



**Tom Deitrich** – President and Chief Executive Officer  
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**Third Quarter 2022  
Earnings Conference Call  
November 3, 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

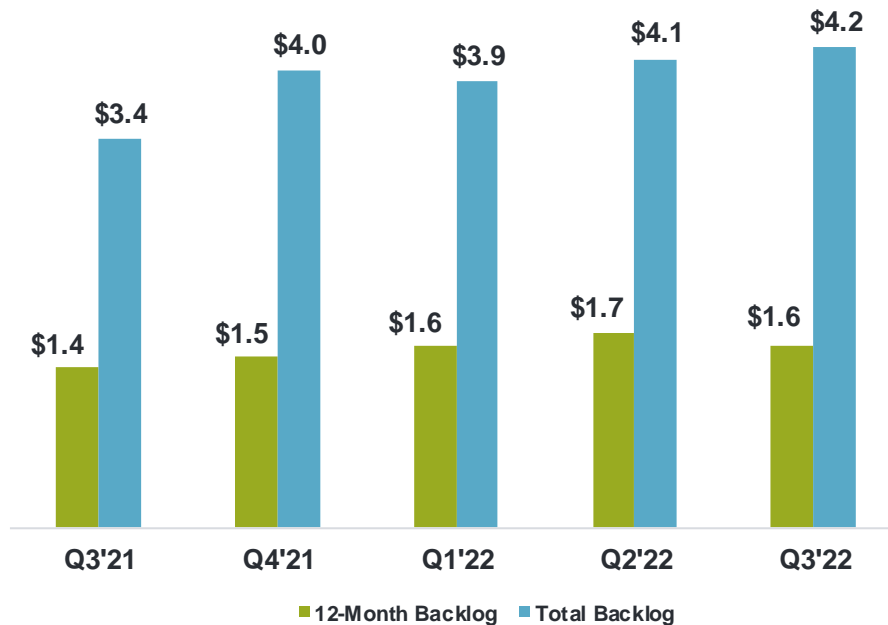
- » **CEO** – Business and Operations Update
- » **CFO** – Financial Results
- » **Q&A**

# Q3'22 PERFORMANCE SUMMARY

- » Revenue of \$421 million
- » Adjusted EBITDA of \$24 million
- » Non-GAAP diluted EPS of \$0.23
- » Free cash flow of \$11 million

# BOOKINGS AND BACKLOG

- » Q3'22 bookings of \$578M
- » Q3'22 Book to bill of 1.4
- » Record ending backlog of \$4.2B
- » 12-month backlog of \$1.6B



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

- » Strong market demand persisting
- » Supply constraints significant to backlog to revenue conversion
- » Inflationary costs remain elevated
- » Outcomes progress impacted by network build out delays

# CONSOLIDATED GAAP RESULTS: Q3'22

\$ in millions (except per share amounts)	Q3 2022	Q3 2021	Change
Revenue	\$420.9	\$486.9	-14%
<i>Change in constant currency</i>			<i>-9%</i>
Gross margin	28.5%	27.7%	80 bps
Operating income	\$6.9	\$4.2	65%
Net income (loss) attributable to Itron, Inc.	\$4.1	(\$1.9)	NM
Earnings (loss) per share – diluted	\$0.09	(\$0.04)	NM

- » Revenue down due to component constraints impacting our ability to meet customer demand as well as the strategic exit of certain product lines in our Device Solutions segment
- » Gross margin of 28.5% up 80 bps due to favorable mix, partially offset by inefficiencies related to component shortages
- » GAAP operating income increased due to lower opex, partially offset by lower gross profit
- » GAAP net income increased due to higher GAAP operating income and lower interest and other expense

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

# CONSOLIDATED NON-GAAP & CASH RESULTS: Q3'22

\$ in millions (except per share amounts)	Q3 2022	Q3 2021	Change
Non-GAAP operating income	\$14.8	\$16.4	-10%
Non-GAAP operating margin	3.5%	3.4%	10 bps
Non-GAAP net income attributable to Itron, Inc.	\$10.5	\$9.5	11%
Adjusted EBITDA	\$24.3	\$26.1	-7%
Adjusted EBITDA margin	5.8%	5.4%	40 bps
Non-GAAP earnings per share - diluted	\$0.23	\$0.21	10%
Net cash provided by operating activities	\$14.9	\$18.5	-19%
Free cash flow	\$10.7	\$11.2	-5%

- » Decrease in non-GAAP operating income due to fall through of lower gross profit, partially offset by lower opex
- » Non-GAAP net income increased due to a lower effective tax rate and lower other expense
- » Free cash flow decreased due to timing of working capital and lower non-GAAP EBITDA

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



# REVENUE YEAR-OVER-YEAR BRIDGE: Q3'22

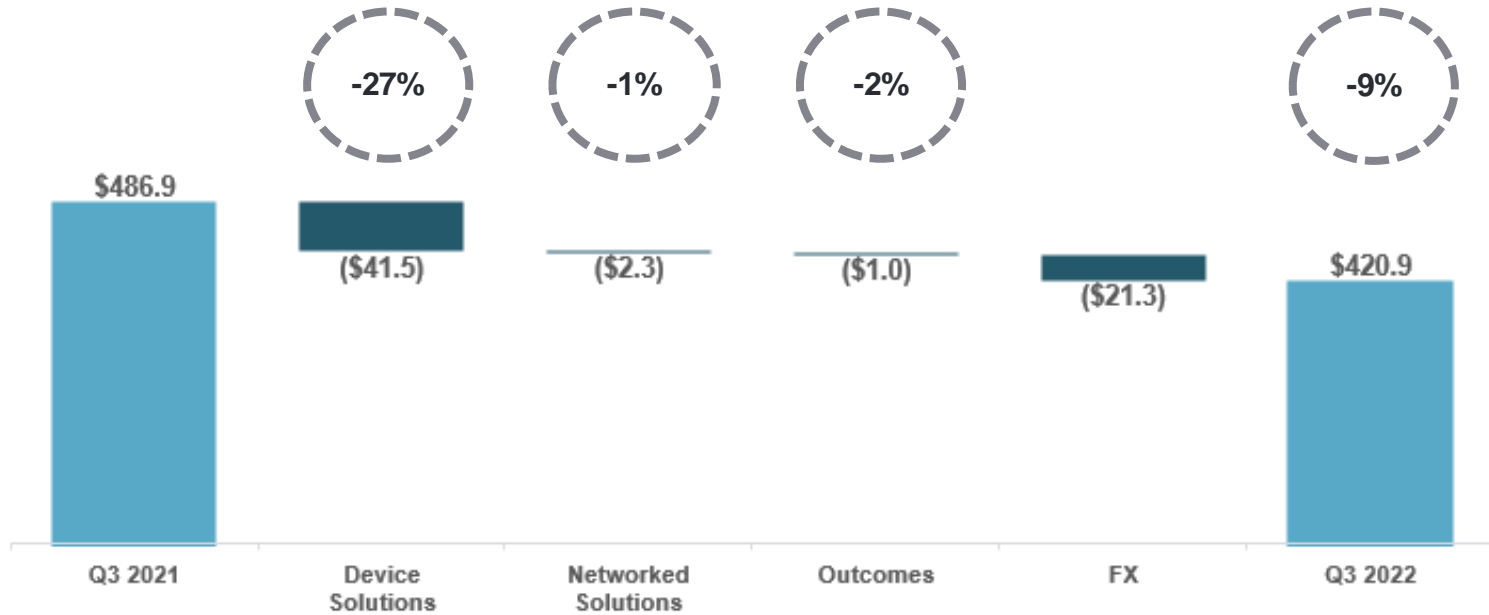
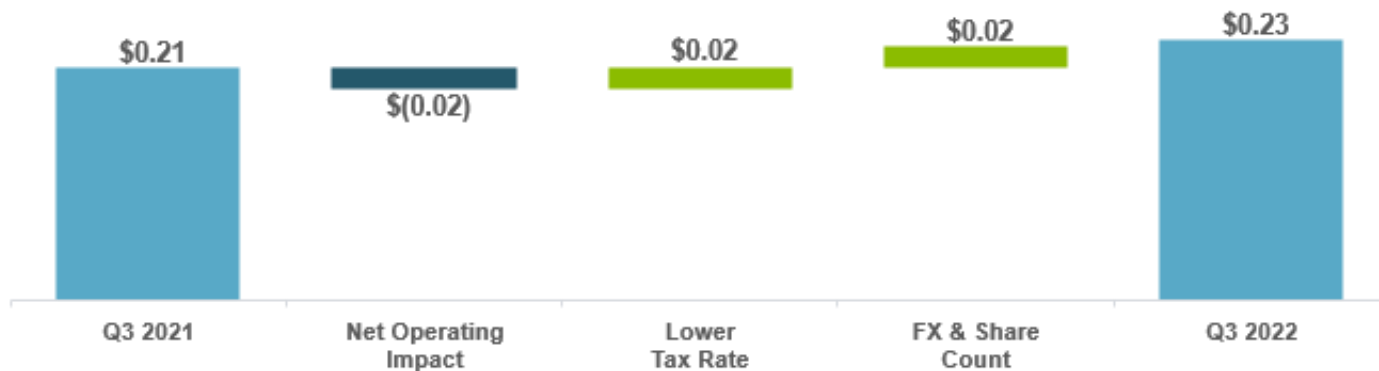


Chart in Millions, Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE: Q3'22

US\$ per share

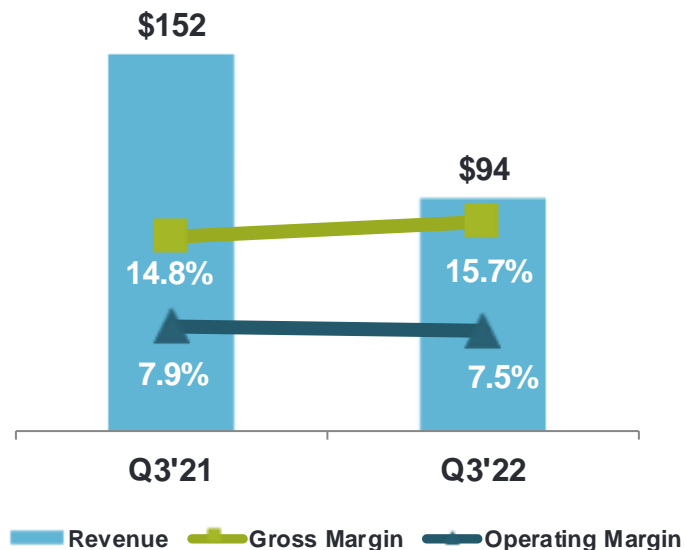


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: Q3'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 38% and 27% in constant currency

- » Product pruning and sale of our C&I gas business
- » Component shortages resulting in unfulfilled demand

## Gross margin up 90 bps

- » Improving mix with discontinued lines of business
- » Partially offset by inflationary pressures

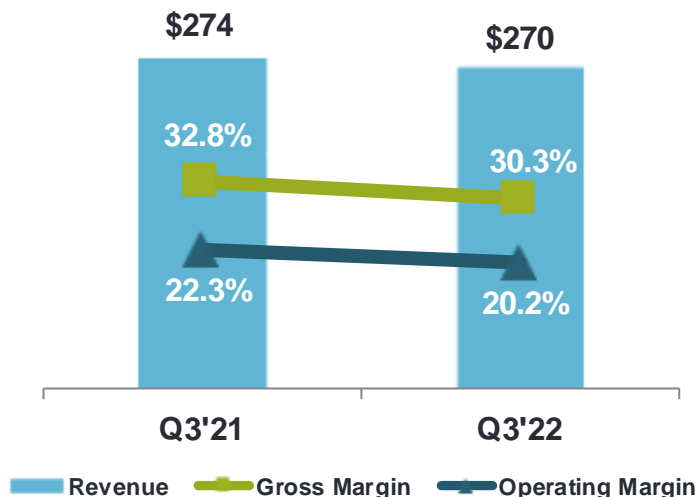
## Operating margin down 40 bps

- » Lower fall through on reduced revenue

# NETWORKED SOLUTIONS SEGMENT: Q3'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 2% and 1% in constant currency

- » Component shortages resulting in delayed deployments

## Gross margin down 250 bps

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

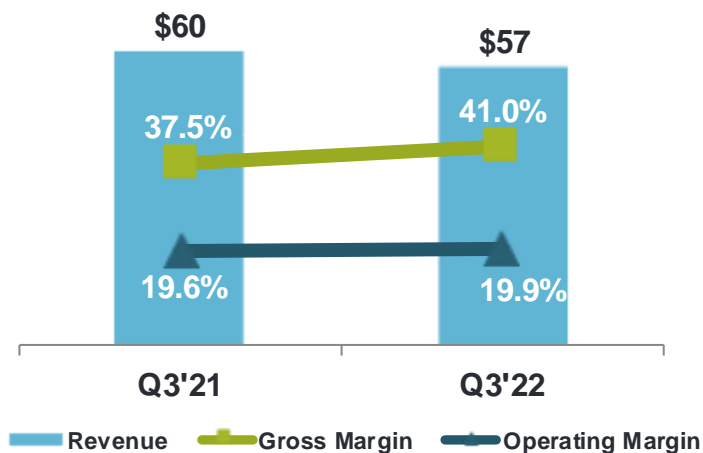
## Operating margin down 210 bps

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

# OUTCOMES SEGMENT: Q3'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 5% and 2% in constant currency

- » Continued decline in EMEA prepay business

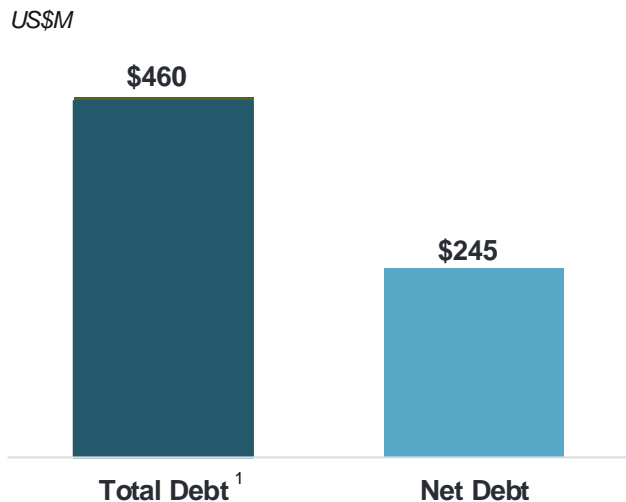
## Gross margin up 350 bps

- » Increased operational efficiencies
- » Offset by reduction in new deployments

## Operating margin up 30 bps

- » Fall through of higher gross profit
- » Partially offset by higher research & development investment

# DEBT AND LIQUIDITY OVERVIEW: SEPTEMBER 30, 2022



## Debt

- » Net leverage 3.8x at end of Q3'22
- » Zero interest convertible notes

## Free Cash Flow and Liquidity

- » Q3 Free cash flow of \$11M
- » Cash and equivalents of \$215M
- » \$500M revolver

1. Excludes amortization of debt fees.

# Q4'22 INSIGHTS AND OUTLOOK

- » Cautiously optimistic about supply availability improving over time
- » Visibility remains hampered by supplier decommitments and the non-linear timing
- » Anticipate this volatile supply environment to continue through the end of 2022

<i>\$ in millions (except per share amounts)</i>	Year to Date 2022	Q4'22 Outlook
Revenue	\$1,328	\$420 - \$460
Non-GAAP EPS	\$0.42	\$0.00 - \$0.15

The Q4'22 outlook assumes a euro to US dollar foreign exchange rate of 1.00 on average in the fourth quarter, average fully diluted shares outstanding of approximately 45.4 million in the fourth quarter, and a non-GAAP effective tax rate for the full year of approximately 33% excluding any Q4'22 one-time items.

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 outlook period.

# APPENDIX



# CONSOLIDATED GAAP RESULTS: YTD'22

<i>\$ in millions (except per share amounts)</i>	YTD 2022	YTD 2021	Change
Revenue	\$1,328.1	\$1,495.9	-11%
<i>Growth in constant currency</i>			-8%
Gross margin	28.7%	30.2%	-150 bps
Operating income (loss)	(\$19.8)	\$28.2	NM
Net loss attributable to Itron, Inc.	(\$31.9)	(\$22.4)	-43%
Loss per share	(\$0.71)	(\$0.51)	-39%

- » Revenue down due to component constraints impacting our ability to meet customer demand as well as the strategic exit of certain product lines in our Device Solutions segment
- » Gross margin of 28.7% down 150 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 GAAP operating loss, partially offset by lower interest and other 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	\$33.1	\$82.2	-60%
Non-GAAP operating margin	2.5%	5.5%	-300 bps
Adjusted EBITDA	\$60.7	\$112.0	-46%
Adjusted EBITDA margin	4.6%	7.5%	-290 bps
Non-GAAP net income attributable to Itron, Inc.	\$18.8	\$44.0	-57%
Non-GAAP earnings per share - diluted	\$0.42	\$0.99	-58%
Net cash provided by operating activities	\$37.5	\$141.1	-73%
Free cash flow	\$22.6	\$113.4	-80%

- » Decrease in non-GAAP operating income due to fall through of lower gross profit, partially offset by lower non-GAAP opex
- » Non-GAAP net income decreased due to lower non-GAAP operating income, partially offset by lower non-GAAP interest expense and non-GAAP income tax
- » Free cash flow decreased due to lower non-GAAP EBITDA and higher variable compensation payments

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

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

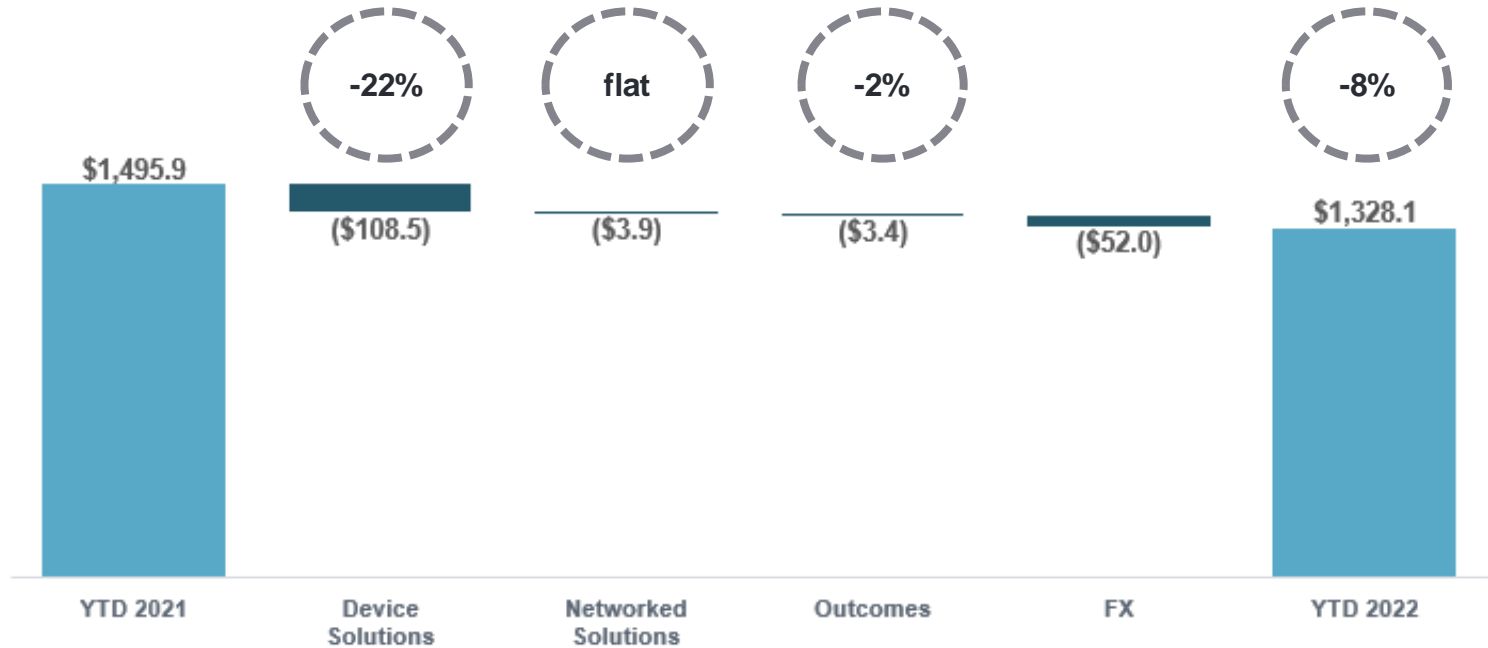


Chart in Millions. Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

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

US\$ per share

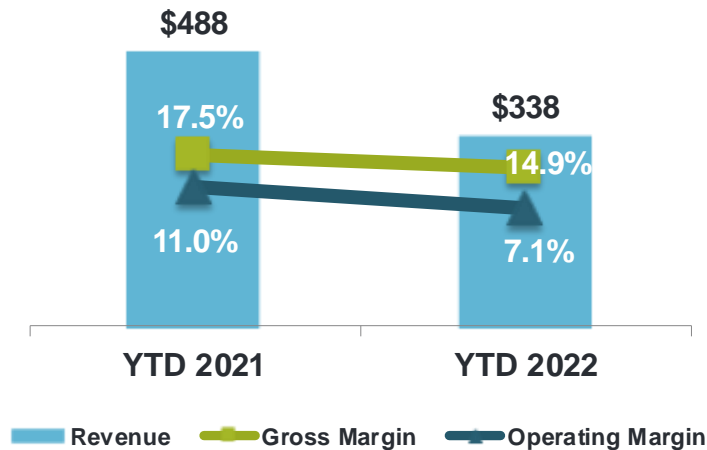


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# DEVICE SOLUTIONS SEGMENT: YTD'22

Revenue, gross margin and operating margin

\$ in Millions, actual currency



## Revenue down 31% and 22% in constant currency

- » Product pruning and sale of our C&I gas business
- » Component shortages resulting in unfulfilled demand

## Gross margin down 260 bps

- » Supply Chain inflationary pressures
- » Factory inefficiencies related to component shortages

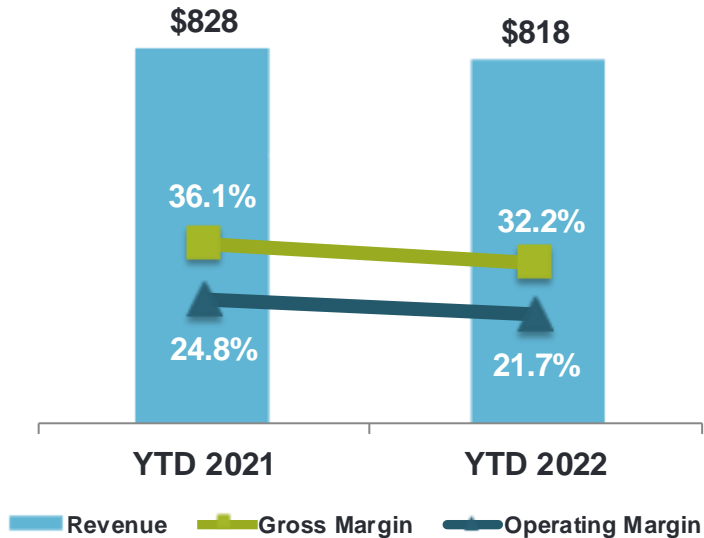
## Operating margin down 390 bps

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

# 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 delayed deployments

## Gross margin down 390 bps

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

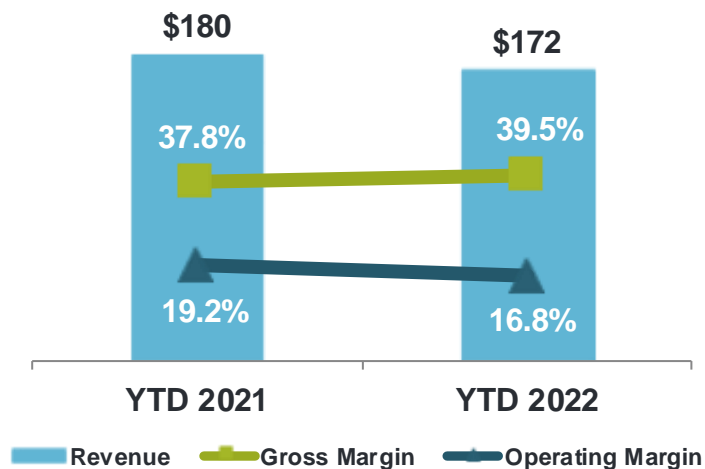
## Operating margin down 310 bps

- » 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 5% and 2% in constant currency**

» Decline in EMEA prepay business

**Gross margin up 170 bps**

» Increased operational efficiencies

**Operating margin down 240 bps**

» Higher research & development investment

# FX IMPACT SUMMARY

\$ in Millions

Average USD/Euro:  
\$1.01 Q3'22 vs \$1.18 Q3'21

Revenue	Q3'22	YoY Change	YoY Change Excluding FX
Device Solutions	\$94	-38.3%	-27.3%
Networked Solutions	\$270	-1.7%	-0.8%
Outcomes	\$57	-5.4%	-1.6%
<b>Total</b>	<b>\$421</b>	<b>-13.6%</b>	<b>-9.2%</b>

Average USD/Euro:  
\$1.07 YTD'22 vs \$1.20 YTD'21

Revenue	YTD'22	YoY Change	YoY Change Excluding FX
Device Solutions	\$338	-30.7%	-22.2%
Networked Solutions	\$818	-1.2%	-0.5%
Outcomes	\$172	-4.7%	-1.9%
<b>Total</b>	<b>\$1,328</b>	<b>-11.2%</b>	<b>-7.7%</b>

<b>Non-GAAP EPS - diluted</b>	<b>\$0.23</b>	<b>\$0.02</b>	<b>\$0.01</b>
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<b>Non-GAAP EPS - diluted</b>	<b>\$0.42</b>	<b>-\$0.57</b>	<b>-\$0.58</b>
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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

## ITRON, INC.

### RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30.		Nine Months Ended September 30.	
	2022	2021	2022	2021
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 113,174	\$ 130,800	\$ 401,211	\$ 423,711
Amortization of intangible assets	(6,413)	(8,944)	(19,451)	(26,914)
Restructuring	1,272	(958)	11,097	830
Loss on sale of business	(767)	(2,171)	(3,182)	(28,274)
Strategic initiative	35	—	(675)	—
Russian currency translation write-off	(1,885)	—	(1,885)	—
Goodwill impairment	—	—	(38,480)	—
Acquisition and integration	(154)	(118)	(370)	368
Non-GAAP operating expenses	<u>\$ 105,262</u>	<u>\$ 118,609</u>	<u>\$ 348,265</u>	<u>\$ 369,721</u>
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income (loss)	\$ 6,888	\$ 4,163	\$ (19,820)	\$ 28,171
Amortization of intangible assets	6,413	8,944	19,451	26,914
Restructuring	(1,272)	958	(11,097)	(830)
Loss on sale of business	767	2,171	3,182	28,274
Strategic initiative	(35)	—	675	—
Russian currency translation write-off	1,885	—	1,885	—
Goodwill impairment	—	—	38,480	—
Acquisition and integration	154	118	370	(368)
Non-GAAP operating income	<u>\$ 14,800</u>	<u>\$ 16,354</u>	<u>\$ 33,126</u>	<u>\$ 82,161</u>

# GAAP TO NON-GAAP RECONCILIATIONS

## ITRON, INC.

### RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30.		Nine Months Ended September 30.	
	2022	2021	2022	2021
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 4,117	\$ (1,869)	\$ (31,944)	\$ (22,389)
Amortization of intangible assets	6,413	8,944	19,451	26,914
Amortization of debt placement fees	846	1,905	2,478	17,252
Debt extinguishment	—	—	—	11,681
Restructuring	(1,272)	958	(11,097)	(830)
Loss on sale of business	767	2,171	3,182	28,274
Strategic initiative	(35)	—	675	—
Russian currency translation write-off	1,885	—	1,885	—
Acquisition and integration	154	118	370	(368)
Goodwill impairment	—	—	38,480	—
Income tax effect of non-GAAP adjustments	(2,362)	(2,775)	(4,663)	(16,491)
Non-GAAP net income attributable to Itron, Inc.	<u>\$ 10,513</u>	<u>\$ 9,452</u>	<u>\$ 18,817</u>	<u>\$ 44,043</u>
Non-GAAP diluted EPS	<u>\$ 0.23</u>	<u>\$ 0.21</u>	<u>\$ 0.42</u>	<u>\$ 0.99</u>
Non-GAAP weighted average common shares outstanding - Diluted	<u>45,330</u>	<u>45,506</u>	<u>45,267</u>	<u>44,330</u>

# GAAP TO NON-GAAP RECONCILIATIONS

## ITRON, INC.

### RECONCILIATIONS OF NON-GAAP FINANCIAL MEASURES TO THE MOST DIRECTLY COMPARABLE GAAP FINANCIAL MEASURES

(Unaudited, in thousands, except per share data)

TOTAL COMPANY RECONCILIATIONS	Three Months Ended September 30,		Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$ 4,117	\$ (1,869)	\$ (31,944)	\$ (22,389)
Interest income	(801)	(352)	(1,367)	(1,326)
Interest expense	1,679	2,628	4,931	27,107
Income tax provision (benefit)	473	1,136	4,973	5,581
Debt extinguishment	—	—	—	11,681
Depreciation and amortization	17,361	21,333	50,612	64,252
Restructuring	(1,272)	958	(11,097)	(830)
Loss on sale of business	767	2,171	3,182	28,274
Strategic initiative	(35)	—	675	—
Russian currency translation write-off	1,885	—	1,885	—
Goodwill impairment	—	—	38,480	—
Acquisition and integration	154	118	370	(368)
Adjusted EBITDA	<u>\$ 24,328</u>	<u>\$ 26,123</u>	<u>\$ 60,700</u>	<u>\$ 111,982</u>
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 14,874	\$ 18,467	\$ 37,530	\$ 141,147
Acquisitions of property, plant, and equipment	(4,223)	(7,305)	(14,886)	(27,781)
Free Cash Flow	<u>\$ 10,651</u>	<u>\$ 11,162</u>	<u>\$ 22,644</u>	<u>\$ 113,366</u>

# Thank You

## INVESTOR RELATIONS CONTACTS

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