



Press release

SHL Telemedicine reports third quarter and nine months 2011 results

Third Quarter highlights

- Revenues of USD 10.2 million.
- EBITDA of USD 2.3 million (22.5% of revenues).
- EBIT of USD 1.1 million (10.8% of revenues).
- Net income of USD 1.4 million (13.7% of revenues).
- Dividend paid of USD 0.66 per share.

Tel Aviv/Zurich, 29 November 2011 - 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 nine months 2011.

Erez Alroy, Co-CEO of SHL Telemedicine, stated: "During the third quarter SHL's business continued to operate as anticipated. In Germany we adapted our capacity to reflect reduced ongoing operations while making major steps forward in completing significant contracts with a number of healthcare insurers. The Israeli operations are continuing to provide a solid platform to produce satisfactory performance."

Financial Highlights

Revenues for the third quarter amounted to USD 10.2 million compared to USD 12.4 million in Q3 2010. Revenues for the nine months of the year amounted to USD 33.3 million compared to USD 36.7 million in the nine months of 2010. This represents a decline of 17.7% (at constant exchange rates 24.2%) for the quarter and a decline of 9.3% (at constant exchange rates 14.7%) for the nine months compared to the same period in 2010. The decline in revenues, as anticipated, stems from SHL's operation in Germany where an important contract with a merging health insurer was not renewed leading to an on-going decline in patients in service and from the expected decline in revenues from the Raytel/Philips deal.

Although revenues declined during the period, operating margins remained fairly steady thanks mainly to significantly lower investments in the consumer market initiatives and streamlining operations in Germany.

Gross profit for the quarter amounted to USD 6.4 million (62.7% of revenues) compared to USD 8.2 million (66.1% of revenues) in Q3 2010. In the nine months gross profit amounted to USD 21.5 million (64.6% of revenues) compared to USD 24.4 million (66.5% of revenues) in the nine months of 2010.

EBITDA for the quarter amounted to USD 2.3 million (22.5% of revenues) compared to an EBITDA of USD 2.7 million (21.8% of revenues) in Q3 2010. EBITDA for the nine months amounted to USD 7.6 million (22.8% of revenues) compared to an EBITDA of USD 8.6 million (23.4% of revenues) in the comparable period last year.

EBIT for the quarter amounted to USD 1.1 million (10.8 % of revenues) against an EBIT of USD 1.3 million (10.5% of revenues) in Q3 2010. EBIT for the nine months amounted to USD



3.9 million (11.7% of revenues) compared to an EBIT of USD 4.5 million (12.3% of revenues) in the nine months of 2010.

SHL's net income for the quarter reached USD 1.4 million (USD 0.14 per share) up from USD 0.8 million (USD 0.08 per share) in the third quarter of 2010. The improved net income for the quarter is mainly due to exchange rate gains on SHL's US dollar assets. For the nine months, SHL's net income amounted to USD 3.6 million (USD 0.35 per share) compared to USD 3.9 million (USD 0.37 per share) in the nine months of 2010.

Cash used in operations for the third quarter and nine months amounted to USD 2.4 million and USD 4.4 million, respectively compared to cash generated of USD 0.5 million and USD 4.0 million in the third quarter and nine months of 2010, respectively. Cash, cash equivalents and marketable securities at September 30, 2011 amounted to USD 35.8 million.

Balance sheet. SHL's assets at 30 September 2011 totalled USD 112.9 million with shareholders' equity amounting to USD 68.6 million (60.8% of balance sheet) compared to assets of USD 95.1 million and shareholders' equity of USD 74.7 million at 31 December 2010. The decline in shareholders' equity is due to the distribution of the dividend of USD 6.9 million in September.

Dividend and share repurchase

Following the receipt of a further payment from Philips relating to the Raytel transaction, SHL's Board of Directors declared a dividend of USD 0.66 per share that totaled USD 6.9 million and was paid on September 23, 2011. The Board of Directors also approved to increase the aggregate share re-purchase amount by an additional USD 2 million.

Long-term loans

In order to benefit from the availability of long term finance in the Israeli market at satisfactory interest rates, SHL negotiated long-term loans during July from financing institutions in the amount of USD 29.3 million (NIS 100 million). The loans are 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.

SHL Telemedicine – consolidated key figures

Q3 2011

in USD million (except per share amounts)	Q3 2011	Q3 2010	% change	Q3 2011 (constant currency)	% change (constant currency)
Revenues	10.2	12.4	(17.7)%	9.4	(24.2)%
Gross profit	6.4	8.2	(22.0)%	5.9	(28.0)%
%	62.7%	66.1%		62.8%	
EBITDA	2.3	2.7	(14.8)%	2.1	(22.2)%
%	22.5%	21.8%		22.3%	
EBIT	1.1	1.3	(15.4)%	1.0	(23.1)%
%	10.8%	10.5%		10.6%	
Net income	1.4	0.8	75.0%	1.4	75.0%
Basic EPS	0.14	0.08	72.2%	0.14	72.2%



SHL Telemedicine – consolidated key figures

9M 2011

in USD million (except per share amounts)	9M 2011	9M 2010	% change	9M 2011	% change
Revenues	33.3	36.7	(9.3)%	31.3	(14.7)%
Gross profit	21.5	24.4	(11.9)%	20.3	(16.8)%
%	64.6%	66.5%		64.9%	
EBITDA	7.6	8.6	(11.6)%	7.3	(15.1)%
%	22.8%	23.4%		23.3%	
EBIT	3.9	4.5	(13.3)%	3.9	(13.3)%
%	11.7%	12.3%		12.5%	
Net income	3.6	3.9	(7.7)%	3.6	(7.7)%
Basic EPS	0.35	0.37	(6.0)%	0.35	(6.0)%

* Constant currency - 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 2010 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

Q3 2011

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q3 2011	5.6	54.9%	3.5	34.3%	1.1	10.8%
Q3 2010	5.3	42.7%	5.3	42.7%	1.8	14.6%
Q3 2011 (constant currency)	5.3	56.4%	3.0	31.9%	1.1	11.7%

Revenues by geographic distribution

9M 2011

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
9M 2011	17.2	51.7%	12.1	36.3%	4.0	12.0%
9M 2010	16.0	43.6%	15.9	43.3%	4.8	13.1%
9M 2011(constant currency)	16.1	51.4%	11.2	35.8%	4.0	12.8%

Conference Call, today, 11.00 am CET

SHL will hold a call to discuss the Q3 / 9M 11 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)91 610 56 00
From UK: +44 (0)203 059 58 62



From Israel: 1 80 921 44 27

Slides are available at

<http://www.shl-telemedicine.com/investors-relations/analysts-presentation/>

IR Agenda 2012

FY 2011	28 March 2012
Q1 results	30 May 2012
AGM	12 June 2012
Q2 results	22 August 2012
Q3 results	21 November 2012

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.

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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.

Balance-Sheets (USD thousands)	30.9.2011	30.9.2010	31.12.2010
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	6,743	2,509	2,609
Short-term deposit	12,458	-	-
Restricted cash	102	-	-
Available-for-sale investments	16,447	17,343	17,603
Trade receivables	16,134	6,216	7,984
Other current assets	3,404	3,004	2,883
Current Assets	55,288	29,072	31,079
Long-term Assets	19,284	26,879	24,592
Fixed Assets, net	16,708	17,747	17,953
Intangible Assets, net	21,582	20,474	21,440
Total Assets	112,862	94,172	95,064
Credit from banks and current maturities	9,695	840	2,362
Deferred revenues	952	7,551	5,155
Trade payables	1,148	1,763	1,996
Income tax payable	1,077	2,914	1,059
Provisions	2,613	2,722	2,567
Other accounts payable	4,137	5,831	6,207
Current Liabilities	19,622	21,621	19,346
Long-term loans	23,591	-	-
Accrued severance pay	868	705	796
Deferred taxes	154	451	226
Long-term Liabilities	24,613	1,156	1,022
Total liabilities	44,235	22,777	20,368
Equity:			
Issued capital	31	31	31
Additional paid-in capital	93,793	93,284	93,406
Treasury shares	(1,665)	(1,571)	(1,573)
Foreign currency translation reserve	2,876	3,595	5,787
Capital reserve for available-for-sale investments	(113)	48	58
Accumulated deficit	(26,295)	(23,992)	(23,013)
Total Equity	68,627	71,395	74,696
Liabilities and Equity	112,862	94,172	95,064



Statements of Income (USD thousands, except per share data)	Q3 11	Q3 10	9M 11	9M 10	2010
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	10,214	12,368	33,308	36,729	50,252
Depreciation and amortization	595	587	1,864	1,618	2,287
Cost of revenues	3,254	3,605	9,939	10,735	14,692
Gross Profit	6,365	8,176	21,505	24,376	33,273
Research and development costs, net	320	335	946	1,164	1,597
Selling and marketing expenses	2,262	3,438	7,736	10,946	14,747
General and administrative expenses	2,699	3,094	8,896	7,725	10,945
Operating income	1,084	1,309	3,927	4,541	5,984
Financial income	1,402	546	3,517	2,898	3,791
Financial expenses	(777)	(929)	(3,079)	(2,554)	(3,723)
Income before taxes on income	1,709	926	4,365	4,885	6,052
Taxes on income	261	111	706	1,003	1,191
Net income	1,448	815	3,659	3,882	4,861
Other Comprehensive income:					
Exchange differences from foreign currency translation	(6,172)	3,760	(2,911)	2,098	4,290
Transfer to the statement of income in respect of available-for-sale investments	24	73	96	(272)	280
Net gain (loss) on available-for-sale investments	60	(5)	(267)	45	(497)
	(6,088)	4,643	(3,082)	5,743	4,073
Total comprehensive income (loss)	(4,640)	5,458	577	9,635	8,934
Basic and diluted profit per share	0.14	0.08	0.35	0.37	0.46



Statements of Cash Flows (USD thousands)	Q3 11	Q3 10	9M 11	9M 10	2010
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income	1,448	815	3,659	3,882	4,861
Adjustment required to reconcile net income to net cash provided by (used in) operating activities	(3,870)	(266)	(8,098)	97	(1,853)
Net Cash provided by (used in) Operating Activities	(2,422)	549	(4,439)	3,979	3,008
Purchase of fixed assets	(532)	(1,007)	(2,125)	(3,325)	(3,469)
Proceeds from sale of fixed assets			-	26	27
Acquisition of business activities	-	(105)	(278)	(327)	(435)
Investment in intangible assets	(587)	(555)	(1,790)	(1,514)	(2,240)
Restricted cash	(102)	-	(102)	-	-
Short-term deposit	(13,492)	-	(13,492)	-	-
Purchase of available-for-sale investments	(1,020)	(3,987)	(5,778)	(14,686)	(16,139)
Proceeds from sale of available-for-sale investments	928	4,053	6,196	16,116	18,012
Net Cash used in Investing Activities	(14,805)	(1,601)	(17,369)	(3,710)	(4,244)
Proceeds from exercise of options	-	66	21	200	216
Short-term bank credit, net	(1,933)	509	4,486	289	1,793
Long-term loans received	29,296	-	29,296	-	-
Payment of long-term loans	(506)	-	(506)	-	-
Dividend paid	(6,941)	-	(6,941)	-	-
Treasury shares purchased	(28)	(4)	(92)	(4)	(6)
Net Cash provided by Financing Activities	19,888	571	26,264	485	2,003
Effect of exchange rate changes on cash and cash equivalents	(472)	(10)	(322)	(84)	3
Increase (decrease) in cash and cash equivalents	2,189	(491)	4,134	670	770
Cash and cash equivalents at the beginning of the period	4,554	3,000	2,609	1,839	1,839
Cash and Cash equivalents at the end of the period	6,743	2,509	6,743	2,509	2,609