



Philip Mezey

President and Chief Executive Officer

Steve Helmbrecht

Executive Vice President and Chief Financial Officer

John Holleran

Executive Vice President and Chief Operating Officer

Barbara Doyle

Vice President, Investor Relations

A wide-angle, nighttime photograph of a city skyline, likely Los Angeles, with numerous skyscrapers and residential buildings illuminated against a dark sky. The lights create a dense pattern of yellow and white dots across the horizon.

Second Quarter 2014 Earnings Conference Call

August 5, 2014

CONFERENCE CALL AGENDA

- **CEO – Q2 Highlights**
- **CFO – Q2 Financial Results & FY Guidance Update**
- **CEO – Closing Remarks**
- **Q&A – CEO, CFO and COO**

SAFE HARBOR

- » Certain matters 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, 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. Listeners 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 10-K filed on February 26, 2014, 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.

Q2 2014 – REVENUE YEAR-OVER-YEAR REVENUE BRIDGE

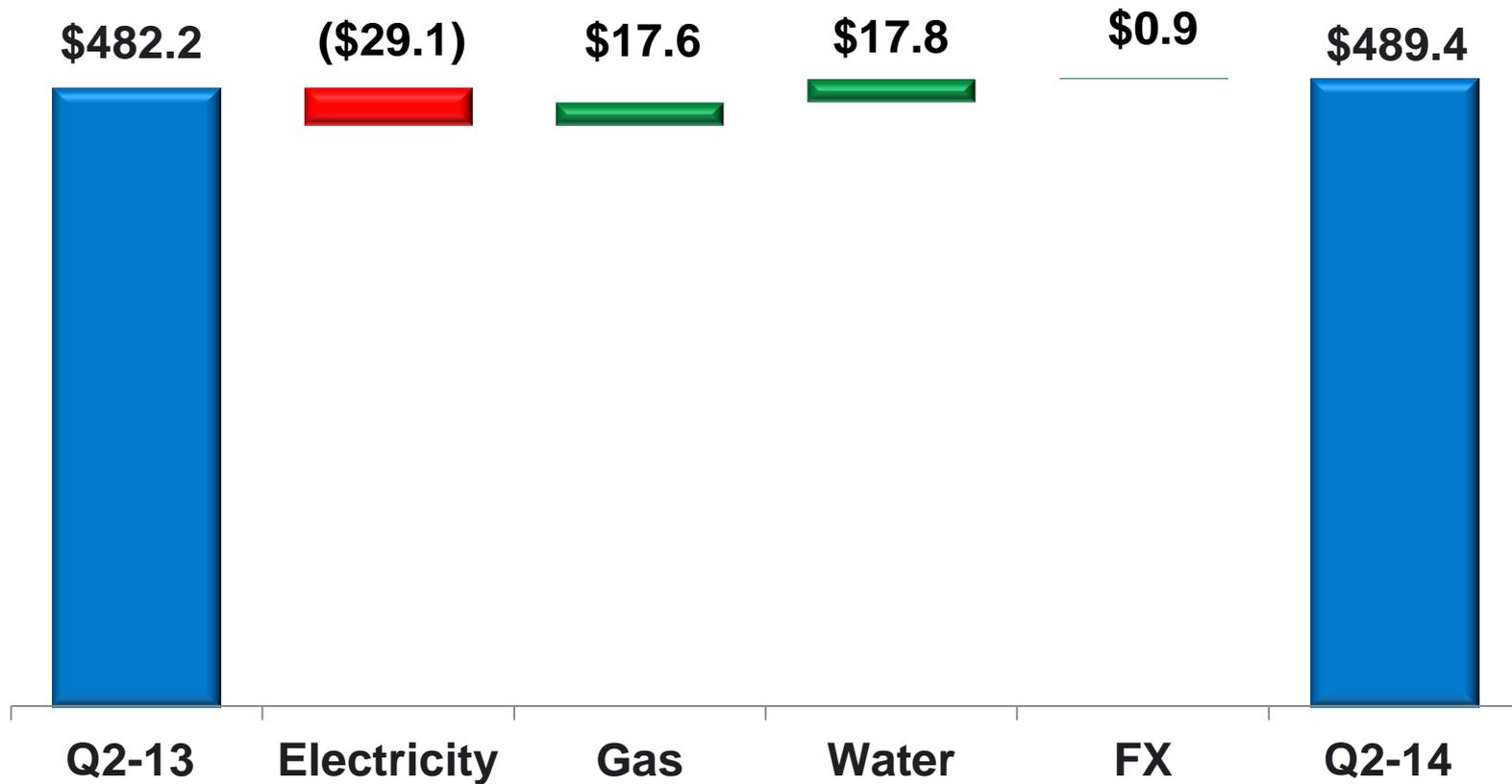


Chart in Millions, actual currency rates

TRENDED TWELVE MONTH & TOTAL BACKLOG

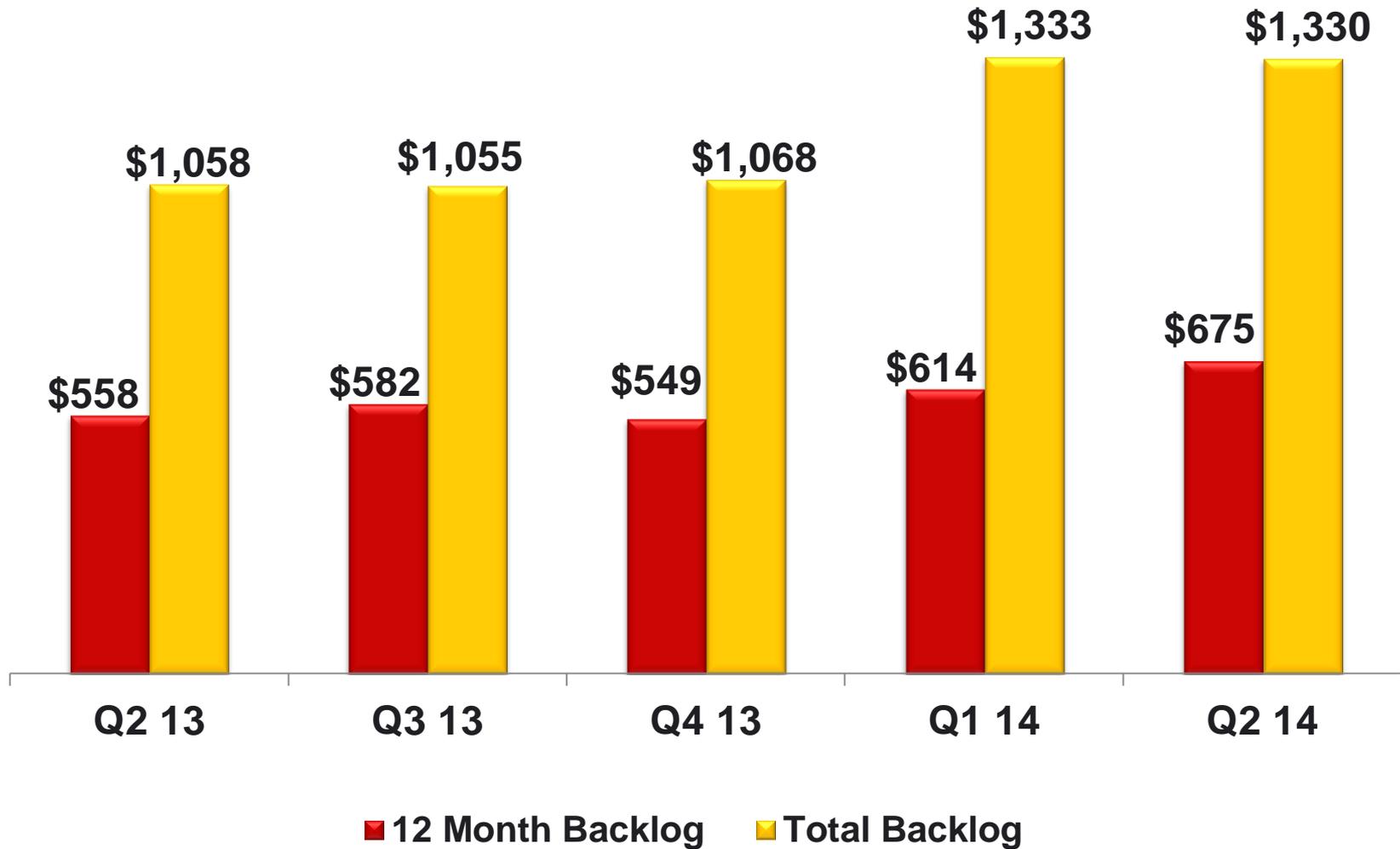


Chart in Millions, actual currency rates

BOOKINGS BY SEGMENT

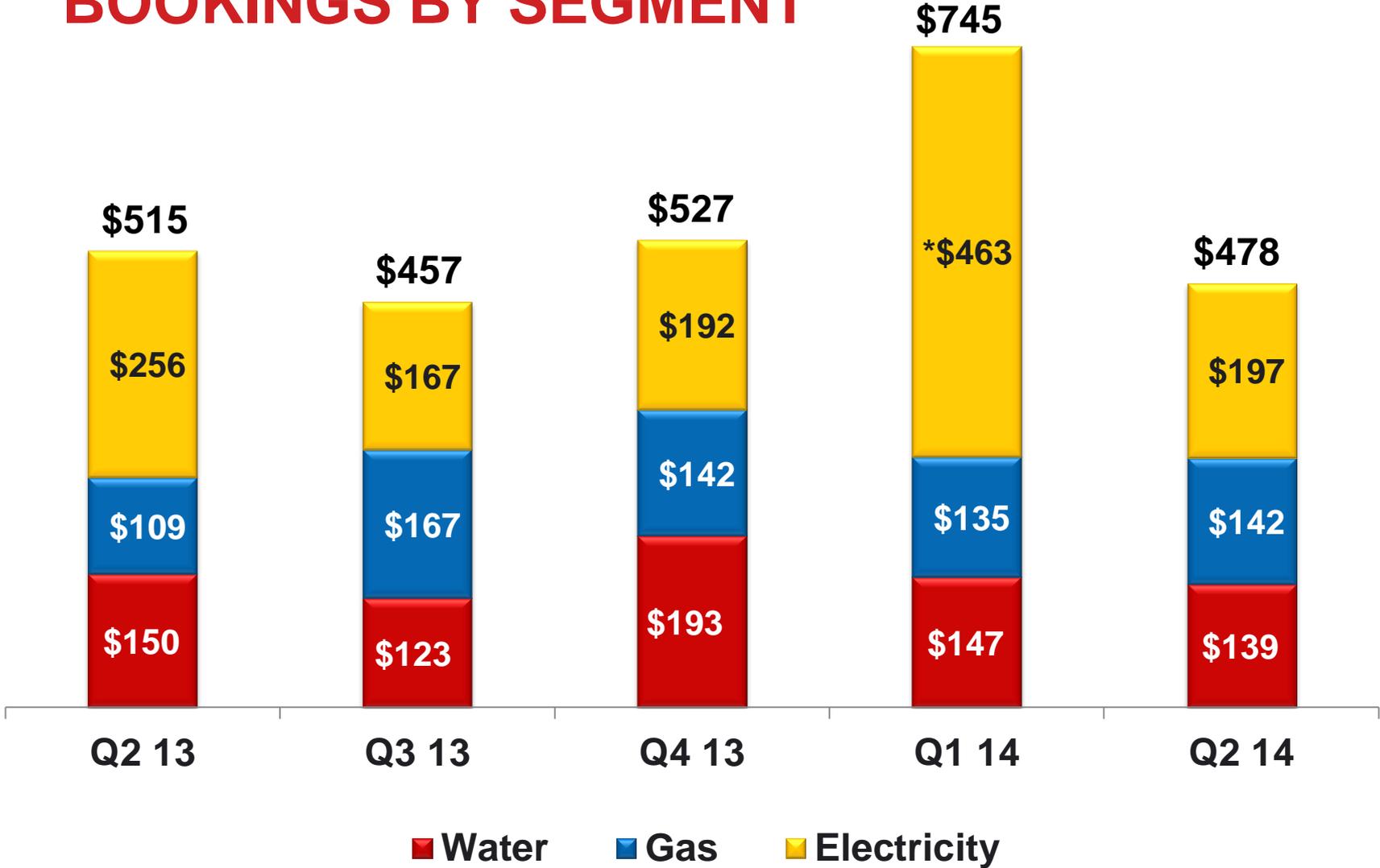


Chart in Millions, actual currency rates

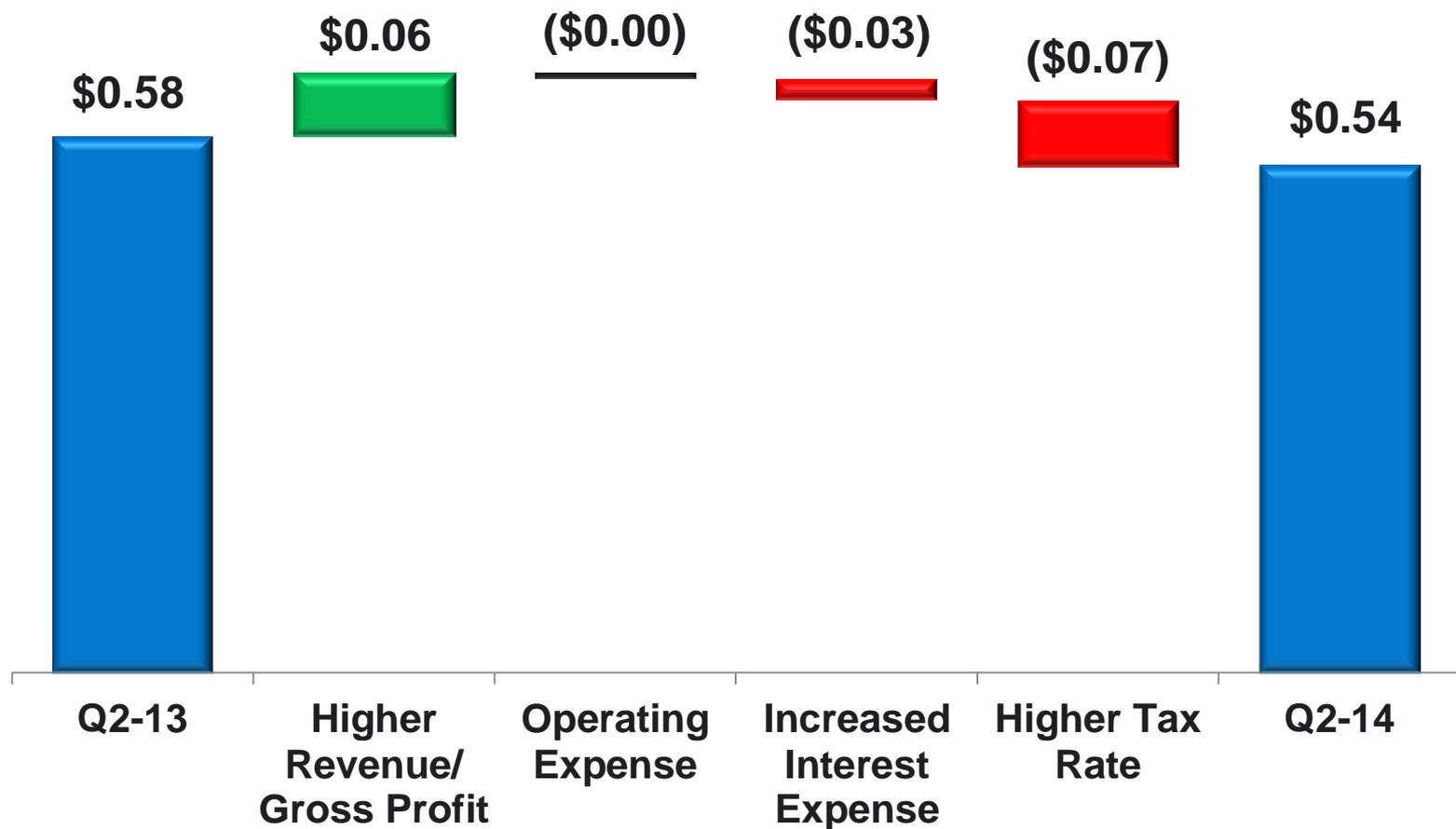
*Q1'14 Electricity bookings include \$279m for First Energy contract

YEAR-OVER-YEAR SUMMARY– Q2 2014

	Q2 2014	Q2 2013	Change
Revenue (in millions)	\$489.4	\$482.2	+1.5%
Gross margin	33.3%	33.1%	+20 bps
Non-GAAP operating margin	7.2%	6.7%	+50 bps
Adjusted EBITDA margin	9.7%	9.3%	+40 bps
GAAP diluted EPS	\$0.49	\$0.31	+\$0.18
Non-GAAP diluted EPS	\$0.54	\$0.58	-\$0.04
Free cash flow (in millions)	-\$10.4	\$4.2	-\$14.6
Bookings (in millions)	\$478	\$515	-7.2%

Reconciliation of GAAP to Non-GAAP results available on our website

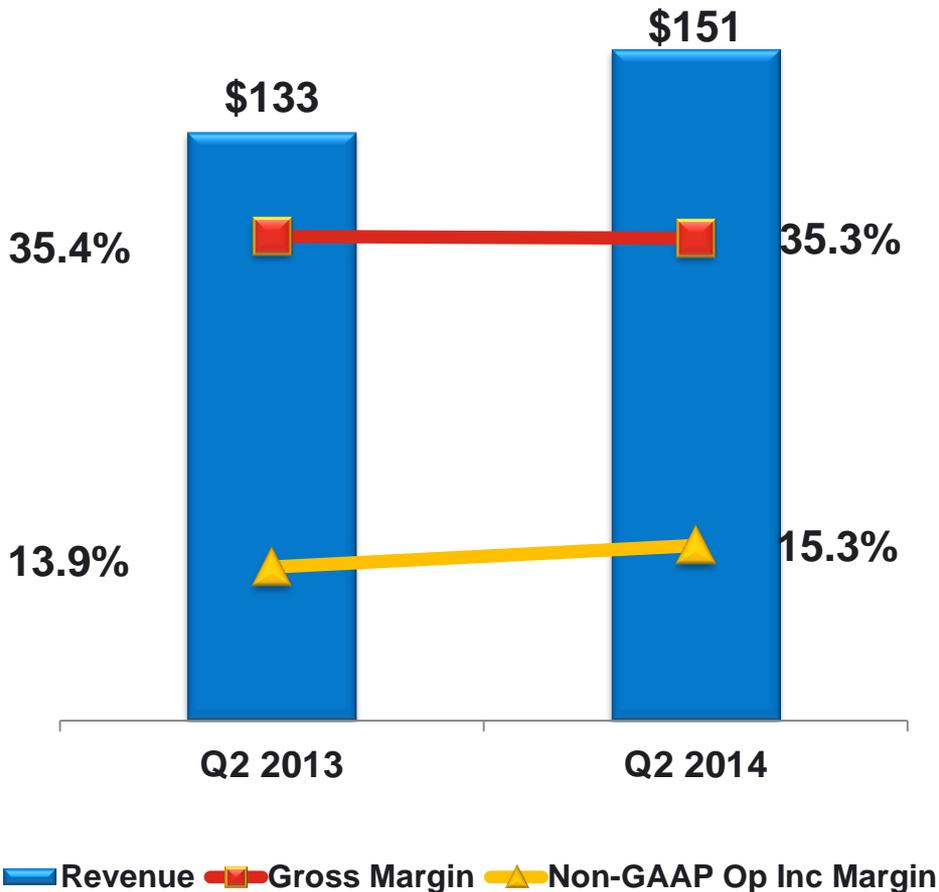
Q2 2014 - NON-GAAP EPS YEAR-OVER-YEAR BRIDGE



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WATER SEGMENT

REVENUE AND NON-GAAP MARGINS



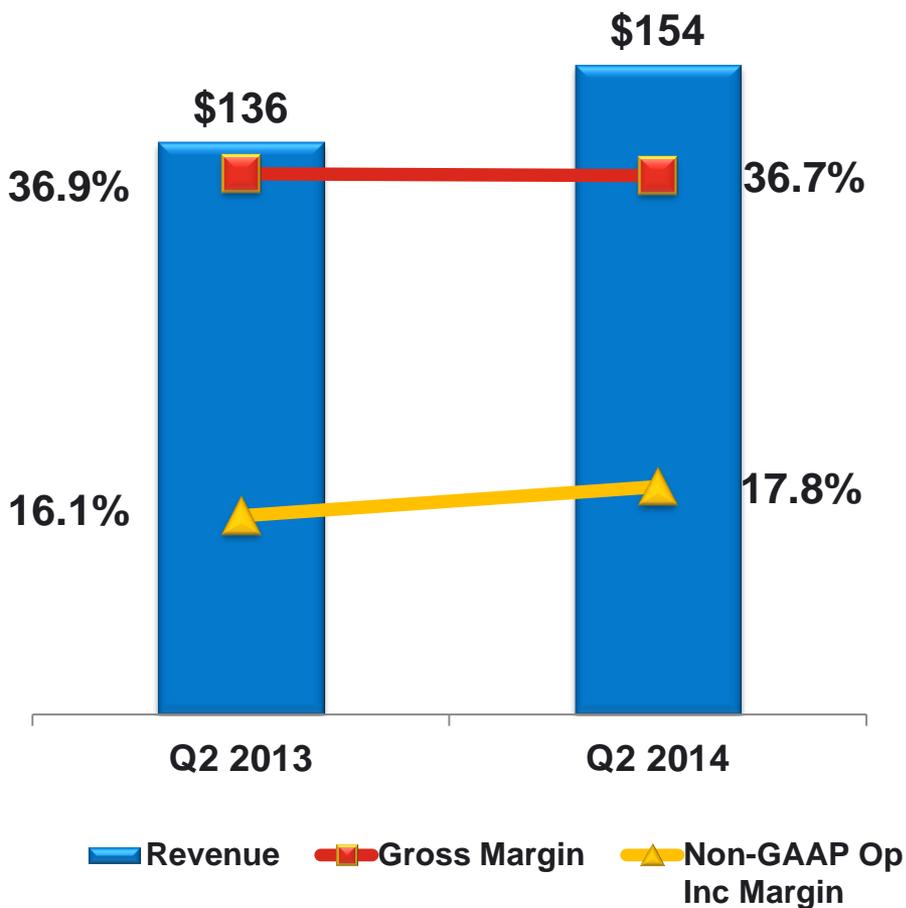
- » **Revenue grew 14% year-over year**
 - Record revenue with increases in every region
 - Increased water/heat meters & communication modules
 - Strong book & ship orders
 - Benefit from AMI projects – North America, Ireland, Netherlands, Australia
- » **Gross margin down 10 basis points**
 - Unfavorable impact from product mix and higher warranty costs, partially offset by benefit of higher volumes
- » **Non-GAAP operating margin up 140 basis points**
 - Increased gross profit from volumes offset higher sales commissions

Chart in Millions, actual currency rates

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GAS SEGMENT

REVENUE AND NON-GAAP MARGINS



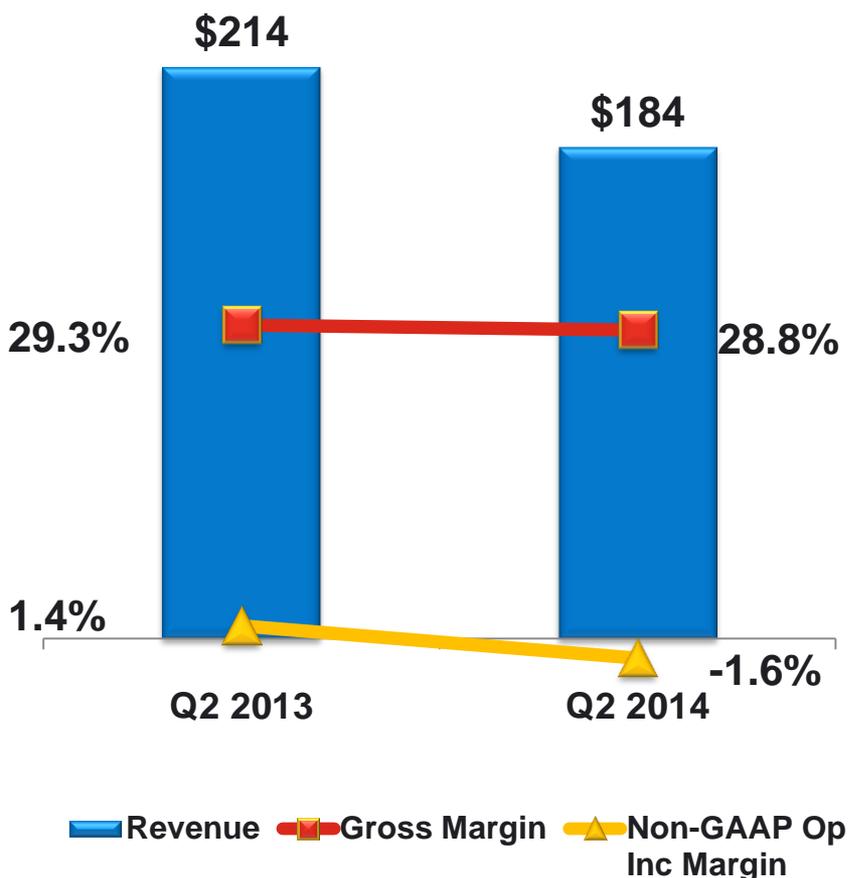
- » **Revenues grew 13.5% year-over-year**
 - Growth in all regions in constant currency
 - Increased volumes in all product categories – standard, pre-payment, smart meters & communication modules
 - Strong customer meter and module orders in North America & EMEA
- » **Gross margin down 20 basis points**
 - Unfavorable impact from product mix partially offset by benefit of higher volumes and lower warranty expense
- » **Non-GAAP operating margin up 170 basis points**
 - Higher gross profit due to volumes and lower G&A costs offset increased R&D investments for new products

Chart in Millions, actual currency rates

Reconciliation of GAAP to Non-GAAP results available on our website

ELECTRICITY SEGMENT

REVENUE AND NON-GAAP MARGINS



» Revenues decreased 14% year-over-year

- Decline in EMEA due to phasing of projects and timing of orders; some delays in UK with upcoming smart tenders
- Decline in North America meter shipments due to temporary manufacturing delay
- Down \$5m due to the phase out of electromechanical meter in Brazil

» Gross margin down 50 basis points

- Impact from lower volumes and product mix was partially offset by lower manufacturing & warranty costs

» Non-GAAP operating margin down 300 basis points

- Lower gross profit
- Decreased operating expenses from reduced headcount

Chart in Millions, actual currency rates

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FY 2014 FINANCIAL GUIDANCE UPDATE

- Revenue between \$1.9 billion and \$1.975 billion
- Non-GAAP diluted EPS between \$1.50 and \$1.80

ASSUMPTIONS:

- » Gross margin between 31 and 32 percent
- » Non-GAAP effective tax rate between 33 and 34 percent
- » Average Euro to U.S. dollar exchange rate of \$1.36
- » Average shares outstanding of ~39.5 million

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THANK YOU



SUPPLEMENTAL SLIDES

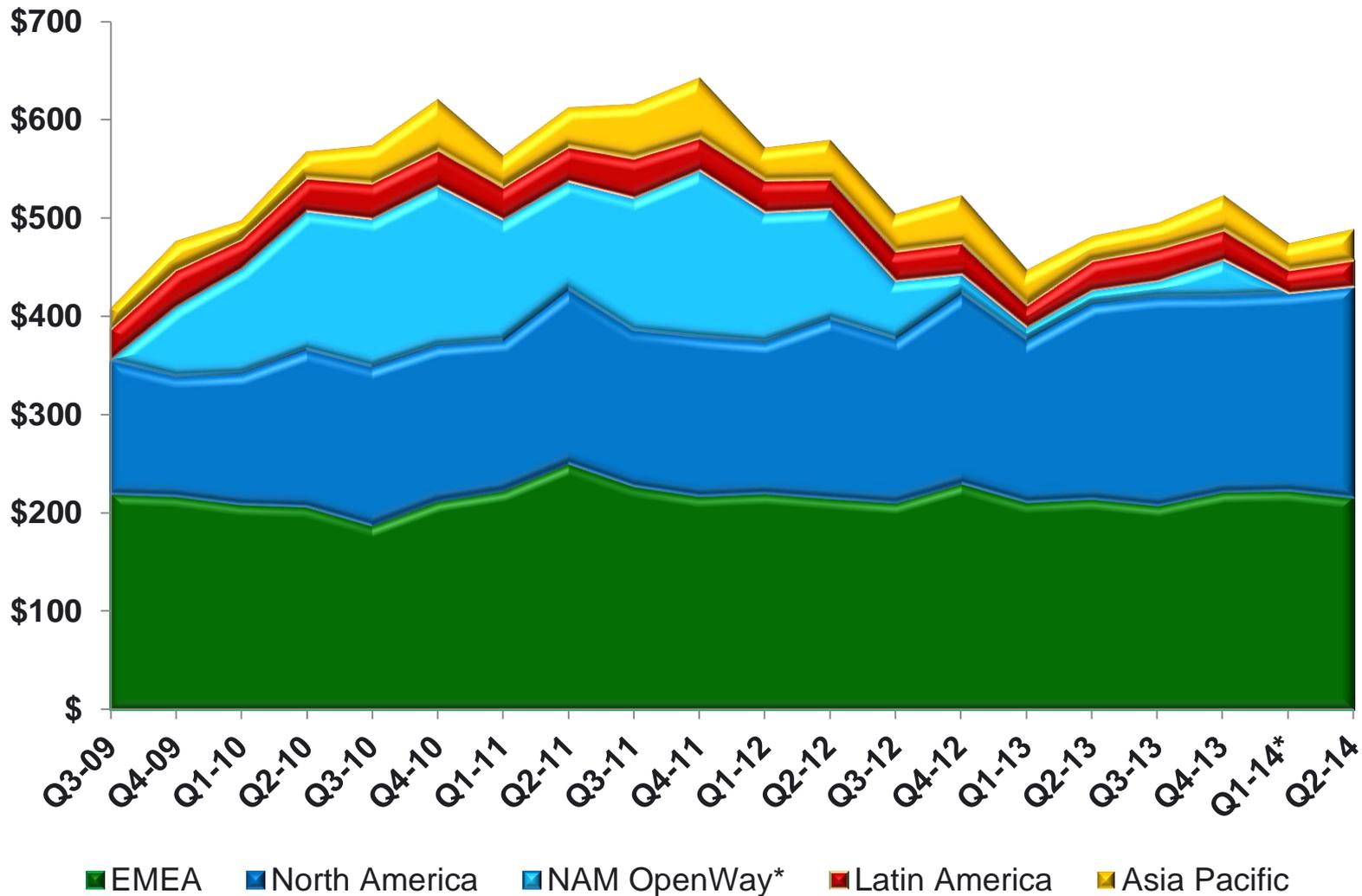
– TRENDED REVENUE

- Historical Revenue Trend by Region
- Historical Revenue Trend by Product Line

– YTD RESULTS

- Summary Results
- Year-Over-Year Revenue Bridge
- Year-Over-Year Non-GAAP EPS Bridge
- Water Segment
- Gas Segment
- Electricity Segment

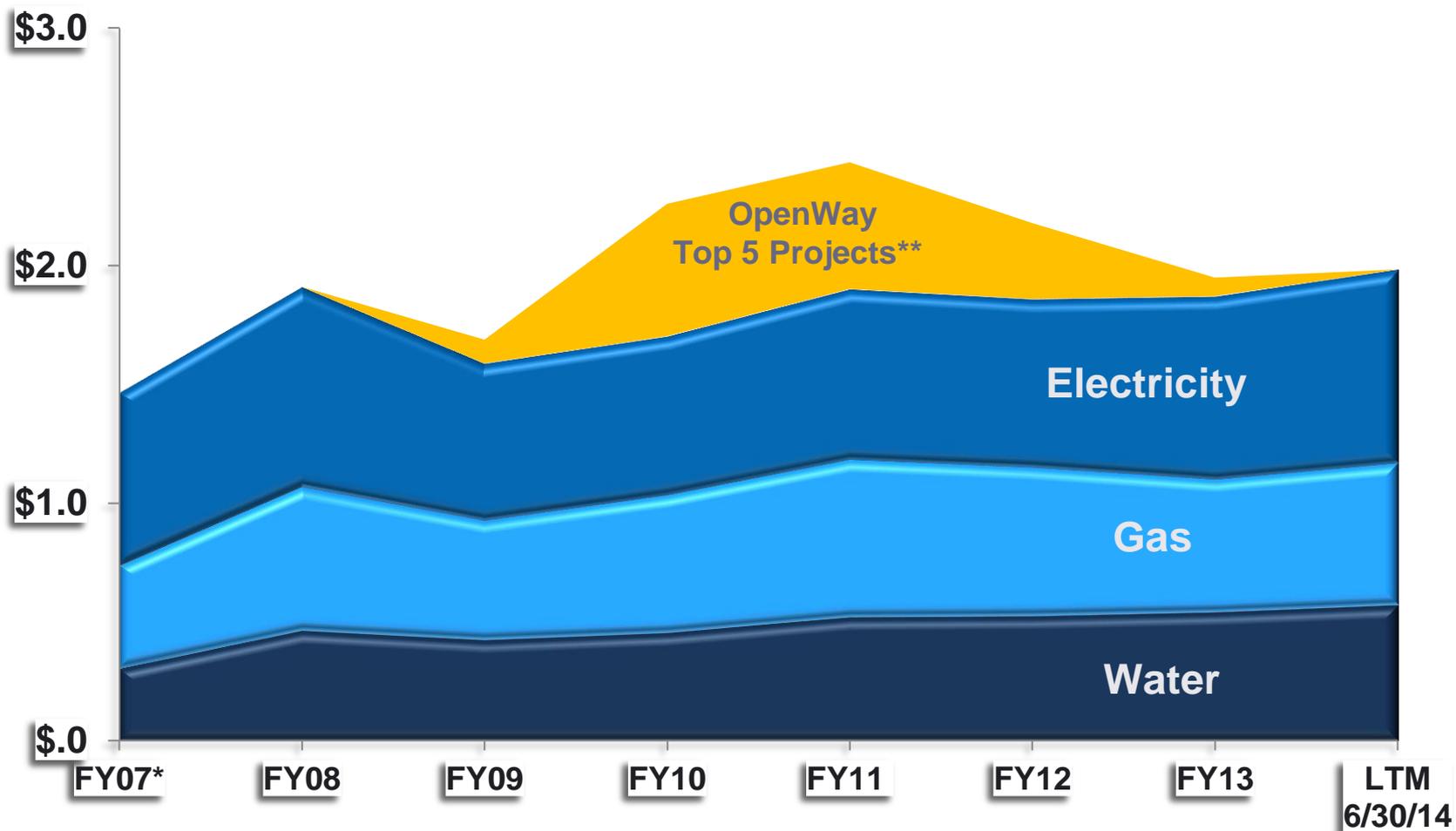
HISTORICAL REVENUE BY REGION



\$ In Millions

* Top 5 OpenWay revenues no longer reported separately effective Jan 1, 2014 due to substantial completion of these projects

HISTORICAL REVENUE BY PRODUCT LINE



\$ in Billions
 * Acquired Actaris April 2007

** Top 5 OpenWay revenues no longer reported separately effective Jan 1, 2014 due to substantial completion of these projects

YTD JUNE 2014 - SUMMARY RESULTS

	YTD Q2 2014	YTD Q2 2013	Change
Revenue (in millions)	\$964.1	\$929.7	+3.7%
Gross margin	32.9%	32.2%	+70 bps
Non-GAAP operating margin	6.0%	5.0%	+100 bps
Adjusted EBITDA margin	8.5%	7.7%	+80 bps
GAAP diluted EPS	\$0.48	\$0.38	+\$0.10
Non-GAAP diluted EPS	\$0.85	\$0.89	-\$0.04
Free cash flow (in millions)	\$47.8	-\$9.9	+\$57.70
Bookings (in millions)	\$1,223	\$962	+27.1%

Reconciliation of GAAP to Non-GAAP results available on our website

YTD JUNE 2014 - REVENUE BRIDGE

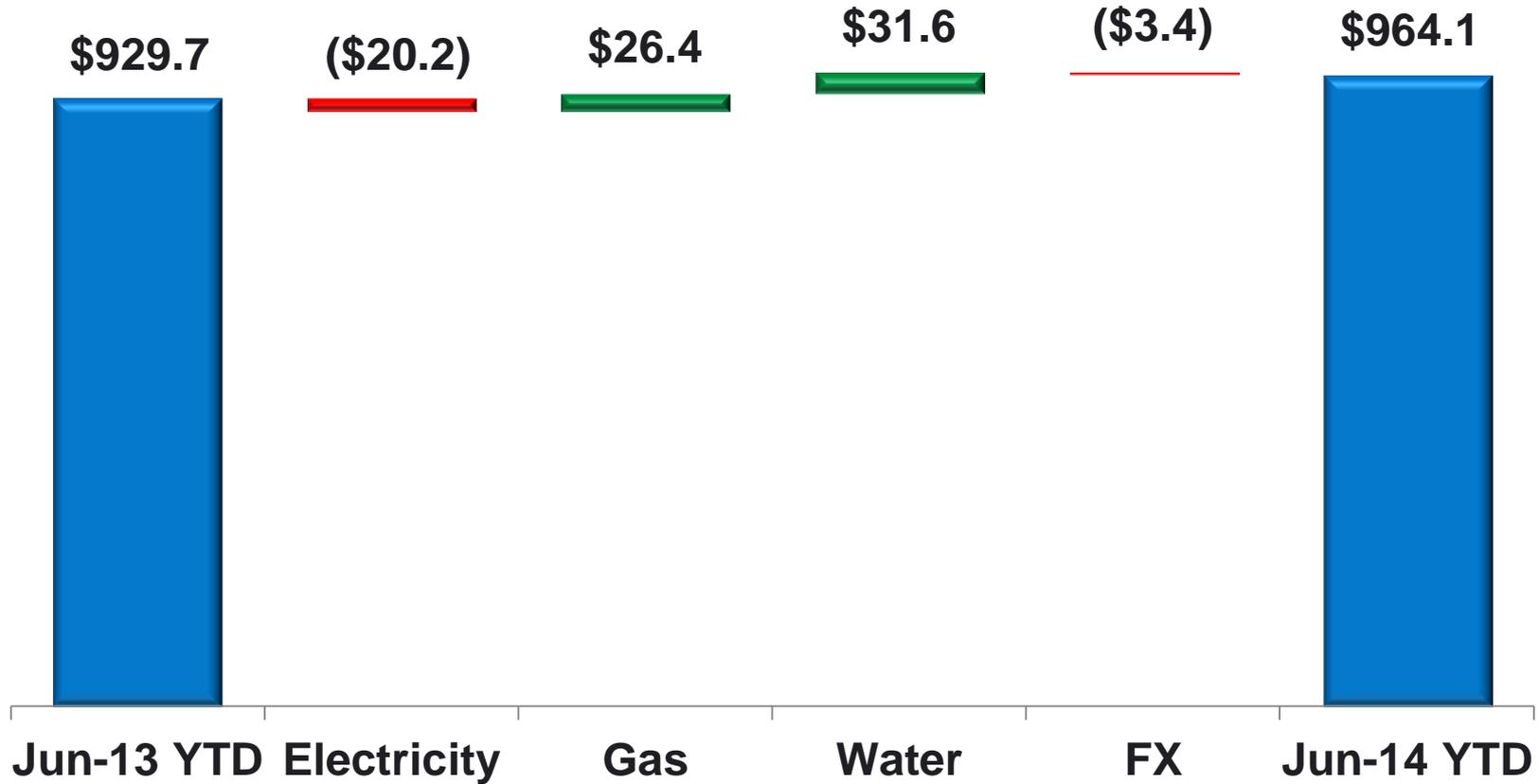
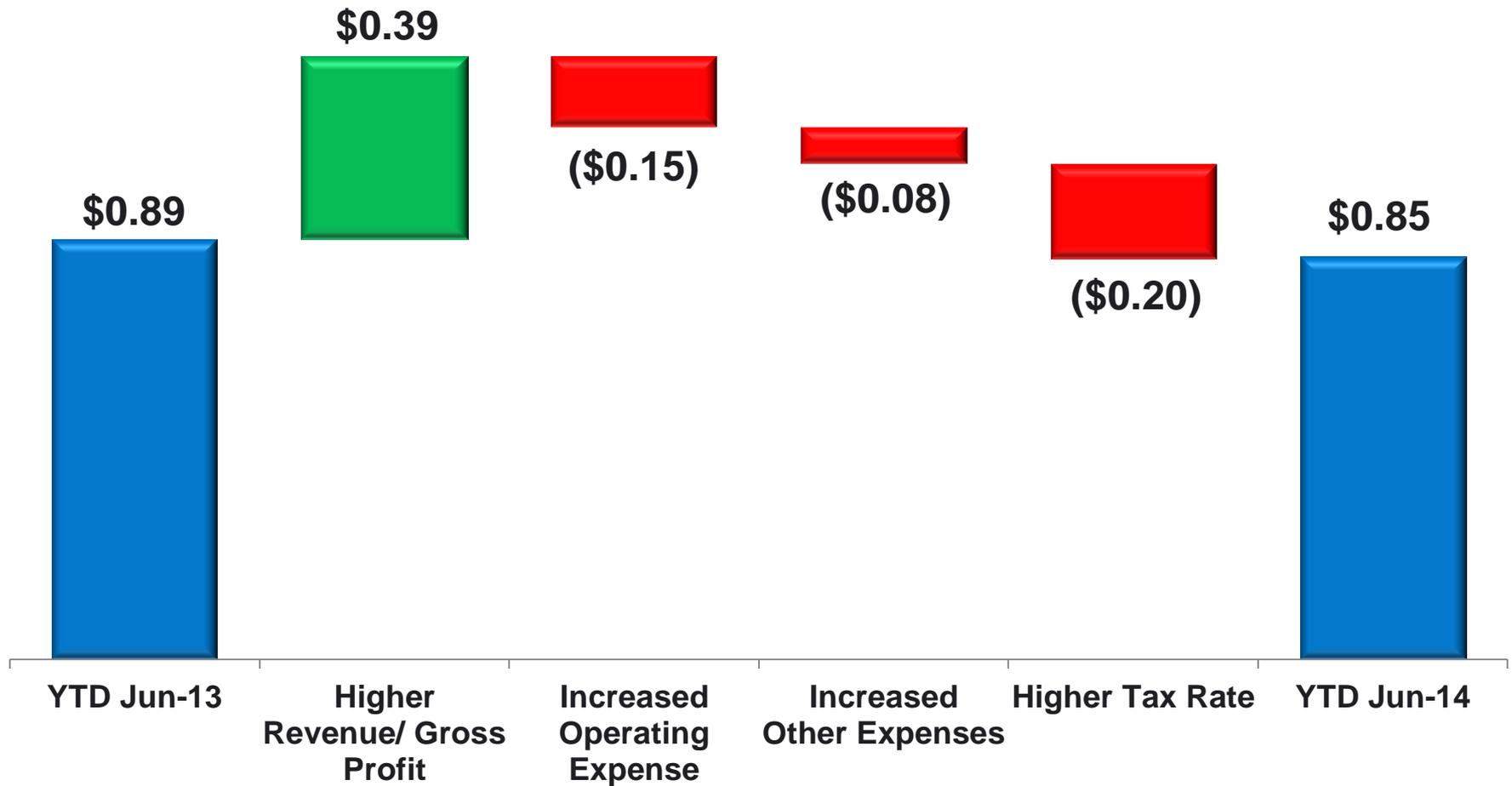


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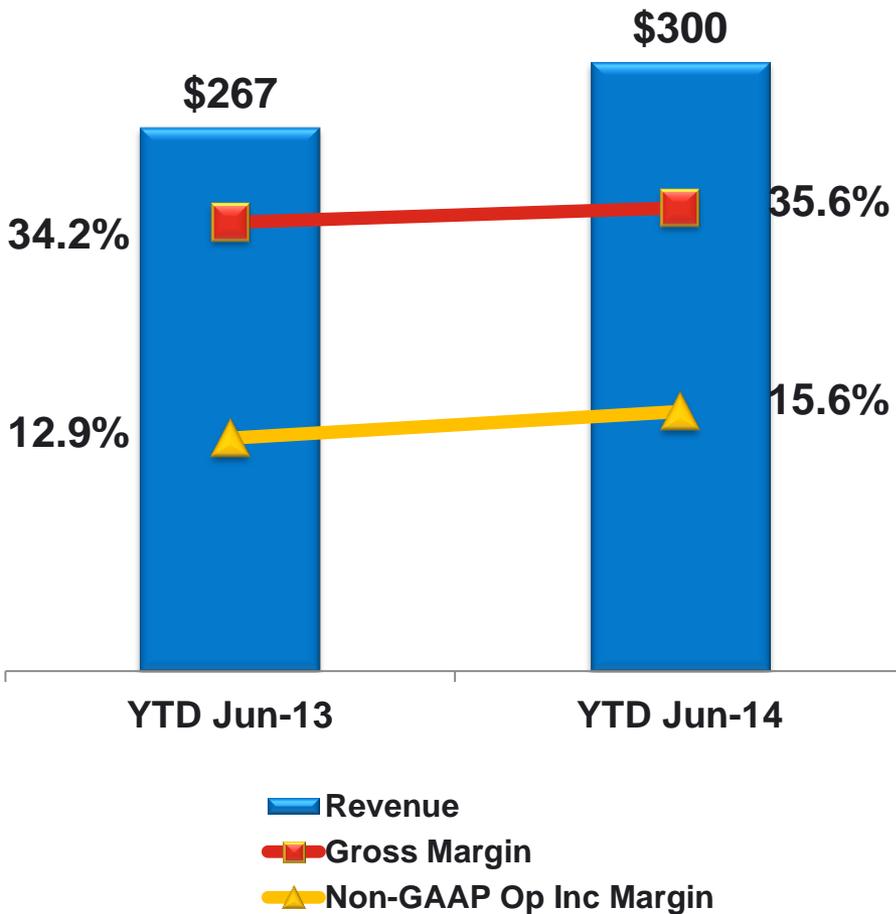
YTD JUNE 2013 - NON-GAAP EPS BRIDGE



Reconciliation of GAAP to Non-GAAP results available on our website

WATER SEGMENT – YTD JUNE 2014

REVENUE AND NON-GAAP MARGINS



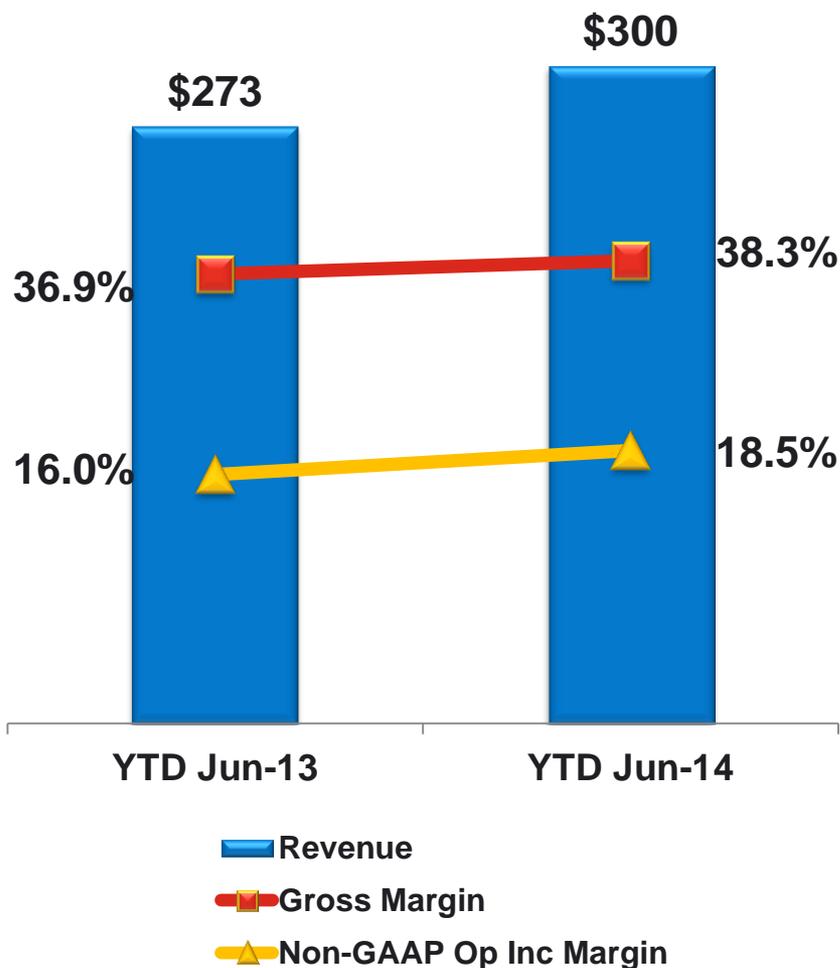
- » **Revenue grew 12% year-over year**
 - Increases in every region
 - Significant growth in EMEA driven by increased meter & heat cost allocator sales
 - Strong book & ship orders
 - Benefit from AMI projects
- » **Gross margin up 140 basis points**
 - Benefits from increased volumes and product mix
- » **Non-GAAP operating margin up 270 basis points**
 - Increased gross profit
 - Higher sales commissions and an increased share of allocated corporate costs

Chart in Millions, actual currency rates

Reconciliation of GAAP to Non-GAAP results available on our website

GAS SEGMENT – YTD JUNE 2014

REVENUE AND NON-GAAP MARGINS



» Revenues grew 10% year-over-year

- Strong customer meter and module orders in North America
- Increased smart meter volumes in EMEA

» Gross margin up 140 basis points

- Benefits from increased volumes, favorable product mix and lower warranty expense

» Non-GAAP operating margin up 250 basis points

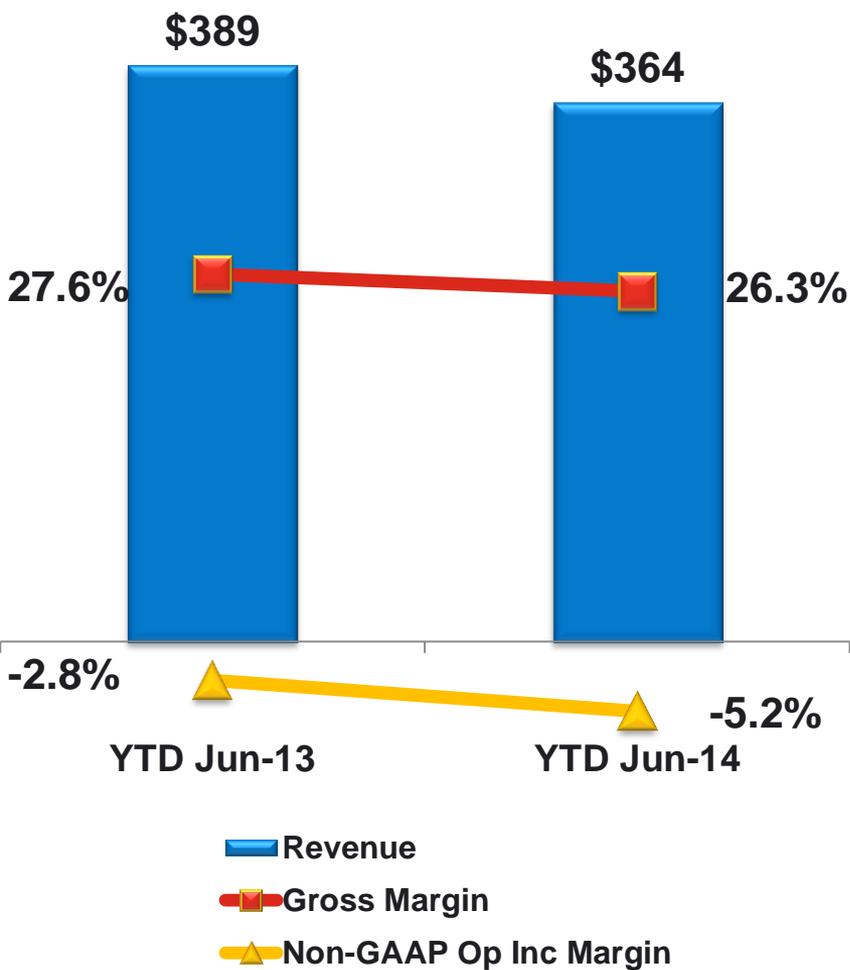
- Higher gross profit
- Lower G&A costs related to litigation
- Increased R&D investments for new products

Chart in Millions, actual currency rates

Reconciliation of GAAP to Non-GAAP results available on our website

ELECTRICITY SEGMENT – YTD JUNE 2014

REVENUE AND NON-GAAP MARGINS



» Revenues down 6.5% year-over-year

- Decline in smart and standard meters due to shipment and project timing
- Down \$6m due to the phase out of electromechanical meter in Brazil
- Lower prepayment volumes and pricing in Indonesia

» Gross margin down 130 basis points

- Impact of lower volumes and product mix was partially offset by lower manufacturing & warranty cost

» Non-GAAP operating margin down 240 basis points

- Lower gross profit
- Decreased operating expenses Y-o-Y
 - Reduced headcount/employee expenses
 - Increased professional fees, legal and other reserves

Chart in Millions, actual currency rates

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