



## Results Q2 / H1 2009

Conference Call, 29 July 2009, 11 am CEST

- From Europe +41 (0)91 610 56 00
- From UK +44 (0)207 107 06 11
- From Israel 1 80 921 44 27



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- SHL at a glance
- Financials and outlook
- Summary
- Appendix

## Facts

- Leading provider of technologically advanced telemedicine services and solutions
- The services and solutions improve quality of life for our subscribers and enable cost savings for the health services community
- Focus on cardiovascular and related diseases, i.e.
  - ECG monitoring (Israel)
  - Congestive Heart Failure (Germany)
- Technological innovation; ongoing development of IT based services and solutions
- Active in Israel, Germany and USA
- Incorporated in 1987, listed on the Swiss Stock Exchange (Zurich)
- Major shareholders: Philips Electronics (~18%) and the Alroy family (~18%)

## Figures

- 22 years of experience
- Global long-term subscriber base
  - Over 80,000 subscribers
  - Average age of ~ 66
  - Average time on service ~ 8(\*) years
  - Over 250,000 calls conducted in 2008 in Israel and Germany



\* excluding German subscribers

## **Continued growth - strong financial results :**

- Revenue growth of 16.4% at constant exchange rates.
- EBITDA and EBIT up significantly over Q2/H1 08 reaching USD 2.9 million (25.7 % of revenues) and USD 1.8 million (15.9 % of revenues).
- Raising net income guidance by over 20 % for the year to USD 5M-6M from USD 3.5M-5M.
- Significant improvement in operating cash flow.

- **Germany**

- Continued strong subscriber recruitment pace:
  - ~50% revenue growth from Q2 08
  - ~10% revenue growth from Q1 09
  - Operating profit margin over 15% of revenues
  - Continued improvement in operating cash flow
- Looking forward to signing additional agreements with health insurers.
- Studies validating that SHL's telemedicine solutions improve quality of life and achieve a significant reduction of health care costs were presented at the annual meeting of the Deutschen Gesellschaft für Kardiologie (DGK) – German Cardiology Society – in Mannheim in April.
- PHTS Telemedizin, adopted SHL's global brand and became SHL Telemedizin.

- **Israel**

- Continued steady subscriber recruitment
- Continued strong profitability and cash generation



# Financials and outlook



USD millions	Q2 2009	Q2 2008	% change	Q2 2009 (constant currency)	% change
<b>Revenues</b>	<b>11.3</b>	<b>11.0</b>	2.7%	<b>12.8</b>	16.4%
<b>COGS</b>	<b>3.8</b>	<b>4.1</b>	(6%)	<b>4.4</b>	9.7%
<b>Gross Profit</b>	<b>7.5</b>	<b>7.0</b>	7.1%	<b>8.4</b>	20.0%
<i>% of revenues</i>	66.4%	63.6%		65.6%	
<b>Operating expenses</b>	<b>5.7</b>	<b>6.0</b>	(4%)	<b>6.6</b>	10.5%
<b>EBIT</b>	<b>1.8</b>	<b>1.0</b>	80.0%	<b>1.8</b>	80.0%
<i>% of revenues</i>	15.9%	9.1%		14.1%	
<b>EBITDA</b>	<b>2.9</b>	<b>2.3</b>	26.1%	<b>3.1</b>	34.8%
<i>% of revenues</i>	25.7%	20.9%		24.2%	
<b>Financial &amp; other expenses (income)</b>	<b>(0.1)</b>	<b>0.1</b>	<i>n.a.</i>	<b>(0.2)</b>	<i>n.a.</i>
<b>Taxes on income (tax benefit)</b>	<b>0.3</b>	<b>(3.0)</b>	<i>n.a.</i>	<b>0.3</b>	<i>n.a.</i>
<b>Net income</b>	<b>1.6</b>	<b>4.0</b>	(60.0%)	<b>1.6</b>	(60.0%)
<b>EPS</b>	<b>0.14</b>	<b>0.37</b>	(62.2%)	<b>0.14</b>	(62.2%)

Constant currency exchange rates - These are calculated by translating the current period results using the average exchange rates from the previous year's respective period (H1 08) instead of the current period exchange rates. Management believes that this presentation enables a more meaningful comparison between the periods due to the significant fluctuations in NIS/USD/Euro exchange rates.

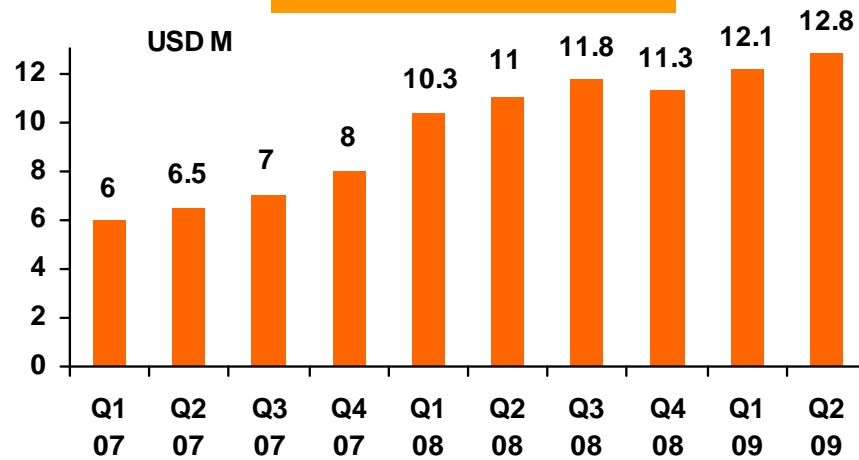


USD millions	H1 2009	H1 2008	% change	H1 2009 (constant currency)	% change
<b>Revenues</b>	<b>22.0</b>	<b>21.4</b>	2.8%	<b>24.9</b>	16.4%
<b>COGS</b>	<b>7.4</b>	<b>7.7</b>	(3.9%)	<b>8.6</b>	11.7%
<b>Gross Profit</b>	<b>14.6</b>	<b>13.7</b>	6.6%	<b>16.3</b>	19.0%
<i>% of revenues</i>	66.4%	64.0%		65.5%	
<b>Operating expenses</b>	<b>11.3</b>	<b>12.0</b>	(5.9%)	<b>13.0</b>	8.3%
<b>EBIT</b>	<b>3.3</b>	<b>1.7</b>	94.1%	<b>3.3</b>	94.1%
<i>% of revenues</i>	15.0%	7.9%		13.3%	
<b>EBITDA</b>	<b>5.5</b>	<b>4.1</b>	34.1%	<b>5.8</b>	41.5%
<i>% of revenues</i>	25.0%	19.2%		23.3%	
<b>Financial &amp; other expenses (income)</b>	<b>(0.4)</b>	<b>3.7</b>	<i>n.a.</i>	<b>(0.4)</b>	<i>n.a.</i>
<b>Taxes on income (tax benefit)</b>	<b>0.9</b>	<b>(3.3)</b>	<i>n.a.</i>	<b>0.9</b>	<i>n.a.</i>
<b>Net income</b>	<b>2.8</b>	<b>1.3</b>	115.4%	<b>2.8</b>	115.4%
<b>EPS</b>	<b>0.26</b>	<b>0.12</b>	116.7%	<b>0.12</b>	116.7%

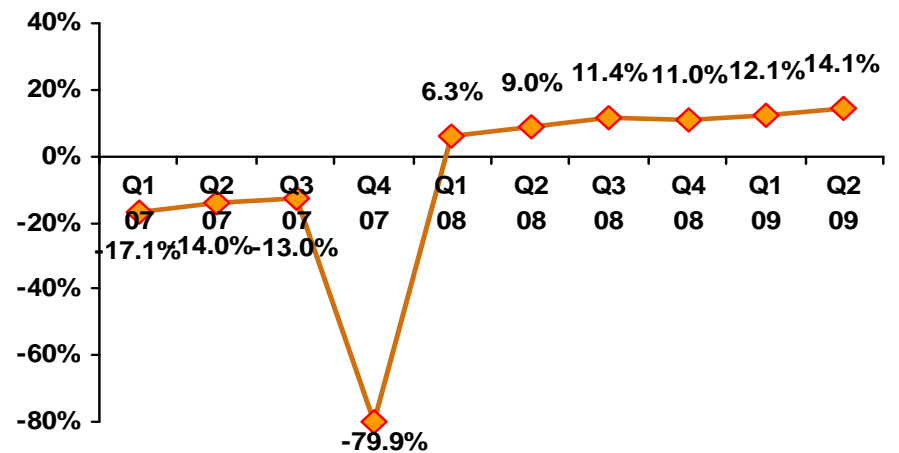
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# Consecutive growth

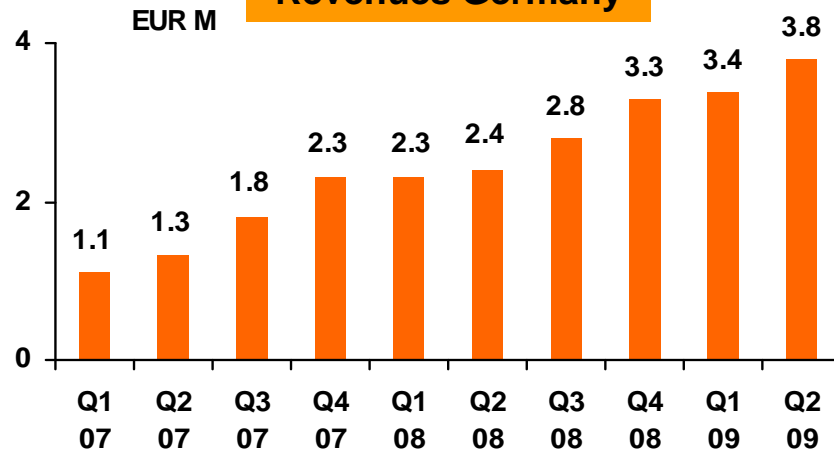
**Revenues SHL**



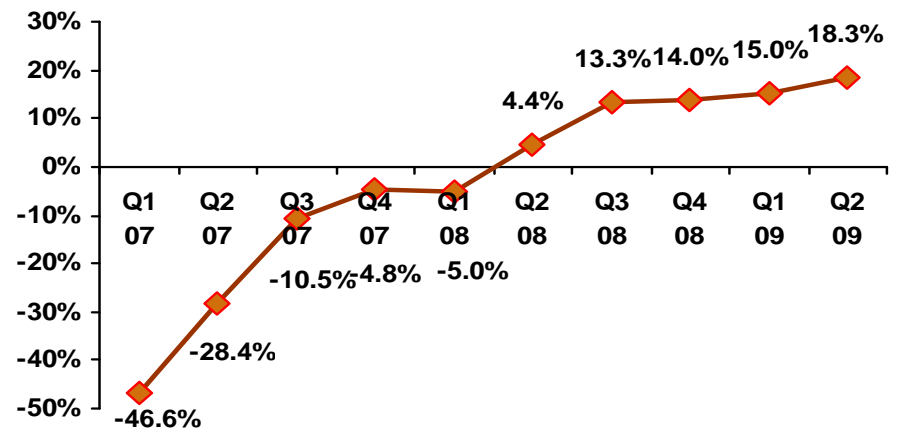
**EBIT margin SHL (\*\*)**



**Revenues Germany**

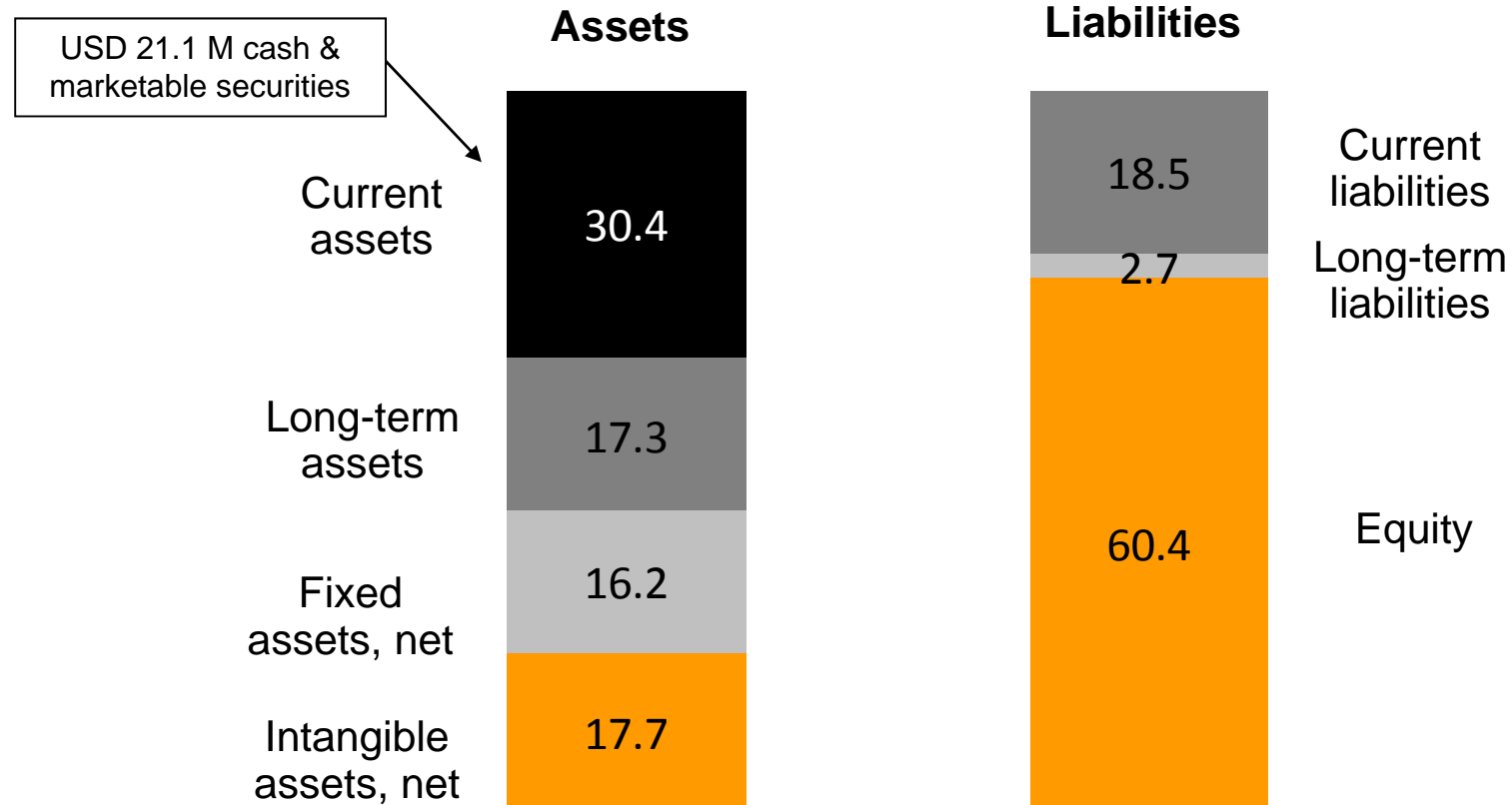


**EBIT margin Germany**



\* 2009 SHL revenue and EBIT margin figures are based on constant exchange rates

\*\* Excluding Raytel revenues in 2007



In USD million per 30 June 2009

## Q2 and H1 cash flow

USD millions	Q2 2009	Q2 2008	H1 2009	H1 2008
Cash provided by (used in) Operating activities	1.6	(1.4)	1.8	(10.2)
Cash used in Investing activities (ex. Marketable securities)	(2.1)	(2.0)	(3.6)	(3.0)
Cash used in financing activities	(0.4)	(29.3)	(0.2)	(40.0)
Effect of exchange rate changes	1.2	3.9	(0.3)	9.7
Increase (decrease) in cash, cash equivalents & marketable securities	0.3	(28.8)	(2.3)	(43.5)
Cash, cash equivalents & marketable securities at beginning of period	20.8	74.2	23.4	88.9
Cash, cash equivalents & marketable securities at end of period	21.1	45.4	21.1	45.4

## Business

### Environment

- Unchanged momentum in key markets
- Economic outlook expected to increase pressure on health insurers for operational efficiency

### Continuing growth in Germany

- Increasing subscriber base
- Additional agreements with insurance companies

### Continued business development activities

## Financials

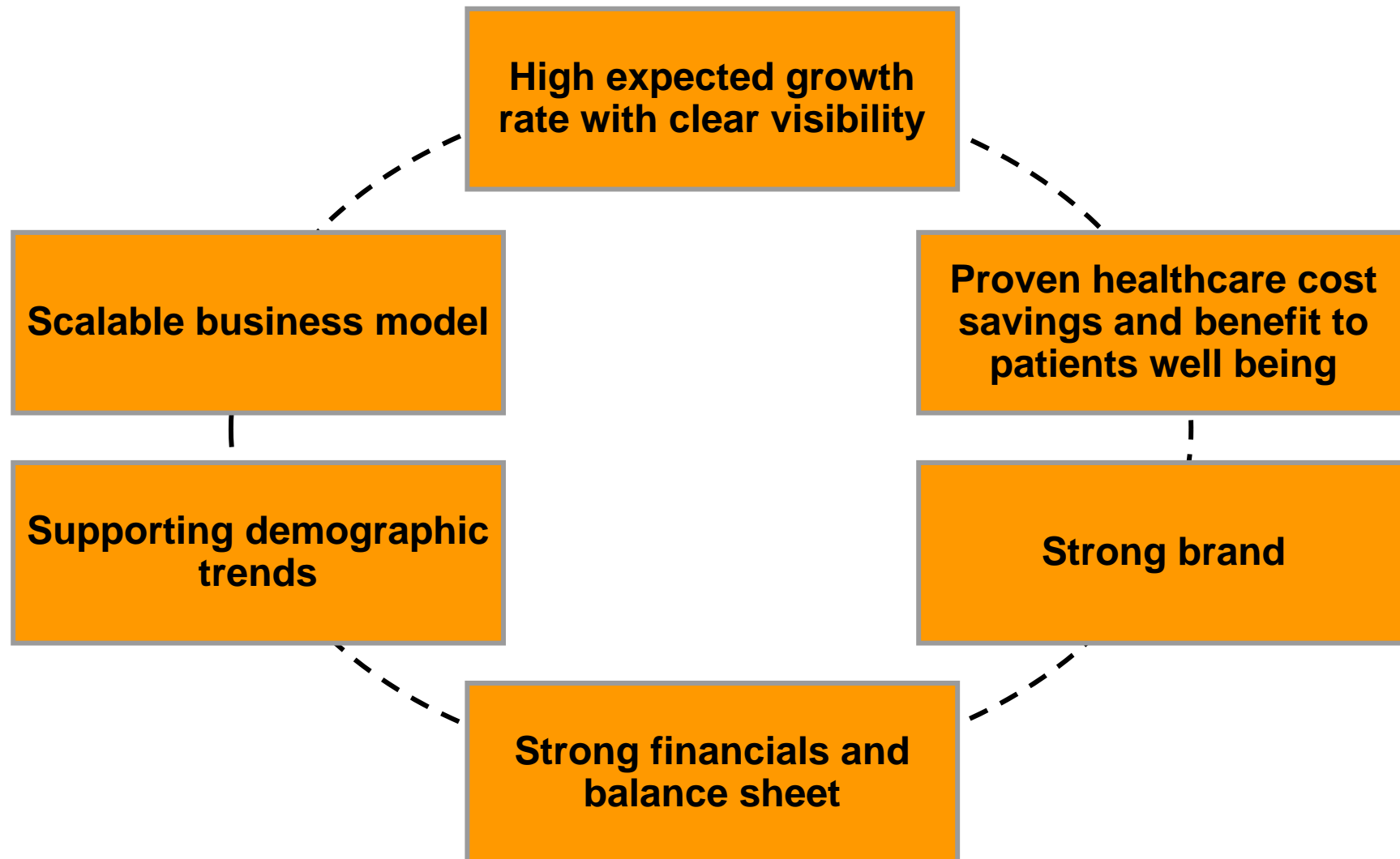
### Financial outlook – Raising Net Income Guidance

- Assuming constant exchange rates
- Revenues of USD 51-53 M
- Net income of USD 5-6 M (up from USD 3.5-5 M)

### Sensitivity of exchange rate fluctuations

- 10% increase of USD vs. ILS affects sales by -8%, EBIT by -1% and EPS by +3% (and vice versa)
- 10% increase of USD vs. EUR affects sales by -4%, EBIT by -5% and EPS by -6% (and vice versa)

	Germany	Israel
Trends	Aging population, cost pressure, consumerism	
Platforms	Medical monitoring center, proprietary IT systems	
Diseases	Mainly Congestive Heart Failure	All Cardio vascular
Services	Mainly CHF monitoring	ECG monitoring; consulting / reassuring
Models / clients	Health insurers / reimbursement	Private pay / out of pocket
Main Benefits	Cost saving, stabilizing condition	Save lives, peace of mind
Market / growth	Early stage / double digit	Mature / single digit



# Appendix





- IR Agenda
  - 11 November Q3 results
- 10,734,095 registered shares with a par value of NIS 0.01 each
- Listed at SIX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- Market price high/low (CHF) in 2009 7.20/4.72
- Market capitalization high/low (CHF million) in 2009 77.3/50.7
- Market capitalization 30.06.09 (CHF million) 70.0
- No voting restrictions