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Third Quarter 2015 Earnings Conference Call

November 3, 2015

CONFERENCE CALL AGENDA

- CEO – Q3 Overview
- CFO – Q3 Financial Results
- CEO – Closing Remarks
- Q&A

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 20, 2015, 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.

Q3 2015 - REVENUE YEAR-OVER-YEAR BRIDGE

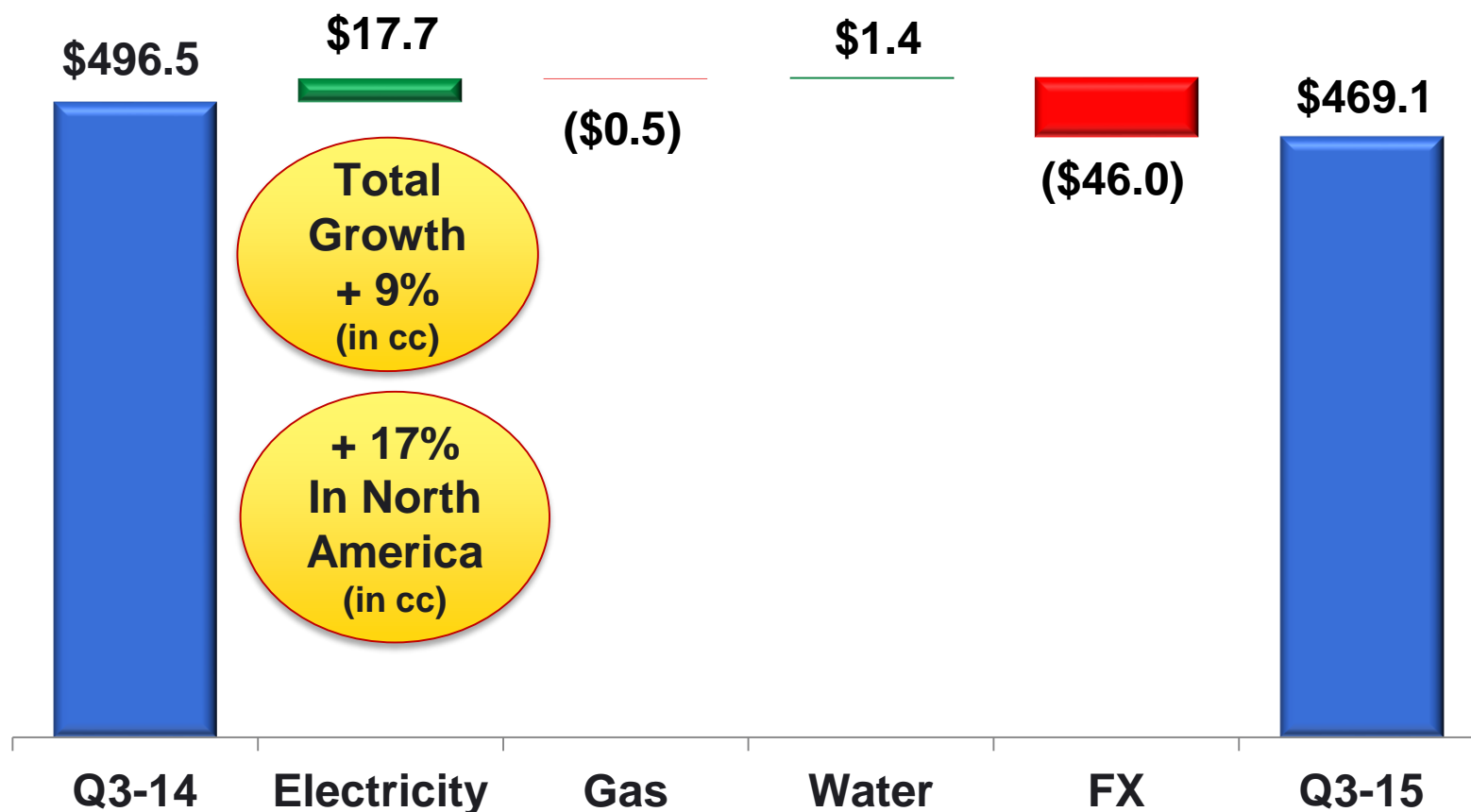
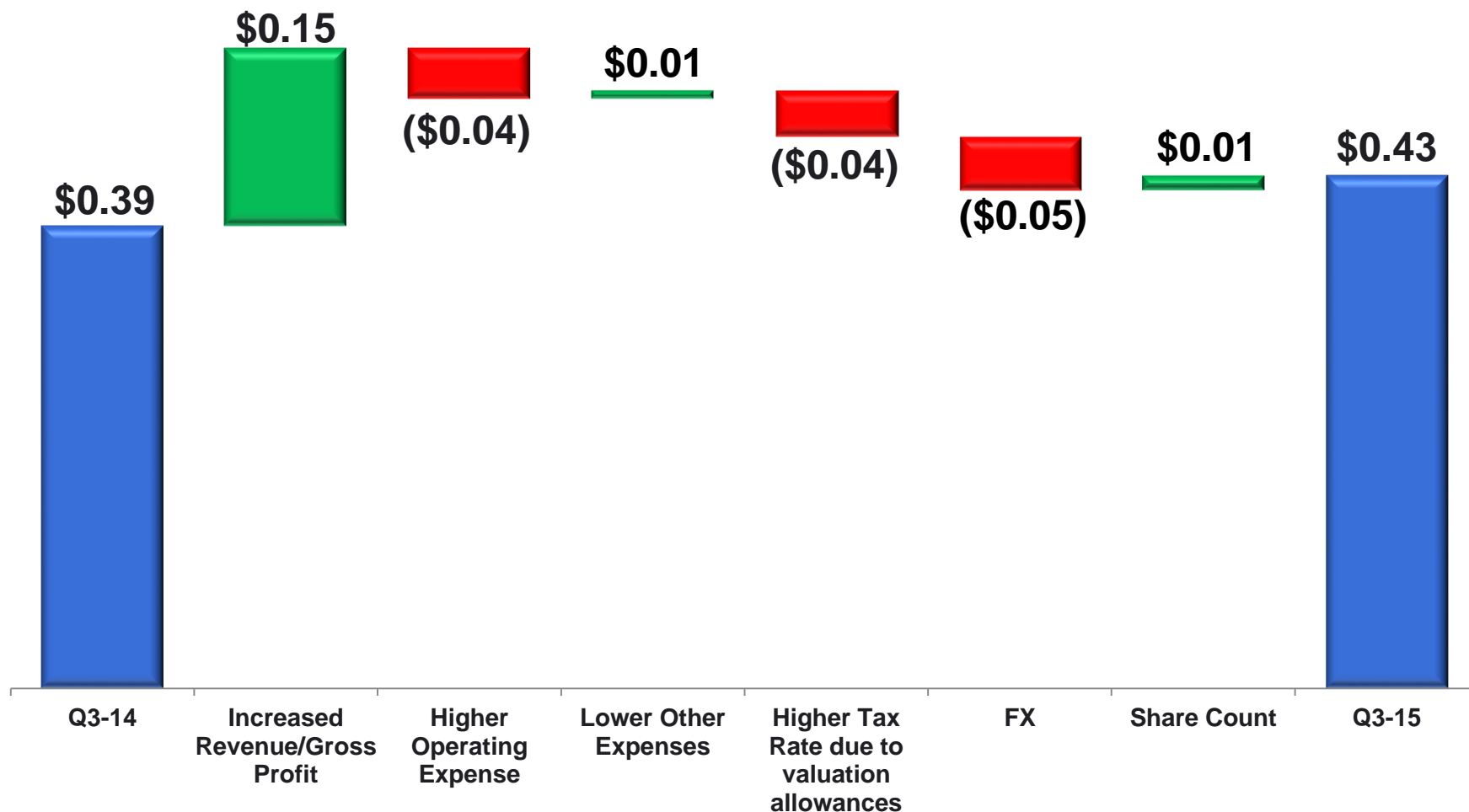


Chart in Millions, actual currency rates

Q3 2015 - NON-GAAP EPS YEAR-OVER-YEAR BRIDGE



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

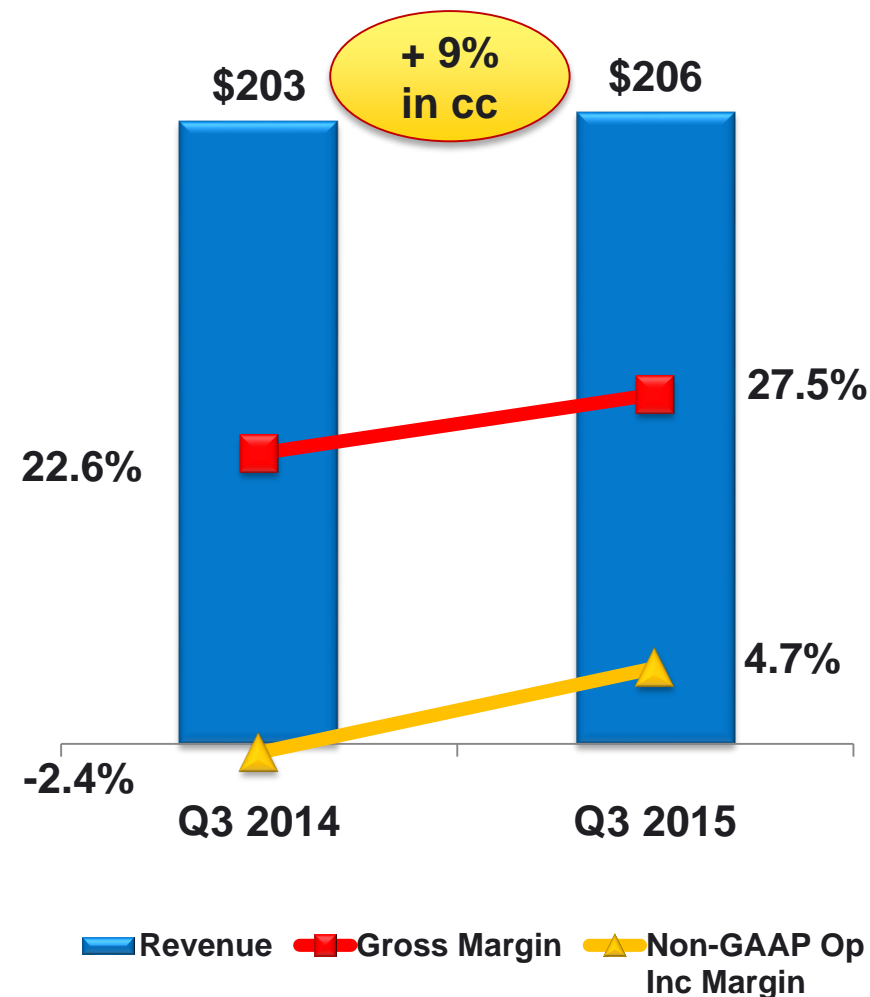
YEAR-OVER-YEAR SUMMARY– Q3 2015

	Q3 2015	Q3 2014	Change
Revenue (in millions)	\$469.1	\$496.5	-5.5%
<i>Growth in constant currency</i>			+4.1%
Gross margin	31.3%	30.4%	+90 bps
Non-GAAP operating margin	6.8%	5.6%	+120 bps
Adjusted EBITDA (in millions)	\$41.9	\$39.5	6.1%
Adjusted EBITDA margin	8.9%	8.0%	+90 bps
GAAP diluted EPS	\$0.33	\$0.19	\$0.14
<i>Impact of Brazil tax valuation allowance</i>	-\$0.11		
Non-GAAP diluted EPS	\$0.43	\$0.39	\$0.04
<i>Impact of Brazil tax valuation allowance</i>	-\$0.11		

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

ELECTRICITY SEGMENT

REVENUE AND NON-GAAP MARGINS



» **Revenue growth of 1% year-over-year, and 9% in constant currency**

- Smart meter projects drove 17% revenue growth in North America (in cc)

» **Gross margin up 490 basis points**

- Benefits from increased volumes in North America and production efficiencies were offset by unfavorable product mix impact and inventory write downs
- Lower costs associated with OpenWay project in North America (\$11.4m net costs in Q3 2014)

» **Non-GAAP operating margin +710 basis points**

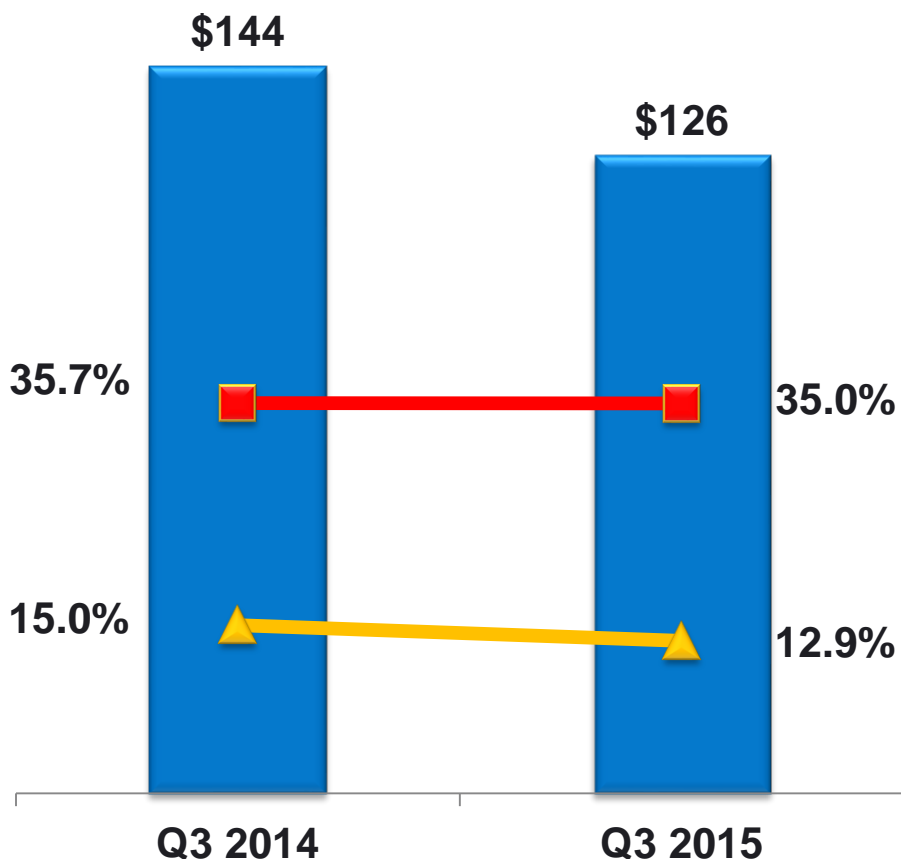
- Increased gross profit
- Reduced headcount from restructuring initiative

Chart in Millions, actual currency rates

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

WATER SEGMENT

REVENUE AND NON-GAAP MARGINS



■ Revenue

■ Gross Margin

▲ Non-GAAP Op Inc Margin

» Revenue down 12% due to FX impact, 1% growth in constant currency

- 10% in growth in North America driven by increased volumes; managing scheduled vs warranty production requirements; Q3 revenues and scheduled deliveries were achieved
- Lower volumes in Latin America related to economic conditions in Brazil

» Gross margin down 70 bps

- Increased warranty cost and decreased professional service margins

» Non-GAAP operating margin down 210 bps

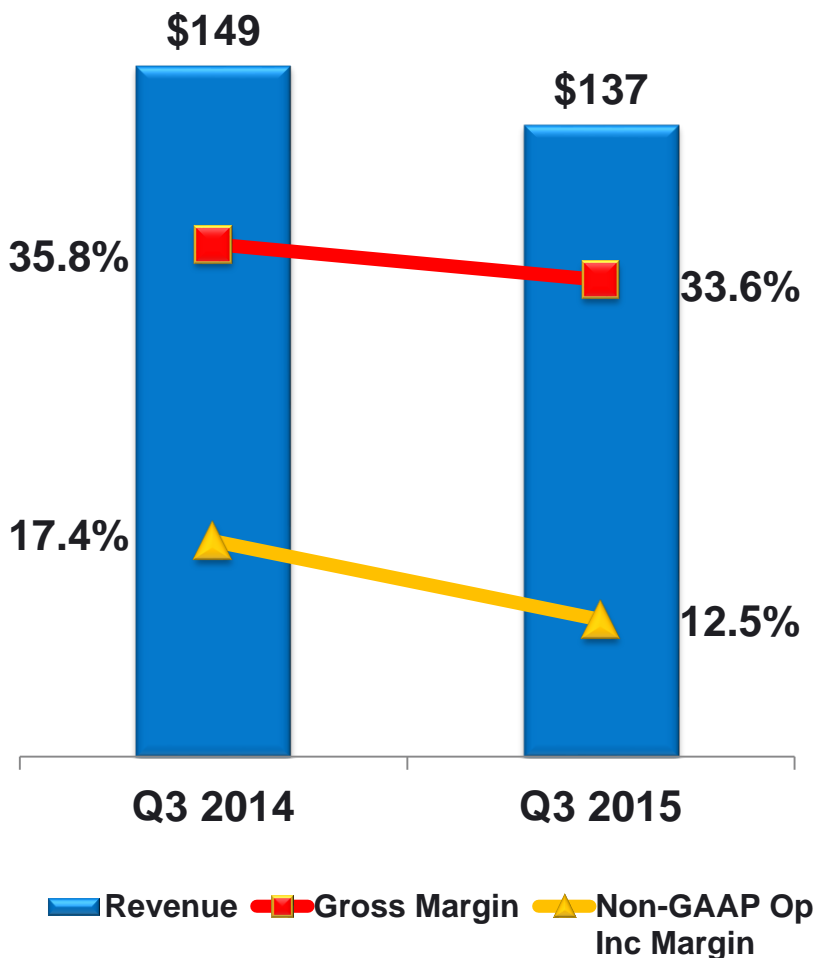
- Net FX impact -\$3m
- Increased R&D investment, higher sales expense & allocations

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 down 8% year-over-year due to negative FX impact of \$12 million
- » Revenues ~flat year-over-year in constant currency
 - Higher sales of smart meters in EMEA more than offset lower standard meter volumes
 - Decreased sales in APAC
- » Gross margin down 220 basis points
 - Unfavorable impact from product mix and manufacturing inefficiencies
 - Lower volumes and first generation smart meter in EMEA
- » Non-GAAP operating margin down 490 basis points due to lower gross profit

Chart in Millions, actual currency rates

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

BOOKINGS BY SEGMENT

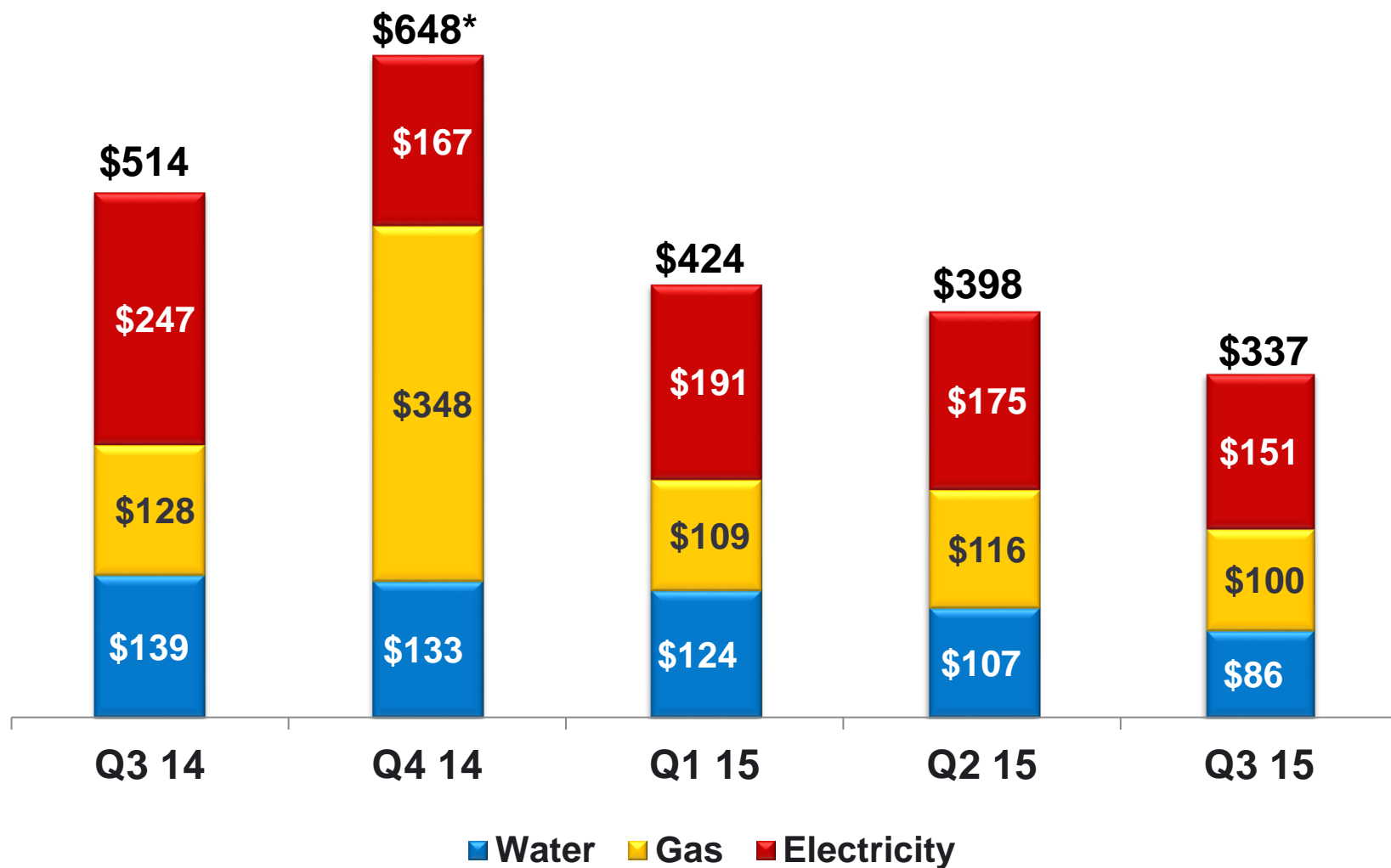


Chart in Millions, actual currency rates

*Q4'14 Gas bookings include \$82m for GrDF & \$207m North America

TRENDED TWELVE MONTH & TOTAL BACKLOG

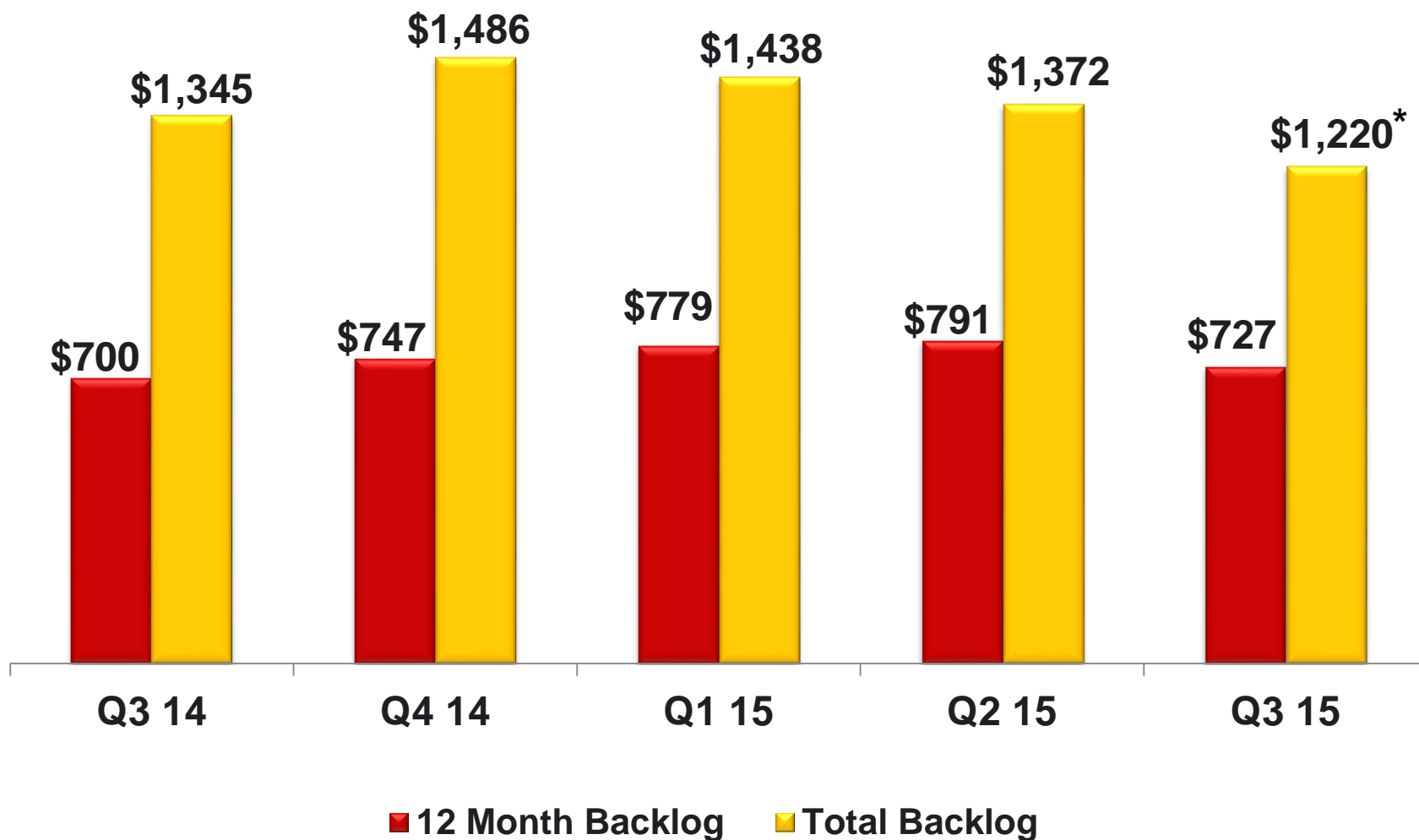


Chart in Millions, actual currency rates

* \$1,239 at 6/30/15 FX rates

SUPPLEMENTAL SLIDES

- YTD September 2015 Results
 - Summary Results
 - Year-Over-Year Revenue Bridge
 - Year-Over-Year Non-GAAP EPS Bridge
 - Electricity Segment
 - Water Segment
 - Gas Segment
- FX Impact Summary

SUMMARY RESULTS – YTD Q3 2015

	YTD 2015	YTD 2014	Change
Revenue (in millions)	\$1,387.4	\$1,460.6	-5.0%
<i>Growth in constant currency</i>			+5.1%
Gross margin	29.1%	32.1%	-300 bps
<i>Excluding increased Water warranty</i>	31.1%		
Non-GAAP operating margin	3.3%	5.9%	-260 bps
<i>Excluding increased Water warranty</i>	5.3%		
Adjusted EBITDA (in millions)	\$75.3	\$121.3	-38.0%
<i>Excluding increased Water warranty</i>	\$103.5		
Adjusted EBITDA margin	5.4%	8.3%	-290 bps
<i>Excluding increased Water warranty</i>	7.5%		
GAAP diluted EPS	\$0.09	\$0.67	-\$0.58
Non-GAAP diluted EPS	\$0.25	\$1.24	-\$0.99

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YTD Q3 2015 - REVENUE BRIDGE

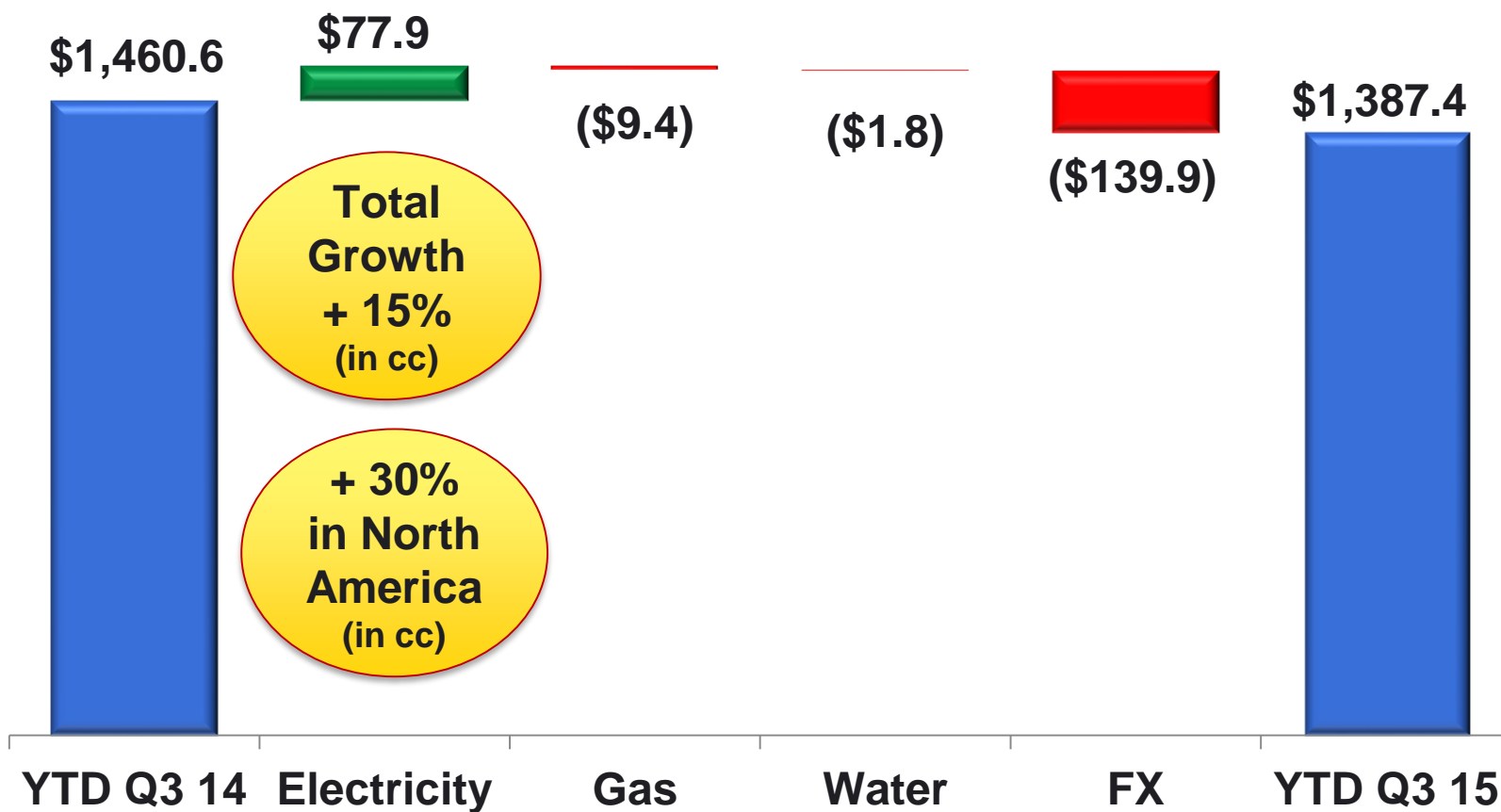
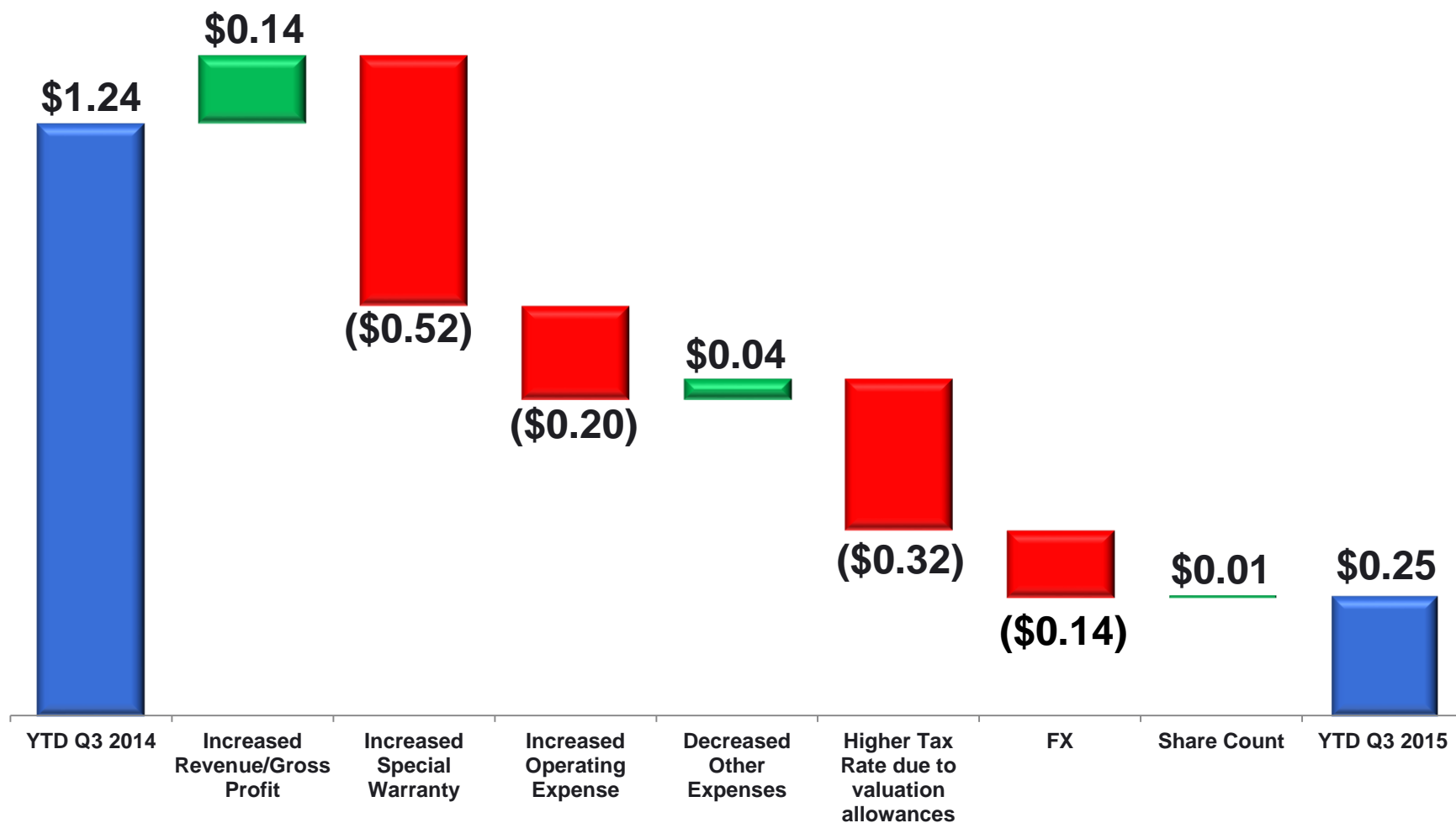


Chart in Millions, actual currency rates

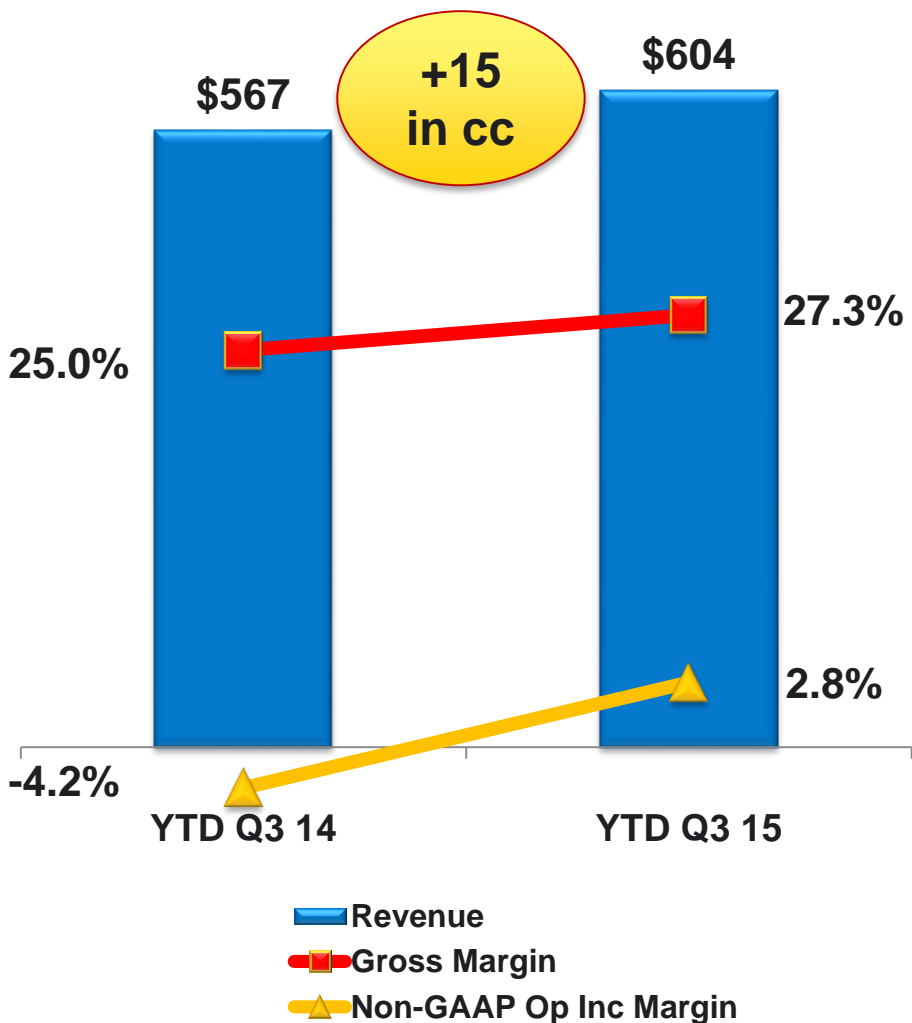
YTD Q3 2015 - NON-GAAP EPS BRIDGE



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

ELECTRICITY SEGMENT – YTD Q3 2015

REVENUE AND NON-GAAP MARGINS



» Revenues up 6% year-over-year and 15% in constant currency

- Smart meter projects drove 30% revenue growth in North America (in cc)
- Decline in EMEA volumes due to project timing

» Gross margin +230 basis points

- Lower OpenWay project costs in North America partially offset by unfavorable product mix in EMEA and higher inventory write downs

» Non-GAAP operating margin +700 basis pts

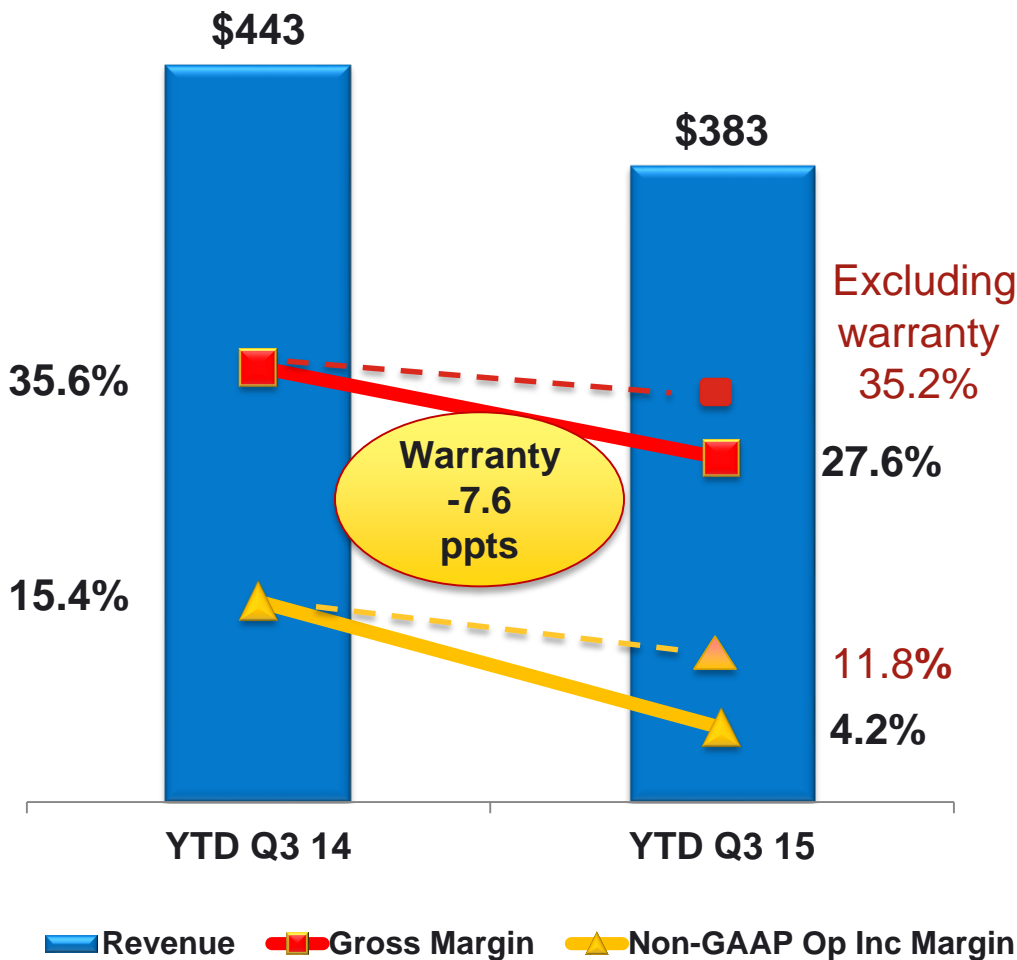
- Higher gross profit
- Decreased operating expenses year-over-year driven by reduced headcount and litigation expenses

Chart in Millions, actual currency rates

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

WATER SEGMENT – YTD Q3 2015

REVENUE AND NON-GAAP MARGINS



» Revenue down 14% year-over year and ~flat in constant currency

- Increased modules in North America
- New business growth in Asia Pacific
- Growth in EMEA partially offset by decreased heat products due to new regulation requirements in 2014
- Decreased volumes in Latin America related to economic conditions in Brazil

» Gross margin -8 ppts

- Increased warranty charges impacted gross margin 7.6 ppts year-over-year
- Unfavorable product mix and impact of lower volumes in Latin America

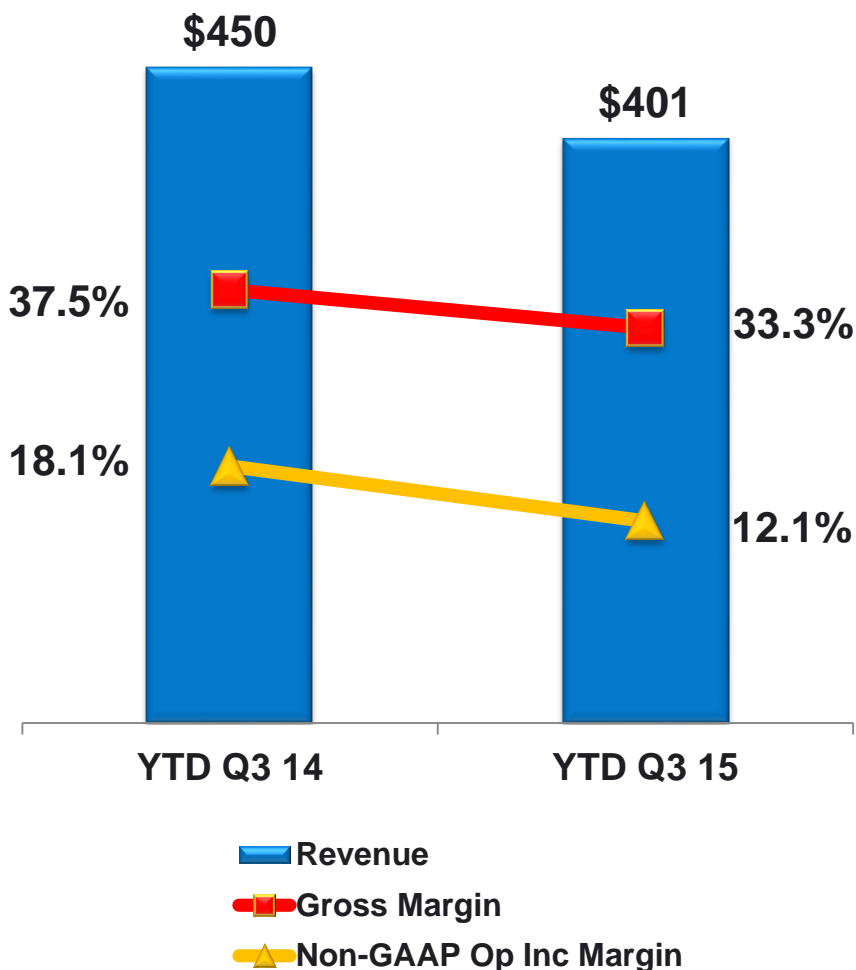
» Non-GAAP operating margin -11.2 ppts due to lower gross profit

Chart in Millions, actual currency rates

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GAS SEGMENT – YTD Q3 2015

REVENUE AND NON-GAAP MARGINS



» **Revenues down 11% year-over-year and 2% in constant currency**

- Strong customer meter and regulator orders in North America
- Growth in smart meter projects in EMEA partially offset decline in standard meters and impact of project timing

» **Gross margin -420 basis points**

- Unfavorable product mix impact and manufacturing inefficiencies

» **Non-GAAP operating margin -600 basis points due to lower gross profit**

Chart in Millions, actual currency rates

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FX IMPACT SUMMARY

Average Euro/USD:
\$1.11 Q3'15 vs \$1.33 Q3'14

Revenue	Q3 2015	YoY Change	YoY Change Excluding FX
Electricity	\$ 206.4	1.4%	9.4%
Water	126.1	-12.3%	1.1%
Gas	136.6	-8.5%	~flat
Total	\$ 469.1	-5.5%	4.1%

Average Euro/USD:
\$1.12 YTD Q3'15 vs \$1.36 YTD Q3'14

Revenue	YTD Q3 2015	YoY Change	YoY Change Excluding FX
Electricity	\$ 603.7	6.4%	14.8%
Water	382.7	-13.7%	~flat
Gas	401.1	-10.8%	-2.3%
Total	\$ 1,387.4	-5.0%	5.1%

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THANK YOU



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