



Press release

SHL Telemedicine reports first quarter 2014 financial results

- *Revenues up by 49.3 % to USD 10.6 million (USD 7.1 million in Q1 2013)*
- *EBITDA reached USD 2.0 million (USD 1.4 million in Q1 2013)*
- *Germany revenue tripled year over year, contributing 43.4% of total revenues*
- *Received marketing approvals for the smartheart™ in Japan and China*
- *Accelerated revenue growth. Increasing revenue outlook to over 30% growth in 2014*

Tel Aviv/Zurich, 21 May 2014 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN, OTCPK: SMDCY), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the first quarter ended 31 March 2014.

Erez Alroy, Co-CEO of SHL, commented: "We have started the year on solid footing and have successfully accelerated our revenue growth. As a result, we are increasing our revenue outlook to over 30% growth for the year. We are confident this momentum in our business will continue for the remainder of 2014."

Business Review

SHL strengthened its position as a leading provider of telehealth services in Germany through the broadening of its institutional services portfolio and customer base. The Company recently appointed Mr. Martin Lehner as Managing Director of SHL Germany. Prior to joining SHL, he served as CEO and President of Amoena, a leading medical products company and as Executive Vice President at Elan Group.

In Israel, SHL's business showed another strong quarter with improved margins.

SHL is progressing in the commercial rollout of its telehealth services in India. And in the U.S., the Company has started developing channels for the smartheart™ platform.

In May, SHL received the China Food and Drug Administration ("CFDA") approval for the marketing of the smartheart™ in China, which closely follows the receipt of the Japanese PMDA Pre-Market Certification for marketing the smartheart™. The smartheart™ has already received marketing approvals in Europe and the U.S.

During the quarter, SHL launched a Level 1 American Depository Receipt (ADR) program in the United States. The ADRs are traded over-the-counter under the ticker symbol SMDCY. Each ADR represents one ordinary share in SHL Telemedicine. The Company's ordinary shares continue to trade on the SIX Swiss Exchange under the symbol "SHLTN".



Financial Highlights

During the first quarter 2014, revenues increased considerably primarily due to the growth in the Company's German business, following the acquisition of Almeda. Even with the increased investments in geographical expansion, SHL's financial performance has improved significantly with improved gross and operating margins.

Revenues for the first quarter amounted to USD 10.6 million compared with USD 7.1 million in the first quarter of 2013. This represents an increase of 49.3% and 42.3% at constant exchange rates*.

Gross profit for the quarter amounted to USD 6.0 million (56.6% of revenues) compared with USD 3.7 million (52.1% of revenues) in the first quarter of 2013.

EBITDA for the quarter amounted to USD 2.0 million (18.9% of revenues) with **EBIT** for the quarter amounting to USD 0.4 million (3.8% of revenues) compared with EBITDA of USD 1.4 million (19.7% of revenues) and EBIT of USD 0.2 million (2.8% of revenues) in the first quarter of 2013.

Net income for the quarter amounted to USD 0.0 million (USD 0.00 per share) compared with a net loss of USD 0.3 million (USD 0.03 per share) in Q1 2013.

Cash flow for the quarter includes cash used in operations of USD 2.4 million. Excluding USD 5.2 million received from Philips in the first quarter of 2013, which was the last payment related to the Raytel transaction, cash used in operations during the quarter amounted to USD 1.3 million. The decrease in operating cash flow this quarter is the result of one-time working capital requirements at Almeda, for which SHL received USD 2.9 million upfront at the end of 2013. Cash, cash equivalents and marketable securities amounted to USD 25.1 million at March 31, 2014.

Balance sheet included total assets at 31 March 2014 of USD 108.2 million with shareholders' equity amounting to USD 68.9 million (63.7% of balance sheet) compared to total assets of USD 108.5 million with shareholders' equity amounting to USD 68.9 million at 31 December 2013.



SHL Telemedicine – consolidated key figures – Q1 2014

in USD million (except per share amounts)	Q1 2014	Q1 2013	% change	Q1 2014 (constant currency)	% change
Revenues	10.6	7.1	49.3%	10.1	42.3%
Gross profit	6.0	3.7	62.2%	5.7	54.1%
%	56.6%	52.1%		56.4%	
EBIT	0.4	0.2	100.0%	0.4	100.0%
%	3.8%	2.8%		4.0%	
EBITDA	2.0	1.4	42.9%	1.9	35.7%
%	18.9%	19.7%		18.8%	
Net income/(loss)	0.0	(0.3)	<i>n.a.</i>	0.1	<i>n.a.</i>
Basic EPS/ LPS)	0.00	(0.03)	<i>n.a.</i>	0.00	<i>n.a.</i>

* Constant currency - In order to enable meaningful comparison between the results, they are also presented at constant currency exchange rates. These are calculated by translating the 2014 results using the average 2013 exchange rates 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/EUR exchange rates.

Revenues by geographic distribution – Q1 2014

	Israel		Germany	
	USD m	% of total	USD m	% of total
Q1 2014	6.0	56.6%	4.6	43.4%
Q1 2013	5.6	78.9%	1.5	21.1%
Q1 2014 (constant currency exchange rates)	5.7	56.4%	4.4	43.6%
% change in constant currency	1.8%		193.3%	

Conference Call, today, 21 May, 4.00 pm CET

SHL will hold a conference call to discuss the Q1 results today at 4.00 pm CET. Erez Aroy, Co-CEO, and Eran Antebi, CFO, will host the call. Dial-in numbers are as follows:

From Europe +41 (0)58 310 50 00
 From UK +44 (0)203 059 58 62
 From US +1 (1)631 570 5613
 From Israel Toll free: 1 80 921 44 27/Local: +972 3763 1173

Slides are available at

<http://www.shl-telemedicine.com/investors-relations/financial-reports/>



IR Agenda 2014

August 20, 2014 Q2 Results

November 19, 2014 Q3 Results

About SHL Telemedicine

SHL Telemedicine is engaged in developing and marketing personal telemedicine systems and the provision of medical call center services, with a focus on cardiovascular and related diseases, to end users and to the healthcare community. SHL Telemedicine offers its services and personal telemedicine devices to subscribers utilizing telephonic and Internet communication technology. The Company operates in Israel, Germany, India and the United States in one business segment, Telemedicine services. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957) and has an ADR program listed over-the counter; Symbol: SMDCY. For more information please visit our web site at www.shl-telemedicine.com.

Contacts:

Erez Alroy

Co-CEO

P: +972 3 5612212,

ereza@shl-telemedicine.com

Martin Meier-Pfister

IRF Communications

P: +41 43 244 81 40

shl@irfcom.ch

Garth Russell/Elizabeth Barker

KCSA Strategic Communications

P: 212-896-1250 / 212-896-1239

grussell@kcsa.com/barker@kcsa.com

Some of the information contained in this press release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. SHL Telemedicine undertakes no obligation to publicly update or revise any forward-looking statements.

Balance-Sheets (USD thousands)	31.3.2014	31.3.2013	31.12.2013
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	5,939	12,969	8,732
Available-for-sale investments	19,116	16,160	19,661
Trade receivables	14,134	11,965	10,479
Inventory	1,213	457	869
Other current assets	8,081	6,466	8,014
Current Assets	48,483	48,017	47,755
Non-Current Assets	11,372	12,437	11,632
Property and equipment, net	15,600	15,239	15,982
Intangible assets, net	32,739	23,092	33,146
Total Assets	108,194	98,785	108,515
Credit from banks and current maturities	11,156	8,522	10,477
Deferred revenues	590	110	330
Trade payables	1,925	1,214	1,433
Provisions	-	1,067	-
Other accounts payable	4,472	4,240	4,568
Other liabilities	2,007	-	2,504
Current liabilities	20,150	15,153	19,312
Long-term loans	17,095	19,506	18,205
Deffered revenues	1,244	1,488	1,283
Employee benefit liabilities	834	932	805
Non-current liabilities	19,173	21,926	20,293
Total liabilities	39,323	37,079	39,605
Equity:			
Issued capital	31	31	31
Additional paid-in capital	95,069	94,488	95,014
Treasury shares	(2,753)	(2,956)	(2,774)
Foreign currency translation reserve	6,130	3,002	6,366
Capital reserve for available-for-sale investments and actuarial gains	1,533	860	1,415
Accumulated deficit	(31,139)	(33,719)	(31,142)
Total equity	68,871	61,706	68,910
Total liabilities and equity	108,194	98,785	108,515



Statements of Income			
(USD thousands, except per share data)	Q1 14	Q1 13	2013
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	10,643	7,140	29,674
Depreciation and amortization	604	571	2,127
Cost of revenues	4,060	2,896	11,607
Gross Profit	5,979	3,673	15,940
Research and development costs, net	597	436	2,206
Selling and marketing expenses	2,732	2,059	8,787
General and administrative expenses	2,284	1,000	10,341
Gain from almeda acquisition	-	-	(8,492)
Operating income	366	178	3,098
Financial income	193	333	1,072
Financial expenses	(244)	(645)	(2,631)
Income (loss) before taxes on income	315	(134)	1,539
Taxes on income (tax benefit)	312	211	(693)
Net income (loss)	3	(345)	2,232
Basic and diluted income (loss) per share	-	(0.03)	0.22
Other Comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Foreign currency translation reserve	(236)	942	4,306
Actuarial gain	-	-	233
	(236)	942	4,539
Other Comprehensive income to be reclassified to profit or loss in subsequent periods			
Transfer to the statement of income in respect of available-for-sale investments	(56)	(32)	146
Gain on available-for-sale investments	174	44	188
	118	12	334
Total comprehensive income (loss)	(115)	609	7,105



Statements of Cash Flows (USD thousands)	Q1 2014	Q1 2013	2013
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income (loss)	3	(345)	2,232
Adjustment required to reconcile net income (loss) to net cash provided by (used in) operating activities	(2,376)	4,281	400
Net Cash provided by (used in) Operating Activities	(2,373)	3,936	2,632
Purchase of property and equipment	(383)	(603)	(2,200)
Investment in intangible assets	(398)	(485)	(1,878)
Acquisition of almeda	-	-	2,920
Proceeds from sale of property and equipment	-	-	29
Purchase of available-for-sale investments	(1,926)	(448)	(8,511)
Proceeds from sale of available-for-sale investments	2,444	749	6,402
Net Cash used in Investing Activities	(263)	(787)	(3,238)
Proceeds from exercise of options	5	40	486
Short-term bank credit, net	714	(243)	1,053
Payment of long-term loans	(869)	(776)	(3,267)
Treasury shares purchased	-	(36)	(36)
Net Cash used in Financing Activities	(150)	(1,015)	(1,764)
Effect of exchange rate changes on cash and cash equivalents	(7)	222	489
Increase (decrease) in cash and cash equivalents	(2,793)	2,356	(1,881)
Cash and cash equivalents at the beginning of the period	8,732	10,613	10,613
Cash and Cash equivalents at the end of the period	5,939	12,969	8,732