



Impax Asset Management Group plc

Final Results: Financial Year Ending 30 September 2012

Agenda

- Business update
- Annual results
- Q&A



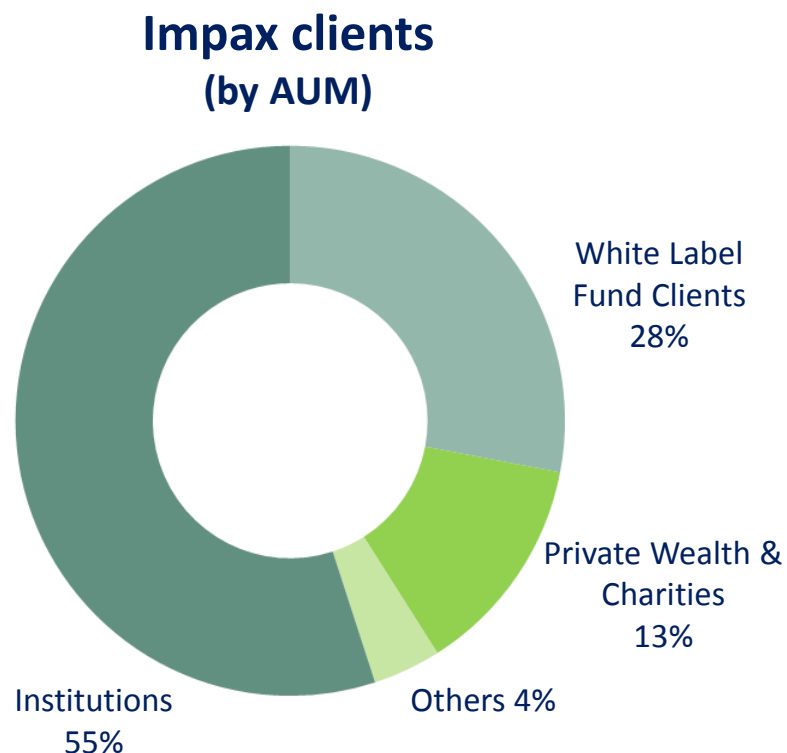
Ian Simm
(Chief Executive)



Charlie Ridge
(CFO)

Impax Overview: Key Facts

- **Attractive investment themes**
 - Rapidly growing markets
 - Large population of dynamic companies
 - Market complexity leads to mis-pricing
- **Scalable, experienced team**
 - 56 staff, including 28 investment professionals
 - Stable senior investment team since inception
 - Staff share ownership c. 34%
- **Extensive distribution networks**
 - In-house and committed third party distributors
 - Access to over 20 markets
- **Scalable business model**
 - High capacity investment strategies
 - Proven investment processes
 - Established infrastructure



Highlights (1 October 2011 – 30 September 2012)

- **Financial performance**

- Revenue £18.6 m (2011: £20.9 m)
- Operating earnings £4.6 m (2011: £6.2 m)
- Loss before tax of £4.7 m (2011: profit of £1.7 m) including £8.7 million charges associated with the Company's historical share-based incentive schemes
- Assets under management £1.83 bn as of 30 September 2012 (2011: £1.90 bn)
- Diluted earnings per share 2.57p (adjusted¹) 2011: 3.74p (adjusted¹)
- Shareholders' equity: £22.6 m (2011: £21.5 m) and cash reserves² of £19.3 m (2011: £20.0 m)
- Board recommending increased dividend of 0.75p per share (2011: 0.70p per share)

- **Investment performance**

- Principal listed equity strategies beat environmental indices
 - Environmental sector has lagged global equities but by less than in 2011
- Investee companies of the Private Equity Funds continued to perform well

- **Expansion**

- Expansion of stock coverage to include Food & Agriculture sectors (fund launch 1/12/2012)
- New York City office; appointment of a US institutional sales/client service Managing Director

¹ adjusted to exclude the IFRS2 charge for share schemes satisfied by primary shares

² excludes cash held by the Company's consolidated fund and includes cash invested in money market funds

Markets Update (I): Strengthening Drivers



Illustrative Themes	New Development(s)	Catalysts for Impax
Water Scarcity	<ul style="list-style-type: none"> Worst US drought since 1950s¹ Extreme flooding US, UK, Philippines, China 	<ul style="list-style-type: none"> Fracking water treatment investments Disaster relief/flood defence funding
Urbanisation	<ul style="list-style-type: none"> China:\$450bn in water/waste infra. by 2015² China city gas: supply to double by 2015³ 	<ul style="list-style-type: none"> China 12th 5-year plan implementation China: resource market reform
Energy Security	<ul style="list-style-type: none"> Germany: €300bn to replace nuclear⁴ Japan: \$1.6trn by 2030 to replace nuclear⁵ US vehicle efficiency standards 	<ul style="list-style-type: none"> German power grid investments Regulations re. efficient lighting
Climate Change	<ul style="list-style-type: none"> Lowest coverage of summer ice in Arctic Carbon markets in Australia, South Korea 	<ul style="list-style-type: none"> Obama to engage on climate change? EPA Air Regulations

Markets Update (II): Expanding Beyond Environmental Markets

Wider scope for research

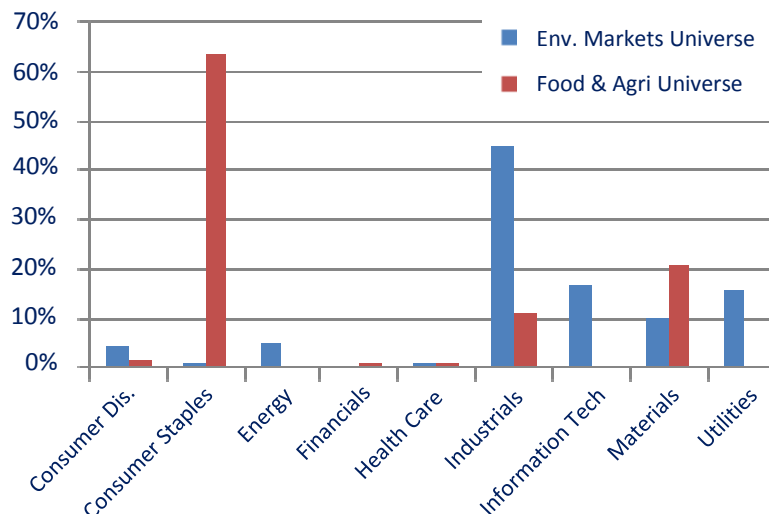
Solutions to Resource Scarcity

Environmental Markets

- Alternative energy
- Water
- Waste

Food & Agriculture

Global Food & Agriculture Fund: universe “overlap” with Environmental Markets*



Key commentators supportive

“Sustainable investing – we need a bigger boat”
– Towers Watson report, 2012

“Resource Revolution: Meeting world’s energy, materials, food and water needs”
– McKinsey Global Institute report, 2012



Food & Agriculture Initiative

- **Compelling fundamentals**
 - Strong growth driven by rising demand
 - Widespread inefficient pricing
 - Large population of stocks
- **Scope for new product**
 - Value chain analysis resonates with Impax process
 - Attractive investment theme, especially wholesale
 - Peers generally focus on agriculture only
- **Entry strategy creates optionality**
 - Experienced two-person team immediately marketable
 - Scope to enhance Impax core products
 - “Real-asset” opportunities could follow

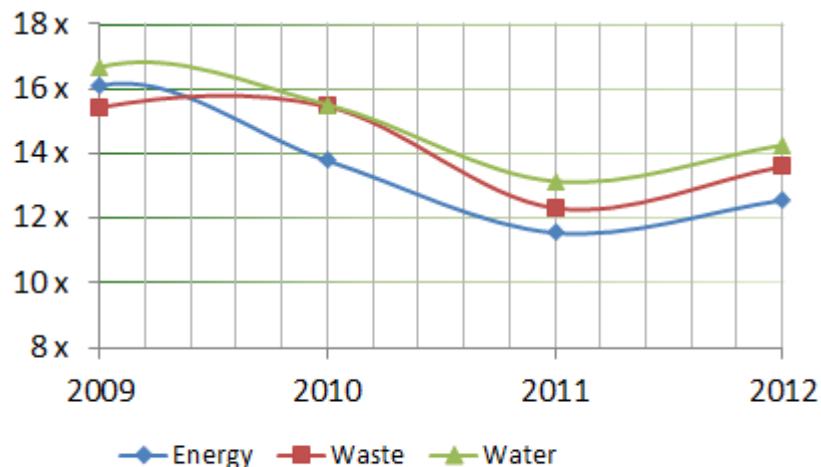
Listed Equities: Strategy Performance in GBP

	2008	2009	2010	2011	2012*
Specialists	-20.3%	29.1%	11.9%	-17.8%	3.6%
FTSE ET50 Index	-37.1%	15.2%	-2.2%	-27.4%	-3.7%
Leaders	N/A	21.7%	15.1%	-12.0%	8.1%
FTSE EO All Share Index	-20.7%	23.1%	21.9%	-12.9%	3.7%
Water	N/A	24.9%	20.3%	-9.0%	13.0%
FTSE EO Water Technology Index	-16.2%	20.4%	22.1%	-9.6%	8.1%
Asia-Pacific	N/A	N/A	26.5%	-33.8%	1.0%
FTSE EO Asia Pacific Index**	N/A	N/A	25.4%	-25.2%	2.1%
FTSE World Index	-18.2%	19.6%	16.3%	-5.8%	8.8%

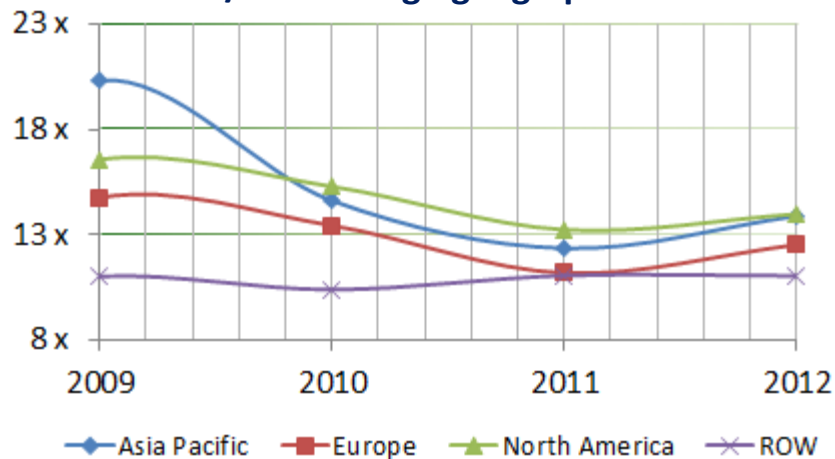
* to 31 October 2012. ** 80% FTSE EO Asia excl Japan; 20% FTSE EO Asia Japan. FTSE indices are total return (source: FactSet). FX rates taken 4pm (source: WM Reuters)

Environmental Markets have De-rated but are Looking Relatively Cheap

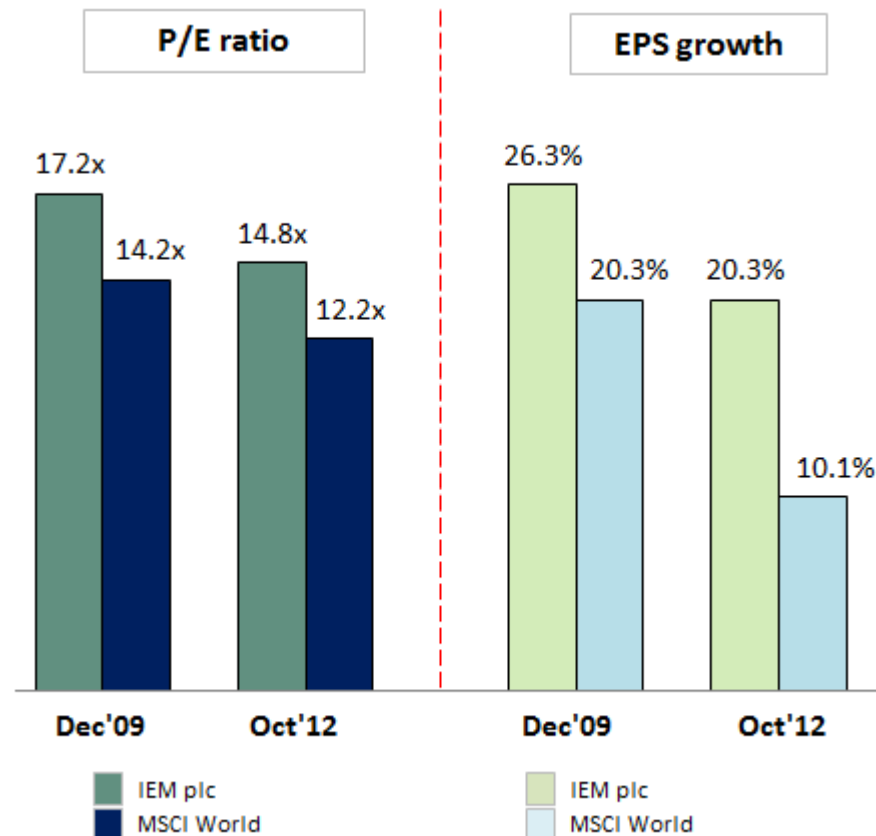
P/E de-rating - env. markets sub-sectors¹



P/E de-rating - geographical¹



Price earnings² vs earnings growth³



¹ FTSE EO All Share Index - forward earnings (1 year forecast). Source: Factset

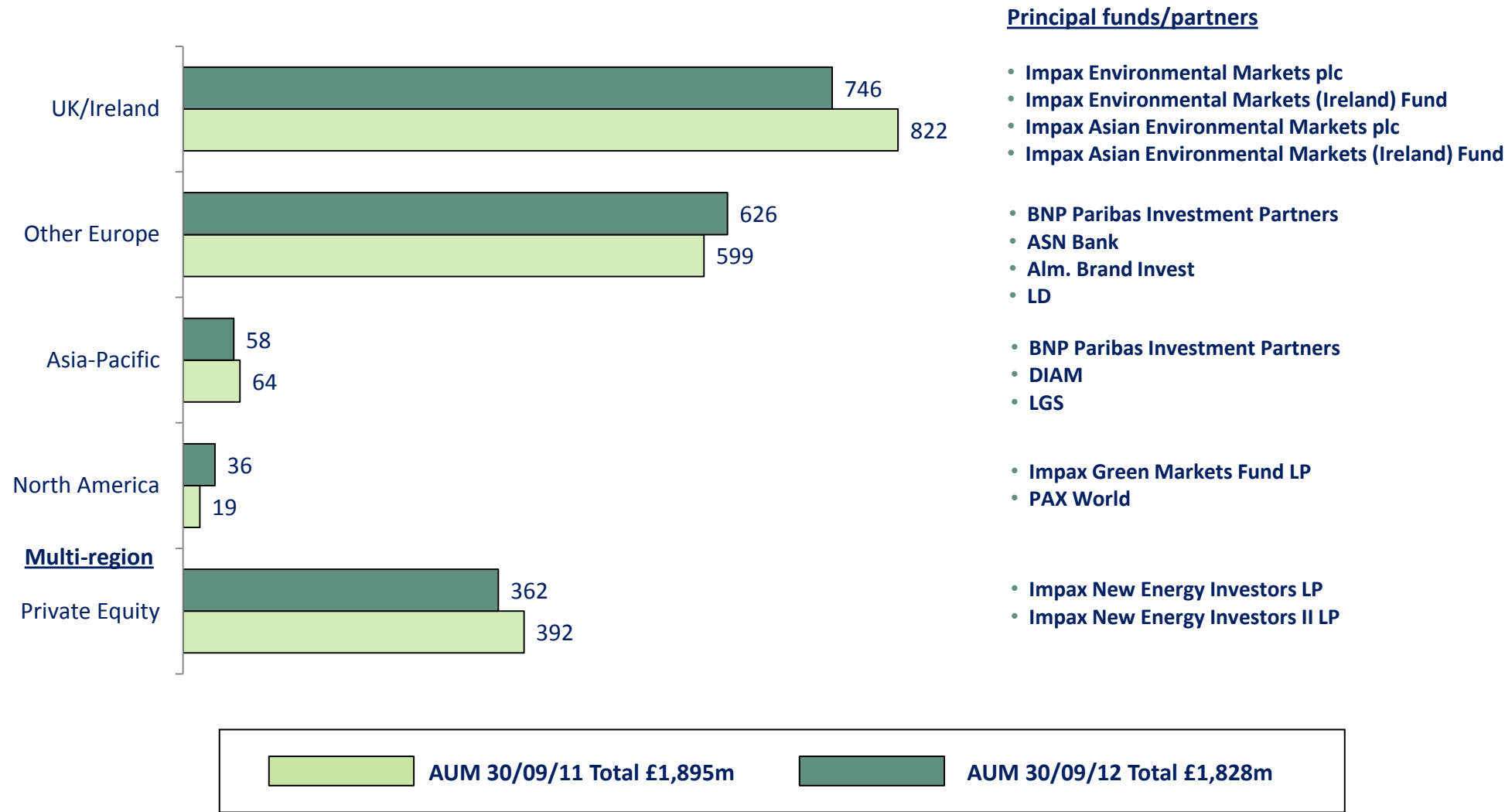
² Forward earnings (1 year forecast). ³ EPS growth (1 year forecast over prior year). Source: Factset

Impax AUM Breakdown

Investment strategy	AUM (£) 30 Sep'12	AUM (£) 30 Sep'11
Specialists	759m	838m
- Impax Environmental Markets plc	327m	343m
- Impax Environmental Markets (Ireland)	102m	162m
- Third Party funds/accounts	330m	333m
Leaders	276m	252m
- Third Party funds/accounts	276m	252m
Water	226m	204m
- Third Party funds/accounts	226m	204m
Asia-Pacific	205m	209m
- Impax Asian Environmental Markets plc	200m	202m
- Impax Asian Environmental Markets (Ireland)	2m	3m
- Third Party funds/accounts	3m	4m
Private Equity	362m	392m
TOTAL	£1,828m	£1,895m

* Weighted average fee. **For INEI II LP, the fee drops to 1.75% for commitments over €250m

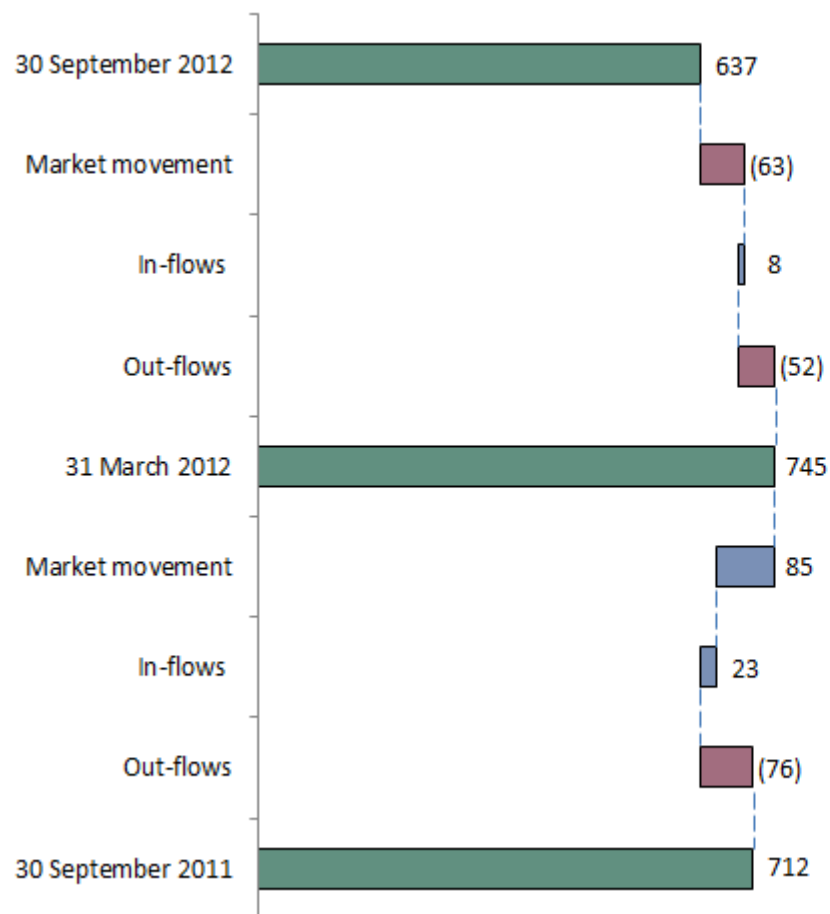
AUM Analysed by Geographic Region (Client Domicile*)



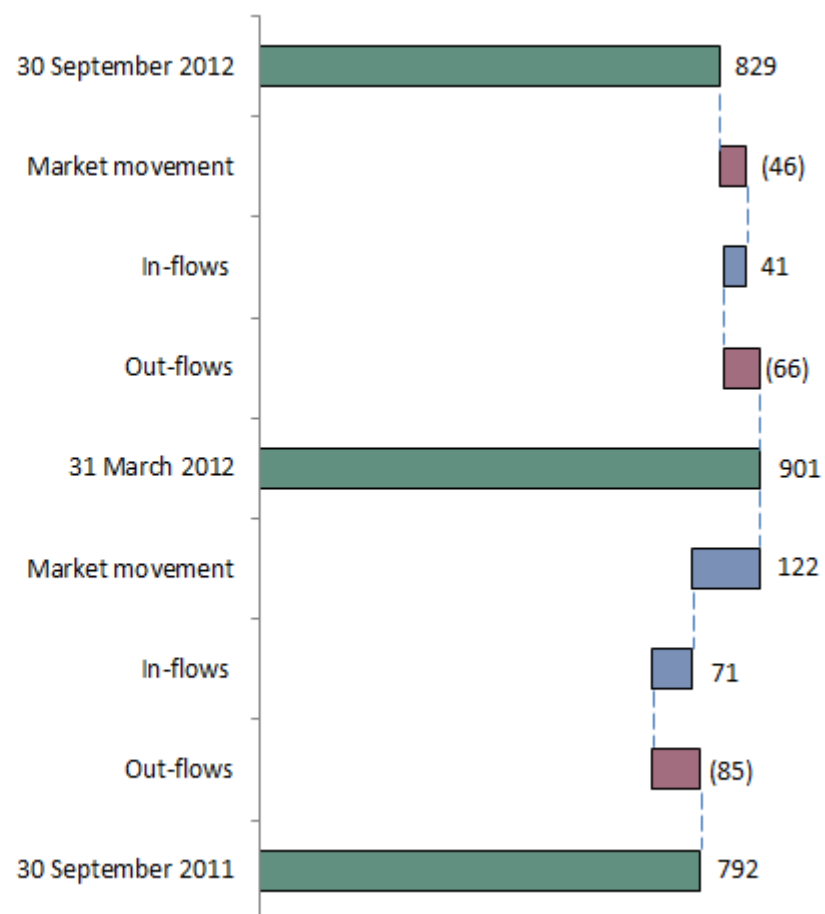
* Estimated breakdown based on fund domicile

Flows for “Impax label” and Third Party Funds/Accounts

“Impax label” funds (£m)



Third party funds/accounts (£m)



Note: the data above refers to Listed Equity funds and accounts only

Private Equity Highlights

- **Significant investment opportunity**
 - Substantial need across the EU to fund construction of renewable power plants
 - Investment in projects offering stable, long-term, inflation-protected cashflow
 - Considerable “proprietary” deal flow from Impax network
- **NEF I**
 - Fund I (€125m) now fully invested/committed
 - Impax committed to invest €3.76m into Fund (€2.74m drawn)
 - Core portfolio is “utility quality” and ready for sale when market conditions turn favourable
- **NEF II**
 - €330m of committed capital (Impax 1%)
 - 40% invested / committed / reserved (France, Germany, Poland & Italy)
 - Strong deal pipeline

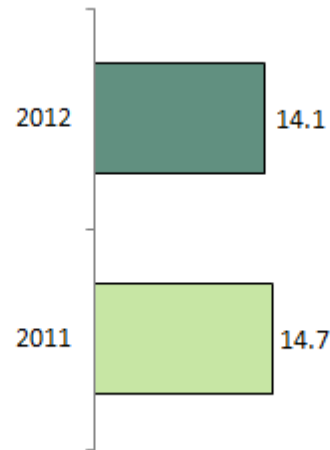
Final Results: Financial Highlights (1)

Revenue (£m)



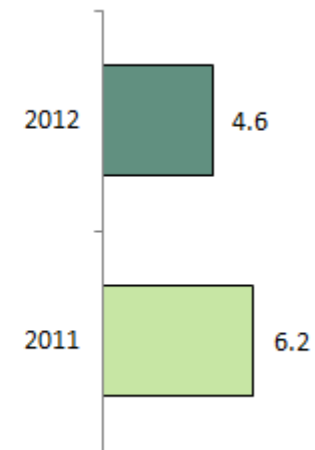
- Revenue down 11% vs 2011 primarily due to lower average AUM (2012: £1.9bn; 2011: £2.2bn)

Operating costs (£m)



- Investment in staff and other cost growth, offset by reductions in performance related compensation
- FTE headcount up from 50.4 at 30 September 2011 to 56.5 at 30 September 2012

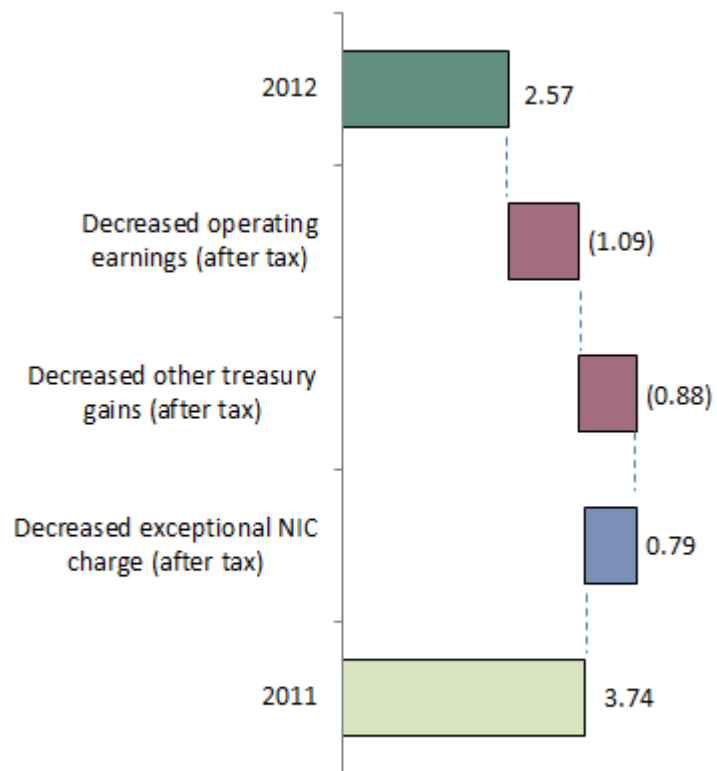
Operating earnings (£m)



- Operating margin of 24.5% down from 29.8% in 2011

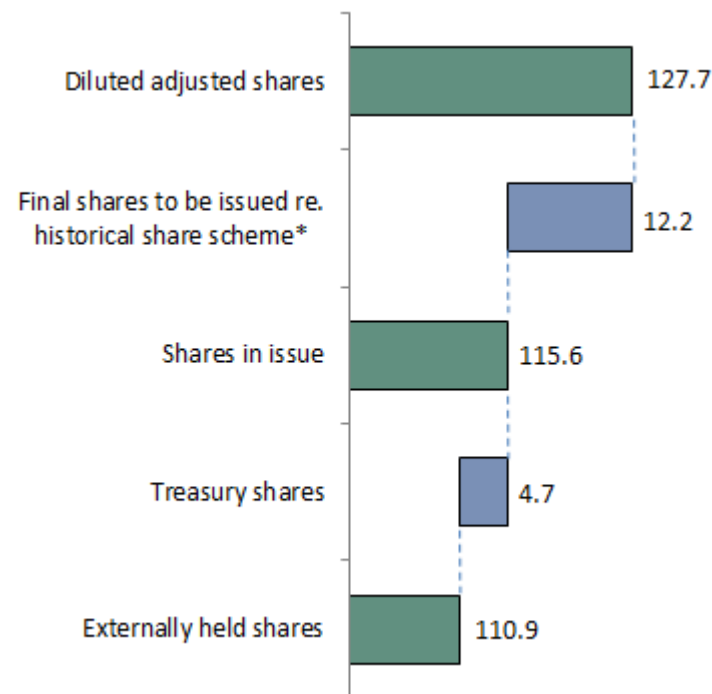
Final Results: Financial Highlights (2)

Diluted adjusted* EPS (p)



* Adjusted to exclude IFRS2 charges for shares schemes intended to be satisfied by primary shares, and include the related tax benefit reported in Other Comprehensive Income and the dilution effect of such share awards.

EPS shares reconciliation (m)

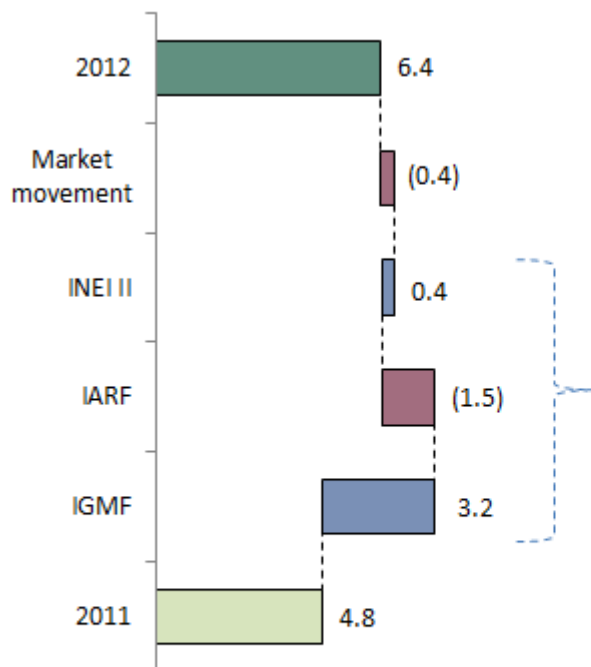


- Plan to issue 12.2m shares Dec'12
- 109m shares ranking for dividend

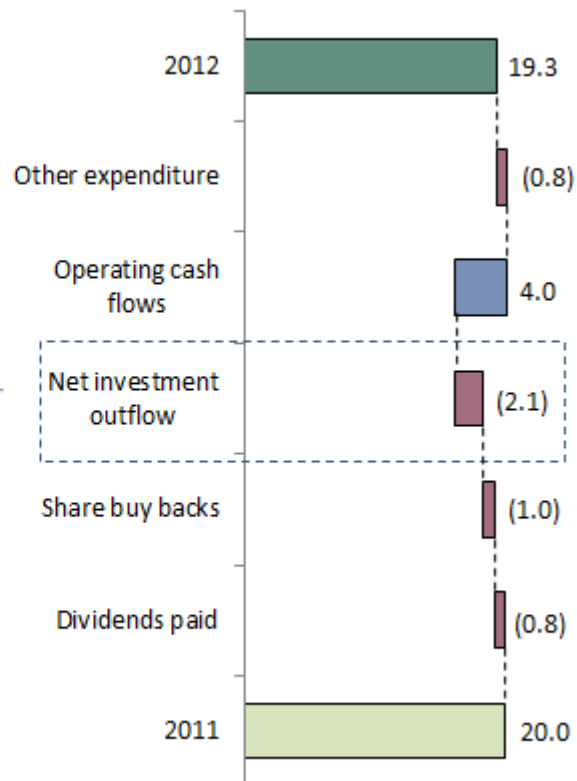
* 18m shares awarded to staff in April 2011 under Employee Incentive Arrangement as approved by shareholders in January 2008. Awards vested on 30 September 2012.

Final Results: Financial Highlights (3)

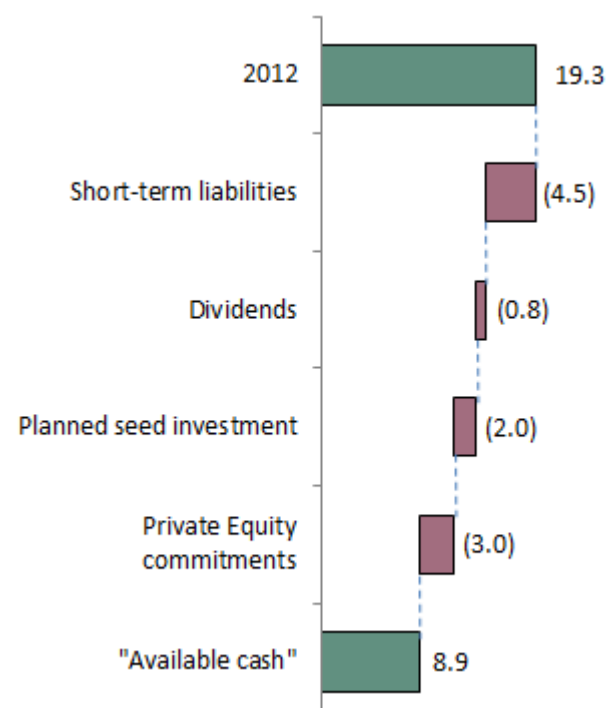
Investments¹ (£m)



Cash reserves (£m)



Cash reserve analysis (£m)



- INEI II – private equity fund drawdown
- IARF – hedge fund redemption
- Impax Green Markets Fund launch

- Continued strong cash generation
- Buy back programme commenced, 3,459,000 shares bought into Treasury

- Seed investment relates to Food & Agriculture Fund, launch Nov'12
- Cash generation > £250k per month
- "Available cash" held for share buy backs, business development, risk buffer etc.

¹ Excluding third party interest on consolidated funds

Distribution Strategy - Update

Global platform

- Head of Distribution recruited Oct'11
- Further investment in standardisation e.g. CRM, consultant relations
- PR function brought in-house Aug'12

UK

- New relationships
 - Institutions
 - Family offices
- Food & Agriculture fund launch

BNP Paribas

- Roll-out of water fund (€100m) across Europe
- Consolidation of Leaders funds & new account to create critical mass (€120m)

US

- Head of Sales joined Aug'12
- New York office Aug'12
- PR firm engaged Jan'13
- Commingled fund inflows
- Significant expansion of investor relationships

Outlook

- **Attractive prospects for target markets to sustain “superior growth”**
 - Major overhaul underway in energy policies worldwide
 - Demographics, weak asset base and weather risk driving investment in infrastructure
 - Secular expansion of food/agriculture value chain
- **Active investment management ideal for exploiting inefficient prices**
 - Rapidly changing market drivers
 - Expert team can interpret technology and policy issues
 - Valuation anomalies across regions
- **Impax “platform” well positioned for further expansion**
 - Stable investment team with global coverage
 - Established distribution model
- **Scope for increase in operating margin**
 - Scalable products with strong track records
 - Flows should improve when equity markets stabilise
 - Infrastructure in place to support significantly higher AUM

Appendix

Income Statement

	Year ended 30 Sep 2012 £'000	Year ended 30 Sep 2011 £'000
Revenue	18,621	20,931
Bonus	(3,835)	(5,268)
Other operating costs	(10,233)	(9,428)
Operating earnings	4,553	6,235
Share-based payment charge for EIA extension scheme*	(7,757)	(3,647)
Exceptional long-term incentive scheme NIC charge	112	(1,090)
Other long-term incentive scheme related charges	(1,091)	(619)
Fair value (loss) / gain on investments	(722)	785
Change in third party interest in consolidated funds	(25)	(117)
Investment income	195	171
(Loss)/Profit before taxation	(4,735)	1,718
Taxation	86	(652)
(Loss)/Profit for the period	(4,649)	1,066

* 18m shares awarded to staff in April 2011 under the Employee Incentive Arrangement as approved by shareholders in January 2008. Awards vested on 30 September 2012.

Balance Sheet

	30 Sep 2012 £'000	30 Sep 2011 £'000
Goodwill and intangibles	1,629	1,668
Other non-current assets	866	509
Total non-current assets	2,495	2,177
Cash and cash equivalents	19,671	21,416
Current asset investments	8,710	3,930
Other current assets	2,998	3,433
Total assets	33,874	30,956
Current liabilities	10,092	7,870
Non current liabilities	1,213	1,586
Net assets	22,569	21,500
Shareholder's equity	22,569	21,500

Note: The balance sheet includes effects due to the consolidation of investments. Cash reserves not including consolidated funds is £19.3m (Sep 2011: £20.0m)

Remuneration Update

- Historical incentive schemes
 - Schemes now vested
 - 12.2m shares to be issued December 2012
- Employee Share Option Plan (“ESOP”)
 - 5m options awarded in respect of FY 2011, strike price 49.6p
 - 3m options awarded in respect of FY 2012, strike price determined December 12 to January 13
 - Up to 6m options to be awarded in respect of FY 2013 & 14
 - Options vest on the 3rd anniversary of award (eg December 2014 re FY2011 awards), and must then be exercised within 3 years
- Board intention to apply free cash flow generated by operating activities to finance the buy back of shares, reducing requirement to issue new shares
 - 3,459,000 shares purchased during the Period to September 2012

Diverse Investment Opportunities



Energy

Energy Efficiency

- Power Network Efficiency
- Industrials Energy Efficiency
- Buildings Energy Efficiency
- Transport Energy Efficiency
- Energy Storage

Alternative Energy

- Developers and IPPs
- Solar Equipment
- Wind Power Equipment
- Biofuels
- Other Renewables Equipment



Water

Water Infrastructure & Technologies

- Water Infrastructure
- Water Treatment Equipment
- Water Utilities

Pollution Control

- Pollution Control Solutions
- Environmental Testing & Gas Sensing



Waste

Waste Management & Technologies

- Waste Technology Equipment
- Recycling & Value Added Waste Processing
- Hazardous Waste Management
- General Waste Management

Environmental Support Services

- Environmental Consultancies
- Carbon & Other Environmental Asset Trading



Food & Agriculture

Food

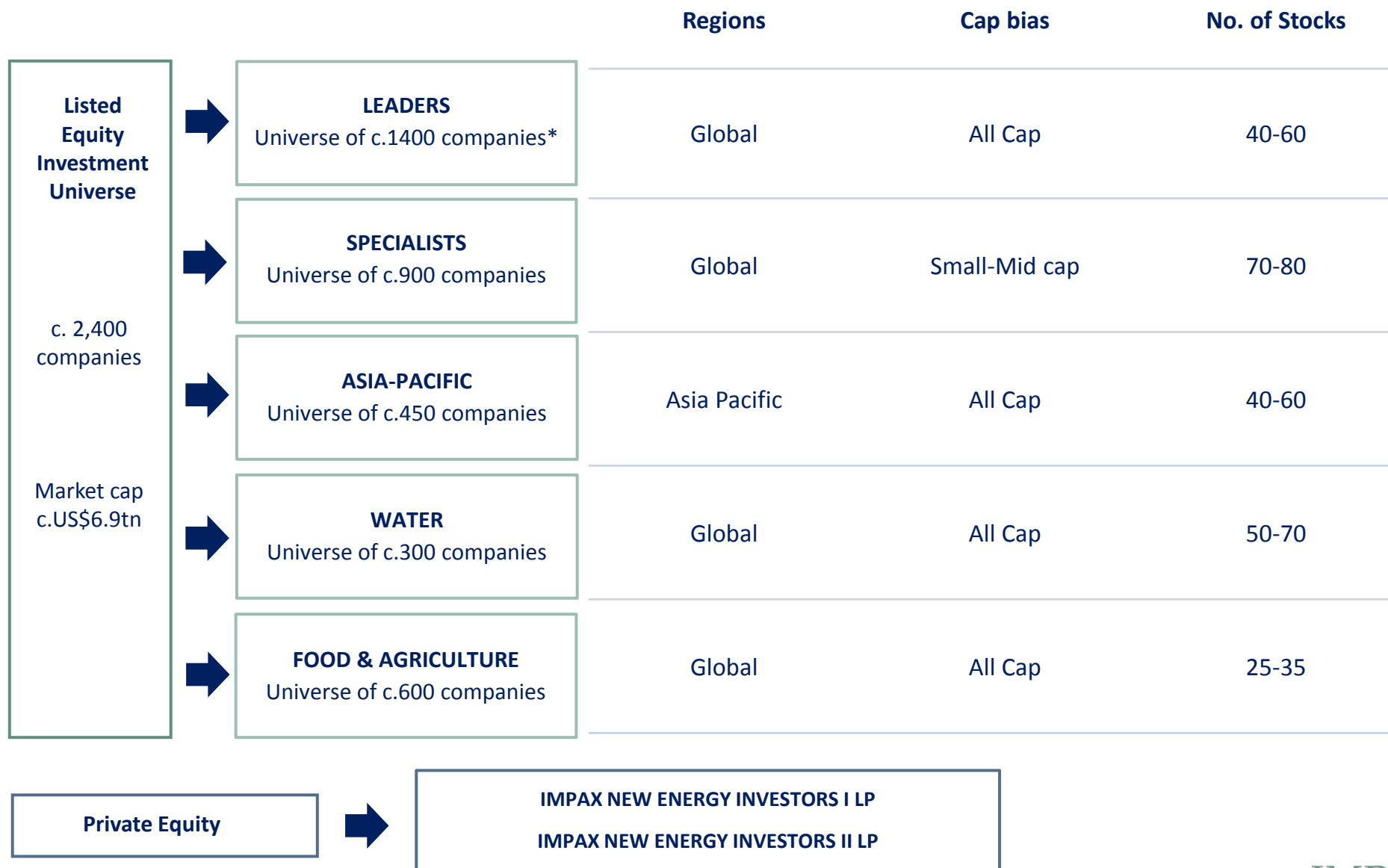
- Basic Foods
- Packaging & Food Safety
- Packaged Food & Ingredients
- Beverages

Agriculture

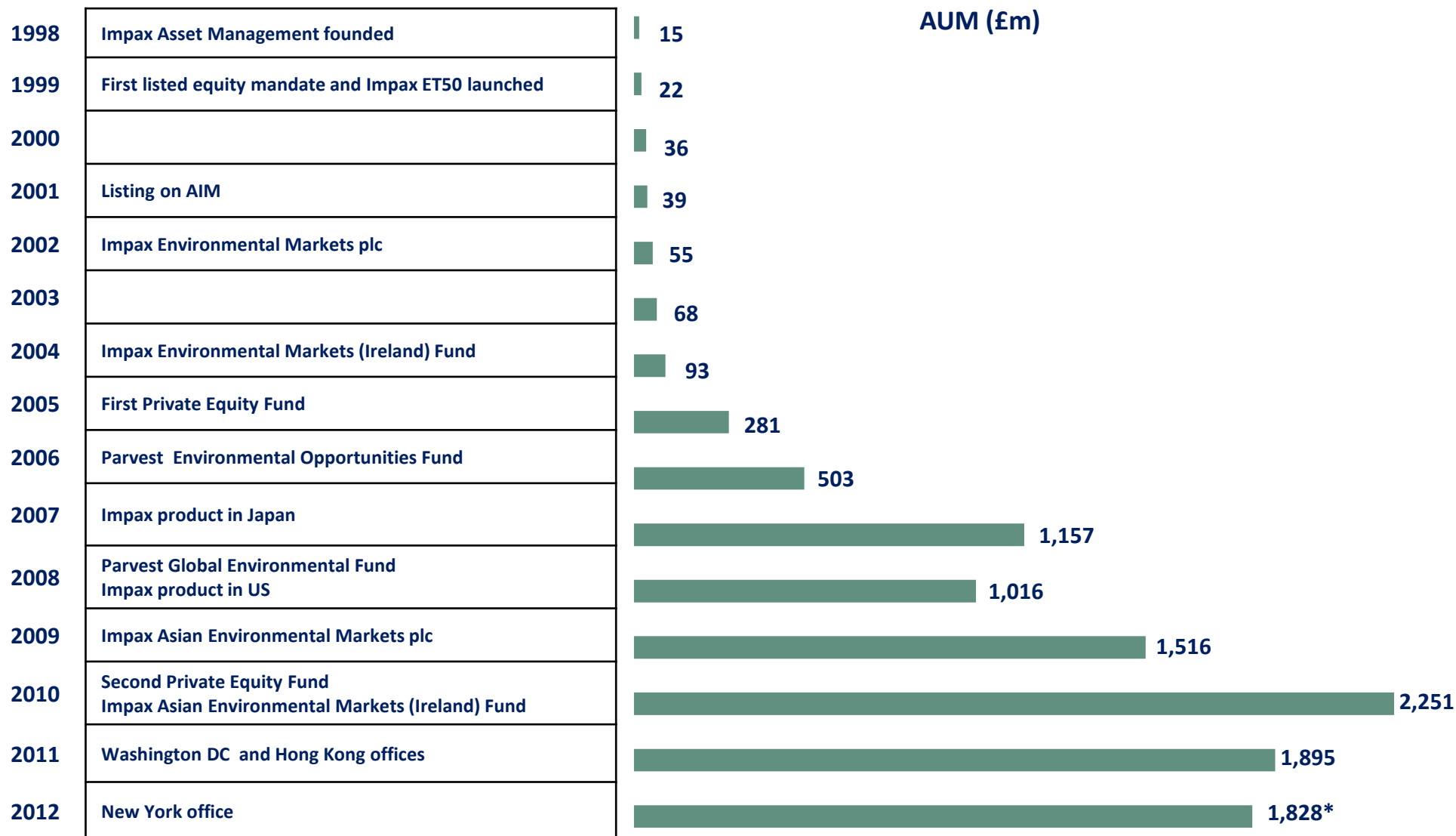
- Agricultural Inputs
- Machinery & Equipment
- Wind Power
- Growers and Processors
- Agricultural Logistics & Infrastructure

Note: Some sub-sectors have an additional 'diversified' category not shown above for the sake of clarity

Impax's Investment Strategies



Impax Asset Management: Investing Since 1998

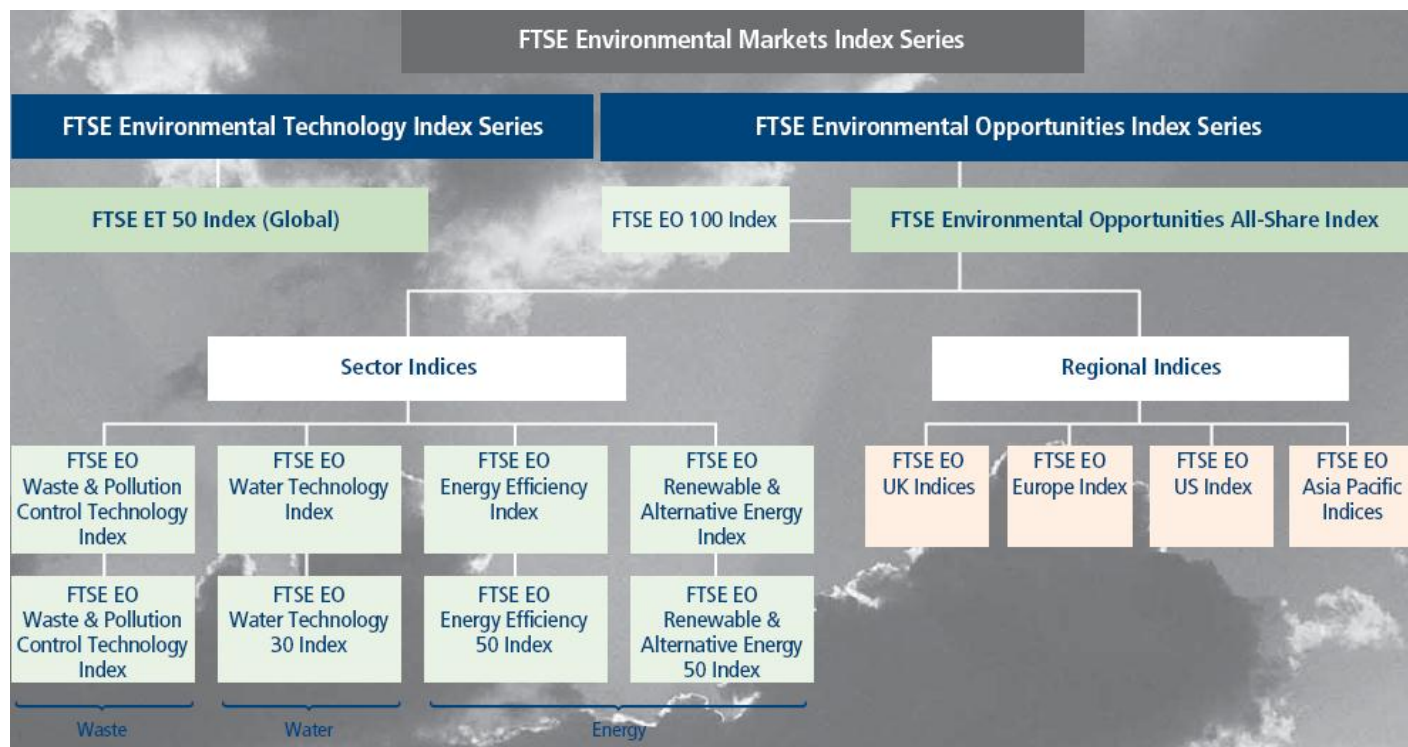


*As at 30 September 2012

Development of Environmental Indices



- Impax is FTSE's global partner for the environmental sector
- 18 environmental sector indices
- Launched in 2007
- Adopted by major pension funds as a benchmark



Competitors

Listed Equities

- Products from large, branded asset managers not typically “consultant quality”
- Limited number of boutiques
- Sub-sector products, e.g. alternative energy, tend to underperform broader strategies
- Little direct competition in North America, Asia

Private Equity

- Established peer group validates investment hypothesis
 - “Renewable energy only” funds
 - Hybrid funds, including renewables alongside infrastructure, energy
- Several funds raising capital, but NEF II fund-raising complete

Extensive Expertise

Keith Falconer



- Chairman since 2004
- 33 years' experience

Ian Simm



- Chief Executive
- 22 years' experience

Charlie Ridge



- CFO
- 25 years' experience

Bruce Jenkyn-Jones



- MD, Listed Equities
- 21 years' experience

Peter Rossbach



- MD, Private Equity
- 32 years' experience

Ominder Dhillon



- Head of Distribution
- 21 years' experience

Ken Locklin



- MD, US Policy Specialist
- 30 years' experience

David Richardson



- MD, US Institutional Business
- 29 years' experience

Kaye Forrest



- Director of HR
- 25 years' experience

Strong Investor Relationships



Sources (Slide 5)

¹ CBC News article, <http://www.cbc.ca/news/world/story/2012/07/25/f-drought-usa-faq.html>, 26 July 2012, referencing report by National Climatic Data Centre.

² <http://www.businesswire.com/news/home/20111025005865/en/China-Waste-Energy-Outlook-2011-Held-December>
http://www1.bnpparibas-ip.com/CN/footer/disclaimer.page?displayAcceptButton=true&targetPage=/CN/market/ideas/20101125-ideas-SRI_opportunities_in_water.page&type=user1&lang=eng&

Source: Arden and Partners, 2010 (4th paragraph)

<http://cn.reuters.com/article/chinaNews/idCNCHINA-4200420110426>

³ Foreign & Commonwealth Office report – FCO Country Updates for Business, “China Energy: Monthly Report for August”, page 2 and 5.
http://www.google.co.uk/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&cad=rja&ved=0CEcQFjAA&url=http%3A%2F%2Fwww.ukti.gov.uk%2Fexpo%2Fcountries%2Fasiapacific%2Ffareast%2Fchina%2Fpremiumcontent%2F360200.html&ei=TSm2UJWMNofBhAfn_oDwBg&usg=AFQjCNG5hHij7Lr3s66Jx2uD9xedc6Ypog

⁴ Source: Deutsche Bank research, 15 October 2012

⁵ Source: Bloomberg, <http://www.bloomberg.com/news/2012-09-14/japan-draws-curtain-on-nuclear-energy-following-germany.html>

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