

The Investor



Linzor Capital Partners is a private equity firm investing in middle-market businesses with high growth potential in Latin America. Headquartered in Chile, the firm has additional offices in Mexico and Colombia, with 21 investment professionals based across the region. Since its founding in 2006, Linzor has invested nearly USD1.2b across 25 deals.

FUND NAME

Linzor Capital Partners III

FUND SIZE

USD621m

TOTAL AUM

USD763m (including co-investments)

The Company



Sies Salud is a Colombian healthcare provider specializing in treating chronic diseases, such as HIV, chronic kidney disease and autoimmune disorders, through a comprehensive care model. Through its HIV flagship program, Sies Salud treats an average of 21,000 patients monthly. In addition to chronic care, Sies Salud provides primary, preventive and palliative care. The company currently has 24 outpatient healthcare centers across major and secondary cities in Colombia.

LOCATION

Colombia

SECTOR

Healthcare

WEBSITE

www.siesalud.com

DATE(S) OF INVESTMENT

DEC '20

AMOUNT

CONFIDENTIAL

STAKE

MAJORITY



Sies Salud was founded in 2006 to provide outpatient care to HIV patients in second-tier cities in Colombia, where national infection rates are the fourth highest in Latin America. Although the 1991 Constitution guarantees universal health insurance, many private healthcare providers offer services through the contributory scheme – a type of employment-based mandatory insurance – and not through government-subsidized plans. As a result, low-income Colombians often lack access to high-quality providers, especially in specialty treatment areas. Smaller cities, where contributory scheme coverage rates are low, are particularly underserved. At the same time, rising HIV detection rates and improved life expectancy doubled the number of HIV+ patients from 2014 to 2020, driving increased demand for quality treatment options.

By 2020, Sies Salud had built a portfolio of 18 outpatient treatment centers and a client base of seven of the country's largest private insurers, including two that serve a large share of patients under subsidized plans. The company had also begun expanding into other treatment areas, such as chronic kidney disease (CKD) and Hepatitis C. An investor in the Latin American healthcare sector since 2008, Linzor Capital Partners was impressed with Sies Salud's ability to manage end-to-end treatment of high-cost patients while delivering above-average health results.

The Deal

Since acquiring a majority stake in Sies Salud in December 2020, Linzor has pursued aggressive growth plans for the company, opening six new locations and bringing the total number of clinics to 24. The investor has also fueled inorganic growth by evaluating 15 potential acquisition targets to date, resulting in several bolt-on deals currently under due diligence.

Linzor helped launch an autoimmune disorder service and significantly expand the CKD unit. These divisions have continued to grow, with the average number of monthly autoimmune and CKD patients increasing 351% and 73%, respectively, from 2021 to 2022. Since Linzor's investment, the proportion of revenue from services outside of Sies Salud's core HIV offering has increased from 17% to 20% and is expected to reach 30% in the next five years.

Since Linzor acquired Sies Salud, the number of patients served monthly has increased by 70% from 61,000 to 104,000. New locations have been opened in Norte de Santander, Huila, Magdalena, Bolívar and Bogotá.

Telemedicine and homecare capabilities have further expanded the company's reach into underserved, remote areas. In 2021, when political protests and continued COVID-19 restrictions impeded travel for patients and employees, Sies Salud built out telemedicine and homecare units to ensure continuity of care for patients. That year, 85% of HIV and 66% of CKD appointments were performed remotely. Sies Salud has trained 95% of its medical professionals to use telemedicine tools, and approximately 60% of its patients have received remote care.

Inclusive & Sustainable Growth

The company's expansion has had a marked impact on the quality of life of HIV+ people, with mortality rates amongst Sies Salud's HIV patients at only 0.9%, compared to the 16% industry benchmark. Since Linzor's investment, the HIV undetectability rate, referring to the percentage of HIV patients with viral loads below detectible rates after 48 weeks of treatment, has remained at 85%, above the 80% national average.

Sies Salud has kept its use of biologic drug treatments, which weaken the immune system, to only 19% amongst its autoimmune patients, reducing patient vulnerability to other infections. The company has also created superior end-of-life treatment, with 92% of its palliative care patients under pain control regimens, compared to the 60% national average, and 93% of deaths occurring at the patient's home, versus 60% nationally.

Since Linzor's acquisition, Sies Salud has created over 560 jobs. The investor has helped implement a management compensation system tied to budget and ESG targets. A newly established employee experience department provides workers with emotional support programs, time off, financial assistance and leadership training.

In addition to establishing an independent board of directors and risk and ESG committees, Linzor has strengthened the company's senior leadership team, including through key women hires. Under Linzor's leadership, the company published a non-discrimination



policy and conducted an LGBTQIA+ survey to improve the inclusion of employees from underrepresented groups at the company.

In 2022, the company partnered with foundations Mamita SANTA MARÍA and Mujer y Vida to execute social action projects, including mental healthcare training, income-generating projects and food security programs serving women in the low-income La Guajira and Chocó regions. The initiative is expected to serve over 380 women by the end of 2022.

Outcome/Outlook

Linzor and Sies Salud are actively seeking acquisition opportunities to continue growing the platform across small cities in Colombia, as well as rolling out additional telemedicine, homecare and mobile medical vehicle treatment options to treat patients in remote and underserved areas. The company is also focused on expanding its care model into a wider array of chronic disease treatments, including launching psoriasis and diabetes divisions. ●