

# Press Release

November 7, 2012

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## LifeWatch AG continues on track successfully with positive third quarter 2012 results

- Revenues increased by 5.7% up to USD 19.86 million
- EBIT of USD 1.86 million and EBITDA of USD 2.68 million
- Improved gross margin of nearly 60%
- Positive Cash Flow of USD 1.61 million

## International analyst and media conference call and audio web cast on LifeWatch Q3 2012 financial results

- Wednesday, November 7, 2012 at 10.00 a.m. CET
- Dial-in number: + 41 (0)91 610 56 00 (Europe), + 44 (0)203 059 58 62 (UK), +1 (1)866 291 41 66 (USA – Toll-free)
- Audio web cast <http://services.choruscall.eu/links/lifewatch121107.html>

*Neuhausen am Rheinfall/Switzerland* – LifeWatch AG (SIX Swiss Exchange: LIFE), the leading provider of wireless telemedicine, today announces the results for the third quarter 2012. The Company continues also in the third quarter 2012 to improve EBIT and EBITDA levels and to increase significantly its gross margin. LifeWatch returns to a positive cash flow position with cash provided from operations in the amount of USD 1.61 million.

### Third Quarter 2012 Financial Highlights

- Revenues of USD 19.86 million compared with USD 18.78 million in Q3 2011.
- Gross margin of 59.5% compared with 46.9% in Q3 2011.
- Total departmental expenses were 50.1% of revenues compared with 152.6% in Q3 2011.
- EBIT of USD 1.86 million compared with LBIT of USD 19.84 million in Q3 2011.
- EBITDA of USD 2.68 million compared with LBITDA of USD 18.37 million in Q3 2011.
- Positive cash flow from operations of USD 1.61 million compared with negative amount of USD 3.22 million in Q3 2011.

### **Q3 2012 Revenues**

Revenues grew this quarter to USD 19.86 million an increase of 5.7% over Q3 2011 revenues. Our sales team is committed to meeting their goals for the year, despite the challenging reimbursement situation in the USA. Many of our accounts who are frustrated by the lack of insurance for some of their telemetry patients have welcomed our Elite service, which was launched in early 2012. While the Elite service can serve as a provisional solution, our goal is to validate the importance of our ACT remote telemetry platform with health insurers.

### **Gross Profit, EBITDA and LBIT**

- Gross profit was USD 11.81 million in Q3 2012, showing a greatly improved margin of 59.5%, compared with gross profit of USD 8.81 million and a margin of 46.9% in Q3 2011.
- EBITDA of USD 2.68 million in Q3 2012 compared with a LBITDA of USD 18.37 million in Q3 2011.
- EBIT was USD 1.86 million this quarter compared with a LBIT of USD 19.84 million in Q3 2011.

The improved results are a result of increased revenues, effective cost cutting initiatives and careful management of all other operating expenses.

### **Net Loss**

LifeWatch reported a small net loss of USD 0.57 million compared to a net loss of USD 20.40 million in Q3 2011. Our net loss was mainly affected by deferred, non-cash income tax expenses related to LifeWatch Services, Inc. Loss per share was USD 0.004 (fully diluted), compared to a loss per share of USD 1.64 (fully diluted) reported in the third quarter of 2011.

### **Outlook 2012**

Our third quarter results prove our commitment in growing revenues while improving profitability. Reimbursement continues to be an issue, as does the impact of the presidential elections this November. While we cannot give a precise forecast for full fiscal year 2012, we are in a strong position and will cope with these current conditions. Our new service and technology pipeline will provide us with opportunities that create more service and geographical diversification, improve revenue streams and lower our reliance on our current business focus.

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**About LifeWatch AG:**

LifeWatch AG, headquartered in Neuhausen am Rheinfall and listed on SIX Swiss Exchange (LIFE), Switzerland, is the leading healthcare technology and solution company, specializing in advanced telehealth systems and wireless remote patient monitoring services. LifeWatch services cater to individuals, ranging from high-risk and chronically ill patients, to consumers of health and wellness products. LifeWatch AG has operative subsidiaries in the United States, in Switzerland and in Israel and is the parent company of LifeWatch Services Inc., and LifeWatch Technologies, Ltd. LifeWatch Services, Inc. is a leading US-based provider of cardiac monitoring services and home sleep testing of Obstructive Sleep Apnea (OSA). LifeWatch Technologies Ltd., based in Israel, is a leading developer and manufacturer of telemedicine products. The Company is planning to introduce the LifeWatch V, an Android-based smartphone with medical sensors and apps that uses a cloud-based service platform. For additional information, please visit [www.lifewatch.com](http://www.lifewatch.com).

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