



Partner 5G
Partner Communications

Company and Financial Overview

Q3 2024

November 13, 2024



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Partner 5G

Company Overview

A leading Israeli communications company

Providing cutting-edge and top-notch communications solutions and services through initiative, accountability and integrity for the benefit of the Company's customers, employees and shareholders



Cellular

Approx. 2,635 thousand subscribers of which 93% are post-paid subscribers



Internet

Approx. 465 thousand subscribers of which 90% are fiber subscribers



Partner TV

Approx. 205 thousand subscribers



Business solutions

A leading service provider



End equipment

Comprehensive solutions in a variety of channels and widely deployed



Partner Power

Supplying electricity to private and business customers

Our approach



Simplicity

Simplicity in our day-to-day conduct that enables, among other things, a focus on activities that guarantee sustainable growth and improved flexibility



Access provided anywhere and anytime

Upgrading and developing 5G network while remaining at the technological forefront; providing fiber access through independent and third-party infrastructure; leveraging these capabilities for the provision of tailored solutions to business customers



Excellent service

Constant and uncompromising improvement in the provision of service along with full adaptation of our solutions to the needs of existing and potential customers



Continuous optimization

A relentless push to improve operational excellence with the help of technological developments and solutions

The focus on value is expected to continue

Main highlights in 2024

- Accelerated deployment of 5G alongside the launch of the 5G SA network core
- Focus on cellular value packages, including 5G
- Growth in fiber subscriptions
- Completion of fiber infrastructure deployment for international traffic
- Focus on improving the financial results in TV
- A return to growth in the sale of end equipment
- Continued growth in data and integration services for businesses
- Digital transformation



Expected developments

- On the basis that the damage to the Company's activity resulting from the war will be similar to that measured from the start of 2024 to date, the decrease in the Company's profit (before tax) from roaming services, for each month of the war, is estimated to be in the range of approx. NIS 3 million. It is also expected that the Company will recognize social security proceeds in variable amounts to be derived from the recruitment of reservists from amongst the Company's employees.
- The cash flow investment (CAPEX payments) in 2024 will decrease and amount to approx. NIS 550 million, compared to approx. NIS 656 million in 2023, and this is due, among other things, to the completion of the independent fiber optic deployment stage for households at the end of 2023. The Company will report, as required, deviations of $\pm 10\%$ or more from the amount specified above.

Launch of the 5G network core - stability, continuity and quality



- A deployment that enables a 5G experience in designated geographic areas
 - Population coverage of approx. 70% at the end of 2023
 - Focus on reducing coverage gaps within cities
 - Switching to the 5G SA core system is expected to maximize potential
 - Accelerating the deployment of 5G sites
- A value proposition that supports the increased revenue from services
- Expansion of activity in private networks
- Growth potential in M2M activity combined with growth in IOT devices

The only player with access to the three fiber infrastructures in Israel

- Maximum flexibility with the ability to offer fiber services on Partner's independent fiber infrastructure, Bezeq fiber infrastructure and the IBC infrastructure
- Continued growth in fiber subscribers while leveraging the possibility of connecting to 3 infrastructures and cost optimization for the individual subscriber
- In 2023, the Company completed the independent fiber deployment with approx. 1.1 million households available for connection (Home Connections)
- The IRU agreement on Bezeq infrastructure for 120 thousand fiber optic lines for 15 years proves to be a sustainable growth engine for the fixed-line segment. The agreement includes, among other things, extension options, payment distribution mechanisms, linkage and price protection. The company recently exercised the option for a longer distribution of payments for the fifth tranche in the agreement

* Irrevocable and non-transferable self-use right





Moving forward according to plans in infrastructure deployment aimed at the international communications market

- Local infrastructure deployed for durable communication and information transfer services between the Far East/Gulf countries and Europe
- An alternative route from Haifa to Eilat and to the King Hussein Bridge crossing with Jordan
- An innovative and practical solution to the problem of possible damage to cables in the Suez Canal due to geopolitical risks and cable breaks as a result of ships passing through the canal
- The first delivery of fiber for these services took place in Q3/2024
- Potential for additional agreements

Partner TV - Anticipating a new operating model

- The Company signed an agreement with YES, which enables marketing to the subscriber a content application, fully adapted to the Partner brand, based on the most extensive content package of the Sting+ service (from YES)
- Upon completion of the preparations, which will take several months, all Partner TV customers will be automatically upgraded to the new package
- The Company's customers will continue to benefit from Partner's level of service and support for fiber and TV and will receive a full response to their inquiries at Partner's customer service centers
- The agreement is subject to the approval of the Competition Authority



Growth engines in business solutions

- Expanding our share in the customer's communication solutions mix
- Offering a basket of integrated cellular, fixed-line and equipment solutions under one roof
- Focus on continued growth in revenues from data services for businesses
- Growth in revenue from integration services
- Continued streamlining of processes in the interfaces with the customer connections



Milestones for realization of the potential in equipment activity

- Achieving efficiency and flexibility through the creation of a single unit for trade and end equipment activity
- Focus on the sale of equipment compatible with the Company's core activity
- Creating value for customers through repair service packages and beneficial trade-in offers
- Constant improvement of points of sale, including geographic deployment and format mix
- Strengthening commercial cooperation
- Handling of operational expenses





Entry into the electricity supply market for private and business customers

- The electricity market for the home consumer is expected to grow due to increasing changes in consumption habits
- The public's growing awareness along with an increasing number of smart meters provide an opportunity to leverage the Company's sales and service capabilities
- In February 2024, a contract was signed with OPC Energy, a leading energy producer in the electricity sector in Israel, for the supply of electricity to Partner consumers
- In March 2024, the service was launched for private customers
- Value for Partner customers: Savings and receipt of all their communications services - fiber optic Internet, 5G cellular and TV - and electricity service, through one company

Partner in numbers - 2023 ESG

10

consecutive years of Platinum+ in corporate responsibility ESG

50%

of Partner's senior management are women

Social activities with value

with "Or4Family", the IDF fighter battalions, the security forces, the "Krembo Wings" youth movement, "Latet" and more

3.5%

Employees with disabilities who have been integrated into Partner

68%

of all employees volunteer, including in "Iron Swords" activity

44%

of the Company's managers are women

47%

of all Company employees are women

41%

of the Company's vehicles are hybrid and electric 52% as of February 2024

~ NIS 2.2M

allocated for corporate responsibility issues





Partner 5G

Financial Overview

Q3/2024

Operational and financial emphases

Q3/2024 compared to Q3/2023

Cellular subscribers

(thousands)

2,635



Post-paid: -8K

Pre-paid: -12K

An increase of approx. 6 thousand in the quarter, resulting from an increase of approx. 5 thousand postpaid subscribers and approx. 1 thousand prepaid subscribers

ARPU cellular, not including

interconnection fees

(NIS)

44



- NIS 1

An increase in revenues from cellular packages, offset by a decrease in roaming revenues and the end of recognition of revenues from Hot Mobile

Fiber-optic subscribers

(thousands)

421



+ 68K

An increase of approx. 10 thousand Internet subscribers and approx. 17 thousand fiber optic subscribers in the quarter

TV subscribers

(thousands)

205



-5K

The Company maintained the number of TV subscribers compared to the previous quarter

Revenue from services

excluding
interconnection fees

(NIS millions)

683



+53M

Adjusted EBITDA

(NIS millions)

319



+36M

Net profit

(NIS millions)

85



+29M

Adjusted free cash flow

(NIS millions)

243



+97M

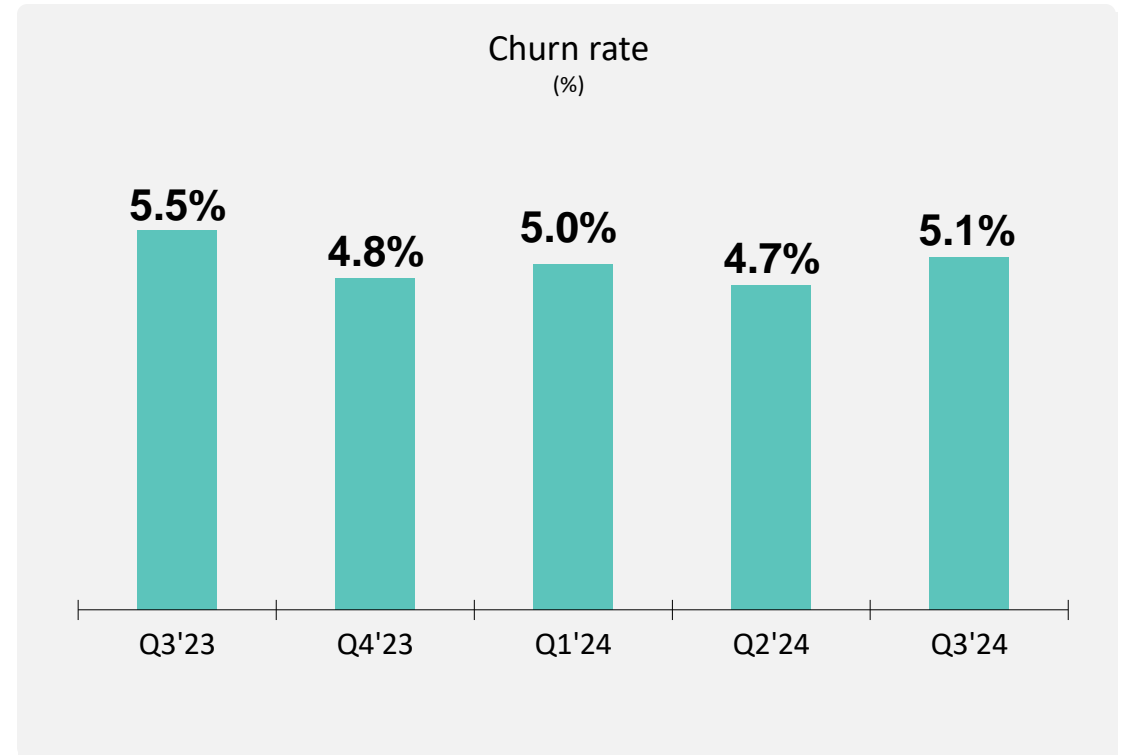
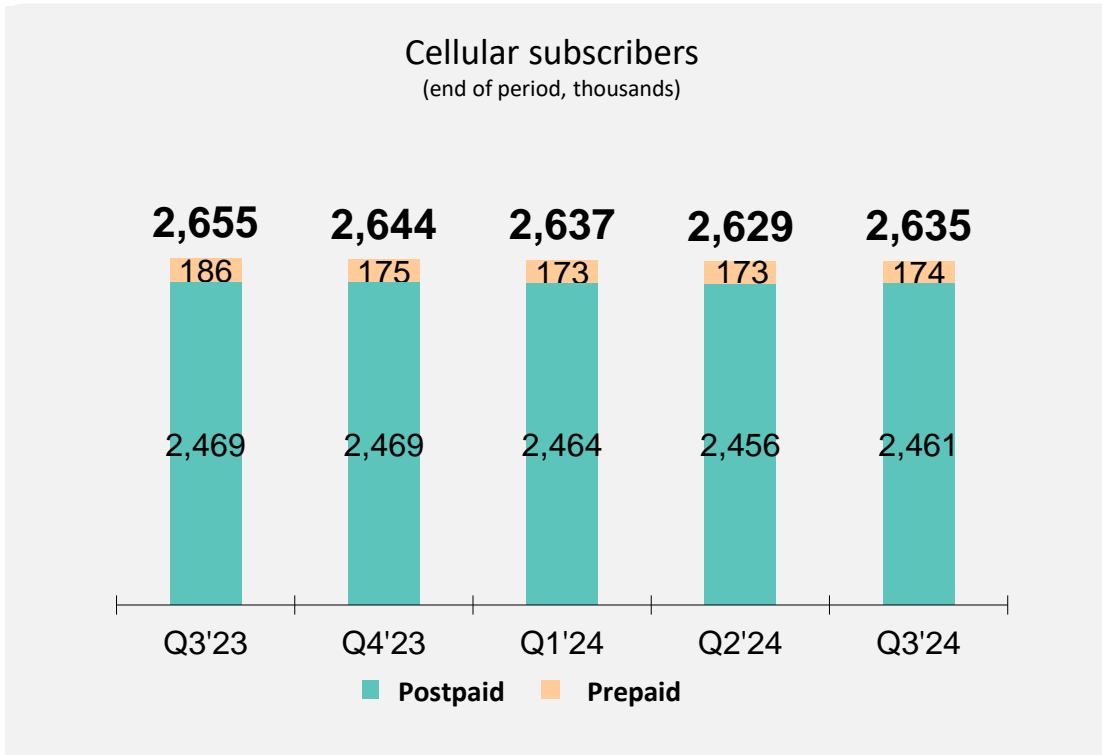
- The adjusted EBITDA increased by approx. 13% compared to the corresponding quarter mainly due to the recognition of a profit (before tax) of approx. NIS 24 million for the leasing of certain fiber optics (in the IRU model) to a business customer during the quarter, growth in revenues from fixed-line services and a decrease in provisions for legal claims and others
- The increase in Adjusted Free Cash Flow was mainly due to the decrease in CAPEX payments and an income tax refund due to the tax position assumed by the company



Cellular - Subscribers and churn rate

The change in the number of subscribers in the quarter is explained by the Company's focus on postpaid value packages

The decrease in the churn rate in the quarter was measured for postpaid and prepaid subscribers

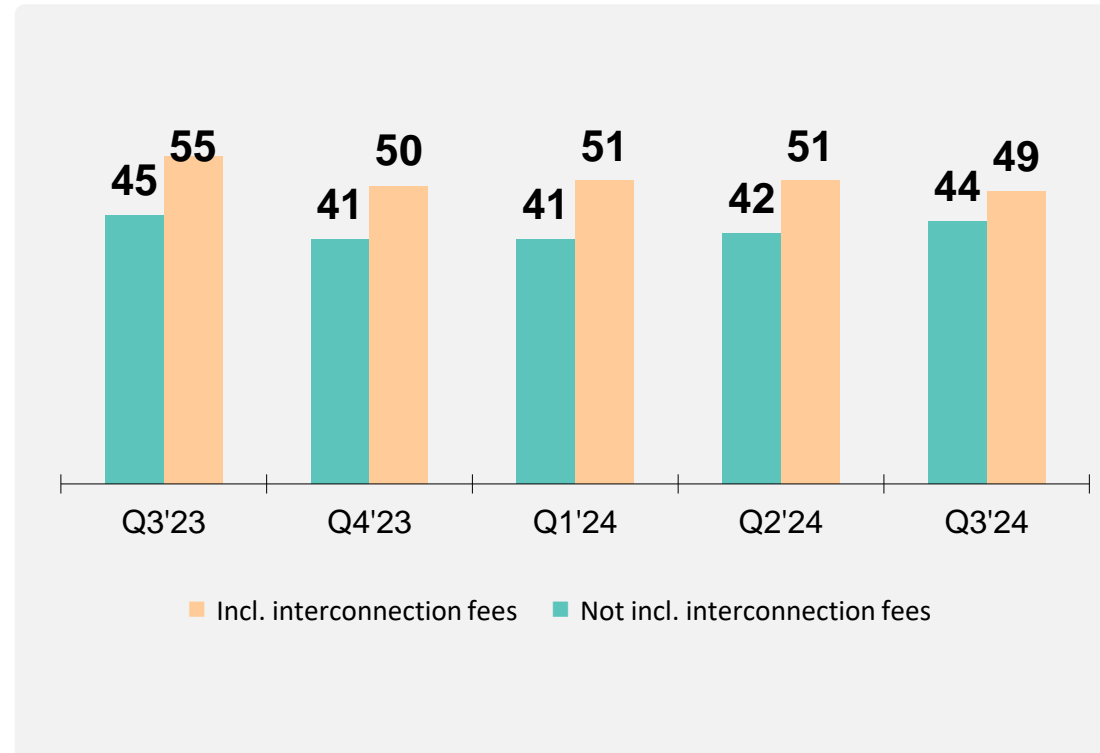


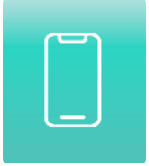


ARPU Cellular

(NIS)

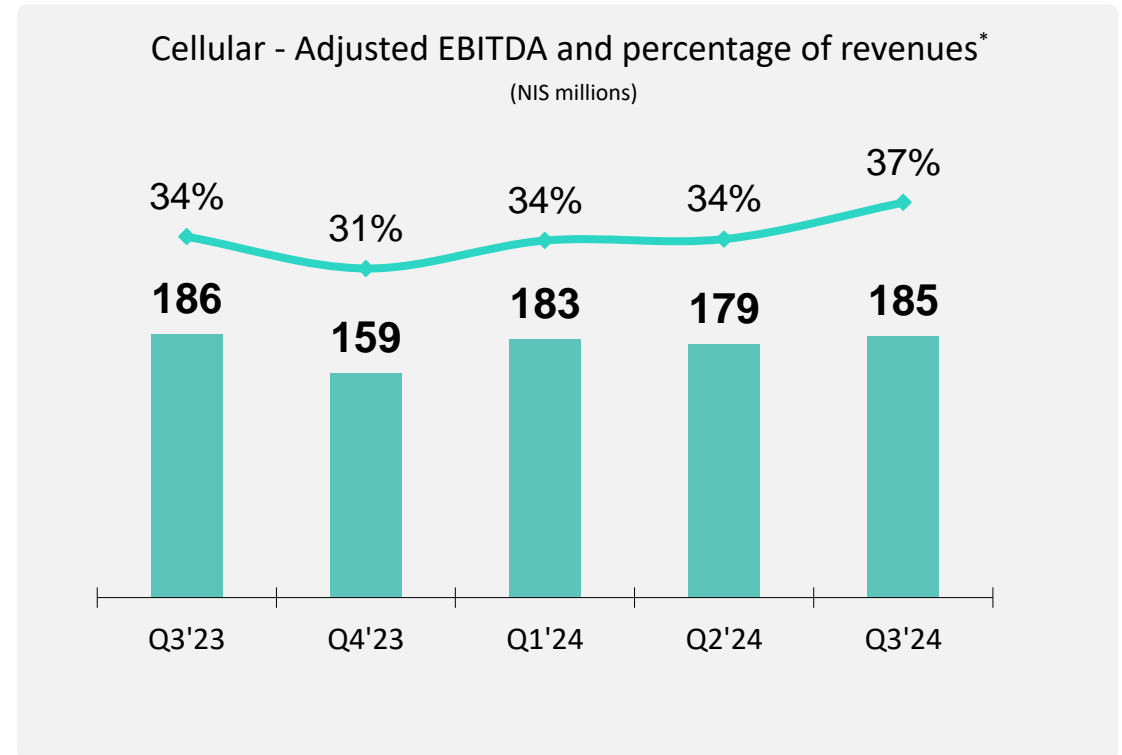
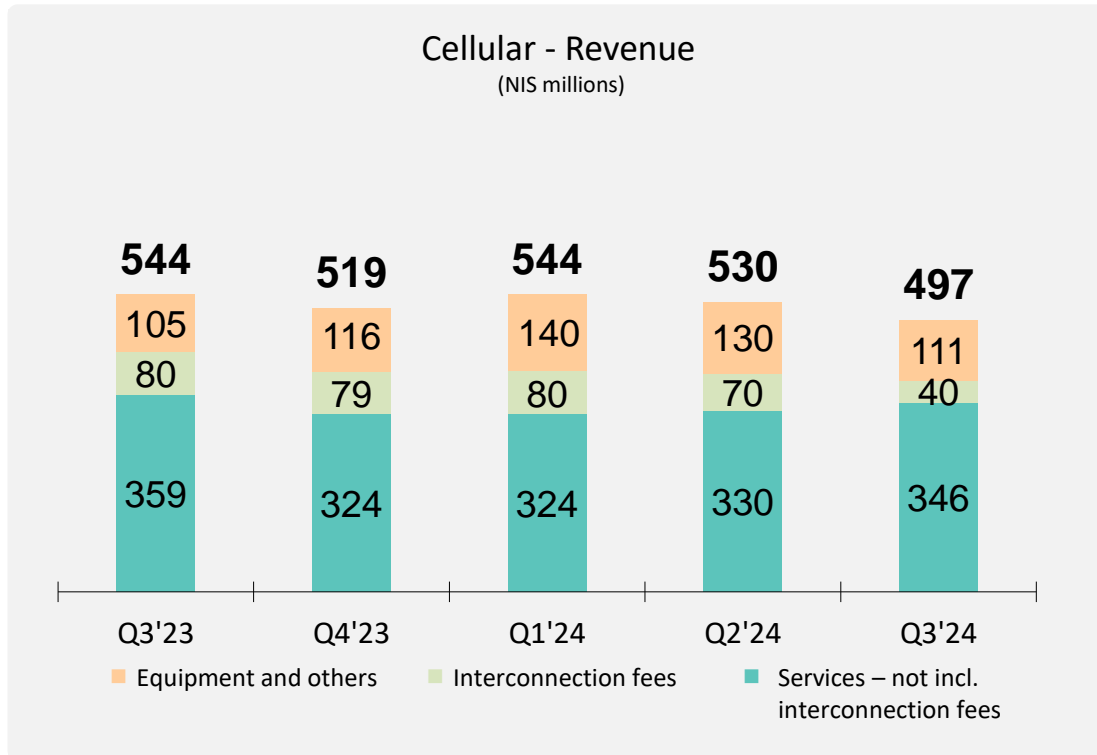
Not including interconnection fees, the decrease in Q3 compared to the corresponding quarter reflects the effects of the war on revenues from roaming services and the end of recognition of deferred revenues from Hot Mobile, offset by an increase in revenues from cellular packages





Cellular segment - Quarter results

The decrease in the adjusted EBITDA of the cellular segment was due to a decrease in revenues from roaming services, the end of recognition of deferred revenues from Hot Mobile and an increase in expenses for the fiber deployment incentive fund. The decrease was partially offset by an increase in revenues from cellular packages and a decrease in provisions for claims and others

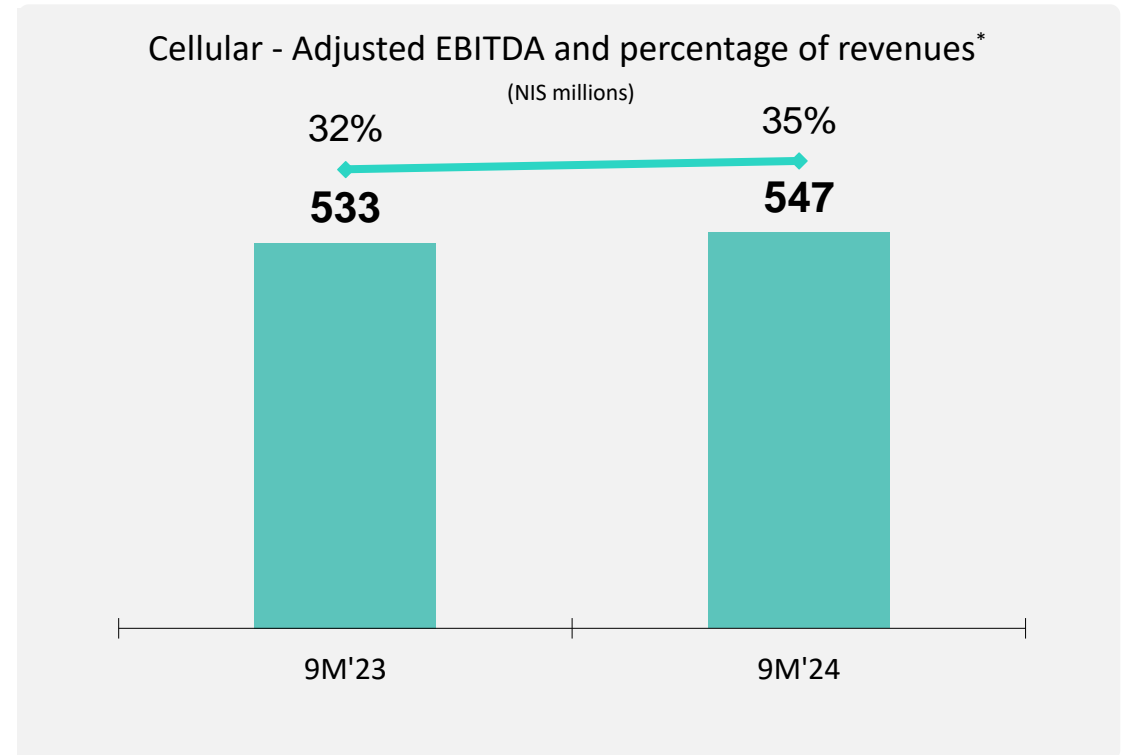
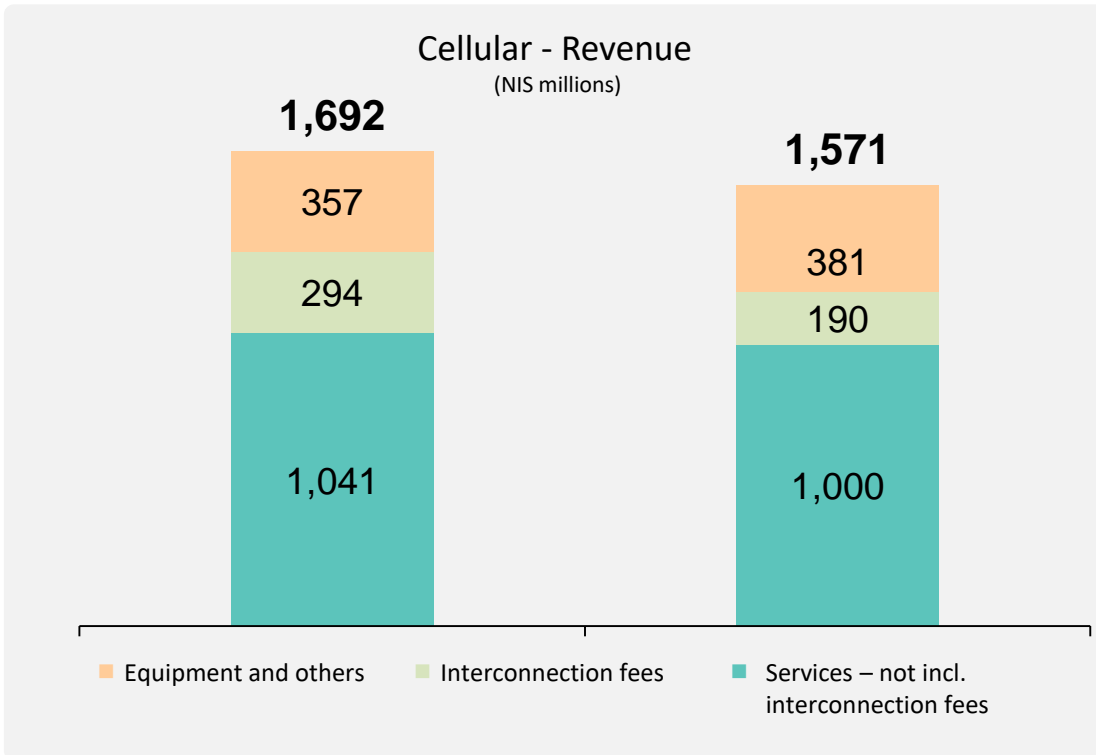


* Adjusted EBITDA as a percentage of total revenues, not including interconnection fees, was approx. 40% in Q3/2024, higher by approx. 38% than in Q3/2023.



Cellular segment - Nine months of 2024

The increase in the adjusted EBITDA of the cellular segment in the period was mainly due to an increase in revenues from cellular packages and a decrease in provisions for claims and others. The increase was partially offset by a decrease in revenues from roaming services and the end of recognition of deferred revenues from Hot Mobile



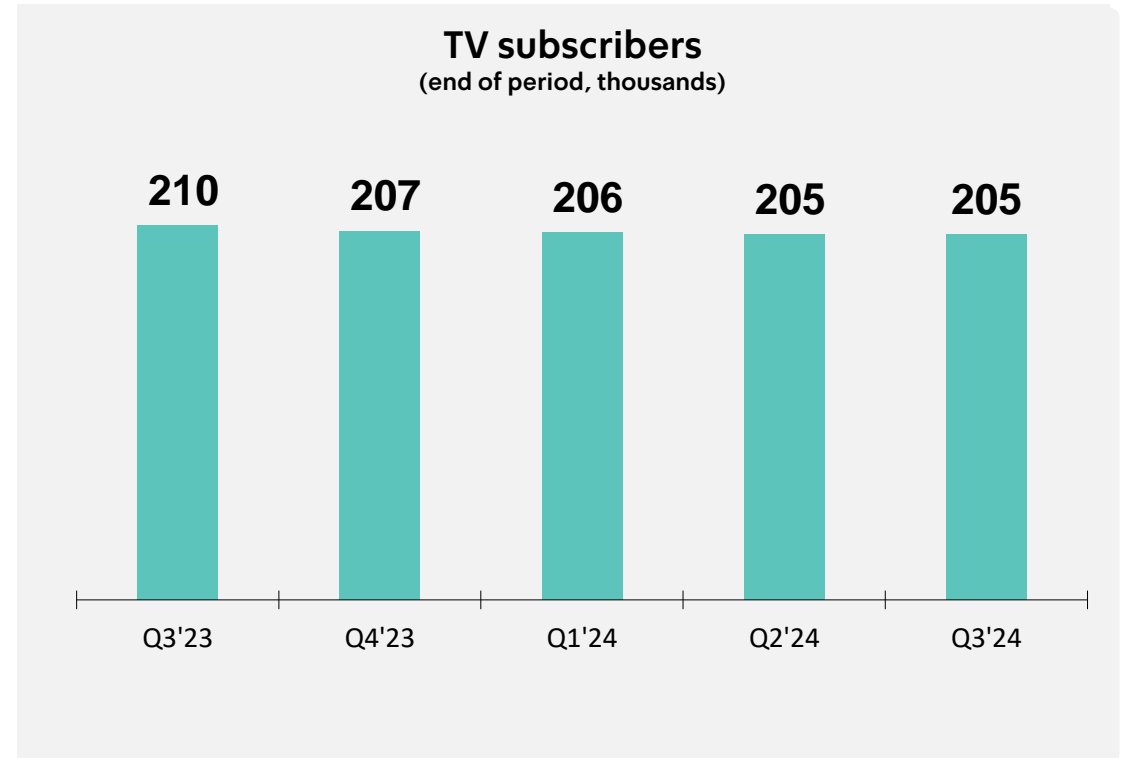
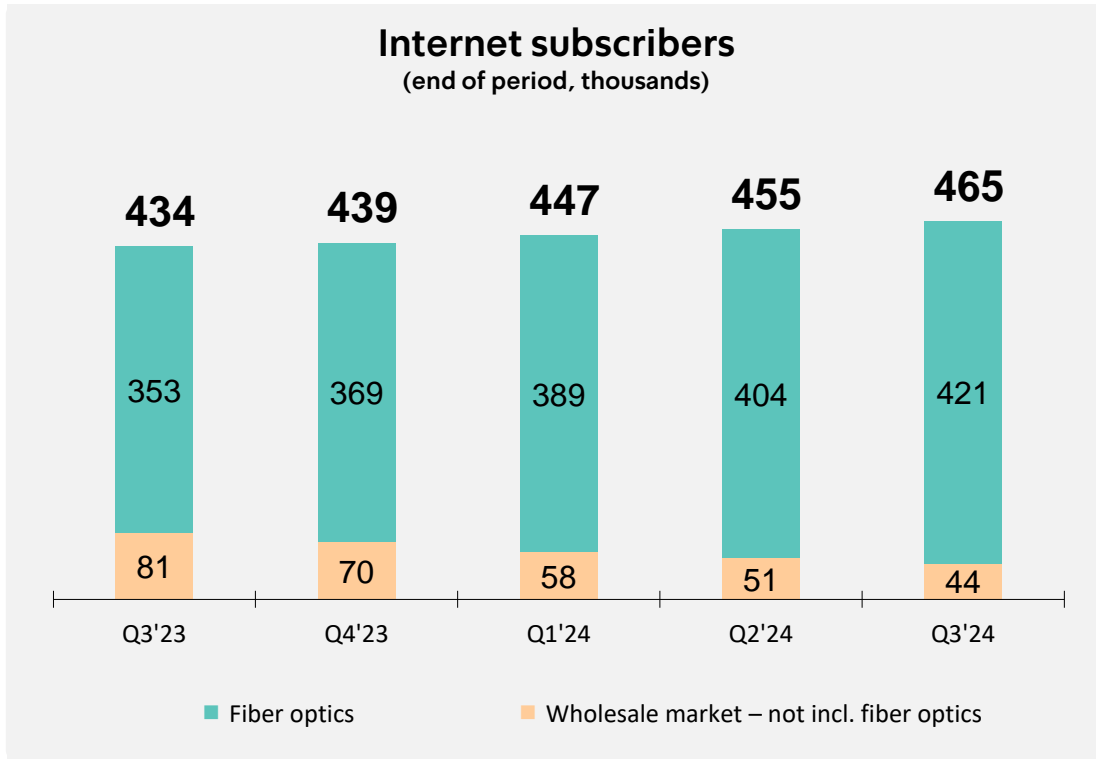
* Adjusted EBITDA as a percentage of total revenues, not including interconnection fees, was approx. 40% in the first nine months of 2024 compared to approx. 38% in the corresponding period in 2023. 21



Internet and TV subscribers

Approx. 90% of Internet subscribers are on fiber infrastructure

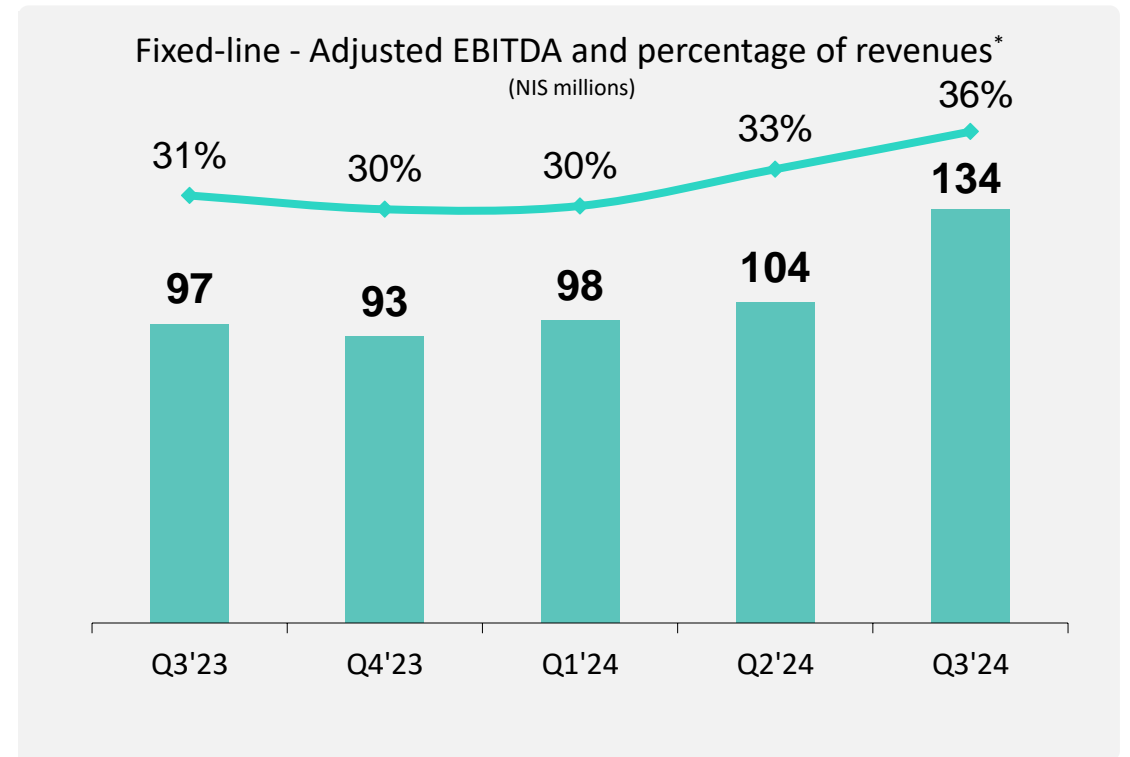
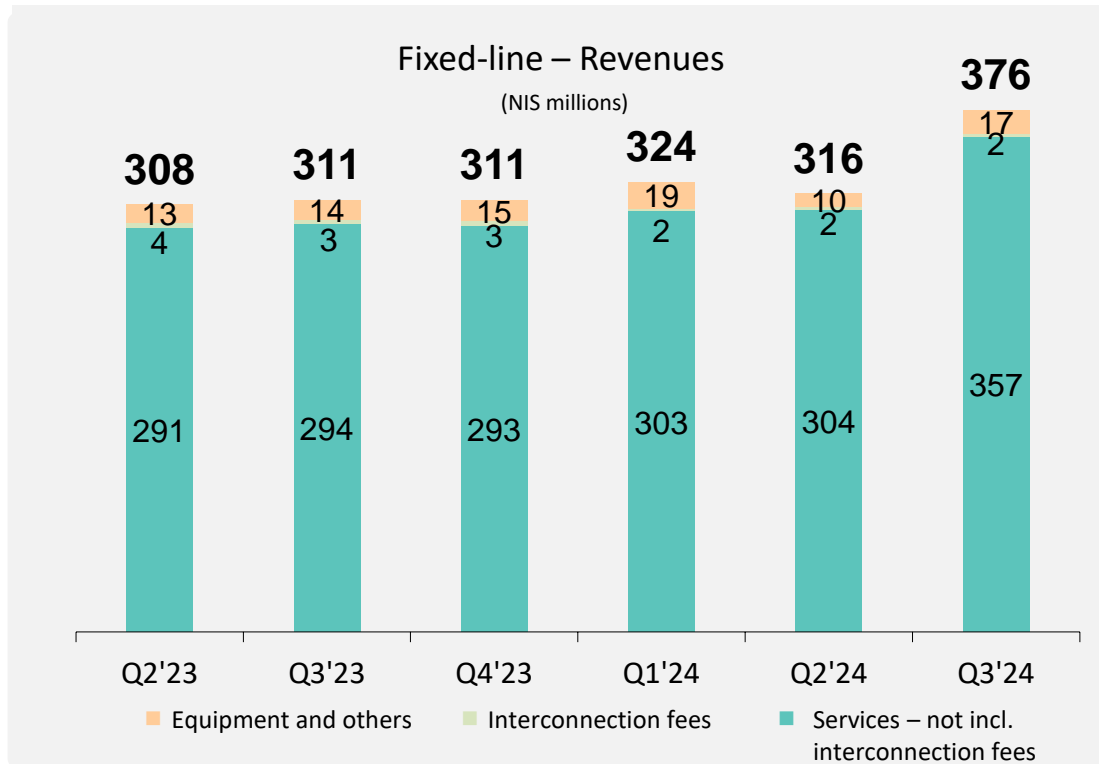
Over 80% of TV subscribers are in integrated Internet-based packages





Fixed-line segment - Quarter results

The increase in the adjusted EBITDA was mainly due to the recognition of a profit (before tax) in the amount of approx. NIS 24 million for the leasing of certain fiber optics (in the IRU model) to a business customer, an increase in commissioned work activity and in Internet and data service revenues for businesses, as well as a decrease in provisions for claims and others

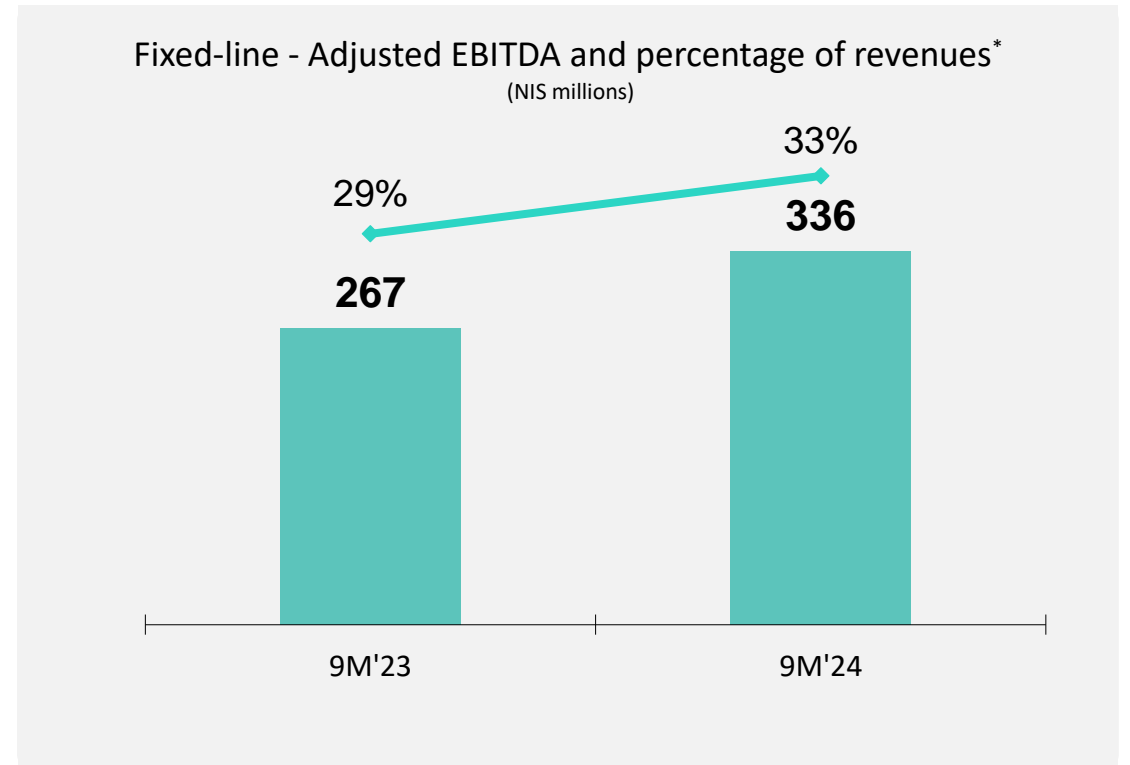
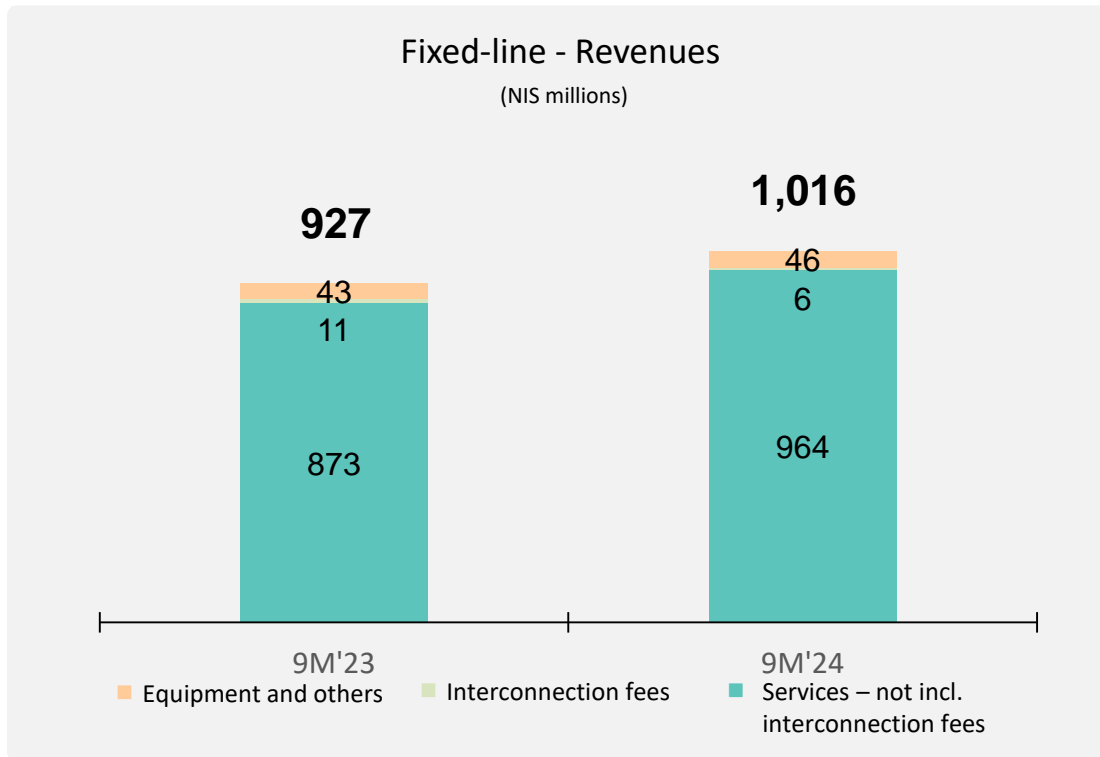


* Adjusted EBITDA as a percentage of total revenues, not including interconnection fees, was approx. 36% in Q3/2024 compared to approx. 31% in Q3/2023.



Fixed-line segment - Nine months of 2024

The increase in adjusted EBITDA was mainly due to growth in revenues from Internet and data services for businesses, from the recognition of revenues from fiber leases in the IRU model in Q3, an increase in profit from commissioned work activity and a decrease in expenses for other communications operators



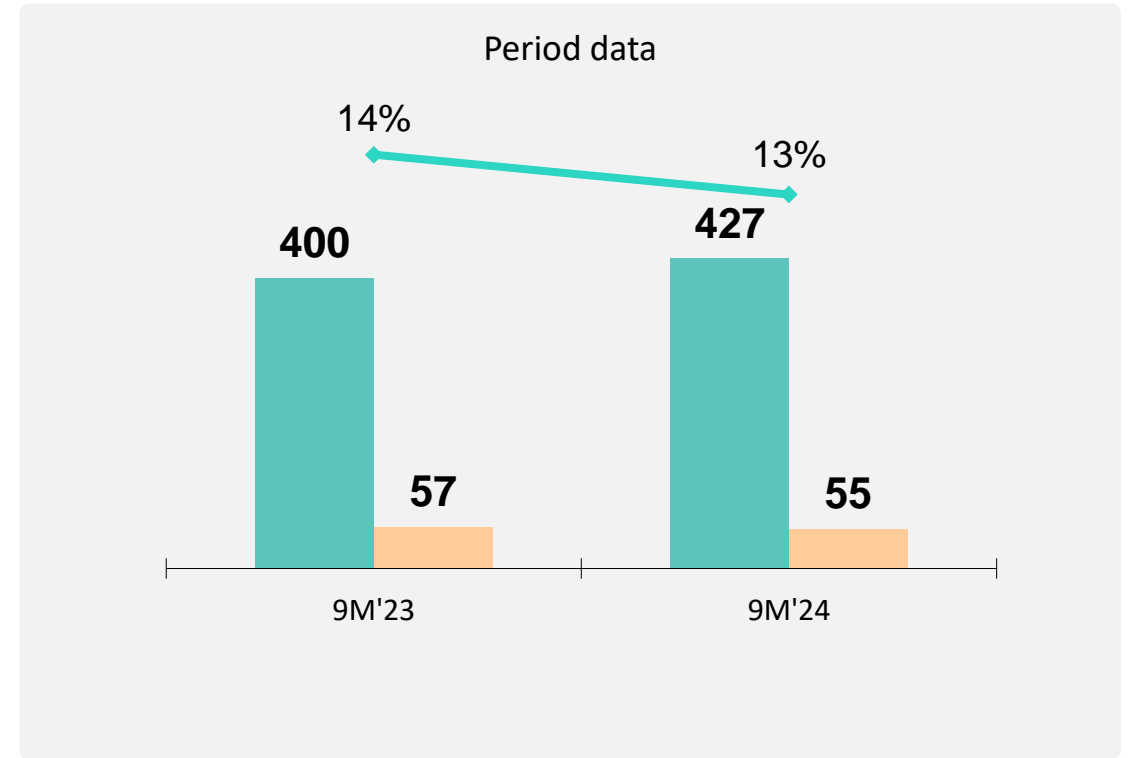
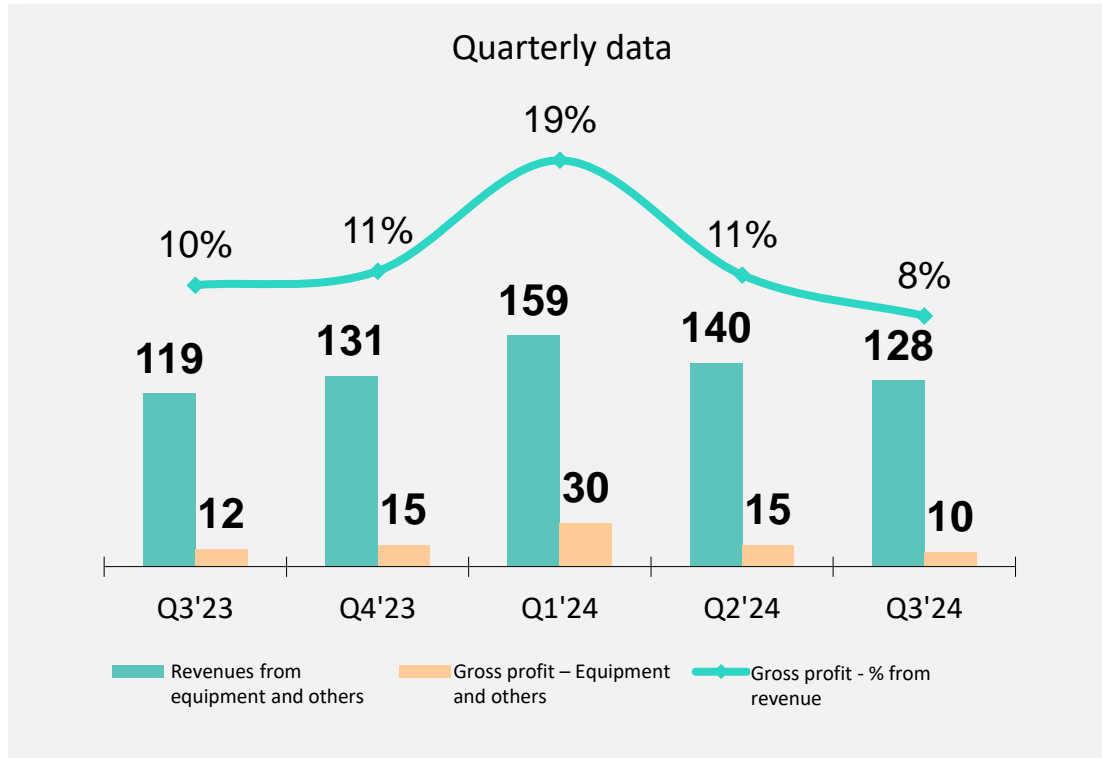
* Adjusted EBITDA as a percentage of total revenues, not including interconnection fees, was approx. 33% in the first nine months of 2024 compared to approx. 29% in the corresponding period in 2023.



Total Company - Sales of equipment and others

(NIS millions)

The increase in the period and in the quarter was mainly due to an increase in sales of cellular equipment, as well as a result of large sales transactions to business customers

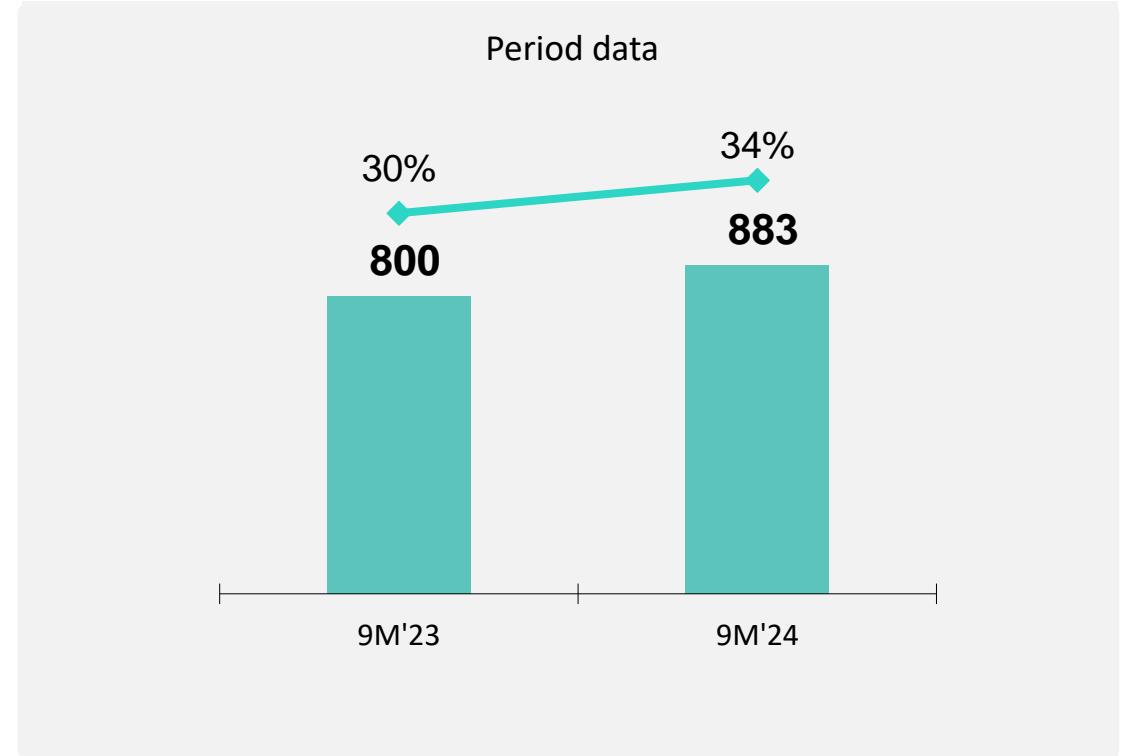
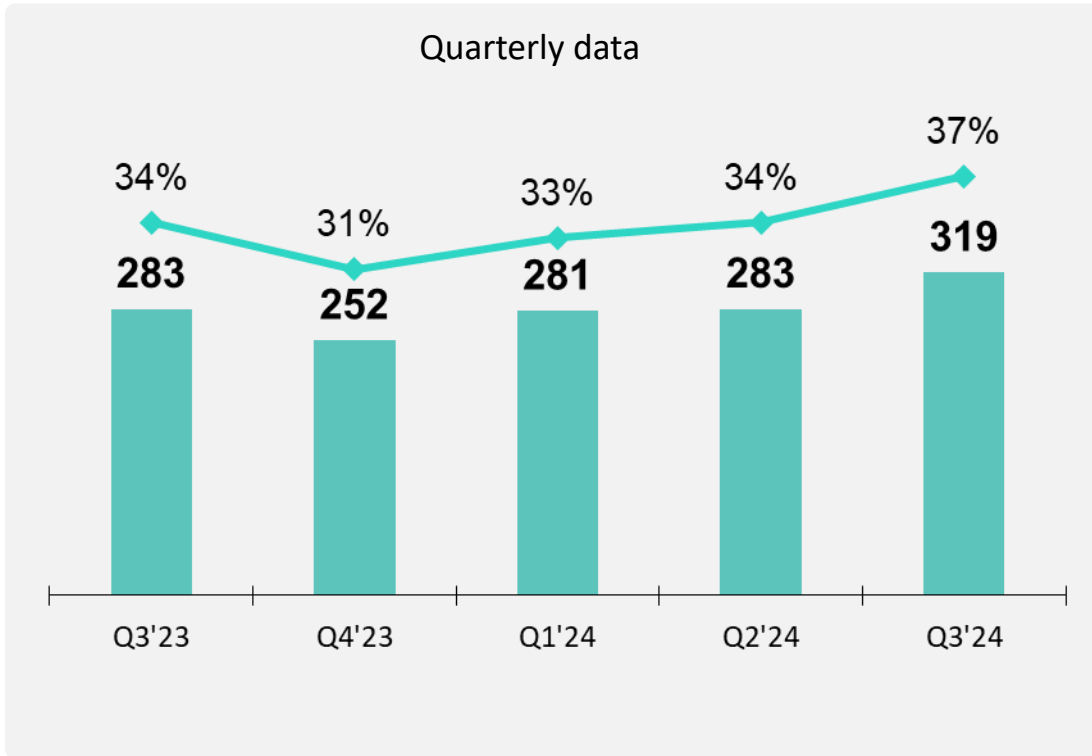




Total Company - Adjusted EBITDA

(NIS millions)

The adjusted EBITDA in Q3/2024 amounted to approx. NIS 319 million, an increase of approx. 13% compared to the corresponding quarter



* Adjusted EBITDA as a percentage of total revenues, not including interconnection fees, was approx. 39% in the quarter compared to approx. 38% in Q3/2023, and approx. 38% in the first nine months of 2024 compared to approx. 36% in the first nine months of 2023.

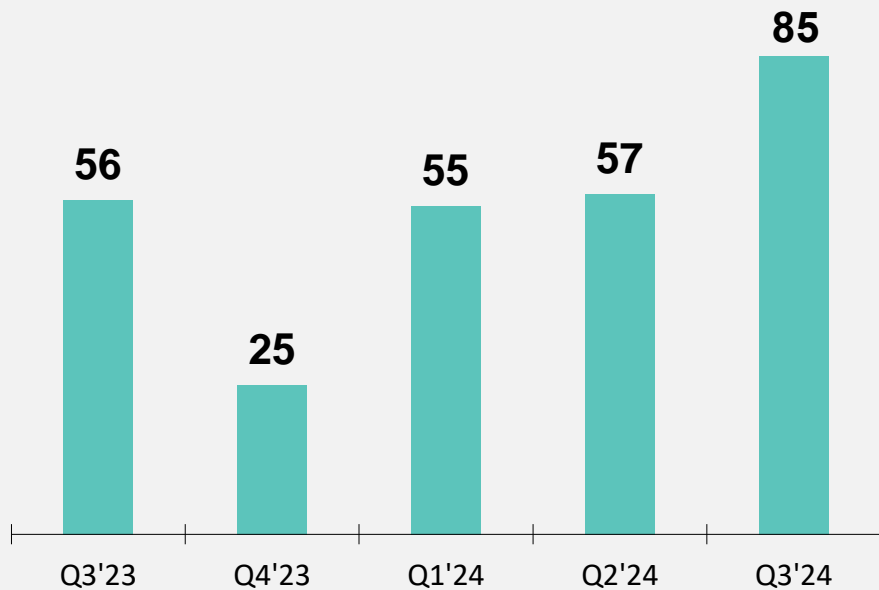


Total Company - Net profit

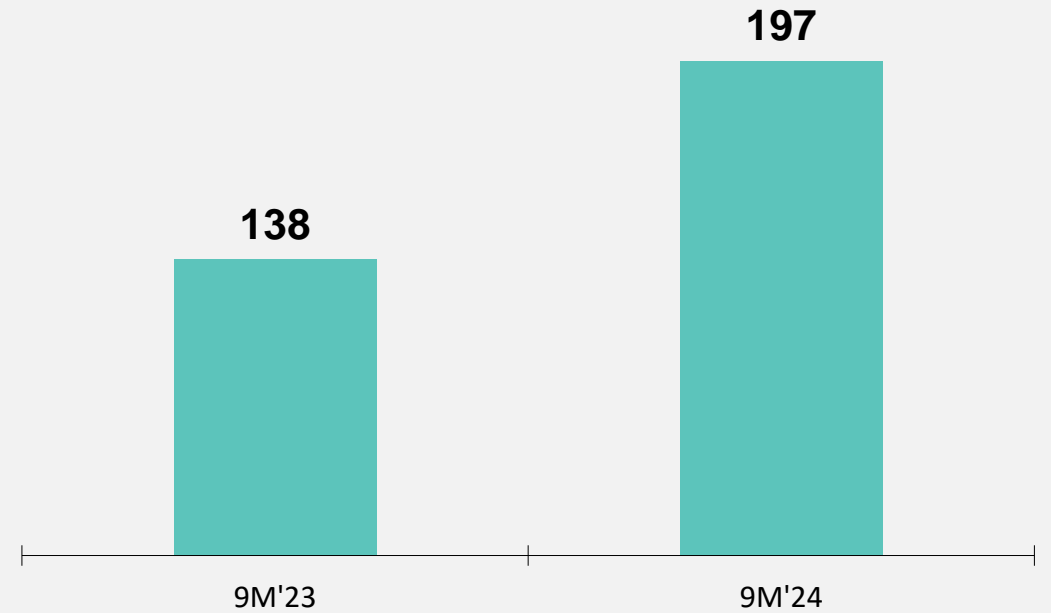
(NIS millions)

The net profit in Q3/2024 amounted to approx. NIS 85 million, an increase of approx. 52% from approx. NIS 56 million in the corresponding quarter

Quarterly data



Period data

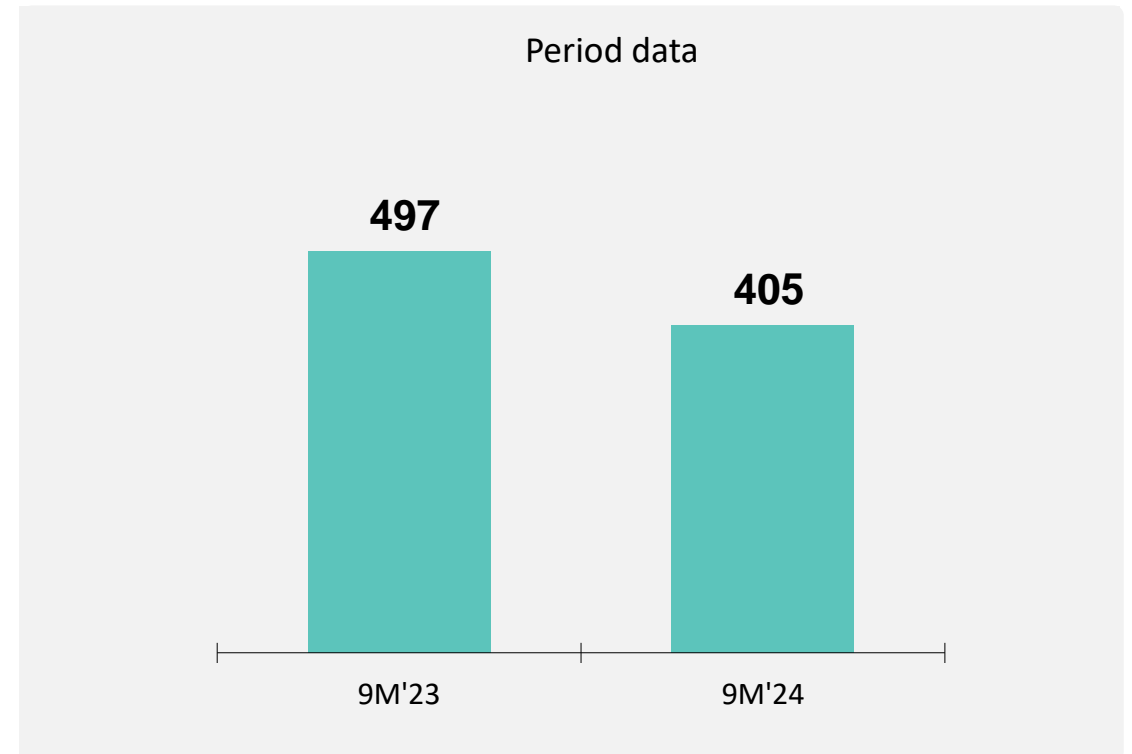
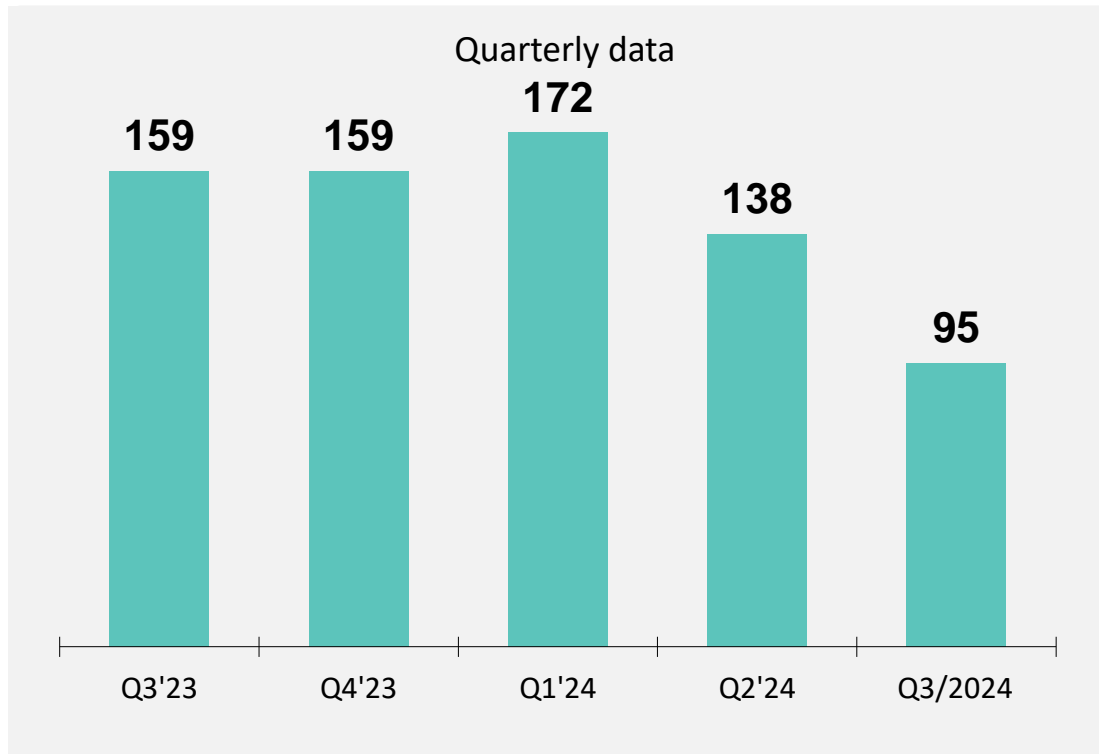




Total Company - Cash flow investments

(NIS millions)

The Company expects that the cash flow investment in 2024 will decrease to approx. NIS 550 million compared to approx. NIS 656 million in 2023

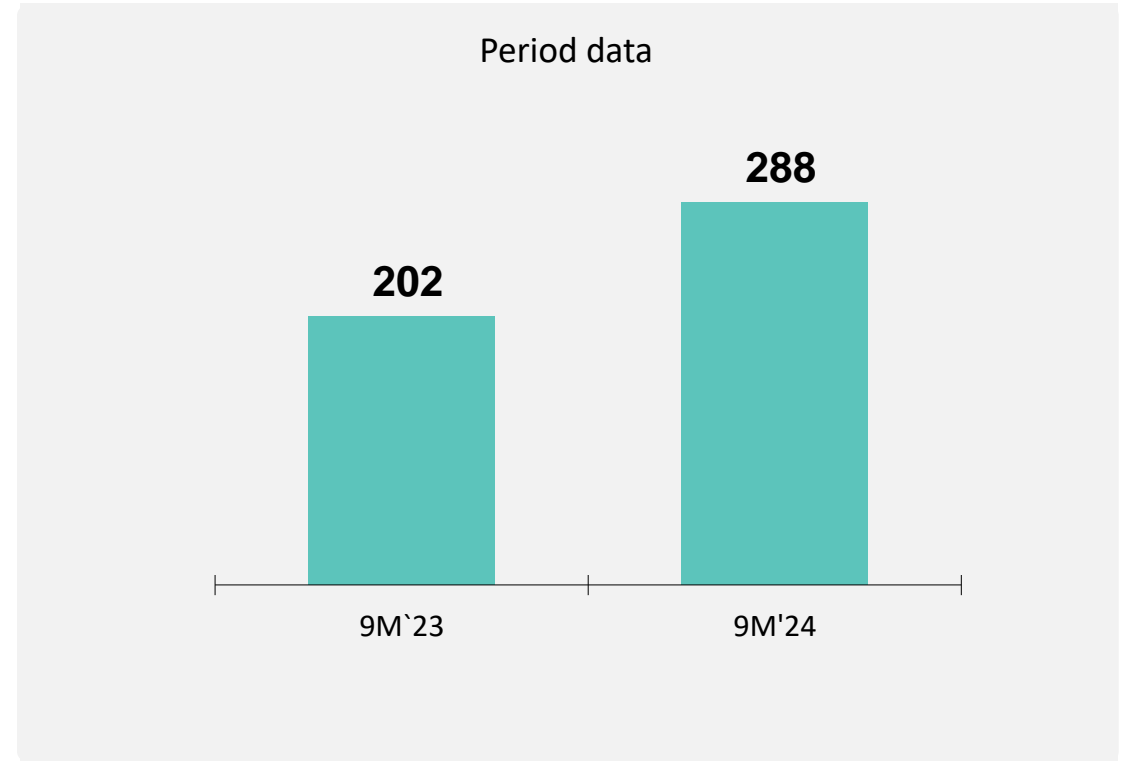
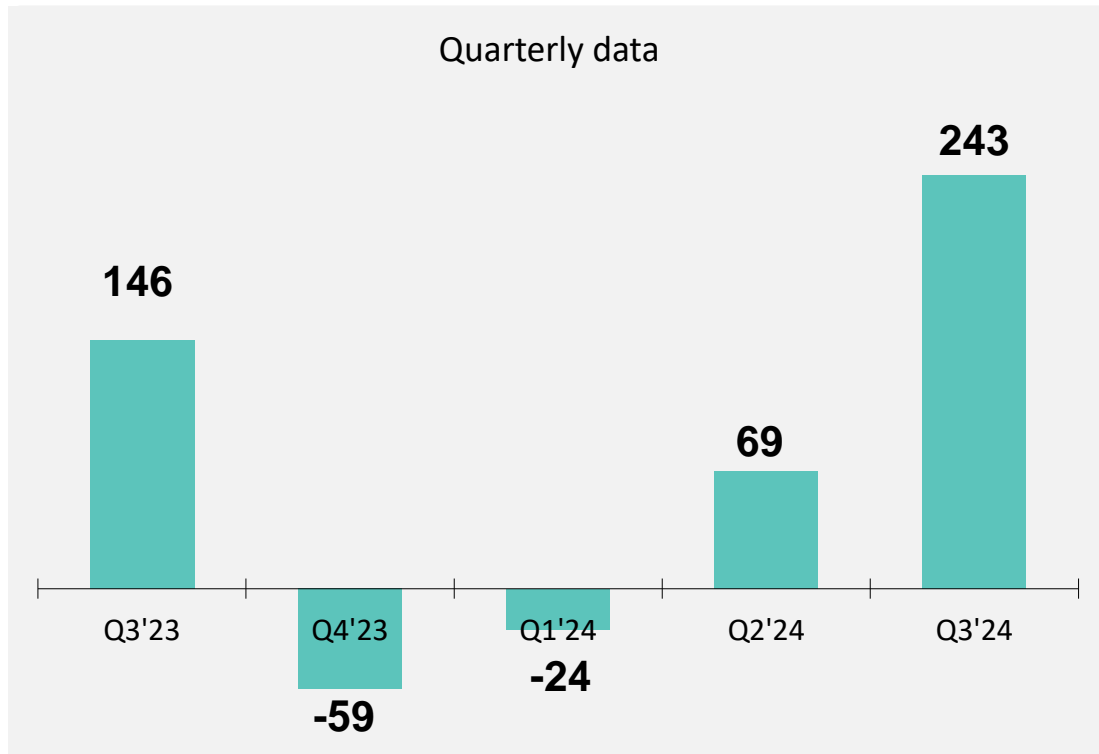




Total Company - Adjusted free cash flow

(NIS millions)

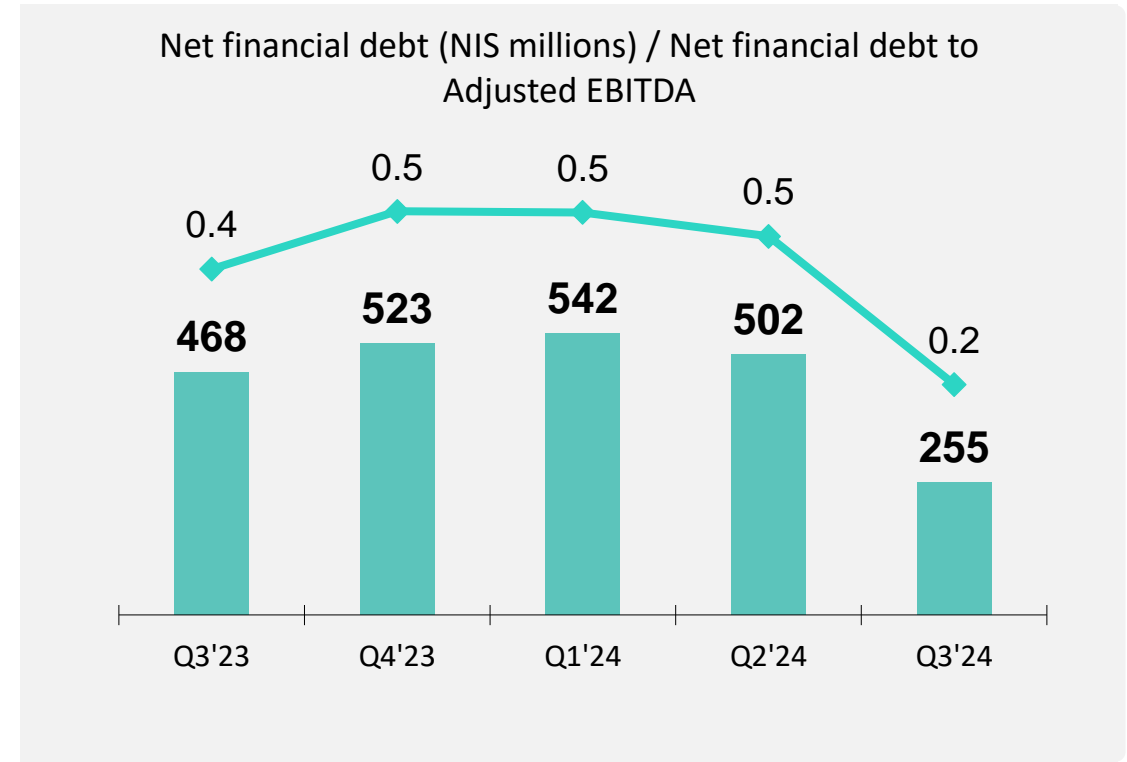
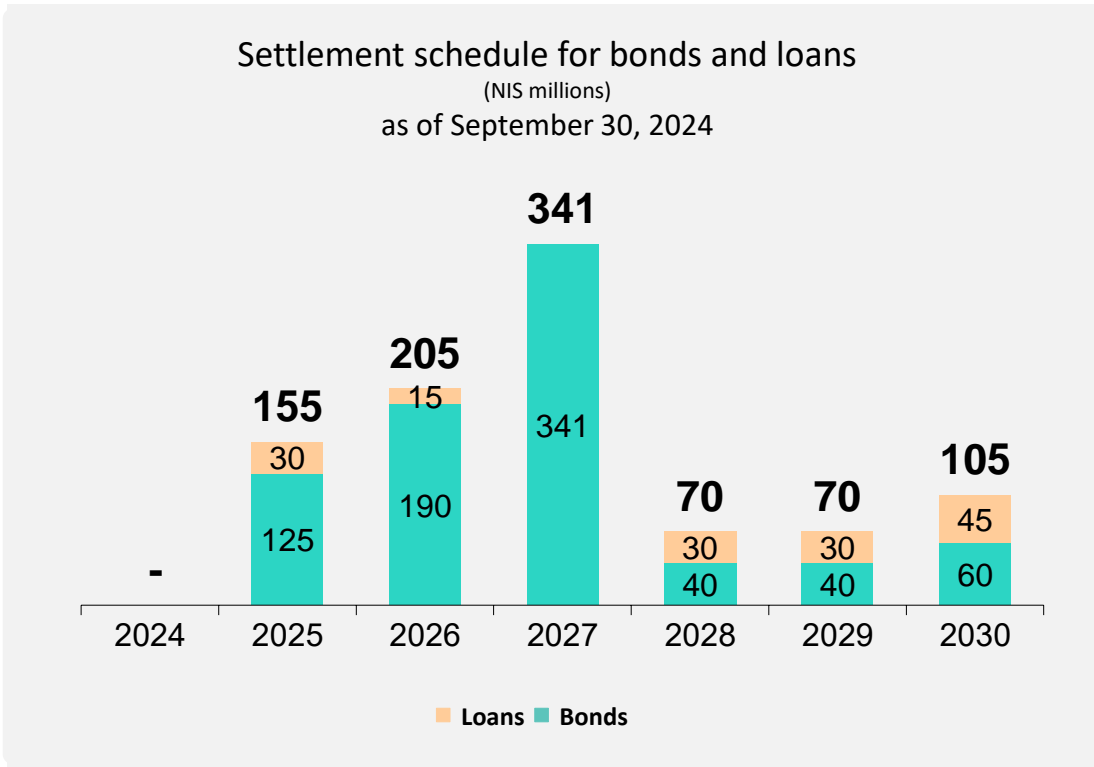
The increase in the adjusted free cash flow in the period was mainly due to a decrease in CAPEX payments and an income tax refund due to the tax position the Company took in the 2022 tax report, which were partially offset by an increase in IRU payments





Net financial debt and settlement schedule

In May 2024, Maalot S&P upgraded the rating from +iIA+ to iIAA-, with a stable rating outlook, due to improved financial ratios



Net financial debt is calculated as the total financial debt less cash and cash equivalents and short-term deposits; net financial debt is not a financial measure according to IFRS standards and may not be comparable to other similarly titled measures for other companies.

Summary

- Continued improvements in sales effectiveness
- Accelerated 5G deployment, while continuing to focus on value propositions in cellular
- Growth in fiber subscriptions and Internet revenues
- Increase in the adjusted free cash flow in the period
- Financial strength with net financial debt to EBITDA of approx. 0.2
- Towards a new operating model in TV



hello future

Let's stay in touch

Investor Relations
investors@partner.co.il

Investor website:

www.partner.co.il/en/Investors-Relations/lobby



Partner 5G
Thank You

