

SHL Telemedicine Full-Year Conference Zurich, 19 March 2009



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- SHL at a glance
- 2008 key figures and highlights
- The SHL telemedicine platform and CHF study findings in Germany
- Territory insight
- Financial information & outlook
- 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
- Technological innovation; on going 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 with about 18%

Figures

- 21 years of experience
- Global long-term subscriber base
 - Over 75,000 subscribers
 - Average age of ~ 66
 - Average time on service ~ 8(*) years
 - 250,000 calls conducted in 2007 in Israel and Germany



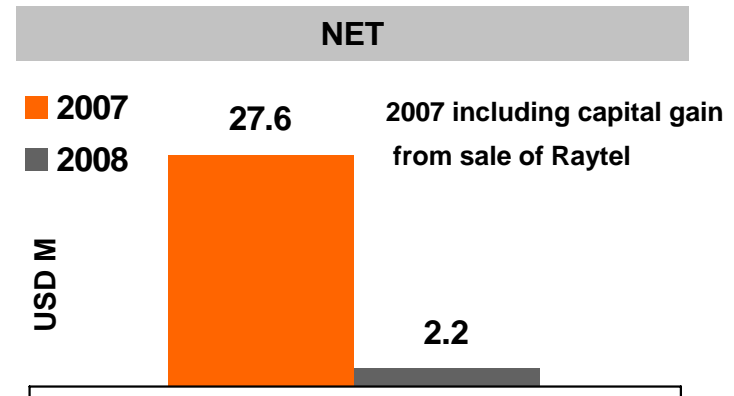
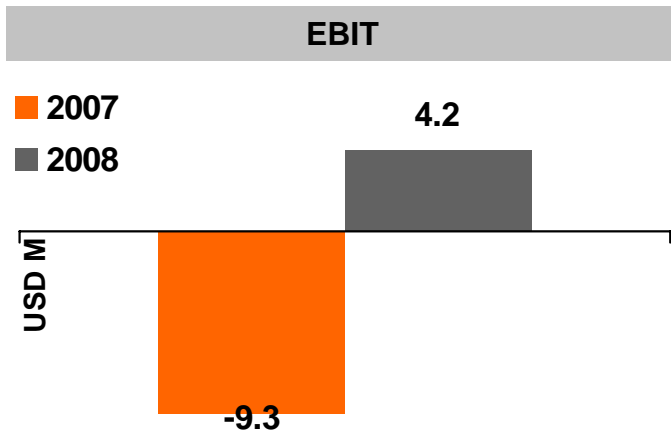
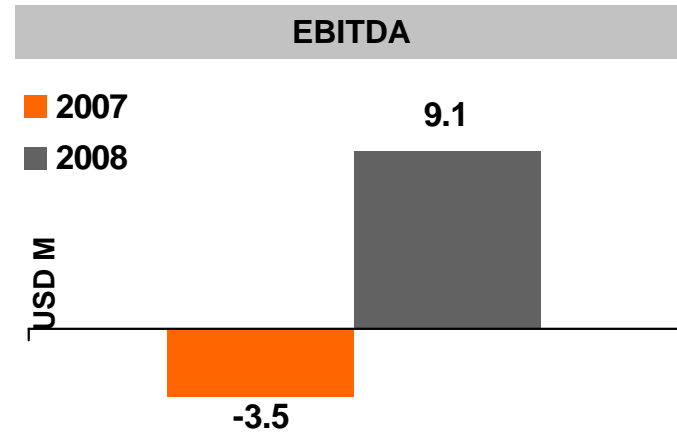
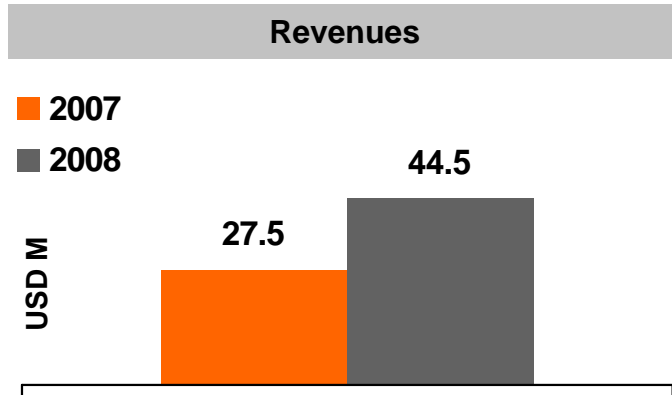
* excluding German subscribers

Business

- Strong year driven by growth in Germany :
 - Additional contracts with health insurers leading to increased subscriber base
 - Reached profitability
 - Strong operating cash flow
- Israeli operations continuing to perform well
- Currently no impact of global financial and economic crisis on SHL activities
- Strong cash position at these tough economic times enabling growth
- New study findings support benefit of SHL's services for patients and insurers

Financial

- Inline with guidance (which was raised mid year)
 - Revenues for the year up 62% to USD 44.6 M
 - EBITDA for the year – USD 9.1 M (20.5% of revenues)
 - Net income of USD 2.2 M
 - Cash reserves USD 23.5 M, shareholders equity USD 59 M (72%), all outstanding debt of USD 52.3 M repaid in 2008
- Positive outlook for 2009, no signs of slowing growth in Germany



2007 Revenues, EBIT and EBITDA exclude the operations of Raytel sold late 2007 to Philips

The SHL telemedicine platform and CHF study findings in Germany



The need for telemedicine and market drivers

Economic pressure



- Increasing cost pressure in the health care industry in all developed economies

Demographic trends



- Aging society
- Increased prevalence of chronic conditions
- Cardiovascular diseases: the most frequent cause of death
- Congestive heart failure (CHF): the most costly disease in the world

Patient's needs



- Increasing personal responsibility for medical issues and treatments
- Need for flexibility for use of medical services

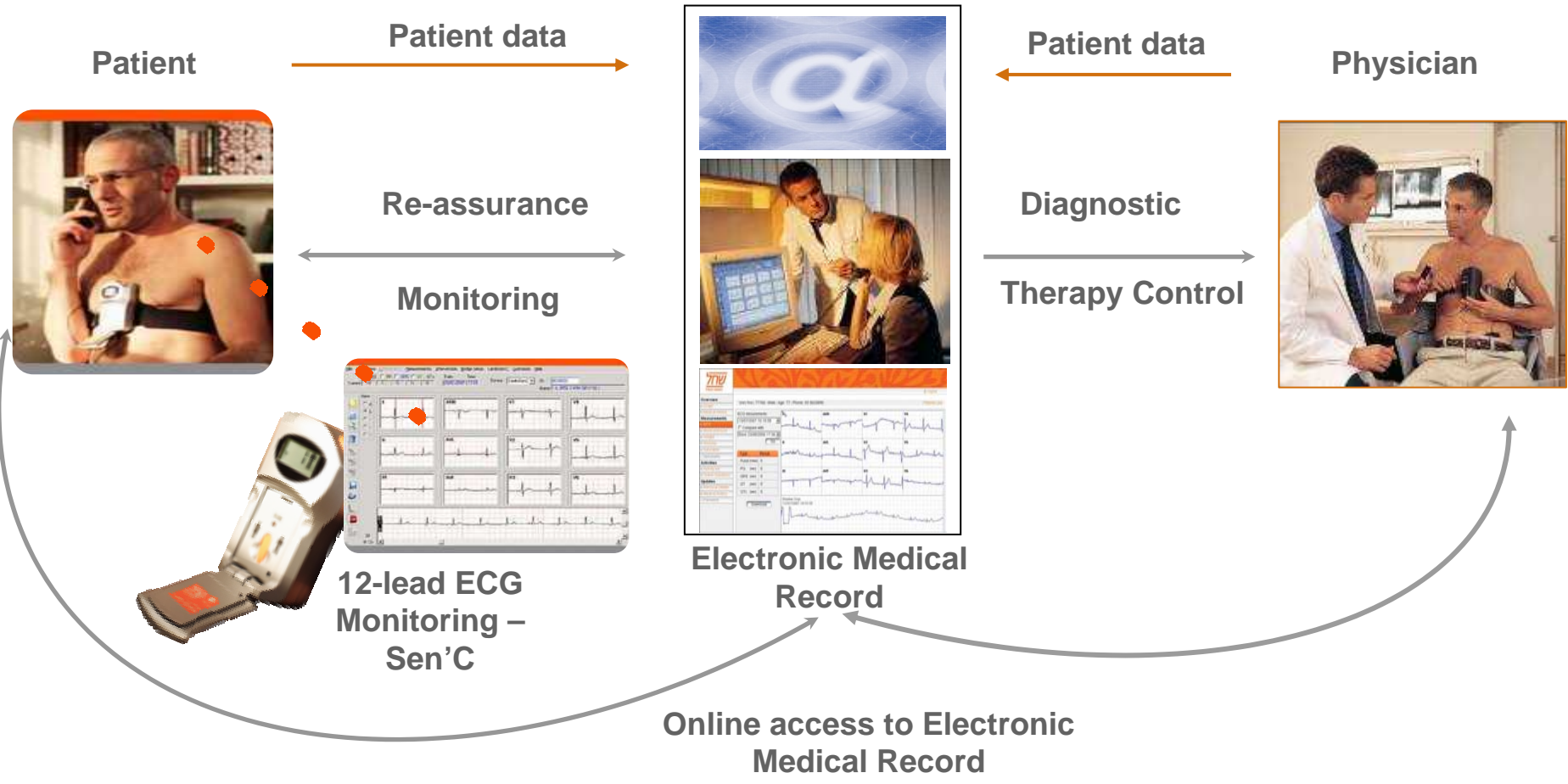
Technology progress



- New technologies enable new products and services
- Changing technology allows for simplifying product use

The SHL service outline

Medical Monitor Center
365 days / 24 hours



Integrated medical call center

Call center operates 24/7 with trained medical staff providing counseling, guidance and diagnosis of the customers medical condition



When a call is received, the subscriber's computerized personal medical records are immediately displayed on-screen

Medical call center staff follow propriety communication protocols with the subscriber and evaluate the situation based on subscriber's symptoms, real-time medical data transmission, and individual medical history

Based on their analysis the medical staff will advise the subscriber on an appropriate course of action, or simply provide re-assurance

CardioSen'C

- The CardioSen'C™ is a personal cellular-digital 12 lead ECG transmitter which transmits to SHL's medical call centre a patient's 12 lead ECG for the purpose of remote real time diagnosis of arrhythmia, ischemia, and myocardial infarction
- Simultaneous real time 12 lead ECG sampling (only 3 seconds) for improved quality and faster rate of transmission.
- CE approved and FDA approved

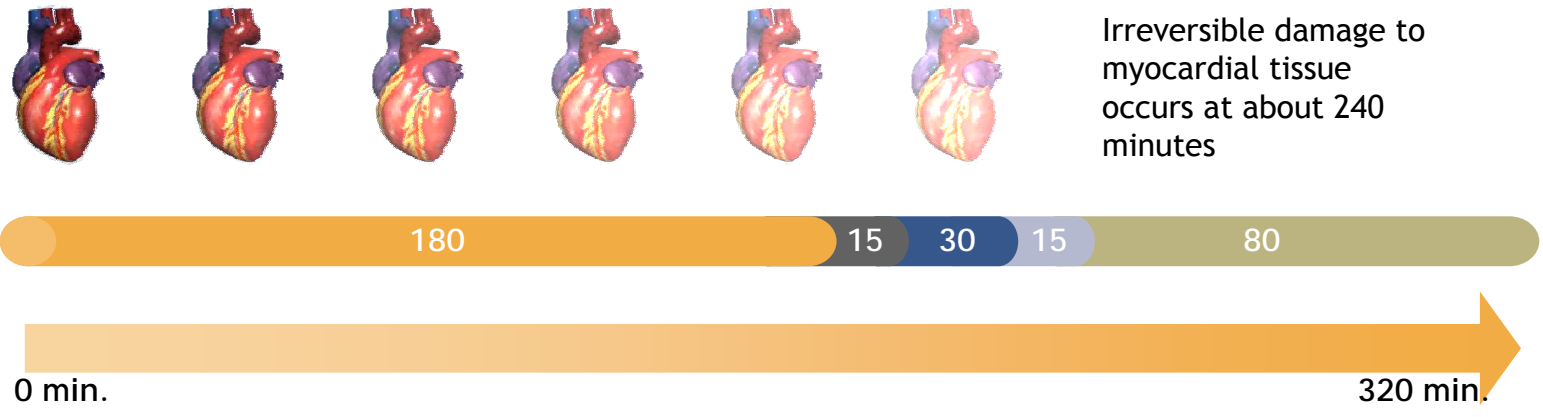


MC Interactives

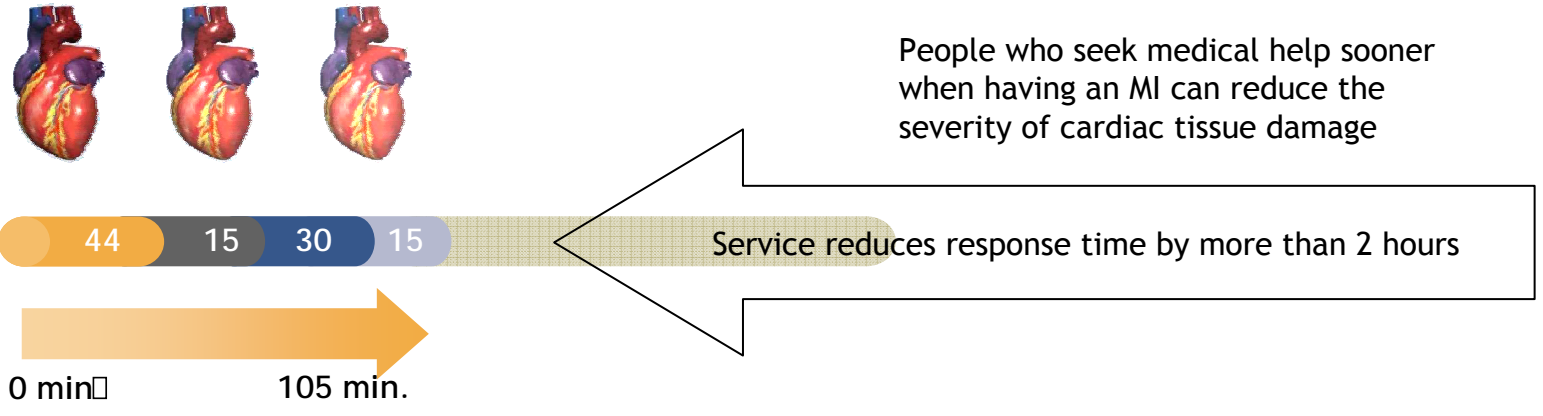
- MC Interactives is the monitor center core software package
- A sophisticated medical record database management application
- Contains important medical records and data linked directly to the medical call center management software



Normal Response Time



Response Time on SHL'S Service

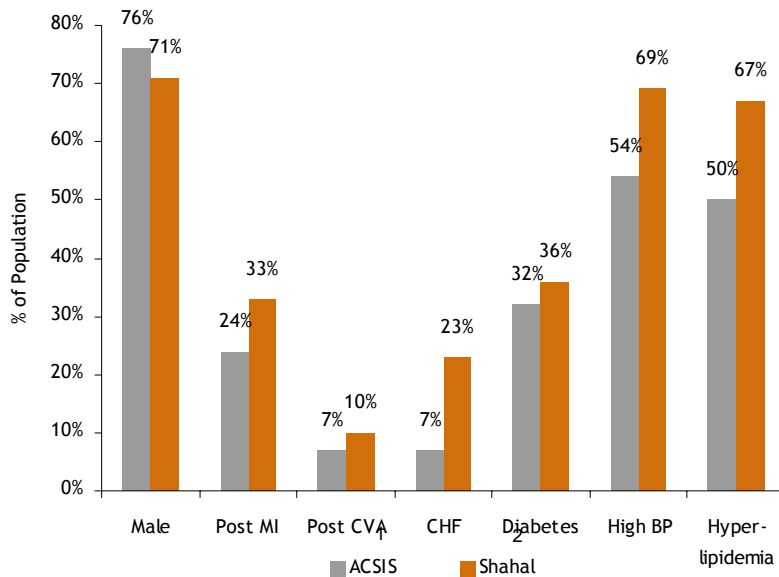


- Reaction delay
- Ambulance response
- At-home treatment
- Home to hospital
- Door to medical care

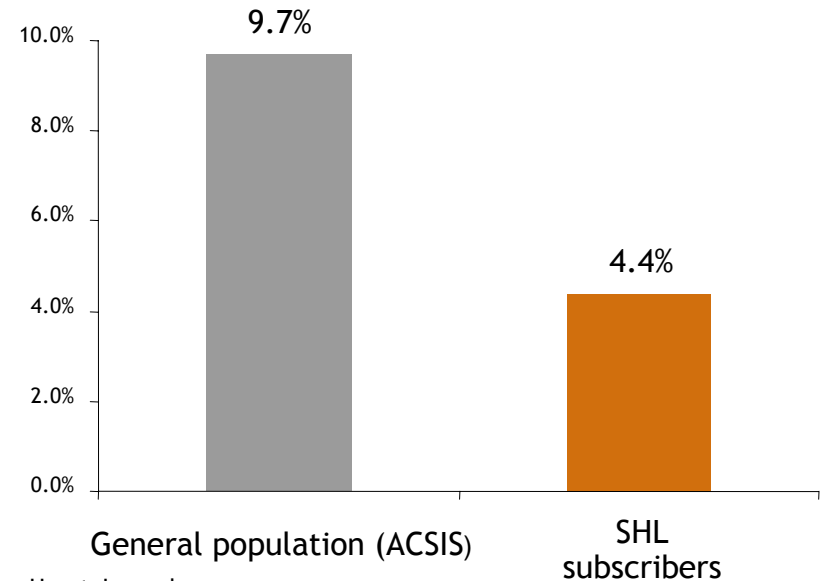
Source: European Heart Journal, Independent Study on the Impact of SHL, 1995.

A clinical study* conducted in Israel over a number of years and published in 2007 showed that the probability of **surviving** in the first year after a heart attack is **more than double** for a SHL subscriber than for the average Israeli person

Epidemiological Data



Mortality Rates



Source: The Israeli Heart Society (ACSIS), April 2007; accepted for publication to the European Heart Journal.

¹ ACSIS population 3,899 - age 63 +/- 13.

² Shahal population 699 - age 69 +/- 11.

CHF Monitoring Service Overview

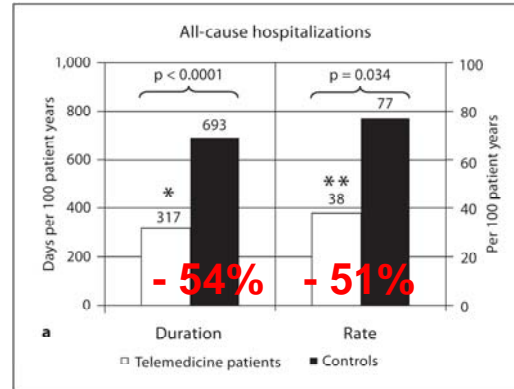
The CHF Monitoring System collects automatically and non-invasively relevant personal data such as weight, blood pressure and pulse rate and stores them in the subscribers' personal medical record



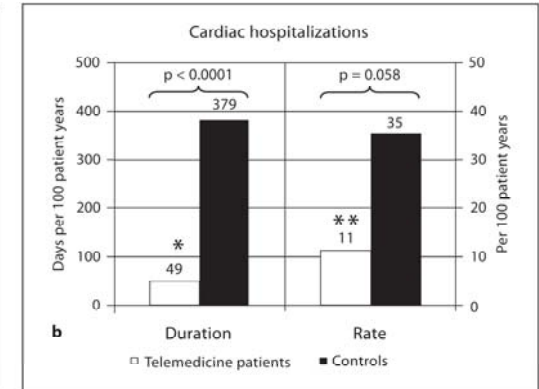
When data deviates from the regular values, the system prompts the monitor center staff to immediately contact the subscriber.

The monitor center regularly contacts the subscriber for purposes of reassurance, symptom surveillance, promoting compliance, suggestions regarding diet and evaluation concerning CHF conditions

<p>Objective</p>	<p>Telemedical supervision and monitoring improves the clinical process for patients with low to mid grade CHF</p>	
<p>Study design and population</p>	<p>Retrospective controlled open 128 patients Mono centric (Charité, Berlin)</p>	<p>Patients randomised as follows 96 patients standard therapy 32 patients home telemonitoring Follop-up of 306 days</p>
<p>Key criteria</p>	<p>HF etiology NYHA class II and III</p>	<p>LV-EF \leq 60% Similar therapy</p>

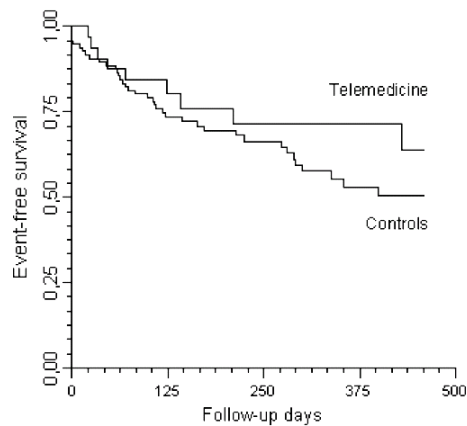


All other cause - hospitalization

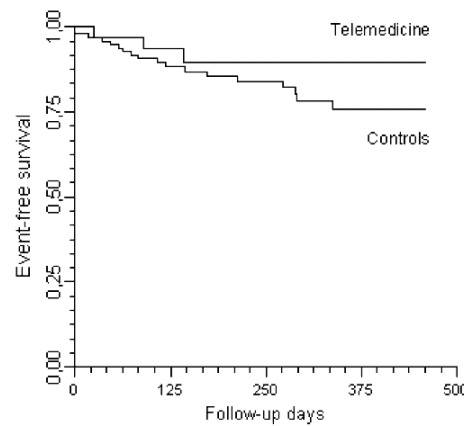


Cardiac hospitalization

First all-cause hospitalization or death



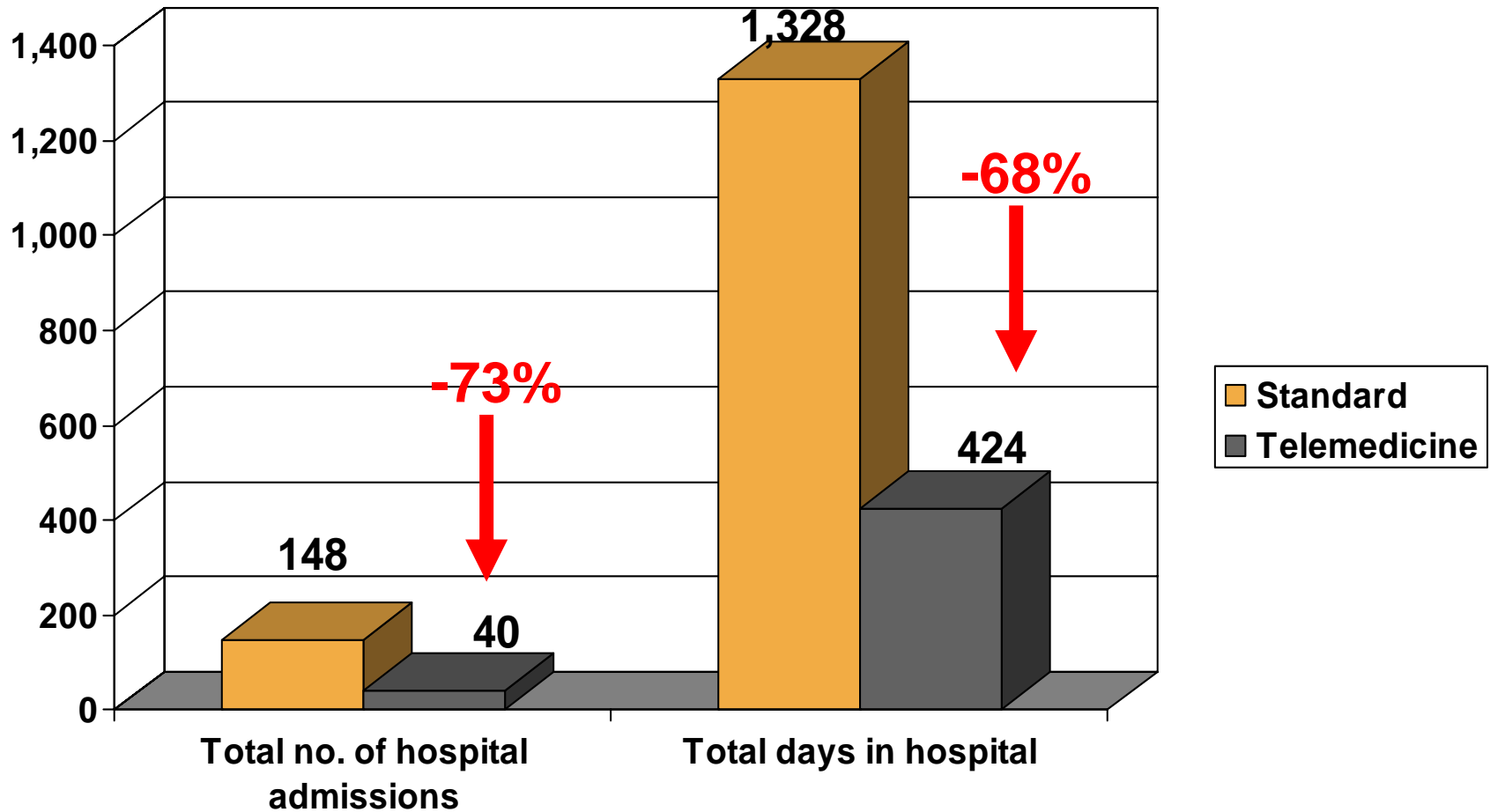
First cardiac hospitalization or death



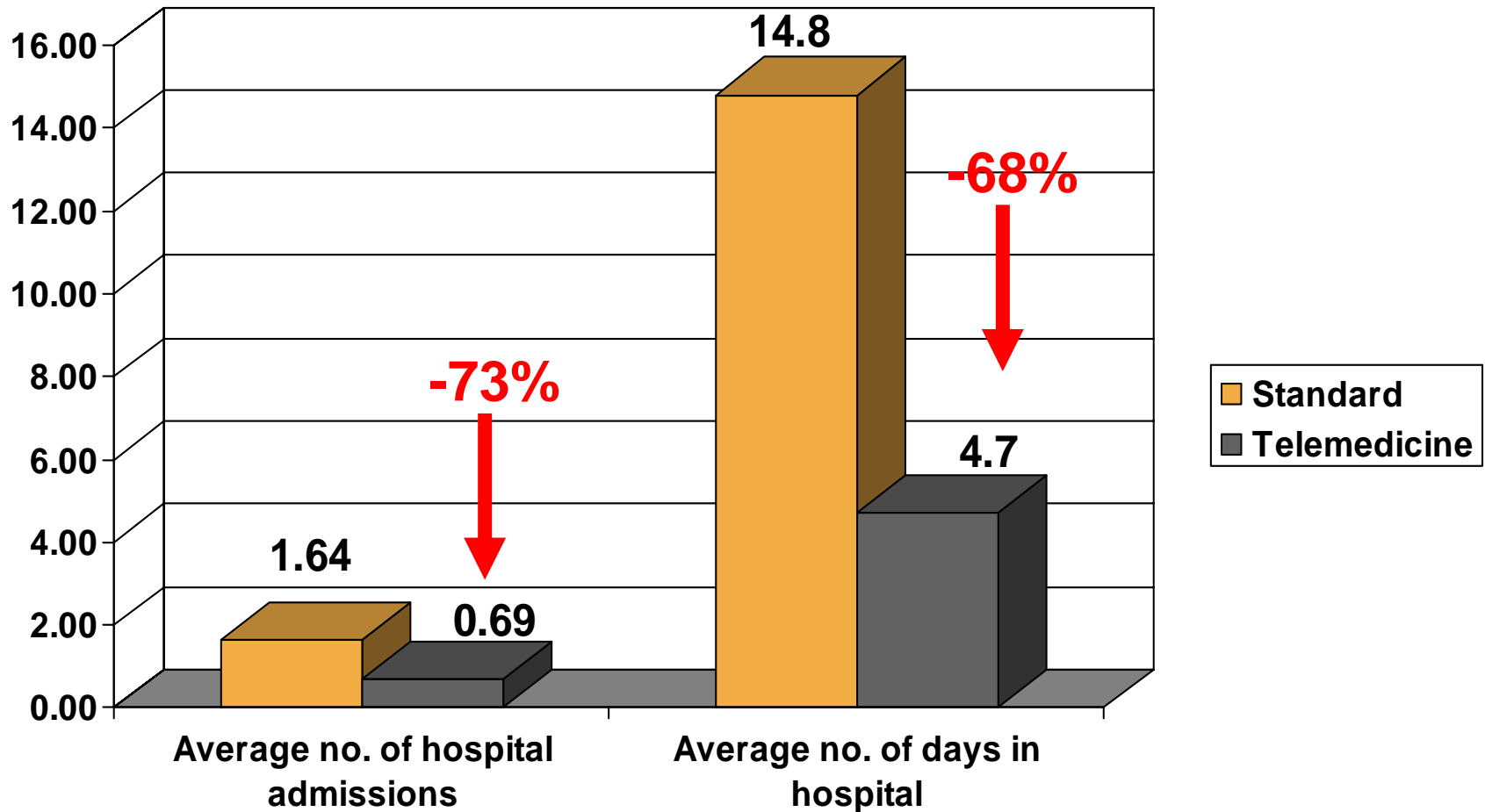
Telemedicine vs. CHF standard therapy - research parameters

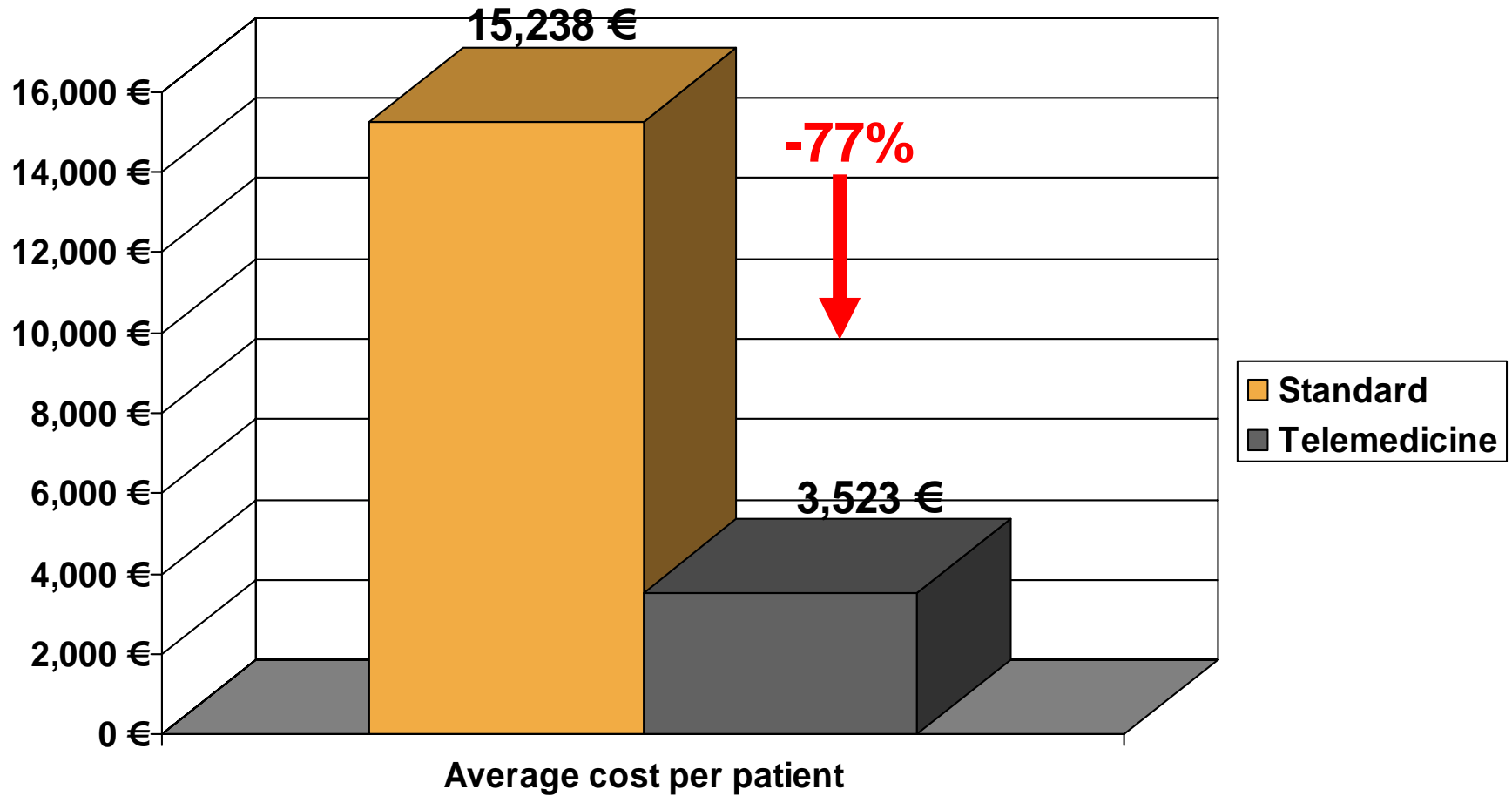
Variables	Control group (n = 90)	Telemedicine group (n = 90)
Sex		
Male (percentage)	69 (77%)	69 (77%)
Age		
Average \pm SD Confidence interval	66,94 \pm 10,22 64,8-69,1	66,24 \pm 8,89 64,4-68,1
NYHA class		
I / II	83%	78%
III	17%	22%
Ejection fraction		
Average in percent \pm SD	54 \pm 10,22	52 \pm 10,22
Observation period in days \pm SD	351,86 \pm 56,29	351,49 \pm 54,16
Median	365	365

Telemedicine vs. CHF standard therapy - research results



Telemedicine vs. CHF standard therapy - research results





Telemedicine vs. CHF standard therapy - expected cost savings p/year

Assuming 50,000 patients receive SHL's CHF telemedicine service

Saving per patient	11,715 €
Cost of SHL service	~ 2,000 €
Saving p/year, net	9,715 €
Expected saving p/year for 50,000 patients	485M €

Telemedicine treatment as part of routine therapy for patients with mid to severe CHF

- Significant reduction of hospital stay
- Reduction of morbidity
- Significant reduction in costs
- Improvements of symptoms and quality of life
- These advantages come in addition to the pharmacological therapy

Value for patients/subs.

- Less hospitalizations
- Improved clinical outcomes
- 24/7 continuous monitoring
- Peace of mind and improved quality of life
- Access to leading technologies

Value for physicians

- Cost effective way to monitor and manage patients and improve quality of care
- Better data on health status and history of patients
- More efficient time utilization
- Remains responsible for treatment

Value for hospitals

- Improved efficiency: cost savings and revenues optimization
- Minimize unnecessary hospitalizations and reduce costly emergency room admissions

Value for health insurers

- Significant cost savings due to:
 - Less costly emergency room admissions
 - Less unnecessary hospitalizations
 - Shorten hospitalization days
- Improved service and medical treatment

Territory Insight



Profile	<ul style="list-style-type: none"> ● Market leader – 92% brand awareness ● 220 employees ● Cooperation with leading medical institutions ● Servicing ~ 10% of all people diagnosed with CVD ● High subscriber loyalty
Service range	<ul style="list-style-type: none"> ● Cardiac monitoring ● CHF monitoring ● PERS
Marketing approach	<ul style="list-style-type: none"> ● Direct to consumer approach ● Payor: consumer
Monitor center and subscriber data	<ul style="list-style-type: none"> ● Subscribers ~70,000 ● Average age ~ 66 ● Average time on service over 8 years ● No. of medical staff ~85
Achievements 2008	<ul style="list-style-type: none"> ● Steady subscriber growth – over 10% revenue growth ● Highly profitable – ~ 15% EBIT and 25% EBITDA ● Positive net cash flow
Goals	<ul style="list-style-type: none"> ● Continued increase in no. of subscribers – even at these tough economic times ● Increase market share ● Continued profitability with strong margins

Profile	<ul style="list-style-type: none">● PHTS is a leader in the provision of cardiovascular telemedicine services in Germany● ~90 employees
Service range	<ul style="list-style-type: none">● Congestive Heart Failure● Cardiac monitoring
Marketing approach	<ul style="list-style-type: none">● Prove cost savings to health insurers● Build credibility in medical community● Win and endorse health insurers● Payor: health insurer
Monitor center	<ul style="list-style-type: none">● Average monthly revenue per subscriber of over 150 €● No. of medical staff ~30
Achievements 2008	<ul style="list-style-type: none">● Over 50% increase in no. of subscribers leading to 77% increase in revenues● Reached profitability for the first time, generating cash● Signed contracts with new health insurers
Goals	<ul style="list-style-type: none">● Continuing rapid growth rate● Optimize recruitment of patients from existing contracts● Additional agreements with health insurers

Financial information

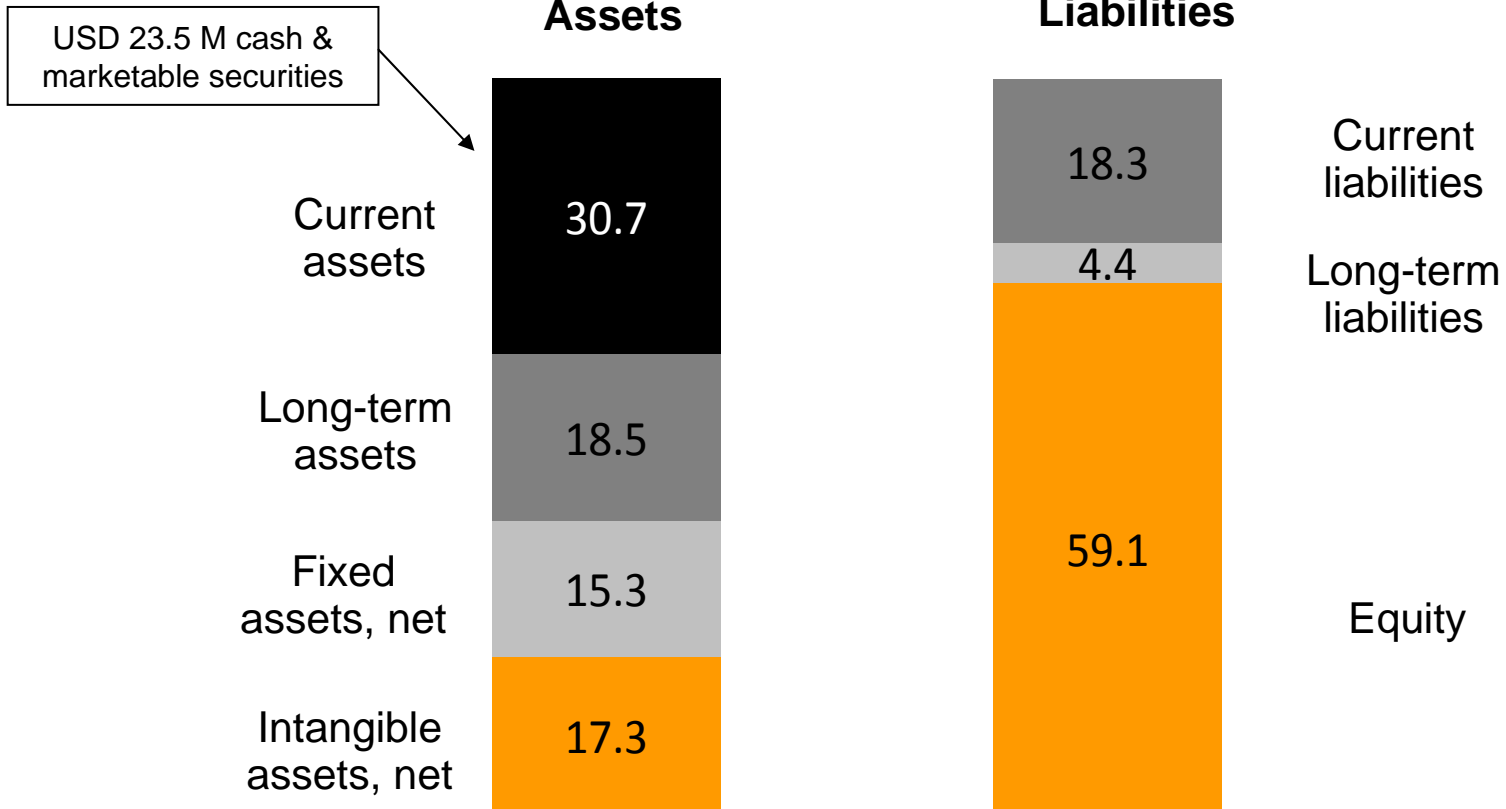


Condensed P&L (in USD M)

	Q4 2008	Q4 2007 (*)	% change	2008	2007 (*)	% change	2007 GAAP
Revenues	11.3	8.1	39.5%	44.6	27.5	62.2%	62.1
COGS	3.7	3.5	5.7%	15.7	12.1	29.8%	29.5
GP	7.6	4.6	65.7%	28.9	15.4	87.7%	32.6
%	67.3%	56.8%	-	64.8%	54.9%	-	52.5%
Operating expenses	6.4	11.0	(41.8)%	24.7	24.7	0%	42.7
EBIT/(LBIT)	1.2	(6.4)	<i>n.a.</i>	4.2	(9.3)	<i>n.a.</i>	(10.1)
%	10.6%	<i>n.a.</i>	-	9.4%	<i>n.a.</i>	-	<i>n.a.</i>
EBITDA/(LBITDA)	2.4	(4.3)	<i>n.a.</i>	9.1	(3.5)	<i>n.a.</i>	(1.6)
%	21.2%	<i>n.a.</i>	-	20.4%	<i>n.a.</i>	<i>n.a.</i>	<i>n.a.</i>
Financial & other expenses (Income)	1.2	(1.2)	<i>n.a.</i>	5.5	0.9	511%	2.6
Capital gain from sale of Raytel	-	-	-	-	-	-	42.8
Profit from discontinued operations	-	-	-	-	-	-	4.0
Taxes on income	(0.6)	(2.9)	(79.3)%	(3.5)	(2.2)	(59.1)%	6.5
Net income (loss)	0.6	(2.3)	<i>n.a.</i>	2.2	(8.0)	<i>n.a.</i>	27.6
EPS/(LPS)	0.06	(0.21)	<i>n.a.</i>	0.21	(0.75)	<i>n.a.</i>	2.20

* Excluding the results of operations of Raytel sold late 2007 to Philips

Balance sheet (in USD M)

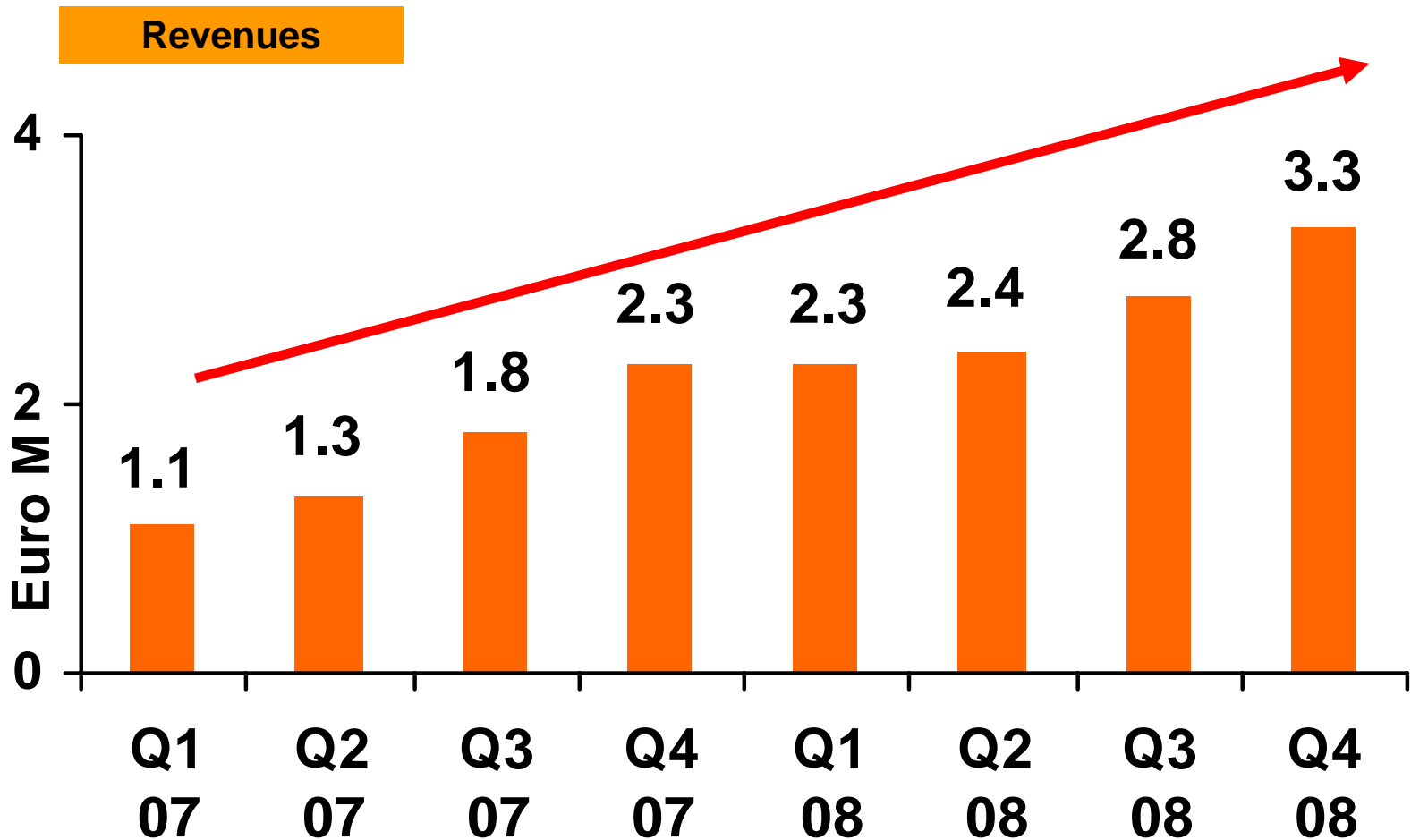


In USD million per 31 December 2008

Consolidated Cash Flows (in USD M)

	2008	2007
Cash used in Operating activities	(7.8)	(1.8)
Cash provided by (used in) Investing activities (ex. Marketable securities)	(5.7)	101.6
Cash used in financing activities	(57.2)	(27.7)
Effect of exchange rate changes	5.3	-
Increase (decrease) in cash, cash equivalents & marketable securities	(65.4)	72.1
Cash, cash equivalents & marketable securities at beginning of year	88.9	16.8
Cash, cash equivalents & marketable securities at end of year	23.5	88.9

Consecutive growth-Germany



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

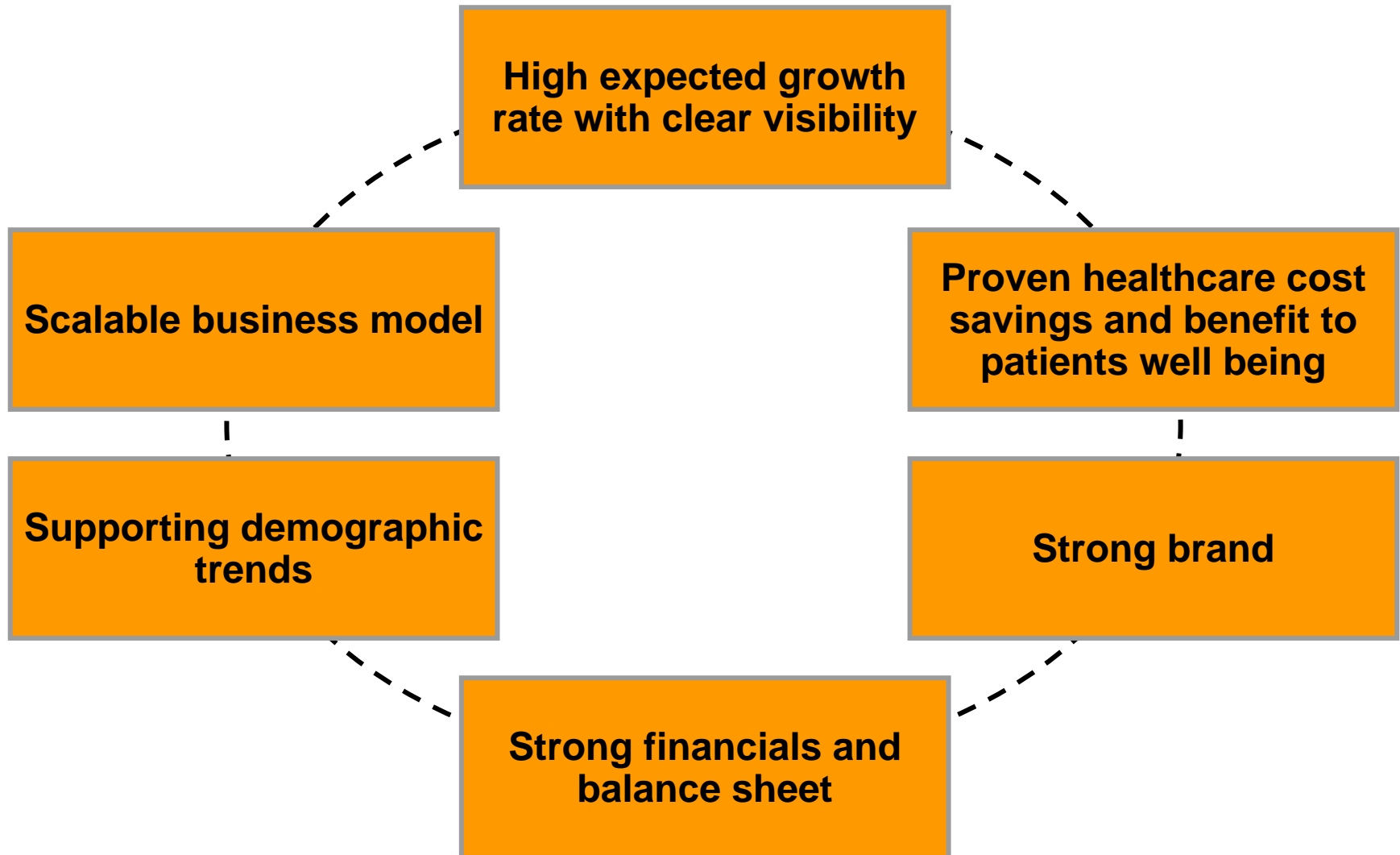
Financials

Financial outlook

- Assuming constant exchange rates
- Revenues of USD 51-53 M
- Net income of 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)



Appendix



- IR Agenda

- 13 May Q1 results
- 26 May Annual General Meeting
- 29 July Q2 results
- 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 2008 9.77/5.65

- Market capitalization high/low (CHF million) in 2008 102.7/59.4

- Market capitalization 31.12.08 (CHF million) 59.9

- No voting restrictions