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**PROPRIETARY**

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## Grupo Opty seeks new buys to grow eye care clinic chain in Brazil and expand to other Latin American countries - CEO

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Grupo Opty, Brazil's leading eye care clinic chain, is looking to make acquisitions to expand its domestic footprint and venture into other Latin American countries, CEO Amaury Guerrero said.

Backed by local private equity firm Patria Investimentos, Sao Paulo-based Grupo Opty is in talks with several local targets and could announce a few deals throughout the year, Guerrero said.

The company plans to use acquisitions as a means to expand its presence to cities like Recife and Vitoria, and strengthen its footprint in states like Sao Paulo and Rio de Janeiro, in 1H20, the CEO said.

Its roll-up strategy also includes venturing into Curitiba and Belo Horizonte, as well as other cities in Brazil's Northeastern, Mid-Western and Southern Regions in 2H20, he added.

In parallel, Grupo Opty has carried out negotiations with a few potential targets in Chile, Colombia, Mexico, and Peru as part of its strategy to become a regional player, Guerrero said. It is currently in advanced talks with an undisclosed peer in Colombia, where it expects to close its first foreign buy in 2H20, he pointed.

Grupo Opty is made up of 20 eye care clinic brands, which together operate 40 clinics and hospitals in the states of Alagoas, Bahia, Rio de Janeiro, Santa Catarina, and Sao Paulo, as well as federal capital Brasilia. It plans to add about 20 new units by the end of the year, the CEO said.

The company also wants to strengthen its low-cost eye care services unit in Brazil along 2020. The initiative, which gained traction last year, targets mostly the population that lacks health insurance and are dependent on the country's public health system, Guerrero said.

Grupo Opty launched its first and only low-cost eye care clinic in August in Sobradinho, a city in the Metropolitan Region of Brasilia, and plans to open four or five new units by year-end. It also wants to expand the offering of such services in its other eye care clinics and hospitals, the CEO noted.

According to the National Regulatory Agency for Private Health Insurance and Plans (ANS), only 47 million out of 209 million Brazilians have access to health insurance.

The company, which has a staff of 600 ophthalmologists and more than 1,800 employees, bets on a management model that centralizes back office functions in an integrated solutions center, providing its clinics and hospitals with greater bargaining power, scalability and access to high-cost technologies. Founders of the acquired targets, for their part, benefit from having more time to focus on the practice of medicine rather than administrative duties, Guerrero noted.

Grupo Opty, which keeps its revenue figures private, performs about 2.5 million ophthalmic procedures per year and has a base of more than 5 million active and inactive patients, the CEO said.

The company considers pursuing an IPO or eventually partnering with a foreign strategic investor but has not set a timeframe to actively start seeking an exit strategy for its financial backer, Guerrero said. Patria and a pool of ophthalmologists launched Grupo Opty, formerly known as HOBrasil, in April 2016.

Brazil's eye care clinic market has already drawn the attention of foreign companies. In September, the local unit of Minnesota-based provider of health care plans and services UnitedHealth Group [NYSE:UNH] acquired Eye Clinic, which owns a network of 15 eye care clinics in the city of Sao Paulo, for an undisclosed sum.

Three years earlier, in September 2016, UnitedHealth Group bought Brazilian eye care clinics chains Lotten-Eyes Oftalmologia Clinica e Cirurgica, Centro Medico de Oftalmologia, and Clinica Oftalmologica Danilo De Castro Sociedade Simples from private investor Claudio Lottenberg for an estimated consideration of BRL 200m (USD 61.2m at the time), according to *Mergermarket* data.

Prior to joining Grupo Opty, Guerrero served as President of Alcon [NYSE:ALC], the global eyecare products maker that last April was spun off from Novartis [NYSE:NVS], in Chile, Mexico and Brazil.

by Thiago Barrozo in Sao Paulo

Grade: Confirmed

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