

Full Year 2003 Results Media & Analyst Conference

Zurich, 18 March 2004

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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
- ◆ Continually enhancing product portfolio, e.g. TeleMarker in 2003, 'Thin for Life' in 2002
- ◆ Key markets
 - own operations in the U.S. and Israel
 - Fully acquired former SHL/Philips JV in Europe as of January 2004

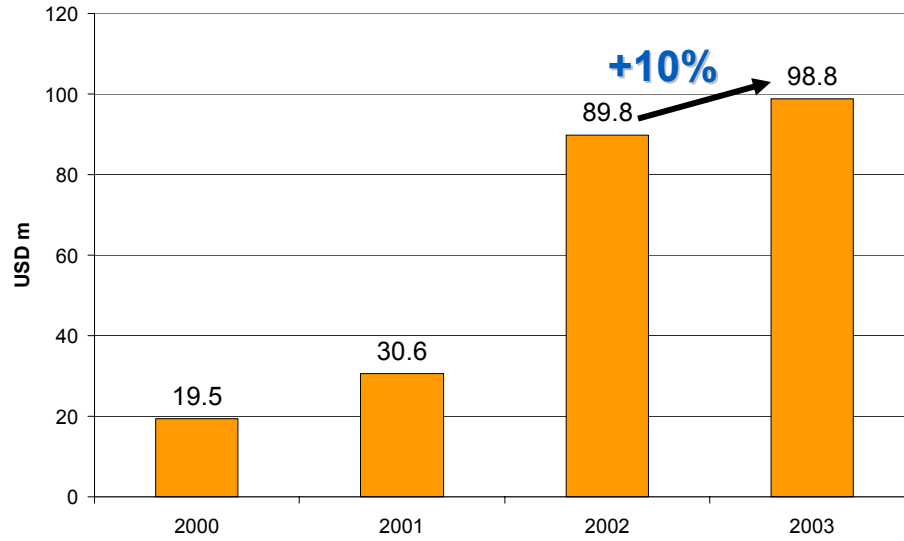
Key figures 2003 (USD M)

- | | |
|---------------|----------|
| ◆ Revenues | 98.8 |
| ◆ EBITDA | 11.4 |
| ◆ EBIT | 3.1 |
| ◆ Loss | 10.2 |
| ◆ Employees | 1 207 |
| ◆ Subscribers | >300,000 |

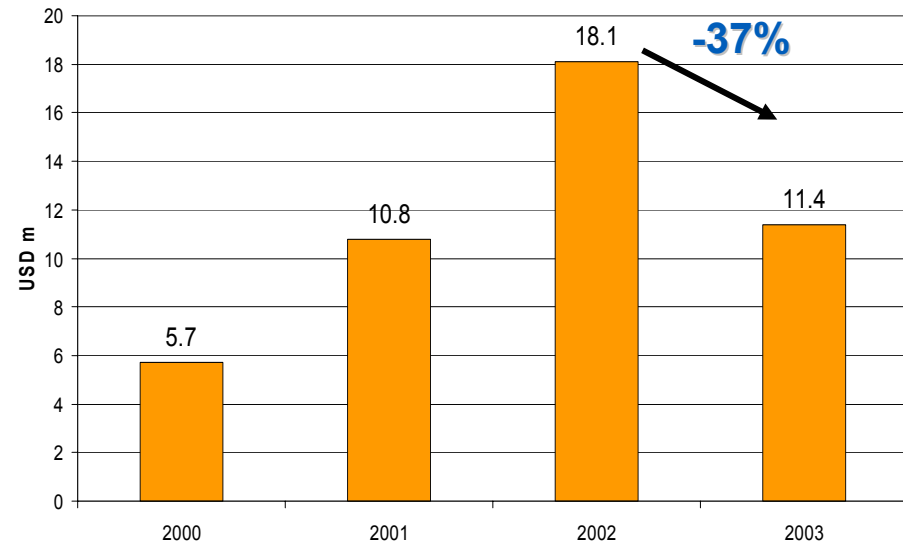
Product launch 2003
TeleMarker™



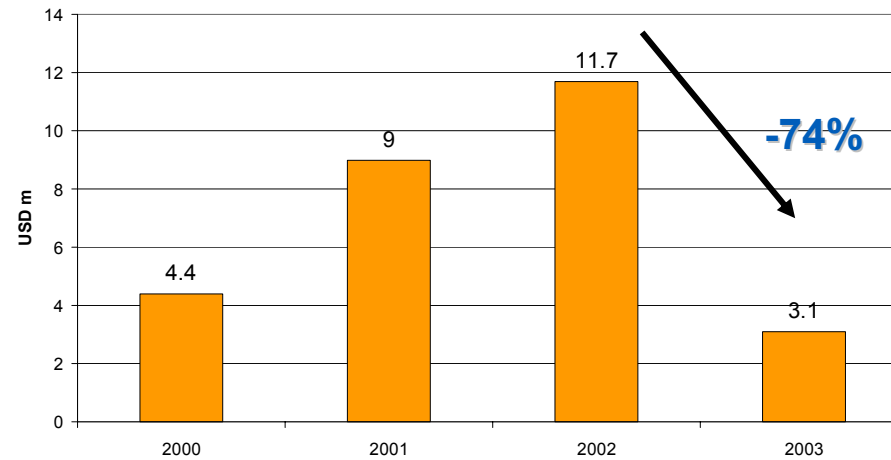
Revenues



EBITDA



EBIT



- ◆ Financial results 2003 below expectations
 - margins affected by
 - provisions to PHTS
 - negative effect of exchange rates and
 - low sales of devices

- ◆ Satisfactory development of U.S operations
 - improving margins

- ◆ Maintained leading market share in the domestic market despite challenging political and economic situation

- ◆ Full acquisition of PHTS as of January 2004

Main strategy at IPO, 11/2000

◆ Enhanced international activity



International activities reach more than 70% of revenues

◆ Expand product offerings through technological innovation



Introduction of ,Thin for Life‘; new versions of CardioBeeper, TeleBreather, Watchman; TeleMarker

◆ Acquire companies that offer attractive customer base/ marketing channels or products



Penetration to the US market via aquisition(i.e Raytel)

◆ Maintain leadership position in Israel



Continuous growth of SHL’s core business; client base now more than 70 000



Existing strategy proved to be right and is still valid

Business review

- ◆ Improving margins in 2003
- ◆ Measures taken in 2003
 - improve efficiency
 - introduce new call center technology
 - improve operational protocol
- ◆ Key focus in 2004:
 - Continuous growth in profit and cash flow

- ◆ SHL assumes management and increases its involvement in the European operations
- ◆ SHL receives a financial contribution from Philips Medical Systems
- ◆ SHL has taken a provision against the shareholder loan to PHTS in 2003
- ◆ Measures 2004:
 - restructure operations
 - chose markets
 - increase flexibility in decision making

- ◆ Maintained leading market share in the domestic market
- ◆ Lower device sales
- ◆ Launches of new product
 - TeleMarker
- ◆ Encouraging results of “Thin for life”

- ◆ Launch of new marketing plan to take effect in 2004:
 - focus on growth in revenue, margins and cash flows

Financials



Statement of Operations

(USD M)	2002	2003	% GROWTH
Revenues	89.8	98.8	10 %
Gross Profit	45.8	46.7	2 %
Margin	51%	47%	
EBITDA	18.1	11.4	-37 %
Margin	20.1%	11.6%	
Depreciation & Amortization	6.4	8.3	30 %
EBIT (Operating Profit)	11.7	3.1	-74 %
Margin	13%	3.1%	
Finance income (expenses)	1.8	-4.7	n.m.
Profit (loss) before Tax	13.4	-1.7	n.m.
Margin	14.9%	n.m.	
Provision for European J.V start-up costs	7.4	5.6	-24 %
Net Profit (loss)	1.4	-10.2	n.m.
Margin	1.6%	n.m.	
EPS	0.13	-0.96	n.m.



Consolidated cash movement

	<u>2001</u>	<u>2002</u>	<u>2003</u>
Cash flow from operating activities	(1,187)	2,215	645
Capital expenditure (ex.deposits)	(11,730)	(38,396)	(13,790)
Financing activities -net	14,460	31,690	(10,236)
Effect of exchange rate changes	(4,805)	(3,877)	1,860
Cash movement	(3,262)	(8,368)	(21,521)
Cash,deposits & Marketable securities - beginning of the year	63,403	60,187	51,819
Cash,deposits & Marketable securities - end of the year	60,187	51,819	30,298

(USD 000s) 31/12/2002 31/12/2003

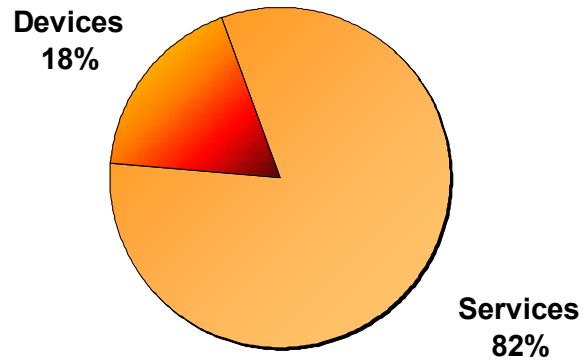
Assets

Current assets	97,810	75,206
Long term assets	47,314	56,903
Fixed assets	11,441	12,438
Other assets	51,327	51,880
Total assets	207,892	196,427

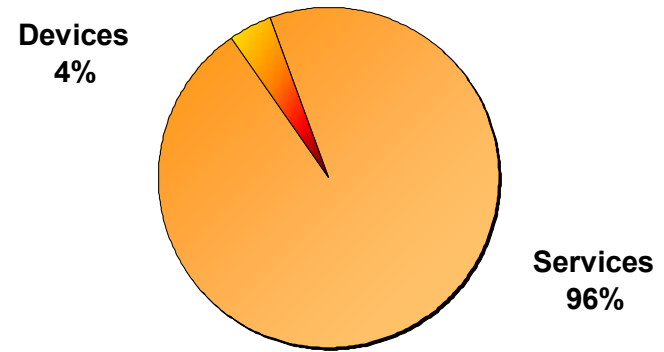
Liabilities and Shareholders' Equity

Current Liabilities	71,120	67,786
Long term liabilities	44,712	41,084
Minority interest	1,601	1,427
Shareholders' equity	90,459	86,130
Total liabilities and shareholders' equity	207,892	196,427

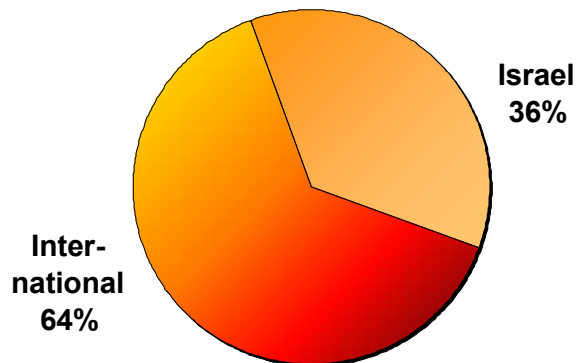
Revenue breakdown
2002



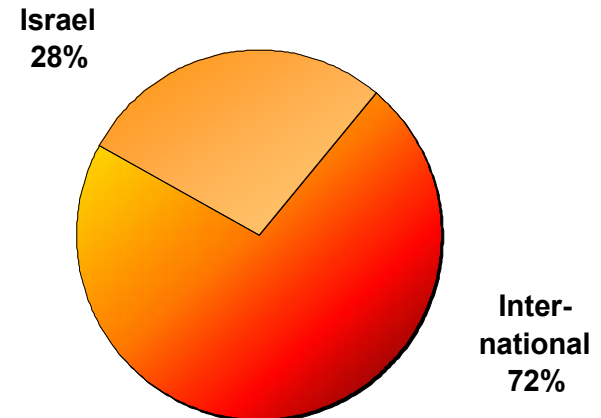
Revenue breakdown
2003



Geographical breakdown
2002



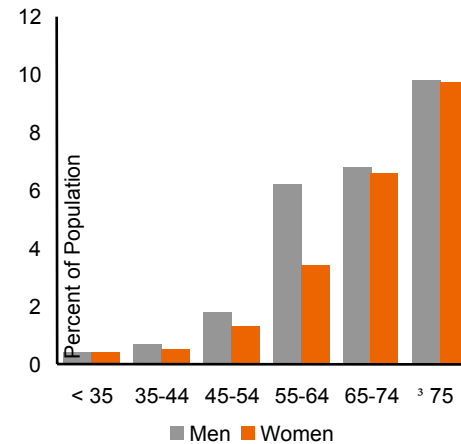
Geographical breakdown
2003



Market and product update

- ◆ Still very fragmented
- ◆ Welcomed plans of health industry heavyweights to enter telemedicine market
- ◆ Few companies with consumer approach – prevalent B2B models
- ◆ US and Israel most advanced, but receptive European markets
- ◆ Existing acquisition opportunities

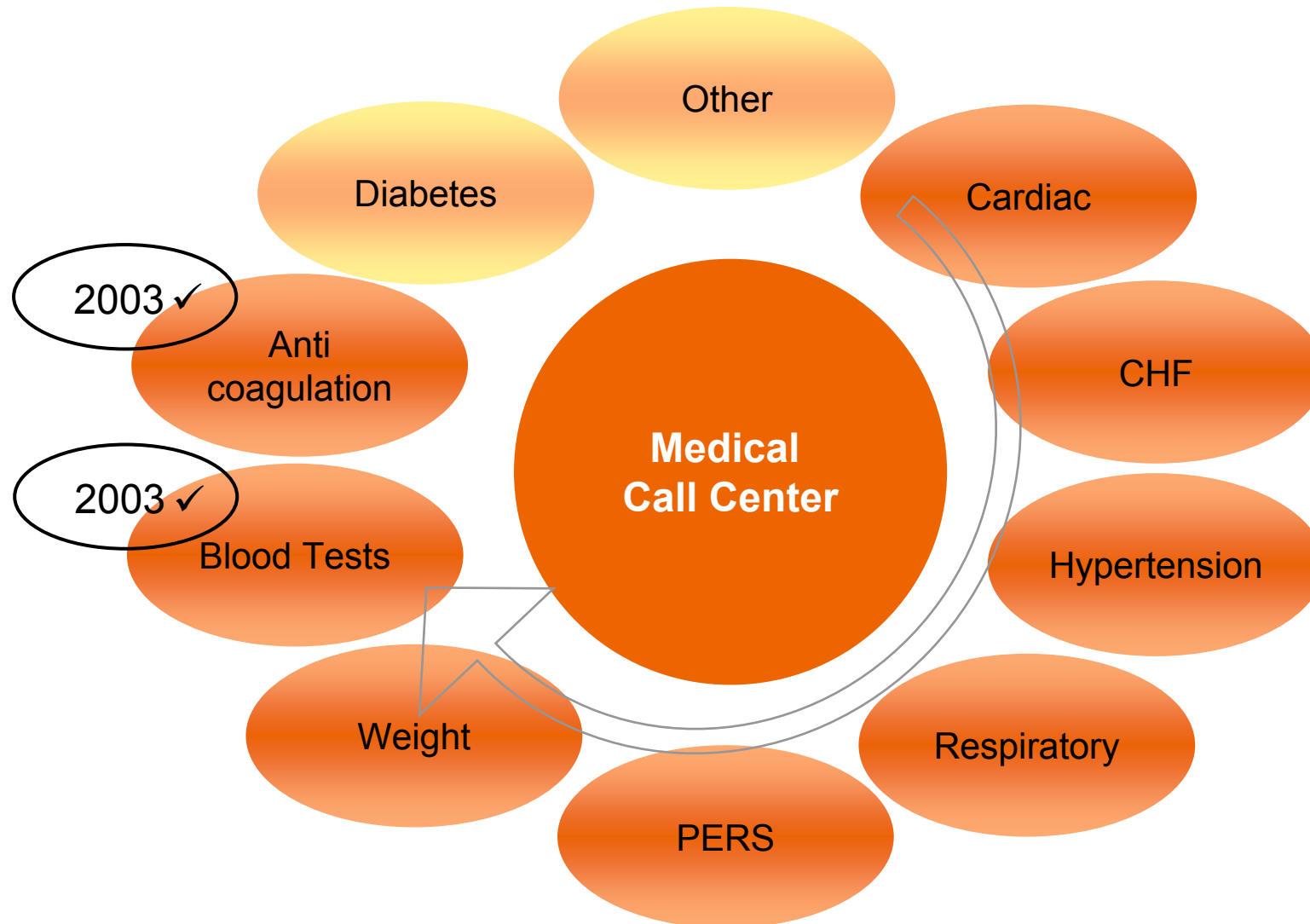
Estimated prevalence of congestive heart failure by age and sex in the US



NHANES (1988-94), CDC/NCHS and the American Heart Association

- ◆ Each year, an estimated 1.1m Americans have a new or recurrent myocardial infarction (MI)
- ◆ Congestive heart failure affects 4.6m Americans at an annual total cost of more than USD22.0 bn
- ◆ Direct costs associated with coronary heart disease are estimated to reach to USD55.2 bn in 2000

Adding applications to the same technological and marketing platform



■ SHL's current medical applications

■ Future market opportunities



SHL's product line up

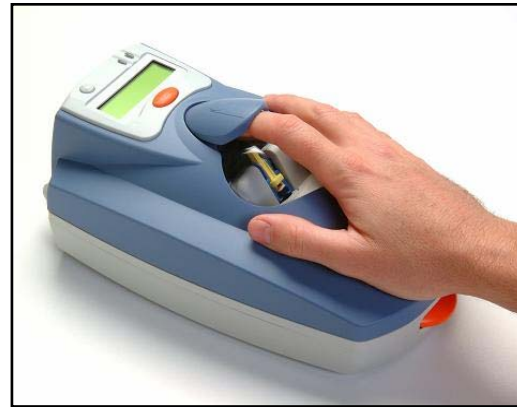
Product	Function/Intended use
CardioBeeper® 12/12	User-friendly, hand-held 12 lead patient level ECG transmitter. Transmits a complete ECG reading in 12 seconds; FDA approved
CardioBeeper® 12L	User-friendly, hand-held 12 lead patient level ECG transmitter. Transmits a complete ECG reading in 42 seconds; FDA approved
CardioPocket® 1L	Leather wallet that serves a 1 lead ECG transmitter; FDA approved
Home Care Center™	Enables hand-free communication between the subscriber and remote monitor staff
TelePress™	Measures and transmits a blood pressure reading in conjunction with the Home Care Center unit
TeleBreather™	Pulmonary device which collects spirometry indices and transmits readings in conjunction with the Home Care Center unit; FDA approved
TeleWeight™	Measures and transmits weight related data. Used mainly for the monitoring of congestive heart failure
Watchman™ II	Emergency response system enabling 2-way speaker communication between a patient and call center staff. Also receives and transmits data from certain devices
TeleDoor™	Enables the unlocking of a patient's door from a remote location
TeleMarker™	Measures and transmits blood tests for presence of cardiac markers

- ◆ 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

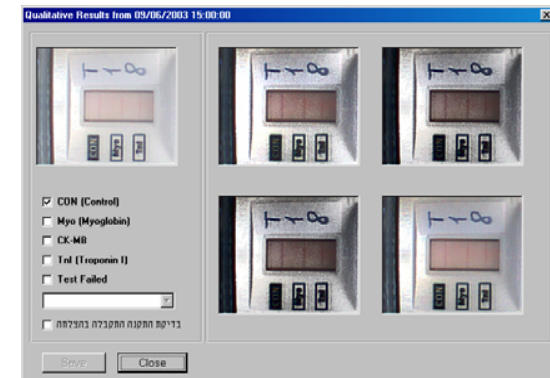


First Time Ever!

End user trans-telephonic blood testing device for Cardiac Markers
(Troponin-I & Myoglobin)



Includes Disposable kits as well



Outlook

- ◆ Growth and profitability focus in the USA
- ◆ Restructure European operations (PHTS)
- ◆ Introduce new products and/or services through technological innovation
- ◆ Maintain leading market share in home market Israel
- ◆ Guidance 2004:
 - Improve profitability and cash flow from operations
 - Revenue of USD104M-USD108M giving EBIT of USD6M-USD7M and EBITDA of USD14M-USD15M

Q&A



Contact Information

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
 - Q1 2004: May 24, 2004
 - Q2 2004: August 23, 2004
 - Q3 2004: November 24, 2004

- ◆ 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 2003: 9.00/4.50

- ◆ Market capitalization high/low (CHF million) in 2003: 96.0/48.0

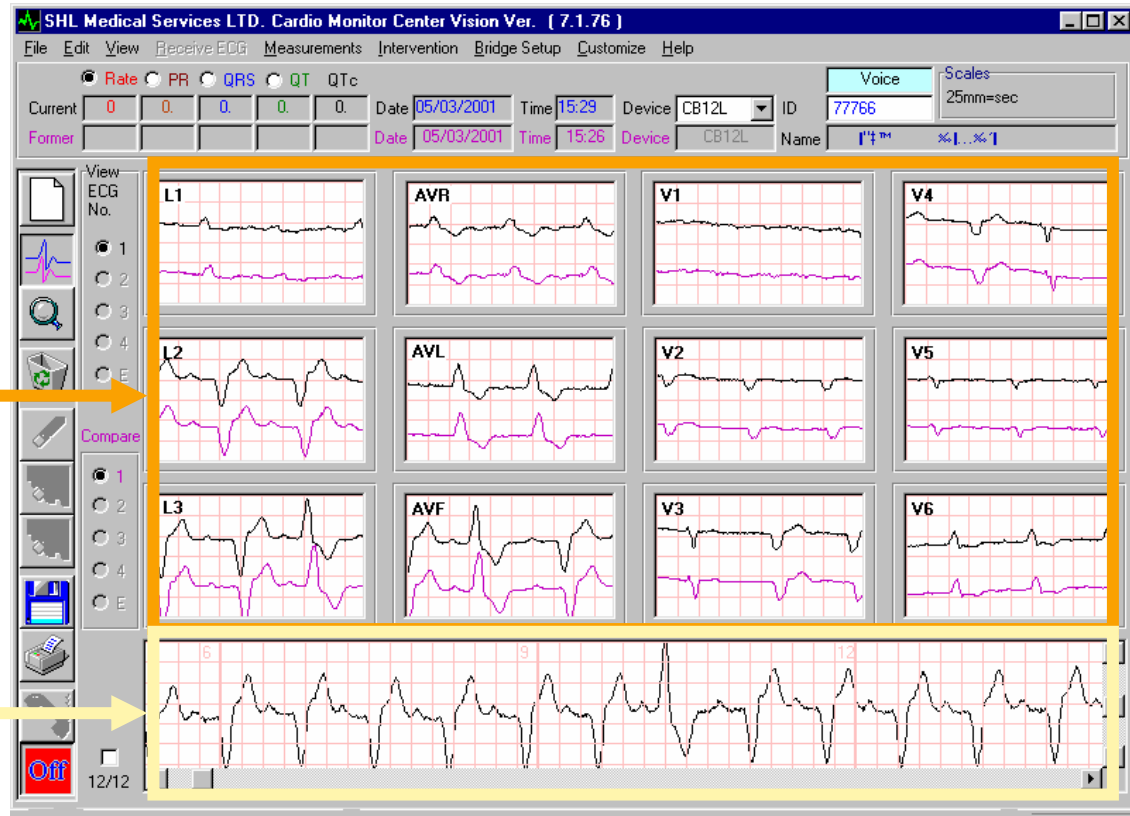
- ◆ Market capitalization 31.12.03 (CHF million) : 60.8

- ◆ No voting restrictions



The CardioBeeper® 12/12

- ◆ Transmits a complete ECG reading in 12 seconds
- ◆ Results are as accurate as standard clinical ECG readings
- ◆ FDA, CE Mark



CardioPocket® 1L

- ◆ Leather wallet that serves as a 1-lead (rhythm strip) ECG transmitter
- ◆ FDA approved, CE Mark

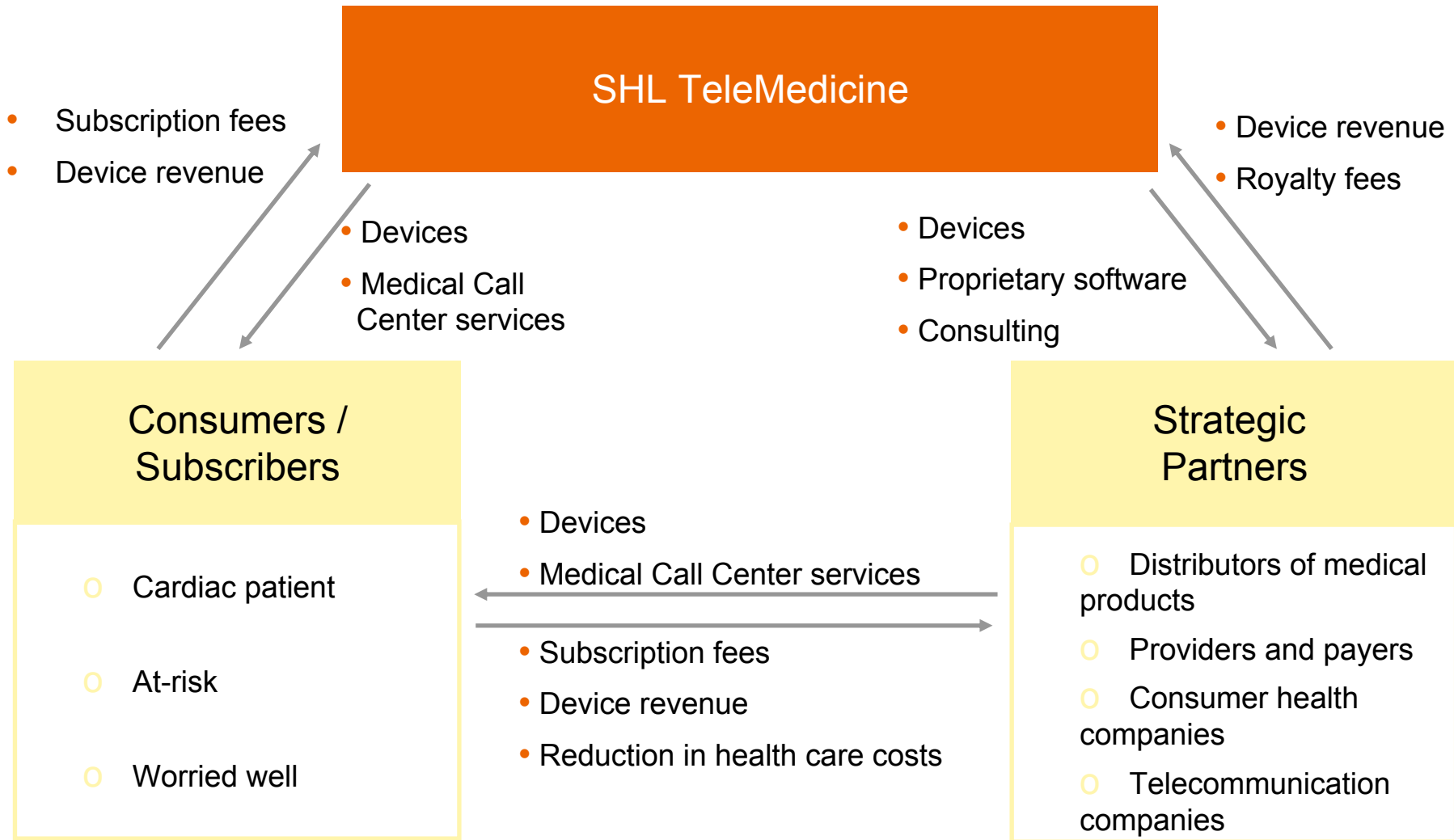


Out of pocket & 3rd party reimbursement

- ◆ Out of pocket funding
 - enables healthy margins
 - long-term contracts, earnings visibility
 - distribution of risks

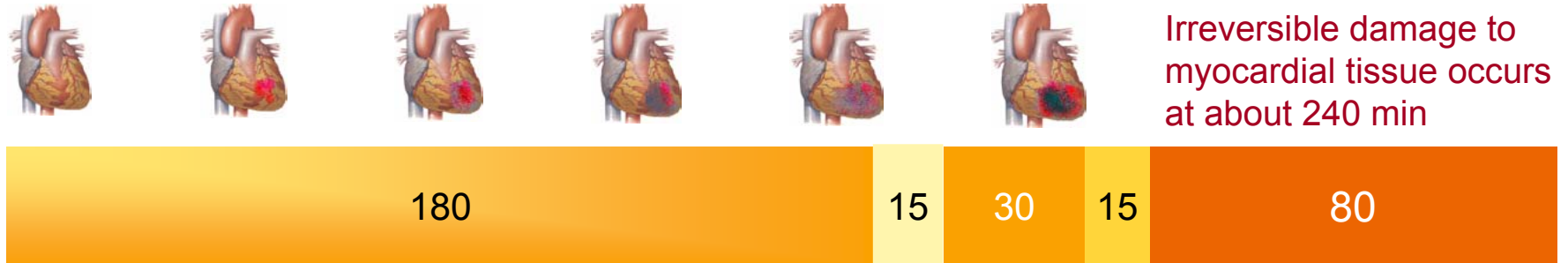
- ◆ Third party reimbursement
 - primarily in cardiac field
 - typically for cardiac event monitoring, e.g. Pacemakers, INR etc

- ◆ SHL's typical three-fold approach
 - operate direct sales team, oriented to customers which pay out of pocket
 - make use of existing reimbursement schemes to win (typically short-term) clients, turn those into long-term out of pocket funding clients
 - select market data and start own research, to convince relevant authorities for new reimbursement schemes



Peace of mind, better care and cost efficiency

Value for subscribers	Value for physicians and hospitals	Value for payors
<ul style="list-style-type: none"> ◆ Reduced emergency response time ◆ Reduced severity of damage after myocardial infarction (MI) ◆ At USD 40-60 monthly for device and call center service, economically viable and efficient 	<ul style="list-style-type: none"> ◆ Real time patient monitoring from remote locations ◆ Efficient management of treatment programs ◆ Early release programs after MI: lower revenue patients leave earlier, thereby allowing more beds for procedure ready patients 	<ul style="list-style-type: none"> ◆ Reduces costs associated with unnecessary hospitalizations ◆ Reduces hospitalization cost as inpatients can often be released sooner ◆ Efficient availability of patient data



0 min.

320 min.



0 min.

105 min.

With SHL's system, response time is reduced by up to 215 min.

■ Reaction delay
 ■ Ambulance response
 ■ Home to hospital
 ■ At-home treatment
 ■ Door-to-Needle