



# Investor Presentation

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May 2021

# FORWARD LOOKING STATEMENTS

This presentation contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical facts nor assurances of future performance. These statements are based on our expectations about, among others, revenues, operations, financial performance, earnings, liquidity, earnings per share, cash flows and restructuring activities including headcount reductions and other cost savings initiatives.

This presentation reflects Itron's/our current strategy, plans and expectations and is based on information currently available as of the date of our latest Form 10-K filed with the Securities and Exchange Commission ("SEC"). When we use words such as "expect," "intend," "anticipate," "believe," "plan," "goal," "seek," "project," "estimate," "future," "strategy," "objective," "may," "likely," "should," "will," "will continue," and similar expressions, including related to future periods, they are intended to identify forward-looking statements. Forward-looking statements rely on a number of assumptions and estimates. Although we believe the estimates and assumptions upon which these forward-looking statements are based are reasonable, any of these estimates or assumptions could prove to be inaccurate and the forward-looking statements based on these estimates and assumptions could be incorrect. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors.

Therefore, you should not rely on any of these forward-looking statements. Some of the factors that we believe could affect our results include our ability to execute on our restructuring plan, our ability to achieve estimated cost savings, the rate and timing of customer demand for our products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, adverse impacts of litigation, changes in laws and regulations, our dependence on new product development and intellectual property, future acquisitions, changes in estimates for stock-based and bonus compensation, increasing volatility in foreign exchange rates, international business risks, uncertainties caused by adverse economic conditions, including, without limitation those resulting from extraordinary events or circumstances such as the COVID-19 pandemic and other factors that are more fully described in Item 1A: "Risk Factors" included in our latest Form 10-K filed with the SEC. We do not undertake any obligation to publicly update or revise any forward-looking statement, whether written or oral. These risks and uncertainties are detailed in our filings with the SEC, including our most recently filed Form 10-K, copies of which may be accessed through the SEC's website at <http://www.sec.gov>.

The impact caused by the ongoing COVID-19 pandemic includes uncertainty as to the duration, spread, severity, and any resurgence of the COVID-19 pandemic including other factors contributing to infection rates, such as reinfection or mutation of the virus, the effectiveness or widespread availability and application of any vaccine, the duration and scope of related government orders and restrictions, impact on overall demand, impact on our customers' businesses and workforce levels, disruptions of our business and operations, including the impact on our employees, limitations on, or closures of, our facilities, or the business and operations of our customers or suppliers. Our estimates and statements regarding the impact of COVID-19 are made in good faith to provide insight to our current and future operating and financial environment and any of these may materially change due to factors outside our control. For more information on risks associated with the COVID-19 pandemic, please see Itron's updated risk in Item 1A: "Risk Factors" of our latest Form 10-K filed with the SEC.

# ITRON Q1'21 OVERVIEW

# ITRON AT-A-GLANCE

Itron enables utilities and cities to safely, securely and reliably deliver critical infrastructure services that measure, manage, and provide data analytics that enable them to responsibly and efficiently manage resources in the communities they serve. With over 40 years of experience and over...



**8,000**  
CUSTOMERS IN  
100 COUNTRIES



**>200M**  
COMMUNICATING  
ENDPOINTS



**>71M**  
ENDPOINTS UNDER  
MANAGEMENT



**~3M**  
DISTRIBUTED  
INTELLIGENCE ENABLED  
ENDPOINTS

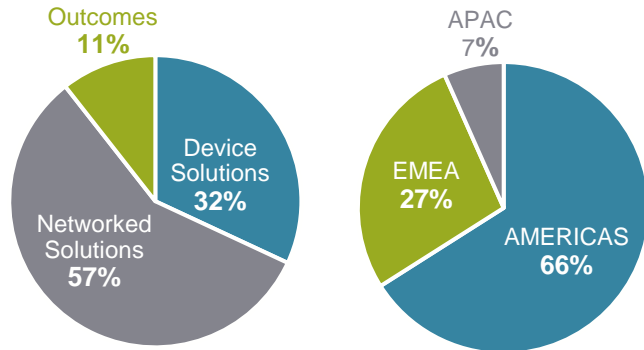


**~6,200**  
PEOPLE  
ACROSS THE GLOBE



**+250**  
PARTNERS IN A BROAD  
ECOSYSTEM OF SOLUTIONS

**\$2.2B 2020 REVENUE  
& REVENUE MIX OF:**



**WITH A Q1'2021:**

**\$3.4B**  
BACKLOG

**\$1.3B**  
12-MONTH BACKLOG

Note: Revenue reported year ending December 31, 2020 and Backlog and People as of March 31, 2020, all other data points rounded or estimated based on internal Itron source material at the time of publication

# STATE OF THE BUSINESS

## Continued progress in Q1'21

- » Revenue and project timing continue to be impacted by COVID-19
- » Record backlog of \$3.4B and strong 12-month backlog of \$1.3B as of March 31, 2021
- » Successful convertible bond and equity offerings to accelerate delevering and strategic / balance sheet flexibility

## Outlook improving with the speed of recovery mixed by geography

- » Customers working toward recovery is mixed by region; slowly improving toward future growth
- » Provided 2021 guidance for return to growth and improved profitability

## Delivering on our long-term strategy

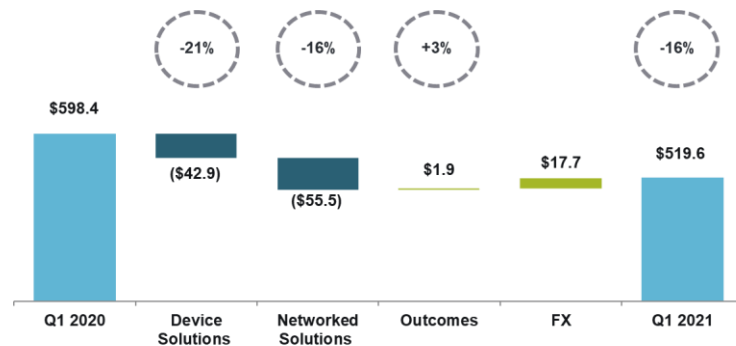
- » Leadership in smart energy and smart city solutions with a Multi-tenancy, Distributed Intelligence Platform
- » Continued investment in technology for automation; resilience & reliability; and higher margin outcomes

# Q1'21 SUMMARY

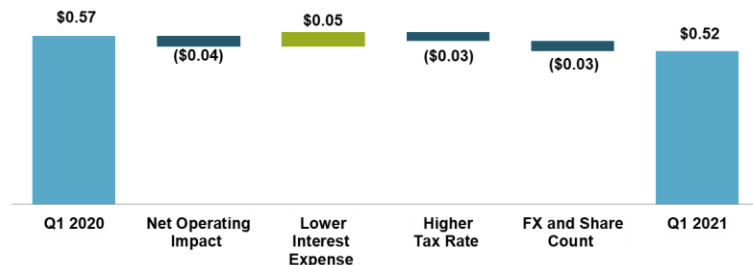
- » Revenue of \$520 million
- » Adjusted EBITDA of \$50 million
- » Non-GAAP EPS of \$0.52
- » Free cash flow of \$39 million
- » Successful convertible bond and equity offerings
- » Record backlog of \$3.4 billion;  
12-month backlog of \$1.3 billion

*Note: Reconciliation of GAAP to non-GAAP results in Appendix and available on our website; Chart in millions and includes rounding; Quarterly totals reflect actual currencies; All variances other than FX exclude currency impact. Chart includes rounding.*

## Revenue Year-Over-Year Bridge



## Non-GAAP EPS Year-Over-Year Bridge



# BOOKINGS AND BACKLOG

- » Book to bill of 1.3 to 1
- » Bookings of \$688M
- » New record backlog of \$3.4B
- » 12-month backlog growth to \$1.3B

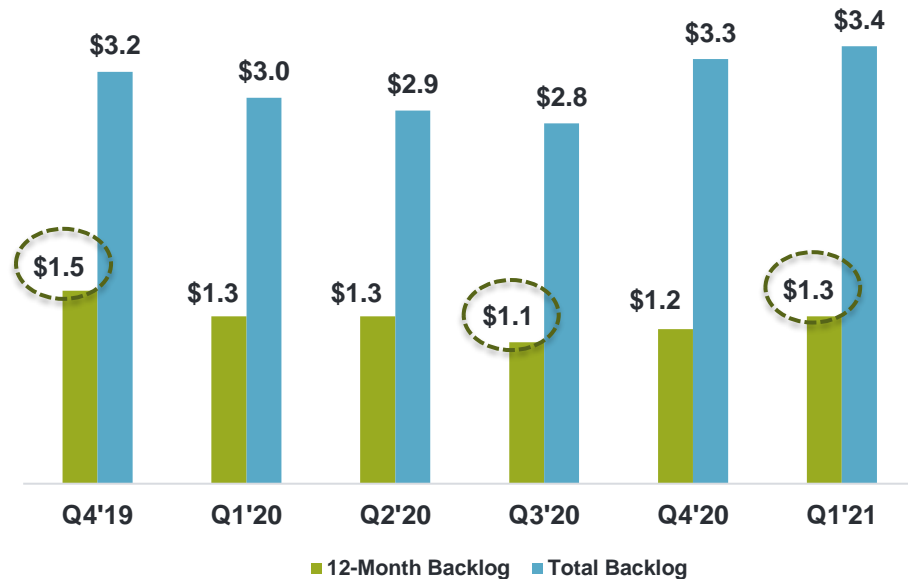
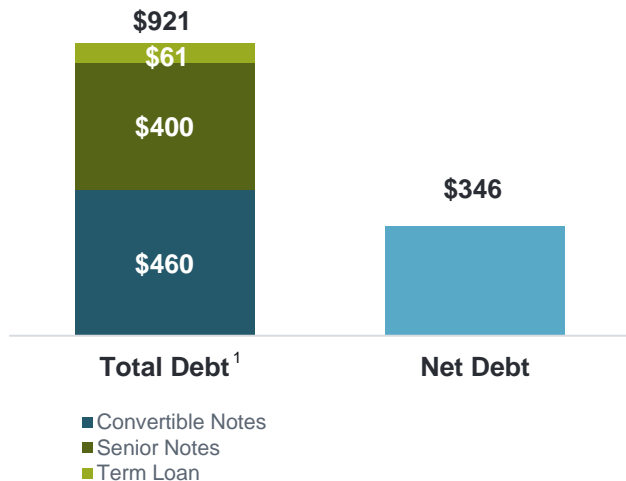


Chart in Billions, actual currency rates.

# DEBT AND LIQUIDITY OVERVIEW: MARCH 31, 2021

US\$M



## Debt

- » Net leverage-street 2.0x at end of Q1'21
- » Blended interest rate of 3.1%

## Free Cash Flow and Liquidity

- » Free cash flow of \$39M
- » Cash and equivalents of \$575M

## Convertible & Equity Offering in Q1'21

- » \$460M convertible note offering
- » ~\$400M equity follow-on offering

## Subsequent to Quarter End

- » Paid down \$410M of senior notes and fees
- » Pro forma cash of \$165M

Leverage Snapshot	Q1'21
Net Leverage – Street	2.0x
Net Leverage – Bank <sup>2</sup>	1.7x

1. Total debt as of end of Q1'21. Excludes unamortized prepaid debt fees.  
2. Bank Covenant for Q1'21 is 4.75x net leverage using the "Bank" calculation.



# IMPACT OF Q1'21 CAPITAL MARKETS TRANSACTIONS

- » Successful completion of convertible bond and equity offerings in Q1'21
- » Positive impact of ~\$0.15 to full-year non-GAAP EPS guidance

## NG EPS guidance provided on Feb. 24, 2021

- **\$2.15 – \$2.55** (\$2.35 at midpoint)
- Assumes:
  - ~41M average diluted shares outstanding
  - ~\$36M non-GAAP interest expense



## Restated NG EPS guidance for transactions

- **\$2.30 - \$2.70** (\$2.50 at midpoint)
- Assumes:
  - 44.7M average diluted shares outstanding
  - ~\$16M non-GAAP interest expense

# **Iron Strategy and Industry Overview**

# OUR VISION AND PURPOSE

Itron is dedicated to **creating a more resourceful world**

- » We believe that the **way we manage energy and water will define this century.**
- » **Our long-term view** is that by delivering products and services that support **sustainability, diversity and accountability of our key stakeholders**, we can create a more resourceful world.
- » To achieve this, Itron leverages **a holistic approach that integrates** our strategic, operational and risk management efforts with **our ESG initiatives.**



# OUR FOCUS ON A MORE RESOURCEFUL WORLD

Itron's approach to ESG is tightly linked to our operational strategy

## Our approach to make an impact:



ENVIRONMENTAL  
AND OPERATIONAL  
STEWARDSHIP



SOLUTION IMPACT  
AND COMMUNITY  
ENGAGEMENT



DIVERSITY AND  
OUR HUMAN CAPITAL  
PLEDGE



EFFECTIVE  
SHAREHOLDER  
ADVOCACY

## Our commitment:



Itron is committed to helping create a fairer and more sustainable world by 2030.



Represents the UNSDG where ITRI can have the greatest impact!

## Our execution:

- » Our ESG Strategy is a holistic approach
- » Empowering our employees
- » Ensure our customers success
- » Prioritize and commit to the communities we serve
- » Measure the long-term impact of our efforts



Annual ESG &  
Proven Benefits  
Reporting



ESG Frameworks we support:



# DYNAMIC FORCES IMPACTING OUR INDUSTRY

Mega-trends highlight the critical role Itron technology plays in utility ecosystem

## INFRASTRUCTURE



- » Managing Demand Needs
- » Aging Infrastructure
- » Grid Security
- » Clean Energy & Storage
- » Electric Vehicles

## ENVIRONMENTAL



- » Remote Pandemic management
- » Extreme Weather
- » Resource Sustainability
- » Safety and Prevention
- » Monitoring and Management

## SOCIAL



- » Supporting Critical Need Customers
- » Enhanced Customer Experience
- » Global Urbanization
- » Internet of Things
- » Generating “Big Data”

**Itron is focused on enabling customer success in a changing world!**

# OUR SOLUTIONS MANAGE CRITICAL INFRASTRUCTURE

 Itron connects critical infrastructure and enables outcomes via our platform



## ITRON ENABLES OUTCOMES:

- » Smart Energy
- » Smart Water
- » Smart Streetlighting
- » Distribution Automation
- » Renewable Energy Management
- » Electric Vehicle Management
- » Smart City Solutions



### Multi-application, Multi-tenant Platform

Device Agnostic for Energy, Water & Smart City Management with Data Analytics on One Network



### Advanced Metering Infrastructure

Two-way, Transport Agnostic, Communications



### Distributed Intelligence

Delivering Intelligence and Applications to the Edge of the Network for Demand Response & More



### Electric Vehicle Management

Enabling Insight and Control over EV Proliferation



### Distribution Automation and Demand Response

Advanced Grid Control & Distributed Energy Management with Demand Response Capabilities



### Streetlight Canopy

Intelligent Lighting & Increased Network Coverage & Resiliency



### Smart City Solutions

Connecting Communities to Outcomes such as Safety, Traffic, Smart Parking, Intelligent Transport, Kiosks, and Environmental Sensors



### Services & Analytics

Solving Problems & Delivering Valuable Outcomes

# OUR STRATEGIC PRIORITIES

## 1 EXPANDING OUR FOOTPRINT

*Increasing coverage*

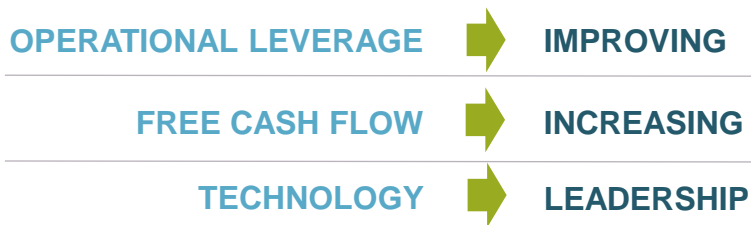
## 2 EXPANDING OUR VALUE

*Empowering our customers*

## 3 EXPANDING OUR REACH

*Enabling as many sensors & devices on our platform as possible*

CREATING THE OPPORTUNITY TO ENHANCE VALUE WITH...

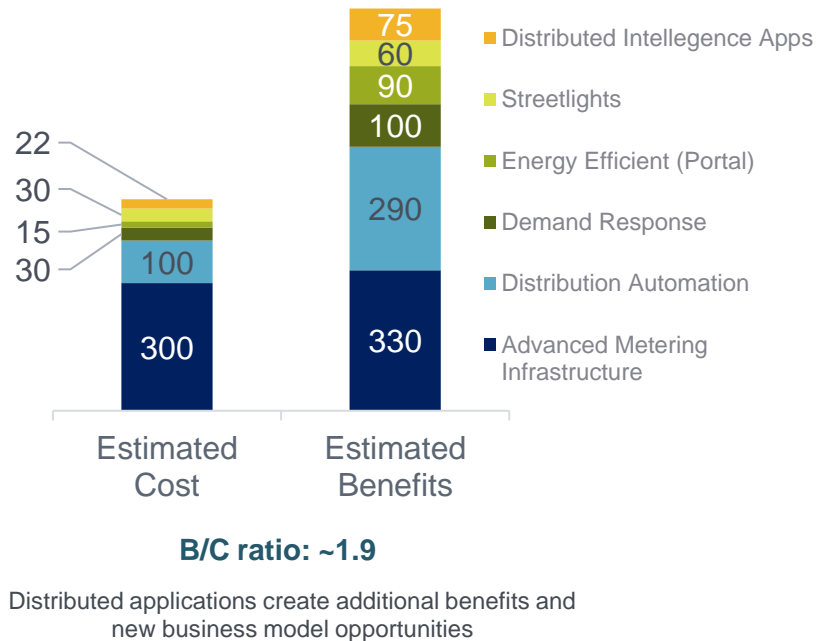
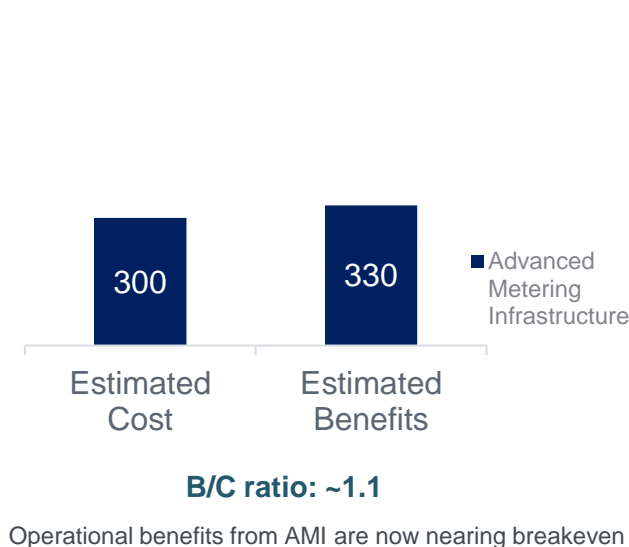


# ITRON EXPANDS BUSINESS CASE VALUE

Our intelligent platform enables increased benefits by adding applications

## AVERAGE NORTH AMERICAN SMART GRID BUSINESS CASE\*

*Estimated \$/customer, electric only, PV over 20 years*



**Note:** Based on publicly available U.S. smart grid business/rate cases and includes Itron internal estimates.



# STRONG INDUSTRY GROWTH POTENTIAL

TAM of ~\$25B Annually Growing at 9% CAGR, With ~18% CAGR in Outcomes

2020 Total Available Market (B\$) / CAGR (2020-2023)	World Wide		AMERICAS		EMEA		APAC	
	TAM	CAGR	TAM	CAGR	TAM	CAGR	TAM	CAGR
<b>Outcomes</b>	7.0	18.0%	2.8	16.9%	2.4	16.0%	1.8	21.9%
<b>Networked Solutions</b>	8.6	8.4%	3.0	8.7%	1.8	8.5%	3.8	8.0%
<b>Device Solutions</b>	9.2	1.7%	0.8	4.5%	4.0	1.0%	4.5	1.7%
<b>Total</b>	24.8	9.0%	6.6	11.9%	8.2	7.5%	10.1	8.2%

## NORTH AMERICA

~64% penetration of ~400M smart endpoints

## GLOBAL

~28% penetration of ~3.7B smart endpoints

Source: Management Estimates using data from Omdia 2020, Northeast Group Smart Streetlighting and Smart Cities Market Forecast 2020, Guidehouse Distribution Automation Q4 2020. Penetration rates using IHS Research - Global Electricity, Gas and Water Metering Reports, 2019 Editions (includes China); Northeast Group Smart Streetlighting and Smart Cities Market Forecast 2020-2029

# Financial Perspectives

# FOCUSED ON GROWTH AND MARGIN EXPANSION



**GROWTH IN OUR HIGHER  
MARGIN SOLUTIONS**






**OPERATIONAL LEVERAGE  
WITH MOVE TO AN ASSET  
LIGHT MODEL**

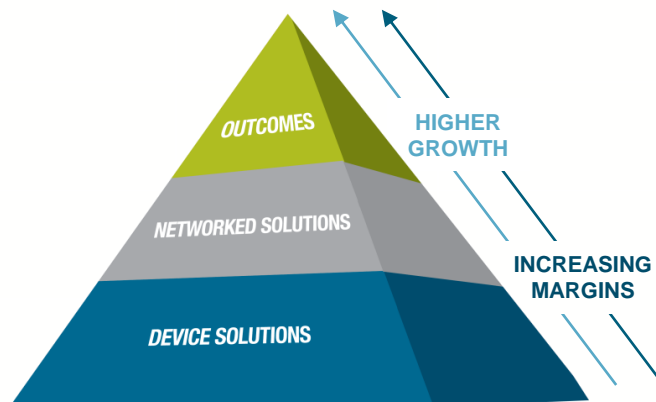


**CASH FLOW  
OPTIMIZATION**

# OUR TARGET OPERATING MODEL

Rotation to higher margin contribution and increased free cash flow

Target Operating Model	<b>Itron</b> Total Company	 <b>DEVICES</b>	 <b>NETWORKS</b>	 <b>OUTCOMES</b>
Revenue (CAGR)	3 to 5%	-5 to -3%	7 to 9%	10 to 15%
Gross Margin	33 to 35%	20 to 25%	35 to 40%	40 to 45%
OPEX	22 to 23% of Revenue			
Adjusted EBITDA	13 to 15% of Revenue			
Free Cash Flow	6 to 8% of Revenue			
Net Debt to Adj. EBITDA Ratio	3x to 2x			



# FINANCIAL OPERATING PERSPECTIVE

Multiple levers driving long-term financial benefits and increased earnings power



# ITRON INVESTMENT THESIS

## POSITIONED TO NAVIGATE NEAR-TERM



Support a Resilient Industry  
with Critical Utility and Smart  
City Infrastructure



Only U.S.-based Industrial  
IoT “pureplay”  
in our industry



Strong  
Balance Sheet

## BUILT FOR THE LONG-TERM



Improving Operating Leverage  
and Earnings Power



Positioned for  
Free Cash Flow Growth



ESG Principles  
Embedded in DNA

# Segment Overview

# OUR TECHNOLOGY IS INDUSTRY LEADING



## PROVEN SOLUTIONS

Proven solutions drive shorter development, integration and deployment times

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## CUSTOMER ENGAGEMENT

Technology is not enough—deep engagement with customers is critical to ensure benefits are realized

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## MULTI-APPLICATION PLATFORM

Deploying a unified platform decreases systems integration complexities and accelerates benefit capture

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## INTEROPERABILITY

Standards-based technologies decrease deployment complexity and ensure timely benefit delivery



# OUR INVESTMENT DRIVES INDUSTRY INNOVATION

## Global Design & Research Centers



## Investment Strategy

- » Intense Focus on Utilities and Municipalities
- » Solution-Centric Prioritization
- » Global Technology Platforms to Maximize Re-use Potential
- » Global Centers of Excellence

## Itron Segment R&D Investment As a % of Segment Revenue

	2020	Target
<b>Company R&amp;D</b> as a % of Total Revenue	9%	8-9%
Outcomes	11%	↑
Networked Solutions	8%	↔
Device Solutions	4%	↓

## Innovation Priorities

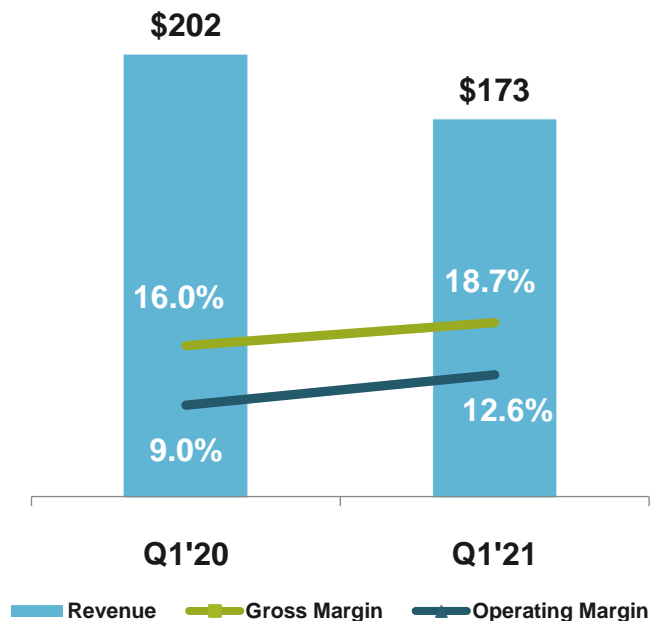
- » Invest in solutions that increase customer outcomes success
- » Grow Distributed Intelligence solutions and Itron apps store
- » Invest in next generation network & robust partner ecosystem
- » Global device sensor and control platform



# DEVICE SOLUTIONS SEGMENT: Q1'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 15% and 21% in constant currency

- » France Linky volumes unusually high in Q1'20
- » COVID-related delays, shipments shifting to 2H'21
- » Latin America transaction in Q2'20

## Gross margin up 270 bps

- » Favorable product mix
- » Reduced inefficiencies related to COVID vs Q1'20

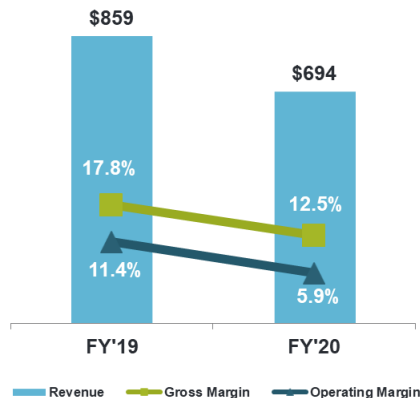
## Operating margin up 360 bps

- » Fall through of higher gross profit
- » Lower operating expenses

# DEVICE SOLUTIONS SEGMENT

Improving our profitability

\$ in Millions, actual currency



## Device Target Model

Revenue Growth  
-5 to -3% CAGR

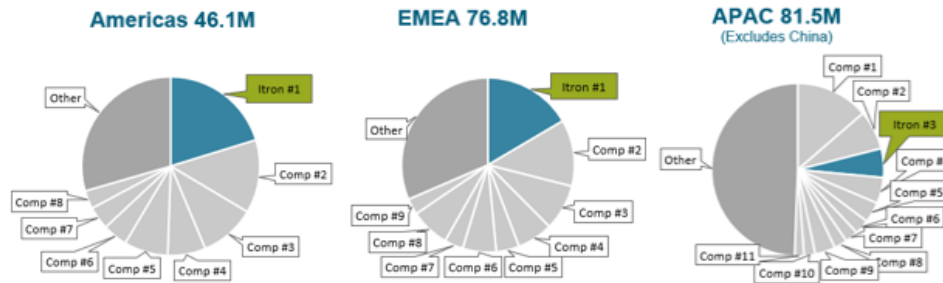
Gross Margin  
20 to 25%

## Full Year 2020 Performance

- » **Revenue down 19% as reported and in constant currency**
  - Decrease primarily due to COVID-19
  - Latin America transaction
- » **Gross margin down 530 bps**
  - COVID-19 induced operating inefficiencies & product mix
  - Increased inventory reserves
- » **Operating margin down 550 bps**
  - Fall through of lower gross profit

## Market Position

Standard Meter Shipments Endpoints Electric, Gas, Water 2020\*

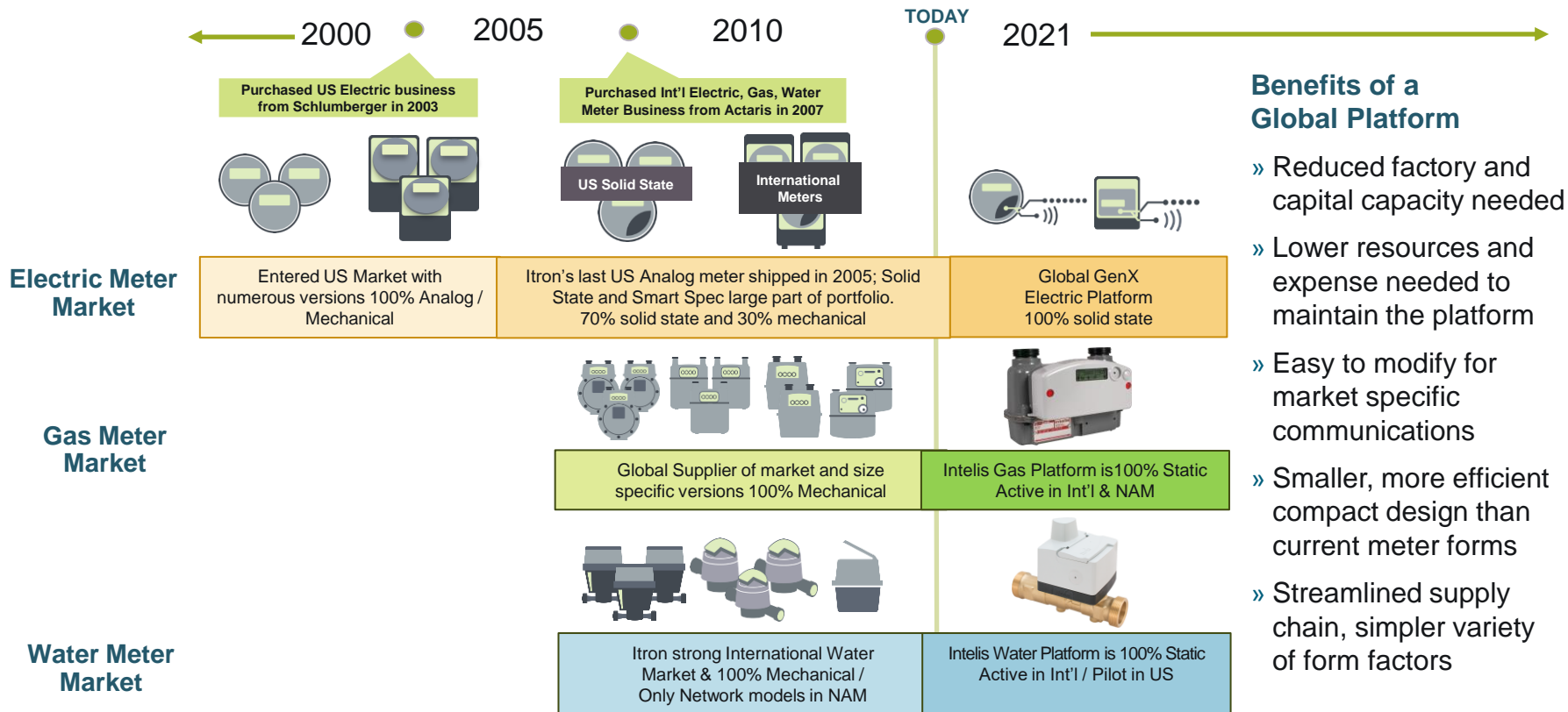


\*Source: In year 2020 reported in Omdia Research - Global Electricity, Gas and Water Metering Reports, 2020 Editions (Excludes China)

## Segment Strategic & Product Focus

- » Optimize product portfolio to drive improved margins
- » Opportunistically leverage products across geographies
- » Selectively target markets for high-margin, value-creation products

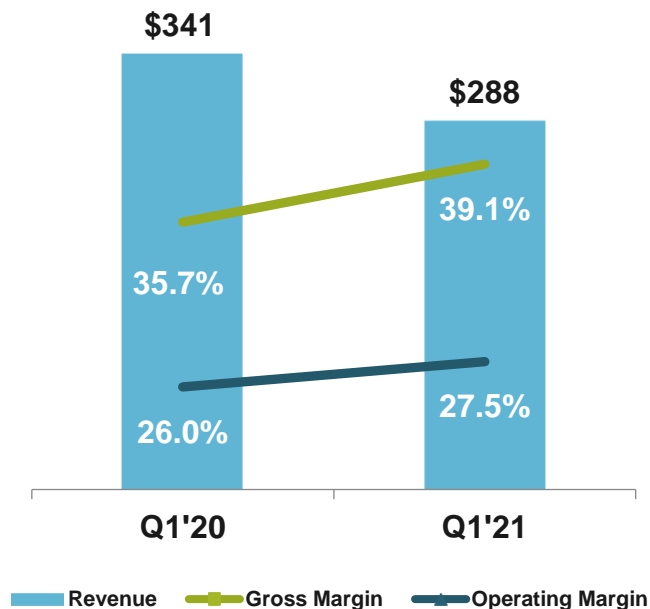
# EVOLUTION OF OUR GLOBAL DEVICE PLATFORM



# NETWORKED SOLUTIONS SEGMENT: Q1'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 15% and 16% in constant currency

- » Reduced volumes as projects complete
- » COVID-19 impacting timing of new deployment starts

## Gross margin up 340 bps

- » Favorable product mix
- » Reduced inefficiencies related to COVID vs Q1'20

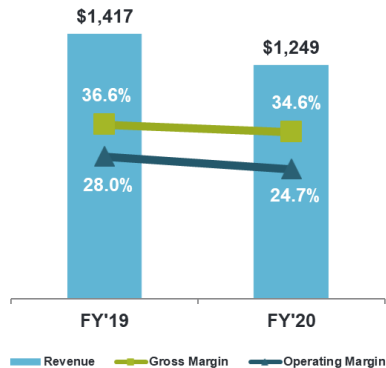
## Operating margin up 150 bps

- » Fall through of higher gross profit
- » Partially offset by continued investment

# NETWORKED SOLUTIONS SEGMENT

Expanding our footprint

\$ in Millions, actual currency



## Networked Target Model

Revenue Growth  
+7 to +9% CAGR

Gross Margin  
35 to 40%

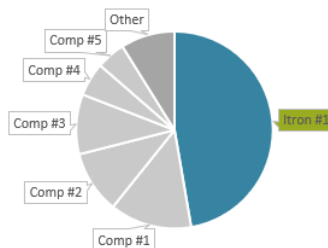
## Full Year 2020 Performance

- » **Revenue down 12% as reported and in constant currency**
  - Timing of customer deployments
  - Decrease primarily due to COVID-19 related project delays
- » **Gross margin down 200 bps**
  - Primarily due to COVID-19 induced operating inefficiencies
  - Unfavorable product mix
- » **Operating margin down 330 bps**
  - Fall through of lower gross profit
  - Increased investment in product development

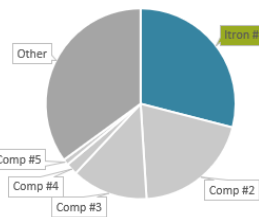
## Market Position

Networked Solutions Cumulative Share Americas 2020\*

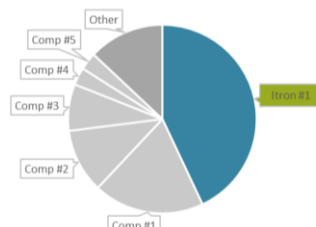
### Networked Endpoints Electric / Gas / Water



### Distribution Automation (US Only)



### Smart Streetlights



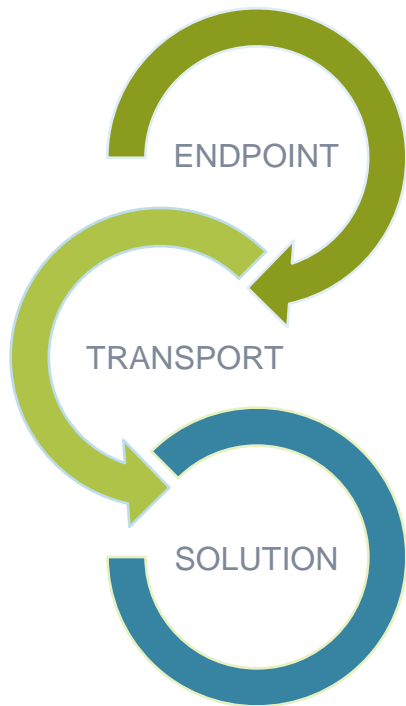
## Segment Strategic & Product Focus

- » Grow total share of connected communicating endpoints
- » Expand solutions across utilities and smart cities
- » Invest in next generation network & robust partner ecosystem

\*Source: Scott Report (Networked Endpoints) - AMR-AMI Deployments in North America – Q2 2020  
Northeast Group (DA) - US Smart Grid-Market Forecast 2019-2028  
Northeast Group (Smart SL) - Global Smart Street Lighting & Smart Cities-Market Forecast 2020-2029

# OUR SMART PLATFORM PROPOSITION

An intelligent Industrial IoT platform that is solution, device and transport agnostic



## BEYOND SMART. **ACTIVE.**

- » Strong foundation with backwards compatibility
- » Multi-endpoint networking + distributed intelligence
- » One network with multi-solution capabilities
- » Highly-integrated, transport-agnostic platform
- » High-resolution data management; enabling near real-time decision making; integrating an ecosystem of over 250 partners

PROVEN AT  
SCALE



OPEN  
ECOSYSTEM



RESILIENT AND  
SECURE



FUTURE PROOF  
TECHNOLOGY



A TRUSTED  
PARTNER

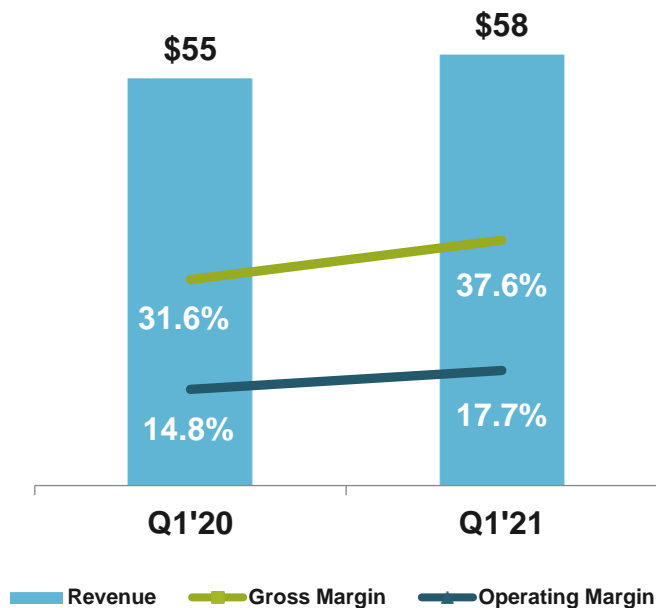




# OUTCOMES SEGMENT: Q1'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue up 6% and 3% in constant currency

- » Increase in software license sales
- » Higher maintenance and professional services

## Gross margin up 600 bps

- » Favorable solutions mix due to one-time license sales

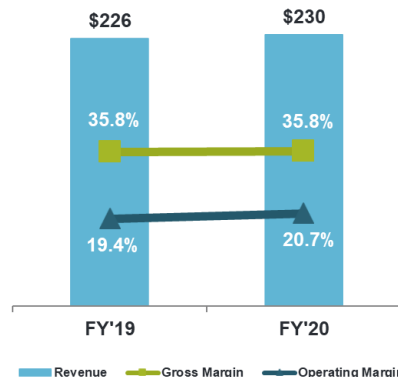
## Operating margin up 290 bps

- » Fall through from higher gross profit
- » Partially offset by continued investment

# OUTCOMES SEGMENT

Expanding our value

\$ in Millions, actual currency



## Outcomes Target Model

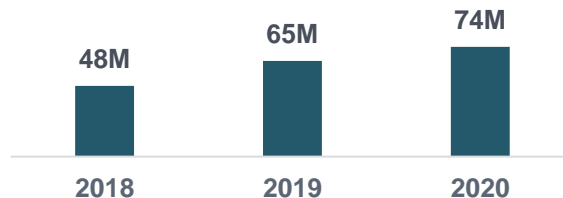
Revenue Growth  
+10 to +15% CAGR

Gross Margin  
40 to 45%

## Full Year 2020 Performance

- » **Revenue +2% as reported and in constant currency**
  - Increase in software license and services
  - One time customer adjustment recorded in prior year
- » **Gross margin flat**
  - Increase in higher margin software license sales
  - One time customer adjustment recorded in prior year
  - Offset by higher costs
- » **Operating margin +130 bps**
  - Reduced discretionary spending

## Itron Endpoints Under Management



- » **>71M connected endpoints** under management
- » **~3M distributed intelligence enabled endpoints** deployed

## Segment Strategic & Product Focus

- » Leverage networked solutions footprint
- » Invest in innovative solutions with distributed intelligence
- » Provide end-to-end managed services leveraging portfolio and partners

# WHAT IS AN OUTCOME?

Outcomes are actions based on insights from data management and analysis



## Customer “consumer” engagement

EXAMPLE: Engage consumers to reduce load by adjusting a smart thermostat



## Operations management

EXAMPLE: Analyze data to detect and locate a leak



## Information management

EXAMPLE: Organize AMI data to provide consumer billing



## Rich set of data from the network

EXAMPLE: Meter consumption data set



Capitalizing on connected endpoint data

# OUR OPEN PLATFORM IS A DIFFERENTIATOR

Over +250 Partners and counting across Energy, Water, and Smart City Infrastructure



**DISTRIBUTED ENERGY  
MANAGEMENT**



**GRID  
MANAGEMENT**



**METERING  
SOLUTIONS**



**SMART  
CITIES**



**UTILITY IOT  
SOLUTIONS**



**NETWORKING &  
COMMUNICATIONS**



**DISTRIBUTED INTELLIGENCE  
APPLICATIONS**

# Appendix

# CONSOLIDATED GAAP RESULTS: Q1'21

<i>\$ in millions (except per share amounts)</i>	Q1 2021	Q1 2020	Change
Revenue	<b>\$519.6</b>	\$598.4	-13%
<i>Change in constant currency</i>			<i>-16%</i>
Gross margin	<b>32.2%</b>	28.7%	350 bps
Operating income	<b>\$30.9</b>	\$26.4	17%
Net income attributable to Itron, Inc.	<b>\$12.6</b>	\$8.7	45%
Earnings per share - diluted	<b>\$0.30</b>	\$0.21	43%

- » Revenue down primarily due to the timing of customer projects, which continue to be impacted by COVID-19
- » Gross margin of 32.2% up 350 bps due to favorable product and solution mix and operational efficiencies
- » GAAP operating income increased due to continued discretionary spending controls
- » GAAP net income increased due to higher operating income and a lower GAAP effective tax rate

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: Q1'21

<i>\$ in millions (except per share amounts)</i>	Q1 2021	Q1 2020	Change
Non-GAAP operating income	<b>\$38.9</b>	\$38.5	1%
Non-GAAP operating margin	<b>7.5%</b>	6.4%	110 bps
Adjusted EBITDA	<b>\$49.7</b>	\$52.0	-4%
Adjusted EBITDA margin	<b>9.6%</b>	8.7%	90 bps
Non-GAAP net income attributable to Itron, Inc.	<b>\$21.9</b>	\$23.0	-4%
Non-GAAP earnings per share - diluted	<b>\$0.52</b>	\$0.57	-9%
Net cash provided by operating activities	<b>\$50.0</b>	\$18.9	164%
Free cash flow	<b>\$38.5</b>	\$6.3	513%

- » Non-GAAP op inc was essentially flat with lower revenue offset by higher gross margin and continued spending controls
- » Non-GAAP net income decreased in part due to a higher non-GAAP effective tax rate
- » The higher cash flow was due in part to lower variable compensation payments in 2021

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

# ITRON ACRONYM GLOSSARY

AMI = Advanced Metering Infrastructure  
AMM = Advanced Metering Manager, SSNI Product Name  
AMR = Automated Meter Reading  
ASP = Average Selling Price  
AP = Access Point  
BOM = Bill of Material(s)  
BYOD = Bring Your Own Device  
BYOT = Bring Your Own Thermostat  
C & I = Commercial and Industrial  
CAGR = Compounded Annual Growth Rate  
CCE = Commercial and Customer Enablement  
CDMA = Code Division Multiple Access  
CGR = Connected Grid Router  
CM = Contract Manufacturer / Manufacturing  
DA = Distribution Automation  
DEM = Distributed Energy Management  
DER = Distributed Energy Resources  
DERMs = Distributed Energy Resource Management  
DI = Distributed Intelligence  
DNO = Device Solutions, Networked Solutions, Outcomes  
EDI = Electronic Data Interchange  
ERP = Enterprise Resource Planning  
ERT = Encoder Receiver Transmitter  
FAN = Field Area Network

GENX = Generation 2, 3, 4, and 5 of the Silver Spring Networks platform  
GDPR = General Data Protection Regulation  
IaaS = Infrastructure as a Service  
IEC = International Electrotechnical Commission  
IMP = Itron Mobile Platform  
INS = Itron Networks Segment  
IOU = Investor-Owned Utility  
IoT = Internet of Things  
LoRa = “LONG RANGE” (Marketing Alliance)  
LPWAN = Low Power Wide Area Network  
LTE = Long Term Evolution  
M2C = Meter to Cash  
M2M = Machine to Machine  
MDM = Meter Data Management  
MV = Multi Vender  
NaaS = Network as a Service  
NB-IoT = Narrow Band Internet of Things  
NEMA = National Electrical Manufacturers Association  
NIC = Network Interface Card  
NMS = Network Management System  
OaaS = Outcome as a Service  
OCOGS = Operating Cost of Goods Sold  
OFDM = Orthogonal Frequency Division Multiplexing

O&M = Operation and Maintenance  
OWR = OpenWay Riva  
PaaS = Platform as a Service  
PBU = Product Business Unit  
PCBA = Printed Circuit Board Assembly  
PLC = Power Line Carrier  
RF = Radio Frequency  
RPMA = Random Phase Multiple Access  
S & OP = Sales and Operations Planning  
S & OE = Sales and Operations Execution  
SaaS = Software as a Service  
SLV = Streetlight Vision  
SS = Spread Spectrum  
TAM = Total Available Market  
TDMA = Time Division Multiple Access  
TCO = Total Cost of Ownership  
TMC = Total Manufacturing Cost  
UIQ = Utility IQ, Product Name  
Wi-Fi = Wireless Fidelity  
WW = World Wide  
VAVE = Value Analysis and Value Engineering  
VVO = Voltage Var Optimization



# 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, adjusted EBITDA margin, 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. Non-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. We strongly encourage investors and shareholders to review our financial statements and publicly-filed reports in their entirety and not to rely on any single financial measure. 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.

# GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 116,231	\$ 148,575	\$ 612,562	\$ 619,636
Amortization of intangible assets	(11,223)	(16,101)	(44,711)	(64,286)
Restructuring	4,518	1,407	(37,013)	(6,278)
Loss on sale of business	(2,522)	—	(59,817)	—
Corporate transition cost	—	(907)	33	(2,520)
Acquisition and integration related expense	(1,764)	(2,005)	(1,026)	(26,598)
Non-GAAP operating expenses	<u>\$ 105,240</u>	<u>\$ 130,969</u>	<u>\$ 470,028</u>	<u>\$ 519,954</u>
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income (loss)	\$ 32,602	\$ 28,863	\$ (10,395)	\$ 132,683
Amortization of intangible assets	11,223	16,101	44,711	64,286
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Corporate transition cost	—	907	(33)	2,520
Acquisition and integration related expense	1,764	2,005	1,026	26,598
Non-GAAP operating income	<u>\$ 43,593</u>	<u>\$ 46,469</u>	<u>\$ 132,139</u>	<u>\$ 232,365</u>

# GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2020	2019	2020	2019
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 21,520	\$ 14,620	\$ (57,955)	\$ 49,006
Amortization of intangible assets	11,223	16,101	44,711	64,286
Amortization of debt placement fees	1,056	1,900	3,954	5,455
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Corporate transition cost	—	907	(33)	2,520
Acquisition and integration related expense	1,764	2,005	1,026	26,598
Income tax effect of non-GAAP adjustments	(7,243)	(5,217)	(13,280)	(21,348)
Non-GAAP net income attributable to Itron, Inc.	\$ 26,324	\$ 28,909	\$ 75,253	\$ 132,795
Non-GAAP diluted EPS	\$ 0.65	\$ 0.72	\$ 1.85	\$ 3.32
Weighted average common shares outstanding - Diluted	40,762	40,267	40,571	39,980
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 21,520	\$ 14,620	\$ (57,955)	\$ 49,006
Interest income	(833)	(470)	(2,998)	(1,849)
Interest expense	10,230	12,554	44,001	52,453
Income tax (benefit) provision	(128)	(75)	238	20,617
Depreciation and amortization	24,984	28,709	97,290	114,400
Restructuring	(4,518)	(1,407)	37,013	6,278
Loss on sale of business	2,522	—	59,817	—
Corporate transition cost	—	907	(33)	2,520
Acquisition and integration related expense	1,764	2,005	1,026	26,598
Adjusted EBITDA	\$ 55,541	\$ 56,843	\$ 178,399	\$ 270,023
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 38,943	\$ 44,740	\$ 109,514	\$ 172,840
Acquisitions of property, plant, and equipment	(9,911)	(16,179)	(46,208)	(60,749)
Free Cash Flow	\$ 29,032	\$ 28,561	\$ 63,306	\$ 112,091

# Thank You



## INVESTOR RELATIONS CONTACTS

### **Kenneth P. Gianella**

Vice President, Investor Relations

669-770-4643

[ken.gianella@itron.com](mailto:ken.gianella@itron.com)

### **Rebecca Hussey**

Manager, Investor Relations

509-891-3574

[rebecca.hussey@itron.com](mailto:rebecca.hussey@itron.com)

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