

SHL Telemedicine

Q1 2015 results

28 May 2015



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 to differ materially from those 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.

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SHL at a glance

Leading provider of technologically advanced telemedicine services and solutions

Services and solutions improve quality of life for SHL's subscribers and enable cost savings for the health services community

Technological innovation; ongoing development of IT based services and solutions

Listed on the Swiss Stock Exchange (SIX:SHLTN)

American DR program listed over-the counter (OTCPK: SMDCY)

smarth^{heart}

25 years of service

COPD



Medical Staff

Over
70,000
subscribers

CHF

1.5 million
transmissions p.a.

B2C & B2B

Telemedicine
Innovator

ECG Monitoring

Diabetes

Leveraging Global Platform for Growth



SHL's Unique Combination of Assets

Technology driven solutions

- World's only personal use hospital grade ECG
- Mobile health device capable of transforming any smartphone or tablet into a hospital grade ECG
- Dynamic S/W & H/W platform supporting full range of monitoring devices (MI, CHF, COPD, other)
 - Strong data management and analytics
 - Personal health records

Global Telemedicine platform

- Specialized medical staff performing medical evaluations/diagnostics 24/7
- Telemedicine centers providing services to any location/user across the globe
- 26 years of accumulated clinical and behavioral patient data
- Excellence in operations handling 100,000 monthly interactions
- Evolving from cardiac to chronic to new conditions (e.g. wearables)

Market Drivers



1. Aggregated Telehealth and mHealth 2014 projected market size, as presented in page 8 of this presentation.

Business Model – Three Pillars

Personal



- Individual subscriptions
- **Very high recurring revenues**
- Average subscription period: **6 – 8 Years**
- Current territories: **Israel**
- Future territories: **North America and Asia-Pacific**

Institutional



- Contracts with major payors
- **Very high recurring revenues**
- Average contract period: **3 – 5 Years**
- Contracts structured as fee for service and/or performance
- Current territories: **Europe (Germany) and Israel**
- Future territories: **North America**

Professional



- Sales to medical professionals that are seeking the ability to conduct and read hospital-grade ECGs
- Primarily **smartheart**
- **Revenues derived from device sales and interpretation service** for professional users who lack the ability to read ECGs
- Model relies on distribution partners and/or collaboration with local or global players
- Future territories: **North America and Asia-Pacific**



Business review

Israel

Profile

- Market leader in the provision of telemedicine services
- Well known and reputable brand
- High subscriber loyalty/recurring service revenues
- Serves as an important knowledge base for the Company
- Global monitor centre in Tel Aviv

Service range

- Consumer (B2C) and Institutional (B2B)

Q1 2015 Highlights

- Revenue growth of 5% quarter over quarter
 - Continued strong margins and financial performance
 - Highly profitable – over 15% EBIT and 25% EBITDA
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Profile

- Leader in the provision of telemedicine services
- Payers – health insurers

Service range

- Institutional – CHF, COPD and additional chronic diseases

Q1 2015

Highlights

- Closed acquisition of Gesellschaft für Patientenhilfe (GPH) for Euro 7.6M
 - Reinforces SHL as the clear market leader in Germany
 - Expected to contribute annual revenues of USD 9.0 to 10.0 million
 - Accretive already in 2015
- Unification of Dusseldorf monitor center in Munich underway. Recorded one-time restructuring charges of USD 0.4 M
- Reached an agreement with a past customer for a payment of Euro 4.2 million
 - Debt for services rendered
 - Reversed an accrual for doubtful debt in the amount of USD 1.1 million, lowering G&A expenses
 - Recorded additional revenues of USD 0.7 million
 - Payment of EUR 4.2 million was received in Q2

US and Asia Pacific

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- US**
- Signed distribution agreement with FUJIFILM SonoSite, Inc
 - Will distribute smartheart™ to its professional healthcare customers in the US, Japan and Germany, using its point-of-care ultrasound solutions.
 - Fujifilm SonoSite, Inc. is a world leader in bedside and point-of-care ultrasound, and an industry leader in ultra high-frequency micro-ultrasound technology. Headquartered near Seattle (Washington, U.S.), the company is represented by 26 subsidiaries and has a global distribution network in over 100 countries
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- APAC**
- Japan:
 - Signed agreement with USCI - target of 1,000 smarthearts
 - Clinics, hospitals and EMS services are using smartheart in a variety of use cases
 - China:
 - Distributors looking to deploy smartheart in China given tremendous government incentives to improve and make basic care accessible
 - India:
 - In negotiations with major EMS provider
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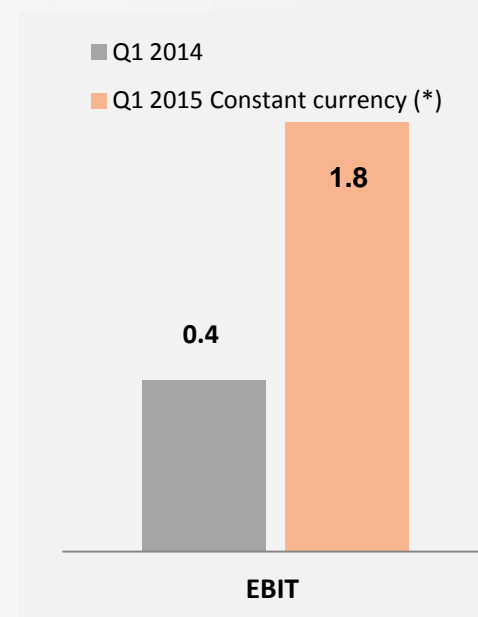
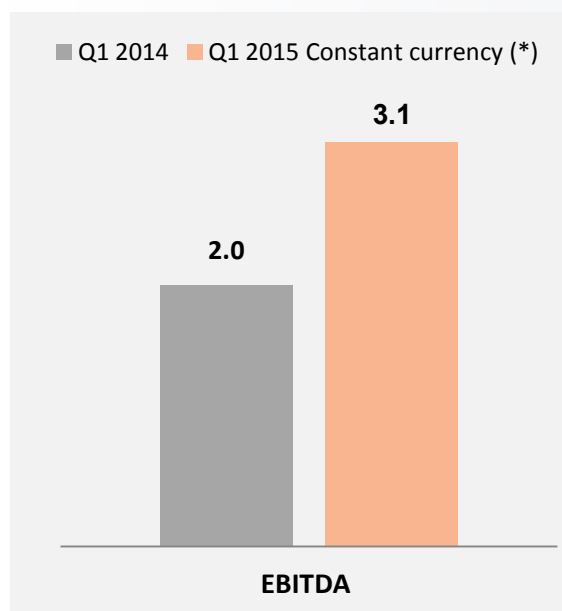
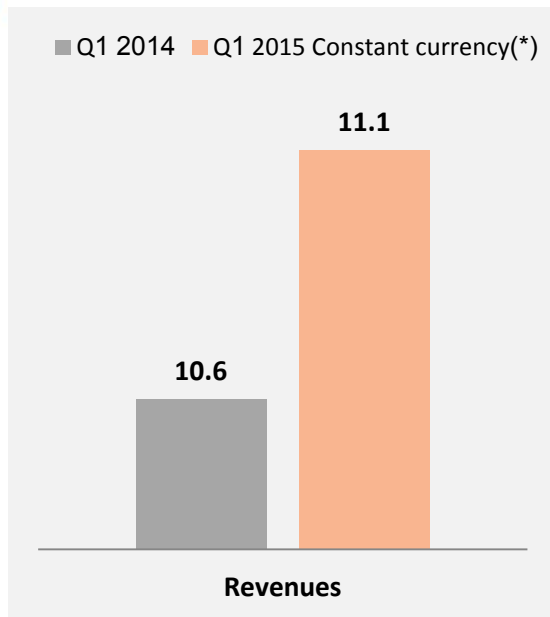
Q1 2015 Financial Results

Q1 2015 Financial highlights



- Q1 revenue up 4.7% quarter over quarter in constant currency
 - Revenues in Germany up 4.3% in constant currency
 - Revenues in Israel up 5.0% in constant currency
- Strong gross margins – 58.9% for the quarter
- Improved EBIT and EBITDA
- Net Income of USD 1.4M (USD 0.14 per share)
- Presentation in USD affected by significant appreciation of the USD against the NIS and the Euro
- GPH's assets and liabilities consolidated as of March 31, 2015 with results of operation consolidated from April 1, 2015.
- Cash and short term-investments decreased due to acquisition of GPH

Q1 2015 Results (in USD M)



(*) **Constant currency** - In order to enable meaningful comparison between the 2015 and 2014 results, 2015 results are also presented at constant currency exchange rates. These are calculated by translating the 2015 results using the average 2014 exchange rates instead of the current period exchange rates.

Q1 2015 P&L statement

USD millions	Q1 2015	Q1 2014	% change
Revenues	9.5	10.6	(10.4%)
COGS	3.9	4.6	(15.2%)
Gross Profit	5.6	6.0	(6.7%)
% of revenues	58.9%	56.6%	
Operating expenses	4.3	5.6	(23.2%)
EBIT	1.3	0.4	225.0%
% of revenues	13.7%	3.8%	
EBITDA	2.6	2.0	30.0%
% of revenues	27.4%	18.9%	
Financial income (expenses)	0.5	(0.1)	n.a.
Taxes on income	0.4	0.3	33.3%
Net income	1.4	0.0	n.a.
EPS	0.14	0.00	n.a.

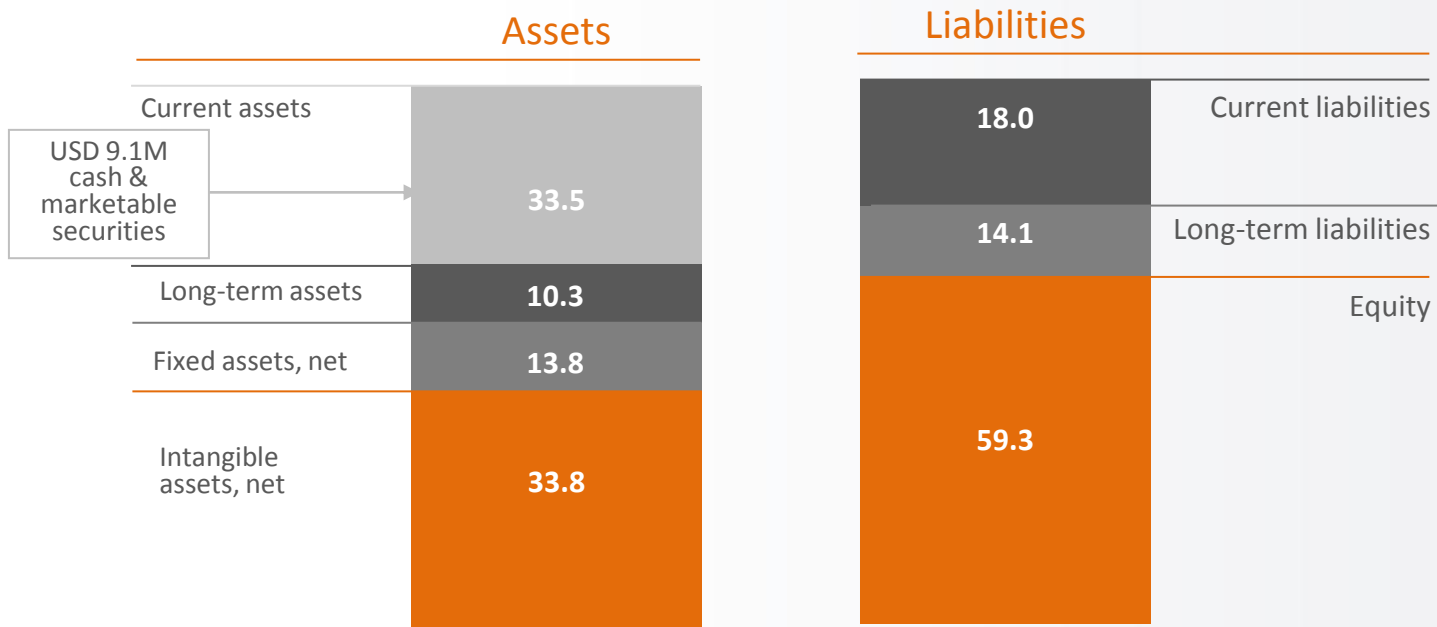
Q1 2015 (constant currency)	% change (constant currency)
11.1	4.7%
4.5	(2.2%)
6.6	10.0%
59.5%	
4.8	(14.3%)
1.8	350.0%
16.2%	
3.1	55.0%
27.9%	
0.5	n.a.
0.4	33.3%
1.9	n.a.
0.19	n.a.

Q1 2015 Cash Flow Statements

USD millions	Q1 2015	Q1 2014	Diff	2014
Cash used in Operating activities	(0.6)	(2.4)	1.8	(3.1)
Cash used in Investing activities (ex. marketable securities)	(*)(6.8)	(0.8)	(6.0)	(3.1)
Cash used in financing activities	(0.8)	(0.1)	(0.7)	(2.6)
Effect of exchange rate changes	(0.4)	0.0	(0.4)	(1.9)
Decrease in cash, cash equivalents & marketable securities	(8.6)	(3.3)	(5.3)	(10.7)
Cash, cash equivalents & marketable securities at beginning of period	17.7	28.4	(10.7)	28.4
Cash, cash equivalents & marketable securities at end of period	9.1	25.1	(16.0)	17.7

(*) Including USD 6.1 million related to acquisition of GPH

31.03.2015 Balance Sheet



In USD million per 31 March 2015

Thank you



Investor Information

- IR Agenda 2015

May 28, 2015	Q1 Results
August 19, 2015	Q2 Results
November 18, 2015	Q3 Results
- 10,877,888 registered shares with a par value of NIS 0.01 each
- Listed at SIX Swiss Exchange in CHF; Symbol: SHLTN, No. 1128957
- American DR program listed over-the counter; Symbol: SMDCY
- Price high/low (CHF) in Q1 9.05/7.40
- Market cap high/low (CHF m) in Q1 98.4/80.5
- Market cap 31.03.15 (CHF m) 89.7
- No voting restrictions



Erez Alroy, Co-CEO
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Erez Alroy has been an executive manager of SHL since its inception. Prior to his current position as Co-CEO he served as SHL Israel's managing director and as SHL Israel's sales manager and vice-president of marketing. Erez Alroy holds an MBA from the Hebrew University, Jerusalem.



Eran Antebi, CFO
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Eran Antebi joined SHL in May 2004 as CFO of Shahal Israel and was appointed CFO of SHL in May 2008. Prior to joining SHL, he was a manager with Ernst & Young in Israel. Eran Antebi is a certified public accountant (CFA) in Israel and has a B.A. in accounting and economics from the University of Tel Aviv.