



Philip Mezey

President and Chief Executive Officer

Steve Helmbrecht

Executive Vice President and Chief Financial Officer

John Holleran

Executive Vice President and Chief Operating Officer

Barbara Doyle

Vice President, Investor Relations

A wide-angle, nighttime photograph of a city skyline, likely Los Angeles, viewed from a high vantage point. The city lights are visible against a dark sky, with the downtown area being particularly bright.

Fourth Quarter 2013 Earnings Conference Call

February 12, 2014

CONFERENCE CALL AGENDA

- **CEO – Overview of Results & Segment Performance**
- **CFO – Q4 2013 Financial Results & 2014 Financial Guidance**
- **Q&A – CEO, CFO and COO**

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 as the independent sources listed above. We believe that these sources are reliable.

Q4 2013 REVENUE BRIDGE

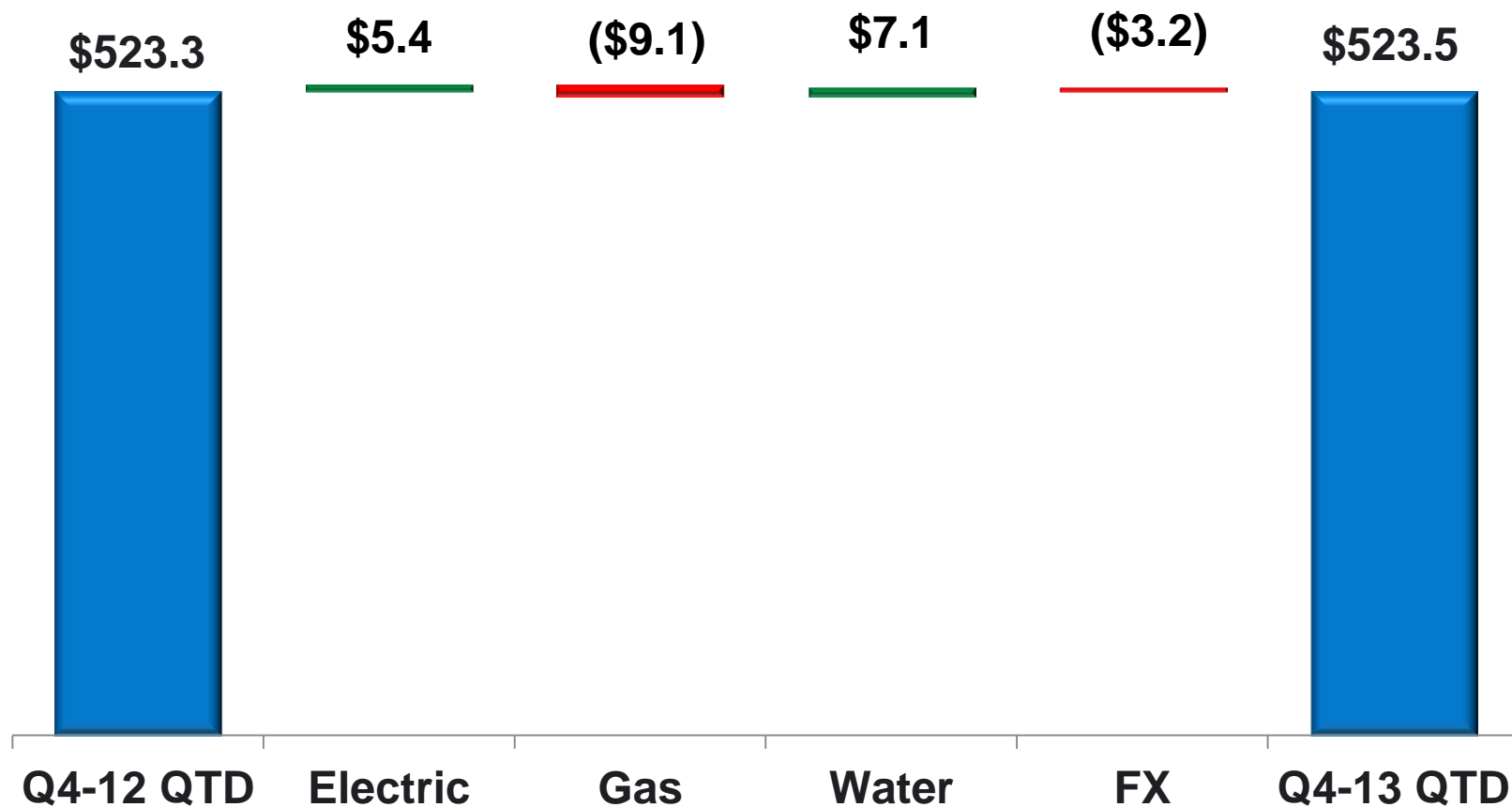
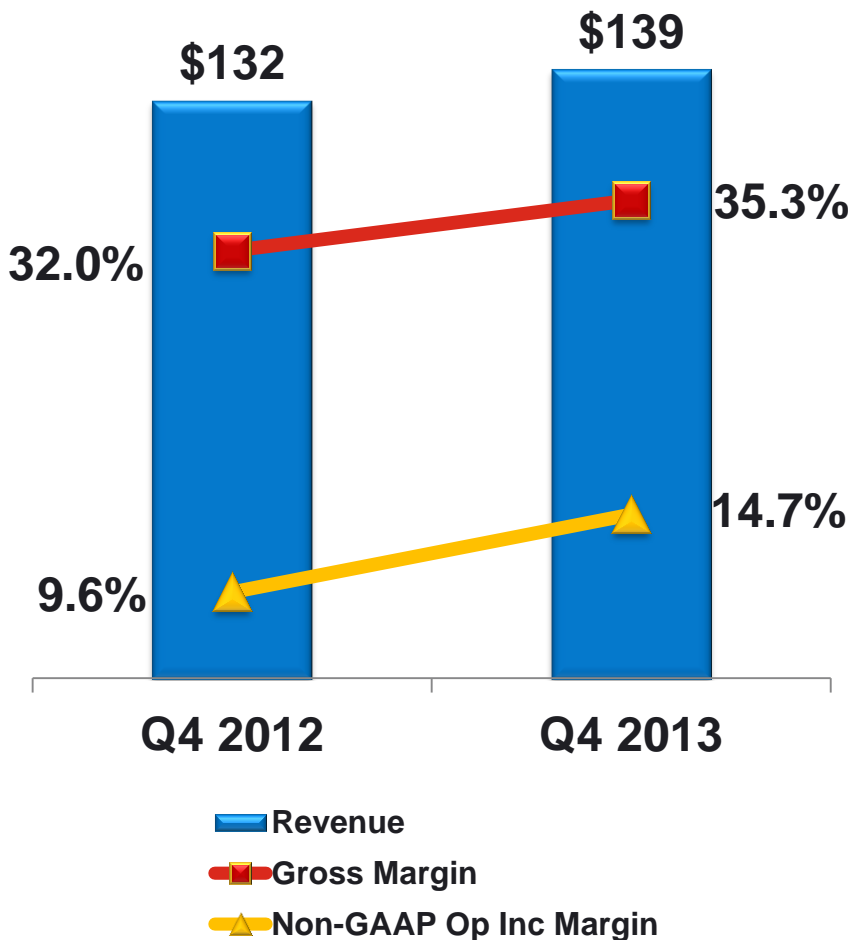


Chart in Millions

WATER SEGMENT

REVENUE AND NON-GAAP MARGINS



» Revenue increased 5.5% year-over year

- Driven by increased meter and heat cost allocator sales in Europe and Asia Pacific combined with higher service revenues in North America

» Gross margin up 330 basis points

- Benefits from increased meter volumes, product mix and improved service margins

» Non-GAAP operating margin up 510 basis points

- Increased gross profit combined with decreased sales and marketing expenses

» Bookings

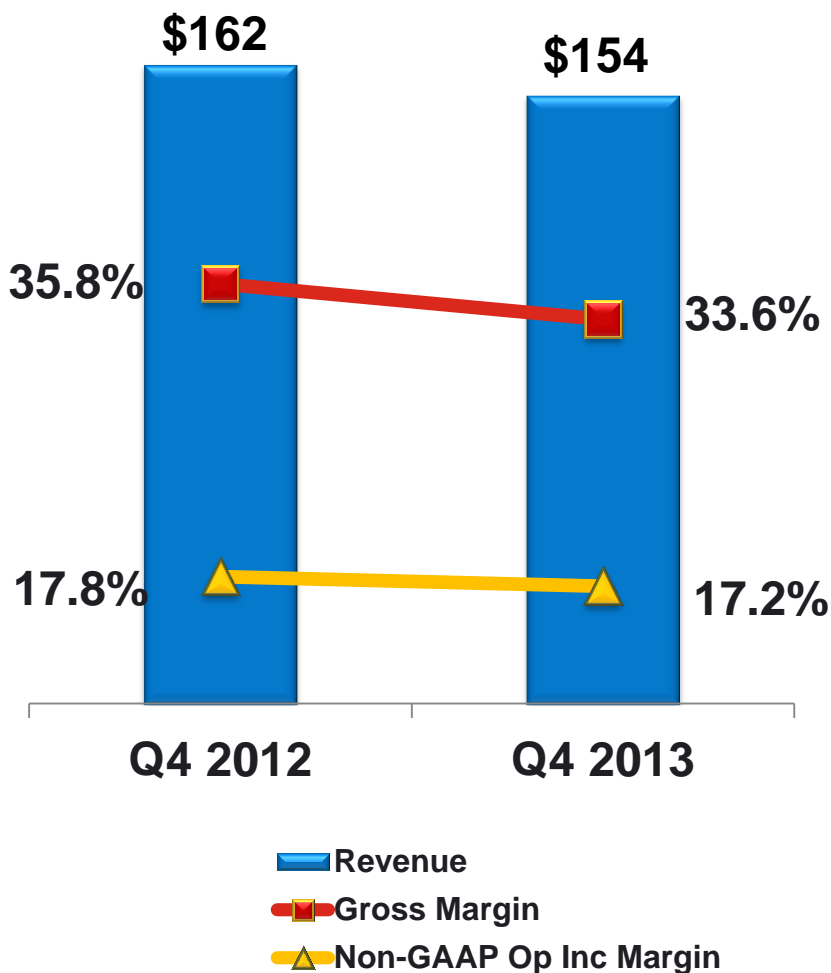
- Bookings of \$192 million in Q4 2013
- \$67m booking for City of Baltimore

Chart in Millions, actual currency rates

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

GAS SEGMENT

REVENUE AND NON-GAAP MARGINS



» Revenues declined 4.8% year-over-year

- Primarily due to step down in smart prepayment meter project in Azerbaijan and decreased service revenues related to project timing, partially offset by increased module shipments in North America

» Gross margin down 220 bps

- Negatively impacted by product mix, overhead absorption at European factory and slight increase in warranty expense

» Non-GAAP operating margin down 60 bps

- Lower gross profit partially offset by decreased sales and marketing and G&A expenses

» Bookings

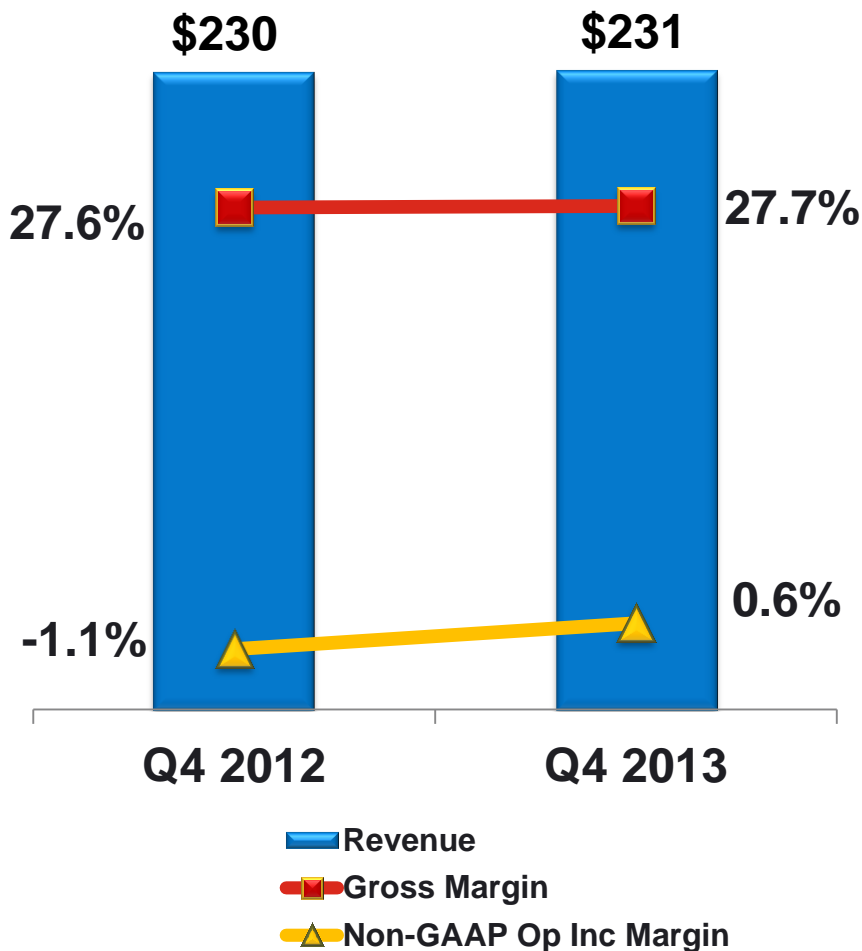
- Bookings of \$142 million in Q4 2013

Chart in Millions, actual currency rates

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

ELECTRICITY SEGMENT

REVENUE AND NON-GAAP MARGINS



» **Revenues flat year-over-year, up 2.4% in constant currency**

- Increased smart metering product and service revenues in North America offset by decreased volumes in Asia Pacific

» **Gross margin up 10 bps**

- Benefits from higher mix of smart product offset by impact of lower volumes and higher mix of lower margin services

» **Non-GAAP operating margin up 170 bps**

- Decreased sales and marketing expense

» **Bookings**

- Bookings of \$192 million in Q4 2013

Chart in Millions, actual currency rates

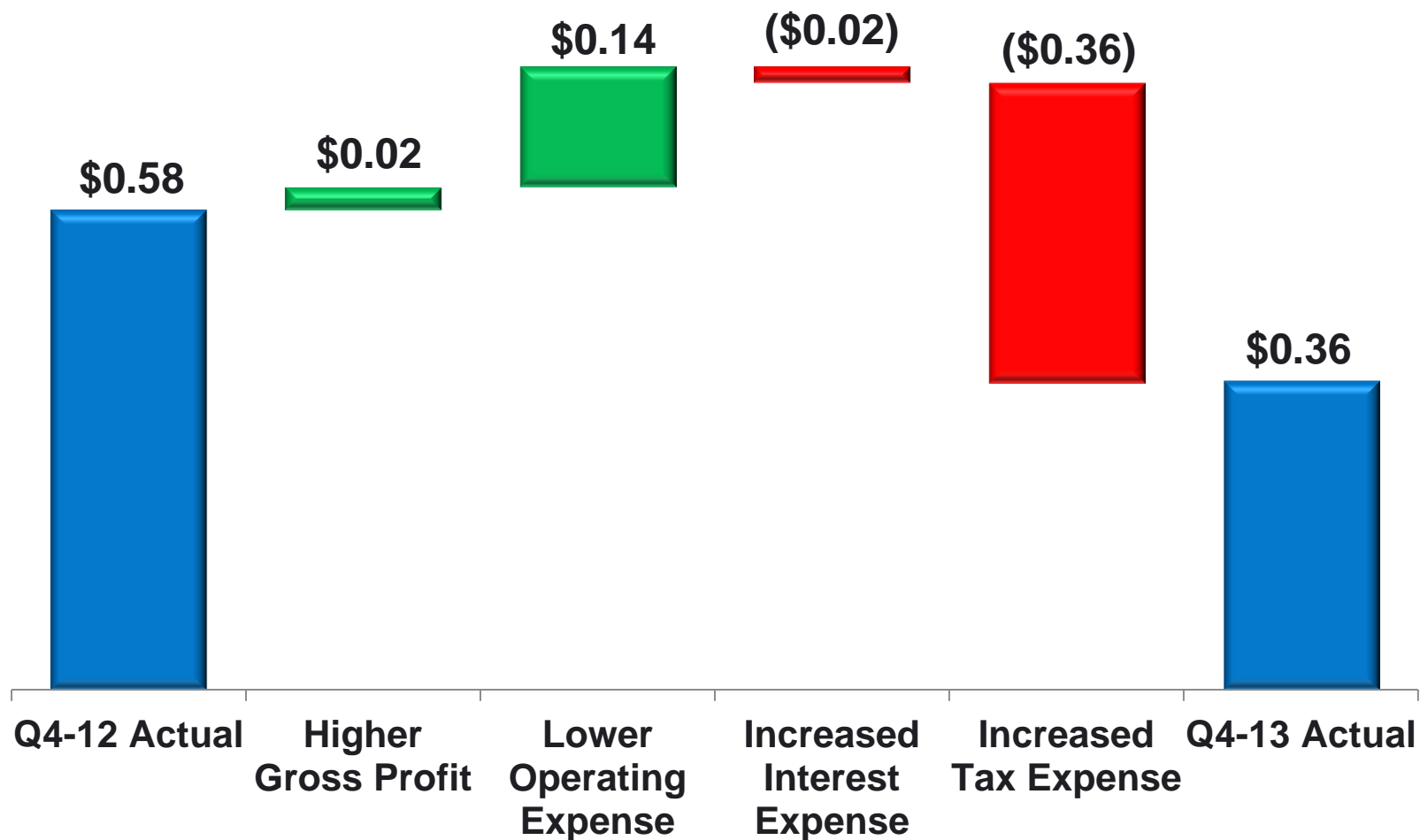
Reconciliation of GAAP to Non-GAAP results available on our website

YEAR-OVER-YEAR SUMMARY– Q4 2013

	Q4 2013	Q4 2012	Change
Revenue (in millions)	\$523.5	\$523.3	~flat
Gross margin	31.5%	31.2%	+30 bps
Non-GAAP operating margin	7.3%	5.8%	+150 bps
Adjusted EBITDA margin	9.6%	8.4%	+120 bps
GAAP diluted EPS * <i>Goodwill impairment = - \$4.12 impact</i>	-\$3.93*	\$0.40	-\$4.33
Non-GAAP diluted EPS	\$0.36	\$0.58	-\$0.22
** <i>Non-GAAP EPS excluding \$14m discrete tax charge</i>	\$0.72		
Bookings (in millions)	\$527	\$467	+13%

Reconciliation of GAAP to Non-GAAP results available on our website and our press release dated Feb 12, 2014

Q4 2013 NON-GAAP EPS BRIDGE



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

TRENDED TWELVE MONTH & TOTAL BACKLOG

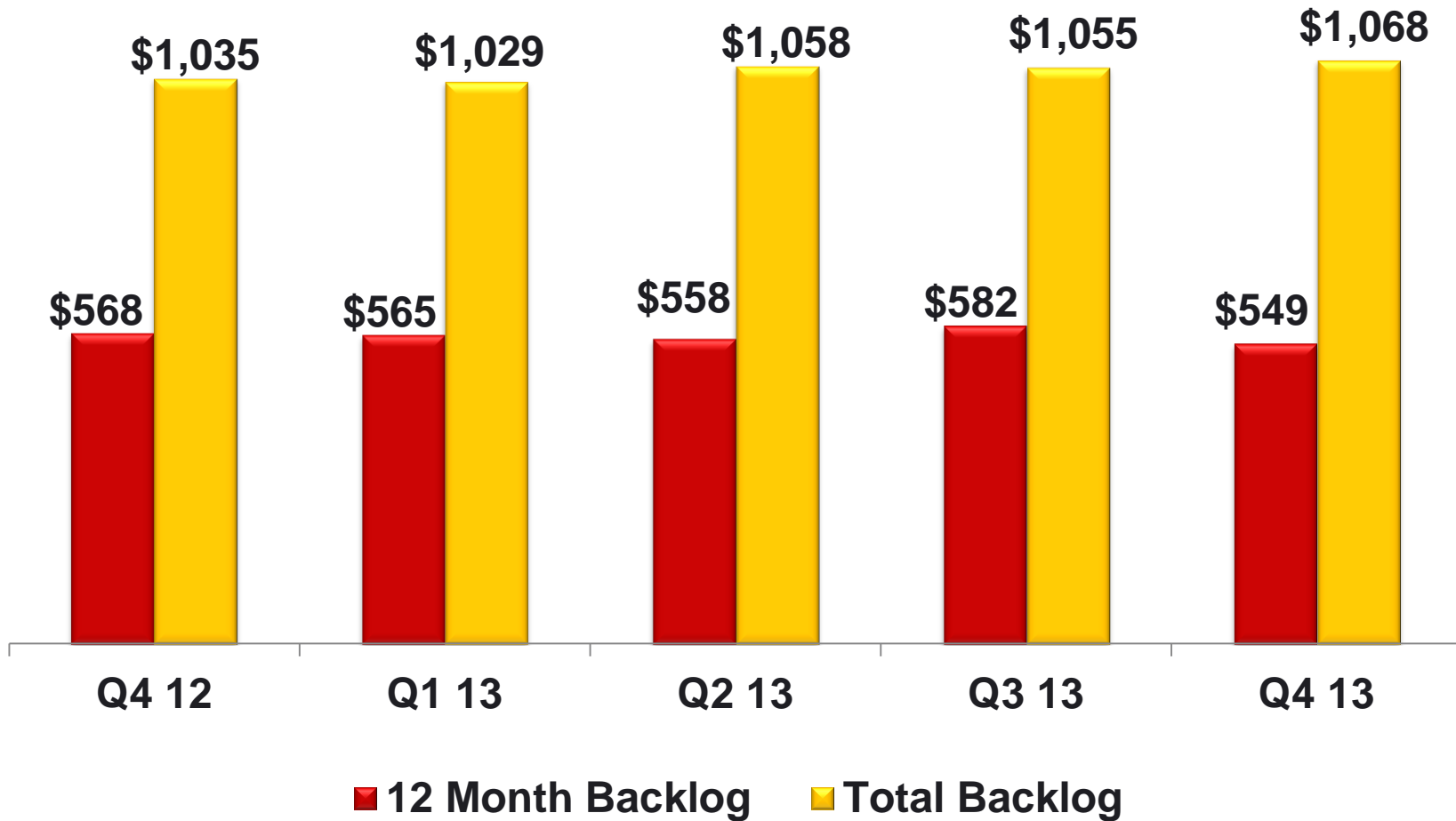
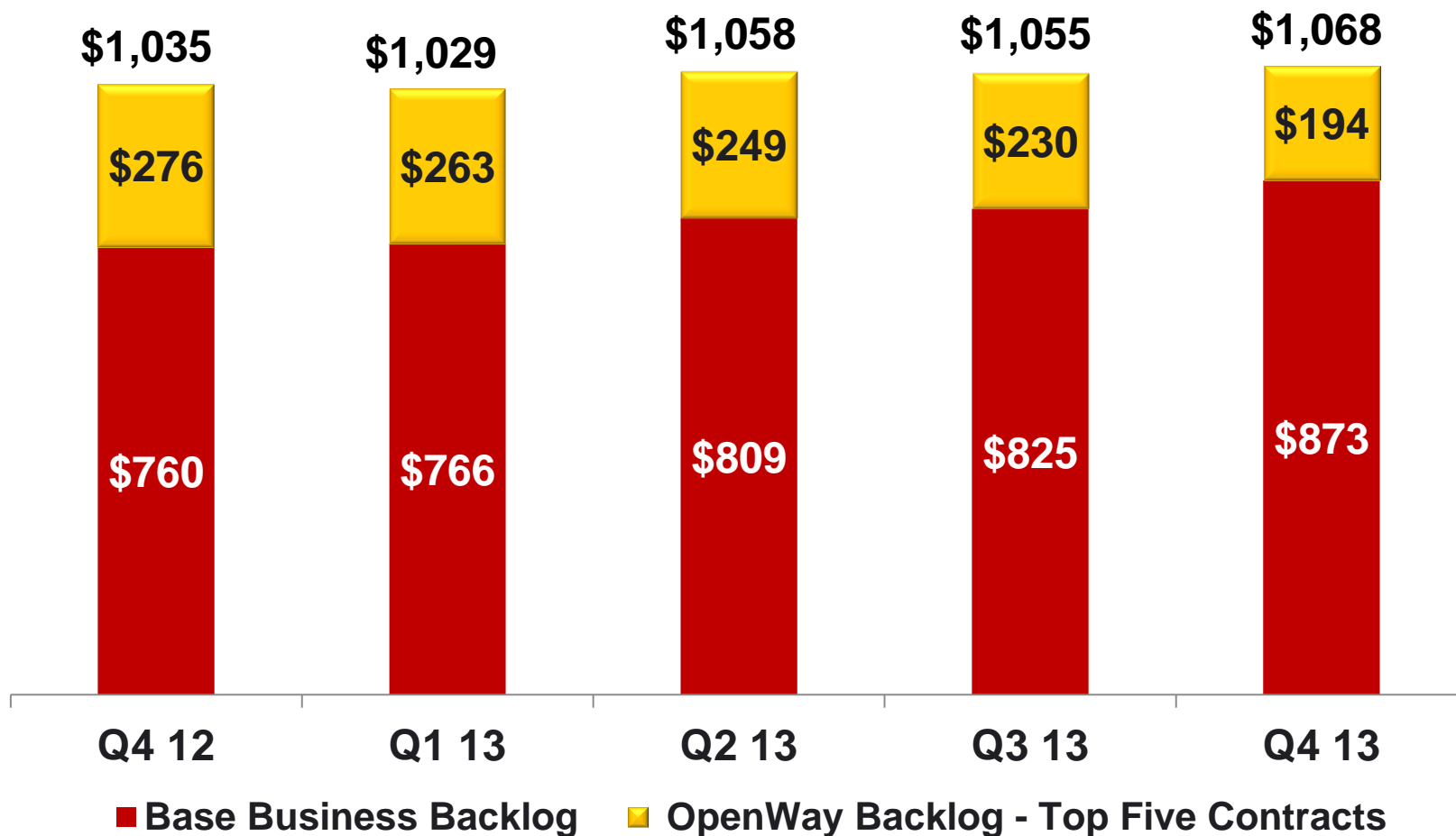


Chart in Millions, actual currency rates

TRENDED BACKLOG – BASE BUSINESS & TOP FIVE OPENWAY CONTRACTS



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

Chart in Millions, actual currency rates

FY 2014 FINANCIAL GUIDANCE

- Revenue between \$1.825 and \$1.925 billion
- Non-GAAP diluted EPS between \$1.30 and \$1.80

ASSUMPTIONS:

- » Gross margin between 31 and 32 percent
- » Non-GAAP effective tax rate between 30 and 32 percent
- » Euro to U.S. dollar exchange rate of \$1.33
- » Average shares outstanding of ~39.8 million

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THANK YOU



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SUPPLEMENTAL SLIDES

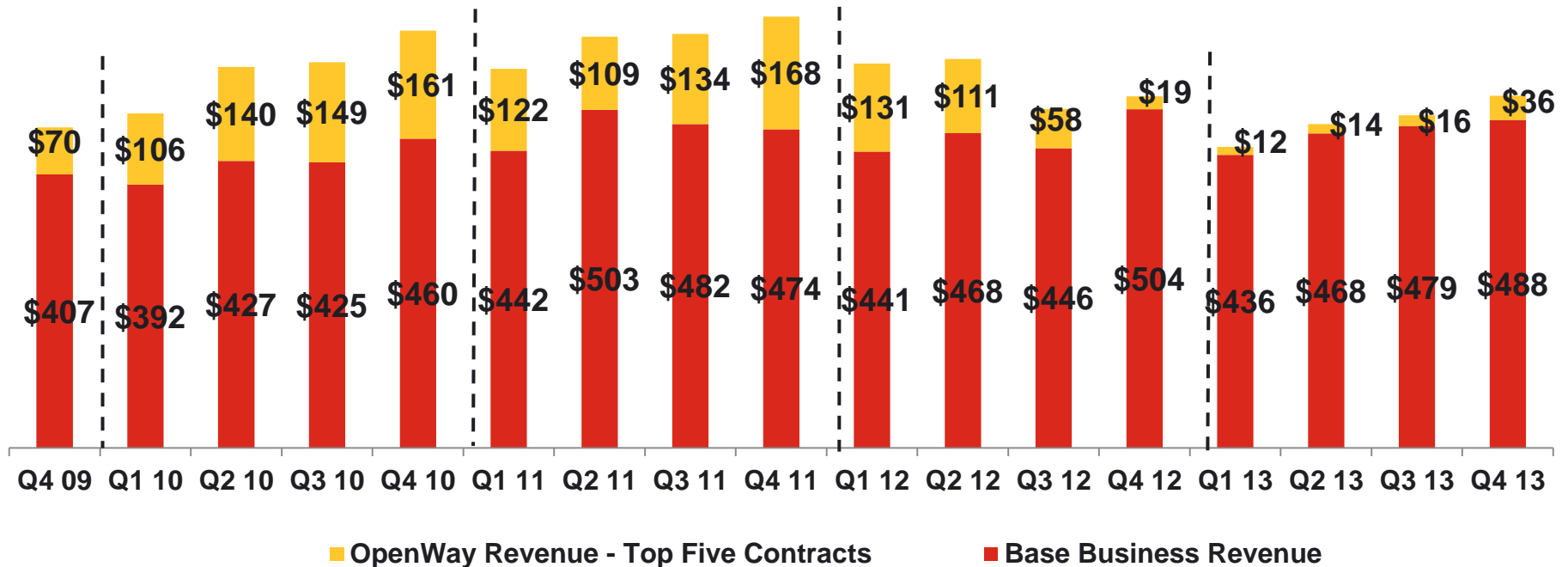
– TRENDED REVENUE

- OpenWay Update
- Historical Revenue Trend

– FY 2013 RESULTS

- Summary
- YoY Revenue Bridge
- YoY Non-GAAP EPS Bridge
- Water Segment
- Gas Segment
- Electricity Segment

OPENWAY – TOP FIVE CONTRACTS STATUS

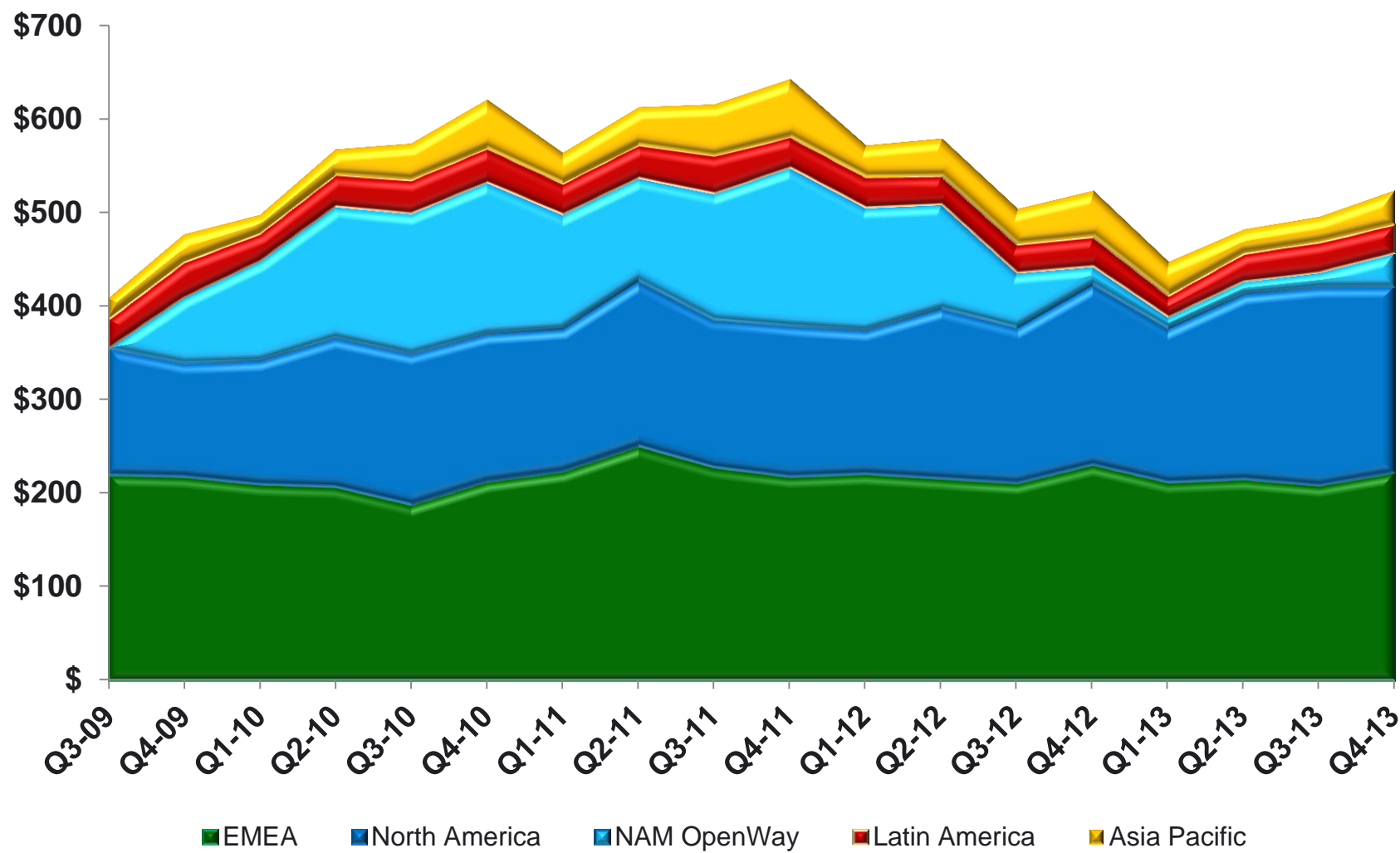


- 12+ million units deployed and over \$1.5 billion in revenue since Q4 2009
- Strong customer references
- SDG&E, SCE, CNP and BCH substantially complete in Q3 2012

- 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

HISTORICAL REVENUE BY REGION



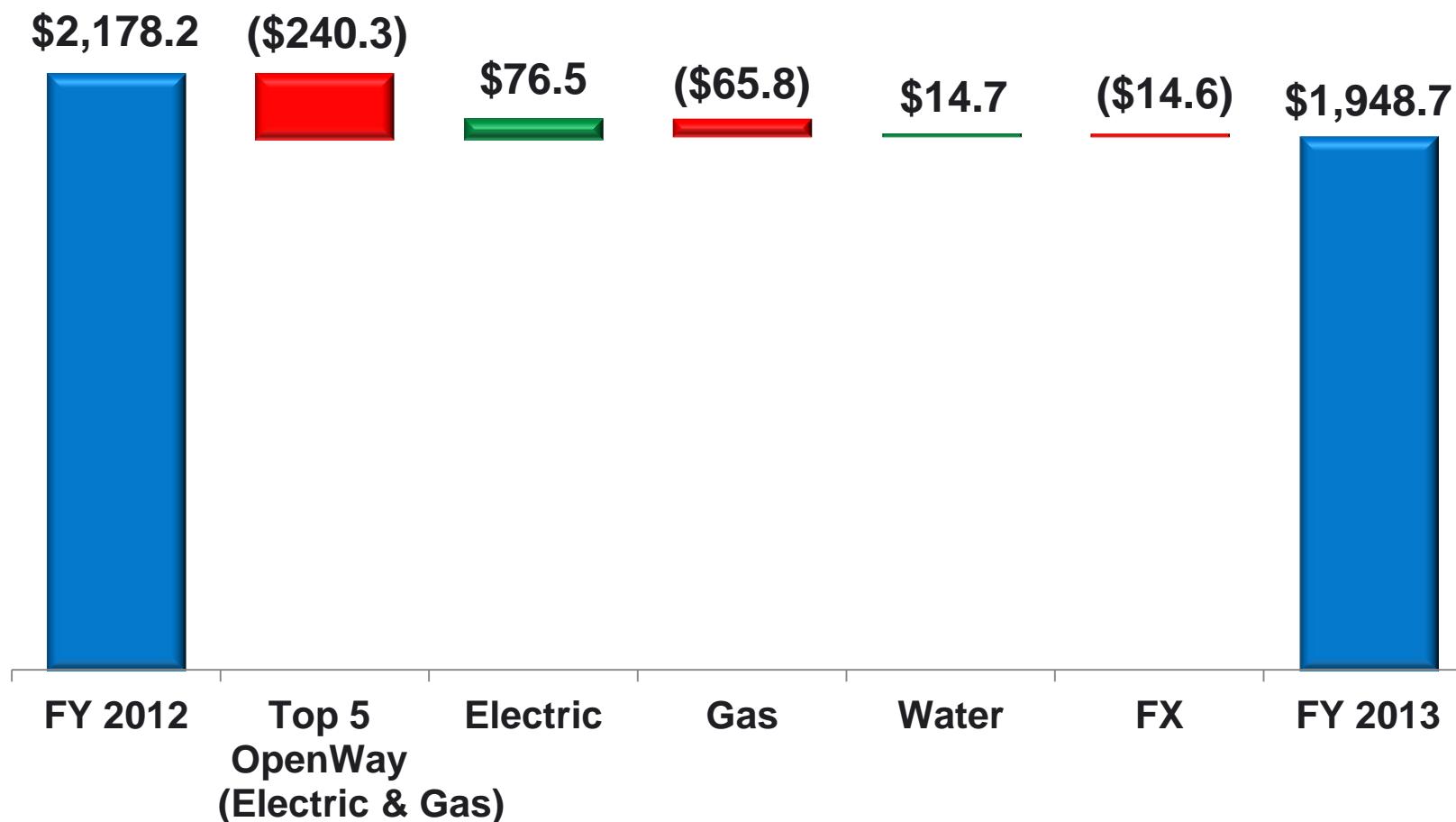
\$ In Millions

FY 2013 SUMMARY RESULTS

	FY 2013	FY 2012	Change
Revenue (in millions)	\$1,948.7	\$2,178.2	-10.5%
Gross margin	31.5%	32.8%	-130 bps
Non-GAAP operating margin	6.0%	9.5%	-350 bps
Adjusted EBITDA margin	8.6%	11.9%	-330 bps
GAAP diluted EPS			
* <i>Goodwill impairment = - \$4.11 impact</i>	-\$3.74*	\$2.71	-\$6.45
Non-GAAP diluted EPS	\$1.90	\$3.62	-\$1.72
** <i>Non-GAAP EPS excluding Q4 discrete tax charge of \$14M</i>	\$2.25		
Free cash flow (in millions)	\$45	\$155	-71%
Bookings (in millions)	\$1,946	\$1,861	+ 4.6%

Reconciliation of GAAP to Non-GAAP results available on our website and our press release dated Feb 12, 2014

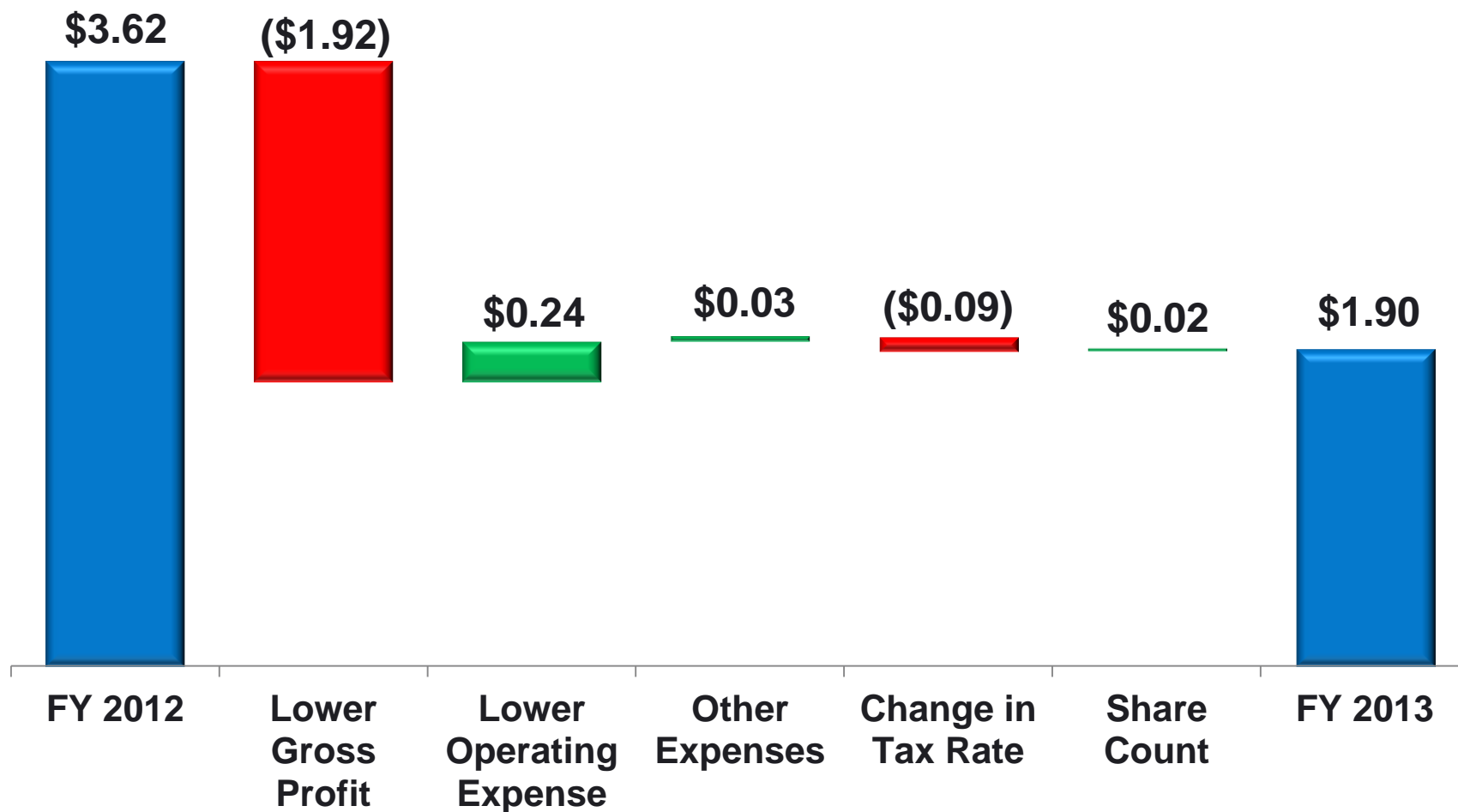
FY 2013 REVENUE BRIDGE



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

Chart in Millions

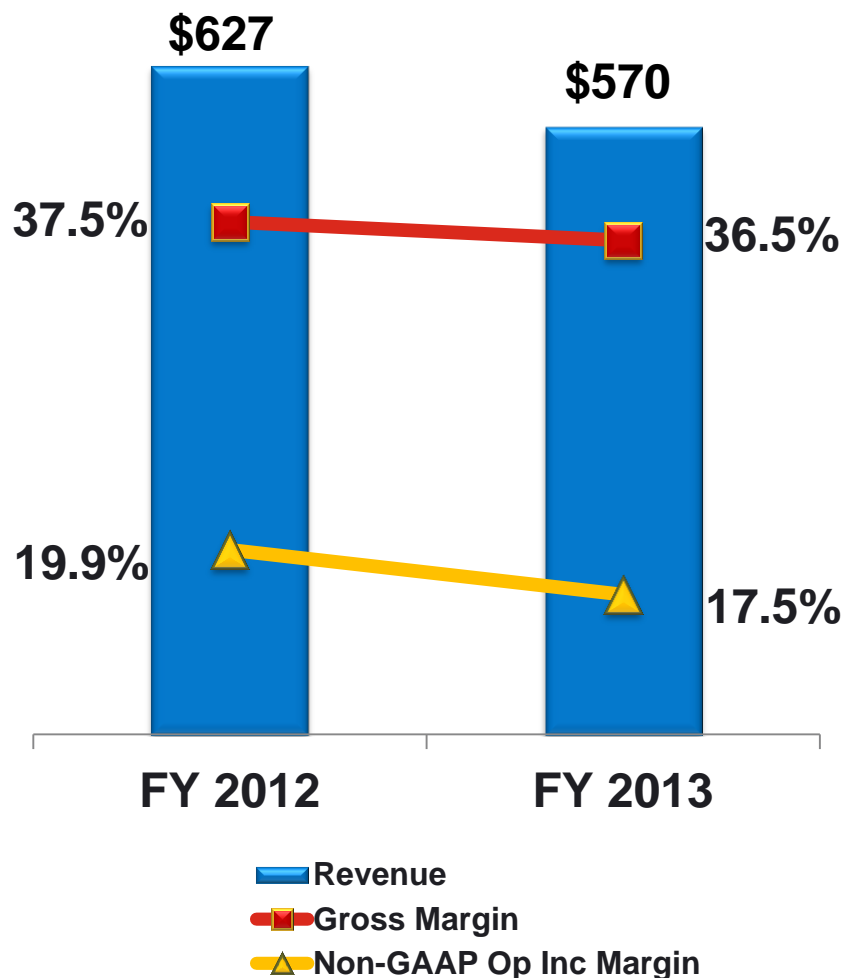
FY 2013 NON-GAAP EPS BRIDGE



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

GAS SEGMENT – FY 2013

REVENUE AND NON-GAAP MARGINS



» Revenues down 9.1% year-over-year

- Driven by lower volumes and activity in EMEA, including a \$21m decrease related to the step down in smart prepayment meter project in Azerbaijan, and lower service revenues

» Gross margin down 100 bps

- Impact of lower volumes, product mix and slight increase in special warranty

» Non-GAAP op margin down 240 bps

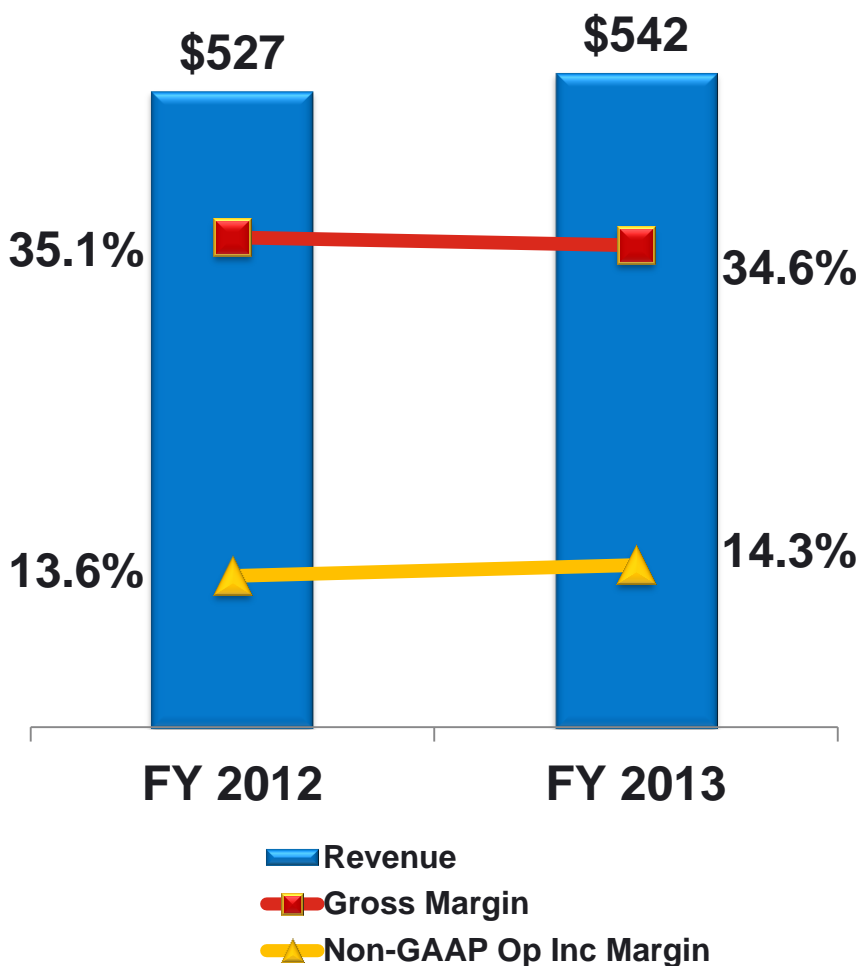
- Lower gross profit
- Decreased S&M and R&D expenses partially offset by increased G&A costs

Chart in Millions, actual currency rates

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WATER SEGMENT – FY 2013

REVENUE AND NON-GAAP MARGINS



» Revenue increased 2.9% year-over-year

- Primarily driven by increased service revenue in North America and increased meter and heat cost allocator volumes in Latin America and Europe

» Gross margin down 50 basis points

- Benefit of higher volumes offset by impact of product mix and higher mix of services in North America

» Non-GAAP op margin up 70 basis points

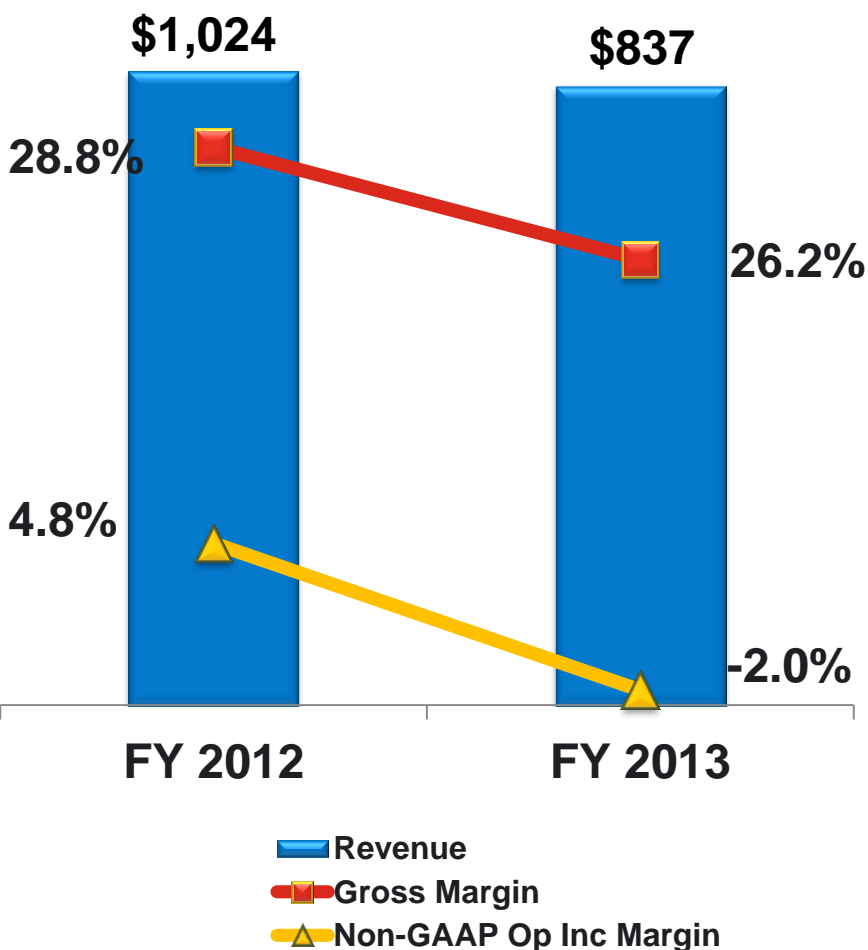
- Lower gross profit offset by decreased sales and marketing expenses

Chart in Millions, actual currency rates

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ELECTRICITY SEGMENT – FY 2013

REVENUE AND NON-GAAP MARGINS



» Revenues down 18.3%, and 16.6% in constant currency

- Revenue down \$247m from wind-down of Top 5 OpenWay projects
- Excluding Top 5 projects and currency impacts, revenues up 10.8%, with increases in NAM and EMEA, partially offset by decreases in Asia Pacific

» Gross margin down 260 bps

- Impact of product mix, lower volume and increased OpenWay project cost

» Non-GAAP op margin down 680 bps

- Lower gross profit
- Decreased S&M and R&D expenses partially offset by higher G&A

Chart in Millions, actual currency rates

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