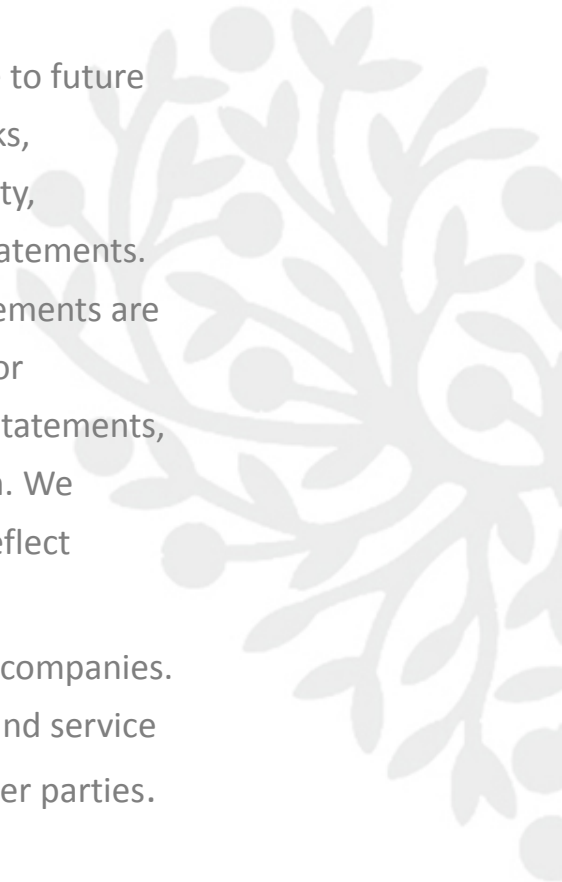




**SHL Telemedicine  
Q2 / H1 2010 Results  
August 2010**

# 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.
- This presentation contains trade names, trademarks and service marks of other companies. We do not intend our use or display of other parties' trade names, trademarks and service marks to imply a relationship with, or endorsement or sponsorship of, these other parties.



# SHL at a glance

## Facts

- Leading provider of technologically advanced telemedicine services and solutions
- The services and solutions improve quality of life for our subscribers and enable cost savings for the health services community
- Focus on cardiovascular and related diseases, i.e.:
  - ECG monitoring (Israel and Germany, soon also in UK)
  - Congestive Heart Failure (Germany)
- Technological innovation; ongoing development of IT based services and solutions
- Active in Israel, Germany and USA
- Incorporated in 1987, listed on the Swiss Stock Exchange (Zurich)

## Figures

- Over 20 years of experience
- Global long-term subscriber base
  - Over 80,000 subscribers
  - Average age of ~ 66(\*)
  - Average time on service ~ 8(\*) years
  - Over 400 thousand calls conducted in 2009 in Israel and Germany
  - Over 1.5 million telemedicine device transmissions received in 2009



\* excluding German subscribers

# SHL's business lines

	<b>B2C model</b>	<b>B2B model</b>
<b>Trends</b>	Aging population, cost pressure, consumerism	
<b>Platforms</b>	Medical monitoring center, proprietary IT systems	
<b>Countries</b>	Israel Market entry in Germany / UK	Germany
<b>Services</b>	ECG monitoring; consulting / reassuring	Monitoring of congestive heart failure, diabetes, COPD
<b>Models / clients</b>	Private pay / out of pocket	Health insurers / reimbursement
<b>Main benefits</b>	Save lives, peace of mind	Cost saving, stabilizing condition
<b>Market / growth</b>	Israel: mature / single digit Other: early stage / double digit	Early stage / double digit

## Q2 2010 Highlights

### Business

#### Consistent and continued progress in line with plan:

- Seeing first signs of normalization and back to regular business practices take place with already two additional co-operations entered into in the last month.
- Commencement of marketing activities in the German consumer market with UK to be launched in second half year – invested around USD 2 M in first half. Expecting to invest around same amount in second half of the year.
- Israeli operations continuing to perform well

### Financial

#### Solid financial results for Q2 2010:

- Revenues of USD 12.0 M (USD 13.5 M at constant exchange rates, up 5.5% over Q2 2009)
- EBITDA of USD 2.8 million (23.3% of revenues)
- EBIT of USD 1.5 M (12.5% of revenues)
- Net income of USD 1.5 M (12.5 % of revenues)
- Operating cash flow of USD 2.8 M compared to USD 1.6 M in Q2 2009



# Financials

## Q2 results P&L

USD millions	Q2 2010	Q2 2009	% change	Q2 2010 (constant currency)	Q2 2009 (constant currency)	% change (constant currency)
Revenues	12.0	11.3	6.2%	13.5	12.8	5.5%
COGS	3.9	3.8	2.6%	4.4	4.4	-
Gross Profit	8.1	7.5	8.0%	9.1	8.4	8.3%
% of revenues	67.5%	66.4%		67.4%	65.6%	
Operating expenses	6.6	5.8	13.8%	7.4	6.7	10.4%
EBIT	1.5	1.7	-11.8%	1.7	1.8	(5.6)%
% of revenues	12.5%	15.0%		12.6%	14.1%	
EBITDA	2.8	2.9	-3.4%	3.1	3.1	-
% of revenues	23.3%	25.7%		23.0%	24.2%	
Financial income	(0.5)	(0.1)	400.0%	(0.5)	(0.1)	400.0%
Taxes on income	0.5	0.2	150.0%	0.5	0.3	66.7%
Net income	1.5	1.6	-6.3%	1.7	1.5	13.3%
EPS	0.14	0.14	-	0.16	0.14	14.3%

Constant currency exchange rates - In order to enable meaningful comparison between the 2010 and 2009 results, 2010 and 2009 results are also presented at constant currency exchange rates. These are calculated by translating the 2010 results using the average exchange rates used for calculating the 2009 constant currency results (H1 08) 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.

## H1 results P&L

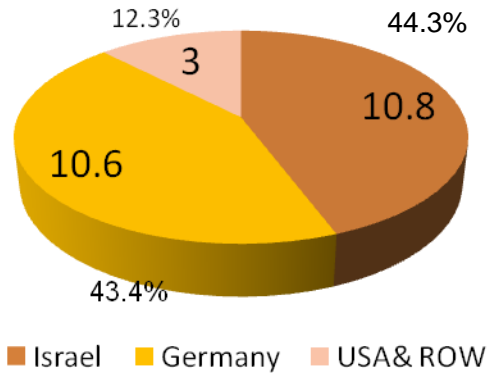
USD millions	H1 2010	H1 2009	% change	H1 2010 (constant currency)	H1 2009 (constant currency)	% change (constant currency)
Revenues	24.4	22.0	10.9%	26.7	24.9	7.2%
COGS	8.2	7.4	10.8%	9.0	8.6	4.7%
Gross Profit	16.2	14.6	11.0%	17.7	16.3	8.6%
% of revenues	66.4%	66.4%		66.3%	65.5%	
Operating expenses	13.0	11.4	14.0%	14.1	13.1	7.6%
EBIT	3.2	3.2	-	3.6	3.2	12.5%
% of revenues	13.1%	14.5%		13.5%	12.9%	
EBITDA	5.9	5.5	7.3%	6.4	5.8	10.3%
% of revenues	24.2%	25.0%		24.0%	23.3%	
Financial & other income	(0.7)	(0.5)	40.0%	(0.8)	(0.6)	33.3%
Taxes on income	0.8	0.9	-11.1%	1.0	1.1	(9.1%)
Net income	3.1	2.8	10.7%	3.4	2.7	25.9%
EPS	0.29	0.26	11.5%	0.32	0.26	23.1%

Constant currency exchange rates - In order to enable meaningful comparison between the 2010 and 2009 results, 2010 and 2009 results are also presented at constant currency exchange rates. These are calculated by translating the 2010 results using the average exchange rates used for calculating the 2009 constant currency results (H1 08) 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.

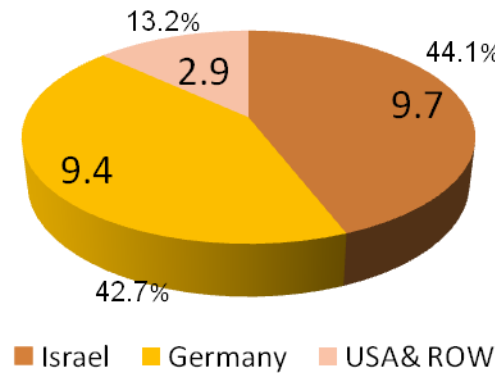


# Revenues by geographic distribution

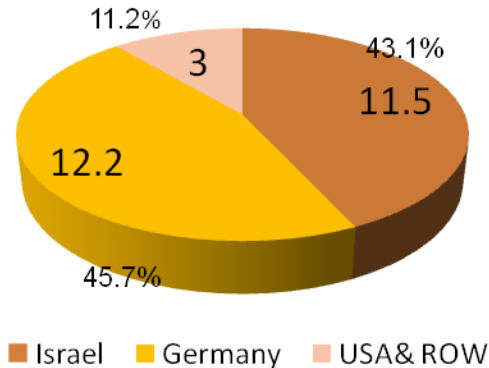
**H1 2010**



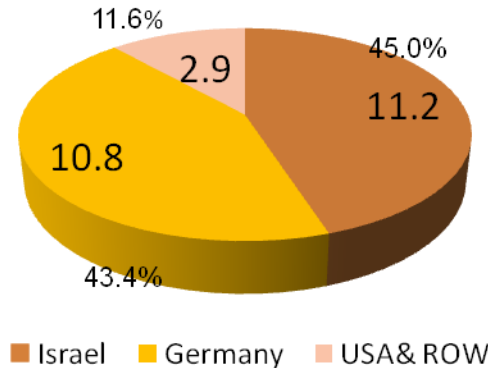
**H1 2009**



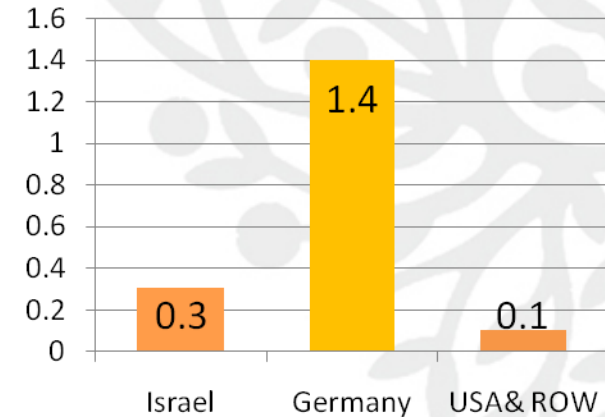
**H1 2010 (constant currency)**



**H1 2009 (constant currency)**



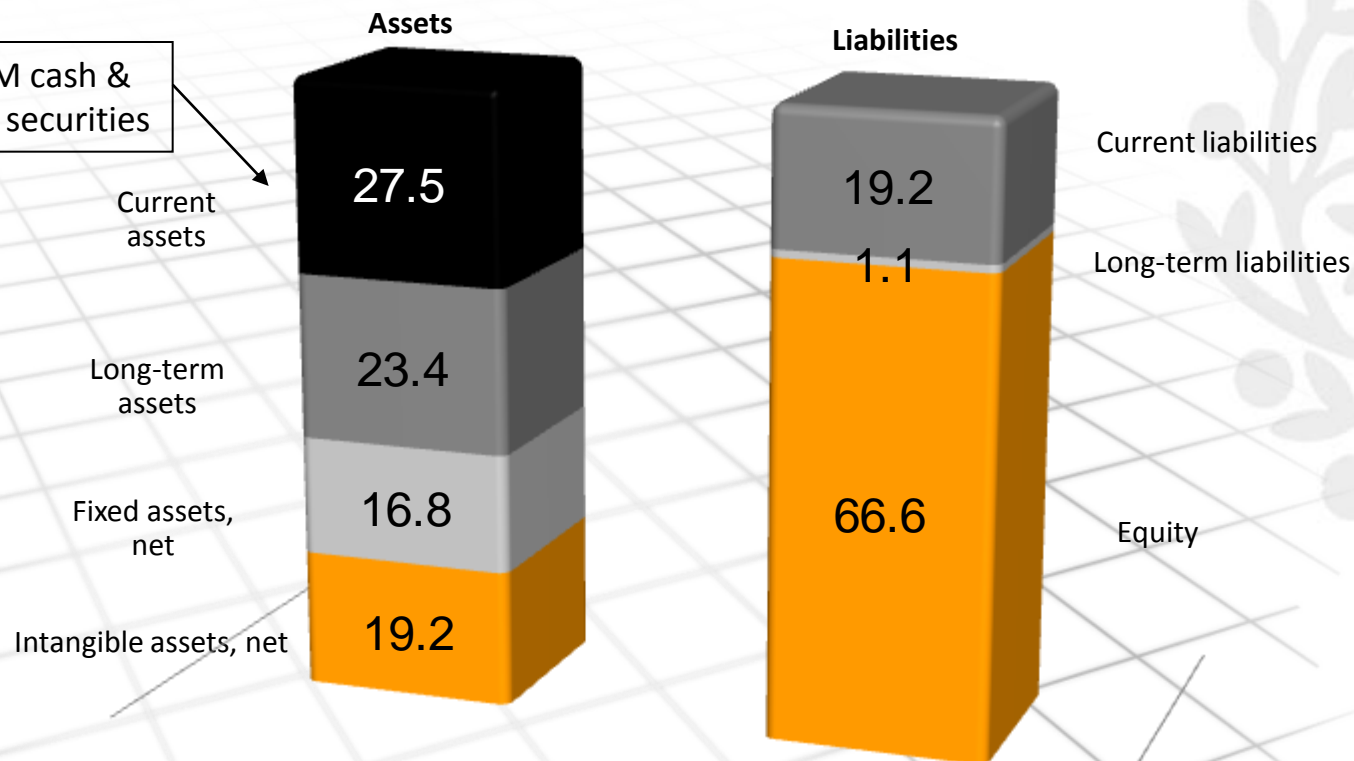
**Growth by geography**



In USD million

# H1 2010 balance sheet

USD 19.6 M cash & marketable securities



## Q2/H1 2010 cash flow statements

USD millions	Q2 2010	Q2 2009	Diff	H1 2010	H1 2009	Diff
Cash provided by Operating activities	<b>2.8</b>	<b>1.6</b>	<b>1.2</b>	<b>3.4</b>	<b>1.8</b>	<b>1.6</b>
Cash used in Investing activities (ex. Marketable securities)	<b>(1.9)</b>	<b>(2.1)</b>	<b>0.2</b>	<b>(3.5)</b>	<b>(3.6)</b>	<b>0.1</b>
Cash used in financing activities	<b>(1.6)</b>	<b>(0.4)</b>	<b>(1.2)</b>	<b>(0.1)</b>	<b>(0.2)</b>	<b>0.1</b>
Effect of exchange rate changes	<b>(0.3)</b>	<b>1.2</b>	<b>(1.5)</b>	<b>(0.4)</b>	<b>(0.3)</b>	
Increase (decrease) in cash, cash equivalents & marketable securities	<b>(1.0)</b>	<b>0.3</b>	<b>(1.3)</b>	<b>(0.5)</b>	<b>(2.3)</b>	<b>1.8</b>
Cash, cash equivalents & marketable securities at beginning of period	<b>20.6</b>	<b>20.8</b>	<b>(0.2)</b>	<b>20.1</b>	<b>23.4</b>	<b>(3.3)</b>
Cash, cash equivalents & marketable securities at end of period	<b>19.6</b>	<b>21.1</b>	<b>(1.5)</b>	<b>19.6</b>	<b>21.1</b>	<b>(1.5)</b>



**Strategy**

# SHL Strategy – Analysis

	Situation analysis	Strategic framework 2010 +
<b>Core assets &amp; know-how</b>	<ul style="list-style-type: none"> <li>• Telemedicine platforms (Israel, Germany)</li> <li>• Product and service development for both cardiac and other chronic diseases</li> </ul>	<ul style="list-style-type: none"> <li>• Can serve more patients / other markets</li> <li>• Build on proprietary know-how and technology</li> </ul>
<b>Disease areas</b>	<ul style="list-style-type: none"> <li>• Strong in cardiac diseases, i.e. cardiac emergency service, CHF monitoring...</li> <li>• Diabetes pilot study shows promise</li> </ul>	<ul style="list-style-type: none"> <li>• Untapped potential of cardiac emergency service for consumers</li> <li>• Proof of concept for COPD monitoring Germany</li> <li>• Introduction of diabetes program in Germany</li> </ul>
<b>Marketing approach</b>	<ul style="list-style-type: none"> <li>• B2C approach -&gt; life saving</li> <li>• B2B approach -&gt; cost saving</li> </ul>	<ul style="list-style-type: none"> <li>• Expansion in both service segments</li> </ul>
<b>Geographies</b>	<ul style="list-style-type: none"> <li>• Israel: market leader, mature market</li> <li>• Germany               <ul style="list-style-type: none"> <li>- good portfolio in B2B mid market</li> <li>- expected consolidation of health insurers effecting short term growth prospects</li> <li>- untapped B2C market</li> </ul> </li> <li>• USA: agreement with Philips</li> </ul>	<ul style="list-style-type: none"> <li>• Continue with German expansion, both B2B/CHF/Dibetes/COPD and B2C/cardiac service</li> <li>• Intention to start in 2010 B2C model in one additional country in Europe</li> </ul>

# Introducing our main consumer service, the Cardiac Emergency Service to global customers

Mid-term goal – revenues of USD 30-60M

German Market analysis

- Extensive market analysis
- Understanding the key drivers – marketing channels etc..

Test feasibility and business potential

- Prices
- Needed investments
- Business potential

Early 2010 – launch of service in Germany

2010 - Launch of service in an additional territory

- Private pay
- Web based marketing
- Competitive and Technological advantage - extensive knowledge in B2C acquired over 20 years
- Leveraging the SHL brand recognition and reputation in Germany
- Diversify revenue base
- Use existing infrastructure (call center etc...)

Mid-term - launch in additional territories

# New services for health insurers - CHF/Diabetiva/COPD

**Mid-term goal – additional revenues of USD 40-70M**

Today - CHF service  
~ less than 10,000 patients

Introduction of the COPD service model and benefits to health insurers

Long-term - launch in additional territories

- SHL Germany with over USD 20M in revenues
- Surpassed profitability of Israeli operation
- Diabetiva pilot with health insurer – shows promising results

Win major contracts for CHF monitoring

- Health insurer consolidation affecting visibility

Win Diabetes and COPD contracts

- Continue proving extensive cost savings to health insurers
- Introduce new services to current clientele and to new health insurers
- Use existing infrastructure (call center etc...)



# **Consumer - The SHL Cardiac Emergency Service – Market, Services and Opportunities**



# CVD market overview

## General statistics

- Each year cardiovascular disease (CVD) causes over **4.3 million deaths** in Europe and over 2.0 million deaths in the European Union (EU).
- Overall CVD is estimated to cost the EU economy **€192 billion a year** (over €600/capita/year in Germany and the UK).

## Unnecessary hospitalizations

- 60% of people who visit Emergency Rooms for Chest Pain are admitted
- However, 80% of admitted patients do not have MI

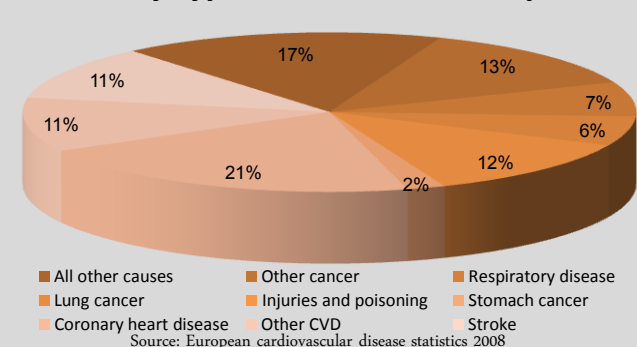
## Premature permanent disability

- 67% of heart attack patients do not make a complete recovery
- Coronary Heart Disease is the leading cause of premature, permanent disability

## Too many – Too early

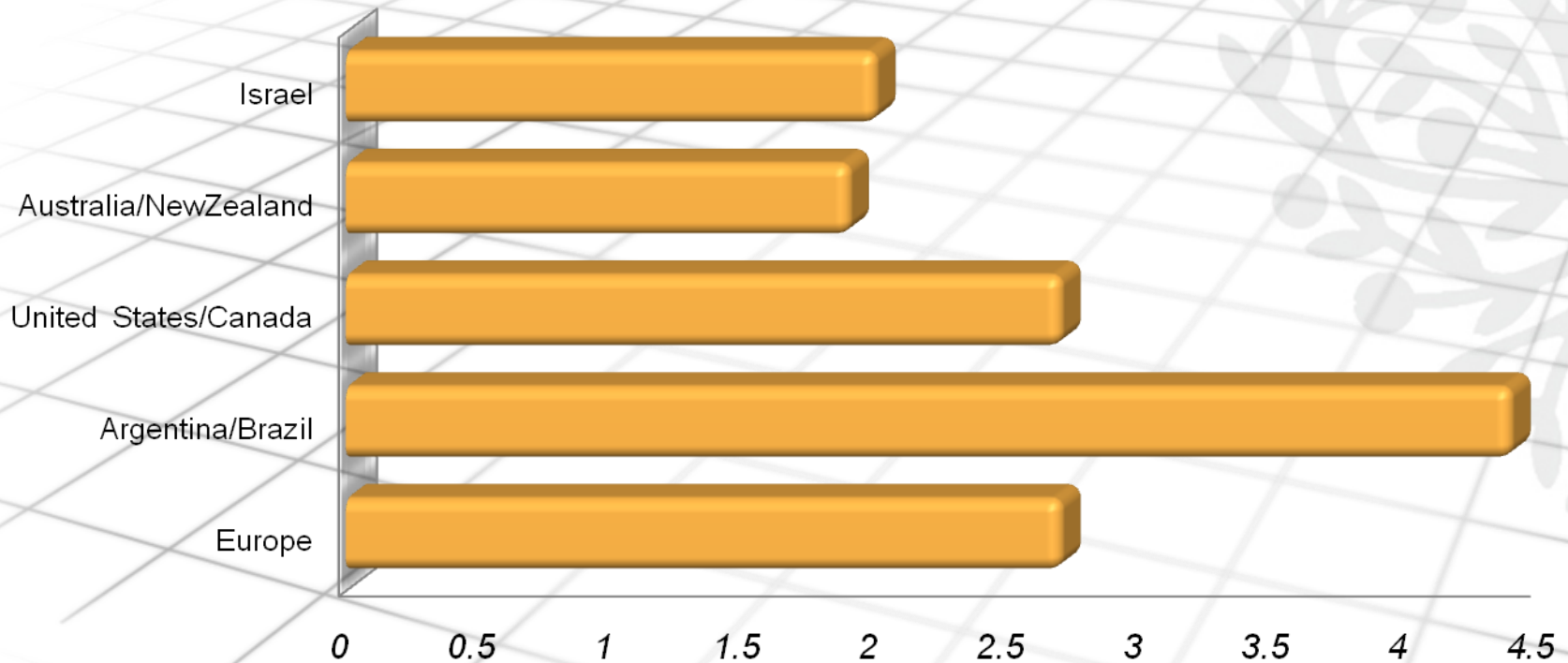
- About 47% of the people who experience a coronary heart attack in a given year will die from it! (50% die before they reach the hospital)
- Those who survive - about 10% will die within one year from the heart attack

## Death by type of disease in Europe

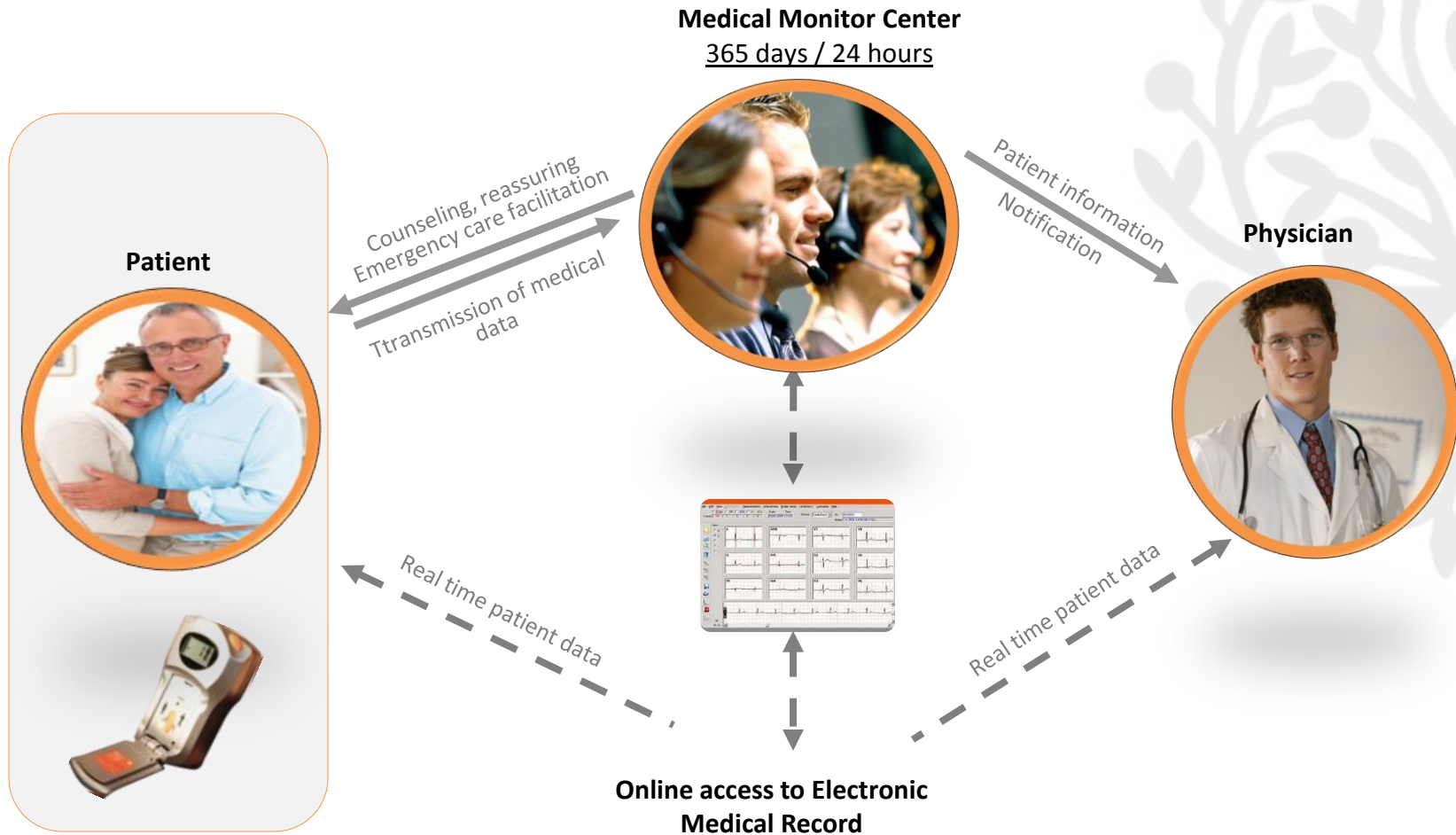


## Patients response time from onset of symptoms

**Long response time from onset of symptoms of a heart attack - mainly due to psychological denial – one of the main causes of chronic heart disease and death**



# The SHL cardiac emergency service outline



# Integrated medical call center

**Call center operates 24/7 with trained medical staff providing counseling, guidance and diagnosis of the customers medical condition**



When a call is received, the subscriber's computerized personal medical records are immediately displayed on-screen

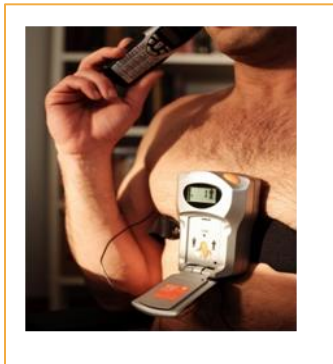
Medical call center staff follow propriety communication protocols with the subscriber and evaluate the situation based on subscriber's symptoms, real-time medical data transmission, and individual medical history

Based on their analysis the medical staff will advise the subscriber on an appropriate course of action, or simply provide re-assurance

# Advanced telemedicine devices

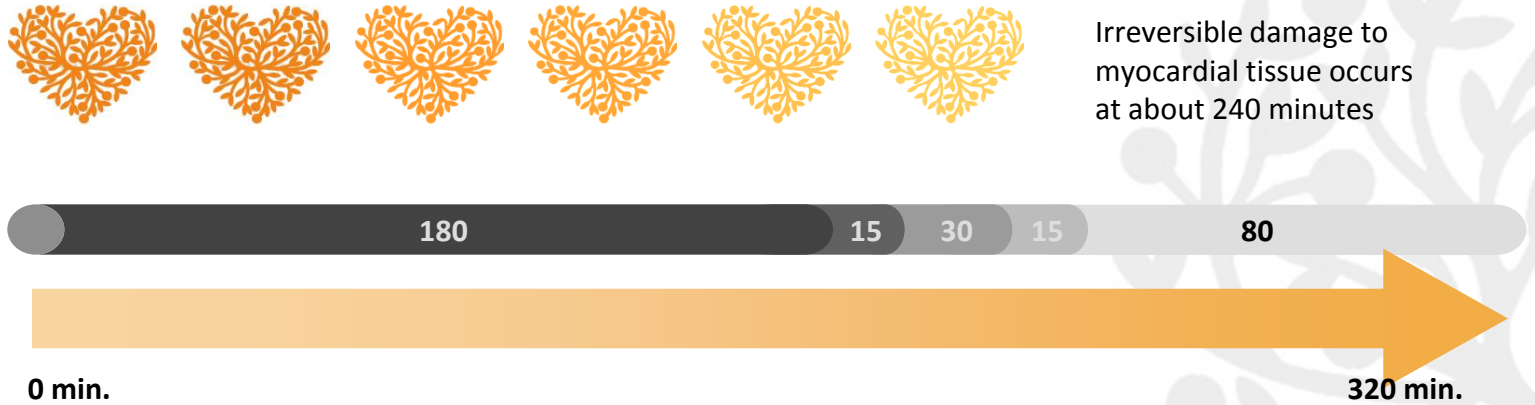
## CardioSen'C

- The CardioSen'C™ is a personal cellular-digital 12 lead ECG transmitter
- Transmits to SHL's medical call centre a patient's 12 lead ECG
- Remote real time diagnosis of arrhythmia, ischemia, and myocardial infarction
- CE and FDA approved

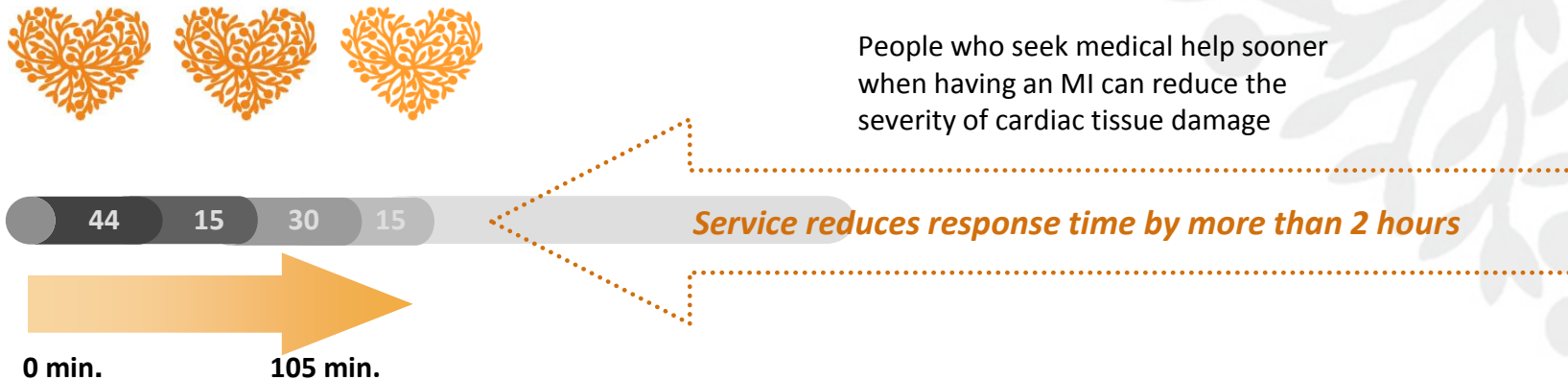


# Value for patients

Normal Response Time



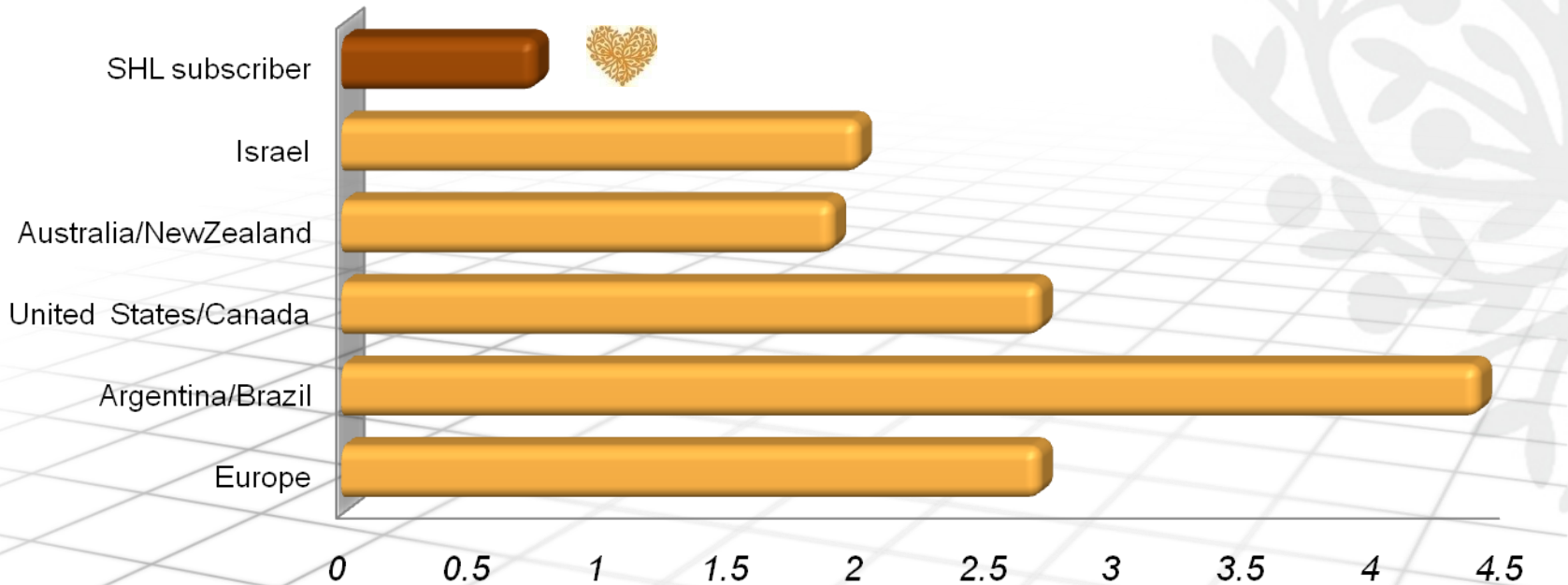
Response Time on SHL'S Service



- Reaction delay
- Ambulance response
- At-home treatment
- Home to hospital
- Door to medical care

## Value for patients - patients response time from onset of symptoms

**SHL's Cardiac Emergency Service helps to lower response time by around 2 hours – leading to improved chances of survival and lower likelihood of an irreversible damage to the heart**



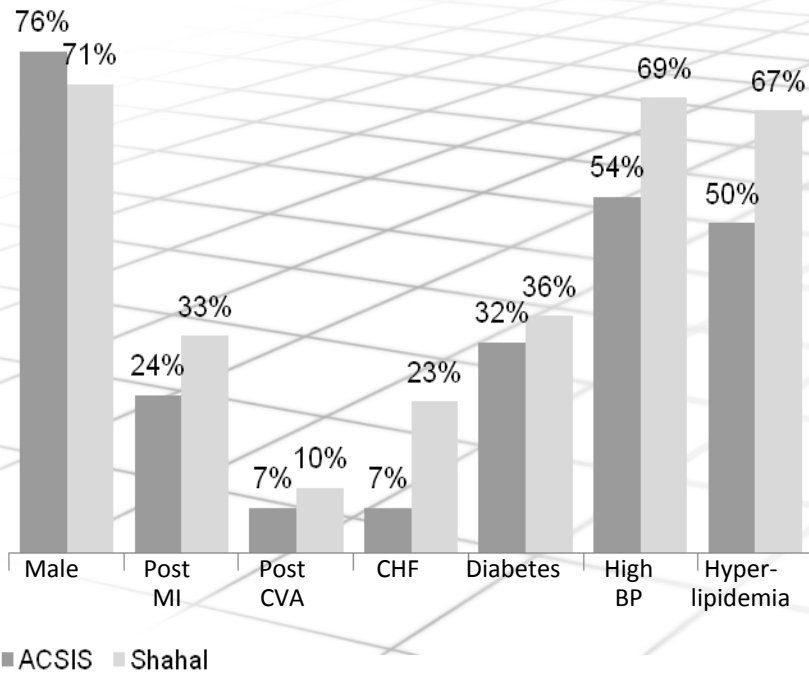
Source The American Journal of Cardiology, Volume 89, Issue 7, Pages 791-796;R.Goldberg

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

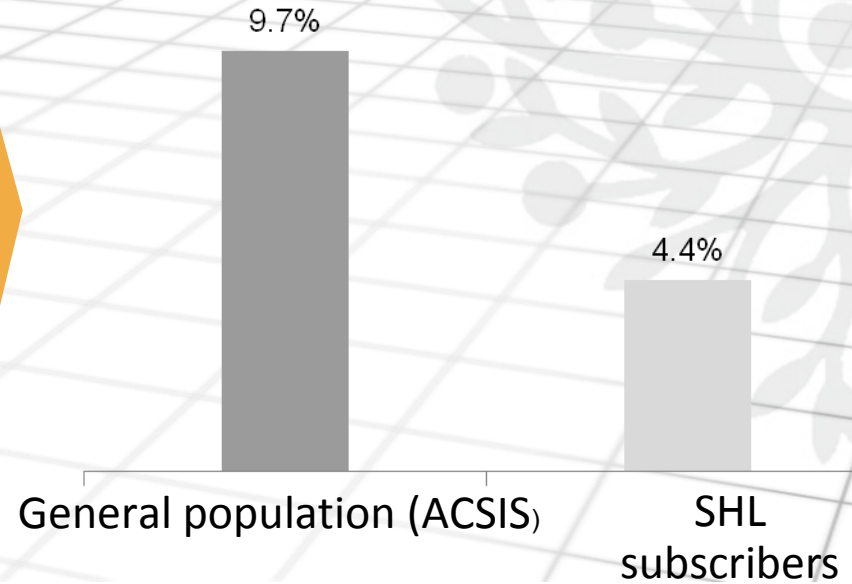
# Value for patients (cont.)

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.

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

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

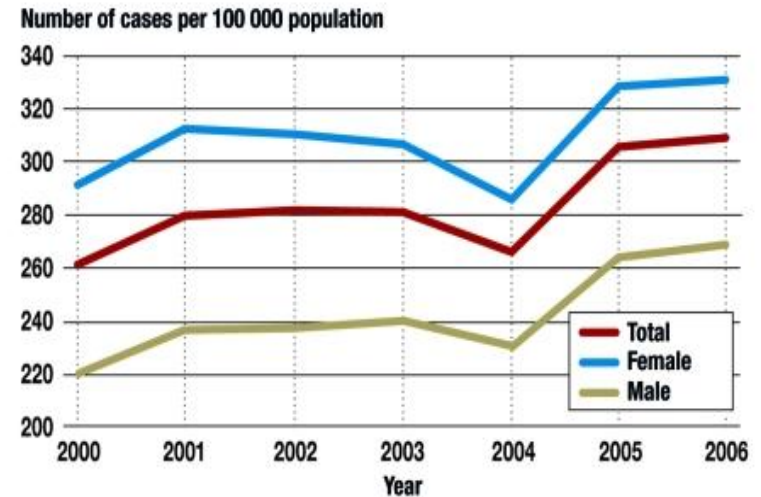




**Institutional –  
CHF/Diabetiva/COPD -  
Market, Services and  
Opportunities**

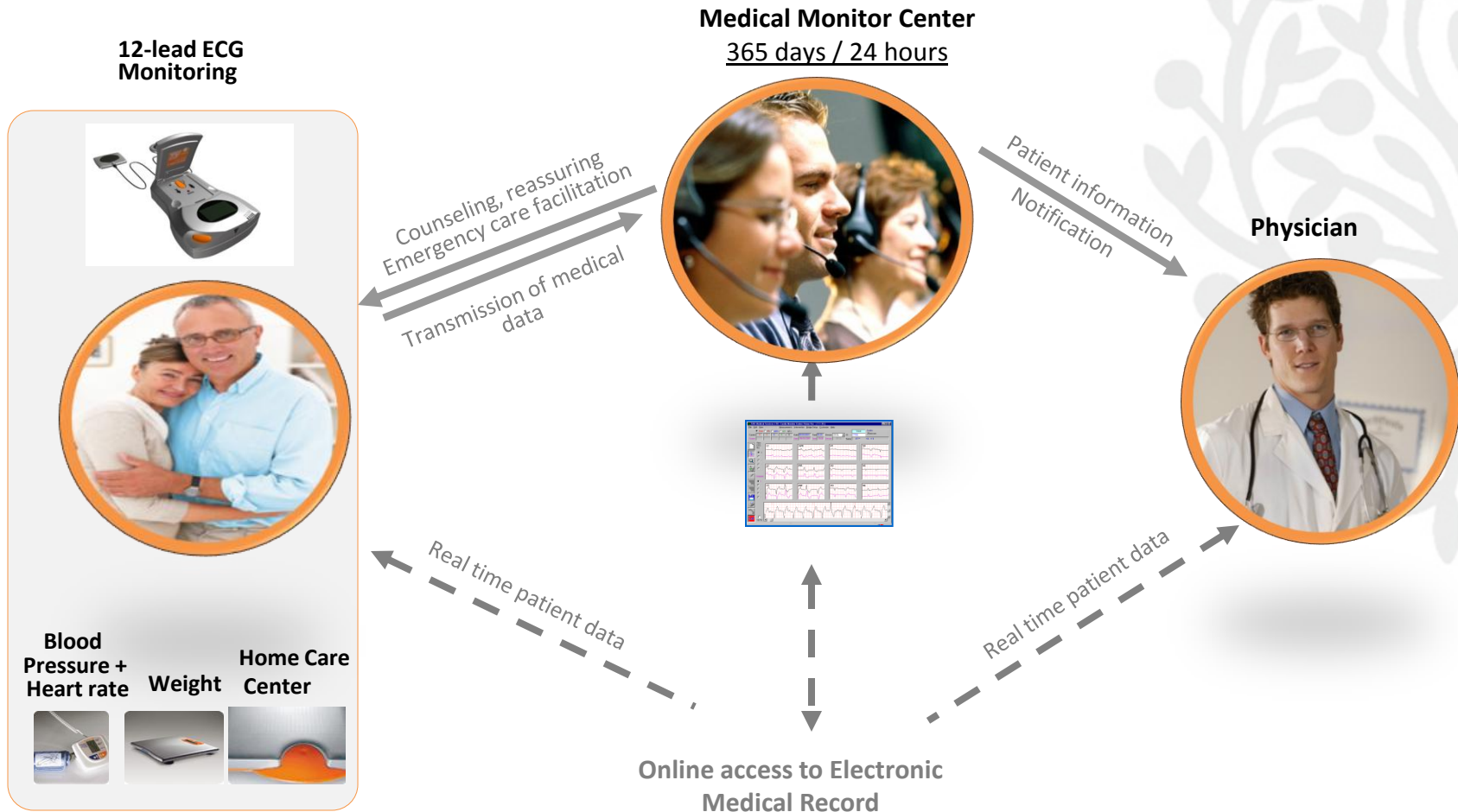
# CHF market overview

- The German cost of heart failure in 2006 was estimated at **2.9 billion** euros
- Heart failure is presently the **most frequent** reason for inpatient hospital admission in Germany.
- In the Western industrialized nations, inpatient hospitalization costs account for 50% to 70% of the health costs of patients with heart failure
- From 1998 to 2007, heart failure was in absolute numbers consistently the third most frequent cause of death in Germany



	2000	2001	2002	2003	2004	2005	2006
< 15 years	2	3	3	2	2	2	2
15 to < 45 years	7	7	8	8	8	9	10
45 to < 65 years	127	137	138	139	133	156	158
65 years and older	1550	1657	1648	1626	1514	1725	1738

# CHF Telemedicine service outline

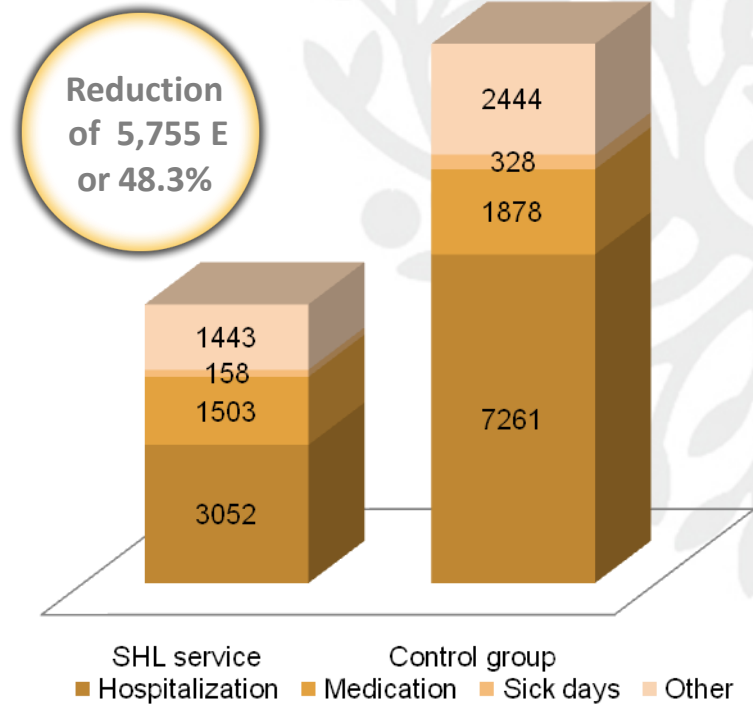


## CHF – the SHL service values

### 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

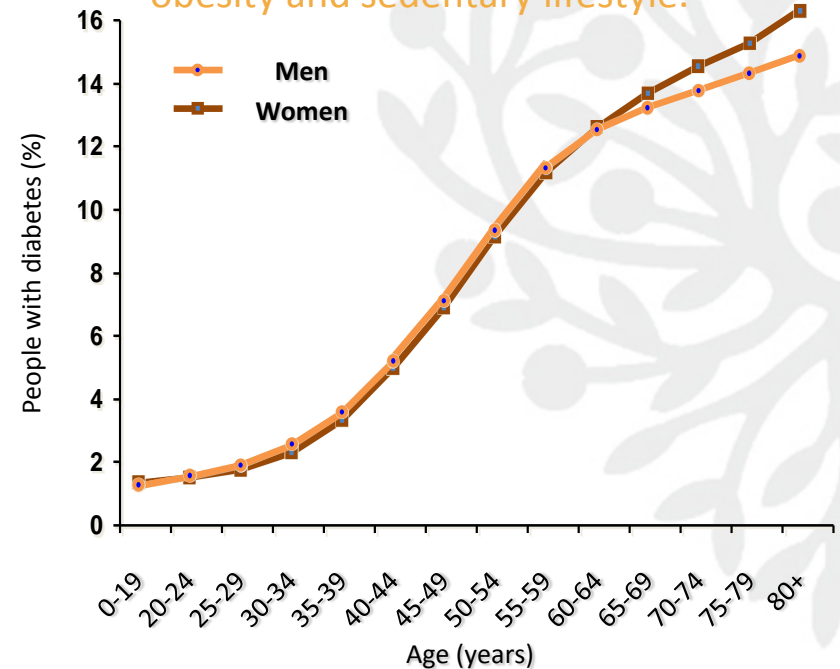
### Significant cost savings



# Diabetes market overview

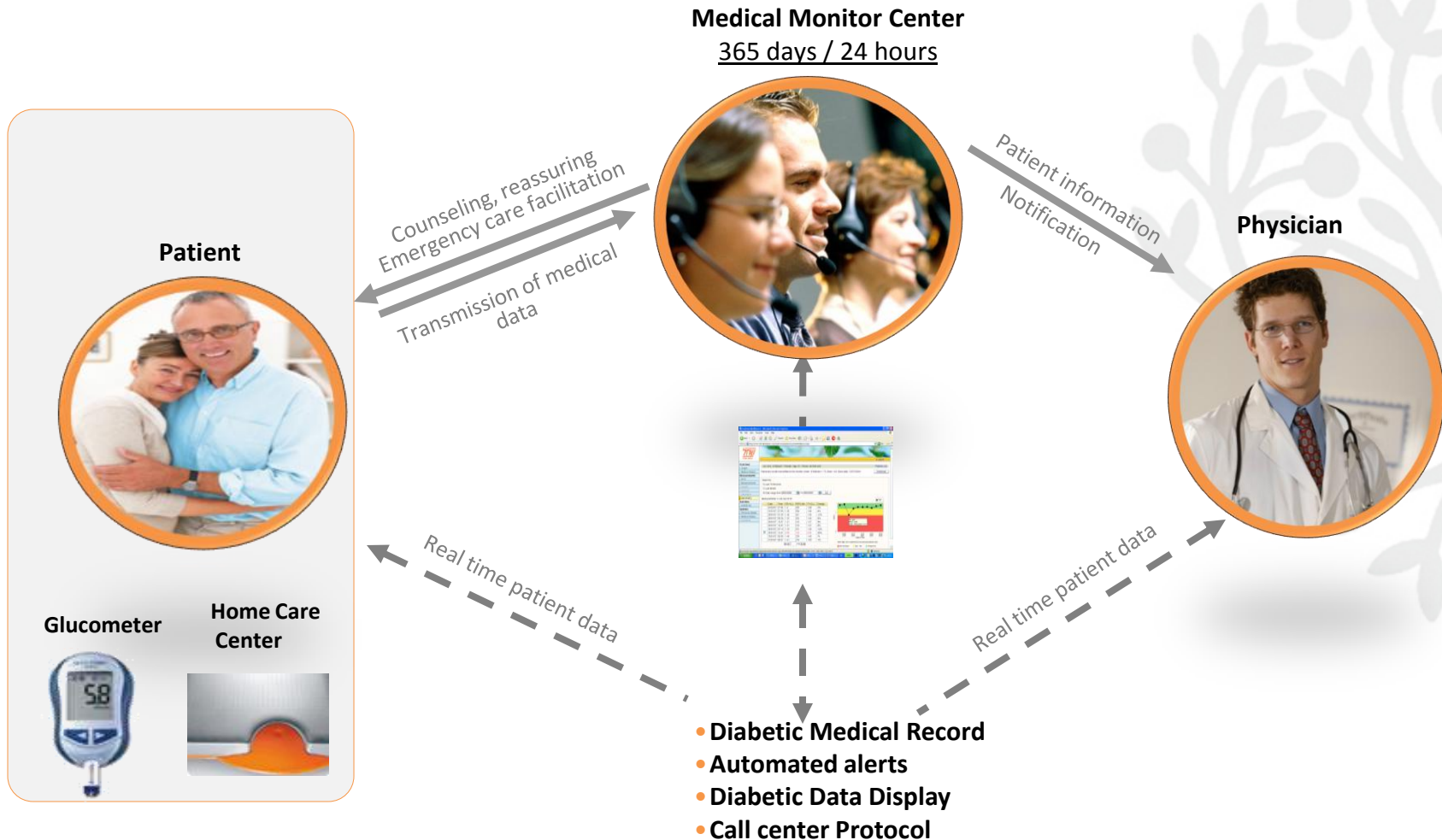
- **6.4 Million** treated diabetic patients were estimated in Germany in 2004 (7.4% of the population)
- **1,9 Million** diabetic patients were treated with Insulin.
- In 2008 about 10% of the German population (about 8 million people) is estimated to have diabetes.
- Above age 60: **18-28% of the population** suffer from diabetes.
- Diabetic patients **die 7.5 years earlier** than non-diabetics.
- The **risk of MI is 3.9-5.9 fold** increased (men and women respectively), the **risk of stroke 2-4 fold** in diabetic patients with mortality increased by 50-70% after a cardiovascular event.

The number of diabetic patients is dramatically increasing due to increasing obesity and sedentary lifestyle.



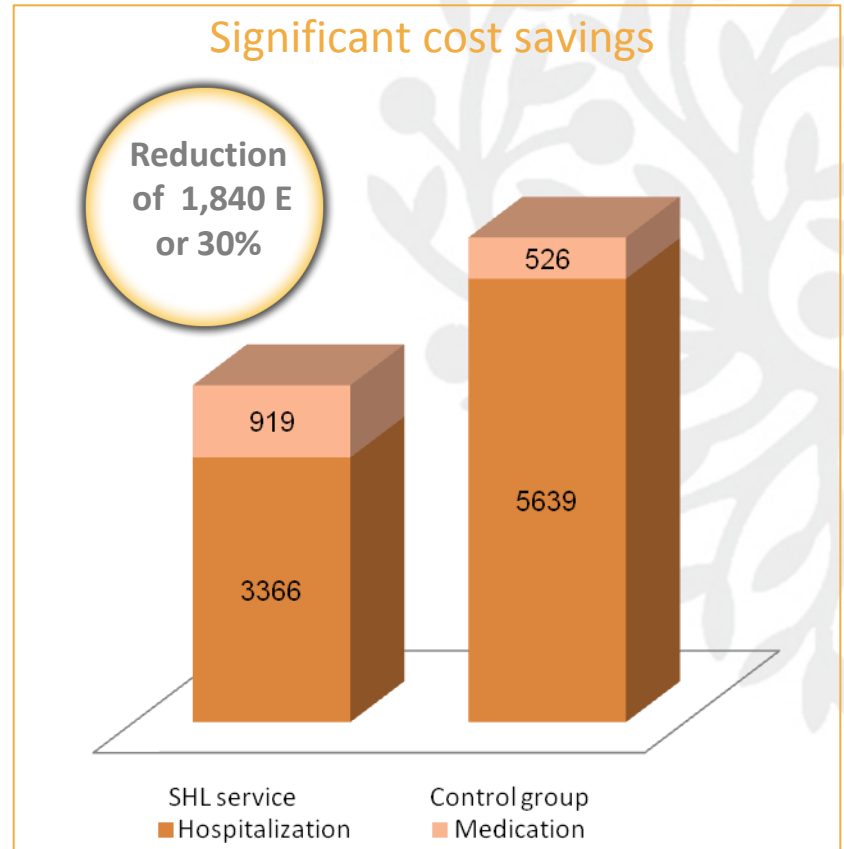
Adapted from Wild S et al. Diabetes Care. 2004;27:1047-1053.

# The SHL Diabetiva service outline



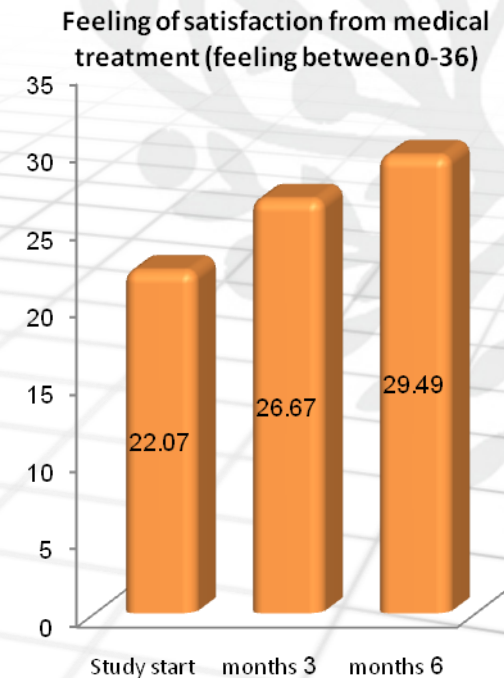
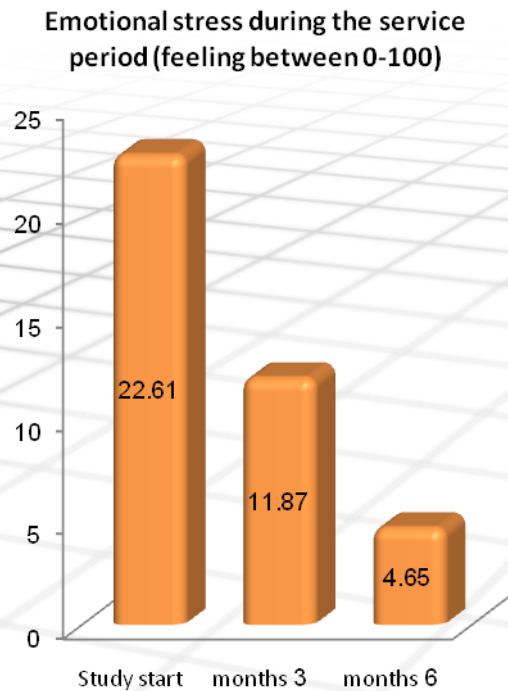
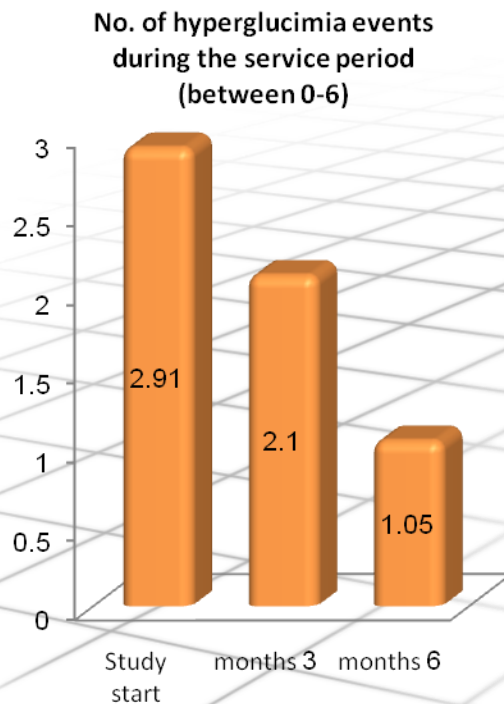
## Diabetiva – the SHL service values

- Diabetiva is a new, innovative and promising telemedical program, combining transfer of blood glucose levels and other parameters with professional counseling and follow up.
- First economical analysis shows a marked reduction of health costs, due to a lower frequency and duration of hospital treatment.
- Additional (long term) benefits on metabolic control, quality of life, vascular complications and health costs are expected.



## Diabetiva – the SHL service values (cont.)

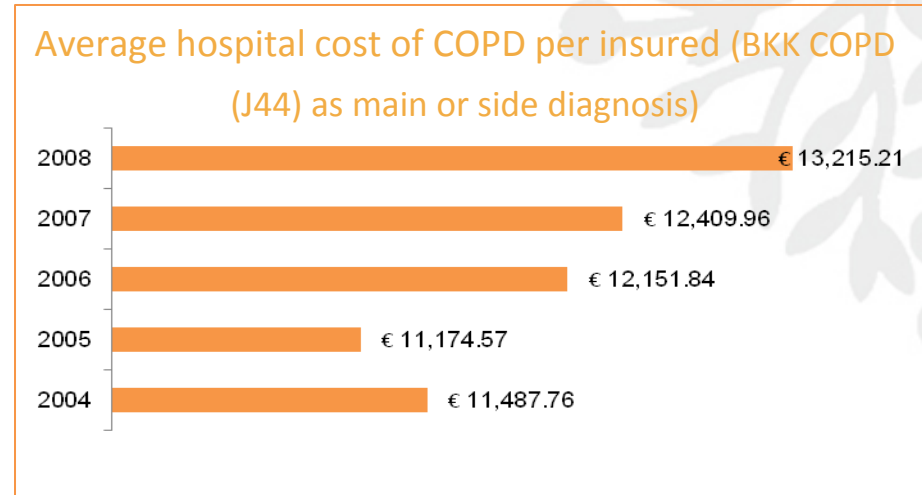
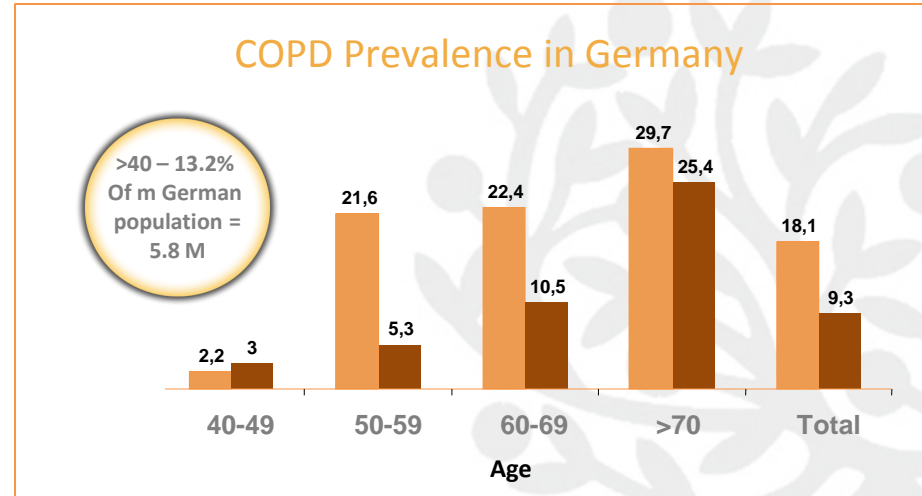
Study conducted on Diabetiva patients testing their quality of life, emotional stress and satisfaction with therapy shows **significant improvement** in all parameters over a 6 month period from beginning of the program



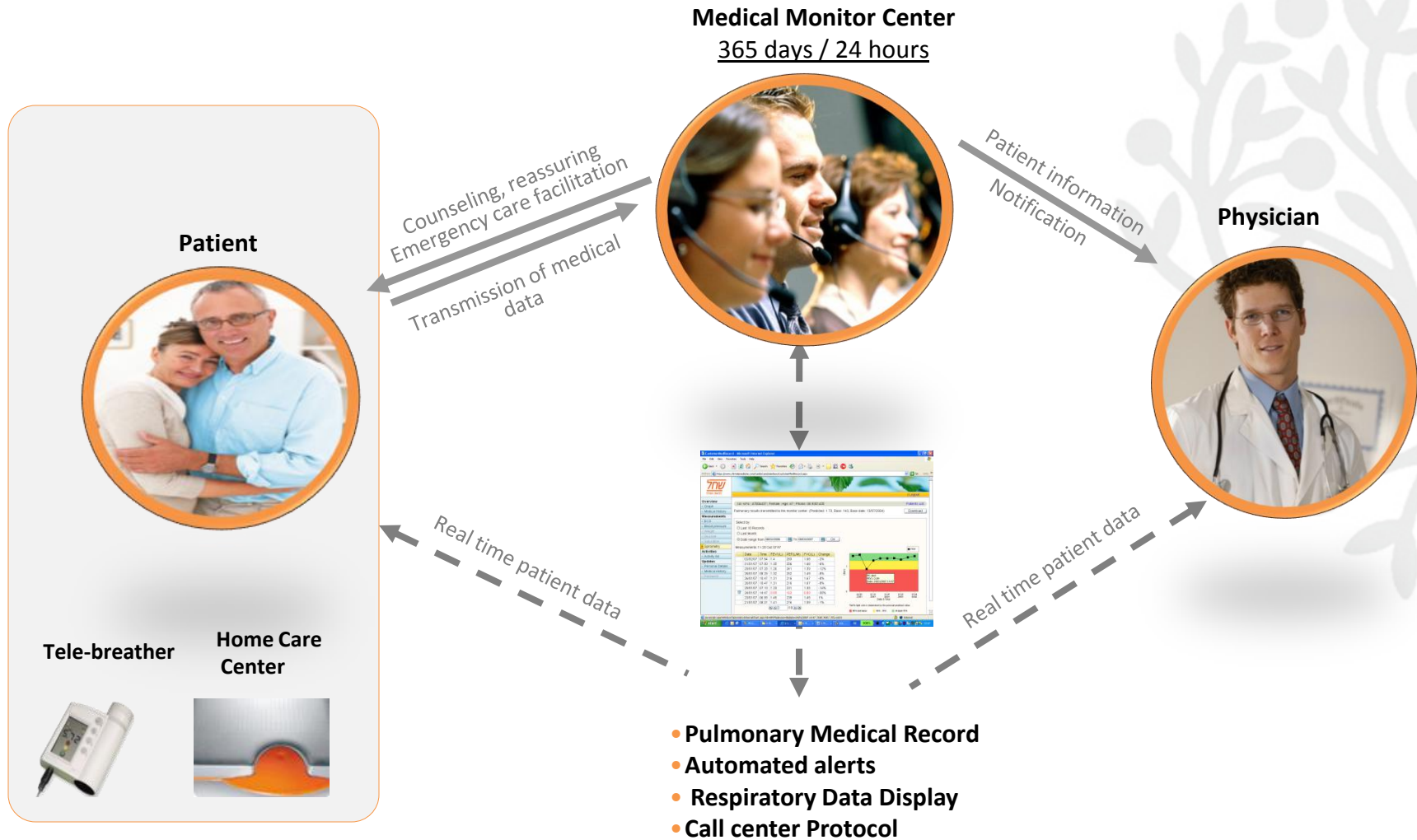


# COPD statistics overview

- 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



# The SHL COPD telemedicine solution



## COPD – the SHL service values

**COPD behaves much like CHF, and costs much like CHF - as such SHL expects to be able to show significant cost savings in the COPD telemedicine program :**

- Significant reduction of hospitalization – less costly emergency rooms admissions
- Shorten hospital stay
- Reduction of morbidity
- Improvements of symptoms
- Peace of mind and improved quality of life
- Improved medical treatment and better data on health status and history of patients



# Outlook

# Guidance 2010

## Business

- Economic outlook expected to increase pressure on health insurers for operational efficiency
- Continuing growth in Germany, ongoing consolidation amongst health insurers affecting sales cycles, however seeing first signs of normalization and back to regular business practices take place
- Stable business in Israel
- Introduction of B2C in Germany and in the UK
- Introduction of new services to health insurers in Germany

## Financial

- Reaffirming financial guidance for the year. Assuming constant exchange rates :
  - Revenues of USD 53-55 M
  - Net income of USD 4-6 M



**Thank you**





# Appendix

