



Bezeq Group

Q1-2025

Investor Presentation

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Bezeq Group | Q1-2025 Summary



2.4% growth in core revenues⁽¹⁾ to NIS 1.98 billion, due to growth in Bezeq Fixed-Line and Telephone



Continued growth in strategic drivers – 36% increase in fiber take-up, 6% in retail broadband ARPU, 18% in 5G subscriber plans and 5% in mobile ARPU



2.2% growth in Bezeq Group retail broadband subscribers⁽²⁾ with fiber infrastructure take-up at 33%⁽³⁾



Adjusted Net Profit rose 6.7%, mainly due to lower impairment loss in yes



Revised Outlook for Adjusted Net Profit and Adjusted EBITDA to NIS 1.32 billion and NIS 3.75 billion, respectively, due to the positive impact of the yes-Partner transaction



Significant progress on the regulatory front, including the completion of the copper network switch-off reform and progress regarding structural separation, with the MOC announcing that its objective is to reach a decision during 2025



All results are compared to Q1-2024 unless otherwise stated

⁽¹⁾ Group revenues excluding Bezeq Fixed-Line telephony revenues, Telephone interconnect fees, Bezeq International consumer revenues and Bezeq Online revenues

⁽²⁾ Bezeq Fixed-Line retail broadband + yes fiber bundle subscribers

⁽³⁾ As of reporting date



Bezeq's Compass | Technological & Business Roadmap



Migration to fiber

2020

Launch of fiber project

- 2.72m homes passed
- 885k subscriber take-up (retail + wholesale)
- 33% take-up rate
- 31% increase in broadband ARPU⁽¹⁾ to NIS 134

Today

- Completion of fiber roll-out
- 40% take-up rate (retail + wholesale)
- Retail ARPU – above NIS 140

Mid-term



Transition to 5G

5G Tender Award

- ~1.3m subscribers (57% of postpaid subscribers)

- Approx. 80% 5G subscriber plans
- Cellular ARPU – NIS 45-50

yes.

Migration to IP

Satellite to IP migration

478k IP⁽²⁾ subscribers (84%)
~ 90k fiber subscribers

- IP migration completed
- OpEx and CapEx savings
- ARPU subscribers ⁽³⁾– NIS 190-195

Strategic investments in infrastructure continue to provide a solid foundation for growth

⁽¹⁾ As compared to Q4-2020

⁽²⁾ IP subscribers - the number of yes subscribers viewing IP broadcasting through the yes+ and STINGTV services. This includes subscribers that use satellite services as well

⁽³⁾ ARPU subscribers includes TV and fiber activity



Bezeq Group | Q1-2025 Summary

Core Revenues⁽¹⁾

NIS **1.98** billion

↑ 2.4%

Adj. EBITDA⁽²⁾

NIS **914** million

Adjusted EBITDA margin of **40.9%**

↓ 0.3%

Adj. Net Profit⁽²⁾

NIS **319** million

↑ 6.7%

Free Cash Flow

NIS **262** million

↓ 44%

The decrease in free cash flow was due to tax assessments paid in the current quarter and a tax refund received in the corresponding quarter. After adjusting for tax payments, free cash flow decreased 4%

Decrease in Net Debt

NIS **31** million

↓ 0.7%

⁽¹⁾ Total Group revenues excluding Bezeq Fixed-Line telephony revenues, Telephone interconnect fees, Bezeq International consumer revenues and Bezeq Online revenues

⁽²⁾ Adj. EBITDA and Adj. Net Profit in this presentation are after adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation



Bezeq Group | Q1-2025 Summary (cont'd)



Fiber Net Adds
228k
(retail and wholesale)

Retail Broadband ARPU
NIS **134**
↑ 5.5%

Fiber Subscribers
885k⁽¹⁾
(retail and wholesale)

Homes Passed
2.72 million⁽¹⁾
Take Up rate
33% ⁽¹⁾



Cellular subscribers
2.63 million
↑ 0.8%

5G subscriber plans
1.3 million⁽¹⁾
(57% of postpaid subscribers)

52k
Net postpaid
subscriber adds

Cellular ARPU ⁽³⁾
NIS **45**
↑ 4.7%

Cellular Service Revenues⁽²⁾
NIS **360 million**
↑ 7.5%



Revenues
NIS **319 million**
↑ 1.3%

TV subscribers
561k
↓ 1.8%
85% IP subscribers⁽¹⁾⁽³⁾

ARPU subscribers⁽⁴⁾
NIS **189**
↑ 3.8%

⁽¹⁾ As of reporting date

⁽²⁾ Unless otherwise stated, Pelephone revenues and ARPU in this presentation excl. interconnect fees

⁽³⁾ IP subscribers - the number of yes subscribers viewing IP broadcasting through the yes+ and STINGTV services. This includes subscribers that use satellite services as well

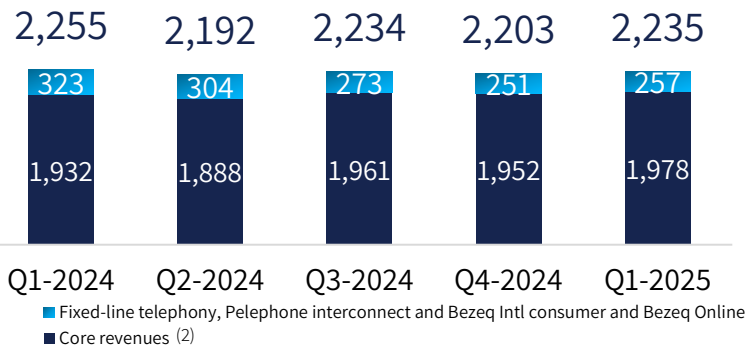
⁽⁴⁾ ARPU subscribers includes TV and fiber activity



Bezeq Group | Q1-2025 Key Financial Highlights | NIS million

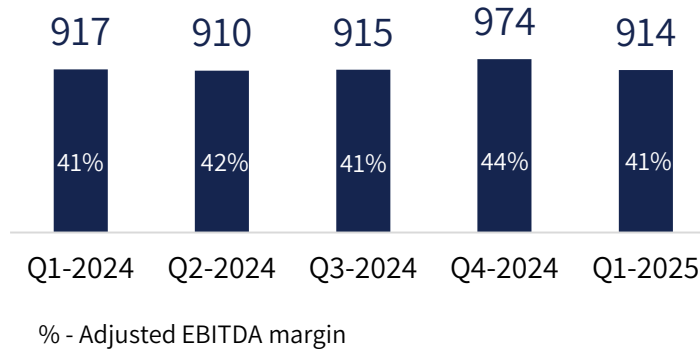
Revenues

↑ 2.4%⁽³⁾



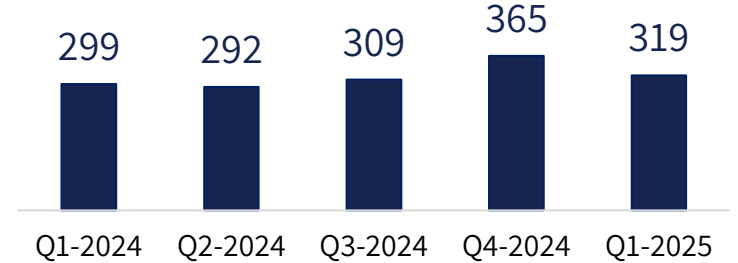
Adjusted EBITDA ⁽¹⁾

↓ 0.3%



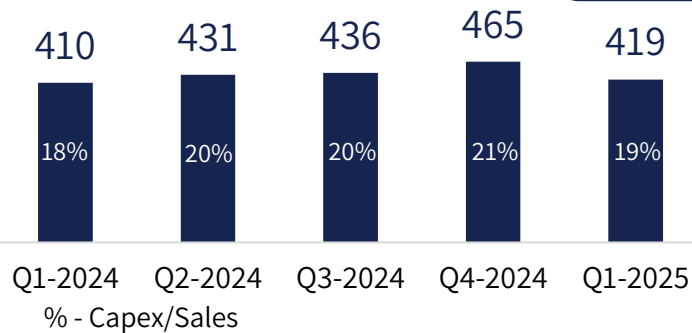
Adjusted Net Profit ⁽¹⁾

↑ 6.7%



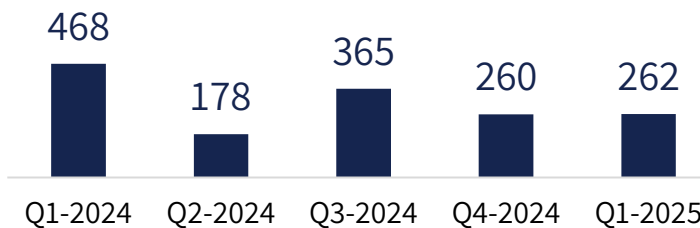
CapEx

↑ 2.2%



Free Cash Flow

↓ 44%



- Core revenues ⁽²⁾ increased 2.4% due to higher core revenues at Pelephone and Bezeq Fixed-Line
- Adj. Net Profit increased due to lower impairment loss in yes
- Free cash flow was impacted by Bezeq Fixed-Line tax assessments paid in the current quarter as well as a tax refund received in the corresponding quarter

⁽¹⁾ After adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation

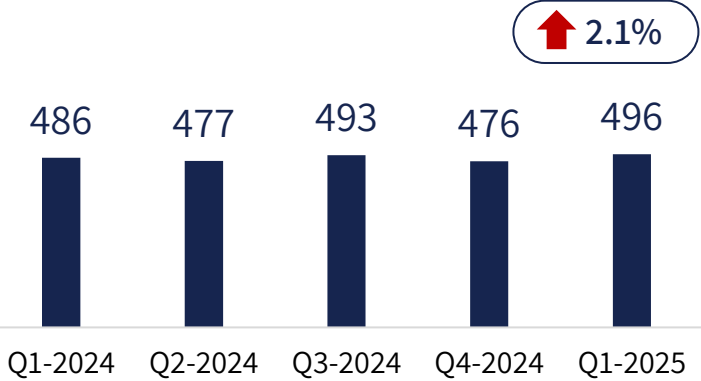
⁽²⁾ Total Group revenues exc. Bezeq Fixed-Line telephony revenues, Pelephone interconnect fees, Bezeq International consumer revenues and Bezeq Online revenues

⁽³⁾ % change in core revenues

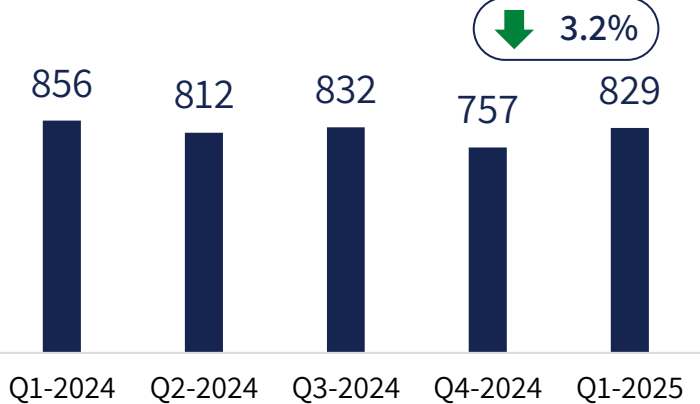


Bezeq Group | Operating Expenses | NIS million

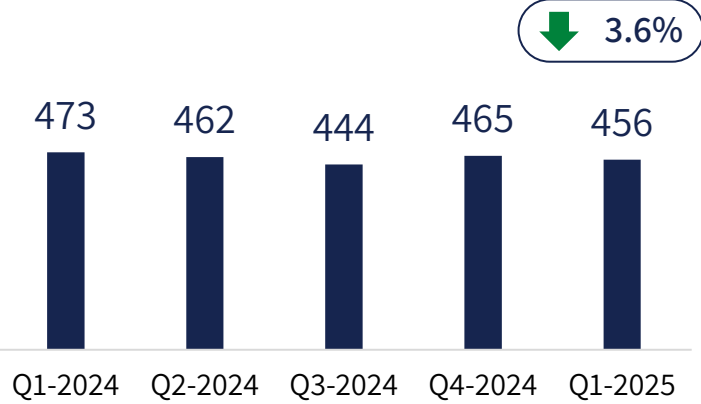
Salaries



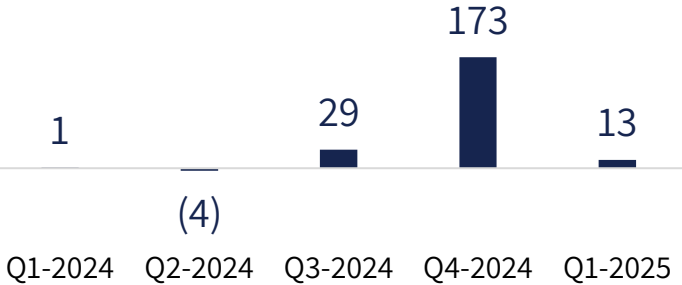
Operating Expenses



Depreciation & Amortization



Other Expenses (Income)

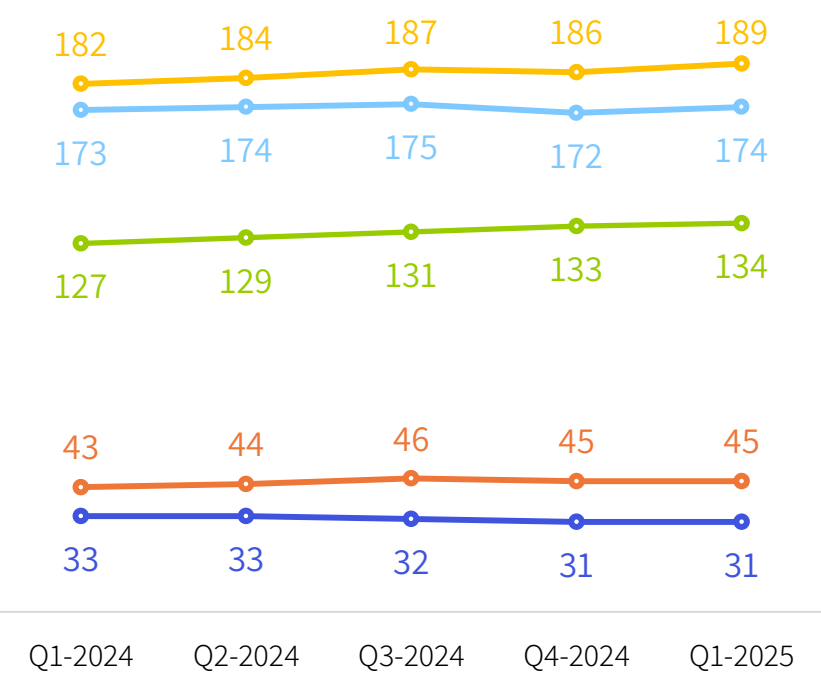


- Salary expenses increased due to salary increases and a decrease in reimbursement received from National Insurance for employees in military reserve duty in Bezeq Fixed-Line
- Operating expenses decreased due to lower interconnection fees with telecom operators due to a decrease in tariffs
- Increase in Other expenses mainly due to a provision for a conditional grant to yes employees



Bezeq Group | Key Quarterly Operational Metrics

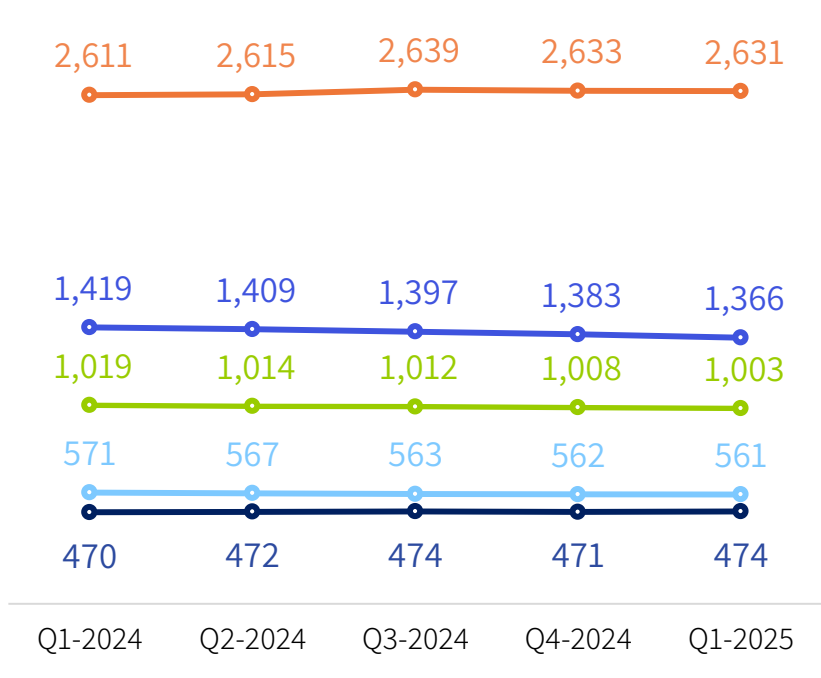
ARPU (NIS)



6% Y-o-Y increase in retail broadband ARPU

Increase in yes ARPU subscribers⁽¹⁾ due to fiber growth

Subscribers (end of period, in thousands)



Continued increase in cellular subscribers Y-o-Y

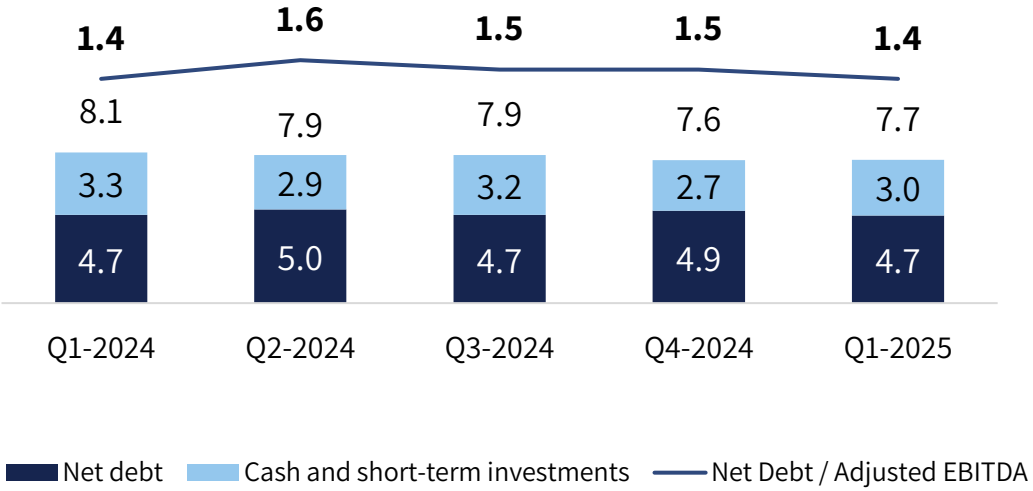
- yes TV
- ARPU yes subscribers⁽¹⁾
- Wholesale broadband
- Retail broadband
- Telephony
- Cellular

⁽¹⁾ ARPU subscribers includes TV and fiber activity



Bezeq Group | Financial Debt

Financial Debt (NIS billion)



The Group maintains its high credit rating, within the AA group

Decrease in net debt

- Decrease of NIS 31 million, or 0.7%, to NIS 4.7 billion

Net debt/Adjusted EBITDA ratio – 1.4 times

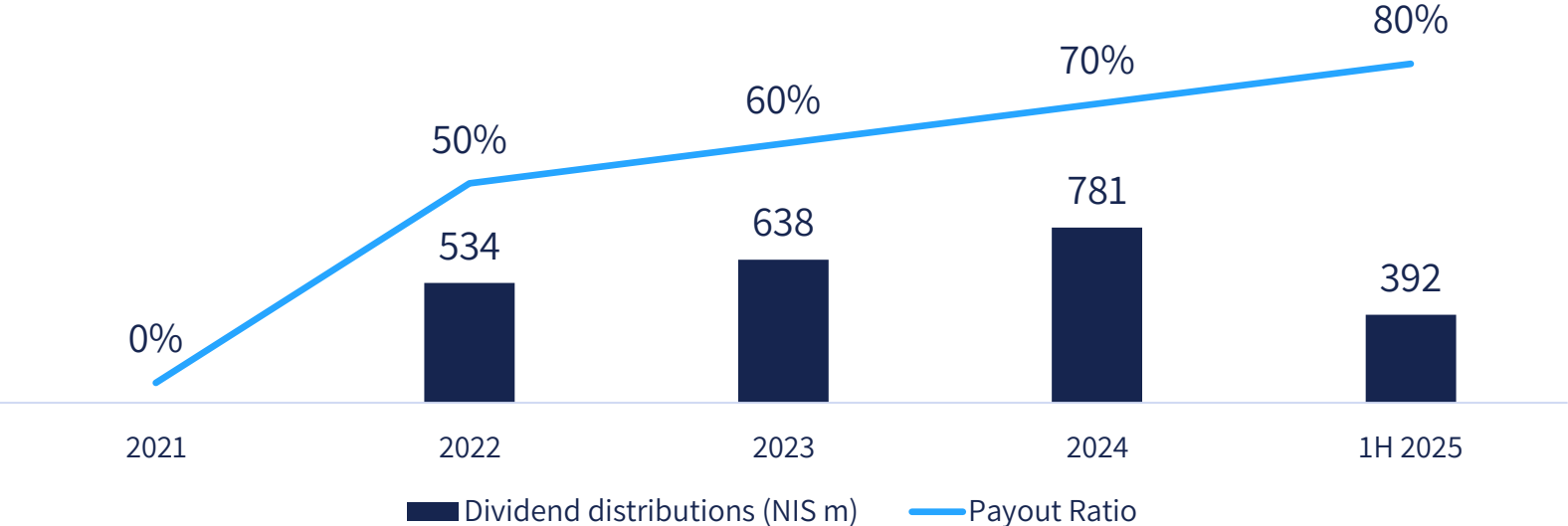
Debt ratings

Rating Agency	Rating	Outlook
S&P Global Maalot	iAA	Stable
Midroog	Aa2.il	Stable



Bezeq Group | Dividend Distribution

- In March 2025, the Board of Directors updated its dividend distribution policy, according to which the Company will distribute to its shareholders on a semi-annual basis, a cash dividend of **80% of the semi-annual profit (after tax)**
- Further to the dividend policy, on May 14, 2025, the Company **distributed a dividend of NIS 392 million**, equal to **NIS 0.14 per share**



Bezeq Group | 2025 Outlook



Original Outlook (March 12, 2025)



Revised Outlook⁽²⁾ (May 11, 2025)

Adj. EBITDA ⁽¹⁾

NIS **3.7** billion

NIS **3.75** billion

Adj. net profit ⁽¹⁾

NIS **1.2** billion

NIS **1.32** billion

CapEx

NIS **1.75** billion

Unchanged

Fiber deployment

2.9 million households

Unchanged

Financial stability

**Maintain high credit
rating, within the AA
group**

Unchanged

⁽¹⁾ After adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation

⁽²⁾ The Company will report, as required, deviations of more/less than 10% of the financial amounts stated in the revised outlook (Adjusted net profit, Adjusted EBITDA and CapEx)



Bezeq Fixed-Line | Q1-2025 Summary



Fixed-Line core revenues⁽¹⁾ increased 2.6% to NIS 973 million, driven by higher revenues from infrastructure projects, broadband services and transmission and data communications



Adj. Net Profit increased 1.2% to NIS 261 million, primarily due to lower financing expenses



Retail fiber customers reached 568k as of today, with 5.5% growth in retail broadband ARPU reaching NIS 134



Fiber network homes passed reached 2.72m with 885k take-up (33%)⁽²⁾



⁽¹⁾ Total Fixed-Line revenues excluding telephony revenues

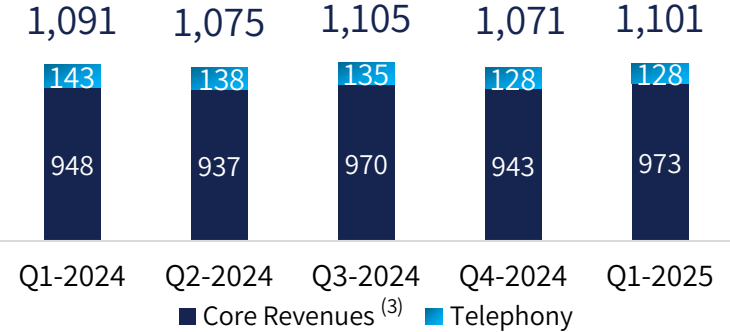
⁽²⁾ Retail and wholesale, as of reporting date



Bezeq Fixed-Line | Q1-2025 Key Financial Highlights | NIS million

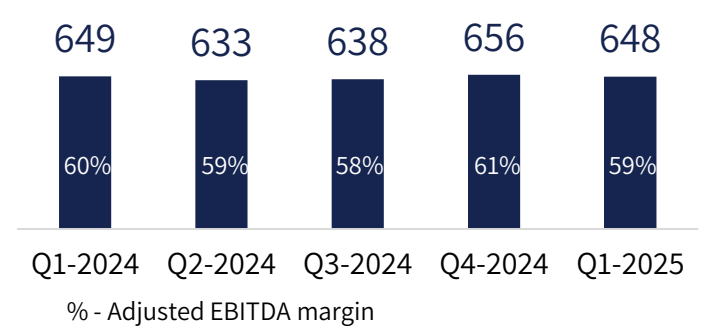
Revenues

↑ 2.6%⁽²⁾



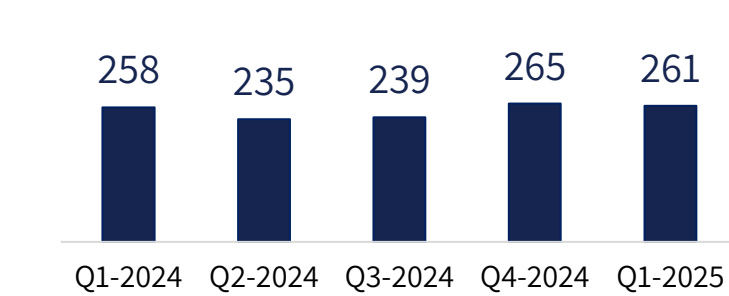
Adjusted EBITDA⁽¹⁾

↓ 0.2%



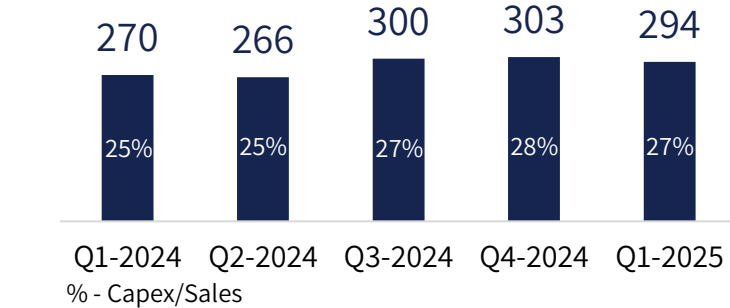
Adjusted Net Profit⁽¹⁾

↑ 1.2%



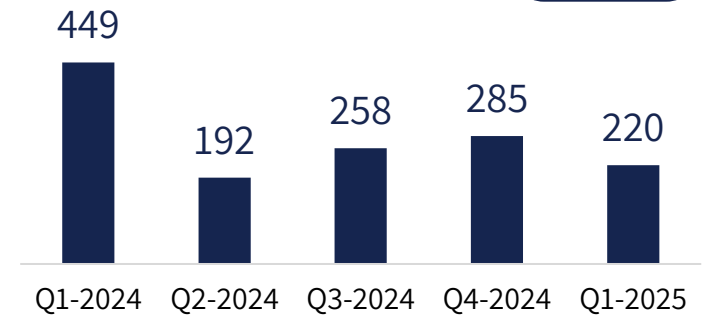
CapEx

↑ 8.9%



Free Cash Flow

↓ 51%



- Growth in core revenues⁽³⁾ was driven by higher revenues from infrastructure projects, broadband services and transmission & data communications
- Increase in Adj. Net Profit due to lower financing expenses
- Free cash flow was impacted by tax assessments paid in the current quarter and a tax refund received in the corresponding quarter

⁽¹⁾ After adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation

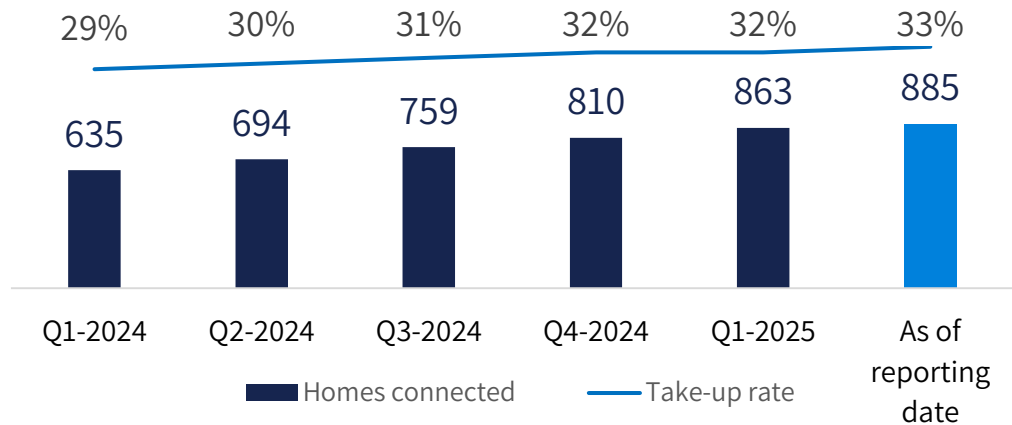
⁽²⁾ % change in core revenues

⁽³⁾ Fixed-line revenues excluding telephony revenues



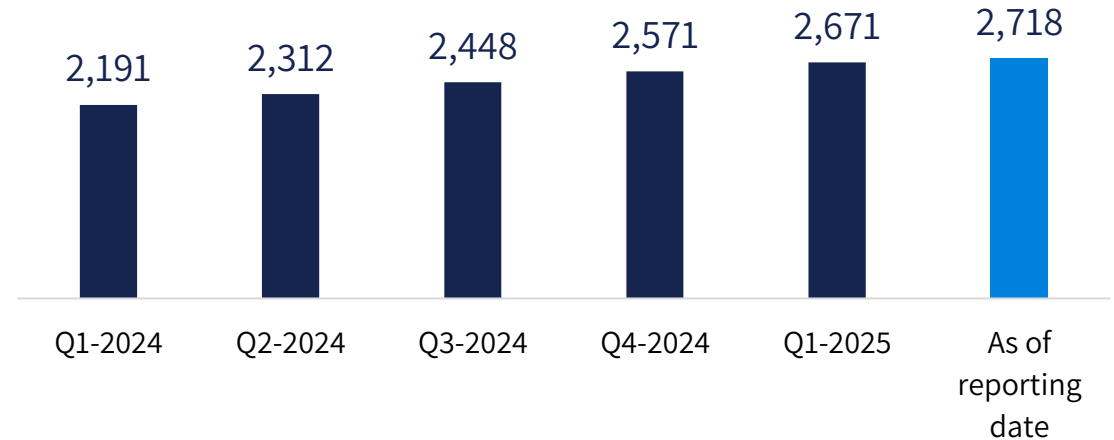
Bezeq Fixed-Line | Continued Fiber Deployment and Take-Up Focus

Total Fiber Take-Up (thousands, Retail and Wholesale)



~ 900k active subscribers on Bezeq's fiber network

Homes Passed (thousands)

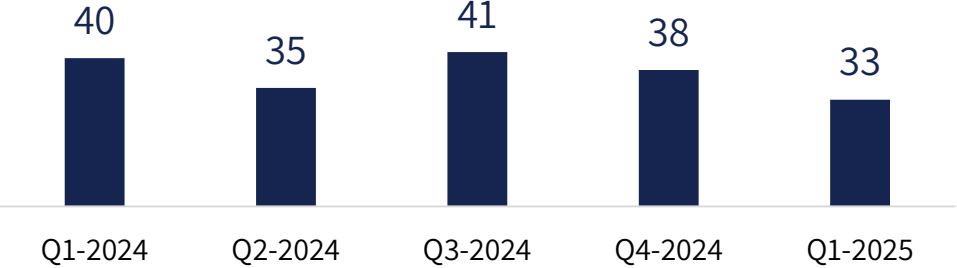


Over 2.7m homes passed

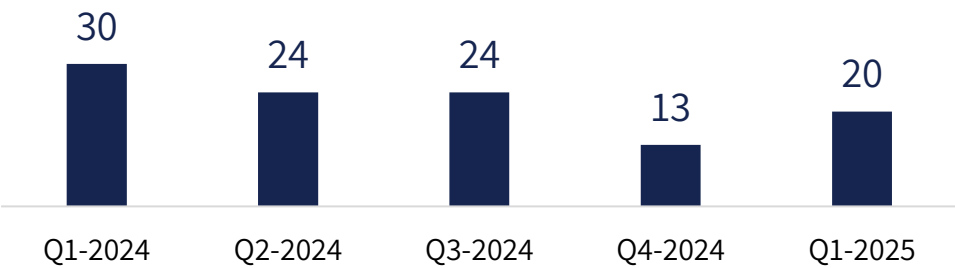


Bezeq Fixed-Line | Fiber Take-Up – Retail and Wholesale

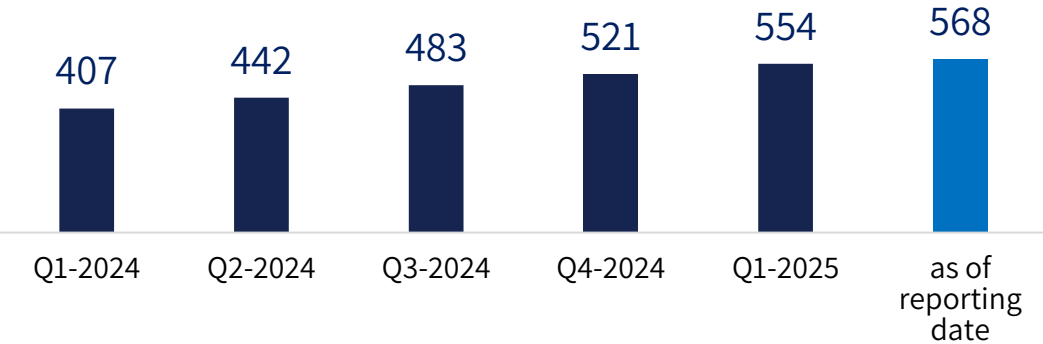
Retail Fiber – Net Adds (Thousands)



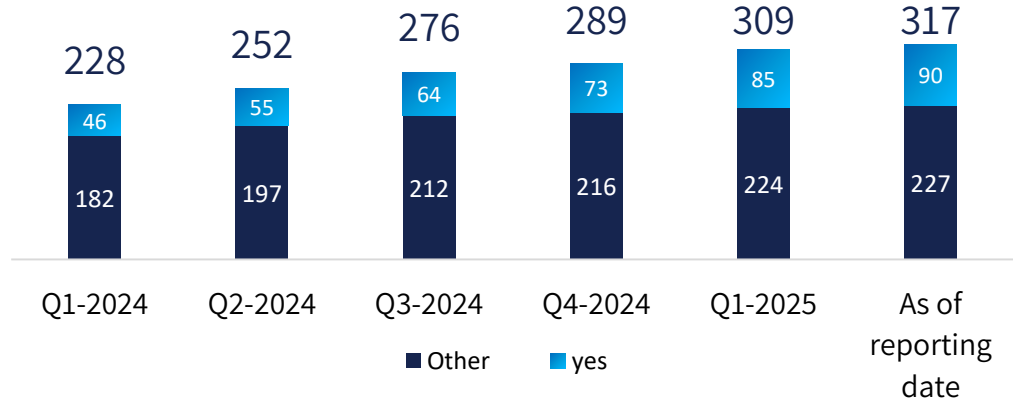
Wholesale Fiber – Net Adds (Thousands)



Total Retail Fiber Take-Up (Thousands)



Total Wholesale Fiber Take-Up (Thousands)



Fiber subscribers represent 55% of total retail subscribers

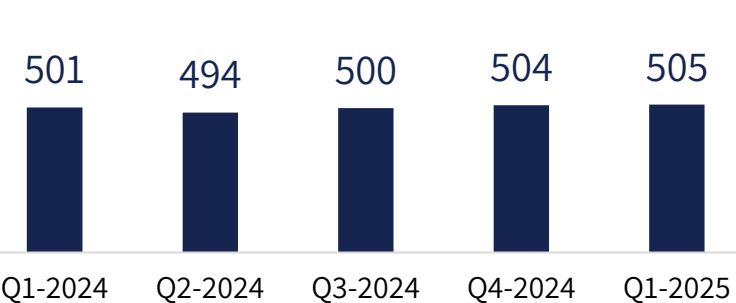
36% y-o-y increase in wholesale take-up



Bezeq Fixed-Line | Q1-2025 Revenues | NIS million

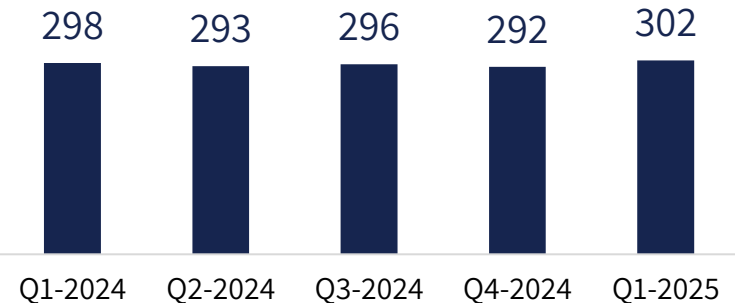
Broadband Revenues

↑ 0.8%

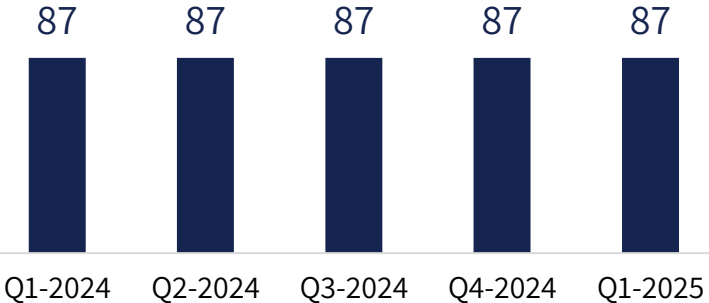


Transmission & Data

↑ 1.3%

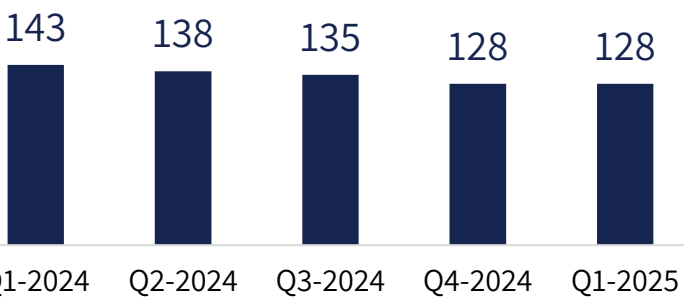


Cloud & Digital



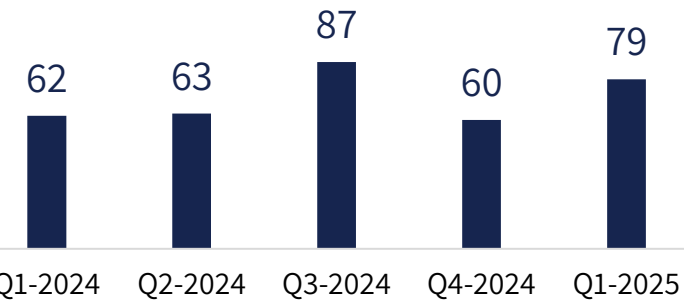
Telephony

↓ 10.5%



Other

↑ 27%



- Growth in revenues from broadband services, despite a decrease in wholesale tariffs for use of the passive network
- Continued growth in revenues from transmission and data communications, partially offset by lower revenues from ISP companies
- Other revenues were positively impacted by higher revenues from infrastructure projects



Pelephone | Q1-2025 Summary



Highest quarterly revenues in seven years, reaching NIS 525 million, a 4.6% increase, driven by continued growth in 5G subscriber plans and roaming services



Adjusted EBITDA rose 0.5% to NIS 186 million, despite the increase in frequency fees resulting from the termination of the MOC discount period



ARPU was NIS 45, up 4.7%, a Y-o-Y increase of NIS 2



5G subscriber plans grew by 39k reaching 1.3 million (57% of postpaid subscribers)⁽¹⁾



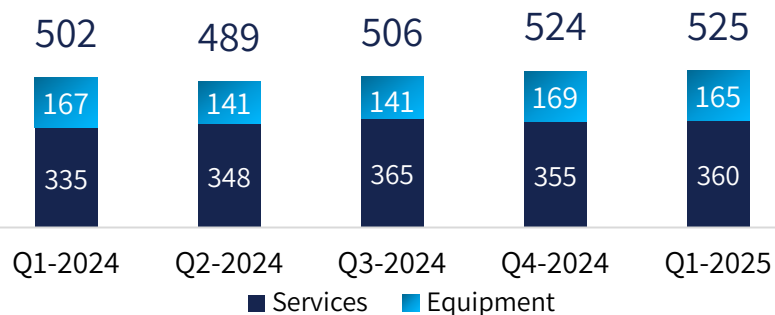
(1) As of reporting date



Pelephone | Q1-2025 Key Financial Highlights | NIS million

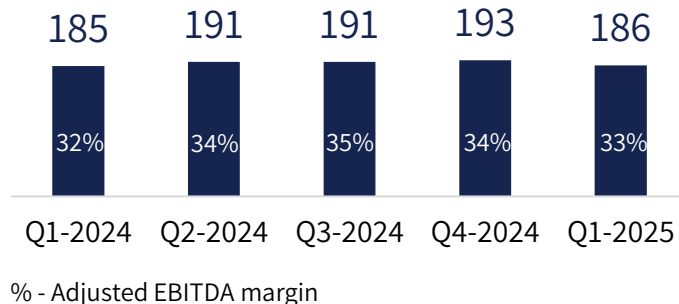
Revenues

↑ 4.6%



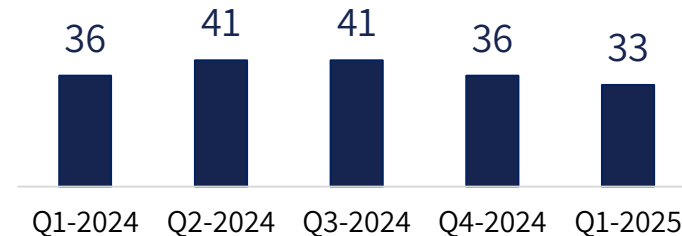
Adjusted EBITDA ⁽¹⁾

↑ 0.5%



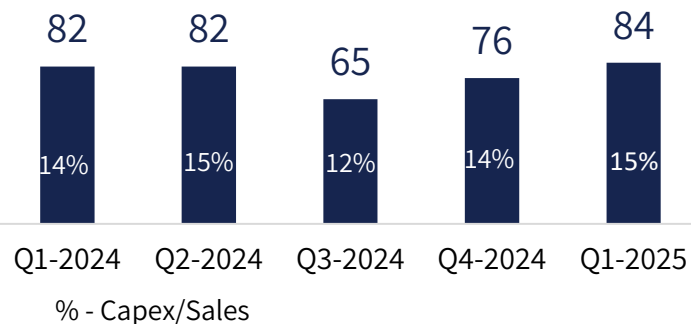
Adjusted Net Profit ⁽¹⁾

↓ 8.3%



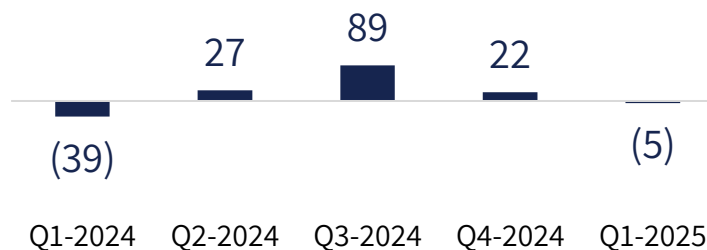
CapEx

↑ 2.4%



Free Cash Flow

↓ 87%



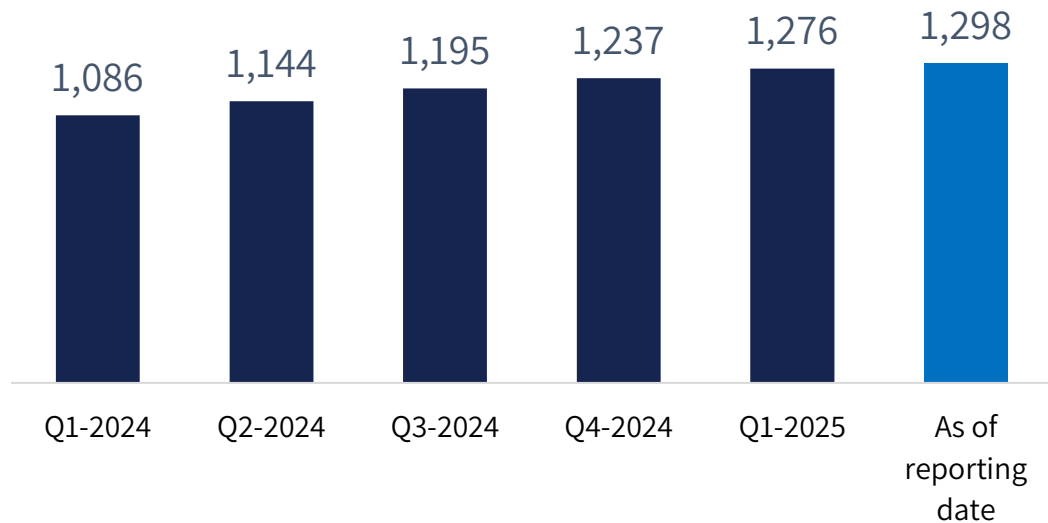
- Highest quarterly revenues in seven years driven by continued growth in 5G subscriber plans and roaming services
- Stable Adj. EBITDA despite the increase in frequency fees resulting from the termination of the MOC discount period
- Adj. Net Profit decreased due to higher depreciation and financing expenses
- Free cash flow was positively impacted by timing differences in working capital



Pelephone | Growth in Service Revenues and 5G Plans

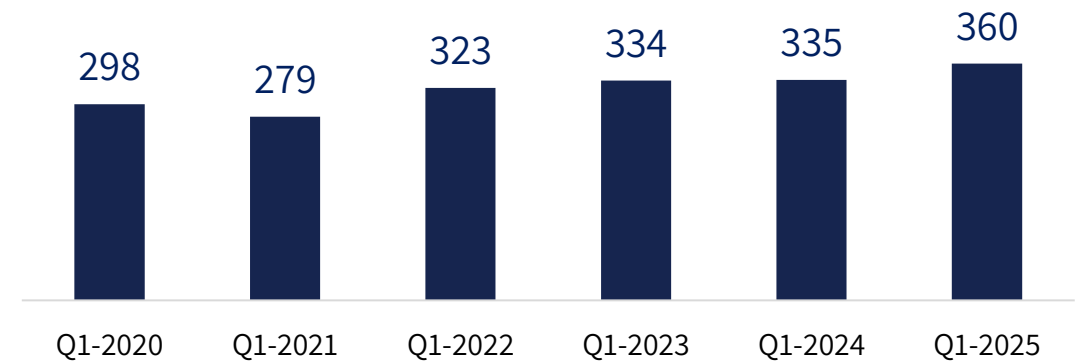
Subscribers on 5G Plans (Thousands)

↑ 17.5%



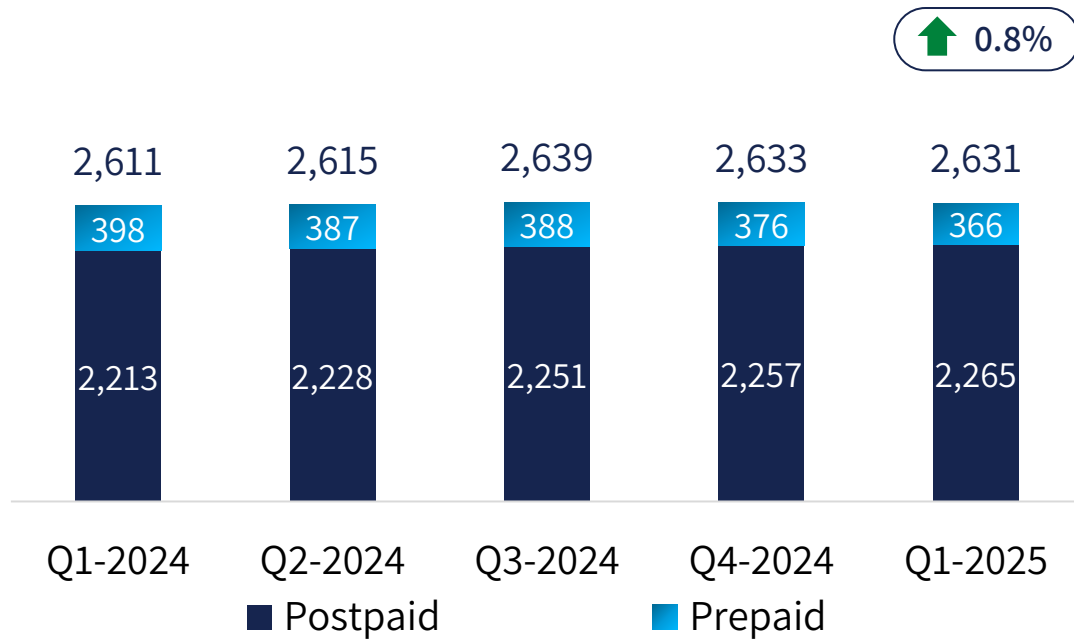
- 5G subscriber plans were 57% of postpaid subscribers

Comparison of Service Revenues in Q1 (NIS million)



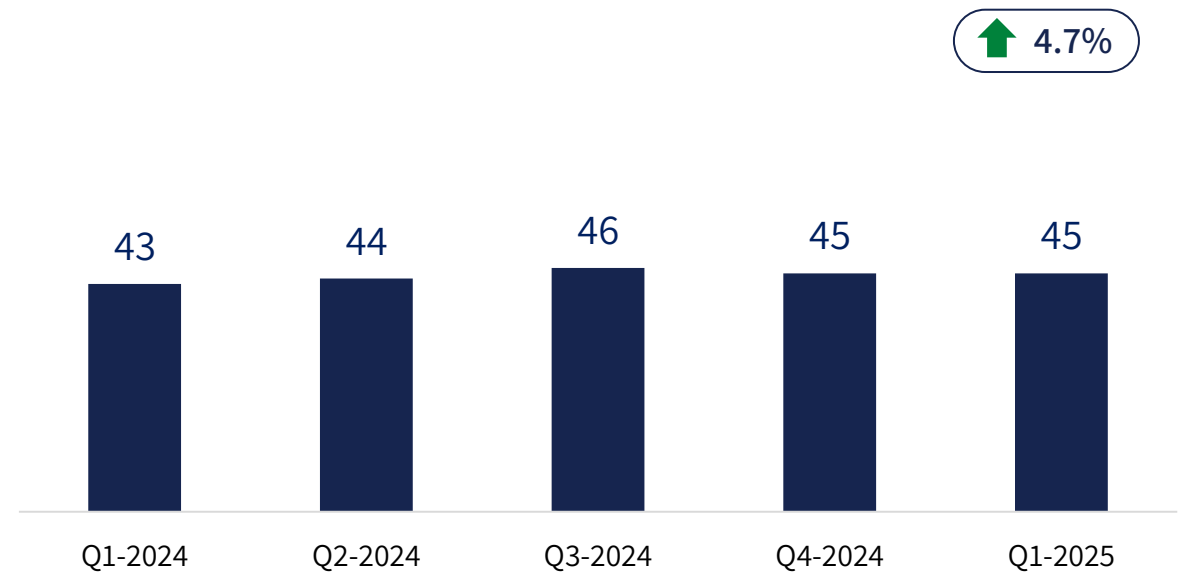
Pelephone | Q1-2025 Key Operational Metrics

Subscribers (Thousands)



- Continued growth in postpaid subscribers, including 5G subscriber plans

ARPU (NIS)



- ARPU rose NIS 2 year-over-year due to increase in ARPU from cellular plans and roaming services



yes | Q1-2025 Summary



Revenues increased 1.3% to NIS 319 million, due to higher revenues from the TV + fiber bundle



Adj. EBITDA⁽¹⁾ rose 11.4% to NIS 49 million. Adj. Net Loss⁽¹⁾ was NIS 5 million, compared to NIS 13 in the corresponding quarter



Continued migration from satellite to IP with 478k customers⁽²⁾ watching TV through IP broadcasting⁽³⁾ (85% of total subscribers)⁽²⁾



ARPU subscribers⁽⁴⁾ increased NIS 7 year-over-year to NIS 189, due to higher revenues from the TV + fiber bundle



Continued growth in fiber subscribers reaching over 90k⁽²⁾, 19% of total IP subscribers



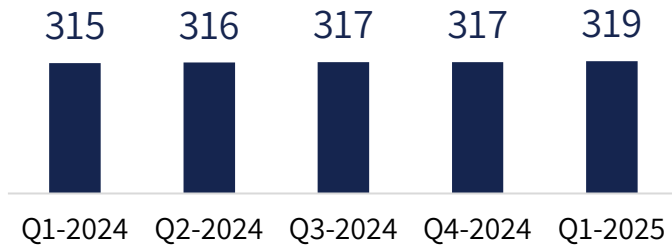
- (1) Pro-forma; after adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation
- (2) As of reporting date
- (3) IP subscribers - the number of yes subscribers viewing IP broadcasting through the yes+ and STINGTV services. This includes subscribers that use satellite services as well
- (4) ARPU subscribers includes TV and fiber activity



yes | Q1-2025 Key Financial Highlights | NIS Million

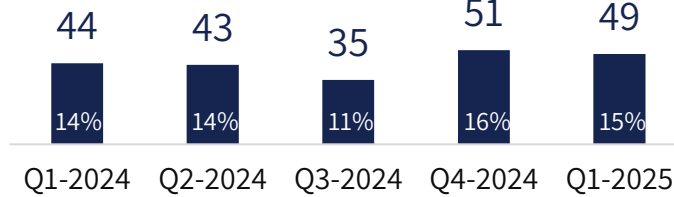
Revenues

↑ 1.3%



Adjusted EBITDA⁽¹⁾

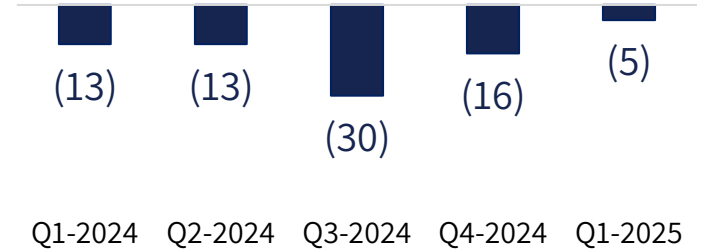
↑ 11.4%



% - Adj. EBITDA margin

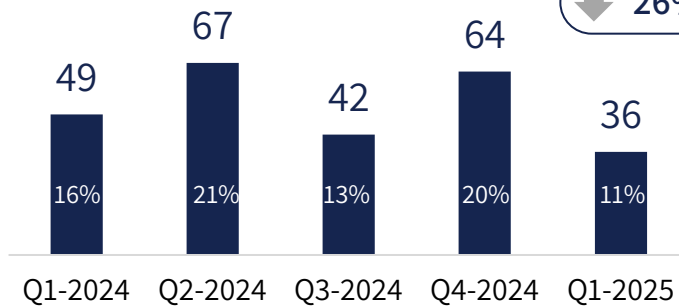
Adjusted Net Profit⁽¹⁾

↑ 61%



CapEx

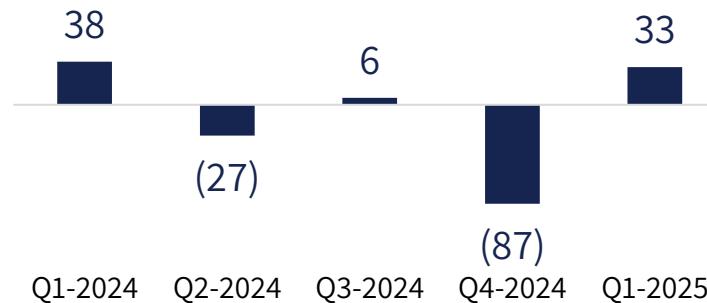
↓ 26%



% - Capex/Sales

Free Cash Flow

↓ 13.2%



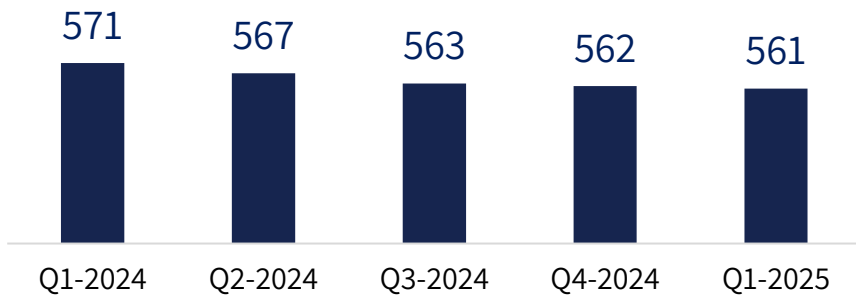
- Revenues rose due to higher revenues from the TV + fiber bundle
- Adj. EBITDA and Adj. Net Profit growth due to higher revenues and streamlining of expenses
- Free cash flow was impacted by timing differences in working capital



yes | Q1-2025 Key Operational Metrics

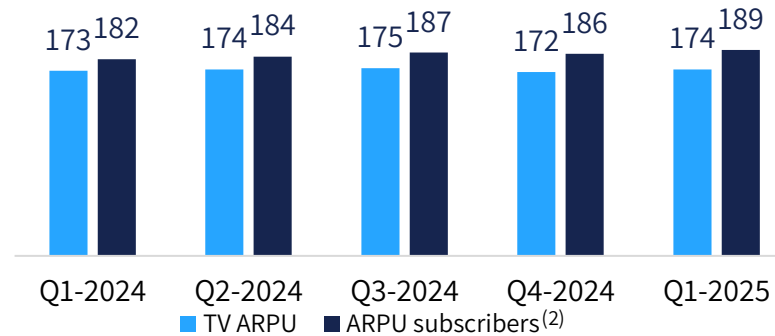
Subscribers (Thousands)

↓ 1.8%



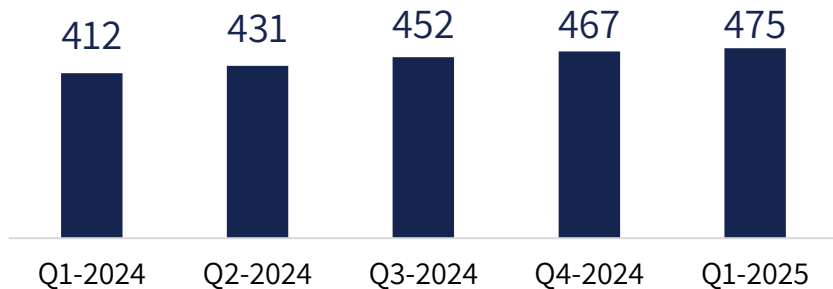
ARPU (NIS)

↑ 3.8%⁽³⁾



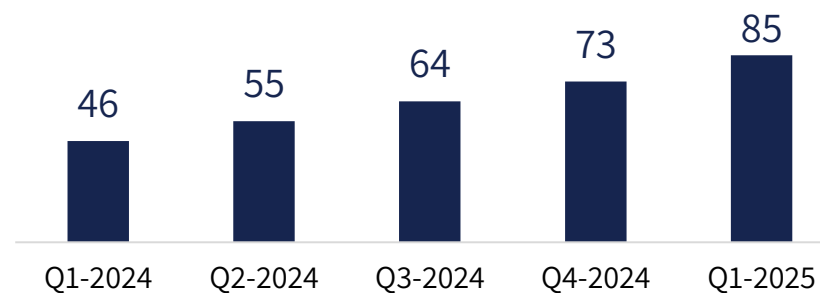
IP Subscribers⁽¹⁾ (Thousands)

↑ 15.3%



Fiber Subscribers (Thousands)

↑ 85%



- Moderate decrease in subscribers
- ARPU subscribers⁽²⁾ rose NIS 7 year-over-year, due to higher revenues from fiber plans
- Continued growth in IP subscribers to 85% of yes subscribers⁽⁴⁾
- Continued growth in fiber subscribers

⁽¹⁾ IP subscribers - number of yes subscribers viewing IP broadcasting through the yes+ and STINGTV services. This includes subscribers that use satellite services as well

⁽²⁾ ARPU Subscribers includes TV and fiber activity

⁽³⁾ % change in ARPU subscribers

⁽⁴⁾ As of reporting date



Bezeq International | Q1-2025 Summary



Continued transition from consumer ISP focus to development of ICT business activity: communications, data centers, integration, public cloud and cyber



Revenues decreased 5.5% to NIS 273 million, mainly due to lower revenues from consumer and business ISP activity as well as integration services



Cost savings following reduction in consumer ISP activity



Continued implementation of employee retirement agreement for the period 2025 - 2027

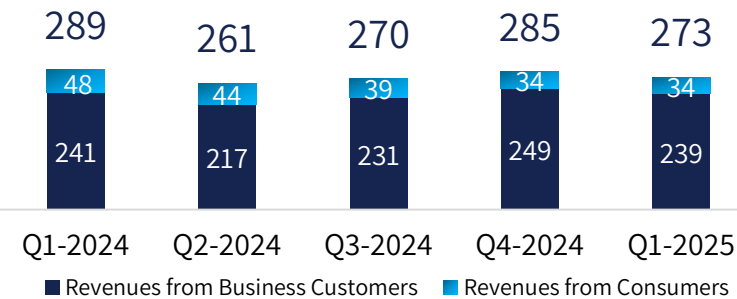


Bezeq International | Q1-2025 Key Financial Highlights |

NIS Million

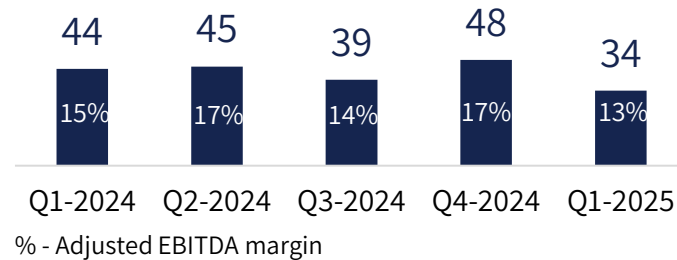
Revenues

↓ 0.9% ⁽²⁾



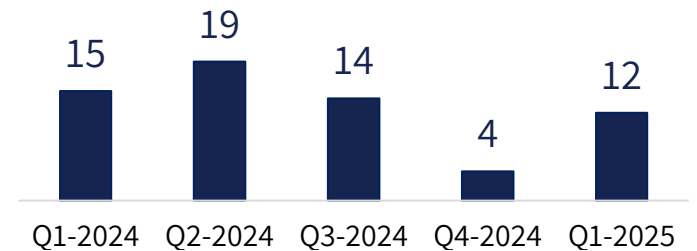
Adjusted EBITDA ⁽¹⁾

↓ 23%



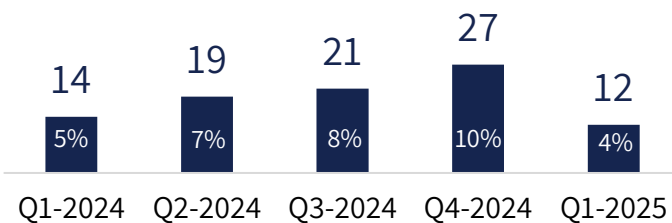
Adjusted Net Profit ⁽¹⁾

↓ 20%



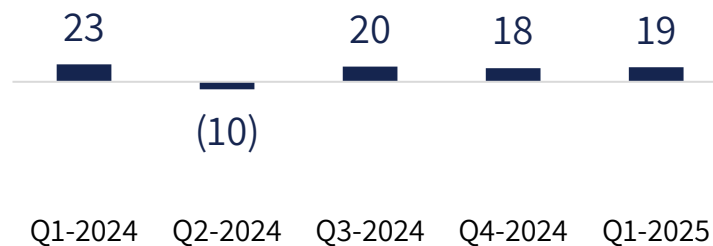
CapEx

↓ 14.3%



Free Cash Flow

↓ 17.4%



- Stable revenues from business customers due to higher ICT revenues, partially offset by lower revenues from business ISP and integration services
- Lower Adj. EBITDA and Adj. Net Profit due to lower revenues
- Free cash flow was impacted by lower profitability

⁽¹⁾After adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation

⁽²⁾% change in Revenues from Business Customers





Thank You!

For more information please visit us
ir.bezeq.co.il