

Q1 2013 RESULTS

Analyst and Media Conference
May 14, 2013



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AGENDA FOR TODAY'S DISCUSSION

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Q1 2013 Business Review

2

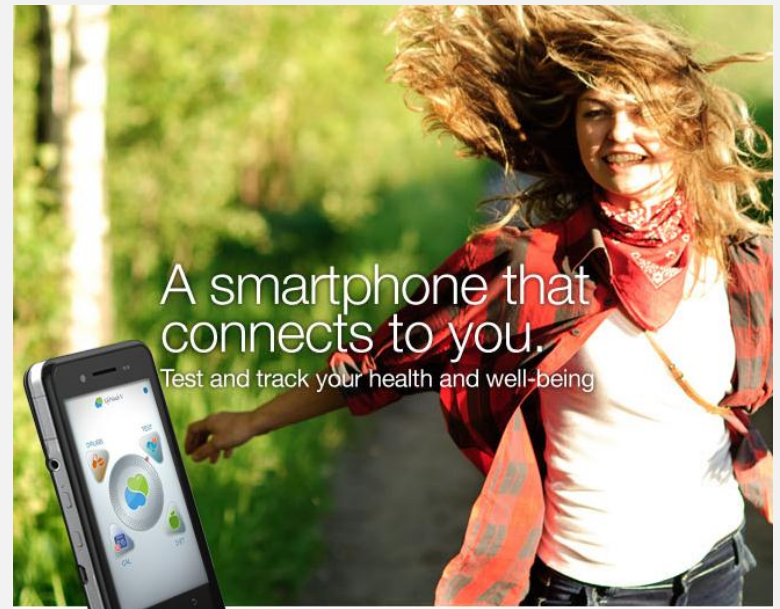
Q1 2013 Financial Review

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Summary by Dr. Yacov Geva,
Chairman & CEO of LifeWatch AG

LIFEWATCH V UPDATE

Continuing negotiations on partnership opportunities with multi-national cell carriers, pharmaceutical and healthcare providers



Q1 2013 BUSINESS UPDATE

- Total monitoring service revenues rose 6.3% over Q4 2012
- Technology Updates:
 - A further update to the online physician enrollment and reporting platform was completed
 - Additional enhancements to our clinical reporting and EMR Integration platform is in development
- LifeWatch signed 20 new or amended agreements for Home Sleep Test services and Ambulatory Cardiac Telemetry (ACT) services

U.S. MARKET UPDATE

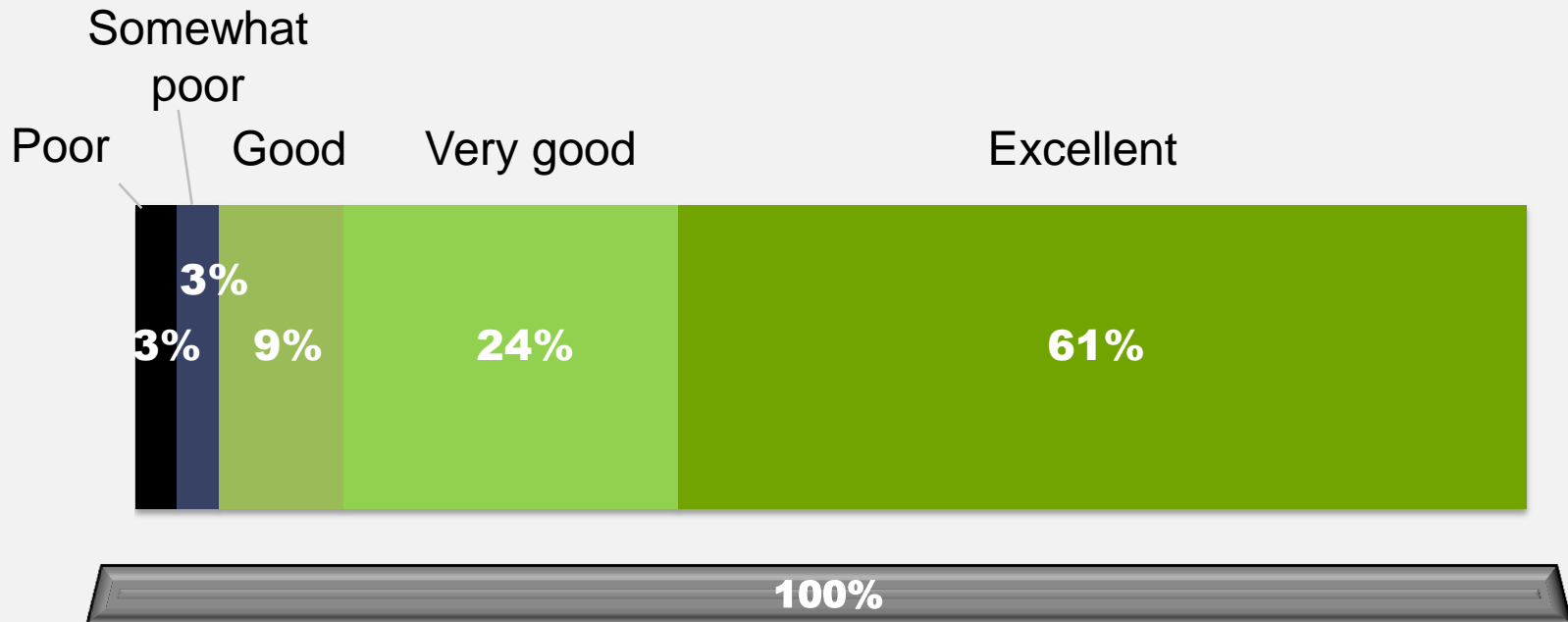
- In March 2013, the Joint Commission accepted LifeWatch's "Focused Standards Assessment" as fully compliant with their Gold Seal of approval in Ambulatory Tele-Health and Home Sleep Testing.
 - Joint Commission accreditation is recognized nationwide as a symbol of quality that reflects an organization's commitment to meeting certain performance standards
- Positive uptick in patient compliance following program initiation
- Increasing awareness among payors and physicians of the benefits of diagnosing patients with Obstructive Sleep Apnea.
 - Less intimidating therapeutic options such as CPAPS and oral appliances are expected to improve patient compliance for HST, as patients will be more willing to accept the treatment.
 - Market has enormous potential and LifeWatch has hired additional sales professionals to foster growth

MANAGED CARE UPDATE

	Q1/13	FY 2012
New Covered Lives	2.5m	110m
New payors for ACT and Home Sleep Testing Services	20	138

GOOD PATIENT SATISFACTION SCORES

Over 1,500 cardiac and home sleep monitoring patients responded to March 2013 survey



Over 94% “Good To Excellent” ratings for clinical services

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Chairman & CEO of LifeWatch AG

HIGHLIGHTS OF Q1 2013: CONTINUED SUCCESS

In USD million	Q4 2012		Q1 2013
Revenues	20.07		21.02
Gross Profit	11.36		12.42
EBIT	0.65		1.17
EBITDA	1.57		1.95
Cash flow from operations*	(1.13)		5.04
Headcount	492		496

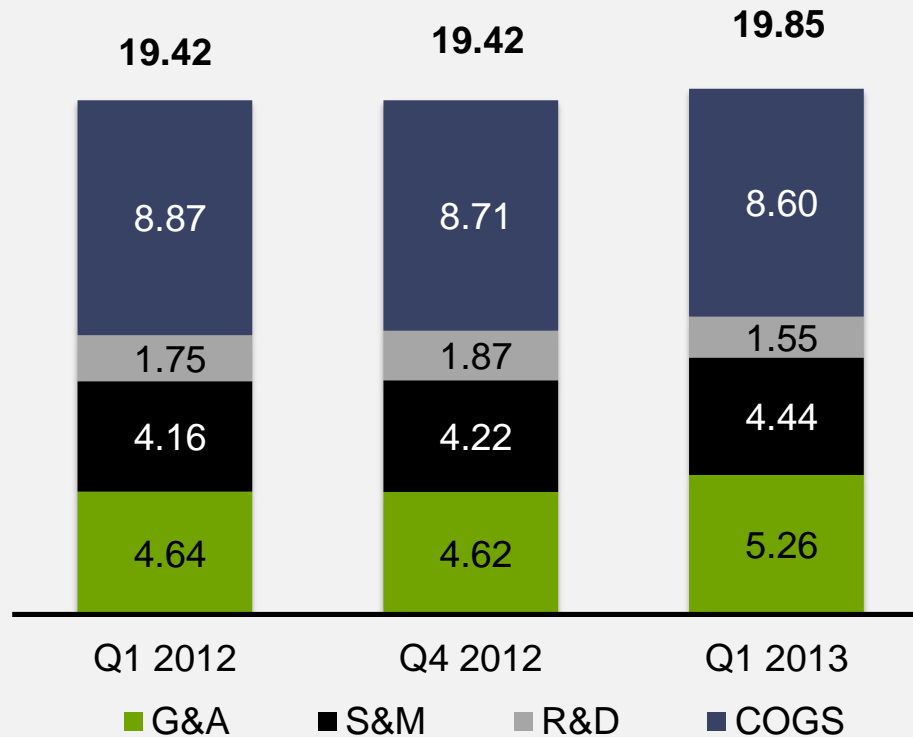
* Q4 2012 and Q1 2013 cash from operations was impacted by delayed Medicare payment of about USD 3.5 million. Payment was received during January 2013 and was recorded in Q1 2013 results.

INCOME STATEMENT

In USD million	Q1 2013 Unaudited	Q4 2012 Unaudited	Q1 2012 Unaudited
Revenues	21.02	20.07	21.13
COGS	8.60	8.71	8.87
Gross profit	12.42	11.36	12.26
R&D	1.55	1.87	1.75
S&M	4.44	4.22	4.16
G&A	5.26	4.62	4.64
Restructuring and other	-	-	0.09
EBIT	1.17	0.65	1.62
Financial & other	(0.05)	(0.07)	0.02
Profit/Loss before tax	1.12	0.58	1.64
Tax	(0.98)	(0.11)	(1.04)
Net Income/Loss	0.14	0.47	0.60
EBITDA	1.95	1.57	2.85

OPERATING COSTS STABILIZED AS A RESULT OF SIGNIFICANT COST REDUCTIONS

In USD million



Note: data does not include restructuring and other expenses

CASH FLOW

in USD Millions

	Q1 2013 Unaudited	Q4 2012 Unaudited	Q1 2012 Unaudited
From operations*	5.0	(1.1)	(1.2)
Purchase of fixed assets	(0.8)	(0.7)	(1.4)
Other	-	(0.4)	(0.4)
From investments	(0.8)	(1.1)	(1.8)
Proceeds of treasury stock, net	-	-	0.4
Other financing	0.1	-	-
From financing	0.1	-	0.4
Increase (decrease) in cash	4.1	(2.2)	(2.5)
Balance of cash (equivalents)	10.0	5.9	11.3

* Q4 2012 and Q1 2013 cash from operations was impacted by a delay in a Medicare payment of approximately USD 3.5 million. Payment was received in January 2013 and was recorded in Q1 2013 results.

BALANCE SHEET

	31/3/2013	31/12/2012
	Unaudited	Audited
Cash (equivalents)	10.0	5.9
Account receivable, trade and other	16.1	18.6
Deferred income taxes	4.5	6.1
Inventories	1.5	1.0
Total current assets	32.1	31.6
Marketable Securities	0.1	0.1
Other non-current assets	5.9	5.2
Fixed assets	7.9	7.8
Goodwill	15.0	15.0
Total assets	61.0	59.7
Current maturities	0.1	0.1
Accounts payable and other*	16.3	14.6
Total current liabilities	16.4	14.7
Non-current liabilities**	9.4	10.1
Shareholder's equity	35.2	34.9
Total liabilities	61.0	59.7

* Includes an amount of USD 2.6 million in Q1 2013 and USD 2.0 million in Q4 2012 related to the OIG settlement.

** Includes an amount of USD 9.3 million in Q1 2013 and USD 9.9 million in Q4 2012 related to the OIG settlement.

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PRODUCT DEVELOPMENT PIPELINE IS STRONG

An additional breakthrough product will be announced in 2013



SUMMARY

Q1/13

Growth of core monitoring services

Focus on profitability

Increased business development around new pipeline

2013

Launch of additional breakthrough product

Long term strategy of products/geographies diversification

New Board of Directors

COMMITTED EXECUTION OF CLEAR EXISTING STRATEGY

New Board of Directors/Top Executive Management to address new competencies

Business development leaders to develop long term strategies

Vertical organizational adaptations

OUTLOOK

Focus on improving revenues and profitability

New products will provide us with:

- Diverse geographies
- New services
- New opportunities in the consumer markets



THANK YOU

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