

Q4 2019

Earnings Release

Conference Call

February 4, 2020

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Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the first quarter and full-year 2020, 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 2020 fourth 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, as previously announced, 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.

Q4 2019 Highlights



- Announced a definitive agreement to divest Grass Valley in a transaction scheduled to close in the first half of 2020
- Revenues of \$549.7M, compared to the guidance range of \$510M to \$530M and increasing 2.7% organically excluding changes in channel inventory levels
- EPS of \$1.20, compared to the guidance range of \$1.00 to \$1.15
- Completed the acquisition of Special Product Company (SPC), a supplier of enclosure systems for fiber and 5G applications, for \$23M

FY 2019 Highlights

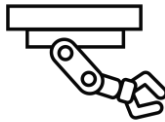

- Initiated transformative actions, including the divestiture of Grass Valley, the ongoing \$40M cost reduction program, and the planned exit of \$250M in low growth/margin copper cable products
- Revenues of \$2.131B, increasing 1.0% organically excluding changes in channel inventory levels
- Disciplined capital deployment, including \$80M for capital expenditures, \$74M for acquisitions, and \$50M for share repurchases

Q4 2019 Segment Overview



Enterprise Solutions	Revenue	\$280.2M		Smart Buildings
	<i>Organic Growth % (Y/Y)</i>	2.7%*		Broadband & 5G
	EBITDA Margin	15.3%		



Industrial Solutions	Revenue	\$269.5M		Industrial Automation
	<i>Organic Growth % (Y/Y)</i>	2.7%*		Cybersecurity
	EBITDA Margin	18.8%		

Q4 2019 Financial Summary

	Q4 2019	Q3 2019	Q4 2018
Revenue	\$549.7M	\$533.1M	\$552.1M
Gross profit	\$205.5M	\$199.5M	\$219.0M
Gross profit percentage	37.4%	37.4%	39.7%
EBITDA	\$92.9M	\$90.0M	\$103.2M
EBITDA percentage	16.9%	16.9%	18.7%
Net Income ⁽¹⁾	\$54.9M	\$54.4M	\$50.3M
Earnings Per Share ⁽²⁾	\$1.20	\$1.19	\$1.26

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.

Q4 2019 Segment Results

	Enterprise Solutions	Industrial Solutions	Consolidated
Q4 2019			
Revenue	\$280.2M	\$269.5M	\$549.7M
EBITDA ⁽¹⁾	\$43.0M	\$50.8M	\$92.9M
EBITDA Margin	15.3%	18.8%	16.9%
Q3 2019			
Revenue	\$280.9M	\$252.2M	\$533.1M
EBITDA ⁽¹⁾	\$45.0M	\$44.8M	\$90.0M
EBITDA Margin	16.0%	17.8%	16.9%
Q4 2018			
Revenue	\$277.4M	\$274.7M	\$552.1M
EBITDA ⁽¹⁾	\$50.0M	\$53.5M	\$103.2M
EBITDA Margin	18.0%	19.5%	18.7%

Adjusted results. See Appendix for reconciliation to comparable GAAP results.
 (1) Consolidated results include non-operating pension costs and eliminations

Q4 2019 Balance Sheet Highlights

	Q4 2019	Q3 2019	Q4 2018
Cash and Cash Equivalents ⁽¹⁾	\$426M	\$297M	\$421M
Working Capital Turns	13.0x	6.0x	10.8x
Days Sales Outstanding	57	61	56
Inventory Turns	6.0x	5.4x	5.1x
PP&E Turns	6.4x	6.5x	7.1x
Total Debt Principal Amount	\$1.46B	\$1.42B	\$1.49B
Net Leverage ⁽²⁾	2.5x	2.6x	2.2x

(1) Cash and Cash Equivalents inclusive of Grass Valley.

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

Q4 2019 Cash Flow Highlights

	Q4 2019	Q4 2018	FY 2019	FY 2018
Cash flows from operating activities	\$187.4M	\$188.4M	\$276.9M	\$289.2M
Less: Net capital expenditures ⁽¹⁾	\$35.9M	\$34.4M	\$110.0M	\$96.3M
Free cash flow ⁽²⁾	\$151.4M	\$154.0M	\$166.9M	\$193.0M
Cash used to acquire businesses ⁽³⁾⁽⁴⁾	\$23.4M	\$0.0M	\$74.4M	\$84.6M
Dividends / Share Repurchases	\$2.3M	\$60.7M	\$84.4M	\$218.2M

(1) Capital expenditures inclusive of Grass Valley, 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) 2018 and 2019 are net of cash acquired.

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

Outlook

Q1 2020

- Revenue of \$485 - \$505 million
- Adjusted Earnings Per Share⁽¹⁾⁽²⁾ of \$0.70 - \$0.85

Full Year 2020

- Revenue of \$2.060 - \$2.140 billion
- Adjusted Earnings Per Share⁽¹⁾⁽²⁾ of \$4.25 - \$4.75

Full Year 2020 Assumptions

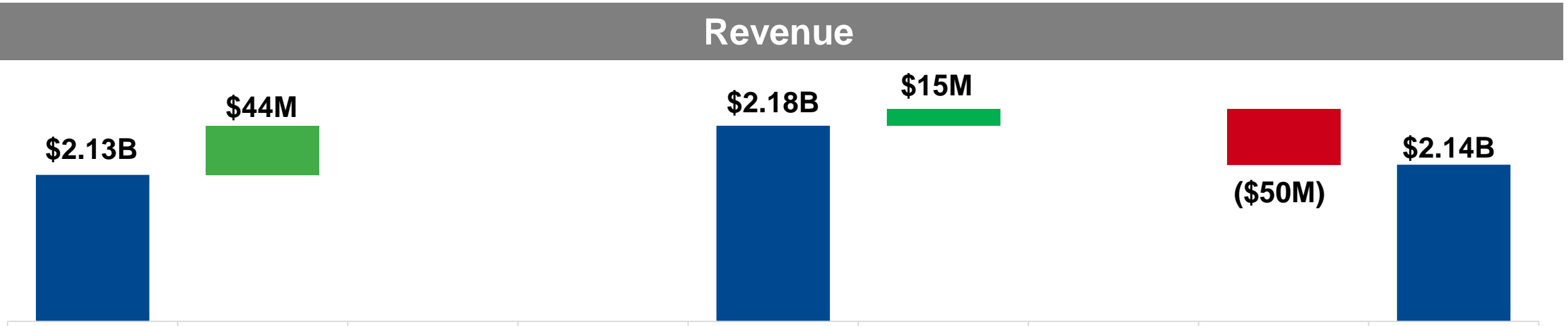
- Interest expense of \$56 million
- Tax rate of 20%

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

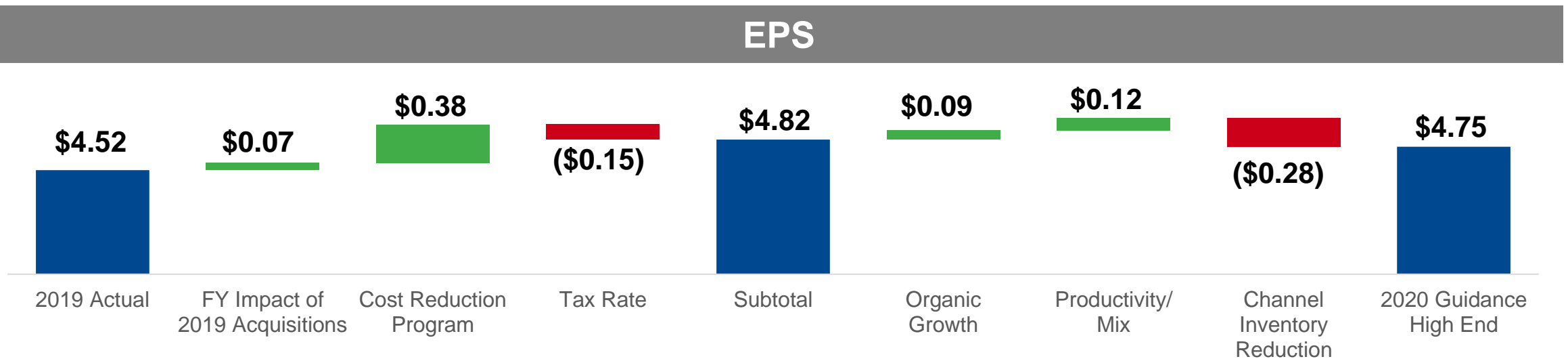
(2) All references to Earnings Per Share refer to adjusted net income from continuing operations per diluted share attributable to Belden common stockholders.

2020 High End of Guidance

Revenue



EPS



(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.

(3) Management's best estimates

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Questions?

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Appendix

Statement of Operations

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(In thousands, except per share data)			
Revenues	\$ 549,688	\$ 552,052	\$ 2,131,278	\$ 2,165,702
Cost of sales	(346,916)	(335,058)	(1,337,773)	(1,335,791)
Gross profit	202,772	216,994	793,505	829,911
Selling, general and administrative expenses	(118,675)	(104,814)	(417,329)	(411,352)
Research and development expenses	(22,346)	(22,223)	(94,360)	(91,552)
Amortization of intangibles	(18,351)	(18,693)	(74,609)	(75,140)
Gain from patent litigation	—	—	—	62,141
Operating income	43,400	71,264	207,207	314,008
Interest expense, net	(13,863)	(14,639)	(55,814)	(60,839)
Non-operating pension benefit (cost)	(667)	(1,108)	1,017	(99)
Loss on debt extinguishment	—	—	—	(22,990)
Income from continuing operations before taxes	28,870	55,517	152,410	230,080
Income tax expense	(26,340)	(19,552)	(42,519)	(62,936)
Income from continuing operations	2,530	35,965	109,891	167,144
Income (loss) from discontinued operations, net of tax	(149,759)	7,526	(486,667)	(6,433)
Net income (loss)	(147,229)	43,491	(376,776)	160,711
Less: Net income (loss) attributable to noncontrolling interest	179	(35)	239	(183)
Net income (loss) attributable to Belden	(147,408)	43,526	(377,015)	160,894
Less: Preferred stock dividends	—	8,733	18,437	34,931
Net income (loss) attributable to Belden common stockholders	\$ (147,408)	\$ 34,793	\$ (395,452)	\$ 125,963
Weighted average number of common shares and equivalents:				
Basic	45,457	39,830	42,203	40,675
Diluted	45,684	40,031	42,416	40,956
Basic income (loss) per share attributable to Belden common stockholders:				
Continuing operations attributable to Belden common stockholders	\$ 0.05	\$ 0.68	\$ 2.16	\$ 3.25
Discontinued operations attributable to Belden common stockholders	(3.29)	0.19	(11.53)	(0.16)
Net income (loss) attributable to Belden common stockholders	\$ (3.24)	\$ 0.87	\$ (9.37)	\$ 3.10
Diluted income (loss) per share attributable to Belden common stockholders:				
Continuing operations attributable to Belden common stockholders	\$ 0.05	\$ 0.68	\$ 2.15	\$ 3.23
Discontinued operations attributable to Belden common stockholders	(3.29)	0.19	(11.53)	(0.16)
Net income (loss) attributable to Belden common stockholders	\$ (3.24)	\$ 0.87	\$ (9.37)	\$ 3.08
Common stock dividends declared per share	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.20

Operating Segment Information

(Unaudited)

	Enterprise Solutions	Industrial Solutions	Total Segments
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(In thousands, except percentages)

For the three months ended December 31, 2019

Segment Revenues	\$ 280,196	\$ 269,492	\$ 549,688
Segment EBITDA	42,988	50,787	93,775
Segment EBITDA margin	15.3 %	18.8 %	17.1 %
Depreciation expense	5,384	5,035	10,419
Amortization of intangibles	5,924	12,427	18,351
Amortization of software development intangible assets	55	263	318
Severance, restructuring, and acquisition integration costs	5,479	15,499	20,978
Purchase accounting effects of acquisitions	60	—	60

For the three months ended December 31, 2018

Segment Revenues	\$ 277,352	\$ 274,700	\$ 552,052
Segment EBITDA	50,046	53,536	103,582
Segment EBITDA margin	18.0 %	19.5 %	18.8 %
Depreciation expense	4,975	4,699	9,674
Amortization of intangibles	5,497	13,196	18,693
Amortization of software development intangible assets	35	8	43
Severance, restructuring, and acquisition integration costs	746	1,424	2,170
Purchase accounting effects of acquisitions	1,138	—	1,138

For the twelve months ended December 31, 2019

Segment Revenues	\$ 1,081,232	\$ 1,050,046	\$ 2,131,278
Segment EBITDA	162,276	188,947	351,223
Segment EBITDA margin	15.0 %	18.0 %	16.5 %
Depreciation expense	20,765	19,644	40,409
Amortization of intangibles	23,500	51,109	74,609
Amortization of software development intangible assets	175	350	525
Severance, restructuring, and acquisition integration costs	11,050	15,494	26,544
Purchase accounting effects of acquisitions	592	—	592

For the twelve months ended December 31, 2018

Segment Revenues	\$ 1,095,900	\$ 1,069,802	\$ 2,165,702
Segment EBITDA	190,910	203,746	394,656
Segment EBITDA margin	17.4 %	19.0 %	18.2 %
Depreciation expense	19,374	18,935	38,309
Amortization of intangibles	22,255	52,885	75,140
Amortization of software development intangible assets	71	8	79
Severance, restructuring, and acquisition integration costs	14,863	7,762	22,625
Purchase accounting effects of acquisitions	1,690	—	1,690

Operating Segment Reconciliation to Consolidated Results

(Unaudited)	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(In thousands)			
Total Segment Revenues	\$ 549,688	\$ 552,052	\$ 2,131,278	\$ 2,165,702
Deferred revenue adjustments	—	—	—	—
Consolidated Revenues	<u>\$ 549,688</u>	<u>\$ 552,052</u>	<u>\$ 2,131,278</u>	<u>\$ 2,165,702</u>
Total Segment EBITDA	\$ 93,775	\$ 103,582	\$ 351,223	\$ 394,656
Eliminations	(249)	(600)	(1,337)	(2,218)
Total non-operating pension benefit (cost)	(667)	(1,108)	1,017	(99)
Non-operating pension settlement loss	—	1,342	—	1,342
Consolidated Adjusted EBITDA (1)	<u>92,859</u>	<u>103,216</u>	<u>350,903</u>	<u>393,681</u>
Amortization of intangibles	(18,351)	(18,693)	(74,609)	(75,140)
Interest expense, net	(13,863)	(14,639)	(55,814)	(60,839)
Depreciation expense	(10,419)	(9,674)	(40,409)	(38,309)
Severance, restructuring, and acquisition integration costs	(20,978)	(2,170)	(26,544)	(22,625)
Loss on debt extinguishment	—	—	—	(22,990)
Amortization of software development intangible assets	(318)	(43)	(525)	(79)
Purchase accounting effects related to acquisitions	(60)	(1,138)	(592)	(1,690)
Loss on sale of assets	—	—	—	(94)
Non-operating pension settlement loss	—	(1,342)	—	(1,342)
Costs related to patent litigation	—	—	—	(2,634)
Gain from patent litigation	—	—	—	62,141
Income from continuing operations before taxes	<u>\$ 28,870</u>	<u>\$ 55,517</u>	<u>\$ 152,410</u>	<u>\$ 230,080</u>

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

Balance Sheet

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 407,480	\$ 407,454
Receivables, net	334,634	335,956
Inventories, net	231,333	265,002
Other current assets	29,172	31,828
Current assets of discontinued operations	<u>375,978</u>	<u>219,721</u>
Total current assets	1,378,597	1,259,961
Property, plant and equipment, less accumulated depreciation	345,918	310,960
Operating lease right-of-use assets	62,251	—
Goodwill	1,243,669	1,206,877
Intangible assets, less accumulated amortization	339,505	359,931
Deferred income taxes	25,216	26,459
Other long-lived assets	12,446	13,249
Long-term assets of discontinued operations	<u>—</u>	<u>597,834</u>
	<u>\$ 3,407,602</u>	<u>\$ 3,775,271</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 268,466	\$ 297,498
Accrued liabilities	283,799	273,632
Current liabilities of discontinued operations	<u>171,122</u>	<u>147,028</u>
Total current liabilities	723,387	718,158
Long-term debt	1,439,484	1,463,200
Postretirement benefits	136,227	127,748
Deferred income taxes	48,725	36,109
Long-term operating lease liabilities	55,652	—
Other long-term liabilities	38,308	30,140
Long-term liabilities of discontinued operations	<u>—</u>	<u>12,328</u>
Stockholders' equity:		
Preferred stock	—	1
Common stock	503	503
Additional paid-in capital	812,353	1,139,395
Retained earnings	518,004	922,000
Accumulated other comprehensive loss	(64,183)	(74,907)
Treasury stock	<u>(307,197)</u>	<u>(599,845)</u>
Total Belden stockholders' equity	959,480	1,387,147
Noncontrolling interest	<u>6,339</u>	<u>441</u>
Total stockholders' equity	965,819	1,387,588
	<u>\$ 3,407,602</u>	<u>\$ 3,775,271</u>

Cash Flow Statement

(Unaudited)	Twelve Months Ended	
	December 31, 2019	December 31, 2018
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (376,776)	160,711
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Asset impairment of discontinued operations	521,441	—
Depreciation and amortization	139,259	148,632
Share-based compensation	17,751	18,497
Loss on debt extinguishment	—	22,990
Deferred income tax expense (benefit)	(23,540)	11,300
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	22,926	(21,748)
Inventories	44,477	(14,779)
Accounts payable	(41,527)	(29,401)
Accrued liabilities	(17,654)	17,238
Income taxes	5,497	(4,390)
Other assets	(16,118)	(18,748)
Other liabilities	1,157	(1,082)
Net cash provided by operating activities	276,893	289,220
Cash flows from investing activities:		
Capital expenditures	(110,002)	(97,847)
Cash used to acquire businesses, net of cash acquired	(74,392)	(84,580)
Proceeds from disposal of tangible assets	25	1,580
Proceeds from disposal of business	—	40,171
Net cash used for investing activities	(184,369)	(140,676)
Cash flows from financing activities:		
Payments under borrowing arrangement	—	(484,757)
Payments under share repurchase program	(50,000)	(175,000)
Cash dividends paid	(34,439)	(43,169)
Debt issuance costs paid	—	(7,609)
Withholding tax payment payments for share-based payment awards	(2,149)	(2,094)
Redemption of stockholders' rights agreement	—	(411)
Other	(360)	—
Borrowings under credit arrangements	—	431,270
Net cash used for financing activities	(86,948)	(281,770)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(301)	(7,272)
Increase (decrease) in cash and cash equivalents	5,275	(140,498)
Cash and cash equivalents, beginning of period	420,610	561,108
Cash and cash equivalents, end of period	\$ 425,885	\$ 420,610

Reconciliation of Non-GAAP Measures

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.

(Unaudited)

	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(In thousands, except percentages and per share amounts)			
GAAP revenues	\$ 549,688	\$ 552,052	\$ 2,131,278	\$ 2,165,702
Deferred revenue adjustments	—	—	—	—
Adjusted revenues	<u>\$ 549,688</u>	<u>\$ 552,052</u>	<u>\$ 2,131,278</u>	<u>\$ 2,165,702</u>
GAAP gross profit	\$ 202,772	\$ 216,994	\$ 793,505	\$ 829,911
Severance, restructuring, and acquisition integration costs	2,333	1,979	3,425	17,962
Purchase accounting effects related to acquisitions	60	—	592	27
Amortization of software development intangible assets	318	43	525	79
Adjusted gross profit	<u>\$ 205,483</u>	<u>\$ 219,016</u>	<u>\$ 798,047</u>	<u>\$ 847,979</u>
GAAP gross profit margin	36.9 %	39.3 %	37.2 %	38.3 %
Adjusted gross profit margin	37.4 %	39.7 %	37.4 %	39.2 %
GAAP selling, general and administrative expenses	\$ (118,675)	\$ (104,813)	\$ (417,329)	\$ (411,352)
Severance, restructuring, and acquisition integration costs	18,645	191	23,119	4,546
Costs related to patent litigation	—	—	—	2,634
Purchase accounting effects related to acquisitions	—	1,138	—	1,663
Loss on sale of assets	—	—	—	94
Adjusted selling, general and administrative expenses	<u>\$ (100,030)</u>	<u>\$ (103,484)</u>	<u>\$ (394,210)</u>	<u>\$ (402,415)</u>
GAAP research and development expenses	\$ (22,346)	\$ (22,223)	\$ (94,360)	\$ (91,552)
Severance, restructuring, and acquisition integration costs	—	—	—	117
Adjusted research and development expenses	<u>\$ (22,346)</u>	<u>\$ (22,223)</u>	<u>\$ (94,360)</u>	<u>\$ (91,435)</u>
GAAP net income (loss) attributable to Belden	\$ (147,408)	\$ 43,526	\$ (377,015)	\$ 160,894
Loss (income) from discontinued operations, net of tax	149,759	(7,526)	486,667	6,433
Interest expense, net	13,863	14,639	55,814	60,839
Income tax expense	26,340	19,552	42,519	62,936
Non-operating pension settlement loss	—	1,342	—	1,342
Loss on debt extinguishment	—	—	—	22,990
Noncontrolling interests	179	(35)	239	(183)
Total non-operating adjustments	<u>190,141</u>	<u>27,972</u>	<u>585,239</u>	<u>154,357</u>
Amortization of intangible assets	18,351	18,693	74,609	75,140
Severance, restructuring, and acquisition integration costs	20,978	2,170	26,544	22,625
Costs related to patent litigation	—	—	—	2,634
Purchase accounting effects related to acquisitions	60	1,138	592	1,690
Amortization of software development intangible assets	318	43	525	79
Loss on sale of assets	—	—	—	94
Gain from patent litigation	—	—	—	(62,141)
Total operating income adjustments	<u>39,707</u>	<u>22,044</u>	<u>102,270</u>	<u>40,121</u>
Depreciation expense	10,419	9,674	40,409	38,309
Adjusted EBITDA	<u>\$ 92,859</u>	<u>\$ 103,216</u>	<u>\$ 350,903</u>	<u>\$ 393,681</u>
GAAP net income (loss) margin	(26.8) %	7.9 %	(17.7) %	7.4 %
Adjusted EBITDA margin	16.9 %	18.7 %	16.5 %	18.2 %

Reconciliation of Non-GAAP Measures (continued)

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.

(Unaudited)	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(In thousands, except percentages and per share amounts)			
GAAP net income (loss) attributable to Belden	\$ (147,408)	\$ 43,526	\$ (377,015)	\$ 160,894
Operating income adjustments from above	39,707	22,044	102,270	40,121
Loss (income) from discontinued operations, net of tax	149,759	(7,526)	486,667	6,433
Non-operating pension settlement loss	—	1,342	—	1,342
Loss on debt extinguishment	—	—	—	22,990
Tax effect of adjustments above	12,796	(359)	(1,948)	(5,351)
Amortization expense attributable to noncontrolling interest, net of tax	—	(16)	—	(66)
Adjusted net income attributable to Belden	<u>\$ 54,854</u>	<u>\$ 59,011</u>	<u>\$ 209,974</u>	<u>\$ 226,363</u>
GAAP net income (loss) attributable to Belden	\$ (147,408)	\$ 43,526	\$ (377,015)	\$ 160,894
Loss (income) from discontinued operations, net of tax	149,759	(7,526)	486,667	6,433
Less: Preferred stock dividends	—	(8,733)	(18,437)	(34,931)
GAAP net income attributable to Belden common stockholders	<u>\$ 2,351</u>	<u>\$ 27,267</u>	<u>\$ 91,215</u>	<u>\$ 132,396</u>
Adjusted net income attributable to Belden	\$ 54,854	\$ 59,011	209,974	226,363
Less: Preferred stock dividends	—	(8,733)	(18,437)	(34,931)
Adjusted net income attributable to Belden common stockholders	<u>\$ 54,854</u>	<u>50,278</u>	<u>191,537</u>	<u>191,432</u>
GAAP income from continuing operations per diluted share attributable to Belden common stockholders	\$ 0.05	\$ 0.68	\$ 2.15	\$ 3.23
Adjusted income from continuing operations per diluted share attributable to Belden common stockholders	\$ 1.20	\$ 1.26	\$ 4.52	\$ 4.67
GAAP and adjusted diluted weighted average shares	45,684	40,031	42,416	40,956

Free Cash Flow GAAP to Non-GAAP Reconciliation

(Unaudited)	Three Months Ended		Twelve Months Ended	
	December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
	(In thousands)			
GAAP net cash provided by operating activities	\$ 187,376	\$ 188,361	\$ 276,893	\$ 289,220
Capital expenditures, net of proceeds from the disposal of tangible assets	(35,928)	(34,372)	(109,977)	(96,267)
Non-GAAP free cash flow	<u>\$ 151,448</u>	<u>\$ 153,989</u>	<u>\$ 166,916</u>	<u>\$ 192,953</u>

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.

Reconciliation of Non-GAAP Measures

Q1 and Full-Year 2020 Earnings Guidance

(Unaudited)	Three Months Ended March 29, 2020	Year Ended December 31, 2020
Adjusted income from continuing operations per diluted share attributable to Belden common stockholders	\$0.70 - \$0.85	\$4.25 - \$4.75
Amortization of intangible assets	(0.29)	(1.14)
Severance, restructuring, and acquisition integration costs	(0.18)	(0.35)
GAAP income from continuing operations per diluted share attributable to Belden common stockholders	<u>\$0.23 - \$0.38</u>	<u>\$2.76 - \$3.26</u>

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.