



Press release

## **SHL Telemedicine reports another quarter of strong operating results.**

- **Revenues reaching USD 12.7 million for the quarter. Representing growth of 15.3% year over year at constant exchange rates\*.**
- **EBITDA and EBIT for the quarter up 22.2% and 46.2% over Q3 08 reaching USD 3.3 million (26.0% of revenues) and USD 1.9 million (15.0% of revenues), respectively.**
- **Net income of USD 1.2 million (9.4% of revenues) for the third quarter and USD 4.0 million (11.5% of revenues) for the nine months of 2009.**
- **Cash provided by operations for the quarter reaching USD 2.5 million.**
- **On track to meet 2009 financial guidance.**

**Tel Aviv/Zurich, 11 November 2009** - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the third quarter and the nine months of 2009.

In Q3 2009, SHL's sustained growth trend continued in its various business lines contributing to strong operating results. Continued subscriber recruitment resulted in another quarter of revenue growth while increased investments in marketing and business development caused overall operating profit to remain steady compared to the second quarter of 2009.

### **Financial highlights**

**Revenues** for the third quarter amounted to USD 12.7 million compared to USD 11.8 million in Q3 2008. At constant exchange rates\*, revenues amounted to USD 13.6 million, reflecting a 15.3% increase over the third quarter of 2008.

Revenues for the nine months of the year amounted to USD 34.7 million compared to USD 33.3 million in the same period of 2008. Revenues for the nine months on the basis of constant exchange rates\* reached USD 38.5 million, a 15.6% increase over the nine months of 2008.

**EBITDA** for the quarter continued to improve reaching 26.0% of revenues and amounting to USD 3.3 million compared to an EBITDA of USD 2.7 million (22.9% of revenues) in Q3 2008. **EBIT** for the quarter reached USD 1.9 million (15.0% of revenues), an increase of 46.2% over the EBIT of USD 1.3 million (11.0% of revenues) in the third quarter of 2008.

EBITDA for the nine months of 2009 amounted to USD 8.8 million (25.4% of revenues) - an increase of 29.4% over the EBITDA of USD 6.8 million (20.4% of revenues) in the comparable period of 2008. EBIT for the nine months of 2009 grew by 70%, reaching USD 5.1 million (14.7% of revenues), compared to an EBIT of USD 3.0 million (9.0% of revenues) in the nine months of 2008.



**SHL's net income** for the quarter more than tripled compared to Q3 2008 reaching USD 1.2 million (9.4% of revenues). For the nine months, net income more than doubled reaching USD 4.0 million, compared to a net income of USD 1.6 million in the nine months of 2008.

**Cash** provided by operations for the quarter continued to strongly improve amounting to USD 2.5 million compared to a neutral cash position in Q3 08. For the nine months of 2009 cash provided by operations reached USD 4.3 million compared to cash used in operations of USD 10.2 million in the nine months of 2008. **Cash reserves** at September 30, 2009 amounted to USD 22.0 million.

**Balance sheet.** SHL's assets at September 30, 2009 totalled USD 86.6 million with shareholders' equity amounting to USD 64.2 million (74.1% of balance sheet).

**Commenting on the results** Erez Alroy, Co-CEO of SHL Telemedicine, stated: "We are very pleased with the continued progress in our business bringing with it another quarter of improved financial performance."

#### Outlook 2009

Assuming constant currency exchange rates, management reaffirms its financial guidance for the full year with revenues between USD 51-53 million and net income between USD 5 - 6 million.

#### SHL Telemedicine – consolidated key figures

##### 9M 09

in USD million (except per share amounts)	9M 2009	9M 2008	Increase %	9M 2009 (constant currency*)	Increase% (constant currency*)
Revenues	34.7	33.3	4.2%	38.5	15.6%
Gross profit	23.0	21.4	7.5%	25.2	17.8%
%	66.3%	64.3%		65.5%	
EBITDA	8.8	6.8	29.4%	9.3	36.8%
%	25.4%	20.4%		24.2%	
EBIT	5.1	3.0	70.0%	5.1	70.0%
%	14.7%	9.0%		13.2%	
Net profit	4.0	1.6	150.0%	3.9	143.8%
Basic EPS	0.38	0.15	153.3%	0.38	153.3%



## SHL Telemedicine – consolidated key figures

### Q3 09

in USD million (except per share amounts)	Q3 2009	Q3 2008	Increase %	Q3 2009 (constant currency*)	Increase% (constant currency*)
Revenues	12.7	11.8	7.6%	13.6	15.3%
Gross profit	8.4	7.7	9.1%	8.9	15.6%
%	66.1%	65.3%		65.4%	
EBITDA	3.3	2.7	22.2%	3.4	25.9%
%	26.0%	22.9%		25.0%	
EBIT	1.9	1.3	46.2%	1.9	46.2%
%	15.0%	11.0%		14.0%	
Net profit	1.2	0.3	300.0%	1.2	300.0%
Basic EPS	0.12	0.03	300.0%	0.12	300.0%

\* Constant currency - In order to enable meaningful comparison between the 2009 and 2008 results, 2009 results are also presented at constant currency exchange rates. These are calculated by translating the current period results using the average exchange rates from the previous year's respective period (9M 08) 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

#### 9M 09

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
9M 2009	15.2	43.8%	15.2	43.8%	4.3	12.4%
9M 2008	16.5	49.5%	11.4	34.2%	5.4	16.3%
9M 2009 (constant currency)	17.3	44.9%	16.9	43.9%	4.3	11.2%

### Revenues by geographic distribution

#### Q3 09

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q3 2009	5.5	43.3%	5.8	45.7%	1.4	11.0%
Q3 2008	5.6	47.5%	4.2	35.6%	2.0	16.9%
Q3 2009 (constant currency)	6.0	44.1%	6.2	45.6%	1.4	10.3%



## **IR Agenda 2010**

24 February FY 2009 results, incl. press & analyst briefing in Zurich

### **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. In the US, certain SHL telemedicine products are distributed by Philips Healthcare. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957). More information available at: [www.shl-telemedicine.com](http://www.shl-telemedicine.com).

### **For further information please contact:**

- Erez Alroy, Co-CEO, Phone: +972 3561 22 12, [ereza@shl-telemedicine.com](mailto:ereza@shl-telemedicine.com)
- Assistant: Pauline Shavit, Phone: +972 3561 22 12, [pauline@shl-telemedicine.com](mailto:pauline@shl-telemedicine.com)
- Martin Meier-Pfister, IRF Communications, Phone: +41 43 244 81 40, [shl@irfcom.ch](mailto:shl@irfcom.ch)

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.

<b>Balance-Sheets</b> (USD thousands)	<b>30.09.2009</b>	<b>30.09.2008</b>	<b>31.12.2008</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	3,031	3,875	3,265
Available-for-sale investments	18,969	25,997	20,210
Trade receivables	4,918	3,805	3,558
Inventory	600	596	600
Other current assets	3,362	2,961	3,077
<b>Current Assets</b>	<b>30,880</b>	<b>37,234</b>	<b>30,710</b>
<b>Non-current Assets</b>	<b>18,924</b>	<b>20,657</b>	<b>18,489</b>
<b>Fixed Assets, net</b>	<b>16,915</b>	<b>16,684</b>	<b>15,289</b>
<b>Intangible Assets, net</b>	<b>19,904</b>	<b>19,065</b>	<b>17,337</b>
<b>Total Assets</b>	<b>86,623</b>	<b>93,640</b>	<b>81,825</b>
Credit from banks and current maturities of long-term loans	1,509	1,479	583
Deferred revenues	5,139	7,880	6,747
Trade payables	2,287	1,628	1,502
Income tax payable	2,925	3,112	2,776
Other accounts payable	8,310	5,826	6,718
<b>Current Liabilities</b>	<b>20,170</b>	<b>19,925</b>	<b>18,326</b>
Long-term loans from banks and others	-	4,076	-
Accrued severance pay	792	706	777
Provisions	976	1,704	1,422
Deferred revenues	165	2,493	1,895
Deferred taxes	333	115	332
<b>Non-current Liabilities</b>	<b>2,266</b>	<b>9,094</b>	<b>4,426</b>
<b>Total liabilities</b>	<b>22,436</b>	<b>29,019</b>	<b>22,752</b>
Equity attributable to SHL shareholders:			
Share capital	31	31	31
Additional paid-in capital	92,905	92,532	92,738
Treasury shares	(1,561)	(1,102)	(1,405)
Foreign currency translation reserve	1,727	7,552	1,026
Available-for-sale reserve	348	(595)	(66)
Accumulated deficit	(29,263)	(33,856)	(33,251)
	<b>64,187</b>	<b>64,562</b>	<b>59,073</b>
Minority interests	-	59	-
<b>Total Equity</b>	<b>64,187</b>	<b>64,621</b>	<b>59,073</b>
<b>Liabilities and Equity</b>	<b>86,623</b>	<b>93,640</b>	<b>81,825</b>

<b>Statements of Income</b> (USD thousands, except per share data)	<b>Q3 09</b>	<b>Q3 08</b>	<b>9M 09</b>	<b>9M 08</b>	<b>2008</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	12,708	11,824	34,743	33,265	44,554
Depreciation and amortization	634	*)769	1,801	*)2,253	2,831
Cost of sales	3,678	*)3,357	9,977	*)9,638	12,791
<b>Gross Profit</b>	<b>8,396</b>	<b>7,698</b>	<b>22,965</b>	<b>21,374</b>	<b>28,932</b>
Research and development costs, net	368	254	863	787	1,003
Selling and marketing expenses	3,814	3,313	9,980	9,268	12,160
General and administrative expenses	2,353	2,784	7,004	8,315	11,527
<b>Operating profit</b>	<b>1,861</b>	<b>1,347</b>	<b>5,118</b>	<b>3,004</b>	<b>4,242</b>
Financial income	1,349	766	3,048	7,539	8,198
Financial expenses	(1,283)	(1,346)	(2,467)	(11,338)	(12,608)
Other income (expenses), net	(127)	5	(189)	(434)	(1,062)
<b>Profit (loss) before taxes on income</b>	<b>1,800</b>	<b>772</b>	<b>5,510</b>	<b>(1,229)</b>	<b>(1,230)</b>
Taxes on income (tax benefit)	578	428	1,522	(2,857)	(3,463)
<b>Profit</b>	<b>1,222</b>	<b>344</b>	<b>3,988</b>	<b>1,628</b>	<b>2,233</b>
<b>Basic and diluted profit per share</b>	<b>0.12</b>	<b>0.03</b>	<b>0.38</b>	<b>0.15</b>	<b>0.21</b>

\*) Reclassified



Statements of Cash Flows (USD thousands)	Q3 09	Q3 08	9M 09	9M 08	2008
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Profit	1,222	344	3,988	1,628	2,233
Adjustment required to reconcile profit to net cash provided by (used in) operating activities	1,238	(348)	279	(11,826)	(9,783)
<b>Net Cash provided by (used in) Operating Activities</b>	<b>2,460</b>	<b>(4)</b>	<b>4,267</b>	<b>(10,198)</b>	<b>(7,550)</b>
Purchase of fixed assets	(1,072)	(704)	(3,902)	(2,558)	(3,595)
Acquisition of business activities	(1,299)	-	(1,389)	-	-
Cash refunded upon sale of subsidiary	-	-	-	(488)	(488)
Investment in intangible assets	(383)	(633)	(1,114)	(1,248)	(1,654)
Proceeds from sale of fixed assets	-	11	-	47	46
Proceeds from sale of long-term deposits	-	-	-	4,200	4,200
Purchase of available-for-sale investments	(6,637)	(10,865)	(12,309)	(64,251)	(69,433)
Proceeds from sale of available-for-sale investments	1,986	18,747	13,652	38,733	48,100
<b>Net Cash provided by (used in) Investing Activities</b>	<b>(7,405)</b>	<b>6,556</b>	<b>(5,062)</b>	<b>(25,565)</b>	<b>(22,824)</b>
Proceeds from exercise of options	22	20	22	96	260
Repayment of long-term loans from banks and others	-	(14,119)	-	(25,868)	(29,834)
Short-term bank credit, net	781	1,005	664	(22,703)	(22,440)
Distributions to minority interest	-	-	-	(29)	(88)
Treasury shares purchased	(17)	(243)	(156)	(833)	(1,136)
Dividend paid	-	-	-	(3,955)	(3,955)
<b>Net Cash provide by (used in) Financing Activities</b>	<b>786</b>	<b>(13,337)</b>	<b>530</b>	<b>(53,292)</b>	<b>(57,193)</b>
Effect of exchange rate changes on cash and cash equivalents	46	(766)	31	8,384	6,286
<b>Decrease in cash and cash equivalents</b>	<b>(4,113)</b>	<b>(7,551)</b>	<b>(234)</b>	<b>(80,671)</b>	<b>(81,281)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>7,144</b>	<b>11,426</b>	<b>3,265</b>	<b>84,546</b>	<b>84,546</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>3,031</b>	<b>3,875</b>	<b>3,031</b>	<b>3,875</b>	<b>3,265</b>