



# Fourth Quarter 2024 Earnings Conference Call

**Tom Deitrich – President and Chief Executive Officer**

**Joan Hooper – Senior Vice President and Chief Financial Officer**

**Paul Vincent – Vice President, Investor Relations**

# Conference Call Agenda

- CEO – Business and Operations Update
- CFO – Financial Results and 2025 Outlook
- Q&A

# 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 factors 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 document reflects our current strategy, plans and expectations and is based on information currently available as of the date of this presentation. 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 plans, 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, regulations, tariffs, sanctions, trade policies and retaliatory responses, 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 and other factors that are more fully described in Part I, Item 1A: Risk Factors included in our 2023 Annual Report and other reports on file with the SEC. We undertake no obligation to update or revise any forward-looking statement, whether written or oral.

# Fourth Quarter and Full Year 2024 Financial Summary

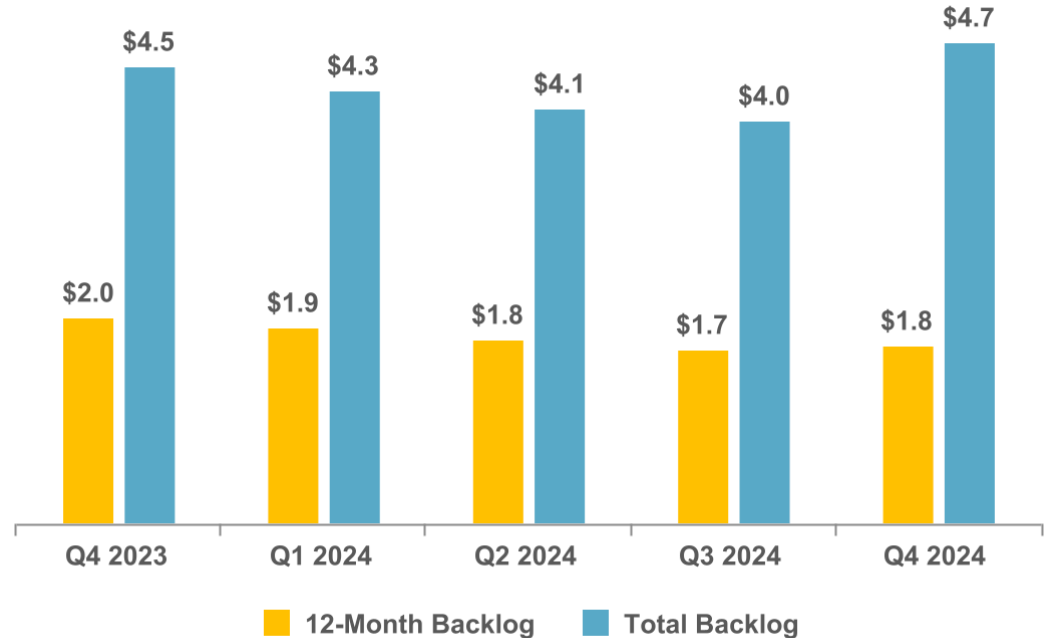
- » Q4 revenue of \$613 million and FY revenue of \$2.4 billion
- » Q4 adjusted EBITDA of \$81 million and FY adjusted EBITDA of \$324 million
- » Q4 non-GAAP diluted EPS of \$1.35 and FY non-GAAP diluted EPS of \$5.62
- » Q4 free cash flow of \$70 million and FY free cash flow of \$208 million

# Fourth Quarter 2024 Performance Highlights

- » Financial results above expectations
- » Record quarterly bookings of \$1.4 billion
- » Record backlog of \$4.7 billion
- » Pipeline of opportunities remains strong
- » Continued adoption of grid edge intelligence platform

# Bookings and Backlog

- » Q4 2024 bookings of \$1.4B
  - *Book to bill of 2.29*
  - *Record quarterly bookings*
- » FY 2024 bookings of \$2.7B
  - *Book to bill of 1.11*
- » Ending backlog of \$4.7B
  - *Record backlog*



- Chart in US\$ billions, the revenue from Q4'24 12-month backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.

# Consolidated GAAP Results: Q4 2024

<i>\$ in millions (except per share amounts)</i>	Q4 2024	Q4 2023	Change
Revenue	\$612.9	\$577.2	6%
<i>Change in constant currency</i>			<i>6%</i>
Gross margin	34.9%	34.0%	90 bps
Operating income	\$62.7	\$49.3	27%
Net income attributable to Itron, Inc.	\$58.1	\$44.4	31%
Earnings per share – diluted	\$1.26	\$0.96	31%

- » Revenue increased due to strong customer demand and operational performance
- » Gross margin of 34.9% up 90 bps due to operational efficiencies
- » GAAP operating income increased due to higher gross profit, partially offset by higher operating expenses
- » GAAP net income increased due to higher GAAP operating income and interest income, partially offset by higher tax expense

# Consolidated Non-GAAP & Cash Results: Q4 2024

<i>\$ in millions (except per share amounts)</i>	Q4 2024	Q4 2023	Change
Non-GAAP operating income	\$70.6	\$60.9	16%
Non-GAAP operating margin	11.5%	10.6%	90 bps
Non-GAAP net income attributable to Itron, Inc.	\$62.2	\$56.7	10%
Adjusted EBITDA	\$81.4	\$68.4	19%
Adjusted EBITDA margin	13.3%	11.8%	150 bps
Non-GAAP earnings per share - diluted	\$1.35	\$1.23	10%
Net cash provided by operating activities	\$79.8	\$47.9	67%
Free cash flow	\$70.2	\$39.3	78%

- » Increase in non-GAAP operating income due to higher gross profit, partially offset by higher non-GAAP operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income and interest income, partially offset by higher tax expense
- » Free cash flow increased primarily due to higher earnings and interest income

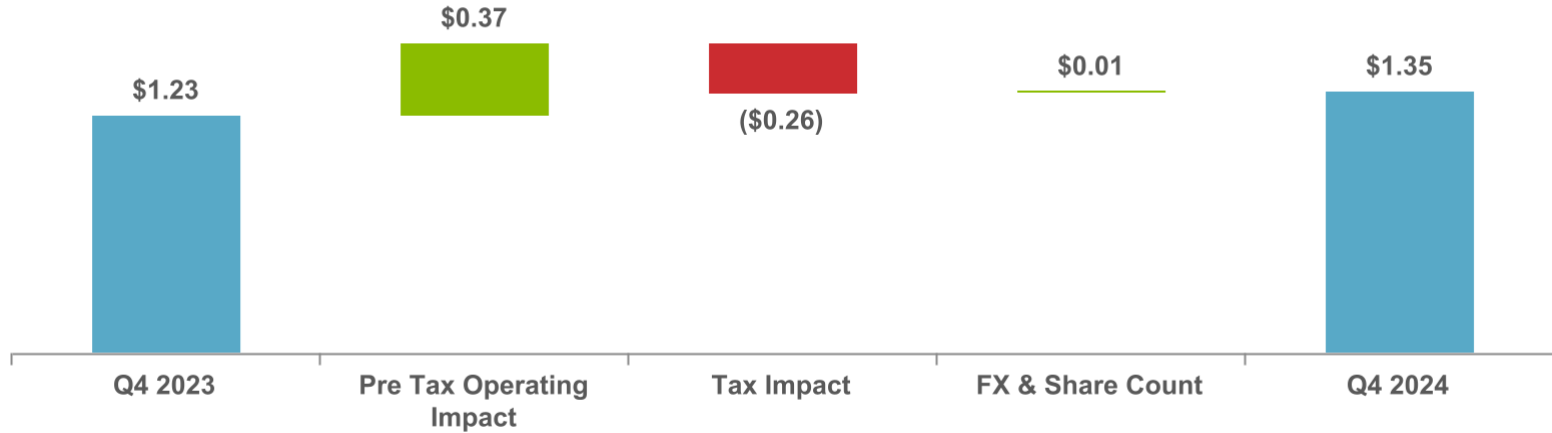
# Revenue Year-Over-Year Bridge: Q4 2024



Chart in millions and includes rounding. Segment changes in constant currency.

# Non-GAAP EPS Year-Over-Year Bridge: Q4 2024

US\$ per share

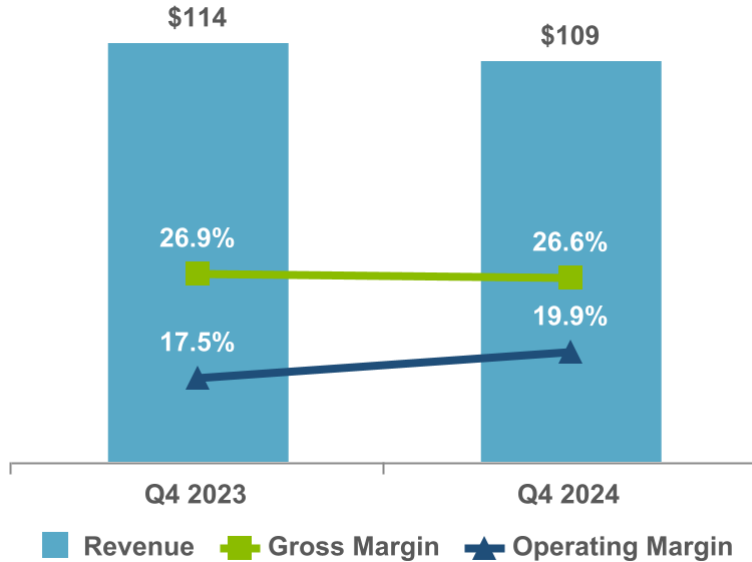


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# Device Solutions Segment: Q4 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



**Revenue decreased (4%) and (5%) in constant currency**

» Decrease in legacy electricity products

**Gross margin decreased (30) bps**

» Product mix

**Operating margin increased 240 bps**

» Lower operating expense

# Networked Solutions Segment: Q4 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 6%

- » Increased new project deployments
- » Strong execution in meeting customer demand

### Gross margin increased 10 bps

- » Favorable product mix

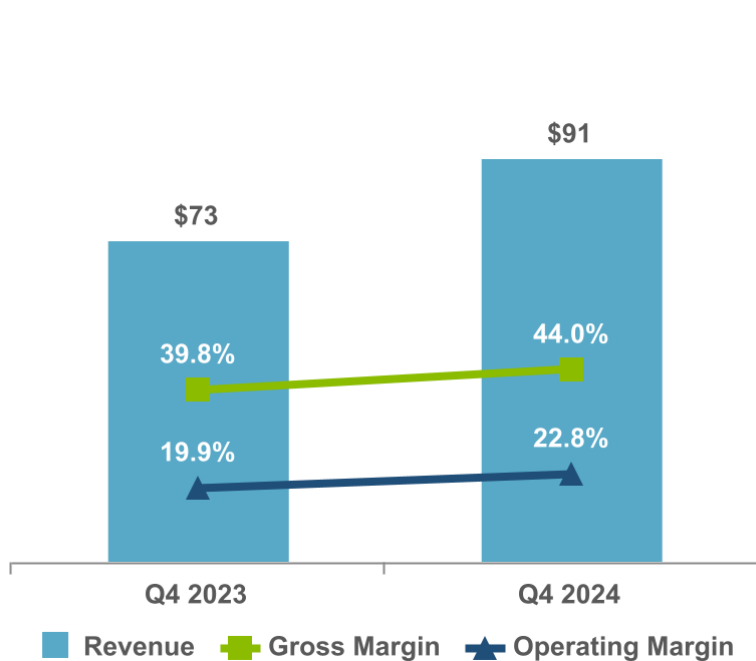
### Operating margin decreased (30) bps

- » Increased operating expenses

# Outcomes Segment: Q4 2024

Revenue, gross margin and operating margin

\$ in millions, actual currency



## Revenue increased 25%

- » Increase in software and services
- » Record quarterly revenue

## Gross margin increased 420 bps

- » Higher margin revenue mix

## Operating margin increased 290 bps

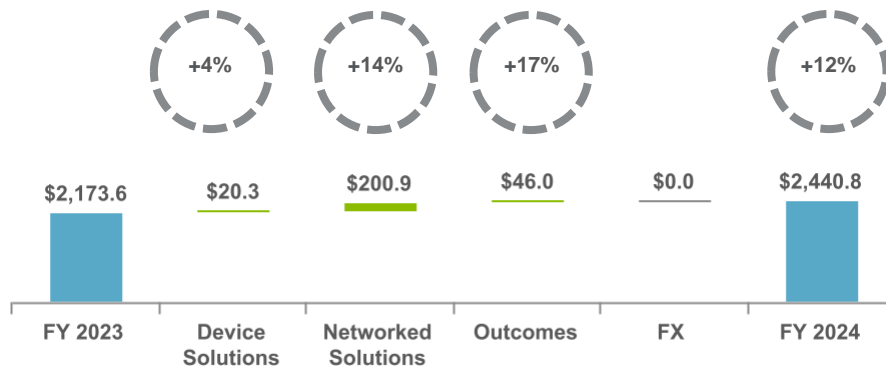
- » Fall through of higher gross margin
- » Partially offset by increased operating expenses

# Full Year 2024 Summary

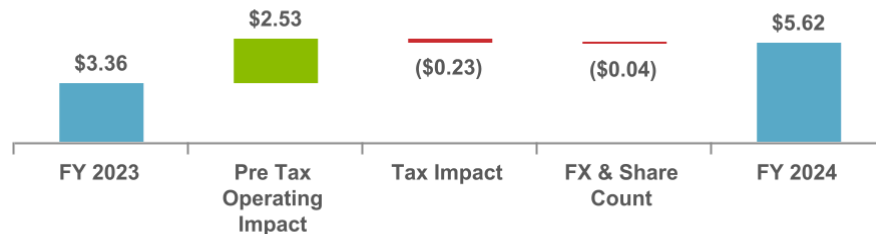
- » Revenue of \$2.44B up 12% from 2023
- » Bookings of \$2.7B
- » Gross margin of 34.4% \*
- » Adj EBITDA of \$324M \*
- » Non-GAAP EPS of \$5.62 \*
- » Free cash flow of \$208M \*

\* Annual records

## Revenue Year-Over-Year Bridge <sup>1</sup>



## Non-GAAP EPS Year-Over-Year Bridge <sup>2</sup>

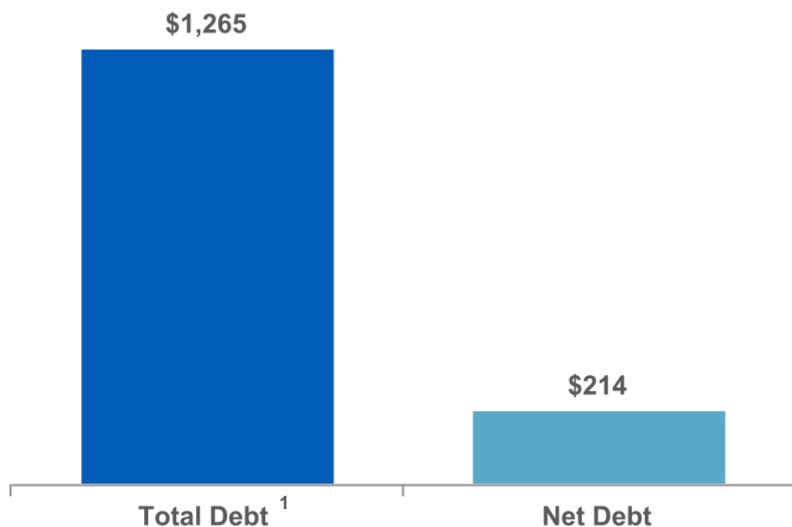


1. Chart in millions and includes rounding. Segment changes in constant currency.

2. Totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# Debt and Liquidity Overview: December 31, 2024

US\$M



## Debt

- » Net leverage 0.7x at end of Q4 2024
- » \$460M 0% interest convertible notes, 2026 maturity
- » \$805M 1.375% interest convertible notes, 2030 maturity

## Free Cash Flow and Liquidity

- » FY24 free cash flow of \$208M
- » Cash and equivalents of \$1.05B
- » \$500M revolver; 2026 maturity

1. Excludes amortization of debt fees.

# 2025 Current Outlook

## Revenue of \$2.4 - \$2.5 billion

- » *Roughly flat Y/Y at the midpoint*
- » *Normalized for \$125 million supply chain catch-up in 2024, ~6% Y/Y growth at the midpoint*

## Non-GAAP diluted EPS of \$5.20 - \$5.60

- » *At the midpoint, down -\$0.22 or -4% vs. 2024 (lower 16% tax rate in 2024)*
- » *Normalized at 25% tax rate for both years, ~8% growth at the midpoint*

### Assumptions:

- » Euro/USD of \$1.04
- » Effective Non-GAAP tax rate of 25%
- » Average diluted shares outstanding of ~46.3 million
- » Stable market landscape and continuation of 2024 trade policies

# Q1 2025 Current Outlook

## Revenue of \$610 - \$620 million

- » *At the midpoint, up \$12M or 2% vs. Q1 2024*

## Non-GAAP diluted EPS of \$1.25 - \$1.35

- » *At the midpoint, up \$0.06 or 5% vs. Q1 2024*
- » *Normalized at 25% tax rate for both years, ~14% growth at the midpoint*

# Appendix

# Consolidated GAAP Results: FY 2024

<i>\$ in millions (except per share amounts)</i>	FY 2024	FY 2023	Change
Revenue	\$2,440.8	\$2,173.6	12%
Growth in constant currency			12%
Gross margin	34.4%	32.8%	160 bps
Operating income	\$264.1	\$128.9	105%
Net income attributable to Itron, Inc.	\$239.1	\$96.9	147%
Earnings per share – diluted	\$5.18	\$2.11	145%

- » Revenue increased due to strong operational performance, continued customer demand, and conversion of previously constrained revenue
- » Gross margin of 34.4% up 160 bps due to higher margin product mix and operational efficiencies
- » GAAP operating income increased due to higher gross profit and a one-time restructuring charge in prior year
- » GAAP net income increased due to higher GAAP operating income and interest income, partially offset by higher tax expense

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

# Consolidated Non-GAAP & Cash Results: FY 2024

<i>\$ in millions (except per share amounts)</i>	FY 2024	FY 2023	Change
Non-GAAP operating income	\$285.9	\$192.6	48%
Non-GAAP operating margin	11.7%	8.9%	280 bps
Non-GAAP net income attributable to Itron, Inc.	\$259.8	\$153.8	69%
Adjusted EBITDA	\$323.6	\$225.6	43%
Adjusted EBITDA margin	13.3%	10.4%	290 bps
Non-GAAP earnings per share - diluted	\$5.62	\$3.36	67%
Net cash provided by operating activities	\$238.2	\$125.0	91%
Free cash flow	\$207.6	\$98.1	112%

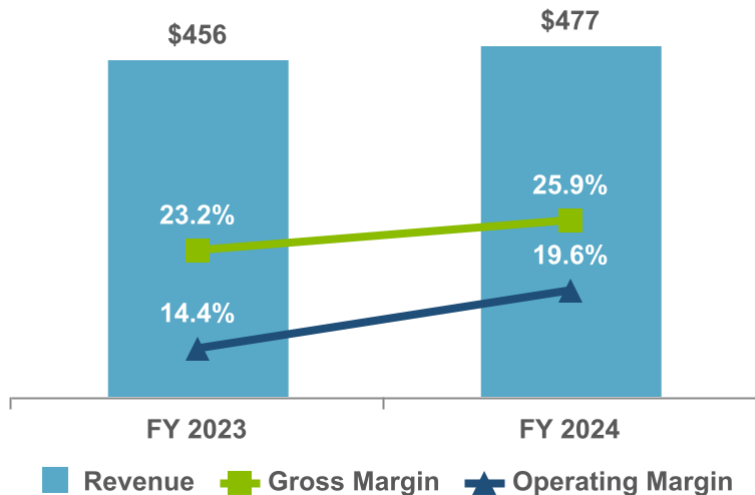
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- » Increase in non-GAAP operating income due to higher gross profit, partially offset by higher non-GAAP operating expenses
  - » Non-GAAP net income increased due to higher non-GAAP operating income and interest income, partially offset by higher tax expense
  - » Free cash flow increased primarily due to higher earnings and interest income

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

# Device Solutions Segment: FY 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue increased 5% and 4% in constant currency

- » Growth in smart water sales

### Gross margin up 270 bps

- » Favorable product mix

### Operating margin up 520 bps

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

# Networked Solutions Segment: FY 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue increased 14%

- » New projects ramps and ongoing deployments
- » Supply chain recovery and strong execution
- » Record annual revenue

### Gross margin up 170 bps

- » Volume and operational efficiencies
- » Favorable product mix

### Operating margin up 230 bps

- » Fall through of higher gross profit

# Outcomes Segment: FY 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue increased 17%

- » Increase in software and services
- » Record annual revenue

### Gross margin down (290) bps

- » Lower margin revenue mix
- » Increased services costs

### Operating margin down (230) bps

- » Fall through of lower gross margin

# FX Impact Summary

\$ in Millions

Average USD/Euro:  
\$1.07 Q4 2024 vs \$1.08 Q4 2023

Revenue	Q4 2024	YoY Change	YoY Change Excluding FX
Device Solutions	\$ 108.5	(4.4)%	(4.5)%
Networked Solutions	\$ 413.1	5.7 %	5.9 %
Outcomes	\$ 91.2	25.4 %	25.3 %
<b>Total</b>	<b>\$ 612.9</b>	<b>6.2 %</b>	<b>6.3 %</b>

Average USD/Euro:  
\$1.08 FY 2024 vs \$1.08 FY 2023

Revenue	FY 2024	YoY Change	YoY Change Excluding FX
Device Solutions	\$ 476.6	4.6 %	4.4 %
Networked Solutions	\$ 1,650.1	13.8 %	13.9 %
Outcomes	\$ 314.2	17.4 %	17.2 %
<b>Total</b>	<b>\$ 2,440.8</b>	<b>12.3 %</b>	<b>12.3 %</b>

<b>Non-GAAP EPS - diluted</b>	<b>\$ 1.35</b>	<b>\$ 0.12</b>	<b>\$ 0.10</b>
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<b>Non-GAAP EPS - diluted</b>	<b>\$ 5.62</b>	<b>\$ 2.26</b>	<b>\$ 2.26</b>
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Chart includes rounding.

# Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared in accordance with accounting principles generally accepted in the United States (GAAP), we use certain adjusted or non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted earnings per share (EPS), adjusted EBITDA, free cash flow, and constant currency. 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. We believe 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. 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. Our non-GAAP financial measures may be different from those reported by other companies. When providing future outlooks and/or earnings guidance, 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 related expenses and their related tax effects without unreasonable effort. These costs are uncertain, depend on various factors and could have a material impact on GAAP results for the guidance period. 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 our quarterly press release.

# GAAP to Non-GAAP Reconciliations

## ITRON, INC.

### RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

TOTAL COMPANY RECONCILIATIONS <i>(Unaudited, in thousands, except per share data)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 151,150	\$ 147,120	\$ 575,207	\$ 585,041
Amortization of intangible assets	(4,517)	(4,485)	(17,828)	(18,918)
Restructuring	(3,303)	(7,121)	(2,679)	(43,989)
Gain (loss) on sale of business	59	8	(597)	(667)
Strategic initiative	—	—	—	5
Acquisition and integration	(67)	(27)	(723)	(144)
Non-GAAP operating expenses	<u>\$ 143,322</u>	<u>\$ 135,495</u>	<u>\$ 553,380</u>	<u>\$ 521,328</u>
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income	\$ 62,730	\$ 49,270	\$ 264,110	\$ 128,867
Amortization of intangible assets	4,517	4,485	17,828	18,918
Restructuring	3,303	7,121	2,679	43,989
(Gain) loss on sale of business	(59)	(8)	597	667
Strategic initiative	—	—	—	(5)
Acquisition and integration	67	27	723	144
Non-GAAP operating income	<u>\$ 70,558</u>	<u>\$ 60,895</u>	<u>\$ 285,937</u>	<u>\$ 192,580</u>

# GAAP to Non-GAAP Reconciliations

## ITRON, INC.

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TOTAL COMPANY RECONCILIATIONS <i>(Unaudited, in thousands, except per share data)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income attributable to Itron, Inc.	\$ 58,107	\$ 44,386	\$ 239,105	\$ 96,923
Amortization of intangible assets	4,517	4,485	17,828	18,918
Amortization of debt placement fees	1,776	860	5,314	3,489
Restructuring	3,303	7,121	2,679	43,989
(Gain) loss on sale of business	(59)	(8)	597	667
Strategic initiative	—	—	—	(5)
Acquisition and integration	67	27	723	144
Income tax effect of non-GAAP adjustments	(5,555)	(183)	(6,446)	(10,339)
Non-GAAP net income attributable to Itron, Inc.	<u>\$ 62,156</u>	<u>\$ 56,688</u>	<u>\$ 259,800</u>	<u>\$ 153,786</u>
Non-GAAP diluted EPS	<u>\$ 1.35</u>	<u>\$ 1.23</u>	<u>\$ 5.62</u>	<u>\$ 3.36</u>
Non-GAAP weighted average common shares outstanding - Diluted	<u>46,036</u>	<u>46,039</u>	<u>46,187</u>	<u>45,836</u>

# GAAP to Non-GAAP Reconciliations

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TOTAL COMPANY RECONCILIATIONS <i>(Unaudited, in thousands, except per share data)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2024	2023	2024	2023
<b>ADJUSTED EBITDA</b>				
GAAP net income attributable to Itron, Inc.	\$ 58,107	\$ 44,386	\$ 239,105	\$ 96,923
Interest income	(12,183)	(3,346)	(34,577)	(9,314)
Interest expense	5,591	1,870	15,379	8,349
Income tax provision	11,283	4,555	43,407	29,068
Depreciation and amortization	15,298	13,750	56,277	55,763
Restructuring	3,303	7,121	2,679	43,989
(Gain) loss on sale of business	(59)	(8)	597	667
Strategic initiative	—	—	—	(5)
Acquisition and integration	67	27	723	144
Adjusted EBITDA	<u>\$ 81,407</u>	<u>\$ 68,355</u>	<u>\$ 323,590</u>	<u>\$ 225,584</u>
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 79,849	\$ 47,895	\$ 238,175	\$ 124,971
Acquisitions of property, plant, and equipment	(9,684)	(8,580)	(30,562)	(26,884)
Free Cash Flow	<u>\$ 70,165</u>	<u>\$ 39,315</u>	<u>\$ 207,613</u>	<u>\$ 98,087</u>



Thank You

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