

# Investor Presentation

Eyal Sheratzki, co-CEO

August 2009



# Safe Harbor Disclosure

---

Except for statements of historical fact, the information presented herein constitutes forward-looking statements within the meaning of and subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terminology such as "expect," "estimate," "anticipate," "intend," "predict," "believe," and similar expressions and variations thereof. Such forward-looking statements include statements regarding the intent, belief, current expectations or projections about future events of Ituran Location and Control Ltd. Readers are cautioned that these forward looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Ituran Location and Control Ltd. to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include without limitation, general economic and business conditions, the loss of market share, changes in the competitive landscape, failure to keep up with technological advances and other factors over which Ituran Location and Control Ltd. has little or no control. Ituran Location and Control Ltd. undertakes no obligation to revise or update these forward-looking statements to reflect events or circumstances after the date hereof.

# Our Business

---

**location-based services and products  
primarily for stolen vehicle recovery**

# Company Overview

## Overview

### NASDAQ, TASE: ITRN

Market cap\* ~\$200m  
 Net cash \$58m  
 Recent '08 dividend  
 \$3.7m

\*Based on share price of \$9.50  
 as at August 20, 2009

### High Visibility Subscription Model

533k subscribers  
 at end of Q2-09  
 12k net subscriber  
 adds in quarter

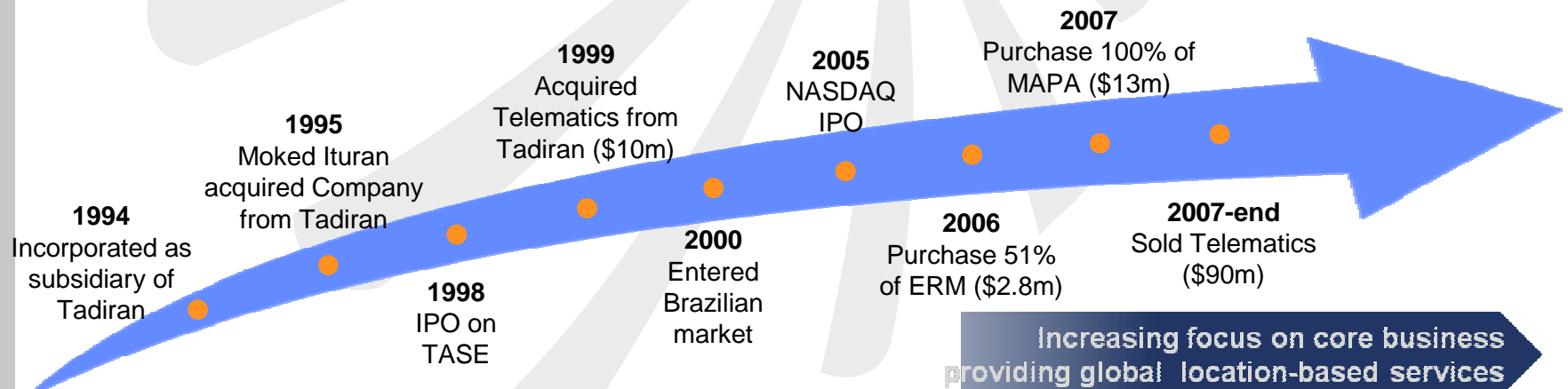
### Globally Diversified

1000 employees with  
 operations in  
 Israel, Brazil,  
 Argentina and US

### Strong Operating Leverage

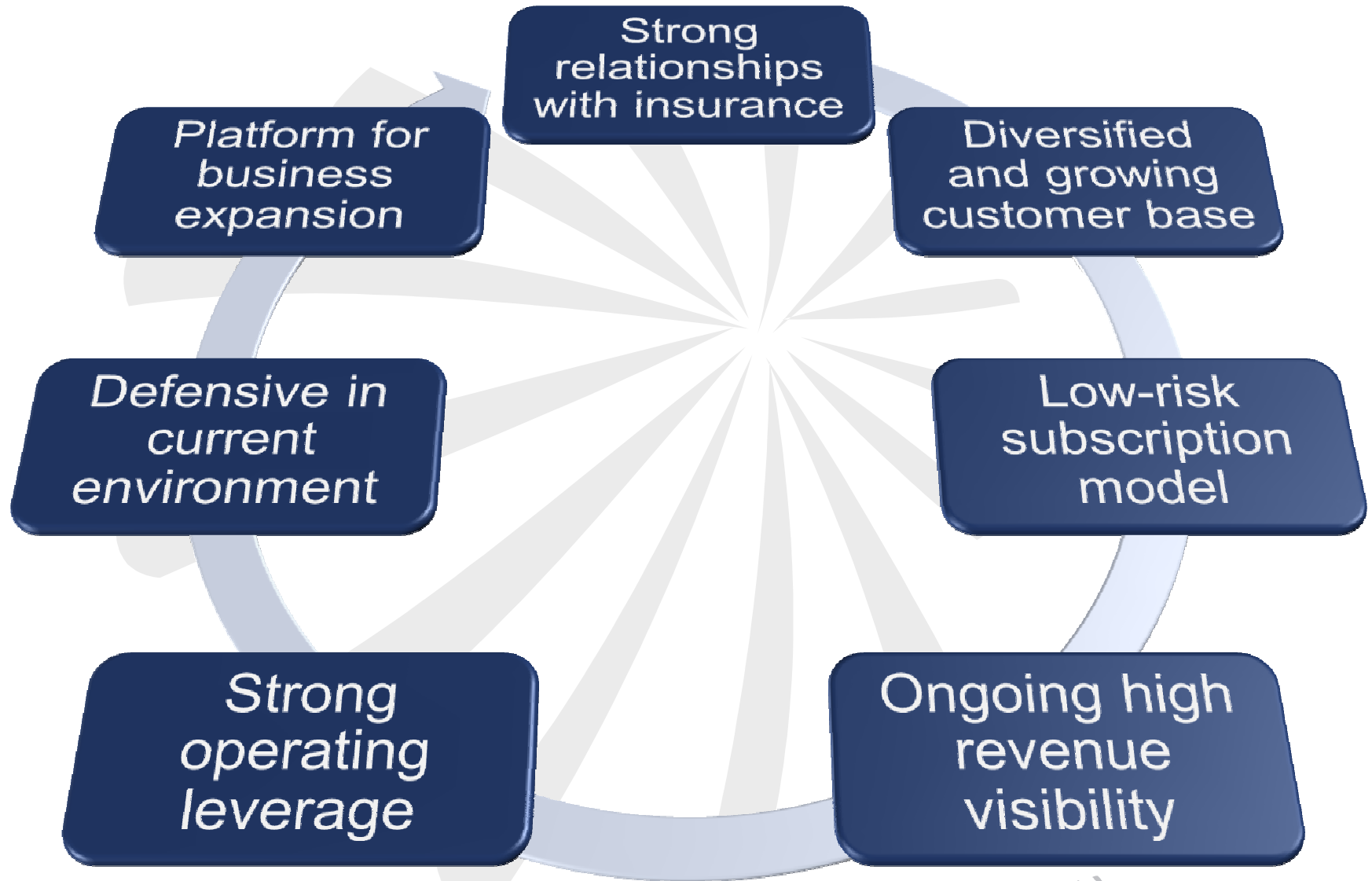
Q209 revenues  
 \$28.4m  
 Q209 EBITDA  
 \$8.9m  
 Q209 EPS  
 \$0.12

## Company History



# Why Ituran?

---



# Our Business

## Location-Based Services

**Stolen vehicle recovery (SVR)**

**Fleet management**

**Personal location**

**Concierge (Mr.Big)**

**Currently over 90% of revenues**



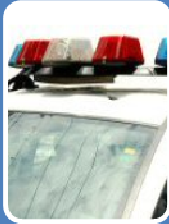
## Location-Based Products

**RF Products**

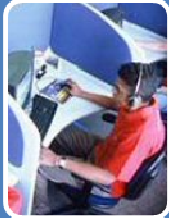
**GPS/GPRS Products (ERM)**

**Personal Navigation (MAPA)**

# SVR Business Overview and Drivers



Quick and very high (85%+) vehicle recovery rate



Growing (18% LT CAGR) subscriber base



International (Israel, Brazil, Argentina, US)



Diversified technologies (both RF and GPS/GPRS)



# Competitive Advantages

## The best overall solution for location-based applications

- 14 years operating SVR business
- Strong management ability and experience

**Experience**

- Both RF and GPS/GPRS
- RF provides reliable performance in dense urban areas
- High resistance to jamming
- Real time alerts

**Technology edge**

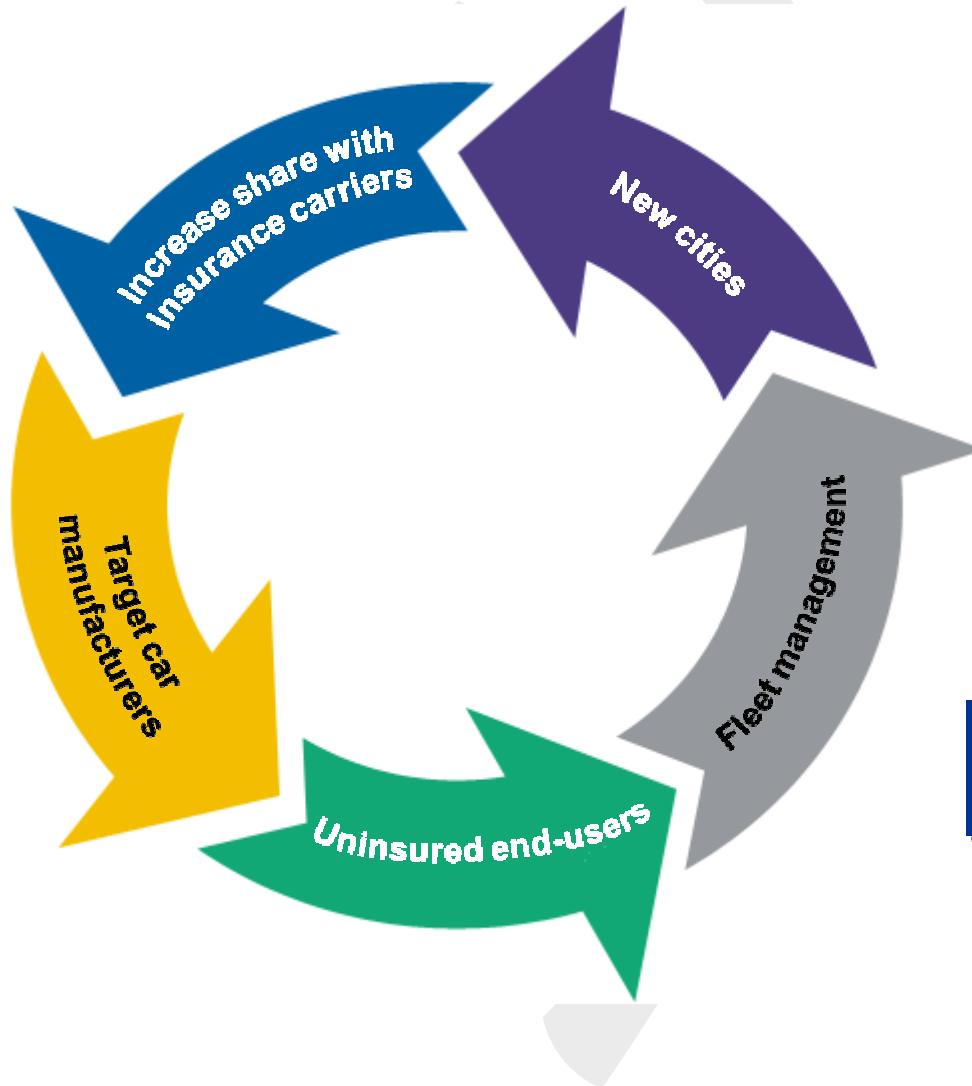
- SVR
- Fleet management
- Concierge (Mr. Big)
- Location

**Full suite of location-based services**



# Growth Drivers – Brazil

## Growth Strategy



## Highlights

- ▶ **Sao Paulo and Rio:** Use RF system for increased reliability in urban areas
- ▶ **Nationwide:** GPS/GPRS technologies
- ▶ **End of '08 subscribers:** 135k with around 50-70k gross subscribers added on an annual basis- continues to grow quickly
- ▶ **Actual and target segments:**
  - ▶ Insurance companies
  - ▶ High uninsured population
  - ▶ Car manufactures and car Dealers

**Ituran is growing much faster than its competitors in Brazil**

# Looking to the long-term future

---

Penetrate new segments such as car manufactures and car dealers in existing regions

Expand operations and leverage know-how into new regions with a focus on emerging markets

Use customer relationships to up-sell added value services:  
Mr. Big, Mapa

# Defensive in Current Environment

Stable, cash generating  
business in Israel



New  
regulation  
and growing  
business in  
Brazil

+



Increased  
requirement  
for asset  
protection in  
downturns

=



Increased  
demand for  
Ituran's  
services

# Financial Overview



# Financial Highlights

---



Subscription services: strong visibility and recurring revenue stream

- 90%+ of previous quarters' fees expected to roll into next quarter



High profitability with strong cash flow generation

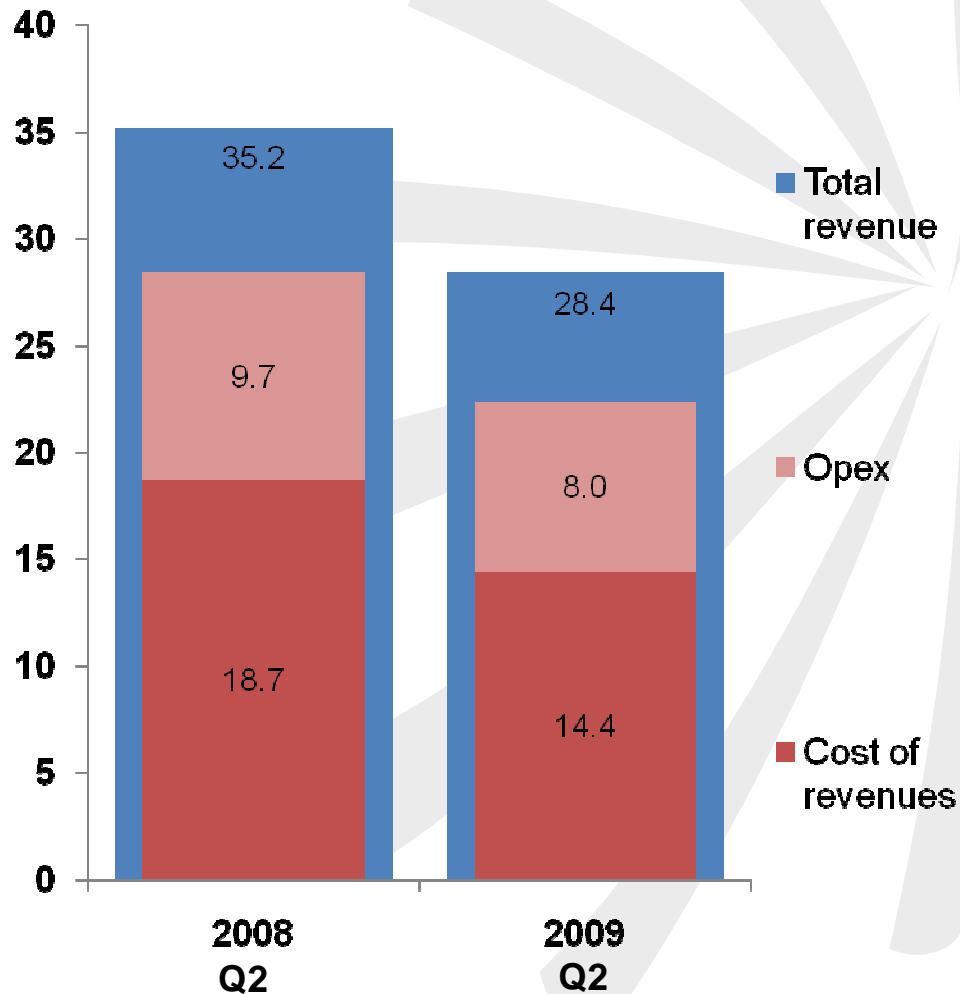


Significant long-term operating leverage

- Minimal cost in adding new subscriber

# Q2 2009 Summary

## Annual Revenue & Opex



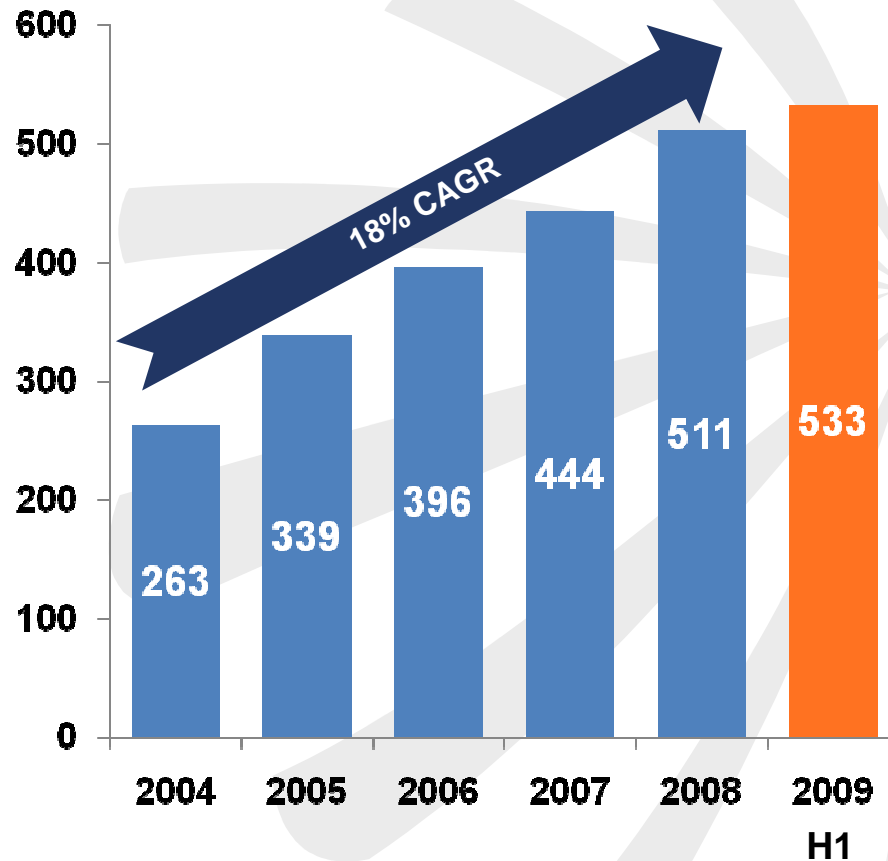
## Q2 2009 Highlights

- Revenues of \$28.4m
- YoY shortfall due to strong increase in US Dollar vs Brazilian Real, Argentinean Peso & Shekel
- Strong net subscriber growth in Brazil
- Strong operating margin of 21.1% vs 19.3% in Q208
- Strong cash flow from operations of US\$5.1 million
- EPS of \$0.12 vs \$0.12 in Q2 2008

# Long-Term Subscriber Growth

Subscribers ('000)

Q2 2009 Highlights

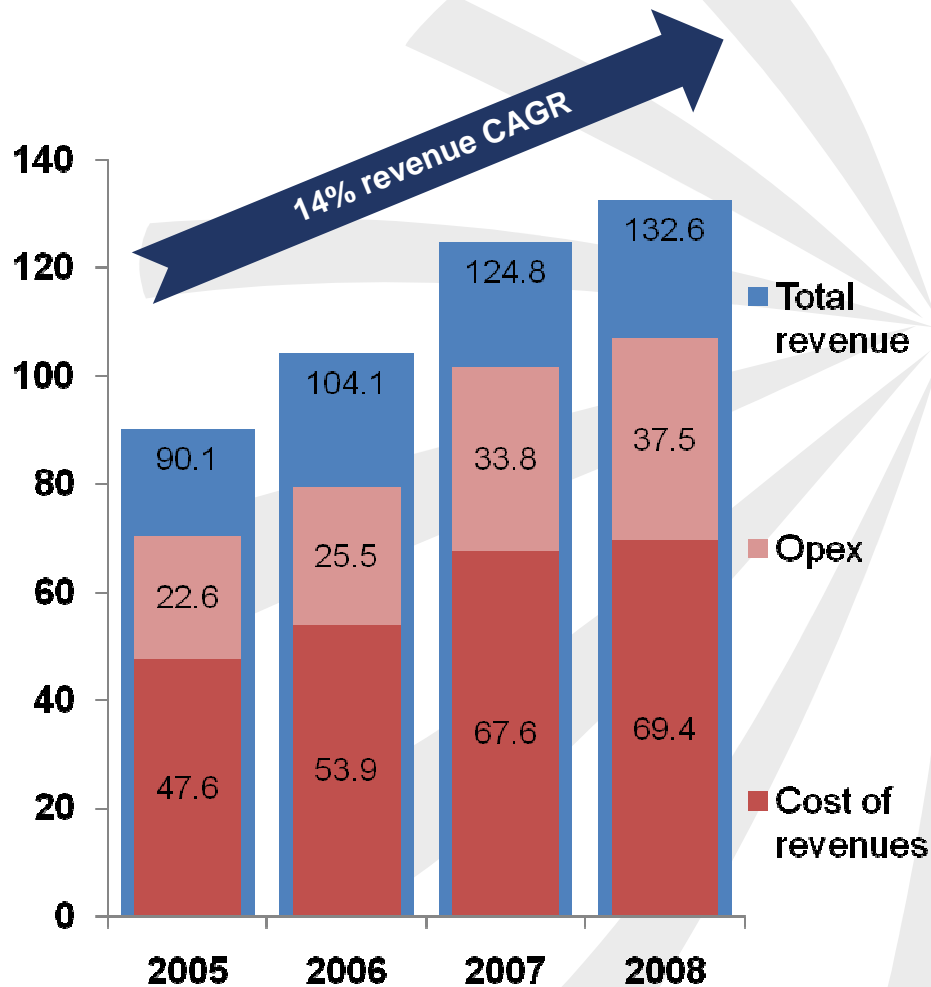


- ▶ Additional 12k net subscriber adds in Q2, reaching 533k
- ▶ Strong subscriber adds in Brazil

Subscribers at period ended

# Long-term Revenue Growth Model

## Annual Revenue Growth



## FY 2008 Highlights

- Improved gross, operating and net margins
- Strongly increased penetration in Brazil
- Enhanced relationships with insurance companies and began targeting car manufacturers
- Israeli business generating strong positive cash flow



# Summary

---

High-visibility, low risk subscription model with strong operating leverage

Growth potential in Brazil & Argentina

High profitability and cash generating

Strong cash position for acquisitions

Defensive in current global economic environment

Experienced team with proven track record and established relationships



**Thank you**