

The Investor



Founded in 2009, Vinci Partners is a Brazil-focused alternative investment platform specializing in asset management, wealth management and financial advisory services. Vinci Partners' Impact and Return division has raised four funds and seeks minority stakes in growth equity investments. In 2021, Vinci Partners listed on the Nasdaq Stock Market.

FUND NAME

Vinci Impact and Return IV

FUND SIZE

~USD173m

TOTAL AUM

~USD12b

The Company



Pro Infusion provides pharmaceutical compounding services to hospitals, clinics and other health care providers in the Brazilian states of São Paulo, Rio de Janeiro, Paraná and Minas Gerais. Pro Infusion's primary business line is oncological medications, but it has also added parenteral nutrition and ophthalmology services. In 2022, Pro Infusion was acquired by Viveo, a Brazil-based manufacturer and distributor of health care materials and medicines.

LOCATION

Brazil

SECTOR

Health Care

WEBSITE

www.proinfusionpharma.com.br

DATE(S) OF INVESTMENT

NOV '20

AMOUNT

CONFIDENTIAL

STAKE

MINORITY



Founded in São Paulo, Pro Infusion began operations in 1989 to help hospitals and clinics customize drugs to treat cancer patients. The company purchases medicines from large pharmaceutical companies—such as Novartis, Roche and Pfizer—and manipulates them to meet the specific needs of individuals. Pro Infusion's operations are certified by the Brazilian Health Regulatory Agency (ANVISA) and Brazil's National Accreditation Organization (ONA), providing quality assurance to its clients.

In 2019, Pro Infusion's CEO Gilberto Schapira was introduced to alternative investment manager Vinci Partners. Schapira had recently been in discussions with a few strategic buyers but discovered that his company wasn't quite ready to take this step. Pro Infusion still had room to grow and needed stronger financial controls and governance structures.

Vinci Partners was impressed by Pro Infusions' management team, which had been running the business for over 20 years and delivering a consistent compound annual growth rate of 26% over the prior five years. It is also believed that demographic trends, including an aging population and increasing rates of cancer diagnoses, would support ongoing demand for the company's services. Vinci Partners invested in Pro Infusion for a significant minority stake in November 2020 and subsequently exited its position in September 2022, following the company's sale to Brazilian health care specialist Viveo.

The Deal

Post investment, Vinci Partners' priority was to help Pro Infusion expand both organically and inorganically while putting in place proper financial, governance and ESG processes. It was not seeking to change the company's day-to-day operations, believing that Pro Infusion's management team had already developed a proven business model.

The Vinci Partners team saw three key areas for growth: (1) expanding beyond São Paulo, (2) augmenting the product portfolio beyond oncology and (3) diversifying Pro Infusion's client base while servicing more profitable customers. To meet these goals, Vinci Partners assisted Pro Infusion in acquiring five facilities in 2021 and 2022. Some of the acquisitions, including Solus in the city of Curitiba and Seven in Ribeirão Preto, were designed to facilitate Pro Infusion's entry into new geographies. Other transactions, such as the purchase of Hosppharma, which focuses on nutrition, were to accelerate the company's growth in new services.

Vinci Partners supported these M&A activities by leading the analysis and due diligence processes, facilitating negotiations and supporting the execution of an integration plan for the businesses post-acquisition. No external advisors were hired. The Vinci team estimates that the multiple expansion of these acquisitions was approximately 1.5 times.

Through expansion and acquisitions, Pro Infusion was able to open new branches in Rio de Janeiro, Paraná, Minas Gerais and São Paulo's countryside. Although oncology has remained the company's primary product—with 38,000 oncology bags delivered per month as of September 2022—its share of company revenues is declining. By the end of 2022, oncology represented 85% of the business versus 91% in 2020. Client concentration has also improved with Pro Infusion's largest client accounting for a decreasing percentage of all sales, moving to 34% from 46% over the same period.

Pro Infusion grew significantly during Vinci Partners' holding period. Between 2020 and 2022, Pro Infusion's revenues rose from BRL220 million (~USD43 million) to BRL440 million (~USD85 million) and EBITDA increased from BRL18 million (~USD3 million) to BRL47 million (~USD8 million). At the same time, the number of Pro Infusion's monthly patients rose from 4,000 to 7,600, while treatments conducted increased from 20,000 to 38,000.

"The partnership with Vinci Partners has brought knowledge, governance and greater social responsibility to Pro Infusion. We were happy to be able to provide a growing number of quality treatments for an underserved population, improve efficiency in the supply chain and reduce losses, all while building a successful business together."

—Gilberto Shapira, CEO and Founder of Pro Infusion

Inclusive & Sustainable Growth

Pro Infusion is making a significant impact in Brazil by providing treatments for the country's underserved population. Pro Infusion has partnered with several oncology units in small cities and non-profit hospitals under Brazil's publicly funded health care system, Public



Unified Health System (SUS), such as Santa Casa de São Gabriel. Approximately 12% of Pro Infusion's patients are treated through the philanthropic health sector or public system, which is free for any patient in need. The company is actively seeking to grow its partnerships with additional philanthropic and public facilities.

The company is also providing a benefit to Brazil's private health care sector by reducing waste and minimizing inefficiencies in the health care supply chain. Because Pro Infusion customizes medicine for individual patients, health care systems can reduce their costs, on average, by 20% to 30%.

Internally, Pro Infusion is striving to improve the working environment for its employees as its headcount grew from 101 to 149 between 2020 and 2022. Most notably, the company has raised wages for all staff by 10% annually. Through several ESG initiatives that Vinci Partners helped Pro Infusion put in place, the company now has a code of ethics, a Health, Safety and Environment Policy and reporting channels for employees. The Vinci Partners team has additionally played a role in increasing the number of women being hired. At the time of Vinci Partners' exit, 52% of the company's staff were female, compared to 38% in 2020.

Outlook

Twenty months after Vinci Partners' investment, Viveo—a Brazil-based health care manufacturer and distributor of disposable materials and medicines—made an offer to acquire 100% of Pro Infusion. The deal, finalized in September 2022, netted an IRR of 84.3% in U.S.-dollar terms for Vinci Partners.

Reflecting on the acquisition, Vinci Partners Principal Cezar Aragão notes, "Strategic buyers had previously looked at Pro Infusion before we came on board as they had an interest in entering the compounding services business. However, Pro Infusion's tax structure, as well as its limited geography and product offering, hindered its ability to negotiate. We are proud that we were able to support the company in organizing its house, doubling revenues over a short period of time and ultimately receiving an attractive offer." •