

# SHL Telemedicine

H1-2016 Results

16 September 2016



# 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 to differ materially from those 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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# Agenda

- Financial Highlights and Summary
- Business Update
- Appendix

# Financial Highlights

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- A decorative graphic consisting of a grey circle with an orange Wi-Fi symbol inside, positioned to the left of the main text area.
- Adjusted revenues down 2.7% leading to an adjusted EBITDA of \$ 0.8m, down from \$ 1.3m
    - Revenues in Germany up 7.2% in local currency, due to GPH acquisition
    - Revenues in Israel down 9.9% in local currency, lower revenues from institutional clients
  - Streamlining operations and adjusting expense base
    - Reduced adjusted free cash flow burn rate from \$ 2.1m to \$1.2m in H1 2016
    - Will further materialize during the course of this the year with the full impact in 2017
  - Received a long term loan from a bank in Germany of Euro 7M, financing the acquisition of GPH and securing a level of free cash in hand

# H1-2016 Financial Summary

	Adjusted			As reported		
	H1-2016	H1-2015	% change	H1-2016	H1-2015	% change
<b>Revenues</b>	<b>18.3</b>	<b>18.8</b>	<b>(2.7)%</b>	<b>17.4</b>	<b>21.1</b>	<b>(17.5)%</b>
<i>Germany</i>	8.3	7.8	6.4%	7.4	10.1	(26.7)%
<i>Israel</i>	9.9	10.9	(9.2)%	9.9	10.9	(9.2)%
<i>Other</i>	0.1	0.1	-	0.1	0.1	-
<b>EBIT (LBIT)</b>	<b>(1.8)</b>	<b>(1.2)</b>	<b>n.a.</b>	<b>(3.7)</b>	<b>0.8</b>	<b>n.a.</b>
<i>% of revenues</i>	n.a.	n.a.		n.a.	3.8%	
<b>EBITDA</b>	<b>0.8</b>	<b>1.3</b>	<b>(38.5)%</b>	<b>(0.5)</b>	<b>3.8</b>	<b>n.a.</b>
<i>% of revenues</i>	4.4%	6.9%		n.a.	18.0%	
<b>Net Income (loss)</b>	<b>(2.5)</b>	<b>(1.8)</b>	<b>n.a.</b>	<b>(4.4)</b>	<b>0.2</b>	<b>n.a.</b>
EPS (LPS)	(0.24)	(0.17)	n.a.	(0.42)	0.02	n.a.

Presenting adjusted figures gives additional insight into operational performance and helps clarify trends affecting the company's business  
See Appendix for details regarding adjustments

# H1-2016 Cash Flow Summary


USD millions	H1-2016	H1-2015	Diff
<b>Core Operating cash flow</b>	<b>(0.3)</b>	<b>(0.4)</b>	<b>0.1</b>
purchase of fixed assets and investment in intangible assets	(1.0)	(1.8)	0.8
<b>Adjusted Free cash flow</b>	<b>(1.3)</b>	<b>(2.2)</b>	<b>0.9</b>
Settlement payment received from German health insurer	-	4.8	(4.8)
Acquisition of GPH	-	(6.1)	6.1
<b>Free cash flow net of other investing activities</b>	<b>(1.3)</b>	<b>(3.4)</b>	<b>2.1</b>
<b>Cash provided by (used in) financing activities</b>	<b>1.3</b>	<b>(1.6)</b>	<b>2.9</b>
Effect of exchange rate changes	(0.3)	0.1	(0.4)
<b>Decrease in cash, cash equivalents &amp; marketable securities</b>	<b>(0.3)</b>	<b>(5.0)</b>	<b>4.7</b>
Cash, cash equivalents & marketable securities at beginning of period	9.1	17.7	(8.6)
<b>Cash, cash equivalents &amp; marketable securities at end of period</b>	<b>8.8</b>	<b>12.7</b>	<b>(3.9)</b>

# 30.06.2016 Balance Sheet

	Assets		Liabilities
<div style="border: 1px solid black; padding: 5px; display: inline-block;">           USD 8.8M cash &amp; marketable securities         </div>	19.9		15.7
Current assets		Current liabilities	
	11.1		16.9
Long-term assets		Long-term liabilities	
	10.0		
Fixed assets, net		Equity	
	31.0		39.4
Intangible assets, net			

(\* In USD million per 30 June 2016)

# Business Update

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- Key focus areas:
    - Streamlining operations and reducing expense base
    - Strategic priorities:
      - Expanding our existing platforms in Germany and Israel
      - Monetizing the smartheart™ platform globally
    - Management transition - new CEO, Israeli GM and CFO
  - Investment by Mrs. Cai Mengke, the co-founder and Non-Executive Vice Chairman of, Zhuhai Hokai Medical Instruments Co. Ltd ("Hokai") in SHL's shares. Hokai has significant knowhow and access to the Chinese healthcare market



Thank you





# Appendix

# Reconciliation to adjusted financial results

	Revenues	EBIT/ (LBIT)	EBITDA/ (LBITDA)	Net income(loss)
<b>H1 2015 as reported</b>	21.1	0.8	3.8	0.2
One-time settlement agreement with past customer	(0.7)	(1.8)	(1.8)	(1.8)
Change in revenue estimate	(1.6)	(1.6)	(1.6)	(1.6)
Amortization of acquisition intangibles and stock based compensation	-	0.7	0.2	0.7
Restructuring charges	-	0.7	0.7	0.7
<b>H1 2015 adjusted</b>	<b>18.8</b>	<b>(1.2)</b>	<b>1.3</b>	<b>(1.8)</b>

	Revenues	EBIT/ (LBIT)	EBITDA/ (LBITDA)	Net income(loss)
<b>H1 2016 as reported</b>	17.4	(3.7)	(0.5)	(4.4)
Change in revenue estimate	0.9	0.9	0.9	0.9
Amortization of acquisition intangibles and stock based compensation	-	1.0	0.4	1.0
<b>H1 2016 adjusted</b>	<b>18.3</b>	<b>(1.8)</b>	<b>0.8</b>	<b>(2.5)</b>

# Investor Information

- 10,878,491 registered shares with a par value of NIS 0.01 each
- Listed at SIX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- American DR program listed over-the counter; Symbol: SMDCY
- Price high/low (CHF) 7.48/5.55
- Market cap high/low (CHF m) 78.5/58.2
- Market cap 30.06.16 (CHF m) 74.5
- No voting restrictions



**Yuval Shaked, CEO**  
[yuval@shl-telemedicine.com](mailto:yuval@shl-telemedicine.com)

Yuval Shaked joined SHL as CEO in March 2016. Prior to joining SHL Yuval served as the General Manager – Diagnostic Cardiology of GE Healthcare gaining extensive experience in the telemedicine space. Before that, Yuval held several positions in VersaMed in Israel (a company acquired by GE), the last being General Manager. Mr. Shaked holds a B.A. in Economics (summa cum laude) from Haifa University, as well as an MBA from Tel Aviv University. Nationality: Israeli



**Eran Antebi, CFO**  
[erana@shl-telemedicine.com](mailto: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.