



ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

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

Record Subscriber Growth of 37k in the quarter

AZOUR, Israel – May 23, 2016 – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the first quarter ended March 31, 2016.

Highlights of the First Quarter

- Strong net subscribers adds in the quarter amounting to 37 thousand, reaching 985 thousand subscribers;
- Revenue of \$47.2 million, up 7% year-over-year;
- Gross margins of 50.4%;
- Operating profit of \$11.5 million (margin of 24.4%), up 10% year-over-year;
- Generated \$5.4 million in operating cash flow;
- Dividend of \$3.6 million declared for the quarter;

First Quarter 2016 Results

Revenues for the first quarter of 2016 were \$47.2 million, representing an increase of 7% from revenues of \$44.2 million in the first quarter of 2015. The significant strengthening of the US Dollar versus the Brazilian Real, Argentinean Peso as well as the Israeli Shekel, compared with the level during the first quarter of 2015 reduced the overall revenue level in US Dollars. Excluding the exchange rate impact, the increase in revenues would have been 24% over the first quarter of last year. 68% of revenues were from location based service subscription fees and 32% from product revenues.

Revenues from subscription fees increased by 1% 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 845,000 as of March 31, 2015, to 985,000 as of March 31, 2016.

Product revenues increased by 23% compared with the same period last year. In local currency terms, product revenues grew by 23% compared with product revenues reported in the first quarter of 2015.

Gross profit for the first quarter of 2016 was \$23.8 million (50.4% of revenues), an increase of 2% compared with \$23.4 million (52.9% of revenues) in the first quarter of 2015. The gross margin on subscription fees was 65.1% and the gross margin on products was 19.0%. The decrease in the overall gross margin was due to the revenue mix which included a higher proportion of product revenues. In addition, 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 first quarter of 2016 was \$11.5 million (24.4% of revenues), an increase of 10% compared with an operating profit of \$10.5 million (23.8% of revenues) in the first quarter of 2015. Excluding the impact of the change in exchange rates over the period, the operating profit would have increased 36% over the first quarter of 2015.



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EBITDA for the quarter was \$14.1 million (29.9% of revenues), an increase of 7% compared to an EBITDA of \$13.2 million (29.9% of revenues) in the first quarter of 2015. Excluding the impact of the change in exchange rates over the period, the EBITDA would have increased by 35% over the first quarter of last year.

Net profit was US\$7.1 million in the first quarter of 2016 (15.0% of revenues) or fully diluted EPS of US\$0.34. This is compared with a net profit of US\$6.8 million (15.4% of revenues) or fully diluted EPS of US\$0.32 in the first quarter of 2015. Excluding the impact of the change in exchange rates over the period, the net profit would have increased 32% over the first quarter of last year.

Cash flow from operations for the quarter was \$5.4 million.

As of March 31, 2016, the Company had net cash, including marketable securities, of \$27.2 million or \$1.30 per share. This is compared with \$28.9 million or \$1.38 per share as at December 31, 2015.

Dividend

For the first quarter of 2016, a dividend of \$3.6 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 results, representing a great start to 2016, and this is despite the financial headwinds from the significant devaluation of our operating currencies versus the dollar over the past year. Our record net subscriber-adds in the quarter puts us on the cusp of a million subscribers. This large base, combined with the recent accelerated growth in subscribers, positions us exceptionally well for ongoing strong financial performance. Furthermore, starting later this year and over the coming years, we see additional upside from IRT, our jointly owned JV providing the telematic services for a leading car manufacturer in both Brazil and now Argentina. Given the more favorable currency environment as seen so far in 2016, I am very optimistic with regard to our near-term as well as the long-term future."



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Conference Call Information

The Company will also be hosting a conference call later today, May 23, 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: 1 866 485 2399
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.

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 985,000 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

ituran@gkir.com

GK Investor Relations

(US) +1 646 201 9246