



Partner 5G  
Partner Communications

# Company & Financial Overview



Q2 2024

August 11, 2024

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Partner 5G

# Company overview



# A leading Israeli communications provider

Providing quality and innovative communication solutions and services through initiatives, responsibility and fairness, for the benefit of the company's customers, employees and shareholders



## Cellular

**2,629K subs.**

Of which 93%  
Post-Paid subs.



## Internet

**455K subs.**

Of which 89%  
Fiber subs.



## Partner TV

**205K subs.**



## Business Solutions

Leading  
service provider



## Equipment

One stop shop in  
various channels  
and broad  
deployment



## Partner Power

Electricity supply  
for private &  
business  
customers

# Our Approach



## Simplicity

Simplicity in our day-to-day activity enables us, among other things, to focus on operations that secure sustainable growth and improvement in agility



## Access anywhere 24/7

5G upgrade and development positioned at the technological front; Providing fiber access through independent infrastructure and third-party infrastructures; Leveraging these capabilities to provide tailored-made solutions to business customers



## Excellent service

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



## Continued optimization

A relentless effort to improve operational excellence with the backing of technological developments and solutions

# Focus on value expected to continue

## Major points for 2024

- Acceleration of 5G deployment together with the launch of 5G SA network core
- Focus on cellular value packages including 5G
- Growth in fiber subs.
- Completion of fiber infrastructure aimed at international communications providers
- Focus on improving financial results in TV
- Resume growth tracks in equipment sales activity
- Continued growth in data and integration services for the business sector
- Digital transformation

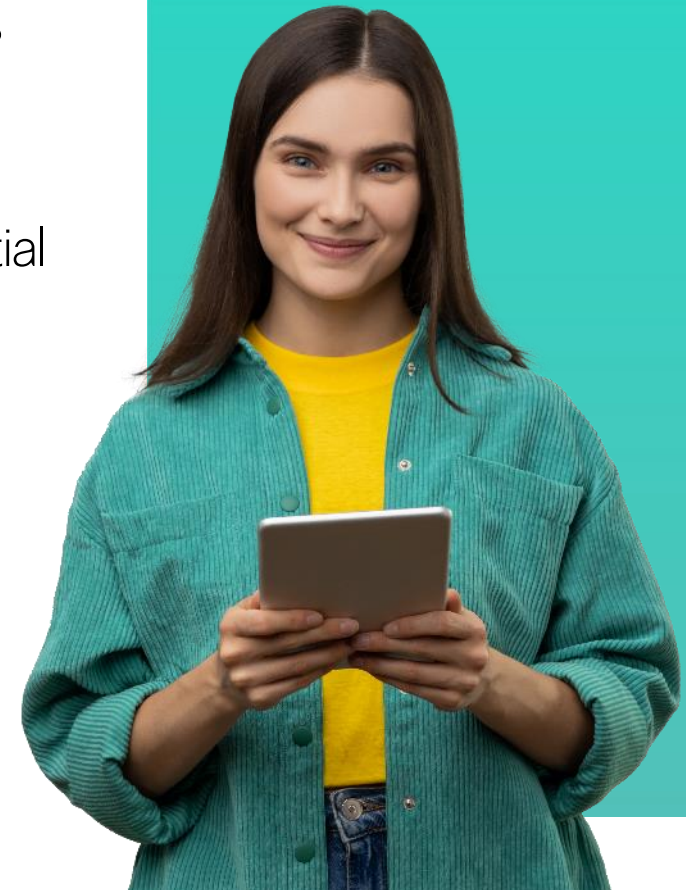


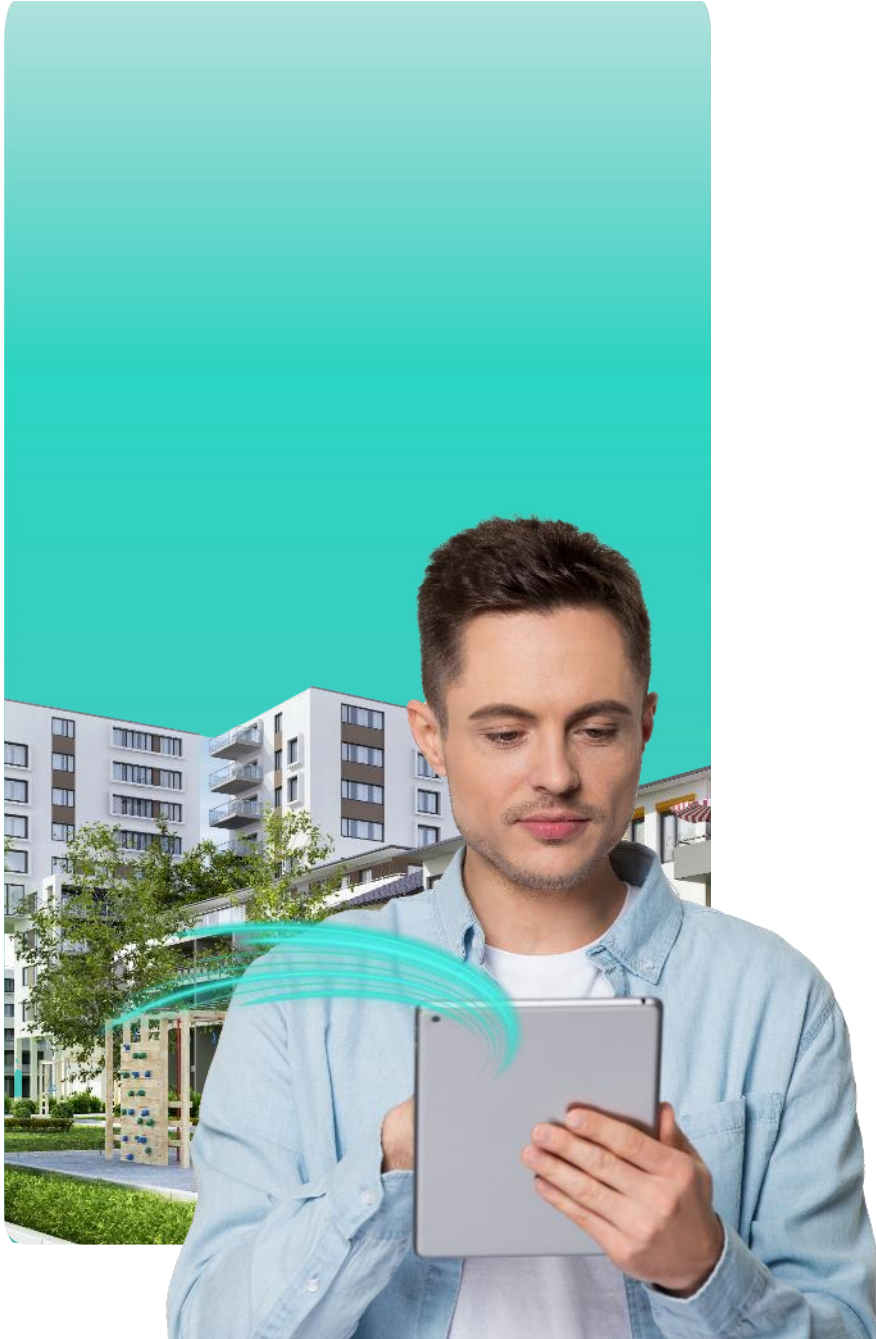
## Outlook

- On the basis that the damage resulting from the war will be similar to that which has been experienced to date from the beginning of 2024, the decrease in the Company's profit (before tax) from roaming services, for each month of the war, is estimated at approx. NIS 5 million. It is also expected that the Company will recognize social security proceeds in various amounts which will derive from the amount of the Company's employees drafted into reserve duty
- In 2024, Cash CAPEX will decrease and amount to approximately NIS 550 million, compared to approximately NIS 656 million in 2023, and this is, among other things, due to the completion of the deployment of our independent fiber optic network to households at the end of year 2023. The Company will report, as needed, deviations of  $\pm 10\%$  or more from the amount specified above

# 5G core network launch – stability, continuity and quality

- Deployment enabling a 5G experience in designated geographic areas
  - Population coverage of approximately 70% at the end of 2023
  - Focus on decreasing coverage gaps within the cities
  - Transition to a 5G SA core system is expected to maximize potential
  - Acceleration of 5G sites deployment
- A value proposition supporting the increase in revenue from services
- Potential for opportunities in Private Networks
- M2M potential in the future as IOT devices increase





# The only provider that benefits from access to the three Israeli fiber infrastructures

- Maximum flexibility thanks to the ability to offer fiber services based on Partner's independent infrastructure, Bezeq's fiber infrastructure and IBC's fiber infrastructure
- Fiber subs. growth to continue while leveraging our options to connect to three infrastructures and optimize costs at the customer level
- In 2023 our independent fiber deployment was concluded, with the achievement of approx. 1.1 million connection-ready households
- IRU\* agreement with Bezeq for 120 thousand non-specific fiber optic lines for 15 years has proved itself as a sustainable growth engine for the fixed-line segment. The agreement includes, among other things, extension options, payment distribution mechanisms, linkage and price protection

\* Indefeasible and irrevocable right of use

### **On track with deployment of an infrastructure aimed at the international communications market**



- Laying the local infrastructure for durable communications and data transfer services between the Far East/Gulf countries and Europe
- An alternative route from Haifa to both Eilat and King Hussein Bridge crossing with Jordan
- An innovative and practical solution to potential problem of cable damage in the Suez Canal in the backdrop of geopolitical risks and cable damage from passing ships in the canal
- First fiber delivery for such services expected in the course of 2024
- Potential for additional agreements

## Partner TV - on the road to a new operating model

- The Company signed an agreement with Yes, under which it will be permitted to market to its subs. a fully Partner brand-compatible content application, based on the broadest content package of the Sting+ service (from Yes)
- Upon completion of the preparations, which will take several months, all Partner TV customers will be upgraded automatically
- Customers will continue to benefit from Partner's level of service and support for fiber and television and will receive a complete response to their inquiries from Partner's customer service centers
- The agreement requires the approval of the Competition Authority



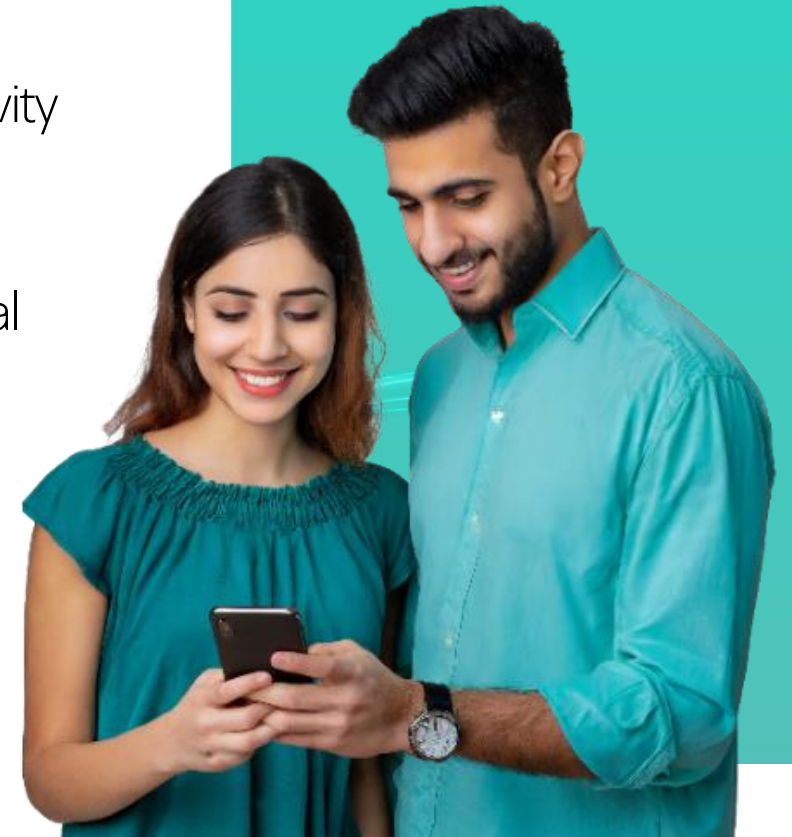
# Business Solutions growth engines

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



# Milestones in Equipment activity's potential fulfillment

- Achieving efficiency and flexibility through the creation of a single unit for trade activity and equipment
- Focus on selling equipment that matches the company's core activity
- Creating value for customers through repair service packages and providing favorable trade-in offers
- Constant improvement of the points of sale, including geographical layout and mix of formats
- Deepening commercial cooperations
- Taking in hand operating costs



# Entering the electricity supply market for private & business customers



- The electricity market for the home consumer is expected to grow due to increasing changes in consumption habits
- Growing awareness of the public along with an ever-increasing scope 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 purpose of supplying electricity to Partner consumers
- In March 2024 the service for private customers was launched
- The value for Partner's customers – cost savings and receiving all their communication services – fiber optic internet, 5G cellular and television – and electricity service, from one company

# ESG Partner in numbers 2023

**68%**

of our employees volunteer, incl. "Iron Swords" war-related activity

**3.5%**

of our employees are people with disabilities

**Extensive social activities that create value**

with "Or Lamishpachot", IDF fighting regiment, for the security forces, the youth movement "Krembo Wings, "Latet" organization etc'

**50%**

of our senior management positions are held by women

**10**

"Platinum Plus" rating in the Maala ESG Index of Corporate Social Responsibility

**~2.2M** ILS

was allocated to corporate social responsibility issues

**41%**

of the Company's entire fleet are efficient hybrid & electric vehicles

52% as of February 2024

**47%**

of our workforce are women

**44%**

of our management positions are held by women



Partner 5G

# Financial overview



Q2 2024

# Operating and Financial Highlights

## Q2'24 vs. Q2'23

Cellular subs.  
(thousands)

2,629



Postpaid: -14K  
Prepaid: -21K

Decrease of 8k in the quarter, due a decrease of 8k in postpaid subs. base

Cellular ARPU ex. Interconnect charges (NIS)

42



- NIS 1

Decrease due to the impact of the war on revenues from roaming services together and the conclusion of Hot Mobile's deferred revenue recognition, which was offset by an increase in revenues per sub. in cellular packages

Fiber-Optic subs.  
(thousands)

404



+70K

Increase of 15k subs. in the quarter

TV subs.  
(thousands)

205



-8k

Decrease of 1k in the quarter

Service Revenues ex. Interconnect charges  
(NIS, million)

612



-7M

Adjusted EBITDA  
(NIS, million)

283



+11M

Net Profit\*  
(NIS, million)

57



+3M

Adjusted FCF  
(NIS, million)

69



-3M

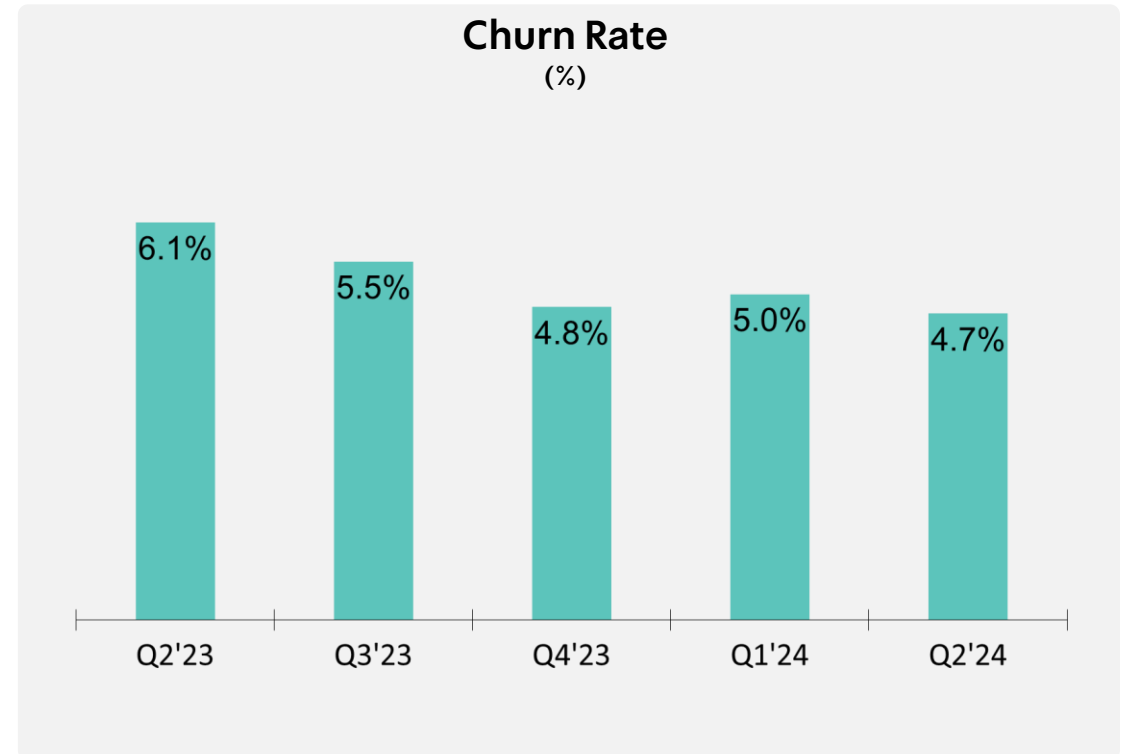
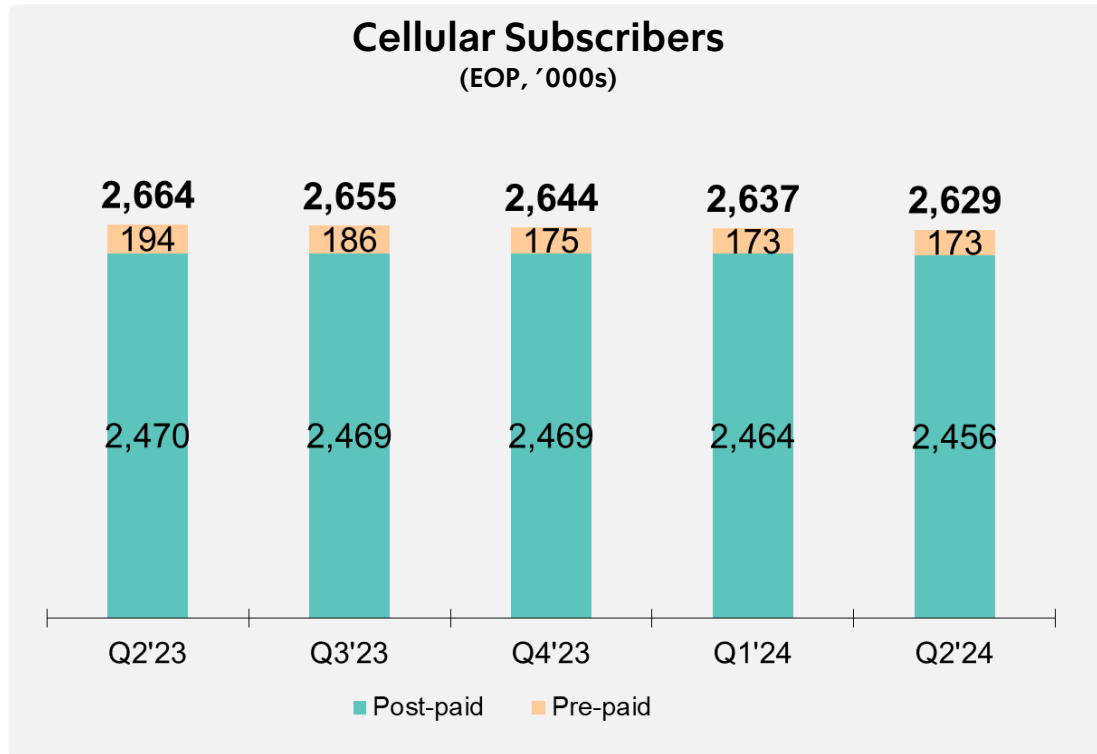
Quarterly results were impacted by the increase in fixed-line service revenue and from a decrease in salary and related expenses, which were partially offset by the war impact on revenues from roaming services and the conclusion of Hot Mobile's deferred revenue recognition



# Cellular Subscribers & Churn Rate

Change in subscriber base for the quarter was due to the company's focus on premium packages in Postpaid

Decrease in churn rate occurred in both Postpaid and Prepaid subscribers





# Cellular ARPU (NIS)

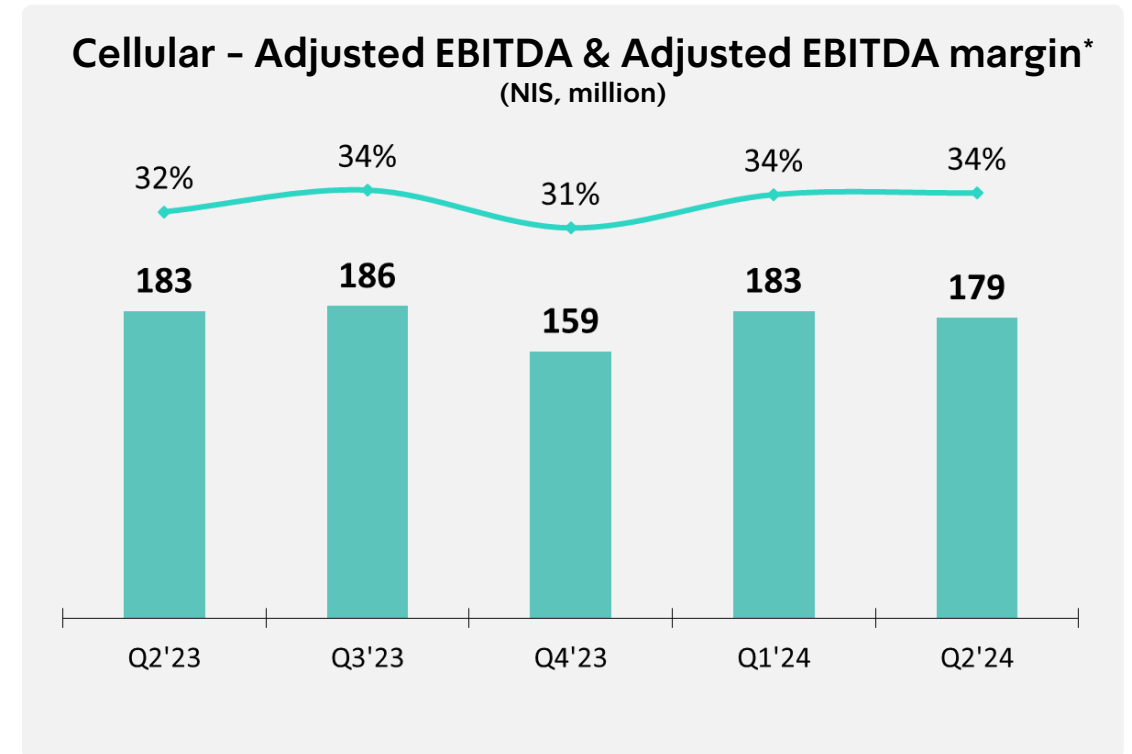
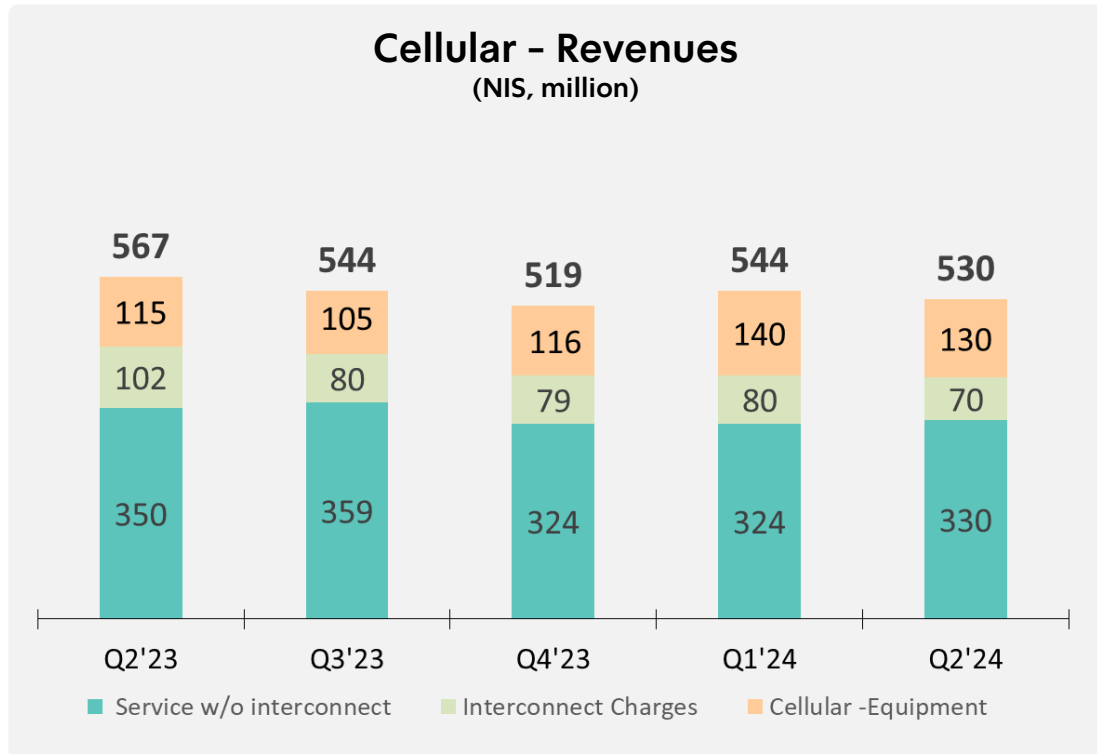
Excluding interconnect charges, the decrease compared to the corresponding quarter reflected the war impact on revenues from roaming services and the conclusion of Hot Mobile’s deferred revenue recognition offset by an improvement in revenues from cellular packages





## Cellular segment – Quarterly Results

The decrease in Adjusted EBITDA mainly reflects a decrease in revenues from roaming services and the conclusion of Hot Mobile’s deferred revenue recognition which were mainly offset by an increase in revenues from cellular packages, a decrease in salary and subcontractors expenses and a decrease in provisions for lawsuit and others

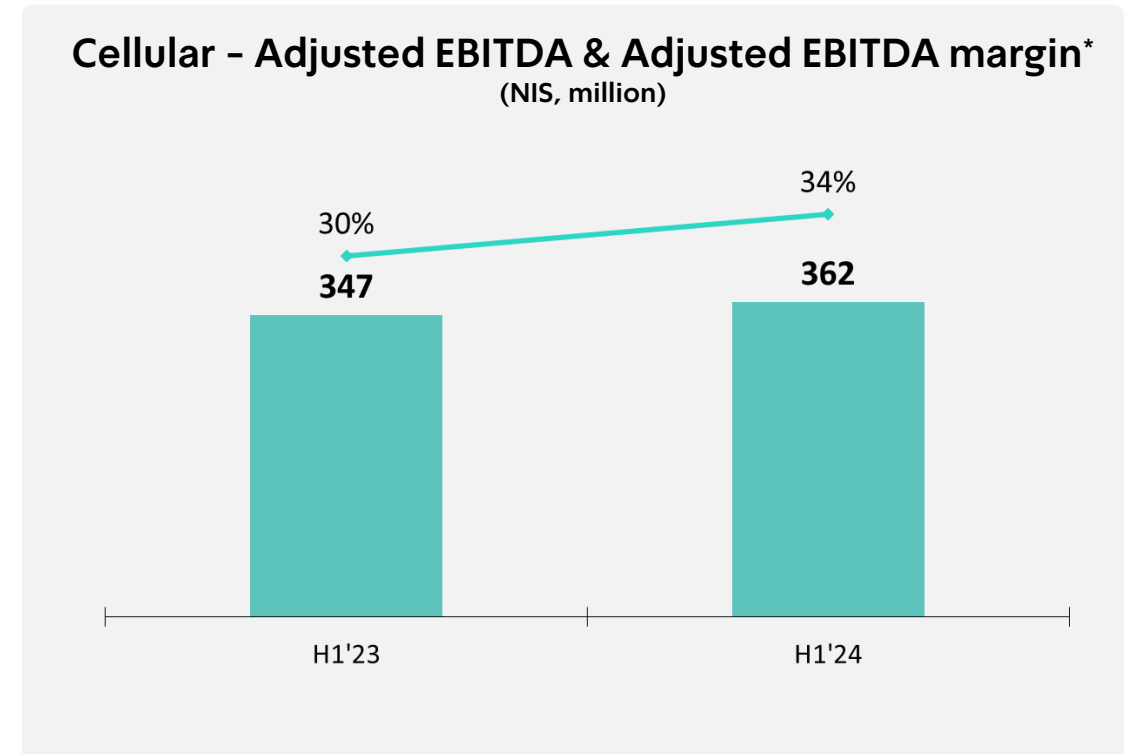
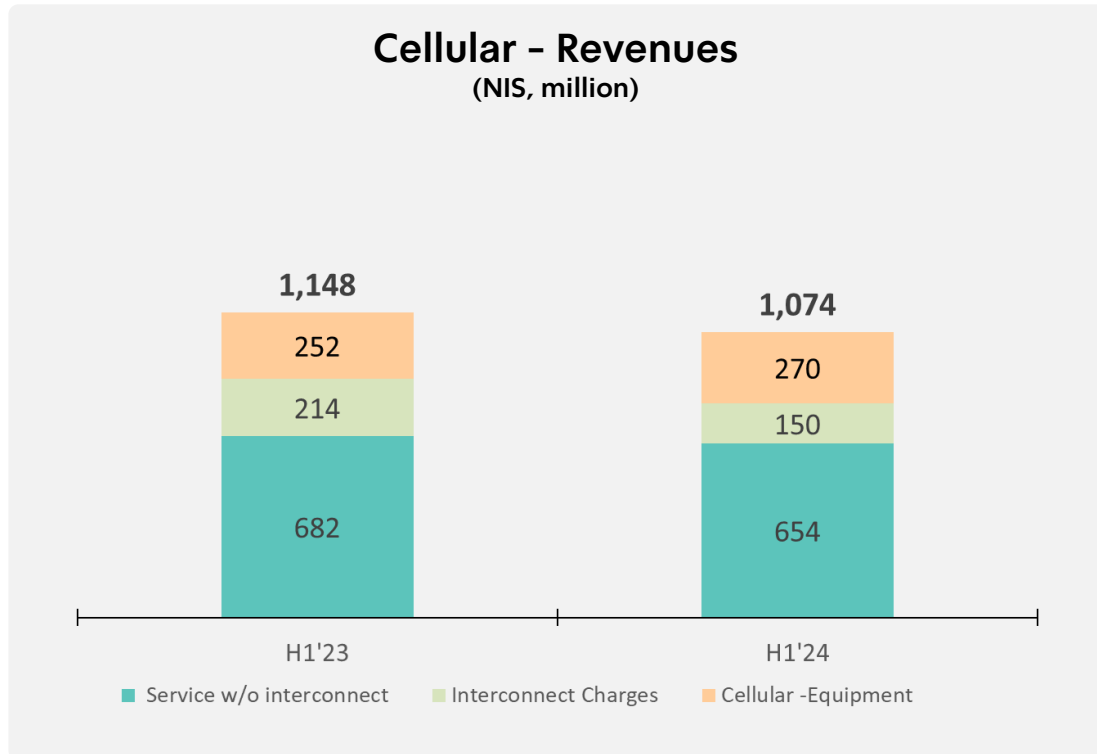


\* Adjusted EBITDA margin excl. interconnect charges totaled 39% in Q2'24 unchanged from Q2'23



## Cellular segment - First 6 months of 2024

The increase in Adjusted EBITDA mainly reflects an increase in revenues from cellular packages, a decrease in salary and subcontractors expenses and a decrease in provisions for lawsuit and others, which were mainly offset by a decrease in revenues from roaming services and the conclusion of Hot Mobile's deferred revenue recognition



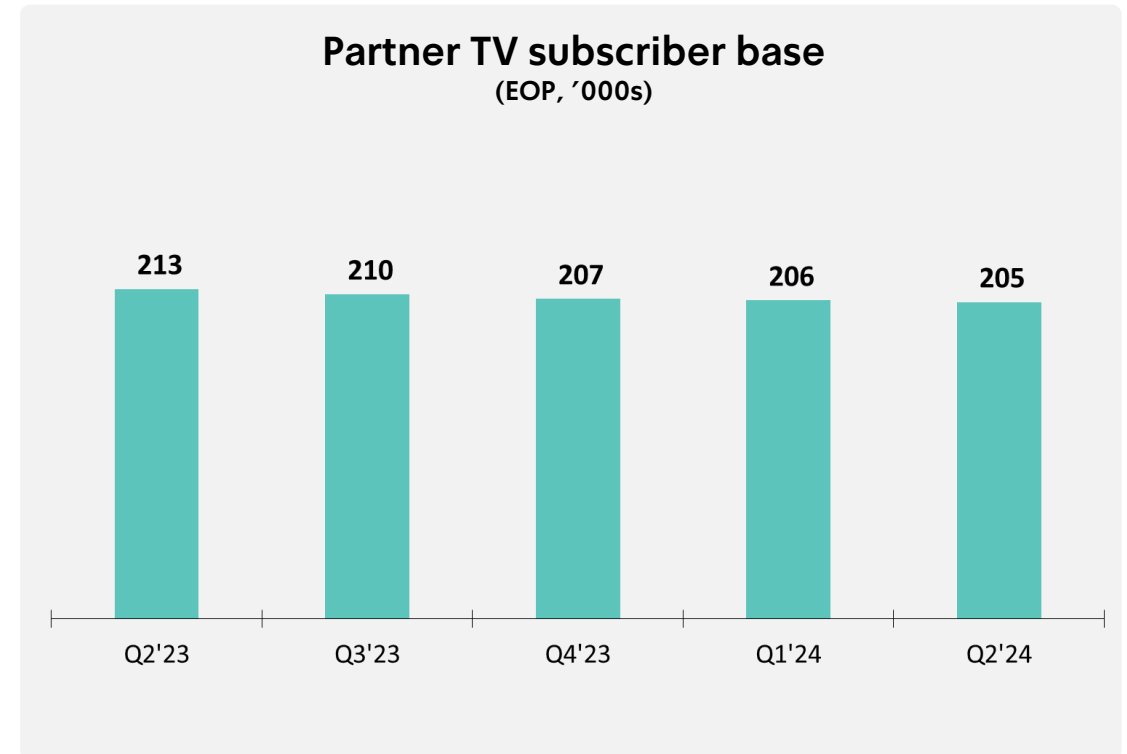
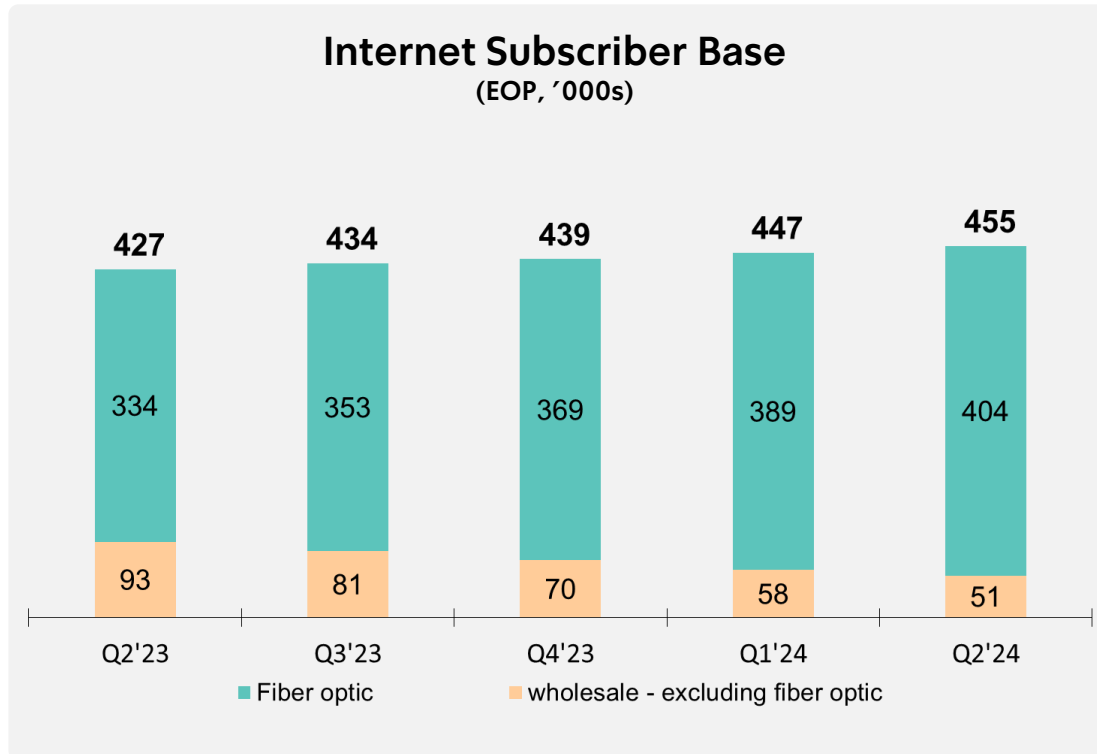
\* Adjusted EBITDA margin excl. interconnect charges totaled 39% in H1'24 compared with 37% in H1'23



# Internet & TV Subs.

Approx. 89% of internet subscribers use fiber-based infrastructure

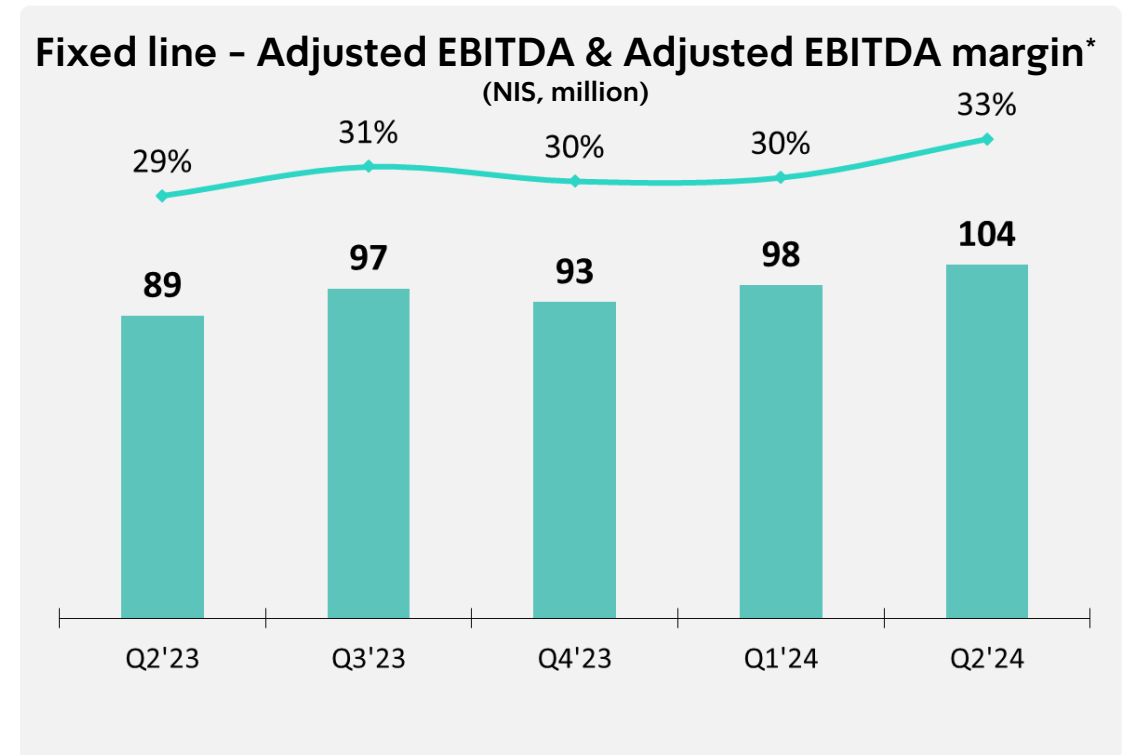
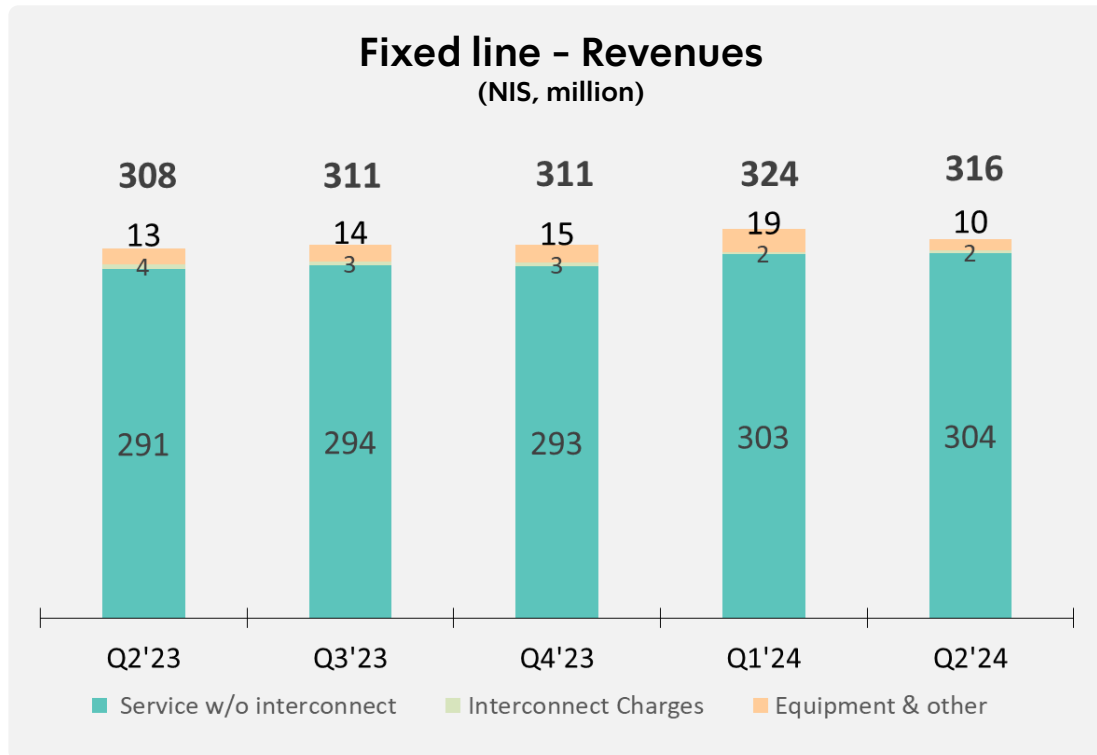
Over 80% of TV subscribers are in bundle offerings (broadband-based)





## Fixed-line segment – Quarterly Results

Increase in Adjusted EBITDA reflects an increase in Internet and data service revenues and a decrease in advertising and marketing expenses and other telecoms operator expenses

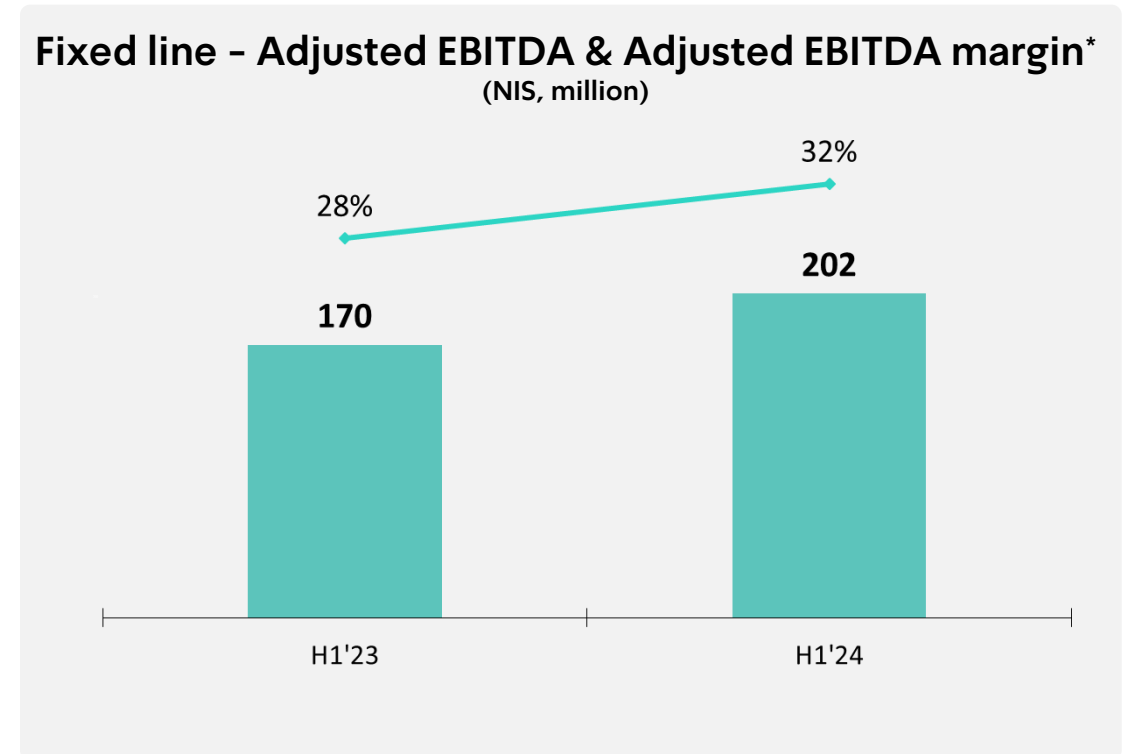
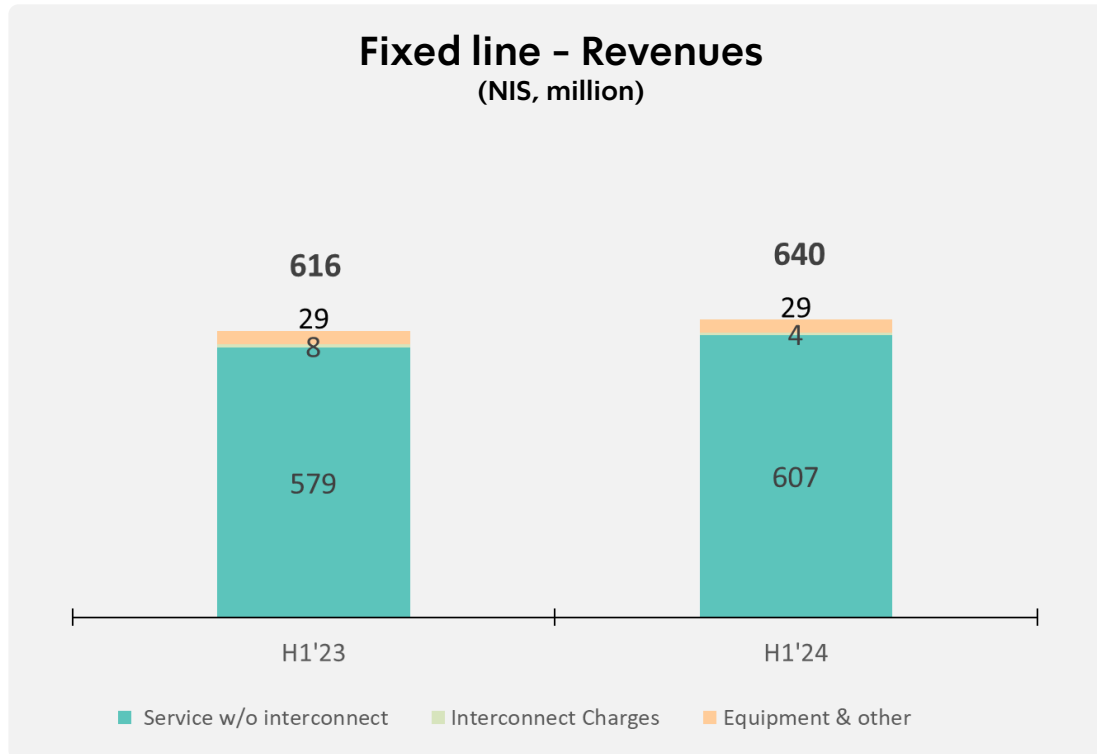


\* Adjusted EBITDA margin excl. interconnect charges totaled 33% in Q2'24 compared with 29% in Q2'23.



## Fixed-line segment - First 6 months of 2024

Increase in Adjusted EBITDA reflects an increase in services and a decrease in advertising and marketing expenses and other telecoms operator expenses

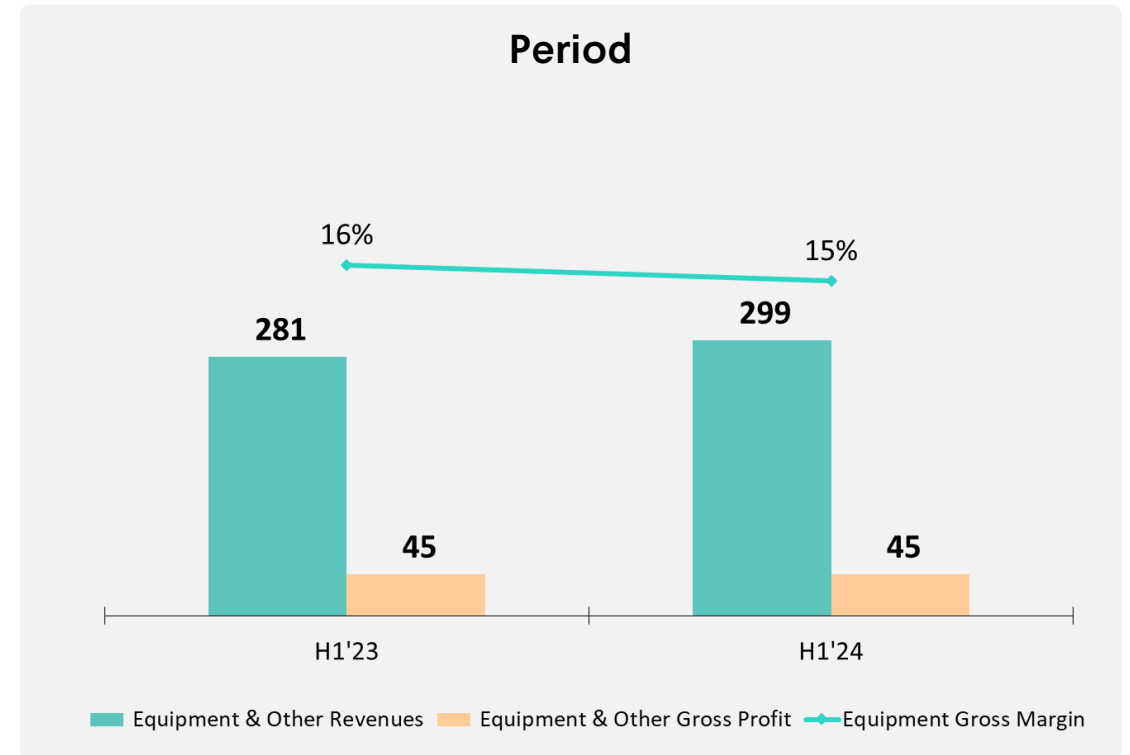
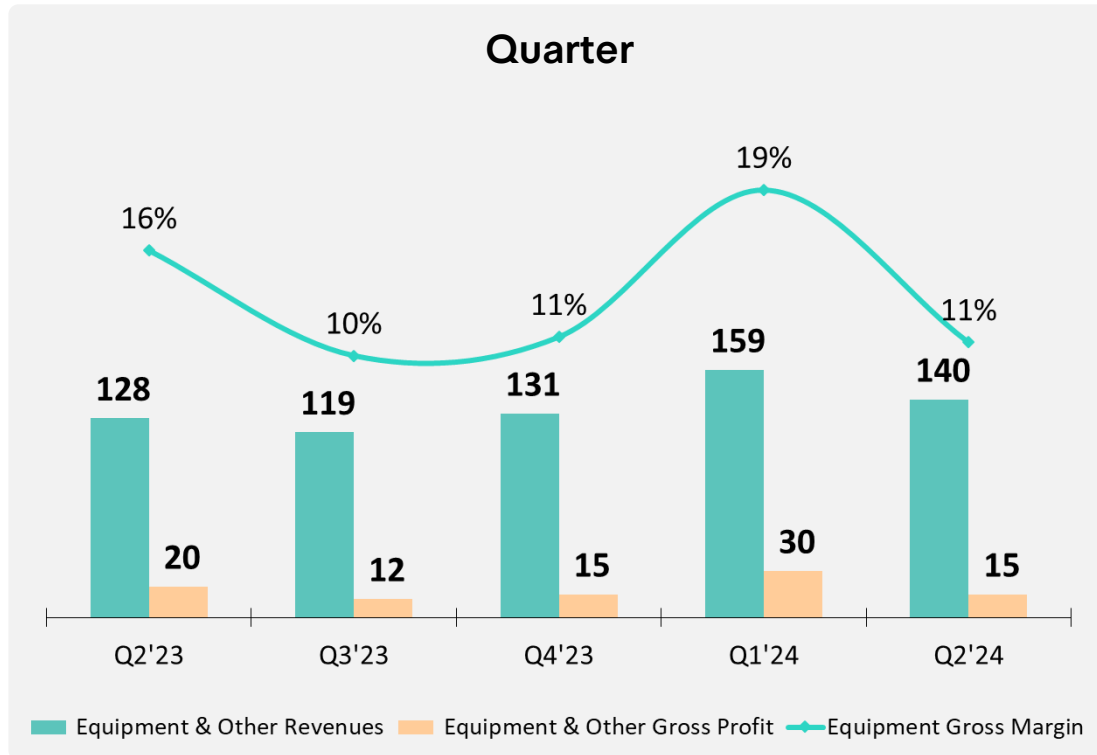


\* Adjusted EBITDA margin excl. interconnect charges totaled 32% in H1'24 compared with 28% in H1'23.



# Total Company results- Sales of Equipment and Other (NIS, million)

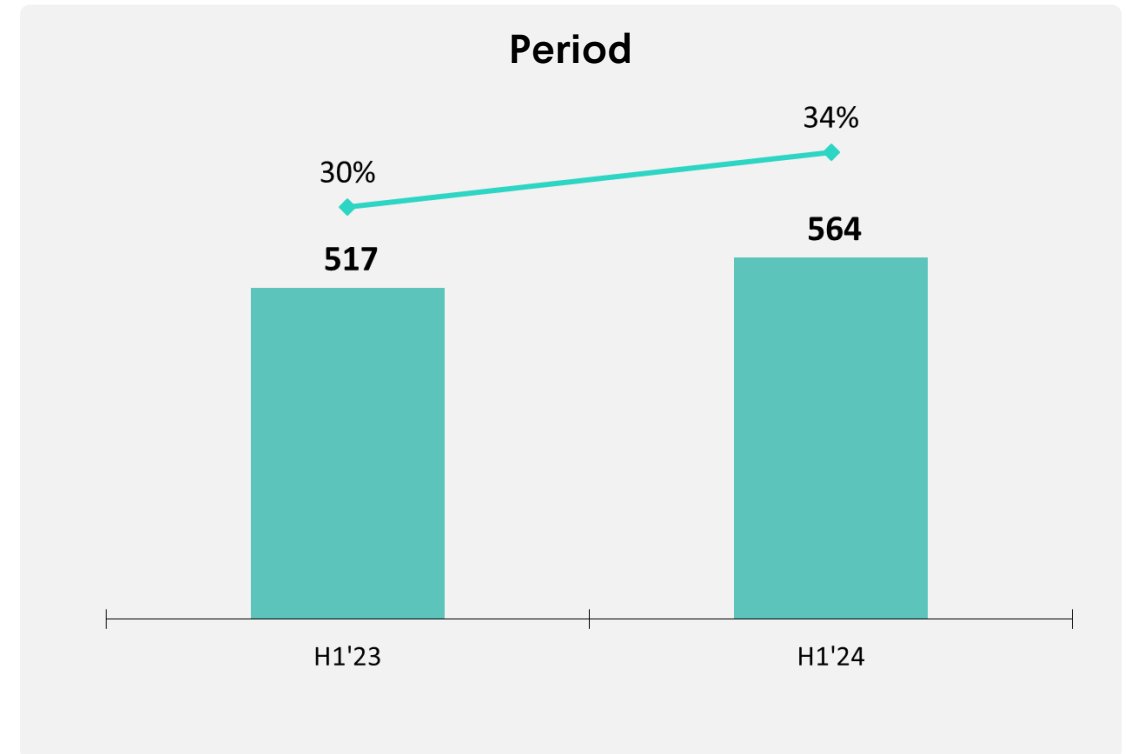
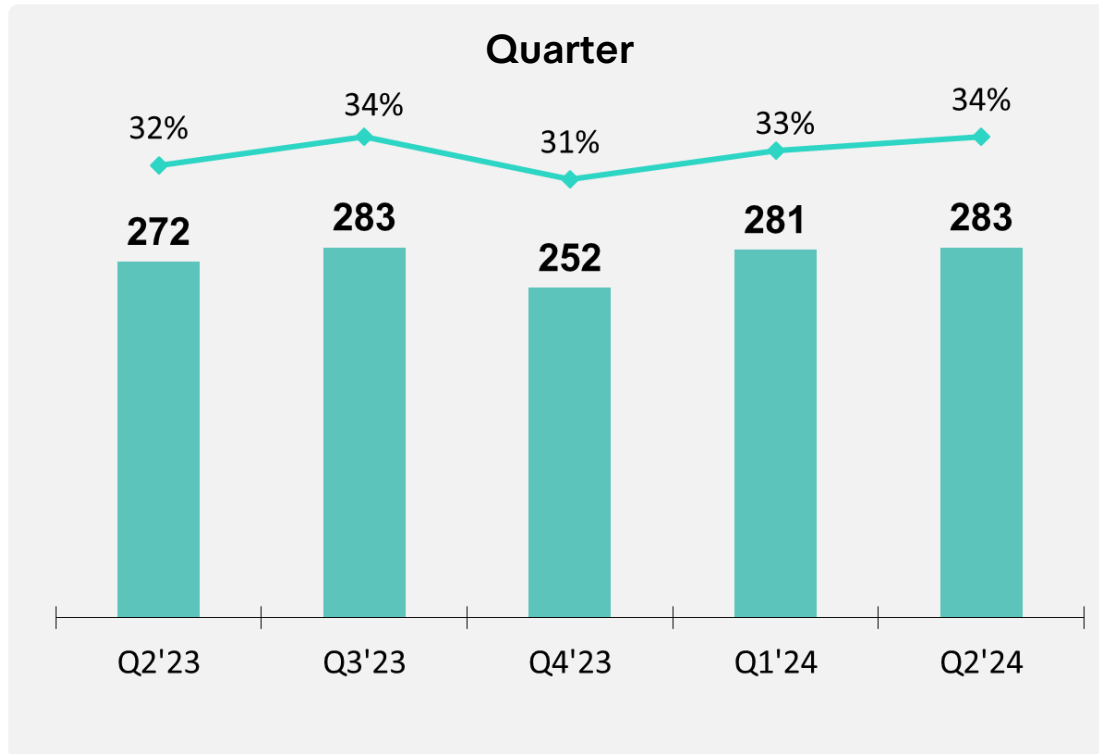
Increase in revenues in the quarter compared to the corresponding quarter was impacted mainly by an increase in cellular equipment sales, partially offset by a decrease in equipment and license integration sales to business customers





# Total Company results- Adjusted EBITDA (NIS, million)

Adjusted EBITDA totaled NIS 283 million in Q2'24, an increase of 4% from NIS 272 million in the corresponding quarter

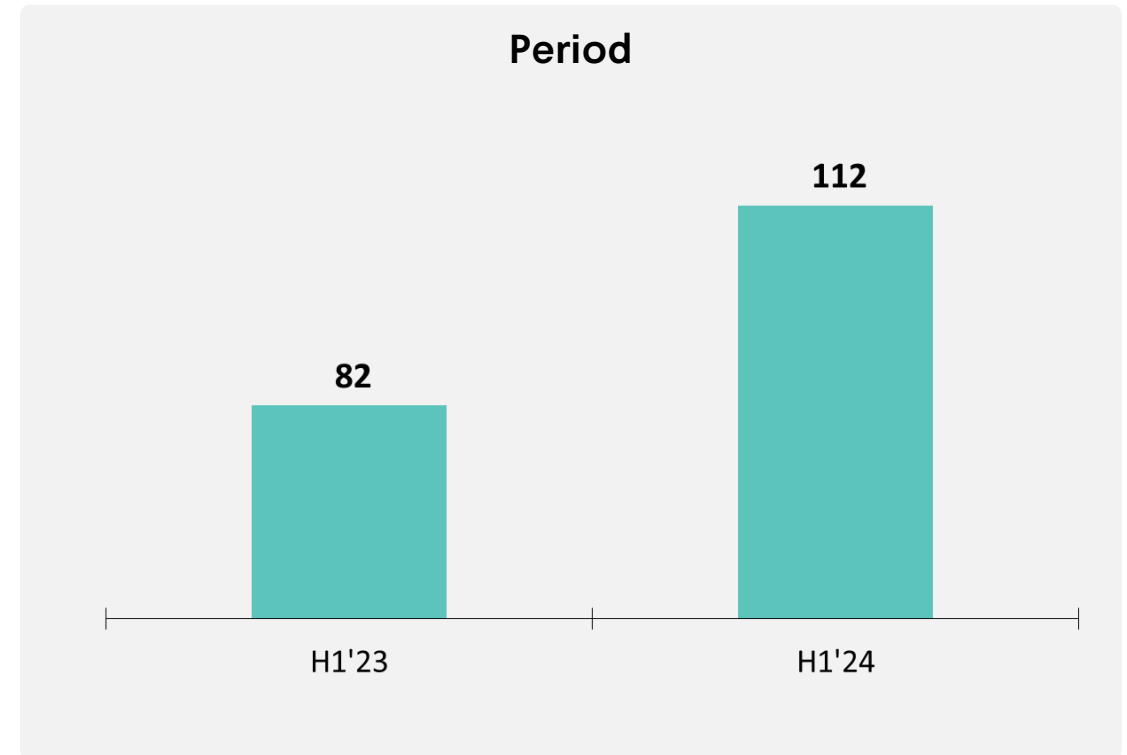
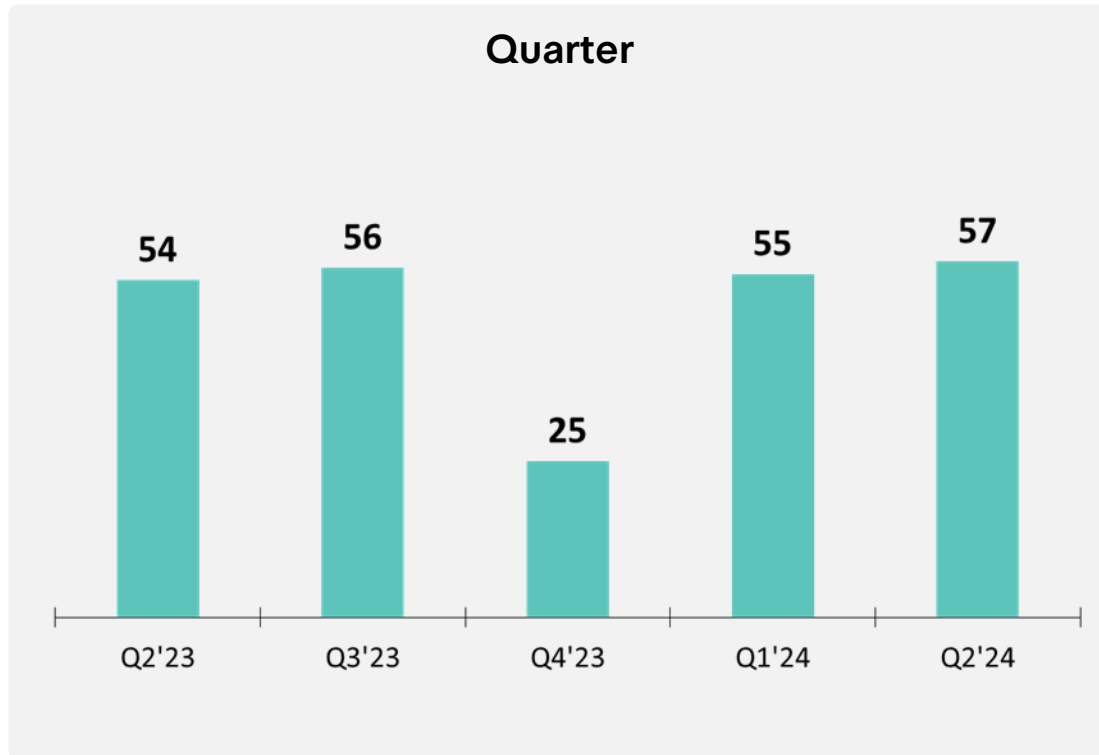


\* Adjusted EBITDA margin excl. interconnect charges totaled 38% & 37% in Q2'24 & H1'24 respectively compared with 36% & 35% in Q2'23 & H1'23 respectively.



# Total Company results- Net Profit (NIS, million)

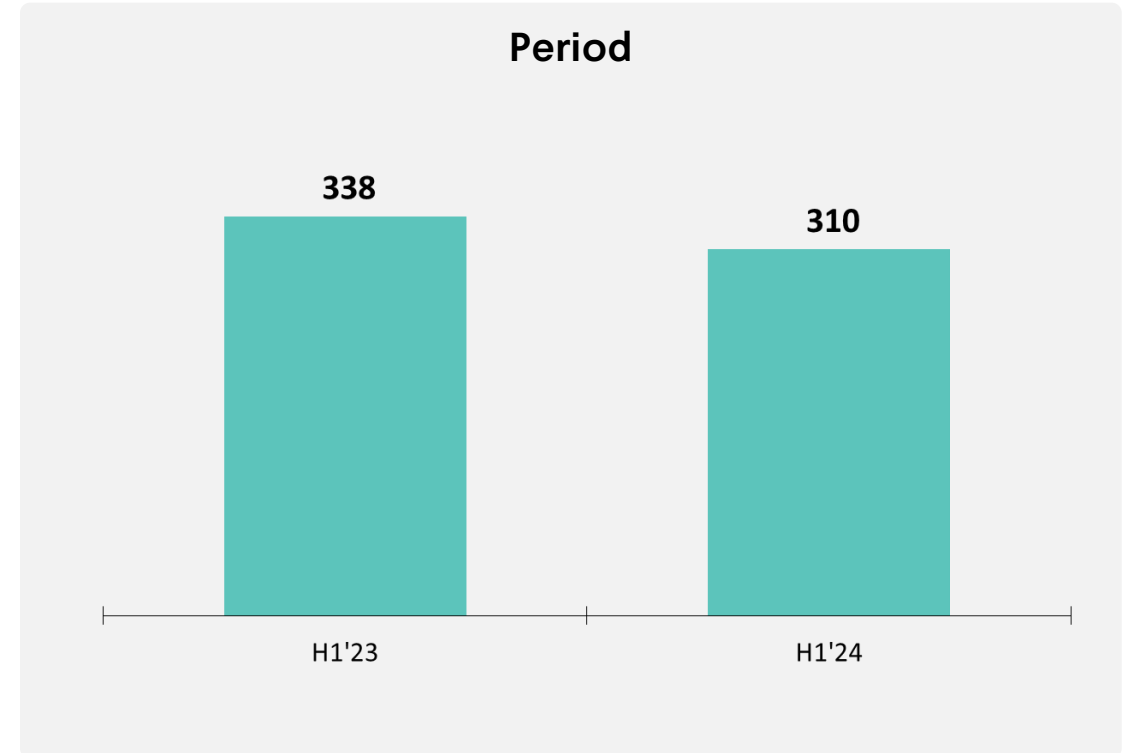
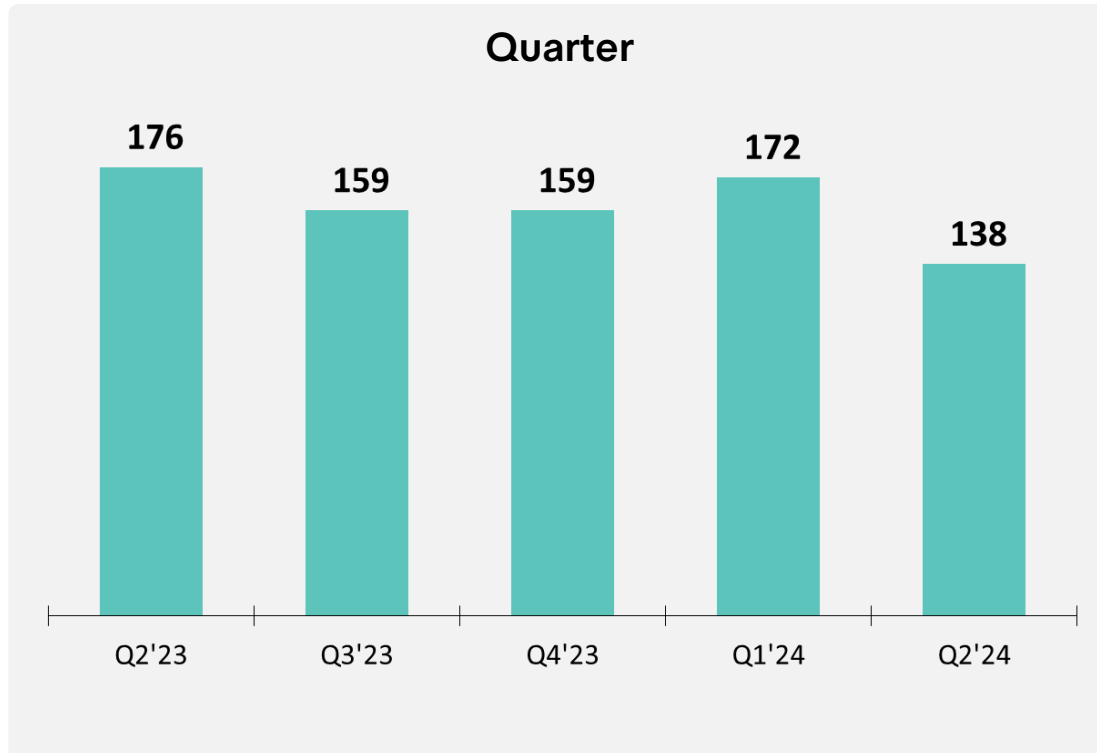
Net Profit totaled NIS 57 million in Q2'24, an increase of 6% from NIS 54 million in the corresponding quarter





# Total Company results- Capital Expenditures (cash) (NIS, million)

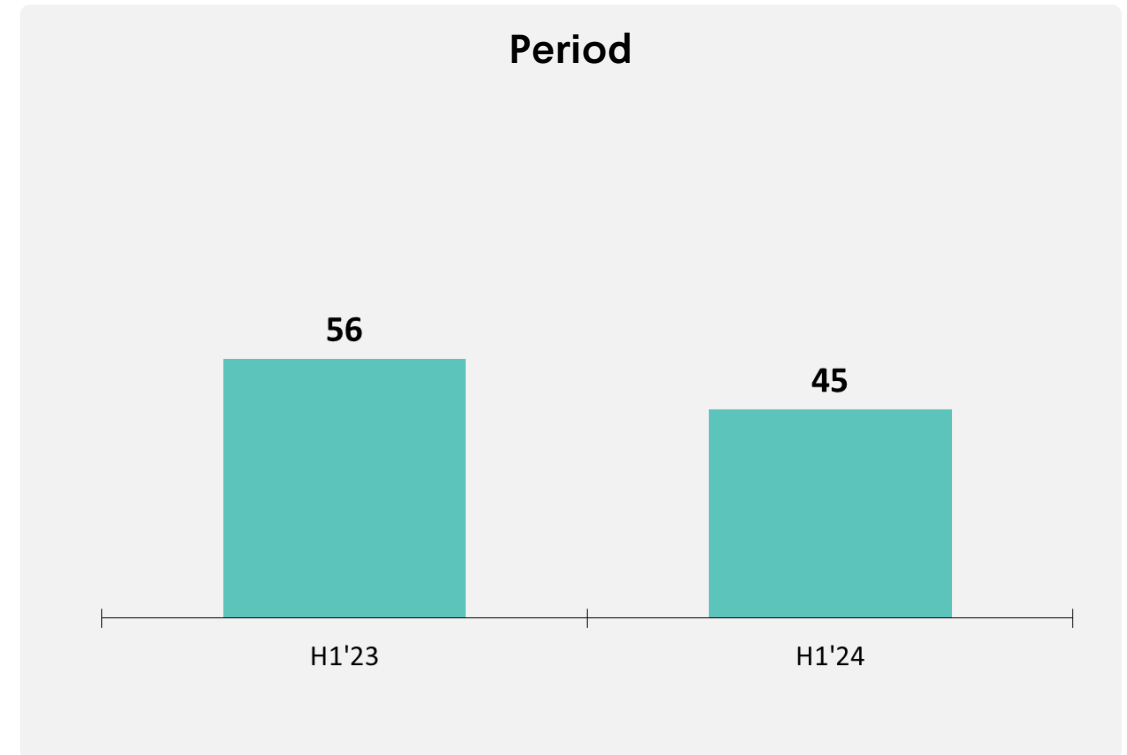
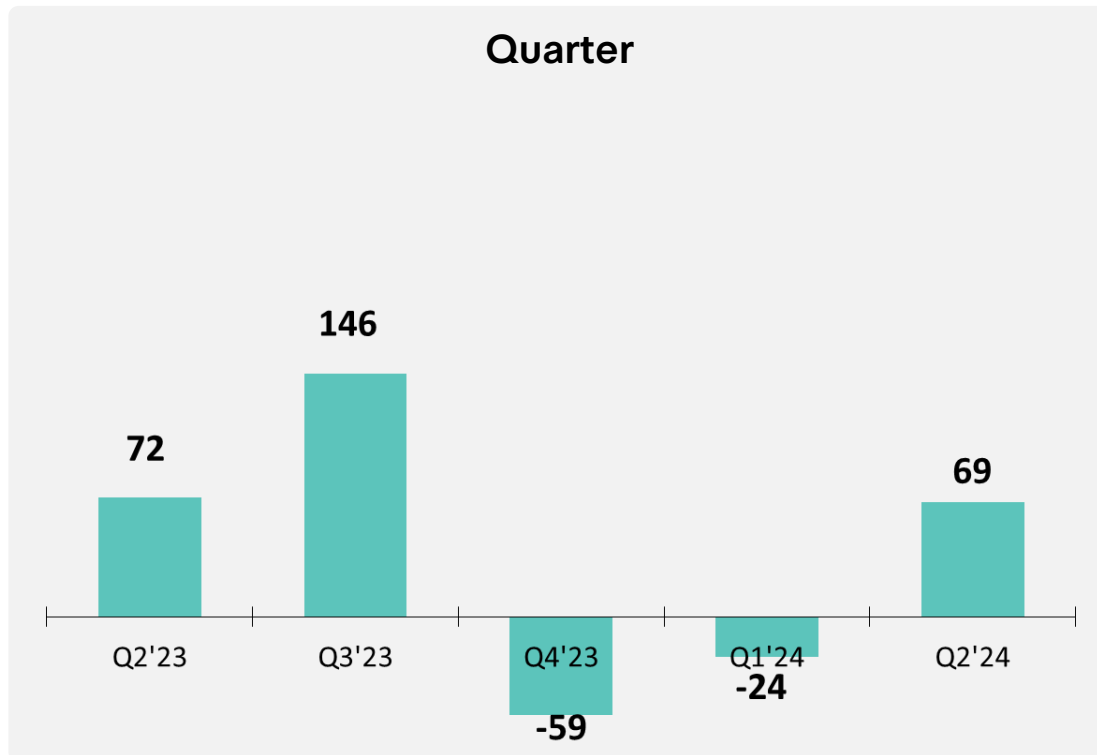
The Company expects Cash CAPEX in 2024 will decrease and amount to approximately NIS 550 million, compared to approximately NIS 656 million in 2023





# Total Company results- Adjusted Free Cash Flow (NIS, million)

Decrease in Adjusted FCF resulted mainly due to changes in working capital including an increase in IRU payments, offset by a decrease in Cash CAPEX

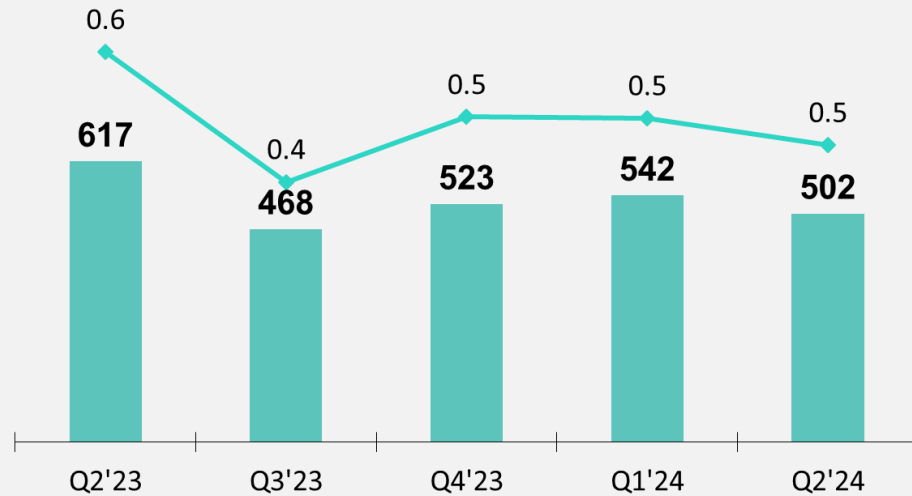




# Net Financial Debt & Repayment Schedule

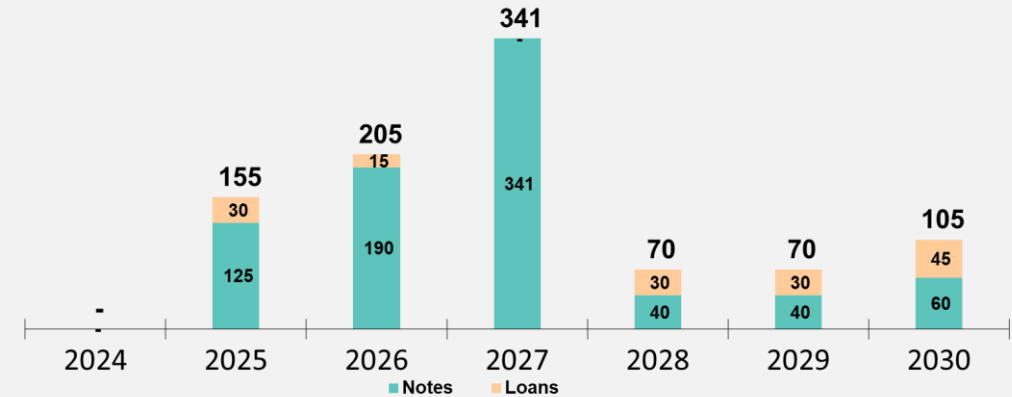
In May 2024 S&P Ma'alot upgraded its Rating from 'iA+' to 'iAA-' due to improved financial metrics, Rating's Outlook - Stable

**Net Financial Debt (NIS, million)/Net Financial Debt to Adjusted EBITDA**



**Repayment Schedule Notes & Loans (NIS, million)**

*As of June 30, 2024*



'Net Financial Debt' represents total financial debt less cash and cash equivalents and short-term deposits; Net financial debt is not a financial measure according to IFRS and may not be comparable to other measure with similar headings for other companies

# In Conclusion

- Continuing improvement processes which lead to cost cutting and to improvements in sales effectiveness
- Investing in the future and in innovation: Accelerating of 5G sites deployment & launching of 5G SA
- Continued focus on Cellular value propositions including 5G packages
- Growth in Fiber subscribers and Internet revenues, based on the three existing fiber infrastructures and the completion of our independent fiber deployment
- On the road to a new operating model in TV
- Financial robustness with net financial debt to EBITDA of 0.5

hello future

# Let's stay in touch

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**Thank you**

