



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

### **ITURAN LOCATION AND CONTROL LTD. PRESENTS RECORD RESULTS FOR THE SECOND QUARTER 2017**

*Added 30,000 subscribers in the quarter leading to record revenue of \$58.5 million*

**AZOUR, Israel – March 4, 2018** – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the second quarter ended June 30, 2017.

#### **Highlights of the Second Quarter of 2017**

- Net subscribers adds in the quarter amounting to 30 thousand;
- Revenue of \$58.5 million, up 19% year-over-year;
- Gross margins of 51.6% and operating margins at 24.2%;
- Net profit of \$10.4 million, up 37% year-over-year;
- Generated \$14.1 million in operating cash flow;
- Dividend of \$5 million declared for the quarter;

#### **Second Quarter 2017 Results**

Revenues for the second quarter of 2017 were \$58.5 million, representing an increase of 19% from revenues of \$49.3 million in the second quarter of 2016. 71% of revenues were from location based service subscription fees and 29% were from product revenues.

Revenues from subscription fees increased by 18% over the same period last year. The growth was driven primarily due to the increase in the subscriber base, which expanded from 1,012,000 as of June 30, 2016, to 1,112,000 as of June 30, 2017.

Product revenues increased by 21% compared with the same period last year.

Gross profit for the second quarter of 2017 was \$30.2 million (51.6% of revenues), an increase of 19% compared with \$25.5 million (51.7% of revenues) in the second quarter of 2016. The gross margin in the quarter on subscription fees improved to 66.9% compared with 65.8% in the same period last year. The gross margin in the quarter on products was 13.6% compared with 16.0% in the same period last year. The lower margin on products was due to the mix of product sales in the quarter.

Operating profit for the second quarter of 2017 was a record \$14.2 million (24.2% of revenues), an increase of 19% compared with an operating profit of \$12.0 million (24.3% of revenues) in the second quarter of 2016.

During the quarter, share in affiliates, net was an income of \$0.5 million versus a loss of \$0.6 million in the same quarter of last year. The improvement was due to a positive contribution from Ituran's joint venture in Brazil, Ituran Road Track.

EBITDA for the quarter was a record \$17.4 million (29.7% of revenues), an increase of 17% compared to an EBITDA of \$14.8 million (30.1% of revenues) in the second quarter of 2016.

Net profit was a record \$10.4 million in the second quarter of 2017 (17.9% of revenues) or fully diluted EPS of \$0.50, an increase of 37% compared with a net profit of \$7.6 million (15.5% of revenues) or fully diluted EPS of \$0.36 in the second quarter of 2016.



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Cash flow from operations for the quarter was \$14.1 million.

As of June 30, 2017, the Company had net cash, including marketable securities, of \$28.6 million or \$1.36 per share. This is compared with \$31.5 million or \$1.50 per share as at December 31, 2016.

### **Dividend**

For the second quarter of 2017, a dividend of \$5 million was declared in line with the Company's stated current policy of issuing at least \$5 million as a dividend on a quarterly basis.

### **Management Comment**

**Eyal Sheratzky, Co-CEO of Ituran said,** "Our second quarter 2017 results were at record levels in most respects. We demonstrated particularly strong subscriber growth above the higher-end of our typical range. The ongoing expansion in our subscriber base drove a strong increase in subscription revenues in the quarter. Our growth is built on ongoing demand and interest in our services and solutions. In Brazil in particular, we saw a strong return to growth. Our JV in Brazil, IRT also continues to perform well and positively contributed to our results."

**Added Mr. Sheratzky,** "We recently signed joint venture agreement with a large automotive supplier, Lumax Technologies, in order to expand sales into the Indian market. This new joint-venture agreement, gives Ituran access to a phenomenal market with over 200 million registered cars, where the telematics industry is still in its infancy. As we have shown in Brazil, we can successfully enter new markets, leveraging our technology and building a long-term growth engine, with the goal of ultimately establishing ourselves as market leaders."

### **Conference Call Information**

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**The Company will also be hosting a conference call later today, August 16, 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: 1 888 281 1167**  
**ISRAEL Dial-in Number: 03 918 0644**  
**CANADA Dial-in Number: 1 888 604 5839**  
**INTERNATIONAL Dial-in Number: +972 3 918 0644**

**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.



## ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

*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**

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Ituran is a leader in the emerging mobility technology field, providing value-added location-based services, including a full suite of services for the connected-car. Ituran offers Stolen Vehicle Recovery, fleet management as well as mobile asset location, management & control services for vehicles, cargo and personal security. Its products and applications are used by customers in over 20 countries.

Ituran's subscriber base has been growing significantly since the Company's inception to over 1 million subscribers using its location based services with a market leading position in Israel and Brazil. Established in 1995, Ituran has over 1,500 employees worldwide, with offices in Israel, Brazil, Argentina, India and the United States.

### **Company Contact**

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### **International Investor Relations**

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