



knowledge to **shape your future**

**Steve Helmbrecht, Executive Vice President and Chief Financial Officer**

September 18, 2013

# 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 22, 2013, 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 the independent sources listed above. We believe that these sources are reliable.

# INVESTMENT SUMMARY

Established technology leader for utilities

Proven customer success

Growing Smart Grid global opportunity

Financial strength

Focus on profitable growth

# ESTABLISHED TECHNOLOGY LEADER

At Itron, we provide the technology and talent to enable the world's utilities to **measure, manage and analyze** the delivery and use of electricity, gas and water to create a more sustainable future.



# GLOBAL PROVIDER OF TECHNOLOGY SOLUTIONS FOR UTILITY INDUSTRY



116m



8,000 +

CUSTOMERS IN  
130 COUNTRIES



8,000+

EMPLOYEES



2.2bn

2012 REVENUE USD





**conserve**

RESOURCES

**balance**

SUPPLY + DEMAND

**improve**

COST + SERVICE

**manage**

ASSETS

**protect**

REVENUE

# ITRON PORTFOLIO

## Analyze

- » Forecasting
- » Distribution Design Suite
- » Itron Analytics
  - Smart Grid, Water, Gas
  - Services



## Manage

- » Enterprise Meter Data Management
- » Network Management
- » Multi-protocol Deployment (RF, Cellular, PLC)
- » Fixed, Mobile & Hybrid Networks
- » Managed Services



## Measure

- » Sensors
- » Meters
- » Controls
- » Communications Modules

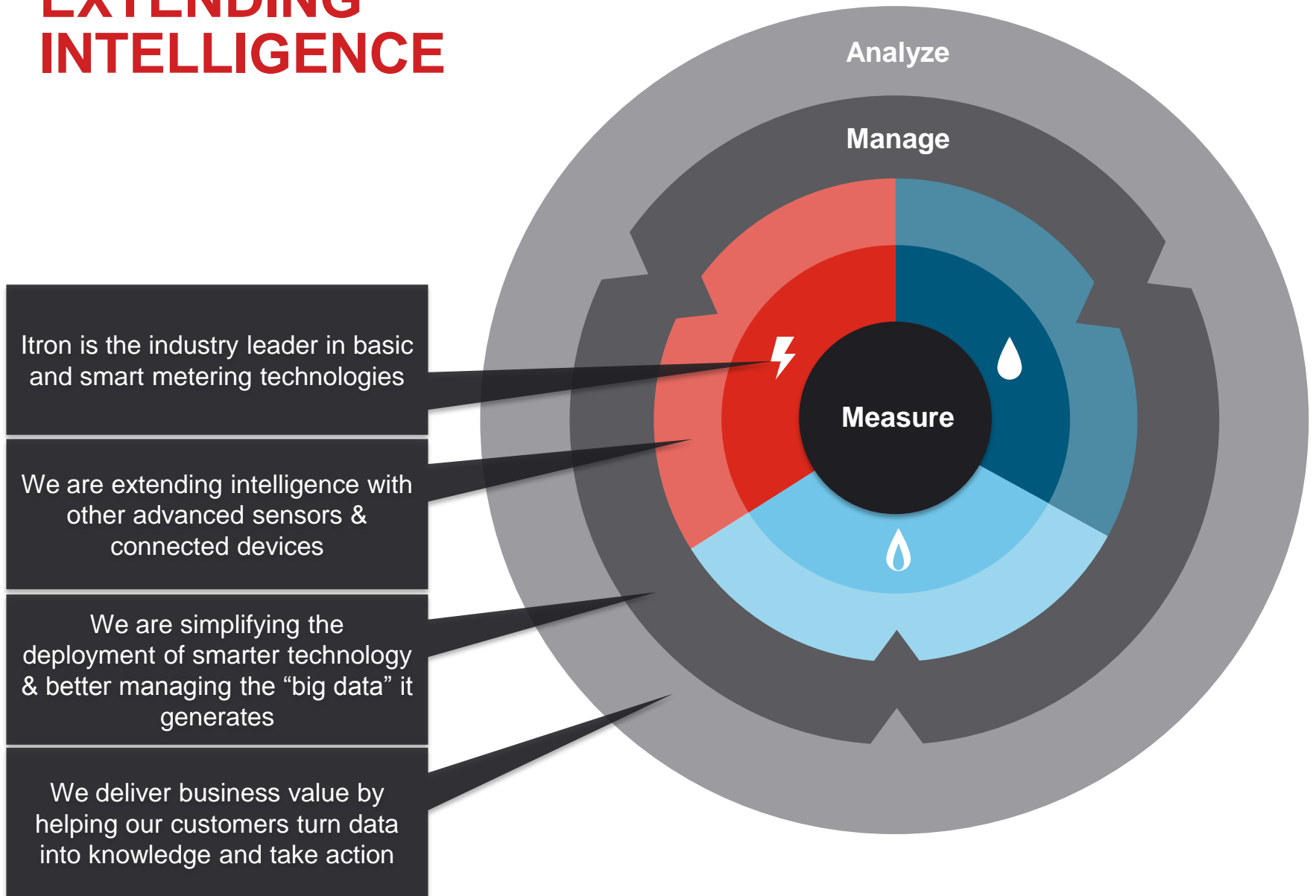


## Itron Services

- » Consulting
- » Efficiency & Demand Response Program Evaluation
- » System & Solution Integration

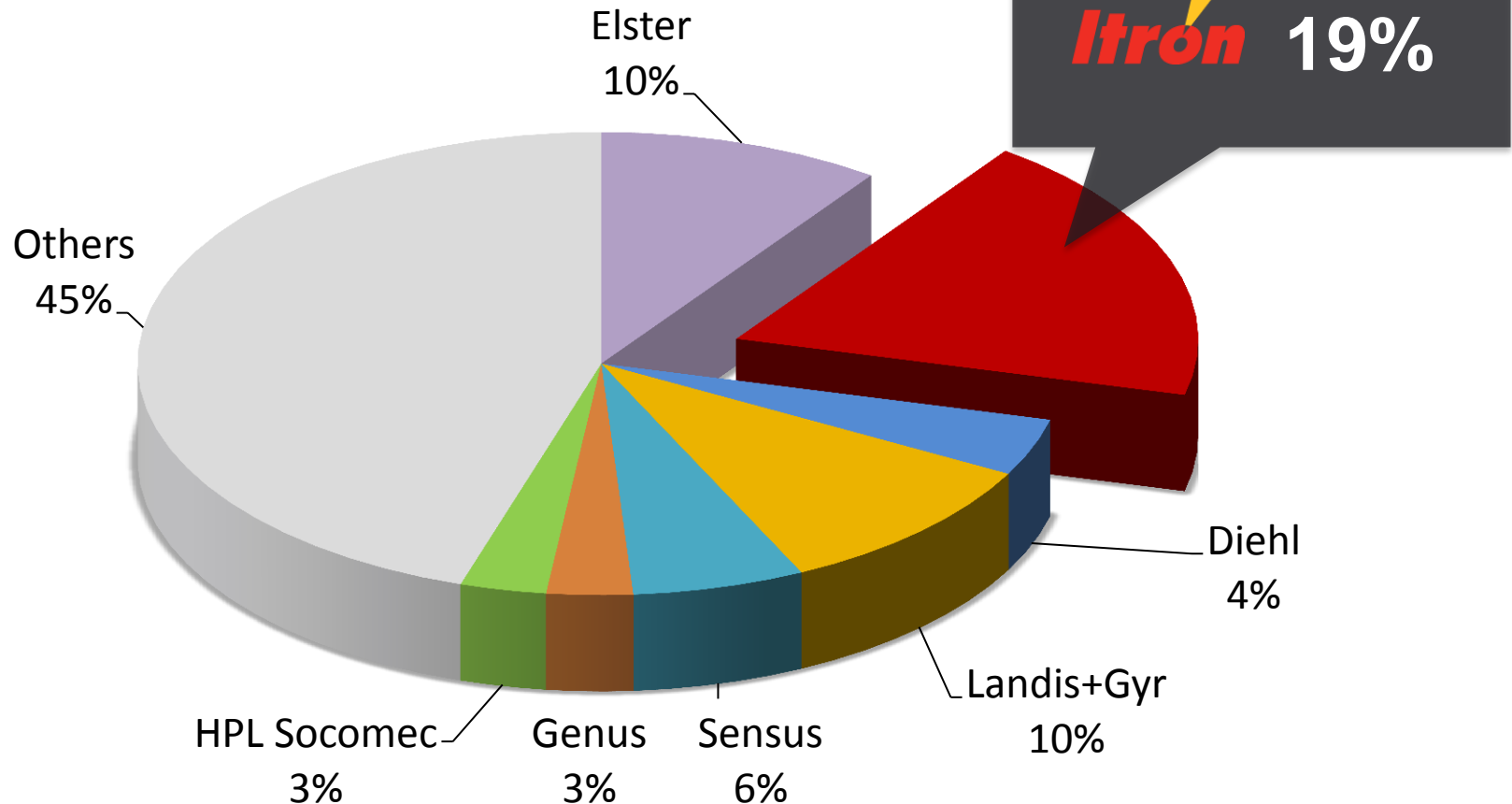


# EXTENDING INTELLIGENCE



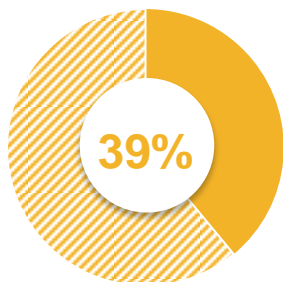
# LEADING METER PROVIDER

Share of Global Demand, in units



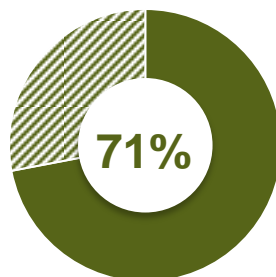
Source: IMS Research: *World Market Meter reports, 2012 Editions*  
Data excludes China

# LEADING NORTH AMERICAN COMMUNICATIONS PROVIDER



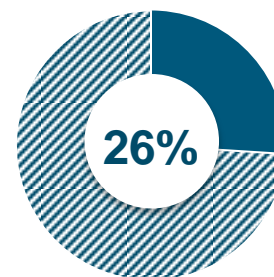
**ELECTRICITY**

50m



**GAS**

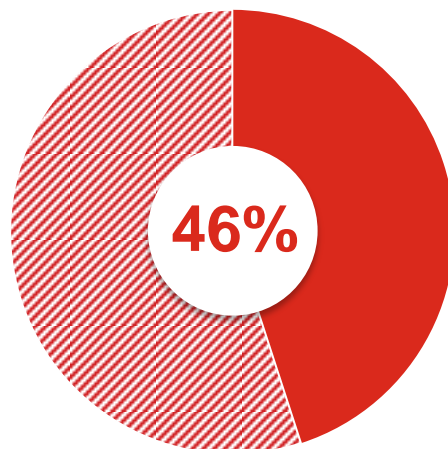
43.6m



**WATER**

14.5m

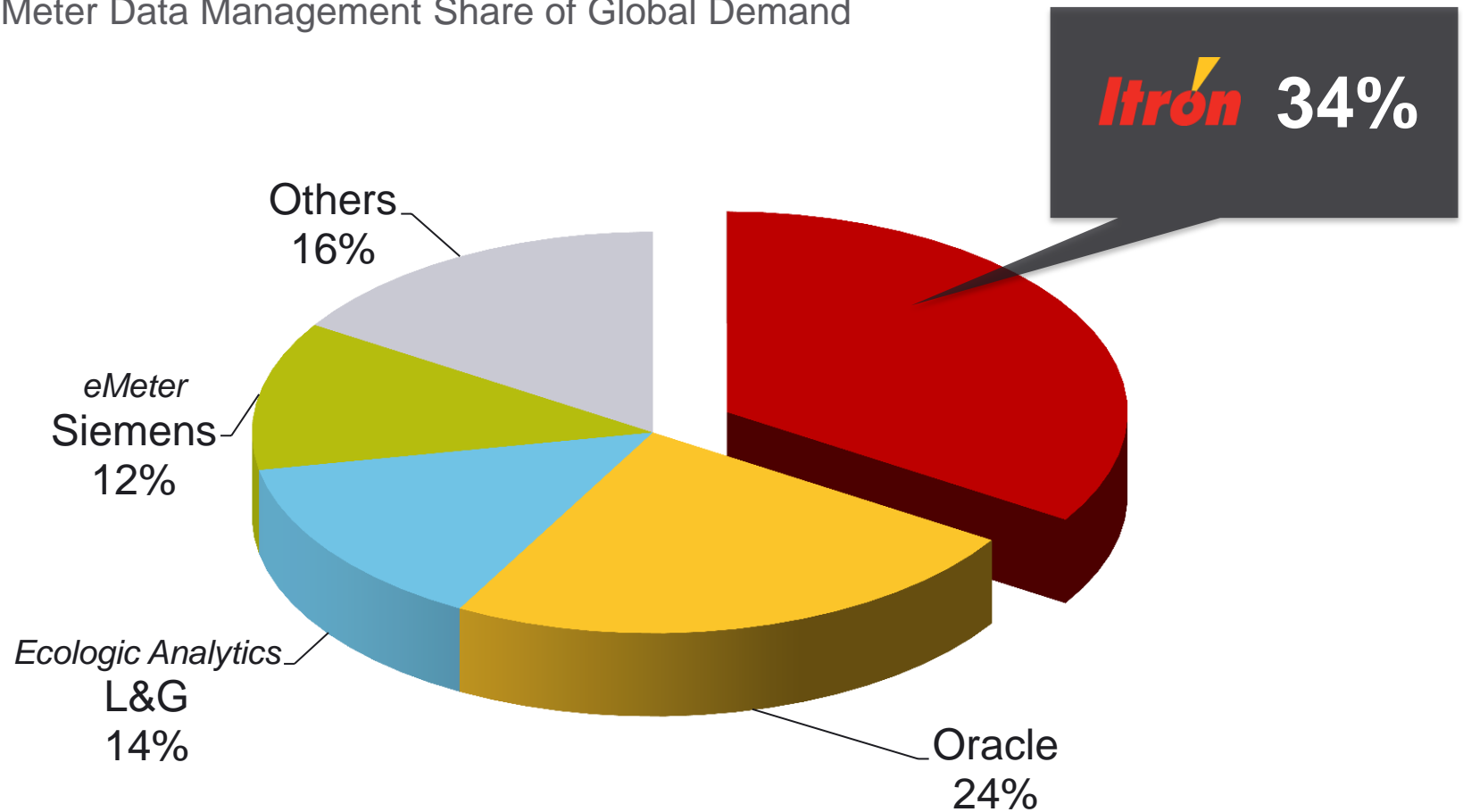
**ITRON  
TOTAL**  
108.1m



Source: The Scott Report AMR Deployments Q4 2012  
Cumulative Shipments

# DATA MANAGEMENT LEADER

Itron Meter Data Management Share of Global Demand



Source: CSC, Computer Sciences Corporation, Q4 2011  
Based on number of meters processed

# PROVEN CUSTOMER SUCCESS

# BUSINESS PROCESS TRANSFORMATION



2.2m

ENDPOINTS DEPLOYED

5m

TRUCK ROLLS ELIMINATED



# REVENUE ASSURANCE

**BC**hydro 

1.8m

ENDPOINTS DEPLOYED

1.6m

CUSTOMERS ON AUTOMATED  
BILLING



# CUSTOMER SERVICE IMPROVEMENTS



SOCAR

1m

POTENTIAL GAS CUSTOMERS

500k

ENDPOINTS DEPLOYED

# WATER CONSUMPTION REDUCTION



1m

WATER ENDPOINTS

4.8m

CUSTOMERS





# LEAK DETECTION REDUCES LOSS



6.2b

GALLONS RECOVERED

\$4.9m

SAVED IN PRODUCTION





# PREPAYMENT PLATFORM & SERVICES



4.5m

ELECTRICITY CONSUMERS

250

ONLINE TRANSACTIONS  
PER SECOND

# GROWING SMART GRID OPPORTUNITY



# SMART METER ADOPTION IN EARLY STAGES

## N. America

(% of 300M meters automated)



2012

## Global

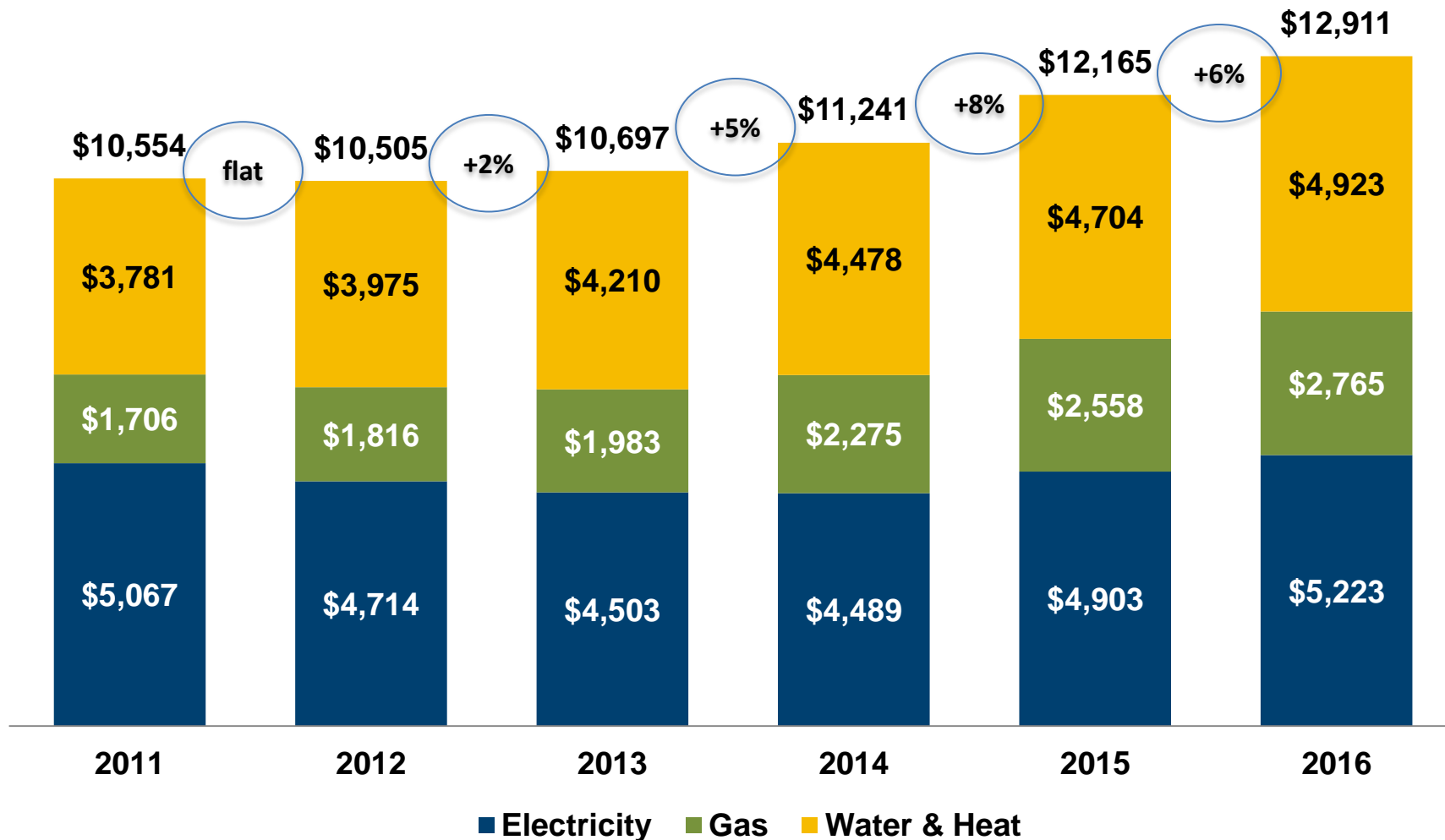
(% of 2.8B meters automated)



2012

# GLOBAL GROWTH OPPORTUNITY

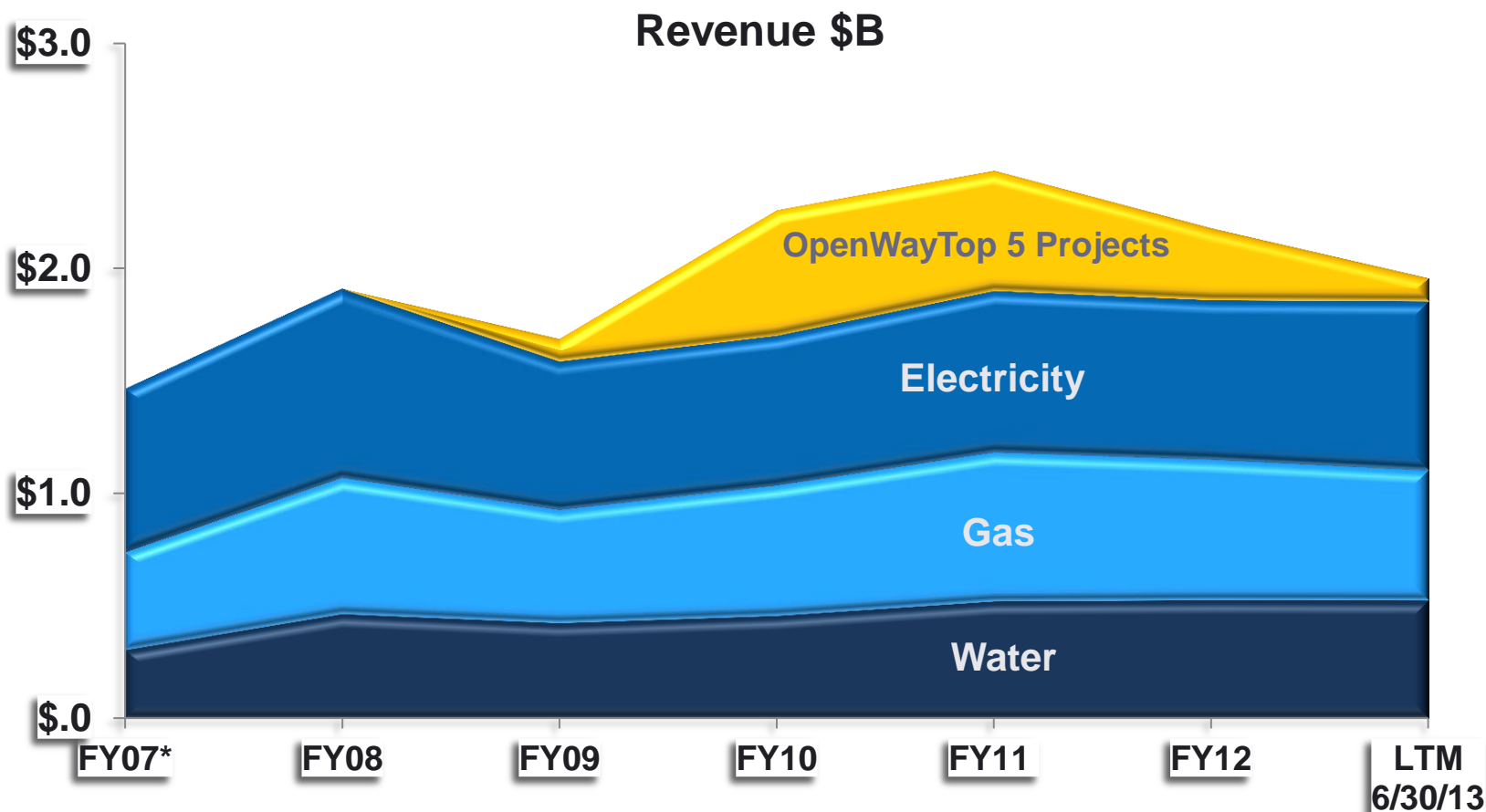
Metering & Communications Revenue Growth by End Markets (\$M)



Source: IMS Research: *World Market Meter reports, 2012 Editions*

# FINANCIAL STRENGTH

# SOLID CORE BUSINESS AND GROWTH FROM NEW PROJECTS

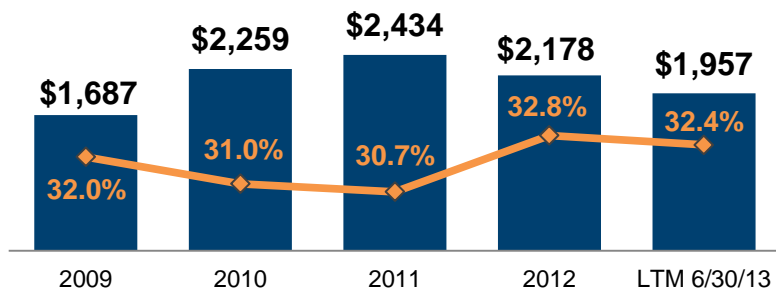


Top five OpenWay contracts = BC Hydro, CenterPoint, Detroit Edison, San Diego Gas & Electric, and Southern California Edison

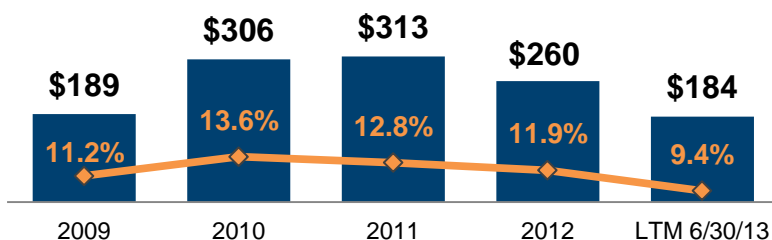
\*Actaris acquisition completed April 2007

# KEY FINANCIAL METRICS

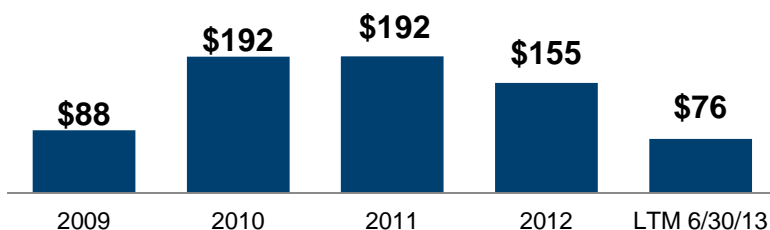
## Revenues (\$m) & Gross Margin



## Adjusted EBITDA



## Free Cash Flow<sup>1</sup> (\$m)



<sup>1</sup> Free cash flow defined as operating cash flow less capital expenditures.

- 2013 transition year between N.A. and rest-of-world smart grid projects
- Bookings growth and customer wins helps restore backlog
- Reducing costs, expense and capital
- Flexible balance sheet
- Return of cash to shareholders

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

# QUARTERLY BOOKINGS GREW 15% IN Q2'13

BY SEGMENT

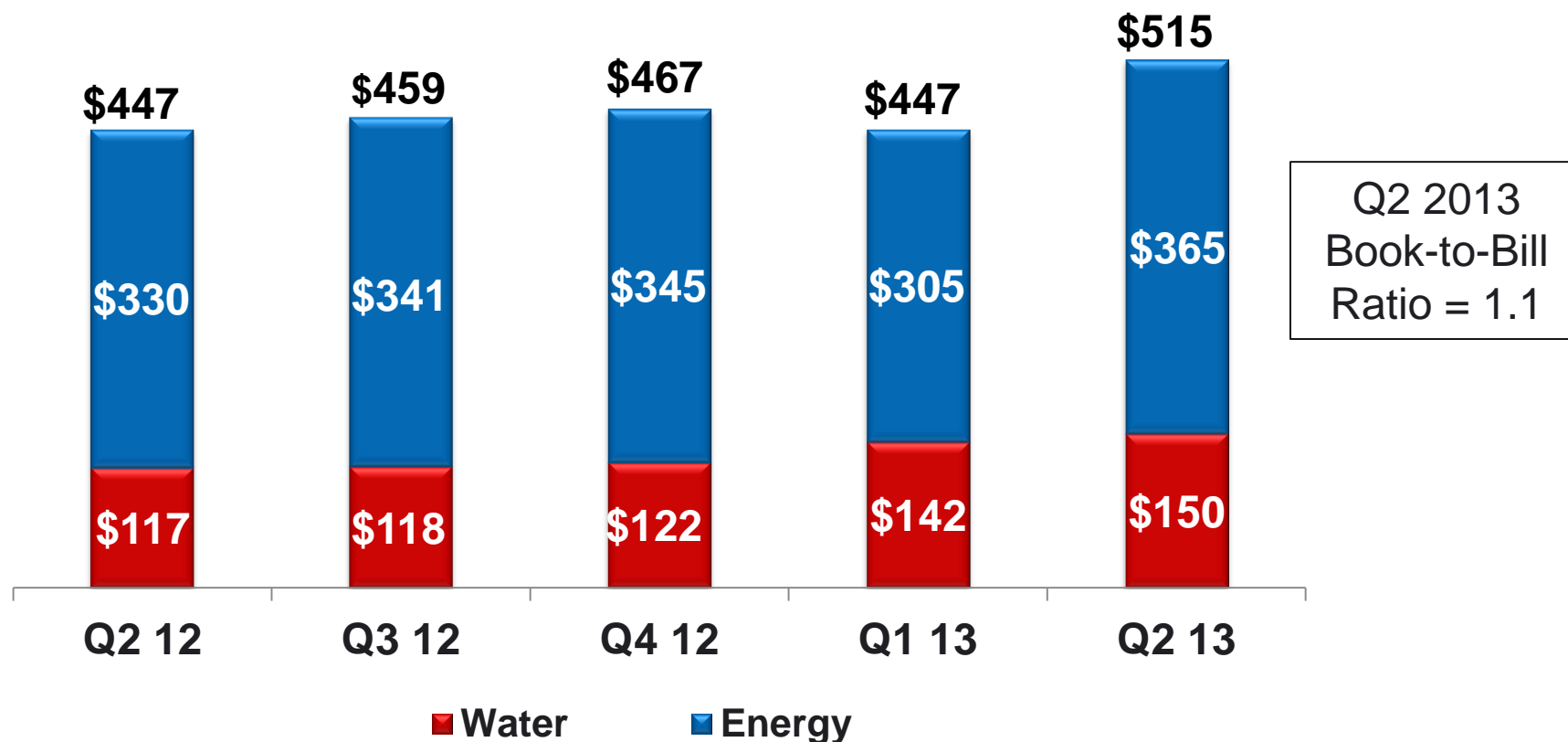


Chart in Millions, actual currency rates



# TOTAL BACKLOG INCREASED 3% IN Q2'13

ADDITIONAL REVENUE VISIBILITY FROM BOOK & SHIP AND "FRAME" PROJECTS

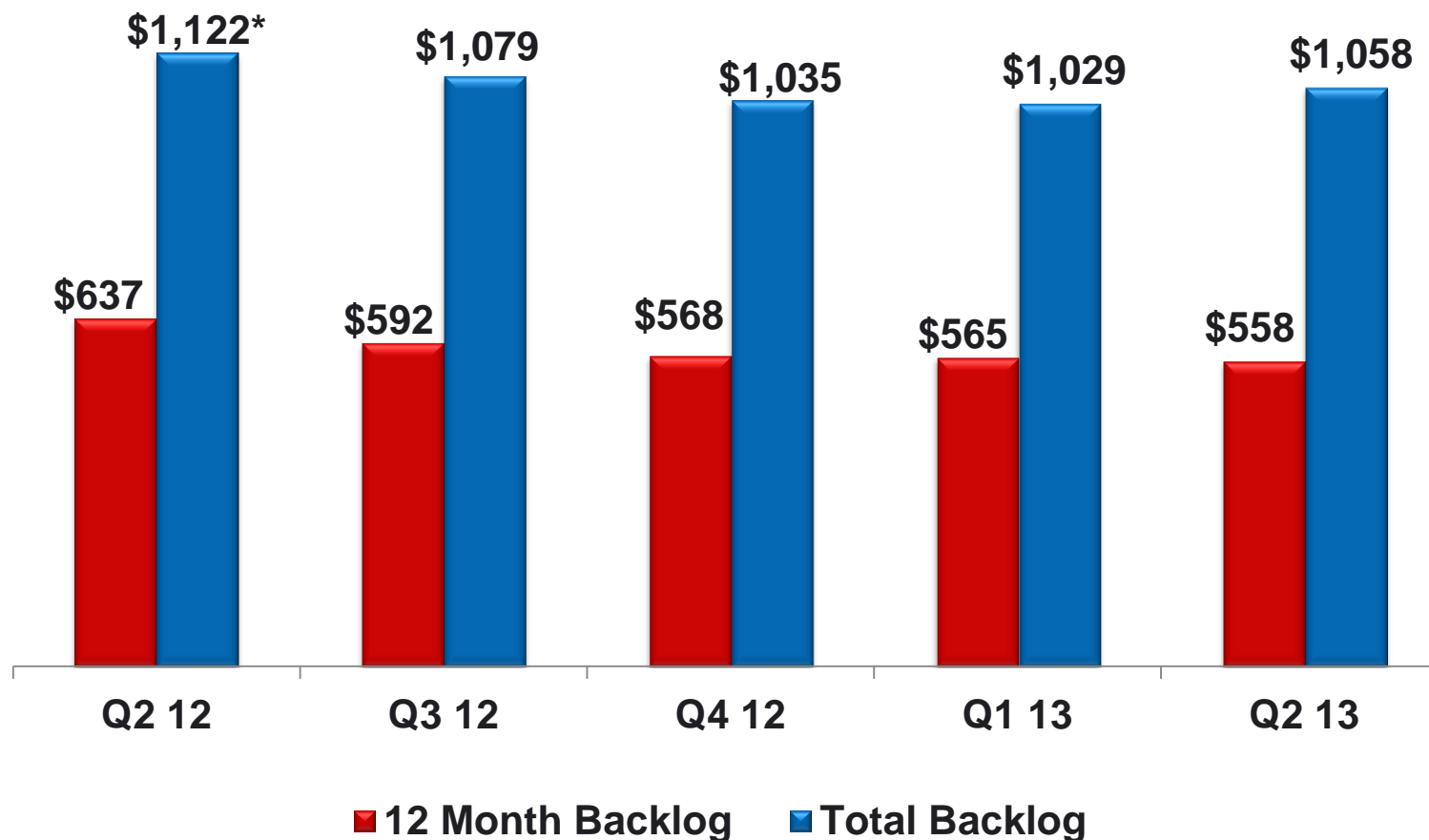


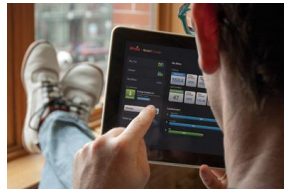
Chart in Millions, actual currency rates

\*\$60 million added to backlog upon closing of SmartSynch acquisition

# FOCUS ON PROFITABLE GROWTH

# 2013 PRIORITIES

- » Win upcoming tenders to increase revenue visibility
- » Continue to optimize and reduce product costs
- » Prioritize R&D spending for maximum ROIC
- » Drive operating efficiencies in G&A and Sales & Marketing
- » Drive working capital efficiencies and increase free cash flow



# KEY GROWTH AND PROFIT DRIVERS

**1** Global shift to Smart Metering

**2** Continue to optimize business operations

**3** Growth in Europe & international markets

**4** Expansion into adjacent markets

# GAAP TO NON-GAAP RECONCILIATION

|   | 2009        | 2010        | 2011        | 2012        | 2013     |          |
|---|-------------|-------------|-------------|-------------|----------|----------|
| (Unaudited, in thousands, in USDollars)       | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Q1       | Q2       |
| <b>TOTAL COMPANY</b>                          |             |             |             |             |          |          |
| Revenue                                       | 1,687,447   | 2,259,271   | 2,434,124   | 2,178,178   | 447,536  | 482,175  |
| Gross Profit                                  | 539,963     | 700,675     | 746,458     | 715,147     | 140,123  | 159,588  |
| GM%   | 32.0%       | 31.0%       | 30.7%       | 32.8%       | 31.3%    | 33.1%    |
| GAAP operating income (loss)                  | 45,027      | 184,197     | (459,183)   | 151,126     | 2,347    | 17,976   |
| Amortization of intangible assets             | 98,573      | 69,051      | 63,394      | 47,810      | 10,744   | 10,247   |
| Restructuring expense                         | -           | -           | 68,082      | 1,665       | 1,013    | 3,385    |
| Acquisition related expenses                  | -           | -           | -           | 5,457       | 628      | 601      |
| Goodwill impairment                           | -           | -           | 584,847     | -           | -        | -        |
| Non-GAAP operating income                     | 143,600     | 253,248     | 257,140     | 206,058     | 14,732   | 32,209   |
| Non-GAAP Op Margin %                          | 8.5%        | 11.2%       | 10.6%       | 9.5%        | 3.3%     | 6.7%     |
| <b>ADJUSTED EBITDA</b>                        |             |             |             |             |          |          |
| GAAP net income (loss)                        | (2,249)     | 104,770     | (510,157)   | 108,275     | 2,570    | 12,399   |
| Interest income                               | (1,186)     | (592)       | (862)       | (952)       | (1,061)  | (194)    |
| Interest expense                              | 70,311      | 54,904      | 36,794      | 10,115      | 2,338    | 2,336    |
| Income tax (benefit) provision                | (43,825)    | 15,974      | 4,430       | 25,995      | (3,243)  | 1,896    |
| Depreciation and amortization                 | 155,737     | 131,205     | 129,466     | 109,471     | 24,757   | 24,274   |
| Restructuring expense                         | -           | -           | 68,082      | 1,665       | 1,013    | 3,385    |
| Acquisition related expenses                  | -           | -           | -           | 5,457       | 628      | 601      |
| Loss on extinguishment of debt                | 9,960       | -           | -           | -           | -        | -        |
| Goodwill impairment                           | -           | -           | 584,847     | -           | -        | -        |
| Adjusted EBITDA                               | 188,748     | 306,261     | 312,600     | 260,026     | 27,002   | 44,697   |
| <b>FREE CASH FLOW</b>                         |             |             |             |             |          |          |
| Net cash provided by operations               | 140,787     | 254,591     | 252,358     | 205,090     | 595      | 18,379   |
| Acquisitions of property, plant and equipment | (52,906)    | (62,822)    | (60,076)    | (50,543)    | (14,765) | (14,130) |
| Free Cash Flow                                | 87,881      | 191,769     | 192,282     | 154,547     | (14,170) | 4,249    |

# GAAP TO NON-GAAP RECONCILIATION

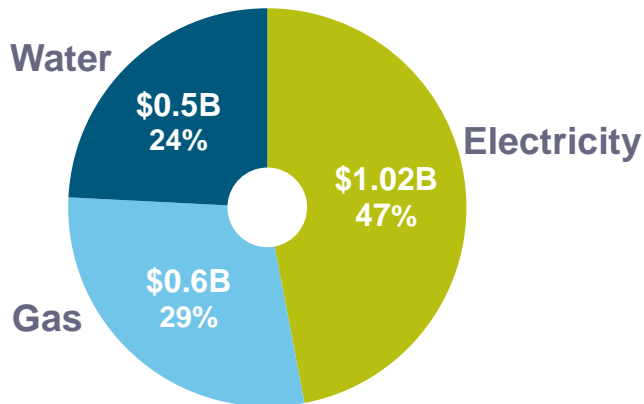
|   | 2009        | 2010        | 2011        | 2012        | 2013     |          |
|---|-------------|-------------|-------------|-------------|----------|----------|
| (Unaudited, in thousands, in USDollars) | Fiscal Year | Fiscal Year | Fiscal Year | Fiscal Year | Q1       | Q2       |
| <b>ENERGY SEGMENT</b>                   |             |             |             |             |          |          |
| Electricity Revenue                     | 760,688     | 1,185,892   | 1,239,428   | 1,024,340   | 175,763  | 213,612  |
| Gas Revenue                             | 503,359     | 615,450     | 672,999     | 627,193     | 136,915  | 136,011  |
| Total Revenue                           | 1,264,047   | 1,801,342   | 1,912,427   | 1,651,533   | 312,678  | 349,623  |
| Gross Profit                            | 382,657     | 541,900     | 578,575     | 530,396     | 95,554   | 112,673  |
| GM%                                     | 30.3%       | 30.1%       | 30.3%       | 32.1%       | 30.6%    | 32.2%    |
| GAAP operating income (loss)            | 29,914      | 184,163     | (112,831)   | 135,369     | 480      | 14,764   |
| Amortization of intangible assets       | 70,593      | 49,282      | 45,950      | 34,765      | 7,838    | 7,680    |
| Restructuring expense                   | -           | -           | 51,873      | 1,317       | (1,150)  | 1,763    |
| Acquisition-related expenses            | -           | -           | -           | 2,495       | 624      | 602      |
| Goodwill impairment                     | -           | -           | 254,735     | -           | -        | -        |
| Non-GAAP operating income               | 100,507     | 233,445     | 239,727     | 173,946     | 7,792    | 24,809   |
| Non-GAAP Op Margin %                    | 8.0%        | 13.0%       | 12.5%       | 10.5%       | 2.5%     | 7.1%     |
| <b>WATER SEGMENT</b>                    |             |             |             |             |          |          |
| Revenue                                 | 423,400     | 457,929     | 521,697     | 526,645     | 134,858  | 132,552  |
| Gross Profit                            | 157,306     | 158,775     | 167,883     | 184,751     | 44,569   | 46,915   |
| GM%                                     | 37.2%       | 34.7%       | 32.2%       | 35.1%       | 33.0%    | 35.4%    |
| GAAP operating income (loss)            | 44,630      | 43,611      | (303,772)   | 59,210      | 12,575   | 15,389   |
| Amortization of intangible assets       | 27,980      | 19,769      | 17,444      | 13,045      | 2,906    | 2,567    |
| Restructuring expense                   | -           | -           | 15,321      | (765)       | 609      | 510      |
| Goodwill impairment                     | -           | -           | 330,112     | -           | -        | -        |
| Non-GAAP operating income               | 72,610      | 63,380      | 59,105      | 71,490      | 16,090   | 18,466   |
| Non-GAAP Op Margin %                    | 17.1%       | 13.8%       | 11.3%       | 13.6%       | 11.9%    | 13.9%    |
| <b>CORPORATE SEGMENT</b>                |             |             |             |             |          |          |
| GAAP operating loss                     | (29,517)    | (43,577)    | (42,580)    | (43,453)    | (10,708) | (12,177) |
| Restructuring expense                   | -           | -           | 888         | 1,113       | 1,554    | 1,112    |
| Acquisition related expenses            | -           | -           | -           | 2,962       | 4        | (1)      |
| Non-GAAP operating loss                 | (29,517)    | (43,577)    | (41,692)    | (39,378)    | (9,150)  | (11,066) |



# SUPPLEMENTAL SLIDES

# 2012 SEGMENT RESULTS

FY 2012 REVENUE \$2.2B



- » Diversified end market revenues
- » Global business focus
- » Localized solutions
- » Localized go-to-market teams

| Non-GAAP<br>FY12   | GM %       | Operating<br>Margin %   |
|--------------------|------------|-------------------------|
| Energy             | 32%        | 10.5%                   |
| Water              | 35%        | 13.6%                   |
| <b>Total Itron</b> | <b>33%</b> | <b>9.5%<sup>a</sup></b> |

<sup>a</sup> Includes \$39m of unallocated corporate expenses

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

# SUMMARY RESULTS – Q2 2013

As planned, slow 1H with anticipated strengthening in bookings, revenue & profit in 2H

|                                     | Q2 2013 | Q2 2012 | Change    |
|-------------------------------------|---------|---------|-----------|
| <b>Revenue</b> (in millions)        | \$482.2 | \$579.1 | - 17%     |
| <b>Gross margin</b>                 | 33.1%   | 34.0%   | - 90 bps  |
| <b>Non-GAAP operating margin</b>    | 6.7%    | 11.6%   | - 490 bps |
| <b>Adjusted EBITDA margin</b>       | 9.3%    | 13.9%   | - 460 bps |
| <b>GAAP diluted EPS</b>             | \$0.31  | \$0.79  | - \$0.48  |
| <b>Non-GAAP diluted EPS</b>         | \$0.58  | \$1.16  | - \$0.58  |
| <b>Free cash flow</b> (in millions) | \$4.2   | \$26.9  | - 84%     |
| <b>Bookings</b> (in millions)       | \$515   | \$447   | +15%      |

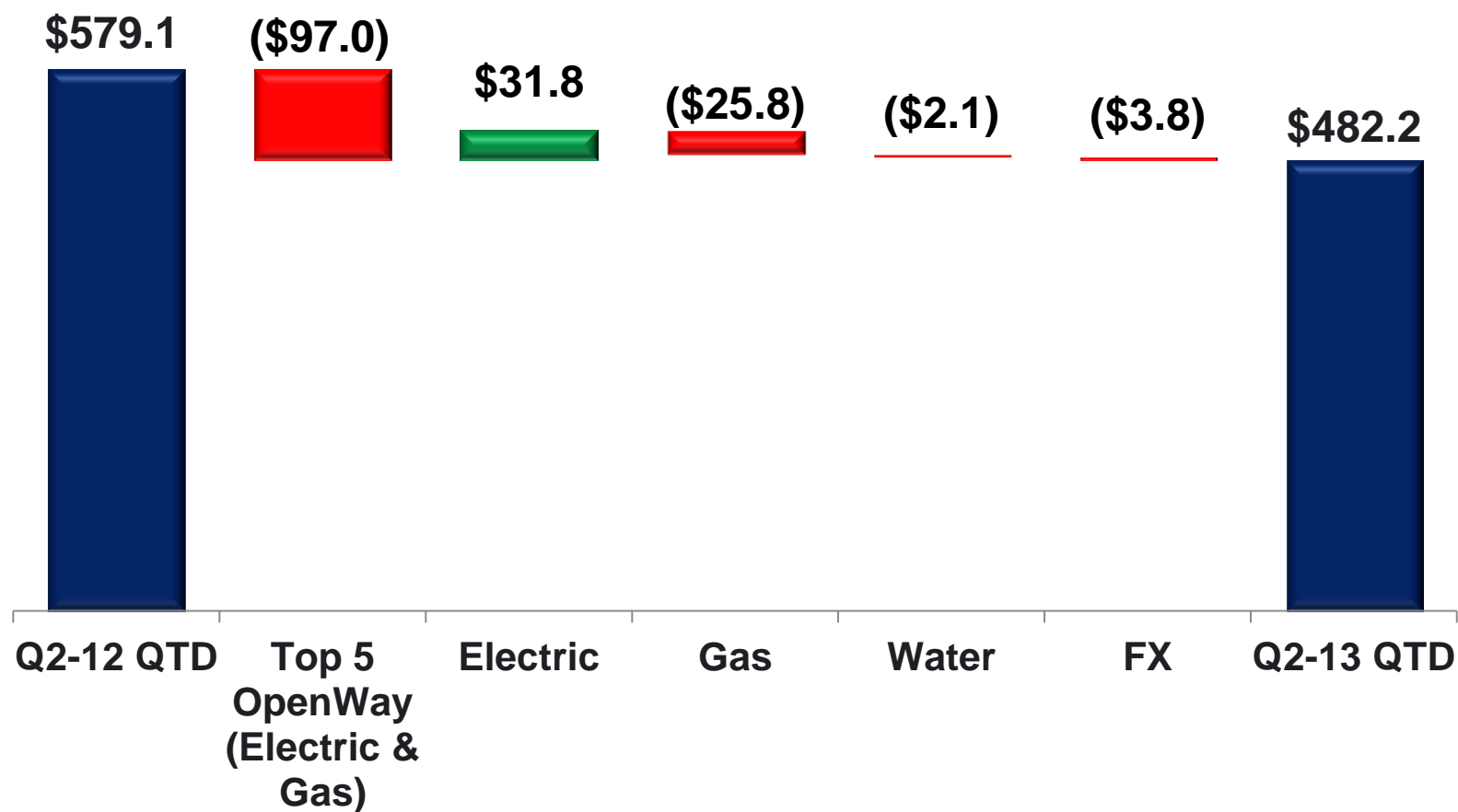
Reconciliation of GAAP to Non-GAAP results available on our website

# YTD JUNE 2013 SUMMARY RESULTS

|                                     | YTD<br>6/30/13 | YTD<br>6/30/12 | Change   |
|-------------------------------------|----------------|----------------|----------|
| <b>Revenue</b> (in millions)        | \$929.7        | \$1,150.8      | -19.2%   |
| <b>Gross margin</b>                 | 32.2%          | 33.0%          | -80 bps  |
| <b>Non-GAAP operating margin</b>    | 5.0%           | 10.6%          | -560 bps |
| <b>Adjusted EBITDA margin</b>       | 7.7%           | 12.9%          | -520 bps |
| <b>GAAP diluted EPS</b>             | \$0.38         | \$1.42         | -\$1.04  |
| <b>Non-GAAP diluted EPS</b>         | \$0.89         | \$2.06         | -\$1.17  |
| <b>Free cash flow</b> (in millions) | -\$9.9         | \$68.8         | -\$78.7  |
| <b>Bookings</b> (in millions)       | \$962          | \$935          | +2.9%    |

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

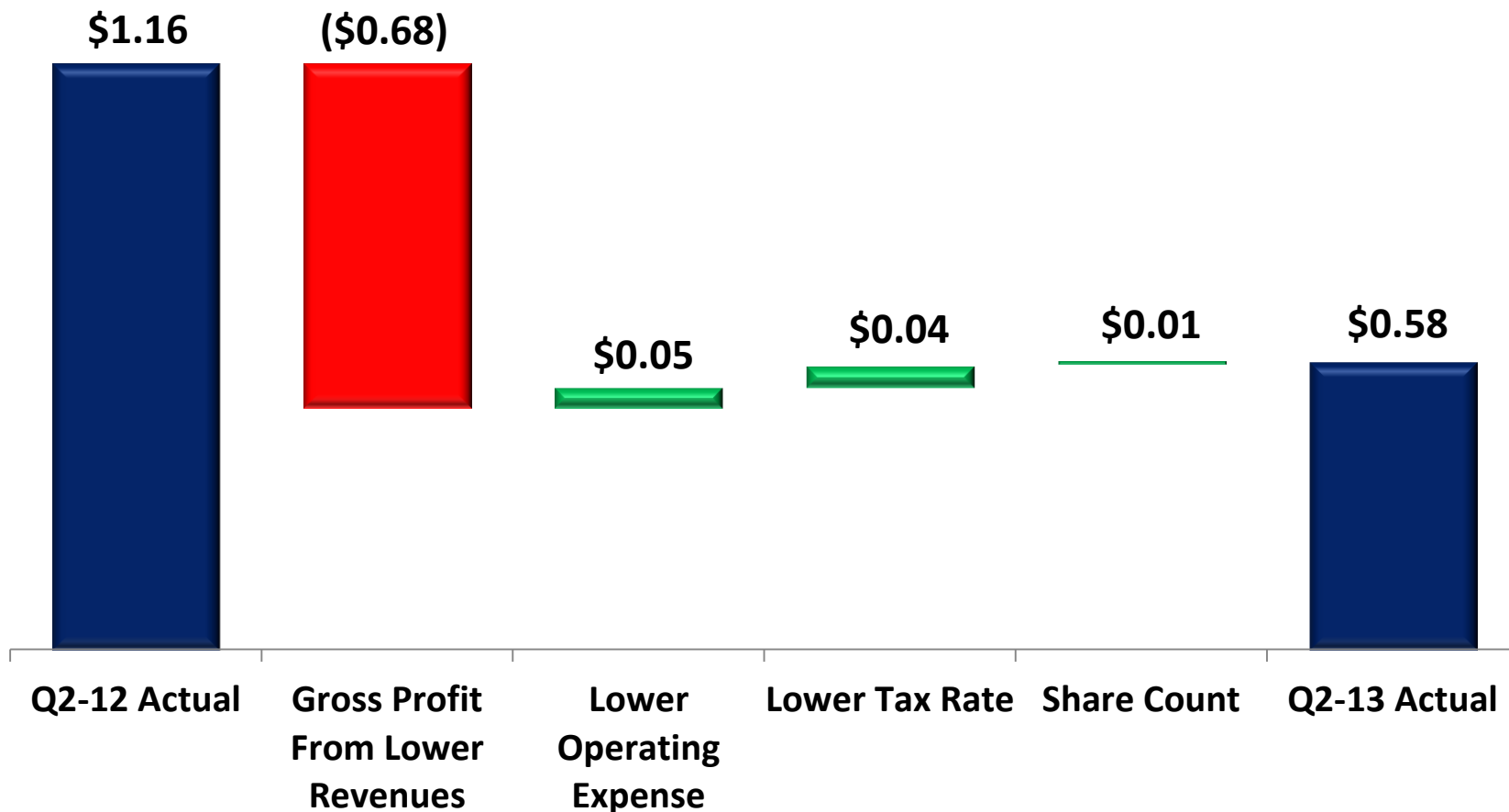
# Q2 2013 REVENUE BRIDGE



Top five OpenWay contracts = BC Hydro, CenterPoint, Detroit Edison, San Diego Gas & Electric, and Southern California Edison

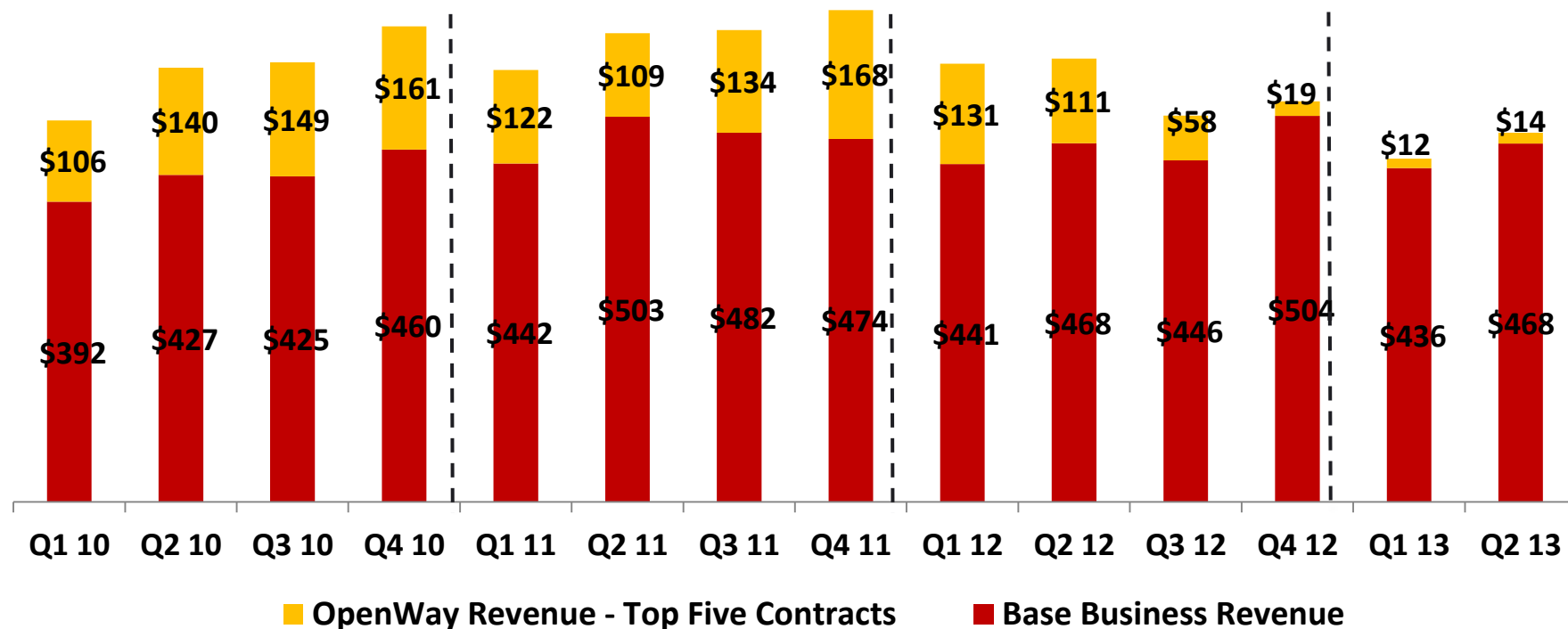
Chart in Millions

## Q2 2013 NON-GAAP EPS BRIDGE



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

# BASE REVENUES AND TOP FIVE CONTRACTS



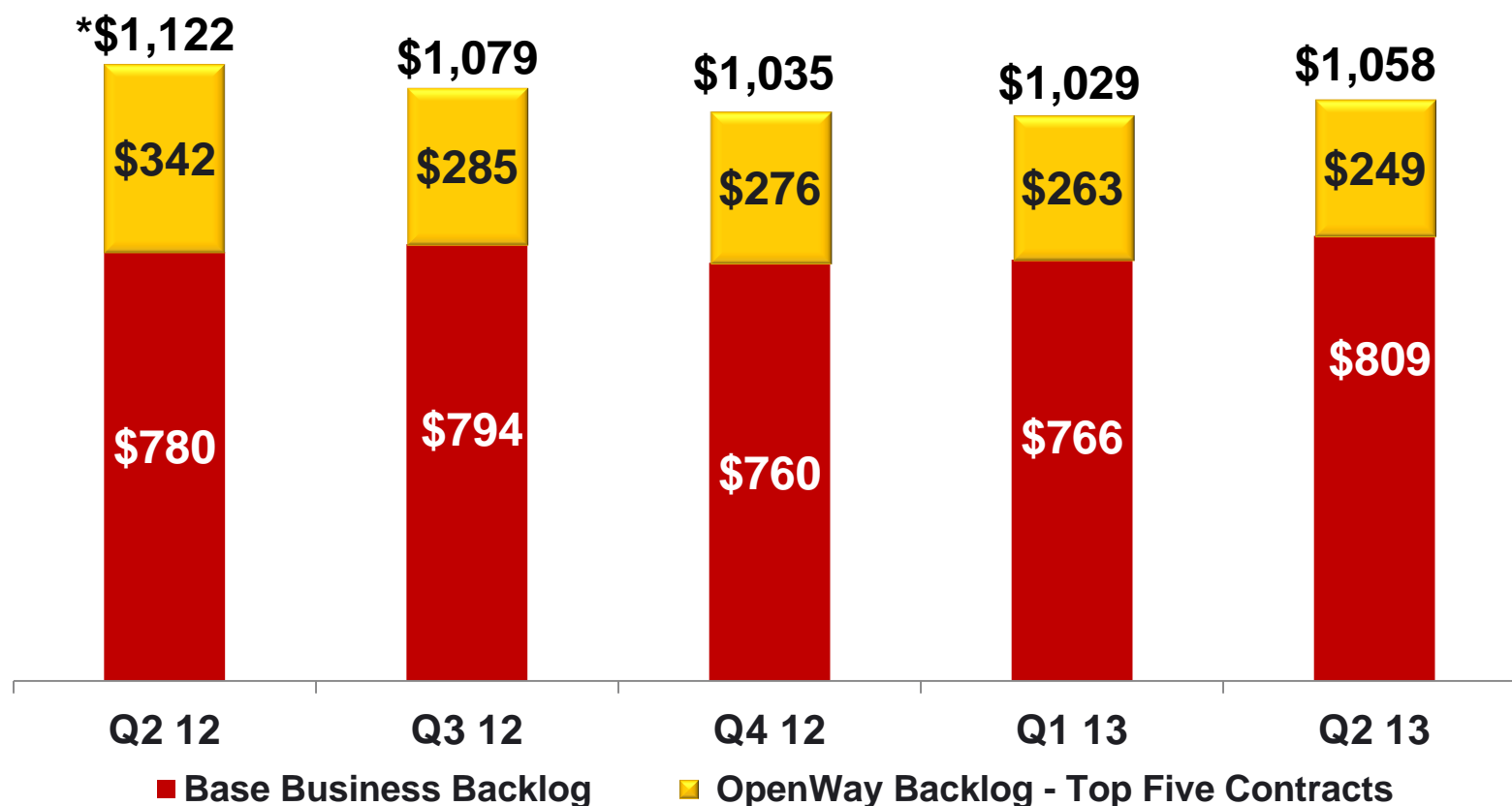
- 12+ million units deployed and over \$1.5 billion in revenue since Q4 2009
- Strong customer references
- SDG&E, SCE, CNP and BCH substantially complete in Q3 2012

- DTE expected to continue deployment over next several years
- Tracks early “Top 5” contracts only - all new OpenWay sales now considered base business
- New sales of OpenWay increasing

Chart in Millions, actual currency rates

# TRENDED BACKLOG – BASE BUSINESS & TOP FIVE OPENWAY CONTRACTS

\*\$60 million added to backlog upon closing of SmartSynch acquisition

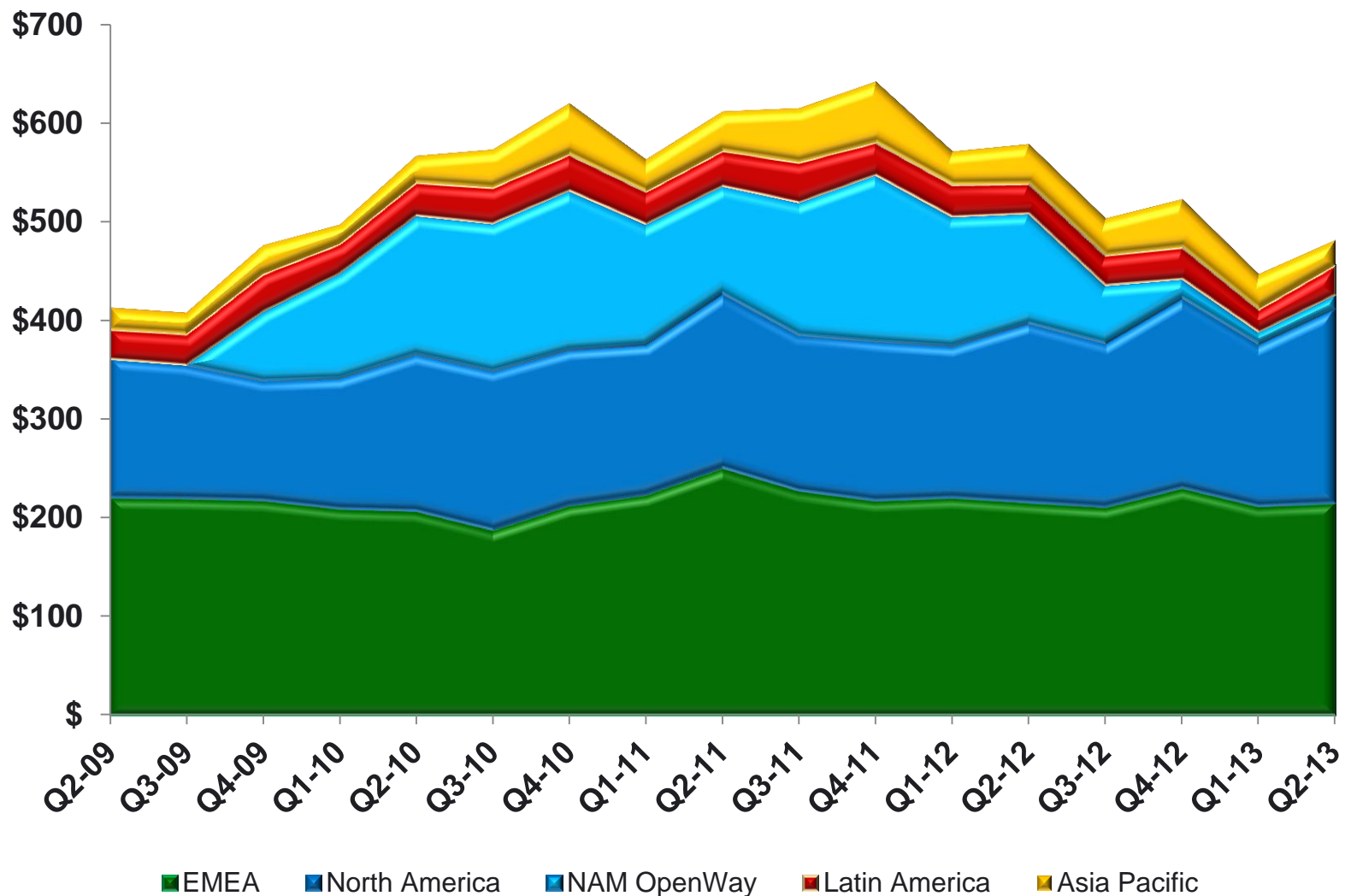


Top five OpenWay contracts = BC Hydro, CenterPoint, Detroit Edison, San Diego Gas & Electric, and Southern California Edison

Chart in Millions, actual currency rates



# HISTORICAL REVENUE BY REGION

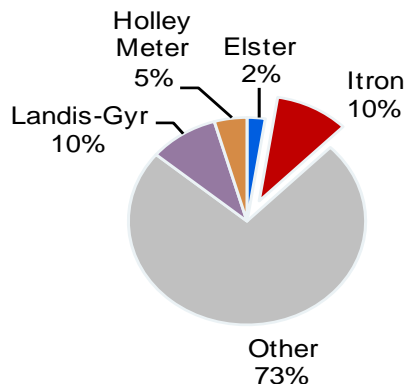


\$ In Millions

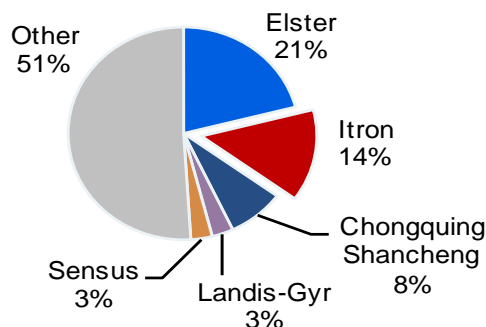
# GLOBAL MARKET LEADER ACROSS THE MEASUREMENT VALUE CHAIN...

## Global Meter Market Share of Demand (Units)

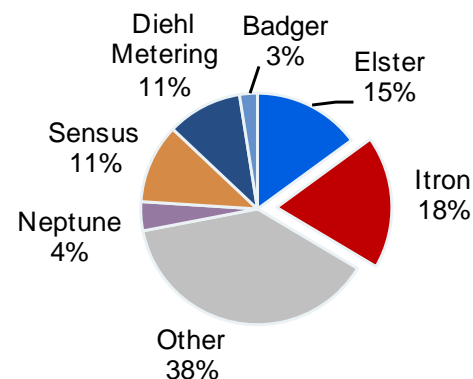
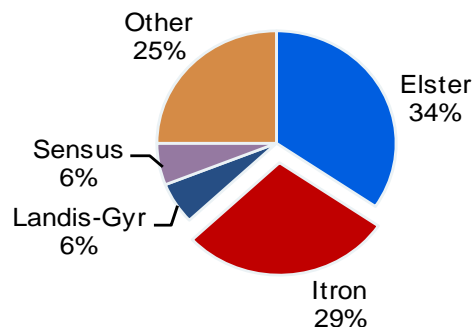
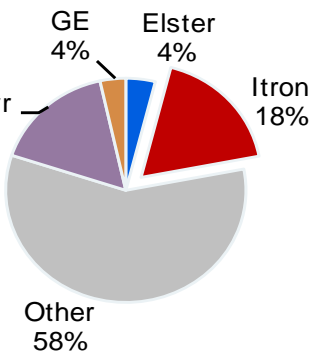
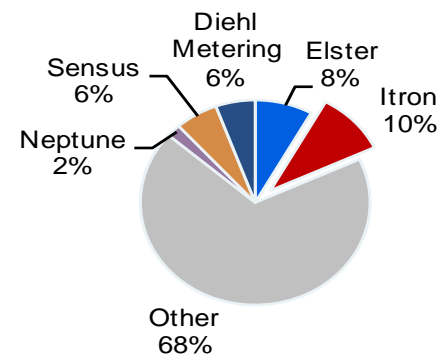
### Electricity



### Gas



### Water



# THANK YOU



## HEADQUARTERS

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[www.itron.com](http://www.itron.com)