

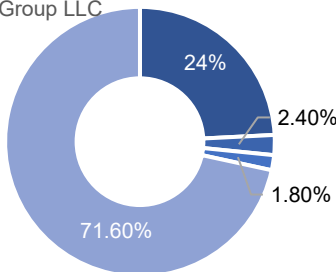
Telehealth Services Industry Snapshot Q3 2021

Executive Summary

The Telehealth Services industry uses digital technology to deliver medical services and health education by connecting multiple users in different locations. Telehealth services include diagnosis, treatment, assessment, monitoring, communication and education. Advances in communication technology and medical technology, such as wearable self-monitoring devices and digitized medical scans, have propelled the industry forward. Furthermore, industry revenue growth has been supported by a healthcare system suffering from skyrocketing costs, a looming doctor shortage and an aging population susceptible to chronic disease. Many physicians have opted to use telehealth as a safer substitute that avoids the risk of patients contracting or spreading the virus. As a result, industry revenue has increased at an annualized rate of 30.4% to \$3.2 billion over the past five years.

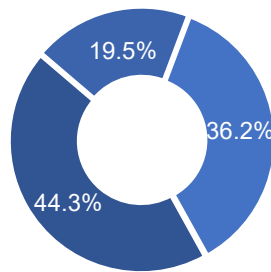
Market Share

- Teladoc Health Inc.
- Carenet Healthcare Services
- GlobalMedia Group LLC



Major Market Segmentation

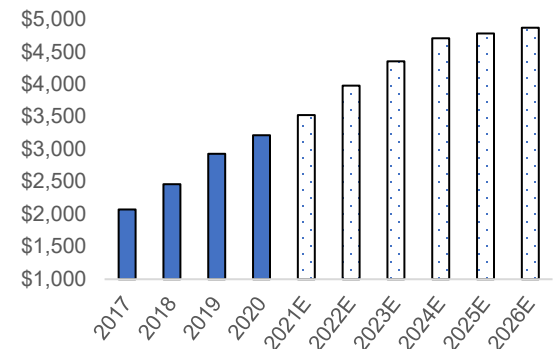
- Medical Devices and Hardware
- Telehealth Software



Sector Spotlight

\$3.2B	Telehealth Revenue in 2020
8.3%	Projected CAGR until 2025
1.1%	Industry Profit Margin
780	Telehealth Service Business
14,703	Telehealth Service Employees

Revenue Growth (\$ in millions)



Industry revenue has risen at a rate of 30.4% to \$3.2 billion over the last five years. Industry operators have demonstrated that they can provide reliable healthcare to a greater number of patients at a lesser cost. The industry is positioned to help provide solutions to a healthcare system suffering from skyrocketing costs and an aging population.

Segment Breakdown

Medical Devices and Hardware

Telehealth hardware is one of the most valuable segments of the Telehealth Services industry. This segment is mostly made up of implantable devices that can send data directly from patients to physicians. These devices include pacemakers and glucose monitors for patients with diabetes. Due to the more advanced nature of these devices, telehealth devices carry a higher price than other medical devices. As telehealth has grown in popularity, medical device producers have developed new devices that incorporate telemedicine.

Virtual Physician Visits

Virtual physician visits are a staple of this industry, which can be conducted over the Internet or phone. Virtual physician visits have been the reason for much of the growth experienced by the Telehealth industry, as consumer telecommunication technology has expanded. This segment has benefited from COVID-19 as hospitals and other healthcare providers have encouraged patients to use telehealth services to control the spread of the virus. As a result, physicians have begun relying on virtual visits as a primary means of providing care.

Telehealth Software

Telehealth software includes the programs used by medical and consumer devices in telehealth services. The telehealth software used by implantable devices needs to be highly secure, as the data sent by telehealth devices is extremely sensitive and can be targeted by hackers. For this reason, telehealth software must be frequently updated and tested to ensure it cannot be hacked. This segment also includes smartphone apps that use telehealth technology.

Industry Outlook

Over the five years to 2025, the Telehealth Services industry will likely continue to benefit from shifting demographics and structural factors affecting the healthcare system, including an aging population that is expected to increasingly demand medical care, a shortage of doctors and rapidly rising healthcare costs. Various studies have supported the idea that the industry can provide quality care to a large number of patients with greater cost efficiency. In addition, the implementation of existing national legislation and increased federal and state support for telehealth services will likely benefit patients, healthcare providers and industry participants. Additionally, even as the United States recovers from the COVID-19 (coronavirus) pandemic, demand for telehealth services is likely to remain high, as people that had tried telehealth services during the pandemic will likely continue to use these services. As a result, industry revenue is expected to continue to rise at a rate of 8.3% for the next four years

Market Concentration

The Telehealth Services industry has a low level of market share concentration. The top four companies are estimated to account for 28.7% of industry revenue in 2020. Barriers to entry in this industry are moderate, and potential entrants may have difficulty sourcing talent for product and software development. Additionally, this industry has a moderate degree of patent protection, and new companies must develop telehealth services systems that are not in violation of existing patents. Nevertheless, this developing industry has rapidly expanded, with the number of industry enterprises increasing at an annualized rate of 41.6% to 780 operators over the five years to 2020. For example, InTouch Health currently serves more than 1,000 hospitals and claims to introduce one new telehealth service device per day.

Recent Public Transactions

Dec 2019

Oct 2020

Nov 2020

Jan 2021

Jun 2021

xcellink.ptc.ltd.



UnitedHealth GroupSM

hims & hers



Recent Private Transactions

Date	Target	Acquirer	Sector	Deal Synopsis
05/11/2021	Doctor On Demand	Grand Rounds Health	Other Healthcare Services	The company was acquired by Grand Rounds Health, via its financial sponsor The Carlyle Group, through an LBO on May 11, 2021 for an undisclosed sum. The deal will combine Grand Rounds' data-driven clinical navigation platform and patient advocacy tools with the company's preeminent virtual care offering that will accelerate the adoption of virtual care in key areas
04/19/2021	MDLive	Cigna	Clinics/Outpatient Services	The company was acquired by Cigna (NYSE: CI) for \$2.028 billion on April 19, 2021. The acquisition will help the company to deliver a more affordable, convenient and connected patient care experience.
07/01/2020	InTouch Health	Teladoc Health	Other Healthcare Technology Systems	The company was acquired by Teladoc Health (NYSE: TDOC) for \$1.079 billion on July 1, 2020. The consideration consists of \$160.7 million in cash and \$918.8 million in Teladoc Health's common stock.

Public Comps

Ticker	Company	TTM			NTM Forward				
		Total Revenue	EBITDA	EV / Revenue	Total Revenue	EBITDA	EV / Revenue	EV / EBITDA	PE Ratio
TDOC	Teladoc Health	1,628.95	(517.24)	13.5x	2,310.39	333.04	9.5x	65.8x	-54.2x
AMWL	Amwell	240.80	(187.55)	5.9x	296.43	(141.00)	4.8x	-10.1x	-12.6x
HCAT	Health Catalyst	215.94	(114.00)	12.1x	263.70	(4.86)	9.9x	-537.1x	-175.0x
TALK	Talkspace	76.20	(22.00)	5.7x	157.45	(36.65)	2.8x	-11.9x	-12.8x
GDRX	GoodRx Holdings	631.06	(343.18)	26.5x	895.77	290.70	18.7x	57.6x	92.0x

SOURCE: IBIS WORLD, MORGAN STANLEY RESEARCH, HENNESSY AND PARTNER ANALYSIS DATA