

"Bezeq" The Israel Telecommunication Corp., Ltd.



Event Transcript

Q1 2022 Financial Results

Tuesday, May 24th, 2022, 15:00 Israel Time

DISCLAIMER

This document includes a transcript of the conference call held on the above date regarding the Company's financial results for the second quarter of 2020, following the publication of the Company's financial statements at that date, as well as the publication of the Company's investor presentation filed under the Israeli Securities Law 1968 ("Securities Law").

This document includes statements made at that conference call and accordingly contains only partial information regarding the Company's financial results and the Company's periodic reports published under the Securities Law. The reports can be accessed at the Israeli Securities Authority's website, www.magna.isa.gov.il. A review of this transcript and/or the aforementioned investor presentation published by the Company is not a substitute for a review of the detailed reports of the Company under the Securities Law and is not meant to replace or qualify the full reports. The Company is not responsible for the accuracy or completeness of the information contained in this document. This transcript does not constitute an offer or invitation to purchase or subscribe for any securities of the Company, and neither this transcript nor anything contained herein shall form the basis of, or be relied upon in connection with any contract or commitment whatsoever.

Q1 2022 Financial Results

Tobi Fischbein

Welcome everyone, and thank you for joining us on Bezeq's 2022 first quarter earnings call. I am Tobi Fischbein, Bezeq Group CFO.

With us from the Bezeq Group's senior management team we have: Mr. Gil Sharon, Bezeq's Chairman, Mr. Dudu Mizrahi, outgoing Bezeq's CEO and Mr. Ran Guron, CEO of Pelephone, Bezeq International and yes, and also our incoming Bezeq CEO.

Before we start, I would like to draw your attention to the Safe Harbor statement on Slide 2 of our Q1-2022 investor presentation which also applies to any statement made during today's call. We would like to inform you that this event is being recorded. After presenting our quarterly results, you will have the ability to ask questions by raising your hand virtually.

Please note that as previously announced, this will be Dudu's last call with investors as Bezeq's CEO, as he will be leaving Bezeq next month. Ran Guron will replace him as our new CEO, and Ilan Sigal was appointed to replace Ran as CEO of Pelephone, yes & Bezeq International. We would like to express our deep appreciation for all the contribution, vision and insights that Dudu has brought to Bezeq over the years, which have been instrumental to what Bezeq is today. Dudu, we wish you all the best in your future endeavors.

Let me now turn the call over to our Chairman, Mr. Gil Sharon for his opening remarks. I will then continue the presentation on group financial highlights, followed by Dudu, who will be discussing Bezeq Fixed Line results and Ran will pick up with the results of our subsidiaries.

Gil Sharon

Thank you Tobi. I like to use this opportunity to thank Dudu for all his dedicated and hard work. Dudu has been with us for the last four years, bringing the company back to growth, leaving us with a terrific company, with excellent results and significant potential ahead of us. Moving forward, we are very excited about the prospects our newly structured management team will bring. I am confident that with Ran's vast experience and leadership, Bezeq will continue its course on the upward path Dudu has started and will lead the company to new heights.

The growth trend in revenues and profits that began in recent quarters is continuing. We presented excellent group financial results in the first quarter of the year, with growth in key parameters, attesting to the strategic plan presented six months ago with

a focus on growth. We successfully grew revenues in the group's core activities with growth of 4% in Bezeq Fixed-Line and 5% in Pelephone. Looking forward, we have built capabilities to develop and grow in the future while maintaining a solid financial base to ensure the sustained leadership of the group.

As we see on slide 3, we have deployed our broadband network to 1.25 million homes with 143 thousand customers already connected, resulting in an year-over-year ARPU increase of almost 7% to 110 shekels. We are well ahead of our target to reach 1.4 million homes passed by the end of the year.

Pelephone's total cellular subscribers amounted to 2.58 million, which is a 3.7% increase, of which 624 thousand of them are on 5G plans. The ARPU for cellular subscribers reached 57 shekels, a 7.5% year-over-year increase and up 3.6% sequentially.

The Group's robust financial results and accelerated deployment of fiber and 5G infrastructure are building a strong groundwork for future growth. We will continue to devote ourselves to maximizing our shareholders' return. In times of uncertainty in the global economy and capital markets, Bezeq offers investors solid, stable financial performance spanning wide consumer and business customer bases with sustainable demand for advanced telecom services, allowing us to generate strong cash flows and shareholder returns supported by our dividend policy reflecting about 3.5 to 4 percent yield.

Now, let me turn the call back to Tobi to discuss our detailed financial results.

Tobi Fischbein

Thank you, Gil. On this next slide we present the Group's financial highlights. Revenues in the first quarter of 2022 amounted to 2.26 billion shekels, up 1.5% year-over-year, mainly driven by the growth in Fixed-Line and Pelephone. Adjusted EBITDA in Q1 rose 4.4% to 958 million shekels, and adjusted net profit rose 7.7% to 322 million shekels, driven mainly by Pelephone's top and bottom line improvement. Free cash flow rose 76% to 570 million shekels, mainly due to timing differences in working capital in Pelephone and Bezeq International.

The next slide shows the Group's key operational metrics for the past year, which overall reflect positive trends in subscribers and ARPU in our main activity areas. I would like to point out the 7.5% increase in cellular ARPU to 57 shekels and the 7% increase in retail broadband ARPU to 110 shekels, as well as yes' relatively stable TV ARPU despite the change in subscriber mix.

Moving to the next slide, let me discuss Bezeq's financial strength and progress on debt reduction. By the end of March 31st 2022, our net debt decreased by 15% over the last year to 5.6 billion shekels which is the lowest level of net debt since 2010. Our net debt to EBITDA ratio is now 1.7.

The Group's financial stability enabled Bezeq to return to dividend distributions and for the first time in three and a half years, a dividend of NIS 240 million was distributed to shareholders this month. I would also like to highlight that the rating agencies recently reaffirmed the company's high credit rating with a Stable outlook, showing further evidence of the company's financial robustness.

Moving on to the next slide – we reaffirm Bezeq's 2022 outlook and continue to target adjusted EBITDA in the range of 3.6 to 3.7 billion shekels, adjusted net profit between 1 to 1.1 billion shekels, and Capex between 1.7 to 1.8 billion shekels.

Now Dudu will share with you updates on Fixed Line operations.

Dudu Mizrahi

Thanks Tobi. We finished another strong quarter with a 4.0% increase in overall revenues, which was the highest quarterly revenues since the end of 2015. The increase was driven by a 9% increase in broadband internet revenues as well as a 6.7% increase in revenues from transmission and data communications.

On the next slide, adjusted net profit saw an 11.7% decrease to 256 million shekels due to higher depreciation and financial expenses, and free cash flow decreased due to sales of real estate in the corresponding quarter.

The following slide shows our success in broadband internet. As previously mentioned, our broadband revenue jumped 9% to 434 million shekels, primarily due to the growth in retail broadband lines, which was up 2.3% year-over-year with ARPU reaching 110 shekels, representing a 6.8% increase year-over-year. Our average broadband speed increased significantly to 151 megabytes, an increase of 94% year-over-year. We expect our broadband speed to further strengthen the group's competitive advantage and benefit our customers.

In terms of fiber optics, as seen on the next slide, we continued to sweep the nation with our advanced network. Bezeq's fiber network has now reached over 1.25 million Israeli homes, with 143 thousand homes connected as of today. We continue to benefit from our full Wi-Fi broadband home Internet strategy with almost 700 thousand customers using our BE Router, representing 68% of total customers.

As you can see in the next slide, revenues from the business sector grew 6.7% to 286 million shekels and other revenues grew 17.2% year-over-year to 75 million shekels, due among other to the Blue-Raman submarine cable project with Google.

Moving forward to the next slide, we detailed our expenses and show an increase in salaries due to employee recruitment relating to the fiber project. Depreciation was up in the quarter due to Capex increases and operating expenses increased due to fiber project equipment and higher subcontractor expenses.

In summary, the nationwide deployment of fiber together with our customer premises strategy as well as our leading position in the business sector strengthened our position as the leading telecom operator in Israel.

On a personal note, after having spent the last four years as CEO, I am bidding the Group farewell. I would like to thank all the excellent professionals whom I've worked with over the years, both within the Company and outside it. I feel pleased to leave Bezeq at the present growth momentum. I leave behind a growing, stable and solid company with clear leadership in the telecommunications market.

With that, I'll now turn the call to Ran to talk about Bezeq's subsidiaries.

Ran Guron

Thanks Dudu. As you can see, it has been an excellent quarter for Pelephone and yes. Pelephone showed subscriber growth of 4%, growth in revenues from services and a significant improvement in all financial metrics. We now have 624 thousand 5G plan subscribers, contributing to higher ARPU. yes is now officially the largest Israel IPTV operator, with 265 thousand customers watching through IP broadcasting, of which 91 thousand of them are STINGTV customers. We recently signed a strategic agreement with Disney which will provide yes with a number of important marketing advantages in relation to the soon-to-be-launched Disney+ service in Israel.

The next slide marks our ambitious next steps set to transform Bezeq International into a growth-focused ICT company. First, we expect a reduction in Bezeq International's ISP consumer activities following the regulatory removal of the separation between broadband infrastructure and Internet access. We expect this to result in significant cost reductions along with lower Capex requirements at Bezeq International. In parallel, we plan to set up yes' ISP activity and make yes the group's triple-play arm combining fiber and TV. The launch of yes' ISP is expected to take place during the second half of the year.

Moving to the next few slides - Pelephone posted excellent financial results with a 5.3% increase in revenues, a 32% increase in adjusted EBITDA and a significant improvement in adjusted net profit, from 9 million shekels last year to 55 million shekels in the first quarter of 2022. Cash flow increased to 145 million shekels from negative cash flow of 59 million shekels last year.

Revenue and profit growth was mainly due to growth in 5G plan subscribers and a partial recovery in roaming revenues. Free cash flow was positively impacted by timing differences relating to customer debt collection due to employee sanctions in the second half of 2021.

In the next slide, we show Pelephone key operational metrics. We showed continued growth in subscribers for the sixth consecutive year, adding more than 7 thousand net subscribers this quarter. Additionally, the return of roaming revenue growth together with a higher number of 5G plan subscribers increased our ARPU to 57 shekels in Q1, which represents a 3.6% sequential increase and 7.5% increase year-over-year. We expect the trend to continue as more and more people switch to 5G and are travelling again.

On the next slide, the graph demonstrates the turnaround in Pelephone we have been talking about. Starting in the second quarter of 2021, we recorded positive revenue growth, and the upward momentum is accelerating.

Moving to yes on the next slide - The number of yes subscribers grew further with 265 thousand yes customers now watching TV through IP broadcasting. As of today, we can say we are the leading IPTV operator in Israel. yes has been focusing on maintaining its leadership position by providing original production, making it the leader of professional and high-quality content.

On the next slide we see that the positive momentum at yes has resulted in stable revenues on a year-over-year basis, improved adjusted EBITDA and adjusted net profit as well as positive free cash flow.

On the next slide, you can see yes' key operational metrics, the number of subscribers grew again for the sixth consecutive quarter to a total of 564 thousand, of which 89 thousand of them are also STINGTV subscribers, compared to only 70 thousand in the previous year. The ARPU for yes subscribers decreased slightly due to the change in the mix of subscribers.

Moving on to the Bezeq International slides – Bezeq International provides a wide range of business solutions, including Cloud Services, Data Center Services, and

Cybersecurity services. Our focus here is on growing the ICT and cloud solutions for the business market as the consumer ISP activity fades away following the aforementioned regulatory changes.

On the next slide- in terms of the key metrics - For the first quarter of 2022, Bezeq International revenues decreased slightly to 307 million shekels due to the decrease in the ISP activity. Free cash flow increased significantly to 77 million shekels and was positively impacted by timing differences relating to customer debt collection following employee sanctions in the second half of 2021.

Turning to the next slide – our roadmap for Bezeq International is to build a strong, growth-focused ICT company enabling the migration of companies and organizations into the public cloud while offering cyber protection services and solutions as well as our international data services for global Israeli companies and operators abroad.

I will now turn the call back to Tobi.

Tobi Fischbein

Thank you Ran. Our Q1 results show that we are progressing with the implementation of our growth strategy with revenue growth in Bezeq Fixed-Line and Pelephone and accelerated deployment of fiber optics as well as increased customer connections. Pelephone and yes are showing subscriber growth as well as improved profitability in Pelephone and positive free cash flow in yes. Lastly, we continue to focus on ESG improvements as well as on ESG disclosure and ratings.

With that, I will open the Q&A session. If you would like to ask a question, please raise your hand virtually using the “Raise Hand” button in the “Participants” tab. In the mobile app, you can raise your hand by tapping the "Raise Hand" option in the "More" tab. As you hear your name, please be sure to unmute your microphone, and ask your question. For the benefit of the people in the room, please introduce yourself and share the name of the company you represent. We will address questions as we see the hands raised. If you later change your mind about raising your hand, you can lower it by clicking "Lower Hand." I will now pause to poll for questions.

Tobi Fischbein

I see one question from Jerry Dellis. Jerry, good afternoon.

Jerry Dellis (Jefferies)

Yes, good afternoon. I would be interested, please, in your thoughts on the recently announced core proposals in relation to the medium and large segments in enterprise. What do you think that the regulator might have in mind here, and what do you think

your potential exposure might be? Also be interested in how you intend to respond. And then, second question, please. In relation to your strong free cash flow performance this quarter, you have mentioned that that was partly related to the customer debt collection issue. I'd be interested, please, if you're able to quantify the impact of customer debt collection phasing, please. Thank you.

Tobi Fischbein

Thank you, Jerry. I'll take the second question, but let Dudu address the first question, which dealt with the announcement by the Ministry of Communications about their inquiry on the B2B market.

Dudu Mizrahi

Hi, Jerry. I think it is still very, very early – we are at a very early stage of the process, and it is still way too early to react and say anything about the subject. It is the Ministry of Communications asking the companies, who are currently offering the data services to business customers in Israel, what they think the Ministry should do to increase competition in the field. We think there's very aggressive competition in the business segment in Israel. We have at least four infrastructure based operators competing for those business customers. But for now, that's the most we can say.

Tobi Fischbein

On the second question, about the free cash flow improvement in the quarter, about 200 million shekels were related to the timing differences in debt collection, resulting from employee sanctions in the second half of 2021. At Pelephone and Bezeq International, we collected all those amounts in Q1 2022. In addition, we made a change in the manner we work with the credit card companies that added about 100 million shekels. The balance between those 200 million shekels and the 570 million shekels we reported as free cash flow comes from the business itself. There are also some working capital changes, but they are specific to the first quarter, and of course, the improved profitability in Pelephone.

Tobi Fischbein

I see a question from Ondrej from UBS. Good afternoon, Ondrej.

Ondrej Cabejsek (UBS)

A couple of questions from me, please (*sound unclear*).

Tobi Fischbein

I'll just try to briefly repeat the question for those that couldn't hear it clearly. So you're asking about the trends in Internet ARPU, as we have reported it, on how much that is related to the upsell from copper to fiber. And also, what's the contribution, if any, from

the change in the ISP following the change in regulation, the removal of the separation between infrastructure and the ISP. So, Dudu, do you want to address this?

Dudu Mizrahi

Well, first of all, the ISP part is not a Q1 event. We started selling ISP unified packages in the beginning of April. So that's a Q2 event and it had no effect on the ARPU in Q1. Regarding ARPU growth in Q1, there are two main trends. One, is what we've seen in the previous quarter, the penetration of BE-router and WiFi enhancers, etc.. which we are aggressively promoting and selling. The second part is the upgrade to fiber. We haven't provided a breakdown of that. But I would say that most of the ARPU growth now is coming from fiber upgrades.

Tobi Fischbein

Thank you, Ondrej. I see Michael Klahr, from Excellence.

Michael Klahr (Excellence)

Hi, everyone. Good afternoon. So, a few questions. Firstly, I just wanted to follow up on the last question. I saw you had 40 thousand additions in fiber connections. Are there any wholesale connections included in that? And if so, how much? And also, could you give us some color as in how many of those connections are existing Bezeq customers, or copper customers? Is it most of them? i.e. how many new customers are you winning, or winning back? That's my first question. And then, on Pelephone, I was interested how much of the pickup, the year on year increase in service revenues is related to roaming? As opposed to, kind of, real ARPU gains. And then, on yes, I wanted to ask about the Disney agreement, whether it's an exclusive agreement. So, I'll stop there. Thanks.

Tobi Fischbein

Thank you, Michael. I'll ask Dudu to address the first question on the 40 thousand additions in the fiber customer base. We do not disclose the split between retail and wholesale, so that of course includes wholesale. Dudu, you want to address the question about new and existing customers?

Dudu Mizrahi

Hi, Michael. As Tobi said, we do not provide the breakdown of our fiber customers. But I would say that most of the customers are retail customers. A small part is wholesale customers, mainly coming from Cellcom, who operate as a wholesaler on Bezeq's fiber network. The same goes for the question regarding new versus upgrades. Most of our customers are upgrading customers from copper. We do not provide the breakdown, but most of those customers are upgrading customers.

Tobi Fischbein

Regarding the question about Pelephone's ARPU. We don't disclose the specific roaming contribution, but we can say that a certain part of the improvement in service revenues year over year, came from roaming. We also see that the basic plans that we sell, especially the 5G plans, have also contributed more or less a similar amount. So the improvement is coming both from transition to 5G plans, as well as the recovery in roaming. Just to give you a bit of flavor about that. We see in Q1, roaming revenues reaching about 80% of the level in Q1 2019, which is pre-COVID. On an ARPU basis, it's more like 70% because we have also increased our subscriber base. Ran, do you want to take the yes question about the Disney agreement?

Ran Guron

I will not discuss exclusivity because some of these items are still confidential. But it certainly gives yes an advantage. Disney Plus will operate in Israel in the open market. Anyone can join the application. But it will be a bundle for yes customers as a part of their TV offering. This is a huge advantage, and we are very proud to be the operator that offers our customers Disney Plus through our call centers and digital interface. It's a main advantage for yes in recruiting new customers and preventing churn. We are very, very proud that Disney has chosen us.

Michael Klahr (Excellence)

And they haven't signed with anyone else?

Ran Guron

Yeah.

Tobi Fischbein

We have a question from Tavy Rosner, from Barclay's. Tavy?

Tavy Rosner (Barclays)

Hi, thank you. Sorry, I was disconnected for a few minutes. So, apologies if you already touched on some of the questions. The first one was on the regulatory side. I went through the draft proposal on reduction of interconnect fees. Can you add any color on that, and on the potential impact you think it may have?

Tobi Fischbein

The overall impact for the group will not be meaningful. We will see the impact of the interconnect fees in Pelephone, which will decrease both on the revenue side and also on the cost side. You will see a reduction in ARPU, but it will have no effect on EBIDTA and on the bottom line. It will have a mild impact on Bezeq Fixed-Line, and overall for the group, it's not going to be significant.

Tavy Rosner (Barclays)

Thanks for that. And, on the fiber side. So you disclose your number of active lines, and also the number of homes passed. Do you have a set target in mind of how many active fiber customer you're going to reach in the foreseeable future? And how do you think about it in general? Is it a percentage of your existing broadband customer base? When we look at your competitors and the effort they're putting in, how should we think of the competitive landscape? Thanks.

Dudu Mizrahi

Hi, Tavy. This is Dudu. Of course we have our plan regarding the level of penetration we want to achieve in fiber. And basically it is a percentage of our fiber rollout. We are aiming on reaching 2 million households in Israel in a time frame of two-three years from now. We expect a very high penetration of fiber during the next few years. But we are not providing any guidance on those numbers currently. I think you should expect that Israel, as a country, will pass the European take-up. That's what we saw in the past on digital services.

Tavy Rosner (Barclays)

Thanks

Tobi Fischbein

Any follow up questions?

Ondrej Cabjsek (UBS)

Hi. Ondrej here from UBS again. Can you hear me better, now, on the phone line?

Tobi Fischbein

Yes.

Ondrej Cabjsek (UBS)

Okay. Yes, well, apologies for the computer audio issues before that. So, thank you for taking my question. I just wanted to follow up, because I think it got lost a bit on the line. So, first question was in terms of the broadband, please. The ARPU that I was specifically asking about was the wholesale ARPU. So if I kind of back out, what the trend there was, then I'm getting something like a 20% year over year increase in the wholesale ARPU. So my question really was, if we break that down, what part of that 20% is due to the copper rate reset that we've had in January, as usual, and then, what part of that is driven by wholesale migration from copper to fiber. That was one question on broadband. And the second question on broadband was basically in terms of net adds, do you expect these to pick up now that you are rolling out in areas where you don't have as much infrastructure competition, please.

Dudu Mizrahi

Hi, Ondrej. We don't provide the breakdown of the ARPU effect on wholesale. But I think you've touched on the two main points there. There was an increase in wholesale copper rates at the end of last year. This is a regulated price, and it was updated. The other big effect is the fact that some of the wholesalers are starting to wholesale fiber, and the fiber price on wholesale is 80 shekel, vis-à-vis roughly 50 shekel on copper. So those, basically, are the two main reasons. We haven't provided any breakdown on those. Regarding your second question, we are now going into rural areas in Israel, where we are the sole fiber provider and other operators can wholesale our network there. So, obviously, we expect higher penetration in those areas versus the roughly one million households which are targeted by three to four different networks with much higher competition.

Tobi Fischbein

We have a follow up question from Jerry.

Jerry Dellis (Jefferies)

Thank you for taking this follow up. You mentioned I think earlier, that the larger part of the fiber broadband net adds were existing customers. I'm interested whether you have been actively trying to use fiber to attract market share from your competitors? And how are you going about that process, or whether this is a program that you envisage ramping up in the future? And then, secondly, in relation to the combined internet service, as you mentioned, started beginning of April – I wondered if you could give us any, sort of, early indications as to how that's going and what we might expect in the second quarter? Thank you.

Dudu Mizrahi

Well, Jerry, regarding your first question, if I heard it correctly, then of course we are aiming our fiber rollout both on existing customers and attracting new customers currently being served by other operators. This is our main tool now in the fixed line competition. And of course we are aiming our full efforts in those two markets, doing the best we can. You could see our net adds, I think they are quite high, if you compare it to the other operators. Regarding the ISP bundles, it's not a Q1 event, but we started selling ISP packages in early April. We are seeing very, very high demand for those services - the take-up is very high, but we haven't yet provided any numbers on that, as – obviously, it will happen in Q2.

Tobi Fischbein

We have a follow up question from Michael.

Michael Klahr (Excellence)

Yeah, hi. This is a question for Ran about Pelephone. You know, we – you were talking about the 5G packages. And I just wanted to understand. If an operator wanted to invest in real 5G, is the – are they able to, or the limitations of the market and the fact that ... the licensing wouldn't allow you to do so in any case? I mean, with the mini base stations, et cetera. Is that something that's just possible, or it's impossible for various reasons?

Ran Guron

Well, if I understood the question correctly, we can divide 5G into three segments. First of all, radio within existing cell sites. We have been deploying for a year and a half. We assume that deployment country-wide will take four to five years. That is, if we deploy 5G radio in something like 50% of the existing cell sites, because it's mainly focused on populated areas. So this is the first segment. Second is 5G core, which enable further advanced services. Everyone is going to 5G core these days, so we'll do the same. And as for mini base stations, this we'll have to see in the future how much this is needed and where. It will be part of our plan but in general I can say that Pelephone will be in full deployment in 5G in all of these three areas, or three technologies. I hope that this was the question.

Ondrej Cabjsek (UBS)

Hi. Ondrej here from UBS again, thank you for taking my follow up. I've got two, if I may, both around the cost side. So first of all, just in terms of the higher employee expenses that you flag in terms of the fixed business related to the fiber ... both in terms, I guess, of the technical side and then the selling side. Do you see those more as temporary costs, for the medium term as you roll the network out, or permanent, costs? And then second question on the cost side, you mentioned some synergies on the ISP removal. Can you just maybe give us some idea of the scale that you can achieve here, taking part of the international business into the fixed side, et cetera. Thank you.

David Mizrahi

Well, regarding your first question, Ondrej, as we said, the increase in headcount was related to the fiber deployment and the customer connections. Connecting 40 thousand customers a quarter requires a lot of technicians, and we recruited employees both for the deployment and the customer connections. As we go along and conclude the deployment, those employees over time will be redundant.

Ran Guron

Okay, second question was regarding Bezeq International. We expect that in the next two to three years, the residential segment of Bezeq International will decline. We have

let the market know before that we estimate that we can release around 500 employees. We didn't reveal any financial numbers, but you can do the math yourself. I would say that at least half of them are sales and service representatives, and some are headquarter employees as well. And there will be less investments, but we will have to invest in the Bezeq International ICT business. So this is moving in the opposite direction. So you can take this 500 employees figure and do some of the calculations yourself.

Tobi Fischbein

Obviously, Bezeq Fixed-Line will take up the ISP customers from Bezeq International. We won't have to recreate the costs that we have today at Bezeq International, which eventually will be reduced.

If there are no further questions at this time, I would like to thank you all for taking the time to join us today. Should you have any follow up questions, please feel free to contact our Investor Relation Department. We look forward to speaking to you on the Second Quarter 2022 Earnings call. Thank you very much.

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