



Full Year 2006 Results

Media & Analyst Conference

Zurich, 22 March 2006

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**Section 4 New products and technology**

**Q & A**

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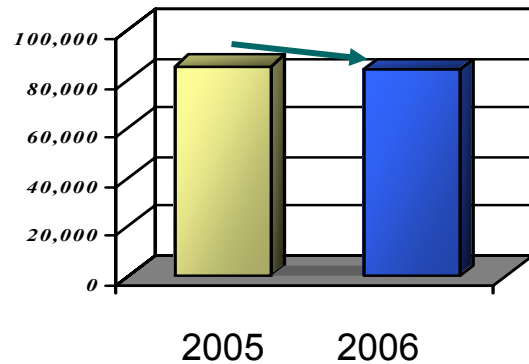
- ◆ Incorporated in 1987, today SHL is a leading global provider of technologically advanced telemedicine services and solutions.
- ◆ SHL is a public company listed on Swiss Stock Exchange (Zurich).
- ◆ The major shareholders are: Philips Electronics (~18%) and the Alroy family with about 18 %.
- ◆ The Company has about 300,000 patients and about 15,000 physicians worldwide who refer their patients to its services.



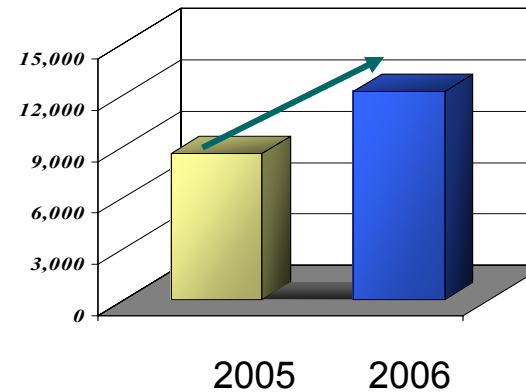
- ◆ **2006 results reflect the improvements effected during the past years through the continued investments made by the company**
- ◆ **Improved operating and financial performance**
- ◆ **Significant growth in Germany - successful realization of agreements with health insurers**
- ◆ **US telehealth operation progressing nicely showing improved operating and financial performance**
- ◆ **Divesture, consolidation and discontinuation of loss making imaging centers in the US**

# 2006 - Key Figures

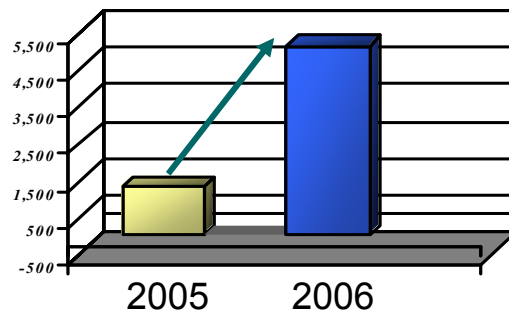
## Revenues - \$83.2M (\*)



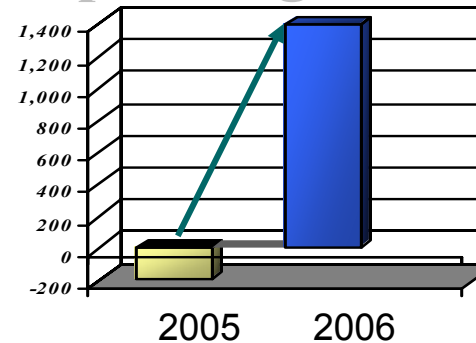
## EBITDA – \$12.2 M



## EBIT - \$5.0M



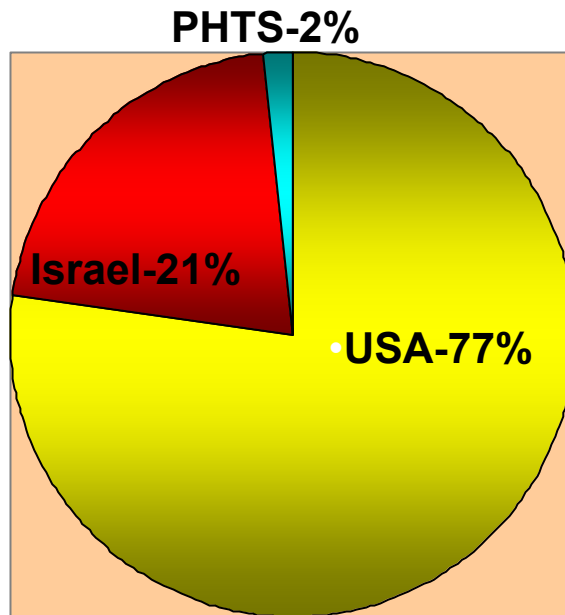
## Operating CF - \$1.8M



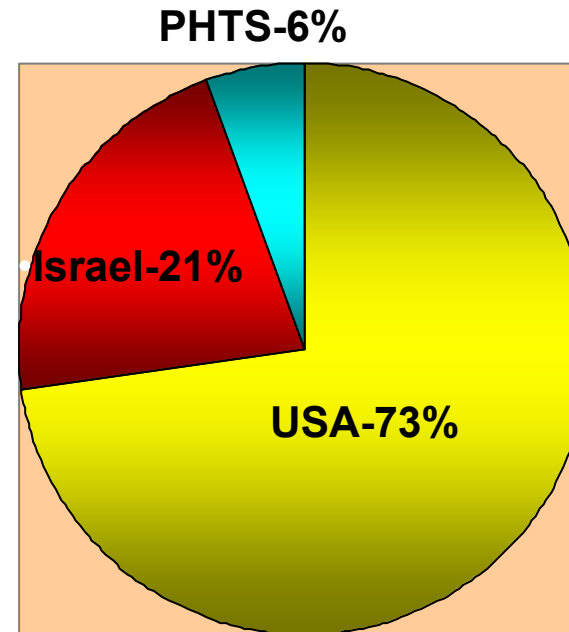
**(\*) 2005 revenues are including Bikurofe operations – revenues excluding Bikurofe operations amounted to USD 78.2M**

# Geographical Revenue Breakdown Trends

2005 (\*)



2006



\* Excluding Bikurofe revenues

# Business Review - USA



# Discontinuation of medical imaging centers

- ◆ Weak performance of medical imaging services operations – adversely affecting overall financial performance
- ◆ Divestiture, consolidation and discontinuation of imaging centers finalized
- ◆ Outlook
  - ◆ No impact expected on SHL's financial performance in 2007



# US telemedicine operation - Overview

- ◆ The leading provider of remote cardiac monitoring services in the US
- ◆ Experienced management team, with over 300 employees
- ◆ Above 200,000 patients being served annually
- ◆ Strong and long term referral relationship with approx 15,000 referring physicians and cardiologists

***Corporate  
Offices, located  
in Hartford  
Connecticut***



# 2006 Highlights & Outlook

- ◆ Implementation of new systems and integration of new IT platforms → improved operational and financial performance
- ◆ EBITDA growth of 30% compared to 2005
- ◆ INR grew significantly
- ◆ Outlook
  - ◆ Introduction of new technologies and services - well positioned for future growth
  - ◆ Continuing improvement in profitability
  - ◆ Continuing improvement in operating cash flow

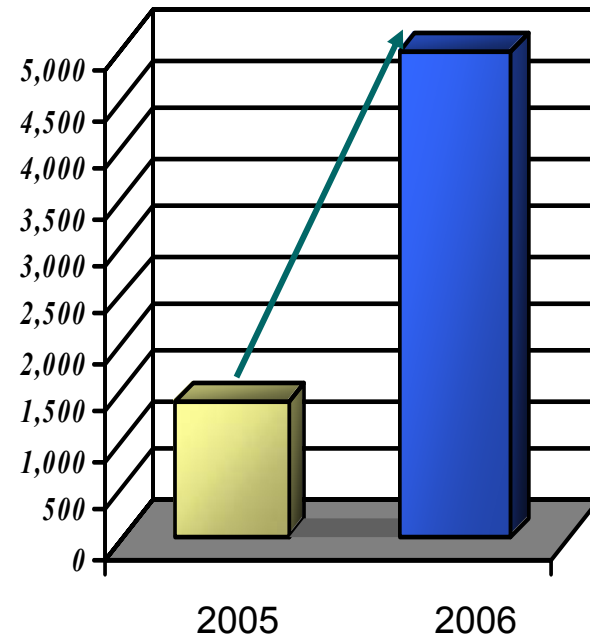
# Business Review - Germany



- ◆ Promising outlook for German telemedicine activities :
- ◆ Successful realization of agreements with health insurers → increasing rate of subscriber recruitment → revenues almost tripled compared to 2005 – (\$ 1.4 M to \$4.7 M)
- ◆ Increase in amount of new contracts with insurers (KK's)
- ◆ Prominent figures in German marketplace joining Advisory Board
- ◆ Leading position in market place

**PHTS**  
TELEMEDIZIN

**Revenues- \$4.7M**

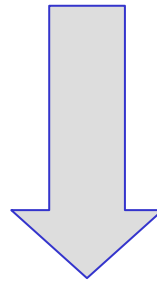


# Example of Payers and Co-operation Partners

Payer	Date	Payer	Date
	March, 2005		March, 2006
	June, 2005		June, 2006
	February, 2006		January, 2006
	June, 2006		June, 2006
	September, 2006		November, 2006
	November, 2006		February, 2006
	August, 2006		January, 2007

# Outlook – Germany

- ◆ Continuous growth:
  - ◆ Significant no. of new subscribers joining the service
  - ◆ Additional agreements with large health insurers



- ◆ Significant revenue growth
- ◆ Additional progress in financial performance

# Business Review - Israel



- ◆ Continued market leadership
- ◆ Continued solid financial performance, showing good margins and operating cash flow
- ◆ Stable customer base creating long term recurring revenue
- ◆ Outlook:
  - ◆ Continued profitability and cash generation
  - ◆ Introduction of new products and services - CardioSen'C





# Financials and Outlook



# Statement of operations

(in USD M)

	2006	2005 (ex. Bikurofe)	% Change	2005
Revenues	83.2	78.2	6.5%	85.2
COGS	(42.6)	(41.5)		(46.4)
GP	40.6	36.7	11%	38.8
%	49%	47%		46%
Operating expenses	35.6	36.5		37.4
EBIT	5.0	0.2	3280%	1.4
%	6%	0.2%		2%
EBITDA	12.2	7.3	68%	8.5
%	15%	9%		10%
Financial & other expenses (income)	4.5	2.8		(6.0)
Taxes on income	0.4	4.8		7.3
Net income (Loss) – continuing operations	0.1	(7.4)	<i>n.a</i>	0.1
Net Loss – discontinued operations	(7.2)	(7.7)	<i>n.a</i>	(7.7)
Net Loss	(7.1)	(15.1)	<i>n.a</i>	(7.6)
Minority Interest	<u>1.4</u>	<u>1.6</u>		<u>1.6</u>
Net Loss - SHL shareholders	(8.5)	(16.7)	<i>n.a</i>	(9.2)

# Balance Sheets (in USD M)

	2006	2005
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash & short term investments	12.5	21.0
Other current assets	24.7	25.9
	37.2	46.9
<b>LONG TERM ASSETS</b>	20.4	20.2
<b>FIXED ASSETS, NET</b>	23.7	25.0
<b>INTANGIBLE ASSETS, NET</b>	47.0	47.6
<b>TOTAL ASSETS</b>	<b>128.3</b>	<b>139.7</b>
<b>LIABILITIES &amp; EQUITY</b>		
<b>CURRENT LIABILITIES</b>	47.5	60.6
<b>LONG TERM LIABILITIES</b>	51.0	40.0
<b>EQUITY</b>	29.8	39.1
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>128.3</b>	<b>139.7</b>



# Consolidated Cash Flows

(in USD M)

	2006	2005
Cash provided by (used in) Operating activities	1.8	(0.2)
Cash provided by (used in) Investing activities (ex. deposits)	(4.4)	9.8
Cash used in Financing activities	(6.4)	(10.2)
Effect of exchange rate changes	0.5	(1.0)
Decrease in Cash, cash equivalents, deposits & marketable securities	(8.5)	(1.6)
Cash, cash equivalents, deposits & marketable securities at beginning of year	25.3	26.9
Cash, cash equivalents, deposits & marketable securities at end of year	16.8	25.3

- ◆ Continued significant growth in Germany
- ◆ Continued implementation of new systems and technologies in US telehealth operation resulting in improved operating and financial performance
- US medical imaging centers with no impact on SHL's financials
- **2006 Guidance - improvement in financial performance and cash flows in 2007 with EBITDA expected to be in the range of USD 12 – 14 million**

# New products & technology

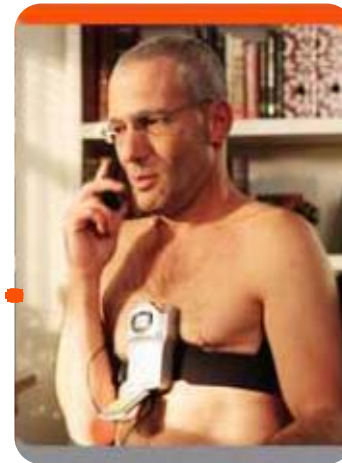


Cardio  
Sen'C

# Cardio Sen'c -what it does?

- Cellular transmission
- Data received **without use of phone lines**
- Digital transmission for maximal accuracy

After 20 years of experience and development, we are proud to present the first personal cellular-digital ECG transmitter



exercisable from the  
call center

- The device not only transmits, but **talks**



- All 12L are collected at once, **in only 3 sec.**
- **No background noise** with the cellular transfer







# Contact Information

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**Tel: + 972 3 5612212**

**[www.shl-telemedicine.com](http://www.shl-telemedicine.com)**

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- ◆ IR Agenda
  - ◆ AGM: June 13, 2007
  - ◆ Q1 2007: May 30, 2007
  - ◆ Q2 2007: August 23, 2007
  - ◆ Q3 2007: November 22, 2007
- ◆ 10,677,337 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 2006: 6.00/4.05
- ◆ Market capitalization high/low (CHF million) in 2006: 64.1/43.2
- ◆ Market capitalization 31.12.06 (CHF million) : 53.4
- ◆ No voting restrictions



# Appendix



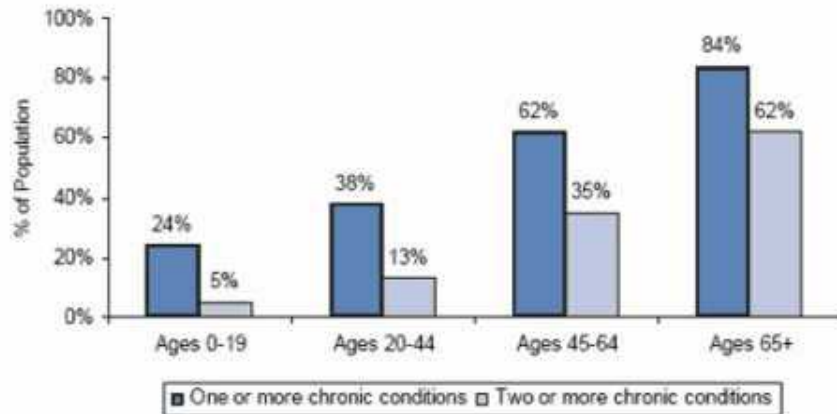


# Market Background



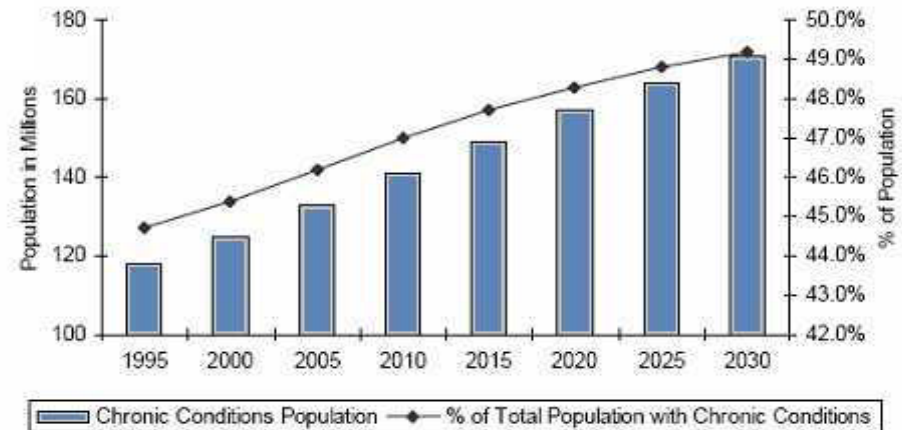
# Aging Population = More Chronic Conditions

Age and Chronic Condition Prevalence



Source: Wu, Shin-Yi and Green, Anthony, *Projection of Chronic Illness Prevalence and Cost Inflation*. RAND Corporation, October 2000.

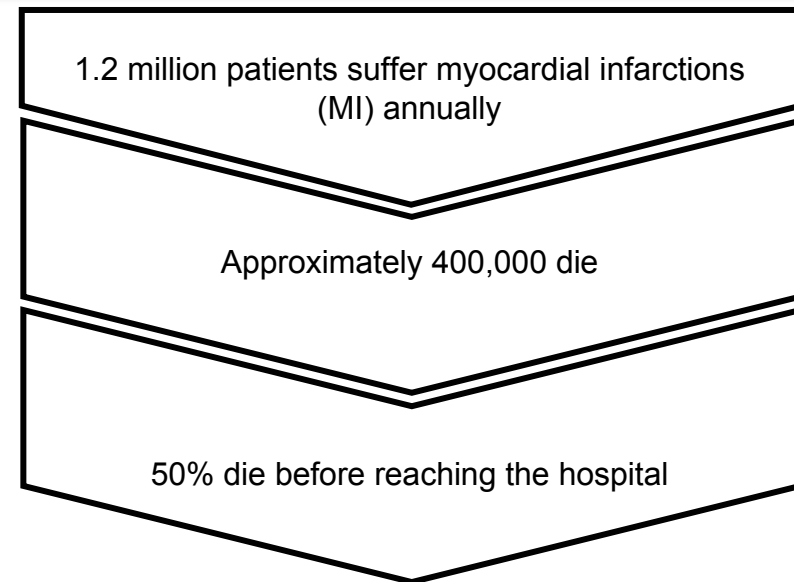
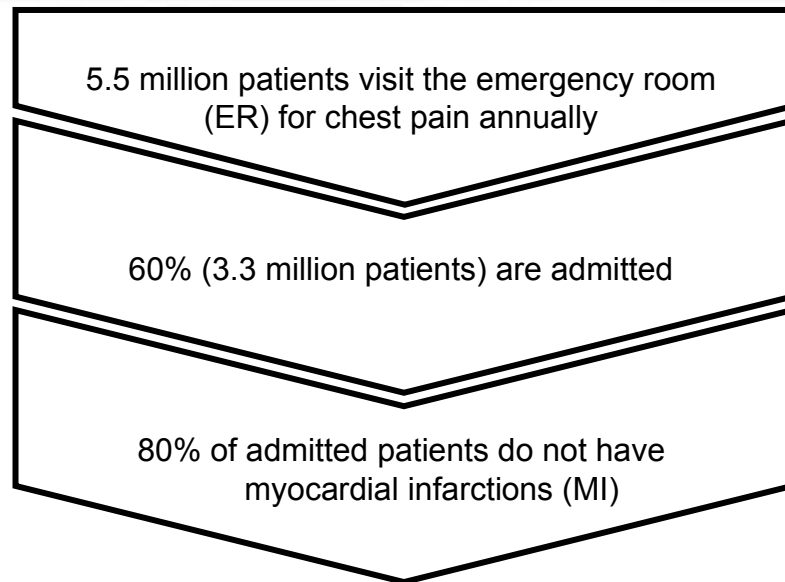
Chronic Conditions Population Growth



Source: Wu, Shin-Yi, and Green, Anthony. *Projection of Chronic Illness Prevalence and Cost Inflation*. RAND Corporation, October 2000.

# The advantages of Telemedicine

Telemedicine 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

SOURCES: 1999 Heart and Stroke Statistical Update, American Heart Association  
American College of Emergency Physicians; National Heart Attack Alert Program



# Products and Services





# Wide Range of Services and Technologies



# Electronic Patient Record & IT System Support

Available patient and clinical information is key for quality of care & lifesaving!

Date	Time	Blood Pressure Average(mm/Hg)	Pulse Average
10/08/2003	15:10	148/84	63
09/08/2003	16:52	176/80	66
08/08/2003	18:21	120/64	60
08/08/2003	17:06	161/94	60
07/08/2003	15:50	188/102	66
07/08/2003	15:41	228/102	62
05/08/2003	17:02	210/105	71
19/07/2003	16:39	175/99	88
17/07/2003	19:48	175/111	105
09/07/2003	16:42	133/85	87

**Last**  
Date: 10/08/2003 Time: 15:10  
Blood Pressure: 148/84 Pulse: 63

**Base**  
Blood Pressure: 0/0

Percentage Of Alerts(Sys>180 Or Dia>110) 50 %  
Percentage Of Irregularities(Sys>140 Or Dia>90) 80 %  
Percentage Of False Measurements 33 %

Filter False Measurements   
Add: Chart Close

Medical Data as of 06/12/2003  
Company Physician Remark:  
Internal Remark:  
Personal Physician Remark:  
Diagnosis:  
Medication:  
Allergies:  
Vaccinations:  
Lab Tests:  
Immunizations:  
Other:

Year	Code	Disposition
2001	13	0
2003	1	0

- ◆ Built in alerts and protocols for efficient and safe patient & compliance management and intervention
- ◆ Accessible remotely in real time by authorized caregivers (a Physician Tool) and allows timely notifications, interventions, and reporting

Patient Name	Age	Sex	Address	Phone	Insurance	Notes
John Doe	45	M	123 Main St	555-1234	ABC Insurance	Regular checkup
Jane Smith	32	F	456 Elm St	555-5678	DEF Insurance	Follow up on hypertension





- Available 24/7
- Staffed By healthcare professionals
- Highest quality staff, most rigorous technical training standards in the industry
- Inbound and Outbound calls

# ECG from Anywhere Solutions



## 12-lead ECG





Response time  
changes  
from:

# The Result: Saving Lives! And Costs!



Irreversible damage to myocardial tissue occurs at about 240 min



0 min.



As a result, our Cardio-vascular service both:  
1. reduces unnecessary hospitalizations; and  
2. helps those who need urgent care get care sooner



0 min.

105 min.

■ Reaction delay   ■ Ambulance response   ■ Home to hospital   ■ At-home treatment   ■ Door-to-Needle

- ◆ Pacemaker Monitoring - testing of implanted pacemakers from the convenience of the patient's home, using a standard telephone.
- ◆ CEDS/Holter monitoring - outpatient diagnostic procedure for arrhythmias (irregular heartbeats).
- ◆ [INR@Home](#) - monitoring blood levels when taking anticoagulation medication, such as Coumadin®.
- ◆ ICD's - remote monitoring of patients with Implanted Cardiac Defibrillators (ICDs)

#### Raytel Offers Two Patient Self-Testing Systems



- Introduced in 2003
- Precision and Accuracy – Same as laboratory reference method
- Built-in venous clot filter
- Blood sample size: 7 drops (27µl)
- Test Strip
- Power: 2 AA batteries
- Time to result: 2 minutes



- Introduced in 1994, over 3,000,000 units
- Precision and Accuracy – Same as laboratory reference method
- Built-in venous clot filter
- Blood sample size: 2 drops (27µl)
- Test Cordless
- Power: Built-in rechargeable battery
- Time to result: 2 minutes



# PHTS telemedicine service packages



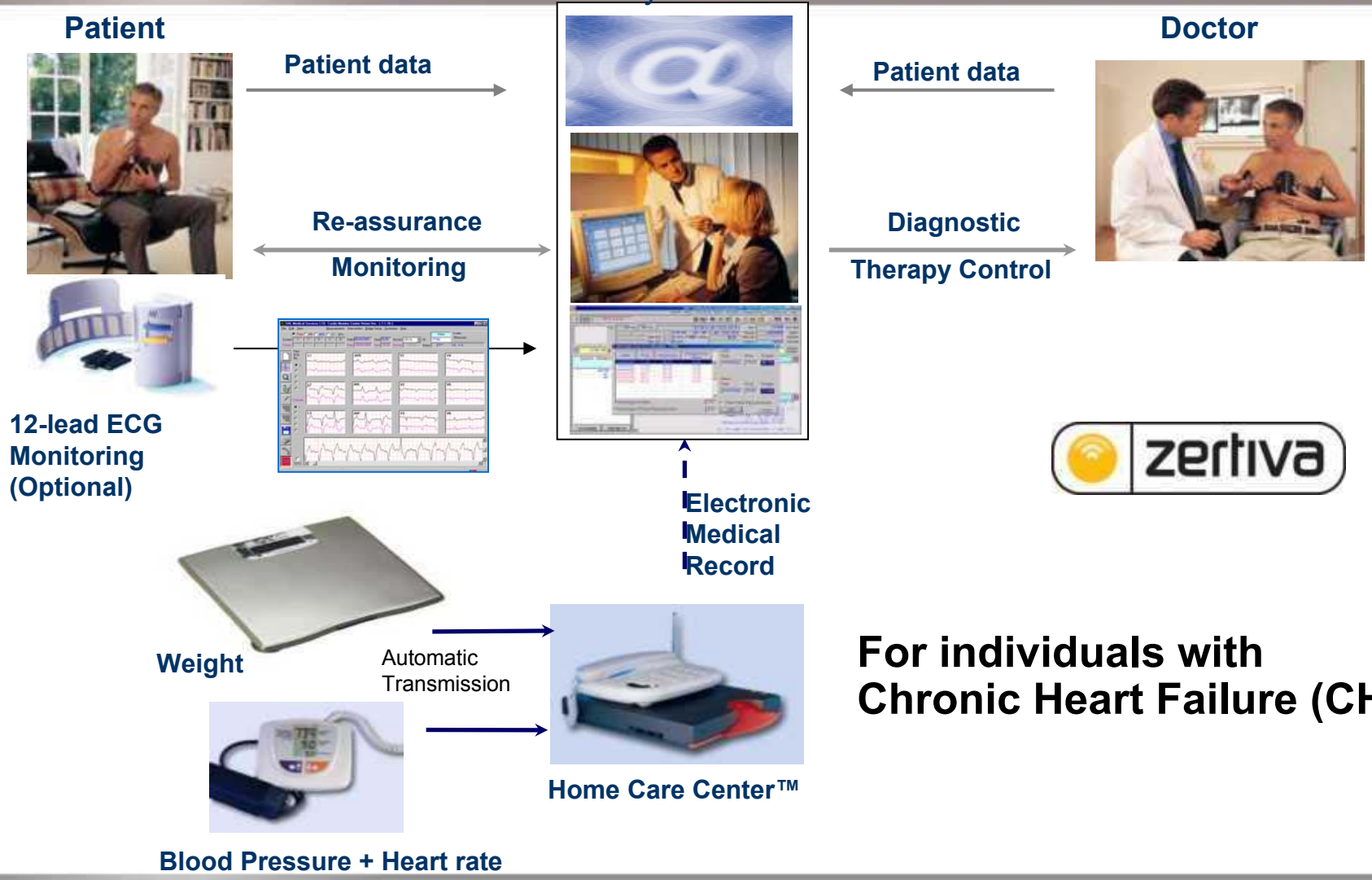
- For acute cardiac risk
- Convenient 12-lead ECG device (Viapac®) for self-use
- Transmission of full 12-lead ECG to the telemedicine call center
- Telemedicine call center assess the received ECG and immediately consults with the caller



- For chronic heart failure
- Daily, automatic transmission of weight and blood pressure
- In instances where values exceed or are lower than the previously determined limits, an alarm will be activated and therapeutic action is immediately initiated

# CHF Telemedicine service outline

Medical Monitor Center  
365 days / 24 hours

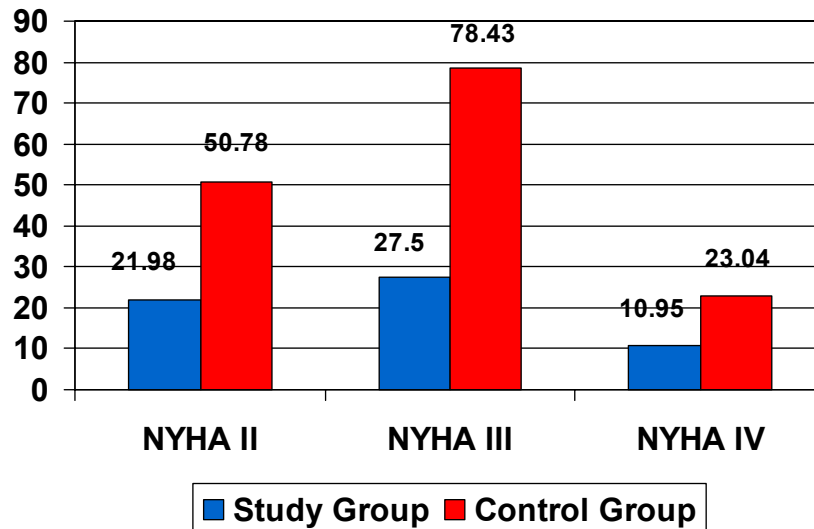


**For individuals with  
Chronic Heart Failure (CHF)**

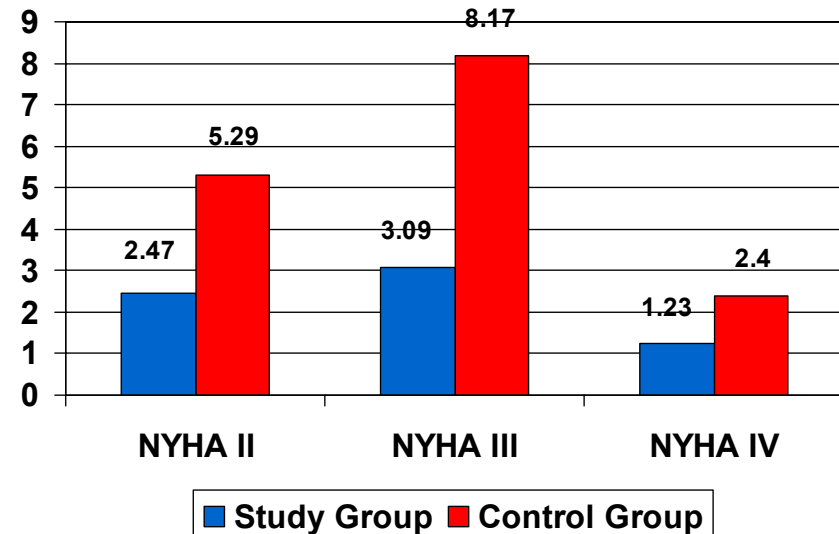


# German study results – hospitalization

**Number of Hospitalization Days per 100 patients per 3 Months**



**Number of Hospital Admissions per 100 patients per 3 Months**



**An average of 60% reduction in hospitalization! represents a Gross saving of more than € 5,500 per CHF patient per year!\***

\* 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



**SHL**  
TeleMedicine Ltd.

