

PARTNER COMMUNICATIONS CO LTD  
Form 6-K  
July 26, 2016

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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

July 26, 2016

Partner Communications Company Ltd.  
(Translation of Registrant's Name Into English)

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

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(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 announces that S&P Maalot has affirmed the Company's iIA+/stable credit rating

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PARTNER COMMUNICATIONS ANNOUNCES THAT  
S&P MAALOT HAS AFFIRMED THE COMPANY'S  
iIA+/STABLE CREDIT RATING

ROSH HA'AYIN, Israel, July 26, 2016 - Partner Communications Company Ltd. (NASDAQ and TASE: PTNR), a leading Israeli communications company ("Partner"), reports today that Standard & Poor's Maalot ("S&P Maalot"), has published a report regarding the Company. In its report, S&P Maalot affirmed the Company's iIA+/Stable credit rating.

For further information see S&P Maalot's full Report dated July 26, 2016 on: <http://www.maalot.co.il/Content/Ratings/RatingEntity.aspx?EntityId=495> or its informal English translation attached to the immediate report on Form 6-k to be furnished to the Securities and Exchange Commission.

Forward-Looking Statements

This press release includes forward-looking statements, as this term is defined in 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 "will", "believe," "anticipate," "expect," "intend," "strive," "seek," "plan," "could," "may," "foresee," "target," "objective," declensions thereof and similar expressions typically convey forward-looking statements, but these words are not the only words that convey these statements.

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These forward-looking statements are subject to risks, uncertainties and assumptions about Partner, about the macro-economic environment, about consumer habits and preferences when using cellular telephones, trends in the Israeli communications industry in general, the impact of current global economic conditions and possible regulatory and legal developments. In light of these risks, uncertainties and conjectures, the forward-looking events mentioned in this press release might not transpire, and actual results may differ materially from the anticipated results. The current credit rating of the Company should not be perceived as to predict the credit rating that the Company may receive in the future. For further information regarding the above-mentioned risks, uncertainties and conjectures and other risks we face, please see "Item 3. Key Information - 3D. Risk Factors," "Item 4. Information about 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, and the Company's other reports on Form 6-K, which were submitted to the United States Securities Exchange Commission. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason.

#### About Partner Communications

Partner Communications Company Ltd. ("Partner") is a leading Israeli provider of telecommunications services (cellular, fixed-line telephony and internet services) under the "Partner" and "012 Smile" brands. 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](mailto:investors@partner.co.il)

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Standard & Poor's  
Maalot  
S&P Global

Partner Communications Co. Ltd.

July 26, 2016

Primary Credit Analyst:

Tamar Stein, 972-3-7539721 [tamar.stein@spglobal.com](mailto:tamar.stein@spglobal.com)

Secondary Credit Analyst:

Gil Avrahami, 972-3-7539719 [gil.avrahami@spglobal.com](mailto:gil.avrahami@spglobal.com)

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Please note that this translation was made for the company's use only and under no circumstances obligates Standard & Poor's Maalot. In the case of any discrepancy with the official Hebrew version published on July 26, 2016, the Hebrew version shall apply.

Rating Affirmation July 26, 2016 | 1

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Partner Communications Co. Ltd.

Partner Communications Co. Ltd.

Affirmed Corporate Credit Rating ilA+/Stable

Rationale

Business Risk

Continuous exposure to changes in the Israeli communication market, including changes in regulation and intense competition.

Retaining a leading position in the mobile market.

Decreasing operating margin.

Increasingly diversified activity in various communication segments.

Financial Risk

Consistently sound financial risk profile.

Decrease in free cash flow (after investments and dividends)

“Adequate” liquidity, according to our definitions.

Outlook: Stable

The stable outlook reflects our assessment that Partner Communications Co. Ltd. (“Partner”) will maintain its financial policy supporting leverage levels and coverage ratios commensurate with the current rating. We estimate that the company will retain liquidity levels commensurate with the current rating while generating sufficient cash flows albeit at more modest levels than in the past. We also estimate that Partner will maintain a balance between its liquidity level and its investment requirements.

We consider an adjusted debt/EBITDA ratio of 3.0x-4.0x and an adjusted EBITDA/revenue ratio of 20%-30% as commensurate with the current rating.

Downside Scenario

We may consider a negative rating action if the company’s business risk profile weakens, e.g. as a result of significant deterioration in its operating measures. Furthermore, a negative rating would be possible should we see deterioration in the company’s performance in operations, an increase in leverage levels, a weakening of the liquidity profile and increased instability in the communications market, which would result in adjusted debt/EBITDA exceeding 4.0x and adjusted EBITDA/revenue dropping below 20%.

Upside Scenario

A positive rating action is possible if the company maintains its conservative financial policy while its financial position improves and the market stabilizes. In addition, we may consider a positive rating action should the company continuously present an adjusted debt/EBITDA ratio of up to 3.0x and an adjusted EBITDA/revenue ratio exceeding 30%.



Partner Communications Co. Ltd.

Standard & Poor's Base-Case Scenario

| Principal Assumptions   | Key Metrics*                  |       |           |           |
|---|-------------------------------|-------|-----------|-----------|
|   | 2015A                         | 2016E | 2017E     |           |
| Continued decrease in revenues, especially in revenues from mobile services, and due to loss of direct revenues from Hot.                           | EBITDA margin                 | 24%   | 20%-24%   | 20%-24%   |
| Smaller operating margin, but still above 20%, underpinned by some expected decrease in expenses due to the new network sharing agreement with Hot. | FFO**/debt                    | 22%   | 22%-25%   | 23%-26%   |
|   | Debt/EBIDTA                   | 3.4x  | 3.3x-3.6x | 3.3x-3.6x |
| Capital expenses in 2016-2017 similar to 2015.  | *A – Actual, E – Estimate.    |       |           |           |
|   | **FFO – funds from operations |       |           |           |

#### Business Risk

Decrease in operating margin due to intense competition; maintaining a competitive position

We believe that the company's business risk profile is supported by the following factors:

Familiarity with the communication market.

Persisting leading market position.

Diversified operations.

On the other hand, we believe the company's business risk profile is limited by the following factors:

Exposure to the Israeli communication market, characterized by tight regulation, intense competition in most segments and continuous instability.

Decrease in operating margin, but still within the range commensurate with the current rating.

Continuous decrease in ARPU (average revenue per user) and high churn rates.

#### Financial Risk

Good coverage ratios; continuous gradual decrease in financial debt

We believe that the company's financial risk profile is supported by the following factors:

Continuous, gradual decrease in financial debt.

Good coverage and leverage ratios compared to peers.

"Adequate" liquidity underpinned by cash balance and cash flow generation.

Good access to credit sources.

These supporting factors are partly mitigated by the following factors:

Decrease in free cash flow generation.

Continuous decrease in EBITDA base due to persisting price wars.

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Partner Communications Co. Ltd.

Table 1.

Partner Communications Co. Ltd. -- Financial Summary

Industry Sector: Wireless Communications

| (Mil. NIS)                        | --Fiscal year ended Dec. 31-- |       |        |        |       |
|-----------------------------------|-------------------------------|-------|--------|--------|-------|
|                                   | 2015                          | 2014  | 2013   | 2012   | 2011  |
| Revenues                          | 4,111                         | 4,400 | 4,519  | 5,572  | 6,998 |
| EBITDA                            | 994                           | 1,276 | 1,268  | 1,740  | 2,410 |
| Funds from operations (FFO)       | 744                           | 998   | 989    | 1,320  | 1,739 |
| Working capital changes           | 161                           | 24    | 470    | 335    | (463) |
| Cash flow from operations         | 1,001                         | 1,059 | 1,590  | 1,764  | 1,306 |
| Capital expenditures              | 359                           | 432   | 482    | 500    | 504   |
| Free operating cash flow          | 642                           | 627   | 1,108  | 1,264  | 802   |
| Dividends paid                    | 0                             | 0     | 0      | 167    | 659   |
| Discretionary cash flow           | 642                           | 627   | 1,108  | 1,097  | 143   |
| Debt                              | 3,391                         | 3,961 | 4,511  | 5,316  | 6,347 |
| Debt and equity                   | 4,411                         | 5,000 | 5,351  | 6,020  | 6,774 |
| Adjusted ratios                   |                               |       |        |        |       |
| Annual revenue growth (%)         | (6.6)                         | (2.6) | (18.9) | (20.4) | 4.9   |
| EBITDA margin (%)                 | 24.2                          | 29.0  | 28.1   | 31.2   | 34.4  |
| EBITDA interest coverage (x)      | 4.9                           | 6.2   | 4.9    | 6.2    | 6.4   |
| Debt/EBITDA (x)                   | 3.4                           | 3.1   | 3.6    | 3.1    | 2.6   |
| FFO/debt (%)                      | 21.9                          | 25.2  | 21.9   | 24.8   | 27.4  |
| Free operating cash flow/debt (%) | 18.9                          | 15.8  | 24.6   | 23.8   | 12.6  |
| Discretionary cash flow/EBITDA    | 64.6                          | 49.1  | 87.4   | 63.1   | 5.9   |
| Debt/debt and equity (%)          | 76.9                          | 79.2  | 84.3   | 88.3   | 93.7  |

Liquidity: Adequate

The company's liquidity is "adequate", according to our criteria. We estimate that the company's sources to uses ratio in the 12 months beginning in April 2016 will exceed 1.2x. This assessment is mainly based on the current cash balance, good cash flow generation and proactive liquidity policy. We believe the company's good access to a variety of financing sources in the local capital market contributes to its liquidity assessment.

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Partner Communications Co. Ltd.

In our base-case scenario we assume that the company's principal sources and uses for the 12 months starting April 1, 2016, are as follows:

Principal Liquidity Sources

Principal Liquidity Uses

Cash balance of about NIS 0.8 billion as of the end of Q1 2016.

About NIS 0.6 billion in debt maturities.

Debt issuance (signed) of about NIS 0.2 billion.

About NIS 0.4 billion in capital expenditures.

Operating cash flow of about NIS 0.6-0.7 billion.

We note that the company has several financial covenants in respect of its loans. We understand that as of March 30, 2016, the company meets them with adequate margin.

Modifiers

Diversification portfolio effect: Neutral

Capital structure: Neutral

Liquidity: Neutral

Financial policy: Neutral

Management/Governance: Neutral

Comparable ratings analysis: Neutral

Reconciliation

In order to create a basis for comparison with other rated companies, we adjust the data reported in the company's financial statements which we use to calculate coverage ratios. The main adjustments we made on Partner Communications Co. Ltd.'s 2015 consolidated data are:

Deducting surplus cash, as we define it, from reported financial debt.

Discounting long-term leases and adding them to reported debt; increasing EBITDA and FFO to reflect annual rental payments and interest and depreciation components calculated from future rent payments discounted into financial debt.

Adjusting financial debt for postretirement benefit obligations.

Adjusting financial debt for litigation.

Adjusting financial debt for trade receivables securitization – NIS 165 million.

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Partner Communications Co. Ltd.

Table 2.

Reconciliation Of Partner Communications Co. Ltd. Reported Amounts With Standard &amp; Poor's Adjusted Amounts (Mil. NIS)

--Fiscal year ended Dec. 31, 2015--

Partner Communications Co. Ltd. reported amounts

|  | Debt    | EBITDA | Operating<br>income | Interest<br>expense | EBITDA                      | Cash flow from<br>operations |
|--|---------|--------|---------------------|---------------------|-----------------------------|------------------------------|
| Reported   | 3,101.0 | 860.0  | 107.0               | 136.0               | 860.0                       | 922.0                        |
| Standard & Poor's adjustments                            |         |        |                     |                     |                             |                              |
| Interest expense (reported)                              | --      | --     | --                  | --                  | (136.0)                     | --                           |
| Interest income (reported)                               | --      | --     | --                  | --                  | 1.0                         | --                           |
| Current tax expense (reported)                           | --      | --     | --                  | --                  | (44.0)                      | --                           |
| Trade receivables securitizations                        | 165.0   | --     | --                  | 11.0                | (11.0)                      | 36.0                         |
| Operating leases   | 718.5   | 224.5  | 56.3                | 56.3                | 168.2                       | 168.2                        |
| Postretirement benefit obligations/deferred compensation | 25.5    | --     | --                  | 0.2                 | (3.1)                       | 8.9                          |
| Surplus cash   | (694.5) | --     | --                  | --                  | --                          | --                           |
| Share-based compensation expense                         | --      | 17.0   | --                  | --                  | 17.0                        | --                           |
| Non-operating income (expense)                           | --      | --     | 2.0                 | --                  | --                          | --                           |
| Reclassification of interest and dividend cash flows     | --      | --     | --                  | --                  | --                          | (134.0)                      |
| Debt - Litigation  | 75.0    | --     | --                  | --                  | --                          | --                           |
| EBITDA - Other income/(expense)                          | --      | (61.0) | (61.0)              | --                  | (61.0)                      | --                           |
| EBITDA - Other   | --      | (47.0) | (47.0)              | --                  | (47.0)                      | --                           |
| Total adjustments  | 289.5   | 133.5  | (49.7)              | 67.5                | (115.9)                     | 79.1                         |
| Standard & Poor's adjusted amounts                       |         |        |                     |                     |                             |                              |
|  | Debt    | EBITDA | EBIT                | Interest<br>expense | Funds<br>from<br>operations | Cash flow from<br>operations |
| Adjusted   | 3,390.5 | 993.5  | 57.3                | 203.5               | 744.1                       | 1,001.1                      |

## Related Criteria And Research

[National And Regional Scale Credit Ratings](#), September 22, 2014[S&P Global Ratings' National And Regional Scale Mapping Tables](#), June 1, 2016[Standard & Poor's Ratings Definitions](#), February 1, 2016[Use Of CreditWatch And Outlooks](#), September 14, 2009[Methodology: Timeliness Of Payments: Grace Periods, Guarantees, And Use Of 'D' And 'SD' Ratings](#), October 24, 2013[Corporate Methodology](#), November 19, 2013[Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers](#), December 16, 2014[Corporate Methodology: Ratios And Adjustments](#), November 19, 2013[Group Rating Methodology](#), November 19, 2013[Methodology: Industry Risk](#), November 19, 2013[Country Risk Assessment Methodology And Assumptions](#), November 19, 2013[Methodology: Management And Governance Credit Factors For Corporate Entities And Insurers](#), November 13, 2012[Key Credit Factors For The Telecommunications And Cable Industry](#), June 22, 2014



Partner Communications Co. Ltd.

Rating Details (As of 26-July-2016)

Partner Communications Co. Ltd.

Issuer rating(s)

Local Currency LT ilA+/Stable

Issue rating(s)

Senior Unsecured Debt

Series B, C, D, E ilA+

Rating history

|              |                      |
|--------------|----------------------|
| 20-June-2013 | ilAA-/Stable         |
| 6-Dec-2012   | ilAA-/Negative       |
| 10-Sep-2012  | ilAA-/Watch Negative |
| 19-Oct-2010  | ilAA-/Negative       |
| 5-Oct-2009   | ilAA-/Stable         |

Issuer Rating history

Local Currency LT

|               |                 |
|---------------|-----------------|
| 28-July-2015  | ilA+/Stable     |
| 20-June-2013  | ilAA-/Stable    |
| 6-Dec-2012    | ilAA-/Negative  |
| 10-Sep-2012   | ilAA-/Watch Neg |
| 19-Oct-2010   | ilAA-/Negative  |
| 05-Oct-2009   | ilAA-/Stable    |
| 17-Sept-2009  | ilAA-           |
| 14-July-2009  | ilAA-/Watch Dev |
| 24-March-2009 | ilAA-/Watch Pos |
| 28-Oct-2008   | ilAA-/Stable    |
| 25-Sept-2007  | ilAA-/Positive  |
| 20-March-2007 | ilAA-/Stable    |
| 28-July-2004  | ilAA-           |
| 16-Feb-2004   | ilA+            |
| 01-Aug-2003   | ilA             |

Other Details

|  |                  |
|--|------------------|
| Time of the event                                | 09:39 26/07/2016 |
| Time when the analyst first learned of the event | 09:39 26/07/2016 |
| Rating requested by                              | Issuer           |

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Partner Communications Co. Ltd.

#### Credit Rating Surveillance

S&P Maalot conducts surveillance activities on developments which may affect the creditworthiness of issuers and specific bond series which it rates, on an ongoing basis. The purpose of such surveillance is to identify parameters which may lead to a change in the rating.

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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: July 26, 2016

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