

## Ambienta – environmental assets

Ambienta is the new kid on the block in the environmental business, although it has been founded by a team which has many years of experience in the sector.

They have launched a private equity fund to invest in this rapidly growing sector, which is being driven mainly by the growth in consumption in the emerging economies.

It started with lunch at a corner table at Boecc on 2 April 2007. In just 18 months Ambienta SGR, a fund management company, has been set up and Ambienta I, its first fund, is not only in business but has also made two investments. Ambienta I is a private equity fund, founded by Rolando Polli and Nino Tronchetti Provera, who were present at the lunch in Boecc, which is investing in the environmental sphere. Ambienta has since been joined by two other partners, Guido Rivolta and Mauro Roversi as well as seven other colleagues. It has already raised Euro 150 million and is on track to arrive at its target of Euro 250 million by the middle of next year. Investors in the fund include Intesa San Paolo and many of the top industrial families and financial institutions in Italy.

So what makes the environment such an interesting area to invest in? Until a few years ago the main consumers in the world of energy, goods and services were in Western Europe, North America and Japan. Over the last few years these consumers have been joined by millions more from the emerging economies of China, India, Brazil and others. As these and other

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similar countries have grown wealthier, ever increasing numbers of their citizens have more money to spend on goods and services. This has put enormous stress on the sources of energy and other natural resources

throughout the world, as evidenced by the increase in the price of oil and other commodities over the last few years. The increase in energy consumption has been accompanied by an increase in the output of greenhouse gases and pollution. The increase in energy costs, together with concerns about climate change, have opened up a wide assortment of investment opportunities in renewable



• Mountain Gamsberg

energy production, energy efficiency and pollution reduction.

For example countries such as India import substantially all of their oil needs. The country has a double benefit from adding ethanol produced locally from sugar cane to its petrol: it improves its balance of payments and it produces employment and wealth domestically.

As far as Ambienta is concerned, investing in environmental businesses means investing in any company that produces a good or service that is beneficial for the environment. It has made two investments to date, both of them in Italy. It has a minority stake in ICQ, a Rome based company, which has been very successful in the development of wind farms, biogas and hydro-electric plants for many years. With the funds that Am-

bienta has invested in the company, it will not only continue to develop renewable energy plants but it will also retain them and manage them thus creating a long-term sustainable business. Ambienta has also acquired the majority of Italiana Pellets, which is building a plant near Milan to produce wood pellets, which are small cylinders of compressed finely chopped wood that offer a lower cost and carbon dioxide neutral alternative to gas and heating oil for domestic heating and hot water.

The team at Ambienta is passionate about the environment and has many years of experience in the sector. Nino Tronchetti Provera wrote a thesis on the environment in 1991 and was a founder member of the Kyoto Club in Italy. Together with Guido Rivolta, he launched Gecam, a diesel-in-water emulsion, on the market in 1998. Rolando Polli, after many years in McKinsey, was a co-founder and chairman of Atmos, an early renewable energy investment club. The team has a strong industrial background which, combined with the private equity experience of Mauro Roversi, means that they are also in an excellent position not only to select investments but also to assist the companies with their growth strategies.

The world has changed a lot since the lunch at Boecc, in particular the financial world and more recently "main street". The drivers of the environmental business have not changed though. The emerging nations and their consumers will continue to get wealthier and to stress energy resources. What have changed are the valuations of the businesses that Ambienta is looking to invest in. Ambienta has cash to invest and now looks like a good time to use it.