



Press release

SHL Telemedicine Reports Fourth Quarter and Fiscal Year 2014 Financial Results

Continued progress towards further growth:

- *Acquisition of GPH strengthens German market leadership – leading to strong growth with enhanced profitability, already in 2015*
- *Signed first international distribution agreement for smartheart*
- *Expecting additional agreements in the U.S and APAC*

Financial Highlights for the year:

- *Revenues for 2014 of USD 40.0 million, up 34.7% from USD 29.7 million in 2013*
- *EBITDA for the year of USD 7.4 million (18.5% of revenues)*
- *EBIT for the year of USD 1.3 million (3.3% of revenues)*
- *Net profit for the year of USD 0.8 million (2.0% of revenues)*
- *Expecting top line growth in constant currency of more than 20% in 2015*

Tel Aviv/Zurich, 25 March 2015 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN OTCPK: SMDCY), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the fourth quarter and fiscal year 2014.

Business Review

Germany

In Germany, SHL continued to strengthen its position as the leading provider of telehealth services and has successfully integrated almeda which was acquired in late 2013.

Earlier this month, SHL acquired GPH (Gesellschaft für Patientenhilfe) based in Munich from Alere, Inc. GPH's nationwide German telemedicine program Cordiva currently cares for about 10,000 chronic heart failure patients in daily regular care. GPH has AOK Bayern and AOK North East amongst its major clients.

The acquisition represents a natural fit to SHL's German business and is expected to contribute annual revenues of USD 9.0 to 10.0 million and be accretive, already in 2015; consequently, it is anticipated to provide overall enhanced profitability to the combined German operations.

Israel

2014 was another strong year for SHL's Israeli business, with improved margins, profitability and cash flow. SHL's loyal subscriber base continues to show high satisfaction rates from the personal consumer services and health insurers continue to increase adoption of SHL's service offerings among chronically ill patients.

U.S and APAC

As part of SHL's global expansion strategy, the company has been gradually increasing its investments in the U.S. and APAC markets. As a first step, SHL has been securing relationships with partners within the medical ecosystem in order to establish product and service credibility. As such, the smartheart is being used already by approximately 100 clinics and hospitals in the U.S. and APAC. In tandem, SHL has been working on establishing sales channels, both to directly to consumers and to medical professionals, through customary distribution channels and partners. The first distribution agreement was signed with USCI in Japan, and SHL expects additional agreements with other partners to be finalized in the coming months.

Financial Highlights

Over the course of 2014, revenues increased considerably year over year due primarily to the growth in SHL's German business. Even with the increased investments in geographical expansion, SHL's financial performance has strengthened, with improved gross profit and operating results.

In Q4 2014 the USD significantly appreciated against the Israeli Shekel (NIS) and the EUR, accelerating a trend observed since August 2014. Thus, SHL's revenues, which are presented in USD, are lower than in the previous quarters, with a corresponding decline in expenses – a purely translational effect.

Revenues for the quarter grew by 16.9% (28.6% at constant exchange rates*) and amounted to USD 9.0 million (USD 9.9 million in constant currency) compared to USD 7.7 million in Q4 2013.

For the entire year revenues grew by 34.7% (34.0% at constant exchange rates*) and amounted to USD 40.0 million compared to USD 29.7 million in 2013.

Gross profit for the quarter amounted to USD 4.9 million (54.4% of revenues) compared to USD 4.4 million (57.1% of revenues) in Q4 2013. In 2014, gross profit amounted to USD 22.3 million (55.8% of revenues) compared to a gross profit of USD 15.9 million (53.5% of revenues) in 2013.

EBITDA for the quarter amounted to USD 2.0 million (22.2% of revenues) with **EBIT** for the quarter amounting to USD 0.6 million, compared with an EBITDA of USD 4.3 million and EBIT of USD 3.1 million in Q4 2013. In 2014, EBITDA amounted to USD 7.4 million (18.5% of revenues) with an EBIT of USD 1.3 million (3.3% of revenues), compared with an EBITDA of USD 8.1 million and an EBIT of USD 3.1 million in 2013.

In 2013 the company recorded a gain of USD 8.5 million from the acquisition of German almeda, thus excluding such one-time gain, operating profit improved significantly.

Net Profit for the quarter was USD 0.5 million (USD 0.05 per share) compared to a net income of USD 3.7 million (USD 0.36 per share) for the fourth quarter of 2013. For 2014, net income amounted to USD 0.8 million (USD 0.08 per share) compared to a net income of USD 2.2 million (USD 0.22 per share) in 2013. Again, excluding such one-time gain recorded in 2013 net profit for the quarter and for the year has improved considerably.

Cash Flow from operations in the quarter was USD 0.1 million compared to a negative operating cash flow of USD 0.1 million in Q4 2013. Cash used in operations during the year amounted to USD 3.1 million compared to USD 2.6 million, excluding one-time payment of USD 5.2 million received in the first quarter of 2013. Cash, cash equivalents and marketable securities amounted to USD 17.7 million at December 31, 2014.

Balance sheet. SHL's assets at 31 December 2014 totalled USD 92.1 million with shareholders' equity amounting to USD 61.4 million (66.7% of balance sheet) compared to assets of USD 107.8 million with shareholders' equity amounting to USD 68.9 million at 31 December 2013. The decrease in the reported shareholders' equity and total assets is mainly attributable to the appreciation of the USD against the NIS resulting in a corresponding decrease of the foreign currency translation reserve in the equity section in the amount of USD 7.7 million.

Outlook

SHL's management expects its growth strategy will result in continued expansion in 2015. Top line is foreseen to grow more than 20% year-over-year in constant currency.

SHL's annual report 2014 is available for download on

<http://www.shl-telemedicine.com/about-us/investorrelations/financial-reports-pres-2015/>

SHL Telemedicine – consolidated key figures – Q4 14

in USD million (except per share amounts)	Q4 2014 Unaudited	Q4 2013 Unaudited	% change	Q4 2014 in constant currency	% change
Revenues	9.0	7.7	16.9%	9.9	28.6%
Gross profit	4.9	4.4	11.4%	5.4	22.7%
%	54.4%	57.1%		54.5%	
EBIT	0.6	3.1	(80.6%)	0.5	(83.9%)
%	6.7%	40.3%		5.1%	
EBITDA	2.0	4.3	(53.5%)	2.2	(48.8%)
%	22.2%	55.8%		22.2%	
Net income	0.5	3.7	(86.5%)	0.5	(86.5%)
	5.6%	48.1%		5.0%	
Basic EPS	0.05	0.36	(86.1%)	0.04	(86.9%)

SHL Telemedicine – consolidated key figures – 2014

in USD million (except per share amounts)	2014 Audited	2013 Audited	% change	2014 in constant currency	% change
Revenues	40.0	29.7	34.7%	39.8	34.0%
Gross profit	22.3	15.9	40.3%	22.2	39.6%
%	55.8%	53.5%		55.8%	
EBIT	1.3	3.1	(58.1%)	1.3	(58.1%)
%	3.3%	10.4%		3.2%	
EBITDA	7.4	8.1	(8.6%)	7.3	(9.9%)
%	18.5%	27.3%		18.3%	
Net income	0.8	2.2	(63.6%)	0.8	(63.6%)
	2.0%	7.4%		2.0%	
Basic EPS	0.08	0.22	(63.6%)	0.08	(63.6%)

* Constant currency - In order to enable meaningful comparison between the 2014 and 2013 results, 2014 results 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 - Q4 14

	Israel		Germany	
	USD m	% of total	USD m	% of total
Q4 2014	5.4	60.0%	3.6	40.4%
Q4 2013	6.1	79.2%	1.6	20.8%
Q4 2014 (constant currency)	6.0	60.6%	3.9	39.4%
% change in constant currency	(1.6%)		143.8%	

Revenues by geographic distribution - 2014

	Israel		Germany	
	USD m	% of total	USD m	% of total
12M 2014	23.7	59.3%	16.3	40.7%
12M 2013	23.6	79.5%	6.1	20.5%
12M 2014 (constant currency)	23.4	58.8%	16.4	41.2%
% change in constant currency	(0.8%)		168.9%	

Financial calendar 2015

March 25, 2015	Publication of annual report
May 20, 2015	Q1 Results
August 19, 2015	Q2 Results
November 18, 2015	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, the United States and APAC 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: OTCPK: 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)	31.12.2014 <i>Audited</i>	31.12.2013 <i>Audited</i>
Cash and cash equivalents	3,351	8,732
Short-term investments	14,316	19,661
Trade receivables	15,263	10,479
Inventory	2,483	869
Other current assets	4,726	7,274
Current Assets	40,139	47,015
Non-Current Assets	10,618	11,632
Property and equipment, net	12,653	15,982
Intangible Assets, net	28,717	33,146
Total Assets	92,127	107,775
Credit from banks and current maturities	10,244	10,477
Deferred revenues	66	330
Trade payables	983	1,433
Other accounts payable	4,701	4,568
Other liabilities	375	2,504
Current Liabilities	16,369	19,312
Long-term loans	12,931	18,205
Deffered revenues	673	543
Employee benefit liabilities	758	805
Non-current Liabilities	14,362	19,553
Total liabilities	30,731	38,865
Equity:		
Issued capital	31	31
Additional paid-in capital	95,189	95,014
Treasury shares	(2,619)	(2,774)
Foreign currency translation reserve	(1,532)	6,148
Capital reserve for available-for-sale investments and remeasurement gains on defined benefit plans	640	1,633
Accumulated deficit	(30,313)	(31,142)
Total Equity	61,396	68,910
Total liabilities and Equity	92,127	107,775

Consolidated Statements of Comprehensive Income (USD thousands, except per share data)	Q4 14 <i>Unaudited</i>	Q4 13 <i>Unaudited</i>	2014 <i>Audited</i>	2013 <i>Audited</i>
Revenues	9,048	7,733	39,976	29,674
Depreciation and amortization	559	439	2,344	2,127
Cost of revenues	3,548	2,892	15,368	11,607
Gross Profit	4,941	4,402	22,264	15,940
Research and development costs	610	616	2,492	2,206
Selling and marketing expenses	2,862	2,305	11,430	8,787
General and administrative expenses	920	6,823	7,193	10,341
Gain from almeda acquisition	-	(8,492)	(137)	(8,492)
Operating income	549	3,150	1,286	3,098
Financial income	862	342	2,376	956
Financial expenses	(814)	(790)	(1,809)	(2,515)
Income before taxes on income	597	2,702	1,853	1,539
Taxes on income (tax benefit)	108	(1,025)	1,024	(693)
Net income	489	3,727	829	2,232
Other Comprehensive income not to be reclassified to profit or loss in subsequent periods:				
Remeasurement gains on defined benefit plans	33	233	33	233
Other Comprehensive income to be reclassified to profit or loss in subsequent periods	33	233	33	233
Transfer to profit or loss in respect of available-for-sale investments	(296)	43	(1,075)	146
Gain on available-for-sale investments	32	291	49	406
Foreign currency translation reserve	(2,768)	972	(7,680)	4,088
	(3,032)	1,306	(8,706)	4,640
Total comprehensive income (loss)	(2,510)	5,266	(7,844)	7,105
Basic and diluted earnings per share	0.05	0.36	0.08	0.22

Statements of Cash Flows (USD thousands)	Q4 14 <i>Unaudited</i>	Q4 13 <i>Unaudited</i>	2014 <i>Audited</i>	2013 <i>Audited</i>
Net income	489	3,727	829	2,232
Adjustment required to reconcile net income to net cash provided by (used in) operating activities	(429)	(3,842)	(3,946)	400
Net cash provided by (used in) Operating Activities	60	(115)	(3,117)	2,632
Purchase of property and equipment	(463)	(852)	(2,268)	(2,200)
Investment in intangible assets	(867)	(376)	(2,011)	(1,878)
Acquisition of almeda	-	2,920	1,149	2,920
Proceeds from sale of property and equipment	65	5	65	29
Purchase of short-term investments	(406)	(3,251)	(13,943)	(8,511)
Proceeds from sale of short-term investments	589	1,907	17,731	6,402
Net cash provided by (used in) Investing Activities	(1,082)	353	723	(3,238)
Proceeds from exercise of options	(62)	321	8	486
Short-term bank credit, net	1,269	9	840	1,053
Payment of long-term loans	(672)	(856)	(3,451)	(3,267)
Treasury shares purchased	-	-	-	(36)
Net cash provided by (used in) Financing Activities	535	(526)	(2,603)	(1,764)
Exchange differences on balances of cash and cash equivalents	(150)	(1)	(384)	489
Decrease in cash and cash equivalents	(637)	(289)	(5,381)	(1,881)
Cash and cash equivalents at the beginning of the year	3,988	9,021	8,732	10,613
Cash and cash equivalents at the beginning of the year	3,351	8,732	3,351	8,732