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National Instruments Corp. Q2 2008 Earnings Call

Question-and-Answer Session

Thank you. [Operator instructions]. And our first question comes from John Harmon with Needham & Company.

John Harmon - Needham & Company

Hi, good afternoon.

Dr. James Truchard - President, Chief Executive Officer, and Co-Founder

Hey, John. How are you?

John Harmon - Needham & Company

Good. Alex, I don't think there is anyway to quantify this but can you just talk about the effect of the weak dollar, how it affected your sales, and whether... I don't recall whether you price in dollars or whether you changed pricing during the quarter?

Alex Davern - Chief Financial Officer, Senior Vice President, Manufacturing and IT Operations

Sure John, good question. The local currency growth rates are in the press release. As you are aware we do adjust pricing periodically as the dollar evolves over time. So we look at U.S. dollar growth rate as the key metric for the business growth. We did see double digit revenue growth in local currency both in Europe and Asia and the date is I believe there in the press release.

John Harmon - Needham & Company

Okay, thank you and secondly, this I just ask as a follow up. If you look at the PMI, it looks like the U.S improved slightly and Europe is heading downwards. It seems to... you gave your view that you expected it to go down for a couple of quarters but it seems like the performance in Europe is much stronger than the PMI would indicate, may be that's because of currency?

Dr. James Truchard - President, Chief Executive Officer, and Co-Founder

There are so many patterns John, but again as we said we are going to adjust pricing periodically. I would look in Europe for our business results for the full first half. At the start of the year we certainly expected to get a negative impact in Q1 from Easter, and a positive impact in Q2 from Easter, in Europe in particular and that did come through. So overall I would look at the revenue growth for the first half strong double digit growth in the 20% plus range for Europe for the first half. We see our European business and the execution by ourselves, the marketing team in Europe being very-very

successful in growing large orders, and our business in Europe right now as we speak has a lot of momentum so we feel quiet positive about the business in Europe going forward. Obviously we have been I think tremendously successful in the last couple of years and breaking away from the PMI over the course somewhere in the last seven quarters as the PMI is seeing seven sequential declines over the last almost two years now.

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