



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

**Second Quarter 2022  
Earnings Conference Call  
August 4, 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.

# CONFERENCE CALL AGENDA

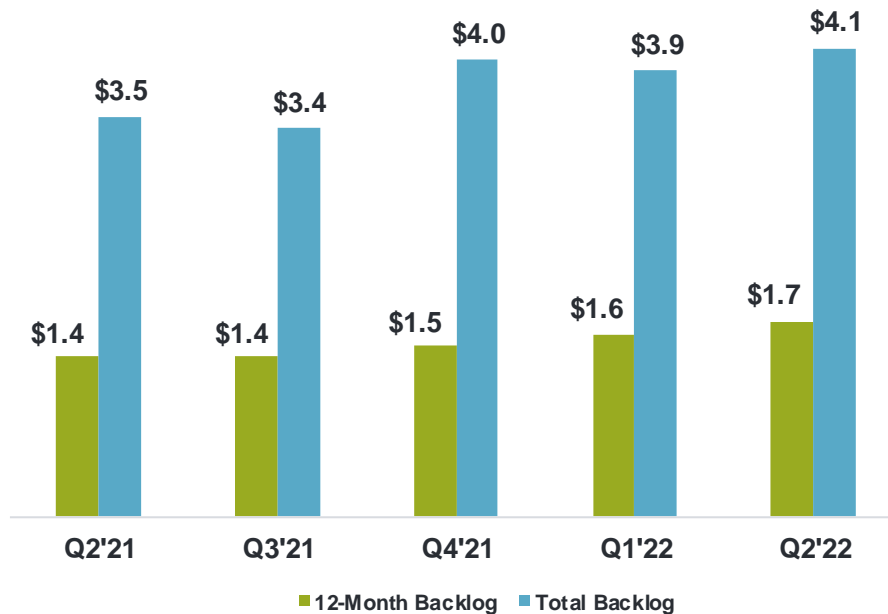
- » **CEO** – Business and Operations Update
- » **CFO** – Financial Results and Guidance Update
- » **Q&A**

# Q2'22 PERFORMANCE SUMMARY

- » Revenue of \$432 million
- » Adjusted EBITDA of \$17 million
- » Non-GAAP diluted EPS of \$0.07
- » Free cash flow of \$10 million

# BOOKINGS AND BACKLOG

- » Q2'22 bookings of \$612M
- » Q2'22 Book to bill of 1.4
- » Record ending backlog of \$4.1B
- » Record 12-month backlog of \$1.7B



Note: Chart in US\$ Billions, the revenue from backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.

# OPERATIONAL INSIGHTS

- » Continued robust market demand for our solutions
- » Supply constraints persisting and will continue to impact H2 2022
- » Inflationary pressures and operational inefficiencies impacting performance
- » Progress with managing and implementing price/cost actions but work to do

# CONSOLIDATED GAAP RESULTS: Q2'22

\$ in millions (except per share amounts)	Q2 2022	Q2 2021	Change
Revenue	\$431.9	\$489.4	-12%
<i>Change in constant currency</i>			<i>-8%</i>
Gross margin	29.2%	30.6%	-140 bps
Operating loss	(\$33.5)	(\$6.9)	NM
Net loss attributable to Itron, Inc.	(\$37.0)	(\$33.1)	-12%
Loss per share	(\$0.82)	(\$0.73)	-12%

- » Revenue down due to component constraints impacting our ability to meet customer demand
- » Gross margin of 29.2% down 140 bps due to higher component costs and manufacturing inefficiencies
- » GAAP operating loss increased due primarily to goodwill impairment and lower gross profit, partially offset by lower opex
- » GAAP net loss increased due to the fall through of a larger GAAP operating loss

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: Q2'22

\$ in millions (except per share amounts)	Q2 2022	Q2 2021	Change
Non-GAAP operating income	\$9.0	\$26.9	-66%
Non-GAAP operating margin	2.1%	5.5%	-340 bps
Non-GAAP net income attributable to Itron, Inc.	\$3.1	\$12.6	-75%
Adjusted EBITDA	\$17.5	\$36.1	-52%
Adjusted EBITDA margin	4.0%	7.4%	-340 bps
Non-GAAP earnings per share - diluted	\$0.07	\$0.28	-75%
Net cash provided by operating activities	\$15.1	\$72.7	-79%
Free cash flow	\$9.8	\$63.7	-85%

- » Decrease in non-GAAP operating income due to fall through of lower gross profit
- » Non-GAAP net income decreased due to lower non-GAAP operating income and a higher effective tax rate
- » Cash flow decreased due to lower non-GAAP EBITDA and timing of working capital

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



# REVENUE YEAR-OVER-YEAR BRIDGE: Q2'22

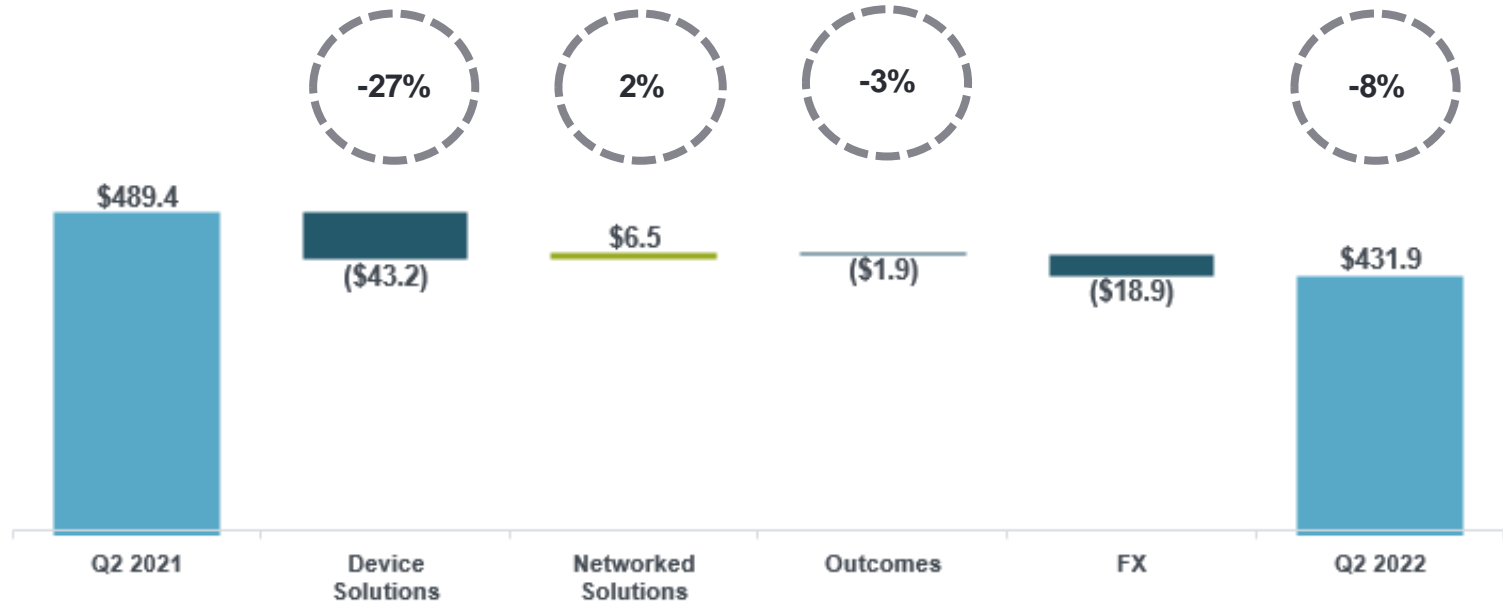


Chart in Millions, Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: Q2'22

US\$ per share

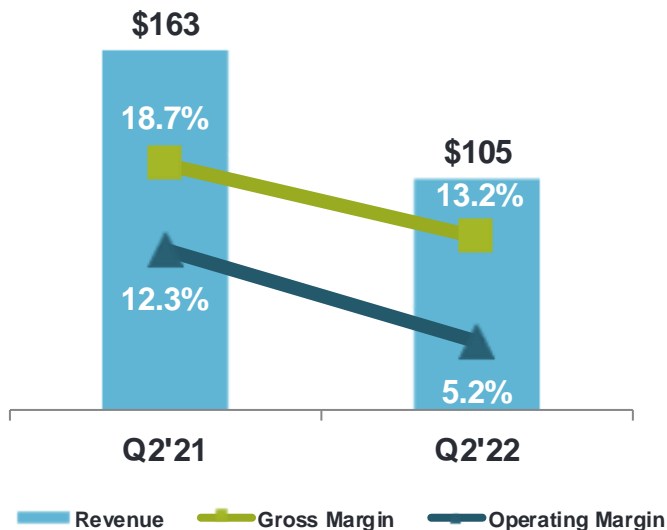


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: Q2'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



**Revenue down 36% and 27% in constant currency**

- » Product pruning and sale of our C&I gas business
- » Unfavorable \$15M FX impact

**Gross margin down 550 bps**

- » Inflationary pressures

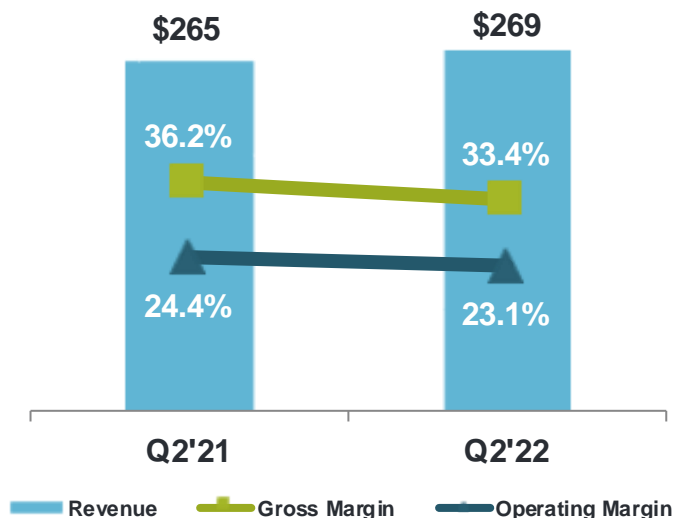
**Operating margin down 710 bps**

- » Fall through of lower gross profit

# NETWORKED SOLUTIONS SEGMENT: Q2'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



**Revenue up 2% as reported and in constant currency**

- » Ramp of new deployments
- » Partially offset by component shortages resulting in unfulfilled demand

**Gross margin down 280 bps**

- » Inflationary pressures
- » Inefficiencies related to component shortages

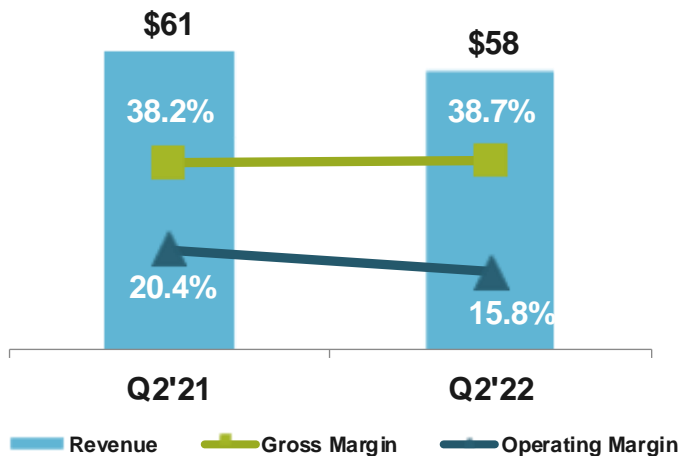
**Operating margin down 130 bps**

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

# OUTCOMES SEGMENT: Q2'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



**Revenue down 6% and 3% in constant currency**

» Decrease in product and software license sales

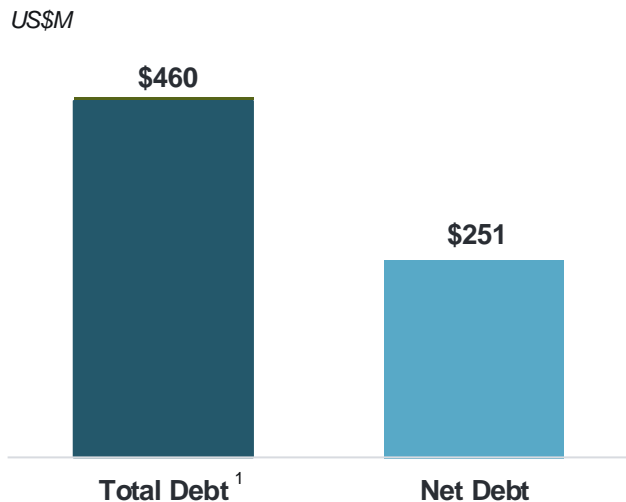
**Gross margin up 50 bps**

» Increased operational efficiencies

**Operating margin down 460 bps**

» Higher research & development investment

# DEBT AND LIQUIDITY OVERVIEW: JUNE 30, 2022



## Debt

- » Net leverage 3.8x at end of Q2'22
- » Zero interest convertible notes

## Free Cash Flow and Liquidity

- » Q2 Free cash flow of \$10M
- » Cash and equivalents of \$209M
- » \$500M revolver

1. Excludes amortization of debt fees.

# MID-YEAR GUIDANCE UPDATE

	Prior Guidance	Revised Guidance
Revenue	\$2.0 - \$2.1B	<b>\$1.85 - \$1.9B</b>
Non-GAAP EPS	\$1.25 - \$1.75	<b>\$0.70 - \$0.90</b>

The revised guidance assumes a euro to US dollar foreign exchange rate of 1.06 on average in the second half of 2022, average fully diluted shares outstanding of approximately 45.3 million for the full year and a non-GAAP effective tax rate for the full year of approximately 30%.

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.

# ITRON'S ESG TARGETS

2021 ESG Report Published in June



Committed to do our part to **limit global warming to 1.5°C**



Developing solutions that **enable our customers to improve sustainability & conservation**



Efforts aligned to the **U.N. SDG's** and a member of the **U.N. Global Compact**



Will achieve a **>50% reduction in Scope 1 and Scope 2 GHG emissions by 2028**



Operations will be **carbon neutral by 2035**



Will achieve **net zero emissions by 2050**

***ITRON IS DEDICATED TO CREATING A MORE RESOURCEFUL WORLD***



# APPENDIX

# CONSOLIDATED GAAP RESULTS: YTD'22

<i>\$ in millions (except per share amounts)</i>	YTD 2022	YTD 2021	Change
Revenue	\$907.2	\$1,009.0	-10%
<i>Growth in constant currency</i>			<i>-7%</i>
Gross margin	28.8%	31.4%	-260 bps
Operating income (loss)	(\$26.7)	\$24.0	NM
Net loss attributable to Itron, Inc.	(\$36.1)	(\$20.5)	-76%
Loss per share	(\$0.80)	(\$0.47)	-70%

- » Revenue down due to component constraints impacting our ability to meet customer demand
- » Gross margin of 28.8% down 260 bps due to higher component costs and manufacturing inefficiencies
- » GAAP operating income (loss) decreased due to lower gross profit and goodwill impairment, partially offset by lower opex
- » GAAP net loss increased due to a larger GAAP operating loss, partially offset by lower interest expense

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: YTD'22

<i>\$ in millions (except per share amounts)</i>	YTD 2022	YTD 2021	Change
Non-GAAP operating income	\$18.3	\$65.8	-72%
Non-GAAP operating margin	2.0%	6.5%	-450 bps
Adjusted EBITDA	\$36.4	\$85.9	-58%
Adjusted EBITDA margin	4.0%	8.5%	-450 bps
Non-GAAP net income attributable to Itron, Inc.	\$8.3	\$34.6	-76%
Non-GAAP earnings per share - diluted	\$0.18	\$0.79	-77%
Net cash provided by operating activities	\$22.7	\$122.7	-81%
Free cash flow	\$12.0	\$102.2	-88%

- » Decrease in non-GAAP operating income due to fall through of lower gross profit
- » Non-GAAP net income decreased due to lower non-GAAP operating income and a higher effective tax rate
- » Cash flow decreased due to lower non-GAAP EBITDA and higher variable compensation

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

# REVENUE YEAR-OVER-YEAR BRIDGE: YTD'22

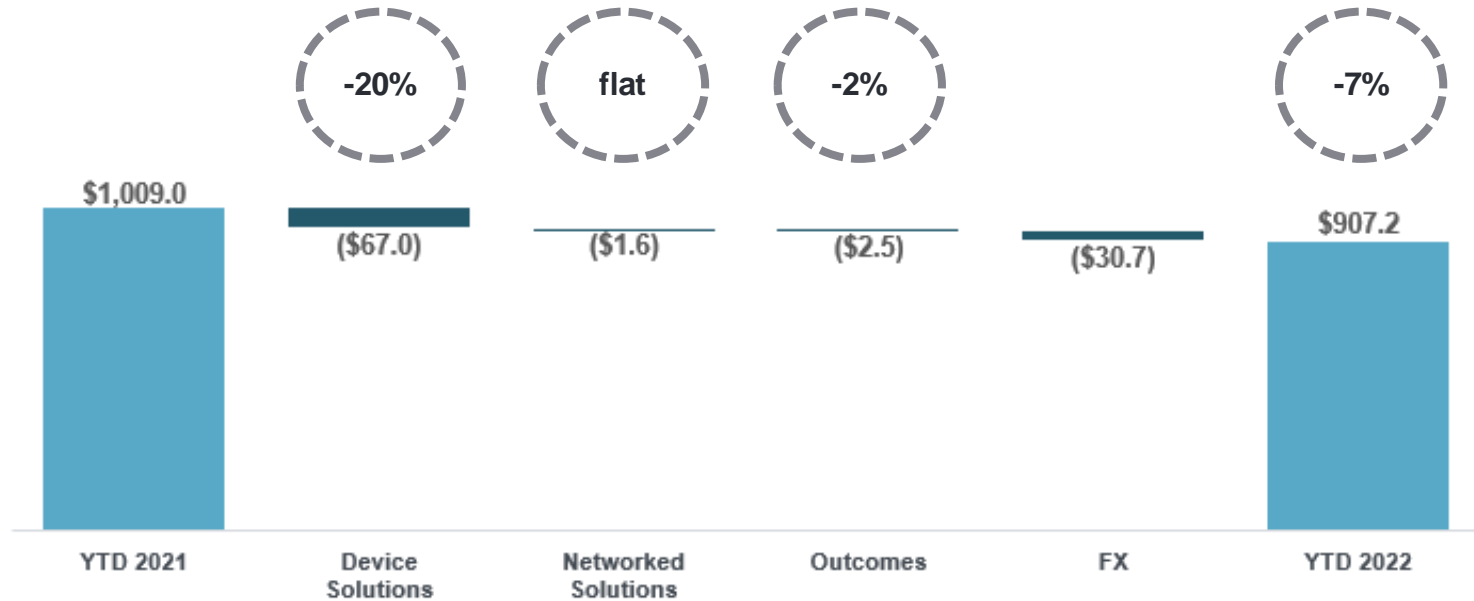
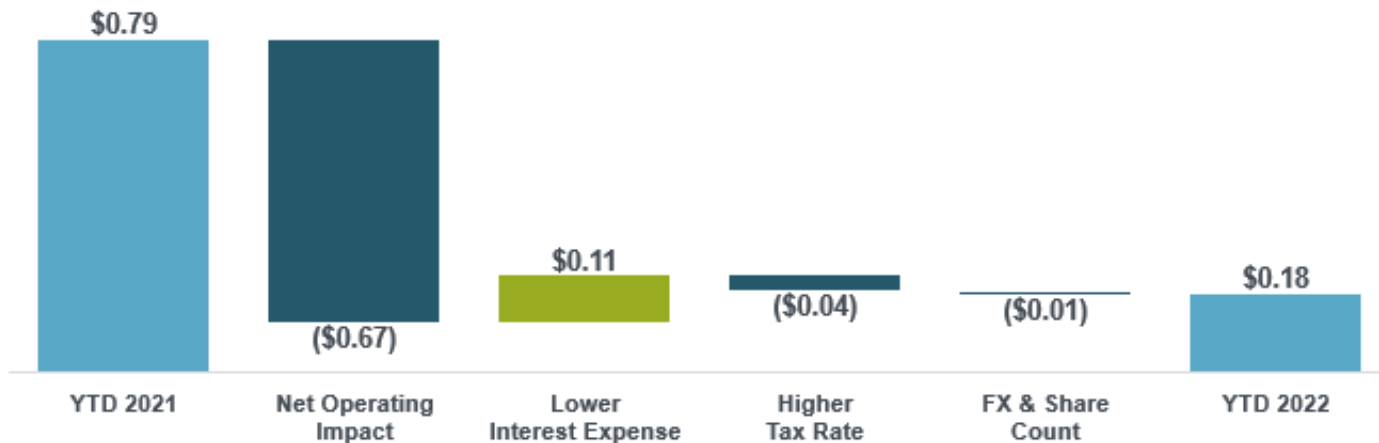


Chart in Millions. Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: YTD'22

US\$ per share

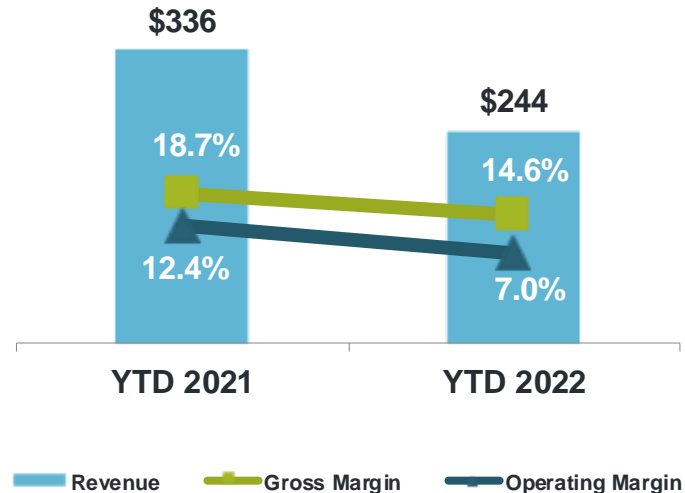


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: YTD'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 27% and 20% in constant currency

- » Product pruning and sale of our C&I gas business
- » Component shortages resulting in unfulfilled demand
- » Unfavorable \$24M FX impact

## Gross margin down 410 bps

- » Inflationary pressures
- » Inefficiencies related to component shortages

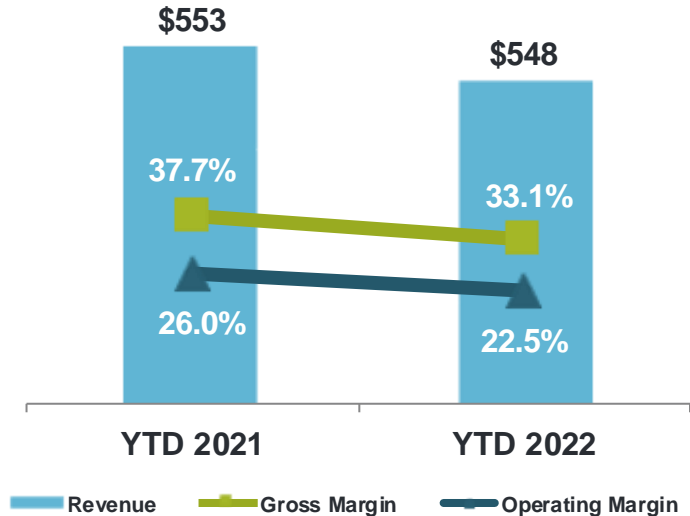
## Operating margin down 540 bps

- » Fall through of lower gross profit

# NETWORKED SOLUTIONS SEGMENT: YTD'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 1% and flat in constant currency

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

## Gross margin down 460 bps

- » Inflationary pressures
- » Inefficiencies related to component shortages
- » Unfavorable product mix

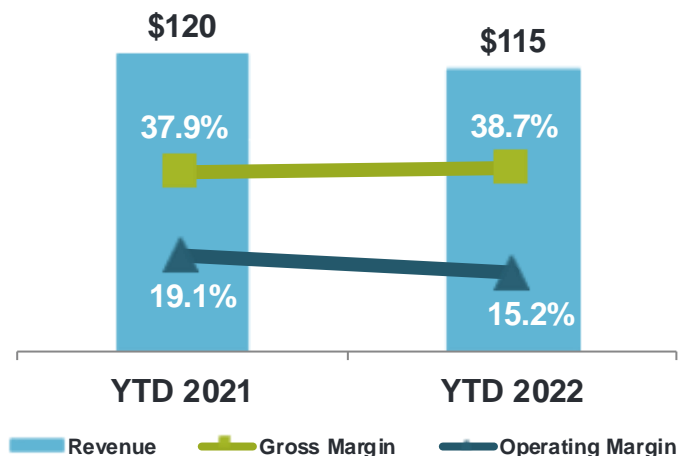
## Operating margin down 350 bps

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

# OUTCOMES SEGMENT: YTD'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



**Revenue down 4% and 2% in constant currency**

» Decrease in product and software license sales

**Gross margin up 80 bps**

» Increased operational efficiencies

» Favorable mix

**Operating margin down 390 bps**

» Higher research & development investment



# REVENUE: FX IMPACT SUMMARY

\$ in Millions

Average USD/Euro:  
\$1.07 Q2'22 vs \$1.21 Q2'21

Revenue	Q2'22	YoY Change	YoY Change Excluding FX
Device Solutions	\$104.8	-35.7%	-26.5%
Networked Solutions	\$269.5	1.7%	2.5%
Outcomes	\$57.6	-6.2%	-3.0%
<b>Total</b>	<b>\$431.9</b>	<b>-11.8%</b>	<b>-7.9%</b>

Average USD/Euro:  
\$1.09 YTD'22 vs \$1.21 YTD'21

Revenue	YTD'22	YoY Change	YoY Change Excluding FX
Device Solutions	\$244.4	-27.2%	-19.9%
Networked Solutions	\$548.3	-0.9%	-0.3%
Outcomes	\$114.6	-4.4%	-2.1%
<b>Total</b>	<b>\$907.2</b>	<b>-10.1%</b>	<b>-7.0%</b>

**Non-GAAP EPS - diluted**    **\$0.07**    **-\$0.21**    **-\$0.20**

**Non-GAAP EPS - diluted**    **\$0.18**    **-\$0.61**    **-\$0.61**

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. 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 June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 159,632	\$ 156,807	\$ 288,037	\$ 292,911
Amortization of intangible assets	(6,485)	(8,997)	(13,038)	(17,970)
Restructuring	3,459	(192)	9,825	1,788
Loss on sale of business	(194)	(24,711)	(2,415)	(26,103)
Strategic initiative	(710)	—	(710)	—
Goodwill impairment	(38,480)	—	(38,480)	—
Acquisition and integration	(154)	109	(216)	486
Non-GAAP operating expenses	\$ 117,068	\$ 123,016	\$ 243,003	\$ 251,112
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income (loss)	\$ (33,527)	\$ (6,932)	\$ (26,708)	\$ 24,008
Amortization of intangible assets	6,485	8,997	13,038	17,970
Restructuring	(3,459)	192	(9,825)	(1,788)
Loss on sale of business	194	24,711	2,415	26,103
Strategic initiative	710	—	710	—
Goodwill impairment	38,480	—	38,480	—
Acquisition and integration	154	(109)	216	(486)
Non-GAAP operating income	\$ 9,037	\$ 26,859	\$ 18,326	\$ 65,807

# GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net loss attributable to Itron, Inc.	\$ (36,967)	\$ (33,123)	\$ (36,061)	\$ (20,520)
Amortization of intangible assets	6,485	8,997	13,038	17,970
Amortization of debt placement fees	836	12,695	1,632	15,347
Debt extinguishment	—	10,000	—	11,681
Restructuring	(3,459)	192	(9,825)	(1,788)
Loss on sale of business	194	24,711	2,415	26,103
Strategic initiative	710	—	710	—
Acquisition and integration	154	(109)	216	(486)
Goodwill impairment	38,480	—	38,480	—
Income tax effect of non-GAAP adjustments	(3,300)	(10,719)	(2,301)	(13,716)
Non-GAAP net income attributable to Itron, Inc.	\$ 3,133	\$ 12,644	\$ 8,304	\$ 34,591
Non-GAAP diluted EPS	\$ 0.07	\$ 0.28	\$ 0.18	\$ 0.79
Non-GAAP weighted average common shares outstanding - Diluted	45,228	45,478	45,234	43,731

# GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021
<b>ADJUSTED EBITDA</b>				
GAAP net loss attributable to Itron, Inc.	\$ (36,967)	\$ (33,123)	\$ (36,061)	\$ (20,520)
Interest income	(349)	(432)	(566)	(974)
Interest expense	1,660	14,004	3,252	24,479
Income tax provision (benefit)	641	(216)	4,500	4,445
Debt extinguishment	—	10,000	—	11,681
Depreciation and amortization	16,414	21,109	33,251	42,919
Restructuring	(3,459)	192	(9,825)	(1,788)
Loss on sale of business	194	24,711	2,415	26,103
Strategic initiative	710	—	710	—
Goodwill impairment	38,480	—	38,480	—
Acquisition and integration	154	(109)	216	(486)
Adjusted EBITDA	\$ 17,478	\$ 36,136	\$ 36,372	\$ 85,859
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 15,065	\$ 72,725	\$ 22,656	\$ 122,680
Acquisitions of property, plant, and equipment	(5,294)	(9,064)	(10,663)	(20,476)
Free Cash Flow	\$ 9,771	\$ 63,661	\$ 11,993	\$ 102,204

# Thank You

## INVESTOR RELATIONS CONTACTS

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