



# Second Quarter 2024 Earnings Conference Call

**Tom Deitrich – President and Chief Executive Officer**

**Joan Hooper – Senior Vice President and Chief Financial Officer**

**Paul Vincent – Vice President, Investor Relations**

# Conference Call Agenda

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

# Forward Looking Statements

This presentation contains, and our officers and representatives may from time to time make, "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are neither historical factors nor assurances of future performance. These statements are based on our expectations about, among others, revenues, operations, financial performance, earnings, liquidity, earnings per share, cash flows and restructuring activities including headcount reductions and other cost savings initiatives. This document reflects our current strategy, plans and expectations and is based on information currently available as of the date of this presentation. When we use words such as "expect", "intend", "anticipate", "believe", "plan", "goal", "seek", "project", "estimate", "future", "strategy", "objective", "may", "likely", "should", "will", "will continue", and similar expressions, including related to future periods, they are intended to identify forward-looking statements. Forward-looking statements rely on a number of assumptions and estimates. Although we believe the estimates and assumptions upon which these forward-looking statements are based are reasonable, any of these estimates or assumptions could prove to be inaccurate and the forward-looking statements based on these estimates and assumptions could be incorrect. Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Actual results and trends in the future may differ materially from those suggested or implied by the forward-looking statements depending on a variety of factors. Therefore, you should not rely on any of these forward-looking statements. Some of the factors that we believe could affect our results include our ability to execute on our restructuring plans, our ability to achieve estimated cost savings, the rate and timing of customer demand for our products, rescheduling of current customer orders, changes in estimated liabilities for product warranties, adverse impacts of litigation, changes in laws and regulations, our dependence on new product development and intellectual property, future acquisitions, changes in estimates for stock-based and bonus compensation, increasing volatility in foreign exchange rates, international business risks, uncertainties caused by adverse economic conditions, including without limitation those resulting from extraordinary events or circumstances and other factors that are more fully described in Part I, Item 1A: Risk Factors included in our 2023 Annual Report and other reports on file with the SEC. We undertake no obligation to update or revise any forward-looking statement, whether written or oral.

# Second Quarter 2024 Performance Highlights

- » Seventh consecutive quarter of growth
- » Continued profitability improvement
- » Strong team performance
- » Record quarterly revenue for Networked Solutions and Outcomes
- » Market demand remains stable

# Second Quarter 2024 Financial Summary

- » Revenue of \$609 million
- » Adjusted EBITDA of \$77 million
- » Non-GAAP diluted EPS of \$1.21
- » Free cash flow of \$45 million

# Bookings and Backlog

- » Q2 2024 bookings of \$447M
- » Book to bill of 0.7
- » Ending backlog of \$4.1B



- Chart in US\$ billions, the revenue from Q2'24 12-month backlog may vary based on actual currency rates at time of shipment, supply constraints, and adjusted project schedules timing.

# Consolidated GAAP Results: Q2 2024

\$ in millions (except per share amounts)	Q2 2024	Q2 2023	Change
Revenue	\$609.1	\$541.1	13%
<i>Change in constant currency</i>			<i>13%</i>
Gross margin	34.6%	32.1%	250 bps
Operating income	\$64.6	\$35.1	84%
Net income attributable to Itron, Inc.	\$51.3	\$24.2	112%
Earnings per share – diluted	\$1.10	\$0.53	108%

- » Revenue increased due to strong operational performance
- » Gross margin of 34.6% up 250 bps due to higher margin product mix and operational efficiencies
- » GAAP operating income increased due to higher gross profit, partially offset by higher operating expenses
- » GAAP net income increased due to higher GAAP operating income and interest income, partially offset by higher tax expense

# Consolidated Non-GAAP & Cash Results: Q2 2024

\$ in millions (except per share amounts)	Q2 2024	Q2 2023	Change
Non-GAAP operating income	\$69.1	\$41.4	67%
Non-GAAP operating margin	11.3%	7.6%	370 bps
Non-GAAP net income attributable to Itron, Inc.	\$56.1	\$29.8	88%
Adjusted EBITDA	\$77.1	\$49.3	56%
Adjusted EBITDA margin	12.7%	9.1%	360 bps
Non-GAAP earnings per share - diluted	\$1.21	\$0.65	86%
Net cash provided by operating activities	\$51.7	\$41.6	24%
Free cash flow	\$44.6	\$36.0	24%

- » Increase in non-GAAP operating income due to higher gross profit, partially offset by higher operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income and interest income, partially offset by higher tax expense
- » Free cash flow increased primarily due to higher earnings



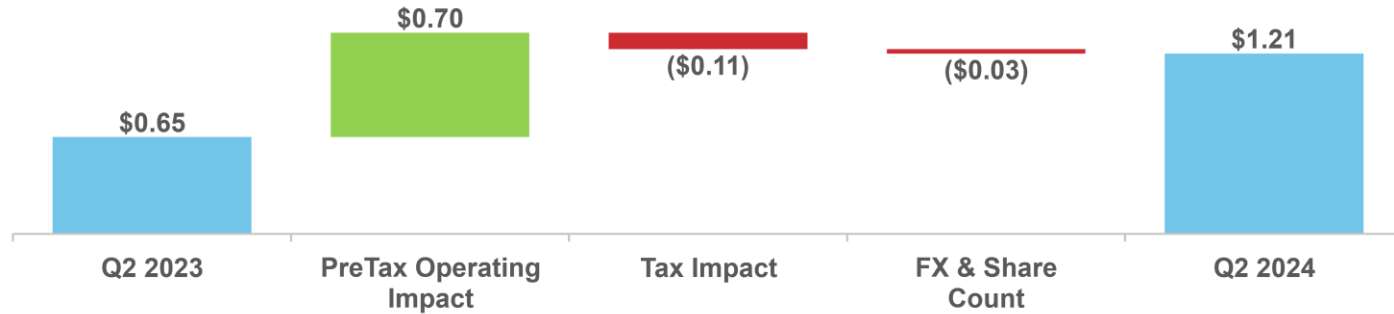
# Revenue Year-Over-Year Bridge: Q2 2024



Chart in millions and includes rounding. Segment changes in constant currency.

# Non-GAAP EPS Year-Over-Year Bridge: Q2 2024

US\$ per share



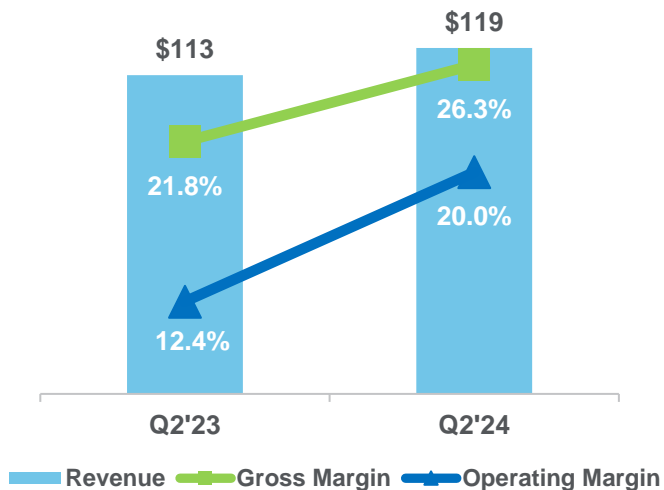
Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.



# Device Solutions Segment: Q2 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 5% (6% in constant currency)

- » Growth in smart water sales

### Gross margin increased 450 bps

- » Favorable product mix
- » Cost efficiencies

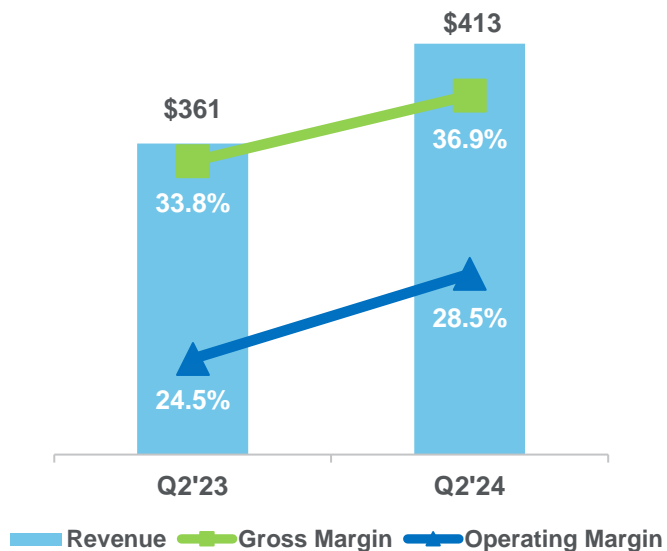
### Operating margin increased 760 bps

- » Fall through of higher gross profit
- » Higher operating leverage

# Networked Solutions Segment: Q2 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 14% (14% in constant currency)

- » Increased ongoing and new project deployments
- » Conversion of previously constrained revenue
- » Record segment quarterly revenue

### Gross margin increased 310 bps

- » Favorable product mix
- » Volume efficiencies

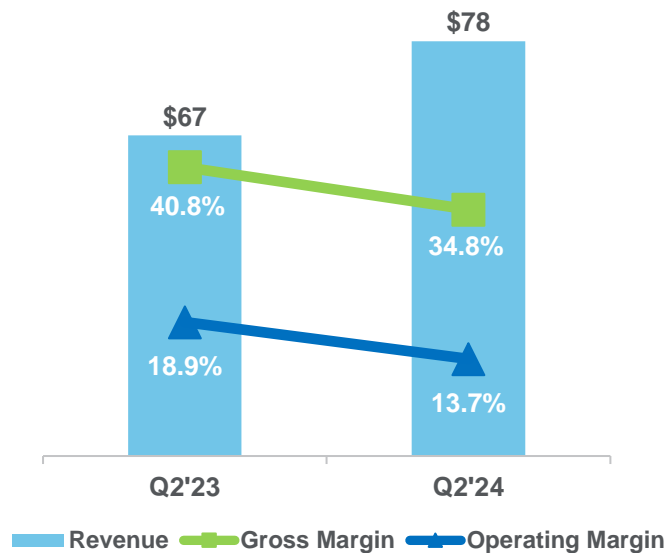
### Operating margin increased 400 bps

- » Fall through of higher gross profit
- » Higher operating leverage

# Outcomes Segment: Q2 2024

## Revenue, gross margin and operating margin

\$ in millions, actual currency



### Revenue increased 16% (16% in constant currency)

- » Increase in recurring revenue and services
- » Record segment quarterly revenue

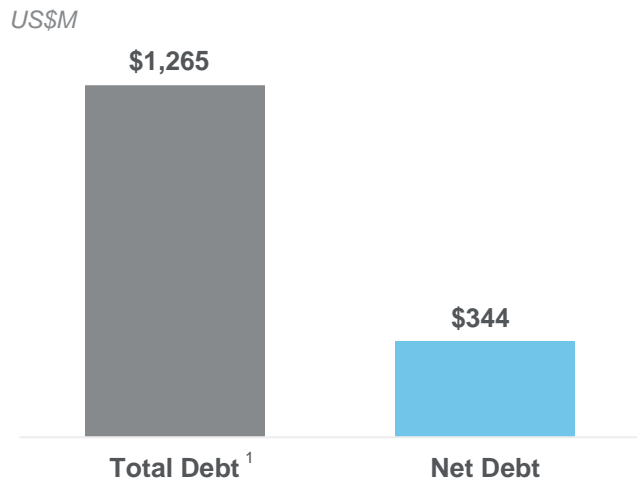
### Gross margin decreased 600 bps

- » Lower margin revenue mix
- » Increased services costs

### Operating margin decreased 520 bps

- » Fall through of lower gross margin

# Debt and Liquidity Overview: June 30, 2024



## Debt

- » Net leverage 1.2x at end of Q2 2024
- » \$460M 0% interest convertible notes, 2026 maturity
- » \$805M 1.375% interest convertible notes, 2030 maturity

## Free Cash Flow and Liquidity

- » Free cash flow of \$45M in Q2
- » Cash and equivalents of \$921M
- » \$500M revolver; 2026 maturity

1. Excludes amortization of debt fees.

# Q3 2024 Outlook

## Revenue of \$590 - \$600 million

» *At the midpoint, up \$34M or 6% vs. Q3 2023*

## Non-GAAP diluted EPS of \$1.10 - \$1.20

» *At the midpoint, up \$0.17 or 17% vs. Q3 2023*

# 2024 Full-Year Guidance Update

	February 2024 Guidance	Revised Guidance
Revenue	\$2.275 - \$2.375B	<b>\$2.385 - \$2.415B</b>
Non-GAAP EPS	\$3.40 - \$3.80	<b>\$4.45 - \$4.65</b>

- » *Revenue, at the midpoint, up 3% vs. prior guidance and up 10% vs. 2023*
- » *NG EPS, at the midpoint, up 26% vs. prior guidance and up 35% vs. 2023*



# Appendix

# Consolidated GAAP Results: YTD 2024

<i>\$ in millions (except per share amounts)</i>	YTD 2024	YTD 2023	Change
Revenue	\$1,212.5	\$1,035.7	17%
<i>Growth in constant currency</i>			17%
Gross margin	34.3%	31.9%	240 bps
Operating income	\$127.4	\$24.7	416%
Net income attributable to Itron, Inc.	\$103.0	\$12.4	733%
Earnings per share – diluted	\$2.22	\$0.27	722%

- » Revenue increased due to strong operational performance, conversion of previously constrained revenue and continued customer demand
- » Gross margin of 34.3% up 240 bps due to higher margin product mix and operational efficiencies
- » GAAP operating income increased due to higher gross profit and a one-time restructuring charge in prior year
- » GAAP net income increased due to higher GAAP operating income and interest income, partially offset by higher tax expense

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

# Consolidated Non-GAAP & Cash Results: YTD 2024

<i>\$ in millions (except per share amounts)</i>	YTD 2024	YTD 2023	Change
Non-GAAP operating income	\$136.4	\$72.7	88%
Non-GAAP operating margin	11.3%	7.0%	430 bps
Non-GAAP net income attributable to Itron, Inc.	\$113.4	\$52.2	117%
Adjusted EBITDA	\$153.6	\$88.8	73%
Adjusted EBITDA margin	12.7%	8.6%	410 bps
Non-GAAP earnings per share - diluted	\$2.44	\$1.14	114%
Net cash provided by operating activities	\$93.0	\$43.0	116%
Free cash flow	\$78.8	\$30.5	158%

- » Increase in non-GAAP operating income due to higher gross profit, partially offset by higher operating expenses
- » Non-GAAP net income increased due to higher non-GAAP operating income and interest income, partially offset by higher tax expense
- » Free cash flow increased primarily due to higher earnings

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

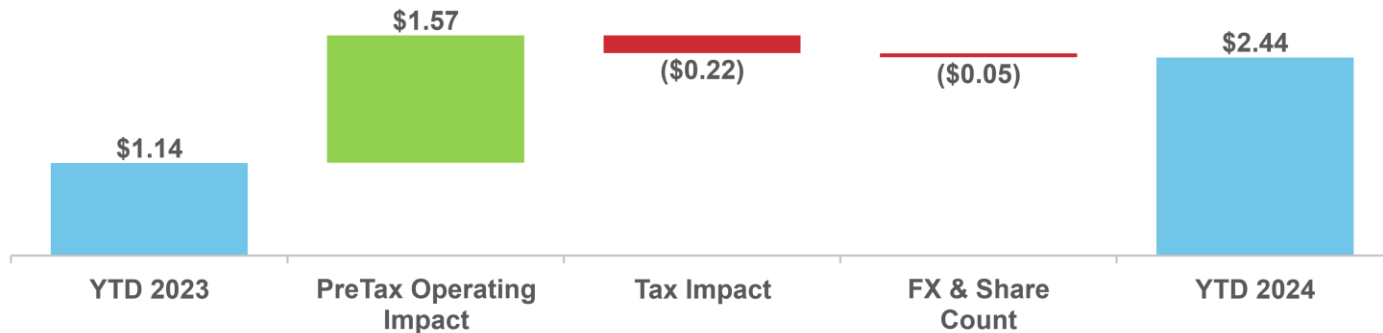
# Revenue Year-Over-Year Bridge: YTD 2024



Chart in millions and includes rounding. Segment changes in constant currency.

# Non-GAAP EPS Year-Over-Year Bridge: YTD 2024

US\$ per share

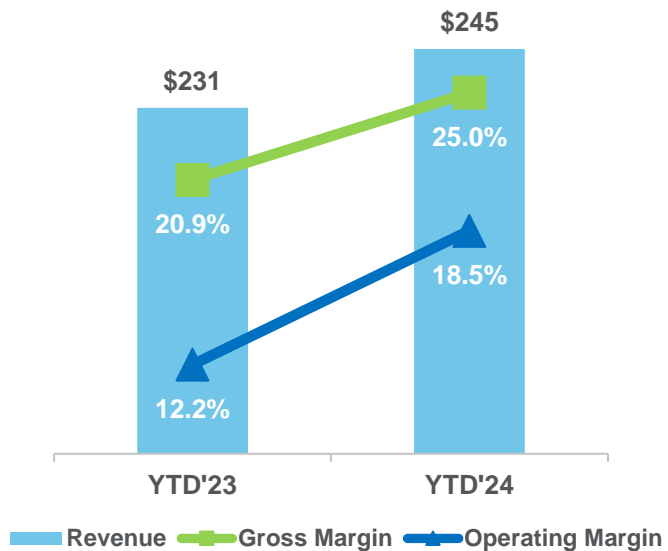


Quarterly totals reflect actual currencies; all variances other than FX exclude currency impact. Chart includes rounding.

# Device Solutions Segment: YTD 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue up 6% (6% in constant currency)

- » Growth in smart water sales

### Gross margin up 410 bps

- » Favorable product mix
- » Cost efficiencies

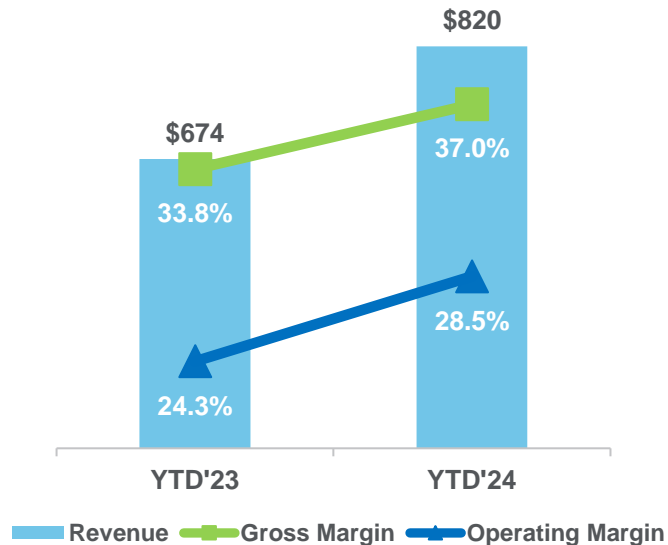
### Operating margin up 630 bps

- » Fall through of higher gross profit
- » Higher operating leverage

# Networked Solutions Segment: YTD 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue up 22% (22% in constant currency)

- » Improved component supply
- » Increased ongoing and new project deployments

### Gross margin up 320 bps

- » Favorable product mix
- » Volume efficiencies

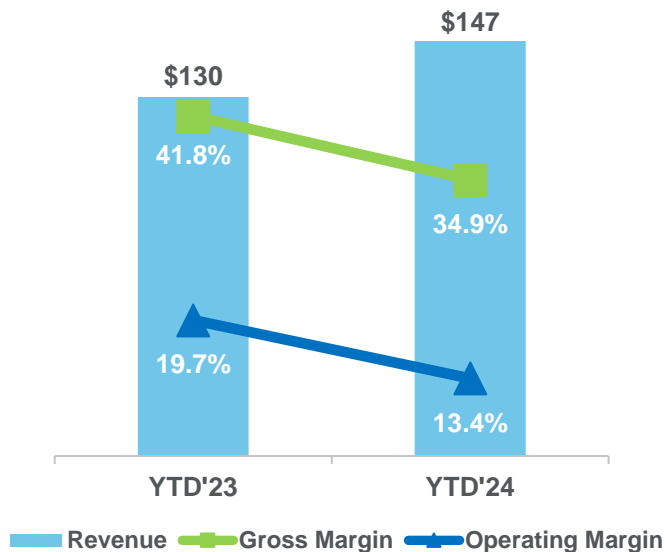
### Operating margin up 420 bps

- » Fall through of higher gross profit
- » Higher operating leverage

# Outcomes Segment: YTD 2024

## Revenue, gross margin and operating margin

\$ in Millions, actual currency



### Revenue up 13% (13% in constant currency)

- » Increase in recurring revenue and services

### Gross margin down 690 bps

- » Lower margin revenue mix
- » Increased services costs

### Operating margin down 630 bps

- » Fall through of lower gross margin



# FX Impact Summary

\$ in Millions

Average USD/Euro:  
\$1.08 Q2'24 vs \$1.09 Q2'23

Revenue	Q2'24	YoY Change	YoY Change Excluding FX
Device Solutions	\$118.6	4.8%	5.7%
Networked Solutions	\$412.7	14.3%	14.5%
Outcomes	\$77.8	16.2%	16.3%
<b>Total</b>	<b>\$609.1</b>	<b>12.6%</b>	<b>12.9%</b>

Average USD/Euro:  
\$1.08 YTD'24 vs \$1.08 YTD'23

Revenue	YTD'24	YoY Change	YoY Change Excluding FX
Device Solutions	\$245.3	6.0%	6.0%
Networked Solutions	\$820.2	21.6%	21.7%
Outcomes	\$147.0	13.2%	13.1%
<b>Total</b>	<b>\$1,212.5</b>	<b>17.1%</b>	<b>17.1%</b>

**Non-GAAP EPS - diluted**    **\$1.21**    **\$0.56**    **\$0.56**

**Non-GAAP EPS - diluted**    **\$2.44**    **\$1.30**    **\$1.30**

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. When providing future outlooks and/or earnings guidance, 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 related expenses and their related tax effects without unreasonable effort. These costs are uncertain, depend on various factors and could have a material impact on GAAP results for the guidance period. 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 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>NON-GAAP OPERATING EXPENSES</b>				
GAAP operating expenses	\$ 145,813	\$ 138,847	\$ 288,392	\$ 305,608
Amortization of intangible assets	(4,511)	(4,722)	(8,497)	(9,770)
Restructuring	99	(874)	(99)	(37,483)
(Gain) loss on sale of business	65	(612)	42	(630)
Acquisition and integration	(90)	(44)	(408)	(89)
Non-GAAP operating expenses	\$ 141,376	\$ 132,595	\$ 279,430	\$ 257,636
<b>NON-GAAP OPERATING INCOME</b>				
GAAP operating income	\$ 64,647	\$ 35,100	\$ 127,447	\$ 24,707
Amortization of intangible assets	4,511	4,722	8,497	9,770
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Acquisition and integration	90	44	408	89
Non-GAAP operating income	\$ 69,084	\$ 41,352	\$ 136,409	\$ 72,679
<b>NON-GAAP NET INCOME &amp; DILUTED EPS</b>				
GAAP net income attributable to Itron, Inc.	\$ 51,318	\$ 24,201	\$ 103,039	\$ 12,365
Amortization of intangible assets	4,511	4,722	8,497	9,770
Amortization of debt placement fees	935	887	1,779	1,732
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Acquisition and integration	90	44	408	89
Income tax effect of non-GAAP adjustments	(588)	(1,516)	(387)	(9,863)
Non-GAAP net income attributable to Itron, Inc.	\$ 56,102	\$ 29,824	\$ 113,393	\$ 52,206
Non-GAAP diluted EPS	\$ 1.21	\$ 0.65	\$ 2.44	\$ 1.14
Non-GAAP weighted average common shares outstanding - Diluted	46,526	45,781	46,441	45,677

# 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 June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<b>ADJUSTED EBITDA</b>				
GAAP net income attributable to Itron, Inc.	\$ 51,318	\$ 24,201	\$ 103,039	\$ 12,365
Interest income	(5,128)	(1,508)	(8,974)	(3,326)
Interest expense	2,290	1,977	4,183	4,034
Income tax provision	15,180	9,195	28,609	9,125
Depreciation and amortization	13,519	13,905	26,263	28,368
Restructuring	(99)	874	99	37,483
(Gain) loss on sale of business	(65)	612	(42)	630
Acquisition and integration	90	44	408	89
Adjusted EBITDA	<u>\$ 77,105</u>	<u>\$ 49,300</u>	<u>\$ 153,585</u>	<u>\$ 88,768</u>
<b>FREE CASH FLOW</b>				
Net cash provided by operating activities	\$ 51,717	\$ 41,560	\$ 93,025	\$ 42,989
Acquisitions of property, plant, and equipment	(7,110)	(5,596)	(14,255)	(12,498)
Free Cash Flow	<u>\$ 44,607</u>	<u>\$ 35,964</u>	<u>\$ 78,770</u>	<u>\$ 30,491</u>



Thank You

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