

SHL Telemedicine

Q2/H1 2013 Results
21 August 2013



Conference Call, 11.00 am CET - Dial-in numbers :
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SHL
Telemedicine

Forward looking statements

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SHL at a glance

Leading provider of technologically advanced telemedicine services and solutions

The services and solutions improve quality of life for SHL's subscribers and enable cost savings for the health services community

Technological innovation; ongoing development of IT based services and solutions

Listed on the Swiss Stock Exchange (SIX:SHLTN)

smarth^{heart}

Over
70,000
subscribers

B2C & B2B

25 years of
service

CHF

Telemedicine
Innovator

COPD

1.5 million
transmissions p.a.

ECG Monitoring



Medical Staff

Cardio
Sen'C

Diabetes

Germany on track



AOK Bayern

- One of the largest health insurers in Germany with **over 4.3 million** insured
- Telemedicine services to COPD patients (Chronic Lung Disease)
- Focusing on recruitment of patients - hundreds already in service



IKK Sudwest

- Insures ~ 700 thousand people and active in the regions of Hessen, Rheinland-Pfalz and Saarland
- Telemedicine services to CHF patients (Chronic Heart Disease)
- Ongoing recruitment of patients - hundreds already in service

Acquisition of Alameda health services



Alameda health services business

- Telehealth programs – provision of coaching and telemonitoring to indications such as Congestive Heart Failure, COPD and diabetes
- Helpline - 24/7 inbound telephone based access to nurses/doctors from more than 15 relevant disciplines
- Services patients from various well known Healthcare Insurance clients
- DKV, the largest customer and one of the largest German private health insurers and a subsidiary of ERGO
- Operations in Munich



About Alameda

- Offers a broad set of services in the assistance and health services field in Germany.
- Is a subsidiary of ERGO Versicherungsgruppe AG which is a subsidiary of Munich RE (one of the worlds largest insurance and re-insurance companies)



Acquisition of Alemeda health services (cont.)



Acquisition highlights

- Business similar in nature - complements and expands SHL's offering in Germany
- Will contribute annual revenues of USD 7 to 10 million
- Further advances mission - being the leading provider of telehealth services in Germany
- DKV - commits for a 7 year period
- Consideration for the business will not have a material effect on SHL's cash position
- Access to new large customers/health insurers



Process and timeline

- Closing expected by end of 2013, with a possible final closing date in 2014

Israel – strong consistent financial performance



- Market leader – strong consistent financial performance quarter over quarter
- Serves as an important knowledge base for the Company
- Highly loyal subscriber base, average time in service of ~ 8 years leading to long term recurring revenue
- Successful implementation of CHF programs with Clalit and Leumit (Israeli health insurers)
- Expect launching additional programs with Israeli health insurers

Launch of SHL's telemedicine services in India

1

Favorable trends

- CVD to become India's largest cause of death by 2020
- Remarkable growth of private healthcare spending, fast growing urban middle class
- 80% of healthcare costs in India are paid out of pocket

2

Clear strategy

- Hospitals to leverage marketing and distribution capabilities
- SHL to offer telemedicine solution to their patients, as part of their routine out of hospital patient care programs.
- SHL focusing on tier I cities with population >60 m

3

Already 3 agreements signed

- In three major Indian cities, Kolkata, Mumbai and Delhi
- SHL to provide advanced telemedicine technologies incl. new smartheart device
- Anticipates a series of additional, similar in nature, long term agreements with hospitals
- SHL expects to generate up to USD 3 to 5 million from each such collaboration over the course of three years



Condensed financial data

Financial highlights



- 20% revenue growth in Germany quarter over quarter, in constant exchange rates
- Israel with continued strong financial performance
- Improved efficiency and positive effect due to one-time lowering of an old potential liability
- Outlook for 2013 confirmed

Q2 2013 Results

USD millions	Q2 2013	Q2 2012	% change	Q2 2013 (constant currency)	% change (constant currency)
Revenues	7.4	6.6	12.1%	7.1	7.6%
COGS	3.5	2.9	20.7%	3.4	17.2%
Gross Profit	3.9	3.7	5.4%	3.7	-
<i>% of revenues</i>	52.7%	56.1%		52.1%	
Operating expenses	3.5	4.3	(18.6%)	3.3	(23.3%)
EBIT / (LBIT)	0.4	(0.6)	n.a.	0.4	n.a.
<i>% of revenues</i>	5.4%	n.a.		5.6%	
EBITDA	1.7	0.4	325.0%	1.6	300.0%
<i>% of revenues</i>	23.0%	6.1%		22.5%	
Financial & other expenses	0.3	0.3	-	0.3	-
Taxes on income	0.1	0.0	n.a.	0.1	n.a.
Net income (loss)	0.1	(0.9)	n.a.	0.1	n.a.
LPS	-	(0.1)	n.a.	-	n.a.

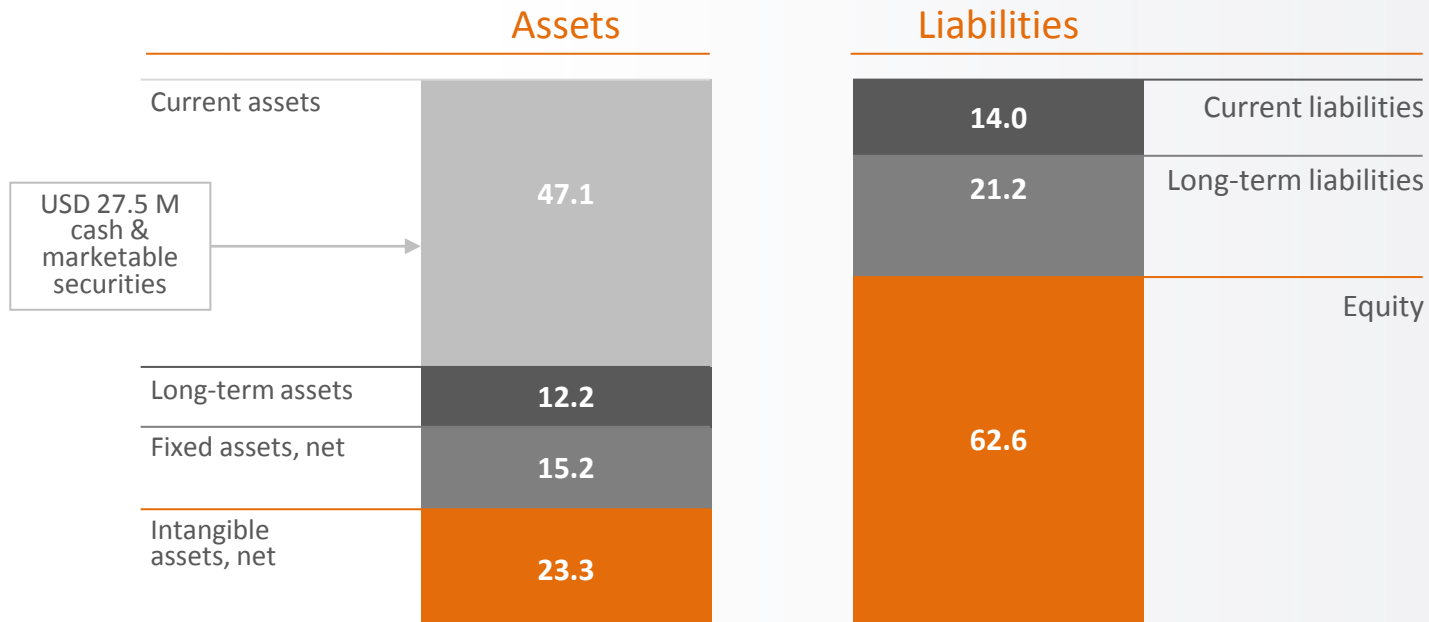
* **Constant currency exchange rates** - In order to enable meaningful comparison between the 2013 and 2012 results, 2013 results are also presented at constant currency exchange rates. These are calculated by translating the 2013 results using the average exchange rates used for calculating the 2012 results instead of the current period exchange rates. Management believes that this presentation enables a more meaningful comparison between the periods due to the significant fluctuations in NIS/USD/Euro exchange rates.

H1 2013 Results

USD millions	H1 2013	H1 2012	% change	H1 12013 (constant currency)	% change (constant currency)
Revenues	14.5	13.6	6.6%	14.1	3.7%
COGS	6.9	6.3	9.5%	6.8	7.9%
Gross Profit	7.6	7.3	4.1%	7.3	-
<i>% of revenues</i>	52.4%	53.7%		51.8%	
Operating expenses	7.0	8.6	(18.6%)	6.7	(22.1%)
EBIT / (LBIT)	0.6	(1.3)	n.a.	0.6	n.a.
<i>% of revenues</i>	4.1%	n.a.		4.3%	
EBITDA	3.1	1.0	210.0%	3.0	200.0%
<i>% of revenues</i>	21.4%	7.4%		21.3%	
Financial & other expenses	0.6	0.6	-	0.6	-
Taxes on income	0.3	0.4	(25.0%)	0.3	-
Net income (loss)	(0.3)	(2.3)	n.a.	(0.3)	n.a.
LPS	(0.03)	(0.22)	n.a.	(0.02)	n.a.

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30.06.2013 Balance Sheet



In USD million per 30 June 2013

Q2 2013 Cash Flow Statements

USD millions	Q2 2013	Q2 2012	Diff	2012
Cash provided by (used in) Operating activities	(0.8)	3.8	(4.6)	1.6
Cash used in Investing activities (ex. marketable securities)	(0.8)	(0.8)	-	(4.4)
Cash used in financing activities	(0.2)	(4.6)	4.4	(4.8)
Effect of exchange rate changes	0.2	(1.7)	1.9	1.1
Increase (decrease) in cash, cash equivalents & marketable securities	(1.6)	(3.3)	1.7	(6.5)
Cash, cash equivalents & marketable securities at beginning of the period	29.1	31.7	(2.6)	33.3
Cash, cash equivalents & marketable securities at end of the period	27.5	28.4	(0.9)	26.8

H1 2013 Cash Flow Statements

USD millions	H1 2013	H1 2012	Diff	2012
Cash provided by (used in) Operating activities	3.2	2.9	0.3	1.6
Cash used in Investing activities (ex. marketable securities)	(1.9)	(1.6)	(0.3)	(4.4)
Cash used in financing activities	(1.3)	(5.4)	4.1	(4.8)
Effect of exchange rate changes	0.7	(0.8)	1.5	1.1
Increase (decrease) in cash, cash equivalents & marketable securities	0.7	(4.9)	5.6	(6.5)
Cash, cash equivalents & marketable securities at beginning of the period	26.8	33.3	(6.5)	33.3
Cash, cash equivalents & marketable securities at end of the period	27.5	28.4	(0.9)	26.8

Thank you



Investor Information

- IR Agenda 2013

21 August	Q2 results
20 November	Q3 results

- 10,821,551 registered shares with a par value of NIS 0.01 each

- Listed at SIX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957

- Price high/low (CHF), 2013 8.9/6.01

- Market cap high/low (CHF m), 2013 96.3/65.1

- Market cap 30.06.13 (CHF m) 81.1

- No voting restrictions



Erez Alroy, Co-CEO
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Erez Alroy has been an executive manager of SHL since its inception. Prior to his current position as Co-CEO he served as SHL Israel's managing director and as SHL Israel's sales manager and vice-president of marketing. Erez Alroy holds an MBA from the Hebrew University, Jerusalem.



Eran Antebi, CFO
erana@shl-telemedicine.com

Eran Antebi joined SHL in May 2004 as CFO of Shahal Israel and was appointed CFO of SHL in May 2008. Prior to joining SHL, he was a manager with Ernst & Young in Israel. Eran Antebi is a certified public accountant (CFA) in Israel and has a B.A. in accounting and economics from the University of Tel Aviv.

Market drivers

Demographic Trends

- Aging population in developed countries
- Increased prevalence of chronic conditions

Growing Healthcare Costs

- Financial crisis – leading to structural change

Health Consumerism

- Become more involved in your own health
- Growing consumer expenditure

Rising Economic Power

- Rising economic power of developing countries
- Closing gaps by adopting innovative healthcare solutions

SHL today and tomorrow



Today

Operations - Israel: market leader, strong financial performance

Germany: successful implementation of new strategy, 2 significant long-term B2B contracts signed

Offering - Sales/marketing direct to consumer (B2C) and to health insurers (B2B)

Geographies - Israel and Germany

Indications - Mainly cardiac events and congestive heart failure (CHF)



Tomorrow

Operations - Execution of new B2B contracts in Germany, leveraging operations, leading to significant growth. Additional significant contracts expected

Offering - New product initiatives – smartheart (announced FDA approval in June)

Geographies - Additional territories with strategic alliances, next step India

Indications - Chronic obstructive pulmonary disease (COPD). Cardiac events (i.e. with smartheart)