Flexstone Increases Investment in Vaccine Logistics

January 19, 2021   Flexstone Partners

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 “sweetspot” 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.

**For further reading:**

- Flexstone Partners completes 100th co-investment
- Flexstone Invests in Two Deals in US and Europe
- Flexstone Partners wins USD100m private equity mandate with Hostplus
- Flexstone Expands Portfolio with Stakes in Power Services and Biotech
- Private Equity Investing During Crisis Markets
- How Well Will the Private Equity Markets Withstand the Crisis?
- Flexible Access to Private Equity
- Mid-Market Private Equity: 2.0
- Flexstone’s Co-Investment Framework
- Flexstone Partners Sweet Spot Proprietary Framework
- How to Hit the Buyout Sweet Spot?

**About Flexstone Partners (“Flexstone”)**

*Flexstone is a leading investment solutions provider in private assets with a global reach and local footprints in New York, Paris, Geneva, and Singapore. It specializes in the selection of private equity, private debt, real estate, and infrastructure fund managers for investment by Flexstone’s clients.*

*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**

An affiliate of Natixis Investment Managers

**Flexstone Partners, SAS – Paris**

Investment management company regulated by the Autorité des Marchés Financiers. It is a simplified stock corporation under French law with a share capital of 1,000,000 euros Under n° GP-07000028 – Trade register n°494 738 750 (RCS Paris)

5/7, rue Monttessuy,
75007 Paris

www.flexstonepartners.com

**Flexstone Partners, SàRL – Geneva**

Independent (unregulated) asset manager, under Swiss Federal Act on Collective Investment Schemes ("CISA"), supervised by Commission de haute surveillance de la prévoyance professionnelle ("CHS PP" and regulated by the Swiss Financial Market Supervisory Authority ("FINMA") under Anti Money Laundering requirements. It is a limited liability company with a share capital of 750 000 CHF.

Trade register n° CH-660-0180005-1
8 chemin de Blandonnet
Vernier 1214 Geneva
Switzerland

**Flexstone Partners, LLC - New York**

Delaware corporation, registered with the United States Securities and Exchange Commission as an investment adviser

28th floor of 745 Fifth Avenue, New York, NY 10151.

**Flexstone Partners, PTE Ltd - Singapore**

61 Robinson Road, #08-01A Robinson Centre
Singapore 068893
This communication is for information only and is intended for investment service providers or other Professional Clients. The analyses and opinions referenced herein represent the subjective views of the author as referenced unless stated otherwise and are subject to change. There can be no assurance that developments will transpire as may be forecasted in this material.