

Partner Communications Company Ltd.

Company presentation



Q2 2013 Results

August 28, 2013



Safe Harbor Statement

- This presentation includes forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, Section 21E of the US Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Words such as "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "project", "goal", "target" and similar expressions often identify forward-looking statements but are not the only way we identify these statements. All statements other than statements of historical fact included in this press release regarding our future performance, plans to increase revenues or margins or preserve or expand market share in existing or new markets, reduce expenses and any statements regarding other future events or our future prospects, are forward-looking statements.
- We have based these forward-looking statements on our current knowledge and our present beliefs and expectations regarding possible future events. These forward-looking statements are subject to risks, uncertainties and assumptions about Partner, consumer habits and preferences in cellular telephone usage, trends in the Israeli telecommunications industry in general, the impact of current global economic conditions and possible regulatory and legal developments. For a description of some of the risks we face, see "Item 3D. Key Information - Risk Factors", "Item 4. - Information on the Company", "Item 5. - Operating and Financial Review and Prospects", "Item 8A. - Consolidated Financial Statements and Other Financial Information - Legal and Administrative Proceedings" and "Item 11. - Quantitative and Qualitative Disclosures about Market Risk" in the Company's 2012 Annual Report (20-F) filed with the SEC on March 19, 2013. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this press release might not occur, and actual results may differ materially from the results anticipated. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Agenda



1. Partner Highlights



2. The Israeli Telecommunications Market



3. Financial and Operational Performance



4. Partner's Strategic Direction

1. Partner Highlights



At a Glance

**Strong
brand and
market
presence**

A leading
communications
group operating
under the “orange”
and 012 Smile
brands

29%
estimated
cellular
market share

**Strong
subscriber
base**

Evolving into
a diversified
Multi-Service
Communications
and Media group

**High Speed
Network,
LTE Ready**

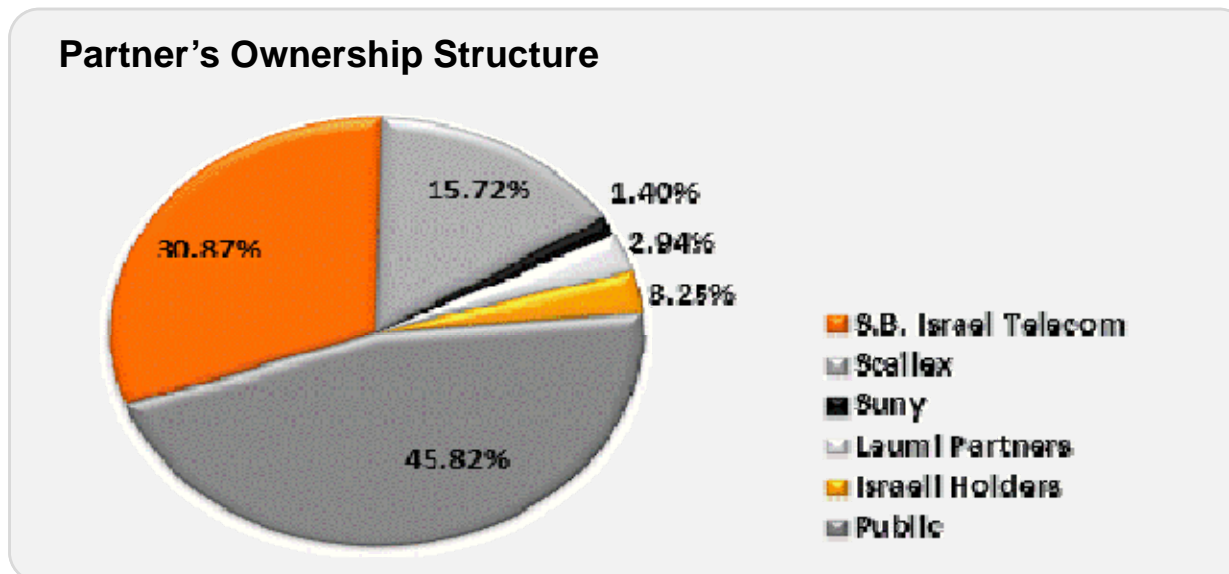


Q2 2013 Financial and Operational Highlights

- **Revenues** of NIS 1,130 million (\$ 312 million)
 - **Service Revenues** of NIS 950 million (\$ 263 million)
 - **Equipment Revenues** of NIS 180 million (\$ 50 million)
- **EBITDA*** of NIS 280 million (\$ 77 million), 25% of total revenues
- **Net profit** of NIS 20 million (\$ 6 million)
- **Free Cash Flow (before Interest):** NIS 287million (US\$ 79 million)
- **Cellular ARPU:** NIS 83 (\$23)
- **Cellular Churn:** 9.4%

Ownership Structure

- S.B. Israel Telecom Ltd. is an affiliate of Saban Capital Group, Inc. ("SCG"). SCG is a leading private investment firm based in Los Angeles specializing in the media, entertainment, and communication industries.
- SCG was established by Mr. Haim Saban, co-founder of Fox Family Worldwide, a global television broadcasting, production, distribution and merchandising company owned in partnership with Rupert Murdoch and The News Corporation following its sale to The Walt Disney Company in October 2001. The firm currently makes both controlling and minority investments in public and private companies and takes an active role in its portfolio companies.



2. The Israeli Telecommunications Market



Main Regulatory Actions*

Increasing competition - two new operators and three MVNOs

Financial sanctions on licensees that violate their license conditions

MOC has published a consultation suggesting a tariff of 0.99 agora per minute for fixed line interconnection.

MOC published the policy on fixed line wholesale market

Reduction in cellular royalty rate to the Government for 2012 - 1.3%, 2013 - 0%

IEC fiber optic project- an agreement was signed with ViaEuropa for the set-up of a FTTH infrastructure company

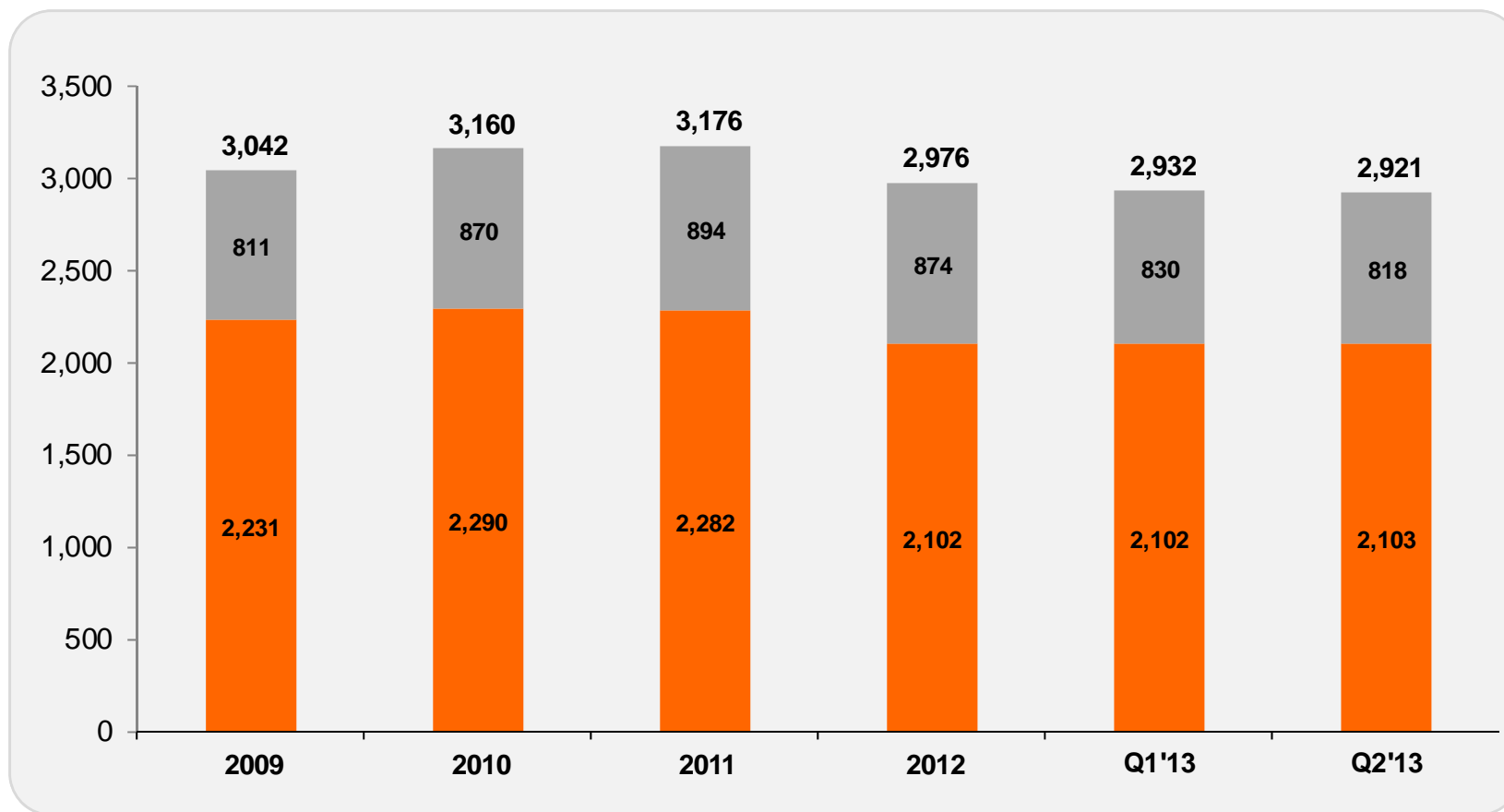
3. Financial and Operational Performance



Q2 2013 Financial Highlights

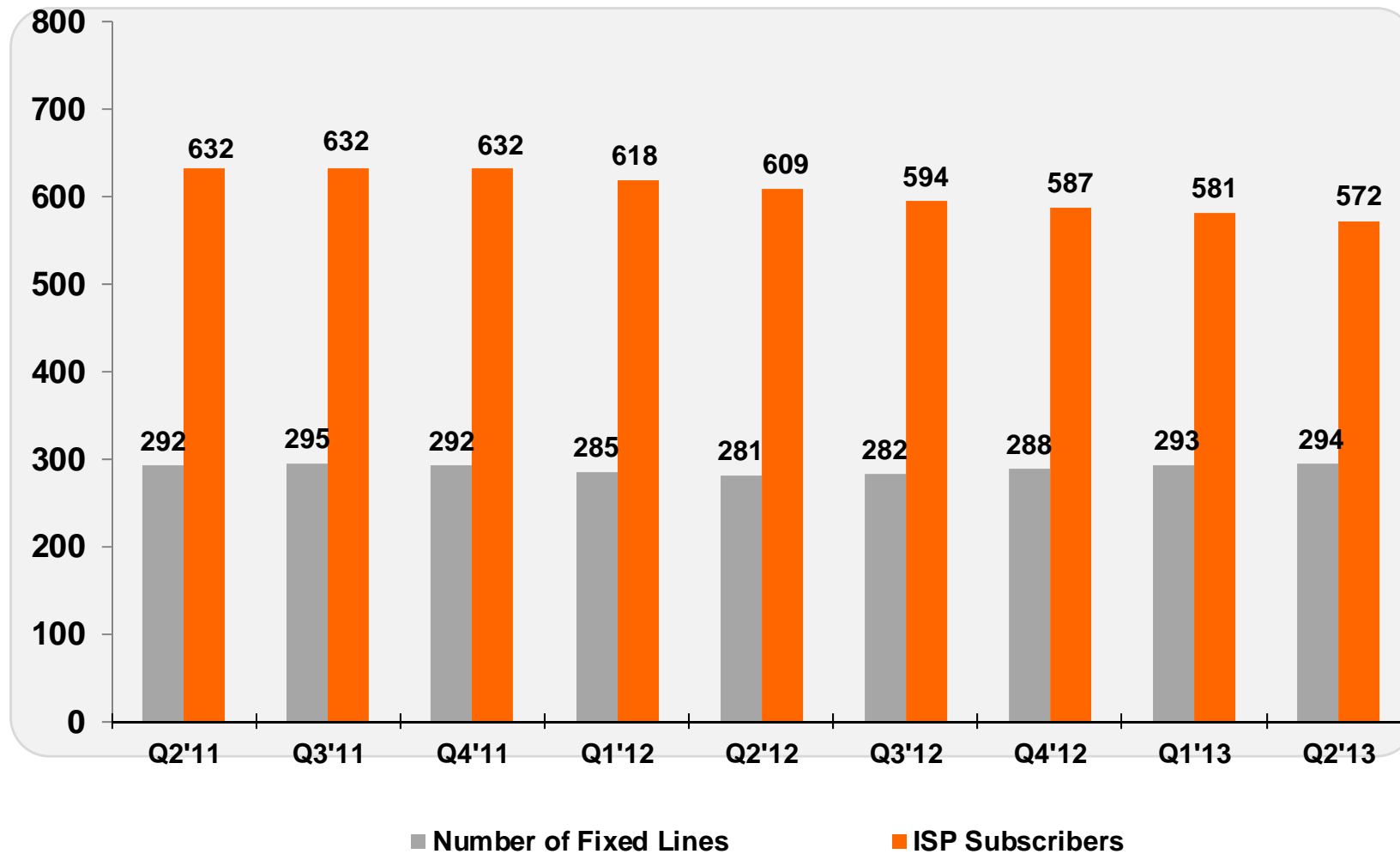
<i>in NIS millions</i>	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Q2 2013
Revenues	1,428	1,315	1,258	1,144	1,130
Cost of Revenues	1,000	934	969	901	878
Gross Profit	428	381	289	243	252
S,G&A	213	192	160	171	171
Other income	30	28	26	23	21
Operating Profit	245	217	155	95	102
Financial Costs, net	73	68	38	49	71
Income Taxes	52	39	15	15	11
Net Profit	120	110	102	31	20
EBITDA*	423	401	340	268	280

Cellular Subscribers (In thousands)

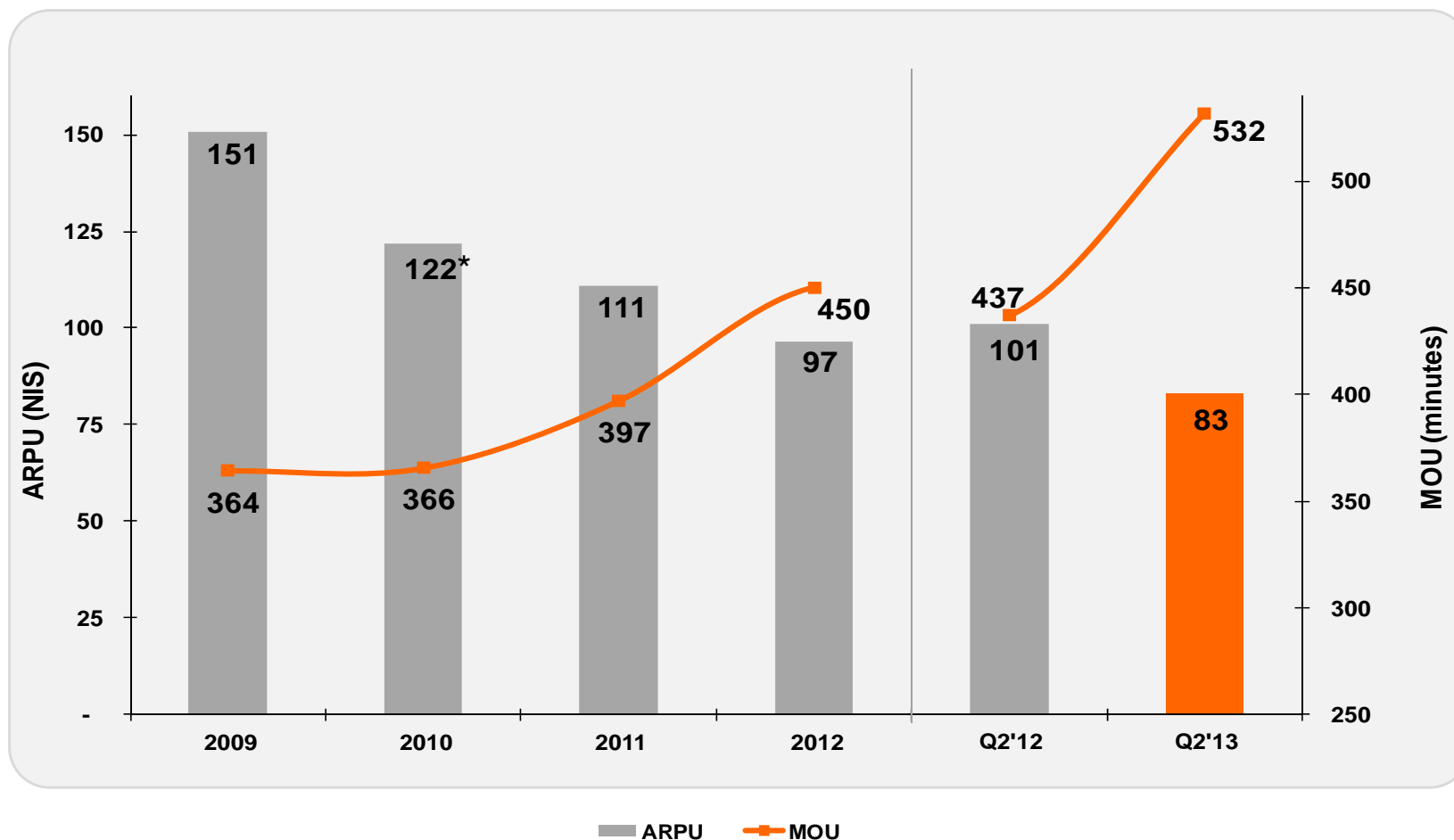


■ Post-paid ■ Pre-paid

Fixed Line Subscribers (In thousands)

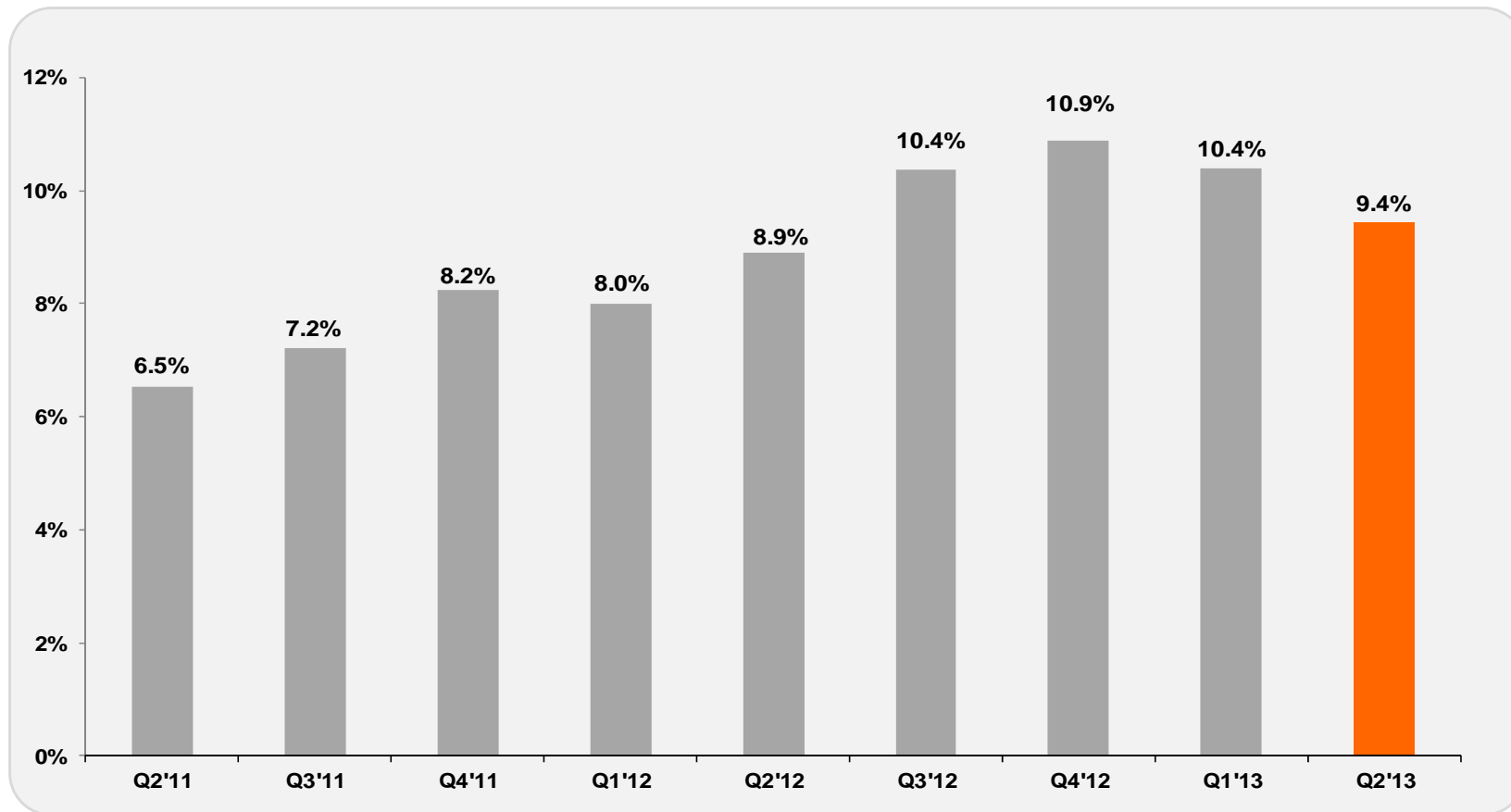


Cellular ARPU and MOU

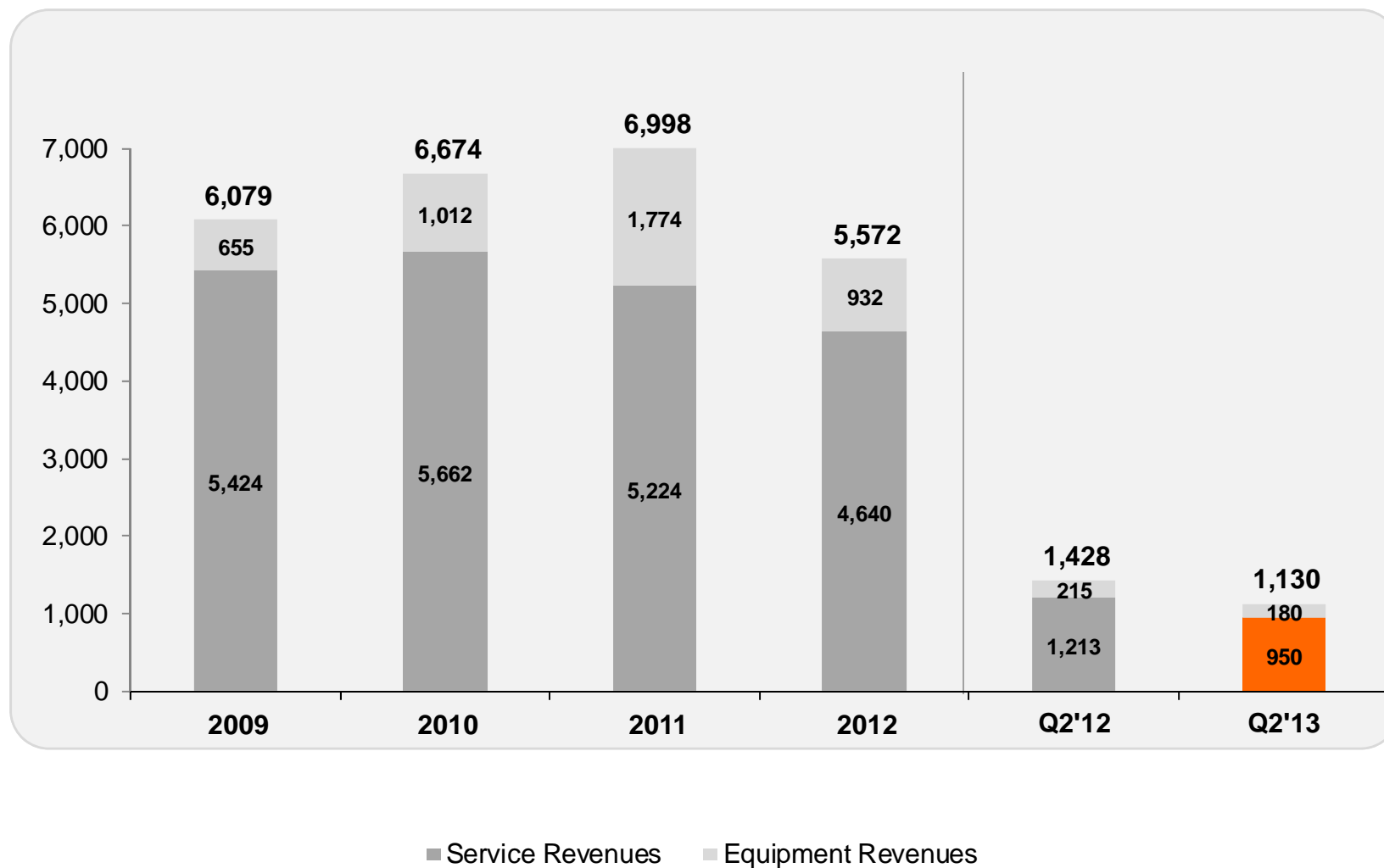


* The ARPU for 2010 has been restated under the interconnect tariff of 2011, for purposes of comparison

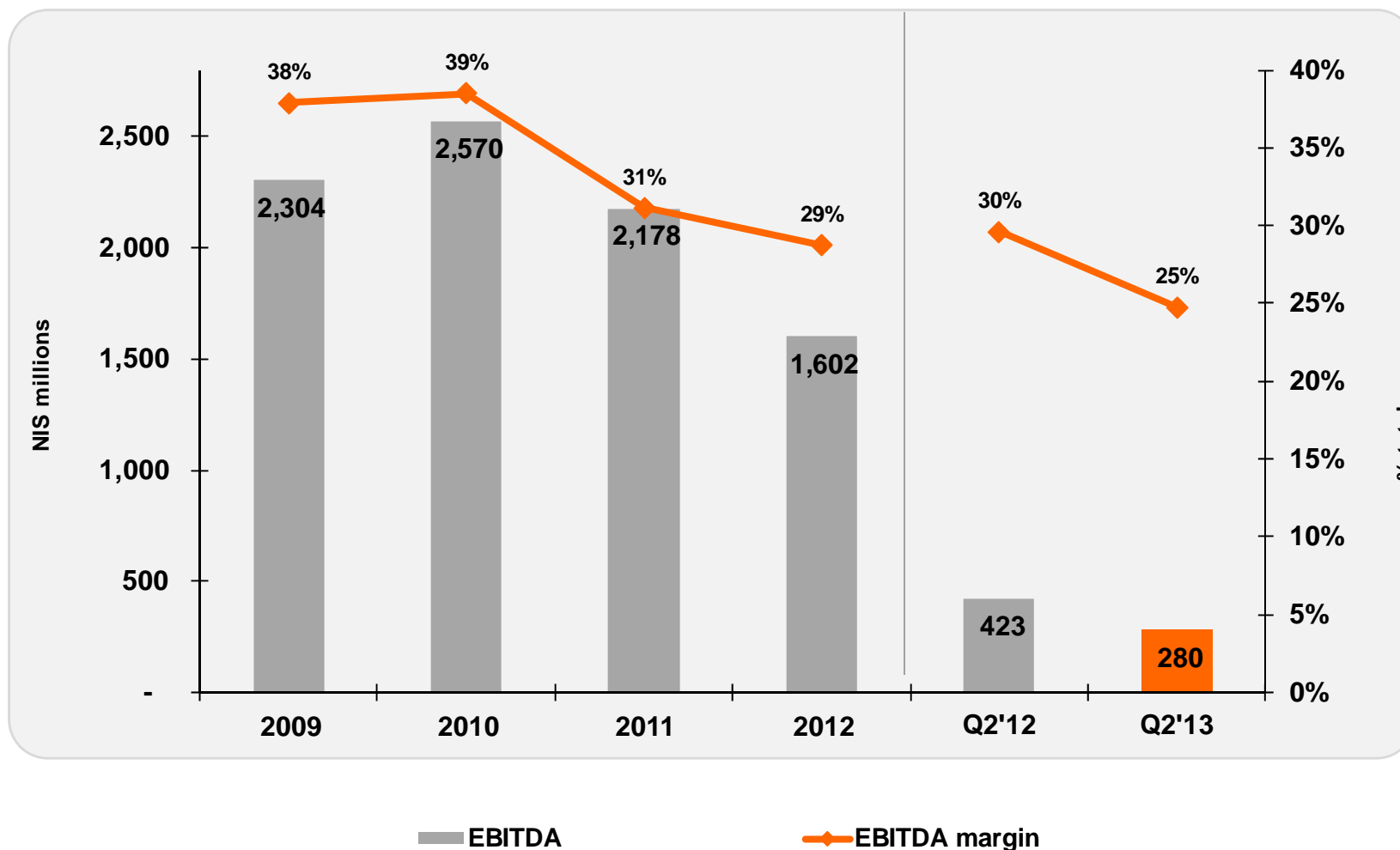
Quarterly Cellular Churn Rate



Total Revenues (In million NIS)



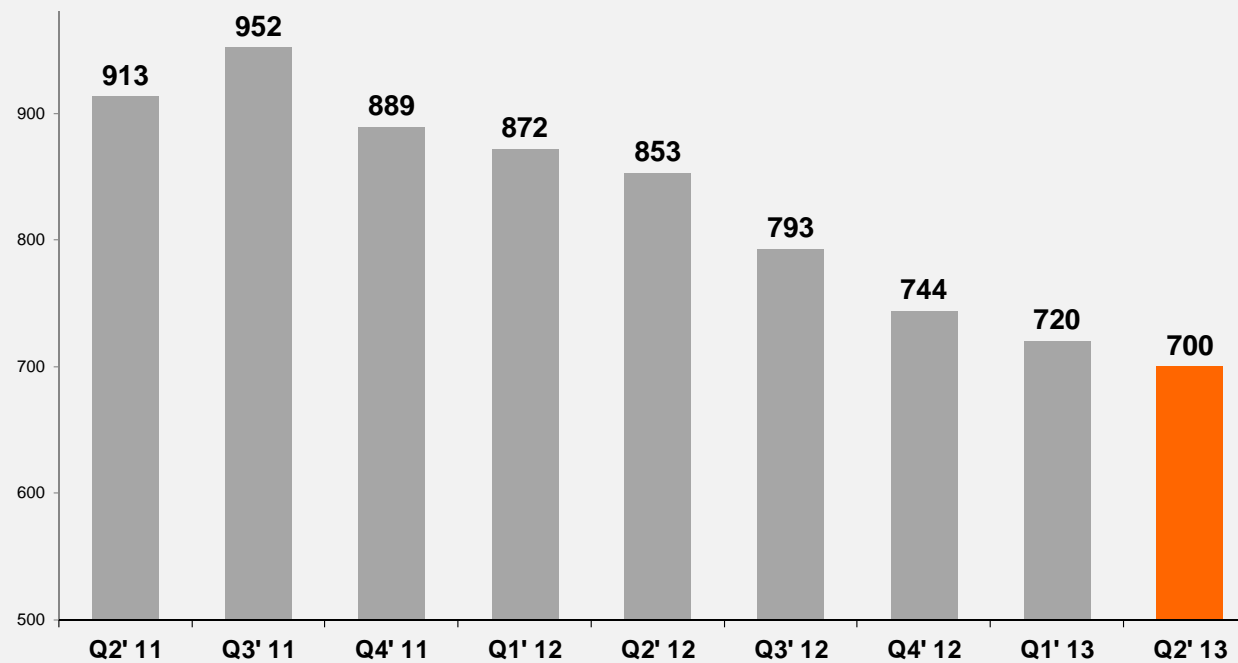
EBITDA* (In million NIS)



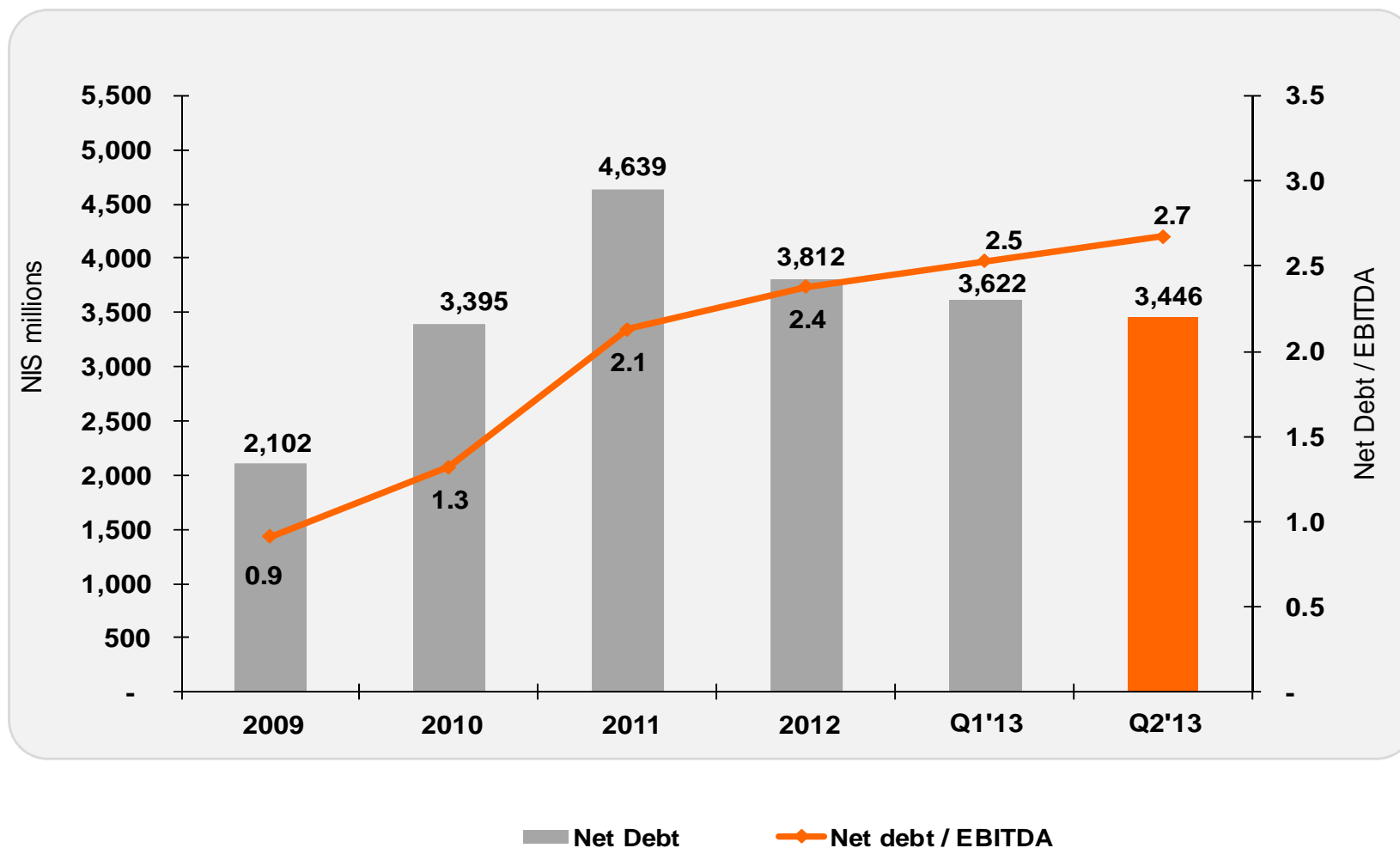
* EBITDA represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and share based compensation expenses) and impairment charges, as a measure of operating profit. Please refer to the section "Use of Non-GAAP Financial Measures " in the Company's quarterly press release
Results include 012 Smile from March 2011



OPEX (In million NIS)



Net Debt / EBITDA*

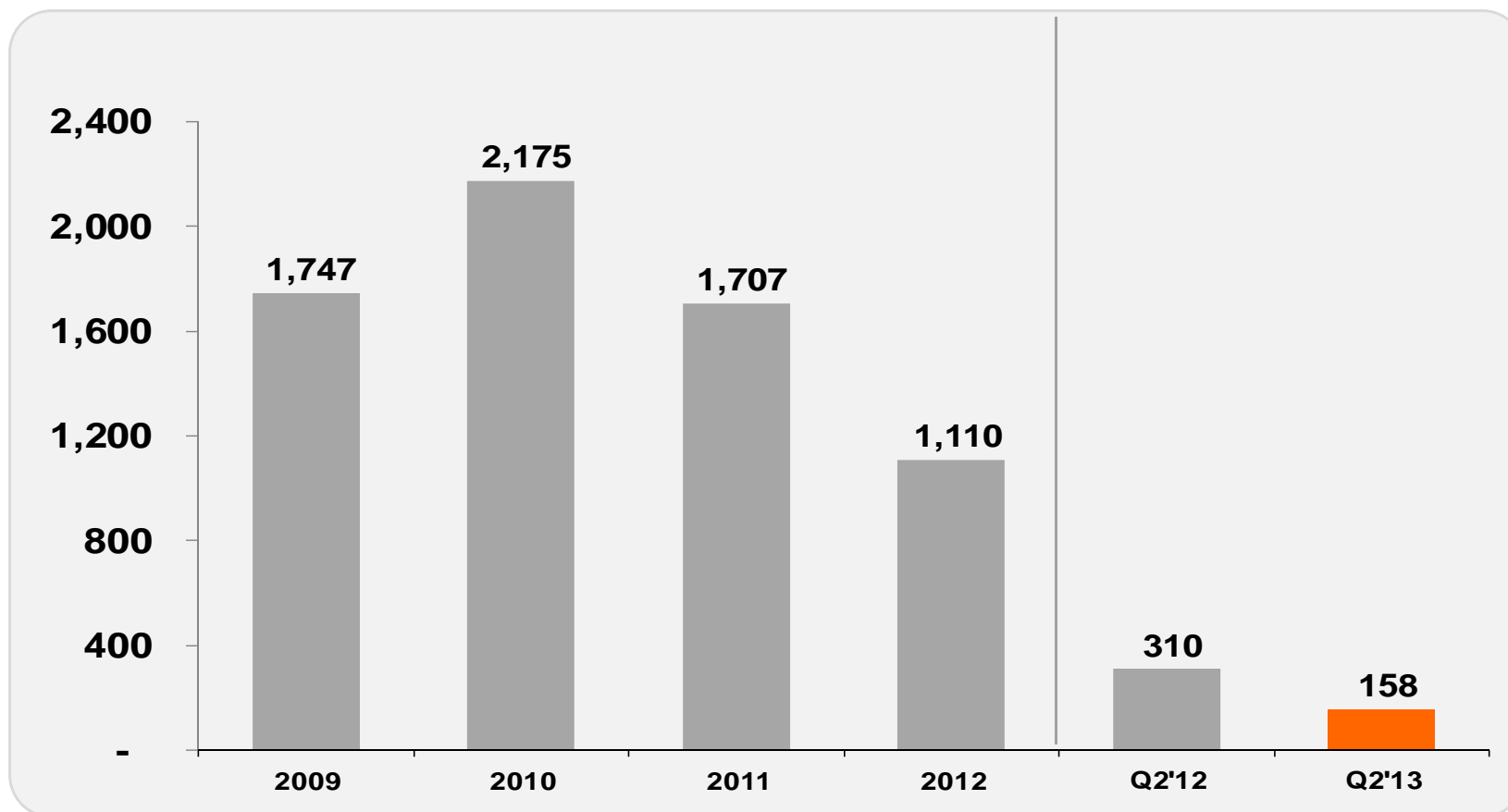


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Net Debt at the end of the period, EBITDA for the last four quarters



EBITDA - CAPEX* (In million NIS)

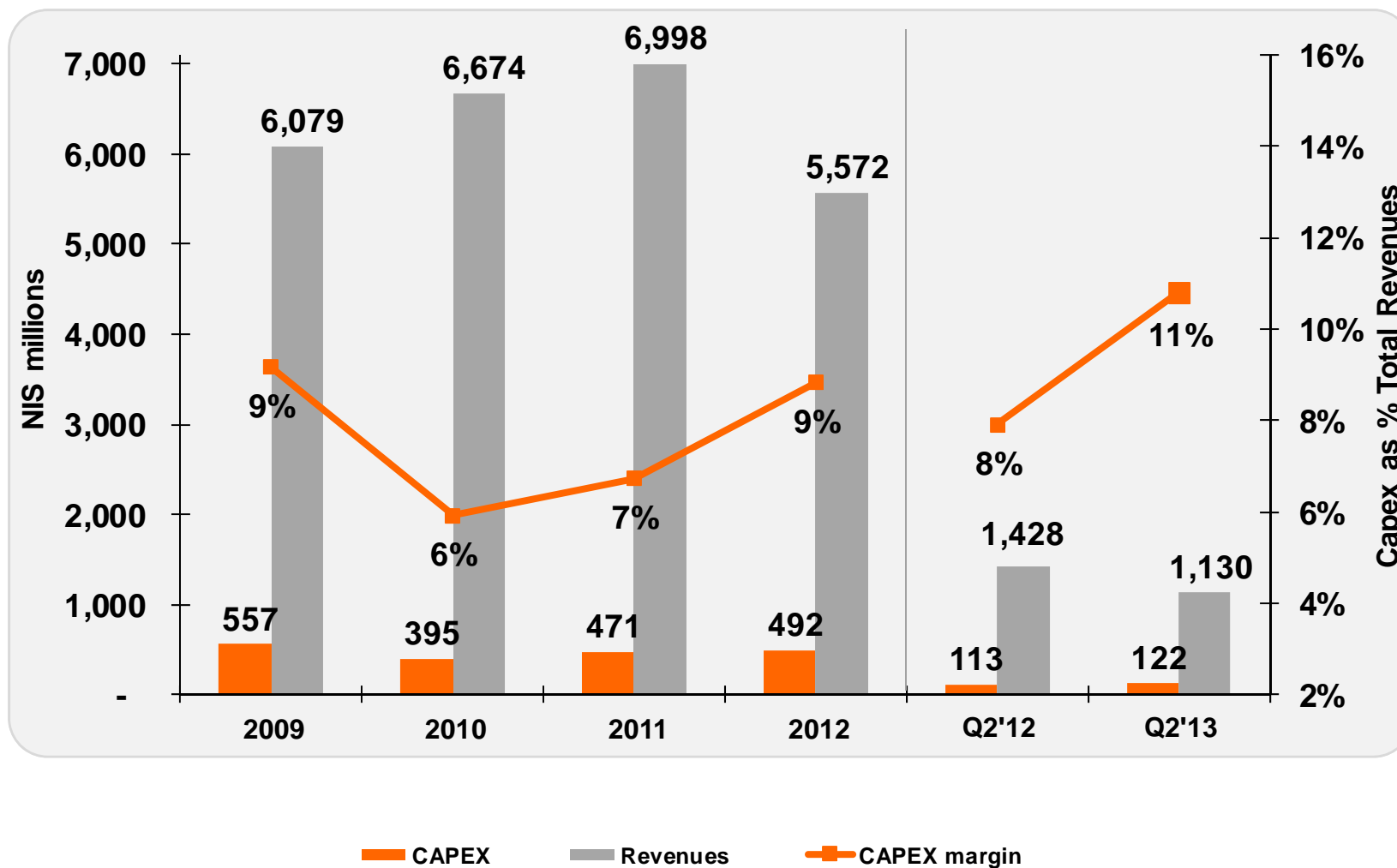


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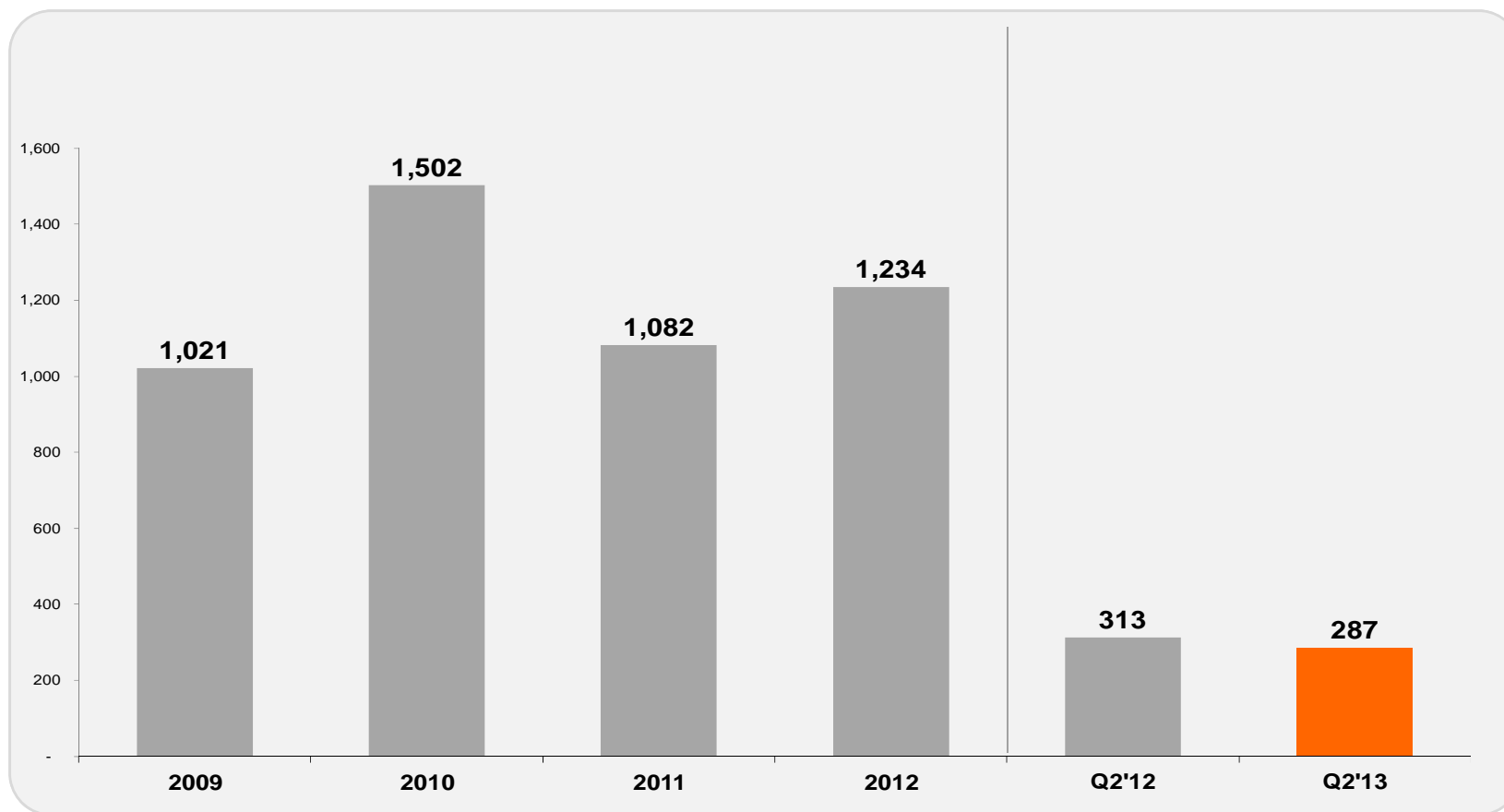
* Cash capital expenditures in fixed assets including intangible assets but excluding capitalized subscriber acquisition and retention costs, net,



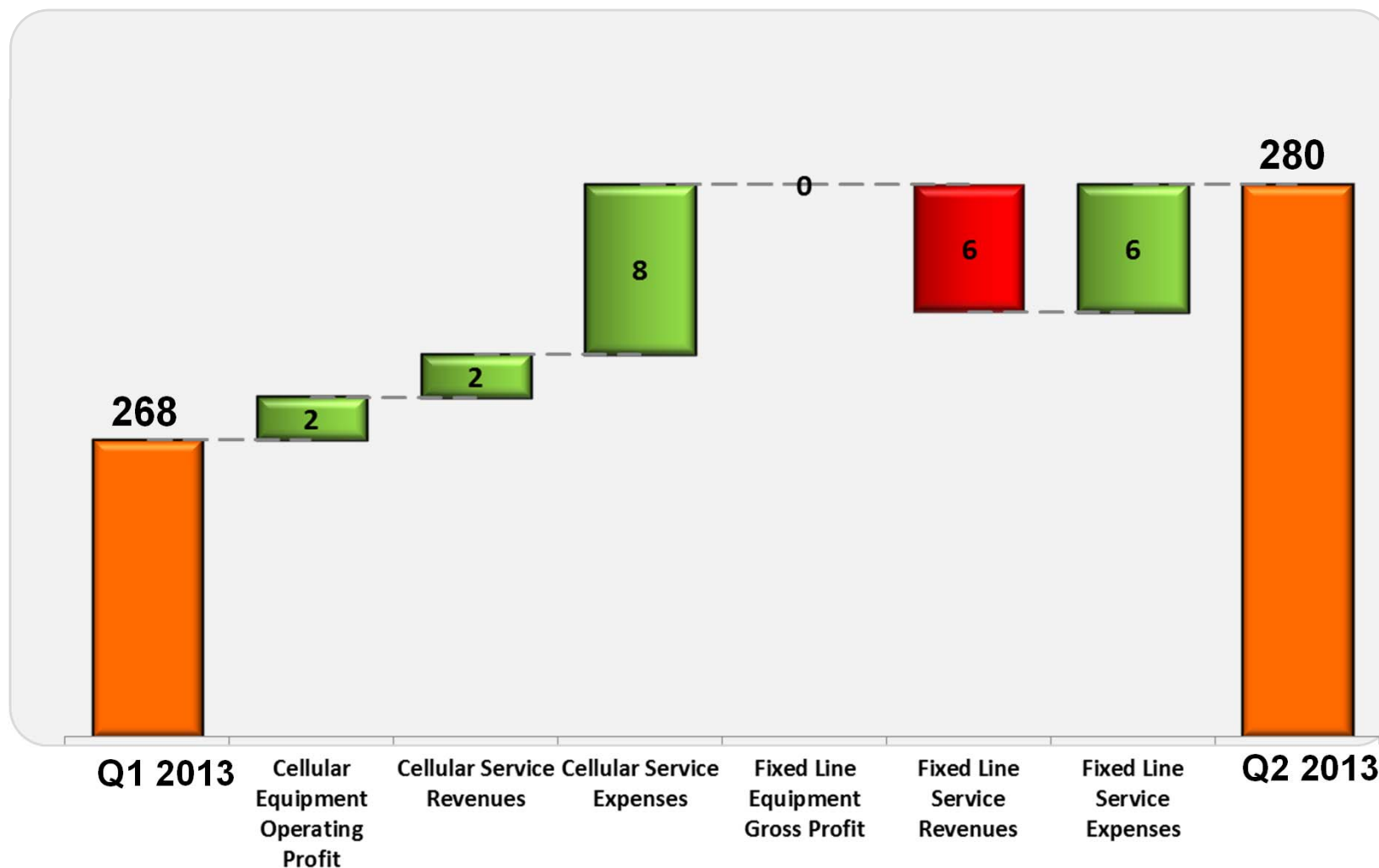
CAPEX* / Revenues



Free Cash Flow (In million NIS)



EBITDA Evolution Q1'13-Q2'13 (In million NIS)

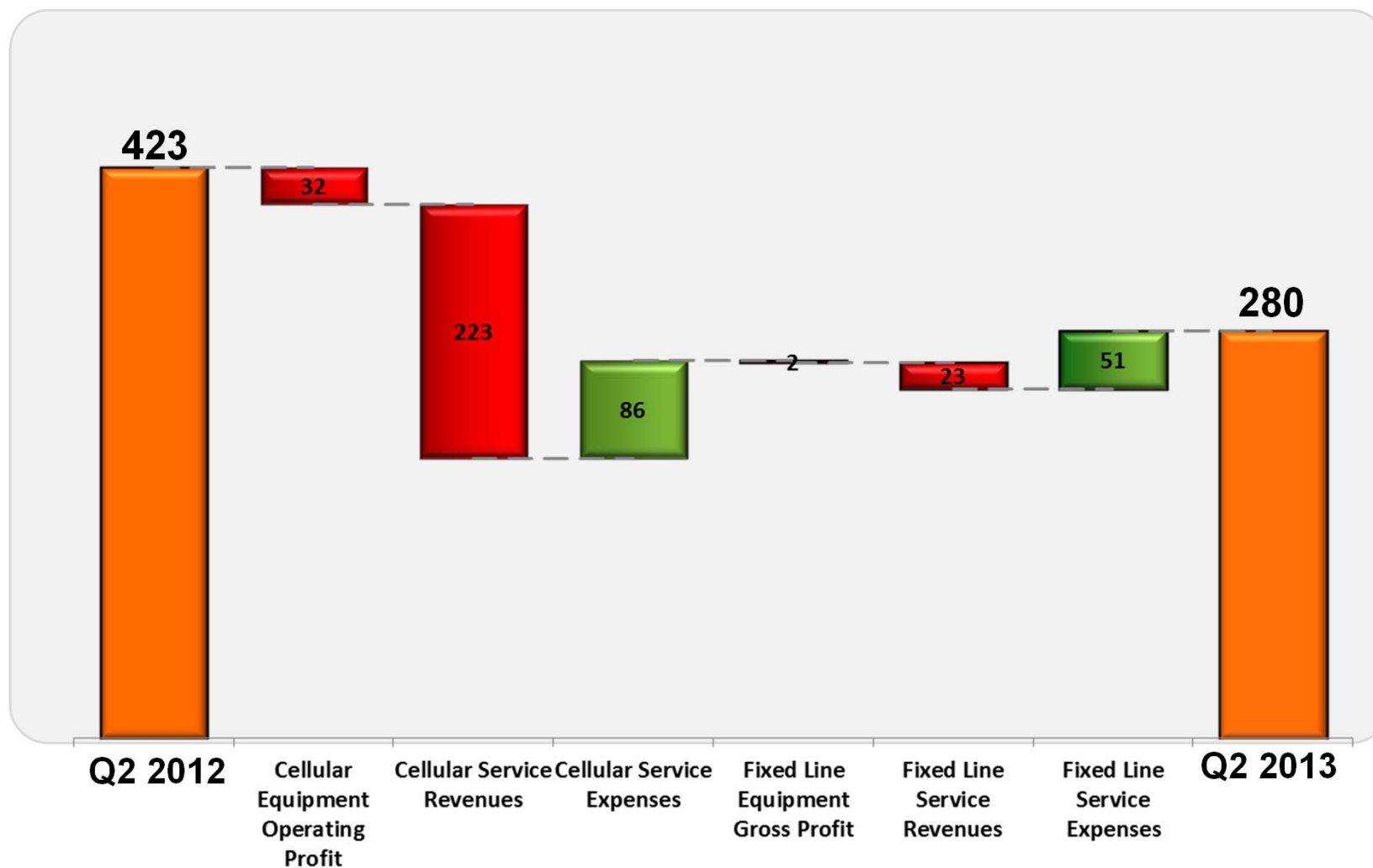


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The analysis presented includes intersegment revenues and expenses.



EBITDA Evolution Q2'12-Q2'13 (In million NIS)



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. Please refer to the section "Use of Non-GAAP Measures" in the Company's quarterly press release.

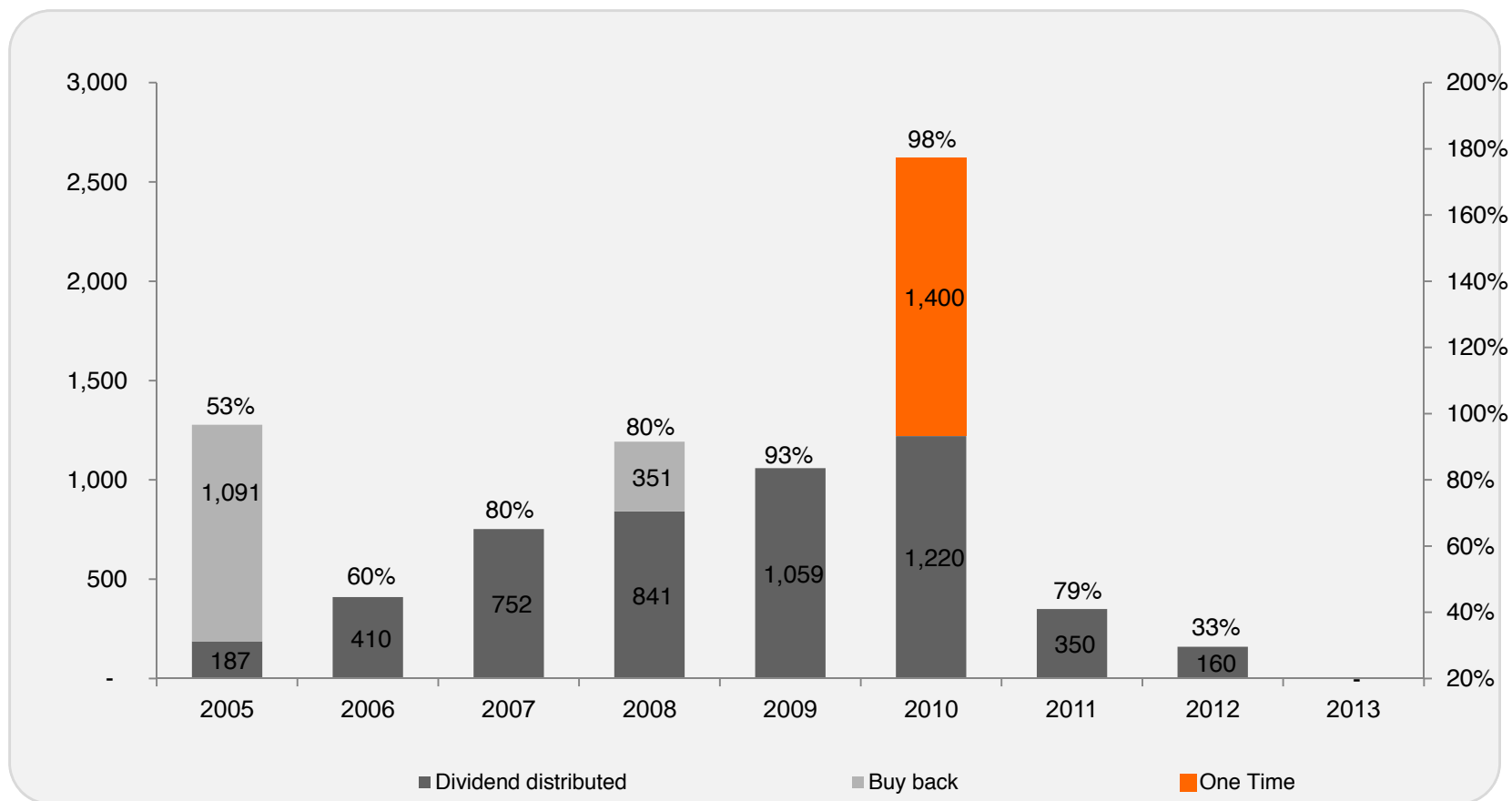
The analysis presented includes intersegment revenues and expenses.



Balance Sheet, June 30, 2013 (In million NIS)

Assets		Liabilities and Equity	
Cash and cash equivalents	513	Current maturities of Notes payables and loans	332
Trade receivables and other	1,334	Trade payables	765
Inventories	106	Other current liabilities	288
Total Current Assets	1,953	Total Current Liabilities	1,385
Trade receivables and other	509	Long term borrowings	3,627
Property and equipment	1,846	Other liabilities	87
Goodwill	407	Total Long-term Liabilities	3,714
Intangible assets	1,180		
Total Long-term Assets	3,942	Equity	796
Total Assets	5,895	Total Liabilities and Equity	5,895

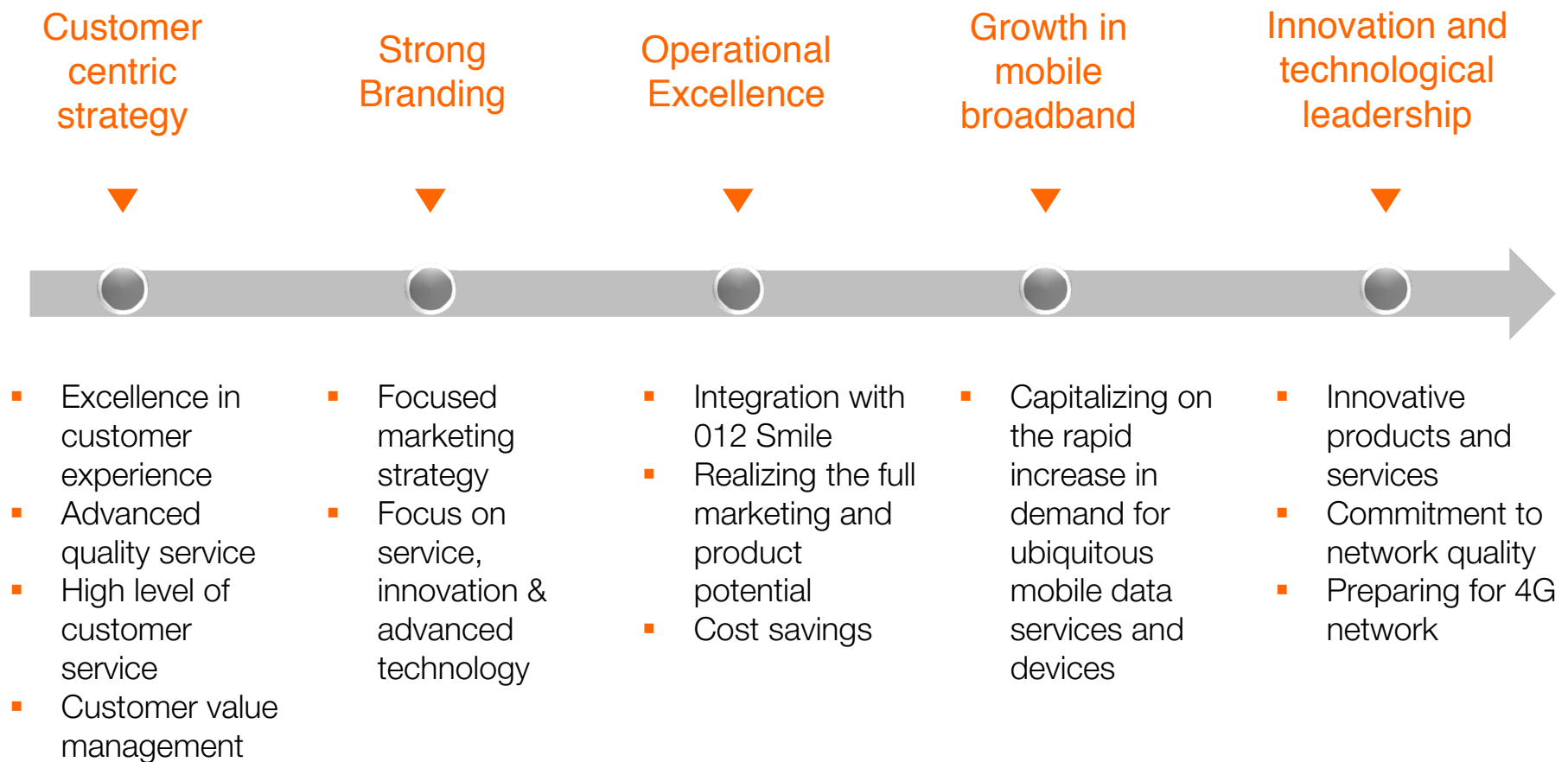
Dividend Distribution



4. Partner's Strategic Direction



Our Strategy



In Summary- Why Partner

Advanced network

Customer centric
Strategy

Strong Brand

Innovation

The future is bright. The future is Orange.

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