Full Year 2003 Results
Media & Analyst Conference

Zurich, 18 March 2004
<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Highlights and strategy update</td>
</tr>
<tr>
<td>2</td>
<td>Business review</td>
</tr>
<tr>
<td>3</td>
<td>Financials</td>
</tr>
<tr>
<td>4</td>
<td>Market and product update</td>
</tr>
<tr>
<td>5</td>
<td>Outlook</td>
</tr>
<tr>
<td>6</td>
<td>Q &amp; A</td>
</tr>
<tr>
<td>7</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
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 1207

♦ Subscribers >300,000

Product launch 2003

TeleMarker ™
Key figures in USD m

**Revenues**
- 2000: 19.5 USD m
- 2001: 30.6 USD m
- 2002: 89.8 USD m
- 2003: 98.8 USD m

**EBITDA**
- 2000: 18.1 USD m
- 2001: 10.8 USD m
- 2002: 18.1 USD m
- 2003: 11.4 USD m

**EBIT**
- 2000: 4.4 USD m
- 2001: 9 USD m
- 2002: 11.7 USD m
- 2003: 3.1 USD m

Changes:
- **Revenues**: +10%
- **EBITDA**: -37%
- **EBIT**: -74%
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
- Expand product offerings through technological innovation
- Acquire companies that offer attractive customer base/marketing channels or products
- Maintain leadership position in Israel

What happened since

- International activities reach more than 70% of revenues
- Introduction of 'Thin for Life'; new versions of CardioBeeper, TeleBreather, Watchman; TeleMarker
- Penetration to the US market via acquisition (i.e., Raytel)
- 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
Review US operations

♦ 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
Europe: full acquisition of PHTS

♦ 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
Section 3

Financials
### Statement of Operations

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

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

**Cash,deposits & Marketable securities - end of the year**  
<table>
<thead>
<tr>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>60,187</td>
<td>51,819</td>
<td>30,298</td>
</tr>
</tbody>
</table>
## Balance Sheet

(USD 000s)  

<table>
<thead>
<tr>
<th></th>
<th>31/12/2002</th>
<th>31/12/2003</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td>97,810</td>
<td>75,206</td>
</tr>
<tr>
<td>Long term assets</td>
<td>47,314</td>
<td>56,903</td>
</tr>
<tr>
<td>Fixed assets</td>
<td>11,441</td>
<td>12,438</td>
</tr>
<tr>
<td>Other assets</td>
<td>51,327</td>
<td>51,880</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>207,892</strong></td>
<td><strong>196,427</strong></td>
</tr>
<tr>
<td><strong>Liabilities and Shareholders’ Equity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current Liabilities</td>
<td>71,120</td>
<td>67,786</td>
</tr>
<tr>
<td>Long term liabilities</td>
<td>44,712</td>
<td>41,084</td>
</tr>
<tr>
<td>Minority interest</td>
<td>1,601</td>
<td>1,427</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>90,459</td>
<td>86,130</td>
</tr>
<tr>
<td><strong>Total liabilities and shareholders’ equity</strong></td>
<td><strong>207,892</strong></td>
<td><strong>196,427</strong></td>
</tr>
</tbody>
</table>
Revenues breakdown 2003

Revenue breakdown 2002

- Devices: 18%
- Services: 82%

Revenue breakdown 2003

- Devices: 4%
- Services: 96%

Geographical breakdown 2002

- Israel: 36%
- International: 64%

Geographical breakdown 2003

- Israel: 28%
- International: 72%
Market and product update
Assessment of Telemedicine market

- 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

- 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
SHL’s product and service strategy

Adding applications to the same technological and marketing platform

SHL’s current medical applications
- Diabetes
- Cardiac
- CHF
- Hypertension
- Respiratory
- PERS
- Weight

Future market opportunities
- Anti-coagulation
- Blood Tests

2003 ✓

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

- 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 its 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
♦ 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
Section 6

Q&A
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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
Our core products

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
The revenue model

SHL TeleMedicine

Consumers / Subscribers
- Cardiac patient
- At-risk
- Worried well

Strategic Partners
- Distributors of medical products
- Providers and payers
- Consumer health companies
- Telecommunication companies

- Subscription fees
- Device revenue
- Royalty fees

- Devices
- Medical Call Center services

- Devices
- Proprietary software
- Consulting

- Devices
- Medical Call Center services
- Subscription fees
- Device revenue
- Reduction in health care costs
## Our value proposition

**Peace of mind, better care and cost efficiency**

<table>
<thead>
<tr>
<th>Value for subscribers</th>
<th>Value for physicians and hospitals</th>
<th>Value for payors</th>
</tr>
</thead>
<tbody>
<tr>
<td>♦ Reduced emergency response time</td>
<td>♦ Real time patient monitoring from remote locations</td>
<td>♦ Reduces costs associated with unnecessary hospitalizations</td>
</tr>
<tr>
<td>♦ Reduced severity of damage after myocardial infarction (MI)</td>
<td>♦ Efficient management of treatment programs</td>
<td>♦ Reduces hospitalization cost as inpatients can often be released sooner</td>
</tr>
<tr>
<td>♦ At USD 40-60 monthly for device and call center service, economically viable and efficient</td>
<td>♦ Early release programs after MI: lower revenue patients leave earlier, thereby allowing more beds for procedure ready patients</td>
<td>♦ Efficient availability of patient data</td>
</tr>
</tbody>
</table>
With SHL’s system, response time is reduced by up to 215 min.

Irreversible damage to myocardial tissue occurs at about 240 min.

We save lives