3rd Quarter 2015 Earnings Release Conference Call

October 28, 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 fourth 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 third 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.

Q3 2015 Highlights

- Generated revenues of $590.1 million;
- Achieved gross profit margins of 40.8%, increasing 320 basis points from 37.6% in the year-ago period;
- Expanded EBITDA margins to 16.5%, increasing 80 basis points from 15.7% in the year-ago period;
- Repurchased approximately 698,000 shares of Belden common stock; and
- Raised the expected range of full-year adjusted income from continuing operations per diluted share to $4.80 – 4.90.

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

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3rd Quarter Segment Overview

Broadcast	Revenue	$228.1M
	EBITDA Margin	15.3%
Enterprise Connectivity	Revenue	$113.8M
	EBITDA Margin	16.0%
Industrial Connectivity	Revenue	$147.7M
	EBITDA Margin	15.7%
Industrial IT	Revenue	$59.2M
	EBITDA Margin	17.7%
Network Security	Revenue	$41.4M
	EBITDA Margin	27.2%


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

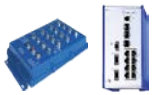

I/O Modules/ Active


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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Q3 2015 Financial Summary

	Q3 2015	Q2 2015	Q3 2014
Revenue	$590.1M	$598.5M	$613.1M
Gross profit	$240.7M	$249.5M	$230.2M
Gross profit percentage	40.8%	41.7%	37.6%
EBITDA	$97.5M	$100.1M	$96.3M
EBITDA percentage	16.5%	16.7%	15.7%
Income from continuing operations	$48.9M	$52.2M	$50.4M
Income from continuing operations per diluted share	$1.14	$1.21	$1.15

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
Q3 2015						
Revenue	$228.1M	$113.8M	$147.7M	$59.2M	$41.4M	$590.1M
EBITDA(1)	$34.9M	$18.2M	$23.2M	$10.5M	$11.2M	$97.5M
EBITDA Margin	15.3%	16.0%	15.7%	17.7%	27.2%	16.5%
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%
Q3 2014(2)						
Revenue	$256.6M	$115.3M	$171.1M	$70.1M		$613.1M
EBITDA(1)	$38.5M	$17.7M	$26.5M	$13.6M		$96.3M
EBITDA Margin	15.0%	15.4%	15.5%	19.4%		15.7%

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 Network Security as Tripwire acquisition was completed in 2015

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Balance Sheet Highlights

	Q3 2015	Q2 2015	Q3 2014
Cash and cash equivalents	$241.9M	$208.4M	$449.1M
Inventory turns	6.7x	6.0X	7.0 x
Days sales outstanding	63 days	64 days	62 days
PP&E turns	7.4x	7.3x	7.6x
Total debt principal amount	$1.91B	$1.92B	$1.54B

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Cash Flow Highlights

	Q3 2015	Q2 2015	Q3 2014
Cash flows from operating activities	$ 86.9M	$ 53.3M	$ 63.2M(1)
Less: Net capital expenditures(2)	$ 11.8M	$ 11.7M	$ 8.3M
Free cash flow (3)	$ 75.1M	$ 41.6M	$ 54.9M
Cash used to acquire businesses(4)	$ 0.0M	$ 0.0M	$ 1.6M
Share repurchases and dividends	$ 41.2M	$ 2.1M	$ 33.2M

(1) Adjusted for cash payment of $9.0M in Q3 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

Q4 2015[(1)]

- Revenue of $595 - $615 million
- Income from continuing operations per diluted share of $1.45 - $1.55

2015 Full Year[(1)]

- Revenue of $2.353 - $2.373 billion
- Income from continuing operations per diluted share of $4.80 - $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		Nine Months Ended	
	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
	(In thousands, except per share data)			
Revenues	$ 579,266	$ 610,774	$ 1,711,978	$ 1,699,355
Cost of sales	(353,135)	(389,042)	(1,043,922)	(1,097,521)
Gross profit	226,131	221,732	668,056	601,834
Selling, general and administrative expenses	(128,140)	(119,104)	(396,883)	(359,854)
Research and development	(38,168)	(30,444)	(110,999)	(82,633)
Amortization of intangibles	(25,669)	(15,203)	(78,090)	(42,739)
Income from equity method investment	348	1,030	1,459	3,240
Operating income	34,502	58,011	83,543	119,848
Interest expense, net	(25,416)	(21,497)	(74,031)	(58,259)
Income from continuing operations before taxes	9,086	36,514	9,512	61,589
Income tax benefit (expense)	5,725	(2,667)	7,340	(2,571)
Income from continuing operations	14,811	33,847	16,852	59,018
Loss from discontinued operations, net of tax	(242)	-	(242)	-
Loss from disposal of discontinued operations, net of tax	-	-	(86)	(562)
Net income	$ 14,569	$ 33,847	$ 16,524	$ 58,456
Weighted average number of common shares and equivalents:				
Basic	42,417	43,201	42,536	43,439
Diluted	42,908	43,910	43,117	44,164
Basic income (loss) per share:				
Continuing operations	$ 0.35	$ 0.78	$ 0.40	$ 1.36
Discontinued operations	(0.01)	-	(0.01)	-
Disposal of discontinued operations	-	-	-	(0.01)
Net income	$ 0.34	$ 0.78	$ 0.39	$ 1.35
Diluted income (loss) per share:				
Continuing operations	$ 0.35	$ 0.77	$ 0.39	$ 1.33
Discontinued operations	(0.01)	-	(0.01)	-
Disposal of discontinued operations	-	-	-	(0.01)
Net income	$ 0.34	$ 0.77	$ 0.38	$ 1.32
Comprehensive income (loss)	$ (9,803)	$ 30,783	$ 4,036	$ 57,958
Dividends declared per share	$ 0.05	$ 0.05	$ 0.15	$ 0.15

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Balance Sheet

	September 27, 2015	December 31, 2014
	(Unaudited)	
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 241,897	$ 741,162
Receivables, net	403,436	379,777
Inventories, net	210,088	228,398
Deferred income taxes	20,727	22,157
Other current assets	77,227	42,656
Total current assets	953,375	1,414,150
Property, plant and equipment, less accumulated depreciation	311,338	316,385
Goodwill	1,406,593	943,374
Intangible assets, less accumulated amortization	684,147	461,292
Deferred income taxes	23,447	40,652
Other long-lived assets	80,463	86,974
	$ 3,459,363	$ 3,262,827
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 209,656	$ 272,439
Accrued liabilities	298,053	250,420
Current maturities of long-term debt	2,500	2,500
Total current liabilities	510,209	525,359
Long-term debt	1,914,083	1,765,422
Postretirement benefits	114,543	122,627
Deferred income taxes	111,974	10,824
Other long-term liabilities	35,400	31,409
Stockholders' equity:		
Common stock	503	503
Additional paid-in capital	601,914	595,389
Retained earnings	632,044	621,896
Accumulated other comprehensive loss	(58,519)	(46,031)
Treasury stock	(402,788)	(364,571)
Total stockholders' equity	773,154	807,186
	$ 3,459,363	$ 3,262,827

Cash Flow Statement

(Unaudited)

	Nine Months Ended	
	September 27, 2015	**September 28, 2014**
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 16,524	$ 58,456
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	113,141	74,382
Share-based compensation	13,814	14,236
Income from equity method investment	(1,459)	(3,240)
Tax benefit related to share-based compensation	(5,064)	(4,939)
Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses:		
Receivables	(6,532)	(44,583)
Inventories	7,979	4,188
Accounts payable	(55,973)	(7,613)
Accrued liabilities	29,354	(24,414)
Accrued taxes	(23,884)	(13,818)
Other assets	3,394	8,856
Other liabilities	687	3,255
Net cash provided by operating activities	91,981	64,766
Cash flows from investing activities:		
Cash used to acquire businesses, net of cash acquired	(695,345)	(313,065)
Capital expenditures	(39,106)	(31,057)
Proceeds from disposal of tangible assets	145	1,773
Proceeds from (payments for) disposal of business	3,527	(956)
Net cash used for investing activities	(730,779)	(343,305)
Cash flows from financing activities:		
Borrowings under credit arrangements	200,000	200,000
Tax benefit related to share-based compensation	5,064	4,939
Debt issuance costs paid	(643)	(6,572)
Payments under borrowing arrangements	(1,250)	(1,250)
Cash dividends paid	(6,386)	(6,540)
Proceeds (payments) from exercise of stock options, net of withholding tax payments	(11,517)	(7,996)
Payments under share repurchase program	(39,053)	(62,197)
Net cash provided by financing activities	146,215	120,384
Effect of foreign currency exchange rate changes on cash and cash equivalents	(6,682)	(6,047)
Decrease in cash and cash equivalents	(499,265)	(164,202)
Cash and cash equivalents, beginning of period	741,162	613,304
Cash and cash equivalents, end of period	$ 241,897	$ 449,102

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		Nine Months Ended	
	September 27, 2015	September 28, 2014	September 27, 2015	September 28, 2014
	(In thousands)			
GAAP net cash provided by operating activities	$ 86,935	$ 54,211	$ 91,981	$ 64,766
Capital expenditures, net of proceeds from the disposal of tangible assets	(11,817)	(8,334)	(38,961)	(29,284)
Cash paid for severance and other costs for the integration of our acquisition of Grass Valley	-	9,017	-	21,785
Non-GAAP free cash flow	$ 75,118	$ 54,894	$ 53,020	$ 57,267

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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		
	September 27, 2015	**June 28, 2015**	**September 28, 2014**
	(In thousands, except percentages and per share amounts)		
GAAP revenues	$ 579,266	$ 585,755	$ 610,774
Deferred revenue adjustments	10,849	12,758	2,357
Adjusted revenues	$ 590,115	$ 598,513	$ 613,131
GAAP gross profit	$ 226,131	$ 234,276	$ 221,732
Deferred gross profit adjustments	11,328	13,440	2,357
Severance, restructuring, and integration costs	3,166	1,783	5,291
Accelerated depreciation	75	25	-
Purchase accounting effects related to acquisitions	-	-	858
Adjusted gross profit	$ 240,700	$ 249,524	$ 230,238
GAAP gross profit margin	*39.0%*	*40.0%*	*36.3%*
Adjusted gross profit margin	*40.8%*	*41.7%*	*37.6%*
GAAP operating income	$ 34,502	$ 44,143	$ 58,011
Amortization of intangible assets	25,669	25,917	15,203
Severance, restructuring, and integration costs	14,143	4,907	9,158
Deferred gross profit adjustments	11,328	13,440	2,357
Accelerated depreciation	125	42	-
Purchase accounting effects related to acquisitions	-	-	858
Total operating income adjustments	51,265	44,306	27,576
Depreciation expense	11,693	11,650	10,746
Adjusted EBITDA	$ 97,460	$ 100,099	$ 96,333
GAAP operating income margin	*6.0%*	*7.5%*	*9.5%*
Adjusted EBITDA margin	*16.5%*	*16.7%*	*15.7%*
GAAP income from continuing operations	$ 14,811	$ 21,677	$ 33,847
Operating income adjustments from above	51,265	44,306	27,576
Tax effect of adjustments	(17,142)	(13,768)	(11,011)
Adjusted income from continuing operations	$ 48,934	$ 52,215	$ 50,412
GAAP income from continuing operations per diluted share	$ 0.35	$ 0.50	$ 0.77
Adjusted income from continuing operations per diluted share	$ 1.14	$ 1.21	$ 1.15
GAAP and Adjusted diluted weighted average shares	42,908	43,233	43,910

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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 September 27, 2015						
Segment Revenues	$ 228,097	$ 113,773	$ 147,702	$ 59,184	$ 41,359	$ 590,115
Segment EBITDA	34,880	18,232	23,225	10,466	11,240	98,043
Segment EBITDA margin	*15.3%*	*16.0%*	*15.7%*	*17.7%*	*27.2%*	*16.6%*
Depreciation expense	4,261	2,922	2,810	570	1,255	11,818
Amortization of intangibles	12,647	136	799	1,480	10,607	25,669
Severance, restructuring, and acquisition integration costs	13,722	192	118	54	57	14,143
Deferred gross profit adjustments	419	-	-	-	10,909	11,328
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 September 28, 2014						
Segment Revenues	$ 256,587	$ 115,349	$ 171,105	$ 70,090	$ -	$ 613,131
Segment EBITDA	38,450	17,730	26,487	13,618	-	96,285
Segment EBITDA margin	*15.0%*	*15.4%*	*15.5%*	*19.4%*	*n/a*	*15.7%*
Depreciation expense	3,856	3,134	3,150	606	-	10,746
Amortization of intangibles	13,020	162	266	1,755	-	15,203
Severance, restructuring, and acquisition integration costs	5,794	226	2,106	1,032	-	9,158
Purchase accounting effects of acquisitions	-	-	-	858	-	858
Deferred gross profit adjustments	2,357	-	-	-	-	2,357

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Segment Operating Information

(Unaudited)

	Three Months Ended		
	September 27, 2015	June 28, 2015	September 28, 2014
	(In thousands)		
Total Segment Revenues	$ 590,115	$ 598,513	$ 613,131
Deferred revenue adjustments	(10,849)	(12,758)	(2,357)
Consolidated Revenues	$ 579,266	$ 585,755	$ 610,774
Total Segment EBITDA	$ 98,043	$ 100,345	$ 96,285
Income from equity method investment	348	343	1,030
Eliminations	(931)	(589)	(982)
Consolidated Adjusted EBITDA (1)	97,460	100,099	96,333
Amortization of intangibles	(25,669)	(25,917)	(15,203)
Deferred gross profit adjustments	(11,328)	(13,440)	(2,357)
Severance, restructuring, and acquisition integration costs	(14,143)	(4,907)	(9,158)
Depreciation expense	(11,818)	(11,692)	(10,746)
Purchase accounting effects related to acquisitions	-	-	(858)
Consolidated operating income	34,502	44,143	58,011
Interest expense, net	(25,416)	(24,769)	(21,497)
Consolidated income from continuing operations before taxes	$ 9,086	$ 19,374	$ 36,514

(1) Consolidated Adjusted EBITDA is a non-GAAP measure. 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 December 31, 2015
Adjusted revenues	$2.353 - $2.373 billion	$595 - $615 million
Deferred revenue adjustments	($55 million)	($9 million)
GAAP revenues	$2.298 - $2.318 billion	$586 - $606 million
Adjusted income from continuing operations per diluted share	$4.80 - $4.90	$1.45 - $1.55
Amortization of intangible assets	($1.63)	($0.23)
Deferred gross profit adjustments	($0.86)	($0.07)
Severance, restructuring, and acquisition integration costs	($0.73)	($0.11)
Purchase accounting effects of acquisitions	($0.15)	$0.00
GAAP income (loss) from continuing operations per diluted share	$1.43 - $1.53	$1.04 - $1.14

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.