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First Quarter 2019
Earnings Conference Call
May 6, 2019

SAFE HARBOR

Certain matters disclosed 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. Viewers 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 latest 10-K and 10-Q, copies of which may be accessed through the SEC's website at <http://www.sec.gov>.

CONFERENCE CALL AGENDA

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

Q1'19 SUMMARY

- » Strong Q1 results on improved operational performance and customer project acceleration
- » Revenue of \$615M, +5% in constant currency, driven by North America Networks and Outcomes
- » Adjusted EBITDA of \$66M and Non-GAAP EPS of \$0.70
- » Free Cash Flow of \$14M
- » Accelerated de-levering and share repurchase
- » Ending backlog of \$3.0B and a 12-month backlog of \$1.4B

Q1'19 BACKLOG

- » Q1'19 bookings of \$473 million
- » Strong demand; Full year outlook for Book to Bill ~1:1
- » Backlog of \$3.0 billion
- » 12-month backlog of \$1.4 billion

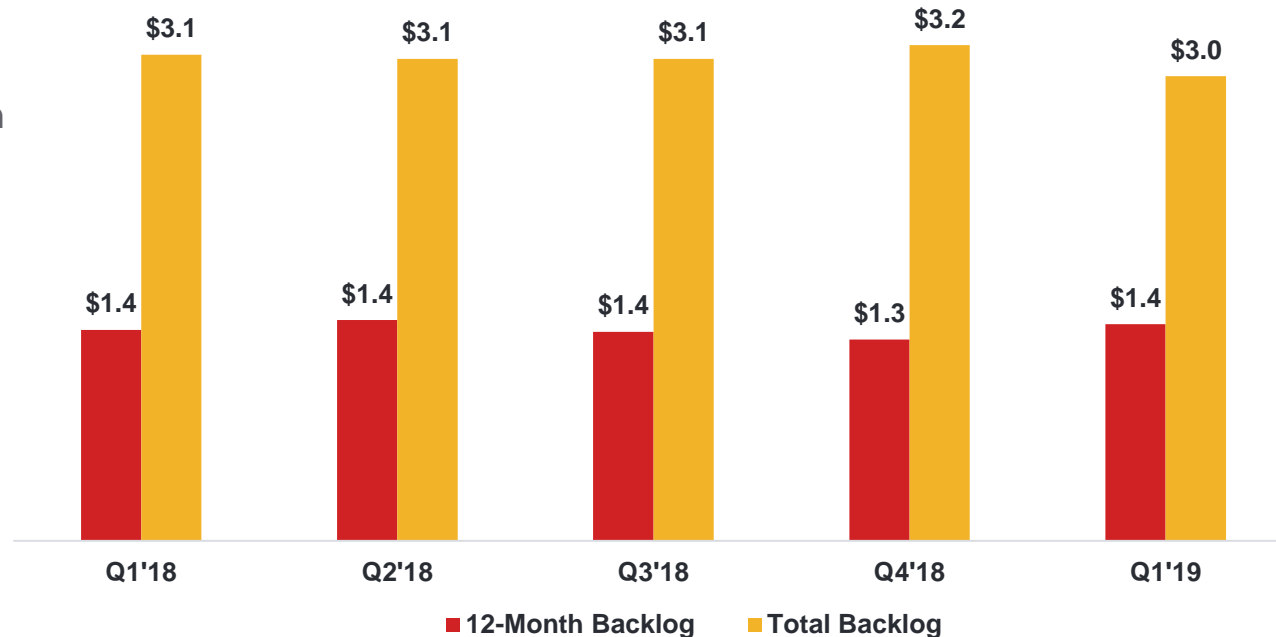


Chart in billions, actual currency rates.

STRONG EXECUTION ON OUR STRATEGY

- » Extending leadership with key bookings of Exelon Utility Analytics Team and Louisville Water Company
- » New business segments are executing and performing
- » Positive supply chain outlook with improving lead times and execution
- » Restructuring and integration benefits reflected in results

CONSOLIDATED GAAP RESULTS – Q1'19

<i>\$ in millions (except per share amounts)</i>	Q1 2019	Q1 2018	Change
Revenue	\$614.6	\$607.2	+1%
<i>Change in constant currency</i>			+5%
Gross margin	30.5%	29.6%	+90 bps
Operating income	\$20.8	(\$140.4)	NM
Net income attributable to Itron	(\$1.9)	(\$145.7)	NM
Earnings per share - diluted	(\$0.05)	(\$3.74)	NM

- » Revenue growth driven by strong deliveries in North America Networked Solutions and Outcomes
- » Gross margin improvement driven by product mix, including higher-margin software deliveries
- » Higher operating income primarily driven by higher gross profit and lower restructuring, acquisition and integration-related expenses
- » Higher GAAP net income driven by improved operating income

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

CONSOLIDATED NON-GAAP & CASH RESULTS – Q1'19

<i>\$ in millions (except per share amounts)</i>	Q1 2019	Q1 2018	Change
Non-GAAP operating income	\$56.7	\$27.8	104%
Non-GAAP operating margin	9.2%	4.6%	+460 bps
Non-GAAP net income attributable to Itron	\$27.9	\$5.1	+447%
Adjusted EBITDA	\$65.7	\$39.6	+66%
Adjusted EBITDA margin	10.7%	6.5%	+420 bps
Non-GAAP earnings per share - diluted	\$0.70	\$0.13	438%
Cash provided by operating activities	\$24.9	(\$24.4)	NM
Free cash flow	\$13.5	(\$41.9)	NM

- » Increase in non-GAAP operating income and adjusted EBITDA driven by higher gross profit and lower operating expenses in part due to benefits from restructuring and integration initiatives
- » Higher non-GAAP net income driven by operating income and a lower non-GAAP effective tax rate¹
- » Improved cash flow driven by higher operating income and less restructuring, acquisition and integration-related outlays

1. Q1 2018 non-GAAP effective tax rate was 64% and Q1 2019 non-GAAP effective tax rate was 31%. See note 1 on slide 19 for a description of our non-GAAP effective tax rate methodology. Reconciliation of GAAP to Non-GAAP results in Appendix and also available on our website.

DEBT, LIQUIDITY AND INTEREST COSTS

Debt / Leverage

- » Advanced debt pay down of \$10M in Q1; Total debt decreased to \$1.02B
- » Over 70% of debt is hedged to fixed rates
- » Net leverage 3.5x at end of Q1'19

Interest

- » Blended interest rate stable at 4.5%, reflective of hedged portfolio

Liquidity

- » Further liquidity is provided by a \$500M revolving credit facility

Share repurchase

- » Board authorized \$50 million share repurchase program over 12-months in March 2019
- » Repurchased \$8 million in common stock during Q1'19
- » Subsequent to quarter-end have completed total \$25M planned for 2019

REVENUE YEAR-OVER-YEAR BRIDGE – Q1'19

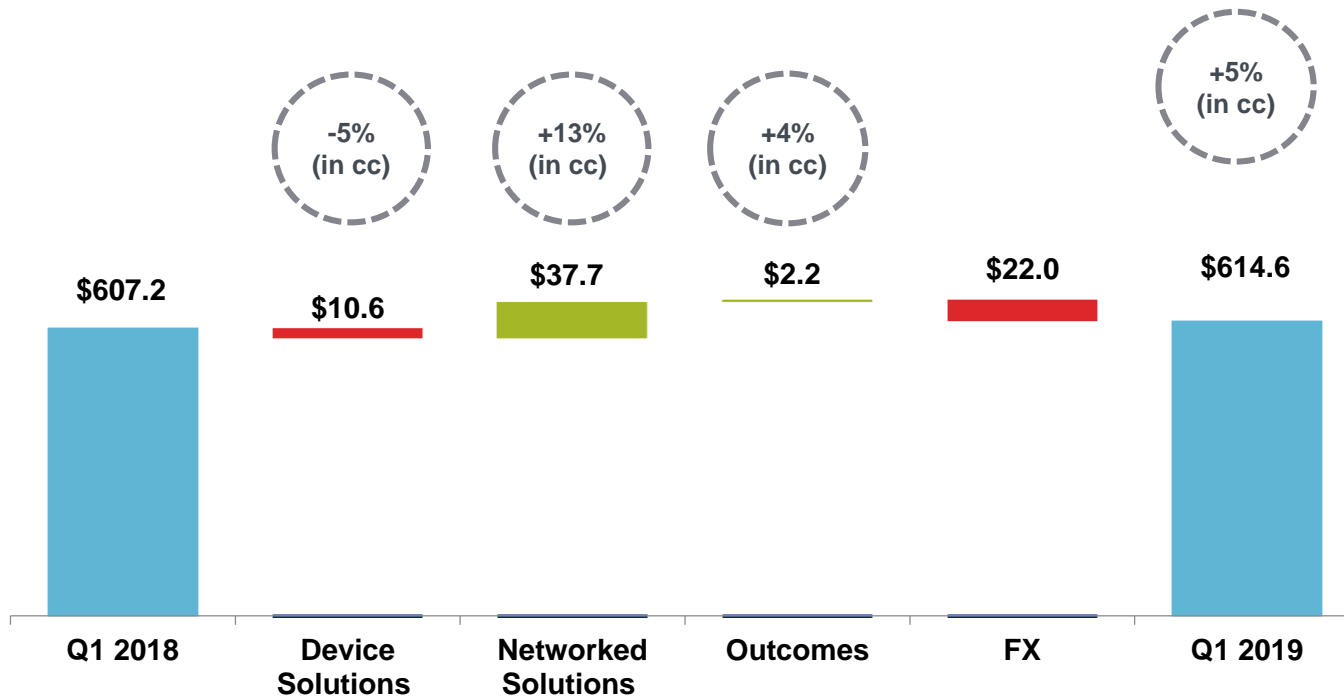


Chart in millions, quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

NON-GAAP EPS YEAR-OVER-YEAR BRIDGE – Q1'19

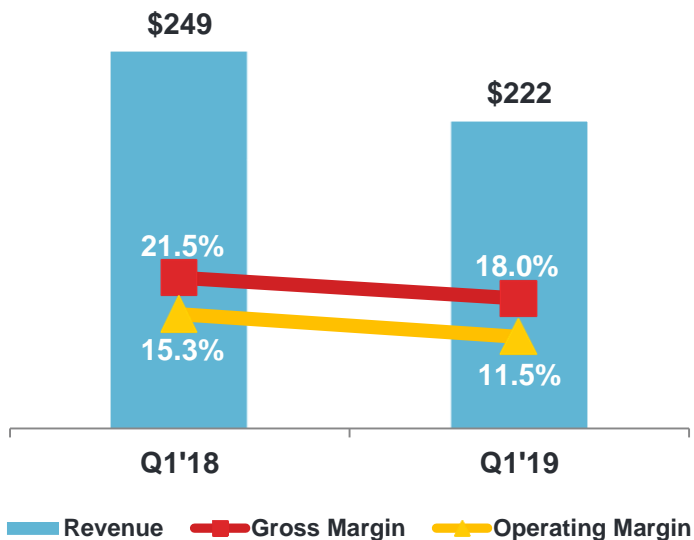


1. Q1 2018 non-GAAP effective tax rate was 64% and Q1 2019 non-GAAP effective tax rate was 31%. See note 1 on slide 19 for a description of our non-GAAP effective tax rate methodology. Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

DEVICE SOLUTIONS SEGMENT – Q1'19

REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in millions, actual currency



» Revenue down 11% and 5% in constant currency

- Down \$17M on FX and Lower EMEA volumes as expected
- Decline partially offset by strong book and ship demand

» Gross margin down 350 bps

- Higher component costs compared with prior year
- Supply chain environment improving sequentially

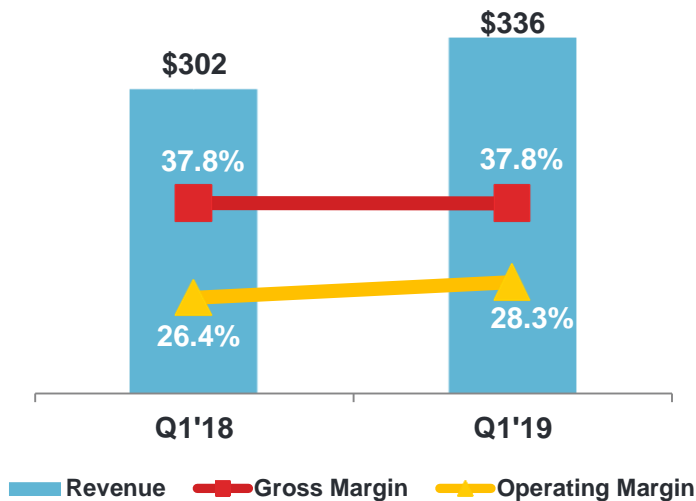
» Operating margin down 380 bps

- Fall through of gross margin

NETWORKED SOLUTIONS SEGMENT – Q1'19

REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in millions, actual currency



» Revenue +11% and +13% in constant currency

- Strong North America AMI market leadership continues
- Ramping new customer deployments

» Gross margin flat

- Benefit from timing of higher-margin software sales
- Offset by product mix and higher service costs

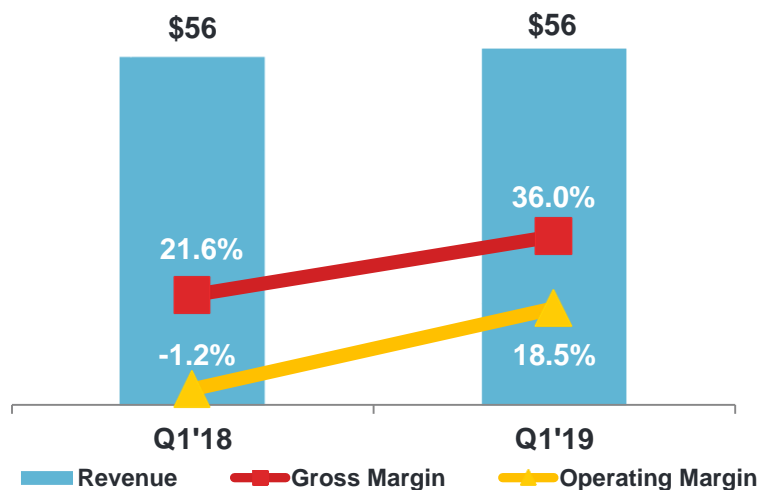
» Operating margin +190 bps

- OpEx improvement includes integration synergies

OUTCOMES SEGMENT – Q1'19

REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in millions, actual currency



» Revenue +2% and +4% in constant currency

- Continued strength in North America deployments
- Growth continues in recurring managed service offerings

» Gross margin +14.4 pts

- Scale benefits realized driven by integration of acquisitions
- Favorable mix of higher-margin software and managed services

» Operating margin +19.6 pts

- OpEx improvement includes integration synergies



When: Thursday, June 27, 2019

Where: Nasdaq Market Site, 4 Times Square, New York, NY
10036

Join us for updates on our strategy and market outlook, details on our long-term operating model as well as outlook for each of our realigned business segments and updates on our technology roadmap and restructuring efforts.

Register at itron.com/investorday

APPENDIX

- » Revenue - FX impact summary
- » GAAP to Non-GAAP Reconciliations

REVENUE – FX IMPACT SUMMARY

\$ in millions

Average Euro/USD:
\$1.13 Q1'19 vs \$1.23 Q1'18

Revenue	Q1'19	YoY Change	YoY Change Excluding FX
Device Solutions	\$221.8	-11.1%	-4.6%
Networked Solutions	\$336.4	+11.3%	+12.6%
Outcomes	\$56.4	+1.6%	+4.0%
Total	\$614.6	+1.2%	+5.0%

NON-GAAP FINANCIAL MEASURES

To supplement our consolidated financial statements presented in accordance with GAAP, we use certain non-GAAP financial measures, including non-GAAP operating expense, non-GAAP operating income, non-GAAP net income, non-GAAP diluted EPS, adjusted EBITDA, constant currency and free cash flow. 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. The company believes 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. 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 in the quarterly earnings press release.

GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended March 31,	
	2019	2018
NON-GAAP NET INCOME & DILUTED EPS		
GAAP loss attributable to Itron, Inc.	\$ (1,907)	\$ (145,666)
Amortization of intangible assets	15,973	17,740
Amortization of debt placement fees	1,156	3,343
Restructuring	7,262	87,865
Corporate transition cost	1,083	—
Acquisition and integration related expense	11,565	62,647
Income tax effect of non-GAAP adjustments (1)	(7,242)	(20,835)
Non-GAAP net income attributable to Itron, Inc. (1)	\$ 27,890	\$ 5,094
Non-GAAP diluted EPS (1)	\$ 0.70	\$ 0.13
Weighted average common shares outstanding - Diluted	40,066	39,773
ADJUSTED EBITDA		
GAAP loss attributable to Itron, Inc.	\$ (1,907)	\$ (145,666)
Interest income	(328)	(661)
Interest expense	13,535	15,504
Income tax provision (benefit)	6,121	(11,188)
Depreciation and amortization	28,427	31,072
Restructuring	7,262	87,865
Corporate transition cost	1,083	—
Acquisition and integration related expense	11,565	62,647
Adjusted EBITDA	\$ 65,758	\$ 39,573

- (1) The income tax effect of non-GAAP adjustments is calculated using the statutory tax rates for the relevant jurisdictions, provided no valuation allowance exists. If a valuation allowance exists, there is no tax impact to the non-GAAP adjustment. Effective for the first quarter of 2019, we use the budgeted annual effective tax rate (AETR) for interim periods, with adjustments for discrete items, as defined in ASC 740 - Income Taxes. This method impacts interim periods only and does not impact full year tax results, as any difference between the budgeted or revised AETR and the actual AETR for non-GAAP adjustments would be recognized in the fourth quarter of the year. If the revised methodology had been applied in the first quarter of 2018, the non-GAAP effective tax rate would have been 36.9% compared with the actual rate of 63.7%. Non-GAAP net income would have increased by \$4.1 million to \$9.2 million, diluted non-GAAP EPS would have increased by \$0.10 to \$0.23.

GAAP TO NON-GAAP RECONCILIATIONS

TOTAL COMPANY RECONCILIATIONS	Three Months Ended March 31,	
	2019	2018
FREE CASH FLOW		
Net cash provided (used) by operating activities	\$ 24,924	\$ (24,448)
Acquisitions of property, plant, and equipment	(11,415)	(17,433)
Free Cash Flow	<u>\$ 13,509</u>	<u>\$ (41,881)</u>
NON-GAAP OPERATING INCOME		
GAAP operating income (loss)	\$ 20,823	\$ (140,448)
Amortization of intangible assets	15,973	17,740
Restructuring	7,262	87,865
Corporate transition cost	1,083	—
Acquisition and integration related expense	11,565	62,647
Non-GAAP operating income	<u>\$ 56,706</u>	<u>\$ 27,804</u>
NON-GAAP OPERATING EXPENSES		
GAAP operating expenses	\$ 166,440	\$ 320,303
Amortization of intangible assets	(15,973)	(17,740)
Restructuring	(7,262)	(87,865)
Corporate transition cost	(1,083)	—
Acquisition and integration related expense	(11,565)	(62,647)
Non-GAAP operating expenses	<u>\$ 130,557</u>	<u>\$ 152,051</u>



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