



Press release

## **SHL Telemedicine reports second quarter and half year 2012 results**

- *Revenues for the quarter of USD 6.6 million*
- *EBITDA for the quarter of USD 0.4 million*
- *LBIT for the quarter of USD 0.6 million*
- *Net loss for the quarter of USD 0.9 million*
- *Positive operating cash flow*
- *Recruiting new patients in Germany*

**Tel Aviv/Zurich, 30 August 2012** - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the second quarter of 2012.

**Erez Alroy, Co-CEO of SHL, commented:** “The half-year results reflect the transition period we have communicated earlier this year. We are recruiting patients for the major contract we signed with IKK Südwest in Germany in the first quarter, the effect to become visible over the next quarters.” And he added: “The multi-year tender with AOK BAYERN, a milestone in SHL’s history, for the provision to insured with Chronic Obstructive Pulmonary Disease (COPD), which we won in May, will enable us to scale up our German operations. The agreement is expected to close this quarter.”

### **Financial Highlights**

**Revenues** for the second quarter amounted to USD 6.6 million compared to USD 11.6 million in Q2 2011. Revenues for the first half of the year amounted to USD 13.6 million compared to USD 23.1 million in the first half of 2011. This represents a decline of 36.2% and 36.8%, at constant exchange rates\*, for the quarter and for the half year, respectively, stemming from the decline, as expected, in SHL Germany’s revenues and the cessation of revenues from Philips US.

During the year SHL has adapted and adjusted its expense base to accommodate for the reduced revenues and operations in Germany. **Gross profit** for the quarter amounted to USD 3.7 million (56.1% of revenues) compared to USD 7.6 million (65.5% of revenues) in the second quarter 2011. In the first half of 2012 gross profit amounted to USD 7.3 million (53.7% of revenues) compared to USD 15.1 million (65.4% of revenues) in the first half of 2011.

**EBITDA** for the quarter amounted to USD 0.4 million (6.1% of revenues) compared to an EBITDA of USD 2.7 million (23.3% of revenues) in Q2 2011. EBITDA for the first half of 2012 amounted to USD 1.0 million (7.4% of revenues) compared to an EBITDA of USD 5.3 million (22.9% of revenues) in the first half of 2011.



**LBIT** for the quarter amounted to USD 0.6 million compared to an EBIT of USD 1.5 million (12.9% of revenues) in Q2 2011. LBIT for the first half of 2012 amounted to USD 1.3 million compared to an EBIT of USD 2.8 million in the first half of 2011.

**Net loss** for the quarter amounted to USD 0.9 million (USD 0.08 per share) compared to a net profit of USD 1.2 million (USD 0.11 per share) in the second quarter of 2011. For the first six months of 2012, SHL's net loss amounted to USD 2.3 million (USD 0.22 per share) compared to a net income of USD 2.2 million (USD 0.21 per share) in the first half of 2011.

During the quarter SHL received a payment from Philips (related to the sale of SHL's US operations at the end of 2007 to Philips) in the amount of USD 4.25 million. This together with the adjusted expense base led to a positive **operating cash flow** of USD 3.8 million in the quarter and USD 2.9 million in the first half of 2012, compared to a negative operating cash flow of USD 1.9 million and USD 2.0 million in Q2 and H1 of 2011, respectively. Cash, cash equivalents and marketable securities at June 30, 2012 amounted to USD 28.4 million.

**Balance sheet.** SHL's assets at 30 June 2012 totalled USD 98.2 million with shareholders' equity amounting to USD 62.6 million (64% of balance sheet) compared to assets of USD 108.2 million and shareholders' equity of USD 66.6 million at 31 December 2011.

**SHL Telemedicine – consolidated key figures  
Q2 2012**

in USD million (except per share amounts)	Q2 2012	Q2 2011	% change	Q2 2012 (constant currency)	% change (constant currency)
Revenues	6.6	11.6	(43.1%)	7.4	(36.2%)
Gross profit	3.7	7.6	(51.3%)	4.1	(46.1%)
%	56.1%	65.5%		55.4%	
EBITDA	0.4	2.7	(85.2%)	0.4	(85.2%)
%	6.1%	23.3%		5.4%	
EBIT/(LBIT)	(0.6)	1.5	n.a.	(0.7)	n.a.
%	n.a.	12.9%		n.a.	
Net income (loss)	(0.9)	1.2	n.a.	(1.0)	n.a.
%	n.a.	10.3%		n.a.	
Basic EPS/(LPS)	(0.08)	0.11	n.a.	(0.10)	n.a.



## SHL Telemedicine – consolidated key figures

### H1 2012

in USD million (except per share amounts)	H1 2012	H1 2011	% change	H1 2012 (constant currency)	% change (constant currency)
Revenues	13.6	23.1	(41.1%)	14.6	(36.8%)
Gross profit	7.3	15.1	(51.7%)	7.9	(47.7%)
%	53.7%	65.4%		54.1%	
EBITDA	1.0	5.3	(81.1%)	1.1	(79.2%)
%	7.4%	22.9%		7.5%	
EBIT/(LBIT)	(1.3)	2.8	n.a.	(1.4)	n.a.
%	n.a.	12.1%		n.a.	
Net income (loss)	(2.3)	2.2	n.a.	(2.5)	n.a.
%	n.a.	9.5%		n.a.	
Basic EPS/(LPS)	(0.22)	0.21	n.a.	(0.24)	n.a.

\* Constant currency - In order to enable meaningful comparison between the 2012 and 2011 results, 2012 results are also presented at constant currency exchange rates. These are calculated by translating the 2012 results using the average 2011 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 2012

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q2 2012	5.3	80.3%	1.3	19.7%	0.0	0.0%
Q2 2011	5.9	50.8%	4.3	37.1%	1.4	12.1%
Q2 2012 (constant currency exchange rates)	6.0	81.1%	1.4	18.9%	0.0	0.0%
% change in constant currency	1.7%		(67.4%)		(100.0%)	

### Revenues by geographic distribution

#### H1 2012

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
H1 2012	11.1	81.6%	2.5	18.4%	0.0	0.0%
H1 2011	11.6	50.2%	8.6	37.2%	2.9	12.6%



H1 2012 (constant currency exchange rates)	11.8	80.8%	2.8	19.2%	0.0	0.0%
% change in constant currency	1.7%		(67.4%)		(100.0%)	

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

SHL will hold a call to discuss the Q1 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)91 610 56 00  
 From UK: +44 (0)203 059 58 62  
 From Israel: 1 80 921 44 27 or +972 3763 1173

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

**IR Agenda 2012**

November 21, 2012 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>30.6.2012</b>	<b>30.6.2011</b>	<b>31.12.2011</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Cash and cash equivalents	13,906	4,554	16,911
Available-for-sale investments	14,466	17,536	16,383
Trade receivables	19,842	13,800	19,003
Prepaid expenses	1,666	1,938	1,710
Other accounts receivable	1,342	1,310	1,712
<b>Current Assets</b>	<b>51,222</b>	<b>39,138</b>	<b>55,719</b>
<b>Long-term Assets</b>	<b>11,641</b>	<b>20,913</b>	<b>15,561</b>
<b>Fixed Assets, net</b>	<b>14,338</b>	<b>18,539</b>	<b>15,708</b>
<b>Intangible Assets, net</b>	<b>21,008</b>	<b>23,090</b>	<b>21,208</b>
<b>Total Assets</b>	<b>98,209</b>	<b>101,680</b>	<b>108,196</b>
Credit from banks and current maturities	5,718	9,107	9,441
Deferred revenues	101	806	114
Trade payables	829	1,280	999
Income tax payable	-	1,149	-
Provisions	2,418	2,784	2,485
Other accounts payable	4,403	5,480	5,495
<b>Current Liabilities</b>	<b>13,469</b>	<b>20,606</b>	<b>18,534</b>
Long-term loans	20,362	-	22,139
Deferred revenues	928	-	-
Employee benefit liabilities	806	862	810
Deferred taxes	89	76	150
<b>Long-term Liabilities</b>	<b>22,185</b>	<b>938</b>	<b>23,099</b>
<b>Total liabilities</b>	<b>35,654</b>	<b>21,544</b>	<b>41,633</b>
<b>Equity:</b>			
Issued capital	31	31	31
Additional paid-in capital	94,158	93,693	93,894
Treasury shares	(2,502)	(1,637)	(2,201)
Foreign currency translation reserve	(902)	9,048	788
Capital reserve for available-for-sale investments	68	(197)	8
Accumulated deficit	(28,298)	(20,802)	(25,957)
<b>Total Equity</b>	<b>62,555</b>	<b>80,136</b>	<b>66,563</b>
<b>Total Liabilities and Equity</b>	<b>98,209</b>	<b>101,680</b>	<b>108,196</b>



<b>Statements of Income</b> (USD thousands, except per share data)	<b>Q2 12</b>	<b>Q2 11</b>	<b>H1 12</b>	<b>H1 11</b>	<b>2011</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Revenues	6,645	11,602	13,559	23,094	42,374
Depreciation and amortization	467	629	1,065	1,269	2,467
Cost of revenues	2,466	3,385	5,198	6,685	12,925
<b>Gross Profit</b>	<b>3,712</b>	<b>7,588</b>	<b>7,296</b>	<b>15,140</b>	<b>26,982</b>
Research and development costs, net	408	382	824	626	1,334
Selling and marketing expenses	1,766	2,637	3,415	5,474	9,566
General and administrative expenses	2,186	3,116	4,341	6,197	11,910
<b>Operating income (loss)</b>	<b>(648)</b>	<b>1,453</b>	<b>(1,284)</b>	<b>2,843</b>	<b>4,172</b>
Financial income	760	786	1,186	1,524	4,650
Financial expenses	(970)	(880)	(1,783)	(1,711)	(4,033)
<b>Income (loss) before taxes on income</b>	<b>(858)</b>	<b>1,359</b>	<b>(1,881)</b>	<b>2,656</b>	<b>4,789</b>
Taxes on income	9	194	460	445	792
<b>Net income (loss)</b>	<b>(867)</b>	<b>1,165</b>	<b>(2,341)</b>	<b>2,211</b>	<b>3,997</b>
Other Comprehensive income:					
Foreign currency translation reserve	(3,613)	1,554	(1,690)	3,261	(4,999)
Transfer to the statement of income in respect of available-for-sale investments	(211)	89	(180)	72	(130)
Gain (loss) on available-for-sale investments	215	(28)	240	(327)	80
	(3,609)	1,615	(1,630)	3,006	(5,049)
<b>Total comprehensive income (loss)</b>	<b>(4,476)</b>	<b>2,780</b>	<b>(3,971)</b>	<b>5,217</b>	<b>(1,052)</b>
<b>Basic and diluted profit (loss) per share</b>	<b>(0.08)</b>	<b>0.11</b>	<b>(0.22)</b>	<b>0.21</b>	<b>0.38</b>



<b>Statements of Cash Flows (USD thousands)</b>	<b>Q2 12</b>	<b>Q2 11</b>	<b>H1 12</b>	<b>H1 11</b>	<b>2011</b>
	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Unaudited</i>	<i>Audited</i>
Net income (loss)	(867)	1,165	(2,341)	2,211	3,997
Adjustments required to reconcile net income (loss) to net cash provided by (used in) operating activities	4,674	(3,102)	5,192	(4,228)	(7,500)
<b>Net Cash provided by (used in) Operating Activities</b>	<b>3,807</b>	<b>(1,937)</b>	<b>2,851</b>	<b>(2,017)</b>	<b>(3,503)</b>
Purchase of fixed assets	(331)	(1,015)	(536)	(1,593)	(2,535)
Acquisition of business activities	-	-	-	(278)	(278)
Capitalization of development costs	(503)	(620)	(1,031)	(1,203)	(2,048)
Purchase of available-for-sale investments	(4,600)	(4,078)	(6,653)	(4,758)	(7,971)
Proceeds from sale of available-for-sale investments	4,680	4,417	8,062	5,269	7,874
<b>Net Cash used in Investing Activities</b>	<b>(754)</b>	<b>(1,296)</b>	<b>(158)</b>	<b>(2,563)</b>	<b>(4,958)</b>
Proceeds from exercise of options	59	3	59	21	21
Short-term bank credit, net	(3,898)	1,393	(3,685)	6,418	4,644
Long-term loans received	-	-	-	-	27,948
Payment of long-term loans	(725)	-	(1,449)	-	(1,254)
Dividend paid	-	-	-	-	(6,941)
Treasury shares purchased	(21)	(64)	(301)	(64)	(628)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(4,585)</b>	<b>1,332</b>	<b>(5,376)</b>	<b>6,375</b>	<b>23,790</b>
Effect of exchange rate changes on cash and cash equivalents	(754)	334	(322)	150	(1,027)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(2,286)</b>	<b>(1,567)</b>	<b>(3,005)</b>	<b>1,945</b>	<b>14,302</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>16,192</b>	<b>6,121</b>	<b>16,911</b>	<b>2,609</b>	<b>2,609</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>13,906</b>	<b>4,554</b>	<b>13,906</b>	<b>4,554</b>	<b>16,911</b>