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**First Quarter 2020  
Earnings Conference Call  
May 4, 2020**

# 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 does not intend and does not assume any obligation to update or revise any forward-looking statements in this presentation after the date they are made. 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 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.

Due to the fluid nature of the COVID-19 pandemic that has had global economic impacts including disrupting global supply chains and creating market volatility, the Company estimates regarding the impact of COVID-19 on current or on forward-looking statements are made in a good faith attempt to provide appropriate insight to our current and future operating and financial environment. Materials discussed as "estimates", "insight", or "beliefs" are made as of today, May 4, 2020 and may materially change due to such factors including, but are not limited to, uncertainties caused by adverse economic conditions, extraordinary events or circumstances and their impact on our customers' businesses and workforce levels, disruptions of our business and operations, including limitations on, or closures of, our facilities, or the business and operations of our customers or suppliers. For more information on risks associated with the COVID-19 pandemic, please see Itron's filings with the SEC.

# CONFERENCE CALL AGENDA

- » **CEO** – Business and Operations Update
- » **CFO** – Financial Results and 2020 Guidance Update
- » **Q&A**

# RESPONSE TO COVID-19

## » Employees

- Our employee's health and safety is our priority; Instituted additional processes to protect them
- Implemented social distancing and extended sick leave

## » Customers

- Remain dedicated to supporting our customers who provide critical infrastructure
- Some temporal deployment delays; Working with customers and governments on timing to resume

## » Supply Chain

- Temporarily suspended production in some facilities, but ramp-up now in process in a safe manner
- Constrained component and logistics landscape; Seeing recovery in earliest hit regions

# BOOKINGS AND BACKLOG

» Q1'20 bookings of \$418 million

» Backlog of \$3.0 billion

» 12-month backlog of \$1.3 billion

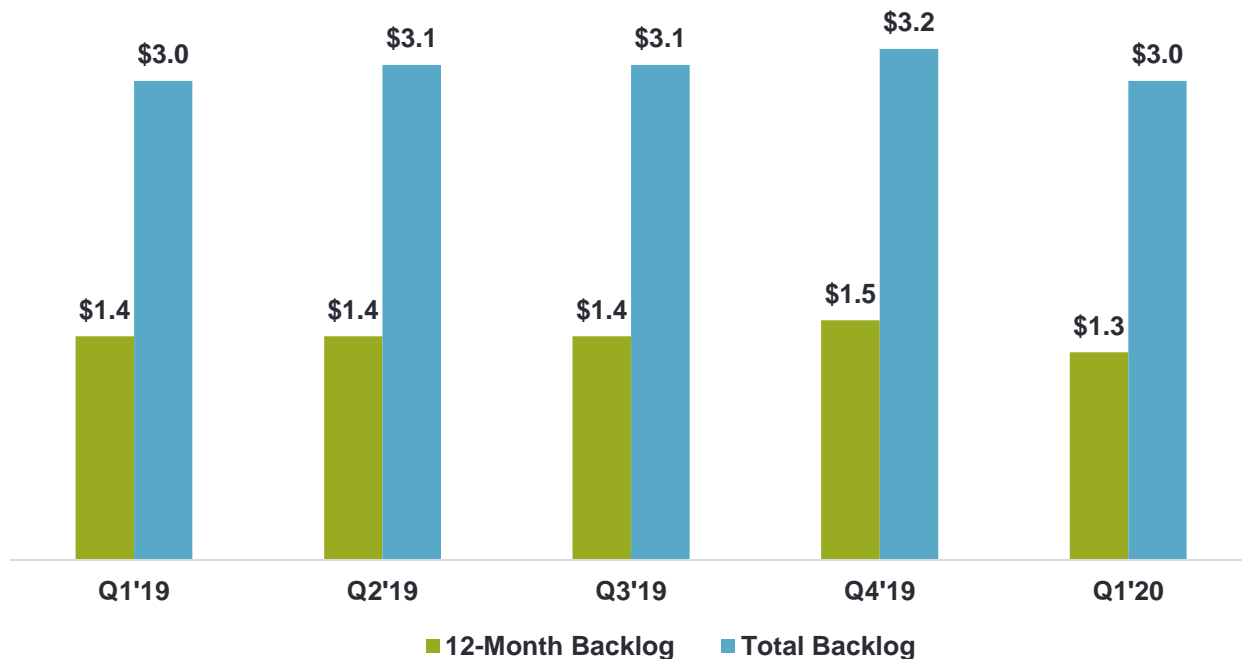


Chart in Billions, actual currency rates.

# CONSOLIDATED GAAP RESULTS – Q1'20

<i>\$ in millions (except per share amounts)</i>	Q1 2020	Q1 2019	Change
Revenue	<b>\$598.4</b>	\$614.6	-3%
<i>Change in constant currency</i>			-1%
Gross margin	<b>28.7%</b>	30.5%	-180 bps
Operating income	<b>\$26.4</b>	\$20.8	27%
Net income attributable to Itron, Inc.	<b>\$8.7</b>	(\$1.9)	NM
Earnings per share - diluted	<b>\$0.21</b>	(\$0.05)	NM

- » Revenue down 3% YOY driven primarily by missed shipments or logistics delays due to COVID-19
- » Gross margin of 28.7% decreased 180 bps primarily due to the impact of product mix and manufacturing inefficiencies
- » GAAP net income improved YOY due to lower acquisition and amortization expenses and a lower GAAP effective tax rate

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

# CONSOLIDATED NON-GAAP & CASH RESULTS – Q1'20

<i>\$ in millions (except per share amounts)</i>	Q1 2020	Q1 2019	Change
Non-GAAP operating income	<b>\$38.5</b>	\$56.7	-32%
Non-GAAP operating margin	<b>6.4%</b>	9.2%	-280 bps
Non-GAAP net income attributable to Itron, Inc.	<b>\$23.0</b>	\$27.9	-18%
Non-GAAP earnings per share - diluted	<b>\$0.57</b>	\$0.70	-19%
Adjusted EBITDA	<b>\$52.0</b>	\$65.8	-21%
Adjusted EBITDA margin	<b>8.7%</b>	10.7%	-200 bps
Net cash provided by operating activities	<b>\$18.9</b>	\$24.9	-24%
Free cash flow	<b>\$6.3</b>	\$13.5	-53%

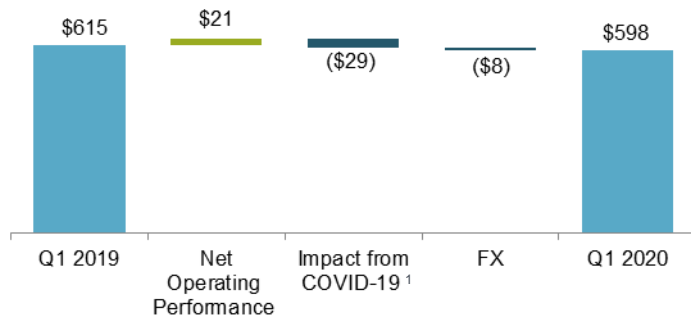
- » Non-GAAP op inc and adj EBITDA decreased due to lower gross profit and increased product development investment
- » Non-GAAP net income decreased primarily due to lower non-GAAP operating income
- » Free cash flow decreased to \$6.3M from \$13.5M in the prior year

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

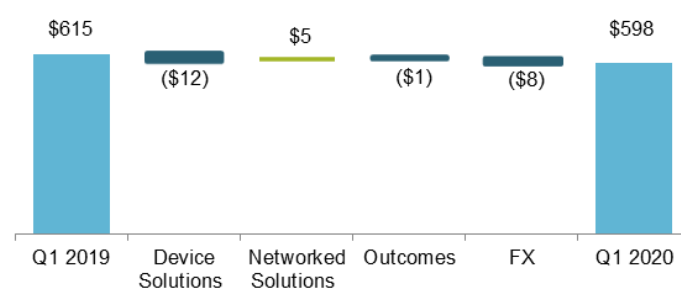
# REVENUE & GP YEAR-OVER-YEAR BRIDGE – Q1'20

US\$M

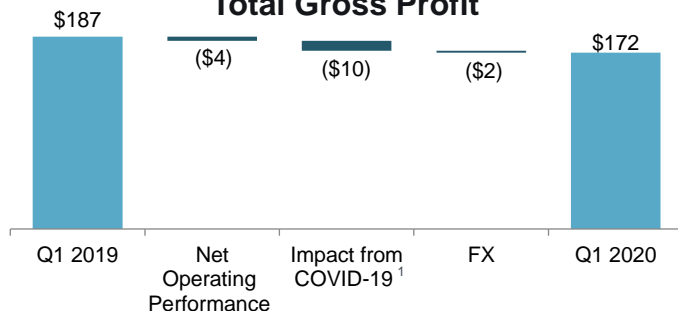
## Total Company Revenue



## Revenue By Business Segment<sup>2</sup>



## Total Gross Profit



- Revenue impact from COVID-19 of ~\$29M
- Impact in Networked solutions and Device solutions
- Gross profit impact from COVID-19 of ~\$10M

Note: The above figures include rounded numbers.

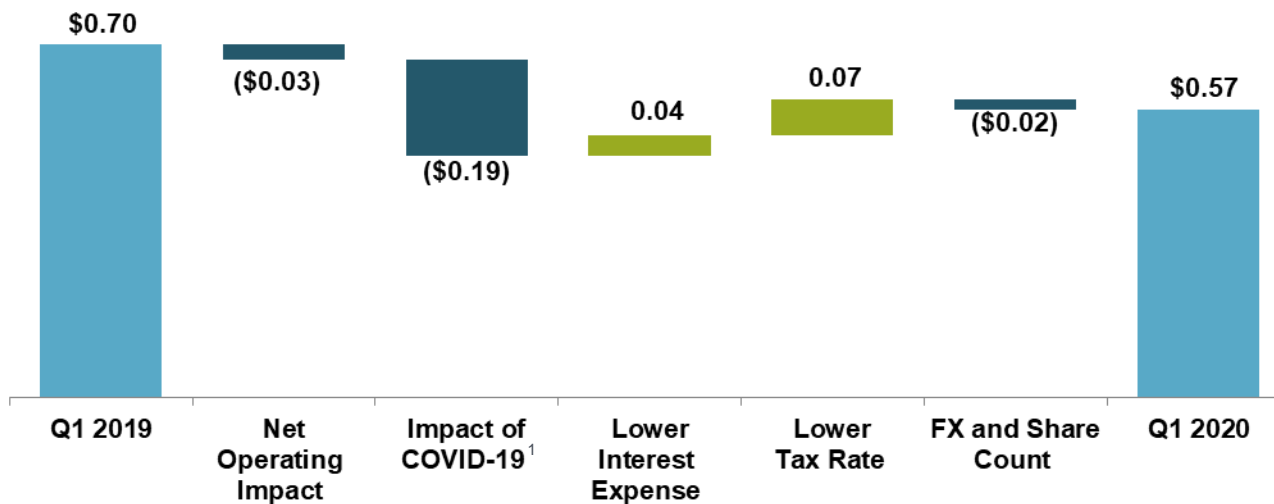
1. The estimated impact from COVID-19 is based on management's best estimates.

2. The estimated impact from COVID-19 is embedded within each business segment and not broken out separately.



# NON-GAAP EPS YEAR-OVER-YEAR BRIDGE – Q1'20

US\$ per share



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

1. The estimated impact of COVID-19 is based on management's best estimates.

# DEBT AND LIQUIDITY OVERVIEW

US\$M



1. Total debt includes unamortized prepaid debt fees.

## Debt

- » Net leverage 3.1x at end of Q1'20
- » No debt payments due in 2020
- » Term Loan due 2024 and Senior Note 2026
- » Blended interest rate of 4.0%

## Free Cash Flow and Liquidity

- » Free cash flow of \$6 million
- » \$400M draw on revolving credit facility to ensure sufficient liquidity in an uncertain environment
- » Cash and equivalents was \$555 million
- » Capital priority is cash conservation

# Q2'20 INSIGHT

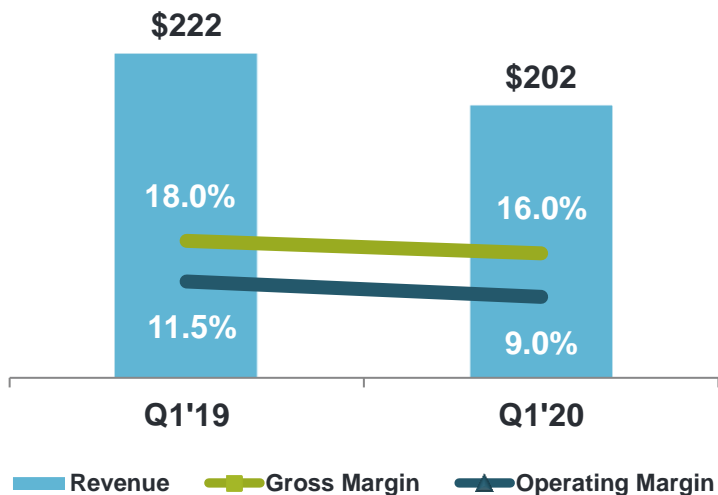
- » Suspending prior full year 2020 guidance due to uncertainty around the impact of COVID-19
- » Insight into Q2'20:
  - Revenue between \$475M - \$500M
  - Non-GAAP EPS between negative \$(0.30) - \$(0.10)
  - Free Cash Flow of negative \$(85)M to \$(70)M
- » Anticipate Q2'20 being the low point for these metrics

# APPENDIX

# DEVICE SOLUTIONS SEGMENT – Q1'20

## REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in Millions, actual currency



» **Revenue down 9% and 6% in constant currency**

- Decrease primarily due to COVID-19 related delays

» **Gross margin down 200 bps**

- Due to product mix and manufacturing inefficiencies

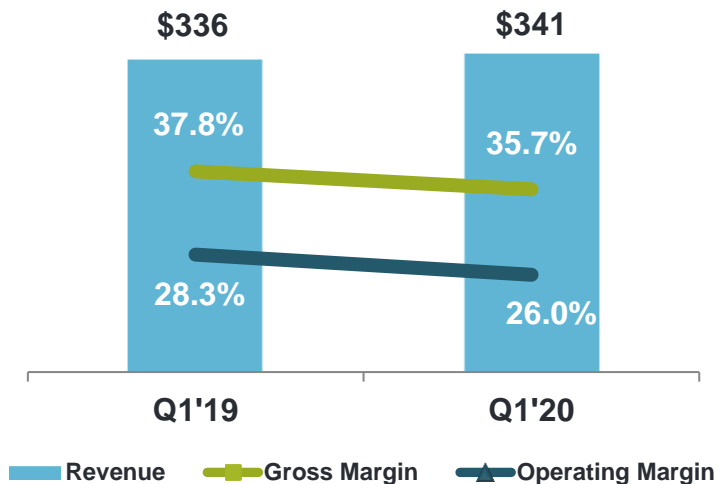
» **Operating margin down 250 bps**

- Fall through of lower gross profit

# NETWORKED SOLUTIONS SEGMENT – Q1'20

## REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in Millions, actual currency

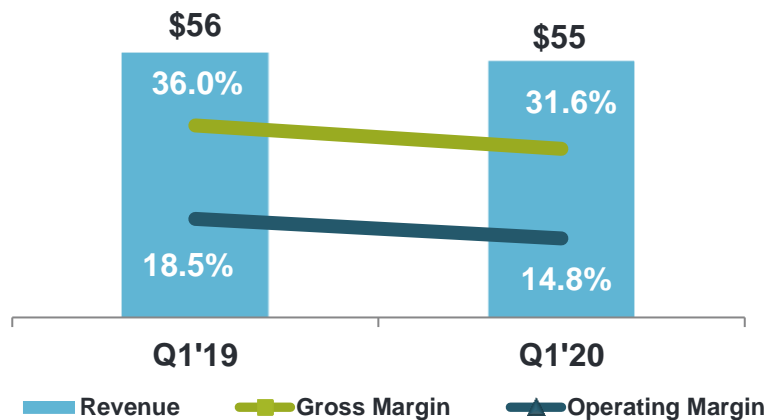


- » **Revenue +1% as reported and in constant currency**
  - Continue strength in North America AMI deployments
  - Offset by missed shipments and delays related to COVID-19
- » **Gross margin down 210 bps**
  - Due to product mix and manufacturing inefficiencies
  - Higher deployment costs
- » **Operating margin down 230 bps**
  - Increased investment in product development

# OUTCOMES SEGMENT – Q1'20

## REVENUE, GROSS MARGIN AND OPERATING MARGIN

\$ in Millions, actual currency



- » **Revenue down 2% and 1% in constant currency**
  - Decrease due to timing of customer projects
- » **Gross margin down 440 bps**
  - Tough YoY compare with strong mix of higher-margin software in Q1'19
- » **Operating margin down 370 bps**
  - Fall through of lower gross margin partially offset by lower OpEx

# REVENUE – FX IMPACT SUMMARY

\$ in millions

Average USD/Euro:  
\$1.10 Q1'20 vs \$1.13 Q1'19

Revenue	Q1'20	YoY Change	YoY Change Excluding FX
Device Solutions	\$202.3	-8.8%	-5.5%
Networked Solutions	\$340.8	1.3%	1.4%
Outcomes	\$55.3	-2.0%	-1.3%
<b>Total</b>	<b>\$598.4</b>	<b>-2.6%</b>	<b>-1.3%</b>



# 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, adjusted EBITDA margin, 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 March 31,	
	2020	2019
<b>NON-GAAP OPERATING EXPENSES</b>		
GAAP operating expenses	\$ 145,196	\$ 166,440
Amortization of intangible assets	(11,165)	(15,973)
Restructuring	248	(7,262)
Corporate transition cost	40	(1,083)
Acquisition and integration related expense	(1,272)	(11,565)
Non-GAAP operating expenses	<u>\$ 133,047</u>	<u>\$ 130,557</u>
<b>NON-GAAP OPERATING INCOME</b>		
GAAP operating income	\$ 26,370	\$ 20,823
Amortization of intangible assets	11,165	15,973
Restructuring	(248)	7,262
Corporate transition cost	(40)	1,083
Acquisition and integration related expense	1,272	11,565
Non-GAAP operating income	<u>\$ 38,519</u>	<u>\$ 56,706</u>
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>		
GAAP net income (loss) attributable to Itron, Inc.	\$ 8,684	\$ (1,907)
Amortization of intangible assets	11,165	15,973
Amortization of debt placement fees	963	1,156
Restructuring	(248)	7,262
Corporate transition cost	(40)	1,083
Acquisition and integration related expense	1,272	11,565
Income tax effect of non-GAAP adjustments	1,173	(7,242)
Non-GAAP net income attributable to Itron, Inc.	<u>\$ 22,969</u>	<u>\$ 27,890</u>
Non-GAAP diluted EPS	<u>\$ 0.57</u>	<u>\$ 0.70</u>
Weighted average common shares outstanding - Diluted	<u>40,474</u>	<u>40,066</u>

# GAAP TO NON-GAAP RECONCILIATIONS

(Unaudited, in thousands, except per share data)

## TOTAL COMPANY RECONCILIATIONS

Three Months Ended March 31,

	2020		2019	
<b>ADJUSTED EBITDA</b>				
GAAP net income (loss) attributable to Itron, Inc.	\$	8,684	\$	(1,907)
Interest income		(553)		(328)
Interest expense		11,277		13,535
Income tax provision		7,550		6,121
Depreciation and amortization		24,031		28,427
Restructuring		(248)		7,262
Corporate transition cost		(40)		1,083
Acquisition and integration related expense		1,272		11,565
Adjusted EBITDA	\$	51,973	\$	65,758
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$	18,894	\$	24,924
Acquisitions of property, plant, and equipment		(12,602)		(11,415)
Free Cash Flow	\$	6,292	\$	13,509

## INVESTOR RELATIONS CONTACTS

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# Thank You

