



Press release

**SHL in 2009 with substantial growth and progress leading to significantly improved financial performance. Investing in new paths for growth.**

***Fiscal year 2009:***

- *Revenues reaching USD 47.9 million (USD 51.0 million at constant exchange rates\*). Representing growth of 14.4% year over year at constant exchange rates\*.*
- *EBITDA of USD 11.6 million (24.2% of revenues) up 27.5% from 2008.*
- *EBIT of USD 6.7 million (14.0% of revenues) up 59.5% from 2008.*
- *Net income for the year more than doubled, reaching USD 5.4 million (11.3% of revenues).*

***Fourth Quarter 2009:***

- *Revenues reaching USD 13.1 million. Representing growth of 10.6% year over year at constant exchange rates\*.*
- *EBITDA of USD 2.8 million (21.4% of revenues) up 16.7% from Q4 2008.*
- *EBIT of USD 1.5 million (11.5% of revenues) up 25.0% from Q4 2008.*
- *Net income more than doubled from Q4 08, reaching USD 1.4 million (10.7% of revenues).*

**Tel Aviv/Zurich, 24 February 2010** - SHL Telemedicine Ltd. (SIX Swiss Exchange: SHLTN), a leading provider and developer of advanced personal telemedicine solutions, today announced results for the fourth quarter and fiscal year 2009.

**Commenting on the results** Erez Alroy, Co-CEO of SHL Telemedicine, stated: "We are happy to have succeeded in the German market as promised, by offering both health insurers and their clients real value. We are still very far from the flattening end of the growth curve in this market. Going forward, we intend to diversify our revenue base and clearly see untapped potential in the German consumer market where we are introducing our personal cardiac emergency service, based on the FDA approved 12 lead ECG device, the Cardio Sen'C, through our monitor centre in Dusseldorf. Based on the research we have conducted in recent months we are confident that private customers, also outside of Israel, are willing to pay out-of-pocket for such innovative services. With our strong balance sheet and cash resources we are fully able to finance this initiative."

***Financial Highlights for the Fiscal year 2009:***

**Revenues** for the year reached USD 47.9 million compared to revenues of USD 44.6 million. At constant exchange rates\* revenues amounted to USD 51.0 million, representing a growth of 14.4% year over year.

**Gross margins** improved and reached 67.0 % of revenues up from 64.8% in 2008, bringing **gross profit** to USD 32.1 million compared to USD 28.9 million in 2008.

**EBITDA** for the year grew by 27.5% to USD 11.6 million (24.2% of revenues) compared to an EBITDA of USD 9.1 million (20.4% of revenues) in 2008 with **EBIT** up 59.5% to USD 6.7 million (14.0% of revenues) compared to USD 4.2 million (9.4% of revenues) in 2008.



**Net income** for the year reached USD 5.4 million (USD 0.51 per share), up 145.5% from USD 2.2 million (USD 0.21 per share) in 2008.

**Cash flow** improved noticeably with cash generated from operations reaching USD 5.3 million compared to cash used in operations of USD 7.6 million in 2008. Cash, cash equivalents and marketable securities amounted at December 31, 2009 to USD 20.1 million compared to USD 23.5 million at the end of 2008.

SHL's **balance sheet** remains strong with assets amounting to USD 86.6 million, of which current assets amounted to USD 31.6 million, while total liabilities amounted to USD 21.3 million. **Equity** at December 31, 2009 stood at USD 65.3 million (75.4% of balance sheet) compared to USD 59.1 million at December 31, 2008.

#### ***Financial Highlights for the Fourth Quarter Ended December 31, 2009:***

**Revenues** for the quarter reached USD 13.1 million compared to revenues of USD 11.3 million. At constant exchange rates\* revenues amounted to USD 12.5 million, representing a growth of 10.6% year over year.

**Gross margins** improved and reached 69.5 % of revenues up from 67.3% in 2008, bringing **gross profit** to USD 9.1 million compared to USD 7.6 million in Q4 2008.

**EBITDA** for the quarter amounted to USD 2.8 million (21.4% of revenues) compared to an EBITDA of USD 2.4 million (21.2% of revenues) million in Q4 2008 with **EBIT** amounting to USD 1.5 million (11.5% of revenues) compared to USD 1.2 million (10.6% of revenues) in Q4 2008.

**Net income** for the quarter amounted to USD 1.4 million (USD 0.13 per share), up 133.3% from USD 0.6 million (USD 0.06 per share) in Q4 2008.

#### ***Technology***

The ongoing investment in research and development enables SHL to supplement its existing product lines and extend its product offerings. In recognition for excellence in product innovation, the Frost & Sullivan "European Telemedicine Systems for Cardiac Monitoring Product Innovation of the Year Award" was presented to SHL Telemedicine in April 2009 for its next generation personal ECG device - the CardioSen'C™. This full 12 lead ECG personal digital cellular transmitter is a monitoring system that uses either a cellular network or public switched telephone network to transmit real-time medical cardiological data remotely. It speedily and effectively fulfils the needs for a friendly end-user system.

#### ***Business Development***

During 2009 SHL has been assessing the entry into new territories and markets and offering additional services. The first steps in implementing this strategy will be leveraging the SHL brand recognition and reputation in Germany and introducing into this consumer market the SHL cardiac emergency service using its personal cellular 12 lead ECG monitoring device, the CardioSen'C. In addition, SHL is also planning on entering into an additional market in the near future.

### Outlook 2010

Management is expecting continued overall growth for 2010 of 10%-15% with consolidated revenues reaching USD 53-55 million, assuming constant exchange rates. This is expected to be achieved through continuing growth in the German market, along with steady, single digit revenue growth coming from the Israeli business. However, it should be noted that the level of progress in 2010 in the German business is dependent on the effects of the health care reform, although mid and long-term prospects in the German business remain excellent.

Due to the expected introduction of the SHL cardiac emergency service into the German consumer market, together with the possible launch of the SHL service in another European territory, considerable investments in sales and marketing will be required. As a result and depending on the rate of progress and actual costs involved in these activities, net profit is expected to be in the range of USD 4-6 million, assuming constant exchange rates.

### SHL Telemedicine – consolidated key figures

#### 2009

in USD million (except per share amounts)	2009	2008	Increase %	2009 (constant currency*)	Increase% (constant currency*)
Revenues	47.9	44.6	7.4%	51.0	14.4%
Gross profit	32.1	28.9	11.1%	33.9	17.3%
%	67.0%	64.8%		66.5%	
EBITDA	11.6	9.1	27.5%	11.9	30.8%
%	24.2%	20.4%		23.3%	
EBIT	6.7	4.2	59.5%	6.5	54.8%
%	14.0%	9.4%		12.7%	
Net income	5.4	2.2	145.5%	5.2	136.4%
Basic and diluted EPS	0.51	0.21	142.9%	0.49	133.3%

### SHL Telemedicine – consolidated key figures

#### Q4 09

in USD million (except per share amounts)	Q4 2009	Q4 2008	Increase %	Q4 2009 (constant currency*)	Increase% (constant currency*)
Revenues	13.1	11.3	15.9%	12.5	10.6%
Gross profit	9.1	7.6	19.7%	8.7	14.5%
%	69.5%	67.3%		69.6%	
EBITDA	2.8	2.4	16.7%	2.6	8.3%
%	21.4%	21.2%		20.8%	
EBIT	1.5	1.2	25.0%	1.4	16.70%
%	11.5%	10.6%		11.2%	
Net income	1.4	0.6	133.3%	1.3	116.7%
Basic and diluted EPS	0.13	0.06	116.7%	0.12	100.0%



\* Constant exchange rates - In order to enable meaningful comparison between the 2009 and 2008 results, 2009 results are also presented at constant currency exchange rates. These are calculated by translating the current period results using the average exchange rates from the previous year's respective period (year 2008) 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 2009

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
2009	20.9	43.6%	21.2	44.3%	5.8	12.1%
2008	21.8	48.9%	15.8	35.4%	7.0	15.7%
2009 (constant currency)	22.9	44.9%	22.3	43.7%	5.8	11.4%

### Revenues by geographic distribution Q4 09

	Israel		Germany		USA & ROW	
	USD m	% of total	USD m	% of total	USD m	% of total
Q4 2009	5.7	43.5%	6.0	45.8%	1.4	10.7%
Q4 2008	5.2	46.0%	4.5	39.8%	1.6	14.2%
Q4 2009 (constant currency)	5.6	44.8%	5.6	44.8%	1.3	10.4%

### IR Agenda 2010

May 11 Q1 results  
 May 26 AGM  
 June 8 Investor Day in Dusseldorf, Germany  
 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 (SHL TN, 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>31.12.2009</b>	<b>31.12.2008</b>
Cash and cash equivalents	1,839	3,265
Available-for-sale investments	18,251	20,210
Trade receivables	6,627	3,558
Inventory	600	600
Other current assets	4,326	3,077
<b>Current Assets</b>	<b>31,643</b>	<b>30,710</b>
<b>Non-current Assets</b>	<b>17,961</b>	<b>18,489</b>
<b>Fixed Assets, net</b>	<b>17,341</b>	<b>15,289</b>
<b>Intangible Assets, net</b>	<b>19,628</b>	<b>17,337</b>
<b>Total Assets</b>	<b>86,573</b>	<b>81,825</b>
Credit from banks	483	583
Deferred revenues	4,703	6,747
Trade payables	2,209	1,502
Income tax payable	2,951	2,776
Other accounts payable	9,956	6,718
<b>Current Liabilities</b>	<b>20,302</b>	<b>18,326</b>
Accrued severance pay	617	777
Provisions	-	1,422
Deferred revenues	-	1,895
Deferred taxes	353	332
<b>Non-current Liabilities</b>	<b>970</b>	<b>4,426</b>
<b>Total liabilities</b>	<b>21,272</b>	<b>22,752</b>
Equity attributable to SHL shareholders:		
Share capital	31	31
Additional paid-in capital	92,939	92,738
Treasury shares	(1,567)	(1,405)
Foreign currency translation reserve	1,497	1,026
Available-for-sale reserve	275	(66)
Accumulated deficit	(27,874)	(33,251)
<b>Total Equity</b>	<b>65,301</b>	<b>59,073</b>
<b>Liabilities and Equity</b>	<b>86,573</b>	<b>81,825</b>

<b>Statements of Income</b> (USD thousands, except per share data)	<b>2009</b>	<b>2008</b>
Revenues	47,890	44,554
Depreciation and amortization	2,317	2,831
Cost of revenues	13,521	12,791
<b>Gross Profit</b>	<b>32,052</b>	<b>28,932</b>
Research and development costs, net	1,223	1,003
Selling and marketing expenses	14,036	12,160
General and administrative expenses	10,142	11,527
<b>Operating income</b>	<b>6,651</b>	<b>4,242</b>
Financial income	1,848	8,198
Financial expenses	(1,107)	(12,608)
Other expenses, net	(333)	(1,062)
<b>Income (loss) before taxes on income</b>	<b>7,059</b>	<b>(1,230)</b>
Taxes on income (tax benefit)	1,682	(3,463)
<b>Net income</b>	<b>5,377</b>	<b>2,233</b>
Exchange differences from foreign currency translation	<b>471</b>	<b>1,146</b>
Net gain (loss) on available-for-sale financial assets	<b>341</b>	<b>(66)</b>
<b>Total comprehensive income</b>	<b>6,189</b>	<b>3,313</b>
<b>Basic and diluted profit per share</b>	<b>0.51</b>	<b>0.21</b>



<b>Statements of Cash Flows (USD thousands)</b>	<b>2009</b>	<b>2008</b>
Net income	5,377	2,233
Adjustment required to reconcile net income to net cash provided by (used in) operating activities	(117)	(9,783)
<b>Net Cash provided by (used in) Operating Activities</b>	<b>5,260</b>	<b>(7,550)</b>
Purchase of fixed assets	(5,356)	(3,595)
Acquisition of business activities	(1,228)	-
Cash refunded upon sale of subsidiaries	-	(488)
Investment in intangible assets	(1,602)	(1,654)
Proceeds from sale of fixed assets	-	46
Proceeds from sale of long-term deposits	-	4,200
Purchase of available-for-sale investments	(14,776)	(69,433)
Proceeds from sale of available-for-sale investments	16,612	48,100
<b>Net Cash used in Investing Activities</b>	<b>(6,350)</b>	<b>(22,824)</b>
Proceeds from exercise of options	22	260
Repayment of long-term loans from banks and others, net	-	(29,834)
Short-term bank credit, net	(216)	(22,440)
Distributions to minority interest	-	(88)
Treasury shares purchased	(162)	(1,136)
Dividend paid	-	(3,955)
<b>Net Cash used in Financing Activities</b>	<b>(356)</b>	<b>(57,193)</b>
Effect of exchange rate changes on cash and cash equivalents	20	6,286
<b>Decrease in cash and cash equivalents</b>	<b>(1,426)</b>	<b>(81,281)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>3,265</b>	<b>84,546</b>
<b>Cash and Cash equivalents at the end of the period</b>	<b>1,839</b>	<b>3,265</b>