

Convenience translation  
In any case of inconsistency, the immediate report in Hebrew shall prevail

## **Discount Investment Corporation Ltd,**

Immediate report dated August 1, 2019 - reference number: 2019-01-079972

### **Subject: Indication of an Impairment of Cellcom's Goodwill**

Discount Investment Corporation Ltd. (the "**Company**") announces that as part of the Company's preparations for approval and publication of its financial statements as of June 30, 2019, and considering, Inter alia, the considerable decline in the market value of Cellcom Israel Ltd. ("**Cellcom**") and the increase in its bond yields during the second quarter of 2019, the Company is undertaking an examination for signs of any impairment of its goodwill and brand value attributed to Cellcom.

As part of said examination, the Company received a preliminary indication prepared by an external valuator in connection with an economic report regarding impairment of the goodwill and attributed brand value, in Cellcom's financial statements ("**Economic Report**"). In accordance with said indication, the Company estimates that the value of assets attributed to Cellcom's operations, less the liabilities attributed to Cellcom's operations in the Company's financial statements as of June 30, 2019 (including deferred tax balances attributable to the excess cost recognized upon Cellcom's acquisition, against which the Company recognized goodwill), will be greater than the realizable value of Cellcom's operations, and therefore the Company is expected to recognize a provision for goodwill impairment in the Company's financial statements as of June 30, 2019, in an amount estimated to range from NIS 500 to 600 million.

It is noted that this is an preliminary assessment by the Company and is based on a preliminary indication prepared by an external valuator, as noted, and on the value of Cellcom's operations in the Company's books as of March 31, 2019, and that, as of this date, the economic project has not yet been finalized or reviewed by the Company's auditor or discussed by the Balance Sheet Committee and the Company's Board of Directors, and upon its finalization it is possible that the amount of the provision for impairment in the Company's books, will differ and may materially differ from that noted above, inter alia, as a result of an update of Cellcom's operations in the Company's books from March 31, 2019 to June 30, 2019. It is also noted, that, according to said indication available at this date, no provision for impairment in the value of goodwill in Cellcom's financial statements itself is required.

The information contained in this report is considered forward-looking information, as said term is defined by Securities Law, 1968, and is based, inter alia, on estimates and forecasts of future trends in Cellcom's relevant markets and the effects of said matters on Cellcom's value, as expressed in the preliminary draft of said economic report and on the value of Cellcom's operations in the Company's books as of March 31, 2019. Accordingly, the information may not be fully or partially realized, if said assessments and forecasts differ from that expected.

It should be noted that the Company holds 44.08% of the issued share capital and 47.01% of the voting rights of Cellcom (including through agreements with other shareholders).

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