

Investor Update

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August 2019

FORWARD LOOKING STATEMENTS

Certain matters in this presentation and 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, expectations of market growth, 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. The Company does not intend and does not assume any obligation to update or revise any forward-looking statements in this presentation after the date they are made. 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 most recently filed 10-K, 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.

In an effort to provide additional information regarding the Company's financial results as determined by generally accepted accounting principles (GAAP), this presentation contains certain non-GAAP financial measures such as constant currency, non-GAAP operating income and margin, adjusted EBITDA and margin and free cash flow. The rationale for management's use of non-GAAP information and a reconciliation of the non-GAAP measures and the most directly comparable GAAP measures are included in the Appendix of this presentation. Non-GAAP performance measures should be considered in addition to, and not as a substitute for, results prepared in accordance with GAAP.

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



>64M

ENDPOINTS UNDER
MANAGEMENT



~3M

STREETLIGHTS UNDER
MANAGEMENT



8,000

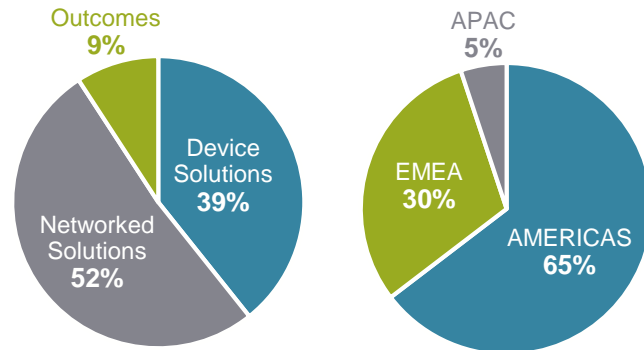
PEOPLE
ACROSS THE GLOBE



+220

PARTNERS IN A BROAD
ECOSYSTEM OF SOLUTIONS

\$2.4B 2018 REVENUE & REVENUE MIX OF:



With over:

>\$3.1B
BACKLOG

>\$1.4B
12-MONTH BACKLOG

Note: Revenue and Backlog as reported year ending December 2018 and other data points rounded or estimated based on internal Itron source material

STATE OF THE BUSINESS

Strong Q2'19 results

- » Q2'19 revenue up 8% year-over-year; growth driven by Networked Solutions and Outcomes segments
- » EBITDA of \$73M and Non-GAAP EPS of \$0.87
- » Continued strong cash flow generation from operations ~\$53M
- » Raised full year 2019 guidance for revenue and non-GAAP EPS

Customer activity very healthy

- » Extended leadership position in smart energy and smart city solutions
- » Total backlog of \$3.1 billion; 12-month backlog of \$1.4 billion

Executing on strategic milestones

- » New business segments are performing
- » Positive supply chain outlook with improving lead times and execution
- » Completed \$25M share repurchase and reduced Debt to EBITDA leverage to 3.2x

ITRON AND INDUSTRY OVERVIEW

OUR PURPOSE AND VISION

ITRON IS DEDICATED TO CREATING A MORE RESOURCEFUL WORLD

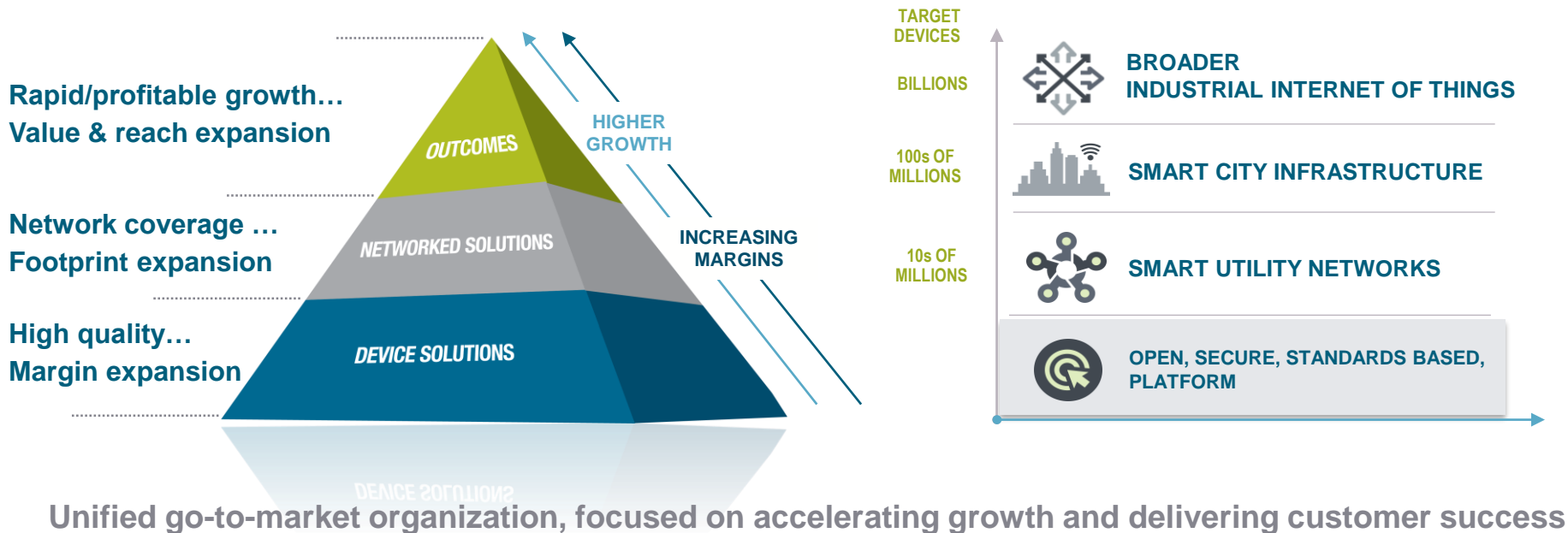
We believe that the way we manage energy and water will define this century.

By working with our customers to ensure their success, we can **improve the quality of life, ensure the safety and promote the well-being of people** around the globe.



OUR MODEL DELIVERS

Solutions via open standards-based technology that transcend multiple verticals



STRONG INDUSTRY GROWTH POTENTIAL

+\$20B Annually Growing at 6%, With >10% Growth in Outcomes

2018 Total Available Market (B\$) / CAGR (2018-2021)	World Wide		AMERICAS		EMEA		APAC	
	TAM	CAGR	TAM	CAGR	TAM	CAGR	TAM	CAGR
Outcomes	2.0	11.2%	0.7	7.6%	0.7	13.3%	0.7	12.7%
Networked Solutions	8.2	7.9%	3.5	5.4%	2.0	10.0%	2.6	9.6%
Device Solutions	10.0	2.9%	1.0	0.7%	4.5	4.6%	4.6	1.6%
Total	~20.3	5.8%	5.2	4.9%	7.2	7.0%	7.9	5.4%

Source: Management Estimates using data from Navigant, IHS, Gartner, and Cognyst (Scott Report) as of October 2018, rounding to \$US billions.

DYNAMIC FORCES IMPACTING OUR INDUSTRY

Transforming the utility and city operating models

INFRASTRUCTURE



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

ENVIRONMENTAL



- » Extreme Weather
- » Resource Sustainability
- » Safety and Prevention
- » Monitoring and Management

SOCIAL

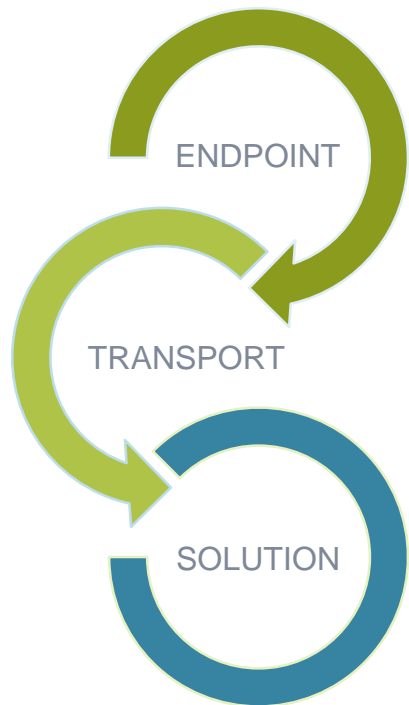


- » Enhanced Customer Experience
- » Global Urbanization
- » Internet of Things
- » Generating “Big Data”

Itron enables customers to leverage the power of a smart platform

OUR SMART PLATFORM PROPOSITION

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



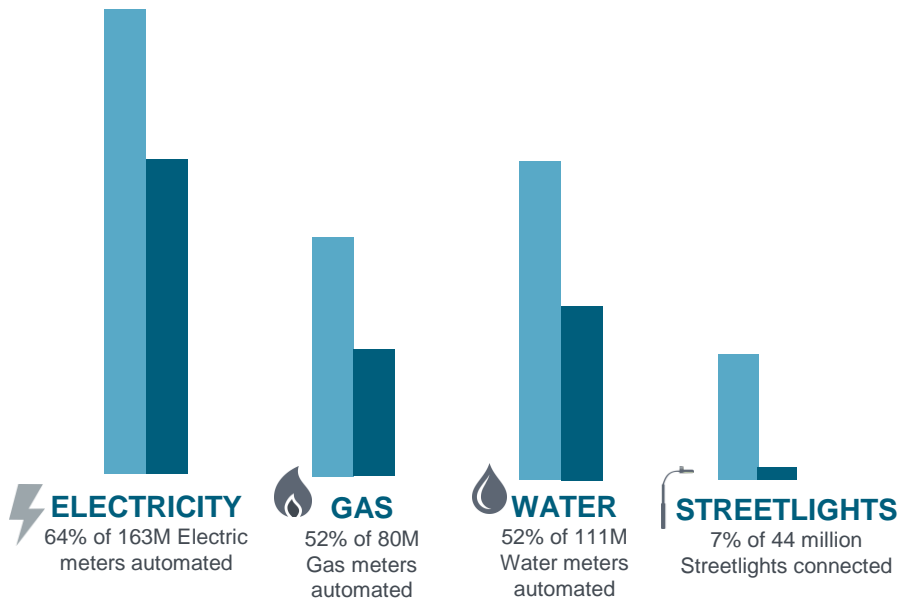
BEYOND SMART. **ACTIVE.**

- » 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 220 partners

SMART PLATFORM ADOPTION CONTINUES

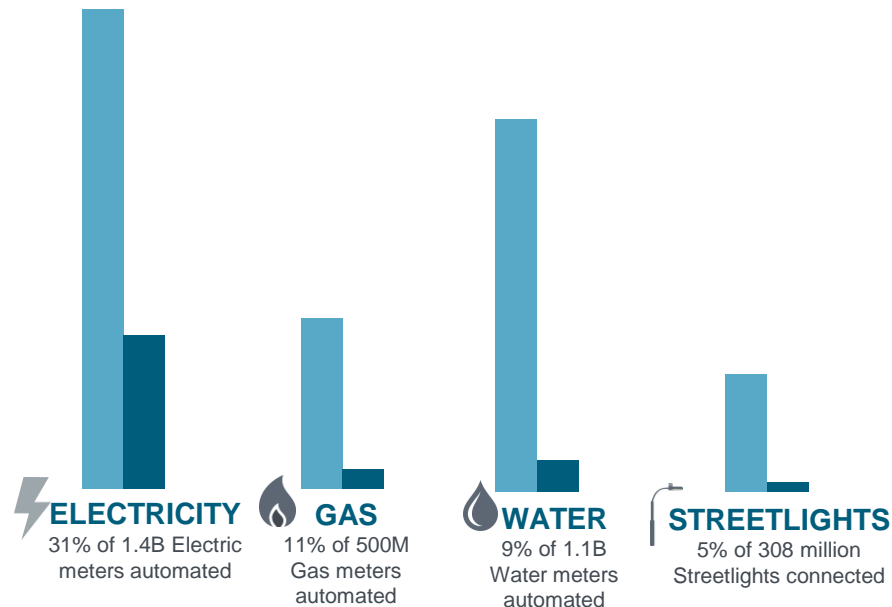
NORTH AMERICA

~ 52% of 400M endpoints smart



GLOBAL

<20% of 3.3B endpoints smart



■ Total Endpoints

■ Total Smart Endpoints

Source: IHS Research - Global Electricity, Gas and Water Metering Reports, 2017 Editions (includes China); Northeast Group Smart Streetlighting and Smart Cities Market Forecast 2019-2028

GLOBAL INNOVATION AND INVESTMENT

Solution Centric – Value driven investment

Global Design & Research Centers

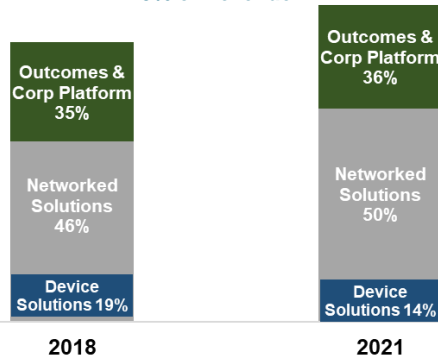


Investment Philosophy

- » Centralized R&D group insuring efficient platform development
- » Disciplined, product portfolio driven, prioritization of roadmap
- » Global Centers of Excellence
- » Global technology platforms that can be leveraged across verticals

Itron R&D Investment

~9% of Revenue



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

OVER +220 PARTNERS AND COUNTING

A key differentiator for Itron solutions



DISTRIBUTED ENERGY MANAGEMENT

Nearly
10 Partners



GRID MANAGEMENT

Over
50 Partners



METERING SOLUTIONS

Over
20 Partners



SMART CITIES

Over
30 Partners



UTILITY IOT SOLUTIONS

Over
10 Partners



NETWORKING & COMMUNICATIONS

Over 10 Partners
Including Global Carriers



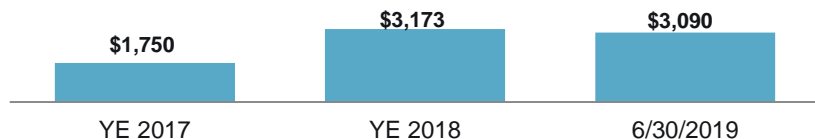
DISTRIBUTED INTELLIGENCE APPLICATIONS

More coming soon!

FINANCIAL PERSEPECTIVES

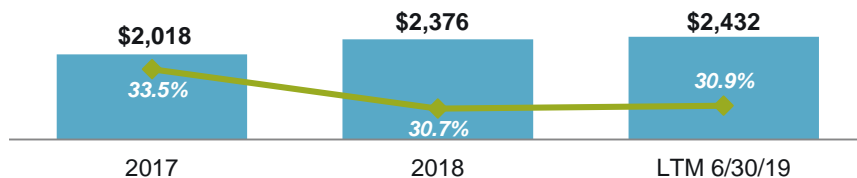
TRENDED FINANCIAL METRICS

Backlog (\$M)



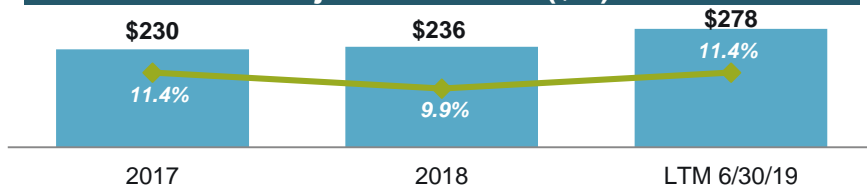
» Robust backlog of multi-year projects

Revenues (\$M) & Gross Margin



» Early stages in rotation to higher growth smart solutions; working to improve gross margin performance; benefits from restructurings and operational initiatives beginning to show in 2019

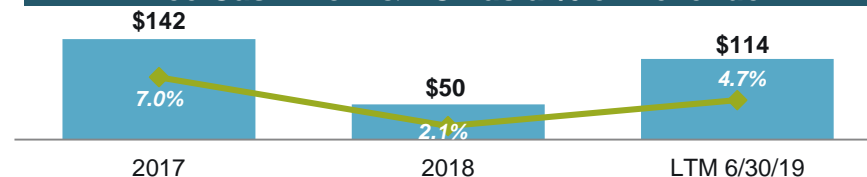
Adjusted EBITDA (\$M)



» Temporal margin impacts from elevated costs due to supply chain and factory transitions in 2018 and early 2019

» Operational leverage and restructuring improving free cash flow

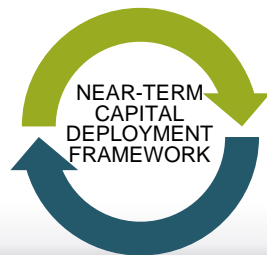
Free Cash Flow & FCF as a % of Revenue



» Strong cash flow and balance sheet enabling ability to de-lever

CAPITAL ALLOCATION STRATEGY

Focus on de-leveraging



DE-LEVER

- ✓ Anticipate sufficient cash flow for de-levering
- ✓ Path to achieve net leverage of <2.0x by YE 2021

ORGANIC INVESTMENT

- ✓ Continuing shift to capital-light business model
- ✓ R&D fully expensed and reflected in existing margin profile

CAPITAL ALLOCATION

- ✓ No change in our capital allocation strategy anticipated in current estimates
- ✓ Authorized \$50M share repurchase program over 12-months; completed \$25M planned for 2019
- ✓ Potential small, opportunistic bolt-on M&A possible though nothing currently planned

2021 ESTIMATES INCREASING VALUE

Driving profitability and growth

OPERATIONAL LEVERAGE



IMPROVING

- » Revenue 2018-2021 CAGR 3 to 5%
- » Gross Profit 2018-2021 CAGR 6 to 10%
- » EBITDA Margin Mid-Teens

FREE CASH FLOW



INCREASING

- » Free Cash Flow ~\$200M
- » De-lever to <2x Adj EBITDA
- » Enabling future stock repurchase & M&A

TECHNOLOGY



LEADERSHIP

Leading the evolution of smart utilities,
smart cities and industrial IoT

FINANCIAL OPERATING PERSPECTIVE BEYOND 2021

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

Opportunity Beyond 2021



ITRON INVESTMENT THESIS



EXPANDING OUR FOOTPRINT, VALUE PROPOSITION AND MARKET REACH

Only U.S.-based industrial IoT
“pureplay” leading the evolution
of smart utilities, smart cities



IMPROVING OPERATING LEVERAGE AND EARNINGS POWER

Multiple levers driving
long-term benefits



INCREASING FREE CASH FLOW

Operational improvement
and lower restructuring driving
improved cash flow



STRENGTHENING BALANCE SHEET

Focus on
de-levering to <2.0x
by year-end 2021

APPENDIX

CONSOLIDATED GAAP RESULTS – Q2'19

<i>\$ in millions (except per share amounts)</i>	Q2 2019	Q2 2018	Change
Revenue	\$635.0	\$585.9	+8%
<i>Change in constant currency</i>			+11%
Gross margin	30.1%	30.1%	Flat
Operating income	\$43.6	\$20.6	+112%
Net income attributable to Itron	\$19.4	\$2.7	+632%
Earnings per share - diluted	\$0.49	\$0.07	+\$0.42

- » Revenue growth of 8% YOY driven by strength in North America Networked Solutions and Outcomes
- » Gross margin of 30.1% was flat as improved product mix was offset by higher supply chain costs and other one-time charges
- » GAAP operating income increased due to higher gross profit and lower operating expenses
- » GAAP net income increased driven by higher operating income and a lower effective tax rate

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

CONSOLIDATED NON-GAAP & CASH RESULTS – Q2'19

<i>\$ in millions (except per share amounts)</i>	Q2 2019	Q2 2018	Change
Non-GAAP operating income	\$63.2	\$44.1	+43%
Non-GAAP operating margin	9.9%	7.5%	+240 bps
Non-GAAP net income attributable to Itron	\$34.6	\$20.5	+69%
Adjusted EBITDA	\$73.0	\$56.9	+28%
Adjusted EBITDA margin	11.5%	9.7%	+180 bps
Non-GAAP earnings per share - diluted	\$0.87	\$0.51	+71%
Cash provided by operating activities	\$53.1	\$41.3	+29%
Free cash flow	\$38.0	\$29.5	+29%

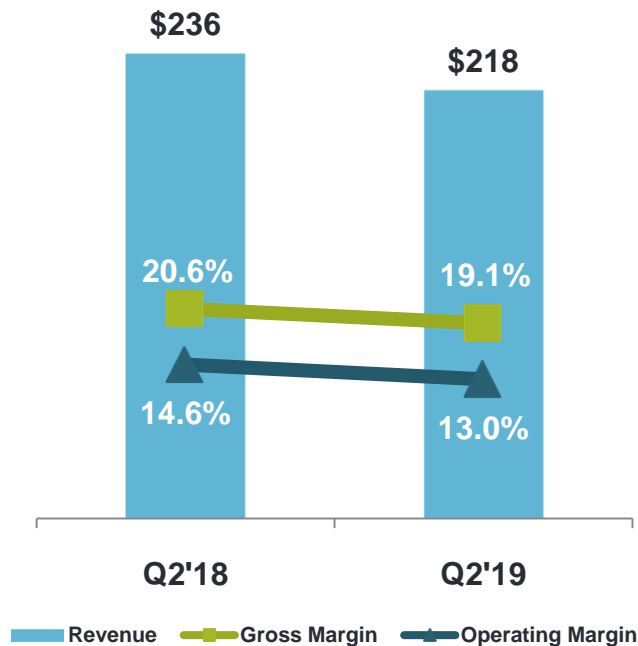
- » Non-GAAP operating income and adjusted EBITDA increase driven by higher gross profit and lower opex
- » Higher Non-GAAP net income driven by higher operating income and a lower effective tax rate
- » Increased cash flow primarily driven by improved profitability

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

DEVICE SOLUTIONS SEGMENT – Q2'19

REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in millions, actual currency

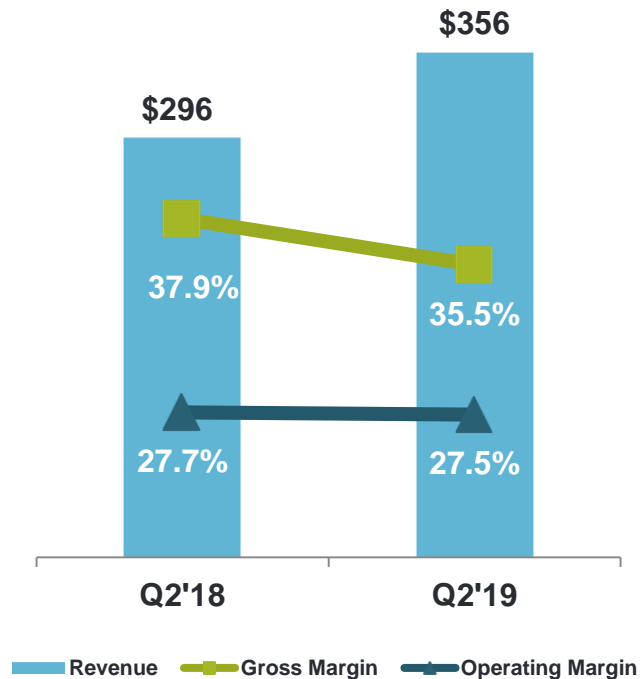


- » **Revenue down 8% and 3% in constant currency**
 - Lower smart spec volumes in EMEA, as expected
- » **Gross margin down 150 bps**
 - Higher supply chain costs compared with prior year
 - Operating environment continues to improve sequentially
- » **Operating margin down 160 bps**
 - Fall through of gross margin

NETWORKED SOLUTIONS SEGMENT – Q2'19

REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in millions, actual currency



» Revenue +20% and +21% in constant currency

- Stronger than anticipated customer demand in Q2'19
- Ramping new and ongoing customer deployments ahead of schedule

» Gross margin down 240 bps

- Product and customer mix
- Higher one-time costs

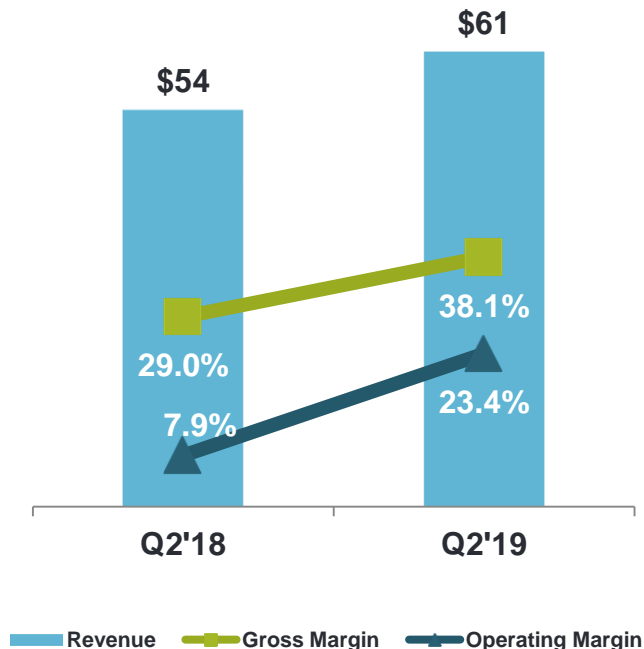
» Operating margin down 20 bps

- OpEx includes underspend on the timing of R&D projects

OUTCOMES SEGMENT – Q2'19

REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in millions, actual currency



» Revenue +15% and +16% in constant currency

- Continued strength in North America deployments
- One-time software licenses accepted in Q2 vs anticipated Q4

» Gross margin +9.1 pts

- Favorable mix of higher-margin software
- Scale benefits realized driven by integration of acquisitions

» Operating margin +15.5 pts

- OpEx includes underspend on the timing of R&D projects

Q2'19 CASH, DEBT, AND LIQUIDITY

Free Cash Flow, Cash and equivalents

- » Free cash flow was \$38 million up 29% year over year
- » FCF as a percent of revenue was 6%; FCF as a percent of adjusted EBITDA 52%
- » Cash and equivalents was \$136 million

Debt

- » Total debt \$1.02 billion; Net leverage 3.2x at end of Q2'19
- » Blended interest rate stable at 4.5%, reflective of ~70% hedged portfolio

Share repurchase

- » Board authorized \$50 million share repurchase program over 12-months in March 2019
- » Repurchased \$17 million in common stock during Q2'19
- » Completed total \$25M planned for 2019

Liquidity

- » Further liquidity is provided by a \$500M revolving credit facility

FINANCIAL GUIDANCE UPDATE

	Original Guidance on Feb. 27, 2019	Revised Guidance on Aug. 5, 2019
Revenue	\$2.35 - \$2.45B	\$2.45 - \$2.50B
Non-GAAP EPS	\$2.35 - \$2.75	\$2.80 - \$3.00

The revised guidance assumes a euro to US dollar foreign exchange rate of 1.12 on average in the second half of 2019, average fully diluted shares outstanding of approximately 40.2 million for the full year, a non-GAAP effective tax rate for the full year of approximately 31% and interest expense of approximately \$50 million for the full year.

A reconciliation of forward-looking non-GAAP diluted EPS to the GAAP diluted EPS has not been provided because we are unable to predict with reasonable certainty the potential amount or timing of restructuring and acquisition-related expenses and their related tax effects without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP results for the guidance period.

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. 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. 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 June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
NON-GAAP NET INCOME & DILUTED EPS				
GAAP income (loss) attributable to Itron, Inc.	\$ 19,446	\$ 2,657	\$ 17,539	\$ (143,009)
Amortization of intangible assets	16,117	17,999	32,090	35,739
Amortization of debt placement fees	1,159	1,172	2,315	4,515
Restructuring	(6,169)	(5,623)	1,093	82,242
Corporate transition cost	473	—	1,556	—
Acquisition and integration related expense	9,194	11,148	20,759	73,795
Income tax effect of non-GAAP adjustments (1)	(5,620)	(6,897)	(12,862)	(27,732)
Non-GAAP net income attributable to Itron, Inc. (1)	<u>\$ 34,600</u>	<u>\$ 20,456</u>	<u>\$ 62,490</u>	<u>\$ 25,550</u>
Non-GAAP diluted EPS (1)	<u>\$ 0.87</u>	<u>\$ 0.51</u>	<u>\$ 1.57</u>	<u>\$ 0.64</u>
Weighted average common shares outstanding - Diluted	<u>39,686</u>	<u>39,789</u>	<u>39,875</u>	<u>39,782</u>
ADJUSTED EBITDA				
GAAP income (loss) attributable to Itron, Inc.	\$ 19,446	\$ 2,657	\$ 17,539	\$ (143,009)
Interest income	(534)	(633)	(862)	(1,294)
Interest expense	13,496	14,645	27,031	30,149
Income tax provision (benefit)	8,419	3,781	14,540	(7,407)
Depreciation and amortization of intangible assets	28,641	30,907	57,068	61,979
Restructuring	(6,169)	(5,623)	1,093	82,242
Corporate transition cost	473	—	1,556	—
Acquisition and integration related expense	9,194	11,148	20,759	73,795
Adjusted EBITDA	<u>\$ 72,966</u>	<u>\$ 56,882</u>	<u>\$ 138,724</u>	<u>\$ 96,455</u>

(1) The income tax effect of non-GAAP adjustments is calculated using the statutory tax rates for the relevant jurisdictions, provided no valuation allowance exists. If a valuation allowance exists, there is no tax impact to the non-GAAP adjustment. Effective for the first quarter of 2019, we use the budgeted annual effective tax rate (AETR) for interim periods, with adjustments for discrete items, as defined in ASC 740 - Income Taxes. This method impacts interim periods only and does not impact full year tax results, as any difference between the budgeted or revised AETR and the actual AETR for non-GAAP adjustments would be recognized in the fourth quarter of the year. If the revised methodology had been applied in the second quarter of 2018, non-GAAP net income would have increased by \$1.7 million to \$22.2 million, and diluted non-GAAP EPS would have increased by \$0.05 to \$0.56. If the methodology had been applied in the six months ended of 2018, non-GAAP net income would have increased by \$5.8 million to \$31.3 million, and diluted non-GAAP EPS would have increased by \$0.15 to \$0.79.

GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

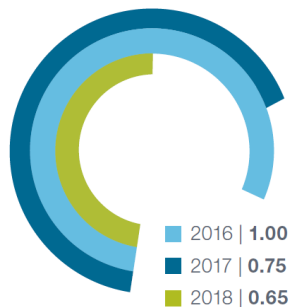
TOTAL COMPANY RECONCILIATIONS	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
FREE CASH FLOW				
Net cash provided by operating activities	\$ 53,139	\$ 41,327	\$ 78,063	\$ 16,879
Acquisitions of property, plant, and equipment	(15,096)	(11,876)	(26,511)	(29,309)
Free Cash Flow	<u>\$ 38,043</u>	<u>\$ 29,451</u>	<u>\$ 51,552</u>	<u>\$ (12,430)</u>
NON-GAAP OPERATING INCOME				
GAAP operating income (loss)	\$ 43,558	\$ 20,563	\$ 64,381	\$ (119,885)
Amortization of intangible assets	16,117	17,999	32,090	35,739
Restructuring	(6,169)	(5,623)	1,093	82,242
Corporate transition cost	473	—	1,556	—
Acquisition and integration related expense	9,194	11,148	20,759	73,795
Non-GAAP operating income	<u>\$ 63,173</u>	<u>\$ 44,087</u>	<u>\$ 119,879</u>	<u>\$ 71,891</u>
NON-GAAP OPERATING EXPENSES				
GAAP operating expenses	\$ 147,656	\$ 156,014	\$ 314,096	\$ 476,317
Amortization of intangible assets	(16,117)	(17,999)	(32,090)	(35,739)
Restructuring	6,169	5,623	(1,093)	(82,242)
Corporate transition cost	(473)	—	(1,556)	—
Acquisition and integration related expense	(9,194)	(11,148)	(20,759)	(73,795)
Non-GAAP operating expenses	<u>\$ 128,041</u>	<u>\$ 132,490</u>	<u>\$ 258,598</u>	<u>\$ 284,541</u>

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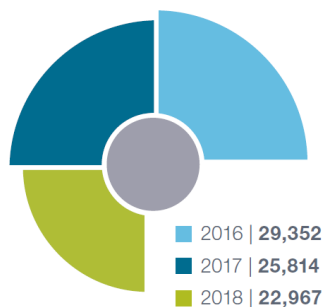
CORPORATE SUSTAINABILITY REPORT HIGHLIGHTS

2018 had Year-over-year reductions in resources used/emitted to manufacture products

 **WATER USED**
gallons per meter/module



 **GREENHOUSE GAS EMISSIONS**
total metric tons produced



 **GREENHOUSE GAS EMISSIONS**
total carbon equivalent



 **ELECTRICITY USED**
per meter/module



For more please visit us at:

www.itron.com/CSR

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



THANK YOU

INVESTOR RELATIONS CONTACTS

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