

4th Quarter 2017 Earnings Release Conference Call

February 1, 2018



Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the 2018 first 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 2017 fourth quarter results, our most recent Annual Report on Form 10-K as filed with the SEC on February 17, 2017 (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.

Q4 2017 Overview

- Revenues of \$604.9M, decreasing 50 basis points year-over-year
- Generated EBITDA of \$110.2M
- EPS of \$1.62, increasing 14.1% year-over-year
- Increased full-year 2018 revenue guidance to \$2.528 - \$2.578 billion from \$2.492 - \$2.542 billion

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

FY 2017 Highlights

- Record revenues of \$2.389B
- Generated record EBITDA of \$434.3M
- Record net income of \$265.0M, increasing 10.4%
- Strengthened balance sheet, acquired Thinklogical and increased investment in attractive organic growth initiatives

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

Q4 2017 Segment Overview

Broadcast Solutions	Revenue	\$174.7M	     
	EBITDA Margin	12.7%	<p>Cameras Signal Processing & Routing Monitoring Systems Automation Playout & Branding Systems Drop, Headend & Hardline Connectors KVM Switches</p>
Enterprise Solutions	Revenue	\$157.7M	   
	EBITDA Margin	16.7%	<p>Racks & Enclosures Copper & Fiber Connectivity Ethernet, Fiber Optic & Coaxial Precision A/V Cable & Connectivity</p>
Industrial Solutions	Revenue	\$162.6M	     
	EBITDA Margin	19.9%	<p>Industrial I/O Connectors Industrial Cables IP/Networking Cables I/O Modules/Active Distribution Boxes Customer-Specific Wiring</p>
Network Solutions	Revenue	\$110.0M	    
	EBITDA Margin	25.8%	<p>Switches & Routers Wireless, Gateways Embedded Firewalls Vulnerability & Configuration Management Network Management Software</p>

Q4 2017 Financial Summary

	Q4 2017	Q3 2017	Q4 2016
Revenue	\$604.9M	\$621.7M	\$608.2M
Gross profit	\$237.7M	\$255.4M	\$264.1M
Gross profit percentage	39.3%	41.1%	43.4%
EBITDA	\$110.2M	\$119.2M	\$122.5M
EBITDA percentage	18.2%	19.2%	20.1%
Net Income ⁽¹⁾	\$79.0M	\$73.9M	\$70.3M
Earnings Per Share ⁽²⁾	\$1.62	\$1.49	\$1.42

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

Q4 2017 Segment Results

	Broadcast Solutions	Enterprise Solutions	Industrial Solutions	Network Solutions	Consolidated
Q4 2017					
Revenue	\$174.7M	\$157.7M	\$162.6M	\$110.0M	\$604.9M
EBITDA ⁽¹⁾	\$22.2M	\$26.3M	\$32.3M	\$28.3M	\$110.2M
EBITDA Margin	12.7%	16.7%	19.9%	25.8%	18.2%
Q3 2017					
Revenue	\$193.8M	\$167.1M	\$160.5M	\$100.4M	\$621.7M
EBITDA ⁽¹⁾	\$35.7M	\$26.4M	\$30.5M	\$24.9M	\$119.2M
EBITDA Margin	18.4%	15.8%	19.0%	24.8%	19.2%
Q4 2016					
Revenue	\$208.8M	\$150.2M	\$146.7M	\$102.4M	\$608.2M
EBITDA ⁽¹⁾	\$48.6M	\$20.7M	\$27.5M	\$26.0M	\$122.5M
EBITDA Margin	23.3%	13.8%	18.8%	25.4%	20.1%

Consolidated are adjusted results. See Appendix for reconciliation to comparable GAAP results.

(1) Consolidated results include income / (loss) from our equity method investment.

Q4 2017 Balance Sheet Highlights

	Q4 2017	Q3 2017	Q4 2016
Cash and cash equivalents	\$561M	\$461M	\$848M
Working Capital Turns	8.6x	7.1x	15.4x
PP&E turns	7.2x	7.7x	7.9x
Total debt principal amount	\$1.58B	\$1.55B	\$1.64B
Net Leverage ⁽¹⁾	2.3x	2.3x	1.8x

(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.

Q4 2017 Cash Flow Highlights

	Q4 2017	Q4 2016	FY 2017	FY 2016
Cash flows from operating activities	\$151.7M	\$167.4M	\$255.3M	\$314.8M
Less: Net capital expenditures ⁽¹⁾	\$29.8M	\$17.8M	\$63.2M	\$53.6M
Free cash flow ⁽²⁾	\$121.9M	\$149.6M	\$192.1M	\$261.2M
Cash used to acquire businesses ⁽³⁾	\$0.0M	\$1.0M	\$166.9M	\$18.8M
Dividends / Share Repurchases	\$24.3M	\$9.8M	\$68.4M	\$16.1M

(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.

Outlook

Q1 2018

- Revenue of \$575 - \$595 million
- Earnings Per Share⁽¹⁾⁽²⁾ of \$1.05 - \$1.15

2018 Full Year

- Revenue of \$2.528 - \$2.578 billion
- Earnings Per Share⁽¹⁾⁽²⁾ of \$5.95 - \$6.20

(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?



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Appendix

Statements of Operations

Unaudited

	Three Months Ended		Twelve Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(In thousands, except per share data)			
Revenues	\$ 604,884	\$ 612,435	\$ 2,388,643	\$ 2,356,672
Cost of sales	<u>(375,292)</u>	<u>(350,651)</u>	<u>(1,454,604)</u>	<u>(1,375,678)</u>
Gross profit	229,592	261,784	934,039	980,994
Selling, general and administrative expenses	(114,236)	(122,099)	(461,022)	(494,224)
Research and development	(29,222)	(34,304)	(134,330)	(140,601)
Amortization of intangibles	(26,053)	(22,782)	(103,997)	(98,385)
Impairment of assets held for sale	—	(23,931)	—	(23,931)
Operating income	60,081	58,668	234,690	223,853
Interest expense, net	(16,477)	(23,092)	(82,901)	(95,050)
Loss on debt extinguishment	—	(2,342)	(52,441)	(2,342)
Income before taxes	43,604	33,234	99,348	126,461
Income tax benefit (expense)	<u>(13,168)</u>	<u>49</u>	<u>(6,495)</u>	<u>1,185</u>
Net income	30,436	33,283	92,853	127,646
Less: Net loss attributable to noncontrolling interest	<u>(83)</u>	<u>(71)</u>	<u>(357)</u>	<u>(357)</u>
Net income attributable to Belden	30,519	33,354	93,210	128,003
Less: Preferred stock dividends	<u>8,733</u>	<u>8,733</u>	<u>34,931</u>	<u>15,428</u>
Net income attributable to Belden common stockholders	<u>\$ 21,786</u>	<u>\$ 24,621</u>	<u>\$ 58,279</u>	<u>\$ 112,575</u>
Weighted average number of common shares and equivalents:				
Basic	42,126	42,157	42,220	42,093
Diluted	42,581	42,674	42,643	42,557
Basic income per share attributable to Belden common stockholders:	<u>\$ 0.52</u>	<u>\$ 0.58</u>	<u>\$ 1.38</u>	<u>\$ 2.67</u>
Diluted income per share attributable to Belden common stockholders:	<u>\$ 0.51</u>	<u>\$ 0.58</u>	<u>\$ 1.37</u>	<u>\$ 2.65</u>
Dividends declared per share	\$ 0.05	\$ 0.05	\$ 0.20	\$ 0.20

Operating Segment Information

Unaudited

	Broadcast Solutions	Enterprise Solutions	Industrial Solutions	Network Solutions	Total Segments
(In thousands, except percentages)					
<u>For the three months ended December 31, 2017</u>					
Segment Revenues	\$ 174,719	\$ 157,662	\$ 162,551	\$ 109,952	\$ 604,884
Segment EBITDA	22,168	26,340	32,328	28,330	109,166
Segment EBITDA margin	12.7 %	16.7 %	19.9 %	25.8 %	18.0 %
Depreciation expense	3,668	2,475	3,309	1,551	11,003
Amortization of intangibles	12,375	438	643	12,597	26,053
Amortization of software development intangible assets	56	—	—	—	56
Severance, restructuring, and acquisition integration costs	1,098	4,244	3,966	643	9,951
Purchase accounting effects of acquisitions	2,044	—	—	—	2,044
<u>For the three months ended December 31, 2016</u>					
Segment Revenues	\$ 208,787	\$ 150,237	\$ 146,730	\$ 102,402	\$ 608,156
Segment EBITDA	48,553	20,693	27,548	26,058	122,852
Segment EBITDA margin	23.3 %	13.8 %	18.8 %	25.4 %	20.2 %
Depreciation expense	4,143	3,198	2,873	1,741	11,955
Amortization of intangibles	9,942	426	598	11,816	22,782
Severance, restructuring, and acquisition integration costs	4,543	4,682	1,941	532	11,698
Purchase accounting effects of acquisitions	(3,186)	912	—	—	(2,274)
Deferred gross profit adjustments	383	—	—	892	1,275
Patent settlement	(5,554)	—	—	—	(5,554)
<u>For the twelve months ended December 31, 2017</u>					
Segment Revenues	\$ 725,139	\$ 631,166	\$ 628,458	\$ 403,880	\$ 2,388,643
Segment EBITDA	112,849	103,650	119,642	93,893	430,034
Segment EBITDA margin	15.6 %	16.4 %	19.0 %	23.2 %	18.0 %
Depreciation expense	15,763	10,509	12,968	6,357	45,597
Amortization of intangibles	49,325	1,729	2,571	50,372	103,997
Amortization of software development intangible assets	56	—	—	—	56
Severance, restructuring, and acquisition integration costs	5,532	23,511	12,272	1,475	42,790
Purchase accounting effects of acquisitions	6,133	—	—	—	6,133
<u>For the twelve months ended December 31, 2016</u>					
Segment Revenues	\$ 769,753	\$ 603,188	\$ 585,476	\$ 399,388	\$ 2,357,805
Segment EBITDA	137,870	101,298	101,248	92,773	433,189
Segment EBITDA margin	17.9 %	16.8 %	17.3 %	23.2 %	18.4 %
Depreciation expense	16,229	13,226	11,038	6,715	47,208
Amortization of intangibles	47,248	1,718	2,394	47,025	98,385
Severance, restructuring, and acquisition integration costs	10,414	11,962	9,923	6,471	38,770
Purchase accounting effects of acquisitions	(2,991)	912	—	—	(2,079)
Deferred gross profit adjustments	1,774	—	—	4,913	6,687
Patent settlement	(5,554)	—	—	—	(5,554)

Operating Segment Reconciliation to Consolidated Results

Unaudited

	Three Months Ended		Twelve Months Ended	
	<u>December 31, 2017</u>	<u>December 31, 2016</u>	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	(In thousands)			
Total Segment Revenues	\$ 604,884	\$ 608,156	\$ 2,388,643	\$ 2,357,805
Deferred revenue adjustments	—	(1,275)	—	(6,687)
Patent settlement	—	5,554	—	5,554
Consolidated Revenues	<u>\$ 604,884</u>	<u>\$ 612,435</u>	<u>\$ 2,388,643</u>	<u>\$ 2,356,672</u>
Total Segment EBITDA	\$ 109,166	\$ 122,852	\$ 430,034	\$ 433,189
Income from equity method investment	1,667	716	7,502	1,793
Eliminations	(632)	(1,087)	(3,260)	(3,781)
Consolidated Adjusted EBITDA (1)	110,201	122,481	434,276	431,201
Amortization of intangibles	(26,053)	(22,782)	(103,997)	(98,385)
Depreciation expense	(11,003)	(11,955)	(45,597)	(47,208)
Severance, restructuring, and acquisition integration costs	(9,951)	(11,698)	(42,790)	(38,770)
Purchase accounting effects related to acquisitions	(2,044)	2,274	(6,133)	2,079
Loss on sale of assets	(1,013)	—	(1,013)	—
Amortization of software development costs	(56)	—	(56)	—
Patent settlement	—	5,554	—	5,554
Impairment of assets held for sale	—	(23,931)	—	(23,931)
Deferred gross profit adjustments	—	(1,275)	—	(6,687)
Consolidated operating income	60,081	58,668	234,690	223,853
Interest expense, net	(16,477)	(23,092)	(82,901)	(95,050)
Loss on debt extinguishment	—	(2,342)	(52,441)	(2,342)
Consolidated income before taxes	<u>\$ 43,604</u>	<u>\$ 33,234</u>	<u>\$ 99,348</u>	<u>\$ 126,461</u>

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

Balance Sheet

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 561,108	\$ 848,116
Receivables, net	466,325	388,059
Inventories, net	297,226	190,408
Other current assets	40,167	29,176
Assets held for sale	—	23,193
Total current assets	<u>1,364,826</u>	<u>1,478,952</u>
Property, plant and equipment, less accumulated depreciation	337,322	309,291
Goodwill	1,478,257	1,385,995
Intangible assets, less accumulated amortization	545,207	560,082
Deferred income taxes	42,549	33,706
Other long-lived assets	65,207	38,777
	<u>\$ 3,833,368</u>	<u>\$ 3,806,803</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 376,277	\$ 258,203
Accrued liabilities	295,406	310,340
Liabilities held for sale	—	1,736
Total current liabilities	<u>671,683</u>	<u>570,279</u>
Long-term debt	1,560,748	1,620,161
Postretirement benefits	102,085	104,050
Deferred income taxes	27,713	14,276
Other long-term liabilities	36,273	36,720
Stockholders' equity:		
Preferred stock	1	1
Common stock	503	503
Additional paid-in capital	1,123,832	1,116,090
Retained earnings	833,610	783,812
Accumulated other comprehensive loss	(98,026)	(39,067)
Treasury stock	(425,685)	(401,026)
Total Belden stockholders' equity	<u>1,434,235</u>	<u>1,460,313</u>
Noncontrolling interest	631	1,004
Total stockholders' equity	<u>1,434,866</u>	<u>1,461,317</u>
	<u>\$ 3,833,368</u>	<u>\$ 3,806,803</u>

Cash Flow Statement

Unaudited

	Twelve Months Ended	
	December 31, 2017	December 31, 2016
	(In thousands)	
Cash flows from operating activities:		
Net income	\$ 92,853	\$ 127,646
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	149,650	145,593
Loss on debt extinguishment	52,441	2,342
Share-based compensation	14,647	18,178
Impairment of assets held for sale	—	23,931
Deferred income tax benefit	(24,098)	(30,034)
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	(17,686)	(10,115)
Inventories	(84,088)	2,677
Accounts payable	100,752	39,298
Accrued liabilities	(32,321)	(13,181)
Accrued taxes	5,001	11,722
Other assets	(13,255)	760
Other liabilities	11,404	(4,023)
Net cash provided by operating activities	<u>255,300</u>	<u>314,794</u>
Cash flows from investing activities:		
Cash used to acquire businesses, net of cash acquired	(166,896)	(18,848)
Capital expenditures	(64,261)	(53,974)
Other	—	(827)
Proceeds from disposal of tangible assets	1,039	392
Net cash used for investing activities	<u>(230,118)</u>	<u>(73,257)</u>
Cash flows from financing activities:		
Borrowings under credit arrangements	866,700	222,050
Proceeds from issuance of preferred stock, net	—	501,498
Payments under borrowing arrangements	(1,105,892)	(294,375)
Cash dividends paid	(43,376)	(16,079)
Payments under share repurchase program	(25,000)	—
Debt issuance costs paid	(17,316)	(3,910)
Withholding tax payments for share-based payment awards, net of proceeds from the exercise of stock options	(6,564)	(7,480)
Net cash provided by (used for) financing activities	<u>(331,448)</u>	<u>401,704</u>
Effect of foreign currency exchange rate changes on cash and cash equivalents	19,258	(11,876)
Increase (decrease) in cash and cash equivalents	(287,008)	631,365
Cash and cash equivalents, beginning of period	848,116	216,751
Cash and cash equivalents, end of period	<u>\$ 561,108</u>	<u>\$ 848,116</u>

Q4 2017 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		Twelve Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(in thousands, except percentages and per share amounts)			
GAAP revenues	\$ 604,884	\$ 612,435	\$ 2,388,643	\$ 2,356,672
Deferred revenue adjustments	—	1,275	—	6,687
Patent settlement	—	(5,554)	—	(5,554)
Adjusted revenues	<u>\$ 604,884</u>	<u>\$ 608,156</u>	<u>\$ 2,388,643</u>	<u>\$ 2,357,805</u>
GAAP gross profit	\$ 229,592	\$ 261,784	\$ 934,039	\$ 980,994
Severance, restructuring, and acquisition integration costs	6,039	5,461	32,562	12,276
Purchase accounting effects related to acquisitions	2,044	912	6,133	1,107
Amortization of software development intangible assets	56	—	56	—
Deferred gross profit adjustments	—	1,275	—	6,687
Accelerated depreciation	—	246	798	864
Patent settlement	—	(5,554)	—	(5,554)
Adjusted gross profit	<u>\$ 237,731</u>	<u>\$ 264,124</u>	<u>\$ 973,588</u>	<u>\$ 996,374</u>
GAAP gross profit margin	38.0 %	42.7 %	39.1 %	41.6 %
Adjusted gross profit margin	39.3 %	43.4 %	40.8 %	42.3 %
GAAP selling, general and administrative expenses	\$ (114,236)	\$ (122,099)	\$ (461,022)	\$ (494,224)
Severance, restructuring, and acquisition integration costs	3,727	6,053	9,991	25,657
Loss on sale of assets	1,013	—	1,013	—
Accelerated depreciation	—	48	—	64
Purchase accounting effects related to acquisitions	—	(3,186)	—	(3,186)
Adjusted selling, general and administrative expenses	<u>\$ (109,496)</u>	<u>\$ (119,184)</u>	<u>\$ (450,018)</u>	<u>\$ (471,689)</u>
GAAP research and development	\$ (29,222)	\$ (34,304)	\$ (134,330)	\$ (140,601)
Severance, restructuring, and acquisition integration costs	185	184	237	837
Adjusted research and development	<u>\$ (29,037)</u>	<u>\$ (34,120)</u>	<u>\$ (134,093)</u>	<u>\$ (139,764)</u>
GAAP net income attributable to Belden	\$ 30,519	\$ 33,354	\$ 93,210	\$ 128,003
Interest expense, net	16,477	23,092	82,901	95,050
Loss on debt extinguishment	—	2,342	52,441	2,342
Income tax expense (benefit)	13,168	(49)	6,495	(1,185)
Noncontrolling interest	(83)	(71)	(357)	(357)
Total non-operating adjustments	<u>29,562</u>	<u>25,314</u>	<u>141,480</u>	<u>95,850</u>
Amortization of intangible assets	26,053	22,782	103,997	98,385
Severance, restructuring, and acquisition integration costs	9,951	11,498	42,790	38,770
Purchase accounting effects related to acquisitions	2,044	(2,274)	6,133	(2,079)
Loss on sale of assets	1,013	—	1,013	—
Accelerated depreciation	—	294	798	928
Amortization of software development intangible assets	56	—	56	—
Impairment of assets held for sale	—	23,931	—	23,931
Deferred gross profit adjustments	—	1,275	—	6,687
Patent settlement	—	(5,554)	—	(5,554)
Total operating income adjustments	<u>39,117</u>	<u>52,152</u>	<u>154,787</u>	<u>161,068</u>
Depreciation expense	<u>11,003</u>	<u>11,661</u>	<u>44,799</u>	<u>46,280</u>
Adjusted EBITDA	<u>\$ 110,201</u>	<u>\$ 122,481</u>	<u>\$ 434,276</u>	<u>\$ 431,201</u>
GAAP net income margin	5.0 %	5.4 %	3.9 %	5.4 %
Adjusted EBITDA margin	18.2 %	20.1 %	18.2 %	18.3 %
GAAP net income attributable to Belden	\$ 30,519	\$ 33,354	\$ 93,210	\$ 128,003
Operating income adjustments from above	39,117	52,152	154,787	161,068
Loss on debt extinguishment	—	2,342	52,441	2,342
Tax effect of adjustments above	(19,046)	(17,524)	(63,796)	(51,374)
Impact of Tax Cuts and Jobs Act enactment	28,440	—	28,440	—
Amortization expense attributable to noncontrolling interest, net of tax	(16)	(16)	(65)	(64)
Adjusted net income attributable to Belden	<u>\$ 79,014</u>	<u>\$ 70,308</u>	<u>\$ 265,019</u>	<u>\$ 239,975</u>
GAAP net income attributable to Belden	\$ 30,519	\$ 33,354	\$ 93,210	\$ 128,003
Less: Preferred stock dividends	8,733	8,733	34,931	15,428
GAAP net income attributable to Belden common stockholders	<u>\$ 21,786</u>	<u>\$ 24,621</u>	<u>\$ 58,279</u>	<u>\$ 112,575</u>
Adjusted net income attributable to Belden	\$ 79,014	\$ 70,308	\$ 265,019	\$ 239,975
Less: Preferred stock dividends	—	—	—	—
Adjusted net income attributable to Belden common stockholders	<u>\$ 79,014</u>	<u>\$ 70,308</u>	<u>\$ 265,019</u>	<u>\$ 239,975</u>
GAAP income per diluted share attributable to Belden common stockholders	\$ 0.51	\$ 0.58	\$ 1.37	\$ 2.65
Adjusted income per diluted share attributable to Belden common stockholders	\$ 1.62	\$ 1.42	\$ 5.35	\$ 5.27
GAAP diluted weighted average shares	42,581	42,674	42,643	42,557
Adjustment for assumed conversion of preferred stock into common stock	6,268	6,857	6,857	2,979
Adjusted diluted weighted average shares	<u>48,849</u>	<u>49,531</u>	<u>49,500</u>	<u>45,536</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		Twelve Months Ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	(In thousands)			
GAAP net cash provided by operating activities	\$ 151,685	\$ 167,365	\$ 255,300	\$ 314,794
Capital expenditures, net of proceeds from the disposal of tangible assets	(29,807)	(17,807)	(63,222)	(53,582)
Non-GAAP free cash flow	\$ 121,878	\$ 149,558	\$ 192,078	\$ 261,212

Reconciliation of Non-GAAP Measures

Q1 and Full-Year 2018 Earnings Guidance

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	Three Months Ended
	December 31, 2018	April 1, 2018
Adjusted income per diluted share attributable to Belden common stockholders	\$5.95 - \$6.20	\$1.05 - \$1.15
Amortization of intangible assets	(\$1.49)	(\$0.39)
Severance, restructuring, and acquisition integration costs	(\$0.50)	(\$0.29)
GAAP income per diluted share attributable to Belden common stockholders	<u>\$3.96 - \$4.21</u>	<u>\$0.37 - \$0.47</u>