



ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

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

Record Revenues of \$52.8m in the quarter; Record net income of \$8.2m

AZOUR, Israel – November 15, 2016 – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the third quarter ended September 30, 2016.

Highlights of the Third Quarter

- Net subscribers adds in the quarter amounting to 23,000, reaching 1,035,000 subscribers;
- Revenue of \$52.8 million, up 20% year-over-year;
- Gross margin of 50.0% and operating margin of 21.9%; excluding a one-time expense, operating margin was 24.2%;
- Net income of \$8.2 million, up 32% year-over-year;
- Generated \$12.0 million in operating cash flow;
- Dividend of \$4.1 million declared for the quarter;

Third Quarter 2016 Results

Revenues for the third quarter of 2016 were \$52.8 million, representing an increase of 20% from revenues of \$43.8 million in the third quarter of 2015. 70% of revenues were from location based service subscription fees and 30% were from product revenues.

Revenues from subscription fees increased by 18% over the same period last year. The growth was driven primarily due to the increase in the subscriber base, which expanded from 915,000 as of September 30, 2015, to 1,035,000 as of September 30, 2016.

Product revenues increased by 27% compared with the same period last year. The main contribution to growth was due to sales in Israel.

Gross profit for the third quarter of 2016 was \$26.4 million (50.0% of revenues), an increase of 20% compared with \$22.0 million (50.2% of revenues) in the third quarter of 2015. The gross margin in the quarter on subscription fees was 65.7% compared with 62.6% in the same period last year. The gross margin in the quarter on products was 12.7% compared with 18.5% in the same period last year.

Other Expenses were \$1.0 million which included a one-time \$1.2 million expense related to the repurchase, by the Company, of a former employee's options in Ituran Brazil.

Operating profit for the third quarter of 2016 was \$11.6 million (21.9% of revenues), an increase of 18% compared with an operating profit of \$9.8 million (22.4% of revenues) in the third quarter of 2015. Excluding the above-mentioned one-time expense, the operating profit would have been \$12.8 million (24.2% of revenues), representing an increase of 30%.

During the quarter, share in affiliates, net was an income of \$753 thousand versus a loss of \$638 thousand in the same quarter of last year. The change was due to a capital gain of \$1.2 million, resulting from a dilutive event at an affiliate.

EBITDA for the quarter was \$14.6 million (27.7% of revenues), an increase of 17% compared to an EBITDA of \$12.5 million (28.6% of revenues) in the third quarter of 2015. Excluding the above-



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mentioned one-time expense, EBITDA for the quarter would have been \$15.8 million (29.9% of revenues), representing an increase of 26%.

Net profit was \$8.2 million in the third quarter of 2016 (15.4% of revenues) or fully diluted EPS of \$0.39, an increase of 32% compared with a net profit of \$6.2 million (14.1% of revenues) or fully diluted EPS of \$0.29 in the third quarter of 2015.

Cash flow from operations for the quarter was \$12.0 million.

As of September 30, 2016, the Company had net cash, including marketable securities, of \$26.0 million or \$1.24 per share. This is compared with \$25.8 million or \$1.23 per share as at June 30, 2016.

Dividend

For the third quarter of 2016, a dividend of \$4.1 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 pleased with our results and our strong performance to date in 2016. As our subscriber base continues to grow, having surpassed 1 million subscribers last quarter, we increasingly enjoy the operating leverage inherent in our business, and our subscriber gross margin has now surpassed 65% throughout 2016. I look forward to continued growth as we move into 2017 and beyond."

Conference Call Information

The Company will also be hosting a conference call later today, November 15, 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: 1 866 860 9642
ISRAEL Dial-in Number: 03 918 0687
CANADA Dial-in Number: 1 888 604 5839
INTERNATIONAL Dial-in Number: +972 3 918 0687

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 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