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For Immediate Release

Pointer Telocation Reports

Record First Quarter 2017 Financial Results

Financial Highlights of the Quarter

- Record revenues of $19.0 million, up 28% year-over-year;
- Service revenues of $12.3 million, up 33% year-over-year;
- Record EBITDA of $3.1 million, up 48% year-over-year;
- Total subscribers reached 231,000, an increase of 25% year-over-year;

Rosh HaAyin, Israel, May 18th, 2017 Pointer Telocation Ltd. (Nasdaq CM: PNTR; Tel-Aviv Stock Exchange: PNTR) - a leading developer, manufacturer and operator of Mobile Resource Management (MRM) services, announced today its financial results for the first quarter of 2017.

On June 8, 2016 Pointer spun off its Israeli subsidiary, Shagrir Group Vehicle Services Ltd., through which Pointer carried out its road side assistance (RSA) activities and listed Shagrir's shares for trade on the Tel Aviv Stock Exchange. The results of Shagrir until that date are included in Pointer's results as discontinued operation.

Financial summary for the first quarter of 2017

Revenues for the first quarter of 2017 increased 28% to $19.0 million as compared to $14.8 million in the first quarter of 2016.

Revenues from products in the first quarter of 2017 increased 21% to $6.7 million (35% of revenues) compared to $5.5 million (37% of revenues) in the comparable period of 2016.

Revenues from services in the first quarter of 2017 increased 33% to $12.3 million (65% of revenues) compared to $9.3 million (63% of revenues), in the comparable period of 2016. The growth in service revenue was primarily due to the growth in the subscriber base which grew by 46,000 subscribers since March 31, 2016 and 9,000 subscribers since December 31, 2016.

Gross profit was \$9.4 million (49.3% of revenues) compared to \$7.4 million (49.6% of revenues) in the first quarter of 2016. The lower margin was primarily due to a lower margin on product revenues due to the mix sold in the quarter.

Operating income on a GAAP basis was \$2.3 million (11.9% of revenues), compared with \$1.6 million (10.7% of revenues) in the first quarter of 2016.

Non-GAAP operating income was \$2.6 million (13.7% of revenues), an increase of 50% compared to \$1.7 million (11.7% of revenues) in the first quarter of 2016.

GAAP net income (from continuing operations) was \$1.6 million compared with a net income of \$1.1 million in the first quarter of 2016.

Non-GAAP net income (from continuing operations) was \$2.3 million (12.1% of revenues), an increase of 27%, compared with \$1.8 million (12.2% of revenues) in the first quarter of 2016.

EBITDA (from continuing operations) was \$3.1 million, an increase of 48% compared with \$2.1 million in the fourth quarter of 2016

Management Comment

David Mahlab, Pointer's Chief Executive Officer, commented: “We are very happy with the results of the quarter, which were at record levels across the board, driven primarily by subscriber growth of over 46,000 users since last year and adding 9,000 new subscribers in this quarter. The operating leverage inherent to our SAAS business model allows us to strongly benefit from the growth in the subscriber base, as was demonstrated by the solid improvement in our operating margin in the quarter.”

Mr. Mahlab continued, “We have recently seen a broad increase in interest for safety and driver behavior solutions and for improving fleet efficiencies. As part of this trend, we are in discussions with potential new customers in new territories. In a few cases, it is for providing a similar solution to that which we provided to the Coca-Cola bottling company, Femsa, in Mexico, to improve all aspects of its distribution and driver safety. In other cases, it is for providing a similar solution to that which we provided in New York City for a fleet of over 4,000 for-hire vehicles for driver behavior. Pointer is very well positioned, with the right solutions in place, to capitalize on this increased interest globally.”

Conference Call Information Pointer Telocation's management will host a conference call today, at 7:00am Pacific Time, 10:00 Eastern Time, 17:00 Israel time. On the call, management will review and discuss the results. To listen to the call, please dial in to one of the following teleconferencing numbers. Please begin placing your call a few minutes before the conference call commences.

Dial in numbers are as follows:

From the USA: +1 888 668 9141; From Israel: 03-918-0644; From the UK 0-800-917-5108

A replay will be available a few hours following the call on the company's website.

Reconciliation between results on a GAAP and Non-GAAP basis

Reconciliation between results on a GAAP and Non-GAAP basis is provided in a table immediately following the Condensed Interim Consolidated Statements of Cash Flows.

Pointer uses EBITDA and Non-GAAP net income as Non-GAAP financial performance measurements.

Pointer calculates EBITDA by adding back to net income financial expenses, taxes, depreciation and amortization and impairment of goodwill and intangible assets.

Pointer calculates Non-GAAP net income by adding back to net income the effects of non-cash stock based compensation expenses, amortization and impairment of long lived assets, non-cash tax expenses, other expenses of retirement costs, spin-off related expenses and losses and acquisition related one-time costs.

The purpose of such adjustments is to give an indication of the Company's performance exclusive of Non-GAAP charges that are considered by management to be outside of the Company's core operating results.

EBITDA and non-GAAP net income are provided to investors to complement results provided in accordance with GAAP, as management believes the measure helps illustrate underlying operating trends in the Company's business and uses the measure to establish internal budgets and goals, manage the business and evaluate performance. Management believes that these non-GAAP measures help investors to understand the Company's current and future operating cash flow and performance, especially as the Company's acquisitions have resulted in amortization and non-cash items that have had a material impact on the Company's GAAP profits. EBITDA and non GAAP net income should not be considered in isolation or as a substitute for comparable measures calculated and should be read in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP. These non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies.

About Pointer Telocation

For over 20 years, Pointer has rewritten the rules for the *Mobile Resource Management* (MRM) market and is a pioneer in the *Connected Car* segment. Pointer has in-depth knowledge of the needs of this market and has developed a full suite of tools, technology and services to respond to them. The vehicles of the future will be intimately networked with the outside world, enhancing and optimizing the in-car experience.

Pointer's innovative and reliable cloud-based software-as-a-service (SAAS) platform extracts and captures an organization's critical mobility data points – from office, drivers, routes, points-of-interest, logistic-network, vehicles, trailers, containers and cargo. The SAAS platform analyzes the raw data converting it into valuable information for Pointer's customers providing them with actionable insights and thus enabling the customers to improve their bottom line and increase their profitably.

For more information, please visit http://www.pointer.com

Forward Looking Statements

This press release contains historical information and forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995 with respect to the business, financial condition and results of operations of the Company. The words "believe," "expect," "anticipate," "intend," "seems," "plan," "aim," "should" and similar expressions are intended to identify forward-looking statements. Such statements reflect the current views, assumptions and expectations of the Company with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in the markets in which the Company operates and in general economic and business conditions, loss or gain of key customers and unpredictable sales cycles, competitive pressures, market acceptance of new products, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this press release. Various risks and uncertainties may affect the Company and its results of operations, as described in reports filed by the Company with the Securities and Exchange Commission from time to time. The Company does not assume any obligation to update these forward-looking statements.

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INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	March 31, 2017	December 31, 2016
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,754	$ 6,066
Trade receivables	12,845	11,464
Other accounts receivable and prepaid expenses	3,155	2,504
Inventories	5,485	5,242
Total current assets	27,239	25,276
LONG-TERM ASSETS:		
Long-term loan to related party	892	831
Long-term accounts receivable	618	564
Severance pay fund	3,129	2,878
Property and equipment, net	5,843	5,614
Other intangible assets, net	2,126	2,178
Goodwill	39,998	38,107
Deferred tax asset	1,097	1,433
Total long-term assets	53,703	51,605
Total assets	$ 80,942	$ 76,881

INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	March 31, 2017	December 31, 2016
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank credit and current maturities of long-term loans	$ 5,008	$ 4,836
Trade payables	6,957	7,116
Deferred revenues and customer advances	1,162	1,037
Other accounts payable and accrued expenses	7,570	6,839
Total current liabilities	20,697	19,828
LONG-TERM LIABILITIES:		
Long-term loans from banks	8,809	10,182
Deferred taxes and other long-term liabilities	1,015	976
Accrued severance pay	3,530	3,206
Total long term liabilities	13,354	14,364
COMMITMENTS AND CONTINGENT LIABILITIES		
EQUITY:		
Pointer Telocation Ltd's shareholders' equity:		
Share capital	5,887	5,837
Additional paid-in capital	128,576	128,438
Accumulated other comprehensive income	(3,188)	(5,633)
Accumulated deficit	(84,558)	(86,115)
Total Pointer Telocation Ltd's shareholders' equity	46,717	42,527
Non-controlling interest	174	162
Total equity	46,891	42,689
Total liabilities and equity	$ 80,942	$ 76,881

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Three months ended March 31, 2017	Three months ended March 31, 2016	Year ended December 31, 2016
	Unaudited	Unaudited	
Revenues:			
Products	$ 6,682	$ 5,507	$ 22,784
Services	12,349	9,319	41,569
Total revenues	19,031	14,826	64,353
Cost of revenues:			
Products	4,276	3,396	13,904
Services	5,363	4,072	18,672
Total cost of revenues	9,639	7,468	32,576
Gross profit	9,392	7,358	31,777
Operating expenses:			
Research and development	970	905	3,669
Selling and marketing	3,305	2,647	11,774
General and administrative	2,748	2,133	9,004
Amortization of intangible assets	113	90	473
One-time acquisition related costs	-	-	609
Total operating expenses	7,136	5,775	25,529
Operating income	2,256	1,583	6,248
Financial expenses (income), net	160	(80)	1,046
Other expenses (income)	-	(4)	9
Income before taxes on income	2,096	1,667	5,193
Taxes on income	529	577	1,845
Income from continuing operations	1,567	1,090	3,348
Income from discontinued operation, net	-	323	154
Net income	$ 1,567	$ 1,413	$ 3,502
Earnings per share from continuing operations attributable to Pointer Telocation Ltd's shareholders:			
Basic net earnings per share	$ 0.20	$ 0.14	$ 0.43
Diluted net earnings per share	$ 0.19	$ 0.14	$ 0.42
Weighted average -Basic number of shares	7,907,139	7,784,654	7,820,767
Weighted average – fully diluted number of shares	8,030,787	7,914,521	7,938,290

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended March 31, 2017	Three months ended March 31, 2016	Year ended December 31, 2016
	Unaudited	Unaudited	
Cash flows from operating activities:			
Net income	$ 1,567	$ 1,413	$ 3,502
Adjustments required to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	850	898	3,258
Accrued interest and exchange rate changes of debenture and long-term loans	-	(216)	29
Accrued severance pay, net	58	47	20
Gain from sale of property and equipment, net	(18)	(126)	(232)
Stock-based compensation	111	57	320
Increase in trade receivables, net	(925)	(3,699)	(3,489)
Increase in other accounts receivable and prepaid expenses	(611)	(657)	(942)
Decrease (increase) in inventories	(149)	236	(1,063)
Decrease in deferred income taxes	370	790	1,774
Decrease (increase) in long-term accounts receivable	(71)	(135)	99
Increase (decrease) in trade payables	(479)	1,746	3,346
Increase in other accounts payable and accrued expenses	802	1,167	2,455
Net cash provided by operating activities	1,505	1,521	9,077
Cash flows from investing activities:			
Purchase of property and equipment	(768)	(1,577)	(4,129)
Purchase of other intangible assets	-	-	(115)
Proceeds from sale of property and equipment	18	476	648
Acquisition of subsidiary (a)	-	-	(8,531)
Net cash used in investing activities	(750)	(1,101)	(12,127)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Three months ended March 31, 2017	Three months ended March 31, 2016	Year ended December 31, 2016
	Unaudited	Unaudited	
Cash flows from financing activities:			
Receipt of long-term loans from banks	-	210	6,263
Repayment of long-term loans from banks	(950)	(1,243)	(4,976)
Proceeds from issuance of shares and exercise of options, net of issuance costs	79	-	98
Distribution as a dividend in kind of previously consolidated subsidiary (b)	-	-	(1,870)
Short-term bank credit, net	(281)	45	716
Net cash provided (used) in financing activities	(1,152)	(988)	231
Effect of exchange rate on cash and cash equivalents	85	(124)	(462)
Decrease in cash and cash equivalents	(312)	(692)	(3,281)
Cash and cash equivalents at the beginning of the period	6,066	9,347	9,347
Cash and cash equivalents at the end of the period-continuing operations	$ 5,754	$ 6,892	$ 6,066
Cash and cash equivalents at the end of the period-discontinued operation	-	$ 1,763	-
Cash and cash equivalents at the end of the period	$ 5,754	$ 8,655	$ 6,066

(a) Acquisition of subsidiary:			
Working capital (Cash and cash equivalent excluded)	$ -	$ -	$ (334)
Property and equipment	-	-	(1,239)
Intangible assets	-	-	(2,098)
Goodwill	-	-	(6,070)
Deferred taxes	-	-	714
Payables for acquisition of investments in subsidiaries	-	-	496
	$ -	$ -	$ (8,531)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

		Three months ended March 31, 2017	Three months ended March 31, 2016	Year ended December 31, 2016
		Unaudited	Unaudited	
(b)	Distribution as a dividend in kind of previously consolidated subsidiary:			
	The subsidiaries' assets and liabilities at date of distribution:			
	Working capital (excluding cash and cash equivalents)	-	-	(5,443)
	Property and equipment	-	-	7,048
	Goodwill and other intangible assets	-	-	15,883
	Other long term liabilities	-	-	(1,781)
	Non-controlling interest	-	-	373
	Accumulated other comprehensive loss	-	-	(213)
	Dividend in kind	-	-	(17,737)
		$ -	$ -	$ (1,870)
(c)	Non-cash investing activity:			
	Purchase of property and equipment	$ 102	$ 215	$ 48

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ADDITIONAL INFORMATION

U.S. dollars in thousands (except share and per share data)

The following table reconciles the GAAP to non-GAAP operating results:

	Three months ended March 31,		Year ended December 31,
	2017	**2016**	**2016**
GAAP gross profit	**$ 9,392**	**$ 7,358**	**$ 31,777**
Stock-based compensation expenses	1	2	6
Non-GAAP gross profit	**$ 9,393**	**$ 7,360**	**31,783**
GAAP operating expenses	**$ 7,136**	**$ 5,775**	**$ 25,529**
Stock-based compensation expenses	110	55	314
Amortization and impairment of long lived assets	113	90	473
Other expenses of retirement costs	125	-	-
Acquisition related one-time costs	-	-	609
Non-GAAP operating expenses	**$ 6,788**	**$ 5,630**	**$ 24,133**
GAAP operating income	**$ 2,256**	**$ 1,583**	**$ 6,248**
Non-GAAP operating income from continuing operations	**$ 2,605**	**$ 1,730**	**$ 7,650**
GAAP net income from continuing operations	**$ 1,567**	**$ 1,090**	**$ 3,348**
Stock-based compensation expenses	111	57	320
Amortization and impairment of long lived assets	113	90	473
Other expenses of retirement costs	125	-	-
Non cash tax expenses	386	577	1,723
Acquisition related one-time costs	-	-	609
Non-GAAP net income from continuing operations	**$ 2,302**	**$ 1,814**	**$ 6,473**
Income from discontinued operation	**-**	**323**	**154**
Non cash tax expenses	-	158	249
Spin-off related expenses and losses	-	-	349
Amortization and impairment of long lived assets	-	39	67
Non-GAAP net income	**$ 2,302**	**$ 2,334**	**$ 7,292**
Non-GAAP net income from continuing operations per share - Diluted	$ 0.29	$ 0.23	$ 0.82
Non-GAAP weighted average number of shares - Diluted*	8,030,787	7,914,521	7,938,290

* In calculating diluted non-GAAP net income per share, the diluted weighted average number of shares outstanding excludes the effects of stock-based compensation expenses in accordance with FASB ASC 718.

EBITDA

U.S. dollars in thousands

	Three months ended March 31, 2017	Three months ended March 31, 2016	Year ended December 31, 2016
GAAP Net income from continuing operations as reported:	**$ 1,567**	**$ 1,090**	**$ 3,348**
Financial expenses, net	160	(80)	1,046
Tax on income	529	577	1,845
Depreciation, amortization and impairment of goodwill and intangible assets	850	518	2,590
EBITDA from continuing operations	**$ 3,106**	**$ 2,105**	**$ 8,829**
Income from discontinued operation	-	**323**	**154**
Financial expenses, net	-	19	47
Taxes on income	-	178	249
Depreciation, amortization and impairment of goodwill and intangible assets	-	380	668
EBITDA	**$ 3,106**	**$ 3,005**	**$ 9,947**

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