

NATI Earnings Call Q1 2020

April 30, 2020

Safe Harbor Warning

During today's presentation, we will make forward-looking statements regarding the future financial performance of the company or future events, including some or all of the following: our strategic goals and direction, objectives, plans, focus, priorities, targets, vision, future growth and profitability, market position and strategy, growth opportunities and trends, capital allocation plans, dividend policy, expense reduction plans, technology accelerators and our outlook. We wish to caution you that such statements are just predictions and that actual events or results may differ materially and could be negatively impacted by numerous factors, including any uncertainties related to the COVID-19 virus, any further weakness in the global economy, fluctuations in revenue from our large customers, foreign exchange fluctuations, changes in the current global trade regulatory environment, expense overruns, manufacturing inefficiencies, disruption from public health concerns, adverse effects of price changes and effective tax rate. 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 20, 2020. These documents contain and identify important factors that could cause our actual results to differ materially from those contained in our forward-looking statements.

Non-GAAP Information

In today's 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 margin, net income, and diluted EPS. Our non-GAAP results exclude, as applicable, the impact of stock-based compensation, amortization of acquisition-related intangibles, acquisition-related transaction costs, taxes levied on the transfer of acquired intellectual property, foreign exchange loss on acquisitions, restructuring charges, tax reform charges, disposal gain on buildings and related charitable contributions, tax effects related to businesses held for sale, gain on sale of business, and capitalization and amortization of internally developed software costs. We have included reconciliations of our non-GAAP results to our GAAP results on our website at ni.com/nati. For periods prior to March 31, 2005, our non-GAAP results are the same as our GAAP results. We also include information in this presentation about our year-over-year growth in organic revenue, which we define as GAAP revenue excluding the impact of acquisitions and divestitures completed within the past 12 months. We have included a reconciliation of such year-over year organic revenue growth to year-over-year GAAP revenue growth on our website at ni.com/nati.

Strategic Plan for Current Environment

Financial discipline, attention to fundamentals, maintain long-term focus

Responsible financial discipline

- ✓ Preserve strategic investments
- ✓ Diligent expense management
- ✓ Foster employee productivity
- ✓ Flexible manufacturing operations
- ✓ Strong inventory management
- ✓ Active supply chain management
- ✓ Strong cash position, preserve liquidity

Enables continued focus on the long-term

- ✓ Execute our strategy to reach long-term ambitions
- ✓ Maintain profitability
- ✓ Continue investment in innovation
- ✓ Enhance customer connections
- ✓ Funding of potential inorganic opportunities to accelerate growth
- ✓ Maximize total shareholder returns

\$1.35B

REVENUE
IN 2019



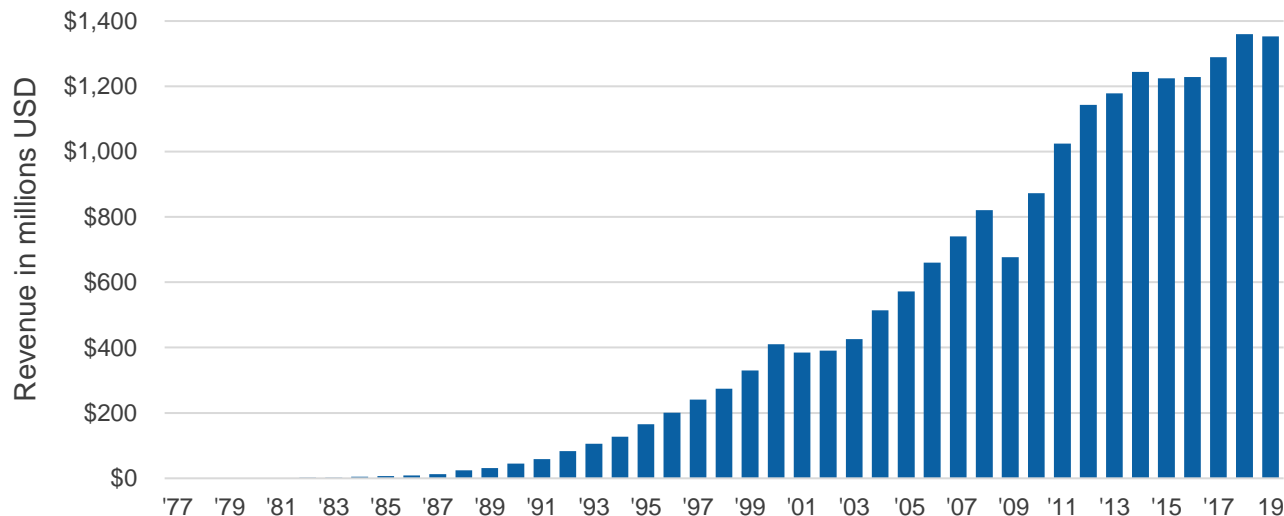
35,000+
CUSTOMERS WORLDWIDE



CONTINUED
INVESTMENT IN R&D

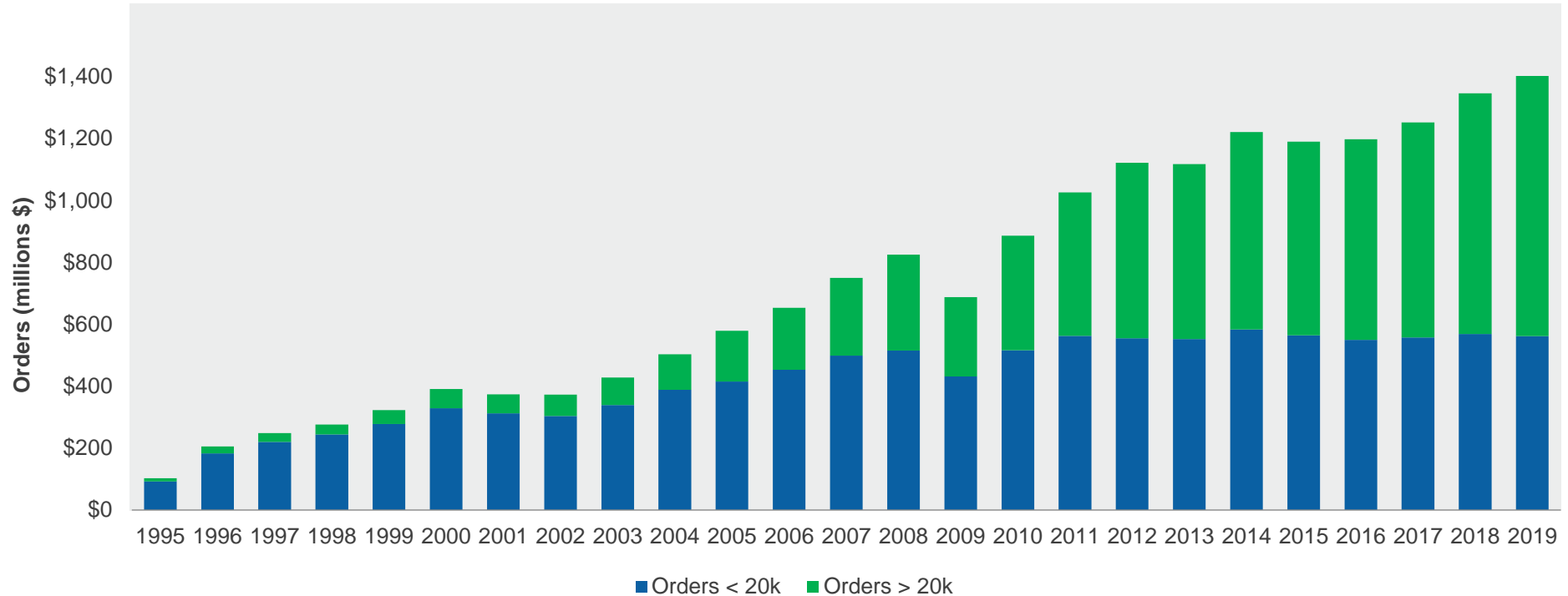
NI at a Glance

Long-Term Track
Record of Growth

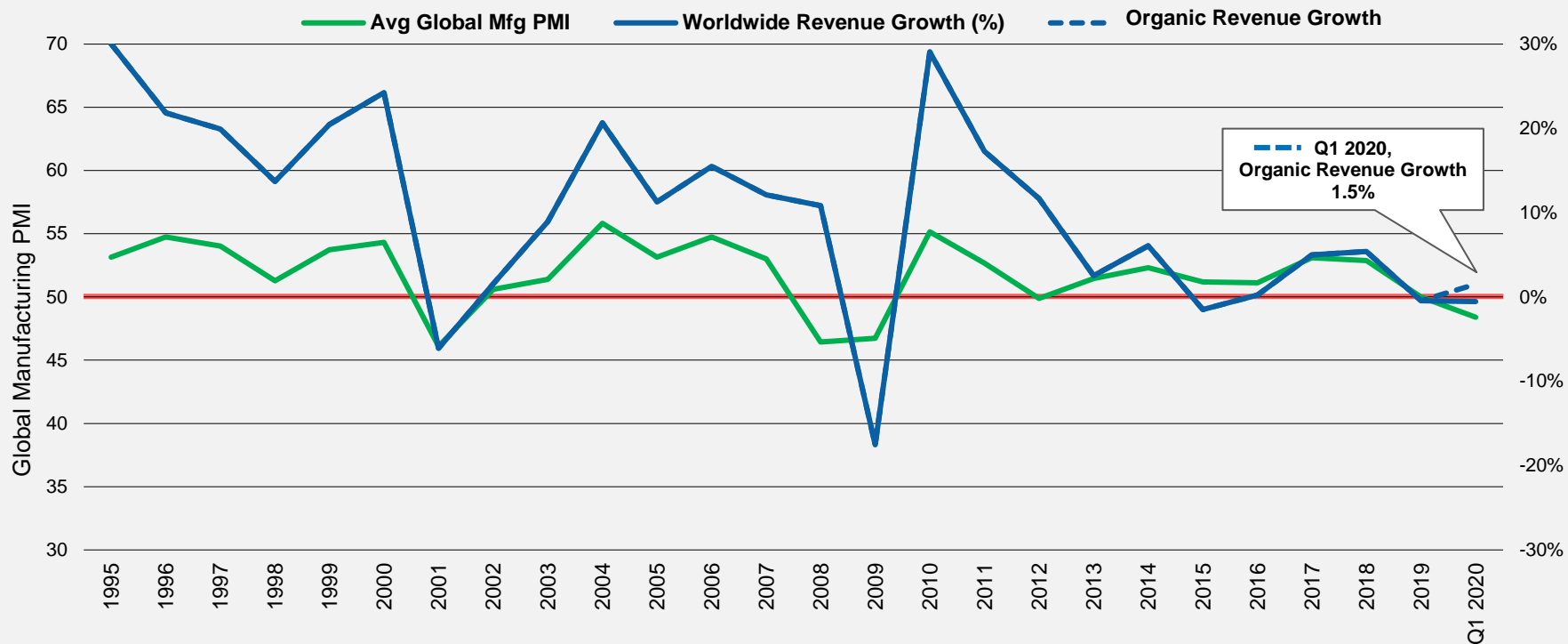


Accelerating System Business Growth

Elevating customer relationships by providing valuable systems and services

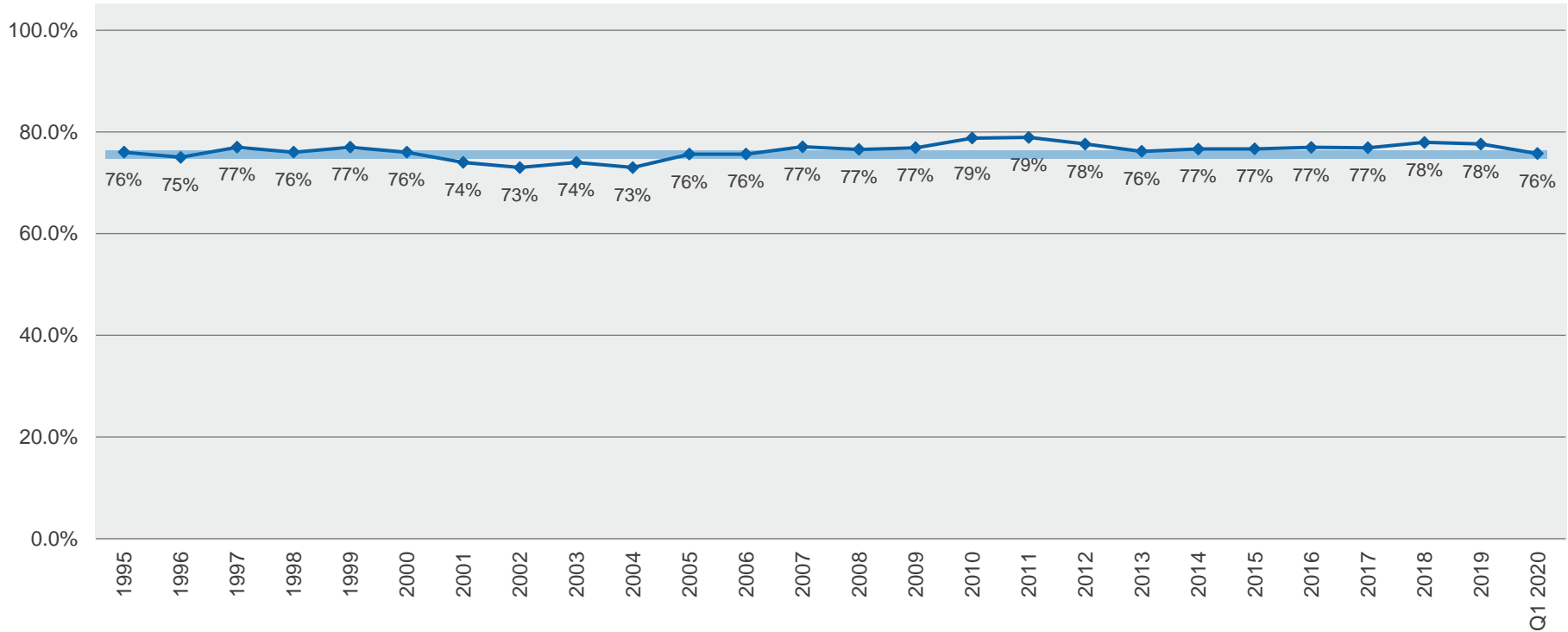


Strong Revenue Growth Following Previous Recession



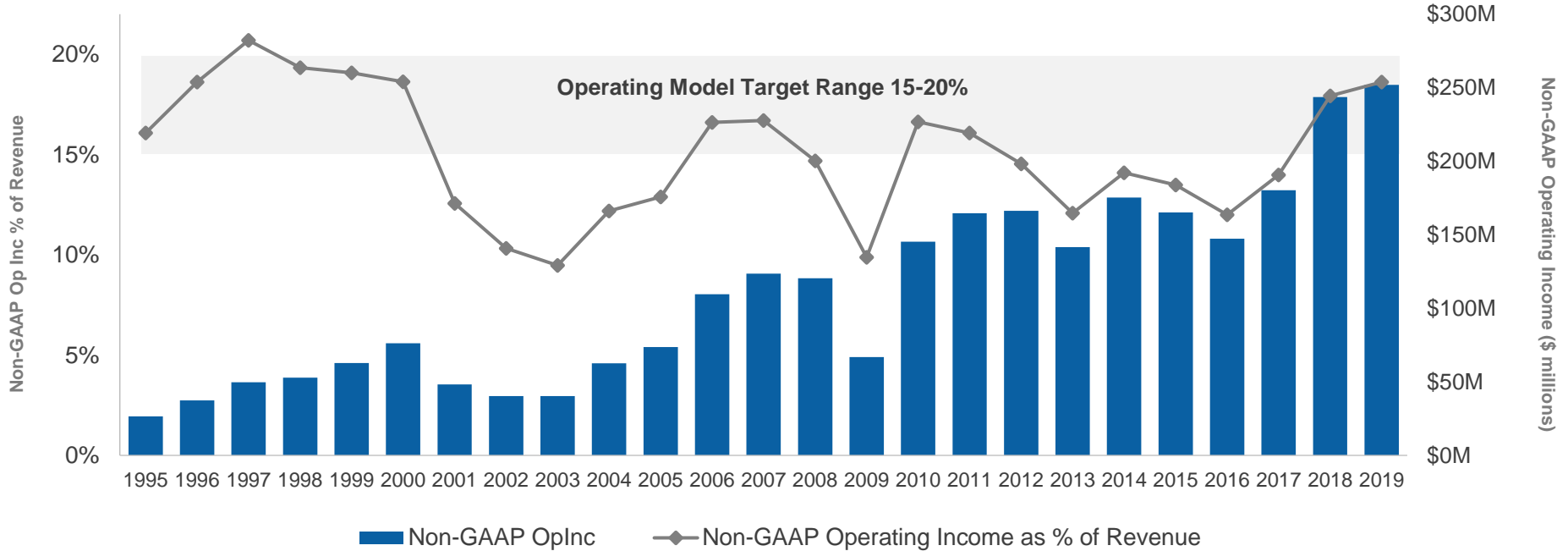
Consistently Providing Value to Our Customers

High non-GAAP Gross Margins, averaging 76% over last 25 years



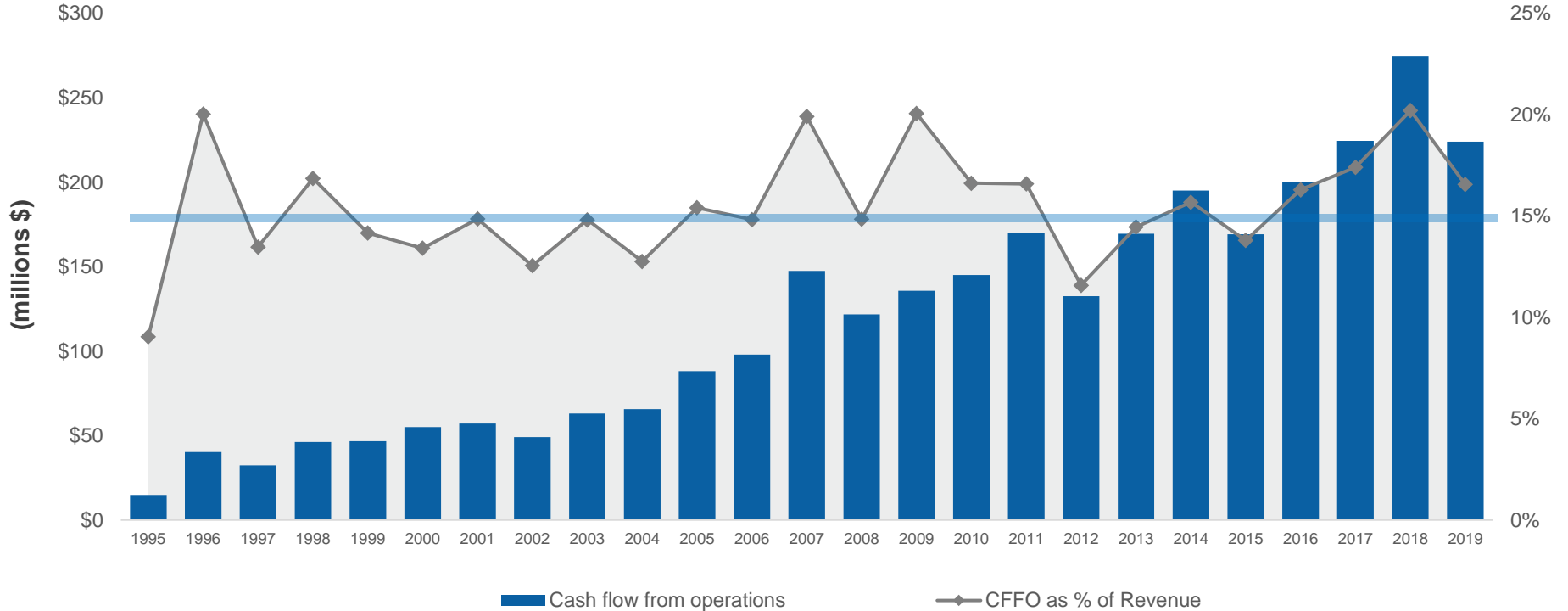
Executing to Our non-GAAP Operating Margin Goals

Driving scale in operations through standardization, simplification, automation



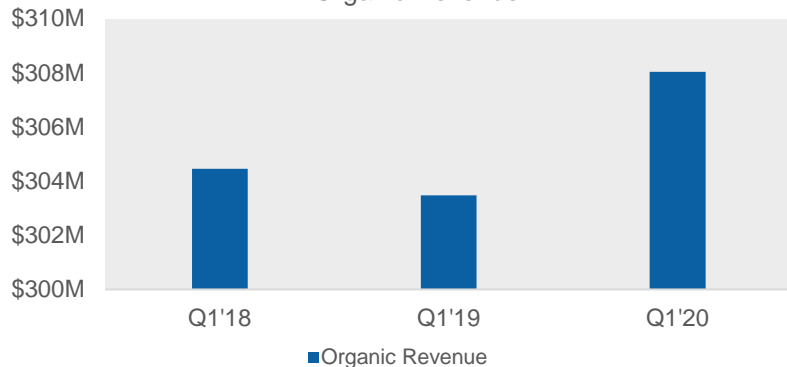
Strong Cash Position, Preserving Liquidity

Cash Flow From Operations (CFFO) average of 15% of Revenue

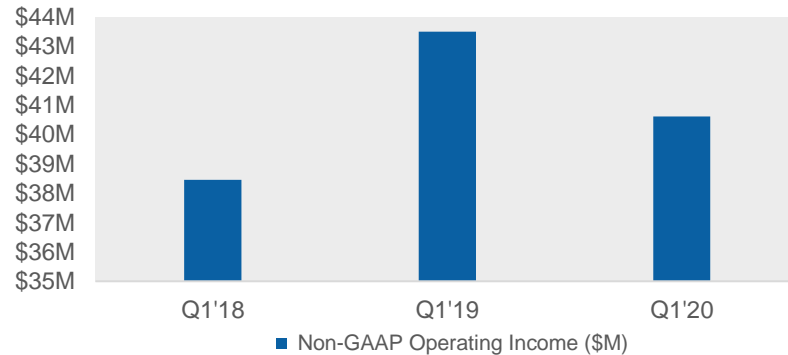


Q1 Comparisons

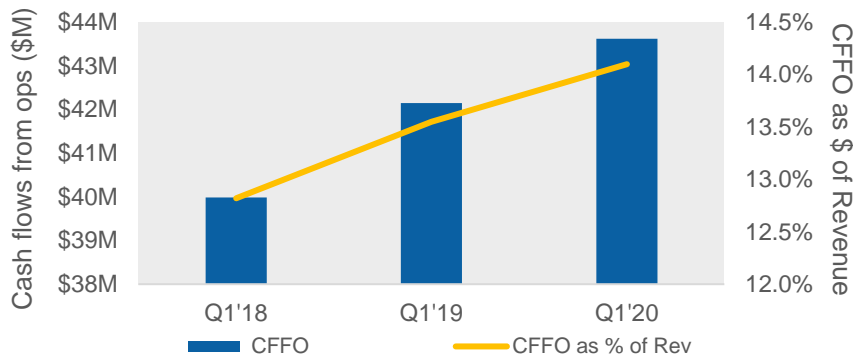
Organic Revenue



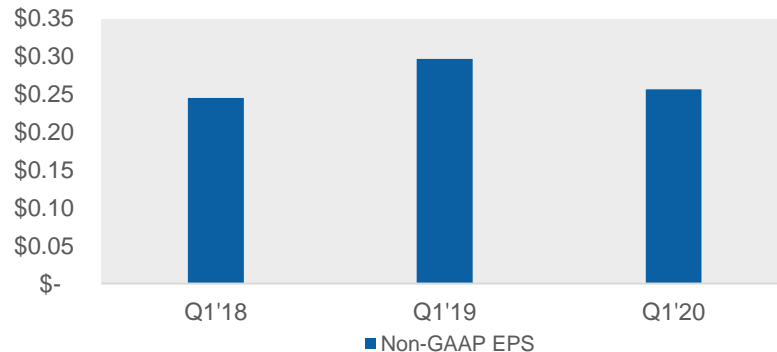
Non-GAAP Operating Income (\$M)



Cash Flows from Operations (CFFO)



Non-GAAP EPS



A reconciliation of organic revenue to GAAP revenue, non-GAAP operating income to GAAP operating income, and non-GAAP EPS to GAAP EPS is available at ni.com/nati

Disciplined and Consistent Capital Allocation Priorities

Purpose

Deployed Capital \$3.9B | 2010–2019

Organic Growth

R&D Investment

\$2.5B

Return Capital to Investors

Dividends

\$867M

Return Capital to Investors

Share Repurchase

\$294M

Accelerate Strategy

Acquisitions

\$249M

Objective of Long-Term, Sustainable Value for Investors

