

Results Q2 2003

Conference Call

20 August 2003, 2 p.m. (CET)

Dial-in numbers:

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Section 1 Business Review

Section 2 Financials

Section 3 Outlook

Business Review

Company Profile

- ◆ World leading telemedicine service provider
- ◆ Integrated provider of services, products and strong IT
- ◆ Proven and unique business model since 1987
- ◆ Treating hundreds of thousands of patients annually, with ~1,200,000 ECG transmissions to our medical call centers
- ◆ Key markets
 - own operations in the U.S. and Israel
 - via JV mainly in Germany & Italy


Key figures FY 2002 (USD M)

- ◆ Revenues 89.8
- ◆ EBITDA 18.1
- ◆ Ebit 11.7
- ◆ Net income 1.4
- ◆ Employees 1,389
- ◆ Customers ~ 250,000

Flagship product
 Cardio Beeper® 12/12



Strategy slide at IPO conference, 11/2000	What happened since
◆ Enhanced international activity	◆ Joint venture with Philips in Europe. Acquisition of Raytel in the USA.
◆ Expand product offerings through technological innovation	◆ Introduction of ,Thin for life‘; new versions of CardioBeeper, TeleBreather, Watchman and just recently the TeleMarker
◆ Acquire companies that offer attractive customer base/ marketing channels or products	◆ Acquisitions of Raytel in the U.S. and Bikurofe in Israel
◆ Maintain leadership position in Israel	◆ Continuous growth of SHL’s core business
◆ Capitalize on increased awareness in personal health	◆ Satisfying market entry in Europe, but slower then originally planned

 Existing strategy proved to be successful and is still valid



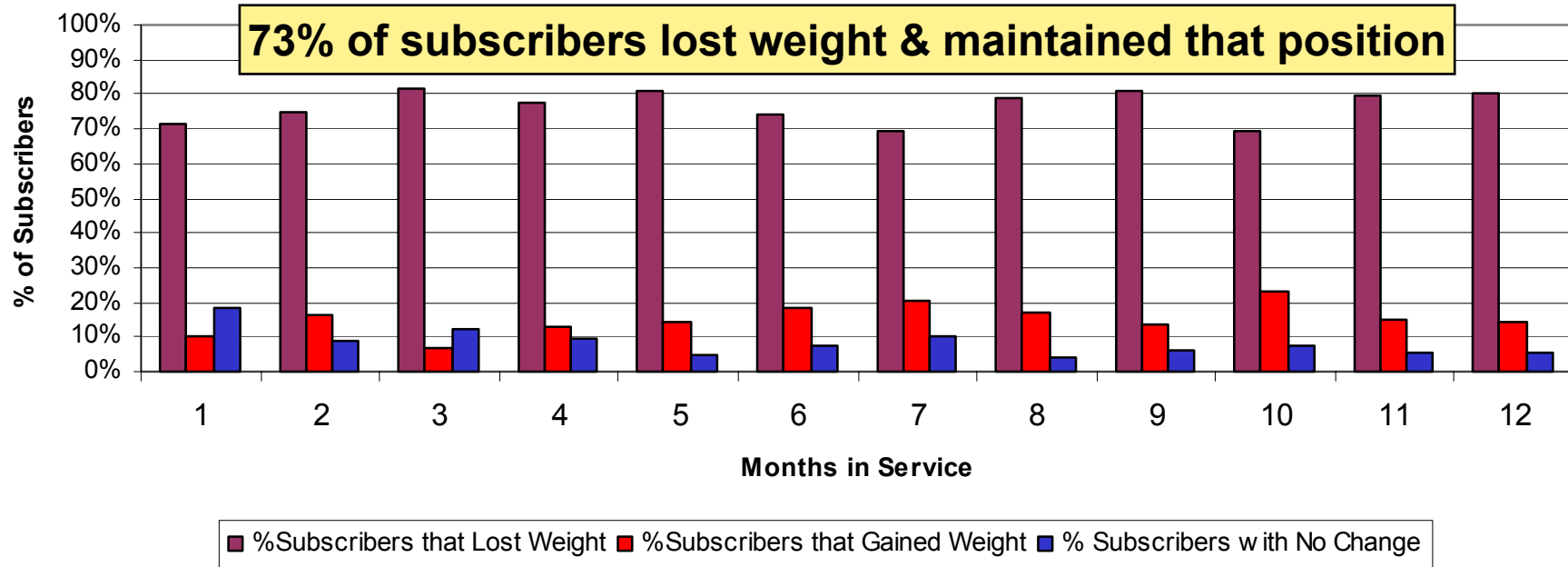
Key Figures – Q2 (in USD M)

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	Q2/02	Q2/03	%
Revenues	28.085	25.591	-8.9
Ebitda	4.880	3.937	-19.3
Ebit	3.056	1.834	-40.0
Net Income	1.316	0.205	-84.4
Cash flows from operating activities	-3.538	4.475	n.m.

- ◆ Margins in the US market improved
- ◆ Launch of TeleMarker in Israel; awaiting FDA approval
- ◆ Challenging political and economic situation in home market
- ◆ European Patent Office intends to grant patent for Cardio Beeper 12/12
- ◆ Progress of signing-up new subscribers in Europe continued
- ◆ 70 000 subscriber-line in Israel exceeded, more than 250 000 subscribers worldwide
- ◆ “Thin for life” progressing well, considered an important growth factor

Gained \ lost weight percentage by duration of service



- ◆ “Thin for Life” proves to be a valuable service for those who want to fight obesity
- ◆ Expected to be one of SHL’s key products going forward

- ◆ Trans telephonic blood testing device
- ◆ Enables subscribers to self perform blood test for the presence of cardiac markers from the convenience of their home
- ◆ First device of it's kind
- ◆ Automatic transmission of results to medical monitor center
- ◆ Enables safer ruling out of Myocardial Infarction
- ◆ Improving emergency treatment in case of cardiac event
- ◆ Saves unnecessary hospitalizations



Financials



Profit & Loss Q2

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(USD 000s)	Q2/2002	Q2/2003	% GROWTH
Revenues	28,085	25,591	-8.9%
Gross Profit	13,965	12,346	-11.6%
Margin	49.7%	48.2%	
EBITDA	4,880	3,937	-19.3%
Margin	17.4%	15.4%	
EBIT (Operating Profit)	3,056	1,834	-40.0%
Margin	10.9%	7.2%	
Profit before Tax	3,409	995	-70.8%
Margin	12.1%	3.9%	
Net Profit	1,316	205	-84.4%
Margin	4.7%	0.8%	
EPS	USD 0.12	USD 0.02	



Profit & Loss H1

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(USD 000s)	H1/2002	H1/2003	% GROWTH
Revenues	37,766	51,174	35.5%
Gross Profit	19,042	25,090	31.8%
Margin	50.4%	49.0%	
EBITDA	7,320	8,422	15.1
Margin	19.4%	16.5%	
EBIT (Operating Profit)	4,883	4,292	-12.1%
Margin	12.9%	8.4%	
Profit before Tax	10,099	2,340	-76.8%
Margin	26.7%	4.6%	
Net Profit	6,033	707	-88.3%
Margin	16.0%	1.4%	
EPS	USD 0.57	USD 0.07	

(USD 000s)	31/12/2002	30/6/2003
Assets		
Current assets	97,810	87,468
Long term assets	47,314	57,244
Fixed assets	11,441	12,402
Other assets	51,327	51,639
Total assets	207,892	208,753
Liabilities and Shareholders' Equity		
Current Liabilities	71,120	67,554
Long term liabilities	44,712	40,812
Minority interest	1,601	1,537
Shareholders' equity	90,459	98,850
Total liabilities and shareholders' equity	207,892	208,753

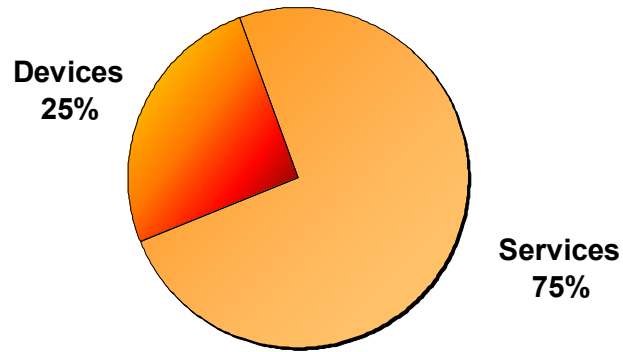


Consolidated Cash Movement

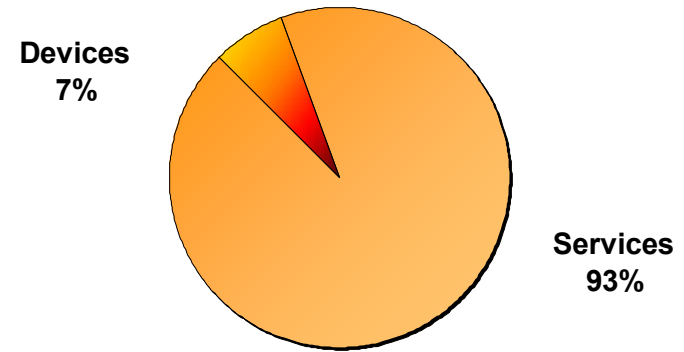
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(USD 000s)	Q2/2002	Q2/2003
Cash flow from operating activities	-3,538	4,475
Capital expenditure (ex.deposits)	-25,977	-6,789
Financing activities -net	3,611	-5,487
Net effect of exchange rate differences	2,108	886
Cash movement	-23,796	-6,915
Cash & deposits -beginning of the period	84,055	44,513
Cash & deposits - end of the period	60,259	37,598

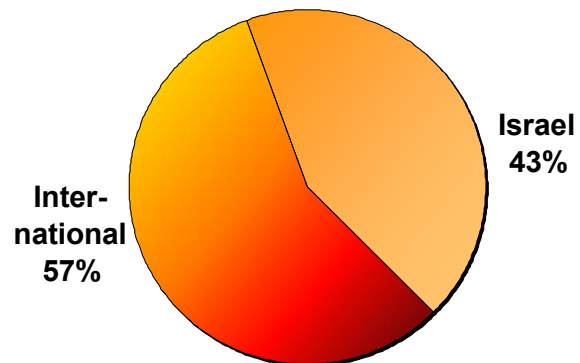
**Revenue breakdown
H1- 2002**



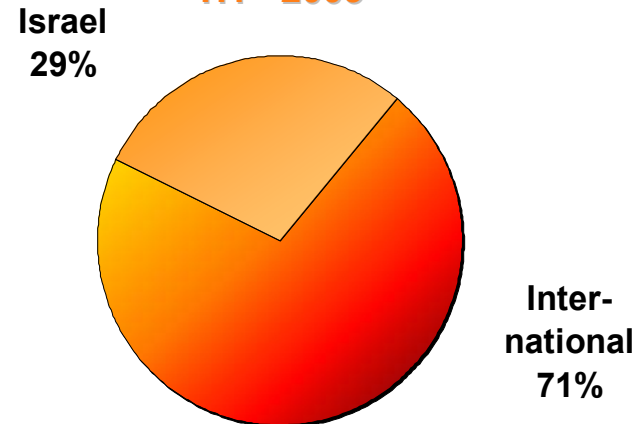
**Revenue breakdown
H1 - 2003**

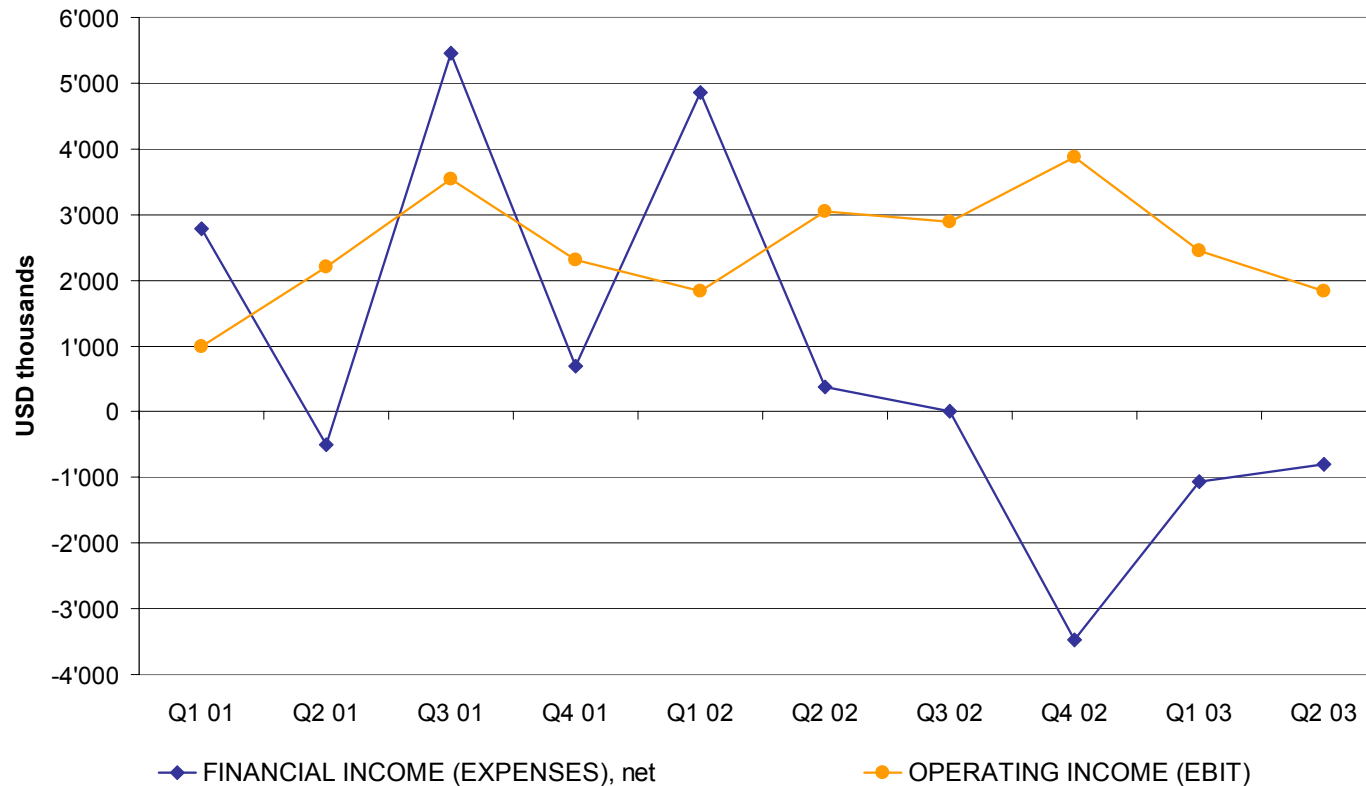


**Geographical breakdown
H1 - 2002**



**Geographical breakdown
H1 - 2003**





- ◆ Satisfactory operating performance despite a difficult political and economic environment
- ◆ Volatile financial income (expenses):
 - Strong impact of exchange rate fluctuations (USD -1.9m in Q2 2003)

Outlook

- ◆ Growth and profitability focus in the USA / Raytel
 - use Raytel as a platform for SHL products and services
 - further increase productivity
- ◆ Examining opportunities for selected acquisitions
- ◆ Continue European expansion with the JV
- ◆ Introduce new products and/or services through technological innovation
- ◆ Maintain leading market share in home market Israel
- ◆ Guidance 2003: top line / growth of 20-30%, with EBIT margins 12%-15% and EBITDA margins 18%-22%

- ◆ IR Agenda
 - Q3 2003: November 20, 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 H1 2003: 8.1/4.0
- ◆ Market capitalization high/low (CHF million) in H1 2003: 86.3/42.6
- ◆ Market capitalization 30 June 2003 (CHF million): 80.0
- ◆ No voting restrictions



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