%, below FY2025. Plays out if FY2027 GAAP operating margin falls below 30%. *Model: ebitda_margin*
- 3. **Permanent de-rating.** The market values Intuit like a no-growth tax franchise: an 8x exit, near H&R Block, and a 1pp higher discount rate. *Model: exit_ev_ebitda, wacc*

Valuation & balance sheet

Metric (definition)	Current	Own history (range or 5y avg)	Peers	Source, as-of
EV/EBITDA, model basis (EV \$90.2bn = mkt cap \$89.7bn – cash and investments \$7.20bn + debt principal \$7.72bn; EBITDA = GAAP operating income + D&A; leases excluded)	13.4x FY2026; ~10.9x FY2027 guide-implied	n/a (unverified)	aggregator TTM: PAYX 14.21x · HRB 6.83x · NRDS 5.90x · BILL 41.35x (depressed EBITDA) (INTU 13.27x on that basis)	model-inputs.json ; stockanalysis.com 2026-10-21 close
P/E	16.6x the \$20.12–20.36 FY2027 GAAP EPS guide; 14.6x the \$22.88–23.12 non-GAAP guide (now after stock compensation)	n/a (unverified)	forward: PAYX 18.60x · BILL 13.14x · NRDS 10.77x · HRB 7.78x (INTU 14.10x)	Q4 FY2026 release; stockanalysis.com 2026-10-21
FCF yield (FY2026 OCF \$8,838mm – capex and capitalized software \$221mm, over mkt cap)	9.6% (8.2% excluding a \$1,279mm deferred-tax add-back)	n/a (unverified)	NRDS 24.46% · HRB 12.82% · BILL 9.87% · PAYX 5.04% (INTU 9.66%)	EDGAR XBRL; stockanalysis.com 2026-10-21

Model-implied value range (from model-summary.json ; generic module, Gordon-growth DCF and exit-EV/EBITDA DCF, midpoints): Bear \$217.70 · Base \$438.69 · Bull \$662.83 per share, i.e. implied returns of ~35.1% / +30.7% / +97.5% vs \$335.61. *These ranges show how the bull and bear drivers translate into value; they are not price targets.*

- **What's priced in.** The price sits 53% of the way from Bear to Base. The market is pricing a substantial share of the AI-disruption case, not the guided trajectory.

- **No re-rating.** Base's 12.0x exit is a 10.4% de-rating from today's 13.4x model-basis multiple. The two methods agree within 3% (Gordon \$433.87, exit \$443.51).
- **Tail.** The Bear case is a plateau, so we ran a failure sensitivity on a scratch copy. Its assumptions: revenue +6% in FY2027 and then 0% / -3% / -3% / -2%, margin falling to 27%, NWC at -3% of revenue, a 6.5x exit, an 11.7% WACC and 1% terminal growth. The Bear midpoint falls to \$146.50 (-56.3%).
- **Capital returns.** \$5.4bn of FY2026 buybacks, a \$7.9bn remaining authorization and a \$1.38 quarterly dividend (+15%) move EPS, not value here.

Balance sheet: net leverage -0.07x FY2026 EBITDA (net cash; gross 1.0x); coverage 21.1x. Nearest material maturity: \$750mm of 5.25% notes due September 2026, since matured, then \$500mm due July 2027. Both are covered by \$7.2bn of cash and investments, and \$1.75bn of notes was issued in June 2026 to pre-fund them. \$970mm of secured facilities fund the \$1.65bn QuickBooks Capital loan book. Ratings: n/a (unverified).

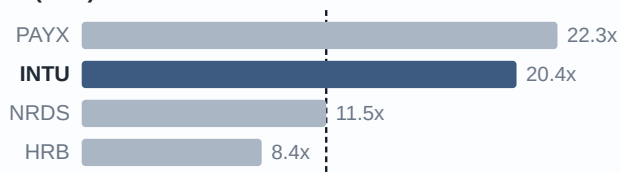
Model note: tier **full**, status **built**, verification **verified** (3,207 formula cells matched in LibreOffice). No unverified inputs and no assumptions without a basis. Scenario consistency is **OK** on all 14 rows.

- **Sourcing.** Revenue, operating income, depreciation, intangible amortization, receivables, payables, current deferred revenue, capex, SBC, buybacks and OCF come from EDGAR XBRL 10-K annual values for FY2022–26. Cash, investments, the debt tranches and segments come from the FY2026 10-K. Guidance comes from the Q4 release.
- **EBITDA basis.** GAAP, so stock compensation stays in. FY2026 includes the \$293mm restructuring charge.
- **Excluded from net debt.** Customer funds (\$5.0bn, matched by an equal liability) and notes receivable are excluded. The secured facilities are counted as debt, which is conservative.
- **Shares.** The model uses 267.2mm basic shares outstanding at 2026-08-31.
- **EPS vs guidance.** Base Y1 EPS of \$21.61 is 6.8% above the \$20.24 GAAP guide midpoint. The gap comes from those 267mm basic shares (Q4 diluted shares were 272mm) and interest income on net cash.
- **Investor Day.** The 10–15% and 4–8% platform growth frames come from a secondary summary, and are used only in a driver basis.

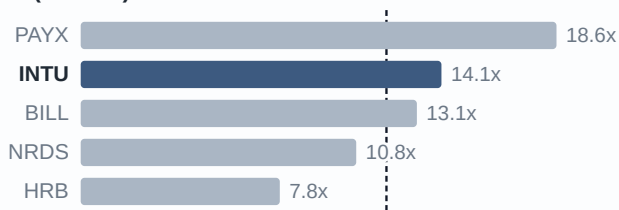
RELATIVE VALUE VS PEERS

Metric	INTU	HRB	PAYX	BILL	NRDS	Peer median	vs median
P/E (TTM)	20.4x	8.4x	22.3x	n/a	11.5x	11.5x	+78%
P/E (forward)	14.1x	7.8x	18.6x	13.1x	10.8x	12.0x	+18%
PEG	1.1x	0.6x	2.4x	0.5x	n/a	0.6x	+81%
EV/EBITDA (TTM)	13.3x	6.8x	14.2x	41.4x	5.9x	10.5x	+26%
EV/Sales (TTM)	4.2x	1.8x	6.6x	2.5x	0.7x	2.1x	+98%
P/B	4.7x	50.5x	10.8x	1.3x	2.0x	6.4x	-26%
FCF yield	9.7%	12.8%	5.0%	9.9%	24.5%	11.3%	-1.7pp

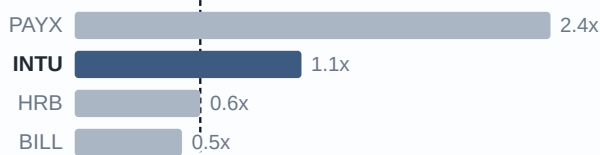
P/E (TTM)



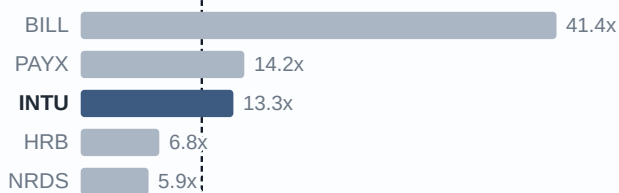
P/E (forward)



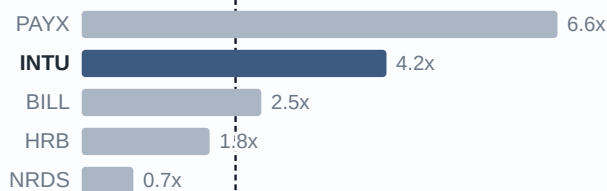
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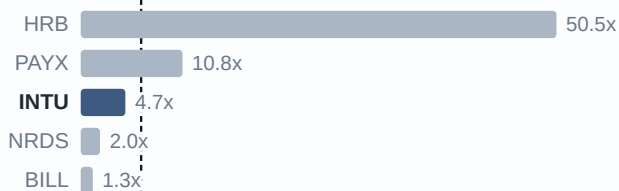
EV/EBITDA (TTM)



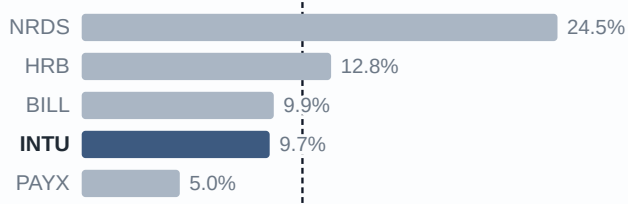
EV/Sales (TTM)



P/B



FCF yield



As of 2026-10-22. One source and one definition for every company: aggregator TTM and consensus-forward multiples, EV netting reported cash and including lease liabilities in debt. Not the model's own EV basis (see the report's valuation table). Pages fetched 2026-10-22 before the open; quotes are the 2026-10-21 close (4:00pm ET). Dashed line = peer median. Source: stockanalysis.com/stocks/<ticker>/statistics/, fetched 2026-10-22.

Notes. PEG as given by the source, resting on its consensus growth estimates; the source shows none for NerdWallet. BILL is loss-making on a TTM basis, so its P/E is null. BILL's 41.35x rests on depressed TTM EBITDA. INTU's 13.27x uses the source's \$6.85bn TTM EBITDA; on the model's basis (FY2026 GAAP operating income + D&A, leases excluded) it is 13.4x. H&R Block's 50.55x reflects a book value of only \$117mm after buybacks, not a rich valuation.

Scenario stress test

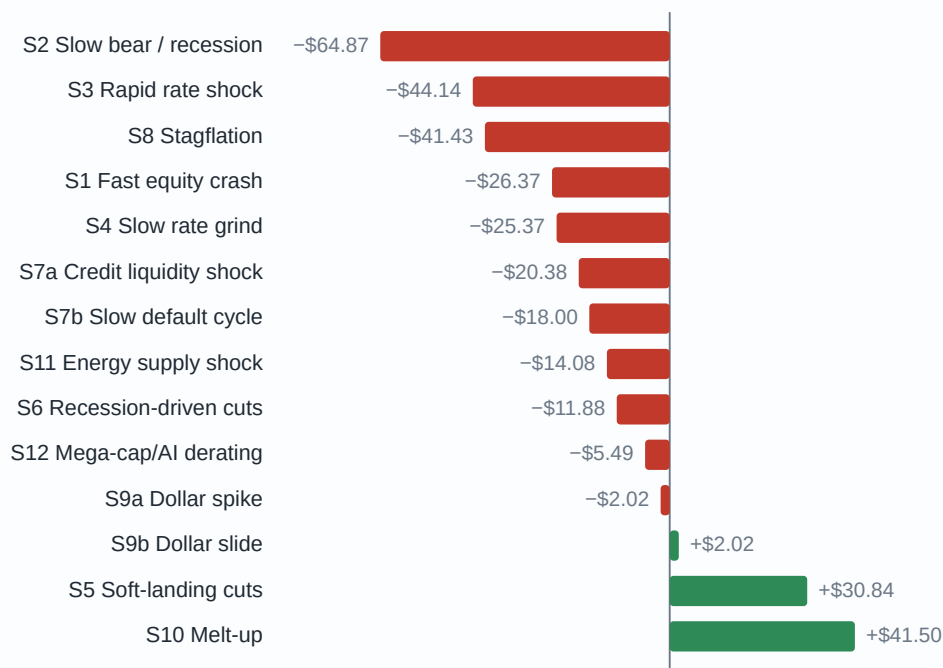
Reasoned from the bull/bear drivers above. The model column comes from the scenario overlays (Base case + shock).

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S1 Fast equity crash	–	Liquidity de-rating of a 1.0-beta large cap; net cash, no funding channel	Med	–\$26.37
S2 Slow bear / recession	–	SMB failures and fewer QuickBooks and payroll adds; Credit Karma loan and card referrals fall as lenders tighten; tax filing is defensive. Milder than Base – Bear (\$221) because it is a two-year cycle, not a permanent loss of customers	High	–\$64.87
S3 Rapid rate shock	–	Higher discount rate compresses the software multiple; notes are fixed-rate	High	–\$44.14
S4 Slow rate grind	–	Rates weigh on the multiple and on Credit Karma loan referrals	Med	–\$25.37
S5 Soft-landing cuts	+	Lower discount rate; easier credit lifts Credit Karma and SMB formation	Med	+\$30.84

Scenario	Effect	Mechanism	Magnitude	Model Δ value vs Base (\$/sh)
S6 Recession-driven cuts	-	SMB and Credit Karma volume losses, mostly offset in value by lower rates	Low	-\$11.88
S7a Credit liquidity shock	-	Lending partners pull back from Credit Karma and loan-sale markets shut; de-rating	Med	-\$20.38
S7b Slow default cycle	-	Fewer approvals on Credit Karma, higher losses on the QuickBooks Capital loan book, SMB churn	Low	-\$18.00
S8 Stagflation	-	Wage and compute inflation, weaker SMB demand, higher rates	High	-\$41.43
S9a Dollar spike	-	Small: revenue is overwhelmingly US	Low	-\$2.02
S9b Dollar slide	+	Mirror image	Low	+\$2.02
S10 Melt-up	+	A de-rated large-cap software name re-rates in a risk-on tape	High	+\$41.50
S11 Energy supply shock	-	Indirect only: squeezed consumer and SMB budgets, higher rates	Low	-\$14.08
S12 Mega-cap/AI derating	±	Software de-rates with AI leaders, offset by less funding for AI agents that compete for DIY tax and bookkeeping	Low	-\$5.49

Currently active/on watch per the playbook: S3 partially active (price-level leg only); S8, S10 and S11 on watch.

MODEL VALUE CHANGE VS BASE, BY SCENARIO



What would change the call

Downgrades to Hold if: the price moves to within ~10% of the Base midpoint without a guidance raise; or Q1–Q2 FY2027 show GBS growth below the +13% guide. **Downgrades to Sell if:** TurboTax revenue declines in the 2027 season, QuickBooks Online Accounting growth falls below 10%, or Intuit cuts DIY prices broadly to hold units.

Watch items

- **W1:** Q1 FY2027 — revenue within \$4,294–4,313mm and GAAP operating income within \$716–729mm — Q1 FY2027 release — late Nov 2026 (date not verified) — *Model: rev_growth*
- **W2:** GBS growth — $\geq 13\%$ (Base) vs $< 10\%$ (Bear) — Q1/Q2 FY2027 releases — Nov 2026 / Feb 2027 — *Model: rev_growth*
- **W3:** 2027 tax season — TurboTax revenue $\geq +2\%$ and US units stable (Base) vs a revenue decline (Bear) — Q3 FY2027 release — May 2027 — *Model: rev_growth*
- **W4:** FY2027 GAAP operating margin — $\geq 31.5\%$ (Base) vs $< 30\%$ (Bear) — Q4 FY2027 release — Aug 2027 — *Model: ebitda_margin*

Sources

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Independent single-name research. Directional characterization, not a price target, execution instruction, or portfolio recommendation.