



# Safe Harbor Warning

During the course of this presentation, we may make projections or other forward-looking statements regarding the future financial performance of the company or future events, including our strategic goals, future growth and profitability, operating leverage, restructuring charges, revenue from our large customers, market growth opportunities and trends, growth plans, marketing strategy, planned investment areas, revenue guidance for Q2, earnings per share guidance for Q2, guidance and estimated capitalization/amortization of software development costs, and the effect of foreign exchange on our business. 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 Form 10-K filed on February 22, 2018. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in our projections or forward-looking statements.

## **Non-GAAP Information**

In this presentation, we have included certain non-GAAP financial results with respect to some or all of the following items: revenue, gross margin, research and development and other operating expenses, operating margin, operating income, net income, and diluted EPS. Our non-GAAP results exclude, as applicable, the impact of stock-based compensation, amortization of acquisition-related intangibles, acquisition accounting for deferred revenue, acquisition-related adjustments, acquisition-related transaction costs, restructuring charges, foreign exchange loss on acquisitions, taxes levied on the transfer of acquired intellectual property, tax reform charges, and impairment of minority cost basis investments. In each of our quarterly earnings press releases since March 31, 2006, we have included a reconciliation of our GAAP results to our non-GAAP results for the applicable periods and such press releases are available on our website at [ni.com/nati](http://ni.com/nati). For periods prior to March 31, 2006, our non-GAAP results are the same as our GAAP results.

**\$1.29**

BILLION REVENUE  
IN 2017



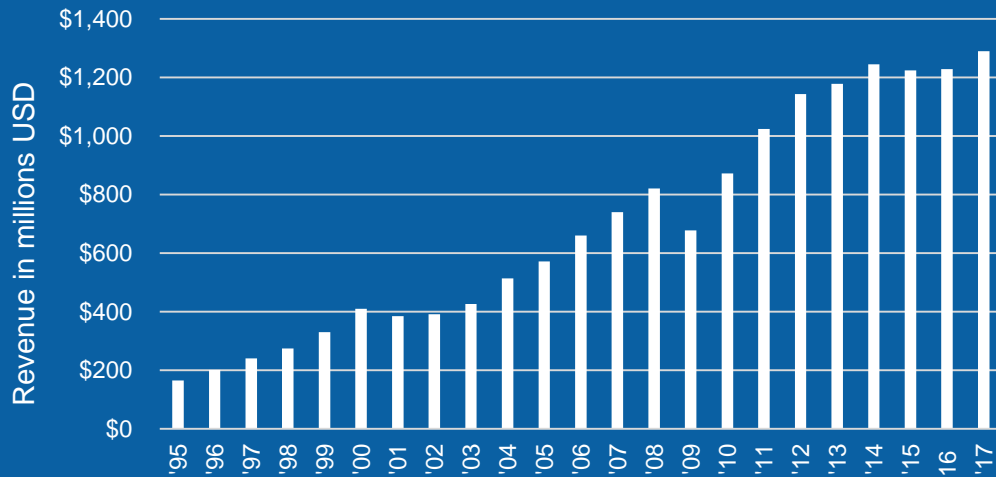
35,000+  
CUSTOMERS WORLDWIDE



Target of 16%  
INVESTMENT IN R&D

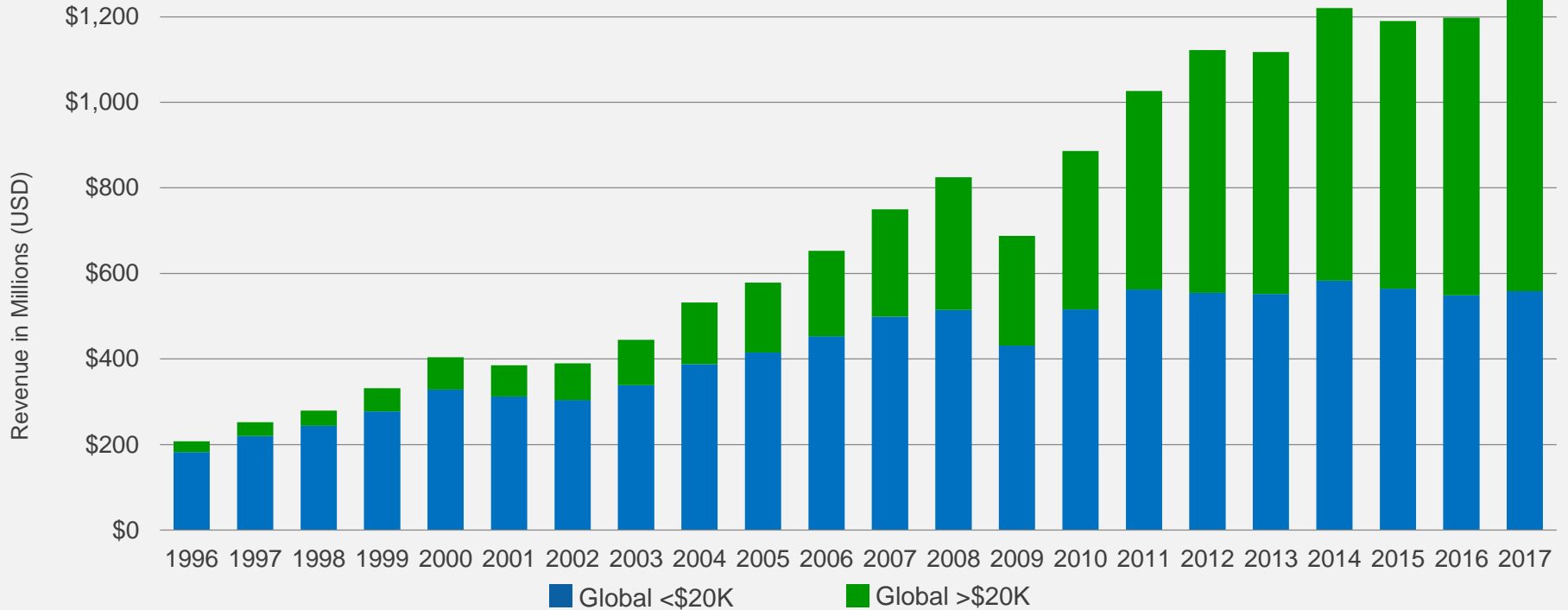
## NI at a Glance

Long-Term Track Record of Growth



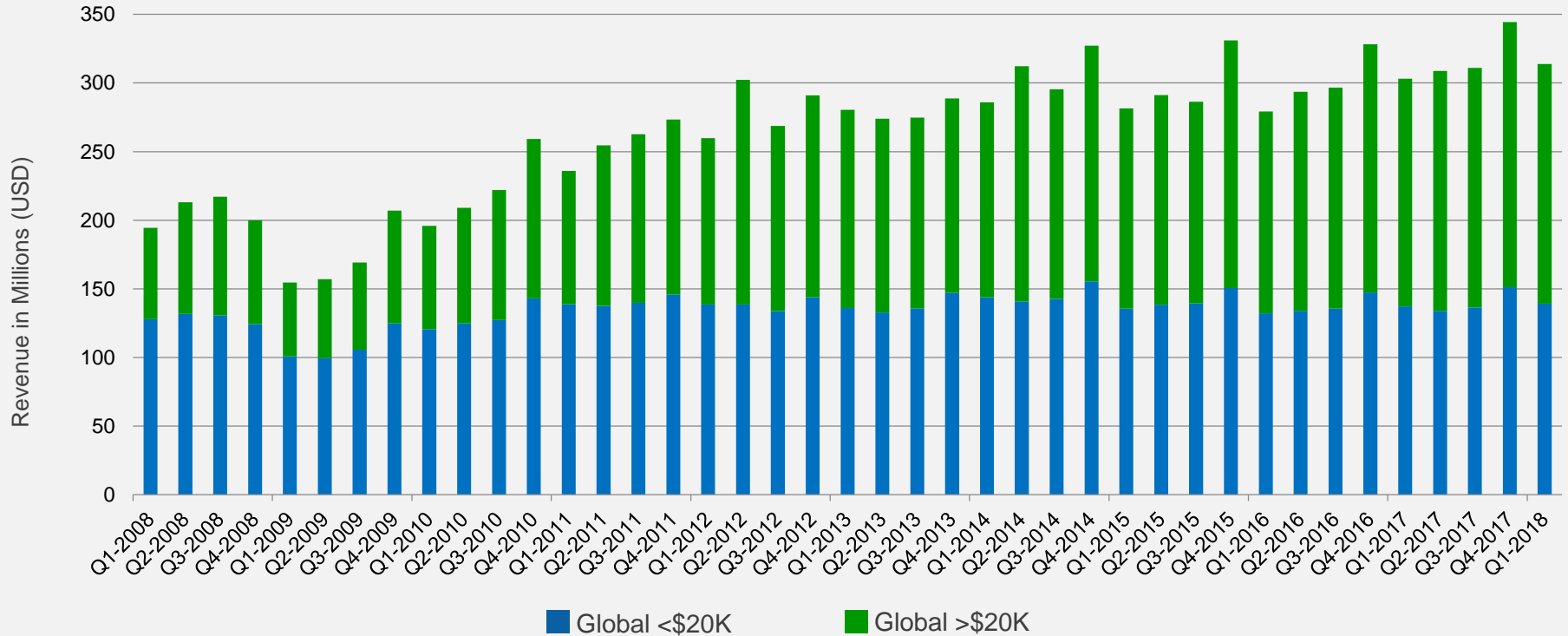
# Accelerate System Business Growth

(orders over \$20K)

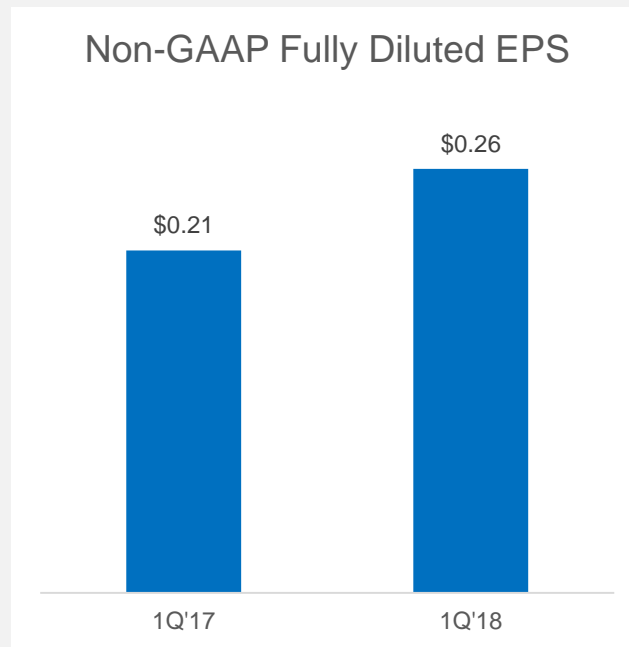
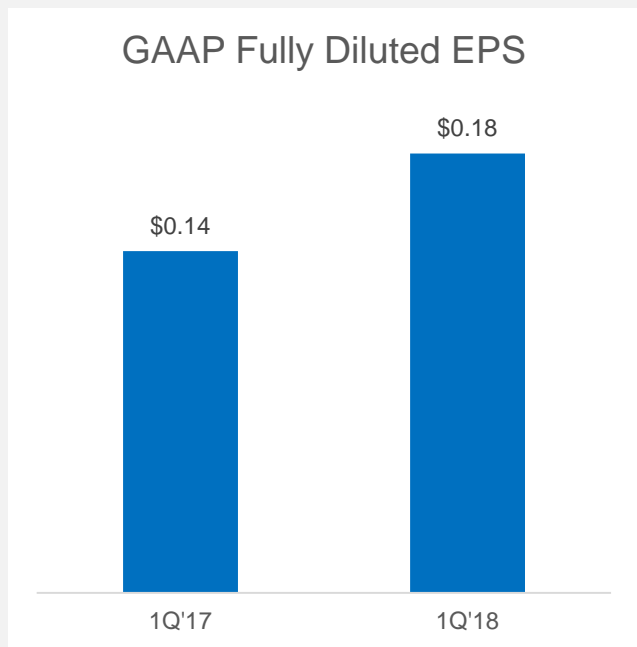


# Accelerate System Business Growth

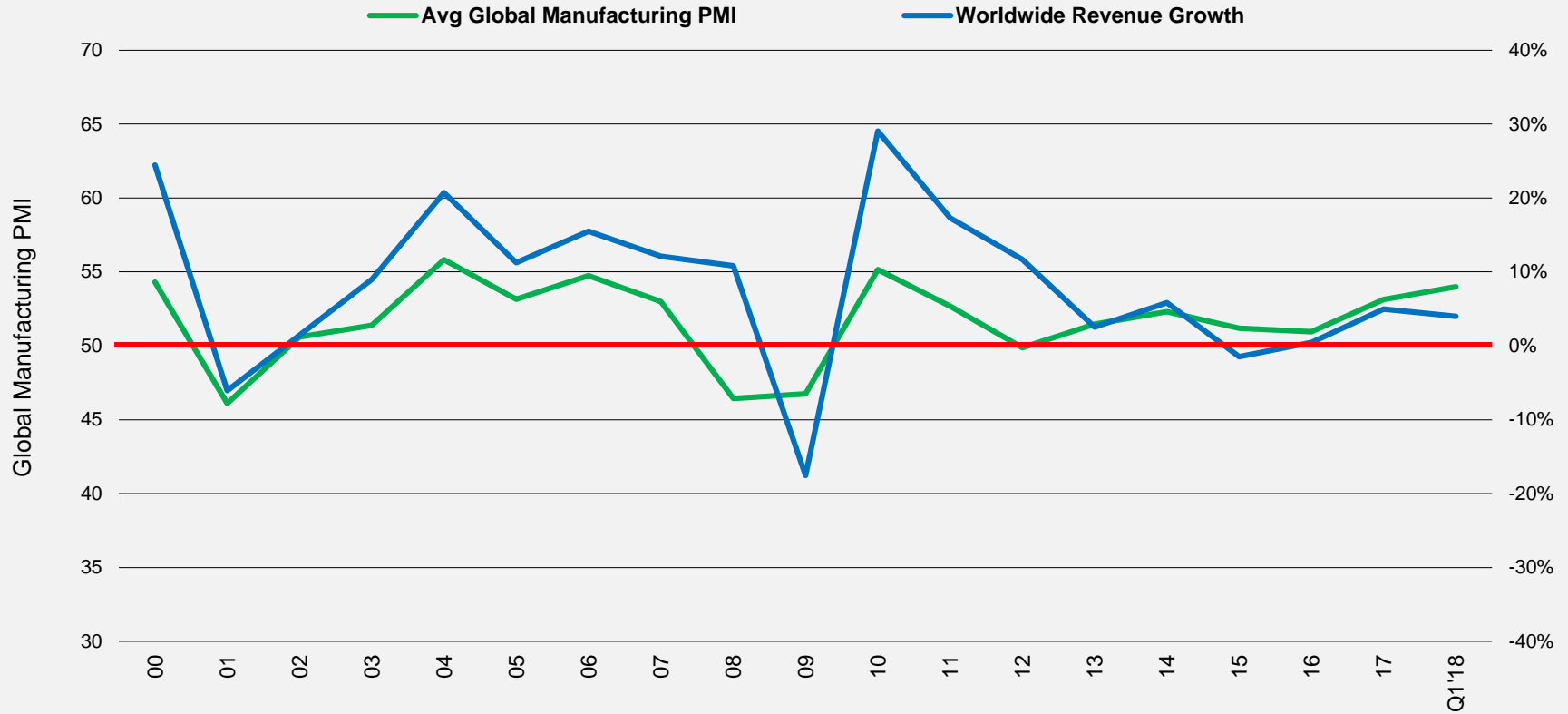
(orders over \$20K)



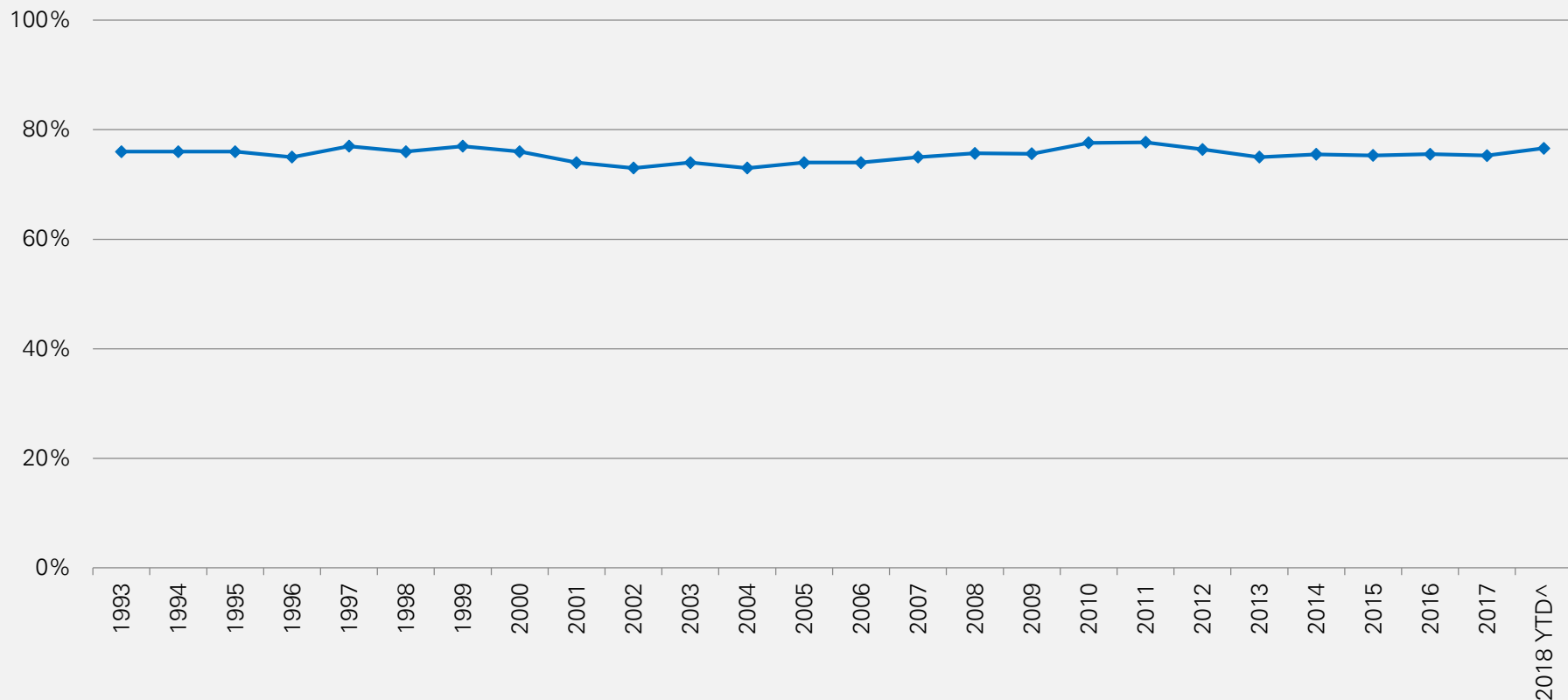
# EPS Growth Year over Year in Quarter and FY



# Global Manufacturing PMI vs WW Revenue Growth



# Preserving our Non-GAAP Gross Margins

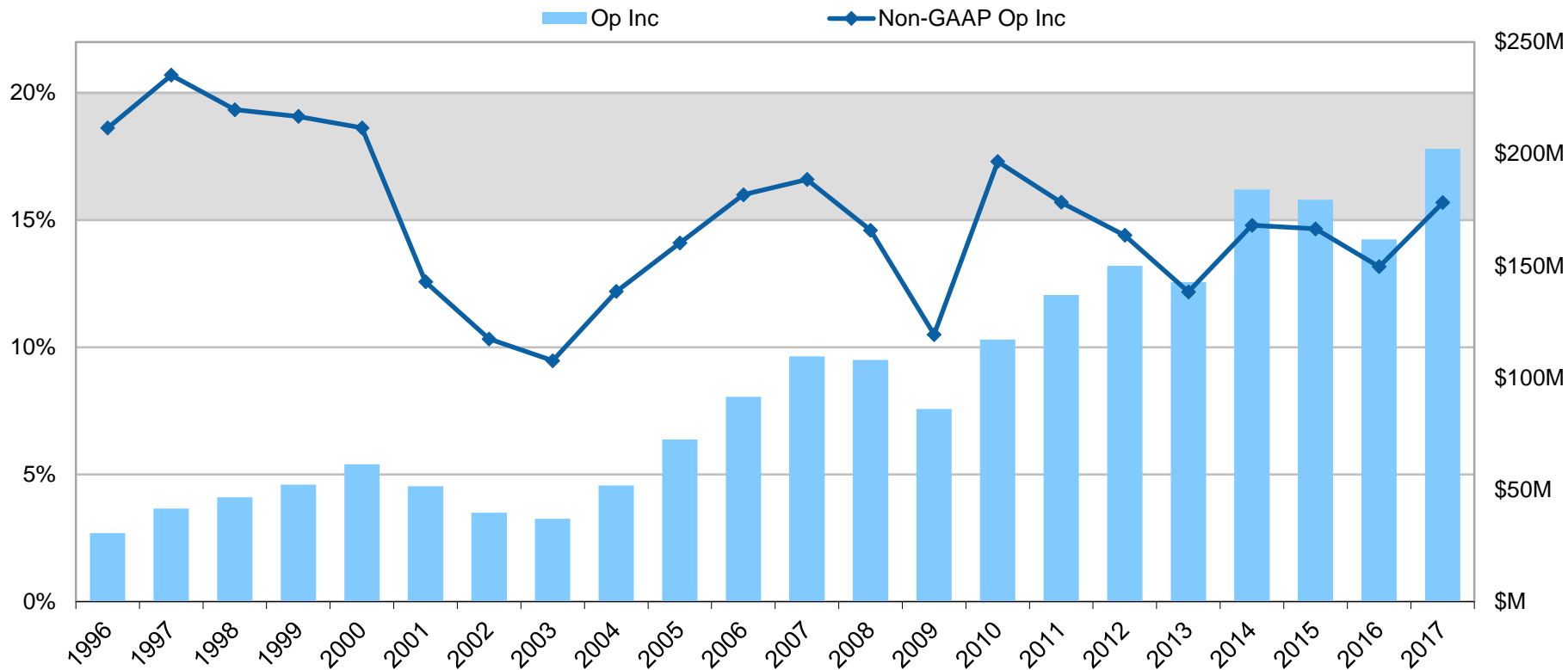


A reconciliation of GAAP gross margin to non-GAAP gross margin results is available at [ni.com/nati](http://ni.com/nati).

^March 31, 2018



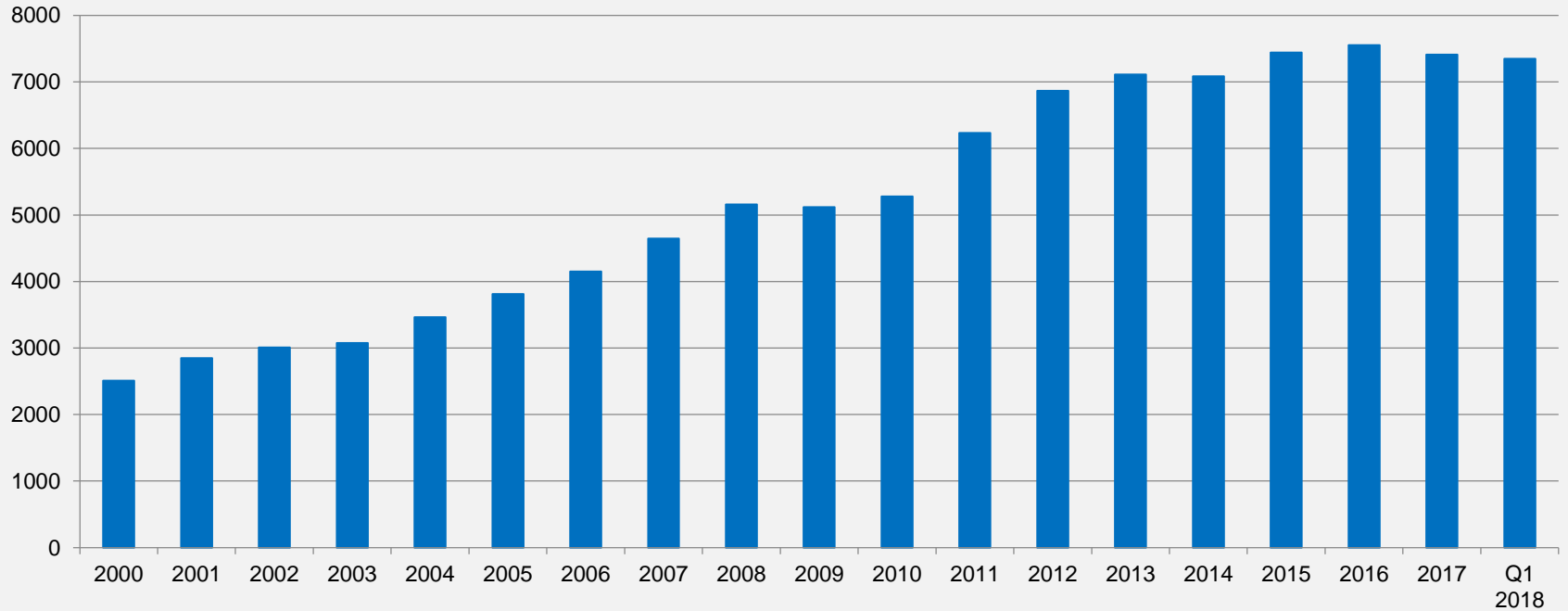
# Optimizing our Operating Model



A reconciliation of Non-GAAP operating income to GAAP operating income available in the appendix.

# Leveraging Our Investments

## Worldwide Headcount



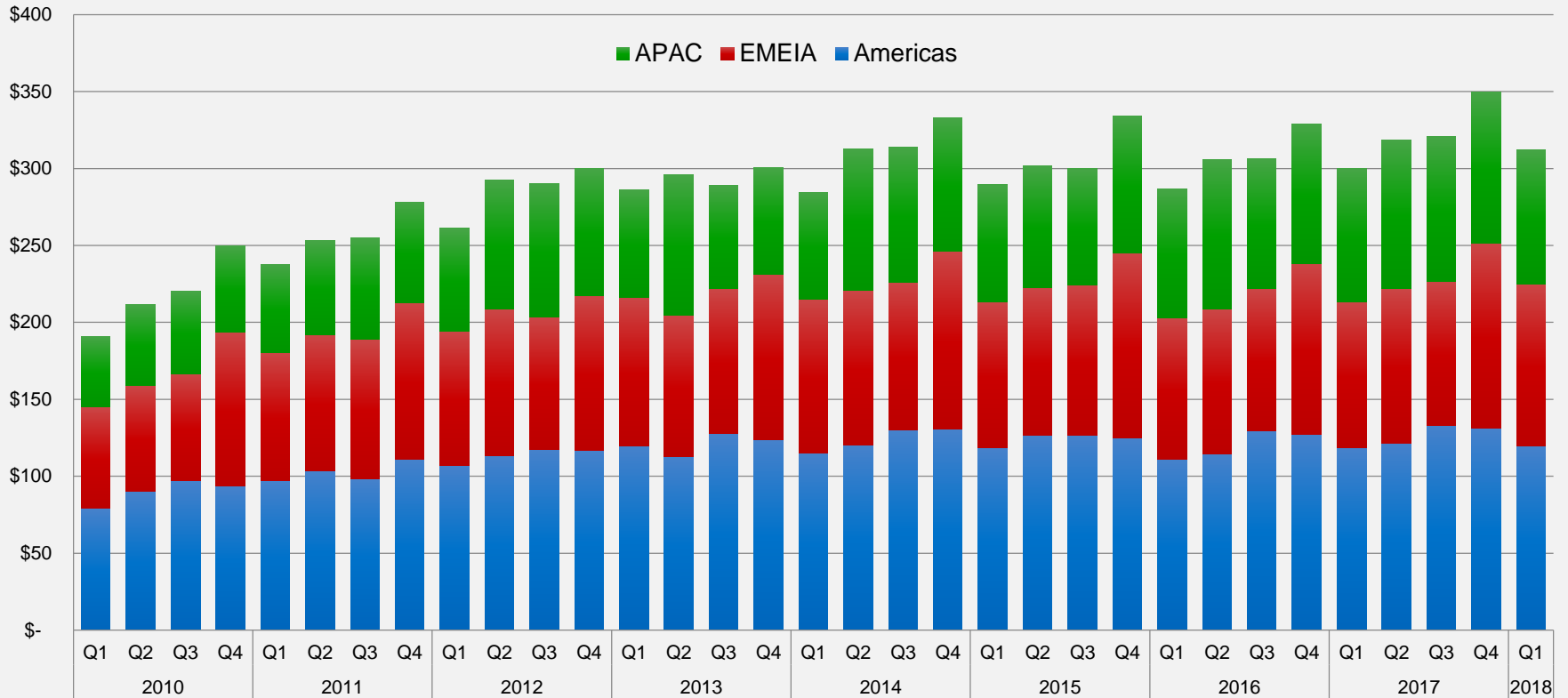
# NIWeek

Investor Day  
May 22, 2018  
Austin, TX



# Appendix

# Historical Regional Revenue



# Summary Information

	3 Months Ended March 31		12 Months Ended December 31	
	2018	2017	2017	2016
GAAP Net Revenue	\$311.9	\$300.1	\$1,289.4	\$1,228.2
Non-GAAP Net Revenue	\$311.9	\$300.1	\$1,289.4	\$1,229.1
GAAP Operating Income	\$28	\$22.3	\$145.8	\$119.7
Non-GAAP Operating Income	\$40	\$34.4	\$201.7	\$161.8
GAAP Operating Margin	9%	7.4%	11%	10%
Non-GAAP Operating Margin	13%	11.5%	16%	13%
GAAP Net Income	\$24	\$18.1	\$52.4	\$82.7
Non-GAAP Net Income	\$34	\$27.0	\$160.3	\$120.2
GAAP Diluted EPS	\$0.18	\$0.14	\$0.40	\$0.64
Non-GAAP Diluted EPS	\$0.26	\$0.21	\$1.22	\$0.92
Weighted Shs OS - Diluted	132,624	130,108	131,387	129,008

In millions (except percentages and share and per share amounts. Share amounts in thousands.)



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

# GAAP to non-GAAP Operating Income Reconciliation

## Reconciliation of Operating Income to Non-GAAP Operating Income (in thousands)

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY18^	
Operating income, as reported	\$ 37,377	\$ 49,883	\$ 53,048	\$ 62,868	\$ 76,415	\$ 48,444	\$ 40,355	\$ 40,349	\$ 62,696	\$ 78,212	\$ 87,722	\$ 102,091	\$ 95,717	\$ 46,531	\$ 128,313	\$ 112,712	\$ 116,934	\$ 98,617	\$ 145,187	\$ 137,172	\$ 119,726	145,778	28,137	
Acquisition related deferred revenue and GSA accrual	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,837	\$ 807	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Stock based compensation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,544	\$ 14,140	\$ 17,534	\$ 19,747	\$ 20,299	\$ 18,795	\$ 23,219	\$ 27,796	\$ 28,935	\$ 25,758	\$ 25,487	\$ 25,766	29,145	8,203	
Amortization of acquisition intangibles	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,951	\$ 3,202	\$ 3,191	\$ 4,167	\$ 3,948	\$ 3,887	\$ 8,135	\$ 10,962	\$ 14,749	\$ 14,002	\$ 14,276	\$ 13,072	9,118	1,467	
Acquisition related adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,783	\$ (1,316)	\$ -	\$ -	\$ 1,585	0	0	
Acquisition related transaction costs and restructuring charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,084	\$ 1,335	\$ 2,050	\$ 2,161	\$ 2,625	\$ 1,695	17,609	2,494	
Non-GAAP operating income	\$ 37,377	\$ 49,883	\$ 53,048	\$ 62,868	\$ 76,415	\$ 48,444	\$ 40,355	\$ 40,349	\$ 62,696	\$ 81,707	\$ 105,064	\$ 122,816	\$ 119,631	\$ 70,778	\$ 150,995	\$ 163,987	\$ 164,617	\$ 143,035	\$ 187,108	\$ 179,565	\$ 161,844	\$ 201,650	\$ 40,301	

## Reconciliation of Operating Income % to Non-GAAP Operating Income %

	FY 96	FY 97	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03	FY 04	FY 05	FY 06	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY18^
Operating income %, as reported	19%	21%	19%	19%	19%	13%	10%	9%	12%	14%	13%	14%	12%	7%	15%	11%	10%	8%	12%	11%	10%	11%	9%
Acquisition related deferred revenue and GSA accrual	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	2%	2%	2%	3%	2%	2%	2%	2%	2%	2%	2%	2%	3%
Stock based compensation	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	1%	0%	1%	1%	1%	1%	1%	1%	1%	0%
Amortization of acquisition intangibles	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%	0%	0%	0%	0%	0%	0%
Acquisition related adjustments	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Acquisition related transaction costs and restructuring charges	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	1%
Non-GAAP operating income %	19%	21%	19%	19%	19%	13%	10%	9%	12%	14%	16%	17%	15%	10%	17%	16%	14%	12%	15%	15%	13%	16%	13%

For periods prior to March 31, 2006, our Non-GAAP results are the same as our GAAP results.

^March 31, 2018



# Capitalization/(amortization) of software development costs

	Three Months Ended,				Total
	March 31, 2017	June 30, 2017	September 30, 2017	December 31, 2017	Year Ended December 31, 2017
Capitalization of internally developed software development costs (1)	\$12.1 million	\$13.8 million	\$10.1 million	\$7.6 million	\$43.6 million
Amortization of capitalized software development costs (1)	\$(5.3) million	\$(5.7) million	\$(5.7) million	\$(5.3) million	\$(22) million
Net effect of capitalization (amortization) of software development costs	\$6.8 million	\$8.1 million	\$4.4 million	\$2.3 million	\$(21.6) million

	Three Months Ended,				Total
	March 31, 2018	June 30, 2018 (Guidance)	September 30, 2018 (Estimate)	December 31, 2018 (Estimate)	Year Ended December 31, 2018 (Estimate)
Capitalization of internally developed software development costs (1)	\$8 million	\$2 -4 million	\$1 -2 million	\$1 -2 million	\$12-16 million
Amortization of capitalized software development costs (1)	\$(6.2) million	\$(6-7) million	\$(6-7) million	\$(6-7) million	\$(24-27) million
Net effect of capitalization (amortization) of software development costs	\$2.1 million	\$(3-4) million	\$(5.0) million	\$(5.0) million	\$(11-12) million

(1): In the second quarter of 2018, we began moving toward more frequent releases for many of our software products. Accordingly, the effects of software capitalization and software amortization will be excluded from our Non-GAAP results starting in Q2. Specifically, we started applying agile development methodologies which are characterized by a more dynamic development process with more frequent and iterative revisions to a product release's features and functions as the software is being developed. Due to the shorter development cycle and focus on rapid production associated with agile development, we expect that for a significant majority of our software development projects the costs incurred subsequent to the achievement of technological feasibility will be immaterial in future periods and we expect to record significantly less capitalized software development costs than under our historical software development approaches. We also expect amortization of previously capitalized software development costs to steadily decline as previously capitalized software development costs become fully amortized over the next four years.

Beginning with the non-GAAP metrics included in our guidance for the three months ended June 30, 2018, we have excluded the net effects of capitalization and amortization of software development costs from our non-GAAP operating results, along with our previously excluded non-GAAP items. We believe these changes will be useful to investors as they will provide greater comparability between our R&D spend in future periods. Beginning with our non-GAAP operating results reported for the three months ended June 30, 2018, we will provide a reconciliation of GAAP to Non-GAAP Cost of Sales, Gross Margin, R&D Expense, Operating Expenses, Operating Income, Income Before Taxes, Income Taxes and Net Income reflecting this revised calculation method.

