



## ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

### ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FIRST QUARTER 2015

*First Quarter Revenue of \$44.2m; EBITDA of \$13.2m; Subscriber growth of 28k*

**AZOUR, Israel – May 18, 2015** – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the first quarter ended March 31, 2015.

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

- Record net subscribers adds in the quarter amounting to 28 thousand;
- In local currencies, double digit year-over-year growth in all parameters;
- Revenue of \$44.2 million;
- Gross margins of 52.9% and operating margins at 23.8%;
- EBITDA of \$13.2 million or 29.9% of revenues;
- Generated \$8.7 million in operating cash flow;
- Dividend of \$3.4 million declared for the quarter;

#### **First Quarter 2015 Results**

Revenues for the first quarter of 2015 were \$44.2 million, representing a decline of 2.8% from revenues of \$45.5 million in the first quarter of 2014. The significant weakening of the Brazilian Real, Israeli Shekel and Argentinean Peso versus the US Dollar over the period reduced the revenue level in US Dollars. Excluding the exchange rate impact, the increase in revenues would have been 11% over the first quarter of last year. 72% of revenues were from location based service subscription fees and 28% from product revenues.

Revenues from subscription fees declined 1% over the same period last year. This was despite strong growth in the subscriber base, which expanded from 758,000 as of March 31, 2014, to 845,000 as of March 31, 2015. Excluding the impact of the above-mentioned changes in the exchange rates over the period, the increase in revenues from services would have been 15% over the first quarter of last year.

Product revenues decreased by 8% compared with the same period last year. This was due to the significant weakening of the various currencies in which Ituran sells its products, mainly the Israeli shekel, versus the US Dollar. In local currency terms, product revenues grew by 2% compared with product revenues reported in the first quarter in 2014.

Gross profit for the first quarter of 2015 was \$23.4 million (52.9% of revenues), a decrease of 1.5% compared with \$23.7 million (52.2% of revenues) in the first quarter of 2014.

Operating profit for the first quarter of 2015 was \$10.5 million (23.8% of revenues), a decrease of 10% compared with an operating profit of \$11.7 million (25.7% of revenues) in the first quarter of 2014. Excluding the impact of the change in exchange rates over the period, the operating profit would have increased by 9% over the first quarter of last year.

EBITDA for the quarter was \$13.2 million (29.9% of revenues), a decrease of 8% compared to an EBITDA of \$14.4 million (31.7% of revenues) in the first quarter of 2014. Excluding the impact of the change in exchange rates over the period, the EBITDA would have increased by 11% over the first quarter of last year.



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Net profit was US\$6.8 million in the first quarter of 2015 (15.4% of revenues) or fully diluted EPS of US\$0.33. This is compared with a net profit of US\$7.3 million (16.1% of revenues) or fully diluted EPS of US\$0.35 in the first quarter of 2014.

Cash flow from operations during the quarter was \$8.7 million.

As of March 31, 2015, the Company had net cash, including marketable securities, of \$35.3 million or \$1.68 per share. This is compared with \$40.8 million or \$1.94 per share as at December 31, 2014. During the quarter, Ituran paid out \$4.4 million in a dividend payment to shareholders.

### **Dividend**

For the first quarter of 2015, a dividend of \$3.4 million (50% of net profits) 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.

### **Management Comment**

**Eyal Sheratzky, Co-CEO of Ituran said,** "We are very pleased with our performance in the first quarter which is somewhat masked by the weakening of the local currencies in which we operate versus the Dollar. Our subscriber base grew at a fantastic pace, adding 28,000 in a quarter. This is an unprecedented rate for us and sets the stage for solid growth in revenue and margin improvement, due to our inherent operational leverage, for quarters to come. The strong increase in subscribers is primarily due to the expansion of our business in Brazil. Over the past few quarters, we have begun selling an increased range of solutions to a wider audience and we are now beginning to reap the fruits of this investment."

### **Conference Call Information**

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**The Company will also be hosting a conference call later today, May 18, 2015 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 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.



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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 845,000 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**

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### **International Investor Relations**

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