



Philip Mezey

President and Chief Executive Officer

Mark Schmitz

Executive Vice President and Chief Financial Officer

Barbara Doyle

Vice President, Investor Relations



Fourth Quarter 2014 Earnings Conference Call

February 11, 2015

CONFERENCE CALL AGENDA

- CEO – Q4 Highlights
- CFO – Q4 Financial Results & FY 2015 Financial Guidance
- CEO – Closing Remarks
- Q&A

SAFE HARBOR

- » Certain matters being discussed today 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. Listeners 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 February 26, 2014, copies of which may be accessed through the SEC's website at <http://www.sec.gov>.
- » Current data and other statistical information used throughout this presentation are based on independent industry publications, government publications, and reports by market research firms or other published independent sources. Some data are also based on our good faith estimates, which are derived from our review of internal surveys, as well as the independent sources listed above. We believe that these sources are reliable.

Q4 2014 - REVENUE YEAR-OVER-YEAR BRIDGE

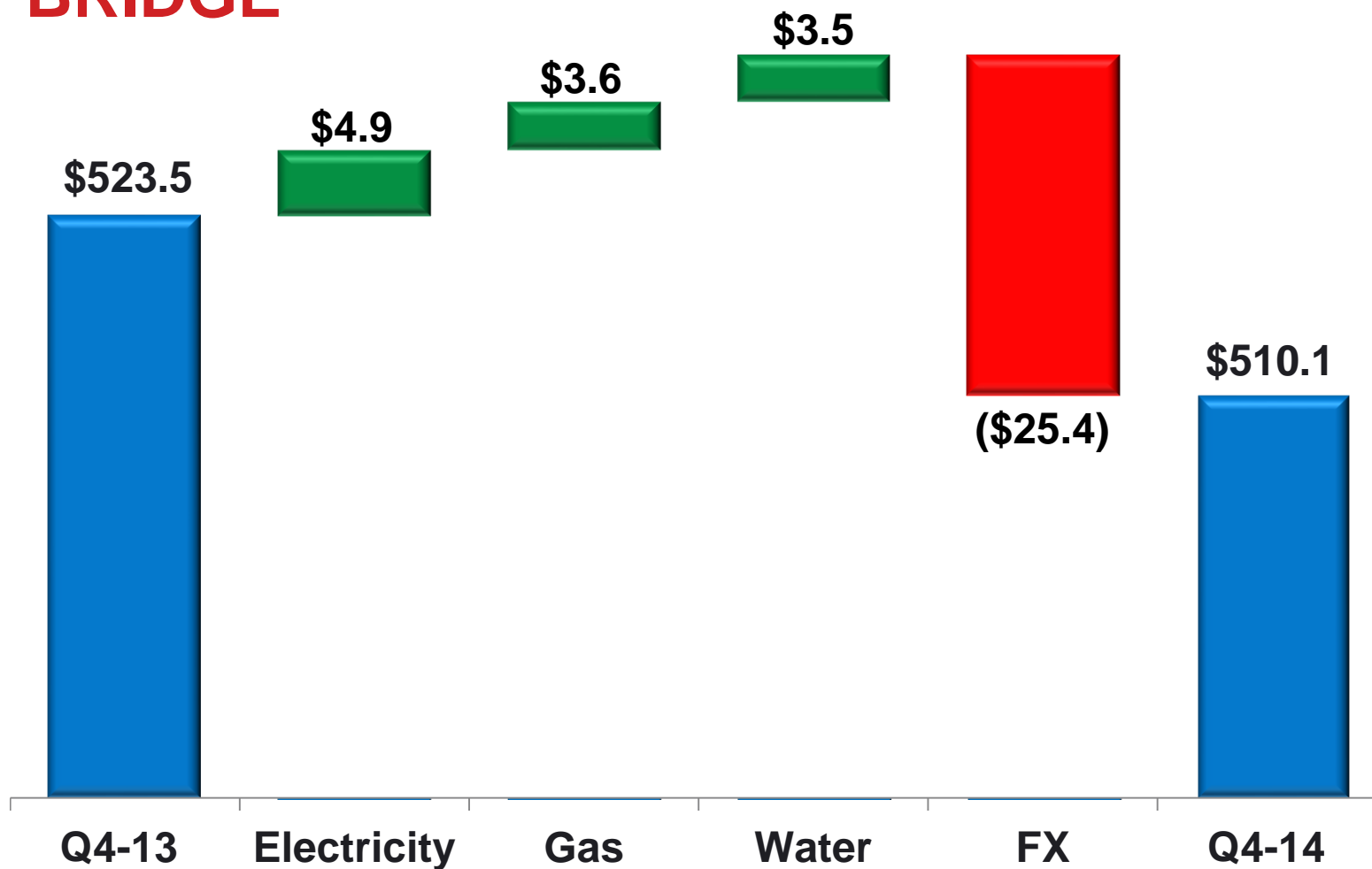


Chart in Millions, actual currency rates

BOOKINGS BY SEGMENT

STRONG Q4'14 GAS BOOKINGS INCLUDE \$82M FOR GrDF & \$207M FOR NORTH AMERICA BUSINESS

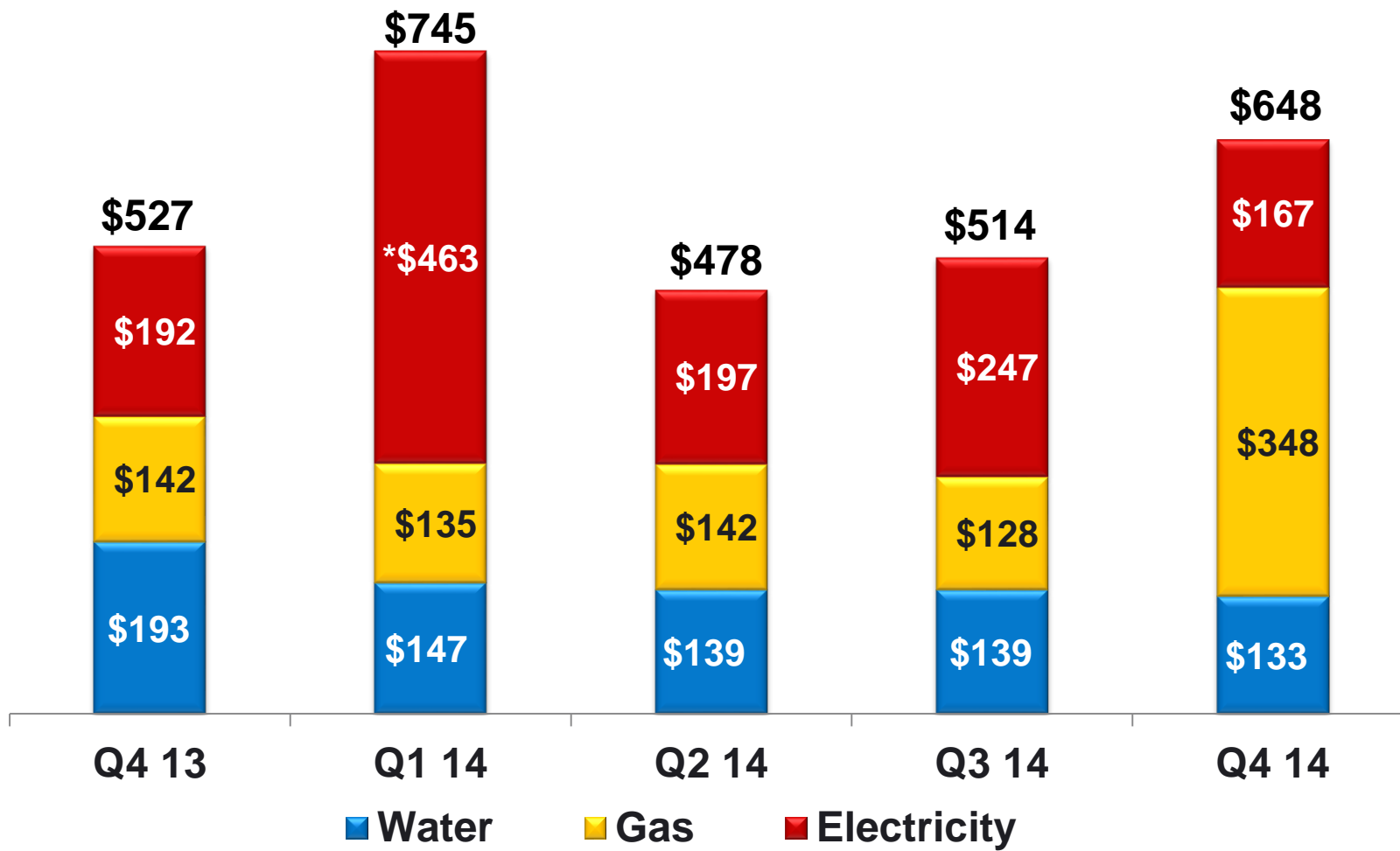


Chart in Millions, actual currency rates

*Q1'14 Electricity bookings include \$279m for First Energy contract

TRENDED TWELVE MONTH & TOTAL BACKLOG

Q4'14 BACKLOG = 39% GROWTH YoY & 10% SEQUENTIALLY

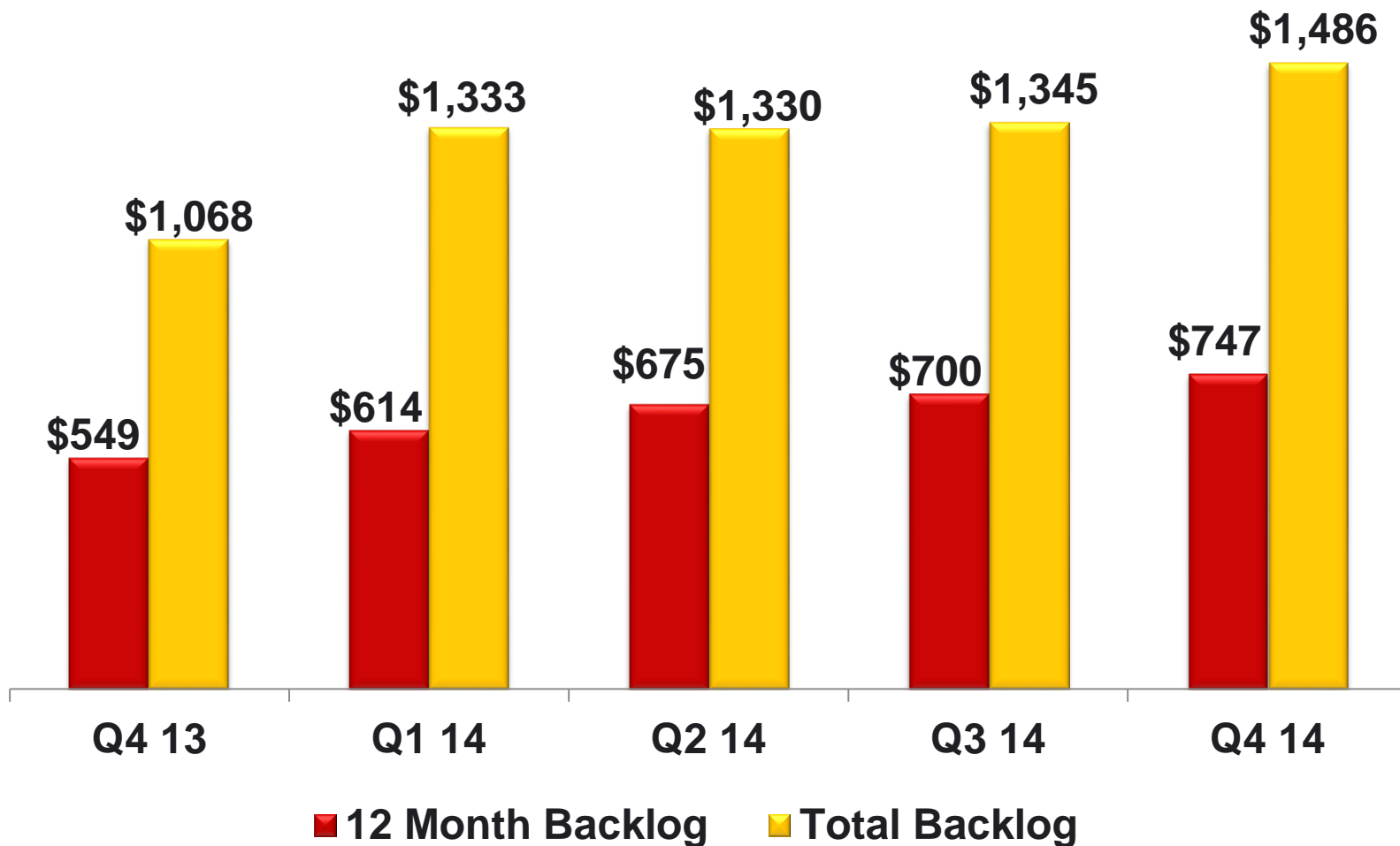


Chart in Millions, actual currency rates

YEAR-OVER-YEAR SUMMARY– Q4 2014

	Q4 2014	Q4 2013	Change
Revenue (in millions)	\$510.1	\$523.5	-2.6%
<i>Revenue growth in constant currency</i>			+2.3%
Gross margin	30.3%	31.5%	-120 bps
Non-GAAP operating margin	5.7%	7.3%	-160 bps
Adjusted EBITDA margin	7.7%	9.6%	-190 bps
GAAP diluted EPS	-\$1.25	-\$3.93	+\$2.68
Non-GAAP diluted EPS	\$0.36	\$0.36	flat
<i>Non-GAAP EPS in constant currency</i>	\$0.37		
Free cash flow (in millions)	\$4.0	\$24.1	-\$20.1
Bookings (in millions)	\$648	\$527	+23.0%

Reconciliation of GAAP to Non-GAAP results available on our website

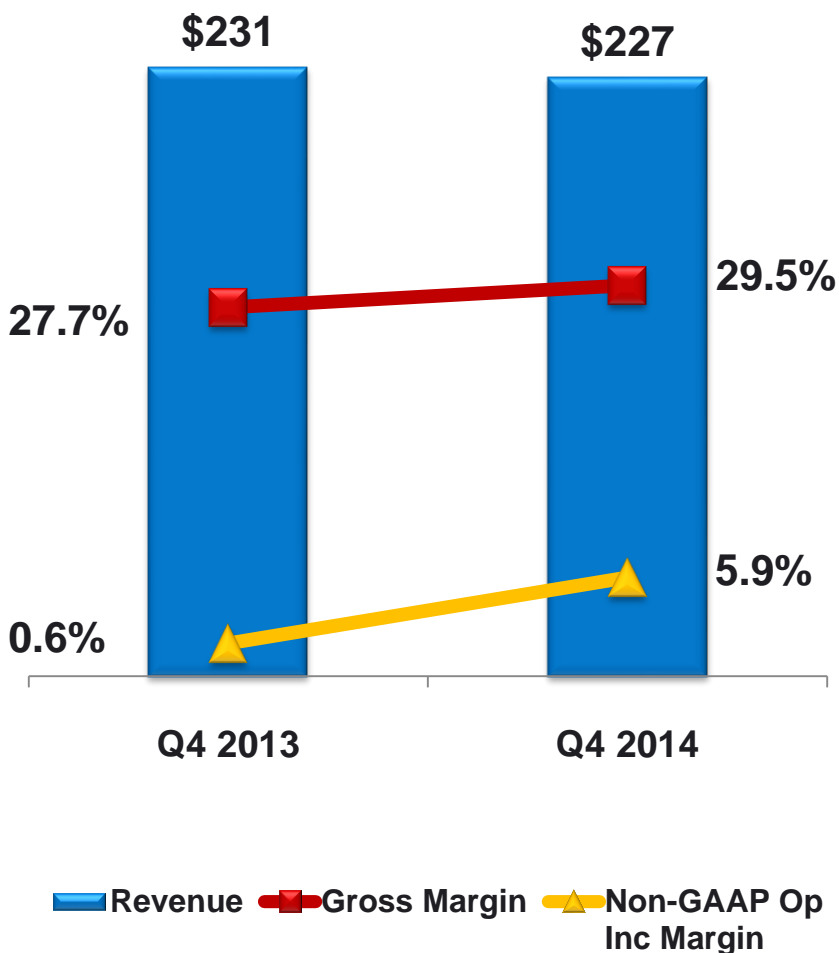
Q4 2014 - NON-GAAP EPS YEAR-OVER-YEAR BRIDGE



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ELECTRICITY SEGMENT

REVENUE AND NON-GAAP MARGINS



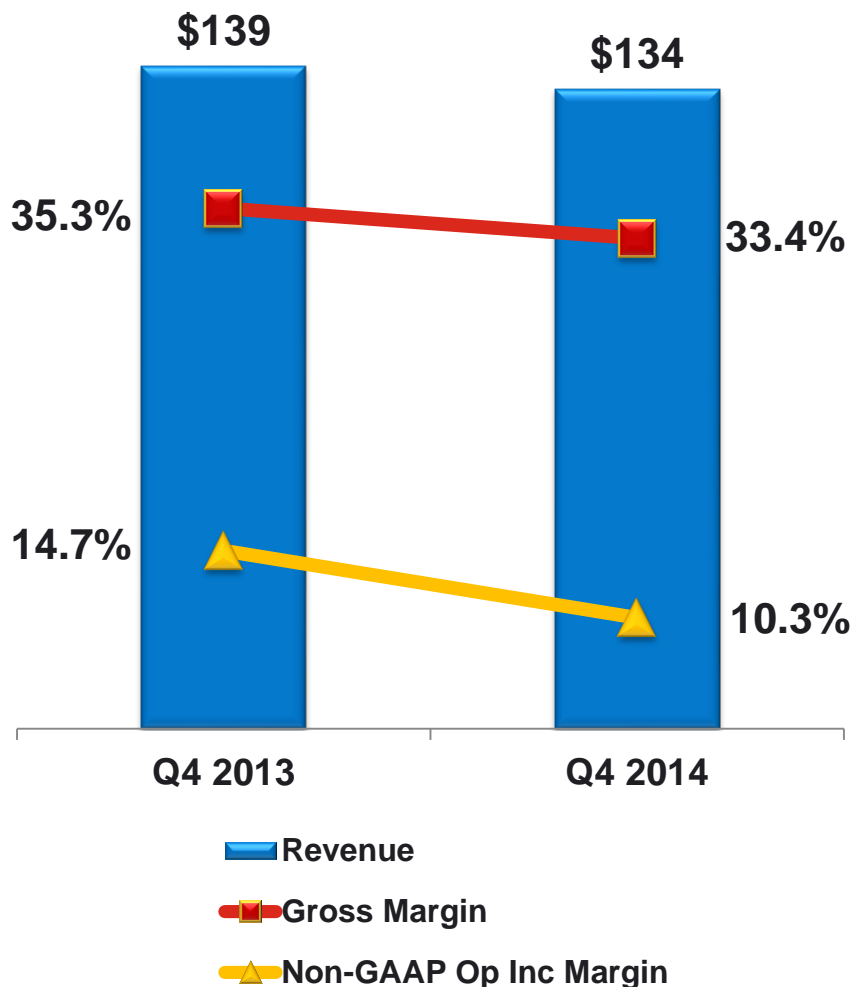
- » Revenue down 2% year-over-year due to negative FX impact of \$8.7m
- » Revenue up 2% in constant currency
 - Growth in North America smart meter projects offset by lower volumes in EMEA
 - \$3m revenue loss due to planned exit from low margin standard meter market in Brazil
- » Gross margin +180 basis pts
 - Improvement driven by product mix and efficiencies in North America
- » Non-GAAP operating margin +530 basis pts
 - Higher gross profit
 - Lower operating expenses from reduced headcount and litigation reserves

Chart in Millions, actual currency rates

Reconciliation of GAAP to Non-GAAP results available on our website

WATER SEGMENT

REVENUE AND NON-GAAP MARGINS



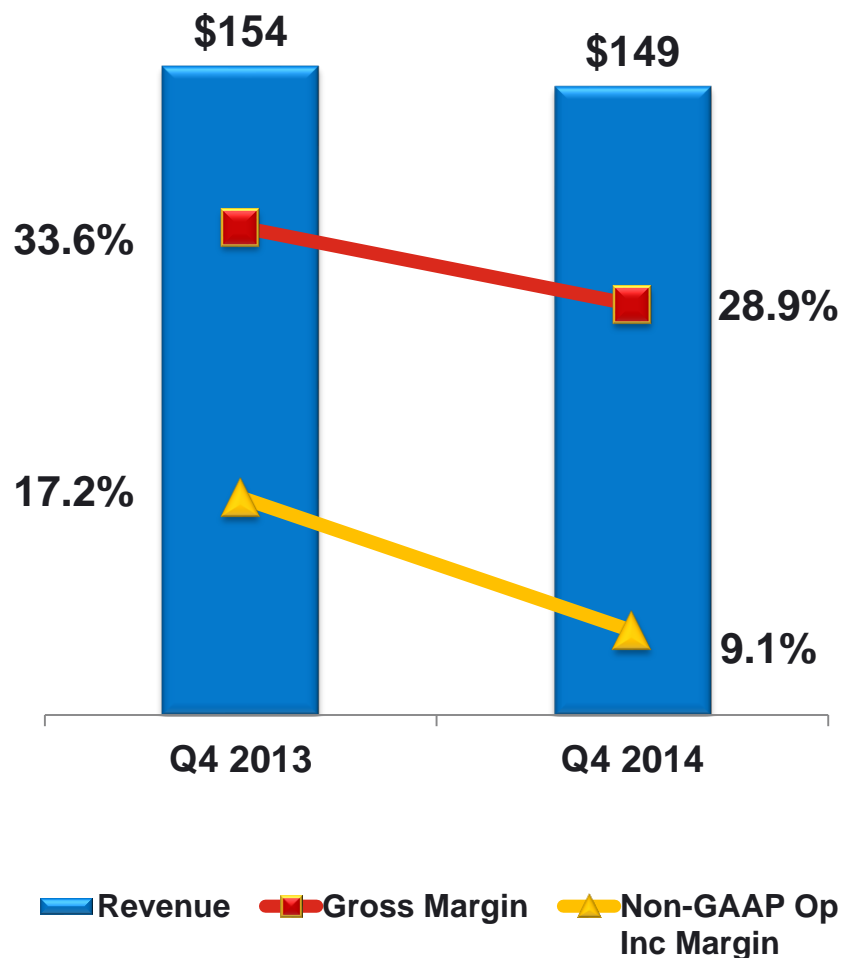
- » **Revenue down 3.5% year-over-year due to negative FX impact of \$8.3m**
- » **Revenue up 2.5% in constant currency**
 - North America growth offset by decreased service revenue related to project timing
 - Strong EMEA growth due to Smart projects and new products
 - New business growth in Latin America
- » **Gross margin down 190 basis points**
 - Benefits from increased volumes and manufacturing efficiencies were offset by unfavorable product mix impact and service costs
- » **Non-GAAP operating margin -440 basis pts**
 - Decreased gross profit
 - Increased variable compensation
 - R&D investment in new products

Chart in Millions, actual currency rates

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GAS SEGMENT

REVENUE AND NON-GAAP MARGINS



- » Revenues down 3.1% year-over-year due to negative FX impact of \$8.3m
- » Revenue up 2.3% in constant currency
 - Strong meter and regulator sales in North America and growth in EMEA driven by smart meter projects offset decreased standard meter volumes
- » Gross margin -470 basis pts
 - First generation smart meter in EMEA, manufacturing inefficiencies and unfavorable product mix
- » Non-GAAP operating margin -810 basis pts
 - Lower gross profit
 - Increased R&D investment for new products
- » Strong Q4 bookings with book-to-bill of 2.3:1

Chart in Millions, actual currency rates

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FY 2015 FINANCIAL GUIDANCE

- Revenue between \$1.8 and \$1.9 billion
- Non-GAAP diluted EPS between \$1.60 and \$2.00

ASSUMPTIONS:

- » Gross margin of 32 to 33 percent
- » Non-GAAP effective tax rate of 37 percent
- » Euro to U.S. dollar exchange rate of \$1.14
- » Average shares outstanding of ~39 million

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THANK YOU



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SUPPLEMENTAL SLIDES

– TRENDED REVENUE

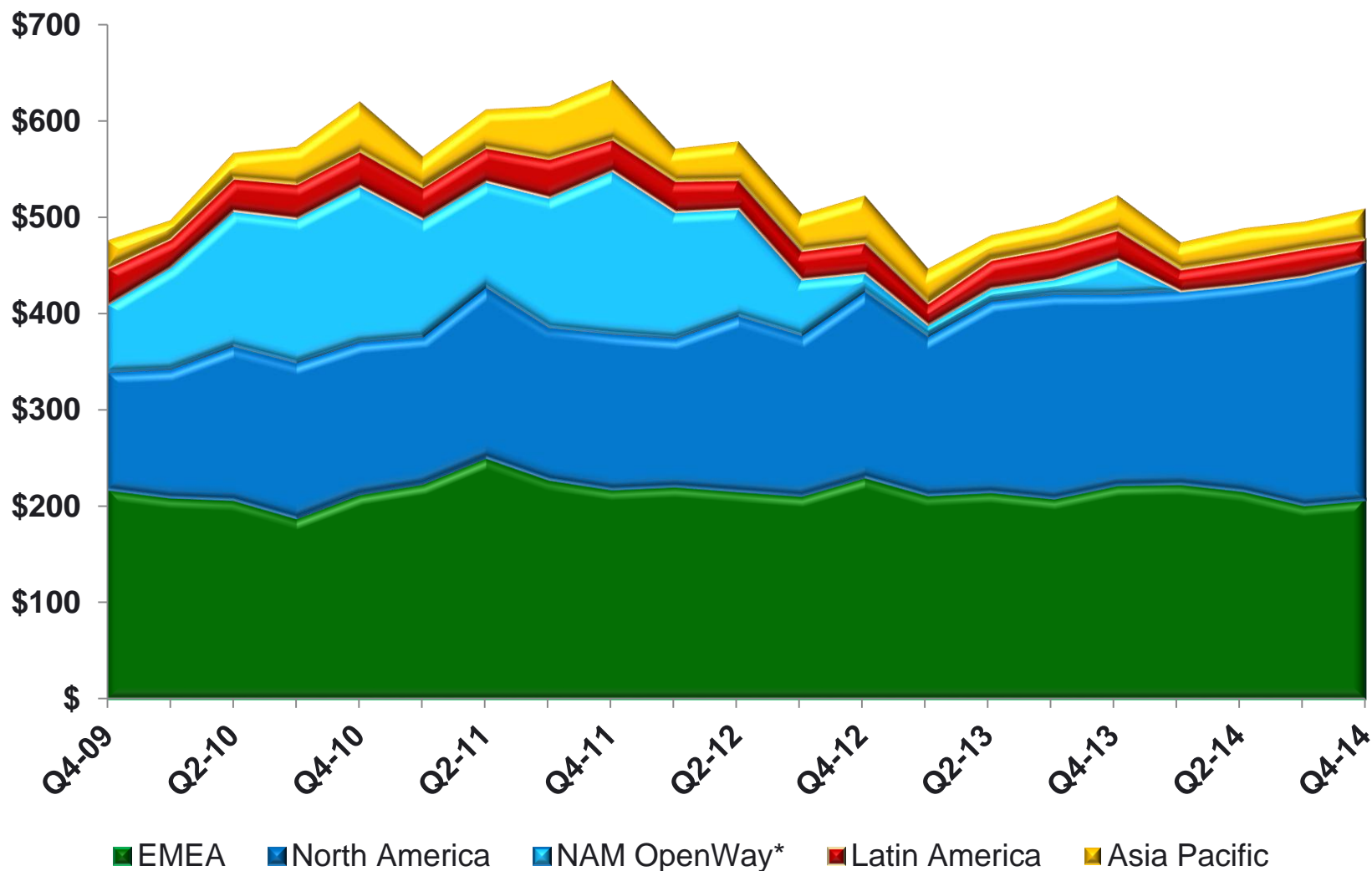
- Historical Revenue Trend by Region

– FY 2014 RESULTS

- Summary Results
- Year-Over-Year Revenue Bridge
- Year-Over-Year Non-GAAP EPS Bridge
- Electricity Segment
- Water Segment
- Gas Segment

HISTORICAL REVENUE BY REGION

\$ In Millions



* Top 5 OpenWay revenues no longer reported separately effective Jan 1, 2014 due to substantial completion of these projects

FY 2014 - SUMMARY RESULTS

	FY 2014	FY 2013	Change
Revenue (in millions)	\$1,970.7	\$1,948.7	+1.1%
<i>Revenue growth in constant currency</i>			+2.8%
Gross margin	31.6%	31.5%	+10 bps
Non-GAAP operating margin	5.8%	6.0%	-20 bps
Adjusted EBITDA margin	8.1%	8.6%	-50 bps
GAAP diluted EPS	-\$0.58	-\$3.74	+\$3.16
Non-GAAP diluted EPS	\$1.60	\$1.90	-\$0.30
<i>Non-GAAP EPS in constant currency</i>	\$1.60		
Free cash flow (in millions)	\$88.5	\$45.4	+\$43.1
Bookings (in millions)	\$2,385	\$1,946	+22.6%

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FY 2014 - REVENUE BRIDGE

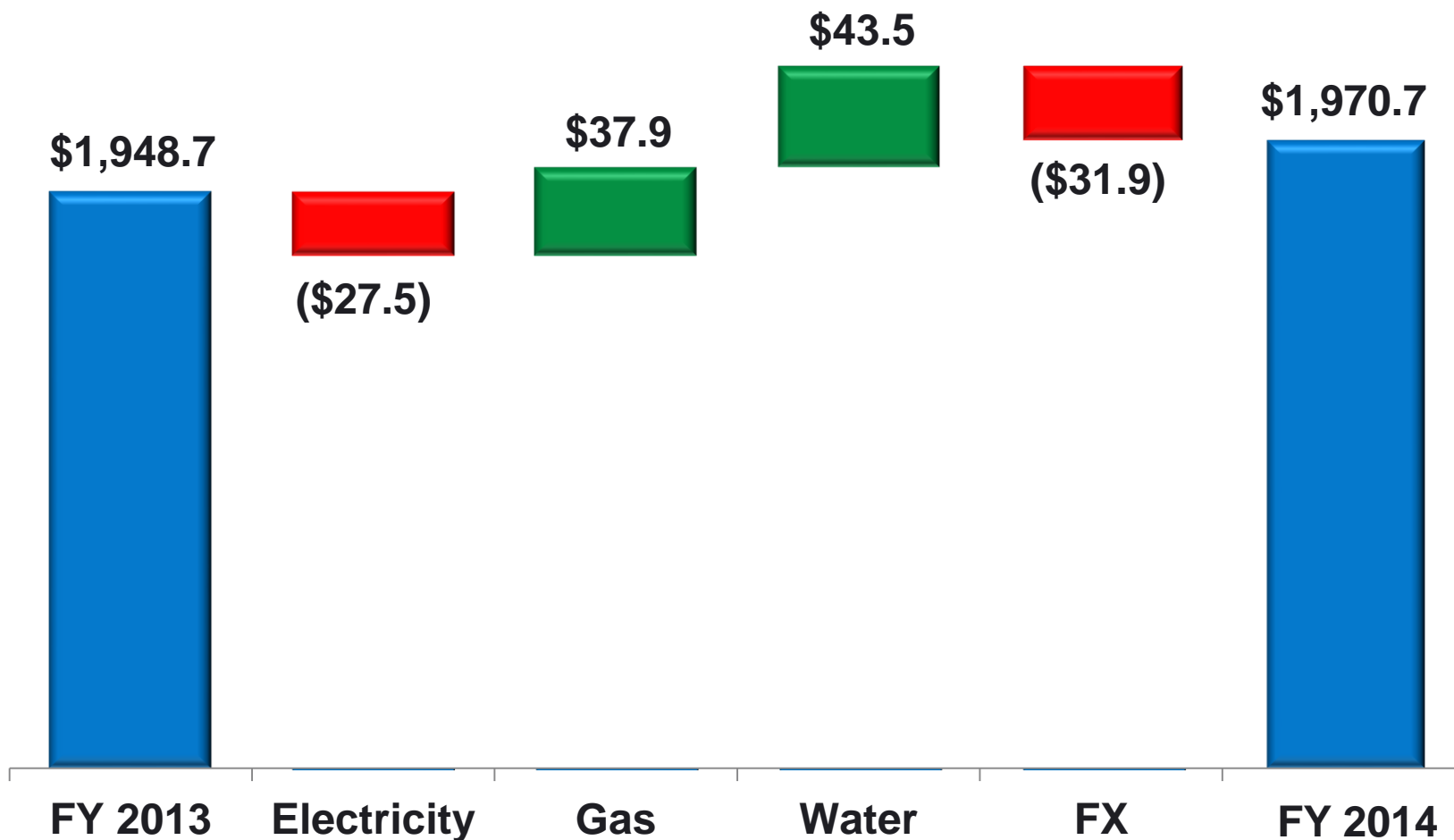
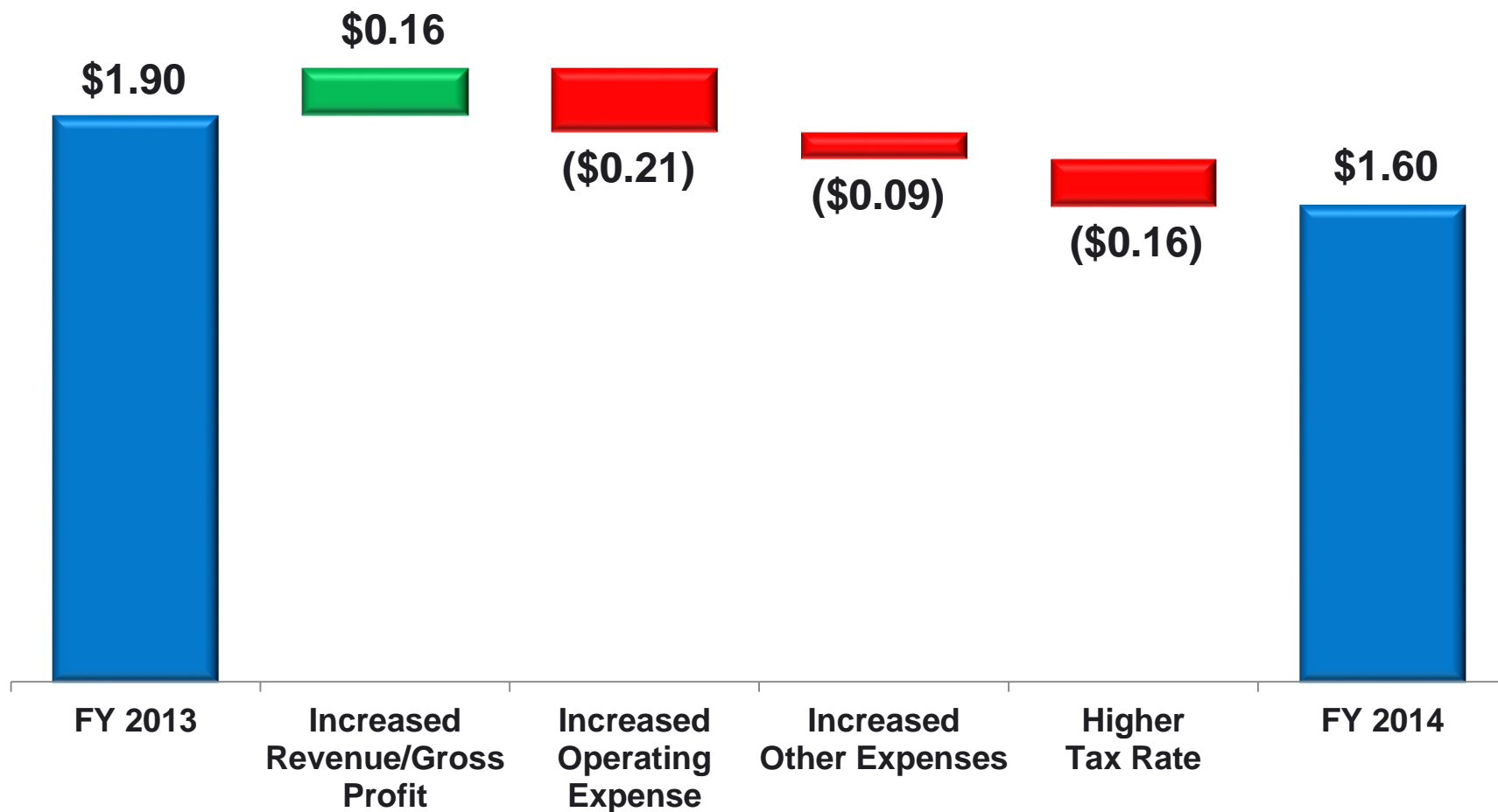


Chart in Millions, actual currency rates

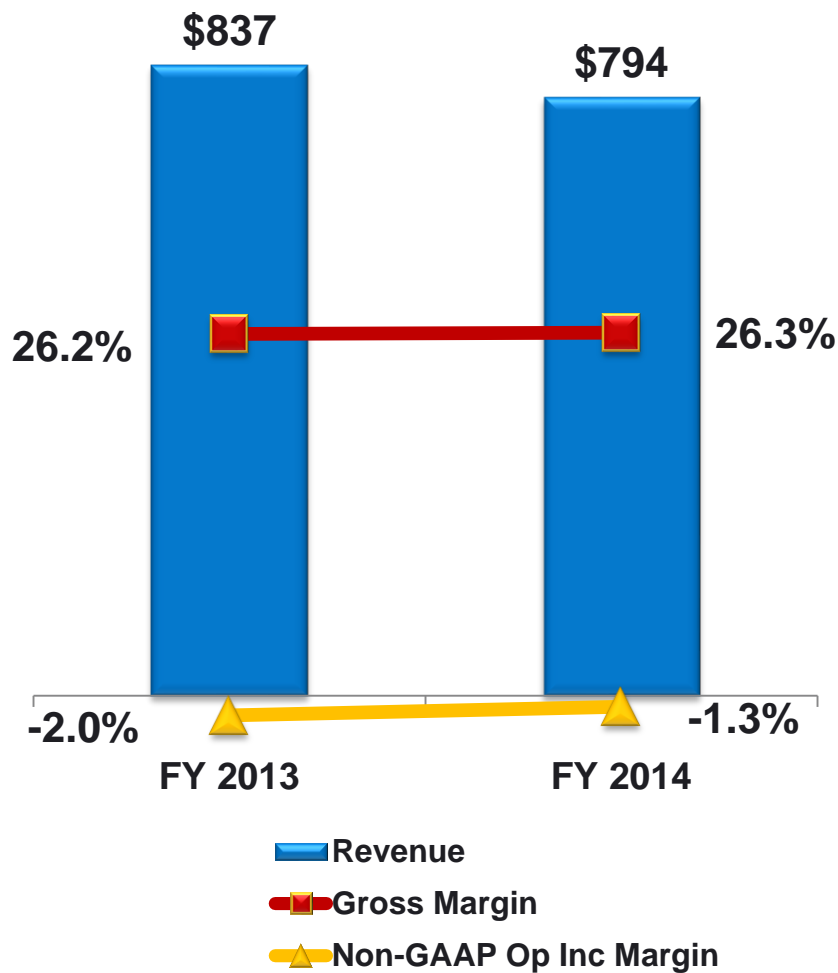
FY 2014 - NON-GAAP EPS BRIDGE



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ELECTRICITY SEGMENT – FY 2014

REVENUE AND NON-GAAP MARGINS



» Revenues down 5% year-over-year and 3% in constant currency

- Growth in North America smart meter projects
- Decline in EMEA volumes
- \$18m revenue loss due to planned exit from low margin standard meter market in Brazil

» Gross margin +10 basis points

- Lower warranty costs
- Favorable product mix in North America offset unfavorable product mix in EMEA
- Net cost of \$15.9m in FY 2014 (\$16.5 million in FY 2013) on an OpenWay project in North America

» Non-GAAP operating margin +70 basis pts

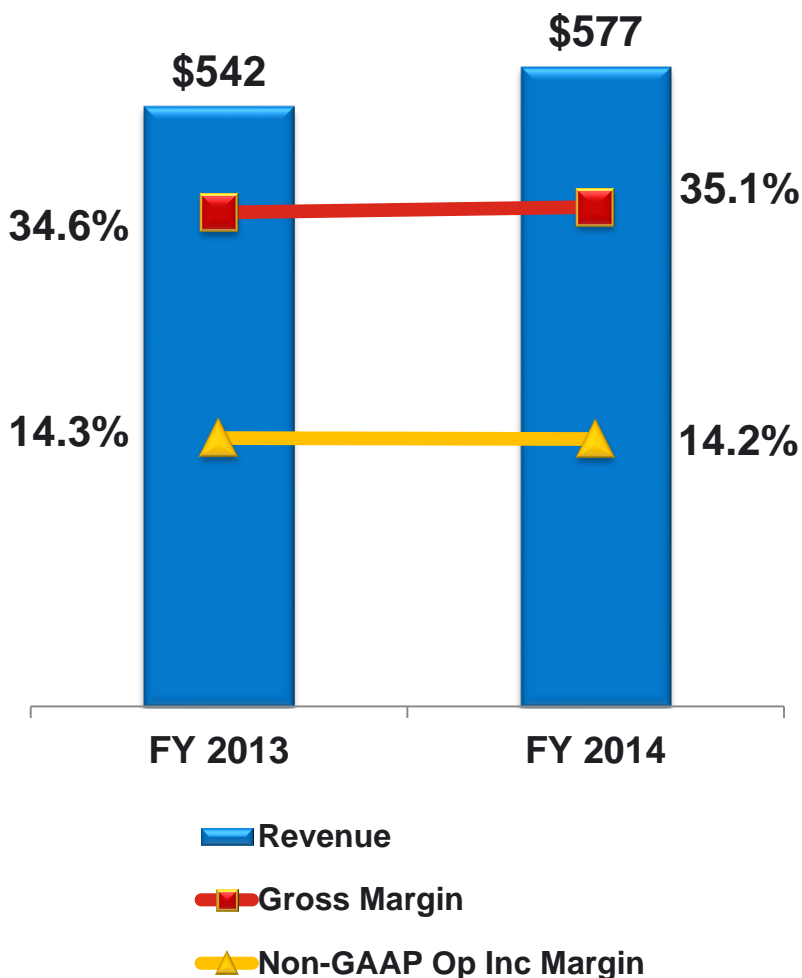
- Decreased operating expenses Y-o-Y driven by reduced headcount

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WATER SEGMENT – FY 2014

REVENUE AND NON-GAAP MARGINS



» RECORD REVENUE IN FY 2014

» Revenue grew 6.6% year-over year and 8% in constant currency

- Increased meter & module volumes
- Significant growth in EMEA
- New business growth in Asia Pacific and Latin America
- Benefits from smart AMI projects

» Gross margin +50 basis points

- Benefits from increased volumes and manufacturing efficiencies

» Non-GAAP operating margin -10 basis pts

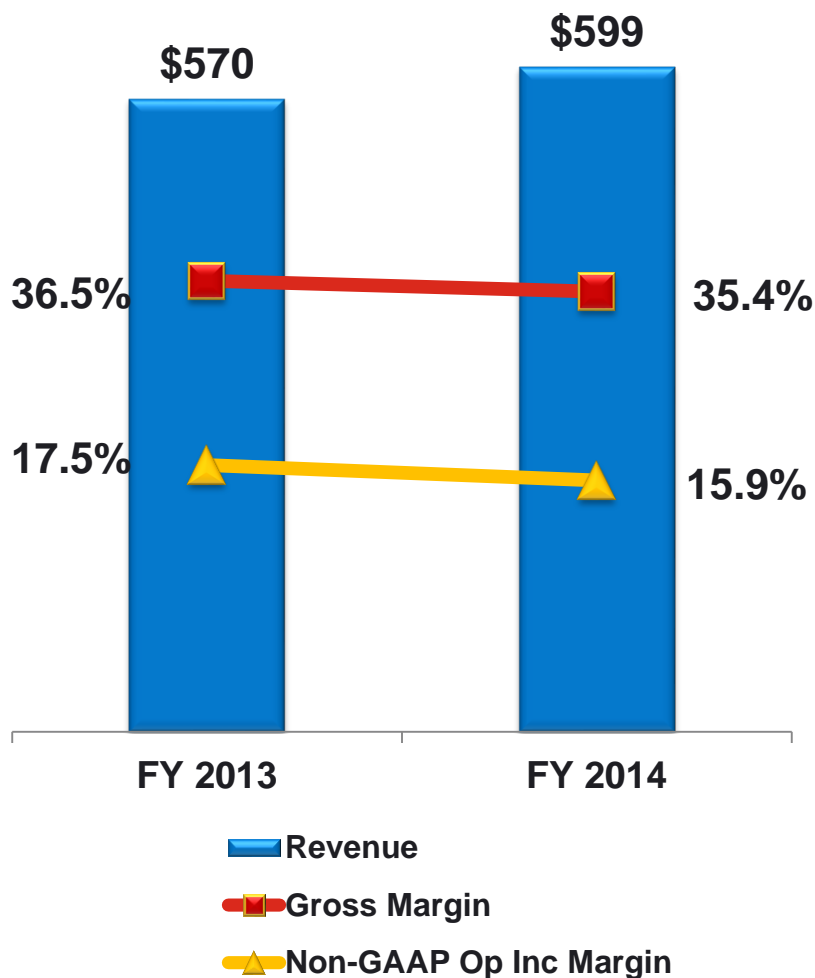
- Increased gross profit
- Increased sales and variable compensation
- R&D investment in new products

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GAS SEGMENT – FY 2014

REVENUE AND NON-GAAP MARGINS



- » **Revenues grew 5% year-over-year and 6.6% in constant currency**
 - Strong customer meter, modules and regulator orders in North America
 - Growth in smart meter projects in EMEA offset decline in standard meters
- » **Gross margin -110 basis points**
 - Unfavorable product mix impact offset lower warranty expense
- » **Non-GAAP operating margin -160 basis pts**
 - Lower gross margin
 - Increased R&D investment for new products

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