



**Tom Deitrich** – President and Chief Executive Officer  
**Joan Hooper** – Senior Vice President and Chief Financial Officer  
**David Means** – Director, Investor Relations

**Fourth Quarter 2022  
Earnings Conference Call  
February 27, 2023**

# 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 undertakes no obligation to update or revise any forward-looking statements in this presentation after the date they are made. We caution 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.

# CONFERENCE CALL AGENDA

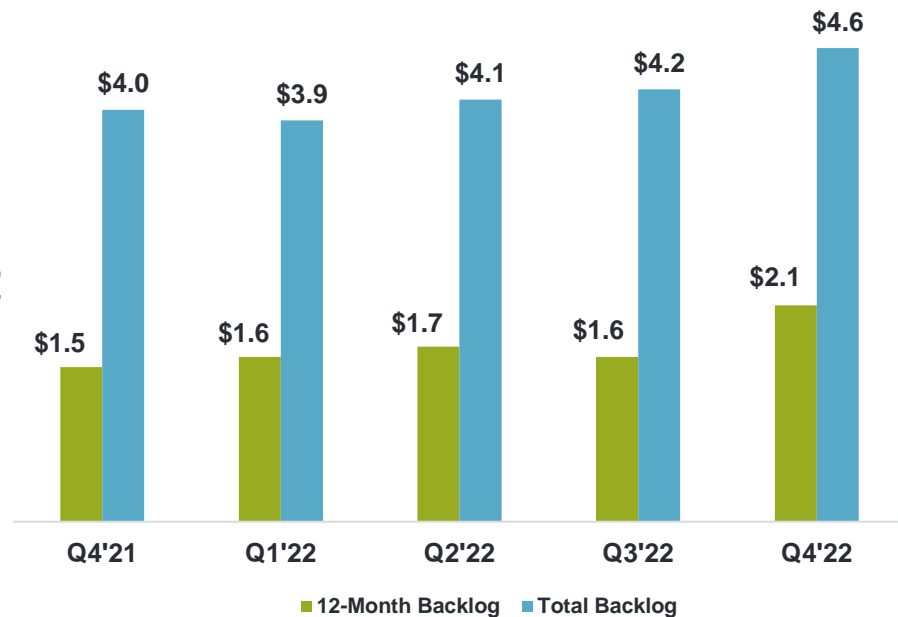
- » **CEO** – Business and Operations Update
- » **CFO** – Financial Results and 2023 Guidance
- » **Q&A**

# Q4'22 AND FY'22 PERFORMANCE SUMMARY

- » Revenue in Q4'22 of \$467 million and FY'22 of \$1.8 billion
- » Adjusted EBITDA in Q4'22 of \$34 million and FY'22 of \$95 million
- » Non-GAAP diluted EPS in Q4'22 of \$0.71 and FY'22 of \$1.13

# BOOKINGS AND BACKLOG

- » Q4'22 bookings of \$898M
- » FY'22 bookings of \$2.5B
- » Book to bill of 1.9 in Q4 and 1.4 for FY'22
- » Record: Ending backlog of \$4.6B



Note: Chart in US\$ billions, the revenue from Q4'22 12-month backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.

# OPERATIONAL INSIGHTS

- » Strong market demand continues
- » Current supply environment remains volatile
- » Recovery of supply progressing
- » Continuing to manage price/cost
- » A restructuring plan to improve operational efficiency and reduce costs

# CONSOLIDATED GAAP RESULTS: Q4'22

\$ in millions (except per share amounts)	Q4 2022	Q4 2021	Change
Revenue	\$467.5	\$485.6	-4%
<i>Change in constant currency</i>			<i>flat</i>
Gross margin	30.1%	25.0%	510 bps
Operating income (loss)	\$12.4	(\$107.5)	NM
Net income (loss) attributable to Itron, Inc.	\$22.2	(\$58.9)	NM
Earnings (loss) per share – diluted	\$0.49	(\$1.30)	NM

- » Revenue declined due to the sale of the C&I gas business in our Device Solutions segment and foreign exchange rates, offset by higher sales in the Networked Solutions and Outcomes segments
- » Gross margin of 30.1% up 510 bps due to favorable mix, partially offset by elevated component costs
- » GAAP operating income increased due to lower opex driven by less restructuring and divestiture activities, and due to higher gross profit
- » GAAP net income increased due to higher GAAP operating income, partially offset by a lower tax benefit

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: Q4'22

\$ in millions (except per share amounts)	Q4 2022	Q4 2021	Change
Non-GAAP operating income (loss)	\$25.3	(\$6.6)	484%
Non-GAAP operating margin	5.4%	(1.4%)	680 bps
Non-GAAP net income attributable to Itron, Inc.	\$32.2	\$34.1	-6%
Adjusted EBITDA	\$34.4	\$3.2	NM
Adjusted EBITDA margin	7.4%	0.7%	670 bps
Non-GAAP earnings per share - diluted	\$0.71	\$0.75	-5%
Net cash (used in) provided by operating activities	(\$13.0)	\$13.6	NM
Free cash flow	(\$17.9)	\$6.7	NM

- » Increase in Non-GAAP operating income due to fall through of higher gross profit and lower opex
- » Non-GAAP net income decreased due to a prior year tax benefit from the impact of certain transfers of business activities and assets, partially offset by higher non-GAAP operating income
- » Free cash flow decreased due to working capital outflow, partially offset by higher non-GAAP EBITDA

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



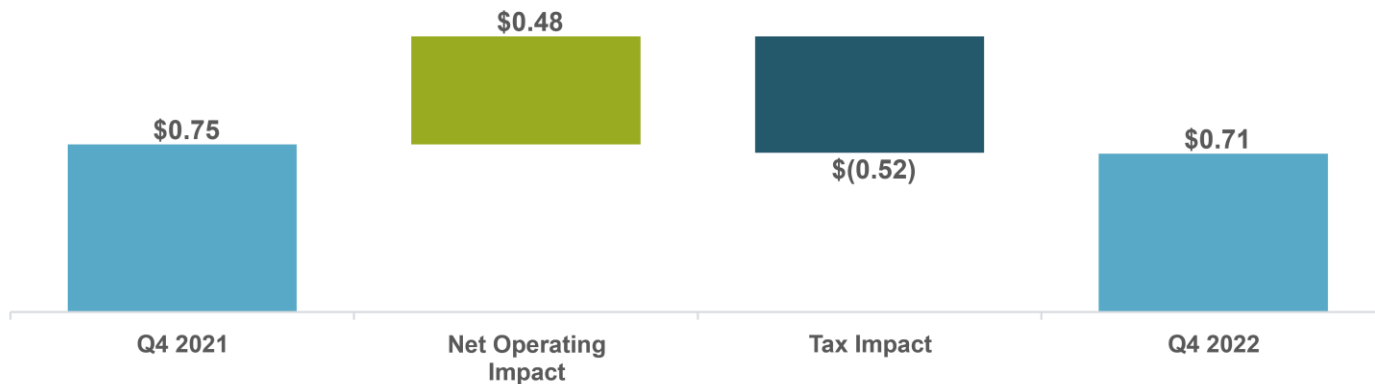
# REVENUE YEAR-OVER-YEAR BRIDGE: Q4'22



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

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: Q4'22

US\$ per share

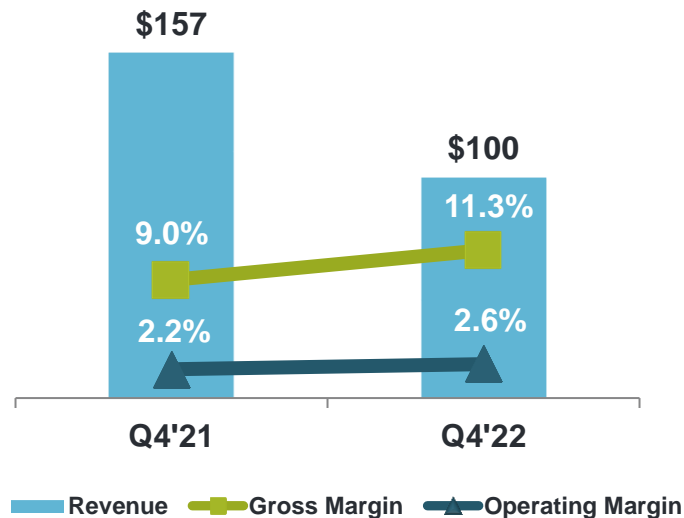


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: Q4'22

Revenue, gross margin and operating margin

\$ in millions, actual currency



## Revenue down 36% and 27% in constant currency

- » Sale of C&I gas business
- » Continued product pruning

## Gross margin up 230 bps

- » Improving mix with discontinued lines of business
- » Partially offset by elevated component costs

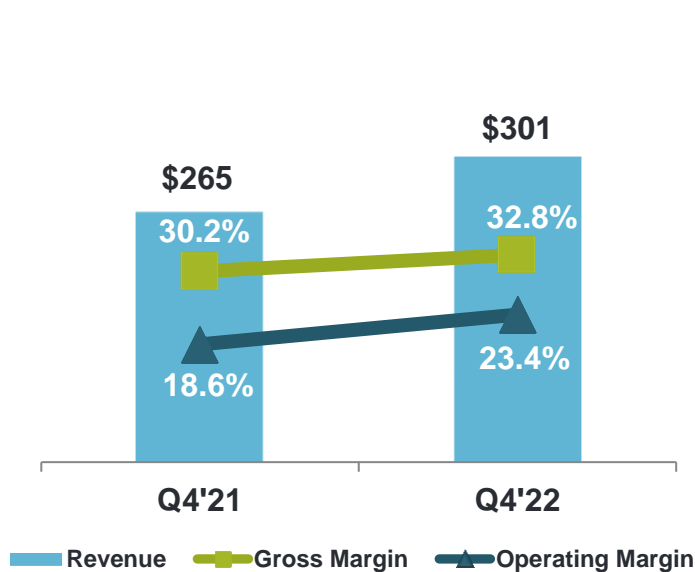
## Operating margin up 40 bps

- » Fall through of higher gross margin
- » Partially offset by higher opex %

# NETWORKED SOLUTIONS SEGMENT: Q4'22

Revenue, gross margin and operating margin

\$ in millions, actual currency



**Revenue up 14% and 15% in constant currency**

» Ramp of new and existing deployments

**Gross margin up 260 bps**

» Favorable mix

» Partially offset by elevated component costs

**Operating margin up 480 bps**

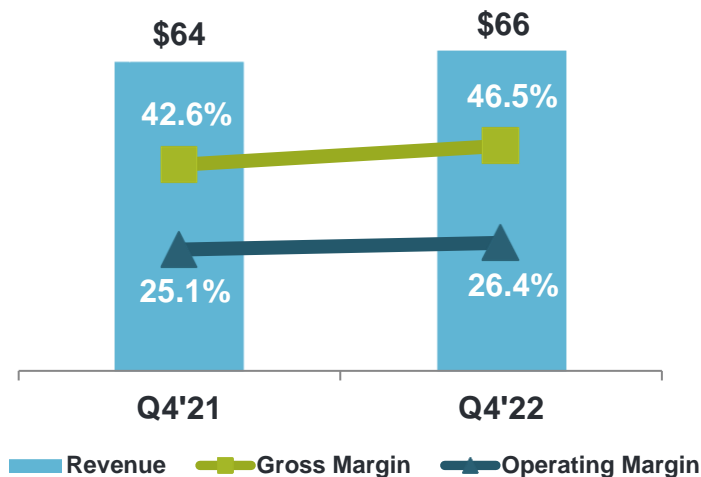
» Fall through of higher gross profit

» Lower opex

# OUTCOMES SEGMENT: Q4'22

Revenue, gross margin and operating margin

\$ in millions, actual currency



## Revenue up 4% and 7% in constant currency

- » Higher software license and product sales
- » Partially offset by decline in EMEA prepay business

## Gross margin up 390 bps

- » Favorable mix
- » Increased operational efficiencies

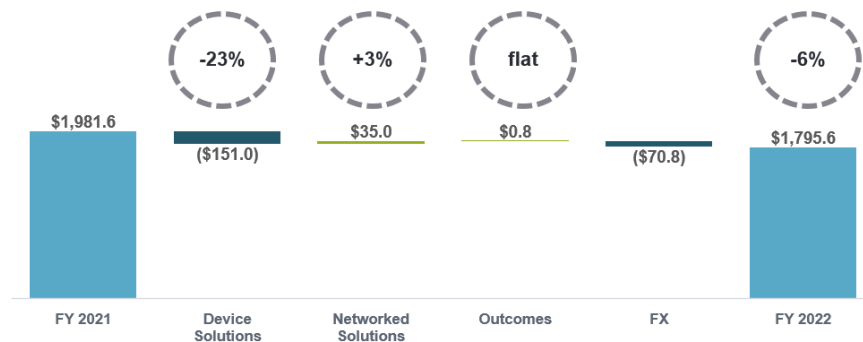
## Operating margin up 130 bps

- » Fall through of higher gross profit
- » Partially offset by higher research & development investment

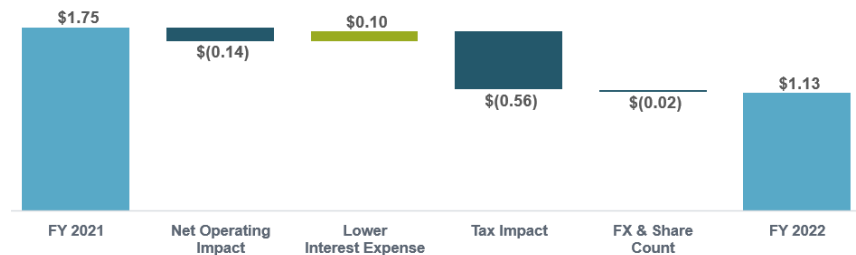
# FULL YEAR 2022 SUMMARY

- » Revenue of \$1.8B down 9% from 2021
  - » Down 6% in constant currency
  - » Down 2% adjusted for the sale of the C&I gas business and foreign exchange rates
  
- » Gross margin of 29.1%
  
- » Adj EBITDA of \$95M
  
- » Non-GAAP EPS of \$1.13
  
- » Free cash flow of \$5M

## Revenue Year-Over-Year Bridge<sup>1</sup> (in constant currency)

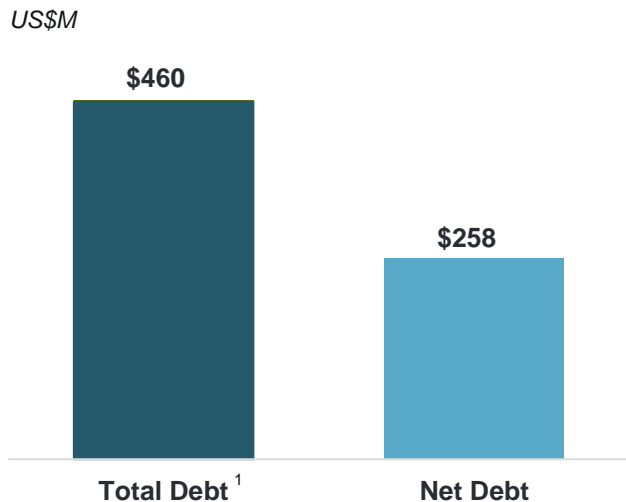


## Non-GAAP EPS Year-Over-Year Bridge<sup>1</sup>



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

# DEBT AND LIQUIDITY OVERVIEW: DECEMBER 31, 2022



## Debt

- » Net leverage 2.7x at end of Q4'22
- » Zero interest convertible notes

## Free Cash Flow and Liquidity

- » FY Free cash flow of \$5M
- » Cash and equivalents of \$202M
- » \$500M revolver

1. Excludes amortization of debt fees.

# 2023 GUIDANCE

**Revenue of \$1.85 - \$1.95 billion**

» *~6% growth at the midpoint*

**Non-GAAP diluted EPS of \$0.70 - \$1.10**

» *~6% growth at the midpoint (normalized @ 28% tax rate for both years)*

Assumptions:

- Euro/USD of \$1.05
- Effective non-GAAP tax rate of ~28%
- Average diluted shares outstanding of ~45.7 million



# Q1'23 OUTLOOK

Revenue of \$460 - \$475 million

Non-GAAP diluted EPS of \$0.05 - \$0.15

- Includes one-time \$2M tax adjustment which drives the effective non-GAAP tax rate to a range of ~40 - 60%

# RESTRUCTURING PLAN

- » **Rationale:** Continuing to execute our asset light strategy with improved operational efficiency and reduced operating costs
- » **Annualized Savings:** ~\$14-17M USD, Savings complete early 2025
- » **Anticipated Cash Cost:** ~\$40-45M USD, Cash-out primarily 2024-2026
- » **Timeline:** Begin immediately; Substantially complete by early 2025

# APPENDIX

# CONSOLIDATED GAAP RESULTS: FY'22

<i>\$ in millions (except per share amounts)</i>	FY 2022	FY 2021	Change
Revenue	\$1,795.6	\$1,981.6	-9%
<i>Change in constant currency</i>			-6%
Gross margin	29.1%	28.9%	20 bps
Operating loss	(\$7.4)	(\$79.3)	NM
Net loss attributable to Itron, Inc.	(\$9.7)	(\$81.3)	NM
Loss per share	(\$0.22)	(\$1.83)	NM

- » Revenue down due to component constraints impacting our ability to meet customer demand as well as the sale of C&I gas business in our Device Solutions segment
- » Gross margin of 29.1% up 20 bps due to favorable mix, partially offset by higher component costs and manufacturing inefficiencies
- » GAAP operating loss improved due to lower opex driven by less restructuring activities and a loss related to the sale of C&I gas business in prior year.
- » GAAP net loss decreased due to improved GAAP operating loss and lower interest expense, partially offset by a lower income tax benefit

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: FY'22

<i>\$ in millions (except per share amounts)</i>	FY 2022	FY 2021	Change
Non-GAAP operating income	\$58.4	\$75.6	-23%
Non-GAAP operating margin	3.3%	3.8%	-50 bps
Adjusted EBITDA	\$95.1	\$115.2	-17%
Adjusted EBITDA margin	5.3%	5.8%	-50 bps
Non-GAAP net income attributable to Itron, Inc.	\$51.0	\$78.1	-35%
Non-GAAP earnings per share - diluted	\$1.13	\$1.75	-35%
Net cash provided by operating activities	\$24.5	\$154.8	-84%
Free cash flow	\$4.8	\$120.1	-96%

- » Decrease in Non-GAAP operating income due to fall through of lower gross profit, partially offset by lower non-GAAP opex
- » Non-GAAP net income decreased due to lower non-GAAP operating income and higher non-GAAP income tax
- » Free cash flow decreased due to higher working capital usage, higher variable compensation payments, and lower non-GAAP EBITDA, partially offset by lower capex

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

# REVENUE YEAR-OVER-YEAR BRIDGE: FY'22

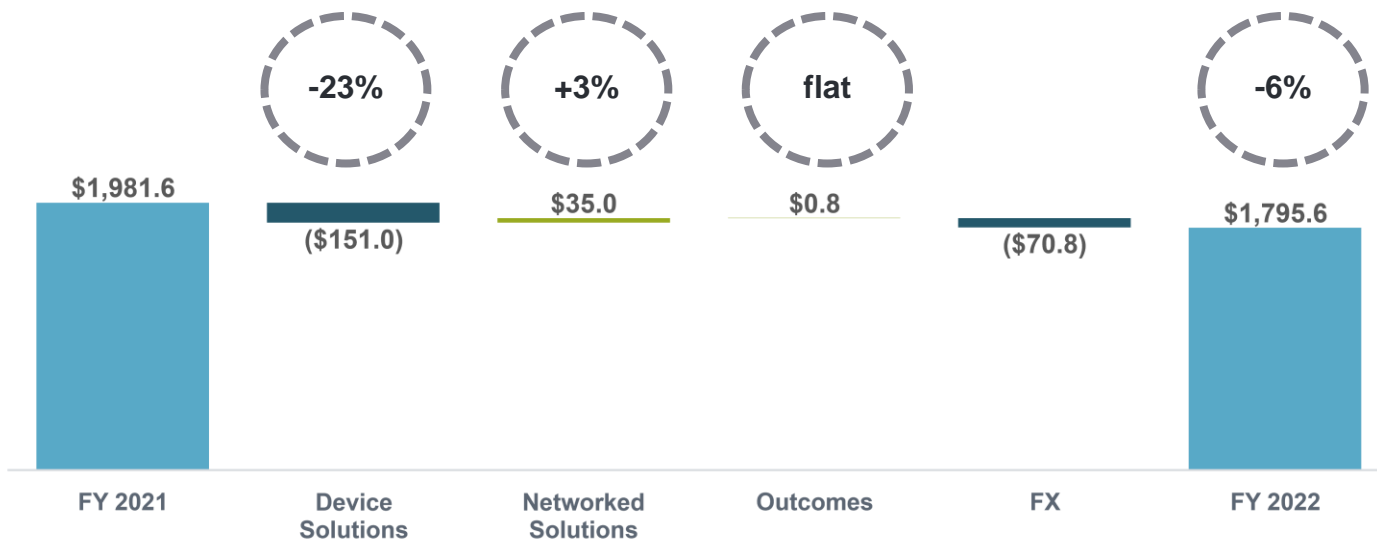
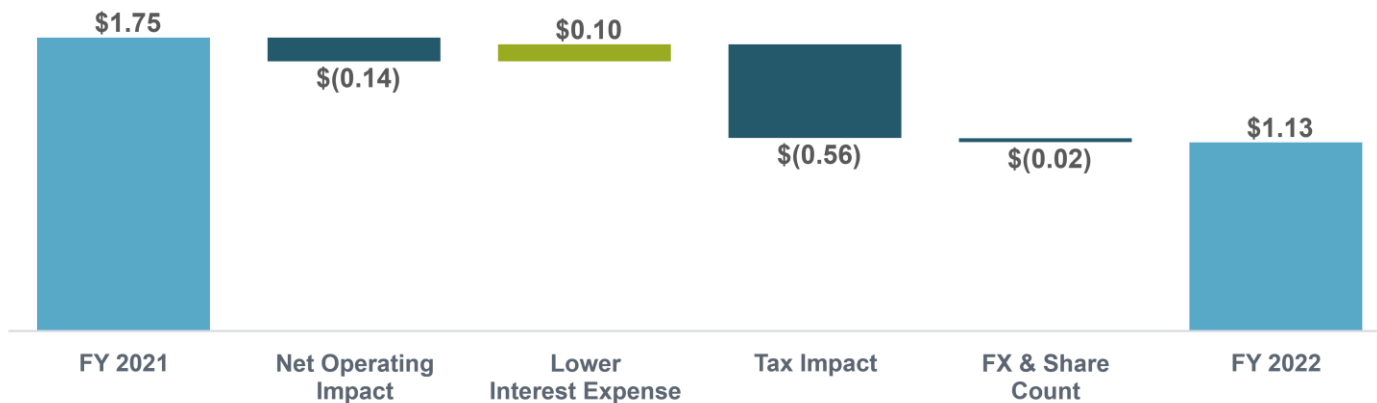


Chart in millions. Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: FY'22

US\$ per share

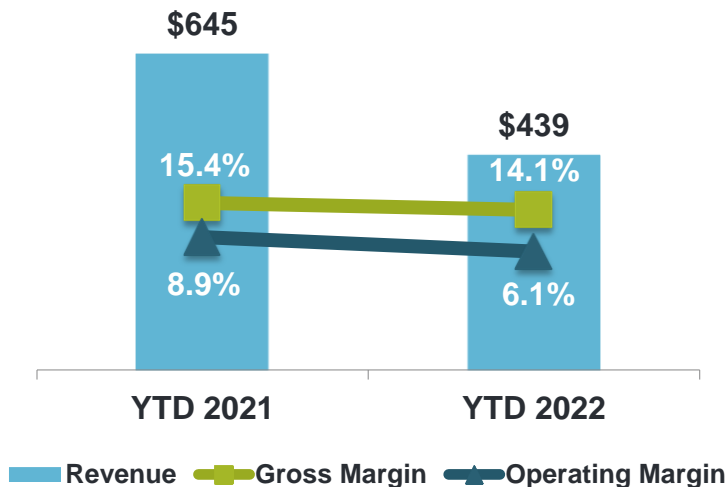


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: FY'22

Revenue, gross margin and operating margin

\$ in millions, actual currency



## Revenue down 32% and 23% in constant currency

- » Sale of C&I gas business and other product pruning
- » Foreign exchange rates
- » Constrained revenue due to component shortages

## Gross margin down 130 bps

- » Inefficiencies related to component shortages
- » Partially offset by favorable mix

## Operating margin down 280 bps

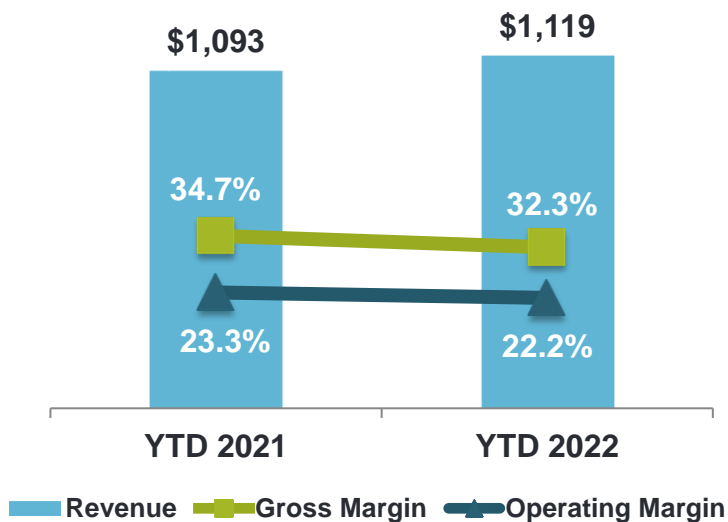
- » Fall through of lower gross profit
- » Partially offset by lower opex



# NETWORKED SOLUTIONS SEGMENT: FY'22

Revenue, gross margin and operating margin

\$ in millions, actual currency



## Revenue up 2% and 3% in constant currency

- » Ramp of new and existing deployments
- » Partially offset by constrained revenue due to component shortages

## Gross margin down 240 bps

- » Inflationary pressures
- » Unfavorable product mix
- » Inefficiencies related to component shortages

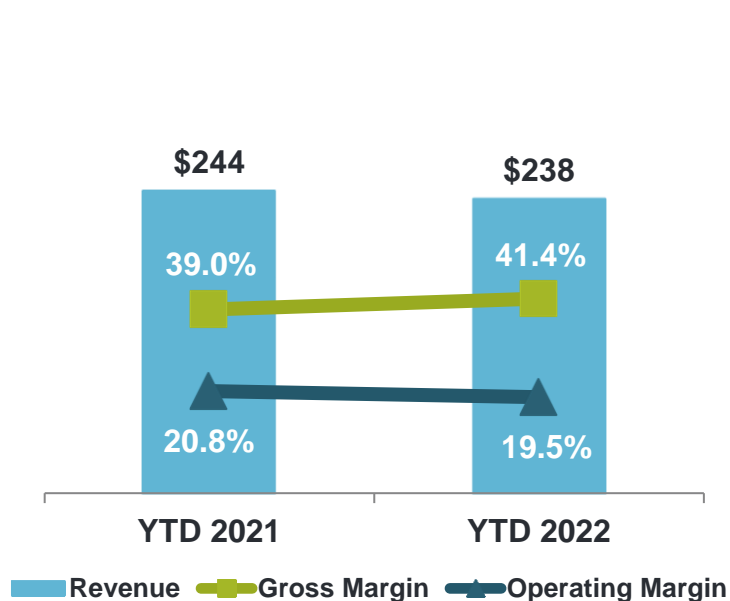
## Operating margin down 110 bps

- » Fall through of lower gross profit
- » Partially offset by lower opex

# OUTCOMES SEGMENT: FY'22

Revenue, gross margin and operating margin

\$ in millions, actual currency



## Revenue down 3% and flat in constant currency

- » Decline in consulting business and EMEA prepay business
- » Offset by an increase in Managed Services and Grid Operations

## Gross margin up 240 bps

- » Favorable mix
- » Increased operational efficiencies

## Operating margin down 130 bps

- » Higher research & development investment

# FX IMPACT SUMMARY

\$ in millions

Average USD/Euro:  
\$1.02 Q4'22 vs \$1.14 Q4'21

Revenue	Q4'22	YoY Change	YoY Change Excluding FX
Device Solutions	\$100	-36.1%	-27.0%
Networked Solutions	\$301	13.7%	14.7%
Outcomes	\$66	3.6%	6.6%
<b>Total</b>	<b>\$467</b>	<b>-3.7%</b>	<b>0.1%</b>

Average USD/Euro:  
\$1.05 FY'22 vs \$1.18 FY'21

Revenue	FY'22	YoY Change	YoY Change Excluding FX
Device Solutions	\$439	-32.0%	-23.4%
Networked Solutions	\$1,119	2.4%	3.2%
Outcomes	\$238	-2.6%	0.3%
<b>Total</b>	<b>\$1,796</b>	<b>-9.4%</b>	<b>-5.8%</b>

**Non-GAAP EPS - diluted**    **\$0.71**    **-\$0.04**    **-\$0.04**

**Non-GAAP EPS - diluted**    **\$1.13**    **-\$0.62**    **-\$0.61**

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. 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 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 December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 128,417	\$ 228,757	\$ 529,628	\$ 652,468
Amortization of intangible assets	(6,266)	(8,887)	(25,717)	(35,801)
Restructuring	2,528	(55,453)	13,625	(54,623)
Loss on sale of businesses	(323)	(36,015)	(3,505)	(64,289)
Strategic initiative	—	—	(675)	—
Software project impairment	(8,719)	—	(8,719)	—
Russian currency translation write-off	—	—	(1,885)	—
Goodwill impairment	—	—	(38,480)	—
Acquisition and integration	(136)	(519)	(506)	(151)
Non-GAAP operating expenses	<u>\$ 115,501</u>	<u>\$ 127,883</u>	<u>\$ 463,766</u>	<u>\$ 497,604</u>
<b>NON-GAAP OPERATING INCOME (LOSS)</b>				
GAAP operating income (loss)	\$ 12,381	\$ (107,470)	\$ (7,439)	\$ (79,299)
Amortization of intangible assets	6,266	8,887	25,717	35,801
Restructuring	(2,528)	55,453	(13,625)	54,623
Loss on sale of businesses	323	36,015	3,505	64,289
Strategic initiative	—	—	675	—
Software project impairment	8,719	—	8,719	—
Russian currency translation write-off	—	—	1,885	—
Goodwill impairment	—	—	38,480	—
Acquisition and integration	136	519	506	151
Non-GAAP operating income (loss)	<u>\$ 25,297</u>	<u>\$ (6,596)</u>	<u>\$ 58,423</u>	<u>\$ 75,565</u>

# 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 December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income (loss) attributable to Itron, Inc. \$	22,212	\$ (58,866)	\$ (9,732)	\$ (81,255)
Amortization of intangible assets	6,266	8,887	25,717	35,801
Amortization of debt placement fees	845	826	3,323	18,078
Debt extinguishment	—	—	—	11,681
Restructuring	(2,528)	55,453	(13,625)	54,623
Loss on sale of businesses	323	36,015	3,505	64,289
Strategic initiative	—	—	675	—
Software project impairment	8,719	—	8,719	—
Russian currency translation write-off	—	—	1,885	—
Goodwill impairment	—	—	38,480	—
Acquisition and integration	136	519	506	151
Income tax effect of non-GAAP adjustments	(3,803)	(8,774)	(8,466)	(25,265)
Non-GAAP net income attributable to Itron, Inc. \$	\$ 32,170	\$ 34,060	\$ 50,987	\$ 78,103
Non-GAAP diluted EPS	\$ 0.71	\$ 0.75	\$ 1.13	\$ 1.75
Non-GAAP weighted average common shares outstanding - Diluted	45,419	45,469	45,305	44,617

# 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 December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc. \$	22,212	\$ (58,866)	\$ (9,732)	\$ (81,255)
Interest income	(1,266)	(231)	(2,633)	(1,557)
Interest expense	1,793	1,531	6,724	28,638
Income tax benefit	(11,169)	(51,093)	(6,196)	(45,512)
Debt extinguishment	—	—	—	11,681
Depreciation and amortization	16,151	19,901	66,763	84,153
Restructuring	(2,528)	55,453	(13,625)	54,623
Loss on sale of businesses	323	36,015	3,505	64,289
Strategic initiative	—	—	675	—
Software project impairment	8,719	—	8,719	—
Russian currency translation write-off	—	—	1,885	—
Goodwill impairment	—	—	38,480	—
Acquisition and integration	136	519	506	151
Adjusted EBITDA	<u>\$ 34,371</u>	<u>\$ 3,229</u>	<u>\$ 95,071</u>	<u>\$ 115,211</u>
<b>FREE CASH FLOW</b>				
Net cash (used in) provided by operating activities	\$ (13,030)	\$ 13,647	\$ 24,500	\$ 154,794
Acquisitions of property, plant, and equipment	(4,861)	(6,901)	(19,747)	(34,682)
Free Cash Flow	<u>\$ (17,891)</u>	<u>\$ 6,746</u>	<u>\$ 4,753</u>	<u>\$ 120,112</u>

Thank You

**INVESTOR RELATIONS CONTACTS**

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[www.itron.com](http://www.itron.com)