



ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FOURTH QUARTER 2013

Record Revenue of \$43.6m and record EBITDA of \$14.6m

AZOUR, Israel – February 19, 2014 – Ituran Location and Control Ltd. (NASDAQ: ITRN, TASE: ITRN), today announced its consolidated financial results for the fourth quarter and full year ended December 31, 2013.

Highlights of the fourth quarter

- The highest ever increase in net subscribers in the quarter amounting to 20 thousand, to a record of 741 thousand as of December 31, 2013;
- Record gross margin at 52.9%;
- Record EBITDA of \$14.6 million or 33.5% of revenues;
- Generated \$12.6 million in operating cash flow; ended the quarter with \$46.6 million in net cash (including deposits in escrow);
- Dividend of \$8.0 million declared for the quarter;

Fourth quarter 2013 Results

Revenues for the fourth quarter of 2013 were \$43.6 million, representing a 14% growth from revenues of \$38.2 million in the fourth quarter of 2012. 74% of revenues were from location based service subscription fees and 26% from product revenues.

Revenues from subscription fees increased 11% over the same period last year. The increase in subscription fees was primarily due to the growth in the subscriber base, which expanded from 667,000 as of December 31, 2012, to 741,000 as of December 31, 2013.

Product revenues increased by 26% compared with the same period last year. This increase was driven primarily by increased sales in Israel.

Gross profit for the fourth quarter of 2013 was \$23.1 million (52.9% of revenues), an increase of 20% compared with \$19.2 million (50.2% of revenues) in the fourth quarter of 2012.

Operating profit for the fourth quarter of 2013 was \$8.0 million (18.4% of revenues), an increase of 0.3% compared with an operating profit of \$8.0 million (21.0% of revenues) in the fourth quarter of 2012. There was a one-time operating expense of \$3.5 million due to a write-off of goodwill and intangible assets related to Mapa in the fourth quarter of 2013. It is important to note that the write-off is a non-cash item and has no effect on cash or EBITDA generated during the quarter.

Excluding the one-time operating expense, operating income was \$11.5 million (26.4% of revenues), and representing an increase of 33% compared with the fourth quarter of last year.

EBITDA for the quarter was \$14.6 million (33.5% of revenues), an increase of 20% compared to an EBITDA of \$12.2 million (31.8% of revenues) in the fourth quarter of 2012.

Net profit was US\$4.0 million in the fourth quarter of 2013 (9.3% of revenues) or fully diluted EPS of US\$0.19. Excluding the one-time write-off in the quarter, net profit was \$7.5 million (17.3% of revenues) or fully diluted EPS of US\$0.36. This is compared with a net profit of US\$4.4 million (11.5% of revenues) or fully diluted EPS of US\$0.21 in the fourth quarter of 2012.



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Cash flow from operations during the quarter was \$12.6 million.

Full Year Results

Revenues for 2013 reached \$170.2 million, an increase of 13% over revenues of \$150.3 million in 2012. The subscriber base grew by a record 74,000 net during 2013.

Gross profit for 2013 was \$89.3 million (52.5% of revenues), compared with \$75.6 million (49.7% of revenues) in 2012.

Operating profit for 2013 was \$38.3 million (22.5% of revenues) compared with an operating profit of \$29.9 million (19.9% of revenues) in 2012. Operating expenses in 2013 included one-time expenses of \$4.4 million. It is important to note that this expense was a non-cash item and has no effect on cash or EBITDA during the 2013. Excluding these expenses, operating income in 2013 would have been \$42.7 million (25.1% of revenues), an increase of 35% compared to 2012.

EBITDA for the year was \$54.3 million (31.9% of revenues) compared to an EBITDA of \$44.6 million (29.7% of revenues) in 2012, an increase of 22%.

Net income in 2013 was \$23.8 million (14.0% of revenues) or fully diluted earnings per share of \$1.13. Excluding the above-mentioned one-time expenses, net income in 2013 was \$28.2 million (16.6% of revenues) or fully diluted earnings per share of \$1.34.

This is compared with a net income in 2012 of \$24.9 million (16.6% of revenues) or fully diluted earnings per share of \$1.19. During 2012, there was a net one-time income of \$3.4 million. Excluding this one-time income net income in 2012 was \$21.5 million (12.6%) of revenues. Excluding all the one time effects, net income in 2013 grew by 31% compared with net income in 2012.

Cash flow from operations for 2013 was a record \$46.7 million.

As of December 31, 2013, the Company had net cash, including deposits in escrow, of \$46.6 million or \$2.22 per share. This is compared with \$34.2 million or \$1.63 per share as at December 31, 2012.

Dividend

For the fourth quarter, a dividend of \$8.0 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.

For the full year of 2013, the dividend issued including that of the fourth quarter of 2013, was \$18 million, representing 76% of the full year net income.

Eyal Sheratzky, Co-CEO of Ituran said, "We are very pleased with the results of the quarter, especially the record growth in subscribers in both the quarter and the full year. Furthermore, our financial performance throughout 2013 was fantastic with the year being a record year for Ituran in terms of revenue, profitability and cash flow. As our results demonstrate, the operating leverage built into our business model contributed to our top line growth and enabled us to substantially benefit from the continued growth in our subscriber base. We look forward to maintaining our growth trend and continue to improve our margins as we move through 2014."



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Conference Call Information

The Company will also be hosting a conference call later today, February 19, 2014 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: 1 866 485 2399
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 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 741,000 subscribers distributed globally. Established in 1995, Ituran has over 1,300 employees worldwide, provides its location based services and has a market leading position in Israel, Brazil, Argentina and the United States.

Company Contact

International Investor Relations



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*** FINANCIAL TABLES TO FOLLOW ****