

4th Quarter 2016 Earnings Release Conference Call

February 2, 2017



Safe Harbor Statement

Our commentary and responses to your questions may contain forward-looking statements, including our outlook for the 2017 first quarter and full year. Forward-looking statements also include projections of sales, earnings, general economic conditions, market conditions, working capital, market shares, free cash flow, pricing levels, and effective tax rates. Belden undertakes no obligation to update any such statements to reflect later developments, except as required by law. Information on factors that could cause actual results to vary materially from those discussed today is available in the press release announcing 2016 fourth quarter results, our most recent Annual Report on Form 10-K as filed with the SEC on February 25, 2016 (including those discussed under “Risk Factors” in Part I, Item 1A and in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II, Item 7), and our subsequent filings with the Securities and Exchange Commission.

Non-GAAP Measures

On this call we will discuss some non-GAAP measures (denoted by footnote) in discussing Belden’s performance, and the reconciliation of those measures to the most comparable GAAP measures is contained within this presentation or available at our investor relations website, investor.belden.com.

Q4 2016 Highlights

- Delivered revenues of \$608.2 million, increasing 80 basis points organically from the prior-year period
- Generated record EBITDA of \$122.5 million, growing 7% year-over-year
- Achieved record EBITDA margins of 20.1%, an increase of 110 basis points from 19.0% in the year-ago period
- Reduced net-debt to EBITDA leverage to 1.8x from 3.6x in the prior-year period

























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

FY 2016 Highlights

- Achieved revenues of \$2.36 billion, growing 130 basis points on an organic basis
- Expanded EBITDA margins to a record 18.3%, increasing 130 basis points from 17.0% in 2015
- Delivered net income of \$240.0 million, growing 12%
- Generated \$261.2 million of free cash flow, increasing 40% and representing 109% of full-year 2016 net income

Adjusted results. See Appendix for reconciliation to comparable GAAP results.
All references to Net Income refer to income from continuing operations attributable to Belden .

Q4 2016 Segment Overview

| | | | |
|-------------------------|---------------|-----------------|--|
| Broadcast Solutions | Revenue | \$208.8M |      |
| | EBITDA Margin | 23.3% | <p>Camera Mounted Fiber Solutions Signal Processing & Routing Monitoring Systems Automation Playout & Branding Systems Drop, Headend and Hardline Connectors</p> |
| Enterprise Connectivity | Revenue | \$150.2M |     |
| | EBITDA Margin | 13.8% | <p>Racks and Enclosures Copper and Fiber Connectivity Ethernet, Fiber Optic and Coaxial Precision A/V Cable and Connectivity</p> |
| Industrial Connectivity | Revenue | \$146.7M |       |
| | EBITDA Margin | 18.8% | <p>Industrial and I/O Connectors Industrial Cables IP/Networking Cables I/O Modules/Active Distribution Boxes Customer-Specific Wiring</p> |
| Industrial IT | Revenue | \$58.9M |     |
| | EBITDA Margin | 18.7% | <p>Cables, Security & Routing Wireless Switches Connectivity</p> |
| Network Security | Revenue | \$43.5M |    |
| | EBITDA Margin | 34.6% | <p>  Targeted Attack Detection  Vulnerability Assessment Threat Analytics </p> |

Q4 2016 Financial Summary

| | Q4 2016 | Q3 2016 | Q4 2015 |
|---------------------------------|----------|----------|----------|
| Revenue | \$608.2M | \$602.5M | \$602.5M |
| Gross profit | \$264.1M | \$250.4M | \$259.6M |
| Gross profit percentage | 43.4% | 41.6% | 43.1% |
| EBITDA | \$122.5M | \$111.5M | \$114.6M |
| EBITDA percentage | 20.1% | 18.5% | 19.0% |
| Net Income ¹ | \$70.3M | \$61.4M | \$69.3M |
| Earnings Per Share ² | \$1.42 | \$1.29 | \$1.63 |

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

(1) All references to Net Income refer to adjusted income from continuing operations attributable to Belden

(2) All references to Earnings Per Share refer to adjusted income from continuing operations per diluted share attributable to Belden common stockholders

Q4 2016 Segment Results

| | Broadcast | Enterprise Connectivity | Industrial Connectivity | Industrial IT | Network Security | Consolidated |
|-----------------------|-----------|-------------------------|-------------------------|---------------|------------------|--------------|
| Q4 2016 | | | | | | |
| Revenue | \$208.8M | \$150.2M | \$146.7M | \$58.9M | \$43.5M | \$608.2M |
| EBITDA ⁽¹⁾ | \$48.6M | \$20.7M | \$27.5M | \$11.0M | \$15.0M | \$122.5M |
| EBITDA Margin | 23.3% | 13.8% | 18.8% | 18.7% | 34.6% | 20.1% |
| Q3 2016 | | | | | | |
| Revenue | \$196.2M | \$156.7M | \$149.8M | \$60.2M | \$39.6M | \$602.5M |
| EBITDA ⁽¹⁾ | \$36.5M | \$27.3M | \$23.6M | \$12.8M | \$11.7M | \$111.5M |
| EBITDA Margin | 18.6% | 17.4% | 15.8% | 21.2% | 29.5% | 18.5% |
| Q4 2015 | | | | | | |
| Revenue | \$201.8M | \$147.2M | \$141.8M | \$62.8M | \$48.9M | \$602.5M |
| EBITDA ⁽¹⁾ | \$40.3M | \$24.7M | \$23.9M | \$11.5M | \$14.7M | \$114.6M |
| EBITDA Margin | 19.9% | 16.8 % | 16.8% | 18.4% | 30.0% | 19.0% |

Consolidated are adjusted results. See Appendix for reconciliation to comparable GAAP results.

(1) Consolidated results include income from our equity method investment.

Q4 2016 Balance Sheet Highlights

| | Q4 2016 | Q3 2016 | Q4 2015 |
|-----------------------------|---------|---------|---------|
| Cash and cash equivalents | \$848M | \$748M | \$217M |
| Inventory turns | 7.4x | 7.3x | 7.1x |
| Days sales outstanding | 57 days | 61 days | 62 days |
| PP&E turns | 7.9x | 7.4x | 7.7x |
| Total debt principal amount | \$1.64B | \$1.71B | \$1.75B |
| Net Leverage ¹ | 1.8x | 2.2x | 3.6x |

(1) Net leverage is calculated as (A) total debt less cash and cash equivalents divided by (B) trailing twelve months Adjusted EBITDA plus trailing twelve months stock based compensation expense plus trailing twelve months long-term incentive plan expense for certain acquired companies.

Q4 2016 Cash Flow Highlights

| | Q4 2016 | Q4 2015 | FY 2016 | FY 2015 |
|--|----------|-----------|----------|-----------|
| Cash flows from operating activities | \$167.4M | \$ 144.4M | \$314.8M | \$241.5M |
| Less: Net capital expenditures ⁽¹⁾ | \$17.8M | \$ 15.5M | \$53.6M | \$ 54.4M |
| Free cash flow ⁽²⁾ | \$149.6M | \$ 128.9M | \$261.2M | \$ 187.0M |
| Cash used to acquire businesses ⁽³⁾ | \$1.0M | \$ 0.0M | \$18.8M | \$ 695.3M |
| Share repurchases and dividends | \$9.8M | \$ 2.0M | \$16.1M | \$ 47.4M |

(1) Capital expenditures, net of proceeds from the disposal of tangible assets. See Appendix for reconciliation.

(2) Free cash flow is not a term defined by generally accepted accounting principles (GAAP) and our definition may or may not be used consistently with other companies that define this term. See Appendix for reconciliation to comparable GAAP results.

(3) Net of cash acquired.

Outlook

Q1 2017⁽¹⁾

- Revenue of \$540 - \$560 million
- Earnings Per Share² of \$0.83 - \$0.93

2017 Full Year⁽¹⁾

- Revenue of \$2.355 - \$2.405 billion
- Earnings Per Share² of \$4.95 - \$5.20

(1) Adjusted Outlook. See Appendix for reconciliation to comparable GAAP outlook.

(2) All references to Earnings Per Share refer to adjusted income from continuing operations per diluted share attributable to Belden common stockholders.

Questions?



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Appendix

Statements of Operations

Unaudited

| | Three Months Ended | | Twelve Months Ended | |
|---|---------------------------------------|-------------------|---------------------|-------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| | (In thousands, except per share data) | | | |
| Revenues | \$ 612,435 | \$ 597,244 | \$ 2,356,672 | \$ 2,309,222 |
| Cost of sales | (350,651) | (347,127) | (1,375,678) | (1,391,049) |
| Gross profit | 261,784 | 250,117 | 980,994 | 918,173 |
| Selling, general and administrative expenses | (122,099) | (130,094) | (494,224) | (525,518) |
| Research and development | (34,304) | (37,312) | (140,601) | (148,311) |
| Amortization of intangibles | (22,782) | (25,701) | (98,385) | (103,791) |
| Impairment of assets held for sale | (23,931) | — | (23,931) | — |
| Operating income | 58,668 | 57,010 | 223,853 | 140,553 |
| Interest expense, net | (23,092) | (26,582) | (95,050) | (100,613) |
| Loss on debt extinguishment | (2,342) | — | (2,342) | — |
| Income from continuing operations before taxes | 33,234 | 30,428 | 126,461 | 39,940 |
| Income tax benefit | 672 | 19,228 | 1,185 | 26,568 |
| Income from continuing operations | 33,906 | 49,656 | 127,646 | 66,508 |
| Loss from discontinued operations, net of tax | — | — | — | (242) |
| Loss from disposal of discontinued operations, net of tax | — | — | — | (86) |
| Net income | 33,906 | 49,656 | 127,646 | 66,180 |
| Less: Net loss attributable to noncontrolling interest | (71) | (24) | (357) | (24) |
| Net income attributable to Belden | 33,977 | 49,680 | 128,003 | 66,204 |
| Less: Preferred stock dividends | 8,733 | — | 15,428 | — |
| Net income attributable to Belden common stockholders | \$ 25,244 | \$ 49,680 | \$ 112,575 | \$ 66,204 |
| Weighted average number of common shares and equivalents: | | | | |
| Basic | 42,157 | 41,978 | 42,093 | 42,390 |
| Diluted | 42,674 | 42,482 | 42,557 | 42,953 |
| Basic income (loss) per share attributable to Belden common stockholders: | | | | |
| Continuing operations | \$ 0.60 | \$ 1.18 | \$ 2.67 | \$ 1.57 |
| Discontinued operations | — | — | — | (0.01) |
| Disposal of discontinued operations | — | — | — | — |
| Net income | \$ 0.60 | \$ 1.18 | \$ 2.67 | \$ 1.56 |
| Diluted income (loss) per share attributable to Belden common stockholders: | | | | |
| Continuing operations | \$ 0.59 | \$ 1.17 | \$ 2.65 | \$ 1.55 |
| Discontinued operations | — | — | — | (0.01) |
| Disposal of discontinued operations | — | — | — | — |
| Net income | \$ 0.59 | \$ 1.17 | \$ 2.65 | \$ 1.54 |
| Common stock dividends declared per share | \$ 0.05 | \$ 0.05 | \$ 0.20 | \$ 0.20 |

Operating Segment Information

Unaudited

| | Broadcast Solutions | Enterprise Connectivity Solutions | Industrial Connectivity Solutions | Industrial IT Solutions | Network Security Solutions | Total Segments |
|---|---------------------|-----------------------------------|-----------------------------------|-------------------------|----------------------------|----------------|
| (In thousands, except percentages) | | | | | | |
| For the three months ended December 31, 2016 | | | | | | |
| Segment Revenues | \$ 208,787 | \$ 150,237 | \$ 146,730 | \$ 58,881 | \$ 43,521 | \$ 608,156 |
| Segment EBITDA | 48,553 | 20,693 | 27,548 | 11,011 | 15,047 | 122,852 |
| Segment EBITDA margin | 23.3 % | 13.8 % | 18.8 % | 18.7 % | 34.6 % | 20.2 % |
| Depreciation expense | 4,143 | 3,198 | 2,873 | 647 | 1,094 | 11,955 |
| Amortization of intangibles | 9,942 | 426 | 598 | 1,499 | 10,317 | 22,782 |
| Severance, restructuring, and acquisition integration costs | 4,543 | 4,682 | 1,941 | 410 | 122 | 11,698 |
| Purchase accounting effects of acquisitions | (3,186) | 912 | — | — | — | (2,274) |
| Deferred gross profit adjustments | 383 | — | — | — | 892 | 1,275 |
| Patent settlement | (5,554) | — | — | — | — | (5,554) |
| Impairment of assets held for sale | — | — | 15,731 | — | — | 15,731 |
| For the three months ended December 31, 2015 | | | | | | |
| Segment Revenues | \$ 201,825 | \$ 147,154 | \$ 141,801 | \$ 62,776 | \$ 48,948 | \$602,504 |
| Segment EBITDA | 40,264 | 24,708 | 23,863 | 11,522 | 14,707 | 115,064 |
| Segment EBITDA margin | 19.9 % | 16.8 % | 16.8 % | 18.4 % | 30.0 % | 19.1 % |
| Depreciation expense | 4,052 | 3,144 | 2,705 | 580 | 1,019 | 11,500 |
| Amortization of intangibles | 12,439 | 428 | 725 | 1,490 | 10,619 | 25,701 |
| Severance, restructuring, and acquisition integration costs | 10,535 | (109) | 3,174 | 167 | (130) | 13,637 |
| Purchase accounting effects of acquisitions | 114 | 70 | 67 | 32 | 42 | 325 |
| Deferred gross profit adjustments | (343) | — | — | — | 6,793 | 6,450 |
| For the twelve months ended December 31, 2016 | | | | | | |
| Segment Revenues | \$ 769,753 | \$ 603,188 | \$ 585,476 | \$ 235,441 | \$ 163,947 | \$ 2,357,805 |
| Segment EBITDA | 137,870 | 101,298 | 101,248 | 45,067 | 47,706 | 433,189 |
| Segment EBITDA margin | 17.9 % | 16.8 % | 17.3 % | 19.1 % | 29.1 % | 18.4 % |
| Depreciation expense | 16,229 | 13,226 | 11,038 | 2,396 | 4,319 | 47,208 |
| Amortization of intangibles | 47,248 | 1,718 | 2,394 | 6,016 | 41,009 | 98,385 |
| Severance, restructuring, and acquisition integration costs | 10,414 | 11,962 | 9,923 | 6,320 | 151 | 38,770 |
| Purchase accounting effects of acquisitions | (2,991) | 912 | — | — | — | (2,079) |
| Deferred gross profit adjustments | 1,774 | — | — | — | 4,913 | 6,687 |
| Patent settlement | (5,554) | — | — | — | — | (5,554) |
| Impairment of assets held for sale | — | — | 15,731 | — | — | 15,731 |
| For the twelve months ended December 31, 2015 | | | | | | |
| Segment Revenues | \$ 739,970 | \$ 605,910 | \$ 603,350 | \$ 244,303 | \$ 167,050 | \$ 2,360,583 |
| Segment EBITDA | 113,638 | 100,214 | 99,941 | 43,253 | 44,620 | 401,666 |
| Segment EBITDA margin | 15.4 % | 16.5 % | 16.6 % | 17.7 % | 26.7 % | 17.0 % |
| Depreciation expense | 16,295 | 12,591 | 11,235 | 2,293 | 4,137 | 46,551 |
| Amortization of intangibles | 49,812 | 1,720 | 3,154 | 5,859 | 43,246 | 103,791 |
| Severance, restructuring, and acquisition integration costs | 39,078 | 723 | 6,228 | 169 | 972 | 47,170 |
| Purchase accounting effects of acquisitions | 132 | 52 | 334 | 32 | 9,197 | 9,747 |
| Deferred gross profit adjustments | 2,446 | — | — | — | 50,430 | 52,876 |

Operating Segment Reconciliation to Consolidated Results

Unaudited

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | <u>December 31, 2016</u> | <u>December 31, 2015</u> | <u>December 31, 2016</u> | <u>December 31, 2015</u> |
| | (In thousands) | | | |
| Total Segment Revenues | \$ 608,156 | \$ 602,504 | \$ 2,357,805 | \$ 2,360,583 |
| Deferred revenue adjustments | (1,275) | (5,260) | (6,687) | (51,361) |
| Patent settlement | 5,554 | — | 5,554 | — |
| Consolidated Revenues | <u>\$ 612,435</u> | <u>\$ 597,244</u> | <u>\$ 2,356,672</u> | <u>\$ 2,309,222</u> |
| | | | | |
| Total Segment EBITDA | \$ 122,852 | \$ 115,064 | \$ 433,189 | \$ 401,666 |
| Income from equity method investment | 716 | 311 | 1,793 | 1,770 |
| Eliminations | (1,087) | (752) | (3,781) | (2,748) |
| Consolidated Adjusted EBITDA (1) | 122,481 | 114,623 | 431,201 | 400,688 |
| Amortization of intangibles | (22,782) | (25,701) | (98,385) | (103,791) |
| Depreciation expense | (11,955) | (11,500) | (47,208) | (46,551) |
| Severance, restructuring, and acquisition integration costs | (11,698) | (13,637) | (38,770) | (47,170) |
| Impairment of assets held for sale | (23,931) | — | (23,931) | — |
| Deferred gross profit adjustments | (1,275) | (6,450) | (6,687) | (52,876) |
| Patent settlement | 5,554 | — | 5,554 | — |
| Purchase accounting effects related to acquisitions | 2,274 | (325) | 2,079 | (9,747) |
| Consolidated operating income | 58,668 | 57,010 | 223,853 | 140,553 |
| Interest expense, net | (23,092) | (26,582) | (95,050) | (100,613) |
| Loss on debt extinguishment | (2,342) | — | (2,342) | — |
| Consolidated income from continuing operations before taxes | <u>\$ 33,234</u> | <u>\$ 30,428</u> | <u>\$ 126,461</u> | <u>\$ 39,940</u> |

(1) Consolidated Adjusted EBITDA is a non-GAAP measure. See Reconciliation of Non-GAAP Measures for additional information.

Balance Sheet

| | December 31, 2016 | December 31, 2015 |
|--|---------------------|---------------------|
| | (In thousands) | |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 848,116 | \$ 216,751 |
| Receivables, net | 388,059 | 387,386 |
| Inventories, net | 190,408 | 195,942 |
| Other current assets | 29,176 | 37,079 |
| Assets held for sale | 23,193 | — |
| Total current assets | 1,478,952 | 837,158 |
| Property, plant and equipment, less accumulated depreciation | 309,291 | 310,629 |
| Goodwill | 1,385,995 | 1,385,115 |
| Intangible assets, less accumulated amortization | 560,082 | 655,871 |
| Deferred income taxes | 33,706 | 34,295 |
| Other long-lived assets | 38,777 | 67,534 |
| | <u>\$ 3,806,803</u> | <u>\$ 3,290,602</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 258,203 | \$ 223,514 |
| Accrued liabilities | 310,340 | 323,249 |
| Current maturities of long-term debt | — | 2,500 |
| Liabilities held for sale | 1,736 | — |
| Total current liabilities | 570,279 | 549,263 |
| Long-term debt | 1,620,161 | 1,725,282 |
| Postretirement benefits | 104,050 | 105,230 |
| Deferred income taxes | 14,276 | 46,034 |
| Other long-term liabilities | 36,720 | 39,270 |
| Stockholders' equity: | | |
| Preferred stock | 1 | — |
| Common stock | 503 | 503 |
| Additional paid-in capital | 1,116,090 | 605,660 |
| Retained earnings | 783,812 | 679,716 |
| Accumulated other comprehensive loss | (39,067) | (58,987) |
| Treasury stock | (401,026) | (402,793) |
| Total Belden stockholders' equity | 1,460,313 | 824,099 |
| Noncontrolling interest | 1,004 | 1,424 |
| Total stockholders' equity | 1,461,317 | 825,523 |
| | <u>\$ 3,806,803</u> | <u>\$ 3,290,602</u> |

Cash Flow Statement

Unaudited

| | Twelve Months Ended | |
|--|---------------------|-------------------|
| | December 31, 2016 | December 31, 2015 |
| | (In thousands) | |
| Cash flows from operating activities: | | |
| Net income | \$ 127,646 | \$ 66,180 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 145,593 | 150,342 |
| Impairment of assets held for sale | 23,931 | — |
| Share-based compensation | 18,178 | 17,745 |
| Loss on debt extinguishment | 2,342 | — |
| Deferred income tax benefit | (30,034) | (45,674) |
| Changes in operating assets and liabilities, net of the effects of currency exchange rate changes and acquired businesses: | | |
| Receivables | (10,115) | 6,066 |
| Inventories | 2,677 | 19,204 |
| Accounts payable | 39,298 | (38,907) |
| Accrued liabilities | (13,181) | 59,214 |
| Accrued taxes | 11,722 | 11,981 |
| Other assets | 760 | (4,840) |
| Other liabilities | (4,023) | 149 |
| Net cash provided by operating activities | <u>314,794</u> | <u>241,460</u> |
| Cash flows from investing activities: | | |
| Capital expenditures | (53,974) | (54,969) |
| Cash used to acquire businesses, net of cash acquired | (18,848) | (695,345) |
| Other | (827) | — |
| Proceeds from disposal of business | — | 3,527 |
| Proceeds from disposal of tangible assets | 392 | 533 |
| Net cash used for investing activities | <u>(73,257)</u> | <u>(746,254)</u> |
| Cash flows from financing activities: | | |
| Proceeds from issuance of preferred stock, net | 501,498 | — |
| Borrowings under credit arrangements | 222,050 | 200,000 |
| Contribution from non-controlling interest | — | 1,470 |
| Payments under borrowing arrangements | (294,375) | (152,500) |
| Cash dividends paid | (16,079) | (8,395) |
| Withholding tax payments for share-based payment awards, net of proceeds from the exercise of stock options | (7,480) | (11,693) |
| Debt issuance costs paid | (3,910) | (898) |
| Payments under share repurchase program | — | (39,053) |
| Net cash provided by (used for) financing activities | <u>401,704</u> | <u>(11,069)</u> |
| Effect of foreign currency exchange rate changes on cash and cash equivalents | <u>(11,876)</u> | <u>(8,548)</u> |
| Increase (decrease) in cash and cash equivalents | 631,365 | (524,411) |
| Cash and cash equivalents, beginning of period | 216,751 | 741,162 |
| Cash and cash equivalents, end of period | <u>\$ 848,116</u> | <u>\$ 216,751</u> |

Q4 2016 and FY 2016 GAAP to Non-GAAP Reconciliation

Unaudited

In addition to reporting financial results in accordance with accounting principles generally accepted in the United States, we provide non-GAAP operating results adjusted for certain items, including: asset impairments; accelerated depreciation expense due to plant consolidation activities; purchase accounting effects related to acquisitions, such as the adjustment of acquired inventory and deferred revenue to fair value and transaction costs; 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.

| | Three Months Ended | | Twelve Months Ended | |
|---|--|-------------------|---------------------|---------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| | (In thousands, except percentages and per share amounts) | | | |
| GAAP revenues | \$ 612,435 | \$ 597,244 | \$ 2,356,672 | \$ 2,309,222 |
| Deferred revenue adjustments | 1,275 | 5,260 | 6,687 | 51,361 |
| Patent settlement | (5,554) | — | (5,554) | — |
| Adjusted revenues | <u>\$ 608,156</u> | <u>\$ 602,504</u> | <u>\$ 2,357,805</u> | <u>\$ 2,360,583</u> |
| GAAP gross profit | \$ 261,784 | \$ 250,117 | \$ 980,994 | \$ 918,173 |
| Severance, restructuring, and acquisition integration costs | 5,461 | 3,024 | 12,276 | 9,364 |
| Deferred gross profit adjustments | 1,275 | 6,450 | 6,687 | 52,876 |
| Purchase accounting effects related to acquisitions | 912 | — | 1,107 | 267 |
| Accelerated depreciation | 246 | 50 | 864 | 225 |
| Patent settlement | (5,554) | — | (5,554) | — |
| Adjusted gross profit | <u>\$ 264,124</u> | <u>\$ 259,641</u> | <u>\$ 996,374</u> | <u>\$ 980,905</u> |
| GAAP gross profit margin | 42.7 % | 41.9 % | 41.6 % | 39.8 % |
| Adjusted gross profit margin | 43.4 % | 43.1 % | 42.3 % | 41.6 % |
| GAAP net income attributable to Belden | \$ 33,977 | \$ 49,680 | \$ 128,003 | \$ 66,204 |
| Interest expense, net | 23,092 | 26,582 | 95,500 | 100,613 |
| Loss on debt extinguishment | 2,342 | — | 2,342 | — |
| Income tax benefit | (672) | (19,228) | (1,185) | (26,568) |
| Loss from discontinued operations | — | — | — | 242 |
| Loss from disposal of discontinued operations | — | — | — | 86 |
| Noncontrolling interest | (71) | (24) | (357) | (24) |
| Total non-operating adjustments | <u>24,691</u> | <u>7,330</u> | <u>95,850</u> | <u>74,349</u> |
| Amortization of intangible assets | 22,782 | 25,701 | 98,385 | 103,791 |
| Severance, restructuring, and acquisition integration costs | 11,698 | 13,637 | 38,770 | 47,170 |
| Impairment of assets held for sale | 23,931 | — | 23,931 | — |
| Deferred gross profit adjustments | 1,275 | 6,450 | 6,687 | 52,876 |
| Accelerated depreciation | 294 | 81 | 928 | 388 |
| Purchase accounting effects related to acquisitions | (2,274) | 325 | (2,079) | 9,747 |
| Patent settlement | (5,554) | — | (5,554) | — |
| Total operating income adjustments | <u>52,152</u> | <u>46,194</u> | <u>161,068</u> | <u>213,972</u> |
| Depreciation expense | 11,661 | 11,419 | 46,280 | 46,163 |
| Adjusted EBITDA | <u>\$ 122,481</u> | <u>\$ 114,623</u> | <u>\$ 431,201</u> | <u>\$ 400,688</u> |
| GAAP net income margin | 5.5 % | 8.3 % | 5.4 % | 2.9 % |
| Adjusted EBITDA margin | 20.1 % | 19.0 % | 18.3 % | 17.0 % |
| GAAP income from continuing operations | \$ 33,906 | \$ 49,656 | \$ 127,646 | \$ 66,508 |
| Operating income adjustments from above | 52,152 | 46,194 | 161,068 | 213,972 |
| Loss on debt extinguishment | 2,342 | — | 2,342 | — |
| Tax effect of adjustments | (18,147) | (26,558) | (51,374) | (66,777) |
| Adjusted income from continuing operations | <u>\$ 70,253</u> | <u>\$ 69,292</u> | <u>\$ 239,682</u> | <u>\$ 213,703</u> |
| GAAP income from continuing operations | \$ 33,906 | \$ 49,656 | \$ 127,646 | \$ 66,508 |
| Less: Net loss attributable to noncontrolling interest | (71) | (24) | (357) | (24) |
| Less: Preferred stock dividends | 8,733 | — | 15,428 | — |
| GAAP income from continuing operations attributable to Belden common stockholders | <u>\$ 25,244</u> | <u>\$ 49,680</u> | <u>\$ 112,575</u> | <u>\$ 66,532</u> |
| Adjusted income from continuing operations | \$ 70,253 | \$ 69,292 | \$ 239,682 | \$ 213,703 |
| Less: Net loss attributable to noncontrolling interest | (71) | (24) | (357) | (24) |
| Less: Amortization expense attributable to noncontrolling interest, net of tax | 16 | 5 | 64 | 5 |
| Adjusted income from continuing operations attributable to Belden common stockholders | <u>\$ 70,208</u> | <u>\$ 69,211</u> | <u>\$ 239,075</u> | <u>\$ 213,722</u> |
| GAAP income from continuing operations per diluted share attributable to Belden common stockholders | \$ 0.59 | \$ 1.17 | \$ 2.65 | \$ 1.55 |
| Adjusted income from continuing operations per diluted share attributable to Belden common stockholders | \$ 1.42 | \$ 1.63 | \$ 5.27 | \$ 4.98 |
| GAAP diluted weighted average shares | 42,674 | 42,482 | 42,557 | 42,953 |
| Adjustment for assumed conversion of preferred stock into common stock | 6,857 | — | 2,079 | — |
| Adjusted diluted weighted average shares | 49,531 | 42,482 | 45,536 | 42,953 |

Free Cash Flow GAAP to Non-GAAP Reconciliation

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.

| | Three Months Ended | | Twelve Months Ended | |
|--|----------------------|----------------------|----------------------|----------------------|
| | December 31, 2016 | December 31, 2015 | December 31, 2016 | December 31, 2015 |
| | (In thousands) | | | |
| GAAP net cash provided by operating activities | \$ 167,365 | \$ 144,415 | \$ 314,794 | \$ 241,460 |
| Capital expenditures, net of proceeds from the disposal of tangible assets | (17,807) | (15,475) | (53,582) | (54,436) |
| Non-GAAP free cash flow | \$ 149,558 | \$ 128,940 | \$ 261,212 | \$ 187,024 |

Reconciliation of Non-GAAP Measures

2016 Revenue and Earnings Guidance

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 "Forward-Looking Statements" in this release. 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.

| | Year Ended December 31, 2017 | Three Months Ended April 2, 2017 |
|--|---|---|
| Adjusted income per diluted share attributable to Belden common stockholders | \$4.95 - \$5.20 | \$0.83 - \$0.93 |
| Amortization of intangible assets | \$(1.33) | \$(0.34) |
| Severance, restructuring, and acquisition integration costs | \$(0.27) | \$(0.08) |
| GAAP income per diluted share attributable to Belden common stockholders | \$3.35 - \$3.60 | \$0.41 - \$0.51 |