



SHL Telemedicine
Q4/2011 Results
28 March 2012

Forward Looking Statements



- This presentation contains forward-looking statements. These statements relate to future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We caution you not to place undue reliance on forward-looking statements, which reflect our analysis only and speak only as of the date of this presentation. We undertake no obligation to publicly update the forward-looking statements to reflect subsequent events or circumstances.
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SHL at a Glance



- Leading provider of technologically advanced telemedicine services and solutions
- The services and solutions improve quality of life for SHL's subscribers and enable cost savings for the health services community
- Focus on cardiovascular and related diseases
- Technological innovation; ongoing development of IT based services and solutions
- Active in Israel and Germany
- Listed on the Swiss Stock Exchange (Zurich)

Telemedicine innovator

Medical monitoring centre

Congestive Heart Failure

B2C and B2B

Diabetes

COPD

Israel

ECG monitoring



smartheart

Germany

SIX Swiss Exchange

1.5 million transmissions p.a.



Telemedicine by SHL

... the original idea keeps evolving: shape the medicine of tomorrow

Profile

Origin

Provide piece of mind

- Provide immediate help for people with heart attacks
- IT based 24/7 monitoring centre significantly reducing response time, saving lives

Evolution

The consumer has it all

- Growing consumerism in health related matters
- Paradigm shift thanks to internet, mobile telecom infrastructure and smartphones

New markets

Increase compliance, reduce costs improve quality of living

- Services to health insurers for chronically ill patients
- Consumer services
- Develop services in new disease areas

Tomorrow

Remote access to 1st class medicine, anywhere, anytime

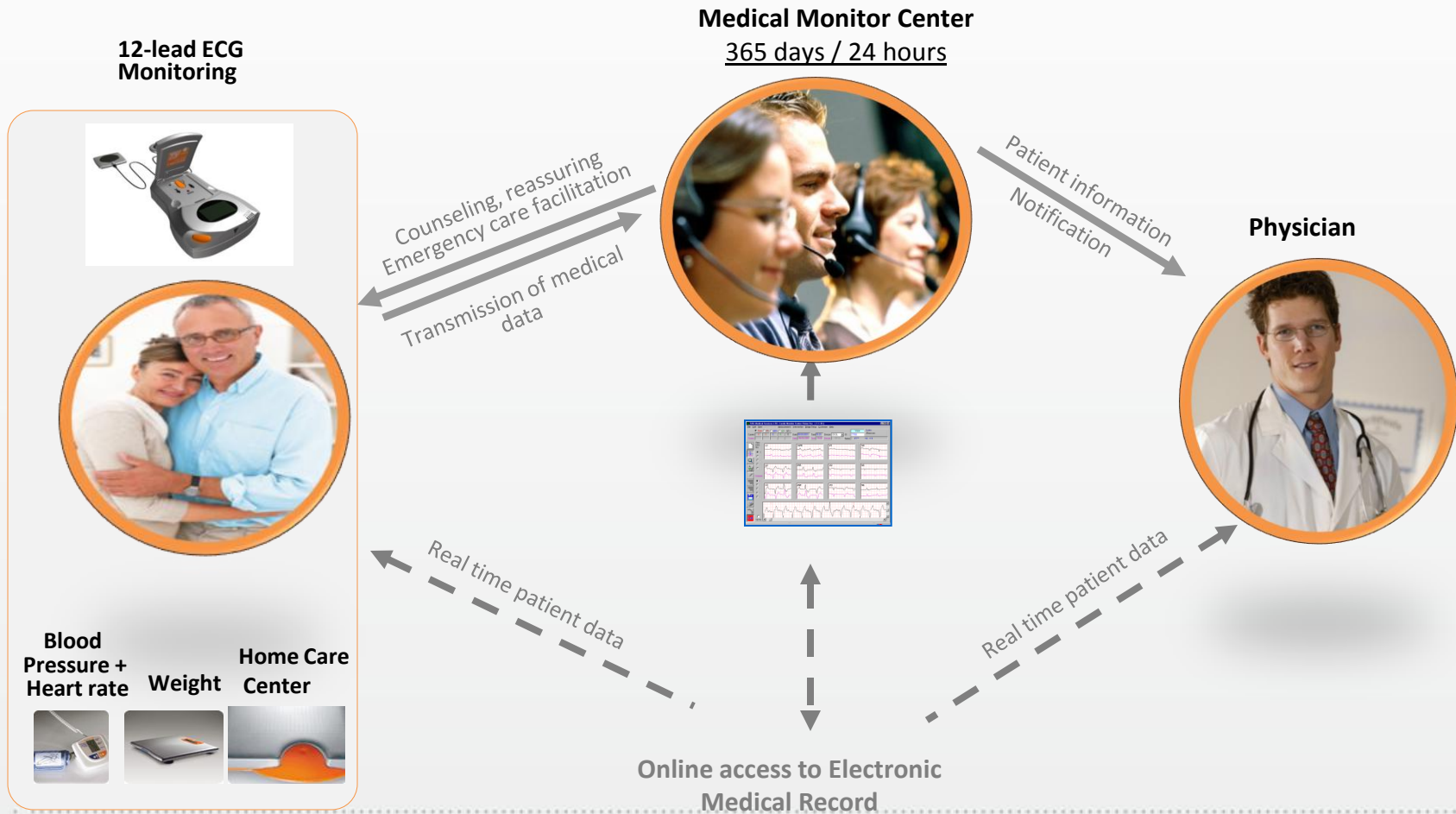
- Smartphone platform based devices
- Offering support for acute event and other medical information and needs
- Accessible from everywhere anytime

SHL's Disease Focus

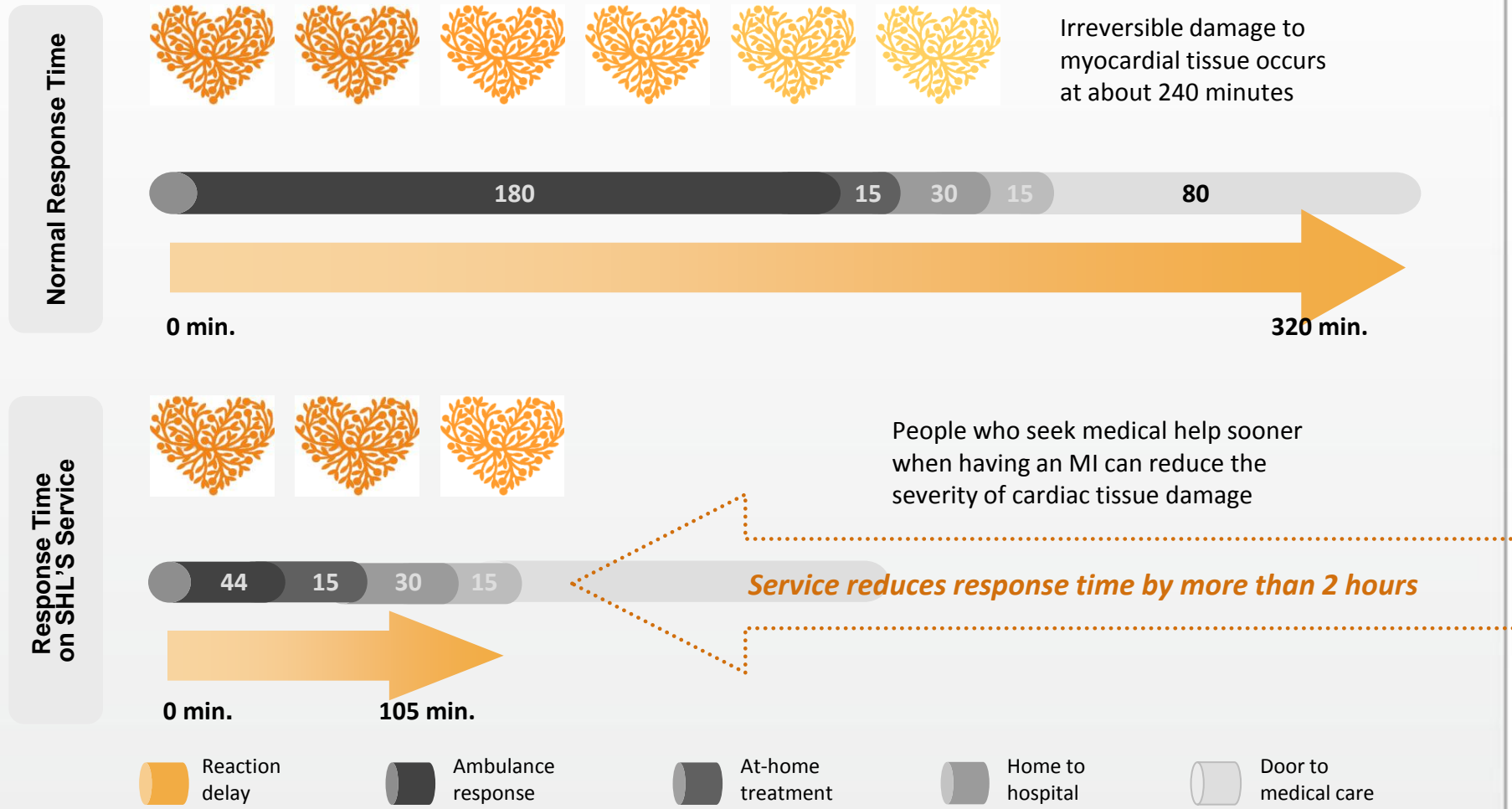


	Disease characteristics	Telemedicine solution
Cardiac events	<ul style="list-style-type: none"> • ~47% of people with coronary heart attack die (50% before reaching hospital) • ~10% of survivors die within 1 year • Many unnecessary hospitalizations: 80% of admitted patients have no MI 	<ul style="list-style-type: none"> • Major benefits <ul style="list-style-type: none"> - Emergency response without need to go to hospital - Peace of mind/improved quality of life - Life saving • Tools: Cardio Sen'C/ Cardio'B/Smarterheart
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 benefits <ul style="list-style-type: none"> - Stabilizing health of patients, improved compliance - Significant cost reduction for health insurer - Peace of mind/improved quality of life • 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 benefits <ul style="list-style-type: none"> - Better metabolic control and less vascular complications - Significant cost reduction for health insurer - Peace of mind/improved quality of life • 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 benefits <ul style="list-style-type: none"> - Significant cost reduction to health insurer by increasing compliance - Possibility to foresee potential attacks - Peace of mind/improved quality of life • Tools: HomeCareCenter, Respirometer

Telemedicine service outline



B2C model – Value for patients

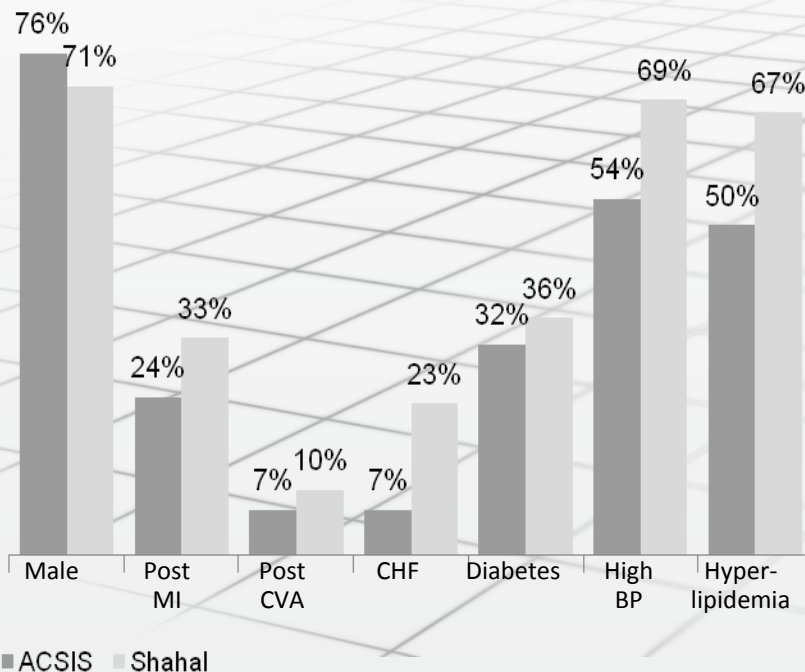


* Source: European Heart Journal, Independent Study on the Impact of SHL, 1995.

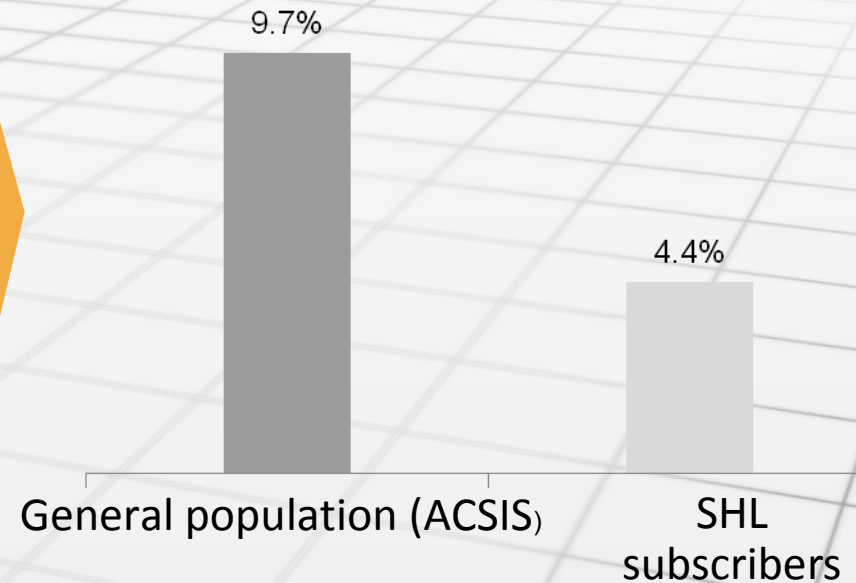
B2C model – Value for patients (cont')

A clinical study* conducted in Israel over a number of years and published in 2007 showed that the probability of **surviving in** the first year after a heart attack is **more than double** for a SHL subscriber than for the average Israeli person

Epidemiological Data



Mortality Rates



Source: The Israeli Heart Society (ACSIS), April 2007; accepted for publication to the European Heart Journal.

¹ ACSIS population 3,899 – age 63 +/- 13.

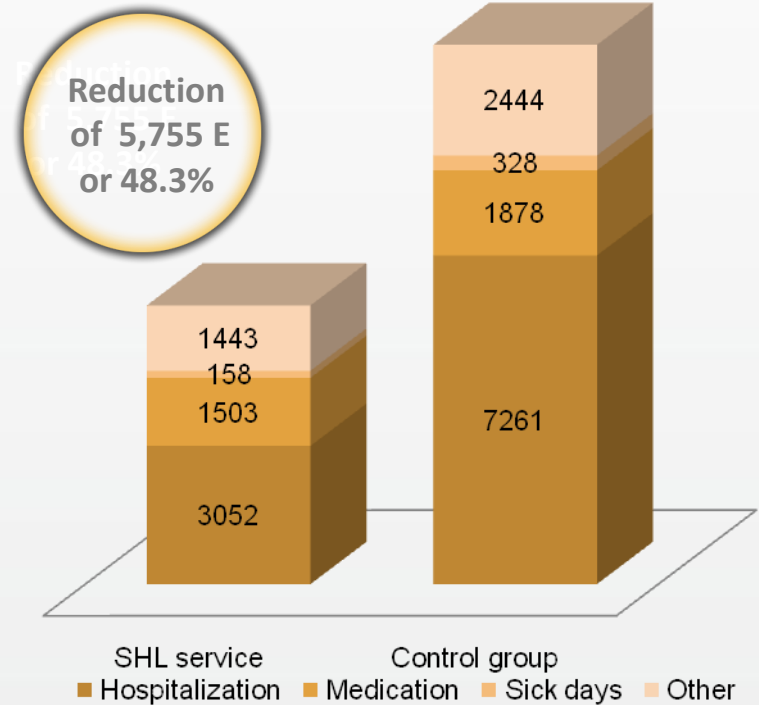
² Shahal population 699 – age 69 +/- 11.

B2B model – the service value

Telemedicine treatment as part of routine therapy for patients with mid to severe CHF :

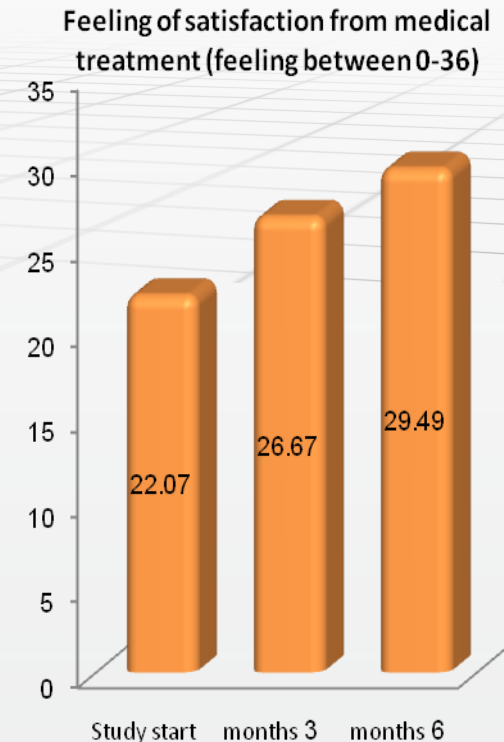
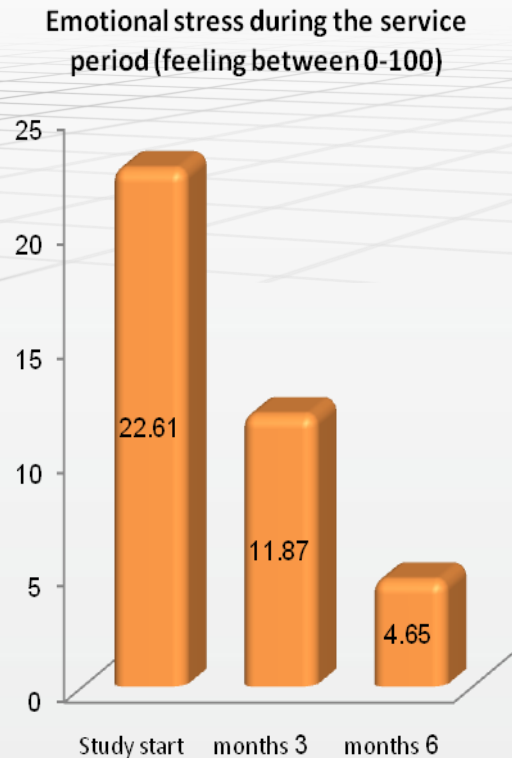
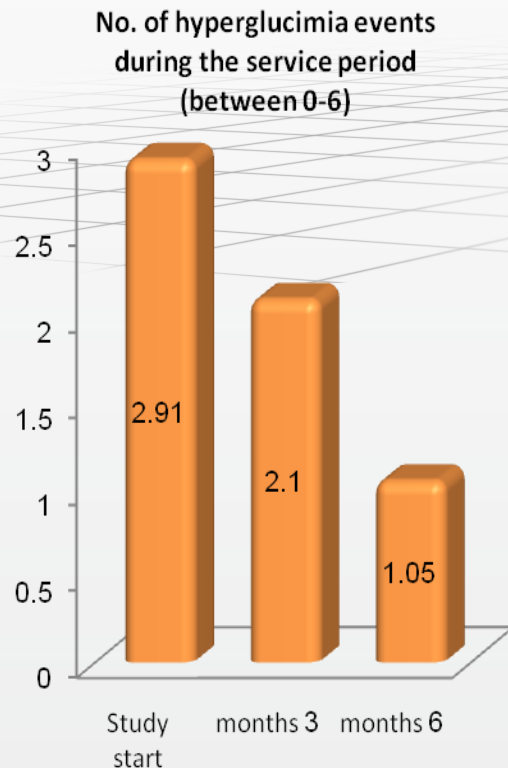
- Significant reduction of hospitalization and hospital stay
- Reduction of morbidity
- Significant reduction in costs
- Improvements of symptoms and quality of life

Significant cost savings



B2B model – the service value (cont´)

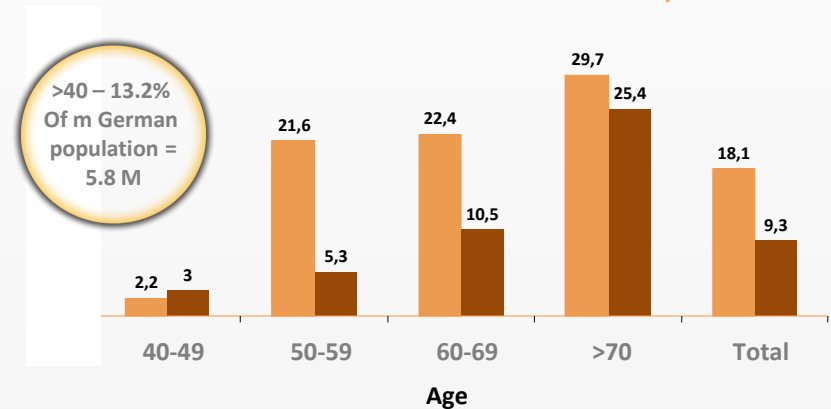
Study conducted on Diabetiva patients testing their quality of life, emotional stress and satisfaction with therapy shows **significant improvement** in all parameters over a 6 month period from beginning of the program



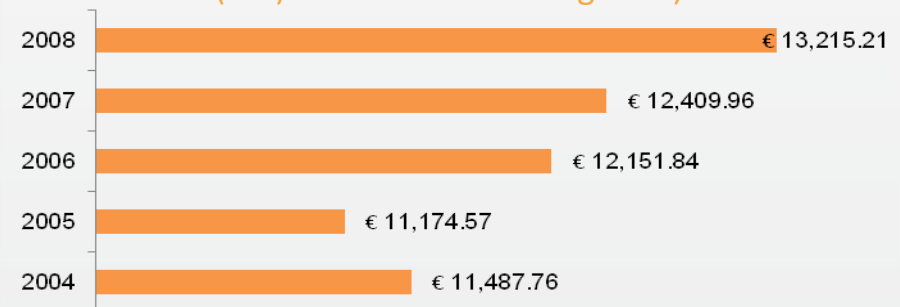
COPD statistics overview

- More than 600 million people worldwide are affected by COPD.
- In Europe experts estimate that 4% - 10% of adults have COPD.
- It is estimated that 75% of the people with COPD in Europe are undiagnosed
- The total cost burden of COPD in Europe is approximately 50 billions Euros a year, nearly half the cost for all lung diseases. Lost workdays account for almost half the cost

COPD Prevalence in Germany



Average hospital cost of COPD per insured (BKK COPD (J44) as main or side diagnosis)





Business and Financial Highlights

Business Update



- Germany:
 - Strategy shift to pursue long-term large scale contracts:
 - Signed agreement with IKK Sudwest in March 2012
 - Expect to secure additional large scale contracts in 2012, leading to return to significant growth
 - Overall financial performance declined, as anticipated:
 - Diminution of patients due to cessation of service of a merging health insurer leading to lower revenues
 - Streamlined operations effectively to reflect current reduced capacity
- Israel:
 - Continue producing good financial performance with improved operating margins
 - SHL's operation is continuing to lead the Israeli telemedicine market and serves as an important knowledge base for the Company

Business Update



- Business development:
 - Laid foundations for expansion into new territories and the marketing of new products and services worldwide
 - Expect to materialize and have a major effect on Company's business in future years

Financial Highlights



- Decline in revenues stemming from German operation and Philips US
- Successful streamlining of operations leading to significant reduction in expenses, mainly in Germany, leading to only slightly lower operating margins and Net Income for the year
- Strong cash position with USD 33.3 M in cash and marketable securities - in Q3 received long term loans of USD 27.9M (NIS 100M)
 - Means to support expansion plans and large scale contracts in Germany
- During the year distributed a dividend of USD 0.66 p/share for a total of USD 6.9 M

2011 Results

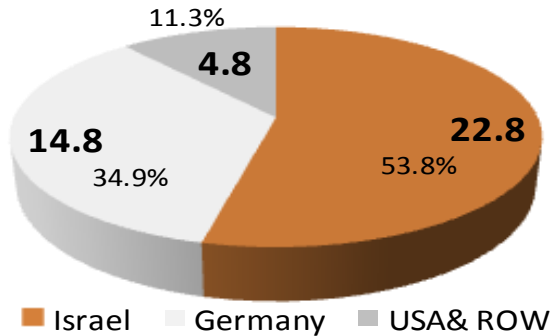


<i>USD millions</i>	2011	2010	<i>% change</i>	<i>2011 (constant currency)</i>	<i>% change (constant currency)</i>
Revenues	42.4	50.3	(15.7%)	40.8	(18.9%)
COGS	15.4	17.0	(9.4%)	14.8	(12.9%)
Gross Profit	27.0	33.3	(18.9%)	26.0	(21.9%)
<i>% of revenues</i>	63.7%	66.2%		63.7%	
Operating expenses	22.8	27.3	(16.5%)	21.8	(20.1%)
EBIT	4.2	6.0	(30.0%)	4.2	(30.0%)
<i>% of revenues</i>	9.9%	11.9%		10.3%	
EBITDA	9.1	11.4	(20.2%)	8.8	(22.8%)
<i>% of revenues</i>	21.5%	22.7%		21.6%	
Financial & other expenses (income)	(0.6)	(0.1)	<i>n.a.</i>	(0.6)	<i>n.a.</i>
Taxes on income	0.8	1.2	(33.3%)	0.8	(33.3%)
Net income	4.0	4.9	(18.4%)	4.0	(18.4%)
EPS	0.38	0.46	(17.3%)	0.38	(16.8%)

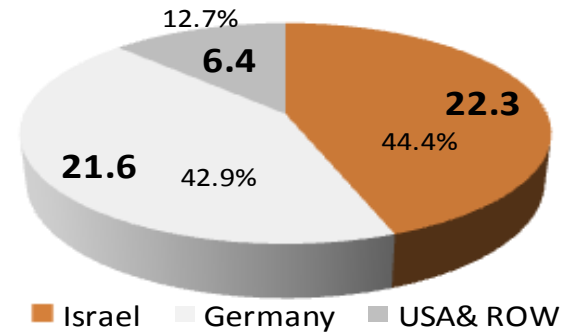
Constant currency exchange rates - In order to enable meaningful comparison between the 2011 and 2010 results, 2011 results are also presented at constant currency exchange rates. These are calculated by translating the 2011 results using the average exchange rates used for calculating the 2010 results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

Revenues by Geographic Distribution

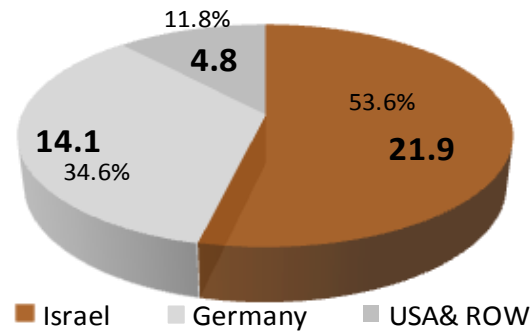
2011



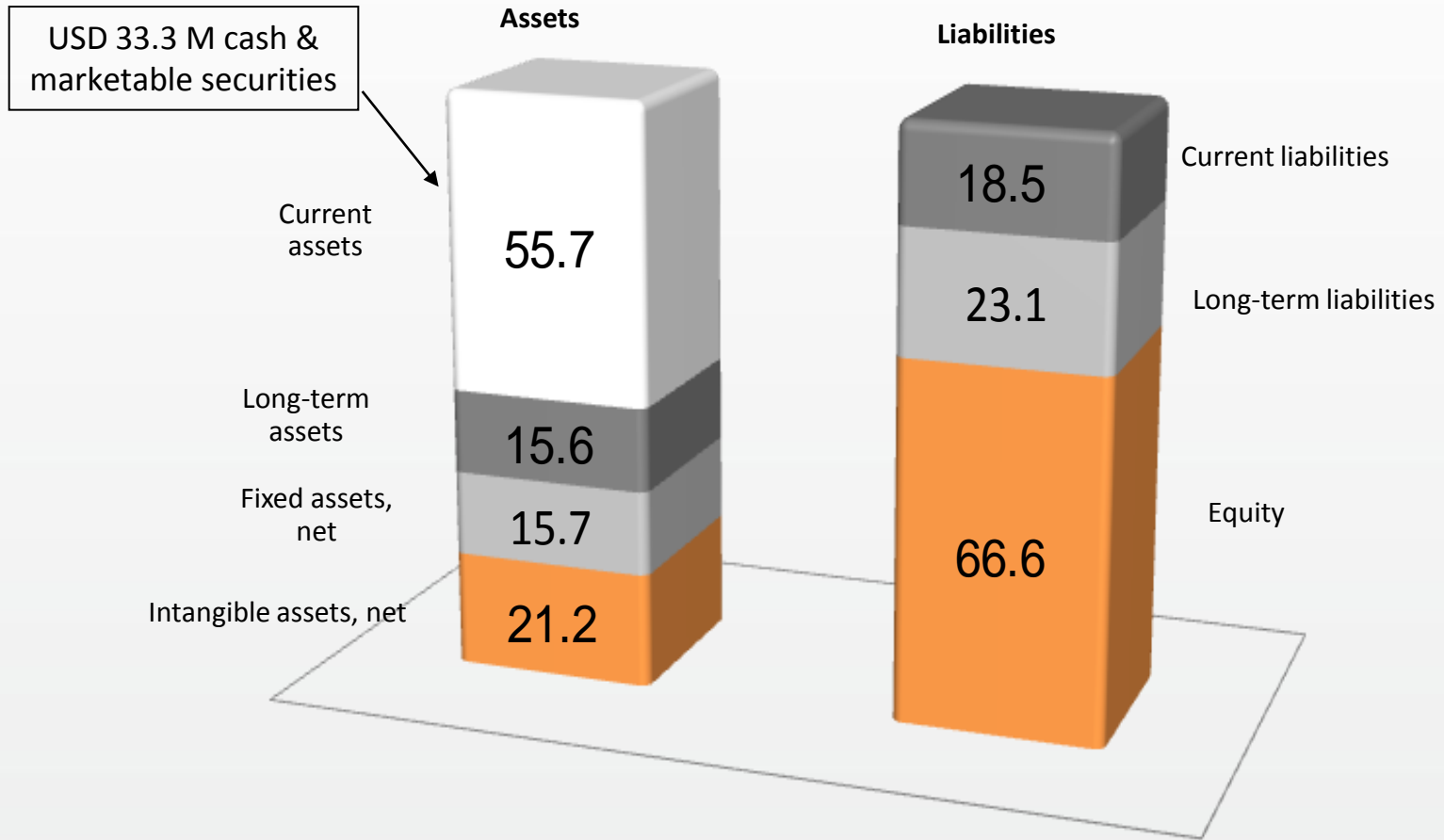
2010



2011 (constant currency)



31.12.2011 Balance Sheet



2011 Cash Flow Statements



<i>USD millions</i>	<i>2011</i>	<i>2010</i>	<i>Diff</i>
Cash provided by (used in) Operating activities	(3.5)	3.0	(6.5)
Cash used in Investing activities (ex. marketable securities)	(4.9)	(6.1)	1.2
Cash provided by financing activities	23.8	2.0	21.8
Effect of exchange rate changes	(2.3)	1.2	(3.5)
Increase in cash, cash equivalents & marketable securities	13.1	0.1	13.0
Cash, cash equivalents & marketable securities at beginning of period	20.2	20.1	0.1
Cash, cash equivalents & marketable securities at end of period	33.3	20.2	13.1

Outlook

- Expect new contract signed in Germany to generate first revenues as of Q2 2012
- Additional contracts to be executed in Germany should materialize soon
- These contracts are expected to generate revenues gradually and given the cessation of recognition of revenues from Philips US, might lead to lower financial performance in 2012
- Expect the success of the strategic shift in Germany, concurrently with materialization of expansion initiatives, to have a major effect on SHL's business and financial performance in the coming years



Thank You

Q4 2011 Results



<i>USD millions</i>	Q4 2011	Q4 2010	% change	Q4 2011 (constant currency)	% change (constant currency)
Revenues	9.1	13.5	(32.6%)	9.5	(29.6%)
COGS	3.6	4.6	(21.7%)	3.8	(17.4%)
Gross Profit	5.5	8.9	(38.2%)	5.7	(36.0%)
<i>% of revenues</i>	60.4%	65.9%		60.0%	
Operating expenses	5.3	7.5	(29.3%)	5.4	(28.0%)
EBIT	0.2	1.4	(85.7%)	0.3	(78.6%)
<i>% of revenues</i>	2.2%	10.4%		3.2%	
EBITDA	1.5	2.7	(44.4%)	1.5	(44.4%)
<i>% of revenues</i>	16.5%	20.0%		15.8%	
Financial & other expenses (income)	(0.2)	0.3	n.a.	(0.2)	n.a.
Taxes on income	0.1	0.2	(50.0%)	0.1	(50.0%)
Net income	0.3	0.9	(66.7%)	0.4	(55.6%)
EPS	0.03	0.09	(66.7%)	0.04	(55.6%)

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.

Q4 2011 Cash Flow



<i>USD millions</i>	<i>Q4 2011</i>	<i>Q4 2010</i>	<i>Diff</i>
Cash provided by (used in) Operating activities	0.9	(1.0)	1.9
Cash used in Investing activities (ex. marketable securities)	(0.7)	(1.0)	0.3
Cash provided by (used in) financing activities	(2.5)	1.5	(4.0)
Effect of exchange rate changes	(0.2)	0.8	(1.0)
Increase (decrease) in cash, cash equivalents & marketable securities	(2.5)	0.3	(2.8)
Cash, cash equivalents & marketable securities at beginning of period	35.8	19.9	15.9
Cash, cash equivalents & marketable securities at end of period	33.3	20.2	13.1

Data

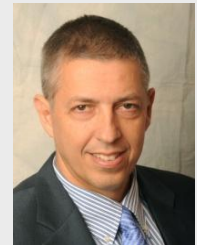
- IR Agenda 2012
 - 30 May Q1 results
 - 12 June AGM
 - 22 August Q2 results
 - 21 November Q3 results
- 10,784,257 registered shares with a par value of NIS 0.01 each
- Listed at SIX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- Price high/low (CHF), 2011 7.55/3.56
- Market cap high/low (CHF m), 2011 81.4/38.4
- Market cap 31.12.11 (CHF m) 63.4
- No voting restrictions

Contacts

Erez Alroy, Co-CEO

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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

erana@shl-telemedicine.com

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.

