



ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

ITURAN LOCATION AND CONTROL LTD. PRESENTS RECORD REVENUES FOR THE FOURTH QUARTER AND FULL YEAR OF 2007

Fourth quarter 2007 revenues grow by 25% over last year reaching \$36m

AZOUR, Israel – February 21, 2008 – 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, 2007.

Highlights of the Fourth Quarter and Full Year

- Strong top-line and subscriber growth.
- Record annual revenues of \$125 million, 20% increase over 2006; fourth quarter revenues \$36.1 million, an increase of 25% year-over-year
- The purchases of ERM and MAPA broadened the suite of location based products and services Ituran provides
- Sold Telematics, increasing the cash position and refocusing the business on its core competencies
- Record subscribers of 444,000 as of December 31st, 2007, an increase of 48,000 from the 396,000 subscribers as of December 31st, 2006

Fourth quarter Results

Revenues for the fourth quarter of 2007 reached US\$36.1 million. This represents a 24.6% increase compared with revenues of US\$29.0 million in the fourth quarter of last year. The increase in revenues was primarily driven by the continued growth in the Company's subscriber base and revenues from the recently acquired ERM and MAPA businesses. This increase was partly offset by a decrease in revenues from the Far East which relates to the Telematics business.

Operating profit for the fourth quarter of 2007 excluding the other income was US\$6.8 million (18.7% of revenues) compared with US\$6.5 million (22.5% of revenues) in the fourth quarter of 2006. The lower operating margin was in part due to the fact that, as previously announced, the Company increased its investment in sales and marketing in 2007, as well as the devaluation of the US dollar against the Israeli shekel.

EBITDA for the quarter was \$8.9 million, which represents 24.5% of revenues compared to \$7.8 million which represents 26.9% in the fourth quarter of last year.

Financial income in the quarter was US\$51 thousand as compared with a financial income of \$734 thousand in the fourth quarter of last year. The decrease was primarily as a result of the devaluation of the US dollar against the Company's functional currency in Israel, the Israeli shekel.

The Company recorded a one-time income of \$49.5 million from the sale of Telematics on December 31st, 2007, and an associated tax expense of \$13.7 million.



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Net profit on a GAAP basis was US\$39.3 million in the fourth quarter of 2007, compared with US\$5.2, as reported in the fourth quarter of 2006. Fully diluted earnings per share on a GAAP basis in the fourth quarter of 2007 was US\$1.68 compared with US\$0.22 per fully diluted share in the fourth quarter of 2006.

Excluding the other income and the related tax expense, and a one-time write-off related to an affiliated company of \$0.3 million, net profit was US\$4.2 million in the fourth quarter of 2007, or fully diluted earnings per share of \$0.18.

Full Year Results

Revenues for the full year 2007 reached US\$124.8 million. This represents a 20% increase compared with revenues of US\$104.1 million last year. The increase in revenues was driven by the continued growth in the Company's subscriber base as well as the contribution by the recently acquired ERM and Mapa businesses. This increase was partly offset by a decrease in revenues from the Far East which relates to the Telematics business throughout 2007.

Operating profit for the year excluding the other income was US\$23.3 million compared with US\$24.7 million in 2006. The lower operating profit was in part due to the increase in investment in sales and marketing in 2007, the lower revenue level in the Far East, and the relative increase in expenses due to the devaluation of the US dollar against the Israeli shekel.

Annual net profit on a GAAP basis was US\$51.5 million in 2007 or earnings per diluted share of \$2.20, compared with US\$19.3 million or earnings per diluted share of \$0.82, as reported in 2006. Excluding the other income and the related tax expense, and a one-time write-off from an affiliated company of \$0.3 million, net profit for the year was US\$16.4, or fully diluted earnings per share of \$0.70.

Cash flow from operations during the fourth quarter and the full year of 2007 were US\$4.8 million and US\$12.8 million, respectively. As of December 31st, 2007 the Company had a net cash position (including marketable securities) of US\$37.9 million (this does not include the proceeds from the sale of Telematics which were received in the beginning of 2008) compared with US\$59.4 million on December 31st, 2006.

Pro-forma full year results excluding Telematics

As announced, the sale of Telematics was completed on December 31st, 2007. Excluding Telematics, the Company would have reported full year 2007 revenues of \$104.7 million, operating income of \$17.8 million and net income of \$13.4 million or fully diluted earnings per share of \$0.57, excluding the impact of the above mentioned one-time items.

On February 20th, 2008, the Board of Directors declared a dividend distribution of a total of US\$30 million or \$1.34 per share.

Eyal Sheratzky, Co-CEO of Ituran said, "2007 was a year of strong growth in our subscriber base and revenues. It was also a year in which we stepped up our operating expenses, in order to invest in expanding our business into new segments and improve our customer care and retention. In addition, our sale of Telematics at the end of the year, was a significant step in our strategy of



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focusing on our core competencies, that of providing a full suite of location based product and services.”

“Our sale of Telematics increased our cash position by \$48.3 million to \$98 million at the beginning of 2008,” continued Mr. Sheratzki. “We have used a portion of our cash for purchasing 1.5 million shares of Ituran for a total of \$17.6 million. In addition, we today announced a special dividend of \$30 million. Following these actions, our cash position is expected to stand at approximately \$50 million. We believe that this is the right way to share some of our success with our shareholders, while maintaining enough cash on our balance sheet for our future growth.”

“In 2008, we expect to see the fruits of our investments in 2007 and expect pro-forma double-digit top-line growth over the year with renewed growth in our profitability. Looking ahead, we have a lean business with a strong focus on what we do best, that of providing location based services and related applications. We believe that our business is now very well positioned, with great growth potential for years to come,” concluded Mr. Sheratzky.

Conference Call Information

The Company will also be hosting a conference call later today, February 21st, 2008 at 9:00am EST. 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 at least 10 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: 1-888-407-2553
UK Dial-in Number: 0-800-051-8913
ISRAEL Dial-in Number: 03-918-0688
INTERNATIONAL Dial-in Number: +972-3-918-0688

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, at: <http://www.ituran.com>



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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 444,000 subscribers distributed globally. Established in 1995, Ituran has approximately 900 employees worldwide, provides its location based services and has a market leading position in Israel, Brazil, Argentina and the United States.

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**** FINANCIAL TABLES TO FOLLOW ****