

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE THIRD QUARTER OF 2019

*Revenue of \$69 million & Adjusted EBITDA of \$18.7 million;
Growth of 20,000 net after-market subscribers in the quarter*

AZOUR, Israel – November 25, 2019 – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the third quarter ended September 30, 2019.

Highlights of the third quarter of 2019

- Revenue of \$69.0 million, up 29% year-over-year;
- Adjusted EBITDA of \$18.7 million (26.8% of revenues), up 10% year-over-year
- Generated \$11.5 million in quarterly operating cash flow;
- Dividend of \$5 million declared for the quarter;
- Ituran added 20,000, net after-market subscribers and no change to OEM subscribers;

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “While Ituran’s aftermarket business in Brazil has been recovering and returning to its growth trend, the OEM segment remains weak as a result of the difficult environment that the car manufacturers in the region are facing. 2019 has been a transitional year for us and we are working on realizing the synergies from the recently acquired OEM business across all our geographies. We are focusing on cross selling our services into new geographies as well as combining the operating footprint which will result in cost saving that will offset any decline in OEM revenues.”

Continued Mr. Sheratzky, “In the aftermarket business, the subscriber quarterly growth rate has returned to its long-term target level of around 20,000 subscriber-adds per quarter, which we are very pleased with. We expect that the resumption of aftermarket subscriber growth will translate into improved operating results in the coming year.”

The results include the consolidated non-GAAP financial results of Ituran, which exclude revenues and costs related to the purchase price allocation. For further details with regard to the reconciliation between the non-GAAP and GAAP results please see the financial tables with the press release.

Third quarter 2019 Results

Revenues for the third quarter of 2019 were \$69.0 million. Non-GAAP revenues for the quarter were \$70.0 million representing an increase of 31% compared with revenues of \$53.4 million in the third quarter of 2018.

The higher average level of the US dollar exchange rate versus the Brazilian real and the Argentinean peso, 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, third quarter non-GAAP revenue grew 33% year over year.**

73% of revenues were from location-based service subscription fees and 27% were from product revenues.

Non-GAAP revenues from subscription fees were \$51.2 million, representing an increase of 31% over the same period last year. In local currency terms, subscription fees grew 32% over the same period last year. The subscriber base amounted to 1,781,000 as of September 30, 2019. **Ituran added 20,000, net after-market subscribers during the quarter and there was no change to the number of OEM subscribers.**

Non-GAAP product revenues were \$18.7 million, representing an increase of 31% compared with the same period last year.

Gross profit for the quarter was \$31.9 million (46.2% of revenues). Non-GAAP gross profit for the quarter was \$32.9 million (47.0% of revenues). This represents an increase of 14% compared with gross profit of \$28.9 million (54.1% of revenues) in the third quarter of 2018.

The non-GAAP gross margin in the quarter on subscription fees was 56.3% compared with 61.8% in the same period last year. The lower margin was due to the lower average gross margin on the recently acquired OEM subscribers as well as a decrease in the gross margin from Brazil and Argentina.

The non-GAAP gross margin in the quarter on products was 21.5% compared with 33.0% in the same period last year. The variance in the gross margin between quarters was due to the product mix sold.

Operating profit for the quarter was \$11.9 million (17.2% of revenues). Non-GAAP operating profit for the quarter was \$13.7 million (19.6% of revenues). This is compared with an operating profit of \$14.0 million (26.3% of revenues) in the third quarter of 2018. **In local currency terms, the non-GAAP operating profit was unchanged compared with that of last year.**

Adjusted EBITDA for the quarter was \$18.7 million (26.8% of revenues), an increase of 10% compared to \$17.0 million (31.8% of revenues) in the third quarter of 2018. **In local currency terms, the increase in adjusted EBITDA was 17% year-over-year.**

Net income in the third quarter of 2019 was \$6.4 million (9.3% of revenues) or fully diluted earnings per share of \$0.30. Net income on a non-GAAP basis in the third quarter of 2019 was \$7.8 million (11.0% of revenues) or fully diluted earnings per share of \$0.37.

Net income in the third quarter of 2018 was \$26.0 million (48.8% of revenues) or fully diluted earnings per share of \$1.24 in the third quarter of 2018. This included a one-time other income of \$13.8 million, related to an accounting gain from an acquisition following the gain of control of Ituran's joint venture with Road Track Holdings in Brazil and

Argentina, which under GAAP rules, is accounted for at market value and was therefore revalued. The total gain is net of transaction related expenses. The net income on a non-GAAP basis in the third quarter of 2018 was \$12.5 million (23.4% of revenues) or fully diluted earnings per share of \$0.60.

Cash flow from operations for the quarter was \$11.5 million.

As of September 30, 2019, the Company had cash, including marketable securities, of \$56.5 million and debt of \$74.5 million, amounting to a net debt of \$18.0 million or \$0.86 per share. This is compared with cash, including marketable securities, of \$53.3 million and debt of \$73.2 million, amounting to a net debt of \$19.9 million, or \$0.93 per share, as of December 31, 2018.

Dividend

For the third quarter of 2019, 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.

Share Buy Back

On May 21, 2019, the board of directors approved a share buyback program, which Ituran has commenced. Under the program, the Company is able to repurchase Ituran shares in an amount up to \$25 million by December 31, 2020. As of September 30, 2019, Ituran repurchased a total of 121,000 shares amounting to approximately \$3.5 million.

Conference Call Information

The Company will also be hosting a conference call later today, November 25, 2019 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.

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 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

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