

PARTNER COMMUNICATIONS CO LTD

Form 6-K

November 21, 2018

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15a-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated

November 21, 2018

Partner Communications Company Ltd.

(Translation of Registrant's Name Into English)

8 Amal Street
Afeq Industrial Park
Rosh Ha'ayin 48103
Israel

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports
under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the information to the
Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the
registrant in connection with Rule 12g3-2(b): 82-_____)

This Form 6-K is incorporated by reference into the Company's Registration Statements on Form S-8 filed with the Securities and Exchange Commission on December 4, 2002 (Registration No. 333-101652), September 5, 2006 (Registration No. 333-137102), September 11, 2008 (Registration No. 333-153419), August 17, 2015 (Registration No. 333-206420), November 12, 2015 (Registration No. 333-207946), March 14, 2016 (Registration No. 333-210151) and on December 27, 2017 (Registration No. 333-222294)

Enclosure: Partner Communications reports third quarter 2018 results

PARTNER COMMUNICATIONS REPORTS
THIRD QUARTER 2018 RESULTS¹

ADJUSTED EBITDA² TOTALED NIS 201 MILLION

FIXED LINE SEGMENT ADJUSTED EBITDA INCREASED BY 12% COMPARED TO Q3'17

CELLULAR CHURN RATE DECLINED TO 8.0%

PARTNER'S CEO, ISAAC BENBENISTI, NOTED: "THE GROWTH IN HOUSEHOLDS CONNECTED TO PARTNER TV HAS ACCELERATED DURING THE THIRD QUARTER, AND AS OF TODAY, PARTNER TV HAS 118 THOUSAND HOUSEHOLDS CONNECTED TO THE SERVICE. 'PARTNER FIBER' INFRASTRUCTURE WHICH WAS LAUNCHED LAST YEAR, REACHES OVER 250 THOUSAND HOUSEHOLDS ACROSS ISRAEL AS OF TODAY."

Third quarter 2018 highlights (compared with third quarter 2017)

- Total Revenues: NIS 822 million (US\$ 227 million), a decrease of NIS 4 million
- Service Revenues: NIS 654 million (US\$ 180 million), a decrease of 2%
- Equipment Revenues: NIS 168 million (US\$ 46 million), an increase of 5%
- Total Operating Expenses (OPEX²): NIS 504 million (US\$ 139 million), an increase of 6%
- Adjusted EBITDA: NIS 201 million (US\$ 55 million), a decrease of 16%
- Adjusted EBITDA Margin²: 24% of total revenues compared with 29%
- Profit for the Period: NIS 26 million (US\$ 7 million), a decrease of NIS 28 million
- Net Debt²: NIS 898 million (US\$ 248 million), an increase of NIS 11 million
- Adjusted Free Cash Flow (before interest)²: NIS 70 million (US\$ 19 million), a decrease of NIS 132 million
- Cellular ARPU: NIS 60 (US\$ 17), a decrease of 6%
- Cellular Subscriber Base: approximately 2.65 million at quarter-end, a decrease of 1%
- TV Subscriber Base: 106 thousand households at quarter-end, an increase of 92 thousand households

¹ The quarterly financial results are unaudited.

² For the definition of this and other Non-GAAP financial measures, see "Use of Non-GAAP Financial Measures" in this press release.

Rosh Ha'ayin, Israel, November 21, 2018 – Partner Communications Company Ltd. (“Partner” or the “Company”) (NASDAQ and TASE: PTNR), a leading Israeli communications provider, announced today its results for the quarter ended September 30, 2018.

Commenting on the third quarter 2018 results, Mr. Isaac Benbenisti, CEO of Partner noted:

"The third quarter of 2018 results reflect encouraging figures in the cellular segment as well as the momentum in the Company's new growth engines, TV and fiber optic infrastructure.

In the cellular segment, in the third quarter we added 11 thousand Post-Paid subscribers to our subscriber base, on a net basis, along with growth in ARPU and a decline in churn rate. We are reporting the 13th consecutive quarter of growth in the number of Post-Paid subscribers, who enjoy Partner's advanced network with unique capabilities such as VoLTE and WiFi Calling - which are not offered by our competitors.

The growth in households connected to Partner TV has accelerated during the third quarter, and as of today, Partner TV has 118 thousand households connected to the service. Most of Partner TV's customers choose the service as part of a package, bundling TV and internet services, and some of them are connected to Partner TV using Partner fiber optic infrastructure. In addition, we launched this month a dedicated service enabling multi-channel TV to be viewed on a PC.

Our fiber optics infrastructure, 'Partner Fiber', which was launched last year, has shattered in record time the technological stagnation imposed on the Israeli consumer by the fixed line monopoly, and as of today it reaches over 250 thousand households across Israel. Our deployment proceeds at a rapid pace, and Partner's optic fibers are available to more and more households who can connect to internet service at a speed of up to 1,000 mbps.

The business customer division is expanding as well, and in the third quarter new customers have joined and existing customers services were expanded. This is attributable to Partner's integration capabilities and strategic collaborations with world leading manufacturers.

In addition, as part of the Company's strategy, we continue to examine new potential growth engines, among others, in the fintech and finance industries.”

Mr. Tamir Amar, Partner's Chief Financial Officer, commented on 2018 third quarter results:

“The third quarter results reflected the existing trends in the communications market and the progress in the Company's strategy and ongoing projects.

In the cellular segment, Partner recorded a decrease in the churn rate to 8.0% and, for the 13th consecutive quarter, a net increase in Post-Paid subscribers, as well as a net increase of 8 thousand cellular subscribers overall. These results followed the entrance of a new competitor during the second quarter, which resulted in an increase in the churn rate and an intensification of the level of competition in the second quarter 2018. However this effect was significantly moderated during the third quarter.

In the fixed line segment, Adjusted EBITDA increased by 12% in the third quarter compared to the third quarter of 2017, and by 22% compared to the second quarter of 2018. This growth resulted from continued growth in the number of households connected to Partner TV which led to an increase in revenues from internet and TV services.

In addition, we continue to deploy fiber optic infrastructure to residential areas, reaching over 200 thousand households by the end of the third quarter, and over 250 thousand households as of today. The deployment serves as a platform for the daily transfer of customers to our independent infrastructure which is expected to significantly improve the profitability of our internet and TV operations, enables a higher quality TV viewing experience for Partner's customers and provides an enhanced internet service.

The Company's Free Cash Flow totaled NIS 70 million in the third quarter, after taking into account all the Company's investments, including in fiber optics and TV – investments which remain relatively stable despite the increase in fiber optic deployment and the significant increase in the number of Partner's TV households.

We succeeded in maintaining Net Debt at a level below NIS 0.9 billion, while continuing to develop new growth engines and execute our buy-back plan which totaled NIS 67 million during the quarter. Overall, since the Company announced its buy-back plan in May 2018, we have acquired 6.5 million shares at a total cost of NIS 100 million (including commissions) at an average price of NIS 15.38 per share.”

| NIS Million | Q3'18 | Q2'18 | Comments |
|----------------------------------------------------|-------|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Service Revenues | 654 | 620 | The increase resulted from an increase in cellular service revenues as a result of seasonality and a one-time provision in Q2'18, as well as growth in fixed line service revenues |
| Equipment Revenues | 168 | 177 | The decline resulted from a decrease in working days due to Jewish holidays in September |
| Total Revenues | 822 | 797 | |
| Gross profit from equipment sales | 44 | 37 | The increase resulted from a change in product mix |
| OPEX | 504 | 492 | |
| Adjusted EBITDA | 201 | 172 | The increase reflected the increase in service revenues and gross profit from equipment, partially offset by the increase in OPEX |
| Profit for the Period | 26 | 2 | The increase mainly resulted from the increase in Adjusted EBITDA |
| Capital Expenditures (additions) | 111 | 98 | |
| Adjusted free cash flow (before interest payments) | 70 | 55 | The increase mainly reflected the increase in Adjusted EBITDA |
| Net Debt | 898 | 893 | |

| | Q3'18 | Q2'18 | Comments |
|-----------------------------------------------------------|-------|---------|----------------------------------------------------------------------------|
| Cellular Post-Paid Subscribers (end of period, thousands) | 2,349 | 2,338* | Increase of 11 thousand subscribers |
| Cellular Pre-Paid Subscribers (end of period, thousands) | 297 | 300 | Decrease of 3 thousand subscribers |
| Monthly Average Revenue per Cellular User (ARPU) (NIS) | 60 | 57 | The increase resulted from seasonality and a one-time provision in Q2 2018 |
| Quarterly Cellular Churn Rate (%) | 8.0 % | 10.1 %* | Decrease in both Post-Paid and Pre-Paid churn rates |

* See footnote in "Key Financial and Operating Indicators" table below.

Key Financial Results

| NIS MILLION (except EPS) | Q3'18 | Q3'17 | % Change | |
|-------------------------------------------|-------|-------|----------|---|
| | | | | |
| Revenues | 822 | 826 | 0 | % |
| Cost of revenues | 657 | 625 | +5 | % |
| Gross profit | 165 | 201 | -18 | % |
| Operating profit | 48 | 92 | -48 | % |
| Profit for the period | 26 | 54 | -52 | % |
| Earnings per share (basic, NIS) | 0.16 | 0.32 | | |
| Adjusted free cash flow (before interest) | 70 | 202 | -65 | % |

Key Operating Indicators

| | Q3'18 | Q3'17 | Change | |
|--------------------------------------------------------|-------|-------|--------|---|
| Adjusted EBITDA (NIS million) | 201 | 239 | -16 | % |
| Adjusted EBITDA (as a % of total revenues) | 24 % | 29 % | -5 | |
| Cellular Subscribers (end of period, thousands) | 2,646 | 2,677 | -31 | |
| Quarterly Cellular Churn Rate (%) | 8.0 % | 9.3 % | -1.3 | |
| Monthly Average Revenue per Cellular User (ARPU) (NIS) | 60 | 64 | -4 | |

Partner Consolidated Results

| NIS Million | Cellular Segment | | | Fixed-Line Segment | | | Elimination | | Consolidated | | |
|--------------------|------------------|-------|----------|--------------------|-------|----------|-------------|-------|--------------|-------|----------|
| | Q3'18 | Q3'17 | Change % | Q3'18 | Q3'17 | Change % | Q3'18 | Q3'17 | Q3'18 | Q3'17 | Change % |
| Total Revenues | 619 | 652 | -5 % | 245 | 216 | +13 % | (42) | (42) | 822 | 826 | 0 % |
| Service Revenues | 476 | 514 | -7 % | 220 | 194 | +13 % | (42) | (42) | 654 | 666 | -2 % |
| Equipment Revenues | 143 | 138 | +4 % | 25 | 22 | +14 % | - | - | 168 | 160 | +5 % |
| Operating Profit | 32 | 74 | -57 % | 16 | 18 | -11 % | - | - | 48 | 92 | -48 % |
| Adjusted EBITDA | 145 | 189 | -23 % | 56 | 50 | +12 % | - | - | 201 | 239 | -16 % |

Financial Review

In Q3 2018, total revenues were NIS 822 million (US\$ 227 million), a decrease of NIS 4 million from NIS 826 million in Q3 2017.

Service revenues in Q3 2018 totaled NIS 654 million (US\$ 180 million), a decrease of 2% from NIS 666 million in Q3 2017.

Service revenues for the cellular segment in Q3 2018 totaled NIS 476 million (US\$ 131 million), a decrease of 7% from NIS 514 million in Q3 2017. The decrease was mainly the result of the continued price erosion of cellular services (both Post-Paid and Pre-Paid) due to the continued competitive market conditions.

Service revenues for the fixed-line segment in Q3 2018 totaled NIS 220 million (US\$ 61 million), an increase of 13% from NIS 194 million in Q3 2017. The increase reflected revenues from TV services (which started in Q3 2017) and internet services, which were partially offset principally by the decline in revenues from international calling services.

Equipment revenues in Q3 2018 totaled NIS 168 million (US\$ 46 million), an increase of 5% from NIS 160 million in Q3 2017, largely reflecting higher volumes of equipment sales as well as a change in the product mix.

Gross profit from equipment sales in Q3 2018 was NIS 44 million (US\$ 12 million), compared with NIS 43 million in Q3 2017, an increase of 2%, mainly reflecting higher sales volumes.

Total operating expenses ('OPEX') totaled NIS 504 million (US\$ 139 million) in Q3 2018, an increase of 6% or NIS 27 million from Q3 2017. The increase mainly reflected additional expenses relating to the Company's TV service and the growth in internet services and a nonrecurring reduction in site-rental expenses in Q3 2017, partially offset by a decrease in international calling services expenses. Including depreciation and amortization expenses and other expenses (mainly amortization of employee share based compensation), OPEX in Q3 2018 increased by 5% compared with Q3 2017.

Operating profit for Q3 2018 was NIS 48 million (US\$ 13 million), a decrease of 48% compared with NIS 92 million in Q3 2017. See Adjusted EBITDA analysis for each segment below.

Adjusted EBITDA in Q3 2018 totaled NIS 201 million (US\$ 55 million), a decrease of 16% from NIS 239 million in Q3 2017. As a percentage of total revenues, Adjusted EBITDA in Q3 2018 was 24% compared with 29% in Q3 2017.

Adjusted EBITDA for the cellular segment was NIS 145 million (US\$ 40 million) in Q3 2018, a decrease of 23% from NIS 189 million in Q3 2017, mainly reflecting the decrease in cellular service revenues and a nonrecurring reduction in site-rental expenses in Q3 2017, partially offset by a decline in other cellular OPEX. As a percentage of total cellular segment revenues, Adjusted EBITDA for the cellular segment in Q3 2018 was 23% compared with 29% in Q3 2017.

Adjusted EBITDA for the fixed-line segment was NIS 56 million (US\$ 15 million) in Q3 2018, an increase of 12% from NIS 50 million in Q3 2017, mainly reflecting the increase in fixed line service revenues, partially offset by an increase in OPEX. As a percentage of total fixed-line segment revenues, Adjusted EBITDA for the fixed-line segment in Q3 2018 was 23%, unchanged from Q3 2017.

Finance costs, net in Q3 2018 were NIS 10 million (US\$ 3 million), a decrease of 33% compared with NIS 15 million in Q3 2017. The decrease largely reflected lower interest expenses in view of the lower debt level and lower average debt interest rate, partially offset by an increase in foreign exchange rate expenses and higher linkage expenses due to a higher CPI level.

Income tax expenses for Q3 2018 were NIS 12 million (US\$ 3 million), compared with NIS 23 million in Q3 2017.

Profit in Q3 2018 was NIS 26 million (US\$ 7 million), compared with NIS 54 million in Q3 2017, a decrease of NIS 28 million.

Based on the weighted average number of shares outstanding during Q3 2018, basic earnings per share or ADS, was NIS 0.16 (US\$ 0.04), compared with basic earnings per share of NIS 0.32 in Q3 2017.

Cellular Segment Operational Review

At the end of Q3 2018, the Company's cellular subscriber base (including mobile data and 012 Mobile subscribers) was approximately 2.65 million, including approximately 2.35 million Post-Paid subscribers or 89% of the base, and approximately 297 thousand Pre-Paid subscribers, or 11% of the subscriber base.

During the third quarter of 2018, the cellular subscriber base increased by approximately 8 thousand subscribers. The Post-Paid subscriber base increased by approximately 11 thousand subscribers, while the Pre-Paid subscriber base decreased by approximately 3 thousand subscribers.

The quarterly churn rate for cellular subscribers in Q3 2018 was 8.0%, compared with 9.3% in Q3 2017.

The cellular market share (based on the number of subscribers) at the end of Q3 2018 was estimated to be approximately 25%, compared to 26% in Q3 2017.

The monthly Average Revenue per User ("ARPU") for cellular subscribers in Q3 2018 was NIS 60 (US\$ 17), a decrease of 6% from NIS 64 in Q3 2017. The decrease mainly reflected the continued price erosion in key cellular services due to the competition in the cellular market.

Funding and Investing Review

In Q3 2018, Adjusted Free Cash Flow totaled NIS 70 million (US\$ 19 million), a decrease of 65% from NIS 202 million in Q3 2017.

Cash generated from operating activities decreased by 39% to NIS 188 million (US\$ 52 million) in Q3 2018 from NIS 306 million in Q3 2017. The decrease mainly reflected the increase in operating assets and liabilities and the decrease in Adjusted EBITDA.

Cash capital expenditures ('CAPEX payments'), as represented by cash flows used for the acquisition of property and equipment and intangible assets, were NIS 117 million (US\$ 32 million) in Q3 2018, an increase of 11% from NIS 105 million in Q3 2017.

The level of Net Debt at the end of Q3 2018 amounted to NIS 898 million (US\$ 248 million), compared with NIS 887 million at the end of Q3 2017.

IFRS 16

IFRS 16, Leases ("the Standard"), was issued in January 2016 and will supersede IAS 17 Leases. The Standard is mandatory for financial years commencing on or after January 1, 2019, and early application is permitted. The Company will adopt the standard from its mandatory adoption date of January 1, 2019 (transition date).

The Standard removes the distinction between operating and finance leases for lessees. Under the new Standard, with certain exceptions, the assets (the right to use the leased item) and the financial liabilities to pay rentals will be recognized in our Statement of Financial Position, and are expected to be material. The accounting for lessors will not change significantly. In our Statement of Income, finance costs on the financial liabilities and depreciation expenses related to the rights-of-use assets will be recognized in place of rental expenses. In our Statement of Cash Flows, rental payments will be recognized as repayment of the financial liabilities and will be presented as cash used in financing activities in place of cash provided by operating activities. The implementation of the new Standard is expected to have a material positive impact on our operating profit and Adjusted EBITDA. Our profit is not expected to be materially affected.

The Company is in the process of implementing the required adjustments into the Company's information systems.

The Company plans to apply the Standard using the modified retrospective approach and will not restate comparative amounts for the years prior to the transition date. Any transitional adjustments will be recognized in retained earnings with the cumulative effect as of the transition date.

The Company estimates that the implementation of the standard will result in a decrease in lease expenses in 2019 of approximately between NIS 70 million and NIS 80 million, and an increase in amortization expenses and finance costs in 2019 in a total amount of approximately between NIS 70 and NIS 80 million; and on the statement of financial position a right-of-use asset and corresponding lease liability are expected to be recognized in amounts of approximately between NIS 300 million and NIS 350 million.

In addition, further material effect is expected to occur in the stand alone financial statements of PHI (P.H.I. Networks (2015) Limited Partnership, held 50% by the Company ("PHI")) which operates a substantial number of the Company's cell-sites. The total contractual undiscounted estimated lease payments of PHI are approximately between NIS 690 million and NIS 730 million. PHI management estimates that the total contractual lease expenses in 2019 will decrease in the amount of approximately between NIS 140 million to NIS 160 million and the amortization and finance expenses will increase in an amount which is still under evaluation by PHI management.

The aforementioned amounts are estimates and not final and therefore may change.

Conference Call Details

Partner will hold a conference call on Wednesday, November 21, 2018 at 10.00AM Eastern Time / 5.00PM Israel Time.

To join the call, please dial the following numbers (at least 10 minutes before the scheduled time):

International: +972.3.918.0610

North America toll-free: +1.888.668.9141

A live webcast of the call will also be available on Partner's Investors Relations website at:

www.partner.co.il/en/Investors-Relations/lobby/

If you are unavailable to join live, the replay of the call will be available from November 21, 2018 until December 5, 2018, at the following numbers:

International: +972.3.925.5929

North America toll-free: +1.888.326.9310

In addition, the archived webcast of the call will be available on Partner's Investor Relations website at the above address for approximately three months.

Forward-Looking Statements

This press release includes forward-looking statements within the meaning of Section 27A of the US Securities Act of 1933, as amended, Section 21E of the US Securities Exchange Act of 1934, as amended, and the safe harbor provisions of the US Private Securities Litigation Reform Act of 1995. Words such as "estimate", "believe", "anticipate", "expect", "intend", "seek", "will", "plan", "could", "may", "project", "goal", "target" and similar expressions often identify forward-looking statements but are not the only way we identify these statements. Specific statements have been made regarding the examination of new potential growth engines, among others in the fintech and financial sectors; the expectation that the transfer of additional subscribers to our independent fiber optic infrastructure will significantly improve the profitability of our internet and TV operations and provide a higher quality TV viewing experience for our customers and better internet service and with respect to the expected effects of the implementation of the IFRS 16 standard on the results of the Company and PHI and on their financial statements; In addition, all statements other than statements of historical fact included in this press release regarding our future performance are forward-looking statements. We have based these forward-looking statements on our current knowledge and our present beliefs and expectations regarding possible future events. These forward-looking statements are subject to risks, uncertainties and assumptions, including, the availability of financing to enable the Company to pursue the anticipated pace and volume of the Company's fiber optic infrastructure deployment; the absence of changes in the competitive and regulatory environment which would prevent the Company from continuing its accelerated optic fiber infrastructure deployment; the Company's ability to continue to realize the anticipated benefits from the investment in the Company's fiber optic infrastructure and TV service; whether the Company will have the financial resources needed to continue to increase the number of customers served by its fiber optic infrastructure; as well as the risks entailed in the entry into new sectors and markets. The future results may differ materially from those anticipated herein. For further information regarding risks, uncertainties and assumptions about Partner, trends in the Israeli telecommunications industry in general, the impact of current global economic conditions and possible regulatory and legal developments, and other risks we face, see "Item 3. Key Information - 3D. Risk Factors", "Item 4. Information on the Company", "Item 5. Operating and Financial Review and Prospects", "Item 8. Financial Information - 8A. Consolidated Financial Statements and Other Financial Information - 8A.1 Legal and Administrative Proceedings" and "Item 11. Quantitative and Qualitative Disclosures about Market Risk" in the Company's Annual Reports on Form 20-F filed with the SEC, as well as its immediate reports on Form 6-K furnished to the SEC. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. The quarterly financial results presented in this press release are unaudited financial results. The results were prepared in accordance with IFRS, other than the non-GAAP financial measures presented in the section, "Use of Non-GAAP Financial Measures".

The financial information is presented in NIS millions (unless otherwise stated) and the figures presented are rounded accordingly.

The convenience translations of the New Israeli Shekel (NIS) figures into US Dollars were made at the rate of exchange prevailing at September 30, 2018: US \$1.00 equals NIS 3.627. The translations were made purely for the convenience of the reader.

Use of Non-GAAP Financial Measures

The following non-GAAP measures are used in this report. These measures are not financial measures under IFRS and may not be comparable to other similarly titled measures for other companies. Further, the measures may not be indicative of the Company's historic operating results nor are meant to be predictive of potential future results.

| Non-GAAP Measure | Calculation | Most Comparable IFRS Financial Measure |
|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|
| Adjusted EBITDA* | Adjusted EBITDA: Profit (Loss) add Income tax expenses, Finance costs, net, Depreciation and amortization expenses (including amortization of intangible assets, deferred expenses-right of use and impairment charges), Other expenses (mainly amortization of share based compensation) | Profit (Loss) |
| Adjusted EBITDA margin (%) | Adjusted EBITDA margin (%): Adjusted EBITDA divided by Total revenues | |
| Adjusted Free Cash Flow** | Adjusted Free Cash Flow: Cash flows from operating activities deduct Cash flows from investing activities add Short-term investment in (proceeds from) deposits | Cash flows from operating activities deduct Cash flows from investing activities |
| Total Operating Expenses (OPEX) | Total Operating Expenses: Cost of service revenues add Selling and marketing expenses add General and administrative expenses deduct Depreciation and amortization expenses, Other expenses (mainly amortization of employee share based compensation) | Sum of: Cost of service revenues, Selling and marketing expenses, General and administrative expenses |
| Net Debt | Net Debt: Current maturities of notes payable and borrowings add Notes payable add Borrowings from banks and others deduct Cash and cash equivalents deduct Short-term deposits | Sum of: Current maturities of notes payable and borrowings, Notes payable, Borrowings from banks and others |

* Adjusted EBITDA is fully comparable with EBITDA measure which was provided in reports for prior periods.

** Adjusted Free Cash Flow measure is fully comparable to Free Cash Flow measure which was provided in reports for prior periods.

About Partner Communications

Partner Communications Company Ltd. is a leading Israeli provider of telecommunications services (cellular, fixed-line telephony, internet services and television services). Partner's ADSs are quoted on the NASDAQ Global Select Market™ and its shares are traded on the Tel Aviv Stock Exchange (NASDAQ and TASE: PTNR).

For more information about Partner, see: <http://www.partner.co.il/en/Investors-Relations/lobby>

Contacts:

Tamir Amar Liat Glazer Shaft
Chief Financial Officer Head of Investor Relations and Corporate Projects
Tel: +972-54-781-4951 Tel: +972-54-781-5051
E-mail: investors@partner.co.il

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | New Israeli Shekels | December 31, 2017 (Audited) | Convenience translation into U.S. Dollars September 30, 2018 (Unaudited) |
|----------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------|
| | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | September 30, 2018 (Unaudited) |
| | In millions | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 361 | 867 | 100 |
| Short-term deposits | 291 | 150 | 80 |
| Trade receivables | 679 | 808 | 187 |
| Other receivables and prepaid expenses | 49 | 48 | 14 |
| Deferred expenses – right of use | 46 | 43 | 13 |
| Inventories | 80 | 93 | 22 |
| | 1,506 | 2,009 | 416 |
| NON CURRENT ASSETS | | | |
| Trade receivables | 251 | 232 | 68 |
| Prepaid expenses and other | 6 | 5 | 2 |
| Deferred expenses – right of use | 176 | 133 | 49 |
| Property and equipment | 1,157 | 1,180 | 319 |
| Intangible and other assets | 634 | 697 | 175 |
| Goodwill | 409 | 407 | 113 |
| Deferred income tax asset | 37 | 55 | 10 |
| | 2,670 | 2,709 | 736 |
| TOTAL ASSETS | 4,176 | 4,718 | 1,152 |

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | New Israeli Shekels | December 31, 2017 (Audited) | Convenience translation into U.S. Dollars September 30, 2018 (Unaudited) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------|
| | September 30, 2018 (Unaudited) | December 31, 2017 (Audited) | September 30, 2018 (Unaudited) |
| | In millions | | |
| CURRENT LIABILITIES | | | |
| Current maturities of notes payable and borrowings | 371 | 705 | 102 |
| Trade payables | 706 | 787 | 195 |
| Payables in respect of employees | 58 | 91 | 16 |
| Other payables (mainly institutions) | 36 | 31 | 10 |
| Income tax payable | 57 | 50 | 16 |
| Deferred revenues from HOT mobile | 31 | 31 | 9 |
| Other deferred revenues | 39 | 41 | 11 |
| Provisions | 69 | 75 | 19 |
| | 1,367 | 1,811 | 378 |
| NON CURRENT LIABILITIES | | | |
| Notes payable | 975 | 975 | 269 |
| Borrowings from banks and others | 204 | 243 | 56 |
| Liability for employee rights upon retirement, net | 41 | 40 | 11 |
| Dismantling and restoring sites obligation | 20 | 27 | 6 |
| Deferred revenues from HOT mobile | 141 | 164 | 39 |
| Other non-current liabilities | 27 | 24 | 7 |
| | 1,408 | 1,473 | 388 |
| TOTAL LIABILITIES | 2,775 | 3,284 | 766 |
| EQUITY | | | |
| Share capital - ordinary shares of NIS 0.01 par value: authorized - December 31, 2017 and September 30, 2018 - 235,000,000 shares; issued and outstanding - | 2 | 2 | 1 |
| December 31, 2017 – **168,243,913 shares September 30, 2018 – **163,154,257 shares | | | |
| Capital surplus | 1,131 | 1,164 | 312 |
| Accumulated retained earnings | 539 | 491 | 148 |
| Treasury shares, at cost | | | |
| December 31, 2017 – ***2,850,472 shares September 30, 2018 – ***7,943,348 shares | (272) | (223) | (75) |
| Non-controlling interests | 1 | | * |
| TOTAL EQUITY | 1,401 | 1,434 | 386 |
| TOTAL LIABILITIES AND EQUITY | 4,176 | 4,718 | 1,152 |

*Representing an amount of less than 1 million.

**Net of treasury shares.

Including, restricted shares in amount of 1,376,381 and 1,038,219 as of and December 31, 2017 and

*** September 30, 2018, respectively, held by a trustee under the Company's Equity Incentive Plan, such shares may become outstanding upon completion of vesting conditions.

PARTNER COMMUNICATIONS COMPANY LTD.
(An Israeli Corporation)
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|--------------------------------------------------------------|-----------------------------------------|-------------|-----------------------------------------|-------------|-------------------------------------------|-----------------------------------------|
| | 9 month period ended September 30, 2018 | | 3 month period ended September 30, 2017 | | 9 month period ended September 30, 2018 | 3 month period ended September 30, 2018 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions (except per share data) | | | | | |
| Revenues, net | 2,445 | 2,434 | 822 | 826 | 674 | 227 |
| Cost of revenues | 2,006 | 1,916 | 657 | 625 | 553 | 182 |
| Gross profit | 439 | 518 | 165 | 201 | 121 | 45 |
| Selling and marketing expenses | 221 | 189 | 78 | 70 | 61 | 21 |
| General and administrative expenses | 137 | 146 | 46 | 46 | 38 | 13 |
| Income with respect to settlement agreement with Orange | | 108 | | | | |
| Other income, net | 21 | 24 | 7 | 7 | 6 | 2 |
| Operating profit | 102 | 315 | 48 | 92 | 28 | 13 |
| Finance income | 4 | 4 | 1 | 5 | 1 | * |
| Finance expenses | 45 | 96 | 11 | 20 | 12 | 3 |
| Finance costs, net | 41 | 92 | 10 | 15 | 11 | 3 |
| Profit before income tax | 61 | 223 | 38 | 77 | 17 | 10 |
| Income tax expenses | 24 | 59 | 12 | 23 | 7 | 3 |
| Profit for the period | 37 | 164 | 26 | 54 | 10 | 7 |
| Attributable to: | | | | | | |
| Owners of the Company | 37 | 164 | 26 | 54 | 10 | 7 |
| Non-controlling interests | * | | * | | * | * |
| Profit for the period | 37 | 164 | 26 | 54 | 10 | 7 |
| Earnings per share | | | | | | |
| Basic | 0.22 | 1.02 | 0.16 | 0.32 | 0.06 | 0.04 |
| Diluted | 0.22 | 1.01 | 0.16 | 0.32 | 0.06 | 0.04 |
| Weighted average number of shares outstanding (in thousands) | | | | | | |
| Basic | 167,137 | 161,002 | 164,785 | 167,371 | 167,137 | 164,785 |
| Diluted | 168,047 | 162,745 | 165,611 | 168,815 | 168,047 | 165,611 |

* Representing an amount of less than 1 million.

PARTNER COMMUNICATIONS COMPANY LTD.
 (An Israeli Corporation)
 INTERIM CONDENSED CONSOLIDATED STATEMENTS
 OF COMPREHENSIVE INCOME

| | New Israeli shekels | | | | Convenience translation into U.S. dollars | |
|--------------------------------------------------------------|-----------------------------------------|-------------|-----------------------------------------|-------------|-------------------------------------------|-----------------------------------------|
| | 9 month period ended September 30, 2018 | | 3 month period ended September 30, 2017 | | 9 month period ended September 30, 2018 | 3 month period ended September 30, 2018 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| Profit for the period | 37 | 164 | 26 | 54 | 10 | 7 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 37 | 164 | 26 | 54 | 10 | 7 |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | 37 | 164 | 26 | 54 | 10 | 7 |
| Non-controlling interests | * | - | * | - | * | * |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 37 | 164 | 26 | 54 | 10 | 7 |

* Representing an amount of less than 1 million.

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM SEGMENT INFORMATION & ADJUSTED EBITDA RECONCILIATION

| | New Israeli Shekels Nine months ended September 30, 2018 In millions (Unaudited) | | | | New Israeli Shekels Nine months ended September 30, 2017 In millions (Unaudited) | | | |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------|-------------------------|-------------------------------------------------------------------------------------------|----------------------------------|------------------------------------------------|-------------------------|
| | Fixed Cellular line segment | Reconciliation for segment | consolidation of consolidated segment | consolidated segment | Fixed Cellular line segment | Reconciliation for segment | consolidation of consolidated segment | consolidated segment |
| Segment revenue - Services | 1,384 | 515 | | 1,899 | 1,487 | 465 | | 1,952 |
| Inter-segment revenue - Services | 12 | 117 | (129) | | 13 | 115 | (128) | |
| Segment revenue - Equipment | 478 | 68 | | 546 | 428 | 54 | | 482 |
| Total revenues | 1,874 | 700 | (129) | 2,445 | 1,928 | 634 | (128) | 2,434 |
| Segment cost of revenues – Services | 1,072 | 512 | | 1,584 | 1,093 | 443 | | 1,536 |
| Inter-segment cost of revenues- Services | 116 | 13 | (129) | | 114 | 14 | (128) | |
| Segment cost of revenues - Equipment | 377 | 45 | | 422 | 342 | 38 | | 380 |
| Cost of revenues | 1,565 | 570 | (129) | 2,006 | 1,549 | 495 | (128) | 1,916 |
| Gross profit | 309 | 130 | | 439 | 379 | 139 | | 518 |
| Operating expenses (3) | 261 | 97 | | 358 | 268 | 67 | | 335 |
| Income with respect to settlement agreement with Orange | | | | | 108 | | | 108 |
| Other income, net | 18 | 3 | | 21 | 23 | 1 | | 24 |
| Operating profit | 66 | 36 | | 102 | 242 | 73 | | 315 |
| Adjustments to presentation of segment Adjusted EBITDA | | | | | | | | |
| –Depreciation and amortization | 328 | 109 | | | 327 | 100 | | |
| –Other (1) | 11 | | | | 17 | | | |
| Segment Adjusted EBITDA (2) | 405 | 145 | | | 586 | 173 | | |
| Reconciliation of segment subtotal Adjusted EBITDA to profit for the period | | | | | | | | |
| Segments subtotal Adjusted EBITDA (2) | | | | 550 | | | | 759 |
| - Depreciation and amortization | | | | (437) | | | | (427) |
| - Finance costs, net | | | | (41) | | | | (92) |
| - Income tax expenses | | | | (24) | | | | (59) |
| - Other (1) | | | | (11) | | | | (17) |
| Profit for the period | | | | 37 | | | | 164 |

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM SEGMENT INFORMATION & ADJUSTED EBITDA RECONCILIATION

| | New Israeli Shekels | | | | New Israeli Shekels | | | |
|-----------------------------------------------------------------------------|---------------------------------------|--------------------|----------------------------------|--------------|---------------------------------------|--------------------|----------------------------------|--------------|
| | Three months ended September 30, 2018 | | | | Three months ended September 30, 2017 | | | |
| | In millions (Unaudited) | | | | In millions (Unaudited) | | | |
| | Cellular segment | Fixed line segment | Reconciliation for consolidation | Consolidated | Cellular segment | Fixed line segment | Reconciliation for consolidation | Consolidated |
| Segment revenue - Services | 473 | 181 | | 654 | 510 | 156 | | 666 |
| Inter-segment revenue - Services | 3 | 39 | (42) | | 4 | 38 | (42) | |
| Segment revenue - Equipment | 143 | 25 | | 168 | 138 | 22 | | 160 |
| Total revenues | 619 | 245 | (42) | 822 | 652 | 216 | (42) | 826 |
| Segment cost of revenues – Services | 355 | 178 | | 533 | 358 | 150 | | 508 |
| Inter-segment cost of revenues- Services | 38 | 4 | (42) | | 38 | 4 | (42) | |
| Segment cost of revenues - Equipment | 111 | 13 | | 124 | 102 | 15 | | 117 |
| Cost of revenues | 504 | 195 | (42) | 657 | 498 | 169 | (42) | 625 |
| Gross profit | 115 | 50 | | 165 | 154 | 47 | | 201 |
| Operating expenses (3) | 88 | 36 | | 124 | 87 | 29 | | 116 |
| Other income, net | 5 | 2 | | 7 | 7 | * | | 7 |
| Operating profit | 32 | 16 | | 48 | 74 | 18 | | 92 |
| Adjustments to presentation of segment Adjusted EBITDA | | | | | | | | |
| –Depreciation and amortization | 109 | 40 | | | 109 | 32 | | |
| –Other (1) | 4 | | | | 6 | | | |
| Segment Adjusted EBITDA (2) | 145 | 56 | | | 189 | 50 | | |
| Reconciliation of segment subtotal Adjusted EBITDA to profit for the period | | | | | | | | |
| Segments subtotal Adjusted EBITDA (2) | | | | 201 | | | | 239 |
| - Depreciation and amortization | | | | (149) | | | | (141) |
| - Finance costs, net | | | | (10) | | | | (15) |
| - Income tax expenses | | | | (12) | | | | (23) |
| - Other (1) | | | | (4) | | | | (6) |
| Profit for the period | | | | 26 | | | | 54 |

* Representing an amount of less than 1 million.

(1) Mainly amortization of employee share based compensation.

(2) Adjusted EBITDA as reviewed by the CODM represents Earnings Before Interest (finance costs, net), Taxes, Depreciation and Amortization (including amortization of intangible assets, deferred expenses-right of use and impairment charges) and Other expenses (mainly amortization of share based compensation). Adjusted EBITDA is not a financial measure under IFRS and may not be comparable to other similarly titled measures for other companies. Adjusted EBITDA may not be indicative of the Group's historic operating results nor is it meant to be predictive of potential future results. The usage of the term "Adjusted EBITDA" is to highlight the fact that the Amortization includes amortization of deferred expenses – right of use and amortization of employee share based compensation and impairment charges; it is fully comparable to EBITDA information which has been previously provided for prior periods.

(3) Operating expenses include selling and marketing expenses and general and administrative expenses.

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

| | New Israeli Shekels | | Convenience translation into U.S. Dollars | |
|----------------------------------------------------------------|------------------------------|--------------|----------------------------------------------------|--------------|
| | 9 months ended September 30, | | 2018 | |
| | 2018 | 2017 | (Unaudited) | (Unaudited) |
| | (Unaudited) | | | |
| | In millions | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash generated from operations (Appendix) | 504 | 804 | 140 | |
| Income tax paid | * | (7) |) | * |
| Net cash provided by operating activities | 504 | 797 | 140 | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Acquisition of property and equipment | (241) | (146) |) | (66) |
| Acquisition of intangible and other assets | (118) | (117) |) | (33) |
| Proceeds from (investment in) short-term deposits, net | (141) | 302 | | (39) |
| Interest received | 1 | 2 | | * |
| Consideration received from sales of property and equipment | 3 | * | | 1 |
| Payment for acquisition of subsidiary, net of cash acquired | (3) |) | | (1) |
| Net cash provided by (used in) investing activities | (499) | 41 | | (138) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Share issuance | | 190 | | |
| Acquisition of treasury shares | (82) |) | | (23) |
| Interest paid | (54) |) | (85) |) |
| Proceeds from issuance of notes payable, net of issuance costs | | 252 | | |
| Repayment of non-current borrowings | (375) | (901) |) | (103) |
| Net cash used in financing activities | (511) | (544) |) | (141) |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (506) | 294 | | (139) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 867 | 716 | | 239 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 361 | 1,010 | | 100 |

* Representing an amount of less than 1 million.

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Appendix - Cash generated from operations and supplemental information

| | New Israeli Shekels | | Convenience translation into U.S. Dollars |
|------------------------------------------------------------------|------------------------------|-------|----------------------------------------------------|
| | 9 months ended September 30, | | |
| | 2018 | 2017 | 2018 |
| | (Unaudited) | | (Unaudited) |
| | In millions | | |
| Cash generated from operations: | | | |
| Profit for the period | 37 | 164 | 10 |
| Adjustments for: | | | |
| Depreciation and amortization | 406 | 399 | 112 |
| Amortization of deferred expenses - Right of use | 31 | 28 | 9 |
| Employee share based compensation expenses | 11 | 16 | 3 |
| Liability for employee rights upon retirement, net | 1 | (3) | * |
| Finance costs, net | (1) | (3) | * |
| Change in fair value of derivative financial instruments | | (1) | |
| Interest paid | 54 | 85 | 15 |
| Interest received | 2 | (2) | 1 |
| Deferred income taxes | 17 | 14 | 5 |
| Income tax paid | | 7 | |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in accounts receivable: | | | |
| Trade | 110 | 276 | 30 |
| Other | (2) | (5) | (1) |
| Increase (decrease) in accounts payable and accruals: | | | |
| Trade | (46) | 45 | (13) |
| Other payables | (29) | (49) | (8) |
| Provisions | (6) | 1 | (2) |
| Deferred income with respect to settlement agreement with Orange | | (108) | |
| Deferred revenues from HOT mobile | (23) | (23) | (6) |
| Other deferred revenues | (1) | 5 | * |
| Increase in deferred expenses - Right of use | (77) | (86) | (21) |
| Current income tax | 7 | 38 | 2 |
| Decrease in inventories | 13 | 6 | 4 |
| Cash generated from operations | 504 | 804 | 140 |

* Representing an amount of less than 1 million.

At September 30, 2018 and 2017, trade and other payables include NIS 130 million (\$36 million) and NIS 102 million, respectively, in respect of acquisition of intangible assets and property and equipment; payments in respect thereof are presented in cash flows from investing activities.

These balances are recognized in the cash flow statements upon payment.

Reconciliation of Non-GAAP Measures:

| <u>Adjusted Free Cash Flow</u> | New Israeli Shekels | | | | Convenience translation into U.S. Dollars | Convenience translation into U.S. Dollars |
|-------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| | 9 months period ended September 30, 2018 (Unaudited) | 9 months period ended September 30, 2017 (Unaudited) | 3 months period ended September 30, 2018 (Unaudited) | 3 months period ended September 30, 2017 (Unaudited) | 9 months period ended September 30, 2018 (Unaudited) | 3 months period ended September 30, 2018 (Unaudited) |
| | In millions | | | | | |
| Net cash provided by operating activities | 504 | 797 | 188 | 306 | 140 | 52 |
| Net cash used in investing activities | (499) | 41 | (118) | (254) | (138) | (33) |
| Short-term investment in deposits | 141 | (302) | | 150 | 39 | |
| Adjusted Free Cash Flow | 146 | 536 | 70 | 202 | 41 | 19 |
| Interest paid | (54) | (85) | (8) | (10) | (15) | (2) |
| Adjusted Free Cash Flow After Interest | 92 | 451 | 62 | 192 | 26 | 17 |

| <u>Total Operating Expenses (OPEX)</u> | New Israeli Shekels | | | | Convenience translation into U.S. Dollars | Convenience translation into U.S. Dollars |
|----------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
| | 9 months period ended September 30, 2018 (Unaudited) | 9 months period ended September 30, 2017 (Unaudited) | 3 months period ended September 30, 2018 (Unaudited) | 3 months period ended September 30, 2017 (Unaudited) | 9 months period ended September 30, 2018 (Unaudited) | 3 months period ended September 30, 2018 (Unaudited) |
| | In millions | | | | | |
| Cost of revenues – Services | 1,584 | 1,536 | 533 | 508 | 437 | 147 |
| Selling and marketing expenses | 221 | 189 | 78 | 70 | 61 | 21 |
| General and administrative expenses | 137 | 146 | 46 | 46 | 38 | 13 |
| Depreciation and amortization (2) | (437) | (427) | (149) | (141) | (121) | (41) |
| Other (1) | (11) | (17) | (4) | (6) | (3) | (1) |
| OPEX | 1,494 | 1,427 | 504 | 477 | 412 | 139 |

(1) Mainly amortization of employee share based compensation.

Key Financial and Operating Indicators (unaudited)**

| NIS M unless otherwise stated | Q2' 16 | Q3' 16 | Q4' 16 | Q1' 17 | Q2' 17 | Q3' 17 | Q4' 17 | Q1' 18 | Q2' 18 | Q3' 18 | 2016 | 2017 |
|---------------------------------------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Cellular Segment Service Revenues | 527 | 531 | 498 | 489 | 497 | 514 | 478 | 466 | 454 | 476 | 2,099 | 2,099 |
| Cellular Segment Equipment Revenues | 188 | 139 | 158 | 145 | 145 | 138 | 182 | 178 | 157 | 143 | 729 | 697 |
| Fixed-Line Segment Service Revenues | 219 | 220 | 205 | 194 | 192 | 194 | 197 | 202 | 210 | 220 | 866 | 797 |
| Fixed-Line Segment Equipment Revenues | 17 | 12 | 11 | 18 | 14 | 22 | 22 | 23 | 20 | 25 | 63 | 70 |
| Reconciliation for consolidation | (54) | (53) | (51) | (43) | (43) | (42) | (45) | (43) | (44) | (42) | (213) | (213) |
| Total Revenues | 897 | 849 | 821 | 803 | 805 | 826 | 834 | 826 | 797 | 822 | 3,544 | 3,544 |
| Gross Profit from Equipment Sales | 42 | 28 | 18 | 26 | 33 | 43 | 40 | 43 | 37 | 44 | 144 | 144 |
| Operating Profit | 67 | 64 | 8 | 105 | 118 | 92 | 0 | 32 | 22 | 48 | 193 | 305 |
| Cellular Segment Adjusted EBITDA | 155 | 156 | 109 | 187 | 210 | 189 | 124 | 134 | 126 | 145 | 562 | 797 |
| Fixed-Line Segment Adjusted EBITDA | 73 | 64 | 55 | 64 | 59 | 50 | 34 | 43 | 46 | 56 | 272 | 272 |
| Total Adjusted EBITDA | 228 | 220 | 164 | 251 | 269 | 239 | 158 | 177 | 172 | 201 | 834 | 999 |
| Adjusted EBITDA Margin (%) | 25 % | 26 % | 20 % | 31 % | 33 % | 29 % | 19 % | 21 % | 22 % | 24 % | 24 % | 28 % |
| OPEX | 572 | 570 | 570 | 478 | 472 | 477 | 519 | 498 | 492 | 504 | 2,324 | 2,324 |
| Income with respect to settlement agreement with Orange | 54 | 55 | 54 | 54 | 54 | | | | | | 217 | 217 |
| Finance costs, net | 28 | 30 | 23 | 23 | 54 | 15 | 88 | 18 | 13 | 10 | 105 | 105 |

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| | | | | | | | | | | | | |
|------------------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|-------|-------|--|
| Profit (loss) | 26 | 19 | (7) | 64 | 46 | 54 | (50) | 9 | 2 | 26 | 52 | |
| Capital Expenditures (cash) | 57 | 44 | 47 | 82 | 76 | 105 | 113 | 138 | 104 | 117 | 196 | |
| Capital Expenditures (additions) | 40 | 44 | 84 | 58 | 78 | 107 | 174 | 113 | 98 | 111 | 202 | |
| Adjusted Free Cash Flow | 160 | 215 | 269 | 126 | 208 | 202 | 63 | 21 | 55 | 70 | 758 | |
| Adjusted Free Cash Flow (after interest) | 119 | 201 | 241 | 109 | 150 | 192 | (17) | (14) | 44 | 62 | 650 | |
| Net Debt | 1,964 | 1,768 | 1,526 | 1,415 | 1,081 | 887 | 906 | 919 | 893 | 898 | 1,526 | |
| Cellular Subscriber Base (Thousands)* | 2,700 | 2,693 | 2,686 | 2,658 | 2,662 | 2,677 | 2,671 | 2,661 | 2,638 | 2,646 | 2,686 | |
| Post-Paid Subscriber Base (Thousands)* | 2,191 | 2,215 | 2,241 | 2,259 | 2,273 | 2,306 | 2,317 | 2,330 | 2,338 | 2,349 | 2,241 | |
| Pre-Paid Subscriber Base (Thousands) | 509 | 478 | 445 | 399 | 389 | 371 | 354 | 331 | 300 | 297 | 445 | |
| Cellular ARPU (NIS) | 65 | 66 | 62 | 61 | 62 | 64 | 59 | 58 | 57 | 60 | 65 | |
| Cellular Churn Rate (%)* | 9.8 % | 9.7 % | 9.4 % | 9.8 % | 9.0 % | 9.3 % | 9.9 % | 8.9 % | 10.1 % | 8.0 % | 40 % | |
| Number of Employees (FTE) | 2,740 | 2,742 | 2,686 | 2,580 | 2,582 | 2,696 | 2,797 | 2,778 | 2,808 | 2,821 | 2,686 | |

The Post-Paid subscriber base for the fourth quarter 2017 and for the first quarter 2018 have been revised by approx. *3 thousand subscribers in each of the quarters. This also led to a marginal change in the cellular churn rate for the first and the second quarters of 2018.

**See footnote 2 regarding use of non-GAAP measures. Figures from 2017 include impact of adoption of IFRS15.

Disclosure for notes holders as of September 30, 2018

Information regarding the notes series issued by the Company, in million NIS

| Series | Original issuance date | Principal on the date of issuance | As of 30.09.2018 | | | Interest accumulated in books | Market value | Interest rate | Principal repayment dates | | Interest repayment dates |
|----------|------------------------|-----------------------------------|----------------------|-----------------------------|----|-------------------------------|------------------------|---------------|---------------------------|----------------------------|--------------------------|
| | | | Principal book value | Linked principal book value | | | | | From | To | |
| C | 25.04.10 24.02.11* | 200 444 | 196 | 215 | 2 | 218 | 3.35% + CPI | 30.12.16 | 30.12.18 | 30.6, 30.9, 30.12.18 | |
| D | 25.04.10 04.05.11* | 400 146 | 437 | 437 | ** | 443 | 1.338% (MAKAM+1.2%) | 30.12.17 | 30.12.21 | 30.3, 30.6, 30.9, 30.12.21 | |
| F (1) | 20.07.17 12.12.17 | 255 389 | 644 | 644 | 4 | 648 | 2.16% | 25.06.20 | 25.06.24 | 25.6, 25.9, 25.12.24 | |

(1) In July 2017, the Company issued Series F Notes in a principal amount of NIS 255 million. In December 2017, the Company issued an additional Series F Notes in a principal amount of NIS 389 million. Regarding Series F Notes, the Company is required to comply with a financial covenant that the ratio of Net Debt to Adjusted EBITDA shall not exceed 5. Compliance will be examined and reported on a quarterly basis. For the definitions of Net Debt and Adjusted EBITDA see 'Use of non-GAAP measures' section above. For the purpose of the covenant, Adjusted EBITDA is calculated as the sum total for the last 12 month period, excluding adjustable one-time items. As of September 30, 2018, the ratio of Net Debt to Adjusted EBITDA was 1.3. Additional stipulations regarding Series F Notes mainly include: shareholders' equity shall not decrease below NIS 400 million; the Company shall not create floating liens subject to certain terms; the Company has the right for early redemption under certain conditions; the

Company shall pay additional annual interest of 0.5% in the case of a two-notch downgrade in the Notes rating and an additional annual interest of 0.25% for each further single-notch downgrade, up to a maximum additional interest of 1%; the Company shall pay additional annual interest of 0.25% during a period in which there is a breach of the financial covenant.

In the reporting period, the Company was in compliance with all financial covenants and obligations and no cause for early repayment occurred.

In September 2017, December 2017 and January 2018, the Company entered into agreements with Israeli institutional investors to issue in December 2018, December 2019 and December 2019, respectively, in the framework of a private placement, additional Series F notes, in an aggregate principal amount of NIS 150 million, NIS 100 million and NIS 127 million, respectively. S&P Maalot has rated the additional deferred issuances with an 'ilA+' rating. For additional details see the Company's press releases dated September 13 and 17, 2017, December 27, 2017 and January 9, 2018.

(2) 'MAKAM' is a variable interest based on the yield of 12 month government bonds issued by the government of Israel. The interest rate is updated on a quarterly basis.

(*) On these dates additional Notes of the series were issued. The information in the table refers to the full series.

(**) Representing an amount of less than NIS 1 million.

Disclosure for Notes holders as of September 30, 2018 (cont.)

Notes Rating Details*

| Series | Rating Company | Rating as of 30.09.2018 and 21.11.2018 (1) | Rating assigned upon issuance of the Series | Recent date of rating as of 30.09.2018 and 21.11.2018 | Additional ratings between the original issuance date and the recent date of rating (2) | |
|--------|----------------|--------------------------------------------|---------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
| | | | | | Date | Rating |
| C | S&P Maalot | ilA+ | ilAA- | 08/2018 | 07/2010, 09/2010, 10/2010, | ilAA-/Stable, ilAA-/Stable, ilAA-/Negative, |
| D | S&P Maalot | ilA+ | ilAA- | 08/2018 | 09/2012, 12/2012, 06/2013, 07/2014, | ilAA-/Watch Neg, ilAA-/Negative, ilAA-/Stable, ilAA-/Stable, |
| E | S&P Maalot | ilA+ | ilAA- | 08/2018 | 07/2015, 07/2016, 07/2017, 08/2018 | ilA+/Stable, ilA+/Stable, ilA+/Stable, ilA+/Stable |
| F | S&P Maalot | ilA+ | ilA+ | 08/2018 | 07/2017, 09/2017 12/2017, 01/2018, 08/2018 | ilA+/Stable, ilA+/Stable ilA+/Stable, ilA+/Stable, ilA+/Stable |

(1) In August 2018, S&P Maalot affirmed the Company's rating of "ilA+/Stable".

(2) For details regarding the rating of the notes see the S&P Maalot report dated August 13, 2018.

* A securities rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to suspension, revision or withdrawal at any time, and each rating should be evaluated independently of any other rating

Summary of Financial Undertakings (according to repayment dates) as of September 30, 2018

Notes issued to the public by the Company and held by the public, excluding such notes held by the Company's a. parent company, by a controlling shareholder, by companies controlled by them, or by companies controlled by the Company, based on the Company's "Solo" financial data (in thousand NIS).

| | Principal payments | | | | | Gross interest payments (without deduction of tax) |
|-------------------|--------------------|-----------------------|------|--------|-------|----------------------------------------------------|
| | ILS linked to CPI | ILS not linked to CPI | Euro | Dollar | Other | |
| First year | 215,058 | 109,228 | - | - | - | 22,565 |
| Second year | - | 238,035 | - | - | - | 17,408 |
| Third year | - | 238,035 | - | - | - | 13,072 |
| Fourth year | - | 238,035 | - | - | - | 8,735 |
| Fifth year and on | - | 257,613 | - | - | - | 8,347 |
| Total | 215,058 | 1,080,946 | - | - | - | 70,127 |

Private notes and other non-bank credit, excluding such notes held by the Company's parent company, by a b. controlling shareholder, by companies controlled by them, or by companies controlled by the Company, based on the Company's "Solo" financial data – None.

c. Credit from banks in Israel based on the Company's "Solo" financial data (in thousand NIS).

| | Principal payments | | | | | Gross interest payments (without deduction of tax) |
|-------------------|--------------------|-----------------------|------|--------|-------|----------------------------------------------------|
| | ILS linked to CPI | ILS not linked to CPI | Euro | Dollar | Other | |
| First year | - | 46,452 | - | - | - | 5,729 |
| Second year | - | 52,132 | - | - | - | 4,500 |
| Third year | - | 52,132 | - | - | - | 3,229 |
| Fourth year | - | 52,132 | - | - | - | 1,959 |
| Fifth year and on | - | 47,152 | - | - | - | 1,038 |
| Total | - | 250,000 | - | - | - | 16,455 |

Summary of Financial Undertakings (according to repayment dates) as of September 30, 2018 (cont.)

d. Credit from banks abroad based on the Company's "Solo" financial data – None.

e. Total of sections a - d above, total credit from banks, non-bank credit and notes based on the Company's "Solo" financial data (in thousand NIS).

| | Principal payments | | | | | Gross interest payments (without deduction of tax) |
|-------------------|--------------------|-----------------------|------|--------|-------|----------------------------------------------------|
| | ILS linked to CPI | ILS not linked to CPI | Euro | Dollar | Other | |
| First year | 215,058 | 155,680 | - | - | - | 28,294 |
| Second year | - | 290,167 | - | - | - | 21,908 |
| Third year | - | 290,167 | - | - | - | 16,301 |
| Fourth year | - | 290,167 | - | - | - | 10,694 |
| Fifth year and on | - | 304,765 | - | - | - | 9,385 |
| Total | 215,058 | 1,330,946 | - | - | - | 86,582 |

f. Off-balance sheet Credit exposure based on the Company's "Solo" financial data (in thousand NIS) – 50,000 (Guarantees on behalf of an associate, without expiration date).

g. Off-balance sheet Credit exposure of all the Company's consolidated companies, excluding companies that are reporting corporations and excluding the Company's data presented in section f above – None.

h. Total balances of the credit from banks, non-bank credit and notes of all the consolidated companies, excluding companies that are reporting corporations and excluding Company's data presented in sections a - d above - None.

i. Total balances of credit granted to the Company by the parent company or a controlling shareholder and balances of notes offered by the Company held by the parent company or the controlling shareholder - None.

j. Total balances of credit granted to the Company by companies held by the parent company or the controlling shareholder, which are not controlled by the Company, and balances of notes offered by the Company held by companies held by the parent company or the controlling shareholder, which are not controlled by the Company – None.

k. Total balances of credit granted to the Company by consolidated companies and balances of notes offered by the Company held by the consolidated companies - None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Current Report to be signed on its behalf by the undersigned, thereunto duly authorized.

Partner Communications
Company Ltd.

By: /s/ Tamir Amar
Name: Tamir Amar
Title: Chief Financial Officer

Dated: November 21, 2018

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