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## Argos Wityu gears up to deploy first climate fund across European SMEs with decarbonisation potential – senior partner

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- Sees interest from European LPs, including family offices
- Expects to reach EUR 300m target in 2024
- Aims for annual 7.5% emissions reduction per portfolio company

Pan-European private equity firm **Argos Wityu** is expecting to begin deploying capital from its first buyout fund dedicated to decarbonising European SMEs in the coming months, senior partner Jack Azoulay told this news service.

Following the first close of *Argos Climate Action* – an Article 9 buyout vehicle under the EU Sustainable Finance Disclosure Regulation – on EUR 120m, the firm is expecting to reach its EUR 300m target in 2024 and is seeing strong interest from LPs, said Azoulay. Several thousands of investors are currently considering committing to the firm’s new environmental transition strategy and are either reviewing materials or in the due diligence stage, he said.

Historically, the firm’s investor base has been diverse, with commitments from the US, Europe and Asia. The LPs base of the *Climate Action* fund is exclusively European so far, including large public institutions, private banks and insurers. It has also received commitments from family offices from France and Italy, as well as across the countries where Argos is present, namely The Netherlands, Belgium, Germany and Switzerland.

“It’s still early days,” said Azoulay, noting that the team has been in the market fundraising for the past nine months.

Although factors including LP liquidity constraints are making for a challenging private equity fundraising market, the fund’s first close signals the industry’s confidence when it comes to environmental transition initiatives, he said.

Argos is joining a limited number of Europe-based impact funds with clearly defined sustainable investment objectives. Impact buyout strategies more broadly have been launched by firms including **KKR**, **Apollo**, **Apax Partners** and **Agilitas**, among others.

### Quantitative commitment

The objective of the fund is to reduce the carbon intensity of portfolio companies by 7.5% each year, while boosting their development, according to a statement. An external independent auditor will be measuring the CO2 intensity of portfolio companies in terms of the tonnes of CO2 equivalent emitted each year per million of each company's annual turnover, said Azoulay.

"LPs have particularly appreciated our clearly stated objectives when it comes to measuring impact," he said.

The challenge for the *Climate Action* team at the moment is to review the origination opportunities it has been exploring at a good pace, to identify mature companies combining a clear decarbonisation potential with high returns, he added.

The fund will invest in 10-12 companies in total, deploying equity tickets between EUR 20m and EUR 40m. Ideal targets will have EVs of EUR 20m-EUR 100m and will be generating more than EUR 3m EBITDA, according to the announcement.

Deals are expected to originate from France, Italy, Germany and the Benelux, where there is an "abundance" of SMEs that will gain a competitive advantage by strongly decarbonising their activities.

"We are looking at industries with sufficient carbon emissions, produced either directly or indirectly," said the partner. "Naturally this will lead to investments in industrial and chemicals, logistics and manufacturing."

Under its environmental transition strategy, the firm will also tackle environmental, social and governance aspects in its portfolio but its main focus will be centred around the decarbonisation theme, he said.

The *Climate Action* team is composed of Argos Wityu partners across different European offices combining complementary backgrounds, with knowledge in private equity and expertise on sustainability topics, according to the statement.

The team consists of Louis Godron and Fabian Söffge, managing partners in France and the DACH region respectively; senior partners Azoulay, Sandra Lagumina, and Lucio Ranaudo; as well as partner Simon Guichard and head of ESG Benelux Jessica Peters.

The GP has EUR 1.7bn in assets under management across its mid-market and climate action strategies, according to the statement.

by Ero Partsakoulaki



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