



# Safe Harbor Warning

During the course of this presentation, we may make projections or other forward-looking statements regarding future events or the future financial performance of the company. We wish to caution you that such statements are just predictions and that actual events or results may differ materially. We refer you to the documents the company files regularly with the Securities and Exchange Commission, specifically the company's most recent Form 10-K and Form 10-Q. These documents contain and identify important factors that could cause the actual results to differ materially from those contained in our projections or forward-looking statements.

# National Instruments

Offering graphical system design solutions for Test and Measurement and Industrial Embedded

**Non-GAAP Revenue:** \$1.04B revenue in 2011, \$280M revenue in Q4 2011

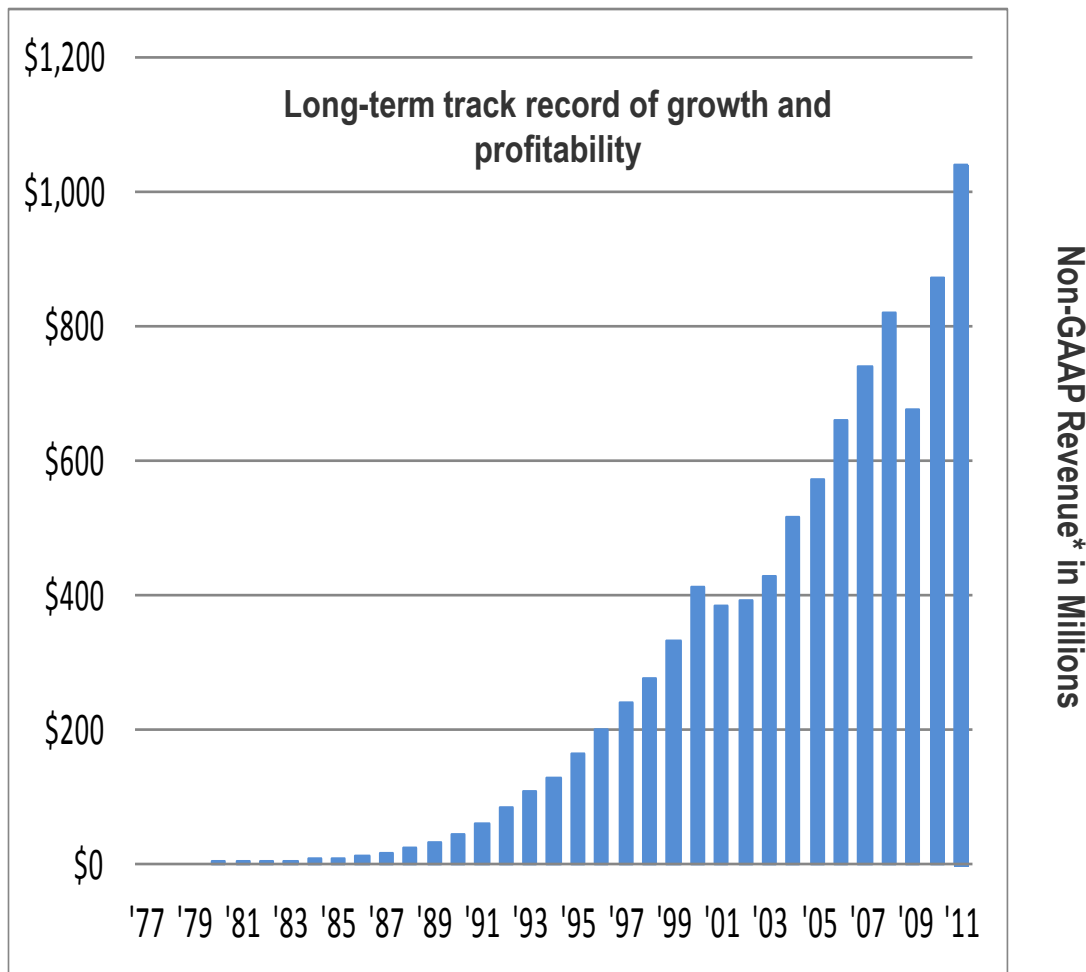
**Global Operations:** Approximately 6,200 employees; operations in more than 40 countries

**Broad customer base:** More than 30,000 companies served annually

**Diversity:** No industry >15% of revenue

**Culture:** Ranked among top 25 companies to work for worldwide by *FORTUNE* Magazine and the Great Places to Work Institute

**Strong Cash Position:** Cash and short-term investments of \$366M at December 31, 2011



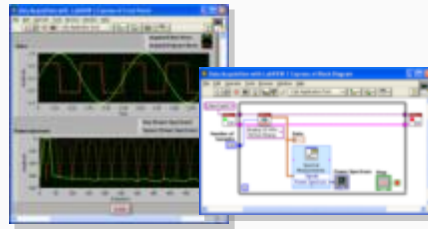
# What We Do

Graphical system design combines graphical programming software with modular hardware, leveraging the latest technologies

Low-Cost Modular Measurement and Control Hardware



Productive Software Development Tools



Highly Integrated Systems Platforms

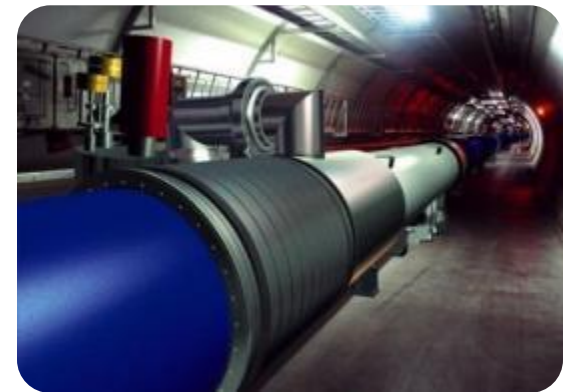
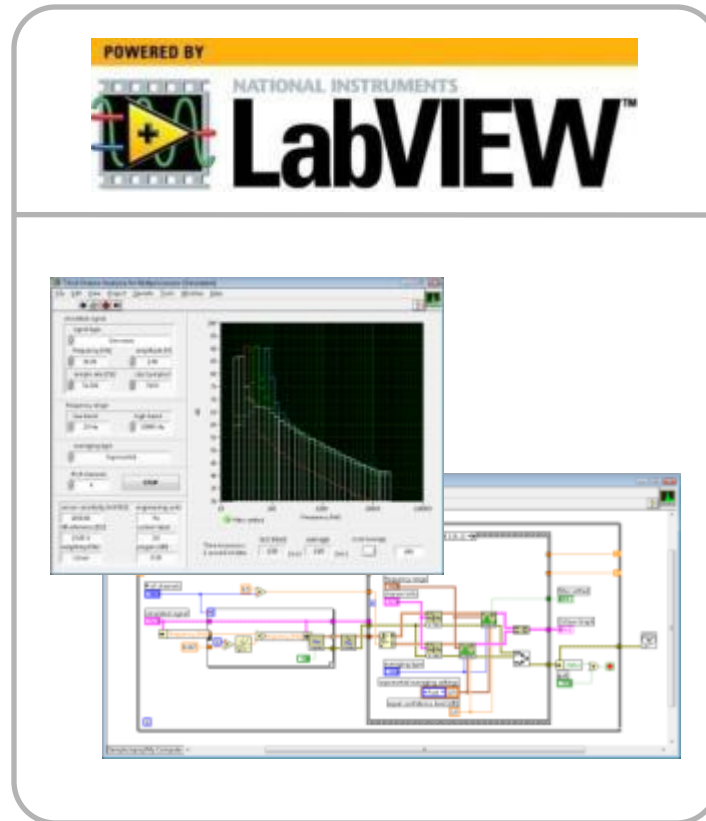


# Empowering Users Through Software

Providing unique differentiation and preserving customer investments



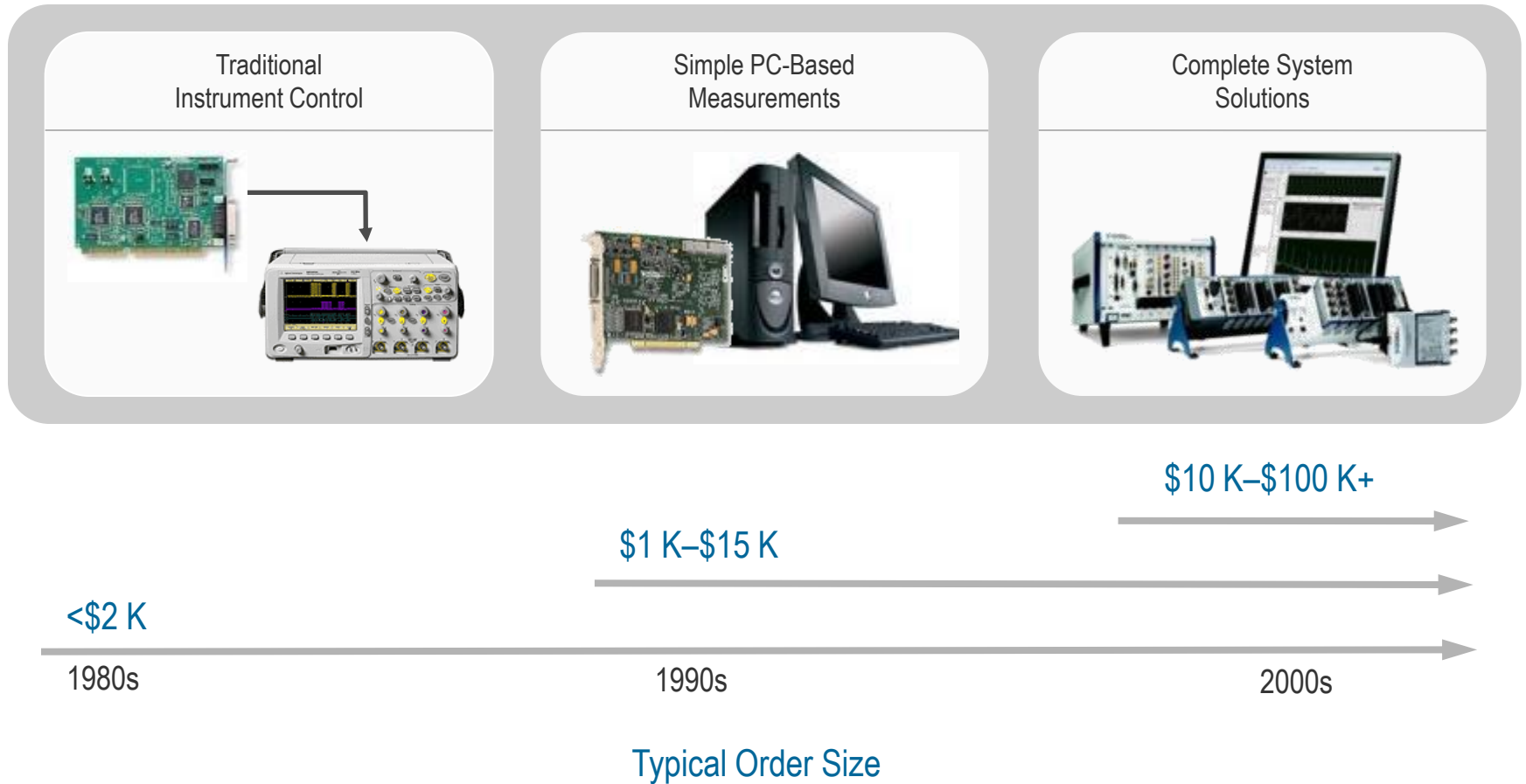
LEGO® MINDSTORMS® NXT  
*“the smartest, coolest toy  
of the year”*



CERN Large Hadron Collider  
*“the most powerful instrument on earth”*

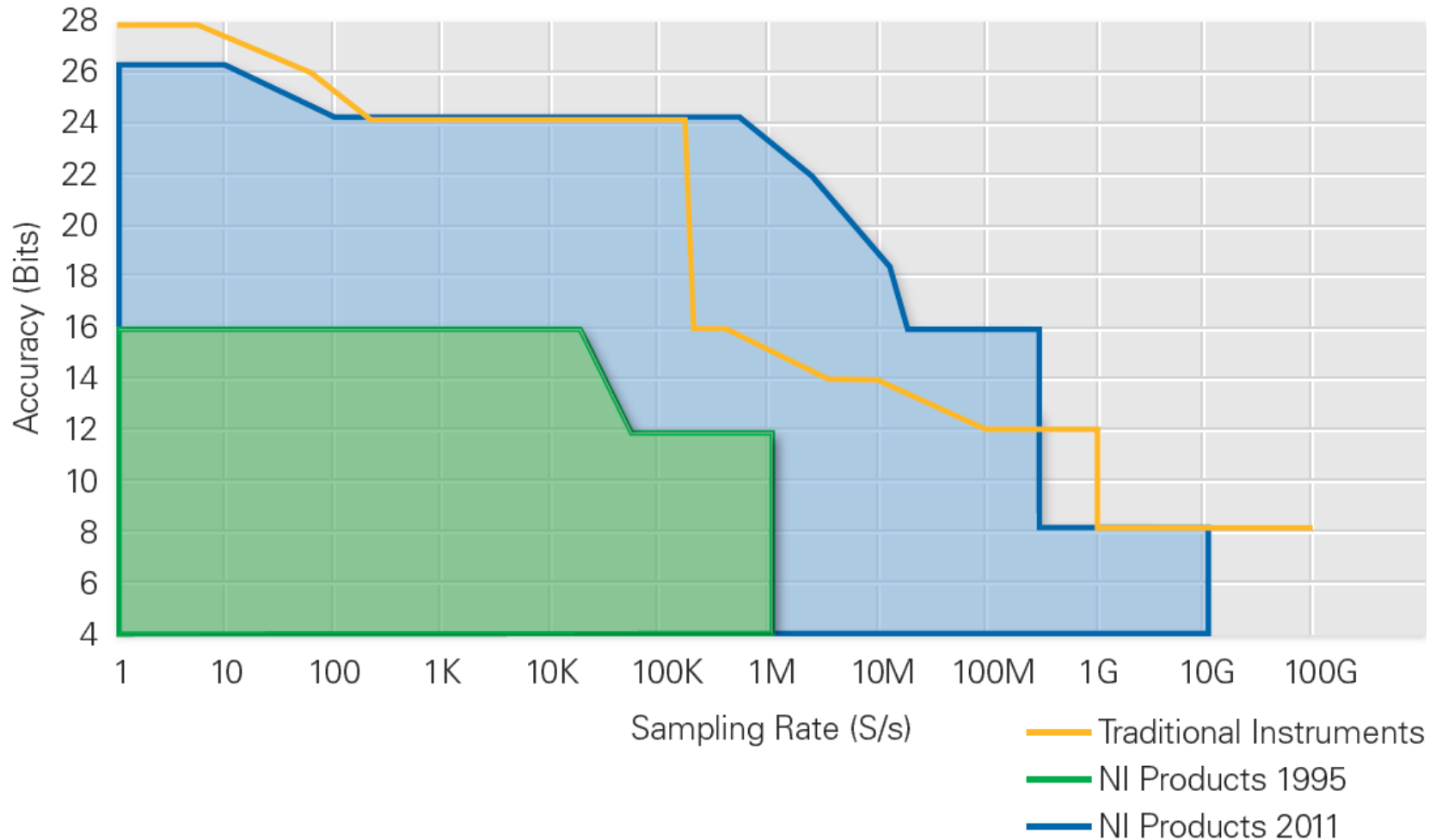
# NI Product and Platform Portfolio Evolution

Our increasing value to customers and shareholders



# Leveraging Commercial Technology

Expanding measurement capability



# Test and Measurement (T&M)

# Test and Measurement Market

Total Market Size: \$17 billion

Electrical/  
Electronic



\$4.4 billion

Wireless/ RF



\$3.8 billion

Structural/  
Physical



\$4.0 billion

Real-Time Test



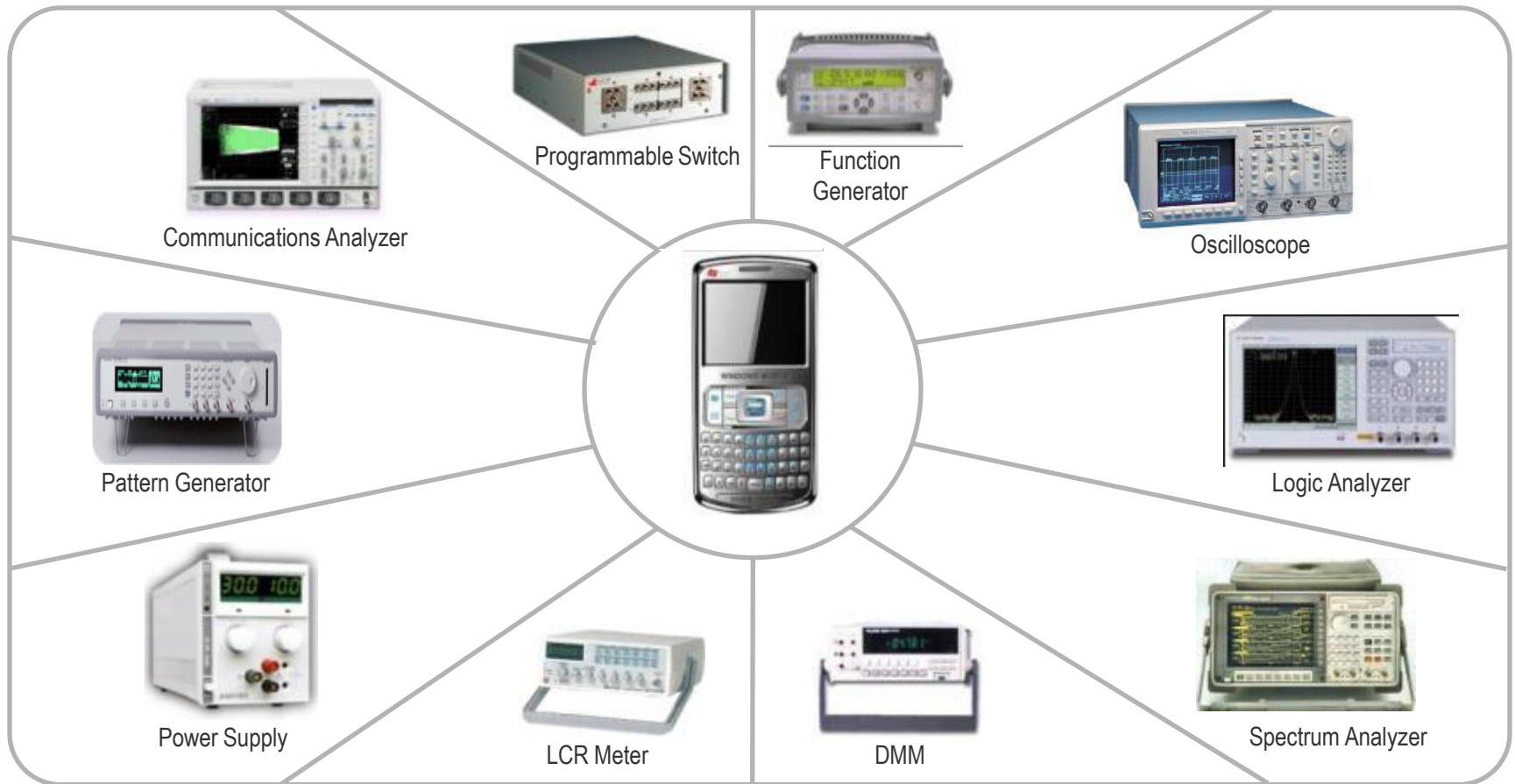
\$2.6 billion

Semiconductor



\$2.2 billion

# T&M: The Traditional Approach



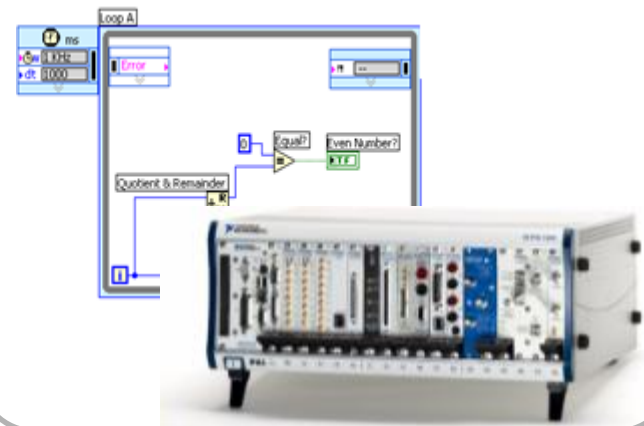
Photos Courtesy of Agilent, Keithley, and Nicolet

# T&M: NI Graphical System Design Approach

Traditional Solution



PXI Solution



- Lower cost
- Higher performance
- Smaller size
- Flexibility
- Easily upgradable design
- User-defined solution

# Industrial Embedded

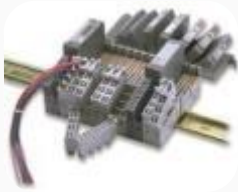
# Industrial Embedded Market

Total Market Size: Approximately \$40 billion

## PLC/PAC

Plants and machine builders want better control capabilities in their automated systems.

**NI provides optimized automation**

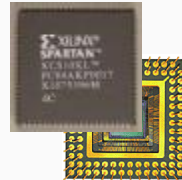


>\$13 billion

## Custom Design

Trend toward using FPGAs and higher-level tools for a more integrated tool chain.

**NI makes design easier**



>\$24 billion

## SBC/Embedded

Need for open, PC-based architectures to quickly develop solutions

**NI delivers quality measurements**

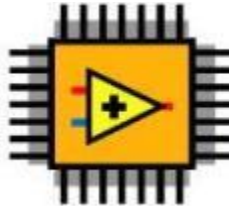


\$3 billion

# NI Opportunity: Areas of Innovation



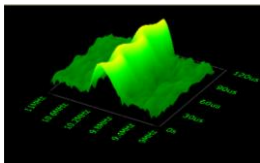
# Embedded Devices and Machines



Control Software



Controller and I/O



Algorithm IP



Display



Drives and Motors



Vision

# Financial History

# Diversity of Applications

No Industry >15% of Revenue



Telecom



Academic



Automotive



Semiconductors



Electronics



Computers



ATE



Military/  
Aerospace



Advanced  
Research



Petrochemical

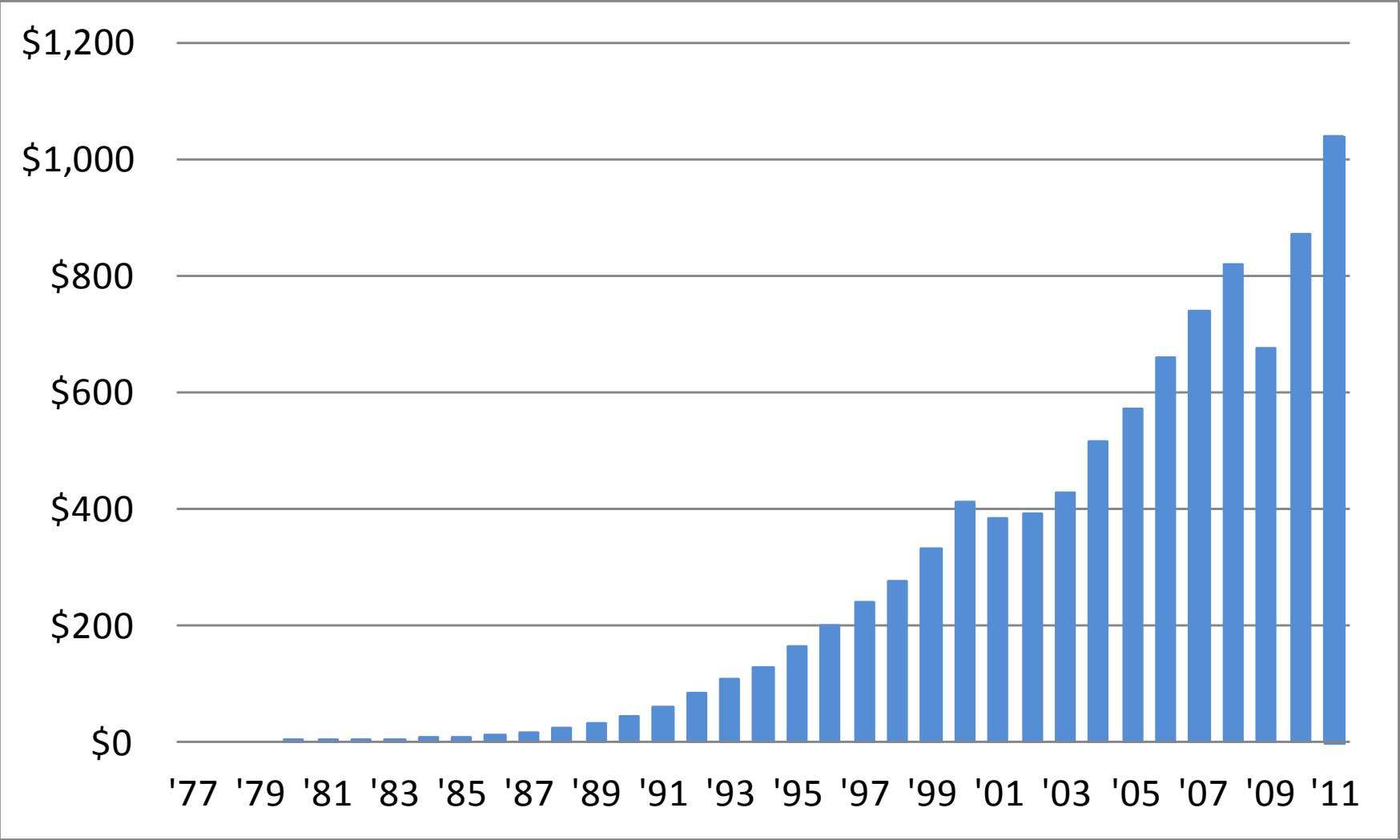


Food  
Processing



Textiles

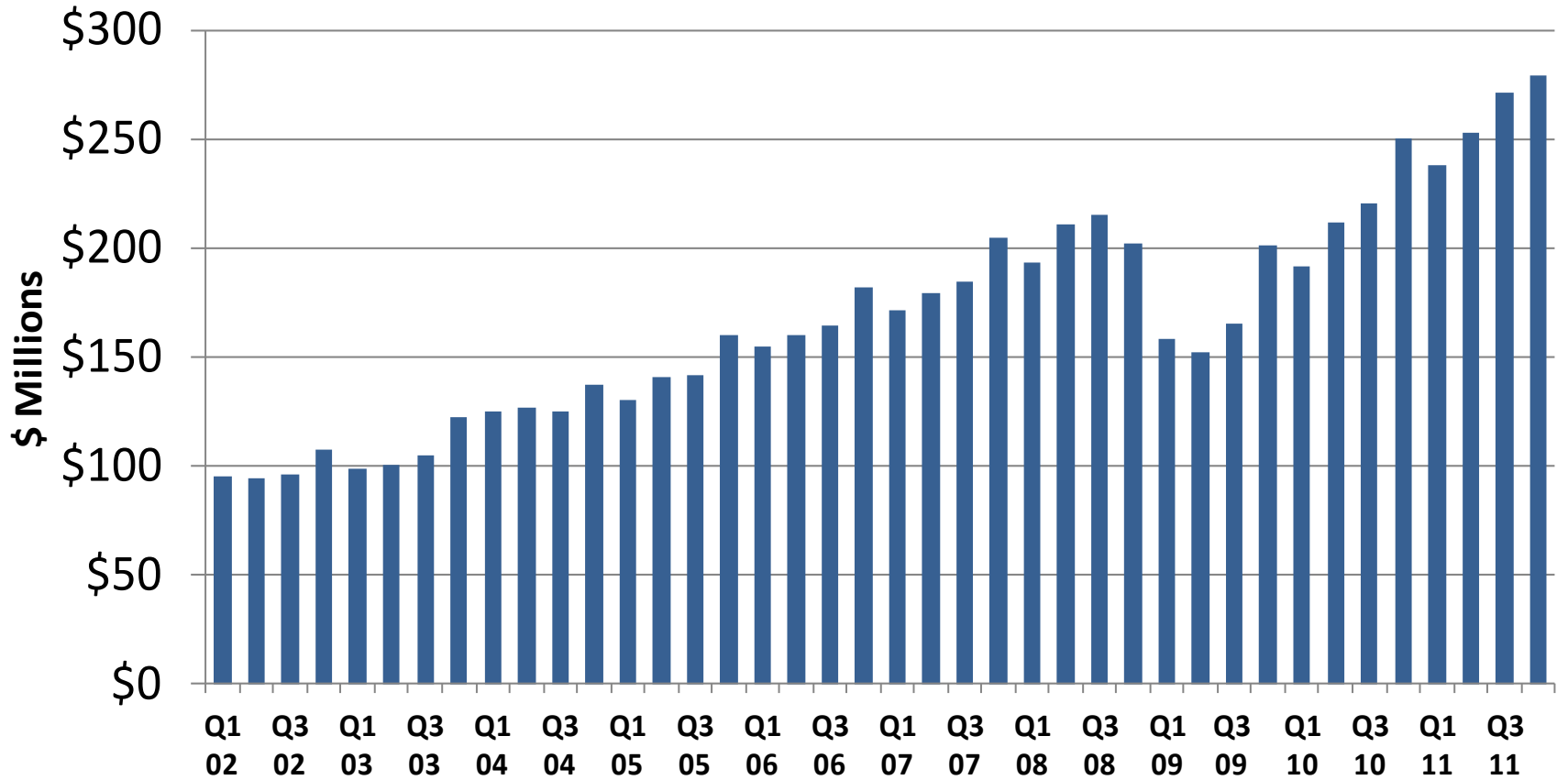
# Strong Track Record of Growth & Profitability



Non-GAAP Revenue\* in Millions

# Sequential Revenue

## Sequential Revenue by Quarter



Non-GAAP Revenue\* in Millions

# Q4 2011 Highlights

- GAAP revenue of \$278 million, up 11 percent year-over-year
- Non-GAAP revenue\* of \$280 million, up 12 percent year-over-year
- GAAP gross margin 76 of percent and non-GAAP gross margin of 77 percent
- Fully diluted GAAP EPS of \$0.20
- Fully diluted non-GAAP EPS\* of \$0.27
- EBITDA of \$45 million, or \$0.37 per share
- \$366 million in cash and short-term investments as of Dec. 31, 2011

\*A reconciliation of GAAP to non-GAAP results is available at [investor.ni.com](http://investor.ni.com)

# National Instruments: Evolution, Commitment, Results

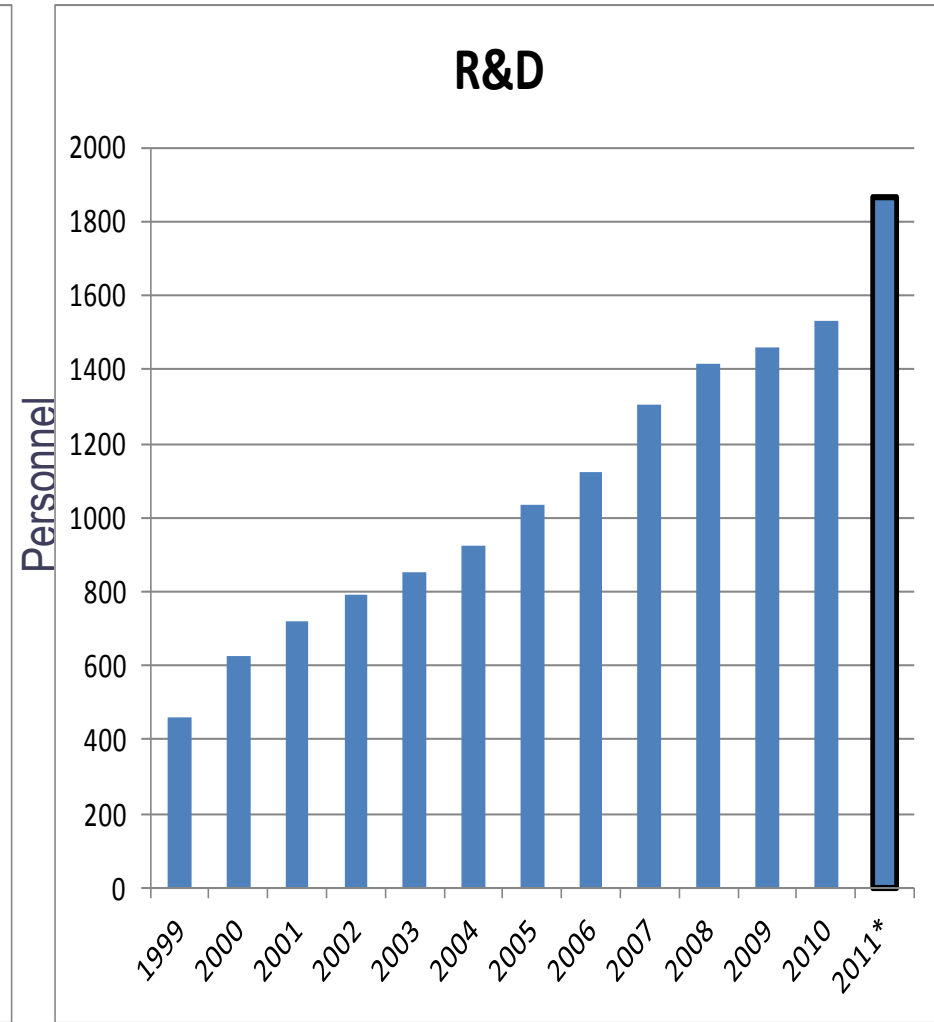
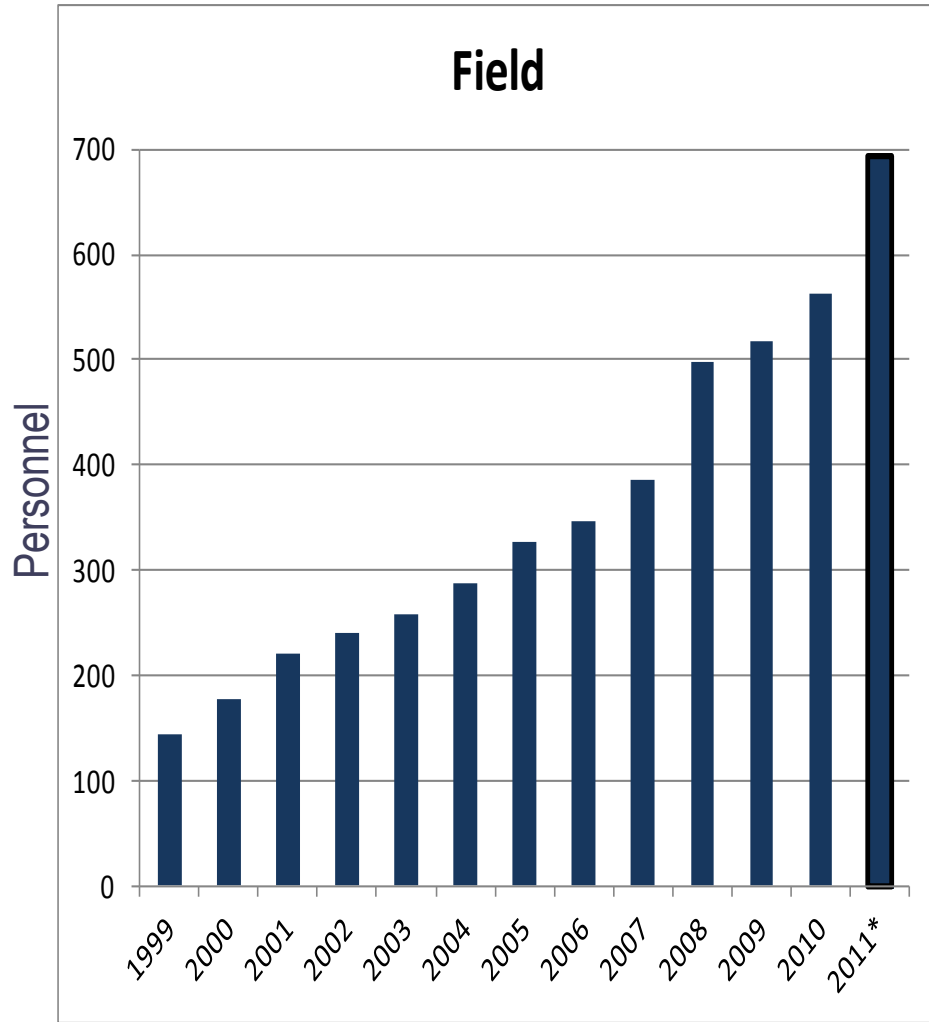
## 2011 Results Compared to 2006

- Non-GAAP Revenue\* is up 58 percent
- Graphical system design revenue is up 68 percent
- Non-GAAP Operating Income\* is up 56 percent
- Non-GAAP Gross Margin\* is up 65 percent, approximately 350 basis points
- R&D headcount is up 66 percent
- Field sales force headcount has doubled
- Large orders\*\* up 132 percent, represent 45 percent of total orders
- Average order size has increased 51 percent

\*A reconciliation of GAAP to non-GAAP results is available at [investor.ni.com](http://investor.ni.com)

\*\*National Instruments defines large orders as orders over \$20,000

# Driving Future Growth



\*Represents National Instruments actual headcount as of December 31, 2011.

# Worldwide Large Order Growth

Q4 2011 large orders\* +118% compared to Q4 2006 and were 47% of total orders

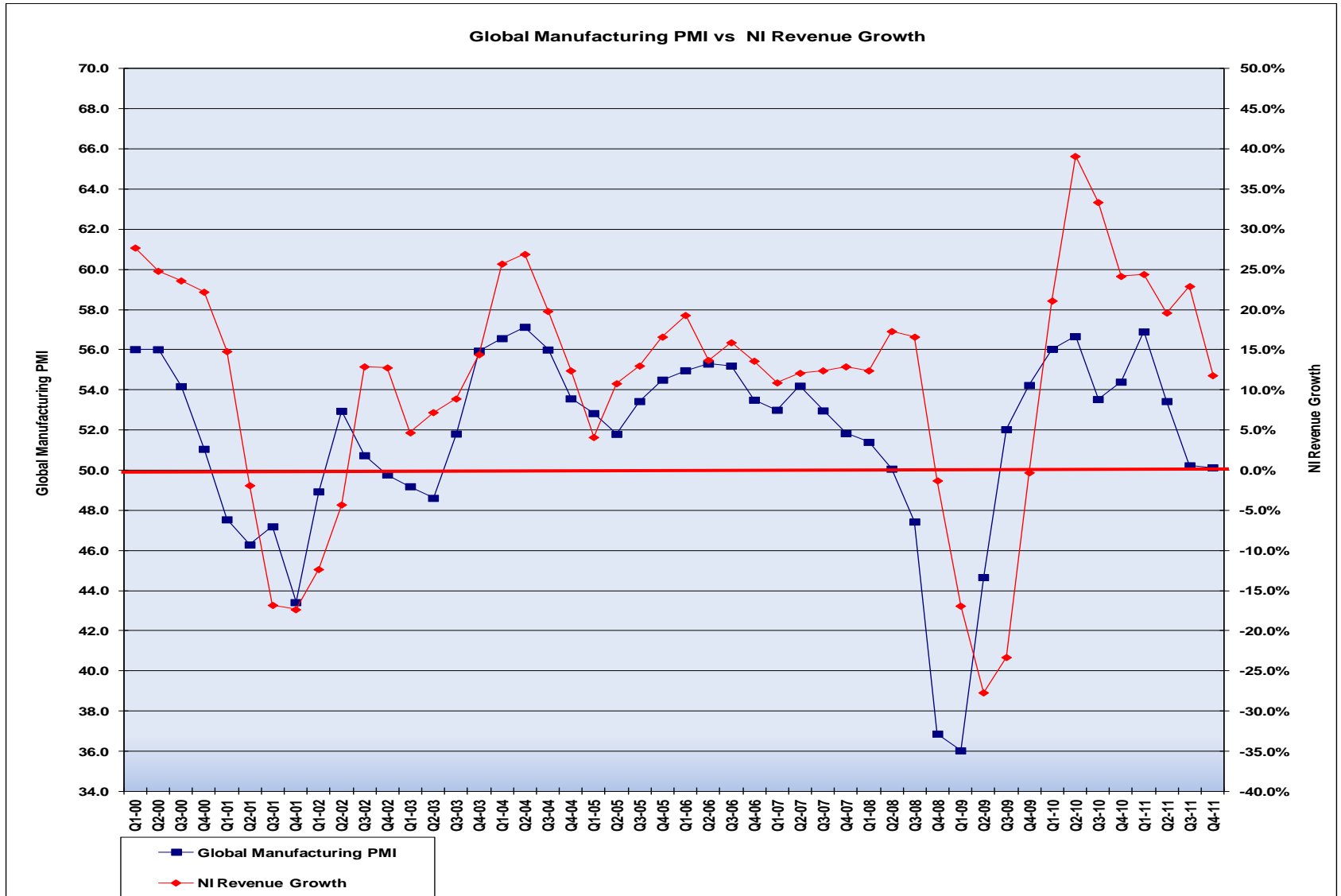


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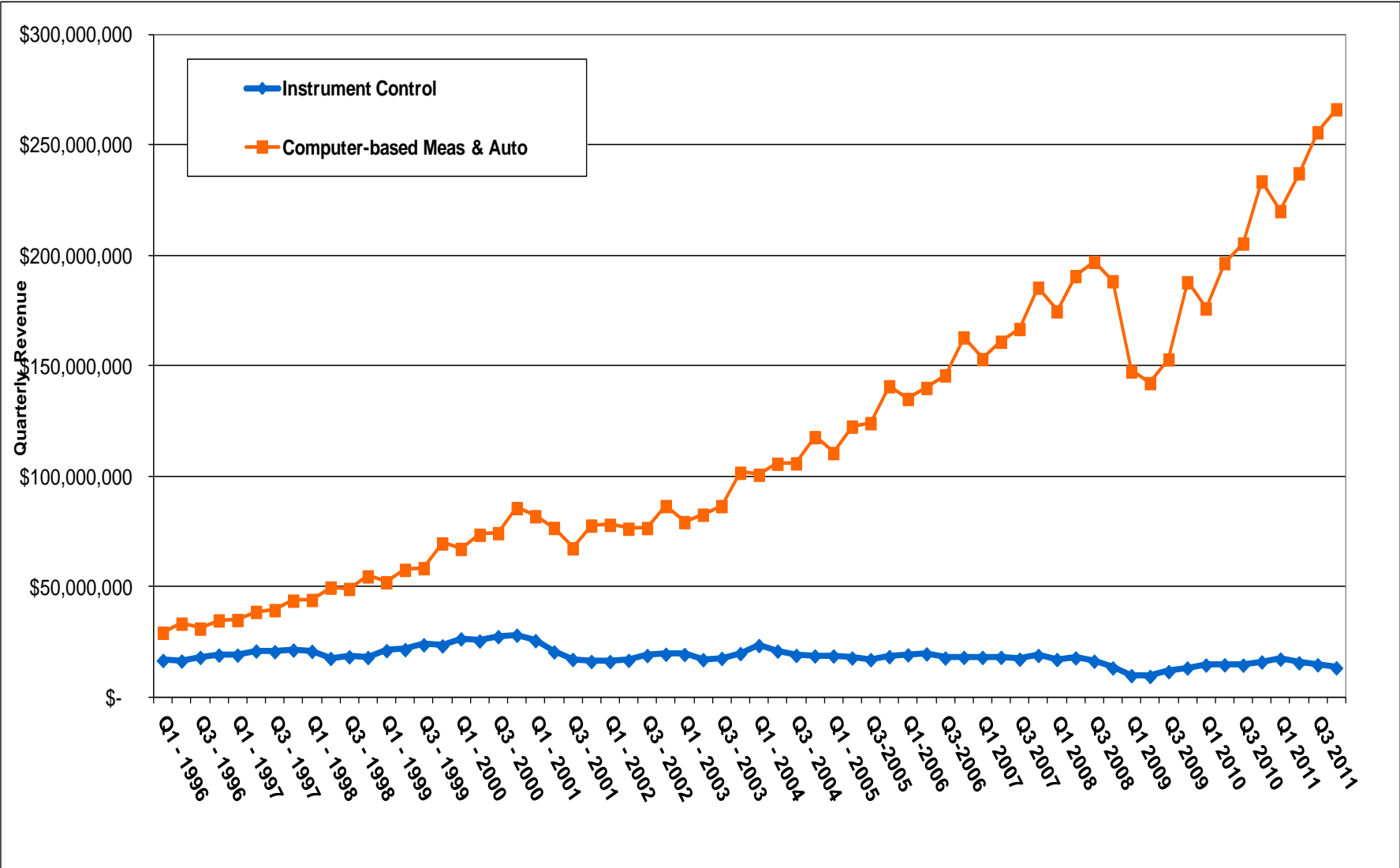
# Global PMI vs. NI Non-GAAP Revenue\* Growth

Global Purchasing Managers Index

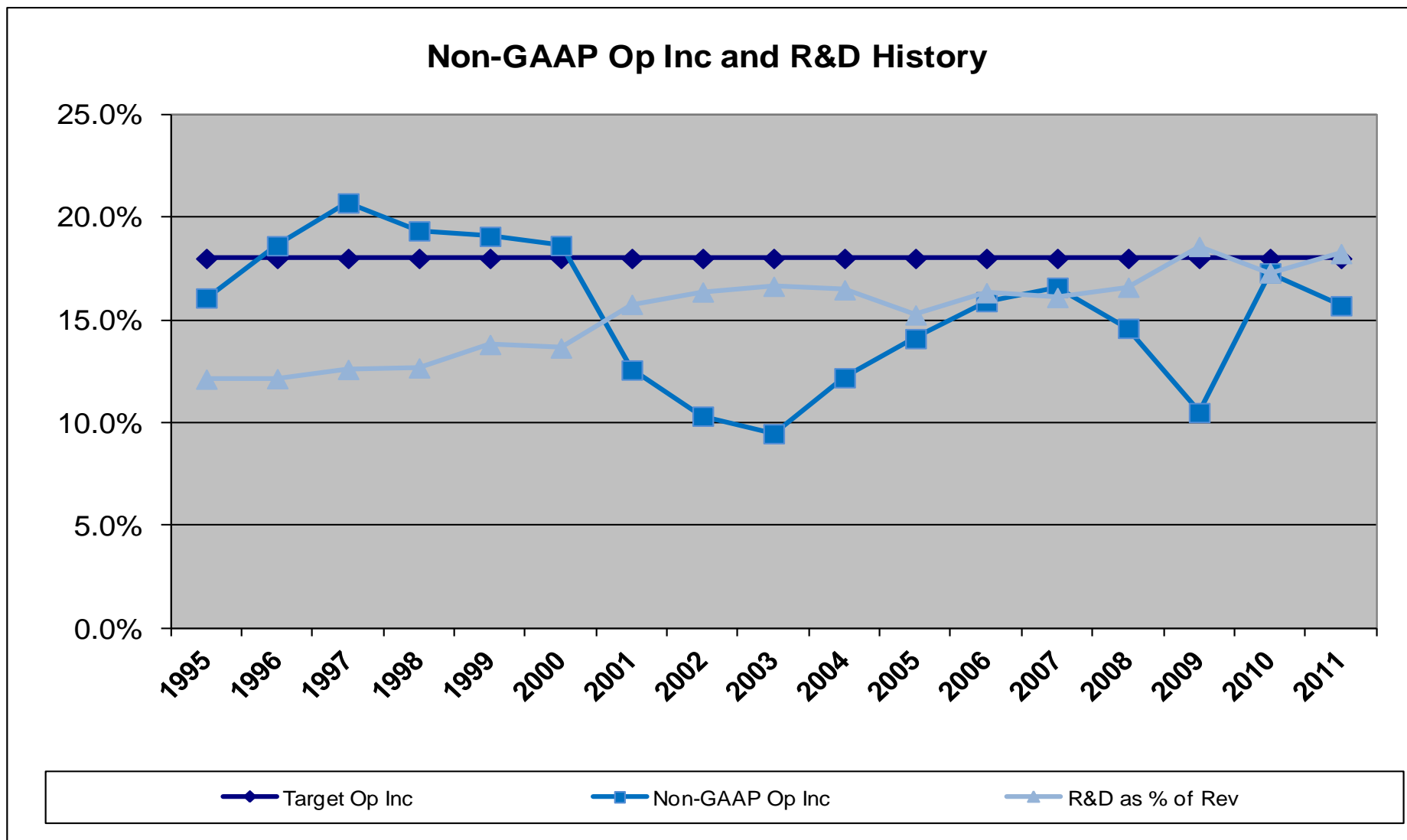


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# Strategic Product Revenue Growth



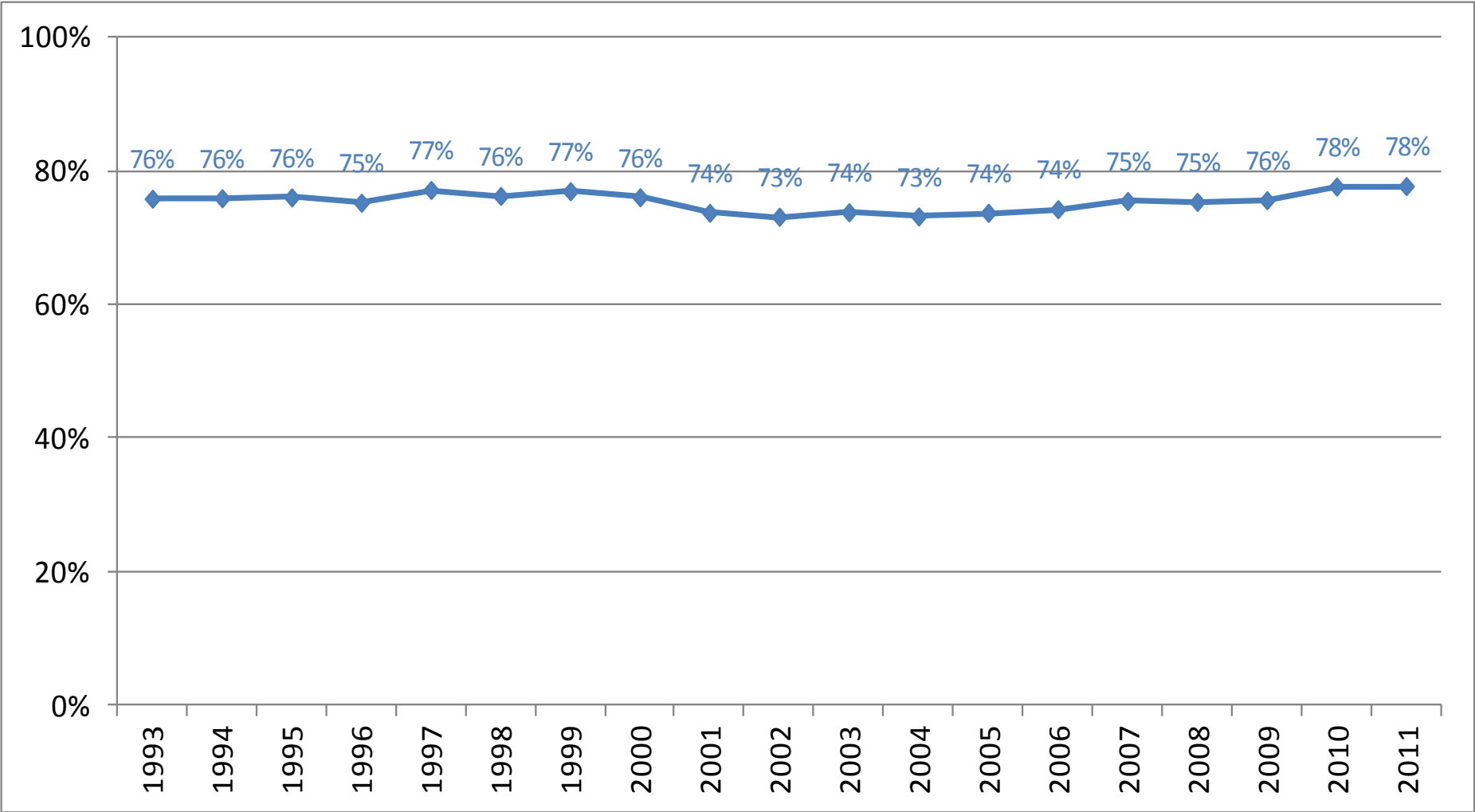
# Non-GAAP Operating Income\* and R&D as a % of Revenue



\*A reconciliation of GAAP to non-GAAP results is available at [investor.ni.com](http://investor.ni.com)

# Non-GAAP Gross Margin\*

2011 Non-GAAP gross margin is up approximately 350 basis points compared to 2006



\*A reconciliation of GAAP to non-GAAP results is available at [investor.ni.com](http://investor.ni.com)



# 2012 Strategic Goals

## **Deliver Strong Profitability**

- Optimize NI operating expenses
- Preserve our strong gross margins
- Drive efficiency of resources added in 2011

## **Drive Organic Revenue Growth**

- Sustain our strategic investments in R&D and field sales
- Broaden and deepen our customer relationships
- Enhancing NI service offerings and partner network