Belden

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EARNINGS RESULTS

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PRESENTATION

Aaron Reddington, Belden Inc. – VP Investor Relations

Good morning everyone, and thank you for joining us for Belden's second quarter 2025 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 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, I'd like to remind everyone that today's call will include forward-looking statements, which are subject to risks and uncertainties as detailed in our press release and most recent Form 10-K. We will also reference certain non-GAAP financial measures; reconciliations to the most directly comparable GAAP measures can be found in the appendix to our presentation and on our website.

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

Ashish Chand, Belden Inc. – President & CEO

Thank you Aaron, and good morning everyone. We appreciate you joining us.

Let's begin with slide 4, which summarizes our major accomplishments and the key messages for the second quarter. My comments today will reference adjusted results.

First, I want to recognize the outstanding efforts of our team. Their dedication and focus enabled us to deliver another strong quarter, continuing our positive momentum from the start of the year. Our team executed well, delivering results that exceeded our expectations.

For the second quarter, both revenue and earnings per share surpassed the high end of our guidance, reflecting the ongoing progress of our solutions transformation. Revenue reached $672 million dollars, up 11 percent year-over-year, while earnings per share grew 25 percent to $1.89.

Demand remained steady, and we exceeded expectations despite ongoing policy uncertainty. Further, we achieved 5 percent organic growth overall, with all major regions experiencing growth for the period.

Order activity remained strong, with orders up 8 percent sequentially and 16 percent year-over-year. We ended the quarter with a book-to-bill ratio of 1.05, compared to 1.0 in the prior year period, positioning us well for the second half of the year.

Our focus on profitability drove further improvement, with gross margins increasing 70 basis points year-over-year to 38.9 percent, and adjusted EBITDA margins expanding 50 basis points to 17 percent. This margin expansion demonstrates the positive impact of our solutions transformation, which is driving a richer mix of high-value offerings and enhancing our earnings power.

Our business continues to generate significant cash flow, with trailing twelve-month free cash flow at $216 million dollars, in line with our expectations.

Year-to-date, we have repurchased 1 million shares for $100 million dollars, demonstrating our commitment to disciplined capital allocation. Our balance sheet remains healthy, providing us with the flexibility to pursue strategic acquisitions that support our solutions transformation and, when appropriate, return additional capital to shareholders through buybacks.

Overall, this was a quarter of strong execution, and I'm very pleased with our performance. The progress we're making with our solutions transformation is clear in our results, and we are well-positioned to build on this momentum going forward.

Now please turn to slide 5.

I'd like to highlight a recent win that exemplifies the impact of our solutions strategy and our ability to unlock incremental value from our portfolio with new use cases and applications.

This quarter, we secured a multi-site solutions award with a leading hyperscale data center customer—a significant step forward in our data center and gray space strategy. This win is a direct result of our team's ability to collaborate across the ecosystem, working closely not only with the end customer, but also with their OEM and systems integrator partners to deliver a tailored solution.

At the core of this project is our innovative use of Belden switches to support a critical PLC system embedded in an advanced modular cooling system. By leveraging our proven technology in a new application, we delivered a low-latency network with extremely fast recovery times—capabilities that are essential for hyperscale environments, where downtime can have substantial financial consequences.

Importantly, this project is a prime example of IT/OT convergence in action. At its core, IT/OT convergence is about integrating the physical world of operational technology with the digital world of IT, unlocking powerful insights from industrial data to improve efficiency and drive smarter business decisions. Achieving this is a major challenge for many organizations, as it requires bridging two worlds with historically different requirements for security, reliability, and performance.

In this case, we successfully deployed an industrial-grade switch, traditionally used in operational technology environments, into a high-demand AI data center application. This demonstrates our ability to bridge the gap as Belden is uniquely positioned to solve this challenge with a portfolio and expertise that span both the rugged industrial space and the high-performance enterprise environment, allowing us to deliver a truly robust and unified solution.

This type of innovative application, leveraging our expertise across both domains, truly showcases the power of our solutions approach. By engaging deeply with customers and partners, we're able to

identify and address new, high-value use cases for our existing products, expand our reach into new applications, and deliver differentiated value in high-growth markets.

This success provides a repeatable model for future engagements and will help us build a pipeline of similar high-value opportunities.

We're excited about the momentum this creates and look forward to building on this success as we continue to execute our solutions-driven growth strategy.

Now please turn to slide 6 for a second win I would like to highlight for the quarter.

This win underscores the benefits of our collaborative approach and broad portfolio, positioning Belden as a single global source for our customers.

We secured a global specification by a major US automotive manufacturer to supply advanced connectivity products into their assembly line and related factory equipment. This is a multi-year opportunity, representing a significant growth driver for our business, with the potential to deliver approximately $40 million dollars over three years, with additional upside as we deepen our engagement.

This award is made possible by the breadth of our global product offerings. It specifies a broad range of Belden products—including advanced connectivity solutions and cable assemblies—for use by all line builders supporting this customer worldwide. As a result, this positions Belden as the single-source supplier for these critical components, streamlining procurement and ensuring consistency and reliability across all new installations.

This achievement is a direct result of our core strengths: our balanced global manufacturing footprint with capacity and output well aligned by region, our ability to deliver integrated solutions that improve functionality and up-time, and our deep technical expertise. This unique combination demonstrates how customer-focused innovation allows us to capture new opportunities and expand our presence within the entire ecosystem of line builders and OEMs globally.

As manufacturers continue to invest in domestic capacity and modernize their operations, they are driving the reshoring and reindustrialization trend in the U.S. Our solutions are essential to this transformation, providing the reliable, high-performance connectivity needed to bring advanced manufacturing back onshore.

Ultimately, this key spec position not only strengthens our relationship with this major manufacturer but also establishes a platform for significant growth across the automotive and adjacent markets. By becoming a single-source supplier for these critical components, we create operational efficiencies for our customer while securing a stable, long-term revenue stream for Belden. It's a clear example of how our strategy translates directly into durable, long-term shareholder value.

I will now request Jeremy to provide additional insight into our second quarter financial performance.

Jeremy Parks, Belden Inc. – CFO

Thank you, Ashish.

My comments today will cover our second-quarter results, a review of our segments, the balance sheet and cash flow, and finally, our outlook. As a reminder, I will be referencing adjusted results today.

Now, please turn to Slide 7.

As Ashish noted, our solid execution this quarter drove strong top-line growth, which translated directly to margin expansion and improved profitability.

Revenue for the quarter was $672 million dollars, up 11 percent year-over-year, and exceeding the high end of our guidance of $660 million dollars. Revenue was up 5 percent organically on a year-over-year basis, with Automation Solutions up 8 percent and Smart Infrastructure Solutions up 3 percent.

Orders for the quarter were up 8 percent sequentially and up 16 percent year-over-year, with both segments demonstrating continued growth. Automation solutions orders were up 11 percent year-over-year, and Smart Infrastructure Solutions orders were up 23 percent year-over-year.

As a result, gross profit margins were 38.9 percent, increasing 70 basis points compared to the prior year driven by leverage on volume and favorable mix.

On a sequential basis, margin performance was aligned with typical seasonality combined with the pass through of higher input costs.

As discussed last quarter, we continue to manage our tariff exposure through a combination of sourcing changes and pricing actions.

EBITDA was $114 million dollars with EBITDA margins up 50 basis points year-over-year to 17 percent.

Net income was $76 million dollars, up from $62 million dollars in the prior year quarter.

EPS was $1.89, up 25 percent and above the high end of our guidance of $1.77.

For the quarter, our effective tax rate was 12.3 percent, compared to our prior estimate of 17.5 percent.

Relative to our prior guidance, the lower-than-expected tax rate benefited Adjusted EPS by $0.11.

The second quarter tax rate reflects certain discrete tax benefits recognized during the period, combined with favorable changes in the geographic mix of earnings.

This result reflects the tremendous work of our tax team as they continue to pursue and execute strategies to maximize our earnings and cash flow.

Now, please turn to Slide 8 for a review of our business segment results for the quarter.

Our Automation Solutions segment delivered a strong quarter, demonstrating continued recovery and solid execution. Revenue grew 10 percent year-over-year, and EBITDA margins improved to 21.4

percent. Order trends remain healthy, with orders up 11 percent year-over-year and a book-to-bill of 1.0 for the quarter.

Highlighted by double-digit organic growth in both Discrete Manufacturing and Energy, our industrial verticals showed broad-based strength. The segment delivered total organic growth of 8 percent, with positive growth in all regions.

Our Smart Infrastructure Solutions segment also delivered a strong quarter, with performance driven by our strategic focus on key growth verticals and continued investments in our solutions capabilities. Revenue grew 13 percent year-over-year, and EBITDA margins improved to 11.8 percent. The forward momentum in this segment is encouraging, with continued order growth resulting in a strong book-to-bill of 1.1.

We saw robust demand in our targeted growth verticals, which present compelling opportunities for our integrated solutions offering. Finally, our Broadband business was another key contributor, with revenue up year-over-year, including 5 percent organic growth in our fiber products.

Next please turn to Slide 9 for our balance sheet and cash flow highlights.

Our balance sheet remains a source of significant strength and flexibility, enabling our disciplined capital allocation strategy.

Our cash and cash equivalents balance at the end of the second quarter was $301 million dollars, compared to $370 million in the fourth quarter of 2024. Our cash position reflects typical seasonality and capital deployment towards share repurchases during the first half of the year.

Our financial leverage was a reasonable 2.1 times net debt to EBITDA, consistent with our expectations. We intend to maintain net leverage of approximately 1.5 times over the long term; however, we will fluctuate from time to time as we pursue strategic opportunities consistent with our capital allocation priorities.

For the trailing-twelve-months, our free cash flow was $216 million dollars.

Year-to-date, we repurchased 1 million shares, further reducing our share count, which is now more than 10% lower than it was at the end of 2021. We currently have $240 million dollars remaining on our repurchase authorization.

Our capital allocation priorities remain unchanged: investing in high-return opportunities, pursuing disciplined M&A, and returning capital to shareholders through buybacks. While the current financial market environment is dynamic, we continue to evaluate M&A opportunities with rigor and remain committed to deploying capital in ways that create long-term value.

As a reminder, our next debt maturity is not until 2027, and all of our debt is fixed with rates averaging 3.5 percent.

Please turn to Slide 10 for our third quarter outlook.

We have executed well amid ongoing challenges; however, our customers still face heightened uncertainty as they navigate this rapidly changing environment.

Assuming the continuation of current market conditions, Revenues for the third quarter are expected to be between $670 million dollars and $685 million dollars, representing a 2 percent to 5 percent increase over the prior-year quarter.

Adjusted EPS is expected to be between $1.85 and $1.95, representing a 9 percent to 15 percent increase over the prior-year quarter.

For the third quarter, we are projecting a tax rate of 12.5 percent as we continue to execute our planning strategies, and slightly over 15 percent for the full year.

That concludes my prepared remarks. I would now like to turn the call back to Ashish.

Ashish Chand, Belden Inc. – President & CEO

Thank you, Jeremy.

To summarize, our second quarter performance reflects the strength and resilience of our business, as well as the continued progress of our solutions transformation. We delivered solid results in a dynamic environment, with strong order activity, expanding margins, and robust cash generation.

Looking ahead, we remain mindful of the ongoing uncertainty in the macro environment. Many of our customers continue to take a measured approach to investment decisions as they await greater clarity on policy and economic conditions. As a result, we expect near-term demand to remain steady, with third quarter performance likely to mirror typical seasonal patterns. We believe this is consistent with the neutral stance we're seeing across our customer base.

That said, our medium and long-term outlooks remain highly constructive. The fundamental trends driving our business—reindustrialization, automation, digitization, and the convergence of IT and OT—are firmly intact and gaining momentum. We are seeing increased interest in reshoring and domestic manufacturing, and our portfolio is uniquely positioned to support customers as they modernize and localize their operations.

Importantly, the recent wins we highlighted earlier—such as the solutions award with a leading hyperscale data center customer and the specification award with a major U.S. automotive manufacturer—serve as clear evidence of our success in the marketplace. These achievements underscore the value of our collaborative approach, the breadth of our product portfolio, and our ability to deliver innovative, integrated solutions that address our customers' most critical needs.

We believe Belden is exceptionally well-placed to benefit as these secular trends play out. Our solutions transformation is delivering tangible results, expanding our addressable market, and positioning us for sustainable growth and margin expansion. We remain committed to disciplined execution and thoughtful capital allocation, ensuring we create lasting value for our shareholders.

That concludes our prepared remarks. Operator, please open the call for questions.