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Ambienta plans to triple its London team

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By Joice Alves

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Private equity firm Ambienta SGR plans to more than triple its London-based team in the coming months as the sustainability-focused investor seeks opportunities in the UK market despite the political uncertainty caused by the UK's approaching deadline to leave the European Union.

Milan-based Ambienta plans to expand its UK team to six or seven investment professionals from two currently and will name two new senior executives in the coming weeks, said Nino Tronchetti Provera, founder and managing partner of the firm.

"We are growing in the UK and have significantly expanded our office in London to help facilitate this growth," he said.

The firm's decision to expand its London office comes as many financial institutions continue to open offices elsewhere in Europe and some are relocating employees from London as the deadline for Brexit approaches.

“We are thematic-oriented. If companies that have a sustainable edge and meet our investment criteria are in the UK, we will invest in them, regardless of geography,” said Tronchetti Provera, a former McKinsey consultant. “We bought a company in the UK shortly after the Brexit referendum,” he added.

Founded in 2017, Ambienta employs 30 people across Europe, according to a statement. The London expansion follows the hire of three investment professionals in Düsseldorf last month.

Ambienta targets businesses that are either able to reduce pollution or offer services and technologies addressing a more efficient use of natural resources, Tronchetti Provera said. For instance, Oskar Nolte, a portfolio company sold last year, makes water-based wood coatings and lacquers used by furniture manufacturers, which avoid the use of toxic solvents. Ambienta made 3.5 times its initial invested capital with the exit.

Private equity firms have made efforts in recent years to adopt higher environmental, social and governance standards, as institutional investors such as pension funds and insurance companies increasingly weigh those factors as they make their investment decisions. Eighty five percent of limited partners consider ESG factors during their due-diligence process, according to London-based information and analytics company IHS Markit.

But one of the biggest mistakes made by private equity firms in the sustainability and environmental space is to focus only on energy or climate change, Tronchetti Provera said. “The way we approach investing is very simple: Human beings are simply consuming too many resources and creating too much pollution,” he added, identifying that as a business opportunity.

The strategy is attracting investors, which flocked to back Ambienta’s latest fund. The firm raised €635m for its largest fund in May, nearly double the size of its 2014 predecessor.

Ambienta’s portfolio of companies grew organically by 13% in revenue and 16% in earnings before interest, taxes, depreciation and amortisation last year, he said. Overall, Ambienta’s three funds delivered net returns well above 20% to their investors, according to the firm.

“While most of sustainability-focused funds are losing money, we are making money,” Tronchetti Provera said.