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Third Quarter 2017
Earnings Conference Call
November 1, 2017

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 and Financial Guidance Update**
- » **Q&A – CEO, CFO and COO**

Q3'17 SUMMARY

- » Q3 results lower than anticipated due to short-term operational inefficiencies resulting in delayed shipments
 - Unplanned impacts as business realignment projects accelerated in the quarter
 - Short-term issues addressed
 - Water segment revenue impacted by project delays, in line with industry commentary
- » Improved gross margin and flat non-GAAP operating margin demonstrates early operational benefits from transformation programs
- » Strong demand for Itron's OpenWay Riva smart solutions
 - Ramping production schedules
 - Investing in field deployment capacity in order to meet demand
- » Silver Spring acquisition announced on Sept.18
 - Advances Itron's strategy to provide value-added services and outcomes-based solutions for smart utilities, smart cities and broader industrial IoT
 - Anticipate transaction to close in late 2017 or early 2018

Q3'17 QUARTERLY BACKLOG

- Over \$325M of customer awards, not yet booked
- Anticipate Q4'17 book to bill > 1:1

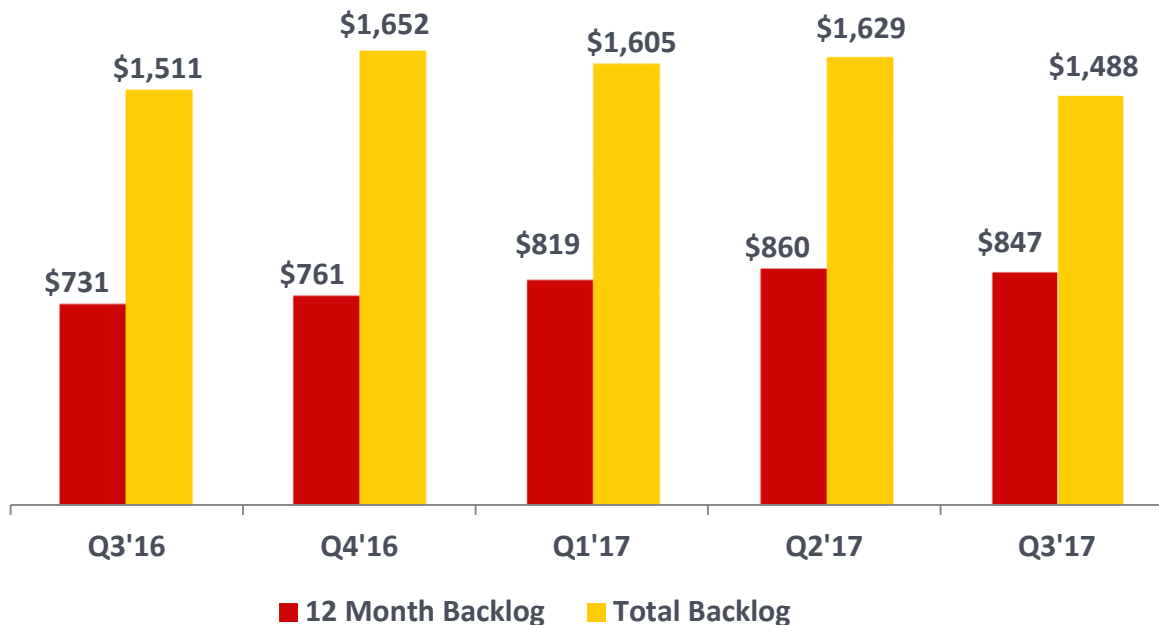


Chart in Millions, actual currency rates

CONSOLIDATED GAAP RESULTS – Q3'17

<i>\$ in millions (except per share amounts)</i>	Q3 2016	Q3 2017	Change
Revenue	\$506.9	\$486.7	-4.0%
<i>Change in constant currency</i>			-5.6%
Gross margin	33.7%	34.0%	+30 bps
Operating income	\$6.4	\$37.4	+483%
Operating income margin	1.3%	7.7%	+640 bps
Net income (loss) attributable to Itron, Inc.	(\$9.9)	\$25.6	+359%
Earnings (loss) per share – diluted	(\$0.26)	\$0.65	+\$0.91
Cash provided by operating activities	\$30.8	\$21.1	-31%

- » Factory consolidation, supply chain, product transitions and water project delays impacted revenue
- » Gross margin improvement with favorable product mix and reduced warranty costs offsetting lower revenue
- » Higher operating income benefited from lower G&A and restructuring costs
- » GAAP net income attributable to Itron and diluted EPS reflect higher operating income and lower effective tax rate
- » Cash from operations decrease driven by changes in working capital due to timing of accounts payables and larger tax payments compared with the prior year. Cash from operations up \$32 million for year-to-date nine-month period.

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

CONSOLIDATED NON-GAAP RESULTS – Q3'17

<i>\$ in millions (except per share amounts)</i>	Q3 2016	Q3 2017	Change
Non-GAAP operating income	\$51.9	\$49.6	-5%
Non-GAAP operating margin	10.2%	10.2%	--
Non-GAAP net income attributable to Itron, Inc.	\$29.9	\$30.6	+2%
Adjusted EBITDA	\$62.7	\$57.5	-8%
Adjusted EBITDA margin	12.4%	11.8%	-60 bps
Non-GAAP earnings per share - diluted	\$0.77	\$0.77	--
Free cash flow	\$20.1	\$9.5	-53%

- » Lower non-GAAP operating income and adjusted EBITDA driven by reduced revenue due to short-term operational inefficiencies, partially offset by lower G&A expense
- » Non-GAAP net income reflects the lower non-GAAP operating income, offset by a lower non-GAAP effective tax rate due to the timing and mix of income by taxable jurisdiction
- » Free cash flow reflects changes in working capital due to timing of accounts payables and larger tax payments compared with the prior year. Free cash flow up \$30 million for the year-to-date nine-month period

REVENUE YEAR-OVER-YEAR BRIDGE – Q3'17

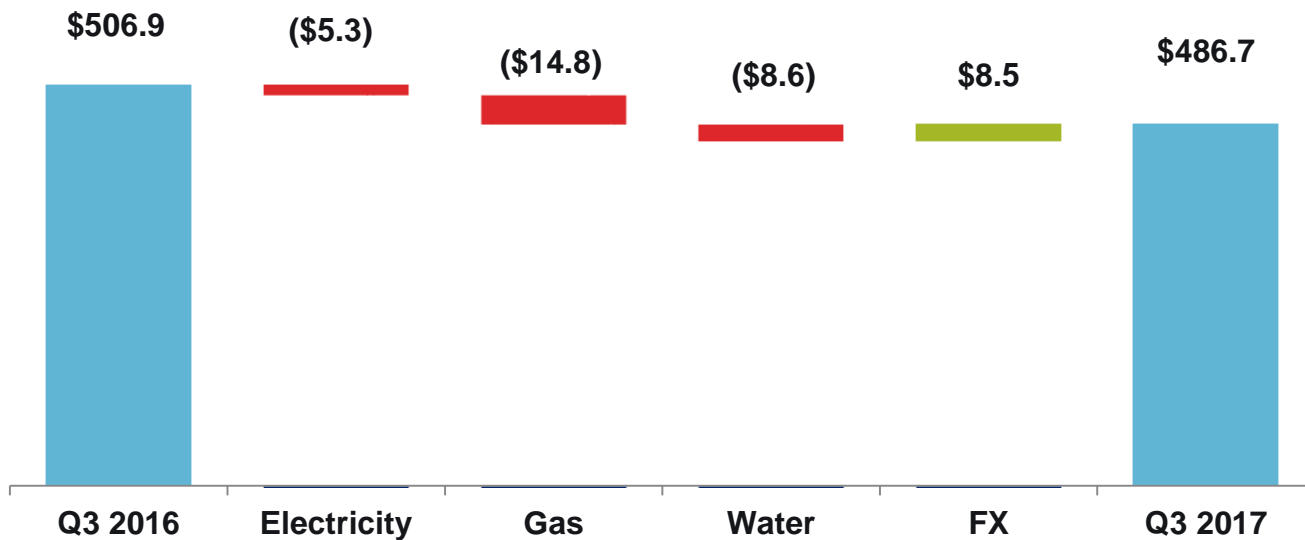


Chart in Millions, Q3'16 and Q3'17 totals reflect actual currencies; all variances other than FX exclude currency impact

NON-GAAP EPS YEAR-OVER-YEAR BRIDGE – Q3'17

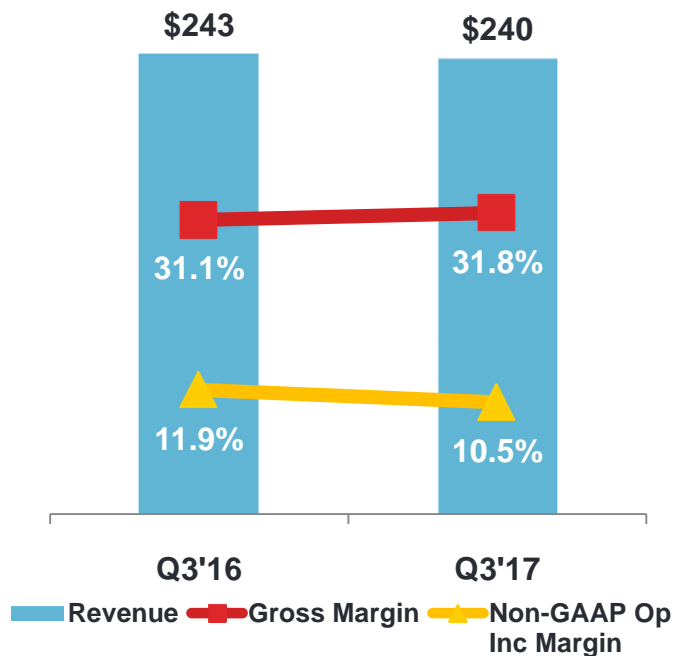


Q3'16 and Q3'17 totals reflect actual currencies; all variances other than FX exclude currency impact

ELECTRICITY SEGMENT - Q3'17

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

\$ in millions, actual currency



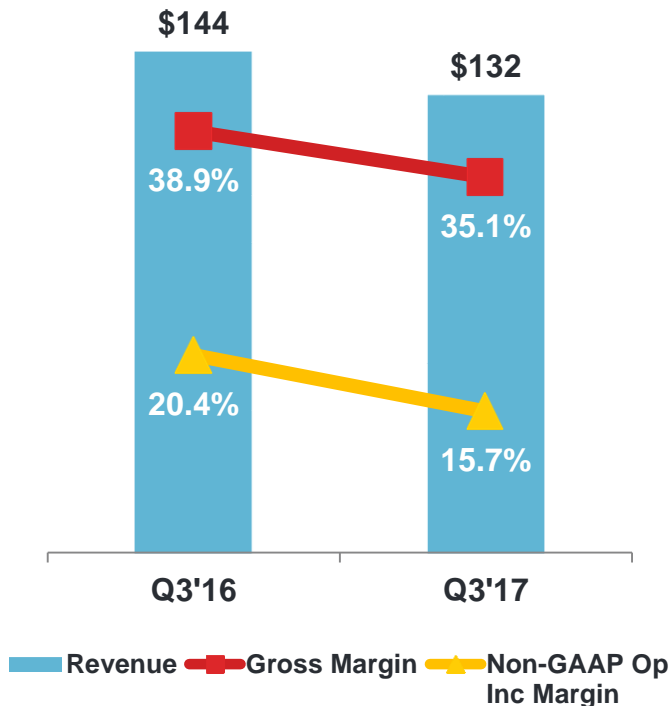
- » **Revenue decline of 1% and 2% in constant currency**
 - Growth in EMEA and APAC smart solution revenues
 - Temporary operational impacts in North America
 - Q3'17 YTD Electricity revenues up 5%
- » **Gross margin improved on favorable product mix and lower costs**
- » **Non-GAAP operating margin down 140 bps**
 - Reflects revenue impacts and acquired DEM Opex
- » **Investing in field deployment capacity to meet strong Riva demand**

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

GAS SEGMENT – Q3'17

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

\$ in millions, actual currency



» Revenue down 9% and 10% at constant currency

- Lower revenues in North America and certain EMEA regions
- Short term operational production constraints
- Compares with record North America gas communication module shipments in prior year

» Gross margin down 380 bps

- Lower volumes and product mix

» Non-GAAP operating margin down 470 bps

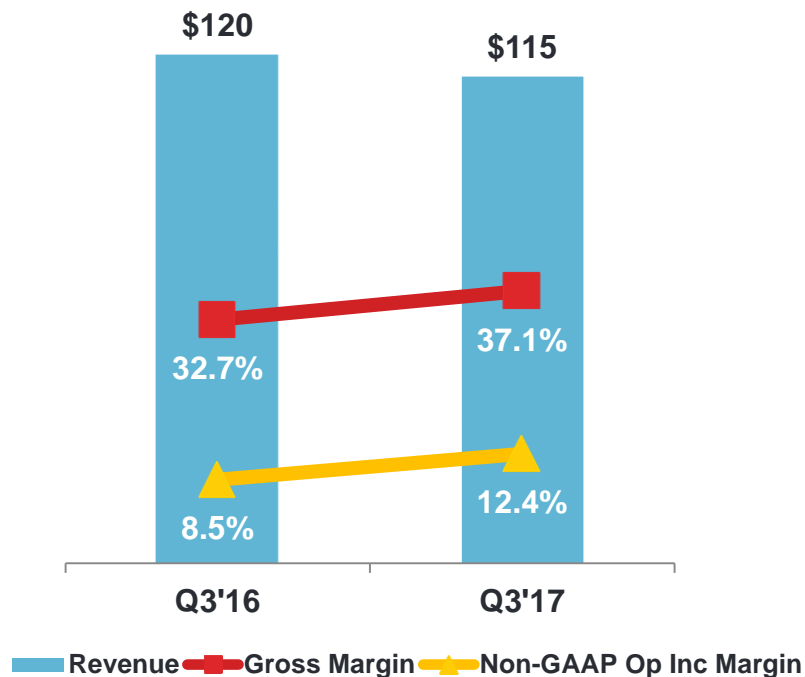
- Opex reduction of 4% offset by lower gross profit

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

WATER SEGMENT – Q3'17

REVENUE, GROSS MARGIN AND NON-GAAP MARGIN OPERATING

\$ in millions, actual currency



» Revenue down 4% and 7% in constant currency

- Lower North America and EMEA business reflects delays of several large customer projects
- Improvements continue in Latin America and Asia Pacific regions
- Large water projects in pipeline support fundamental strength in Water, long-term

» Gross margin +440 bps on lower warranty

» Non-GAAP operating margin +390 bps

- Improved gross margin, expense controls and efficiencies

» Total water backlog up 30% year-over-year

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

FINANCIAL GUIDANCE UPDATE

UPDATING OUTLOOK FOR Q3 RESULTS

- » Revenue at or modestly below the low end of the prior guidance range of \$2.03 - \$2.06 B
- » Non-GAAP EPS at or above low end of prior guidance range of \$2.95 - \$3.15

Assumes current FX rates, average fully diluted shares outstanding of approximately 39.5 million for the year and non-GAAP effective tax rate of 35% for FY 2017.

Note: 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 and acquisition-related expenses and their related tax effects without unreasonable effort. These items are uncertain, depend on various factors, and could have a material impact on GAAP results for the guidance period.

APPENDIX

- » Revenue - FX impact summary
- » YTD'17 Results
- » GAAP to Non-GAAP Reconciliations

REVENUE - FX IMPACT SUMMARY

\$ in millions

Average Euro/USD:

\$1.17 Q3'17 vs \$1.12 Q3'16

Revenue	Q3'17	YoY Change	YoY Change Excluding FX
Electricity	\$240.1	-1.0%	-2.2%
Gas	\$131.8	-8.6%	-10.1%
Water	\$114.8	-4.3%	-6.9%
Total	\$486.7	-4.0%	-5.6%

Average Euro/USD:

\$1.11 Q3'17 YTD vs \$1.12 Q3'16 YTD

Revenue	Q3'17 YTD	YoY Change	YoY Change Excluding FX
Electricity	\$729.2	5.3%	5.4%
Gas	\$394.7	-9.0%	-8.8%
Water	\$343.5	-12.1%	-11.8%
Total	\$1,467.4	-3.3%	-3.1%

CONSOLIDATED GAAP RESULTS – YTD'17

<i>\$ in millions (except per share amounts)</i>	YTD 2016	YTD 2017	Change
Revenue	\$1,517.5	\$1,467.4	-3.3%
<i>Growth in constant currency</i>			-3.1%
Gross margin	33.2%	34.1%	+90 bps
Operating income	\$65.5	\$104.2	+59%
Net income attributable to Itron, Inc.	\$20.1	\$55.5	+176%
Earnings per share - diluted	\$0.52	\$1.41	+171%
Net cash from operating activities	\$81.9	\$114.5	+40%

- » Gross margin increased 90 bps due to favorable product mix, reduced costs and an insurance recovery in Q2
- » Higher operating income driven by lower restructuring, G&A and R&D offsetting lower gross profit
- » GAAP net income attributable to Itron, Inc. and diluted EPS reflect higher operating income and a lower effective tax rate due to the timing and mix of income by taxable jurisdiction
- » Increased operating and free cash flow due to improved profitability and the timing of professional services and legal expenses in 2016

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

CONSOLIDATED NON-GAAP RESULTS – YTD'17

<i>\$ in millions (except per share amounts)</i>	YTD 2016	YTD 2017	Change
Non-GAAP operating income	\$125.6	\$140.8	+12%
Non-GAAP operating margin	8.3%	9.6%	+130 bps
Adjusted EBITDA	\$154.8	\$162.2	5%
Adjusted EBITDA margin	10.2%	11.1%	+90 bps
Non-GAAP earnings per share - diluted	\$1.87	\$2.05	+10%
Free cash flow	\$51.3	\$81.0	+58%

- » Higher non-GAAP operating income and adjusted EBITDA driven by reduced G&A and R&D expenses
- » Higher non-GAAP net income and non-GAAP diluted EPS due to improved operating income and a lower non-GAAP effective tax rate, partially offset by higher other expense
- » Increased free cash flow due to improved profitability and the timing of professional services and legal expenses in 2016

REVENUE YEAR-OVER-YEAR BRIDGE – YTD'17

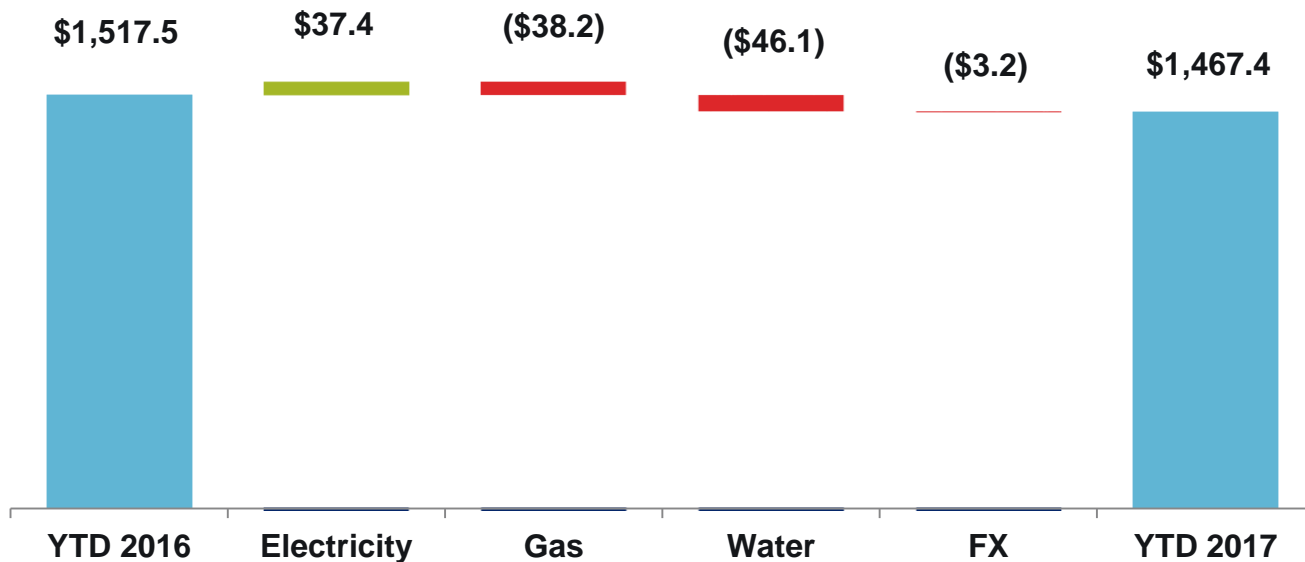
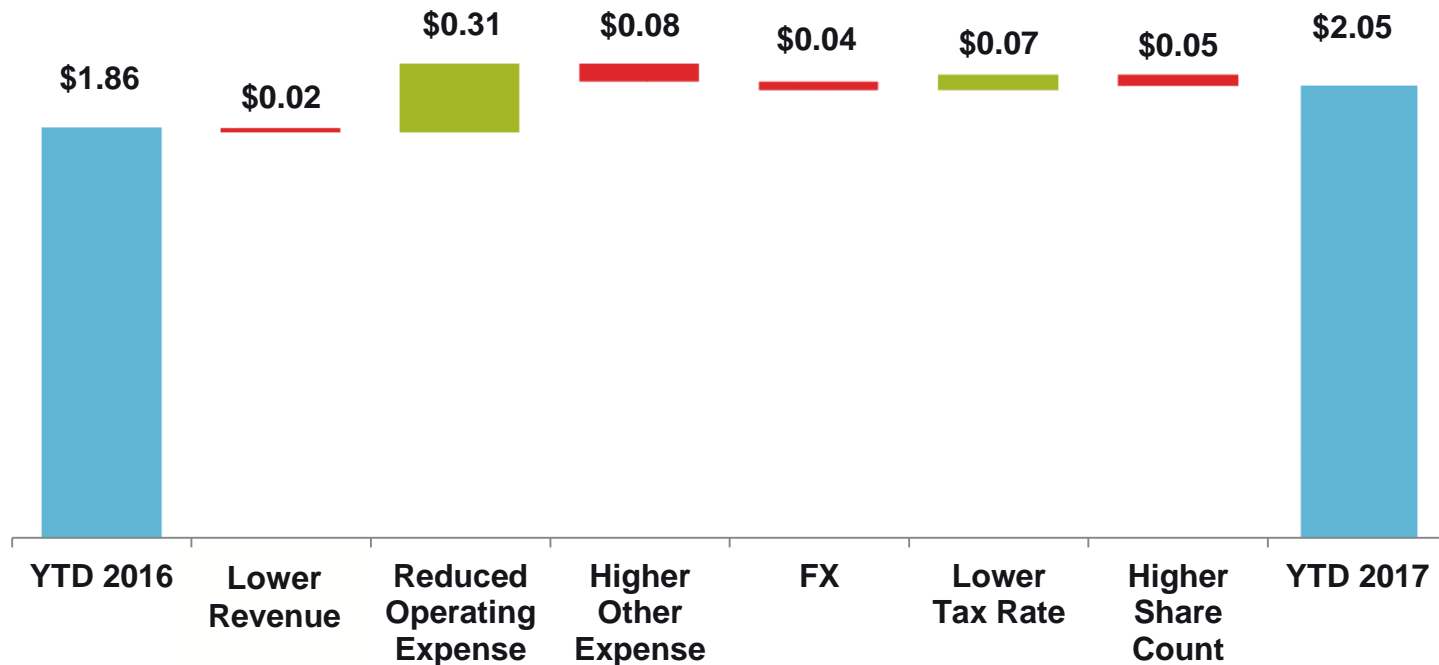


Chart in Millions, YTD'16 and YTD'17 totals reflect actual currencies; all variances other than FX exclude currency impact

NON-GAAP EPS YEAR-OVER-YEAR BRIDGE – YTD'17

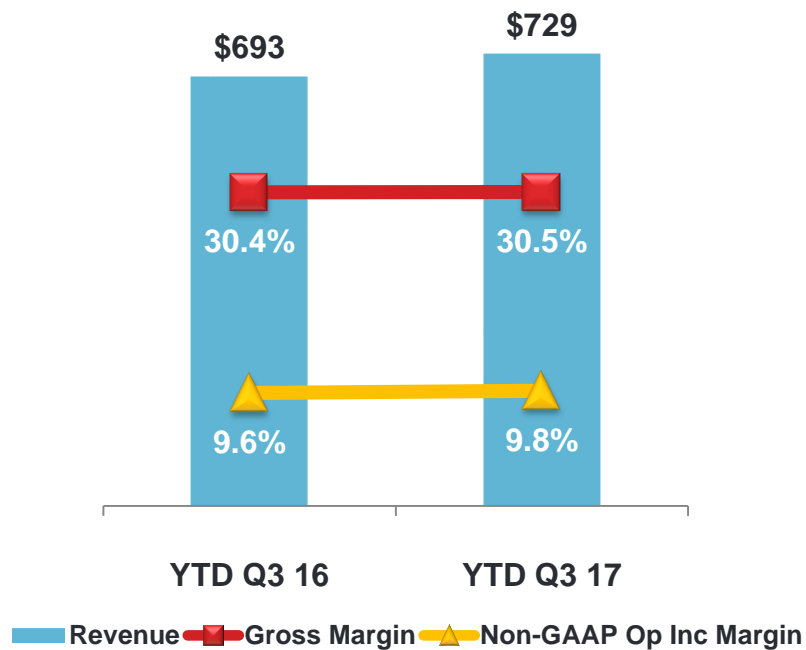


YTD'16 and YTD'17 totals reflect actual currencies; all variances other than FX exclude currency impact

ELECTRICITY SEGMENT - YTD'17

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

\$ in millions, actual currency



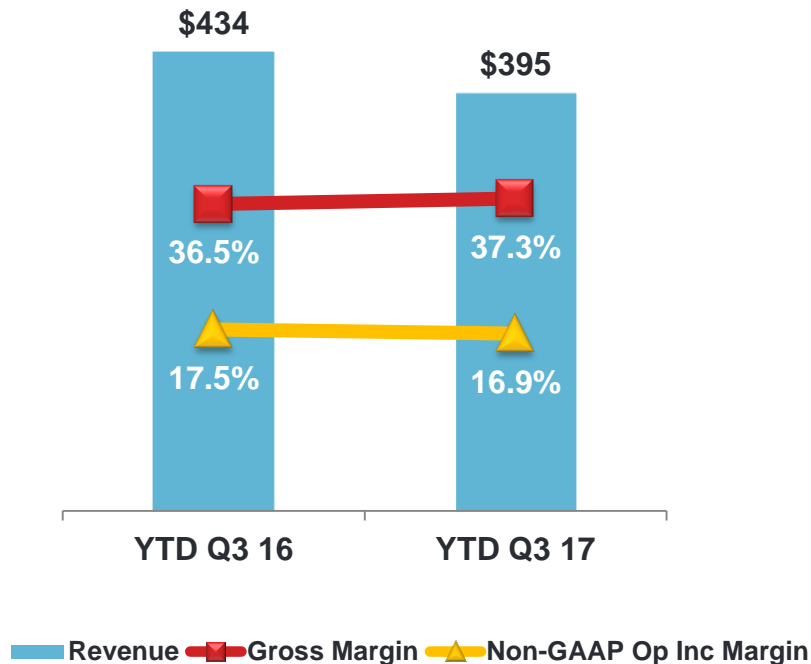
- » **Revenue growth of +5% as reported and in constant currency**
 - Growth driven by strong volumes for North America, APAC and EMEA smart projects
- » **Gross margin +10 bps**
 - Higher volumes and favorable product mix of smart vs. standard solutions
- » **Non-GAAP operating margin +20 bps**
 - Increased revenue and gross margin

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

GAS SEGMENT – YTD'17

REVENUE, GROSS MARGIN AND NON-GAAP OPERATING MARGIN

\$ in millions, actual currency



» Revenue down 9% as reported and in constant currency

- Lower volumes in North America and select EMEA regions, partially offset by increased revenue in Latin America

» Gross margin +80 bps

- Favorable product mix with higher module shipments

» Non-GAAP operating margin down 60 bps

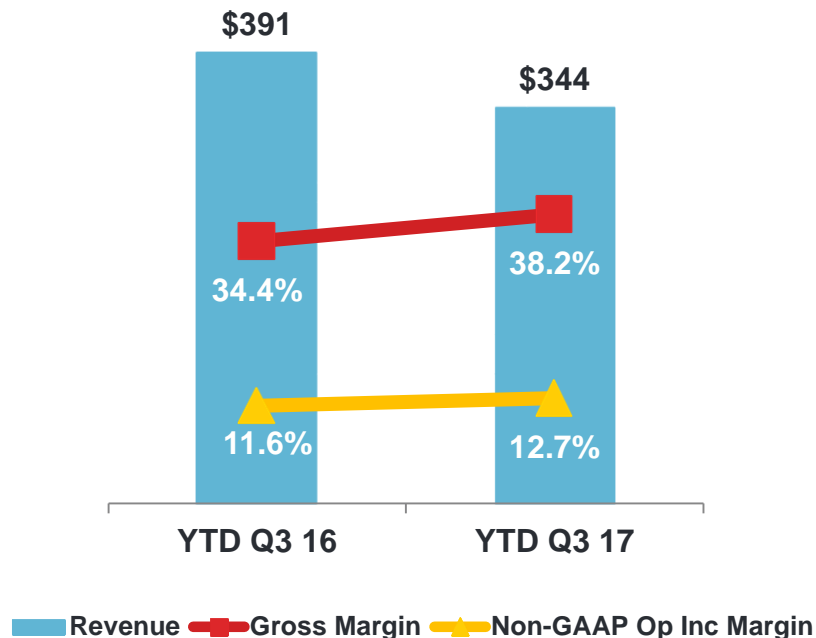
- Opex reduction of 2% offset by lower gross profit

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

WATER SEGMENT – YTD'17

REVENUE, GROSS MARGIN AND NON-GAAP MARGIN OPERATING

\$ in millions, actual currency



» Revenue down 12% as reported and in constant currency

- Decreased volumes in North America and EMEA, partially offset by higher sales in Latin America
- Industry-related project delays in EMEA and North America
- Residential project funding in Latin America continues to recover

» Gross margin +370 bps

- Reflects lower warranty costs and \$8M insurance recovery in Q2'17

» Non-GAAP operating margin +110 bps

- Opex decline of 2% offset by lower gross profit

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

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 September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
NON-GAAP NET INCOME & DILUTED EPS				
GAAP net income (loss) attributable to Itron, Inc.	\$ 25,576	\$ (9,885)	\$ 55,518	\$ 20,121
Amortization of intangible assets	5,625	4,996	15,144	19,002
Amortization of debt placement fees	242	247	725	742
Restructuring	(678)	40,679	7,417	41,294
Acquisition and integration related expenses	7,243	(180)	14,044	(202)
Income tax effect of non-GAAP adjustments	(7,423)	(5,961)	(12,153)	(9,086)
Non-GAAP net income attributable to Itron, Inc.	\$ 30,585	\$ 29,896	\$ 80,695	\$ 71,871
Non-GAAP diluted EPS	\$ 0.77	\$ 0.77	\$ 2.05	\$ 1.87
Weighted average common shares outstanding - Diluted	39,467	38,651	39,339	38,515
ADJUSTED EBITDA				
GAAP net income (loss) attributable to Itron, Inc.	\$ 25,576	\$ (9,885)	\$ 55,518	\$ 20,121
Interest income	(729)	(102)	(1,468)	(594)
Interest expense	2,898	2,691	8,448	8,344
Income tax provision	6,640	13,430	32,247	34,249
Depreciation and amortization	16,532	16,082	46,000	51,563
Restructuring	(678)	40,679	7,417	41,294
Acquisition and integration related expenses	7,243	(180)	14,044	(202)
Adjusted EBITDA	\$ 57,482	\$ 62,715	\$ 162,206	\$ 154,775

GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
FREE CASH FLOW				
Net cash provided by operating activities	\$ 21,057	\$ 30,754	\$ 114,501	\$ 81,881
Acquisitions of property, plant, and equipment	(11,595)	(10,679)	(33,493)	(30,563)
Free Cash Flow	\$ 9,462	\$ 20,075	\$ 81,008	\$ 51,318
NON-GAAP OPERATING INCOME				
GAAP operating income	\$ 37,364	\$ 6,410	\$ 104,228	\$ 65,457
Amortization of intangible assets	5,625	4,996	15,144	19,002
Restructuring	(678)	40,679	7,417	41,294
Acquisition and integration related expenses	7,243	(180)	14,044	(202)
Non-GAAP operating income	\$ 49,554	\$ 51,905	\$ 140,833	\$ 125,551
NON-GAAP OPERATING EXPENSES				
GAAP operating expenses	\$ 127,954	\$ 164,339	\$ 396,175	\$ 438,200
Amortization of intangible assets	(5,625)	(4,996)	(15,144)	(19,002)
Restructuring	678	(40,679)	(7,417)	(41,294)
Acquisition and integration related expenses	(7,243)	180	(14,044)	202
Non-GAAP operating expenses	\$ 115,764	\$ 118,844	\$ 359,570	\$ 378,106

GAAP TO NON-GAAP RECONCILIATIONS

SEGMENT RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
NON-GAAP OPERATING INCOME				
- ELECTRICITY				
Electricity - GAAP operating income	\$ 17,114	\$ 20,452	\$ 51,629	\$ 51,092
Amortization of intangible assets	3,280	2,183	8,350	10,050
Restructuring	1,227	8,443	1,557	5,411
Acquisition and integration related expenses	3,588	(180)	9,787	(202)
Electricity - Non-GAAP operating income	<u>\$ 25,187</u>	<u>\$ 28,898</u>	<u>\$ 71,323</u>	<u>\$ 66,351</u>
NON-GAAP OPERATING INCOME				
- GAS				
Gas - GAAP operating income	\$ 20,030	\$ 7,136	\$ 57,849	\$ 48,811
Amortization of intangible assets	1,375	1,513	3,961	4,888
Restructuring	(708)	20,738	4,717	21,990
Gas - Non-GAAP operating income	<u>\$ 20,698</u>	<u>\$ 29,387</u>	<u>\$ 66,527</u>	<u>\$ 75,689</u>
NON-GAAP OPERATING INCOME				
- WATER				
Water - GAAP operating income (loss)	\$ 14,837	\$ (3,548)	\$ 40,258	\$ 28,707
Amortization of intangible assets	990	1,300	2,833	4,064
Restructuring	(1,567)	12,414	448	12,465
Water - Non-GAAP operating income	<u>\$ 14,260</u>	<u>\$ 10,168</u>	<u>\$ 43,537</u>	<u>\$ 45,236</u>
NON-GAAP OPERATING INCOME				
- CORPORATE UNALLOCATED				
Corporate unallocated - GAAP operating loss	\$ (14,817)	\$ (17,632)	\$ (45,508)	\$ (83,153)
Restructuring	368	1,084	697	1,428
Acquisition and integration related expenses	3,657	—	4,257	—
Corporate unallocated - Non-GAAP operating loss	<u>\$ (10,592)</u>	<u>\$ (16,548)</u>	<u>\$ (40,554)</u>	<u>\$ (81,725)</u>



THANK YOU

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