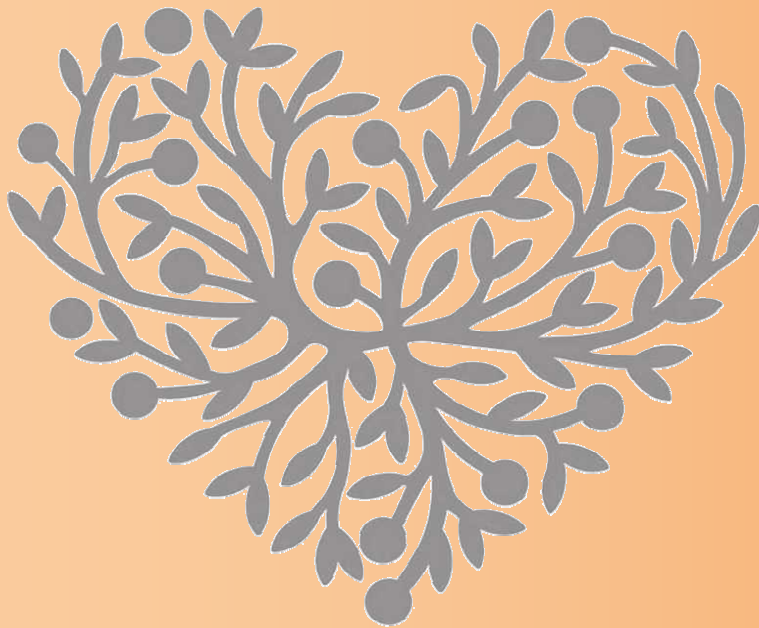


# SHL

TeleMedicine Ltd.



Agreement with Philips for US  
Business

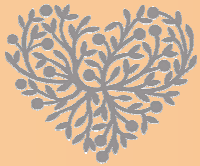
Conference Call Presentation  
4 October 2007, 10am CET

Dial-in Details

+41 91 610 5600 (Europe/Israel)

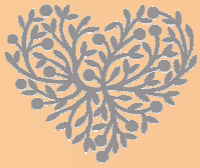
+1 (1) 866 291 4166 (USA)

+44 207 107 0611 (UK)



- ◆ Incorporated in 1987, today SHL is a leading global provider of technologically advanced telemedicine services and solutions.
- ◆ SHL is a public company listed on SWX Swiss Exchange (Zurich).
- ◆ The major shareholders are: Philips Electronics (~18%) and the Alroy family with about 18%.
- ◆ The Company serves about 300,000 patients and about 15,000 physicians worldwide who refer their patients to its services.

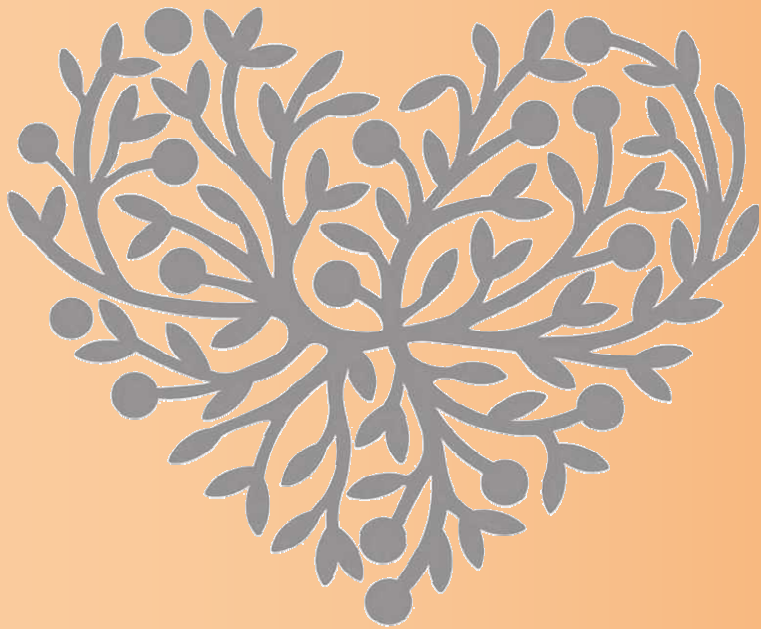


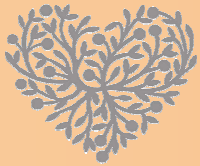


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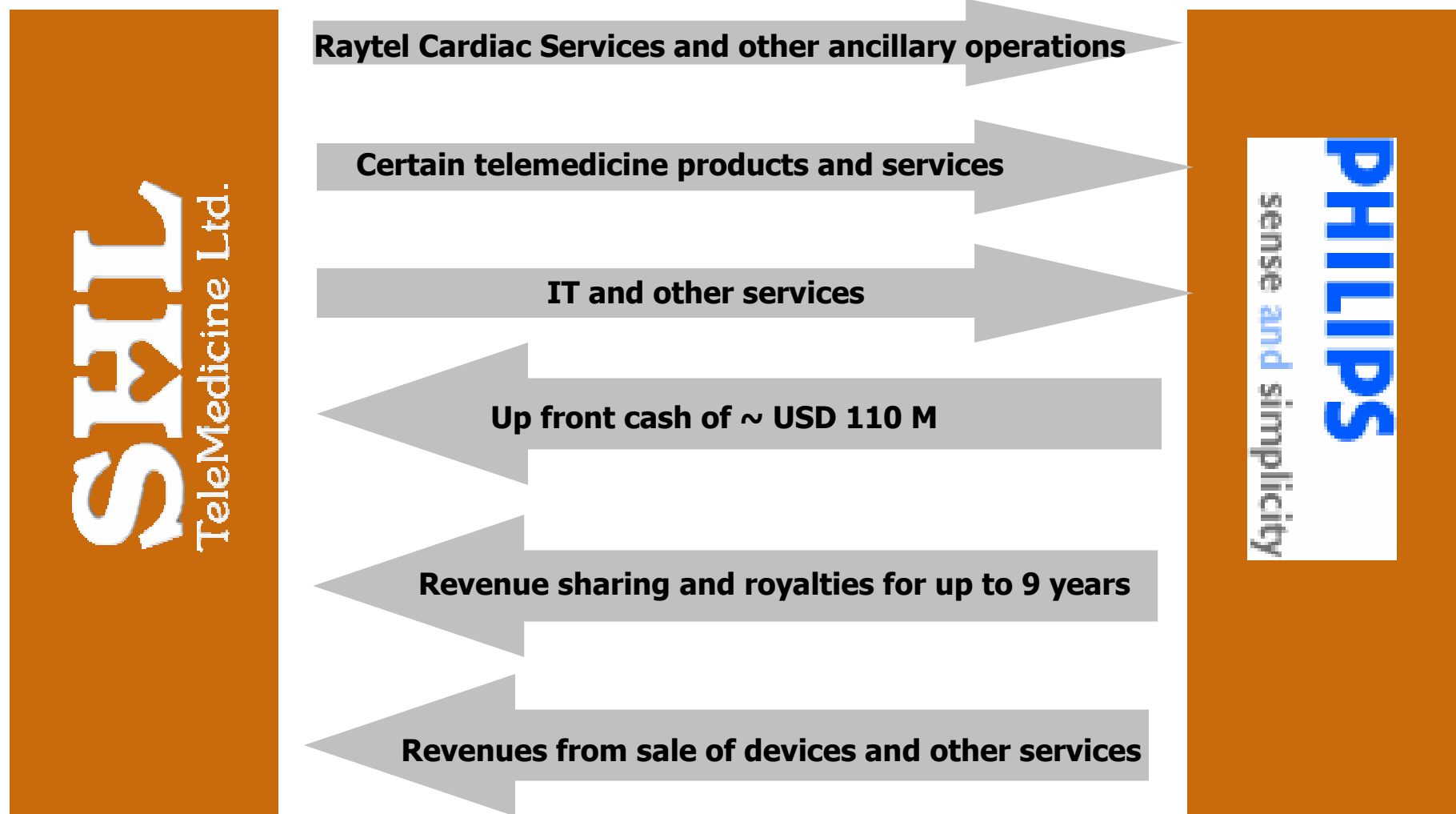
## Transaction summary and impact on SHL

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# Transaction Summary





Same target group

Seniors and other people who want to continue living independently and exerting more control over their health and lifestyle

Capitalize on Raytel relationships / Strengthen client base

- Relationships with ~15,000 referring physicians / cardiologists
- Over 200,000 patients annually
- Contacts with 7 of top 10 cardiology centers in US



- Network of ~2,500 hospitals / other healthcare providers
- Subscriber base of ~750,000

Broaden service offering / extend care cycle

- Existing services of Raytel**
- Pacemaker monitoring
  - ICD monitoring
  - Arrhythmia monitoring
  - Anticoagulation blood monitoring



- New services of SHL**
- 12 lead ECG monitoring
  - Congestive heart failure solution

- Personal emergency response services and emergency call systems to subscribers
- Medical equipment for managing heart disease





- Up front cash consideration of around USD 110 M
- Participation in Raytel revenues on revenue sharing and royalty basis for up to 9 years
  - Current Raytel services
  - Future Raytel services based on new service offerings to be introduced in US based on SHL solutions
  - Minimum payments based on agreed upon milestones
- Anticipated revenues from sale of SHL's telemedicine devices
- Significant capital gain
- Strong cash position
- Use of proceeds
  - Optimization of SHL's balance sheet structure
  - Supporting growth - German operation, development of new markets and products

**Significantly improving SHL's strategic and financial capability**



## SHL's operations - post transaction

- Revenues
  - Consisting of SHL's businesses in Germany and Israel
  - Revenues generated through Philips US
    - Revenue share and royalties
    - Sale of devices
    - R&D and other services
- Margins
  - Israeli business delivering solid margins, German business close to break-even and expected to significantly grow in near future
  - Sound margins from US generated revenues
- Net profit
  - Beneficial effect of reduced financial expenses

**Sustainable profitability after completion of deal**

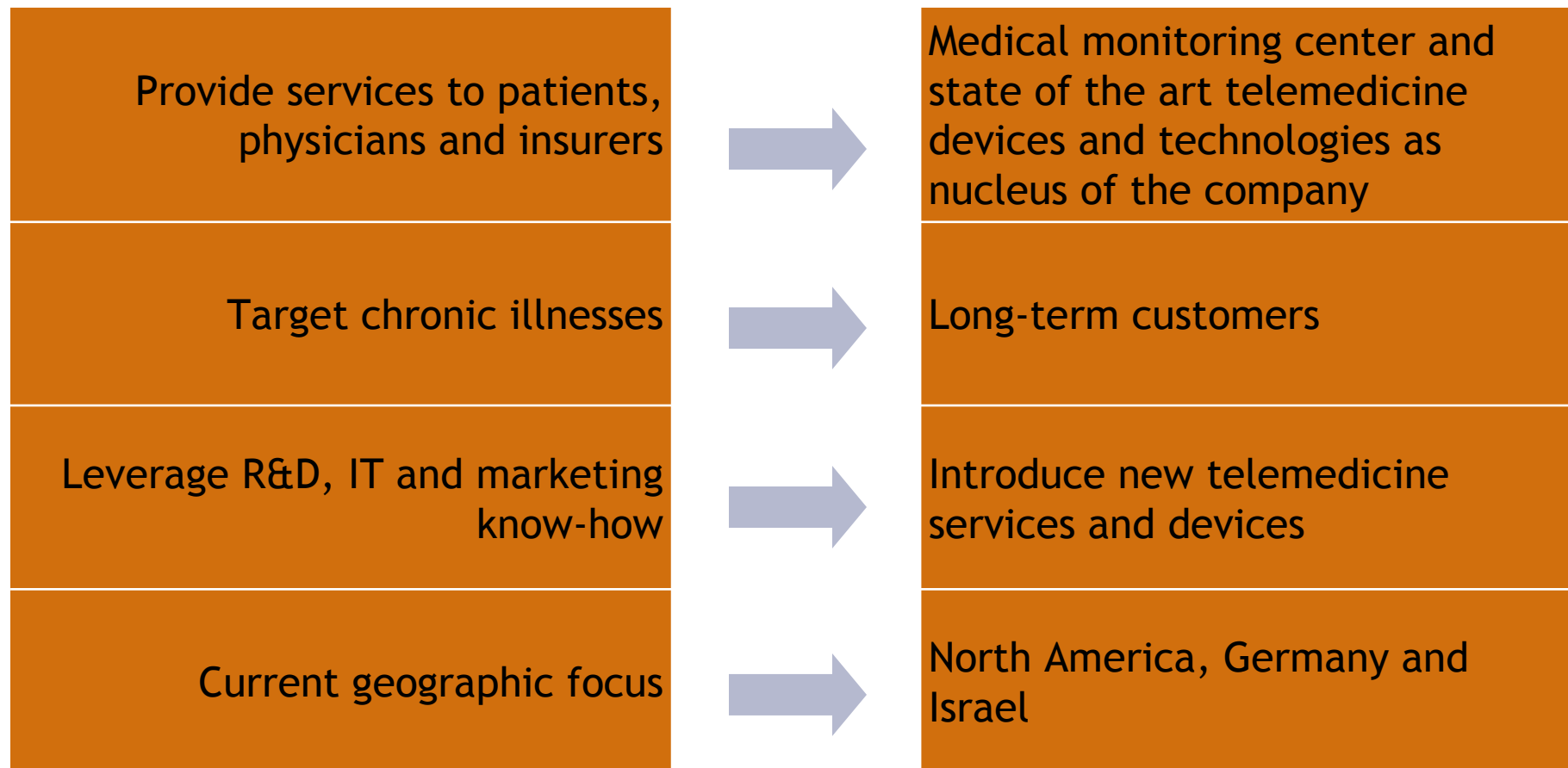
- Balance Sheet
  - Significantly improved cash position
  - Improved financial ratios
  - Positive working capital

**Strong balance sheet supporting growth potential**



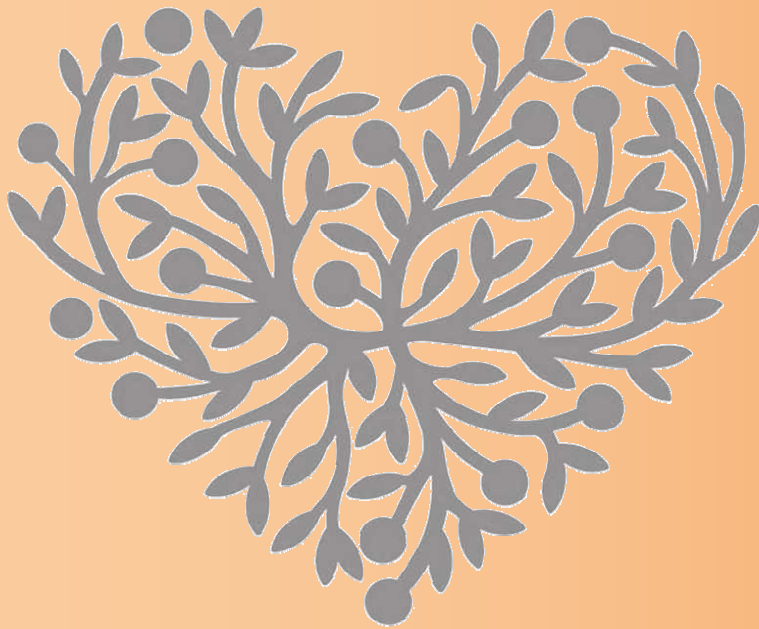


## SHL's strategic Focus



## Insight into US remote cardiac monitoring business

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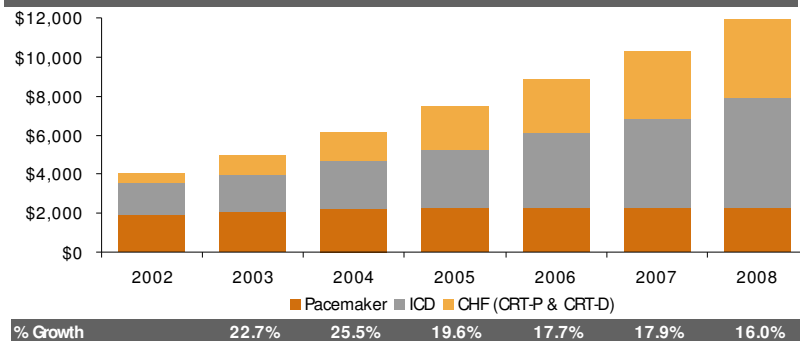




## RCS - SHL's US remote cardiac monitoring business

- Raytel Cardiac Services is headquartered in Windsor, Connecticut
- Approximately 360 employees with 160 highly trained cardiac technicians working at the company's monitor center
- Current service offerings include:
  - Implantable devices (pacemaker and ICD) monitoring
  - Arrhythmia (holter and event) monitoring
  - INR (MHV patients) monitoring

### U.S. Implantable Device Market



Source: Frost & Sullivan, 2004.

### Pacemaker Monitor



### INR Monitor

#### Raytel Offers Two Patient Self-Testing Systems

##### HemoSense INRatio®



- Introduced in 2000
- Precision and Accuracy – Same as laboratory reference method
- Built-in on-board controls
- Blood sample size: 1 drop (1µl)
- Test strips
- Power: 4 AA batteries
- Time to result: 2 minutes

##### ITC ProTime®



- Introduced in 1994, over 2,000 new units
- Precision and Accuracy – Same as laboratory reference method
- Built-in on-board controls
- Blood sample size: 2 drops (27µl)
- Test Cartridges
- Power: Built-in rechargeable battery
- Time to result: 3 minutes

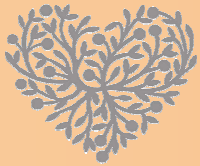
**“One-source” for Physicians’ and Patients’ Remote Cardiac Monitoring Needs**



## RCS - SHL's US remote cardiac monitoring business

- 2007 report by Frost & Sullivan - US market for ambulatory (outside of the hospital) cardiac monitoring services valued at approximately USD 1.2 billion in 2006. Estimated by 2011, market Raytel Cardiac Services addresses will be valued at approximately USD 6 billion.
- Relationships with approximately 15,000 referring physicians and cardiologists
- Serves over 200,000 patients annually
- Contracts with over 900 managed care plans, including over 30 national contracts representing over 220 million covered lives in all 50 state
- Contacts with 7 of top 10 cardiology centers in US, as listed by US News & World Report
- 2007 Frost & Sullivan Awards for Market Leadership and U.S. Cardiovascular Enabling Technology

*“One-source” for Physicians’ and Patients’ Remote Cardiac Monitoring Needs*



- Royal Philips Electronics of the Netherlands (NYSE: PHG, AEX: PHI) - global leader in healthcare, lifestyle and technology. Headquartered in the Netherlands, Philips employs approximately 125,800 employees in more than 60 countries worldwide. With sales of EUR 27 billion in 2006, the company is a market leader in medical diagnostic imaging and patient monitoring systems, energy efficient lighting solutions, personal care and home appliances, as well as consumer electronics.
- Acquisitions of Lifeline in 2006 for around USD 700 M by Philips Home Healthcare Solutions business group - part of Philips strategic move to shift business model of Remote Patient Monitoring to services from sale of devices
- Philips building up presence in the home healthcare market as believes in extending care cycles (remote patient monitoring being one of them)
- Philips Lifeline - 750,000 elderly subscribers receiving emergency response services looking for a safety net when alone at home
- Network of 2,500 hospitals and other health care providers
- Recommended by over 40,000 health care professionals and the preferred provider of the Visiting Nurse Associations of America.

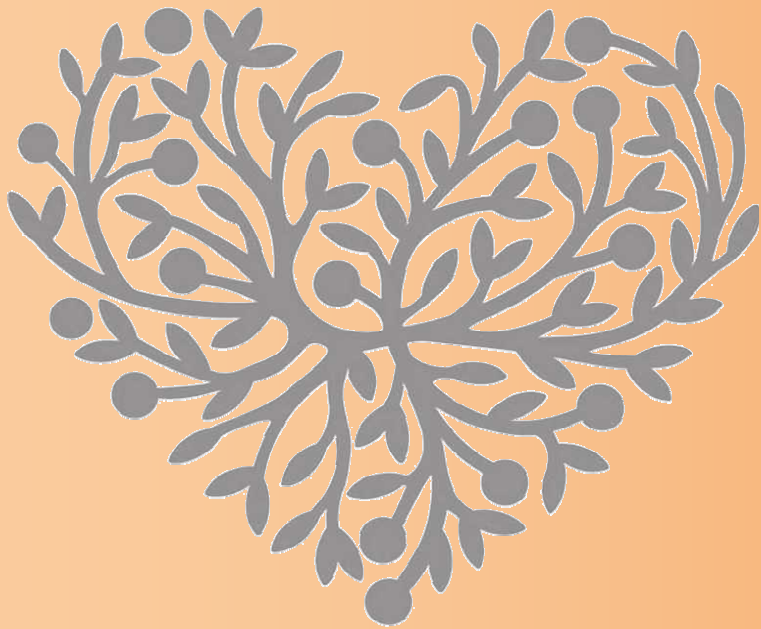


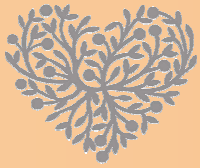
- Many of Philips Lifeline subscribers suffer from heart ailments - significant cross sell opportunities
- Recent product developments in cardiac monitoring services allow people to be monitored in the comfort of their own homes
- Patients, regardless of age, prefer to continue living independently in their own homes. Shifting trend towards a strong focus on independence and convenience
- Demographic trends - such as aging population and rising obesity, plus the growing trend by hospitals and physicians to outsource remote cardiac services - expected to fuel growth
- Total addressable population in the U.S. estimated to exceed 15 million individuals
- Patients and payors looking for ways to curb rapidly increasing healthcare costs



## Key dates and outlook

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### Transaction - Key dates

- Announcement of binding agreement October 4, 2007
- Clearance by antitrust authorities Q4 2007
- SHL extraordinary shareholders meeting November 2007
- Expected closing Q4 2007

### 2007 Outlook

- Significant capital gain and net profit expected





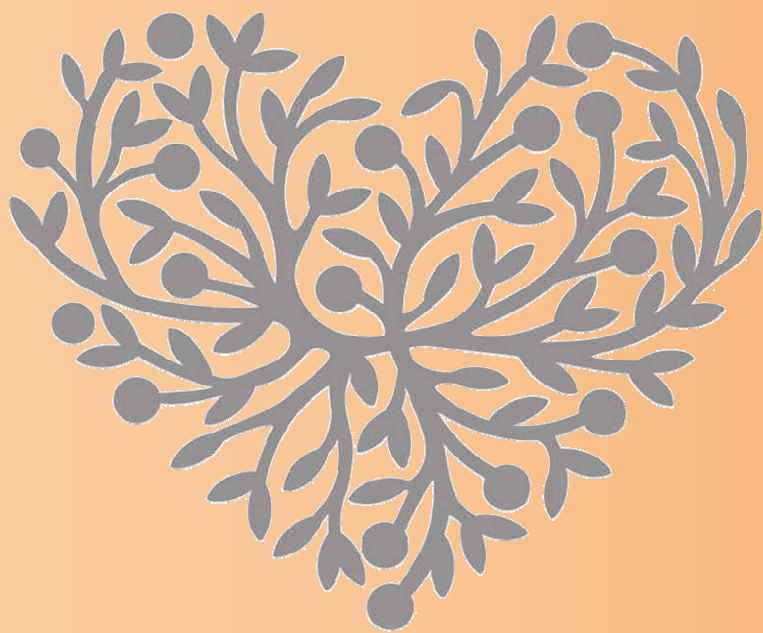
- ◆ IR Agenda
  - ◆ Q3 2007: November 22, 2007
- ◆ 10,679,051 registered shares with a par value of NIS 0.01 each
- ◆ Listed at SWX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- ◆ Market price high/low (CHF) in 2007: 12.10/4.82
- ◆ Market capitalization high/low (CHF million) 2007: 129.2/51.5
- ◆ Market capitalization 30.06.07 (CHF million) 89.2
- ◆ No voting restrictions

## Share price development past 12 months



## Appendix

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## Market Background - Attractive Industry Dynamics

### Aging Population and Increasing Incidence of Cardiac Illnesses

- Increased incidence of heart related conditions as the senior population in the U.S. is expected to grow from 39.4 to 69.4 million from 2010 to 2030
- Increase in the prevalence of obesity, driven by a trend toward more sedentary lifestyles, will likely increase the incidence of CVD

### Largely Untapped Markets

- Total addressable population in the U.S. estimated to exceed 15 million individuals
- Patients and payors looking for ways to curb rapidly increasing healthcare costs
- Preventative monitoring services provide proven, cost-effective solution

### New Generation of Monitoring Technology

- New, easy-to-use technologies that offer enhanced monitoring capabilities and facilitate compliance with prescribed testing regimes
- Ability to transfer data wirelessly to CardioCare monitoring centers

### Fragmented Market Ripe for Consolidation

- Numerous regional/local providers that are struggling to compete effectively in a more challenging industry landscape
- CardioCare's scalable infrastructure with excess capacity results in low marginal cost of serving additional patients

### Consumerism

- Individual consumers are becoming more active in the healthcare system through increased demand and spending related to innovative products and services
- CardioCare's attractive service offerings improve the quality of life for patients

### Outsourcing

- Healthcare providers will continue to outsource monitoring services as IDTFs expand service offerings and devices and services become more complex
- Providers experience reduced human and financial capital requirements while continuing to share in revenue streams



# Compelling Value Proposition



## Value to Patients

- Improved clinical outcomes
- Lower out-of-pocket medical costs
- Increased quality of life
- Access to leading technologies
- Services facilitate compliance with prescribed testing regimes



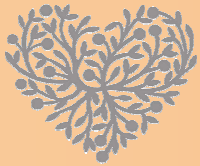
## Value to Physicians

- Cost effective way to frequently monitor and manage patients and improve quality of care
- Outsourcing allows physicians to eliminate capex and time required for 24/7 patient monitoring
- New services offer an opportunity for physicians to generate incremental revenue

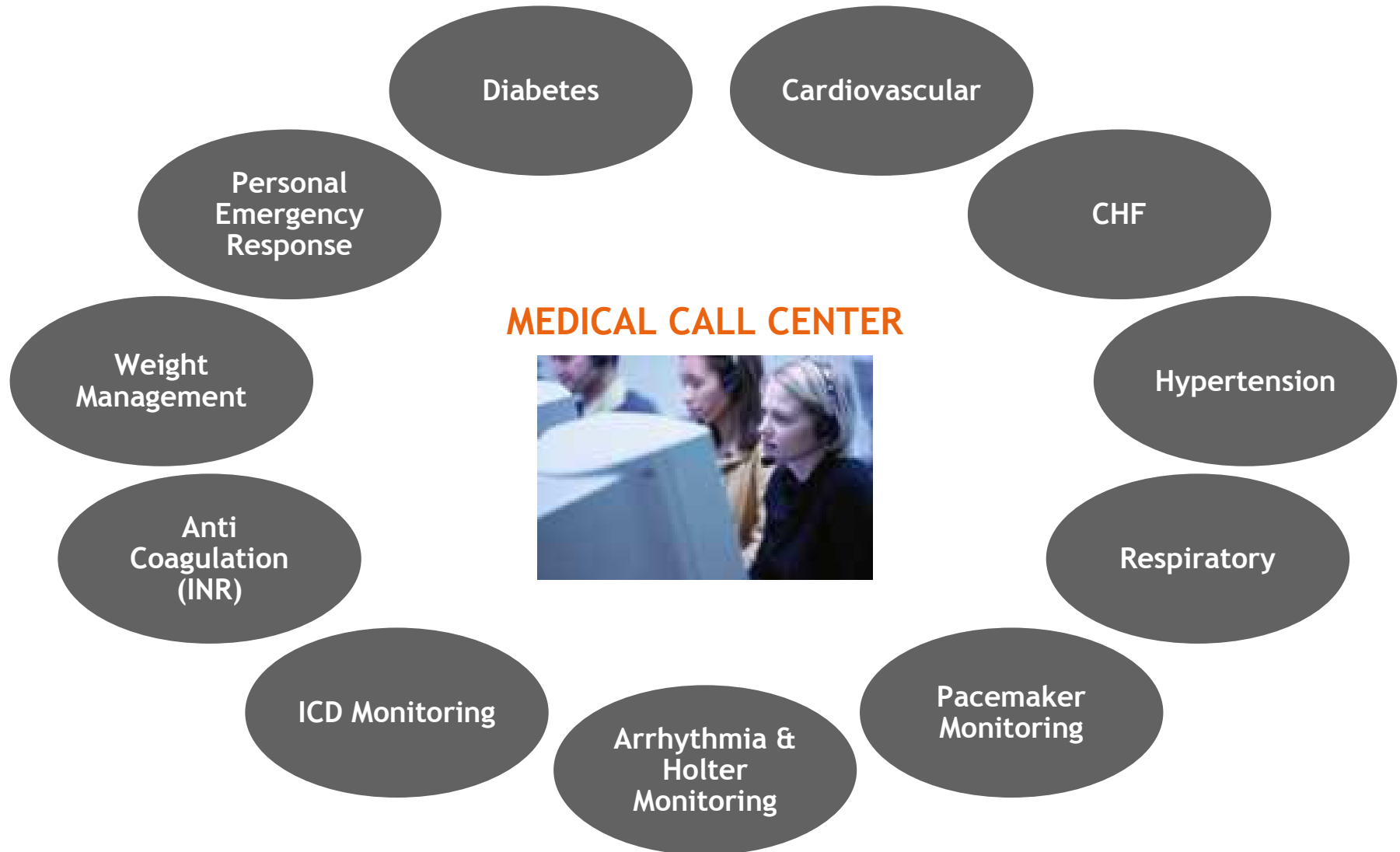


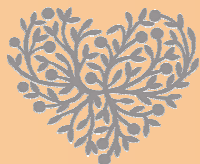
## Value to Payors

- Increase probability of early detection, diagnosis, and prevention of cardiac conditions and deterioration of related health conditions
- Minimize unnecessary hospitalizations and reduce costly emergency room admissions



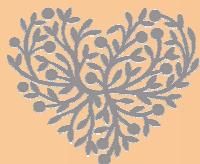
## Wide Range of Services and Technologies





## Balance Sheets (in USD M)

	30/6/2007	2006
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash & short term investments	6.3	12.5
Other current assets	<u>22.8</u>	<u>24.2</u>
	29.1	36.7
<b>LONG TERM ASSETS</b>	19.8	21.0
<b>FIXED ASSETS, NET</b>	22.1	23.6
<b>INTANGIBLE ASSETS, NET</b>	47.2	47.0
<b>TOTAL ASSETS</b>	<b>118.2</b>	<b>128.3</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>CURRENT LIABILITIES</b>	61.8	47.5
<b>LONG TERM LIABILITIES</b>	30.6	51.0
<b>EQUITY</b>	25.8	29.8
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>118.2</b>	<b>128.3</b>



## Statements of operations (in USD M)

	H1 07	H1 06
Revenues	40.3	41.5
COGS	21.1	21.5
GP	19.2	20.0
%	47.6%	48.2%
Operating expenses	18.6	17.4
EBIT	0.6	2.6
%	1.5%	6.3%
EBITDA	4.2	6.2
%	10.4%	14.9%
Financial & other (income) expenses	(2.1)	2.3
Taxes on income	1.1	2.2
Net income (Loss) - continuing operations	1.6	(1.9)
Net Loss - discontinued operations	1.0	2.0
Net income (Loss)	0.6	(3.9)
Minority Interest	<u>4.3</u>	<u>0.8</u>
Net Loss - SHL shareholders	3.7	4.7