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# Investor Presentation FY 2020

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March 25, 2021



# Forward-Looking Information and Statement

This presentation contains general data and information as well as forward looking statements about Bezeq The Israel Telecommunications Corp., Ltd (“Bezeq”). Such statements, along with explanations and clarifications presented by Bezeq’s representatives, include expressions of management’s expectations about new and existing programs, opportunities, technology and market conditions. Although Bezeq believes its expectations are based on reasonable assumptions, these statements are subject to numerous risks and uncertainties. These statements should not be regarded as a representation that anticipated events will occur or that expected objectives will be achieved. In addition, the realization and/or otherwise of the forward looking information will be affected by factors that cannot be assessed in advance, and which are not within the control of Bezeq, including the risk factors that are characteristic of its operations, developments in the general environment, external factors, and the regulation that affects Bezeq’s operations.

This presentation contains partial information from the public reports of Bezeq under the Israeli Securities Law 5728-1968 (the "Securities Law"), which reports can be accessed at the Israeli Securities Authority's website, [www.magna.isa.gov.il](http://www.magna.isa.gov.il). A review of this presentation is not a substitute for a review of the detailed reports of Bezeq under the Securities Law and is not meant to replace or qualify them; rather, the presentation is prepared merely for the convenience of the reader, with the understanding that the detailed reports are being reviewed simultaneously.

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# Bezeq Group Vision and Strategy

## Group Vision

To lead the telecommunications market in Israel, providing a full range of telecommunications products and services for the residential and business markets and striving for continuous improvement in its operating results



Lead the Israeli telecommunications market by investing in high quality and advanced infrastructure as well as the provision of quality and efficient service



Profitability and market share:  
Subsidiary companies – strive to improve profitability without decreasing market share  
Bezeq Fixed-Line - strive to maintain market share/increase share in specific segments, while maintaining profitability

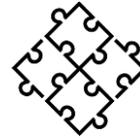


Maintain strength and financial stability

# Group Strategy



Focus on broadband infrastructure: fiber optics and 5G mobile network as growth engines



Strive for regulatory removal of the structural separation, which will allow the full merger of companies in order to improve customer service, strengthen competitive capabilities and create shareholder value



Business development (including M&A) in related/expanding areas of core business



Continued streamlining with focus on the core business and streamlining of corporate headquarters, while striving to improve managerial flexibility and response time



Connect and harness management and employees to create value through incentives and compensation

# Key Highlights – FY 2020



- Adjusted net profit increased by 25.3% y-o-y\*
- Adjusted EBITDA slightly decreased by 0.8% y-o-y
- Free cash flow increased by 8.0% y-o-y
- Decrease of NIS 1.1 billion in net debt (y-o-y) and improved liquidity ratios

As of the end of 2020, the total impact of the COVID-19 pandemic on the financial condition of the Group companies **was immaterial**

## Bezeq Fixed-Line

- Increase in total revenues for the first time in five years
- Continued improvement in key operating metrics. Increase in:
  - Retail broadband Internet subscribers
  - Telephony ARPL
  - Retail broadband Internet ARPU
- Launch of 200 Mbs package
- Launch of fiber project – Mar 2021

## Subsidiary Companies

- Board decision to examine and promote a merger between Bezeq International and yes as well as the spin-off of the ICT business division
- Decrease in mobile roaming revenues due to the COVID-19 pandemic
- Streamlining measures led to decrease in operating expenses
- Growth in Pelephone postpaid subscribers
- Significant improvement in yes free cash flow
- Increase in yes IP subscribers (25%)
- Tender award and launch of 5G network

## Regulation

- Knesset approves fiber optic deployment outline (cancellation of universal deployment obligation)
- MOC published initial and supplementary hearings with the intention of allowing Bezeq Fixed-Line to offer unified broadband services (infrastructure and ISP)
- MOC published hearing on telephony price decrease

\*Increase in adjusted net profit driven by decrease in financing expenses in Bezeq Fixed-Line primarily due to a decrease in financing expenses for employee benefits, a decrease in interest expense due to the repayment of debt as well as lower fees relating to the early repayment of debt compared with 2019

# Financial Results Bezeq Group



# Bezeq Group - Revenues | NIS Million



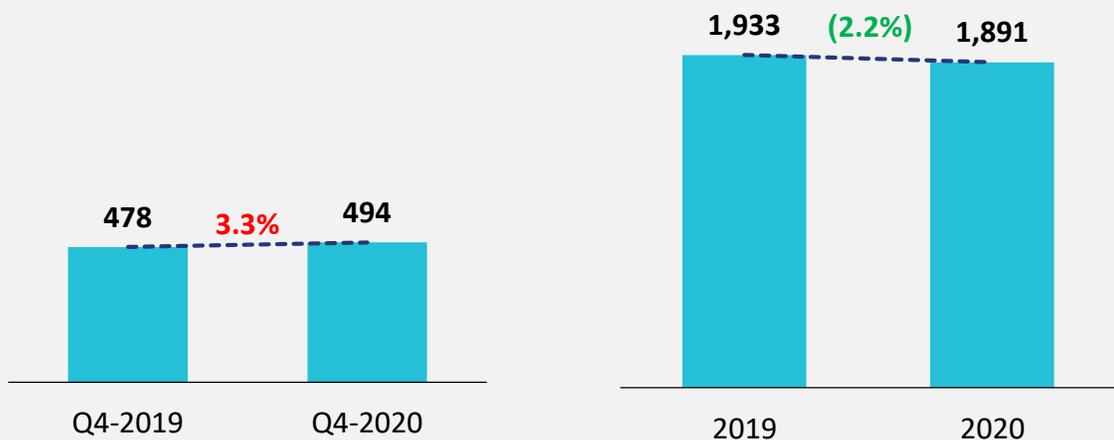
## 2.3% y-o-y decrease with stable quarterly revenues

- Bezeq Fixed-Line revenue growth (2.1% y-o-y and 7.1% q-o-q) partially offset the decrease in revenues of subsidiary companies (impacted by a sharp decrease in roaming revenues due to the pandemic)



# Bezeq Group - Salary and Operating Expenses | NIS Million

## Salary Expenses, Net

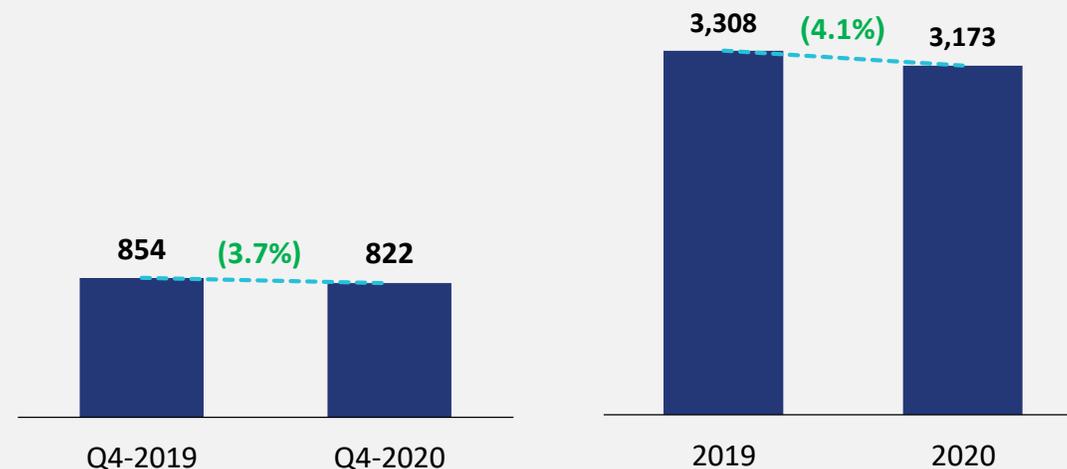


**2.2% y-o-y decrease**

**3.3% q-o-q increase**

- Decrease in headcount in subsidiary companies on top of the comprehensive streamlining plan, offset by an increase in Bezeq On-Line as well as the recruitment of new employees for the fiber project and expenses related to the new employee agreement in Bezeq Fixed-Line

## Operating Expenses



**4.1% y-o-y decrease**

**3.7% q-o-q decrease**

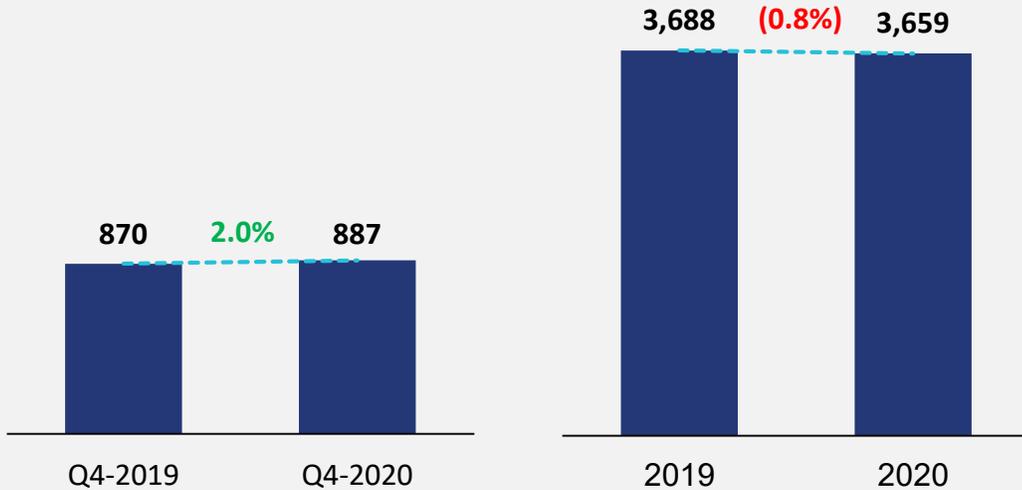
- Continued streamlining in operating expenses of subsidiary companies



# Bezeq Group - Adjusted EBITDA and Adjusted Net Profit \*

NIS Million

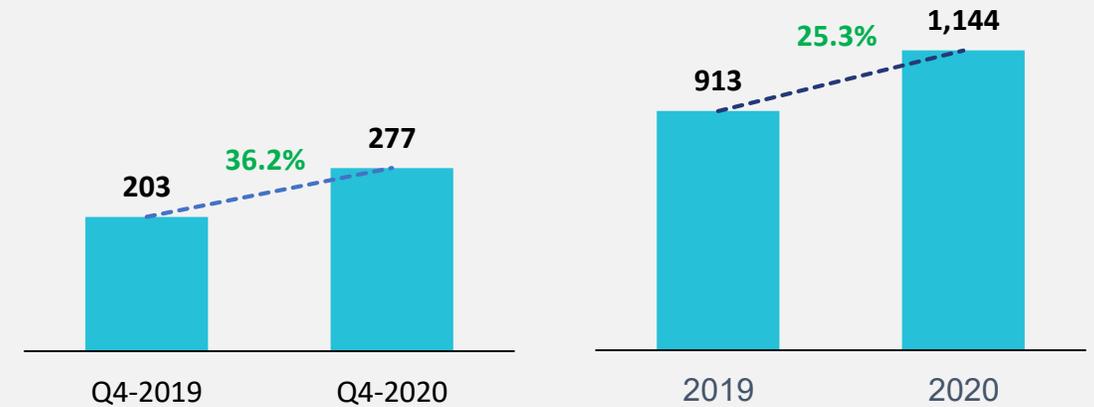
## Adjusted EBITDA



0.8% y-o-y decrease, despite reduction in revenues

2.0% q-o-q increase

## Adjusted Net Profit



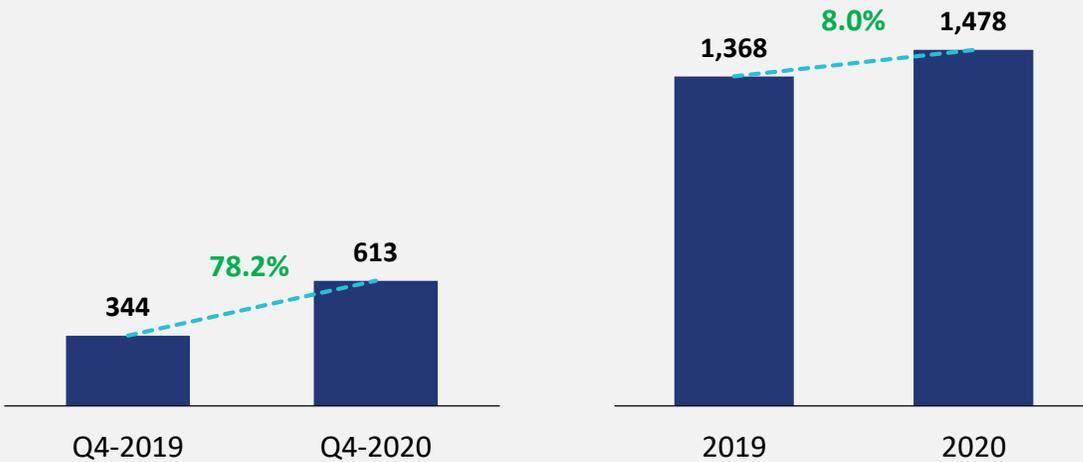
25.3% y-o-y increase

36.4% q-o-q increase



# Bezeq Group - Gross CAPEX and Free Cash Flow | NIS Million

## Free Cash Flow

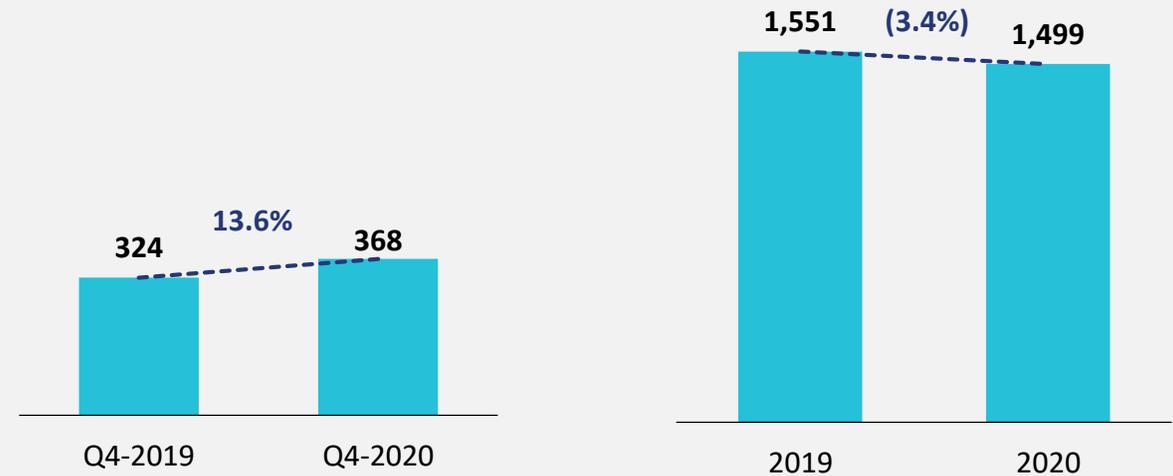


**8.0% y-o-y increase**

**78.2% q-o-q increase**

- Increase in profitability and changes in working capital

## Gross Capex



**3.4% y-o-y decrease**

**13.6% q-o-q increase**

- Increase in Bezeq Fixed-Line CAPEX due to launch of fiber project in Q4 2020

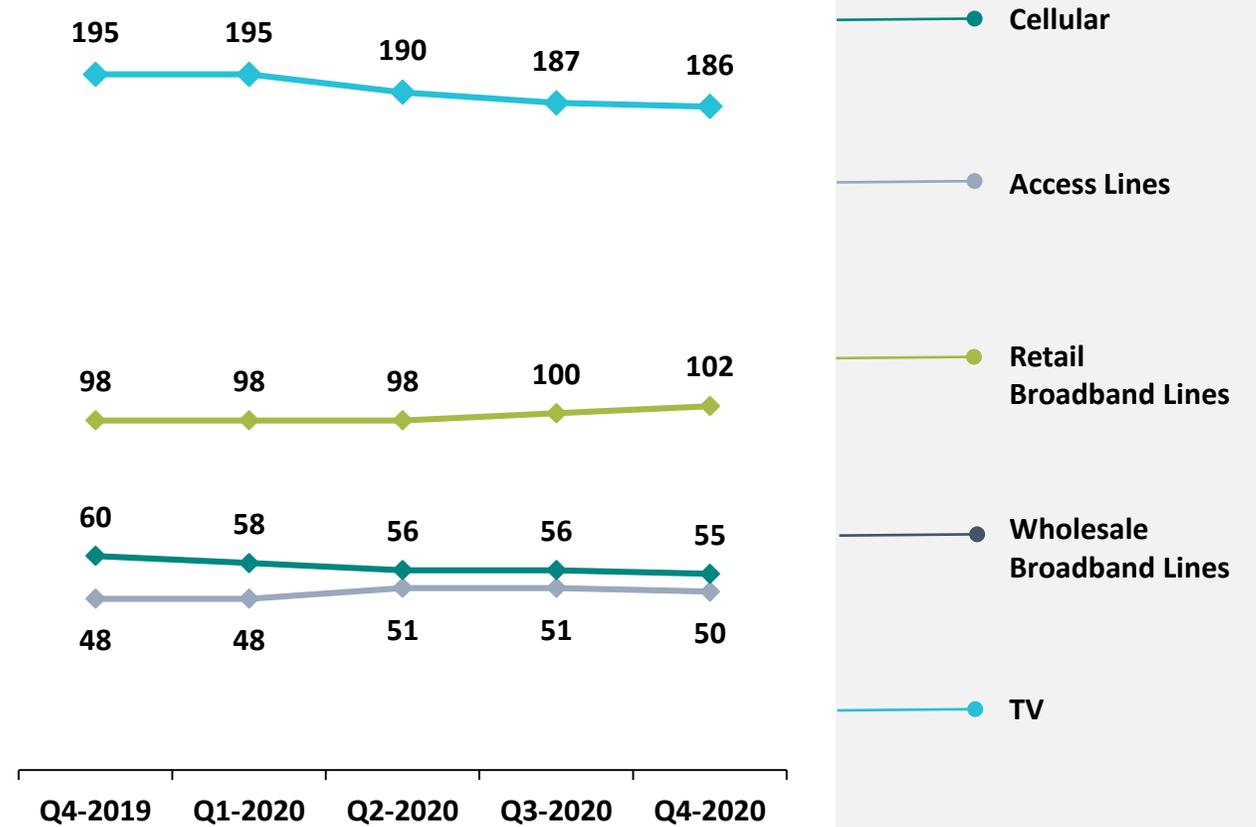


# Bezeq Group - KPIs

## Subscribers\*\* (end of quarter, in thousands)



## ARPU\* (NIS)

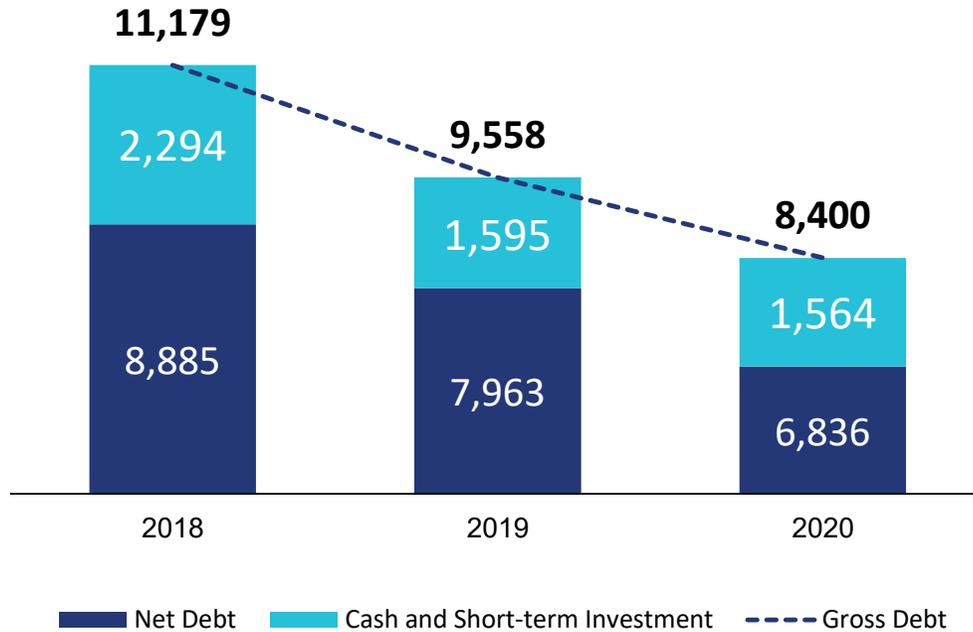


\*In Q1 2020, yes revised its ARPU definition so that ARPU does not include revenue from content sales to external broadcasters. As a result, ARPU data for the previous periods was adjusted retroactively

\*\*Telephone subscriber data includes a retroactive reclassification of postpaid subscribers to IOT subscribers (who are not included in Telephone subscribers). As a result, the number of postpaid subscribers decreased in 2019 and 2020 by 9,000 and 12,000 respectively, with no change in yearly ARPU



# Bezeq Group - Financial Debt | NIS Million



## Continued decrease in net debt

- Decrease of NIS 1.1 billion y-o-y

## Further improvement in liquidity ratio

- Net debt/EBITDA ratio decreased to 2.1 from 2.4 in 2019

## Debt ratings:

Rating Agency	Rating	Outlook
S&P Global Maalot	iAA-	Stable
Midroog	Aa3.il	Stable; Negative Credit Review



# Bezeq Group – Delivering on 2020 Guidance

	2020 Outlook	2020 Results	Guidance Met
Adjusted net profit	NIS 1.05 billion	NIS 1.14 billion	√
Adjusted EBITDA	NIS 3.6 billion	NIS 3.66 billion	√
CAPEX	NIS 1.5 billion	NIS 1.50 billion	√



# Bezeq Group - 2021 Outlook

Based on the information known to the Bezeq Group today, the Group's Outlook for 2021 is as follows:

	Updated Outlook
Adjusted net profit* attributable to shareholders	NIS 1.0 billion
Adjusted EBITDA*	NIS 3.5 billion
CAPEX**	NIS 1.7 billion

The Company shall report, as required, deviations of more/less than 10% of the amounts stated in the outlook

\*Adjusted net profit and Adjusted EBITDA – after adjusting for other operating expenses/income, net, one-time losses/gains from impairment/increase in value of assets and stock based compensation

Adjusted EBITDA and Adjusted Net Profit in 2020 were NIS 3.66 billion and NIS 1.14 billion, respectively.

\*\*CAPEX - gross payments for investments in fixed and intangible assets. CAPEX in 2020 amounted to NIS 1.50 billion

The Company's forecasts in this section are forward-looking information, as defined in the Securities Law. The forecasts are based on the Company's estimates, assumptions and expectations.

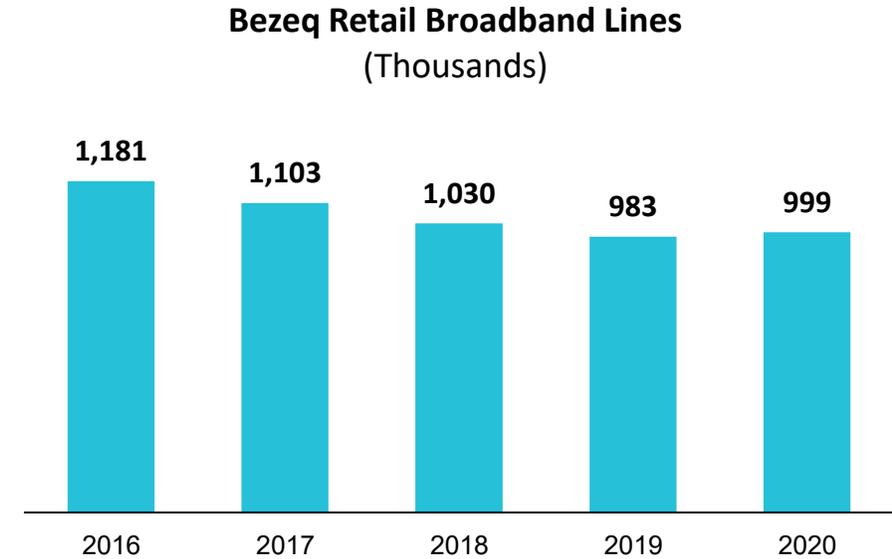
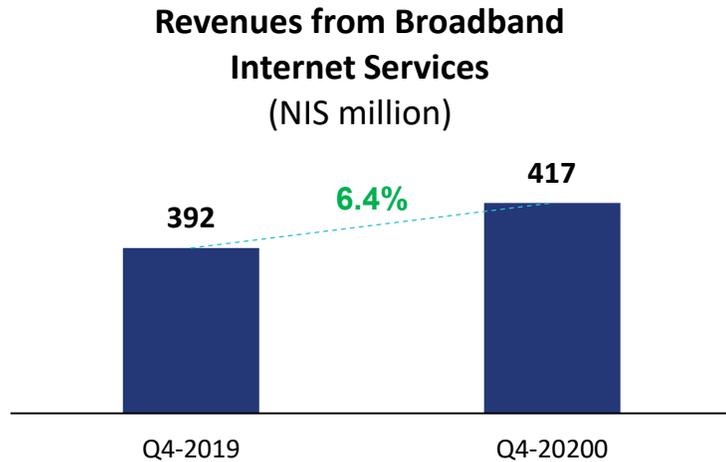
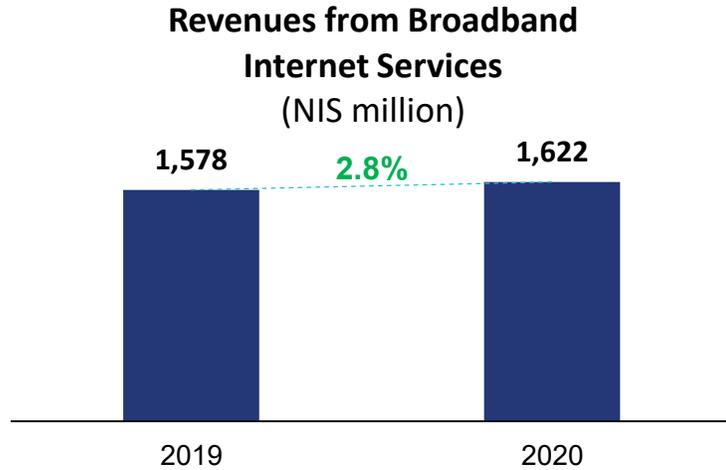
The Group's forecasts are based, among other things, on its estimates regarding the structure of competition in the telecommunications market and regulation in this sector, the economic situation and accordingly, the Group's ability to implement its plans in 2021. Actual results may differ from these estimates taking note of changes that may occur in the foregoing, in business conditions, and the effects of regulatory decisions, technology changes and developments in the structure of the telecommunications market, and so forth, or the realization of one or more of the risk factors listed in the Periodic Report of 2020. In addition, there is no certainty that the outlook will be fully or partially fulfilled, among other things, due to the COVID-19 pandemic and the resulting uncertainty.

A young girl with long brown hair is wearing large, pink over-ear headphones and is smiling while looking at a tablet computer. She is wearing a blue and white patterned top. In the background, a man and a woman are sitting on a light-colored sofa, looking down at their own devices. The man is wearing a blue long-sleeved shirt and jeans, and the woman is wearing a grey and white striped long-sleeved shirt and blue jeans. The scene is set in a bright, indoor environment with light-colored walls and a window with white curtains in the background.

# Bezeq Fixed Line



# Bezeq Fixed-Line - Broadband Internet Services



- Revenues from **broadband Internet services** grew **2.8% y-o-y** (increase of **6.4% q-o-q**)
- **Growth in broadband retail lines** for the first year since 2014
- Accelerated **sales of equipment** (BE router, Bspot, Be Mesh) contributed to the **increase in ARPU**
- **Launch of 200 Mbs plan**

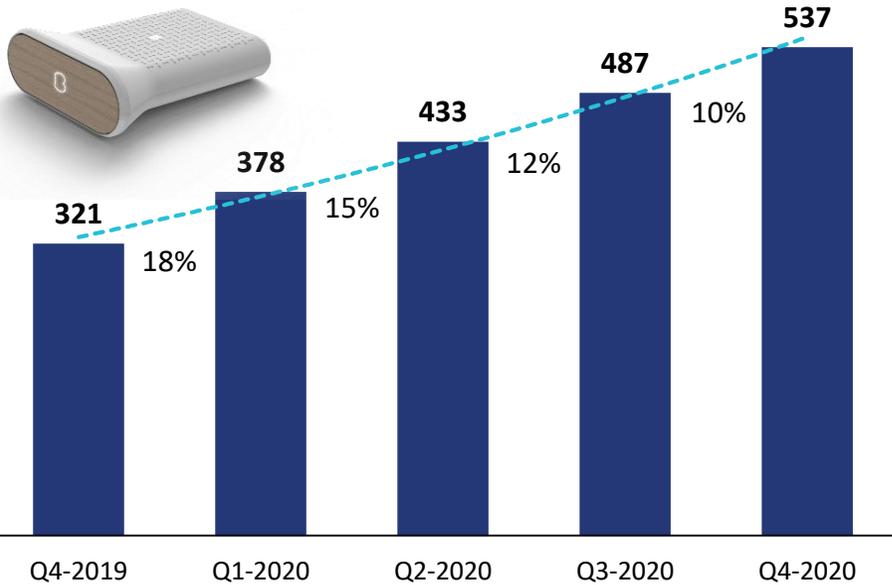


# Bezeq Fixed-Line - Full WiFi Differentiation

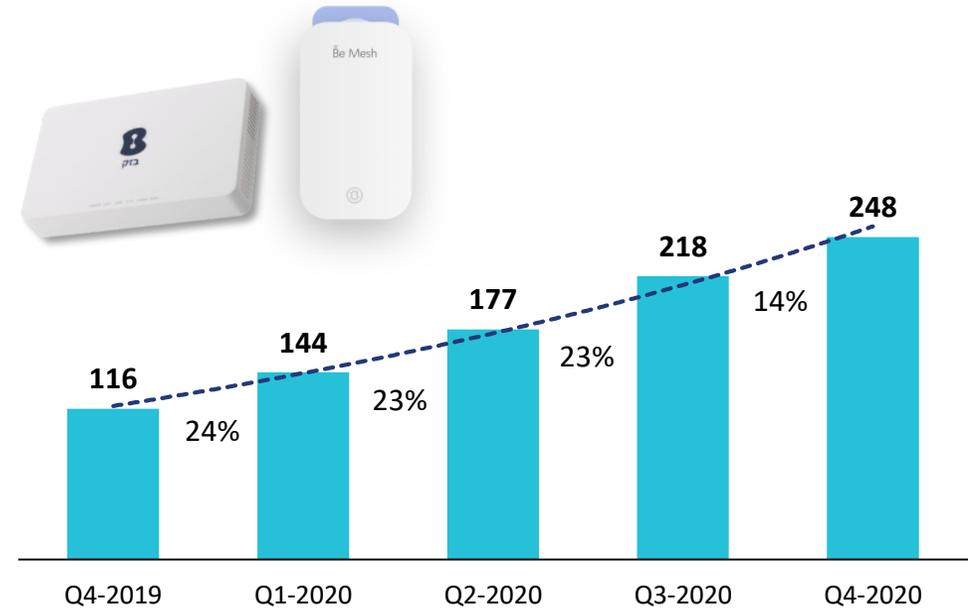
with High Quality Broadband Internet at Home

Improved broadband experience and customer retention through BE router and Bspot/Be Mesh services

Customers with BE router (in thousands)



Customers with BSPOT and MESH (in thousands)



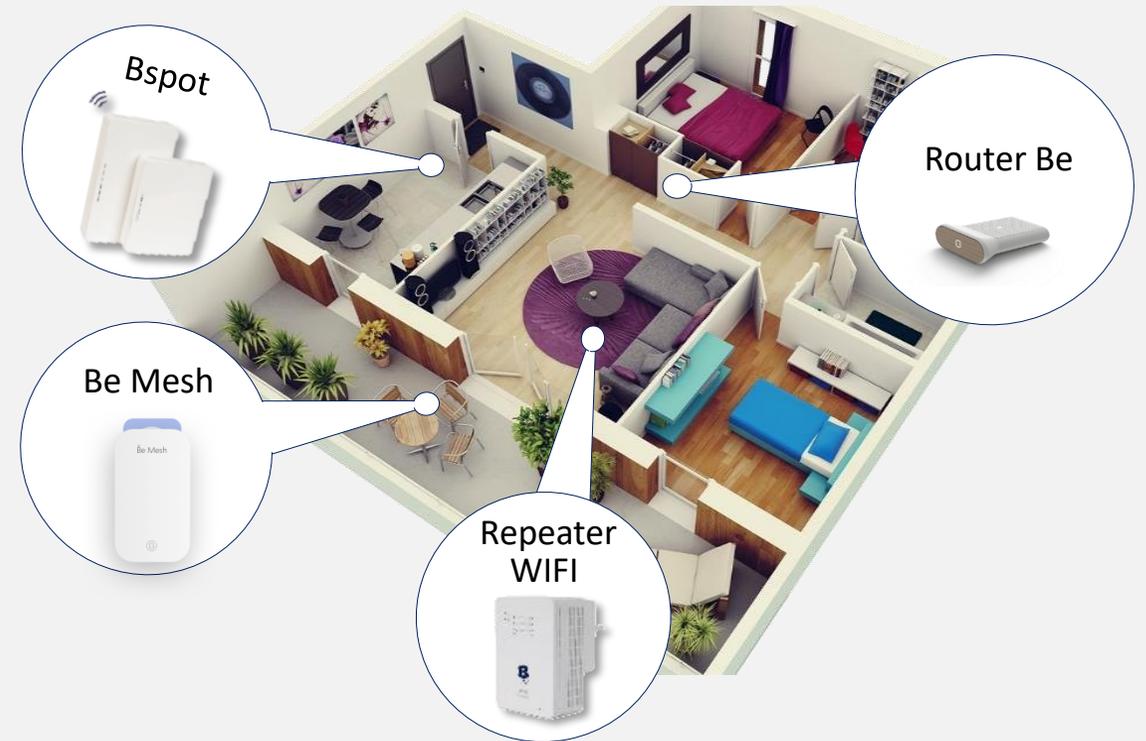
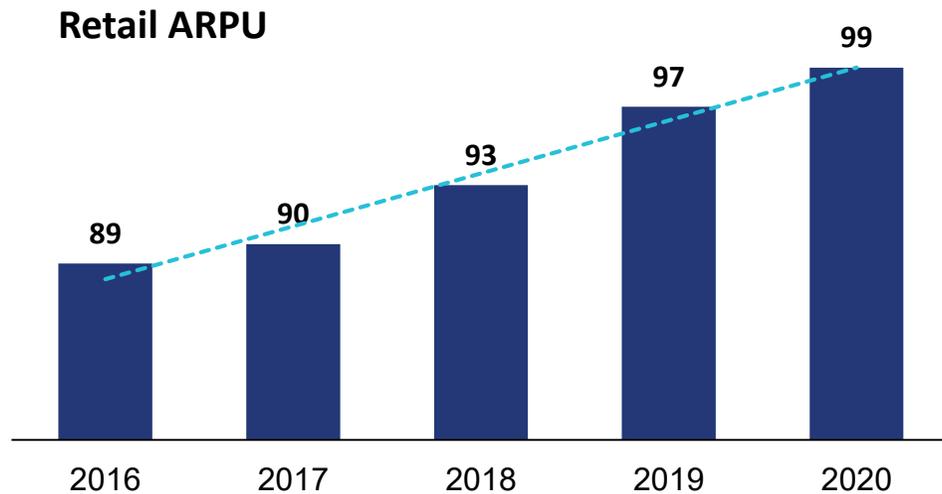
~54% of the Company's retail customers choose to connect via the BE router



# Bezeq Fixed-Line - Average Revenue Per User (ARPU) | NIS

The only Israeli telecom operator with growing ARPU

ARPU increase due to further penetration into customer premises as well as value-added services





# Bezeq Fixed-Line – Launch of Fiber Project

Bezeq's largest and most challenging project in the last decade

- We launched our fiber project in Q4 2020 with hundreds of teams deploying throughout the country and, on March 14, 2021, we began connecting customers to the fiber infrastructure
- We have already reached 250 thousand homes. Our target of one million homes by the end of 2021 remains on track
- We currently offer 100, 200, 600 and 1,000 Mbs plans and in the coming weeks will launch our ultra-fast fiber plan of 2.5 Gbs
- In Feb 2021, the MOC published a secondary hearing to amend Bezeq's license allowing the Company to provide full broadband Internet services (infrastructure and ISP) only after reaching an agreement with the ISPs on KPIs and compensation for lack of compliance in the wholesale market
  - The MOC strongly believes that it should continue to promote the consolidation of retail broadband Internet services into one product offering

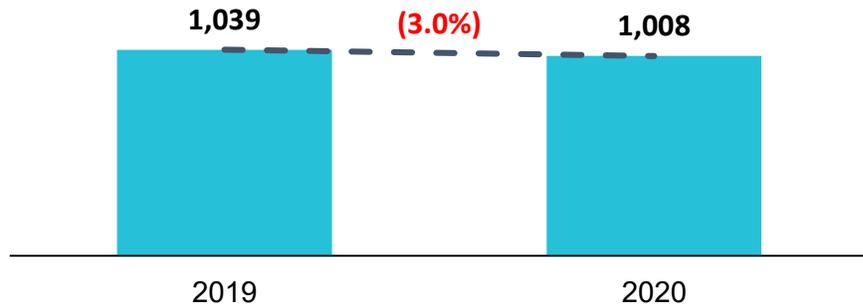


**Dudu Mizrahi, Bezeq CEO:** “Bezeq’s advanced fiber optics will sweep through the country from Metula to Eilat, in the center and in the periphery, across the lengths and depths of the land”

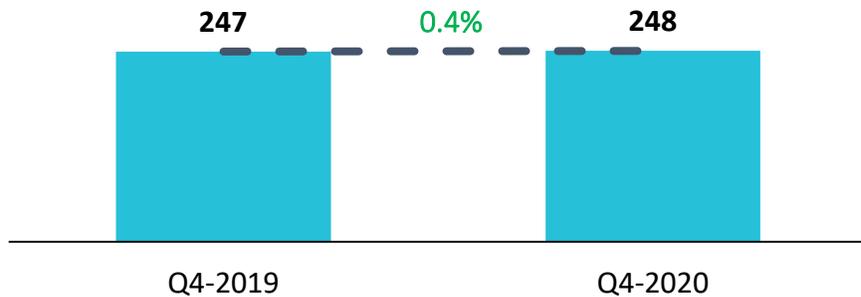


# Bezeq Fixed-Line - Telephony Services

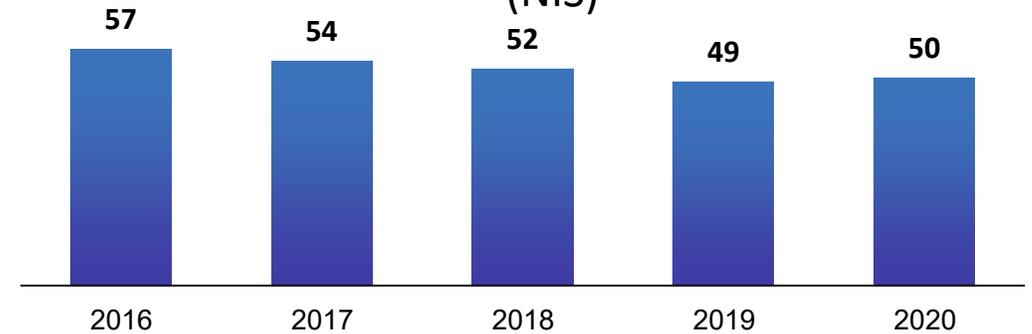
Telephony Revenues  
(NIS millions)



Telephony Revenues  
(NIS millions)



Telephony ARPL  
(NIS)

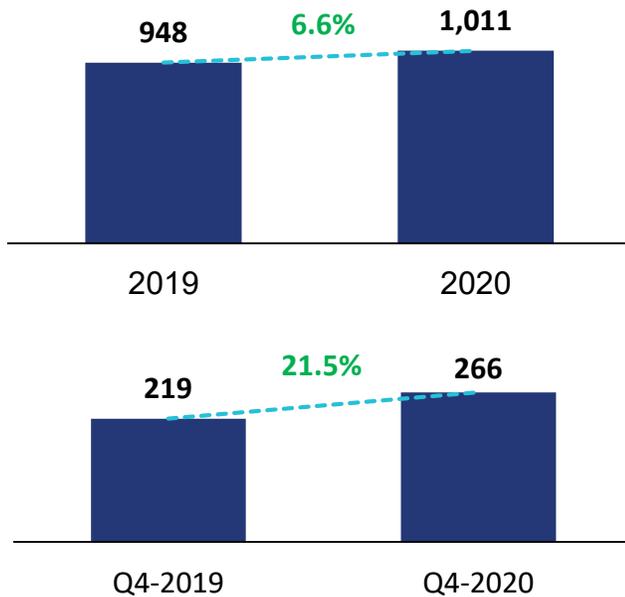


- **Significant increase in traffic** due to COVID-19
  - Outgoing minutes increased 14% y-o-y
  - Incoming minutes increased 19% y-o-y
- **ARPL** in Q4 20 **grew** to NIS 50 (from NIS 48 in Q4 19)
- 0.4% increase y-o-y in revenues from telephony services
- MOC published a hearing for a reduction in telephony prices



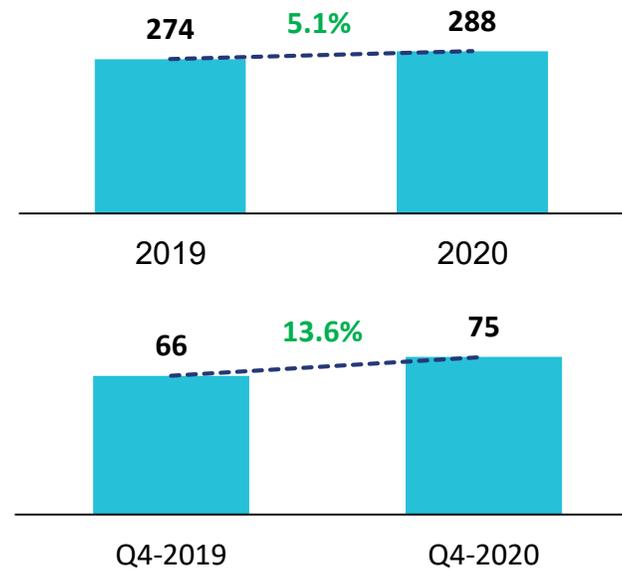
# Bezeq Fixed-Line - Revenues from Transmission and Data Communications, Cloud & Digital Services and Other | NIS Million

## Transmission & Data



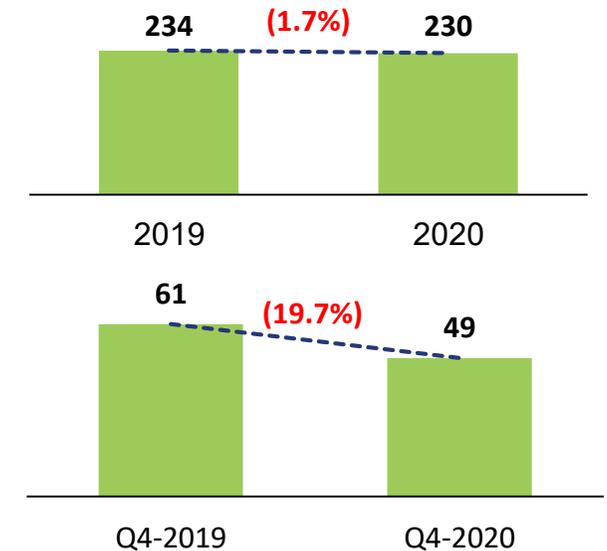
- Increase in revenues from transmission services for ISPs and a one-time provision in Q4 2019

## Cloud & Digital Services



- Increase in revenues from virtual exchanges and cloud services for businesses

## Other Revenues



- Y-o-Y decrease in Q4 2020 due to a new pricing agreements with Hot and the Broadcasting Corporation

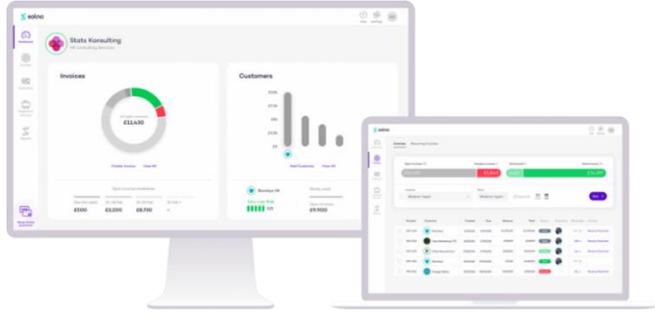
# Business Sector – Wide Variety of Advanced Solutions



- Promotion of transmission networks and IPVPN Internet link between branches combined with SD-WAN technology
- Advanced cloud solutions, smart exchanges and IOT are becoming a significant growth engine
- Solidifying and deepening IT integration operations as part of the value package in a variety of areas:
  - Data security and cyber
  - Telephony solutions and advanced call centers
  - System and SAAS services
- Combining data hosting and IT systems solutions in the basket of business solutions using two major platforms:
  - Virtual data hosting based on VMWARE technology
  - Hosting physical servers in new data center facilities using the highest standards



# Business Sector – Digital Services and Customer Experience



- Focus on 24/7 service and support with particularly high SLA for critical applications
- Upgrade and manage customer interfaces in digital portals
- Launch of E-commerce store for businesses and expansion of sales activity with a variety of business communication products

## B144

- Promote and improve the customer experience of the leading index in Israel to search for businesses and people
- Expand and automate the platform for marketing and digital advertising on the Internet
- Integrate Big Data based on dedicated algorithm
- Deepen “premier partnership” with Google and Facebook
- Position B144 as "experts in digital marketing and advertising of small businesses"



# Expansion of Retail Operations

- Opened new stores in Eilat and Umm al-Fahm
- E-commerce site is gaining momentum and responsible for ~ 25% of retail activity revenues
- Transitioning from a mobile store to Market Place
- Expanded the range of products in a variety of categories (smart clocks, gaming consoles, Samsung TVs and more)





# New Corporate Headquarters in Holon

We successfully moved our corporate headquarters with ~ 1,000 employees to the new building in Holon

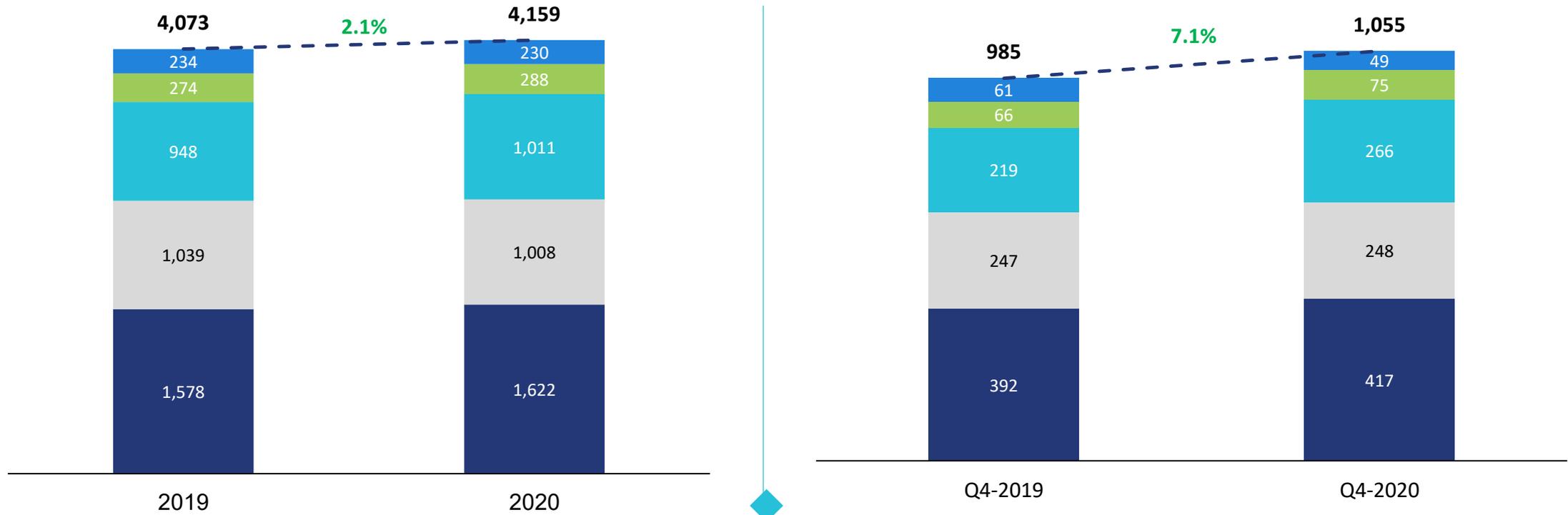




# Bezeq Fixed-Line – Key Financial Metrics | NIS million

## Revenues

Revenue growth y-o-y for the first time in 5 years

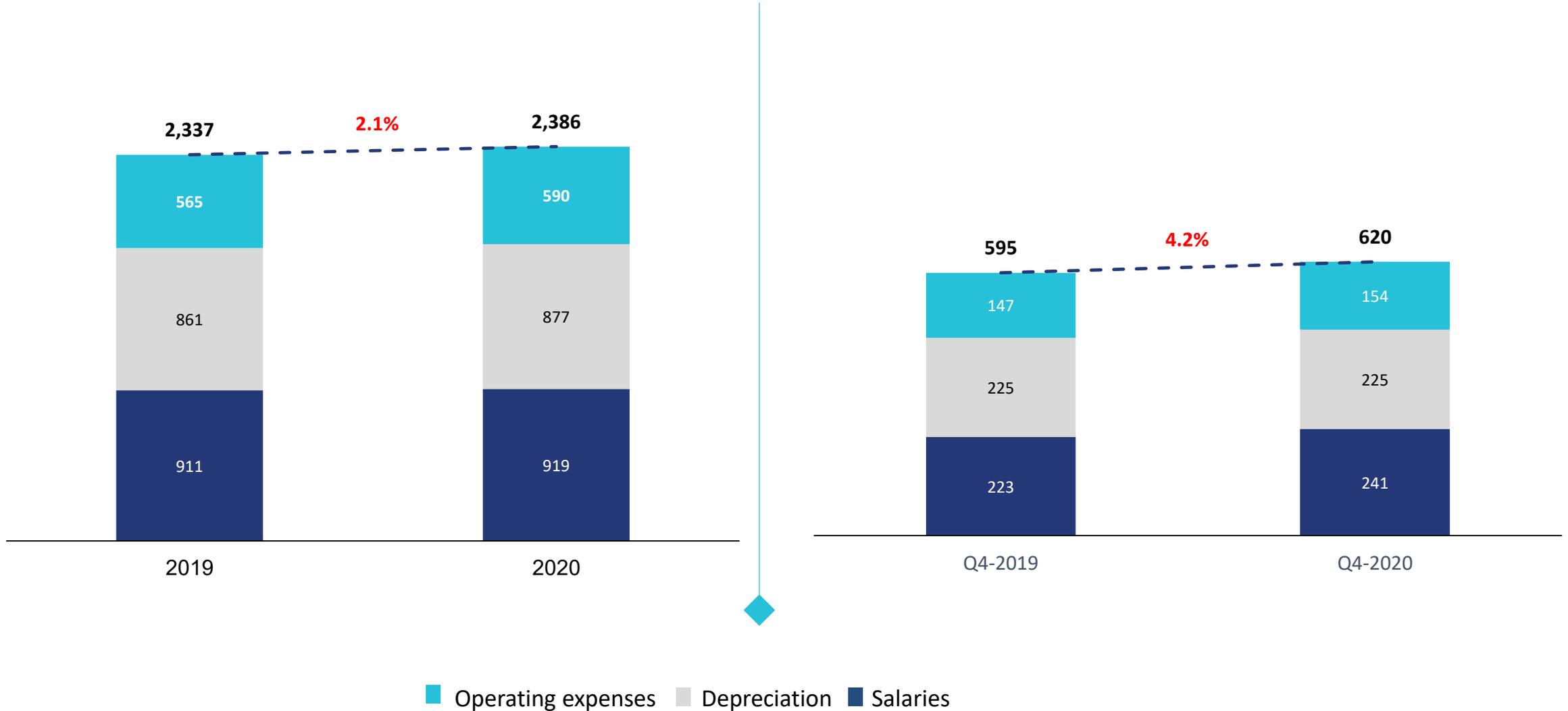


■ Other ■ Cloud & Digital ■ Transmission & data communications ■ Telephony ■ Internet



# Bezeq Fixed-Line – Key Financial Metrics | NIS million

## Expenses

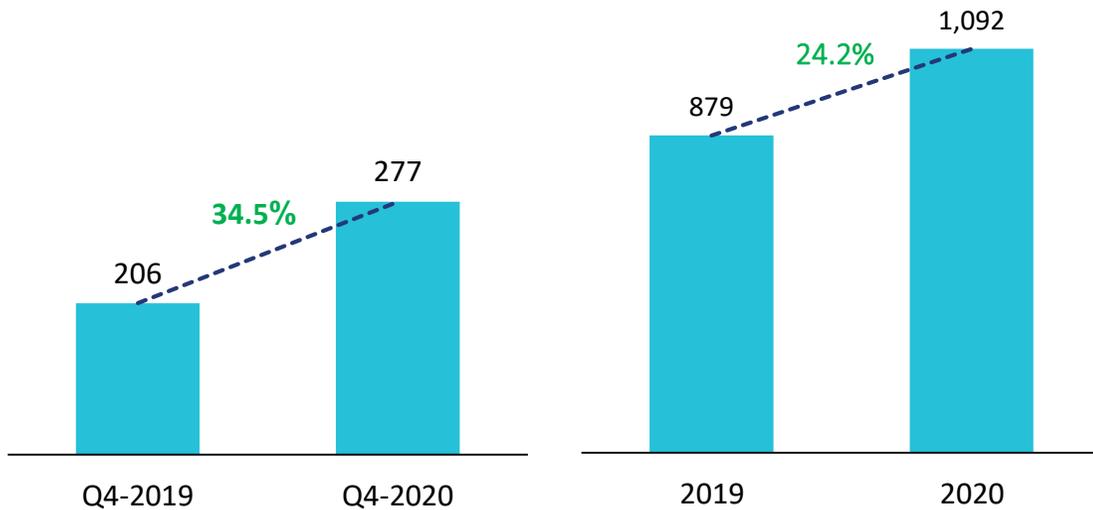




# Bezeq Fixed-Line - Adjusted EBITDA and Adjusted Net Profit \*

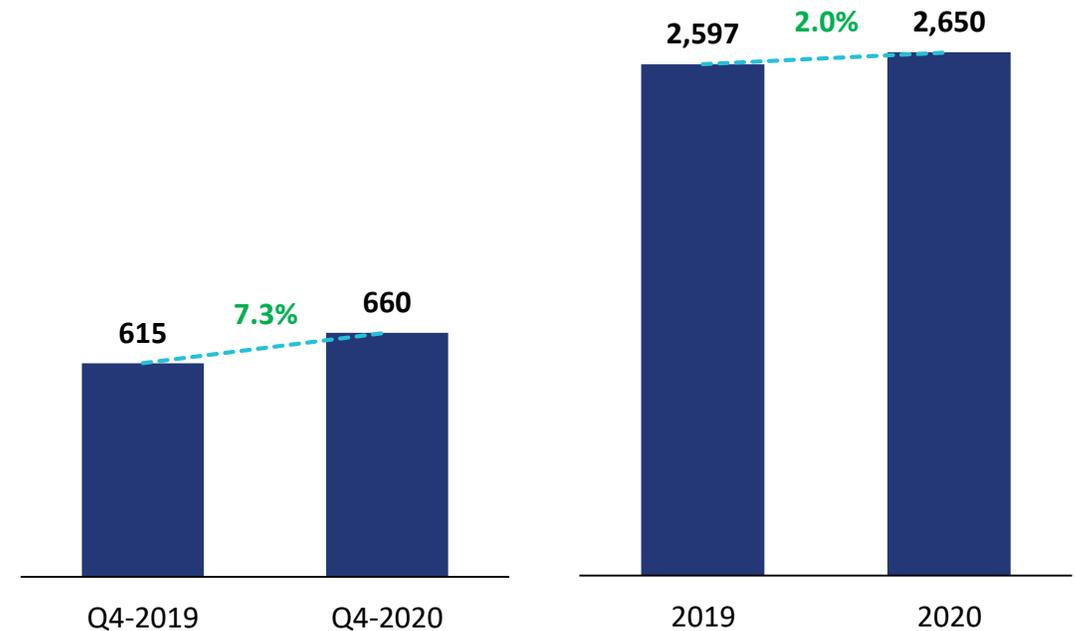
NIS million

## Adjusted Net Profit



**24.2% y-o-y increase**  
**34.5% q-o-q increase**

## Adjusted EBITDA



**2.0% y-o-y increase**  
**7.3% q-o-q increase**

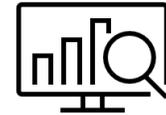
# Bezeq Fixed-Line - Summary



**Growth in broadband Internet revenues driven by increase in subscribers and ARPU**



**Tremendous success in sales of BE router and Wifi enhancers**



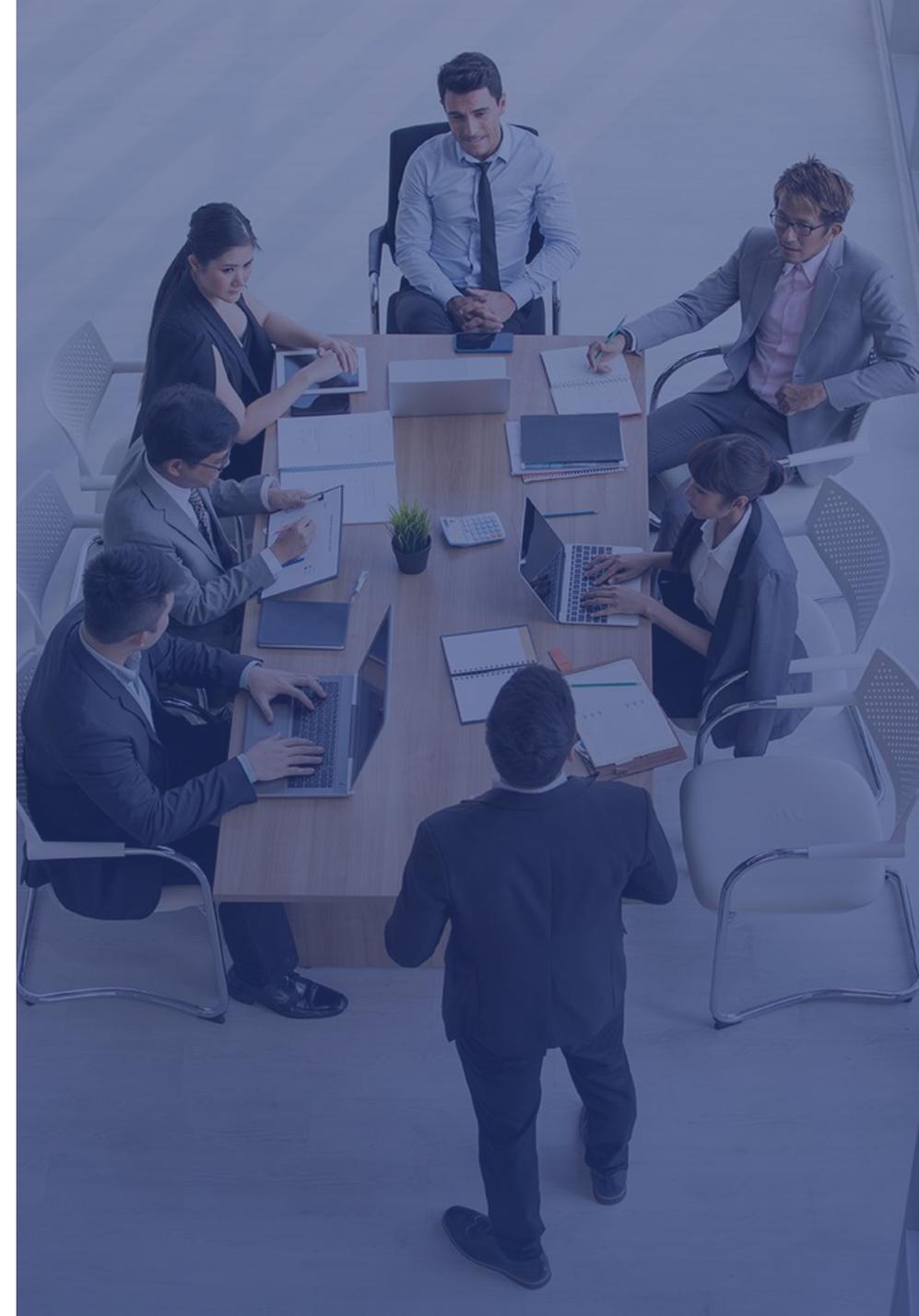
**Launch of nationwide deployment of fiber as well as the unified broadband Internet offering (including ISP) together with Bezeq's high quality service will drive the continued growth and strengthening of Bezeq's position in the residential broadband Internet market**



# Corporate Responsibility

# Key principles of Bezeq's corporate responsibility

- Bezeq published its corporate responsibility report for the first time since 2011. The report presents Bezeq's involvement in and commitment to the community and stems first and foremost from the community ethos of Bezeq and its employees who are truly committed to the public they serve and to the environment to which they belong. The report was prepared in accordance with the GRI and SASB international standards
- Proper, high-quality **corporate governance** is the basis for appropriate conduct at all company levels. We at Bezeq invest substantial resources in continually increasing the level of corporate governance
- Bezeq adheres to a business culture that is based on clear ethical rules. The Company ascribes supreme importance to **fair and ethical conduct** towards all its stakeholders, including its customers, employees, suppliers, competitors and shareholders
- Bezeq complies with the civil market's **strictest standards for information security**. The Company considers the protection of its customers' information to be of paramount importance and takes responsibility for safeguarding customer information and enforcing the rules that protect privacy

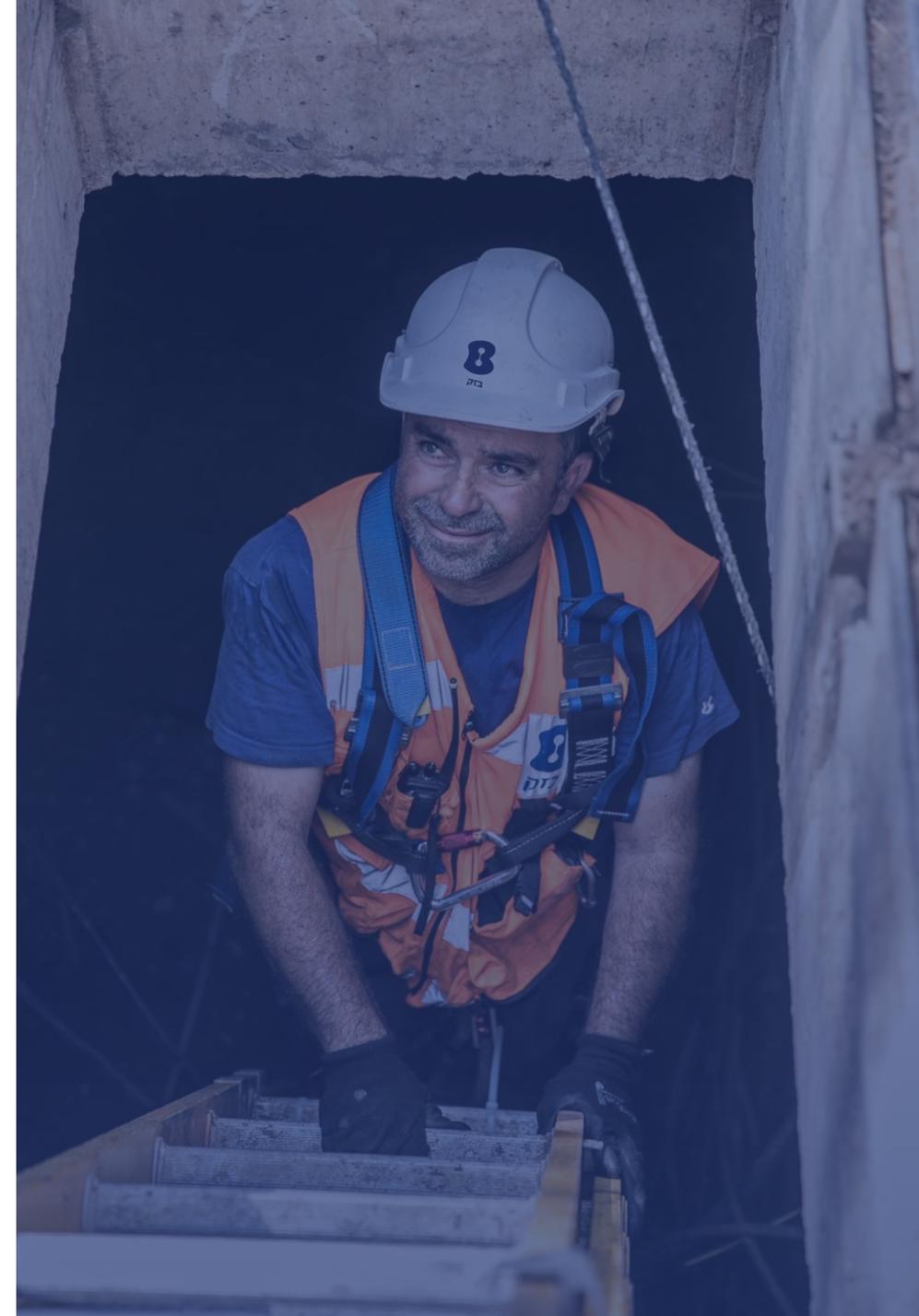




# Key principles of Bezeq's corporate responsibility

- We continuously nurture all our **employees**, regardless of race, gender or religious affiliation. Bezeq invests substantial resources in providing them with **a pleasant and modern work environment**, enabling them to improve their professional skills and performance and encouraging their personal growth and development
- Bezeq strives to provide **quality services to everyone**, without discrimination on any basis, with a broad vision and constant desire for service and product innovation
- **Environmental responsibility** - Bezeq is working to reduce the environmental impact and to uphold the principles of sustainable development out of a sense of responsibility, transparency and fairness
- **Social responsibility** – Bezeq invests numerous resources associated with social involvement and contribution to the community. The goal of generating profits goes hand in hand with principled and responsible conduct, manifested by assimilation of social and environmental considerations in the Company's day-to-day operations. Contributions include financial contributions, services and communications infrastructure as well as encouragement of employees to volunteer in a variety of activities for the community

**We are committed to strive for continuous improvement in all areas of corporate responsibility**



# Human Rights Policy

- Bezeq, as the leading telecommunications company in Israel, is working to promote and safeguard human rights in a variety of areas and ways within the framework of its operations. Full respect for the rights, which an individual is entitled to as a human being and by virtue of the law, is a fundamental value for us, and as such, we abide by all the legal provisions to which the Company is committed with respect to human rights, acting to advance these rights even above and beyond what is called for by ordinary legal requirements
- We at Bezeq believe in the need and obligation to protect human rights; **safeguard individual liberty, dignity, freedom of movement, and property; prevent discrimination of any kind; ensure personal security and physical integrity; and maintain equality among all people.** Thus, the Company has in place a policy of rigorous adherence to all the relevant legal provisions and compliance with the requirements of the Company's ethics code. The Company also aims to maintain **good, healthy relationships with its customers, stakeholders and workers**
- The Company's Internal Auditor is responsible for handling complaints regarding human rights and reports to the audit committee of the Board of Directors each quarter on the treatment of such complaints

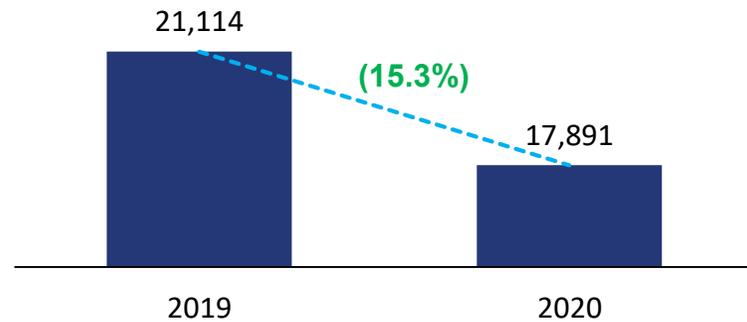




# Corporate Responsibility – Key Metrics

## GHG Emissions - Scope 1\*

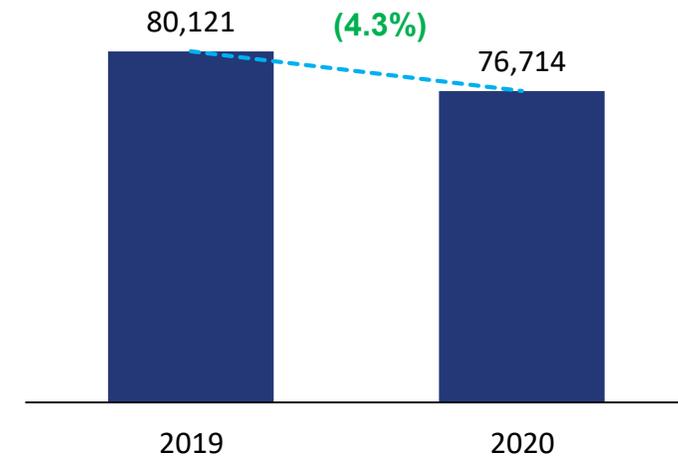
(tons CO2 eq)



- Scope 1 - Direct GHG emissions (owned or controlled by Bezeq) from fuel combustion and leakage of gases to the atmosphere

## GHG Emissions – Scope 2\*

(tons CO2 eq)



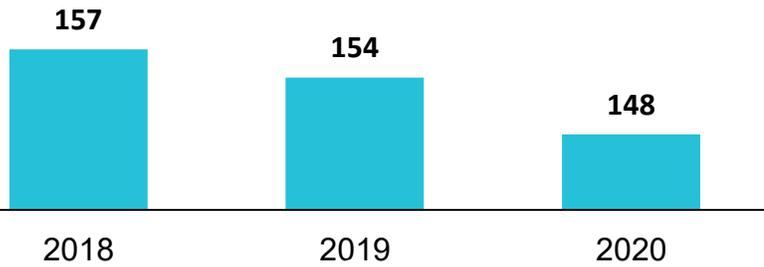
- \* Scope 2 – Indirect GHG emissions from acquisition of energy from external sources (electricity)

Decrease in emissions due to the introduction of electric/hybrid vehicles in the Company that significantly reduced fuel consumption as well as various energy efficiency measures. In addition, remote work due to COVID-19 led to reduced use of vehicles and decreased electricity consumption at the Company's offices

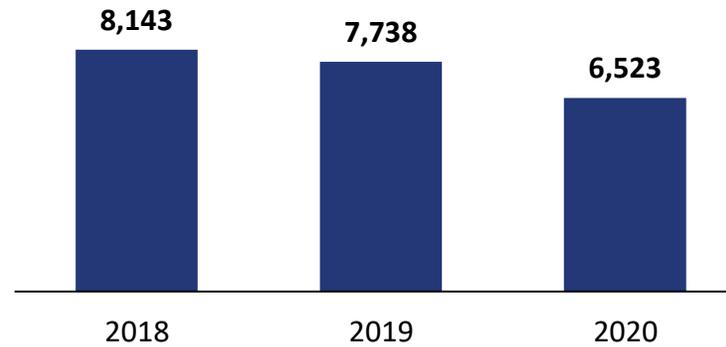


# Corporate Responsibility – Key Metrics (Cont'd)

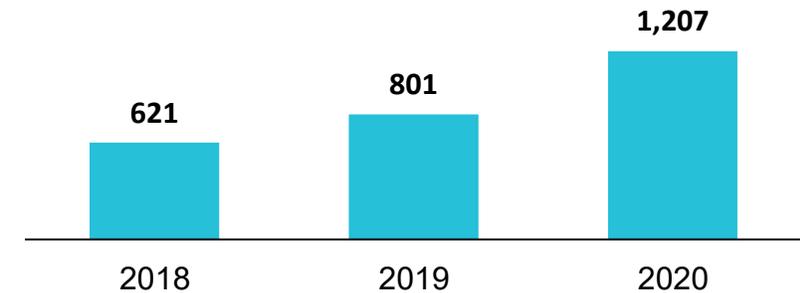
**Electricity Consumption**  
(in thousands of kWh)



**Fuel Consumption**  
(in thousands of liters)



**Recycled Waste**  
(in thousands of kg)



**Reduction in Environmental Impact**

# Subsidiary Companies ("Project Alpha")



Bezeq International

yes.



Pelephone



ISP



TV



Mobile

# Project Alpha – Completion of First Stage (2019-2021)

- Appointed one unified management team to streamline operations, which led to savings of NIS 230\* million in 2020 compared to 2018
- Reduced senior management positions by 45% (including those reporting to senior management)
- Reduced headcount by 1,100 employees in the last two years (as of Dec 2020). We expect an additional 300 employees to leave by the end of 2021 through non-recruitment and termination of employment
- Lowered operating expenses through joint procurement by all three companies

The first stage is expected to be completed successfully while meeting all targets

# Project Alpha – 2020 Summary

## Pelephone

- Subscriber growth for the fifth consecutive year
- Deployment of 5G mobile network
- Transfer of corporate headquarters – reduction in space and savings in real estate expenses

## yes

- Turnaround year - return to subscriber growth and improvement in key financial metrics
- Migration from satellite to IP broadcasting; ~ 25% of yes customers view TV through IP broadcasting
- Savings in transition from purchase of expensive set-top boxes to cheaper streamers

## Bezeq International – growth in business and data operations

- COVID-19 efficiency agreements – signed agreements with all three labor unions that partially offset the reduction in revenues

Subscriber growth in Pelephone and yes; deployment of Pelephone's 5G network and improved key financial metrics in yes

# Project Alpha - Marching on to Next Generation Technologies

**5G  
Mobile**

**Internet  
over Fiber  
Optics**

**IP  
Broadcasting**

**New Generations of Technologies in all Subsidiary Company Operations**

# Next Stage of Project Alpha – Key Areas for Future Savings

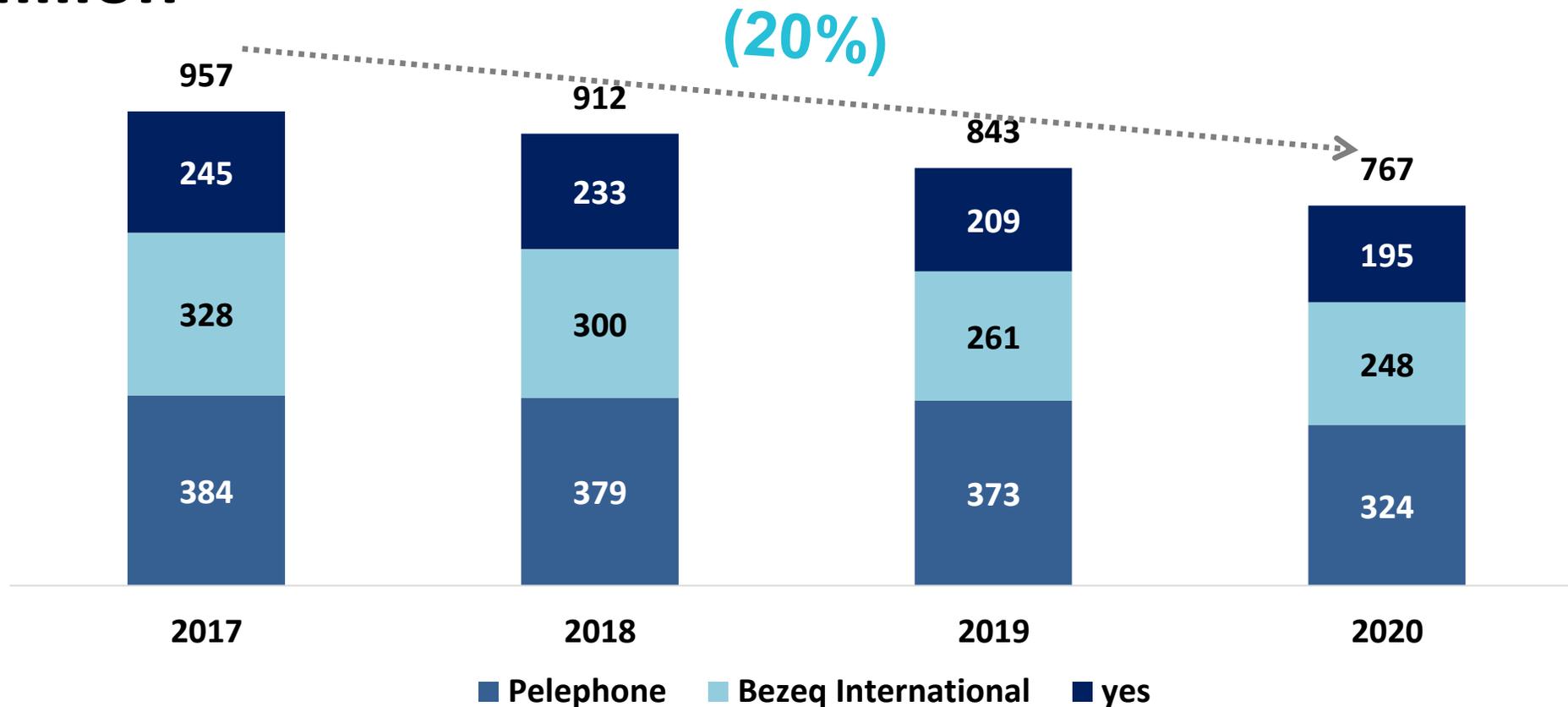
The process will yield further efficiencies that are expected to result in savings of tens of millions of shekels a year



# Next Stage of Project Alpha – Key Areas for Future Savings

- Savings in investments and costs of support through switch to one CRM system
- Continued streamlining in employee headcount
- Structural and organizational unification will lead to significant savings in real estate and overhead costs
- Joint procurement will save millions of shekels
- Joint bundles of services – yes TV for Bezeq International customers as well as broadband Internet (infrastructure and ISP) for yes customers, including triple play offer
- Development of ICT operations – a significant operator in a growing market

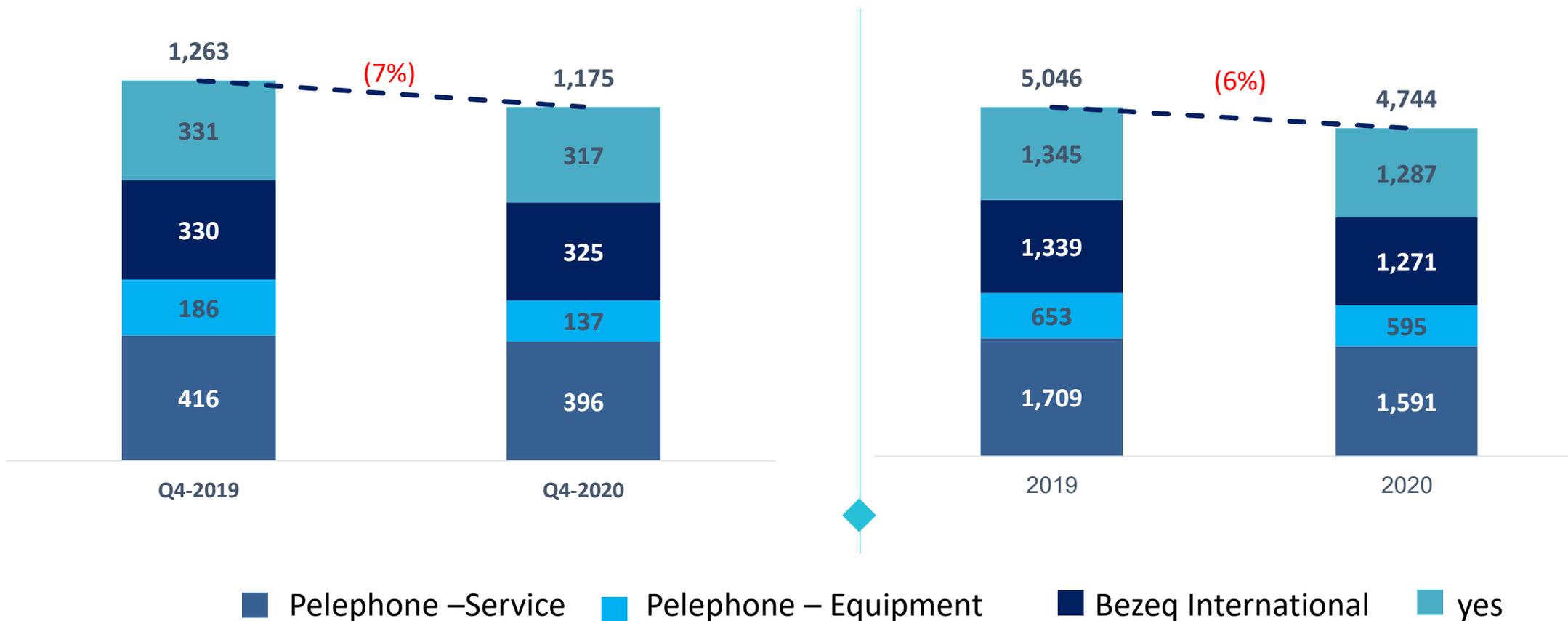
# Project Alpha – 20% Decrease in Salary Expenses | NIS Million



Streamlining measures led to a decrease of NIS 190 million in salary expenses from 2017-2020

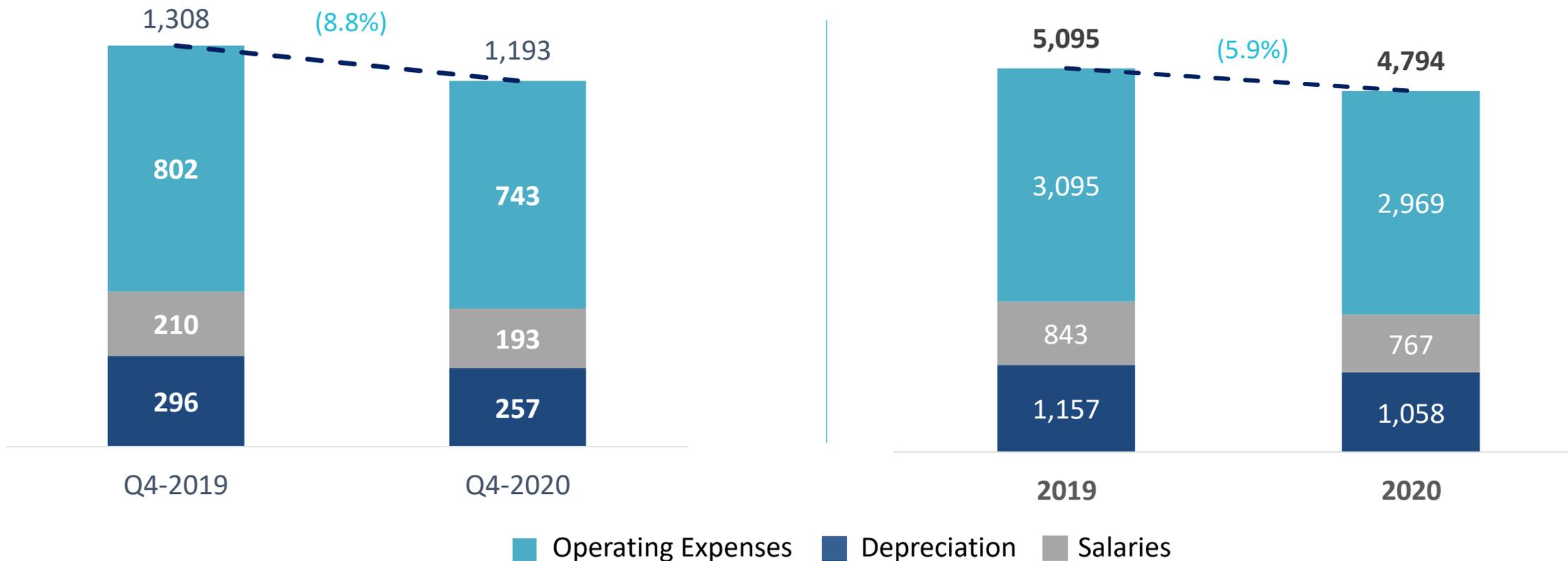
# Project Alpha – Key Financial Metrics\* | Revenues, NIS Million

Revenues in 2020 were impacted by lower roaming revenues due to COVID-19 pandemic



# Project Alpha – Key Financial Metrics\* | NIS Million

## Expenses

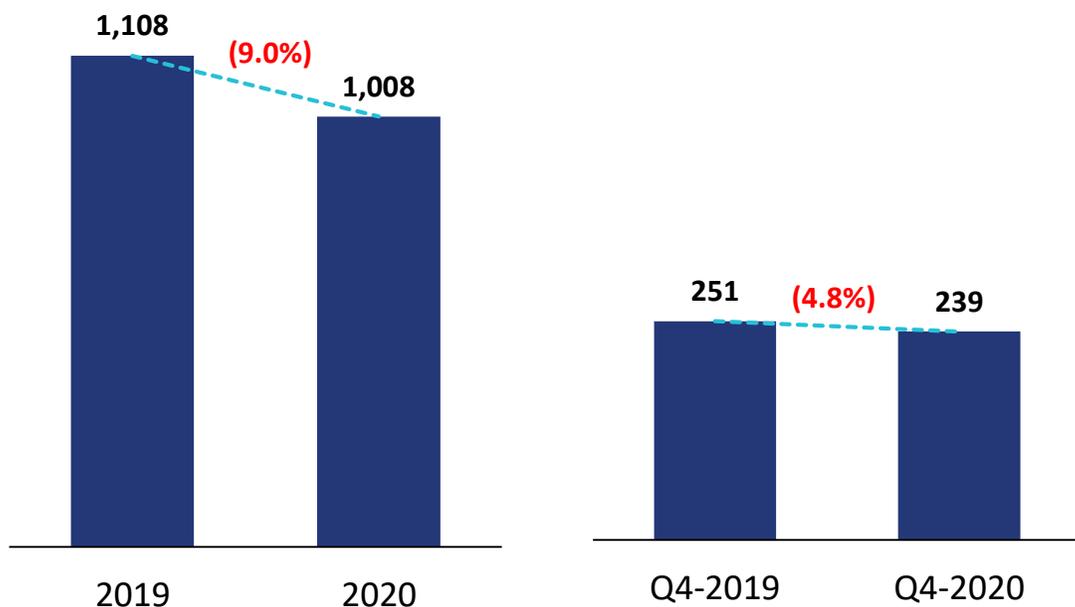


5.9% y-o-y decrease in expenses

Decrease in 2020 was due to the continued streamlining in operating and salary expenses as well as COVID-19 labor union agreements which partially offset the decrease in revenues

# Project Alpha – Key Financial Metrics\* | NIS Million

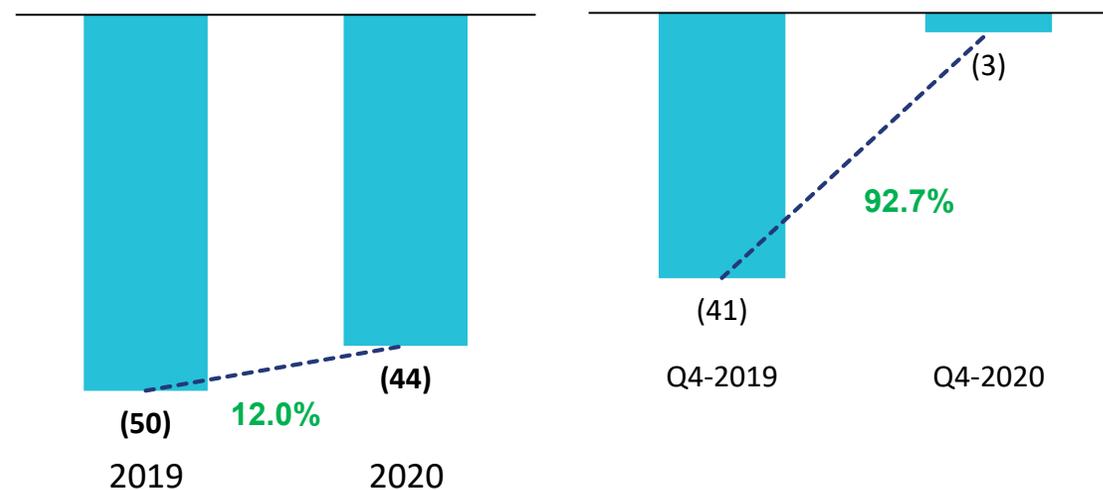
## Adjusted EBITDA



### Adjusted EBITDA

y-o-y decrease due to impact of COVID-19 pandemic on roaming revenues partially offset by improved results in yes and by adoption of measures to adjust expenses accordingly

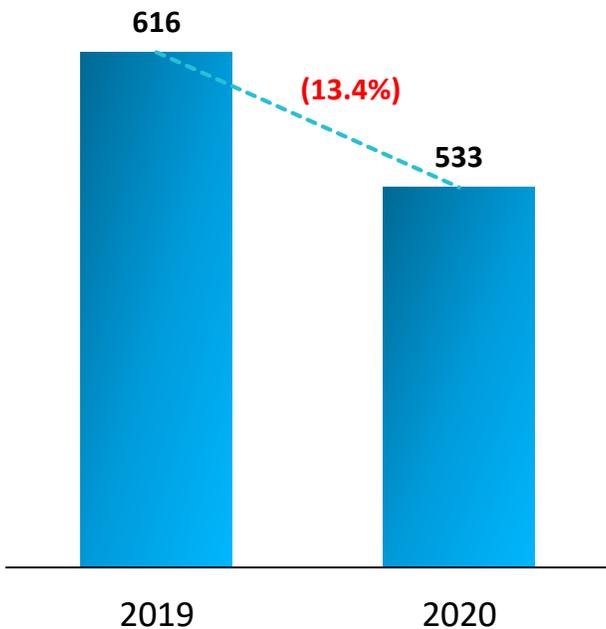
## Adjusted Net Profit\*\*



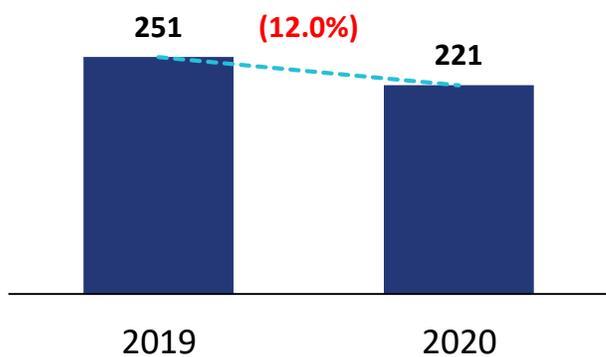
# Project Alpha – Key Financial Metrics\* | NIS Million

## Adjusted EBITDA

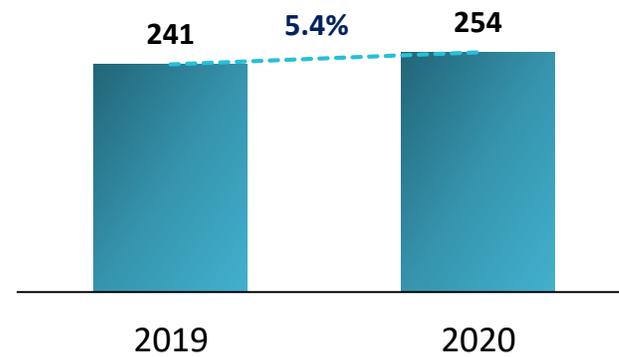
Pelephone



Bezeq International



yes





# The Next Generation of Cellular in Israel



✓ Diverse **Handsets and Plans**

✓ **Record Speed**

✓ Data communications and private **broadband**  networks for businesses and organizations

✓ Premium on **5G services**  
**Wide coverage**, outside and inside the house

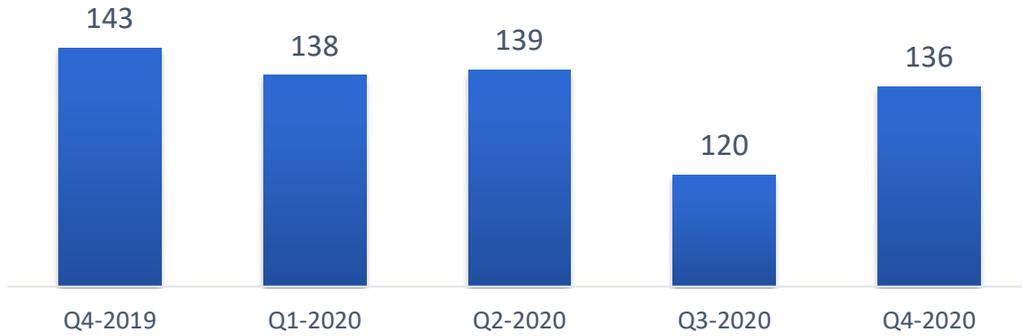
✓ Award of exclusive use of frequencies will give Pelephone a competitive advantage

**Pelephone was the first company to launch and operate its 5G network**

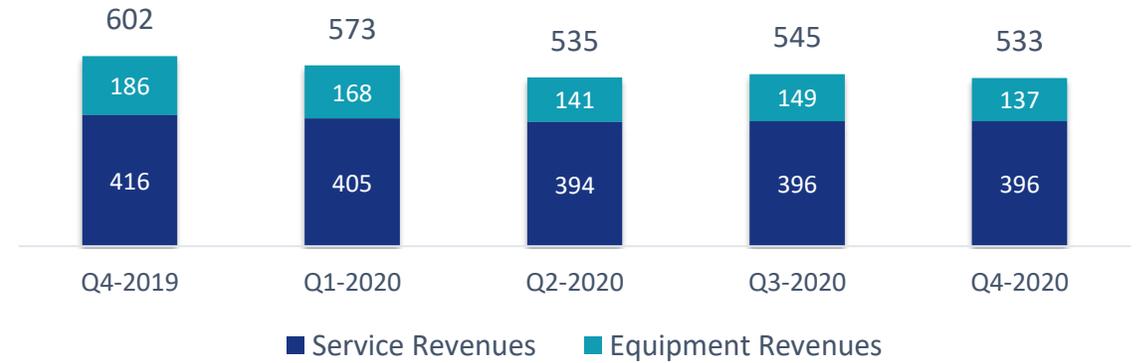


# Pelephone – Key Operational & Financial Metrics

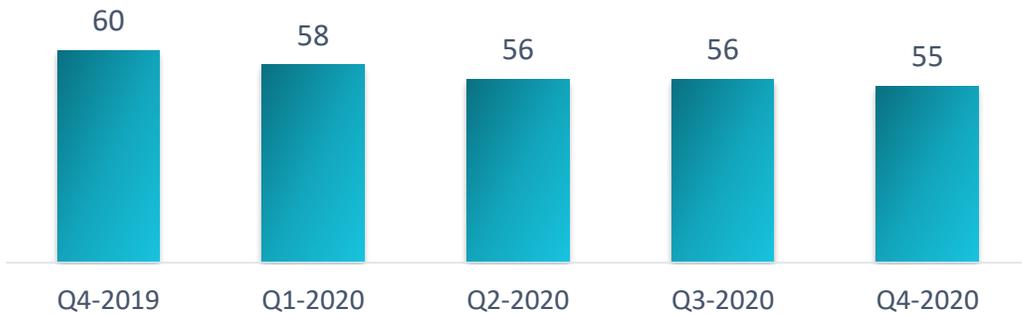
### Adjusted EBITDA (NIS million)



### Revenues (NIS million)



### ARPU (NIS)



Decrease in ARPU mainly due to impact of COVID-19 pandemic on roaming revenues

### Postpaid Subscribers (thousands)



Subscriber growth for the fifth consecutive year moderated revenue decrease

# Bezeq International – Leader in Business Solutions – Significant Operator in a Growing Market

During a year of increased competition in infrastructure and COVID-19, Bezeq International posted growth in its core business services. The company is prepared with extensive services and IT solutions to enable it to further increase its operations

## Wide Range of Business Solutions

- Bezeq International has a wide range of data centers in Israel
- Winning significant tenders in Israel; winner of seven IT awards
- Significant growth in expansion of licensing packages, IT solutions and Microsoft cloud solutions
- Increased cooperation between subsidiary companies for sales of Bezeq International's ICT solutions



נמל אשדוד השיק קמפוס דיגיטלי חדשני ומערכות מחשוב מתקדמות באמצעות בזק בינלאומי בטכנולוגיות FABRIC CONNECT EXTREME NETWORKS מבית חברת  
 נובמבר 3, 2020 עופר פייבושביץ

במסגרת ההתחדשות של נמל אשדוד: בזק בינלאומי השלימה תהליך של הטמעת פרויקט IT מתקדם בשער הימי של ישראל \* במשך



אבטחת מידע מסביב לעולם בחברת VISHAY  
 ספטמבר 21, 2020 בזק בינלאומי

ענקית ההייטק האמריקאית Vishay Intertechnology ביצעה שדרוג גלובלי למערך הגנת המידע שלה באמצעות Vishay של חברת Fortinet \* בזק בינלאומי



המשרדים חוסלו: לייבפרסון עברה לעבודה מרחוק באמצעות החדש DATA CENTER של בזק בינלאומי  
 יולי 26, 2020 יגנה ברוך הנדלר

מסימני עידן הקורונה: חברת ההייטק הבינלאומית לייבפרסון החליטה לוותר על הנדל"ן \* תעביר את 1,300 עובדיה ברחבי העולם לעבודה מהבית

# Bezeq International – Treatment of Accounting Issue and Impairment of Assets in 2020

## Treatment of Accounting Issue

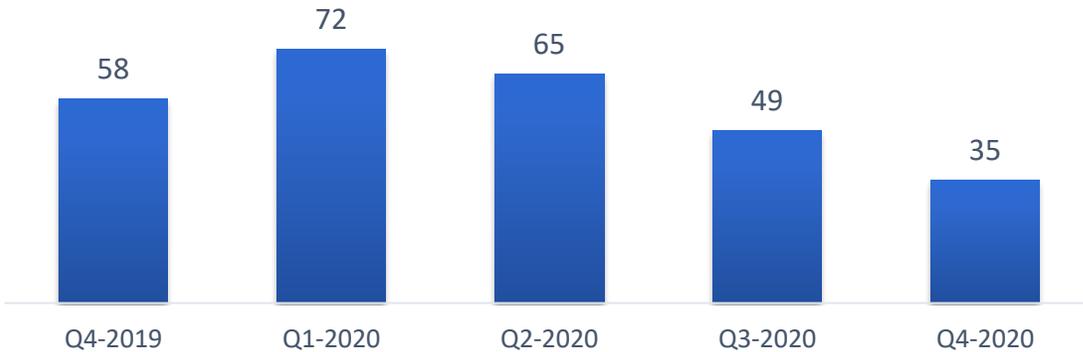
- The financial statements were restated due to the errors discovered in past reports
- The board of directors of the company appointed an independent examiner "Fahn Kanne" who submitted his report at the end of Jan 2021
- The Company is actively working to implement the recommendations of the examiner's report with the assistance of external consultants, in order to eliminate the material weakness in corporate governance by the time of publication of the Q1 2021 financial results

## Impairment of Assets

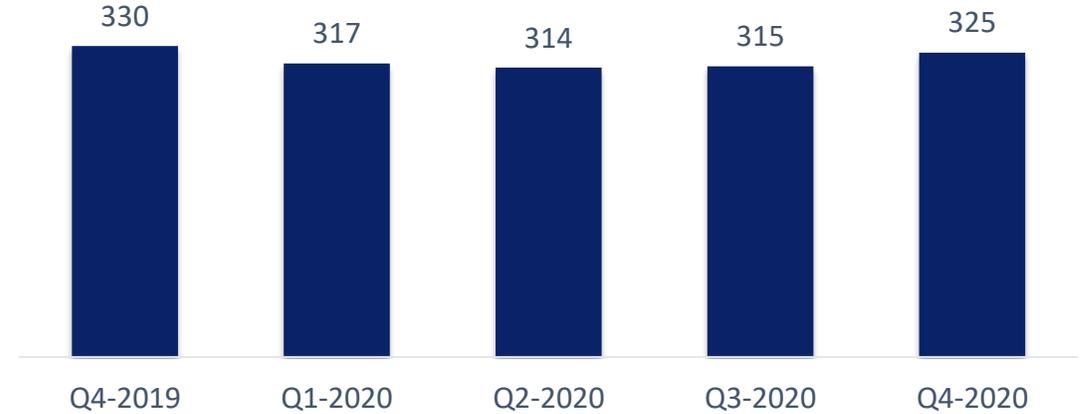
- The company recorded an impairment of assets of NIS 307 million in 2020 primarily due to the impact of regulation

# Bezeq International – Key Operational & Financial Metrics

## Adjusted EBITDA (NIS million)



## Revenues (NIS million)



## Operating Expenses (excluding other expenses, NIS million)



# yes – Slowdown in Subscriber Churn and Continued Migration to IP

Improved customer experience along with savings in expenses



Return to subscriber growth



Savings due to transition from expensive set-top boxes to cheaper streamers



yes+ LIVE

Groundbreaking technology for watching live broadcasts and without delay



25% of yes customers watching TV through IP broadcasting



Turnaround year with return to subscriber growth and improved financial metrics

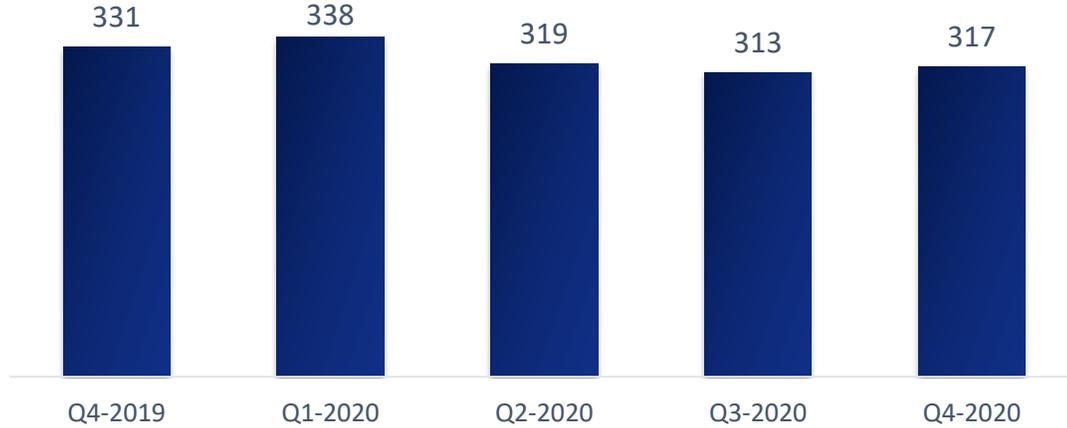


Savings in satellite costs after full transition to IP

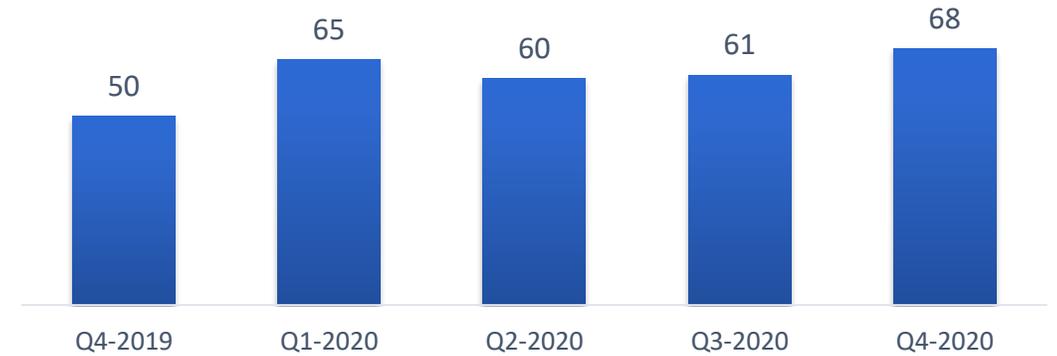


# yes – Key Operational & Financial Metrics

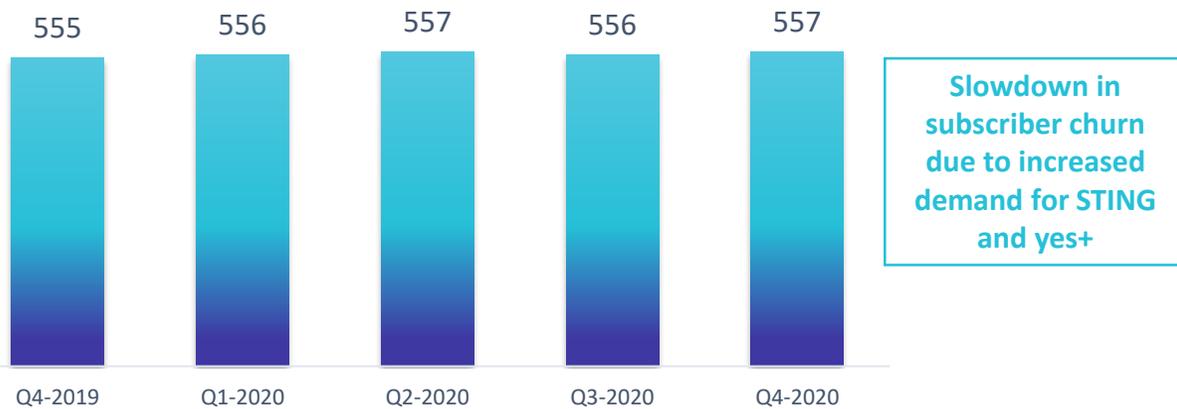
## Revenues (NIS million)



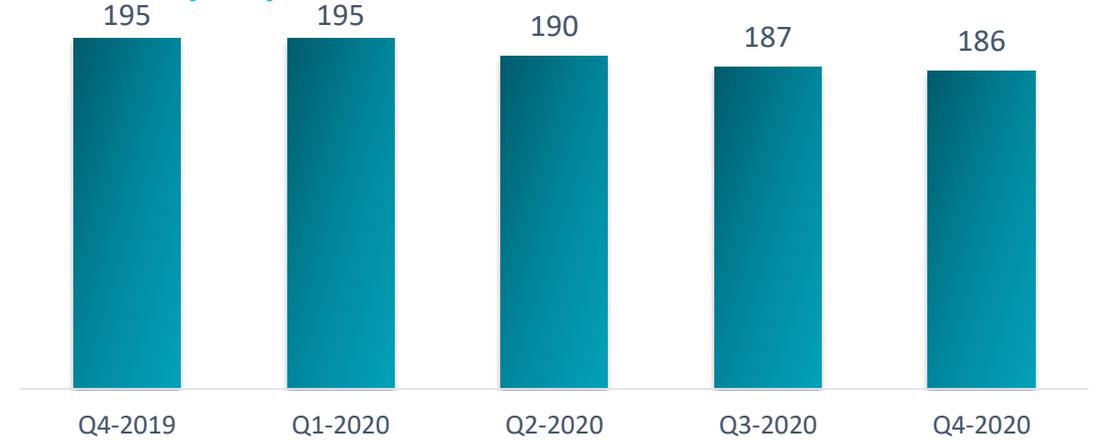
## Adjusted EBITDA (NIS million)



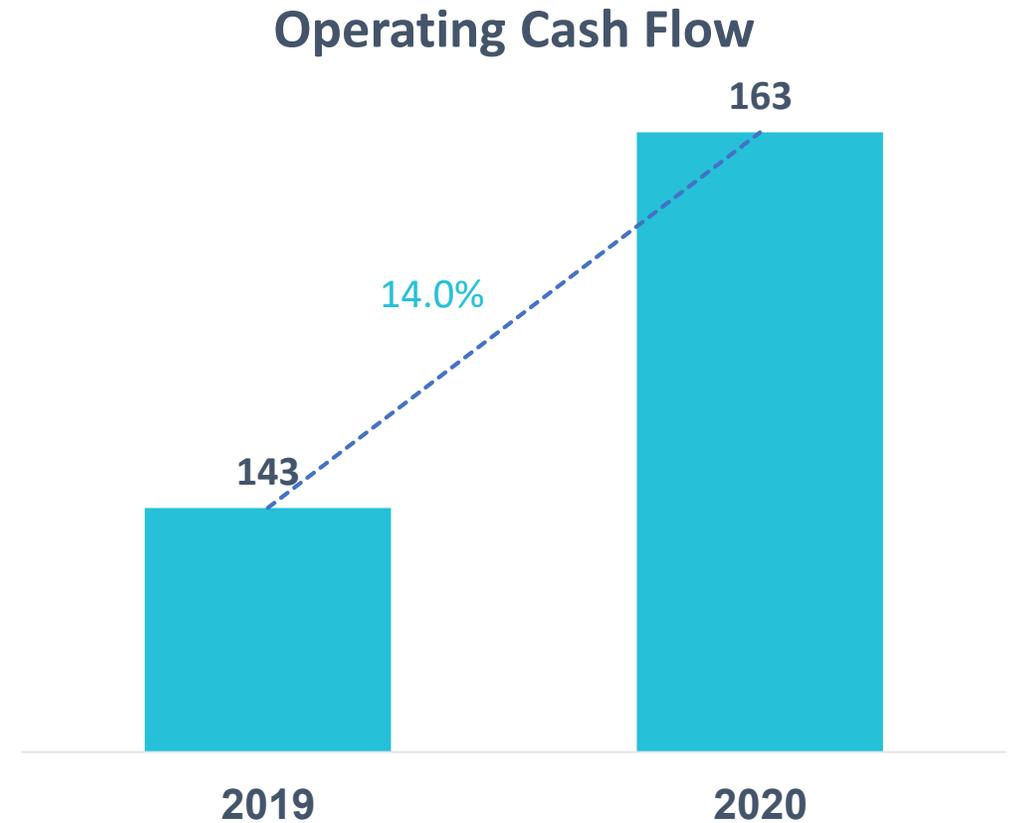
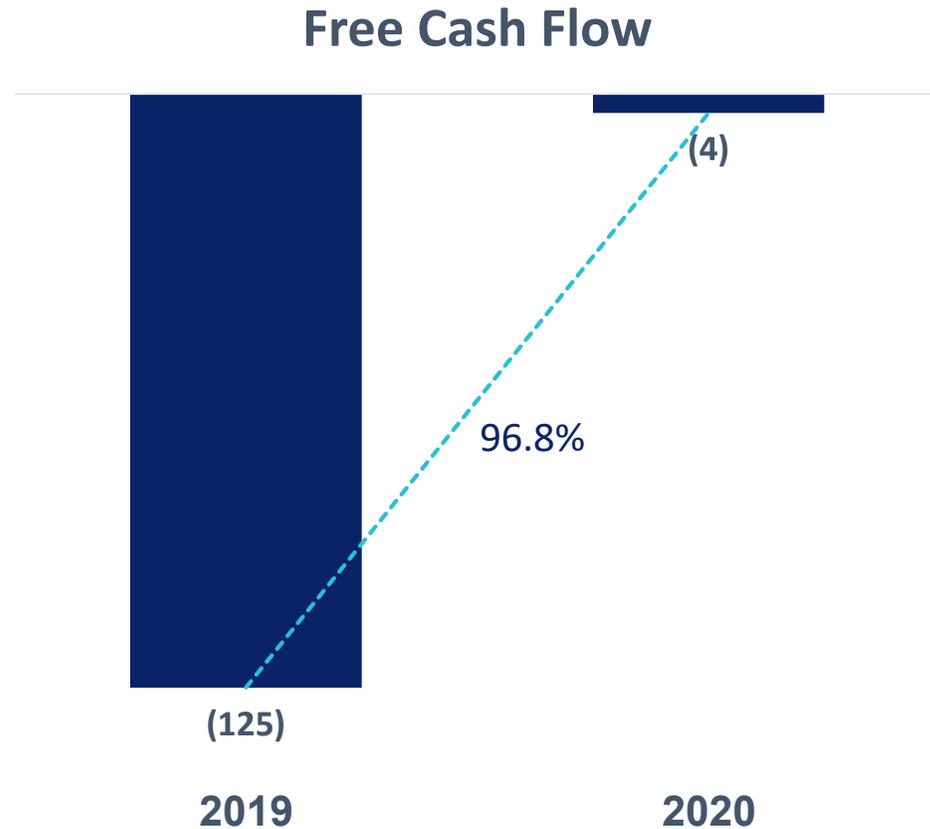
## Subscribers (thousands)



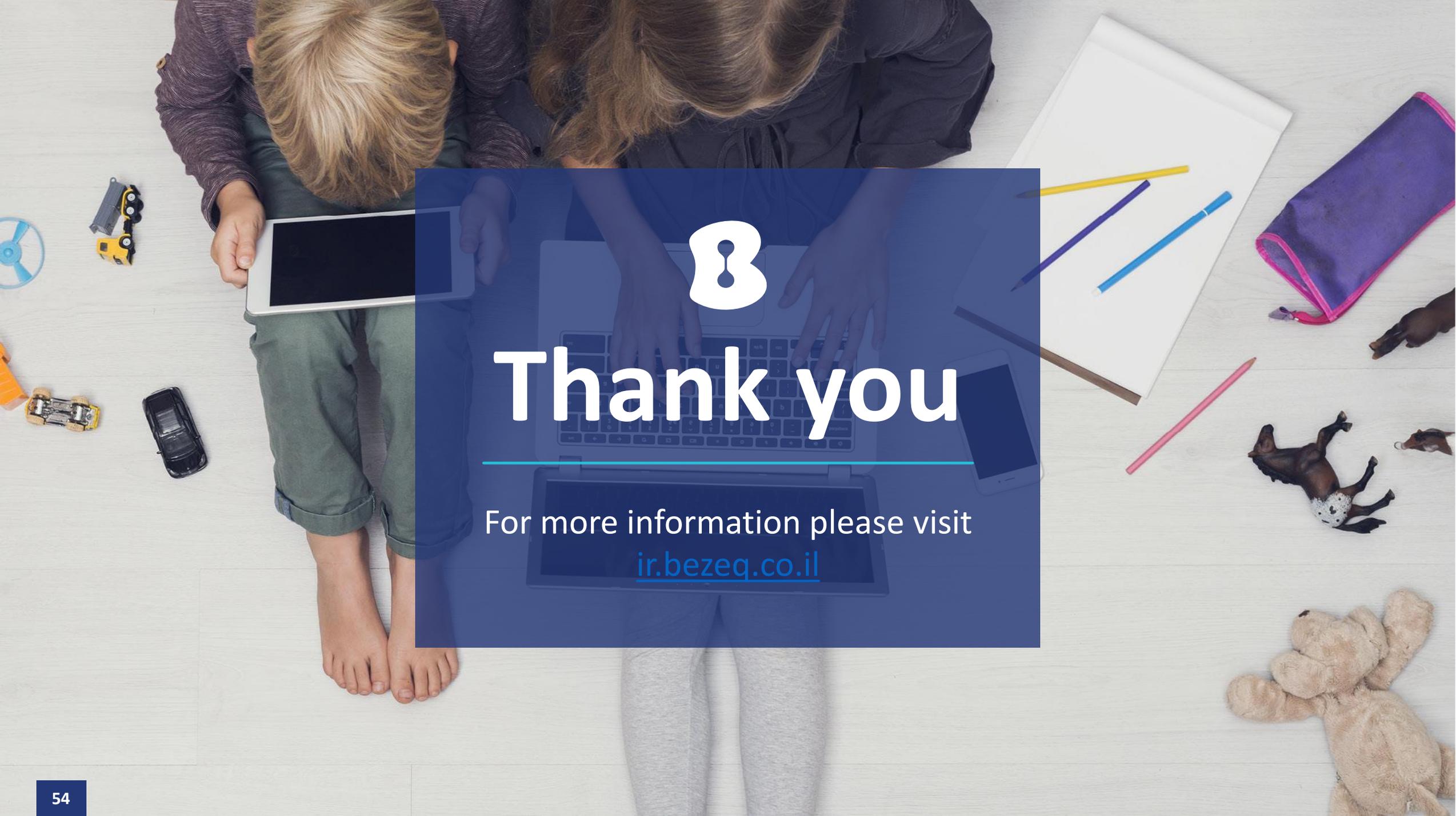
## ARPU (NIS)



# yes – Key Operational & Financial Metrics | NIS Million



For the first time in a number of years, yes posted significantly improved cash flow from operating activities and balanced free cash flow



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Thank you

For more information please visit  
[ir.bezeq.co.il](http://ir.bezeq.co.il)