National Instruments Corp. Q3 2008 Earnings Conference Call Transcript

Question-and-Answer Session

Today's question and answer session will be conducted electronically. [Operator Instructions]. Our first question comes from Terence Whalen with Citi.

Terence Whalen - Citi Investment Research

Hi great. Thank you for taking my question.

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

Hey Terence.

Terence Whalen - Citi Investment Research

Hey Alex. So the first one here is on the revenue outlook for revenue growth of 2 to 8%. Can you help us understand what the foreign exchange impact of that is?

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

Sure. Well, obviously, we're coming off a very strong Q3 here as you can see with record revenue, 17% revenue growth. And as we look out into Q4, there has been a tremendous amount of disruption and dislocation in the financial markets over the last six weeks which I'm sure everybody listening to the call is well aware of. As we look out, the main element that's driving the change in our outlook really relates to the uncertainty around those issues.

From an exchange rate point of view, obviously, we'll have... we've seen a significant strengthening of the U.S. dollar during the third quarter as we discussed in the call. But as you're aware, our strategy has always been to adjust pricing periodically to reflect the change in exchange rates, and that would continue going forward.

Terence Whalen - Citi Investment Research

Okay. So if I could follow up, could you give us a little bit more resolution in understanding how you've encountered softness over the past say six to eight weeks as the PMI has declined? Have you seen order rates simply fall off in Europe more than Asia? Have you seen a gradual winding down? And if you could give us any granularity on how things have progressed specifically in the past six weeks to end weaker than they were two weeks ago, for example, so we can help understand what's simply credit induced shock versus a real slowing in the run rate of organic growth? And I apologize for tacking this on. What's your expectation because this demand slowing has occurred before a lot of capital budgets have been analyzed by companies in the October, November timeframe? How do you anticipate we see capital spending in the first half versus in 4Q? Thank you.

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