



# Third 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 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 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 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.

# Third Quarter 2024 Performance Highlights

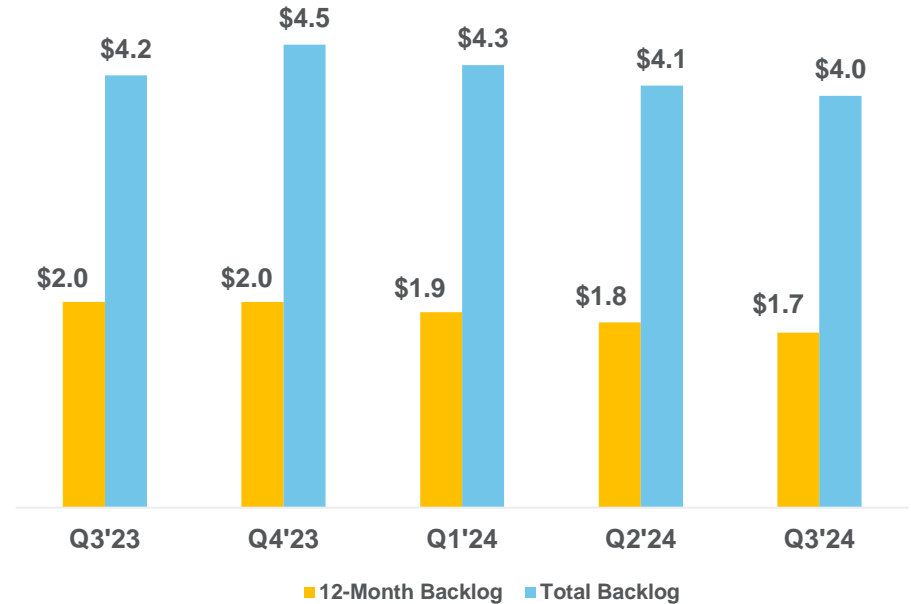
- » Business momentum continued during the quarter
- » Solid operational execution and team performance
- » Growth in energy and water needs continue to fuel demand
- » Tracking to full year bookings expectations

# Third Quarter 2024 Financial Summary

- » Revenue of \$615 million
- » Adjusted EBITDA of \$89 million
- » Non-GAAP diluted EPS of \$1.84
- » Free cash flow of \$59 million

# Bookings and Backlog

- » Q3 2024 bookings of \$487M
- » Book to bill of 0.8
- » Ending backlog of \$4.0B



- Chart in US\$ billions, the revenue from Q3'24 12-month backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.

# Consolidated GAAP Results: Q3 2024

\$ in millions (except per share amounts)	Q3 2024	Q3 2023	Change
Revenue	\$615.5	\$560.8	10%
<i>Change in constant currency</i>			<i>10%</i>
Gross margin	34.1%	33.4%	70 bps
Operating income	\$73.9	\$54.9	35%
Net income attributable to Itron, Inc.	\$78.0	\$40.2	94%
Earnings per share – diluted	\$1.70	\$0.87	95%

- » Revenue increased due to strong operational performance
- » Gross margin of 34.1% up 70 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, and less tax expense
  - GAAP net income and EPS benefited from a favorable resolution of a foreign tax audit resulting in an increase in net income of approximately \$14M or \$0.30 cents per share.

# Consolidated Non-GAAP & Cash Results: Q3 2024

\$ in millions (except per share amounts)	Q3 2024	Q3 2023	Change
Non-GAAP operating income	\$79.0	\$59.0	34%
Non-GAAP operating margin	12.8%	10.5%	230 bps
Non-GAAP net income attributable to Itron, Inc.	\$84.3	\$44.9	88%
Adjusted EBITDA	\$88.6	\$68.5	29%
Adjusted EBITDA margin	14.4%	12.2%	220 bps
Non-GAAP earnings per share - diluted	\$1.84	\$0.98	88%
Net cash provided by operating activities	\$65.3	\$34.1	92%
Free cash flow	\$58.7	\$28.3	107%

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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, and less tax expense
    - Non-GAAP net income and Non-GAAP EPS benefited from a favorable resolution of a foreign tax audit resulting in an increase in net income of approximately \$14M or \$0.30 cents per share.
  - » Free cash flow increased primarily due to higher earnings



# Revenue Year-Over-Year Bridge: Q3 2024

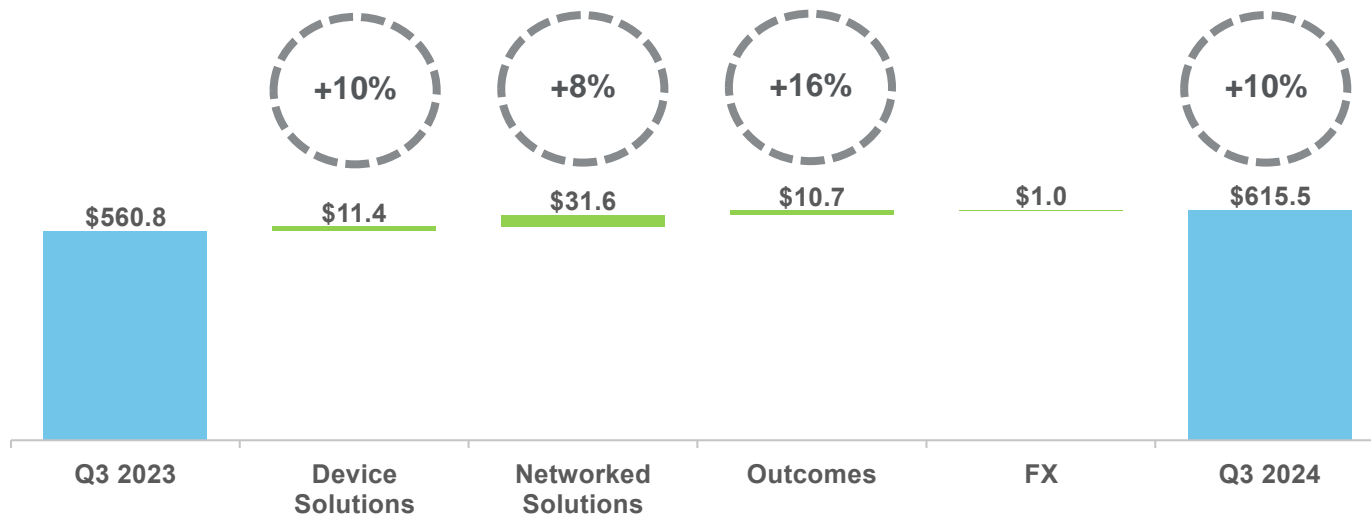
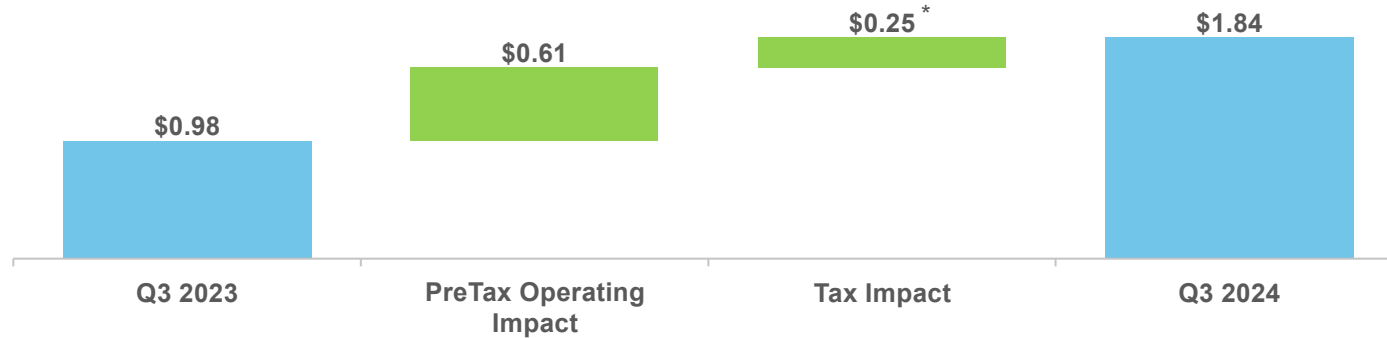


Chart in millions and includes rounding. Segment changes in constant currency.

# Non-GAAP EPS Year-Over-Year Bridge: Q3 2024

US\$ per share



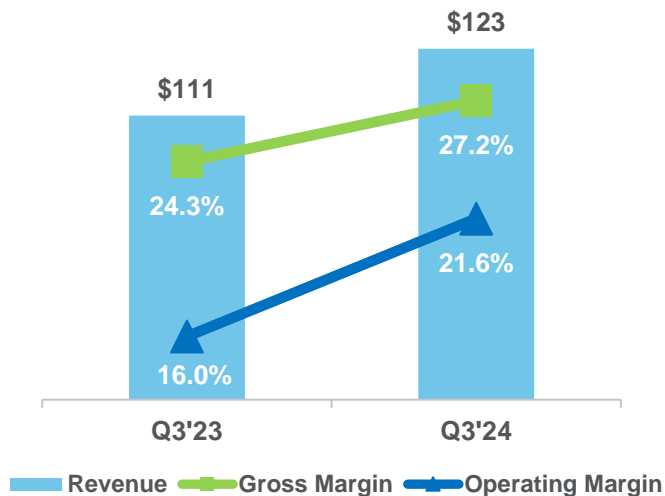
\* Q3 tax impact includes a \$0.30 per share favorable resolution of a foreign tax audit

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

# Device Solutions Segment: Q3 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 11% (10% in constant currency)

- » Growth in smart water and electric demand

### Gross margin increased 290 bps

- » Volume and operational efficiencies

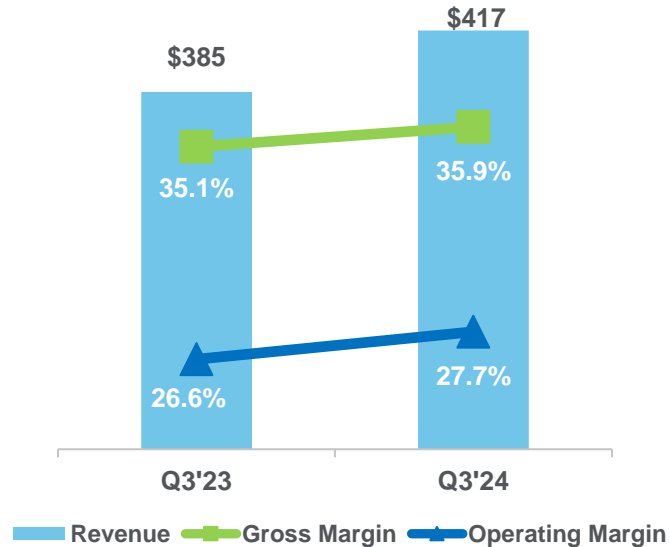
### Operating margin increased 560 bps

- » Fall through of higher gross profit
- » Cost discipline
- » Record single quarter operating margin

# Networked Solutions Segment: Q3 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 8% (8% in constant currency)

- » Increased new projects and ongoing deployments
- » Record segment quarterly revenue

### Gross margin increased 80 bps

- » Volume and operational efficiencies

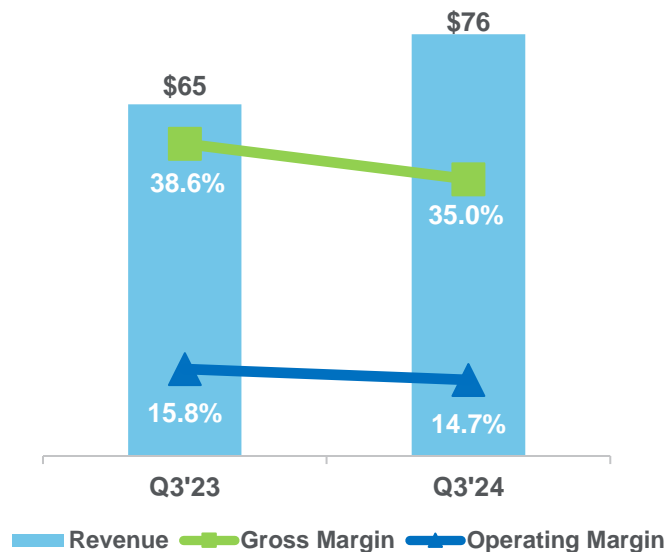
### Operating margin increased 110 bps

- » Fall through of higher gross profit

# Outcomes Segment: Q3 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 17% (16% in constant currency)

- » Increase in recurring revenue, services and software

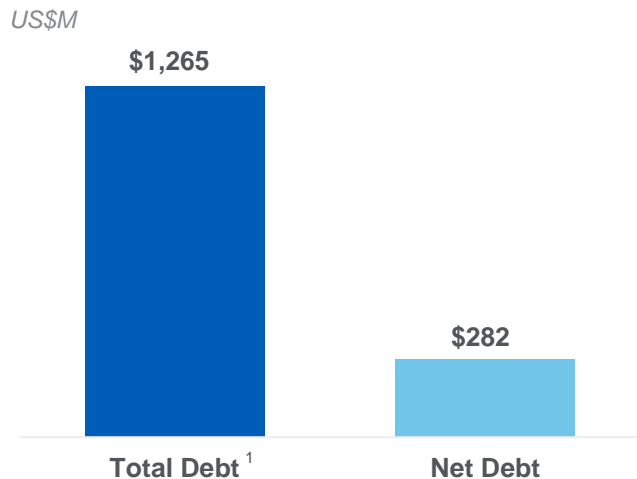
### Gross margin decreased 360 bps

- » Lower margin revenue mix
- » Increased services costs

### Operating margin decreased 110 bps

- » Fall through of lower gross margin

# Debt and Liquidity Overview: September 30, 2024



## Debt

- » Net leverage 0.9x at end of Q3 2024
- » \$460M 0% interest convertible notes, 2026 maturity
- » \$805M 1.375% interest convertible notes, 2030 maturity

## Free Cash Flow and Liquidity

- » Free cash flow of \$59M in Q3
- » Cash and equivalents of \$983M
- » \$500M revolver; 2026 maturity

1. Excludes amortization of debt fees.

# Q4 2024 Outlook

## Revenue of \$600 - \$610 million

» *At the midpoint, up \$28M or 5% vs. Q4 2023*

## Non-GAAP diluted EPS of \$1.00 - \$1.10

» *At the midpoint, down -\$0.18 or -15% vs. Q4 2023*

» *Q4 2023 ETR was 8%; normalized for 25% ETR, Y/Y growth is \$0.06 or 6%*

# 2024 Full-Year Guidance Update

	February 2024 Guidance	August 2024 Guidance	Revised Guidance
Revenue	\$2.275 - \$2.375B	\$2.385 - \$2.415B	<b>\$2.428 - \$2.438B</b>
Non-GAAP EPS	\$3.40 - \$3.80	\$4.45 - \$4.65	<b>\$5.28 - \$5.38</b>

- » *Revenue, at the midpoint, up 1% vs. prior guidance and up 12% vs. 2023*
- » *NG EPS, at the midpoint, up 17% vs. prior guidance and up 59% vs. 2023*



# Appendix

# Consolidated GAAP Results: YTD 2024

<i>\$ in millions (except per share amounts)</i>	YTD 2024	YTD 2023	Change
Revenue	\$1,828.0	\$1,596.5	15%
<i>Growth in constant currency</i>			14%
Gross margin	34.2%	32.4%	180 bps
Operating income	\$201.4	\$79.6	153%
Net income attributable to Itron, Inc.	\$181.0	\$52.5	245%
Earnings per share – diluted	\$3.91	\$1.15	240%

- » Revenue increased due to strong operational performance, continued customer demand, and conversion of previously constrained revenue
- » Gross margin of 34.2% up 180 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: YTD 2024

<i>\$ in millions (except per share amounts)</i>	YTD 2024	YTD 2023	Change
Non-GAAP operating income	\$215.4	\$131.7	64%
Non-GAAP operating margin	11.8%	8.2%	360 bps
Non-GAAP net income attributable to Itron, Inc.	\$197.6	\$97.1	104%
Adjusted EBITDA	\$242.2	\$157.2	54%
Adjusted EBITDA margin	13.2%	9.8%	340 bps
Non-GAAP earnings per share - diluted	\$4.27	\$2.12	101%
Net cash provided by operating activities	\$158.3	\$77.1	105%
Free cash flow	\$137.4	\$58.8	134%

- » 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
- » Free cash flow increased primarily due to higher earnings

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

# Revenue Year-Over-Year Bridge: YTD 2024



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

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

US\$ per share

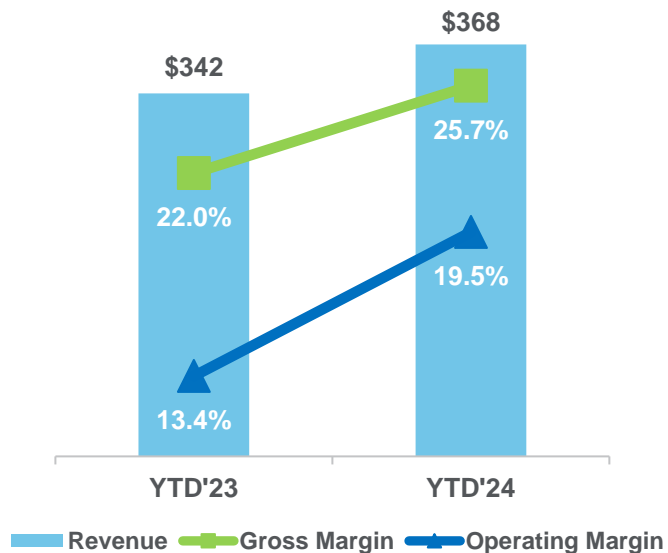


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# Device Solutions Segment: YTD 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue up 8% (7% in constant currency)

- » Growth in smart water sales

### Gross margin up 370 bps

- » Favorable product mix
- » Volume and operational efficiencies

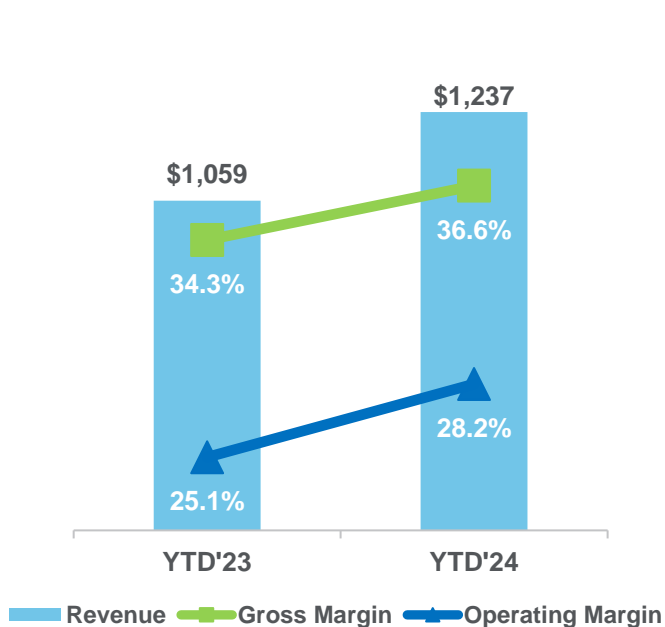
### Operating margin up 610 bps

- » Fall through of higher gross profit
- » Higher operating leverage

# Networked Solutions Segment: YTD 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue up 17% (17% in constant currency)

- » Increased new projects and ongoing deployments
- » Improved component supply

### Gross margin up 230 bps

- » Favorable product mix
- » Volume and operational efficiencies

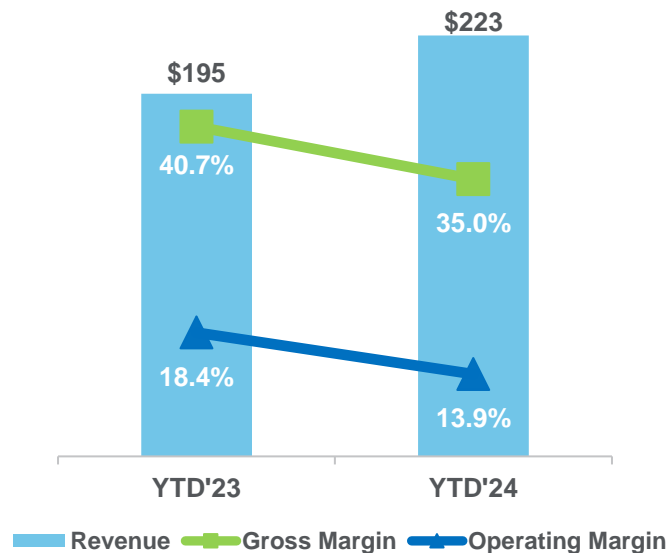
### Operating margin up 310 bps

- » Fall through of higher gross profit
- » Higher operating leverage

# Outcomes Segment: YTD 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue up 14% (14% in constant currency)

- » Increase in recurring revenue and services

### Gross margin down 570 bps

- » Lower margin revenue mix
- » Increased services costs

### Operating margin down 450 bps

- » Fall through of lower gross margin



# FX Impact Summary

\$ in Millions

Average USD/Euro:  
\$1.10 Q3'24 vs \$1.09 Q3'23

Revenue	Q3'24	YoY Change	YoY Change Excluding FX
Device Solutions	\$122.7	10.8%	10.3%
Networked Solutions	\$416.7	8.2%	8.2%
Outcomes	\$76.0	16.9%	16.4%
<b>Total</b>	<b>\$615.5</b>	<b>9.8%</b>	<b>9.6%</b>

Average USD/Euro:  
\$1.09 YTD'24 vs \$1.08 YTD'23

Revenue	YTD'24	YoY Change	YoY Change Excluding FX
Device Solutions	\$368.0	7.6%	7.4%
Networked Solutions	\$1,236.9	16.8%	16.8%
Outcomes	\$223.0	14.4%	14.2%
<b>Total</b>	<b>\$1,828.0</b>	<b>14.5%</b>	<b>14.4%</b>

**Non-GAAP EPS - diluted**    **\$1.84**    **\$0.86**    **\$0.86**

**Non-GAAP EPS - diluted**    **\$4.27**    **\$2.15**    **\$2.16**

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

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 135,665	\$ 132,313	\$ 424,057	\$ 437,921
Amortization of intangible assets	(4,814)	(4,663)	(13,311)	(14,433)
Restructuring	723	615	624	(36,868)
Loss on sale of business	(698)	(45)	(656)	(675)
Strategic initiative	—	5	—	5
Acquisition and integration	(248)	(28)	(656)	(117)
Non-GAAP operating expenses	\$ 130,628	\$ 128,197	\$ 410,058	\$ 385,833
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income	\$ 73,933	\$ 54,890	\$ 201,380	\$ 79,597
Amortization of intangible assets	4,814	4,663	13,311	14,433
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Strategic initiative	—	(5)	—	(5)
Acquisition and integration	248	28	656	117
Non-GAAP operating income	\$ 78,970	\$ 59,006	\$ 215,379	\$ 131,685
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income attributable to Itron, Inc.	\$ 77,959	\$ 40,172	\$ 180,998	\$ 52,537
Amortization of intangible assets	4,814	4,663	13,311	14,433
Amortization of debt placement fees	1,759	897	3,538	2,629
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Strategic initiative	—	(5)	—	(5)
Acquisition and integration	248	28	656	117
Income tax effect of non-GAAP adjustments	(504)	(293)	(891)	(10,156)
Non-GAAP net income attributable to Itron, Inc.	\$ 84,251	\$ 44,892	\$ 197,644	\$ 97,098
Non-GAAP diluted EPS	\$ 1.84	\$ 0.98	\$ 4.27	\$ 2.12
Non-GAAP weighted average common shares outstanding - Diluted	45,839	45,950	46,239	45,768

# GAAP to Non-GAAP Reconciliations

## ITRON, INC.

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

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
<b>ADJUSTED EBITDA</b>				
GAAP net income attributable to Itron, Inc.	\$ 77,959	\$ 40,172	\$ 180,998	\$ 52,537
Interest income	(13,420)	(2,642)	(22,394)	(5,968)
Interest expense	5,605	2,445	9,788	6,479
Income tax provision	3,515	15,388	32,124	24,513
Depreciation and amortization	14,716	13,645	40,979	42,013
Restructuring	(723)	(615)	(624)	36,868
Loss on sale of business	698	45	656	675
Strategic initiative	—	(5)	—	(5)
Acquisition and integration	248	28	656	117
Adjusted EBITDA	<u>\$ 88,598</u>	<u>\$ 68,461</u>	<u>\$ 242,183</u>	<u>\$ 157,229</u>
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 65,301	\$ 34,087	\$ 158,326	\$ 77,076
Acquisitions of property, plant, and equipment	(6,623)	(5,806)	(20,878)	(18,304)
Free Cash Flow	<u>\$ 58,678</u>	<u>\$ 28,281</u>	<u>\$ 137,448</u>	<u>\$ 58,772</u>



Thank You

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