

NATIONAL INSTRUMENTS CORP /DE/  
Form 10-Q  
November 01, 2013  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

T Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended: September 30, 2013 or

£ Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-25426

NATIONAL INSTRUMENTS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

74-1871327

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification Number)

11500 North MoPac Expressway

Austin, Texas

78759

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(address of principal executive offices)

(zip code)

Registrant's telephone number, including area code: (512) 338-9119

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Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at October 29, 2013
Common Stock - \$0.01 par value	125,157,757

NATIONAL INSTRUMENTS CORPORATION

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## PART I - FINANCIAL INFORMATION

## ITEM 1. Financial Statements

## NATIONAL INSTRUMENTS CORPORATION

## CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	September 30, 2013 (unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 190,208	\$ 161,996
Short-term investments	153,906	173,166
Accounts receivable, net	182,723	187,060
Inventories, net	178,904	169,990
Prepaid expenses and other current assets	66,412	48,009
Deferred income taxes, net	26,464	27,479
Total current assets	798,617	767,700
Property and equipment, net	262,966	249,721
Goodwill	147,319	147,258
Intangible assets, net	84,424	93,913
Other long-term assets	28,269	26,177
Total assets	\$ 1,321,595	\$ 1,284,769
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 54,582	\$ 65,080
Accrued compensation	29,559	29,978
Deferred revenue - current	96,043	90,714

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Accrued expenses and other liabilities	20,003	34,373
Other taxes payable	31,021	24,811
Total current liabilities	231,208	244,956
Deferred income taxes	45,046	47,630
Liability for uncertain tax positions	23,399	20,920
Deferred revenue - long-term	21,309	20,446
Other long-term liabilities	9,455	11,689
Total liabilities	330,417	345,641
Commitments and contingencies		
Stockholders' equity:		
Preferred stock: par value \$0.01; 5,000,000 shares authorized; none issued and outstanding	-	-
Common stock: par value \$0.01; 360,000,000 and 180,000,000 shares authorized, respectively; 125,157,034 and 122,878,690 shares issued and outstanding, respectively	1,252	1,229
Additional paid-in capital	586,406	532,845
Retained earnings	400,798	404,210
Accumulated other comprehensive income	2,722	844
Total stockholders' equity	991,178	939,128
Total liabilities and stockholders' equity	\$ 1,321,595	\$ 1,284,769

The accompanying notes are an integral part of the financial statements.

## NATIONAL INSTRUMENTS CORPORATION

## CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except per share data)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net sales:				
Product	\$ 269,582	\$ 267,894	\$ 810,663	\$ 776,208
Software maintenance	19,556	22,080	61,089	65,809
GSA accrual	-	-	-	1,349
Total net sales	289,138	289,974	871,752	843,366
Cost of sales:				
Product	73,541	71,796	224,954	201,374
Software maintenance	1,665	1,698	4,307	4,319
Total cost of sales	75,206	73,494	229,261	205,693
Gross profit	213,932	216,480	642,491	637,673
Operating expenses:				
Sales and marketing	111,253	109,213	337,884	320,021
Research and development	60,791	56,627	180,520	164,928
General and administrative	21,363	20,714	66,363	63,590
Acquisition related adjustment	-	-	(1,316)	-
Total operating expenses	193,407	186,554	583,451	548,539
Operating income	20,525	29,926	59,040	89,134
Other income:				
Interest income	133	133	495	495
Net foreign exchange gain (loss)	456	(235)	(2,057)	(2,139)
Other income (loss), net	304	(899)	728	(644)
Income before income taxes	21,418	28,925	58,206	86,846
Provision for income taxes	5,654	4,585	9,421	17,423

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Net income	\$ 15,764	\$ 24,340	\$ 48,785	\$ 69,423
Basic earnings per share	\$ 0.13	\$ 0.20	\$ 0.39	\$ 0.57
Weighted average shares outstanding - basic	125,032	122,402	124,244	121,710
Diluted earnings per share	\$ 0.13	\$ 0.20	\$ 0.39	\$ 0.57
Weighted average shares outstanding - diluted	125,608	123,074	125,221	122,726
Dividends declared per share	\$ 0.14	\$ 0.14	\$ 0.42	\$ 0.42

The accompanying notes are an integral part of these financial statements.

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## NATIONAL INSTRUMENTS CORPORATION

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Net income	\$ 15,764	\$ 24,340	\$ 48,785	\$ 69,423
Other comprehensive income, before tax and net of reclassification adjustments:				
Foreign currency translation adjustment	6,307	2,708	3,058	1,427
Unrealized (loss) gain on securities available-for-sale	(91)	(724)	(497)	165
Unrealized (loss) gain on derivative instruments	(2,371)	(1,646)	1,281	2,985
Other comprehensive income, before tax	3,845	338	3,842	4,577
Tax expense (benefit) related to items of other comprehensive income	611	(337)	1,964	683
Other comprehensive income, net of tax	3,234	675	1,878	3,894
Comprehensive income	\$ 18,998	\$ 25,015	\$ 50,663	\$ 73,317

The accompanying notes are an integral part of these financial statements.

NATIONAL INSTRUMENTS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Nine Months Ended September 30,	
	2013	2012
Cash flow from operating activities:		
Net income	\$ 48,785	\$ 69,423
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	50,897	41,029
Stock-based compensation	21,996	20,506
Tax (benefit) expense from deferred income taxes	(1,272)	3,626