

ITURAN LOCATION AND CONTROL LTD. PRESENTS RESULTS FOR THE THIRD QUARTER OF 2020

AZOUR, Israel – November 18, 2020 – Ituran Location and Control Ltd. (NASDAQ: ITRN), today announced its consolidated financial results for the third quarter of 2020.

Highlights of the third quarter of 2020

- Improved results versus the prior quarter, as the Company continues to successfully overcome some of the impacts of the Covid-19 pandemic;
- Revenues of \$60.3 million, an increase of 13% sequentially and a decline of 13% year over year; in local currencies revenues from subscription fees were at a similar level to that of the last year's quarter;
- EBITDA was \$15.0 million; when excluding foreign exchange impacts, it would have been at a similar level to last year;
- Net income was \$9.3 million, an increase of 45% year over year;
- Generated \$13.6 million in quarterly operating cash flow; Ituran returns to a net cash position for the first time since its acquisition of RoadTrack in 2018;
- Total subscribers reached 1,752,000 at the end of the quarter; net increase of 13,000 in after-market subscribers and net decrease of 12,000 in the OEM business.

Management Comment

Eyal Sheratzky, Co-CEO of Ituran said, “We are happy with the improvement in our results in the third quarter, despite an environment which still remains difficult in many of our geographies due to the ongoing pandemic. While revenues were still below those of the third quarter last year, we are pleased with the resumption in our sequential growth. Furthermore, we are happy to report that our after-market subscriber base resumed its growth again, showing growth of 13,000 subscriber this quarter. Finally, the steps we took earlier this year as the effects of the pandemic became apparent, enabled us to reach similar operating profit compared with last year when excluding foreign exchange impact.”

Mr. Sheratzky concluded, “Looking ahead, while the pandemic continues to have an impact, and the associated uncertainties are making it difficult to make predictions, we expect that the results of the fourth quarter will be similar to this quarter. Longer-term, I am confident that Ituran is very well positioned to emerge this period a stronger company with a platform for long-term sustainable and profitable growth.”

Third quarter 2020 Results

Revenues for the third quarter of 2020 were \$60.3 million, a decrease of 13% compared with revenues of \$69.0 million in the third quarter of 2019.

The decrease in the revenue level was due to the impact of the Covid-19 pandemic on new car sales, particularly in Brazil and other geographies in which Ituran operates. Furthermore, the

higher average level of the US dollar exchange rate versus the Brazilian real during the quarter compared with 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, third quarter revenue declined by 6% year-over-year.**

74% of revenues were from location-based service subscription fees and 26% were from product revenues.

Revenues from subscription fees were \$44.5 million, a decrease of 12% over third quarter 2019 revenues. **In local currency terms, subscription fees declined by 2% year-over-year.**

The subscriber base amounted to 1,752,000 as of September 30, 2020. This represents an increase of 1,000 net over that of the end of the prior quarter. During the quarter, there was an increase of 13,000 in the aftermarket subscriber base and a decline of 12,000 in the OEM subscriber base.

Product revenues were \$15.9 million, a decrease of 15% compared with that of the third quarter of 2019. The decline was primarily due to limited installations of Ituran's products due to the Covid-19 pandemic shutdown implemented in many of the geographies in which Ituran operates, during most of the third quarter.

Gross profit for the quarter was \$27.4 million (45.4% of revenues), a 14% decrease compared with gross profit of \$31.9 million (46.2% of revenues) in the third quarter of 2019.

The gross margin in the quarter on subscription revenues was 54.9%, compared with 55.4% in the third quarter of 2019. The gross margin on products was 18.6%, compared with 21.5% in the third quarter of 2019.

Operating income for the quarter was \$10.5 million (17.5% of revenues) compared with \$11.9 million (17.2% of revenues) in the third quarter of last year. This is a decline of 11% year-over-year. **In local currency terms, the operating income would have been similar to that of the third quarter 2019.**

EBITDA for the quarter was \$15.0 million (24.9% of revenues), a decrease of 14% compared with \$17.5 million (25.4% of revenues) in the third quarter of last year. **In local currency terms, the decline would have been 3% year over year.**

Financial income for the quarter was \$2.8 million compared with a financial expense of \$0.8 million in the third quarter of last year. Held company, SaverOne, in Ituran has an 11% stake, became a public company listed on the Tel Aviv Stock Exchange in June 2020. As a result, the SaverOne holdings are measured by its quarter-end traded value and therefore any change in valuation between quarters are recorded as a financial gain or loss under the financial income line item in the profit and loss statement. In the quarter, SaverOne appreciated in value and Ituran recorded a financial income of \$3.3 million from this holding.

Net income for the third quarter of 2020 was \$9.3 million (15.4% of revenues) or earnings per share of \$0.45, a 45% increase compared with \$6.4 million (9.3% of revenues) or fully diluted earnings per share of \$0.30 in the third quarter of last year. **In local currency terms, the gain would have been 58% year over year.**

Cash flow from operations for the third quarter of 2020 was \$13.6 million.

As of September 30, 2020, the Company had cash, including marketable securities, of \$61.9 million and debt of \$56.8 million, amounting to a net cash of \$5.1 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

The Company will also be hosting a conference call later today, November 18, 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: 1 866 860 9642
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

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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