



Press release

## **SHL Telemedicine reports second quarter and half year 2013 results**

- *Revenues for the quarter of USD 7.4 million (USD 6.6 million in Q2 2012)*
- *EBITDA for the quarter of USD 1.7 million (USD 0.4 million in Q2 2012)*
- *EBIT for the quarter of USD 0.4 million (LBIT of 0.6 million in Q2 2012)*
- *Net profit for the quarter of USD 0.1 million (net loss of USD 0.9 million in Q2 2012)*

**Tel Aviv/Zurich, 21 August 2013** - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the second quarter and half year 2013.

**Erez Alroy, Co-CEO of SHL, commented:** "In the first half of 2013, SHL has made significant progress in executing its expansion strategy. In Germany, we continue recruiting patients into the AOK Bayern and IKK Sudwest contracts. In addition, we have been successful in acquiring 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 and have been successful in signing contracts with hospitals in Kolkata, Mumbai and Delhi, three of the largest cities in India. We expect to further sign additional, similar in nature, long term agreements with hospitals and believe India can serve as an additional growth engine for SHL in the coming years."

### **Business Review**

#### **Germany**

During the period, SHL's German operation continued to focus on recruiting patients into the AOK Bayern and IKK Sudwest contracts.

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.



Under the agreement, DKV, the largest customer of the almeda telehealth business and one of the largest German private health insurers and a subsidiary of ERGO, commits to retain the provision of almeda's telehealth services for a 7 year period.

The consideration for the business will not have a material effect on SHL's cash position. The transaction is expected to close 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 its first agreement, with Belle Vue Clinic, a specialty hospital in Kolkata. In July, SHL signed an agreement with Jupiter Hospital, expanding its presence to the greater Mumbai Region and recently announced the signing of an agreement with Alchemist Hospital in greater Delhi. Each such agreement is expected to generate up to USD 3 to 5 million over the course of three years. SHL expects to sign a series of additional, similar in nature, long term agreements with hospitals.

### **Financial Highlights**

During the quarter and the half year revenues grew, as expected, thanks 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 12.1% (7.6% at constant exchange rates\*) and amounted to USD 7.4 million compared to USD 6.6 million in Q2 2012. For the half year revenues grew by 6.6% (3.7% at constant exchange rates) and amounted to USD 14.5 million compared to USD 13.6 million in the first half of 2012.

**Gross profit** for the quarter amounted to USD 3.9 million (52.7% of revenues) compared to USD 3.7 million (56.1% of revenues) in Q2 2012. Gross profit for the half year amounted to USD 7.6 million (52.4% of revenues) compared to a gross profit of USD 7.3 million (53.7% of revenues) in the first half of 2012.



**EBITDA** for the quarter amounted to USD 1.7 million (23.0% of revenues) with **EBIT** for the quarter amounting to USD 0.4 million (5.4% of revenues) this compared with an EBITDA of USD 0.4 million (6.1% of revenues) and LBIT of USD 0.6 million in Q2 2012. For the half year EBITDA amounted to USD 3.1 million (21.4% of revenues) with an EBIT of USD 0.6 million (4.1% of revenues), this compared with an EBITDA of USD 1.0 million (7.4% of revenues) and an LBIT of USD 1.3 million in the first half of 2012.

**Net Income** for the quarter was USD 0.1 million compared to a net loss of USD 0.9 million (USD 0.08 per share) for the second quarter. For the half year net loss amounted to USD 0.3 million (USD 0.03 per share) compared to a net loss of USD 2.3 million (USD 0.22 per share) in the first half of 2012.

**Cash flow.** Cash generated from operations for the half year amounted to USD 3.2 million compared USD 2.8 million in the first half of 2012. Cash, cash equivalents and marketable securities amounted to USD 27.5 million at June 30, 2013.

**Balance sheet.** SHL's assets at 30 June 2013 totalled USD 97.9 million with shareholders' equity amounting to USD 62.6 million (63.9% 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 – Q2 2013

| in USD million<br>(except per<br>share amounts) | Q2 2013 | Q2 2012 | % change | Q2 2013<br>(constant<br>currency) | % change |
|---|---------|---------|----------|-----------------------------------|----------|
| Revenues  | 7.4     | 6.6     | 12.1%    | 7.1                               | 7.6%     |
| Gross profit                                    | 3.9     | 3.7     | 5.4%     | 3.7                               | 0.0%     |
| %   | 52.7%   | 56.1%   |          | 52.1%                             |          |
| EBIT/(LBIT)                                     | 0.4     | (0.6)   | n.a.     | 0.4                               | n.a.     |
| %   | 5.4%    | n.a.    |          | 5.6%                              |          |
| EBITDA  | 1.7     | 0.4     | 325.0%   | 1.6                               | 300.0%   |
| %   | 23.0%   | 6.1%    |          | 22.5%                             |          |
| Net income<br>(loss)                            | 0.1     | (0.9)   | n.a.     | 0.1                               | n.a.     |
| Basic LPS                                       | -       | (0.08)  | n.a.     | -                                 | n.a.     |



## SHL Telemedicine – consolidated key figures

### H1 2013

| in USD million<br>(except per<br>share amounts) | H1 2013 | H1 2012 | % change | H1 2013<br>(constant<br>currency) | % change |
|---|---------|---------|----------|-----------------------------------|----------|
| Revenues  | 14.5    | 13.6    | 6.6%     | 14.1                              | 3.7%     |
| Gross profit                                    | 7.6     | 7.3     | 4.1%     | 7.3                               | 0.0%     |
| %   | 52.4%   | 53.7%   |          | 51.8%                             |          |
| EBIT/(LBIT)                                     | 0.6     | (1.3)   | n.a.     | 0.6                               | n.a.     |
| %   | 4.1%    | n.a.    |          | 4.3%                              |          |
| EBITDA  | 3.1     | 1.0     | 210.0%   | 3.0                               | 200.0%   |
| %   | 21.4%   | 7.4%    |          | 21.3%                             |          |
| Net loss  | (0.3)   | (2.3)   | n.a.     | (0.3)                             | n.a.     |
| Basic LPS                                       | (0.03)  | (0.22)  | n.a.     | (0.02)                            | 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 – Q2 13

|                                   | Israel |            | Germany |            |
|-----------------------------------|--------|------------|---------|------------|
|                                   | USD m  | % of total | USD m   | % of total |
| Q2 2013                           | 5.8    | 78.4%      | 1.6     | 21.6%      |
| Q2 2012                           | 5.3    | 80.3%      | 1.3     | 19.7%      |
| Q2 2013 (in constant<br>currency) | 5.5    | 77.5%      | 1.6     | 22.5%      |
| % change in constant<br>currency  | 3.8%   |            | 23.1%   |            |

### Revenues by geographic distribution – H1 13

|                                   | Israel |            | Germany |            |
|-----------------------------------|--------|------------|---------|------------|
|                                   | USD m  | % of total | USD m   | % of total |
| H1 2013                           | 11.4   | 78.6%      | 3.1     | 21.4%      |
| H1 2012                           | 11.1   | 81.6%      | 2.5     | 18.4%      |
| H1 2013 (in constant<br>currency) | 11.1   | 78.7%      | 3.0     | 21.3%      |
| % change in constant<br>currency  | -      |            | 20.0%   |            |



**Conference Call, today, 11.00 am CET**

SHL will hold a call to discuss the Q2 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 2013**

November 20, 2013 Q3 Results

**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 in Europe, mainly in Germany, and at its home market in Israel. 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</b> (USD thousands)                                  | <b>30.6.2013</b> | <b>30.6.2012</b> | <b>31.12.2012</b> |
|--|------------------|------------------|-------------------|
|  | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i>    |
| Cash and cash equivalents  | 9,457            | 13,906           | 10,613            |
| Available-for-sale investments   | 18,091           | 14,466           | 16,159            |
| Trade receivables  | 15,678           | 19,842           | 19,413            |
| Inventory  | 475              | -                | 367               |
| Other current assets   | 3,413            | 3,008            | 3,312             |
| <b>Current Assets</b>  | <b>47,114</b>    | <b>51,222</b>    | <b>49,864</b>     |
| <b>Non-Current Assets</b>  | <b>12,322</b>    | <b>11,641</b>    | <b>12,109</b>     |
| <b>Property and equipment, net</b>                                     | <b>15,125</b>    | <b>14,338</b>    | <b>15,307</b>     |
| <b>Intangible assets, net</b>  | <b>23,292</b>    | <b>21,008</b>    | <b>22,455</b>     |
| <b>Total Assets</b>  | <b>97,853</b>    | <b>98,209</b>    | <b>99,735</b>     |
| Credit from banks and current maturities                               | 9,117            | 5,718            | 8,539             |
| Deferred revenues  | 110              | 101              | 55                |
| Trade payables   | 1,016            | 829              | 1,222             |
| Provisions   | -                | 2,418            | 2,535             |
| Other accounts payable   | 3,768            | 4,403            | 4,181             |
| <b>Current liabilities</b>   | <b>14,011</b>    | <b>13,469</b>    | <b>16,532</b>     |
| Long-term loans  | 18,965           | 20,362           | 19,860            |
| Deffered revenues  | 1,272            | 928              | 1,478             |
| Employee benefit liabilities   | 985              | 806              | 879               |
| Deferred taxes   | -                | 89               | -                 |
| <b>Non-current liabilities</b>   | <b>21,222</b>    | <b>22,185</b>    | <b>22,217</b>     |
| <b>Total liabilities</b>   | <b>35,233</b>    | <b>35,654</b>    | <b>38,749</b>     |
| <b>Equity:</b>   |                  |                  |                   |
| Issued capital   | 31               | 31               | 31                |
| Additional paid-in capital   | 94,692           | 94,158           | 94,341            |
| Treasury shares  | (2,956)          | (2,502)          | (2,920)           |
| Foreign currency translation reserve                                   | 3,622            | (902)            | 2,060             |
| Capital reserve for available-for-sale investments and actuarial gains | 892              | 68               | 848               |
| Accumulated deficit  | (33,661)         | (28,298)         | (33,374)          |
| <b>Total equity</b>  | <b>62,620</b>    | <b>62,555</b>    | <b>60,986</b>     |
| <b>Total liabilities and equity</b>                                    | <b>97,853</b>    | <b>98,209</b>    | <b>99,735</b>     |



| <b>Statements of Income</b><br>(USD thousands, except per share data)            | <b>Q2 13</b>     | <b>Q2 12</b>     | <b>H1 13</b>     | <b>H1 12</b>     | <b>2012</b>    |
|--|------------------|------------------|------------------|------------------|----------------|
|  | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Revenues   | 7,408            | 6,645            | 14,548           | 13,559           | 26,938         |
| Depreciation and amortization  | 551              | 467              | 1,122            | 1,065            | 2,105          |
| Cost of revenues   | 2,963            | 2,466            | 5,859            | 5,198            | 10,575         |
| <b>Gross Profit</b>  | <b>3,894</b>     | <b>3,712</b>     | <b>7,567</b>     | <b>7,296</b>     | <b>14,258</b>  |
| Research and development costs, net  | 577              | 408              | 1,013            | 824              | 1,458          |
| Selling and marketing expenses   | 2,328            | 1,766            | 4,387            | 3,415            | 7,528          |
| General and administrative expenses  | 583              | 2,186            | 1,583            | 4,431            | 11,021         |
| <b>Operating income (loss)</b>   | <b>406</b>       | <b>(648)</b>     | <b>584</b>       | <b>(1,284)</b>   | <b>(5,749)</b> |
| Financial income   | 141              | 760              | 474              | 1,186            | 2,375          |
| Financial expenses   | (407)            | (970)            | (1,052)          | (1,783)          | (3,397)        |
| <b>Loss before taxes on income</b>   | <b>140</b>       | <b>(858)</b>     | <b>6</b>         | <b>(1,881)</b>   | <b>(6,771)</b> |
| Taxes on income  | 82               | 9                | 293              | 460              | 628            |
| <b>Net loss</b>  | <b>58</b>        | <b>(867)</b>     | <b>(287)</b>     | <b>(2,341)</b>   | <b>(7,399)</b> |
| <b>Other Comprehensive income:</b>   |                  |                  |                  |                  |                |
| Foreign currency translation reserve   | 620              | (3,613)          | 1,562            | (1,690)          | 1,272          |
| Transfer to the statement of income in respect of available-for-sale investments | 13               | (211)            | (19)             | (180)            | (20)           |
| Gain on available-for-sale investments   | 19               | 215              | 63               | 240              | 570            |
| Impairment of available-for-sale investments carried to the income statement     | -                | -                | -                | -                | 177            |
| Actuarial gain   | -                | -                | -                | -                | 95             |
|  | 652              | (3,609)          | 1,606            | (1,630)          | 2,094          |
| <b>Total comprehensive income (loss)</b>   | <b>710</b>       | <b>(4,476)</b>   | <b>1,319</b>     | <b>(3,971)</b>   | <b>(5,305)</b> |
| <b>Basic and diluted loss per share</b>  | <b>-</b>         | <b>(0.08)</b>    | <b>(0.03)</b>    | <b>(0.22)</b>    | <b>(0.69)</b>  |



| <b>Statements of Cash Flows</b> (USD thousands)  | <b>Q2 13</b>     | <b>Q2 12</b>     | <b>H1 13</b>     | <b>H1 12</b>     | <b>2012</b>    |
|--|------------------|------------------|------------------|------------------|----------------|
|  | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Net income (loss)  | 58               | (867)            | (287)            | (2,341)          | (7,399)        |
| Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities | (822)            | 4,674            | 3,459            | 5,192            | 9,025          |
| <b>Net Cash provided by (used in) Operating Activities</b>   | <b>(764)</b>     | <b>3,807</b>     | <b>3,172</b>     | <b>2,851</b>     | <b>1,626</b>   |
| Purchase of property and equipment   | (315)            | (331)            | (918)            | (536)            | (2,088)        |
| Investment in intangible assets  | (501)            | (503)            | (986)            | (1,031)          | (2,344)        |
| Proceeds from sale of property and equipment   | 14               | -                | 14               | -                | 73             |
| Purchase of available-for-sale investments   | (2,665)          | (4,600)          | (3,113)          | (6,653)          | (7,516)        |
| Proceeds from sale of available-for-sale investments   | 905              | 4,680            | 1,654            | 8,062            | 8,596          |
| <b>Net Cash used in Investing Activities</b>   | <b>(2,562)</b>   | <b>(754)</b>     | <b>(3,349)</b>   | <b>(158)</b>     | <b>(3,279)</b> |
| Proceeds from exercise of options  | 101              | 59               | 141              | 59               | 62             |
| Short-term bank credit, net  | 461              | (3,898)          | 218              | (3,685)          | (1,244)        |
| Payment of long-term loans   | (804)            | (725)            | (1,587)          | (1,449)          | (2,900)        |
| Treasury shares purchased  | -                | (21)             | (36)             | (301)            | (719)          |
| <b>Net Cash used in Financing Activities</b>   | <b>(242)</b>     | <b>(4,585)</b>   | <b>(1,257)</b>   | <b>(5,376)</b>   | <b>(4,801)</b> |
| Effect of exchange rate changes on cash and cash equivalents   | 56               | (754)            | 278              | (322)            | 156            |
| <b>Decrease in cash and cash equivalents</b>   | <b>(3,512)</b>   | <b>(2,286)</b>   | <b>(1,156)</b>   | <b>(3,005)</b>   | <b>(6,298)</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>  | <b>12,969</b>    | <b>16,192</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>9,457</b>     | <b>13,906</b>    | <b>9,457</b>     | <b>13,906</b>    | <b>10,613</b>  |