



Press release

SHL provides preliminary update on financial results 2015

Tel Aviv / Zurich, 18 March 2016 – SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN, OTCPK: SMDCY) (“SHL”), a leading provider and developer of advanced personal telemedicine solutions, today announces an update relating to its financial results for 2015.

Based on unaudited numbers, excluding extraordinary items, SHL's businesses in Germany and Israel performed as expected.

In Germany, initial external evaluations related to two performance based contracts were just concluded and demonstrated successful outcomes and an economic benefit for the health insurers, however, the economic benefit is lower than previously estimated. The effect of the evaluations on 2015 revenues is limited as revenue for the year grew by approximately 15% on a constant currency basis. Although revenues grew by double digits on a constant currency basis, this is below SHL's guidance of over 20% revenue growth on a constant currency basis. Furthermore, due to the said external evaluations, SHL is expected to write-down an accounts receivable, associated with the service years 2013 to 2015, of USD 6 to 6.5 million. Additional evaluations are anticipated over the course of the contracts and are expected to continue and demonstrate positive outcomes and cost savings.

In addition, as part of the preparation of the financial statements, certain additional assets (mainly a tax receivable), estimated at between USD 4.5 to 5 million are expected to be written off. During the year SHL was involved in a restructuring process in Germany and in a merger process with a Chinese buyer, with SHL incurring significant costs in the process amounting to a total of approximately USD 3 million. SHL filed a claim for breach of contract against the Chinese buyer for an amount of approximately CHF 11 million or equal to 10% of the merger consideration (USD 11 million) the outcome of which cannot be estimated yet.

As a result, based on preliminary unaudited numbers and these extraordinary items, SHL expects to record a Net Loss for 2015 of between USD 16 to 17 million.

For 2016, the effect of the above on revenues is estimated at approximately 10% compared to the entire year 2015, with minimal effect on cash flow. The other one-time extraordinary items are not expected to have a material effect on SHL's ongoing business and financial performance in 2016.

Earlier this month, Yuval Shaked started as new CEO of SHL. He said: “Due to extraordinary events, the results for 2015 are clearly not satisfactory. But our businesses in Israel and Germany provide us with a stable platform. This will be a year of transition in which we expect to come out with a clear and focused strategy leveraging SHL's unique assets and capabilities leading to sustainable growth going forward.”

SHL will disclose the detailed financial statements 2015 and the annual report on 12 April 2016.



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, India and the United States 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: SMDCY. For more information, please visit our web site 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.