Forward-Looking Statement

This presentation contains forward-looking statements within the meaning of the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, projections about our business and our future revenues, expenses and profitability. Forward-looking statements may be, but are not necessarily, identified by the use of forward-looking terminology such as "may," "anticipates," "estimates," "expects," "intends," "plans," "believes," and words and terms of similar substance. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual events, results, performance, circumstances or achievements of the Company to be materially different from any future events, results, performance, circumstances or achievements expressed or implied by such forward-looking statements. Such forward-looking statements include statements relating to the Company exploring strategic alternatives and considering possible strategic transactions involving the Company. Factors that could cause actual events, results, performance, circumstances or achievements to differ from such forward-looking statements include, but are not limited to, the following: (1) our ability to develop and bring to market new products, (2) our ability to successfully complete any necessary or required clinical studies with our products, (3) our ability to receive regulatory clearance or approval to market our products or changes in regulatory environment, (4) our success in implementing our sales, marketing and manufacturing plans, (5) the level of adoption of our products by medical practitioners, (6) the emergence of other products that may make our products obsolete, (7) lack of an appropriate bowel preparation materials to be used with our PillCam COLON capsule, (8) protection and validity of patents and other intellectual property rights, (9) the impact of currency exchange rates, (10) the effect of competition by other companies, (11) the outcome of significant litigation, (12) our ability to obtain reimbursement for our product from government and commercial payors, (13) quarterly variations in operating results, (14) the possibility of armed conflict or civil or military unrest in Israel, (15) the impact of global economic conditions, (16) our ability to successfully integrate acquired businesses, (17) changes and reforms in applicable healthcare laws and regulations, (18) quality issues and adverse events related to our products, such as capsule retention, aspiration and failure to attach or detach, bleeding or perforation that could require us to recall products and impact our sales and net income, and (19) other risks and factors disclosed in our filings with the U.S. Securities and Exchange Commission, including, but not limited to, risks and factors identified under such headings as "Risk Factors," "Cautionary Language Regarding Forward-Looking Statements" and "Operating Results and Financial Review and Prospects" in the Company's Annual Report on Form 20-F for the year ended December 31, 2012. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except to the extent expressly required under applicable law, the Company undertakes no obligation to release publicly any revisions to any forward-looking statements, to report events or to report the occurrence of unanticipated events.
Investment Highlights

- Double-Digit Growth Opportunities
- Market Leading Franchises in Capsule Endoscopy, Functional Diagnostics
- 7 Marketed Product Lines Across 21 GI Disease States
- Solid Financial Position – Strong Operating Cash Flow and Zero Debt
- Near-term Pipeline of New Product Introductions
Comprehensive GI Diagnostic and Monitoring Solutions

- **PillCam ESO 2**
  - Capsule endoscopy procedure for visualization of the esophagus

- **PillCam SB 2**
  - Most widely used capsule endoscope for visualization of the entire small bowel
  - The standard of care in numerous countries

- **PillCam COLON 2**
  - Safe, minimally invasive, sedation-free, patient-friendly modality to visualize the colon and rectum

- **Bravo**
  - The only capsule-based pH test for GERD
  - Ambulatory pH testing gold standard

- **Digitraper**
  - Complete reflux diagnostic solution for both capsule and catheter-based testing

- **ManoScan**
  - High-Resolution Manometry with physiology visualization and data analysis software for identification of motility disorders

- **SmartPill**
  - Ingestible, wireless motility capsule using sensor technology to measure pH, pressure and temperature from within the entire GI tract

PillCam COLON 2 not cleared for use in U.S.
Recognized Industry Leader

World Leader in Minimally-Invasive GI Diagnostics

Independent, pure-play GI-focused company

One of the largest GI sales and marketing organizations in North America (nearly 100 sales and marketing professionals in the US alone)

~5,500 active PillCam customers\(^1\)
2,750 Americas, 1,000 APJ, 1,750 EMEA

More than 1,600 PillCam and 300 Reflux & Manometry peer-reviewed publications

Strong IP: ~350 registered patents, ~230 pending patents

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\(^1\) Refers to active customers, defined as those who have placed an order within the last 12 months.
Business Model Supports Growth & Profitability

Recurring and diversified revenue stream with razor/razor-blade economics

High gross margins, limited capital expenditures, low tax rates

Significant free cash flow

$142 million of cash and equivalents, no debt
Portfolio of #1 franchises in capsule endoscopy and functional diagnostics

- Capsule endoscopy pioneer ~85% worldwide share and ~ 95% share in the US
- PillCam SB - Standard of care for small bowel visualization
  - 2 million procedures since inception
- Bravo pH Monitoring System - the only capsule-based ambulatory pH test to help manage GERD
- ManoScan - the world leader (>60% market share) in high-resolution manometry products
- Addition of SmartPill - innovating the status quo technology
Offering a Total GI Solution

<table>
<thead>
<tr>
<th>GI Disorders</th>
<th>PillCam SB</th>
<th>PillCam ESO</th>
<th>PillCam COLON</th>
<th>Bravo pH</th>
<th>Digitrapper pH-Z</th>
<th>ManoScan</th>
<th>SmartPill</th>
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<tbody>
<tr>
<td>Obscure (Occult and Overt) Gastrointestinal Bleeding (&quot;OGIB&quot;)</td>
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<td></td>
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<tr>
<td>Crohn's Disease</td>
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<tr>
<td>Iron Deficiency Anemia</td>
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<td>Esophageal Varices</td>
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<td>GERD (Esophagitis)</td>
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<td>ER Bleed</td>
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<td>Polyps</td>
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<td>Colorectal Cancer</td>
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<td>Lower GI Hemorrhage</td>
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<td>NERD (Non-acid Reflux, Impedance)</td>
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<td>Esophageal Motility Disorders</td>
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<tr>
<td>Anorectal &amp; Lower Colon Motility Disorders (High Res &amp; 3D Imaging)</td>
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<td>Irritable Bowel Syndrome</td>
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<td>Speech-Language Pathology (non-GI)</td>
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<td>ENT - GI</td>
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<td>Gastroparesis</td>
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<td>Constipation</td>
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<td>Total GI Transit</td>
<td></td>
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<td>✓</td>
</tr>
</tbody>
</table>
Global Footprint Supports Growth

Direct sales and marketing in 9 countries; products available in 75+ countries

One of the Largest GI Sales Forces in North America

EMEA
25% WW revenues
Direct presence in France, Germany, Israel

AMERICAS
62% WW revenues
Direct presence; dedicated sales in US, Canada and Brazil

APJ
13% WW revenues
Direct presence in Japan, Australia, Hong Kong

Direct Sales and Marketing
Distributors
Manufacturing Facilities
Direct Sales Offices
State of the Art Manufacturing Facilities Support Global Expansion

- Manometry and pH(Z) Manufacturing and R&D
- Highly Product & Technology Focused

Los Angeles, California

- PillCam and Video Expertise
- State of the Art Automated Technology
- Manufacturing and R&D
- Tax Benefits

Yoqneam, Israel

- Manual Assembly
- Low Cost

Ho Chi Minh City, Vietnam
Continuous Innovation of Capsule Endoscopy Franchise

- Solidifies Leading Market Position
- Expands Market Opportunity
- Enhances Profitability
Q3 2013 Financial Recap – Double Digit Growth And Strong Operating Margin and Cash Flow

- $11.7 million cash generated in Q3 2013
- $142.4 million in cash, short-term investments and marketable securities

*Guidance projected to be in lower range of revenues and EPS

<table>
<thead>
<tr>
<th></th>
<th>Q3 2013</th>
<th>Q3 2012</th>
<th>YTD 2013</th>
<th>YTD 2012</th>
<th>2013* Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$50.0 M</td>
<td>$45.4 M</td>
<td>$140.1 M</td>
<td>$131.8 M</td>
<td>$195-205 M</td>
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<tr>
<td>Non-GAAP Gross Margin</td>
<td>78.3%</td>
<td>78.3%</td>
<td>78.2%</td>
<td>77.6%</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP Operating Margin</td>
<td>16.7%</td>
<td>18.7%</td>
<td>12.6%</td>
<td>12.2%</td>
<td></td>
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<tr>
<td>Non-GAAP EPS</td>
<td>$0.25</td>
<td>$0.25</td>
<td>$0.52</td>
<td>$0.47</td>
<td>$0.80 - $0.88</td>
</tr>
<tr>
<td>GAAP EPS</td>
<td>$0.20</td>
<td>$0.19</td>
<td>$0.36</td>
<td>$0.29</td>
<td>$0.55 – $0.63</td>
</tr>
</tbody>
</table>

Difference in Non-GAAP/GAAP EPS due mainly to compensation expenses
Growth Accelerators – 2014 and Beyond
### Significant Annual Market Opportunity for PillCam Franchise

#### Near-Term

<table>
<thead>
<tr>
<th>PillCam SB Procedures Per Year</th>
<th>PillCam COLON (Procedures per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obscure GI Bleeding</td>
<td>EMEA: 1,300,000</td>
</tr>
<tr>
<td>- Crohn’s Disease</td>
<td>USA*: 750,000</td>
</tr>
<tr>
<td></td>
<td>Japan: 1,000,000</td>
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<tr>
<td></td>
<td><strong>Total</strong>: 3,050,000</td>
</tr>
<tr>
<td>Total</td>
<td><strong>Total</strong>: 6,300,000</td>
</tr>
</tbody>
</table>

#### Longer-Term

<table>
<thead>
<tr>
<th>Small Bowel Motility for IBS</th>
<th>US Expanded Indications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>(Sedation &amp; Bleeding Risk)</td>
</tr>
<tr>
<td></td>
<td>Ulcerative Colitis</td>
</tr>
<tr>
<td></td>
<td>Crohn’s Disease</td>
</tr>
<tr>
<td></td>
<td>(small bowel and colon)</td>
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<tr>
<td></td>
<td><strong>Total</strong>: 3,250,000</td>
</tr>
</tbody>
</table>

*Pending U.S. FDA clearance*
PillCam COLON Japan Clearance

- **July 2013** - PillCam COLON cleared for diagnosis of colonic disease when colonoscopy is required but difficult to conduct, including patients unwilling or unable to undergo colonoscopy
- **Significant market opportunity**
  - Colorectal cancer is the leading cause of cancer death in women in Japan and compliance with screening is extremely low (25%)
  - 1 million patients per year
  - Potential to expand physician customer base from 1,000 to 10,000
- **Reimbursement will become effective on January 1, 2014**
- **Reimbursement JPY 83,100 / ~US$840***

*Exchange rate as of November 11, 2013*
A breakthrough in confidence and productivity for physicians

Addresses clinical demands:

- 30% improvement in resolution
- More tissue coverage with Automatic Frame Rate technology
- 40% More efficiency

PillCam SB3 Regulatory Status

- Available in US, CE Mark countries, Japan and Australia
Evolution of PillCam SB
Double-Digit Growth Opportunities

- Increase use of PillCam SB in Crohn’s disease detection and monitoring in the US and Japan
- Global expansion of Obscure GI Bleeding indication
- Expand indications through new product introductions
  - IDB, Ulcerative Colitis, Gastroparesis and total GI transit
- Continue solid growth of Functional GI Diagnostics products
- PillCam COLON in US and Japan
- Affordable Care Act