



ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE SECOND QUARTER 2016

Record Revenues of \$49 million in the quarter; Subscribers reach over 1 million

AZOUR, Israel – August 11, 2016 – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the second quarter ended June 30, 2016.

Highlights of the Second Quarter

- Strong net subscribers adds in the quarter amounting to 27 thousand, reaching 1,012,000 subscribers;
- Revenue of \$49.3 million, up 12% year-over-year;
- Gross margins of 51.7%;
- Operating profit of \$12.0 million (margin of 24.3%), up 19% year-over-year;
- Generated \$9.6 million in operating cash flow;
- Dividend of \$3.8 million declared for the quarter;

Second Quarter 2016 Results

Revenues for the second quarter of 2016 were \$49.3 million, representing an increase of 12% from revenues of \$43.8 million in the second quarter of 2015. The significant strengthening of the US Dollar versus the Brazilian Real and the Argentinean Peso, compared with the level during the second quarter of 2015 reduced the overall revenue level in US Dollars. Excluding the exchange rate impact, the increase in revenues would have been 23% over the second quarter of last year. 72% of revenues were from location based service subscription fees and 28% from product revenues.

Revenues from subscription fees increased 10% over the same period last year. In local currency terms, subscription fees increased 24%, primarily due to the growth in the subscriber base which expanded from 879,000 as of June 30, 2015, to 1,012,000 as of June 30, 2016.

Product revenues increased by 19% compared with the same period last year. There is almost no impact from the year-over-year changes in exchange rates to the product revenues.

Gross profit for the second quarter of 2016 was \$25.5 million (51.7% of revenues), an increase of 15% compared with \$22.2 million (50.8% of revenues) in the second quarter of 2015. The gross margin on subscription fees was 65.8% and the gross margin on products was 16.0%. The weakening of the Brazilian Real and the Argentinean Peso versus the US Dollar had a negative impact on the margin.

Operating profit for the second quarter of 2016 was \$12.0 million (24.3% of revenues), an increase of 19% compared with an operating profit of \$10.0 million (22.9% of revenues) in the second quarter of 2015. Excluding the impact of the change in exchange rates over the period, the operating profit would have increased 36% over the second quarter of 2015.



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EBITDA for the quarter was \$14.8 million (30.1% of revenues), an increase of 17% compared to an EBITDA of \$12.7 million (29.0% of revenues) in the second quarter of 2015. Excluding the impact of the change in exchange rates over the period, the EBITDA would have increased by 24% over the second quarter of last year.

Net profit was US\$7.6 million in the second quarter of 2016 (15.5% of revenues) or fully diluted EPS of US\$0.36, an increase of 31% compared with a net profit of US\$5.8 million (13.3% of revenues) or fully diluted EPS of US\$0.28 in the second quarter of 2015. Excluding the impact of the change in exchange rates over the period, the net profit would have increased 52% over the second quarter of last year.

Cash flow from operations for the quarter was \$9.6 million.

As of June 30, 2016, the Company had net cash, including marketable securities, of \$25.8 million or \$1.23 per share. This is compared with \$27.2 million or \$1.30 per share as at March 31, 2016.

Dividend

For the second quarter of 2016, a dividend of \$3.8 million was declared in line with the Company's stated policy of issuing at least 50% of net profits in a dividend, on a quarterly basis.

Eyal Sheratzky, Co-CEO of Ituran said, "We are very pleased with our record results and we are especially pleased to surpass the 1 million subscriber milestone. With regard to IRT, our jointly owned JV providing the telematic services for a leading car manufacturer in both Brazil and Argentina, we are pleased with its progress so far and it is moving ahead in accordance with our plan. Furthermore, we are constantly adding value-added services for our subscribers, making our product offering ever more attractive. These include advanced fleet management services, driver behavior intelligence, as well as other connected car services. I remain optimistic with regard to our future in 2016 and beyond."

Conference Call Information

The Company will also be hosting a conference call later today, August 11, 2016 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: 1 888 407 2553
ISRAEL Dial-in Number: 03 918 0610
CANADA Dial-in Number: 1 888 604 5839
INTERNATIONAL Dial-in Number: +972 3 918 0610

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.



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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

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

VP Finance, Ituran

(Israel) +972 3 557 1348

International Investor Relations

Ehud Helft / Gavriel Frohwein

ituran@gkir.com

GK Investor Relations

(US) +1 646 688 3559