BELDEN

1ST QUARTER 2023

EARNINGS RESULTS

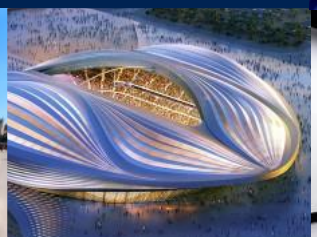
May 2023













CORPORATE PARTICIPANTS

Ashish Chand Belden Inc. – President & CEO
Jeremy Parks Belden Inc. – CFO
Aaron Reddington Belden Inc. – VP Investor Relations

PRESENTATION

Aaron Reddington, Belden Inc. – VP Investor Relations

Thank you. Good morning everyone, and thank you for joining us for Belden's first quarter 2023 Earnings Conference Call. With me today are Belden's President and CEO Ashish Chand and Senior Vice President and CFO Jeremy Parks. Ashish will provide a strategic overview of our business, and then Jeremy will provide a detailed review of our financial and operating results, followed by Q&A.

We issued our earnings release earlier this morning, and we have prepared a slide presentation that we will reference on this call. The press release, presentation, and transcript of these prepared remarks are currently available online at investor.belden.com.

Turning to slide 2 in the presentation. During this call, management will make certain forward-looking statements. For more information, please review today's press release and our most recent annual report on Form 10-K. Additionally, during today's call management will reference adjusted or non-GAAP financial information. In accordance with Regulation G, the appendix to our presentation and the investor relations section of our website contains a reconciliation of the most closely associated GAAP financial information to the non-GAAP financial information we communicate.

I will now turn the call over to our President and CEO Ashish Chand.

Ashish Chand, Belden Inc. – President & CEO

Thank you, Aaron.

First, I want to take a moment to express my gratitude to the Board, our employees, and our business partners. Over the last 21 years, I have held numerous roles at Belden. However, it is my honor to be able to continue my journey as President and CEO. I am truly excited about where Belden is headed as a Company. We are executing upon our strategy, driving more innovation across our business, and adding to our world-class team in our transition to becoming a leading solutions provider. It's an exciting transformation for the company, and I am humbled by the opportunity.

Now to the task at hand, our quarterly results.

As a reminder, I'll be referring to adjusted results today.

Please turn to Slide 4 for a summary of the major accomplishments we achieved in the first quarter of 2023.

First, once again our team delivered another outstanding quarter, with total revenues and EPS that exceeded expectations for the 12th quarter in a row.

Our revenue grew, our margins expanded, and our organic growth exceeded our previously issued guidance for the quarter.

Revenues increased by 7% organically, with positive organic growth in both segments.

On top of solid growth, our EBITDA margins improved by 110 basis points to 17.4% for the quarter, driven by leverage on our organic growth combined with a favorable product mix.

Growth in the quarter was broad-based across our businesses and our regions. As Belden continues to transform from a supplier of trusted products to a value-added solutions provider, we are seeing the results - improved and more consistent organic growth, increasing margins, and deeper customer partnerships.

Second, I am pleased to announce that in April we closed on the acquisition of Sichert.

I will provide more detail later, but at a high level, Sichert is a great addition to our broadband solutions portfolio and strengthens our fiber capabilities in key growth markets.

Third, I am pleased to announce that the board of directors has approved an additional share repurchase plan for 300 million dollars. Combined with the remaining 15 million dollars from our prior authorization, we now have 315 million dollars to deploy towards share repurchases. This vote of confidence by our board is great for our shareholders and will allow us the flexibility to deploy capital toward share repurchases for multiple quarters to come.

Further, during the quarter we repurchased approximately 600 thousand shares, utilizing 50 million dollars from our prior authorization.

As we have messaged previously, we remain focused on deploying capital toward high-return opportunities. Our top priorities include organic investments in new product innovation and solution selling capabilities, strategic bolt-on M&A opportunities – like Sichert, and returning capital to shareholders through our share repurchase program.

Fourth, as our business continues to grow, and we invest our capital towards high-return opportunities, leverage at Belden remains low at 1.3 times down from 1.6 times a year ago. Our current balance sheet is strong with ample liquidity. Combined with low net leverage, we have significant flexibility to execute our strategic plans whilst staying below our target net leverage of 1.5 times.

Free Cash Flow for the quarter was up year over year and our trailing twelve-month free cash flow reached $243 million dollars, well on track to achieve the targets we previously articulated.

In summary, this was another excellent quarter for Belden and continues to highlight the change our business has undergone over the last few years to produce a growing, more sustainable, and higher margin business than the Belden of the past.

Now please turn to Slide 5.

As I mentioned previously, I am incredibly excited to share that the team at Sichert joined Belden this past April. Based in Berlin Germany, Sichert designs and manufactures a portfolio of polycarbonate street cabinets utilized in outside plant passive optical networks, or PONs, and 5G networks. This acquisition further expands our fiber portfolio and will enable end-to-end solutions in key growth markets.

Founded 100 years ago, Sichert has demonstrated steady growth in revenue combined with margins consistent with our overall business. In fact, over the last 3 years, Sichert achieved a revenue CAGR of nearly 20% with improved EBITDA margins.

Sichert operates in well-established markets, with proven technologies and deep customer relationships. The acquisition is immediately accretive to our financials and came together at an attractive multiple of approximately 11 times current year EBITDA.

Sichert is the perfect example of the types of deals that are most attractive to us, as we are always excited to add good people and products to our team that further enable our solutions offerings.

Now please turn to Slide 6 for an overview of our solutions strategy.

First, as we have discussed in the past, Belden is evolving to add more value to our customer relationships through enhanced solutions delivery, or solution sales. This strategy was articulated during our investor day last year and has been a key theme internally over the last few years.

In my past role leading the Industrial Automation Solutions segment, we developed the solutions approach and executed it with much success. Consistent with our long-term strategy, we are well on our way towards building out enhanced solutions delivery capabilities for the Smart Buildings and Broadband markets.

Second, to provide more clarity - when we talk about Enhanced Solutions Delivery – or solution sales – we are referring to a new way Belden adds value to customer relationships. It starts with dedicated teams, who specialize in core verticals, helping customers improve key KPIs through network and data solutions. Customers are increasingly challenged by islands of networks and data across their operations and our teams work to bring these together so that they can be utilized as intended to add value.

Belden has a strong portfolio of differentiated products that enjoy high gross margins. Our solutions offerings further advance our differentiation in the marketplace by becoming a trusted partner that adds value through improved customer results. Often, we help customers optimize operations, improve productivity, or increase safety for their workforce or customers.

Our strategy is enabled by our subject matter experts, who align around key verticals. As of the end of the quarter, we had over 125 consultants, trained specifically to design and implement network and data solutions to maximize customer KPIs in selected verticals and for valuable use cases

Part of our solution sales strategy involves our Customer Innovation Centers or CICs. Our customers are looking for solutions that are difficult to test in the real world where failure is not an option. Consider an auto manufacturer or a hospital, for example, testing unproven solutions in the real world has meaningful risks.

Our CICs allow customers to connect in person with subject matter experts and validate solutions with actual products and networks before implementing them in their businesses. This capability greatly enhances the value our consultants add and differentiates us from peers in the marketplace.

And finally, we are still early in our solutions evolution. Much has been accomplished over the last few years, and we see greater opportunities ahead. We believe this effort is critical to our future success and will further strengthen our competitive position, produce sustainable growth, and ultimately higher margins and cash flow.

Now please turn to slide 7 for a real-world example of our enhanced solutions delivery in action.

E-REDES, a subsidiary of global electric distribution system operator EDP based in Spain, had a problem. During times when the power went out on their network, it took on average 2 ½ hours for their crews to manually inspect substations, download data, and make in-field calculations to pinpoint the segment containing the fault. This was costly to E-REDES in the form of lost revenue, employee time, and associated regulatory charges for system downtime.

By taking time to truly understand the customer's needs, pain points, and expectations before the project began, Belden was able to provide a comprehensive solution instead of merely a component in a broader network upgrade. Our team worked with E-REDES to test various proofs of concept until we found the right solution set.

As a result of our efforts, a new advanced fault locator system designed by Belden has drastically reduced the amount of time maintenance crews spend on fault location, from 2 ½ hours before to 40 minutes afterwards. A 70% reduction in response time yielded substantial savings for our customer.

This solution example is where Belden is headed. We continue to build out subject matter expertise with consultants at our CICs to solve complex problems for our customers utilizing data and network solutions. We are early in our journey, but we are encouraged by the market reaction to our enhanced capabilities.

I will now ask Jeremy to provide additional insight into our first-quarter financial performance.

Jeremy Parks, Belden Inc. – CFO

Thank you, Ashish. I will start my comments with results for the first quarter, followed by a review of our segment results and a discussion of the balance sheet and cash flow performance. As a reminder, I will be referencing adjusted results today.

Now please turn to Slide 8 in our presentation for a review of our first quarter results.

We delivered meaningful growth and margin expansion again this quarter.

First quarter revenue increased 5% year-over-year and 7% organically to $642 million dollars, exceeding our guidance range of $615 million to $630 million.

We had another impressive quarter in Industrial Automation with revenues increasing 9% organically. We continue to see compelling longer-term demand drivers for automation solutions as industrial customers respond to labor shortages, capacity requirements, and the reshoring of production.

Enterprise Solutions revenue increased 3% year-over-year on an organic basis, with mid-single-digit growth in Broadband Solutions and low-single-digit growth in Smart Buildings.

Orders for the quarter came in as expected and we ended the quarter with a book-to-bill of 0.93 which was up from 0.91 in the prior quarter.

Gross profit margins in the quarter were a robust 38.6%, up 80 basis points sequentially, and up 400 basis points compared to a weak first quarter in the prior year. The quarter benefited from better than typical product mix and favorable absorption as we increased inventory to meet higher expected shipment levels in Q2. Given the strong start to the year, we now expect full-year gross margins to be up at least 120 basis points compared to 2022.

EBITDA in the first quarter increased 12% year-over-year to $111 million dollars. EBITDA margins expanded 110 basis points to 17.4%.

Net income in the quarter was $73 million dollars, up 23% from $60 million in the prior-year period.

EPS increased 28% year-over-year to $1.68, compared to $1.31 in the year-ago period and exceeded our guidance range of $1.50 to $1.60.

Turning now to slide 9 in the presentation for a review of our business segment results.

I will begin with our Industrial Automation Solutions segment, which helps customers transmit and secure audio, video, and data in harsh industrial environments. Key markets include discrete manufacturing, process facilities, energy, and mass transit.

The Industrial Automation Solutions segment generated revenues of $366 million dollars, increasing 7% year-over-year and 9% organically. We achieved broad-based strength in each of our primary market verticals.

Industrial Automation segment EBITDA margins were 20.1% for the quarter, compared to 19.7% in the prior year. Margins increased 40 basis points due to solid operating leverage on volume growth and favorable pricing.

Turning now to our Enterprise segment, which enables customers to transmit and secure audio, video, and data across complex enterprise networks. Our key markets include broadband solutions and smart buildings.

The Enterprise Solutions segment generated revenues of $275 million dollars, increasing 3% year-over-year and 3% organically.

Revenues in Broadband Solutions increased by 5% organically due to strong demand from cable operators as they upgrade and expand their networks. We continue to expect long-term growth in our fiber and

outside copper products as a result of ever-increasing data demands combined with government funding for network upgrades.

Revenues in the Smart Buildings market increased by 2% organically. Our continued focus on priority growth verticals contributed to positive organic growth in the quarter. While we expect continued softness in non-residential construction, we are encouraged by our progress in expanding our solution-selling capabilities to targeted applications within the Smart Buildings market.

Finally, Enterprise Solutions segment EBITDA margins were 13.5% for the quarter, compared to 11.5% in the prior year. We are pleased to see a margin improvement of 200 basis points after disappointing margins in the first quarter of 2022.

If you will please turn to Slide 10 for our balance sheet and cash flow highlights.

Our cash and cash equivalents balance at the end of the first quarter was $589 million dollars compared to $688 million in the fourth quarter and $560 million in the first quarter of 2022.

Our financial leverage was 1.3 times net debt to EBITDA at the end of the first quarter, compared to 1.0 times in the fourth quarter 2022 and 1.6 times a year ago. As we communicated in our 2022 Investor Day, we intend to maintain net leverage of approximately 1.5 times going forward.

For the first quarter, we realized free cash flow usage of $46 million dollars, an improvement of $23 million year-over-year, from usage of $69 million dollars in the prior year. As a reminder, the usage of free cash flow in the first quarter is typical for our business and consistent with past seasonality.

As of the first quarter, our trailing twelve-month free cash flow was $243 million dollars, which puts us on track to achieve our long-term cash flow targets.

That concludes my prepared remarks. I would now like to turn the call back to our President and CEO, Ashish Chand, for the outlook.

Ashish Chand, Belden Inc. – President & CEO

Thank you, Jeremy. Please turn to Slide 11 for our updated outlook.

Let me start by saying I am pleased with our first quarter performance. As discussed earlier, we exceeded expectations for revenue, EPS, and organic growth.

Looking forward, we expect 2023 to be a year of continued macro uncertainty.

However, our business is benefiting from long-term secular trends that have lengthy investment cycles. As such, we remain focused on expanding our growth opportunities and investing in both organic growth and bolt-on M&A.

Given our solid first-quarter performance and recent capital deployments, I am pleased to share that we are increasing our full-year revenue and EPS outlook and reaffirming our organic revenue growth targets.

For the full year 2023, we now expect revenues of between $2.71 billion to $2.76 billion dollars. We are reaffirming our consolidated organic growth of 3% to 5%. When we drill deeper, we continue to see Industrial Automation growing organically in the mid to high-single digits, Broadband growing organically in the mid-single digits, and Smart Buildings remaining approximately flat organically year-over-year.

We expect full-year 2023 EPS to be $6.95 to $7.25, representing EPS growth of approximately 8% to 13%.

For the second quarter, we expect revenues of between $675 million to $690 million, with organic growth between 3% to 5%. We expect second-quarter EPS to be $1.70 to $1.80.

Our portfolio is designed to deliver organic growth in excess of GDP. We are confident in our ability to execute our strategy and generate sustainable, long-term shareholder value. Our transformed portfolio aligns Belden with key long-term secular trends. Investments in automation, reshoring, increased connectivity, increasing bandwidth usage, and network upgrades all bode well for Belden to produce sustainable earnings growth.

Please turn to slide 12 to review our value creation framework before closing remarks.

First, I would like to reiterate our value creation framework. Our commitment is to drive EPS to $8 or more by 2025 through organic growth in excess of GDP, healthy margins, robust cash flow, and disciplined capital allocation. Belden continues to execute and is making excellent progress toward achieving these goals.

Second, you may have seen last week that we published our first ESG Report highlighting our previously issued 2025 goals, and progress made to date.

ESG remains a key priority for Belden and our overall strategy. This past year we accomplished much, including increasing our usage of onsite renewable energy and utilizing recyclable and reusable materials in 95% of our product packaging. Our ESG focus is creating more efficiencies, resulting in cost savings and enhanced engagement with our business partners. I commend our associates for the accomplishments we saw in 2022, and we look forward to continuous improvements and a positive impact in the coming year.

Next, I would like to take a moment and recognize the efforts of our associates this past quarter and thank them for their support as I transitioned into the role of President and CEO. We are achieving phenomenal results and transforming Belden in a measured and purposeful manner. Thank you for your hard work!

To conclude, I would like to say that we are committed to our previously discussed strategy. Investing in organic growth, strategic bolt-on M&A, and share repurchases will be our capital priorities going forward. We will continue to lean into enhanced solutions delivery as we view it as a differentiator in the environment and it will give us a competitive advantage going forward. The current marketplace is dynamic with many uncertainties remaining; however, our business is more resilient than in the past, and our balance sheet is strong allowing us to better navigate current and future challenges.

That concludes our prepared remarks, operator please open the call to questions.