



**Tom Deitrich** – President and Chief Executive Officer  
**Joan Hooper** – Senior Vice President and Chief Financial Officer  
**Paul Vincent** – Vice President, Investor Relations

**Second Quarter 2023  
Earnings Conference Call  
August 3, 2023**

# CONFERENCE CALL AGENDA

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

# 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.

# SECOND QUARTER 2023 PERFORMANCE SUMMARY

- » Revenue in Q2'23 of \$541 million
- » Adjusted EBITDA in Q2'23 of \$49 million
- » Non-GAAP diluted EPS in Q2'23 of \$0.65
- » Free cash flow in Q2'23 of \$36 million

# BOOKINGS AND BACKLOG

» Q2'23 bookings of \$475M

» Q2'23 book to bill of 0.9

» Ending backlog of \$4.5B



Note: Chart in US\$ billions, the revenue from Q2'23 12-month backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.

# OPERATIONAL INSIGHTS

- » Operating environment more stable
- » Component availability improving faster than anticipated
- » Strong execution and operating leverage demonstrated during Q2 2023
- » Itron technology creates customer value and enhances digital capabilities
- » Distributed Intelligence deployment accelerating

# CONSOLIDATED GAAP RESULTS: Q2'23

\$ in millions (except per share amounts)	Q2 2023	Q2 2022	Change
Revenue	\$541.1	\$431.9	25%
<i>Change in constant currency</i>			<i>25%</i>
Gross margin	32.1%	29.2%	290 bps
Operating income (loss)	\$35.1	(\$33.5)	NM
Net income (loss) attributable to Itron, Inc.	\$24.2	(\$37.0)	NM
Earnings (loss) per share – diluted	\$0.53	(\$0.82)	NM

- » Revenue increased due to improving supply chain conditions and strong operational execution
- » Gross margin of 32.1% up 290 bps due to favorable mix and operational efficiencies
- » GAAP operating income increased due to higher gross profit and lower operating expenses due to a goodwill impairment in prior year related to our Devices Solutions segment
- » GAAP net income increased due to higher GAAP operating income

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: Q2'23

\$ in millions (except per share amounts)	Q2 2023	Q2 2022	Change
Non-GAAP operating income	\$41.4	\$9.0	358%
Non-GAAP operating margin	7.6%	2.1%	550 bps
Non-GAAP net income attributable to Itron, Inc.	\$29.8	\$3.1	852%
Adjusted EBITDA	\$49.3	\$17.5	182%
Adjusted EBITDA margin	9.1%	4.0%	510 bps
Non-GAAP earnings per share - diluted	\$0.65	\$0.07	829%
Net cash provided by operating activities	\$41.6	\$15.1	176%
Free cash flow	\$36.0	\$9.8	268%

- » Increase in non-GAAP operating income due to fall through of higher gross profit, partially offset by higher operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income and favorable tax impact
- » Free cash flow increased due to higher earnings, partially offset by change in working capital

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



# REVENUE YEAR-OVER-YEAR BRIDGE: Q2'23

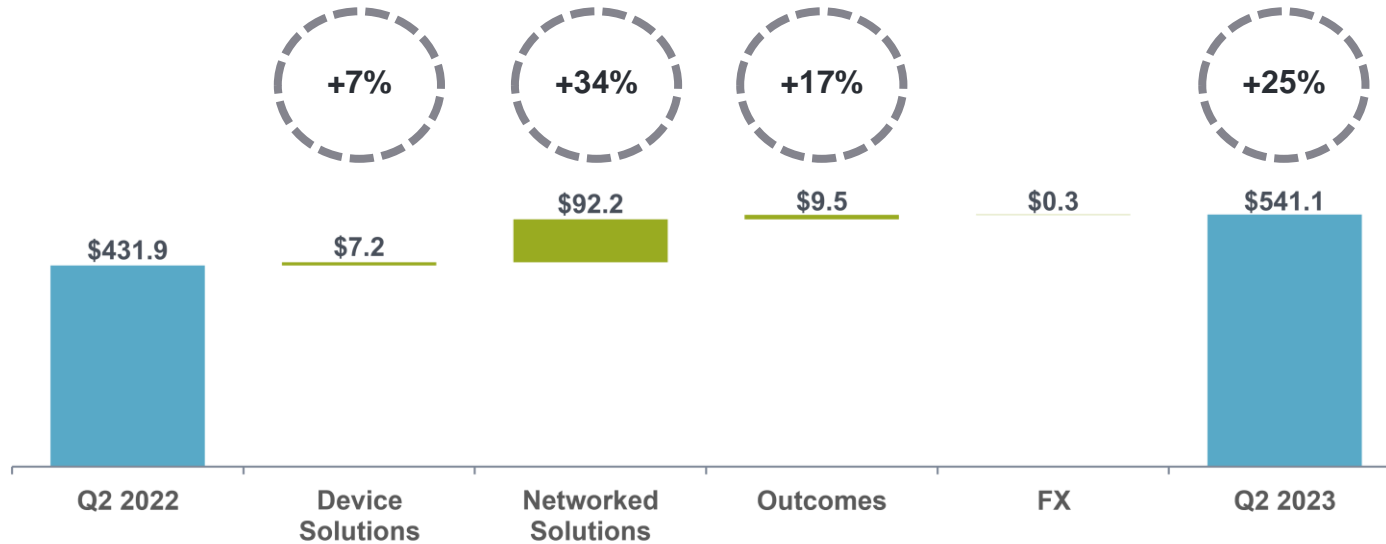
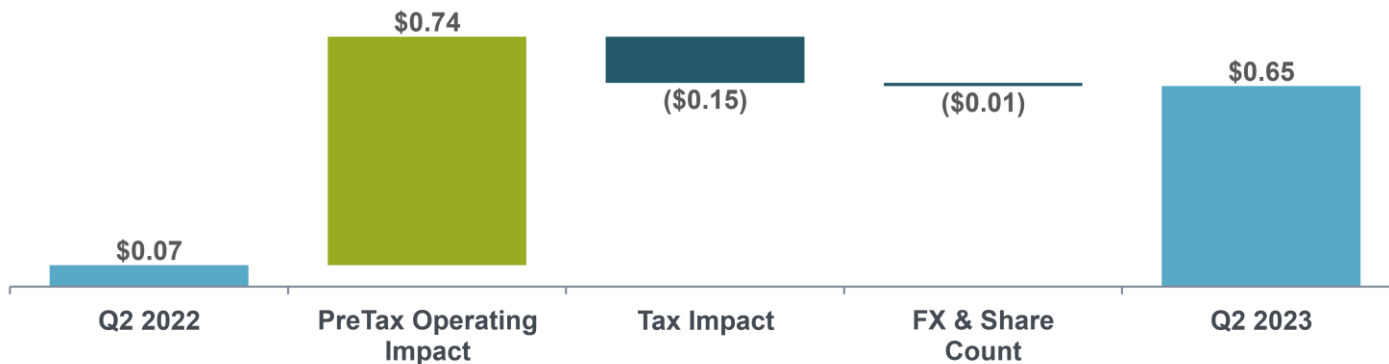


Chart in millions, Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: Q2'23

US\$ per share

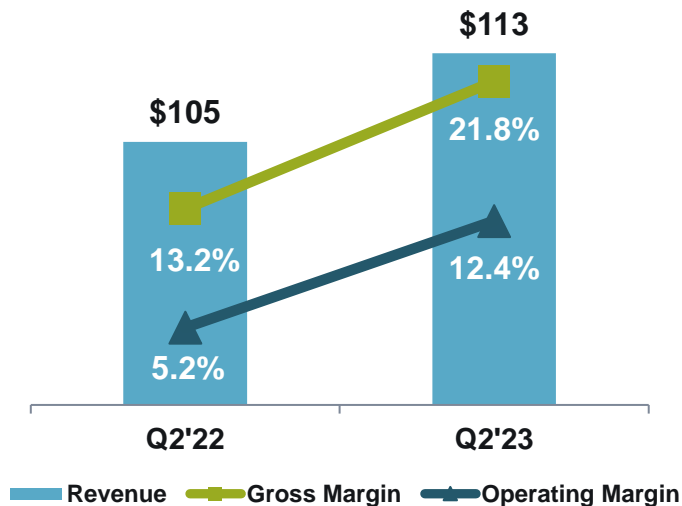


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: Q2'23

Revenue, gross margin and operating margin

\$ in millions, actual currency



**Revenue increased 8% (7% in constant currency)**

» Growth in Water vertical

**Gross margin increased 860 bps**

» Favorable mix

» Increased operational efficiencies

**Operating margin increased 720 bps**

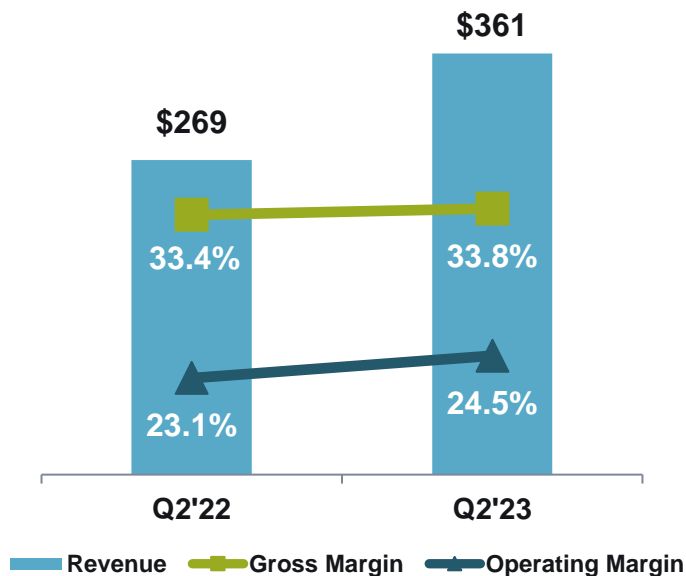
» Fall through of higher gross profit

» Partially offset by higher opex

# NETWORKED SOLUTIONS SEGMENT: Q2'23

Revenue, gross margin and operating margin

\$ in millions, actual currency



**Revenue increased 34% (34% in constant currency)**

» Improving supply chain conditions

**Gross margin increased 40 bps**

» Favorable product mix

» Improved operational efficiencies

**Operating margin increased 140 bps**

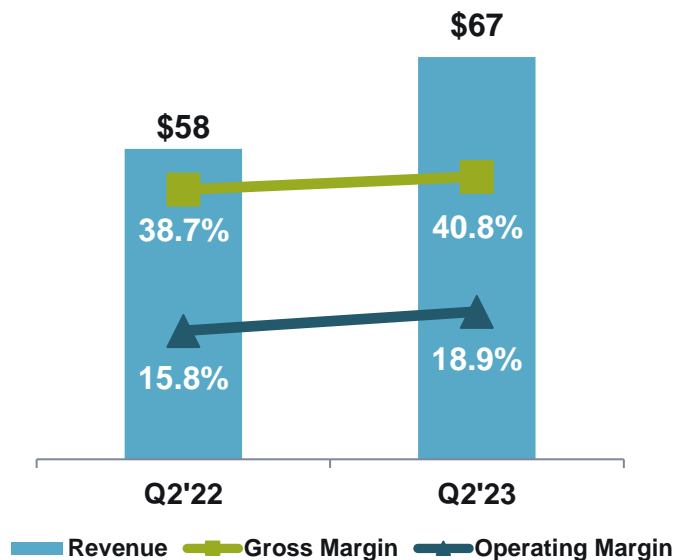
» Fall through of higher gross profit

» Higher operating leverage

# OUTCOMES SEGMENT: Q2'23

Revenue, gross margin and operating margin

\$ in millions, actual currency



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

- » Increase in recurring services and software license sales, driven by Distributed Intelligence

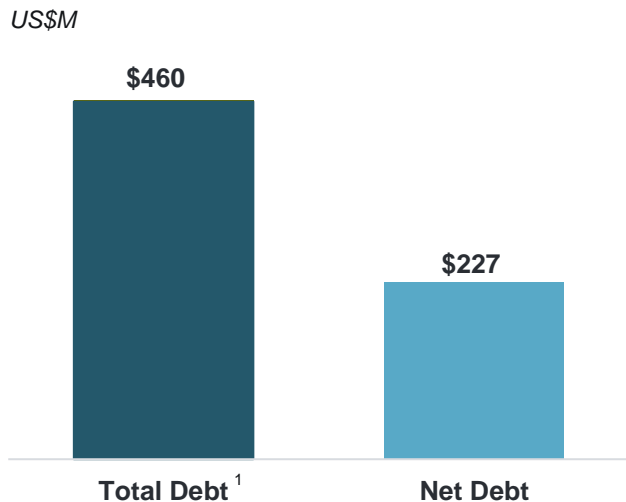
## Gross margin increased 210 bps

- » Increase in software license sales
- » Favorable services mix

## Operating margin increased 310 bps

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

# DEBT AND LIQUIDITY OVERVIEW: JUNE 30, 2023



## Debt

- » Net leverage 1.6x at end of Q2'23
- » Zero interest convertible notes

## Free Cash Flow and Liquidity

- » Free cash flow of \$36M
- » Cash and equivalents of \$233M
- » \$500M revolver

1. Excludes amortization of debt fees.

# Q3'23 OUTLOOK

## Revenue of \$535 - \$545 million

- *At the midpoint, up 28% vs. Q3 2022*

## Non-GAAP diluted EPS of \$0.44 - \$0.56

- *At the midpoint, up 117% vs. Q3 2022*

# 2023 FULL-YEAR GUIDANCE UPDATE

	Prior Guidance	Revised Guidance
Revenue	\$1.85 - \$1.95B	<b>\$2.11 - \$2.14B</b>
Non-GAAP EPS	\$0.70 - \$1.10	<b>\$2.03 - \$2.28</b>

- *Revenue, at the midpoint, up 12% vs. prior guidance*
- *NG EPS, at the midpoint, up 140% vs. prior guidance*



# APPENDIX

# CONSOLIDATED GAAP RESULTS: YTD'23

<i>\$ in millions (except per share amounts)</i>	YTD 2023	YTD 2022	Change
Revenue	\$1,035.7	\$907.2	14%
<i>Growth in constant currency</i>			15%
Gross margin	31.9%	28.8%	310 bps
Operating income (loss)	\$24.7	(\$26.7)	NM
Net income (loss) attributable to Itron, Inc.	\$12.4	(\$36.1)	NM
Earnings (loss) per share - diluted	\$0.27	(\$0.80)	NM

- » Revenue increased due to improving supply chain conditions and strong operational execution
- » Gross margin of 31.9% up 310 bps due to favorable mix and operational efficiencies
- » GAAP operating income (loss) increased due to higher gross profit, partially offset by higher operating expense. Higher opex was driven by a restructuring charge for the new plan announced in February, partially offset by a goodwill impairment in prior year related to our Devices Solutions segment.
- » GAAP net income increased due to higher GAAP operating income

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: YTD'23

<i>\$ in millions (except per share amounts)</i>	YTD 2023	YTD 2022	Change
Non-GAAP operating income	\$72.7	\$18.3	297%
Non-GAAP operating margin	7.0%	2.0%	500 bps
Adjusted EBITDA	\$88.8	\$36.4	144%
Adjusted EBITDA margin	8.6%	4.0%	460 bps
Non-GAAP net income attributable to Itron, Inc.	\$52.2	\$8.3	529%
Non-GAAP earnings per share - diluted	\$1.14	\$0.18	533%
Net cash provided by operating activities	\$43.0	\$22.7	90%
Free cash flow	\$30.5	\$12.0	154%

- » Increase in non-GAAP operating income due to fall through of higher gross profit, partially offset by higher operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income and favorable tax impact
- » Free cash flow increased due to higher earnings, partially offset by change in working capital

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

# REVENUE YEAR-OVER-YEAR BRIDGE: YTD'23

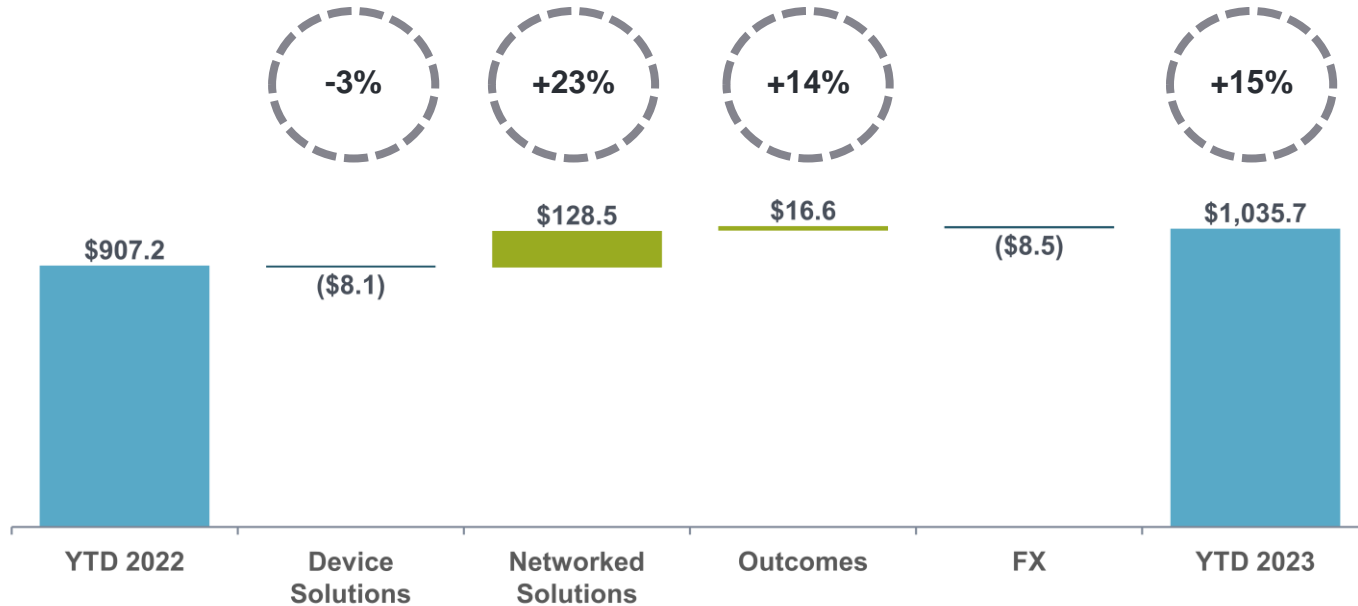
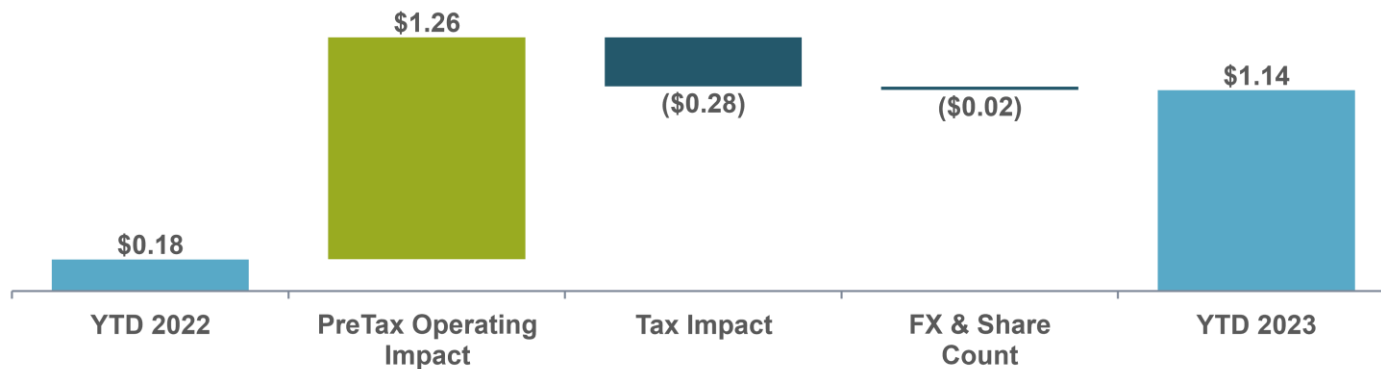


Chart in Millions. Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: YTD'23

US\$ per share

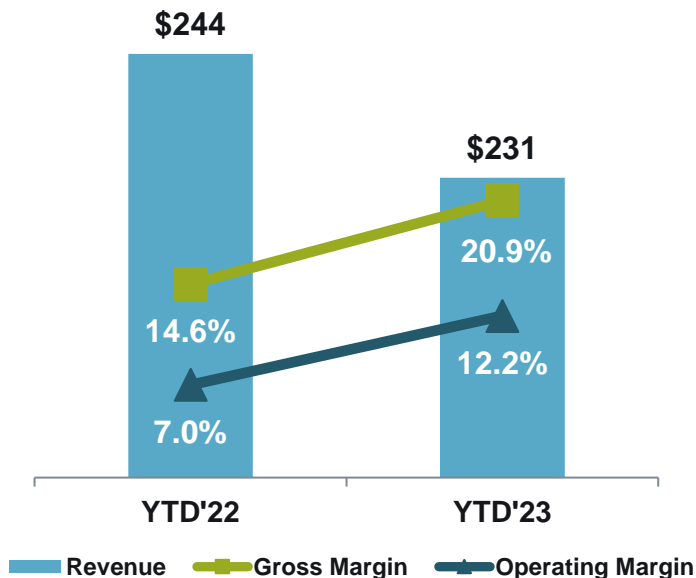


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: YTD'23

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 5% (3% in constant currency)

- » Product pruning and sale of our C&I gas business
- » Partially offset by growth in the Water vertical

## Gross margin up 630 bps

- » Favorable mix
- » Increased operational efficiencies

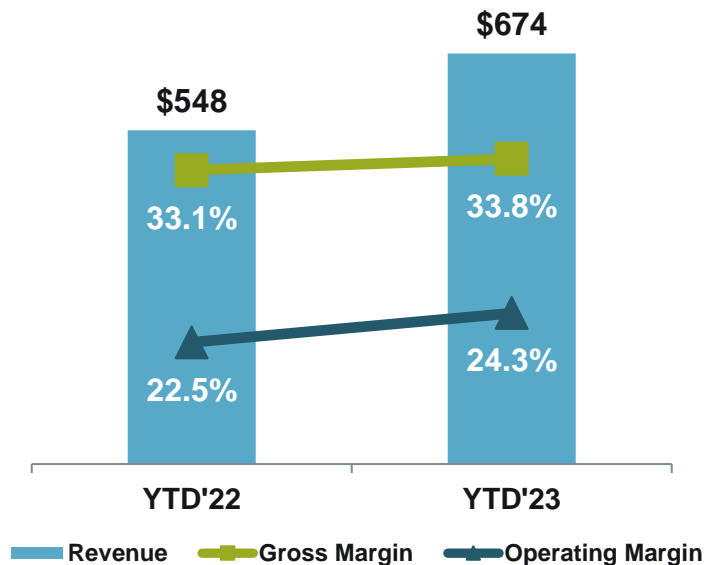
## Operating margin up 520 bps

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

# NETWORKED SOLUTIONS SEGMENT: YTD'23

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue up 23% (23% in constant currency)

- » Improving supply chain conditions

## Gross margin up 70 bps

- » Favorable product mix
- » Improved operational efficiencies

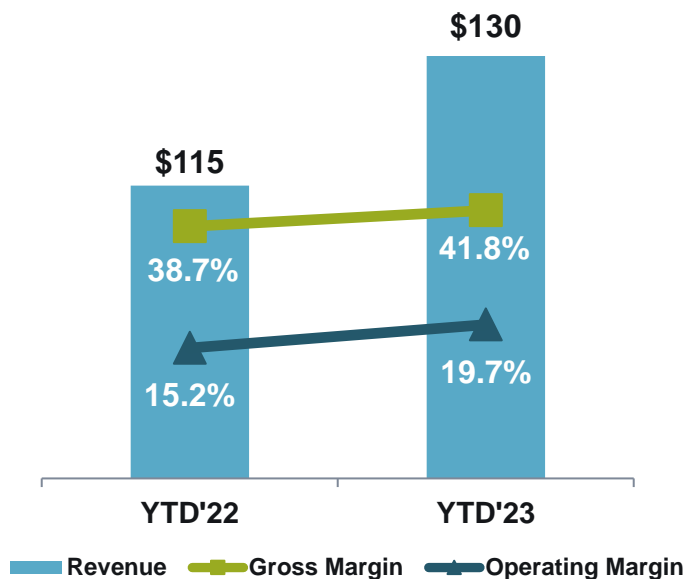
## Operating margin up 180 bps

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

# OUTCOMES SEGMENT: YTD'23

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue up 13% (14% in constant currency)

- » Increase in recurring services and software license sales, driven by Distributed Intelligence

## Gross margin up 310 bps

- » Increase in software license sales
- » Favorable services mix

## Operating margin up 450 bps

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



# FX IMPACT SUMMARY

\$ in Millions

Average USD/Euro:  
\$1.09 Q2'23 vs \$1.07 Q2'22

Revenue	Q2'23	YoY Change	YoY Change Excluding FX
Device Solutions	\$113.2	8.0%	6.9%
Networked Solutions	\$360.9	33.9%	34.2%
Outcomes	\$67.0	16.3%	16.5%
<b>Total</b>	<b>\$541.1</b>	<b>25.3%</b>	<b>25.2%</b>

Average USD/Euro:  
\$1.08 YTD'23 vs \$1.09 YTD'22

Revenue	YTD'23	YoY Change	YoY Change Excluding FX
Device Solutions	\$231.4	-5.3%	-3.3%
Networked Solutions	\$674.4	23.0%	23.4%
Outcomes	\$129.9	13.4%	14.5%
<b>Total</b>	<b>\$1,035.7</b>	<b>14.2%</b>	<b>15.1%</b>

**Non-GAAP EPS - diluted**    **\$0.65**    **\$0.58**    **\$0.58**

**Non-GAAP EPS - diluted**    **\$1.14**    **\$0.96**    **\$0.97**

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 this 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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 138,847	\$ 159,632	\$ 305,608	\$ 288,037
Amortization of intangible assets	(4,722)	(6,485)	(9,770)	(13,038)
Restructuring	(874)	3,459	(37,483)	9,825
Loss on sale of business	(612)	(194)	(630)	(2,415)
Strategic initiative	—	(710)	—	(710)
Goodwill impairment	—	(38,480)	—	(38,480)
Acquisition and integration	(44)	(154)	(89)	(216)
Non-GAAP operating expenses	<u>\$ 132,595</u>	<u>\$ 117,068</u>	<u>\$ 257,636</u>	<u>\$ 243,003</u>
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income (loss)	\$ 35,100	\$ (33,527)	\$ 24,707	\$ (26,708)
Amortization of intangible assets	4,722	6,485	9,770	13,038
Restructuring	874	(3,459)	37,483	(9,825)
Loss on sale of business	612	194	630	2,415
Strategic initiative	—	710	—	710
Goodwill impairment	—	38,480	—	38,480
Acquisition and integration	44	154	89	216
Non-GAAP operating income	<u>\$ 41,352</u>	<u>\$ 9,037</u>	<u>\$ 72,679</u>	<u>\$ 18,326</u>
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 24,201	\$ (36,967)	\$ 12,365	\$ (36,061)
Amortization of intangible assets	4,722	6,485	9,770	13,038
Amortization of debt placement fees	887	836	1,732	1,632
Restructuring	874	(3,459)	37,483	(9,825)
Loss on sale of business	612	194	630	2,415
Strategic initiative	—	710	—	710
Goodwill impairment	—	38,480	—	38,480
Acquisition and integration	44	154	89	216
Income tax effect of non-GAAP adjustments	(1,516)	(3,300)	(9,863)	(2,301)
Non-GAAP net income attributable to Itron, Inc.	<u>\$ 29,824</u>	<u>\$ 3,133</u>	<u>\$ 52,206</u>	<u>\$ 8,304</u>
Non-GAAP diluted EPS	<u>\$ 0.65</u>	<u>\$ 0.07</u>	<u>\$ 1.14</u>	<u>\$ 0.18</u>
Non-GAAP weighted average common shares outstanding - Diluted	<u>45,781</u>	<u>45,228</u>	<u>45,677</u>	<u>45,234</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 June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 24,201	\$ (36,967)	\$ 12,365	\$ (36,061)
Interest income	(1,508)	(349)	(3,326)	(566)
Interest expense	1,977	1,660	4,034	3,252
Income tax provision	9,195	641	9,125	4,500
Depreciation and amortization	13,905	16,414	28,368	33,251
Restructuring	874	(3,459)	37,483	(9,825)
Loss on sale of business	612	194	630	2,415
Strategic initiative	—	710	—	710
Goodwill impairment	—	38,480	—	38,480
Acquisition and integration	44	154	89	216
Adjusted EBITDA	<u>\$ 49,300</u>	<u>\$ 17,478</u>	<u>\$ 88,768</u>	<u>\$ 36,372</u>
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 41,560	\$ 15,065	\$ 42,989	\$ 22,656
Acquisitions of property, plant, and equipment	(5,596)	(5,294)	(12,498)	(10,663)
Free Cash Flow	<u>\$ 35,964</u>	<u>\$ 9,771</u>	<u>\$ 30,491</u>	<u>\$ 11,993</u>

# Thank You

## INVESTOR RELATIONS CONTACTS

### **Paul Vincent**

Vice President, Investor Relations  
512-560-1172  
paul.vincent@itron.com

### **David Means**

Director, Investor Relations  
737-242-8448  
david.means@itron.com

