



# Partner Communications Company Ltd.

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For further information:

Partner Investor Relations

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<http://www.orange.co.il/en/Investors-Relations/lobby/>

The data contained in this file should be reviewed in conjunction with our press release of March 11, 2015, regarding Partner's results for the year and quarter ended December 31, 2014, as well as previous quarterly results of operations and annual reports filed with the SEC. The quarterly financial results presented in this press release are unaudited financial results. The results were prepared in accordance with IFRS, other than Adjusted EBITDA and free cash flow before interest payments, which are non-GAAP financial measures.



(NIS millions)	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014	Q3 2014	Q4 2014	FY 2014
<b>Total revenues</b>	<b>1,144</b>	<b>1,130</b>	<b>1,118</b>	<b>1,127</b>	<b>4,519</b>	<b>1,103</b>	<b>1,087</b>	<b>1,102</b>	<b>1,108</b>	<b>4,400</b>
<i>growth YoY (%)</i>	-27%	-21%	-15%	-10%	-19%	-4%	-4%	-1%	-2%	-3%
<b>Cellular segment</b>										
Service revenues	717	718	730	711	2,876	673	660	652	607	2,592
Equipment revenues	176	171	160	196	703	220	218	218	282	938
Inter-segment service revenues	7	8	8	8	31	7	7	6	6	26
<b>Cellular segment</b>	<b>900</b>	<b>897</b>	<b>898</b>	<b>915</b>	<b>3,610</b>	<b>900</b>	<b>885</b>	<b>876</b>	<b>895</b>	<b>3,556</b>
<i>growth YoY (%)</i>	-30%	-22%	-14%	-8%	-20%	0%	-1%	-2%	-2%	-1%
<b>Fixed-line segment</b>										
Service revenues	244	232	221	211	908	203	202	210	201	816
Equipment revenues	7	9	7	9	32	7	7	22	18	54
Inter-segment service revenues	39	45	46	47	177	44	46	49	49	188
<b>Fixed-line segment</b>	<b>290</b>	<b>286</b>	<b>274</b>	<b>267</b>	<b>1,117</b>	<b>254</b>	<b>255</b>	<b>281</b>	<b>268</b>	<b>1,058</b>
<i>growth YoY (%)</i>	-11%	-7%	-10%	-13%	-10%	-12%	-11%	3%	0%	-5%
<b>Cost of revenues</b>										
Cellular segment services	528	514	522	506	2,070	496	484	495	488	1,963
Cellular segment equipment	172	162	151	179	664	176	163	161	227	727
Inter-segment cellular services	39	43	45	48	175	43	46	48	48	185
Fixed-line segment services	194	193	182	178	747	171	173	179	169	692
Fixed-line segment equipment	7	9	6	7	29	6	4	15	12	37
Inter-segment fixed line services	7	10	9	7	33	8	7	7	7	29
<b>Total cost of revenues</b>	<b>901</b>	<b>878</b>	<b>861</b>	<b>870</b>	<b>3,510</b>	<b>849</b>	<b>824</b>	<b>850</b>	<b>896</b>	<b>3,419</b>
<b>Gross profit</b>	<b>243</b>	<b>252</b>	<b>257</b>	<b>257</b>	<b>1,009</b>	<b>254</b>	<b>263</b>	<b>252</b>	<b>212</b>	<b>981</b>
<i>margin (%)</i>	21%	22%	23%	23%	22%	23%	24%	23%	19%	22%
<b>Operating expenses</b>										
Cellular: Operating expenses	132	139	135	138	544	136	126	127	120	509
Fixed-line: Operating expenses	39	32	32	32	135	33	32	28	29	122
Impairment	0	0	0	0	0	0	0	0	0	0
Other Income, net	23	21	19	16	79	14	13	13	10	50
<b>Total operating expenses</b>	<b>148</b>	<b>150</b>	<b>148</b>	<b>154</b>	<b>600</b>	<b>155</b>	<b>145</b>	<b>142</b>	<b>139</b>	<b>581</b>
<b>Operating profit</b>	<b>95</b>	<b>102</b>	<b>109</b>	<b>103</b>	<b>409</b>	<b>99</b>	<b>118</b>	<b>110</b>	<b>73</b>	<b>400</b>
<i>margin (%)</i>	8%	9%	10%	9%	9%	9%	11%	10%	7%	9%
Finance costs, net	49	71	53	38	211	24	49	50	36	159
<b>Profit before income tax</b>	<b>46</b>	<b>31</b>	<b>56</b>	<b>65</b>	<b>198</b>	<b>75</b>	<b>69</b>	<b>60</b>	<b>37</b>	<b>241</b>
Income tax expenses	15	11	18	19	63	23	23	20	13	79
<b>Profit for the period</b>	<b>31</b>	<b>20</b>	<b>38</b>	<b>46</b>	<b>135</b>	<b>52</b>	<b>46</b>	<b>40</b>	<b>24</b>	<b>162</b>
<i>margin (%)</i>	3%	2%	3%	4%	3%	5%	4%	4%	2%	4%
<b>Consolidated Adjusted EBITDA</b>	<b>268</b>	<b>280</b>	<b>284</b>	<b>282</b>	<b>1,114</b>	<b>274</b>	<b>291</b>	<b>282</b>	<b>249</b>	<b>1,096</b>
<i>margin (%)</i>	23%	25%	25%	25%	25%	25%	27%	26%	22%	25%
<b>Cellular Adjusted EBITDA</b>	186	198	201	199	784	199	211	191	161	762
<b>Fixed-line Adjusted EBITDA</b>	82	82	83	83	330	75	80	91	88	334

Partner Communications Company Ltd.



<b>(NIS millions)</b>	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>FY 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>	<b>FY 2014</b>
Operating cash flow	336	415	399	389	<b>1,539</b>	259	289	242	161	<b>951</b>
Capital expenditures	130	122	116	107	<b>475</b>	113	98	128	89	<b>428</b>
Free Cash Flow	203	287	273	278	<b>1,041</b>	145	192	112	71	<b>520</b>
Free Cash Flow After Interest	192	193	266	209	<b>860</b>	139	123	106	21	<b>389</b>
Net Debt	3,622	3,446	3,208	3,000	<b>3,000</b>	2,849	2,735	2,637	2,612	<b>2,612</b>

Partner Communications Company Ltd.



	<b>Q1 2013</b>	<b>Q2 2013</b>	<b>Q3 2013</b>	<b>Q4 2013</b>	<b>FY 2013</b>	<b>Q1 2014</b>	<b>Q2 2014</b>	<b>Q3 2014</b>	<b>Q4 2014</b>	<b>FY 2014</b>
Cellular ARPU (NIS)	82	83	84	81	<b>83</b>	77	76	76	71	<b>75</b>
Cellular Churn rate (%)	10.4%	9.4%	8.8%	10.7%	<b>39%</b>	11.6%	11.4%	12.0%	11.5%	<b>47%</b>
Cellular Subscriber Base (Thousands)	2,932	2,921	2,950	2,956	<b>2,956</b>	2,936	2,914	2,894	2,837	<b>2,837</b>

## Definitions

<b>Adjusted EBITDA</b>	'Adjusted EBITDA' represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and share based compensation expenses) and impairment charges, as a measure of operating profit. Adjusted EBITDA is not a financial measure under IFRS and may not be comparable to other similarly titled measures in other companies.
<b>Free cash flow</b>	Operating cash flows before interest payments, net of cash flows use for investing activities.
<b>Net capital expenditures</b>	Purchase of property, plant & equipment (PPE), plus investments in intangible assets, less proceeds from the sale of PPE, excluding SARC capitalization
<b>Net Debt</b>	Total current and non-current borrowings less cash and cash equivalents.
<b>Churn rate</b>	The total number of cellular subscribers who disconnect from our network, in a given period expressed as percentage of the average of the number of our subscribers at the beginning and end of such period.
<b>ARPU</b>	Average monthly revenue per subscriber ARPU is calculated by dividing for each month in the relevant year, the revenues during the month from cellular services by the average number of cellular subscribers during that month, dividing the sum of all results by the number of months in the relevant period.