

H&R Block Reports U.S. Tax Results Through April 16; To Announce Fiscal 2015 Results on June 8

April 23, 2015 5:19 PM ET

KANSAS CITY, MO -- (Marketwired) -- 04/23/15 --

- Assisted returns prepared declined due to the carryover impact of eliminating a promotion in the prior year and continued behavioral shifts in tax filers who claim the Earned Income Tax Credit (EITC)
- H&R Block tax software returns prepared through online, desktop and mobile applications grew 8.2% over the prior year; monetization improved significantly

H&R Block, Inc. (NYSE: HRB), the world's largest consumer tax services provider, today released its U.S. tax results through April 16, 2015. Total U.S. revenues increased compared to the prior year despite a 0.9% decrease¹ in returns prepared to 20.5 million. The company continues to expect EBITDA margins of approximately 30%.

Total H&R Block U.S. assisted returns prepared fell 4.6% through April 16. The company believes this decline is due to the second-year impact of discontinuing the company's free federal 1040EZ promotion and the ongoing impact of industry-wide fraud, particularly related to behavioral shifts in tax filers who claim the EITC. Tax returns prepared through the company's tax software products, including online, desktop and mobile applications, increased 8.2%.

"Though our assisted return volume declined, we expect to report revenue growth for the second consecutive year and are on track to achieve our EBITDA margin guidance," said Cobb. "By focusing on our Tax Plus strategy, we improved client mix in both assisted and digital and continued to provide our clients with the exceptional expertise and client service that they expect from H&R Block."

The Affordable Care Act (ACA) intersected with tax preparation for the first time in tax season 2015, requiring millions of taxpayers to file additional forms and in many cases resulting in modified refunds and tax penalties.

"This was the first tax season in what we've said will be a multi-year journey to fully realize the impacts of the ACA and I believe we are well positioned as the industry's ACA experts," said Bill Cobb, H&R Block's president and chief executive officer. "We invested in our tax professionals to enable them to provide valuable ACA guidance to our clients and I'm proud of how they delivered."

Additionally, fraud continued to negatively impact the tax industry as tax identity theft and improper EITC payments continue to cost taxpayers billions of dollars.

"The level of fraud we see in this industry is shocking, and we continue to lead the battle against it. While I'm pleased that others in the industry and our government leaders have joined us in this fight, there is still much more that needs to be done," Cobb said. "We need mandatory standards for paid tax preparers. Without them, consumers will continue to be victimized by people who aren't sufficiently trained, or worse, knowingly commit fraud. We also need uniform standards for tax returns claiming refundable credits such as the EITC, regardless of the channel through which they are filed. Congress has already provided clear legislative direction on this matter. Now the Treasury Department needs to put this fraud prevention change into effect for the 2016 tax filing season."

H&R Block to Announce Fiscal 2015 Results on June 8

In conjunction with the announcement of fiscal 2015 results, the company will host a conference call at 4:30 p.m. Eastern time on June 8, 2015 for analysts, institutional investors, and shareholders to discuss fiscal 2015 results, future outlook and a general business update. To access the call, please dial the number below approximately 10 minutes prior to the scheduled starting time:

U.S./Canada (866) 872-0323 or International (443) 842-7595
Conference ID: 8986376

The call will also be webcast in a listen-only format for the media and public. The link to the webcast can be accessed directly at <http://investors.hrblock.com>. A replay of the call will be available beginning at 7:30 p.m. Eastern time on June 8, 2015, and continuing until July 8, 2015, by dialing (855) 859-2056 (U.S./Canada) or (404) 537-3406 (International). The conference ID is 8986376. The webcast will be available for replay June 9, 2015 at <http://investors.hrblock.com>.

About H&R Block

H&R Block, Inc. (NYSE: HRB) is the world's largest consumer tax services provider. More than 650 million tax returns have been prepared worldwide by and through H&R Block since 1955. In fiscal 2014, H&R Block had annual revenues over \$3.0 billion with 24.2 million tax returns prepared worldwide. Tax return preparation services are provided by professional tax preparers in approximately 12,000 company-owned and franchise retail tax offices worldwide, and through H&R Block tax software products. H&R Block Bank provides affordable banking products and services. For more information, visit the H&R Block Newsroom at <http://newsroom.hrblock.com/>.

About Non-GAAP Financial Information

This press release and the accompanying tables include non-GAAP financial information. For a description of these non-GAAP financial measures, including the reasons management uses each measure, and reconciliations of these non-GAAP financial measures to the most directly comparable financial measures prepared in accordance with generally accepted accounting principles, please see the section of the accompanying tables titled "Non-GAAP Financial Information."

Forward-Looking Statements

This press release may contain forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "could" or "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future are forward-looking statements. They may include estimates of revenues, income, earnings per share, capital expenditures, dividends, liquidity, capital structure or other financial items, descriptions of management's plans or objectives for future operations, products or services, or descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect the company's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, the company disclaims any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions, factors, or expectations, new information, data or methods, future events or other changes, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond the company's control and which are described in our Annual Report on Form 10-K for the fiscal year ended April 30, 2014 in the section entitled "Risk Factors," as well as additional factors we may describe from time to time in other filings with the Securities and Exchange Commission. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

¹ Unless otherwise noted, all comparisons refer to current fiscal year-to-date results compared to prior fiscal year-to-date results.

H&R BLOCK

U.S. Tax Operating Data

(in thousands)

	<u>4/16/15</u> <u>FYTD</u>	<u>4/16/14</u> <u>FYTD</u>	<u>Percent</u> <u>change</u>
Total H&R Block Returns Prepared: ⁽¹⁾			
Company-Owned Operations	8,270	8,713	-5.1%
Franchise Operations	4,658	4,833	-3.6%
Total Assisted	<u>12,928</u>	<u>13,546</u>	<u>-4.6%</u>
Desktop	2,154	2,015	6.9%
Online	4,739	4,358	8.7%
Total Tax Software	<u>6,893</u>	<u>6,373</u>	<u>8.2%</u>
Free File Alliance	<u>671</u>	<u>760</u>	<u>-11.7%</u>
Total H&R Block U.S. Returns	<u>20,492</u>	<u>20,679</u>	<u>-0.9%</u>

(1) Prior year numbers have been reclassified between company-owned and franchise for offices which were refranchised or repurchased by the company during either year.

For Further Information

Investor Relations:

Colby Brown
(816) 854-4559

[Email contact](#)

Media Relations:

Gene King
(816) 854-4672

[Email contact](#)

Source: H & R Block