

Media Conference

Zurich, October 23rd 2000

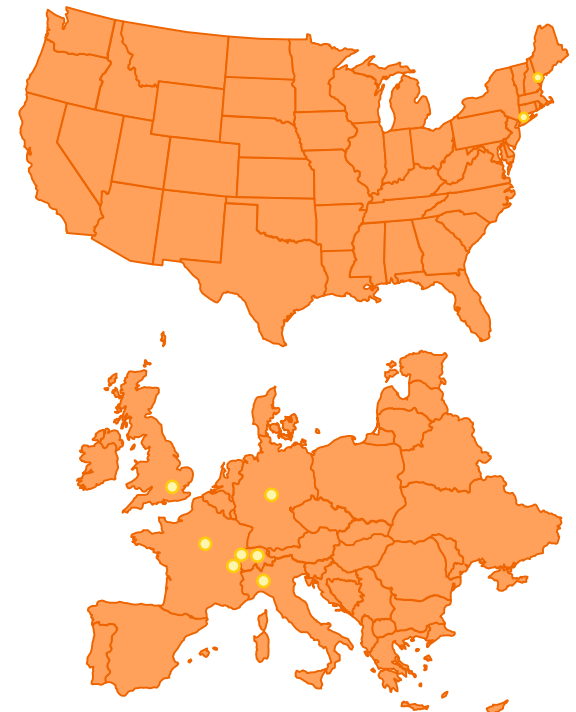
“Personal Health for Life”

- | | |
|--------------------|---|
| ◆ 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 |

- ◆ Share offering
 - Public offering in Switzerland and private placements internationally including 144a in the USA
- ◆ 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

- ◆ 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

- ◆ 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

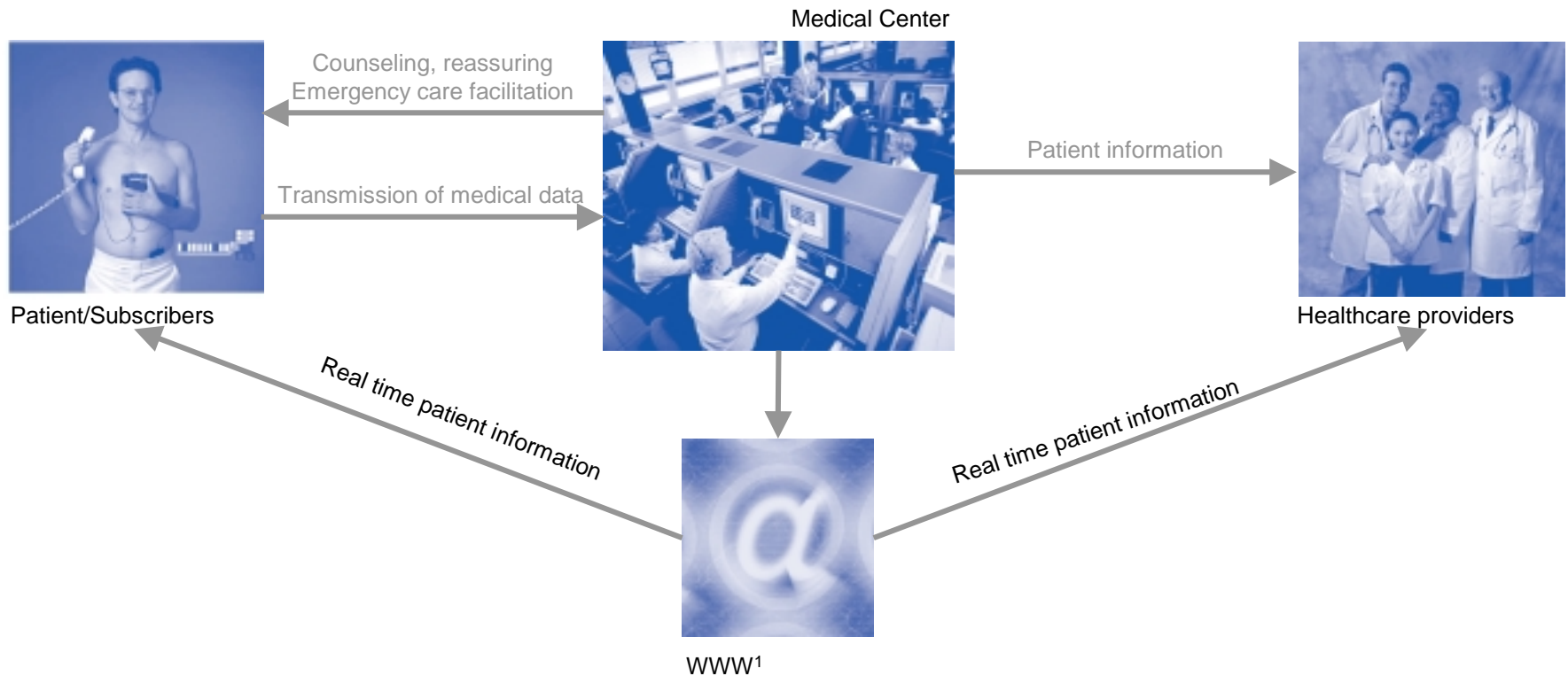


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Introduction

- ◆ Commenced operations in 1987, based in Tel Aviv Israel
- ◆ A leading integrated provider of personal telemedicine - remote monitoring systems and services
- ◆ Experienced operator of 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 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

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:

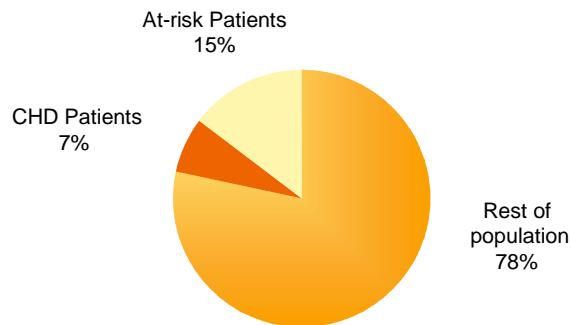
¹ Data encrypted - proper security clearance required

Market background

- ◆ 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

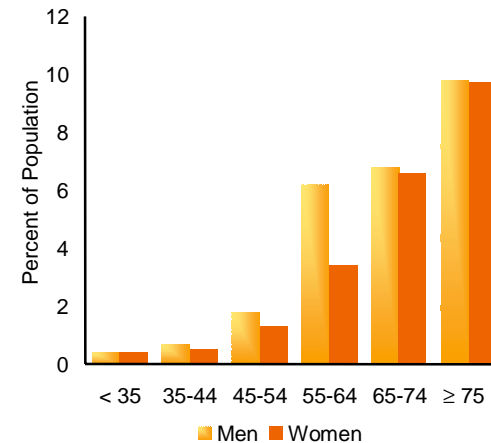
Cardiovascular diseases afflict some 60m people in the US and 57m in Europe

Heart disease prevalence in the U.S.



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

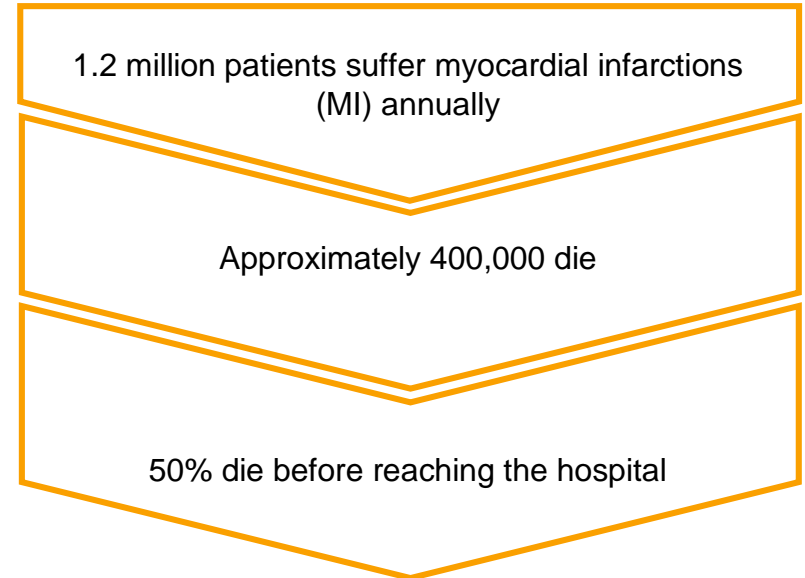
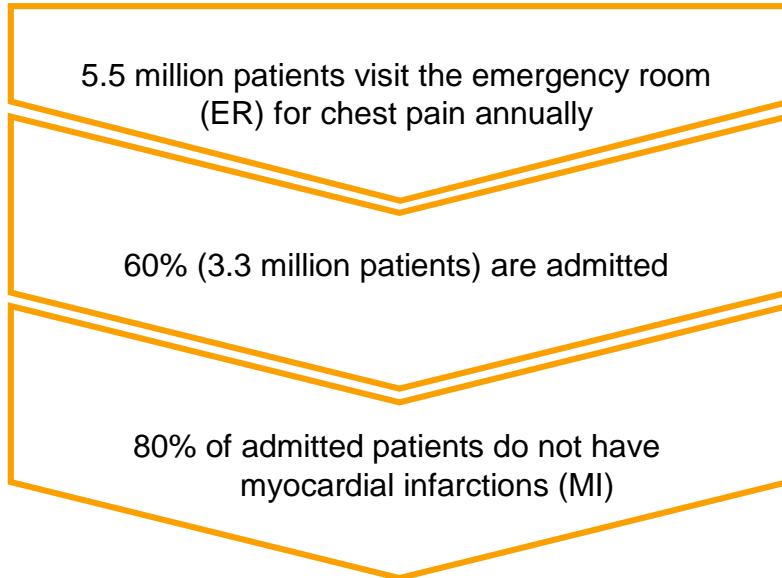


SOURCE: NHANES (1988-94), CDC/NCHS and the American Heart Association

- ◆ 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

SOURCES: Organization for Economic Co-operation & Development, 1998, American Heart Association, "Heart and Stroke Facts", 2000

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



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

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

Service	Average cost of care per day
Hospital Inpatient	\$820
Nursing Home	\$100
Assisted Living	\$95
Personal telemedicine	\$30

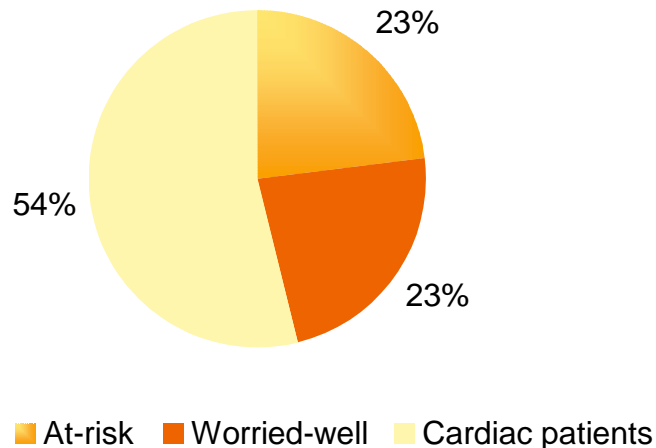
SOURCE: Average cost of care in the U.S., according to Council on Competitiveness, Transforming U.S. Health Care in the Information Age, 1996

- ◆ Reduced healthcare costs
- ◆ Individuals are more involved in their health management
- ◆ Better quality care

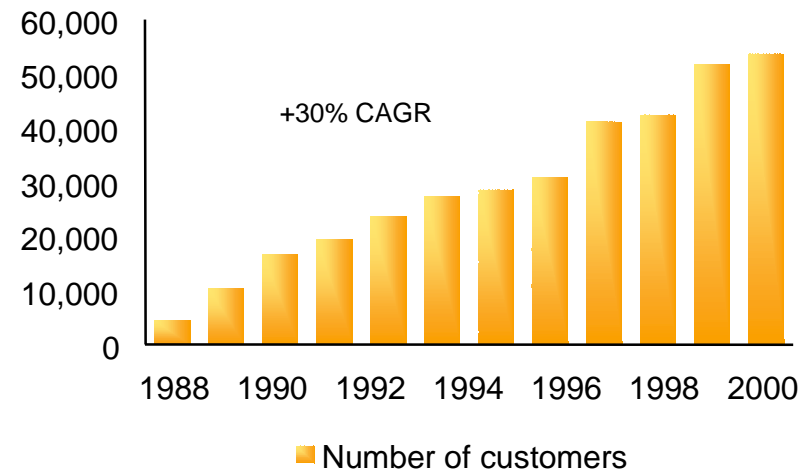
Company overview

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

Subscriber breakdown



Number of subscribers



- ◆ Approximately 55,000 subscribers generate recurring revenues
- ◆ Subscriber growth of 30% (CAGR) for 1988-2000
- ◆ Forecasted growth of 12-15% (CAGR) for 2001-2005

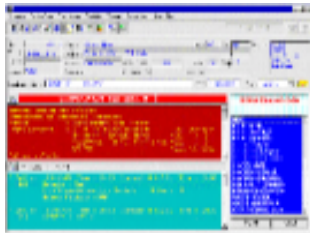
Systems	Services
Devices and software in: <ul style="list-style-type: none">◆ Cardiology◆ Pulmonology◆ Hypertension	<ul style="list-style-type: none">◆ 24/7 medical monitoring◆ Real-time consulting◆ Internet connectivity◆ Training/Consulting

We provide the technology and the logistics supporting the entire telemedicine process



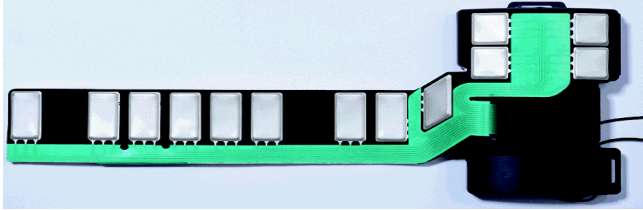
Medical Call Center

- ◆ 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



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



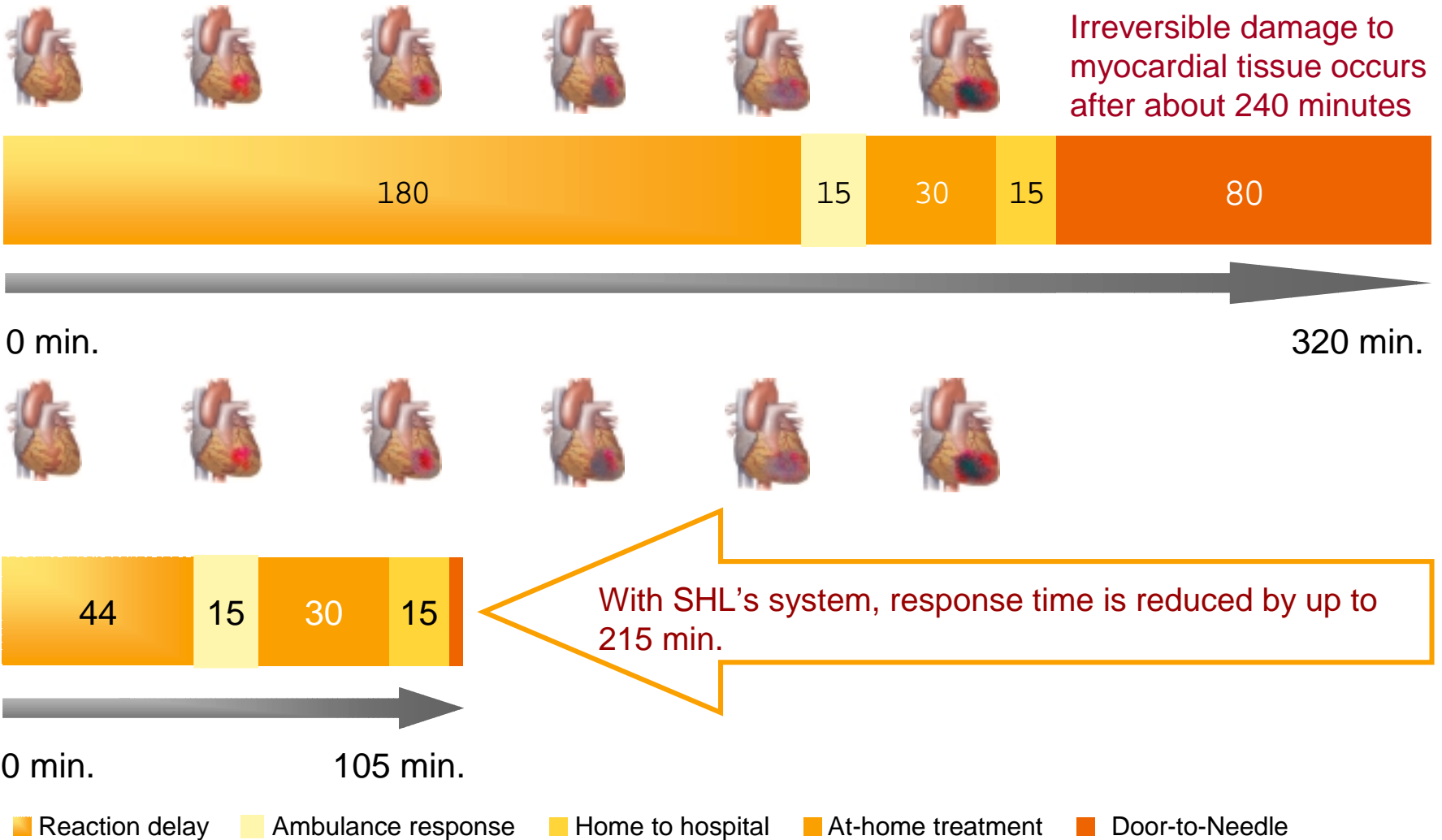
Cardio MC Vision

- ◆ 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

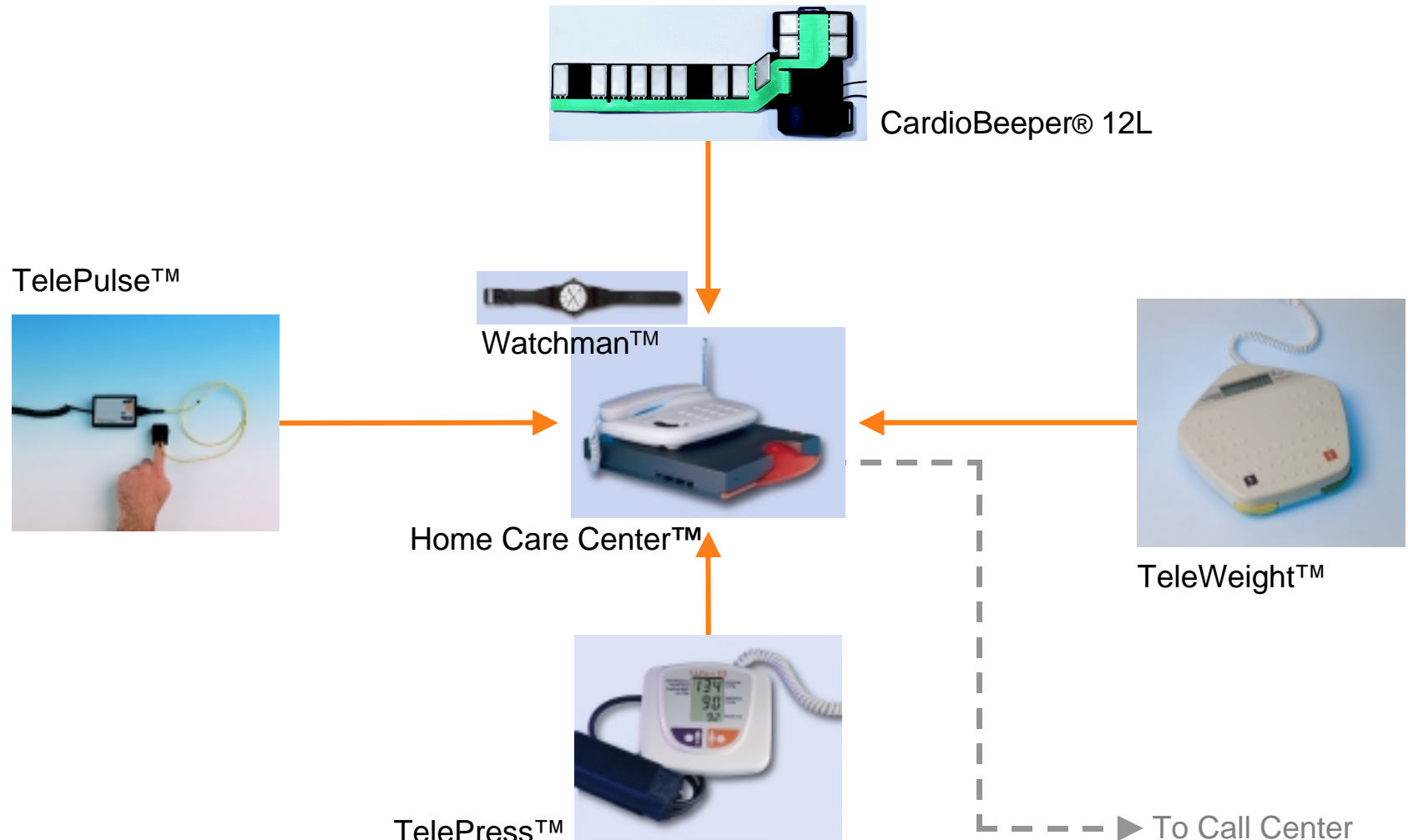




SHL's impressive product line-up

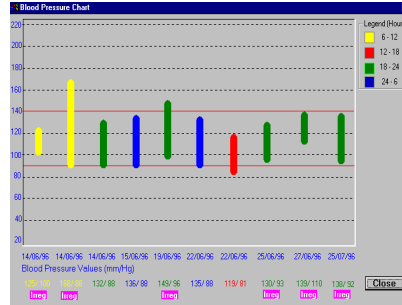
Product	Function/Intended use
CardioBeeper® 12L	User-friendly, hand-held 12 lead patient level ECG transmitter. Transmits a complete ECG reading in 42 seconds FDA approved
CardioPocket® 1L	Leather wallet that serves a 1 lead ECG transmitter FDA approved
Home Care Center™	Enables hand-free communication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

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

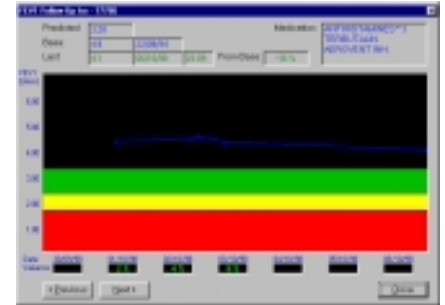




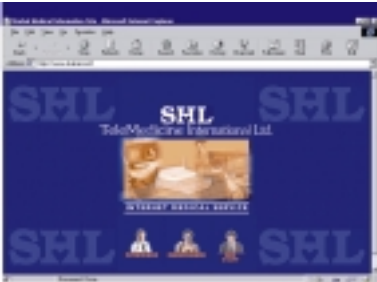
Cardio MC Vision module



Hypertension module



Pulmonary module



Internet connectivity

- ◆ 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

Peace of mind, better care and cost efficiency

Value for subscribers	Value for physicians and hospitals	Value for payors
<ul style="list-style-type: none"> ◆ Reduced emergency response time ◆ Reduced severity of damage after myocardial infarction (MI) ◆ At USD 40-60 monthly for device and call center service, economically viable and efficient 	<ul style="list-style-type: none"> ◆ Real time patient monitoring from remote locations ◆ Efficient management of treatment programs ◆ Early release programs after MI: lower revenue patients leave earlier, thereby allowing more beds for procedure ready patients 	<ul style="list-style-type: none"> ◆ Reduces costs associated with unnecessary hospitalizations ◆ Reduces hospitalization cost as inpatients can often be released sooner ◆ Efficient availability of patient data

Research and development goals and objectives

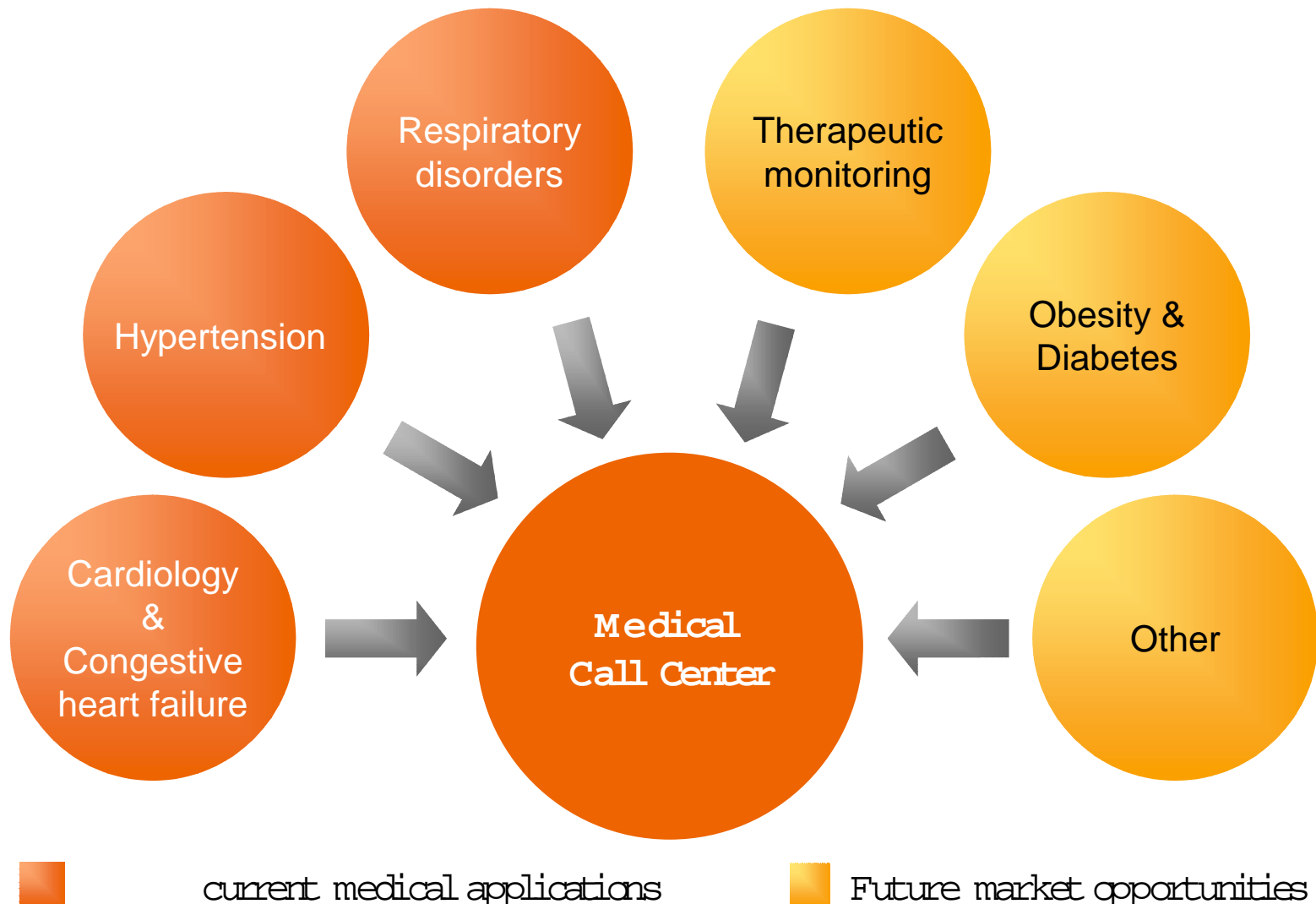


Products	Target Launch Date
CardioBeeper 12/12	Q1 2001
TeleBreather	Q1 2001
Multi channel ECG receiver	H1 2001
Cardio MC Vision 7	H1 2002
CardioPocket	H1 2002
Blood measurement device	H1 2002



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

Company	Devices			Services			Web enabled ¹
	EU	US	RoW	EU	US	RoW	
Aerotel	X	X	X				
Card Guard ²	X	X	X				
Instromedix ²	X	X					
Lifewatch ²					X		
Micro Medical			X				
QDS					X		
Raytel					X		
SHL	X		X	X		X	X

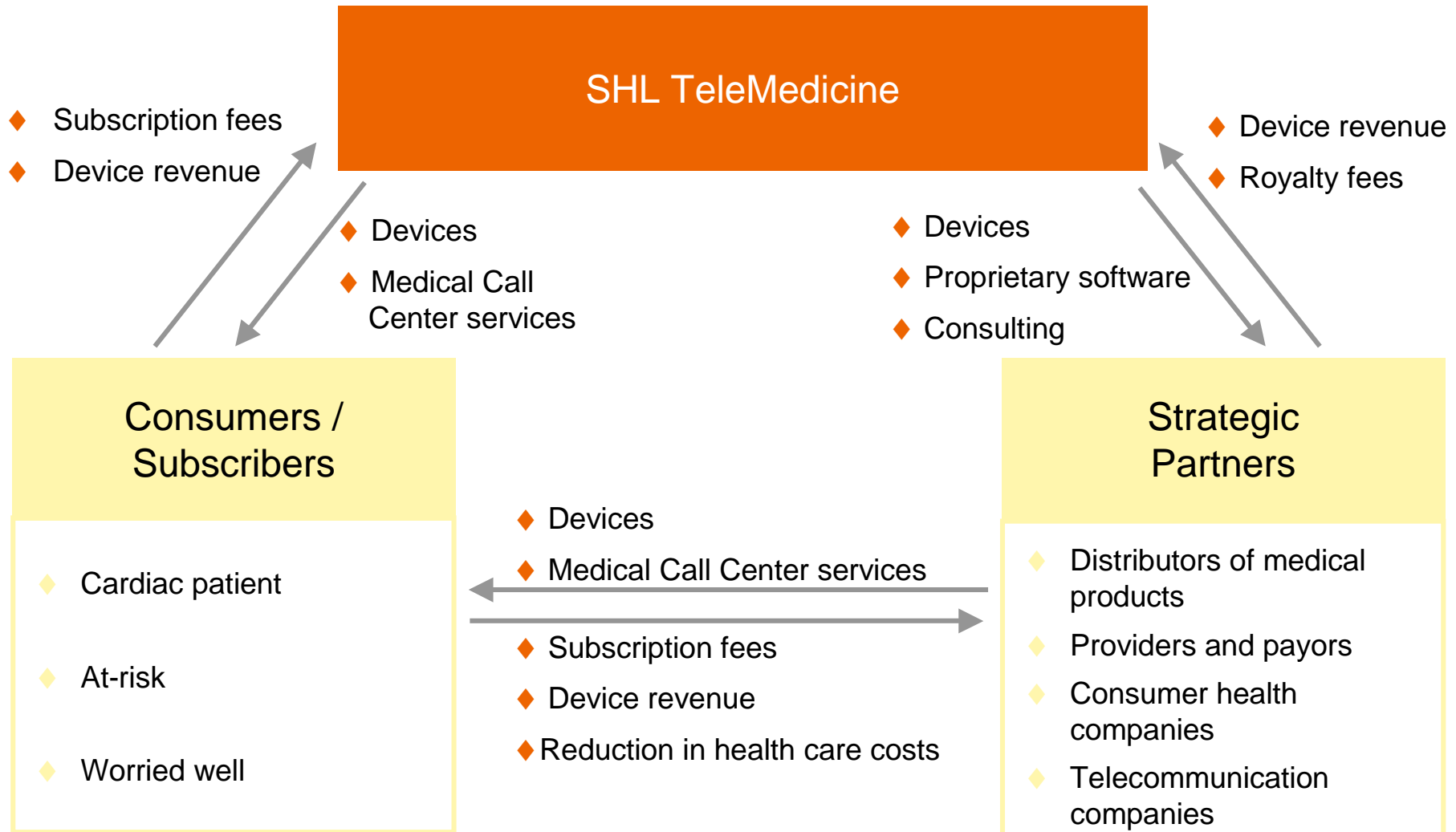
NOTES:

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

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



- ◆ 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

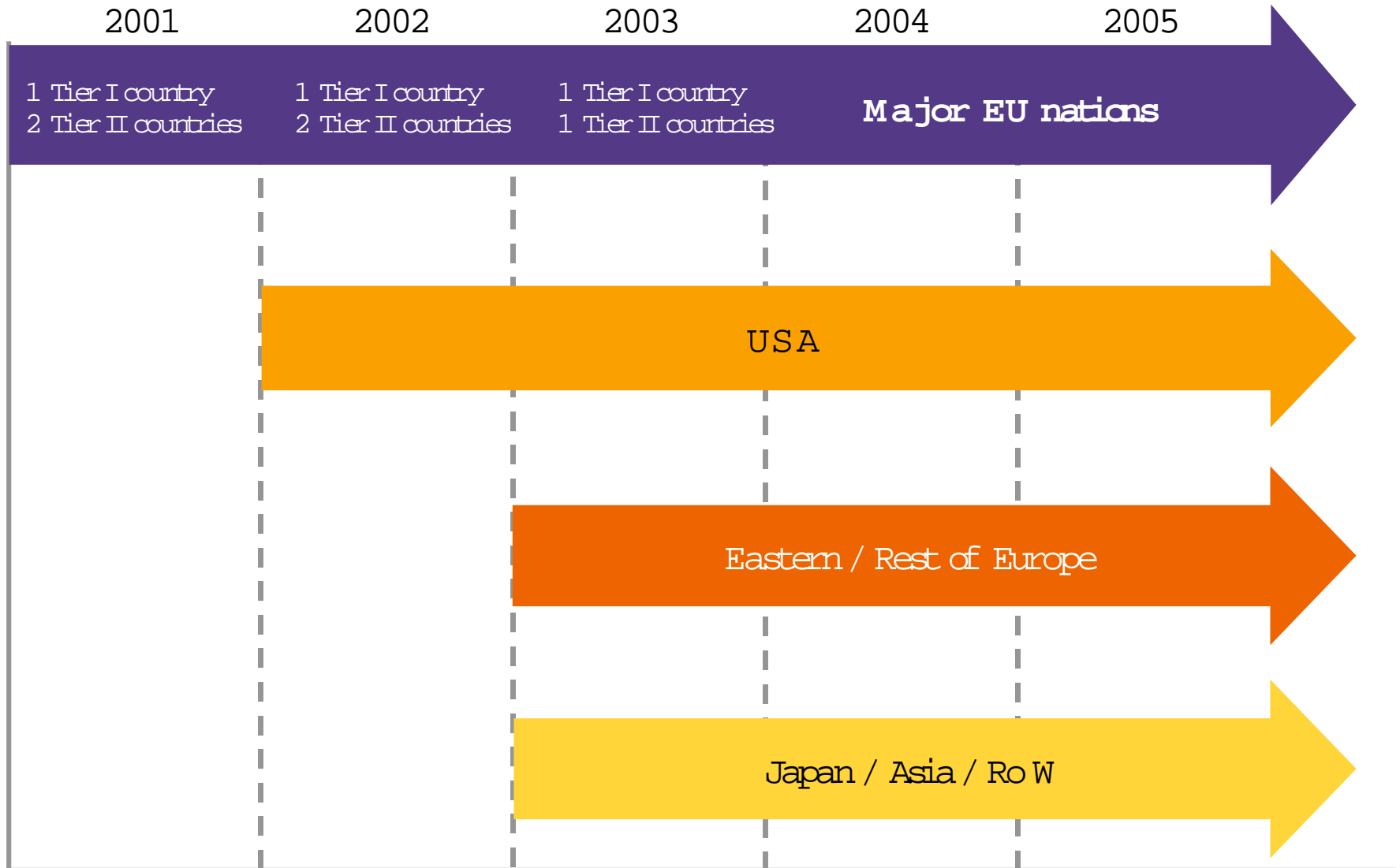
Arrangements such as Nestor represent an effective model for international expansion

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

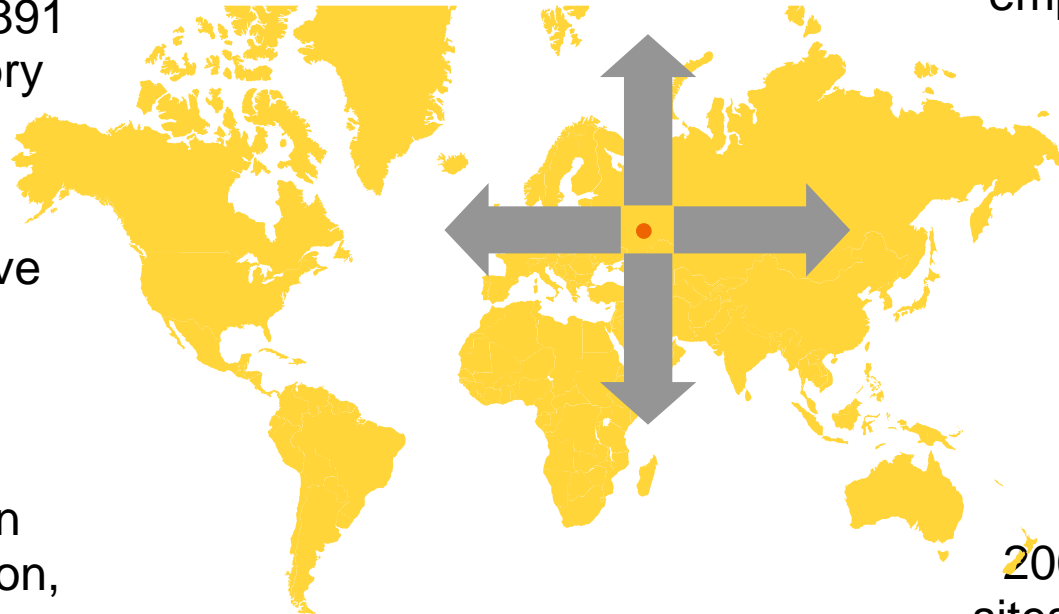


Philips Medical Systems

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



227,000
employees in 60
countries

Sales and
services
in 150
countries

200 production
sites in more than
150 countries

1999 results in € *billion*

Sales	31.5
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Net income	1.8
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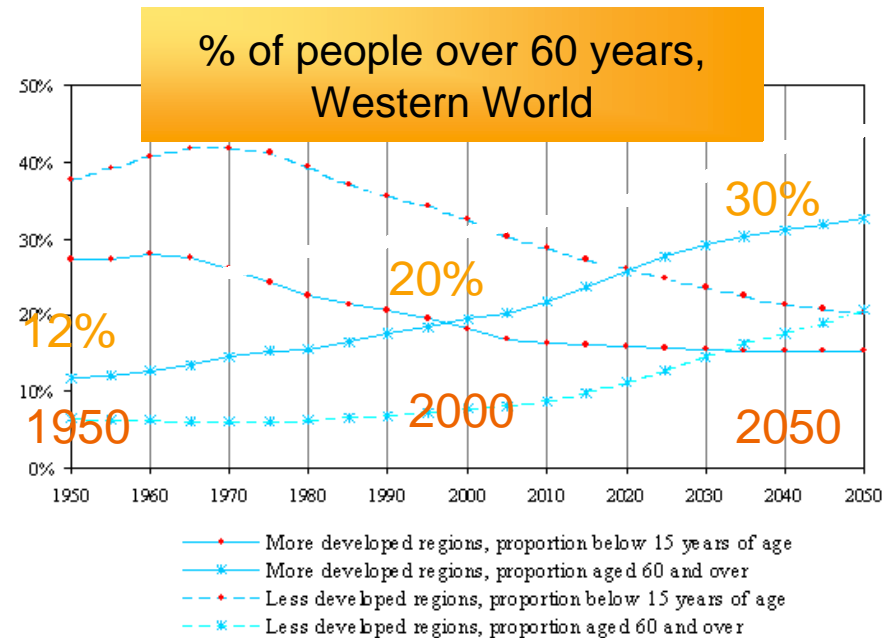
- ◆ One of global top 3 in diagnostic imaging systems and services
- ◆ Present in more than 100 countries
- ◆ A partner in medicine for over 75 years
- ◆ 11,800 employees worldwide



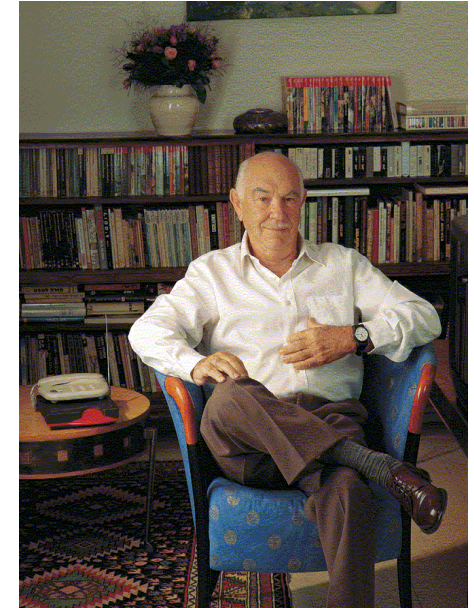


- ◆ About 11,800 employees
- ◆ Main industrial sites in Best (The Netherlands), Hamburg (Germany) and Bothel (Wa, USA)

- ◆ Patients increasingly take control of their health
- ◆ Baby-boomers are coming of age
- ◆ Technology enables efficient home services
- ◆ Significant cost reduction potential in healthcare



- ◆ 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



- ◆ 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

SHL Consolidated profit & loss (1998-Q3 2000)

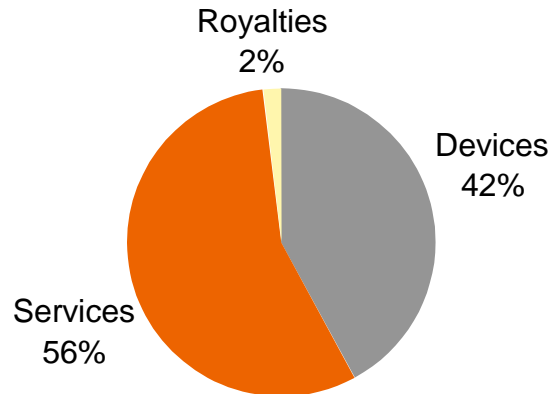
(USD 000s)	Year ended December 31		9-months ended	
	1998	1999	Sept. 30, 1999	Sept. 30, 2000
Revenues	14,494	15,719	11,290	14,356
Growth		8.4%		27.2%
Gross Profit	7,630	8,378	5,965	8,813
Growth		9.8%		47.7%
Margin	52.6%	53.3%	52.8%	61.4%
EBITDA	2,004	2,710	2,054	4,638
Growth		35.2%		125.8%
Margin	13.8%	17.2%	18.2%	32.3%
Interest Expense	3,030	1,773	1,051	2,363
Profit (Loss) before Tax	(1,805)	(24)	257	1,455
Net Profit (Loss)	(1,204)	(507)	(131)	729

Balance sheet (1998-Q3 2000)

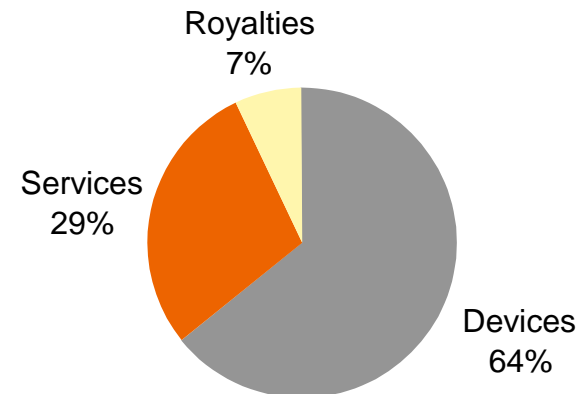
(USD 000s)	1998	1999	Sept. 30 2000
Assets			
Current assets	10,985	10,181	35,050
Long term assets	8,476	12,697	18,819
Fixed assets	1,539	1,628	2,130
Other assets, net	4,408	4,135	17,939
Total assets	25,408	28,641	73,938
Liabilities and Shareholders' Equity			
Current Liabilities	14,518	11,768	8,765
Long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

Revenue breakdown and targets

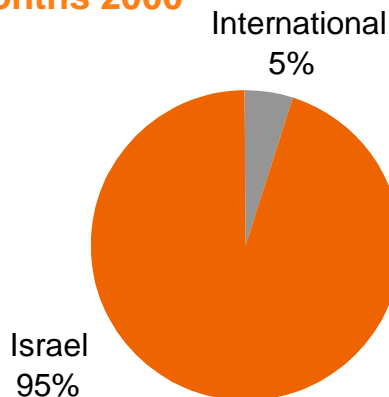
Revenue breakdown, 9-months 2000



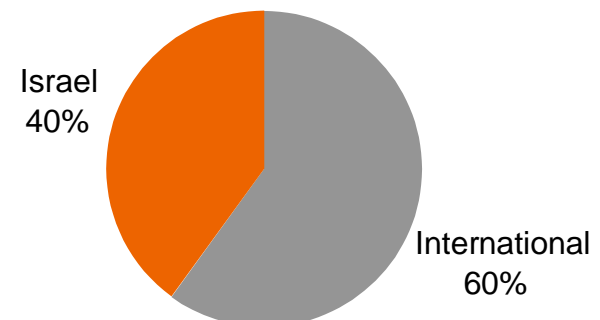
Revenue breakdown, mid-term

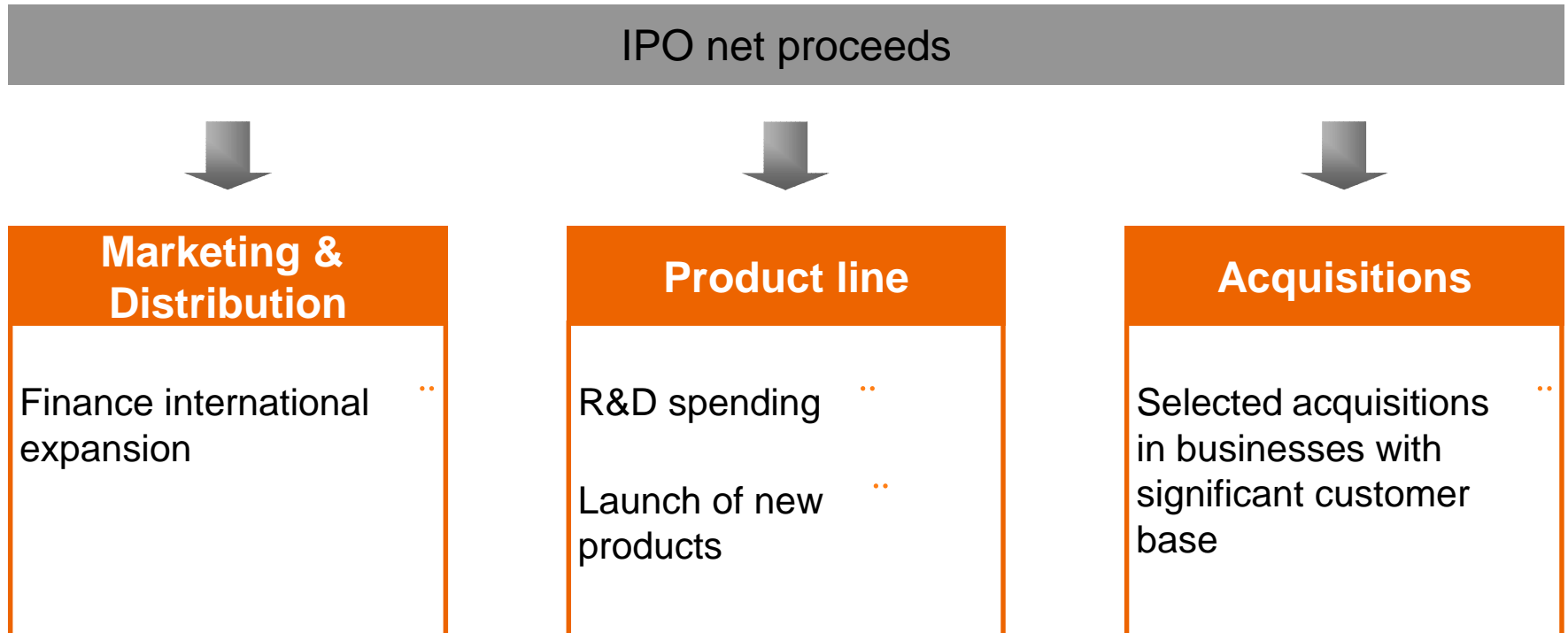


Revenue breakdown per region, 9-months 2000



Revenue breakdown per region, mid-term





Investment case

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 —

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