

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

Revenue of \$71.2 million, Net Profit of \$7.7 million & EBITDA of \$19.4 million;

AZOUR, Israel – August 28, 2019 – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the second quarter ended June 30, 2019.

Highlights of the second quarter of 2019

- Non-GAAP revenue of \$72.2 million, up 25% year-over-year;
- Adjusted EBITDA of \$20.6 million (28.5% of revenues), up 15% year-over-year
- Generated \$16.3 million in quarterly operating cash flow;
- Dividend of \$5 million declared for the quarter;
- Ituran added 21,000 net after-market subscribers;
- Second insurance company signed for Ituran's UBI (usage based insurance) in Israel;

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “We are very pleased that our aftermarket subscriber quarterly growth rate has jumped back above the 20,000 range for the first time in five quarters. This is a sign that our aftermarket business is now back to its strong performance trend. As this is the more profitable part of our business, we believe our stronger aftermarket subscriber growth will translate into improved operating results in the coming quarters, and more prominently in 2020.”

Continued Mr. Sheratzky, “We are pleased with the progress and momentum that our UBI offering is making. We recently signed our second customer in Israel, Shlomo Insurance, and we expect to bring additional customers in the coming months. This offering has significant potential for Ituran and represents an additional growth engine for us.”

Concluded Mr. Sheratzky, “We are working hard at integrating and extracting synergies from the new geographies we have penetrated through Road Track. We see strong cross selling opportunities and we expect this to positively impact our results in the future.”

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.

Second Quarter 2019 Results

Revenues for the second quarter of 2019 were \$71.2 million. Non-GAAP revenues for the quarter were \$72.2 million representing an increase of 25% compared with revenues of \$57.7 million in the second quarter of 2018.

The significantly higher average level of the US dollar exchange rate versus the Brazilian real and the Argentinean peso, 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, second quarter non-GAAP revenue grew 33% year over year.**

73% of revenues were from location based service subscription fees and 27% were from product revenues.

Non-GAAP revenues from subscription fees were \$52.7 million, representing an increase of 27% over the same period last year. In local currency terms, subscription fees grew 37% over the same period last year. The subscriber base amounted to 1,758,000 as of June 30, 2019. **Ituran added 21,000 net after-market subscribers during the quarter.**

Product revenues were \$19.6 million, representing an increase of 21% compared with the same period last year.

Gross profit for the quarter was \$33.5 million (47.0% of revenues). Non-GAAP gross profit for the quarter was \$34.5 million (47.8% of revenues). This represents an increase of 19% compared with gross profit of \$28.9 million (50.1% of revenues) in the second quarter of 2018.

The non-GAAP gross margin in the quarter on subscription fees was 57.2% compared with 63.9% 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 22.3% compared with 14.8% 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 \$13.6 million (19.1% of revenues). Non-GAAP operating profit for the quarter was \$15.5 million (21.5% of revenues) which represents an increase of 5%, compared with operating profit of \$14.8 million (25.6% of revenues) in the second quarter of 2018. **In local currency terms, the year-over-year increase in non-GAAP operating profit was 13%.**

Adjusted EBITDA for the quarter was \$20.6 million (28.5% of revenues), an increase of 16% compared to \$17.8 million (30.9% of revenues) in the second quarter of 2018. **In local currency terms, the increase in adjusted EBITDA was 24% year-over-year.**

Net income in the second quarter of 2019 was \$7.7 million (10.8% of revenues) or fully diluted earnings per share of \$0.37. Net income on a non-GAAP basis in the second quarter of 2019 was \$9.6 million (13.3% of revenues) or fully diluted earnings per share of \$0.46. This represents a decline of 20% compared with a net income of \$12.0 million (20.8% of revenues) or fully diluted earnings per share of \$0.57 in the second quarter of 2018. **In local currency terms the year-over-year decrease in non-GAAP net income was 13%.**

The decrease in net income was primarily due to the increase in the finance expenses, primarily related to the acquisition of RoadTrack, and due to increased losses in affiliated company, Bringg, which is one of Ituran's early-stage company investments.

Cash flow from operations for the quarter was \$16.3 million.

As of June 30, 2019, the Company had cash, including marketable securities, of \$62.8 million and debt of \$76.2 million, amounting to a net debt of \$13.4 million or \$0.64 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 second 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

On May 21, 2019, the board of directors approved a share buyback program, which Ituran has commenced. Under the program, the Company is 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, August 28, 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: 1 888 668 9141
ISRAEL Dial-in Number: 03 918 0609
CANADA Dial-in Number: 1 888 604 5839
INTERNATIONAL Dial-in Number: +972 3 918 0609
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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