



ITURAN LOCATION AND CONTROL LTD. AND ITS SUBSIDIARIES

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FULL YEAR & FOURTH QUARTER 2015

Record Subscriber Growth of 131k in 2015 with Revenue of \$176m & EBITDA of \$53m

AZOUR, Israel – February 24, 2015 – 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, 2015.

Highlights of 2015

- Record net subscribers adds during 2015 amounted to 131 thousand, ending the year with 948 thousand subscribers;
- Full year revenue reached \$176 million;
- Gross and operating margins of 51.2% and 23.1%, respectively;
- EBITDA of \$52.6 million or 30.0% of revenues;
- Generated \$35.9 million in operating cash flow;
- Total dividends of \$16 million issued to shareholders for 2015;
- Ended 2015 with \$28.9 million in net cash (including marketable securities);

Highlights of the Fourth Quarter

- Strong net subscribers adds in the quarter amounting to 33 thousand;
- Revenue of \$43.8 million;
- Gross margins of 50.9% and operating margins at 23.6%;
- EBITDA of \$14.2 million or 32.3% of revenues;
- Generated \$7.7 million in operating cash flow;
- Dividend of \$6.5 million declared for the quarter;

Fourth Quarter 2015 Results

Revenues for the fourth quarter of 2015 were \$43.8 million, representing an increase of 1% from revenues of \$43.5 million in the fourth quarter of 2014. The significant strengthening of the US Dollar versus the Brazilian Real, Argentinean Peso as well as the Israeli Shekel, compared with the level during the fourth quarter of 2014 reduced the overall revenue level in US Dollars. Excluding the exchange rate impact, the increase in revenues would have been 20% over the fourth quarter of last year. 73% of revenues were from location based service subscription fees and 27% from product revenues.

Revenues from subscription fees decreased 3% over the same period last year. In local currency terms, subscription fees increased 22%, primarily due to the growth in the subscriber base which expanded from 817,000 as of December 31, 2014, to 948,000 as of December 31, 2015.

Product revenues increased by 10% compared with the same period last year. In local currency terms, product revenues grew by 14% compared with product revenues reported in the fourth quarter of 2014.

Gross profit for the fourth quarter of 2015 was \$22.3 million (50.9% of revenues), a decrease of 6% compared with \$23.7 million (54.4% of revenues) in the fourth quarter of 2014. The decrease in the gross margin was mainly due to the weakening of the Brazilian Real and the Israeli Shekel versus the US Dollar. In addition, costs of service revenue increased due to the fast growth in subscribers in the past few quarters.



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Operating profit for the fourth quarter of 2015 was \$10.3 million (23.6% of revenues), an increase of 3% compared with an operating profit of \$10.0 million (22.9% of revenues) in the fourth quarter of 2014. Excluding the impact of the change in exchange rates over the period, the operating profit would have increased 30% over the fourth quarter of 2014.

EBITDA for the quarter was \$14.2 million (32.3% of revenues), an increase of 1% compared to an EBITDA of \$14.1 million (32.3% of revenues) in the fourth quarter of 2014. Excluding the impact of the change in exchange rates over the period, the EBITDA would have increased 27% over the fourth quarter of last year.

Net profit was US\$6.2 million in the fourth quarter of 2015 (14.1% of revenues) or fully diluted EPS of US\$0.29. This is compared with a net profit of US\$7.0 million (16.1% of revenues) or fully diluted EPS of US\$0.33 in the fourth quarter of 2014. Excluding the impact of the change in exchange rates over the period, the net profit would have increased 15% over the fourth quarter of last year.

Cash flow from operations during the quarter was \$7.7 million.

Full Year Results

Revenues for 2015 reached \$175.6 million, a decrease of 4% compared with revenues of \$182.1 million in 2014. The subscriber base grew by a record 131,000, net during 2015. Excluding the impact of the change in exchange rates over the past year, the revenues would have increased 15% over 2014.

Gross profit for 2015 was \$89.9 million (51.2% of revenues), compared with \$97.1 million (53.3% of revenues) in 2014.

Operating profit for 2015 was \$40.6 million (23.1% of revenues) compared with an operating profit of \$45.9 million (25.2% of revenues) in 2014. Excluding the impact of the change in exchange rates over the period, the operating profit would have increased 11% over last year.

EBITDA for the year was \$52.6 million (30.0% of revenues) compared to an EBITDA of \$58.1 million (31.9% of revenues) in 2014, a decrease of 9%. Excluding the impact of the change in exchange rates over the past year, the EBITDA would have increased 14% over last year.

Share in the loss of affiliates, net was \$2.4 million in 2015, compared with \$0.4 million last year. The increase was due primarily to the investment in IRT, Ituran's joint venture providing Telematic services in Brazil. This business is expected to become accretive in 2017.

Net income in 2015 was \$25.0 million (14.2% of revenues) or fully diluted earnings per share of \$1.19. This is compared with a net income in 2014 of \$30.4 million (16.7% of revenues) or fully diluted earnings per share of \$1.45. Excluding the impact of the change in exchange rates over the period, the net profit would have increased 5% over the fourth quarter of last year.

Cash flow from operations for 2015 was \$35.9 million.



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As of December 31, 2015, the Company had net cash, including marketable securities, of \$28.9 million or \$1.38 per share. This is compared with \$40.8 million or \$1.94 per share as at December 31, 2014.

Dividend

For the fourth quarter of 2015, a dividend of \$6.5 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 2015, the dividend issued including that of the fourth quarter of 2015, was \$16.0 million, representing 64% of the full year net income.

Eyal Sheratzky, Co-CEO of Ituran said, "Despite the currency headwinds which affected our financial results in 2015, we had an excellent year, showing strong growth in local currency terms in the main territories in which we operate. In particular, we grew our subscriber base by 131 thousand, net, since last year, which is well ahead of our previous average of between 60 and 80 thousand per year. This very fast growth has led us to increase operating expenses in 2015, and in the fourth quarter we already began to reap the fruits of our current accelerated subscriber growth."

Conference Call Information

The Company will also be hosting a conference call later today, February 24, 2015 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 0610
CANADA Dial-in Number: 1 866 485 2399
INTERNATIONAL Dial-in Number: +972 3 918 0610

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.



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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 948,000 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.

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