



Press release

SHL Telemedicine Reports Second Quarter 2014 Financial Results

- *Revenue increased 39.2% to USD 10.3 million (USD 7.4 million in Q2 2013)*
- *Improvement in gross margins to 56.3% from 52.7%*
- *EBITDA of USD 1.7 million (16.5% of revenues) with EBIT of USD 0.2 million*
- *Net profit of USD 0.1 million*
- *Investing in expansion into new territories*
- *Confirmed 2014 revenue guidance of over 30% growth year-over-year*

Tel Aviv/Zurich, 20 August 2014 - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN, OTCPK: SMDCY), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the second quarter and six months ended 30 June 2014.

Erez Alroy, Co-CEO of SHL, commented: "We have seen good momentum in our businesses leading to significantly improved financial performance for the period, even with the increased investments in our expansion initiatives. Expansion into new markets beyond Israel and Germany, based on our global smartheart™ platform, remains a key priority for SHL's growth strategy."

"In the US, we are progressing with our plans to launch our products and services, while in India we have made first steps in rolling out our telemedicine solution. In addition, since receiving approval in March to commence marketing activities in Japan, our smartheart™ platform has been accepted by over 20 leading Japanese clinics."

"We have gone through a lengthy process of receiving regulatory and marketing approvals for the smartheart™ platform in several major territories. The global interest we are witnessing is very encouraging and we are excited by the opportunities it may bring"

Financial Highlights

During the second quarter 2014, revenues increased considerably primarily due to the growth in the Company's German business, following the acquisition of almeda. Even with the increased investments in geographical expansion, SHL's financial performance has improved significantly with improved gross profit and operating results.

Revenues for the quarter grew by 39.2% (32.4% at constant exchange rates*) and amounted to USD 10.3 million compared to USD 7.4 million in Q2 2013.



For the half year revenues grew by 44.1% (37.2% at constant exchange rates) and amounted to USD 20.9 million compared to USD 14.5 million in the first half of 2013.

Gross profit for the quarter amounted to USD 5.8 million (56.3% of revenues) compared to USD 3.9 million (52.7% of revenues) in Q2 2013. Gross profit for the half year amounted to USD 11.7 million (56.0% of revenues) compared to a gross profit of USD 7.6 million (52.4% of revenues) in the first half of 2013.

EBITDA and **EBIT** for the half year and second quarter improved significantly over the adjusted EBITDA and EBIT of 2013, which included a one-time item lowering the general and administrative expenses.

For the quarter, EBITDA amounted to USD 1.7 million (16.5% of revenues) with EBIT at USD 0.2 million (1.9% of revenues) compared with an adjusted EBITDA and LBIT of USD 0.6 million and USD 0.7 million in the second quarter 2013

For the half year, EBITDA amounted to USD 3.7 million (17.7% of revenues) with an EBIT of USD 0.6 million (2.9% of revenues), compared with an adjusted EBITDA of USD 0.5 million (3.4% of revenues) and an LBIT of USD 1.9 million in the first half of 2013.

Unadjusted EBITDA and EBIT for the second quarter 2013 amounted to USD 1.7 million and USD 0.4 million, respectively with EBITDA and EBIT for the first half of 2013 amounting to USD 3.1 million and USD 0.6 million, respectively.

Net Income for the quarter and half year was USD 0.1 million, or USD 0.01 per share, compared to an adjusted net loss of USD 1.1 million, for the second quarter 2013 and USD 2.8 million for the first half of 2013. Unadjusted net profit for the second quarter of 2013 amounted to USD 0.1 million (USD 0.00 per share) and unadjusted net loss for the first half 2013 was USD 0.3 million (USD 0.03 per share).

Cash used in operations for the quarter and half year amounted to USD 0.9 million and USD 3.3 million, respectively. Excluding USD 5.2 million received from Philips in the first quarter of 2013, which was the last payment related to the Raytel transaction, cash used in operations during the quarter and half year 2013 amounted to USD 0.8 million and USD 2 million. The decrease in operating cash flow is the result of one-time working capital requirements at Alameda, for which SHL received USD 2.9 million upfront at the end of 2013. Cash, cash equivalents and marketable securities amounted to USD 21.8 million at June 30, 2014.



Balance sheet included total assets at 30 June 2014 of USD 106.3 million with shareholders' equity amounting to USD 68.8 million (64.7% of balance sheet) compared to total assets of USD 108.5 million with shareholders' equity amounting to USD 68.9 million at 31 December 2013.

SHL Telemedicine – consolidated key figures – Q2 2014

in USD million (except per share amounts)	Q2 2014	Q2 2013	% change	Q2 2014 (constant currency)	% change
Revenues	10.3	7.4	39.2%	9.8	32.4%
Gross profit	5.8	3.9	48.7%	5.5	41.0%
%	56.3%	52.7%		56.1%	
EBIT/(LBIT)	0.2	0.4	(50.0%)	0.2	(50.0%)
%	1.9%	5.4%		2.0%	
EBITDA	1.7	1.7	0.0%	1.6	(5.9%)
%	16.5%	23.0%		16.3%	
Net income (loss)	0.1	0.1	<i>n.a.</i>	0.1	<i>n.a.</i>
Basic EPS (LPS)	0.01	0.00	<i>n.a.</i>	0.01	<i>n.a.</i>

SHL Telemedicine – consolidated key figures - H1 2014

in USD million (except per share amounts)	H1 2014	H1 2013	% change	H1 2014 (constant currency)	% change
Revenues	20.9	14.5	44.1%	19.9	37.2%
Gross profit	11.7	7.6	53.9%	11.2	47.4%
%	56.0%	52.4%		56.3%	
EBIT/(LBIT)	0.6	0.6	0.0%	0.6	0.0%
%	2.9%	4.1%		3.0%	
EBITDA	3.7	3.1	19.4%	3.5	12.9%
%	17.7%	21.4%		17.5%	
Net income (loss)	0.1	(0.3)	<i>n.a.</i>	0.1	<i>n.a.</i>
Basic EPS (LPS)	0.01	(0.03)	<i>n.a.</i>	0.01	<i>n.a.</i>

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 2014 results using the average 2013 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 14

	Israel		Germany	
	USD m	% of total	USD m	% of total
Q2 2014	6.1	59.2%	4.2	40.8%
Q2 2013	5.8	78.4%	1.6	21.6%
Q2 2014 (in constant currency)	5.9	60.2%	3.9	39.8%
% change in constant currency	1.7%		143.8%	

Revenues by geographic distribution – H1 14

	Israel		Germany	
	USD m	% of total	USD m	% of total
H1 2014	12.2	58.4%	8.7	41.6%
H1 2013	11.4	78.6%	3.1	21.4%
H1 2014 (in constant currency)	11.6	58.3%	8.3	41.7%
% change in constant currency	1.8%		167.7%	

Conference Call, today, 4.00 pm CET / 10.00am ET

SHL will hold a call to discuss the Q2 results today at 11.00 am **4.00 pm CET / 10.00am ET**. Erez Alroy, Co-CEO, and Eran Antebi, CFO, will host the call. Dial-in numbers are as follows:

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 From UK +44 (0)203 059 58 62
 From U.S.A. Toll free: +1 866 291 41 66
 From Israel Toll free: 1 80 921 44 27
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Slides and our half year report are available at

<http://www.shl-telemedicine.com/about-us/investorrelations/financial-reports-pres-2014/>

IR Agenda 2014

November 19, 2014 Q3 Results



About SHL Telemedicine

SHL Telemedicine is engaged in developing and marketing personal telemedicine systems and the provision of medical call center services, with a focus on cardiovascular and related diseases, to end users and to the healthcare community. SHL Telemedicine offers its services and personal telemedicine devices to subscribers utilizing telephonic and Internet communication technology. The Company operates in Israel, Germany, India and the United States in one business segment, Telemedicine services. SHL is listed on the SIX Swiss Exchange (SHLTN, ISIN: IL0010855885, Security No.: 1128957) and has an ADR program listed over-the counter; Symbol: SMDCY. For more information please visit our web site at 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.



Balance-Sheets (USD thousands)	30.6.2014	30.6.2013	31.12.2013
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	8,154	9,457	8,732
Restricted cash	1,365	-	-
Short term investments	12,301	18,091	19,661
Trade receivables	14,764	12,495	10,479
Inventory	1,628	475	869
Other current assets	8,193	6,596	8,014
Current Assets	46,405	47,114	47,755
Non-Current Assets	11,403	12,322	11,632
Property and equipment, net	15,700	15,125	15,982
Intangible assets, net	32,793	23,292	33,146
Total Assets	106,301	97,853	108,515
Credit from banks and current maturities	10,643	9,117	10,477
Deferred revenues	521	110	330
Trade payables	1,969	1,016	1,433
Other accounts payable	4,236	3,768	4,568
Other liabilities	1,526	-	2,504
Current liabilities	18,895	14,011	19,312
Long-term loans	16,496	18,965	18,205
Deferred revenues	1,218	1,272	1,283
Employee benefit liabilities	875	985	805
Non-current liabilities	18,589	21,222	20,293
Total liabilities	37,484	35,233	39,605
Equity:			
Issued capital	31	31	31
Additional paid-in capital	95,037	94,692	95,014
Treasury shares	(2,579)	(2,956)	(2,774)
Foreign currency translation reserve	6,213	3,622	6,148
Capital reserve for available-for-sale investments and actuarial gains	1,175	892	1,633
Accumulated deficit	(31,060)	(33,661)	(31,142)
Total equity	68,817	62,620	68,910
Total liabilities and equity	106,301	97,853	108,515



Statements of Income (USD thousands, except per share data)	Q2 14	Q2 13	H1 14	H1 13	2013
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	10,274	7,408	20,917	14,548	29,674
Depreciation and amortization	562	551	1,166	1,122	2,127
Cost of revenues	3,947	2,963	8,007	5,859	11,607
Gross Profit	5,765	3,894	11,744	7,567	15,940
Research and development costs, net	645	577	1,242	1,013	2,206
Selling and marketing expenses	2,987	2,328	5,719	4,679	8,787
General and administrative expenses	2,063	583	4,347	1,291	10,341
Gain from almeda acquisition and other income	(137)	-	(137)	-	(8,492)
Operating income	207	406	573	584	3,098
Financial income	511	141	704	474	1,072
Financial expenses	(370)	(407)	(614)	(1,052)	(2,631)
Income before taxes on income	348	140	663	6	1,539
Taxes on income (Tax benefit)	269	82	581	293	(693)
Net income (loss)	79	58	82	(287)	2,232
Basic and diluted income (loss) per share	0.01	0.00	0.01	(0.03)	0.22
Other Comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Foreign currency translation reserve	301	620	65	1,562	4,088
Actuarial gain	-	-	-	-	233
Other Comprehensive income to be reclassified to profit or loss in subsequent periods	301	620	65	1,562	4,321
Transfer to the statement of income in respect of available-for-sale investments	(489)	13	(545)	(19)	146
Gain (loss) on available-for-sale investments	(87)	19	87	63	406
	(576)	32	(458)	44	552
Total comprehensive income (loss)	(196)	710	(311)	1,319	7,105



Statements of Cash Flows (USD thousands)	Q2 2014	Q2 2013	H1 2014	H1 2013	2013
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income (loss)	79	58	82	(287)	2,232
Adjustment required to reconcile net income (loss) to net cash provided by (used in) operating activities	(964)	(822)	(3,340)	3,459	400
Net Cash provided by (used in) Operating Activities	(885)	(764)	(3,258)	3,172	2,632
Purchase of property and equipment	(480)	(315)	(863)	(918)	(2,200)
Investment in intangible assets	(380)	(501)	(778)	(986)	(1,878)
Restricted cash	(1,367)	-	(1,367)	-	-
Acquisition of almeda	-	-	-	-	2,920
Proceeds from sale of property and equipment	-	14	-	14	29
Purchase of short-term investments	(3,130)	(2,665)	(5,056)	(3,113)	(8,511)
Proceeds from sale of short-term investments	10,085	905	12,529	1,654	6,402
Net Cash provided by (used in) Investing Activities	4,728	(2,562)	4,465	(3,349)	(3,238)
Proceeds from exercise of options	60	101	65	141	486
Short-term bank credit, net	(714)	461	-	218	1,053
Payment of long-term loans	(998)	(804)	(1,867)	(1,580)	(3,267)
Treasury shares purchased	-	-	-	(36)	(36)
Net Cash used in Financing Activities	(1,652)	(242)	(1,802)	(1,257)	(1,764)
Effect of exchange rate changes on cash and cash equivalents	24	56	17	278	489
Increase (decrease) in cash and cash equivalents	2,215	(3,512)	(578)	(1,156)	(1,881)
Cash and cash equivalents at the beginning of the period	5,939	12,969	8,732	10,613	10,613
Cash and Cash equivalents at the end of the period	8,154	9,457	8,154	9,457	8,732