



## Bezeq Facts & Figures Q4 & FY 2016

Three months and year ending December 31, 2016

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|   |            | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 |
|---|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Bezeq Group <sup>(1)</sup></b>           |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Key Income Statement Metrics</b>         |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Revenues                                    |            | 11,136  | 11,015  | 11,519  | 11,987  | 11,373  | 10,278  | 9,563   | 9,055   | 2,174   | 2,603   | 2,602   | 2,606   | 9,985   | 2,559   | 2,511   | 2,510   | 2,504   | 10,084  |
|   | QoQ Change |         |         |         |         |         |         |         |         | -3.9%   | 19.7%   | 0.0%    | 0.2%    |         | -1.8%   | -1.9%   | 0.0%    | -0.2%   |         |
|   | YoY Change |         | -1.1%   | 4.6%    | 4.1%    | -5.1%   | -9.6%   | -7.0%   | -5.3%   | -5.9%   | 15.7%   | 16.6%   | 15.2%   | 10.3%   | 17.7%   | -3.5%   | -3.5%   | -3.9%   | 1.0%    |
| Depreciation & amortization                 |            | 1,509   | 1,458   | 1,485   | 1,409   | 1,395   | 1,436   | 1,311   | 1,281   | 317     | 451     | 457     | 459     | 1,684   | 449     | 440     | 442     | 408     | 1,739   |
|   | QoQ Change |         |         |         |         |         |         |         |         | -1.2%   | 42.3%   | 1.3%    | 0.4%    |         | -2.2%   | -2.0%   | 0.5%    | -7.7%   |         |
|   | YoY Change |         | -3.4%   | 1.9%    | -5.1%   | -1.0%   | 2.9%    | -8.7%   | -2.3%   | 1.0%    | 41.4%   | 39.8%   | 43.0%   | 31.5%   | 41.6%   | -2.4%   | -3.3%   | -11.1%  | 3.3%    |
| Salaries                                    |            | 2,192   | 2,161   | 1,990   | 2,024   | 2,090   | 1,976   | 1,872   | 1,768   | 439     | 497     | 506     | 515     | 1,957   | 513     | 495     | 501     | 503     | 2,012   |
|   | QoQ Change |         |         |         |         |         |         |         |         | -0.2%   | 13.2%   | 1.8%    | 1.8%    |         | -0.4%   | -3.5%   | 1.2%    | 0.4%    |         |
|   | YoY Change |         | -1.4%   | -7.9%   | 1.7%    | 3.3%    | -5.5%   | -5.3%   | -5.6%   | -2.0%   | 12.2%   | 15.8%   | 17.0%   | 10.7%   | 16.9%   | -0.4%   | -1.0%   | -2.3%   | 2.8%    |
| Other operating expenses (income)           |            | 39      | 96      | 201     | (216)   | 139     | (128)   | (15)    | (586)   | (17)    | (141)   | (13)    | 76      | (95)    | 5       | (12)    | (26)    | 33      | 0       |
|   | QoQ Change |         |         |         |         |         |         |         |         | NM      | 729.4%  | -90.8%  | NM      |         | -93.4%  | -340.0% | 116.7%  | NM      |         |
|   | YoY Change |         |         | NM      | NM      | NM      | NM      | NM      | NM      | NM      | -75.2%  | -48.0%  | 406.7%  | -83.8%  | NM      | -91.5%  | 100.0%  | -56.6%  | NM      |
| Operating Profit                            |            | 2,321   | 2,640   | 2,972   | 3,744   | 3,255   | 3,041   | 2,819   | 3,226   | 636     | 794     | 652     | 488     | 2,570   | 574     | 616     | 599     | 532     | 2,321   |
|   | QoQ Change |         |         |         |         |         |         |         |         | 0.5%    | 24.8%   | -17.9%  | -25.2%  |         | 17.6%   | 7.3%    | -2.8%   | -11.2%  |         |
|   | YoY Change |         | 13.7%   | 12.6%   | 26.0%   | -13.1%  | -6.6%   | -7.3%   | 14.4%   | -7.6%   | -35.7%  | -2.8%   | -22.9%  | -20.3%  | -9.7%   | -22.4%  | -8.1%   | 9.0%    | -9.7%   |
| Finance expenses (income), net              |            | 182     | 140     | (31)    | 109     | 212     | 151     | 145     | 130     | 37      | 129     | 100     | (3)     | 263     | 102     | 105     | 104     | 136     | 447     |
|   | QoQ Change |         |         |         |         |         |         |         |         | 117.6%  | 248.6%  | -22.5%  | NM      |         | NM      | 2.9%    | -1.0%   | NM      |         |
|   | YoY Change |         | -23.1%  |         | 94.5%   | -28.8%  | -4.0%   | -10.3%  | -11.9%  | 303.1%  | 156.4%  | NM      | 102.3%  | 175.7%  | -18.6%  | 4.0%    | NM      | 70.0%   |         |
| Income taxes                                |            | 666     | 720     | 807     | 932     | 755     | 778     | 651     | 815     | 152     | 183     | 144     | 119     | 598     | 183     | 133     | 99      | 210     | 625     |
|   | QoQ Change |         |         |         |         |         |         |         |         | -6.2%   | 20.4%   | -21.3%  | -17.4%  |         | 53.8%   | -27.3%  | -25.6%  | 112.1%  |         |
|   | YoY Change |         | 8.1%    | 12.1%   | 15.5%   | -19.0%  | 3.0%    | -16.3%  | 25.2%   | -10.6%  | -41.5%  | -15.3%  | -26.5%  | -26.6%  | 20.4%   | -27.3%  | -31.3%  | 76.5%   | 4.5%    |
| Net profit attributed to Bezeq shareholders |            | 1,330   | 1,627   | 3,603   | 2,443   | 2,074   | 1,861   | 1,771   | 2,111   | 463     | 482     | 407     | 369     | 1,721   | 288     | 377     | 394     | 185     | 1,244   |
|   | QoQ Change |         |         |         |         |         |         |         |         | 11.3%   | 4.1%    | -15.6%  | -9.3%   |         | -22.0%  | 30.9%   | 4.5%    | -53.0%  |         |
|   | YoY Change |         | 22.3%   | 121.5%  | -32.2%  | -15.1%  | -10.3%  | -4.8%   | 19.2%   | 1.3%    | -40.5%  | -4.9%   | -11.3%  | -18.5%  | -37.8%  | -21.8%  | -3.2%   | -49.9%  | -27.7%  |
| Adjusted EBITDA                             |            | 3,869   | 4,194   | 4,658   | 4,937   | 4,789   | 4,349   | 4,115   | 3,921   | 936     | 1,104   | 1,096   | 1,023   | 4,159   | 1,028   | 1,044   | 1,015   | 973     | 4,060   |
|   | QoQ Change |         |         |         |         |         |         |         |         | -3.4%   | 17.9%   | -0.7%   | -6.7%   |         | 0.5%    | 1.6%    | -2.8%   | -4.1%   |         |
|   | YoY Change |         | 8.4%    | 11.1%   | 6.0%    | -3.0%   | -9.2%   | -5.4%   | -4.7%   | -5.8%   | 12.1%   | 12.6%   | 5.6%    | 6.1%    | 9.8%    | -5.4%   | -7.4%   | -4.9%   | -2.4%   |
| EBITDA, reported                            |            | 3,830   | 4,098   | 4,457   | 5,153   | 4,650   | 4,477   | 4,130   | 4,507   | 953     | 1,245   | 1,109   | 947     | 4,254   | 1,023   | 1,056   | 1,041   | 940     | 4,060   |
|   | QoQ Change |         |         |         |         |         |         |         |         | -0.1%   | 30.6%   | -10.9%  | -14.6%  |         | 8.0%    | 3.2%    | -1.4%   | -9.7%   |         |
|   | YoY Change |         | 7.0%    | 8.8%    | 15.6%   | -9.8%   | -3.7%   | -7.8%   | 9.1%    | -4.9%   | -19.8%  | 11.1%   | -0.7%   | -5.6%   | 7.3%    | -15.2%  | -6.1%   | -0.7%   | -4.6%   |
| Earnings Per Share - Basic                  |            | 0.51    | 0.62    | 1.37    | 0.91    | 0.77    | 0.68    | 0.65    | 0.77    | 0.17    | 0.18    | 0.15    | 0.13    | 0.63    | 0.10    | 0.14    | 0.14    | 0.07    | 0.45    |
| Earnings Per Share - Diluted                |            | 0.50    | 0.61    | 1.34    | 0.90    | 0.76    | 0.68    | 0.65    | 0.77    | 0.17    | 0.17    | 0.15    | 0.13    | 0.62    | 0.10    | 0.14    | 0.14    | 0.07    | 0.45    |
| Shares Outstanding - Basic                  |            | 2,605   | 2,605   | 2,635   | 2,675   | 2,714   | 2,720   | 2,726   | 2,736   | 2,744   | 2,746   | 2,750   | 2,758   | 2,750   | 2,765   | 2,765   | 2,765   | 2,765   | 2,765   |
| Shares Outstanding - Diluted                |            | 2,641   | 2,649   | 2,685   | 2,717   | 2,725   | 2,726   | 2,741   | 2,755   | 2,759   | 2,759   | 2,762   | 2,764   | 2,763   | 2,765   | 2,765   | 2,765   | 2,765   | 2,765   |
| <b>Key Cash Flow Metrics</b>                |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Operating cash flow                         |            | 2,697   | 3,068   | 3,655   | 3,696   | 3,186   | 4,014   | 4,152   | 3,796   | 961     | 840     | 1,050   | 889     | 3,740   | 922     | 870     | 902     | 832     | 3,526   |
|   | QoQ Change |         |         |         |         |         |         |         |         | 30.0%   | -12.6%  | 25.0%   | -15.3%  |         | 3.7%    | -5.6%   | 3.7%    | -7.8%   |         |
|   | YoY Change |         | 13.7%   | 19.1%   | 1.1%    | -13.8%  | 26.0%   | 3.4%    | -8.6%   | -7.9%   | -21.1%  | 10.5%   | 20.3%   | -1.5%   | -4.1%   | 3.6%    | -14.1%  | -6.4%   | -5.7%   |
| Capital expenditures, gross (cash flow)     |            | 991     | 1,531   | 1,535   | 1,622   | 1,903   | 1,540   | 1,228   | 1,275   | 368     | 511     | 427     | 329     | 1,635   | 345     | 387     | 349     | 335     | 1,416   |
|   | QoQ Change |         |         |         |         |         |         |         |         | 16.8%   | 38.9%   | -16.4%  | -23.0%  |         | 4.9%    | 12.2%   | -9.8%   | -4.0%   |         |
|   | YoY Change |         | 54.5%   | 0.2%    | 5.7%    | 17.3%   | -19.1%  | -20.3%  | 3.8%    | 16.8%   | 58.2%   | 32.6%   | 4.4%    | 28.2%   | -6.3%   | -24.3%  | -18.3%  | 1.8%    | -13.4%  |
| Capital expenditures, net                   |            | 814     | 1,384   | 1,445   | 1,489   | 1,637   | 1,235   | 916     | 1,045   | 355     | 427     | 405     | 297     | 1,484   | 303     | 331     | 325     | 319     | 1,278   |
|   | QoQ Change |         |         |         |         |         |         |         |         | 53.0%   | 20.3%   | -5.2%   | -26.7%  |         | 2.0%    | 9.2%    | -1.8%   | -1.8%   |         |
|   | YoY Change |         | 70.0%   | 4.4%    | 3.0%    | 9.9%    | -24.6%  | -25.8%  | 14.1%   | 24.1%   | 54.2%   | 62.0%   | 28.0%   | 42.0%   | -14.6%  | -22.5%  | -19.8%  | 7.4%    | -13.9%  |
| Free cash flow                              |            | 1,883   | 1,684   | 2,210   | 2,207   | 1,549   | 2,779   | 3,236   | 2,751   | 606     | 413     | 645     | 592     | 2,256   | 619     | 539     | 577     | 513     | 2,248   |
|   | QoQ Change |         |         |         |         |         |         |         |         | 19.5%   | -31.8%  | 56.2%   | -8.2%   |         | 4.6%    | -12.9%  | 7.1%    | -11.1%  |         |
|   | YoY Change |         | -10.6%  | 31.3%   | -0.1%   | -29.8%  | 79.4%   | 16.4%   | -15.0%  | -19.9%  | -47.5%  | -7.9%   | 16.8%   | -18.0%  | 2.1%    | 30.5%   | -10.5%  | -13.3%  | -0.4%   |
| <b>Key Balance Sheet Metrics</b>            |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Total debt                                  |            | 5,034   | 4,356   | 4,136   | 5,717   | 9,578   | 9,546   | 9,827   | 10,087  | 11,912  | 11,368  | 11,077  | 10,713  | 10,713  | 10,605  | 11,504  | 11,246  | 10,953  | 10,953  |
| Cash & short-term investments               |            | 1,589   | 816     | 734     | 372     | 2,298   | 1,547   | 1,742   | 2,883   | 3,709   | 1,825   | 2,156   | 1,317   | 1,317   | 1,777   | 2,250   | 1,846   | 1,234   | 1,234   |
| Net debt                                    |            | 3,445   | 3,540   | 3,402   | 5,345   | 7,280   | 7,999   | 8,085   | 7,204   | 8,203   | 9,543   | 8,921   | 9,396   | 9,396   | 8,828   | 9,254   | 9,400   | 9,719   | 9,719   |
| <b>Ratios</b>                               |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| Operating margin                            |            | 20.8%   | 24.0%   | 25.8%   | 31.2%   | 28.6%   | 29.6%   | 29.5%   | 35.6%   | 29.3%   | 30.5%   | 25.1%   | 18.7%   | 25.7%   | 22.4%   | 24.5%   | 23.9%   | 21.2%   | 23.0%   |
| Net margin                                  |            | 11.9%   | 14.8%   | 31.3%   | 20.4%   | 18.2%   | 18.1%   | 18.5%   | 23.3%   | 21.3%   | 18.5%   | 15.6%   | 14.2%   | 17.2%   | 11.3%   | 15.0%   | 15.7%   | 7.4%    | 12.3%   |
| EBITDA margin                               |            | 34.4%   | 37.2%   | 38.7%   | 43.0%   | 40.9%   | 43.6%   | 43.2%   | 49.8%   | 43.8%   | 47.8%   | 42.6%   | 36.3%   | 42.6%   | 40.0%   | 42.1%   | 41.5%   | 37.5%   | 40.3%   |
| Capex/Sales                                 |            | 8.9%    | 13.9%   | 13.3%   | 13.5%   | 16.7%   | 15.0%   | 12.8%   | 14.1%   | 16.9%   | 19.6%   | 16.4%   | 12.6%   | 16.4%   | 13.5%   | 15.4%   | 13.9%   | 13.4%   | 14.0%   |
| Net debt / EBITDA (ttm)                     |            | 0.90    | 0.86    | 0.76    | 1.04    | 1.57    | 1.79    | 1.96    | 1.60    | 1.84    | 2.30    | 2.09    | 2.21    | 2.21    | 2.04    | 2.24    | 2.31    | 2.39    | 2.39    |

<sup>(1)</sup> The Bezeq Group's financial data includes yes balance sheet data as of Q1 2015 and income statement and cash flow data as of Q2 2015.



(NIS millions, except for EPS)

|   | FY 2007      | FY 2008      | FY 2009      | FY 2010      | FY 2011      | FY 2012      | FY 2013      | FY 2014      | Q1 2015     | Q2 2015      | Q3 2015      | Q4 2015      | FY 2015      | Q1 2016      | Q2 2016      | Q3 2016     | Q4 2016      | FY 2016      |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|-------------|--------------|--------------|
| <b>Bezeq Group (cont'd)</b>                                   |              |              |              |              |              |              |              |              |             |              |              |              |              |              |              |             |              |              |
| <b>Operating &amp; General Expenses</b>                       |              |              |              |              |              |              |              |              |             |              |              |              |              |              |              |             |              |              |
| <b>Total operating &amp; general expenses</b>                 | <b>5,075</b> | <b>4,660</b> | <b>4,871</b> | <b>5,026</b> | <b>4,494</b> | <b>3,953</b> | <b>3,576</b> | <b>3,366</b> | <b>799</b>  | <b>1,002</b> | <b>1,000</b> | <b>1,068</b> | <b>3,869</b> | <b>1,018</b> | <b>972</b>   | <b>994</b>  | <b>1,028</b> | <b>4,012</b> |
| QoQ Change  |              |              |              |              |              |              |              |              | -6.3%       | 25.4%        | -0.2%        | 6.8%         |              | -4.7%        | -4.5%        | 2.3%        | 3.4%         |              |
| YoY Change  |              | -8.2%        | 4.5%         | 3.2%         | -10.6%       | -12.0%       | -9.5%        | -5.9%        | -8.1%       | 21.9%        | 21.7%        | 25.2%        | 14.9%        | 27.4%        | -3.0%        | -0.6%       | -3.7%        | 3.7%         |
| <b>Terminal equipment &amp; materials</b>                     | <i>N/A</i>   | <i>N/A</i>   | <b>1,163</b> | <b>1,225</b> | <b>1,693</b> | <b>1,263</b> | <b>1,071</b> | <b>928</b>   | <b>226</b>  | <b>205</b>   | <b>193</b>   | <b>256</b>   | <b>880</b>   | <b>216</b>   | <b>201</b>   | <b>177</b>  | <b>237</b>   | <b>831</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | -11.0%      | -9.3%        | -5.9%        | 32.6%        |              | -15.6%       | -6.9%        | -11.9%      | 33.9%        |              |
| YoY Change  |              |              |              | 5.3%         | 38.2%        | -25.4%       | -15.2%       | -13.4%       | -13.7%      | -3.3%        | -3.5%        | 0.8%         | -5.2%        | -4.4%        | -2.0%        | -8.3%       | -7.4%        | -5.6%        |
| <b>Interconnect &amp; payments to telecom operators</b>       | <i>N/A</i>   | <i>N/A</i>   | <b>1,762</b> | <b>1,876</b> | <b>910</b>   | <b>900</b>   | <b>905</b>   | <b>847</b>   | <b>212</b>  | <b>241</b>   | <b>236</b>   | <b>220</b>   | <b>909</b>   | <b>212</b>   | <b>211</b>   | <b>211</b>  | <b>191</b>   | <b>825</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | -0.9%       | 13.7%        | -2.1%        | -6.8%        |              | -3.6%        | -0.5%        | 0.0%        | -9.5%        |              |
| YoY Change  |              |              |              | 6.5%         | -51.5%       | -1.1%        | 0.6%         | -6.4%        | 2.9%        | 15.9%        | 7.8%         | 2.8%         | 7.3%         | 0.0%         | -12.4%       | -10.6%      | -13.2%       | -9.2%        |
| <b>Maintenance of buildings and sites</b>                     | <i>N/A</i>   | <i>N/A</i>   | <b>647</b>   | <b>640</b>   | <b>641</b>   | <b>663</b>   | <b>607</b>   | <b>639</b>   | <b>150</b>  | <b>156</b>   | <b>161</b>   | <b>149</b>   | <b>616</b>   | <b>154</b>   | <b>145</b>   | <b>151</b>  | <b>155</b>   | <b>605</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | -8.5%       | 4.0%         | 3.2%         | -7.5%        |              | 3.4%         | -5.8%        | 4.1%        | 2.6%         |              |
| YoY Change  |              |              |              | -1.1%        | 0.2%         | 3.4%         | -8.4%        | 5.3%         | -3.8%       | 0.0%         | -1.2%        | -9.1%        | -3.6%        | 2.7%         | -7.1%        | -6.2%       | 4.0%         | -1.8%        |
| <b>Marketing &amp; general</b>                                | <i>N/A</i>   | <i>N/A</i>   | <b>626</b>   | <b>622</b>   | <b>655</b>   | <b>556</b>   | <b>563</b>   | <b>603</b>   | <b>129</b>  | <b>160</b>   | <b>164</b>   | <b>187</b>   | <b>640</b>   | <b>177</b>   | <b>168</b>   | <b>180</b>  | <b>172</b>   | <b>697</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | -11.0%      | 24.0%        | 2.5%         | 14.0%        |              | -5.3%        | -5.1%        | 7.1%        | -4.4%        |              |
| YoY Change  |              |              |              | -0.6%        | 5.3%         | -15.1%       | 1.3%         | 7.1%         | -15.7%      | 4.6%         | 7.9%         | 29.0%        | 6.1%         | 37.2%        | 5.0%         | 9.8%        | -8.0%        | 8.9%         |
| <b>Services and maintenance by sub-contractors</b>            | <i>N/A</i>   | <i>N/A</i>   | <b>218</b>   | <b>189</b>   | <b>170</b>   | <b>158</b>   | <b>162</b>   | <b>137</b>   | <b>34</b>   | <b>55</b>    | <b>52</b>    | <b>58</b>    | <b>199</b>   | <b>63</b>    | <b>61</b>    | <b>68</b>   | <b>69</b>    | <b>261</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | 41.7%       | 61.8%        | -5.5%        | 11.5%        |              | 8.6%         | -3.2%        | 11.5%       | 1.5%         |              |
| YoY Change  |              |              |              | -13.3%       | -10.1%       | -7.1%        | 2.5%         | -15.4%       | -15.0%      | 44.7%        | 48.6%        | 141.7%       | 45.3%        | 85.3%        | 10.9%        | 30.8%       | 19.0%        | 31.2%        |
| <b>Vehicle maintenance</b>                                    | <i>N/A</i>   | <i>N/A</i>   | <b>177</b>   | <b>188</b>   | <b>142</b>   | <b>162</b>   | <b>152</b>   | <b>154</b>   | <b>35</b>   | <b>41</b>    | <b>47</b>    | <b>44</b>    | <b>167</b>   | <b>42</b>    | <b>39</b>    | <b>42</b>   | <b>41</b>    | <b>164</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | -10.3%      | 17.1%        | 14.6%        | -6.4%        |              | -4.5%        | -7.1%        | 7.7%        | -2.4%        |              |
| YoY Change  |              |              |              | 6.2%         | -24.5%       | 14.1%        | -6.2%        | 1.3%         | -5.4%       | 2.5%         | 23.7%        | 12.8%        | 8.4%         | 20.0%        | -4.9%        | -10.6%      | -6.8%        | -1.8%        |
| <b>Content</b>  | <i>N/A</i>   | <i>N/A</i>   | <b>151</b>   | <b>156</b>   | <b>123</b>   | <b>103</b>   | <b>65</b>    | <b>58</b>    | <b>13</b>   | <b>144</b>   | <b>147</b>   | <b>154</b>   | <b>458</b>   | <b>154</b>   | <b>147</b>   | <b>165</b>  | <b>163</b>   | <b>629</b>   |
| QoQ Change  |              |              |              |              |              |              |              |              | 0.0%        | N/M          | 2.1%         | 4.8%         |              | 0.0%         | -4.5%        | 12.2%       | -1.2%        |              |
| YoY Change  |              |              |              | 3.3%         | -21.2%       | -16.3%       | -36.9%       | -10.8%       | -13.3%      | N/M          | N/M          | N/M          | 689.7%       | N/M          | 2.1%         | 12.2%       | N/M          | 37.3%        |
| <b>Cash Flow Metrics</b>                                      |              |              |              |              |              |              |              |              |             |              |              |              |              |              |              |             |              |              |
| <b>Change in trade &amp; other receivables</b>                | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>(300)</b> | <b>(756)</b> | <b>505</b>   | <b>646</b>   | <b>549</b>   | <b>84</b>   | <b>61</b>    | <b>51</b>    | <b>126</b>   | <b>322</b>   | <b>(12)</b>  | <b>75</b>    | <b>53</b>   | <b>(10)</b>  | <b>106</b>   |
| <b>Change in inventory</b>                                    | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>84</b>    | <b>(33)</b>  | <b>74</b>    | <b>9</b>     | <b>28</b>    | <b>9</b>    | <b>(9)</b>   | <b>6</b>     | <b>(26)</b>  | <b>(20)</b>  | <b>(9)</b>   | <b>14</b>    | <b>2</b>    | <b>(27)</b>  | <b>(20)</b>  |
| <b>Change in trade &amp; other payables</b>                   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>(21)</b>  | <b>(131)</b> | <b>(233)</b> | <b>27</b>    | <b>(39)</b>  | <b>(45)</b> | <b>(150)</b> | <b>21</b>    | <b>(97)</b>  | <b>(271)</b> | <b>39</b>    | <b>(137)</b> | <b>(12)</b> | <b>86</b>    | <b>(24)</b>  |
| <b>Change in provisions</b>                                   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>(136)</b> | <b>(64)</b>  | <b>(34)</b>  | <b>(29)</b>  | <b>(63)</b>  | <b>3</b>    | <b>6</b>     | <b>(3)</b>   | <b>12</b>    | <b>18</b>    | <b>(12)</b>  | <b>3</b>     | <b>(3)</b>  | <b>(7)</b>   | <b>(19)</b>  |
| <b>Change in employee benefits</b>                            | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>(215)</b> | <b>82</b>    | <b>(140)</b> | <b>2</b>     | <b>3</b>     | <b>4</b>    | <b>(3)</b>   | <b>(1)</b>   | <b>110</b>   | <b>110</b>   | <b>1</b>     | <b>(9)</b>   | <b>(92)</b> | <b>35</b>    | <b>(65)</b>  |
| <b>Change in other liabilities (incl broadcasting rights)</b> | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   |              | <b>50</b>    | <b>(31)</b>  | <b>11</b>    | <b>4</b>     | <b>(1)</b>  | <b>(15)</b>  | <b>8</b>     | <b>(1)</b>   | <b>(9)</b>   | <b>(3)</b>   | <b>(5)</b>   | <b>16</b>   | <b>15</b>    | <b>23</b>    |
| <b>Total changes in assets and liabilities</b>                |              |              |              | <b>(588)</b> | <b>(852)</b> | <b>141</b>   | <b>666</b>   | <b>482</b>   | <b>54</b>   | <b>(110)</b> | <b>82</b>    | <b>124</b>   | <b>150</b>   | <b>4</b>     | <b>(59)</b>  | <b>(36)</b> | <b>92</b>    | <b>1</b>     |
| <b>Income tax paid, net</b>                                   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>690</b>   | <b>649</b>   | <b>662</b>   | <b>625</b>   | <b>527</b>   | <b>53</b>   | <b>154</b>   | <b>130</b>   | <b>125</b>   | <b>462</b>   | <b>105</b>   | <b>100</b>   | <b>92</b>   | <b>158</b>   | <b>455</b>   |
| <b>Interest paid</b>  | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>237</b>   | <b>377</b>   | <b>464</b>   | <b>453</b>   | <b>431</b>   | <b>20</b>   | <b>223</b>   | <b>41</b>    | <b>210</b>   | <b>494</b>   | <b>32</b>    | <b>192</b>   | <b>32</b>   | <b>202</b>   | <b>458</b>   |



(NIS millions, except for EPS)

|  | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Bezeq Fixed-Line</b>                        |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Key Income Statement Metrics (Revenues)</b> |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Total Revenues</b>                          | 5,713   | 5,498   | 5,303   | 5,263   | 4,648   | 4,630   | 4,478   | 4,317   | 1,113   | 1,105   | 1,101   | 1,088   | 4,407   | 1,112   | 1,100   | 1,089   | 1,082   | 4,383   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 2.5%    | -0.7%   | -0.4%   | -1.2%   |         | 2.2%    | -1.1%   | -1.0%   | -0.6%   |         |
| YoY Change                                     |         | -3.8%   | -3.5%   | -0.8%   | -11.7%  | -0.4%   | -3.3%   | -3.6%   | 3.3%    | 3.0%    | 1.9%    | 0.2%    | 2.1%    | -0.1%   | -0.5%   | -1.1%   | -0.6%   | -0.5%   |
| <b>Telephony Revenues</b>                      | 3,905   | 3,572   | 3,333   | 3,160   | 2,393   | 2,254   | 1,971   | 1,668   | 403     | 396     | 395     | 392     | 1,586   | 384     | 374     | 375     | 357     | 1,490   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | -1.5%   | -1.7%   | -0.3%   | -0.8%   |         | -2.0%   | -2.6%   | 0.3%    | -4.8%   |         |
| YoY Change                                     |         | -8.5%   | -6.7%   | -5.2%   | -24.3%  | -5.8%   | -12.6%  | -15.4%  | -5.4%   | -4.6%   | -5.5%   | -4.2%   | -4.9%   | -4.7%   | -5.6%   | -5.1%   | -8.9%   | -6.1%   |
| <b>Broadband Internet Revenues</b>             | 712     | 790     | 863     | 977     | 1,092   | 1,166   | 1,287   | 1,394   | 383     | 387     | 385     | 387     | 1,542   | 394     | 398     | 399     | 406     | 1,597   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 5.2%    | 1.0%    | -0.5%   | 0.5%    |         | 1.8%    | 1.0%    | 0.3%    | 1.8%    |         |
| YoY Change                                     |         | 11.0%   | 9.2%    | 13.2%   | 11.8%   | 6.8%    | 10.4%   | 8.3%    | 15.4%   | 12.2%   | 9.1%    | 6.3%    | 10.6%   | 2.9%    | 2.8%    | 3.6%    | 4.9%    | 3.6%    |
| <b>Transmission &amp; Data Revenues</b>        | 754     | 811     | 851     | 882     | 931     | 976     | 990     | 1,022   | 266     | 264     | 267     | 261     | 1,058   | 273     | 270     | 261     | 273     | 1,077   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 3.5%    | -0.8%   | 1.1%    | -2.2%   |         | 4.6%    | -1.1%   | -3.3%   | 4.6%    |         |
| YoY Change                                     |         | 7.6%    | 4.9%    | 3.6%    | 5.6%    | 4.8%    | 1.4%    | 3.2%    | 2.7%    | 3.5%    | 6.4%    | 1.6%    | 3.5%    | 2.6%    | 2.3%    | -2.2%   | 4.6%    | 1.8%    |
| <b>Other Service Revenues</b>                  | 342     | 325     | 256     | 244     | 232     | 234     | 230     | 233     | 61      | 58      | 54      | 48      | 221     | 61      | 58      | 54      | 46      | 219     |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 8.9%    | -4.9%   | -6.9%   | -11.1%  |         | 27.1%   | -4.9%   | -6.9%   | -14.8%  |         |
| YoY Change                                     |         | -5.0%   | -21.2%  | -4.7%   | -4.9%   | 0.9%    | -1.7%   | 1.3%    | 1.7%    | 0.0%    | -8.5%   | -14.3%  | -5.2%   | 0.0%    | 0.0%    | 0.0%    | -4.2%   | -0.9%   |
| <b>Revenues from Residential Customers</b>     | N/A     | 3,303   | 3,165   | 3,128   | 2,777   | 2,716   | 2,605   | 2,498   | N/A     | N/A     | N/A     | N/A     | 2,507   | N/A     | N/A     | N/A     | N/A     | 2,329   |
| % of total revenues                            |         | 60.1%   | 59.7%   | 59.4%   | 59.7%   | 58.7%   | 58.2%   | 57.9%   |         |         |         |         | 56.9%   |         |         |         |         | 53.1%   |
| <b>Revenues from Business Customers</b>        | N/A     | 2,195   | 2,138   | 2,134   | 1,871   | 1,914   | 1,873   | 1,819   | N/A     | N/A     | N/A     | N/A     | 1,900   | N/A     | N/A     | N/A     | N/A     | 2,054   |
| % of total revenues                            |         | 39.9%   | 40.3%   | 40.5%   | 40.3%   | 41.3%   | 41.8%   | 42.1%   |         |         |         |         | 43.1%   |         |         |         |         | 46.9%   |
| <b>Key Income Statement Metrics</b>            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Depreciation &amp; amortization</b>         | 941     | 852     | 794     | 690     | 688     | 730     | 683     | 688     | 176     | 180     | 184     | 185     | 725     | 183     | 185     | 188     | 161     | 717     |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 3.5%    | 2.3%    | 2.2%    | 0.5%    |         | -1.1%   | 1.1%    | 1.6%    | -14.4%  |         |
| YoY Change                                     |         | -9.5%   | -6.8%   | -13.1%  | -0.3%   | 6.1%    | -6.4%   | 0.7%    | 4.8%    | 4.7%    | 3.4%    | 8.8%    | 5.4%    | 4.0%    | 2.8%    | 2.2%    | -13.0%  | -1.1%   |
| <b>Salaries</b>                                | 1,293   | 1,202   | 1,094   | 1,079   | 1,076   | 1,036   | 980     | 895     | 227     | 226     | 232     | 227     | 912     | 230     | 217     | 225     | 226     | 898     |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 4.6%    | -0.4%   | 2.7%    | -2.2%   |         | 1.3%    | -5.7%   | 3.7%    | 0.4%    |         |
| YoY Change                                     |         | -7.0%   | -9.0%   | -1.4%   | -0.3%   | -3.7%   | -5.4%   | -8.7%   | 1.8%    | -0.9%   | 2.2%    | 4.6%    | 1.9%    | 1.3%    | -4.0%   | -3.0%   | -0.4%   | -1.5%   |
| <b>Other operating expenses (income)</b>       | 39      | 96      | 202     | (158)   | 139     | (128)   | (78)    | (23)    | (17)    | (139)   | (13)    | 70      | (99)    | (9)     | (12)    | (26)    | 34      | (13)    |
| QoQ Change                                     |         |         |         |         |         |         |         |         | N/M     | 717.6%  | -90.6%  | N/M     |         | N/M     | 33.3%   | 116.7%  | N/M     |         |
| YoY Change                                     |         | 146.2%  | N/M     | N/M     | N/M     | N/M     | -39.1%  | -70.5%  | N/M     | N/M     | -48.0%  | N/M     | 330.4%  | -47.1%  | -91.4%  | 100.0%  | N/M     | -86.9%  |
| <b>Operating profit</b>                        | 1,319   | 1,475   | 1,523   | 2,043   | 1,671   | 1,959   | 1,998   | 1,980   | 547     | 662     | 512     | 427     | 2,148   | 536     | 540     | 519     | 481     | 2,076   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 7.9%    | 21.0%   | -22.7%  | -16.6%  |         | 25.5%   | 0.7%    | -3.9%   | -7.3%   |         |
| YoY Change                                     |         | 11.8%   | 3.3%    | 34.1%   | -18.2%  | 17.2%   | 2.0%    | -0.9%   | 8.5%    | 40.6%   | 2.8%    | -15.8%  | 8.5%    | -2.0%   | -18.4%  | 1.4%    | 12.6%   | -3.4%   |
| <b>Finance expenses (income), net</b>          | 188     | 125     | (15)    | 90      | 240     | 259     | 442     | 400     | 75      | 100     | 138     | 19      | 332     | 101     | 105     | 93      | 146     | 445     |
| QoQ Change                                     |         |         |         |         |         |         |         |         | -7.4%   | 33.3%   | 38.0%   | -86.2%  |         | 431.6%  | 4.0%    | -11.4%  | 57.0%   |         |
| YoY Change                                     |         | -33.5%  | N/M     | N/M     | 166.7%  | 7.9%    | 70.7%   | -9.5%   | -19.4%  | -9.1%   | 19.0%   | -76.5%  | -17.0%  | 34.7%   | 5.0%    | -32.6%  | 668.4%  | 34.0%   |
| <b>Net profit <sup>(1)</sup></b>               | 737     | 950     | 1,107   | 1,426   | 1,073   | 1,227   | 1,146   | 1,102   | 346     | 382     | 256     | 340     | 1,324   | 328     | 326     | 343     | 235     | 1,232   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 18.1%   | 10.4%   | -33.0%  | 32.8%   |         | -3.5%   | -0.6%   | 5.2%    | -31.5%  |         |
| YoY Change                                     |         | 28.9%   | 16.5%   | 28.8%   | -24.8%  | 14.4%   | -6.6%   | -3.8%   | 17.3%   | 52.2%   | -2.7%   | 16.0%   | 20.1%   | -5.2%   | -14.7%  | 34.0%   | -30.9%  | -6.9%   |
| <b>EBITDA</b>                                  | 2,260   | 2,327   | 2,317   | 2,733   | 2,359   | 2,689   | 2,681   | 2,668   | 723     | 842     | 696     | 612     | 2,873   | 719     | 725     | 707     | 642     | 2,793   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 6.8%    | 16.5%   | -17.3%  | -12.1%  |         | 17.5%   | 0.8%    | -2.5%   | -9.2%   |         |
| YoY Change                                     |         | 3.0%    | -0.4%   | 18.0%   | -13.7%  | 14.0%   | -0.3%   | -0.5%   | 7.6%    | 30.9%   | 3.0%    | -9.6%   | 7.7%    | -0.6%   | -13.9%  | 1.6%    | 4.9%    | -2.8%   |
| <b>Key Cash Flow Metrics</b>                   |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Operating cash flow</b>                     | 1,379   | 1,691   | 2,220   | 2,140   | 2,106   | 2,009   | 2,274   | 2,259   | 548     | 456     | 686     | 668     | 2,358   | 539     | 517     | 526     | 482     | 2,064   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 9.8%    | -16.8%  | 50.4%   | -2.6%   |         | -19.3%  | -4.1%   | 1.7%    | -8.4%   |         |
| YoY Change                                     |         | 22.6%   | 31.3%   | -3.6%   | -1.6%   | -4.6%   | 13.2%   | -0.7%   | -11.0%  | -16.3%  | 14.5%   | 33.9%   | 4.4%    | -1.6%   | 13.4%   | -23.3%  | -27.8%  | -12.5%  |
| <b>Capital expenditures, gross (cash flow)</b> | 505     | 616     | 853     | 1,032   | 1,165   | 958     | 789     | 822     | 231     | 191     | 230     | 197     | 849     | 195     | 227     | 207     | 205     | 834     |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 18.5%   | -17.3%  | 20.4%   | -14.3%  |         | -1.0%   | 16.4%   | -8.8%   | -1.0%   |         |
| YoY Change                                     |         | 22.0%   | 38.5%   | 21.0%   | 12.9%   | -17.8%  | -17.6%  | 4.2%    | 10.0%   | -7.7%   | 9.5%    | 1.0%    | 3.3%    | -15.6%  | 18.8%   | -10.0%  | 4.1%    | -1.8%   |
| <b>Capital expenditures, net</b>               | 336     | 472     | 767     | 900     | 937     | 658     | 485     | 601     | 219     | 111     | 209     | 164     | 703     | 154     | 173     | 185     | 190     | 702     |
| QoQ Change                                     |         |         |         |         |         |         |         |         | 93.8%   | -49.3%  | 88.3%   | -21.5%  |         | -6.1%   | 12.3%   | 6.9%    | 2.7%    |         |
| YoY Change                                     |         | 40.5%   | 62.5%   | 17.3%   | 4.1%    | -29.8%  | -26.3%  | 23.9%   | 20.3%   | -32.7%  | 48.2%   | 45.1%   | 17.0%   | -29.7%  | 55.9%   | -11.5%  | 15.9%   | -0.1%   |
| <b>Free cash flow</b>                          | 1,043   | 1,219   | 1,453   | 1,240   | 1,169   | 1,351   | 1,789   | 1,658   | 329     | 345     | 477     | 504     | 1,655   | 385     | 344     | 341     | 292     | 1,362   |
| QoQ Change                                     |         |         |         |         |         |         |         |         | -14.8%  | 4.9%    | 38.3%   | 5.7%    |         | -23.6%  | -10.6%  | -0.9%   | -14.4%  |         |
| YoY Change                                     |         | 16.9%   | 19.2%   | -14.7%  | -5.7%   | 15.6%   | 32.4%   | -7.3%   | -24.2%  | -9.2%   | 4.1%    | 30.6%   | -0.2%   | 17.0%   | -0.3%   | -28.5%  | -42.1%  | -17.7%  |
| <b>Ratios</b>                                  |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Operating margin</b>                        | 23.1%   | 26.8%   | 28.7%   | 38.8%   | 36.0%   | 42.3%   | 44.6%   | 45.9%   | 49.1%   | 59.9%   | 46.5%   | 39.2%   | 48.7%   | 48.2%   | 49.1%   | 47.7%   | 44.5%   | 47.4%   |
| <b>Net margin</b>                              | 12.9%   | 17.3%   | 20.9%   | 27.1%   | 23.1%   | 26.5%   | 25.6%   | 25.5%   | 31.1%   | 34.6%   | 23.3%   | 31.3%   | 30.0%   | 29.5%   | 29.6%   | 31.5%   | 21.7%   | 28.1%   |
| <b>EBITDA margin</b>                           | 39.6%   | 42.3%   | 43.7%   | 51.9%   | 50.8%   | 58.1%   | 59.9%   | 61.8%   | 65.0%   | 76.2%   | 63.2%   | 56.3%   | 65.2%   | 64.7%   | 65.9%   | 64.9%   | 59.3%   | 63.7%   |
| <b>Capex/Sales</b>                             | 8.8%    | 11.2%   | 16.1%   | 19.6%   | 25.1%   | 20.7%   | 17.6%   | 19.0%   | 20.8%   | 17.3%   | 20.9%   | 18.1%   | 19.3%   | 17.5%   | 20.6%   | 19.0%   | 18.9%   | 19.0%   |

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





(NIS millions, except for EPS)

|   | FY 2007      | FY 2008      | FY 2009      | FY 2010      | FY 2011      | FY 2012      | FY 2013    | FY 2014    | Q1 2015    | Q2 2015    | Q3 2015    | Q4 2015    | FY 2015    | Q1 2016    | Q2 2016    | Q3 2016    | Q4 2016    | FY 2016    |
|---|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| <b>Bezeq Fixed-Line (cont'd)</b>                        |              |              |              |              |              |              |            |            |            |            |            |            |            |            |            |            |            |            |
| <b>Operating &amp; general expenses</b>                 |              |              |              |              |              |              |            |            |            |            |            |            |            |            |            |            |            |            |
| <b>Total general &amp; operating expenses</b>           | <b>2,121</b> | <b>1,873</b> | <b>1,690</b> | <b>1,609</b> | <b>1,074</b> | <b>1,033</b> | <b>895</b> | <b>777</b> | <b>180</b> | <b>176</b> | <b>186</b> | <b>179</b> | <b>721</b> | <b>172</b> | <b>170</b> | <b>183</b> | <b>180</b> | <b>705</b> |
| QoQ Change  |              |              |              |              |              |              |            |            | -8.2%      | -2.2%      | 5.7%       | -3.8%      |            | -3.9%      | -1.2%      | 7.6%       | -1.6%      |            |
| YoY Change  |              | -11.7%       | -9.8%        | -4.8%        | -33.3%       | -3.8%        | -13.4%     | -13.2%     | -5.3%      | -6.4%      | -8.4%      | -8.7%      | -7.2%      | -4.4%      | -3.4%      | -1.6%      | 0.6%       | -2.2%      |
| <b>Maintenance of buildings and sites</b>               | <i>N/A</i>   | <i>N/A</i>   | <b>278</b>   | <b>240</b>   | <b>247</b>   | <b>245</b>   | <b>233</b> | <b>217</b> | <b>51</b>  | <b>47</b>  | <b>54</b>  | <b>50</b>  | <b>202</b> | <b>49</b>  | <b>46</b>  | <b>49</b>  | <b>45</b>  | <b>189</b> |
| QoQ Change  |              |              |              |              |              |              |            |            | -1.9%      | -7.8%      | 14.9%      | -7.4%      |            | -2.0%      | -6.1%      | 6.5%       | -8.2%      |            |
| YoY Change  |              |              |              | -13.7%       | 2.9%         | -0.8%        | -4.9%      | -6.9%      | -7.3%      | -11.3%     | -5.3%      | -3.8%      | -6.9%      | -3.9%      | -2.1%      | -9.3%      | -10.0%     | -6.4%      |
| <b>Interconnect &amp; payments to telecom operators</b> | <i>N/A</i>   | <i>N/A</i>   | <b>871</b>   | <b>855</b>   | <b>314</b>   | <b>281</b>   | <b>220</b> | <b>161</b> | <b>38</b>  | <b>37</b>  | <b>35</b>  | <b>35</b>  | <b>145</b> | <b>34</b>  | <b>33</b>  | <b>34</b>  | <b>29</b>  | <b>130</b> |
| QoQ Change  |              |              |              |              |              |              |            |            | 0.0%       | -2.6%      | -5.4%      | 0.0%       |            | -2.9%      | -2.9%      | 3.0%       | -14.7%     |            |
| YoY Change  |              |              |              | -1.8%        | -63.3%       | -10.5%       | -21.7%     | -26.8%     | -9.5%      | -5.1%      | -16.7%     | -7.9%      | -9.9%      | -10.5%     | -10.8%     | -2.9%      | -17.1%     | -10.3%     |
| <b>Marketing &amp; general</b>                          | <i>N/A</i>   | <i>N/A</i>   | <b>218</b>   | <b>196</b>   | <b>194</b>   | <b>159</b>   | <b>186</b> | <b>213</b> | <b>47</b>  | <b>48</b>  | <b>49</b>  | <b>44</b>  | <b>188</b> | <b>43</b>  | <b>44</b>  | <b>55</b>  | <b>53</b>  | <b>195</b> |
| QoQ Change  |              |              |              |              |              |              |            |            | -13.0%     | 2.1%       | 2.1%       | -10.2%     |            | -2.3%      | 2.3%       | 25.0%      | -3.6%      |            |
| YoY Change  |              |              |              | -10.1%       | -1.0%        | -18.0%       | 17.0%      | 14.5%      | -2.1%      | -7.7%      | -16.9%     | -18.5%     | -11.7%     | -8.5%      | -8.3%      | 12.2%      | 20.5%      | 3.7%       |
| <b>Terminal equipment &amp; materials</b>               | <i>N/A</i>   | <i>N/A</i>   | <b>80</b>    | <b>88</b>    | <b>89</b>    | <b>111</b>   | <b>90</b>  | <b>49</b>  | <b>11</b>  | <b>11</b>  | <b>10</b>  | <b>16</b>  | <b>48</b>  | <b>12</b>  | <b>12</b>  | <b>11</b>  | <b>12</b>  | <b>47</b>  |
| QoQ Change  |              |              |              |              |              |              |            |            | -31.3%     | 0.0%       | -9.1%      | 60.0%      |            | -25.0%     | 0.0%       | -8.3%      | 9.1%       |            |
| YoY Change  |              |              |              | 10.0%        | 1.1%         | 24.7%        | -18.9%     | -45.6%     | -8.3%      | 10.0%      | -9.1%      | 0.0%       | -2.0%      | 9.1%       | 9.1%       | 10.0%      | -25.0%     | -2.1%      |
| <b>Services and maintenance by sub-contractors</b>      | <i>N/A</i>   | <i>N/A</i>   | <b>96</b>    | <b>76</b>    | <b>76</b>    | <b>73</b>    | <b>64</b>  | <b>61</b>  | <b>16</b>  | <b>14</b>  | <b>17</b>  | <b>13</b>  | <b>60</b>  | <b>17</b>  | <b>17</b>  | <b>16</b>  | <b>22</b>  | <b>72</b>  |
| QoQ Change  |              |              |              |              |              |              |            |            | 0.0%       | -12.5%     | 21.4%      | -23.5%     |            | 30.8%      | 0.0%       | -5.9%      | 37.5%      |            |
| YoY Change  |              |              |              | -20.8%       | 0.0%         | -3.9%        | -12.3%     | -4.7%      | 0.0%       | -6.7%      | 21.4%      | -18.8%     | -1.6%      | 6.3%       | 21.4%      | -5.9%      | 69.2%      | 20.0%      |
| <b>Vehicle maintenance</b>                              | <i>N/A</i>   | <i>N/A</i>   | <b>96</b>    | <b>101</b>   | <b>78</b>    | <b>83</b>    | <b>76</b>  | <b>76</b>  | <b>17</b>  | <b>19</b>  | <b>21</b>  | <b>21</b>  | <b>78</b>  | <b>17</b>  | <b>18</b>  | <b>18</b>  | <b>19</b>  | <b>72</b>  |
| QoQ Change  |              |              |              |              |              |              |            |            | -15.0%     | 11.8%      | 10.5%      | 0.0%       |            | -19.0%     | 5.9%       | 0.0%       | 5.6%       |            |
| YoY Change  |              |              |              | 5.2%         | -22.8%       | 6.4%         | -8.4%      | 0.0%       | 0.0%       | 0.0%       | 5.0%       | 5.0%       | 2.6%       | 0.0%       | -5.3%      | -14.3%     | -9.5%      | -7.7%      |



|   |                     | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 |
|---|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Pelephone</b>  |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Key Income Statement Metrics (Revenues)</b>                  |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Total Revenues</b>   |                     | 4,684   | 4,713   | 5,376   | 5,732   | 5,548   | 4,468   | 3,809   | 3,419   | 727     | 721     | 729     | 713     | 2,890   | 671     | 658     | 649     | 652     | 2,630   |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -12.9%  | -0.8%   | 1.1%    | -2.2%   |         | -5.9%   | -1.9%   | -1.4%   | 0.5%    |         |
|   | YoY Change          |         | 0.6%    | 14.1%   | 6.6%    | -3.2%   | -19.5%  | -14.7%  | -10.2%  | -20.7%  | -14.5%  | -11.5%  | -14.6%  | -15.5%  | -7.7%   | -8.7%   | -11.0%  | -8.6%   | -9.0%   |
| <b>Service Revenues</b>   |                     | 3,972   | 4,020   | 4,256   | 4,550   | 3,637   | 3,261   | 2,808   | 2,453   | 499     | 502     | 521     | 477     | 1,999   | 455     | 456     | 468     | 439     | 1,818   |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -14.6%  | 0.6%    | 3.8%    | -8.4%   |         | -4.6%   | 0.2%    | 2.6%    | -6.2%   |         |
|   | YoY Change          |         | 1.2%    | 5.9%    | 6.9%    | -20.1%  | -10.3%  | -13.9%  | -12.6%  | -21.7%  | -19.3%  | -14.6%  | -18.3%  | -18.5%  | -8.8%   | -9.2%   | -10.2%  | -8.0%   | -9.1%   |
| <b>Equipment Revenues</b>                                       |                     | 712     | 693     | 1,120   | 1,182   | 1,911   | 1,207   | 1,001   | 966     | 228     | 219     | 208     | 236     | 891     | 216     | 202     | 181     | 213     | 812     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -9.2%   | -3.9%   | -5.0%   | 13.5%   |         | -8.5%   | -6.5%   | -10.4%  | 17.7%   |         |
|   | YoY Change          |         | -2.7%   | 61.6%   | 5.5%    | 61.7%   | -36.8%  | -17.1%  | -3.5%   | -18.6%  | -0.9%   | -2.8%   | -6.0%   | -7.8%   | -5.3%   | -7.8%   | -13.0%  | -9.7%   | -8.9%   |
| <b>Revenues from Private Customers</b>                          |                     | N/A     | 2,437   | 2,751   | 2,899   | 2,985   | 2,461   | 2,114   | 1,930   | N/A     | N/A     | N/A     | N/A     | 1,750   | N/A     | N/A     | N/A     | N/A     | 1,616   |
|   | % of total revenues |         | 51.7%   | 51.2%   | 50.6%   | 53.8%   | 55.1%   | 55.5%   | 56.4%   |         |         |         |         | 60.6%   |         |         |         |         | 61.4%   |
| <b>Revenues from Business Customers</b>                         |                     | N/A     | 2,276   | 2,625   | 2,833   | 2,563   | 2,007   | 1,695   | 1,490   | N/A     | N/A     | N/A     | N/A     | 1,140   | N/A     | N/A     | N/A     | N/A     | 1,015   |
|   | % of total revenues |         | 48.3%   | 48.8%   | 49.4%   | 46.2%   | 44.9%   | 44.5%   | 43.6%   |         |         |         |         | 39.4%   |         |         |         |         | 38.6%   |
| <b>Key Income Statement Metrics</b>                             |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Cost of sales</b>  |                     | 3,347   | 3,235   | 3,592   | 3,754   | 3,587   | 3,040   | 2,711   | 2,537   | 607     | 588     | 586     | 602     | 2,383   | 579     | 560     | 536     | 573     | 2,248   |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -5.6%   | -3.1%   | -0.3%   | 2.7%    |         | -3.8%   | -3.3%   | -4.3%   | 6.9%    |         |
|   | YoY Change          |         | -3.3%   | 11.0%   | 4.5%    | -4.4%   | -15.2%  | -10.8%  | -6.4%   | -10.9%  | -3.9%   | -2.5%   | -6.4%   | -6.1%   | -4.6%   | -4.8%   | -8.5%   | -4.8%   | -5.7%   |
| <b>Gross profit</b>   |                     | 1,337   | 1,478   | 1,784   | 1,978   | 1,961   | 1,428   | 1,098   | 882     | 120     | 133     | 143     | 111     | 507     | 92      | 98      | 113     | 79      | 382     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -37.5%  | 10.8%   | 7.5%    | -22.4%  |         | -17.1%  | 6.5%    | 15.3%   | -30.1%  |         |
|   | YoY Change          |         | 10.5%   | 20.7%   | 10.9%   | -0.9%   | -27.2%  | -23.1%  | -19.7%  | -49.2%  | -42.4%  | -35.9%  | -42.2%  | -42.5%  | -23.3%  | -26.3%  | -21.0%  | -28.8%  | -24.7%  |
| <b>Sales &amp; marketing expenses</b>                           |                     | 430     | 405     | 461     | 468     | 480     | 422     | 320     | 309     | 63      | 57      | 59      | 68      | 247     | 66      | 68      | 65      | 61      | 260     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -14.9%  | -9.5%   | 3.5%    | 15.3%   |         | -2.9%   | 3.0%    | -4.4%   | -6.2%   |         |
|   | YoY Change          |         | -5.8%   | 13.8%   | 1.5%    | 2.6%    | -12.1%  | -24.2%  | -3.4%   | -24.1%  | -25.0%  | -22.4%  | -8.1%   | -20.1%  | 4.8%    | 19.3%   | 10.2%   | -10.3%  | 5.3%    |
| <b>General &amp; administrative expenses</b>                    |                     | 102     | 140     | 133     | 127     | 121     | 114     | 109     | 106     | 25      | 23      | 23      | 27      | 98      | 25      | 22      | 21      | 21      | 89      |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -3.8%   | -8.0%   | 0.0%    | 17.4%   |         | -7.4%   | -12.0%  | -4.5%   | 0.0%    |         |
|   | YoY Change          |         | 37.3%   | -5.0%   | -4.5%   | -4.7%   | -5.8%   | -4.4%   | -2.8%   | -7.4%   | -17.9%  | -8.0%   | 3.8%    | -7.5%   | 0.0%    | -4.3%   | -8.7%   | -22.2%  | -9.2%   |
| <b>Other operating expenses</b>                                 |                     | -       | -       | -       | -       | -       | 61      | 18      | 18      | -       | -       | -       | 5       | 5       | -       | -       | -       | 1       | 1       |
|   | YoY Change          |         |         |         |         |         | -70.5%  |         |         |         |         |         |         | -72.2%  |         |         |         |         | -80.0%  |
| <b>Salaries (included in oper. exps)</b>                        |                     | 598     | 638     | 601     | 590     | 602     | 491     | 439     | 417     | 96      | 96      | 90      | 99      | 381     | 96      | 94      | 94      | 94      | 378     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -8.6%   | 0.0%    | -6.3%   | 10.0%   |         | -3.0%   | -2.1%   | 0.0%    | 0.0%    |         |
|   | YoY Change          |         | 6.7%    | -5.8%   | -1.8%   | 2.0%    | -18.4%  | -10.6%  | -5.0%   | -11.9%  | -6.8%   | -10.0%  | -5.7%   | -8.6%   | 0.0%    | -2.1%   | 4.4%    | -5.1%   | -0.8%   |
| <b>Depreciation &amp; amortization (included in oper. exps)</b> |                     | 479     | 523     | 603     | 601     | 561     | 531     | 458     | 430     | 104     | 106     | 109     | 100     | 419     | 104     | 95      | 92      | 89      | 380     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -6.3%   | 1.9%    | 2.8%    | -8.3%   |         | 4.0%    | -8.7%   | -3.2%   | -3.3%   |         |
|   | YoY Change          |         | 9.2%    | 15.3%   | -0.3%   | -6.7%   | -5.3%   | -13.7%  | -6.1%   | -1.9%   | 1.0%    | 0.9%    | -9.9%   | -2.6%   | 0.0%    | -10.4%  | -15.6%  | -11.0%  | -9.3%   |
| <b>Operating profit</b>   |                     | 805     | 933     | 1,190   | 1,383   | 1,360   | 892     | 608     | 449     | 32      | 53      | 61      | 11      | 157     | 1       | 8       | 27      | -4      | 32      |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -56.8%  | 65.6%   | 15.1%   | -82.0%  |         | -90.9%  | 700.0%  | 237.5%  | -114.8% |         |
|   | YoY Change          |         | 15.9%   | 27.5%   | 16.2%   | -1.7%   | -34.4%  | -31.8%  | -26.2%  | -74.6%  | -58.3%  | -50.0%  | -85.1%  | -65.0%  | -96.9%  | -84.9%  | -55.7%  | -136.4% | -79.6%  |
| <b>Net profit</b>   |                     | 585     | 682     | 875     | 1,033   | 1,056   | 698     | 521     | 373     | 36      | 49      | 55      | 11      | 151     | 13      | 13      | 32      | 3       | 61      |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -39.0%  | 36.1%   | 12.2%   | -80.0%  |         | 18.2%   | 0.0%    | 146.2%  | -90.6%  |         |
|   | YoY Change          |         | 16.6%   | 28.3%   | 18.1%   | 2.2%    | -33.9%  | -25.4%  | -28.4%  | -66.7%  | -53.8%  | -45.0%  | -81.4%  | -59.5%  | -63.9%  | -73.5%  | -41.8%  | -72.7%  | -59.6%  |
| <b>EBITDA</b>   |                     | 1,284   | 1,456   | 1,794   | 1,984   | 1,921   | 1,423   | 1,065   | 879     | 136     | 159     | 170     | 111     | 576     | 105     | 103     | 119     | 85      | 412     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -26.1%  | 16.9%   | 6.9%    | -34.7%  |         | -5.4%   | -1.9%   | 15.5%   | -28.6%  |         |
|   | YoY Change          |         | 13.4%   | 23.2%   | 10.6%   | -3.2%   | -25.9%  | -25.2%  | -17.5%  | -41.4%  | -31.5%  | -26.4%  | -39.7%  | -34.5%  | -22.8%  | -35.2%  | -30.0%  | -23.4%  | -28.5%  |
| <b>Key Cash Flow Metrics</b>                                    |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Operating cash flow</b>                                      |                     | 1,228   | 1,277   | 1,115   | 1,219   | 800     | 1,728   | 1,591   | 1,213   | 351     | 202     | 163     | 14      | 730     | 185     | 180     | 152     | 65      | 582     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 122.2%  | -42.5%  | -19.3%  | -91.4%  |         | 1221.4% | -2.7%   | -15.6%  | -57.2%  |         |
|   | YoY Change          |         | 4.0%    | -12.7%  | 9.3%    | -34.4%  | 116.0%  | -7.9%   | -23.8%  | 0.6%    | -51.9%  | -43.0%  | -91.1%  | -39.8%  | -47.3%  | -10.9%  | -6.7%   | 364.3%  | -20.3%  |
| <b>Capital expenditures, gross (cash flow)</b>                  |                     | 381     | 798     | 559     | 397     | 419     | 384     | 320     | 329     | 73      | 199     | 91      | 65      | 428     | 52      | 63      | 64      | 64      | 243     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -11.0%  | 172.6%  | -54.3%  | -28.6%  |         | -20.0%  | 21.2%   | 1.6%    | 0.0%    |         |
|   | YoY Change          |         | 109.4%  | -29.9%  | -29.0%  | 5.5%    | -8.4%   | -16.7%  | 2.8%    | 0.0%    | 121.1%  | 8.3%    | -20.7%  | 30.1%   | -28.8%  | -68.3%  | -29.7%  | -1.5%   | -43.2%  |
| <b>Capital expenditures, net (cash flow)</b>                    |                     | 376     | 795     | 555     | 397     | 382     | 381     | 315     | 321     | 72      | 199     | 90      | 65      | 426     | 51      | 63      | 64      | 63      | 241     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -10.0%  | 176.4%  | -54.8%  | -27.8%  |         | -21.5%  | 23.5%   | 1.6%    | -1.6%   |         |
|   | YoY Change          |         | 111.4%  | -30.2%  | -28.5%  | -3.8%   | -0.3%   | -17.3%  | 1.9%    | -1.4%   | 134.1%  | 8.4%    | -18.8%  | 32.7%   | -29.2%  | -68.3%  | -28.9%  | -3.1%   | -43.4%  |
| <b>Free cash flow</b>   |                     | 852     | 482     | 560     | 822     | 418     | 1,347   | 1,276   | 892     | 279     | 3       | 73      | -51     | 304     | 134     | 117     | 88      | 2       | 341     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 257.7%  | -98.9%  | 2333.3% | N/M     |         | N/M     | -12.7%  | -24.8%  | N/M     |         |
|   | YoY Change          |         | -43.4%  | 16.2%   | 46.8%   | -49.1%  | 222.2%  | -5.3%   | -30.1%  | 1.1%    | -99.1%  | -64.0%  | N/M     | -65.9%  | -52.0%  | 3800.0% | 20.5%   | N/M     | 12.2%   |
| <b>Ratios</b>   |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Gross profit margin</b>                                      |                     | 28.5%   | 31.4%   | 33.2%   | 34.5%   | 35.3%   | 32.0%   | 28.8%   | 25.8%   | 16.5%   | 18.4%   | 19.6%   | 15.6%   | 17.5%   | 13.7%   | 14.9%   | 17.4%   | 12.1%   | 14.5%   |
| <b>Operating margin</b>   |                     | 17.2%   | 19.8%   | 22.1%   | 24.1%   | 24.5%   | 20.0%   | 16.0%   | 13.1%   | 4.4%    | 7.4%    | 8.4%    | 1.5%    | 5.4%    | 0.1%    | 1.2%    | 4.2%    | -0.6%   | 1.2%    |
| <b>Net margin</b>   |                     | 12.5%   | 14.5%   | 16.3%   | 18.0%   | 19.0%   | 15.6%   | 13.7%   | 10.9%   | 5.0%    | 6.8%    | 7.5%    | 1.5%    | 5.2%    | 1.9%    | 2.0%    | 4.9%    | 0.5%    | 2.3%    |
| <b>EBITDA margin</b>  |                     | 27.4%   | 30.9%   | 33.4%   | 34.6%   | 34.6%   | 31.9%   | 28.0%   | 25.7%   | 18.7%   | 22.1%   | 23.3%   | 15.6%   | 19.9%   | 15.6%   | 15.7%   | 18.3%   | 13.0%   | 15.7%   |
| <b>Capex/Sales</b>  |                     | 8.1%    | 16.9%   | 10.4%   | 6.9%    | 7.6%    | 8.6%    | 8.4%    | 9.6%    | 10.0%   | 27.6%   | 12.5%   | 9.1%    | 14.8%   | 7.7%    | 9.6%    | 9.9%    | 9.8%    | 9.2%    |



|   |                     | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 |
|---|---------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Bezeq International</b>                                      |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Key Income Statement Metrics</b>                             |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Total Revenues</b>   |                     | 1,304   | 1,306   | 1,318   | 1,380   | 1,354   | 1,340   | 1,433   | 1,504   | 393     | 391     | 389     | 405     | 1,578   | 395     | 377     | 384     | 392     | 1,548   |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -1.5%   | -0.5%   | -0.5%   | 4.1%    |         | -2.5%   | -4.6%   | 1.9%    | 2.1%    |         |
|   | YoY Change          |         | 0.2%    | 0.9%    | 4.8%    | -1.9%   | -1.0%   | 6.9%    | 5.0%    | 10.7%   | 7.1%    | 1.0%    | 1.5%    | 4.9%    | 0.5%    | -3.6%   | -1.3%   | -3.2%   | -1.9%   |
| <b>Revenues from ILD services</b>                               |                     | N/A     | 502     | 502     | 501     | 413     | 383     | 401     | 395     | N/A     | N/A     | N/A     | N/A     | 379     | N/A     | N/A     | N/A     | N/A     | 325     |
|   | % of total revenues |         | 38.4%   | 38.1%   | 36.3%   | 30.5%   | 28.6%   | 28.0%   | 26.3%   |         |         |         |         | 24.0%   |         |         |         |         | 21.0%   |
| <b>Revenues from Internet, Data &amp; ICT services</b>          |                     | N/A     | 804     | 816     | 879     | 941     | 957     | 1,032   | 1,109   | N/A     | N/A     | N/A     | N/A     | 1,199   | N/A     | N/A     | N/A     | N/A     | 1,223   |
|   | % of total revenues |         | 61.6%   | 61.9%   | 63.7%   | 69.5%   | 71.4%   | 72.0%   | 73.7%   |         |         |         |         | 76.0%   |         |         |         |         | 79.0%   |
| <b>Revenues from Private Customers</b>                          |                     | N/A     | 513     | 520     | 523     | 528     | 538     | 535     | 529     | N/A     | N/A     | N/A     | N/A     | 555     | N/A     | N/A     | N/A     | N/A     | 570     |
|   | % of total revenues |         | 39.3%   | 39.5%   | 37.9%   | 39.0%   | 40.1%   | 37.3%   | 35.2%   |         |         |         |         | 35.2%   |         |         |         |         | 36.8%   |
| <b>Revenues from Business Customers</b>                         |                     | N/A     | 793     | 798     | 857     | 826     | 802     | 898     | 975     | N/A     | N/A     | N/A     | N/A     | 1,023   | N/A     | N/A     | N/A     | N/A     | 978     |
|   | % of total revenues |         | 60.7%   | 60.6%   | 62.1%   | 61.0%   | 59.8%   | 62.7%   | 64.8%   |         |         |         |         | 64.8%   |         |         |         |         | 63.2%   |
| <b>Key Income Statement Metrics</b>                             |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Cost of sales</b>  |                     | 859     | 780     | 777     | 822     | 788     | 796     | 879     | 951     | 251     | 250     | 251     | 263     | 1,015   | 258     | 246     | 256     | 255     | 1,015   |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -3.1%   | -0.4%   | 0.4%    | 4.8%    |         | -1.9%   | -4.7%   | 4.1%    | -0.4%   |         |
|   | YoY Change          |         | -9.2%   | -0.4%   | 5.8%    | -4.1%   | 1.0%    | 10.4%   | 8.2%    | 15.1%   | 9.6%    | 2.0%    | 1.5%    | 6.7%    | 2.8%    | -1.6%   | 2.0%    | -3.0%   | 0.0%    |
| <b>Gross profit</b>   |                     | 445     | 526     | 541     | 558     | 566     | 544     | 554     | 553     | 142     | 141     | 138     | 142     | 563     | 137     | 131     | 128     | 137     | 533     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 1.4%    | -0.7%   | -2.1%   | 2.9%    |         | -3.5%   | -4.4%   | -2.3%   | 7.0%    |         |
|   | YoY Change          |         | 18.2%   | 2.9%    | 3.1%    | 1.4%    | -3.8%   | 1.8%    | -0.2%   | 3.6%    | 2.9%    | -0.7%   | 1.4%    | 1.8%    | -3.5%   | -7.1%   | -7.2%   | -3.5%   | -5.3%   |
| <b>Sales &amp; marketing expenses</b>                           |                     | 147     | 181     | 175     | 192     | 209     | 209     | 205     | 209     | 53      | 53      | 49      | 54      | 209     | 57      | 56      | 55      | 53      | 221     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -5.4%   | 0.0%    | -7.5%   | 10.2%   |         | 5.6%    | -1.8%   | -1.8%   | -3.6%   |         |
|   | YoY Change          |         | 23.1%   | -3.3%   | 9.7%    | 8.9%    | 0.1%    | -1.9%   | 1.8%    | 6.0%    | 6.0%    | -7.5%   | -3.6%   | 0.0%    | 7.5%    | 5.7%    | 12.2%   | -1.9%   | 5.7%    |
| <b>General &amp; administrative expenses</b>                    |                     | 94      | 103     | 105     | 109     | 116     | 117     | 119     | 112     | 28      | 28      | 29      | 31      | 116     | 29      | 28      | 28      | 33      | 118     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 3.7%    | 0.0%    | 3.6%    | 6.9%    |         | -6.5%   | -3.4%   | 0.0%    | 17.9%   |         |
|   | YoY Change          |         | 9.6%    | 1.9%    | 3.8%    | 6.7%    | 0.7%    | 1.7%    | -5.9%   | -3.4%   | -6.7%   | 11.5%   | 14.8%   | 3.6%    | 3.6%    | 0.0%    | -3.4%   | 6.5%    | 1.7%    |
| <b>Other operating expenses (income)</b>                        |                     | -       | -       | -       | -       | -       | -       | 3       | -       | -       | (2)     | 1       | (1)     | (2)     | 14      | 0       | 0       | 4       | 18      |
| <b>Salaries (included in oper. exps)</b>                        |                     | 240     | 260     | 242     | 248     | 265     | 278     | 287     | 298     | 77      | 74      | 75      | 77      | 303     | 83      | 82      | 83      | 82      | 330     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 2.7%    | -3.9%   | 1.4%    | 2.7%    |         | 7.8%    | -1.2%   | 1.2%    | -1.2%   |         |
|   | YoY Change          |         | 8.3%    | -6.9%   | 2.5%    | 6.9%    | 4.9%    | 3.2%    | 3.8%    | 2.7%    | 1.4%    | 0.0%    | 2.7%    | 1.7%    | 7.8%    | 10.8%   | 10.7%   | 6.5%    | 8.9%    |
| <b>Depreciation &amp; amortization (included in oper. exps)</b> |                     | 87      | 80      | 84      | 94      | 109     | 136     | 129     | 130     | 32      | 32      | 33      | 35      | 132     | 33      | 35      | 35      | 34      | 137     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -5.9%   | 0.0%    | 3.1%    | 6.1%    |         | -5.7%   | 6.1%    | 0.0%    | -2.9%   |         |
|   | YoY Change          |         | -7.5%   | 5.2%    | 11.9%   | 15.5%   | 25.2%   | -5.4%   | 0.8%    | 0.0%    | 0.0%    | 3.1%    | 2.9%    | 1.5%    | 3.1%    | 9.4%    | 6.1%    | -2.9%   | 3.8%    |
| <b>Operating profit</b>   |                     | 204     | 242     | 261     | 320     | 241     | 219     | 227     | 232     | 61      | 62      | 59      | 58      | 240     | 37      | 47      | 45      | 47      | 176     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 6.2%    | 1.6%    | -4.8%   | -1.7%   |         | -36.2%  | 27.0%   | -4.3%   | 4.4%    |         |
|   | YoY Change          |         | 18.6%   | 8.0%    | 22.6%   | -24.6%  | -9.2%   | 3.8%    | 2.0%    | 3.9%    | 6.9%    | 0.0%    | 1.8%    | 3.4%    | -39.3%  | -24.2%  | -23.7%  | -19.0%  | -26.7%  |
| <b>Net profit</b>   |                     | 153     | 178     | 200     | 254     | 182     | 160     | 158     | 165     | 44      | 45      | 41      | 42      | 172     | 26      | 33      | 33      | 33      | 125     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 10.0%   | 2.3%    | -8.9%   | 2.4%    |         | -38.1%  | 26.9%   | 0.0%    | 0.0%    |         |
|   | YoY Change          |         | 16.6%   | 12.1%   | 27.0%   | -28.3%  | -12.4%  | -0.9%   | 4.3%    | 4.8%    | 9.8%    | -2.4%   | 5.0%    | 4.2%    | -40.9%  | -26.7%  | -19.5%  | -21.4%  | -27.3%  |
| <b>EBITDA</b>   |                     | 290     | 322     | 345     | 414     | 350     | 355     | 356     | 362     | 93      | 94      | 92      | 93      | 372     | 70      | 82      | 80      | 81      | 313     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 2.2%    | 1.1%    | -2.1%   | 1.1%    |         | -24.7%  | 17.1%   | -2.4%   | 1.3%    |         |
|   | YoY Change          |         | 10.8%   | 7.3%    | 20.0%   | -15.5%  | 1.5%    | 0.3%    | 1.6%    | 3.3%    | 4.4%    | 1.1%    | 2.2%    | 2.8%    | -24.7%  | -12.8%  | -13.0%  | -12.9%  | -15.9%  |
| <b>Key Cash Flow Metrics</b>                                    |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Operating cash flow</b>                                      |                     | 93      | 163     | 320     | 290     | 243     | 272     | 288     | 312     | 62      | 74      | 69      | 96      | 301     | 49      | 69      | 65      | 86      | 269     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -13.9%  | 19.4%   | -6.8%   | 39.1%   |         | -49.0%  | 40.8%   | -5.8%   | 32.3%   |         |
|   | YoY Change          |         | 76.3%   | 95.5%   | -9.2%   | -16.1%  | 11.7%   | 5.7%    | 8.4%    | -16.2%  | -22.1%  | -2.8%   | 33.3%   | -3.5%   | -21.0%  | -6.8%   | -5.8%   | -10.4%  | -10.6%  |
| <b>Capital expenditures, gross (cash flow)</b>                  |                     | 103     | 119     | 120     | 180     | 288     | 175     | 105     | 110     | 53      | 26      | 28      | 21      | 128     | 37      | 33      | 24      | 26      | 120     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 88.9%   | -51.3%  | 9.5%    | -25.6%  |         | 76.0%   | -10.8%  | -27.3%  | 8.3%    |         |
|   | YoY Change          |         | 14.7%   | 1.1%    | 49.9%   | 60.4%   | -39.2%  | -40.4%  | 5.2%    | 72.2%   | 8.1%    | 3.3%    | -25.0%  | 16.4%   | -30.1%  | 28.0%   | -15.0%  | 23.7%   | -6.3%   |
| <b>Capital expenditures, net (cash flow)</b>                    |                     | 100     | 118     | 120     | 180     | 288     | 173     | 97      | 108     | 53      | 26      | 28      | 21      | 128     | 37      | 33      | 24      | 25      | 119     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | 96.3%   | -50.9%  | 7.7%    | -25.0%  |         | 76.2%   | -10.8%  | -27.3%  | 4.2%    |         |
|   | YoY Change          |         | 18.7%   | 1.4%    | 50.0%   | 60.1%   | -39.8%  | -43.9%  | 11.2%   | 71.0%   | 13.0%   | 3.7%    | -22.2%  | 18.5%   | -30.2%  | 26.9%   | -14.3%  | 19.0%   | -7.0%   |
| <b>Free cash flow</b>   |                     | (7)     | 45      | 200     | 110     | (44)    | 99      | 191     | 204     | 9       | 48      | 41      | 75      | 173     | 12      | 36      | 41      | 61      | 150     |
|   | QoQ Change          |         |         |         |         |         |         |         |         | -80.0%  | 433.3%  | -14.6%  | 82.9%   |         | -84.0%  | 200.0%  | 13.9%   | 48.8%   |         |
|   | YoY Change          |         | N/M     | 341.0%  | -44.7%  | N/M     | N/M     | 92.4%   | 7.0%    | -79.1%  | -33.3%  | -6.8%   | 66.7%   | -15.2%  | 33.3%   | -25.0%  | 0.0%    | -18.7%  | -13.3%  |
| <b>Ratios</b>   |                     |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Gross profit margin</b>                                      |                     | 34.1%   | 40.3%   | 41.1%   | 40.4%   | 41.8%   | 40.6%   | 38.7%   | 36.8%   | 36.1%   | 36.1%   | 35.5%   | 35.1%   | 35.7%   | 34.7%   | 34.7%   | 33.3%   | 34.9%   | 34.4%   |
| <b>Operating margin</b>   |                     | 15.6%   | 18.5%   | 19.8%   | 23.2%   | 17.8%   | 16.3%   | 15.9%   | 15.4%   | 15.5%   | 15.9%   | 15.2%   | 14.3%   | 15.2%   | 9.4%    | 12.5%   | 11.7%   | 12.0%   | 11.4%   |
| <b>Net margin</b>   |                     | 11.7%   | 13.7%   | 15.2%   | 18.4%   | 13.5%   | 11.9%   | 11.0%   | 11.0%   | 11.2%   | 11.5%   | 10.5%   | 10.4%   | 10.9%   | 6.6%    | 8.8%    | 8.6%    | 8.4%    | 8.1%    |
| <b>EBITDA margin</b>  |                     | 22.3%   | 24.6%   | 26.2%   | 30.0%   | 25.9%   | 26.5%   | 24.9%   | 24.1%   | 23.7%   | 24.0%   | 23.7%   | 23.0%   | 23.6%   | 17.7%   | 21.8%   | 20.8%   | 20.7%   | 20.2%   |
| <b>Capex/Sales</b>  |                     | 7.9%    | 9.1%    | 9.1%    | 13.0%   | 21.3%   | 13.1%   | 7.3%    | 7.3%    | 13.5%   | 6.6%    | 7.3%    | 5.2%    | 8.1%    | 9.4%    | 8.8%    | 6.3%    | 6.6%    | 7.8%    |



|   |            | (NIS millions, except for EPS) |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
|---|------------|--------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|   |            | FY 2007                        | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 |
| <b>yes</b>  |            |                                |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Key Income Statement Metrics</b>                             |            |                                |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Revenues</b>   |            | 1,415                          | 1,513   | 1,530   | 1,583   | 1,619   | 1,636   | 1,635   | 1,724   | 440     | 439     | 446     | 449     | 1,774   | 439     | 434     | 434     | 438     | 1,745   |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 0.0%    | -0.2%   | 1.6%    | 0.7%    |         | -2.2%   | -1.1%   | 0.0%    | 0.9%    |         |
|   | YoY Change |                                | 6.9%    | 1.2%    | 3.4%    | 2.3%    | 1.1%    | 0.0%    | 5.4%    | 3.8%    | 2.6%    | 3.2%    | 2.0%    | 2.9%    | -0.2%   | -1.1%   | -2.7%   | -2.4%   | -1.6%   |
| <b>Cost of sales</b>  |            | 1,117                          | 1,091   | 1,042   | 1,129   | 1,028   | 1,067   | 1,130   | 1,203   | 320     | 313     | 314     | 342     | 1,289   | 321     | 312     | 314     | 314     | 1,261   |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 1.9%    | -2.2%   | 0.3%    | 8.9%    |         | -6.1%   | -2.8%   | 0.6%    | 0.0%    |         |
|   | YoY Change |                                | -2.3%   | -4.5%   | 8.3%    | -8.9%   | 3.8%    | 5.9%    | 6.5%    | 9.6%    | 5.4%    | 4.7%    | 8.9%    | 7.1%    | 0.3%    | -0.3%   | 0.0%    | -8.2%   | -2.2%   |
| <b>Gross profit</b>   |            | 298                            | 421     | 488     | 454     | 591     | 569     | 505     | 521     | 120     | 126     | 132     | 107     | 485     | 118     | 122     | 120     | 124     | 484     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -4.8%   | 5.0%    | 4.8%    | -18.9%  |         | 10.3%   | 3.4%    | -1.6%   | 3.3%    |         |
|   | YoY Change |                                | 41.6%   | 15.9%   | -7.0%   | 30.1%   | -3.7%   | -11.2%  | 3.2%    | -9.1%   | -3.1%   | -0.8%   | -15.1%  | -6.9%   | -1.7%   | -3.2%   | -9.1%   | 15.9%   | -0.2%   |
| <b>Sales &amp; marketing expenses</b>                           |            | 138                            | 128     | 122     | 143     | 153     | 166     | 154     | 154     | 36      | 35      | 37      | 32      | 140     | 38      | 24      | 35      | 31      | 128     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -10.0%  | -2.8%   | 5.7%    | -13.5%  |         | 18.8%   | -36.8%  | 45.8%   | -11.4%  |         |
|   | YoY Change |                                | -6.9%   | -4.6%   | 17.1%   | 6.7%    | 8.9%    | -7.6%   | 0.2%    | -10.0%  | -12.5%  | 8.8%    | -20.0%  | -9.1%   | 5.6%    | -31.4%  | -5.4%   | -3.1%   | -8.6%   |
| <b>General &amp; administrative expenses</b>                    |            | 104                            | 116     | 118     | 133     | 143     | 150     | 84      | 94      | 25      | 21      | 21      | 28      | 95      | 23      | 21      | 23      | 25      | 92      |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -10.7%  | -16.0%  | 0.0%    | 33.3%   |         | -17.9%  | -8.7%   | 9.5%    | 8.7%    |         |
|   | YoY Change |                                | 11.6%   | 1.4%    | 12.5%   | 7.9%    | 4.8%    | -44.0%  | 11.9%   | 25.0%   | -8.7%   | -8.7%   | 0.0%    | 1.1%    | -8.0%   | 0.0%    | 9.5%    | -10.7%  | -3.2%   |
| <b>Salaries (included in oper. exps)</b>                        |            | N/A                            | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | 267     | 69      | 62      | 69      | 70      | 270     | 61      | 60      | 64      | 64      | 249     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -1.4%   | -10.1%  | 11.3%   | 1.4%    |         | -12.9%  | -1.6%   | 6.7%    | 0.0%    |         |
|   | YoY Change |                                |         |         |         |         |         |         |         | 11.3%   | -8.8%   | 3.0%    | 0.0%    | 1.1%    | -11.6%  | -3.2%   | -7.2%   | -8.6%   | -7.8%   |
| <b>Depreciation &amp; amortization (included in oper. exps)</b> |            | 273                            | 250     | 234     | 285     | 276     | 248     | 263     | 297     | 76      | 80      | 78      | 88      | 322     | 76      | 74      | 75      | 71      | 296     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -2.6%   | 5.3%    | -2.5%   | 12.8%   |         | -13.6%  | -2.6%   | 1.4%    | -5.3%   |         |
|   | YoY Change |                                | -8.5%   | -6.3%   | 21.6%   | -2.9%   | -10.2%  | 5.8%    | 13.0%   | 8.6%    | 8.1%    | 4.0%    | 12.8%   | 8.4%    | 0.0%    | -7.5%   | -3.8%   | -19.3%  | -8.1%   |
| <b>Operating profit</b>   |            | 56                             | 177     | 248     | 178     | 295     | 253     | 267     | 273     | 59      | 70      | 74      | 47      | 250     | 57      | 77      | 62      | 68      | 264     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 3.5%    | 18.6%   | 5.7%    | -36.5%  |         | 21.3%   | 35.1%   | -19.5%  | 9.7%    |         |
|   | YoY Change |                                | 216.3%  | 40.1%   | -28.2%  | 65.4%   | -14.3%  | 5.6%    | 2.2%    | -19.2%  | 4.5%    | -2.6%   | -17.5%  | -8.4%   | -3.4%   | 10.0%   | -16.2%  | 44.7%   | 5.6%    |
| <b>Profit before finance exps to shareholders &amp; taxes</b>   |            | (97)                           | (1)     | 79      | 6       | 149     | 99      | 106     | 162     | 60      | 15      | 80      | 5       | 160     | 38      | 65      | 36      | 67      | 206     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 76.5%   | -75.0%  | 433.3%  | -93.8%  |         | 660.0%  | 71.1%   | -44.6%  | 86.1%   |         |
|   | YoY Change |                                | -99.3%  | N/M     | -92.3%  | 2364.3% | -33.5%  | 6.9%    | 52.8%   | 9.1%    | -34.8%  | 60.0%   | -85.3%  |         | -36.7%  | 333.3%  | -55.0%  | 1240.0% | 28.8%   |
| <b>Net profit (loss)</b>  |            | (118)                          | (265)   | (222)   | (314)   | (230)   | (310)   | (381)   | (322)   | (3)     | (166)   | (75)    | (110)   | (354)   | (71)    | (114)   | (142)   | 395     | 68      |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -96.6%  | 5433.3% | -54.8%  | 46.7%   |         | -35.5%  | 60.6%   | 24.6%   | N/M     |         |
|   | YoY Change |                                | 125.1%  | -16.0%  | 41.0%   | -26.8%  | 35.1%   | 22.7%   | -15.4%  | -91.2%  | 44.3%   | -12.8%  | 26.4%   | 9.9%    | 2266.7% | -31.3%  | 89.3%   | N/M     | N/M     |
| <b>EBITDA</b>   |            | 329                            | 427     | 482     | 463     | 571     | 502     | 530     | 570     | 135     | 150     | 152     | 135     | 572     | 133     | 151     | 137     | 139     | 560     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 0.0%    | 11.1%   | 1.3%    | -11.2%  |         | -1.5%   | 13.5%   | -9.3%   | 1.5%    |         |
|   | YoY Change |                                | 29.7%   | 13.0%   | -4.0%   | 23.4%   | -12.3%  | 5.6%    | 7.6%    | -5.6%   | 6.4%    | 0.7%    | 0.0%    | 0.4%    | -1.5%   | 0.7%    | -9.9%   | 3.0%    | -2.1%   |
| <b>Key Cash Flow Metrics</b>                                    |            |                                |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Operating cash flow</b>                                      |            | 250                            | 347     | 410     | 492     | 513     | 418     | 490     | 442     | 149     | 106     | 145     | 105     | 505     | 158     | 110     | 154     | 207     | 629     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 22.1%   | -28.9%  | 36.8%   | -27.6%  |         | 50.5%   | -30.4%  | 40.0%   | 34.4%   |         |
|   | YoY Change |                                | 38.9%   | 18.1%   | 20.0%   | 4.4%    | -18.5%  | 17.2%   | -10.1%  | 31.9%   | 0.0%    | 43.6%   | -13.9%  | 14.3%   | 6.0%    | 3.8%    | 6.2%    | 97.1%   | 24.6%   |
| <b>Capital expenditures, gross (cash flow)</b>                  |            | 255                            | 238     | 262     | 278     | 264     | 284     | 323     | 305     | 65      | 82      | 75      | 43      | 265     | 59      | 58      | 51      | 41      | 209     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -31.6%  | 26.2%   | -8.5%   | -42.7%  |         | 37.2%   | -1.7%   | -12.1%  | -19.6%  |         |
|   | YoY Change |                                | -6.7%   | 10.1%   | 6.4%    | -5.0%   | 7.5%    | 13.6%   | -5.6%   | -16.7%  | 20.6%   | 17.2%   | -54.7%  | -13.1%  | -9.2%   | -29.3%  | -32.0%  | -4.7%   | -21.1%  |
| <b>Capital expenditures, net (cash flow)</b>                    |            | 255                            | 238     | 261     | 277     | 264     | 284     | 323     | 305     | 65      | 82      | 75      | 43      | 265     | 59      | 58      | 50      | 41      | 208     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | -31.6%  | 26.2%   | -8.5%   | -42.7%  |         | 37.2%   | -1.7%   | -13.8%  | -18.0%  |         |
|   | YoY Change |                                | -6.7%   | 9.7%    | 6.2%    | -4.8%   | 7.6%    | 13.8%   | -5.6%   | -16.7%  | 20.6%   | 17.2%   | -54.7%  | -13.1%  | -9.2%   | -29.3%  | -33.3%  | -4.7%   | -21.5%  |
| <b>Free cash flow</b>   |            | (5)                            | 109     | 149     | 215     | 250     | 134     | 167     | 137     | 84      | 24      | 70      | 62      | 240     | 99      | 52      | 104     | 166     | 421     |
|   | QoQ Change |                                |         |         |         |         |         |         |         | 211.1%  | -71.4%  | 191.7%  | -11.4%  |         | 59.7%   | -47.5%  | 100.0%  | 59.6%   |         |
|   | YoY Change |                                | NM      | 36.2%   | 44.0%   | 16.2%   | -46.2%  | 24.3%   | -17.8%  | 140.0%  | -36.8%  | 89.2%   | 129.6%  | 75.2%   | 17.9%   | 116.7%  | 48.6%   | 167.7%  | 75.4%   |
| <b>Ratios</b>   |            |                                |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Gross profit margin</b>                                      |            | 21.0%                          | 27.9%   | 31.9%   | 28.7%   | 36.5%   | 34.8%   | 30.9%   | 30.2%   | 27.3%   | 28.7%   | 29.6%   | 23.8%   | 27.3%   | 26.9%   | 28.1%   | 27.6%   | 28.3%   | 27.7%   |
| <b>Operating margin</b>   |            | 4.0%                           | 11.7%   | 16.2%   | 11.3%   | 18.2%   | 15.4%   | 16.3%   | 15.8%   | 13.4%   | 15.9%   | 16.6%   | 10.5%   | 14.1%   | 13.0%   | 17.7%   | 14.3%   | 15.5%   | 15.1%   |
| <b>Net margin</b>   |            | (8.3%)                         | (17.5%) | (14.5%) | (19.8%) | (14.2%) | (19.0%) | (23.3%) | (18.7%) | (0.7%)  | (37.8%) | (16.8%) | (24.5%) | (20.0%) | (16.2%) | (26.3%) | (32.7%) | 90.2%   | 3.9%    |
| <b>EBITDA margin</b>  |            | 23.3%                          | 28.2%   | 31.5%   | 29.3%   | 35.3%   | 30.7%   | 32.4%   | 33.1%   | 30.7%   | 34.2%   | 34.1%   | 30.1%   | 32.2%   | 30.3%   | 34.8%   | 31.6%   | 31.7%   | 32.1%   |
| <b>Capex/Sales</b>  |            | 18.0%                          | 15.7%   | 17.1%   | 17.6%   | 16.3%   | 17.4%   | 19.8%   | 17.7%   | 14.8%   | 18.7%   | 16.8%   | 9.6%    | 14.9%   | 13.4%   | 13.4%   | 11.8%   | 9.4%    | 12.0%   |





*NIS Millions*

|  | FY<br>2013 | FY<br>2014 | Q1<br>2015 | Q2<br>2015 | Q3<br>2015 | Q4<br>2015 | FY<br>2015 | Q1<br>2016 | Q2<br>2016 | Q3<br>2016 | Q4<br>2016 | FY<br>2016 |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|

## Bezeq Group

### Other Operating Expenses (Income), Net

|   |             |              |             |              |             |           |             |          |             |             |           |          |
|---|-------------|--------------|-------------|--------------|-------------|-----------|-------------|----------|-------------|-------------|-----------|----------|
| Profit from increase to controlling stake in Yes                            | -           | -            | (12)        | -            | -           | -         | (12)        | -        | -           | -           | -         | -        |
| Profit from the sale of shares in Coral Tel Ltd.                            | -           | (582)        | -           | -            | -           | -         | -           | -        | -           | -           | -         | -        |
| Profit from the sale of property, plant and equipment (mainly real estate)* | (120)       | (167)        | (11)        | (148)        | (13)        | (62)      | (234)       | (11)     | (29)        | (22)        | (45)      | (107)    |
| Profit from copper sales  | (47)        | (8)          | -           | -            | -           | -         | -           | -        | -           | -           | -         | -        |
| Provision (cancellation)-contingent liabilities, net                        | -           | (23)         | 6           | 6            | -           | 22        | 34          | -        | -           | -           | -         | -        |
| Provision for early retirement  | 90          | 176          | -           | 1            | -           | 116       | 117         | 1        | 14          | 3           | 78        | 96       |
| Expenses for a collective agreement at Pelephone                            | 61          | 18           | -           | -            | -           | -         | -           | -        | -           | -           | -         | -        |
| Loss from the discontinuation of a software development project             | 1           | -            | -           | -            | -           | -         | -           | -        | -           | -           | -         | -        |
| Other   | -           | -            | -           | -            | -           | -         | -           | 15       | 3           | (7)         | -         | 11       |
| <b>Total other operating expenses (income), net</b>                         | <b>(15)</b> | <b>(586)</b> | <b>(17)</b> | <b>(141)</b> | <b>(13)</b> | <b>76</b> | <b>(95)</b> | <b>5</b> | <b>(12)</b> | <b>(26)</b> | <b>33</b> | <b>0</b> |

\* Includes profit from copper sales beginning Q1 2015

Bezeq - The Israel Telecommunication Corp. Ltd



|   | FY 2007       | FY 2008       | FY 2009       | FY 2010       | FY 2011      | FY 2012      | FY 2013      | FY 2014      | Q1 2015      | Q2 2015      | Q3 2015      | Q4 2015      | FY 2015      | Q1 2016      | Q2 2016      | Q3 2016      | Q4 2016      | FY 2016      |
|---|---------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Bezeq Fixed-Line</b>   |               |               |               |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>Key Performance Indicators</b>                                   |               |               |               |               |              |              |              |              |              |              |              |              |              |              |              |              |              |              |
| <b>Total outgoing minutes (in millions)</b>                         | <b>14,711</b> | <b>13,260</b> | <b>12,017</b> | <b>10,699</b> | <b>9,758</b> | <b>8,694</b> | <b>7,047</b> | <b>6,200</b> | <b>1,459</b> | <b>1,396</b> | <b>1,373</b> | <b>1,379</b> | <b>5,607</b> | <b>1,316</b> | <b>1,257</b> | <b>1,297</b> | <b>1,139</b> | <b>5,009</b> |
| QoQ Change  |               |               |               |               |              |              |              |              | -1.6%        | -4.3%        | -1.6%        | 0.4%         |              | -4.6%        | -4.5%        | 3.2%         | -12.2%       |              |
| YoY Change  |               | -9.9%         | -9.4%         | -11.0%        | -8.8%        | -10.9%       | -18.9%       | -12.0%       | -9.3%        | -8.3%        | -13.5%       | -7.0%        | -9.6%        | -9.8%        | -10.0%       | -5.5%        | -17.4%       | -10.7%       |
| <b>Total incoming minutes (in millions)</b>                         | <b>6,411</b>  | <b>6,691</b>  | <b>6,718</b>  | <b>6,547</b>  | <b>6,240</b> | <b>6,225</b> | <b>6,115</b> | <b>5,829</b> | <b>1,429</b> | <b>1,386</b> | <b>1,410</b> | <b>1,403</b> | <b>5,628</b> | <b>1,348</b> | <b>1,314</b> | <b>1,383</b> | <b>1,252</b> | <b>5,297</b> |
| QoQ Change  |               |               |               |               |              |              |              |              | -0.8%        | -3.0%        | 1.7%         | -0.5%        |              | -3.9%        | -2.5%        | 5.3%         | -9.5%        |              |
| YoY Change  |               | 4.4%          | 0.4%          | -2.5%         | -4.7%        | -0.2%        | -1.8%        | -4.7%        | -2.6%        | -2.7%        | -5.9%        | -2.6%        | -3.4%        | -5.7%        | -5.2%        | -1.9%        | -10.8%       | -5.9%        |
| <b>Total access lines (in 000's)</b>                                | <b>2,749</b>  | <b>2,604</b>  | <b>2,483</b>  | <b>2,366</b>  | <b>2,367</b> | <b>2,268</b> | <b>2,216</b> | <b>2,205</b> | <b>2,208</b> | <b>2,204</b> | <b>2,193</b> | <b>2,181</b> | <b>2,181</b> | <b>2,167</b> | <b>2,151</b> | <b>2,137</b> | <b>2,119</b> | <b>2,119</b> |
| QoQ Change  |               |               |               |               |              |              |              |              | 0.1%         | -0.2%        | -0.5%        | -0.5%        |              | -0.6%        | -0.7%        | -0.7%        | -0.8%        |              |
| YoY Change  |               | -5.3%         | -4.6%         | -4.7%         | 0.0%         | -4.2%        | -2.3%        | -0.5%        | -0.3%        | 0.0%         | -0.5%        | -1.1%        | -1.1%        | -1.9%        | -2.4%        | -2.6%        | -2.8%        | -2.8%        |
|   | <i>N/A</i>    | <b>111</b>    | <b>109</b>    | <b>109</b>    | <b>85</b>    | <b>81</b>    | <b>74</b>    | <b>63</b>    | <b>61</b>    | <b>60</b>    | <b>60</b>    | <b>60</b>    | <b>60</b>    | <b>59</b>    | <b>58</b>    | <b>58</b>    | <b>56</b>    | <b>58</b>    |
| QoQ Change  |               |               |               |               |              |              |              |              | -1.6%        | -1.6%        | 0.0%         | 0.0%         |              | -1.7%        | -1.7%        | 0.0%         | -3.4%        |              |
| YoY Change  |               |               | -1.8%         | 0.0%          | -22.0%       | -4.7%        | -8.6%        | -14.9%       | -4.7%        | -4.8%        | -4.8%        | -3.2%        | -4.8%        | -3.3%        | -3.3%        | -3.3%        | -6.7%        | -3.3%        |
| <b>Churn rate (telephony)</b>                                       | <b>9.5%</b>   | <i>N/A</i>    | <i>N/A</i>    | <i>N/A</i>    | <b>11.6%</b> | <b>15.3%</b> | <b>13.1%</b> | <b>11.1%</b> | <b>2.4%</b>  | <b>2.4%</b>  | <b>2.6%</b>  | <b>2.7%</b>  | <b>10.1%</b> | <b>2.9%</b>  | <b>2.5%</b>  | <b>2.6%</b>  | <b>2.4%</b>  | <b>10.4%</b> |
| <b>Broadband Internet lines (in 000's)- Total</b>                   | <b>963</b>    | <b>1,005</b>  | <b>1,035</b>  | <b>1,066</b>  | <b>1,111</b> | <b>1,169</b> | <b>1,263</b> | <b>1,364</b> | <b>1,390</b> | <b>1,418</b> | <b>1,448</b> | <b>1,479</b> | <b>1,479</b> | <b>1,503</b> | <b>1,521</b> | <b>1,539</b> | <b>1,558</b> | <b>1,558</b> |
| QoQ Change  |               |               |               |               |              |              |              |              | 1.9%         | 2.0%         | 2.1%         | 2.1%         |              | 1.6%         | 1.2%         | 1.2%         | 1.2%         |              |
| YoY Change  |               | 4.4%          | 3.0%          | 3.0%          | 4.2%         | 5.2%         | 8.0%         | 8.0%         | 7.8%         | 8.4%         | 8.5%         | 8.4%         | 8.4%         | 8.1%         | 7.3%         | 6.3%         | 5.3%         | 5.3%         |
| <b>Broadband Internet lines (in 000's)-Wholesale</b>                | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>-</b>     | <b>11</b>    | <b>78</b>    | <b>177</b>   | <b>244</b>   | <b>244</b>   | <b>290</b>   | <b>323</b>   | <b>347</b>   | <b>377</b>   | <b>377</b>   |
| QoQ Change  |               |               |               |               |              |              |              |              |              | 609.1%       | 126.9%       | 37.9%        |              | 18.9%        | 11.4%        | 7.4%         | 8.6%         |              |
| YoY Change  |               |               |               |               |              |              |              |              |              |              |              |              |              | 2536.4%      | 314.1%       | 96.0%        |              | 54.5%        |
| <b>Broadband Internet lines (in 000's) - Retail</b>                 | <b>963</b>    | <b>1,005</b>  | <b>1,035</b>  | <b>1,066</b>  | <b>1,111</b> | <b>1,169</b> | <b>1,263</b> | <b>1,364</b> | <b>1,379</b> | <b>1,340</b> | <b>1,271</b> | <b>1,235</b> | <b>1,235</b> | <b>1,213</b> | <b>1,198</b> | <b>1,192</b> | <b>1,181</b> | <b>1,181</b> |
| QoQ Change  |               |               |               |               |              |              |              |              | 1.1%         | -2.8%        | -5.1%        | -2.8%        |              | -1.8%        | -1.2%        | -0.5%        | -0.9%        |              |
| YoY Change  |               | 4.4%          | 3.0%          | 3.0%          | 4.2%         | 5.2%         | 8.0%         | 8.0%         | 7.0%         | 2.4%         | -4.8%        | -9.5%        | -9.5%        | -12.0%       | -10.6%       | -6.2%        | -4.4%        | -4.4%        |
| <b>Broadband Internet ARPU (in NIS) - Retail</b>                    | <b>64</b>     | <b>67</b>     | <b>69</b>     | <b>75</b>     | <b>80</b>    | <b>81</b>    | <b>84</b>    | <b>84</b>    | <b>87</b>    | <b>88</b>    | <b>88</b>    | <b>89</b>    | <b>88</b>    | <b>91</b>    | <b>90</b>    | <b>89</b>    | <b>90</b>    | <b>90</b>    |
| QoQ Change  |               |               |               |               |              |              |              |              | 2.4%         | 1.1%         | 0.0%         | 1.1%         |              | 2.2%         | -1.1%        | -1.1%        | 1.1%         |              |
| YoY Change  |               | 4.7%          | 3.0%          | 8.7%          | 6.7%         | 1.3%         | 3.7%         | 0.0%         | 6.1%         | 4.8%         | 3.5%         | 4.7%         | 4.8%         | 4.6%         | 2.3%         | 1.1%         | 1.1%         | 2.3%         |
| <b>Average broadband speed per subscriber (end of period, Mbps)</b> | <b>1.7</b>    | <b>2.2</b>    | <b>2.7</b>    | <b>4.3</b>    | <b>6.7</b>   | <b>9.6</b>   | <b>18.1</b>  | <b>32.5</b>  | <b>33.2</b>  | <b>34.9</b>  | <b>36.7</b>  | <b>37.8</b>  | <b>37.8</b>  | <b>38.9</b>  | <b>40.2</b>  | <b>41.8</b>  | <b>43.4</b>  | <b>43.4</b>  |
| QoQ Change  |               |               |               |               |              |              |              |              | 2.2%         | 5.1%         | 5.2%         | 3.0%         |              | 2.9%         | 3.3%         | 4.0%         | 3.8%         |              |
| YoY Change  |               | 29.4%         | 22.7%         | 59.3%         | 55.8%        | 43.3%        | 88.5%        | 79.6%        | 66.0%        | 59.4%        | 52.9%        | 16.3%        | 16.3%        | 17.2%        | 15.2%        | 13.9%        | 14.8%        | 14.8%        |
| <b>Number of employees</b>  | <b>7,614</b>  | <b>7,530</b>  | <b>7,364</b>  | <b>7,216</b>  | <b>7,076</b> | <b>7,422</b> | <b>6,479</b> | <b>5,964</b> | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>5,896</b> | <b>5,896</b> | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>5,649</b> | <b>5,649</b> |
| YoY Change  |               | -1.1%         | -2.2%         | -2.0%         | -1.9%        | 4.9%         | -12.7%       | -7.9%        |              |              |              |              | -1.1%        |              |              |              |              | -4.2%        |
| <b>Market share - Internet</b>                                      | <i>N/A</i>    | <i>N/A</i>    | <b>59%</b>    | <b>59%</b>    | <b>59%</b>   | <b>60%</b>   | <b>63%</b>   | <b>66%</b>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>68%</b>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>69%</b>   |
| <b>Market share - telephony (private sector)</b>                    | <i>N/A</i>    | <i>N/A</i>    | <b>72%</b>    | <b>65%</b>    | <b>63%</b>   | <b>59%</b>   | <b>57%</b>   | <b>56%</b>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>56%</b>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>55%</b>   |
| <b>Market share - telephony (business sector)</b>                   | <i>N/A</i>    | <i>N/A</i>    | <b>82%</b>    | <b>78%</b>    | <b>76%</b>   | <b>75%</b>   | <b>74%</b>   | <b>74%</b>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>74%</b>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <i>N/A</i>   | <b>73%</b>   |



|                                       |            | FY 2007 | FY 2008 | FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2013 | FY 2014 | Q1 2015 | Q2 2015 | Q3 2015 | Q4 2015 | FY 2015 | Q1 2016 | Q2 2016 | Q3 2016 | Q4 2016 | FY 2016 |
|---------------------------------------|------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>Telephone</b>                      |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Key Performance Indicators</b>     |            |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>Total Subscribers (in 000's)</b>   |            | 2,622   | 2,649   | 2,766   | 2,857   | 2,847   | 2,800   | 2,642   | 2,586   | 2,565   | 2,566   | 2,569   | 2,651   | 2,651   | 2,692   | 2,260   | 2,348   | 2,402   | 2,402   |
|                                       | QoQ Change |         |         |         |         |         |         |         |         | -0.8%   | 0.0%    | 0.1%    | 3.2%    |         | 1.5%    | -16.0%  | 3.9%    | 2.3%    |         |
|                                       | YoY Change |         | 1.0%    | 4.4%    | 3.3%    | -0.4%   | -1.7%   | -5.6%   | -2.1%   | -2.5%   | -1.7%   | -1.2%   | 2.5%    | 2.5%    | 5.0%    | -11.9%  | -8.6%   | -9.4%   | -9.4%   |
| <b>Prepaid Subscribers (in 000's)</b> |            | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | N/A     | 836     | N/A     | N/A     | N/A     | 925     | 925     | N/A     | N/A     | N/A     | 733     | 733     |
|                                       | YoY Change |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |         |
| <b>ARPU (in NIS)</b>                  |            | N/A     | N/A     | N/A     | 111     | 107     | 95      | 86      | 78      | 65      | 65      | 68      | 60      | 64      | 57      | 68      | 68      | 62      | 63      |
|                                       | QoQ Change |         |         |         |         |         |         |         |         | -13.3%  | 0.0%    | 4.6%    | -11.8%  |         | -5.0%   | 19.3%   | 0.0%    | -8.8%   |         |
|                                       | YoY Change |         |         |         |         | -3.6%   | -11.2%  | -9.5%   | -9.3%   | -18.8%  | -17.7%  | -12.8%  | -20.0%  | -17.9%  | -12.3%  | 4.6%    | 0.0%    | 3.3%    | -1.6%   |
| <b>Churn rate</b>                     |            | N/A     | N/A     | 13.8%   | 15.3%   | 22.9%   | 22.4%   | 28.6%   | 28.0%   | 6.5%    | 6.1%    | 6.4%    | 6.7%    | 25.8%   | 5.2%    | 6.2%    | 6.1%    | 6.3%    | 23.7%   |
| <b>Number of employees</b>            |            |         | N/A     | N/A     | N/A     | N/A     | 4,072   | 3,288   | 3,001   | N/A     | N/A     | N/A     | 2,679   | 2,679   | N/A     | N/A     | N/A     | 2,594   | 2,594   |
|                                       | YoY Change |         |         |         |         |         |         | -19.3%  | -8.7%   |         |         |         |         | -10.7%  |         |         |         |         | -3.2%   |
| <b>Market share</b>                   |            | 29.2%   | 28.6%   | 29.0%   | 28.9%   | 29.0%   | 28.2%   | 26.3%   | 25.5%   | N/A     | N/A     | N/A     | N/A     | 25.2%   | N/A     | N/A     | 22.7%   | N/A     | N/A     |

|                                      |            |       |        |       |        |       |       |       |       |      |      |      |       |       |      |      |      |       |       |
|--------------------------------------|------------|-------|--------|-------|--------|-------|-------|-------|-------|------|------|------|-------|-------|------|------|------|-------|-------|
| <b>Bezeq International</b>           |            |       |        |       |        |       |       |       |       |      |      |      |       |       |      |      |      |       |       |
| <b>Key Performance Indicators</b>    |            |       |        |       |        |       |       |       |       |      |      |      |       |       |      |      |      |       |       |
| <b>Number of employees</b>           |            | 2,621 | 2,325  | 2,445 | 2,112  | 2,262 | 2,102 | 2,007 | 1,932 | N/A  | N/A  | N/A  | 1,966 | 1,966 | N/A  | N/A  | N/A  | 1,905 | 1,905 |
|                                      | QoQ Change |       |        |       |        |       |       |       |       |      |      |      |       |       |      |      |      |       |       |
|                                      | YoY Change |       | -11.3% | 5.2%  | -13.6% | 7.1%  | -7.1% | -4.5% | -3.7% |      |      |      |       | 1.8%  |      |      |      |       | -3.1% |
| <b>Churn rate (ISP)</b>              |            | N/A   | N/A    | 14.8% | 12.7%  | 12.6% | 18.4% | 18.0% | 17.0% | 4.1% | 4.2% | 4.4% | 4.6%  | 17.3% | 5.2% | 4.5% | 5.5% | 5.2%  | 20.4% |
| <b>Market share - ISP</b>            |            | 36.0% | 36.0%  | 36.0% | 35.9%  | 37.5% | 38.8% | 40.6% | 42%   | N/A  | N/A  | N/A  | N/A   | 44%   | N/A  | N/A  | N/A  | N/A   | 44%   |
| <b>Market share - ILD (Outgoing)</b> |            | 36.0% | 36.0%  | 31.0% | 30.7%  | 30.0% | 24.6% | 21.2% | 23%   | N/A  | N/A  | N/A  | N/A   | 21%   | N/A  | N/A  | N/A  | N/A   | 21%   |

|                                   |            |     |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |        |
|-----------------------------------|------------|-----|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------|
| <b>yes</b>                        |            |     |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |        |
| <b>Key Performance Indicators</b> |            |     |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |       |        |
| <b>Subscribers (in 000's)</b>     |            | 549 | 560   | 571   | 578   | 586   | 578   | 600   | 630   | 632   | 636   | 637   | 635   | 635   | 629   | 623   | 618   | 614   | 614    |
|                                   | QoQ Change |     |       |       |       |       |       |       |       | 0.3%  | 0.6%  | 0.2%  | -0.3% |       | -0.9% | -1.0% | -0.8% | -0.6% |        |
|                                   | YoY Change |     | 2.0%  | 2.0%  | 1.2%  | 1.4%  | -1.4% | 3.8%  | 5.0%  | 4.5%  | 4.1%  | 2.4%  | 0.8%  | 0.8%  | -0.5% | -2.0% | -3.0% | -3.3% | -3.3%  |
| <b>ARPU (in NIS)</b>              |            | 217 | 228   | 226   | 230   | 232   | 234   | 233   | 234   | 232   | 231   | 233   | 235   | 233   | 231   | 231   | 233   | 237   | 233    |
|                                   | QoQ Change |     |       |       |       |       |       |       |       | -0.9% | -0.4% | 0.9%  | 0.9%  |       | -1.7% | 0.0%  | 0.9%  | 1.7%  |        |
|                                   | YoY Change |     | 5.1%  | -0.9% | 1.8%  | 0.9%  | 1.0%  | -0.4% | 0.4%  | -0.9% | -1.3% | -0.4% | 0.4%  | -0.4% | -0.4% | 0.0%  | 0.0%  | 0.9%  | 0.0%   |
| <b>Churn rate</b>                 |            | N/A | N/A   | 13.3% | 13.0% | 11.9% | 15.4% | 13.5% | 12.8% | 3.4%  | 3.1%  | 3.9%  | 3.5%  | 13.9% | 4.2%  | 3.6%  | 4.5%  | 3.6%  | 15.9%  |
| <b>Number of employees</b>        |            | N/A | 1,999 | 2,158 | 2,229 | 2,227 | 2,276 | 2,208 | 2,042 | N/A   | N/A   | N/A   | 1,984 | 1,984 | N/A   | N/A   | N/A   | 1,753 | 1,753  |
|                                   | YoY Change |     |       | 8.0%  | 3.3%  | -0.1% | 2.2%  | -3.0% | -7.5% |       |       |       |       | -2.8% |       |       |       |       | -11.6% |
| <b>Mkt share</b>                  |            | 37% | 38%   | 38%   | 39%   | 40%   | 39%   | 40%   | 42%   | N/A   | N/A   | N/A   | N/A   | 42%   | N/A   | N/A   | N/A   | N/A   | 40%    |



## Bezeq Group Dividends

### Dividend History

| Dividend Distribution date | Total Amount (NIS m) | Dividend per share (NIS) | Dividend Type   |
|----------------------------|----------------------|--------------------------|---|
| <b>May 29, 2017</b>        | <b>578</b>           | <b>0.21</b>              | <b>Semi-Annual Dividend (subject to shareholder approval)</b> |
| October 6, 2016            | 665                  | 0.24                     | Semi-Annual Dividend  |
| May 30, 2016               | 776                  | 0.28                     | Semi-Annual Dividend  |
| October 26, 2015           | 933                  | 0.34                     | Semi-Annual Dividend  |
| May 27, 2015               | 844                  | 0.31                     | Semi-Annual Dividend  |
| October 2, 2014            | 1,267                | 0.46                     | Semi-Annual Dividend  |
| April 23, 2014             | 802                  | 0.29                     | Semi-Annual Dividend  |
| September 15, 2013         | 500                  | 0.36                     | Special Dividend (6 of 6)                                     |
| September 15, 2013         | 969                  | 0.18                     | Semi-Annual Dividend  |
| May 13, 2013               | 500                  | 0.18                     | Special Dividend (5 of 6)                                     |
| May 13, 2013               | 861                  | 0.32                     | Semi-Annual Dividend  |
| October 10, 2012           | 500                  | 0.18                     | Special Dividend (4 of 6)                                     |
| October 10, 2012           | 997                  | 0.37                     | Semi-Annual Dividend  |
| May 21, 2012               | 500                  | 0.18                     | Special Dividend (3 of 6)                                     |
| May 21, 2012               | 1,074                | 0.40                     | Semi-Annual Dividend  |
| October 5, 2011            | 500                  | 0.18                     | Special Dividend (2 of 6)                                     |
| October 5, 2011            | 992                  | 0.37                     | Semi-Annual Dividend  |
| May 19, 2011               | 500                  | 0.19                     | Special Dividend (1 of 6)                                     |
| May 19, 2011               | 1,163                | 0.43                     | Semi-Annual Dividend  |
| October 7, 2010            | 1,280                | 0.48                     | Semi-Annual Dividend  |
| May 3, 2010                | 2,453                | 0.92                     | Semi-Annual Dividend  |
| October 5, 2009            | 1,149                | 0.43                     | Semi-Annual Dividend  |
| May 24, 2009               | 792                  | 0.30                     | Semi-Annual Dividend  |
| October 29, 2008           | 835                  | 0.32                     | Semi-Annual Dividend  |
| April 28, 2008             | 679                  | 0.26                     | Semi-Annual Dividend  |
| October 15, 2007           | 760                  | 0.29                     | Semi-Annual Dividend  |
| February 26, 2007          | 1,800                | 0.69                     | Special Dividend  |
| January 9, 2007            | 300                  | 0.12                     | Semi-Annual Dividend  |
| October 30, 2006           | 400                  | 0.15                     | Semi-Annual Dividend  |
| April 16, 2006             | 1,200                | 0.46                     | Semi-Annual Dividend  |





## GLOSSARY

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### Glossary

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|                                 |  |
|---------------------------------|--|
| <b>EBITDA</b>                   | = Earnings Before Interest, Taxes, Depreciation & Amortization; ttm = trailing twelve months                               |
| <b>Adjusted EBITDA</b>          | = EBITDA excluding other operating income/expenses   |
| <b>Free cash flow</b>           | = Operating cash flows less net capital expenditures   |
| <b>Net capital expenditures</b> | = Purchase of property, plant & equipment (PPE), plus investments in intangible assets, less proceeds from the sale of PPE |
| <b>ARPL</b>                     | = Average revenue per line   |
| <b>ARPU</b>                     | = Average revenue per user   |
| <b>MOU</b>                      | = Minutes of use   |
| <b>N/A</b>                      | = Not available  |
| <b>N/M</b>                      | = Not meaningful   |