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## National Instruments Q3 2009 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

And today's question-and-answer session will be conducted electronically. (Operator Instructions). We'll take our first question from the side of David Yuschak. Your line is now open.

#### David Yuschak - SMH Capital

Hey, congratulations guys on the quarter as well as very much shaping up for the fourth quarter. Of course, I got for is there anything that mean you have seen all the macro has been improving here quite a bit, is there anything from your micro point of view, as you see things coming in the orders and all that? That kind of suggest that this is more a sustained type of potential we got for 2010 and that is just kind of an inventory blip so to speak if you want to term it in inventory demand curve improvement here?

#### Alex Davern, CPA

Well David, it's a good question, its Alex here. First off I'll answer by really our customers don't to very, very large extent they do not inventory our products. So with very few exceptions, it is a turns business for us and for them. So I don't think we're seeing any real dynamic relation to the inventory of our products at our customers' site. I don't think there is any impact on it at all. However--

#### David Yuschak - SMH Capital

I was really putting the idea that others recovery seems to be just more, people getting back to business on inventory than this, you're getting inventory stacked in your customers?

#### Alex Davern, CPA

I think there's two elements on that, if we look at the broader macro perspective, industrial production globally in the first half of this year was down somewhere around 20% year-over-year, when global GDP was down about 2%. So you have a situation in my opinion where industrial production globally was massively under serving actual end demand.

As so I think you've got two things going on here, you've got probably in the broader global industrial economy, you've got a stopping of the reduction in inventories and factories are moving up to just meet end demand. And I think that's going to lead to, in my opinion, sustained year-over-year growth in industrial production, at least probably through the first half of next year.

In terms of our business, we're really seeing a change in the industry where people are shifting and looking at opportunities to lower our cost. And as we have always said, when it comes to recessions, NI tends to gain market share at a more rapid rate during the recession despite the fact that it's painful. And so we're looking forward to the goal we have obviously to try and retain that market share in a recovery. And what we've seen so far in October and the opportunities, as I said, in the call that we see going forward gives us a fairly high degree of confidence that we are going to see very strong sequential results in Q4. That's very encouraging for us.

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