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For Immediate Release

Pointer Telocation Reports Third Quarter 2017 Financial Results

Financial Highlights of the Quarter

- Record revenues of $20.2 million, up 27% year-over-year;
- Recurring service revenues of $13.3 million, up 27% year-over-year;
- Record EBITDA of $3.6 million, up 87% year-over-year;
- Total subscribers reached 249,000, an increase of 26% year-over-year;

Rosh HaAyin, Israel, November 15th, 2017 Pointer Telocation Ltd. (Nasdaq CM: PNTR; Tel-Aviv Stock Exchange: PNTR) - a leading provider of telematic services and technology solutions for Fleet Management, Mobile Asset Management and Internet of Vehicles, announced its financial results for the third quarter of 2017.[1]

Financial summary for the third quarter of 2017

Revenues for the third quarter of 2017 increased 27% to a record $20.2 million as compared to $15.9 million in the third quarter of 2016.

Revenues from products in the third quarter of 2017 increased 28% to $6.9 million (34% of revenues) compared to $5.4 million (34% of revenues) in the comparable period of 2016.

Revenues from recurring services in the third quarter of 2017 increased 27% to $13.3 million (66% of revenues) compared to $10.5 million (66% of revenues), in the comparable period of 2016. The growth in service revenue was primarily due to the growth in the subscriber base

[1] *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.*

which grew by 51,000 subscribers since September 30, 2016 and 10,000 subscribers since June 30, 2017.

Gross profit was $10.5 million (51.8% of revenues) compared to $7.8 million (49.2% of revenues) in the third quarter of 2016.

Operating income on a GAAP basis was $2.9 million (14.4% of revenues), an increase of 108%, compared with $1.4 million (8.8% of revenues) in the third quarter of 2016.

Non-GAAP operating income was $3.1 million (15.3% of revenues), an increase of 71% compared to $1.8 million (11.4% of revenues) in the third quarter of 2016.

GAAP net income was $1.9 million (9.3% of revenues), an increase of 163% compared to $0.7 (4.5% of revenues) million reported in the third quarter of 2016.

Non-GAAP net income was $2.3 million (11.4% of revenues), an increase of 61%, compared with $1.4 million (9.0% of revenues) in the third quarter of 2016.

EBITDA was $3.6 million (17.8% of revenues), an increase of 87% compared with $1.9 million (12.1% of revenues) in the third quarter of 2016.

Cash and cash equivalents totaled $7.0 million and **total debt** was $11.6 million. **Operating cash flow** in the quarter was $3.3 million.

Management Comment

David Mahlab, Pointer's Chief Executive Officer, commented: "We are very pleased with our financial results, showing very strong revenue growth, record EBITDA and strong margins across the board. The integration of our recent acquisition in Brazil of Cielo's operation is progressing as planned and we believe that we will enjoy the full benefit of the cost synergies in 2018. In South Africa, we recently announced an acquisition, in line with our growth strategy, which we expect will also contribute positively in the coming quarters."

Mr. Mahlab continued, "We have recently seen increased interest in Cellotrack Nano, our new solution for Mobile Asset Management. We have a number of prospects undergoing evaluations and we believe it will be a long-term growth engine for Pointer. We are also pleased with the increased penetration of our connected car solution following our intensive R&D and marketing efforts over the past few quarters. Pointer's continued solid results represent the ongoing successful execution of our long-term growth strategy."

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: +1-888-281-1167; From Israel: 03-918-0685; 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

	September 30, 2017	December 31, 2016
	Unaudited	
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	7,004	6,066
Trade receivables	14,440	11,464
Other accounts receivable and prepaid expenses	3,180	2,504
Inventories	6,216	5,242
Total current assets	30,840	25,276
LONG-TERM ASSETS:		
Long-term loan to related party	944	831
Long-term accounts receivable	683	564
Severance pay fund	3,381	2,878
Property and equipment, net	6,119	5,614
Other intangible assets, net	1,905	2,178
Goodwill	40,843	38,107
Deferred tax asset	286	1,433
Total long-term assets	54,161	51,605
Total assets	85,001	76,881

INTERIM CONSOLIDATED BALANCE SHEETS

U.S. dollars in thousands

	September 30, 2017	December 31, 2016
	Unaudited	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term bank credit and current maturities of long-term loans	5,347	4,836
Trade payables	6,282	7,116
Deferred revenues and customer advances	890	1,037
Other accounts payable and accrued expenses	9,274	6,839
Total current liabilities	21,793	19,828
LONG-TERM LIABILITIES:		
Long-term loans from banks	6,225	10,182
Deferred taxes and other long-term liabilities	987	976
Accrued severance pay	3,868	3,206
Total long term liabilities	11,080	14,364
COMMITMENTS AND CONTINGENT LIABILITIES		
EQUITY:		
Pointer Telocation Ltd's shareholders' equity:		
Share capital	5,993	5,837
Additional paid-in capital	128,967	128,438
Accumulated other comprehensive income	(2,289)	(5,633)
Accumulated deficit	(80,708)	(86,115)
Total Pointer Telocation Ltd's shareholders' equity	51,963	42,527
Non-controlling interest	165	162
Total equity	52,128	42,689
Total liabilities and equity	85,001	76,881

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS

U.S. dollars in thousands

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Three months ended September 30, 2017	Three months ended September 30, 2016	Year ended December 31, 2016
	Unaudited		Unaudited		
Revenues:					
Products	20,725	16,948	6,896	5,394	22,784
Services	38,579	30,007	13,336	10,522	41,569
Total revenues	59,304	46,955	20,232	15,916	64,353
Cost of revenues:					
Products	12,831	10,479	4,078	3,301	13,904
Services	16,294	13,563	5,673	4,789	18,672
Total cost of revenues	29,125	24,042	9,751	8,090	32,576
Gross profit	30,179	22,913	10,481	7,826	31,777
Operating expenses:					
Research and development	3,024	2,694	1,037	870	3,669
Selling and marketing	10,360	8,714	3,599	3,099	11,774
General and administrative	8,463	6,378	2,827	2,152	9,004
Amortization of intangible assets	339	300	112	105	473
One-time acquisition related costs	-	200	-	200	609
Total operating expenses	22,186	18,286	7,575	6,426	25,529
Operating income	7,993	4,627	2,906	1,400	6,248
Financial expenses, net	708	622	288	379	1,046
Other expenses (income)	(7)	5	(4)	8	9
Income before taxes on income	7,292	4,000	2,622	1,013	5,193
Taxes on income	1,877	1,151	739	298	1,845
Income from continuing operations	5,415	2,849	1,883	715	3,348
Income from discontinued operation, net	-	154	-	-	154
Net income	5,415	3,003	1,883	715	3,502
Earnings per share from continuing operations attributable to Pointer Telocation Ltd's shareholders:					
Basic net earnings per share	$ 0.68	$ 0.36	$ 0.24	$ 0.09	$ 0.43
Diluted net earnings per share	$ 0.67	$ 0.36	$ 0.23	$ 0.09	$ 0.42
Weighted average -Basic number of shares	7,977,376	7,799,257	7,989,398	7,825,840	7,820,767
Weighted average – fully diluted number of shares	8,104,756	7,938,800	8,172,362	7,967,559	7,938,290

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Three months ended September 30, 2017	Three months ended September 30, 2016	Year ended December 31, 2016
	Unaudited		Unaudited		
Cash flows from operating activities:					
Net income	5,415	3,003	1,883	715	3,502
Adjustments required to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	2,142	2,306	691	529	3,258
Accrued interest and exchange rate changes of debenture and long-term loans	-	29	-	(45)	29
Accrued severance pay, net	134	37	22	(84)	20
Gain from sale of property and equipment, net	(85)	(205)	(18)	(25)	(232)
Stock-based compensation	299	205	83	111	320
Decrease (increase) in trade receivables, net	(2,271)	(3,430)	(144)	854	(3,489)
Decrease (increase) in other accounts receivable and prepaid expenses	(569)	(750)	(89)	156	(942)
Decrease (increase) in inventories	(807)	90	(240)	(353)	(1,063)
Decrease in deferred income taxes	1,096	1,722	274	685	1,774
Decrease (increase) in long-term accounts receivable	4	(240)	(48)	(231)	99
Increase (decrease) in trade payables	(1,558)	2,052	(347)	10	3,346
Increase (decrease) in other accounts payable and accrued expenses	2,200	1,568	1,206	(893)	2,455
Net cash provided by operating activities	6,000	6,387	3,273	1,429	9,077
Cash flows from investing activities:					
Purchase of property and equipment	(1,987)	(3,577)	(875)	(716)	(4,129)
Purchase of other intangible assets	-	(115)	-	-	(115)
Proceeds from sale of property and equipment	86	624	31	30	648
Acquisition of subsidiary (a)	-	-	-	-	(8,531)
Net cash used in investing activities	(1,901)	(3,068)	(844)	(686)	(12,127)

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

U.S. dollars in thousands

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Three months ended September 30, 2017	Three months ended September 30, 2016	Year ended December 31, 2016
	Unaudited		Unaudited		
Cash flows from financing activities:					
Receipt of long-term loans from banks	-	6,762	-	6,667	6,777
Repayment of long-term loans from banks	(3,369)	(3,575)	(1,356)	(1,325)	(5,490)
Proceeds from issuance of shares and exercise of options, net of issuance costs	387	71	111	71	98
Distribution as a dividend in kind of previously consolidated subsidiary (b)	-	(1,870)	-	-	(1,870)
Short-term bank credit, net	(305)	72	(3)	(56)	716
Net cash provided (used) in financing activities	(3,287)	1,460	(1,248)	5,357	231
Effect of exchange rate on cash and cash equivalents	126	(60)	123	221	(462)
Increase (decrease) in cash and cash equivalents	938	4,719	1,304	6,321	(3,281)
Cash and cash equivalents at the beginning of the period	6,066	9,347	5,700	7,745	9,347
Cash and cash equivalents at the end of the period	7,004	14,066	7,004	14,066	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

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Three months ended September 30, 2017	Three months ended September 30, 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)	-	-	(5,443)
Property and equipment	-	7,048	-	-	7,048
Goodwill and other intangible assets	-	15,883	-	-	15,883
Other long term liabilities	-	(1,781)	-	-	(1,781)
Non-controlling interest	-	373	-	-	373
Accumulated other comprehensive loss	-	(213)	-	-	(213)
Dividend in kind	-	(17,737)	-	-	(17,737)
	-	(1,870)	-	-	(1,870)

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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:

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Three months ended September 30, 2017	Three months ended September 30, 2016	Year ended December 31, 2016
GAAP gross profit	**30,179**	**22,913**	**10,481**	**7,826**	**31,777**
Stock-based compensation expenses	2	5	1	1	6
Non-GAAP gross profit	**30,181**	**22,918**	**10,482**	**7,827**	**31,783**
GAAP operating expenses	**22,186**	**18,286**	**7,575**	**6,426**	**25,529**
Stock-based compensation expenses	297	200	82	110	314
Amortization and impairment of long lived assets	339	300	112	105	473
Other expenses of retirement costs	125	-	-	-	-
Acquisition related one-time costs	-	200	-	200	609
Non-GAAP operating expenses	**21,425**	**17,586**	**7,381**	**6,011**	**24,133**
GAAP operating income	**7,993**	**4,627**	**2,906**	**1,400**	**6,248**
Non-GAAP operating income	**8,756**	**5,332**	**3,101**	**1,816**	**7,650**
GAAP net income from continuing operations	**5,415**	**2,849**	**1,883**	**715**	**3,348**
Stock-based compensation expenses	299	205	83	111	320
Amortization and impairment of long lived assets	339	300	112	105	473
Other expenses of retirement costs	125	-	-	-	-
Non cash tax expenses	1,030	1,151	229	298	1,723
Acquisition related one-time costs	-	200	-	200	609
Non-GAAP net income from continuing operations	**7,208**	**4,705**	**2,307**	**1,429**	**6,473**
Income from discontinued operation	**-**	**154**	**-**	**-**	**154**
Non cash tax expenses	-	249	-	-	249
Spin-off related expenses and losses	-	349	-	-	349
Amortization and impairment of long lived assets	-	67	-	-	67
Non-GAAP net income	**7,208**	**5,524**	**2,307**	**1,429**	**7,292**
Non-GAAP net income per share from continuing operations - Diluted	0.89	0.59	0.28	0.18	0.82
Non-GAAP weighted average number of shares - Diluted*	8,104,756	7,938,800	8,172,362	7,967,559	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

	Nine months ended September 30, 2017	Nine months ended September 30, 2016	Three months ended September 30, 2017	Three months ended September 30, 2016	Year ended December 31, 2016
GAAP Net income from continuing operations as reported:	**5,415**	**2,849**	**1,883**	**715**	**3,348**
Financial expenses, net	708	622	288	379	1,046
Tax on income	1,877	1,151	739	298	1,845
Depreciation, amortization and impairment of goodwill and intangible assets	2,138	1,638	687	529	2,590
EBITDA from continuing operations	**10,138**	**6,260**	**3,597**	**1,921**	**8,829**
Income (loss) from discontinued operation	**-**	**154**	**-**	**-**	**154**
Financial expenses , net	-	47	-	-	47
Tax on income	-	249	-	-	249
Depreciation, amortization and impairment of goodwill and intangible assets	-	668	-	-	668
EBITDA	**10,138**	**7,378**	**3,597**	**1,921**	**9,947**

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