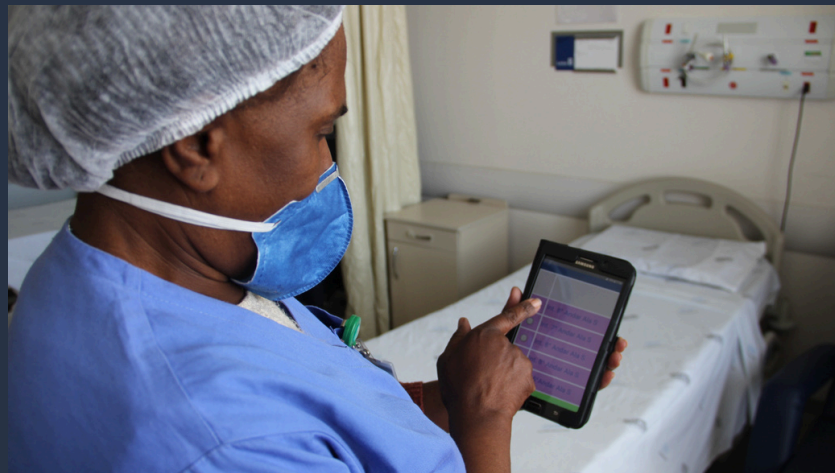


IG4 Capital | Opy Health



Date of Investment

February 2020

Transaction Size

Undisclosed

Participation Stake

100%

In 2020, IG4 Capital established Opy Health as a hospital management company focused on increasing the efficiency and quality of non-clinical services. Opy manages public hospital concessions under public-private partnership (PPP) agreements, in addition to a partnership with the Sociedade Beneficente Albert Einstein in the operation of two hospitals in Goiás. Through improvements to infrastructure and general services, the company has increased average hospital occupancy from 56% to over 80% across concessions. In 2023, Opy Health's hospitals served over 150,000 patients with an overall patient satisfaction rate of 94%.

Investor Profile



IG4 CAPITAL

FUND NAME

IG4 Capital PE fund II

FUND SIZE

USD249m

TOTAL AUM

USD1.6b

Company Profile



COMPANY NAME

Opy Health

INDUSTRY

Healthcare

LOCATION

Brazil

IG4 Capital was founded in 2016 and focused on private capital solutions in emerging markets. IG4 has an investment and operational team comprising of over 50 professionals with offices in São Paulo, Santiago, Lima, London, Madrid and Washington D.C. Through the engagement with the broader financial markets, IG4 strives to turnaround businesses, innovate and promote a more sustainable form of capitalism.

Opy Health is a Brazilian hospital management platform focused on optimizing infrastructure assets and improving non-clinical services within the Brazilian health sector. The company offers hospital management administrative and operational support services, operating in areas such as real estate assets, cleaning, food, front desk, security, clinical engineering, technology and internal logistics.

The Opportunity

Brazil has a universal health insurance system (Sistema Único de Saúde - SUS), which nearly 75% of the country relies on exclusively for their medical needs. However, public medical institutions are often underfunded due to government budget shortfalls, limiting many Brazilians access to timely and quality healthcare services. According to OECD data, Brazilians who depend entirely on the public system average around two doctor consultations per year, while those with private insurance have roughly six consultations per year.

To expand care and improve accessibility, the Brazilian government has increasingly embraced public-private partnership (PPP) agreements, which allow private companies to be contracted by the government for improved management of public hospitals. In these PPP structures, private firms often handle the construction and operational management of the hospitals, while local governments are responsible for providing medical services. One advantage of this approach is cost efficiency, as the cost per bed at public hospitals with a PPP structure is approximately 25% lower compared to fully public facilities, creating the opportunity to reduce public spending and translate savings toward providing improved medical services to a greater number of patients.

In 2018, IG4 Capital identified an opportunity to enter the Brazilian healthcare sector, noting the sector's management inefficiency gaps, leading to the creation of a healthcare investment arm to acquire public hospital concessions and partner with private healthcare groups for the provision of non-clinical services.

Execution

Opy Health began its activities in early 2020 through the acquisition of the concessionaires responsible for the management of the Delphina Rinaldi Abdel Aziz Hospital in Manaus (Amazonas) and the Dr. Célio de Castro Metropolitan Hospital in Belo Horizonte (Minas Gerais). Both hospitals operate exclusively through SUS and have initial 20-year terms, with the possibility of extending them for an additional 15 years. As a controlling shareholder, Opy took on responsibility for administrative and operational support functions. This includes cleaning, food services, reception, security, internal logistics and employee management.

In 2022, Opy Health secured a partnership with Sociedade Beneficente Israelita Albert Einstein for the management of the Aparecida de Goiânia Municipal Hospital, Goiás state.



In 2024, this partnership was expanded to include the management of another hospital, Goiás Emergency Hospital. Under this agreement, Opy Health is responsible for all non-clinical services, while Albert Einstein focuses on providing medical care. Within the first year of this partnership, the hospital conducted over 4,600 surgeries, 65,000 patient consultations and 400,000 examinations. Opy Health also launched an operational control center that integrates essential and emergency services to improve preventive action, logistical efficiency and process performance.

Internally, IG4 reduced the average cost of non-clinical services by renegotiating contracts with over 30 service providers and by improving the capital structure for each concession. These cost-saving measures made it possible for the hospitals to allocate more resources to the overall quality of care. In 2023, Opy Health's hospitals achieved a patient satisfaction rate (NPS) of 94%, the second-highest score in the Brazilian healthcare sector. As an indicator of improved patient experience, average hospital occupancy rose from 56% to 80% within the first year of Opy's management.

IG4 Fund II's stake in Opy Health was transferred to a continuation fund structured by the Capital Solutions area of BTG Pactual in August 2023. Through this new fund, IG4 provided liquidity to the investors of its second fund, while ensuring management continuity and allowing for additional resources to be committed in the future. In August 2024, Opy Health secured a BRL2.3b, 30-year concession to build and operate a new hospital and maternity ward in the city of Palmas (Tocantins). Additionally, Opy Health plans to participate in at least two upcoming auctions in Porto Alegre and Santa Catarina, expected to occur in early 2025.

Social Impact

Opy Health manages 1,400 beds across its concessions, serving 150,000 patients annually, most of whom receive care through the SUS system. The company operates public hospitals in underserved areas, including Hospital Delphina Aziz in Manaus, the largest city in the state of Amazonas.

In addition to its hospital operations, the company has established several philanthropic initiatives to enhance its social impact. The Instituto Opy de Saúde focuses on early childhood health and prevention of chronic non-communicable diseases. The institute partnered with the Nutritional Recovery and Education Center (CREN) to create and distribute educational tools for children's nutrition. Other initiatives include supporting a national call for projects to tackle chronic noncommunicable diseases and collaborating with Impulso Gov to develop a digital platform for municipalities to monitor key primary care indicators.

Opy Health also runs Escolinha Opy, which offers primary education to employees in Manaus who previously lacked access to schooling. The company also requires subcontractors to commit at least 30% of employment towards local hires and maintains a standard wage above the minimum wage set by the federal government. Additionally, the company constructed a local bus stop at the Manaus Hospital for increased patient accessibility and safety. These efforts contributed to Opy receiving a B Corp certification in 2022 with a score of 123, the highest in its sector within the region.

