



**Bezeq Group**

Q2-2025

Investor Presentation

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## Glossary

- Q2-2025 and H1-2025 results in this earnings release are presented in comparison to Q2-2024 and H1-2024 results, respectively, unless otherwise stated
- Adjusted EBITDA and Adjusted Net Profit - After adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock-based compensation
- Free cash flow - Cash flow from operating activities less net payments for investments and leases
- Group Core Revenues - Group revenues excluding Bezeq Fixed-Line telephony revenues, Pelephone interconnect fees, Bezeq International consumer revenues and Bezeq Online revenues
- Bezeq Fixed-Line Core Revenues - Total fixed-line revenues excluding telephony revenues
- Pelephone revenues and ARPU in this presentation are excluding interconnect fees, unless stated otherwise
- yes ARPU Subscribers - includes TV and fiber activity
- IP subscribers - the number of yes subscribers viewing IP broadcasting through the yes+ and STINGTV services. This includes subscribers that use satellite services as well
- yes financial data in this presentation are proforma numbers



# Bezeq Group | Q2-2025 Summary



3.1% growth in core revenues to NIS 1.95 billion, due to ARPU and core revenue growth across all key Group segments



Continued growth in strategic drivers – 31% increase in fiber take-up, 5% in retail broadband ARPU, 15% in 5G subscriber plans and 5% in mobile ARPU



2.2% growth in Bezeq Group retail broadband subscribers<sup>(1)</sup> with fiber infrastructure take-up at 33%<sup>(2)</sup>



Adj. EBITDA grew 11.3% and Adj. Net Profit rose 46%, mainly due to yes' higher valuation

In addition, the Group announced a further upward revision in its 2025 Outlook, now expecting Adj. Net Profit of NIS 1.45b and Adj. EBITDA of NIS 3.85b



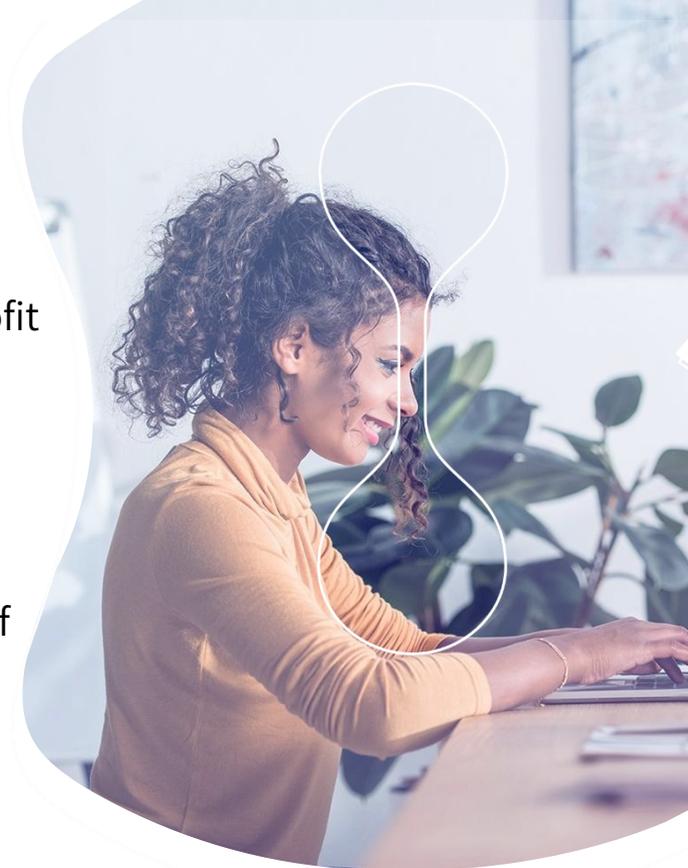
MoU signed for the acquisition of Excelera Telecom for \$160 million



Letter of intent submitted to acquire Hot Mobile for NIS 2 billion



Regulatory developments - hearing on the update of wholesale tariffs and on the gradual removal of wholesale tariff supervision in Israel following a two-year transition period; Further progress regarding the removal of structural separation



<sup>(1)</sup> Bezeq Fixed-Line retail broadband + yes fiber bundle subscribers

<sup>(2)</sup> As of reporting date





# Bezeq's Compass | Technological & Business Roadmap



## Migration to fiber

2020

Launch of fiber project

- 2.81m homes passed
- 924k subscriber take-up (retail + wholesale)  
~63% of total broadband subs
- 33% take-up rate
- 33% increase in broadband ARPU<sup>(1)</sup> to NIS 136

Today

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

Mid-term



## Transition to 5G

5G Tender Award

- ~1.33m postpaid subscribers  
(58% of postpaid subscribers)
- 80k 5GMAX subs
- ARPU – NIS 46

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

yes.

## Migration to IP

Satellite to IP migration

483k IP<sup>(2)</sup> subscribers (86%)  
~ 100k fiber subscribers  
ARPU – NIS 189

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

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



# Bezeq Group | Q2-2025 Summary

## Core Revenues

NIS **1.95** billion

↑ 3.1%

## Adj. EBITDA

NIS **1.01** million

Adjusted EBITDA margin of **47.4%**

↑ 11.3%

## Adj. Net Profit

NIS **427** million

↑ 46.2%

## Free Cash Flow

NIS **230** million

↑ 29%

## Decrease in Net Debt

NIS **104** million

↓ 2.1%



# Bezeq Group | Q2-2025 Summary (cont'd)



Fiber Net Adds

**44k** <sup>(2)</sup>

(retail and wholesale)

Fiber Subscribers

**924k** <sup>(1)</sup>

(retail and wholesale)

Retail Broadband ARPU

NIS **136**

↑ 5.4%

Homes Passed

**2.81** million<sup>(1)</sup>

Take Up rate

**33%** <sup>(1)</sup>



Cellular subscribers

**2.65** million

↑ 1.1%

5G subscriber plans

**1.33** million<sup>(1)</sup>

(58% of postpaid subscribers)

**14k**

Net postpaid  
subscriber adds<sup>(2)</sup>

Cellular ARPU

NIS **46**

↑ 4.5%

Cellular Service Revenues

NIS **361** million

↑ 3.7%

yes.

Revenues

NIS **320** million

↑ 1.3%

TV subscribers

**562k**

↑ 0.2%<sup>(2)</sup>

86% IP subscribers<sup>(1)</sup>

~100k TV + fiber bundle  
subscribers

ARPU subscribers

NIS **189**

↑ 2.7%

<sup>(1)</sup> As of reporting date

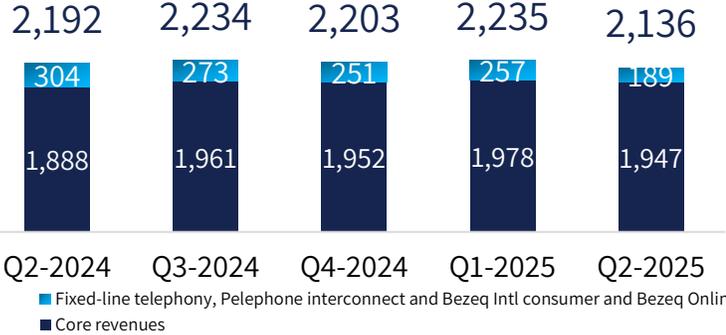
<sup>(2)</sup> Compared to Q1-2025



# Bezeq Group | Q2-2025 Key Financial Highlights | NIS million

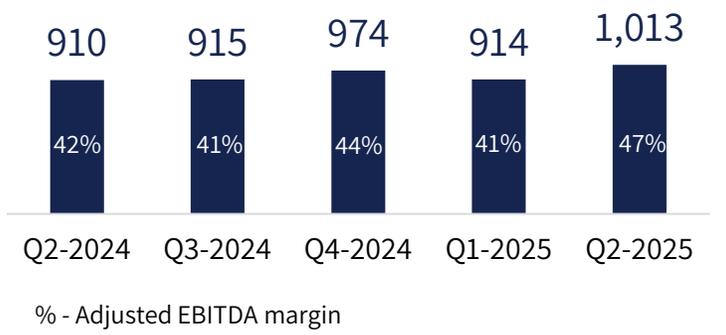
## Revenues

↑ 3.1%<sup>(1)</sup>



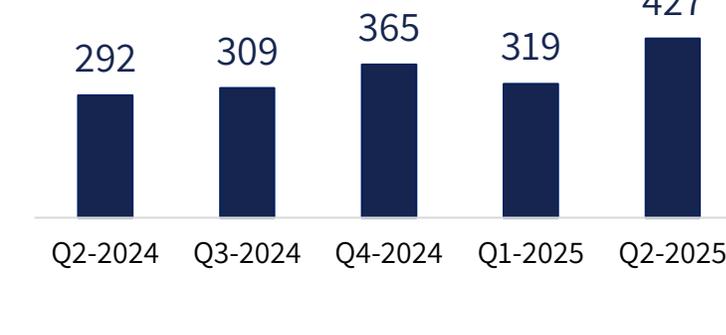
## Adjusted EBITDA

↑ 11.3%

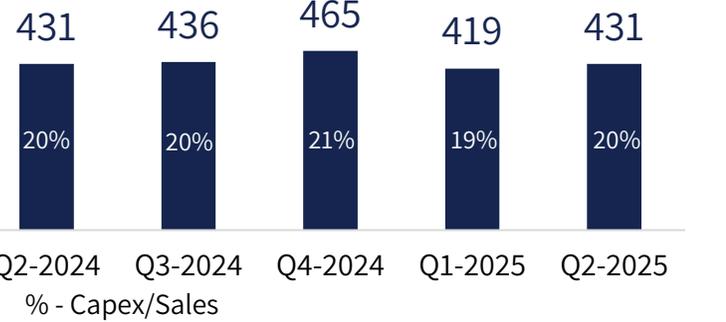


## Adjusted Net Profit

↑ 46%



## CapEx



## Free Cash Flow

↑ 29%



- Higher core revenues across all key group segments
- Adj. EBITDA and Adj. Net Profit were positively impacted by yes' higher valuation
- Free cash flow was positively impacted by timing differences in working capital

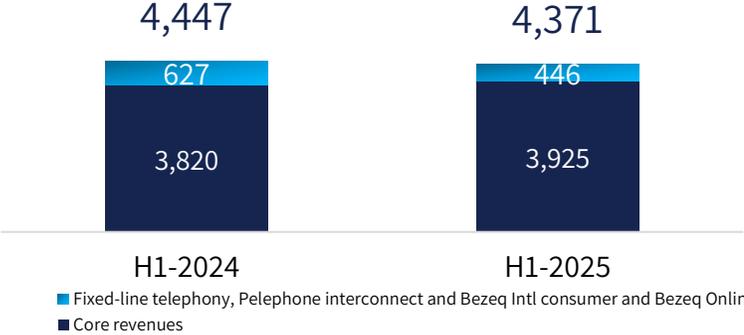
<sup>(1)</sup> % change in core revenues



# Bezeq Group | H1-2025 Key Financial Highlights | NIS million

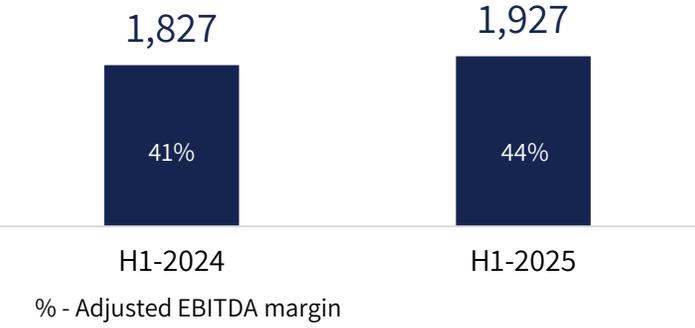
## Revenues

↑ 2.7%<sup>(1)</sup>



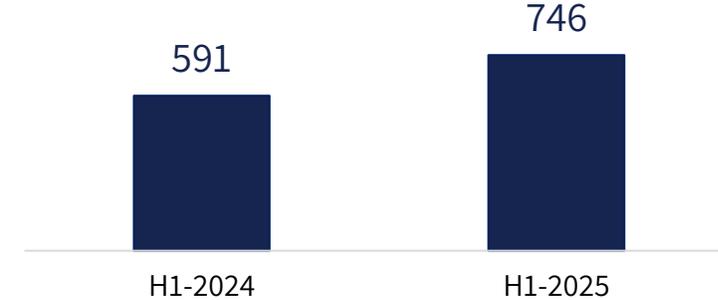
## Adjusted EBITDA

↑ 5.5%



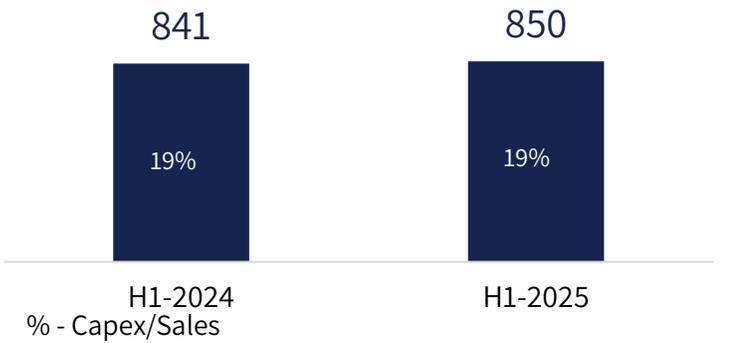
## Adjusted Net Profit

↑ 26%



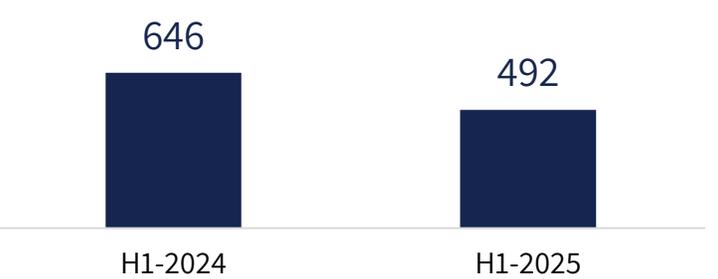
## CapEx

↑ 1.1%



## Free Cash Flow

↓ 24%



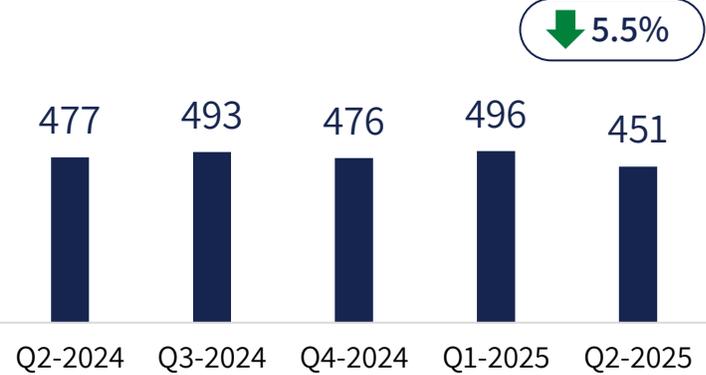
- Changes in revenues, Adj. EBITDA and Adj. Net Profit in H1-2025 were similar to trends in Q2-2025
- Free cash flow was impacted by Bezeq Fixed-Line tax assessments paid in H1-2025 and a tax refund received in the corresponding period

<sup>(1)</sup> % change in core revenues



# Bezeq Group | Operating Expenses | NIS million

## Salaries



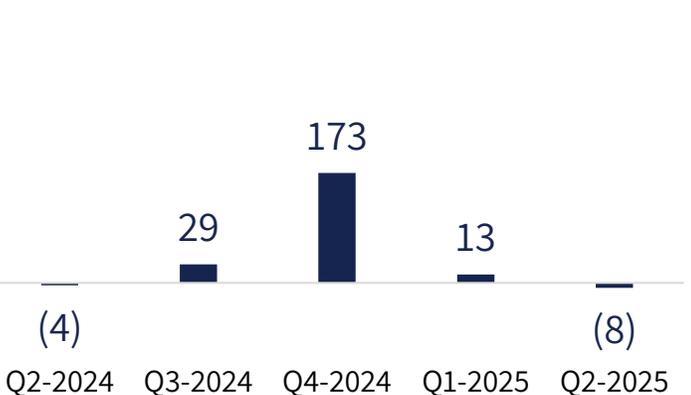
## Operating Expenses



## Depreciation & Amortization



## Other Expenses (Income)

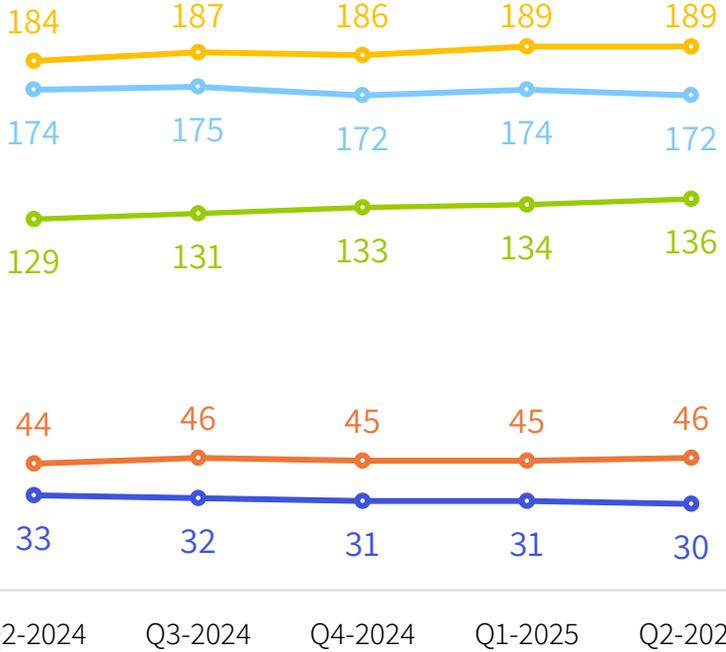


- Lower salary expenses due to the sale of Bezeq Online and its deconsolidation as of Q2-2025
- Lower operating expenses and depreciation mainly due to the change in yes' valuation
- Other income was positively impacted by the cancellation of a provision for legal claims



# Bezeq Group | Key Quarterly Operational Metrics

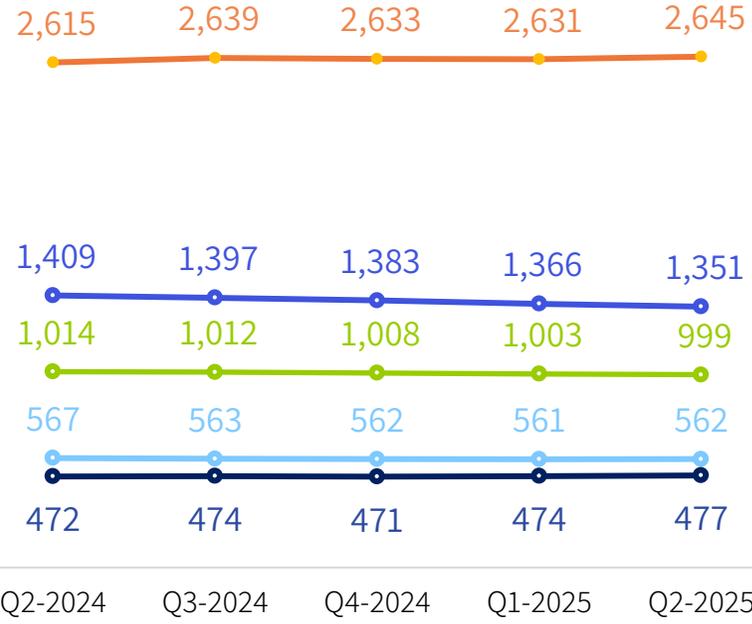
## ARPU (NIS)



5% Y-o-Y increase in retail broadband ARPU

Increase in yes ARPU subscribers due to fiber growth

## Subscribers (end of period, in thousands)



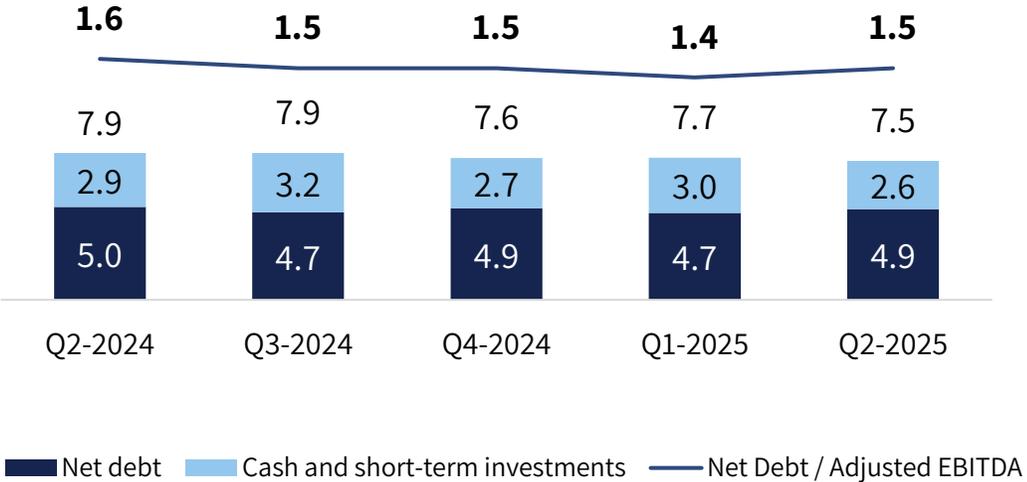
Continued increase in cellular subscribers Y-o-Y

- yes TV
- ARPU yes subscribers
- Wholesale broadband
- Retail broadband
- Telephony
- Cellular



# Bezeq Group | Financial Debt

## Financial Debt (NIS billion)



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

### Decrease in net debt

- Decrease of NIS 104 million, or 2.1%, to NIS 4.9 billion

### Net debt/Adjusted EBITDA ratio – 1.5 times

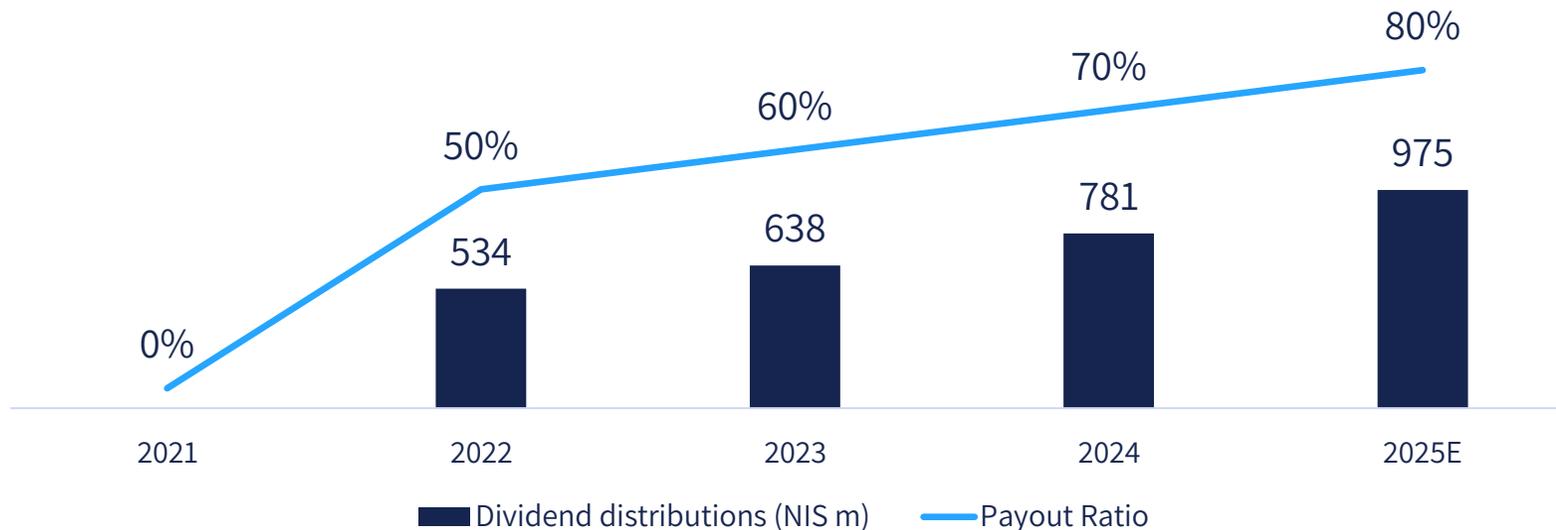
### Debt ratings

Rating Agency	Rating	Outlook
S&P Global Maalot	<b>iAA</b>	Stable
Midroog	<b>Aa2.il</b>	Stable



# Bezeq Group | Dividend Distribution

- In accordance with the Company's dividend policy, the Board of Directors has recommended to the General Meeting of the Company's shareholders to distribute a **dividend of NIS 583 million**, equal to **NIS 0.21 per share**



# Bezeq Group | 2025 Outlook



## Original Outlook March 12, 2025



## Outlook as of May 11, 2025



## Revised Outlook<sup>(1)</sup> July 30, 2025

Adj. EBITDA <sup>(1)</sup>	NIS <b>3.7</b> billion	NIS <b>3.75</b> billion	NIS <b>3.85</b> billion
Adj. net profit <sup>(1)</sup>	NIS <b>1.2</b> billion	NIS <b>1.32</b> billion	NIS <b>1.45</b> billion
CapEx	NIS <b>1.75</b> billion	Unchanged	Unchanged
Fiber deployment	<b>2.9</b> million households	Unchanged	Unchanged
Financial stability	<b>Maintain high credit rating, within the AA group</b>	Unchanged	Unchanged

<sup>(1)</sup> The Company will report, as required, deviations of more/less than 10% of the financial amounts stated in the revised outlook (Adjusted net profit, Adjusted EBITDA and CapEx)



# Bezeq Fixed-Line | Q2-2025 Summary



Fixed-Line core revenues increased 4.5% to NIS 979 million, driven by an increase across all core revenue items



Adj. EBITDA increased 1.6% to NIS 643 million, primarily due to higher revenues



Adj. Net Profit decreased 8.1% to NIS 216 million, due to higher financing expenses resulting from the impact of the USD/ILS exchange rate on hedging transactions



Retail fiber customers reached 592k as of today, with 5.4% growth in retail broadband ARPU reaching NIS 136



Fiber network homes passed reached 2.81m with 924k take-up (33%)<sup>(1)</sup> representing ~63% of total broadband subscribers



MOC publication of hearing on changes to wholesale market tariffs and the gradual removal of most of the wholesale tariff supervision within two years



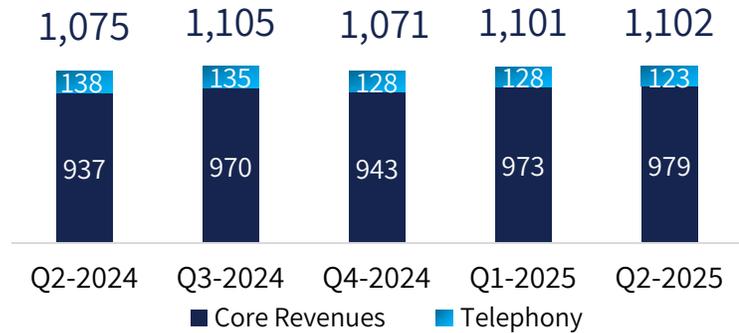
<sup>(1)</sup> Retail and wholesale, as of reporting date



# Bezeq Fixed-Line | Q2-2025 Key Financial Highlights | NIS million

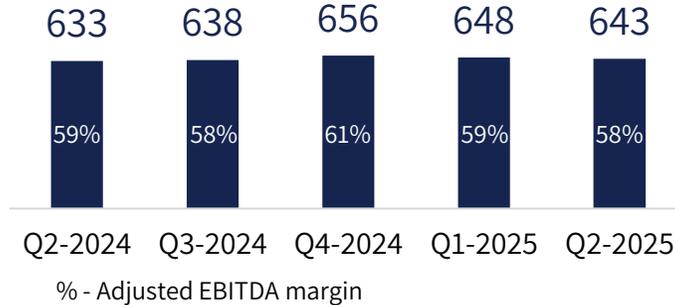
## Revenues

↑ 4.5%<sup>(1)</sup>



## Adjusted EBITDA

↑ 1.6%

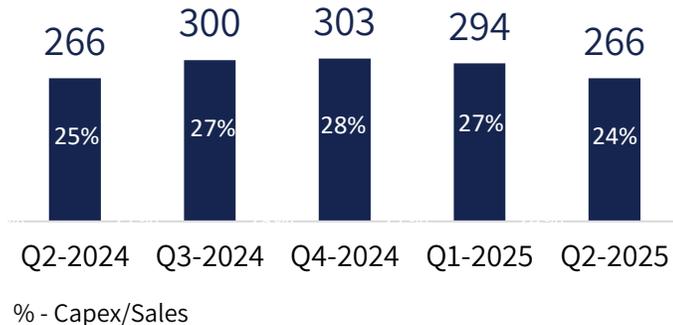


## Adjusted Net Profit

↓ 8.1%



## CapEx



## Free Cash Flow

↑ 19.8%

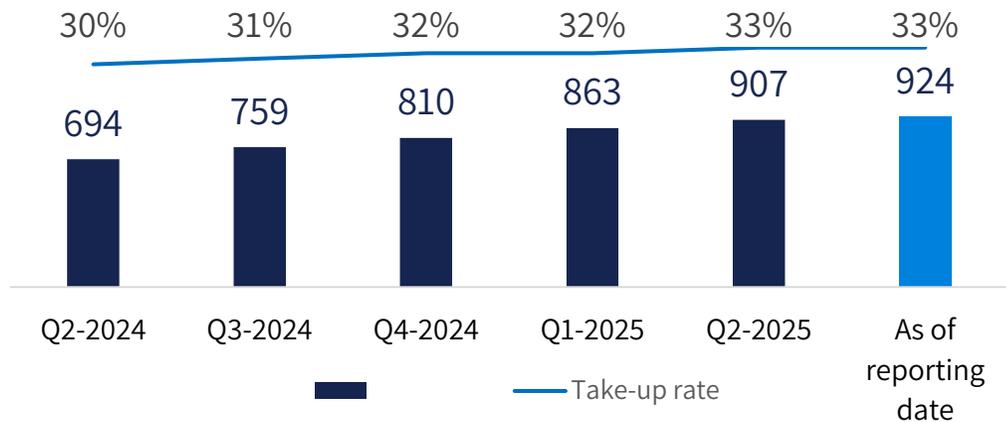


- 4.5% growth in core revenues driven by an increase across all core revenue items
- Decrease in Adj. Net Profit due to higher financing expenses resulting from the impact of the dollar-shekel exchange rate on hedging transactions
- Free cash flow was positively impacted by proceeds received from real estate sales



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

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



Over 900k active subscribers on Bezeq's fiber network

## Homes Passed (thousands)



Over 2.8m homes passed

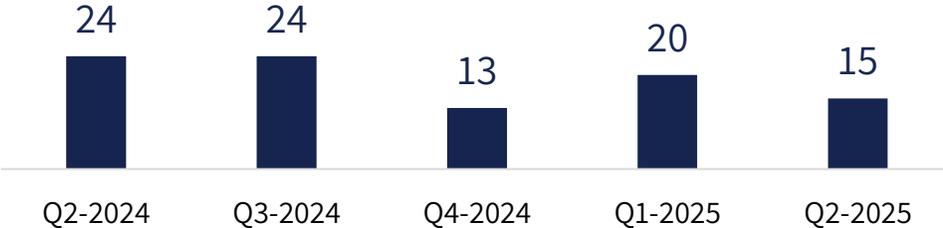


# Bezeq Fixed-Line | Fiber Take-Up – Retail and Wholesale

**Retail Fiber – Net Adds (Thousands)**



**Wholesale Fiber – Net Adds (Thousands)**



**Total Retail Fiber Take-Up (Thousands)**



**Total Wholesale Fiber Take-Up (Thousands)**



**Fiber subscribers represent 58% of total retail subscribers**

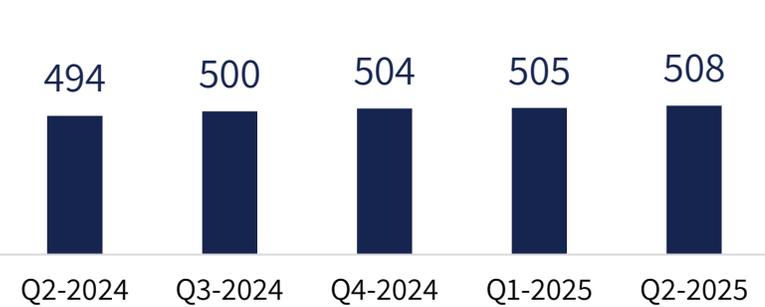
**29% y-o-y increase in wholesale take-up**



# Bezeq Fixed-Line | Q2-2025 Revenues | NIS million

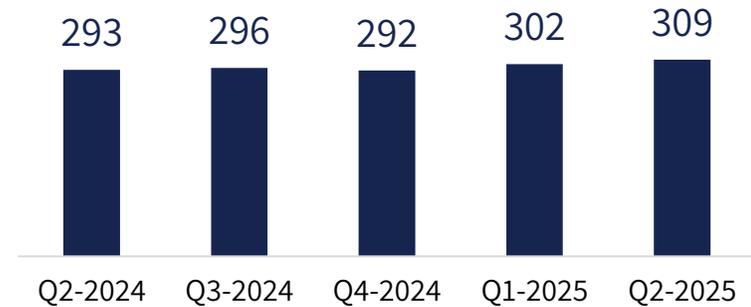
## Broadband Revenues

↑ 2.8%



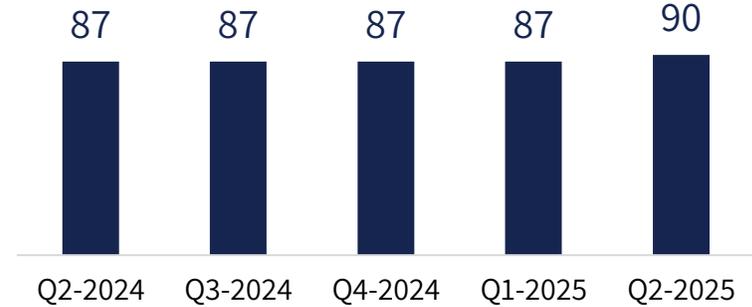
## Transmission & Data

↑ 5.5%



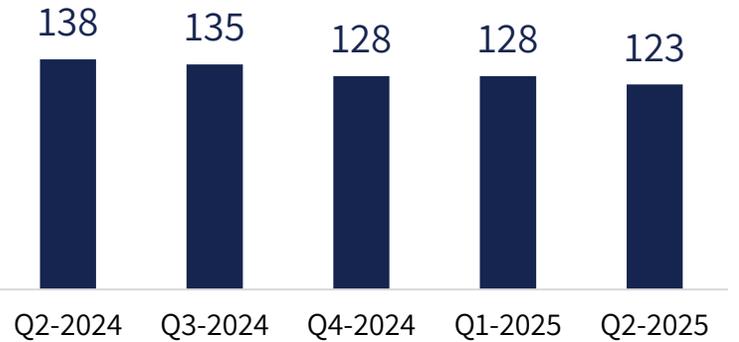
## Cloud & Digital

↑ 3.4%



## Telephony

↓ 10.9%



## Other

↑ 14.3%



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



# Pelephone | Q2-2025 Summary



Higher service revenues driven by continued growth in postpaid subscribers, including 5G subscriber plans, despite the impact on roaming revenues in June due to the war with Iran



Adj. EBITDA and Adj. Net Profit were impacted by the war with Iran, as well as the increase in frequency fees resulting from the termination of the MOC discount period



ARPU was NIS 46, up 4.5%, a Y-o-Y increase of NIS 2



5G postpaid subscriber plans grew by 39k reaching 1.33 million (58% of postpaid subscribers)<sup>(1)</sup>

5GMAX subscribers reached 80k<sup>(1)</sup>; Increasing our target to reach 150k by year end



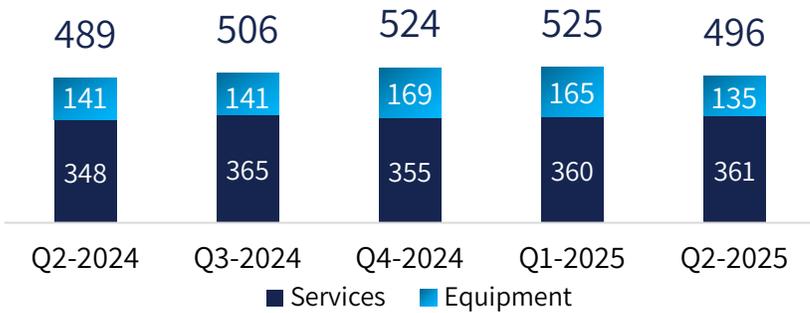
<sup>(1)</sup> As of reporting date



# Pelephone | Q2-2025 Key Financial Highlights | NIS million

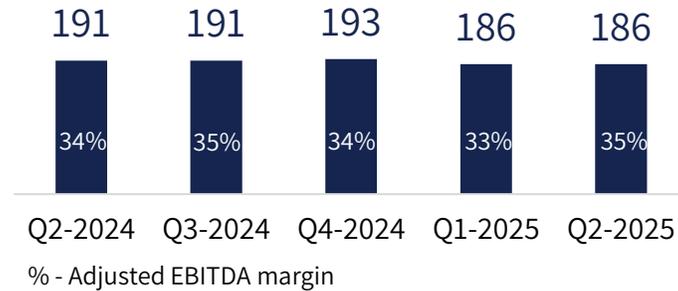
## Revenues

↑ 1.4%



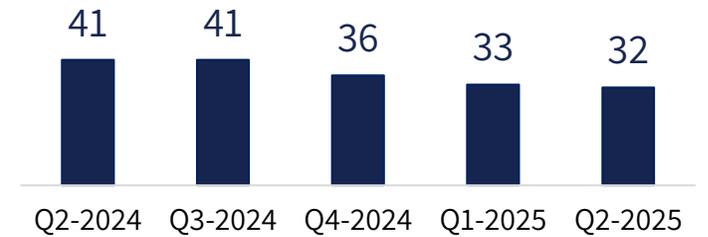
## Adjusted EBITDA

↓ 2.6%



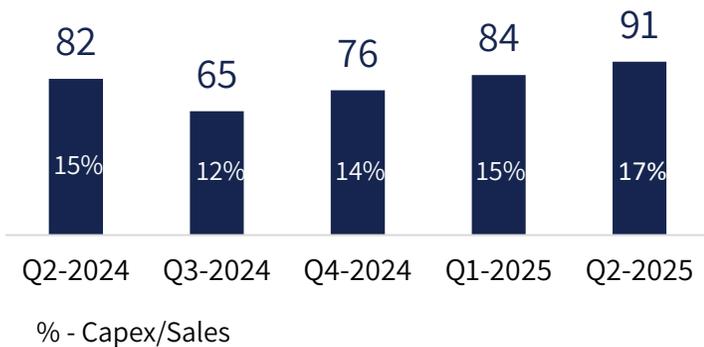
## Adjusted Net Profit

↓ 22%



## CapEx

↑ 11.0%



## Free Cash Flow

↑ 59%



- Higher service revenues driven by continued growth in postpaid subscribers, including 5G subscriber plans, despite the impact on roaming revenues in June due to the war with Iran
- Adj. EBITDA and Adj. Net Profit were impacted by the war with Iran, as well as the increase in frequency fees resulting from the termination of the MOC discount period
- Free cash flow was positively impacted by timing differences in working capital



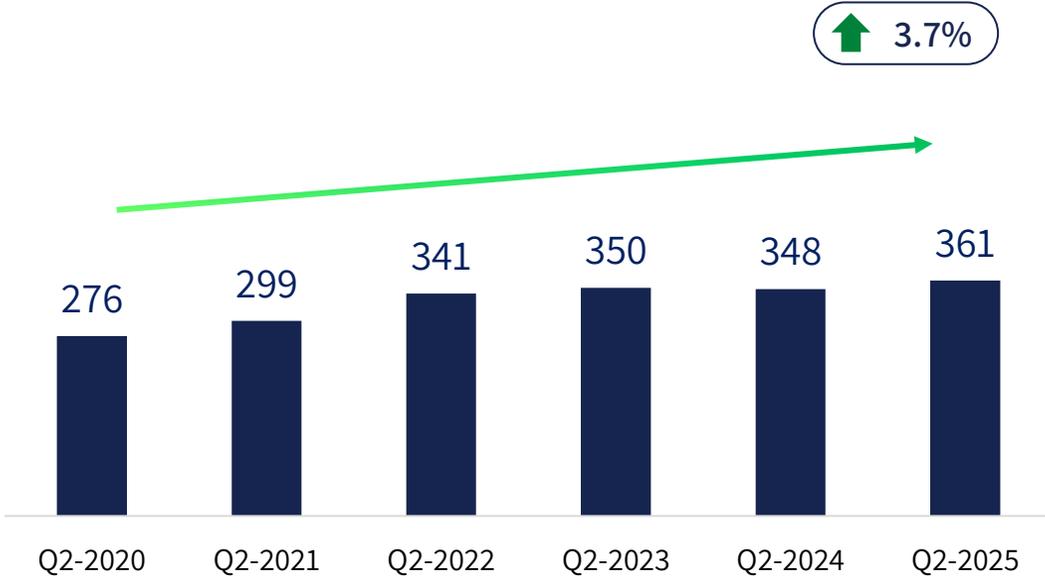
# Pelephone | Growth in Service Revenues and 5G Plans

**Postpaid Subscribers on 5G Plans**  
(Thousands)



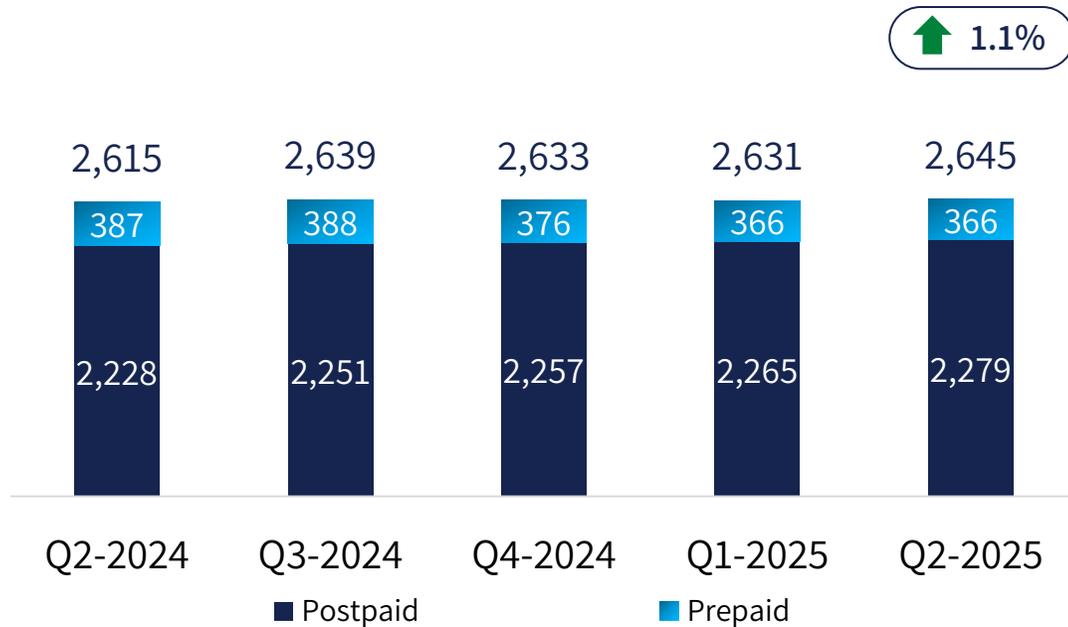
- 5G postpaid subscriber plans were 58% of postpaid subscribers

**Comparison of Service Revenues in Q2**  
(NIS million)



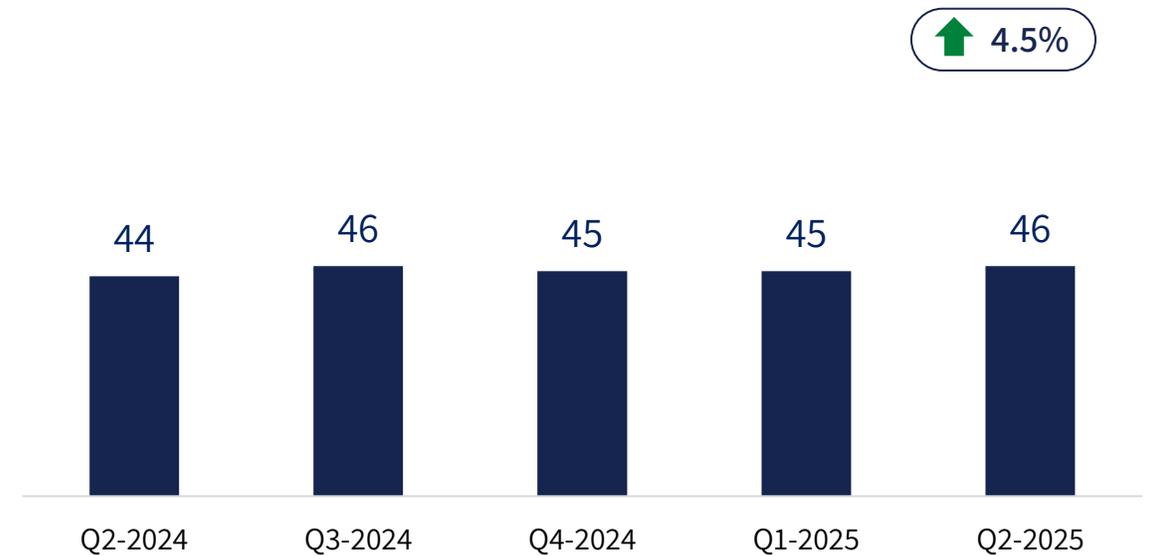
# Pelephone | Q2-2025 Key Operational Metrics

## Subscribers (Thousands)



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

## ARPU (NIS)



- ARPU rose NIS 2 year-over-year



# yes | Q2-2025 Summary



Revenues increased 1.3% to NIS 320 million, due to higher revenues from the TV + fiber bundle



Adj. EBITDA rose 30% to NIS 56 million, driven by higher revenues and streamlining of expenses



ARPU subscribers increased NIS 5 year-over-year to NIS 189, due to higher revenues from the TV + fiber bundle



TV subscribers increased by 1k sequentially, reaching 562k, representing the first quarterly increase since Q1-2023



Continued growth in fiber subscribers reaching over 100k<sup>(1)</sup>, 21% of total IP subscribers



Continued migration from satellite to IP with 483k customers<sup>(1)</sup> watching TV through IP broadcasting (86% of total subscribers)<sup>(1)</sup>



<sup>(1)</sup> As of reporting date



# yes | Q2-2025 Key Financial Highlights | NIS Million

## Revenues

↑ 1.3%



## Adjusted EBITDA

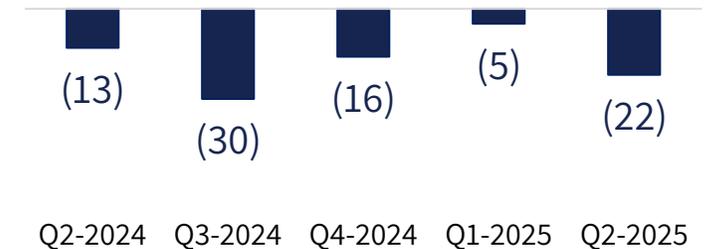
↑ 30%



% - Adj. EBITDA margin

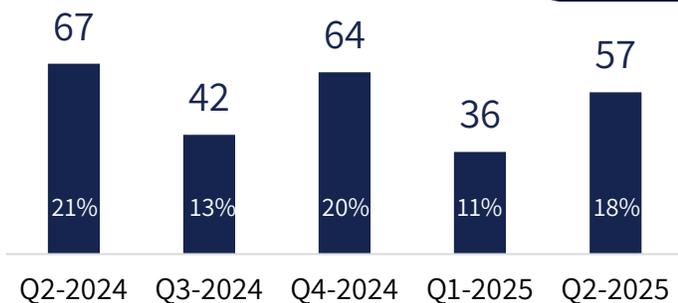
## Adjusted Net Profit

↓ 69%



## CapEx

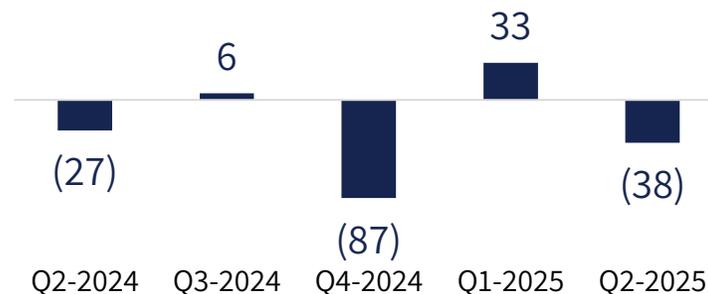
↓ 14.9%



% - Capex/Sales

## Free Cash Flow

↓ 41%



- Revenues rose due to higher revenues from the TV + fiber bundle
- Adj. EBITDA growth due to higher revenues and streamlining of expenses
- Adj. Net Profit was impacted by higher financing expenses due to a decrease in the value of hedging transactions resulting from a decline in the USD/ILS exchange rate
- Free cash flow was impacted by timing differences in working capital



# yes | Q2-2025 Key Operational Metrics

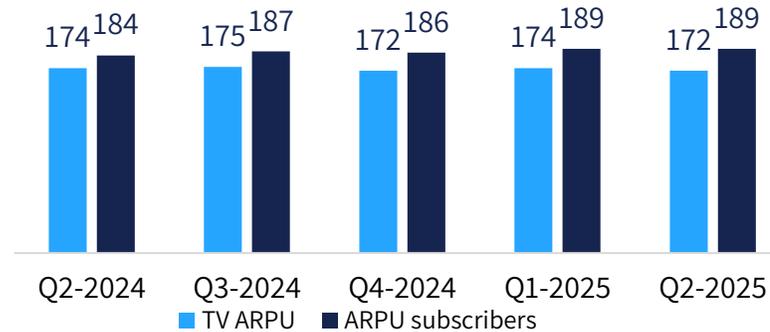
## Subscribers (Thousands)

↓ 0.9%



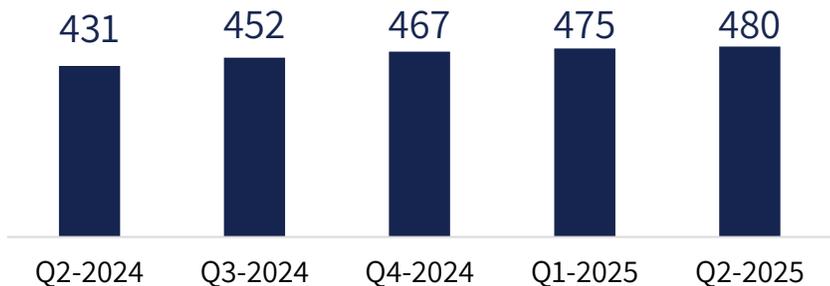
## ARPU (NIS)

↑ 2.7%<sup>(1)</sup>



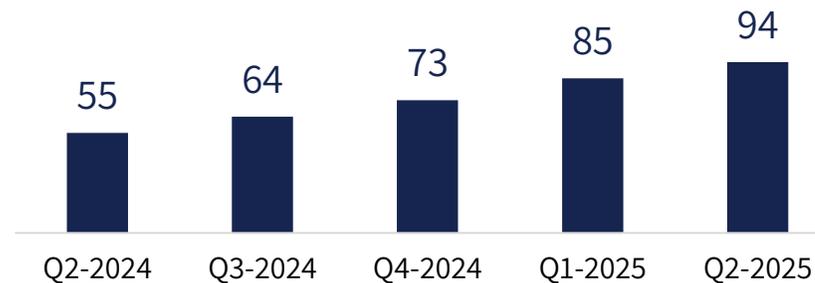
## IP Subscribers (Thousands)

↑ 11.4%



## Fiber Subscribers (Thousands)

↑ 71%



- Total subscribers increased Q-o-Q, for the first quarterly growth since Q1-2023
- ARPU subscribers rose NIS 5 y-o-y, due to higher revenues from fiber plans
- Continued growth in IP subscribers to 86% of yes subscribers<sup>(2)</sup>
- Continued growth in fiber subscribers

<sup>(1)</sup> % change in ARPU subscribers

<sup>(2)</sup> As of reporting date



# Bezeq International | Q2-2025 Summary



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



Free cash flow in H1-2025 totaled NIS 19 million, compared to NIS 13 million in the corresponding period



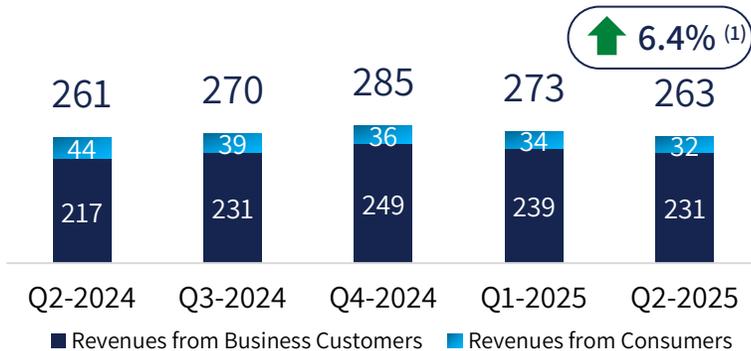
Revenues increased 1% to NIS 263 million, mainly due to higher revenues from cloud activities, sale of business equipment as well as international telephony services



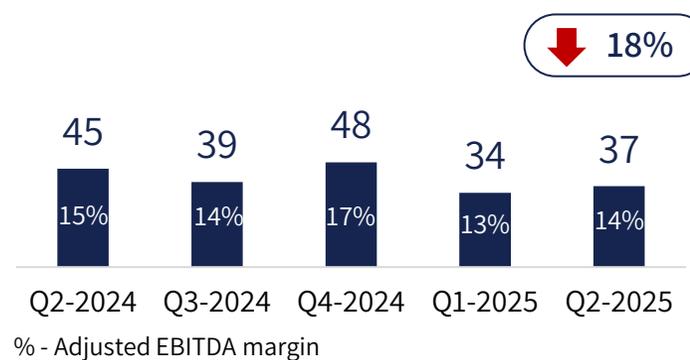
Continued streamlining plan, including implementation of employee retirement agreement for the period 2025 - 2027



## Revenues



## Adjusted EBITDA





# Thank You!

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