



Itron Reports First Quarter 2001 Results

Strong Bookings, Earnings And Cash Flow Result In Best First Quarter Performance Since 1996

SPOKANE, WA. — April 19, 2001 — Itron, Inc. (NASDAQ:ITRI), today reported its financial results for the quarter-ended March 31, 2001.

Net income for the first quarter of 2001 was \$1.5 million, or 10 cents per share. For comparative purposes, net income in the first quarter of 2000, before extraordinary items and the cumulative effect of an accounting change, was \$1.0 million, or 7 cents per share. In 2000, after including an after-tax gain of \$1.0 million from the repurchase of debt, offset by an after-tax charge from the cumulative impact of a change in accounting of \$1.6 million, first quarter net income was \$402,000, or 3 cents per share.

"We are off to a great start in 2001," commented LeRoy Nosbaum, president and CEO. "Our solid first quarter financial results, and new order bookings of \$76 million during the quarter, put us in good position to deliver strong revenue and earnings growth in 2001."

Revenues of \$47.5 million for the quarter were down slightly from revenues of \$48.6 million in the first quarter of last year. Included in last year's first quarter revenues were \$2.6 million in outsourcing revenues related to a project, in which we subsequently sold the underlying system, and therefore no longer have that revenue stream.

Gross margin was 39.5% of revenues for the first quarter of 2001. For comparative purposes, gross margin was 41% in the fourth quarter of 2000 and 38% in the first quarter last year. The improved margin from the same quarter last year primarily reflects increased domestic manufacturing efficiencies. The lower margin, compared to the preceding quarter, primarily reflects a higher proportion of international revenues at lower margins.

Operating expenses were \$15.0 million, or 31.5% of revenues, for the first quarter of 2001. By comparison, operating expenses were \$16.1 million, or 33% of revenues, in the first quarter last year, and \$15.5 million, or 32% of revenues, in the fourth quarter of 2000. Compared to the fourth quarter, general and administrative expenses were down \$1.2 million, while product development spending was higher by approximately \$500,000. Fourth quarter general & administrative expenses included year-end incentive compensation accruals as well as non-recurring charges for severance and relocation. The higher product development spending reflects increased new program spending.

"We are very pleased with our operating performance compared to a year ago and believe there is room for additional efficiency gains as we go through 2001," said Nosbaum. "Our business today is profitable, continuing to improve, and generating cash which we can use to invest in expanding our solutions for the growing needs of the energy marketplace."

During the first quarter of 2001, we made investments of approximately \$500,000 each in two companies. One company is a provider of meter reading services to energy service providers and energy consumers, and the other is in the early stages of developing an internet-based in-home gateway communication technology that will enable real time metering and energy management.

Commenting on those investments, Nosbaum said, "These investments are part of our strategy to take advantage of other's developments, whether through licensing, acquisition or partnering. While neither of these will significantly impact our 2001 results, they position us to move beyond data collection and communication for meter reading, into other expanded opportunities related to optimizing the delivery and use of energy and water."

We generated \$9.2 million in cash from operations during the first quarter of 2001 compared with \$7.2 million in the first quarter of 2000. Cash, cash equivalents and short-term investments totaled \$28.2 million at March 31, 2001, up from \$21.2 million at December 31, 2000.

Twelve-month backlog at March 31, 2001 was \$71 million, up from \$56 million at the end of December. Total backlog, including revenues beyond the next twelve months, was \$188 million at March 31, 2001 compared with \$151 million at December 31, 2000.

Business Outlook:

The following statements are based on management's current expectations. These statements are forward-looking and are made as of the date of this press release. Actual results may differ materially due to a number of risks and uncertainties. Itron undertakes no obligation to update publicly or revise any forward-looking statements.

We expect that revenues in 2001 will be 10% to 15% higher than in 2000, and net income after tax is expected to grow by at least 30%. Second quarter revenues are expected to be up 5% to 10% from the first quarter. We expect our operating margin will improve throughout 2001 based on additional improvements in gross margins offset by slightly higher investments in product development.

Itron will host a conference call to discuss further the results of the quarter at 1:45 p.m. PST on April 19, 2001. The call will be webcast live in a listen only mode, and later archived. To access the live or archived webcasts, please visit the Investor Relations Overview section of Itron's website, www.itron.com. A telephone replay of the call will be also be available following the conclusion of the live call for 48 hours and is accessible by dialing (800)-633-8284 (Domestic) or (858)-812-6440 (International), and entering reservation # 18441656.

Itron has evolved from a company known primarily for automatic meter reading into a market-leading solution provider that collects, analyzes and applies critical data for the electric, gas and water industries. Itron's hardware, software and communications solutions serve a worldwide customer base, touching more than \$200 billion in annual energy and water transactions in North America alone. With Itron, energy and water distributors, generators and marketers are streamlining operations, simplifying load forecasting, and launching new services. Even consumers can benefit from Itron technology and expertise. With Itron, data becomes information. Information becomes knowledge. And knowledge will shape the future of the energy and water industries.

This release contains forward-looking statements concerning Itron's operations, economic performance, sales, earnings growth and cost reduction programs. These statements reflect the Company's current plans and expectations and are based on information currently available to it. They rely on a number of assumptions and estimates, which could be inaccurate, and which are subject to risks and uncertainties that could cause the Company's actual results to vary materially from those anticipated. Risks and uncertainties include the rate and timing of customer demand for the Company's products, the ability of the Company to effectuate additional initiatives for improving growth and profitability, changes in law and regulation (including FCC licensing actions), and other factors which are more fully described in the Company's Annual Report on Form 10K on file with the Securities and Exchange Commission. Itron undertakes no obligation to update publicly or revise any forward-looking statements.

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[Itron Q3 2006 Earnings Statement](#)