



Investors Presentation

November 2016



Forward-Looking Statement

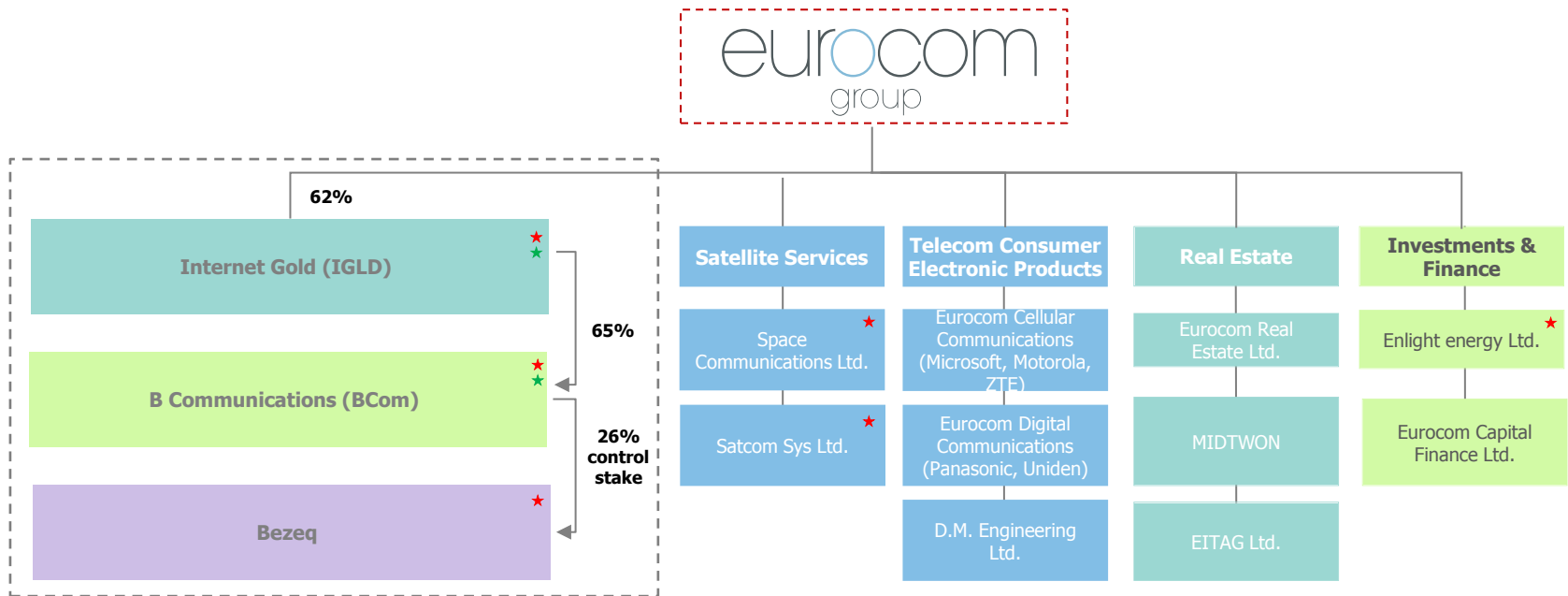
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts and may include financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future operations, products and services, and statements regarding future performance. 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. Those factors include the factors indicated in our filings with the Securities and Exchange Commission (SEC). For more details, refer to our SEC filings and the amendments thereto, including our Annual Report on Form 20-F and Current Reports on Form 6-K. We undertake no obligation to update forward-looking statements to reflect subsequent occurring events or circumstances, or to changes in our expectations, except as may be required by law.

IGLD's Profile

- Internet Gold (TASE and Nasdaq: IGLD) is a telecommunications-oriented holding company. Internet Gold's holds 64.8% interest in B Communications Ltd. ("BCOM") (TASE and Nasdaq: BCOM), which in turn holds the controlling interest (approximately 26.3%) in Bezeq – The Israel Telecommunication Corp., Israel's largest telecommunications provider (TASE: BEZQ).
- Internet Gold is a subsidiary of Eurocom Communications Ltd.
- IGLD's debt includes 2 series of debentures that are traded on TASE. During Q1/2016 the rating of both series was notched-up to A3 local rating.
- Trades at a discount to Net Asset Value.
- On June 29, 2016, Internet Gold received a dividend of NIS 230 million from its subsidiary B Communications.

Eurocom Group is one of the leading holding groups in Israel, highly experienced in the telecommunications market

- Eurocom was founded in 1979.
- One of Israel's largest holding companies in Israel.
- Owned by Shaul Elovitch, Chairman of the Board of Directors (80% ownership) and Yossef Elovitch, Director 20% ownership).
- Investments in telecommunications, satellite services, renewable energy, media, consumer electronics, real estate and additional fields.



★ Traded on TASE ★ Traded on NASDAQ

Company's Management



Shaul Elovitch [★]

Founder & Chairman
*Over 40 years experience
building leading
communications businesses
and other major investments
businesses*



Doron Turgeman

CEO since 2011 & CFO from
2001 till 2011
*20 years experience in
management
18 years experience in
communications*

Proven capabilities in:

- Strategy creation & strategic planning
- Marketing & brand development
- Operational & financial management
- Management of mergers & acquisitions
- Capital raising - 16 major transactions
 - 2 IPOs – **IGLD** and **BCOM**
 - 12 bond issues
 - \$800 million Rule 144A offering
 - Convertible bond issuance and 2 option series.

Key Milestones for IGLD

From small entrepreneurial business to large holding company

**1992
to
1995**

- Israeli telecom market commences privatization process
 - Eurocom participates in the privatization process and forms a corporate vehicle for that purpose
 - Goal: to become one of Israel's leading telecom service providers
-

**1995
To
2000**

- Internet emerges as a major commercial service
 - IGLD decides to focus on ISP activities
 - Expansion into Content and Value-Added Services
 - Successful listing on NASDAQ (IGLD) (TASE dual listing 2005)
-

**2000
to
2007**

- Continuous organic growth
 - Restructure of IGLD into a holding company owning Smile Communications and Smile Media
 - Acquisition and merger with 012 Golden Lines to form 012 Smile Communications
 - Successful IPO and listing of 012 Smile Communications on NASDAQ and TASE (SMLC)
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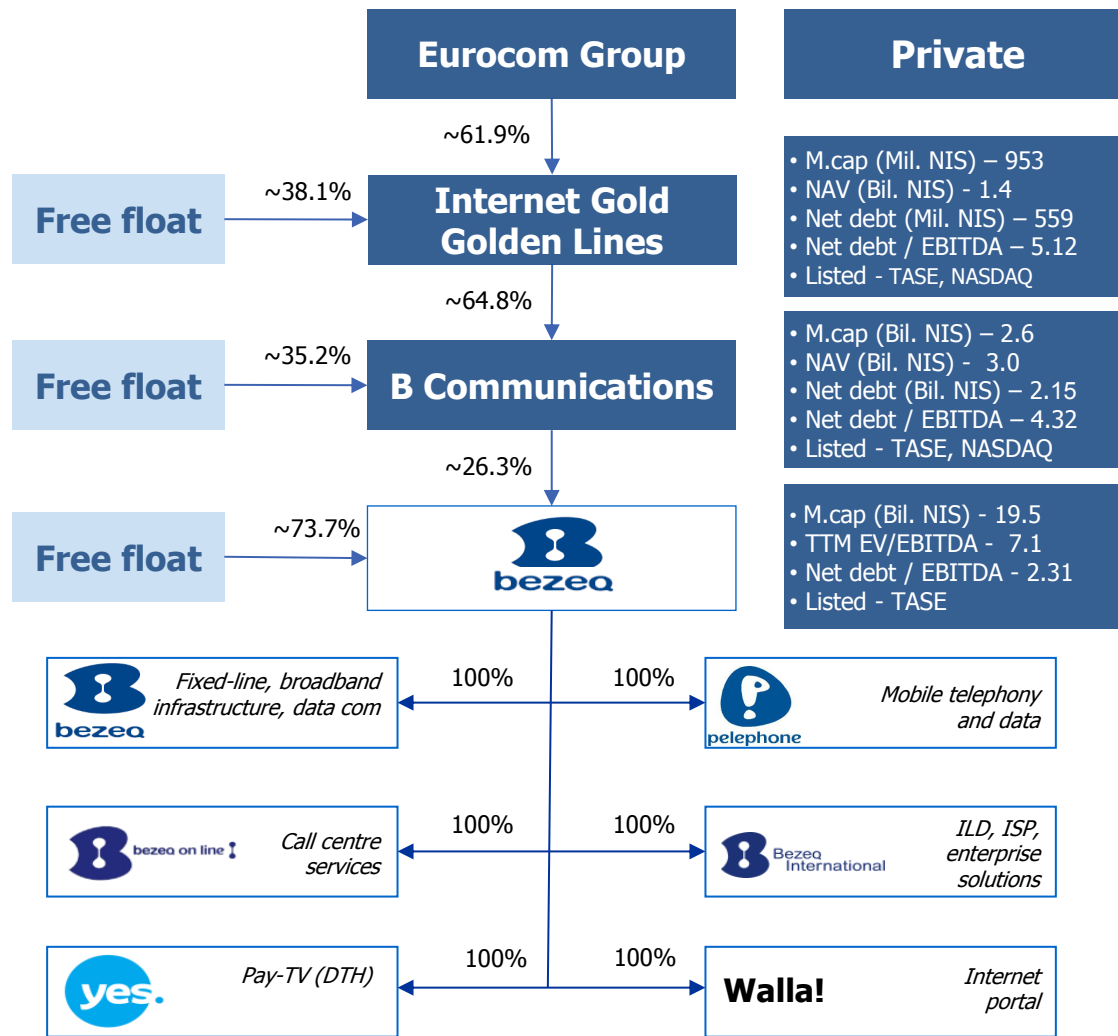
**2007
to
2009**

- Continuous organic growth
 - Crystallization of the strategy to become a leader in the Israeli telecom market
 - Preparation for the next major M&A transaction while examining several opportunities
-

**2010
to
2016**

- Sale of legacy 012 Smile Communications assets
 - Acquisition of the controlling interest in Bezeq – Israel's telecom market leader
 - On February 19, 2014, BCOM announced the completion of an international offering of US\$ 800 million senior secured notes that was used to fully refinance the bank and institutional debt that it incurred to acquire its controlling interest in Bezeq
 - On February 2, 2016, BCOM announced the sale of 4.18% of Bezeq's shares for NIS 982 million
 - On September 18, 2016 BCOM completed successful refinancing of the Company's 7¾% Senior Secured Notes with the new Series C Debentures
 - From April 2010 through September 2016, BCOM decreased its net debt from more than NIS 5 billion to NIS 2.15 billion
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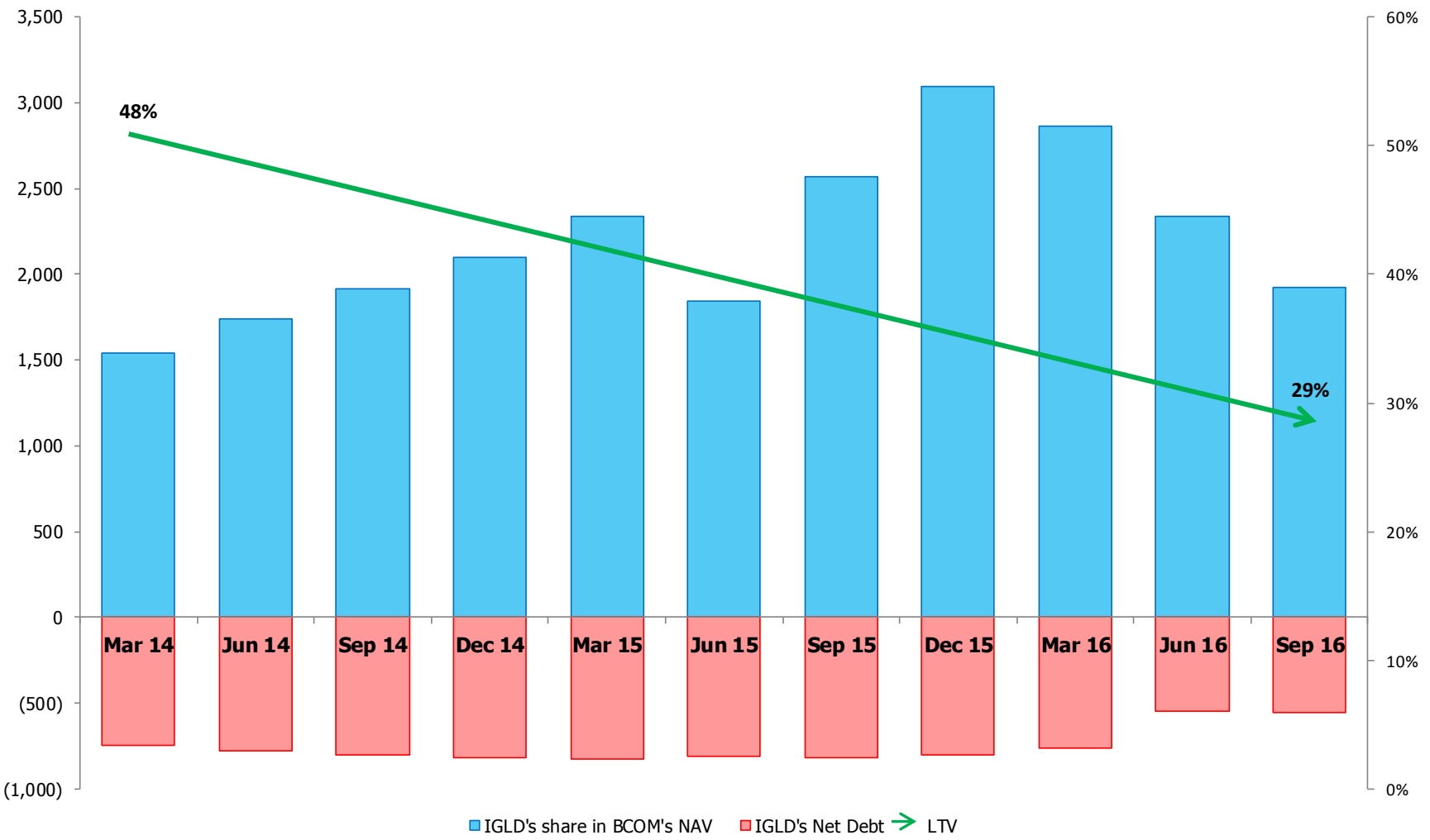
Group Structure



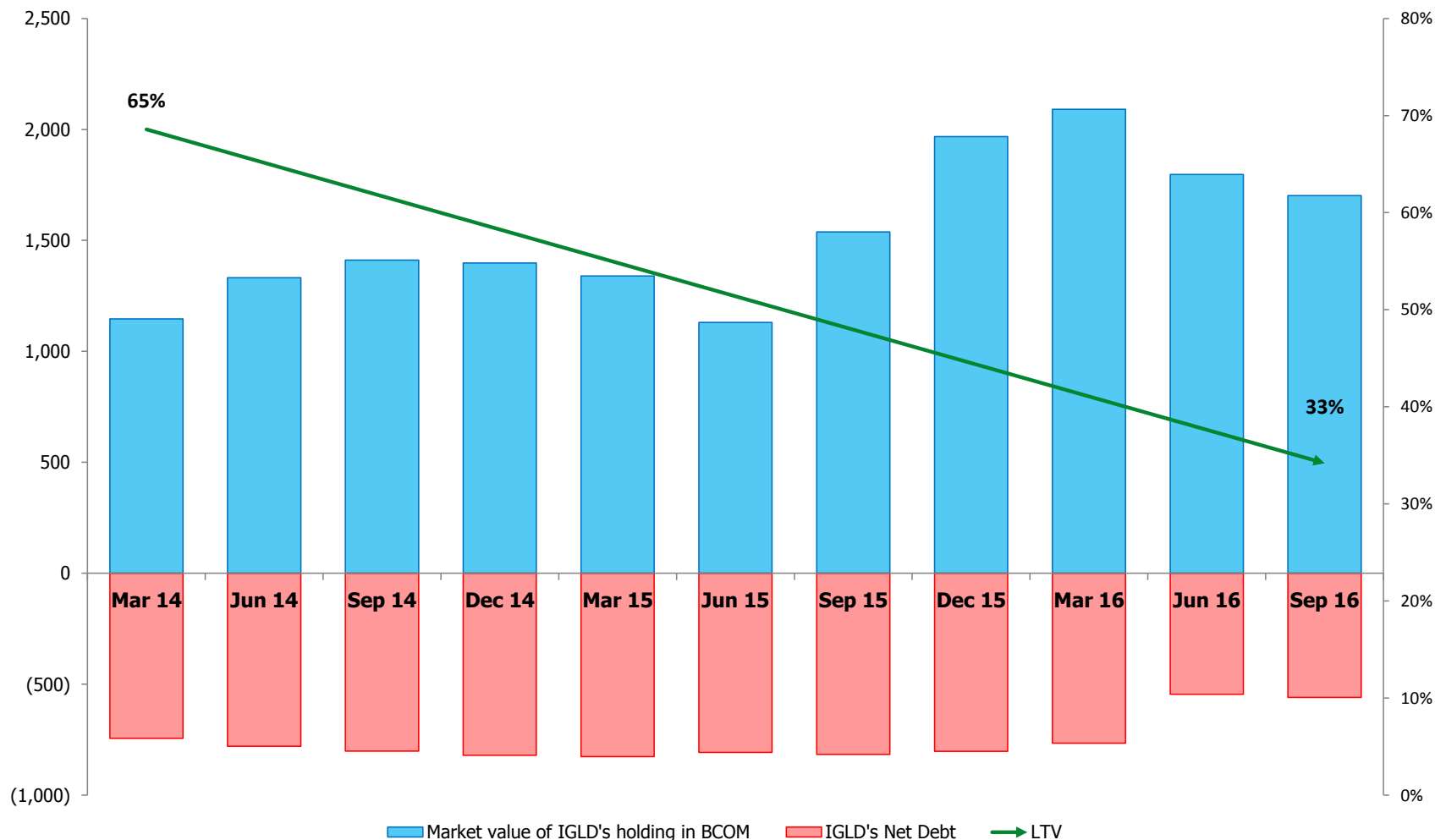
Source: Bezeq's investors presentation – <http://ir.bezeq.co.il>.

(1) Net debt and holding percentage figures are as of September 30, 2016.

Reduction in LTV Based on BCOM's NAV (NIS Millions)



Reduction in LTV Based on BCOM's Market Value (NIS Millions)

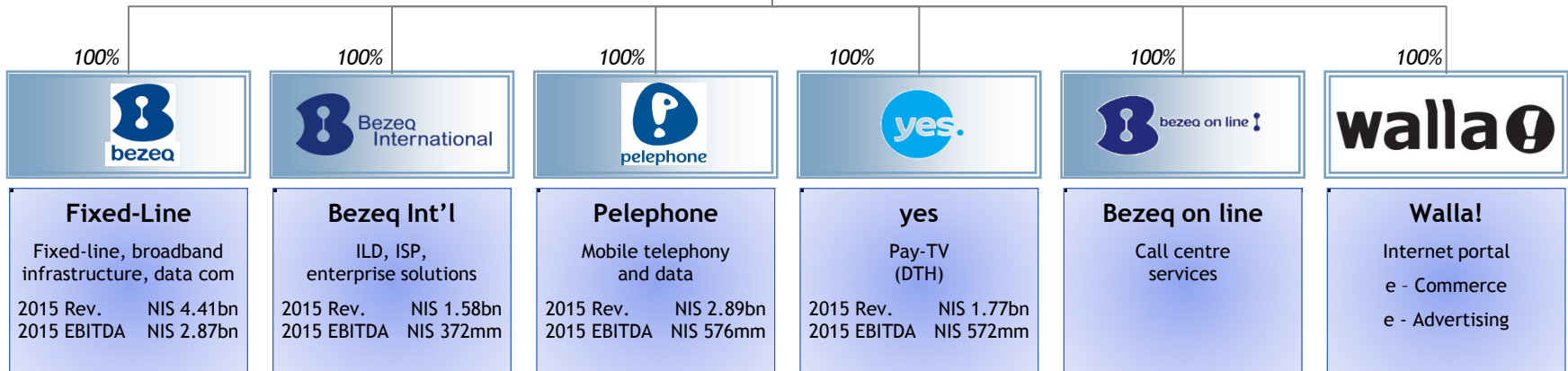


Bezeq: Israel's Most Comprehensive Communications Infrastructure and Service Provider

 Listed on TASE

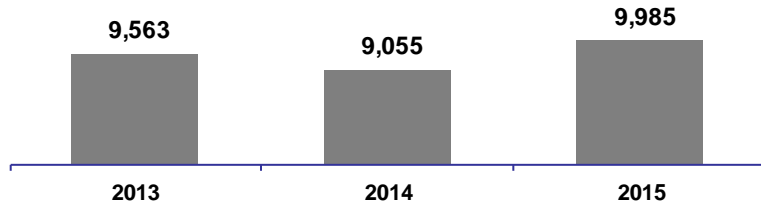


| Bezeq Group | |
|-------------|------------|
| 2015 Rev. | NIS 9.99bn |
| 2015 EBITDA | NIS 4.25bn |

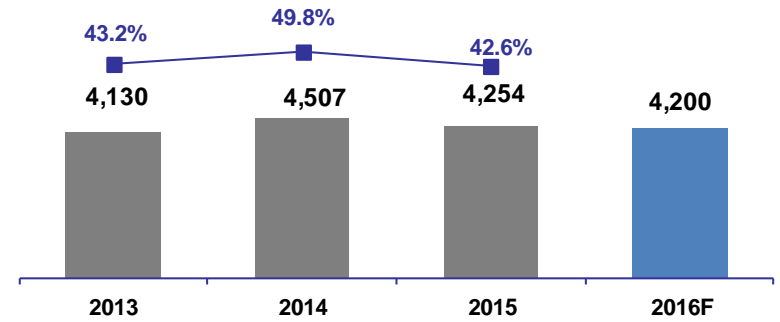


Bezeq Financials (NIS Millions)

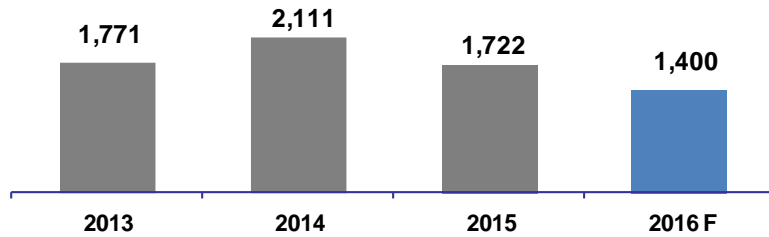
Revenues



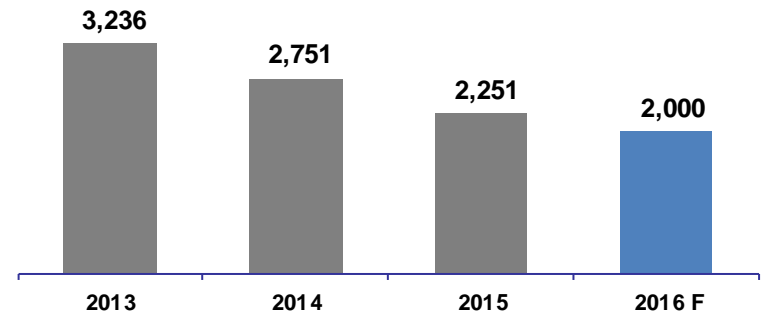
EBITDA



Net Income

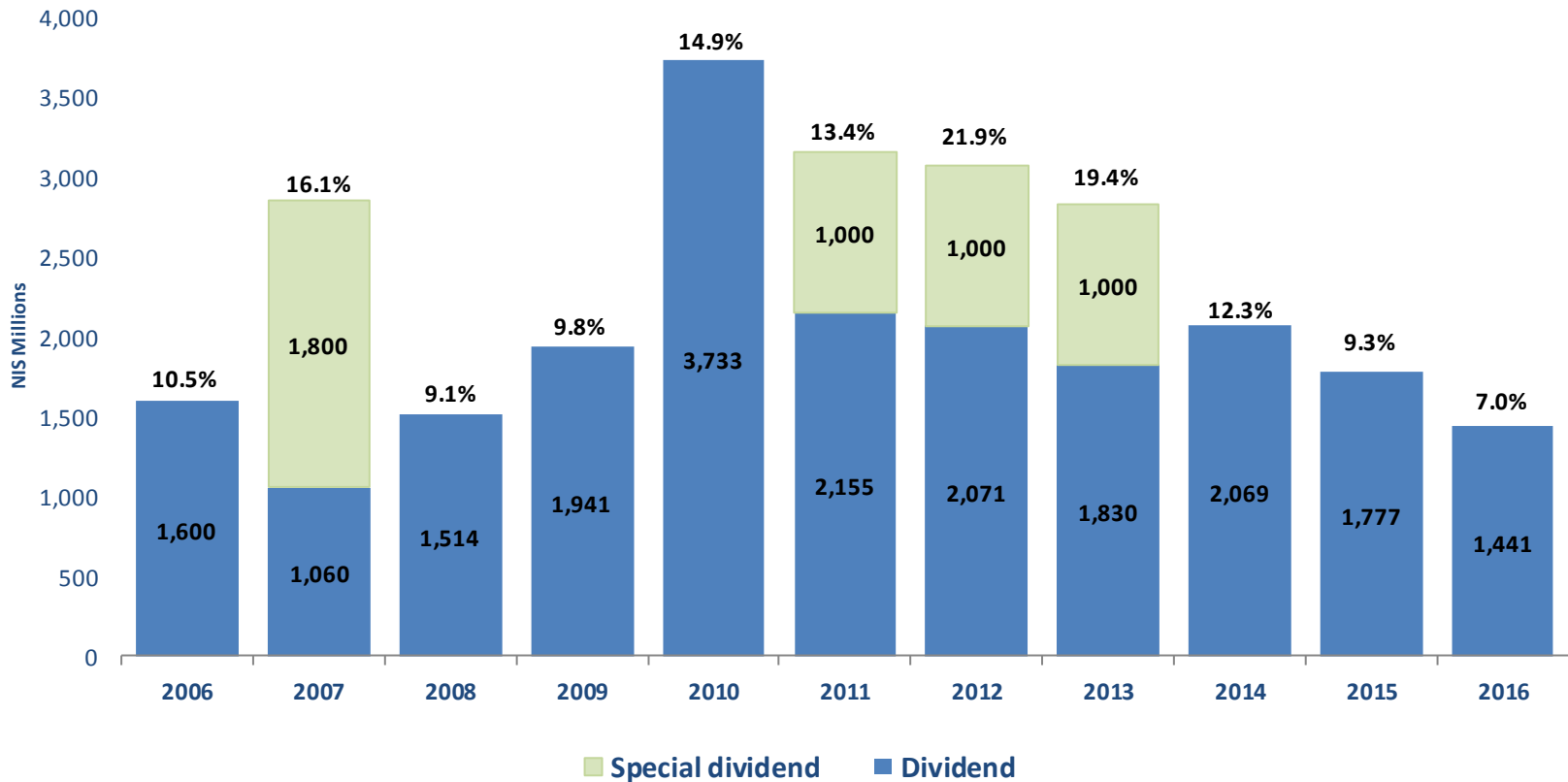


Free Cash Flow



Bezeq's Dividend Policy

Distribution of 100% of its net income on a semi-annual basis



Source: Bezeq

- Dividend Yield is based on average market cap during the period
- Based on its ownership interest, BCOM will receive ~ 26.3% of Bezeq's annual dividends.
- Since 2006, Bezeq has paid over NIS 25.9 billion (US\$ 6.9 billion) in dividends.

IGLD's Solo Net Debt

| | September 30, 2016 |
|--------------------------|-------------------------------|
| | NIS millions |
| | Unaudited |
| Short term liabilities | 139 |
| Long term liabilities | 797 |
| Total liabilities | 936 |
| Total Liquidity | 377 |
| Net debt | 559 |

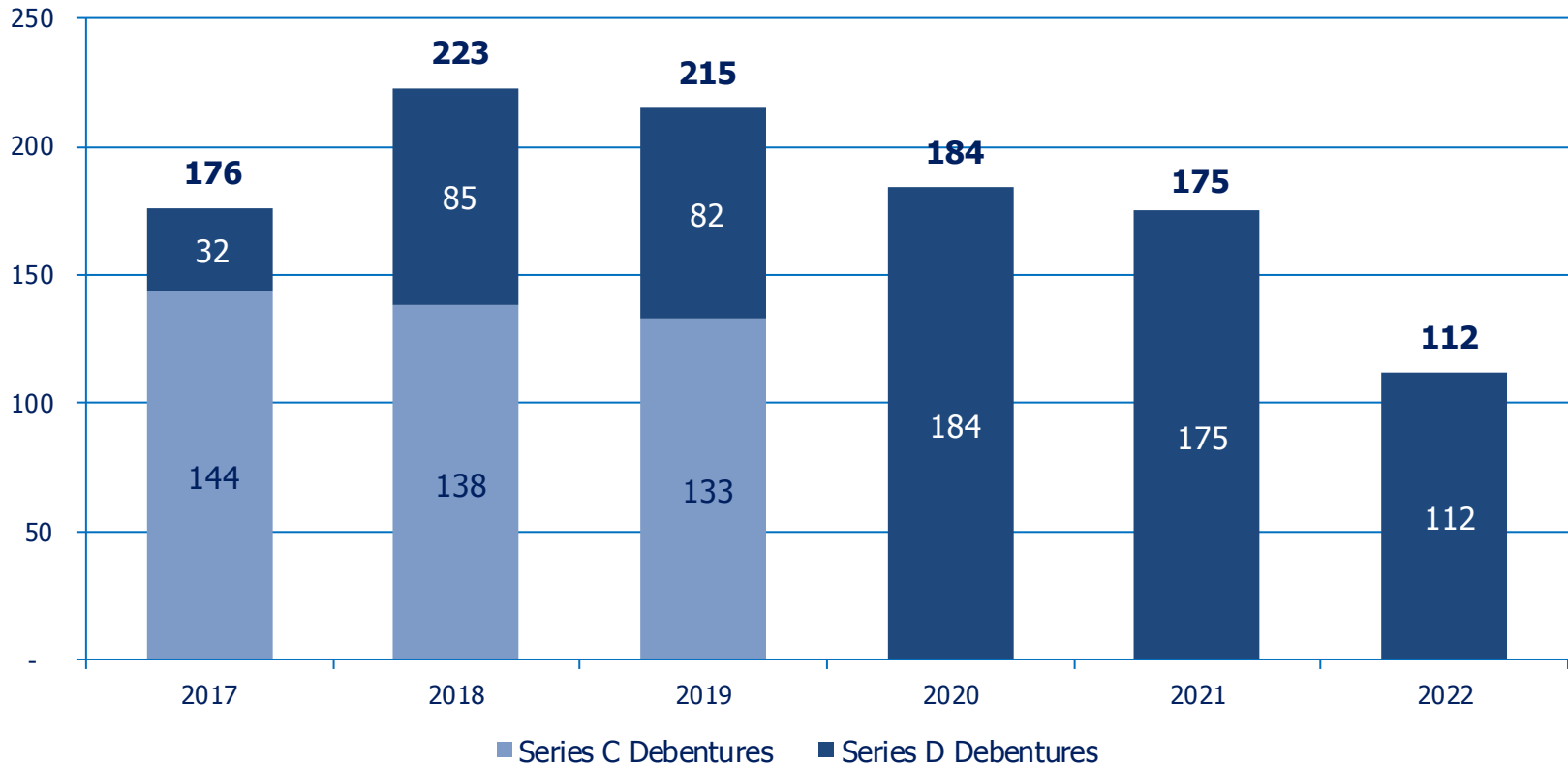
IGLD's Solo Balance Sheet

| Statements of Financial Position | December 31, 2015 Audited | September 30, 2016 Unaudited |
|---|------------------------------|---------------------------------|
| Assets | | |
| Cash and cash equivalents | 38 | 67 |
| Investments including derivatives | 239 | 310 |
| Total current assets | 277 | 377 |
| Deferred tax asset | 11 | - |
| Investments in investee | 698 | 757 |
| Total non-current assets | 709 | 757 |
| Total assets | 986 | 1,134 |
| Liabilities | | |
| Short-term debentures | 130 | 130 |
| Other payables | 24 | 9 |
| Total current liabilities | 154 | 139 |
| Debentures | 925 | 797 |
| Total non-current liabilities | 925 | 797 |
| Total liabilities | 1,079 | 936 |
| Shareholders equity (equity deficit) | (93) | 198 |
| Total liabilities and equity | 986 | 1,134 |

IGLD During Last 21 Months

| | December 31, 2014 | September 30, 2016 |
|---|--------------------------|---------------------------|
| IGLD's share in Bcom's Market cap (NIS Billions) | 1.40 | 1.70 |
| IGLD's share in Bcom's NAV (NIS Billions) | 2.21 | 1.94 |
| Net Financial Debt (NIS Billions) | 0.82 | 0.56 |
| NAV (NIS Billions) | 1.39 | 1.38 |
| Debt Weighted Duration (In years) | 3.5 | 2.8 |
| LTV Based on BCOM's NAV | 37.1% | 28.8% |
| LTV Based on BCOM's Market Cap | 58.6% | 32.8% |
| Local rating of Series B/C Debentures | BBB+ | A- |
| Series C Debentures YTM | 4.48% | 1.80% |
| Series D Debentures YTM | 6.58% | 2.42% |
| Total Liquidity (NIS Billions) | 0.32 | 0.38 |

Projection of Future Debt Repayment (NIS millions)



- All amounts include future estimated interest payments
- As of September 30, 2016



The Bezeq Era

Thank you



Glossary

| Term | Definition |
|-----------------------|---|
| Liquidity balances | Cash and cash equivalents and short term investments. |
| Net debt | Total financial liabilities minus liquidity balances. |
| Loan To Value – LTV | Solo Net debt to Company's share in Bezeq's market cap. |
| Dividend yield | Total dividends paid by the company during last 12 months to Company's average market cap. during last 12 months. |
| EBITDA | Earnings Before Interest, Taxes, Depreciation, Amortization. |
| Enterprise Value - EV | Market cap. of shareholders' equity plus net debt. |
| B Communications' NAV | Value of B Communications' share in Bezeq's market cap less B communications solo net debt. |
| Internet Gold's NAV | Value of Internet Gold's share in B Communications' NAV less Internet Gold's solo net debt. |
| Net debt / EBITDA | Proportional net debt to EBITDA according to company's holding ratio in its subsidiaries. |
| Market Capitalization | Market cap. Figures in this presentation are as of September 30, 2016. |
| Free cash flow | Cash flows from operating activities minus capital expenditures. |