2nd Quarter 2015 Earnings Release Conference Call

July 29, 2015

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Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the 2015 third quarter and full year. Forward-looking statements include statements regarding future financial performance (including revenues, expenses, earnings, margins, cash flows, dividends, capital expenditures and financial condition), plans and objectives and related assumptions. 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 2015 second quarter results, our most recent Annual Report on Form 10-K as filed with the SEC on February 23, 2015 (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 website www.Belden.com under Investor Relations.

Q2 2015 Highlights

- Generated revenues of $598.5 million;
- Achieved record gross profit margins of 41.7%, increasing 470 basis points from 37.0% in the year-ago period;
- Expanded EBITDA margins to a record 16.7%, increasing 190 basis points from 14.8% in the year-ago period;
- Generated income from continuing operations per diluted share of $1.21, up 15.2% over last year's $1.05; and
- Reduced the expected range of full-year revenues to $2.360 - $2.390 billion, and adjusted income from continuing operations per diluted share to $4.70 – 4.90.

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

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2nd Quarter Segment Overview

Broadcast	Revenue	$219.4M
	EBITDA Margin	14.4%
Enterprise Connectivity	Revenue	$117.3M
	EBITDA Margin	18.0%
Industrial Connectivity	Revenue	$160.9M
	EBITDA Margin	17.8%
Industrial IT	Revenue	$61.3M
	EBITDA Margin	16.6%
Network Security	Revenue	$39.6M
	EBITDA Margin	22.1%


Camera Mounted Fiber Solutions


Signal Processing & Routing


Precision A/V Cable and Connectivity


Monitoring Systems


Automation Playout & Branding Systems


Racks and Enclosures


Copper and Fiber Connectivity


Ethernet, Fiber Optic and Coaxial


Industrial and I/O Connectors


Industrial Cables


IP/Networking Cables

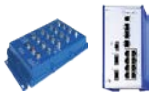

I/O Modules/ Active


Distribution Boxes


Customer-Specific Wiring


Cables, Security & Routing


Wireless


Switches


Connectivity

TRIPWIRE CCM
TRIPWIRE ENTERPRISE
Targeted Attack Detection

TRIPWIRE IP360
TRIPWIRE PURECLOUD
Vulnerability Assessment

TRIPWIRE LOG CENTER
Threat Analytics

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

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Q2 2015 Financial Summary

	Q2 2015	Q1 2015	Q2 2014
Revenue	$598.5M	$569.5M	$605.1M
Gross profit	$249.5M	$231.0M	$223.8M
Gross profit percentage	41.7%	40.6%	37.0%
EBITDA	$100.1M	$88.5M	$89.8M
EBITDA percentage	16.7%	15.5%	14.8%
Income from continuing operations	$52.2M	$43.3M	$46.5M
Income from continuing operations per diluted share	$1.21	$1.00	$1.05

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

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Segment Results

	Broadcast	Enterprise Connectivity	Industrial Connectivity	Industrial IT	Network Security	Consolidated
Q2 2015						
Revenue	$219.4M	$117.3M	$160.9M	$61.3M	$39.6M	$598.5M
EBITDA(1)	$31.6M	$21.1M	$28.7M	$10.2M	$8.8M	$100.1M
EBITDA Margin	14.4%	18.0%	17.8%	16.6%	22.1%	16.7%
Q1 2015						
Revenue	$213.6M	$104.7M	$153.0M	$61.1M	$37.1M	$569.5M
EBITDA(1)	$29.2M	$13.9M	$24.2M	$11.1M	$9.9M	$88.5M
EBITDA Margin	13.7%	13.3%	15.8%	18.2%	26.7%	15.5%
Q2 2014(2)						
Revenue	$252.3M	$121.3M	$178.2M	$53.3M		$605.1M
EBITDA(1)	$31.3M	$19.7M	$29.5M	$8.8M		$89.8M
EBITDA Margin	12.4%	16.2%	16.5%	16.5%		14.8%

Adjusted results. See Appendix for reconciliation to comparable GAAP results.
(1) Consolidated results include income from our equity method investment.
(2) Consolidated results for these periods exclude the impact of Security as Tripwire acquisition was completed in 2015

Balance Sheet Highlights

	Q2 2015	Q2 2014
Cash and cash equivalents	$208.4M	$445.0M
Inventory turns	6.0x	6.9x
Days sales outstanding	64 days	63 days
PP&E turns	7.3x	7.3x
Total debt principal amount	$1.92B	$1.56B

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Cash Flow Highlights

	Q2 2015	Q2 2014
Cash flows from operating activities	$ 53.3M	$ 43.7M(1)
Less: Net capital expenditures(2)	$ 11.7M	$ 10.6M
Free cash flow (3)	$ 41.6M	$ 33.1M
Cash used to acquire businesses(4)	$ 0.0M	$ 306.8M
Share repurchases and dividends	$ 2.1M	$ 33.4M

(1) Adjusted for cash payment of $12.8M in Q2 2014 related to the integration of Grass Valley. See Appendix for reconciliation to comparable GAAP results.
(2) Capital expenditures, net of proceeds from the disposal of tangible assets. See Appendix for reconciliation.
(3) 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.
(4) Net of cash acquired.

Outlook

Q3 2015[(1)]

- Revenue of $580 - $600 million
- Income from continuing operations per diluted share of $1.05 - $1.15

2015 Full Year[(1)]

- Revenue of $2.360 - $2.390 billion
- Income from continuing operations per diluted share of $4.70 - $4.90

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

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Appendix

Statements of Operations and Comprehensive Income

(Unaudited)

	Three Months Ended		Six Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
	(In thousands, except per share data)			
Revenues	$ 585,755	$ 600,891	$ 1,132,712	$ 1,088,581
Cost of sales	(351,479)	(396,506)	(690,787)	(708,479)
Gross profit	234,276	204,385	441,925	380,102
Selling, general and administrative expenses	(127,927)	(145,902)	(268,743)	(240,750)
Research and development	(36,632)	(31,618)	(72,831)	(52,189)
Amortization of intangibles	(25,917)	(15,795)	(52,421)	(27,536)
Income from equity method investment	343	1,256	1,111	2,210
Operating income	44,143	12,326	49,041	61,837
Interest expense, net	(24,769)	(18,092)	(48,615)	(36,762)
Income (loss) from continuing operations before taxes	19,374	(5,766)	426	25,075
Income tax benefit	2,303	5,781	1,615	96
Income from continuing operations	21,677	15	2,041	25,171
Loss from disposal of discontinued operations, net of tax	(86)	-	(86)	(562)
Net income	$ 21,591	$ 15	$ 1,955	$ 24,609
Weighted average number of common shares and equivalents:				
Basic	42,655	43,603	42,596	43,559
Diluted	43,233	44,292	43,224	44,293
Basic income (loss) per share:				
Continuing operations	$ 0.51	$ -	$ 0.05	$ 0.58
Discontinued operations	-	-	-	(0.01)
Net income	$ 0.51	$ -	$ 0.05	$ 0.57
Diluted income (loss) per share:				
Continuing operations	$ 0.50	$ -	$ 0.05	$ 0.57
Discontinued operations	-	-	-	(0.01)
Net income	$ 0.50	$ -	$ 0.05	$ 0.56
Comprehensive income	$ 19,562	$ 13,894	$ 13,839	$ 27,175
Dividends declared per share	$ 0.05	$ 0.05	$ 0.10	$ 0.10

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Balance Sheet

	June 28, 2015	December 31, 2014
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 208,419	$ 741,162
Receivables, net	412,251	379,777
Inventories, net	233,100	228,398
Deferred income taxes	21,188	22,157
Other current assets	72,388	42,656
Total current assets	947,346	1,414,150
Property, plant and equipment, less accumulated depreciation	319,455	316,385
Goodwill	1,418,031	943,374
Intangible assets, less accumulated amortization	713,484	461,292
Deferred income taxes	24,049	40,652
Other long-lived assets	80,278	86,974
	$ 3,502,643	$ 3,262,827
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 225,891	$ 272,439
Accrued liabilities	267,910	250,420
Current maturities of long-term debt	2,500	2,500
Total current liabilities	496,301	525,359
Long-term debt	1,918,695	1,765,422
Postretirement benefits	115,806	122,627
Deferred income taxes	115,060	10,824
Other long-term liabilities	36,275	31,409
Stockholders' equity:		
Common stock	503	503
Additional paid-in capital	598,264	595,389
Retained earnings	619,593	621,896
Accumulated other comprehensive loss	(34,147)	(46,031)
Treasury stock	(363,707)	(364,571)
Total stockholders' equity	820,506	807,186
	$ 3,502,643	$ 3,262,827

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Cash Flow Statement

(Unaudited)

	Six Months Ended	
	June 28, 2015	June 29, 2014
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 1,955	$ 24,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	75,654	48,433
Share-based compensation	9,891	9,524
Income from equity method investment	(1,111)	(2,210)
Tax benefit related to share-based compensation	(5,288)	(4,894)
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	(6,250)	(33,762)
Inventories	(11,837)	7,605
Accounts payable	(43,689)	(4,584)
Accrued liabilities	(4,363)	(32,271)
Accrued taxes	(10,214)	(13,226)
Other assets	(625)	7,212
Other liabilities	923	4,119
Net cash provided by operating activities	5,046	10,555
Cash flows from investing activities:		
Cash used to acquire businesses, net of cash acquired	(695,345)	(311,467)
Capital expenditures	(27,224)	(20,963)
Payments related to the disposal of a business	-	(956)
Proceeds from disposal of tangible assets	80	13
Net cash used for investing activities	(722,489)	(333,373)
Cash flows from financing activities:		
Borrowings under credit arrangements	200,000	200,000
Tax benefit related to share-based compensation	5,288	4,894
Payments under share repurchase program	-	(31,197)
Payments under borrowing arrangements	(625)	(625)
Debt issuance costs paid	(643)	(5,702)
Cash dividends paid	(4,235)	(4,358)
Proceeds (payments) from exercise of stock options, net of withholding tax payments	(11,439)	(7,741)
Net cash provided by financing activities	188,346	155,271
Effect of foreign currency exchange rate changes on cash and cash equivalents	(3,646)	(792)
Decrease in cash and cash equivalents	(532,743)	(168,339)
Cash and cash equivalents, beginning of period	741,162	613,304
Cash and cash equivalents, end of period	$ 208,419	$ 444,965

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Free Cash Flow GAAP to Non-GAAP Reconciliation

(Unaudited)

We define free cash flow, which is a non-GAAP financial measure, as net cash provided by operating activities adjusted for capital expenditures net of the proceeds from the disposal of tangible assets, and cash payments for severance and other costs for the integration of our 2014 acquisition of Grass Valley. 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		Six Months Ended	
	June 28, 2015	June 29, 2014	June 28, 2015	June 29, 2014
	(In thousands)			
GAAP net cash provided by operating activities	$ 53,251	$ 30,970	$ 5,046	$ 10,555
Capital expenditures, net of proceeds from the disposal of tangible assets	(11,694)	(10,606)	(27,144)	(20,950)
Cash paid for severance and other costs for the integration of our acquisition of Grass Valley	-	12,768	-	12,768
Non-GAAP free cash flow	$ 41,557	$ 33,132	$ (22,098)	$ 2,373

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GAAP to Non-GAAP Reconciliation - Consolidated

(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; revenue and cost of sales deferrals for certain acquired product lines subject to software revenue recognition accounting requirements; 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; discontinued operations; and other costs. 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. 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, 2015	June 29, 2014	June 28, 2015	June 29, 2014
	(In thousands, except percentages and per share amounts)			
GAAP revenues	$ 585,755	$ 600,891	$ 1,132,712	$ 1,088,581
Deferred revenue adjustments	12,758	4,163	35,252	4,780
Adjusted revenues	$ 598,513	$ 605,054	$ 1,167,964	$ 1,093,361
GAAP gross profit	$ 234,276	$ 204,385	$ 441,925	$ 380,102
Severance, restructuring, and integration costs	1,783	8,035	3,174	7,986
Purchase accounting effects related to acquisitions	-	7,442	267	7,442
Deferred gross profit adjustments	13,440	3,915	35,098	4,365
Accelerated depreciation	25	-	100	-
Adjusted gross profit	$ 249,524	$ 223,777	$ 480,564	$ 399,895
GAAP gross profit margin	*40.0%*	*34.0%*	*39.0%*	*34.9%*
Adjusted gross profit margin	*41.7%*	*37.0%*	*41.1%*	*36.6%*
GAAP operating income	$ 44,143	$ 12,326	$ 49,041	$ 61,837
Severance, restructuring, and integration costs	4,907	38,208	19,390	39,651
Amortization of intangible assets	25,917	15,795	52,421	27,536
Purchase accounting effects related to acquisitions	-	8,163	9,422	9,015
Deferred gross profit adjustments	13,440	3,915	35,098	4,365
Accelerated depreciation	42	-	182	-
Total operating income adjustments	44,306	66,081	116,513	80,567
Depreciation expense	11,650	11,400	23,051	20,897
Adjusted EBITDA	$ 100,099	$ 89,807	$ 188,605	$ 163,301
GAAP operating income margin	*7.5%*	*2.1%*	*4.3%*	*5.7%*
Adjusted EBITDA margin	*16.7%*	*14.8%*	*16.1%*	*14.9%*
GAAP income from continuing operations	$ 21,677	$ 15	$ 2,041	$ 25,171
Operating income adjustments from above	44,306	66,081	116,513	80,567
Tax effect of adjustments	(13,768)	(19,635)	(23,077)	(23,855)
Adjusted income from continuing operations	$ 52,215	$ 46,461	$ 95,477	$ 81,883
GAAP income from continuing operations per diluted share	$ 0.50	$ -	$ 0.05	$ 0.57
Adjusted income from continuing operations per diluted share	$ 1.21	$ 1.05	$ 2.21	$ 1.85
GAAP and Adjusted diluted weighted average shares	43,233	44,292	43,224	44,293

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Segment Operating Information

(Unaudited)

	Broadcast Solutions	Enterprise Connectivity	Industrial Connectivity	Industrial IT	Network Security	Total Segments
			(In thousands, except percentages)			
For the three months ended June 28, 2015						
Segment Revenues	$ 219,415	$ 117,335	$ 160,875	$ 61,270	$ 39,618	$ 598,513
Segment EBITDA	31,614	21,101	28,680	10,178	8,772	100,345
Segment EBITDA margin	*14.4%*	*18.0%*	*17.8%*	*16.6%*	*22.1%*	*16.8%*
Depreciation expense	4,373	2,947	2,869	584	919	11,692
Amortization of intangibles	12,889	135	807	1,479	10,607	25,917
Severance, restructuring, and acquisition integration costs	3,283	83	1,163	-	378	4,907
Deferred gross profit adjustments	(924)	-	-	-	14,364	13,440
For the three months ended June 29, 2014						
Segment Revenues	$ 252,278	$ 121,272	$ 178,244	$ 53,260	$ -	$ 605,054
Segment EBITDA	31,318	19,667	29,462	8,806	-	89,253
Segment EBITDA margin	*12.4%*	*16.2%*	*16.5%*	*16.5%*	*n/a*	*14.8%*
Depreciation expense	4,609	3,799	2,458	534	-	11,400
Amortization of intangibles	14,424	167	271	933	-	15,795
Severance, restructuring, and acquisition integration costs	27,524	1,821	8,144	719	-	38,208
Purchase accounting effects of acquisitions	7,148	147	250	618	-	8,163
Deferred gross profit adjustments	3,915	-	-	-	-	3,915
For the three months ended March 29, 2015						
Segment Revenues	$ 213,586	$ 104,695	$ 152,972	$ 61,073	$ 37,125	$ 569,451
Segment EBITDA	29,232	13,881	24,173	11,087	9,901	88,274
Segment EBITDA margin	*13.7%*	*13.3%*	*15.8%*	*18.2%*	*26.7%*	*15.5%*
Depreciation expense	4,185	3,002	2,851	559	944	11,541
Amortization of intangibles	12,720	138	823	1,410	11,413	26,504
Severance, restructuring, and acquisition integration costs	11,538	557	1,773	(52)	667	14,483
Purchase accounting effects of acquisitions	-	-	267	-	9,155	9,422
Deferred gross profit adjustments	3,294	-	-	-	18,364	21,658

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Segment Operating Information

(Unaudited)

	Three Months Ended		
	June 28, 2015	**June 29, 2014**	**March 29, 2015**
	(In thousands)		
Total Segment Revenues	$ 598,513	$ 605,054	$ 569,451
Deferred revenue adjustments	(12,758)	(4,163)	(22,494)
Consolidated Revenues	$ 585,755	$ 600,891	$ 546,957
Total Segment EBITDA	$ 100,345	$ 89,253	$ 88,274
Income from equity method investment	343	1,256	768
Eliminations	(589)	(702)	(536)
Consolidated Adjusted EBITDA (1)	100,099	89,807	88,506
Amortization of intangibles	(25,917)	(15,795)	(26,504)
Deferred gross profit adjustments	(13,440)	(3,915)	(21,658)
Severance, restructuring, and acquisition integration costs	(4,907)	(38,208)	(14,483)
Depreciation expense	(11,692)	(11,400)	(11,541)
Purchase accounting effects related to acquisitions	-	(8,163)	(9,422)
Consolidated operating income	44,143	12,326	4,898
Interest expense, net	(24,769)	(18,092)	(23,846)
Consolidated income (loss) from continuing operations before taxes	$ 19,374	$ (5,766)	$ (18,948)

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

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Reconciliation of Non-GAAP Measures
2015 Revenue and Earnings Guidance

	Year Ended December 31, 2015	Three Months Ended September 27, 2015
Adjusted revenues	$2.360 - $2.390 billion	$580 - $600 million
Deferred revenue adjustments	($57 million)	($13 million)
GAAP revenues	$2.303 - $2.333 billion	$567 - $587 million
Adjusted income from continuing operations per diluted share	$4.70 - $4.90	$1.05 - $1.15
Amortization of intangible assets	($1.82)	($0.50)
Deferred gross profit adjustments	($0.97)	($0.24)
Severance, restructuring, and acquisition integration costs	($0.81)	($0.47)
Purchase accounting effects of acquisitions	($0.16)	$0.00
GAAP income (loss) from continuing operations per diluted share	$0.94 - $1.14	($0.16 - $0.06)

Our guidance for revenues and income from continuing operations per diluted share is based upon the extent of information currently available regarding events and conditions that will impact our future operating results for 2015. 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 and other restructuring 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.