



## ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

### ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FIRST QUARTER OF 2008

*Pro-forma first quarter 2008 revenues grow by 41% over last year reaching \$32.8m*

**AZOUR, Israel – May 14, 2008** – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the first quarter ended March 31, 2008.

#### **Highlights of the Quarter**

- Strong year over year top-line and subscriber growth
- Growth in average revenue per user
- Improved year over year pro-forma gross margins
- A 20,000 net subscriber increase from the 444,000 subscribers as of December 31st, 2007 to a record of 464,000 as of March 31<sup>st</sup>, 2008

As previously announced, the sale of Telematics was completed on December 31<sup>st</sup>, 2007. The results of the first quarter of 2008 therefore exclude the contribution of Telematics. The pro-forma results of the comparable quarter in 2007 also exclude the contribution of Telematics, to enable investors to compare Ituran's historical results with current results on a similar basis.

#### **First quarter Results**

Revenues for the first quarter of 2008 reached US\$32.8 million. This represents a 41% increase compared with pro-forma revenues of US\$23.3 million in the first quarter of last year. The increase in revenues was primarily driven by the strong growth in the Company's subscriber base particularly in Brazil and Israel during the quarter, revenues from the recently acquired MAPA businesses, the increased average revenue per user and the weak US dollar.

Operating profit for the first quarter of 2008 was US\$6.3 million (19.1% of revenues) compared with a pro-forma operating profit of US\$4.6 million (19.7% of revenues) in the first quarter of 2007. The operating margin was slightly lower than that of last year due to the previously announced increased investment in sales and marketing, and building Ituran's platform for growth, which started in the second half of last year, as well as the significant devaluation of the US dollar against the Israeli shekel. Excluding the effect of the weakening of the US dollar, the margin would have been higher than that of the first quarter last year.

EBITDA for the quarter was \$8.5 million (25.9% of revenues) compared to a pro-forma EBITDA of \$5.9 million (25.2% of revenues) in the first quarter of last year.

Financial expense in the quarter was US\$4.4 million as compared with a pro-forma financial income of \$331 thousand in the first quarter of last year.

The unusually high financial expense is as a result of the strong devaluation of the US dollar against the Israeli shekel during the quarter.

The Company's functional currency in Israel is the Israeli shekel and therefore for reporting purposes the Company's accounts are prepared in shekels and translated to US dollars. Therefore,



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due to the fact that most of the Company's cash is held in dollars, in shekel terms this amount was reduced by approximately NIS 16 million (US\$ 4.3 million) in the quarter. Thus, Ituran recorded a financial charge of \$4.3 million in the quarter, despite the fact that this cash did not change in value in dollar terms.

Given that the primary purpose of Ituran's cash holdings is for the acquisition of synergistic business which are priced in US dollars, management believes that it is strategically prudent to maintain its cash holdings in US dollars, in order to hedge against currency fluctuations which may affect its ability to make potential acquisitions, despite the short term fluctuations in the Company's profit and loss statement that this may cause.

GAAP net profit was US\$862 thousand in the first quarter of 2008 (2.6% of revenues), compared with a pro-forma net profit of US\$3.5 million (14.9% of revenues), as reported in the first quarter of 2007. Fully diluted GAAP EPS in the first quarter of 2008 were US\$0.04, compared with US\$0.15 per fully diluted share in the first quarter of 2007.

Excluding the abovementioned financial charge, net profit in the quarter was US\$4.0 million (12.2% of revenues) and fully diluted EPS was US\$0.18.

Cash flow from operations during the quarter was US\$1.8 million. Excluding the above-mentioned financial charge, cash flow from operations was US\$6.1 million. During the quarter, the company repurchased 1.1 million of its shares for a total of US\$13.2 million.

As of March 31st, 2008 the company had a net cash position (including marketable securities) of US\$85.7 million compared with US\$37.9 million on December 31st, 2007.

**Eyal Sheratzky, Co-CEO of Ituran** said, "Our first quarter was a record quarter in terms of subscriber and revenue increase, driven by strong growth in our business in both Israel and Brazil in particular. This was mainly as a result of increasing our investment in marketing and sales, and building our platform for growth in the second half of last year."

"In Israel, where the strong macro-economic environment has been driving new car sales, we are seeing the fruits of both the recent acquisition of Mapa which is gaining traction amongst our customers, and of our increased recent efforts on customer retention," continued Mr. Sheratzky. "In Brazil, in which we now have nationwide coverage combining GPRS and our location based technology, our services are gaining traction around the country. In fact, in Brazil our net additional subscribers during the first quarter of 2008 were more than twice the average quarterly net increase in subscribers last year. We continue to build strong relationships with the insurance companies and car manufacturers, and we see a strong catalyst which can accelerate our growth in the form of recent regulation requiring all new cars, from June 2009, to include location technology."

Mr. Sheratzky concluded, "In the first quarter of 2008, we have already been rewarded for our efforts in 2007. While we had a strong start to the year, I expect that we will continue to show sequential quarterly growth in revenues and profit throughout 2008. Moving forward, we are a leaner business with a strong focus on what we do best- that of providing location based services and related applications, with catalysts for additional growth potential. We hope to continue to share our success with our shareholders throughout the coming years," concluded Mr. Sheratzky.



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### Conference Call Information

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**The Company will also be hosting a conference call later today, May 14th, 2008 at 10:00am ET.** 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: 10:00am Eastern Time, 7:00am Pacific Time, 5:00pm 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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*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 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 464,000 subscribers distributed globally. Established in 1995, Ituran has approximately 1000 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 \*\***