

Itron's fortunes rise with electrification trend

Utility-tech company reports revenue surge

Karina Elias August 31st, 2023

“Our financial numbers and wins and backlog are at record highs.”

Stefan Zschiegner
Itron Inc.



Itron Inc.'s revenue is growing with the demand for electricity—and more specifically, the demand for infrastructure capable of withstanding a push toward electrification in a current, climate-conscious environment.

“The demand on electricity is actually going up,” says Stefan Zschiegner vice president of product management for the Liberty Lake-based maker of utility meter-reading technology. “One of the reasons why we are growing our revenue and we have this record backlog is because we are preparing the utilities for this transition and allowing them to make these investments.”

As the company moves forward, it has focused its attention to key difficulties its utilities customers face. In a letter to the company's stakeholders, Itron CEO Tom Deitrich spoke of how the increased strength and frequency of natural disasters in 2022 challenged the ability to provide resilient delivery of critical energy and water services. Mandates to reduce greenhouse gases around the world are driving the transition to green energy.

“It is evident that the urgency to invest in energy and water infrastructure for accelerating rates of electrification, increased adoption of distributed energy resources, and the impact of climate change is growing rapidly,” Deitrich says.

In addition to the company's commitment of helping its customers lower their carbon footprint, the company is committed to reducing its own carbon emissions by at least 50% by 2028, Deitrich announced last year.

“We are steadfast in our commitment to protecting tomorrow’s water and power supply by enabling utilities and cities to better manage these resources,” he said.

For the quarter ending on June 30, Itron (Nasdaq: ITRI) reported revenue of \$541 million, a 25% increase from \$431 million in the year-earlier quarter. Net income totaled \$24 million for the quarter, a \$61 million swing upward compared with a net loss of \$37 million for the year-earlier quarter.

On Monday, Aug. 28, the closing price of Itron stock was \$68.16. The company’s stock had a 52-week high of \$79.99 on Aug. 3 and a 52-week low of \$39.38 on Nov. 3, 2022, according to Nasdaq.

Itron has an analyst rating of “Buy” based on 11 analysts offering recommendations, according to Nasdaq.

Zschiegner says that, within the technology and services industry, change in revenue is based on a long-term trend. Utilities plan in time horizons of five to 10 years and make decisions now to help them prepare for that future, he says. That industrywide trend and preparation for the future will increase the company’s backlog or bookings, which will lead to sustainable growth over the next two to three years.

The company began to organize its strategy around the key changes happening in the industry in 2020, says Zschiegner.

“Our financial numbers and wins and backlog are at record highs,” he says. “Clearly, these future trends are the reason that is driving that.”

The company’s total order backlog is \$4.5 billion, an 11% increase compared with \$4.1 billion the year-earlier.

Itron was founded in 1977 and is headquartered at 2111 Molter Road, in Liberty Lake. Over the past 40 years, it has expanded its footprint to over 8,000 customers in more than 100 countries with the focus of enabling utilities and cities to deliver infrastructure solutions to its communities. It offers a portfolio of services that include smart networks, software, services, meters, and sensors to manage electricity, water, and gas resources. The company has over 7,800 employees and 62 global locations. According to the Journal’s list of largest employers, Itron has 430 employees in Spokane County as of November 2022.

When thinking about electrification, renewable energy is one of the first things that comes to mind, such as people driving electric vehicles and hybrid cars, says Zschiegner.

That electrification is now expanding to commercial fleets, government fleets, and school districts experimenting with the electrification of their school buses, he says.

“I think in the future we’ll see trains being more electrified, ships, you name it,” he says. “In fact, when we look at the electrification of transportation, the fastest-growing segment will be the electrification of fleets.”

Over the next 10 years, Zschiegner predicts commercial fleets’ adoption of electrification will far exceed the adoption rate of residential vehicles.

Itron is positioned to help utilities manage this change, he says. For example, when consumers purchase an electric vehicle, most are not asking themselves if their home can actually support the electricity, he says. With Itron’s software and analytics, the company can measure whether the connection from the transformer to their home will be sufficient and allow for the connection and installation.

Another interest of utility companies is understanding and having more visibility and analytics. Having that access to hardware, software, and real time analytics can help the utility prioritize services, he says.

“The analytics, the ability to control, the ability to manage this and be smarter about it is really what is changing here in the future and enables the utilities to deal with all of this,” he says. “And Itron is right in the middle of that.”



Karina Elias [✉ e-mail](#) [RSS](#)

Reporter Karina Elias covers the banking and finance industry. A California native, she attended the University of California at Santa Barbara. Karina loves salsa dancing, traveling, baking, cuddling with her dog, and writing creative fiction and non-fiction.

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