



ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR FULL YEAR & FOURTH QUARTER 2018

***Reports Record Full Year Revenue of \$253 million and Net Profit of \$65 million;
Report Fourth Quarter adjusted EBITDA of \$25 million;***

AZOUR, Israel – March 11, 2019 – 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, 2018.

Highlights of 2018

- Closed acquisition of Road Track Holdings in mid-September;
- Number of subscribers increased to 1,770,000 at year-end;
- Revenue of \$253.3 million, up 8% year-over-year;
- Net income of \$64.5 million, up 47% year-over-year;
- Adjusted EBITDA of \$79.2 million (31.2% of revenues), up 13% year-over-year;
- Generated \$53.2 million in full year operating cash flow;
- Total dividends of \$20 million declared to shareholders for 2018;

Highlights of the Fourth Quarter of 2018

- Revenue of \$79.2 million, up 31% year-over-year;
- Net income of \$15.2 million, up 55% year-over-year;
- Adjusted EBITDA of \$25.2 million (31.7% of revenues), up 38% year-over-year
- Generated \$18.5 million in quarterly operating cash flow;
- Dividend of \$5 million declared for the quarter;

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “Our growth in 2018 was driven by both organic growth at Ituran as well as the consolidation of Road Track, which has significantly expanded our business. This is the first full quarter that we are reporting our results as a consolidated company. As can be seen in the results, we are now a company on a completely new scale. We have an adjusted EBITDA annual run-rate of \$100 million. We also see increased potential due to the multiple top-line synergies that we are looking to harvest, throughout the regions in which we operate. We look forward to further building on our already highly successful business over the coming quarters and years.”

Fourth Quarter 2018 Results

Revenues for the fourth quarter of 2018 were \$79.2 million, representing an increase of 31% compared with revenues of \$60.6 million in the fourth quarter of 2017.

The significantly higher average level of the US dollar exchange rate versus the Brazilian real, the Argentinean peso and the Israeli shekel, 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, fourth quarter revenue grew 39% year over year.

70% of revenues were from location based service subscription fees and 30% were from product revenues.

Revenues from subscription fees increased by 24% over the same period last year. In local currency terms, subscription fees grew 33% over the same period last year. The growth was driven primarily by the increase in the subscriber base which amounted to 1,770,000 as of December 31, 2018, representing a year over year increase of 610,000.

Product revenues increased by 50% compared with the same period last year, with the majority of the increase being due to the full consolidation of Road Track Holdings.

Gross profit for the quarter was \$38.1 million (48.1% of revenues). This represents an increase of 25% compared with gross profit of \$30.6 million (50.4% of revenues) in the fourth quarter of 2017.

The gross margin in the quarter on subscription fees was 57.9% compared with 67.0% in the same period last year. The lower margin was due to the lower average gross margin on the newly acquired subscribers. The gross margin in the quarter on products was 25.5% compared with 4.8% in the same period last year. The higher gross margin in the current quarter was due to the product mix sold during the quarter as well as the higher product gross margin from in the acquired business.

Operating profit for the quarter was \$18.3 million (23.2% of revenues). Non-GAAP operating profit for the quarter was \$18.9 million (23.9% of revenues). This represent an increase of 25% and 29% respectively, compared with an operating profit of \$14.7 million (24.2% of revenues) in the fourth quarter of 2017. In local currency terms, the year-over-year increase was 37% and 41%, respectively.

Share in affiliates, net, during the quarter was an income of \$4.2 million versus an income of \$3.0 million in the same quarter of last year. In each respective quarter, the majority of this income was due to a capital gain from an investment round at Bringg, one of Ituran's early stage mobility technology companies.

Adjusted EBITDA for the quarter was \$25.2 million (31.7% of revenues), an increase of 38% compared to \$18.2 million (30.1% of revenues) in the fourth quarter of 2017. In local currency terms, the increase was 50% year-over-year.

Net income in the fourth quarter of 2018 was \$15.2 million (19.2% of revenues) or fully diluted earnings per share of \$0.71. Net income on a non-GAAP basis in the fourth quarter of 2018 was \$15.8 million (19.9% of revenues) or fully diluted earnings per share of \$0.74. This represents a growth rate of 55% and 61%, respectively, compared with a net income (GAAP and non-GAAP) of \$9.8 million (16.2% of revenues) or fully diluted earnings per share of \$0.47 in the fourth quarter of 2017. In local currency terms the year-over-year increase was 67% and 73%, respectively.

Cash flow from operations for the quarter was \$18.5 million.

On September 13, 2018, Ituran closed its acquisition of 81.3% of Road Track Holdings. In order to aid investor's understanding of modeling Ituran following the acquisition, the consolidated fourth quarter non-GAAP financials of Ituran, which exclude revenues and costs related the purchase price allocation, are included in the table below. For further details with regard to the reconciliation between the non-GAAP and the GAAP results please see the tables published with the press release.

<i>US\$ millions</i>	Actual Results Fourth Quarter 2018	Non-GAAP Results Fourth Quarter 2018
Revenue	79.2	79.4
Gross Profit	38.1	39.8
EBIT	18.3	18.9
Net Profit	15.2	15.8
EBITDA	23.4	25.2

Full Year Results

Revenues for 2018 were \$253.3 million, representing an increase of 8% compared with revenues of \$234.6 million in 2017.

The significantly higher average level of the US dollar exchange rate versus the Brazilian real and the Argentinean peso during 2018 versus 2017 reduced the overall reported revenue level and had an impact on the year-over-year revenue growth rate in US dollar terms. In local currency terms, revenues increased by 20% year-over-year.

72% of revenues were from location based service subscription fees and 28% from product revenues.

Revenues from subscription fees increased by 7% over those of last year and in local currency terms, they increased by 23% over those of last year. Product revenues increased by 11% over those of last year.

Gross profit for the year was \$127.3 million (50.3% of revenues). This represents an increase of 7% compared with gross profit of \$119.4 million (50.9% of revenues) in 2017.

The gross margin in the year on subscription fees was 64.4% compared with 66.7% in the same period last year. The gross margin in the year on products was 14.6% compared with 9.5% in 2017.

Operating profit for the year was \$62.4 million (24.6% of revenues). Non-GAAP operating profit for the year was \$63.3 million (25.0% of revenues). This represents an increase of 10% and 12% respectively, compared with an operating profit of \$56.5 million (24.1% of revenues) in 2017. In local currency terms, the year-over-year increase was 19% and 21% respectively.

Share in affiliates, net for the year was an income of \$8.1 million, compared with an income of \$8.5 million last year.

Adjusted EBITDA for the year was \$79.2 million (31.2% of revenues), an increase of 13% compared to \$70.1 million (29.9% of revenues) in 2017. In local currency terms, the increase was 23% year-over-year.

Net income on a GAAP basis in 2018 was \$64.5 million (25.5% of revenues) or fully diluted earnings per share of \$3.06. Net income on a non-GAAP basis was \$51.6 million (20.4% of revenues) or fully diluted earnings per share of \$2.45. This represents a growth rate of 47% and 18%, respectively, compared with a net profit (GAAP and non-GAAP) of \$43.8 million (18.7% of revenues) or fully diluted earnings per share of \$2.09 in 2017. In local currency terms, the year-over-year increase was 55% and 26%, respectively.

Cash flow from operations for 2018 was \$53.2 million.

Please find below the consolidated non-GAAP and Pro-forma non GAAP full year financials of Ituran which exclude revenues and costs related to the purchase price allocation. The Pro-forma financials assumes full consolidation of Road Track on January 1 2018. For further details with regard to the reconciliation between the non-GAAP and GAAP results please see the tables with the press release.

<i>US\$ millions</i>	Actual Results Full Year 2018	Non-GAAP Results Full Year 2018	Non-GAAP Pro-Forma Full Year 2018
Revenue	253.3	253.6	346.3
Gross Profit	127.3	129.1	167.3
EBIT	62.4	63.3	78.0
Net Profit	64.5	51.6	57.7
EBITDA	77.5	79.2	101.4

As of December 31, 2018, the Company had cash, including marketable securities, of \$53.3 million or \$2.50 per share. Following the acquisition of Road Track, as of December 31, 2018, the Company had debt of \$73.2 million or \$3.43 per share, This is compared with cash, including marketable securities, of \$40.4 million or \$1.93 per share, and zero debt, as of December 31, 2017.

Dividend

For the fourth 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.

For the full year of 2018, the total dividend declared including that of the fourth quarter of 2018, was \$20 million, representing 31% of the full year net income.

Conference Call Information

The Company will also be hosting a conference call later today, March 11, 2019 at 10am 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, 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 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 3,000 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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