

Press release

SHL Telemedicine Reports Fourth Quarter and Fiscal Year 2013 Financial Results

Significant progress in 2013 in realizing expansion plans:

- *Germany on track for growth - closed acquisition of almeda, including securing long term contract with DKV, a leading healthcare insurance provider in Germany*
- *Launched telemedicine services in India with hospital agreements in major cities; expecting to initiate provision of services to subscribers in 2014*
- *Evaluating opportunities for expansion into the U.S.; hired an experienced executive*

Financial Highlights for the year:

- *Revenues for the year of USD 29.7 million, up by 10.4% from USD 26.9 million in 2012*
- *EBITDA for the year of USD 8.3 million (LBITDA of USD 1.3 million in 2012)*
- *EBIT for the year of USD 3.3 million (LBIT of USD 5.7 million in 2012)*
- *Net profit for the year of USD 2.5 million (net loss of USD 7.4 in 2012)*
- *Expecting top line growth of more than 25% in 2014*

Tel Aviv/Zurich, 27 February 2014 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the fourth quarter and fiscal year 2013.

Erez Alroy, Co-CEO of SHL, commented: "In 2013, SHL has made progress in executing its strategy. With the acquisition of almeda we secured another long-term, seven year contract for our institutional business. This strengthens our position as a leading provider of telehealth services in Germany, and to grow our respective platform."

He added: "We continued to invest in our international expansion in India and the U.S., leveraging the smartheart™ platform. In India, we have succeeded, in a short period of time, in signing contracts with leading hospitals and expect to start providing telemedicine services in 2014. In the U.S., we have hired Mr. Robert E. Sass an experienced executive to lead our US initiatives. With mHealth and telehealth gaining momentum, we believe that we can offer an advanced platform with our smartheart™. These are large market opportunities and we will continue investing in our business during 2014."

Business Review

Germany

The recruitment of patients under the AOK Bayern and IKK Sudwest agreements has led to revenue growth of 17% in 2013. In July 2013, SHL announced the signing of an agreement to acquire the telehealth services business of almeda GmbH, including a long term 7 years contract with DKV, a leading healthcare insurance provider.

The acquired business will contribute annual revenues of USD 7 to 10 million to SHL's German business. The almeda telehealth services business complements and expands SHL's offering in Germany and will further advance its mission to become the leading provider of telehealth services in Germany.

In Q4 2013 SHL has recorded a gain in its operating profit of USD 8.5 million. The profit stems mainly from an agreement to provide products and services that was signed in parallel with the closing of the transaction to acquire almeda.

Israel

SHL's Israeli business continued to perform well, showing continued growth with strong financial performance. SHL's Israeli operation continues to lead the Israeli telemedicine market, serving as an important knowledge base for the company.

Other International markets

In 2013, SHL entered the Indian healthcare market and succeeded, within six months, in signing contracts with leading hospitals in Mumbai, Delhi, Bangalore and Kolkata. These hospitals will offer the SHL telemedicine solution to their patients, as part of their routine out-of-hospital patient care programs. SHL expects to start providing telemedicine services to these contracts in 2014.

In the US, SHL is well positioned to capitalize on the growing telehealth and mhealth markets and is evaluating various opportunities to leverage the smartheart platform.

SHL has hired Robert E. Sass to lead its US business. Bob is an experienced executive in the healthcare industry and prior to joining SHL spent 5 years with Philips Healthcare in a variety of executive leadership assignments in Remote Patient & Home Monitoring.

Financial Highlights

During the year overall financial performance improved significantly as SHL's business continued to demonstrate sustained revenue growth, mainly in Germany, thanks to the recruitment of new patients to the AOK and IKK contracts and the continued strong financial performance in Israel. In addition, SHL has recorded a gain in its operating profit of USD 8.5 million related to the acquisition of almeda, offset mainly by an accrual for doubtful accounts in Germany and Israel in the amount of USD 4.5 million.

Revenues for the quarter grew by 11.6% (2.9% at constant exchange rates*) and amounted to USD 7.7 million compared to USD 6.9 million in Q4 2012. In 2013, revenues grew by 10.4% (4.1% at constant exchange rates*) and amounted to USD 29.7 million compared to USD 26.9 million in 2012.

Gross profit for the quarter amounted to USD 4.5 million (58.4% of revenues) compared to USD 3.4 million (49.3% of revenues) in Q4 2012. In 2013, gross profit amounted to USD 16.1 million (54.2% of revenues) compared to a gross profit of USD 14.3 million (53.2% of revenues) in 2012.

EBITDA for the quarter amounted to USD 4.6 million (59.7% of revenues) with **EBIT** for the quarter amounting to USD 3.4 million (44.2% of revenues), compared with a LBITDA of USD 2.5 million and LBIT of USD 3.7 million in Q4 2012. In 2013, EBITDA amounted to USD 8.3 million (27.9% of revenues) with an EBIT of USD 3.3 million (11.1% of revenues), compared with an LBITDA of USD 1.3 million and a LBIT of USD 5.7 million in 2012.

Net Profit for the quarter was USD 4.0 million (USD 0.38 per share) compared to a net loss of USD 4.1 million (USD 0.38 per share) for the fourth quarter of 2012. For 2013, net profit amounted to USD 2.5 million (USD 0.24 per share) compared to a net loss of USD 7.4 million (USD 0.69 per share) in 2012.

Operating cash flow improved 75% for the year to USD 2.8 million compared to USD 1.6 million in 2012.

Balance sheet as of December 31, 2013 included cash, cash equivalents and marketable securities of USD 28.4 million (together with USD 2.9 million in cash received from almeda) compared to USD 26.8 million as of December 31, 2012.

As of December 31, 2013, SHL initiated the consolidation of almeda GmbH. SHL's assets as of December 31, 2013 totalled USD 108.5 million with shareholders' equity amounting to USD 68.9 million (63.5% of the balance sheet) compared to assets of USD 99.7 million, with shareholders' equity amounting to USD 61.0 million as of December 31, 2012.

SHL Telemedicine – consolidated key figures – Q4 13

in USD million (except per share amounts)	Q4 2013 Unaudited	Q4 2012 Unaudited	% change	Q4 2013 in constant currency	% change
Revenues	7.7	6.9	11.6%	7.1	2.9%
Gross profit	4.5	3.4	32.4%	4.1	20.6%
%	58.4%	49.3%		57.7%	
EBIT/(LBIT)	3.4	(3.7)	n.a.	3.7	n.a.
%	44.2%	n.a.		52.1%	
EBITDA/(LBITDA)	4.6	(2.5)	n.a.	5.2	n.a.
%	59.7%	n.a.		73.2%	
Net income (loss)	4.0	(4.1)	n.a.	4.3	n.a.
	51.9%	n.a.		60.6%	
Basic EPS/(LPS)	0.38	(0.38)	n.a.	0.42	n.a.

SHL Telemedicine – consolidated key figures – 2013

in USD million (except per share amounts)	2013 Unaudited	2012 Audited	% change	2013 in constant currency	% change
Revenues	29.7	26.9	10.4%	28.0	4.1%
Gross profit	16.1	14.3	12.6%	15.1	5.6%
%	54.2%	53.2%		53.9%	
EBIT/(LBIT)	3.3	(5.7)	n.a.	3.0	n.a.
%	11.1%	n.a.		10.7%	
EBITDA/(LBITDA)	8.3	(1.3)	n.a.	8.0	n.a.
%	27.9%	n.a.		28.6%	
Net income (loss)	2.5	(7.4)	n.a.	2.2	n.a.
	8.4%	n.a.		7.9%	
Basic EPS/(LPS)	0.24	(0.69)	n.a.	0.21	n.a.

* Constant currency - 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 2012 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 - Q4 13

	Israel		Germany	
	USD m	% of total	USD m	% of total
Q4 2013	6.1	79.2%	1.6	20.8%
Q4 2012	5.6	81.2%	1.3	18.8%
Q4 2013 (constant currency)	5.6	78.9%	1.5	21.1%
% change in constant currency	-		15.4%	

Revenues by geographic distribution - 2013

	Israel		Germany	
	USD m	% of total	USD m	% of total
12M 2013	23.6	79.5%	6.1	20.5%
12M 2012	21.7	80.7%	5.2	19.3%
12M 2013 (constant currency)	22.1	78.9%	5.9	21.1%
% change in constant currency	1.8%		13.5%	

Financial calendar 2014

March 25, 2014	Publication of annual report
May 20, 2014	Q1 Results
August 19, 2014	Q2 Results
November 20, 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 <http://www.shl-telemedicine.com>.

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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.

Consolidated Balance-Sheets (USD thousands)	31.12.2013 <i>Unaudited</i>	31.12.2012 <i>Audited</i>
Cash and cash equivalents	8,732	10,613
Available-for-sale investments	19,661	16,159
Trade receivables	11,732	16,096
Inventory	869	367
Other current assets	6,761	6,629
Current Assets	47,755	49,864
Non-Current Assets	11,632	12,109
Property and equipment, net	15,982	15,307
Intangible Assets, net	33,146	22,455
Total Assets	108,515	99,735
Credit from banks and current maturities	10,477	8,539
Deferred revenues	330	55
Trade payables	1,433	1,222
Provisions	-	2,535
Other accounts payable	4,568	4,181
Current Liabilities	16,808	16,532
Long-term loans	18,205	19,860
Deffered revenues	1,283	1,478
Employee benefit liabilities	805	879
Other liabilities	2,504	-
Non-current Liabilities	22,797	22,217
Total liabilities	39,605	38,749
Equity:		
Issued capital	31	31
Additional paid-in capital	95,014	94,341
Treasury shares	(2,956)	(2,920)
Foreign currency translation reserve	6,548	2,060
Capital reserve for available-for-sale investments and actuarial gain	1,182	848
Accumulated deficit	(30,909)	(33,374)
Total Equity	68,910	60,986
Total liabilities and Equity	108,515	99,735

Consolidated Statements of Comprehensive Income (USD thousands, except per share data)	Q4 13 <i>Unaudited</i>	Q4 12 <i>Unaudited</i>	2013 <i>Unaudited</i>	2012 <i>Audited</i>
Revenues	7,733	6,914	29,674	26,938
Depreciation and amortization	439	657	2,127	2,105
Cost of revenues	2,777	2,887	11,492	10,575
Gross Profit	4,517	3,370	16,055	14,258
Research and development costs	594	259	2,184	1,458
Selling and marketing expenses	2,243	2,129	8,725	7,528
General and administrative expenses	6,789	4,684	10,307	11,021
Gain from almeda acquisition	(8,492)	-	(8,492)	-
Operating income (loss)	3,383	(3,702)	3,331	(5,749)
Financial income	342	1,142	1,072	2,375
Financial expenses	(790)	(1,371)	(2,631)	(3,397)
Income (loss) before taxes on income	2,935	(3,931)	1,772	(6,771)
Tax benefit (taxes on income)	1,025	(164)	693	(628)
Net income (loss)	3,960	(4,095)	2,465	(7,399)
Foreign currency translation reserve	1,372	2,541	4,488	1,272
Actuarial gain	-	95	-	95
Transfer to the statement of comprehensive income in respect of available-for-sale investments	43	113	146	(20)
Gain on available-for-sale investments	73	55	188	570
Impairment of available for sale assets carried to the income statement	-	177	-	177
Total comprehensive income (loss)	5,448	(1,114)	7,287	(5,305)
Basic and diluted earnings (loss) per share	0.38	(0.38)	0.24	(0.69)

Consolidated Statements of Cash Flows (USD thousands)	Q4 13 <i>Unaudited</i>	Q4 12 <i>Unaudited</i>	2013 <i>Unaudited</i>	2012 <i>Audited</i>
Income (loss)	3,960	(4,095)	2,465	(7,399)
Adjustment required to reconcile net income (loss) to net cash provided by (used in) operating activities	(4,131)	3,201	350	9,025
Net cash provided by (used in) Operating Activities	(171)	(894)	2,815	1,626
Purchase of property and equipment	(852)	(468)	(2,200)	(2,088)
Investment in intangible assets	(376)	(796)	(1,878)	(2,344)
Acquisition of initially consolidated subsidiary	3,159	-	2,920	-
Proceeds from sale of property and equipment	5	73	29	73
Purchase of available-for-sale investments	(3,251)	(539)	(8,511)	(7,516)
Proceeds from sale of available-for-sale investments	1,907	141	6,402	8,596
Net cash provided by (used in) Investing Activities	592	(1,589)	(3,238)	(3,279)
Proceeds from exercise of options	139	-	304	62
Short-term bank credit, net	8	2,770	1,052	(1,244)
Payment of long-term loans	(856)	(745)	(3,267)	(2,900)
Treasury shares purchased	-	(211)	(36)	(719)
Net cash provided by (used in) Financing Activities	(709)	1,814	(1,947)	(4,801)
Exchange differences on balances of cash and cash equivalents	(1)	410	489	156
Decrease in cash and cash equivalents	(289)	(259)	(1,881)	(6,298)
Cash and cash equivalents at the beginning of the year	9,021	10,872	10,613	16,911
Cash and cash equivalents at the end of the year	8,732	10,613	8,732	10,613