

Results 2000 - Outlook 2001

March 2, 2001 – Zurich

“Market Penetration in Europe”

- ◆ Yoram Alroy Chairman and Chief Executive Officer
- ◆ Erez Alroy Co-President
- ◆ Yariv Alroy Co-President
- ◆ Erez Termechy Vice President & Chief Financial Officer

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### Company overview and highlights 2000

◆ Sales of	USD 19.5M	+ 24.3 %
◆ EBIT of	USD 4.4M	+ 127.1 %
◆ EBITDA	USD 5.7M	+ 110.9 %
◆ Net Income of	USD 1.2 M	
◆ EPS	USD 0.18	

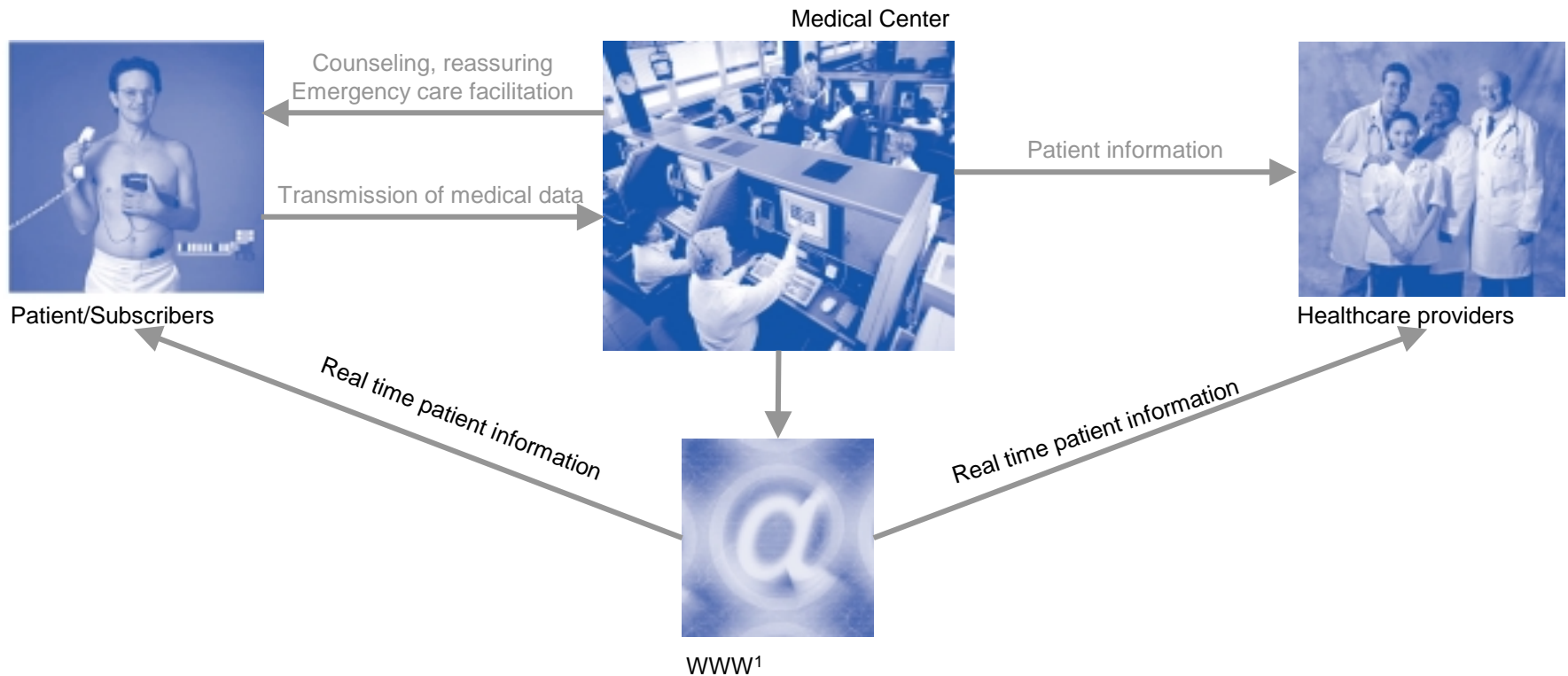
- ◆ Royal Philips Electronics makes a strategic investment in SHL, \$39MM for 18.57% share
- ◆ Initial Public Offering at SWX New Market
- ◆ Product approvals and launches
  - Introduce CardioBeeper CB 12/12
  - CB 12/12 obtains FDA marketing clearance
- ◆ Increase of international activities and sales

◆ Listing	SWX New Market
◆ Date	November 15, 2000
◆ Offer price	CHF 34
◆ Offering size	3,750,000 ordinary shares - 2,500,000 new shares - 1,250,000 existing shares
◆ Freefloat	35.2%
◆ Lock-up	24 months for Alroy family 12 months for the company 12 months for other shareholders
◆ First price paid / Closing price	CHF 39.95 / 44

- ◆ A leading integrated provider of personal telemedicine - remote monitoring systems and services
- ◆ Experienced operator of medical call center with approximately 55,000 subscribers, processing approximately 290,000 calls annually and some 150,000 ECG's
- ◆ Innovative products for cardiac, pulmonary and hypertension monitoring
- ◆ Commenced operations in 1987
- ◆ International rollout of successful business model
- ◆ Strategic relationships with leading consumer and healthcare companies including Philips Electronics and Nestor Healthcare
- ◆ For the year ended 31/12/00: USD 19,5 M in revenues, USD 5,7 M in EBITDA, representing growth rates of 24.3% and 110.9% respectively

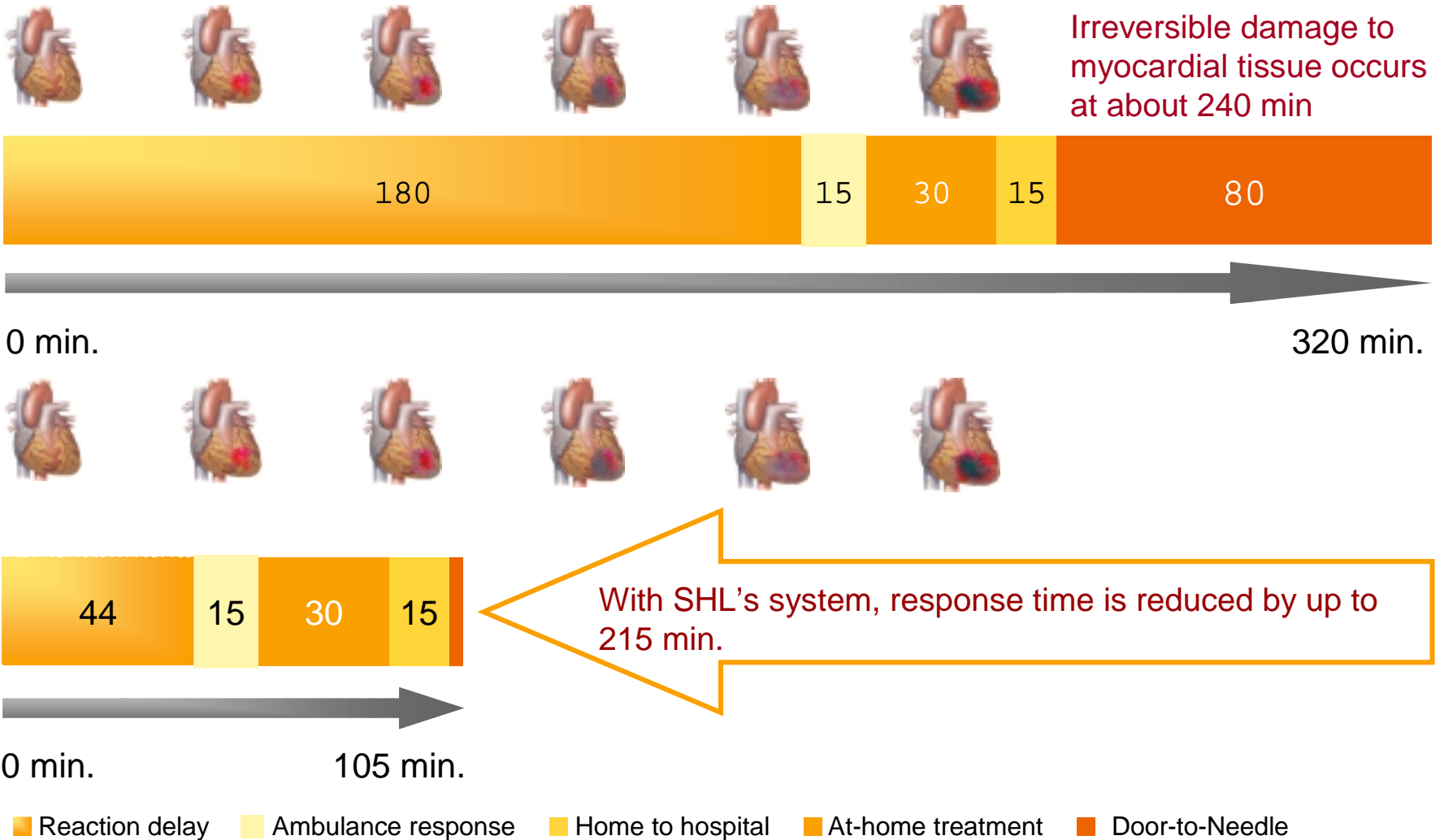


Personal telemedicine is the transmission of medical data via telecommunication networks by an individual patient from a remote location to a medical call center for the purpose of monitoring and diagnosis



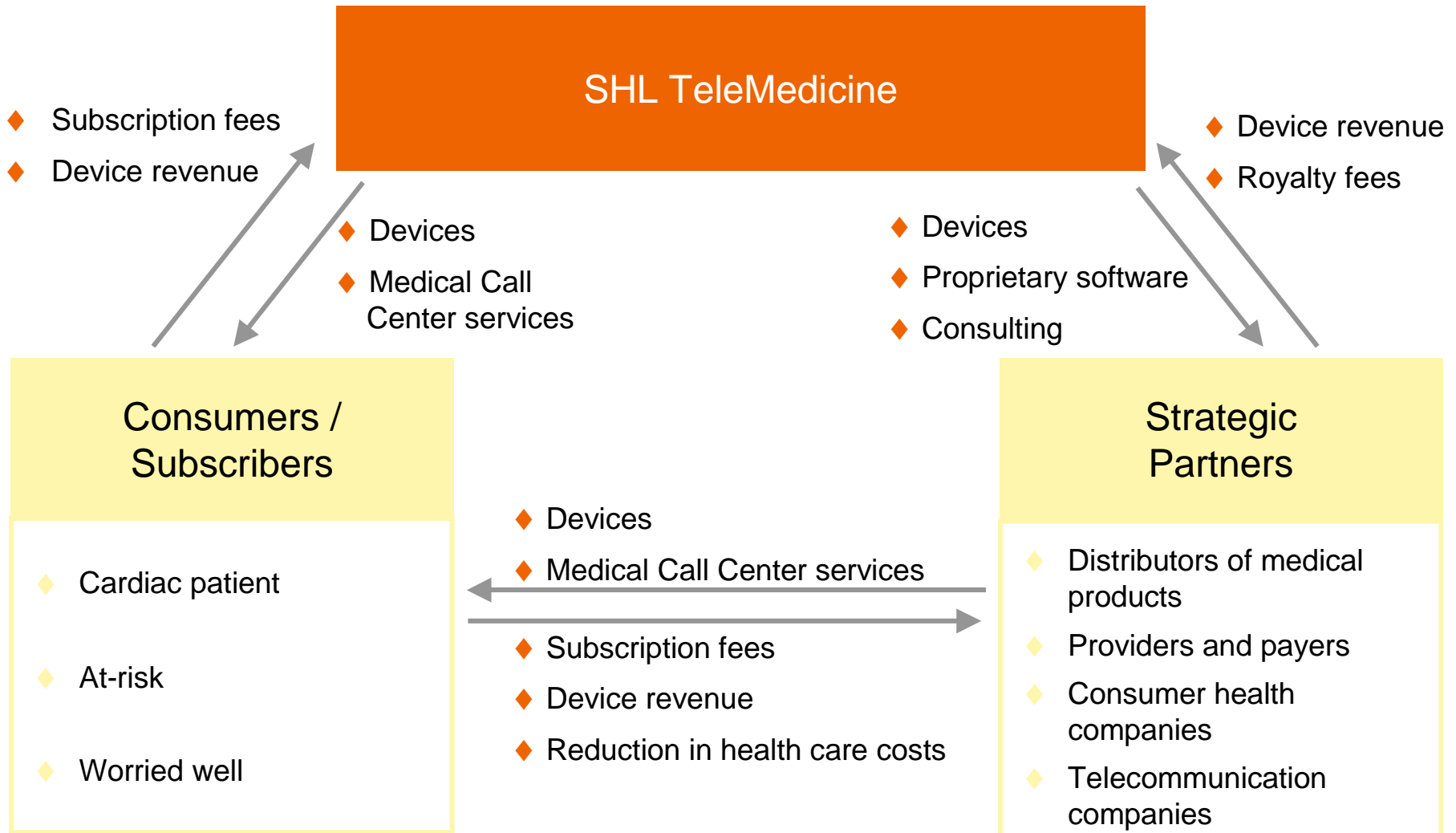
NOTE:

<sup>1</sup> Data encrypted - proper security clearance required



### Peace of mind, better care and cost efficiency

Value for subscribers	Value for physicians and hospitals	Value for payors
<ul style="list-style-type: none"> <li>◆ Reduced emergency response time</li> <li>◆ Reduced severity of damage after myocardial infarction (MI)</li> <li>◆ At USD 40-60 monthly for device and call center service, economically viable and efficient</li> </ul>	<ul style="list-style-type: none"> <li>◆ Real time patient monitoring from remote locations</li> <li>◆ Efficient management of treatment programs</li> <li>◆ Early release programs after MI: lower revenue patients leave earlier, thereby allowing more beds for procedure ready patients</li> </ul>	<ul style="list-style-type: none"> <li>◆ Reduces costs associated with unnecessary hospitalizations</li> <li>◆ Reduces hospitalization cost as inpatients can often be released sooner</li> <li>◆ Efficient availability of patient data</li> </ul>



- ◆ Penetrate international markets with strategic partners
  - UK- with Nestor Healthcare
  - Rest of Europe- with Philips Medical Systems
- ◆ Expand product offerings through technological innovation
  - Build on existing medical applications
  - Expand into other areas like therapeutic monitoring, obesity and diabetes
- ◆ Acquire companies that offer attractive subscriber base, products or technologies
- ◆ Maintain leading market share in Israel
- ◆ Capitalize on increased awareness in personal health

### Outlook 2001

## Major steps 2001

- ◆ Enhance International Expansion
  - Roll-out of Philips HeartCare Telemedicine Services B.V.
  - UK operation
  - Target of revenues from international activities: 22%-27% of total revenues
- ◆ Expand product offering through technological innovation
- ◆ Maintain leading market share in home market Israel
- ◆ Examining opportunities for partners beyond Europe and selected acquisitions
- ◆ Financial key targets
  - Sales growth: 45%-50%
  - EBIT margin: 24%-26%

## Philips Electronics



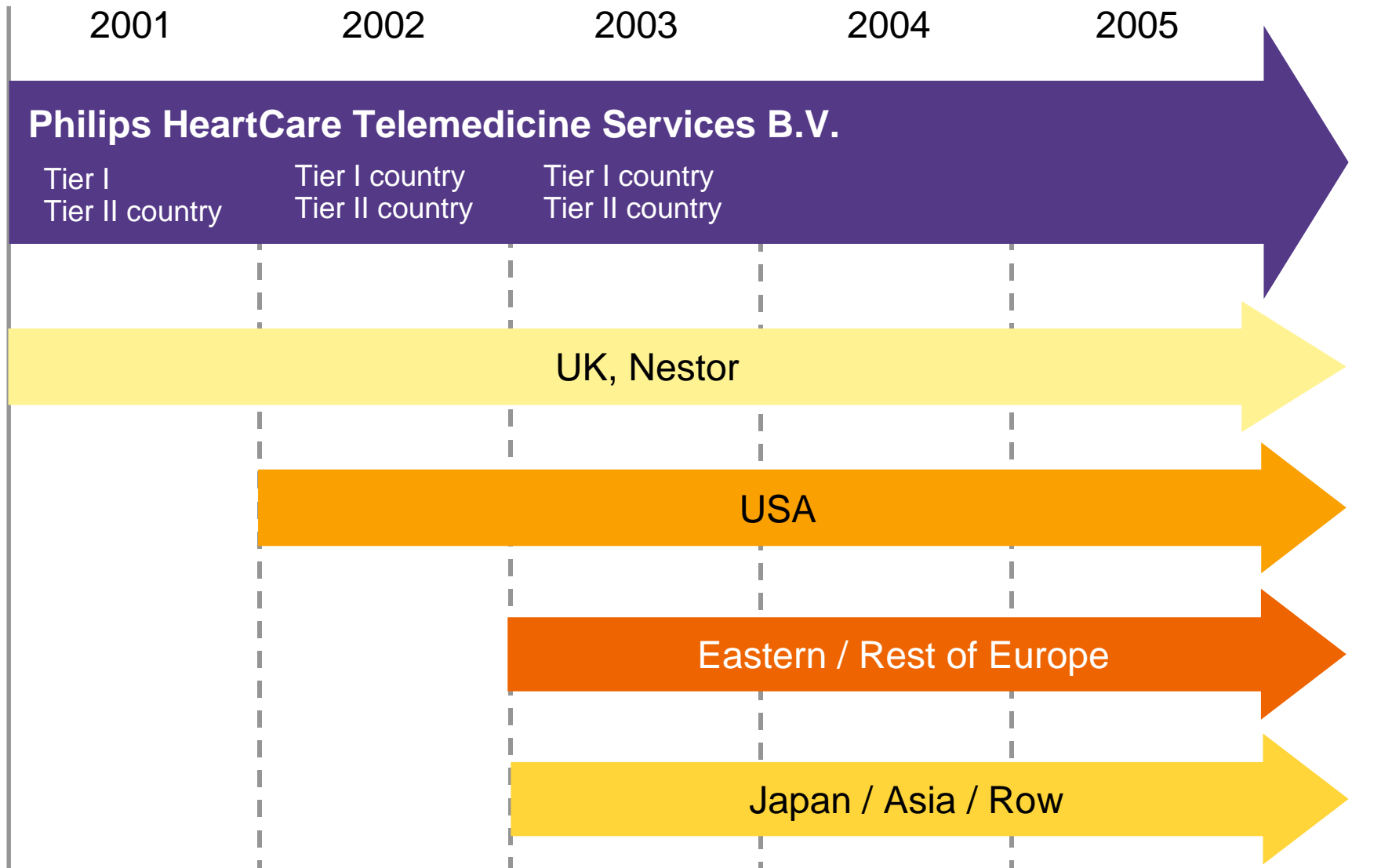
- ◆ In September 2000, Philips invested USD39 M in SHL resulting with holdings of 18.75% of SHL's shares
- ◆ SHL and Philips signed a European joint venture agreement in January 2001
- ◆ Joint R&D activities





### Joint Venture with Philips Medical Systems

- ◆ Development of new geographical markets for telemedicine across Europe, covering: European Union, Eastern Europe, Switzerland and the former members of Soviet Union.
- ◆ Philips HeartCare Telemedicine Services B.V., headquartered in the Netherlands.
- ◆ Management:
  - Dr. Jeroen Cammeraat – CEO (formerly with Philips Medical Systems.)
  - Rami Ish-Horwitz – COO (formerly with SHL Telemedicine Ltd.)
- ◆ SHL to generate revenues from:
  - Royalties
  - Sale of devices to joint venture
  - Distribution of dividends



### Product pipeline 2001 and beyond



Products	Target Launch Date	Status
CardioBeeper 12/12	Q1 2001	✓
TeleBreather	Q1 2001	✓
Multi channel ECG receiver	H1 2001	
Cardio MC Vision 7	H1 2002	
CardioPocket	H1 2002	
Blood measurement device	H1 2002	



**Other products due to be launched in 2002 are currently under development**

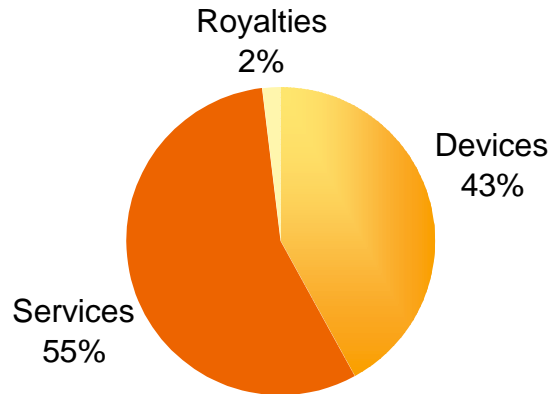
### Financial results 2000

#### Financial overview

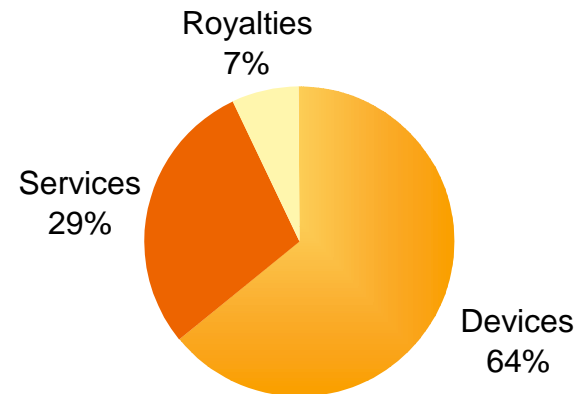
## Year ended December 31

(USD 000s)	1999	2000	% GROWTH
<b>Revenues</b>	<b>15,719</b>	<b>19,537</b>	<b>24.3%</b>
<b>Gross Profit</b>	<b>8,378</b>	<b>11,905</b>	<b>42.1%</b>
Margin	53.3%	60.9%	
<b>EBITDA</b>	<b>2,710</b>	<b>5,716</b>	<b>110.9%</b>
Margin	17.2%	29.3%	
<b>EBIT (Operating Profit)</b>	<b>1,926</b>	<b>4,374</b>	<b>127.1%</b>
Margin	12.3%	22.4%	
<b>Profit (Loss) before Tax</b>	<b>(24)</b>	<b>2,206</b>	<b>-</b>
Margin	-	11.3%	
<b>Net Profit (Loss)</b>	<b>(507)</b>	<b>1,180</b>	<b>-</b>
Margin	-	6.0%	

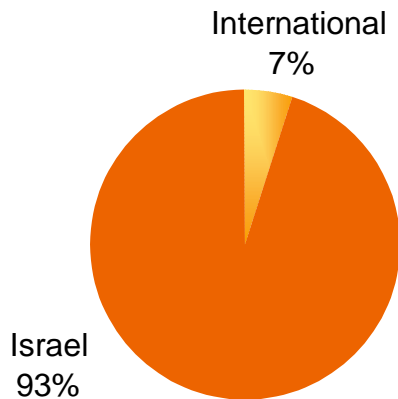
Revenue breakdown – year 2000



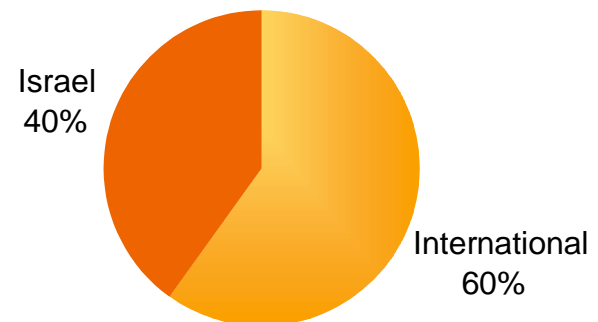
Revenue breakdown - mid-term



Revenue breakdown per region – year 2000



Revenue breakdown per region - mid-term



Year ended December 31

(USD 000s)	1999	2000
<b>Assets</b>		
Current assets	10,181	73,530
Long term assets	12,697	21,323
Fixed assets	1,628	2,257
Other assets, net	4,135	17,606
<b>Total assets</b>	<b>28,641</b>	<b>114,716</b>
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities	11,768	6,935
Long term liabilities	16,778	16,008
Minority interest	320	-
Shareholders' equity	(225)	91,773
<b>Total liabilities and shareholders' equity</b>	<b>28,641</b>	<b>114,716</b>

Year ended December 31

<b>(USD 000s)</b>	<b>2000</b>
<b><u>Sources</u></b>	
Proceeds from Private Placement - Net	37,903
Proceeds from IPO - Net	<u>41,413</u>
<b>Total Proceeds - Net</b>	<b>79,316</b>
<b><u>Uses</u></b>	
Operating Activities	4,020
Capital Expenditure	1,786
Loans Repayment - Net	<u>10,193</u>
<b>Total Uses</b>	<b>15,999</b>
<b>Cash - Movement</b>	<b>63,317</b>
Cash - 1/1/00	86
<b>Cash – 31/12/00</b>	<b>63,403</b>



Q&A session

### Appendix

## Telemedicine industry highlights

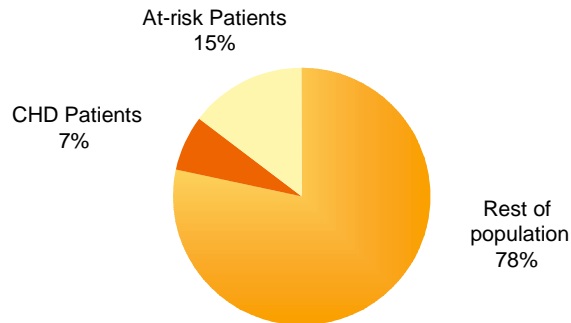
- ◆ Telemedicine is one of the fastest growing fields in the healthcare sector
  - USD2.8 bn market in 2000, expected to grow by 20% annually<sup>1</sup>
- ◆ Provides a low cost alternative to inpatient care
- ◆ Ensures high quality of medical care while enhancing the convenience of medical attention
- ◆ New generation of aging individuals are taking a more active role in maintaining their personal health

SOURCE:

1 The Telemedicine 2000 Survey Report, Waterford Telemedicine Partners

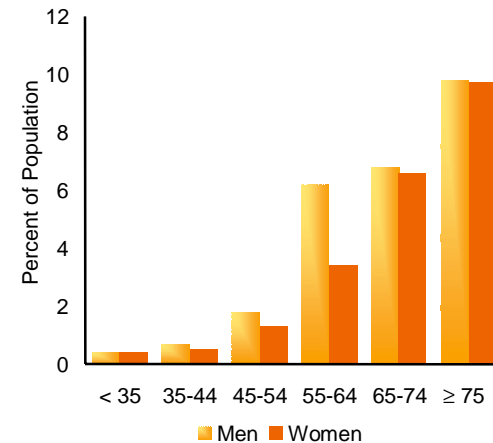
## Cardiovascular diseases afflict some 60m people in the US

### Heart disease prevalence in the U.S.



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

### Estimated prevalence of congestive heart failure by age and sex

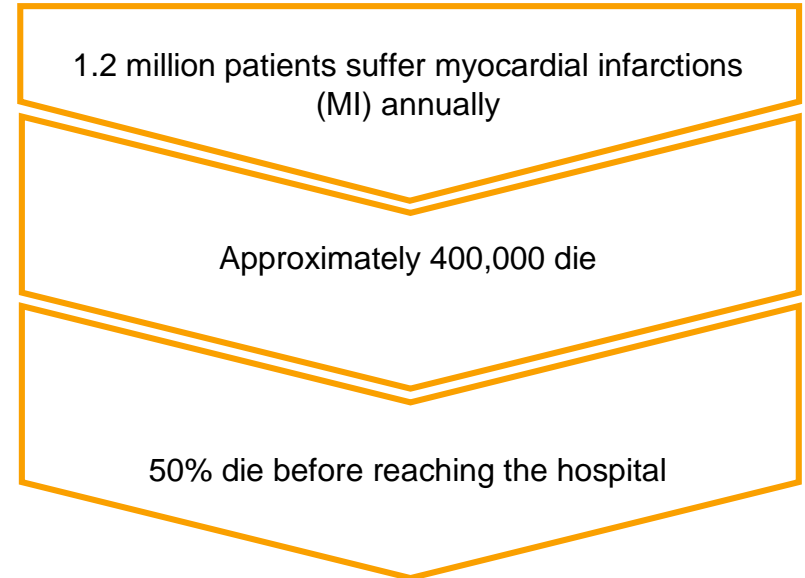
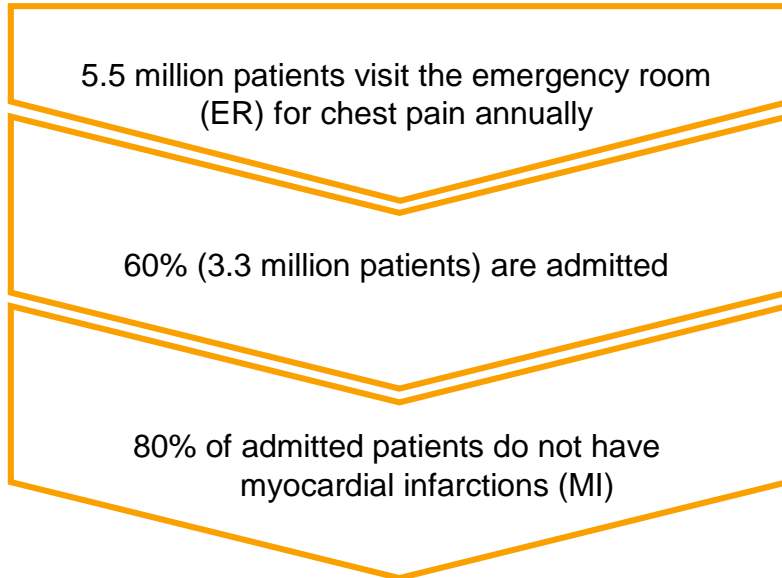


SOURCE: NHANES (1988-94), CDC/NCHS and the American Heart Association

- ◆ 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

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

**Historically it has been difficult to treat coronary heart disease patients in a cost efficient and effective manner**



Remote monitoring with personal telemedicine systems can reduce unnecessary hospitalizations and help those who need urgent care get it sooner

## Efficient health management - better care for less, the ideal solution for healthcare and insurance providers alike

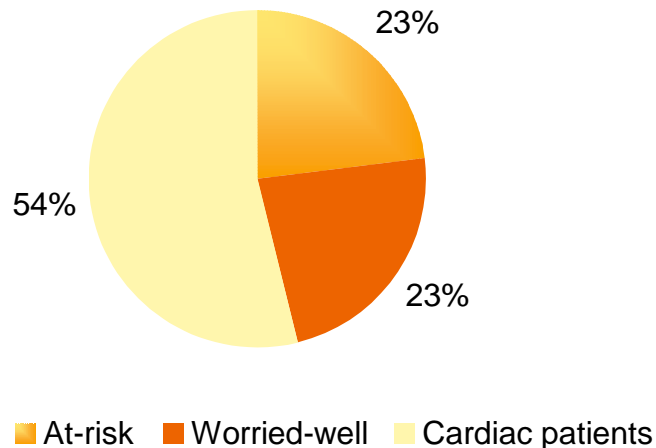
Service	Average cost of care per day
Hospital Inpatient	\$1200
Nursing Home	\$157
Assisted Living	\$95
Home Care Visit	\$85-100
Personal telemedicine	\$30

SOURCE: UBS Warburg Research, October 2000

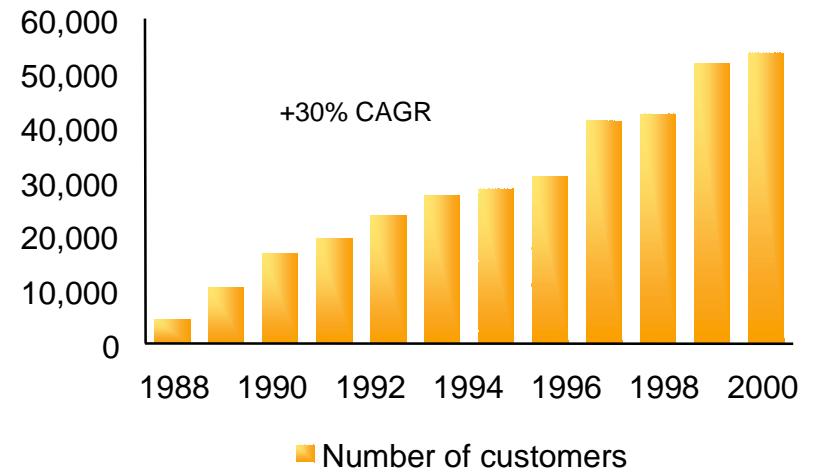
- ◆ Reduced healthcare costs
- ◆ Individuals are more involved in their health management
- ◆ Better quality care

**Proven business model - over 12 years of experience operating as an integrated technology and service provider**

## Subscriber breakdown



## Number of subscribers



- ◆ Approximately 55,000 subscribers generate recurring revenues
- ◆ Subscriber growth of 30% (CAGR) for 1988-2000
- ◆ Forecasted growth of 12-15% (CAGR) for 2001-2005

## SHL's product range

Systems	Services
<p>Devices and software in:</p> <ul style="list-style-type: none"><li>◆ Cardiology</li><li>◆ Pulmonology</li><li>◆ Hypertension</li></ul>	<ul style="list-style-type: none"><li>◆ 24/7 medical monitoring</li><li>◆ Real-time consulting</li><li>◆ Internet connectivity</li><li>◆ Training/Consulting</li></ul>

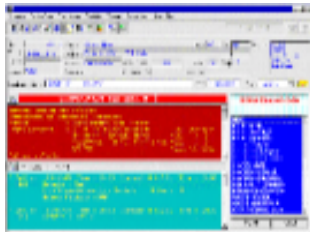


## Medical Call Center - We provide the technology and the logistics supporting the entire telemedicine process



### Medical Call Center

- ◆ One of the largest medical call centers in the world with approximately
  - 55,000 subscribers
  - 275,000 total calls fielded annually
  - 150,000 ECG's analyzed annually
  - open 365 days a year, 24 hours a day
- ◆ Professional staff of physicians and nurses analyze transmitted patient data according to proprietary guidance protocols
- ◆ Full internet connectivity for properly authorized patients and providers



### Proprietary medical record management application

- ◆ Handles all aspects of patient record management, from data reception and integration to production of activity and statistical reports

## Our core products



### The CardioBeeper® 12/12

- ◆ User-friendly, hand-held 12 lead patient level ECG transmitter.
- ◆ Transmits a complete ECG reading in 12 seconds
- ◆ Results are as accurate as standard clinical ECG readings
- ◆ FDA, CE Mark

### CardioBeeper® 12/12



### Cardio MC Vision

- ◆ Proprietary software enabling the reading and displaying of transmitted ECG data



### CardioPocket® 1L

- ◆ Leather wallet that serves as a 1-lead (rhythm strip) ECG transmitter
- ◆ FDA approved, CE Mark

<b>Product</b>	<b>Function/Intended use</b>
<b>CardioBeeper® 12/12</b>	User-friendly, hand-held 12 lead patient level ECG transmitter. Transmits a complete ECG reading in 12 seconds; FDA approved
<b>CardioBeeper® 12L</b>	User-friendly, hand-held 12 lead patient level ECG transmitter. Transmits a complete ECG reading in 42 seconds; FDA approved
<b>CardioPocket® 1L</b>	Leather wallet that serves a 1 lead ECG transmitter; FDA approved
<b>Home Care Center™</b>	Enables hand-free communication between the subscriber and remote monitor staff
<b>TelePress™</b>	Measures and transmits a blood pressure reading in conjunction with the Home Care Center unit
<b>TeleBreather™</b>	Pulmonary device which collects spirometry indices and transmits readings in conjunction with the Home Care Center unit; FDA approved
<b>TeleWeight™</b>	Measures and transmits weight related data. Used mainly for the monitoring of congestive heart failure
<b>Watchman™</b>	Emergency response system enabling 2-way speaker communication between a patient and call center staff. Also receives and transmits data from certain devices
<b>TeleDoor™</b>	Enables the unlocking of a patient's door from a remote location

### Nestor Healthcare



- ◆ Leading UK provider of personal healthcare services and personnel in the UK with revenue of approximately USD 400m in 1999
- ◆ Operates a medical call center using SHL's telemedicine devices and proprietary software according to a mutually exclusive licensing agreement

