

Partner 5G



Company & Financial Overview

Q4 2022 & FY 2022

March 28 ,2023

Safe harbor statement

The information included in this presentation includes forward looking statements as defined in the Israeli Securities Law, 5728-1968 ("Securities Law") and is based, among others things, on evaluations and forecasts regarding future trends in the markets relevant to the Company's activities and their impact. Accordingly, the information may not be fully or partially realized insofar as the Company's evaluations and forecasts will be fulfilled in a different manner. In particular, this presentation reflects the Company's expectation regarding (i) the deployment rate of the Company's 5G network during 2023; (ii) significant expansion of the addressable market of the fiber optics; (iii) the deployment of fiber-optic infrastructure for international telecommunications operators. This presentation includes partial information from the Company's public reports filed in accordance with the Securities Law. A review of this presentation is not a substitute for a review of the detailed reports of the Company filed in accordance with the Securities Law and is not meant to replace or limit them. The presentation is prepared merely for the convenience of the reader, with the understanding that the detailed reports are being reviewed simultaneously. No representation is made regarding the accuracy or completeness of the information contained herein. This presentation does not constitute an offer or invitation to purchase or subscribe to any securities. Neither this presentation nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever.

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Partner 5G



Company Overview

Major Milestones in 2022



Cellular

- Progress in 5G network deployment reaching coverage of approximately 60% of the population
 - Growth in 5G package subscribers, their share in the post-paid subscriber mix is 12%
 - ARPU growth following quarterly stability in 2021
 - Focus on providing customers with simplicity and value
-



Fixed-Line

- Successful conclusion of the main fiber-optic infrastructure deployment
- IRU Fiber-Optic Agreement enabling sustainable growth in the coming years
- Annual increase of 75K fiber-optics subscribers, and surpassing the 400 thousand internet subscriber mark
- Focus on improved profitability

A leading Israeli Communication provider

Strengthening customer reach through growth engines and value

Unique combination of infrastructure and service under one roof



Cellular
25% MS

2,744K sub.



**Partner's fiber
Infrastructure**
30% Take-UP

955K households
in connected
buildings



**Fiber optics based
internet**

287K sub.
incl. independent infrastructure
& Wholesale based fiber infrastructure



Partner TV

220K sub.



Business Solutions
Leading
service provider

Partner is positioned to utilize the market growth



From...

4G

Each telecom company established its own infrastructure; 6-7 active players in the market



To...

5G

3 new infrastructures are under deployment ; 4-5 active players in the market



Internet infrastructure

Two internet networks (Bezeq and HOT), with other players (Partner, Cellcom and others) operating through a wholesale model

ISP sold separately from infrastructure by many small service providers



Fiber optic network

3 distinct infrastructures are being rolled out in Israel, with an ongoing rollout tender for rural areas; ISP separation regulation has been canceled



Traditional MCTV

Two main pay TV operators, Hot (cable) and Yes (satellite), operating alone in the market. This model was disrupted in recent years by IPTV and OTT players



OTT services

Growing penetration of lean offerings, in addition to increased penetration by global streaming players

Internal strengthening to ensure growth over the coming years

Major Processes in 2023

- Change in perception and structure
 - Strengthening internal systems
 - Increasing marketing efforts in the 5G and fiber worlds
 - Conclusion of fiber deployment processes for the private sector and communication providers
 - Establishing and expanding operational excellence
-
- Move to a value model in cellular
 - IRU fiber-optic agreement providing a sustainable business model for years to come
 - Focus on the business market
 - Increased equipment sales activity



5G is expected to support the continued growth of the cellular sector

- Deployment enabling a 5G experience in designated geographic areas

Population coverage of approximately 60% at the end of 2022. In 2023 additional sites are expected to join the network

Transition to a 5G SA core system is expected to maximize the utilization of the potential

A continuation tender for 5G is expected to support and expand the value proposition and uses of the network

- Potential sales of 5G compatible equipment
- A value proposition supporting the increase in revenue from services
- Potential for opportunities in the business market
- M2M potential as IOT devices increase



Partner 5G **Successful conclusion of the main deployment phase enables the next jump in our fiber-optic strategy**

- Moving to a significantly lower deployment rate encompassing the connection of tens of thousands of households per year while focusing on new residential buildings and/or new neighborhoods
- In view of the completion of deployment in selected buildings and paved neighborhoods, the rate in 2023 is expected to be slightly higher than the representative deployment going forward, amounting to the connection of approximately 60 thousand households
- Offering fiber-optic services and TV services to wholesale customers through a multi-year IRU agreement with Bezeq that significantly expands our total addressable market
- Formulating a single corporate address for fiber-optic deployment solutions with a single technician installing and expanding services and equipment in the customer's premises
- Accelerating ahead of demand deployment in the business sector



Significant expansion our Fiber optics addressable market

- IRU^{*} purchase for 15 years of 120 thousand non-specific fiber optic lines in buildings connected to Bezeq's fiber-optic infrastructure with an option to increase the number of lines to up to 48 thousand additional lines (under the same terms)
- The right of use of the lines will be granted in 5 equal annual installments, 24 thousand lines per year, beginning on January 1, 2023
- Total consideration for the IRU is approximately NIS 574 million plus VAT, that will be divided into 5 equal payments (in accordance with the installment dates), each of these payments may also be divided into 5 annual payments
- Payment of annual maintenance fees at a rate of 4% of the Consideration, for all of the Fiber Optic Lines that was granted a right of use until that year
- The right of use can be extended by two periods of 5 years, each at a cost of NIS 840 per line plus VAT and linkage differentials for each of the extension periods
- The agreement includes payment distribution mechanisms, linkage and price protection, along with the possibility to bring forward both the dates of the right to use the lines and the payments for them
- In March 2023 the Company has completed the first IRU installment (24K lines) and brought the second installment forward

* indefeasible and irrevocable right of use

On track with deployment of an infrastructure aimed at the international communications market

- We intend to lay the local infrastructure for durable communication and data transfer services between the Far East/Gulf countries and Europe
- An alternative route from Haifa to both Eilat and King Hussein Bridge crossing with Jordan
- An innovative and practical solution to the problem of potential cable damage from passing ships in the Suez Canal as well as mitigating geopolitical dependencies
- Our strong position and execution track record led in January 2022 to the signing of a first substantial agreement for such services
- Additional agreements considered



Partner TV



- Focus on Super Aggregator strategy, with traditional TV services (linear channels, VOD, etc.) included
- Partnership with Netflix & Amazon Prime Video (including unique TV bundle offering)
- Offering comprehensive channels & add-on packages for sports fans (Sport 1, Sport 5, ONE), and Android TV compatible Sports apps (ESPN, NBA League Pass, DAZN)
- A flexible content cost model that includes, among other things, revenue sharing with content providers
- Potential revenue growth from additional revenue sources such as programmatic advertising
- Focus on improving financial results

ESG – Partner in numbers – 2022



- “Platinum Plus” rating in the Maala ESG Index of Corporate Social Responsibility for 9 consecutive years
- Women account for 50% of our workforce
- 43% of our management positions are held by women
- 53% of our senior management positions are held by women
- 4.1% of our employees are people with disabilities
- 42% of the Company’s entire fleet are efficient hybrid vehicles
- Extensive social activities that create value – with the youth movement “Krembo Wings, “Latet” organization, “Eden” association, “ Adopt a Soldier” etc’
- Approximately ILS 1.2 million was allocated to topics relating to corporate social responsibility

Partner 5G



Financial Overview

Extraordinary events in Q4'22

■ Impairment

- As part of the company's preparation for the annual report, an impairment test of the fixed-line segment was done by an external appraiser. The book value that was received totaled NIS 1,660 million compared with book value of NIS 1,964 million as of the end of 2022. As a result there was a need for a goodwill write-off in the amount of NIS 304 million before tax (NIS 270 million after tax)
- Without an impact on the adjusted EBITDA or FCF
- The impairment is mainly a result of the increase in the discount rate and a decrease in the projected operating cash flow.

■ Change in Cellular subscriber counting logic:

- Postpaid – 189k were deducted mainly due to change in counting policy (exclusion of M2M subscribers from subscriber base), alongside the write-off of several ten of thousands regular Postpaid subscribers
- Prepaid – Prepaid subscriber Counting was changed so that a prepaid subscriber that doesn't produce income for a period of 3 months will be deducted from subscriber base (compared with 6 months before). This led to the deduction of approximately 94 thousand prepaid subscribers in Q4'22

Operating and Financial Highlights 2022 vs. 2021

Cellular subs.
(thousands)

2,744



-279K

Excluding change in subs. counting logic and packages for Ministry of Education: 63K subs. Growth in 2022

ARPU
(NIS)

51



+ NIS 3

Excluding impact of the change in subs. counting logic— NIS 49

Fiber-Optic subs.
(thousands)

287



+75K

Increase of 71k partner's infrastructure subs. & of 4k subs in wholesale based fiber infrastructure

TV subs.
(thousands)

220



-6k

Service Revenues
(NIS, million)

2,829



+194M

Adjusted EBITDA
(NIS, million)

1,057



+135 M

Profit before the impact
of impairment charges
(NIS, million)

170



+55 M

Adjusted FCF
(NIS, million)

137



+183K

Increase in cellular roaming services and in internet services was reflected in a 15% growth in Adjusted EBITDA

Operating and Financial Highlights

Q4'22 vs. Q4'21

Cellular subs. (thousands)

Excluding change in subs. counting method and packages for Ministry of Education: 17K decrease In Q4'22



-279K

ARPU (NIS)

54

Excluding change in subs. counting logic – NIS 49



+ NIS 6

Fiber-Optic subs. (thousands)

Subs. base growth of 15K in Q4'22 in partner's fiber infrastructure & of 1K in wholesale based fiber infrastructure



+75K

TV subs. (thousands)

Subs. base decrease of 2K in Q4'22



-6K

Service Revenues (NIS, million)

705



+30 M

Adjusted EBITDA (NIS, million)

248



-2M

Profit before the impact of impairment charges (NIS, million)

33



-44M

Q4'21 Included a one-time income tax income of NIS 43 million

Adjusted FCF (NIS, million)

20



+101M

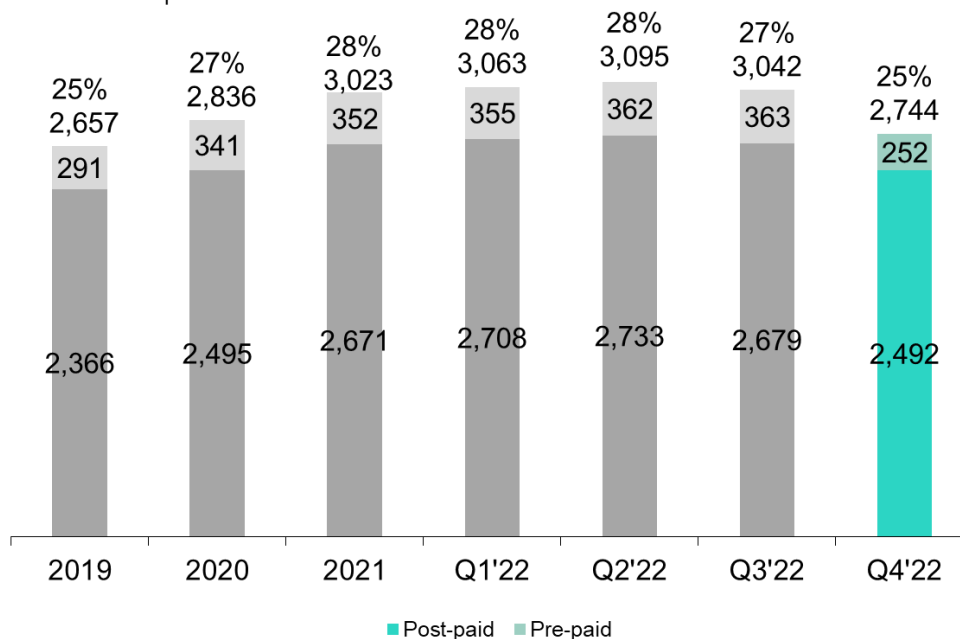
After deducting the one-time effect of the collective agreement, stability was recorded in the adjusted EBITDA, timing differences and a grant from the Ministry of Communications led to a relatively low CAPEX and a significant improvement in the adjusted FCF

Cellular Subscribers & Cellular Market Share

(EOP, '000s)

+63K net adds excluding change in subs. counting method impact and Ministry of Education's packages subs.

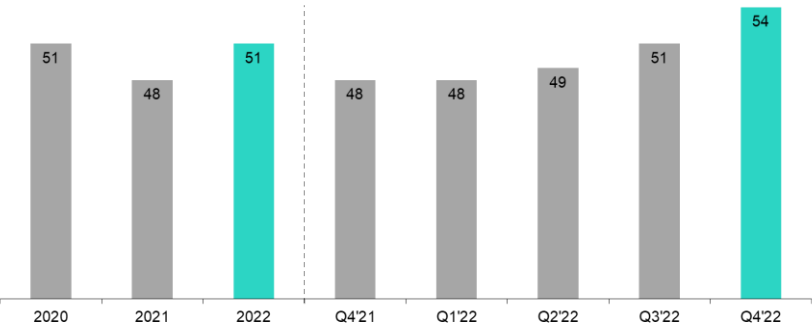
Percentage of subscribers with 5G packages among Postpaid subscribers was 12% at the end of 2022, compared to 9% in 2021



Cellular ARPU & Churn

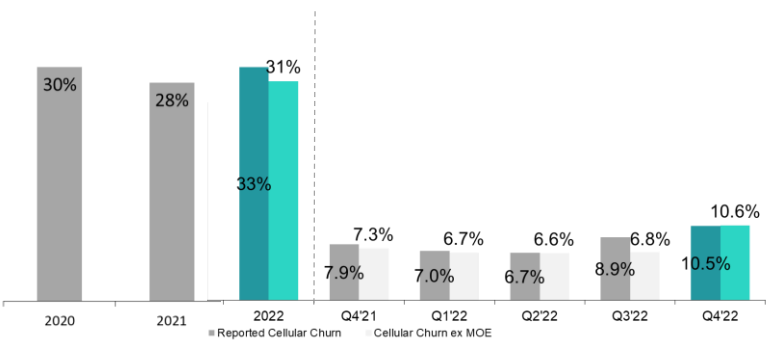
The increase in 2022 mainly reflects the effect of the change in the subscriber counting logic and improved revenues from roaming services.
Excluding the impact of subs. deduction, ARPU for Q4 and for 2022 totaled NIS 49

(NIS)



Excluding Ministry of Education's packages & change in subs. counting logic , churn rate totaled 27% , 8 consecutive years of declining

(%) Reported / ex. MoE



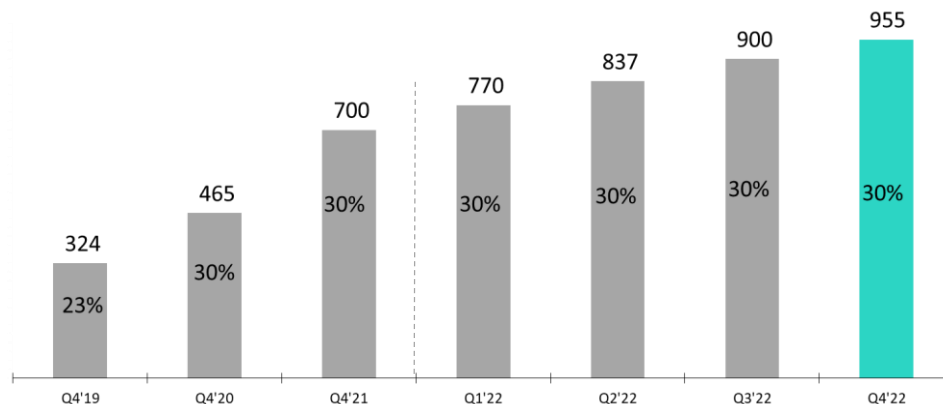
Partner 5G

67 municipalities
from Eilat in the
south to Naharia
in the north

Partner's Homes Connected

(EOP, '000s)

Achieving Fiber-Optic deployment goals while maintaining
a take-up rate of 30%

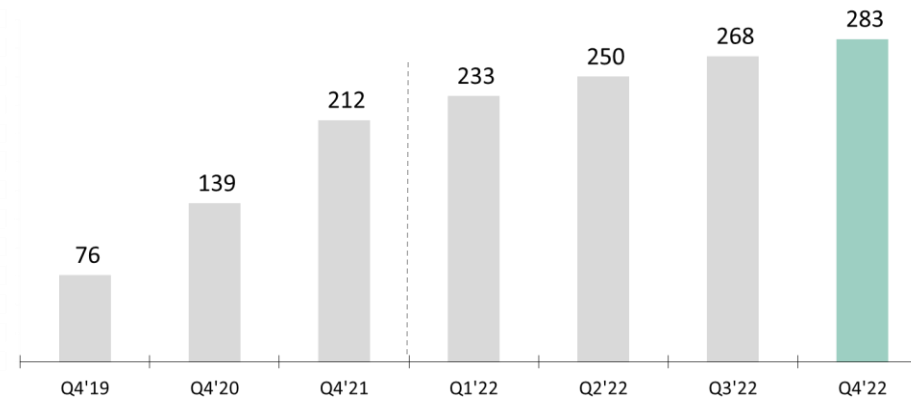


Partner's Fiber-Optic Subs*

(EOP, '000s)

- An increase of 75K subs. In 2022 vs. an increase of 73K in 2021
- At the end of 2022:
 - 283K fiber-optic subs. in an independent infrastructure, an annual increase of 71K
 - 4k fiber-optic subs. in Bezeq infrastructure (wholesale based, pre-IRU), an annual increase of 4K
- In March 2023 the Company has completed the first IRU installment (24K lines) and brought the second installment forward

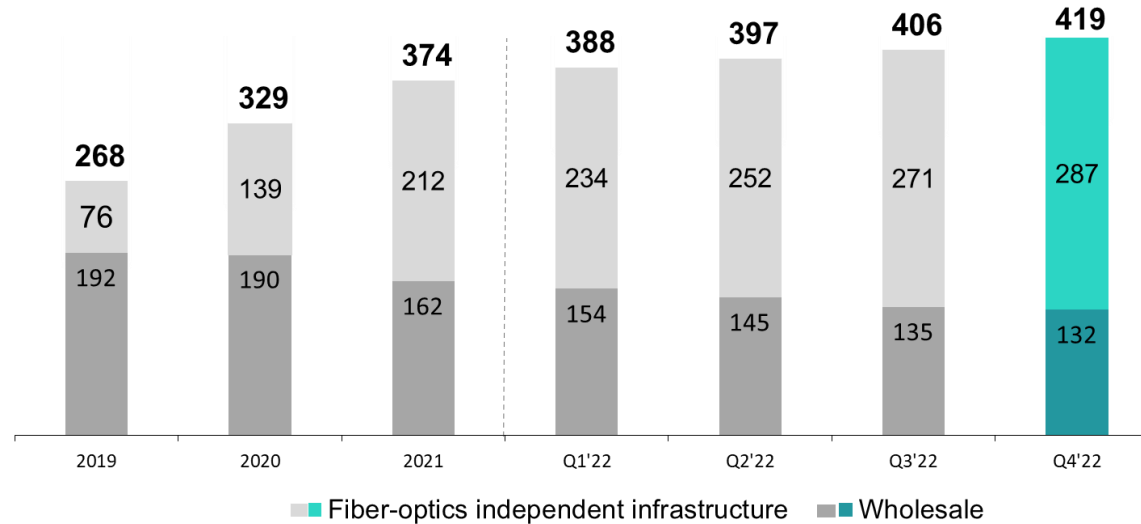
Partner's Fiber subs. on independent infrastructure



Partner's Internet Subscriber Base*

(EOP, '000s)

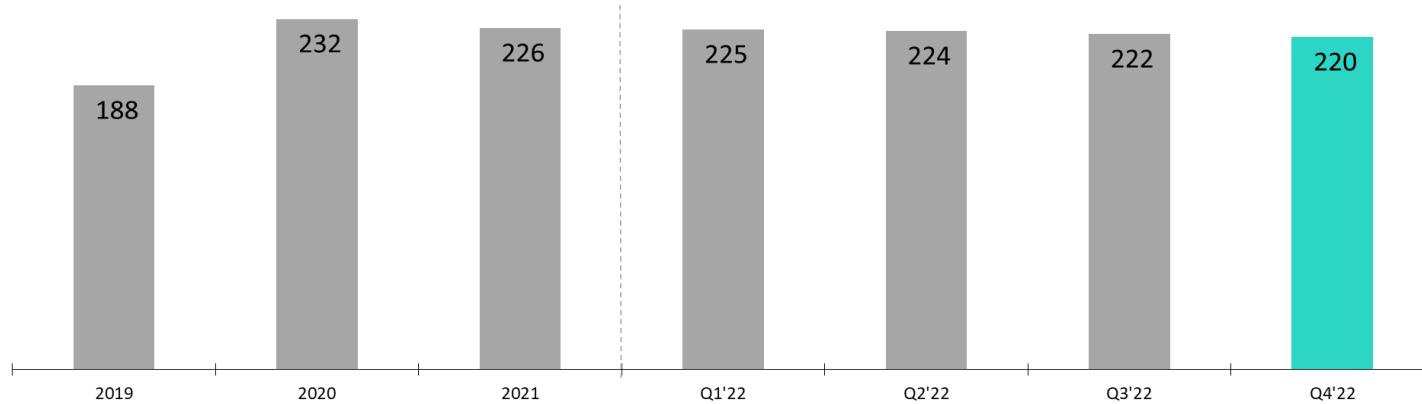
Wholesale subscriber base provides a solid basis for exercising the irrevocable right to at least 120 thousand fiber-optic lines on Bezeq infrastructure



Partner TV subscriber base

(EOP, '000s)

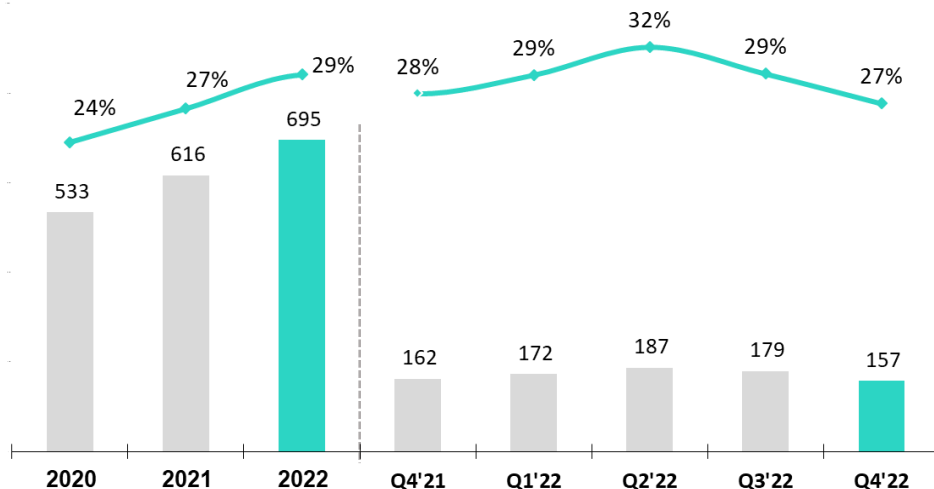
Over 80% of TV subscribers are in bundle/triple offerings (broadband based)



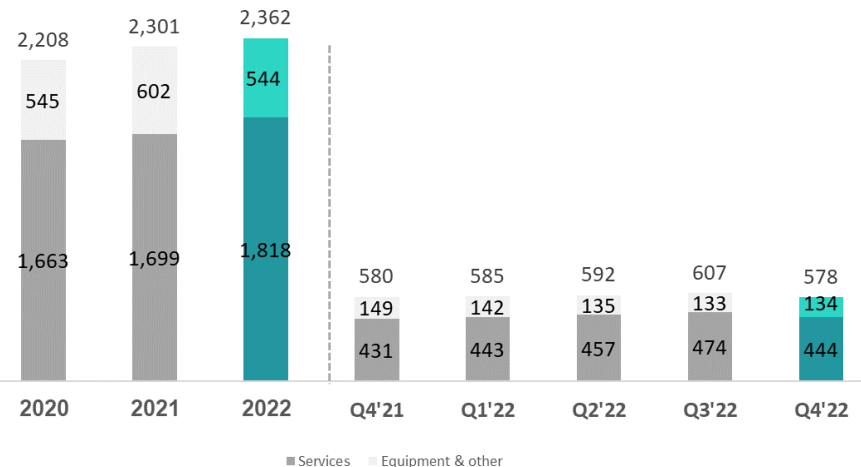
The cellular segment demonstrates annual growth in revenue, in profit and profitability despite the impact of the collective agreement in the second half

The decrease in the adjusted EBITDA in Q4'22 relative to Q4'21 mainly reflects the increase in salary and related expenses, increase in credit losses and an increase in network maintenance expenses alongside a decrease in gross profit from equipment sales, which were partially offset as a result of an increase in revenues from roaming services.

Cellular - Adjusted EBITDA & Adjusted EBITDA margin
(NIS, million)



Cellular - Revenues
(NIS, million)

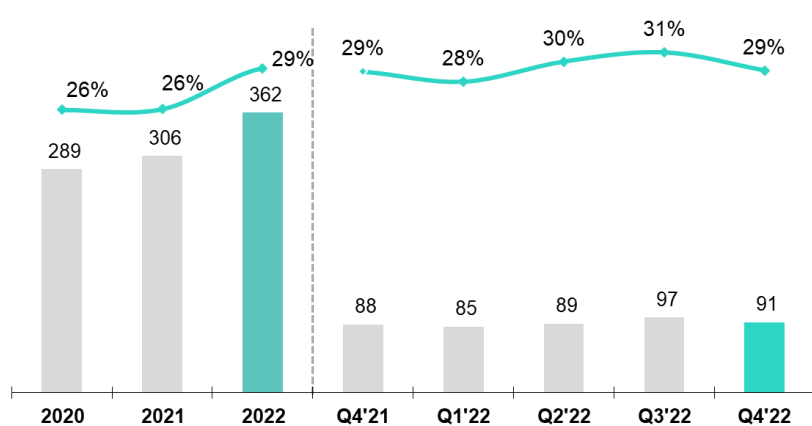


■ Services ■ Equipment & other

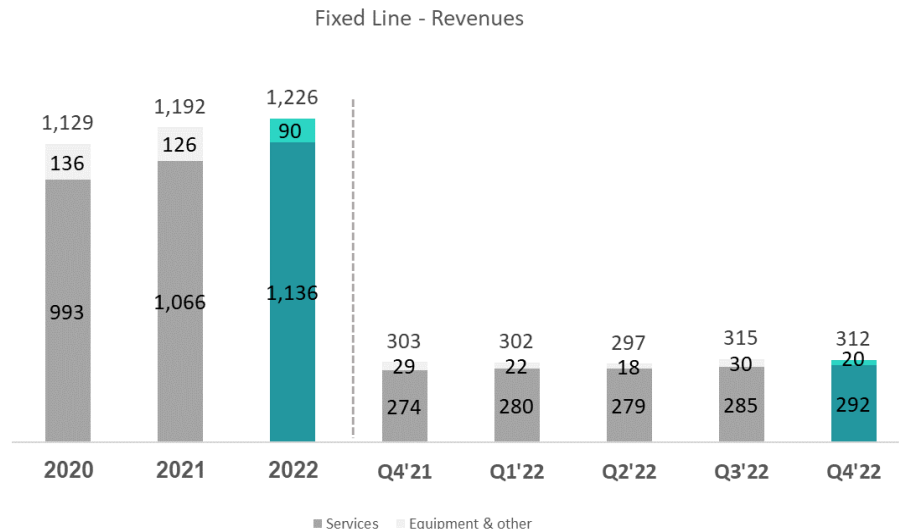
In the fixed-line segment, revenues from Internet and TV services continue to drive Adj. EBITDA growth

In Q4'22, revenues from services increased by 7% compared to Q4'21, this in light of the increase in revenues from internet and television services, thus despite a decrease in revenues from equipment, the segment improved its results relative to the corresponding quarter last year

Fixed line - Adjusted EBITDA & Adjusted EBITDA margin
(NIS, million)

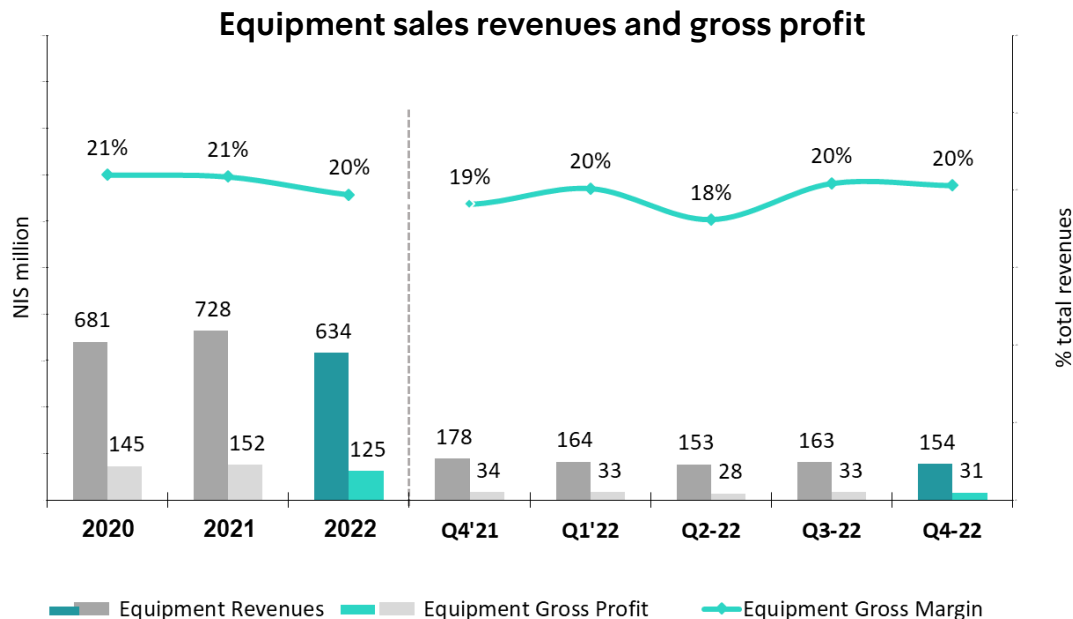


Fixed line - Revenues
(NIS, million)

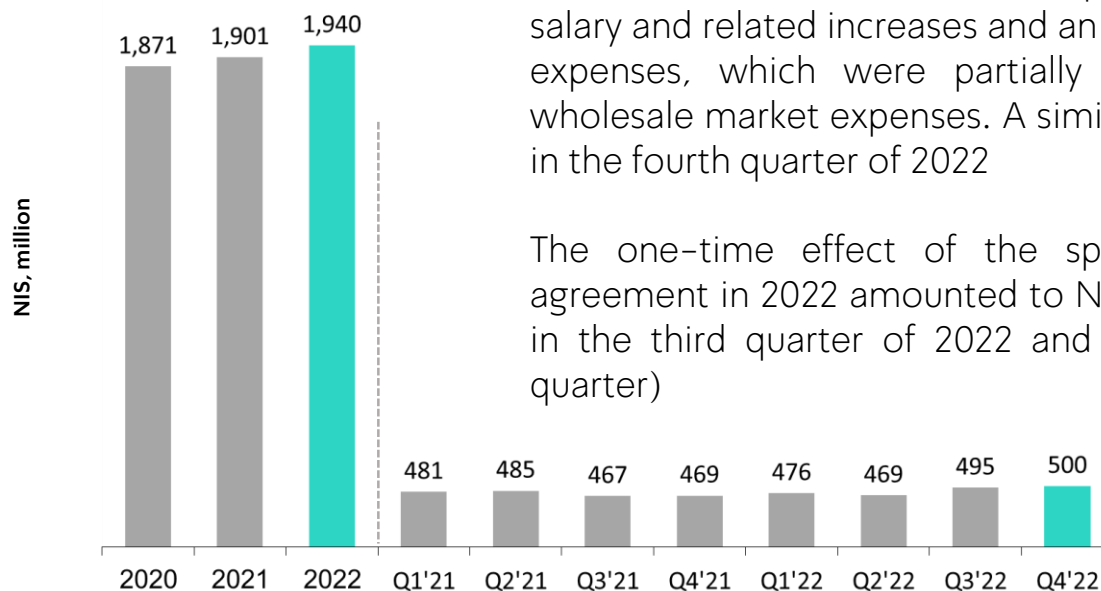


Sales of equipment and other

Gross margin of 20% in 2022 mainly reflects the transition from router sales to a rental model, offsetting a rise from the sale of rights to international communication operators for use of the fiber-optic infrastructure



Excluding the one-time impact of the Collective agreement, OPEX in 2022 totaled NIS 1,920 million, an increase of 1% compared to 2021



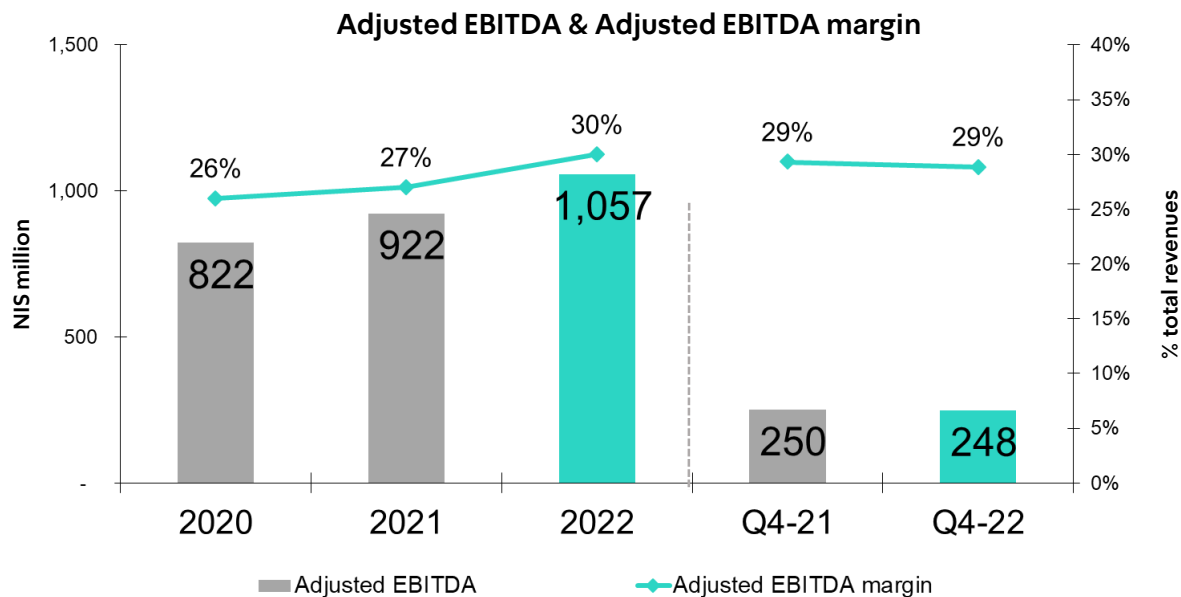
The main increase in 2022 compared to 2021, was due to salary and related increases and an increase in roaming service expenses, which were partially offset by a decrease in wholesale market expenses. A similar trend was also recorded in the fourth quarter of 2022

The one-time effect of the special collective employee agreement in 2022 amounted to NIS 20 million (NIS 17 million in the third quarter of 2022 and the balance in the fourth quarter)

'OPEX' represents the sum of the cost of sale of services and operating expenses (sales and marketing expenses, general and administrative expenses and credit losses) less depreciation and amortization expenses, share-based remuneration expenses for employees and capital gains/losses; OPEX is not a financial measure according to IFRS and may not be comparable to other measures with similar headings for other companies

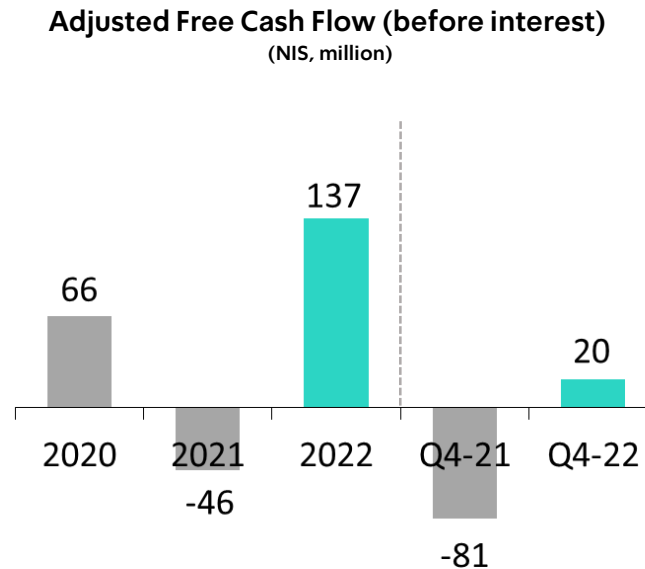
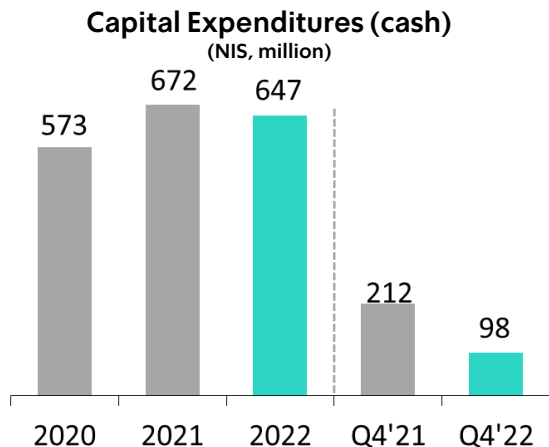
An additional year of growth in Adjusted EBITDA and it's margin

Adjusted EBITDA in 2022 totaled NIS 1,057 million, an increase of 15% from NIS 922 million in 2021. As a percentage of total revenues, Adjusted EBITDA in 2022 was 30% compared with 27% in 2021



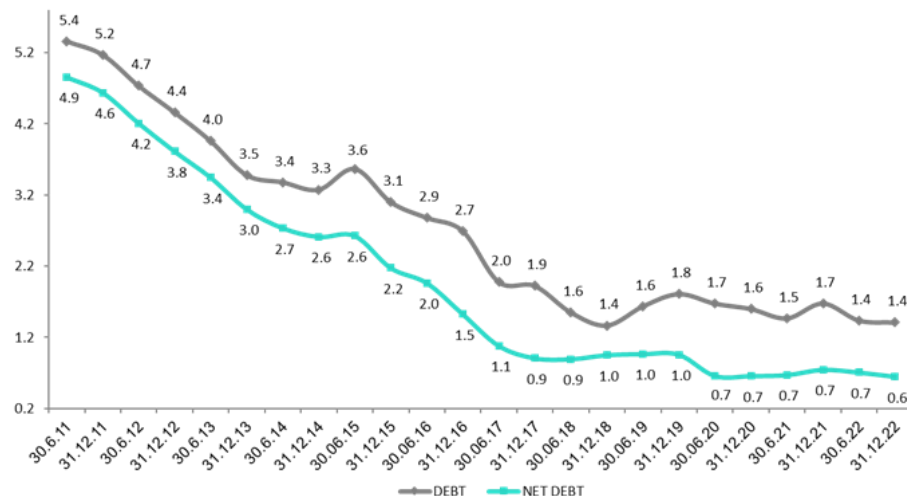
CAPEX and Adjusted FCF

Decrease in CAPEX in Q4'22 as a result of the receipt of a grant from the Ministry of Communications amounting to NIS 37 million in respect of the deployment of the 5G network and the rolling over of payments to Q1'23



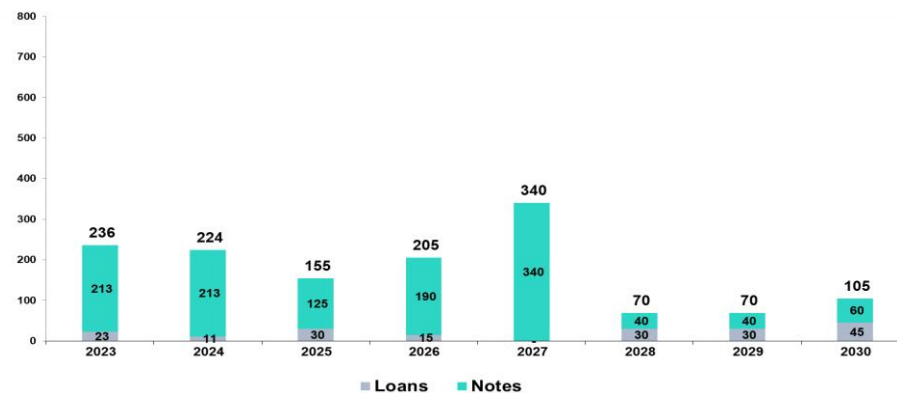
Decrease in Net Financial Debt in the past decade

Financial debt / net financial debt
(NIS, billion)



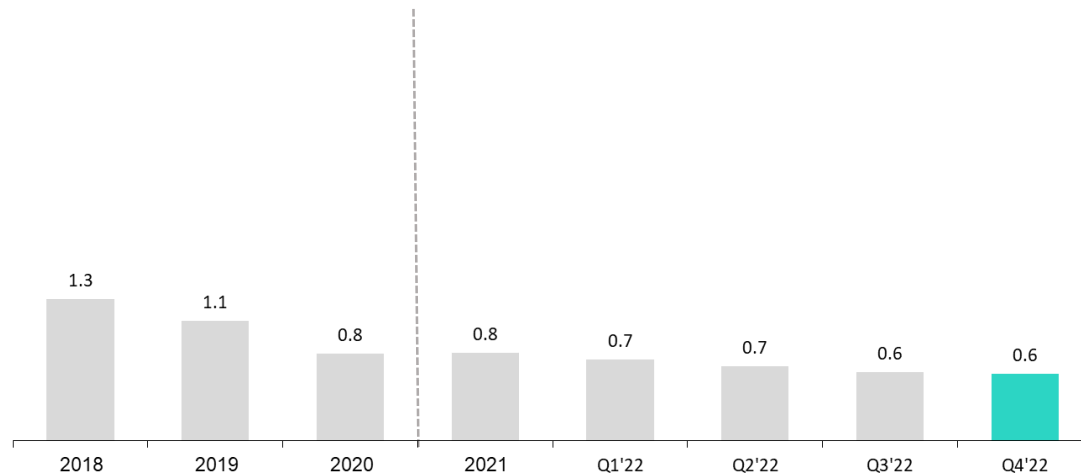
Repayment Schedule Notes & Loans
(NIS, million)

As of December 31, 2022



'Net Financial Debt' represents total financial debt less cash and cash equivalents and short-term deposits; Net financial debt is not a financial measure according to IFRS and may not be comparable to other measure with similar headings for other companies

Net Financial Debt to Adjusted EBITDA



'Net Financial Debt' represents total financial debt less cash and cash equivalents and short-term deposits; Net financial debt is not a financial measure according to IFRS and may not be comparable to other measure with similar headings for other companies

Partner's strengths



Strong Foundations

5G rollout, widest 4G coverage, leading customer service, network sharing agreement, expanding Independent fiber-optic infrastructure, fiber IRU agreement providing solutions in areas with no independent infrastructure



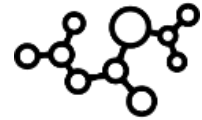
Defined Strategy

The Company's strategy aims to improve the value, among other things, through access to fiber, upgrading and developing the 5G field, optimizing the way the Company operates, communication solutions for businesses, customer service and TV service



Customer Base

Partner provides service to over 3 mil' connections – including cellular subscribers, fixed-line households with internet services and TV services



Innovative DNA

The only Israeli Communication Provider of active Ethernet (P2PE) based fiber solution, First to offer 3 Gbps over fiber to private customers, First to offer 3G & 4G in Israel, First to offer Wi-Fi Calling and VoLTE in Israel, First to offer roaming to customers in Israel, First to offer SMS in Israel

In Conclusion

- Entering an internal strengthening process to ensure growth over the coming years
- Meeting the fiber and 5G deployment goals in 2022
- Continued focus of the Cellular segment on value propositions including 5G packages
- Expanding the fiber value chain:
 - Continue independent deployment at a lower intensity
 - Increasing the fiber value potential – a wholesale market based on Partner's independent infrastructure
 - Leveraging our fiber infrastructure to target the business world
- Achieving full flexibility through the IRU agreement in Bezeq infrastructure providing a sustainable growth engine for the Fixed-line sector

Let's stay in touch

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Partner 5G



Thank you