



## Bezeq Facts & Figures Q4 & FY 2017

Three months ending December 31, 2017

### Index of contents

- Sheet I- Financials
- Sheet II- Other income / expenses
- Sheet III- Key Performance Indicators (KPIs)
- Sheet IV- Dividends
- Sheet V- Glossary

### *For further information:*

Bezeq Investor Relations

Phone +9722 539 5441

[ir@bezeq.co.il](mailto:ir@bezeq.co.il)

[www.bezeq.co.il](http://www.bezeq.co.il)

The data in this metrics file contains partial information from the public reports of Bezeq under the Israeli Securities Law for which the Hebrew reports can be accessed at the Israeli Securities Authority's website. The metrics file is a not a substitute for a review of the detailed reports of Bezeq.





(NIS millions, except for EPS)

	FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
<b>Bezeq Group (cont'd)</b>																
<b>Key Cash Flow Metrics</b>																
Operating cash flow	3,796	961	840	1,050	889	3,740	922	870	902	832	3,526	826	875	982	842	3,525
QoQ Change		30.0%	-12.6%	25.0%	-15.3%		3.7%	-5.6%	3.7%	-7.8%		-0.7%	5.9%	12.2%	-14.3%	
YoY Change	-8.6%	-7.9%	-21.1%	10.5%	20.3%	-1.5%	-4.1%	3.6%	-14.1%	-6.4%	-5.7%	-10.4%	0.6%	8.9%	1.2%	0.0%
Capital expenditures, gross (cash flow)	1,275	368	511	427	329	1,635	345	387	349	335	1,416	380	406	353	391	1,530
QoQ Change		16.8%	38.9%	-16.4%	-23.0%		4.9%	12.2%	-9.8%	-4.0%		13.4%	6.8%	-13.1%	10.8%	
YoY Change	3.8%	16.8%	58.2%	32.6%	4.4%	28.2%	-6.3%	-24.3%	-18.3%	1.8%	-13.4%	10.1%	4.9%	1.1%	16.7%	8.1%
Proceeds from sale of assets	230	13	84	22	32	151	42	56	24	16	138	10	18	48	22	98
QoQ Change		-84.3%	546.2%	-73.8%	45.5%		31.3%	33.3%	-57.1%	-33.3%		-37.5%	80.0%	166.7%	-54.2%	
YoY Change	-26.3%	-55.2%	82.6%	-69.4%	-61.4%	-34.3%	223.1%	-33.3%	9.1%	-50.0%	-8.6%	-76.2%	-67.9%	100.0%	37.5%	-29.0%
Capital expenditures, net	1,045	355	427	405	297	1,484	303	331	325	319	1,278	370	388	305	369	1,432
QoQ Change		53.0%	20.3%	-5.2%	-26.7%		2.0%	9.2%	-1.8%	-1.8%		16.0%	4.9%	-21.4%	21.0%	
YoY Change	14.1%	24.1%	54.2%	62.0%	28.0%	42.0%	-14.6%	-22.5%	-19.8%	7.4%	-13.9%	22.1%	17.2%	-6.2%	15.7%	12.1%
Free cash flow	2,751	606	413	645	592	2,256	619	539	577	513	2,248	456	487	677	473	2,093
QoQ Change		19.5%	-31.8%	56.2%	-8.2%		4.6%	-12.9%	7.1%	-11.1%		-11.1%	6.8%	39.0%	-30.1%	
YoY Change	-15.0%	-19.9%	-47.5%	-7.9%	16.8%	-18.0%	2.1%	30.5%	-10.5%	-13.3%	-0.4%	-26.3%	-9.6%	17.3%	-7.8%	-6.9%
<b>Working Capital</b>																
Change in trade & other receivables	549	84	61	51	126	322	(12)	75	53	(10)	106	(7)	23	105	72	193
Change in inventory	28	9	(9)	6	(26)	(20)	(9)	14	2	(27)	(20)	(20)	8	2	(25)	(35)
Change in trade & other payables	(39)	(45)	(150)	21	(97)	(271)	39	(137)	(12)	86	(24)	(24)	(15)	103	(54)	10
Change in provisions	(63)	3	6	(3)	12	18	(12)	3	(3)	(7)	(19)	1	(2)	16	0	15
Change in employee benefits	3	4	(3)	(1)	110	110	1	(9)	(92)	35	(65)	(6)	9	(65)	29	(33)
Change in other liabilities (incl broadcasting rights)	4	(1)	(15)	8	(1)	(9)	(3)	(5)	16	15	23	(9)	(25)	4	(4)	(34)
<b>Total changes in assets and liabilities</b>	<b>482</b>	<b>54</b>	<b>(110)</b>	<b>82</b>	<b>124</b>	<b>150</b>	<b>4</b>	<b>(59)</b>	<b>(36)</b>	<b>92</b>	<b>1</b>	<b>(65)</b>	<b>(2)</b>	<b>165</b>	<b>18</b>	<b>116</b>
Income tax paid, net	527	53	154	130	125	462	105	100	92	158	455	106	122	118	100	446
Interest paid	431	20	223	41	210	494	32	192	32	202	458	22	177	18	198	415



	(NIS millions, except for EPS)					FY	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
	2014	2015	2015	2015	2015	2015	2016	2016	2016	2016	2016	2017	2017	2017	2017	2017
<b>Bezeq Group (cont'd)</b>																
<b>Balance Sheet</b>																
Cash & cash equivalents	N/A	N/A	N/A	N/A	N/A	555	1,221	1,338	938	648	648	792	1,854	2,471	2,181	2,181
Investments	N/A	N/A	N/A	N/A	N/A	762	556	912	908	586	586	578	19	94	289	289
Trade receivables	N/A	N/A	N/A	N/A	N/A	2,058	2,042	2,029	1,998	2,000	2,000	1,976	1,991	1,948	1,915	1,915
Other receivables	N/A	N/A	N/A	N/A	N/A	269	299	205	191	219	219	332	347	294	270	270
Eurocom DBS Ltd., related party	N/A	N/A	N/A	N/A	N/A	-	-	29	29	-	-	-	56	43	43	43
Inventory	N/A	N/A	N/A	N/A	N/A	115	123	109	96	106	106	114	105	101	125	125
<b>Total current assets</b>						<b>3,759</b>	<b>4,241</b>	<b>4,622</b>	<b>4,160</b>	<b>3,559</b>	<b>3,559</b>	<b>3,792</b>	<b>4,372</b>	<b>4,951</b>	<b>4,823</b>	<b>4,823</b>
Trade and other receivables	N/A	N/A	N/A	N/A	N/A	674	662	647	641	644	644	595	507	520	493	493
Broadcasting rights	N/A	N/A	N/A	N/A	N/A	456	456	455	450	432	432	438	456	457	454	454
Fixed assets	N/A	N/A	N/A	N/A	N/A	6,894	6,902	6,872	6,840	6,876	6,876	6,886	6,868	6,817	6,798	6,798
Intangible assets	N/A	N/A	N/A	N/A	N/A	3,332	3,260	3,195	3,121	3,047	3,047	2,986	2,943	2,894	2,768	2,768
Deferred tax assets	N/A	N/A	N/A	N/A	N/A	1,178	1,105	1,099	1,103	1,007	1,007	1,008	1,015	1,014	1,019	1,019
Deferred expenses and non-current investments	N/A	N/A	N/A	N/A	N/A	386	407	397	388	382	382	429	457	489	494	494
<b>Total non-current assets</b>						<b>12,920</b>	<b>12,792</b>	<b>12,665</b>	<b>12,543</b>	<b>12,388</b>	<b>12,388</b>	<b>12,342</b>	<b>12,246</b>	<b>12,191</b>	<b>12,026</b>	<b>12,026</b>
<b>Total assets</b>						<b>16,679</b>	<b>17,033</b>	<b>17,287</b>	<b>16,703</b>	<b>15,947</b>	<b>15,947</b>	<b>16,134</b>	<b>16,618</b>	<b>17,142</b>	<b>16,849</b>	<b>16,849</b>
Debentures, loans and borrowings	N/A	N/A	N/A	N/A	N/A	1,913	2,073	1,958	2,135	1,825	1,825	1,594	958	555	1,632	1,632
Trade and other payables	N/A	N/A	N/A	N/A	N/A	1,657	1,843	1,576	1,599	1,610	1,610	1,705	1,608	1,807	1,699	1,699
Current tax liabilities	N/A	N/A	N/A	N/A	N/A	624	622	628	171	104	104	112	112	118	152	152
Liability to Eurocom DBS Ltd.	N/A	N/A	N/A	N/A	N/A	233	206	208	6	32	32	6	-	-	-	-
Employee benefits	N/A	N/A	N/A	N/A	N/A	378	380	370	280	315	315	308	318	251	280	280
Provisions	N/A	N/A	N/A	N/A	N/A	100	88	90	87	80	80	81	79	94	94	94
Dividend payable	N/A	N/A	N/A	N/A	N/A	-	-	-	665	-	-	-	-	708	-	-
<b>Total current liabilities</b>							<b>5,212</b>	<b>4,830</b>	<b>4,943</b>	<b>3,966</b>	<b>3,966</b>	<b>3,806</b>	<b>3,075</b>	<b>3,533</b>	<b>3,857</b>	<b>3,857</b>
Loans and debentures	N/A	N/A	N/A	N/A	N/A	8,800	8,532	9,546	9,111	9,128	9,128	9,109	10,561	10,978	10,229	10,229
Employee benefits	N/A	N/A	N/A	N/A	N/A	240	238	239	237	258	258	260	259	260	272	272
Derivative and other liabilities	N/A	N/A	N/A	N/A	N/A	226	262	252	257	244	244	250	251	292	234	234
Deferred tax liabilities	N/A	N/A	N/A	N/A	N/A	51	50	75	81	101	101	103	99	104	73	73
Provisions	N/A	N/A	N/A	N/A	N/A	46	46	46	47	47	47	47	48	48	40	40
<b>Total non-current liabilities</b>						<b>9,363</b>	<b>9,128</b>	<b>10,158</b>	<b>9,733</b>	<b>9,778</b>	<b>9,778</b>	<b>9,769</b>	<b>11,218</b>	<b>11,682</b>	<b>10,848</b>	<b>10,848</b>
<b>Total equity</b>						<b>2,411</b>	<b>2,693</b>	<b>2,299</b>	<b>2,027</b>	<b>2,203</b>	<b>2,203</b>	<b>2,559</b>	<b>2,325</b>	<b>1,927</b>	<b>2,144</b>	<b>2,144</b>
<b>Total debt</b>	<b>10,087</b>	<b>11,912</b>	<b>11,368</b>	<b>11,077</b>	<b>10,713</b>	<b>10,713</b>	<b>10,605</b>	<b>11,504</b>	<b>11,246</b>	<b>10,953</b>	<b>10,953</b>	<b>10,703</b>	<b>11,519</b>	<b>11,533</b>	<b>11,861</b>	<b>11,861</b>
<b>Net debt</b>	<b>7,204</b>	<b>8,203</b>	<b>9,543</b>	<b>8,921</b>	<b>9,396</b>	<b>9,396</b>	<b>8,828</b>	<b>9,254</b>	<b>9,400</b>	<b>9,719</b>	<b>9,719</b>	<b>9,333</b>	<b>9,646</b>	<b>8,968</b>	<b>9,391</b>	<b>9,391</b>
<b>Net debt / EBITDA (ttm)</b>	<b>1.60</b>	<b>1.84</b>	<b>2.30</b>	<b>2.09</b>	<b>2.21</b>	<b>2.21</b>	<b>2.04</b>	<b>2.24</b>	<b>2.31</b>	<b>2.39</b>	<b>2.39</b>	<b>2.32</b>	<b>2.43</b>	<b>2.29</b>	<b>2.46</b>	<b>2.46</b>
<b>Ratios</b>																
Operating margin	35.6%	29.3%	30.5%	25.1%	18.7%	25.7%	22.4%	24.5%	23.9%	21.2%	23.0%	23.1%	23.3%	22.5%	17.4%	21.6%
Net margin	23.3%	21.3%	18.5%	15.6%	14.2%	17.2%	11.3%	15.0%	15.7%	7.4%	12.3%	14.3%	14.5%	13.3%	8.3%	12.6%
EBITDA margin	49.8%	43.8%	47.8%	42.6%	36.3%	42.6%	40.0%	42.1%	41.5%	37.5%	40.3%	40.5%	40.5%	40.6%	34.7%	39.1%
Capex/Sales	14.1%	16.9%	19.6%	16.4%	12.6%	16.4%	13.5%	15.4%	13.9%	13.4%	14.0%	15.5%	16.5%	14.6%	15.9%	15.6%





		FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
<b>Bezeq Fixed-Line (cont'd)</b>																	
<b>Operating &amp; general expenses</b>																	
<b>Total general &amp; operating expenses</b>		<b>777</b>	<b>180</b>	<b>176</b>	<b>186</b>	<b>179</b>	<b>721</b>	<b>172</b>	<b>170</b>	<b>183</b>	<b>180</b>	<b>705</b>	<b>165</b>	<b>166</b>	<b>183</b>	<b>163</b>	<b>677</b>
	QoQ Change		-8.2%	-2.2%	5.7%	-3.8%		-3.9%	-1.2%	7.6%	-1.6%		-8.3%	0.6%	10.2%	-10.9%	
	YoY Change	-13.2%	-5.3%	-6.4%	-8.4%	-8.7%	-7.2%	-4.4%	-3.4%	-1.6%	0.6%	-2.2%	-4.1%	-2.4%	0.0%	-9.4%	-4.0%
<b>Maintenance of buildings and sites</b>		<b>217</b>	<b>51</b>	<b>47</b>	<b>54</b>	<b>50</b>	<b>202</b>	<b>49</b>	<b>46</b>	<b>49</b>	<b>45</b>	<b>189</b>	<b>47</b>	<b>45</b>	<b>49</b>	<b>44</b>	<b>185</b>
	QoQ Change		-1.9%	-7.8%	14.9%	-7.4%		-2.0%	-6.1%	6.5%	-8.2%		4.4%	-4.3%	8.9%	-10.2%	
	YoY Change	-6.9%	-7.3%	-11.3%	-5.3%	-3.8%	-6.9%	-3.9%	-2.1%	-9.3%	-10.0%	-6.4%	-4.1%	-2.2%	0.0%	-2.2%	-2.1%
<b>Interconnect &amp; payments to telecom operators</b>		<b>161</b>	<b>38</b>	<b>37</b>	<b>35</b>	<b>35</b>	<b>145</b>	<b>34</b>	<b>33</b>	<b>34</b>	<b>29</b>	<b>130</b>	<b>31</b>	<b>29</b>	<b>31</b>	<b>27</b>	<b>118</b>
	QoQ Change		0.0%	-2.6%	-5.4%	0.0%		-2.9%	-2.9%	3.0%	-14.7%		6.9%	-6.5%	6.9%	-12.9%	
	YoY Change	-26.8%	-9.5%	-5.1%	-16.7%	-7.9%	-9.9%	-10.5%	-10.8%	-2.9%	-17.1%	-10.3%	-8.8%	-12.1%	-8.8%	-6.9%	-9.2%
<b>Marketing &amp; general</b>		<b>213</b>	<b>47</b>	<b>48</b>	<b>49</b>	<b>44</b>	<b>188</b>	<b>43</b>	<b>44</b>	<b>55</b>	<b>53</b>	<b>195</b>	<b>42</b>	<b>44</b>	<b>54</b>	<b>48</b>	<b>188</b>
	QoQ Change		-13.0%	2.1%	2.1%	-10.2%		-2.3%	2.3%	25.0%	-3.6%		-20.8%	4.8%	22.7%	-11.1%	
	YoY Change	14.5%	-2.1%	-7.7%	-16.9%	-18.5%	-11.7%	-8.5%	-8.3%	12.2%	20.5%	3.7%	-2.3%	0.0%	-1.8%	-9.4%	-3.6%
<b>Terminal equipment &amp; materials</b>		<b>49</b>	<b>11</b>	<b>11</b>	<b>10</b>	<b>16</b>	<b>48</b>	<b>12</b>	<b>12</b>	<b>11</b>	<b>12</b>	<b>47</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>10</b>	<b>44</b>
	QoQ Change		-31.3%	0.0%	-9.1%	60.0%		-25.0%	0.0%	-8.3%	9.1%		-16.7%	20.0%	0.0%	-16.7%	
	YoY Change	-45.6%	-8.3%	10.0%	-9.1%	0.0%	-2.0%	9.1%	9.1%	10.0%	-25.0%	-2.1%	-16.7%	0.0%	9.1%	-16.7%	-6.4%
<b>Services and maintenance by sub-contractors</b>		<b>61</b>	<b>16</b>	<b>14</b>	<b>17</b>	<b>13</b>	<b>60</b>	<b>17</b>	<b>17</b>	<b>16</b>	<b>22</b>	<b>72</b>	<b>17</b>	<b>19</b>	<b>19</b>	<b>18</b>	<b>73</b>
	QoQ Change		0.0%	-12.5%	21.4%	-23.5%		30.8%	0.0%	-5.9%	37.5%		-22.7%	11.8%	0.0%	-5.3%	
	YoY Change	-4.7%	0.0%	-6.7%	21.4%	-18.8%	-1.6%	6.3%	21.4%	-5.9%	69.2%	20.0%	0.0%	11.8%	18.8%	-18.2%	1.4%
<b>Vehicle maintenance</b>		<b>76</b>	<b>17</b>	<b>19</b>	<b>21</b>	<b>21</b>	<b>78</b>	<b>17</b>	<b>18</b>	<b>18</b>	<b>19</b>	<b>72</b>	<b>18</b>	<b>17</b>	<b>18</b>	<b>16</b>	<b>69</b>
	QoQ Change		-15.0%	11.8%	10.5%	0.0%		-19.0%	5.9%	0.0%	5.6%		-5.3%	-5.6%	5.9%	-11.1%	
	YoY Change	0.0%	0.0%	0.0%	5.0%	5.0%	2.6%	0.0%	-5.3%	-14.3%	-9.5%	-7.7%	5.9%	-5.6%	0.0%	-15.8%	-4.2%
<b>Ratios</b>																	
<b>Operating margin</b>		<b>45.9%</b>	<b>49.1%</b>	<b>59.9%</b>	<b>46.5%</b>	<b>39.2%</b>	<b>48.7%</b>	<b>48.2%</b>	<b>49.1%</b>	<b>47.7%</b>	<b>44.5%</b>	<b>47.4%</b>	<b>47.6%</b>	<b>46.9%</b>	<b>46.4%</b>	<b>44.9%</b>	<b>46.4%</b>
<b>Net margin</b>		<b>25.5%</b>	<b>31.1%</b>	<b>34.6%</b>	<b>23.3%</b>	<b>31.3%</b>	<b>30.0%</b>	<b>29.5%</b>	<b>29.6%</b>	<b>31.5%</b>	<b>21.7%</b>	<b>28.1%</b>	<b>29.6%</b>	<b>30.0%</b>	<b>26.0%</b>	<b>24.8%</b>	<b>27.6%</b>
<b>EBITDA margin</b>		<b>61.8%</b>	<b>65.0%</b>	<b>76.2%</b>	<b>63.2%</b>	<b>56.3%</b>	<b>65.2%</b>	<b>64.7%</b>	<b>65.9%</b>	<b>64.9%</b>	<b>59.3%</b>	<b>63.7%</b>	<b>64.3%</b>	<b>63.6%</b>	<b>63.9%</b>	<b>62.6%</b>	<b>63.6%</b>
<b>Capex/Sales</b>		<b>19.0%</b>	<b>20.8%</b>	<b>17.3%</b>	<b>20.9%</b>	<b>18.1%</b>	<b>19.3%</b>	<b>17.5%</b>	<b>20.6%</b>	<b>19.0%</b>	<b>18.9%</b>	<b>19.0%</b>	<b>19.5%</b>	<b>20.7%</b>	<b>16.0%</b>	<b>21.6%</b>	<b>19.4%</b>





		FY 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017	
<b>Bezeq International</b>																		
<b>Key Income Statement Metrics</b>																		
<b>Total Revenues</b>		1,504	393	391	389	405	1,578	395	377	384	392	1,548	384	407	367	379	1,537	
	QoQ Change		-1.5%	-0.5%	-0.5%	4.1%		-2.5%	-4.6%	1.9%	2.1%		-2.0%	6.0%	-9.8%	3.3%		
	YoY Change	5.0%	10.7%	7.1%	1.0%	1.5%	4.9%	0.5%	-3.6%	-1.3%	-3.2%	-1.9%	-2.8%	8.0%	-4.4%	-3.3%	-0.7%	
<b>Revenues from ILD services</b>		395	N/A	N/A	N/A	N/A	379	N/A	N/A	N/A	N/A	325	N/A	N/A	N/A	N/A	268	
	% of total revenues	26.3%					24.0%					21.0%					17.4%	
<b>Revenues from Internet, Data &amp; ICT services</b>		1,109	N/A	N/A	N/A	N/A	1,199	N/A	N/A	N/A	N/A	1,223	N/A	N/A	N/A	N/A	1,269	
	% of total revenues	73.7%					76.0%					79.0%					82.6%	
<b>Revenues from Private Customers</b>		529	N/A	N/A	N/A	N/A	555	N/A	N/A	N/A	N/A	570	N/A	N/A	N/A	N/A	563	
	% of total revenues	35.2%					35.2%					36.8%					36.6%	
<b>Revenues from Business Customers</b>		975	N/A	N/A	N/A	N/A	1,023	N/A	N/A	N/A	N/A	978	N/A	N/A	N/A	N/A	974	
	% of total revenues	64.8%					64.8%					63.2%					63.4%	
<b>Key Income Statement Metrics</b>																		
<b>Cost of sales</b>		951	251	250	251	263	1,015	258	246	256	255	1,015	258	288	253	259	1,058	
	QoQ Change		-3.1%	-0.4%	0.4%	4.8%		-1.9%	-4.7%	4.1%	-0.4%		1.2%	11.6%	-12.2%	2.4%		
	YoY Change	8.2%	15.1%	9.6%	2.0%	1.5%	6.7%	2.8%	-1.6%	2.0%	-3.0%	0.0%	0.0%	17.1%	-1.2%	1.6%	4.2%	
<b>Gross profit</b>		553	142	141	138	142	563	137	131	128	137	533	126	119	114	120	479	
	QoQ Change		1.4%	-0.7%	-2.1%	2.9%		-3.5%	-4.4%	-2.3%	7.0%		-8.0%	-5.6%	-4.2%	5.3%		
	YoY Change	-0.2%	3.6%	2.9%	-0.7%	1.4%	1.8%	-3.5%	-7.1%	-7.2%	-3.5%	-5.3%	-8.0%	-9.2%	-10.9%	-12.4%	-10.1%	
<b>Sales &amp; marketing expenses</b>		209	53	53	49	54	209	57	56	55	53	221	48	46	48	45	187	
	QoQ Change		-5.4%	0.0%	-7.5%	10.2%		5.6%	-1.8%	-1.8%	-3.6%		-9.4%	-4.2%	4.3%	-6.3%		
	YoY Change	1.8%	6.0%	6.0%	-7.5%	-3.6%	0.0%	7.5%	5.7%	12.2%	-1.9%	5.7%	-15.8%	-17.9%	-12.7%	-15.1%	-15.4%	
<b>General &amp; administrative expenses</b>		112	28	28	29	31	116	29	28	28	33	118	29	27	28	31	115	
	QoQ Change		3.7%	0.0%	3.6%	6.9%		-6.5%	-3.4%	0.0%	17.9%		-12.1%	-6.9%	3.7%	10.7%		
	YoY Change	-5.9%	-3.4%	-6.7%	11.5%	14.8%	3.6%	3.6%	0.0%	-3.4%	6.5%	1.7%	0.0%	-3.6%	0.0%	-6.1%	-2.5%	
<b>Other operating expenses (income)</b>		-	-	(2)	1	(1)	(2)	14	-	-	4	18	-	1	(1)	3	3	
<b>Salaries (included in oper. exps)</b>		298	77	74	75	77	303	83	82	83	82	330	84	81	81	78	324	
	QoQ Change		2.7%	-3.9%	1.4%	2.7%		7.8%	-1.2%	1.2%	-1.2%		2.4%	-3.6%	0.0%	-3.7%		
	YoY Change	3.8%	2.7%	1.4%	0.0%	2.7%	1.7%	7.8%	10.8%	10.7%	6.5%	8.9%	1.2%	-1.2%	-2.4%	-4.9%	-1.8%	
<b>Depreciation &amp; amortization (included in oper. exps)</b>		130	32	32	33	35	132	33	35	35	34	137	33	33	34	35	135	
	QoQ Change		-5.9%	0.0%	3.1%	6.1%		-5.7%	6.1%	0.0%	-2.9%		-2.9%	0.0%	3.0%	2.9%		
	YoY Change	0.8%	0.0%	0.0%	3.1%	2.9%	1.5%	3.1%	9.4%	6.1%	-2.9%	3.8%	0.0%	-5.7%	-2.9%	2.9%	-1.5%	
<b>Operating profit</b>		232	61	62	59	58	240	37	47	45	47	176	49	45	39	41	174	
	QoQ Change		6.2%	1.6%	-4.8%	-1.7%		-36.2%	27.0%	-4.3%	4.4%		4.3%	-8.2%	-13.3%	5.1%		
	YoY Change	2.0%	3.9%	6.9%	0.0%	1.8%	3.4%	-39.3%	-24.2%	-23.7%	-19.0%	-26.7%	32.4%	-4.3%	-13.3%	-12.8%	-1.1%	
<b>Net profit</b>		165	44	45	41	42	172	26	33	33	33	125	36	33	27	31	127	
	QoQ Change		10.0%	2.3%	-8.9%	2.4%		-38.1%	26.9%	0.0%	0.0%		9.1%	-8.3%	-18.2%	14.8%		
	YoY Change	4.3%	4.8%	9.8%	-2.4%	5.0%	4.2%	-40.9%	-26.7%	-19.5%	-21.4%	-27.3%	38.5%	0.0%	-18.2%	-6.1%	1.6%	
<b>EBITDA</b>		362	93	94	92	93	372	70	82	80	81	313	82	78	73	76	309	
	QoQ Change		2.2%	1.1%	-2.1%	1.1%		-24.7%	17.1%	-2.4%	1.3%		1.2%	-4.9%	-6.4%	4.1%		
	YoY Change	1.6%	3.3%	4.4%	1.1%	2.2%	2.8%	-24.7%	-12.8%	-13.0%	-12.9%	-15.9%	17.1%	-4.9%	-8.8%	-6.2%	-1.3%	
<b>Key Cash Flow Metrics</b>																		
<b>Operating cash flow</b>		312	62	74	69	96	301	49	69	65	86	269	52	69	74	82	277	
	QoQ Change		-13.9%	19.4%	-6.8%	39.1%		-49.0%	40.8%	-5.8%	32.3%		-39.5%	32.7%	7.2%	10.8%		
	YoY Change	8.4%	-16.2%	-22.1%	-2.8%	33.3%	-3.5%	-21.0%	-6.8%	-5.8%	-10.4%	-10.6%	6.1%	0.0%	13.8%	-4.7%	3.0%	
<b>Capital expenditures, gross (cash flow)</b>		110	53	26	28	21	128	37	33	24	26	120	29	46	31	36	142	
	QoQ Change		88.9%	-51.3%	9.5%	-25.6%		76.0%	-10.8%	-27.3%	8.3%		11.5%	58.6%	-32.6%	16.1%		
	YoY Change	5.2%	72.2%	8.1%	3.3%	-25.0%	16.4%	-30.1%	28.0%	-15.0%	23.7%	-6.3%	-21.6%	39.4%	29.2%	38.5%	18.3%	
<b>Capital expenditures, net (cash flow)</b>		108	53	26	28	21	128	37	33	24	25	119	29	46	29	35	139	
	QoQ Change		96.3%	-50.9%	7.7%	-25.0%		76.2%	-10.8%	-27.3%	4.2%		16.0%	58.6%	-37.0%	20.7%		
	YoY Change	11.2%	71.0%	13.0%	3.7%	-22.2%	18.5%	-30.2%	26.9%	-14.3%	19.0%	-7.0%	-21.6%	39.4%	20.8%	40.0%	16.8%	
<b>Free cash flow</b>		204	9	48	41	75	173	12	36	41	61	150	23	23	45	47	138	
	QoQ Change		-80.0%	433.3%	-14.6%	82.9%		-84.0%	200.0%	13.9%	48.8%		-62.3%	0.0%	95.7%	4.4%		
	YoY Change	7.0%	-79.1%	-33.3%	-6.8%	66.7%	-15.2%	33.3%	-25.0%	0.0%	-18.7%	-13.3%	91.7%	-36.1%	9.8%	-23.0%	-8.0%	
<b>Ratios</b>																		
<b>Gross profit margin</b>		36.8%	36.1%	36.1%	35.5%	35.1%	35.7%	34.7%	34.7%	33.3%	34.9%	34.4%	32.8%	29.2%	31.1%	31.7%	31.2%	
<b>Operating margin</b>		15.4%	15.5%	15.9%	15.2%	14.3%	15.2%	9.4%	12.5%	11.7%	12.0%	11.4%	12.8%	11.1%	10.6%	10.8%	11.3%	
<b>Net margin</b>		11.0%	11.2%	11.5%	10.5%	10.4%	10.9%	6.6%	8.8%	8.4%	8.8%	8.1%	9.4%	8.1%	7.4%	8.2%	8.3%	
<b>EBITDA margin</b>		24.1%	23.7%	24.0%	23.7%	23.0%	23.6%	17.7%	21.8%	20.8%	20.7%	20.2%	21.4%	19.2%	19.9%	20.1%	20.1%	
<b>Capex/Sales</b>		7.3%	13.5%	6.6%	7.3%	5.2%	8.1%	9.4%	8.8%	6.3%	6.6%	7.8%	7.6%	11.3%	8.4%	9.5%	9.2%	







NIS Millions

	FY 2013	FY 2014	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
--	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

## Bezeq Group

### Other Operating Expenses (Income), Net

Loss from impairment of assets	-	-	-	-	-	-	-	-	-	-	-	87	87
Profit from increase to controlling stake in Yes	-	-	(12)	-	-	-	-	-	-	-	-	-	-
Profit from the sale of shares in Coral Tel Ltd.	-	(582)	-	-	-	-	-	-	-	-	-	-	-
Profit from the sale of property, plant and equipment (mainly real estate)*	(120)	(167)	(234)	(11)	(29)	(22)	(45)	(107)	(6)	(13)	(45)	(2)	(66)
Profit from copper sales	(47)	(8)	-	-	-	-	-	-	-	-	-	-	-
Provision (cancellation)-contingent liabilities, net	-	(23)	34	-	-	-	-	-	-	-	-	-	-
Provision for early retirement	90	176	117	1	14	3	78	96	-	-	3	20	23
Expenses for a collective agreement at Pelephone	61	18	-	-	-	-	-	-	-	-	-	-	-
Loss from the discontinuation of a software development project	1	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	15	3	(7)	-	11	2	12	19	(9)	24
<b>Total other operating expenses (income), net</b>	<b>(15)</b>	<b>(586)</b>	<b>(95)</b>	<b>5</b>	<b>(12)</b>	<b>(26)</b>	<b>33</b>	<b>0</b>	<b>(4)</b>	<b>(1)</b>	<b>(23)</b>	<b>96</b>	<b>68</b>

\* Includes profit from copper sales beginning Q1 2015

Bezeq - The Israel Telecommunication Corp. Ltd



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
<b>Bezeq Fixed-Line</b>																			
<b>Key Performance Indicators</b>																			
<b>Total outgoing minutes (in millions)</b>	14,711	13,260	12,017	10,699	9,758	8,694	7,047	6,200	5,607	1,316	1,257	1,297	1,136	5,006	1,177	1,098	1,132	1,068	4,475
QoQ Change										-4.6%	-4.5%	3.2%	-12.4%		3.6%	-6.7%	3.1%	-5.7%	
YoY Change		-9.9%	-9.4%	-11.0%	-8.8%	-10.9%	-18.9%	-12.0%	-9.6%	-9.8%	-10.0%	-5.5%	-17.6%	-10.7%	-10.6%	-12.6%	-12.7%	-6.0%	-10.6%
<b>Total incoming minutes (in millions)</b>	6,411	6,691	6,718	6,547	6,240	6,225	6,115	5,829	5,628	1,348	1,314	1,383	1,252	5,297	1,281	1,220	1,266	1,205	4,972
QoQ Change										-3.9%	-2.5%	5.3%	-9.5%		2.3%	-4.8%	3.8%	-4.8%	
YoY Change		4.4%	0.4%	-2.5%	-4.7%	-0.2%	-1.8%	-4.7%	-3.4%	-5.7%	-5.2%	-1.9%	-10.8%	-5.9%	-5.0%	-7.2%	-8.5%	-3.8%	-6.1%
<b>Total access lines (in 000's)</b>	2,749	2,604	2,483	2,366	2,367	2,268	2,216	2,205	2,087	2,068	2,050	2,031	2,010	2,010	1,986	1,961	1,942	1,916	1,916
QoQ Change										-0.9%	-0.9%	-0.9%	-1.0%		-1.2%	-1.3%	-1.0%	-1.3%	
YoY Change		-5.3%	-4.6%	-4.7%	0.0%	-4.2%	-2.3%	-0.5%	-5.4%	-2.7%	-3.2%	-3.4%	-3.7%	-3.7%	-4.0%	-4.3%	-4.4%	-4.7%	-4.7%
QoQ Line change (000's)		(145)	(121)	(117)	1	(99)	(52)	(11)	(118)	(19)	(18)	(19)	(21)	(77)	(24)	(25)	(19)	(26)	(94)
<b>Average revenue per line (ARPL) (in NIS)</b>	N/A	111	109	109	85	81	74	63	59	58	57	57	55	57	56	54	54	53	54
QoQ Change										-1.7%	-1.7%	0.0%	-3.5%		1.8%	-3.6%	0.0%	-1.9%	
YoY Change			-1.8%	0.0%	-22.0%	-4.7%	-8.6%	-14.9%	-6.3%	-3.3%	-3.4%	-3.4%	-6.8%	-3.4%	-3.4%	-5.3%	-5.3%	-3.6%	-5.3%
<b>Churn rate (telephony)</b>	9.5%	N/A	N/A	N/A	11.6%	15.3%	13.1%	11.1%	10.1%	2.8%	2.4%	2.6%	2.4%	10.2%	2.7%	2.4%	2.3%	2.4%	9.8%
<b>Broadband Internet lines (in 000's)- Total</b>	963	1,005	1,035	1,066	1,111	1,169	1,263	1,364	1,479	1,503	1,521	1,539	1,558	1,558	1,580	1,593	1,608	1,635	1,635
QoQ Change										1.6%	1.2%	1.2%	1.2%		1.4%	0.8%	0.9%	1.7%	
YoY Change		4.4%	3.0%	3.0%	4.2%	5.2%	8.0%	8.0%	8.4%	8.1%	7.3%	6.3%	5.3%	5.3%	5.1%	4.7%	4.5%	4.9%	4.9%
QoQ Line change (000's)		42	30	31	45	58	94	101	115	24	18	18	19	79	22	13	15	27	77
<b>Broadband Internet lines (in 000's)-Wholesale</b>	-	-	-	-	-	-	-	-	244	290	323	347	377	377	414	444	484	532	532
QoQ Change										18.9%	11.4%	7.4%	8.6%		9.8%	7.2%	9.0%	9.9%	
YoY Change										2536.4%	314.1%	96.0%		54.5%	42.8%	37.5%	39.5%	41.1%	41.1%
QoQ Line change (000's)										46	33	24	30	133	37	30	40	48	155
Wholesale subs as % of total broadband subs									16.5%	19.3%	21.2%	22.5%	24.2%	24.2%	26.2%	27.9%	30.1%	32.5%	32.5%
<b>Broadband Internet lines (in 000's) - Retail</b>	963	1,005	1,035	1,066	1,111	1,169	1,263	1,364	1,235	1,213	1,198	1,192	1,181	1,181	1,166	1,149	1,124	1,103	1,103
QoQ Change										-1.8%	-1.2%	-0.5%	-0.9%		-1.3%	-1.5%	-2.2%	-1.9%	
YoY Change		4.4%	3.0%	3.0%	4.2%	5.2%	8.0%	8.0%	-9.5%	-12.0%	-10.6%	-6.2%	-4.4%	-4.4%	-3.9%	-4.1%	-5.7%	-6.6%	-6.6%
QoQ Line change (000's)		42	30	31	45	58	94	101	(129)	(22)	(15)	(6)	(11)	(54)	(15)	(17)	(25)	(21)	(78)
<b>Broadband Internet ARPU (in NIS) - Retail</b>	64	67	69	75	80	81	84	84	88	90	90	88	90	89	90	90	90	92	90
QoQ Change										2.3%	0.0%	-2.2%	2.3%		0.0%	0.0%	0.0%	2.2%	
YoY Change		4.7%	3.0%	8.7%	6.7%	1.3%	3.7%	0.0%	4.8%	3.4%	2.3%	0.0%	2.3%	1.1%	0.0%	0.0%	2.3%	2.2%	1.1%
<b>Average broadband speed per subscriber (end of period, Mbps)</b>	1.7	2.2	2.7	4.3	6.7	9.6	18.1	32.5	37.8	38.9	40.2	41.8	43.4	43.4	45.1	47.2	49.5	51.5	51.5
QoQ Change										2.9%	3.3%	4.0%	3.8%		3.9%	4.7%	4.9%	4.0%	
YoY Change		29.4%	22.7%	59.3%	55.8%	43.3%	88.5%	79.6%	16.3%	17.2%	15.2%	13.9%	14.8%	14.8%	15.9%	17.4%	18.4%	18.7%	18.7%
<b>Number of employees</b>	7,614	7,530	7,364	7,216	7,076	7,422	6,479	5,964	5,896	N/A	N/A	N/A	5,649	5,649	N/A	N/A	N/A	5,582	5,582
YoY Change		-1.1%	-2.2%	-2.0%	-1.9%	4.9%	-12.7%	-7.9%	-1.1%					-4.2%					-1.2%
<b>Market share - Internet</b>	N/A	N/A	59%	59%	59%	60%	63%	66%	68%	N/A	N/A	N/A	N/A	69%	N/A	N/A	N/A	N/A	70%
<b>Market share - telephony (private sector)</b>	N/A	N/A	72%	65%	63%	59%	57%	56%	56%	N/A	N/A	N/A	N/A	55%	N/A	N/A	N/A	N/A	53%
<b>Market share - telephony (business sector)</b>	N/A	N/A	82%	78%	76%	75%	74%	74%	74%	N/A	N/A	N/A	N/A	73%	N/A	N/A	N/A	N/A	72%

Bezeq - The Israel Telecommunication Corp. Ltd



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	FY 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	FY 2017
<b>Telephone</b>																			
<b>Key Performance Indicators</b>																			
Total Subscribers (in 000's)	2,622	2,649	2,766	2,857	2,847	2,800	2,642	2,586	2,651	2,692	2,260	2,348	2,402	2,402	2,430	2,410	2,475	2,525	2,525
QoQ Change										1.5%	-16.0%	3.9%	2.3%		1.2%	-0.8%	2.7%	2.0%	
YoY Change		1.0%	4.4%	3.3%	-0.4%	-1.7%	-5.6%	-2.1%	2.5%	5.0%	-11.9%	-8.6%	-9.4%	-9.4%	-9.7%	6.6%	5.4%	5.1%	5.1%
QoQ subscriber change (000's)										41	(432)	88	54	(249)	28	(20)	65	50	123
Prepaid Subscribers (in 000's)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	836	925	N/A	N/A	N/A	733	733	N/A	N/A	N/A	770	770
YoY Change									10.6%					-20.8%					5.0%
ARPU (in NIS)	N/A	N/A	N/A	111	107	95	86	78	64	57	68	68	62	63	60	61	63	58	61
QoQ Change										-5.0%	19.3%	0.0%	-8.8%		-3.2%	1.7%	3.3%	-7.9%	
YoY Change					-3.6%	-11.2%	-9.5%	-9.3%	-17.9%	-12.3%	4.6%	0.0%	3.3%	-1.6%	5.3%	-10.3%	-7.4%	-6.5%	-3.2%
Churn rate	N/A	N/A	13.8%	15.3%	22.9%	22.4%	28.6%	28.0%	25.8%	5.2%	6.2%	6.1%	6.3%	23.7%	7.9%	6.3%	7.1%	6.9%	28.2%
Number of employees		N/A	N/A	N/A	N/A	4,072	3,288	3,001	2,679	N/A	N/A	N/A	2,594	2,594	N/A	N/A	N/A	2,551	2,551
YoY Change							-19.3%	-8.7%	-10.7%					-3.2%					-1.7%
Market share	29.2%	28.6%	29.0%	28.9%	29.0%	28.2%	26.3%	25.5%	25.2%	N/A	N/A	22.7%	23.1%	23.1%	N/A	N/A	23.3%	N/A	N/A
<b>Bezeq International</b>																			
<b>Key Performance Indicators</b>																			
Number of employees	2,621	2,325	2,445	2,112	2,262	2,102	2,007	1,932	1,966	N/A	N/A	N/A	1,905	1,905	N/A	N/A	N/A	1,864	1,864
QoQ Change																			
YoY Change		-11.3%	5.2%	-13.6%	7.1%	-7.1%	-4.5%	-3.7%	1.8%					-3.1%					-2.2%
Churn rate (ISP)	N/A	N/A	14.8%	12.7%	12.6%	18.4%	18.0%	17.0%	17.3%	5.2%	4.5%	5.5%	5.2%	20.4%	5.3%	5.0%	6.3%	6.8%	23.4%
Market share - ISP	36.0%	36.0%	36.0%	35.9%	37.5%	38.8%	40.6%	42%	44%	N/A	N/A	N/A	N/A	44%	N/A	N/A	42.1%	N/A	N/A
Market share - ILD (Outgoing)	36.0%	36.0%	31.0%	30.7%	30.0%	24.6%	21.2%	23%	21%	N/A	N/A	N/A	N/A	21%	N/A	N/A	N/A	N/A	25.6%
<b>yes</b>																			
<b>Key Performance Indicators</b>																			
Subscribers (in 000's)	549	560	571	578	586	578	600	630	635	629	623	618	614	614	608	603	597	587	587
QoQ Change										-0.9%	-1.0%	-0.8%	-0.6%		-1.0%	-0.8%	-1.0%	-1.7%	
YoY Change		2.0%	2.0%	1.2%	1.4%	-1.4%	3.8%	5.0%	0.8%	-0.5%	-2.0%	-3.0%	-3.3%	-3.3%	-3.2%	-3.4%	-3.4%	-4.4%	-4.4%
QoQ subscriber change (000's)										(6)	(6)	(5)	(4)	(21)	(6)	(5)	(6)	(10)	(27)
ARPU (in NIS)	217	228	226	230	232	234	233	234	233	231	231	233	237	233	232	229	226	226	228
QoQ Change										-1.7%	0.0%	0.9%	1.7%		-2.1%	-1.3%	-1.3%	0.0%	
YoY Change		5.1%	-0.9%	1.8%	0.9%	1.0%	-0.4%	0.4%	-0.4%	-0.4%	0.0%	0.0%	0.9%	0.0%	0.4%	-0.9%	-3.0%	-4.6%	-2.1%
Churn rate	N/A	N/A	13.3%	13.0%	11.9%	15.4%	13.5%	12.8%	13.9%	4.2%	3.6%	4.5%	3.6%	15.9%	4.3%	3.8%	4.8%	5.9%	18.8%
Number of employees	N/A	1,999	2,158	2,229	2,227	2,276	2,208	2,042	1,984	N/A	N/A	N/A	1,753	1,753	N/A	N/A	N/A	1,680	1,680
YoY Change			8.0%	3.3%	-0.1%	2.2%	-3.0%	-7.5%	-2.8%					-11.6%					-4.2%
Mkt share	37%	38%	38%	39%	40%	39%	40%	42%	42%	N/A	N/A	N/A	N/A	40%	N/A	N/A	N/A	N/A	37%

**Bezeq Group Dividends****Dividend History**

Dividend Distribution date	Total Amount (NIS m)	Dividend per share (NIS)	Dividend Type
May 10, 2018	368	0.13	<b>Semi-Annual Dividend (Pending Shareholder Approval)</b>
October 16, 2017	708	0.26	Semi-Annual Dividend
May 29, 2017	578	0.21	Semi-Annual Dividend
October 6, 2016	665	0.24	Semi-Annual Dividend
May 30, 2016	776	0.28	Semi-Annual Dividend
October 26, 2015	933	0.34	Semi-Annual Dividend
May 27, 2015	844	0.31	Semi-Annual Dividend
October 2, 2014	1,267	0.46	Semi-Annual Dividend
April 23, 2014	802	0.29	Semi-Annual Dividend
September 15, 2013	500	0.36	Special Dividend (6 of 6)
September 15, 2013	969	0.18	Semi-Annual Dividend
May 13, 2013	500	0.18	Special Dividend (5 of 6)
May 13, 2013	861	0.32	Semi-Annual Dividend
October 10, 2012	500	0.18	Special Dividend (4 of 6)
October 10, 2012	997	0.37	Semi-Annual Dividend
May 21, 2012	500	0.18	Special Dividend (3 of 6)
May 21, 2012	1,074	0.40	Semi-Annual Dividend
October 5, 2011	500	0.18	Special Dividend (2 of 6)
October 5, 2011	992	0.37	Semi-Annual Dividend
May 19, 2011	500	0.19	Special Dividend (1 of 6)
May 19, 2011	1,163	0.43	Semi-Annual Dividend
October 7, 2010	1,280	0.48	Semi-Annual Dividend
May 3, 2010	2,453	0.92	Semi-Annual Dividend
October 5, 2009	1,149	0.43	Semi-Annual Dividend
May 24, 2009	792	0.30	Semi-Annual Dividend



## Bezeq Group Dividends

### Dividend History

Dividend Distribution date	Total Amount (NIS m)	Dividend per share (NIS)	Dividend Type
October 29, 2008	835	0.32	Semi-Annual Dividend
April 28, 2008	679	0.26	Semi-Annual Dividend
October 15, 2007	760	0.29	Semi-Annual Dividend
February 26, 2007	1,800	0.69	Special Dividend
January 9, 2007	300	0.12	Semi-Annual Dividend
October 30, 2006	400	0.15	Semi-Annual Dividend
April 16, 2006	1,200	0.46	Semi-Annual Dividend



## GLOSSARY

---

### Glossary

---

EBITDA	= Earnings Before Interest, Taxes, Depreciation & Amortization ; ttm = trailing twelve months
Adjusted EBITDA	= EBITDA excluding other operating income/expenses
Free cash flow	= Operating cash flows less net capital expenditures
Net capital expenditures	= Purchase of property, plant & equipment (PPE), plus investments in intangible assets, less proceeds from the sale of PPE
ARPL	= Average revenue per line
ARPU	= Average revenue per user
MOU	= Minutes of use
N/A	= Not available
N/M	= Not meaningful