Partner Communication
Company Presentation

Company and Financial Overview

Q2 2015 Results

Safe harbor statement

This presentation includes forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, Section 21E of the US Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Words such as “estimate”, "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "project", "goal", "target" and similar expressions often identify forward-looking statements but are not the only way we identify these statements. In particular, this presentation contains forward-looking statements regarding, among other, (i) the anticipated offering by the Company of television and 4G services, and (ii) expected gains in efficiency as a result of the network sharing agreement with Hot Mobile. In addition, all statements other than statements of historical fact included in this presentation regarding our future performance, plans to increase revenues or margins or preserve or expand market share in existing or new markets, reduce expenses and any statements regarding other future events or our future prospects, are forward-looking statements.

We have based these forward-looking statements on our current knowledge and our present beliefs and expectations regarding possible future events. These forward-looking statements are subject to risks, uncertainties and assumptions including (i) potential difficulties in satisfying regulatory requirements applicable to television operators, which in addition create de facto exclusivity for existing operators, and in obtaining television content on commercially reasonable terms, and (ii) the effective implementation of joint actions regarding network upgrade and maintenance under the network sharing agreement with Hot Mobile as well as consumer habits and preferences in cellular telephone usage, trends in the Israeli telecommunications industry in general, and the impact of global economic conditions. Future results may differ materially from those anticipated herein. For further information regarding risks, uncertainties and assumptions about Partner, trends in the Israeli telecommunications industry in general, the impact of current global economic conditions and possible regulatory and legal developments, and other risks we face, see "Item 3. Key Information - 3D. Risk Factors", "Item 4. Information on the Company", "Item 5. Operating and Financial Review and Prospects", "Item 8. Financial Information - 8A. Consolidated Financial Statements and Other Financial Information - 8A.1 Legal and Administrative Proceedings" and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Reports on Form 20-F filed with the SEC, as well as its current reports on Form 6-K furnished to the SEC. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

orange™

Company overview

Our strategy

Customer Centric

- Excellence in enhancing the customer experience
- Multi-channel
- Policy of transparency and fairness

Dual Branding

- Orange TM Premium brand
- 012 – "value for money" brand

Total communications company

- Comprehensive value added approach

Innovation & tech leadership

- First to launch Orange 4G
- Developing growth engines and entering new markets (wholesale market, TV and advanced products)

Operational Excellence

- Optimizing synergies between the organization's units
- Network sharing agreement
- Culture of constant improvement

Human Capital

- Employee nurturing
- Growth oriented organizational culture

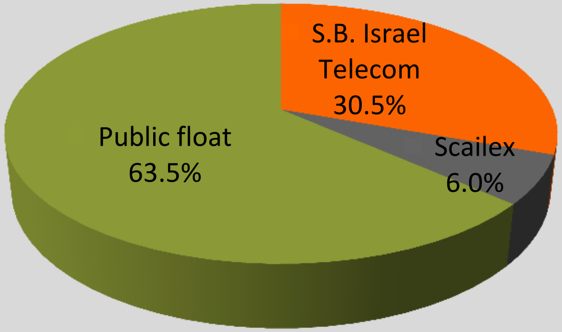
A comprehensive product offering

- Cellular services
- Content Services
- Comm Devices & Accessories
- Repair Services
- Cloud services
- ISP
- Broadband Infrastructure
- International Calls
- Home Telephony
- Internet Security
- Hosting
- Transmission

Products and services are offered under the orange and / or 012 brands

Value-added controlling shareholder

- S.B. Israel Telecom Ltd. is an affiliate of Saban Capital Group, Inc. ("SCG"). SCG is a leading private investment firm based in Los Angeles specializing in the media, entertainment, and communication industries.
- SCG, founded by Haim Saban, is a global media and communications private investment firm. Among its current and prior investments are: Univision (the premier Spanish-language media company in the US); Celestial Tiger Entertainment (a venture with Lionsgate and Astro, Malaysia's largest pay TV platform, to launch and operate new branded pay television channels across Asia); MNC (Indonesia's largest and only vertically-integrated media company); and Partner Communications. With offices in Los Angeles, London and Singapore, SCG actively manages a globally diversified portfolio of investments across public equities, credit, alternative investments, and real property assets.



As of June 30, 2015

* Public float includes Phoenix-Excellence Group (8.0%), Psagot Investment House (6.0%) and Meitav-Dash Group (5.7%)

Future savings from network sharing agreement with HOT Mobile

- Network sharing agreement business model
  - HOT Mobile to pay one-time amount by 2017
  - CAPEX – shared equally
  - OPEX – 50% shared equally and 50% split based on traffic
- Key benefits
  - Savings in CAPEX and OPEX
  - Smaller number of network sites
  - Improved network coverage and capacity
  - Optimal utilization of existing spectrum
- National roaming agreement in place until network sharing agreement business model is implemented
- Agreement approved by Anti Trust Authority and Ministry of Communications

Future relationship as part of brand agreement with Orange Worldwide

- Market Study
  - Examine Partner’s positioning within the Israeli telecom market
  - Assess the best path going forward
- Termination of the Brand License Agreement
  - Year 1: Only Partner has the right to end the agreement
  - Year 2: Both Partner & Orange have the right to end the agreement
- Financial aspect
  - € 40 million by the completion of the market study (€ 15 million already received)
  - € 50 million if either party decides to end the Brand License agreement within the two years

Market overview

Highly competitive cellular market
Slight reduction in the number of Players

2011

2015

Partner Q1’11 ARPU: NIS 115

Partner Q2’15 ARPU: NIS 70

Industry update - main regulatory issues*

Cellular Investments	The MoC does not equally enforce obligations to invest in infrastructure on all the players. Currently the MoC is reviewing its position on this issue
Cellular Network sharing	Network sharing agreements brought to the MoC should be of similar investment and ownership obligations to the agreements already approved
Roaming	Proposed regulation would allow a cellular subscriber to receive roaming services abroad from any operator while keeping his cellular number without changing providers
International calls	Proposed regulation may decrease the number of international calls routed through 012 and adversely impact revenues
Premium calls	New regulation sets price limitations and requires caller to opt in to complete the call which may negatively impact revenues (Legal hearings regarding the above, are scheduled in Q3'15)

* Please see the Company's 2014 Annual Report filed with the SEC and the associated press release of March 11, 2015, and all subsequent filings for a complete update on regulatory matters and associated risks

orange™

Industry update - main regulatory issues*

Wholesale market	**Broadband reform**	Implemented but still suffering from “growing pains” which warrant MOC intervention
	Fixed Telephony	Was scheduled to start in May 2015, Bezeq is in breach. Awaiting enforcement by the MoC
	Multicast	Was scheduled to start in May 2015, Bezeq is in breach. A waiting enforcement by the MoC
	Passive infrastructure	Was scheduled to start on the 1st of August 2015. Full implementation expected only in three months time
TV / Schejter Committee	Ability to competitively provide TV services; recommendations expected following appointment of new MoC minister	
Bezeq structural separation	The MoC is reviewing the criterions in which bezeq structural separation will be removed. Among the considerations is the market share obtained by new players as an indication to ensure long term effective competition in the TV, Fixed Telephony and Broadband markets.	

* Please see the Company's 2014 Annual Report filed with the SEC and the associated press release of March 11, 2015, and all subsequent filings for a complete update on regulatory matters and associated risks

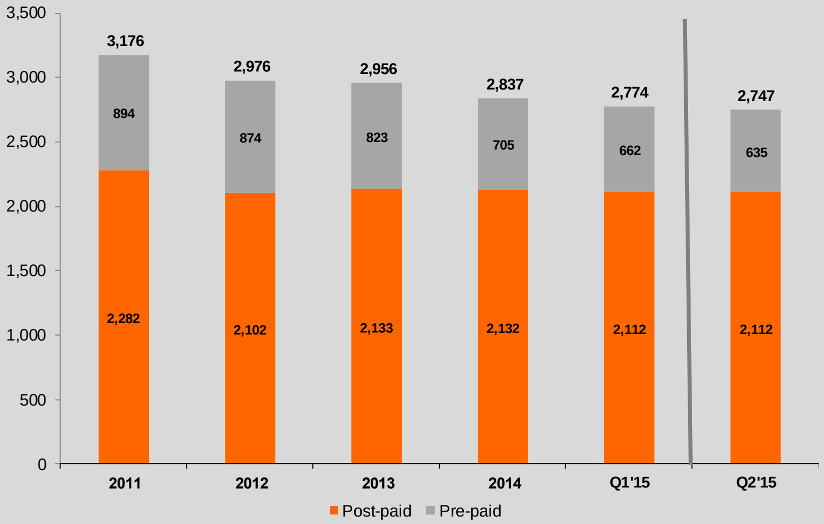
Financial overview

Q2'2015 highlights

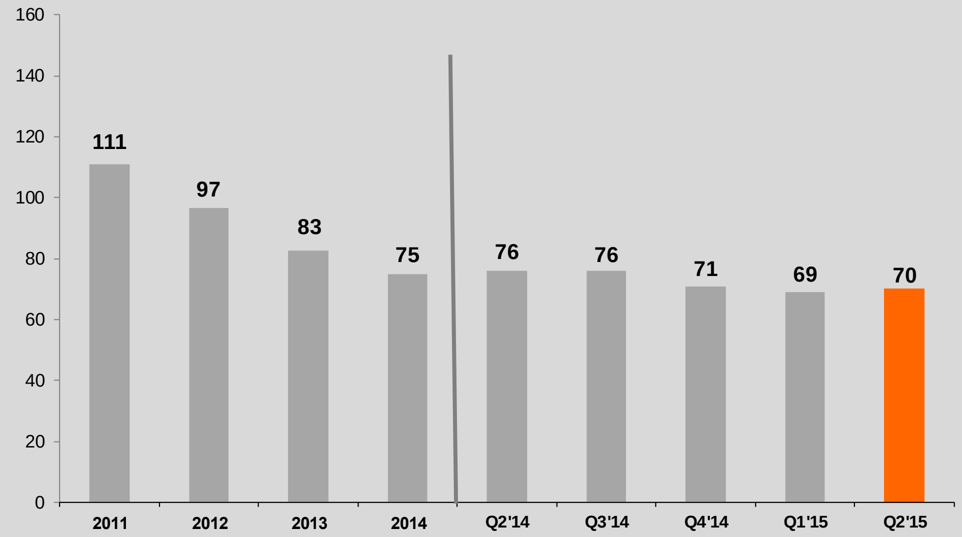
	Q2’ 15	Q2’ 14	YoY change
Total revenue (NIS, M)	1,044	1,087	-4%
Service revenue (NIS, M)	757	862	-12%
Equipment revenue (NIS, M)	287	225	+28%
EBITDA (NIS, M)	236	291	-19%
EBITDA margin	23%	27%	-4 ppt
Profit (NIS, M)	9	46	-80%
Free cash flow (NIS, M)	24	192	-88%
Cellular ARPU (NIS)	70	76	-8%
Quarterly churn rate	10.9%	11.4%	-0.5 ppt

Challenging market environment

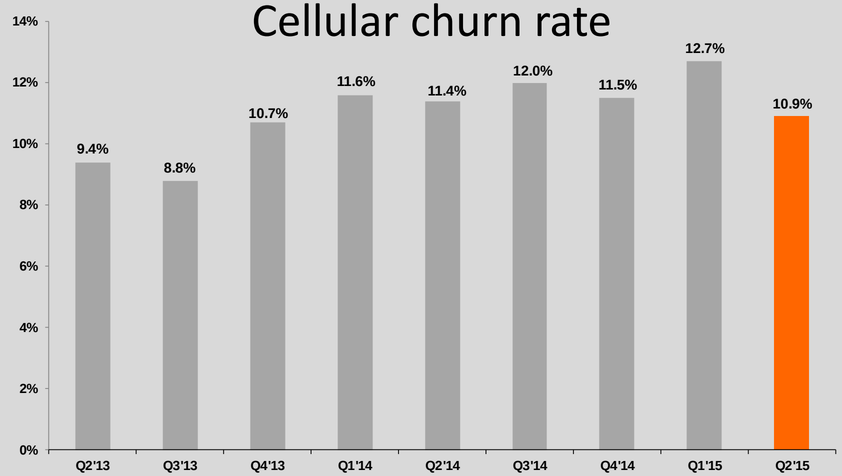
Cellular subscribers (EOP, in thousands)



Cellular ARPU (in NIS)

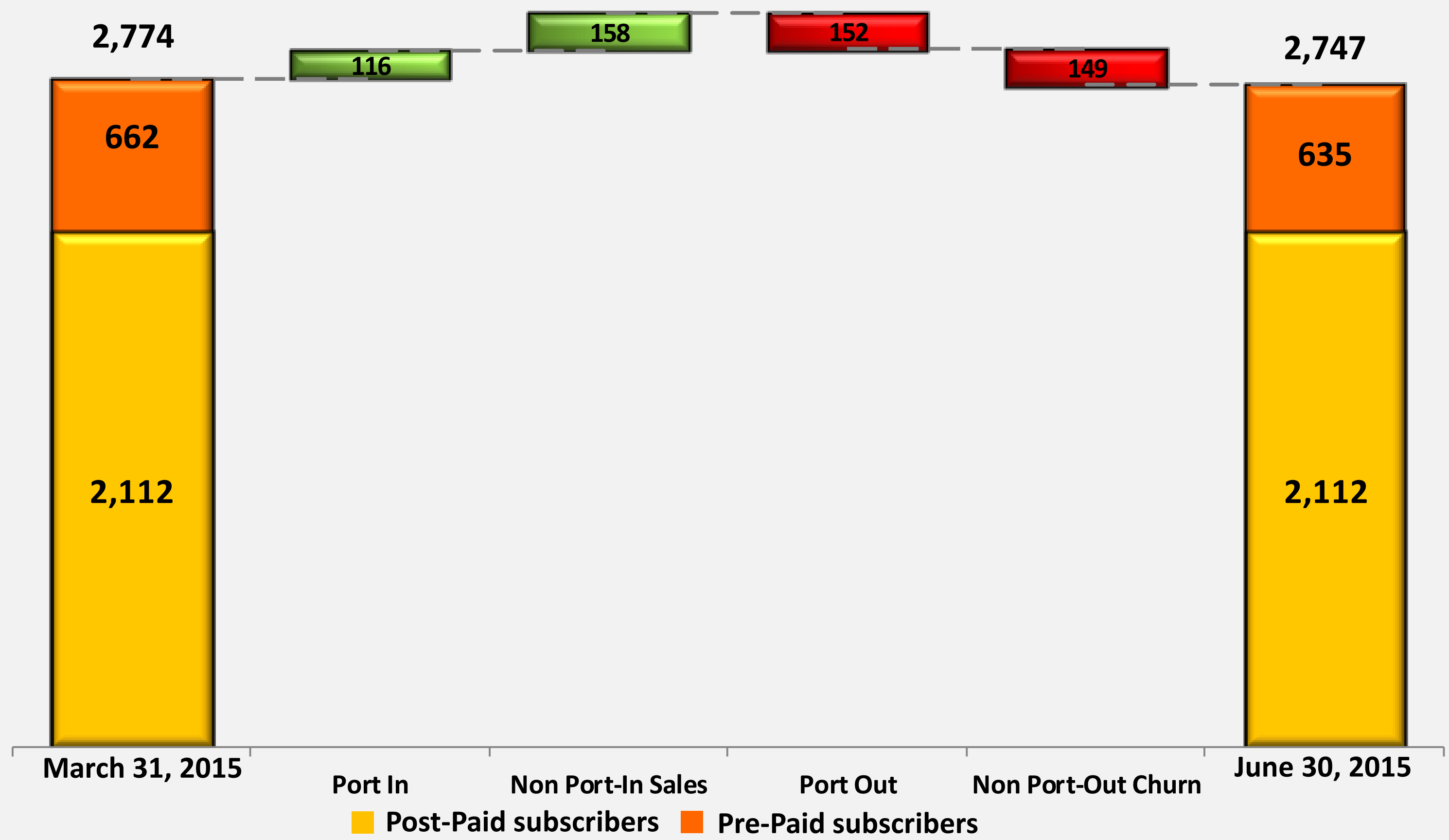


Cellular churn rate



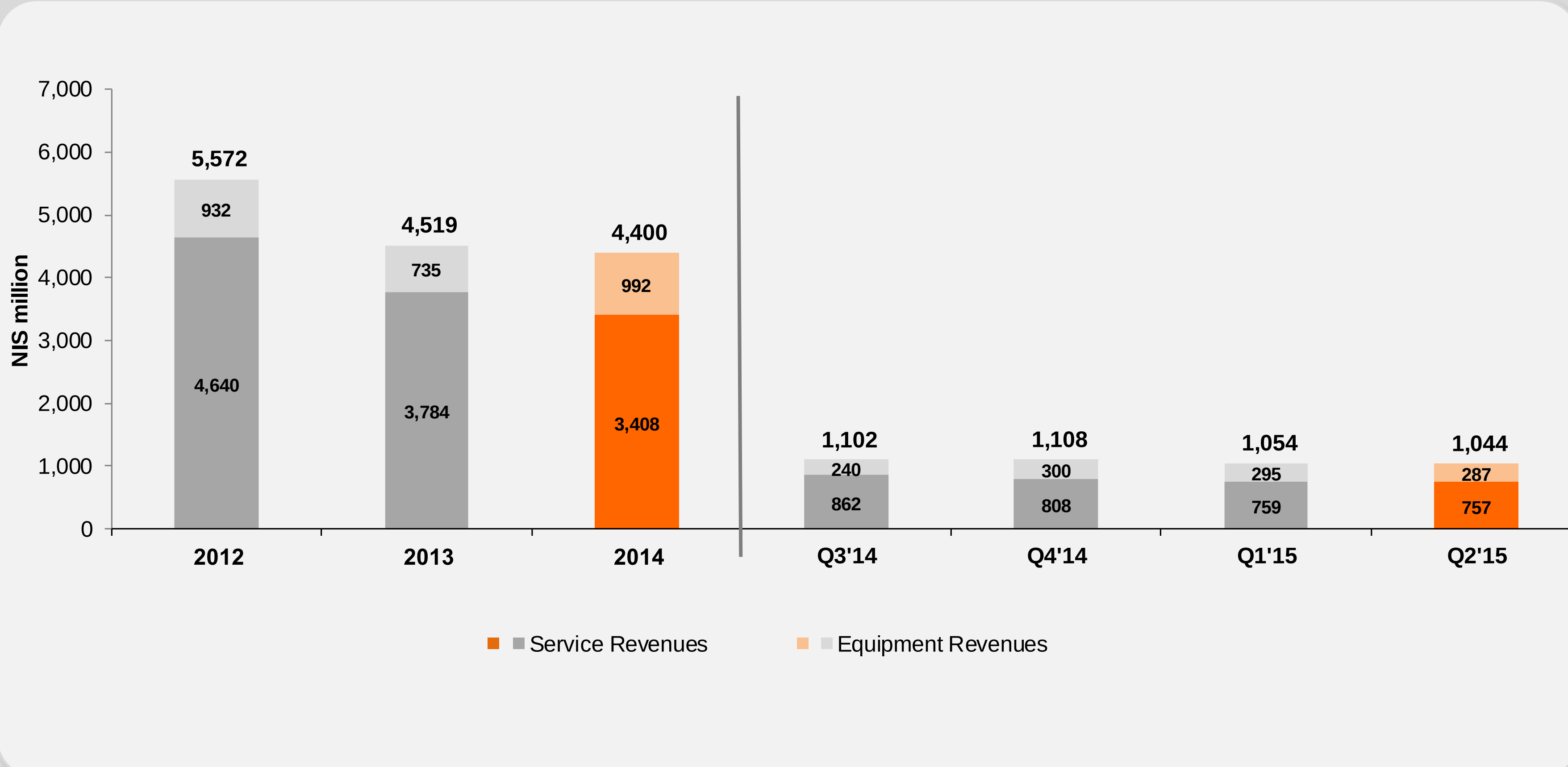
orange™

Evolution of cellular subscriber base (in '000)



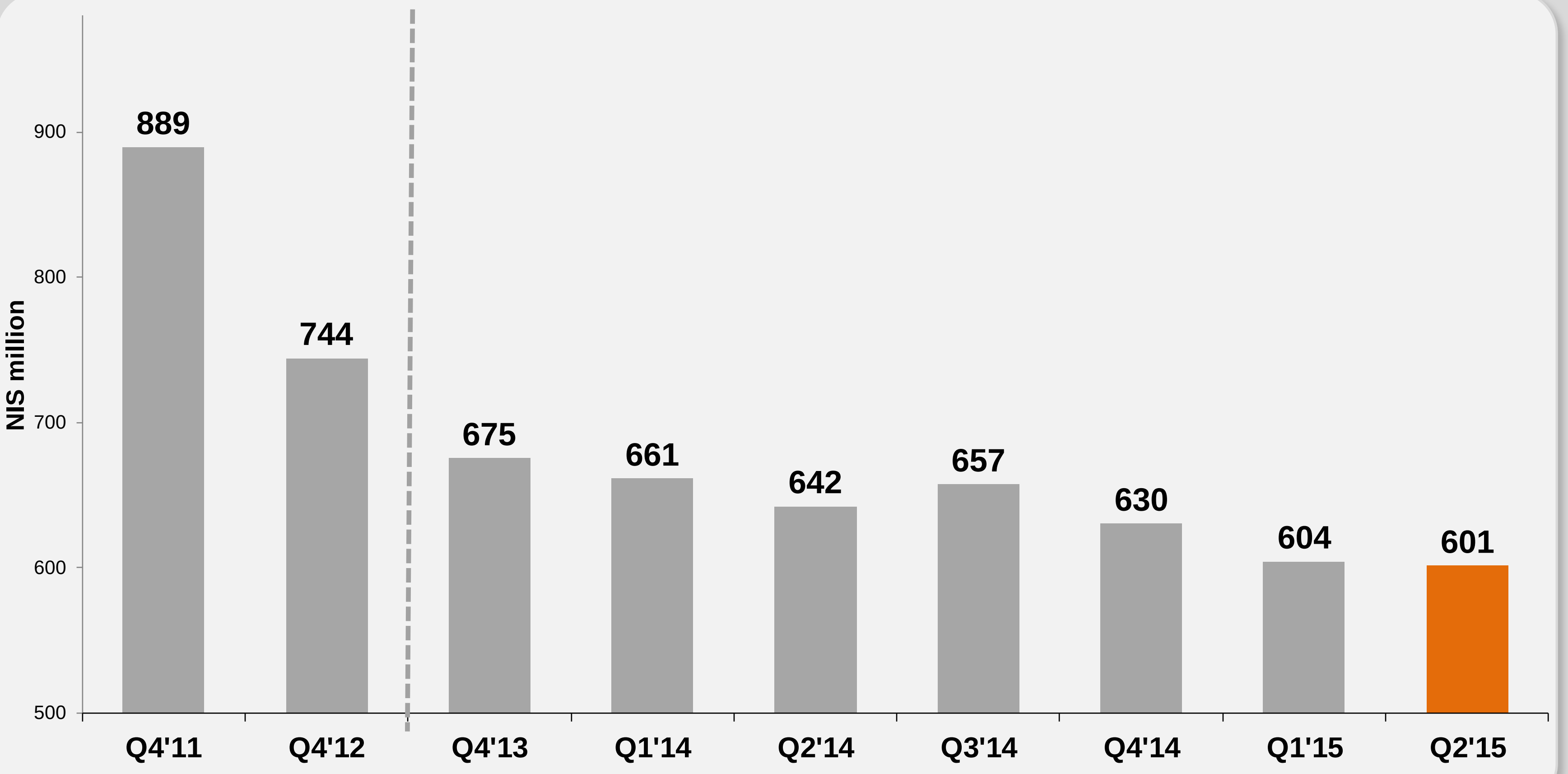
Port in and Port out figures reported in Globes, July 1, 2015

Company revenues - diversifying revenue sources



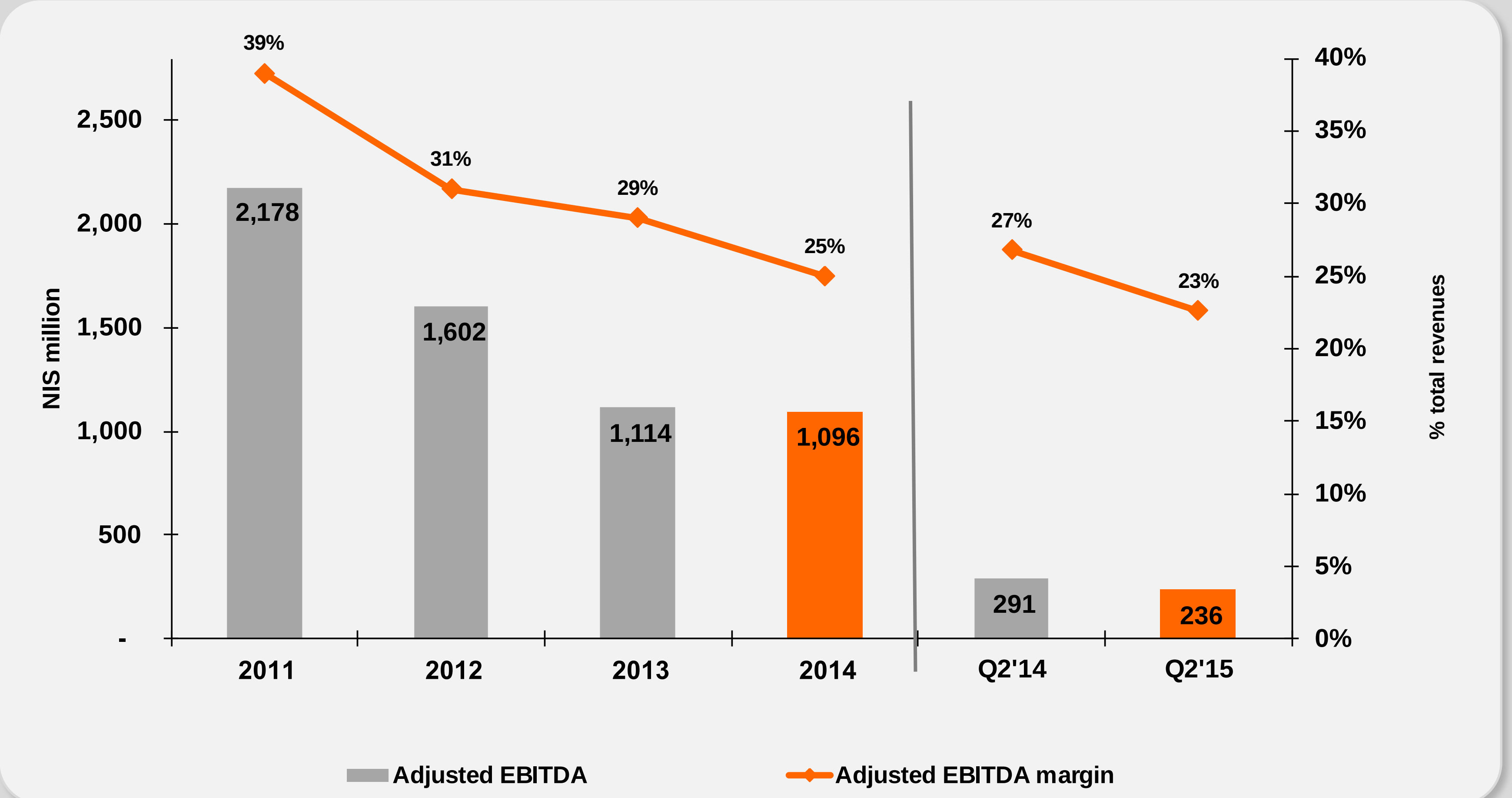
orange™

OPEX - successful implementation of efficiencies



OPEX includes cost of service revenues, and selling, marketing and administrative expenses, and excludes depreciation and amortization and impairment charges.

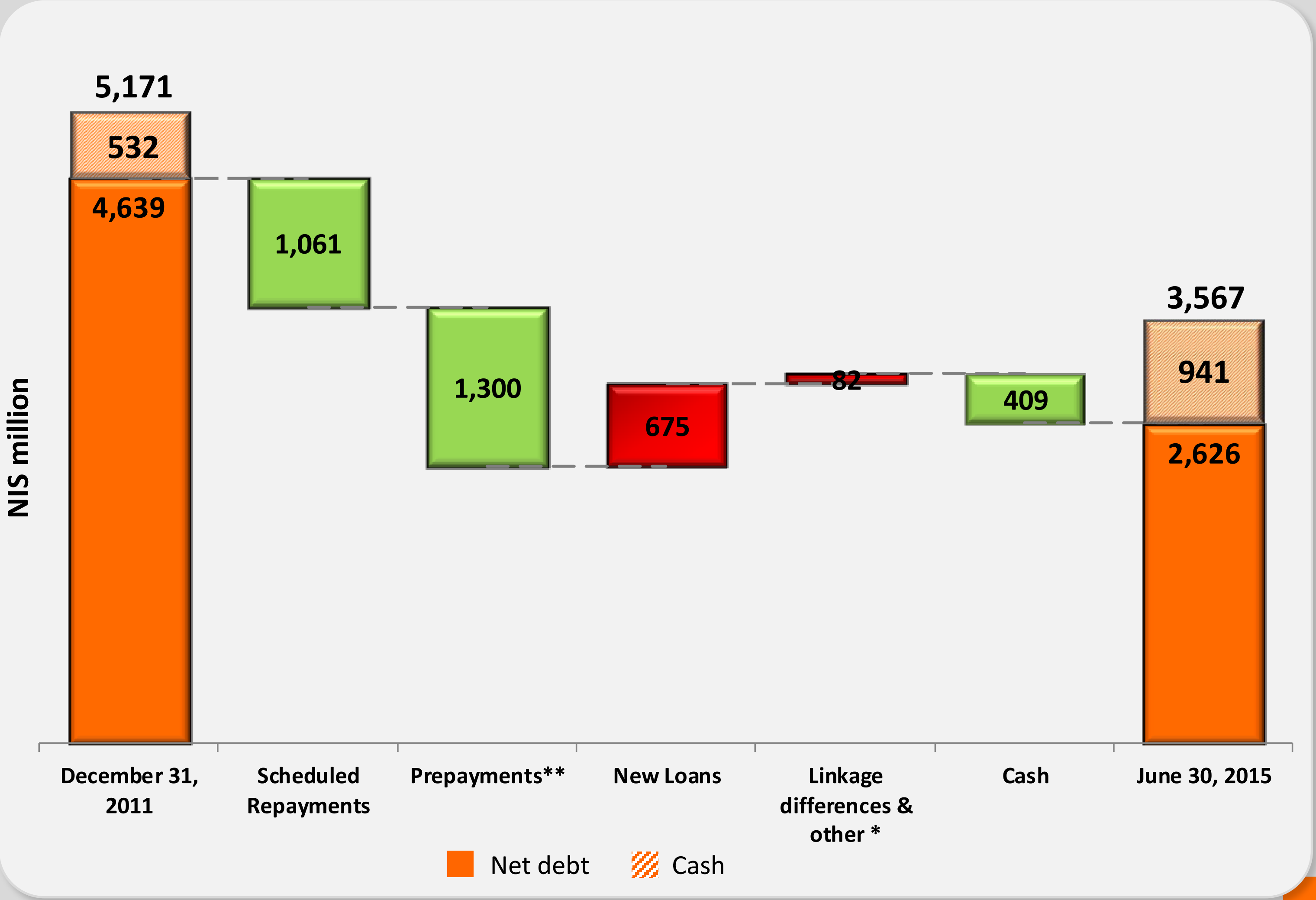
EBITDA* & EBITDA margin



Results include 012 Smile from March 2011

* Adjusted EBITDA represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and share based compensation expenses) and impairment charges, as a measure of operating profit. Please refer to the section Use of non-GAAP financial measures section in the Company's quarterly press release

Debt & cash evolution (31/12/2011 to 30/06/2015)



* Other includes amortization of deferred issuance expenses and discount

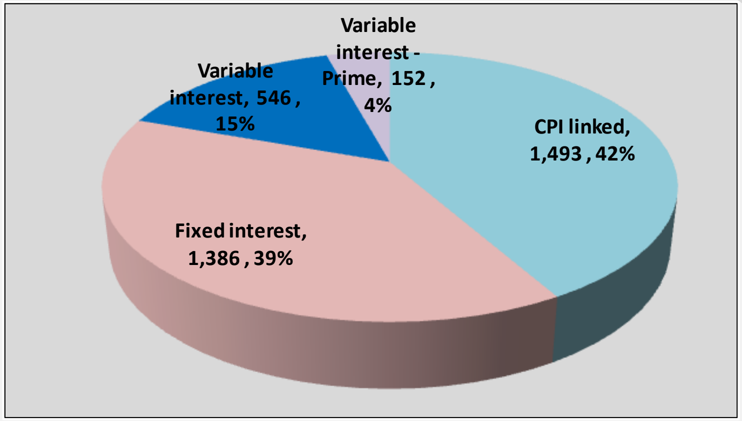
** Prepayments – repaid in advance of the original repayment schedule

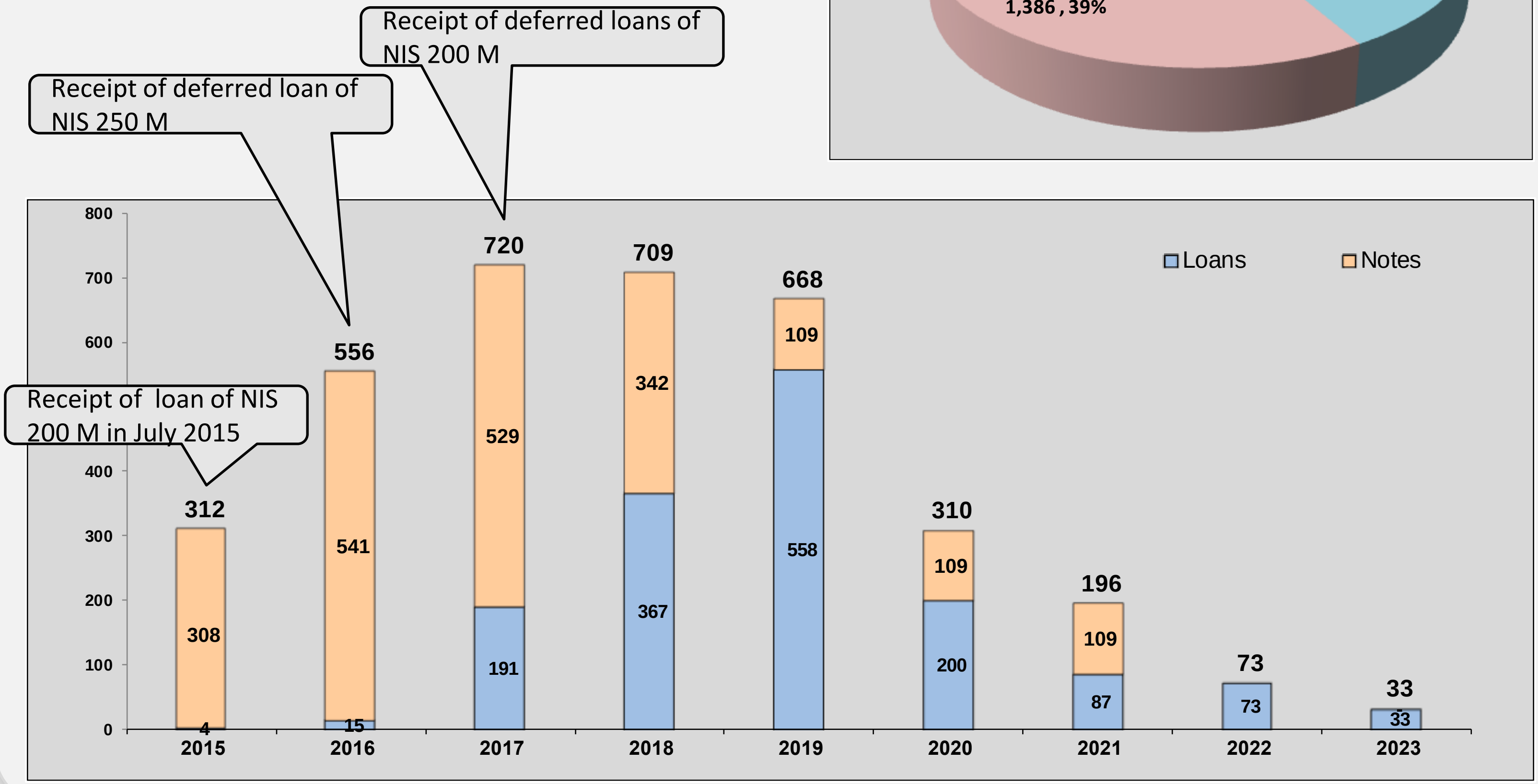
Debt structure (as of June 30, 2015)

Series	Amount (NIS M)	Coupon	Duration (a/o 30/06)	Linkage	Annual Yield to Maturity (a/o 30/06)
Series B	242	3.4%	0.9	CPI	1.1%
Series C	699	3.35%	2.4	CPI	1.7%
Series D	546	MAKAM + 1.2%	4.35	Variable interest Makam	2.4%
Series E	561	5.5%	1.5	Fixed	1.9%
Borrowings from banks & others	1,528				
Offering expenses	(9)				
TOTAL	**3,567**				

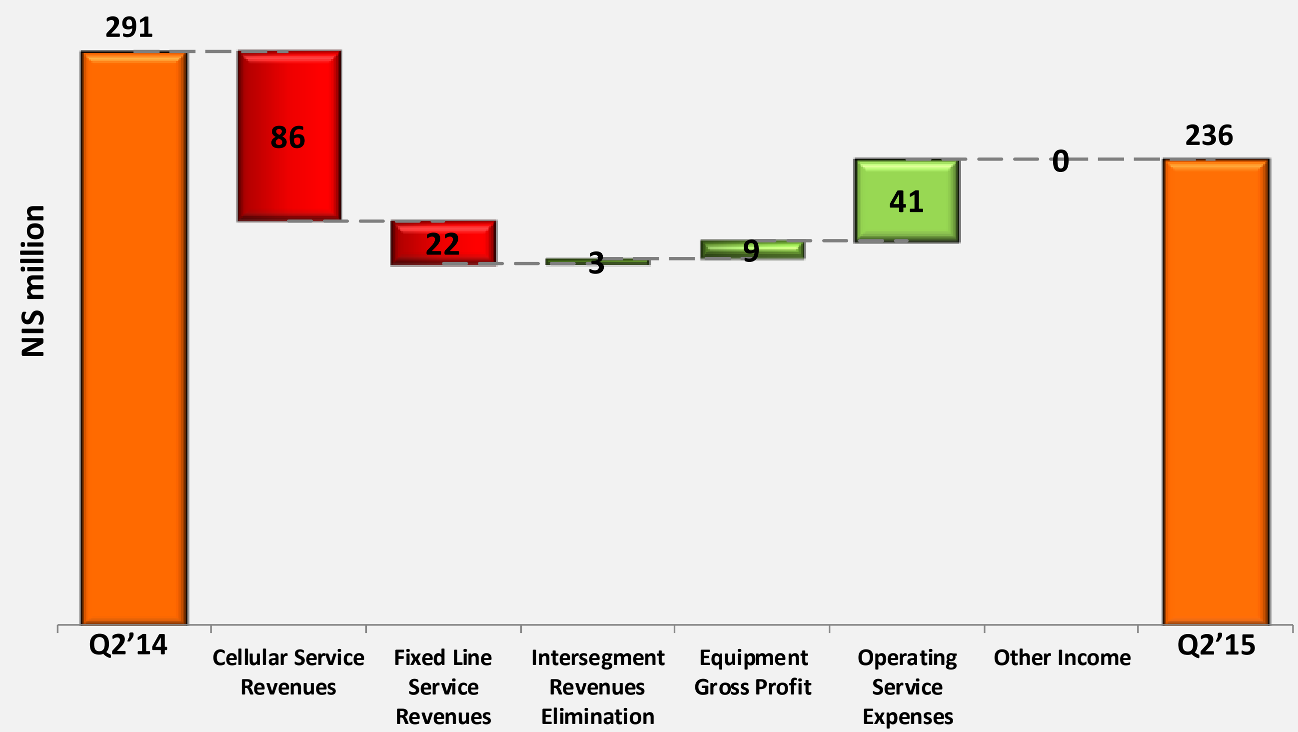
Repayment Schedule and Exposure:
Notes & Loans a/o June 30, 2015 (NIS M)

Total debt in B.S:	**3,567**
Cash	(941)
Net Debt	**2,626**





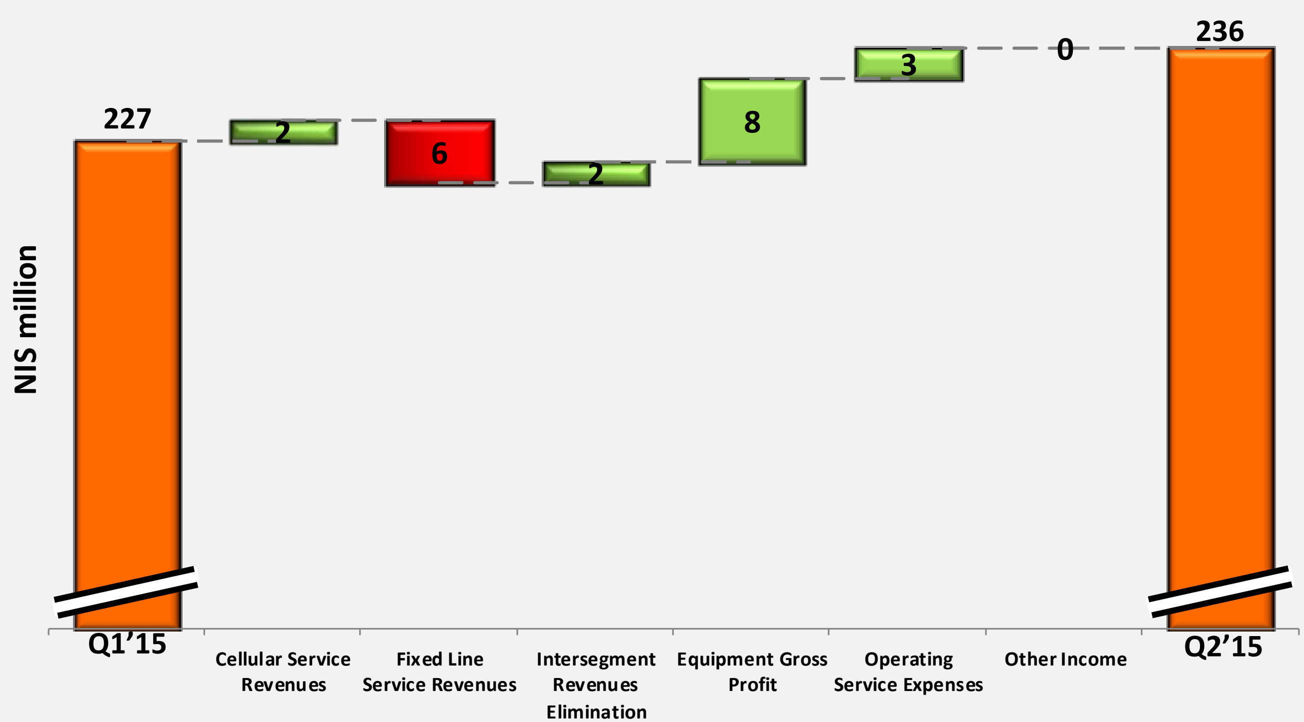
Bridging EBITDA results (Q2'14 vs. Q2'15)



* Adjusted EBITDA represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and share based compensation expenses) and impairment charges, as a measure of operating profit. Please refer to the section 'Use of non-GAAP financial measures' in the Company's quarterly press release

Revenues presented include intersegment revenues; operating services expenses exclude intersegment expenses.

Bridging EBITDA results (Q1'15 vs. Q2'15)



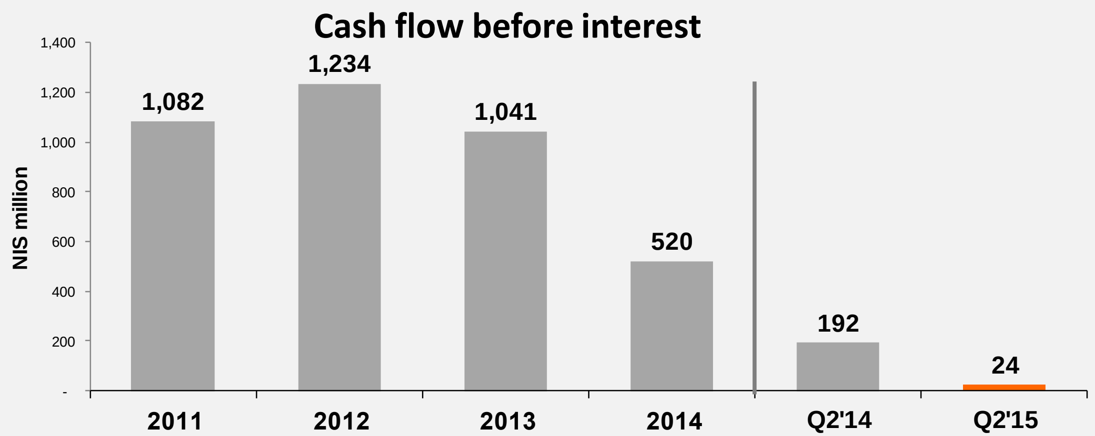
* Adjusted EBITDA represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and share based compensation expenses) and impairment charges, as a measure of operating profit. Please refer to the section 'Use of non-GAAP financial measures' in the Company's quarterly press release

Revenues presented include intersegment revenues; operating services expenses exclude intersegment expenses.

Balance sheet & cash flow*

Assets	NIS million
Cash and cash equivalents	941
Trade receivables and other	1,099
Inventories	109
Total Current Assets	**2,149**
Trade receivables and other	604
Property and equipment	1,513
Goodwill	407
Intangible assets	1,047
Total Long-term Assets	**3,571**
Total Assets	**5,720**

Liabilities and Equity	NIS million
Current maturities of borrowings & notes payable	319
Trade payables	724
Other current liabilities	237
Total Current Liabilities	**1,280**
Long term borrowings & notes payable	3,248
Other liabilities	111
Total Long-term Liabilities	**3,359**
Equity	**1,081**
Total Liabilities and Equity	**5,720**



- Balance sheet as of June 30, 2015. Cash flow includes 012 Smile from March 2011
  Free cash flow represents cash flows generated from operating activities before interest payments, net of cash flows used for investments activities, after elimination of cash flows used for the acquisition of 012 Smile.

IR contacts

Ziv Leitman

CFO

+972 (54) 781 4951

Liat Glazer Shaft

Head of Investor Relations

+972 (54) 781 5051

investors@orange.co.il






Investor website: www.orange.co.il/en/Investors-Relations/lobby/