Media Conference

Zurich, October 23rd 2000

“Personal Health for Life”
Yoram Alroy  Chairman of the Board and Chief Executive Officer
Erez Alroy  Co-President
Yariv Alroy  Co-President
Erez Termechy  Chief Financial Officer
Dr. Paul H. Smit  Vice President Strategy & Business Development
Philips Medical Systems
<table>
<thead>
<tr>
<th>Terms of the IPO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Share offering</strong></td>
</tr>
</tbody>
</table>
| **Share volume** | 3,409,091 ordinary shares (32.0% of SHL’s capital)  
- 2,500,000 new shares  
- 909,091 existing shares |
| **Over-allotment option** | Up to 340,909 shares from existing shareholders |
| **Global Co-ordinator** | UBS Warburg |
| **Listing** | SWX New Market |
| **Lock-up** | 24 months for Alroy family  
12 months for other major shareholders |
### Capital structure

- **Current shares outstanding**: 10,663,373 ordinary shares
- **Authorized capital**: 14,000,000 ordinary shares
  - 10,663,373 already issued
  - 856,627 reserved for options to be issued
- **Voting rights**: no restrictions
- **Dividend**: no intention to pay dividends in the foreseeable future
Lock-up and timetable

- **Subscription period and bookbuilding**: 1 November - 14 November 2000, 12pm (CET)

- **Roadshow**: 1 November - 14 November 2000
  - Zurich
  - Basle
  - Geneva
  - Boston
  - New York
  - Paris
  - London
  - Edinburgh
  - Milan
  - Frankfurt

- **First trading day**: 15 November 2000
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Introduction</td>
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<td>Section 2</td>
<td>Market background</td>
<td>9</td>
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<td>Section 3</td>
<td>Company overview</td>
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<td>Section 4</td>
<td>Philips Medical Systems</td>
<td>33</td>
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<td>Financial overview</td>
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</tr>
<tr>
<td>Section 6</td>
<td>Investment case</td>
<td>45</td>
</tr>
</tbody>
</table>
Introduction
SHL at a glance

- Commenced operations in 1987, based in Tel Aviv, Israel
- A leading integrated provider of personal telemedicine - remote monitoring systems and services
- Experienced operator of a medical call center with approximately 55,000 subscribers, processing over 275,000 calls annually and some 150,000 ECG’s
- Innovative products for cardiac, pulmonary and hypertension monitoring
- International rollout of a successful business model
- Strategic relationships with leading consumer and healthcare companies including Philips Electronics and Nestor Healthcare
- Nine months ended 9/30/00: USD14.4 m in revenue, USD4.6 m in EBITDA, representing growth rates of 27% and 126% respectively (30.09.1999 to 30.09.2000). Expecting 3rd consecutive year of operating profit and growth
What is telemedicine

Personal telemedicine is the transmission of medical data via telecommunication networks by an individual patient from a remote location to a medical call center for the purpose of monitoring and diagnosis.

NOTE:
1 Data encrypted - proper security clearance required.
Section 2

Market background
Telemedicine industry highlights

♦ Telemedicine is one of the fastest growing fields in the healthcare sector
  — USD2.8 bn market in 2000, expected to grow by 20% annually¹

♦ Provides a low cost alternative to inpatient monitoring

♦ Ensures high quality of medical care while enhancing the convenience of medical attention

♦ New generation of aging individuals are taking a more active role in maintaining their personal health

SOURCE:
1. The Telemedicine 2000 Survey Report, Waterfond Telemedicine Partners
Coronary heart disease prevalence

Cardiovascular diseases afflict some 60m people in the US and 57m in Europe

Heart disease prevalence in the U.S.

- CHD Patients: 7%
- At-risk Patients: 15%
- Rest of population: 78%

*SOURCE*: U.S. adult population 20+ years old 1999 Heart and Stroke Statistical Update American Heart Association

Estimated prevalence of congestive heart failure by age and sex

*SOURCE*: NHANES (1988-94), CDC/NCHS and the American Heart Association

- Each year, an estimated 1.1m Americans have a new or recurrent myocardial infarction (MI)
- Congestive heart failure affects 4.6m Americans at an annual total cost of more than USD22.0 bn
- Direct costs associated with coronary heart disease are estimated to reach to USD55.2 bn in 2000

The advantages of telemedicine

Historically it has been difficult to treat coronary heart disease patients in a cost efficient and effective manner

- 5.5 million patients visit the emergency room (ER) for chest pain annually
- 60% (3.3 million patients) are admitted
- 80% of admitted patients do not have myocardial infarctions (MI)
- 1.2 million patients suffer myocardial infarctions (MI) annually
- Approximately 400,000 die
- 50% die before reaching the hospital

Remote monitoring with personal telemedicine systems can reduce unnecessary hospitalizations and help those who need urgent care get it sooner

SOURCES: 1999 Heart and Stroke Statistical Update, American Heart Association
American College of Emergency Physicians; National Heart Attack Alert Program
Telemedicine is efficient health management

Better care for less, the ideal solution for healthcare and insurance providers alike

<table>
<thead>
<tr>
<th>Service</th>
<th>Average cost of care per day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Inpatient</td>
<td>$820</td>
</tr>
<tr>
<td>Nursing Home</td>
<td>$100</td>
</tr>
<tr>
<td>Assisted Living</td>
<td>$95</td>
</tr>
<tr>
<td>Personal telemedicine</td>
<td>$30</td>
</tr>
</tbody>
</table>

SOURCE: Average cost of care in the U.S., according to Council on Competitiveness, Transforming U.S. Health Care in the Information Age, 1996

♦ Reduced healthcare costs

♦ Individuals are more involved in their health management

♦ Better quality care
Section 3

Company overview
Proven business model

Over 12 years of experience operating as an integrated technology and service provider

- Approximately 55,000 subscribers generate recurring revenues
- Subscriber growth of 30% (CAGR) for 1988-2000
- Forecasted growth of 12-15% (CAGR) for 2001-2005
### SHL’s product range

<table>
<thead>
<tr>
<th>Systems</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Devices and software in:</td>
<td>24/7 medical monitoring</td>
</tr>
<tr>
<td>♦ Cardiology</td>
<td>Real-time consulting</td>
</tr>
<tr>
<td>♦ Pulmonology</td>
<td>Internet connectivity</td>
</tr>
<tr>
<td>♦ Hypertension</td>
<td>Training/Consulting</td>
</tr>
</tbody>
</table>

- Cardiology
- Pulmonology
- Hypertension

- 24/7 medical monitoring
- Real-time consulting
- Internet connectivity
- Training/Consulting
We provide the technology and the logistics supporting the entire telemedicine process

Medical Call Center

♦ One of the largest medical call centers in the world with approximately
  — 55,000 subscribers
  — 275,000 total calls fielded annually
  — 150,000 ECG’s analyzed annually
  — open 365 days a year, 24 hours a day

♦ Professional staff of physicians and nurses analyze transmitted patient data according to proprietary guidance protocols

♦ Full internet connectivity for properly authorized patients and providers

Proprietary medical record management application

♦ Handles all aspects of patient record management, from data reception and integration to production of activity and statistical reports
Our core products

The CardioBeeper® 12L
- Hand-held 12-lead patient level ECG transmitter
- User friendly, transmits a complete 12-lead ECG in 42 seconds
- Results are as accurate as standard clinical ECG readings
- FDA, CE Mark

Cardio MC Vision
- Proprietary software enabling the reading and displaying of transmitted ECG data

CardioPocket® 1L
- Leather wallet that serves as a 1-lead (rhythm strip) ECG transmitter
- FDA approved, CE Mark
With SHL’s system, response time is reduced by up to 215 min.

Irreversible damage to myocardial tissue occurs after about 240 minutes.

0 min. 320 min.

We save lives.
<table>
<thead>
<tr>
<th>Product</th>
<th>Function/Intended use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CardioBeeper® 12L</strong></td>
<td>User-friendly, hand-held 12 lead patient level ECG transmitter. Transmits a complete ECG reading in 42 seconds</td>
</tr>
<tr>
<td></td>
<td>FDA approved</td>
</tr>
<tr>
<td><strong>CardioPocket® 1L</strong></td>
<td>Leather wallet that serves a 1 lead ECG transmitter</td>
</tr>
<tr>
<td></td>
<td>FDA approved</td>
</tr>
<tr>
<td><strong>Home Care Center™</strong></td>
<td>Enables hand-free communication between the subscriber and remote monitor staff</td>
</tr>
<tr>
<td><strong>TelePress™</strong></td>
<td>Measures and transmits a blood pressure reading in conjunction with the Home Care Center unit</td>
</tr>
<tr>
<td><strong>TeleBreather™</strong></td>
<td>Pulmonary device which collects spirometry indices and transmits readings in conjunction with the Home Care Center unit</td>
</tr>
<tr>
<td></td>
<td>FDA approved</td>
</tr>
<tr>
<td><strong>TeleWeight™</strong></td>
<td>Measures and transmits weight related data. Used mainly for the monitoring of congestive heart failure</td>
</tr>
<tr>
<td><strong>Watchman™</strong></td>
<td>Emergency response system enabling 2-way speaker communication between a patient and call center staff. Also receives and transmits data from certain devices</td>
</tr>
<tr>
<td><strong>TeleDoor™</strong></td>
<td>Enables the unlocking of a patient’s door from a remote location</td>
</tr>
</tbody>
</table>
Our congestive heart failure system

We offer the most complete product range for the monitoring of congestive heart failure

TelePress™

Watchman™

Home Care Center™

CardioBeeper® 12L

TeleWeight™
Our internet connectivity solutions

- Provides patients and healthcare providers with real-time access to patient information from any location via the world wide web

The advantages
- Offers real time remote monitoring capabilities to physicians
- Allows emergency care personnel ability to access patient records ahead of ambulance arrival, expediting registration process and reducing time to treatment
- Enables subscribers to take a more active role in their personal health management
### Our value proposition

**Peace of mind, better care and cost efficiency**

<table>
<thead>
<tr>
<th>Value for subscribers</th>
<th>Value for physicians and hospitals</th>
<th>Value for payors</th>
</tr>
</thead>
<tbody>
<tr>
<td>◆ Reduced emergency response time</td>
<td>◆ Real time patient monitoring from remote locations</td>
<td>◆ Reduces costs associated with unnecessary hospitalizations</td>
</tr>
<tr>
<td>◆ Reduced severity of damage after myocardial infarction (MI)</td>
<td>◆ Efficient management of treatment programs</td>
<td>◆ Reduces hospitalization cost as inpatients can often be released sooner</td>
</tr>
<tr>
<td>◆ At USD 40-60 monthly for device and call center service, economically viable and efficient</td>
<td>◆ Early release programs after MI: lower revenue patients leave earlier, thereby allowing more beds for procedure ready patients</td>
<td>◆ Efficient availability of patient data</td>
</tr>
<tr>
<td>Products</td>
<td>Target Launch Date</td>
<td></td>
</tr>
<tr>
<td>----------------------------------------</td>
<td>--------------------</td>
<td></td>
</tr>
<tr>
<td>CardioBeeper 12/12</td>
<td>Q1 2001</td>
<td></td>
</tr>
<tr>
<td>TeleBreather</td>
<td>Q1 2001</td>
<td></td>
</tr>
<tr>
<td>Multi channel ECG receiver</td>
<td>H1 2001</td>
<td></td>
</tr>
<tr>
<td>Cardio MC Vision 7</td>
<td>H1 2002</td>
<td></td>
</tr>
<tr>
<td>CardioPocket</td>
<td>H1 2002</td>
<td></td>
</tr>
<tr>
<td>Blood measurement device</td>
<td>H1 2002</td>
<td></td>
</tr>
</tbody>
</table>

Other products due to be launched in 2002 are currently under development
A wide range of opportunities for the telemedicine industry
Highly fragmented business by geography and product/service

SHL has an established, well-tested integrated service and technology platform

<table>
<thead>
<tr>
<th>Company</th>
<th>Devices</th>
<th></th>
<th></th>
<th></th>
<th>Services</th>
<th></th>
<th></th>
<th></th>
<th>Web enabled¹</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>EU</td>
<td>US</td>
<td>RoW</td>
<td></td>
<td>EU</td>
<td>US</td>
<td>RoW</td>
<td></td>
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<td>Aerotel</td>
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<td>X</td>
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<td></td>
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<td></td>
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<tr>
<td>Card Guard²</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Instromedix²</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>Lifewatch²</td>
<td></td>
<td></td>
<td>X</td>
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<tr>
<td>Micro Medical</td>
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<td>X</td>
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<tr>
<td>QDS</td>
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<td>Raytel</td>
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<tr>
<td>SHL</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
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<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

NOTES:
1 Implies access to specified patient data online via the world wide web
2 Card Guard acquired Lifewatch in January 2000 and Instromedix in August 2000
Differentiating our model

The following points differentiate SHL’s consumer-oriented business model:

♦ Integrated technology/service provider
  — twelve year track record of technological innovation and call center operation

♦ Source of revenue: out of pocket versus third party reimbursement
  — consumer model not dependent on third party reimbursement
  — SHL’s technology is FDA approved and easily capable of providing reimbursable services

♦ Long term client base provides recurring revenue stream
  — the average subscriber utilises SHL’s services for over five years
  — substantially different turnover profile

♦ Uniquely positioned to penetrate European market
  — with minimal third party reimbursement for telemedicine in Europe, SHL’s consumer-oriented model is best suited to penetrate the European market
  — partnerships with Philips and Nestor provide SHL with superior scale, marketing clout with consumers
Our business model

SHL TeleMedicine

- Subscription fees
- Device revenue
- Devices
- Medical Call Center services

Consumers / Subscribers
- Cardiac patient
- At-risk
- Worried well

Strategic Partners
- Royalty fees
- Device revenue
- Devices
- Proprietary software
- Consulting
- Distributors of medical products
- Providers and payors
- Consumer health companies
- Telecommunication companies

Reduction in health care costs
♦ Penetrate international markets with strategic partners

♦ Expand product offerings through technological innovation

♦ Acquire companies that offer attractive subscriber base, products or technologies

♦ Maintain leading market share in Israel

♦ Capitalize on increased awareness in personal health
Leading UK provider of personal healthcare services in the UK with revenue of approximately USD400 m in 1999

Operates a medical call center using SHL’s telemedicine devices and proprietary software according to a mutually exclusive licensing agreement

SHL provides:
  — telemedicine devices
  — proprietary software
  — training and consulting

Benefits to Nestor:
  — recurring revenue stream in complimentary product line
  — opportunity to cross-sell personnel and related services

Arrangements such as Nestor represent an effective model for international expansion
Philips Electronics

- Largest consumer electronics company in Europe
- Philips purchased acquired a stake of approximately 22% in SHL for USD39 m in September 2000
- Companies are examining co-operation opportunities in Europe and beyond
- Co-operation may include a European joint venture
### Future expansion timeline

<table>
<thead>
<tr>
<th>Year</th>
<th>1 Tier I country</th>
<th>2 Tier II countries</th>
<th>3 Tier II countries</th>
<th>Major EU nations</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2002</td>
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<td></td>
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<tr>
<td>2003</td>
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<tr>
<td>2004</td>
<td></td>
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<tr>
<td>2005</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

- **USA**
- **Eastern / Rest of Europe**
- **Japan / Asia / RoW**

**Legend:**
- **1 Tier I country**
- **2 Tier II countries**
- **3 Tier II countries**
Philips Medical Systems
Global electronics company, established in 1891 as a lamp factory

6 Product Divisions, active in some 50 businesses

Shares listed in New York, London, Amsterdam and on other stock exchanges

1999 results in € billion
Sales                      31.5
Net income                 1.8

227,000 employees in 60 countries
Sales and services in 150 countries
200 production sites in more than 150 countries
Philips in Healthcare

- One of global top 3 in diagnostic imaging systems and services
- Present in more than 100 countries
- A partner in medicine for over 75 years
- 11,800 employees worldwide
About 11,800 employees
Main industrial sites in Best (The Netherlands), Hamburg (Germany) and Bothel (Wa, USA)
Patients increasingly take control of their health

Baby-boomers are coming of age

Technology enables efficient home services

Significant cost reduction potential in healthcare

Telemedicine: Why now?
Why SHL TeleMedicine?

- SHL focuses on coronary disease, the no.1 killer in the Western world
- SHL has a well-proven business model
- SHL has almost 13 years of experience
- SHL is widely recognized and quoted as THE successful telemedicine company
Future co-operation model

♦ Based on SHL’s:
  — personal telemedicine systems
  — comprehensive remote monitoring services
  — successful business model

♦ And Philips’
  — strong, world-wide presence in cardiovascular disease management
  — innovation power in sensors, devices and systems

♦ We explore opportunities for jointly developing markets for SHL’s products and services
Financial overview
## Consolidated profit & loss (1998-Q3 2000)

<table>
<thead>
<tr>
<th>(USD 000s)</th>
<th>Year ended December 31</th>
<th>9-months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>14,494</td>
<td>15,719</td>
</tr>
<tr>
<td>Growth</td>
<td>8.4%</td>
<td></td>
</tr>
<tr>
<td>Gross Profit</td>
<td>7,630</td>
<td>8,378</td>
</tr>
<tr>
<td>Growth</td>
<td>9.8%</td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td>52.6%</td>
<td>53.3%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>2,004</td>
<td>2,710</td>
</tr>
<tr>
<td>Growth</td>
<td>35.2%</td>
<td></td>
</tr>
<tr>
<td>Margin</td>
<td>13.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>Interest Expense</td>
<td>3,030</td>
<td>1,773</td>
</tr>
<tr>
<td>Profit (Loss) before Tax</td>
<td>(1,805)</td>
<td>(24)</td>
</tr>
<tr>
<td>Net Profit (Loss)</td>
<td>(1,204)</td>
<td>(507)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(USD 000s)</th>
<th>1998</th>
<th>1999</th>
<th>Sept. 30 2000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>10,985</td>
<td>10,181</td>
<td>35,050</td>
</tr>
<tr>
<td>Long term assets</td>
<td>8,476</td>
<td>12,697</td>
<td>18,819</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>1,539</td>
<td>1,628</td>
<td>2,130</td>
</tr>
<tr>
<td>Other assets, net</td>
<td>4,408</td>
<td>4,135</td>
<td>17,939</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>25,408</strong></td>
<td><strong>28,641</strong></td>
<td><strong>73,938</strong></td>
</tr>
<tr>
<td><strong>Liabilities and Shareholders’ Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>14,518</td>
<td>11,768</td>
<td>8,765</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>10,016</td>
<td>16,778</td>
<td>15,887</td>
</tr>
<tr>
<td>Minority interest</td>
<td>593</td>
<td>320</td>
<td></td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>281</td>
<td>(225)</td>
<td>49,286</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td><strong>25,408</strong></td>
<td><strong>28,641</strong></td>
<td><strong>73,938</strong></td>
</tr>
</tbody>
</table>
Revenue breakdown and targets

Revenue breakdown, 9-months 2000

- Devices: 42%
- Services: 56%
- Royalties: 2%

Revenue breakdown, mid-term

- Devices: 64%
- Services: 29%
- Royalties: 7%

Revenue breakdown per region, 9-months 2000

- Israel: 95%
- International: 5%

Revenue breakdown per region, mid-term

- Israel: 40%
- International: 60%
Use of proceeds

IPO net proceeds

- Marketing & Distribution
  - Finance international expansion

- Product line
  - R&D spending
  - Launch of new products

- Acquisitions
  - Selected acquisitions in businesses with significant customer base
Section 6

Investment case
Investment highlights

Highly favorable industry dynamics
- attractive demographics
- demonstrable cost savings and clinical benefits
- expected 20% industry growth, large untapped markets
- cardiovascular opportunity

Integrated technology/service provider
- proven operating model since 1987

Demonstrated financial performance
- revenue growth rate of 27% (30.09.1999 to 30.09.2000) and EBITDA margin of 32%
  (9-months ended 30.09.2000)
- historical track record of operating profitability

Strong partners validate business model and support expansion
- Philips Electronics
- Nestor Healthcare
Contact information

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Tel: + 972 3 561 22 12