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President and Chief Executive Officer

Mark Schmitz

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Executive Vice President and Chief Operating Officer

Barbara Doyle

Vice President, Investor Relations

A wide-angle, nighttime photograph of a city skyline, likely Los Angeles, with numerous skyscrapers and city lights visible against a dark sky. The image serves as a background for the upper half of the slide.

Second Quarter 2016 Earnings Conference Call

September 1, 2016

SAFE HARBOR

- » Certain matters disclosed that are not statements of historical fact constitute forward-looking statements relating to current or future financial performance, management's plans and objectives for future operations, product plans and performance, management's assessment of market factors, and statements regarding the strategy and plans of the Company. Such forward looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These statements are not guarantees of Itron's future performance. Viewers are cautioned that all forward-looking statements are subject to a number of risks and uncertainties that could cause the Company's actual results in the future to differ materially from these forward-looking statements. These risks and uncertainties are detailed in the Company's filings with the Securities and Exchange Commission, including its 10-K filed on June 30, 2016, copies of which may be accessed through the SEC's website at <http://www.sec.gov>.

CONFERENCE CALL AGENDA

- » **CEO – Business Highlights**
- » **COO – Operational Update**
- » **CFO – Financial Results & FY 2016 Outlook**
- » **Q&A**

Q2'16 FINANCIAL HIGHLIGHTS

- » Strong Q2'16 performance driven by increased smart volumes and lower costs & efficiencies
 - +10.5% revenue growth excluding foreign currency impacts
 - Non-GAAP adjusted EBITDA margin increased to 10%
- » Raised 2016 full year guidance reflecting expected outperformance
 - Revenues of \$1.95 to \$2.0B
 - Non-GAAP EPS of \$2.20 to \$2.45
- » Announced 2016 Restructuring Projects with ~\$40M of annualized savings by end of 2018

OPERATIONAL UPDATE

» IMPROVE PREDICTABILITY, GROWTH & PROFITABILITY

- Key initiatives implemented to-date:
 - Aligned operational KPIs globally to improve visibility
 - Unified incentive plans for clear alignment with company objectives
 - Supply chain and quality management
 - Management of sales pipeline & operational planning
 - Sales strategy evaluation & refinement
 - Product development disciplines, efficiencies & management
 - Software solutions availability & alignment with overall platform strategy
 - Announced new restructuring projects

Q1'16 FINANCIAL HIGHLIGHTS RECAP

- » Q1'16 revenue growth of +15.5% excluding FX impact
 - Double-digit growth in all segments driven by increased smart volumes
- » Substantial improvement in gross margin of 180 basis points to 32.8%
 - Intentional mix shift to more profitable product lines
 - Lower warranty costs, improved manufacturing efficiencies & restructuring benefits
- » Increased Non-GAAP EBITDA margin to 8.1%
 - Strong revenue growth of higher value/higher margin product lines
 - Operational focus taking hold - fewer surprises & unplanned expenses
 - Top line growth, favorable mix, operational improvements offset temporary elevated G&A
 - Making focused R&D investment in strategic platforms to drive organic growth
- » Free cash flow for the quarter of \$25 million
- » Repaid \$23 million in debt, reducing net debt to \$220 million at end of quarter

Q2 2016 REVENUE YEAR-OVER-YEAR BRIDGE

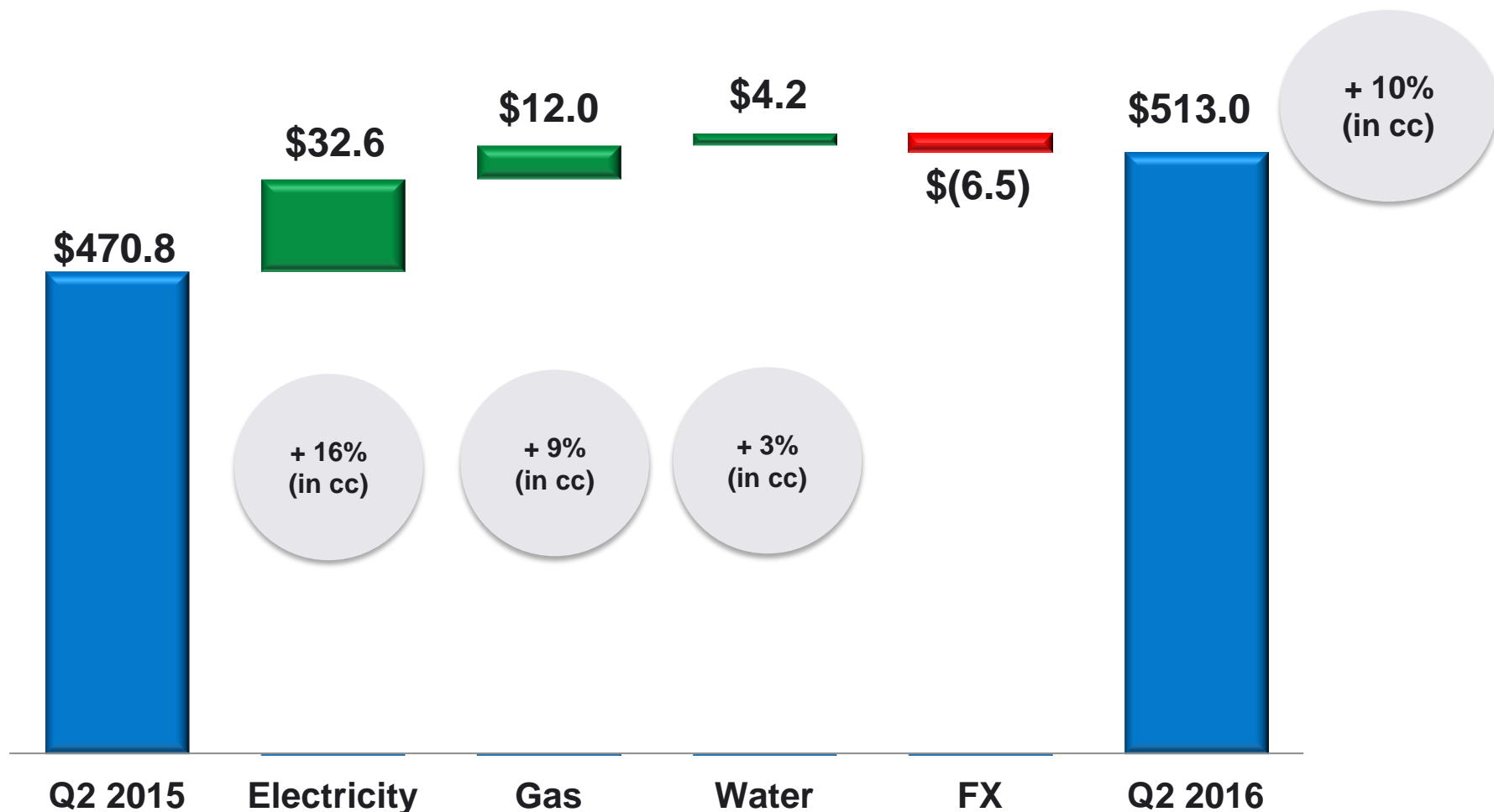


Chart in Millions, actual currency rates

CONSOLIDATED GAAP RESULTS – Q2 2016

	Q2 2016	Q2 2015	Change
Revenue	\$513.0	\$470.8	9.0%
<i>Growth in constant currency</i>			<i>+10.5%</i>
Gross margin	33.1%	25.2%	+790 bps
Operating income/(loss)	\$35.5	(\$4.0)	+\$39.5
Net income/(loss)	\$19.9	(\$14.3)	+\$34.2
Earnings/(loss) per share - diluted	\$0.52	(\$0.37)	+\$0.89
Net cash from operating activities	\$17.3	\$21.5	-\$4.2
<i>\$ in millions (except per share amounts)</i>			

- » Revenue growth in all segments, particularly in Electricity & Gas, driven by global smart meter projects
- » Gross margin increased 790 bps due to decreased warranty costs, favorable product mix, benefits from increased volumes and efficiencies
 - \$23.6m warranty charge negatively impacted gross margin 500 bps in Q2 2015
- » Operating income & net earnings per share improved due to higher revenue and improved gross margin

Reconciliation of GAAP to Non-GAAP results in Appendix and also available on our website

CONSOLIDATED NON-GAAP RESULTS – Q2 2016

	Q2 2016	Q2 2015	Change
Non-GAAP operating income/(loss)	\$41.6	(\$4.9)	+\$46.5
Non-GAAP operating margin	8.1%	-1.0%	+910 bps
Adjusted EBITDA	\$51.8	\$4.0	+\$47.8
Adjusted EBITDA margin	10.1%	0.8%	+930 bps
Non-GAAP net income/(loss)	\$25.1	(\$14.9)	+\$40.0
Non-GAAP earnings/(loss) per share - diluted	\$0.65	(\$0.39)	+\$1.04
Free cash flow	\$6.2	\$10.1	-\$3.9

\$ in millions (except per share amounts)

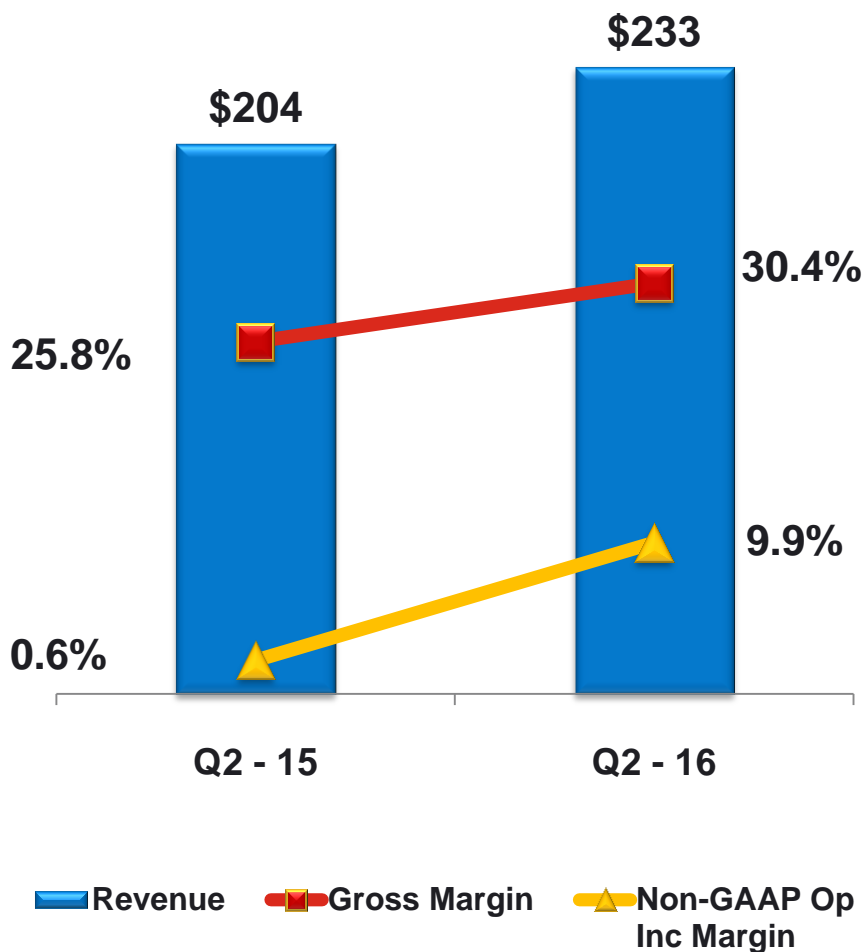
- » Improved non-GAAP operating and net income & adjusted EBITDA driven by increased revenue and higher gross margin
- » Free cash flow decreased due to payments related to taxes, prepayments on software programs and working capital

Reconciliation of GAAP to Non-GAAP results in Appendix and also available on our website

ELECTRICITY SEGMENT

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

Actual currency



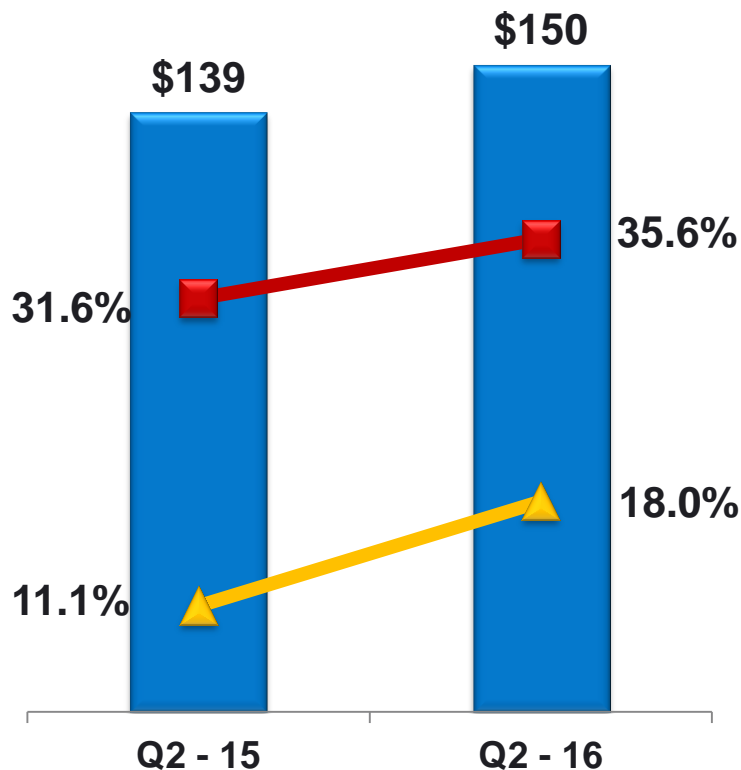
- » **Revenue growth +14% and +16% in constant currency**
 - Increased global smart metering
 - Planned reduction in lower-margin standard metering business
- » **Gross margin +460 basis points**
 - Favorable smart vs standard mix
 - Restructuring benefits and manufacturing efficiencies
- » **Non-GAAP operating margin +930 basis points**
 - Increased gross profit
 - Restructuring & efficiency benefits

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GAS SEGMENT

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

Actual currency



■ Revenue ■ Gross Margin ▲ Non-GAAP Op Inc Margin

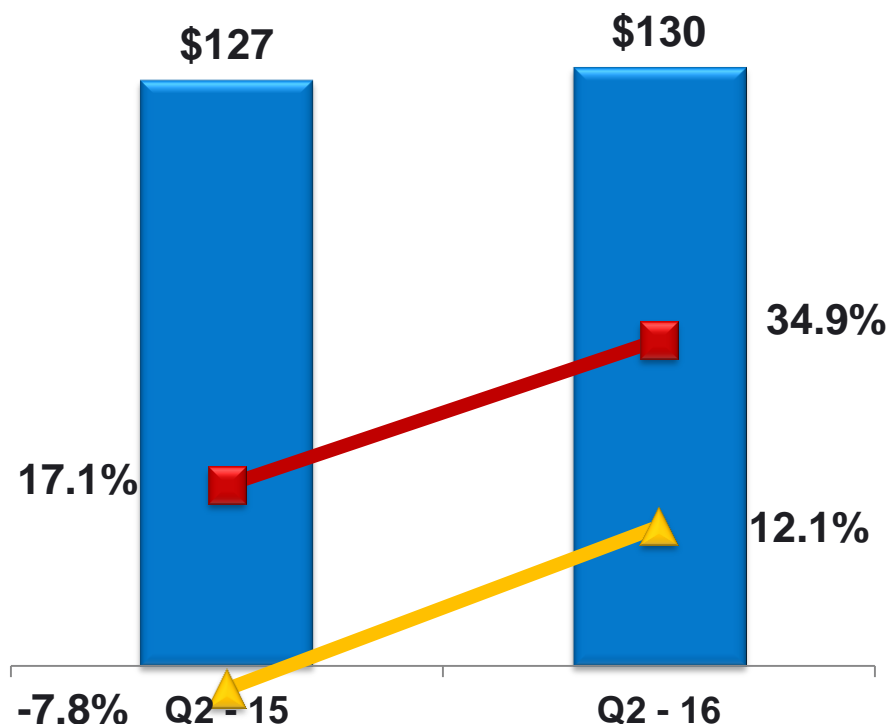
- » **Revenue growth +8% and +9% in constant currency**
 - Record revenue in North America
 - New record level of smart meter shipments driven by EMEA and North America
- » **Gross margin +400 basis points**
 - Benefits from higher volumes and improved margin in EMEA
- » **Non-GAAP operating margin +690 basis points**
 - Strong revenue and improved gross margin

Reconciliation of GAAP to Non-GAAP results in Appendix and also available on our website

WATER SEGMENT

REVENUE, GROSS MARGIN AND NON-GAAP MARGIN OPERATING

Actual currency



- » **Revenue growth +2% and +3% in constant currency**
 - Increased smart metering projects in EMEA
 - Decreased revenue in Latin America
- » **Gross margin +17.8 percentage points**
 - Improvement driven by lower warranty costs (\$23.6m warranty charge in Q2'15)
- » **Non-GAAP operating margin +19.9 percentage points**
 - Increased gross profit driven by lower warranty costs
 - Expense efficiencies

■ Revenue ■ Gross Margin ▲ Non-GAAP Op Inc Margin

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Q2 2016 QUARTERLY BACKLOG

More than \$300M in projects awarded but not yet booked as of Q2'16

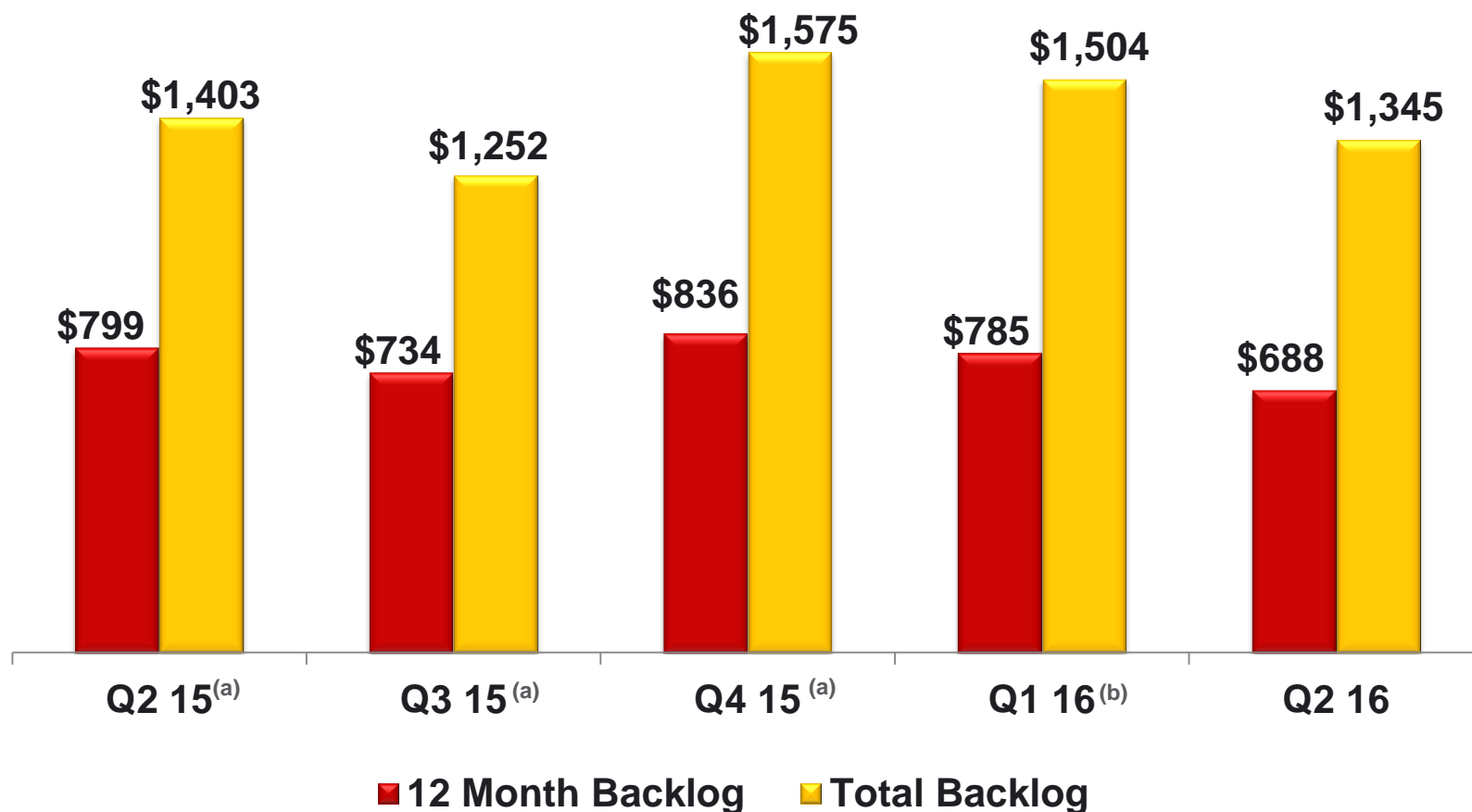


Chart in Millions, actual currency rates

(a) 2015 quarterly backlog balances have been revised to reflect the impact of prior period accounting revisions.

(b) Q1'16 ending backlog was adjusted upward by approximately \$29 million for an error as the prior periods' revised backlog did not reflect the deferral of 2011 and 2012 revenues as disclosed in our 2015 Form 10-K. The deferral of 2011 and 2012 revenue was properly recorded as a beginning retained earnings balance adjustment for the year ended December 31, 2013 in the 2015 Form 10-K.

FY 2016 FINANCIAL GUIDANCE UPDATE

- Revenue between \$1.95 and \$2.0 billion
- Non-GAAP diluted EPS between \$2.20 and \$2.45

ASSUMPTIONS:

- » Non-GAAP effective tax rate of ~37 percent
- » Current currency exchange rates assumed for remaining portion of fiscal year
- » Average shares outstanding of ~38 million

The company has not reconciled non-GAAP diluted earnings per share to GAAP diluted earnings per share due to the inherent difficulty in forecasting the timing and impact of restructuring charges, which is a reconciling item between the non-GAAP and GAAP measure.

APPENDIX

- » Revenue - FX impact summary
- » YTD Q2 2016 Results
- » GAAP to Non-GAAP Reconciliations

NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted EPS, adjusted EBITDA, constant currency and free cash flow. We provide these non-GAAP financial measures because we believe they provide greater transparency and represent supplemental information used by management in its financial and operational decision making. We exclude certain costs in our non-GAAP financial measures as we believe the net result is a measure of our core business. The company believes these measures facilitate operating performance comparisons from period to period by eliminating potential differences caused by the existence and timing of certain expense items that would not otherwise be apparent on a GAAP basis. GAAP performance measures should be considered in addition to, and not as a substitute for, results prepared in accordance with GAAP. Our non-GAAP financial measures may be different from those reported by other companies. A more detailed discussion of why we use non-GAAP financial measures, the limitations of using such measures, and reconciliations between non-GAAP and the nearest GAAP financial measures are included in the quarterly earnings press release.

FX IMPACT SUMMARY

Average Euro/USD:
\$1.13 Q2'16 vs \$1.11 Q2'15

Revenue	Q2 2016	YoY Change	YoY Change Excluding FX
Electricity	\$ 232.8	13.9%	16.3%
Gas	150.3	7.9%	8.7%
Water	129.9	2.2%	3.3%
Total	\$ 513.0	9.0%	10.5%

Average Euro/USD:
\$1.12 YTD Q2'16 & \$1.12 YTD Q2'15

Revenue	YTD Q2 2016	YoY Change	YoY Change Excluding FX
Electricity	\$ 450.1	13.6%	17.0%
Gas	289.5	9.5%	11.1%
Water	271.0	5.4%	8.5%
Total	\$ 1,010.6	10.1%	12.9%

CONSOLIDATED GAAP RESULTS – YTD Q2 2016

	YTD 2016	YTD 2015	Change
Revenue	\$1,010.6	\$917.6	10.1%
<i>Growth in constant currency</i>			<i>+12.9%</i>
Gross margin	32.9%	28.0%	+490 bps
Operating income	\$59.0	\$9.5	+\$49.5
Net income/(loss)	\$30.0	(\$8.9)	+38.9
Earnings/(loss) per share - diluted	\$0.78	(\$0.23)	+\$1.01
Net cash from operating activities	\$51.1	\$17.6	+\$33.5
<i>\$ in millions (except per share amounts)</i>			

- » Strong revenue growth in all segments driven by global smart meter projects
- » Gross margin increased 490 bps driven by improvements in all segments driven by lower warranty costs, favorable product mix and benefits from increased volumes and efficiencies
- » Operating income & net earnings per share improved due to higher revenue and gross margin offsetting increased operating expenses driven by R&D investments, increased professional services and legal costs in G&A, and restructuring

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CONSOLIDATED NON-GAAP RESULTS – YTD Q2 2016

	YTD 2016	YTD 2015	Change
Non-GAAP operating income	\$73.6	\$13.7	437.9%
Non-GAAP operating margin	7.3%	1.5%	+580 bps
Adjusted EBITDA	\$92.1	\$33.6	174.4%
Adjusted EBITDA margin	9.1%	3.7%	+540 bps
Non-GAAP net income/(loss)	\$42.0	(\$6.4)	\$48.4
Non-GAAP earnings/(loss) per share - diluted	\$1.09	(\$0.17)	+\$1.26
Free cash flow	\$31.2	(\$3.4)	+\$34.6
<i>\$ in millions (except per share amounts)</i>			

- » Improved operating and net income & adjusted EBITDA driven by higher revenue and gross margin, offsetting increased non-GAAP operating expenses driven by R&D investments and increased professional services and legal costs in G&A
- » Increased free cash flow driven by lower cash payments related to taxes, a legal matter settled in the prior year and lower variable compensation disbursements in 2016

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YTD Q2 2016 REVENUE YEAR-OVER-YEAR BRIDGE

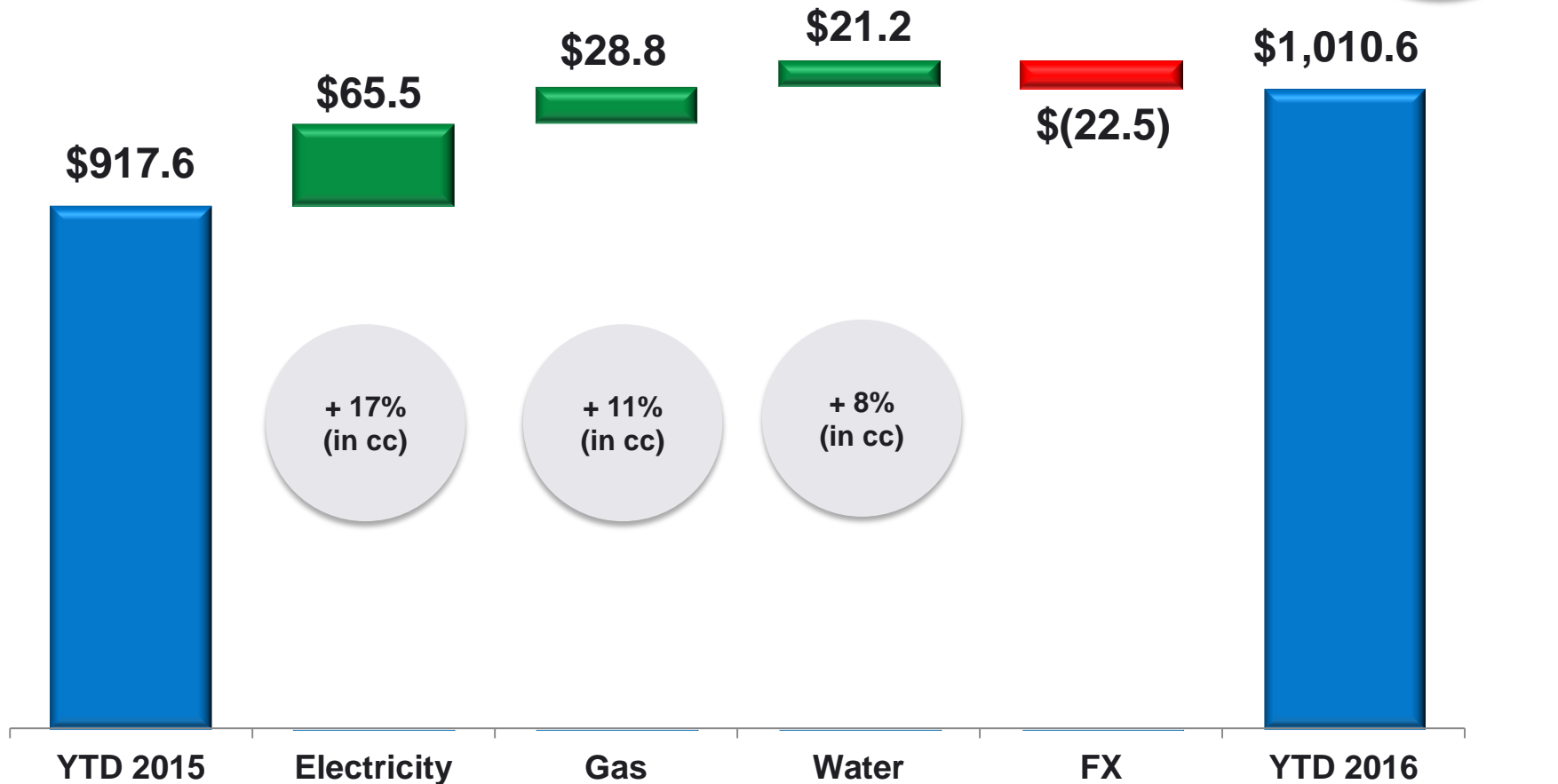
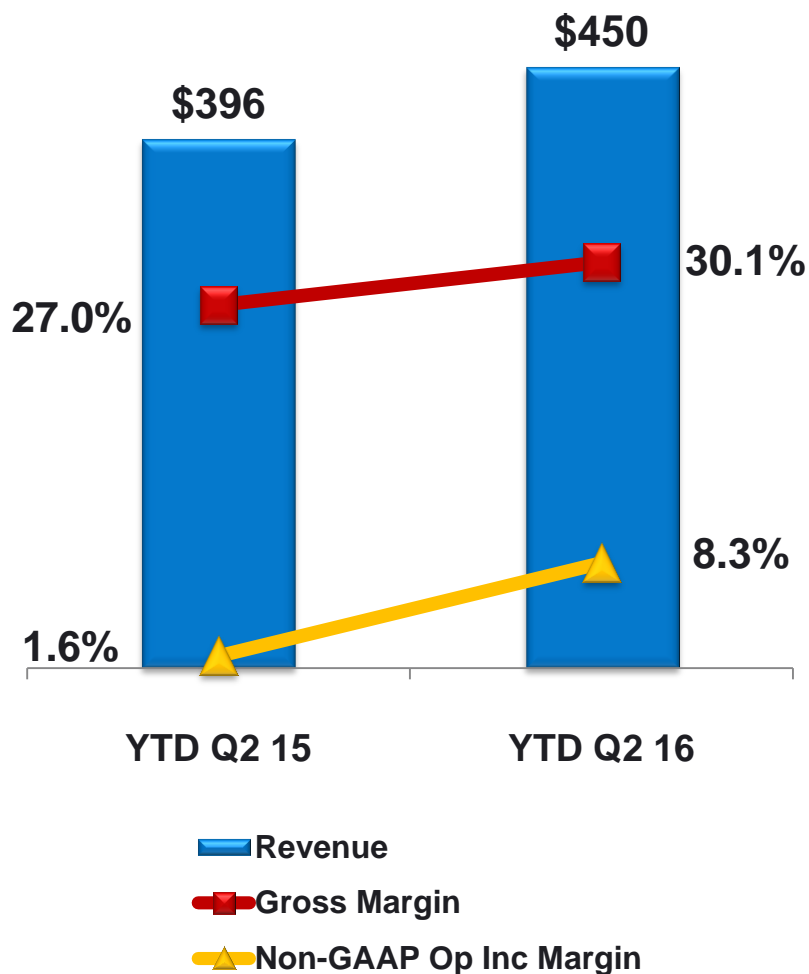


Chart in Millions, actual currency rates

ELECTRICITY SEGMENT

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

Actual currency



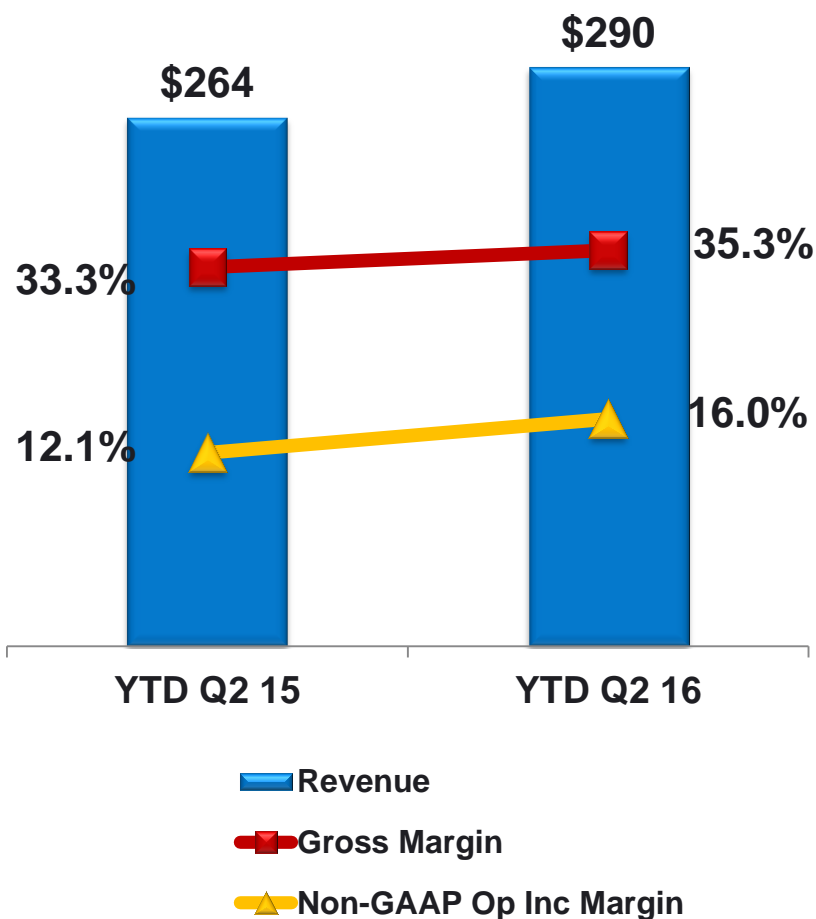
- » **Revenue growth +14% and +17% in constant currency**
 - Increased global smart metering
 - Planned reduction in lower-margin standard metering business
- » **Gross margin +310 basis points**
 - Favorable smart vs standard mix
 - Restructuring benefits and manufacturing efficiencies
- » **Non-GAAP operating margin +670 basis points**
 - Increased gross profit
 - Restructuring & efficiency benefits

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GAS SEGMENT

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

Actual currency



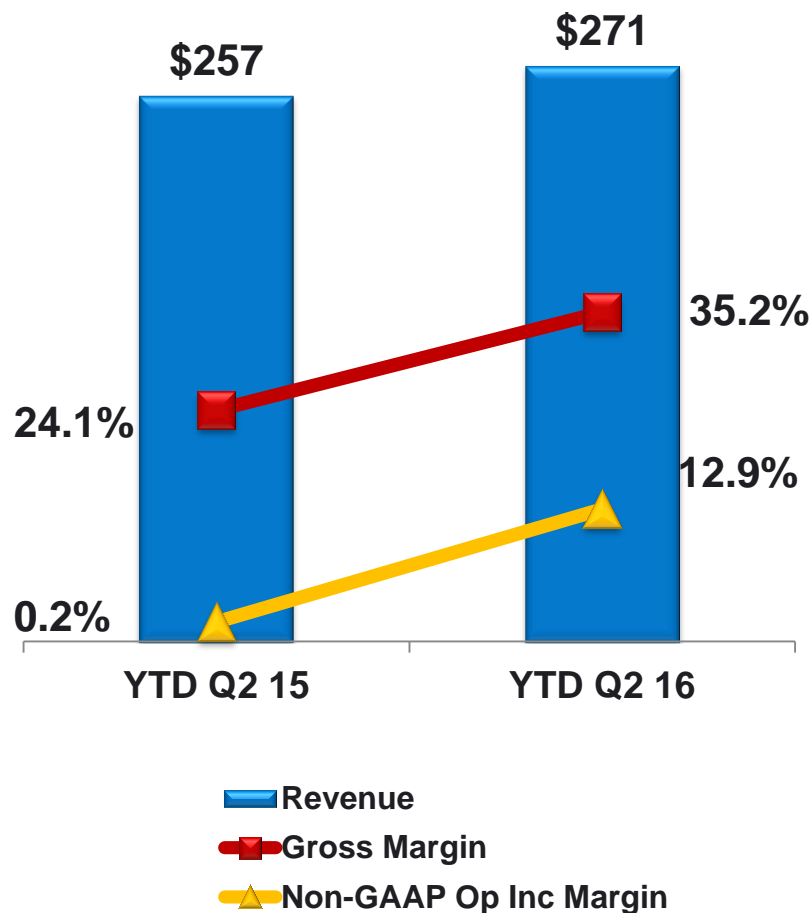
- » **Revenue growth +10% and +11% in constant currency**
 - Growth in every region (in cc)
 - Record level of smart meter shipments driven by EMEA and North America
- » **Gross margin +200 basis points**
 - Benefits from higher volumes and product mix
- » **Non-GAAP operating margin +390 basis points**
 - Strong revenue and improved gross margin

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WATER SEGMENT

REVENUE, GROSS MARGIN AND NON-GAAP MARGIN OPERATING

Actual currency



- » **Revenue growth +5% and +8.5% in constant currency**
 - Increased smart metering projects in EMEA and North America
 - Decreased revenue in Latin America
- » **Gross margin +11.1 percentage points**
 - Improvement driven by lower warranty costs (\$27m warranty charge YTD Q2'15)
- » **Non-GAAP operating margin +12.7 percentage points**
 - Increased gross profit driven by lower warranty costs
 - Expense efficiencies

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GAAP TO NON-GAAP RECONCILIATIONS

TOTAL COMPANY RECONCILIATIONS (Unaudited, in thousands, except per share data)	Three Months Ended March 31,	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2016	2015	2016	2015
NON-GAAP NET INCOME & DILUTED EPS					
GAAP net income (loss) attributable to Itron, Inc.	\$ 10,089	\$ 19,917	\$ (14,346)	\$ 30,006	\$ (8,948)
Amortization of intangible assets	6,210	7,796	7,888	14,006	15,861
Amortization of debt placement fees	247	248	1,164	495	1,529
Restructuring	2,237	(1,622)	(4,234)	615	(9,415)
Acquisition-related expenses	3	(25)	(4,607)	(22)	(2,283)
Income tax effect of non-GAAP adjustments	(1,955)	(1,170)	(773)	(3,125)	(3,103)
Non-GAAP net income (loss) attributable to Itron, Inc.	<u>\$ 16,831</u>	<u>\$ 25,144</u>	<u>\$ (14,908)</u>	<u>\$ 41,975</u>	<u>\$ (6,359)</u>
Non-GAAP diluted EPS	<u>\$ 0.44</u>	<u>\$ 0.65</u>	<u>\$ (0.39)</u>	<u>\$ 1.09</u>	<u>\$ (0.17)</u>
Weighted average common shares outstanding - Diluted	<u>38,376</u>	<u>38,516</u>	<u>38,434</u>	<u>38,446</u>	<u>38,438</u>
ADJUSTED EBITDA					
GAAP net income (loss) attributable to Itron, Inc.	\$ 10,089	\$ 19,917	\$ (14,346)	\$ 30,006	\$ (8,948)
Interest income	(271)	(221)	(212)	(492)	(260)
Interest expense	2,918	2,735	3,855	5,653	6,537
Income tax provision	8,626	12,193	4,098	20,819	9,128
Depreciation and amortization	16,674	18,807	19,437	35,481	38,792
Restructuring	2,237	(1,622)	(4,234)	615	(9,415)
Acquisition-related expenses	3	(25)	(4,607)	(22)	(2,283)
Adjusted EBITDA	<u>\$ 40,276</u>	<u>\$ 51,784</u>	<u>\$ 3,991</u>	<u>\$ 92,060</u>	<u>\$ 33,551</u>

GAAP TO NON-GAAP RECONCILIATIONS

TOTAL COMPANY RECONCILIATIONS (Unaudited, in thousands, except per share data)	Three Months Ended March 31,	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2016	2015	2016	2015
FREE CASH FLOW					
Net cash provided by operating activities	\$ 33,805	\$ 17,322	\$ 21,522	\$ 51,127	\$ 17,567
Acquisitions of property, plant, and equipment	(8,791)	(11,093)	(11,520)	(19,884)	(20,992)
Free Cash Flow	<u>\$ 25,014</u>	<u>\$ 6,229</u>	<u>\$ 10,002</u>	<u>\$ 31,243</u>	<u>\$ (3,425)</u>
NON-GAAP OPERATING INCOME					
GAAP operating income (loss)	\$ 23,574	\$ 35,473	\$ (3,968)	\$ 59,047	\$ 9,528
Amortization of intangible assets	6,210	7,796	7,888	14,006	15,861
Restructuring	2,237	(1,622)	(4,234)	615	(9,415)
Acquisition-related expenses	3	(25)	(4,607)	(22)	(2,283)
Non-GAAP operating income (loss)	<u>\$ 32,024</u>	<u>\$ 41,622</u>	<u>\$ (4,921)</u>	<u>\$ 73,646</u>	<u>\$ 13,691</u>
NON-GAAP OPERATING EXPENSES					
GAAP operating expenses	\$ 139,629	\$ 134,232	\$ 122,522	\$ 273,861	\$ 247,448
Amortization of intangible assets	(6,210)	(7,796)	(7,888)	(14,006)	(15,861)
Restructuring	(2,237)	1,622	4,234	(615)	9,415
Acquisition-related expenses	(3)	25	4,607	22	2,283
Non-GAAP operating expenses	<u>\$ 131,179</u>	<u>\$ 128,083</u>	<u>\$ 123,475</u>	<u>\$ 259,262</u>	<u>\$ 243,285</u>

GAAP TO NON-GAAP RECONCILIATIONS

SEGMENT RECONCILIATIONS (Unaudited, in thousands, except per share data)	Three Months Ended March 31,	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2016	2015	2016	2015
NON-GAAP OPERATING INCOME - ELECTRICITY					
Electricity - GAAP operating income	\$ 10,632	\$ 20,008	\$ 4,025	\$ 30,640	\$ 5,139
Amortization of intangible assets	3,250	4,617	4,428	7,867	8,883
Restructuring	528	(1,560)	(2,703)	(1,032)	(5,465)
Acquisition-related expenses	3	(25)	(4,607)	(22)	(2,283)
Electricity - Non-GAAP operating income	<u>\$ 14,413</u>	<u>\$ 23,040</u>	<u>\$ 1,143</u>	<u>\$ 37,453</u>	<u>\$ 6,274</u>
NON-GAAP OPERATING INCOME - GAS					
Gas - GAAP operating income	\$ 16,299	\$ 25,376	\$ 14,659	\$ 41,675	\$ 29,150
Amortization of intangible assets	1,619	1,756	1,945	3,375	3,915
Restructuring	1,264	(12)	(1,186)	1,252	(1,061)
Gas - Non-GAAP operating income	<u>\$ 19,182</u>	<u>\$ 27,120</u>	<u>\$ 15,418</u>	<u>\$ 46,302</u>	<u>\$ 32,004</u>
NON-GAAP OPERATING INCOME - WATER					
Water - GAAP operating income (loss)	\$ 18,076	\$ 14,177	\$ (11,565)	\$ 32,253	\$ (2,850)
Amortization of intangible assets	1,341	1,423	1,515	2,764	3,063
Restructuring	(64)	115	156	51	273
Water - Non-GAAP operating income (loss)	<u>\$ 19,353</u>	<u>\$ 15,715</u>	<u>\$ (9,894)</u>	<u>\$ 35,068</u>	<u>\$ 486</u>
NON-GAAP OPERATING INCOME - CORPORATE UNALLOCATED					
Corporate unallocated - GAAP operating loss	\$ (21,433)	\$ (24,088)	\$ (11,087)	\$ (45,521)	\$ (21,911)
Restructuring	509	(165)	(501)	344	(3,162)
Corporate unallocated - Non-GAAP operating loss	<u>\$ (20,924)</u>	<u>\$ (24,253)</u>	<u>\$ (11,588)</u>	<u>\$ (45,177)</u>	<u>\$ (25,073)</u>

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THANK YOU



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