



SHL-TeleMedicine

Results Q2 2002

Conference Call

20 August 2002, 11 a.m. (CET)

Dial-In numbers:

- from Europe: +41 91 610 41 11
- from the US: +1 412 858 46 00

Section 1 Business Review Q2

Section 2 Financials

Section 3 Guidance 2002

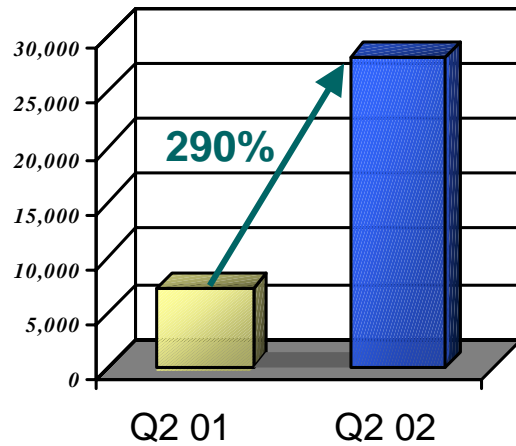
Section 4 Q & A

Section 5 Appendix

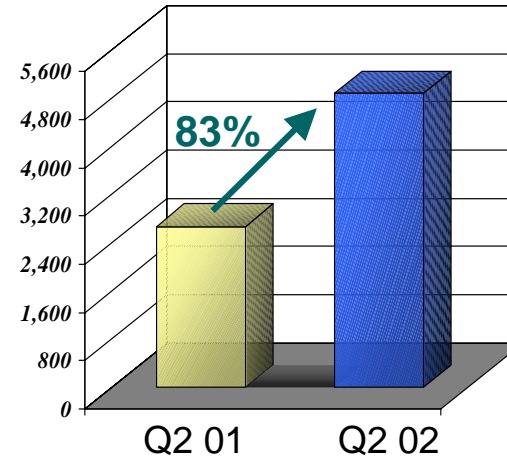
Business Review Q2

- ◆ Strong operation in Israel despite challenging political and economic situation
- ◆ Continuing progress in Europe
- ◆ Completion of Raytel acquisition
- ◆ Financial results in line with our expectations

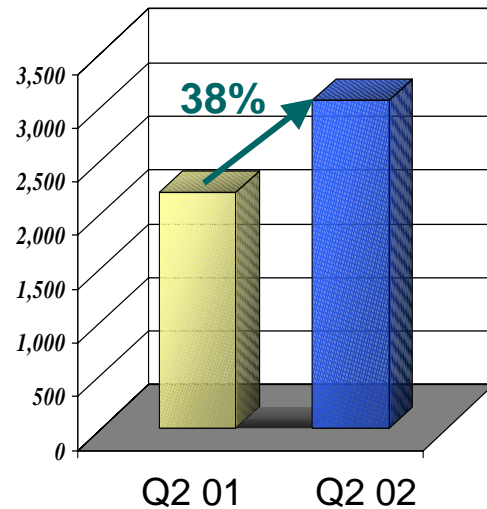
Revenues - 28,085



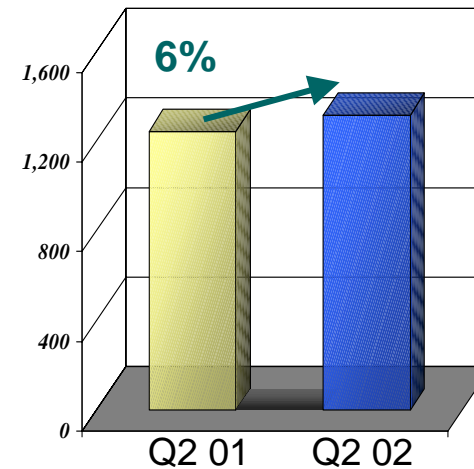
EBITDA - 4,880



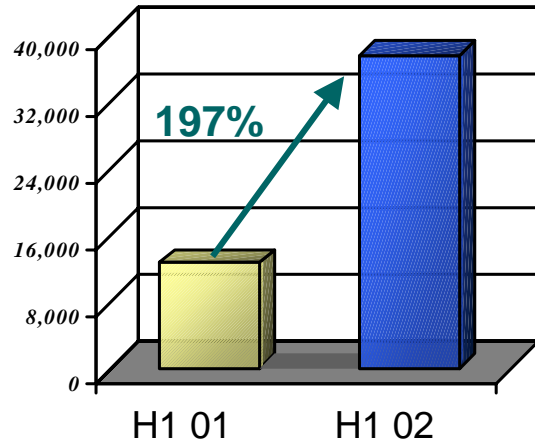
EBIT - 3,056



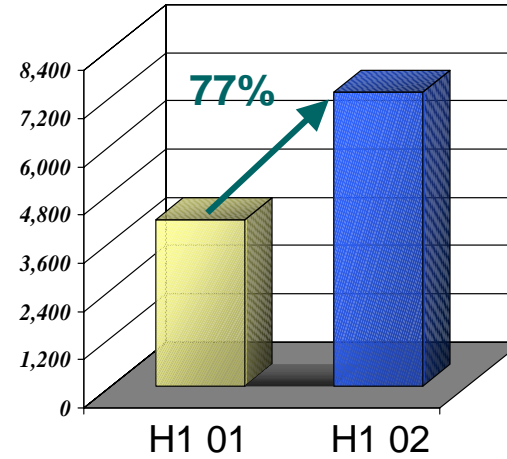
Net Profit - 1,316



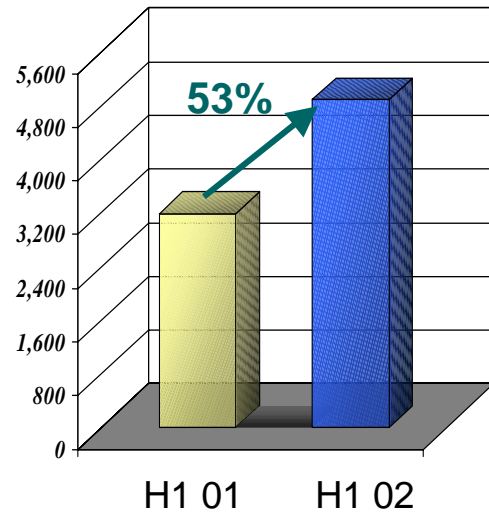
Revenues - 37,766



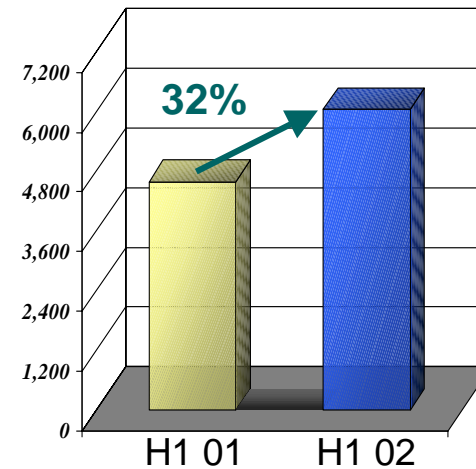
EBITDA - 7,320



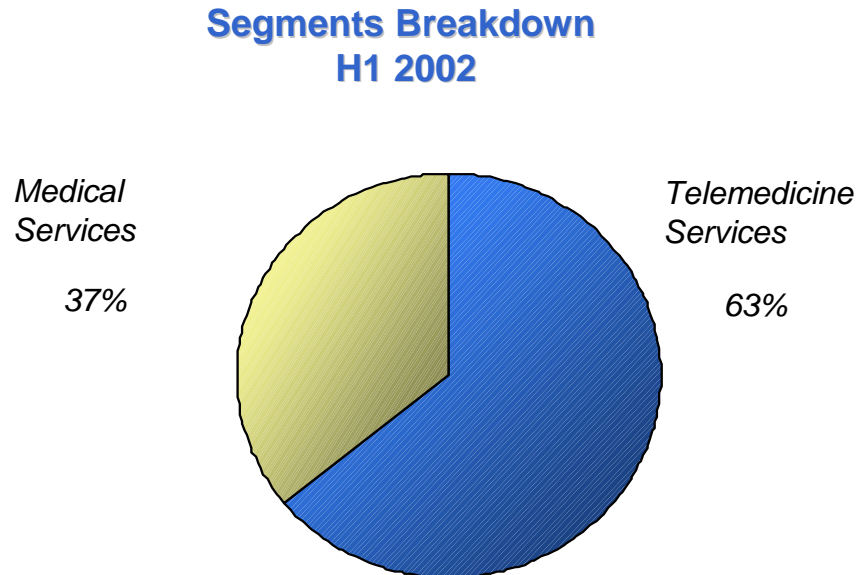
EBIT - 4,883



Net Profit - 6,033



- ◆ SHL operates in two business segments;
 - The telemedicine services segment; covers the monitoring operations in Israel, Europe and the United States
 - The medical services segment; covers the diagnostic and patient management services in Israel and the US.



- ◆ Raytel is now a wholly-owned (100%) subsidiary of SHL TeleMedicine. The company was de-listed from Nasdaq.
- ◆ Raytel financials are consolidated with SHL financials as of April 2002
- ◆ Total acquisition cost ~ \$35M
- ◆ Raytel's acquisition shortens SHL's entry phase into the US market.
- ◆ Continuation of Raytel's existing business segments in Q2:
 - ◆ Raytel Cardiac Services (RCS)
 - ◆ Raytel Diagnostic Services (RDS)
- ◆ Nominated new leader (CEO) to RCS (Bruce Reese); nominated Swapan Sen to CEO of RDS; these report directly to the executive committee headed by SHL Co-Presidents

- ◆ Improving productivity and efficiency of the organization in both segments
- ◆ Increasing growth in sales
- ◆ Utilization of the Raytel platform for the introduction of SHL services and products
- ◆ Reducing corporate HQ (RMC) to the minimum necessary to support segments activities
- ◆ On-going presence of SHL team on-site, for both monitoring and assisting purposes in IT, Marketing, Operations, Finance etc.

- ◆ Commercial launch of Italian Telemedicine Service Operation, based in Milan
- ◆ Fully operational in Switzerland and Germany
- ◆ Established cooperation with leading medical institutions throughout the territories
- ◆ Medical Advisory Board consist of the best professors in each country
- ◆ Hundreds of subscribers already joined

A map of Switzerland with a purple-to-white gradient background. The word "Switzerland" is written in bold black text in the center of the map.

Switzerland

A map of Germany with a teal-to-white gradient background. The word "Germany" is written in bold black text in the center of the map.

Germany

A map of Italy with a blue-to-white gradient background. The word "Italy" is written in bold black text in the upper left part of the map.

Italy

- ◆ Continuing growth in subscribers and sales of device
- ◆ Successful integration of Bikurofe
- ◆ Launch of new TelePulseOximeter
- ◆ Successful launch of new service "Thin for life" in early July

Financials

(USD 000s)	2001	2002	% GROWTH
Revenues	7,197	28,085	290%
Gross Profit	4,794	13,965	191%
Margin	67%	50%	
EBITDA	2,669	4,880	82.8%
Margin	37%	17%	
EBIT (Operating Profit)	2,201	3,056	38%
Margin	31%	11%	
Profit before Tax	1,588	3,409	115%
Margin	22%	12%	
Net Profit	1,244	1,316*	6%
Margin	17%	5%	
Eps	US\$ 0.12	US\$0.12	

* After provision for SHL's share of losses in the European joint venture with Philips.

(USD 000s)	2001	2002	% GROWTH
Revenues	12,728	37,766	197%
Gross Profit	7,962	19,042	139%
Margin	63%	50%	
EBITDA	4,133	7,320	77%
Margin	32%	19%	
EBIT (Operating Profit)	3,186	4,883	53%
Margin	25%	13%	
Profit before Tax	5,342	10,099	89%
Margin	42%	27%	
Net Profit	4,580	6,033*	32%
Margin	36%	16%	
Eps	US\$ 0.43	US\$0.57	

*After provision for SHL's share of losses in the European joint venture with Philips.

(USD 000s)

31/12/2001

30/6/2002

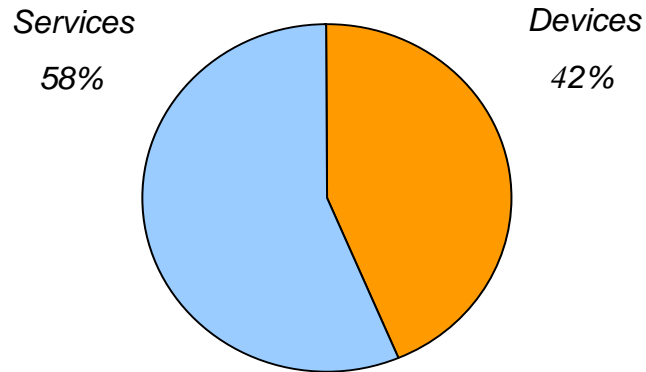
Assets

Current assets	75,711	106,015
Long term assets	35,329	42,498
Fixed assets	2,666	11,283
Other assets	22,525	54,762
Total assets	136,231	214,558

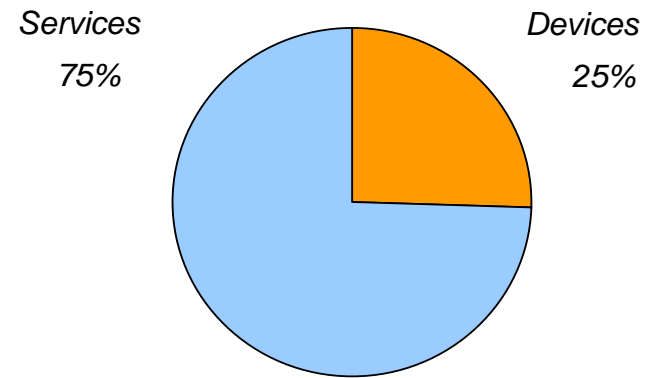
Liabilities and Shareholders' Equity

Current Liabilities	27,406	59,662
Long term liabilities	13,752	58,674
Minority interest	-	1,377
Shareholders' equity	95,073	94,845
Total liabilities and shareholders' equity	136,231	214,558

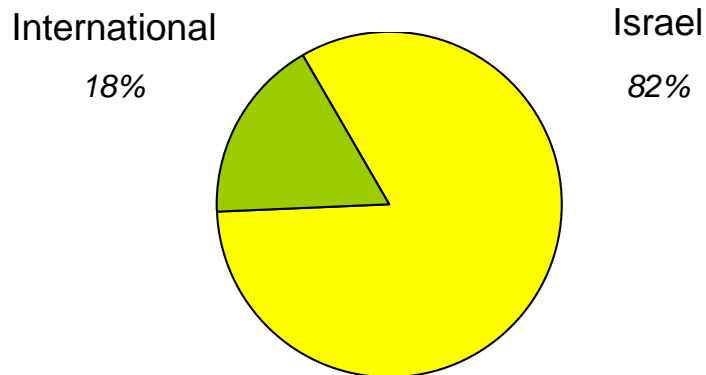
**Revenue breakdown
H1 2001A**



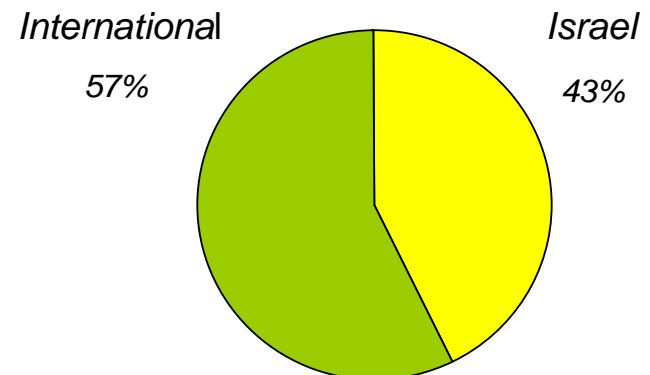
**Revenue breakdown
H1 2002**



**Geographical breakdown
H1 2001A**



**Geographical breakdown
H1 2002**



Guidance 2002

Major steps 2002

- ◆ Continue European expansion with our strategic partners
- ◆ Fast integration of Raytel Medical Corporation
- ◆ Expand product offering through technological innovation
- ◆ Maintain leading market share in home market Israel

- ◆ SHL's 2002 results will include Raytel's operations for 9 months
- ◆ Total revenue forecast between USD 90M - USD 95M
 - Domestic revenue growth between 45% - 55%
 - International revenue over 50% of total revenue
- ◆ EBITDA - between USD 18M - USD 22M (20% - 23%)
- ◆ EBIT- between USD 11.5M - USD 15.5M (13% - 16%)

Q&A session

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Appendix

- ◆ IR Agenda
 - Q3: November 20
 - FY: March 5
- ◆ 10,663,373 registered shares with a par value of NIS 0.01 each
- ◆ Listed at SWX New Market in CHF; Symbol: SHLTN; Securities No. 1128957
- ◆ Market price high/low (CHF) in Q2 2002: 24.90/14.05
- ◆ Market capitalization high/low (CHF million) in Q2 2002: 265.5/149.8
- ◆ Market capitalization 30.6.02 (CHF million) : 165.2
- ◆ No voting restrictions

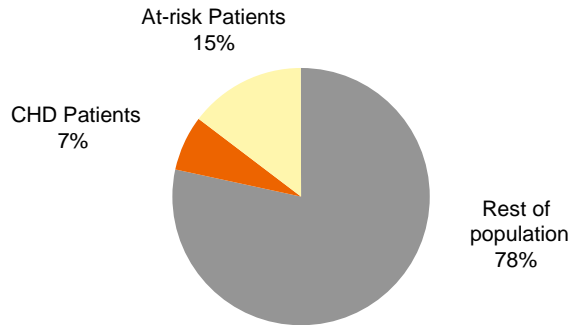
The following points differentiate SHL's consumer-oriented business model

- ◆ Integrated technology/service provider
 - Fifteen year track record of technological innovation and medical call centre operation
- ◆ Source of revenue: out of pocket versus third party reimbursement
 - consumer model not dependent on third party reimbursement
 - SHL's technology is FDA approved and easily capable of providing reimbursable services
- ◆ Long term client base provides recurring revenue stream
 - the average subscriber utilises SHL's services for over five years
 - substantially different turnover profile
- ◆ Uniquely positioned to penetrate European market
 - with minimal third party reimbursement for telemedicine in Europe, SHL's consumer-oriented model is best suited to penetrate the European market
 - partnership with Philips provides SHL with superior scale, marketing clout with consumers

SHL Coronary heart disease prevalence (USA)

Cardiovascular diseases afflict some 60m people in the US

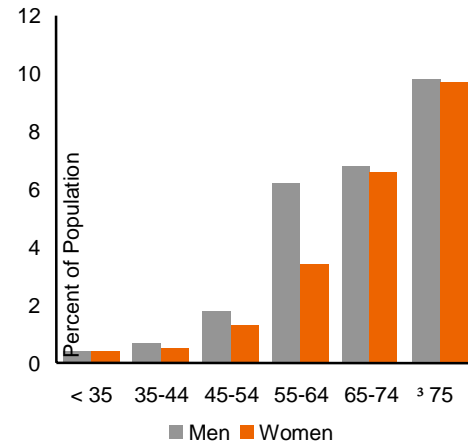
Heart disease prevalence in the U.S.



U.S. adult population 20+ years old 1999 Heart and Stroke Statistical Update American Heart Association

SOURCE:

Estimated prevalence of congestive heart failure by age and sex



NHANES (1988-94), CDC/NCHS and the American Heart Association

SOURCE:

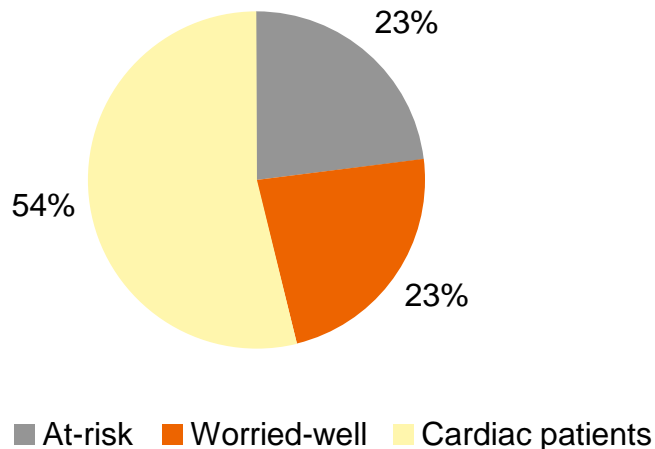
- Each year, an estimated 1.1m Americans have a new or recurrent myocardial infarction (MI)
- Congestive heart failure affects 4.6m Americans at an annual total cost of more than USD22.0 bn
- Direct costs associated with coronary heart disease are estimated to reach to USD55.2 bn in 2000

American Heart Association, "Heart and Stroke Facts", 2000

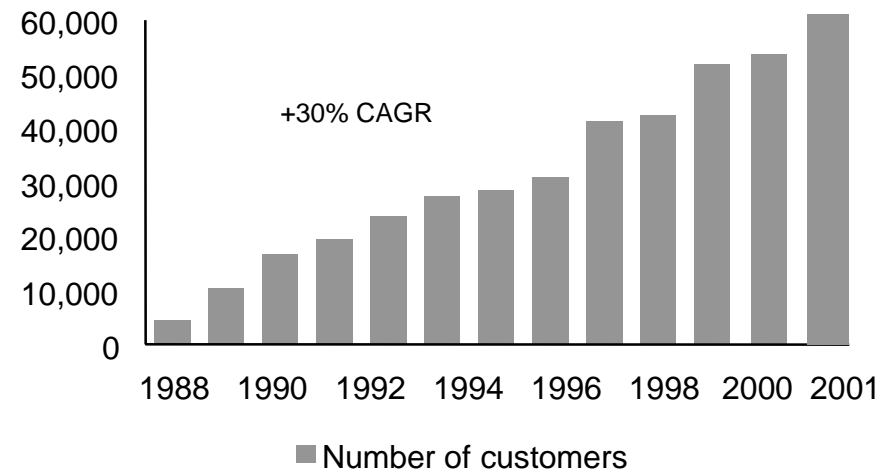
SOURCES:

Over 15 years of experience operating as an integrated technology and service provider

Subscriber breakdown



Number of subscribers



- Approximately 65,000 subscribers generate recurring revenues
- Subscriber growth of 30% (CAGR) for 1988-2000
- Forecasted growth in domestic market of 12-15% (CAGR) for 2001-2005

