## Bezeq Facts \& Figures Q4 \& FY 2017

Three months ending December 31, 2017
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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.

| Bezeq (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{array}{r} \text { Q3 } \\ 2016 \\ \hline \end{array}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \\ \hline \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Bezeq Group ${ }^{(1)}$ |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Key Income Statement Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues | 9,055 | 2,174 | 2,603 | 2,602 | 2,606 | 9,985 | 2,559 | 2,511 | 2,510 | 2,504 | 10,084 | 2,453 | 2,463 | 2,415 | 2,458 | 9,789 |
| QoQ Change |  | -3.9\% | 19.7\% | 0.0\% | 0.2\% |  | -1.8\% | -1.9\% | 0.0\% | -0.2\% |  | -2.0\% | 0.4\% | -1.9\% | 1.8\% |  |
| Depreciation \& amortization YoY Change | -5.3\% | -5.9\% | 15.7\% | 16.6\% | 15.2\% | 10.3\% | 17.7\% | -3.5\% | -3.5\% | -3.9\% | 1.0\% | -4.1\% | -1.9\% | -3.8\% | -1.8\% | -2.9\% |
|  | 1,281 | 317 | 451 | 457 | 459 | 1,684 | 449 | 440 | 442 | 408 | 1,739 | 428 | 424 | 436 | 427 | 1,715 |
| QoQ Change |  | -1.2\% | 42.3\% | 1.3\% | 0.4\% |  | -2.2\% | -2.0\% | 0.5\% | -7.7\% |  | 4.9\% | -0.9\% | 2.8\% | -2.1\% |  |
| Salaries YoY Change | -2.3\% | 1.0\% | 41.4\% | 39.8\% | 43.0\% | 31.5\% | 41.6\% | -2.4\% | -3.3\% | -11.1\% | 3.3\% | -4.7\% | -3.6\% | -1.4\% | 4.7\% | -1.4\% |
|  | 1,768 | 439 | 497 | 506 | 515 | 1,957 | 513 | 495 | 501 | 503 | 2,012 | 504 | 494 | 502 | 505 | 2,005 |
| QoQ Change |  | -0.2\% | 13.2\% | 1.8\% | 1.8\% |  | -0.4\% | -3.5\% | 1.2\% | 0.4\% |  | 0.2\% | -2.0\% | 1.6\% | 0.6\% |  |
| Other operating expenses (income) YoY Change | -5.6\% | -2.0\% | 12.2\% | 15.8\% | 17.0\% | 10.7\% | 16.9\% | -0.4\% | -1.0\% | -2.3\% | 2.8\% | -1.8\% | -0.2\% | 0.2\% | 0.4\% | -0.3\% |
|  | (586) | (17) | (141) | (13) | 76 | (95) | 5 | (12) | (26) | 33 | 0 | (4) | (1) | (23) | 96 | 68 |
| QoQ Change |  | NM | 729.4\% | -90.8\% | N/M |  | -93.4\% | -340.0\% | 116.7\% | NM |  | NM | -75.0\% | 2200.0\% | N/M |  |
| Operating Profit YoY Change | $N / M$ | NM | -75.2\% | -48.0\% | 406.7\% | -83.8\% | N/M | -91.5\% | 100.0\% | -56.6\% | N/M | NM | -91.7\% | -11.5\% | 190.9\% | $N / M$ |
|  | 3,226 | 636 | 794 | 652 | 488 | 2,570 | 574 | 616 | 599 | 532 | 2,321 | 566 | 573 | 544 | 427 | 2,110 |
| QoQ Change |  | 0.5\% | 24.8\% | -17.9\% | -25.2\% |  | 17.6\% | 7.3\% | -2.8\% | -11.2\% |  | 6.4\% | 1.2\% | -5.1\% | -21.5\% |  |
| Finance expenses (income), net YoY Change | 14.4\% | -7.6\% | -35.7\% | -2.8\% | -22.9\% | -20.3\% | -9.7\% | -22.4\% | -8.1\% | 9.0\% | -9.7\% | -1.4\% | -7.0\% | -9.2\% | -19.7\% | -9.1\% |
|  | 130 | 37 | 129 | 100 | (3) | 263 | 102 | 105 | 104 | 136 | 447 | 101 | 102 | 94 | 120 | 417 |
| QoQ Change |  | 117.6\% | 248.6\% | -22.5\% | NM |  | N/M | 2.9\% | -1.0\% | 30.8\% |  | -25.7\% | 1.0\% | -7.8\% | 27.7\% |  |
| Income taxes Yoy Change | -10.3\% | -11.9\% | 303.1\% | 156.4\% | N/M | 102.3\% | 175.7\% | -18.6\% | 4.0\% | $N M$ | 70.0\% | -1.0\% | -2.9\% | -9.6\% | -11.8\% | -6.7\% |
|  | 815 | 152 | 183 | 144 | 119 | 598 | 183 | 133 | 99 | 210 | 625 | 113 | 111 | 128 | 101 | 453 |
| QoQ Change |  | -6.2\% | 20.4\% | -21.3\% | -17.4\% |  | 53.8\% | -27.3\% | -25.6\% | 112.1\% |  | -46.2\% | -1.8\% | 15.3\% | -21.1\% |  |
| Yoy Change | 25.2\% | -10.6\% | -41.5\% | -15.3\% | -26.5\% | -26.6\% | 20.4\% | -27.3\% | -31.3\% | 76.5\% | 4.5\% | -38.3\% | -16.5\% | 29.3\% | -51.9\% | -27.5\% |
| Net profit attributed to Bezeq shareholders | 2,111 | 463 | 482 | 407 | 369 | 1,721 | 288 | 377 | 394 | 185 | 1,244 | 350 | 358 | 322 | 205 | 1,235 |
| QoQ Change |  | 11.3\% | 4.1\% | -15.6\% | -9.3\% |  | -22.0\% | 30.9\% | 4.5\% | -53.0\% |  | 89.2\% | 2.3\% | -10.1\% | -36.3\% |  |
| Adjusted EBITDA YoY Change | 19.2\% | 1.3\% | -40.5\% | -4.9\% | -11.3\% | -18.5\% | -37.8\% | -21.8\% | -3.2\% | -49.9\% | -27.7\% | 21.5\% | -5.0\% | -18.3\% | 10.8\% | -0.7\% |
|  | 3,921 | 936 | 1,104 | 1,096 | 1,023 | 4,159 | 1,028 | 1,044 | 1,015 | 973 | 4,060 | 990 | 996 | 957 | 950 | 3,893 |
| QoQ Change |  | -3.4\% | 17.9\% | -0.7\% | -6.7\% |  | 0.5\% | 1.6\% | -2.8\% | -4.1\% |  | 1.7\% | 0.6\% | -3.9\% | -0.7\% |  |
| EBITDA, reported YoY Change | -4.7\% | -5.8\% | 12.1\% | 12.6\% | 5.6\% | 6.1\% | 9.8\% | -5.4\% | -7.4\% | -4.9\% | -2.4\% | -3.7\% | -4.6\% | -5.7\% | -2.4\% | -4.1\% |
|  | 4,507 | 953 | 1,245 | 1,109 | 947 | 4,254 | 1,023 | 1,056 | 1,041 | 940 | 4,060 | 994 | 997 | 980 | 854 | 3,825 |
| QoQ Change |  | -0.1\% | 30.6\% | -10.9\% | -14.6\% |  | 8.0\% | 3.2\% | -1.4\% | -9.7\% |  | 5.7\% | 0.3\% | -1.7\% | -12.9\% |  |
| Earnings Per Share - Diluted YoY Change | 9.1\% | -4.9\% | -19.8\% | 11.1\% | -0.7\% | -5.6\% | 7.3\% | -15.2\% | -6.1\% | -0.7\% | -4.6\% | -2.8\% | -5.6\% | -5.9\% | -9.1\% | -5.8\% |
|  | 0.77 | 0.17 | 0.17 | 0.15 | 0.13 | 0.62 | 0.10 | 0.14 | 0.14 | 0.07 | 0.45 | 0.13 | 0.13 | 0.12 | 0.07 | 0.45 |
| Shares Outstanding - Diluted | 2,755 | 2,759 | 2,759 | 2,762 | 2,764 | 2,763 | 2,765 | 2,765 | 2,765 | 2,765 | 2,765 | 2,765 | 2,765 | 2,765 | 2,765 | 2,765 |
| Operating \& General Expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total operating \& general expenses | 3,366 | $\begin{array}{r} 799 \\ -330.3 \% \end{array}$ | $\begin{gathered} \mathbf{1 , 0 0 2} \\ 25.4 \% \end{gathered}$ | $\begin{aligned} & 1, \mathbf{0 0 0} \\ & -0.2 \% \end{aligned}$ | $\begin{gathered} 1,068 \\ 6.8 \% \end{gathered}$ | 3,869 | $\begin{aligned} & 1, \mathbf{0 1 8} \\ & \hline-4.7 \% \end{aligned}$ | $\begin{aligned} & \hline 972 \\ & { }_{-4.5 \%} \end{aligned}$ | $\begin{aligned} & 994 \\ & 2.3 \% \end{aligned}$ | $\underset{3.4 \%}{1,028}$ | 4,012 | $\begin{gathered} 959 \\ \hline-6.7 \% \end{gathered}$ | $\begin{aligned} & 973 \\ & \hline 1.5 \% \end{aligned}$ | $\begin{gathered} 956 \\ -1.7 \% \end{gathered}$ | $\begin{aligned} & 1,003 \\ & 4.9 \% \end{aligned}$ | 3,891 |
| $\begin{array}{ll}\text { Terminal equipment \& materials } & \text { YoY Change } \\ & \text { QoQ Change }\end{array}$ | -5.9\% | -34.4\% | -18.1\% | -21.3\% | -407.8\% | 14.9\% | 27.4\% | -3.0\% | -0.6\% | $-3.7 \%$ | 3.7\% | -5.8\% | 0.1\% | -3.8\% | -2.4\% | -3.0\% |
|  | 928 | $\begin{gathered} 226 \\ -11.0 \% \end{gathered}$ | $\begin{array}{r} 205 \\ -9.3 \% \end{array}$ | $\begin{gathered} 193 \\ -5.9 \% \end{gathered}$ | $\begin{array}{r} 256 \\ 32.6 \% \end{array}$ | 880 | $\begin{gathered} 216 \\ -15.6 \% \end{gathered}$ | $\begin{gathered} 201 \\ -6.9 \% \end{gathered}$ | $\begin{array}{r} 177 \\ -11.9 \% \end{array}$ | $\begin{gathered} 237 \\ 33.9 \% \end{gathered}$ | 831 | $\begin{gathered} 202 \\ -14.8 \% \end{gathered}$ | $\begin{gathered} 230 \\ 13.9 \% \end{gathered}$ | $\begin{array}{r} 181 \\ -21.3 \% \end{array}$ | $\begin{array}{r} 242 \\ 33.7 \% \end{array}$ | 855 |
| Yoy Change | -13.4\% | -13.7\% | -3.3\% | -3.5\% | 0.8\% | -5.2\% | -4.4\% | -2.0\% | -8.3\% | -7.4\% | -5.6\% | -6.5\% | 14.4\% | 2.3\% | 2.1\% | 2.9\% |
| Interconnect \& payments to telecom operators QoQ Change | 847 | $\begin{gathered} 212 \\ -0.9 \% \end{gathered}$ | $\begin{gathered} 241 \\ 13.7 \% \end{gathered}$ | $\begin{gathered} 236 \\ -2.1 \% \end{gathered}$ | $\begin{gathered} 220 \\ -6.8 \% \end{gathered}$ | 909 | $\begin{gathered} 212 \\ -3.6 \% \end{gathered}$ | $\begin{gathered} 211 \\ -0.5 \% \end{gathered}$ | $\begin{aligned} & 211 \\ & 0.0 \% \end{aligned}$ | $\begin{array}{r} 191 \\ -9.5 \% \end{array}$ | 825 | $\begin{aligned} & 196 \\ & 2.6 \% \end{aligned}$ | $\begin{aligned} & 206 \\ & 5.1 \% \end{aligned}$ | $\begin{array}{r} 201 \\ -2.4 \% \end{array}$ | $\begin{aligned} & 202 \\ & 0.5 \% \end{aligned}$ | 805 |
| Yoy Change | -6.4\% | 2.9\% | 15.9\% | 7.8\% | 2.8\% | 7.3\% | 0.0\% | -12.4\% | -10.6\% | -13.2\% | -9.2\% | -7.5\% | -2.4\% | -4.7\% | 5.8\% | -2.4\% |
| Maintenance of buildings and sites | 639 | $\begin{gathered} 150 \\ -8.5 \% \end{gathered}$ | $\begin{aligned} & 156 \\ & 4.0 \% \end{aligned}$ | $\begin{aligned} & 161 \\ & 3.2 \% \end{aligned}$ | $\begin{gathered} 149 \\ -7.5 \% \end{gathered}$ | 616 | 154 | $\begin{gathered} 145 \\ -5.8 \% \end{gathered}$ | 151\% | $\begin{aligned} & 155 \\ & 2.6 \% \end{aligned}$ | 605 | $\begin{gathered} \mathbf{1 4 7} \\ -5.2 \% \end{gathered}$ | $\begin{gathered} 138 \\ -6.1 \% \end{gathered}$ | $\begin{gathered} 152 \\ 10.1 \% \end{gathered}$ | 147 | 584 |
| YoY Change | 5.3\% | $-3.8 \%$ | 0.0\% | -1.2\% | -9.1\% | -3.6\% | 2.7\% | -7.1\% | -6.2\% | 4.0\% | -1.8\% | -4.5\% | -4.8\% | 0.7\% | -5.2\% | -3.5\% |
| Marketing \& general | 603 | 129 | 160 | 164 | 187 | 640 | 177 | 168 | 180 | 172 | 697 | 144 | 134 | 159 | 158 | 595 |
| QoQ Change |  | -11.0\% | 24.0\% | 2.5\% | 14.0\% |  | -5.3\% | -5.1\% | 7.1\% | -4.4\% |  | -16.3\% | -6.9\% | 18.7\% | -0.6\% |  |
| YoY Change | 7.1\% | -15.7\% | 4.6\% | 7.9\% | 29.0\% | 6.1\% | 37.2\% | 5.0\% | 9.8\% | -8.0\% | 8.9\% | -18.6\% | -20.2\% | -11.7\% | -8.1\% | -14.6\% |
| Services and maintenance by sub-contractors Qou Change | 137 | $\begin{array}{r} 34 \\ 41.7 \% \end{array}$ | $\begin{array}{r} 55 \\ 61.8 \% \end{array}$ | $\begin{array}{r} 52 \\ -5.5 \% \end{array}$ | $\begin{array}{r} 58 \\ 11.5 \% \end{array}$ | 199 | $\begin{gathered} 63 \\ 8.6 \% \end{gathered}$ | $\begin{array}{r} 61 \\ -3.2 \% \end{array}$ | $\begin{array}{r} 68 \\ 11.5 \% \end{array}$ | $\begin{array}{r} 69 \\ \\ \hline 1.5 \% \end{array}$ | 261 | $\begin{array}{r} 67 \\ -2.9 \% \end{array}$ | $\begin{gathered} 64 \\ -4.5 \% \end{gathered}$ | $\begin{array}{r} 67 \\ 4.7 \% \end{array}$ | $\begin{array}{r} 62 \\ -7.5 \% \end{array}$ | 260 |
| YoY Change | -15.4\% | -15.0\% | 44.7\% | 48.6\% | 141.7\% | 45.3\% | 85.3\% | 10.9\% | 30.8\% | 19.0\% | 31.2\% | 6.3\% | 4.9\% | -1.5\% | -10.1\% | -0.4\% |
| Vehicle maintenance | 154 | $\begin{array}{r} 35 \\ -10.3 \% \end{array}$ | $41$ | $47$ | 44 $-6.4 \%$ | 167 | 42 $-4.5 \%$ | $\begin{array}{r} 39 \\ -7910 \end{array}$ | 42 $7.7 \%$ | 41 $-2.4 \%$ | 164 | $42$ | $\begin{array}{r} 39 \\ -710 \end{array}$ | $38$ | 37 $-2.6 \%$ | 156 |
| Yoy Change | 1.3\% | -5.4\% | 2.5\% | 23.7\% | 12.8\% | 8.4\% | 20.0\% | -4.9\% | -10.6\% | -6.8\% | -1.8\% | 0.0\% | 0.0\% | -9.5\% | -9.8\% | -4.9\% |
| Contentco <br>  <br> $\begin{array}{c}\text { QoQ Change } \\ \text { YoY Change }\end{array}$ | 58 | 13 | 144 | 147 | 154 | 458 | 154 | 147 | 165 | 163 | 629 | 161 | 162 | 158 | 155 | 636 |
|  |  | 0.0\% | NM | 2.1\% | 4.8\% |  | 0.0\% | -4.5\% | 12.2\% | -1.2\% |  | -1.2\% | 0.6\% | -2.5\% | -1.9\% |  |
|  | -10.8\% | -13.3\% | $N / M$ | N/M | N/M | 689.7\% | N/M | 2.1\% | 12.2\% | N/M | 37.3\% | 4.5\% | 10.2\% | -4.2\% | -4.9\% | 1.1\% |

(1) The Bezeq Group's financial data includes yes balance sheet data as of Q1 2015 and income statement and cash flow data as of Q2 2015 .

| $\underbrace{}_{\text {Bezeq }}$ (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Bezeq Group (cont'd) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Key Cash Flow Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 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\% |
| Working Capital |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 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) |
| Total changes in assets and liabilities | 482 | 54 | (110) | 82 | 124 | 150 | 4 | (59) | (36) | 92 | 1 | (65) | (2) | 165 | 18 | 116 |
| 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 |


| Bezeq (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \\ \hline \end{gathered}$ |
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| Bezeq Group (cont'd) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Balance Sheet |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 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 |
| Total current assets |  |  |  |  |  | 3,759 | 4,241 | 4,622 | 4,160 | 3,559 | 3,559 | 3,792 | 4,372 | 4,951 | 4,823 | 4,823 |
| 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 |
| Total non-current assets |  |  |  |  |  | 12,920 | 12,792 | 12,665 | 12,543 | 12,388 | 12,388 | 12,342 | 12,246 | 12,191 | 12,026 | 12,026 |
| Total assets |  |  |  |  |  | 16,679 | 17,033 | 17,287 | 16,703 | 15,947 | 15,947 | 16,134 | 16,618 | 17,142 | 16,849 | 16,849 |
| 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 | - | - |
| Total current liabilities |  |  |  |  |  |  | 5,212 | 4,830 | 4,943 | 3,966 | 3,966 | 3,806 | 3,075 | 3,533 | 3,857 | 3,857 |
| 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 |
| Total non-current liabilities |  |  |  |  |  | 9,363 | 9,128 | 10,158 | 9,733 | 9,778 | 9,778 | 9,769 | 11,218 | 11,682 | 10,848 | 10,848 |
| Total equity |  |  |  |  |  | 2,411 | 2,693 | 2,299 | 2,027 | 2,203 | 2,203 | 2,559 | 2,325 | 1,927 | 2,144 | 2,144 |
| Total debt | 10,087 | 11,912 | 11,368 | 11,077 | 10,713 | 10,713 | 10,605 | 11,504 | 11,246 | 10,953 | 10,953 | 10,703 | 11,519 | 11,533 | 11,861 | 11,861 |
| Net debt | 7,204 | 8,203 | 9,543 | 8,921 | 9,396 | 9,396 | 8,828 | 9,254 | 9,400 | 9,719 | 9,719 | 9,333 | 9,646 | 8,968 | 9,391 | 9,391 |
| Net debt / EBITDA (ttm) | 1.60 | 1.84 | 2.30 | 2.09 | 2.21 | 2.21 | 2.04 | 2.24 | 2.31 | 2.39 | 2.39 | 2.32 | 2.43 | 2.29 | 2.46 | 2.46 |
| Ratios |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 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\% |



Net profit does not include share in profits/losses of equity-accounted investees.

| 8 Bezeq (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \\ \hline \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Bezeq Fixed-Line (cont'd) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating \& general expenses |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total general \& operating expenses | 777 | 180 | 176 | 186 | 179 | 721 | 172 | 170 | 183 | 180 | 705 | 165 | 166 | 183 | 163 | 677 |
| 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\% |
| Maintenance of buildings and sites | 217 | 51 | 47 | 54 | 50 | 202 | 49 | 46 | 49 | 45 | 189 | 47 | 45 | 49 | 44 | 185 |
| 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\% |  |
| Interconnect \& payments to telecom operators | -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\% |
|  | 161 | 38 | 37 | 35 | 35 | 145 | 34 | 33 | 34 | 29 | 130 | 31 | 29 | 31 | 27 | 118 |
| 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\% |  |
| Marketing \& general 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\% |
|  | 213 | 47 | 48 | 49 | 44 | 188 | 43 | 44 | 55 | 53 | 195 | 42 | 44 | 54 | 48 | 188 |
| 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\% |  |
| Terminal equipment \& materials $\quad$ 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\% |
|  | 49 | 11 | 11 | 10 | 16 | 48 | 12 | 12 | 11 | 12 | 47 | 10 | 12 | 12 | 10 | 44 |
| 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\% |
| Services and maintenance by sub-contractors | 61 | 16 | 14 | 17 | 13 | 60 | 17 | 17 | 16 | 22 | 72 | 17 | 19 | 19 | 18 | 73 |
| 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\% |  |
| Vehicle maintenance $\quad$ 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\% |
|  | 76 | 17 | 19 | 21 | 21 | 78 | 17 | 18 | 18 | 19 | 72 | 18 | 17 | 18 | 16 | 69 |
|  |  | -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\% |
| Ratios |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating margin | 45.9\% | 49.1\% | 59.9\% | 46.5\% | 39.2\% | 48.7\% | 48.2\% | 49.1\% | 47.7\% | 44.5\% | 47.4\% | 47.6\% | 46.9\% | 46.4\% | 44.9\% | 46.4\% |
| Net margin | 25.5\% | 31.1\% | 34.6\% | 23.3\% | 31.3\% | 30.0\% | 29.5\% | 29.6\% | 31.5\% | 21.7\% | 28.1\% | 29.6\% | 30.0\% | 26.0\% | 24.8\% | 27.6\% |
| EBITDA margin | 61.8\% | 65.0\% | 76.2\% | 63.2\% | 56.3\% | 65.2\% | 64.7\% | 65.9\% | 64.9\% | 59.3\% | 63.7\% | 64.3\% | 63.6\% | 63.9\% | 62.6\% | 63.6\% |
| Capex/Sales | 19.0\% | 20.8\% | 17.3\% | 20.9\% | 18.1\% | 19.3\% | 17.5\% | 20.6\% | 19.0\% | 18.9\% | 19.0\% | 19.5\% | 20.7\% | 16.0\% | 21.6\% | 19.4\% |


| Bezeq (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \\ \hline \end{gathered}$ |
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| Pelephone |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Key Income Statement Metrics (Revenues) |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Revenues QoQ Change | 3,419 | 727 | 721 | 729 | 713 | 2,890 | 671 | 658 | 649 | 652 | 2,630 | 628 | 632 | 635 | 651 | 2,546 |
| QoQ Change |  | -12.9\% | -0.8\% | 1.1\% | -2.2\% |  | -5.9\% | -1.9\% | -1.4\% | 0.5\% |  | -3.7\% | 0.6\% | 0.5\% | 2.5\% |  |
| Service Revenues YoY Change | -10.2\% | -20.7\% | -14.5\% | -11.5\% | -14.6\% | -15.5\% | -7.7\% | -8.7\% | -11.0\% | -8.6\% | -9.0\% | -6.4\% | -4.0\% | -2.2\% | -0.2\% | -3.2\% |
|  | 2,453 | 499 | 502 | 521 | 477 | 1,999 | 455 | 456 | 468 | 439 | 1,818 | 435 | 449 | 461 | 437 | 1,782 |
| QoQ Change |  | -14.6\% | 0.6\% | 3.8\% | -8.4\% |  | -4.6\% | 0.2\% | 2.6\% | -6.2\% |  | -0.9\% | 3.2\% | 2.7\% | -5.2\% |  |
| Equipment Revenues $\quad$ YoY Change | -12.6\% | -21.7\% | -19.3\% | -14.6\% | -18.3\% | -18.5\% | -8.8\% | -9.2\% | -10.2\% | -8.0\% | -9.1\% | -4.4\% | -1.5\% | -1.5\% | -0.5\% | -2.0\% |
|  | 966 | 228 | 219 | 208 | 236 | 891 | 216 | 202 | 181 | 213 | 812 | 193 | 183 | 174 | 214 | 764 |
|  |  | y. $2 \%$ |  |  | .5\% |  | 8.5\% | -6.5\% | -70.4\% | 1.1\% |  | -4.4\% | -5.2\% | -4.9\% |  |  |
| YoY Change | -3.5\% | -18.6\% | -0.9\% | -2.8\% | -6.0\% | -7.8\% | -5.3\% | -7.8\% | -13.0\% | -9.7\% | -8.9\% | -10.6\% | -9.4\% | -3.9\% | 0.5\% | -5.9\% |
| Revenues from Private Customers | 1,930 | N/A | N/A | N/A | N/A | 1,750 | N/A | N/A | N/A | N/A | 1,616 | N/A | N/A | N/A | N/A | 1,541 |
| Revenues from Business Customers <br> \% total revenues | 1,490 | N/A | N/A | N/A | N/A | 1,140 | N/A | $N / A$ | $N / A$ | N/A | 1,015 | N/A | N/A | N/A | N/A | 60.5\% $\mathbf{1 , 0 0 5}$ |
|  | 43.6\% |  |  |  |  | 34.4\% | NA | NA | NA | NA | 30.6\% | NA | $N / A$ | N/A | NA | 1,005 |
| Key Income Statement Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of sales | 2,537 | 607 | 588 | 586 | 602 | 2,383 | 579 | 560 | 536 | 573 | 2,248 | 553 | 529 | 534 | 555 | 2,171 |
| QoQ Change |  | -5.6\% | -3.1\% | -0.3\% | 2.7\% |  | -3.8\% | -3.3\% | -4.3\% | 6.9\% |  | -3.5\% | -4.3\% | 0.9\% | 3.9\% |  |
| YoY Change | -6.4\% | -10.9\% | -3.9\% | -2.5\% | -6.4\% | -6.1\% | -4.6\% | -4.8\% | -8.5\% | -4.8\% | -5.7\% | -4.5\% | -5.5\% | -0.4\% | -3.1\% | -3.4\% |
| Gross profit | 882 | 120 | 133 | 143 | 111 | 507 | 92 | 98 | 113 | 79 | 382 | 75 | 103 | 101 | 96 | 375 |
| UOQ Change |  | -37.5\% | 10.8\% | 7.5\% | $-22.4 \%$ |  | -17.1\% | 6.5\% | 15.3\% | -30.1\% |  | -5.1\% | 37.3\% |  | $-5.0 \%$ |  |
| Sales \& marketing expenses YoY Change | -19.7\% | -49.2\% | -42.4\% | -35.9\% | -42.2\% | -42.5\% | -23.3\% | -26.3\% | -21.0\% | -28.8\% | -24.7\% | -18.5\% | 5.1\% | -10.6\% | 21.5\% | -1.8\% |
|  | 309 | 63 | 57 | 59 | 68 | 247 | 66 | 68 | 65 | 61 | 260 | 48 | 51 | 58 | 58 | 215 |
| QoQ Change |  | -14.9\% | -9.5\% | 3.5\% | 15.3\% |  | -2.9\% | 3.0\% | -4.4\% | -6.2\% |  | -21.3\% | 6.3\% | 13.7\% | 0.0\% |  |
| General \& administrative expenses YoY Change | -3.4\% | -24.1\% | -25.0\% | -22.4\% | -8.1\% | -20.1\% | 4.8\% | 19.3\% | 10.2\% | -10.3\% | 5.3\% | -27.3\% | -25.0\% | -10.8\% | -4.9\% | -17.3\% |
|  | 106 | 25 | 23 | 23 | 27 | 98 | 25 | 22 | 21 | 21 | 89 | 22 | 22 | 21 | 23 | 88 |
| QoQ Change |  | -3.8\% | -8.0\% | 0.0\% | 17.4\% |  | -7.4\% | -12.0\% | -4.5\% | 0.0\% |  | 4.8\% | 0.0\% | -4.5\% | 9.5\% |  |
| Other operating expenses YoY Change | -2.8\% | -7.4\% | -17.9\% | -8.0\% | 3.8\% | -7.5\% | 0.0\% | -4.3\% | -8.7\% | -22.2\% | -9.2\% | -12.0\% | 0.0\% | 0.0\% | 9.5\% | -1.1\% |
|  | 18 | - | - | - | 5 | 5 | - | - | - | 1 | 1 | - | - | - |  | - |
| Salaries (included in oper. exps) YoY Change | -70.5\% |  |  |  |  | -72.2\% | 96 | 94 | 94 |  | $-80.0 \%$ 378 | 98 | 94 |  |  | N/M 384 |
| YoY Change | -5.0\% | -11.9\% | -6.8\% | -10.0\% | -5.7\% | -8.6\% | 0.0\% | -2.1\% | 4.4\% | -5.1\% | -0.8\% | 2.1\% | 0.0\% | 0.0\% | 4.3\% | 1.6\% |
| Depreciation \& amortization (included in oper. exps) | 430 | 104 | 106 | 109 | 100 | 419 | 104 | 95 | 92 | 89 | 380 | 94 | 99 | 100 | 90 | 383 |
| QoQ Change |  | -6.3\% | 1.9\% | 2.8\% | -8.3\% |  | 4.0\% | -8.7\% | -3.2\% | -3.3\% |  | 5.6\% | 5.3\% | 1.0\% | -10.0\% |  |
| Operating profit YoY Change | -6.1\% | -1.9\% | 1.0\% | 0.9\% | -9.9\% | -2.6\% | 0.0\% | -10.4\% | -15.6\% | -11.0\% | -9.3\% | -9.6\% | 4.2\% | 8.7\% | 1.1\% | 0.8\% |
|  | 449 | 32 | 53 | 61 | 11 | 157 | 1 | 8 | 27 | (4) | 32 | 5 | 30 | 22 | 15 | 72 |
| QoQ Change |  | -56.8\% | 65.6\% | 15.1\% | -82.0\% |  | -90.9\% | 700.0\% | 237.5\% | -114.8\% |  | N/M | 500.0\% | -26.7\% | -31.8\% |  |
| Net profit YoY Change | -26.2\% | -74.6\% | -58.3\% | -50.0\% | -85.1\% | -65.0\% | -96.9\% | -84.9\% | -55.7\% | -136.4\% | -79.6\% | 400.0\% | 275.0\% | -18.5\% | -475.0\% | 125.0\% |
|  | 373 | 36 | 49 | 55 | 11 | 151 | 13 | 13 | 32 | 3 | 61 | 16 | 34 | 24 | 21 | 95 |
| QoQ Change |  | -39.0\% | 36.1\% | 12.2\% | -80.0\% |  | 18.2\% | 0.0\% | 146.2\% | -90.6\% |  | 433.3\% | 112.5\% | -29.4\% | -12.5\% |  |
| EBITDA Yoy Change | -28.4\% | -66.7\% | -53.8\% | -45.0\% | -81.4\% | -59.5\% | -63.9\% | -73.5\% | -41.8\% | -72.7\% | -59.6\% | 23.1\% | 161.5\% | -25.0\% | 600.0\% | 55.7\% |
|  | 879 | 136 | 159 | 170 | 111 | 576 | 105 | 103 | 119 | 85 | 412 | 99 | 129 | 122 | 105 | 455 |
| QoQ Change |  | -26.1\% | 16.9\% | 6.9\% | -34.7\% |  | -5.4\% | -1.9\% | 15.5\% | -28.6\% |  | 16.5\% | 30.3\% | -5.4\% | -13.9\% |  |
| YoY Change | -17.5\% | -41.4\% | -31.5\% | -26.4\% | -39.7\% | -34.5\% | -22.8\% | -35.2\% | -30.0\% | -23.4\% | -28.5\% | -5.7\% | 25.2\% | 2.5\% | 23.5\% | 10.4\% |
| Key Cash Flow Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating cash flow | 1,213 | 351 | 202 | 163 | 14 | 730 | 185 | 180 | 152 | 65 | 582 | 117 | 193 | 209 | 86 | 605 |
| QoQ Change |  | 122.2\% | -42.5\% | -19.3\% | -91.4\% |  | 1221.4\% | -2.7\% | -15.6\% | -57.2\% |  | 80.0\% | 65.0\% | 8.3\% | -58.9\% |  |
| Capital expenditures, gross (cash flow) ${ }^{\text {YoY Change }}$ | -23.8\% | 0.6\% | -51.9\% | -43.0\% | -91.1\% | -39.8\% | -47.3\% | -10.9\% | -6.7\% | 364.3\% | -20.3\% | -36.8\% | 7.2\% | 37.5\% | 32.3\% | 4.0\% |
|  | 329 | 73 | 199 | 91 | 65 | 428 | 52 | 63 | 64 | 64 | 243 | 73 | 82 | 78 | 77 | 310 |
| QoQ Change |  | -11.0\% | 172.6\% | -54.3\% | -28.6\% |  | -20.0\% | 21.2\% | 1.6\% | 0.0\% |  | 14.1\% | 12.3\% | -4.9\% | -1.3\% |  |
| Capital expenditures, net (cash flow) Yoy Change | 2.8\% | 0.0\% | 121.1\% | 8.3\% | -20.7\% | 30.1\% | -28.8\% | -68.3\% | -29.7\% | -1.5\% | -43.2\% | 40.4\% | 30.2\% | 21.9\% | 20.3\% | 27.6\% |
|  | 321 | 72 | 199 | 90 | 65 | 426 | 51 | 63 | 64 | 63 | 241 | 73 | 82 | 78 | 76 | 309 |
| QoQ Change |  | -10.0\% | 176.4\% | -54.8\% | -27.8\% |  | -21.5\% | 23.5\% | 1.6\% | -1.6\% |  | 15.9\% | 12.3\% | -4.9\% | -2.6\% |  |
| Free cash flow YoY Change | 1.9\% | -1.4\% | 134.1\% | 8.4\% | -18.8\% | 32.7\% | -29.2\% | -68.3\% | -28.9\% | -3.1\% | -43.4\% | 43.1\% | 30.2\% | 21.9\% | 20.6\% | 28.2\% |
|  | 892 | 279 | 3 | 73 | -51 | 304 | 134 | 117 | 88 | 2 | 341 | 44 | 111 | 131 | 10 | 296 |
| QoQ Change |  | 257.7\% | -98.9\% | 2333.3\% | NM |  | NM | -12.7\% | -24.8\% | -97.7\% |  | 2100.0\% | 152.3\% | 18.0\% | -92.4\% |  |
| YoY Change | -30.1\% | 1.1\% | -99.1\% | -64.0\% | N/M | -65.9\% | -52.0\% | 3800.0\% | 20.5\% | -103.9\% | 12.2\% | -67.2\% | -5.1\% | 48.9\% | 400.0\% | -13.2\% |
| Ratios |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit margin | 25.8\% | 16.5\% | 18.4\% | 19.6\% | 15.6\% | 17.5\% | 13.7\% | 14.9\% | 17.4\% | 12.1\% | 14.5\% | 11.9\% | 16.3\% | 15.9\% | 14.7\% | 14.7\% |
| Operating margin | 13.1\% | 4.4\% | 7.4\% | 8.4\% | 1.5\% | 5.4\% | 0.1\% | 1.2\% | 4.2\% | -0.6\% | 1.2\% | 0.8\% | 4.7\% | 3.5\% | 2.3\% | 2.8\% |
| Net margin | 10.9\% | 5.0\% | 6.8\% | 7.5\% | 1.5\% | 5.2\% | 1.9\% | 2.0\% | 4.9\% | 0.5\% | 2.3\% | 2.5\% | 5.4\% | 3.8\% | 3.2\% | 3.7\% |
| EBITDA margin | 25.7\% | 18.7\% | 22.1\% | 23.3\% | 15.6\% | 19.9\% | 15.6\% | 15.7\% | 18.3\% | 13.0\% | 15.7\% | 15.8\% | 20.4\% | 19.2\% | 16.1\% | 17.9\% |
| Capex/Sales | 9.6\% | 10.0\% | 27.6\% | 12.5\% | 9.1\% | 14.8\% | 7.7\% | 9.6\% | 9.9\% | 9.8\% | 9.2\% | 11.6\% | 13.0\% | 12.3\% | 11.8\% | 12.2\% |


| 8 Bezeq (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Bezeq International |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Key Income Statement Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total Revenues QoQ Change | 1,504 | -1.5\% | 391 | $389$ | 405 | 1,578 | 395 | 377 | 384 $1.9 \%$ | 392 | 1,548 | 384 | 407 | 367 $-9.8 \%$ | 379 | 1,537 |
| QoQ Change YoY Change | 5.0\% | $\begin{gathered} -1.5 \% \\ 10.7 \% \\ \hline \end{gathered}$ | $\begin{gathered} -0.5 \% \\ 7.1 \% \\ \hline \end{gathered}$ | $\begin{array}{r} -0.5 \% \\ 1.0 \% \\ \hline \end{array}$ | $\begin{aligned} & 4.1 \% \\ & 1.5 \% \end{aligned}$ | 4.9\% | $\begin{gathered} -2.5 \% \\ 0.5 \% \\ \hline \end{gathered}$ | $-4.6 \%$ $-3.6 \%$ | 1.9\% $-1.3 \%$ | $\begin{array}{r} 2.1 \% \\ -3.2 \% \\ \hline \end{array}$ | -1.9\% | $-2.0 \%$ $-2.8 \%$ | 6.0\% $8.0 \%$ | $-9.8 \%$ $-4.4 \%$ | 3.3\% 3.3\% |  |
| Revenues from ILD services | 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 |  |
| Revenues from Internet, Data \& ICT services <br> \% of total revenues | $1,109$ | N/A | N/A | N/A | N/A | $\mathbf{1 , 1 9 9}$ | N/A | $N / A$ | N/A | N/A | $\mathbf{1 , 2 2 3}$ | N/A | N/A | N/A | N/A | $\mathbf{1 , 2 6 9}$ |
| Revenues from Private Customers | 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 | $\begin{aligned} & \hline 563 \\ & \hline 36.6 \% \\ & 974 \\ & 63.4 \% \\ & \hline \end{aligned}$ |
| Revenues from Business Customers | 35.2\% 975 |  |  |  |  | 35.2\% $\mathbf{1 , 0 2 3}$ |  |  |  |  | $978$ |  |  |  |  |  |
| Revenes \% of total revenues | 64.8\% | $N / A$ | $N / A$ | $N / A$ | $N / A$ | 64.8\% | N/A | $N / A$ | $N / A$ | $N / A$ |  | N/A | $N / A$ | $N / A$ | N/A |  |
| Key Income Statement Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Cost of sales | 951 | 251 | 250 | 251 | 263 | 1,015 | 258 | 246 | $\begin{aligned} & 256 \\ & 4.1 \% \end{aligned}$ | 255 | 1,015 | 258 | 288 | 253 | 259 | 1,058 |
| QoQ Change |  | -3.1\% |  | 0.4\% | 4.8\% |  | -1.9\% | -4.7\% |  | -0.4\% |  | 1.2\% | 11.6\% | -12.2\% | 2.4\% |  |
| Gross profit | 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\% |
|  | 553 | 142 | 141 | 138 | 142 | 563 | $\begin{gathered} 137 \\ -3.5 \% \end{gathered}$ | $\begin{gathered} 131 \\ -4.4 \% \end{gathered}$ | 128 | 137 | 533 | $\begin{gathered} 126 \\ -8.0 \% \end{gathered}$ | 119 | 114 | 120 | 479 |
| QoQ Change |  | 1.4\% | -0.7\% | $\begin{aligned} & -2.1 \% \\ & -0.7 \% \end{aligned}$ | $\begin{aligned} & 2.9 \% \\ & 1.4 \% \end{aligned}$ |  |  |  | -2.3\% | 7.0\% |  |  | -5.6\% | -4.2\% | 5.3\% |  |
| Sales \& marketing expenses YoY Change | -0.2\% | 3.6\% | 2.9\% |  |  | $\begin{aligned} & 1.8 \% \\ & 209 \end{aligned}$ | -3.5\% | -7.1\% | -7.2\% | -3.5\% | 221 | -8.0\% | -9.2\% | -10.9\% | -12.4\% | $-10.1 \%$187 |
|  | 209 | 53 | 53 | 49 | 54 |  | 57 | 56 | 55 | 53 |  | 48 | 46 | 48 | 45 |  |
| 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\% | -15.4\% |
| General \& administrative expenses 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\% |  |
|  | 112 | 28 | 28 | 29 | 31 | 116 | 29 | 28 | 28 | 33 | 118 | 29 | 27 | 28 | 31 | 115 |
| QoQ Change |  | $3.7 \%$$-3.4 \%$- | 0.0\% | 3.6\% | 6.9\% |  | -6.5\% | -3.4\% | 0.0\% | 17.9\% |  | -12.1\% | -6.9\% | 3.7\% | $10.7 \%$$-6.1 \%$3 |  |
| Other operating expenses (income) YoY Change | $\stackrel{-5.9 \%}{-}$ |  | $-6.7 \%$(2) | $\begin{array}{r} 11.5 \% \\ 1 \end{array}$ | 14.8\% <br> (1) | $\begin{gathered} 3.6 \% \\ (2) \end{gathered}$ | $\begin{gathered} 3.6 \% \\ 14 \end{gathered}$ | $0.0 \%$ | $-3.4 \%$ | $\begin{array}{r} 6.5 \% \\ 4 \end{array}$ | $\begin{array}{r} 1.7 \% \\ 18 \end{array}$ | $0.0 \%$ | $\begin{array}{r} -3.6 \% \\ \mathbf{1} \end{array}$ | $0.0 \%$(1) |  | $\begin{array}{r} -2.5 \% \\ \mathbf{3} \end{array}$ |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Salaries (included in oper. exps) | 298 | 77 | $\begin{array}{r} 74 \\ -3.9 \% \end{array}$ | $\begin{gathered} 75 \\ 1.4 \% \end{gathered}$ | $\begin{gathered} 77 \\ 2.7 \% \end{gathered}$ | 303 | $\begin{gathered} 83 \\ 7.8 \% \end{gathered}$ | 82 | 83 | 82 | 330 | 84 | 81 | $81 \quad 78$ |  |  |
| QoQ Change |  | 2.7\% |  |  |  |  |  | -1.2\% | 1.2\% | -1.2\% |  | 2.4\% | -3.6\% | 0.0\% | -3.7\% |  |
| Depreciation \& amortization (included in oper. exps) $\begin{gathered}\text { YoY Chatge }\end{gathered}$ | $\begin{aligned} & 3.8 \% \\ & 130 \end{aligned}$ | 2.7\% | 1.4\% | $\begin{gathered} 0.0 \% \\ 33 \end{gathered}$ | $\begin{gathered} 2.7 \% \\ 35 \end{gathered}$ | $\begin{aligned} & 1.7 \% \\ & 132 \end{aligned}$ | 7.8\% | 10.8\% | 10.7\% | 6.5\% | 8.9\% | 1.2\% | -1.2\% | -2.4\% | -4.9\% | -1.8\% |
|  |  | 32 | 32 |  |  |  | 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\% |
| Operating profit | 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\% |
| Net profit | 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\% |
| EBITDA | 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\% |
| Key Cash Flow Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating cash flow | 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\% |
| Capital expenditures, gross (cash flow) | 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\% |
| Capital expenditures, net (cash flow) | 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\% |
| Free cash flow | 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\% |
| Ratios |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit margin | 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\% |
| Operating margin | 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\% |
| Net margin | 11.0\% | 11.2\% | 11.5\% | 10.5\% | 10.4\% | 10.9\% | 6.6\% | 8.8\% | 8.6\% | 8.4\% | 8.1\% | 9.4\% | 8.1\% | 7.4\% | 8.2\% | 8.3\% |
| EBITDA margin | 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\% |
| Capex/Sales | 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\% |


| Bezeq (NIS millions, except for EPS) | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \\ \hline \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| yes |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Key Income Statement Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Revenues | 1,724 | 440 | 439 | 446 | 449 | 1,774 | 439 | 434 | 434 | 438 | 1,745 | 424 | 416 | 406 | 404 | 1,650 |
| QoQ Change |  | 0.0\% | -0.2\% | 1.6\% | 0.7\% |  | -2.2\% | -1.1\% | 0.0\% | 0.9\% |  | -3.2\% | -1.9\% | -2.4\% | -0.5\% |  |
| Yoy Change | 5.4\% | 3.8\% | 2.6\% | 3.2\% | 2.0\% | 2.9\% | -0.2\% | -1.1\% | -2.7\% | -2.4\% | -1.6\% | -3.4\% | -4.1\% | -6.5\% | -7.8\% | -5.4\% |
| Cost of sales | 1,203 | 320 | 313 | 314 | 342 | 1,289 | 321 | 312 | 314 | 314 | 1,261 | 315 | 313 | 312 | 320 | 1,260 |
| QoQ Change |  | 1.9\% | -2.2\% | 0.3\% | 8.9\% |  | -6.1\% | -2.8\% | 0.6\% | 0.0\% |  | 0.3\% | -0.6\% | -0.3\% | 2.6\% |  |
| Gross profit YoY Change | 6.5\% | 9.6\% | 5.4\% | 4.7\% | 8.9\% | 7.1\% | 0.3\% | -0.3\% | 0.0\% | -8.2\% | -2.2\% | -1.9\% | 0.3\% | -0.6\% | 1.9\% | -0.1\% |
|  | 521 | 120 | 126 | 132 | 107 | 485 | 118 | 122 | 120 | 124 | 484 | 109 | 103 | 94 | 84 | 390 |
| QoQ Change |  | -4.8\% | 5.0\% | 4.8\% | -18.9\% |  | 10.3\% | 3.4\% | -1.6\% | 3.3\% |  | -12.1\% | -5.5\% | -8.7\% | -10.6\% |  |
| Sales \& marketing expenses YoY Change | 3.2\% | -9.1\% | -3.1\% | -0.8\% | -15.1\% | -6.9\% | -1.7\% | -3.2\% | -9.1\% | 15.9\% | -0.2\% | -7.6\% | -15.6\% | -21.7\% | -32.3\% | -19.4\% |
|  | 154 | 36 | 35 | 37 | 32 | 140 | 38 | 24 | 35 | 31 | 128 | 35 | 29 | 34 | 33 | 131 |
| QoQ Change |  | -10.0\% | -2.8\% | 5.7\% | -13.5\% |  | 18.8\% | -36.8\% | 45.8\% | -11.4\% |  | 12.9\% | -17.1\% | 17.2\% | -2.9\% |  |
| General \& administrative expenses YoY Change | 0.2\% | -10.0\% | -12.5\% | 8.8\% | -20.0\% | -9.1\% | 5.6\% | -31.4\% | -5.4\% | -3.1\% | -8.6\% | -7.9\% | 20.8\% | -2.9\% | 6.5\% | 2.3\% |
|  | 94 | 25 | 21 | 21 | 28 | 95 | 23 | 21 | 23 | 25 | 92 | 22 | 25 | 25 | 24 | 96 |
| QoQ Change |  | -10.7\% | -16.0\% | 0.0\% | 33.3\% |  | -17.9\% | -8.7\% | 9.5\% | 8.7\% |  | -12.0\% | 13.6\% | 0.0\% | -4.0\% |  |
| Salaries (included in oper. exps) YoY Change | 11.9\% | 25.0\% | -8.7\% | -8.7\% | 0.0\% | 1.1\% | -8.0\% | 0.0\% | 9.5\% | -10.7\% | -3.2\% | -4.3\% | 19.0\% | 8.7\% | -4.0\% | 4.3\% |
|  | 267 | 69 | 62 | 69 | 70 | 270 | 61 | 60 | 64 | 64 | 249 | 59 | 59 | 62 | 66 | 246 |
| QoQ Change |  | -1.4\% | -10.1\% | 11.3\% | 1.4\% |  | -12.9\% | -1.6\% | 6.7\% | 0.0\% |  | -7.8\% | 0.0\% | 5.1\% | 6.5\% |  |
| Depreciation \& amortization (included in oper. exps) |  | 11.3\% | -8.8\% | 3.0\% | 0.0\% | 1.1\% | -11.6\% | -3.2\% | -7.2\% | -8.6\% | -7.8\% | -3.3\% | -1.7\% | -3.1\% | 3.1\% | -1.2\% |
|  | 297 | 76 | 80 | 78 | 88 | 322 | 76 | 74 | 75 | 71 | 296 | 70 | 71 | 72 | 72 | 285 |
| QoQ Change |  | -2.6\% | 5.3\% | -2.5\% | 12.8\% |  | -13.6\% | -2.6\% | 1.4\% | -5.3\% |  | -1.4\% | 1.4\% | 1.4\% | 0.0\% |  |
| Operating profit YoY Change | 13.0\% | 8.6\% | 8.1\% | 4.0\% | 12.8\% | 8.4\% | 0.0\% | -7.5\% | -3.8\% | -19.3\% | -8.1\% | -7.9\% | -4.1\% | -4.0\% | 1.4\% | -3.7\% |
|  | 273 | 59 | 70 | 74 | 47 | 250 | 57 | 77 | 62 | 68 | 264 | 52 | 49 | 35 | 27 | 163 |
| QoQ Change |  | 3.5\% | 18.6\% | 5.7\% | -36.5\% |  | 21.3\% | 35.1\% | -19.5\% | 9.7\% |  | -23.5\% | -5.8\% | -28.6\% | -22.9\% |  |
| Finance expenses, net YoY Change | 2.2\% | -19.2\% | 4.5\% | -2.6\% | -17.5\% | -8.4\% | -3.4\% | 10.0\% | -16.2\% | 44.7\% | 5.6\% | -8.8\% | -36.4\% | -43.5\% | -60.3\% | -38.3\% |
|  | 111 |  |  |  |  | 90 | 19 | 12 | 26 | 1 | 58 | 27 | 32 | (1) | 13 | 71 |
| QoQ Change |  | \#DIV0! | \#DIV/0! | \#DIV/0! | \#DIV/0! |  |  | -36.8\% | 116.7\% | -96.2\% |  | 2600.0\% | 18.5\% | N/M | -1400.0\% |  |
| Profit before finance exps to shareholders \& taxes | -31.1\% | \#DIV0! | \#DIV/0! | \#DIVIO! | \#DIV0! | -18.9\% |  |  |  |  | -35.6\% | 42.1\% | 166.7\% | $N / M$ | 1200.0\% | 22.4\% |
|  | 162 | 60 | 15 | 80 | 5 | 160 | 38 | 65 | 36 | 67 | 206 | 25 | 16 | 36 | 15 | 92 |
| QoQ Change |  | 76.5\% | -75.0\% | 433.3\% | -93.8\% |  | 660.0\% | 71.1\% | -44.6\% | 86.1\% |  | -62.7\% | -36.0\% | 125.0\% | -58.3\% |  |
| Net profit (loss) Yoy Change | 52.8\% | 9.1\% | -34.8\% | 60.0\% | -85.3\% |  | -36.7\% | 333.3\% | -55.0\% | 1240.0\% | 28.8\% | -34.2\% | -75.4\% | 0.0\% | -77.6\% | -55.3\% |
|  | (322) | (3) | (166) | (75) | (110) | (354) | (71) | (114) | (142) | 395 | 68 | 19 | (151) | (123) | 11 | (244) |
| QoQ Change |  | -96.6\% | 5433.3\% | -54.8\% | 46.7\% |  | -35.5\% | 60.6\% | 24.6\% | N/M |  | -95.2\% | N/M | -18.5\% | -108.9\% |  |
| EBITDA YoY Change | -15.4\% | -91.2\% | 44.3\% | -12.8\% | 26.4\% | 9.9\% | 2266.7\% | -31.3\% | 89.3\% | N/M | NM | $N / M$ | 32.5\% | -13.4\% | -97.2\% | $N / M$ |
|  | 570 | 135 | 150 | 152 | 135 | 572 | 133 | 151 | 137 | 139 | 560 | 122 | 120 | 107 | 99 | 448 |
| QoQ Change |  | 0.0\% | 11.1\% | 1.3\% | -11.2\% |  | -1.5\% | 13.5\% | -9.3\% | 1.5\% |  | -12.2\% | -1.6\% | -10.8\% | -7.5\% |  |
| YoY Change | 7.6\% | -5.6\% | 6.4\% | 0.7\% | 0.0\% | 0.4\% | -1.5\% | 0.7\% | -9.9\% | 3.0\% | -2.1\% | $-8.3 \%$ | -20.5\% | -21.9\% | -28.8\% | -20.0\% |
| Key Cash Flow Metrics |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Operating cash flow | 442 | 149 | 106 | 145 | 105 | 505 | 158 | 110 | 154 | 207 | 629 | 51 | 169 | 115 | 95 | 430 |
| QoQ Change |  | 22.1\% | -28.9\% | 36.8\% | -27.6\% |  | 50.5\% | -30.4\% | 40.0\% | 34.4\% |  | -75.4\% | 231.4\% | -32.0\% | -17.4\% |  |
| YoY Change | -10.1\% | 31.9\% | 0.0\% | 43.6\% | -13.9\% | 14.3\% | 6.0\% | 3.8\% | 6.2\% | 97.1\% | 24.6\% | -67.7\% | 53.6\% | -25.3\% | -54.1\% | -31.6\% |
| Capital expenditures, gross (cash flow) | 305 | 65 | 82 | 75 | 43 | 265 | 59 | 58 | 51 | 41 | 209 | 60 | 53 | 69 | 53 | 235 |
| QoQ Change |  | -31.6\% | 26.2\% | -8.5\% | -42.7\% |  | 37.2\% | -1.7\% | -12.1\% | -19.6\% |  | 46.3\% | -11.7\% | 30.2\% | -23.2\% |  |
| Capital expenditures, net (cash flow) Yoy Change | -5.6\% | -16.7\% | 20.6\% | 17.2\% | -54.7\% | -13.1\% | -9.2\% | -29.3\% | -32.0\% | -4.7\% | -21.1\% | 1.7\% | -8.6\% | 35.3\% | 29.3\% | 12.4\% |
|  | 305 | 65 | 82 | 75 | 43 | 265 | 59 | 58 | 50 | 41 | 208 | 60 | 52 | 69 | 53 | 234 |
| QoQ Change |  | -31.6\% | 26.2\% | -8.5\% | -42.7\% |  | 37.2\% | -1.7\% | -13.8\% | -18.0\% |  | 46.3\% | -13.3\% | 32.7\% | -23.2\% |  |
| Free cash flow YoY Change | -5.6\% | -16.7\% | 20.6\% | 17.2\% | -54.7\% | -13.1\% | -9.2\% | -29.3\% | -33.3\% | -4.7\% | -21.5\% | 1.7\% | -10.3\% | 38.0\% | 29.3\% | 12.5\% |
|  | 137 | 84 | 24 | 70 | 62 | 240 | 99 | 52 | 104 | 166 | 421 | (9) | 117 | 46 | 42 | 196 |
| QoQ Change |  | 211.1\% | -71.4\% | 191.7\% | -11.4\% |  | 59.7\% | -47.5\% | 100.0\% | 59.6\% |  | $N / M$ | N/M | -60.7\% | -8.7\% |  |
| Yoy Change | -17.8\% | 140.0\% | -36.8\% | 89.2\% | 129.6\% | 75.2\% | 17.9\% | 116.7\% | 48.6\% | 167.7\% | 75.4\% | $N M$ | 125.0\% | -55.8\% | -74.7\% | -53.4\% |
| Ratios |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Gross profit margin | 30.2\% | 27.3\% | 28.7\% | 29.6\% | 23.8\% | 27.3\% | 26.9\% | 28.1\% | 27.6\% | 28.3\% | 27.7\% | 25.7\% | 24.8\% | 23.2\% | 20.8\% | 23.6\% |
| Operating margin | 15.8\% | 13.4\% | 15.9\% | 16.6\% | 10.5\% | 14.1\% | 13.0\% | 17.7\% | 14.3\% | 15.5\% | 15.1\% | 12.3\% | 11.8\% | 8.6\% | 6.7\% | 9.9\% |
| Net margin | (18.7\%) | (0.7\%) | (37.8\%) | (16.8\%) | (24.5\%) | (20.0\%) | (16.2\%) | (26.3\%) | (32.7\%) | 90.2\% | 3.9\% | 4.5\% | (36.3\%) | (30.3\%) | 2.7\% | (14.8\%) |
| EBITDA margin | 33.1\% | 30.7\% | 34.2\% | 34.1\% | 30.1\% | 32.2\% | 30.3\% | 34.8\% | 31.6\% | 31.7\% | 32.1\% | 28.8\% | 28.8\% | 26.4\% | 24.5\% | 27.2\% |
| Capex/Sales | 17.7\% | 14.8\% | 18.7\% | 16.8\% | 9.6\% | 14.9\% | 13.4\% | 13.4\% | 11.8\% | 9.4\% | 12.0\% | 14.2\% | 12.7\% | 17.0\% | 13.1\% | 14.2\% |


| $8_{\text {Bezeq }}^{8}$ NIS Millions | $\begin{gathered} \text { FY } \\ 2013 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2014 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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) |
| Proft 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 |
| Total other operating expenses (income), net | (15) | (586) | (95) | 5 | (12) | (26) | 33 | 0 | (4) | (1) | (23) | 96 | 68 |

[^0]| $\underbrace{8}_{\text {Bezeq }}$ | $\begin{gathered} \text { FY } \\ 2007 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2008 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2009 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2010 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2011 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2012 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2013 \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2014 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2015 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2016 \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2016 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2016 \end{gathered}$ | $\begin{gathered} \text { Q1 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q2 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q3 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { Q4 } \\ 2017 \\ \hline \end{gathered}$ | $\begin{gathered} \text { FY } \\ 2017 \\ \hline \end{gathered}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Bezeq Fixed-Line |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Key Performance Indicators |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Total outgoing minutes (in millions) | 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\% |
| Total incoming minutes (in millions) | 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\% |
| Total access lines (in 000's) | 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) |
| Average revenue per line (ARPL) (in NIS) | 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\% |
| Churn rate (telephony) | 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\% |
| Broadband Internet lines (in 000's)- Total | 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\% |  |
| Yor 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 |
| Broadband Internet lines (in 000's)-Wholesale | - | - | - | - | - | - | - | - | 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\% |
| Broadband Internet lines (in 000's) - Retail | 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) |
| Broadband Internet ARPU (in NIS) - Retail | 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\% |
| Average broadband speed per subscriber (end of period, Mbps) | 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\% |
| Number of employees | 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\% |
| Market share - Internet | 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\% |
| Market share - telephony (private sector) | 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\% |
| Market share - telephony (business sector) | 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\% |

8

## Pelephone

| Key Performance Indicators |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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 |

Bezeq International

| Key Performance Indicators |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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\% |

yes

| Key Performance Indicators |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 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\% |  |
|  | Yo Y Change QoQ subscriber change (000's) |  | 2.0\% | 2.0\% | 1.2\% | 1.4\% | -1.4\% | 3.8\% | 5.0\% | 0.8\% | -0.5\% (6) | $\begin{array}{r} -2.0 \% \\ (6) \end{array}$ | $\begin{array}{r} -3.0 \% \\ (5) \end{array}$ | $\begin{array}{r} -3.3 \% \\ (4) \end{array}$ | $\begin{array}{r} -3.3 \% \\ (21) \end{array}$ | $\begin{array}{r} -3.3 \% \\ (6) \end{array}$ | $\begin{array}{r} -3.2 \% \\ (5) \end{array}$ | $\begin{array}{r} -3.4 \% \\ (6) \end{array}$ | $\begin{array}{r} -4.4 \% \\ (10) \end{array}$ | $\begin{array}{r} -4.4 \% \\ (27) \end{array}$ |
| ARPU (in NIS) | QoQ Change | 217 | 228 | 226 | 230 | 232 | 234 | 233 | 234 | 233 | $\begin{array}{r} 231 \\ -1.7 \% \end{array}$ | $231$ | $\begin{gathered} 233 \\ 0.9 \% \end{gathered}$ | $237$ | 233 | $\begin{array}{r} 232 \\ -2.1 \% \end{array}$ | $\begin{array}{r} 229 \\ -1.3 \% \end{array}$ | $\begin{array}{r} 226 \\ -1.3 \% \end{array}$ | $226$ | 228 |
|  | Yo Y 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 Yoy Cinange |  | $N / A$ | 1,999 | $\underset{8.0 \%}{2,158}$ | $2,229$ | $\underset{-0.1 \%}{2,227}$ | $2,276$ | $\underset{-3,0 \%}{2,208}$ | $2,042$ | $\underset{-2.8 \%}{1,984}$ | N/A | N/A | N/A | 1,753 | $\begin{gathered} 1,753 \\ -717.6 \% \end{gathered}$ | N/A | N/A | N/A | 1,680 | $1,680$ |
| 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

## Bezeq Group Dividends

| Dividend History |  |  |  |
| :---: | :---: | :--- | :--- |
| Dividend Distribution date | Total Amount (NIS m) | Dividend per share (NIS) | Dividend Type |
| May 10, 2018 | 368 | 0.13 | Semi-Annual Dividend (Pending Shareholder Approval) |
| 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 | Special Dividend (1 of 6) |  |
| May 19, 2011 | 1,163 | Semi-Annual Dividend |  |
| October 7, 2010 | 1,280 | Semi-Annual Dividend |  |
| May 3, 2010 | 2,453 | Semi-Annual Dividend |  |
| October 5, 2009 | 1,149 | Semi-Annual Dividend |  |
| May 24, 2009 | 792 | 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

Adjusted EBITDA
Free cash flow
Net capital expenditures

## = EBITDA excluding other operating income/expenses

$=$ Earnings Before Interest, Taxes, Depreciation \& Amortization ; ttm = trailing twelve months
= Operating cash flows less net capital expenditures
Purchase of property, plant \& equipment (PPE), plus investments in intangible assets, less proceeds from the sale of PPE
Average revenue per line
ARPL
ARPU
MOU
N/A
= Average revenue per user
$=$ Minutes of use
$=$ Not available
= Not meaningfu


[^0]:    * Includes profit from copper sales beginning Q1 2015

