

PARTNER COMMUNICATIONS CO LTD
Form 6-K
November 23, 2016

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 23, 2016

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) and on September 11, 2008 (Registration No. 333-153419)

Enclosure: Partner Communications reports third quarter 2016 results

PARTNER COMMUNICATIONS REPORTS
THIRD QUARTER 2016 RESULTS¹

ADJUSTED EBITDA² IN THE THIRD QUARTER TOTALED NIS 220 MILLION

NET DEBT² DECLINED TO NIS 1.77 BILLION

Third quarter 2016 highlights (compared with third quarter 2015)

- Total Revenues: NIS 849 million (US\$ 226 million), a decrease of 16%
- Service Revenues: NIS 698 million (US\$ 186 million), a decrease of 8%
- Equipment Revenues: NIS 151 million (US\$ 40 million), a decrease of 39%
- Operating Expenses (OPEX)²: NIS 570 million (US\$ 152 million), a decrease of 12%
- Adjusted EBITDA: NIS 220 million (US\$ 59 million), an increase of 12%
- Adjusted EBITDA Margin: 26% of total revenues compared with 19%
- Profit for the period: NIS 19 million (US\$ 5 million), compared with a loss of NIS 9 million
- Net Debt: NIS 1,768 million (US\$ 470 million), a decrease of NIS 587 million
- Free Cash Flow (before interest)²: NIS 215 million (US\$ 57 million), a decrease of 26%
- Cellular ARPU: NIS 66 (US\$ 18), a decrease of 7%
- Cellular Subscriber Base: approximately 2.69 million at quarter-end, a decrease of 2%

Rosh Ha'ayin, Israel, November 23, 2016 – 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, 2016.

Commenting on the results of the third quarter of 2016, Mr. Isaac Benbenisti, CEO of Partner, noted:

“In the cellular segment, the number of post-paid subscribers increased in the third quarter by approximately 24,000, and the downward trend in the churn rate of all cellular subscribers continued to a rate of 9.7%.

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.

In addition, we successfully completed a pilot of a WiFi Calling service which enables calls to be placed over the wireless internet, thereby expanding our network's coverage to places including underground shelters and parking lots. Last month we launched for the first time in Israel the service for use with Android-based handsets, and in the coming months we will expand the service to iPhone devices and other popular handsets. In addition, we have begun to upgrade a number of sites to the 4.5G standard (LTE Advanced) so that we can continue to offer our customers the most advanced and leading network in Israel.

In the business division, we are already beginning to see the results of the work done in the past few months, by expanding our agreements with strategic customers and by signing agreements with new customers, as a result of an updated operation model with comprehensive value offers.

In the fixed-line segment, the project to unify the operations of 012 Smile under the Partner brand, that will be completed in 2017, significantly progressed in the third quarter and most of the private internet customers already enjoy Partner's advanced service. The completion of the project in the coming months, will provide us with a comprehensive overview of the services that we provide to our customers, so that we may offer them integrated and customized offers.

The telecommunications market is currently at a crossroads; a reform in the telecommunications field, as part of the legislation of the Arrangements Law, has been brought before the Israeli parliament with the aim of decreasing prices for consumers. Informed decisions by the regulator will increase competition in the telecommunications market. The main benefactor of such a reform will be the Israeli consumer.

In preparation of our entrance into the television market, we expect that the implementation of the "Must Sell" requirement of sports content, as part of the said reform, will enable significant reform of the television market, which is currently controlled by a duopoly, and is expected to lead to a decrease in prices in the multi-channel television market in Israel, considered today one of the most expensive in the world.

Mr. Ziv Leitman, Partner's Chief Financial Officer, commented on the results of the third quarter of 2016 as compared to the second quarter of 2016:

“During the third quarter of 2016, the erosion of cellular services revenues continued due to the ongoing strong competition, at a rate similar to that of the previous quarter.

Cellular ARPU in the third quarter of 2016 totaled NIS 66, an increase of one shekel from the second quarter of 2016, reflecting an increase in seasonal roaming revenues.

Compared to the previous quarter, revenues and gross profit from equipment sales in the third quarter of 2016 decreased by NIS 54 million and NIS 14 million, respectively to NIS 151 million and NIS 28 million, respectively, continuing the downward trend from the second quarter. The decrease in gross profit was due to both a further decline in the quantity of sales, mainly related to the tightening of the Company's customer credit policy, and a change in the product mix.

Operating expenses (OPEX) decreased by NIS 2 million compared with the previous quarter, to NIS 570 million.

Adjusted EBITDA in the third quarter of 2016 decreased by NIS 8 million, or 4%, compared with the previous quarter, mainly reflecting the decline in gross profit from equipment sales, which more than offset the increase in service revenues and decline in OPEX.

Finance costs, net, totaled NIS 30 million in the reported quarter, an increase of NIS 2 million compared to the previous quarter, primarily reflecting the impact of foreign exchange movements in the quarter, partially offset by lower early debt repayment costs.

Profit for the third quarter of 2016 totaled NIS 19 million compared with NIS 26 million in the previous quarter, largely reflecting the reduction in Adjusted EBITDA.

Cash capital expenditures (CAPEX payments)² in the third quarter of 2016 totaled NIS 44 million compared to NIS 57 million in the previous quarter, a decrease of 23%.

Free cash flow (before interest payments) in the reported quarter totaled NIS 215 million, compared with NIS 160 million in the previous quarter. The increase in free cash flow primarily reflected the lower CAPEX payments, as well as a decrease in other operating working capital items.

As of September 30, 2016, net debt amounted to approximately NIS 1.77 billion (total short and long term debt and current maturities of NIS 2.91 billion less cash and cash equivalents of NIS 1.14 billion).”

Key Financial Results

| NIS Million (except EPS) | Q3'16 | Q3'15 | % Change |
|---|-------|--------|----------|
| Revenues | 849 | 1,006 | -16% |
| Cost of revenues | 691 | 827 | -16% |
| Gross profit | 158 | 179 | -12% |
| Operating profit | 64 | 32 | +100% |
| Profit (Loss) for the period | 19 | (9) | N/A |
| Earnings (Loss) per share (basic, NIS) | 0.12 | (0.06) | N/A |
| Free cash flow (before interest payments) | 215 | 291 | -26% |

Key Operating Indicators

| | Q3'16 | Q3'15 | Change |
|--|-------|-------|--------|
| Adjusted EBITDA (NIS million) | 220 | 196 | +12% |
| Adjusted EBITDA (as a % of total revenues) | 26% | 19% | +7 |
| Cellular Subscribers (end of period, thousands) | 2,693 | 2,739 | -46 |
| Quarterly Cellular Churn Rate (%) | 9.7% | 10.8% | -1.1 |
| Monthly Average Revenue per Cellular User (ARPU) (NIS) | 66 | 71 | -5 |

Partner Consolidated Results

| NIS Million | Cellular Segment | | | Fixed-Line Segment | | | Elimination | | | Consolidated | | |
|--------------------|------------------|-------|----------|--------------------|-------|----------|-------------|-------|-------|--------------|----------|--|
| | Q3'16 | Q3'15 | Change % | Q3'16 | Q3'15 | Change % | Q3'16 | Q3'15 | Q3'16 | Q3'15 | Change % | |
| Total Revenues | 670 | 821 | -18% | 232 | 237 | -2% | (53) | (52) | 849 | 1,006 | -16% | |
| Service Revenues | 531 | 587 | -10% | 220 | 225 | -2% | (53) | (52) | 698 | 760 | -8% | |
| Equipment Revenues | 139 | 234 | -41% | 12 | 12 | 0% | - | - | 151 | 246 | -39% | |
| Operating Profit | 36 | 10 | +260% | 28 | 22 | +27% | - | - | 64 | 32 | +100% | |
| Adjusted EBITDA | 156 | 137 | +14% | 64 | 59 | +8% | - | - | 220 | 196 | +12% | |

Financial Review

In Q3 2016, total revenues were NIS 849 million (US\$ 226 million), a decrease of 16% from NIS 1,006 million in Q3 2015.

Service revenues in Q3 2016 totaled NIS 698 million (US\$ 186 million), a decrease of 8% from NIS 760 million in Q3 2015.

Service revenues for the cellular segment in Q3 2016 totaled NIS 531 million (US\$ 141 million), a decrease of 10% from NIS 587 million in Q3 2015. The decrease was mainly the result of both the continued price erosion of airtime packages (both Post-Paid and Pre-Paid), due to the competitive market conditions, as well as the decline in revenues related to the network Right of Use Agreement with Hot Mobile which was substituted with the Network Sharing Agreement from the second quarter of 2016.

Service revenues for the fixed-line segment in Q3 2016 totaled NIS 220 million (US\$ 59 million), a decrease of 2% from NIS 225 million in Q3 2015.

Equipment revenues in Q3 2016 totaled NIS 151 million (US\$ 40 million), a decrease of 39% from NIS 246 million in Q3 2015. The decrease largely reflected a decline in the quantities of cellular and other devices and accessories sold.

Gross profit from equipment sales in Q3 2016 was NIS 28 million (US\$ 7 million), compared with NIS 52 million in Q3 2015, a decrease of 46%, again largely reflecting the reduction in the quantity of sales, as well as a decrease in sales profit margins due to a change in the product mix.

Operating expenses (OPEX) totaled NIS 570 million (US\$ 152 million) in Q3 2016, a decrease of 12% or NIS 80 million from Q3 2015. The decrease largely reflected the one-time expense of the employee retirement plan in Q3 2015 in an amount of NIS 35 million. The decrease also reflected a decline in cellular network-related operating expenses following the implementation of the cost sharing mechanism under the Network Sharing Agreement with Hot Mobile and a decrease in salary and related expenses, partially offset by higher expenses related to bad debts and doubtful accounts. Operating expenses including depreciation and amortization expenses in Q3 2016 decreased by 11% compared with Q3 2015.

In Q3 2016 the Company continued to record income with respect to the settlement agreement with Orange in an amount of NIS 55 million (US\$ 15 million), compared with an amount of NIS 23 million which was recorded in Q3 2015.

Adjusted EBITDA in Q3 2016 totaled NIS 220 million (US\$ 59 million), an increase of 12% from NIS 196 million in Q3 2015.

Adjusted EBITDA for the cellular segment was NIS 156 million (US\$ 42 million) in Q3 2016, an increase of 14% from NIS 137 million in Q3 2015. The increase principally reflected the decrease in operating expenses (OPEX) as well as the increase in income with respect to the settlement agreement with Orange, which were partially offset by the decreases in service revenues and in gross profit from equipment sales. As a percentage of total cellular revenues, Adjusted EBITDA margin for the cellular segment in Q3 2016 was 23% compared with 17% in Q3 2015.

Adjusted EBITDA for the fixed-line segment was NIS 64 million (US\$ 17 million) in Q3 2016, an increase of 8% from NIS 59 million in Q3 2015. The increase mainly reflected the decrease in operating expenses (OPEX), which was partially offset by the decreases in service revenues and in gross profit from equipment sales. As a percentage of total fixed-line revenues, Adjusted EBITDA margin for the fixed line segment in Q3 2016 was 28% compared with 25% in Q3 2015.

Operating profit for Q3 2016 was NIS 64 million (US\$ 17 million), an increase of 100% compared with operating profit of NIS 32 million in Q3 2015.

Finance costs, net in Q3 2016 were NIS 30 million (US\$ 8 million), a decrease of 25% compared with NIS 40 million in Q3 2015. The decrease was mainly due to lower interest expenses as a result of the lower average level of debt.

Income tax expenses for Q3 2016 were NIS 15 million (US\$ 4 million), compared with NIS 1 million in Q3 2015, mainly reflecting the increase in profit before tax.

Profit in Q3 2016 totaled NIS 19 million (US\$ 5 million), compared with a loss of NIS 9 million in Q3 2015.

Based on the weighted average number of shares outstanding during Q3 2016, basic earnings per share or ADS, was NIS 0.12 (US\$ 0.03), compared to a basic loss per share or ADS of NIS 0.06 in Q3 2015.

Cellular Segment Operational Review

At the end of the third quarter of 2016, the Company's cellular subscriber base (including mobile data and 012 Mobile subscribers) was approximately 2.69 million, including approximately 2.22 million Post-Paid subscribers or 82% of the base, and approximately 478 thousand Pre-Paid subscribers, or 18% of the subscriber base.

During the third quarter of 2016, the cellular subscriber base declined by approximately 7 thousand subscribers. The Post-Paid subscriber base increased by approximately 24 thousand subscribers, while the Pre-Paid subscriber base declined by approximately 31 thousand subscribers.

The quarterly churn rate for cellular subscribers in Q3 2016 was 9.7%, compared with 10.8% in Q3 2015.

Total cellular market share (based on the number of subscribers) at the end of Q3 2016 was estimated to be approximately 27%, unchanged from Q3 2015.

The monthly Average Revenue per User ("ARPU") for cellular subscribers in Q3 2016 was NIS 66 (US\$ 18), a decrease of 7% from NIS 71 in Q3 2015. The decrease in ARPU mainly reflected both the continued price erosion of airtime packages and the decline in revenues related to the Right of Use Agreement with Hot Mobile which was substituted with the Network Sharing Agreement from the second quarter of 2016.

Funding and Investing Review

In Q3 2016, cash flow generated from operating activities before interest payments (NIS 253 million), net of cash flow used for investing activities (NIS 38 million) ('Free Cash Flow (before interest)'), totaled NIS 215 million (US\$ 57 million), a decrease of 26% from NIS 291 million in Q3 2015, reflecting a decrease in cash generated from operations, partially offset by lower CAPEX payments.

Cash generated from operations decreased by 28% to NIS 253 million (US\$ 67 million) in Q3 2016 from NIS 353 million in Q3 2015. The decrease in cash generated from operations reflected the one-time payment from Orange in an amount of approximately NIS 170 million in Q3 2015, compared with a payment from Hot Mobile in an amount of NIS 35 million in Q3 2016. The payment from Hot Mobile was part of the lump sum of NIS 250 million under the Network Sharing Agreement, which is expected to be paid in full by the end of 2016. In addition, the decrease reflected the decrease in operating assets, which was mainly explained by the decrease in equipment sales under installment payment plans.

Cash capital expenditures (CAPEX payments) totaled NIS 44 million (US\$ 12 million) in Q3 2016, a decrease of 31% from NIS 64 million in Q3 2015.

Net debt at the end of Q3 2016 amounted to NIS 1,768 million (US\$ 470 million), compared with NIS 2,355 million at the end of Q3 2015, a decrease of NIS 587 million.

Update on Legal Proceedings

On November 7, 2016, Partner was served with a lawsuit and a motion for the recognition of this lawsuit as a class action, filed against Partner, in the Tel-Aviv District Court. The claim alleges that Partner refunded its customers, in cases where it was apparent that they were overcharged, not in accordance with legal provisions. In addition, the claim alleges that Partner charges some of its customers that subscribe to the "One" service for the provision of this special service even though it was terminated. The plaintiff notes that it cannot estimate the total amount claimed in the lawsuit, should the lawsuit be certified as a class action. Partner is reviewing and assessing the lawsuit and is unable, at this preliminary stage, to evaluate, with any degree of certainty, the probability of success of the lawsuit or the range of potential exposure, if any.

Conference Call Details

Partner will hold a conference call on Wednesday, November 23, 2016 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: +972.3.918.0692

North America toll-free: +1.888.281.1167

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 23, 2016 until December 7, 2016, via the following numbers:

International: +972.3.925.5930

North America toll-free: +1.888.782.4291

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 (i) the expansion of our network's coverage through WiFi Calling; and (ii) significant reform of the television market resulting from the implementation of the recommendations of the Filber Committee. 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, as regards in particular the statements identified above, (i) any unanticipated technological or other difficulty which may arise in connection with the expansion of our network's coverage through WiFi calling services; and (ii) delays or unexpected impacts in connection with the implementation of the Filber Committee recommendations. 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 below.

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, 2016: US \$1.00 equals NIS 3.758. The translations were made purely for the convenience of the reader.

Use of Non-GAAP Financial Measures

'Adjusted EBITDA' represents earnings before interest (finance costs, net), taxes, depreciation, amortization (including amortization of intangible assets, deferred expenses-right of use, and amortization of share based compensation) and impairment charges, as a measure of operating profit. Adjusted EBITDA is not a financial measure under IFRS and may not be comparable to other similarly titled measures provided by other companies. Adjusted EBITDA may not be indicative of the Company's historic operating results nor is it meant to be predictive of potential future results. Adjusted EBITDA is presented solely to enhance the understanding of our operating results. We use the term "Adjusted EBITDA" to highlight the fact that amortization includes amortization of deferred expenses – right of use and employee share-based compensation expenses, but Adjusted EBITDA is fully comparable to EBITDA information which has been previously provided by Partner for prior periods.

'Cash capital expenditures' or 'CAPEX payments' represent cash flows used in acquisition of property and equipment and acquisition of intangible assets.

'Capital Expenditures (additions)' represents additions to property and equipment and intangible assets.

'Net Debt' represents notes payable and borrowings from banks and others including current maturities less cash and cash equivalents.

'Free Cash Flow (before interest)' represents cash flows from operating activities before interest payments, net of cash flows used for investment activities.

'Free Cash Flow (after interest)' represents cash flows from operating activities before interest payments, net of cash flows used for investment activities and net of interest paid.

'Operating Expenses (OPEX)' represents cost of service revenues, selling, marketing and administrative expenses net of depreciation, amortization, impairment charges and other expenses (mainly employee share based compensation expenses).

About Partner Communications

Partner Communications Company Ltd. is a leading Israeli provider of communications services (cellular, fixed-line telephony and internet services) under the Partner brand and the 012 Smile brand. 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:

Ziv Leitman 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 | | Convenience translation into U.S. Dollars |
|--|---|-----------------------------------|--|
| | September 30, 2016 (Unaudited) | December 31, 2015 (Audited) | September 30, 2016 (Unaudited) |
| | In millions | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 1,141 | 926 | 304 |
| Trade receivables | 1,055 | 1,057 | 281 |
| Other receivables and prepaid expenses | 40 | 47 | 11 |
| Deferred expenses – right of use | 23 | 33 | 5 |
| Inventories | 60 | 120 | 16 |
| Income tax receivable | | 2 | |
| | 2,319 | 2,185 | 617 |
| NON CURRENT ASSETS | | | |
| Trade Receivables | 373 | 492 | 99 |
| Deferred expenses – right of use | 61 | 20 | 16 |
| Property and equipment | 1,234 | 1,414 | 328 |
| Licenses and other intangible assets | 822 | 956 | 219 |
| Goodwill | 407 | 407 | 108 |
| Deferred income tax asset | 36 | 49 | 10 |
| Prepaid expenses and other | 2 | 3 | 1 |
| | 2,935 | 3,341 | 781 |
| TOTAL ASSETS | 5,254 | 5,526 | 1,398 |

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | New Israeli Shekels | | Convenience translation into U.S. Dollars |
|--|---|-----------------------------------|--|
| | September 30, 2016 (Unaudited) | December 31, 2015 (Audited) | September 30, 2016 (Unaudited) |
| | In millions | | |
| CURRENT LIABILITIES | | | |
| Current maturities of notes payable and borrowings and current borrowings | 482 | 554 | 128 |
| Trade payables | 681 | 715 | 181 |
| Payables in respect of employees | 49 | 77 | 13 |
| Other payables (mainly institutions) | 37 | 45 | 10 |
| Income tax payable | 61 | 52 | 17 |
| Deferred income with respect to settlement agreement with Orange | 163 | 217 | 43 |
| Deferred revenues from HOT mobile | 31 | | 8 |
| Other deferred revenues | 34 | 28 | 9 |
| Provisions | 71 | 77 | 19 |
| | 1,609 | 1,765 | 428 |
| NON CURRENT LIABILITIES | | | |
| Notes payable | 1,090 | 1,190 | 290 |
| Borrowings from banks and others | 1,337 | 1,357 | 356 |
| Liability for employee rights upon retirement, net | 31 | 34 | 8 |
| Dismantling and restoring sites obligation | 35 | 36 | 9 |
| Deferred income with respect to settlement agreement with Orange | | 108 | |
| Deferred revenues from HOT mobile | 23 | | 6 |
| Other non-current liabilities | 14 | 16 | 4 |
| | 2,530 | 2,741 | 673 |
| TOTAL LIABILITIES | 4,139 | 4,506 | 1,101 |
| EQUITY | | | |
| Share capital - ordinary shares of NIS 0.01 par value: authorized - December 31, 2015 and September 30, 2016 - 235,000,000 shares; issued and outstanding - | 2 | 2 | 1 |
| December 31, 2015 – -*156,087,456 shares | | | |
| September 30, 2016 – -*156,362,695 shares | | | |
| Capital surplus | 1,082 | 1,102 | 288 |
| Accumulated retained earnings | 362 | 267 | 96 |
| Treasury shares, at cost | | | |
| December 31, 2015 – **4,461,975 shares | | | |
| September 30, 2016 – **4,214,608 shares | (331) | (351) | (88) |

| | | | |
|------------------------------|-------|-------|-------|
| TOTAL EQUITY | 1,115 | 1,020 | 297 |
| TOTAL LIABILITIES AND EQUITY | 5,254 | 5,526 | 1,398 |

* Net of treasury shares.

** Including restricted shares in amount of 2,787,197 and 2,911,806 as of September 30, 2016 and December 31, 2015, respectively, held by trustee under the Company's Equity Incentive Plan, such shares will 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 2016 | | 3 month period ended September 30 2016 | | 9 month period ended September 30, 2016 | 3 month period ended September 30, 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions (except per share data) | | | | | |
| Revenues, net | 2,723 | 3,104 | 849 | 1,006 | 725 | 226 |
| Cost of revenues | 2,218 | 2,544 | 691 | 827 | 590 | 184 |
| Gross profit | 505 | 560 | 158 | 179 | 135 | 42 |
| Selling and marketing expenses | 330 | 295 | 98 | 102 | 88 | 26 |
| General and administrative expenses | 188 | 170 | 60 | 79 | 50 | 16 |
| Income with respect to settlement agreement with Orange | 163 | 23 | 55 | 23 | 43 | 15 |
| Other income, net | 35 | 37 | 9 | 11 | 10 | 2 |
| Operating profit | 185 | 155 | 64 | 32 | 50 | 17 |
| Finance income | 10 | 3 | * | * | 3 | * |
| Finance expenses | 92 | 107 | 30 | 40 | 25 | 8 |
| Finance costs, net | 82 | 104 | 30 | 40 | 22 | 8 |
| Profit (Loss) before income tax | 103 | 51 | 34 | (8) | 28 | 9 |
| Income tax expenses | 44 | 26 | 15 | 1 | 12 | 4 |
| Profit (Loss) for the period | 59 | 25 | 19 | (9) | 16 | 5 |
| Earnings (Loss) per share | | | | | | |
| Basic | 0.38 | 0.16 | 0.12 | (0.06) | 0.10 | 0.03 |
| Diluted | 0.37 | 0.16 | 0.12 | (0.06) | 0.10 | 0.03 |
| Weighted average number of shares outstanding (in thousands) | | | | | | |
| Basic | 156,120 | 156,080 | 156,178 | 156,085 | 156,120 | 156,178 |
| Diluted | 157,925 | 156,148 | 157,953 | 156,349 | 157,925 | 157,953 |

* 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, 2016 | | 3 month period ended September 30, 2015 | | 9 month period ended September 30, 2016 | 3 month period ended September 30, 2016 |
| | (Unaudited) | | (Unaudited) | | (Unaudited) | (Unaudited) |
| | In millions | | | | | |
| Profit (Loss) for the period | 59 | 25 | 19 | (9) | 16 | 5 |
| Other comprehensive income for the period, net of income tax | - | - | - | - | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 59 | 25 | 19 | (9) | 16 | 5 |

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

SEGMENT INFORMATION & Adjusted EBITDA reconciliation

| | New Israeli Shekels | | | New Israeli Shekels | | |
|--|--------------------------------------|--------------------|---------------------------------|--------------------------------------|--------------------|---------------------------------|
| | Nine months ended September 30, 2016 | | | Nine months ended September 30, 2015 | | |
| | In millions (Unaudited) | | | In millions (Unaudited) | | |
| | Cellular segment | Fixed line segment | Reconciliation for consolidated | Cellular segment | Fixed line segment | Reconciliation for consolidated |
| | | | Consolidated | | | Consolidated |
| Segment revenue - Services | 1,586 | 514 | 2,100 | 1,730 | 546 | 2,276 |
| Inter-segment revenue - Services | 15 | 147 | (162) | 17 | 137 | (154) |
| Segment revenue - Equipment | 571 | 52 | 623 | 782 | 46 | 828 |
| Total revenues | 2,172 | 713 | (162) 2,723 | 2,529 | 729 | (154) 3,104 |
| Segment cost of revenues - Services | 1,261 | 460 | 1,721 | 1,410 | 484 | 1,894 |
| Inter-segment cost of revenues - Services | 146 | 16 | (162) | 135 | 19 | (154) |
| Segment cost of revenues - Equipment | 454 | 43 | 497 | 618 | 32 | 650 |
| Cost of revenues | 1,861 | 519 | (162) 2,218 | 2,163 | 535 | (154) 2,544 |
| Gross profit | 311 | 194 | 505 | 366 | 194 | 560 |
| Operating expenses | 428 | 90 | 518 | 374 | 91 | 465 |
| Income with respect to settlement agreement with Orange | 163 | | 163 | 23 | | 23 |
| Other income, net | 32 | 3 | 35 | 35 | 2 | 37 |
| Operating profit | 78 | 107 | 185 | 50 | 105 | 155 |
| Adjustments to presentation of Adjusted EBITDA | | | | | | |
| –Depreciation and amortization | 338 | 110 | 448 | 386 | 109 | 495 |
| –Other (1) | 37 | | 37 | 9 | * | 9 |
| Adjusted EBITDA (2) | 453 | 217 | 670 | 445 | 214 | 659 |
| Reconciliation of Adjusted EBITDA to profit for the period | | | | | | |
| - Depreciation and amortization | | | 448 | | | 495 |
| - Finance costs, net | | | 82 | | | 104 |
| - Income tax expenses | | | 44 | | | 26 |
| - Other (1) | | | 37 | | | 9 |
| Profit for the period | | | 59 | | | 25 |

PARTNER COMMUNICATIONS COMPANY LTD.

(An Israeli Corporation)

SEGMENT INFORMATION & Adjusted EBITDA reconciliation

| | New Israeli Shekels Three months ended September 30, 2016 In millions (Unaudited) | | | New Israeli Shekels Three months ended September 30, 2015 In millions (Unaudited) | | | |
|--|---|-----------------------|--|---|-----------------------|--|-------|
| | Cellular segment | Fixed line segment | Reconciliation for consolidation | Cellular segment | Fixed line segment | Reconciliation for consolidation | |
| Segment revenue - | | | Consolidated | | | Consolidated | |
| Services | 526 | 172 | 698 | 581 | 179 | 760 | |
| Inter-segment revenue - | | | | | | | |
| Services | 5 | 48 | (53) | 6 | 46 | (52) | |
| Segment revenue - | | | | | | | |
| Equipment | 139 | 12 | 151 | 234 | 12 | 246 | |
| Total revenues | 670 | 232 | (53) | 849 | 237 | (52) | 1,006 |
| Segment cost of revenues - | | | | | | | |
| Services | 410 | 158 | 568 | 468 | 165 | 633 | |
| Inter-segment cost | | | | | | | |
| of revenues - | | | | | | | |
| Services | 48 | 5 | (53) | 45 | 7 | (52) | |
| Segment cost of revenues - | | | | | | | |
| Equipment | 112 | 11 | 123 | 185 | 9 | 194 | |
| Cost of revenues | 570 | 174 | (53) | 691 | 181 | (52) | 827 |
| Gross profit | 100 | 58 | 158 | 123 | 56 | 179 | |
| Operating expenses | 127 | 31 | 158 | 146 | 35 | 181 | |
| Income with respect to settlement | | | | | | | |
| agreement with Orange | 55 | | 55 | 23 | | 23 | |
| Other income, net | 8 | 1 | 9 | 10 | 1 | 11 | |
| Operating profit | 36 | 28 | 64 | 10 | 22 | 32 | |
| Adjustments to presentation of | | | | | | | |
| Adjusted EBITDA | | | | | | | |
| –Depreciation and amortization | 108 | 35 | 143 | 126 | 37 | 163 | |
| –Other (1) | 12 | 1 | 13 | 1 | | 1 | |
| Adjusted EBITDA (2) | 156 | 64 | 220 | 137 | 59 | 196 | |
| Reconciliation of Adjusted EBITDA to profit | | | | | | | |
| (loss) for the period | | | | | | | |
| - Depreciation and amortization | | | 143 | | | 163 | |
| - Finance costs, net | | | 30 | | | 40 | |
| - Income tax expenses | | | 15 | | | 1 | |
| - Other (1) | | | 13 | | | 1 | |
| Profit (Loss) for the period | | | 19 | | | (9) | |

*Representing an amount of less than 1 million.

(1) Mainly amortization of employee share based compensation.

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, amortization of share based compensation and impairment charges), as a measure of operating profit. Adjusted

(2) 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.

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, | | 2016 | |
| | 2016 | 2015 | 2016 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | |
| | In millions | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| Cash generated from operations (Appendix) | 652 | 668 | 174 | |
| Income tax paid | (20) | (31) | (5) |) |
| Net cash provided by operating activities | 632 | 637 | 169 | |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | |
| Acquisition of property and equipment | (97) | (179) | (26) |) |
| Acquisition of intangible assets | (52) | (124) | (14) |) |
| Interest received | 2 | 2 | 1 | |
| Consideration received from sales of property and equipment | 4 | | 1 | |
| Proceeds from (repayment of) derivative financial instruments, net | * | * | * | |
| Net cash used in investing activities | (143) | (301) | (38) |) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Interest paid | (80) | (79) | (21) |) |
| Current borrowings received | 52 | | 14 | |
| Non-current borrowings received | | 675 | | |
| Repayment of non-current borrowings | (11) | (177) | (3) |) |
| Repayment of notes payable | (235) | | (63) |) |
| Net cash provided by (used in) financing activities | (274) | 419 | (73) |) |
| INCREASE IN CASH AND CASH EQUIVALENTS | 215 | 755 | 58 | |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 926 | 663 | 246 | |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 1,141 | 1,418 | 304 | |

* 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, | September 30, | September 30, |
| | 2016 | 2015 | 2016 |
| | (Unaudited) | (Unaudited) | (Unaudited) |
| | In millions | | |
| Cash generated from operations: | | | |
| Profit for the period | 59 | 25 | 16 |
| Adjustments for: | | | |
| Depreciation and amortization | 427 | 467 | 114 |
| Amortization of deferred expenses - Right of use | 21 | 27 | 6 |
| Employee share based compensation expenses | 36 | 10 | 10 |
| Liability for employee rights upon retirement, net | (3) | (2) | (1) |
| Finance costs, net | 2 | 1 | 1 |
| Change in fair value of derivative financial instruments | * | (1) | * |
| Capital loss from property and equipment | 1 | | * |
| Interest paid | 80 | 79 | 21 |
| Interest received | (2) | (2) | (1) |
| Deferred income taxes | 12 | (1) | 3 |
| Income tax paid | 20 | 31 | 5 |
| Changes in operating assets and liabilities: | | | |
| Decrease (increase) in accounts receivable: | | | |
| Trade | 122 | (211) | 33 |
| Other | 8 | (4) | 2 |
| Increase (decrease) in accounts payable and accruals: | | | |
| Trade | (3) | 53 | (1) |
| Other payables | (38) | 19 | (10) |
| Provisions | (6) | 8 | (2) |
| Deferred income with respect to settlement agreement with Orange | (163) | 150 | (43) |
| Deferred revenues from HOT mobile | 54 | | 14 |
| Other deferred revenues | 6 | (7) | 2 |
| Increase in deferred expenses - Right of use | (52) | (22) | (14) |
| Current income tax liability | 11 | 1 | 3 |
| Decrease (increase) in inventories | 60 | 47 | 16 |
| Cash generated from operations | 652 | 668 | 174 |

* Representing an amount of less than 1 million.

At September 30, 2016 and 2015, trade and other payables include NIS 96 million (\$26 million) and NIS 96 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.

19

Reconciliation of Non-GAAP Measures:Free Cash Flow before and after interest paid

| | New Israeli Shekels | | Convenience translation into U.S. Dollars | |
|---|---------------------|-------------|---|--|
| | 2016 | 2015 | 2016 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | |
| | In millions | | | |
| Net cash provided by operating activities | 253 | 353 | 67 | |
| Net cash used in investing activities | (38) | (62) | (10) | |
| Free Cash Flow (before interest) | 215 | 291 | 57 | |
| Interest paid | (14) | (14) | (4) | |
| Free Cash Flow (after interest) | 201 | 277 | 53 | |

Operating Expenses (OPEX)

| | New Israeli Shekels | | Convenience translation into U.S. Dollars | |
|-------------------------------------|---------------------|-------------|---|--|
| | 2016 | 2015 | 2016 | |
| | (Unaudited) | (Unaudited) | (Unaudited) | |
| | In millions | | | |
| Cost of revenues – Services | 568 | 633 | 151 | |
| Selling and marketing expenses | 98 | 102 | 26 | |
| General and administrative expenses | 60 | 79 | 16 | |
| Depreciation and amortization | (143) | (163) | (38) | |
| Other (1) | (13) | (1) | (3) | |
| OPEX | 570 | 650 | 152 | |

(1) Mainly amortization of employee share based compensation.

Key Financial and Operating Indicators (unaudited)*

| NIS M unless otherwise stated | Q3' 14 | Q4' 14 | Q1' 15 | Q2' 15 | Q3' 15 | Q4' 15 | Q1' 16 | Q2' 16 | Q3' 16 | 2014 | 2015 |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Cellular Segment Service Revenues | 658 | 613 | 579 | 581 | 587 | 550 | 543 | 527 | 531 | 2,618 | 2,297 |
| Cellular Segment Equipment Revenues | 218 | 282 | 277 | 271 | 234 | 269 | 244 | 188 | 139 | 938 | 1,051 |
| Fixed-Line Segment Service Revenues | 259 | 250 | 232 | 226 | 225 | 223 | 222 | 219 | 220 | 1,004 | 906 |
| Fixed-Line Segment Equipment Revenues | 22 | 18 | 18 | 16 | 12 | 22 | 23 | 17 | 12 | 54 | 68 |
| Reconciliation for consolidation | (55) | (55) | (52) | (50) | (52) | (57) | (55) | (54) | (53) | (214) | (211) |
| Total Revenues | 1,102 | 1,108 | 1,054 | 1,044 | 1,006 | 1,007 | 977 | 897 | 849 | 4,400 | 4,111 |
| Gross Profit from Equipment Sales | 64 | 61 | 59 | 67 | 52 | 61 | 56 | 42 | 28 | 228 | 239 |
| Operating Profit (Loss) | 110 | 73 | 56 | 67 | 32 | (48) | 54 | 67 | 64 | 400 | 107 |
| Cellular Segment Adjusted EBITDA | 191 | 161 | 148 | 160 | 137 | 152 | 142 | 155 | 156 | 762 | 597 |
| Fixed-Line Segment Adjusted EBITDA | 91 | 88 | 79 | 76 | 59 | 65 | 80 | 73 | 64 | 334 | 279 |
| Total Adjusted EBITDA | 282 | 249 | 227 | 236 | 196 | 217 | 222 | 228 | 220 | 1,096 | 876 |
| Adjusted EBITDA Margin (%) | 26 % | 22 % | 22 % | 23 % | 19 % | 22 % | 23 % | 25 % | 26 % | 25 % | 21 % |
| OPEX | 657 | 630 | 604 | 601 | 650 | 608 | 612 | 572 | 570 | 2,590 | 2,463 |
| Impairment charges on operating profit | | | | | | 98 | | | | | 98 |
| Income with respect to | | | | | 23 | 38 | 54 | 54 | 55 | | 61 |

settlement

agreement with

Orange

Finance costs,

| | | | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|-------|-------|-------|-------|
| net | 50 | 36 | 18 | 46 | 40 | 39 | 24 | 28 | 30 | 159 | 143 |
| Profit (Loss) | 40 | 24 | 25 | 9 | (9) | (65) | 14 | 26 | 19 | 162 | (40) |
| Capital Expenditures (cash) | 129 | 90 | 128 | 111 | 64 | 56 | 48 | 57 | 44 | 432 | 359 |
| Capital Expenditures (additions) | 118 | 145 | 50 | 84 | 51 | 86 | 34 | 40 | 44 | 434 | 271 |
| Free Cash Flow Before Interest Payments | 112 | 71 | 21 | 24 | 291 | 230 | 114 | 160 | 215 | 520 | 566 |
| Free Cash Flow After Interest Payments | 106 | 21 | 8 | (28) | 277 | 172 | 89 | 119 | 201 | 389 | 429 |
| Net Debt | 2,637 | 2,612 | 2,581 | 2,626 | 2,355 | 2,175 | 2,079 | 1,964 | 1,768 | 2,612 | 2,175 |
| Cellular Subscriber Base (Thousands) | 2,894 | 2,837 | 2,774 | 2,747 | 2,739 | 2,718 | 2,692 | 2,700 | 2,693 | 2,837 | 2,718 |
| Post-Paid Subscriber Base (Thousands) | 2,145 | 2,132 | 2,112 | 2,112 | 2,136 | 2,156 | 2,174 | 2,191 | 2,215 | 2,132 | 2,156 |
| Pre-Paid Subscriber Base (Thousands) | 749 | 705 | 662 | 635 | 603 | 562 | 518 | 509 | 478 | 705 | 562 |
| Cellular ARPU (NIS) | 76 | 71 | 69 | 70 | 71 | 67 | 67 | 65 | 66 | 75 | 69 |
| Cellular Churn Rate (%) | 12.0 % | 11.5 % | 12.7 % | 10.9 % | 10.8 % | 11.1 % | 11.2 % | 9.8 % | 9.7 % | 47 % | 46 % |
| Number of Employees (FTE) | 3,683 | 3,575 | 3,535 | 3,354 | 3,017 | 2,882 | 2,827 | 2,740 | 2,742 | 3,575 | 2,882 |

* See footnote 2 regarding use of non-GAAP measures.

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/ Ziv Leitman
Name: Ziv Leitman
Title: Chief Financial Officer

Dated: November 23, 2016