Belden

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PRESENTATION

Aaron Reddington, Belden Inc. – VP Investor Relations

Good morning everyone, and thank you for joining us for Belden's fourth quarter and full year 2025 Earnings Conference Call. With me today are Belden's President and CEO Ashish Chand and Executive 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 highlights our key accomplishments and messages for the fourth quarter and full year. My comments today will refer to adjusted results.

We are very pleased to report an outstanding close to 2025, with both our fourth quarter and full year results exceeding expectations and setting new records.

For the fourth quarter, we delivered record revenue of $720 million dollars, which exceeded the high end of our guidance range. Our adjusted EPS came in at a record $2.08, also surpassing the high end of our guidance.

This strong finish capped off a truly exceptional year. For the full year 2025, we achieved record revenue of approximately $2.7 billion dollars, up 10 percent year-over-year, and record adjusted EPS of $7.54, a 19 percent increase year-over-year. These results were driven by continued solutions growth and strong execution across our business.

Our order momentum was also robust, with record full year orders. For the fourth quarter, orders were up 12 percent year-over-year and 5 percent quarter-over-quarter.

Our healthy free cash flow generation continued, enabling disciplined capital deployment. For the year, we generated $219 million dollars in free cash flow and we repurchased 1.7 million shares for $195 million dollars, further reducing our share count.

These record results underscore the success of our strategy, and as we look ahead we will capitalize on market opportunities to ensure this momentum continues.

A key indicator of our strategic progress is the accelerating adoption of our solutions offerings. For the full year 2025, Solutions Wins as a percentage of total revenue crossed 15 percent. This represents a meaningful increase from where we stood just a year ago and was a major driver of our success this year. This growing contribution from our solutions portfolio reinforces our confidence in our ability to continue to grow earnings and strengthens our conviction in achieving our 2028 solutions target, which we set on our last Investor Day.

To further accelerate our solutions transformation, enhance our customer focus, and unlock even greater future value - we are undertaking a significant strategic evolution at Belden.

Effective January 1, 2026, Belden transitioned from a legacy business segment structure to a unified, functional operating model that applies across the entire enterprise, from executive leadership to our functional teams.

This fundamental shift organizes us around core functions, rather than separate businesses, to better align resources and accountability with our continued solutions transformation. As IT and OT increasingly converge, realigning our organizational structure enables us to sell and deliver converged solutions more efficiently and consistently.

Ultimately, this new model empowers us to leverage our full product portfolio for customers, speed decision-making, clarify accountability, and simplify the delivery of customer-centric integrated solutions.

This isn't our first step in this direction; over the past few years, we've consistently worked to break down internal silos to improve our solutions capabilities - including the successful combination of our sales teams in 2025. The current operating realignment is the next natural evolution of that journey, further enhancing our ability to deliver integrated solutions.

This strategic realignment is the right move for our business, positioning Belden to maximize long-term growth and deliver on our financial targets.

For a view of our executive leadership team under the new functional structure, please refer to page 15 of today's materials.

Now, to illustrate the power of this unified approach and the benefits of IT/OT convergence, please turn to Slide 5.

We highlight our evolving customer engagement model through our work with a major US grocery store chain. This customer operates a complex network, encompassing everything from their retail stores and gas stations to their warehouse, distribution centers, and manufacturing facilities.

Historically, Belden's engagement with this customer was primarily as a supplier of cabling products for their IT network. However, as we've proactively worked to break down our internal silos, our solutions team has been able to significantly expand this relationship.

Our deepened engagement now includes OT products servicing their manufacturing processes and fiber solutions connecting their fuel stations. This evolution, from a component supplier to a more comprehensive solutions partner, is precisely what our solutions-first strategy is designed to achieve.

This is where our functional operating model and integrated business structure proves so critical. In the past, this customer might have encountered multiple Belden sales teams, creating a fragmented experience.

Now, our integrated teams are empowered to bring in our full product portfolio to address their most pressing challenges - providing a seamless, single point of contact. This not only enhances the customer's experience but also allows us to solve for their most complex IT/OT challenges more effectively.

This example powerfully demonstrates how our organizational realignment directly translates into greater value for our customers and underscores its critical importance to Belden's future success.

With that strategic context, I will now briefly highlight another key solutions win for the quarter.

Please turn to slide 6 for another compelling example of our solutions-first approach highlighting our work with a major urban transit system.

The strategic challenge this customer faced was significant: maintaining reliable, real-time, high-definition video feeds from trains moving at high speeds, all while navigating complex wireless environments prone to interference. They also required unified control and management across both operational and security networks. These are the kinds of complex, mission-critical problems that demand more than just products – they demand integrated solutions.

In our solutions portfolio, Wi-Fi products play a critical role, enabling high-performance and reliable connectivity essential for IT/OT convergence across various industries. Belden stepped in with an advanced, integrated solution. We leveraged the latest Wi-Fi technology and roaming capabilities to ensure seamless connectivity. Further, we provided a proprietary centralized management system to unify all disparate data sources.

What truly set Belden apart and secured this win were our superior roaming capabilities, which delivered flawless surveillance feeds even in the most challenging environments. Complementing this, our holistic, unified management platform simplified their entire operational landscape, significantly reducing complexity and maintenance demands.

This outcome is a testament to our strategy. We've positioned Belden as an end-to-end strategic partner, delivering critical value by enhancing passenger safety, security, and operational efficiency. This provided simplified, more cost-effective management of their complex infrastructure, demonstrating the power of advanced IT/OT converged solutions.

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

Jeremy Parks, Belden Inc. – CFO

Thank you, Ashish.

My comments today will cover our fourth-quarter and full-year 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 8 for our fourth quarter performance.

As Ashish noted, our solid execution this quarter drove consistent top-line growth, which translated into record performance for the business.

Revenue for the quarter was $720 million dollars, up 8 percent year-over-year, and ahead of expectations set forth in prior guidance. Revenue was up 5 percent organically on a year-over-year basis, with Automation Solutions up 10 percent and Smart Infrastructure Solutions flat.

Orders continued to perform well across the business - up 12 percent year-over-year and 5 percent sequentially.

EBITDA was $122 million dollars, up 7 percent year-over-year.

Net income for the quarter was $83 million dollars, up 5 percent from $79 million dollars in the prior year quarter.

And lastly, EPS was a record $2.08, up 8 percent from $1.92, and ahead of expectations set forth in prior guidance.

Now, please turn to Slide 9 for our full year performance.

For the year, we achieved record revenue of approximately $2.7 billion dollars, up 10 percent compared to last year. Revenue was up 6 percent organically driven by Automation Solutions with organic growth of 11 percent and Smart Infrastructure Solutions with organic growth of 1 percent.

EBITDA was $459 million dollars, up 12 percent from $411 million dollars last year.

Gross profit margins were 38.5 percent, a 40 basis point improvement vs the prior year – and EBITDA margins were 16.9 percent, a 20 basis point improvement vs the prior year.

As we discussed throughout the year, we proactively managed pricing in 2025 to offset the impact of copper inflation and tariffs and protect our overall profitability and Earnings Per Share.

Despite a full recovery of these incremental costs, the pass-through actions resulted in some dilution to reported margin percentages and somewhat obscured our strong underlying operating performance.

Excluding the impact of these pass-throughs, Gross Profit Margins improved 160 basis points, and EBITDA margins improved 80 basis points year-over-year driven by our growing solutions mix.

Additionally, again excluding the impact of pass-throughs, incremental EBITDA margins were approximately 28 percent, in line with our long-term targets.

Net income was $303 million dollars, up 15 percent from $263 million dollars last year.

And lastly, EPS was a record $7.54, up 19 percent from $6.36 last year.

Before reviewing our historical segment performance, I want to touch on the organizational realignment that Ashish discussed earlier.

Turning to slide 10, you'll see that effective in the first quarter of 2026, we will transition to a single, consolidated reportable segment. This reporting change is a direct outcome of our new functional operating model and leadership structure, designed to accelerate our solutions strategy and enhance our customer focus.

For modeling purposes, the reporting change has no impact on our historical consolidated financial results. And going forward, while we will no longer report separate segments, we will continue to provide valuable insights and commentary on our performance across our market-level categories and key verticals.

We are confident this strategic realignment is the right move for our business, and it reinforces our ability to deliver on the long term financial targets we outlined at our last Investor Day.

So, with that context on our future segment reporting structure, let's turn to slide 11 for a review of our segment performance for the full year 2025.

Our Automation Solutions segment delivered another solid year, demonstrating continued recovery and steady execution. Revenue reached nearly $1.5 billion dollars, a 14 percent improvement compared to the prior year with EBITDA increasing 16 percent. Margins improved by 50 basis points to 21.0 percent, reflecting our effective management of the pass-through of tariffs and copper.

Order trends also remained robust, with orders up 16 percent compared to the prior year. This strong order activity drove the segment's 11 percent organic growth, with positive contributions in all regions.

This broad-based momentum extended into our core verticals which all grew for the year - including double-digit growth in Discrete Manufacturing and Energy.

Revenue for Smart Infrastructure Solutions topped $1.2 billion dollars, a 7 percent improvement compared to the prior year with EBITDA increasing 6 percent. Margins decreased by 10 basis points to 12.1 percent, reflecting headwinds from the pass-through of tariffs and copper.

Within our markets, Smart Buildings grew 5 percent organically for the year driven by strength in our key growth verticals as we continue to advance our solutions offerings.

Broadband experienced a softer back half of the year due to a temporary moderation in MSO capital deployments. However, we anticipate stabilization and a rebound in 2026, driven by the adoption of new fiber products and the acceleration of DOCSIS deployments among our major MSO customers.

Please turn to Slide 12 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 year was $390 million dollars, compared to $370 million dollars in the prior year.

Our financial leverage stood at a reasonable 1.9 times net debt to EBITDA, consistent with our expectations. We target approximately 1.5 times net leverage over the long term, though this may fluctuate as we pursue strategic opportunities aligned with our capital allocation priorities.

For the trailing-twelve-months, our free cash flow was $219 million dollars.

For the full year, we repurchased 1.7 million shares for $195 million dollars, further reducing our share count, which is now more than 11 percent lower than it was at the end of 2021. At the end of the year, we had $145 million dollars remaining on our existing repurchase authorization.

Our capital allocation priorities remain unchanged: investing internally in opportunities to advance organic growth, 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.

Early this year, we completed a successful debt refinancing by issuing 450 million euros of 4.25 percent Senior Subordinated Notes due in 2033. This transaction allowed us to redeem all our outstanding 2027 notes, effectively extending our overall debt maturity profile. Our debt remains entirely fixed, with an average rate of approximately 3.9 percent.

Please turn to Slide 13 for our first quarter 2026 outlook.

Following a strong 2025, we are well-positioned for the long term, leveraging secular trends like digitization and IT/OT convergence. While there is ongoing market uncertainty, our growing solutions adoption and resilient operating model enable us to effectively manage near-term variability.

Our first quarter guidance reflects these dynamics and our typical seasonality - as we remain focused on our solutions transformation and long-term value creation.

Assuming the continuation of current market conditions, Revenues for the first quarter of 2026 are expected to be between $675 million dollars and $690 million dollars.

Adjusted EPS is expected to be between $1.65 and $1.75.

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.

Now, please turn to Slide 14.

To summarize, 2025 was truly a milestone year for Belden. Our record fourth quarter and full year performance clearly reflect the strength and resilience of our business, and the accelerating progress of our solutions transformation. We delivered outstanding results in a dynamic environment, marked by consistent order activity, record earnings, and healthy cash generation.

Our performance is not an anomaly - it directly reflects our strategy's success in delivering tangible results. From 2019 through 2025, we achieved a Revenue CAGR of 5 percent and an Adjusted EPS CAGR of 12 percent, demonstrating powerful and consistent value creation over multiple years. This strong track record, coupled with the fact that Solutions Wins as a percentage of total revenue crossed 15 percent for the year, provides clear evidence that our solutions-first strategy is resonating in the marketplace and driving our financial success.

Our progress builds a powerful foundation as we continue to execute our strategic evolution. The transition to a unified, functional operating model is the right move for our business. It's designed to further accelerate our solutions-first strategy, enhance our customer focus, and unlock even greater future value by aligning our entire enterprise to deliver integrated solutions more efficiently and consistently.

We remain incredibly confident in our long-term trajectory. The fundamental secular trends driving our business – digitization, IT/OT convergence, and the increasing demand for data-driven efficiency – are intact and building momentum. Belden is exceptionally well-positioned to capitalize on these trends. Our solutions transformation is already expanding our addressable market and driving consistent growth and margin expansion. Through disciplined execution and thoughtful capital allocation, we are committed to ensuring we create lasting value for our shareholders.

Before I conclude, I want to extend my sincere gratitude to the entire Belden team. Your dedication, hard work, and commitment to our solutions transformation have been instrumental in achieving these record results and positioning us for continued success.

Thank you all for joining us today. We appreciate your continued interest in Belden.

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