



Investors Presentation

September 2016



Forward-Looking Statement

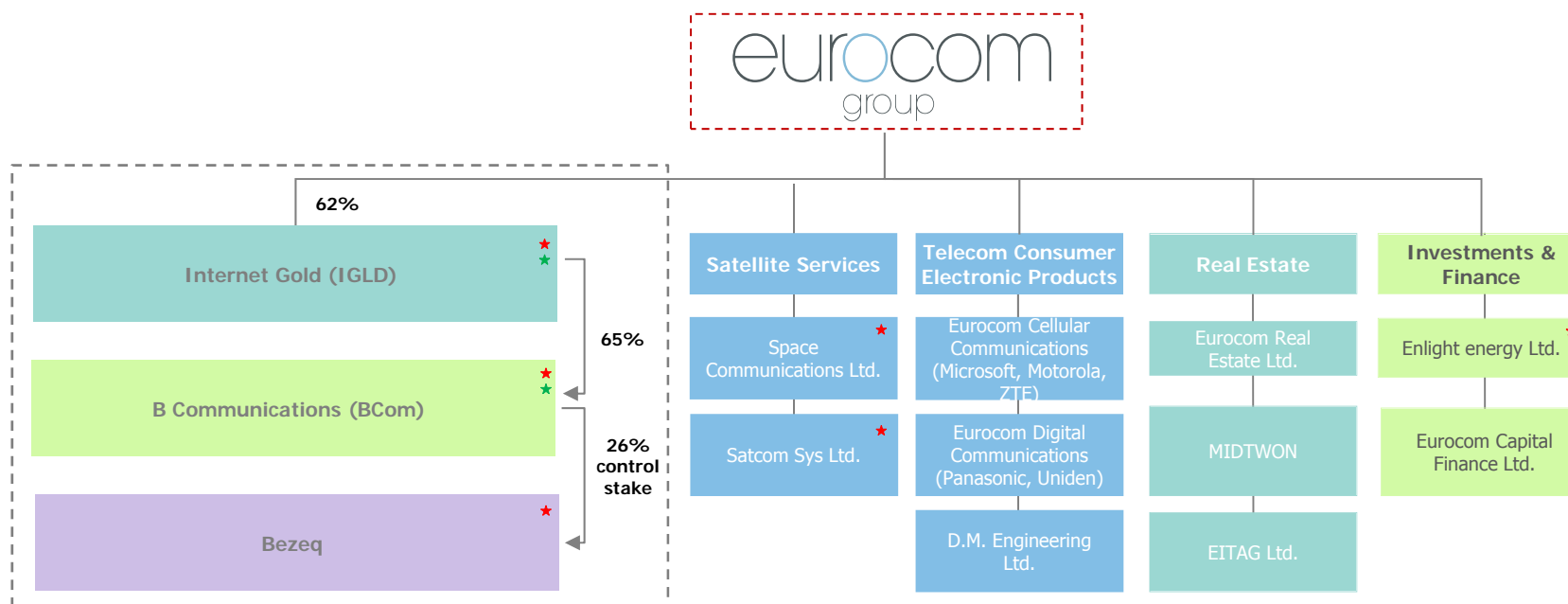
This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements that are not historical facts and may include financial projections 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 the 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 - 15 major transactions
 - 2 IPOs – **IGLD** and **BCOM**
 - 11 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

1999
to
2006

- Founded in 1999 under the name Goldtrade, operating in the field of e-commerce, as a subsidiary of IGLD, and as the operator of the e-commerce web site P1000
- In 2004, IGLD increases its holdings in the Company to 100%
- Restructure of IGLD into a holding company owning Smile Communications and Smile Media
- As part of the restructure Goldtrade changes its name to Smile Communications, transfers its e-commerce activities to Smile Media and receives IGLD's communications activities
- 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)

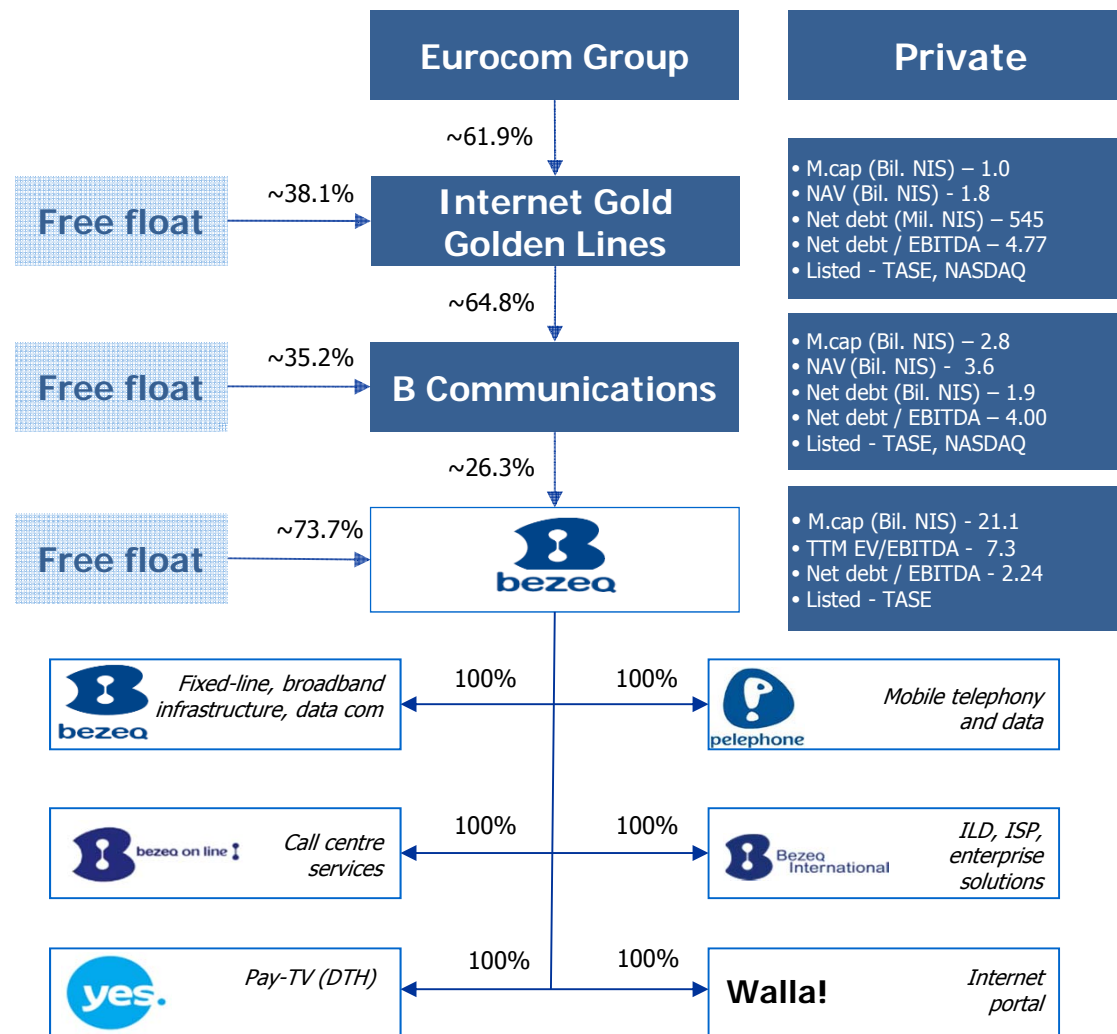
2007
to
2009

- 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
2015

- Sale of legacy 012 Smile Communications assets
- Acquisition of the controlling interest in Bezeq – Israel's telecom market leader
- From April 2010 through June 2016, BCOM decreased its net debt from more than NIS 5 billion to NIS 1.9 billion
- On February 2, 2016, BCOM announced the sale of 4.18% of Bezeq's shares for NIS 982 million
- 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
- Focus on continuous deleveraging and creation of shareholder value

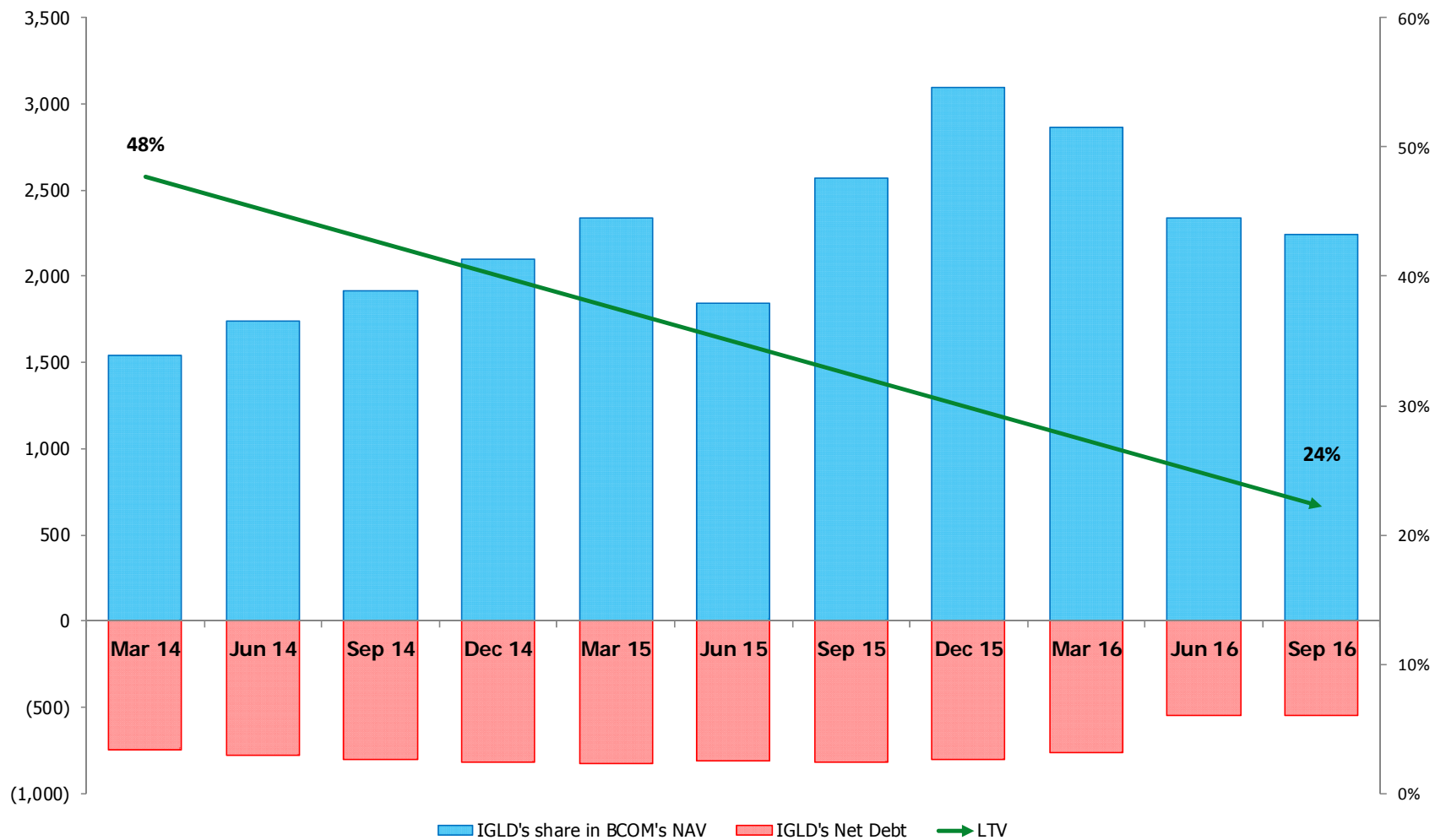
Group Structure



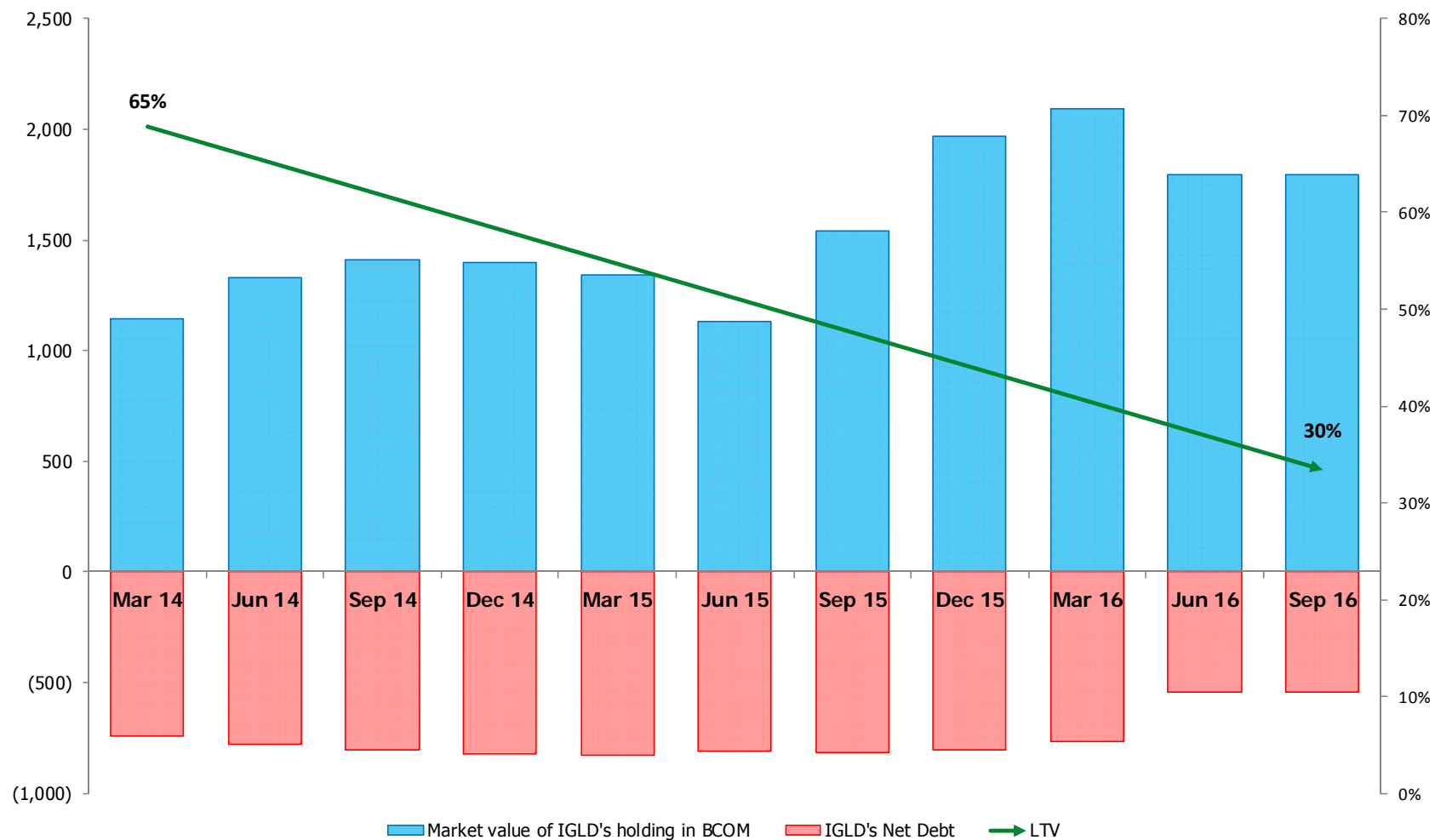
Source: Bezeq's investors presentation – <http://ir.bezeq.co.il>.

(1) Net debt figures are as of June 30, 2016. Holding percentage figures are as of September 1, 2016.

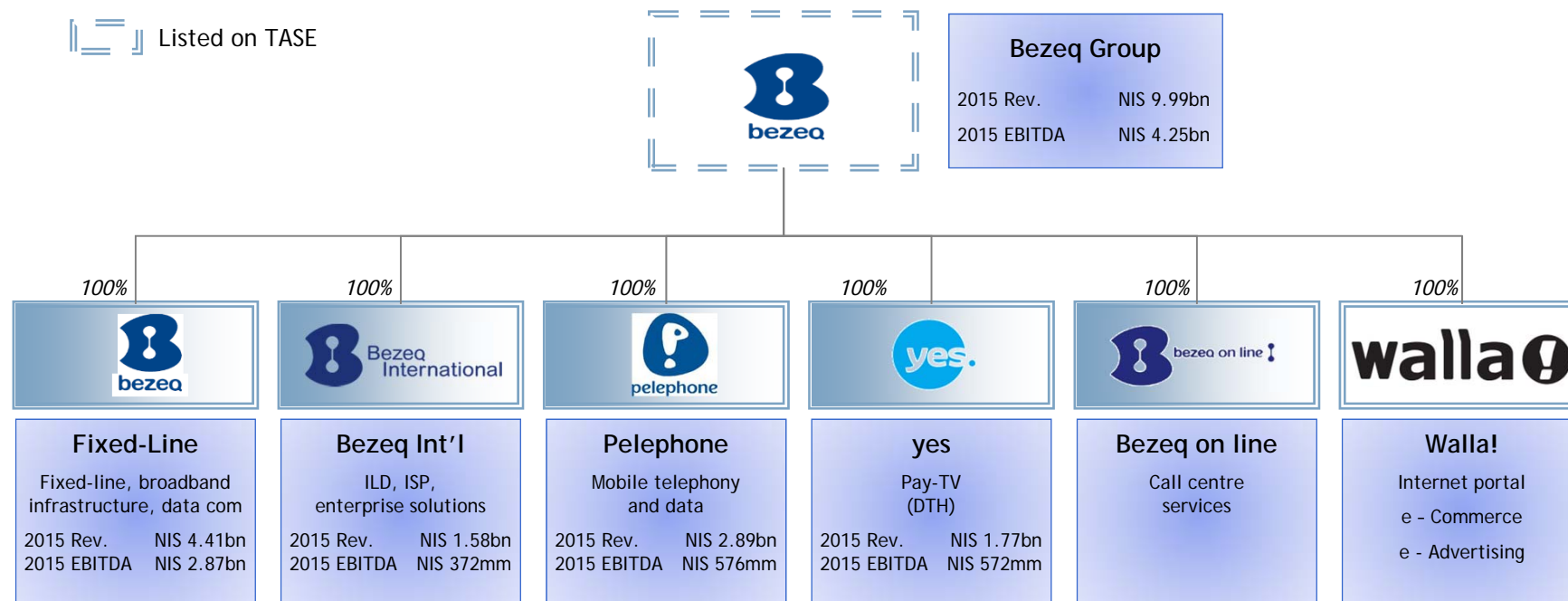
Reduction in LTV Based on BCOM's NAV (NIS Millions)



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

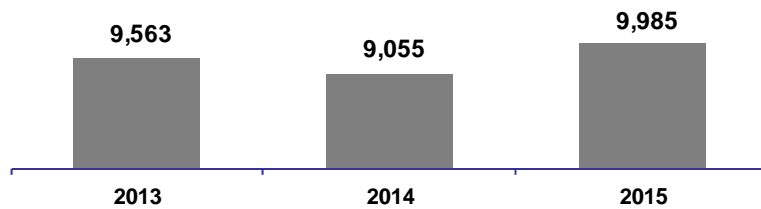


Bezeq: Israel's Most Comprehensive Communications Infrastructure and Service Provider

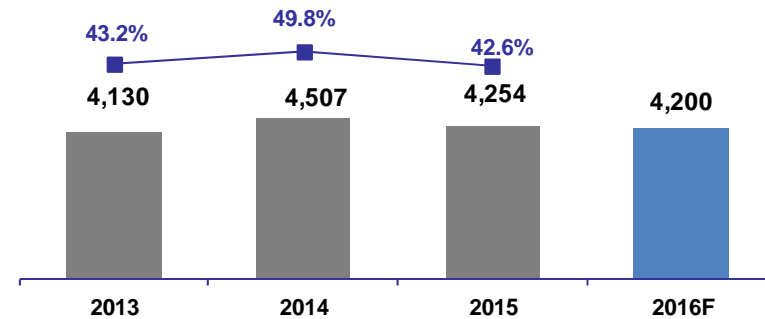


Bezeq Financials (NIS Millions)

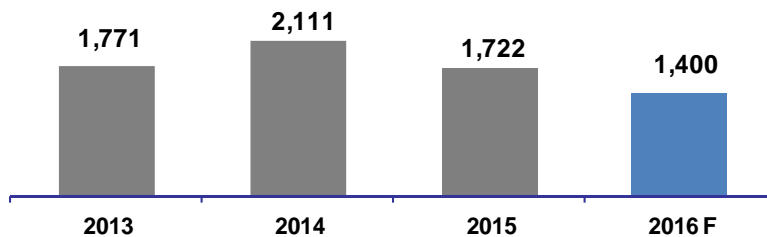
Revenues



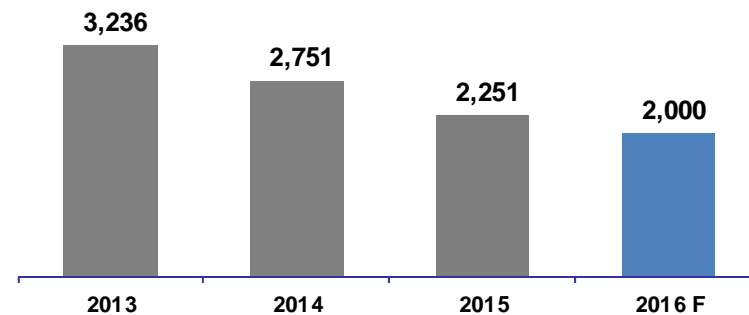
EBITDA



Net Income

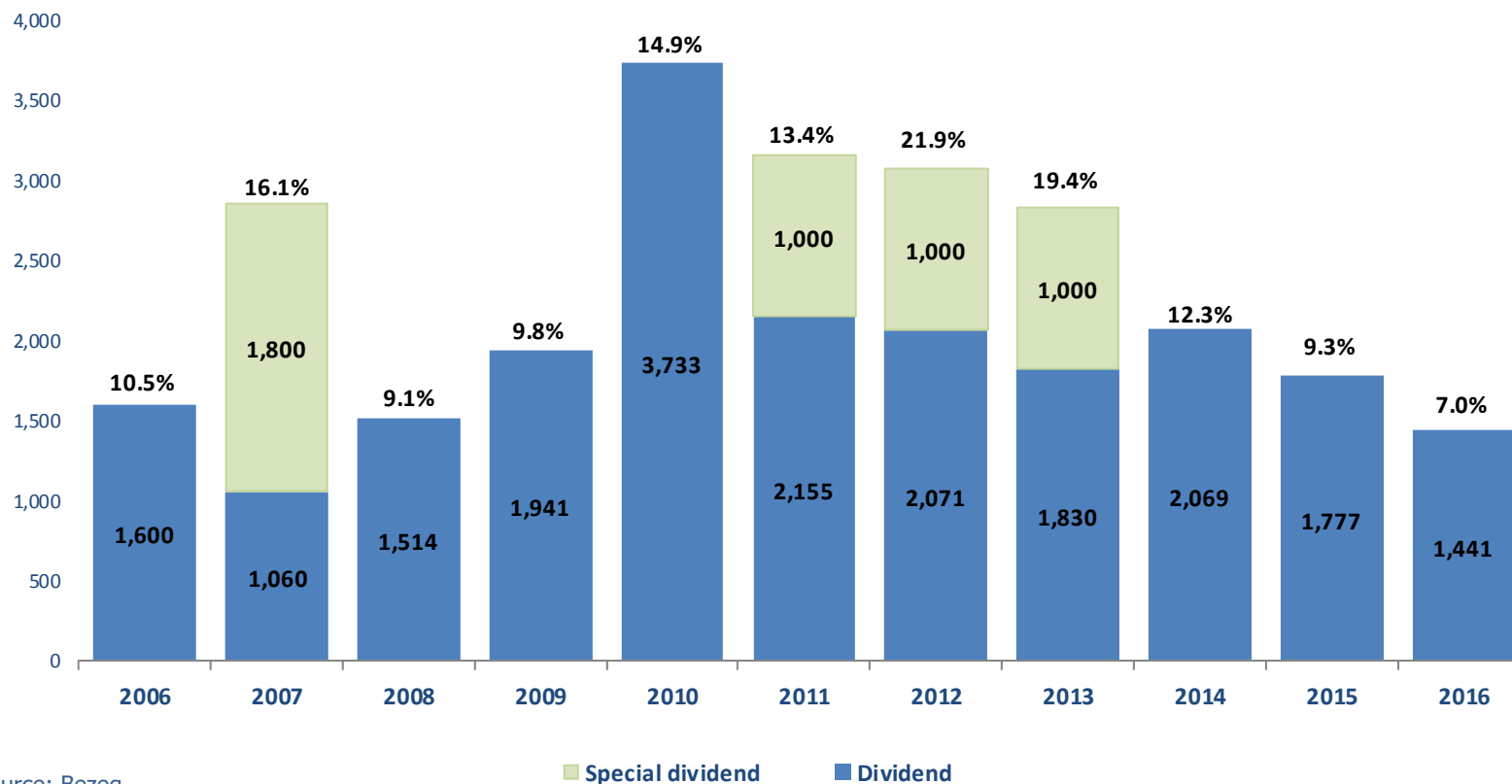


Free Cash Flow



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 25.8 billion (US\$ 6.8 billion) in dividends.
- On August 3, 2016, the Board of Directors of Bezeq resolved to recommend to the general meeting of its shareholders the distribution of a cash dividend of NIS 665 million, representing Bezeq's profits for the first half of 2016. The dividend will be paid on October 6, 2016 to shareholders of record as of September 20, 2016. Bcom's share in this distribution is NIS 175 million.

IGLD's Solo Net Debt

	<u>June 30, 2016</u>
	<u>NIS millions</u>
	<u>Unaudited</u>
Short term liabilities	151
Long term liabilities	795
Total liabilities	946
Liquidity balances	401
Net debt	545

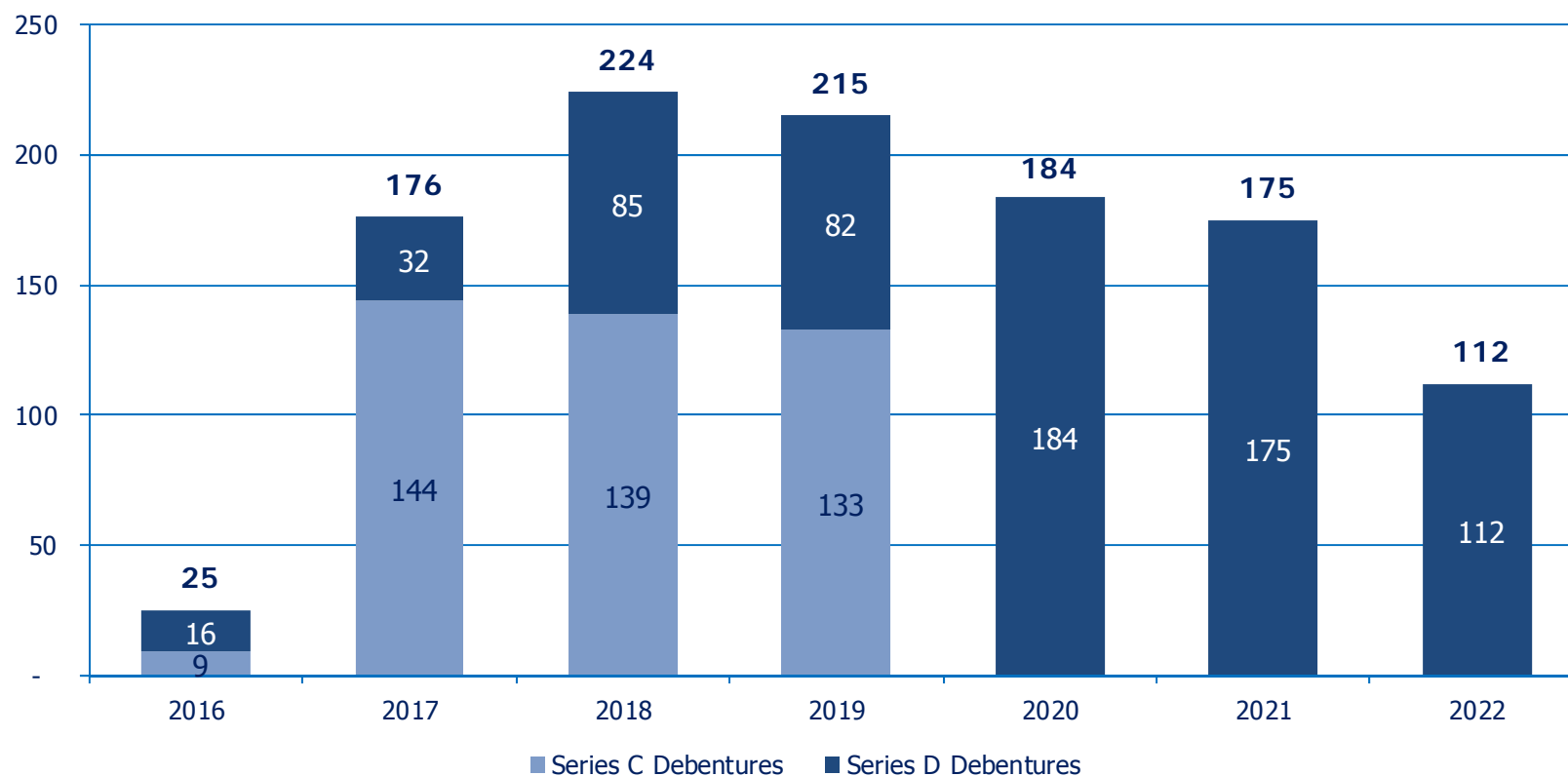
I GLD's Solo Balance Sheet

Statements of Financial Position	December 31, 2015 Audited	June 30, 2016 Unaudited
Assets		
Cash and cash equivalents	38	238
Investments including derivatives	239	163
Other receivables	-	1
Total current assets	277	402
Deferred tax asset	11	-
Investments in investee	698	924
Total non-current assets	709	924
Total assets	986	1,326
Liabilities		
Short-term debentures	130	130
Other payables	24	22
Total current liabilities	154	152
Debentures	925	795
Total non-current liabilities	925	795
Total liabilities	1,079	947
Shareholders equity (equity deficit)	(93)	379
Total liabilities and equity	986	1,326

IGLD During Last 18 Months

	December 31, 2014	June 30, 2016
IGLD's share in Bcom's Market cap (NIS Billions)	1.40	1.77
IGLD's share in Bcom's NAV (NIS Billions)	2.21	2.28
Net Financial Debt (NIS Billions)	0.82	0.55
NAV (NIS Billions)	1.39	1.73
Debt Weighted Duration (In years)	3.50	2.97
LTV Based on BCOM's NAV	37.1%	23.9%
LTV Based on BCOM's Market Cap	58.6%	30.9%
Local rating of Series B/C Debentures	BBB+	A-
Series C Debentures YTM	4.48%	1.74%
Series D Debentures YTM	6.58%	2.31%
Total Liquidity (NIS Billions)	0.32	0.40

Projection of Future Debt Repayment (NIS millions)



- All amounts include future estimated interest payments
- As of September 1, 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 1, 2016.
Free cash flow	Cash flows from operating activities minus capital expenditures.