



3rd Quarter 2019 Earnings Release Conference Call

October 30, 2019

Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the fourth quarter and full-year 2019, the Grass Valley divestment plan and our restructuring program. 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 disclaims any 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 2019 third quarter results, our most recent Annual Report on Form 10-K as filed with the Securities and Exchange Commission (“SEC”) on February 20, 2019 (including those discussed in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 2 and under “Risk Factors” in Part I, Item 1A), and our subsequent filings with the SEC.

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.

Grass Valley

Based upon the planned divestment of the Grass Valley Live Media business, continuing operations will exclude Grass Valley for periods ending after September 29, 2019. In order to provide investors with comparable current and historical information regarding continuing operations, this presentation excludes Grass Valley from all current and historical income statement measures and from the outlook. The exclusion of Grass Valley data may result in data being provided that constitutes non-GAAP measures. As noted in the prior paragraph, each non-GAAP measure is reconciled to the comparable GAAP measure in the Appendix.

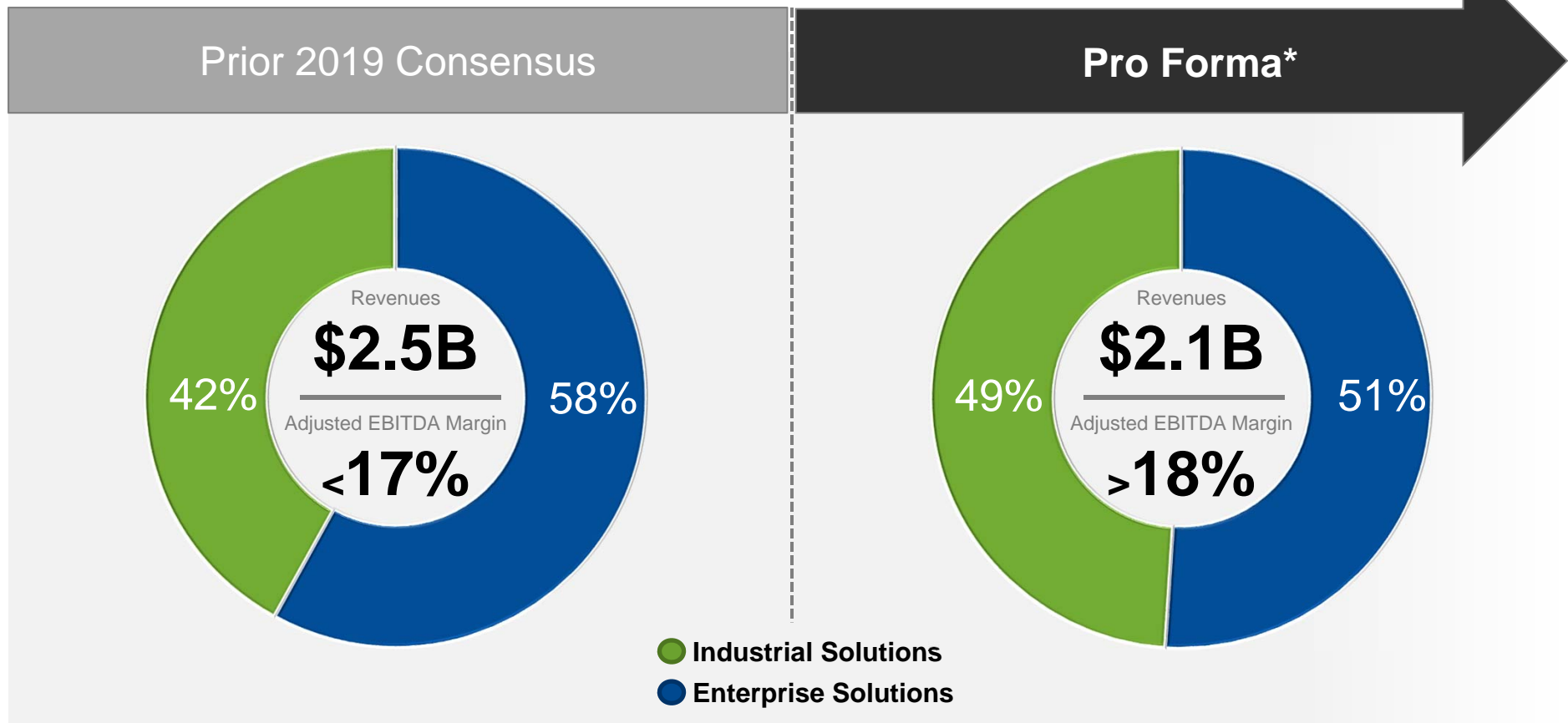
Q3 2019 Highlights

- Announced the intent to divest Grass Valley
- Announced a cost reduction program that is expected to result in \$40M in annualized SG&A savings by 2021
- Revenues of \$533.1M, near the midpoint of our expected range excluding Grass Valley
- Adjusted EPS of \$1.18, near the midpoint of our expected range excluding Grass Valley
- Updated full-year 2019 guidance for continuing operations excluding Grass Valley to revenue of \$2.092 - \$2.112 billion and adjusted EPS of \$4.32 - \$4.47

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

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








Improved Portfolio Excluding Grass Valley



Actions will result in a more balanced and profitable portfolio of growing businesses
\$40M annualized cost reduction program expected to be accretive to adjusted EBITDA margins and adjusted EPS by approximately 200 basis points and \$0.70, respectively

Adjusted results. See Appendix for reconciliation to comparable GAAP results.
*Pro forma for Grass Valley divestiture and \$40M cost savings.

Q3 2019 Segment Overview Excluding Grass Valley

Enterprise Solutions	Revenue	\$280.9M	Key Markets  Smart Buildings  Final Mile Broadband
	<i>Organic Growth % (Y/Y)</i>	-4.4%	
	EBITDA Margin	16.0%	
Industrial Solutions	Revenue	\$252.2M	 Discrete Manufacturing  Process Facilities  Mass Transit  Energy  Cybersecurity
	<i>Organic Growth % (Y/Y)</i>	-3.1%*	
	EBITDA Margin	17.8%	

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

* Approximately flat when adjusted for changes in channel inventory levels.

Q3 2019 Financial Summary Excluding Grass Valley

	Q3 2019	Q2 2019	Q3 2018
Revenue	\$533.1M	\$548.4M	\$554.0M
Gross profit	\$199.5M	\$206.2M	\$218.7M
Gross profit percentage	37.4%	37.6%	39.5%
EBITDA	\$89.3M	\$90.9M	\$102.4M
EBITDA percentage	16.8%	16.6%	18.5%
Net Income ⁽¹⁾	\$53.8M	\$58.2M	\$61.6M
Earnings Per Share ⁽²⁾	\$1.18	\$1.25	\$1.29

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 from continuing operations per diluted share attributable to Belden common stockholders.

Q3 2019 Segment Results Excluding Grass Valley

	Enterprise Solutions	Industrial Solutions	Consolidated
Q3 2019			
Revenue	\$280.9M	\$252.2M	\$533.1M
EBITDA ⁽¹⁾	\$45.0M	\$44.8M	\$89.3M
EBITDA Margin	16.0%	17.8%	16.8%
Q2 2019			
Revenue	\$280.7M	\$267.7M	\$548.4M
EBITDA ⁽¹⁾	\$44.2M	\$47.1M	\$90.9M
EBITDA Margin	15.7%	17.6%	16.6%
Q3 2018			
Revenue	\$287.1M	\$266.9M	\$554.0M
EBITDA ⁽¹⁾	\$51.0M	\$52.2M	\$102.4M
EBITDA Margin	17.8%	19.6%	18.5%

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

(1) Consolidated results include non-operating pension costs and eliminations

Q3 2019 Balance Sheet Highlights As Reported

	Q3 2019	Q2 2019	Q3 2018
Cash and Cash Equivalents	\$297M	\$295M	\$329M
Working Capital Turns	5.9x	6.0x	6.2x
Days Sales Outstanding	68	64	66
Inventory Turns	5.3x	5.1x	4.9x
PP&E Turns	6.5x	6.7x	7.5x
Total Debt Principal Amount	\$1.42B	\$1.48B	\$1.53B
Net Leverage ⁽¹⁾	2.6x	2.6x	2.5x

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

(2) Management's best estimate.

Q3 2019 Cash Flow Highlights As Reported

	Q3 2019	Q3 2018	TTM Q3 2019	TTM Q3 2018
Cash flows from operating activities	\$67.9M	\$130.2M	\$277.9M	\$252.5M
Less: Net capital expenditures ⁽¹⁾	\$23.3M	\$23.9M	\$108.4M	\$91.7M
Free cash flow ⁽²⁾	\$44.6M	\$106.3M	\$169.5M	\$160.8M
Cash used to acquire businesses ⁽³⁾⁽⁴⁾	\$0.4M	\$0.0M	\$50.1M	\$103.9M
Dividends / Share Repurchases	\$37.9M	\$35.4M	\$142.9M	\$181.8M

(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) TTM Q3 2018 and TTM Q3 2019 are net of cash acquired.

(4) TTM Q3 2018 Includes a \$19.3 million payoff of debt acquired from the acquisition of Snell Advanced Media ("SAM").

Outlook Excluding Grass Valley

Q4 2019

- Revenue of \$510 - \$530 million
- Adjusted Earnings Per Share⁽¹⁾⁽²⁾ of \$1.00 - \$1.15

Full Year 2019

- Revenue of \$2.092 - \$2.112 billion
- Adjusted Earnings Per Share⁽¹⁾⁽²⁾ of \$4.32 - \$4.47

Full Year 2019 Assumptions

- Interest expense of \$56 million
- Tax rate of 17.5%

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

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

Questions?

Appendix

Statement of Operations

Unaudited

	Three Months Ended		Nine Months Ended	
	September 29, 2019	September 30, 2018	September 29, 2019	September 30, 2018
	(In thousands, except per share data)			
Revenues	\$ 620,318	\$ 655,774	\$ 1,845,023	\$ 1,929,978
Cost of sales	(384,916)	(394,917)	(1,143,870)	(1,180,931)
Gross profit	235,402	260,857	701,153	749,047
Selling, general and administrative expenses	(120,169)	(132,716)	(365,439)	(396,430)
Research and development expenses	(31,351)	(33,471)	(100,539)	(107,781)
Amortization of intangibles	(22,243)	(25,533)	(67,952)	(74,990)
Goodwill and other asset impairment	(342,146)	—	(342,146)	—
Gain from patent litigation	—	62,141	—	62,141
Operating income (loss)	(280,507)	131,278	(174,923)	231,987
Interest expense, net	(14,200)	(14,472)	(42,561)	(46,538)
Non-operating pension benefit	489	1,356	1,517	824
Loss on debt extinguishment	—	—	—	(22,990)
Income (loss) before taxes	(294,218)	118,162	(215,967)	163,283
Income tax expense	(2,797)	(32,304)	(13,580)	(46,063)
Net income (loss)	(297,015)	85,858	(229,547)	117,220
Less: Net income (loss) attributable to noncontrolling interests	(6)	(23)	60	(148)
Net income (loss) attributable to Belden	(297,009)	85,881	(229,607)	117,368
Less: Preferred stock dividends	971	8,732	18,437	26,198
Net income (loss) attributable to Belden common stockholders	\$ (297,980)	\$ 77,149	\$ (248,044)	\$ 91,170
Weighted average number of common shares and equivalents:				
Basic	44,444	40,510	41,090	40,960
Diluted	44,444	47,678	41,090	41,268
Basic income (loss) per share attributable to Belden common stockholders:	\$ (6.70)	\$ 1.90	\$ (6.04)	\$ 2.23
Diluted income (loss) per share attributable to Belden common stockholders:	\$ (6.70)	\$ 1.80	\$ (6.04)	\$ 2.21
Common stock dividends declared per share	\$ 0.05	\$ 0.05	\$ 0.15	\$ 0.15

Operating Segment Information

Unaudited

	Enterprise Solutions	Industrial Solutions	Total Segments
(In thousands, except percentages)			
<u>For the three months ended September 29, 2019</u>			
Segment Revenues	\$ 368,080	\$ 252,238	\$ 620,318
Segment EBITDA	56,814	44,614	101,428
Segment EBITDA margin	15.4%	17.7%	16.4%
Depreciation expense	7,381	4,766	12,147
Amortization of intangibles	9,780	12,463	22,243
Amortization of software development intangible assets	1,161	36	1,197
Severance, restructuring, and acquisition integration costs	4,045	—	4,045
Purchase accounting effects of acquisitions	(186)	—	(186)
Goodwill and other asset impairment	342,146	—	342,146
<u>For the three months ended September 30, 2018</u>			
Segment Revenues	\$ 392,080	\$ 266,923	\$ 659,003
Segment EBITDA	72,210	53,750	125,960
Segment EBITDA margin	18.4%	20.1%	19.1%
Depreciation expense	7,092	4,579	11,671
Amortization of intangibles	12,322	13,211	25,533
Amortization of software development intangible assets	620	—	620
Severance, restructuring, and acquisition integration costs	9,528	2,160	11,688
Purchase accounting effects of acquisitions	821	—	821
Deferred revenue adjustments	3,229	—	3,229
<u>For the nine months ended September 29, 2019</u>			
Segment Revenues	\$ 1,064,469	\$ 780,554	\$ 1,845,023
Segment EBITDA	149,855	139,531	289,386
Segment EBITDA margin	14.1%	17.9%	15.7%
Depreciation expense	22,655	14,515	37,170
Amortization of intangibles	29,270	38,682	67,952
Amortization of software development intangible assets	3,119	87	3,206
Severance, restructuring, and acquisition integration costs	10,904	—	10,904
Purchase accounting effects of acquisitions	1,845	—	1,845
Goodwill and other asset impairment	342,146	—	342,146
<u>For the nine months ended September 30, 2018</u>			
Segment Revenues	\$ 1,142,765	\$ 795,102	\$ 1,937,867
Segment EBITDA	199,943	153,401	353,344
Segment EBITDA margin	17.5%	19.3%	18.2%
Depreciation expense	21,465	14,097	35,562
Amortization of intangibles	35,301	39,689	74,990
Amortization of software development intangible assets	1,344	—	1,344
Severance, restructuring, and acquisition integration costs	46,949	10,061	57,010
Purchase accounting effects of acquisitions	2,359	—	2,359
Deferred revenue adjustments	7,889	—	7,889

Operating Segment Reconciliation to Consolidated Results

Unaudited

	Three Months Ended		Nine Months Ended	
	September 29, 2019	September 30, 2018	September 29, 2019	September 30, 2018
	(In thousands)			
Total Segment Revenues	\$ 620,318	\$ 659,003	\$ 1,845,023	\$ 1,937,867
Deferred revenue adjustments	—	(3,229)	—	(7,889)
Consolidated Revenues	<u>\$ 620,318</u>	<u>\$ 655,774</u>	<u>\$ 1,845,023</u>	<u>\$ 1,929,978</u>
Total Segment EBITDA	\$ 101,428	\$ 125,960	\$ 289,386	\$ 353,344
Eliminations	(343)	(627)	(1,086)	(1,616)
Total non-operating pension benefit	489	1,356	1,517	824
Consolidated Adjusted EBITDA (1)	101,574	126,689	289,817	352,552
Goodwill and other asset impairment	(342,146)	—	(342,146)	—
Amortization of intangibles	(22,243)	(25,533)	(67,952)	(74,990)
Interest expense, net	(14,200)	(14,472)	(42,561)	(46,538)
Depreciation expense	(12,147)	(11,671)	(37,170)	(35,562)
Severance, restructuring, and acquisition integration costs	(4,045)	(11,688)	(10,904)	(57,010)
Amortization of software development intangible assets	(1,197)	(620)	(3,206)	(1,344)
Purchase accounting effects related to acquisitions	186	(821)	(1,845)	(2,359)
Loss on debt extinguishment	—	—	—	(22,990)
Deferred revenue adjustments	—	(3,229)	—	(7,889)
Loss on sale of assets	—	—	—	(94)
Gain from patent litigation	—	62,141	—	62,141
Costs related to patent litigation	—	(2,634)	—	(2,634)
Consolidated income (loss) before taxes	<u>\$ (294,218)</u>	<u>\$ 118,162</u>	<u>\$ (215,967)</u>	<u>\$ 163,283</u>

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

Balance Sheet

	<u>September 29, 2019</u>	<u>December 31, 2018</u>
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 296,742	\$ 420,610
Receivables, net	460,044	465,939
Inventories, net	290,995	316,418
Other current assets	74,876	55,757
Total current assets	<u>1,122,657</u>	<u>1,258,724</u>
Property, plant and equipment, less accumulated depreciation	384,183	365,970
Operating lease right-of-use assets	78,788	—
Goodwill	1,265,006	1,557,653
Intangible assets, less accumulated amortization	471,386	511,093
Deferred income taxes	88,118	56,018
Other long-lived assets	31,857	29,863
	<u>\$ 3,441,995</u>	<u>\$ 3,779,321</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 275,889	\$ 352,646
Accrued liabilities	301,599	364,276
Total current liabilities	<u>577,488</u>	<u>716,922</u>
Long-term debt	1,403,670	1,463,200
Postretirement benefits	127,090	132,791
Deferred income taxes	75,192	39,943
Long-term operating lease liabilities	73,436	—
Other long-term liabilities	40,309	38,877
Stockholders' equity:		
Preferred stock	—	1
Common stock	503	503
Additional paid-in capital	807,087	1,139,395
Retained earnings	667,703	922,000
Accumulated other comprehensive loss	(29,111)	(74,907)
Treasury stock	(307,482)	(599,845)
Total Belden stockholders' equity	<u>1,138,700</u>	<u>1,387,147</u>
Noncontrolling interests	6,110	441
Total stockholders' equity	<u>1,144,810</u>	<u>1,387,588</u>
	<u>\$ 3,441,995</u>	<u>\$ 3,779,321</u>

Cash Flow Statement

Unaudited

	Nine Months Ended	
	September 29, 2019	September 30, 2018
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (229,547)	117,220
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Goodwill and other asset impairment	342,146	—
Depreciation and amortization	108,328	111,896
Share-based compensation	12,115	14,657
Loss on debt extinguishment	—	22,990
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	6,002	(25,338)
Inventories	32,261	(16,642)
Accounts payable	(78,346)	(81,296)
Accrued liabilities	(70,368)	(29,474)
Income taxes	(19,650)	4,463
Other assets	(9,088)	(13,267)
Other liabilities	(4,336)	(4,350)
Net cash provided by operating activities	89,517	100,859
Cash flows from investing activities:		
Capital expenditures	(74,068)	(63,451)
Cash used to acquire businesses, net of cash acquired	(50,951)	(84,580)
Proceeds from disposal of tangible assets	19	1,556
Proceeds from disposal of business	—	40,171
Net cash used for investing activities	(125,000)	(106,304)
Cash flows from financing activities:		
Payments under share repurchase program	(50,000)	(125,000)
Cash dividends paid	(32,153)	(32,421)
Withholding tax payments for share-based payment awards	(2,063)	(2,004)
Other	(232)	—
Payments under borrowing arrangements	—	(484,757)
Debt issuance costs paid	—	(7,609)
Redemption of stockholders' rights agreement	—	(411)
Borrowings under credit arrangements	—	431,270
Net cash used for financing activities	(84,448)	(220,932)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(3,937)	(5,704)
Decrease in cash and cash equivalents	(123,868)	(232,081)
Cash and cash equivalents, beginning of period	420,610	561,108
Cash and cash equivalents, end of period	\$ 296,742	\$ 329,027

Q3 2019 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 clearly 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 business 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		Nine Months Ended	
	September 29, 2019	September 30, 2018	September 29, 2019	September 30, 2018
(In thousands, except percentages and per share amounts)				
GAAP revenues	\$ 620,318	\$ 655,774	\$ 1,845,023	\$ 1,929,978
Deferred revenue adjustments	—	3,229	—	7,889
Adjusted revenues	\$ 620,318	\$ 659,003	\$ 1,845,023	\$ 1,937,867
Less: Grass Valley adjusted revenue	87,221	104,966	263,434	324,217
Adjusted revenues excluding Grass Valley	\$ 533,097	\$ 554,037	\$ 1,581,589	\$ 1,613,650
GAAP gross profit	\$ 235,402	\$ 260,857	\$ 701,153	\$ 749,047
Amortization of software development intangible assets	1,197	620	3,206	1,344
Severance, restructuring, and acquisition integration costs	792	4,820	1,777	21,482
Deferred revenue adjustments	—	3,229	—	7,889
Purchase accounting effects related to acquisitions	(186)	558	532	1,833
Adjusted gross profit	\$ 237,205	\$ 270,084	\$ 706,668	\$ 781,595
Less: Grass Valley adjusted gross profit	37,709	51,409	114,105	152,624
Adjusted gross profit excluding Grass Valley	\$ 199,496	\$ 218,675	\$ 592,563	\$ 628,971
GAAP gross profit margin	37.9 %	39.8 %	38.0 %	38.8 %
Adjusted gross profit margin	38.2 %	41.0 %	38.3 %	40.3 %
Adjusted gross profit margin excluding Grass Valley	37.4 %	39.5 %	37.5 %	39.0 %
GAAP selling, general and administrative expenses	\$ (120,169)	\$ (132,716)	\$ (365,439)	\$ (396,430)
Severance, restructuring, and acquisition integration costs	3,253	6,341	8,364	30,287
Costs related to patent litigation	—	2,634	—	2,634
Purchase accounting effects related to acquisitions	—	263	1,313	526
Loss on sale of assets	—	—	—	94
Adjusted selling, general and administrative expenses	\$ (116,916)	\$ (123,478)	\$ (355,762)	\$ (362,889)
GAAP research and development expenses	\$ (31,351)	\$ (33,471)	\$ (100,539)	\$ (107,781)
Severance, restructuring, and acquisition integration costs	—	527	763	5,241
Adjusted research and development expenses	\$ (31,351)	\$ (32,944)	\$ (99,776)	\$ (102,540)
GAAP net income (loss) attributable to Belden	\$ (297,009)	\$ 85,881	\$ (229,607)	\$ 117,368
Interest expense, net	14,200	14,472	42,561	46,538
Income tax expense	2,797	32,304	13,580	46,063
Loss on debt extinguishment	—	—	—	22,990
Non-controlling interests	(6)	(23)	60	(148)
Total non-operating adjustments	16,991	46,753	56,201	115,443
Goodwill and other asset impairment	342,146	—	342,146	—
Amortization of intangible assets	22,243	25,533	67,952	74,990
Severance, restructuring, and acquisition integration costs	4,045	11,688	10,904	57,010
Amortization of software development intangible assets	1,197	620	3,206	1,344
Purchase accounting effects related to acquisitions	(186)	821	1,845	2,359
Deferred revenue adjustments	—	3,229	—	7,889
Costs related to patent litigation	—	2,634	—	2,634
Loss on sale of assets	—	—	—	94
Gain from patent litigation	—	(62,141)	—	(62,141)
Total operating income adjustments	369,445	(17,616)	426,053	84,179
Depreciation expense	12,147	11,671	37,170	35,562
Adjusted EBITDA	\$ 101,574	\$ 126,689	\$ 289,817	\$ 352,552
Less: Grass Valley adjusted EBITDA	12,228	24,260	33,894	63,676
Adjusted EBITDA excluding Grass Valley	\$ 89,346	\$ 102,429	\$ 255,923	\$ 288,876
GAAP net income (loss) margin	(47.9)%	13.1%	(12.4)%	6.1%
Adjusted EBITDA margin	16.4 %	19.2%	15.7 %	18.2%
Adjusted EBITDA margin excluding Grass Valley	16.8 %	18.5%	16.2 %	17.9%

Q3 2019 GAAP to Non-GAAP Reconciliation (continued)

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 clearly 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 business 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		Nine Months Ended	
	September 29, 2019	September 30, 2018	September 29, 2019	September 30, 2018
(In thousands, except percentages and per share amounts)				
GAAP net income (loss) attributable to Belden	\$ (297,009)	\$ 85,881	\$ (229,607)	\$ 117,368
Operating income adjustments from above	369,445	(17,616)	426,053	84,179
Loss on debt extinguishment	—	—	—	22,990
Tax effect of adjustments above	(11,385)	8,776	(22,857)	(17,859)
Impact of Tax Cuts and Jobs Act enactment	—	4,835	—	5,308
Amortization expense attributable to noncontrolling interest, net of tax	—	(17)	—	(50)
Adjusted net income attributable to Belden	\$ 61,051	\$ 81,859	\$ 173,589	\$ 211,936
Less: Grass Valley adjusted net income	7,227	20,224	20,196	45,799
Adjusted net income attributable to Belden excluding Grass Valley	\$ 53,824	\$ 61,635	\$ 153,393	\$ 166,137
GAAP net income (loss) attributable to Belden	\$ (297,009)	\$ 85,881	\$ (229,607)	\$ 117,368
Less: Preferred stock dividends	971	—	18,437	26,198
GAAP net income (loss) attributable to Belden common stockholders	\$ (297,980)	\$ 85,881	\$ (248,044)	\$ 91,170
Adjusted net income attributable to Belden excluding Grass Valley	\$ 53,824	\$ 61,635	\$ 153,393	\$ 166,137
Less: Preferred stock dividends	—	—	18,437	26,198
Adjusted net income attributable to Belden common stockholders excluding Grass Valley	\$ 53,824	\$ 61,635	\$ 134,956	\$ 139,939
GAAP income (loss) per diluted share attributable to Belden common stockholders	\$ (6.70)	\$ 1.80	\$ (6.04)	\$ 2.21
Adjusted income per diluted share attributable to Belden common stockholders excluding Grass Valley	\$ 1.18	\$ 1.29	\$ 3.27	\$ 3.39
GAAP diluted weighted average shares	44,444	47,678	41,090	41,268
Adjustment for assumed conversion of preferred stock into common stock	1,130	—	—	—
Adjustment for anti-dilutive shares that are dilutive under adjusted measures	166	—	209	—
Adjusted diluted weighted average shares	45,740	47,678	41,299	41,268

Trailing 7 Quarters GAAP to Non-GAAP Reconciliation

	Three Months Ended				Year Ended	Three Months Ended		
	April 1, 2018	July 1, 2018	September 30, 2018	December 31, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 29, 2019
	(In thousands, except percentages)							
GAAP revenues	\$ 605,565	\$ 668,639	\$ 655,774	\$ 655,390	\$ 2,585,368	\$ 587,175	\$ 637,530	\$ 620,318
Deferred revenue adjustments	1,858	2,802	3,229	(1,277)	6,612	—	—	—
Less: Grass Valley adjusted revenues	108,708	110,543	104,966	102,061	426,278	87,035	89,178	87,221
Adjusted revenues excluding Grass Valley	\$ 498,715	\$ 560,898	\$ 554,037	\$ 552,052	\$ 2,165,702	\$ 500,140	\$ 548,352	\$ 533,097
GAAP gross profit	\$ 230,594	\$ 257,596	\$ 260,857	\$ 259,365	\$ 1,008,412	\$ 224,728	\$ 241,023	\$ 235,402
Amortization of software development intangible assets	236	488	620	844	2,188	937	1,072	1,197
Severance, restructuring, and acquisition integration costs	9,431	7,231	4,820	6,648	28,130	562	423	792
Deferred revenue adjustments	1,858	2,802	3,229	(1,277)	6,612	—	—	—
Purchase accounting effects related to acquisitions	502	773	558	—	1,833	—	718	(186)
Less: Grass Valley adjusted gross profit	48,496	52,718	51,409	46,565	199,188	39,313	37,083	37,709
Adjusted gross profit excluding Grass Valley	\$ 194,125	\$ 216,172	\$ 218,675	\$ 219,015	\$ 847,987	\$ 186,914	\$ 206,153	\$ 199,496
GAAP gross profit margin	38.1%	38.5%	39.8%	39.6%	39.0%	38.3%	37.8%	37.9%
Adjusted gross profit margin excluding Grass Valley	38.9%	38.5%	39.5%	39.7%	39.2%	37.4%	37.6%	37.4%
GAAP net income (loss) attributable to Belden	\$ 2,618	\$ 28,869	\$ 85,881	\$ 43,526	\$ 160,894	\$ 25,202	\$ 42,200	\$ (297,009)
Interest expense, net	16,978	15,088	14,472	15,021	61,559	14,193	14,168	14,200
Income tax expense	4,420	9,339	32,304	13,556	59,619	5,621	5,162	2,797
Loss on debt extinguishment	19,960	3,030	—	—	22,990	—	—	—
Non-controlling interest	(48)	(77)	(23)	(35)	(183)	(24)	90	(6)
Total non-operating adjustments	41,310	27,380	46,753	28,542	143,985	19,790	19,420	16,991
Goodwill and other asset impairment	—	—	—	—	—	—	—	342,146
Amortization of intangible assets	24,418	25,039	25,533	23,839	98,829	23,341	22,368	22,243
Severance, restructuring, and acquisition integration costs	20,394	24,928	11,688	11,603	68,613	3,775	3,082	4,045
Deferred revenue adjustments	1,858	2,802	3,229	(1,277)	6,612	—	—	—
Purchase accounting effects related to acquisitions	502	1,036	821	1,138	3,497	1,313	718	(186)
Amortization of software development intangible assets	236	488	620	844	2,188	937	1,072	1,197
Loss on sale of assets	94	—	—	—	94	—	—	—
Non-operating pension settlement loss	—	—	—	1,342	1,342	—	—	—
Costs related to patent litigation	—	—	2,634	—	2,634	—	—	—
Gain from patent litigation	—	—	(62,141)	—	(62,141)	—	—	—
Total operating income adjustments	47,502	54,293	(17,616)	37,489	121,668	29,366	27,240	369,445
Depreciation expense	11,865	12,026	11,671	12,053	47,615	12,723	12,301	12,147
Less: Grass Valley adjusted EBITDA	18,803	20,613	24,260	18,804	82,480	11,415	10,251	12,228
Adjusted EBITDA excluding Grass Valley	\$ 84,492	\$ 101,955	\$ 102,429	\$ 102,806	\$ 391,682	\$ 75,666	\$ 90,910	\$ 89,346
GAAP net income margin	0.4%	4.3%	13.1%	6.6%	6.2%	4.3%	6.6%	-47.9%

Trailing 7 Quarters GAAP to Non-GAAP Reconciliation (continued)

	Three Months Ended				Year Ended	Three Months Ended		
	April 1, 2018	July 1, 2018	September 30, 2018	December 31, 2018	December 31, 2018	March 31, 2019	June 30, 2019	September 29, 2019
(In thousands, except percentages)								
Adjusted EBITDA margin excluding Grass Valley	16.9%	18.2%	18.5%	18.6%	18.1%	15.1%	16.6%	16.8%
GAAP net income (loss) attributable to Belden	\$ 2,618	\$ 28,869	\$ 85,881	\$ 43,526	\$ 160,894	\$ 25,202	\$ 42,200	\$ (297,009)
Operating income adjustments from above	47,502	54,293	(17,616)	37,489	121,668	29,366	27,240	369,445
Loss on debt extinguishment	19,960	3,030	—	—	22,990	—	—	—
Tax effect of adjustments above	(12,112)	(13,577)	8,776	(7,979)	(25,838)	(6,419)	(5,053)	(11,385)
Impact of Tax Cuts and Jobs Act enactment	(473)	—	4,835	4,689	9,997	—	—	—
Amortization expense attributable to noncontrolling interests, net of tax	(17)	(16)	(17)	(16)	(66)	—	—	—
Less: Grass Valley adjusted net income	12,578	12,997	20,224	19,105	64,904	6,761	6,208	7,227
Adjusted net income attributable to Belden excluding Grass Valley	\$ 44,900	\$ 59,602	\$ 61,635	\$ 58,604	\$ 224,741	\$ 41,388	\$ 58,179	\$ 53,824
GAAP net income (loss) attributable to Belden	\$ 2,618	\$ 28,869	\$ 85,881	\$ 43,526	\$ 160,894	\$ 25,202	\$ 42,200	\$ (297,009)
Less: Preferred stock dividends	8,733	8,733	—	8,733	34,931	8,733	8,733	971
GAAP net income (loss) attributable to Belden common stockholders	\$ (6,115)	\$ 20,136	\$ 85,881	\$ 34,793	\$ 125,963	\$ 16,469	\$ 33,467	\$ (297,980)
Adjusted net income attributable to Belden excluding Grass Valley	\$ 44,900	\$ 59,602	\$ 61,635	\$ 58,604	\$ 224,741	\$ 41,388	\$ 58,179	\$ 53,824
Less: Preferred stock dividends	8,733	8,733	—	—	34,931	8,733	—	—
Adjusted net income attributable to Belden common stockholders excluding Grass Valley	\$ 36,167	\$ 50,869	\$ 61,635	\$ 58,604	\$ 189,810	\$ 32,655	\$ 58,179	\$ 53,824
GAAP income (loss) per diluted share attributable to Belden common stockholders	\$ (0.15)	\$ 0.49	\$ 1.80	\$ 0.87	\$ 3.08	\$ 0.42	\$ 0.84	\$ (6.70)
Adjusted income excluding Grass Valley per diluted share attributable to Belden common stockholders	\$ 0.86	\$ 1.24	\$ 1.29	\$ 1.25	\$ 4.63	\$ 0.82	\$ 1.25	\$ 1.18
GAAP diluted weighted average shares	41,633	40,974	47,678	40,031	40,956	39,660	39,611	44,444
Adjustment for assumed conversion of preferred stock into common stock	—	—	—	6,857	—	—	6,857	1,130
Adjustment for anti-dilutive shares that are dilutive under adjusted measures	377	—	—	—	—	—	—	166
Adjusted diluted weighted average shares	42,010	40,974	47,678	46,888	40,956	39,660	46,468	45,740

GAAP to Non-GAAP Reconciliation of Segment Measures

Unaudited

	<u>Enterprise Solutions</u>	<u>Industrial Solutions</u>	<u>Total Segments</u>
	(In thousands, except percentages)		
<u>For the three months ended September 29, 2019</u>			
Segment revenues	\$ 368,080	\$ 252,238	\$ 620,318
Less: Grass Valley revenues	87,221	-	87,221
Segment revenues excluding Grass Valley	<u>280,859</u>	<u>252,238</u>	<u>533,097</u>
Segment EBITDA	56,814	44,614	101,428
Less: Grass Valley EBITDA	12,228	-	12,228
Corporate cost allocation and elimination adjustments	421	213	634
Segment EBITDA excluding Grass Valley	<u>45,007</u>	<u>44,827</u>	<u>89,834</u>
<i>Segment EBITDA margin</i>	<i>15.4%</i>	<i>17.7%</i>	<i>16.4%</i>
<i>Segment EBITDA margin excluding Grass Valley</i>	<i>16.0%</i>	<i>17.8%</i>	<i>16.9%</i>
<u>For the three months ended June 30, 2019</u>			
Segment revenues	\$ 369,862	\$ 267,668	637,530
Less: Grass Valley revenues	89,178	-	89,178
Segment revenues excluding Grass Valley	<u>280,684</u>	<u>267,668</u>	<u>548,352</u>
Segment EBITDA	53,483	47,458	100,941
Less: Grass Valley EBITDA	10,251	-	10,251
Corporate cost allocation and elimination adjustments	946	(322)	624
Segment EBITDA excluding Grass Valley	<u>44,178</u>	<u>47,136</u>	<u>91,314</u>
<i>Segment EBITDA margin</i>	<i>14.5%</i>	<i>17.7%</i>	<i>15.8%</i>
<i>Segment EBITDA margin excluding Grass Valley</i>	<i>15.7%</i>	<i>17.6%</i>	<i>16.7%</i>
<u>For the three months ended September 30, 2018</u>			
Segment Revenues	\$ 392,080	\$ 266,923	\$ 659,003
Less: Grass Valley revenues	104,966	-	104,966
Segment revenues excluding Grass Valley	<u>287,114</u>	<u>266,923</u>	<u>554,037</u>
Segment EBITDA	72,210	53,750	125,960
Less: Grass Valley EBITDA	24,260	-	24,260
Corporate cost allocation and elimination adjustments	3,095	(1,556)	1,539
Segment EBITDA excluding Grass Valley	<u>51,045</u>	<u>52,194</u>	<u>103,239</u>
<i>Segment EBITDA margin</i>	<i>18.4%</i>	<i>20.1%</i>	<i>19.1%</i>
<i>Segment EBITDA margin excluding Grass Valley</i>	<i>17.8%</i>	<i>19.6%</i>	<i>18.6%</i>

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		Nine Months Ended	
	September 29, 2019	September 30, 2018	September 29, 2019	September 30, 2018
	(In thousands)			
GAAP net cash provided by operating activities	\$ 67,872	\$ 130,221	89,517	\$ 100,859
Capital expenditures, net of proceeds from the disposal of tangible assets	(23,299)	(23,919)	(74,049)	(61,895)
Non-GAAP free cash flow	<u>\$ 44,573</u>	<u>\$ 106,302</u>	<u>\$ 15,468</u>	<u>\$ 38,964</u>

Reconciliation of Non-GAAP Measures

2019 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.

	<u>Year Ended</u> <u>December 31, 2019</u>	<u>Three Months Ended</u> <u>December 31, 2019</u>
Adjusted income per diluted share attributable to Belden common stockholders	\$4.32 - \$4.47	\$1.00 - \$1.15
Amortization of intangible assets	(1.69)	(0.48)
Severance, restructuring, and acquisition integration costs	(0.58)	(0.52)
Purchase accounting effects of acquisitions	(0.01)	—
GAAP income per diluted share attributable to Belden common stockholders	<u>\$2.04 - \$2.19</u>	<u>\$0.00 - \$0.15</u>