



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

**Fourth Quarter 2021  
Earnings Conference Call  
February 28, 2022**

# 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.

The impact caused by the ongoing COVID-19 pandemic includes uncertainty as to the duration, spread, severity, and any resurgence of the COVID-19 pandemic including other factors contributing to infection rates, such as reinfection or mutation of the virus, the effectiveness or widespread availability and application of any vaccine, the duration and scope of related government orders and restrictions, impact on overall demand, impact on our customers' businesses and workforce levels, disruptions of our business and operations, including the impact on our employees, limitations on, or closures of, our facilities, or the business and operations of our customers or suppliers. Our estimates and statements regarding the impact of COVID-19 are made in good faith to provide insight to our current and future operating and financial environment and any of these may materially change due to factors outside our control. For more information on risks associated with the COVID-19 pandemic, please see Itron's updated risk in Part I, Item 1A: Risk Factors of our latest 10-K filing with the SEC.

# CONFERENCE CALL AGENDA

- » **CEO** – Business and Operations Update
- » **CFO** – Financial Results and 2022 Guidance
- » **Q&A**

# RECORD BREAKING BOOKINGS AND BACKLOG

- » Record: Q4'21 bookings of \$1.1B
- » Record: FY'21 bookings of \$2.8B
- » Book to bill of 2.2 in Q4 and 1.4 for FY'21
- » Record: Ending backlog of \$4.0B
- » Record: 12-month backlog of \$1.5B

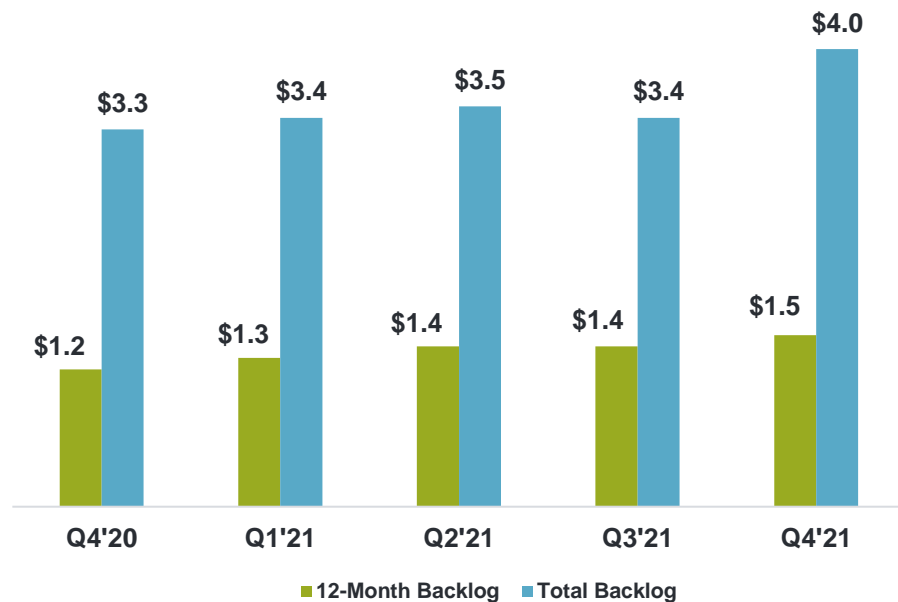


Chart in Billions, actual currency rates.

# OPERATIONAL INSIGHTS

- » **Strong customer demand offset by component constraints continuing in 1H'22**
  - » Full year 2021 revenue impact of approximately \$225M
  - » Anticipate semiconductor constraints to continue at similar levels through 1H'22
  
- » **Actively working price / cost actions**
  - » Closing the Price / Cost Gap with customers to match market realities
  - » Expect improving operational leverage as supply constraints ease
  - » Working to offset inflationary pressures that we expect to persist into 2022
  
- » **Divestiture of non-communicating mechanical C+I gas business expected to close today**
  - » Continued focus on advanced networks, distributed intelligent endpoints, and data driven outcomes

# Q4'21 AND FY'21 PERFORMANCE SUMMARY

- » Revenue in Q4'21 of \$486 million and FY'21 of ~\$2.0 billion
- » Adjusted EBITDA in Q4'21 of \$3 million and FY'21 of \$115 million
- » Non-GAAP diluted EPS in Q4'21 of \$0.75 and FY'21 of \$1.75
- » Free cash flow in Q4'21 of \$7 million and FY'21 of \$120 million
- » Bookings in Q4'21 of \$1.1B and FY'21 of \$2.8B

# CONSOLIDATED GAAP RESULTS: Q4'21

<i>\$ in millions (except per share amounts)</i>	Q4 2021	Q4 2020	Change
Revenue	\$485.6	\$525.2	-8%
<i>Change in constant currency</i>			-6%
Gross margin	25.0%	28.3%	-330 bps
Operating income (loss)	(\$107.5)	\$32.6	NM
Net income (loss) attributable to Itron, Inc.	(\$58.9)	\$21.5	NM
Earnings (loss) per share - diluted	(\$1.30)	\$0.53	NM

- » Revenue down due to 2021 component constraints, which impacted the quarter by ~\$75M
- » Gross margin of 25.0% down 330 bps due to higher component costs and manufacturing inefficiencies
- » GAAP operating loss due to lower gross profit and higher restructuring, divestiture and variable compensation expenses
- » GAAP net loss primarily due to the fall through of a GAAP operating loss

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: Q4'21

<i>\$ in millions (except per share amounts)</i>	Q4 2021	Q4 2020	Change
Non-GAAP operating income (loss)	(\$6.6)	\$43.6	NM
Non-GAAP operating margin	(1.4%)	8.3%	NM
Non-GAAP net income attributable to Itron, Inc.	\$34.1	\$26.3	+30%
Adjusted EBITDA	\$3.2	\$55.5	-94%
Adjusted EBITDA margin	0.7%	10.6%	NM
Non-GAAP earnings per share - diluted	\$0.75	\$0.65	+15%
Net cash provided by operating activities	\$13.6	\$38.9	-65%
Free cash flow	\$6.7	\$29.0	-77%

- » Decrease in operating income due to lower gross profit and higher opex, including higher variable compensation
- » Non-GAAP net income increased due to a lower effective tax rate driven by tax benefits from the impact of certain transfers of business activities and assets
- » The lower cash flow was primarily due to reduced non-GAAP EBITDA and lower cash inflows from working capital, partially offset by lower interest costs

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



# REVENUE YEAR-OVER-YEAR BRIDGE: Q4'21

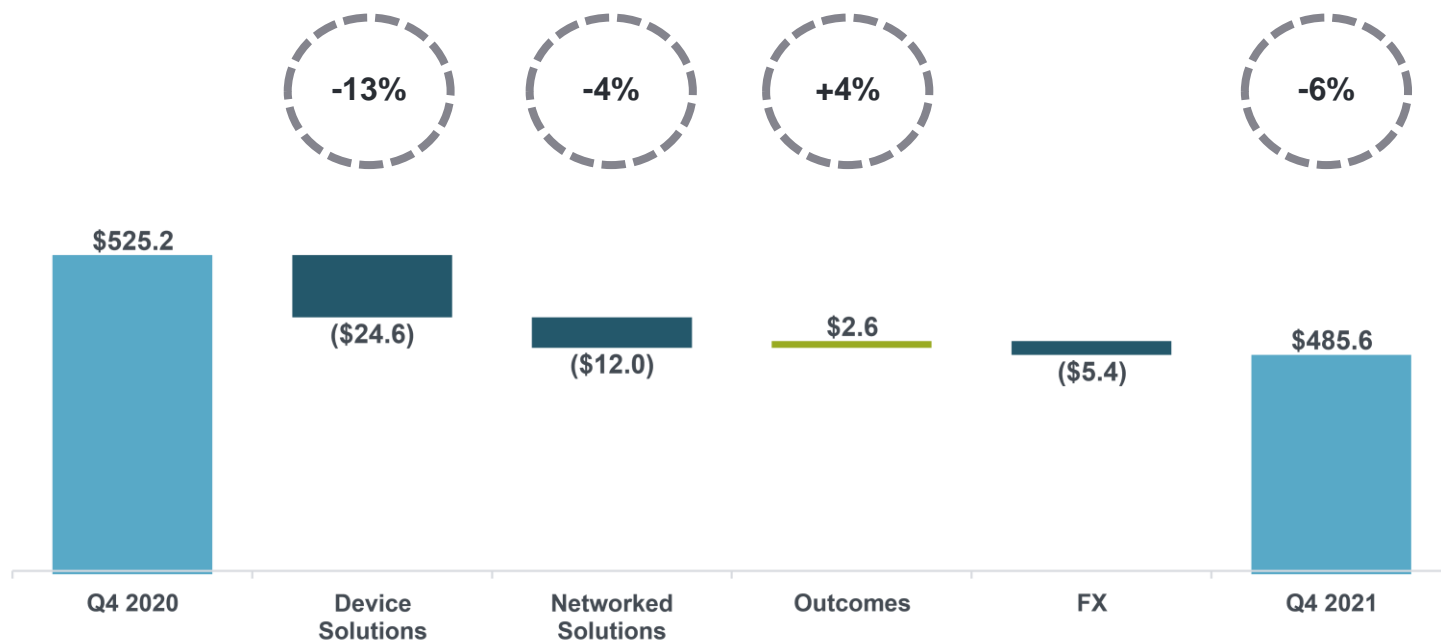
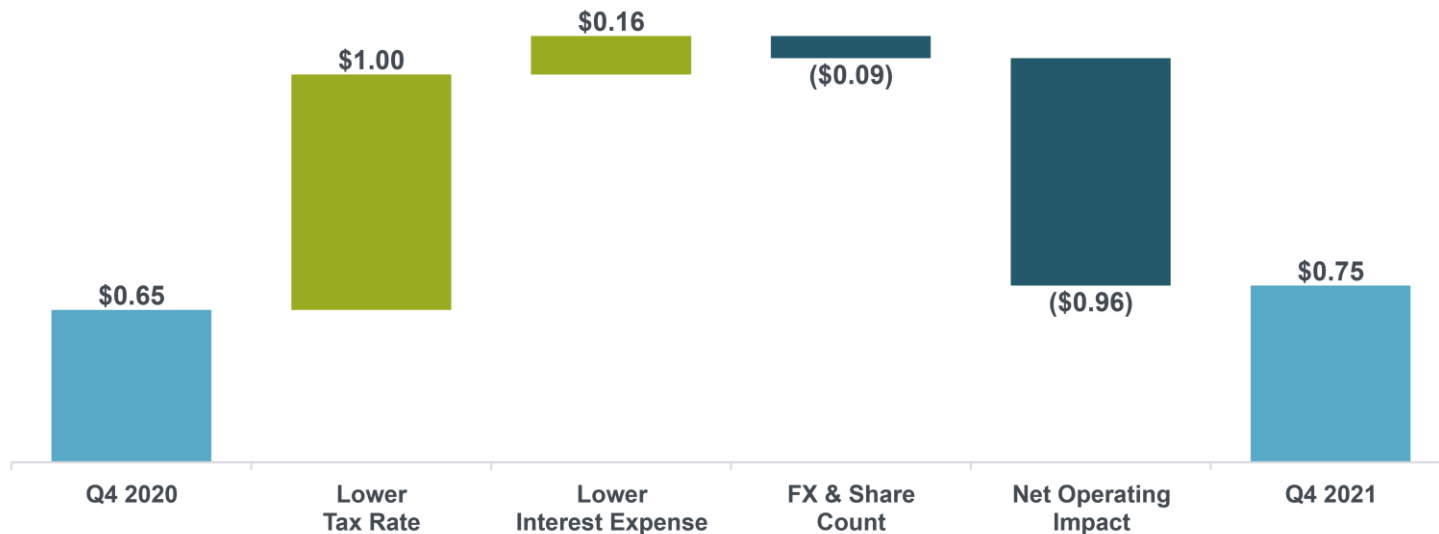


Chart in Millions, Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: Q4'21

US\$ per share

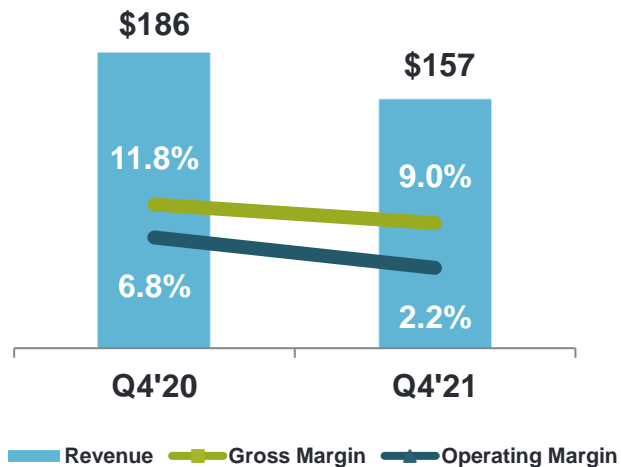


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: Q4'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 16% and 13% in constant currency

- » Component shortages resulted in unfulfilled customer demand
- » Tough compare due to catch up on shipments in prior year

## Gross margin down 280 bps

- » Inefficiencies related to component shortages
- » Inflationary cost pressure

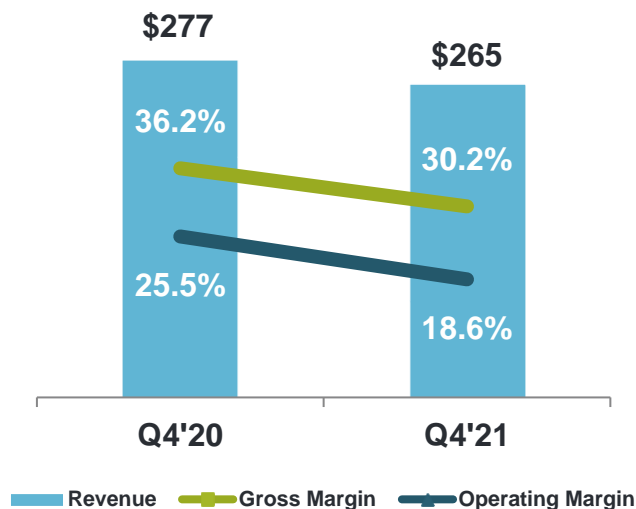
## Operating margin down 460 bps

- » Fall through of lower gross profit
- » Higher opex

# NETWORKED SOLUTIONS SEGMENT: Q4'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 5% and 4% in constant currency

- » Component shortages resulted in unfulfilled customer demand
- » Partially offset by ramp of new deployments

## Gross margin down 600 bps

- » Inefficiencies related to component constraints
- » Inflationary cost pressure

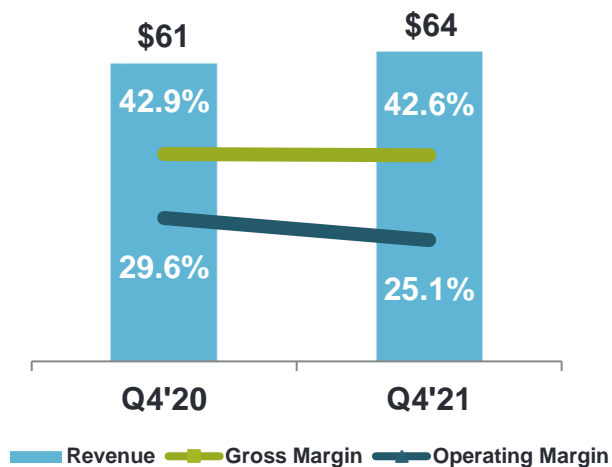
## Operating margin down 690 bps

- » Fall through of lower gross profit

# OUTCOMES SEGMENT: Q4'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



**Revenue up 4% as reported and in constant currency**

- » Increase in software and professional services

**Gross margin down 30 bps**

- » Impact from mix

**Operating margin down 450 bps**

- » Higher research & development investment

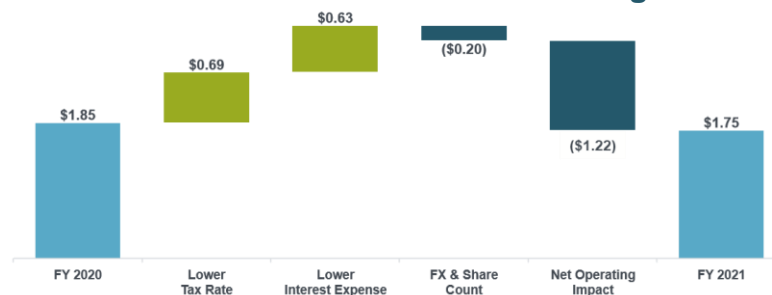
# FULL YEAR 2021 SUMMARY

- » 2021 results impacted by component shortages
- » Revenue of ~\$2.0B down 9% from 2020
  - » *Down 10% in constant currency*
- » Gross margin of 28.9%
- » Adj EBITDA of \$115M
- » Non-GAAP EPS of \$1.75
- » Free cash flow of \$120M

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

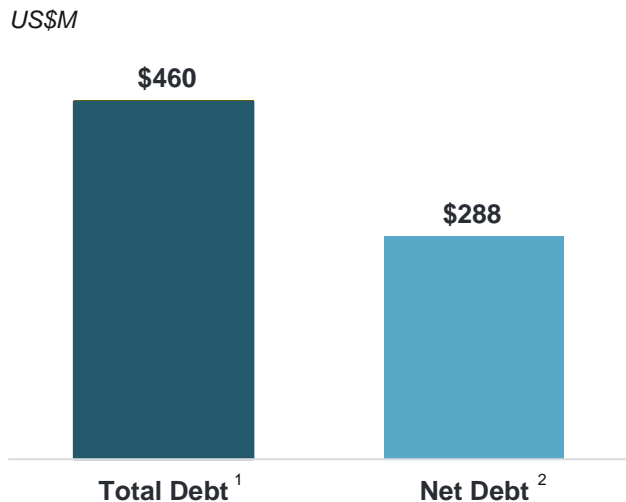


## Non-GAAP EPS Year-Over-Year Bridge<sup>1</sup>



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

# DEBT AND LIQUIDITY OVERVIEW: DEC 31, 2021



1. Excludes amortization of debt fees.

2. Includes cash and equivalents related to divestiture which are classified as held for sale as of Dec 31, 2021.

## Debt

- » Net leverage 2.5x at end of Q4'21
- » Zero interest convertible notes

## Free Cash Flow and Liquidity

- » Q4 Free cash flow of \$7M
- » Cash and equivalents of \$172M <sup>2</sup>
- » \$500M revolver

## Share repurchase authorization

- » Effective Nov 1, 2021
- » Up to \$100M over 18-month period
- » Repurchased \$25M total shares as of 2/28/2022
  - » \$8M in Q4'21; \$17M subsequent to quarter-end

# 2022 GUIDANCE

- » Revenue of \$2.0 – \$2.1 billion
  - » *~3+% growth at the midpoint (~8% normalized for sale of business)*
- » Non-GAAP diluted EPS of \$1.25 – \$1.75
  - » *~50+% growth at the midpoint (normalized @ 25% tax rate for both years)*

## Assumptions:

- Euro/USD of \$1.14
- Effective non-GAAP tax rate of ~25%
- Average diluted shares outstanding of ~45.5 million



# APPENDIX

# CONSOLIDATED GAAP RESULTS: FY'21

<i>\$ in millions (except per share amounts)</i>	FY 2021	FY 2020	Change
Revenue	\$1,981.6	\$2,173.4	-9%
<i>Change in constant currency</i>			<i>-10%</i>
Gross margin	28.9%	27.7%	+120 bps
Operating income (loss)	(\$79.3)	(\$10.4)	NM
Net income (loss) attributable to Itron, Inc.	(\$81.3)	(\$58.0)	-40%
Earnings (loss) per share	(\$1.83)	(\$1.44)	-27%

- » Revenue down primarily due to component shortages
- » Gross margin of 28.9% up 120 bps due to favorable product mix and lower manufacturing inefficiencies
- » GAAP operating loss increased primarily due to higher restructuring, variable compensation and loss on sale of business expenses
- » Higher GAAP net loss driven by larger operating loss

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: FY'21

<i>\$ in millions (except per share amounts)</i>	FY 2021	FY 2020	Change
Non-GAAP operating income	\$75.6	\$132.1	-43%
Non-GAAP operating margin	3.8%	6.1%	-230 bps
Adjusted EBITDA	\$115.2	\$178.4	-35%
Adjusted EBITDA margin	5.8%	8.2%	-240 bps
Non-GAAP net income attributable to Itron, Inc.	\$78.1	\$75.3	+4%
Non-GAAP earnings per share - diluted	\$1.75	\$1.85	-5%
Net cash provided by operating activities	\$154.8	\$109.5	+41%
Free cash flow	\$120.1	\$63.3	+90%

- » Non-GAAP operating income decreased due to lower gross profit and higher variable compensation
- » Non-GAAP net income increased due to a lower non-GAAP effective tax rate driven by tax benefits from the impact of certain transfers of business activities and assets
- » The higher cash flow was due to lower interest payments, increased cash inflows from working capital, and lower variable compensation payments in 2021

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

# REVENUE YEAR-OVER-YEAR BRIDGE: FY'21

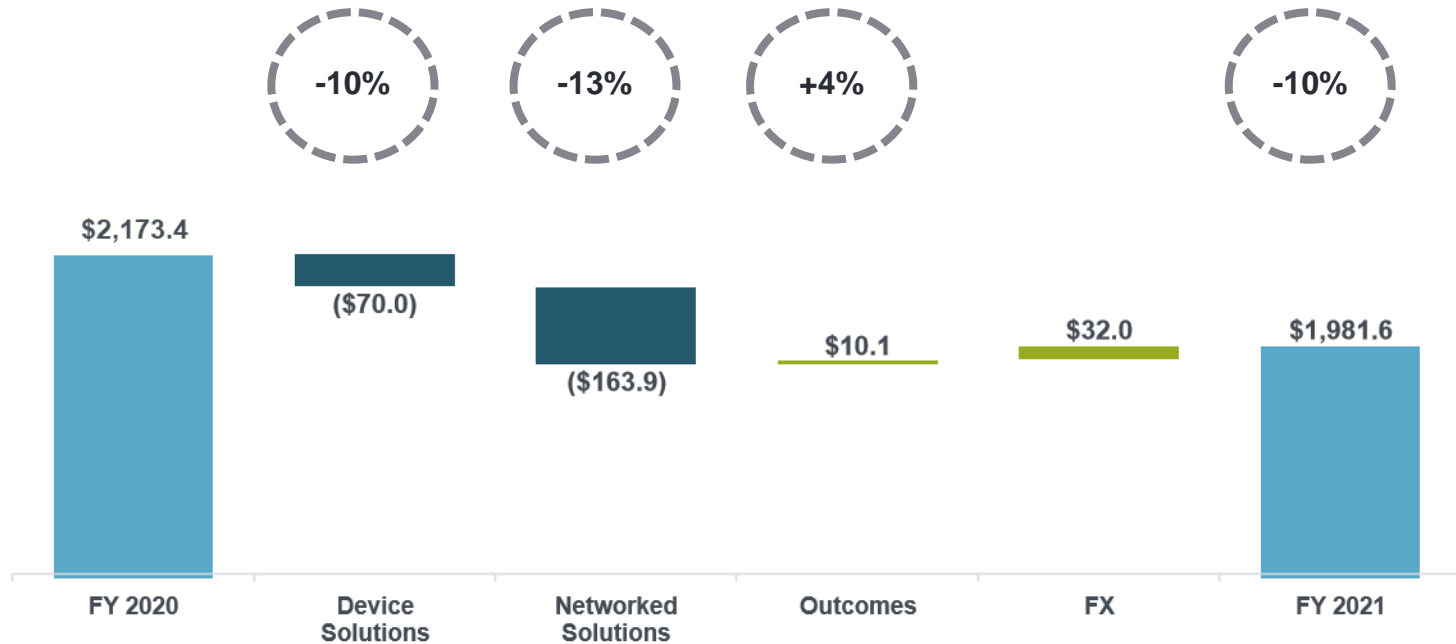
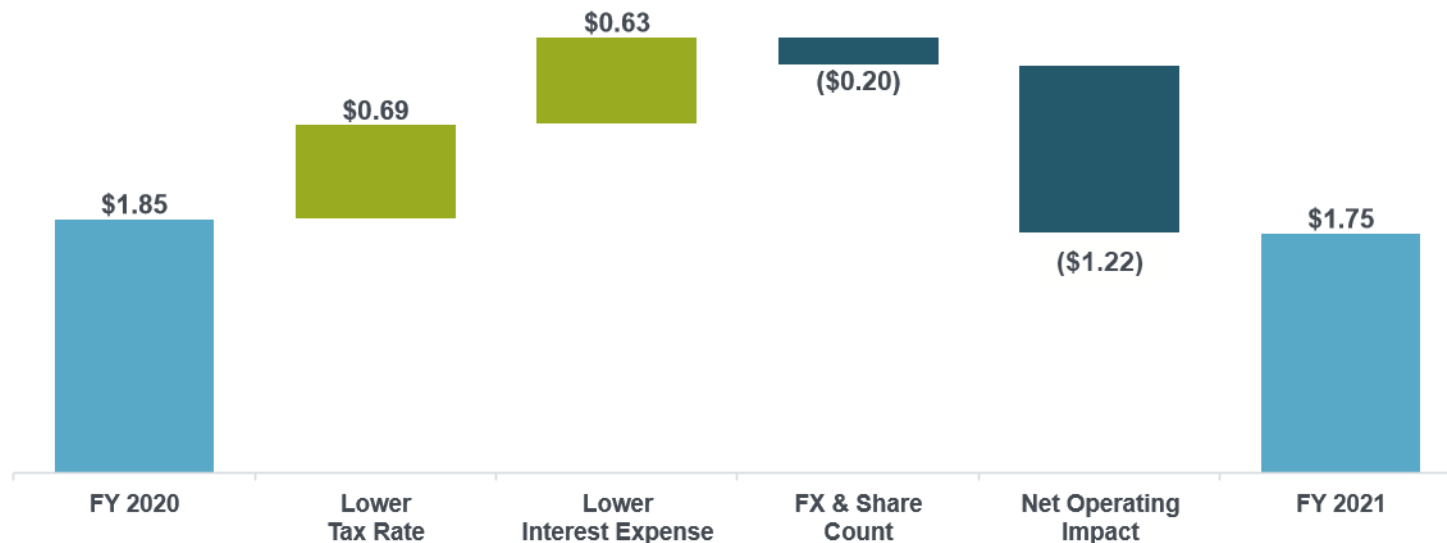


Chart in Millions. Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: FY'21

US\$ per share

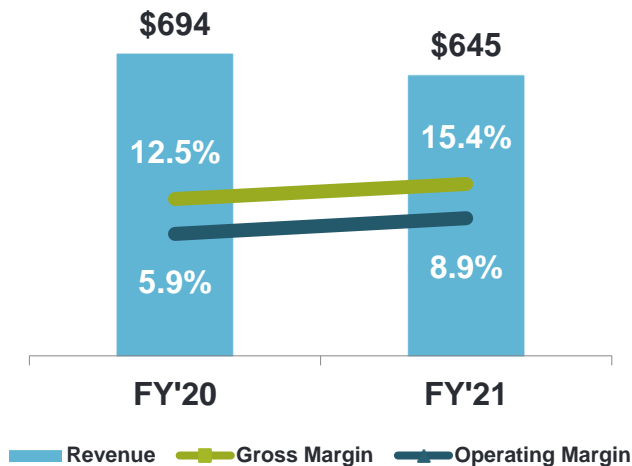


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: FY'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 7% and 10% in constant currency

- » Component shortages resulted in unfulfilled customer demand

## Gross margin up 290 bps

- » Favorable product mix
- » Lower manufacturing inefficiencies

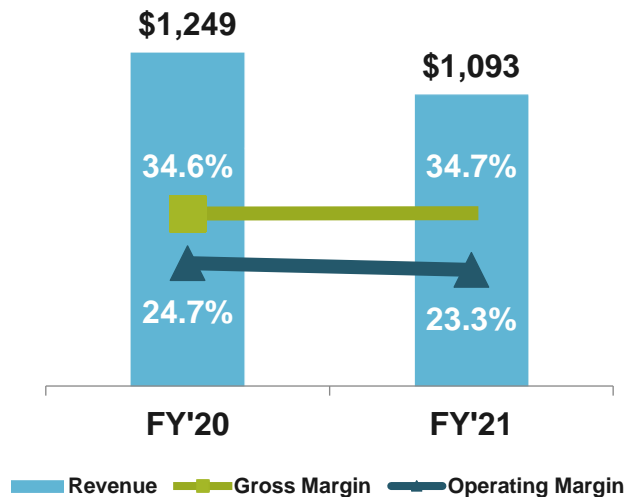
## Operating margin up 300 bps

- » Fall through of higher gross profit

# NETWORKED SOLUTIONS SEGMENT: FY'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 13% as reported and in constant currency

- » Component shortages resulted in unfulfilled customer demand
- » Timing of project completions

## Gross margin up 10 bps

- » Favorable product mix
- » Partially offset by inefficiencies related to component shortages

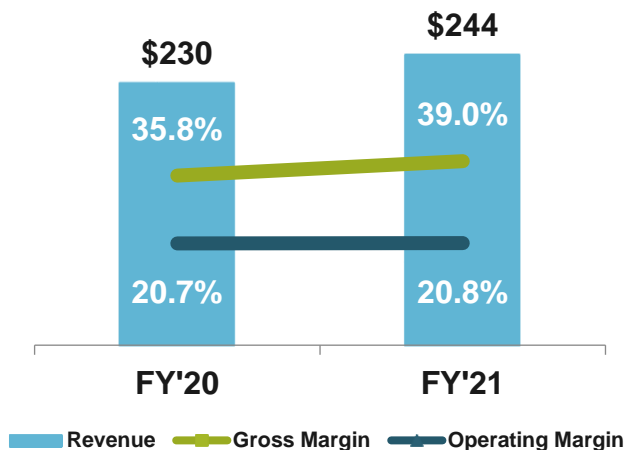
## Operating margin down 140 bps

- » Fall through of lower revenue

# OUTCOMES SEGMENT: FY'21

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue up 6% and 4% in constant currency

- » Increase in software license sales
- » Higher managed and professional services

## Gross margin up 320 bps

- » Favorable solutions mix
- » Increased cost efficiencies

## Operating margin up 10 bps

- » Fall through from higher gross margin
- » Partially offset by continued R&D investment



# REVENUE: FX IMPACT SUMMARY

\$ in Millions

Average USD/Euro:  
\$1.14 Q4'21 vs \$1.19 Q4'20

Revenue	Q4'21	YoY Change	YoY Change Excluding FX
Device Solutions	\$157.1	-15.7%	-13.2%
Networked Solutions	\$264.8	-4.6%	-4.3%
Outcomes	\$63.8	4.0%	4.2%
<b>Total</b>	<b>\$485.6</b>	<b>-7.5%</b>	<b>-6.5%</b>
<b>Non-GAAP EPS - diluted</b>	<b>\$0.75</b>	<b>\$0.10</b>	<b>\$0.11</b>

Average USD/Euro:  
\$1.18 FY'21 vs \$1.14 FY'20

Revenue	FY'21	YoY Change	YoY Change Excluding FX
Device Solutions	\$645.1	-7.0%	-10.1%
Networked Solutions	\$1,092.6	-12.5%	-13.1%
Outcomes	\$243.8	6.0%	4.4%
<b>Total</b>	<b>\$1,981.6</b>	<b>-8.8%</b>	<b>-10.3%</b>
<b>Non-GAAP EPS - diluted</b>	<b>\$1.75</b>	<b>-\$0.10</b>	<b>-\$0.08</b>

# 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, adjusted EBITDA margin, 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. 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

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 228,757	\$ 116,231	\$ 652,468	\$ 612,562
Amortization of intangible assets	(8,887)	(11,223)	(35,801)	(44,711)
Restructuring	(55,453)	4,518	(54,623)	(37,013)
Loss on sale of business	(36,015)	(2,522)	(64,289)	(59,817)
Corporate transition cost	—	—	—	33
Acquisition and integration	(519)	(1,764)	(151)	(1,026)
Non-GAAP operating expenses	\$ 127,883	\$ 105,240	\$ 497,604	\$ 470,028
<b>NON-GAAP OPERATING INCOME (LOSS)</b>				
GAAP operating income (loss)	\$ (107,470)	\$ 32,602	\$ (79,299)	\$ (10,395)
Amortization of intangible assets	8,887	11,223	35,801	44,711
Restructuring	55,453	(4,518)	54,623	37,013
Loss on sale of business	36,015	2,522	64,289	59,817
Corporate transition cost	—	—	—	(33)
Acquisition and integration	519	1,764	151	1,026
Non-GAAP operating income (loss)	\$ (6,596)	\$ 43,593	\$ 75,565	\$ 132,139
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ (58,866)	\$ 21,520	\$ (81,255)	\$ (57,955)
Amortization of intangible assets	8,887	11,223	35,801	44,711
Amortization of debt placement fees	826	1,056	18,078	3,954
Debt extinguishment	—	—	11,681	—
Restructuring	55,453	(4,518)	54,623	37,013
Loss on sale of business	36,015	2,522	64,289	59,817
Corporate transition cost	—	—	—	(33)
Acquisition and integration	519	1,764	151	1,026
Income tax effect of non-GAAP adjustments	(8,774)	(7,243)	(25,265)	(13,280)
Non-GAAP net income attributable to Itron, Inc.	\$ 34,060	\$ 26,324	\$ 78,103	\$ 75,253
Non-GAAP diluted EPS	\$ 0.75	\$ 0.65	\$ 1.75	\$ 1.85
Non-GAAP weighted average common shares outstanding - Diluted	45,469	40,762	44,617	40,571

# GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2021	2020	2021	2020
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ (58,866)	\$ 21,520	\$ (81,255)	\$ (57,955)
Interest income	(231)	(833)	(1,557)	(2,998)
Interest expense	1,531	10,230	28,638	44,001
Income tax (benefit) provision	(51,093)	(128)	(45,512)	238
Debt extinguishment	—	—	11,681	—
Depreciation and amortization	19,901	24,984	84,153	97,290
Restructuring	55,453	(4,518)	54,623	37,013
Loss on sale of business	36,015	2,522	64,289	59,817
Corporate transition cost	—	—	—	(33)
Acquisition and integration	519	1,764	151	1,026
Adjusted EBITDA	\$ 3,229	\$ 55,541	\$ 115,211	\$ 178,399
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 13,647	\$ 38,943	\$ 154,794	\$ 109,514
Acquisitions of property, plant, and equipment	(6,901)	(9,911)	(34,682)	(46,208)
Free Cash Flow	\$ 6,746	\$ 29,032	\$ 120,112	\$ 63,306

# Thank You

## INVESTOR RELATIONS CONTACTS

### **Kenneth P. Gianella**

Vice President, Investor Relations

669-770-4643

[ken.gianella@itron.com](mailto:ken.gianella@itron.com)

### **David Means**

Director, Investor Relations

737-242-8448

[david.means@itron.com](mailto:david.means@itron.com)

### **Rebecca Hussey**

Manager, Investor Relations

509-891-3574

[rebecca.hussey@itron.com](mailto:rebecca.hussey@itron.com)

