

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FIRST QUARTER OF 2019

Revenue of \$73.6 million, Net Profit of \$8.1 million & adjusted EBITDA of \$20.9 million;

AZOUR, Israel – May 21, 2019 – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the first quarter ended March 31, 2019.

Highlights of the first quarter of 2019

- Revenue of \$73.6 million, up 17% year-over-year;
- Adjusted EBITDA of \$20.9 million (27.9% of revenues), up 9% year-over-year
- Generated \$14.9 million in quarterly operating cash flow;
- Dividend of \$5 million declared for the quarter;
- Board of Directors approves share buy-back of up to \$25 million;

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “As we move through 2019, Ituran is a company on a new scale with significantly greater potential. The process of consolidating and combining Road Track with Ituran continues and we are working on building the top-line synergies in many of our regions. We look forward to reaping the rewards from our already highly successful and growing business over the coming quarters and years.”

Mr. Sheratzky added, “Today the board declared a share buy-back of up to \$25 million. We believe that the ability to buy back of our own shares, depending on market conditions, is a tool that will contribute to shareholders value over the long term.”

The results below also include consolidated non-GAAP financial results of Ituran, which exclude revenues and costs related to the purchase price allocation. For further details with regard to the reconciliation between the non-GAAP and GAAP results please see the financial tables with the press release.

First quarter 2019 Results

Revenues for the first quarter of 2019 were \$73.6 million. Non-GAAP revenues for the quarter were \$74.6 million representing an increase of 18% compared with revenues of \$63.1 million in the first quarter of 2018.

The significantly higher average level of the US dollar exchange rate versus the Brazilian real, the Argentinean peso and the Israeli shekel, during the quarter versus the same period last year reduced the overall revenue level in US dollar terms and had a negative impact on the reported year-over-year revenue growth rate. In local currency terms, first quarter revenue grew 32% year over year.

72% of revenues were from location based service subscription fees and 28% were from product revenues.

Non-GAAP revenues from subscription fees increased 19% over the same period last year. In local currency terms, subscription fees grew 36% over the same period last year. The subscriber base amounted to 1,782,000 as of March 31, 2019.

Product revenues increased 18% compared with the same period last year.

Gross profit for the quarter was \$34.6 million (47.1% of revenues). Non-GAAP gross profit for the quarter was \$35.9 million (48.1% of revenues). This represents an increase of 14% compared with gross profit of \$31.5 million (49.9% of revenues) in the first quarter of 2018.

The non-GAAP gross margin in the quarter on subscription fees was 58.4% compared with 64.8% in the same period last year. The lower margin was due to the lower average gross margin on the recently acquired subscribers.

The non-GAAP gross margin in the quarter on products was 20.9% compared with 10.7% in the same period last year. The higher gross margin in the current quarter was due to the product mix sold during the quarter.

Operating profit for the quarter was \$13.5 million (18.3% of revenues). Non-GAAP operating profit for the quarter was \$16.2 million (21.6% of revenues) which represents an increase of 4%, compared with operating profit of \$15.5 million (24.6% of revenues) in the first quarter of 2018. In local currency terms, the year-over-year increase was 23%.

Adjusted EBITDA for the quarter was \$20.9 million (27.9% of revenues), an increase of 9% compared to \$19.2 million (30.4% of revenues) in the first quarter of 2018. In local currency terms, the increase was 29% year-over-year.

Net income in the first quarter of 2019 was \$8.1 million (10.9% of revenues) or fully diluted earnings per share of \$0.38. Net income on a non-GAAP basis in the first quarter of 2019 was \$10.7 million (14.3% of revenues) or fully diluted earnings per share of \$0.50. This represents a decline of 5% compared with a net income of \$11.3 million (17.9% of revenues) or fully diluted earnings per share of \$0.54 in the first quarter of 2018. In local currency terms the year-over-year increase in net income was 14%.

Cash flow from operations for the quarter was \$14.9 million.

As of March 31, 2019, the Company had cash, including marketable securities, of \$54.5 million and debt of \$73.6 million, amounting to a net debt of \$19.1 million or \$0.89 per share. This is compared with cash, including marketable securities, of \$53.3 million and debt of \$73.2 million, amounting to a net debt of \$19.9 million, or \$0.93 per share, as of December 31, 2018.

Dividend

For the first quarter of 2019, a dividend of \$5.0 million was declared in line with the Company's stated current policy of issuing at least \$5 million on a quarterly basis.

Share Buy Back

The board of directors approved a share buyback program under which the Company will be able to repurchase Ituran shares in an amount up to \$25 million by December 31, 2020.

Conference Call Information

The Company will also be hosting a conference call later today, May 21, 2019 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 0644
CANADA Dial-in Number: 1 888 604 5839
INTERNATIONAL Dial-in Number: +972 3 918 0644

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 is a leader in the emerging mobility technology field, providing value-added location-based services, including a full suite of services for the connected-car. Ituran offers Stolen Vehicle Recovery, fleet management as well as mobile asset location, management & control services for vehicles, cargo and personal security for the retail, insurance industry and car manufacturers. Ituran is the largest OEM telematics provider in Latin America. Its products and applications are used by customers in over 20 countries. Ituran is also the founder of the Tel-Aviv based DRIVE startup incubator to promote the development of smart mobility technology.

Ituran's subscriber base has been growing significantly since the Company's inception to approaching 2 million subscribers using its location based services with a market leading position in Israel and Latin America. Established in 1995, Ituran has over 3,000 employees worldwide, with offices in Israel, Brazil, Argentina, Mexico, Ecuador, Columbia, India, Canada and the United States.

For more information, please visit Ituran's website, at: www.ituran.com

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