

1st Quarter 2018
Earnings Release Conference Call

May 2, 2018

Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the 2018 second quarter and full year. Forward-looking statements include projections of sales, earnings, general economic conditions, market conditions, working capital, market shares, free cash flow, pricing levels, and effective tax rates. Belden undertakes no obligation to update any such statements to reflect later developments, except as required by law. Information on factors that could cause actual results to vary materially from those discussed today is available in the press release announcing 2018 first quarter results, our most recent Annual Report on Form 10-K as filed with the SEC on February 13, 2018 (including those discussed under “Risk Factors” in Part I, Item 1A and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7), and our subsequent filings with the Securities and Exchange Commission.

Non-GAAP Measures

On this call we will discuss some non-GAAP measures (denoted by footnote) in discussing Belden’s performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our investor relations website, investor.belden.com.

Q1 2018 Highlights




- Revenues of \$607.4M, increasing 10.2% year-over-year
- EBITDA of \$103.3M, increasing 11.1% year-over-year
- EPS of \$1.16, increasing 26.1% year-over-year
- Deployed \$94 million for the acquisition of SAM and \$75 million for share repurchases
- Increased full-year 2018 revenue guidance to \$2.633 - \$2.683 billion from \$2.528 - \$2.578 billion and EPS guidance to \$6.23 - \$6.48 from \$5.95 - \$6.20





Adjusted results. See Appendix for reconciliation to comparable GAAP results..

All references to Net Income refer to income from continuing operations attributable to Belden.

All references to Earnings Per Share refer to adjusted net income per diluted share attributable to Belden common stockholders

Q1 2018 Segment Overview

Enterprise Solutions	Revenue	\$351.0 M	<h3>Key Markets</h3> <ul style="list-style-type: none">  Smart Buildings  Final Mile Broadband  Live Media Production
	<i>Constant Currency Revenue Growth % (Y/Y)</i>	+9.1%	
	EBITDA Margin	16.4%	

Industrial Solutions	Revenue	\$256.4M	<h3>Key Markets</h3> <ul style="list-style-type: none">  Discrete Manufacturing  Process Facilities  Transportation  Energy
	<i>Constant Currency Revenue Growth % (Y/Y)</i>	+4.0%	
	EBITDA Margin	18.1%	

Q1 2018 Financial Summary

	Q1 2018	Q4 2017	Q1 2017
Revenue	\$607.4M	\$604.9M	\$551.4M
Gross profit	\$242.6M	\$237.7M	\$228.6M
Gross profit percentage	39.9%	39.3%	41.5%
EBITDA	\$103.3M	\$110.2M	\$93.0M
EBITDA percentage	17.0%	18.2%	16.9%
Net Income ⁽¹⁾	\$57.5M	\$79.0M	\$47.8M
Earnings Per Share ⁽²⁾	\$1.16	\$1.62	\$0.92

Adjusted results. See Appendix for reconciliation to comparable GAAP results.

(1) All references to Net Income refer to adjusted net income attributable to Belden

(2) All references to Earnings Per Share refer to adjusted net income per diluted share attributable to Belden common stockholders

Q1 2018 Segment Results

	Enterprise Solutions	Industrial Solutions	Consolidated
Q1 2018			
Revenue	\$351.0M	\$256.4M	\$607.4M
EBITDA ⁽¹⁾	\$57.5M	\$46.4M	\$103.3M
EBITDA Margin	16.4%	18.1%	17.0%
Q4 2017			
Revenue	\$332.4M	\$272.5M	\$604.9M
EBITDA ⁽¹⁾	\$48.5M	\$60.5M	\$110.2M
EBITDA Margin	14.6%	22.2%	18.2%
Q1 2017			
Revenue	\$314.3M	\$237.1M	\$551.4M
EBITDA ⁽¹⁾	\$49.5M	\$43.8M	\$93.0M
EBITDA Margin	15.8%	18.5%	16.9%

Adjusted results. See Appendix for reconciliation to comparable GAAP results.

(1) Consolidated results include income / (loss) from our equity method investment, Non-operating pension costs and Eliminations

Q1 2018 Balance Sheet Highlights

	Q1 2018	Q4 2017	Q1 2017
Cash and cash equivalents	\$363M	\$561M	\$816M
Working Capital Turns	5.7x	8.2x	8.1x
PP&E turns	6.9x	7.2x	7.1x
Total debt principal amount	\$1.69B	\$1.58B	\$1.66B
Net Leverage ⁽¹⁾	2.9x	2.3x	1.9x

(1) Net leverage is calculated as (A) total debt less cash and cash equivalents divided by (B) trailing twelve months Adjusted EBITDA plus trailing twelve months stock based compensation expense.

Q1 2018 Cash Flow Highlights

	Q1 2018	Q1 2017
Cash flows from operating activities	\$(83.9)M	\$(12.3)M
Less: Net capital expenditures ⁽¹⁾	\$15.9M	\$10.4M
Free cash flow ⁽²⁾	\$(99.7)M	\$(22.7)M
Cash used to acquire businesses ⁽³⁾⁽⁴⁾	\$95.4M	\$0.0M
Dividends / Share Repurchases	\$86.1M	\$10.8M

(1) Capital expenditures, net of proceeds from the disposal of tangible assets. See Appendix for reconciliation.

(2) Free cash flow is not a term defined by generally accepted accounting principles (GAAP) and our definition may or may not be used consistently with other companies that define this term. See Appendix for reconciliation to comparable GAAP results.

(3) Net of cash acquired.

(4) Includes a \$19.3 million payoff of debt acquired from the acquisition of Snell Advanced Media ("SAM").

Outlook

Q2 2018

- Revenue of \$650 - \$670 million
- Earnings Per Share⁽¹⁾⁽²⁾ of \$1.41 - \$1.51

2018 Full Year

- Revenue of \$2.633 - \$2.683 billion
- Earnings Per Share⁽¹⁾⁽²⁾ of \$6.23 - \$6.48

(1) Adjusted Outlook. See Appendix for reconciliation to comparable GAAP outlook.

(2) All references to Earnings Per Share refer to adjusted net income per diluted share attributable to Belden common stockholders.

Questions?

Appendix

Statement of Operations

Unaudited

	Three Months Ended	
	April 1, 2018	April 2, 2017
	(In thousands, except per share data)	
Revenues	\$ 605,565	\$ 551,381
Cost of sales	(374,971)	(329,007)
Gross profit	230,594	222,374
Selling, general and administrative expenses	(124,872)	(112,586)
Research and development	(37,101)	(34,522)
Amortization of intangibles	(24,418)	(23,669)
Operating income	44,203	51,597
Interest expense, net	(16,978)	(23,506)
Non-operating pension costs	(275)	(260)
Loss on debt extinguishment	(19,960)	—
Income before taxes	6,990	27,831
Income tax expense	(4,420)	(2,250)
Net income	2,570	25,581
Less: Net loss attributable to noncontrolling interest	(48)	(106)
Net income attributable to Belden	2,618	25,687
Less: Preferred stock dividends	8,733	8,733
Net income (loss) attributable to Belden common stockholders	\$ (6,115)	\$ 16,954
Weighted average number of common shares and equivalents:		
Basic	41,633	42,216
Diluted	41,633	42,675
Basic income (loss) per share attributable to Belden common stockholders:	\$ (0.15)	\$ 0.40
Diluted income (loss) per share attributable to Belden common stockholders:	\$ (0.15)	\$ 0.40
Common stock dividends declared per share	\$ 0.05	\$ 0.05

Operating Segment Information

Unaudited

	Enterprise Solutions		Industrial Solutions		Total Segments
(In thousands, except percentages)					
<u>For the three months ended April 1, 2018</u>					
Segment Revenues	\$ 350,990		\$ 256,433		\$ 607,423
Segment EBITDA	57,452		46,426		103,878
Segment EBITDA margin	16.4 %		18.1 %		17.1 %
Depreciation expense	7,220		4,645		11,865
Amortization of intangibles	11,170		13,248		24,418
Amortization of software development intangible assets	236		—		236
Severance, restructuring, and acquisition integration costs	14,534		5,860		20,394
Purchase accounting effects of acquisitions	502		—		502
Deferred revenue adjustments	1,858		—		1,858
<u>For the three months ended April 2, 2017</u>					
Segment Revenues	\$ 314,278		\$ 237,103		\$ 551,381
Segment EBITDA	49,523		43,847		93,370
Segment EBITDA margin	15.8 %		18.5 %		16.9 %
Depreciation expense	6,548		4,835		11,383
Amortization of intangibles	10,439		13,230		23,669
Severance, restructuring, and acquisition integration costs	5,281		1,319		6,600
<u>For the three months ended July 2, 2017</u>					
Segment Revenues	\$ 348,804		\$ 261,829		\$ 610,633
Segment EBITDA	56,441		54,081		110,522
Segment EBITDA margin	16.2 %		20.7 %		18.1 %
Depreciation expense	6,753		4,775		11,528
Amortization of intangibles	13,882		13,231		27,113
Severance, restructuring, and acquisition integration costs	9,111		449		9,560
Purchase accounting effects of acquisitions	1,167		—		1,167
<u>For the three months ended October 1, 2017</u>					
Segment Revenues	\$ 360,842		\$ 260,903		\$ 621,745
Segment EBITDA	62,109		55,747		117,856
Segment EBITDA margin	17.2 %		21.4 %		19.0 %
Depreciation expense	6,828		4,855		11,683
Amortization of intangibles	13,920		13,242		27,162
Severance, restructuring, and acquisition integration costs	9,309		7,370		16,679
Purchase accounting effects of acquisitions	2,922		—		2,922
<u>For the three months ended December 31, 2017</u>					
Segment Revenues	\$ 332,381		\$ 272,503		\$ 604,884
Segment EBITDA	48,485		60,515		109,000
Segment EBITDA margin	14.6 %		22.2 %		18.0 %
Depreciation expense	6,143		4,860		11,003
Amortization of intangibles	12,813		13,240		26,053
Amortization of software development intangible assets	56		—		56
Severance, restructuring, and acquisition integration costs	5,342		4,609		9,951
Purchase accounting effects of acquisitions	2,044		—		2,044

Operating Segment Reconciliation to Consolidated Results

Unaudited

	Three Months Ended	
	April 1, 2018	April 2, 2017
	(In thousands)	
Total Segment Revenues	\$ 607,423	\$ 551,381
Deferred revenue adjustments	(1,858)	—
Consolidated Revenues	<u>\$ 605,565</u>	<u>\$ 551,381</u>
Total Segment EBITDA	\$ 103,878	\$ 93,370
Income from equity method investment	—	1,007
Non-operating pension costs	(275)	(260)
Eliminations	(308)	(1,128)
Consolidated Adjusted EBITDA (1)	103,295	92,989
Amortization of intangibles	(24,418)	(23,669)
Severance, restructuring, and acquisition integration costs	(20,394)	(6,600)
Loss on debt extinguishment	(19,960)	—
Interest expense, net	(16,978)	(23,506)
Depreciation expense	(11,865)	(11,383)
Deferred revenue adjustments	(1,858)	—
Purchase accounting effects related to acquisitions	(502)	—
Amortization of software development costs	(236)	—
Loss on sale of assets	(94)	—
Consolidated income before taxes	<u>\$ 6,990</u>	<u>\$ 27,831</u>

(1) Consolidated Adjusted EBITDA is a non-GAAP measure. See Reconciliation of Non-GAAP Measures for additional information.

Balance Sheet

	<u>April 1, 2018</u>	<u>December 31, 2017</u>
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 362,863	\$ 561,108
Receivables, net	439,846	473,570
Inventories, net	328,797	297,226
Other current assets	51,976	40,167
Total current assets	<u>1,183,482</u>	<u>1,372,071</u>
Property, plant and equipment, less accumulated depreciation	351,122	337,322
Goodwill	1,569,970	1,478,257
Intangible assets, less accumulated amortization	570,529	545,207
Deferred income taxes	66,649	42,549
Other long-lived assets	24,797	65,207
	<u>\$ 3,766,549</u>	<u>\$ 3,840,613</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 300,670	\$ 376,277
Accrued liabilities	288,454	302,651
Total current liabilities	<u>589,124</u>	<u>678,928</u>
Long-term debt	1,662,654	1,560,748
Postretirement benefits	151,916	102,085
Deferred income taxes	33,942	27,713
Other long-term liabilities	36,767	36,273
Stockholders' equity:		
Preferred stock	1	1
Common stock	503	503
Additional paid-in capital	1,125,364	1,123,832
Retained earnings	795,977	833,610
Accumulated other comprehensive loss	(129,434)	(98,026)
Treasury stock	(500,864)	(425,685)
Total Belden stockholders' equity	<u>1,291,547</u>	<u>1,434,235</u>
Noncontrolling interest	599	631
Total stockholders' equity	<u>1,292,146</u>	<u>1,434,866</u>
	<u>\$ 3,766,549</u>	<u>\$ 3,840,613</u>

Cash Flow Statement

Unaudited

	Three Months Ended	
	April 1, 2018	April 2, 2017
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 2,570	\$ 25,581
Adjustments to reconcile net income to net cash used for operating activities:		
Depreciation and amortization	36,519	35,052
Loss on debt extinguishment	19,960	—
Share-based compensation	3,126	3,930
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	18,921	9,416
Inventories	(16,737)	(27,245)
Accounts payable	(90,662)	3,400
Accrued liabilities	(48,611)	(53,733)
Accrued taxes	(785)	(2,387)
Other assets	(10,602)	(5,794)
Other liabilities	2,441	(483)
Net cash used for operating activities	(83,860)	(12,263)
Cash flows from investing activities:		
Cash used to acquire businesses, net of cash acquired	(76,084)	—
Capital expenditures	(15,900)	(10,399)
Proceeds from disposal of tangible assets	25	—
Proceeds from disposal of business	39,100	—
Net cash used for investing activities	(52,859)	(10,399)
Cash flows from financing activities:		
Payments under borrowing arrangements	(401,234)	—
Payments under share repurchase program	(75,270)	—
Cash dividends paid	(10,790)	(10,842)
Debt issuance costs paid	(7,059)	(4)
Withholding tax payments for share-based payment awards	(1,503)	(4,382)
Borrowings under credit arrangements	431,270	—
Net cash used for financing activities	(64,586)	(15,228)
Effect of foreign currency exchange rate changes on cash and cash equivalents	3,060	5,698
Decrease in cash and cash equivalents	(198,245)	(32,192)
Cash and cash equivalents, beginning of period	561,108	848,116
Cash and cash equivalents, end of period	\$ 362,863	\$ 815,924

Q1 2018 GAAP to Non-GAAP Reconciliation

Unaudited

In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items, including: asset impairments; accelerated depreciation expense due to plant consolidation activities; purchase accounting effects related to acquisitions, such as the adjustment of acquired inventory and deferred revenue to fair value and transaction costs; severance, restructuring, and acquisition integration costs; gains (losses) recognized on the disposal of businesses and tangible assets; amortization of intangible assets; gains (losses) on debt extinguishment; certain revenues and gains (losses) from patent settlements; discontinued operations; and other costs. We adjust for the items listed above in all periods presented, unless the impact is immaterial to our financial statements. When we calculate the tax effect of the adjustments, we include all current and deferred income tax expense commensurate with the adjusted measure of pre-tax profitability.

We utilize the adjusted results to review our ongoing operations without the effect of these adjustments and for comparison to budgeted operating results. We believe the adjusted results are useful to investors because they help them compare our results to previous periods and provide important insights into underlying trends in the business and how management oversees our business operations on a day-to-day basis. As an example, we adjust for the purchase accounting effect of recording deferred revenue at fair value in order to reflect the revenues that would have otherwise been recorded by acquired businesses had they remained as independent entities. We believe this presentation is useful in evaluating the underlying performance of acquired companies. Similarly, we adjust for other acquisition-related expenses, such as amortization of intangibles and other impacts of fair value adjustments because they generally are not related to the acquired business' core operating performance. As an additional example, we exclude the costs of restructuring programs, which can occur from time to time for our current businesses and/or recently acquired businesses. We exclude the costs in calculating adjusted results to allow us and investors to evaluate the performance of the business based upon its expected ongoing operating structure. We believe the adjusted measures, accompanied by the disclosure of the costs of these programs, provides valuable insight.

Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States.

	Three Months Ended	
	April 1, 2018	April 2, 2017
	(In thousands, except percentages and per share amounts)	
GAAP revenues	\$ 605,565	\$ 551,381
Deferred revenue adjustments	1,858	—
Adjusted revenues	<u>\$ 607,423</u>	<u>\$ 551,381</u>
GAAP gross profit	\$ 230,594	\$ 222,374
Severance, restructuring, and acquisition integration costs	9,431	5,928
Deferred revenue adjustments	1,858	—
Purchase accounting effects related to acquisitions	502	—
Amortization of software development intangible assets	236	—
Accelerated depreciation	—	266
Adjusted gross profit	<u>\$ 242,621</u>	<u>\$ 228,568</u>
GAAP gross profit margin	38.1 %	40.3 %
Adjusted gross profit margin	39.9 %	41.5 %
GAAP selling, general and administrative expenses	\$ (124,872)	\$ (112,586)
Severance, restructuring, and acquisition integration costs	9,402	728
Loss on sale of assets	94	—
Adjusted selling, general and administrative expenses	<u>\$ (115,376)</u>	<u>\$ (111,858)</u>
GAAP research and development	\$ (37,101)	\$ (34,522)
Severance, restructuring, and acquisition integration costs	1,561	(56)
Adjusted research and development	<u>\$ (35,540)</u>	<u>\$ (34,578)</u>
GAAP net income attributable to Belden	\$ 2,618	\$ 25,687
Interest expense, net	16,978	23,506
Loss on debt extinguishment	19,960	—
Income tax expense	4,420	2,250
Noncontrolling interest	(48)	(106)
Total non-operating adjustments	<u>41,310</u>	<u>25,650</u>
Amortization of intangible assets	24,418	23,669
Severance, restructuring, and acquisition integration costs	20,394	6,600
Deferred revenue adjustments	1,858	—
Purchase accounting effects related to acquisitions	502	—
Amortization of software development intangible assets	236	—
Loss on sale of assets	94	—
Accelerated depreciation	—	266
Total operating income adjustments	<u>47,502</u>	<u>30,535</u>
Depreciation expense	<u>11,865</u>	<u>11,117</u>
Adjusted EBITDA	<u>\$ 103,295</u>	<u>\$ 92,989</u>
GAAP net income margin	0.4 %	4.7 %
Adjusted EBITDA margin	17.0 %	16.9 %
GAAP net income attributable to Belden	\$ 2,618	\$ 25,687
Operating income adjustments from above	47,502	30,535
Loss on debt extinguishment	19,960	—
Tax effect of adjustments above	(12,112)	(8,376)
Impact of Tax Cuts and Jobs Act enactment	(473)	—
Amortization expense attributable to noncontrolling interest, net of tax	(17)	(15)
Adjusted net income attributable to Belden	<u>\$ 57,478</u>	<u>\$ 47,831</u>
GAAP net income attributable to Belden	\$ 2,618	\$ 25,687
Less: Preferred stock dividends	8,733	8,733
GAAP net income (loss) attributable to Belden common stockholders	<u>\$ (6,115)</u>	<u>\$ 16,954</u>
Adjusted net income attributable to Belden	\$ 57,478	\$ 47,831
Less: Preferred stock dividends	8,733	8,733
Adjusted net income attributable to Belden common stockholders	<u>\$ 48,745</u>	<u>\$ 39,098</u>
GAAP income (loss) per diluted share attributable to Belden common stockholders	\$ (0.15)	\$ 0.40
Adjusted income per diluted share attributable to Belden common stockholders	\$ 1.16	\$ 0.92
GAAP diluted weighted average shares	41,633	42,675
Adjustment for anti-dilutive shares that are dilutive under adjusted measures	377	—
Adjusted diluted weighted average shares	<u>42,010</u>	<u>42,675</u>

Free Cash Flow GAAP to Non-GAAP Reconciliation

Unaudited

We define free cash flow, which is a non-GAAP financial measure, as net cash from operating activities adjusted for capital expenditures net of the proceeds from the disposal of tangible assets. We believe free cash flow provides useful information to investors regarding our ability to generate cash from business operations that is available for acquisitions and other investments, service of debt principal, dividends and share repurchases. We use free cash flow, as defined, as one financial measure to monitor and evaluate performance and liquidity. Non-GAAP financial measures should be considered only in conjunction with financial measures reported according to accounting principles generally accepted in the United States. Our definition of free cash flow may differ from definitions used by other companies.

	Three Months Ended	
	April 1, 2018	April 2, 2017
	(In thousands)	
GAAP net cash used for operating activities	\$ (83,860)	\$ (12,263)
Capital expenditures, net of proceeds from the disposal of tangible assets	(15,875)	(10,399)
Non-GAAP free cash flow	\$ (99,735)	\$ (22,662)

Reconciliation of Non-GAAP Measures

Q2 and Full-Year 2018 Earnings Guidance

Unaudited

Our guidance for income per diluted share attributable to Belden common stockholders is based upon information currently available regarding events and conditions that will impact our future operating results. In particular, our results are subject to the factors listed under "Forward-Looking Statements" in this release. In addition, our actual results are likely to be impacted by other additional events for which information is not available, such as asset impairments, purchase accounting effects related to acquisitions, severance, restructuring, and acquisition integration costs, gains (losses) recognized on the disposal of tangible assets, gains (losses) on debt extinguishment, discontinued operations, and other gains (losses) related to events or conditions that are not yet known.

	Year Ended December 31, 2018	Three Months Ended July 1, 2018
Adjusted revenues	\$2.633 - \$2.683 billion	\$650 - \$670 million
Deferred revenue adjustments	(\$10 million)	(\$3 million)
GAAP revenues	<u>\$2.623 - \$2.673 billion</u>	<u>\$647 - \$667 million</u>
Adjusted income per diluted share attributable to Belden common stockholders	\$6.23 - \$6.48	\$1.41 - \$1.51
Amortization of intangible assets	(\$1.85)	(\$0.47)
Severance, restructuring, and acquisition integration costs	(\$1.29)	(\$0.45)
Loss on debt extinguishment	(\$0.43)	(\$0.06)
Deferred revenue adjustments	(\$0.19)	(\$0.05)
Purchase accounting effects of acquisitions	(\$0.03)	(\$0.01)
GAAP income per diluted share attributable to Belden common stockholders	<u>\$2.44 - \$2.69</u>	<u>\$0.37 - \$0.47</u>