



# Investor Presentation

## January 2017

Jason Gorevic, CEO

Mark Hirschhorn, COO and CFO



© 2002-2016 Teladoc, Inc. All rights reserved.

# Safe Harbor Statement

This presentation contains, and our officers may make, “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. These forward-looking statements include, without limitation, information concerning possible or assumed future results of operations, including descriptions of our business plan and strategies. These statements often include words such as “anticipate,” “expect,” “suggest,” “plan,” “believe,” “intend,” “estimate,” “target,” “project,” “should,” “could,” “would,” “may,” “will,” “forecast,” and other similar expressions.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These statements are based on certain assumptions that we have made in light of our experience in the industry and our perception of historical trends, current conditions, expected future developments and other factors we believe are appropriate under the circumstances as of the date hereof. These and other important factors may cause our actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements. Such risks and other factors that may impact management’s beliefs and assumptions are more particularly described in our filings with the U.S. Securities and Exchange Commission (the “SEC”), including under “Item 1A.—Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2015 and under similar headings in our subsequently filed Quarterly Reports on Form 10-Q, and could cause our results to differ materially from those expressed in forward-looking statements. As a result, we cannot guarantee future results, outcomes, levels of activity, performance, developments or achievements, and there can be no assurance that our expectations, intentions, anticipations, beliefs or projections will result or be achieved or accomplished. The forward-looking statements in this presentation are made only as of the date hereof. Except as required by law, we assume no obligation to update these forward-looking statements, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

As the Company has not completed its quarter and year-end annual close procedures and the audit of its 2016 financial statements is not complete, the revenue expectations presented in this press release are preliminary, and, therefore, subject to final year-end closing adjustments and may change. The preliminary financial results presented in this presentation are based solely upon information available as of the date of this presentation, are not a comprehensive statement of our financial results or positions as of or for the 2016 fiscal year, and have not been audited, reviewed, or compiled by our independent registered accounting firm.

This presentation may include certain non-GAAP financial measures as defined by SEC rules. We believe that the presentation of such non-GAAP financial measures enhances an investor’s understanding of our financial performance. We use certain non-GAAP financial measures for business planning purposes and in measuring our performance relative to that of our competitors. For additional information regarding these non-GAAP measures, including reconciliations to the most directly comparable financial measure calculated according to GAAP, refer to the Appendix to this presentation and to our Annual Report on Form 10-K for the year ended December 31, 2015 and any subsequently filed Quarterly Reports on Form 10-Q.

# Delivering premier value in telehealth

## **75% Telehealth Market Share<sup>(1)</sup> with Defensible Moat**

*Only platform with scale with 10x forward looking capacity  
Smart member engagement resulting in up to 5:1 client ROI*

## **Attractive Combined TAM of \$29B+<sup>(2)</sup> Ripe for Disruption**

*Telehealth adoption at positive inflection point  
Industry penetration <1%*

## **Accelerating Utilization Rates Across Populations**

*Expanding embedded capabilities  
Utilization tailwinds from installed membership base*

## **Integrated Product Suite Tailored for Each Client Segment**

*Value to employers, health plans, hospitals  
Emerging small to mid-sized employer opportunity*

(1) Estimated market share based on American Telehealth Association industry estimate of 1.25 million telehealth visits in 2016.

(2) Based on CDC data estimating ambulatory care market size of \$17 billion and behavioral health market of \$12 billion.

# Key metrics at a glance

**80%+ Total Revenue CAGR**  
2013 to 2016

**95%+ Total Visits CAGR**  
2013 to 2016

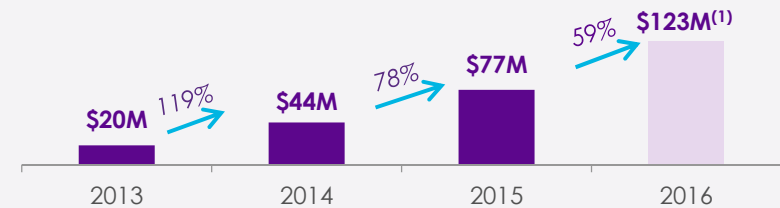
**7,500+ Total Clients**

**220+ Fortune 1000 Clients**

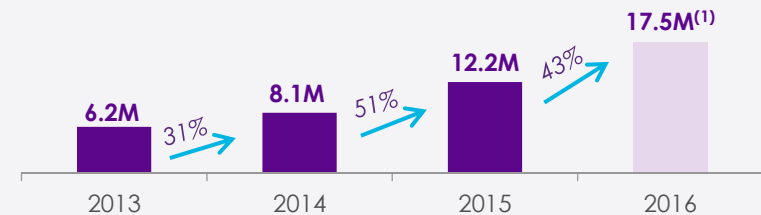
**~30 Health Plan Clients and  
~110 Hospital/Provider Clients**

(1) 2016 key metrics represent preliminary unaudited figures.

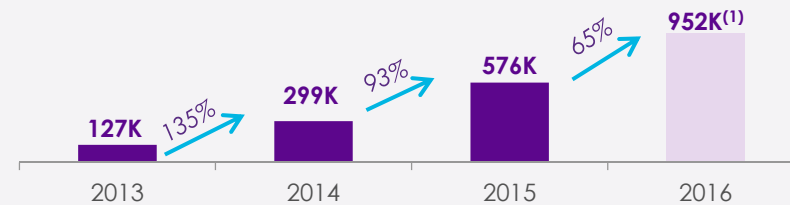
## Total Revenue (\$M)



## Total Membership

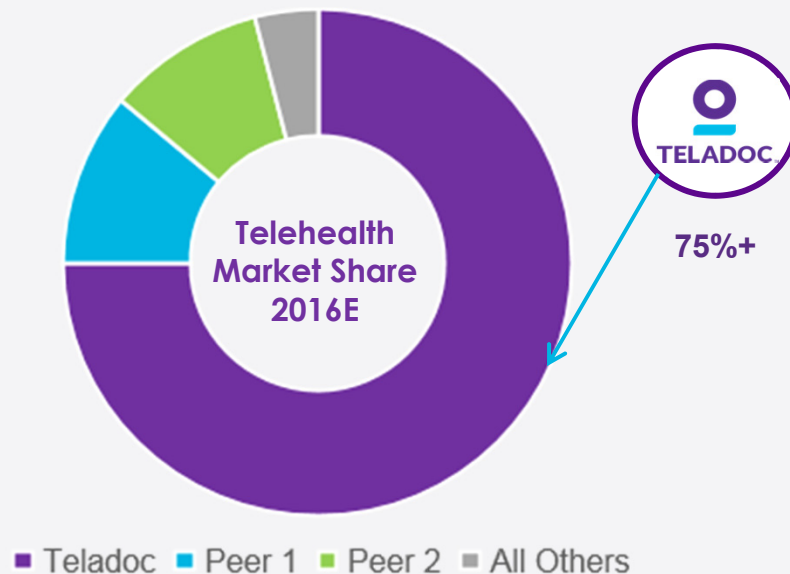


## Total Visits



# Accelerating Category Leadership Position with Defensible Moat

Teladoc is 3x larger than all top three competitors combined



Meaningfully **higher utilization rates** and **client ROI savings**

Teladoc achieves **up to 5x utilization rates** for clients in Year 1

**Premier technology**, routing algorithm and platform built for scale

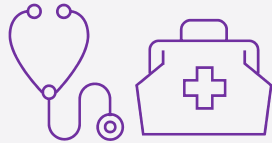
Note: Market share estimated from Teladoc's total 2016 recorded visits of 952K visits, divided by the American Telemedicine Association's forecast of 1.25 million telehealth industry visits for 2016. Market share for competitors, based on visit counts, represent management estimates.

# \$29 Billion+ Total Market Opportunity

Industry is <1% penetrated with opportunity for long-term, sustainable growth

## AMBULATORY CARE

1.25B Annual Visits<sup>(1)</sup>



One-third of visits or ~417M visits  
treatable via telehealth<sup>(2)</sup>

x

Average \$40 per  
telehealth visit<sup>(3)</sup>

= \$17B

## BEHAVIORAL HEALTH

168M Annual Visits<sup>(4)</sup>



80% of visits or ~131M visits  
treatable via telehealth<sup>(2)</sup>

x

Average \$89 per  
telehealth visit<sup>(4)</sup>

= \$12B

Total TAM  
**\$29B+**

- (1) According to a CDC report of annual ambulatory care visits in the United States per year, including those at primary care offices, ER, outpatient clinics and other settings.
- (2) Based on Teladoc's internal estimates and industry data.
- (3) Based on Teladoc estimates for average cost of a telehealth visit (does not include monthly membership fees or premium pricing for products such as dermatology).
- (4) Behavioral Health visits from Agency for Healthcare Research and Quality report including only outpatient provider offices.

# Macro Trends Align with Telehealth Adoption

Continued disruption of traditional healthcare delivery

## Connected Consumers



- **80%** of adults younger than 50 own smartphones
- **46%** of consumers considered active digital health adopters - used 3+ digital health tools (e.g., telehealth, wearables)

## Demand for Affordable, Accessible Healthcare



- **65M** people live in a *Primary Care Desert*
- **~50%** of psychiatrists do not accept insurance
- **40M** Family caregivers

## Hospitals: Value-Based Healthcare



- Bi-partisan support for ACO model and population health
- Focus on readmission avoidance
- Less emphasis on fee-for-service

Source: Market research from Rock Health, 2016; AARP, 2015; Pew Research Center, November 2016; PwC, 2016; HealthDay, October 2014; MarketWatch, March 2016; and Truven Health Analytics, April 2013.

# Attractive Value Proposition



## Our Members

17 Million +

Healthcare access on their terms:  
on-demand or scheduled

Affordable per visit fee

Convenient: 24/7, at work, home,  
or on-the-go

90%+ satisfaction & resolution



## Our Clients

7,500+

Significant, validated ROI

Expert member engagement  
included

Improved employee productivity

Flexible, integrated, scalable  
platform to meet real time needs



## Our Providers

3,100+

Meaningful, predictable income

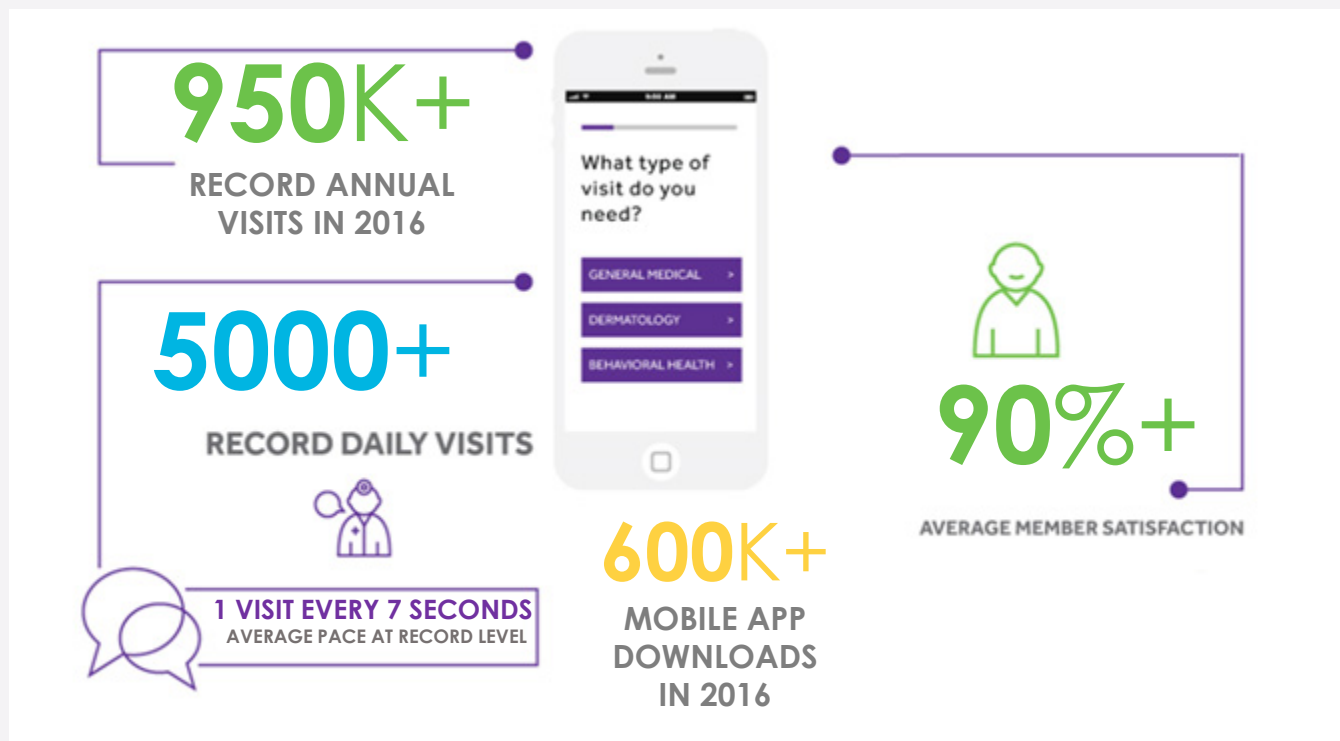
Less administration,  
great flexibility

Simple reimbursement

State of the art tools &  
diagnostic data



# 2016 Utilization Milestones



# Teladoc Growth Drivers

## Further Drive Member Utilization Rates

- Sell proven ROI of 5:1
- “Surround Sound” engagement engine
- Built-in tailwind with recently on-boarded clients ramping
- Increased access points
- Mobile/device integration

## Increase Client Value-Add Through Product Innovation

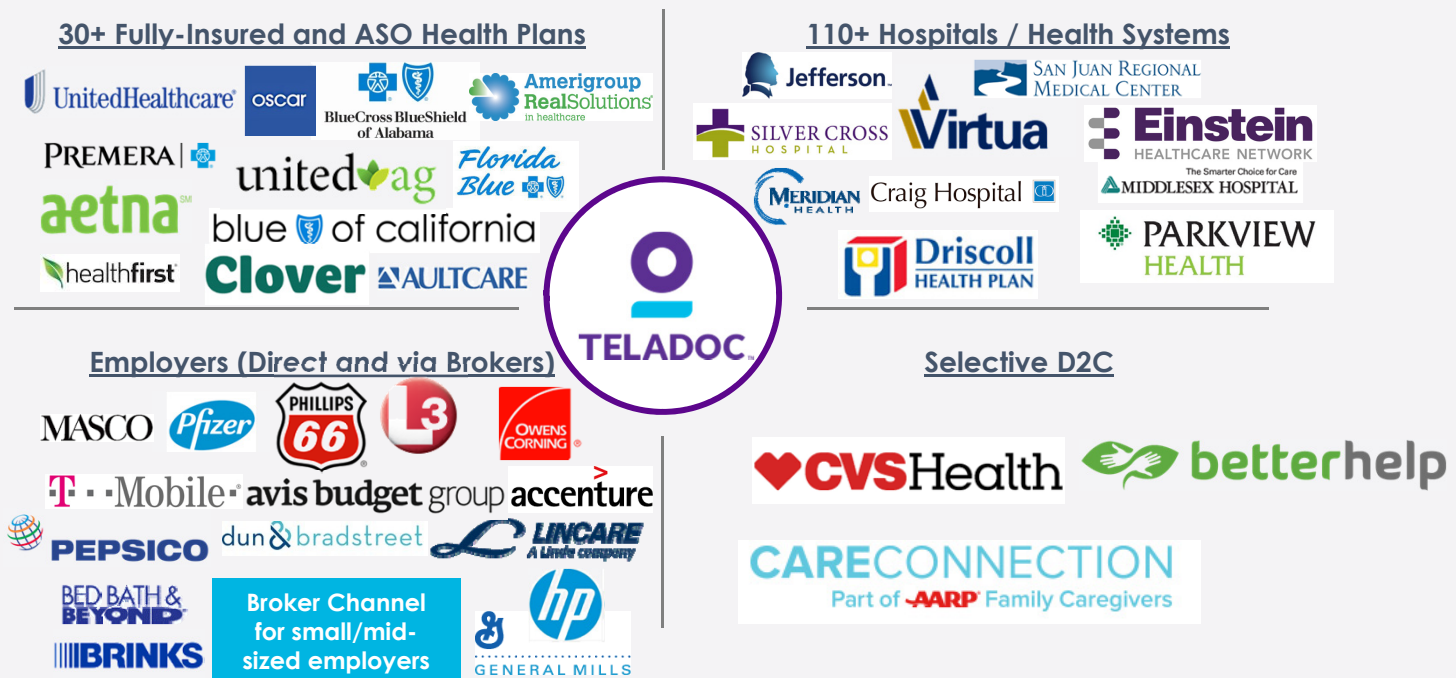
- Use case expansion – behavioral, tobacco cessation, sexual health and dermatology
- Product partnerships – lab testing, smart thermometers

## Membership Growth Including Via Underserved Client Segments

- Grow core membership base via new and existing clients
- Penetrate underserved segments:
  - Provider market
  - Small and mid-sized employers
  - Gov’t, labor, and education

# Blue-Chip Client Base and Distribution

Business model resonates with 7,500+ clients including 220+ of Fortune 1000 companies



# Strong Behavioral Health Momentum

## MARKET REALITY

### ACCESS CHALLENGES

Major provider shortages



### SOCIAL STIGMA



### EXPENSIVE CARE

~50% of mental health professionals do not accept insurance

### INCONSISTENT CARE

Only 45% of U.S. adults with a mental health condition received services in past year

## TELADOC SOLUTIONS

### LEADING DTC BRAND



- Subscription model
- Interaction with real providers
- Fastest growing app

### LEADING B2B2C BRAND



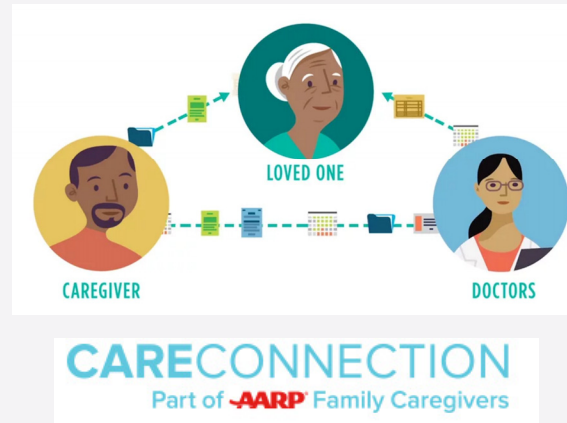
- Ramp up beginning amongst health plan & employer clients
- Pent up demand amongst health systems

Sources: JAMA Psychiatry, 2014. SAMHSA: Receipt of Services for Behavioral Health Problems: Results from the 2014 National Survey on Drug Use and Health.

# Product Innovation and Partnerships



App-Enabled  
Smart Thermometers



Connecting Caregivers,  
Patients and Physicians



ANALYTE HEALTH

Seamless Logistics for  
Lab Testing

# Our Hospital and Provider Opportunity

## Attractive value proposition to hospitals and providers



### FINANCIAL

- Teladoc platform enables better risk management in ACO model
- Improve provider-employed physician productivity
- Population health management use cases
- Post-discharge re-admission avoidance
  - Up to 50% reduction in health failure-related readmission rates<sup>(1)</sup>



### FLEXIBLE SOLUTIONS

- Full Spectrum of Services
  - Turn-key offering – with fully outsourced solutions
  - Platform-as-a-service model available with licensable software only
- Teladoc algorithm can defer first to provider-employed doctors, then switches to Teladoc pool if provider's doctors not available



### GROW MARKET SHARE

- Acquire new patients and retain via telehealth offering
- Strengthen and expand their brands into respective local markets



**Teladoc's telehealth technology platform and licensable software solution has earned the exclusive endorsement of the American Hospital Association.**

(1) Based on provider industry study by Modern Healthcare.

# Small and Midsize Business Opportunity

Acquisition in 2016 unlocks the SMB market which comprises 50% of U.S employees

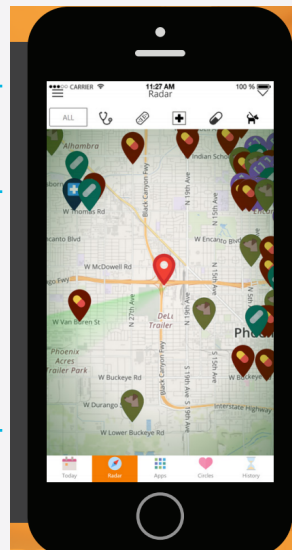
Small-to-mid sized businesses represents **fastest growing and most profitable** segment of our market

Command a premium PEPM of between **\$5 and \$10**

Most **underpenetrated** market for telemedicine

**Bundled platform** embraced by this key segment

**300K+ members** added in 2016 organically including via UnitedHealth relationship



Robust **mobile engagement platform** results in greater utilization

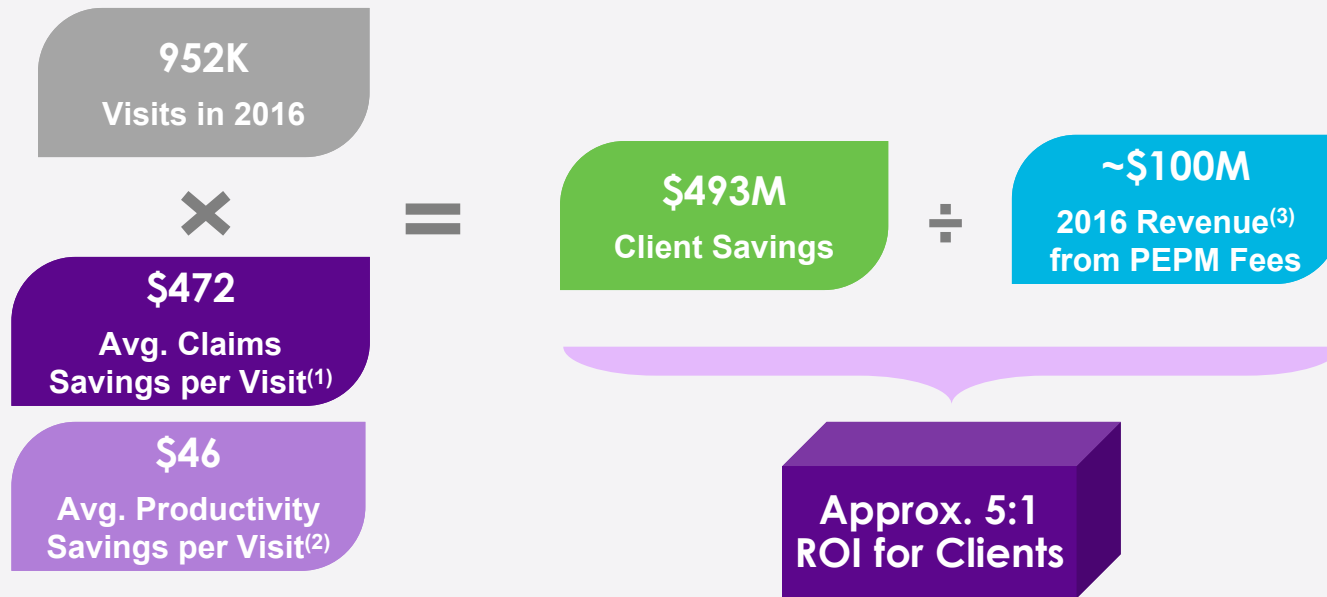
Typically target employers with **250 or fewer employees**

**Go-to-market** strategy already in-place with integrated sales force

**Established broker network** driven by simplified broker enrollment platform

# ROI-Driven Model Aligns Incentives

Proven average of 5:1 ROI for clients creating aligned incentives to grow utilization



(1) Average claims and productivity savings per visit based on an independent study by Veracity Analytics conducted over a period of 24 months.

(2) Calculated by multiplying an estimated two hours of wait and travel time to see a physician (Dorsey and Topol, "State of Telehealth," New England Journal of Medicine, March 2016) by a mean hourly wage of \$23.23 (Bureau of Labor Statistics, 2015).

(3) 2016 revenue from membership per employee per month ("PEPM") subscription fees of \$100 million, and 2016 total revenue of \$123 million represent preliminary unaudited figures.



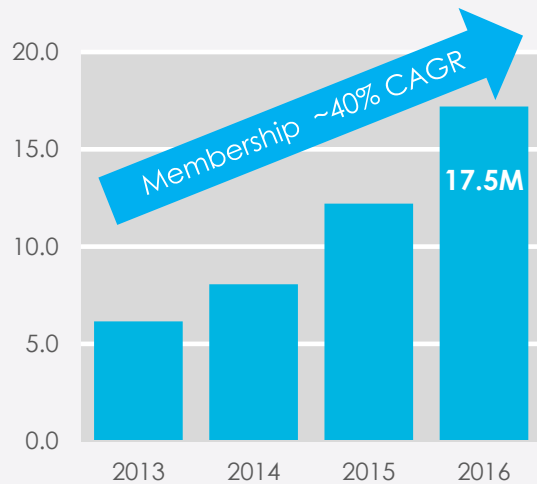
# “Surround-Sound” Member Engagement



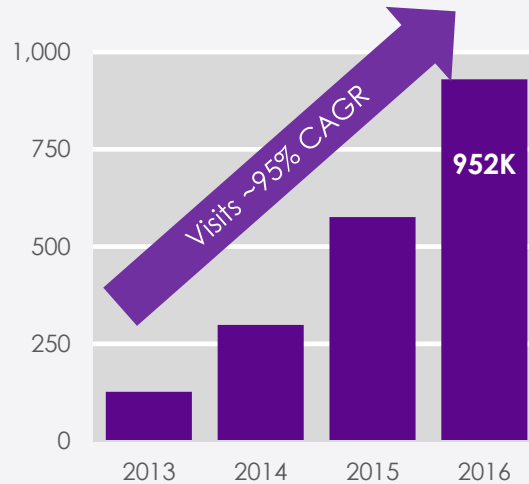
# Robust Visit and Utilization Growth

Visits growing faster than membership driven by consumer engagement efforts

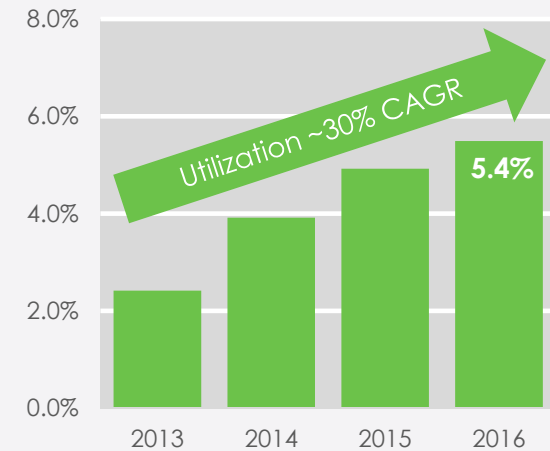
## Membership



## Visits



## Utilization

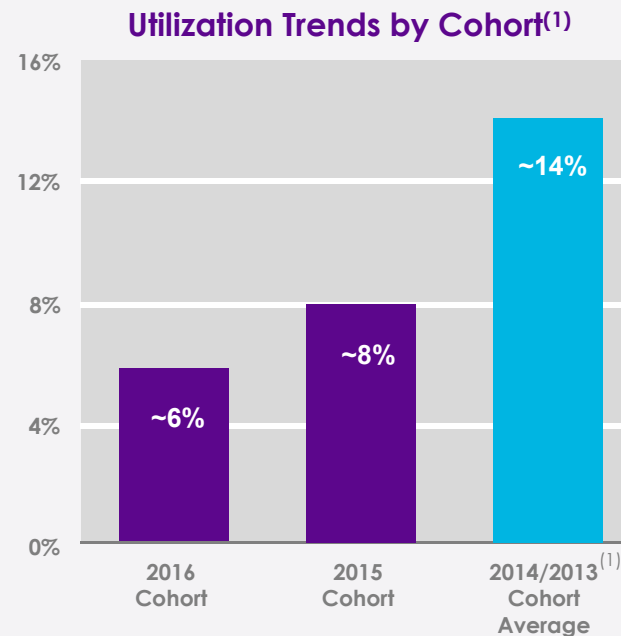


# Installed Base Utilization Tailwinds

2x+ utilization rate in 2014-2013 “cohorts” versus recently on-boarded 2016 cohort

## Embedded Utilization Ramp

- 75%+ of Members have been with Teladoc less than 3 years
- Up to 100% of Year 1 PEPM fees reinvested in member engagement
- Growing awareness results in continued adoption and growth in utilization in Year 2-3 and beyond



(1) Cohort by calendar year refers to membership base associated with clients onboarded in given calendar year. Represents clients with less than 50k covered lives with access to Teladoc.

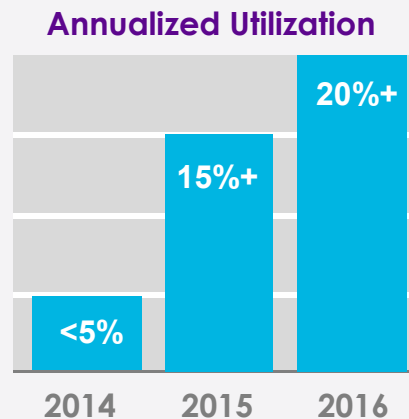
# Case Study: T-Mobile saves \$4.2M

Superior ROI-driven model and consumer engagement strategy drives meaningful savings and employee productivity for T-Mobile

**Personalized and Integrated Marketing Plan**



**Results Marked by Steady Utilization Growth**



**Generating \$4.2M of Net Savings in 2016<sup>(1)</sup>**

"We chose Teladoc to tackle the consistently rising costs of ER usage... The convenience and productivity savings, combined with the quality care and high employee satisfaction all contributed to our decision."

- T-Mobile Representative

(1) Represents estimated total average claims and productivity savings for 2016 based on Teladoc and Veracity Analytics research as outlined on page 16, multiplied by number of visits completed by client in 2016, net of membership fees ("PEPM"). Results may not be indicative of results for other Clients.

# Preliminary Unaudited 2016 Results and 2017 Financial Outlook

	2016 (Unaudited)	2017 Outlook
Revenue	~\$123 million ~60% y-o-y growth	\$180 – \$185 million ~50% y-o-y growth
Total Membership	~17.5 million ~40%+ y-o-y growth	21.5 – 23.0 million ~30% y-o-y growth
Total Visits	~952,000 Visits ~60%+ y-o-y growth	1,400,000 – 1,450,000 Visits ~50% y-o-y growth

**Goal of Adjusted EBITDA<sup>(1)</sup> Breakeven in Fourth Quarter 2017**

Note: 2016 key metrics represent preliminary unaudited figures.

(1) Adjusted EBITDA is a non-GAAP measure. Because Teladoc's calculation of these measures may differ from similar measures used by other companies, investors should be careful when comparing Teladoc's non-GAAP financial measures to those of other companies. Please refer to the Appendix to this presentation for a reconciliation of Adjusted EBITDA to net loss. For additional information regarding this non-GAAP measure, refer to our Form 10-K and Form 10-Q filings, as filed with the SEC.

# Teladoc Growth Drivers

## Further Drive Member Utilization Rates

- Sell proven ROI of 5:1
- “Surround Sound” engagement engine
- Built-in tailwind with recently on-boarded clients ramping
- Increased access points
- Mobile/device integration

## Increase Client Value-Add Through Product Innovation

- Use case expansion – behavioral, tobacco cessation, sexual health and dermatology
- Product partnerships – lab testing, smart thermometers

## Membership Growth Including Via Underserved Client Segments

- Grow core membership base via new and existing clients
- Penetrate underserved segments:
  - Provider market
  - Small and mid-sized employers
  - Gov’t, labor, and education



## Appendix

# Legal and Regulatory Update

## Regulatory Environment Continues to Improve and Be More Favorable to Telehealth

- During the last 24 months, twenty states and the federal government passed laws or rules favorable to telehealth
  - These states include Ohio, Indiana, Missouri, Iowa, Connecticut, Louisiana, Virginia, South Carolina, Tennessee, Delaware, West Virginia, New Hampshire and Alaska
- Our fight in the courts with the Texas Medical Board could be approaching a conclusion
  - The Texas Medical Board may be open to settling with us, which we've always wanted
  - We are cautiously optimistic that the Texas legislature will act during its 2017 session to permanently resolve the issue in our favor
- ECHO Act and 21<sup>st</sup> Century Cures Act, passed by both Senate and House, signal positive momentum for CMS to more broadly adopt telehealth
- ACA Exchange Plans represent <5% of Teladoc revenue so limited exposure in event of full ACA repeal by Trump administration