



Results Q1 2001

May 23, 2001 – Conference Call

Dial-in numbers:

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- Section 1 Company overview and highlights Q1 2001 Erez Alroy, Co-President
- Section 2 Outlook 2001
- Section 3 Financial results Q1 2001 Erez Termechy, VP&CFO
- Section 4 Q&A session

Company overview and highlights Q1 2001

◆ Sales	USD	5.531M
◆ EBITDA	USD	1.464M
◆ EBIT	USD	0.985M
◆ Net Income	USD	3.336M
◆ EPS	USD	0.31

- ◆ Formation of joint venture with Philips Medical Systems to create Philips HeartCare Telemedicine Services Europe B.V.

- ◆ Product approvals and launches
 - FDA approval of Home Care Center
 - Launch of CardioBeeper CB 12/12
 - Introduction of TeleBreather

- ◆ Increase of international sales

- ◆ Formation of joint venture with Philips Medical Systems to create Philips HeartCare Telemedicine Services Europe B.V.
 - Q3: Roll-out Germany and Switzerland
 - Q4: Roll-out Italy

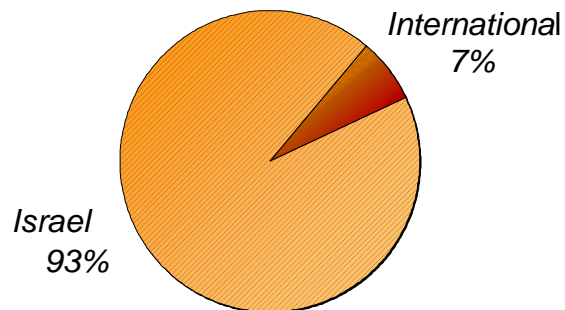
◆ Product approvals and launches

- FDA approval of Home Care Center
 - Communication system linking client patients with diagnostic and monitoring services
- Launch of CardioBeeper CB 12/12
 - Easy-to-use device capable of transmitting a 12-lead ECG from patient to medical monitor center in 12 seconds
- Introduction of TeleBreather
 - Remote device designed to facilitate user-friendly diagnostic monitoring of patients with asthma and chronic pulmonary disease

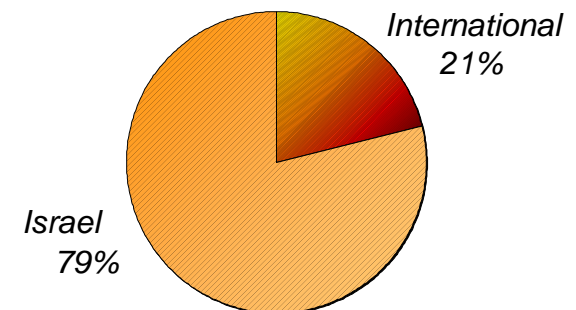
◆ Increase of international sales

- 21% of sales derived from international operations compared to 7% last year

Geographical breakdown
Year, 2000



Geographical breakdown
Q1 2001



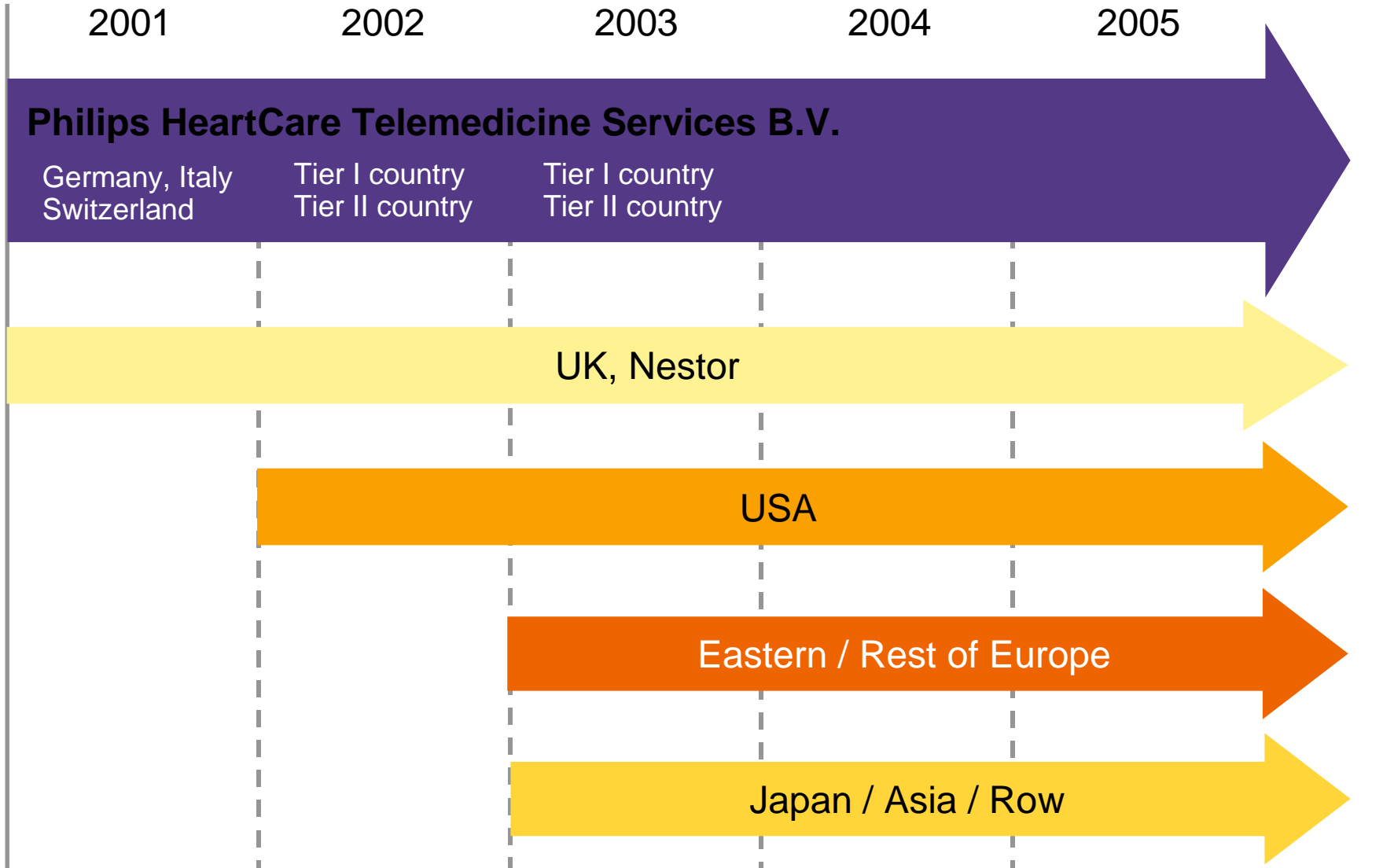
Outlook 2001

Major steps 2001

- ◆ Enhance International Expansion
 - Roll-out in Germany, Italy and Switzerland of Philips HeartCare Telemedicine Services Europe B.V.
 - UK operation
 - Target of revenues from international activities: 22%-27% of total revenues
- ◆ Expand product offering through technological innovation
- ◆ Maintain leading market share in home market Israel
- ◆ Examining opportunities for partners beyond Europe and selected acquisitions
- ◆ Financial key targets
 - Sales growth: 45%-50%
 - EBIT margin: 24%-26%

Joint Venture with Philips Medical Systems

- ◆ Development of new geographical markets for telemedicine across Europe, covering: European Union, Eastern Europe, Switzerland and the former members of Soviet Union.
- ◆ Philips HeartCare Telemedicine Services Europe B.V. headquartered in the Netherlands.
- ◆ Management:
 - Dr. Jeroen Cammeraat – CEO (Formerly with Philips Medical Systems.)
 - Rami Ish-Hurvitz – COO (Formerly with SHL Telemedicine Ltd.)
 - Ronald Panis – CFO (Formerly employed by GN Resound \ Belton.)
- ◆ SHL to generate revenues from:
 - Royalties
 - Sale of devices to joint venture
 - Distribution of dividends



Product pipeline 2001 and beyond



Products	Target Launch Date	Status
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

Financial results Q1 2001

Financial overview



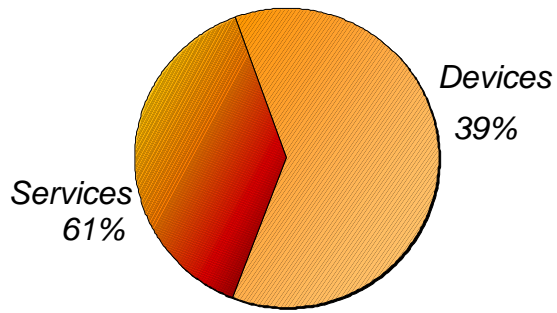
Consolidated Profit & Loss

Three months ended March 31

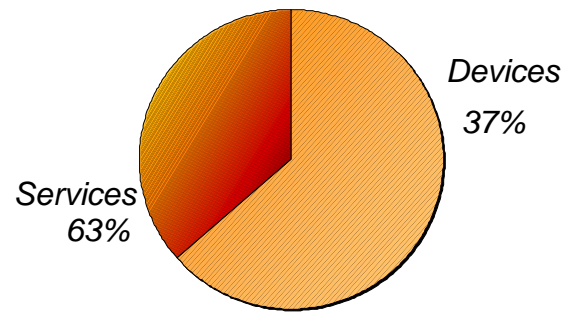
(USD 000s)	2000	2001
Revenues	4,672	5,531
Gross Profit	2,931	3,168
Margin	62.7%	57.3%
EBITDA	1,558	1,464
Margin	33.3%	26.5%
EBIT (Operating Profit)	1,257	985
Margin	26.9%	17.8%
Profit before Tax	554	3,754
Margin	11.9%	11.3%
Net Profit	291	3,336
Margin	6.2%	60.3%
Eps	US\$ 0.05	US\$ 0.31

Revenues Breakdown and Targets

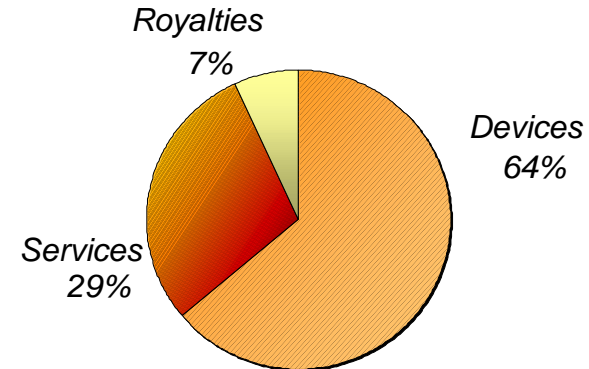
Revenue breakdown
March 31,2000



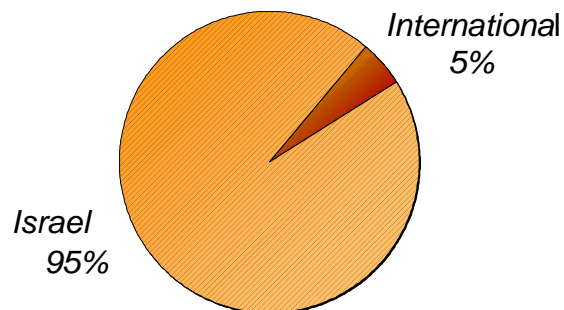
Revenue breakdown
March 31,2001



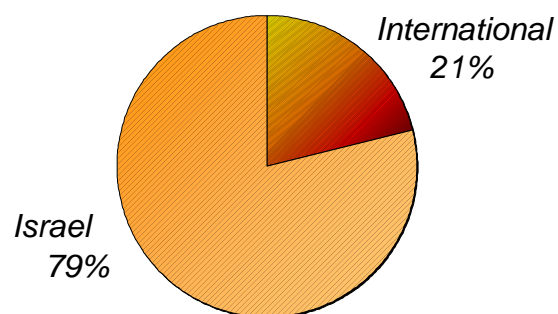
Revenue breakdown
mid-term



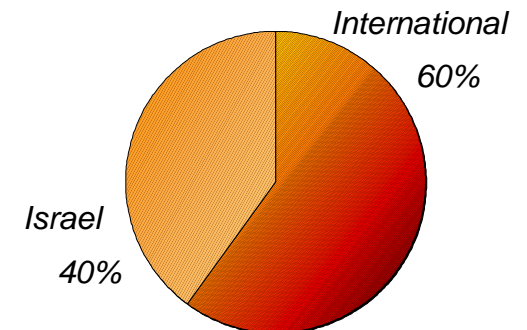
Geographical breakdown
March 31,2000



Geographical breakdown
March 31,2001



Geographical breakdown
mid-term



(USD 000s)	31/3/2000	31/3/2001
Assets		
Current assets	10,937	72,561
Long term assets	14,113	21,353
Fixed assets	1,675	2,366
Other assets, net	7,022	16,658
Total assets	33,747	112,938
Liabilities and Shareholders' Equity		
Current Liabilities	11,965	6,587
Long term liabilities	21,418	14,803
Minority interest	301	-
Shareholders' equity	63	91,548
Total liabilities and shareholders' equity	33,747	112,938

Three months ended March 31

(USD 000s)	2001
<u>Sources</u>	
Operating activities	657
<u>Uses</u>	
Capital Expenditure	550
Financing activities - net	<u>2,179</u>
Total Uses	2,729
Cash - Movement	(2,072)
Cash - 1/1/01	63,403
Cash – 31/03/01	61,331

Q&A session

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- ◆ Erez Termechy, Vice-President and Chief Financial Officer
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- ◆ IR Agenda
Q2: August 24, 2001
Q3: November 23, 2001