

Cellcom

Israel

Q3'20



FORWARD LOOKING STATEMENTS

The following information contains, or may be deemed to contain forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “believe,” “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about us, may include projections of our future financial results, our anticipated growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. Factors that could cause such differences include, but are not limited to: changes to the terms of our license, new legislation or decisions by the regulator affecting our operations, the outcome of legal proceedings to which we are a party, particularly class action lawsuits, our ability to maintain or obtain permits to construct and operate cell sites, and other risks and uncertainties detailed from time to time in our filings with the U.S. Securities and Exchange Commission, including under the caption “Risk Factors” in our Annual Report for the year ended December 31, 2019.

Although we believe the expectations reflected in the forward-looking statements contained herein are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. We assume no duty to update any of these forward-looking statements after the date hereof to conform our prior statements to actual results or revised expectations, except as otherwise required by law.

This document does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities. Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States.

Full End-To-End Service Communications Group

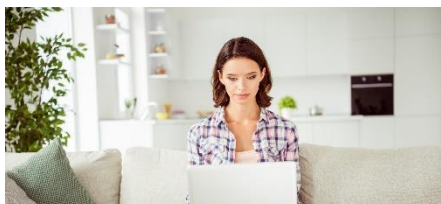


Mobile

- Appx. **3.6** million Mobile subs
The largest cellular provider in Israel⁽¹⁾

- 34% Market share⁽¹⁾

- Leading brand in Israel's mobile market



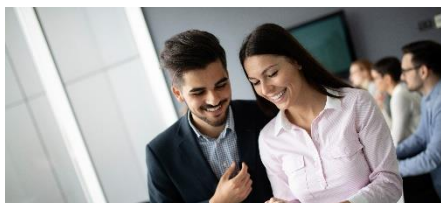
Fixed line Residential

- Appx. **289k** Broadband subs

- **251k** TV subs (14% market share)⁽¹⁾
Leading the TV revolution in Israel with OTT TV service

- Fixed line telephony
- Fiber optic infrastructure⁽²⁾

- International calls



Fixed line Business

- Cyber security
- Cloud services
- Transmission

- Hosting services
- Integration services
- IOT

(1) As of Q3'20 based on companies' reports and Company's estimation

(2) Through IRU agreement with IBC

Cellular Segment

Maintaining Market Leadership

- ✓ Sales of bundled packages of cellular + fixed line products.
- ✓ Successful marketing of communications packages increases our total income per household even as cellular prices decrease
- ✓ Network sharing agreement with another MNO helps reducing opex and capex
- ✓ Sales of VAS products (cyber security, backup, etc.)

A graphic on the left side of the slide. It features a stylized map of Israel in dark purple at the bottom. Above the map is a glowing, blue and white network of interconnected nodes and lines, resembling a globe or a complex communication network. The text "Golan Telecom Purchase" is overlaid on a light gray rectangular area in the upper left of this graphic.

Golan Telecom Purchase

- We concluded the purchase of Golan telecom and we intend to extract the synergies between the two companies
- Total purchase price is Appx. NIS 545 million
- The deal is expected to strengthen and improve Cellcom Israel's position as a leading communications company and make a considerable addition to our adjusted EBITDA and free cash flow



Coronavirus Effects

- Decrease in inbound and outbound roaming revenues from outgoing and incoming tourism
- Decrease in end user equipment sales as a result of selling points being closed.
- The Company has taken significant measures to mitigate the impact on profitability during the pandemic quarantine :
 - ✓ Reduce operating expenses
 - ✓ A large portion of the company's employees was on unpaid leave of absence

Cellcom tv

Reaching 14% Market Share



Leading the TV revolution in Israel with OTT TV service

- ✓ Hybrid solution of DTT linear TV plus OTT TV (VOD + channels)
- ✓ Advanced intuitive user experience
- ✓ Over 10,000 VOD assets for unlimited usage
- ✓ Highly competitive price
Attractive Triple play offers
- ✓ Multi screen strategy
(IOS ,Android smart tv, set top boxes, Apple tv)
- ✓ Partnership with Netflix and Amazon prime



Offering The Top Channels Viewers Really Want



All the sports



Current events



The leading series
From The leading studios



The world's leading children's channels



Entertainment, leisure, science and nature



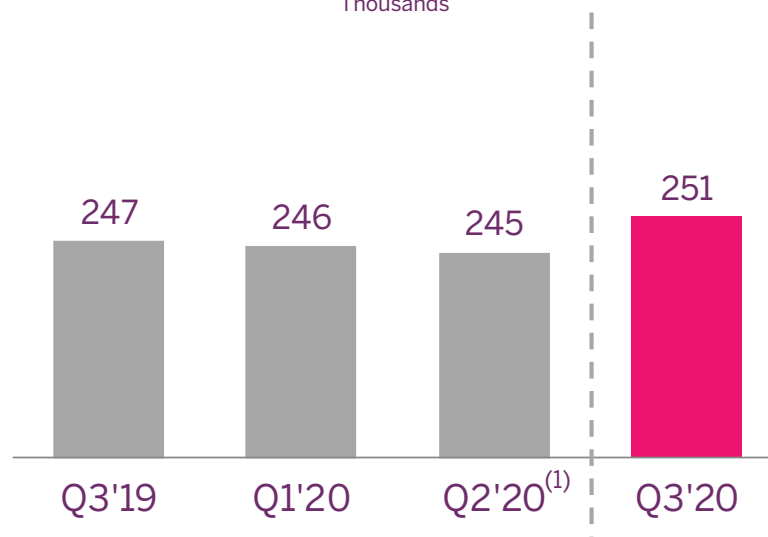
Cellcom tv channels



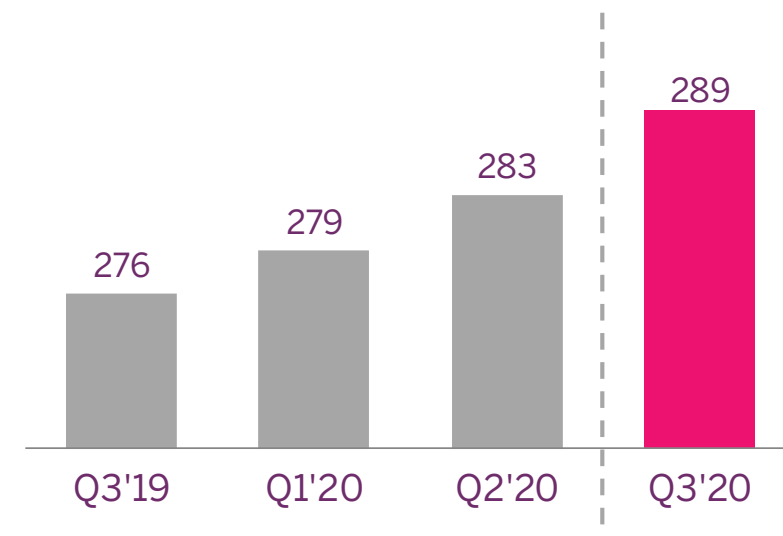
Continued Growth in TV and Broadband Subscribers



**TV
Subscribers**
Thousands



**Broadband
Subscribers**
Thousands



(1) The number of TV subscribers decreased following a change in the counting method, applied retroactively, which led to a write-off of approximately 17,000 subscribers

Based on company reports

IBC⁽¹⁾

Large scale deployment
in short time

- ✓ In July 2019 Cellcom Israel and Israel Infrastructure Fund completed an investment transaction in IBC, through a joint partnership which currently holds 70% of IBC and the additional 30% are held by the Israeli Electricity Company.
- ✓ Exclusive right to deploy an optical infrastructure on the IEC infrastructure⁽²⁾
- ✓ Significant advantage in deployment costs in areas with high electricity infrastructure
- ✓ High performance capabilities of IEC without the need for deployment permits

(1) For additional details see the Company's annual report on 20-F dated 23.3.2020

(2) Until 2043

Cellcom Israel IRU Agreement

High return on investment

IRU main points:

- Fiber to the home right of use for appx. 25 years
- IRU payments per household, paid over 9 years with interest
- Annual maintenance fee

IRU benefits for Cellcom Israel:

- ✓ Reducing the Company's investments in fiber deployment and positively impacting the Company's cash flow
- ✓ Savings in cash flow and expenses for access and traffic payments to Bezeq and HOT

IBC

HOT Group to join IBC

- In September 2020, Hot Telecommunication entered into an investment transaction in IBC.⁽¹⁾
- Hot undertakes to purchase an IRU, to use IBC's fiber-optic network in addition to Cellcom Israel.
- The transaction will significantly accelerate the deployment of fiber optic over the next few years.

(1) The completion of the Transaction is subject to regulatory change and required approvals, including regulatory and third party approvals. The Company cannot guarantee such change will be made and approvals will be granted.

Cellcom Business Solutions



Internet Security



Cloud services



Transmission



Telephony



Handsets



Hosting Services



Integration services



International
communication



IOT

Cellcom Smart City

Offers end-to-end solutions

The ability to connect things in a smart way that will lead to efficiency, business growth and life quality improvement.

Combination of various solutions including:



Energy
efficiency



Waste
management



Sensors of
environmental
protection



Water
management

Financial Overview

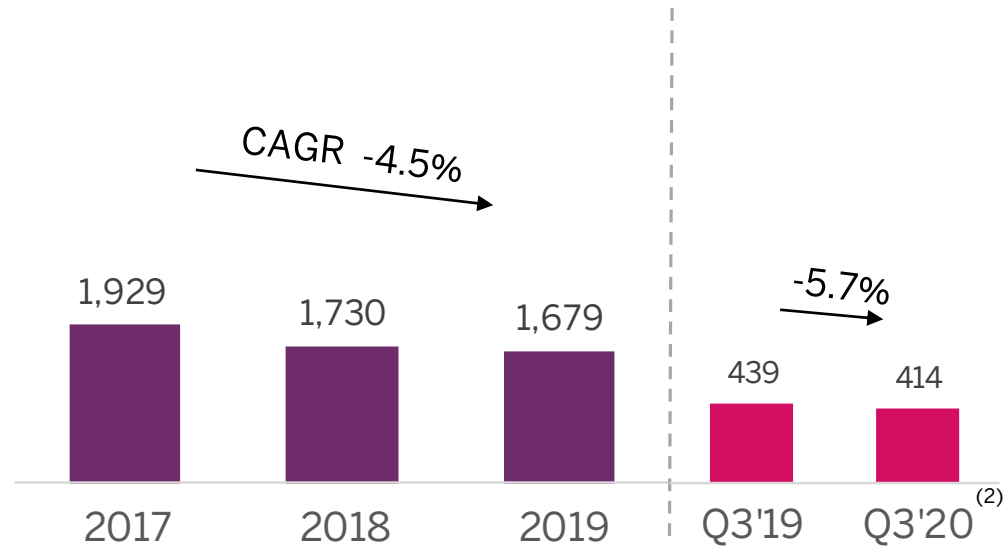


Service Revenues

Mitigating cellular revenues erosion effect with fixed line revenues growth

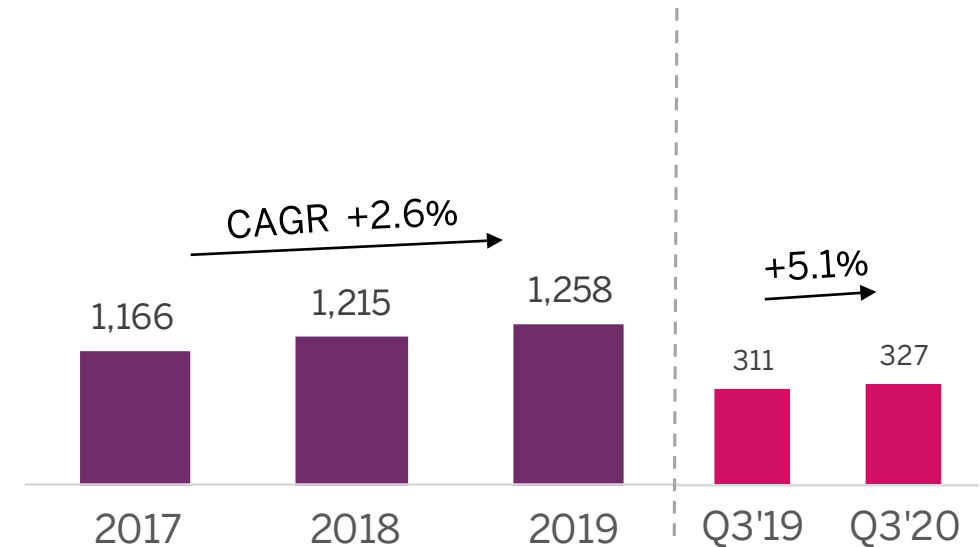
Cellular Service Revenues

M'NIS



Fixed Line Service Revenues

M'NIS



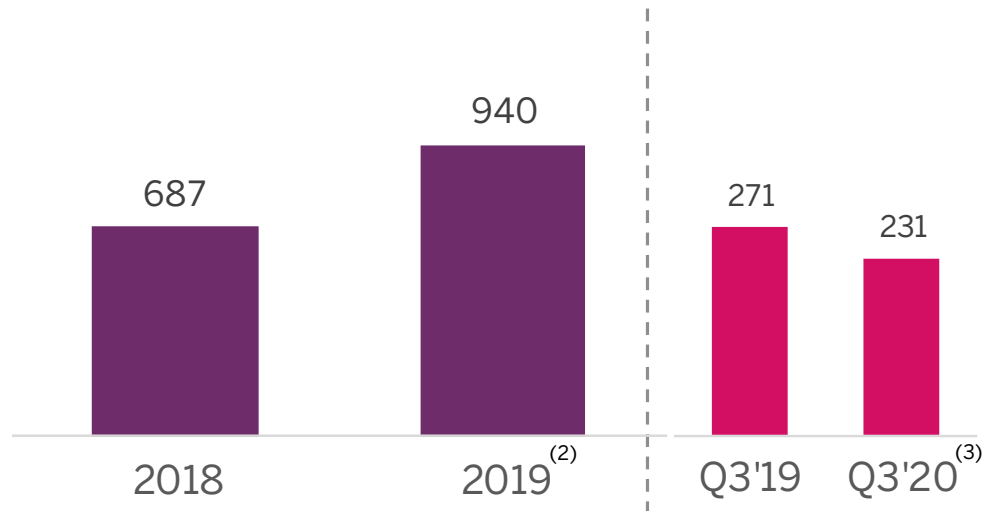
Based on company reports

(1) Cellular Service revenues in Q3'20 include one month of Golan revenues

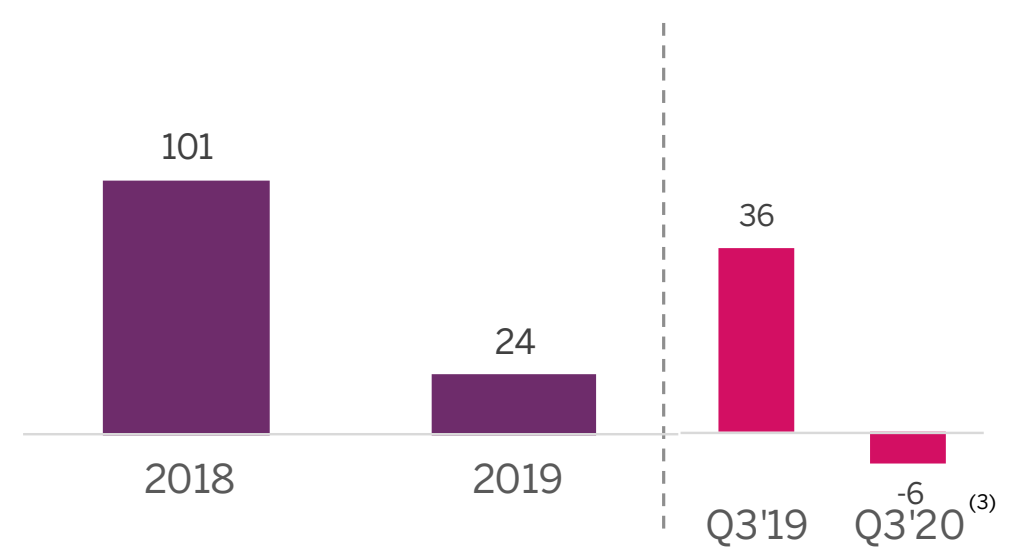
(2) Consolidated results with Golan as of acquisition date

Adjusted EBITDA and Operating Profit

Adjusted EBITDA M'NIS



Operating Profit M'NIS

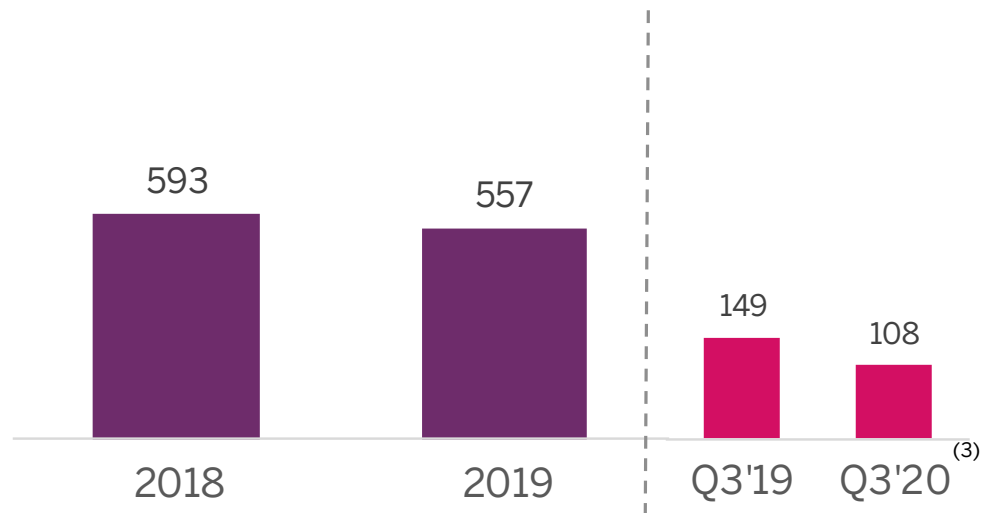


Based on company reports

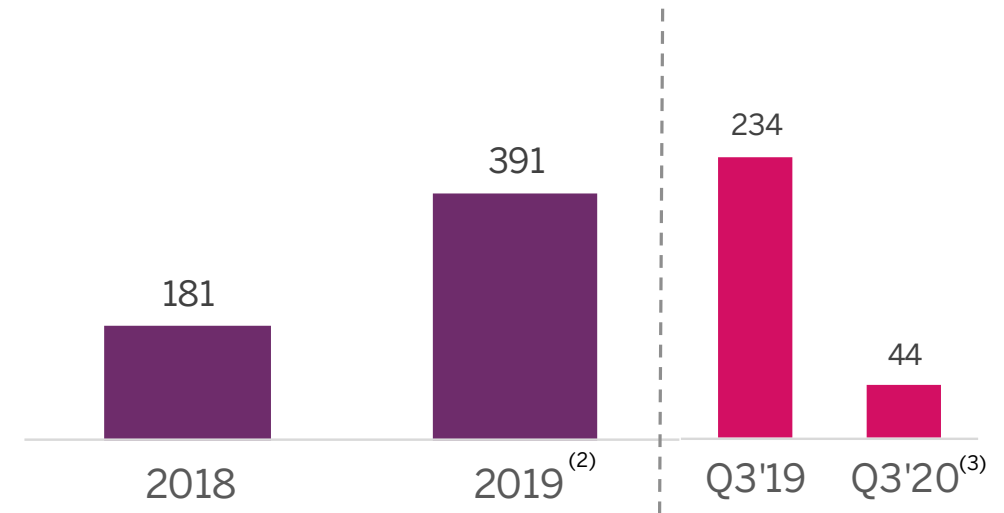
- (1) Please see "Use of Non-IFRS financial measures" section the company's quarterly report dated 13.08.2020.
- (2) Adjusted EBITDA figures from 2019 include impact of adoption of IFRS 16. For more details see the company's quarterly report dated 13.08.2020.
- (3) Consolidated results with Golan as of acquisition date

Capex and Free Cash Flow

Capex
M'NIS



Free Cash Flow⁽¹⁾
M'NIS



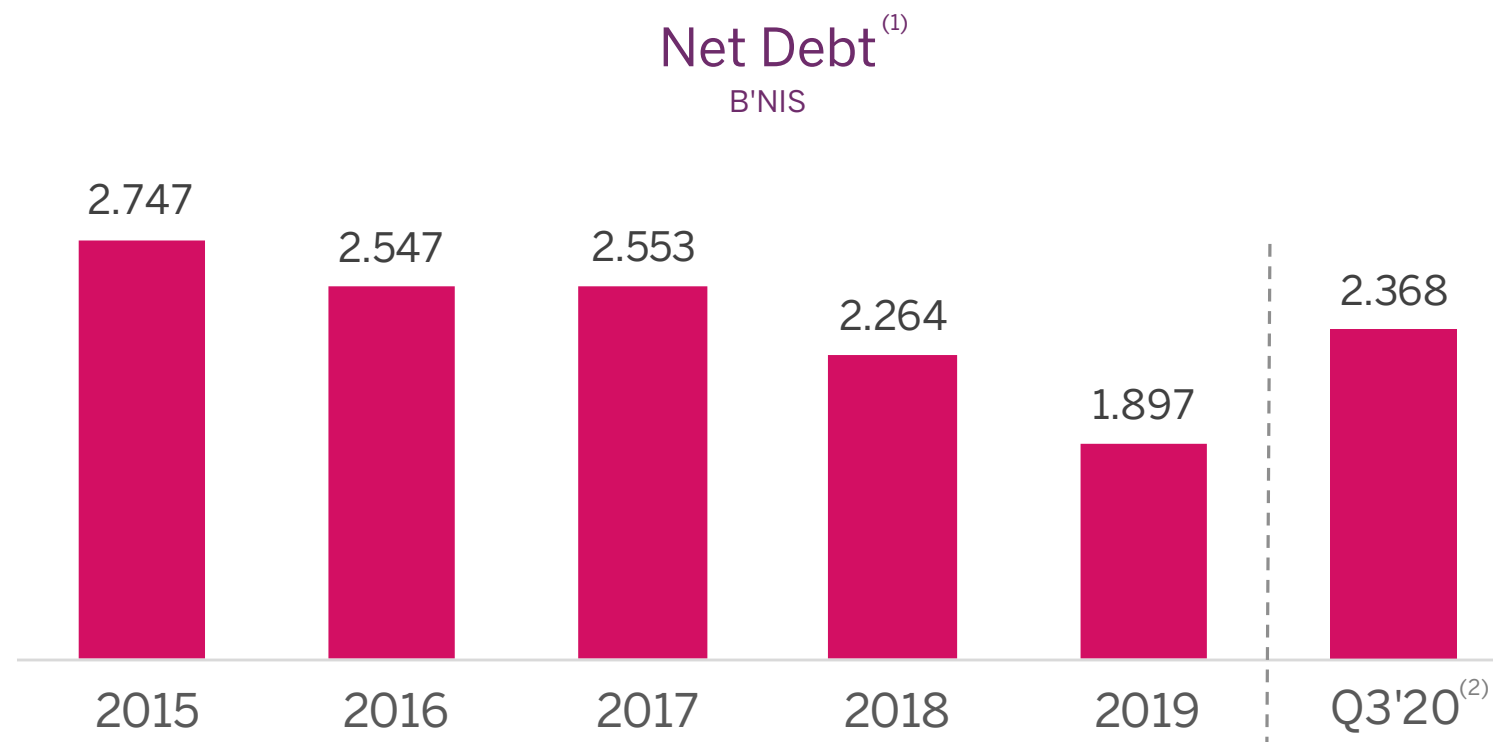
Based on company reports

(1) Please see "Use of Non-IFRS financial measures" section the company's quarterly report dated 13.08.2020

(2) Free cash flow for 2019 included an amount of approx. NIS 181 million from sale of independent fiber optic infrastructure of the company in residential areas to IBC

(3) Consolidated results with Golan as of acquisition date

Increase in Net financial Debt due to Golan Telecom Purchase



Based on company reports

(1) Net Debt defined as credit and loans from banks and others, debentures and interest payable, net of cash and cash equivalents and current investments in tradable securities.

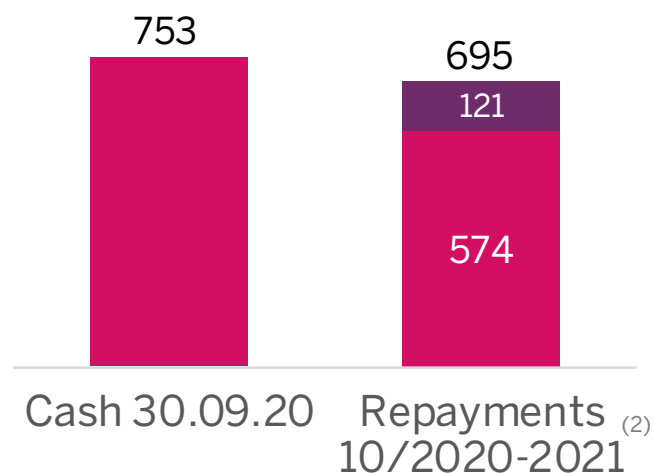
(2) In October 2020, the Company repaid in early repayment Part of the loan provided to the Company in March 2019 by an Israeli bank, under a loan agreement dated June 2017, in an amount of M'Nis 113.

Conservative Financial Policy

Cash vs. Debt repayment⁽¹⁾

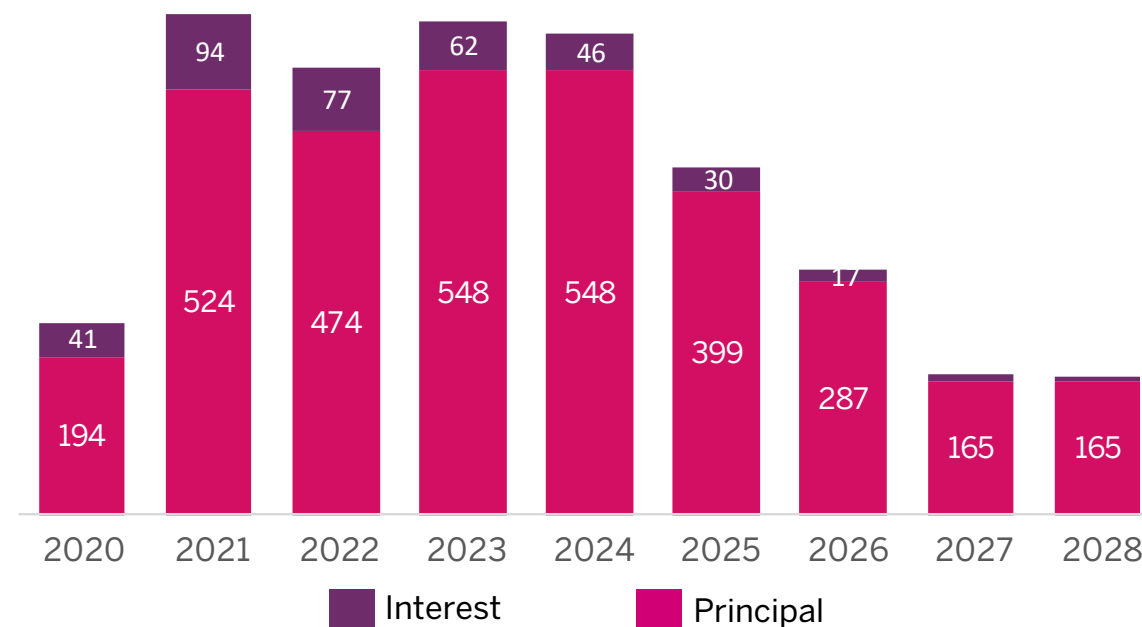
2020-2021

B'NIS



Debt Repayment Schedule⁽¹⁾

M'NIS



Based on company reports

(1) As of September 30, 2020

(2) In October 2020, the Company repaid in early repayment Part of the loan provided to the Company in March 2019 by an Israeli bank, under a loan agreement dated June 2017, in an amount of M'Nis 113.

Contact us

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