



| Belden Incorporated 2019 Investor Day

# CONNECTING THE FUTURE

December 3, 2019 | New York Stock Exchange

# Safe Harbor Statement

## **Cautionary Information Regarding Forward-Looking Statements**

The following presentation and any other statements made by or on behalf of Belden may contain forward-looking statements, which reflect our current views or management's best estimates with respect to future events and financial performance. In some cases these statements are identifiable through the use of words such as "anticipate," "believe," "estimate," "forecast," "outlook," "guide," "expect," "intend," "plan," "project," "target," "can," "could," "may," "should," "will," "would," and similar expressions. The forward-looking statements we make are not guarantees of future performance and are subject to various assumptions, risks, and other factors that could cause actual results to differ materially from those suggested by these forward-looking statements. These factors include, among others, those set forth in our most recent Annual Report on Form 10-K as filed with the SEC on February 20, 2019 (including those discussed in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Part II, Item 2 and under "Risk Factors" in Part I, Item 1A), and our subsequent filings with the Securities and Exchange Commission.

We expressly disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# Regulation G Information

## **Non-GAAP Financial Measures**

Belden management believes that certain non-GAAP financial measures provide helpful information to investors regarding both historical financial results and forward-looking information and may enhance investors' ability to analyze financial and business trends on a comparable basis. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the most comparable GAAP measures. GAAP to non-GAAP reconciliations are contained within this presentation and are available at our investor relations website, [investor.belden.com](http://investor.belden.com).

## **Non-GAAP Definitions**

Pro Forma: Refers to Belden results, as adjusted for (1) the expected divestiture of the Grass Valley business, (2) completion of program expected to reduce SG&A costs by \$40 million, and (3) the potential exit from certain copper cable businesses estimated to have annual revenues of \$250 million.

EBITDA: Adjusted earnings before interest, taxes, depreciation and amortization.

EPS: Income from continuing operations per diluted share attributable to Belden common stockholders.

Free Cash Flow: Net cash from operating activities adjusted for capital expenditures net of the proceeds from the disposal of tangible assets.



# Agenda

9:00 – 9:05

## Welcome

**Kevin Maczka**

Vice President, Investor Relations, and Treasurer

9:05 – 9:30

## Continued Transformation

**John Stroup**

President, Chief Executive Officer, and Chairman of the Board

9:30 – 10:30

## Business Overview and Execution

**Roel Vestjens**

Executive Vice President and Chief Operating Officer

10:30 – 11:00

## Financial Overview

**Henk Derksen**

Senior Vice President, Finance, and Chief Financial Officer

11:00 – 11:30

## Q&A



| Belden Incorporated 2019 Investor Day



# CONTINUED TRANSFORMATION

**John Stroup**

President, Chief Executive Officer, and Chairman of the Board

| Belden Vision

**BELDEN CONNECTS AND PROTECTS  
THE WORLD WITH THE INDUSTRY'S  
MOST COMPLETE SUITE OF END-TO-END  
SPECIALTY NETWORKING SOLUTIONS**

# Today's Theme: Continued Transformation

## IMPROVING PORTFOLIO

**Simplifying**  
the portfolio

**Exiting** less  
attractive  
businesses and  
product lines

## IMPROVING GROWTH

Removing a  
**declining business**

Investing in our  
**growing businesses**  
to capitalize on  
secular trends

## IMPROVING MARGINS

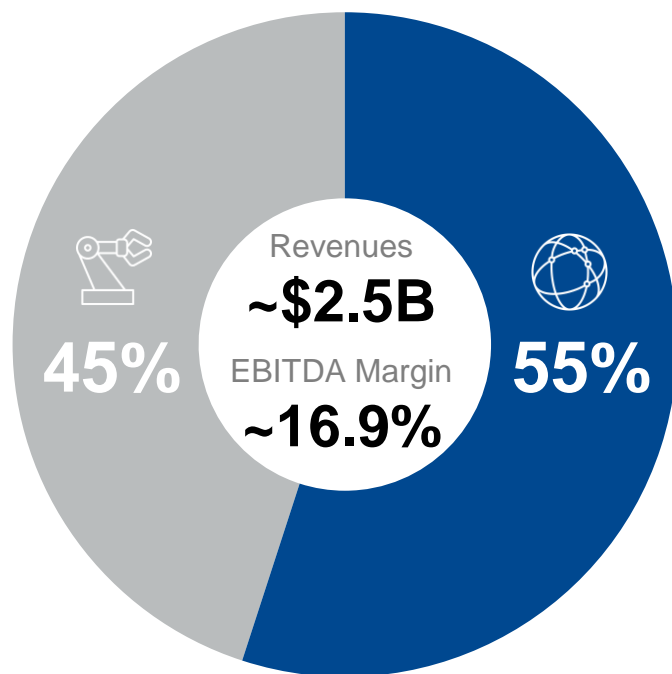
Initiating a \$40M  
**cost reduction**  
program

Targeting **20-22%**  
EBITDA margins

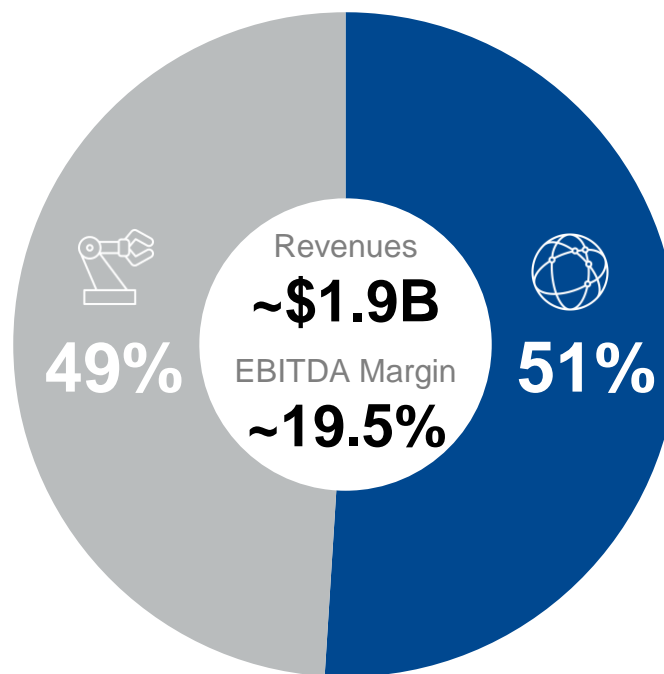
## IMPROVING SHAREHOLDER RETURNS

# Portfolio Transformation

## Prior 2019<sup>1</sup>



## Pro Forma 2019



## TRANSFORMATIVE ACTIONS

1. **DIVESTING THE LIVE MEDIA BUSINESS (GRASS VALLEY)**
2. **STREAMLINING THE COST STRUCTURE, WHICH WILL DELIVER \$40M OF ANNUALIZED SG&A SAVINGS**
3. **EXITING \$250M OF UNDIFFERENTIATED, LOW-GROWTH / MARGIN COPPER CABLE PRODUCTS**



# Strategic Business Review

OUR STRATEGIC  
BUSINESS REVIEW  
RESULTED IN A  
NUMBER OF  
**TRANSFORMATIVE  
ACTIONS**

01

**DIVESTING  
GRASS VALLEY**

02

**STREAMLINING THE  
COST STRUCTURE**

03

**EXITING  
UNDIFFERENTIATED  
PRODUCT LINES**

*Previously announced on October 30, 2019*

Process underway  
Presenting Grass  
Valley's financial results  
as discontinued  
operations going forward

Program to deliver  
**\$40M in annualized  
cost savings** by 2021  
Represents approximately  
**200 basis points** of  
EBITDA margin expansion

Approximately **\$250M**  
copper cable revenue  
Products that cannot  
meet our growth /  
margin targets

# 01 DIVESTING GRASS VALLEY

## PLAN OVERVIEW

- **Process ongoing**, supported by JP Morgan
- Engaged with interested parties with significant experience in the broadcast industry

## STRATEGIC RATIONALE

- **Simplified portfolio** with improved revenue visibility and organic growth
  - Removes a drag on consolidated organic growth of approximately 200 basis points<sup>1</sup>
- Cash proceeds will be available for strategic deployment, potentially including:
  - Share repurchases, debt reduction and M&A

**PURSuing A  
DIVESTITURE OF THE  
LIVE MEDIA BUSINESS  
(GRASS VALLEY)**

## 02 STREAMLINING THE COST STRUCTURE

### PLAN OVERVIEW

- Program will deliver **\$40M** in annualized **SG&A cost savings**
- Benefits to be fully realized by 2021

### STRATEGIC RATIONALE

- Further simplifies Belden's operational structure
- Planned divestitures create opportunities for optimizing cost base
- **Supports our strategic goal of 20-22% EBITDA margins**
- Savings offset the dilution of the Grass Valley divestiture

### PLAN DETAILS

- Consolidating internal business units
- Realigning sales and marketing organization
- Optimizing headcount
- Investing in technology to drive productivity

**EBITDA AND FREE CASH FLOW DILUTION OFFSET BY **NEW \$40M COST SAVINGS PROGRAM****

**ACCRETIVE TO EBITDA MARGINS BY ~200 BASIS POINTS AND EPS BY ~\$0.70**

## 03 EXITING UNDIFFERENTIATED PRODUCT LINES

### PLAN OVERVIEW

- Exit ~\$250M of copper cable products
  - ~\$170M in the Americas
  - ~\$50M in EMEA
  - ~\$30M in APAC
- Intend to fully exit by 2021

		Growth	
		LOW	HIGH
Margin	HIGH	✓	✓
	LOW	✗	✓

### STRATEGIC RATIONALE

- Exit certain undifferentiated product lines that cannot meet our growth and margin targets
- Provide opportunity for enhanced plant productivity
- Allow for strategic deployment of any proceeds

**ACCRETIVE TO  
CONSOLIDATED  
GROWTH AND MARGIN  
PROFILES**

**SUPPORTS OUR  
REVENUE GROWTH  
AND EBITDA MARGIN  
GOALS**

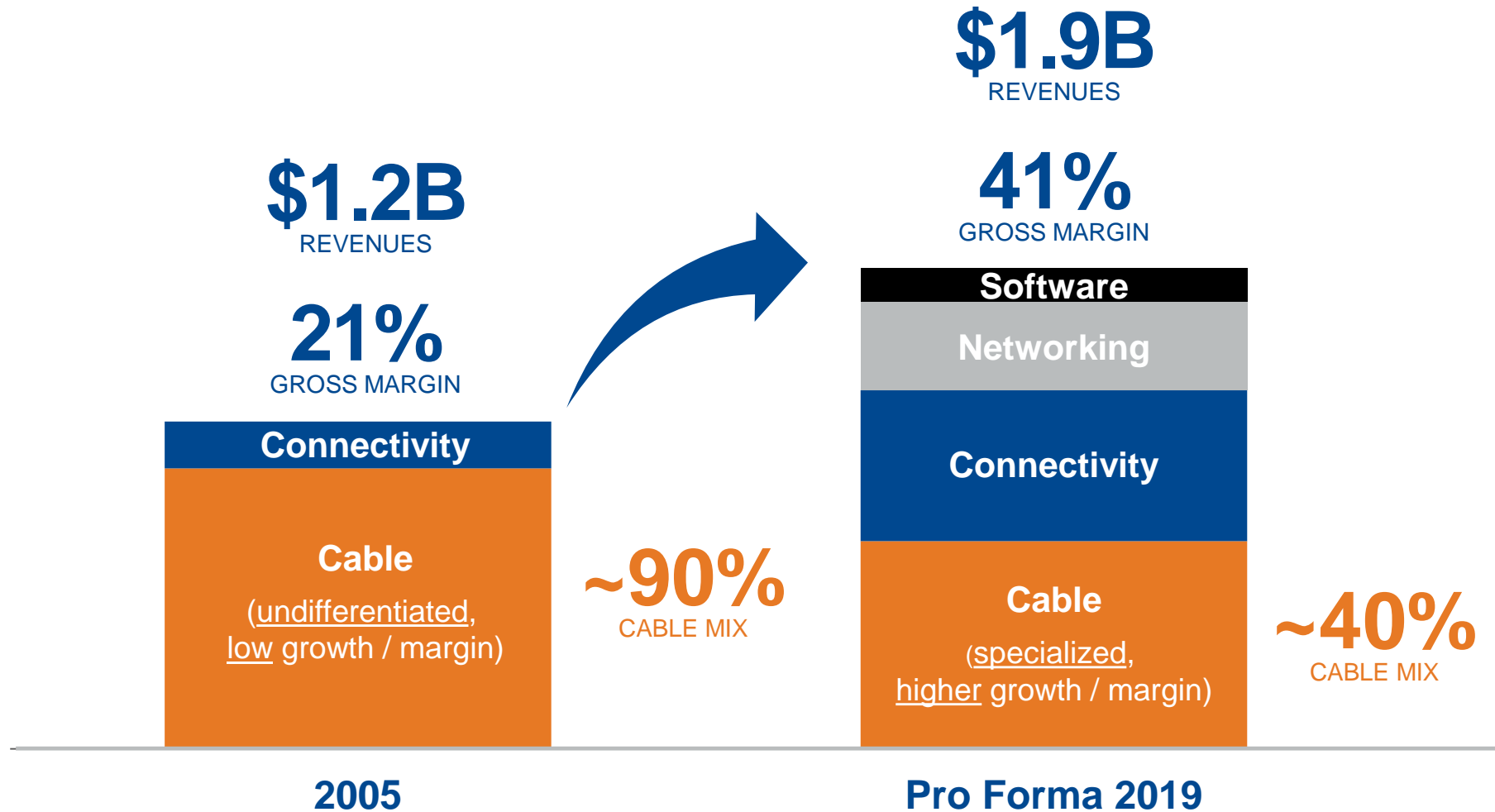


# EBITDA Margin Expansion



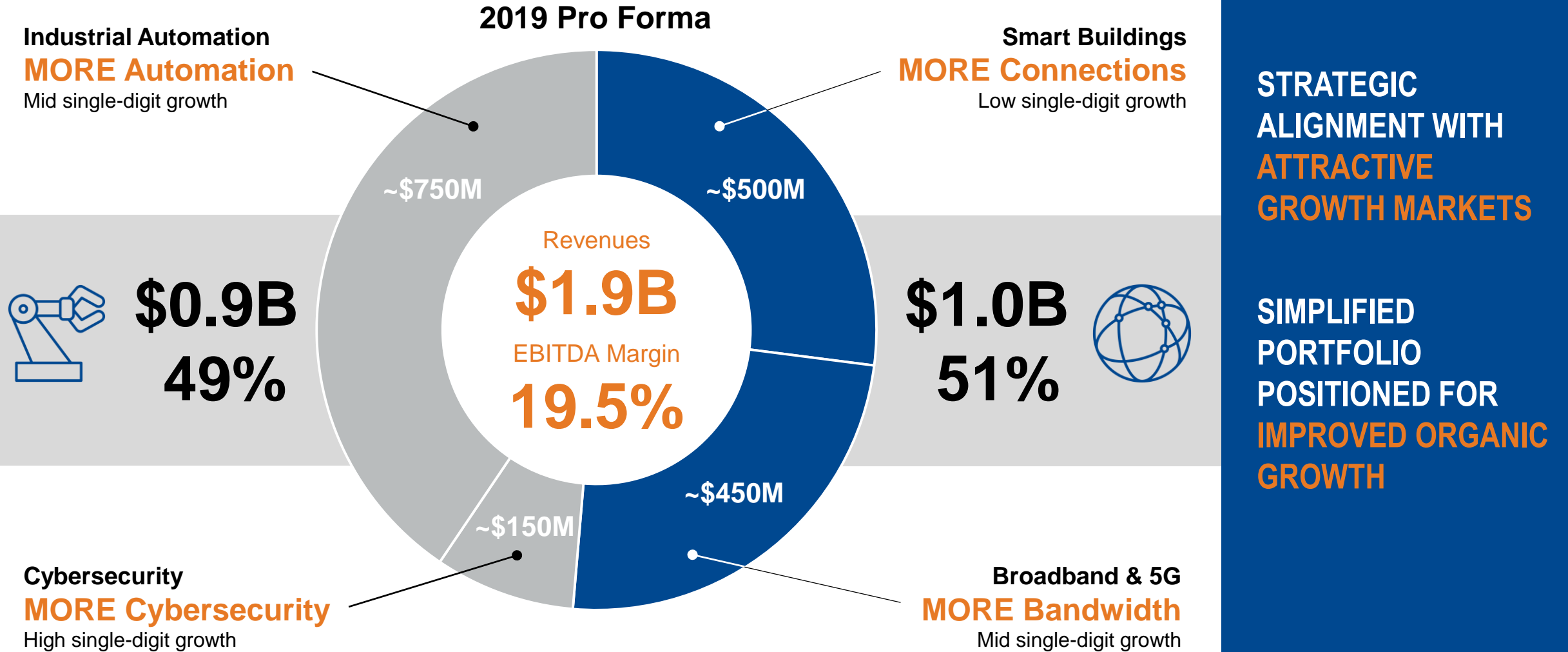
Transformative actions to push pro forma EBITDA margins above the prior peak

# Improved Revenue Mix



OUR PRODUCT MIX  
**IMPROVED**  
**SIGNIFICANTLY**  
AND WILL CONTINUE  
TO IMPROVE GOING  
FORWARD

# Aligned With Growth Markets



# Strategic Priorities



## INDUSTRIAL AUTOMATION

Growing demand for  
automated production



## CYBERSECURITY

Ever-increasing  
need for network  
security



## BROADBAND & 5G

Consumer demand  
for more bandwidth  
and faster speeds

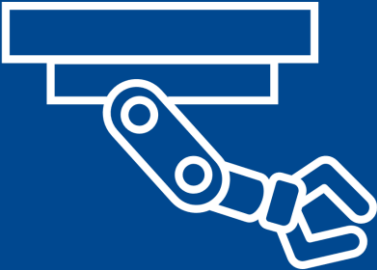


## SMART BUILDINGS

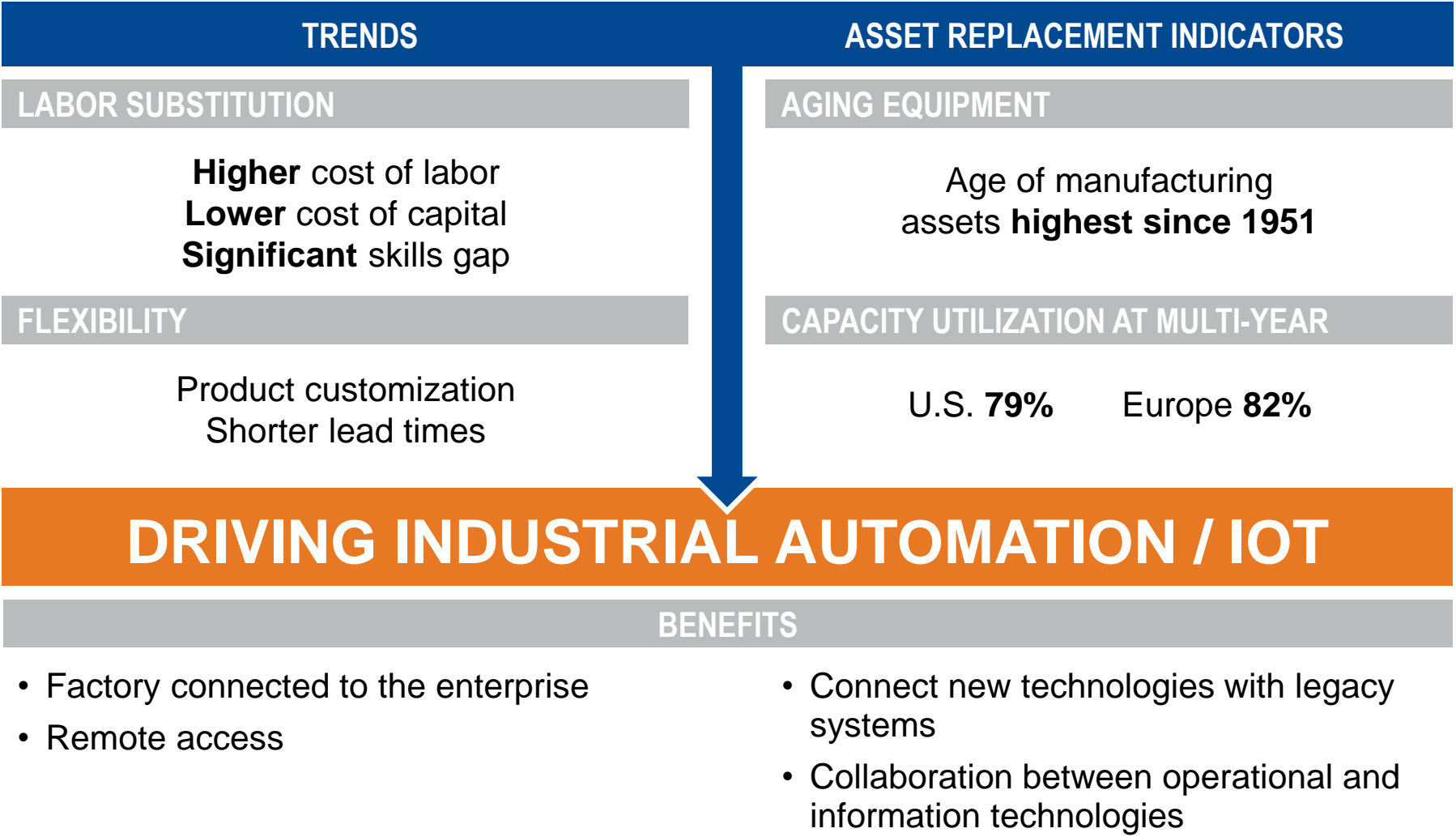
Integrated networks  
require connectivity



# Industrial Automation



GROWING DEMAND  
FOR **AUTOMATED**  
**PRODUCTION**



# Cybersecurity

## POSITIONED TO WIN



**Enterprise  
Market**



**Industrial  
Market**

- ✓ **Integrated** on-prem / cloud
- ✓ **Integrated** SCM / VM
- ✓ **Leading** market position in **Industrial**

**More than half of the Fortune 500  
companies use our technology**

**More** Connected Devices  
**More** Complex Networks  
**More** Sophisticated Attacks  
**More** Costly Data Breaches



**= More Cybersecurity**

## Market Growth

**SCM /  
VM**

**+11%**  
**CAGR**  
(2018 – 2022)

**INDUSTRIAL  
CYBERSECURITY**

**+15%**  
**CAGR**  
(2018 – 2022)

**SCM:** Security Configuration Management **VM:** Vulnerability Management

# Broadband & 5G

2019



2022



## MORE CONNECTIONS

Today, the number of **NETWORKED DEVICES** = **2x** global population

By 2022, the number of **NETWORKED DEVICES** = **4x** global population

## 5G

Existing MSOs to upgrade networks to compete

New opportunities with Telcos to build out 5G networks



CONSUMER DEMAND FOR **MORE BANDWIDTH AND FASTER SPEEDS**



## FASTER SPEEDS

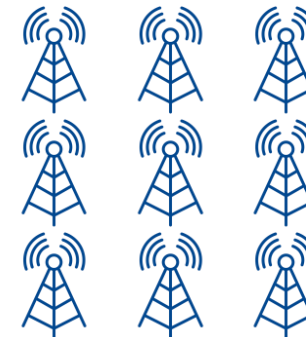
Global fixed broadband speeds to **double** from 2017 to 2022

## 9x GROWTH 2018 – 2026

2018 small cells



2026 small cells



# Smart Buildings

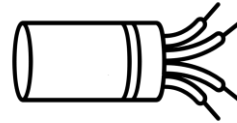


INTEGRATED  
NETWORKS  
REQUIRE  
CONNECTIVITY

Improve efficiency  
and sustainability

Deliver new user  
experiences

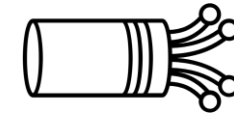
Enable business  
analytics



Power Over Ethernet  
Cabling - Cat 6A

**+16% CAGR**

(2020 – 2022)



Fiber Cable  
and Connectivity

**+4% CAGR**

(2020 – 2022)

Increasing investments in connectivity



# If you believe in these secular trends...



**MORE**  
**Automation**



**MORE**  
**Cybersecurity**



**MORE**  
**Bandwidth**

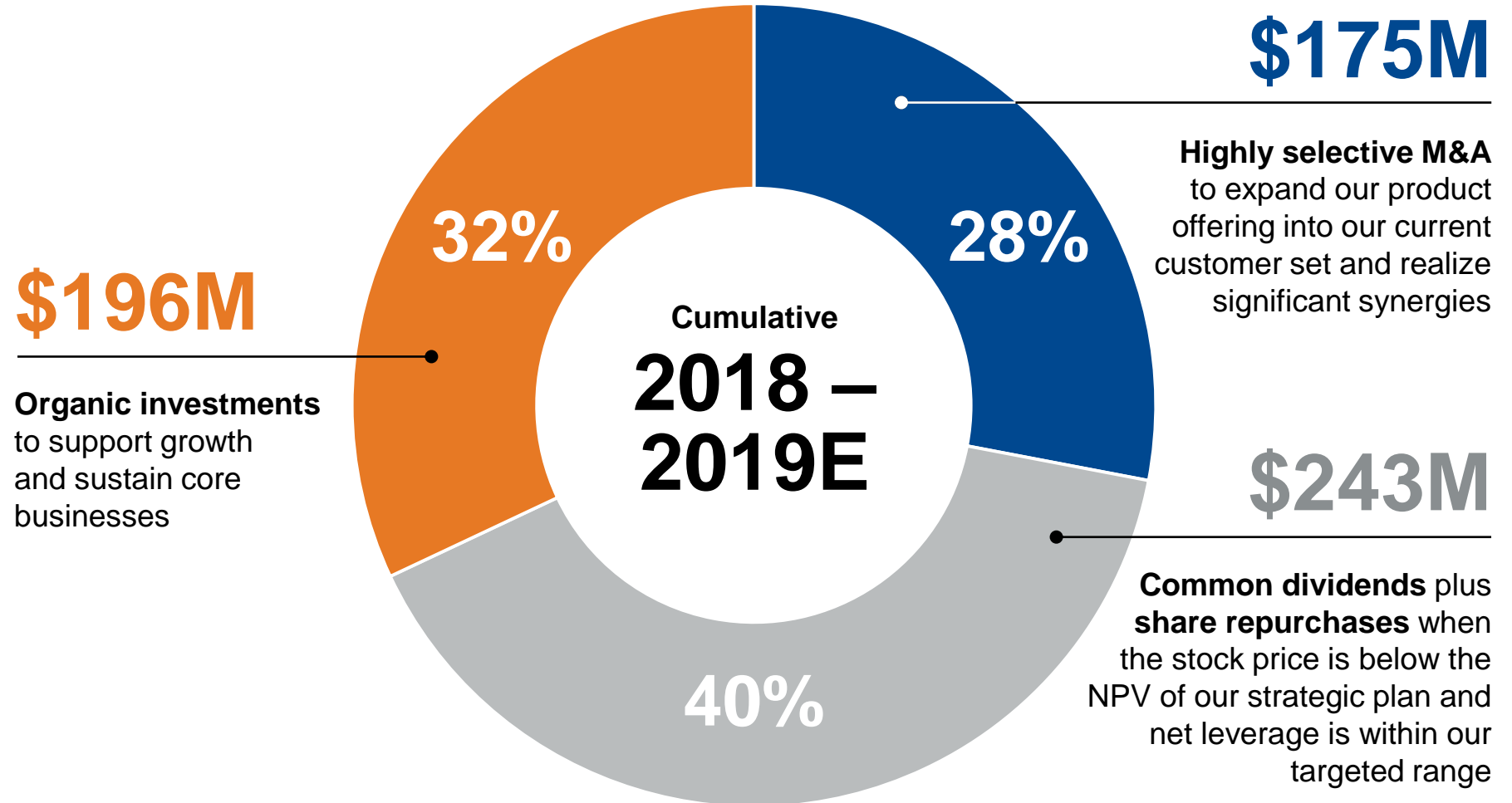


**MORE**  
**Connections**

...then you should be bullish on **BELDEN**

# Balanced Capital Allocation

CAPITAL ALLOCATION  
HAS BEEN BALANCED  
WITH INCREASING  
DEPLOYMENTS TOWARD  
**ORGANIC GROWTH  
INVESTMENTS AND  
SHARE REPURCHASES**



# 2019 Capital Allocation Achievements



## ORGANIC INVESTMENTS

~\$100M Capital Expenditures

~\$75M Growth

~\$25M Maintenance



## ACQUISITIONS

\$51M broadband fiber acquisitions<sup>1</sup>

Opterna  
FutureLink



## SHARE REPURCHASES

\$250M remaining on \$300M authorization

\$50M deployed YTD

**DEPLOYING ~\$200M**  
**IN 2019 TO FUND**  
**ORGANIC**  
**INVESTMENTS,**  
**ACQUISITIONS,**  
**AND SHARE**  
**REPURCHASES**

# Organic Investment Opportunities

1

## FIBER OFFERING

**Expanding portfolio** and manufacturing capabilities for fiber products



2

## PRODUCT ROADMAP

**Developing** new solutions for cybersecurity and industrial networking solutions



3

## PROJECT FUSION EXPANSION

Investing to improve solution **selling to large global customers**



4

## DIGITAL TRANSFORMATION

**Improving** digital pre-purchase experience



5

## INDIA EXPANSION

**Adding** engineering resources and ramping production in a **high-growth region**



# Acquisition Approach

## BUY LEADING COMPANIES

- ✓ That fit within our strategic framework
- ✓ With leading brands
- ✓ That offer innovative products
- ✓ With opportunity for significant cost or commercial synergy
- ✓ In attractive end markets



**FURTHERING  
OUR LEADERSHIP  
WITHIN EACH  
BUSINESS**



# Typical Bolt-On Profile

<b>1</b>	<b>Revenue Growth</b>	<b>2</b>	<b>Gross Profit %</b>	<b>3</b>	<b>EBITDA Margin %</b>	<b>4</b>	<b>ROIC</b>
In line with Belden end markets		Greater than Belden gross profit margins		Below Belden with opportunity to improve to corporate average		In line with Belden corporate goals	

Post-Synergy EV / EBITDA Multiple: ~7x

## FOCUS



**Industrial**  
Bolt-Ons

**Fiber**  
Bolt-Ons



Fiber optic targets currently in cultivation with aggregate revenues of

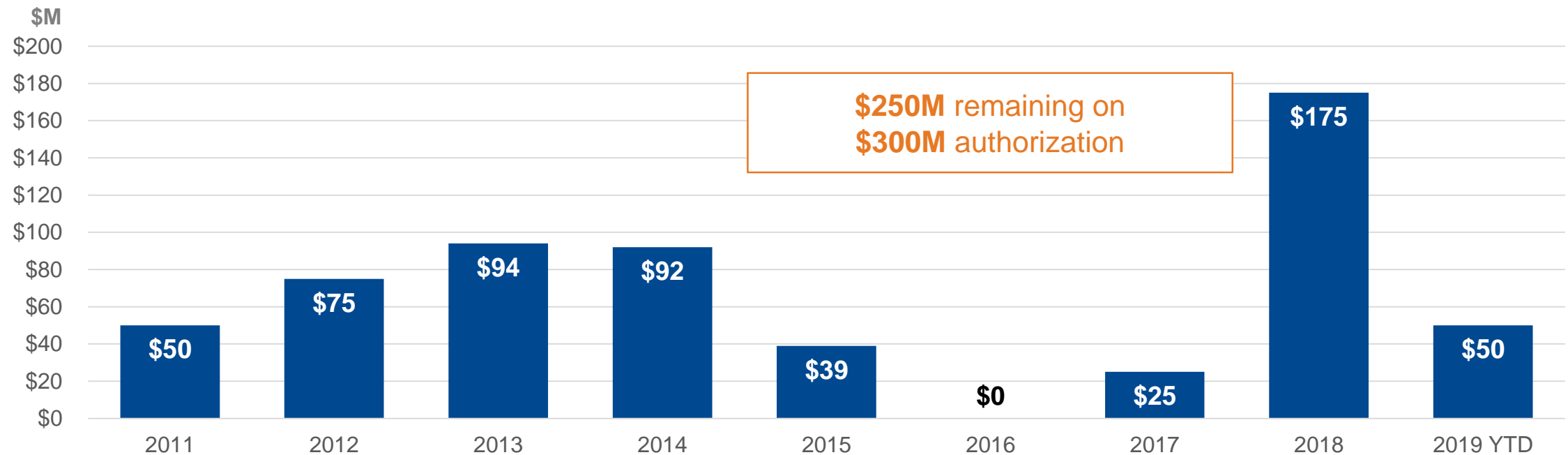
**\$1B+**

# Share Repurchase Program

\$300M authorization  
initiated in 2018

Enabled by strong balance  
sheet and cash flows

Reflects our view that  
the stock is undervalued



Increased share repurchase activity reflects a view that the stock is undervalued

# Poised for Renewed Growth



## ORGANIC

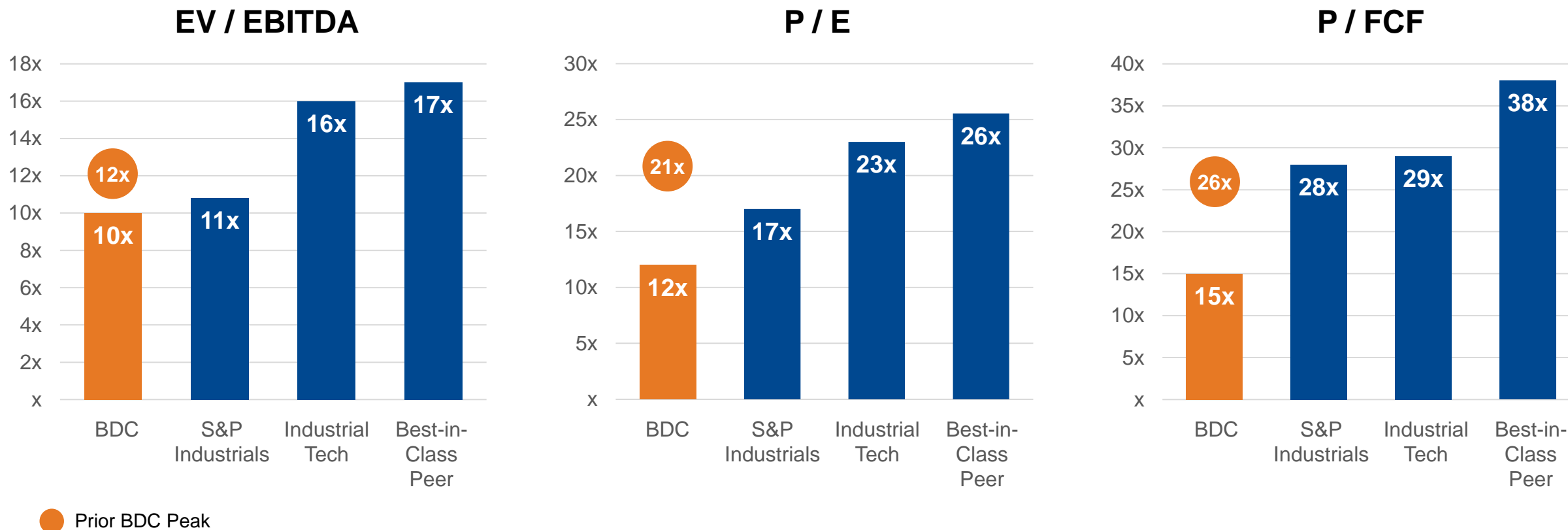
**SECULAR TAILWINDS,  
TARGETED GROWTH  
INVESTMENTS**

## M&A

**BOLT-ON  
ACQUISITIONS  
IN FIBER AND  
INDUSTRIAL**



# Opportunity for Improved Valuation



**BDC is undervalued relative to broader peer groups**  
**Opportunity for significant multiple expansion as organic growth and margin expansion return**

# Today's Theme: Continued Transformation

## IMPROVING PORTFOLIO

**Simplifying**  
the portfolio

**Exiting** less  
attractive  
businesses and  
product lines

## IMPROVING GROWTH

Removing a  
**declining business**

Investing in our  
**growing businesses**  
to capitalize on  
secular trends

## IMPROVING MARGINS

Initiating a \$40M  
**cost reduction**  
program

Targeting **20-22%**  
EBITDA margins

**IMPROVING  
SHAREHOLDER  
RETURNS**

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# BUSINESS OVERVIEW AND EXECUTION

**Roel Vestjens**

Executive Vice President and Chief Operating Officer



## Belden Overview



## Key Strategic Priorities

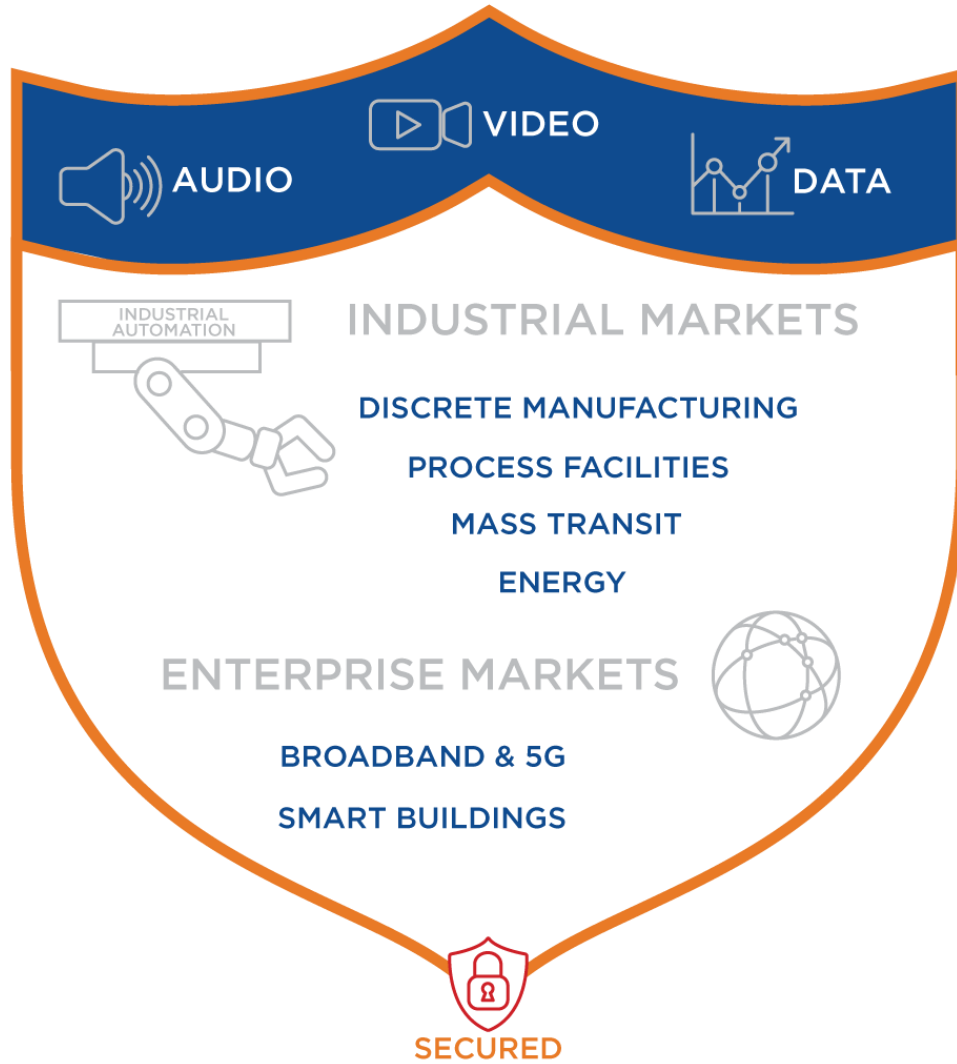


## Belden Business System

A leading global  
supplier of **specialty  
networking solutions**



# Belden Overview



**BELDEN CONNECTS AND PROTECTS THE WORLD WITH THE INDUSTRY'S MOST COMPLETE SUITE OF END-TO-END SPECIALTY NETWORKING SOLUTIONS**

TRANSMITTING AND  
SECURING AUDIO,  
VIDEO, AND DATA IN  
HARSH INDUSTRIAL  
ENVIRONMENTS

PRO FORMA  
REVENUES: ~\$0.9B  
EBITDA MARGIN: ~22%

# Industrial Solutions

## KEY SOLUTIONS

### Cable

Fiber | Copper



### Connectivity

Active I/O Modules | Passive  
Distribution Boxes | Connectors



### Networking

Wireless | Gateways | Switches |  
Routers



### Software

Network Management Software  
Firewalls | SCM & VM

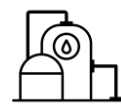
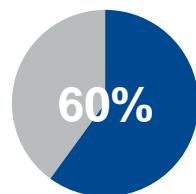


## KEY MARKETS



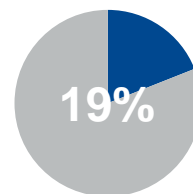
### Discrete Manufacturing

Factory Floor  
Automation



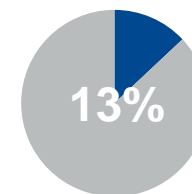
### Process Facilities

Process  
Automation



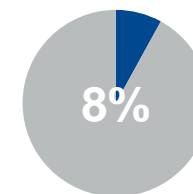
### Energy

Smart Grid  
Infrastructure



### Mass Transit

Transportation Control  
Systems & Wireless



TRANSMITTING AND  
SECURING AUDIO,  
VIDEO, AND DATA IN  
**COMPLEX ENTERPRISE  
NETWORKS**

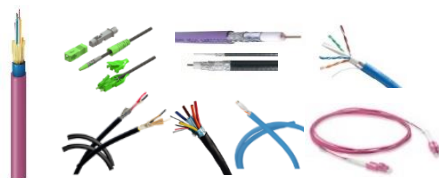
**PRO FORMA**  
REVENUES: ~\$1.0B  
EBITDA MARGIN: ~18%

# Enterprise Solutions

## KEY SOLUTIONS

### Cable

Fiber | Copper | A/V



### Connectivity

Fiber | Copper | A/V  
Racks | Connectivity Tools



### Networking

Switches | Extension Systems  
System Management

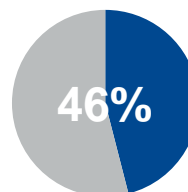


## KEY MARKETS



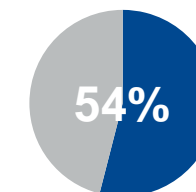
### Broadband & 5G

Broadband Deployment  
(Fiber / Copper)



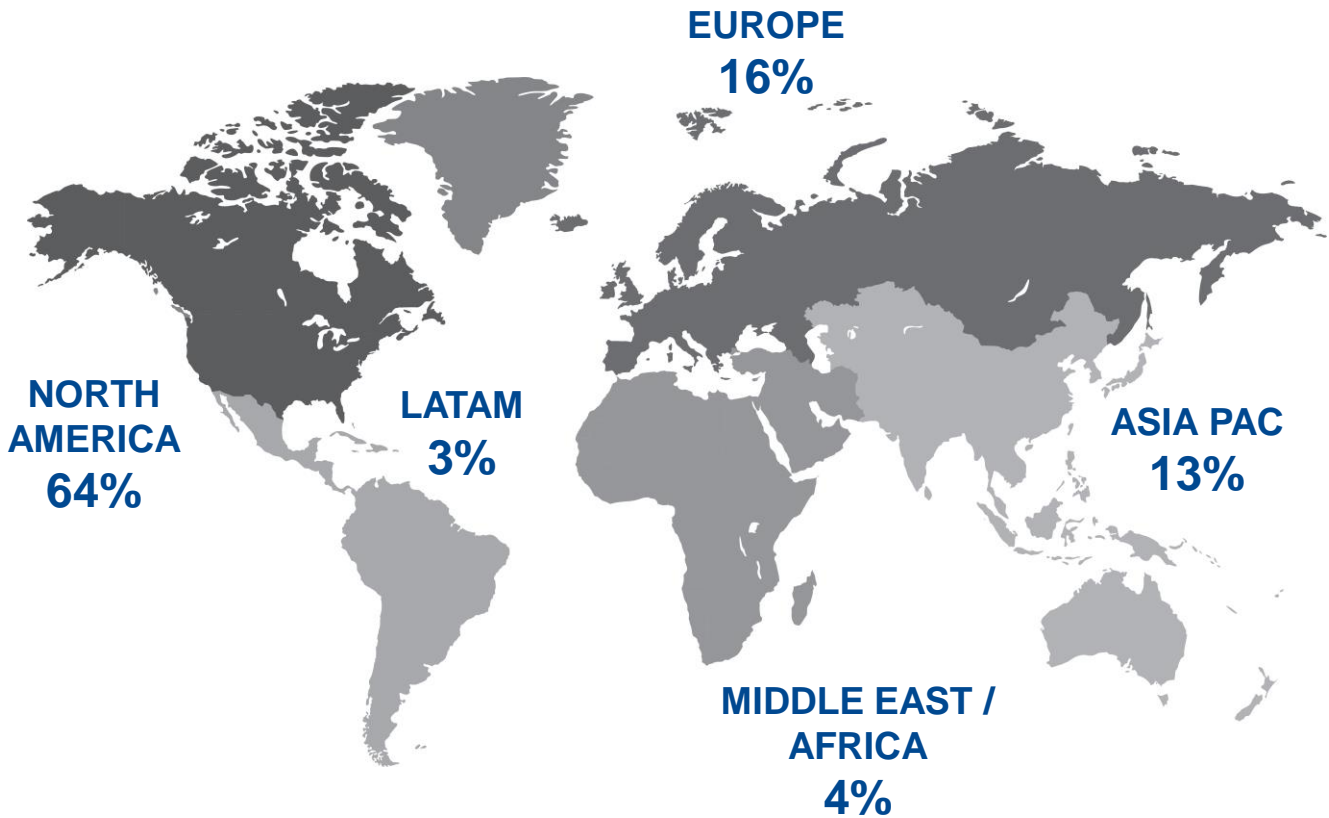
### Smart Buildings

Extended LAN /  
Commercial A/V











# Global Presence

(Pro Forma)



# Attractive End Markets

	 INDUSTRIAL	 ENTERPRISE
Large Market		
Mission Critical		
Highly Fragmented		
Secular Trends	<b>MORE Automation</b>	<b>MORE Connections</b>





Belden Overview



Key Strategic Priorities



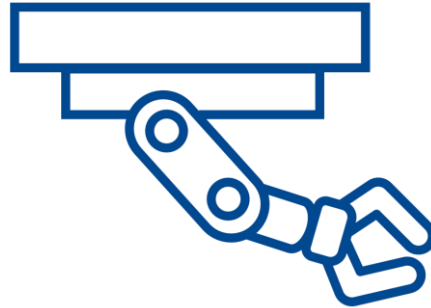
Belden Business System

Strong businesses  
aligned with **powerful**  
**secular trends**

# Key Strategic Priorities



## INDUSTRIAL SOLUTIONS



## INDUSTRIAL AUTOMATION

Growing demand for  
automated production



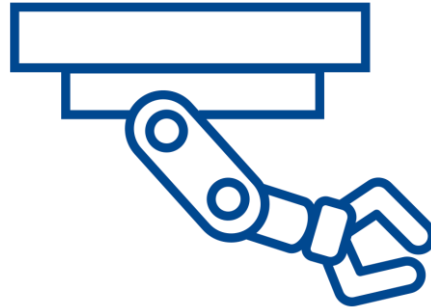
## CYBERSECURITY

Ever-increasing need  
for cybersecurity

# Key Strategic Priorities



## INDUSTRIAL SOLUTIONS



## INDUSTRIAL AUTOMATION

Growing demand for  
automated production



## CYBERSECURITY

Ever-increasing need  
for cybersecurity

# Market Growth Drivers

01 HIGH COST OF LABOR

02 LOW COST OF CAPITAL AND ROBOTICS

03 HIGH CAPACITY UTILIZATION, AGING EQUIPMENT

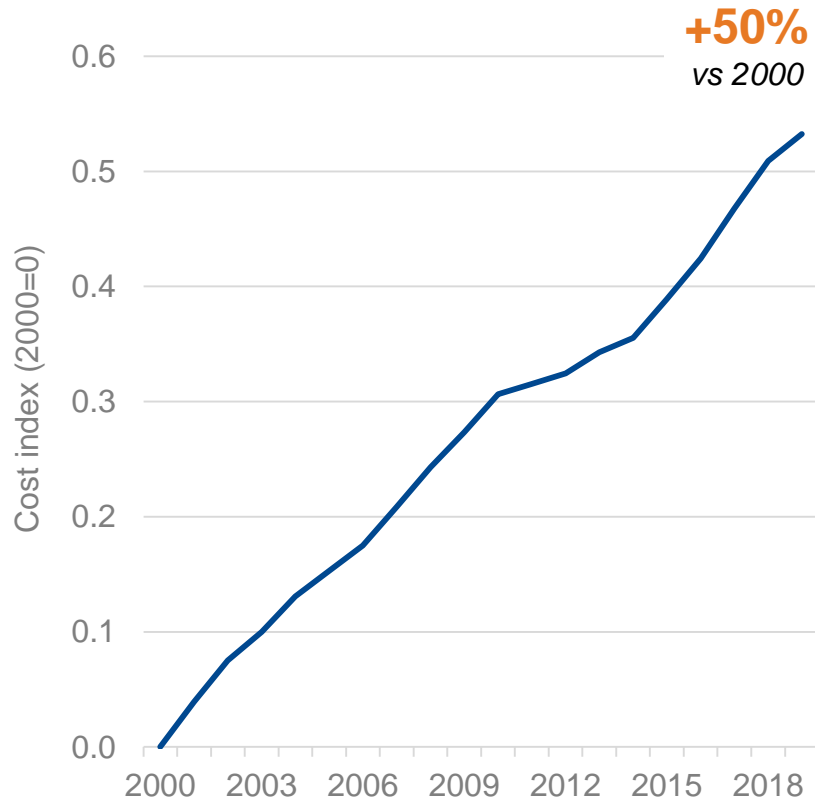
04 SUPPORTIVE DEMOGRAPHICS

**ALL ROADS  
LEAD TO  
MORE  
AUTOMATION**

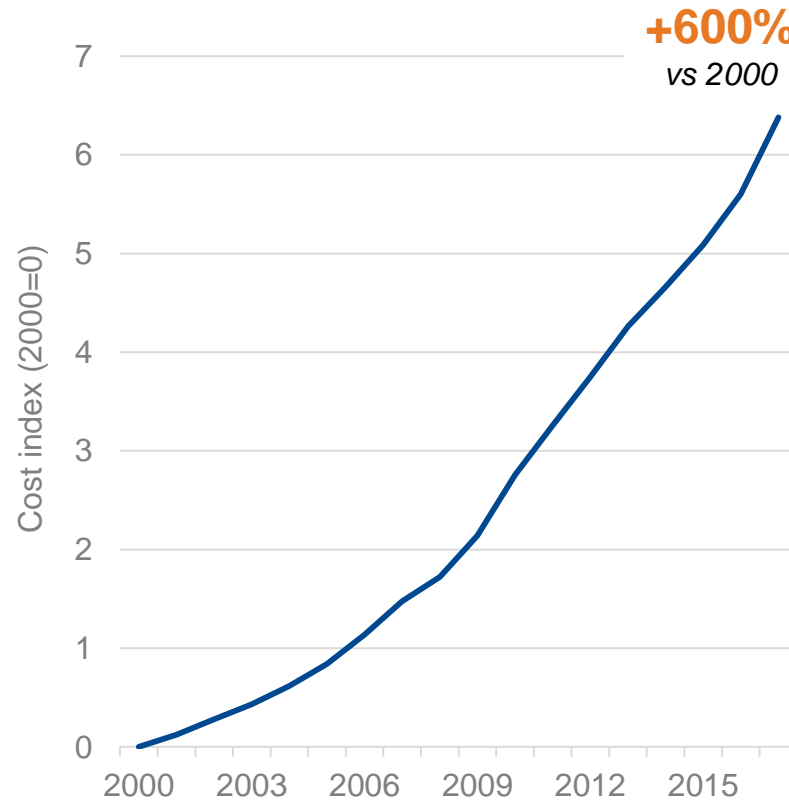


# 01 HIGH COST OF LABOR

## U.S. Manufacturing Wages



## China Manufacturing Wages

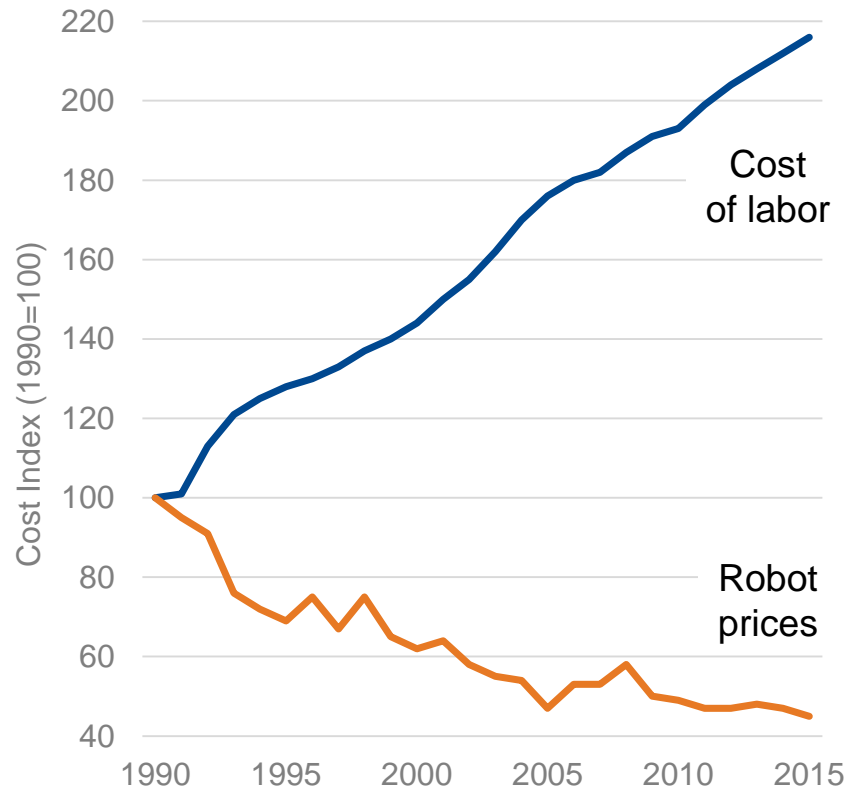


MANUFACTURING  
WAGES IN THE U.S.  
HAVE BEEN STEADILY  
**INCREASING**

CHINA LABOR COSTS  
HAVE **INCREASED**  
EVEN MORE  
SUBSTANTIALLY

## 02 LOW COST OF CAPITAL AND ROBOTICS

### U.S. Cost of Automation



### U.S. 10-Year Treasury Yield

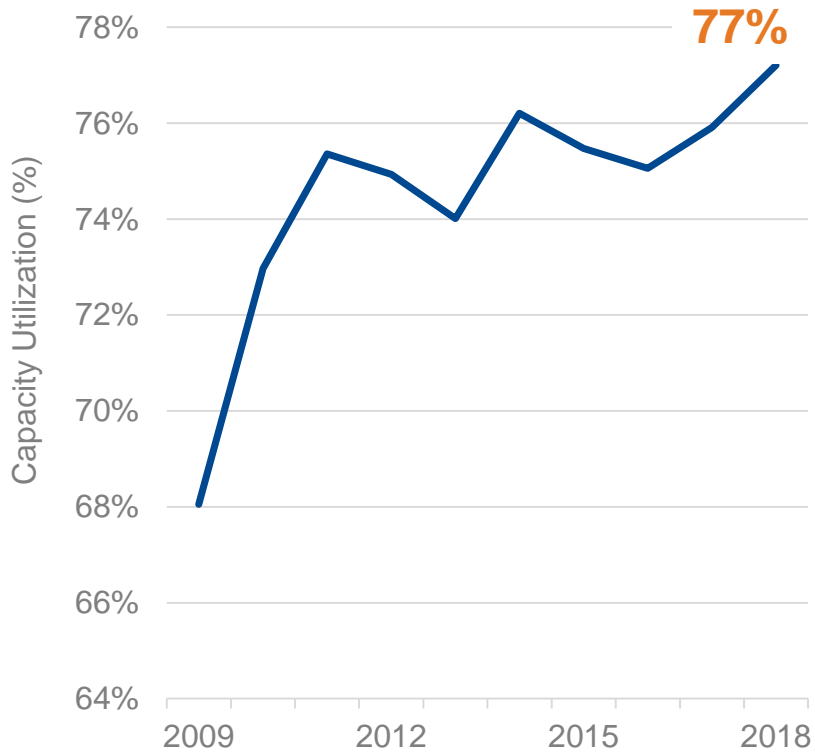


THE COST OF LABOR  
IS **RISEING...** THE COST  
OF ROBOTS IS  
**FALLING...**

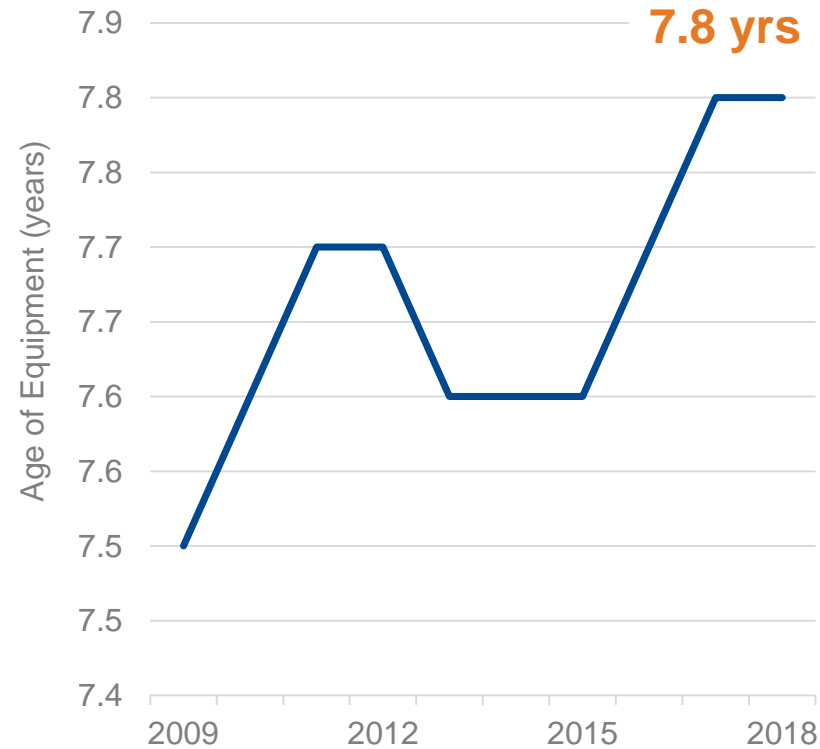
WHILE THE COST OF  
CAPITAL REMAINS  
**LOW** WITH INTEREST  
RATES NEAR  
ALL-TIME LOWS

## 03 HIGH CAPACITY UTILIZATION, AGING EQUIPMENT

**U.S. Capacity Utilization**



**Age of Manufacturing Capital Equipment**



**U.S. MANUFACTURING  
CAPACITY UTILIZATION  
AT HISTORICALLY  
ELEVATED LEVELS**

**MANUFACTURING  
CAPITAL EQUIPMENT  
AGE AT ALL-TIME HIGHS**

## 04 SUPPORTIVE DEMOGRAPHICS

4.6M

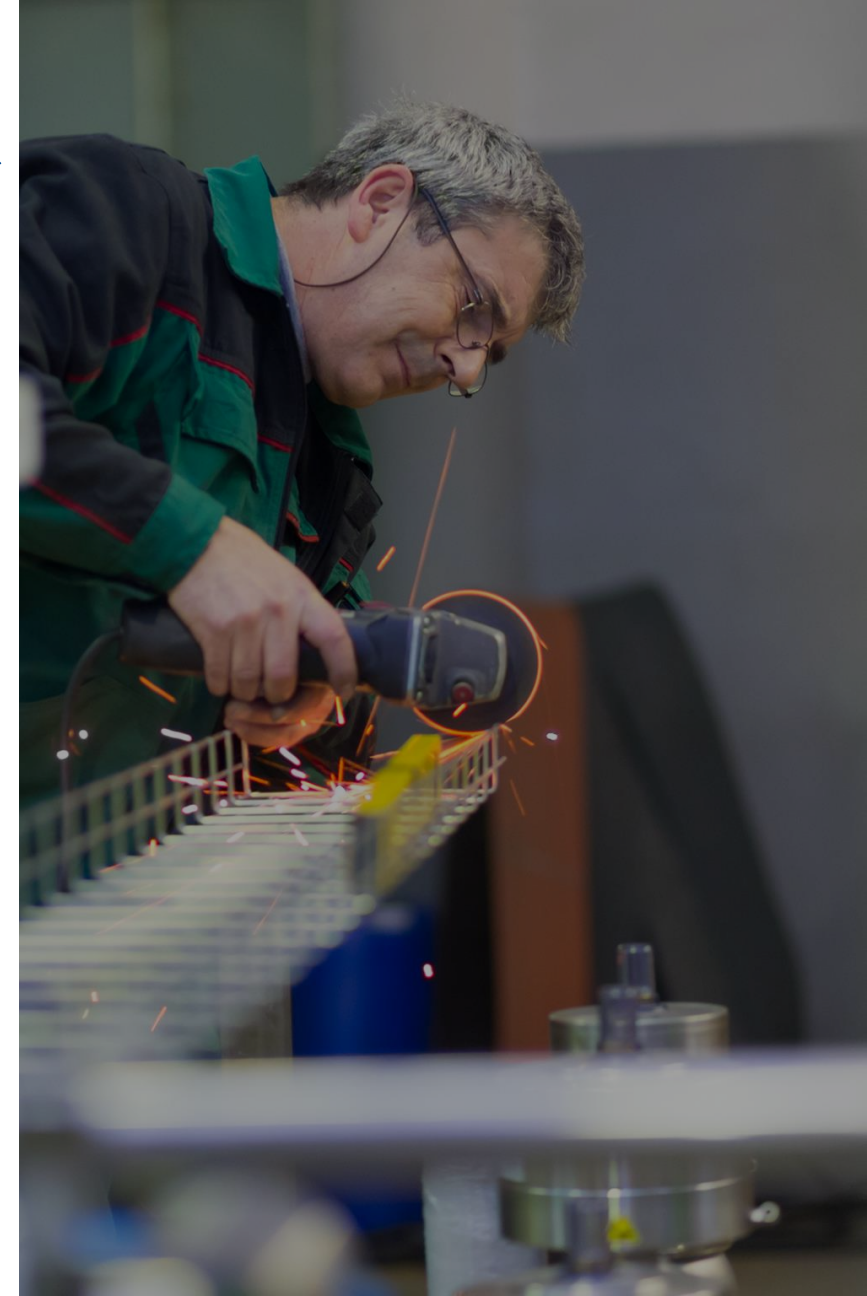
manufacturing jobs will need  
to be filled from **2018 – 2028**

ONLY  
2.2M jobs are  
likely to  
be filled

Therefore,

2.4M

open positions will  
need to be addressed  
**through automation**





# Discrete Manufacturing

## INDUSTRY SEGMENTS

Material Handling    Food and Beverage    Automotive Manufacturing    Semiconductor    Pharma

## GROWTH DRIVERS

- Automation / robotics demand driven by need to improve safety, productivity, quality, cost, on-time delivery, etc.
- Increased connectivity and industrial IOT enable more data generation and analysis

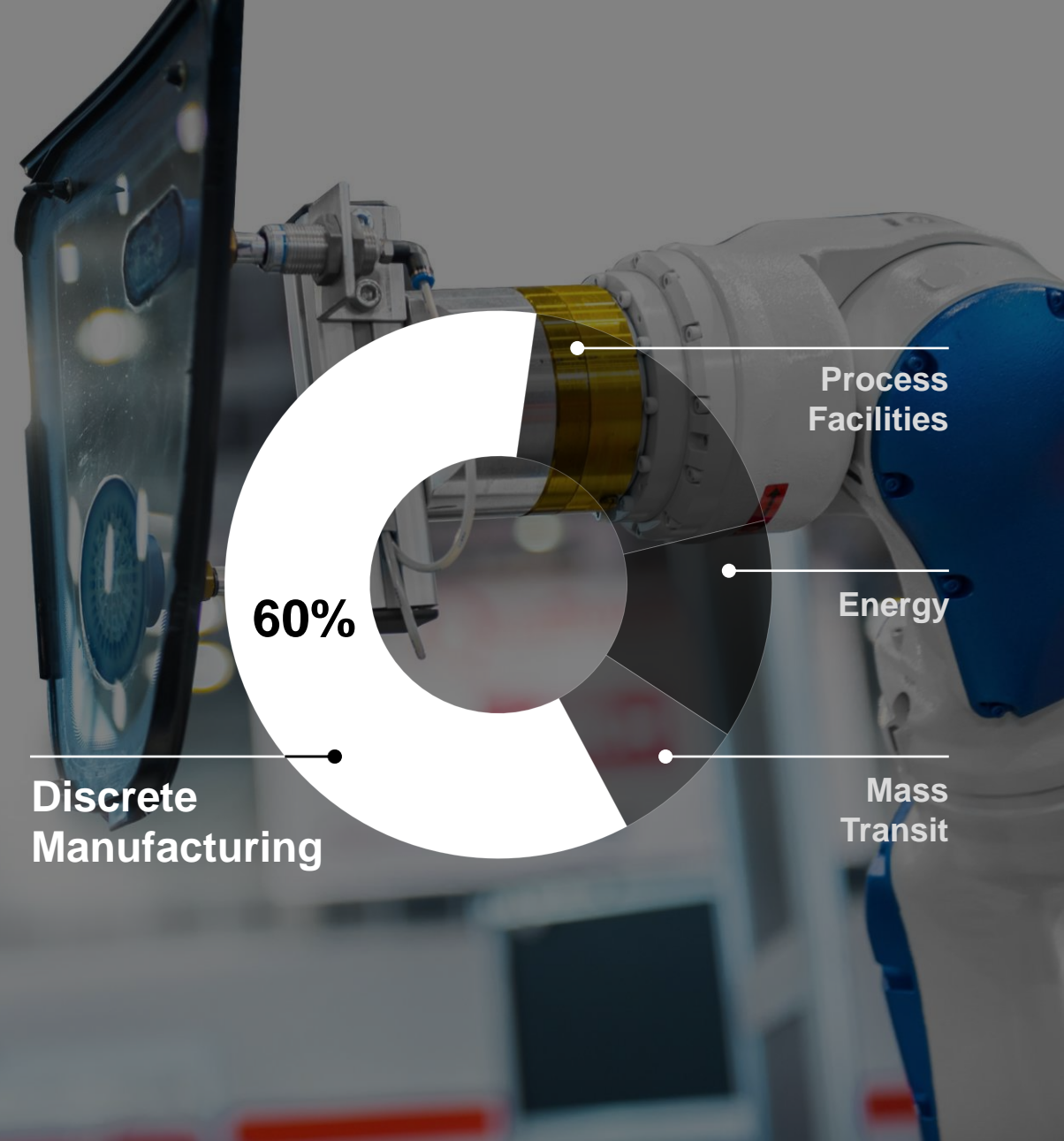
## CUSTOMERS



**Rockwell  
Automation**



**SIEMENS**



# Process Facilities

## INDUSTRY SEGMENTS

Water and  
Wastewater

Oil and Gas

Metals and Mining

Chemicals

## GROWTH DRIVERS

- Population growth, increasing middle class, and urbanization driving increased investments in process facilities

## CUSTOMERS



YOKOGAWA ◆



Schneider  
Electric



FLUOR®

ExxonMobil



# Energy

## INDUSTRY SEGMENTS

Power Transmission  
and Distribution

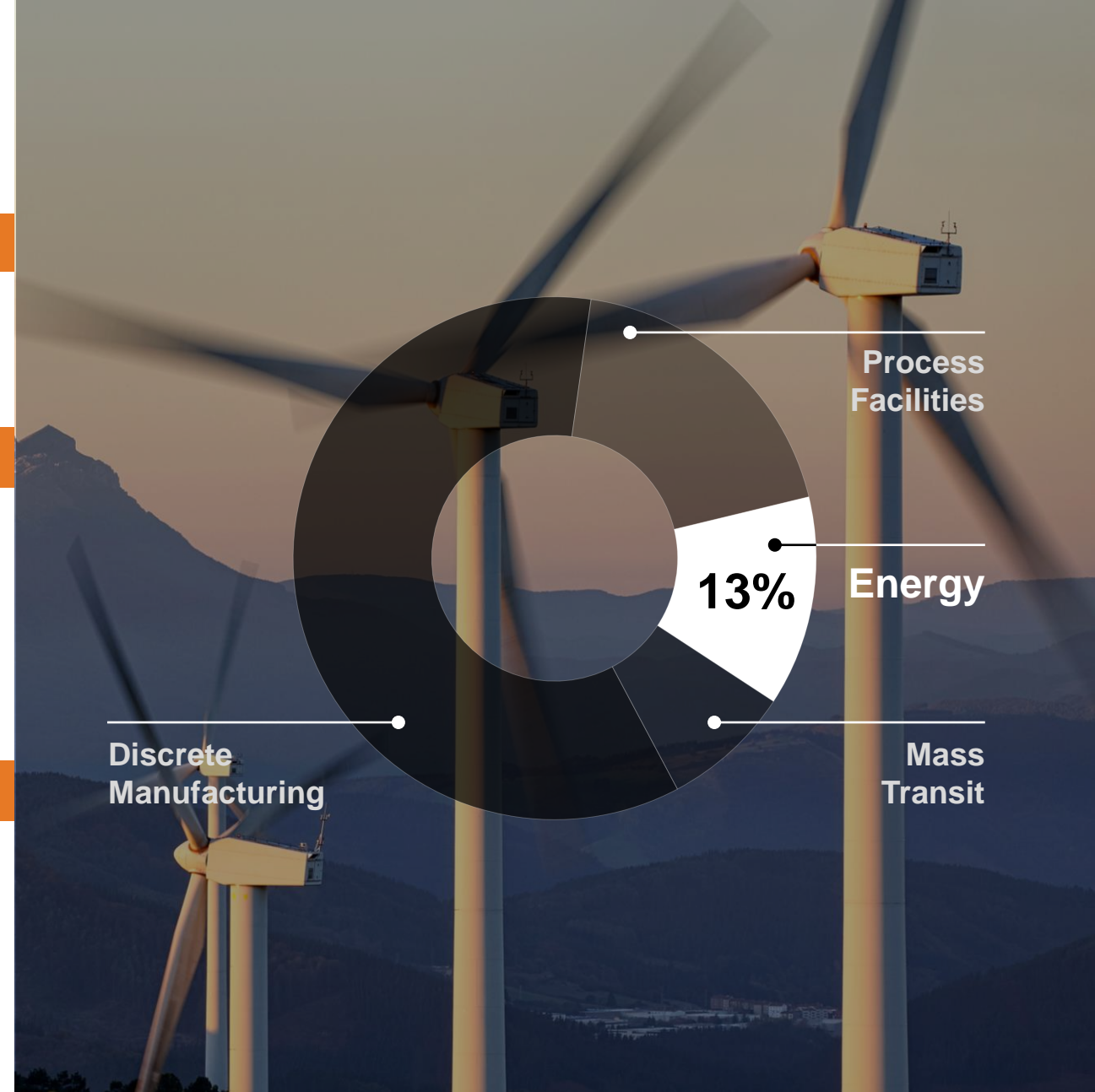
Renewable  
Energy

Conventional Power  
Generation

## GROWTH DRIVERS

- Demand for renewable power sources, such as solar and wind, will drive infrastructure spending
- Population growth expected to drive investment in traditional power transmission and distribution

## CUSTOMERS





# Mass Transit

## INDUSTRY SEGMENTS

Mass Transit Systems	Traffic Systems	Rail Systems	Airports, Seaports, and Shipping
----------------------	-----------------	--------------	----------------------------------

## GROWTH DRIVERS

- Urbanization and demand for intelligent traffic systems will drive growth in mass transit systems
- Asia Pacific region updating infrastructure and increasing investments in airports and seaports

## CUSTOMERS

**BOMBARDIER**

**AMTRAK**

**DB BAHN**

**IBERDROLA**

**SIEMENS**



**icomera**

**Hitachi Rail STS**



# Belden's Competitive Advantage

DISCRETE

PROCESS

ENERGY

MASS TRANSIT

Belden has the **most comprehensive end-to-end solutions** for industrial end markets

CABLE

CONNECTIVITY

NETWORKING

CYBERSECURITY

**COMPETITORS**

Prysmian  
Southwire  
Molex

Amphenol  
TE Connectivity  
Phoenix Contact

Cisco  
Moxa  
Siemens

Checkpoint  
Cisco  
Claroty

# Key Takeaways: Industrial Automation



## FAVORABLE MARKET DYNAMICS

All roads  
lead to  
**more  
automation**

## BELDEN STRATEGY

Belden's  
comprehensive  
portfolio differentiates  
us from our peers  
and positions us for  
growth

## BELDEN OUTLOOK

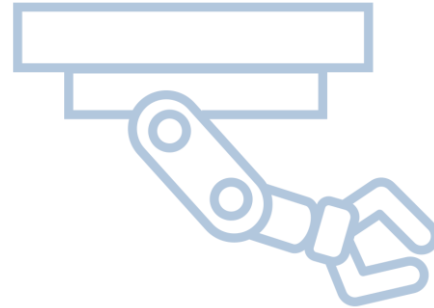
**Mid Single-  
Digit Growth**

Over the Cycle

# Key Strategic Priorities



## INDUSTRIAL SOLUTIONS



## INDUSTRIAL AUTOMATION

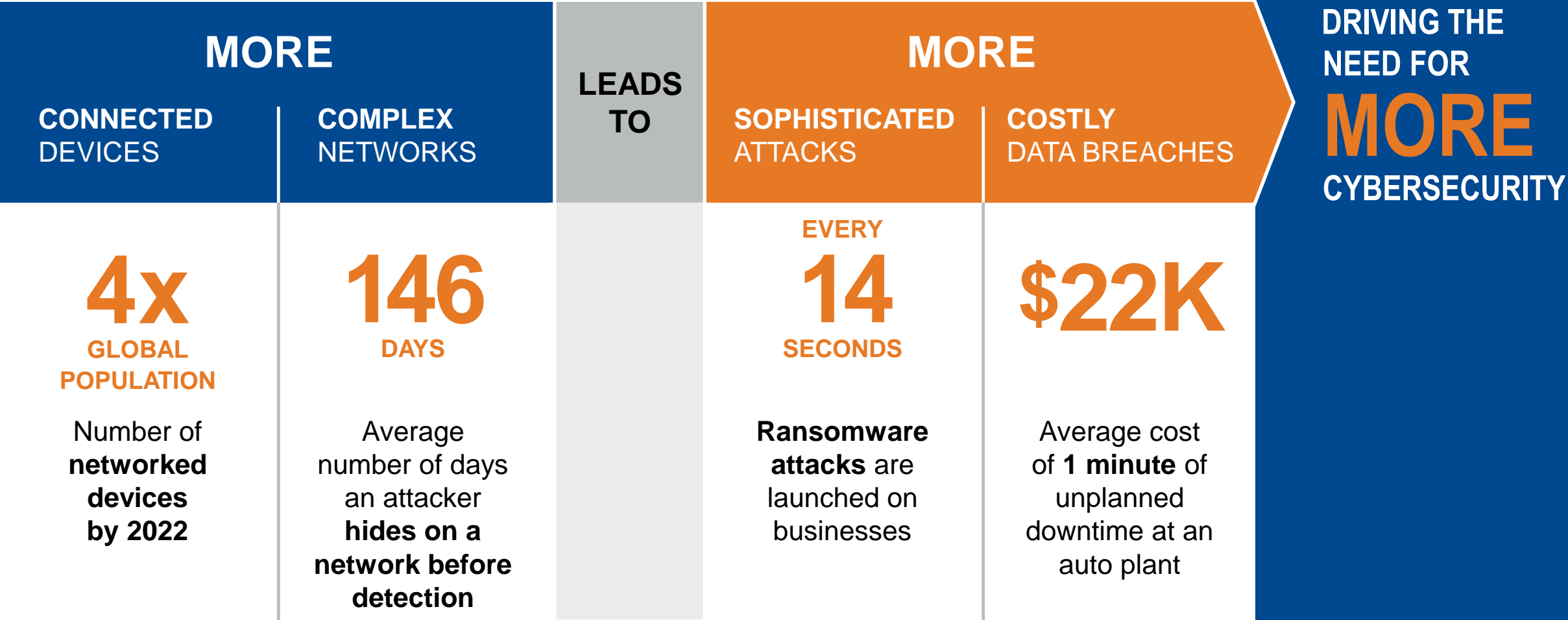
Growing demand for  
automated production



## CYBERSECURITY

Ever-increasing need  
for cybersecurity

# Market Growth Drivers





# Cybersecurity Strategy

**Leverage Tripwire's strong installed base  
and differentiated product offering**

01

**INTEGRATED  
ON-PREMISE  
AND CLOUD  
SOLUTIONS**

02

**LEAD IN  
INDUSTRIAL  
CYBERSECURITY**

03

**SELL MORE  
PRODUCT  
CATEGORIES  
TO EXISTING  
CUSTOMERS**

# 01 INTEGRATED ON-PREMISE AND CLOUD SOLUTIONS

## LEGACY OFFERING



Sophisticated  
on-premise  
solution

## UPGRADED OFFERING



Sophisticated  
on-premise  
solution



Hybrid on-premise /  
cloud solution



Pure cloud  
solution

TRIPWIRE'S STRONG  
ON-PREMISE INSTALLED  
BASE IS A **UNIQUE  
COMPETITIVE  
ADVANTAGE**

ALLOWS OUR EXISTING  
CUSTOMERS TO  
SEAMLESSLY  
TRANSITION TO A  
**CLOUD OR HYBRID  
SOLUTION** AND  
GIVES OUR NEW  
CUSTOMERS OPTIONS

**MORE THAN HALF OF THE FORTUNE 500 COMPANIES USE OUR TECHNOLOGY**



## 02 LEAD IN INDUSTRIAL CYBERSECURITY

### STRATEGIC RATIONALE

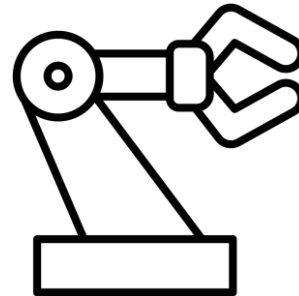
Enterprise-class cybersecurity adapted for **industrial applications**

**Strong early leadership position** in a new market with rapid growth potential

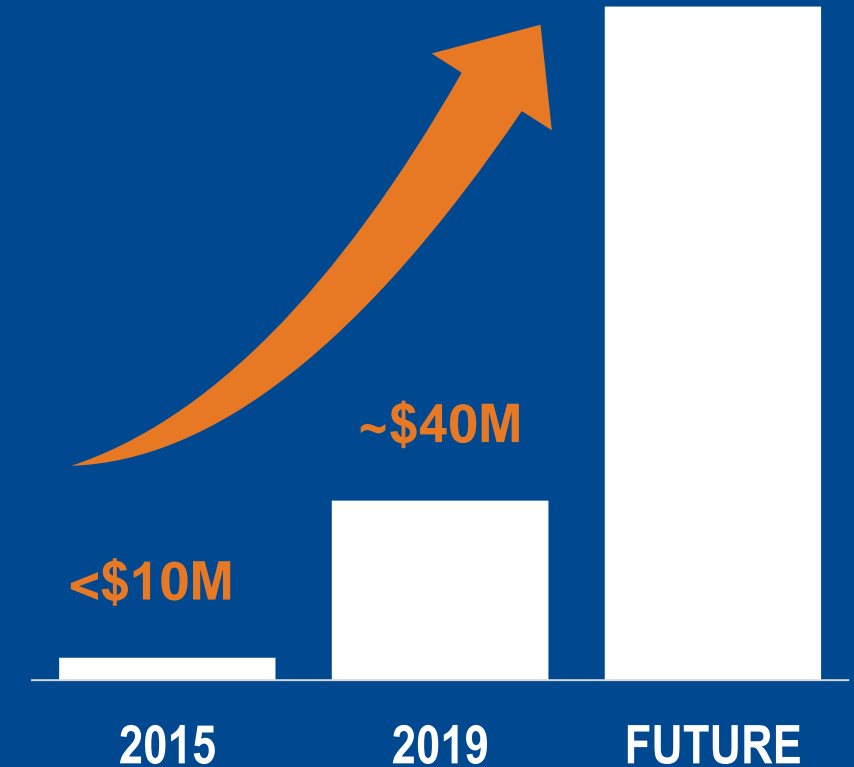
- Expected market CAGR of **15%**

Plan to **outpace the market** through:

- **Differentiated solutions**
- **Unique access** to Belden's industrial customer base
- Investments to drive **market adoption**



### INDUSTRIAL CYBERSECURITY ANNUAL REVENUE



## 03 SELL MORE PRODUCT CATEGORIES

### CASE STUDY

A leading multinational bank migrated some customer-facing services to the major cloud platforms (Azure, Google, AWS)

#### BUSINESS NEED

As a legacy on-premise customer, this bank needed dependable security both **on-prem and in the cloud**

#### SOLUTION

Tripwire's new hybrid solution (on-prem and cloud) allowed for a **complete risk assessment of its hybrid cloud enterprise**

**Opportunity to convert legacy customers to new offerings**

## TO EXISTING CUSTOMERS

	PRIOR	CURRENT
On-Prem	✓	✓
Cloud		✓
Customer-Hosted	✓	✓
Tripwire-Hosted		✓
SCM	✓	✓
VM	✓	✓
Integrated SCM / VM		✓

# Key Takeaways: Cybersecurity



## FAVORABLE MARKET DYNAMICS

**More**  
cybersecurity  
investment required to  
secure increasingly  
interconnected  
industrial and  
enterprise networks

## BELDEN'S STRATEGY

Leverage Tripwire's  
strong brand, installed  
base, and  
differentiated /  
upgraded product  
offering

## BELDEN OUTLOOK

**High Single-  
Digit Growth**  
Over the Cycle

# Key Strategic Priorities



## ENTERPRISE SOLUTIONS



## BROADBAND & 5G

Consumer demand for more  
bandwidth and faster speed



## SMART BUILDINGS

Integrated networks  
require connectivity

# Key Strategic Priorities



## ENTERPRISE SOLUTIONS



## BROADBAND & 5G

Consumer demand for more  
bandwidth and faster speed



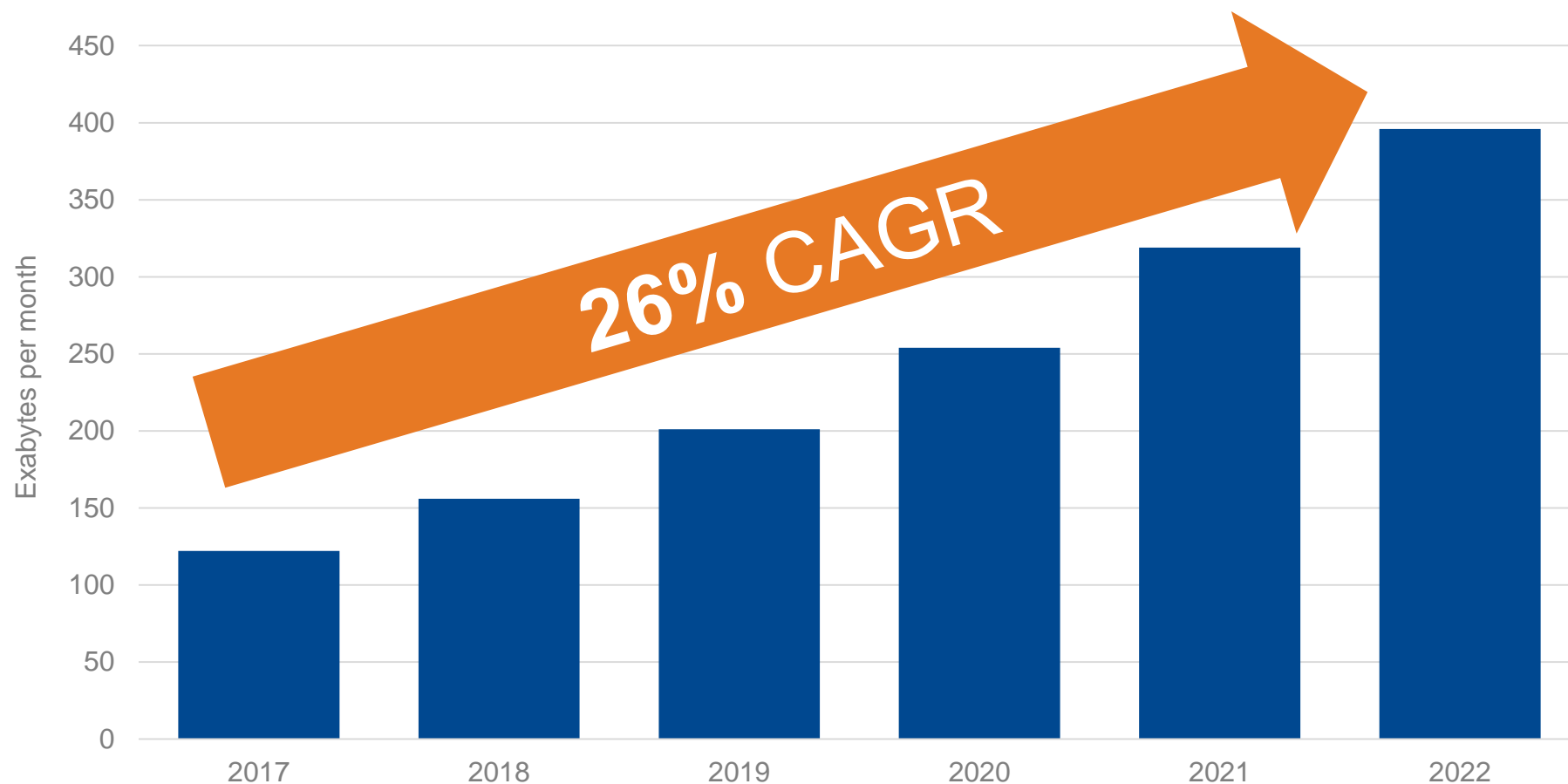
## SMART BUILDINGS

Integrated networks  
require connectivity



# Market Growth Driver

Global IP Traffic



**MORE**  
BANDWIDTH  
CONSUMPTION

# Bandwidth Demand Drivers

## VIDEO

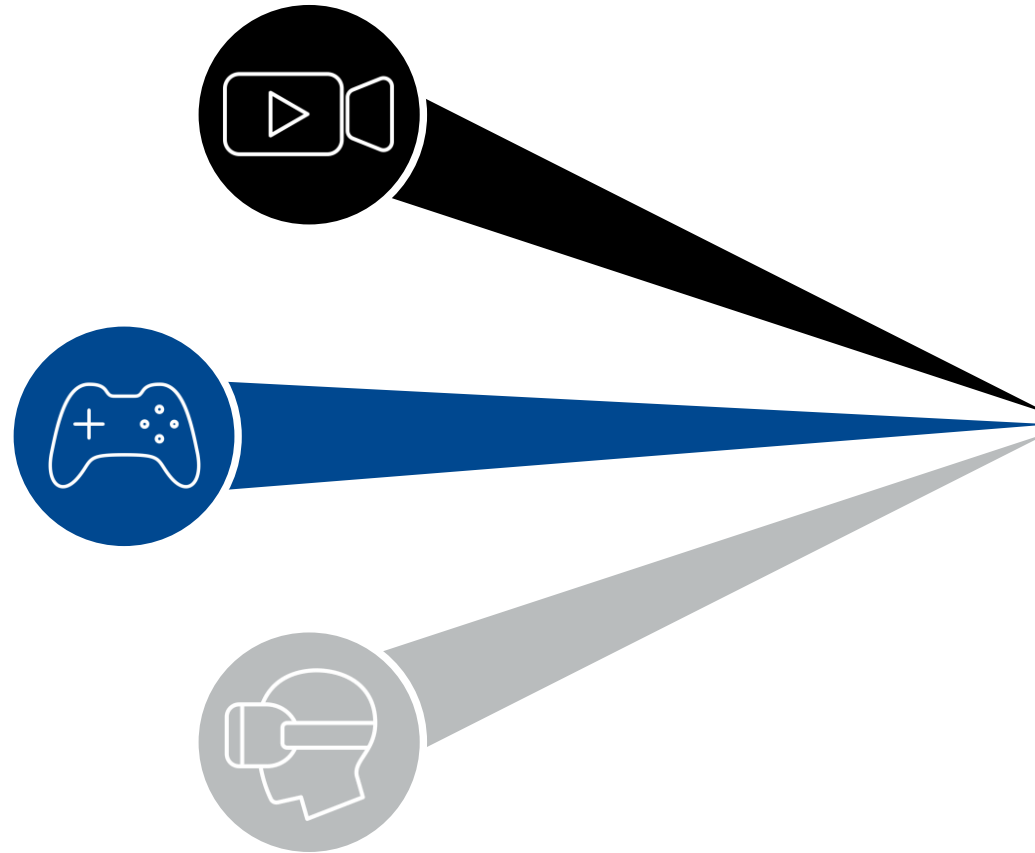
- Over-the-top streaming
- 4K / ultra-high definition
- Security surveillance

## GAMING

- Online play
- Live streaming

## VIRTUAL / AUGMENTED REALITY

- Live streaming
- Low latency and high speeds



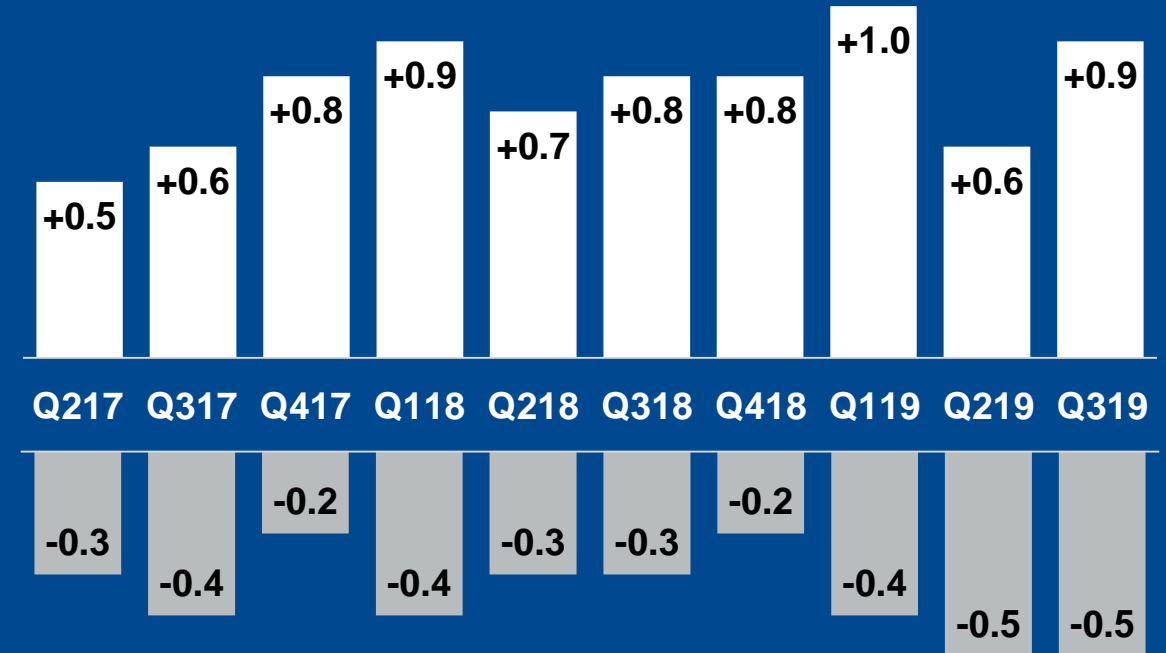
REQUIRE  
**MORE**  
BANDWIDTH

# Accelerated by Cord-Cutting

- The **cord-cutting** trend continues, but broadband subscriber adds are more than offsetting TV subscriber losses
- Cord-cutters are the **highest consumers of data** and require superior speed and reliability, creating a need for **network upgrades**
- Creates **tailwinds** for the majority of our business

## U.S. MSO Subscriber Additions (M)

### Net Broadband **Subscriber Adds**



### Net Cable TV **Subscriber Losses**

# Increasing Bandwidth Demand Will Drive...



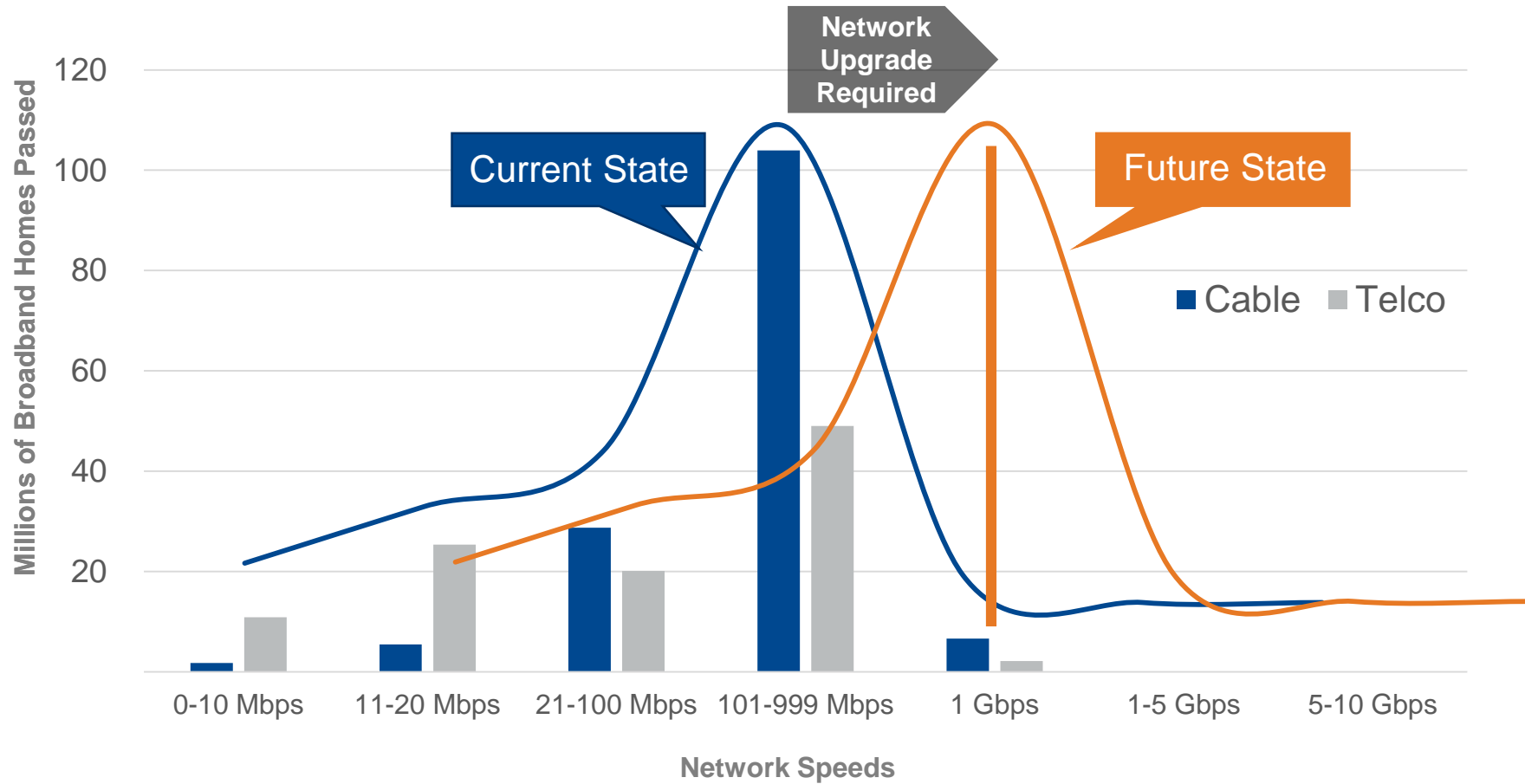
Existing Network  
Upgrades



New  
5G Networks

Belden will support BOTH

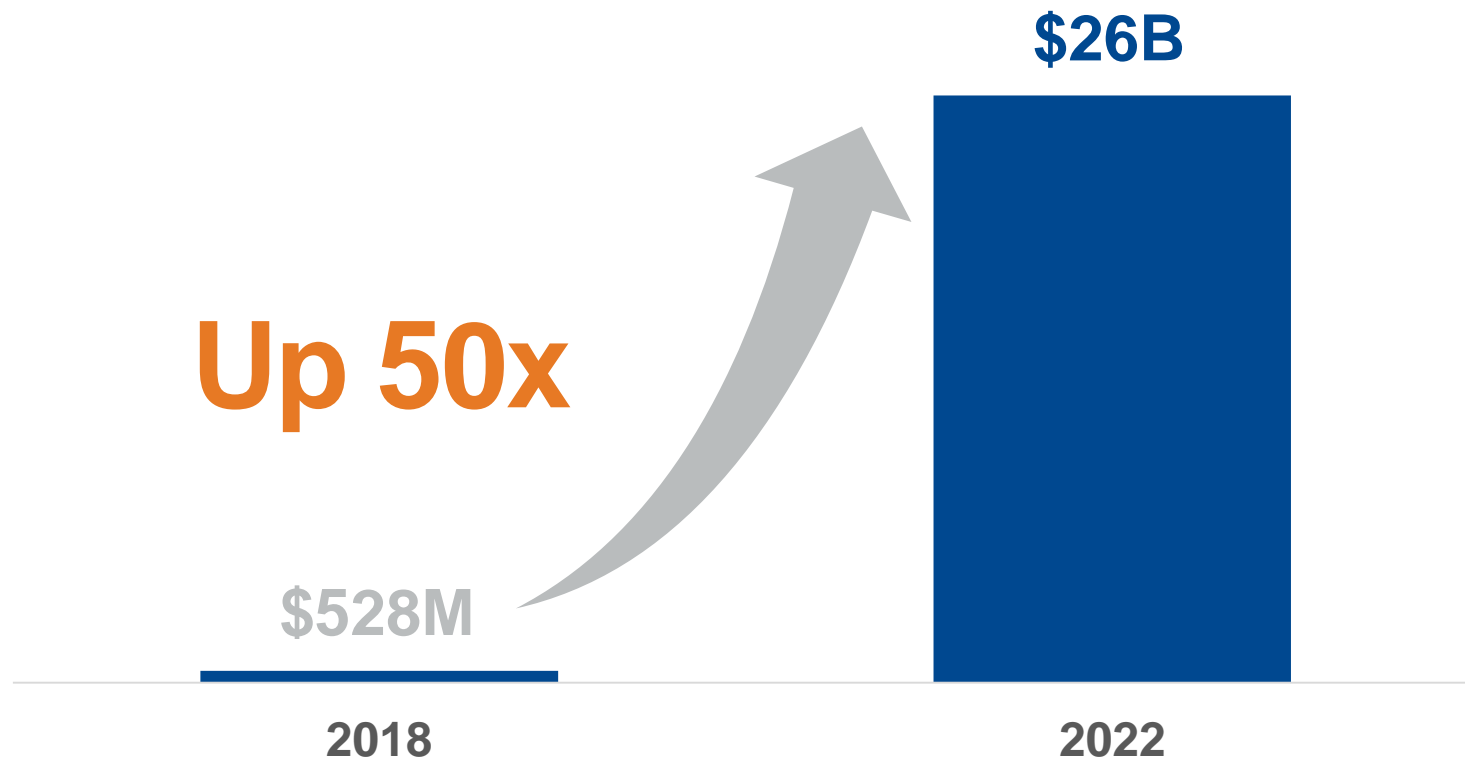
## 01 EXISTING NETWORK UPGRADES WILL BE REQUIRED



**146M**  
HOMES WILL NEED  
TO BE UPGRADED IN  
THE U.S.

## 02 NEW 5G NETWORKS WILL BE BUILT

### 5G Network Infrastructure Spend Forecast



**5G**  
NETWORK SPEND  
TO INCREASE  
DRAMATICALLY

# What Is Belden's 5G Story?



## MSO

Belden will support MSO customers as they **upgrade existing networks**

Spending will increase to keep up with demand and in response to the **5G competitive threat**



## TELCO

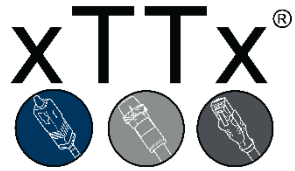
Belden will support Telco customers as they **build out 5G infrastructure**

Millions of small cells will be required to support 5G, and those cells **will need wired connections**

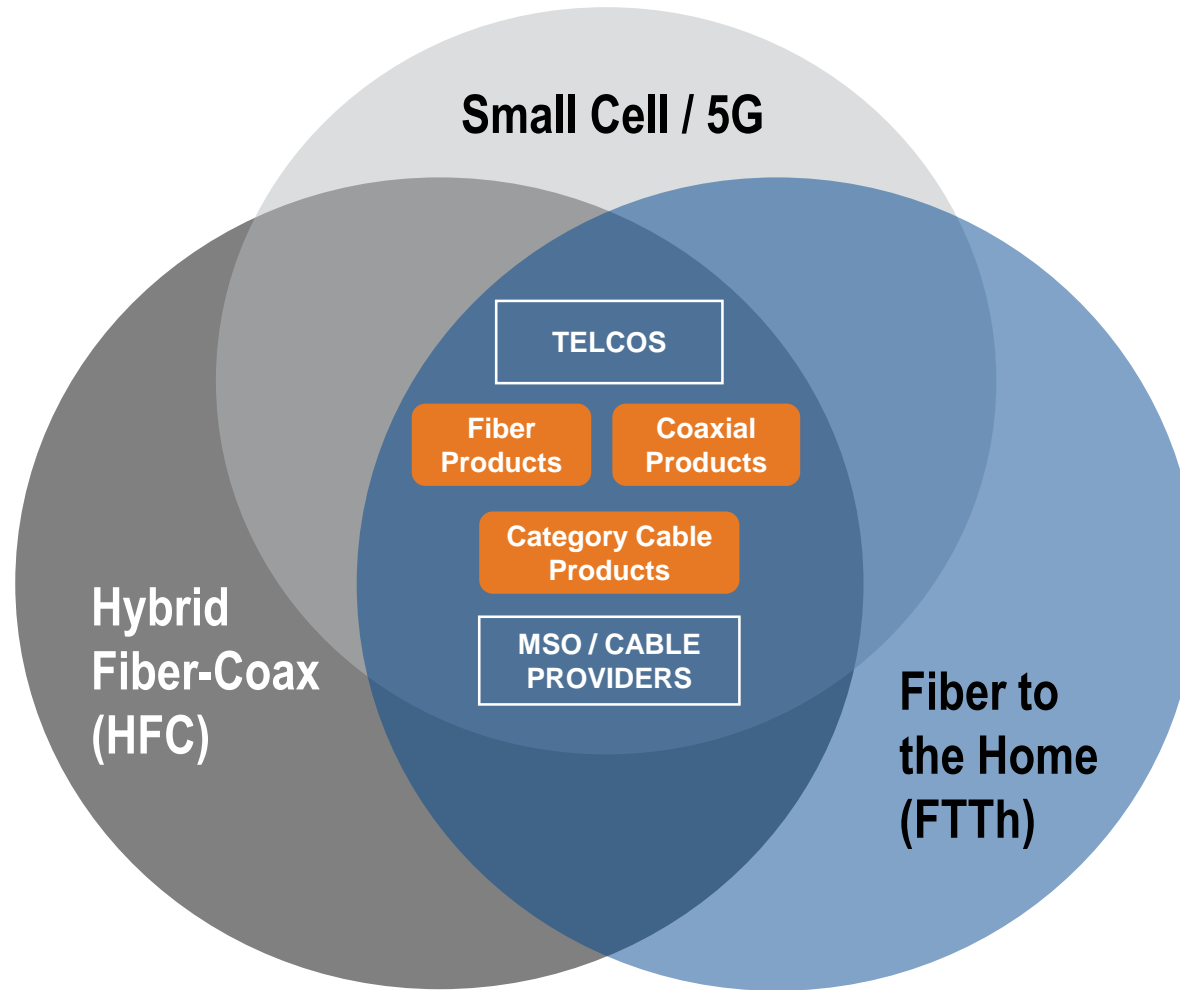
BELDEN'S PRODUCT OFFERING IS  
**IDEALLY  
SUITED TO  
SUPPORT  
BOTH**



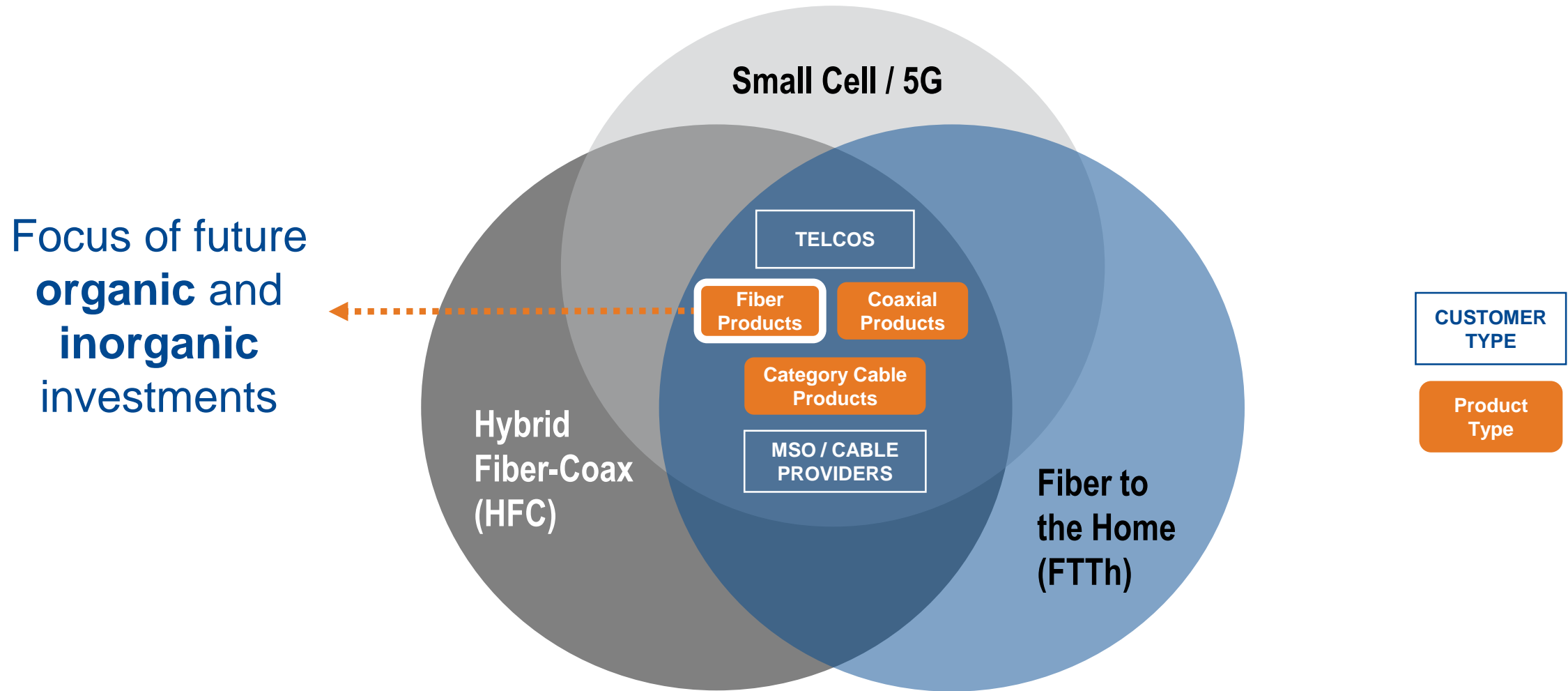
# Broadband Strategy: Every Solution, Any Application



PPC's trademarked xTTx<sup>®</sup> strategy to provide last-mile solutions **for all customers and applications**



# Broadband Strategy: Every Solution, Any Application



# Broadband Fiber Growth Strategy

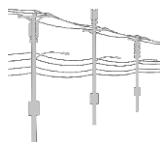
## Organic Growth

### Fiber Network

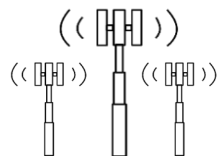
#### LAST MILE FIBER



#### CELLULAR BACKHAUL



#### 5G



**\$100M+**

Annualized broadband  
fiber revenue

## M&A

Last 3 acquisitions have been  
broadband fiber bolt-ons

- FutureLink product line
- Opterna
- NT2

Aggressively pursuing broadband  
fiber opportunities



Cultivating targets with

**\$1B+**

in aggregate annual  
fiber revenue

**ROBUST  
GROWTH  
POTENTIAL**

**FROM ORGANIC  
INITIATIVES  
AND M&A**

# Key Takeaways: Broadband & 5G



## FAVORABLE MARKET DYNAMICS

**More**  
investment required  
to support robust  
secular growth in  
broadband & 5G

## BELDEN'S STRATEGY

Expand our industry-  
leading portfolio which is  
positioned to grow as  
MSO customers **upgrade**  
**legacy cable networks**  
and Telco customers  
**build out new 5G**  
**networks**

## BELDEN OUTLOOK

**Mid Single-  
Digit Growth**  
Over the Cycle

# Key Strategic Priorities



## ENTERPRISE SOLUTIONS



## BROADBAND & 5G

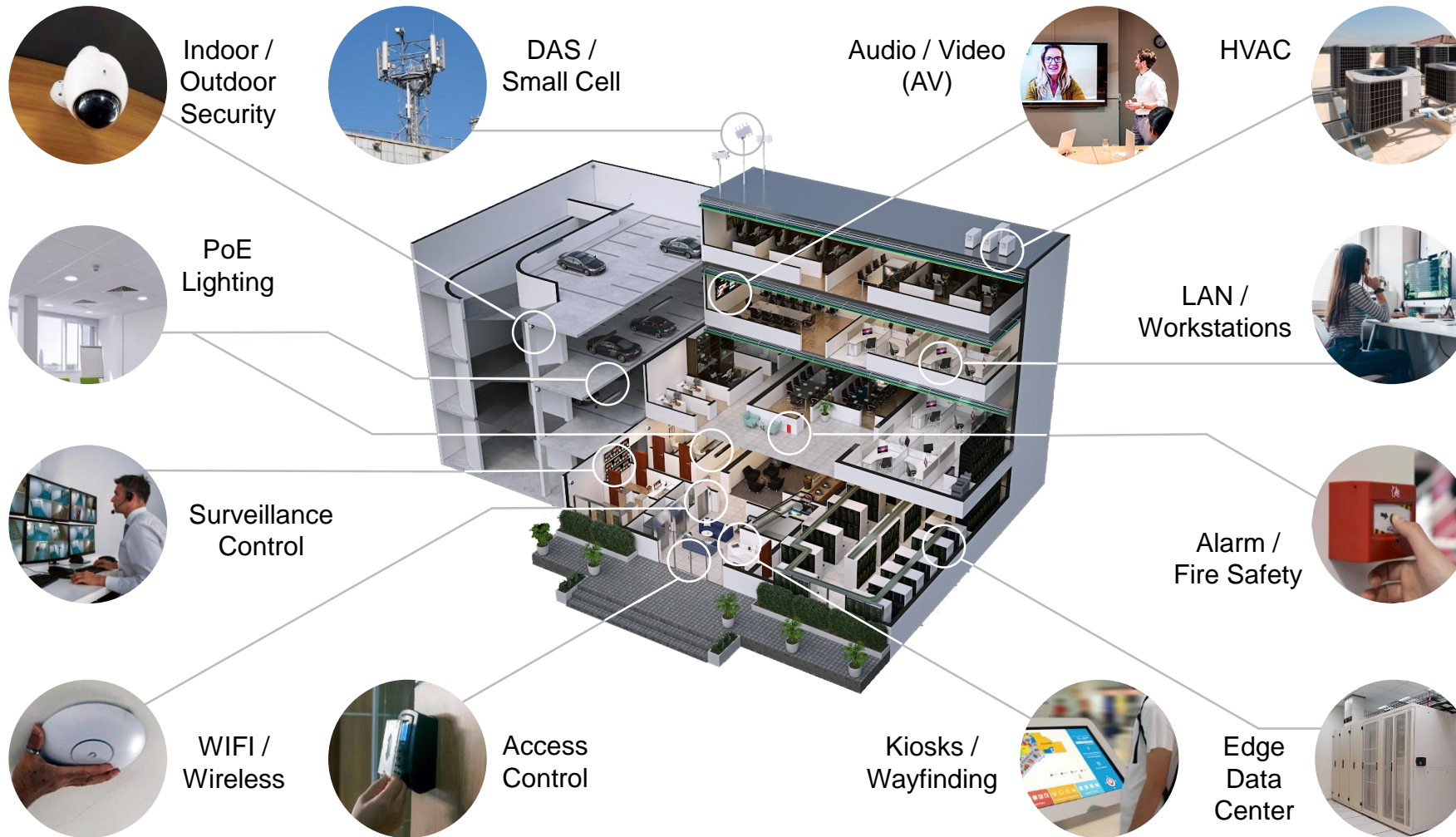
Consumer demand for more  
bandwidth and faster speed



## SMART BUILDINGS

Integrated networks  
require connectivity

# What Is a Smart Building?



SMART BUILDINGS  
USE INTERCONNECTED  
DEVICES AND  
SYSTEMS TO

- **IMPROVE** EFFICIENCY AND SUSTAINABILITY
- **DELIVER** NEW USER EXPERIENCES
- **ENABLE** BUSINESS ANALYTICS



# Market Growth Drivers

01

**MORE  
CONNECTIONS**



Audio /  
Visual



Security



HVAC



Fire /  
Alarm



Local Area  
Networks



Lighting

02

**MORE  
CAT 6A**



Next-Gen  
Wifi



Ultra-HD  
Audio / Video



03

**MORE  
FIBER**



Edge  
Data Center



Building



**MORE  
CONNECTED  
DEVICES IN  
BUILDINGS**

# 01 MORE CONNECTIONS

## IN THE PAST



Telephone

One of the only IP-connected devices in office buildings was the telephone

## NOW



Audio / Visual



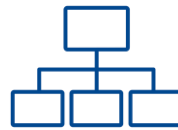
Security



HVAC



Fire / Alarm



Local Area Networks



Lighting



Telephone

Many types of devices are IP connected and the number of connections is growing rapidly

MACHINE-TO-MACHINE  
CONNECTIONS

**19%**  
**CAGR**

2017 – 2022

## 02 MORE CAT 6A

### CATEGORY 6A

Cable that provides power over Ethernet (power + data) unlike standard category cable or fiber optic cable which cannot provide both

### Emerging applications require Cat 6A cable



#### NEXT-GEN WIFI

Cat 6A is required to support higher speeds and more connected wireless devices



#### HDBaseT STANDARD

Cat 6A is required to meet this global standard for transmission of ultra high-definition video and audio

**More high-power devices need power over Ethernet**

**Cat 6A  
Power Over Ethernet**

**+16% CAGR**  
(2020 – 2022)

**Wireless  
Access Points**

**+10% CAGR**  
(2020 – 2022)

## 03 MORE FIBER

### Edge Data Centers

**MORE**  
Connected  
Devices

**MORE**  
Data  
Centers

**MORE**  
Fiber  
Cable

Edge Data Centers require hardline fiber connections to support high bandwidth and low latency for **new applications**

#### Examples:

- 5G
- IOT
- Augmented Reality
- Remote Surgery

### Local Area Network (LAN)

Fiber demand increasing in large facilities with high demand for video, wireless, and data

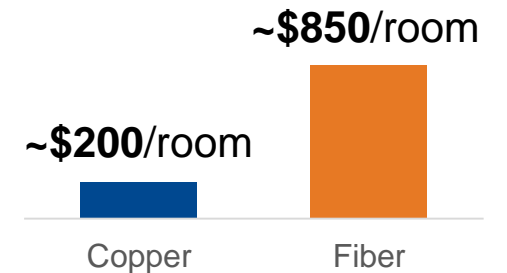
#### Goal

Improve the user experience in:

- Commercial Office Buildings
- Hospitals
- Universities
- **Hospitality**

### INCREASED CONTENT / ROOM

Upgrading from copper to fiber to support streaming in guest rooms



**Spec positions set Belden up for significant share gain**

# Key Takeaways: Smart Buildings



## FAVORABLE MARKET DYNAMICS

**More**  
connections  
in buildings

**More**  
applications requiring  
Cat 6A and fiber

## BELDEN'S STRATEGY

Leverage Belden's  
leading market position  
and product offering  
to drive continued  
share capture

## BELDEN OUTLOOK

**Low Single-  
Digit Growth**  
Over the Cycle

If you believe in these secular trends...



**MORE**  
**Automation**



**MORE**  
**Cybersecurity**



**MORE**  
**Bandwidth**



**MORE**  
**Connections**

...then you should be bullish on **BELDEN**





**Belden Overview**



**Key Strategic Priorities**



**Belden Business System**

# Philosophy of **operational excellence and continuous improvement**

# Belden Business System





# MARKET DELIVERY SYSTEM

## MARKET DELIVERY SYSTEM



## SOLUTION SELLING

Belden's unique ability to offer complete solutions creates **differentiation**

- Cable
- Connectivity
- Networking
- Software

## LEADING CUSTOMERS

Cross-platform access to top customers





# LEAN ENTERPRISE

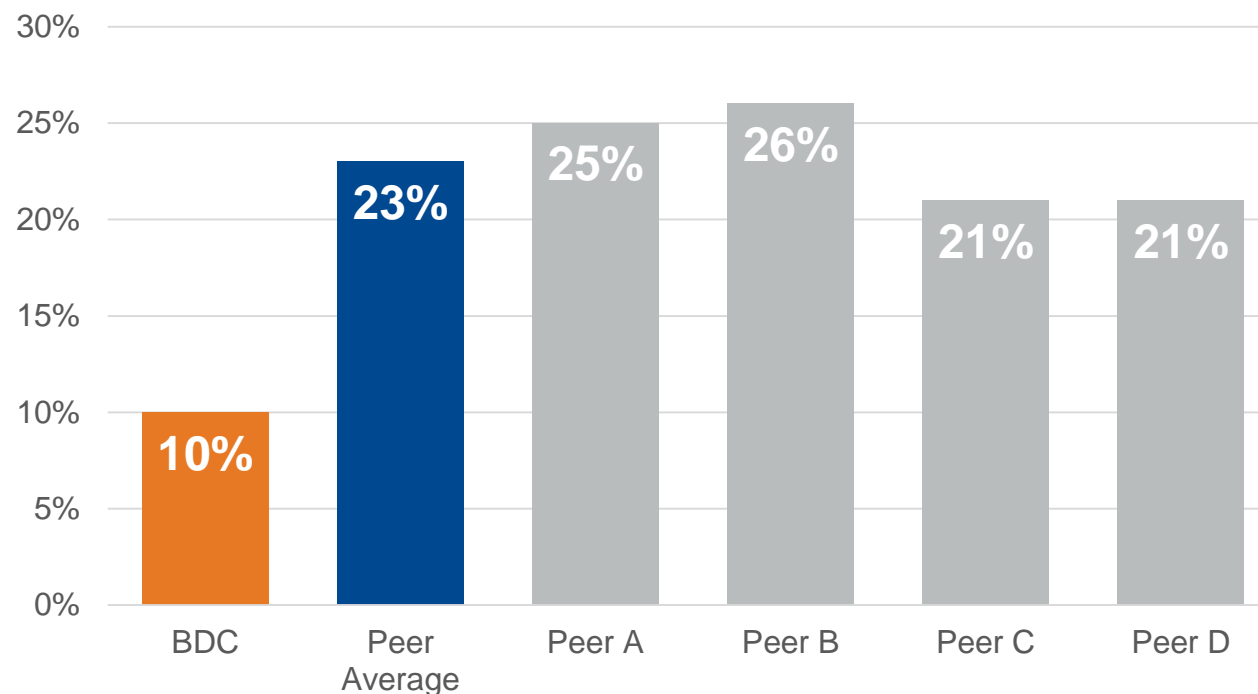
01 Identify improvement opportunities

02 Improve the process

03 Standardize and sustain

**1,000+ Kaizens**  
COMPLETED SINCE INCEPTION

**Working Capital as % of Revenue<sup>1</sup>**



**Continuous improvement culture drives financial performance**



## TALENT DEVELOPMENT

2017 – 2019 YTD

94%

Talent  
retention  
rate

78%

Internal fill  
rate

83%

Employee  
engagement

Our metrics-based approach to talent has driven employee engagement scores that rank above the manufacturing norm



### KEY FEATURES

- ✓ ROBUST SUCCESSION PLANNING PROCESS FOR CRITICAL POSITIONS
- ✓ RIGOROUS MEASUREMENT AND ANALYTICS
- ✓ VALUES AND PERFORMANCE-BASED INCENTIVES
- ✓ AWARD-WINNING EARLY CAREER LEADERSHIP PROGRAM



# Organic Investment Opportunities

1

## FIBER OFFERING

**Expanding portfolio** and manufacturing capabilities for fiber products



2

## PRODUCT ROADMAP

**Developing** new solutions for cybersecurity and industrial networking solutions



3

## PROJECT FUSION EXPANSION

Investing to improve solution **selling to large global customers**



4

## DIGITAL TRANSFORMATION

**Improving** digital pre-purchase experience



5

## INDIA EXPANSION

**Adding** engineering resources and ramping production in a **high-growth region**



# 01 FIBER OFFERING

Fiber cabling and connectivity have applications across Belden's businesses



Broadband & 5G



Smart Buildings

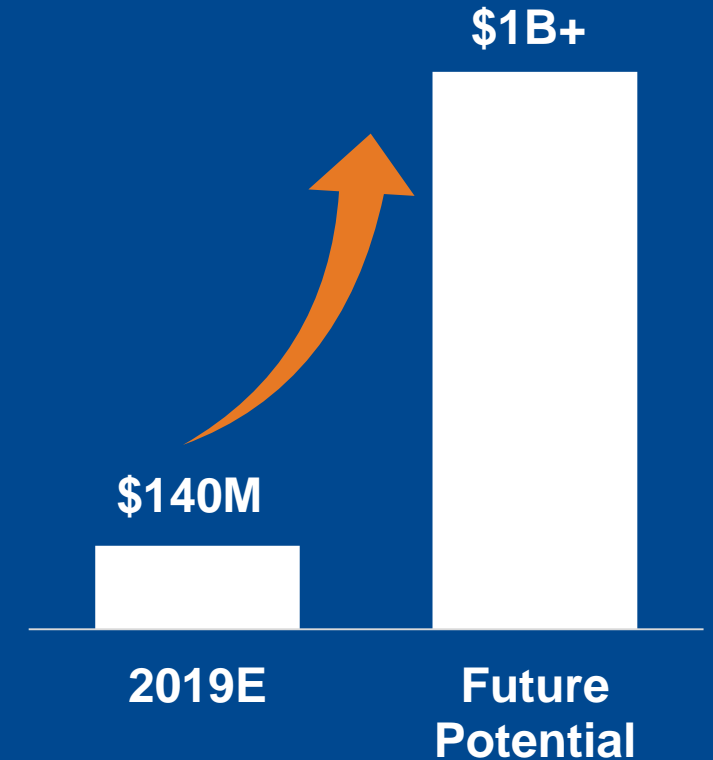


Industrial Automation

Belden fiber revenue is expected to grow

- ✓ Market Growth
- ✓ Capacity Expansion
- ✓ New Product Introductions
- ✓ Strategic M&A
  - **\$1B+ of target revenues** in cultivation

## BELDEN ANNUAL FIBER REVENUE





## 02 PRODUCT ROADMAP



### CLOUD-BASED SOLUTIONS

Introducing **common software platform** for cloud applications

Tripwire **risk assessment solution** for and from the cloud



### INDUSTRIAL CYBERSECURITY

Adapting **enterprise-class cybersecurity** for industrial applications

Developing next generation industrial integrated **software / hardware solutions**



### WIRELESS / INDUSTRIAL IOT

Expanding suite of **cutting-edge wireless products** for industrial applications



### SAFETY

Develop embedded safety protocols to **meet the growing demands for safety** in increasingly **automated industrial environments**

## 03 PROJECT FUSION EXPANSION

1. Building **strategic long-term relationships** with key accounts
2. Creating **impactful solutions together**
3. **Partnering** to develop products for the future

### DEMONSTRATED EARLY SUCCESS

**Organic growth** with fusion customers  
**far exceeds** consolidated levels

2018

**+5%**

ORGANIC GROWTH

YTD 2019

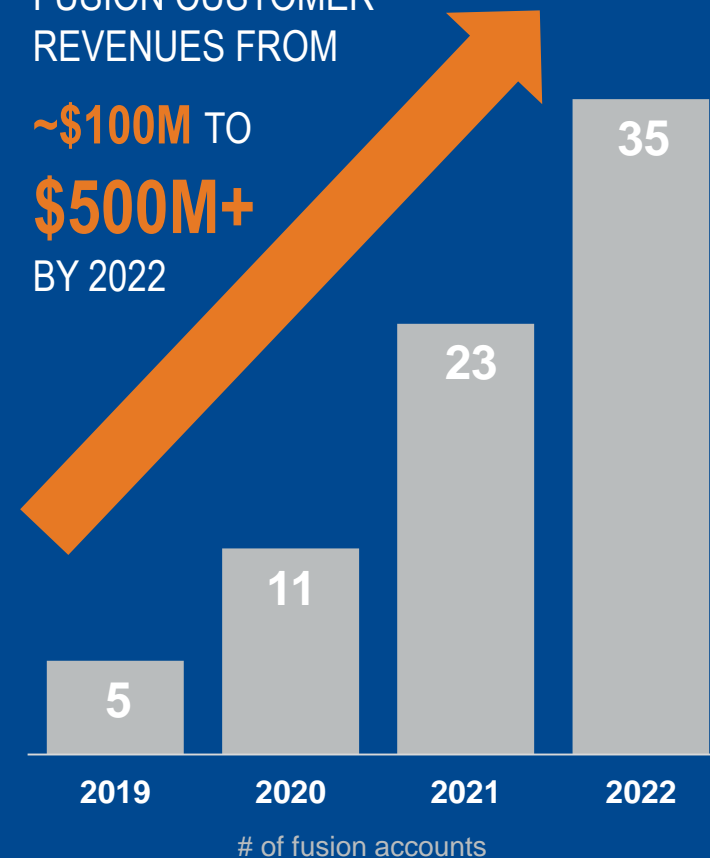
**+10%**

ORGANIC GROWTH

## EXPANDING THE NUMBER OF **FUSION CUSTOMERS**

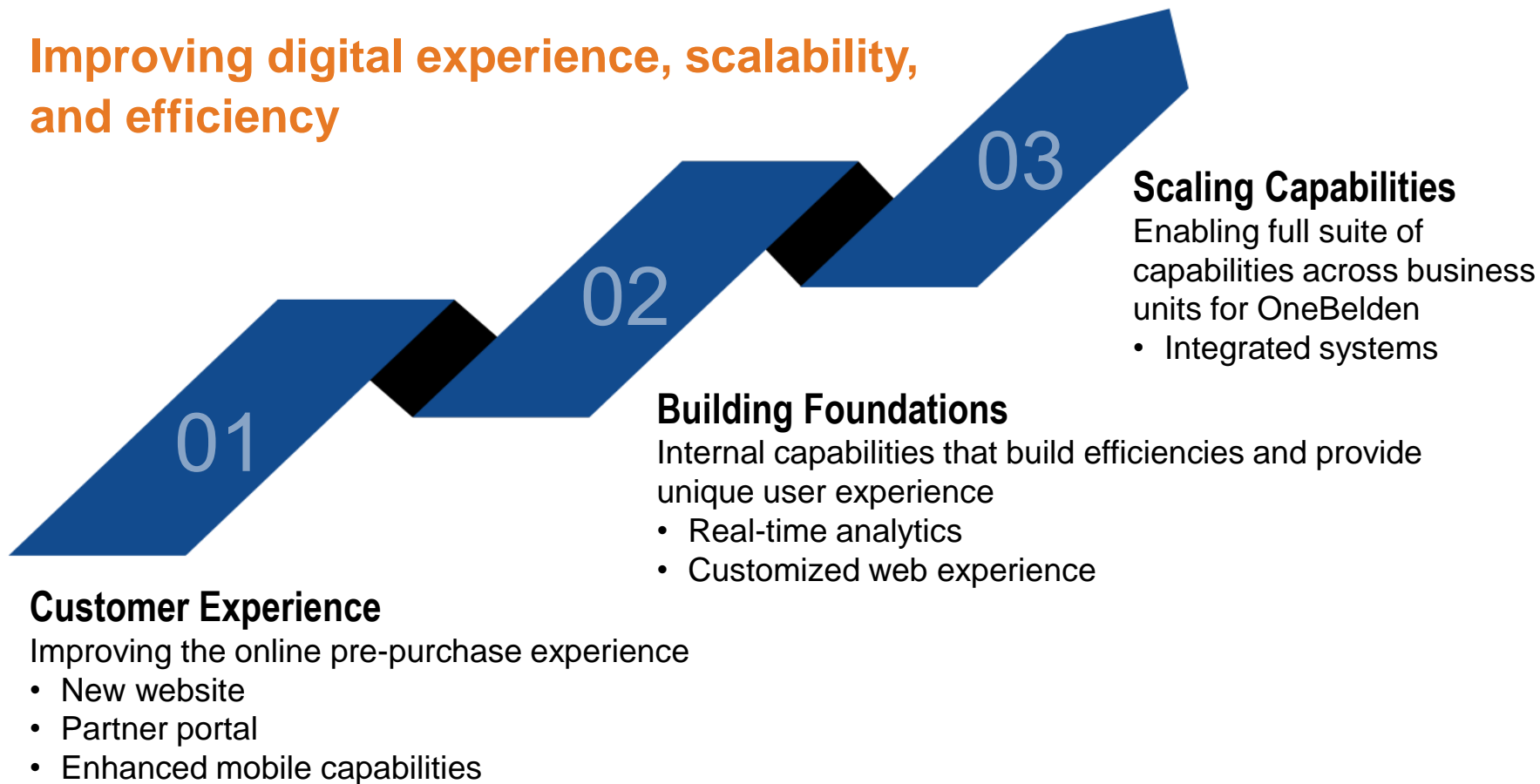
FUSION CUSTOMER  
REVENUES FROM

**~\$100M TO  
\$500M+**  
BY 2022



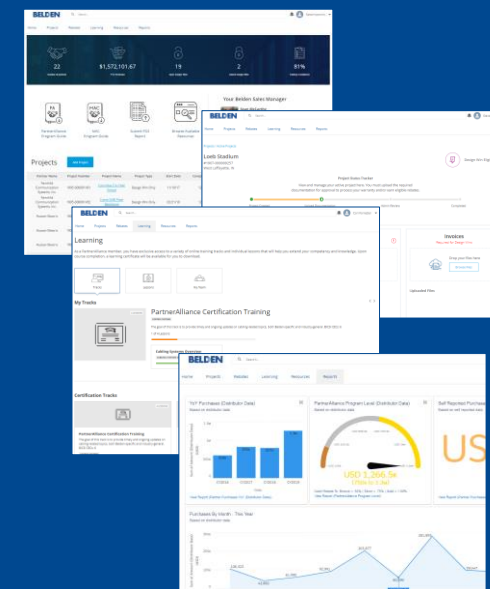
# 04 DIGITAL TRANSFORMATION

Improving digital experience, scalability, and efficiency



## PARTNER PORTAL EMPOWERING SALES AND PARTNERS

- ✓ ACCOUNT VISIBILITY
- ✓ PROJECTS
- ✓ TRAINING
- ✓ ANALYTICS



# 05 INDIA EXPANSION

## PHASE 1



**Location:** Pune, India  
Construction began November 2017:  
completed November 2018

### **OneBelden Facility**

Size: 110,000 square feet

### **Products**

- Industrial cable / connectors
- Industrial networking switches
- Enterprise connectivity
  - Copper and fiber

**Approaching \$25M** in annualized revenues

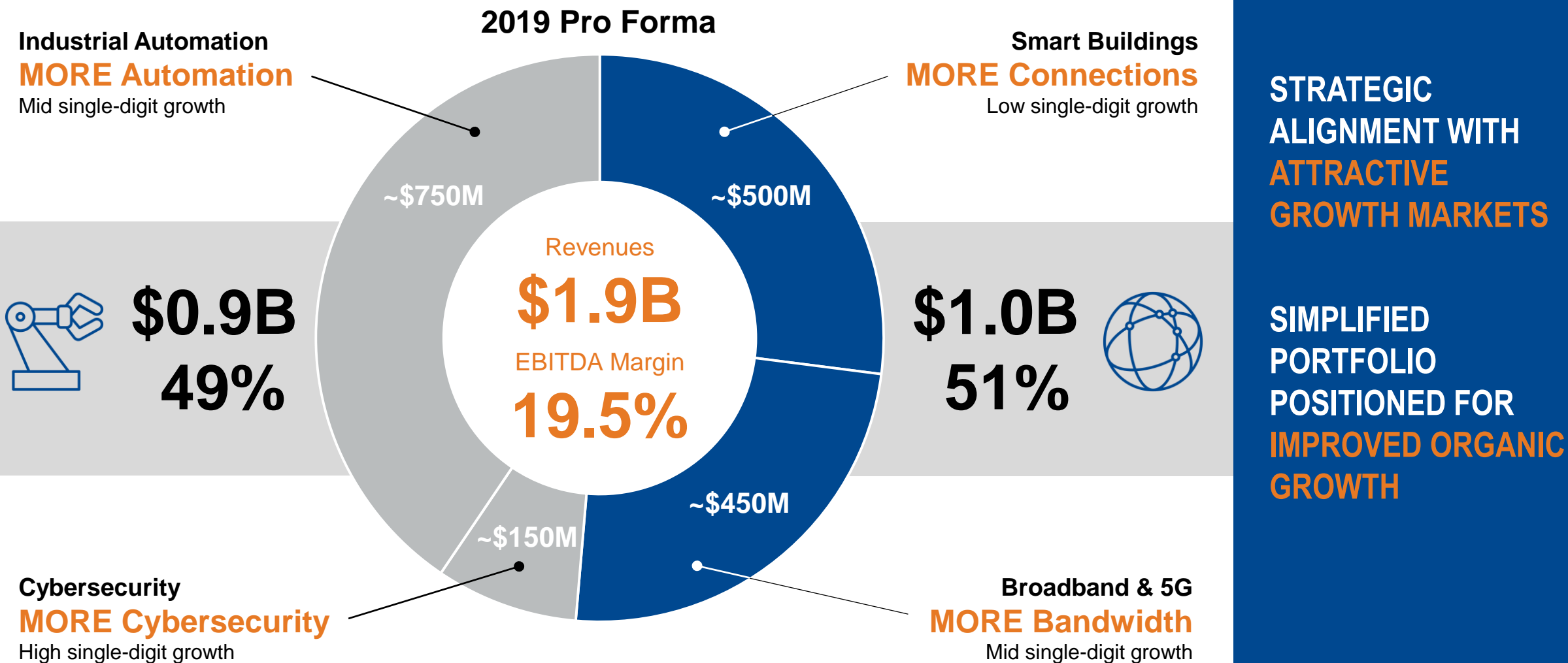
## PHASE 2

Developing a local **engineering center**

**Expanding product lines** and ramping production

**Scalable facility** with potential to more than double capacity in the future

# Aligned With Growth Markets



| Belden Incorporated 2019 Investor Day



# FINANCIAL OVERVIEW

**Henk Derksen**

Senior Vice President, Finance, and Chief Financial Officer

# Confirming Q4 and Full-Year 2019 Guidance

Q4 2019



REVENUES

\$510M-  
\$530M



ADJUSTED EPS

\$1.00-  
\$1.15

FY 2019



REVENUES

\$2.092B-  
\$2.112B



ADJUSTED EPS

\$4.32-  
\$4.47



# Financial Goals



**REVENUE**

**5-7%**  
CAGR



**EBITDA  
MARGINS**

**20-22%**



**FREE CASH  
FLOW**

**13-15%**  
CAGR



**RETURN ON  
INVESTED  
CAPITAL**

**13-15%**

# Financial Goals



**REVENUE**

**5-7%**  
CAGR



**EBITDA  
MARGINS**

**20-22%**



**FREE CASH  
FLOW**

**13-15%**  
CAGR



**RETURN ON  
INVESTED  
CAPITAL**

**13-15%**

# Revenue Growth Drivers

## Potential 3-Year CAGR

Organic Growth

3-4%



Inorganic Activity

2-3%



Total Growth

5-7%

**Balanced** organic and inorganic growth opportunities

**Organic growth** consists of:

- **Market growth** (2-3%)
- **Share capture** (1%)

**M&A contribution** represents:

- **Modest** capital deployment
- **~\$40-60M** in acquired revenue per year

### SECULAR TAILWINDS

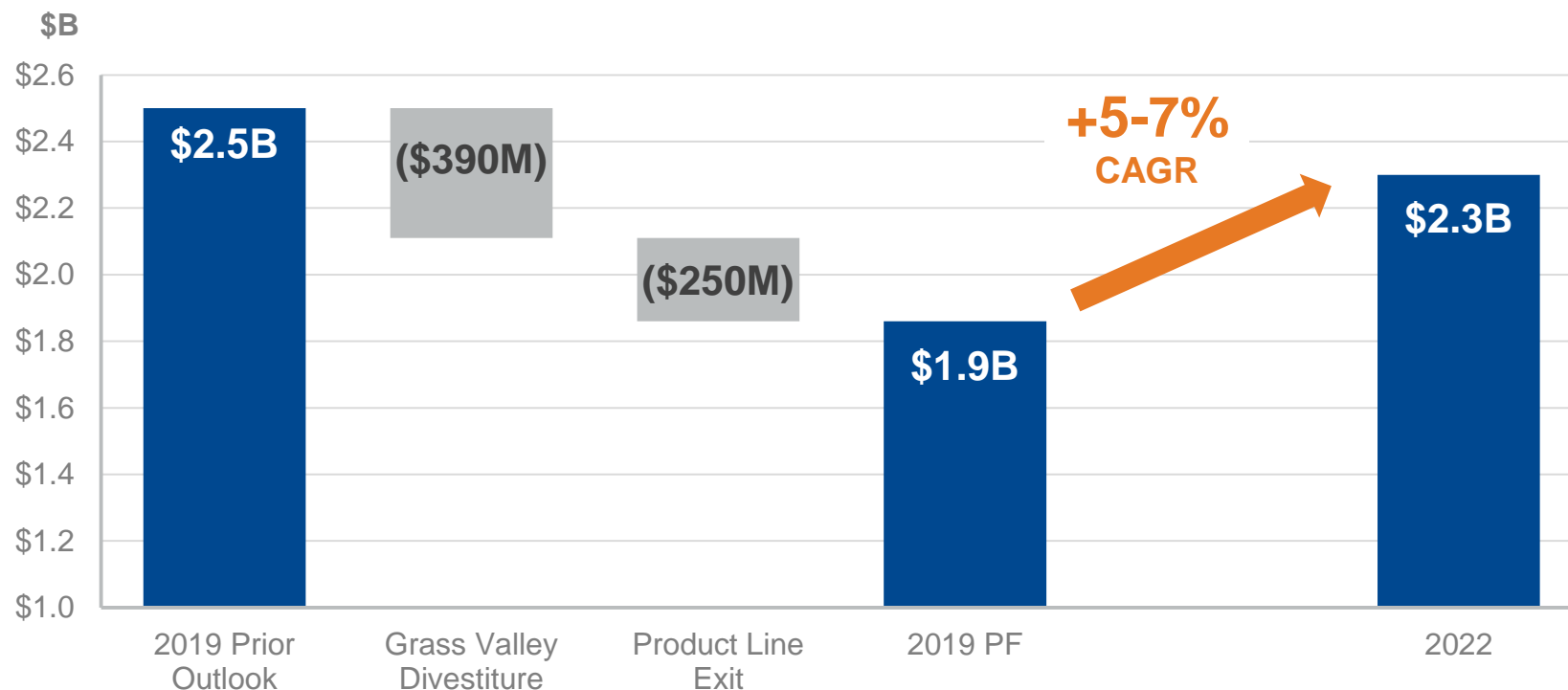
- + INDUSTRIAL AUTOMATION
- + CYBERSECURITY
- + BROADBAND & 5G
- + SMART BUILDINGS

### NEAR-TERM HEADWINDS

- IMPACT ON DISCRETE MARKETS CAUSED BY TRADE CONFLICT
- GLOBAL UNCERTAINTY

# Comprehensive Portfolio Review

Will Impact the Size of the Company



Growth improves, albeit from a smaller base,  
following our strategic actions

**DIVESTING  
GRASS VALLEY**

**ANNOUNCED 10/30/19,  
PROCESS ONGOING,  
RESULTS MOVED TO  
DISCONTINUED  
OPERATIONS**

**EXITING \$250M IN  
UNDIFFERENTIATED,  
LOW-GROWTH /  
MARGIN PRODUCT  
LINES**

**PLAN TO EXIT BY 2021**

# Organic Revenue Growth

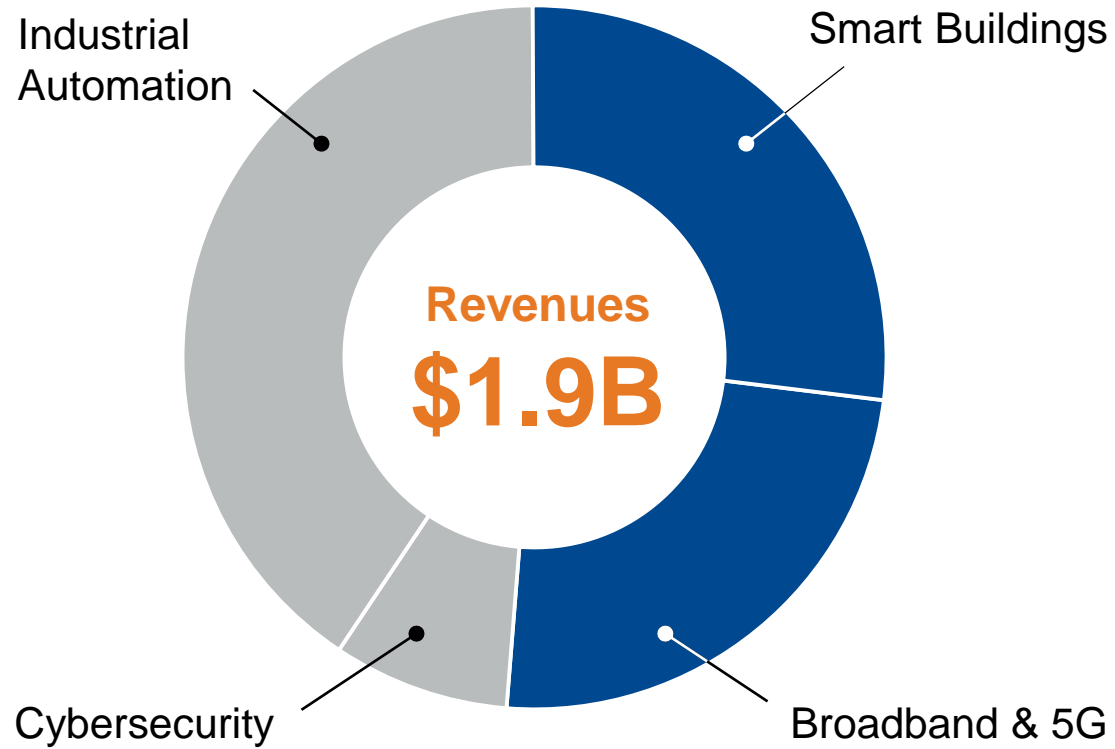
	BDC
Trailing 3-year organic revenue CAGR	~Flat
Grass Valley divestiture removes a declining business	2%
PPC Broadband improved growth, driven by fiber	1%
Cybersecurity improved growth, driven by industrial markets	1%
Share capture	1%
Impact on discrete markets caused by trade conflict	(1%)-(2%)
Forward 3-year potential organic revenue CAGR	~3-4%

CONSOLIDATED  
ORGANIC GROWTH  
SHOULD **ACCELERATE**

THE DIVESTITURE  
OF GRASS VALLEY  
REMOVES A HEADWIND  
OF APPROXIMATELY  
**200 BASIS POINTS**

# Simplified Portfolio

## Pro Forma 2019

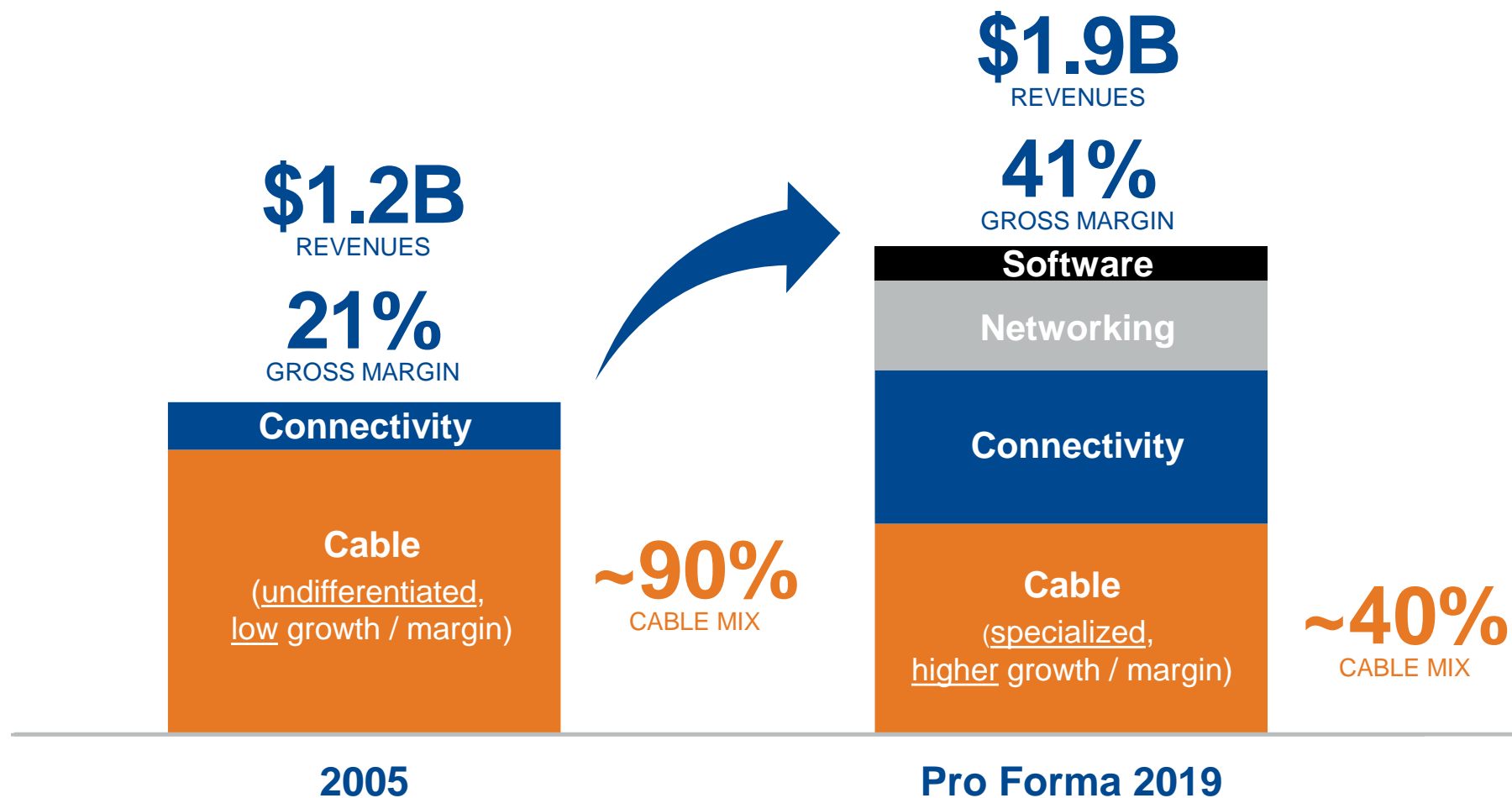


	Pro Forma Revenue	3-Year Organic Growth CAGR
Industrial Automation	\$750M	3-5%
Cybersecurity	\$150M	8-10%
<b>Industrial Solutions</b>	<b>\$0.9B</b>	<b>3-5%</b>
Broadband & 5G	\$450M	2-4%
Smart Buildings	\$500M	1-3%
<b>Enterprise Solutions</b>	<b>\$1.0B</b>	<b>2-4%</b>
<b>Consolidated</b>	<b>\$1.9B</b>	<b>3-4%</b>

**Portfolio provides the opportunity for substantial growth going forward**

# Improved Revenue Mix

As Evidenced by Gross Margins



OUR PRODUCT MIX  
**IMPROVED**  
**SIGNIFICANTLY**  
AND WILL CONTINUE  
TO IMPROVE GOING  
FORWARD



# M&A Strategy



## FIBER

- Active pipeline, reasonable valuations
- Many companies in cultivation, expect to close 2-3 transactions per year
- Successful recent fiber acquisitions
- Notable wins
  - Integrated Opterna and FutureLink product lines enabled recent 5G wins with Tier 1 Telcos in North America and Europe



## INDUSTRIAL

- Less actionable recently, longer cultivation period required
- Elevated valuations
- History of successful industrial acquisitions
- Core competency



**Pursuing bolt-on deals in attractive core markets**

# Financial Goals



REVENUE

**5-7%**  
CAGR



EBITDA  
MARGINS

**20-22%**



FREE CASH  
FLOW

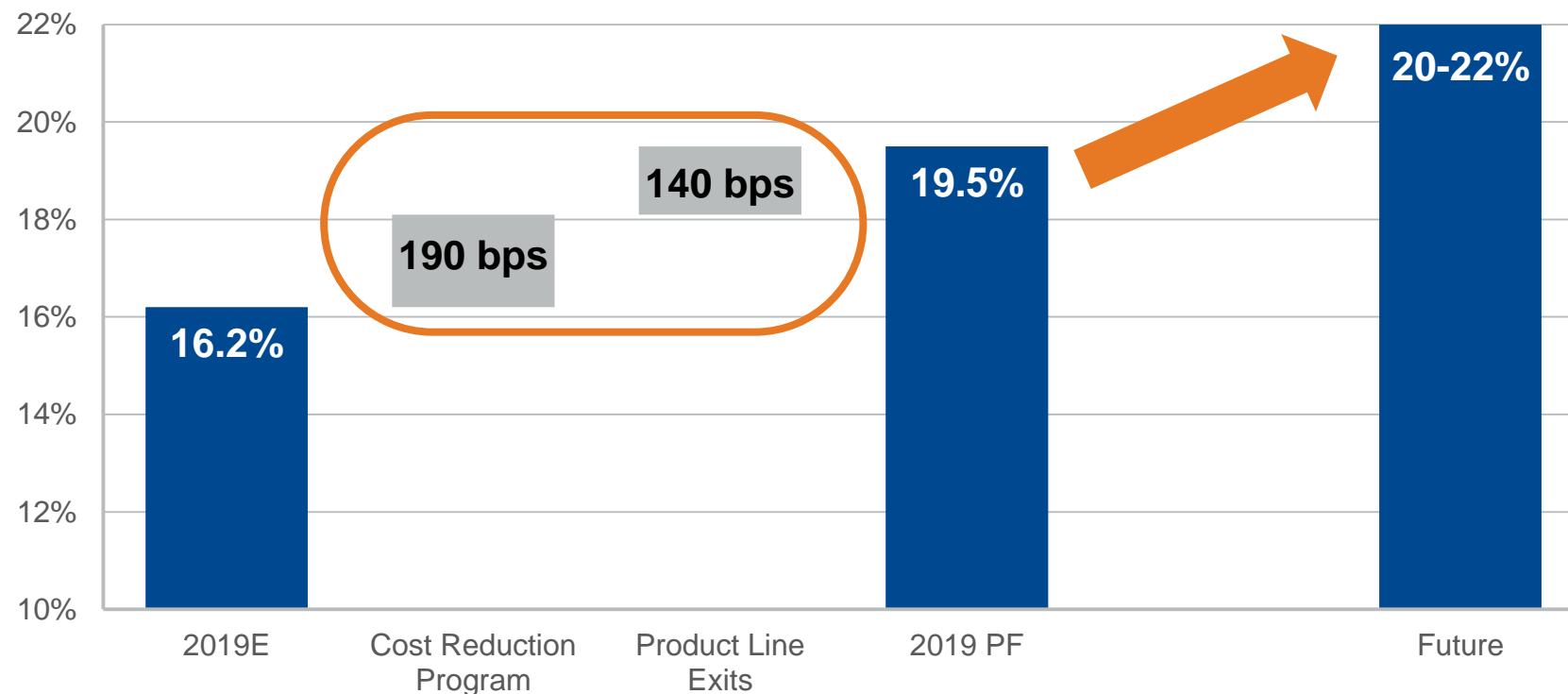
**13-15%**  
CAGR



RETURN ON  
INVESTED  
CAPITAL

**13-15%**

# Impact of Strategic Actions on Margins



**DIVESTING  
GRASS VALLEY**

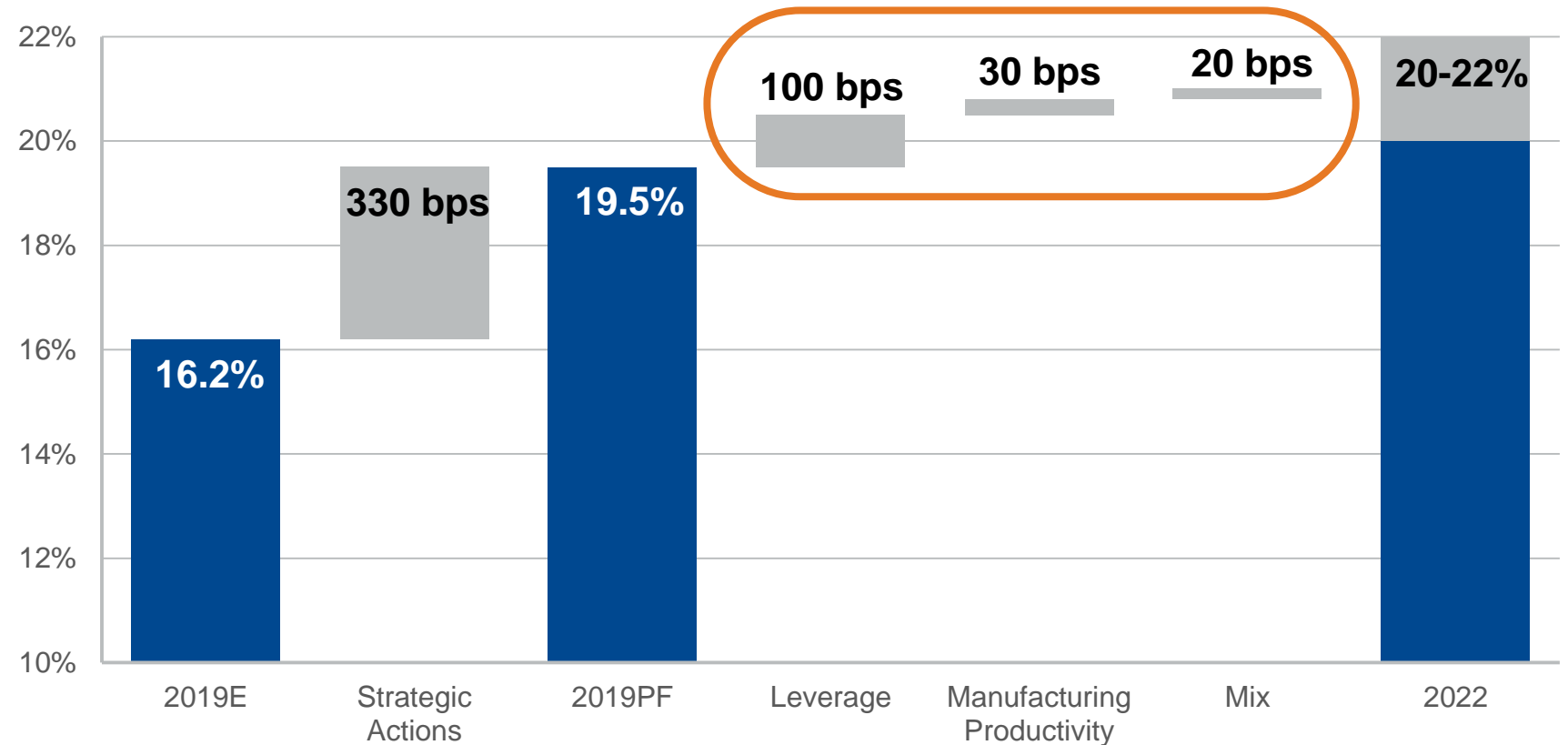
**\$40M SG&A  
COST REDUCTION  
PROGRAM**

**EXITING \$250M IN  
UNDIFFERENTIATED,  
LOW-GROWTH /  
MARGIN PRODUCT  
LINES**

**Taking actions to improve margins above our prior peak  
of 18% and toward our goal of 20-22%**

A CLEAR PATH TO  
OUR **EBITDA MARGIN**  
GOAL OF 20-22%

# The Path to Increased Profitability



**Leverage on organic growth, manufacturing productivity,  
and product mix will drive further margin improvement**

# Simpler Portfolio

## Allows for Streamlined Cost Structure

### 01 ASSESSMENT

- Performed a comprehensive **benchmarking study** to identify expense reduction opportunities across all functions of Belden

### 02 OPPORTUNITY

- Simpler and more focused portfolio with less complexity requires lower costs
- Identified **SG&A expense** reduction of at least **\$40M**
- Accretive to EBITDA margins by **~200 basis points** and EPS by **~\$0.70**

### 03 EXECUTE PLAN

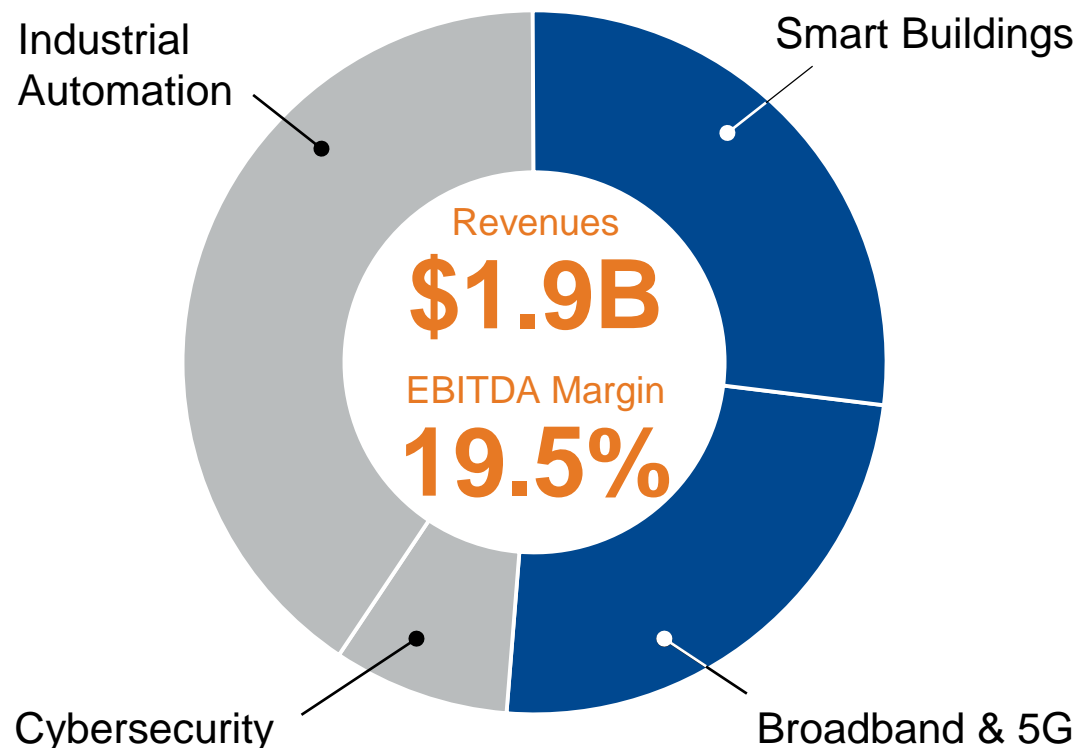
- **Detailed plan provides line of sight to projected annual savings**
  - Expecting to realize \$20M in savings in 2020, full \$40M in 2021
- **Streamlining the organizational cost structure**
  - Consolidating internal business units
  - Realigning sales and marketing organization
  - Optimizing headcount
- **Investing in technology to drive productivity**

# \$40M

**IN PLANNED SAVINGS  
MORE THAN OFFSETS  
THE FREE CASH FLOW  
IMPACT OF THE  
GRASS VALLEY  
DIVESTITURE**

# Simplified Portfolio

## Pro Forma 2019



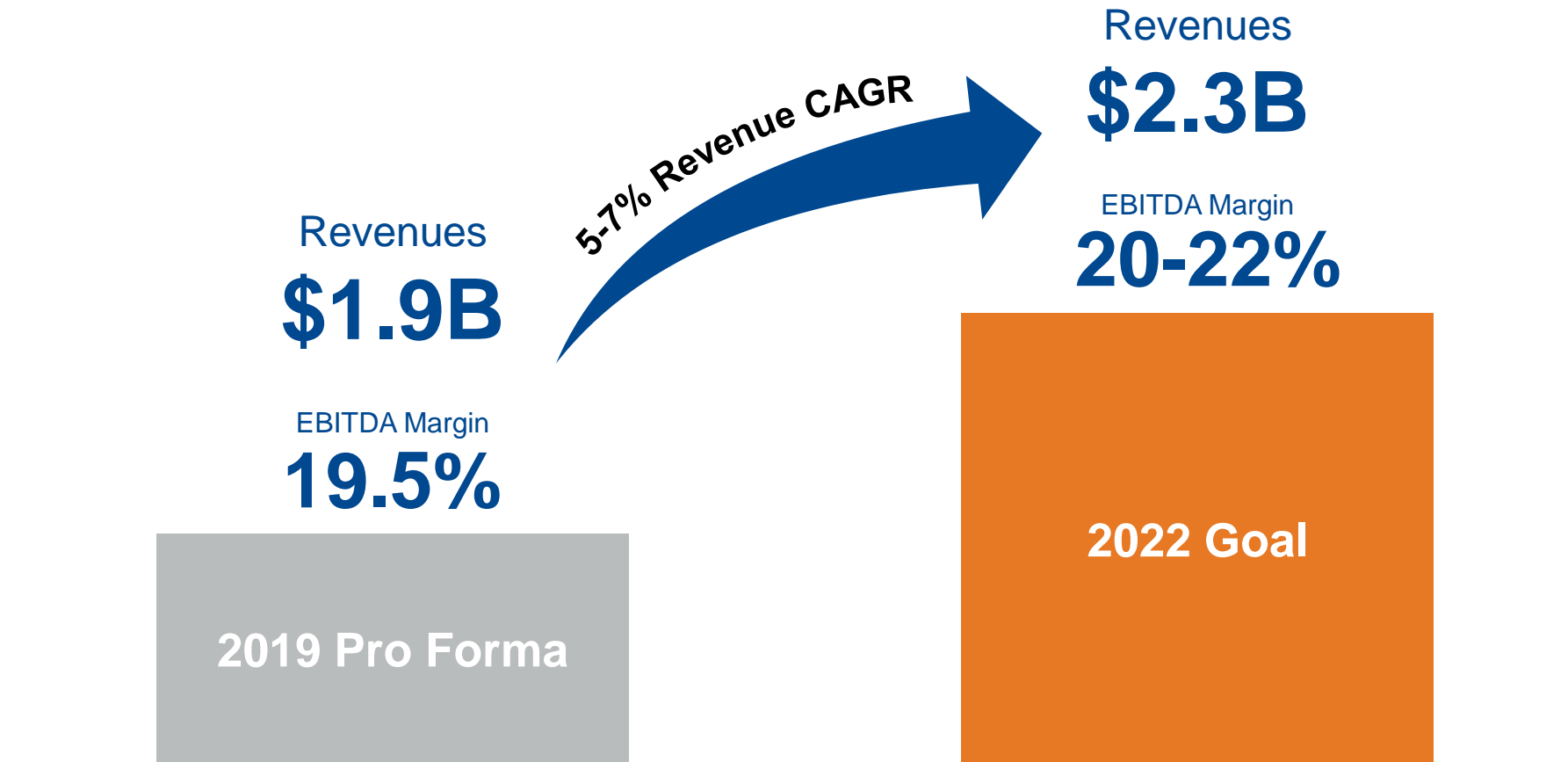
Poised for growth and margin expansion

	Pro Forma Revenue	3-Year Organic Growth CAGR	3-Year EBITDA Margin Potential
Industrial Automation	\$750M	3-5%	20%
Cybersecurity	\$150M	8-10%	23%
<b>Industrial Solutions</b>	<b>\$0.9B</b>	<b>3-5%</b>	<b>21%</b>
Broadband & 5G	\$450M	2-4%	21%
Smart Buildings	\$500M	1-3%	19%
<b>Enterprise Solutions</b>	<b>\$1.0B</b>	<b>2-4%</b>	<b>20%</b>
<b>Consolidated</b>	<b>\$1.9B</b>	<b>3-4%</b>	<b>21%</b>

Actions will result in a more profitable portfolio of growing businesses

# Poised for Renewed Revenue Growth

## And Margin Expansion



**ORGANIC**  
SECULAR TAILWINDS,  
TARGETED GROWTH  
INVESTMENTS

**M&A**  
BOLT-ON  
ACQUISITIONS IN  
FIBER AND  
INDUSTRIAL

**POTENTIAL CAGR<sub>s</sub>**  
5-7% REVENUE  
6-11% EBITDA  
7-14% EPS



# Financial Goals



REVENUE

**5-7%**  
CAGR



EBITDA  
MARGINS

**20-22%**



FREE CASH  
FLOW

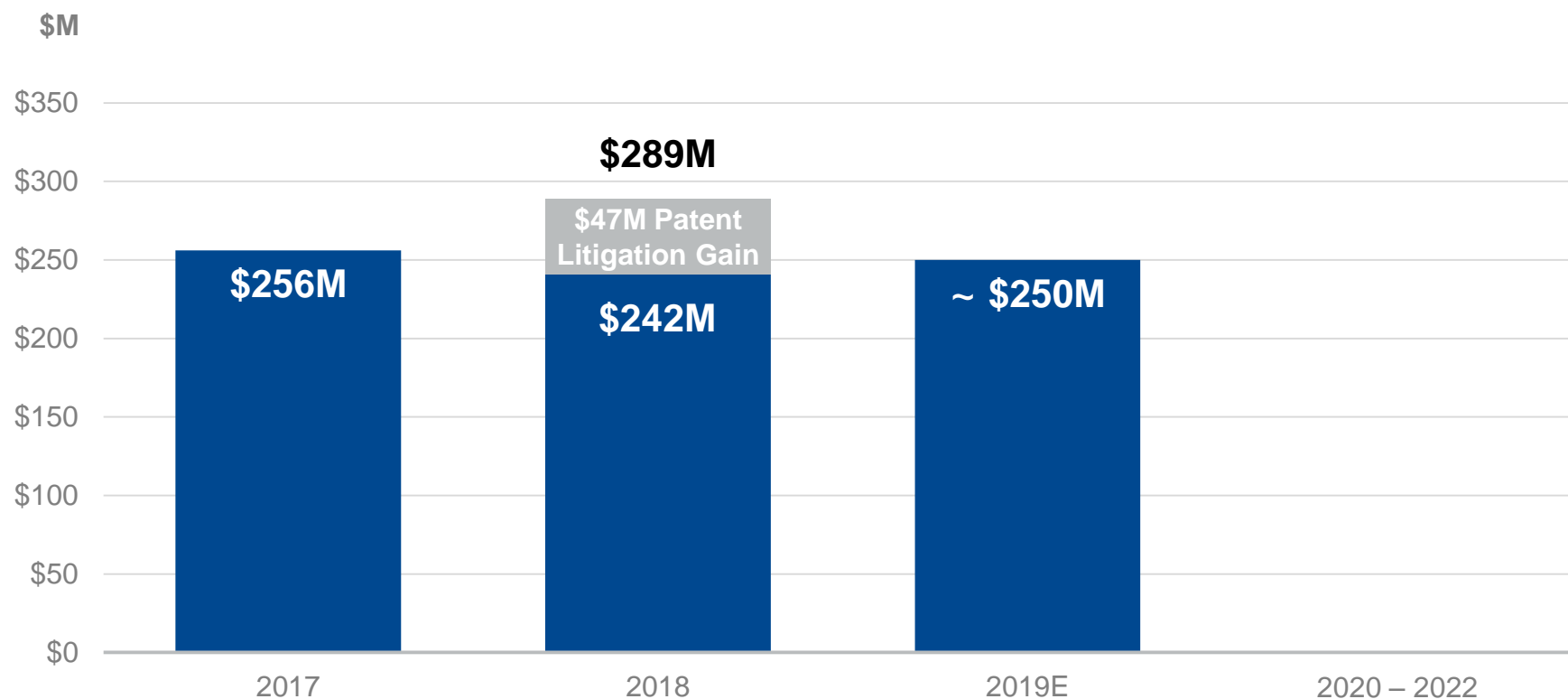
**13-15%**  
CAGR



RETURN ON  
INVESTED  
CAPITAL

**13-15%**

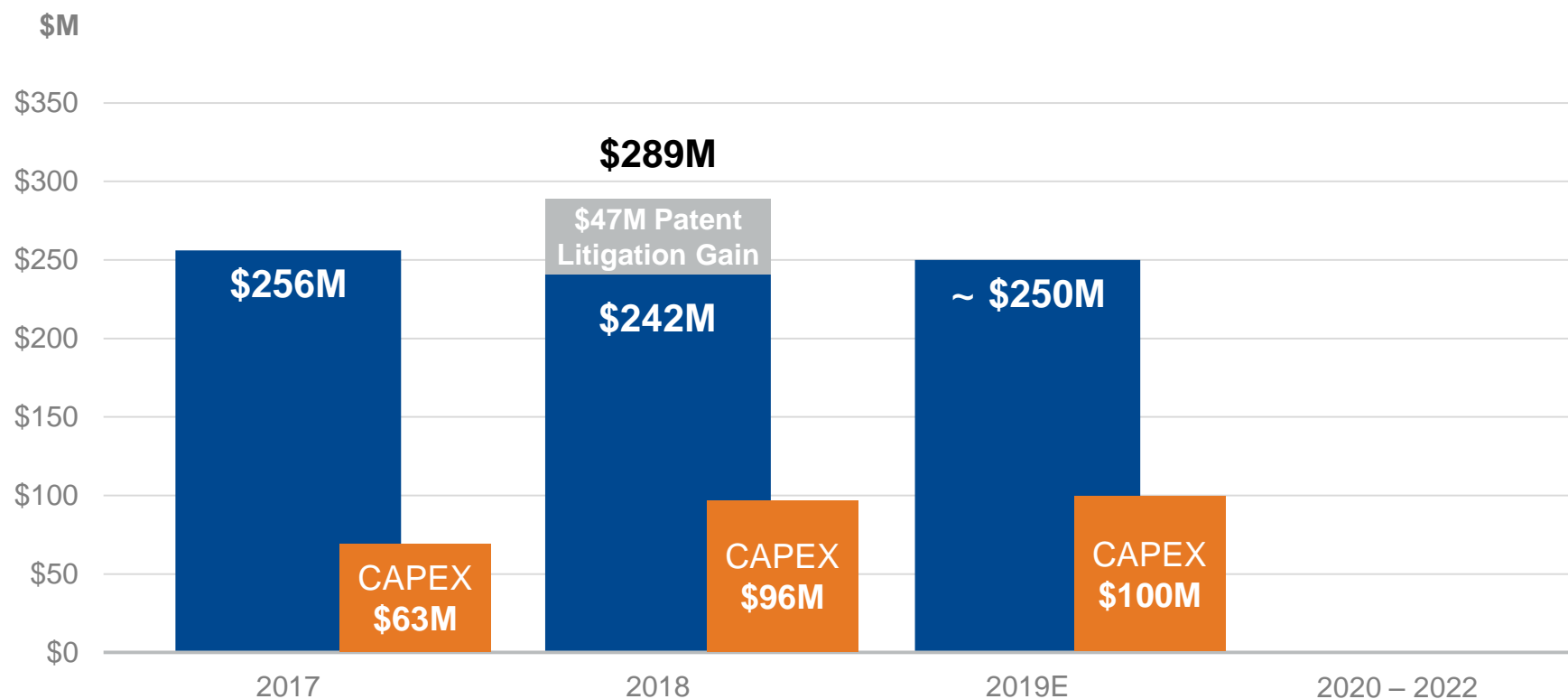
# Operating Cash Flow



2018 benefitted from non-recurring patent litigation gain (\$47M, net of tax)

**CONSISTENT**  
OPERATING CASH  
FLOW IN THE  
PAST 3 YEARS

# Operating Cash Flow



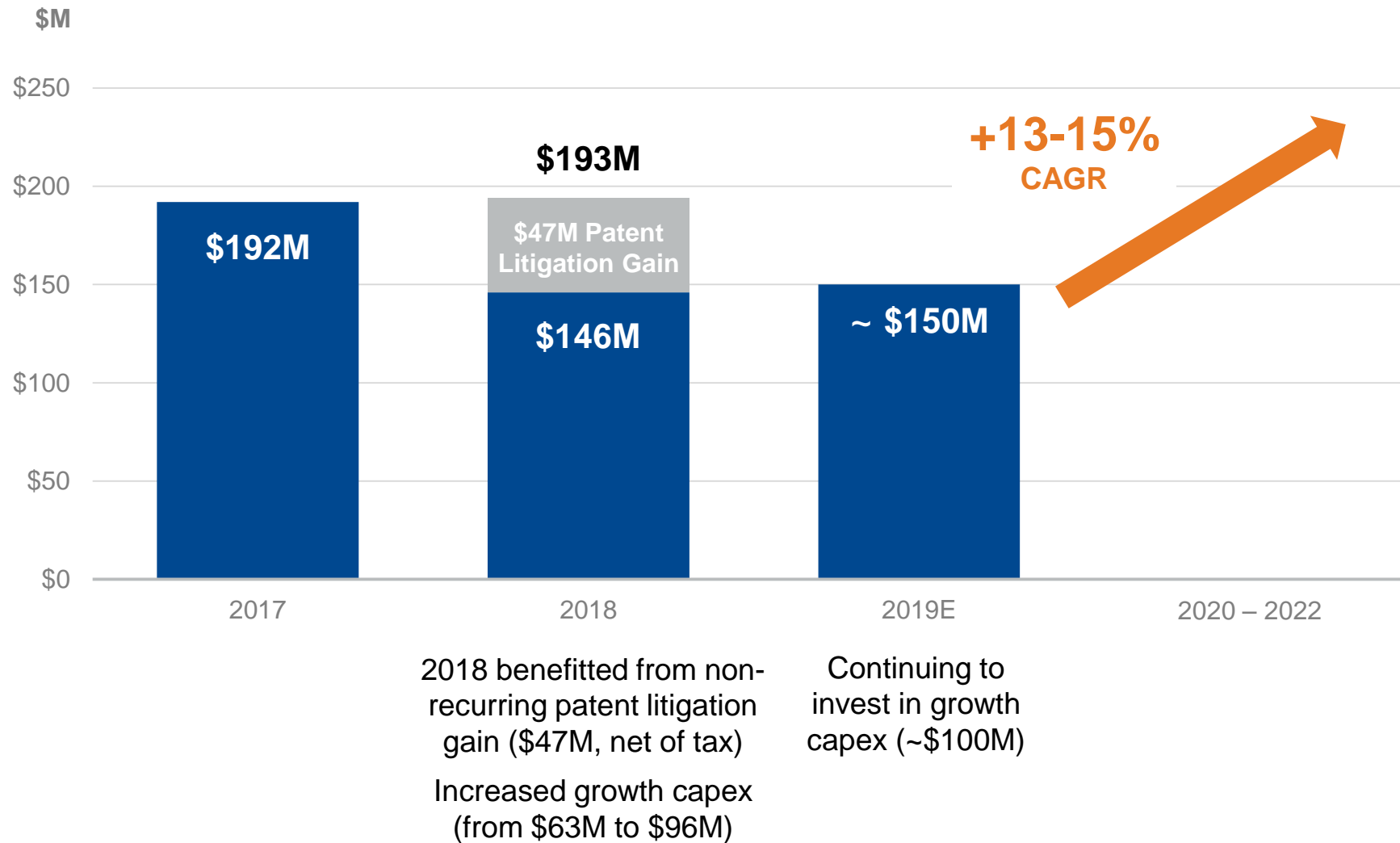
2018 benefitted from non-recurring patent litigation gain (\$47M, net of tax)

Increased growth capex (from \$63M to \$96M)

Continuing to invest in growth capex (~\$100M)

**CAPEX RAMPED  
IN 2018 AND 2019  
TO FUND **GROWTH**  
INITIATIVES**

# Free Cash Flow







**POSITIONED  
FOR RENEWED  
GROWTH GOING  
FORWARD**

**COST REDUCTION  
PROGRAM MORE  
THAN OFFSETS FREE  
CASH FLOW DILUTION  
FROM GRASS VALLEY  
DIVESTITURE**

# Free Cash Flow Drivers

**FREE CASH FLOW  
GROWTH GOAL OF  
13-15% ANNUALLY**

OPERATING CASH FLOW 	CAPITAL EXPENDITURES 	RESTRUCTURING CHARGES 	INTEREST EXPENSE 
Increasing EBITDA	Grass Valley Capital Intensity	Non-Recurring Charges	Fixed Interest Expense
Strategic portfolio and cost actions, leverage on organic growth, manufacturing productivity, and favorable mix	~\$30M associated with Grass Valley is removed with the divestiture  Less capital-intensive business model for continuing operations	One-time restructuring charges of ~\$40M associated with the cost reduction program do not recur beyond 2020	Long-term debt at fixed interest rates with no near-term maturities

# 2020 Capital Expenditures



~\$25M

## MAINTENANCE AND REPAIR

**Ensuring** existing operations continue to run smoothly



~\$20M

## PRODUCT ROADMAP

**Developing** new solutions for cybersecurity and industrial networking solutions



~\$15M

## FIBER OFFERING

**Expanding portfolio** and manufacturing capabilities for fiber products



~\$10M

## DIGITAL TRANSFORMATION

**Improving** digital pre-purchase experience

**Capital budget of ~\$70M (~3% of revenues)  
with the majority funding high-ROIC organic growth initiatives**

# Financial Goals



REVENUE

**5-7%**  
CAGR



EBITDA  
MARGINS

**20-22%**



FREE CASH  
FLOW

**13-15%**  
CAGR



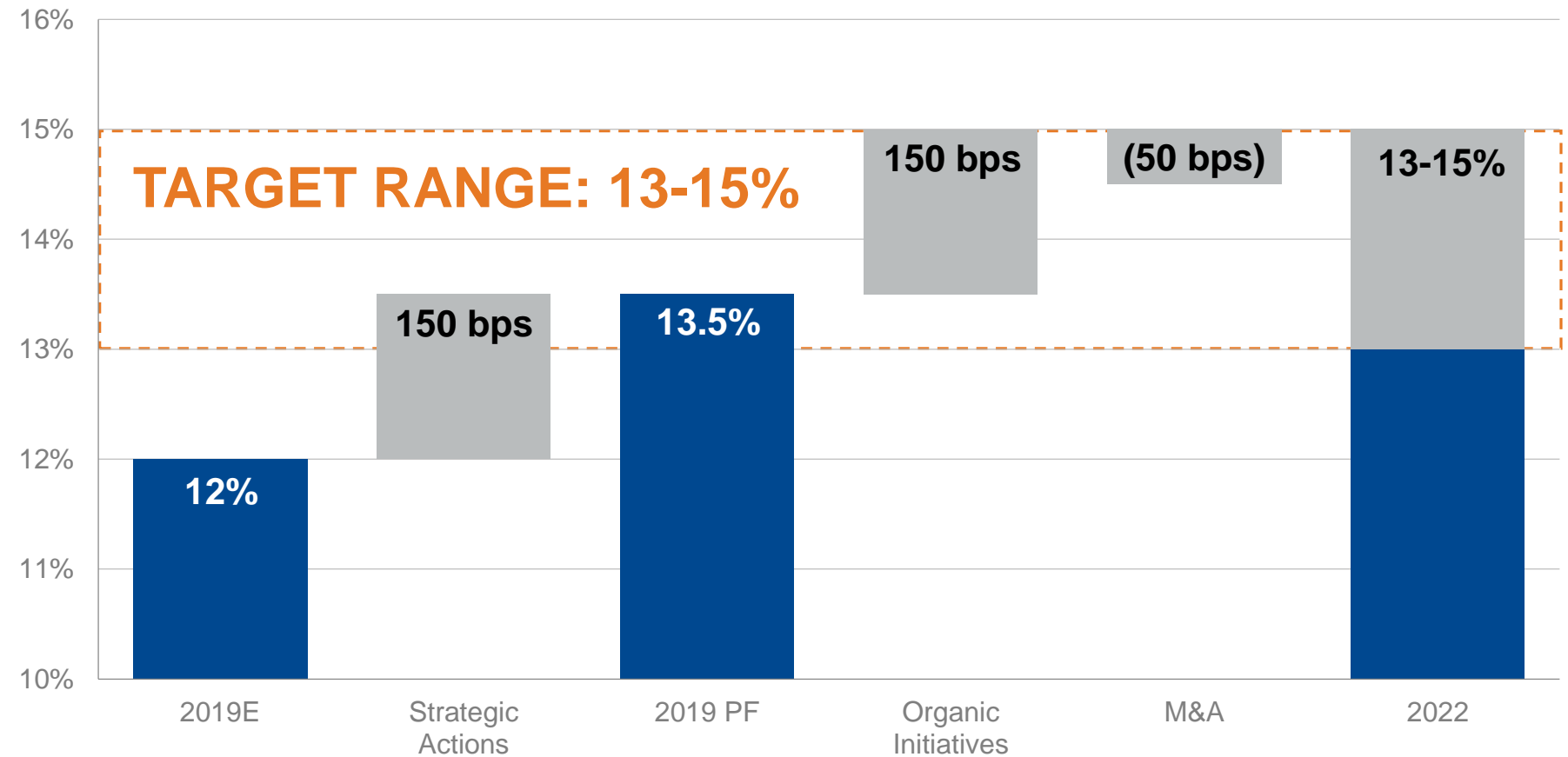
RETURN ON  
INVESTED  
CAPITAL

**13-15%**



**ROIC GOAL  
OF 13-15%**

# The Path to Increased ROIC



**Strategic actions improve pro forma ROIC to within our targeted range**  
**Every \$100M of capital deployed should result in initial EPS accretion of ~\$0.16**

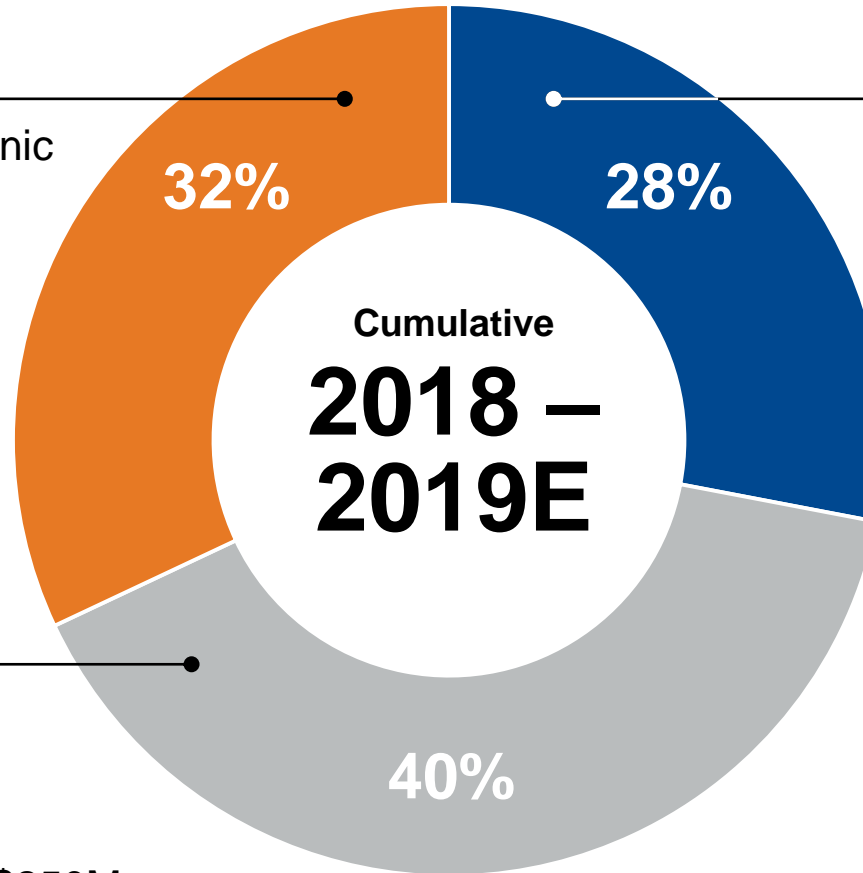
# Balanced Capital Deployment

**Organic investments** to support organic growth and sustain core businesses

- Expanded product portfolio, manufacturing capabilities, and footprint

**Common dividends plus share repurchases** when the market price is below the NPV of our strategic plan

- Record share repurchases in 2018, \$250M remaining on the \$300M repurchase authorization



**Highly selective M&A** to expand our product offering and realize significant synergies

- Recent broadband fiber deals include Opterna (Q1'19), FutureLink (Q1'19), NT2 (Q2'18), M2FX (Q1'16)
- Disciplined strategic rationale, financial requirements

# Capital Deployment Priorities



## ORGANIC INVESTMENTS

Funding compelling growth initiatives in attractive end markets



## SHARE REPURCHASES

\$250M remaining on the \$300M repurchase authorization

Continue to view the stock as undervalued



## DEBT

Targeting net leverage of 2x – 3x



## BOLT-ON M&A

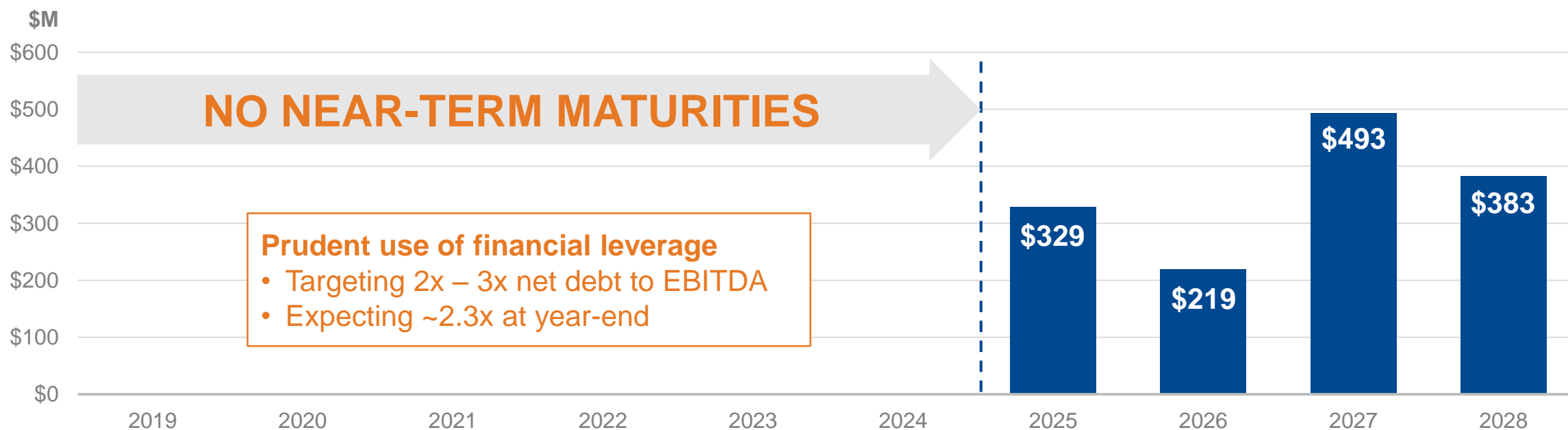
Pursuing deals in core markets, fiber and industrial

# A Quality Balance Sheet Provides Significant Flexibility

Fixed, long-term maturities

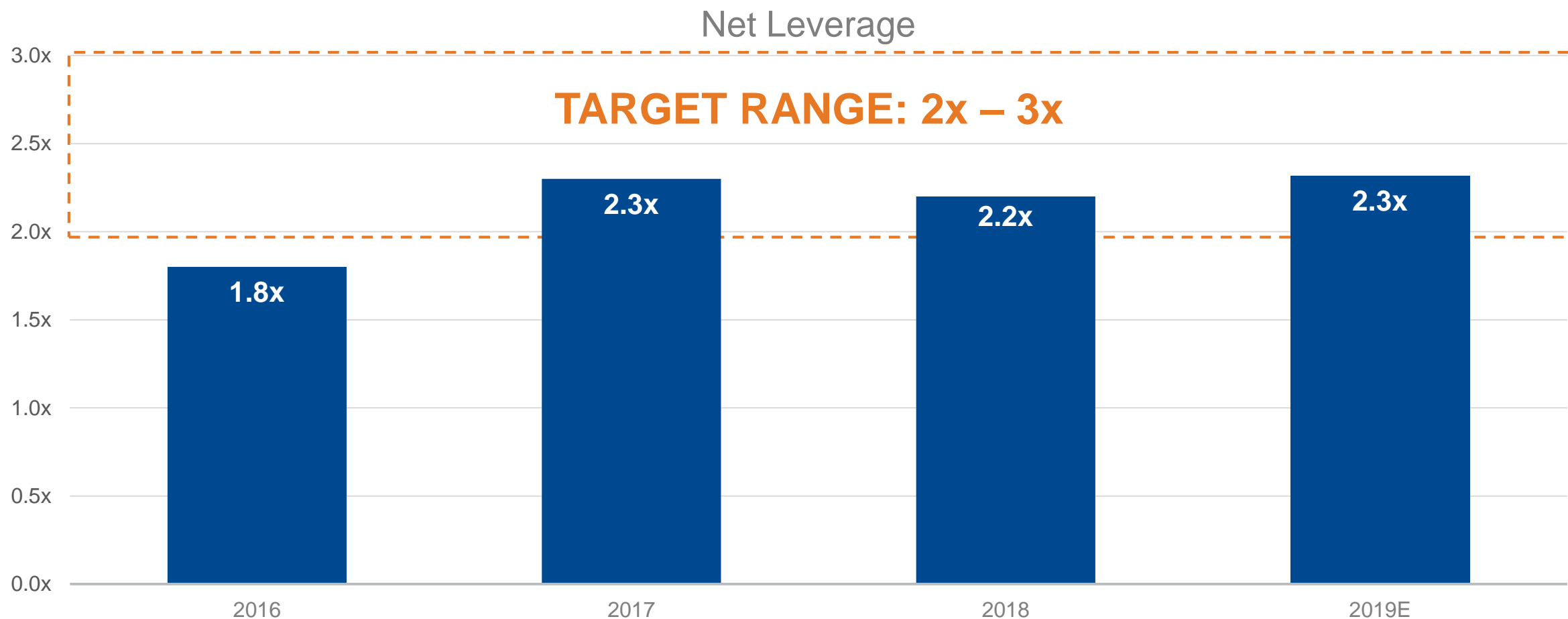
Euro-denominated debt  
improves earnings exposure  
to the Euro

Pre-tax cost of debt = 3.5%

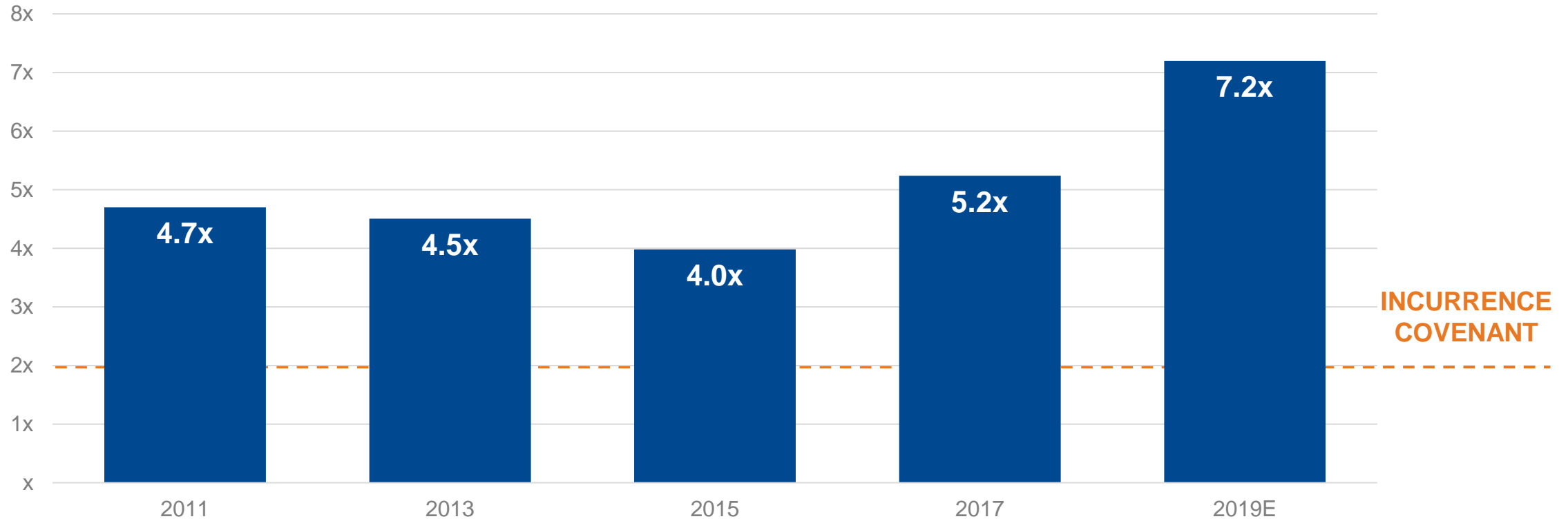


**Strong balance sheet**

# Maintaining Conservative Leverage Profile

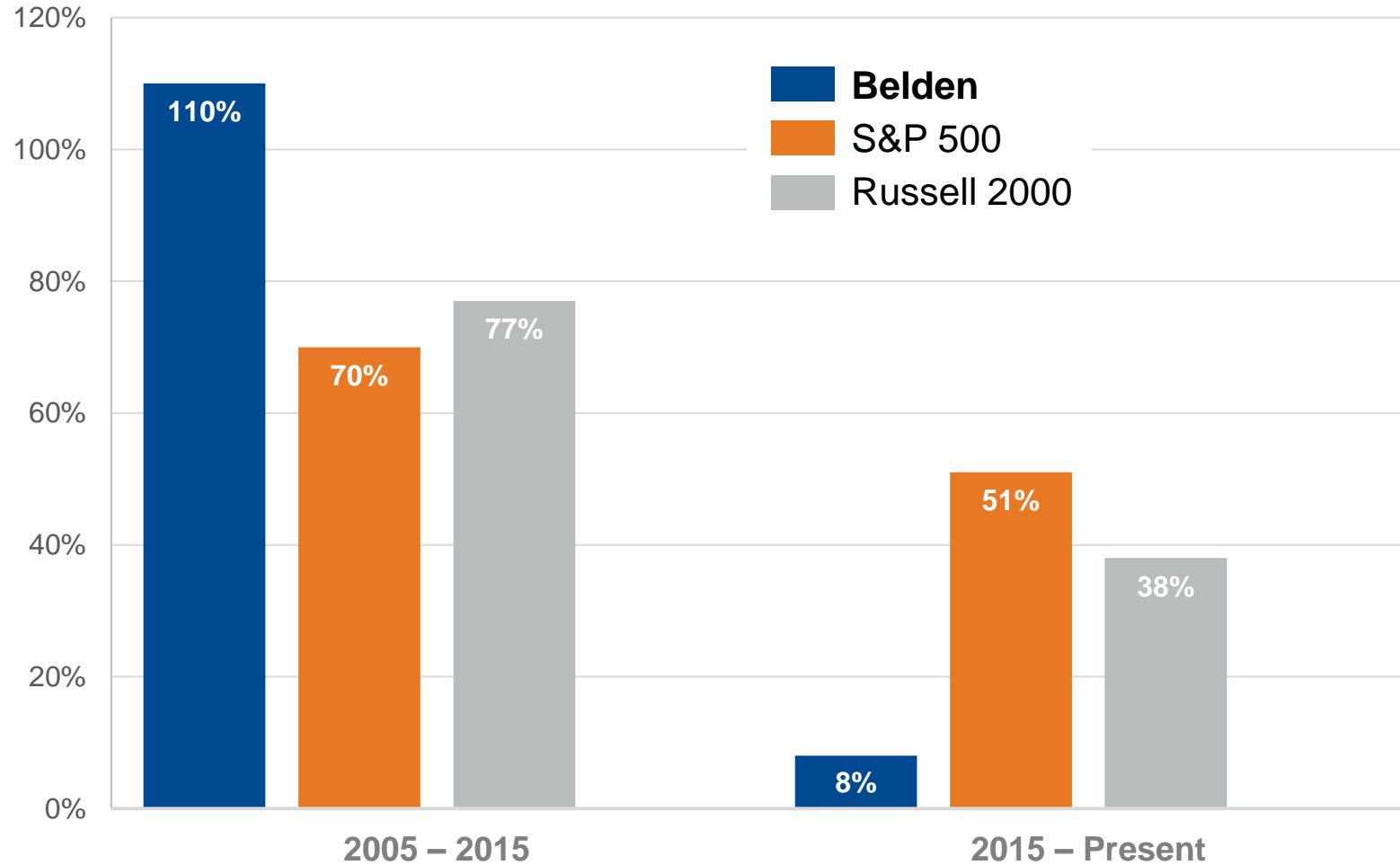


# Net Interest Coverage Ratio



**Covenant-light debt structure with robust net interest coverage due to the historically low interest rates on our Euro-denominated debt**

# Total Shareholder Return



**NOT SATISFIED** WITH OUR  
RECENT SHAREHOLDER  
RETURNS

TSR LAGGING AFTER MANY  
YEARS OF STRONG  
PERFORMANCE

AN IMPROVED PORTFOLIO  
WITH ACCELERATING GROWTH  
AND MARGINS COULD AGAIN  
DRIVE **UPPER QUARTILE**  
**SHAREHOLDER RETURNS**



# Catalysts for Improved Shareholder Returns

<b>2005 – 2015</b> Revenues <b>GROWING</b> EBITDA Margin <b>EXPANDING</b>	<b>2015 – 2019</b> Revenues <b>STOPPED GROWING</b> EBITDA Margin <b>STOPPED EXPANDING</b>	<b>OPPORTUNITY</b> Revenues <b>GROWING AGAIN</b> EBITDA Margin <b>EXPANDING AGAIN</b>
Valuation Multiples <b>EXPANDING</b>	Valuation Multiples <b>CONTRACTING</b>	Valuation Multiples <b>EXPANDING AGAIN</b>



# Investment Thesis

## TRANSFORMATIVE ACTIONS UNDERWAY

Divesting  
Grass Valley

\$40M cost  
reduction program

Exiting ~\$250M  
of less attractive  
product lines

## ALIGNED WITH SECULAR TAILWINDS

Industrial Automation

Cybersecurity

Broadband & 5G

Smart Buildings

## EBITDA MARGIN UPSIDE

20-22% Goal

Cost reduction  
program accretive  
by ~190 basis points

Product line exits  
accretive by ~140  
basis points

## ATTRACTIVE VALUATION

12x P / E

10x EV / EBITDA

7% TTM FCF Yield

# Today's Theme: Continued Transformation

## IMPROVING PORTFOLIO

**Simplifying**  
the portfolio

**Exiting** less  
attractive  
businesses and  
product lines

## IMPROVING GROWTH

Removing a  
**declining business**

Investing in our  
**growing businesses**  
to capitalize on  
secular trends

## IMPROVING MARGINS

Initiating a \$40M  
**cost reduction**  
program

Targeting **20-22%**  
EBITDA margins

## IMPROVING SHAREHOLDER RETURNS

| Belden Incorporated 2019 Investor Day



# APPENDIX

# Reconciliation of Non-GAAP Measures

## 2019 Guidance

	Year Ended December 31, 2019	Three Months Ended December 31, 2019
Adjusted income per diluted share attributable to Belden common stockholders	\$4.32 - \$4.47	\$1.00 - \$1.15
Amortization of intangible assets	(1.69)	(0.48)
Severance, restructuring, and acquisition integration costs	(0.58)	(0.52)
Purchase accounting effects of acquisitions	(0.01)	—
GAAP income per diluted share attributable to Belden common stockholders	<u>\$2.04 - \$2.19</u>	<u>\$0.00 - \$0.15</u>

Our guidance for income per diluted share attributable to Belden common stockholders is based upon information currently available regarding events and conditions that will impact our future operating results. In particular, our results are subject to the factors listed under "Cautionary Information Regarding Forward-Looking Statements" in this presentation. In addition, 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, restructuring, and acquisition integration 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.

# Reconciliation of Non-GAAP Measures

(Unaudited)

## Adjusted EBITDA excluding Grass Valley, NOPAT used in ROIC calculation

Year Ended  
12/31/2019E

(In thousands)

GAAP revenues	\$	2,102,000
Deferred revenue adjustments		-
Adjusted revenues	\$	2,102,000
GAAP net income attributable to Belden from continuing operations	\$	106,000
Interest expense, net		56,000
Income tax expense		37,000
Total non-operating adjustments		93,000
Amortization of intangible assets		75,000
Severance, restructuring, and acquisition integration costs		26,000
Purchase accounting effects related to acquisitions		1,000
Total operating income adjustments		102,000
Depreciation expense		40,000
Adjusted EBITDA from continuing operations	\$	341,000
GAAP net income margin		5.0%
Adjusted EBITDA margin		16.2%
GAAP net income attributable to Belden from continuing operations	\$	106,000
Operating income adjustments from above		102,000
Tax effect of adjustments above		(6,000)
Adjusted net income attributable to Belden from continuing operations		202,000
Tax affected interest expense, net		46,000
NOPAT used in ROIC calculation	\$	248,000

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; 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; certain revenues and gains (losses) from patent settlements; discontinued operations; and other costs. We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements. When we calculate the tax effect of the adjustments, we include all current and deferred income tax expense commensurate with the adjusted measure of pre-tax profitability.

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. As an example, we adjust for the purchase accounting effect of recording deferred revenue at fair value in order to reflect the revenues that would have otherwise been recorded by acquired businesses had they remained as independent entities. We believe this presentation is useful in evaluating the underlying performance of acquired companies. Similarly, we adjust for other acquisition-related expenses, such as amortization of intangibles and other impacts of fair value adjustments because they generally are not related to the acquired business' core business performance. As an additional example, we exclude the costs of restructuring programs, which can occur from time to time for our current businesses and/or recently acquired businesses. We exclude the costs in calculating adjusted results to allow us and investors to evaluate the performance of the business based upon its expected ongoing operating structure. We believe the adjusted measures, accompanied by the disclosure of the costs of these programs, provides valuable insight.

Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States. The results below for 2019E exclude Grass Valley.

# Reconciliation of Non-GAAP Measures

(Unaudited)

## Adjusted EBITDA including Grass Valley

Year Ended

12/31/2019E

(In thousands)

GAAP net income attributable to Belden from continuing operations	\$ 106,000
Loss from discontinued operations, net of tax	(312,000)
GAAP net loss attributable to Belden	(206,000)
Interest expense, net	56,000
Income tax expense	37,000
Total non-operating adjustments	93,000
Goodwill and other asset impairment	342,000
Amortization of intangible assets	90,000
Severance, restructuring, and acquisition integration costs	29,000
Amortization of software development intangible assets	3,000
Purchase accounting effects related to acquisitions	1,000
Total operating income adjustments	465,000
Depreciation expense	50,000
Adjusted EBITDA used in Net Leverage and Net Interest Coverage calculations	\$ 402,000

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; 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; certain revenues and gains (losses) from patent settlements; discontinued operations; and other costs. We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements. When we calculate the tax effect of the adjustments, we include all current and deferred income tax expense commensurate with the adjusted measure of pre-tax profitability.

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Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States. All figures except GAAP net income attributable to Belden from continuing operations include Grass Valley.



# Reconciliation of Non-GAAP Measures

(Unaudited)

## Adjusted EBITDA including Grass Valley

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; 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; certain revenues and gains (losses) from patent settlements; discontinued operations; and other costs. We adjust for the items listed above in all periods presented, unless the impact is clearly immaterial to our financial statements. When we calculate the tax effect of the adjustments, we include all current and deferred income tax expense commensurate with the adjusted measure of pre-tax profitability.

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Adjusted results should be considered only in conjunction with results reported according to accounting principles generally accepted in the United States. The results below include Grass Valley.

	Year Ended					
	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2013	12/31/2011
	(In thousands)					
GAAP revenues	\$ 2,585,368	\$ 2,388,643	\$ 2,356,672	\$ 2,309,222	\$ 2,069,193	\$ 1,882,187
Deferred revenue adjustments	6,612	-	6,687	51,361	15,297	-
Patent settlement	-	-	(5,554)	-	-	-
Adjusted revenues	<u>\$ 2,591,980</u>	<u>\$ 2,388,643</u>	<u>\$ 2,357,805</u>	<u>\$ 2,360,583</u>	<u>\$ 2,084,490</u>	<u>\$ 1,882,187</u>
GAAP net income attributable to Belden	\$ 160,894	\$ 93,210	\$ 128,003	\$ 66,204	\$ 103,313	\$ 114,345
Interest expense, net	61,559	82,901	95,050	100,613	72,601	47,107
Income tax expense (benefit)	59,619	6,495	(1,185)	(26,568)	22,315	16,791
Loss on debt extinguishment	22,990	52,441	2,342	-	1,612	-
Loss (income) from discontinued operations, net of tax	-	-	-	242	1,421	(13,037)
Gain from disposal of discontinued operations, net of tax	-	-	-	86	-	-
Non-controlling interests	(183)	(357)	(357)	(24)	-	-
Total non-operating adjustments	<u>143,985</u>	<u>141,480</u>	<u>95,850</u>	<u>74,349</u>	<u>97,949</u>	<u>50,861</u>
Goodwill and other asset impairment	-	-	-	-	-	2,549
Amortization of intangible assets	98,829	103,997	98,385	103,791	50,803	13,149
Severance, restructuring, and acquisition integration costs	68,613	42,790	38,770	47,170	14,888	4,938
Impairment of assets held for sale	-	-	23,931	-	-	-
Amortization of software development intangible assets	2,188	56	-	-	-	-
Purchase accounting effects related to acquisitions	3,497	6,133	(2,079)	11,262	2,590	-
Deferred revenue adjustments	6,612	-	6,687	51,361	15,297	-
Costs related to patent litigation	2,634	-	-	-	-	-
Non-operating pension settlement loss	1,342	-	-	-	-	-
Loss (gain) on sale of assets	94	1,013	-	-	(1,278)	-
Accelerated depreciation	-	798	928	388	4,861	-
Gain from patent litigation	(62,141)	-	(5,554)	-	-	-
Total operating income adjustments	<u>121,668</u>	<u>154,787</u>	<u>161,068</u>	<u>213,972</u>	<u>87,161</u>	<u>20,636</u>
Depreciation expense	<u>47,615</u>	<u>44,799</u>	<u>46,280</u>	<u>46,163</u>	<u>38,787</u>	<u>34,964</u>
Adjusted EBITDA used in Net Leverage and Net Interest Coverage calculations	<u>\$ 474,162</u>	<u>\$ 434,276</u>	<u>\$ 431,201</u>	<u>\$ 400,688</u>	<u>\$ 327,210</u>	<u>\$ 220,806</u>
GAAP net income margin	6.2%	3.9%	5.4%	2.9%	5.0%	6.1%
Adjusted EBITDA margin	18.3%	18.2%	18.3%	17.0%	15.7%	11.7%

# Reconciliation of Non-GAAP Measures

(Unaudited)

We define free cash flow, which is a non-GAAP financial measure, as net cash from operating activities adjusted for capital expenditures net of the proceeds from the disposal of tangible assets. 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.

	Year Ended		
	12/31/2019E	12/31/2018	12/31/2017
	(In thousands)		
GAAP net cash provided by operating activities	\$ 252,000	\$ 289,220	\$ 255,300
Capital expenditures, net of proceeds from the disposal of tangible assets	(100,000)	(96,267)	(63,222)
Non-GAAP free cash flow	<u>\$ 152,000</u>	<u>\$ 192,953</u>	<u>\$ 192,078</u>