

## **ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE THIRD QUARTER 2018**

*Net profit of \$26.1m; EBITDA of \$17.0m;  
Closed Acquisition of RT Holdings; Number of Subscribers at 1.75 million*

**AZOUR, Israel – November 26, 2018** – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the third quarter ended September 30, 2018.

### **Highlights of the third quarter of 2018**

- Closed acquisition of the majority stake in Road Track Holdings in mid-September with minimal impact on the financial results of the quarter;
- Revenue of \$53.4 million and operating profit of \$13.7 million (margin of 25.7%)
- Net profit of \$26.1 million (including one-time income of \$13.8 million);
- EBITDA of \$17.0 million (31.8% of revenue); in local currency terms, EBITDA grew by 13%;
- Dividend of \$5 million declared for the quarter;

### **Third Quarter 2018 Results**

The closing of the acquisition of Road Track Holdings on September 13, 2018, brought slightly over half a million subscribers and the subscriber base reached 1,752,000 subscribers as of September 30, 2018 compared with 1,137,000 subscribers as of September 30, 2017. Because the acquisition happened toward the end of the third quarter, there was minimal impact on the consolidated profit and loss statement for the quarter.

Revenues for the third quarter of 2018 were \$53.4 million, compared with revenues of \$60.6 million in the third quarter of 2017. 73% of revenues were from location based service subscription fees and 27% were from product revenues.

The significant strengthening of the US dollar versus the Brazilian real and the Argentinean peso during the third quarter versus the prior quarter as well as the third quarter of 2017 reduced the overall revenue level in US dollars and impacted the growth rate of the revenues in US dollar terms.

Revenues from subscription fees were \$39.1 million, compared with \$43.8 million in the third quarter last year. Excluding the exchange rate impact, the revenues from subscription fees would have grown by 3.4% year-over-year.

Revenue from products were \$14.3 million compared with \$16.8 million in the third quarter of last year. The New Year holiday season in Israel fell fully in the third quarter of 2018, while it was divided between the third and fourth quarter of last year, leading to less days of sales in Israel and lower product revenue during the current quarter. In addition, the above mentioned exchange rate volatility also impacted the product revenues. In local currency terms, product revenues would have declined by 13% year-over-year.

Gross profit for the third quarter of 2018 was \$28.9 million (54.1% of revenues), compared with \$30.5 million (50.4% of revenues) in the third quarter of 2017.

The gross margin on subscription fees were 65.3% compared with 66.7% in the same period last year. The gross margin on product sales were 23.4% compared with 7.6% in the same period last year. The change in gross margin was mainly due to the product sales mix sold during the quarter.

Operating profit for the third quarter of 2018 was \$13.7 million (25.7% of revenues), compared with an operating profit of \$13.9 million (22.9% of revenues) in the third quarter of 2017. Excluding the impact of the change in exchange rates over the period, the operating profit would have increased 15% over the third quarter of 2017.

During the quarter, Ituran had a one-time other income of \$13.8 million. This was related to an accounting gain from an acquisition following the gain of control of Ituran's joint venture with Road Track Holdings in Brazil and Argentina, which under GAAP rules, is accounted for at market value and was therefore revalued. The total gain is net of transaction related expenses.

During the quarter, share in affiliates, net was an income of \$1.6 million versus an income of \$1.0 million in the same quarter of last year.

EBITDA for the quarter was \$17.0 million (31.8% of revenues), compared to an EBITDA of \$17.4 million (28.7% of revenues) in the third quarter of 2017. Excluding the impact of the change in exchange rates over the period, the EBITDA would have increased by 13%.

Net profit was \$26.1 million in the third quarter of 2018 (48.8% of revenues) or fully diluted EPS of \$1.24. This is compared with a net profit of \$10.5 million (17.4% of revenues) or fully diluted EPS of \$0.50 in the third quarter of 2017.

Cash flow from operations for the quarter was \$14.8 million.

As of September 30, 2018, the Company had cash, including marketable securities, of \$57.4 million. The company also had short and long-term debt of \$84.9 million. On a net basis, the net debt of the company was \$27.5 million, compared with net cash of \$40.4 million as of December 31, 2017.

### **Ituran consolidated non-GAAP Pro-Forma Financials**

On September 13, 2018, Ituran closed its acquisition of 81.3% of Road Track Holdings. In order to aid investor's understanding of how to model Ituran following the acquisition, the consolidated non-GAAP pro-forma financials of Ituran and Road Track Holdings for the first nine months of 2018 are included in the table below.

US\$ millions	<b>Actual results</b> (9 months ended September 30, 2018)	<b>Non-GAAP Pro-forma results</b> (9 months ended September 30, 2018)	<b>Non-GAAP pro-forma at constant currency ex-rates</b> (based on average 2017 exchange rates)
<b>Revenue</b>	174.2	270.4	286.8
<b>EBIT</b>	44.1	59.2	65.9
<b>Net profit</b>	49.3*	41.9	46.6

\*Please note that the actual net profit in the table above includes a \$13.8 million one-time income while the non-GAAP pro-forma does not include this.

## **Dividend**

For the third quarter of 2018, 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.

## **Management Comment**

**Eyal Sheratzky, Co-CEO of Ituran said,** "Ituran continues to grow and is performing well. Again, significant local currency weakness versus the dollar had an impact on our financials. As the solid improvement in our margins indicates, the health of the underlying business is strong and allows us to continually grow profitably for the long-term, independent of the short-term volatility."

**Continued Mr. Sheratzky,** "We closed the third quarter consolidating Road Track, a company we had been working with closely for five years in Brazil and Argentina. Ituran is now a Company on a completely new scale adding significant operations throughout Latin America. While the impact on our P&L was not significant in the current quarter, we ended the quarter with over 1.7 million subscribers. In only a few weeks since the close, we are already working on leveraging the synergies, given our new scale in the telematics market in Latin America. We look forward to our continued growth and expansion for the foreseeable future."

## **Conference Call Information**

---

**The Company will also be hosting a conference call later today, November 26, 2018 at 10 am 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 0610**  
**CANADA Dial-in Number: 1 888 604 5839**  
**INTERNATIONAL Dial-in Number: +972 3 918 0610**

**At:**

**10:00am Eastern Time, 7:00am Pacific Time, 5:00pm 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 well over 1.7 million subscribers using its location based services with a market leading position in Israel and Latin America. Established in 1995, Ituran has over 3,400 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](http://www.ituran.com)

---

### Company Contact

Udi Mizrahi

[udi\\_m@ituran.com](mailto:udi_m@ituran.com)

**VP Finance, Ituran**

(Israel) +972 3 557 1348

---

### International Investor Relations

Ehud Helt

[ituran@gkir.com](mailto:ituran@gkir.com)

**GK Investor & Public Relations**

(US) +1 646 201 9246