



Bezeq Facts & Figures Q2 2014

Three months ending June 30, 2014

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(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Bezeq Group ⁽¹⁾																	
Key Income Statement Metrics																	
Revenues	11,136	11,015	11,519	11,987	11,373	2,740	2,595	2,494	2,449	10,278	2,405	2,351	2,398	2,409	9,563	2,311	2,250
QoQ Change						3.4%	-5.3%	-3.9%	-1.8%		-1.8%	-2.2%	2.0%	0.5%		-4.1%	-2.6%
YoY Change		-1.1%	4.6%	4.1%	-5.1%	-5.9%	-10.3%	-14.5%	-7.6%	-9.6%	-12.2%	-9.4%	-3.8%	-1.6%	-7.0%	-3.9%	-4.3%
Operating Profit	2,321	2,640	2,972	3,744	3,255	850	746	667	778	3,041	761	744	721	593	2,819	688	1,234
QoQ Change						19.5%	-12.2%	-10.6%	16.6%		-2.2%	-2.2%	-3.1%	-17.8%		16.0%	79.4%
YoY Change		13.7%	12.6%	26.0%	-13.1%	27.8%	-20.2%	-29.3%	9.4%	-6.6%	-10.5%	-0.3%	8.1%	-23.8%	-7.3%	-9.6%	65.9%
Net profit attributed to Bezeq shareholders	1,330	1,627	3,603	2,443	2,074	582	415	342	522	1,861	497	473	449	352	1,771	457	810
QoQ Change						9.4%	-28.7%	-17.6%	52.6%		-4.8%	-4.8%	-5.1%	-21.6%		29.8%	77.2%
YoY Change		22.3%	121.5%	-32.2%	-15.1%	43.0%	-29.1%	-37.8%	-1.9%	-10.3%	-14.6%	14.0%	31.3%	-32.6%	-4.8%	-8.0%	71.2%
Earnings Per Share - Basic	0.51	0.62	1.37	0.91	0.77	0.21	0.15	0.13	0.19	0.68	0.18	0.17	0.16	0.13	0.65	0.17	0.30
Earnings Per Share - Diluted	0.50	0.61	1.34	0.90	0.76	0.21	0.15	0.13	0.19	0.68	0.18	0.17	0.16	0.13	0.65	0.17	0.29
Depreciation & amortization	1,509	1,458	1,485	1,409	1,395	358	358	359	361	1,436	328	326	329	328	1,311	314	319
QoQ Change						0.8%	0.0%	0.3%	0.6%		-9.1%	-0.6%	0.9%	-0.3%		-4.3%	1.6%
YoY Change		-3.4%	1.9%	-5.1%	-1.0%	6.9%	2.9%	0.6%	1.7%	2.9%	-8.4%	-8.9%	-8.4%	-9.1%	-8.7%	-4.3%	-2.1%
Salaries	2,192	2,161	1,990	2,024	2,090	511	505	511	449	1,976	499	468	464	441	1,872	448	443
QoQ Change						6.9%	-1.2%	1.2%	-12.1%		11.1%	-6.2%	-0.9%	-5.0%		1.6%	-1.1%
YoY Change		-1.4%	-7.9%	1.7%	3.3%	-3.9%	-6.5%	-5.4%	-6.1%	-5.5%	-2.3%	-7.3%	-9.2%	-1.8%	-5.3%	-10.2%	-5.3%
Other operating expenses (income)	N/A	96	201	-216	139	-23	17	-6	-116	-128	-72	-18	-6	81	-15	-8	-568
QoQ Change						NM	NM	NM	NM		-37.9%	-75.0%	-66.7%	NM		NM	NM
YoY Change			109.4%	NM	NM	NM	NM	-94.3%	NM	NM	213.0%	NM	0.0%	NM	-88.3%	-88.9%	NM
Finance expenses (income), net	182	140	-31	109	212	-44	77	55	63	151	24	27	45	49	145	42	32
QoQ Change								-28.6%	14.5%		-61.9%	12.5%	66.7%	8.9%		-14.3%	-23.8%
YoY Change		-23.1%		94.5%			24.2%	-36.0%	43.2%	-28.8%	-154.5%	-64.9%	-18.2%	-22.2%	-4.0%	75.0%	18.5%
Share in losses of equity accounted investees	N/A	N/A	N/A	-261	-216	-58	-83	-92	-12	-245	-40	-67	-88	-57	-252	-19	-79
QoQ Change						346.2%	43.1%	10.8%	-87.0%		233.3%	67.5%	31.3%	-35.2%		-66.7%	315.8%
YoY Change				-17.2%		-10.8%	15.3%	39.4%	-7.7%	13.4%	-31.0%	-19.3%	-4.3%	375.0%	2.9%	-52.5%	17.9%
EBITDA	3,830	4,098	4,457	5,153	4,650	1,208	1,104	1,026	1,139	4,477	1,089	1,070	1,050	921	4,130	1,002	1,553
QoQ Change						13.3%	-8.6%	-7.1%	11.0%		-4.4%	-1.7%	-1.9%	-12.3%		8.8%	55.0%
YoY Change		7.0%	8.8%	15.6%	-9.8%	20.8%	-14.0%	-21.1%	6.8%	-3.7%	-9.9%	-3.1%	2.3%	-19.1%	-7.8%	-8.0%	45.1%
Shares Outstanding - Basic	2,605	2,605	2,635	2,675	2,714	2,715	2,718	2,721	2,725	2,720	2,725	2,725	2,726	2,729	2,726	2,731	2,734
Shares Outstanding - Diluted	2,641	2,649	2,685	2,717	2,725	2,727	2,724	2,725	2,726	2,726	2,726	2,729	2,743	2,749	2,741	2,749	2,752
Key Cash Flow Metrics																	
Operating cash flow	2,697	3,068	3,655	3,696	3,186	998	990	1,024	1,002	4,014	972	1,102	1,143	935	4,152	1,043	1,064
QoQ Change						16.2%	-0.8%	3.4%	-2.1%		-3.0%	13.4%	3.7%	-18.2%		11.6%	2.0%
YoY Change		13.7%	19.1%	1.1%	-13.8%	28.8%	47.8%	16.1%	16.6%	26.0%	-2.6%	11.3%	11.6%	-6.7%	3.4%	7.3%	-3.4%
Capital expenditures, gross (accounting)	1,086	1,632	1,505	1,645	1,939	475	383	347	338	1,543	254	331	305	347	1,237	316	337
QoQ Change						-3.8%	-19.4%	-9.4%	-2.6%		-24.9%	30.3%	-7.9%	13.8%		-8.9%	6.6%
YoY Change		50.3%	-7.8%	9.3%	17.9%	-7.4%	-22.6%	-20.6%	-31.6%	-20.4%	-46.5%	-13.6%	-12.1%	2.7%	-19.8%	24.4%	1.8%
Capital expenditures, gross (cash flow)	991	1,531	1,535	1,622	1,903	460	382	367	331	1,540	289	301	320	318	1,228	315	323
QoQ Change						-1.9%	-17.0%	-3.9%	-9.8%		-12.7%	4.2%	6.3%	-0.6%		-0.9%	2.5%
YoY Change		54.5%	0.2%	5.7%	17.3%	-8.0%	-16.0%	-23.4%	-29.4%	-19.1%	-37.2%	-21.2%	-12.8%	-3.9%	-20.3%	9.0%	7.3%
Capital expenditures, net (cash flow)	814	1,384	1,445	1,489	1,637	413	360	270	192	1,235	246	178	267	225	916	286	277
QoQ Change						-24.1%	-12.8%	-25.0%	-28.9%		28.1%	-27.6%	50.0%	-15.7%		27.1%	-3.1%
YoY Change		70.0%	4.4%	3.0%	9.9%	31.9%	-11.3%	-27.8%	-64.7%	-24.6%	-40.4%	-50.6%	-1.1%	17.2%	-25.8%	16.3%	55.6%
Free cash flow	1,883	1,684	2,210	2,207	1,549	585	630	754	810	2,779	726	924	876	710	3,236	757	787
QoQ Change						85.7%	7.7%	19.7%	7.4%		-10.4%	27.3%	-5.2%	-18.9%		6.6%	4.0%
YoY Change		-10.6%	31.3%	-0.1%	-29.8%	26.6%	138.6%	48.4%	157.1%	79.4%	24.1%	46.7%	16.2%	-12.3%	16.4%	4.3%	-14.8%
Key Balance Sheet Metrics																	
Total debt	5,034	4,356	4,136	5,717	9,578	9,416	9,125	8,939	9,546	9,546	9,388	9,939	9,838	9,827	9,827	9,717	9,349
Cash & short-term investments	1,589	816	734	372	2,298	2,770	1,229	1,747	1,547	1,547	2,085	2,007	1,256	1,742	1,742	2,394	2,398
Net debt	3,445	3,540	3,402	5,345	7,280	6,646	7,896	7,192	7,999	7,999	7,303	7,932	8,582	8,085	8,085	7,323	6,951
Ratios																	
Operating margin	20.8%	24.0%	25.8%	31.2%	28.6%	31.0%	28.7%	26.7%	31.8%	29.6%	31.6%	31.6%	30.1%	24.6%	29.5%	29.8%	54.8%
Net margin	11.9%	14.8%	31.3%	20.4%	18.2%	21.2%	16.0%	13.7%	21.3%	18.1%	20.7%	20.1%	18.7%	14.6%	18.5%	19.8%	36.0%
EBITDA margin	34.4%	37.2%	38.7%	43.0%	40.9%	44.1%	42.5%	41.1%	46.5%	43.6%	45.3%	45.5%	43.8%	38.2%	43.2%	43.4%	69.0%
Capex/Sales	9.8%	14.8%	13.1%	13.7%	17.0%	17.3%	14.8%	13.9%	13.8%	15.0%	10.6%	14.1%	12.7%	14.4%	12.9%	13.7%	15.0%
Total debt / EBITDA (ttm)	1.31	1.06	0.93	1.11	2.06	1.94	1.95	2.03	2.13	2.13	2.15	2.30	2.26	2.38	2.38	2.40	2.07
Net debt / EBITDA (ttm)	0.90	0.86	0.76	1.04	1.57	1.37	1.69	1.63	1.79	1.79	1.68	1.83	1.97	1.96	1.96	1.81	1.54

⁽¹⁾ The Bezeq Group's financial data reflects the deconsolidation of yes as of December 31, 2007



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Bezeq Group (cont'd)																	
Operating & General Expenses																	
Total operating & general expenses	5,075	4,660	4,871	5,026	4,494	1,044	969	963	977	3,953	889	831	890	966	3,576	869	822
QoQ Change						-0.5%	-7.2%	-0.6%	1.5%		-9.0%	-6.5%	7.1%	8.5%		-10.0%	-5.4%
YoY Change		-8.2%	4.5%	3.2%	-10.6%	-7.7%	-14.4%	-18.5%	-6.9%	-12.0%	-21.4%	-14.2%	-7.6%	-1.1%	-9.5%	-2.2%	-1.1%
Terminal equipment & materials	N/A	N/A	1,163	1,225	1,693	379	293	285	306	1,263	258	247	264	302	1,071	262	212
QoQ Change						3.6%	-22.7%	-2.7%	7.4%		-15.7%	-4.3%	6.9%	14.4%		-13.2%	-19.1%
YoY Change				5.3%	38.2%	-11.9%	-33.9%	-37.2%	-16.4%	-25.4%	-31.9%	-15.7%	-7.4%	-1.3%	-15.2%	1.6%	-14.2%
Interconnect & payments to telecom operators	N/A	N/A	1,762	1,876	910	224	222	229	225	900	224	228	232	221	905	206	208
QoQ Change						0.9%	-0.9%	3.2%	-1.7%		-0.4%	1.8%	1.8%	-4.7%		-6.8%	1.0%
YoY Change				6.5%	-51.5%	0.9%	-0.9%	-5.4%	1.4%	-1.1%	0.0%	2.7%	1.3%	-1.8%	0.6%	-8.0%	-8.8%
Maintenance of buildings and sites	N/A	N/A	647	640	641	162	158	169	174	663	161	127	168	151	607	156	156
QoQ Change						0.6%	-2.5%	7.0%	3.0%		-7.5%	-21.1%	32.3%	-10.1%		3.3%	0.0%
YoY Change				-1.1%	0.2%	0.6%	-0.6%	5.6%	8.1%	3.4%	-0.6%	-19.6%	-0.6%	-13.2%	-8.4%	-3.1%	22.8%
Marketing & general	N/A	N/A	626	622	655	122	152	156	126	556	140	126	126	171	563	139	142
QoQ Change						-25.6%	24.6%	2.6%	-19.2%		11.1%	-10.0%	0.0%	35.7%		-18.7%	2.2%
YoY Change				-0.6%	5.3%	-21.8%	-3.8%	-11.9%	-23.2%	-15.1%	14.8%	-17.1%	-19.2%	35.7%	1.3%	-0.7%	12.7%
Services and maintenance by sub-contractors	N/A	N/A	218	189	170	43	34	35	46	158	38	36	33	55	162	40	38
QoQ Change						10.3%	-20.9%	2.9%	31.4%		-17.4%	-5.3%	-8.3%	66.7%		-27.3%	-5.0%
YoY Change				-13.3%	-10.1%	-6.5%	-20.9%	-16.7%	17.9%	-7.1%	-11.6%	5.9%	-5.7%	19.6%	2.5%	5.3%	5.6%
Vehicle maintenance	N/A	N/A	177	188	142	38	39	44	41	162	37	38	38	39	152	37	40
QoQ Change						26.7%	2.6%	12.8%	-6.8%		-9.8%	2.7%	0.0%	2.6%		-5.1%	8.1%
YoY Change				6.2%	-24.5%	-9.5%	18.2%	18.9%	36.7%	14.1%	-2.6%	-2.6%	-13.6%	-4.9%	-6.2%	0.0%	5.3%
Content services	N/A	N/A	151	156	123	24	24	21	34	103	17	17	16	15	65	15	15
QoQ Change						-14.3%	0.0%	-12.5%	61.9%		-50.0%	0.0%	-5.9%	-6.3%		0.0%	0.0%
YoY Change				3.3%	-21.2%	-27.3%	-25.0%	-30.0%	21.4%	-16.3%	-29.2%	-29.2%	-23.8%	-55.9%	-36.9%	-11.8%	-11.8%
Collection fees (royalties)	N/A	N/A	127	130	160	52	47	24	25	148	14	12	13	12	51	14	11
QoQ Change						33.3%	-9.6%	-48.9%	4.2%		-44.0%	-14.3%	8.3%	-7.7%		16.7%	-21.4%
YoY Change				2.4%	23.1%	26.8%	17.5%	-40.0%	-35.9%	-7.5%	-73.1%	-74.5%	-45.8%	-52.0%	-65.5%	0.0%	-8.3%
Key Working Capital Metrics (Balance Sheet)																	
ST trade receivables	2,403	2,373	2,491	2,701	3,059	3,130	3,116	3,044	2,927	2,927	2,875	2,863	2,791	2,651	2,651	2,499	2,335
QoQ Change (NIS)						71	-14	-72	-117		-52	-12	-72	-140		-152	-164
YoY Change (NIS)		-30	118	210	358					-132					-276		
ST other receivables	247	211	171	227	286	349	336	250	321	321	402	334	340	344	344	293	325
QoQ Change (NIS)						63	-13	-86	71		81	-68	6	4		-51	32
YoY Change (NIS)		-36	-40	56	59					35					23		
LT trade & other receivables	535	576	887	1,114	1,499	1,442	1,324	1,193	1,074	1,074	950	817	701	652	652	618	587
QoQ Change (NIS)						-57	-118	-131	-119		-124	-133	-116	-49		-34	-31
YoY Change (NIS)		41	311	227	385					-425					-422		
Inventory	203	158	263	178	204	225	206	149	123	123	148	142	122	117	117	100	89
QoQ Change (NIS)						21	-19	-57	-26		25	-6	-20	-5		-17	-11
YoY Change (NIS)		-45	105	-85	26					-81					-6		
Trade payables	1,533	1,381	1,091	1,061	890	894	900	771	790	790	651	685	629	719	719	624	638
QoQ Change (NIS)						4	6	-129	19		-139	34	-56	90		-95	14
YoY Change (NIS)		-152	-290	-30	-171					-100					-71		
Other payables	792	912	733	803	848	948	686	730	703	703	808	646	794	707	707	818	651
QoQ Change (NIS)						100	-262	44	-27		105	-162	148	-87		111	-167
YoY Change (NIS)		120	-179	70	45					-145					4		



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Bezeq Fixed-Line																	
Key Income Statement Metrics (Revenues)																	
Total Revenues	5,713	5,498	5,303	5,263	4,648	1,199	1,161	1,149	1,121	4,630	1,129	1,121	1,127	1,101	4,478	1,077	1,073
QoQ Change						7.6%	-3.2%	-1.0%	-2.4%		0.7%	-0.7%	0.5%	-2.3%		-2.2%	-0.4%
YoY Change		-3.8%	-3.5%	-0.8%	-11.7%	1.8%	-0.8%	-3.1%	0.6%	-0.4%	-5.8%	-3.4%	-1.9%	-1.8%	-3.3%	-4.6%	-4.3%
Telephony Revenues	3,905	3,572	3,333	3,160	2,393	588	572	557	537	2,254	510	503	490	468	1,971	426	415
QoQ Change						5.6%	-2.7%	-2.6%	-3.6%		-5.0%	-1.4%	-2.6%	-4.5%		-9.0%	-2.6%
YoY Change		-8.5%	-6.7%	-5.2%	-24.3%	-4.7%	-5.8%	-9.0%	-3.6%	-5.8%	-13.3%	-12.1%	-12.0%	-12.8%	-12.6%	-16.5%	-17.5%
Broadband Internet Revenues	712	790	863	977	1,092	296	285	291	294	1,166	310	321	332	324	1,287	332	345
QoQ Change						5.0%	-3.7%	2.1%	1.0%		5.4%	3.5%	3.4%	-2.4%		2.5%	3.9%
YoY Change		11.0%	9.2%	13.2%	11.8%	11.7%	5.9%	5.4%	4.3%	6.8%	4.7%	12.6%	14.1%	10.2%	10.4%	7.1%	7.5%
Transmission & Data Revenues	754	811	851	882	931	245	247	243	241	976	247	241	252	250	990	259	255
QoQ Change						6.1%	0.8%	-1.6%	-0.8%		2.5%	-2.4%	4.6%	-0.8%		3.6%	-1.5%
YoY Change		7.6%	4.9%	3.6%	5.6%	7.5%	6.0%	1.7%	4.3%	4.8%	0.8%	-2.4%	3.7%	3.7%	1.4%	4.9%	5.8%
Other Service Revenues	342	325	256	244	232	70	57	58	49	234	62	56	53	59	230	60	58
QoQ Change						59.1%	-18.6%	1.8%	-15.5%		26.5%	-9.7%	-5.4%	11.3%		1.7%	-3.3%
YoY Change		-5.0%	-21.2%	-4.7%	-4.9%	2.9%	-6.6%	-1.7%	11.4%	0.9%	-11.4%	-1.8%	-8.6%	20.4%	-1.7%	-3.2%	3.6%
Revenues from Residential Customers	N/A	3,303	3,165	3,128	2,777	N/A	N/A	N/A	N/A	2,716	N/A	N/A	N/A	N/A	2,605	N/A	N/A
% of total revenues		60.1%	59.7%	59.4%	59.7%					58.7%					58.2%		
Revenues from Business Customers	N/A	2,195	2,138	2,134	1,871	N/A	N/A	N/A	N/A	1,914	N/A	N/A	N/A	N/A	1,873	N/A	N/A
% of total revenues		39.9%	40.3%	40.5%	40.3%					41.3%					41.8%		
Key Income Statement Metrics																	
Operating profit	1,319	1,475	1,523	2,043	1,671	539	437	419	564	1,959	535	510	494	459	1,998	504	471
QoQ Change						35.8%	-18.9%	-4.1%	34.6%		-5.1%	-4.7%	-3.1%	-7.1%		9.8%	-6.5%
YoY Change		11.8%	3.3%	34.1%	-18.2%	155.5%	-15.5%	-23.3%	42.1%	17.2%	-0.7%	16.7%	17.9%	-18.6%	2.0%	-5.8%	-7.6%
Net profit ⁽¹⁾	737	950	1,107	1,426	1,073	348	263	246	370	1,227	348	351	360	312	1,371	332	314
QoQ Change						12.6%	-24.4%	-6.5%	50.4%		-5.9%	0.9%	2.6%	-13.3%		6.4%	-5.4%
YoY Change		28.9%	16.5%	28.8%	-24.8%	182.9%	-20.3%	-20.9%	19.7%	14.4%	0.0%	33.5%	46.3%	-15.7%	11.7%	-4.6%	-10.5%
Depreciation & amortization	941	852	794	690	688	178	178	185	189	730	167	168	174	174	683	168	172
QoQ Change						1.7%	0.0%	3.9%	2.2%		-11.6%	0.6%	3.6%	0.0%		-3.4%	2.4%
YoY Change		-9.5%	-6.8%	-13.1%	-0.3%	9.9%	4.1%	2.8%	8.0%	6.1%	-6.2%	-5.6%	-5.9%	-7.9%	-6.4%	0.6%	2.4%
Salaries	1,293	1,202	1,094	1,079	1,076	267	267	274	228	1,036	270	242	243	225	980	223	228
QoQ Change						23.0%	0.0%	2.6%	-16.8%		18.4%	-10.4%	0.4%	-7.4%		-0.9%	2.2%
YoY Change		-7.0%	-9.0%	-1.4%	-0.3%	-6.0%	-8.2%	-3.5%	5.1%	-3.7%	1.1%	-9.4%	-11.3%	-1.3%	-5.4%	-17.4%	-5.8%
Other operating expenses (income)	39	96	202	-158	139	-22	16	-7	-115	-128	-73	-17	-8	20	-78	-8	14
QoQ Change						N/M	N/M	N/M	1542.9%		-36.5%	-76.7%	-52.9%	N/M		N/M	-275.0%
YoY Change		146.2%	N/M	N/M	N/M	N/M	N/M	-93.4%	N/M	N/M	231.8%	N/M	14.3%	N/M	-39.1%	-89.0%	-182.4%
Finance expenses (income), net	188	125	-15	90	240	49	76	63	71	259	52	53	57	55	217	56	47
QoQ Change						-7.5%	55.1%	-17.1%	12.7%		-26.8%	1.9%	7.5%	-3.5%		1.8%	-16.1%
YoY Change		-33.5%	N/M	N/M	166.7%	88.5%	4.1%	-28.4%	34.0%	7.9%	6.1%	-30.3%	-9.5%	-22.5%	-16.2%	7.7%	-11.3%
EBITDA	2,260	2,327	2,317	2,733	2,359	717	615	604	753	2,689	702	678	668	633	2,681	672	643
QoQ Change						25.3%	-14.2%	-1.8%	24.7%		-6.8%	-3.4%	-1.5%	-5.2%		6.2%	-4.3%
YoY Change		3.0%	-0.4%	18.0%	-13.7%	92.2%	-10.6%	-16.8%	31.6%	14.0%	-2.1%	10.2%	10.6%	-15.9%	-0.3%	-4.3%	-5.2%
Key Cash Flow Metrics																	
Operating cash flow	1,379	1,691	2,220	2,140	2,106	651	376	470	512	2,009	561	556	631	526	2,274	616	545
QoQ Change						18.4%	-42.2%	25.0%	8.9%		9.6%	-0.9%	13.5%	-16.6%		17.1%	-11.5%
YoY Change		22.6%	31.3%	-3.6%	-1.6%	55.4%	-24.2%	-26.7%	-6.9%	-4.6%	-13.8%	47.9%	34.3%	2.7%	13.2%	9.8%	-2.0%
Capital expenditures, gross (accounting)	513	600	844	1,041	1,174	262	239	238	206	945	164	197	191	225	777	215	214
QoQ Change						-6.8%	-8.8%	-0.4%	-13.4%		-20.4%	20.1%	-3.0%	17.8%		-4.4%	-0.5%
YoY Change		17.0%	40.7%	23.3%	12.8%	-22.9%	-22.9%	-2.1%	-26.7%	-19.5%	-37.4%	-17.6%	-19.7%	9.2%	-17.8%	31.1%	8.6%
Capital expenditures, gross (cash flow)	505	616	853	1,032	1,165	269	238	249	202	958	183	186	198	222	789	210	207
QoQ Change						3.9%	-11.5%	4.6%	-18.9%		-9.4%	1.6%	6.5%	12.1%		-5.4%	-1.4%
YoY Change		22.0%	38.5%	21.0%	12.9%	-15.7%	-25.4%	-7.1%	-22.0%	-17.8%	-32.0%	-21.8%	-20.5%	9.9%	-17.6%	14.8%	11.3%
Capital expenditures, net (cash flow)	336	472	767	900	937	223	216	153	66	658	141	62	150	132	485	182	165
QoQ Change						1.8%	-3.1%	-29.2%	-56.9%		113.6%	-56.0%	141.9%	-12.0%		37.9%	-9.3%
YoY Change		40.5%	62.5%	17.3%	4.1%	-9.7%	-20.3%	-23.5%	-69.9%	-29.8%	-36.8%	-71.3%	-2.0%	100.0%	-26.3%	29.1%	166.1%
Free cash flow	1,043	1,219	1,453	1,240	1,169	428	160	317	446	1,351	420	494	481	394	1,789	434	380
QoQ Change						98.2%	-62.6%	98.1%	40.7%		-5.8%	17.6%	-2.6%	-18.1%		10.2%	-12.4%
YoY Change		16.9%	19.2%	-14.7%	-5.7%	49.1%	-28.9%	-28.1%	106.5%	15.6%	-1.9%	208.8%	51.7%	-11.7%	32.4%	3.3%	-23.1%
Ratios																	
Operating margin	23.1%	26.8%	28.7%	38.8%	36.0%	45.0%	37.6%	36.5%	50.3%	42.3%	47.4%	45.5%	43.8%	41.7%	44.6%	46.8%	43.9%
Net margin	12.9%	17.3%	20.9%	27.1%	23.1%	29.0%	22.7%	21.4%	33.0%	26.5%	30.8%	31.3%	31.9%	28.3%	30.6%	30.8%	29.3%
EBITDA margin	39.6%	42.3%	43.7%	51.9%	50.8%	59.8%	53.0%	52.6%	67.2%	58.1%	62.2%	60.5%	59.3%	57.5%	59.9%	62.4%	59.9%
Capex/Sales	9.0%	10.9%	15.9%	19.8%	25.3%	21.9%	20.6%	20.7%	18.4%	20.4%	14.5%	17.6%	16.9%	20.4%	17.4%	20.0%	19.9%

⁽¹⁾ Net profit does not include share in profits/losses of equity-accounted investees.



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Bezeq Fixed-Line (cont'd)																	
Operating & general expenses																	
Total general & operating expenses	2,121	1,873	1,690	1,609	1,074	237	263	278	255	1,033	230	218	224	223	895	190	188
QoQ Change						-11.6%	11.0%	5.7%	-8.3%		-9.8%	-5.2%	2.8%	-0.4%		-14.8%	-1.1%
YoY Change		-11.7%	-9.8%	-4.8%	-33.3%	-12.5%	4.0%	-1.4%	-4.9%	-3.8%	-3.0%	-17.1%	-19.4%	-12.5%	-13.4%	-17.4%	-13.8%
Interconnect & payments to telecom operators	N/A	N/A	871	855	314	75	72	70	64	281	57	58	55	50	220	42	39
QoQ Change						-3.8%	-4.0%	-2.8%	-8.6%		-10.9%	1.8%	-5.2%	-9.1%		-16.0%	-7.1%
YoY Change				-1.8%	-63.3%	-5.1%	-7.7%	-11.4%	-17.9%	-10.5%	-24.0%	-19.4%	-21.4%	-21.9%	-21.7%	-26.3%	-32.8%
Marketing & general	N/A	N/A	218	196	194	8	42	54	55	159	44	41	47	54	186	42	45
QoQ Change						-83.0%	425.0%	28.6%	1.9%		-20.0%	-6.8%	14.6%	14.9%		-22.2%	7.1%
YoY Change				-10.1%	-1.0%	-83.0%	0.0%	-6.9%	17.0%	-18.0%	450.0%	-2.4%	-13.0%	-1.8%	17.0%	-4.5%	9.8%
Terminal equipment & materials	N/A	N/A	80	88	89	24	27	28	32	111	27	23	22	18	90	12	10
QoQ Change						-11.1%	12.5%	3.7%	14.3%		-15.6%	-14.8%	-4.3%	-18.2%		-33.3%	-16.7%
YoY Change				10.0%	1.1%	9.1%	58.8%	21.7%	18.5%	24.7%	12.5%	-14.8%	-21.4%	-43.8%	-18.9%	-55.6%	-56.5%
Maintenance of buildings and sites	N/A	N/A	278	240	247	63	59	70	53	245	59	55	61	58	233	55	53
QoQ Change						1.6%	-6.3%	18.6%	-24.3%		11.3%	-6.8%	10.9%	-4.9%		-5.2%	-3.6%
YoY Change				-13.7%	2.9%	1.6%	-1.7%	11.1%	-14.5%	-0.8%	-6.3%	-6.8%	-12.9%	9.4%	-4.9%	-6.8%	-3.6%
Services and maintenance by sub-contractors	N/A	N/A	96	76	76	20	19	15	19	73	16	16	15	17	64	16	15
QoQ Change						-4.8%	-5.0%	-21.1%	26.7%		-15.8%	0.0%	-6.3%	13.3%		-5.9%	-6.3%
YoY Change				-20.8%	0.0%	0.0%	5.6%	-11.8%	-9.5%	-3.9%	-20.0%	-15.8%	0.0%	-10.5%	-12.3%	0.0%	-6.3%
Vehicle maintenance	N/A	N/A	96	101	78	19	18	25	21	83	20	19	18	19	76	17	19
QoQ Change						26.7%	-5.3%	38.9%	-16.0%		-4.8%	-5.0%	-5.3%	5.6%		-10.5%	11.8%
YoY Change				5.2%	-22.8%	-9.5%	-10.0%	13.6%	40.0%	6.4%	5.3%	5.6%	-28.0%	-9.5%	-8.4%	-15.0%	0.0%
Royalties and others	N/A	N/A	51	53	76	28	26	16	11	81	7	6	6	7	26	6	7
QoQ Change						55.6%	-7.1%	-38.5%	-31.3%		-36.4%	-14.3%	0.0%	16.7%		-14.3%	16.7%
YoY Change				3.9%	43.4%	40.0%	44.4%	-20.0%	-38.9%	6.6%	-75.0%	-76.9%	-62.5%	-36.4%	-67.9%	-14.3%	16.7%



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Telephone																	
Key Income Statement Metrics (Revenues)																	
Total Revenues	4,684	4,713	5,376	5,732	5,548	1,244	1,148	1,049	1,027	4,468	964	915	947	983	3,809	917	843
QoQ Change						0.4%	-7.7%	-8.6%	-2.1%		-6.1%	-5.1%	3.5%	3.8%		-6.7%	-8.1%
YoY Change		0.6%	14.1%	6.6%	-3.2%	-14.2%	-20.2%	-26.2%	-17.1%	-19.5%	-22.5%	-20.3%	-9.7%	-4.3%	-14.7%	-4.9%	-7.9%
Service Revenues	3,972	4,020	4,256	4,550	3,637	834	857	816	754	3,261	714	696	710	688	2,808	637	622
QoQ Change						-1.8%	2.8%	-4.8%	-7.6%		-5.3%	-2.5%	2.0%	-3.1%		-7.4%	-2.4%
YoY Change		1.2%	5.9%	6.9%	-20.1%	-12.1%	-7.4%	-10.7%	-11.2%	-10.3%	-14.4%	-18.8%	-13.0%	-8.8%	-13.9%	-10.8%	-10.6%
Equipment Revenues	712	693	1,120	1,182	1,911	410	291	233	273	1,207	250	219	237	295	1,001	280	221
QoQ Change						5.1%	-29.0%	-19.9%	17.2%		-8.4%	-12.4%	8.2%	24.5%		-5.1%	-21.1%
YoY Change		-2.7%	61.6%	5.5%	61.7%	-18.2%	-43.3%	-54.0%	-30.0%	-36.8%	-39.0%	-24.7%	1.7%	8.1%	-17.1%	12.0%	0.9%
Revenues from Private Customers	<i>N/A</i>	2,437	2,751	2,899	2,985	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,461	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,114	<i>N/A</i>	<i>N/A</i>
% of total revenues		51.7%	51.2%	50.6%	53.8%					55.1%					55.5%		
Revenues from Business Customers	<i>N/A</i>	2,276	2,625	2,833	2,563	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,007	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	1,695	<i>N/A</i>	<i>N/A</i>
% of total revenues		48.3%	48.8%	49.4%	46.2%					44.9%					44.5%		
Key Income Statement Metrics																	
Gross profit	1,337	1,478	1,784	1,978	1,961	413	396	333	286	1,428	288	288	272	250	1,098	236	231
QoQ Change						1.5%	-4.1%	-15.9%	-14.1%		0.7%	0.0%	-5.6%	-8.1%		-5.6%	-2.1%
YoY Change		10.5%	20.7%	10.9%	-0.9%	-24.6%	-22.5%	-32.7%	-29.7%	-27.2%	-30.3%	-27.3%	-18.3%	-12.6%	-23.1%	-18.1%	-19.8%
Operating profit	805	933	1,190	1,383	1,360	267	259	199	167	892	174	186	172	76	608	126	127
QoQ Change						1.9%	-3.0%	-23.2%	-16.1%		4.2%	6.9%	-7.5%	-55.8%		65.8%	0.8%
YoY Change		15.9%	27.5%	16.2%	-1.7%	-33.1%	-27.5%	-41.8%	-36.3%	-34.4%	-34.8%	-28.2%	-13.6%	-54.5%	-31.8%	-27.6%	-31.7%
Net profit	585	682	875	1,033	1,056	216	194	154	134	698	153	161	140	67	521	108	106
QoQ Change						5.9%	-10.2%	-20.6%	-13.0%		14.2%	5.2%	-13.0%	-52.1%		61.2%	-1.9%
YoY Change		16.6%	28.3%	18.1%	2.2%	-30.3%	-30.5%	-41.4%	-34.3%	-33.9%	-29.2%	-17.0%	-9.1%	-50.0%	-25.4%	-29.4%	-34.2%
Cost of sales	3,347	3,235	3,592	3,754	3,587	831	752	716	741	3,040	676	627	675	733	2,711	681	612
QoQ Change						-0.1%	-9.5%	-4.8%	3.5%		-8.8%	-7.2%	7.7%	8.6%		-7.1%	-10.1%
YoY Change		-3.3%	11.0%	4.5%	-4.4%	-7.9%	-18.9%	-22.7%	-10.9%	-15.2%	-18.7%	-16.6%	-5.7%	-1.1%	-10.8%	0.7%	-2.4%
Sales & marketing expenses	430	405	461	468	480	116	111	105	90	422	86	75	69	90	320	83	76
QoQ Change						2.7%	-4.3%	-5.4%	-14.3%		-4.4%	-12.8%	-8.0%	30.4%		-7.8%	-8.4%
YoY Change		-5.8%	13.8%	1.5%	2.6%	-0.9%	-11.2%	-16.0%	-20.4%	-12.1%	-25.9%	-32.4%	-34.3%	0.0%	-24.2%	-3.5%	1.3%
General & administrative expenses	102	140	133	127	121	30	26	29	29	114	28	27	31	23	109	27	28
QoQ Change						-6.3%	-13.3%	11.5%	0.0%		-3.4%	-3.6%	14.8%	-25.8%		17.4%	3.7%
YoY Change		37.3%	-5.0%	-4.5%	-4.7%	-6.3%	-10.3%	3.6%	-9.4%	-5.8%	-6.7%	3.8%	6.9%	-20.7%	-4.4%	-3.6%	3.7%
Depreciation & amortization	479	523	603	601	561	135	137	130	129	531	121	113	111	113	458	106	105
QoQ Change						-3.6%	1.5%	-5.1%	-0.8%		-6.2%	-6.6%	-1.8%	1.8%		-6.2%	-0.9%
YoY Change		9.2%	15.3%	-0.3%	-6.7%	-2.9%	-4.2%	-6.5%	-7.9%	-5.3%	-10.4%	-17.5%	-14.6%	-12.4%	-13.7%	-12.4%	-7.1%
EBITDA	1,284	1,456	1,794	1,984	1,921	402	396	329	296	1,423	295	299	283	188	1,065	232	232
QoQ Change						0.2%	-1.5%	-16.9%	-10.0%		-0.3%	1.4%	-5.4%	-33.6%		23.4%	0.0%
YoY Change		13.4%	23.2%	10.6%	-3.2%	-25.4%	-20.8%	-31.6%	-26.2%	-25.9%	-26.6%	-24.5%	-14.0%	-36.5%	-25.2%	-21.4%	-22.4%
Key Cash Flow Metrics																	
Operating cash flow	1,228	1,277	1,115	1,219	800	294	556	490	388	1,728	354	468	442	327	1,591	349	420
QoQ Change						31.8%	89.1%	-11.9%	-20.8%		-8.8%	32.2%	-5.6%	-26.0%		6.7%	20.3%
YoY Change		4.0%	-12.7%	9.3%	-34.4%	-4.5%	450.5%	191.7%	74.0%	116.0%	20.4%	-15.8%	-9.8%	-15.7%	-7.9%	-1.4%	-10.3%
Capital expenditures, gross (accounting)	440	911	508	431	442	121	113	77	86	397	56	91	94	94	335	67	96
QoQ Change						7.1%	-6.6%	-31.9%	11.7%		-34.9%	62.5%	3.3%	0.0%		-28.7%	43.3%
YoY Change		107.0%	-44.2%	-15.2%	2.6%	-0.8%	3.7%	-21.4%	-23.9%	-10.2%	-53.7%	-19.5%	22.1%	9.3%	-15.6%	19.6%	5.5%
Capital expenditures, gross (cash flow)	381	798	559	397	419	115	109	84	76	384	66	84	92	78	320	73	90
QoQ Change						23.7%	-5.2%	-22.9%	-9.5%		-13.2%	27.3%	9.5%	-15.2%		-6.4%	23.3%
YoY Change		109.4%	-29.9%	-29.0%	5.5%	-13.5%	26.7%	-21.5%	-18.3%	-8.4%	-42.6%	-22.9%	9.5%	2.6%	-16.7%	10.6%	7.1%
Capital expenditures, net (cash flow)	376	795	555	397	382	115	109	84	73	381	66	84	88	77	315	73	85
QoQ Change						25.0%	-5.2%	-22.9%	-13.1%		-9.6%	27.3%	4.8%	-12.5%		-5.2%	16.4%
YoY Change		111.4%	-30.2%	-28.5%	-3.8%	-13.5%	26.7%	18.3%	-20.7%	-0.3%	-42.6%	-22.9%	4.8%	5.5%	-17.3%	10.6%	1.2%
Free cash flow	852	482	560	822	418	179	447	406	315	1,347	288	384	354	250	1,276	276	335
QoQ Change						36.6%	149.7%	-9.2%	-22.4%		-8.6%	33.3%	-7.8%	-29.4%		10.4%	21.4%
YoY Change		-43.4%	16.2%	46.8%	-49.1%	2.3%	2880.0%	318.6%	140.5%	222.2%	60.9%	-14.1%	-12.8%	-20.6%	-5.3%	-4.2%	-12.8%
Ratios																	
Gross profit margin	28.5%	31.4%	33.2%	34.5%	35.3%	33.2%	34.5%	31.7%	27.8%	32.0%	29.9%	31.5%	28.7%	25.4%	28.8%	25.7%	27.4%
Operating margin	17.2%	19.8%	22.1%	24.1%	24.5%	21.5%	22.6%	19.0%	16.3%	20.0%	18.0%	20.3%	18.2%	7.7%	16.0%	13.7%	15.1%
Net margin	12.5%	14.5%	16.3%	18.0%	19.0%	17.4%	16.9%	14.7%	13.0%	15.6%	15.9%	17.6%	14.8%	6.8%	13.7%	11.8%	12.6%
EBITDA margin	27.4%	30.9%	33.4%	34.6%	34.6%	32.3%	34.5%	31.4%	28.8%	31.9%	30.6%	32.7%	29.9%	19.1%	28.0%	25.3%	27.5%
Capex/Sales	9.4%	19.3%	9.4%	7.5%	8.0%	9.7%	9.8%	7.3%	8.4%	8.9%	5.8%	9.9%	9.9%	9.6%	8.8%	7.3%	11.4%



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Bezeq International																	
Key Income Statement Metrics																	
Total Revenues	1,304	1,306	1,318	1,380	1,354	332	330	339	340	1,340	346	359	360	369	1,433	355	365
QoQ Change						-2.6%	-0.7%	2.6%	0.3%		1.8%	3.8%	0.2%	2.6%		-3.6%	2.8%
YoY Change		0.2%	0.9%	4.8%	-1.9%	0.9%	-0.8%	-3.5%	-0.5%	-1.0%	4.0%	8.8%	6.2%	8.6%	6.9%	2.8%	1.8%
Revenues from ILD services	N/A	502	502	501	413	N/A	N/A	N/A	N/A	383	N/A	N/A	N/A	N/A	401	N/A	N/A
% of total revenues		38.4%	38.1%	36.3%	30.5%					28.6%					28.0%		
Revenues from Internet, Data & ICT services	N/A	804	816	879	941	N/A	N/A	N/A	N/A	957	N/A	N/A	N/A	N/A	1,032	N/A	N/A
% of total revenues		61.6%	61.9%	63.7%	69.5%					71.4%					72.0%		
Revenues from Private Customers	N/A	513	520	523	528	N/A	N/A	N/A	N/A	538	N/A	N/A	N/A	N/A	535	N/A	N/A
% of total revenues		39.3%	39.5%	37.9%	39.0%					40.1%					37.3%		
Revenues from Business Customers	N/A	793	798	857	826	N/A	N/A	N/A	N/A	802	N/A	N/A	N/A	N/A	898	N/A	N/A
% of total revenues		60.7%	60.6%	62.1%	61.0%					59.8%					62.7%		
Key Income Statement Metrics																	
Gross profit	445	526	541	558	566	131	135	139	139	544	138	140	138	139	554	137	137
QoQ Change						-12.2%	3.2%	3.0%	0.3%		-1.3%	1.9%	-1.9%	0.7%		-1.1%	0.1%
YoY Change		18.2%	2.9%	3.1%	1.4%	-3.8%	-2.9%	-2.0%	-6.4%	-3.8%	5.2%	3.9%	-1.1%	-0.7%	1.8%	-0.5%	-2.2%
Operating profit	204	242	261	320	241	50	53	55	62	219	56	60	55	56	227	58	58
QoQ Change						-15.4%	6.8%	3.7%	12.2%		-9.2%	7.6%	-8.9%	2.8%		3.2%	-0.9%
YoY Change		18.6%	8.0%	22.6%	-24.6%	-18.5%	-12.2%	-10.5%	5.2%	-9.2%	12.9%	13.7%	0.0%	-8.5%	3.8%	4.1%	-4.2%
Net profit	153	178	200	254	182	36	39	40	45	160	37	44	39	38	158	42	41
QoQ Change						-18.6%	8.6%	3.6%	10.8%		-16.0%	16.2%	-11.0%	-1.0%		8.5%	-2.0%
YoY Change		16.6%	12.1%	27.0%	-28.3%	-22.1%	-16.1%	-12.3%	1.5%	-12.4%	4.7%	12.0%	-3.8%	-14.0%	-0.9%	11.1%	-6.3%
Cost of sales	859	780	777	822	788	201	194	199	201	796	208	218	222	230	879	218	228
QoQ Change						4.9%	-3.5%	2.6%	0.6%		3.7%	5.1%	1.7%	3.7%		-5.2%	4.4%
YoY Change		-9.2%	-0.4%	5.8%	-4.1%	4.4%	0.2%	-4.6%	4.5%	1.0%	3.2%	12.5%	11.4%	14.8%	10.4%	5.0%	4.4%
Sales & marketing expenses	147	181	175	192	209	50	53	54	52	209	51	50	49	54	205	50	50
QoQ Change						-13.8%	5.9%	2.6%	-4.7%		-0.9%	-2.5%	-1.3%	10.2%		-7.8%	0.1%
YoY Change		23.1%	-3.3%	9.7%	8.9%	6.5%	0.0%	6.6%	-10.8%	0.1%	2.6%	-5.5%	-9.1%	5.1%	-1.9%	-2.2%	0.4%
General & administrative expenses	94	103	105	109	116	31	29	29	28	117	30	30	33	26	119	29	30
QoQ Change						-2.7%	-8.6%	2.1%	-5.7%		8.3%	0.2%	10.9%	-22.0%		10.2%	3.7%
YoY Change		9.6%	1.9%	3.8%	6.7%	12.2%	10.4%	-2.3%	-14.4%	0.7%	-4.8%	4.4%	13.3%	-6.2%	1.7%	-4.5%	-1.1%
Depreciation & amortization	87	80	84	94	109	34	34	35	33	136	31	33	33	33	130	32	32
QoQ Change						13.6%	0.3%	0.2%	-4.1%		-5.4%	4.0%	1.3%	-0.3%		-2.4%	1.2%
YoY Change		-7.5%	5.2%	11.9%	15.5%	41.6%	30.4%	23.3%	9.4%	25.2%	-8.9%	-5.5%	-4.5%	-0.7%	-4.9%	2.5%	-0.2%
EBITDA	290	322	345	414	350	84	87	89	95	355	87	93	88	89	357	90	90
QoQ Change						-5.5%	4.1%	2.3%	5.9%		-7.9%	6.3%	-5.3%	1.6%		1.1%	-0.1%
YoY Change		10.8%	7.3%	20.0%	-15.5%	-1.4%	0.8%	0.1%	6.6%	1.5%	3.9%	6.1%	-1.8%	-5.7%	0.5%	3.5%	-2.8%
Key Cash Flow Metrics																	
Operating cash flow	93	163	320	290	243	58	64	63	86	272	58	81	71	77	288	74	95
QoQ Change						-23.1%	9.9%	-1.7%	36.7%		-32.4%	39.2%	-12.0%	7.3%		-4.0%	29.6%
YoY Change		76.3%	95.5%	-9.2%	-16.1%	39.1%	-5.7%	9.9%	13.7%	11.7%	-0.2%	26.5%	13.2%	-11.1%	5.7%	26.3%	17.5%
Capital expenditures, gross (accounting)	131	120	150	160	285	81	29	29	30	169	26	39	16	25	106	33	24
QoQ Change						1.3%	-64.2%	0.0%	3.4%		-13.3%	50.0%	-59.0%	56.3%		32.0%	-27.3%
YoY Change		-8.4%	25.0%	6.7%	78.1%	65.3%	-59.2%	-65.9%	-62.5%	-40.7%	-67.9%	34.5%	-44.8%	-16.7%	-37.3%	26.9%	-38.5%
Capital expenditures, gross (cash flow)	103	119	120	180	288	71	36	30	39	175	31	28	25	21	105	31	24
QoQ Change						-31.5%	-49.7%	-17.0%	31.0%		-20.5%	-10.6%	-9.3%	-16.2%		46.6%	-22.4%
YoY Change		14.7%	1.1%	49.9%	60.4%	54.4%	-23.8%	-67.6%	-62.5%	-39.2%	-56.5%	-22.8%	-15.6%	-46.0%	-40.4%	-0.4%	-13.6%
Capital expenditures, net (cash flow)	100	118	120	180	288	71	36	29	38	173	31	27	21	18	97	31	23
QoQ Change						-31.6%	-49.5%	-19.8%	33.4%		-19.5%	-11.6%	-21.1%	-16.4%		70.9%	-23.3%
YoY Change		18.7%	1.4%	50.0%	60.1%	54.3%	-24.1%	-68.8%	-63.1%	-39.8%	-56.5%	-23.9%	-25.1%	-53.1%	-43.9%	-0.4%	-13.6%
Free cash flow	-7	45	200	110	-44	-12	29	35	48	99	28	54	50	59	191	43	72
QoQ Change						-55.4%	N/M	20.9%	39.5%		-42.7%	95.8%	-7.4%	17.5%		-26.8%	67.1%
YoY Change		N/M	341.0%	-44.7%	N/M	223.9%	35.1%	N/M	N/M	N/M	N/M	89.3%	45.0%	22.1%	92.4%	56.0%	33.1%
Ratios																	
Gross profit margin	34.1%	40.3%	41.1%	40.4%	41.8%	39.4%	40.9%	41.1%	41.1%	40.6%	39.8%	39.1%	38.2%	37.6%	38.7%	38.6%	37.6%
Operating margin	15.6%	18.5%	19.8%	23.2%	17.8%	14.9%	16.1%	16.2%	18.1%	16.3%	16.2%	16.8%	15.3%	15.3%	15.9%	16.4%	15.8%
Net margin	11.7%	13.7%	15.2%	18.4%	13.5%	10.8%	11.8%	11.9%	13.1%	11.9%	10.8%	12.1%	10.8%	10.4%	11.0%	11.7%	11.2%
EBITDA margin	22.3%	24.6%	26.2%	30.0%	25.9%	25.3%	26.5%	26.4%	27.9%	26.5%	25.2%	25.9%	24.4%	24.2%	24.9%	25.4%	24.7%
Capex/Sales	10.0%	9.2%	11.4%	11.6%	21.1%	24.4%	8.8%	8.6%	8.8%	12.6%	7.5%	10.9%	4.4%	6.8%	7.4%	9.3%	6.6%



(NIS millions, except for EPS)

	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
yes																	
Key Income Statement Metrics																	
Revenues	1,415	1,513	1,530	1,583	1,619	417	409	403	408	1,636	404	404	410	418	1,635	424	428
QoQ Change						3.2%	-1.9%	-1.5%	1.3%		-1.1%	0.1%	1.6%	1.8%		1.5%	0.9%
YoY Change		6.9%	1.2%	3.4%	2.3%	2.8%	1.2%	-0.7%	1.0%	1.1%	-3.2%	-1.2%	1.9%	2.4%	0.0%	5.0%	5.9%
Gross profit	298	421	488	454	591	144	153	130	141	569	145	143	152	143	584	155	152
QoQ Change						-21.6%	5.9%	-15.0%	8.7%		2.9%	-1.7%	6.7%	-6.4%		8.6%	-1.7%
YoY Change		41.6%	15.9%	-7.0%	30.1%	8.1%	13.3%	-5.5%	-23.3%	-3.7%	0.7%	-6.5%	17.2%	0.9%	2.6%	6.6%	6.6%
Operating profit	56	177	248	178	295	52	74	54	73	253	67	68	72	60	268	73	67
QoQ Change						-51.3%	44.3%	-27.5%	34.6%		-7.2%	0.2%	7.1%	-17.0%		21.3%	-8.3%
YoY Change		216.3%	40.1%	-28.2%	65.4%	-15.9%	14.0%	-14.8%	-30.7%	-14.3%	30.7%	-9.3%	34.1%	-17.3%	5.8%	8.1%	-1.1%
Net profit	-118	-265	-222	-314	-230	-64	-107	-119	-21	-310	-61	-101	-136	-83	-381	-34	-115
QoQ Change						N/M	67.0%	11.3%	-82.2%		187.2%	66.3%	34.8%	-39.0%		-59.3%	241.6%
YoY Change		125.1%	-16.0%	41.0%	-26.8%	-13.0%	20.7%	56.4%	N/M	35.1%	-4.9%	-5.4%	14.7%	292.5%	22.7%	-44.4%	14.3%
Cost of sales	1,117	1,091	1,042	1,129	1,028	272	256	273	266	1,067	258	261	258	275	1,052	269	275
QoQ Change						24.0%	-6.1%	6.6%	-2.3%		-3.1%	1.1%	-1.2%	6.6%		-2.2%	2.4%
YoY Change		-2.3%	-4.5%	8.3%	-8.9%	0.1%	-4.9%	1.8%	21.4%	3.8%	-5.2%	2.0%	-5.5%	3.1%	-1.4%	4.1%	5.5%
Sales & marketing expenses	138	128	122	143	153	54	42	40	31	166	39	36	41	37	154	40	40
QoQ Change						31.2%	-22.3%	-3.7%	-22.3%		25.7%	-7.4%	13.7%	-9.8%		6.6%	1.4%
YoY Change		-6.9%	-4.6%	17.1%	6.7%	33.6%	19.7%	7.8%	-23.7%	8.9%	-26.9%	-12.9%	2.8%	19.4%	-7.6%	1.3%	10.9%
General & administrative expenses	104	116	118	133	143	39	37	36	38	150	39	39	39	45	162	42	45
QoQ Change						1.6%	-6.2%	-2.4%	4.3%		3.4%	0.7%	-0.7%	16.9%		-6.6%	6.8%
YoY Change		11.6%	1.4%	12.5%	7.9%	22.1%	5.7%	-3.0%	-3.0%	4.8%	-1.2%	6.1%	7.9%	20.9%	8.3%	9.3%	15.9%
Depreciation & amortization	273	250	234	285	276	66	54	64	64	248	62	64	66	71	263	70	74
QoQ Change						5.2%	-18.3%	19.8%	-0.4%		-3.5%	3.5%	3.0%	7.1%		-1.3%	5.9%
YoY Change		-8.5%	-6.3%	21.6%	-2.9%	-4.0%	-24.4%	-13.0%	2.5%	-10.2%	-5.9%	19.1%	2.4%	10.1%	5.8%	12.6%	15.2%
EBITDA	329	427	482	463	571	118	128	118	137	502	130	132	138	130	530	143	141
QoQ Change						-29.8%	8.7%	-7.7%	15.1%		-4.8%	1.2%	5.1%	-6.1%		9.7%	-1.4%
YoY Change		29.7%	13.0%	-4.0%	23.4%	-9.2%	-6.0%	-13.8%	-18.6%	-12.3%	10.4%	2.6%	16.9%	-4.5%	5.7%	9.5%	6.8%
Key Cash Flow Metrics																	
Operating cash flow	250	347	410	492	513	116	100	83	120	418	122	110	126	133	490	113	106
QoQ Change						-2.4%	-13.7%	-17.6%	44.8%		1.7%	-9.4%	14.2%	5.6%		-15.1%	-6.5%
YoY Change		38.9%	18.1%	20.0%	4.4%	-18.0%	-15.8%	-38.5%	0.6%	-18.5%	4.9%	10.1%	52.5%	11.2%	17.3%	-7.2%	-4.3%
Capital expenditures, gross (accounting)	299	265	270	295	291	60	88	102	74	324	71	76	98	82	327	87	70
QoQ Change						-13.0%	46.7%	15.9%	-27.5%		-4.1%	7.0%	28.9%	-16.3%		6.1%	-19.5%
YoY Change		-11.4%	1.9%	9.4%	-1.5%	-24.1%	17.3%	50.0%	7.2%	11.3%	18.3%	-13.6%	-3.9%	10.8%	0.9%	22.5%	-7.9%
Capital expenditures, gross (cash flow)	255	238	262	278	264	56	69	87	72	284	90	85	67	83	324	78	68
QoQ Change						-9.1%	22.8%	25.0%	-16.8%		24.5%	-5.5%	-21.2%	23.6%		-5.8%	-12.6%
YoY Change		-6.7%	10.1%	6.4%	-5.0%	-20.7%	7.5%	28.6%	17.1%	7.5%	59.0%	22.4%	-22.8%	14.7%	13.9%	-13.2%	-19.7%
Capital expenditures, net (cash flow)	255	238	261	277	264	56	69	87	72	284	90	85	67	82	323	78	68
QoQ Change						-9.2%	23.0%	25.1%	-17.0%		24.9%	-5.5%	-21.3%	23.8%		-5.7%	-12.6%
YoY Change		-6.7%	9.7%	6.2%	-4.8%	-20.7%	7.6%	28.8%	17.5%	7.6%	59.3%	22.3%	-23.0%	14.8%	13.9%	-13.2%	-19.7%
Free cash flow	-5	109	149	215	250	60	31	-4	48	134	32	26	59	50	167	35	38
QoQ Change						4.7%	-48.2%	N/M	N/M		-33.0%	-20.1%	131.8%	-14.8%		-30.4%	6.9%
YoY Change		N/M	36.2%	44.0%	16.2%	-15.2%	-43.3%	N/M	-17.3%	-46.2%	-46.4%	-17.3%	N/M	5.7%	24.5%	9.9%	46.9%
Ratios																	
Gross profit margin	21.0%	27.9%	31.9%	28.7%	36.5%	34.7%	37.4%	32.3%	34.7%	34.8%	36.0%	35.4%	37.2%	34.2%	35.7%	36.6%	35.6%
Operating margin	4.0%	11.7%	16.2%	11.3%	18.2%	12.4%	18.2%	13.4%	17.8%	15.4%	16.7%	16.7%	17.6%	14.4%	16.4%	17.2%	15.6%
Net margin	-8.3%	-17.5%	-14.5%	-19.8%	-14.2%	-15.3%	-26.1%	-29.5%	-5.2%	-19.0%	-15.0%	-25.0%	-33.2%	-19.9%	-23.3%	-8.0%	-27.0%
EBITDA margin	23.3%	28.2%	31.5%	29.3%	35.3%	28.3%	31.4%	29.4%	33.6%	30.7%	32.3%	32.6%	33.7%	31.1%	32.4%	33.7%	32.9%
Capex/Sales	21.1%	17.5%	17.6%	18.7%	18.0%	14.4%	21.5%	25.3%	18.1%	19.8%	17.6%	18.8%	23.9%	19.6%	20.0%	20.5%	16.4%



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
Bezeq Fixed-Line																	
Key Performance Indicators																	
Total outgoing minutes (in millions)	14,711	13,260	12,017	10,699	9,758	2,360	2,226	2,127	1,979	8,694	1,788	1,805	1,712	1,742	7,047	1,608	1,522
QoQ Change						0.9%	-5.7%	-4.4%	-7.0%		-9.7%	1.0%	-5.2%	1.8%		-7.7%	-5.3%
YoY Change		-9.9%	-9.4%	-11.0%	-8.8%	-6.4%	-7.8%	-14.3%	-15.4%	-10.9%	-24.2%	-18.9%	-19.5%	-12.0%	-18.9%	-10.1%	-15.7%
Total incoming minutes (in millions)	6,411	6,691	6,718	6,547	6,240	1,543	1,516	1,595	1,571	6,225	1,503	1,550	1,521	1,541	6,115	1,467	1,428
QoQ Change						1.1%	-1.7%	5.2%	-1.5%		-4.3%	3.1%	-1.9%	1.3%		-4.8%	-2.7%
YoY Change		4.4%	0.4%	-2.5%	-4.7%	-2.2%	-1.2%	-0.4%	2.9%	-0.2%	-2.6%	2.2%	-4.6%	-1.9%	-1.8%	-2.4%	-7.9%
Total access lines (in 000's)	2,749	2,604	2,483	2,366	2,367	2,368	2,335	2,299	2,268	2,268	2,242	2,224	2,223	2,216	2,216	2,214	2,205
QoQ Change						0.0%	-1.4%	-1.5%	-1.3%		-1.1%	-0.8%	0.0%	-0.3%		-0.1%	-0.4%
YoY Change		-5.3%	-4.6%	-4.7%	0.0%	0.4%	-0.9%	-2.7%	-4.2%	-4.2%	-5.3%	-4.8%	-3.3%	-2.3%	-2.3%	-1.2%	-0.9%
ARPL - including interconnect fees (in NIS)	<i>N/A</i>	111	109	109	85	83	81	80	78	81	75	75	73	70	74	64	63
QoQ Change						6.4%	-2.4%	-1.2%	-2.5%		-3.8%	0.0%	-2.7%	-4.1%		-8.6%	-1.6%
YoY Change			-1.8%	0.0%	-22.0%	-4.6%	-5.8%	-8.0%	0.0%	-4.7%	-9.6%	-7.4%	-8.8%	-10.3%	-8.6%	-14.7%	-16.0%
Churn rate (%)	9.5%	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	11.6%	3.2%	3.9%	4.2%	4.0%	15.3%	3.7%	3.5%	2.8%	3.1%	13.1%	3.0%	2.8%
Broadband Internet lines (in 000's)	963	1,005	1,035	1,066	1,111	1,121	1,136	1,153	1,169	1,169	1,185	1,202	1,230	1,263	1,263	1,289	1,308
QoQ Change						0.9%	1.3%	1.5%	1.4%		1.4%	1.4%	2.3%	2.7%		2.1%	1.5%
YoY Change		4.4%	3.0%	3.0%	4.2%	3.9%	4.4%	4.8%	5.2%	5.2%	5.7%	5.8%	6.7%	8.0%	8.0%	8.8%	8.8%
Broadband Internet ARPU (in NIS)	64	67	69	75	80	84	80	80	80	81	83	85	86	82	84	82	84
QoQ Change						3.7%	-4.8%	0.0%	0.0%		3.8%	2.4%	1.2%	-4.7%		0.0%	2.4%
YoY Change		4.7%	3.0%	8.7%	6.7%	6.3%	0.0%	-1.2%	-1.2%	1.3%	-1.2%	6.3%	7.5%	2.5%	3.7%	-1.2%	-1.2%
Average broadband speed per subscriber (end of period, Mbps)	1.7	2.2	2.7	4.3	6.7	7.5	8.3	9.0	9.6	9.6	10.4	15.2	17.3	18.1	18.1	20.0	21.9
QoQ Change						11.9%	10.7%	8.4%	6.7%		8.3%	46.2%	13.8%	4.6%		10.5%	9.5%
YoY Change		29.4%	22.7%	59.3%	55.8%	56.3%	56.6%	50.0%	43.3%	43.3%	38.7%	83.1%	92.2%	88.5%	88.5%	92.3%	44.1%
Number of employees	7,614	7,530	7,364	7,216	7,076	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	7,422	<i>N/A</i>	<i>N/A</i>	6,576	6,479	6,479	<i>N/A</i>	<i>N/A</i>
QoQ Change														-1.5%			
YoY Change		-1.1%	-2.2%	-2.0%	-1.9%					4.9%				-12.7%			



	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Q1 2012	Q2 2012	Q3 2012	Q4 2012	FY 2012	Q1 2013	Q2 2013	Q3 2013	Q4 2013	FY 2013	Q1 2014	Q2 2014
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Telephone

Key Performance Indicators

Subscribers (in 000's)		2,622	2,649	2,766	2,857	2,847	2,876	2,859	2,839	2,800	2,800	2,741	2,702	2,683	2,642	2,642	2,631	2,610
QoQ Change							1.0%	-0.6%	-0.7%	-1.4%		-2.1%	-1.4%	-0.7%	-1.5%		-0.4%	-0.8%
YoY Change			1.0%	4.4%	3.3%	-0.4%	0.5%	1.1%	-0.1%	-1.7%	-1.7%	-4.7%	-5.5%	-5.5%	-5.6%	-5.6%	-4.0%	-3.4%
ARPU (in NIS)		<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	111	107	97	99	95	89	95	86	85	88	86	86	80	79
QoQ Change							-3.0%	2.1%	-4.0%	-6.3%		-3.4%	-1.2%	3.5%	-2.3%		-7.0%	-1.3%
YoY Change					-3.6%	-11.8%	-9.2%	-11.2%	-11.0%	-11.2%	-11.2%	-11.3%	-14.1%	-7.4%	-3.4%	-9.5%	-7.0%	-7.1%
Churn rate (%)		<i>N/A</i>	<i>N/A</i>	13.8%	15.3%	22.9%	3.9%	6.0%	6.7%	5.9%	22.4%	7.2%	6.9%	6.2%	8.3%	28.6%	7.5%	6.5%
Number of employees			<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	4,072	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	3,288	<i>N/A</i>	<i>N/A</i>	
QoQ Change																		
YoY Change															-19.3%			

Bezeq International

Key Performance Indicators

Number of employees		2,621	2,325	2,445	2,112	2,262	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,102	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,007	<i>N/A</i>	<i>N/A</i>
QoQ Change																		
YoY Change			-11.3%	5.2%	-13.6%	7.1%					-7.1%					-4.5%		
Churn rate (%)		<i>N/A</i>	<i>N/A</i>	14.8%	12.7%	12.6%	4.3%	4.1%	4.6%	5.5%	18.4%	4.2%	4.5%	4.7%	4.6%	18.0%	4.0%	3.7%

yes

Key Performance Indicators

Subscribers (in 000's)		549	560	571	578	586	585	582	581	578	578	578	583	593	601	601	607	613
QoQ Change							-0.2%	-0.5%	-0.2%	-0.5%		0.0%	0.9%	1.7%	1.3%		1.0%	1.0%
YoY Change			2.0%	2.0%	1.2%	1.4%	0.9%	0.2%	-0.7%	-1.4%	-1.4%	-1.2%	0.2%	2.1%	4.0%	4.0%	5.0%	5.1%
ARPU (in NIS)		217	228	226	230	232	237	234	231	234	234	233	232	233	233	233	234	234
QoQ Change							3.5%	-1.3%	-1.3%	1.3%		-0.4%	-0.4%	0.4%	0.0%		0.4%	0.0%
YoY Change			5.1%	-0.9%	1.8%	0.9%	1.3%	0.9%	-0.4%	2.2%	1.0%	-1.7%	-0.9%	0.9%	-0.4%	-0.4%	0.4%	0.9%
Churn rate (%)		<i>N/A</i>	<i>N/A</i>	13.3%	13.0%	11.9%	3.6%	3.9%	4.1%	3.8%	15.4%	3.8%	3.2%	3.4%	3.0%	13.5%	3.6%	3.1%
Number of employees		<i>N/A</i>	1,999	2,158	2,229	2,227	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,276	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	2,208	<i>N/A</i>	<i>N/A</i>
QoQ Change																		
YoY Change				8.0%	3.3%	-0.1%					2.2%					-3.0%		



Bezeq Group Dividends

Dividend History

Dividend Distribution date	Total Amount (NIS m)	Dividend per share (NIS)	Dividend Type	
October 2, 2014	1,267	0.46	Semi-Annual Dividend	Pending Shareholder Approval
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	
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
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