

Partner Communications Company Ltd.

Company presentation

Q3 2012

November 2012



- 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 2010 Annual Report (20-F) filed with the SEC on March 22, 2012. 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



Partner Today

- A leading telecommunications company operating in Israel under the “orange” brand and 012 Smile brand
- Strong brand and market presence
- 30% estimated cellular market share
- Clear strategy to evolve into a diversified Multi-Service Communications and Content Media Service group, including 012 Smile, a leading Israeli operator of international telecommunication services, internet services and local fixed line services
- Top quality cellular subscriber base, with highest ARPU in market
- First Israeli operator to announce network upgrade with deployment of fourth generation network
- Voted best company to work for out of all communications companies in Israel and second-best of all companies in Israel

Q3/12 Highlights

Financial Results

- **Revenues** of NIS **1.3** billion (\$ 335 million)
- **Service Revenues** of NIS **1.2** billion (\$ 293 million)
- **Equipment Revenues** of NIS **0.2** billion (\$ 42 million)
- **EBITDA** of NIS **401** million (\$ 103 million), 30% of total revenues
- **Net profit** of NIS **110** million (\$ 28 million)
- **Free Cash Flow after Interest**: NIS **310** million (US\$ 79 million)
- **Net Debt**: NIS **4.1** billion (US\$ 1.0 billion)

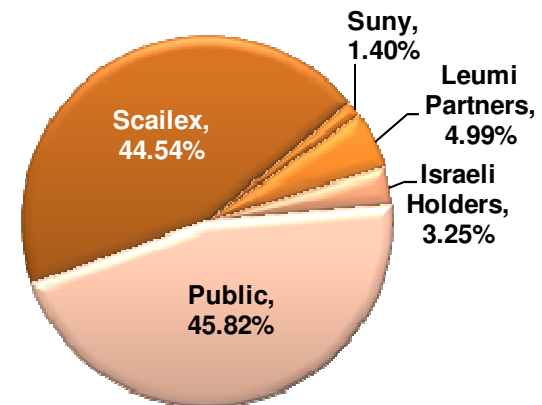
Operational Performance

- Decrease of **56K net cellular subscribers**, to reach subscriber base of 3.04 million
- **Cellular ARPU** of NIS **97** (\$ 25)

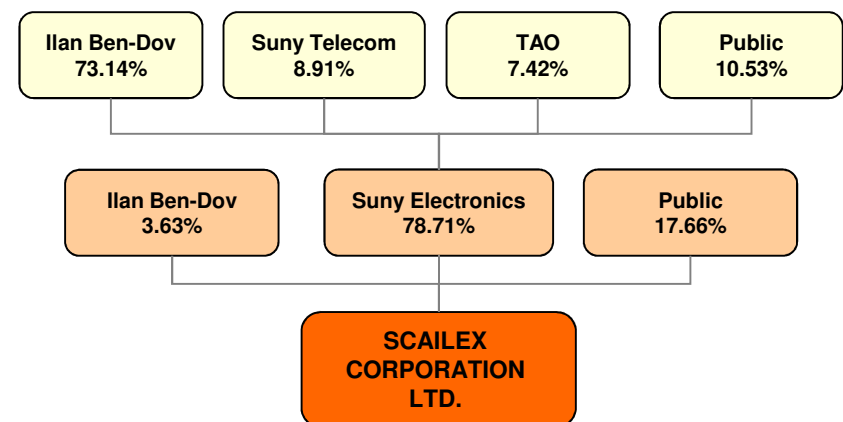
Ownership Structure

- In October 2009, Scailex Corporation acquired the controlling equity interest in Partner from Hutchison Telecom (through its subsidiary Advent)
- Scailex is an Israeli company whose shares are traded on the Tel Aviv Stock Exchange (SCIX) and are quoted on "Pink Quote" (SCIXF.PK). Scailex currently operates in two major domains of activity:
 - The sole import, distribution and maintenance of *Samsung* mobile handset products and accessories primarily to the three major cellular operators in Israel
 - Management of its own financial assets

Partner's Ownership Structure *



SCAILEX OWNERSHIP *



* As of September 30, 2012



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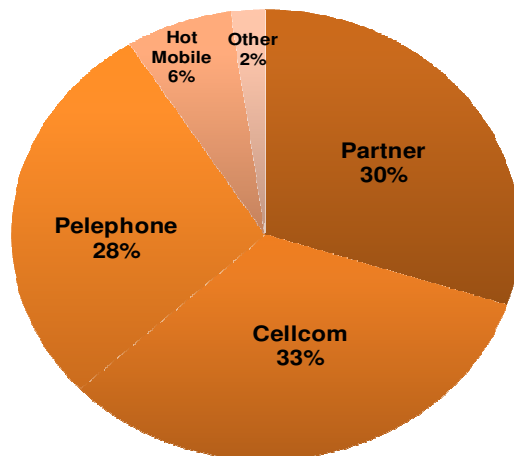
The Cellular Market in Israel

- Total Israeli telecom market revenues in 2011 were ~ NIS 32 billion, of which 58% are attributed to cellular

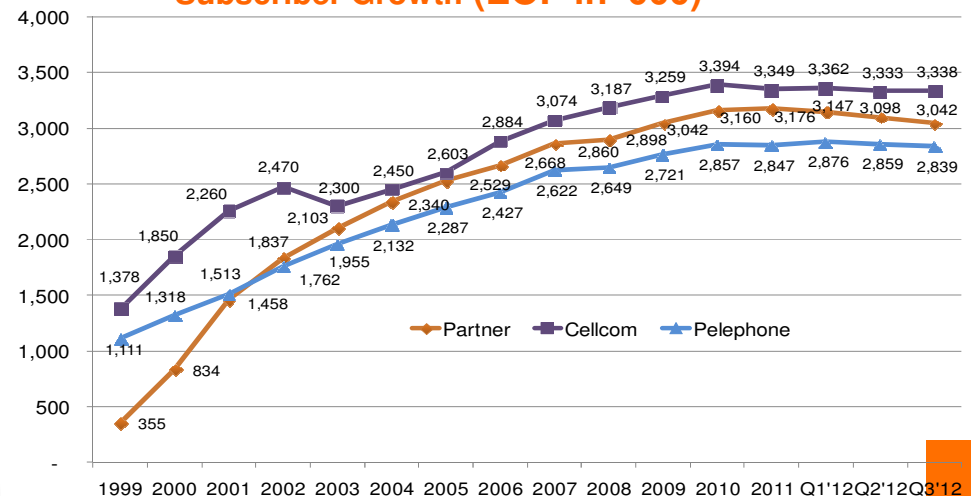
	Start of Operations	No. of Subscribers *	Major Shareholder
Partner	1999	3,042k	Scailex Corporation
Cellcom	1995	3,338k	IDB Group
Pelephone	1986	2,839k	Bezeq
Hot Mobile (MIRS)	1997	687k	Altice (Patrick Drahi)
Golan Telecom	2012	150k	Michael Golan, Xavier Niel, Pariente

In addition four new MVNO's have begun to offer services

Q3-12 Estimated Market Share (subscribers)



Subscriber Growth (EOP in '000)*



Main Regulatory Actions In The Communication Market*

Increasing competition - two new operators and MVNOs

Exit Fines Elimination for Private segment

Handset Market Liberalization

Final policy on fixed line wholesale market

Reduction in royalty rate to the Government for 2012- 1.3%

Reductions in cellular interconnect tariffs

Process to select controlling shareholders for the Israel Electric Company project

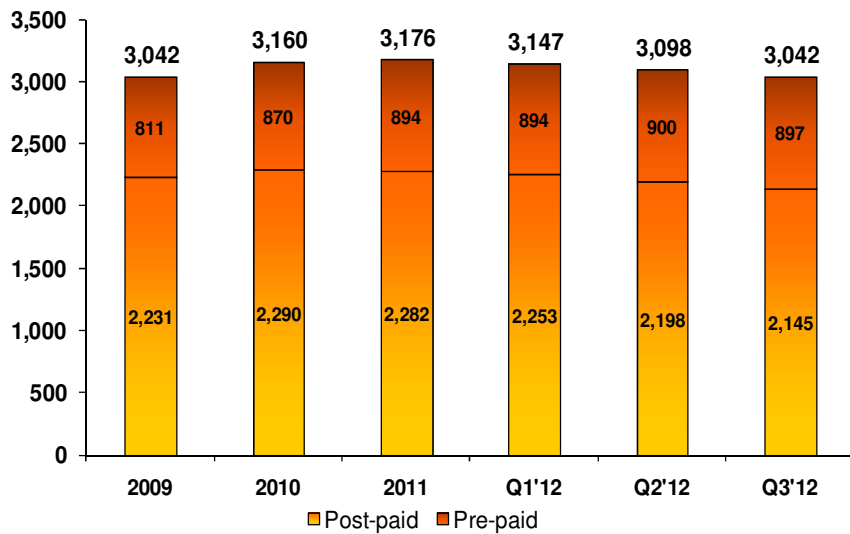
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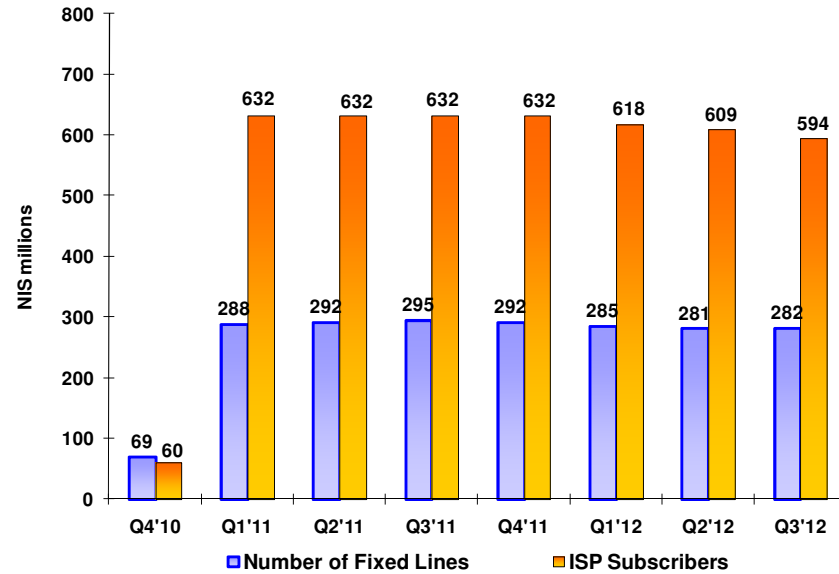


Key Business Indicators

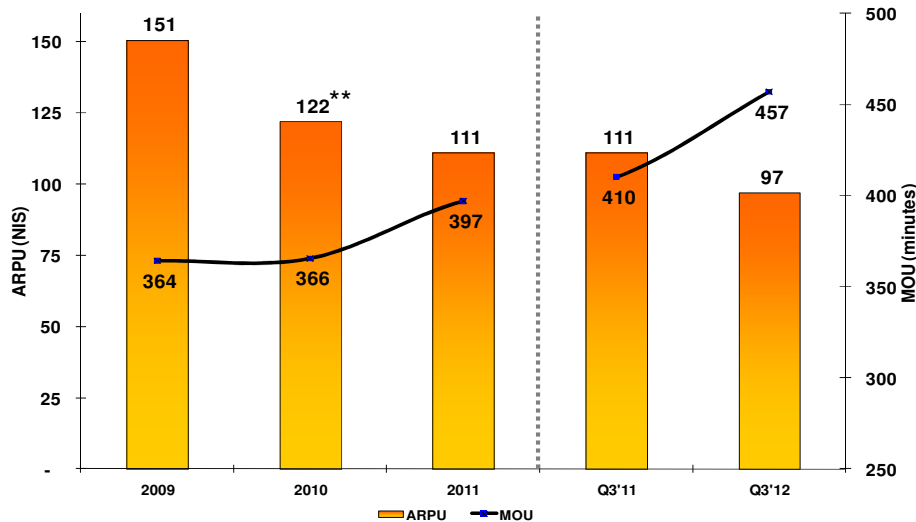
Cellular Subscribers (in 000')*



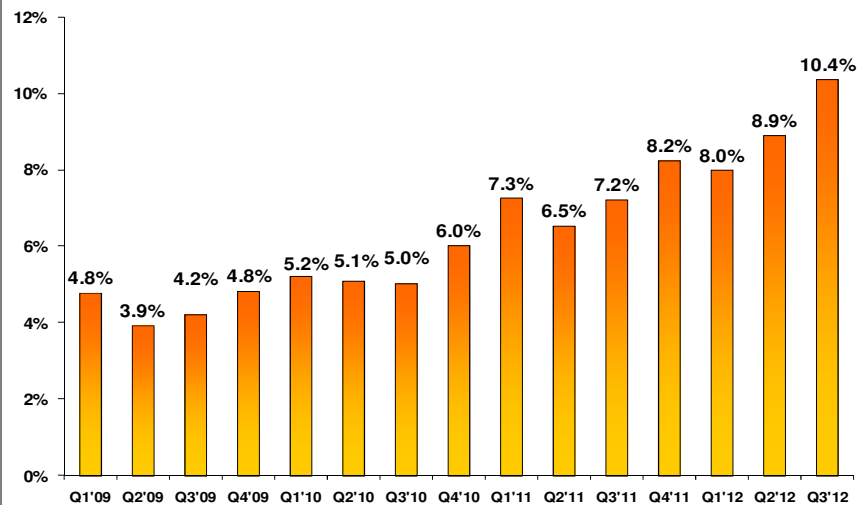
Fixed Subscribers (in 000')



Cellular ARPU and MOU



Cellular Quarterly Churn Rate

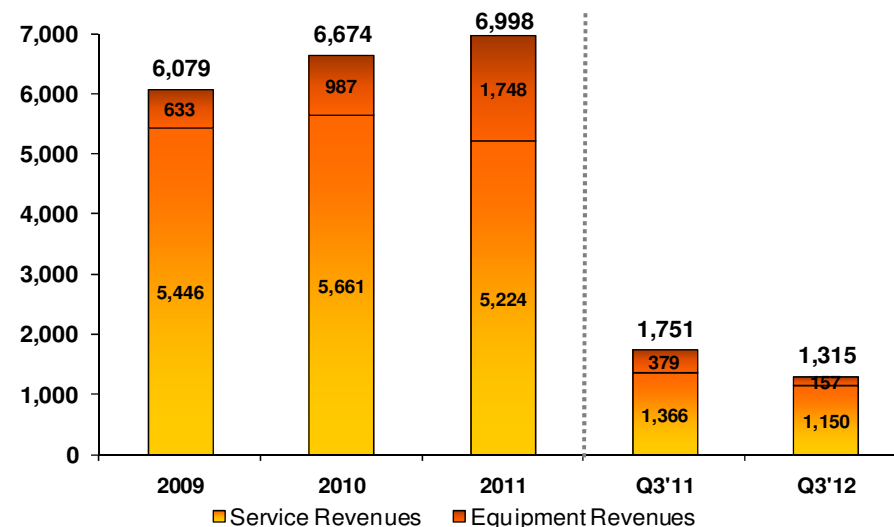


11 * The Company changed its subscriber recognition policy in Q2 2011
 ** The ARPU for 2010 has been restated under the interconnect tariff of 2011, for purposes of comparison

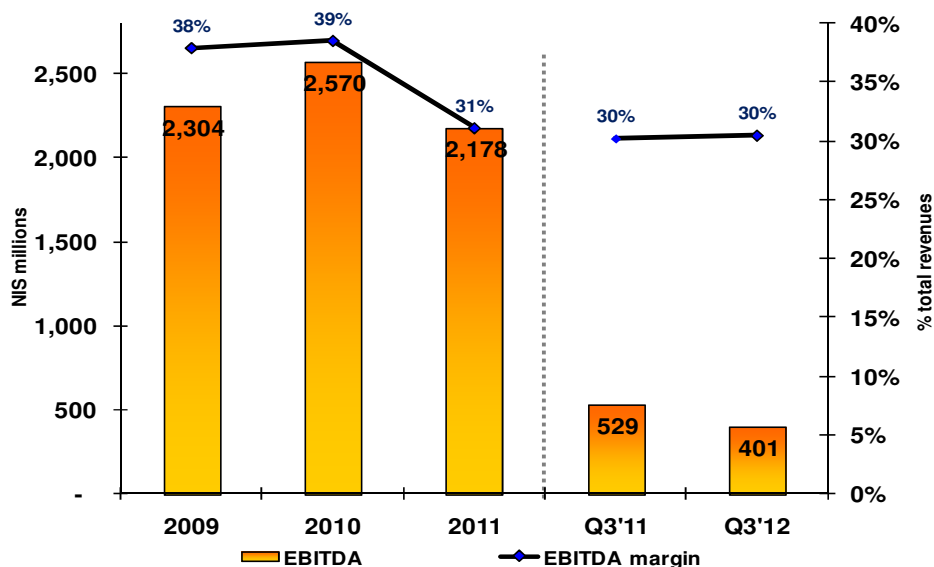
Financial Performance*

in NIS millions	Q3 2011	Q4 2011	Q1 2012	Q2 2012	Q3 2012
Revenues	1,751	1,589	1,571	1,428	1,315
Cost of Revenues	1,210	1,131	1,128	1,000	934
Gross Profit	541	458	443	428	381
S,G&A	257	222	222	213	192
Impact of Impairment		-322			
Other income	30	31	27	30	28
Operating Profit (Loss)	314	-55	248	245	217
Financial Costs - net	81	55	55	73	68
Income Taxes	61	78	47	52	39
Net Profit (Loss)	172	-188	146	120	110

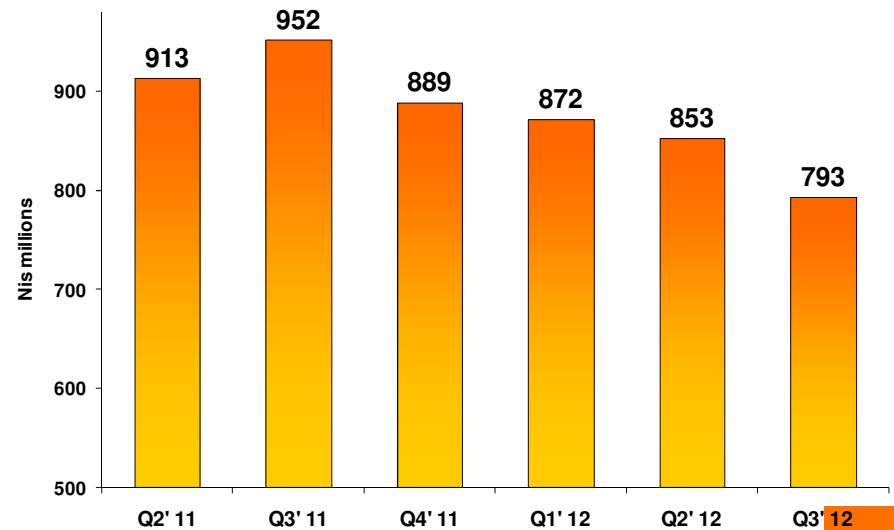
Total Revenues (in NIS millions)



EBITDA

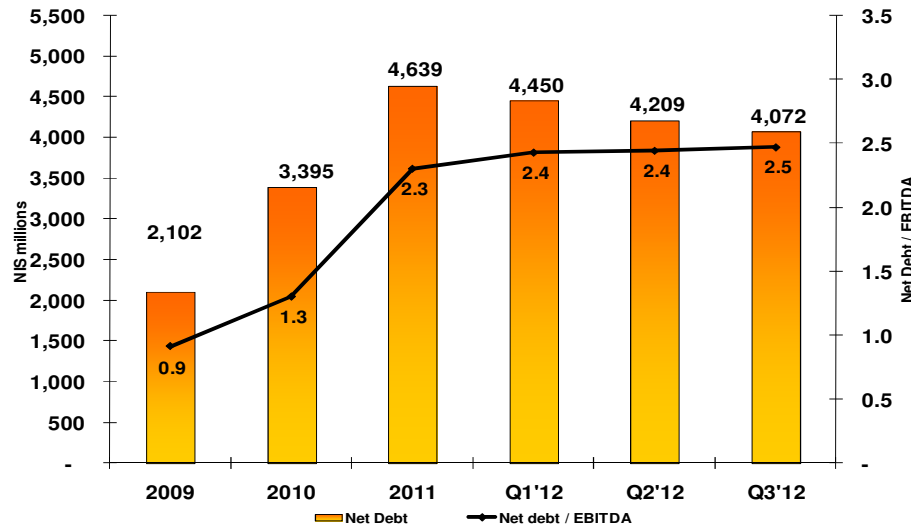


Opex (excluding depreciation and equipment)

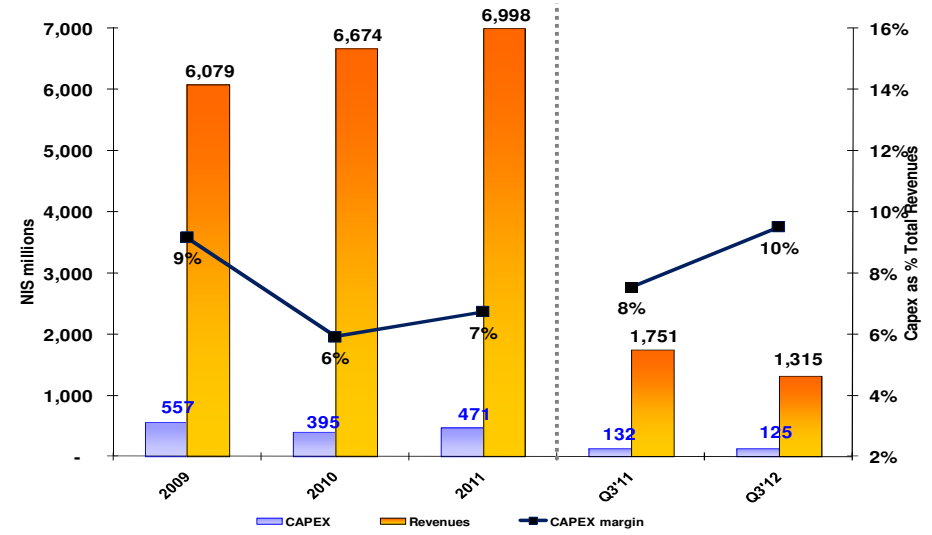


Financial Performance

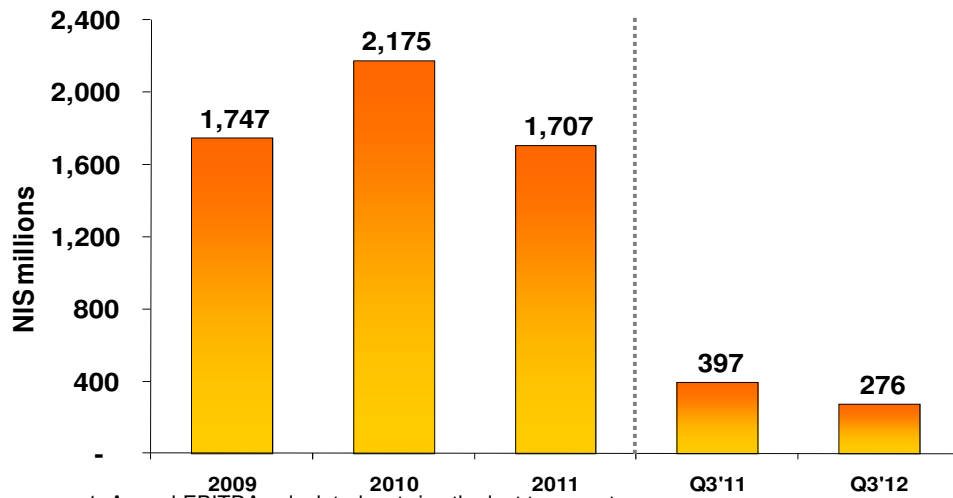
Net debt / EBITDA¹



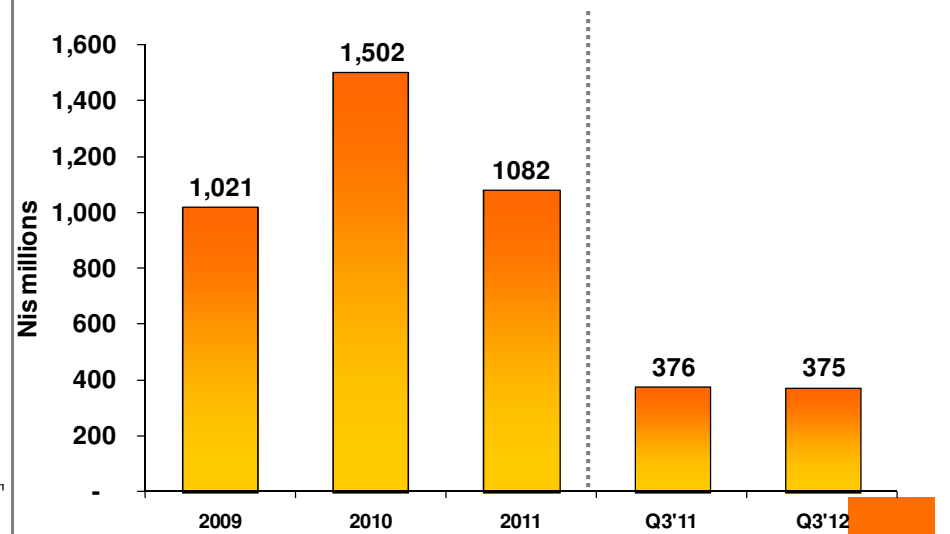
CAPEX² / Revenue



EBITDA – CAPEX²



Free Cash Flow³

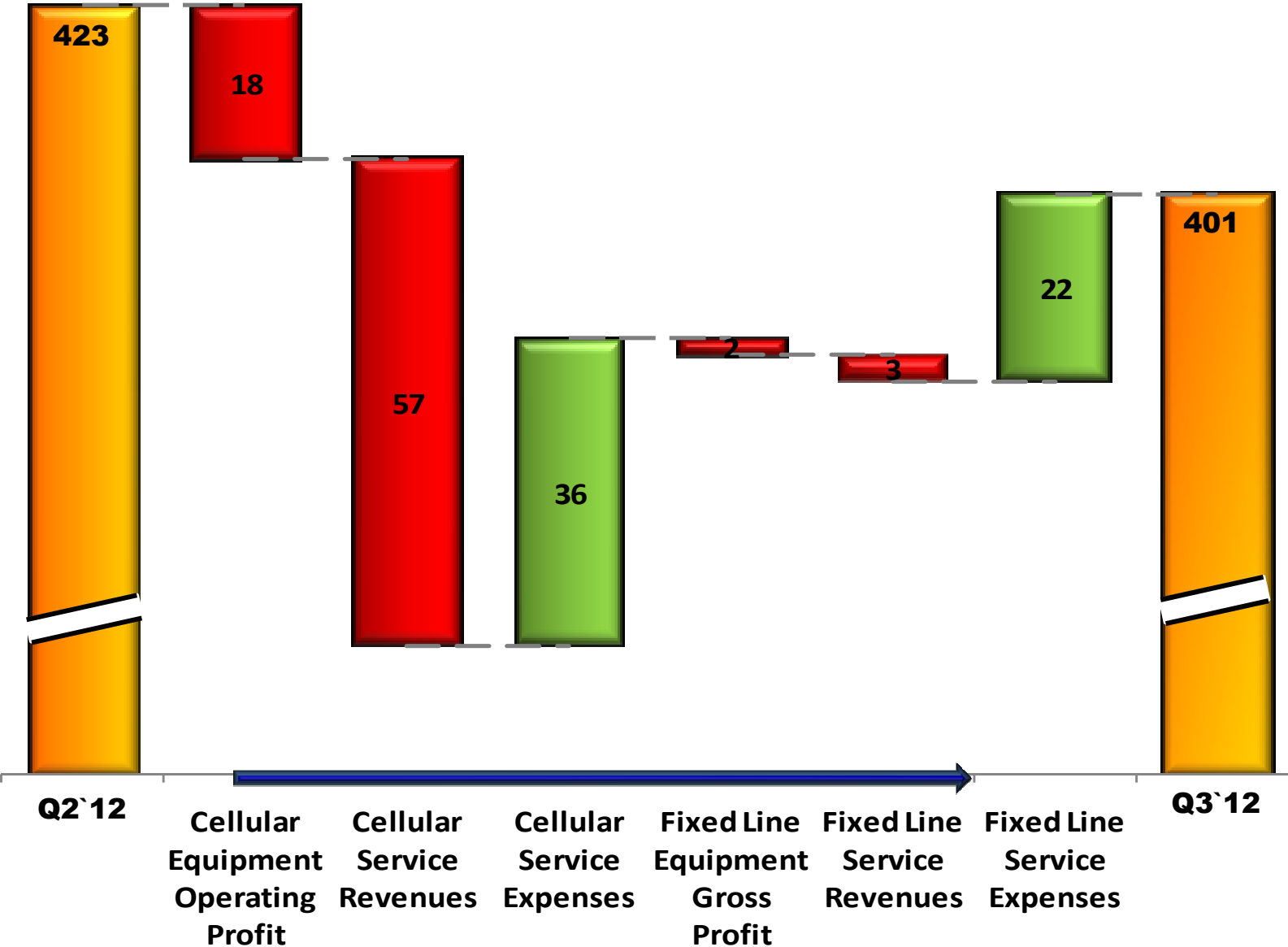


1. Annual EBITDA calculated as twice the last two quarters

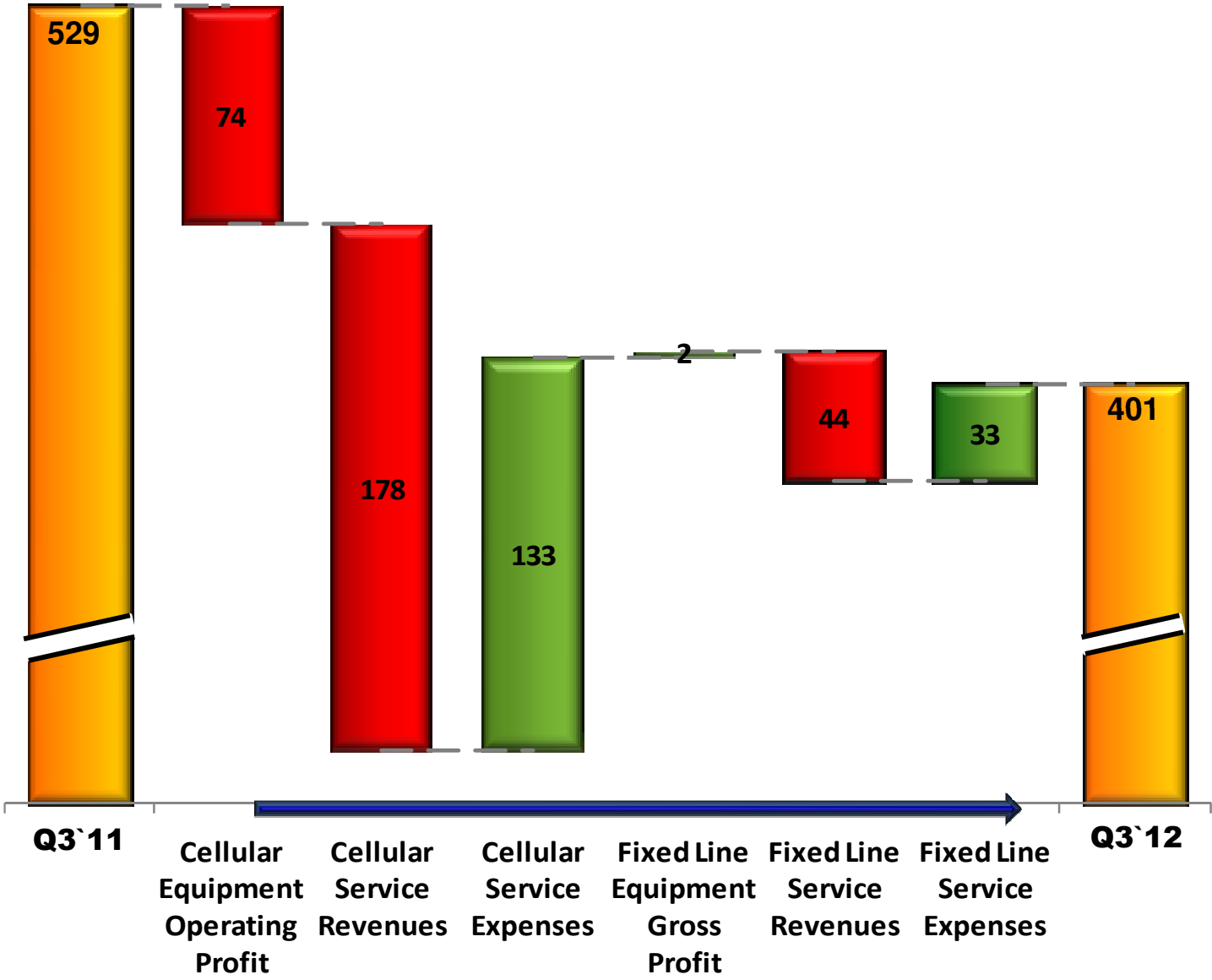
2. Investment in fixed assets including intangible assets excluding capitalized subscriber acquisition and retention costs, net

3. Cash flows generated from operating activities before interest payments, net of cash flows used for investing activities, after elimination of cash flows used for the acquisition of 012 Smile
* Results include 012 Smile from March 2011.

EBITDA Evolution Q2'12-Q3'12 (NIS M)



EBITDA Evolution Q3'11-Q3'12 (NIS M)

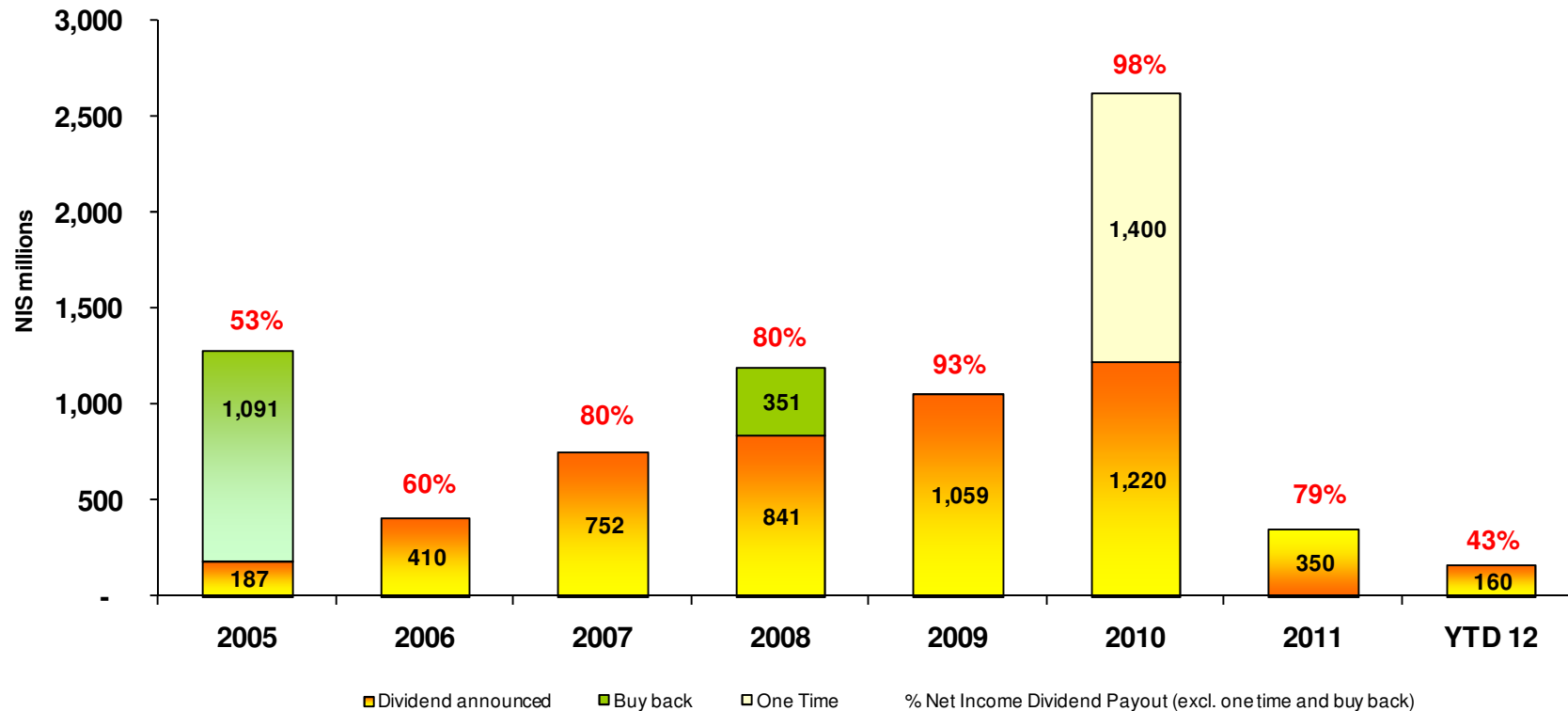


Partner Balance Sheet September 30, 2012 (NIS M)

<u>Assets</u>		<u>Liabilities and Equity</u>	
Cash and cash equivalents	600	Long Term Borrowings, Current Maturities	25
Trade receivables and other	1,514	Trade Payables	879
Inventories	101	Other Current Liabilities	305
<u>Total Current Assets</u>	2,215	<u>Total Current Liabilities</u>	1,209
Trade receivables and other	785	Long Term Borrowings	4,647
Property and equipment	1,960	Other Liabilities	93
Goodwill	407		
Intangible assets	1,220		
<u>Total Long-term Assets</u>	4,372	<u>Total Long-term Liabilities</u>	4,740
		Equity	638
<u>Total Assets</u>	6,587	<u>Total Liabilities and Equity</u>	6,587

Partner Dividend Distribution

Return to Shareholders (NIS m)



The Board of Directors resolved on September 19, 2012 to cancel the existing dividend policy for 2012, and to assess dividend distributions (and their scope) from time to time, by reference to, inter alia, the Company's cash flow, profitability, debt level, debt coverage ratios and the business environment in general.

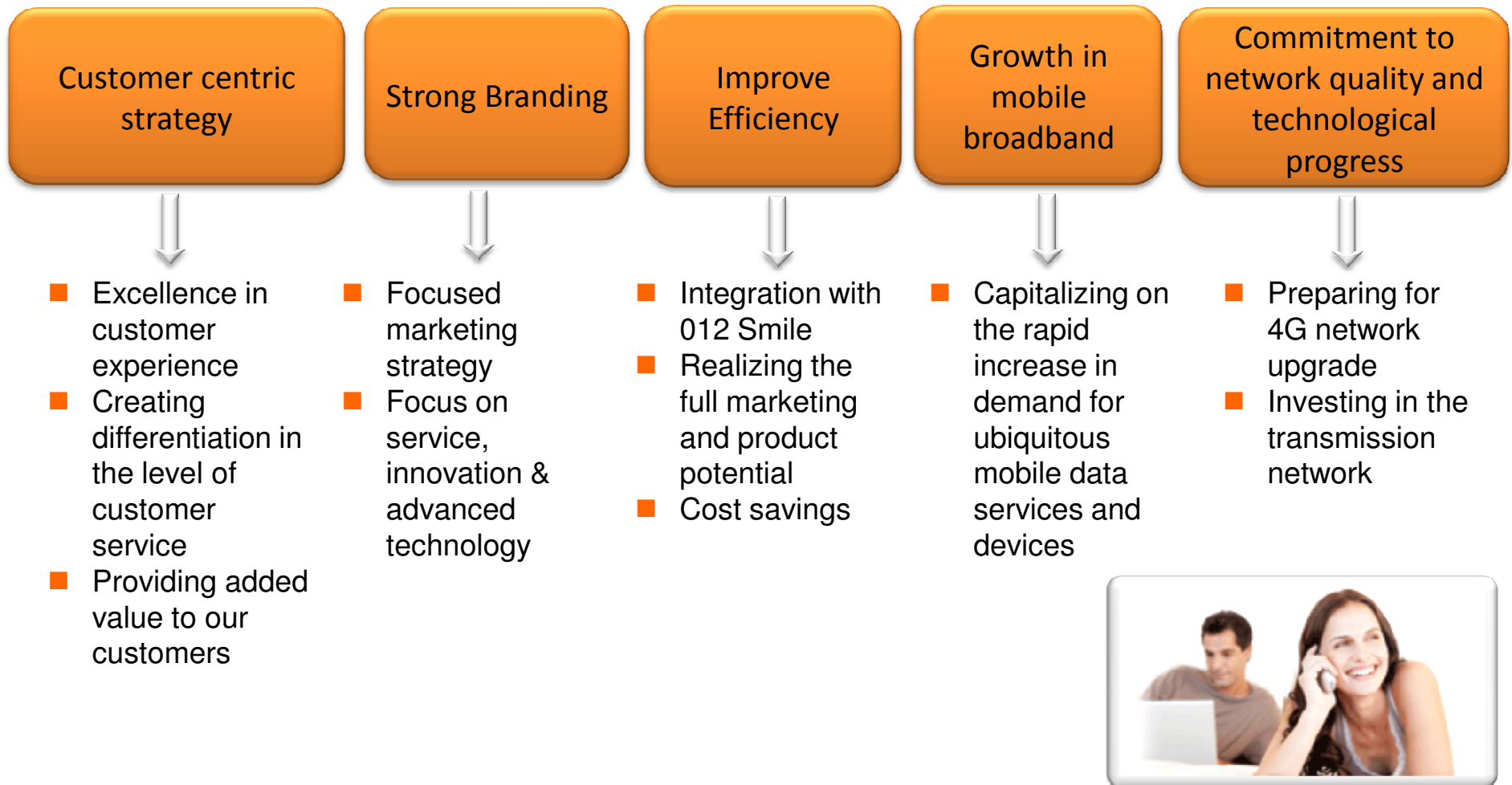
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Partner's Strategy

Focus on “Customer Centric” while evolving into multi-service communication group



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