



SHL Telemedicine Q2/H1 2011 Results 24 August 2011

Conference Call, 11.00 am CET - Dial-in numbers :

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SHL at a glance

Facts

- Leading provider of technologically advanced telemedicine services and solutions
- The services and solutions improve quality of life for our subscribers and enable cost savings for the health services community
- Focus on cardiovascular and related diseases, i.e.:
 - ECG monitoring (Israel, Germany and UK)
 - Congestive Heart Failure (Germany)
- Technological innovation; ongoing development of IT based services and solutions
- Active in Israel, Germany and USA
- Incorporated in 1987, listed on the Swiss Stock Exchange (Zurich)

Figures

- Over 20 years of experience
- Global long-term subscriber base
 - Over 70,000 subscribers
 - Average age of ~ 66(*)
 - Average time on service ~ 8(*) years
 - Over 400 thousand calls conducted yearly in Israel and Germany
 - Over 1.5 million telemedicine device transmissions received in 2010

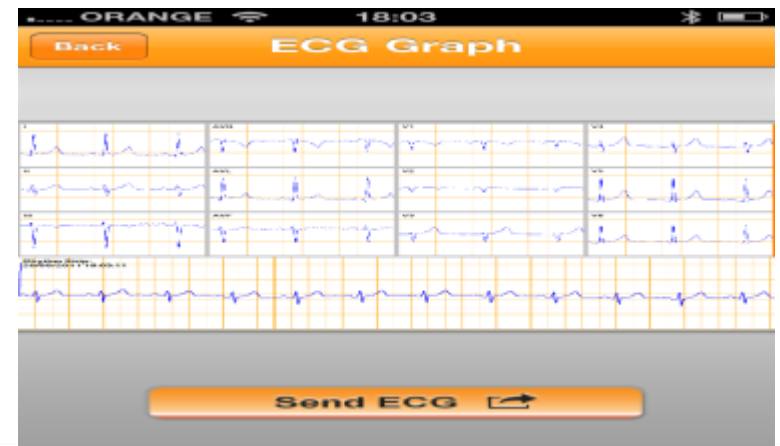
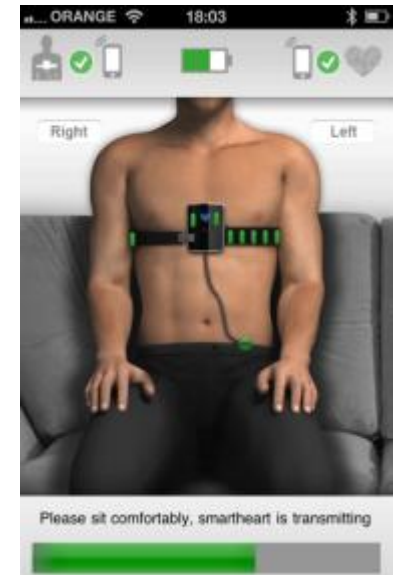
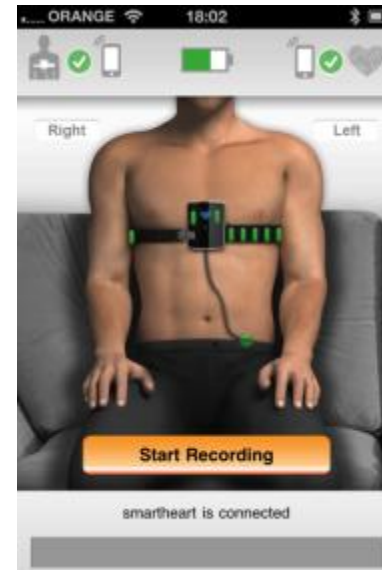


* excluding German subscribers

Q2 2011 Business Review

- Germany:
 - SHL continues concentrating on negotiating high value contracts with the large health insurers.
 - SHL streamlined operations in Dusseldorf to accommodate for the lower capacity currently needed.
 - Diabetiva - a new study by Westdeutsche Zentrum für Diabetes (West German Center for Diabetes) affiliated to Katholische Kliniken (catholic hospitals) published showed significant improvement of HbA1c (glycated hemoglobin) as well as cardiovascular risk factors and lower depression rates.
- Israel
 - Continued its good financial performance, showing improved operating margins.
 - Recruitment of many new patients based on agreements signed with Israeli health insurers.

- Within 30 seconds, any end user is able to record a Hospital-Grade ECG and transmit it to his Doctor, Cardiologist, upload it to his Personal Health Record or send it to a hospital and get a medical diagnosis in real time.
- Smartheart can be used by anyone, anywhere, anytime, whether at home, in the office or on the road.
- Smartheart is the world smallest Hospital-Grade ECG that can be used by a non-professional end-user, is slightly bigger than an iPhone 4 and weighs slightly less than an iPhone 4.



Q2/H1 2011 Financial Highlights

- Although revenues declined during the period, gross and operating margins remained fairly steady thanks mainly to significantly lower investments in the consumer market initiatives and streamlining operations in Germany.
- Dividend declared of USD 0.66 per share, totaling USD 7 million payable on September 23, 2011 to shareholders of record on September 22, 2011.
- Approved share repurchase increase of an additional USD 2 million.
- Negotiated Long-term loans of USD 29.3 million (NIS 100 million) from financial institutions. Loans spread over an 8 year term, are denominated in NIS, bear an annual interest of 3.8%-3.9% and are linked to the Israeli CPI.

Q2 2011 results P&L

USD millions	Q2 2011	Q2 2010	% change	Q2 2011 (constant currency)	% change (constant currency)
Revenues	11.6	12.0	(3.3)%	10.6	(11.7)%
COGS	4.0	3.9	2.6%	3.6	(7.7)%
Gross Profit	7.6	8.1	(6.2)%	7.0	(13.6)%
% of revenues	65.5%	67.5%		66.0%	
Operating expenses	6.1	6.6	(7.6)%	5.4	(18.2)%
EBIT	1.5	1.5	-	1.6	6.7%
% of revenues	12.9%	12.5%		15.1%	
EBITDA	2.7	2.8	(3.6)%	2.7	(3.6)%
% of revenues	23.3%	23.3%		25.5%	
Financial & other expenses (income)	0.1	(0.5)	n.a.	0.1	n.a.
Taxes on income	0.2	0.5	(60.0)%	0.2	(60.0)%
Net income	1.2	1.5	(20.0)%	1.3	(13.3)%
EPS	0.11	0.14	(21.4)%	0.13	(7.1)%

Constant currency exchange rates - In order to enable meaningful comparison between the 2011 and 2010 results, 2011 results are also presented at constant currency exchange rates. These are calculated by translating the 2011 results using the average exchange rates used for calculating the 2010 results 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/Euro exchange rates.

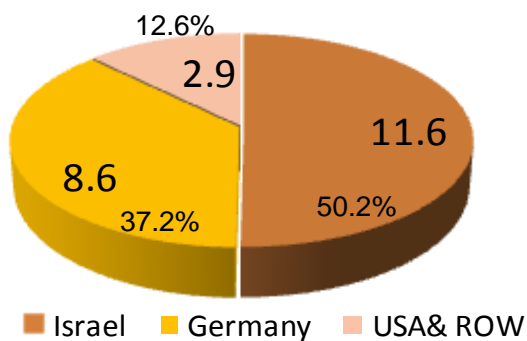
H1 2011 results P&L

USD millions	H1 2011	H1 2010	% change	H1 2011 (constant currency)	% change (constant currency)
Revenues	23.1	24.4	(5.3)%	21.9	(10.2)%
COGS	8.0	8.2	(2.4)%	7.4	(9.8)%
Gross Profit	15.1	16.2	(6.8)%	14.5	(10.5)%
% of revenues	65.4%	66.4%		66.2%	
Operating expenses	12.3	13.0	(5.4)%	11.4	(12.3)%
EBIT	2.8	3.2	(12.5)%	3.1	(3.1)%
% of revenues	12.1%	13.1		14.2%	
EBITDA	5.3	5.9	(10.2)%	5.3	(10.2)%
% of revenues	22.9%	24.2%		24.2%	
Financial & other expenses (income)	0.2	(0.7)	n.a.	0.2	n.a.
Taxes on income	0.4	0.8	(50.0)%	0.4	(50.0)%
Net income	2.2	3.1	(29.0)%	2.5	(19.4)%
EPS	0.21	0.29	(27.6)%	0.23	(20.7)%

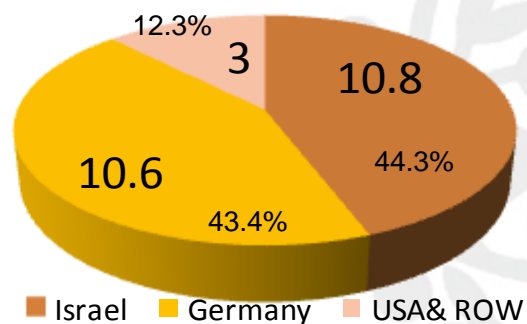
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Revenues by geographic distribution

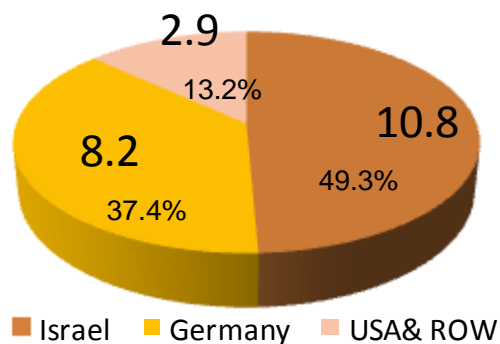
H1 2011



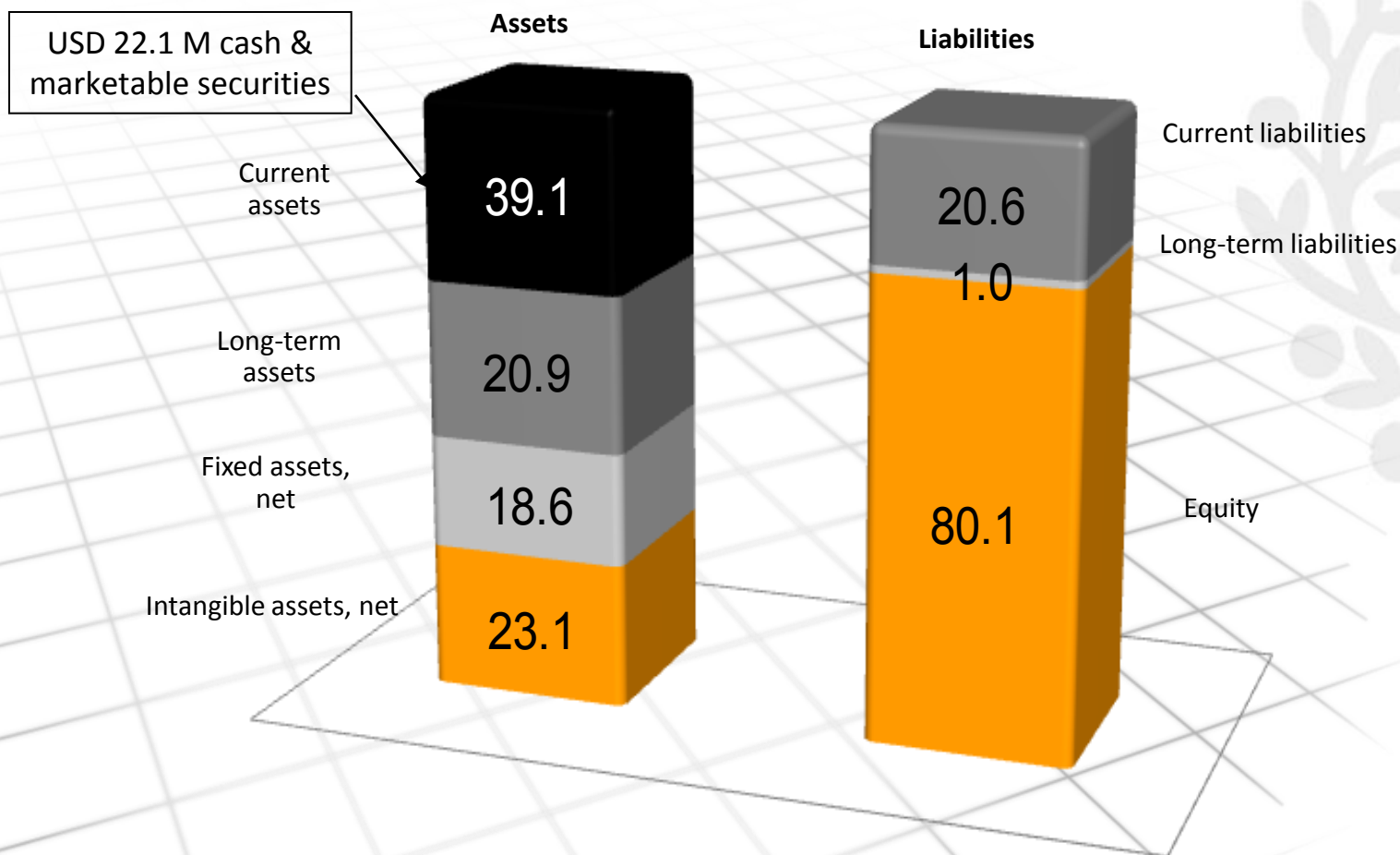
H1 2010



H1 11 (constant currency)



30.06.2011 balance sheet



H1 2011 cash flow statements

USD millions	H1 2011	H1 2010	<i>Diff</i>	2010
Cash provided by (used in) Operating activities	(2.0)	3.4	(5.4)	3.0
Cash used in Investing activities (ex. marketable securities)	(3.1)	(3.5)	0.4	(6.1)
Cash provided by (used in) financing activities	6.4	(0.1)	6.5	2.0
Effect of exchange rate changes	0.6	(0.3)	0.9	1.2
Increase (decrease) in cash, cash equivalents & marketable securities	1.9	(0.5)	2.4	0.1
Cash, cash equivalents & marketable securities at beginning of period	20.2	20.1	0.1	20.1
Cash, cash equivalents & marketable securities at end of period	22.1	19.6	2.5	20.2



Thank you



Appendix

SHL's business lines

B2C model

B2B model

Trends	Aging population, cost pressure, consumerism	
Platforms	Medical monitoring center, proprietary IT systems	
Countries	Israel Market entry in Germany / UK	Germany
Services	ECG monitoring; consulting / reassuring	Monitoring of congestive heart failure, diabetes, COPD
Models / clients	Private pay / out of pocket	Health insurers / reimbursement
Main benefits	Save lives, peace of mind	Cost saving, stabilizing condition
Market / growth	Israel: mature / single digit Other: early stage / double digit	Early stage / double digit

SHL's Disease Focus

	Disease characteristics	Telemedicine solution
Cardiac events	<ul style="list-style-type: none"> ~47% of people with coronary heart attack die (50% before reaching hospital) ~10% of survivors die within 1 year Many unnecessary hospitalizations: 80% of admitted patients have no MI 	<ul style="list-style-type: none"> Major benefits <ul style="list-style-type: none"> 24/7 emergency monitoring, peace of mind Patients call earlier and damage to heart muscle is reduced Tools: Cardio Sen'C or Cardio'B
Congestive heart failure (CHF)	<ul style="list-style-type: none"> Heart failure most frequent reason for hospital admission in Germany These hospitalization costs account for ~ 50% to 70% of the health costs of patients with heart failure 	<ul style="list-style-type: none"> Major benefit <ul style="list-style-type: none"> Stabilizing health of patients, better compliance Significant cost reduction to health insurer Tools: HomeCareCenter, TeleWeight, TelePress
Diabetes	<ul style="list-style-type: none"> About 10% of Western population has diabetes, above age 60 even 18-28% Risk of MI is 3.9-5.9 fold increased 	<ul style="list-style-type: none"> Major benefit <ul style="list-style-type: none"> Better metabolic control, quality of life, and less vascular complications Significant cost reduction to health insurer Tools: HomeCareCenter, Glucometer
Chronic Obstructive Pulmonary Disease (COPD)	<ul style="list-style-type: none"> In Europe ~ 4% - 10% of adults have COPD, 75% of them are undiagnosed Total cost of COPD in Europe approx. 50 bn a year 	<ul style="list-style-type: none"> Major benefit <ul style="list-style-type: none"> Significant cost reduction to health insurer by increasing compliance Possibility to foresee potential attacks Tools: HomeCareCenter, Respirometer

Investor information

Data

- IR Agenda 2011
 - 16 November Q3 results
- 10,784,257 registered shares with a par value of NIS 0.01 each
- Listed at SIX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- Price high/low (CHF), 2011 7.55/4.5
- Market cap high/low (CHF m), 2011 81.4/48.5
- Market cap 30.06.11 (CHF m) 58.1
- No voting restrictions

Contacts

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Erez Alroy has been an executive manager of SHL since its inception. Prior to his current position as Co-CEO he served as SHL Israel's managing director and as SHL Israel's sales manager and vice-president of marketing. Erez Alroy holds an MBA from the Hebrew University, Jerusalem.

Eran Antebi, CFO

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Eran Antebi joined SHL in May 2004 as CFO of Shahal Israel and was appointed CFO of SHL in May 2008. Prior to joining SHL, he was a manager with Ernst & Young in Israel. Eran Antebi is a certified public accountant (CFA) in Israel and has a B.A. in accounting and economics from the University of Tel Aviv.