

Flexstone Increases Investment in Vaccine Logistics

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Flexstone Partners has increased its investment in AeroSafe, the US company which is playing a key role in the distribution of temperature sensitive drugs, including COVID-19 vaccines, around the world.

The co-investment specialist, an affiliate of Natixis Investment Managers, participated in a \$47.5m funding round for AeroSafe, which enables temperature-sensitive pharmaceuticals to be transported safely.

The injection of capital will enable fast-growing AeroSafe to expand its *“cold chain”* logistics services. Nitin Gupta, Managing Partner at Flexstone, says: *“Cold chain is the future of pharmaceuticals and is the reason that Aerosafe has grown exponentially since we made our first investment in the company back in 2015.”*

It is estimated that 80% of drugs coming to market are temperature-sensitive. The biopharma sector now spends around \$17bn dollars a year on cold chain logistics. Of this, \$5.6bn is on packaging, the area in which AeroSafe specialises. The rest is spent on transportation.

AeroSafe’s innovative packaging technology allows drugs to be transported long distances while keeping them at a constant temperature. Each package is fitted with data trackers to ensure there are no variations in temperature during its journey.

"The distribution chain is often very long with various carriers handling the packages in many different environments," says Gupta. "So the ability to track the packages and the temperature at all given points in time is critical to maintain efficacy of the drugs."

AeroSafe's packaging and re-use business model also substantially reduces its customers' greenhouse gas (GHG) emissions. After its use by the end-user – often a healthcare facility or provider – each package is returned to AeroSafe, which reconditions it and deploys it in the next distribution supply chain. *"AeroSafe is essentially renting its boxes out to customers," says Gupta. "This re-use loop is good for the environment and helpful for the ESG-compliance efforts of its customers."*

Flexstone, a co-investment specialist, first invested in the preferred shares in AeroSafe in 2015 and has participated in further rounds since. The latest round is the largest so far and will help AeroSafe ramp up its production and play a leading role in the global distribution of temperature sensitive drugs, including vaccines to combat COVID-19.

This is a vital service given that many of the vaccines need to be stored and transported at very low temperatures. The Pfizer/BioNTech vaccine, for instance, must be stored at -70C in order to retain its full efficacy. Moderna has said that its vaccine formula can remain stable at 2-8C for up to 30 days.

The investment fits with Flexstone's guiding philosophy of co-investing only when a deal is within the *"sweet spot"* of the lead investor. That is, where the lead investor has a specific proven skillset to help grow the business and mitigate downside risk.

In this case, the lead investors in AeroSafe have specific expertise in growth stage companies and those within the healthcare sector.

"We are very excited about the growth potential of Aerosafe. It has grown rapidly this year despite the challenges posed by the pandemic. We expect even stronger growth next year as demand for its services to ramps up."

Based in New York state, AeroSafe largely focused on the US market until recently. Funding rounds have enabled it to expand its services to Europe and Asia through a network of partner relationships.

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Flexstone manages primary and secondary investments as well as co-investments. Flexstone's expertise is distinguished by a high flexibility in building customized portfolios that are tailored to the unique needs and constraints of each investor whether institutional or private individual. Flexstone offers a large range of services, from advising on private assets portfolio construction to the management of fully discretionary separate accounts and funds of funds.

Flexstone, with more than 40 professionals, manages or advises \$8.1 billion. It is a majority owned subsidiary of Natixis Investment Managers, one of the largest investment*

managers worldwide.

Further information: www.flexstonepartners.com

* Source: Flexstone Partners at 08/31/2020. Assets under management and advisory made up of commitments for closed-end private placement funds, and sum of Net Asset Value and unfunded commitments otherwise.

Flexstone Partners

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