



Itron Announces First Quarter 2000 Financial Results

SPOKANE, WA—April 19, 2000, Itron, Inc. (NASDAQ:ITRI), today reported its financial results for the quarter-ended March 31, 2000.

The Company reported net income of \$1.8 million or 12 cents per share for the first quarter of 2000. The results for the quarter included a \$1.0 million after-tax, extraordinary gain on the early retirement of convertible debt repurchased during the quarter. This compares with net income of \$3.4 million or 22 cents per share for the first quarter of 1999, which results also included an extraordinary gain of \$3.7 million after-tax from the exchange of existing convertible debt for new convertible debt. Without the extraordinary gains, net income for the first quarter was \$785,000, or 5 cents per share in 2000 compared to a net loss of \$231,000, or 2 cents per share in 1999.

Commenting on the financial results for the quarter, LeRoy Nosbaum, president and CEO said, "We are pleased with the financial results for the first quarter of this year, which are beginning to reflect some of the savings of the restructuring actions we implemented last year. However, this is only the beginning. We are looking for further improvements in our profitability as those restructuring actions become fully implemented throughout the year."

Effective January 1, 2000, the Company put into place an organizational structure and fundamental approach to business that focuses on the needs of each of the customer segments that it serves. Financial results for the quarter include information about revenues and gross profits for these customer segments or strategic business units (SBUs). For comparative purposes, certain prior period amounts have been restated to conform to current period reporting.

Total revenues for the first quarter of 2000 were \$47.7 million compared to \$51.9 million in the first quarter of 1999. Natural Gas Systems revenues were higher in 2000 as a result of add-on orders from existing customers. Energy Information Systems revenues were also higher in 2000 and reflect the increased level of business in developing systems for managing wholesale energy market transactions for the electric market. Water & Public Power Systems revenues decreased in the first quarter of 2000 compared to 1999 reflecting that in the first quarter of 1999, we were nearing the completion of shipments on large orders to two water utilities.

Gross margins were 38% of revenues in the first quarter of 2000 compared to 36% in the first quarter of 1999. The improved margins in 2000 result primarily from less installation activities in 2000 compared to 1999. Savings were minimal in the first quarter of 2000 related to the Company's manufacturing consolidation actions started in 1999 as the consolidation was underway for most of the first quarter of 2000.

The Company repurchased \$3.8 million par value of its convertible subordinated debt during the first quarter of 2000 at a discount, resulting in a pre-tax extraordinary gain on the early retirement of debt of \$1.6 million, net of related expenses. In the first quarter of 1999, the Company completed an exchange of \$22.0 million of convertible subordinated debt for \$15.8 million in new debt, realizing a \$5.6 million pre-tax extraordinary gain.

The Company had net income from equity in affiliates of \$507,000 during the first quarter of 2000 compared to a loss of \$165,000 in the first quarter of 1999. Approximately one-third of the net income in the current quarter results from the gain on the sale of the Company's interest in a joint venture to the venture partner. The remaining income results from increased business, primarily to one large water utility, in another joint venture entity. Net interest expense for the first quarter of 2000 was \$1.6 million compared to \$1.9 million in the first quarter of 1999 as a result of lower line-of-credit borrowings and the lower amount of subordinated debt outstanding in 2000.

Cash flow from operations was \$7.2 million for the first quarter of 2000, compared with \$6.1 million in the first quarter of 1999. On March 31, 2000, the Company completed the sale of its network automatic meter reading system at Duquesne Light to an affiliate of Duquesne and received \$32 million of the \$33 million purchase price in cash on that date. That resulted in net cash flow from investing activities of approximately \$29 million for the first quarter of 2000 compared to net cash used for investing of \$3.5 million for the first quarter of 1999.

The Company had \$42 million in twelve-month backlog at March 31, 2000 compared to \$50 million at December 31, 1999. Total backlog, including revenues beyond the next twelve months, was \$144 million at March 31, 2000 compared to \$164 million at December 31, 1999.

Itron, Inc., a leading provider to the utility industry of integrated systems solutions for collecting, communicating, analyzing and managing information about electric, gas and water usage, serves over 1,500 customers in more than 45 countries around the world. As of March 31, 2000, the Company had shipped over 16 million meter modules to approximately 565 utilities around the world. The Company is headquartered in Spokane, Washington, and has operations in several U.S. locations as well as subsidiaries in the United Kingdom, France, and Australia.

This release contains forward-looking statements concerning Itron's financial operations. These statements reflect the Company's current plans and expectations and are based on information currently available to it. They rely on a number of assumptions and estimates, which could be inaccurate, and which are subject to risks and uncertainties that could cause the Company's actual results to vary materially from those anticipated. Risks and uncertainties include the rate of customer demand for the Company's products, effectiveness of cost reduction programs, the ability of the Company to effectuate additional initiatives for improving growth and profitability, the Company's estimates of revenue and expenses on long-term contracts, changes in law and regulation (including FCC licensing actions), and other factors which are more fully described in the Company's Annual Report on Form 10K on file with the Securities and Exchange Commission. Itron undertakes no obligation to update publicly or revise any forward-looking statements.

About Itron:

Itron is a leading technology provider and critical source of knowledge to the global energy and water industries. Nearly 3,000 utilities worldwide rely on Itron's award-winning technology to provide the knowledge they require to optimize the delivery and use of energy and water. Itron creates value for its clients by providing industry-leading solutions for electricity metering; meter data collection; energy information management; demand response; load forecasting, analysis and consulting services; distribution system design and optimization; web-based workforce automation; and enterprise and residential energy management. To know more, start here: www.itron.com.

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