



Press release

**SHL Telemedicine in Q1 – Good financial results for Q1. Implementing expansion strategy with commencement of marketing activities in the German consumer market to be followed by entry to the UK.**

- *Revenues of USD 12.4 million (USD 13.2 million at constant exchange rates\*), representing a growth of 9.1% at constant exchange rates\* over first quarter of 2009*
- *EBITDA of USD 3.1 million (25.0% of revenues)*
- *EBIT of USD 1.7 million (13.7% of revenues)*
- *Net income of USD 1.6 million (12.9% of revenues)*

**Tel Aviv/Zurich, 11 May 2010** - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the first quarter of 2010.

During the first quarter of 2010, SHL continued with the establishment of its cardiac emergency service in the German consumer market with significant investments being made in sales and marketing, as planned. In addition, SHL is also focusing on introducing its cardiac emergency service into the UK. The cardiac emergency service is provided through SHL's existing monitor centers and is based on SHL's FDA approved personal cellular 12 lead ECG monitoring device, the CardioSen'C™.

Erez Alroy, Co-CEO of SHL Telemedicine, commented: "We have started making the first steps in implementing our expansion strategy presented in February. We clearly see untapped potential for our services in Germany and the UK. We are confident that the consumers will respond positively to our offering which saves lives and gives them peace of mind."

**Financial highlights for the quarter:**

**Revenues** for the quarter reached USD 12.4 million compared to USD 10.7 million in Q1 2009. At constant exchange rates\* revenues for the quarter amounted to USD 13.2 million compared to USD 12.1 million at constant exchange rates\* in Q1 2009. This reflects a growth of 15.9% and 9.1%, respectively from the first quarter of 2009.

**Gross profit** improved and reached USD 8.1 million compared to USD 7.1 million in Q1 2009. **EBITDA** for the quarter improved by 19.2% to USD 3.1 million (25.0% of revenues) from an EBITDA of USD 2.6 million (24.3% of revenues) in Q1 2009 with **EBIT** for the quarter amounting to USD 1.7 million (13.7% of revenues) compared to USD 1.5 million (14.0% of revenues) in Q1 2009. **Net income** for the quarter totaled USD 1.6 million compared to USD 1.2 million in Q1 2009, bringing EPS for the quarter to USD 0.15 up from USD 0.12 in Q1 2009.

**Cash** provided by operations for the quarter amounted to USD 0.6 compared to USD 0.2 million in Q1 09. Cash, cash equivalents and marketable securities at March 31, 2010 amounted to USD 20.6 million.



**Balance sheet.** SHL's assets at 31 March 2010 totalled USD 90.7 million with shareholders' equity amounting to USD 67.6 million (74.5% of balance sheet) compared to assets of USD 75.5 million and shareholders' equity of USD 54.9 million at 31 March 2009.

### SHL Telemedicine – consolidated key figures

| in USD million<br>(except per share<br>amounts) |         |         |          | * Constant currency |         |          |
|---|---------|---------|----------|---------------------|---------|----------|
|   | Q1 2010 | Q1 2009 | % change | Q1 2010             | Q1 2009 | % change |
| Revenues  | 12.4    | 10.7    | 15.9%    | 13.2                | 12.1    | 9.1%     |
| Gross profit                                    | 8.1     | 7.1     | 14.1%    | 8.7                 | 7.9     | 10.1%    |
| %   | 65.3%   | 66.4%   |          | 65.9%               | 65.3%   |          |
| EBITDA  | 3.1     | 2.6     | 19.2%    | 3.4                 | 2.7     | 25.9%    |
| %   | 25.0%   | 24.3%   |          | 25.8%               | 22.3%   |          |
| EBIT  | 1.7     | 1.5     | 13.3%    | 1.9                 | 1.5     | 26.7%    |
| %   | 13.7%   | 14.0%   |          | 14.4%               | 12.4%   |          |
| Net income                                      | 1.6     | 1.2     | 33.3%    | 1.8                 | 1.2     | 50.0%    |
| Basic EPS                                       | 0.15    | 0.12    | 25.0%    | 0.17                | 0.12    | 41.7%    |

\* Constant currency - In order to enable meaningful comparison between the 2010 and 2009 results, 2010 and 2009 results are also presented at constant currency exchange rates. These are calculated by translating the 2010 results using the average exchange rates used for calculating the 2009 constant currency results (Q1 08) 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/Euro exchange rates.

### Revenues by geographic distribution

|                                | Israel |            | Germany |            | USA & ROW |            |
|--------------------------------|--------|------------|---------|------------|-----------|------------|
|                                | USD m  | % of total | USD m   | % of total | USD m     | % of total |
| Q1 2010                        | 5.5    | 44.4%      | 5.4     | 43.5%      | 1.5       | 12.1%      |
| Q1 2009                        | 4.8    | 44.9%      | 4.3     | 40.2%      | 1.6       | 15.0%      |
| Q1 2010 (constant<br>currency) | 5.8    | 43.9%      | 5.9     | 44.7%      | 1.5       | 11.4%      |
| Q1 2009 (constant<br>currency) | 5.5    | 45.5%      | 5.0     | 41.3%      | 1.6       | 13.2%      |

### Conference Call, today, 11.30 am CEST

SHL will hold a call to discuss the Q1 10 results today at 11.30 am CEST. Erez Alroy, Co-CEO, and Eran Antebi, CFO, will host the call. Dial-in numbers are as follows:

From Europe: +41 (0)91 610 56 00  
 From UK: +44 (0)207 107 06 11  
 From Israel: 1 80 921 44 27

Slides are available at <http://www.shl-telemedicine.com/investors-relations/analysts-presentation/>



## **IR Agenda 2010**

June 8            Investor Day in Dusseldorf, Germany  
July 29           Annual General Meeting  
August 4         Q2 Results  
November 10    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. In the US, certain SHL telemedicine products are distributed by Philips Healthcare. 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>31.3.2010</b> | <b>31.3.2009</b> | <b>31.12.2009</b> |
|---------------------------------------|------------------|------------------|-------------------|
|                                       | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i>    |
| Cash and cash equivalents             | 2,147            | 6,233            | 1,839             |
| Available-for-sale investments        | 18,412           | 14,590           | 18,251            |
| Trade receivables                     | 4,255            | 3,614            | *) 5,159          |
| Inventory                             | 599              | 604              | 600               |
| Other current assets                  | 4,188            | 3,386            | 4,326             |
| <b>Current Assets</b>                 | <b>29,601</b>    | <b>28,427</b>    | <b>30,175</b>     |
| <b>Non-current Assets</b>             | <b>23,974</b>    | <b>16,819</b>    | <b>*) 22,284</b>  |
| <b>Fixed Assets, net</b>              | <b>17,250</b>    | <b>14,411</b>    | <b>17,341</b>     |
| <b>Intangible Assets, net</b>         | <b>19,842</b>    | <b>15,869</b>    | <b>19,628</b>     |
| <b>Total Assets</b>                   | <b>90,667</b>    | <b>75,526</b>    | <b>89,428</b>     |
| Credit from banks and                 | 1,837            | 948              | 483               |
| Deferred revenues                     | 6,478            | 4,831            | *) 7,558          |
| Trade payables                        | 1,250            | 1,363            | 2,209             |
| Income tax payable                    | 2,937            | 2,899            | 2,951             |
| Provisions                            | 3,371            | 2,485            | *) 4,006          |
| Other accounts payable                | 6,086            | 4,539            | *) 5,950          |
| <b>Current Liabilities</b>            | <b>21,959</b>    | <b>17,065</b>    | <b>23,157</b>     |
| Accrued severance pay                 | 651              | 712              | 617               |
| Provisions                            | -                | 1,003            | -                 |
| Deferred revenues                     | -                | 1,454            | -                 |
| Deferred taxes                        | 424              | 358              | 353               |
| <b>Non-current Liabilities</b>        | <b>1,075</b>     | <b>3,527</b>     | <b>970</b>        |
| <b>Total liabilities</b>              | <b>23,034</b>    | <b>20,592</b>    | <b>24,127</b>     |
| Equity:                               |                  |                  |                   |
| Share capital                         | 31               | 31               | 31                |
| Additional paid-in capital            | 92,969           | 92,781           | 92,939            |
| Treasury shares at cost               | (1,567)          | (1,508)          | (1,567)           |
| Foreign currency translation reserve  | 2,603            | (4,526)          | 1,497             |
| Available-for-sale reserve            | (122)            | 194              | 275               |
| Accumulated deficit                   | (26,281)         | (32,038)         | (27,874)          |
| <b>Total Equity</b>                   | <b>67,633</b>    | <b>54,934</b>    | <b>65,301</b>     |
| <b>Liabilities and Equity</b>         | <b>90,667</b>    | <b>75,526</b>    | <b>89,428</b>     |

\*) Reclassified.



| <b>Statements of Income</b><br>(USD thousands, except per share data) | <b>Q1 2010</b>   | <b>Q1 2009</b>   | <b>2009</b>    |
|---|------------------|------------------|----------------|
|   | <i>Unaudited</i> | <i>Unaudited</i> | <i>Audited</i> |
| Revenues  | 12,374           | 10,698           | 47,890         |
| Depreciation and amortization   | 568              | 578              | 2,317          |
| Cost of sales   | 3,674            | 3,061            | 13,521         |
| <b>Gross Profit</b>   | <b>8,132</b>     | <b>7,059</b>     | <b>32,052</b>  |
| Research and development costs, net                                   | 393              | 233              | 1,223          |
| Selling and marketing expenses  | 3,794            | 3,051            | 14,036         |
| General and administrative expenses                                   | 2,220            | 2,290            | 10,142         |
| <b>Operating income</b>   | <b>1,725</b>     | <b>1,485</b>     | <b>6,651</b>   |
| Financial income  | 880              | 893              | 1,848          |
| Financial expenses  | (641)            | (499)            | (1,107)        |
| Other expenses, net   | -                | -                | 333            |
| <b>Income before taxes on income</b>                                  | <b>1,964</b>     | <b>1,879</b>     | <b>7,059</b>   |
| Taxes on income   | 371              | 666              | 1,682          |
| <b>Net income</b>   | <b>1,593</b>     | <b>1,213</b>     | <b>5,377</b>   |
| <b>Basic and diluted profit per share</b>                             | <b>0.15</b>      | <b>0.12</b>      | <b>0.51</b>    |



| <b>Statements of Cash Flows (USD thousands)</b>  | <b>Q1 2010</b>   | <b>Q1 2009</b>   | <b>2009</b>    |
|--|------------------|------------------|----------------|
|  | <u>Unaudited</u> | <u>Unaudited</u> | <u>Audited</u> |
| Net income   | 1,593            | 1,213            | 5,377          |
| Adjustment required to reconcile net income to net cash provided by operating activities | (969)            | (1,023)          | 117            |
| <b>Net Cash provided by Operating Activities</b>   | <b>624</b>       | <b>190</b>       | <b>5,260</b>   |
| Purchase of fixed assets   | (905)            | (1,163)          | (5,356)        |
| Acquisition of business activities   | (113)            | -                | (1,228)        |
| Investment in intangible assets  | (551)            | (368)            | (1,602)        |
| Proceeds from sale of fixed assets   | 10               | -                | -              |
| Purchase of available-for-sale investments   | (9,080)          | (3,186)          | (14,776)       |
| Proceeds from sale of available-for-sale investments                                     | 8,826            | 7,822            | 16,612         |
| <b>Net Cash provided by (used in) Investing Activities</b>                               | <b>(1,813)</b>   | <b>3,105</b>     | <b>(6,350)</b> |
| Proceeds from exercise of options  | -                | -                | 22             |
| Short-term bank credit, net  | 1,547            | 359              | (216)          |
| Treasury shares purchased  | -                | (103)            | (162)          |
| <b>Net Cash provided by (used in) Financing Activities</b>                               | <b>1,547</b>     | <b>256</b>       | <b>(356)</b>   |
| Effect of exchange rate changes on cash and cash equivalents                             | (50)             | (583)            | 20             |
| <b>Increase (decrease) in cash and cash equivalents</b>                                  | <b>308</b>       | <b>2,968</b>     | <b>(1,426)</b> |
| <b>Cash and cash equivalents at the beginning of the period</b>                          | <b>1,839</b>     | <b>3,265</b>     | <b>3,265</b>   |
| <b>Cash and Cash equivalents at the end of the period</b>                                | <b>2,147</b>     | <b>6,233</b>     | <b>1,839</b>   |
|  |                  |                  |                |