

## **ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE FIRST QUARTER OF 2020**

**AZOUR, Israel – May 13, 2020** – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the first quarter of 2020.

### **Highlights of the first quarter of 2020**

- Revenue of \$68.4 million;
- EBITDA of \$15.3 million;
- Generated \$10.7 million in quarterly operating cash flow;
- Net increase in aftermarket subscribers of 17,000;
- Total subscribers reached 1,794,000 at the end of the quarter;

### **Management Comment**

**Eyal Sheratzky, Co-CEO of Ituran said,** “We are pleased with Ituran’s first quarter performance with revenues and operating income ahead of those of the prior quarter, driven by continued subscriber growth in the aftermarket business. This is despite the impact from the COVID-19 pandemic and some currency headwinds.”

**Continued Mr. Sheratzky,** “Due to the pandemic, in the second quarter we have seen a halt in new car sales globally, and therefore in new subscribers. We have been focusing on reducing expenses across the board, which will allow us to mitigate some of the impact to profitability and cash generation. Consequently, for the second quarter, we expect between a 10-20% reduction in EBITDA.

“Conservatively, the board has decided to suspend our dividend payments for the time being in order to strengthen our cash levels, which will better enable us to weather this significant global crisis, while also providing us with increased capital to take advantage of any opportunities.

**Concluded Mr. Sheratzky,** “Our ability to remain profitable and cash flow positive during this unprecedented global crisis, demonstrates the overall resilience of our business model, built on the subscription fees of 1.8 million customers distributed globally. I remain optimistic over the long-term, while in the short-term preparing Ituran to overcome the current crisis. I am confident that Ituran will emerge this period as a stronger and more efficient company. ”

### **First Quarter 2020 Results**

*Starting from the current quarter, the difference between the GAAP and non-GAAP results has become minimal. Therefore, Ituran will discontinue its reporting of the non-GAAP financial measures from the current first quarter of 2020.*

**Revenues** for the first quarter of 2020 were \$68.4 million, a decrease of 7% compared with revenues of \$73.6 million in the first quarter of 2019.

The higher average level of the US dollar exchange rate versus the Brazilian real, 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 revenue growth rate. **In local currency terms, first quarter revenue decline by 4% year-over-year.**

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

Revenues from subscription fees were \$49.0 million, a decrease of 8% over first quarter 2019 revenues. **In local currency terms, subscription fees declined by 3% year-over-year.**

The subscriber base amounted to 1,794,000 as of March 31, 2020. This represents an increase of 13,000 over that of the end of the prior quarter. During the quarter, Ituran added 17,000 aftermarket subscribers, while the OEM subscriber base declined by 4,000.

Product revenues were \$19.4 million, a decrease of 5% compared with that of the first quarter of 2019.

**Gross profit** for the quarter was \$31.0 million (45.3% of revenues), an 11% decrease compared with gross profit of \$34.6 million (47.1% of revenues) in the first quarter of 2019.

The gross margin in the quarter on subscription fees was 54.4%, compared with 57.5% in the first quarter of 2019. The gross margin on products was 22.3%, compared with 19.8% in the first quarter of 2019.

**Operating income** for the quarter was \$10.1 million (14.7% of revenues), a decrease of 25% compared with \$13.5 million (18.3% of revenues) in the first quarter of last year. **In local currency terms, the decline would have been 22% year over year.** As mentioned in prior quarters, the main decline was due to the OEM business as a result of selling of less hardware and reducing the free trial period for new subscribers.

**EBITDA** for the quarter was \$15.3 million (22.4% of revenues), a decrease of 21% compared with \$19.3 million (26.2% of revenues) in the first quarter of last year. **In local currency terms, the decline would have been 16% year over year.**

**Net income** for the first quarter of 2020 was \$6.4 million (9.3% of revenues) or fully diluted earnings per share of \$0.31, a decrease of 21% compared with \$8.1 million (10.9% of revenues) or fully diluted earnings per share of \$0.38 in the first quarter of last year. **In local currency terms, the decline would have been 17% year over year.**

**Cash flow from operations** for the first quarter of 2020 was \$10.7 million.

As of March 31, 2020, the Company had cash, including marketable securities, of \$50.1 million and debt of \$63.5 million, amounting to a net debt of \$13.4 million. This is compared with



cash, including marketable securities, of \$54.3 million and debt of \$67.9 million, amounting to a net debt of \$13.6 million, as of December 31, 2019.

### **Conference Call Information**

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**The Company will also be hosting a conference call later today, May 13, 2020 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, as well as factors related to the global COVID-19 pandemic.*

### **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 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 approaching 2 million subscribers using its location based services with a market leading position in Israel and Latin America. Established in 1995, Ituran has approximately 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](http://www.ituran.com)

#### **Company Contact**

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