

Q2 2013 RESULTS

Analyst and Media Conference
August 20, 2013

FORWARD-LOOKING STATEMENTS

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AGENDA FOR TODAY'S DISCUSSION

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Q2 2013 Business Review

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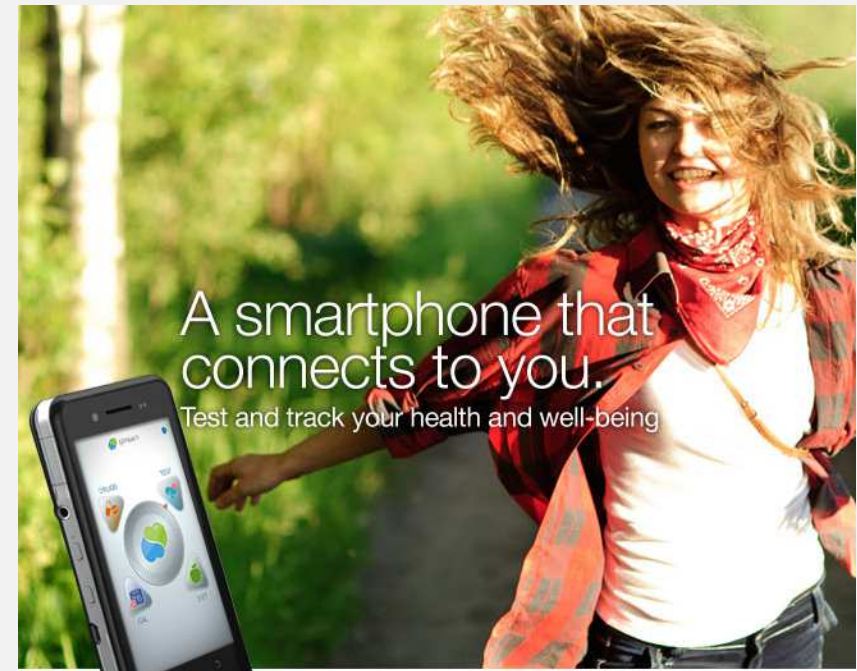
Q2 2013 Financial Review

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Summary by Dr. Yacov Geva,
CEO of LifeWatch AG

LIFEWATCH V UPDATE

Continued advanced negotiations with potential partners around the world



Q2 2013 BUSINESS UPDATE

- Total monitoring service revenues rose 4.3% and 14.7% over Q1 2013 and Q2 2012 respectively
- Achieved \$ 0.78 million in device sales to Asia
- Further improvements to EBIT, EBITDA and Net Profit
- Signed a new 3-year national provider agreement with UnitedHealthcare (UHS) providing all services, including ACT and Home Sleep testing to all UHC members
- Technology Updates:
 - EMR integration projects completed for 2 large teaching hospitals
 - EPIC enhancements to clinical reporting and EMR Integration platform
- Strengthened sales training initiatives

U.S. MARKET UPDATE

- In 2013 LifeWatch celebrates its' successful 20 year history as a leading U.S. national provider of remote patient monitoring services
- First to market innovations:
 - Auto-detect technology for A-Fib, Bradycardia and Tachycardia which signaled higher diagnostic yields
 - 3-channel wireless cardiac telemetry monitor (ACT)
 - Universal 3-channel wireless patient monitor offering Telemetry, Holter, and Auto-Detect/Auto-Send cardiac event capabilities on one device
 - Online Physician enrollment and reporting portal
 - Televiewer app on iPhone, iPad and Android handhelds
 - Electronic Medical Record (EMR) Integration
 - Home Sleep Test system measuring 9 channels of data
- Joint Commission accreditation for all monitoring services
- GSA schedule for all federal programs
- Over 3 million patients monitored since 2001

HEALTH IT INVESTMENTS

- LifeWatch continues to invest in its' Health IT platform
 - LifeWatch Connect online physician reporting portal evolution:
 - Faster report editing and turn-around
 - Secure documentation of results interpretation
 - e-Signature tool for EHR (Electronic Health Records) integrated sites
 - Access to clinically useful patient records for a longer period of time
 - TeleViewer app for physicians to review patient clinical data on iPad, iPhone and Android devices anywhere, anytime
 - Our EMR Integration solution enables streamlined processes and increased efficiencies for our customers. Physician monitoring orders and reporting systems directly interface with LifeWatch and helps our customers meet the “Meaningful Use” criteria of The American Recovery and Reinvestment Act (ARRA) of 2009.
 - LifeWatch EMR Integration platform was installed within EHR systems at two large healthcare facilities allowing a patient’s EMR, which contains patient enrollment data and clinical reports, to be seamlessly integrated into the healthcare provider’s EHR

MANAGED CARE UPDATE

New or amended agreements for all LifeWatch Services

H2 2013

48

FY 2012

138

- Over 500 managed care contracts which provides coverage to an estimated 300+ million lives in the U.S.
- July 2013: LifeWatch announced new 3-year national provider agreement with UnitedHealthcare (UHC).
 - LifeWatch has been a national provider for UHC since 2006
 - New agreement now provides all UHC members with complete coverage of LifeWatch services, including ACT telemetry and Home Sleep Testing
 - UHC has an estimated 70 million members in the U.S.

CONTINUED EXCELLENCE IN PATIENT SATISFACTION

Our strong commitment to quality, better care and happier patients is seen by the high patient satisfaction scores achieved in June 2013. “Good to Excellent” scores rose to 95.3%. Almost 10% of cardiac and home sleep monitoring patients responded to the June survey



95.3% “Good To Excellent” ratings for clinical services

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HIGHLIGHTS OF Q2 2013: CONTINUED IMPROVEMENTS

| In \$ million | Q2 2012 | Q1 2013 | | Q2 2013 |
|----------------------------|---------|---------|---|---------|
| Revenues | 19.06 | 21.02 |  | 22.66 |
| Gross Profit | 10.49 | 12.42 |  | 13.50 |
| EBIT | 0.04 | 1.17 |  | 1.54 |
| EBITDA | 1.04 | 1.95 |  | 2.37 |
| Net Profit (Loss) | (1.38) | 0.14 |  | 8.74 |
| Cash flow from operations* | (7.02) | 5.04 |  | 1.43 |
| Headcount | 483 | 496 |  | 535 |

* Q2 2013 was impacted by a delayed Medicare payment of \$ 1.4 million due to technical issues with the Medicare claims processing system. Most of this delayed payment was received and recorded in Q3 2013.

INCOME STATEMENT

| In \$ million | Q2 2013 Unaudited | Q1 2013 Unaudited | Q2 2012 Unaudited |
|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenues | 22.66 | 21.02 | 19.06 |
| COGS | 9.16 | 8.60 | 8.57 |
| Gross profit | 13.50 | 12.42 | 10.49 |
| R&D | 1.85 | 1.55 | 1.77 |
| S&M | 5.04 | 4.44 | 4.25 |
| G&A | 5.07 | 5.26 | 5.03 |
| Restructuring and other | - | - | (0.60) |
| EBIT | 1.54 | 1.17 | 0.04 |
| Financial & other | (0.08) | (0.05) | (0.02) |
| Profit before tax | 1.46 | 1.12 | 0.02 |
| Tax income (expense) | 7.28 | (0.98) | (1.40) |
| Net Income (Loss) | 8.74 | 0.14 | (1.38) |
| EBITDA | 2.37 | 1.95 | 1.04 |

CASH FLOW

in \$ Millions

| | Q2 2013 Unaudited | Q1 2013 Unaudited | Q2 2012 Unaudited |
|--------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| From operations* | 1.43 | 5.04 | (7.02) |
| Purchase of fixed assets | (0.71) | (0.84) | (0.65) |
| From investments | (0.71) | (0.84) | (0.65) |
| Issue of share capital | 0.17 | - | - |
| Proceeds of treasury stock | - | - | 3.10 |
| Other financing | (0.02) | 0.10 | (0.02) |
| From financing | 0.15 | 0.10 | 3.08 |
| Increase (decrease) in cash | 0.85 | 4.11 | (4.61) |
| Balance of cash (equivalents) | 10.82 | 9.97 | 6.72 |

- Q1 2013 cash from operations was impacted by a delay in a Medicare payment of approximately \$ 3.5 million in Q4 2012, which was received and recorded in Q1 2013.
- Q2 2013 was impacted by a delayed Medicare payment of \$ 1.4 million due to technical issues with the Medicare claims processing system. Most of this delayed payment was received and recorded in Q3 2013.

BALANCE SHEET

| in \$ Millions | Q2 2013 Unaudited | Q2 2012 Unaudited | FY 2012 Audited |
|----------------------------------|----------------------|----------------------|--------------------|
| Cash (equivalents) | 10.8 | 6.7 | 5.9 |
| Account receivables | 13.3 | 13.2 | 16.2 |
| Other receivables | 2.9 | 2.1 | 2.4 |
| Deferred income taxes | 6.6 | 7.8 | 6.1 |
| Inventories | 1.7 | 1.4 | 1.0 |
| Total current assets | 35.3 | 31.2 | 31.6 |
| Marketable Securities | 0.1 | 0.1 | 0.1 |
| Deferred income taxes | 10.4 | 4.4 | 4.4 |
| Other non-current assets | 0.8 | 0.7 | 0.8 |
| Fixed assets | 7.7 | 8.6 | 7.8 |
| Goodwill | 15.0 | 15.0 | 15.0 |
| Total assets | 69.3 | 60.0 | 59.7 |
| Current maturities | 0.1 | 0.1 | 0.1 |
| Accounts payable and other* | 16.3 | 14.0 | 14.6 |
| Total current liabilities | 16.4 | 14.1 | 14.7 |
| Non-current liabilities** | 8.8 | 11.4 | 10.1 |
| Shareholder's equity | 44.1 | 34.5 | 34.9 |
| Total liabilities | 69.3 | 60.0 | 59.7 |

* Includes \$ 2.5 million, \$ 0.8 million and \$ 2.0 million in Q2 2013, Q2 2012 and FY 2012 respectively, related to the OIG settlement.

** Includes \$ 8.6 million, \$ 11.1 million and \$ 9.9 million in Q2 2013, Q2 2012 and FY 2012 respectively, related to the OIG settlement.

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PRODUCT DEVELOPMENT PIPELINE IS STRONG

An additional breakthrough product will be announced in Q4 2013



SUMMARY

Q2/13

Continued growth of core monitoring services

Improving profitability

Increased business development around new pipeline

2013

Launch of additional breakthrough product

Long term strategy of products/geographies diversification

New Chairman of the Board

COMMITTED EXECUTION OF CLEAR EXISTING STRATEGY

July 7, 2013 - Board Member Dr. Kenneth Melani elected as new Chairman of the Board of Directors of LifeWatch AG

Longtime Chairman and Chief Executive Officer, Dr. Yacov Geva, will continue to act as a Board member and as Corporate Chief Executive Officer in order to grow the existing and future business of the Company

Board of Directors/Top Executive Management to address new competencies

Business development leaders developing long term strategies

Vertical organizational adaptations

OUTLOOK

Focus on growing revenues and profitability

New product diversification will provide:

- Geographical expansion
- New services
- New opportunities in consumer markets



THANK YOU

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