



SHL Telemedicine IR Presentation Q2 2008



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- SHL at a glance
- Q2 key figures and highlights
- Market background and drivers
- The SHL telemedicine platform
- Territory insight
- Financial information & outlook
- Appendix

Facts

- Leading provider of technologically advanced telemedicine services and solution
- 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
- Technological innovation; on going development of IT based services and solutions
- Active in Israel, Germany and USA
- Incorporated in 1987, listed on the Swiss Stock Exchange (Zurich)
- Major shareholders: Philips Electronics (~18%) and the Alroy family with about 18%

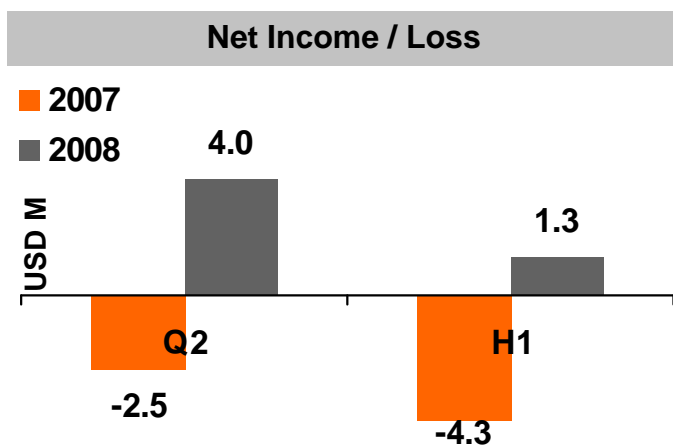
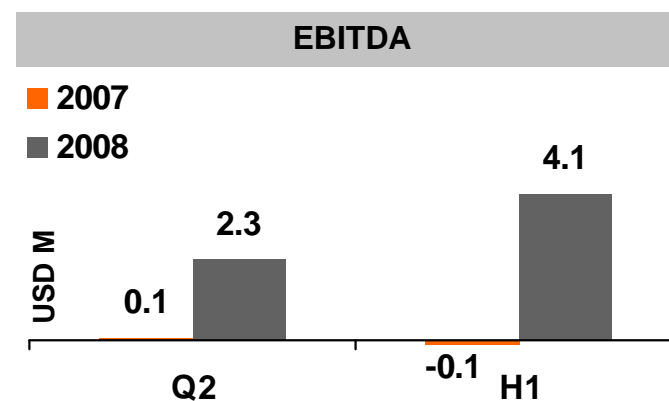
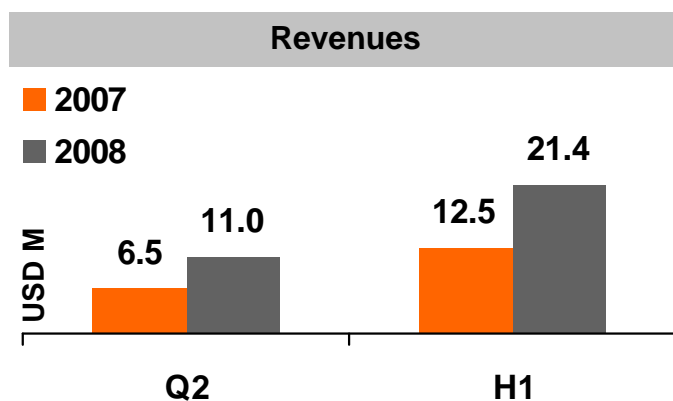
Figures

- 21 years of experience
- Global long-term subscriber base
 - Over 75,000 subscribers
 - Average age of ~ 66
 - Average time on service ~ 8(*) years
 - 250,000 calls conducted in 2007 in Israel and Germany



* excluding German subscribers

Quarterly key figures



2007 figures exclude the operations of Raytel sold late 2007 to Philips

Business

- German operations taking off :
 - Strong subscriber growth
 - Increased awareness to PHTS services
 - First quarter of profit
 - Promising Diabetiva study results – shows significant cost savings
- Israeli operations growing at a steady pace delivering strong financial results
- FDA approval for CardioSen'C

Financial

- Quarterly revenues up 70% to USD 11.0 M from USD 6.5 M in Q2 07
- Revenues from Germany more than double those of Q2 07
- Gross margins at 63.2% up from 53.6% in Q2 07
- EBITDA at ~ 21 % of revenues up from 17.4% in Q1 08
- Net income for the half year - USD 1.3 M
- ~ USD 35M of debt repaid in H1 08
- **Raising guidance for the year**

All figures excluding the results of operations of Raytel sold late 2007 to Philips



Market background and drivers



The need for telemedicine and market drivers

Economic pressure



- Increasing cost pressure in the health care industry in all developed economies

Demographic trends



- Aging society
- Increased prevalence of chronic conditions
- Cardiovascular diseases: the most frequent cause of death
- Congestive heart failure (CHF): the most costly disease in the world

Patient's needs



- Increasing personal responsibility for medical issues and treatments
- Need for flexibility for use of medical services

Technology progress



- New technologies enable new products and services
- Changing technology allows for simplifying product use

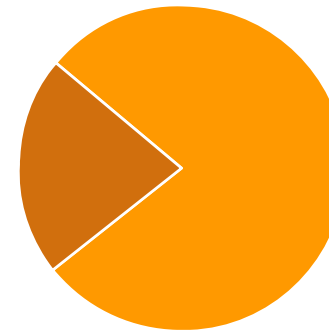
Increased Prevalence of Chronic Conditions

- Around 80 million American adults suffer from one or more types of cardiovascular disease (CVD)
- Approximately 27.4 million are estimated to be age 65 or older
- The prevalence of CVD will continue to rise as the population ages
- Rampant chronic conditions such as diabetes and obesity have been linked to cardiac related health conditions

Chronic Condition Healthcare Spending

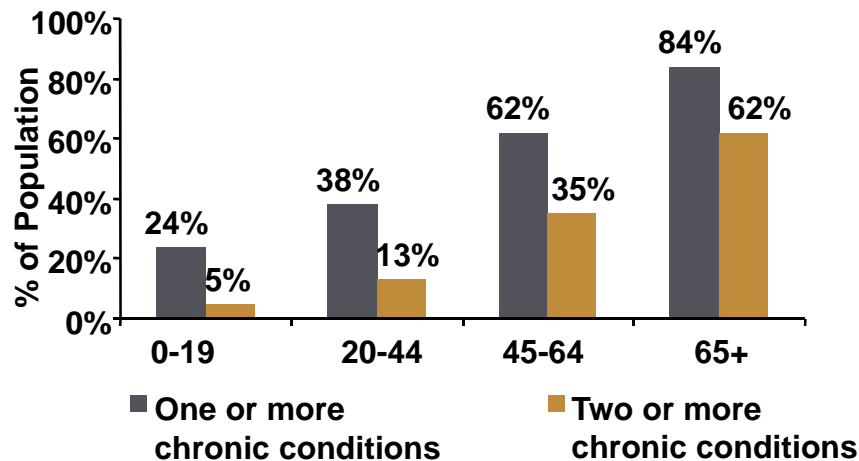
(As a Percent of Total Healthcare Spending)

Spending for
People
without
Chronic
Conditions
22%

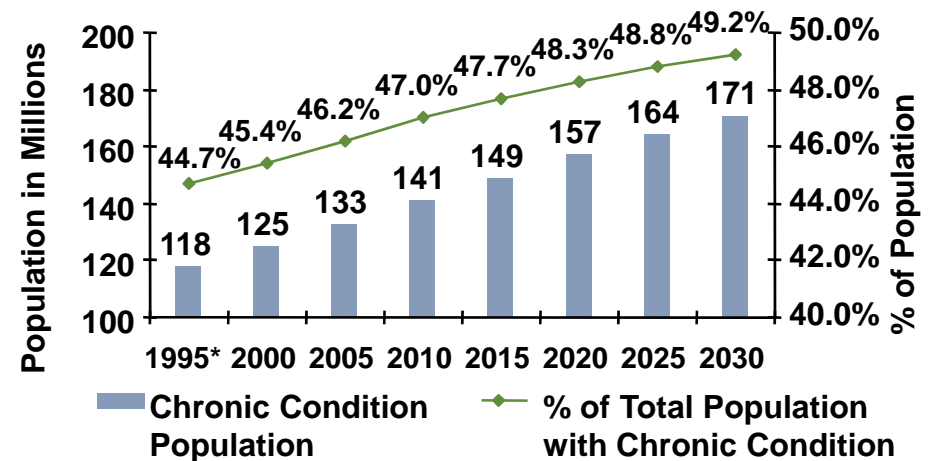


Spending for
People with
Chronic
Conditions
78%

Age and Chronic Condition Prevalence

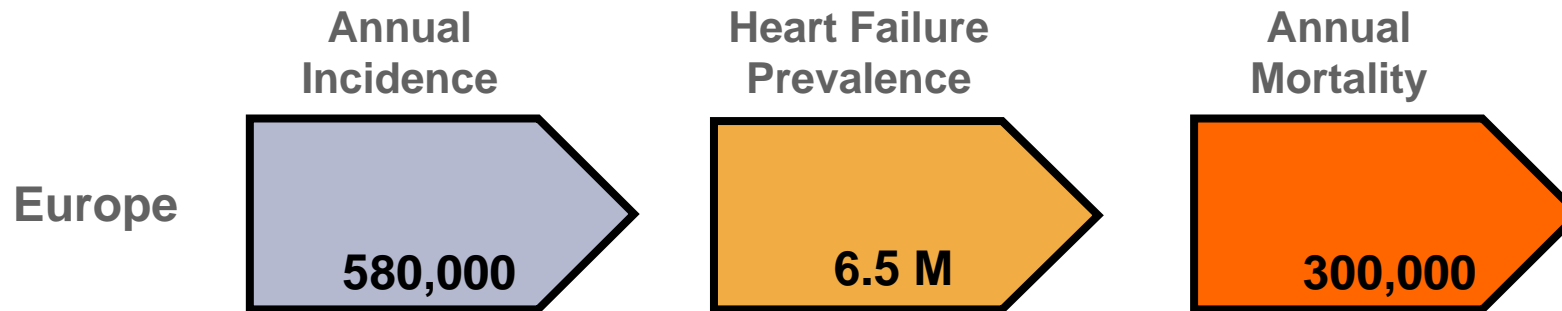


Chronic Condition Population Growth



Source: National Health and Nutrition Examination Survey, American Heart Association.

Congestive Heart Failure Market



- Most costly disease! - 70% of cost is spent on Hospitalization
- Estimates calculated within the last decade suggest a prevalence of 1–2% in the overall population and >10% in the elderly population.
- Most frequent cause of hospitalization for those 65+
- It is the only major cardiovascular disease whose prevalence and incidence are thought to be increasing
- Heart failure hospitalization costs are twice the cost of all cancers
- In Germany alone, over 1.5 million have CHF
- 4.8 million Americans and 5.1 million Europeans (West Europe) have CHF.
- Still, the implementation of modern therapy strategies in daily practice is, regrettably, insufficient

Sources : American Heart Association report 1998 & NHLBI Report.

Gibbs LM, Addington-Hall J, Gibbs JS. Dying from heart failure

- **Israel*:**
 - Around 75,000 people are hospitalized every year due to CVD
 - About 25,000 heart attacks occur every year
 - 17% of the population is over 55
- **Germany**:**
 - 17% of all hospitalizations were related to CVD
 - 368,000 patients died from CVD in 2004
 - Cost of CVD treatment in 2004 amounted to EUR 35 Billion (app. EUR 860 per inhabitant)>>> constitutes app. 15.8% of the total German healthcare costs
- **USA***:**
 - CVD related hospitalization costs are expected to amount to USD 140 Billion in 2008
 - Around 37% of the population (~80M people) suffer from some sort of cardiovascular disease
 - App. 870 thousand people die from CVD
 - Total cost related to Heart Failure (HF) is estimated at USD 35 Billion

* Source: Heart Disease in Israel - Prevalence and Treatment, October 2007, Center for research and information, Israeli parliament

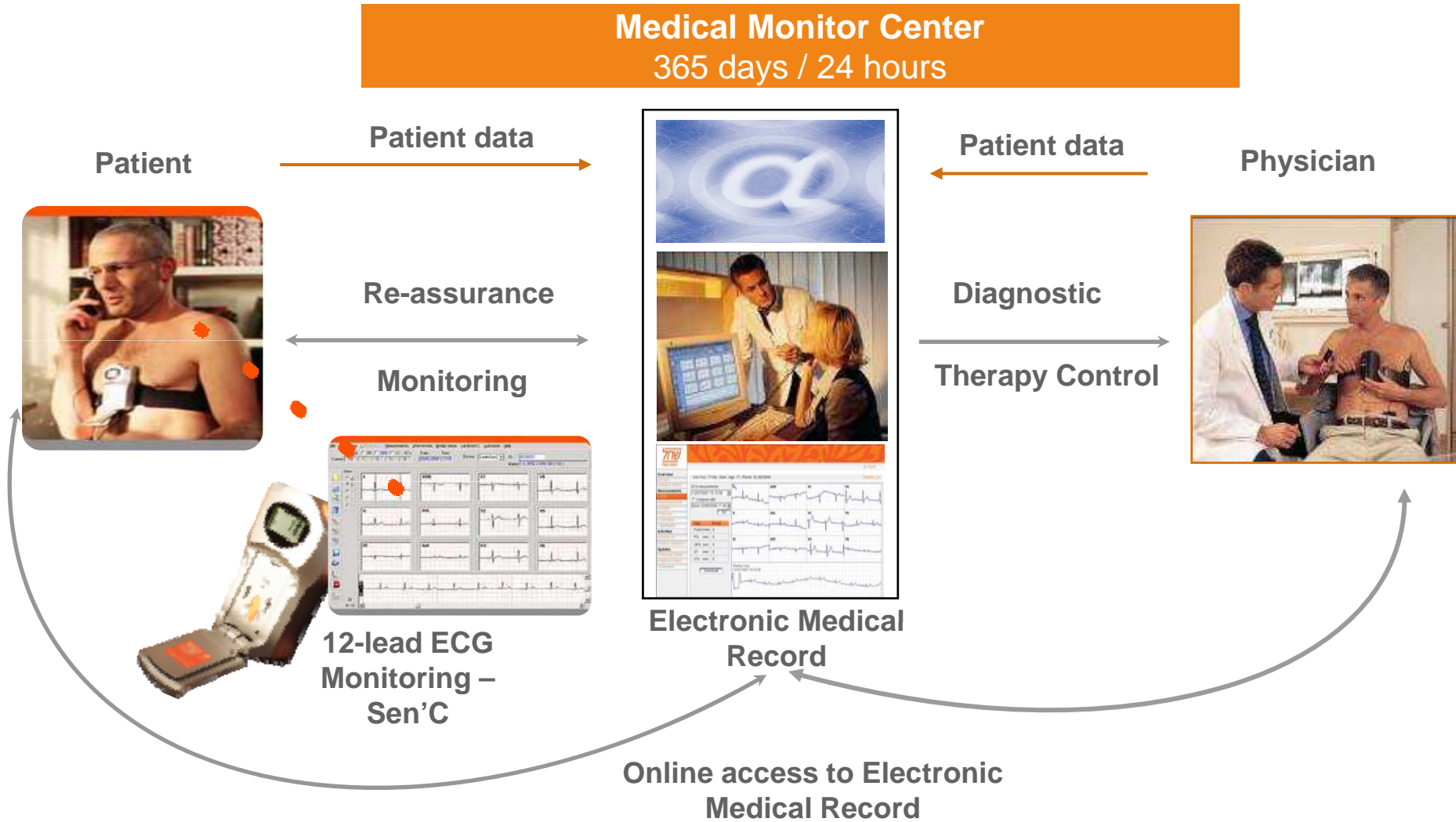
** Source: Disease Management & Health Outcomes, 2006, Vol. 14, Supplement 1 (pp.1-48), ISSN:1173-8790

*** Source: American Heart Association Statistical Update 2008; Heart Disease and Stroke Statistics Update



The SHL telemetidine platform





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

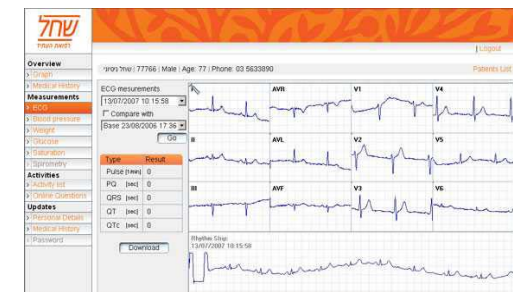
CardioSen'C

- The CardioSen'C™ is a personal cellular-digital 12 lead ECG transmitter which transmits to SHL's medical call centre a patient's 12 lead ECG for the purpose of remote real time diagnosis of arrhythmia, ischemia, and myocardial infarction
- Simultaneous real time 12 lead ECG sampling (only 3 seconds) for improved quality and faster rate of transmission.
- CE approved and FDA approved



MC Interactives

- MC Interactives is the monitor center core software package
- A sophisticated medical record database management application
- Contains important medical records and data linked directly to the medical call center management software



CHF Monitoring Service Overview

The CHF Monitoring System collects automatically and non-invasively relevant personal data such as weight, blood pressure and pulse rate and stores them in the subscribers' personal medical record

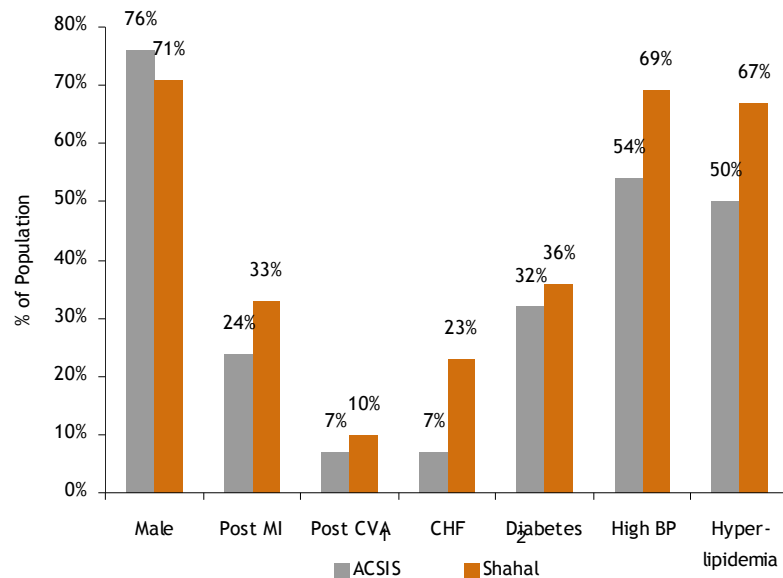


When data deviates from the regular values, the system prompts the monitor center staff to immediately contact the subscriber.

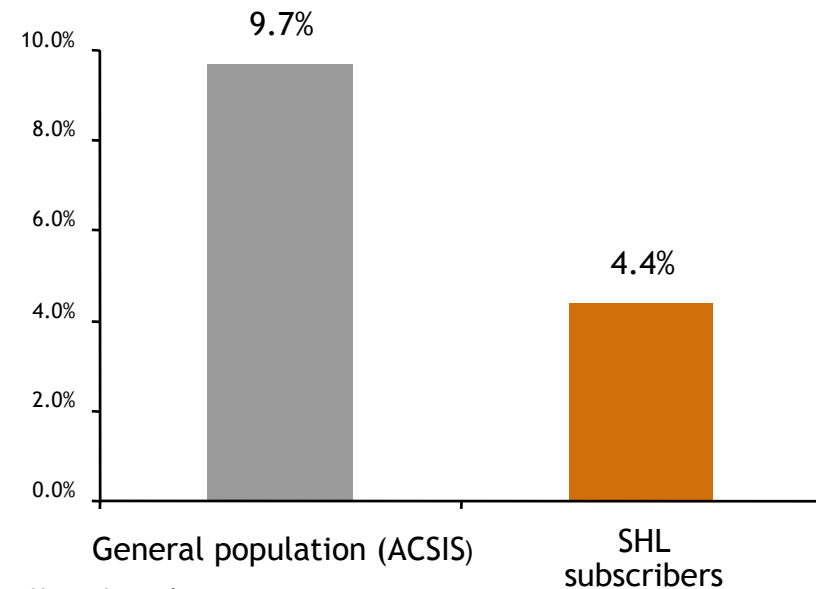
The monitor center regularly contacts the subscriber for purposes of reassurance, symptom surveillance, promoting compliance, suggestions regarding diet and evaluation concerning CHF conditions

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



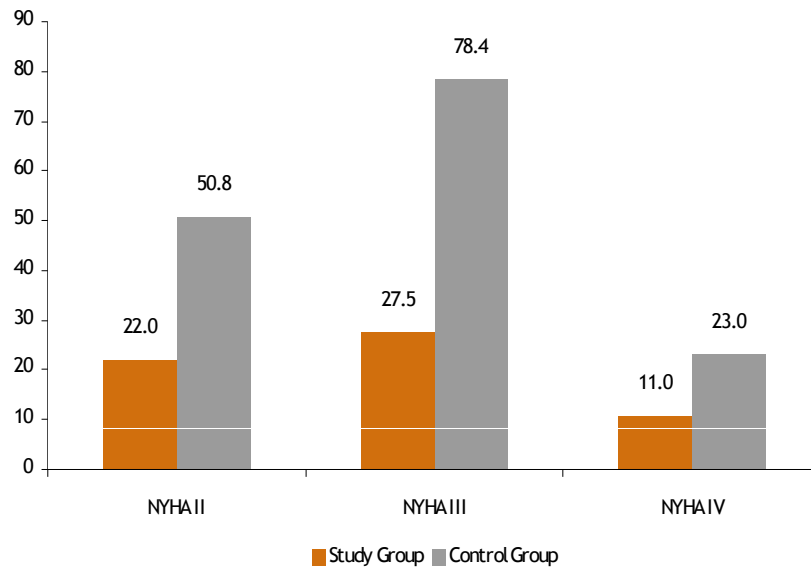
Source: The Israeli Heart Society (ACSIS), April 2007; accepted for publication to the European Heart Journal.

¹ ACSIS population 3,899 - age 63 +/- 13.

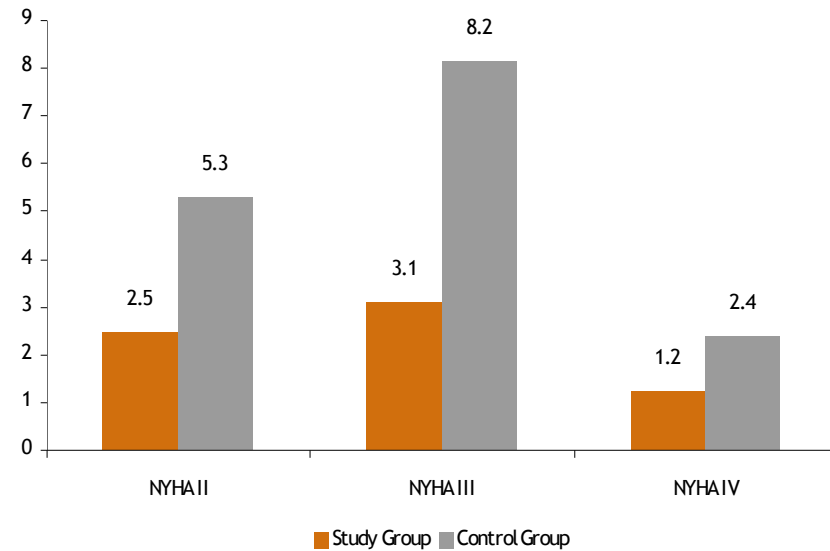
² Shahal population 699 - age 69 +/- 11.

Results from a study conducted by DKV*, a large German health insurer, show an average of 60% reduction in hospitalization which represents a gross saving of more than EUR 5,500 per CHF patient per year

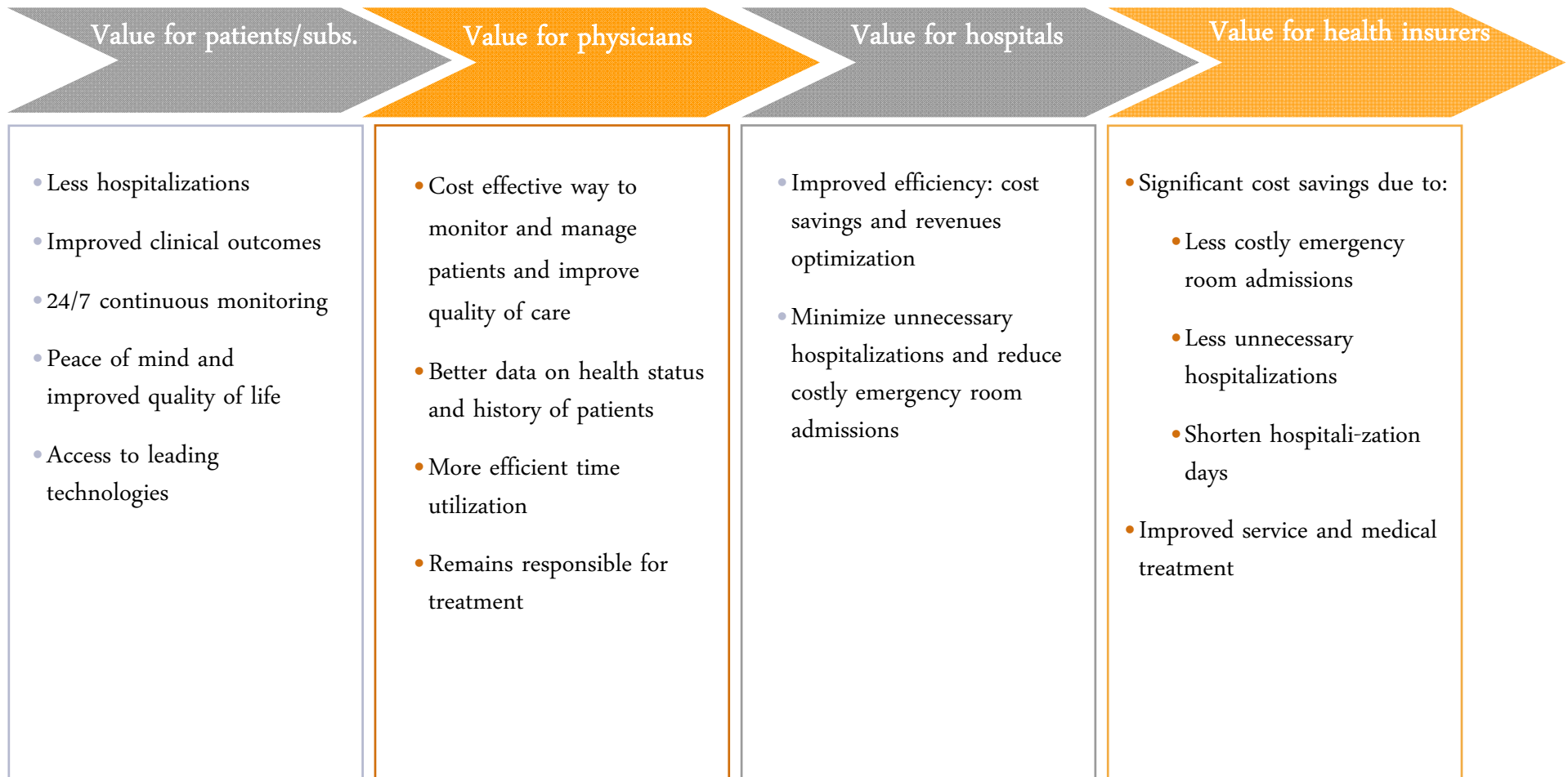
Number of Hospitalization Days



Number of Hospital Admissions



*Note: Results are per 100 patients per 3 months.
Based on € 9,900 annual hospitalization cost for CHF patient per year.
A number published by DKV Deutsche Krankenversicherung AG (German Private Sick fund) 07.01.2004.





Territory Insight





Israel: market leader

Profile	<ul style="list-style-type: none"> ● Market leader – 92% brand awareness ● 220 employees ● Cooperation with leading medical institutions ● Servicing ~ 10% of all people diagnosed with CVD ● High subscriber loyalty
Service range	<ul style="list-style-type: none"> ● Cardiac monitoring ● CHF monitoring ● PERS
Marketing approach	<ul style="list-style-type: none"> ● Direct to consumer approach ● Payor: consumer
Monitor center and subscriber data data	<ul style="list-style-type: none"> ● Subscribers ~70,000 ● Average age ~ 66 ● Average time on service over 8 years ● No. of medical staff ~85
Achievements 1HY 2008	<ul style="list-style-type: none"> ● Highly profitable – 15% EBIT and over 25% EBITDA ● Steady subscriber growth ● Positive cash flow
Goals 2008	<ul style="list-style-type: none"> ● Increase no. of subscribers ● Increase market share ● Continued profitability with strong margins

Germany: first mover advantage

Profile	<ul style="list-style-type: none"> ● PHTS is a leader in the provision of cardiovascular telemedicine services in Germany ● ~80 employees
Service range	<ul style="list-style-type: none"> ● Congestive Heart Failure ● Cardiac monitoring
Marketing approach	<ul style="list-style-type: none"> ● Prove cost savings to health insurers ● Build credibility in medical community ● Win and endorse health insurers ● Payor: health insurer
Monitor center	<ul style="list-style-type: none"> ● Average monthly revenue of over \$100 ● No. of medical staff ~30
Achievements 1HY 2008	<ul style="list-style-type: none"> ● Subscribers and Revenues more than doubled from H1 07 ● First time profit in Q2 ● Diabetiva pilot shows significant cost savings ● Enhanced market position
Goals 2008	<ul style="list-style-type: none"> ● Continuing rapid growth rate ● Optimize recruitment of patients from existing contracts ● Additional agreements with health insurers ● Leverage Diabetiva pilot results

Financial information



Condensed P&L (USD M)

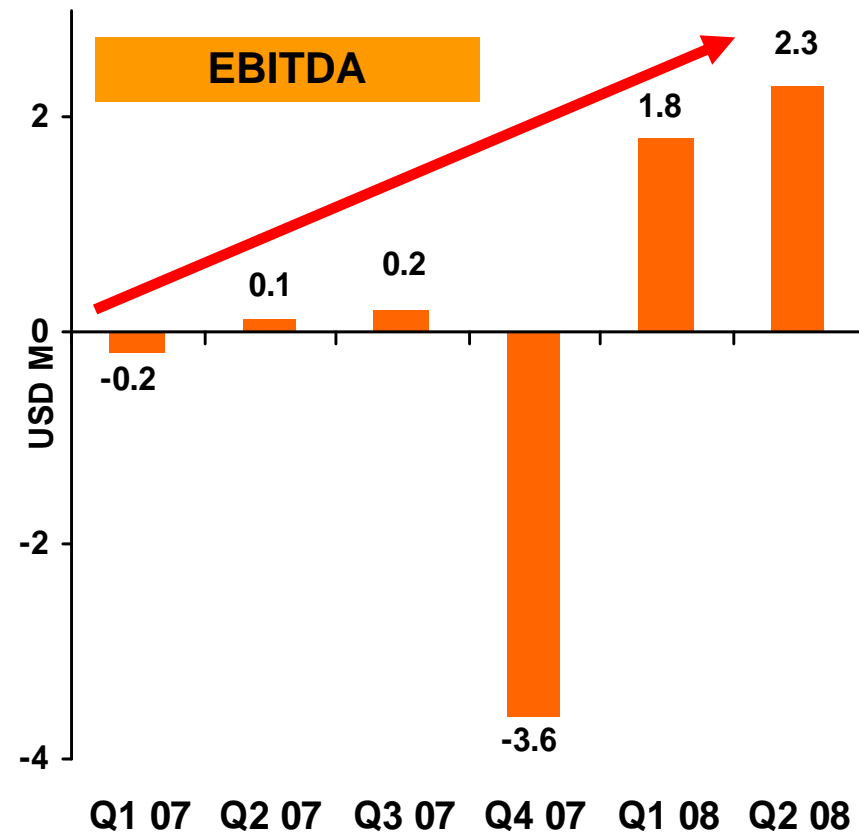
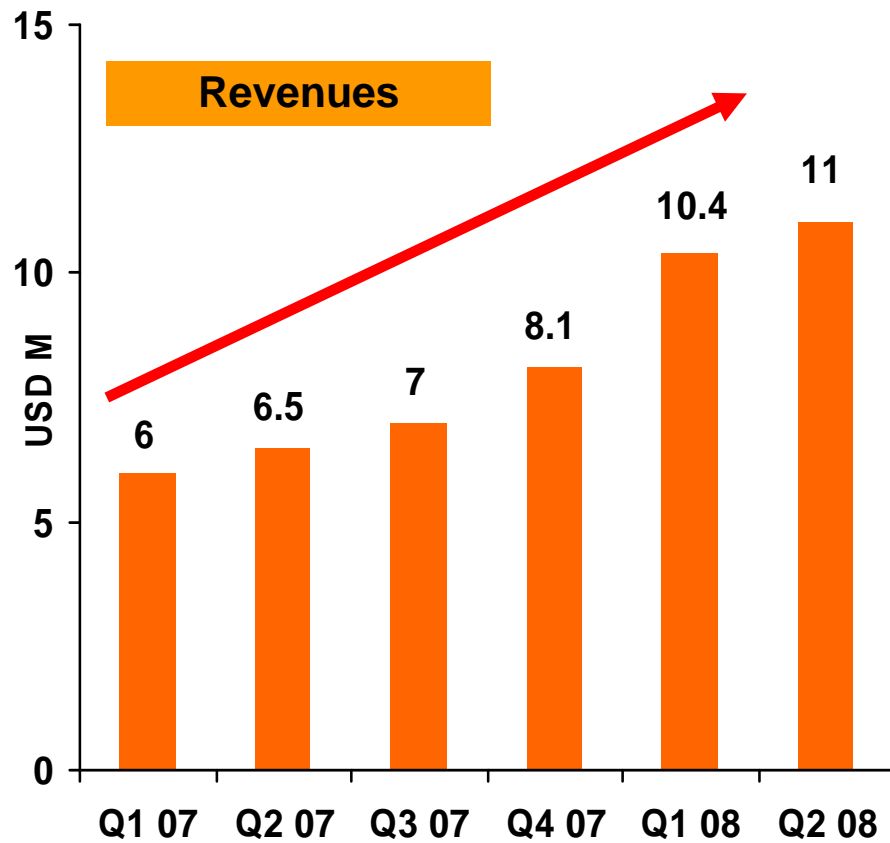
	Q2 2008	Q2 2007 (*)
Revenues	11.0	6.5
COGS	4.0	3.0
GP	7.0	3.5
%	63.6%	53.8%
Operating expenses	6.0	4.4
EBIT/(LBIT)	1.0	(0.9)
%	9.1%	<i>n.a.</i>
EBITDA/(LBITDA)	2.3	0.1
%	20.9%	1.5%
Financial & other expenses (income)	(0.1)	1.5
Taxes on income	(3.1)	0.1
Net income (Loss)	4.0	(2.5)
EPS/(LPS)	0.37	(0.24)

* Excluding the results of operations of Raytel sold late 2007 to Philips

Balance Sheets (USD M)

	30.6.2008	31.12.2007
ASSETS		
CURRENT ASSETS:		
Cash & investments	45.5	84.5
Other current assets	<u>8.4</u>	<u>7.1</u>
	53.9	91.6
LONG TERM ASSETS	21.5	20.4
FIXED ASSETS, NET	17.5	15.6
INTANGIBLE ASSETS, NET	19.1	16.6
TOTAL ASSETS	112.0	144.2
LIABILITIES & EQUITY		
CURRENT LIABILITIES	35.7	67.6
LONG TERM LIABILITIES	10.2	16.1
EQUITY	66.1	60.5
TOTAL LIABILITIES & EQUITY	112.0	144.2

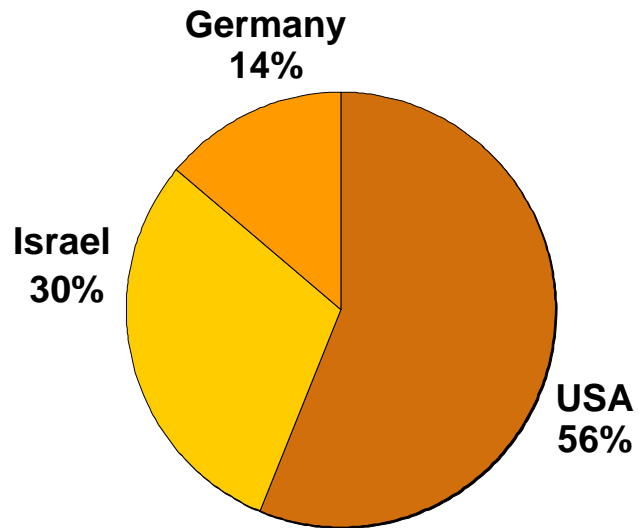
6 consecutive quarters of organic growth mainly in German operations



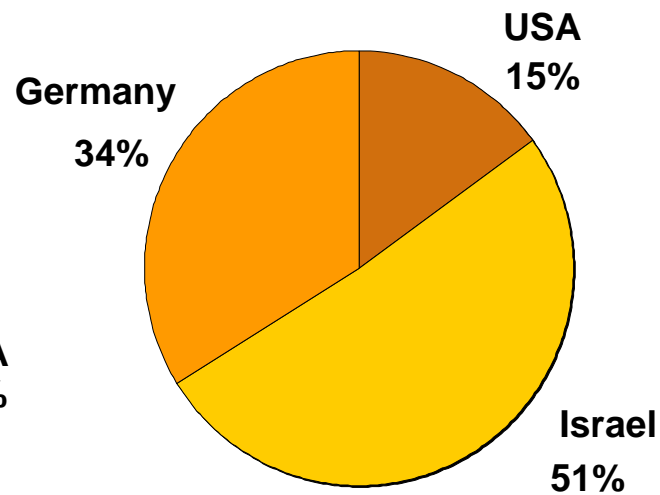
Q4 07 includes one time expenses related to the Raytel sale

Geographical Revenues Breakdown

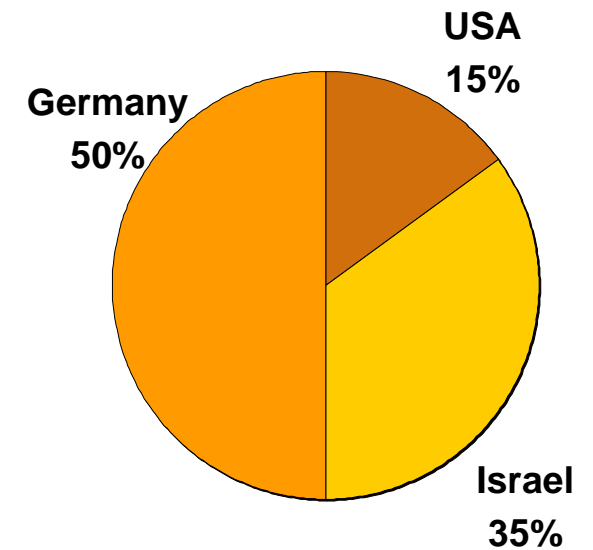
2007



H1 2008



Mid-term



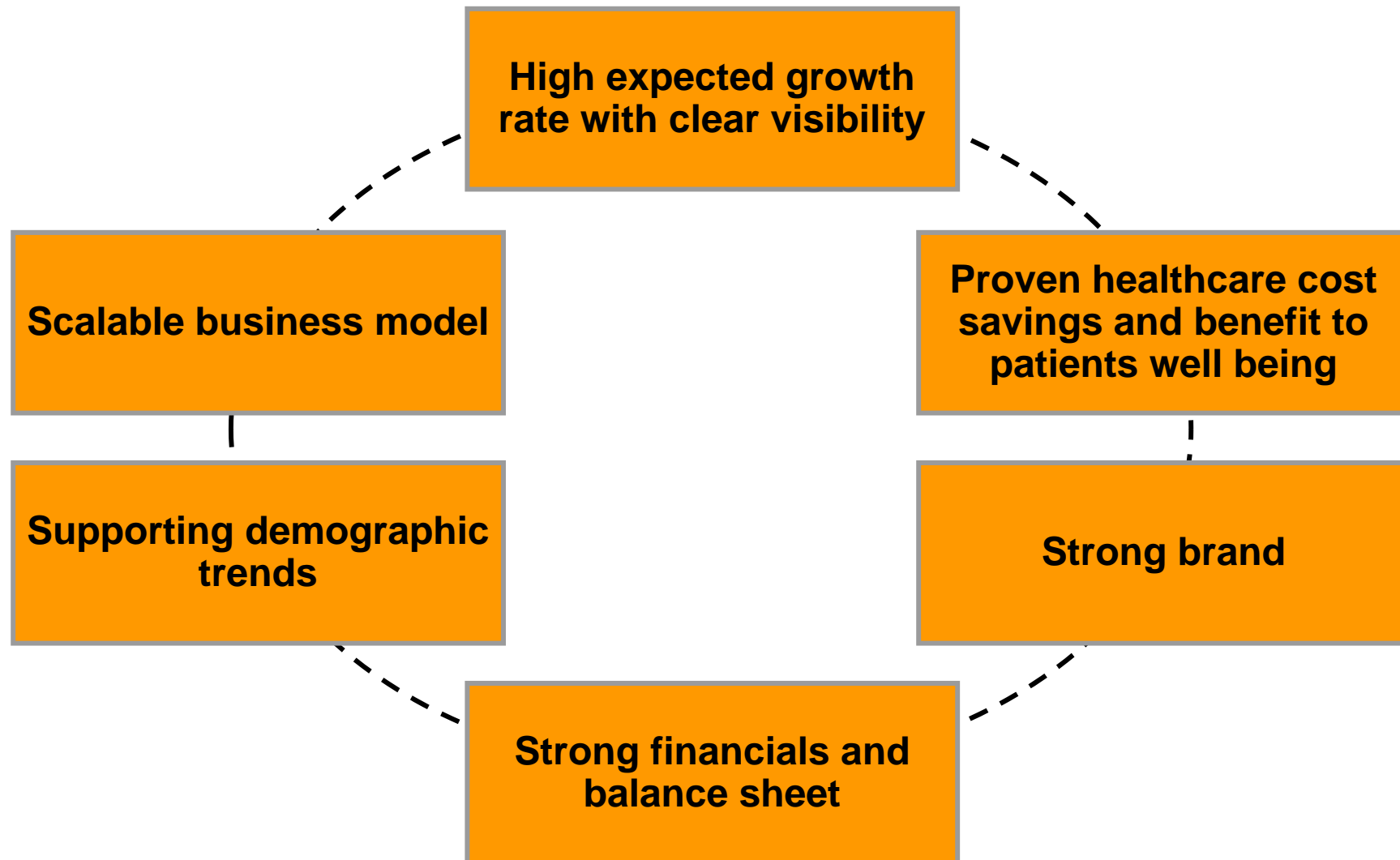
- In March 2008, the Board of Directors approved a share buyback - up to USD 2 million until June 30, 2008
- During the quarter, repurchased ordinary shares for an amount of USD 0.6 million
- The Board of Directors has extended the period for the repurchase of shares until September 30, 2008

Business

- Continuing rapid growth in Germany
 - Increasing subscriber base
 - Additional agreements with insurance companies
- Maintaining leadership and increasing market share in home market
- Continuing support of US activities
- Examining new business opportunities

Financials

- Revenues of between USD 43-44 M up from USD 38-41 M
- EBITDA reaching USD 8-9 M up from USD 7-8 M



Appendix



- IR Agenda
 - 11 November Q3 results
- 10,688,535 registered shares with a par value of NIS 0.01 each
- Listed at SWX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- Market price high/low (CHF) in 2008: 9.77/6.53
- Market capitalization high/low (CHF million) in 2008: 104.4/69.8
- Market capitalization 30.6.08 (CHF million) : 85.5
- No voting restrictions