



Press release

SHL Telemedicine reports first quarter 2013 financial results

- *Revenues for the quarter of USD 7.1 million (USD 6.9 million in Q1 2012)*
- *EBITDA for the quarter of USD 1.4 million (USD 0.6 million in Q1 2012)*
- *Net loss for the quarter of USD 0.4 million (net loss of USD 1.5 million in Q1 2012)*
- *Generated operating cash of USD 3.9 million (cash used in operations of USD 1.0 million in Q1 2012)*
- *Germany on track*
- *Launch of telemedicine services in India*
- *Outlook for 2013 confirmed*

Tel Aviv/Zurich, 22 May 2013 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the first quarter 2013.

Erez Alroy, Co-CEO of SHL, commented: "We have started the year on solid footing. In Germany, we have been successful in returning to growth. We are confident this process will continue. In India, the agreement signed with a private clinic illustrates how SHL enters new markets: together with established partners that have local distribution power. This is a first step in realizing our strategic plan for geographic expansion."

Business Review

In Germany, SHL focused on recruiting patients into the new contracts. The agreement with AOK Bayern was finalized in the last quarter of 2012 and recruitment for this contract started around year-end.

During the first quarter 2013 SHL announced entering the Indian healthcare market through collaborations with Indian hospitals. These will offer the SHL telemedicine solution to their patients, as part of their routine out of hospital patient care programs. In conjunction, SHL has signed the first of its kind collaboration agreement, with Belle Vue Clinic, a specialty hospital in Kolkata. SHL expects to sign a series of additional, similar in nature, long term agreements with hospitals.

Financial Highlights

During the first quarter 2013 revenues increased slightly, as expected, thanks to the recruitment of new patients into the new long-term agreements in Germany. Profitability has improved, thanks to better efficiency as well as a positive one-time effect lowering the general and administrative expenses.



Revenues for the first quarter amounted to USD 7.1 million compared to USD 6.9 million in Q1 2012. This represents an increase of 2.9% and 1.4% at constant exchange rates*.

Gross profit for the quarter amounted to USD 3.7 million (52.1% of revenues) compared to USD 3.6 million (52.2% of revenues) in the first quarter of 2012.

EBITDA for the quarter amounted to USD 1.4 million (19.7% of revenues) with **EBIT** for the quarter amounting to USD 0.2 million (2.8% of revenues) compared to an EBITDA of USD 0.6 million (8.7% of revenues) and LBIT of USD 0.6 million in Q1 2012.

Net loss for the quarter amounted to USD 0.4 million (USD 0.03 per share), this compared with a net loss of USD 1.5 million (USD 0.14 per share) in Q1 2012.

Improved operating cash flow. The successful adjustment of SHL's expense base, led to an improved operating cash flow for the quarter, with cash generated amounting to USD 3.9 million compared to cash used in operations of USD 1.0 million in Q1 2012. Cash, cash equivalents and marketable securities were up, due mainly to the receipt of a further payment from Philips of USD 5.2 million in respect of the Raytel transaction in 2007, and amounted to USD 29.1 million at March 31, 2013.

Balance sheet. SHL's assets at 31 March 2013 totalled USD 98.8 million with shareholders' equity amounting to USD 61.7 million (62.4% of balance sheet) compared to assets of USD 99.7 million with shareholders' equity amounting to USD 61.0 million at 31 December 2012.

SHL Telemedicine – consolidated key figures – Q1 2013

| in USD million (except per share amounts) | Q1 2013 | Q1 2012 | % change | Q1 2013 (constant currency) | % change |
|---|---------|---------|----------|-----------------------------------|----------|
| Revenues | 7.1 | 6.9 | 2.9% | 7.0 | 1.4% |
| Gross profit | 3.7 | 3.6 | 2.8% | 3.6 | 2.8% |
| % | 52.1% | 52.2% | | 51.4% | |
| EBIT/(LBIT) | 0.2 | (0.6) | n.a. | 0.2 | n.a. |
| % | 2.8% | n.a. | | 2.9% | |
| EBITDA | 1.4 | 0.6 | 133.3% | 1.4 | 133.3% |
| % | 19.7% | 8.7% | | 20.0% | |
| Net loss | (0.3) | (1.5) | n.a. | (0.3) | n.a. |
| Basic LPS | (0.03) | (0.14) | n.a. | (0.03) | n.a. |

* 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 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 – Q1 13

| | Israel | | Germany | |
|--|--------|------------|---------|------------|
| | USD m | % of total | USD m | % of total |
| Q1 2013 | 5.6 | 78.9% | 1.5 | 21.1% |
| Q1 2012 | 5.6 | 81.2% | 1.3 | 18.8% |
| Q1 2013 (constant currency exchange rates) | 5.6 | 80.0% | 1.4 | 20.0% |
| % change in constant currency | - | | 7.7% | |

Conference Call, today, 11.00 am CET

SHL will hold a call to discuss the Q1 results today at 11.00 am CET. Erez Alroy, 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 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 2013

August 6, 2013 AGM, Tel Aviv
 August 21, 2013 Q2 Results
 November 20, 2013 Q3 Results

About SHL Telemedicine

SHL Telemedicine Ltd. specializes in developing and marketing advanced personal telemedicine systems as well as providing comprehensive telemedicine solutions including medical call centers to individuals and to the healthcare community. As a leading provider of remote health services in cardiology and in other medical areas, SHL maintains business operations in Europe, mainly in Germany, and at its home market in Israel. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.:1128957). More information available at: www.shl-telemedicine.com.



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| Balance-Sheets (USD thousands) | 31.3.2013 | 31.3.2012 | 31.12.2012 |
|--|------------------|------------------|-------------------|
| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Cash and cash equivalents | 12,969 | 16,192 | 10,613 |
| Available-for-sale investments | 16,160 | 15,516 | 16,159 |
| Trade receivables | 15,106 | 24,415 | 19,413 |
| Inventory | 457 | - | 367 |
| Other current assets | 3,325 | 3,646 | 3,312 |
| Current Assets | 48,017 | 59,769 | 49,864 |
| Non-Current Assets | 12,437 | 12,464 | 12,109 |
| Property and equipment, net | 15,239 | 15,583 | 15,307 |
| Intangible assets, net | 23,092 | 21,984 | 22,455 |
| Total Assets | 98,785 | 109,800 | 99,735 |
| Credit from banks and current maturities | 8,522 | 9,954 | 8,539 |
| Deferred revenues | 110 | 112 | 55 |
| Trade payables | 1,214 | 938 | 1,222 |
| Provisions | 1,067 | 2,564 | 2,535 |
| Other accounts payable | 4,240 | 5,231 | 4,181 |
| Current liabilities | 15,153 | 18,799 | 16,532 |
| Long-term loans | 19,506 | 22,007 | 19,860 |
| Deferred revenues | 1,488 | 1,035 | 1,478 |
| Employee benefit liabilities | 932 | 847 | 879 |
| Deferred taxes | - | 203 | - |
| Non-current liabilities | 21,926 | 24,092 | 22,217 |
| Total liabilities | 37,079 | 42,891 | 38,749 |
| Equity: | | | |
| Issued capital | 31 | 31 | 31 |
| Additional paid-in capital | 94,488 | 94,015 | 94,341 |
| Treasury shares | (2,956) | (2,481) | (2,920) |
| Foreign currency translation reserve | 3,002 | 2,711 | 2,060 |
| Capital reserve for available-for-sale investments and actuarial gains | 860 | 82 | 848 |
| Accumulated deficit | (33,719) | (27,449) | (33,374) |
| Total equity | 61,706 | 66,909 | 60,986 |
| Total liabilities and equity | 98,785 | 109,800 | 99,735 |



| Statements of Income | | | |
|--|------------------|------------------|----------------|
| (USD thousands, except per share data) | Q1 13 | Q1 12 | 2012 |
| | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Revenues | 7,140 | 6,914 | 26,938 |
| Depreciation and amortization | 571 | 598 | 2,105 |
| Cost of revenues | 2,896 | 2,732 | 10,575 |
| Gross Profit | 3,673 | 3,584 | 14,258 |
| Research and development costs, net | 436 | 416 | 1,458 |
| Selling and marketing expenses | 2,059 | 1,649 | 7,528 |
| General and administrative expenses | 1,000 | 2,155 | 11,021 |
| Operating income (loss) | 178 | (636) | (5,749) |
| Financial income | 333 | 426 | 2,375 |
| Financial expenses | (645) | (813) | (3,397) |
| Loss before taxes on income | (134) | (1,023) | (6,771) |
| Taxes on income | 211 | 451 | 628 |
| Net loss | (345) | (1,474) | (7,399) |
| Other Comprehensive income: | | | |
| Foreign currency translation reserve | 942 | 1,923 | 1,272 |
| Transfer to the statement of income in respect of available-for-sale investments | (32) | 31 | (20) |
| Gain on available-for-sale investments | 44 | 25 | 570 |
| Impairment of available-for-sale investments carried to the income statement | - | - | 177 |
| Actuarial gain | - | - | 95 |
| | 954 | 1,979 | 2,094 |
| Total comprehensive income (loss) | 609 | 505 | (5,305) |
| Basic and diluted loss per share | (0.03) | (0.14) | (0.69) |



| Statements of Cash Flows (USD thousands) | Q1 2013 | Q1 2012 | 2012 |
|--|------------------|------------------|----------------|
| | <u>Unaudited</u> | <u>Unaudited</u> | <u>Audited</u> |
| Net loss | (345) | (1,474) | (7,399) |
| Adjustment required to reconcile net loss to net cash provided by (used in) operating activities | 4,281 | 518 | 9,025 |
| Net Cash provided by (used in) Operating Activities | 3,936 | (956) | 1,626 |
| Purchase of property and equipment | (603) | (205) | (2,088) |
| Investment in intangible assets | (485) | (528) | (2,344) |
| Proceeds from sale of property and equipment | - | - | 73 |
| Purchase of available-for-sale investments | (448) | (2,053) | (7,516) |
| Proceeds from sale of available-for-sale investments | 749 | 3,382 | 8,596 |
| Net Cash provided by (used in) Investing Activities | (787) | 596 | (3,279) |
| Proceeds from exercise of options | 40 | - | 62 |
| Short-term bank credit, net | (243) | 213 | (1,244) |
| Payment of long-term loans | (776) | (724) | (2,900) |
| Treasury shares purchased | (36) | (280) | (719) |
| Net Cash used in Financing Activities | (1,015) | (791) | (4,801) |
| Effect of exchange rate changes on cash and cash equivalents | 222 | 432 | 156 |
| Increase (decrease) in cash and cash equivalents | 2,356 | (719) | (6,298) |
| Cash and cash equivalents at the beginning of the period | 10,613 | 16,911 | 16,911 |
| Cash and Cash equivalents at the end of the period | 12,969 | 16,192 | 10,613 |