

Results Q3 2002

Conference Call

20 November 2002, 11 a.m. (CET)

Dial-In numbers:

- from Europe/Israel: +41 91 610 41 11
- from the U.S.: +1 412 858 46 00

Section 1 Business Review Q3 2002

Section 2 Financials

Section 3 Outlook 2002 / 2003

Section 4 Q & A

Section 5 Appendix

Business Review Q3 2002

- ◆ Successful integration of Raytel, U.S.
- ◆ Strong operation in Israel despite challenging political and economic situation
- ◆ Continuing progress in Europe with Philips JV
- ◆ Financial results in line with our expectations

	Q3/01	Q3/02	%
Revenues	9.3	25.7	177
Ebitda	4.0	4.9	22
Ebit	3.5	2.9	(18)
Net Income	7.7*	1.0**	(87)

*Includes extraordinary finance gains

**After provision for the European J.V. start-up costs

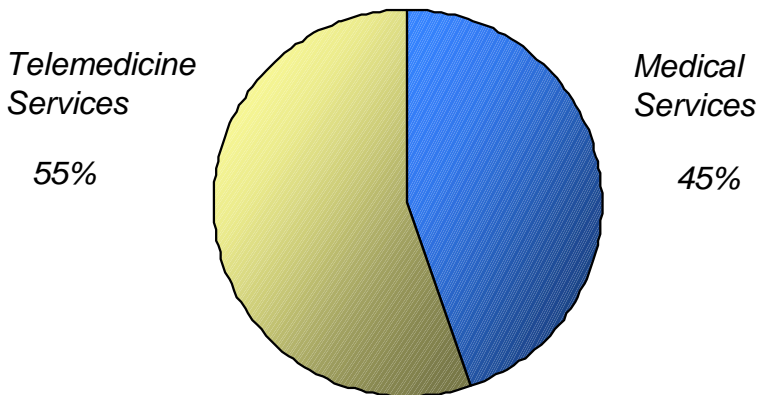
	9M 01	9M 02	%
Revenues	22.0	63.4	188
Ebitda	8.1	12.2	50.0
Ebit	6.7	7.8	16
Net Income	12.3*	7.1**	(42)

*Includes extraordinary finance gains

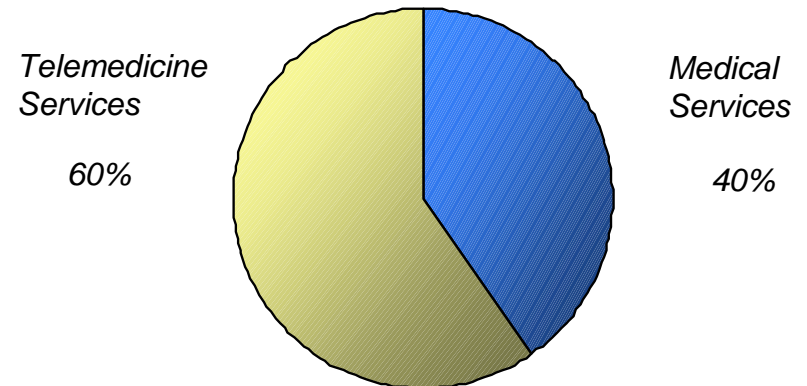
**After provision for the European J.V. start-up costs

- ◆ SHL operates in two business segments;
 - The telemedicine services segment; covers the monitoring operations in the United States, Europe and Israel
 - The medical services segment; covers the diagnostic and patient management services in the United States and Israel

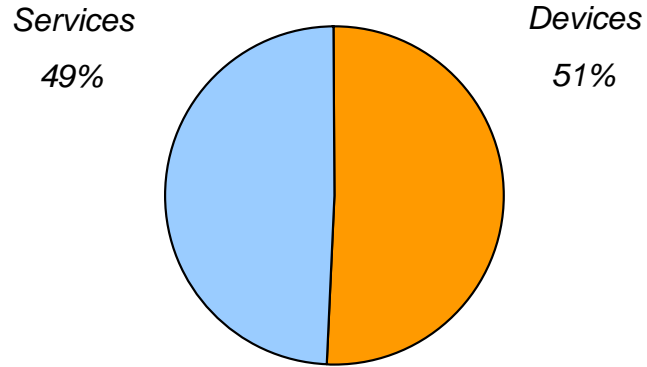
**Segments Breakdown
Q3 2002**



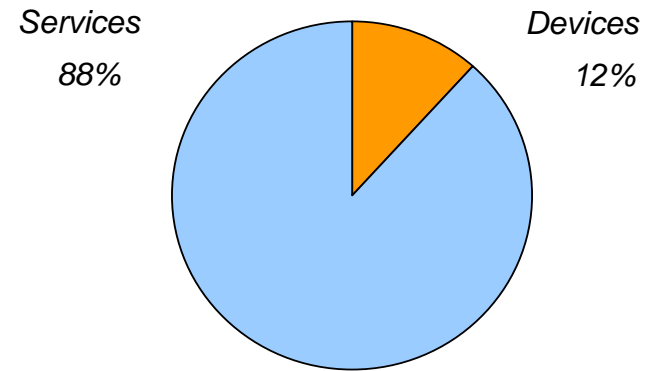
**Segments Breakdown
9M 2002**



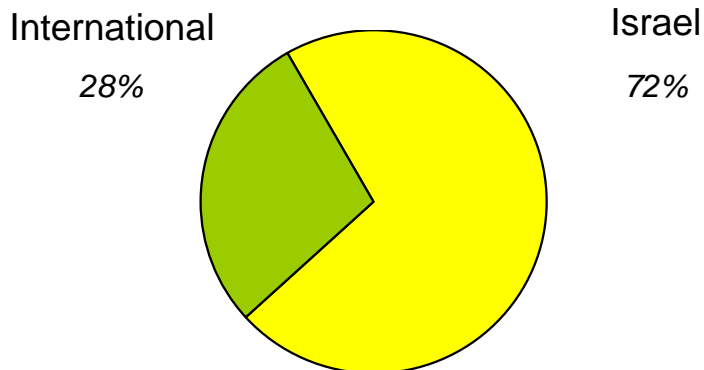
**Revenue breakdown
Q3 2001**



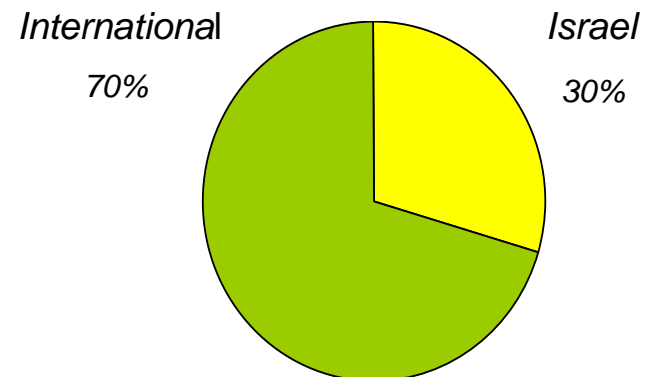
**Revenue breakdown
Q3 2002**



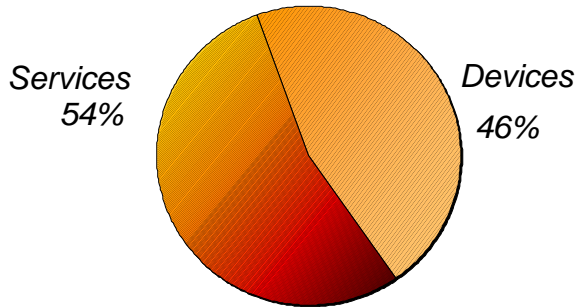
**Geographical breakdown
Q3 2001**



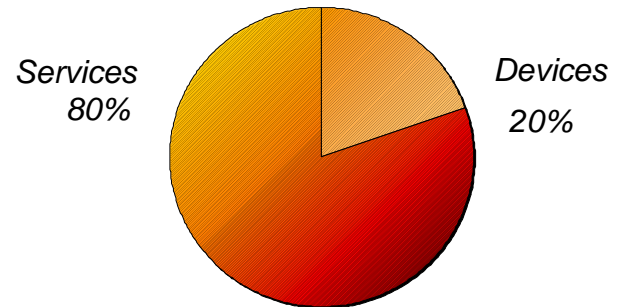
**Geographical breakdown
Q3 2002**



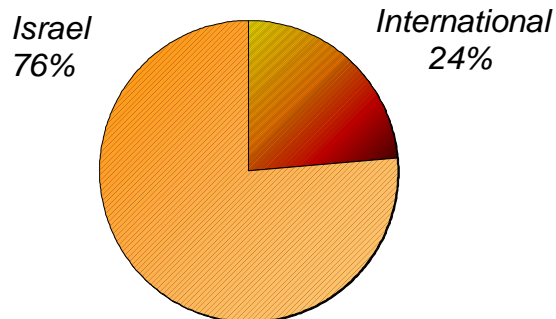
**Revenue breakdown
9M - 2001**



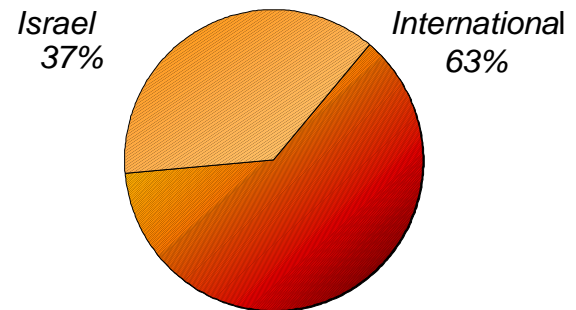
**Revenue breakdown
9M - 2002**



**Geographical breakdown
9M - 2001**



**Geographical breakdown
9M - 2002**



- ◆ Productivity and efficiency of the organization in both segments improved
- ◆ New US management in place and effective
- ◆ Corporate HQ (RMC) reduced to the minimum necessary to support segments activities
- ◆ On-going presence of SHL team on-site, for both monitoring and assisting purposes in IT, Marketing, Operations, Finance

- ◆ Provide telemedicine services in Germany, Italy and Switzerland
- ◆ Established cooperation with leading medical institutions throughout the territories
- ◆ Medical Advisory Board consist of the best known cardiologists in each country
- ◆ Poised for growth in 2003
- ◆ Regulatory and organizational structure are in place

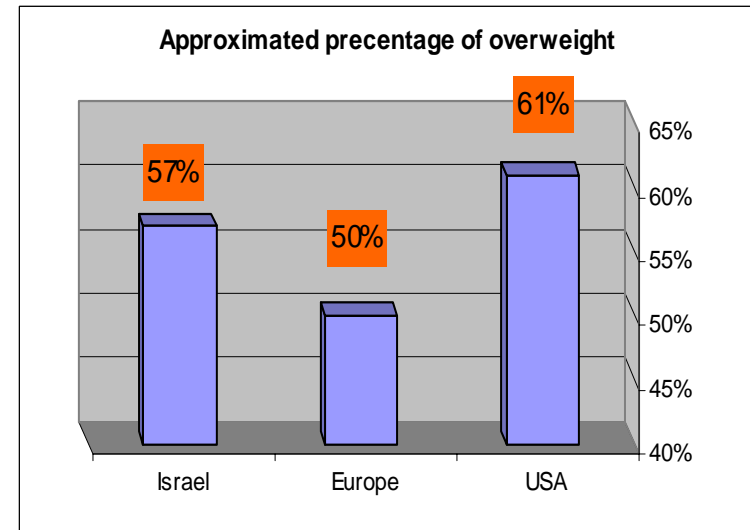
- ◆ Continuing growth in subscribers and sales of device, despite challenging economic environment

- ◆ Successful launch of new service "Thin for life"

Overweight prevalence

**Overweight is acknowledged as the disease of the 3rd millennium.
1.1 Billion people are overweight***

- ◆ US – 106 M people.
- ◆ Europe – more than 50% of population between the age 35-65 are overweight
- ◆ The number of overweight population is increased every year and the phenomena spreads to children as well.



*Worldwatch Issue alert 19.12.00 “Obesity epidemic threatens health in exercise deprived societies”

- ◆ Goal: Help subscribers reduce and maintain weight over a long period of time, through better control of their weight and their diet
- ◆ An important tool in the fight against obesity - a serious threat to general health and for cardiac patients
- ◆ The system incorporates the ‘TeleWeight’, a smart precision scales enabling to communicate subscribers latest weight readings automatically to his\her own medical record in the MC
- ◆ “Thin for life” Monitor center is staffed with clinical dieticians to serve it’s subscribers.
- ◆ Demonstrates the modular nature of SHL’s business model
- ◆ Initial market response: very encouraging

Financials

(USD M)	2001	2002	% GROWTH
Revenues	9.3	25.7	176.7
Gross Profit	6.3	13.2	108.5
Margin	68.1%	51.3%	
Ebitda	4.0	4.9	21.9
Margin	43.0%	19.1%	
Depreciation & Amortization	(0.5)	(2.0)	
Ebit (Operating Profit)	3.5	2.9	(18.0)
Margin	37.6%	11.3%	
Extraordinary finance gains	3.3	0.9	
Profit before Tax	9.0	3.2	(64.7)
Margin	96.6%	12.3%	
Provision for European J.V. start-up costs	0	(1.0)	
Net Profit	7.7	1.0	(87.0)
Margin	82.8%	3.9%	
Eps	0.72	0.10	(86.1)

(USD M)	2001	2002	% GROWTH
Revenues	22.0	63.4	188.3
Gross Profit	14.3	32.2	125.6
Margin	64.9%	50.8%	
Ebitda	8.1	12.2	50.0
Margin	36.8%	19.2%	
Depreciation & Amortization	(1.4)	(4.4)	
Ebit (Operating Profit)	6.7	7.8	15.8
Margin	30.5%	12.3%	
Extraordinary finance gains	4.6	5.8	
Profit before Tax	14.3	13.3	(7.3)
Margin	65.0%	20.9%	
Provision for European J.V start-up costs	(0.1)	(3.1)	
Net Profit	12.3	7.1	(42.3)
Margin	55.9%	11.2%	
Eps	1.15	0.66	(42.6)

(USD 000s)	31/12/2001	30/9/2002
Assets		
Current assets	75,711	98,605
Long term assets	35,329	45,386
Fixed assets	2,666	11,460
Other assets	22,525	53,876
Total assets	136,231	209,327
Liabilities and Shareholders' Equity		
Current Liabilities	27,406	57,791
Long term liabilities	13,752	55,879
Minority interest	-	1,581
Shareholders' equity	95,073	94,076
Total liabilities and shareholders' equity	136,231	209,327

Outlook 2002 / 2003

- ◆ SHL's 2002 results will include Raytel's operations for 9 months
- ◆ Total revenue forecast (unchanged) USD 90M - USD 95M
 - Domestic revenue growth between 45% - 55%
 - International revenue over 50% of total revenue
- ◆ EBITDA - (unchanged) USD 18M - USD 22M (20% - 23%)
- ◆ EBIT- (unchanged) USD 11.5M - USD 15.5M (13% - 16%)

Major steps 2003

- ◆ Use Raytel Medical Corporation as a platform for SHL products and services; further increase productivity
- ◆ Examining opportunities for selected acquisitions
- ◆ Continue European expansion
- ◆ Introduce new products and/or services through technological innovation
- ◆ Maintain leading market share in home market Israel

Q&A session

Erez Alroy

erez@shl-telemedicine.com

Assistant: Pauline Shavit

pauline@shl-telemedicine.com

Tel: + 972 3 561 22 12

www.shl-telemedicine.com

Appendix

- ◆ IR Agenda
 - FY 2002: March 5, 2003
- ◆ 10,663,373 registered shares with a par value of NIS 0.01 each
- ◆ Listed at SWX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- ◆ Market price high/low (CHF) in Q3 2002: 16.5/6.75
- ◆ Market capitalization high/low (CHF million) in Q3 2002: 175.9/71.9
- ◆ Market capitalization 30.9.02 (CHF million) : 96.0
- ◆ No voting restrictions