Cellcom Israel Ltd.
Form 6-K
November 14, 2016

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of

the Securities Exchange Act of 1934

For November 14, 2016

Commission File Number: 001-33271

CELLCOM ISRAEL LTD.

10 Hagavish Street

Netanya, Israel 4250708

(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 __X__ Form 40-F _____

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1): ______

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7): ______

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 __X__

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): Not Applicable

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Item 1

Cellcom Israel announces

third Quarter 2016 Results

Revenues for the third quarter of 2016 totaled NIS 992 million

EBITDA[1] for the third quarter of 2016 totaled NIS 209 million

Net income for the third quarter of 2016 totaled NIS 33 million

Nir Sztern, Cellcom CEO said: "The efforts invested in strengthening our position as a telecommunications group bear fruit afresh in each quarter.

Cellcom tv is a success, it generates competition and is a growth engine.

We are determined to continue to bring the message of the new viewing experience to the public in Israel."

Third Quarter 2016 Highlights *(compared to third quarter of 2015):*

§ **Total Revenues** totaled NIS 992 million ($264 million) compared to NIS 1,032 million ($275 million) in the third quarter last year, a decrease of 3.9%

§ **Service revenues** totaled NIS 758 million ($202 million) compared to NIS 789 million ($210 million) in the third quarter last year, a decrease of 3.9%

- **EBITDA[1]** totaled NIS 209 million ($55 million) compared to NIS 235 million ($63 million) in the third quarter last year, a decrease of 11.1%

- **EBITDA margin** 21.1%, down from 22.8%

- **Operating income** totaled NIS 73 million ($19 million) compared to NIS 96 million ($26 million) in the third quarter last year, a decrease of 24.0%

- **Net income** totaled NIS 33 million ($9 million) compared to NIS 40 million ($11 million) in the third quarter last year, a decrease of 17.5%

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[1] Please see "Use of Non-IFRS financial measures" section in this press release.

- **Free cash flow[1]** totaled NIS 81 million ($22 million) compared to NIS 127 million ($34 million) in the third quarter last year, a decrease of 36.2%

- **Cellular subscriber base** totaled approximately 2.822 million subscribers (at the end of September 2016)

Nir Sztern, the Company's Chief Executive Officer, referred to the results of the third quarter:

“The third quarter was characterized by continued growth in the fixed-line segment in an environment of aggressive competition. The results of the quarter were affected, among others, by a decrease in revenues recognized in relation to national roaming services, due to Golan not paying the full agreed monthly consideration. Other than this adverse effect, the Company's results in this quarter, both in the financial parameters and in the operational parameters, were good, similar to the previous quarter.

The efforts invested in strengthening our position as a telecommunications group bear fruit afresh in each quarter. Cellcom tv is a success. Over 100 thousand customers chose quality and advanced TV, rich and diverse content, dozens of channels and all for the best price in Israel."

Shlomi Fruhling, Chief Financial Officer, said:

"The third quarter of 2016 was characterized by continued growth in the fixed-line segment and the continuous competition in the cellular field, which was reflected in a mild erosion of service revenues compared to the previous quarter. In October 2016, Golan Telecom did not pay the full agreed consideration for national roaming services already rendered and due and as a result in this quarter the Company recorded a decrease of revenues in an amount of NIS 40 million. Following this effect, EBITDA in this quarter totaled to approximately NIS 209 million. If Golan's payments continue to be partial, the Company's results will be adversely affected by a decrease in revenues from national roaming services.

In the fixed-line segment we continue the growth trend due to the continued recruitment of customers to Cellcom tv, landline wholesale market and triple-play services. The Company recorded an increase in revenues from the Internet and TV fields, which was partially offset by a decrease in revenues from long distance calls.

The Group continues to act to decrease its operating expenses. In the first nine months of 2016, the selling, marketing, general and administrative expenses of the Group decreased by approximately 8.0% compared to the same period last year. In September 2016, the Company completed a debt raising through the issuance of two new series of debentures in Israel in a total amount of approximately NIS 400 million. This successful issuance represents a continued vote of confidence by investors in the Company.

The free cash flow for the third quarter of 2016 totaled NIS 81 million, a 36.2% decrease compared to NIS 127 million in the third quarter of 2015. The decrease in free cash flow was mainly due to a decrease in receipts from customers for services and end user equipment.

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The Company’s Board of Directors decided not to distribute a dividend for the third quarter of 2016, given the continued intensified competition in the market and its effect on the Company's operating results and in order to further strengthen the Company's balance sheet. The Board of Directors will re-evaluate its decision as market conditions develop, and taking into consideration the Company's needs."

Netanya, Israel – November 14, 2016 – Cellcom Israel Ltd. (NYSE: CEL; TASE: CEL) ("Cellcom Israel" or the "Company" or the "Group"), announced today its financial results for the third quarter of 2016. Revenues for the third quarter of 2016 totaled NIS 992 million ($264 million). EBITDA for the third quarter of 2016 totaled NIS 209 million ($55 million), reflecting a margin of 21.1% of total revenues. Net income for the third quarter of 2016 totaled NIS 33 million ($9 million). Basic earnings per share for the third quarter of 2016 totaled NIS 0.33 ($0.09).

Main <u>Consolidated</u> Financial Results:

	Q3/2016	Q3/2015	Change%	Q3/2016	Q3/2015
	NIS million			**US$ million (convenience translation)**	
Total revenues	**992**	1,032	(3.9%)	**264**	275
Operating Income	**73**	96	(24.0%)	**19**	26
Net Income	**33**	40	17.5%	**9**	11
Free cash flow	**81**	127	(36.2%)	**22**	34
EBITDA	**209**	235	(11.1%)	**55**	63
EBITDA, as percent of total revenues	**21.1%**	22.8%	(7.5%)		

Main Financial Data by Operating Segments:

Starting from the first quarter of 2016, the Company presents its operations in two segments, "Cellular" segment and "Fixed-line" segment. These segments are managed separately for allocating resources and assessing performance purposes. The Company adjusted its operating segments reporting for prior periods on a retroactive basis, therefore the segment reporting for those periods reflect the new reporting format.

- Cellular Segment - the segment includes the cellular communications services, end user cellular equipment and supplemental services.

- Fixed-line segment - the segment includes landline telephony services, internet infrastructure and connectivity services, television services, end user fixed-line equipment and supplemental services.

	Cellular (*)			**Fixed-line (**)**			**Consolidation adjustments (***)**		**Consolidated results**		
NIS million	**Q3'16**	**Q3'15**	**Change**	**Q3'16**	**Q3'15**	**Change**	**Q3'16**	**Q3'15**	**Q3'16**	**Q3'15**	**Change**

			%			%					%
Total revenues	**729**	787	(7.4%)	**315**	295	6.8%	**(52)**	(50)	**992**	1,032	(3.9%)
Service revenues	**534**	572	(6.6%)	**276**	267	3.4%	**(52)**	(50)	**758**	789	(3.9%)
Equipment revenues	**195**	215	(9.3%)	**39**	28	39.3%	**-**	-	**234**	243	(3.7%)
EBITDA	**149**	168	(11.3%)	**60**	67	(10.4%)	**-**	-	**209**	235	(11.1%)
EBITDA, as percent of total revenues	**20.4%**	21.3%	(4.2%)	**19.0%**	22.7%	(16.3%)			**21.1%**	22.8%	(7.5%)

(*) The segment includes the cellular communications services, end user cellular equipment and supplemental services.

(**) The segment includes landline telephony services, internet infrastructure and connectivity services, television services, end user fixed-line equipment and supplemental services.

(***) Include cancellation of inter-segment revenues between "Cellular" and "Fixed-line" segments.

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Financial Review

Revenues for the third quarter of 2016 decreased 3.9% totaling NIS 992 million ($264 million), compared to NIS 1,032 million ($275 million) in the third quarter of last year. The decrease in revenues is attributed to a 3.9% decrease in service revenues and a 3.7% decrease in equipment revenues.

Service revenues totaled NIS 758 million ($202 million) in the third quarter of 2016, a 3.9% decrease from NIS 789 million ($210 million) in the third quarter of last year.

Service revenues in the cellular segment totaled NIS 534 million ($142 million) in the third quarter of 2016, a 6.6% decrease from NIS 572 million ($152 million) in the third quarter of last year. This decrease resulted mainly from a decrease in cellular services revenues due to the ongoing erosion in the price of these services and churn of customers as a result of the competition in the cellular market. This decrease was also affected by a decrease in revenues from national roaming services. For additional details regarding national roaming revenues from Golan Telecom Ltd. ("Golan") in this quarter see under "Golan Telecom" section in this press release.

Service revenues in the fixed-line segment totaled NIS 276 million ($73 million) in the third quarter of 2016, a 3.4% increase from NIS 267 million ($71 million) in the third quarter of last year. This increase resulted mainly from an increase in revenues from Internet and TV fields. Such increase was partially offset by a decrease in revenues from long distance calls.

Equipment revenues in the third quarter of 2016 totaled NIS 234 million ($62 million), a 3.7% decrease compared to NIS 243 million ($65 million) in the third quarter of last year. This decrease resulted mainly from a decrease in the quantity of end user equipment sold during the third quarter of 2016 as compared with the third quarter of 2015. This decrease was partially offset by an increase in equipment sales in the fixed-line segment.

Cost of revenues for the third quarter of 2016 totaled NIS 669 million ($178 million), compared to NIS 671 million ($179 million) in the third quarter of 2015, a 0.3% decrease. This decrease resulted mainly from a decrease in costs of end user equipment, primarily as a result of a decrease in the quantity of end user equipment sold during the third quarter of 2016 as compared with the third quarter of 2015, which was partially offset by an increase in content costs related to the TV field and in costs related to the landline wholesale market field.

Gross profit for the third quarter of 2016 decreased 10.5% to NIS 323 million ($86 million), compared to NIS 361 million ($96 million) in the third quarter of 2015. Gross profit margin for the third quarter of 2016 amounted to 32.6%, down from 35.0% in the third quarter of 2015.

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Selling, Marketing, General and Administrative Expenses ("SG&A Expenses") for the third quarter of 2016 decreased 6.8% to NIS 247 million ($66 million), compared to NIS 265 million ($71 million) in the third quarter of 2015. This decrease is primarily a result of decrease in depreciation and amortization expenses and efficiency measures implemented by the Company.

Operating income for the third quarter of 2016 decreased by 24% to NIS 73 million ($19 million) from NIS 96 million ($26 million) in the third quarter of 2015. The decrease in the operating income resulted from a decrease in revenues primarily due to the ongoing erosion in service revenues.

EBITDA for the third quarter of 2016 decreased by 11.1% totaling NIS 209 million ($55 million) compared to NIS 235 million ($63 million) in the third quarter of 2015. EBITDA for the third quarter of 2016, as a percent of third quarter revenues, totaled 21.1% down from 22.8% in the third quarter of 2015. The decrease in the EBITDA resulted mainly from the ongoing erosion in service revenues and frrom an adverse effect of NIS 40 million in the third quarter of 2016. For additional details see under “Golan Telecom” section in this press release. The decrease was partially offset by a decrease in operating expenses, mainly as a result of efficiency measures implemented by the Company.

Cellular segment EBITDA totaled NIS 149 million ($39 million), compared to NIS 168 million ($45 million) in the third quarter last year, a decrease of 11.3% resulted mainly from a decrease in service revenues as mentioned above. For additional details regarding an adverse effect of NIS 40 million in the third quarter of 2016 see under "Golan Telecom" section in this press release. Fixed-line segment EBITDA totaled NIS 60 million ($16 million), a 10.4% decrease from the third quarter last year, mainly as a result of an erosion in long distance calls revenues and an erosion in internet field profitability.

Financing expenses, net for the third quarter of 2016 decreased 14.3% and totaled NIS 42 million ($11 million), compared to NIS 49 million ($13 million) in the third quarter of 2015. The decrease resulted mainly from losses in the third quarter of 2015 from hedging transactions regarding the Israeli Consumer Price Index, associated with the Company’s debentures.

Taxes on income for the third quarter of 2016 totaled NIS 2 million ($1 million) of tax income, compared to NIS 7 million ($2 million) of tax expense in the third quarter of 2015. The decrease resulted mainly from tax income, which was recorded in this quarter, as a result of a tax assessment agreement for the years 2012-2013.

Net Income for the third quarter of 2016 totaled NIS 33 million ($9 million), compared to NIS 40 million ($11 million) in the third quarter of 2015, a 17.5% decrease.

Basic earnings per share for the third quarter of 2016 totaled NIS 0.33 ($0.09), compared to NIS 0.40 ($0.11) in the third quarter last year.

Operating Review

Main Performance Indicators - Cellular segment:

	Q3/2016	Q3/2015	Change (%)
Cellular subscribers at the end of period (in thousands)	**2,822**	2,832	(0.4%)
Churn Rate for cellular subscribers (in %)	**10.5%**	10.1%	4.0%
Monthly cellular ARPU (in NIS)	**62.8**	66.0	(4.8%)

Cellular subscriber base – at the end of the third quarter of 2016 the Company had approximately 2.822 million cellular subscribers. During the third quarter of 2016 the Company's cellular subscriber base increased by approximately 10,000 net cellular subscribers.

Cellular Churn Rate for the third quarter of 2016 totaled 10.5%, compared to 10.1% in the third quarter of 2015.

The monthly cellular **Average Revenue per User ("ARPU")** for the third quarter of 2016 totaled NIS 62.8 ($16.7), compared to NIS 66.0 ($17.6) in the third quarter of 2015. The decrease in ARPU resulted, among others, from the ongoing erosion in the prices of cellular services, resulting from the intense competition in the cellular market, and from a decrease in revenues from national roaming.

Main Performance Indicators - Fixed-line segment:

	Q3/2016	Q3/2015	Change (%)
Internet infrastructure field - households at the end of period (in thousands)	**146**	70	108.6%
TV field- households at the end of period (in thousands)	**99**	50	98.0%

Financing and Investment Review

Cash Flow

Free cash flow for the third quarter of 2016 totaled NIS 81 million ($22 million), compared to NIS 127 million ($34 million) in the third quarter of 2015, a 36.2% decrease. The decrease in free cash flow was mainly due to a decrease in receipts from customers for services and end user equipment.

Total Equity

Total Equity as of September 30, 2016 amounted to NIS 1,325 million ($352 million) primarily consisting of accumulated undistributed retained earnings of the Company.

Cash Capital Expenditures in Fixed Assets and Intangible Assets

During the third quarter of 2016 the Company invested NIS 80 million ($21 million) in fixed assets and intangible assets (including, among others, investments in the Company's communications networks, information systems, software and TV set-top boxes), compared to NIS 86 million ($23 million) in the third quarter of 2015.

Dividend

On November 14, 2016, the Company's Board of Directors decided not to declare a cash dividend for the third quarter of 2016. In making its decision, the board of directors considered the Company's dividend policy and business status and decided not to distribute a dividend at this time, given the intensified competition and its adverse effect on the Company's results of operations, and in order to strengthen the Company's balance sheet. The board of directors will re-evaluate its decision in future quarters. No future dividend declaration is guaranteed and is subject to the Company's board of directors' sole discretion, as detailed in the Company's annual report for the year ended December 31, 2015 on Form 20-F dated March 21, 2016, under "Item 8 - Financial Information – A. Consolidated Statements and Other Financial Information - Dividend Policy".

Debentures

For information regarding the Company's summary of financial liabilities and details regarding the Company's outstanding debentures as of September 30, 2016, see "Disclosure for Debenture Holders" section in this press release.

Loan from Financial Institutions

Pursuant to a loan agreement entered by the Company and two financial institutions in May 2015, in June 2016 the first loan under the agreement in a principal amount of NIS 200 million was provided to the Company. For details regarding the fulfilling of financial covenants included in the loan agreement, which are identical to those included in the Company's Debentures Series F through K, see comment no.1 to the table of "Aggregation of the information regarding the debenture series issued by the Company" under "Disclosure for Debenture Holders" section in this press release. For additional details regarding the loan see the Company's most recent annual report for the year ended December 31, 2015 on Form 20-F, filed on March 21, 2016, under "Item 5B. Liquidity and Capital Resources – Other Credit Facilities".

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Other developments during the third quarter of 2016 and subsequent to the end of the reporting period

Network Sharing with Xfone

In October 2016, the 4G network sharing and 2G and 3G hosting services agreement entered by the Company and Marathon 018 Xfone Ltd., or Xfone, in July 2016 (Xfone was awarded 4G frequencies in the 2015 frequencies tender and has not entered the cellular market yet), was approved by the Israeli Antitrust commissioner, subject to the annulment of a certain provision. The agreement further requires the approval of the Israeli Ministry of communications.

For additional details see the Company's annual report for the year ended December 31, 2015, dated March 21, 2016, on Form 20-F, or the Company's 2015 Annual Report under "Item 3 Key Information - D. Risk Factors– Risks Related to our Business –We face intense competition in all aspects of our business" and under "Item 4. Information on the Company – B. Business Overview - Competition – Cellular" and " - Government Regulation –Additional MNOs", and the Company's current reports on Form 6-K dated August 10, 2016 under "Other developments during the second quarter of 2016 and subsequent to the end of the reporting period –Agreement with Xfone", and October 30, 2016.

Golan Telecom

Following the previously reported notification of the Israeli Antitrust commissioner and the Ministry of Communications that they are opposing the proposed purchase of Golan Telecom Ltd., or Golan, by the Company, in September 2016 each of Golan and the Company filed a petition against the Ministry of Communication's decision not to approve the purchase of Golan by the Company. In addition, in the last months, the Company agreed to allow Golan, as an exception to its "no shop" obligation included in the Share Purchase Agreement of Golan's shares by the Company, or SPA, to conduct negotiations with certain third parties which showed interest in the possible purchase of Golan's share capital or operations or a part thereof. The Company has been conducting advanced negotiations of a possible network sharing agreement which will also resolve past national roaming payment differences with Golan, previously reported, with such third parties looking into the purchase of Golan. The terms of the agreements negotiated vary but the Company estimates that should any of such negotiations mature into an agreement, the Company will be entitled to receive an annual sum which is somewhat lower than was previously estimated and reported. Any such agreement will be subject to the completion of negotiations to the Company's satisfaction, the approval of the Company's board of directors, the acquisition of Golan by such third party and the receipt of all regulatory approvals for all such agreements. The Company cannot estimate the results of any of the abovementioned negotiations, whether such negotiations shall mature into an agreement and whether such agreement shall be approved by the regulators.

Following the previously reported Golan's request to appeal the interim injunction granted by the district court against the consummation of a hosting agreement between Hot Mobile Ltd., another Israeli cellular operator, and Golan, or the Hot Agreement, in September 2016 Golan's request to appeal the said interim injunction was rejected by the Israeli Supreme Court, and Hot – Telecommunications Systems Ltd., the controlling shareholder of Hot Mobile Ltd., announced that the Hot Agreement was canceled.

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Also, in October 2016: (1) Golan filed a lawsuit against the Company asking the Israeli district court to declare that it does not owe the Company the previously reported past national roaming payment differences (set in the SPA to NIS 600 million plus VAT) or alternatively, decrease certain payments. The Company believes this lawsuit is unfounded, is contrary to the binding National Roaming Agreement, or NRA, and SPA between the parties and Golan's numerous statements to both the Company and the regulators, attesting to the NIS 600 million sum (including approval of the monthly invoices which are the basis for the sum and a letter Golan written to the Prime Minister of Israel in his capacity as Minister of communications) and the Company intends to act vigorously in order to dismiss it. (2) Golan unilaterally and in breach of the SPA and NRA between the parties, informed the Company that in light of certain unspecified claims it supposedly has in the matter, it will pay the Company a monthly amount of NIS 10.6 million (plus VAT) instead of the agreed NIS 21 million (plus VAT) for the national roaming services already provided by the Company and due in October and until further notice. The Company rejected any alleged claim in respect of this matter and in November 2016, as Golan failed to pay the full monthly payments due, the Company commenced legal proceedings against Golan in that regard. Further, in October 2016, the Company provided Golan with a specific formal warning before a liquidation request may be filed against Golan in case it does not pay all due amounts.

As to date, Golan did not pay the Company the full agreed monthly consideration due for national roaming services already rendered in 2016, the Company did not recognize part of the revenues in respect of such services. As a result, the Company's EBITDA for the third quarter of 2016 was adversely affected in the amount of NIS 40 million. In case the aforementioned negotiations with third parties looking into the purchase of Golan mature into an agreement, the assumptions at the basis of the above decrease in revenues recognition, may change and require an adjustment respectively. Further, a substantial reduction of the Company's future revenues from Golan will have a material adverse effect on the Company's revenues and results of operations.

In November 2016, according to the provisions of the SPA, the Company demanded Golan to pay in December 2016 the sum of NIS 600 million plus VAT - regarding past national roaming payment differences.

For additional details see the Company's 2015 Annual Report under "Item 3 Key Information - D. Risk Factors– Risks Related to our Business –We face intense competition in all aspects of our business" and "- Risks Related to the Proposed Acquisition of Golan Telecom Ltd." and under "Item 4. Information on the Company – B. Business Overview - General - Agreement for the Purchase of Golan", and under "-Competition – Cellular" and " - Government Regulation –Additional MNOs", and the Company's current reports on Form 6-K dated August 10, 2016 under "Other developments during the second quarter of 2016 and subsequent to the end of the reporting period – Golan Telecom", September 6, 12, 21 and 22, 2016, and October 10, 2016.

Debt Raising

In September 2016, the Company issued two new series of debentures as follows:

- Series J debentures in a principal amount of approximately NIS 103 million at an interest rate of 2.45% per annum, linked to the Israeli Consumer Price Index. Series J debentures principal will be payable in six installments, of which the first four installments of 15% of the principal each will be paid on July 5 of the years 2021 through 2024, and the remaining two installments of 20% of the principal each will be paid on July 5 of the years 2025 through 2026. Interest on the outstanding principal of the Series J debentures is payable on January 5 and on July 5 of each of the years 2017 through 2026.

- Series K debentures in a principal amount of approximately NIS 304 million, at an interest rate of 3.55% per annum, without linkage. Series K debentures principal will be payable in six installments, of which the first four installments of 15% of the principal each will be paid on July 5 of the years 2021 through 2024, and the remaining two installments of 20% of the principal each will be paid on July 5 of the years 2025 and 2026. Interest on the outstanding principal of the Series K debentures is payable on January 5 and on July 5 of each of the years 2017 through 2026.

Both series were issued at par value (NIS 1,000 per unit).

The debentures (rated ilA+/Stable) were issued in a public offering in Israel based on the Company's Israeli shelf prospectus and were listed for trading on the Tel Aviv Stock Exchange.

The total net consideration received by the Company was approximately NIS 403 million.

The Series J and Series K debentures are unsecured and contain standard terms and conditions in addition to certain additional undertakings by the Company generally similar to the terms of the Company's existing Series G and Series H debentures. The Company intends to use the net proceeds from the offering for general corporate purposes, which may include financing its operating and investment activity, refinancing of outstanding debt under its debentures and other credit facilities, and dividend distributions, subject to certain restrictions that apply to dividend distributions made by the Company and to the decisions of the Company’s board of directors from time to time.

The offering described in this press release, was made in Israel to residents of Israel only. The said debentures were not and will not be registered under the U.S. Securities Act of 1933 and were not and will not be offered or sold in the United States. This press release shall not constitute an offer to sell or the solicitation of an offer to buy any debentures.

For additional details of the Company's Israeli shelf prospectus, the Company's public debentures and other credit facilities see the Company's Annual Report 2015 under "Item 5. Liquidity and Capital Resources – Debt Service – Public

Debentures" and "Other Credit Facilities" and the Company's current reports on Form 6-K dated September 25 and 26, 2016 ; for details of the Company's dividend policy see the Company's Annual Report 2015 under “Item 8. Financial Information - A. Consolidated Statements and Other Financial Information - Dividend Policy”.

Director Nomination

In November 2016, the Company's Board of Directors appointed Mr. Mauricio Wior as a member of the Board of Directors and Vice Chairman, subject to the completion of the previously reported process of adaptation of the Company's licenses to the change in control in IDB Development Corporation Ltd., or IDB, until the Company's next annual general meeting of shareholders. When the appointment is effective, Mr. Wior will replace Mr. Ari Bronshtein as a member of the Company's Board of Directors.

Mauricio Wior has served as deputy chairman of the board of directors of Shufersal Ltd. and Israir Aviation and Tourism Ltd. since 2016, a member of the board of directors of IRSA Inversiones y Representaciones Sociedad Anónima, IDB's controlling shareholder, since 2006, a member of the board of directors of Banco Hipotecario in Argentina, a substitute director in Discount Investment Corporation Ltd., the Company's controlling shareholder, since 2014 and a member of the board of directors of additional private companies in Argentina. From 1990 to 2005 Mr. Wior served as the chariman and CEO of cellular operators in Argentina, Uruguay, Chile, Ecuador, Peru and Venezuela, and as a senior executive of BellSouth Telecommunications, LLC. Mr. Wior holds a B.A in finance and Accounting and M.B.A. in Business Management, both from Tel Aviv University.

For additional details see our 2015 Annual Report under “Item 3. Key Information – D. Risk Factors - Risks Related to our Business – There are certain restrictions in our licenses relating to the ownership of our shares. As a result of a change in control of IDB, we are currently not in compliance with the terms of our licenses" and "Item 4. Information on the Company – B. Business Overview – Government Regulations – Our Principle License" and "Item 6. Directors, Senior Management and Employees – A. Directors and Senior Management".

Conference Call Details

The Company will be hosting a conference call regarding its results for the third quarter of 2016 on Monday, November 14, 2016 at 09:00 am ET, 06:00 am PT, 14:00 UK time, 16:00 Israel time. On the call, management will review and discuss the results, and will be available to answer questions. To participate, please either access the live webcast on the Company's website, or call one of the following teleconferencing numbers below. Please begin placing your calls at least 10 minutes before the conference call commences. If you are unable to connect using the toll-free numbers, please try the international dial-in number.

US Dial-in Number: 1 888 668 9141 UK Dial-in Number: 0 800 917 5108

Israel Dial-in Number: 03 918 0610 International Dial-in Number: +972 3 918 0610

at: 09:00 am Eastern Time; 06:00 am Pacific Time; 14:00 UK Time; 16:00 Israel Time

To access the **live webcast** of the conference call, please access the investor relations section of Cellcom Israel's website: www.cellcom.co.il. After the call, a **replay** of the call will be available under the same investor relations section.

About Cellcom Israel

Cellcom Israel Ltd., established in 1994, is the largest Israeli cellular provider; Cellcom Israel provides its approximately 2.822 million cellular subscribers (as at September 30, 2016) with a broad range of value added services including cellular telephony, roaming services for tourists in Israel and for its subscribers abroad and additional services in the areas of music, video, mobile office etc., based on Cellcom Israel's technologically advanced infrastructure. The Company operates an LTE 4 generation network and an HSPA 3.5 Generation network enabling advanced high speed broadband multimedia services, in addition to GSM/GPRS/EDGE networks. Cellcom Israel offers Israel's broadest and largest customer service infrastructure including telephone customer service centers, retail stores, and service and sale centers, distributed nationwide. Through its broad customer service network Cellcom Israel offers technical support, account information, direct to the door parcel delivery services, internet and fax services, dedicated centers for hearing impaired, etc. Cellcom Israel further provides OTT TV services (as of December 2014), internet infrastructure (as of February 2015) and connectivity services and international calling services, as well as landline telephone communications services in Israel, in addition to data communications services. Cellcom Israel's shares are traded both on the New York Stock Exchange (CEL) and the Tel Aviv Stock Exchange (CEL). For additional information please visit the Company's website http://investors.cellcom.co.il.

Forward-Looking Statements

The following information contains, or may be deemed to contain forward-looking statements (as defined in the U.S. Private Securities Litigation Reform Act of 1995 and the Israeli Securities Law, 1968). In some cases, you can identify these statements by forward-looking words such as “may,” “might,” “will,” “should,” “expect,” “plan,” “anticipate,” “ “estimate,” “predict,” “potential” or “continue,” the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions about the Company, may include projections of the Company's future financial results, its anticipated growth strategies and anticipated trends in its business. These statements are only predictions based on the Company's current expectations and projections about future events. There are important factors that could cause the Company's 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. Factors that could cause such differences include, but are not limited to: changes to the terms of the Company's license, new legislation or decisions by the regulator affecting the Company's operations, new competition and changes in the competitive environment, the outcome of legal proceedings to which the Company is a party, particularly class action lawsuits, the Company's ability to maintain or obtain permits to construct and operate cell sites, and other risks and uncertainties detailed from time to time in the Company's filings with the U.S. Securities and Exchange Commission, including under the caption “Risk Factors” in its Annual Report for the year ended December 31, 2015.

Although the Company believes the expectations reflected in the forward-looking statements contained herein are reasonable, it cannot guarantee future results, level of activity, performance or achievements. Moreover, neither the Company nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements. The Company assumes no duty to update any of these forward-looking statements after the date hereof to conform its prior statements to actual results or revised expectations, except as otherwise required by law.

The Company prepares its financial statements in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB). Unless noted specifically otherwise, the dollar denominated figures were converted to US$ using a convenience translation based on the New Israeli Shekel (NIS)/US$ exchange rate of NIS 3.758 = US$ 1 as published by the Bank of Israel for September 30, 2016.

Use of non-IFRS financial measures

EBITDA is a non-IFRS measure and is defined as income before financing income (expenses), net; other income (expenses), net (excluding expenses related to employee voluntary retirement plans); income tax; depreciation and amortization and share based payments. This is an accepted measure in the communications industry. The Company presents this measure as an additional performance measure as the Company believes that it enables us to compare operating performance between periods and companies, net of any potential differences which may result from differences in capital structure, taxes, age of fixed assets and related depreciation expenses. EBITDA should not be considered in isolation, or as a substitute for operating income, any other performance measures, or cash flow data, which were prepared in accordance with Generally Accepted Accounting Principles as measures of profitability or liquidity. EBITDA does not take into account debt service requirements, or other commitments, including capital expenditures, and therefore, does not necessarily indicate the amounts that may be available for the Company's use. In addition, EBITDA as presented by the Company may not be comparable to similarly titled measures reported by other companies, due to differences in the way these measures are calculated. See the reconciliation of net income to EBITDA under "Reconciliation of Non-IFRS Measures" in the press release.

Free cash flow is a non-IFRS measure and is defined as the net cash provided by operating activities (including the effect of exchange rate fluctuations on cash and cash equivalents), minus the net cash used in investing activities excluding short-term investment in tradable debentures and deposits and proceeds from sales of such debentures (including interest received in relation to such debentures) and deposits. See "Reconciliation of Non-IFRS Measures" below.

Company Contact **Investor Relations Contact**

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Financial Tables Follow

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Cellcom Israel Ltd.

(An Israeli Corporation)

Condensed Consolidated Interim Statements of Financial Position

	September 30, 2015 NIS millions	September 30, 2016	Convenience translation into US dollar September 30, 2016 US$ millions	December 31, 2015 NIS millions
Assets				
Cash and cash equivalents	550	1,026	273	761
Current investments, including derivatives	380	286	76	281
Trade receivables	1,316	1,307	348	1,254
Other receivables	77	88	23	104
Inventory	80	56	15	85
Total current assets	2,403	2,763	735	2,485
Trade and other receivables	768	811	216	785
Property, plant and equipment, net	1,761	1,660	441	1,745
Intangible assets, net	1,269	1,213	323	1,254
Deferred tax assets	12	3	1	9
Total non- current assets	3,810	3,687	981	3,793
Total assets	6,213	6,450	1,716	6,278
Liabilities				
Current maturities of debentures	738	865	230	734
Trade payables and accrued expenses	631	687	183	677
Current tax liabilities	55	-	-	53
Provisions	126	108	29	110
Other payables, including derivatives	261	200	53	286
Total current liabilities	1,811	1,860	495	1,860
Long-term loans from financial institutions	-	200	53	-
Debentures	3,057	2,860	761	3,054
Provisions	19	30	8	20
Other long-term liabilities	18	29	8	24

Liability for employee rights upon retirement, net	12	11	3	12
Deferred tax liabilities	125	135	36	123
Total non- current liabilities	3,231	3,265	869	3,233
Total liabilities	5,042	5,125	1,364	5,093
Equity attributable to owners of the Company				
Share capital	1	1	-	1
Cash flow hedge reserve	(3)	(1)	-	(2)
Retained earnings	1,156	1,309	348	1,170
Non-controlling interests	17	16	4	16
Total equity	1,171	1,325	352	1,185
Total liabilities and equity	6,213	6,450	1,716	6,278

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Cellcom Israel Ltd.

(An Israeli Corporation)

Condensed Consolidated Interim Statements of Income

	For the nine months ended September 30, 2015	2016	Convenience translation into US dollar For the nine months ended September 30, 2016	For the three months ended September 30, 2015	2016	Convenience translation into US dollar For the three months ended September 30, 2016	F y D 2 N
	NIS millions		US$ **millions**	NIS millions		US$ **millions**	
Revenues	3,134	3,043	810	1,032	992	264	
Cost of revenues	(2,075)	(2,005)	(533)	(671)	(669)	(178)	(2
Gross profit	1,059	1,038	277	361	323	86	1
Selling and marketing expenses	(459)	(432)	(115)	(155)	(141)	(38)	(
General and administrative expenses	(349)	(311)	(83)	(110)	(106)	(28)	(
Other expenses, net	(20)	(17)	(5)	-	(3)	(1)	(
Operating profit	231	278	74	96	73	19	3
Financing income	46	39	10	21	12	3	5
Financing expenses	(175)	(149)	(39)	(70)	(54)	(14)	(
Financing expenses, net	(129)	(110)	(29)	(49)	(42)	(11)	(
Profit before taxes on income	102	168	45	47	31	8	1
Tax benefit (taxes on income)	(24)	(32)	(9)	(7)	2	1	(
Profit for the period	78	136	36	40	33	9	9
Attributable to:							
Owners of the Company	77	135	36	40	33	9	9
Non-controlling interests	1	1	-	-	-	-	2
Profit for the period	78	136	36	40	33	9	
Earnings per share							
	0.77	1.34	0.36	0.40	0.33	0.09	

Basic earnings per share (in NIS)							
Diluted earnings per share (in NIS)	0.77	1.34	0.36	0.40	0.33	0.09	
Weighted-average number of shares used in the calculation of basic earnings per share (in shares)	100,585,898	100,604,578	100,604,578	100,588,638	100,604,578	100,604,578	1
Weighted-average number of shares used in the calculation of diluted earnings per share (in shares)	100,585,898	100,646,549	100,646,549	100,589,948	100,677,621	100,677,621	1

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Cellcom Israel Ltd.

(An Israeli Corporation)

Condensed Consolidated Interim Statements of Cash Flows

	For the nine months ended September 30,		Convenience translation into US dollar For the nine months ended September 30,	For the three months ended September 30,		Convenience translation into US dollar For the three months ended September 30,	For the year ended December 31,
	2015	2016	2016	2015	2016	2016	2015
	NIS millions		US$ millions	NIS millions		US$ **millions**	NIS millions
Cash flows from operating activities							
Profit for the period	78	136	36	40	33	9	97
Adjustments for:							
Depreciation and amortization	419	398	106	138	131	35	562
Share based payment	1	4	1	1	1	-	3
Loss (gain) on sale of property, plant and equipment	(2)	6	2	-	3	1	(1)
Income tax expense (tax benefit)	24	32	9	7	(2)	(1)	36
Financing expenses, net	129	110	29	49	42	11	177
Changes in operating assets and liabilities:							
Change in inventory	9	29	7	5	7	2	4
Change in trade receivables (including long-term amounts)	128	(38)	(10)	15	37	10	209
Change in other receivables (including long-term amounts)	(21)	(19)	(5)	3	(34)	(9)	(34)
Changes in trade payables, accrued expenses and provisions	(70)	44	12	1	14	4	(54)
Change in other liabilities (including long-term amounts)	(14)	(26)	(7)	(31)	(49)	(13)	(95)
Income tax paid	(56)	(73)	(20)	(20)	(23)	(6)	(68)
Net cash from operating activities	625	603	160	208	160	43	836
0					-		
Cash flows from investing activities							
Acquisition of property, plant, and equipment	(232)	(217)	(58)	(70)	(66)	(17)	(305)
Acquisition of intangible assets	(75)	(55)	(14)	(16)	(14)	(4)	(91)

Change in current investments, net	134	(7)		(2)		(3)		(3)		(1)			231
Payments for other derivative contracts, net	(1)		-		-	(1)			-		-	-	
Proceeds from sale of property, plant and equipment	5	2		1			1						