



**Q2 2020**

**EARNINGS RELEASE**

Conference Call | July 29, 2020

# Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the third quarter and full-year 2020, the impacts of COVID-19 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 first quarter results, our most recent Annual Report on Form 10-K as filed with the Securities and Exchange Commission (“SEC”) on February 11, 2020 (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](http://investor.belden.com).

# Delivering on Transformative Actions

01

DIVESTED  
GRASS VALLEY

Transaction closed on  
July 2, 2020

02

STREAMLINING THE  
COST STRUCTURE

Permanent **\$60M** SG&A cost reduction program on track. Delivered \$8M in savings in Q2 (\$32M annualized), continue to expect \$40M in 2020 and \$60M in 2021

03

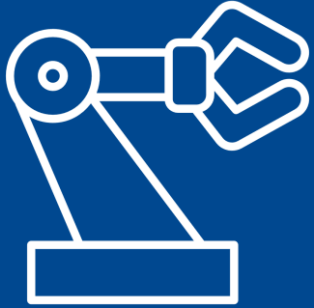
EXITING  
UNDIFFERENTIATED  
PRODUCT LINES

Approximately **\$250M<sup>1</sup>**  
copper cable revenue

Process temporarily delayed due to market conditions, expect to restart in H2 2020

1. FY 2019 revenue.

# Strategic Priorities



## INDUSTRIAL AUTOMATION

Growing demand for  
automated production



## CYBERSECURITY

Ever-increasing  
need for network  
security



## BROADBAND & 5G

Consumer demand  
for more bandwidth  
and faster speeds



## SMART BUILDINGS

Integrated networks  
require connectivity

# Investment Thesis

## IMPROVING PORTFOLIO

**Simplifying** the portfolio

**Exiting** less attractive businesses and product lines

## IMPROVING GROWTH

**Removing** declining businesses

**Investing** in our growing businesses to capitalize on secular trends

## IMPROVING MARGINS

**Executing** a \$60M permanent cost reduction program, representing ~300 basis points

**Targeting** 20-22% EBITDA margins

**IMPROVING SHAREHOLDER RETURNS**

# Q2 2020 Highlights



Revenues  
\$424.8M

EPS  
\$0.46



Broadband & 5G  
orders increased  
double-digits on a  
year-over-year basis



Cash on hand of  
\$393M at the end  
of the quarter  
provides ample  
liquidity

Repaid \$100M of  
the \$190M revolver  
draw



Free cash flow  
generation of \$20M

# Q2 2020 Financial Summary

	Q2 2020	Q1 2020	Q2 2019
<b>Revenue</b>	\$424.8M	\$463.5M	\$548.4M
<b>Gross profit</b>	\$150.5M	\$170.9M	\$206.2M
<b>Gross profit percentage</b>	35.4%	36.9%	37.6%
<b>EBITDA</b>	\$49.1M	\$60.8M	\$91.6M
<b>EBITDA percentage</b>	11.6%	13.1%	16.7%
<b>Net Income<sup>(1)</sup></b>	\$20.3M	\$30.5M	\$58.8M
<b>Earnings Per Share<sup>(2)</sup></b>	\$0.46	\$0.67	\$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.

# Q2 2020 Segment Results

	Industrial Solutions	Enterprise Solutions	Consolidated
<b>Q2 2020</b>			
Revenue	\$221.4M	\$203.4M	\$424.8M
EBITDA <sup>(1)</sup>	\$26.4M	\$22.2M	\$49.1M
EBITDA Margin	11.9%	10.9%	11.6%
<b>Q1 2020</b>			
Revenue	\$251.3M	\$212.2M	\$463.5M
EBITDA <sup>(1)</sup>	\$35.5M	\$24.7M	\$60.8M
EBITDA Margin	14.1%	11.6%	13.1%
<b>Q2 2019</b>			
Revenue	\$303.0M	\$245.3M	\$548.4M
EBITDA <sup>(1)</sup>	\$55.7M	\$35.6M	\$91.6M
EBITDA Margin	18.4%	14.5%	16.7%

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



# Q2 2020 Balance Sheet Highlights

	Q2 2020	Q1 2020	Q2 2019
Cash and Cash Equivalents <sup>(1)</sup>	\$393M	\$294M	\$295M
Working Capital Turns	6.6x	6.8x	7.7x
Days Sales Outstanding	65	59	57
Inventory Turns	4.5x	4.6x	5.2x
Total Debt Principal Amount	\$1.56B	\$1.40B	\$1.48B
Net Leverage <sup>(2)</sup>	3.6x	2.8x	2.6x

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

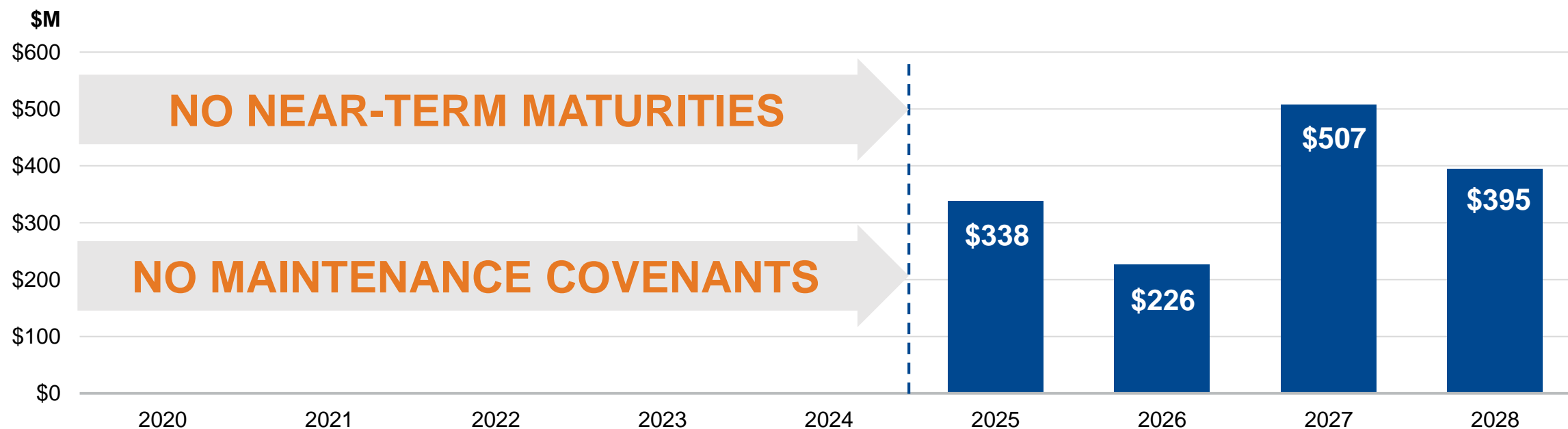
(2) Net leverage is calculated as (A) total debt less cash and cash equivalents divided by (B) the sum of trailing twelve months Adjusted EBITDA including Grass Valley plus trailing twelve months stock based compensation expense.

# A Quality Balance Sheet Provides Significant Flexibility

Fixed, long-term maturities

Euro-denominated debt

Pre-tax cost of debt = 3.5%



**Strong balance sheet**

# Q2 2020 Cash Flow Highlights

	Q2 2020	Q2 2019	TTM Q2 2020	TTM Q2 2019
<b>Cash flows from operating activities</b>	\$39.9M	\$67.7M	\$243.1M	\$340.2M
<b>Less: Net capital expenditures<sup>(1)</sup></b>	\$19.8M	27.2M	\$97.9M	\$109.0M
<b>Free cash flow<sup>(2)</sup></b>	\$20.1M	\$40.5M	\$145.2M	\$231.2M
<b>Dividends / Share Repurchases</b>	\$16.0M	\$33.5M	\$79.8M	\$140.4M

**BELDEN**

**QUESTIONS?**

**BELDEN**

# APPENDIX

# Statement of Operations

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
(In thousands, except per share data)				
Revenues	\$ 424,811	\$ 548,352	\$ 888,337	\$ 1,048,492
Cost of sales	(274,871)	(343,280)	(567,896)	(656,564)
Gross profit	149,940	205,072	320,441	391,928
Selling, general and administrative expenses	(91,703)	(102,454)	(190,092)	(200,409)
Research and development expenses	(25,090)	(24,775)	(51,309)	(48,022)
Amortization of intangibles	(16,017)	(19,068)	(32,202)	(37,232)
Operating income	17,130	58,775	46,838	106,265
Interest expense, net	(14,257)	(13,961)	(27,581)	(27,949)
Non-operating pension benefit	700	537	1,399	1,140
Income from continuing operations before taxes	3,573	45,351	20,656	79,456
Income tax expense	(400)	(3,956)	(2,592)	(10,126)
Income from continuing operations	3,173	41,395	18,064	69,330
Income (loss) from discontinued operations, net of	(71,054)	895	(97,164)	(1,862)
Net income (loss)	(67,881)	42,290	(79,100)	67,468
Less: Net income (loss) attributable to noncontrolling interest	24	90	(6)	66
Net income (loss) attributable to Belden	(67,905)	42,200	(79,094)	67,402
Less: Preferred stock dividends	—	8,733	—	17,466
Net income (loss) attributable to Belden common stockholders	\$ (67,905)	\$ 33,467	\$ (79,094)	\$ 49,936
Weighted average number of common shares and equivalents:				
Basic	44,557	39,389	44,969	39,405
Diluted	44,665	39,611	45,097	39,635
Basic income (loss) per share attributable to Belden common stockholders:				
Continuing operations attributable to Belden common stockholders	\$ 0.07	\$ 0.83	\$ 0.40	\$ 1.31
Discontinued operations attributable to Belden common stockholders	(1.59)	0.02	(2.16)	(0.05)
Net income (loss) per share attributable to Belden common stockholders	\$ (1.52)	\$ 0.85	\$ (1.76)	\$ 1.27
Diluted income (loss) per share attributable to Belden common stockholders:				
Continuing operations attributable to Belden common stockholders	\$ 0.07	\$ 0.82	\$ 0.40	\$ 1.31
Discontinued operations attributable to Belden common stockholders	(1.59)	0.02	(2.16)	(0.05)
Net income (loss) per share attributable to Belden common stockholders	\$ (1.52)	\$ 0.84	\$ (1.76)	\$ 1.26
Common stock dividends declared per share	\$ 0.05	\$ 0.05	\$ 0.10	\$ 0.10

# Operating Segment Information

	Enterprise Solutions	Industrial Solutions	Total Segments
	(In thousands, except percentages)		
<b>For the three months ended June 28, 2020</b>			
Segment Revenues	\$ 203,374	\$ 221,437	\$ 424,811
Segment EBITDA	22,231	26,449	48,680
Segment EBITDA margin	10.9 %	11.9 %	11.5 %
Depreciation expense	5,122	5,210	10,332
Amortization of intangibles	5,354	10,663	16,017
Amortization of software development intangible assets	56	330	386
Severance, restructuring, and acquisition integration costs	2,423	2,049	4,472
Purchase accounting effects of acquisitions	105	—	105
<b>For the three months ended June 30, 2019</b>			
Segment Revenues	\$ 245,325	\$ 303,027	\$ 548,352
Segment EBITDA	35,571	55,744	91,315
Segment EBITDA margin	14.5 %	18.4 %	16.7 %
Depreciation expense	4,852	5,056	9,908
Amortization of intangibles	5,726	13,342	19,068
Amortization of software development intangible assets	35	28	63
Severance, restructuring, and acquisition integration costs	2,519	—	2,519
Purchase accounting effects of acquisitions	718	—	718
<b>For the six months ended June 28, 2020</b>			
Segment Revenues	\$ 415,587	\$ 472,750	\$ 888,337
Segment EBITDA	46,943	61,976	108,919
Segment EBITDA margin	11.3 %	13.1 %	12.3 %
Depreciation expense	10,203	10,411	20,614
Amortization of intangibles	10,858	21,344	32,202
Amortization of software development intangible assets	111	605	716
Severance, restructuring, and acquisition integrations costs	4,973	3,118	8,091
Purchase accounting effects of acquisitions	125	—	125
<b>For the six months ended June 30, 2019</b>			
Segment Revenues	\$ 452,408	\$ 596,084	\$ 1,048,492
Segment EBITDA	57,206	110,408	167,614
Segment EBITDA margin	12.6 %	18.5 %	16.0 %
Depreciation expense	9,657	10,354	20,011
Amortization of intangibles	10,425	26,807	37,232
Amortization of software development intangible assets	71	51	122
Severance, restructuring, and acquisition integrations costs	2,519	—	2,519
Purchase accounting effects of acquisitions	718	—	718

Effective January 1, 2020, we transferred our West Penn Wire business and multi-conductor product lines from the Enterprise Solutions segment to the Industrial Solutions segment, and as such, have recast the prior period segment information.

# Operating Segment Reconciliation to Consolidated Results

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands)			
Total Segment Revenues	\$ 424,811	\$ 548,352	\$ 888,337	\$ 1,048,492
Deferred revenue adjustments	—	—	—	—
Consolidated Revenues	<u>\$ 424,811</u>	<u>\$ 548,352</u>	<u>\$ 888,337</u>	<u>\$ 1,048,492</u>
Total Segment EBITDA	\$ 48,680	\$ 91,315	\$ 108,919	\$ 167,614
Eliminations	(238)	(264)	(333)	(747)
Total non-operating pension benefit	700	537	1,399	1,140
Consolidated Adjusted EBITDA (1)	49,142	91,588	109,985	168,007
Amortization of intangibles	(16,017)	(19,068)	(32,202)	(37,232)
Interest expense, net	(14,257)	(13,961)	(27,581)	(27,949)
Depreciation expense	(10,332)	(9,908)	(20,614)	(20,011)
Severance, restructuring, and acquisition integration costs	(4,472)	(2,519)	(8,091)	(2,519)
Amortization of software development intangible assets	(386)	(63)	(716)	(122)
Purchase accounting effects related to acquisitions	(105)	(718)	(125)	(718)
Income from continuing operations before taxes	<u>\$ 3,573</u>	<u>\$ 45,351</u>	<u>\$ 20,656</u>	<u>\$ 79,456</u>

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



# Balance Sheet

	June 28, 2020	December 31, 2019
	(Unaudited)	
	(In thousands)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 359,702	\$ 407,480
Receivables, net	302,303	334,634
Inventories, net	242,677	231,333
Other current assets	36,112	29,172
Current assets of discontinued operations	250,322	375,135
Total current assets	1,191,116	1,377,754
Property, plant and equipment, less accumulated depreciation	340,000	345,918
Operating lease right-of-use assets	56,613	62,251
Goodwill	1,244,895	1,243,669
Intangible assets, less accumulated amortization	308,529	339,505
Deferred income taxes	22,412	25,216
Other long-lived assets	13,465	12,446
	<u>\$ 3,177,030</u>	<u>\$ 3,406,759</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 188,970	\$ 268,466
Accrued liabilities	240,419	283,799
Current liabilities of discontinued operations	109,673	170,279
Total current liabilities	539,062	722,544
Long-term debt	1,537,367	1,439,484
Postretirement benefits	130,427	136,227
Deferred income taxes	46,960	48,725
Long-term operating lease liabilities	49,772	55,652
Other long-term liabilities	43,560	38,308
Stockholders' equity:		
Common stock	503	503
Additional paid-in capital	815,982	811,955
Retained earnings	431,459	518,004
Accumulated other comprehensive loss	(85,541)	(63,418)
Treasury stock	(338,484)	(307,197)
Total Belden stockholders' equity	823,919	959,847
Noncontrolling interests	5,963	5,972
Total stockholders' equity	829,882	965,819
	<u>\$ 3,177,030</u>	<u>\$ 3,406,759</u>

# Cash Flow Statement

	Six Months Ended	
	June 28, 2020	June 30, 2019
	(In thousands)	
Cash flows from operating activities:		
Net income (loss)	\$ (79,100)	\$ 67,468
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	53,533	72,739
Asset impairment of discontinued operations	113,007	—
Share-based compensation	8,798	7,594
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	52,602	20,329
Inventories	(9,769)	17,351
Accounts payable	(86,382)	(91,542)
Accrued liabilities	(13,697)	(59,410)
Income taxes	(46,274)	(12,361)
Other assets	13,971	5,092
Other liabilities	(18,819)	(5,615)
Net cash provided by (used for) operating activities	(12,130)	21,645
Cash flows from investing activities:		
Capital expenditures	(41,734)	(50,769)
Cash from business acquisitions, net of cash acquired	590	(50,517)
Proceeds from disposal of tangible assets	3,090	19
Net cash used for investing activities	(38,054)	(101,267)
Cash flows from financing activities:		
Borrowings on revolver	190,000	—
Payments under borrowing arrangements	(100,000)	—
Payments under share repurchase program	(35,000)	(22,815)
Payment of earnout consideration	(29,300)	—
Cash dividends paid	(4,572)	(21,448)
Withholding tax payments for share-based payment awards	(1,058)	(2,002)
Other	(111)	(173)
Net cash provided by (used for) financing activities	19,959	(46,438)
Effect of foreign currency exchange rate changes on cash and cash equivalents	(2,620)	693
Decrease in cash and cash equivalents	(32,845)	(125,367)
Cash and cash equivalents, beginning of period	425,885	420,610
Cash and cash equivalents, end of period	\$ 393,040	\$ 295,243

# 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.

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
(In thousands, except percentages and per share amounts)				
GAAP and adjusted revenues	\$ 424,811	\$ 548,352	\$ 888,337	\$ 1,048,492
GAAP gross profit	\$ 149,940	\$ 205,072	\$ 320,441	\$ 391,928
Amortization of software development intangible assets	386	63	716	122
Severance, restructuring, and acquisition integration costs	92	300	137	300
Purchase accounting effects related to acquisitions	105	718	125	718
Adjusted gross profit	\$ 150,523	\$ 206,153	\$ 321,419	\$ 393,068
GAAP gross profit margin	35.3 %	37.4 %	36.1 %	37.4 %
Adjusted gross profit margin	35.4 %	37.6 %	36.2 %	37.5 %
GAAP selling, general and administrative expenses	\$ (91,703)	\$ (102,454)	\$ (190,092)	\$ (200,409)
Severance, restructuring, and acquisition integration costs	4,380	2,219	7,954	2,219
Adjusted selling, general and administrative expenses	\$ (87,323)	\$ (100,235)	\$ (182,138)	\$ (198,190)
GAAP and adjusted research and development expenses	\$ (25,090)	\$ (24,775)	\$ (51,309)	\$ (48,022)
GAAP net income (loss) attributable to Belden	\$ (67,905)	\$ 42,200	\$ (79,094)	\$ 67,402
Loss (income) from discontinued operations, net of tax	71,054	(895)	97,164	1,862
Interest expense, net	14,257	13,961	27,581	27,949
Income tax expense	400	3,956	2,592	10,126
Noncontrolling interest	24	90	(6)	66
Total non-operating adjustments	85,735	17,112	127,331	40,003
Amortization of intangible assets	16,017	19,068	32,202	37,232
Severance, restructuring, and acquisition integration costs	4,472	2,519	8,091	2,519
Amortization of software development intangible assets	386	63	716	122
Purchase accounting effects related to acquisitions	105	718	125	718
Total operating income adjustments	20,980	22,368	41,134	40,591
Depreciation expense	10,332	9,908	20,614	20,011
Adjusted EBITDA	\$ 49,142	\$ 91,588	\$ 109,985	\$ 168,007
GAAP net income (loss) margin	(16.0)%	7.7 %	(8.9)%	6.4 %
Adjusted EBITDA margin	11.6 %	16.7 %	12.4 %	16.0 %

# Reconciliation of Non-GAAP Measures (continued)

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

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands, except percentages and per share amounts)			
GAAP net income (loss) attributable to Belden	\$ (67,905)	\$ 42,200	\$ (79,094)	\$ 67,402
Operating income adjustments from above	20,980	22,368	41,134	40,591
Loss (income) from discontinued operations, net of tax	71,054	(895)	97,164	1,862
Tax effect of adjustments above	(3,800)	(4,922)	(8,395)	(9,119)
Adjusted net income attributable to Belden	\$ 20,329	\$ 58,751	\$ 50,809	\$ 100,736
GAAP net income (loss) attributable to Belden	\$ (67,905)	\$ 42,200	\$ (79,094)	\$ 67,402
Loss (income) from discontinued operations, net of tax	71,054	(895)	97,164	1,862
Less: Preferred stock dividends	—	8,733	—	17,466
GAAP net income from continuing operations attributable to Belden common stockholders	\$ 3,149	\$ 32,572	\$ 18,070	\$ 51,798
Adjusted net income attributable to Belden	\$ 20,329	\$ 58,751	\$ 50,809	\$ 100,736
Less: Preferred stock dividends	—	—	—	17,466
Adjusted net income from continuing operations attributable to Belden common stockholders	\$ 20,329	\$ 58,751	\$ 50,809	\$ 83,270
GAAP income from continuing operations per diluted share attributable to Belden common stockholders	\$ 0.07	\$ 0.82	\$ 0.40	\$ 1.31
Adjusted income from continuing operations per diluted share attributable to Belden common stockholders	\$ 0.46	\$ 1.26	\$ 1.13	\$ 2.10
GAAP diluted weighted average shares	44,665	39,611	45,097	39,635
Adjusted for assumed conversion of preferred stock into common	—	6,857	—	—
Adjusted diluted weighted average shares	44,665	46,468	45,097	39,635

# Free Cash Flow GAAP to Non-GAAP Reconciliation

	Three Months Ended		Six Months Ended	
	June 28, 2020	June 30, 2019	June 28, 2020	June 30, 2019
	(In thousands)			
GAAP net cash provided by (used for) operating activities	\$ 39,922	\$ 67,705	\$ (12,130)	\$ 21,645
Capital expenditures, net of proceeds from the disposal of tangible assets	(19,799)	(27,165)	(38,644)	(50,750)
Non-GAAP free cash flow	\$ 20,123	\$ 40,540	\$ (50,774)	\$ (29,105)

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.