



## **ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**

### **ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FULL YEAR & FOURTH QUARTER 2016**

*Record 2016 results: revenue of \$200m, net profit of \$32m & EBITDA of \$60m*

**AZOUR, Israel – February 27, 2017** – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the fourth quarter and full year ended December 31, 2016.

#### **Highlights of 2016**

- Net subscribers adds amounted to 109 thousand, with 1.057 million subscribers at year-end;
- Revenue of \$199.6 million;
- Gross and operating margins of 51.1% and 24.1%, respectively;
- EBITDA of \$59.6 million (29.9% of revenues);
- Generated \$41.5 million in operating cash flow;
- Total dividends of \$20 million issued to shareholders for 2016;
- Ended 2016 with \$31.5 million in net cash (including marketable securities);

#### **Highlights of the Fourth Quarter of 2016**

- Net subscribers adds in the quarter amounting to 22 thousand;
- Revenue of \$50.4 million;
- Gross margins of 52.4% and operating margins at 25.8%;
- EBITDA of \$16.0 million or 31.9% of revenues;
- Generated \$14.4 million in operating cash flow;
- Dividend of \$8.5 million declared for the quarter;
- Board of Directors updates dividend policy going forward to increase dividend predictability and transparency, guaranteeing at minimum \$5 million per quarter;

#### **Fourth Quarter 2016 Results**

Revenues for the fourth quarter of 2016 were \$50.4 million, representing an increase of 15.0% from revenues of \$43.8 million in the fourth quarter of 2015. 74% of revenues were from location based service subscription fees and 26% were from product revenues.

Revenues from subscription fees increased by 16% over the same period last year. The growth was driven primarily due to the increase in the subscriber base, which expanded from 948,000 as of December 31, 2015, to 1,057,000 as of December 31, 2016.

Product revenues increased by 12% compared with the same period last year. The main contribution to growth was due to higher product sales in Israel.

Gross profit for the fourth quarter of 2016 was \$26.4 million (52.4% of revenues), an increase of 18% compared with \$22.3 million (50.9% of revenues) in the fourth quarter of 2015. The gross margin in the quarter on subscription fees improved to 65.5% compared with 62.9% in the same period last year. The gross margin in the quarter on products was 14.9% compared with 17.8% in the same period last year.



## **ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES**

Operating profit for the fourth quarter of 2016 was a record \$13.0 million (25.8% of revenues), an increase of 26% compared with an operating profit of \$10.3 million (23.6% of revenues) in the fourth quarter of 2015.

During the quarter, share in affiliates, net was an income of \$105 thousand versus a loss of \$957 thousand in the same quarter of last year.

EBITDA for the quarter was a record \$16.0 million (31.9% of revenues), an increase of 13.4% compared to an EBITDA of \$14.2 million (32.3% of revenues) in the fourth quarter of 2015.

Net profit was a record \$9.3 million in the fourth quarter of 2016 (18.4% of revenues) or fully diluted EPS of \$0.44, an increase of 50% compared with a net profit of \$6.2 million (14.1% of revenues) or fully diluted EPS of \$0.29 in the fourth quarter of 2015.

Cash flow from operations for the quarter was a record \$14.4 million.

### **Full Year Results**

Revenues for 2016 reached a record \$199.6 million, an increase of 14% compared with revenues of \$175.6 million in 2015. The subscriber base grew by 109,000 or 11%, net during 2016. The significant strengthening of the US Dollar versus the Brazilian Real and the Argentinean Peso, compared with the levels in 2015, reduced the overall revenue level in US Dollars. Excluding the exchange rate impact, the increase in revenues would have been 20.0% over 2015. 71% of revenues were from location based service subscription fees and 29% from product revenues.

Gross profit for 2016 was a record \$102.0 million (51.1% of revenues), an increase of 13.5% compared with \$89.9 million (51.2% of revenues) in 2015.

Operating profit for 2016 was a record \$48.0 million (24.1% of revenues), an increase of 18.1% compared with an operating profit of \$40.6 million (23.1% of revenues) in 2015. Excluding the impact of exchange rates, operating profit would have increased by 28.4% versus last year.

EBITDA for the year was a record \$59.6 million (29.9% of revenues), an increase of 13.4% compared to an EBITDA of \$52.6 million (30.0% of revenues) in 2015. Excluding the impact of exchange rates, EBITDA would have increased by 23.4% versus last year.

Share in the loss of affiliates, net was \$449 thousand in 2016, compared with \$2.4 million last year.

Net income in 2016 was a record \$32.1 million (16.1% of revenues) or fully diluted earnings per share of \$1.53. This is an increase of 29% compared with a net income in 2015 of \$25.0 million (14.2% of revenues) or fully diluted earnings per share of \$1.19. Excluding the impact of exchange rates, net income would have increased by 40.5% versus last year.

Cash flow from operations for 2016 was a record \$41.5 million.

As of December 31, 2016, the Company had net cash, including marketable securities, of \$31.5 million or \$1.50 per share. This is compared with \$28.9 million or \$1.38 per share as at December 31, 2015.



## ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

### **Dividend**

For the fourth quarter of 2016, a dividend of \$8.5 million was declared in line with the Company's stated current policy of issuing at least 50% of net profits in a dividend, on a quarterly basis.

For the full year of 2016, the dividend issued including that of the fourth quarter of 2016, was \$20 million, representing 62.3% of the full year net income.

### **Dividend Policy Update**

The Board of Directors approved a change to the dividend policy.

The new policy calls for a dividend of \$5 million, at minimum, per quarter. This policy goes into force starting from the dividend for the first quarter of 2017.

Until the fourth quarter of 2016, the dividend policy provided for an annual dividend distribution in an amount not less than 50% of the Company's annual net income.

According to the Company's dividend policy and Israeli law, an annual dividend will only be declared and paid if, in the discretion of the Board of Directors, there is no reasonable foreseeable concern that the distribution will prevent the Company from being able to meet the terms of Company's existing and contingent liabilities, as and when due, all based on Company's needs as will be determined from time to time.

The distribution of dividends is further limited by Israeli law to the greater of retained earnings and earnings generated over the two most recent years. The Company's dividend policy may change from time to time at the discretion of the Board of Directors.

The payment of dividends may be subject to Israeli withholding taxes.

### **Management Comment**

**Eyal Sheratzky, Co-CEO of Ituran said,** "We are very pleased with our fourth quarter results ending the strongest year in our history with \$200 million in revenue, despite the year-over-year negative effect of currency variations. Our results demonstrate strong improvements in gross and operating margins, which are built on the leverage inherent to our business model from our continually growing subscriber base. Our end-markets in Israel and Brazil continue to demonstrate strength through ongoing demand and interest in our products and solutions. I look forward to continued growth as we move through 2017 and beyond."

**Continued Mr. Sheratzky,** "Our dividends allow us to share the fruit of our success with our shareholders. Today, the Board of Directors updated our dividend policy in order to make our distributions more predictable and transparent going forward. We believe our new policy demonstrates our ongoing commitment to our shareholders which continue to support us over the long-term."



## ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

### Conference Call Information

---

The Company will also be hosting a conference call later today, February 27, 2017 at 9am Eastern Time. On the call, management will review and discuss the results, and will be available to answer investor questions.

To participate, please call one of the following teleconferencing numbers. Please begin placing your calls a few minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

**US Dial-in Number: 1 888 668 9141**  
**ISRAEL Dial-in Number: 03 918 0609**  
**CANADA Dial-in Number: 1 888 604 5839**  
**INTERNATIONAL Dial-in Number: +972 3 918 0609**

at:

**9:00am Eastern Time, 6:00am Pacific Time, 4:00pm Israel Time**

For those unable to listen to the live call, a replay of the call will be available from the day after the call in the investor relations section of Ituran's website.

*Certain statements in this press release are "forward-looking statements" within the meaning of the Securities Act of 1933, as amended. These forward-looking statements include, but are not limited to, our plans, objectives, expectations and intentions and other statements contained in this report that are not historical facts as well as statements identified by words such as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates" or words of similar meaning. These statements are based on our current beliefs or expectations and are inherently subject to significant uncertainties and changes in circumstances, many of which are beyond our control. Actual results may differ materially from these expectations due to changes in global political, economic, business, competitive, market and regulatory factors.*

### About Ituran

---

Ituran provides location-based services, consisting predominantly of stolen vehicle recovery and tracking services, as well as wireless communications products used in connection with its location-based services and various other applications. Ituran offers mobile asset location, Stolen Vehicle Recovery, management & control services for vehicles, cargo and personal security. Ituran's subscriber base has been growing significantly since the Company's inception to over 1 million subscribers distributed globally. Established in 1995, Ituran has over 1,500 employees worldwide, provides its location based services and has a market leading position in Israel, Brazil, Argentina and the United States.

### Company Contact

---

Udi Mizrahi

[udi\\_m@ituran.com](mailto:udi_m@ituran.com)

**VP Finance, Ituran**

(Israel) +972 3 557 1348

### International Investor Relations

---

Ehud Helft

[ituran@gkir.com](mailto:ituran@gkir.com)

**GK Investor Relations**

(US) +1 646 201 9246