



Press release

## SHL announces half-year results 2016

**Tel Aviv / Zurich, 16 September 2016** – SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN, OTCPK: SMDCY) ("SHL"), a leading provider and developer of advanced personal telemedicine solutions, today announced the results for the first half of 2016.

- Adjusted revenues <sup>(a)</sup> of USD 18.3m, down 2.7% on adjusted revenues of 18.8 m in H1 2015
- Adjusted EBITDA <sup>(a)</sup> of USD 0.8m, compared to an adjusted EBITDA of USD 1.3m in H1 2015
- Adjusted net loss <sup>(a)</sup> of USD 2.5m versus an adjusted net loss of USD 1.8m in the first half 2015
- Reduced free cash flow <sup>1,2</sup> burn rate

### Financial Highlights:

- In Germany, adjusted revenues<sup>(a)</sup> increased by 6.4% to USD 8.3m million (7.2% in local currency). The increase is attributed to the impact of the acquisition of GPH (Gesellschaft für Patientenhilfe) which was first consolidated on 1 April 2015.
- In Israel, adjusted revenues<sup>(a)</sup> were USD 9.9 million, down 9.2% (9.9% in local currency). The decline is mainly related to lower revenues from institutional clients. In May, SHL announced that Eran Kristal was appointed as General Manager, responsible for the management of SHL's operation in Israel. He commenced his position by the end of May with his main goal to accelerate the growth and profitability in Israel, where SHL is a market leader.
- Adjusted operating results<sup>(a)</sup> for the first half year were affected by slightly lower margins in Germany and Israel. However, with the ongoing streamlining efforts, SHL reduced its free cash flow <sup>1</sup> burn rate in the first half 2016 compared to the first half of 2015<sup>2</sup>.
- Received a long term loan in Germany of Euro 7m financing the acquisition of GPH and securing a level of free cash in hand.

Yuval Shaked, CEO of SHL Telemedicine, said: "Results for the first half-year 2016 indicate that our first strategic priority is to improve profitability. This is being done by streamlining our operations on all fronts and reducing our cost base. The initial impact was already seen in the second quarter of 2016 and should continue to further materialize during the course of the year with the full impact in 2017"

Mr. Shaked continued: "We have been thoroughly analysing customer needs and market potential and identified areas that can provide significant growth in the future. We are working with the Board to prioritize geographies and services we want to focus on. Our initial focus is on expanding the existing platforms in Germany and Israel, where we see growth opportunities. In parallel, we are driving the monetization of the smartheart™ platform, as it offers a lot of potential and analysing different opportunities in new territories."

And he added "As announced recently, Mrs. Cai Mengke, bought around 30% of SHL shares. Mrs. Cai is the co-founder and Non-Executive Vice Chairman of, Zhuhai Hokai Medical Instruments Co. Ltd ("Hokai"). Hokai has significant knowhow and access to the Chinese healthcare market and Mrs. Cai's

<sup>1</sup> Free cash flow – operating cash flow less purchase of capex and investment in intangible assets

<sup>2</sup> Excluding a one-time payment received in H1 2015 of Euro 4.2 m related to a settlement agreement reached with a German health insurer



investment represents a strong trust in SHL's products, management and its value for the Chinese market."

### Adjusted Key figures

in USD million (except per share amounts)	H1 2016	H1 2015	% change
Adjusted revenues (a)	<b>18.3</b>	18.8	<b>(2.7)%</b>
• Germany	8.3	7.8	6.4%
• Israel	9.9	10.9	(9.2)%
• Other	0.1	0.1	-
Adjusted LBIT(a)	<b>(1.8)</b>	(1.2)	<i>n.a</i>
Adjusted EBITDA (a)	<b>0.8</b>	1.3	<b>(38.5)%</b>
Adjusted net loss (a)	<b>(2.5)</b>	(1.8)	<i>n.a</i>
Adjusted LPS	<b>(0.24)</b>	(0.17)	<i>n.a</i>
Adjusted free cash flow <sup>12</sup>	<b>(1.3)</b>	(2.2)	<i>n.a</i>

The full half-year report 2016 is available on: <http://www.shl-telemedicine.com/about-us/investorrelations/financial-reports-pres-2016/>

### Results conference call today at 10.00 am cet

SHL Telemedicine will host a conference call for investors, journalists and analysts to discuss the 1HY 2016 results. It will be hosted by CEO Yuval Shaked and CFO Eran Antebi as well as the incoming CFO Ehud Ben Yair. The call will take place today at 10.00 am CET, is scheduled to last approximately 30 minutes and will be held in English.

Dial-in numbers:

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a) Reconciliation to Adjusted Financial Information:

	<u>Revenues</u>	<u>EBIT/ (LBIT)</u>	<u>EBITDA/ (LBITDA)</u>	<u>Net income(loss)</u>
<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>

	<u>Revenues</u>	<u>EBIT/ (LBIT)</u>	<u>EBITDA/ (LBITDA)</u>	<u>Net income(loss)</u>
<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>

**Adjusted figures**

SHL has provided certain adjusted financial information to aid investors in better understanding the company's performance. Presenting these adjusted measures gives additional insight into operational performance and helps clarify trends affecting the company's business. For comparability of reporting, management considers this information in conjunction with GAAP amounts in evaluating business performance. These adjusted financial measures should not be considered as a substitute for, or superior to, the measures of financial performance prepared in accordance with GAAP.

**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. 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 the web site at [www.shl-telemedicine.com](http://www.shl-telemedicine.com).

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