

## **ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FULL YEAR & FOURTH QUARTER 2017**

*Record 2017 results: revenue of \$239m, net profit of \$44m & EBITDA of \$70m*

**AZOUR, Israel – February 27, 2018** – 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, 2017.

### **Highlights of 2017**

- Net subscribers adds amounted to 103,000, with 1,160,000 subscribers at year-end;
- Revenue of \$238.5 million, up 20% year-over-year;
- Gross margins of 50.0% and operating margins of 23.7%;
- EBITDA of \$70.1 million (29.4% of revenues);
- Generated \$43.9 million in operating cash flow;
- Total dividends of \$20 million declared to shareholders for 2017;
- Ended 2017 with \$40.4 million in net cash (including marketable securities);

### **Highlights of the Fourth Quarter of 2017**

- Net subscribers adds in the quarter amounted to 23,000;
- Revenue of \$61.3 million, up 22% year-over-year;
- Gross margins of 49.8% and operating margins at 23.9%;
- EBITDA of \$18.2 million or 29.7% of revenues;
- Generated \$14.7 million in operating cash flow;
- Dividend of \$5 million declared for the quarter;

### **Fourth Quarter 2017 Results**

Revenues for the fourth quarter of 2017 were \$61.3 million, representing an increase of 22% from revenues of \$50.4 million in the fourth quarter of 2016. 73% of revenues were from location based service subscription fees and 27% were from product revenues.

Revenues from subscription fees increased by 19% over the same period last year. The growth was driven primarily by the increase in the subscriber base, which expanded from 1,057,000 as of December 31, 2016, to 1,160,000 as of December 31, 2017.

Product revenues increased by 29% compared with the same period last year. While product revenues can be volatile between quarters, the main contribution to growth was the higher product sales in Israel.

Gross profit for the fourth quarter of 2017 was \$30.6 million (49.8% of revenues), an increase of 16% compared with \$26.4 million (52.4% of revenues) in the fourth quarter of 2016.

The gross margin in the quarter on subscription fees improved to 67.0% compared with 65.5% in the same period last year. The gross margin in the quarter on products was 4.5% compared with 14.9% in the same period last year. The lower margin on products during the quarter was due to the mix of product sales in the quarter.

Operating profit for the fourth quarter of 2017 was \$14.7 million (23.9% of revenues), an increase of 13% compared with an operating profit of \$13.0 million (25.8% of revenues) in the fourth quarter of 2016.

Taxes in the quarter amounted to \$5.3 million compared with taxes of \$3.9 million in the fourth quarter of last year. The increase was due to tax assessments in Brazil and Israel of past year's liabilities.

During the quarter, share in affiliates, net was an income of \$3.0 million versus an income of \$0.1 million in the same quarter of last year. The majority was due to a capital gain amounting to \$2.3 million from an investment round at Bringg, one of Ituran's early stage mobility technology companies, which was offset partially by Ituran's share in Bringg's results.

EBITDA for the quarter was a record \$18.2 million (29.7% of revenues), an increase of 13% compared to an EBITDA of \$16.0 million (31.9% of revenues) in the fourth quarter of 2016.

Net profit was \$9.8 million in the fourth quarter of 2017 (16.0% of revenues) or fully diluted EPS of \$0.47, an increase of 6% compared with a net profit of \$9.3 million (18.4% of revenues) or fully diluted EPS of \$0.44 in the fourth quarter of 2016.

Cash flow from operations for the quarter was \$14.7 million.

### **Full Year Results**

Revenues for 2017 reached a record \$238.5 million, an increase of 20% compared with revenues of \$199.6 million in 2016. The subscriber base grew by 103,000 or 10%, net during 2017. 71% of revenues were from location based service subscription fees and 29% from product revenues.

Revenues from subscription fees increased by 20% over those of last year, driven primarily by the increase in the subscriber base. Product revenues increased by 19% over those of last year.

Gross profit for 2017 was \$119.4 million (50.0% of revenues), an increase of 17% compared with \$102.0 million (51.1% of revenues) in 2016.

The gross margin in the year on subscription fees improved to 66.7% compared with 65.5% in the same period last year. The gross margin in the quarter on products was 9.0% compared with 15.6% in the same period last year. The generally lower margin on products in 2017 was due to the product mix sold in Israel.

Operating profit for 2017 was a record \$56.5 million (23.7% of revenues), an increase of 18% compared with an operating profit of \$48.0 million (24.1% of revenues) in 2016.

EBITDA for the year was a record \$70.1 million (29.4% of revenues), an increase of 17% compared to an EBITDA of \$59.6 million (29.9% of revenues) in 2016.

Share in affiliates, net was an income of \$8.5 million in 2017, compared with a loss of \$0.4 million last year. This included capital gains due to Ituran's investment in Bringg in the amount of \$4.6 million which was offset partially by Ituran's share in Bringg's results. The balance of the contribution to share in affiliates was primarily due to Ituran's joint venture in Brazil and Argentina, Ituran Road Track.

Net income in 2017 was \$43.8 million (18.4% of revenues) or fully diluted earnings per share of \$2.09. This is an increase of 36% compared with a net income in 2016 of \$32.1 million (16.1% of revenues) or fully diluted earnings per share of \$1.53.

Cash flow from operations for 2017 was a record \$43.9 million.

As of December 31, 2017, the Company had net cash, including marketable securities, of \$40.4 million or \$1.93 per share. This is compared with \$31.5 million or \$1.50 per share as at December 31, 2016.

### **Dividend**

For the fourth quarter of 2017, 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.

For the full year of 2017, the total dividend declared including that of the fourth quarter of 2017, was \$20 million, representing 46% of the full year net income.

### **Management Comment**

**Eyal Sheratzky, Co-CEO of Ituran said,** "We are pleased with our fourth quarter results ending the strongest year in our history with record revenue and profit. Our growth has been driven primarily by the ongoing growth in our subscriber base which looks to Ituran for its high quality connected car and stolen vehicle recovery services. Our IRT joint venture also continues to perform well and made an increasingly positive contribution to our profit during the year."

**Continued Mr. Sheratzky**, “Another highlight of 2017 was the investments into one of our early stage technology holdings, Bringg, which led us to record to a \$4.6 million in capital gains in 2017. Earlier in the year, we founded the Tel-Aviv based DRIVE startup incubator and innovation center to promote the development of smart mobility technology, together with leading car companies, Mayer, Hertz, Honda and Volvo. We see transportation and mobility technology as the next frontier of major technological advancement in the coming decade, and we aim to position Ituran as central player in this sphere. We look forward to continued strong growth and increasing profitability in 2018 and beyond.”

### **Conference Call Information**

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**The Company will also be hosting a conference call later today, February 27, 2018 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.*

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## **About Ituran**

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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. 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 million subscribers using its location based services with a market leading position in Israel and Brazil. Established in 1995, Ituran has over 1,700 employees worldwide, with offices in Israel, Brazil, Argentina, India, Canada and the United States.

For more information, please visit Ituran's website, at: [www.ituran.com](http://www.ituran.com)

### **Company Contact**

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