



Press release

## **SHL Telemedicine reports third quarter and nine months 2013 results**

- *Advancing towards completion of almeda acquisition in Germany*
- *Revenues for the quarter of USD 7.4 million (USD 6.5 million in Q3 2012)*
- *EBITDA for the quarter of USD 0.7 million (USD 0.2 million in Q3 2012)*
- *LBIT for the quarter of USD 0.6 million (LBIT of 0.8 million in Q3 2012)*
- *Net loss for the quarter of USD 1.1 million (net loss of USD 1.1 million in Q3 2012)*

**Tel Aviv/Zurich, 20 November 2013** - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the third quarter 2013.

**Erez Alroy, Co-CEO of SHL, commented:** “In the first nine months of 2013, SHL has made progress in executing its strategy. In Germany, we are moving ahead towards completing the acquisition of the telehealth business of German based almeda GmbH, which will clearly strengthen our position as a leading provider of telehealth services in Germany.”

And he added: “We continue broadening our international footprint. In India we have been successful in signing contracts with hospitals in Kolkata, Mumbai, Delhi and Bangalore. We expect to further sign additional, similar in nature, long term agreements with hospitals and to start providing telemedicine services to these contracts as of early 2014. In addition, we are continuing in preparing marketing activities for the US.”

### **Business Review**

#### **Germany**

In July, SHL announced the signing of an agreement to acquire the telehealth services business of almeda GmbH. The acquired business will contribute annual revenues of USD 7 to 10 million to SHL's German business. The acquisition of the almeda telehealth services business complements and expands SHL's offering in Germany and will further advance its mission of being the leading provider of telehealth services in Germany.

The consideration for the business will not have a material effect on SHL's cash position. SHL is advancing towards completing the acquisition of almeda by the end of 2013, with a possible final closing date in 2014.



## **Israel**

SHL's Israeli business continued to perform well, showing continued strong financial performance. SHL's Israeli operation continues to lead the Israeli telemedicine market, serving as an important knowledge base for the Company.

## **Other International markets**

During the period SHL announced entering the Indian healthcare market through collaborations with Indian hospitals. These will offer the SHL telemedicine solution to their patients, as part of their routine out of hospital patient care programs. In conjunction, SHL has signed several agreements with Indian hospitals: Belle Vue Clinic and Woodlands Multispeciality Hospital in Kolkata, Jupiter Hospital, in the greater Mumbai Region, Alchemist Hospital, the Pushpanjali Crosslay Hospital and Artemis Health Institute in greater Delhi and most recently with Manipal Hospital in Bangalore, the flagship hospital of Manipal Hospitals, and ranked amongst the Top 10 multispecialty hospitals in India. SHL expects to sign additional, similar in nature, long term agreements with hospitals and to start providing telemedicine services to these contracts as of early 2014.

## **Financial Highlights**

During the quarter and the nine months of 2013 revenues grew, as expected, thanks mainly to the recruitment of new patients in Germany. Profitability has improved, thanks to better efficiency as well as a positive one-time effect lowering the general and administrative expenses.

**Revenues** for the quarter grew by 13.8% (3.1% at constant exchange rates\*) and amounted to USD 7.4 million compared to USD 6.5 million in Q3 2012. In the nine months of 2013 revenues grew by 9.5% (4.0% at constant exchange rates) and amounted to USD 21.9 million compared to USD 20.0 million in the first half of 2012.

**Gross profit** for the quarter amounted to USD 4.0 million (54.1% of revenues) compared to USD 3.6 million (55.4% of revenues) in Q3 2012. Gross profit for the nine months amounted to USD 11.6 million (53.0% of revenues) compared to a gross profit of USD 10.9 million (54.5% of revenues) in the nine months of 2012.

**EBITDA** for the quarter amounted to USD 0.7 million (9.5% of revenues) with **LBIT** for the quarter amounting to USD 0.6 million this compared with an EBITDA of USD 0.2 million (3.1% of revenues) and LBIT of USD 0.8 million in Q3 2012. For the nine months of 2013 EBITDA amounted to USD 3.8 million (17.4% of revenues) with an EBIT of USD 0.0 million, this compared with an EBITDA of USD 1.2 million (6.0% of revenues) and an LBIT of USD 2.1 million in the nine months of 2012.



**Net Loss** for the quarter was USD 1.1 million (USD 0.11 per share) compared to a net loss of USD 1.1 million (USD 0.10 per share) for the third quarter of 2012. For the nine months net loss amounted to USD 1.4 million (USD 0.14 per share) compared to a net loss of USD 3.3 million (USD 0.32 per share) in the nine months of 2012.

**Cash flow.** Cash generated from operations for the nine months amounted to USD 2.8 million compared USD 2.5 million in the nine months of 2012. Cash, cash equivalents and marketable securities amounted to USD 26.9 million at September 30, 2013.

**Balance sheet.** SHL's assets at 30 September 2013 totalled USD 99.7 million with shareholders' equity amounting to USD 63.2 million (63.4% of balance sheet) compared to assets of USD 99.7 million with shareholders' equity amounting to USD 61.0 million at 31 December 2012.

#### SHL Telemedicine – consolidated key figures – Q3 2013

in USD million (except per share amounts)	Q3 2013	Q3 2012	% change	Q3 2013 (constant currency)	% change
Revenues	7.4	6.5	13.8%	6.7	3.1%
Gross profit	4.0	3.6	11.1%	3.6	0.0%
%	54.1%	55.4%		53.7%	
LBIT	(0.6)	(0.8)	n.a.	(0.6)	n.a.
%	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	0.7	0.2	250.0%	0.6	200.0%
%	9.5%	3.1%		9.0%	
Loss	(1.1)	(1.1)	n.a.	(1.1)	n.a.
Basic LPS	(0.11)	(0.10)	n.a.	(0.11)	n.a.

#### SHL Telemedicine – consolidated key figures 9M 2013

in USD million (except per share amounts)	9M 2013	9M 2012	% change	9M 2013 (constant currency)	% change
Revenues	21.9	20.0	9.5%	20.8	4.0%
Gross profit	11.6	10.9	6.4%	11.0	0.9%
%	53.0%	54.5%		52.9%	
EBIT/(LBIT)	0.0	(2.1)	n.a.	0.0	n.a.
%	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA	3.8	1.2	216.7%	3.6	200.0%
%	17.4%	6.0%		17.3%	
Loss	(1.4)	(3.3)	n.a.	(1.3)	n.a.
Basic LPS	(0.14)	(0.32)	n.a.	(0.13)	n.a.



\* Constant currency - In order to enable meaningful comparison between the results, they are also presented at constant currency exchange rates. These are calculated by translating the 2013 results using the average 2012 exchange rates instead of the current period exchange rates. Management believes that this presentation enables a more meaningful comparison between the periods due to the significant fluctuations in NIS/USD/EUR exchange rates.

### Revenues by geographic distribution – Q3 13

	Israel		Germany	
	USD m	% of total	USD m	% of total
Q3 2013	6.0	81.1%	1.4	18.9%
Q3 2012	5.2	80.0%	1.3	20.0%
Q3 2013 (in constant currency)	5.4	80.6%	1.3	19.4%
% change in constant currency	3.8%		0%	

### Revenues by geographic distribution – 9M 13

	Israel		Germany	
	USD m	% of total	USD m	% of total
9M 2013	17.5	79.9%	4.4	20.1%
9M 2012	16.2	81.0%	3.8	19.0%
9M 2013 (in constant currency)	16.5	79.3%	4.3	20.7%
% change in constant currency	1.9%		13.2%	

### Conference Call, today, 11.00 am CET

SHL will hold a call to discuss the Q3 results today at 11.00 am CET. Erez Alroy, Co-CEO, and Eran Antebi, CFO, will host the call. Dial-in numbers are as follows:

From Europe                   +41 (0)58 310 50 00  
 From UK                        +44 (0)203 059 58 62  
 From Israel                    Toll free: 1 80 921 44 27  
                                       Local: +972 3763 1173

Slides are available at

<http://www.shl-telemedicine.com/investors-relations/financial-reports/>

### IR Agenda

March 25, 2014            FY results 2013 announcement and publication of annual report



### **About SHL Telemedicine**

SHL Telemedicine Ltd. specializes in developing and marketing advanced personal telemedicine systems as well as providing comprehensive telemedicine solutions including medical call centers to individuals and to the healthcare community. As a leading provider of remote health services in cardiology and in other medical areas, SHL maintains business operations internationally i.e. in Germany, Israel and India. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.:1128957). More information available at: [www.shl-telemedicine.com](http://www.shl-telemedicine.com).

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Some of the information contained in this press release contains forward-looking statements. Readers are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. SHL Telemedicine undertakes no obligation to publicly update or revise any forward-looking statements.



<b>Balance-Sheets (USD thousands)</b>	<b>30.9.2013</b>	<b>30.9.2012</b>	<b>31.12.2012</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	9,021	10,872	10,613
Available-for-sale investments	17,958	14,767	16,159
Trade receivables	16,922	20,698	19,413
Inventory	547	-	367
Other current assets	3,422	3,382	3,312
<b>Current Assets</b>	<b>47,870</b>	<b>49,719</b>	<b>49,864</b>
<b>Non-Current Assets</b>	<b>12,479</b>	<b>11,588</b>	<b>12,109</b>
<b>Property and equipment, net</b>	<b>15,587</b>	<b>14,915</b>	<b>15,307</b>
<b>Intangible assets, net</b>	<b>23,769</b>	<b>21,222</b>	<b>22,455</b>
<b>Total Assets</b>	<b>99,705</b>	<b>97,444</b>	<b>99,735</b>
Credit from banks and current maturities	10,251	5,404	8,539
Deferred revenues	114	105	55
Trade payables	1,225	867	1,222
Provisions	-	2,490	2,535
Other accounts payable	3,763	4,810	4,181
<b>Current liabilities</b>	<b>15,353</b>	<b>13,676</b>	<b>16,532</b>
Long-term loans	18,770	19,839	19,860
Deferred revenues	1,278	925	1,478
Employee benefit liabilities	1,054	817	879
<b>Non-current liabilities</b>	<b>21,102</b>	<b>21,581</b>	<b>22,217</b>
<b>Total liabilities</b>	<b>36,455</b>	<b>35,257</b>	<b>38,749</b>
<b>Equity:</b>			
Issued capital	31	31	31
Additional paid-in capital	94,802	94,217	94,341
Treasury shares	(2,956)	(2,709)	(2,920)
Foreign currency translation reserve	5,176	(481)	2,060
Capital reserve for available-for-sale investments and actuarial gains	1,066	408	848
Accumulated deficit	(34,869)	(29,279)	(33,374)
<b>Total equity</b>	<b>63,250</b>	<b>62,187</b>	<b>60,986</b>



<b>Statements of Income</b> (USD thousands, except per share data)	<b>Q3 13</b>	<b>Q3 12</b>	<b>9M 13</b>	<b>9M 12</b>	<b>2012</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	7,393	6,465	21,941	20,024	26,938
Depreciation and amortization	566	383	1,688	1,448	2,105
Cost of revenues	2,856	2,490	8,715	7,688	10,575
<b>Gross Profit</b>	<b>3,971</b>	<b>3,592</b>	<b>11,538</b>	<b>10,888</b>	<b>14,258</b>
Research and development costs, net	577	375	1,590	1,199	1,458
Selling and marketing expenses	2,095	1,984	6,482	5,399	7,528
General and administrative expenses	1,935	1,996	3,518	6,337	11,021
<b>Operating income (loss)</b>	<b>(636)</b>	<b>(763)</b>	<b>(52)</b>	<b>(2,047)</b>	<b>(5,749)</b>
Financial income	256	395	730	1,233	2,375
Financial expenses	(789)	(591)	(1,841)	(2,026)	(3,397)
<b>Loss before taxes on income</b>	<b>(1,169)</b>	<b>(959)</b>	<b>(1,163)</b>	<b>(2,840)</b>	<b>(6,771)</b>
Taxes on income	39	4	332	464	628
<b>Loss</b>	<b>(1,208)</b>	<b>(963)</b>	<b>(1,495)</b>	<b>(3,304)</b>	<b>(7,399)</b>
<b>Other Comprehensive income:</b>					
Foreign currency translation reserve	1,554	421	3,116	(1,269)	1,272
Transfer to the statement of income in respect of available-for-sale investments	122	47	103	(133)	(20)
Gain on available-for-sale investments	52	275	115	515	570
Impairment of available-for-sale investments carried to the income statement	-	-	-	-	177
Actuarial gain	-	-	-	-	95
	<b>1,728</b>	<b>743</b>	<b>3,334</b>	<b>(887)</b>	<b>2,094</b>
<b>Total comprehensive income (loss)</b>	<b>520</b>	<b>(220)</b>	<b>1,839</b>	<b>(4,191)</b>	<b>(5,305)</b>
<b>Basic and diluted loss per share</b>	<b>(0.11)</b>	<b>(0.10)</b>	<b>(0.14)</b>	<b>(0.32)</b>	<b>(0.69)</b>



<b>Statements of Cash Flows</b> (USD thousands)	<b>Q3 13</b>	<b>Q3 12</b>	<b>9M 13</b>	<b>9M 12</b>	<b>2012</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income (loss)	(1,208)	(963)	(1,495)	(3,304)	(7,399)
Adjustments required to reconcile loss to net cash provided by (used in) operating activities	783	632	4,242	5,824	9,025
<b>Net Cash provided by (used in) Operating Activities</b>	<b>(425)</b>	<b>(331)</b>	<b>2,747</b>	<b>2,520</b>	<b>1,626</b>
Purchase of property and equipment	(430)	(1,084)	(1,348)	(1,620)	(2,088)
Investment in intangible assets	(516)	(517)	(1,502)	(1,548)	(2,344)
Proceeds from sale of property and equipment	10	-	24	-	73
Purchase of available-for-sale investments	(2,147)	(324)	(5,260)	(6,977)	(7,516)
Proceeds from sale of available-for-sale investments	2,841	393	4,495	8,455	8,596
<b>Net Cash used in Investing Activities</b>	<b>(242)</b>	<b>(1,532)</b>	<b>(3,591)</b>	<b>(1,690)</b>	<b>(3,279)</b>
Proceeds from exercise of options	24	3	165	62	62
Short-term bank credit, net	826	(329)	1,044	(4,014)	(1,244)
Payment of long-term loans	(831)	(706)	(2,411)	(2,155)	(2,900)
Treasury shares purchased	-	(207)	(36)	(508)	(719)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>19</b>	<b>(1,239)</b>	<b>(1,238)</b>	<b>(6,615)</b>	<b>(4,801)</b>
Effect of exchange rate changes on cash and cash equivalents	212	68	490	(254)	156
<b>Decrease in cash and cash equivalents</b>	<b>(436)</b>	<b>(3,034)</b>	<b>(1,592)</b>	<b>(6,039)</b>	<b>(6,298)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>9,457</b>	<b>13,906</b>	<b>10,613</b>	<b>16,911</b>	<b>16,911</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>9,021</b>	<b>10,872</b>	<b>9,021</b>	<b>10,872</b>	<b>10,613</b>