



Impax Asset Management Group plc

Annual General Meeting

10 February 2010

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Agenda

- **Overview of the Business**
- **Preliminary Results**
- **Q&A**



Keith Falconer
(Chairman)



Ian Simm
(Chief Executive)



Charlie Ridge
(COO & Finance
Director)

Business overview

- **Established fund manager dedicated to the environmental sector**
 - founded in 1994
 - £1.48 billion funds under management/advisory (31 January 2010)
 - highly qualified, stable management team with significant equity stake
- **Scalable business model**
 - institutional investors attracted by large, rapidly expanding markets
 - focus on carefully selected investment strategies with significant capacity
 - investment management infrastructure to support further growth now established
- **Growth in shareholder value based on:**
 - building on excellent investment track record
 - multiple distribution partners to complement direct sales
 - excess cash flow used to seed new funds and pay dividends

Powerful drivers behind the environmental sector

- **Environmental policy addressing unsustainable economic growth**
 - Rising populations/standards of living
 - Weak infrastructure
 - Pollution & resource scarcity
 - Significant fiscal stimulus funding (US\$500 billion+) pledged to sector
- **Rapidly expanding, lucrative environmental markets**
 - US\$500 billion+ (annual revenues)
 - Earnings growth: 10-20% p.a.
 - ROE: 10-20%+
- **Specialist investment manager ideally placed**
 - 1300+ quoted companies across all major markets
 - understanding technology & regulation key to identifying mis-priced assets
 - growing evidence that institutions are allocating to this area

Environmental markets well diversified

Renewable & alternative energy

Energy	Renewable energy developers	Solar energy generation eqpt.	Wind power generation eqpt.	Biofuels	Other renewables eqpt.

Energy efficiency

Power network efficiency	Industrials energy efficiency	Buildings energy efficiency	Transport energy efficiency

Water infrastructure & technologies

Water	Water infrastructure companies	Water treatment eqpt.	Water utilities

Pollution control

Pollution control solutions	Environmental testing & gas sensing

Waste management & technologies

Waste	Waste technology eqpt.	Value added waste processing	Hazardous waste management	General waste management

Environmental resource management & trading

Environmental consultancies	Carbon & other environmental assets trading	General environmental

Extensive investment and sector expertise

Keith Falconer



- Chairman since 2004
- 30 years investment expertise
- Ex Martin Currie

Ian Simm



- Chief Executive
- 19 years sector Expertise (13 at Impax)
- Physicist, ex McKinsey

Charlie Ridge



- COO
- 20 years finance expertise (1 at Impax)
- Accountant, ex Deutsche Bank

Bruce Jenkyn-Jones



- MD, Quoted Equities
- 19 years in sector (10 at Impax)
- Chemist, ex BT Alex. Brown

Nigel Taunt



- MD, Venture Capital
- 30 years in sector (8 at Impax)
- Accountant (ex Kelda)

Peter Rossbach



- MD, Private Equity
- 29 years in sector (6 at Impax)
- Banker & fund manager (Lazard, EBRD)

Hubert Aarts



- MD, Hedge Funds
- 20 years investment expertise (3 at Impax)
- Ex MLIM

Strong institutional investor relationships

Consultants



Investors in pooled vehicles

WEST MIDLANDS



PENSION FUND



HSBC Investments



+ > 100
other
institutions



White label funds



Investors in segregated accounts



European
Institution

FTSE's partner for environmental indices



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FTSE Environmental Markets Index Series

FTSE Group has launched the FTSE Environmental Markets Index Series in collaboration with the environmental technology specialist, Impax Asset Management, to provide two new environmental index solutions: the FTSE Environmental Technology Index Series and the FTSE Environmental Opportunities Index Series.

Developed under the direction of the independent FTSE Environmental Markets Committee, the indices further enhance FTSE's suite of Responsible Investment indices and provide investors with an increasing set of robust responsible investment tools.

The family includes:

- FTSE Environmental Technology Index Series**
Measuring the performance of companies globally whose core business is in the development and deployment of environmental technologies, including renewable & alternative energy, energy efficiency, water technology and waste & pollution control. Forming part of the overall FTSE Environmental Markets Index Series, the FTSE Environmental Technology Index Series requires companies to have at least 50% of their business derived from environmental markets and technologies (as opposed to at least 20% for the FTSE Environmental Opportunities Index Series).
- FTSE Environmental Opportunities Index Series**
The FTSE Environmental Opportunities Index Series measures the performance of global companies that have significant involvement in environmental business activities, including renewable & alternative energy, energy efficiency, water technology and waste & pollution control. Forming part of the overall FTSE Environmental Markets Index Series, the FTSE Environmental Opportunities Index Series requires companies to have at least 20% of their business derived from environmental markets and technologies (as opposed to at least 50% for the FTSE Environmental Technology Index Series).

IMPAX

Further Information

- [Factbooks](#)
- [FTSE EM Classification System](#)
- [FTSE EM Research Report](#)
- [Attribution Requirements](#)
- [Impax Website](#)

Indices

- FTSE Environmental Markets Index Series**
 - Values
 - Constituents
 - Index Rules
 - Index Changes
 - Index Reviews
 - Product Specifications
- FTSE Real-Time Vendor Codes
- Data Licenses
- FTSE Index Standards
- Student Information

- Growing demand for sector indices

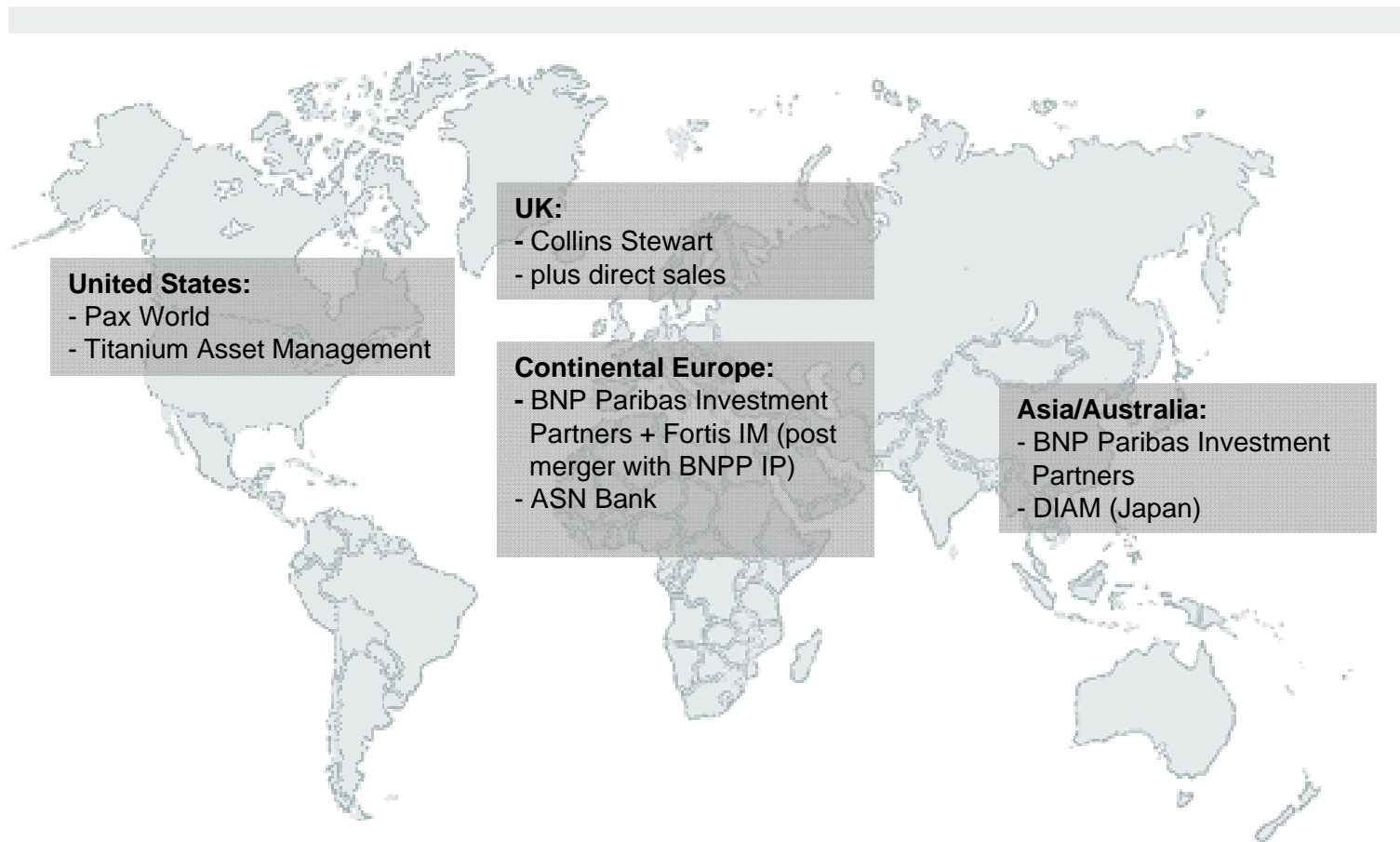
- Impax ET50 Index operating since 1999

- Impax-FTSE partnership established in 2007

- FTSE now marketing 18 indices world-wide

- Impax revenue share and brand/profile benefits

Well placed distribution partners



Quoted equities: products derived from core universe



Private equity: strong foundation for further growth

- Significant opportunity to fund construction of EU renewable power plants
- Investment in project co's offering stable, long-term, inflation linked cashflow
- Impax network provides "proprietary" deal flow
- Fund I (€125m) now substantially invested in 11 transactions
- Excellent projected returns ("First Quartile" ranking from Preqin)
- Impax committed to invest €3.76m into Fund I
 - €2.74m already disbursed; further draw expected during 2010
 - Impax expects significant upside from this investment in 2012/13
- Fund investors and others interested in supporting second fund

Product range

	AUM (£) 30/09/09	Strategy Launch	Outperformance		
			1 Yr	3 Yr	5 Yr
• Environmental Specialists (“Pure Play”)	840m	1999			
- Impax Environmental Markets plc	375m		✓	✓	✓
- Impax Environmental Markets (Ireland)	189m		✓	✓	✓
- Third party funds/accounts	276m				
• Environmental Leaders (“All Cap”)	126m	2007			
- IFSL Impax Environmental Leaders	5m		✓	N/A	N/A
- Third Party funds/accounts	121m		✓	✓	✓
• Water	163m	2004			
- Third Party funds/accounts	163m		✓	✓	✓
• Hedge Fund	4m	2007	✓	N/A	N/A
• Private Equity	130m	2005	✓	✓	N/A
TOTAL (30/9/09)	£1,263m				
• Asia Pacific (launched Oct 09)	104m	2009			
- Impax Asian Environmental Markets plc	104m		N/A	N/A	N/A

Preliminary results: Commercial highlights

- Significant expansion of FUM
 - £1.09 billion (1 October 2008)
 - £1.26 billion (30 September 2009)
 - £1.42 billion (30 November 2009)
 - £1.48 billion (31 January 2010)
- Positive outlook for environmental sector
- Strong investment performance across product range
- Significant inflows; limited out-flow of funds
- Further development of distribution network
- New board director with private equity expertise (Vince O'Brien)
- Financial News Award: "Sustainable Investment Manager of the Year, 2009"

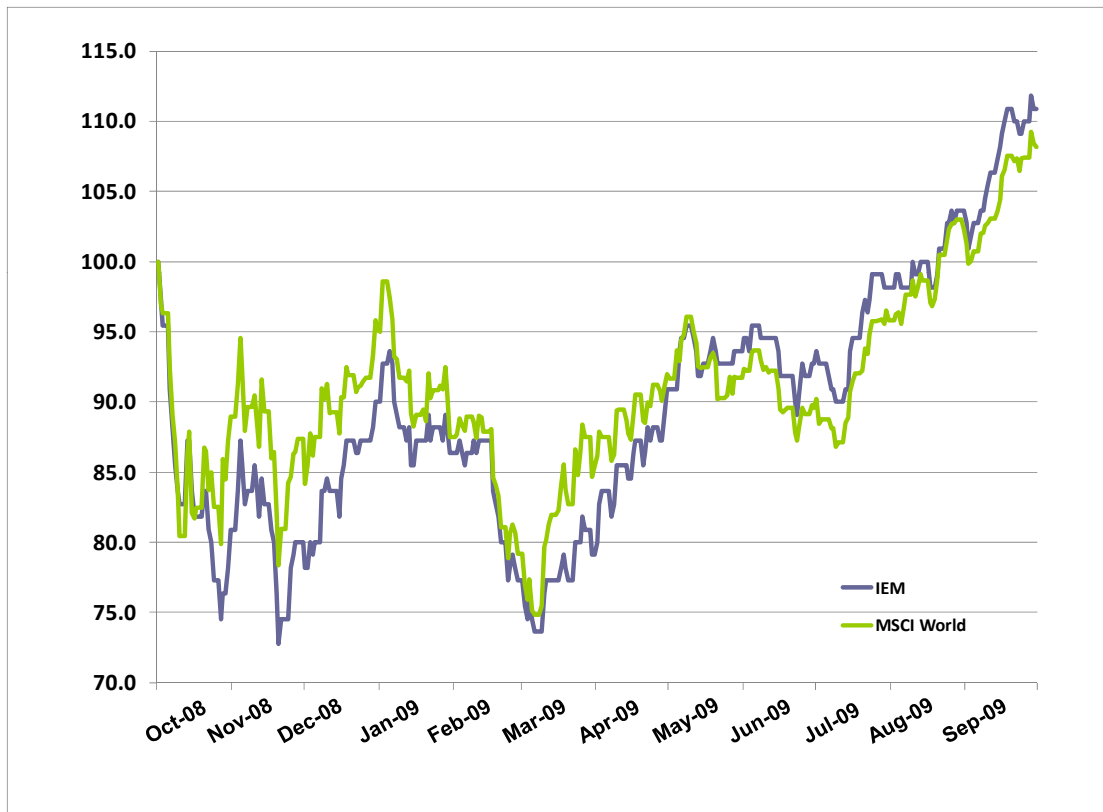
Preliminary results: Financial highlights (1)

- Revenues £10.4m (2008: £11.4m)
 - collapse in equity markets followed by partial rebound (see slide 17)
 - strong investment performance (see slide 18)
 - significant inflows/contract wins; limited outflows (see slide 21)
 - includes £0.9m of exceptional revenue from private equity business
- Operating costs £7.5m (2008: 7.2m (restated))
 - headcount increase from 26 to 38 (including 4 temp staff) to strengthen platform
- PBT £2.5m (2008: £3.5m (restated))
 - includes EBT charge of £0.6m (2008: £0.9m (restated))
 - excludes minority interest
- EPS 2.63 pence (adjusted); 2008: 3.36 pence (adjusted, restated)

Preliminary results: Financial highlights (2)

- Cashflow:
 - operating cashflow before working capital: £2.7m (2008: £4.1m)
 - significantly stronger monthly “run rate” at year end
 - investment cashflow: -£0.3m (2008: -£1.8m)
- Tax paid: £0.8m (33.4%); 2008: £1.0m (27.2%)
- Balance sheet:
 - Total assets: £19.1m; 2008: £15.6m (*net of minority interest*)
 - Cash and equivalents: £6.7m; 2008: £7.0m
 - Seeding capital invested in own funds: £3.6m; 2008: £3.0m
 - Investment of up to €3.4m into Impax’s private equity fund anticipated in 2010
- Increased dividend proposed of 0.4p per share (2008: 0.35p)

Equity markets “under water” for most of the period *



- NAV of principal fund below starting point for 10 months of period
- Most clients pay monthly based on month-end NAV
- Impact on revenues....

* IEM = Impax Environmental Markets plc

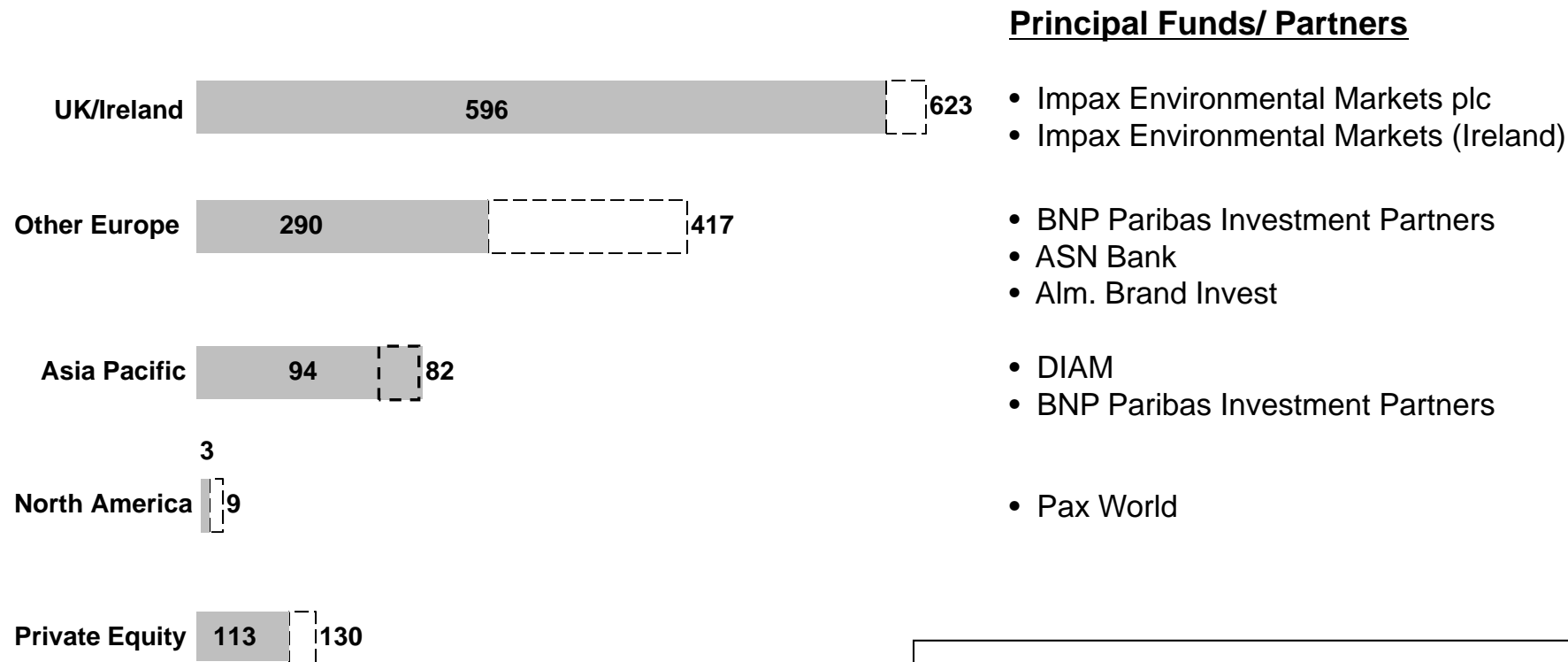
Performance of Impax Environmental Markets (to 30/9/09)

	5Y	3Y	1Y	3M	1M	YTD	3 year volatility
Impax Environmental Markets plc (Undiluted)	80%	22%	10%	20%	8%	25%	21%
MSCI World	38%	4%	9%	21%	6%	14%	22%
MSCI World Small Cap	48%	7%	17%	26%	8%	28%	23%
FTSE All-Share	38%	-3%	11%	22%	5%	23%	26%

All indices are Total Return (Source: Bloomberg)

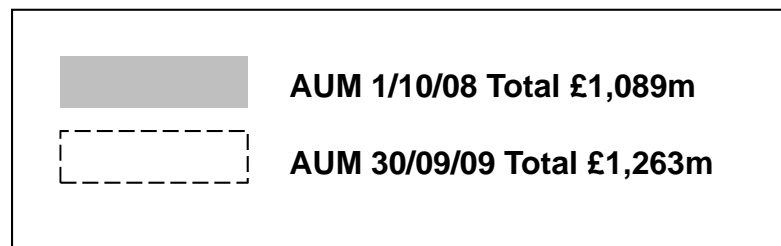
Volatilities calculated using daily series as at 30 September 2009 (Source: Bloomberg)

Increase in AUM in most geographies during period*

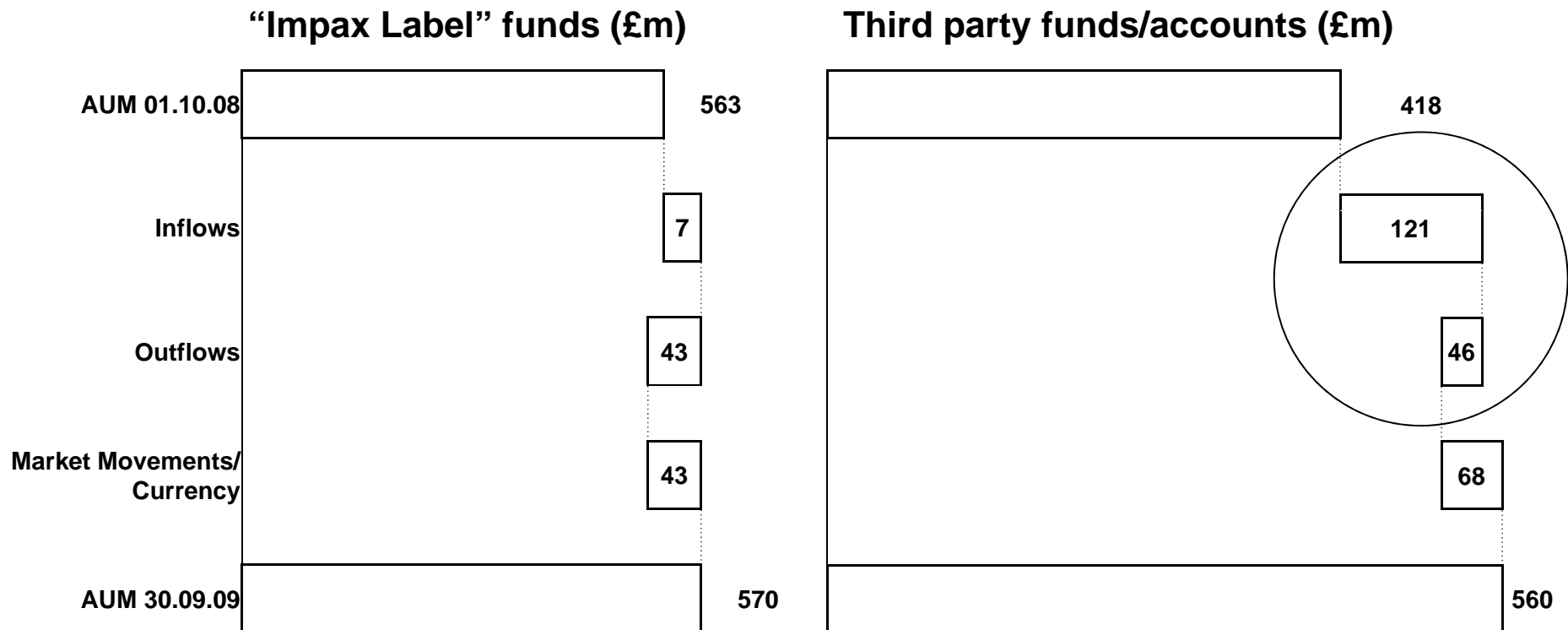


Principal Funds/ Partners

- Impax Environmental Markets plc
- Impax Environmental Markets (Ireland)
- BNP Paribas Investment Partners
- ASN Bank
- Alm. Brand Invest
- DIAM
- BNP Paribas Investment Partners
- Pax World



Net inflows driven by third party funds/accounts

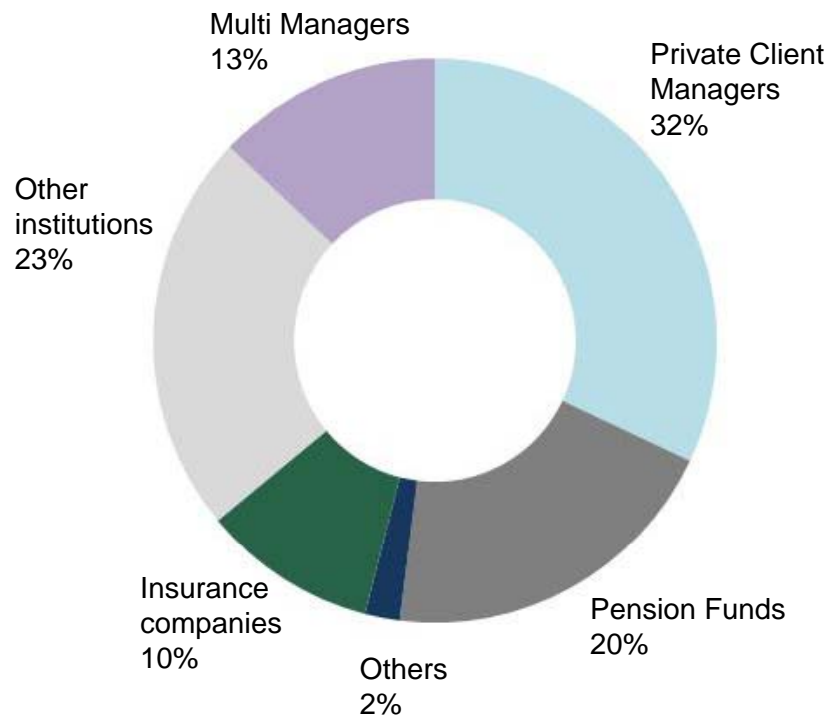


Significant new accounts in 2009

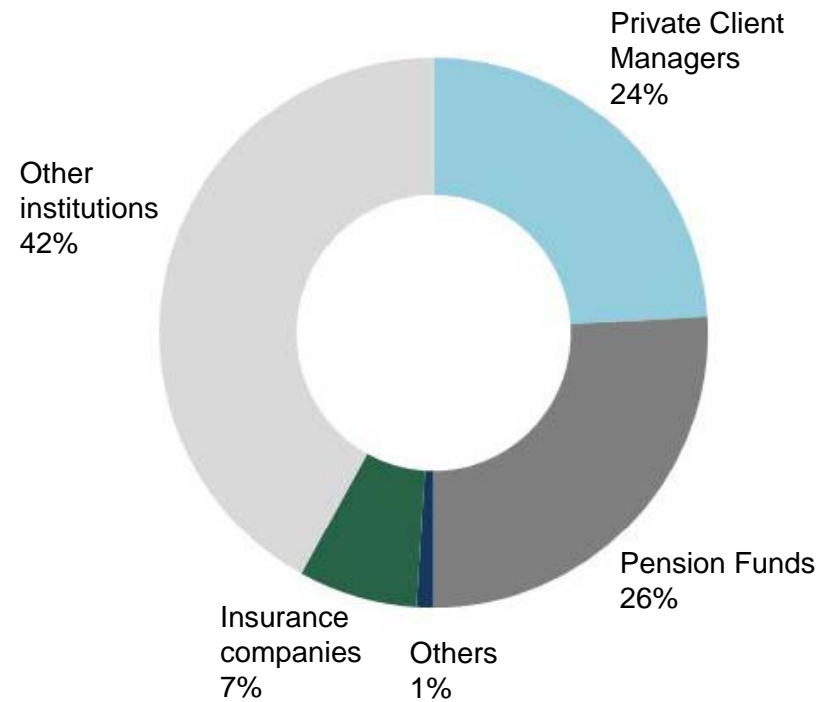
- Environment Agency Pension Fund
 - £15m to top up £35m account (September 2009)
- Russell Investments
 - second account (October 2009)
- European Institutional Investor
 - €150m mandate (funded with €80m by 30 November 2009) following tender
- Impax Asian Environmental Markets plc
 - £104.5m of gross assets (October 2009) following IPO
 - important, scalable new investment product

Diversified, stable client base

“Impax Label” (AUM 30/09/09)
Total £570m



Impax Asian Environmental Markets
(launched 22/10/09)
Total £104.5m



Outlook

- Environmental sector drivers set to strengthen
 - growing urgency to address global warming
 - US and Asian policy expected to strengthen in 2010
 - Disbursement of stimulus funding to underpin sector demand in 2010 & 2011
- Mounting evidence that institutional investors allocating to this area
- Return of confidence bodes well for investment performance and flows into quoted equities funds
- Impax's private equity model also well placed for further success
- Impax business model positioned for further scale-up as distribution partners mobilise further



Appendix

Year-end 2009: profit & loss

	YE 9/09 (£m)	YE 9/08 (restated) (£m)
Turnover	10.39	11.39
Operating expenses	(8.07)	(8.16)
<u>Comprising:</u>		
• Cost of operating business	(5.47)	(4.67)
• Bonuses	(2.05)	(2.57)
• Long-term incentive	(0.55)	(0.92)
PBIT (Profit before interest & tax)	2.32	3.23
Interest received	0.26	0.45
PBT (Profit before tax)	2.58	3.68
Taxation	(0.19)	(1.07)
PAT (Profit after tax)	2.39	2.61
Attributable to: Impax	2.28	2.44
Minority interest	0.11	0.17

Year-end 2009: balance sheet

	YE 9/09 (£m)	YE 9/08 (restated) (£m)
Goodwill	1.63	1.63
Other Non-Current Assets	1.72	1.66
Debtors due after One Year	0.08	0.08
Other Current Assets	3.19	2.18
Current Asset Investments	3.93	4.17
Cash	10.28	7.03
Current Liabilities	(5.29)	(4.18)
Minority Interests	(1.69)	(1.17)
Total net assets	13.85	11.40
Equity shareholders' funds	13.85	11.40

Employee Benefit Trust - Details

Shares outstanding prior to EBT creation 92,722,053

First scheme

- Period covered 3 years ending 30 September 2007
- Ordinary shares allotted to the EBT 18,250,000
- Ordinary shares sold by EBT to fund its purchase of ordinary shares 1,472,995
- Ordinary shares held by EBT at 30 September 2007 16,777,045

Second scheme

- Shareholder approval at EGM 31 January 2008
- Period covered 3 years ending 30 September 2010 + 2 yr vesting
- Authority to allot Ordinary shares to the EBT 18,250,000 (6,000,000 issued but not vested)

Shares o/s if all shares awarded 127,749,098