

NATIONAL INSTRUMENTS CORP /DE/
Form 10-Q
August 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: June 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

(address of principal executive offices)

(zip code)

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

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 July 29, 2013
Common Stock - \$0.01 par value	124,798,807

NATIONAL INSTRUMENTS CORPORATION

INDEX

	Page No.	
<u>PART I. FINANCIAL INFORMATION</u>		
Item 1	Financial Statements:	
	<u>Consolidated Balance Sheets</u> June 30, 2013 (unaudited) and December 31, 2012	3
	<u>Consolidated Statements of Income</u> (unaudited) for the three and six month periods ended June 30, 2013 and 2012	4
	<u>Statements of Consolidated Comprehensive Income</u> (unaudited) for the three and six month periods ended June 30, 2013 and 2012	5
	<u>Consolidated Statements of Cash Flows</u> (unaudited) for the three and six month periods ended June 30, 2013 and 2012	6
	Notes to Consolidated Financial Statements	7
Item 2	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	22
Item 3	<u>Quantitative and Qualitative Disclosures about Market Risk</u>	32
Item 4	<u>Controls and Procedures</u>	35
<u>PART II. OTHER INFORMATION</u>		
Item 1	<u>Legal Proceedings</u>	36
Item 1A	<u>Risk Factors</u>	36
Item 2	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	44
Item 5	<u>Other Information</u>	44

Item 6	<u>Exhibits</u>	45
	<u>Signatures and Certifications</u>	46

PART I - FINANCIAL INFORMATION

ITEM 1. Financial Statements

NATIONAL INSTRUMENTS CORPORATION

CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30, 2013 (unaudited)	December 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 169,580	\$ 161,996
Short-term investments	153,970	173,166
Accounts receivable, net	172,880	187,060
Inventories, net	185,278	169,990
Prepaid expenses and other current assets	68,202	48,009
Deferred income taxes, net	30,197	27,479
Total current assets	780,107	767,700
Property and equipment, net	263,915	249,721
Goodwill	146,922	147,258
Intangible assets, net	87,972	93,913
Other long-term assets	25,303	26,177
Total assets	\$ 1,304,219	\$ 1,284,769
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable	\$ 54,606	\$ 65,080
Accrued compensation	28,467	29,978
Deferred revenue - current	95,137	90,714

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Accrued expenses and other liabilities	33,412	34,373
Other taxes payable	22,315	24,811
Total current liabilities	233,937	244,956
Deferred income taxes	46,480	47,630
Liability for uncertain tax positions	22,277	20,920
Deferred revenue - long-term	21,120	20,446
Other long-term liabilities	8,646	11,689
Total liabilities	332,460	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 shares authorized; 124,784,176 and 122,878,690 shares issued and outstanding, respectively	1,248	1,229
Additional paid-in capital	568,426	532,845
Retained earnings	402,597	404,210
Accumulated other comprehensive (loss) income	(512)	844
Total stockholders' equity	971,759	939,128
Total liabilities and stockholders' equity	\$ 1,304,219	\$ 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 June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Net sales:				
Product	\$ 275,663	\$ 268,979	\$ 541,081	\$ 508,314
Software maintenance	20,463	21,931	41,533	43,729
GSA accrual	-	1,349	-	1,349
Total net sales	296,126	292,259	582,614	553,392
Cost of sales:				
Product	82,787	69,787	151,413	129,578
Software maintenance	1,028	1,064	2,642	2,621
Total cost of sales	83,815	70,851	154,055	132,199
Gross profit	212,311	221,408	428,559	421,193
Operating expenses:				
Sales and marketing	112,561	110,756	226,631	210,808
Research and development	58,473	54,286	119,729	108,301
General and administrative	22,156	21,502	45,000	42,876
Acquisition related adjustment	-	-	(1,316)	-
Total operating expenses	193,190	186,544	390,044	361,985
Operating income	19,121	34,864	38,515	59,208
Other income:				
Interest income	177	132	362	362
Net foreign exchange loss	(1,051)	(1,016)	(2,513)	(1,904)
Other income, net	400	151	424	255
Income before income taxes	18,647	34,131	36,788	57,921
Provision for income taxes	4,226	7,690	3,767	12,838

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Net income	\$ 14,421	\$ 26,441	\$ 33,021	\$ 45,083
Basic earnings per share	\$ 0.12	\$ 0.22	\$ 0.27	\$ 0.37
Weighted average shares outstanding - basic	124,377	121,801	123,845	121,360
Diluted earnings per share	\$ 0.12	\$ 0.22	\$ 0.26	\$ 0.37
Weighted average shares outstanding - diluted	125,270	122,759	124,824	122,376
Dividends declared per share	\$ 0.14	\$ 0.14	\$ 0.28	\$ 0.28

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

4

NATIONAL INSTRUMENTS CORPORATION

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended June 30, 2013		Six Months Ended June 30, 2013	
	2012	2013	2012	2013
Net income	\$ 14,421	\$ 26,441	\$ 33,021	\$ 45,083
Other comprehensive income, before tax and net of reclassification adjustments:				
Foreign currency translation adjustment	(325)	(5,597)	(3,249)	(1,281)
Unrealized gain (loss) on securities available-for-sale	36	(404)	(406)	889
Unrealized gain on derivative instruments	1,574	747	3,652	4,631
Other comprehensive income (loss), before tax	1,285	(5,254)	(3)	4,239
Tax expense (benefit) related to items of other comprehensive income	191	(1,005)	1,353	1,020
Other comprehensive income (loss), net of tax	1,094	(4,249)	(1,356)	3,219
Comprehensive income	\$ 15,515	\$ 22,192	\$ 31,665	\$ 48,302

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

NATIONAL INSTRUMENTS CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended June 30,	
	2013	2012
Cash flow from operating activities:		
Net income	\$ 33,021	\$ 45,083
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	33,555	27,316
Stock-based compensation	14,006	13,285
Tax (benefit) expense from deferred income taxes		