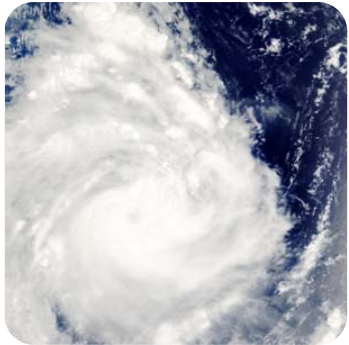


Impax Asset Management Group plc

Final Results: Year ended 30 September 2013



Agenda

- Business update
- Annual results
- Q&A



Ian Simm
Chief Executive



Charlie Ridge
Chief Financial Officer

Goals and Strategy for Growth

We are in business to...

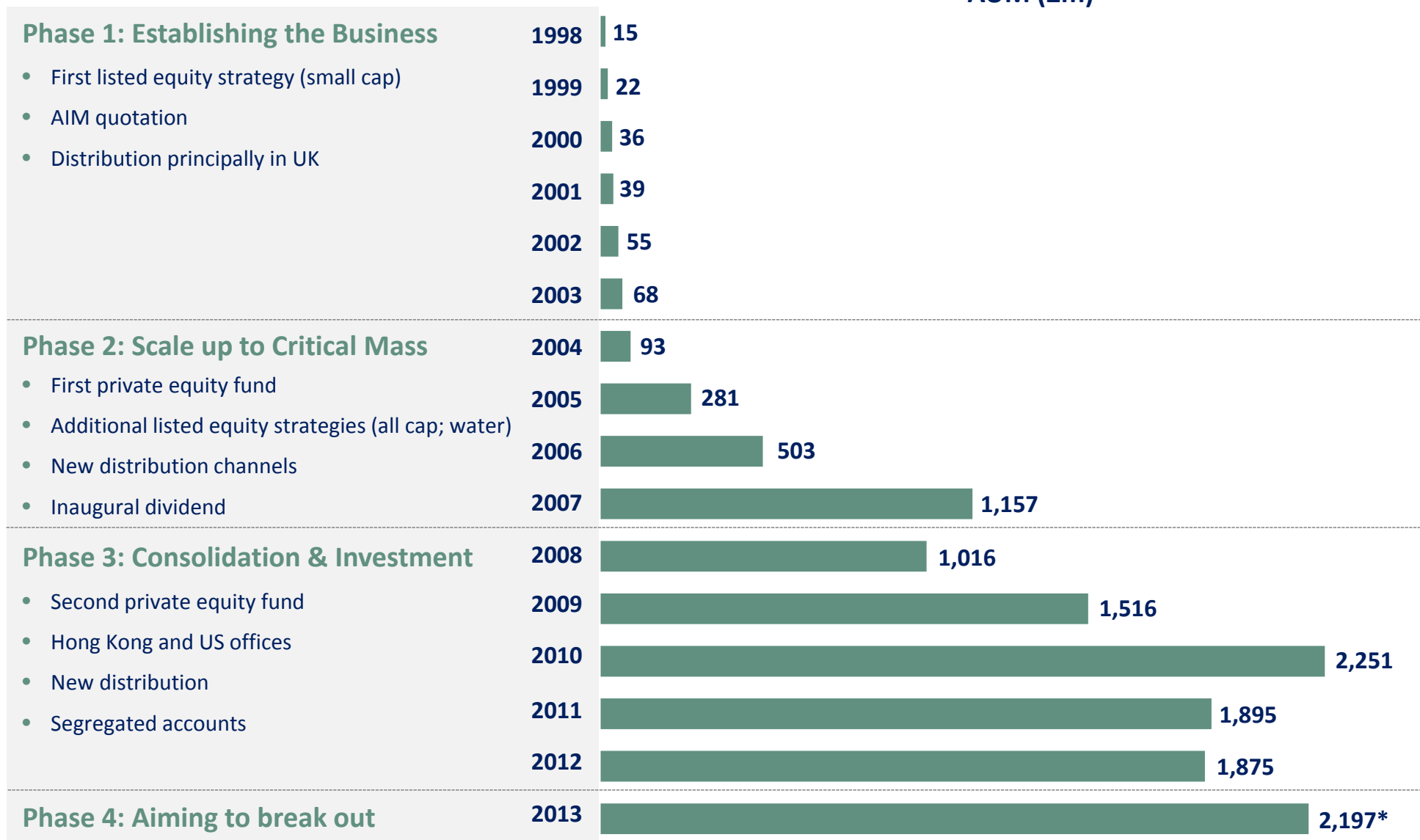
- Be the leading specialist boutique investing in the rapidly expanding resource efficiency and environmental markets
- Offer our clients differentiated products with superior, long-term, risk adjusted returns, and deliver a high level of customer service
- Provide attractive and rising levels of dividends to investors and maintain a strong balance sheet

Our Strategy is based on...

- Recruiting and retaining specialist investment expertise
- Managing a small number of scalable investment strategies
- Developing profitable routes to market around the world

Impax History: Building the Business Since 1998

AUM (£m)



Performance Summary for Financial Year Ending 30 September 2013

Business Performance

- Principal listed equity strategies all outperformed global markets
- Encouraging business development in the United States
- High level of inflows into Water strategy
- Strong mandate pipeline
- Launch of Food and Agriculture strategy

Key Figures	2013	2012
Assets under management	£2.2bn	£1.8bn
Revenue	£18.5m	£18.6m
Operating earnings ¹	£4.3m	£4.6m
Profit/(Loss) before tax ²	£3.4m	(£4.7m)
Shareholders' equity	£22.9m	£22.6m
Cash reserves	£16.5m	£19.3m
Seed investments	£8.9m	£6.3m
Proposed Dividend	0.90p	0.75p

¹ Revenue less operating costs excluding £0.2 million (2012: £8.7 million) charge due to historical share schemes

² Includes £0.2 million (2012: £8.7 million) of charges associated with the Company's historical share schemes

Powerful Drivers Behind Resource Efficiency and Environmental Markets

Economic growth is unsustainable...

Consumers

- Population pressure
- Higher living standards

Weak infrastructure

- Power grids
- Water sewerage
- Waste processing

Resource scarcity

- Fossil fuel prices
- Commodity prices
- Water shortage
- Limited landfill

Pollution

- Local air pollution
- Water quality
- Contaminated land
- Global climate change

...while market dislocations provide investment opportunities

Technology

- New solutions
- Corporate R&D
- Government support
- Economies of scale

Legislation

- Target market sizes
- Mandatory capex
- Emission limits

Corporate Strategy

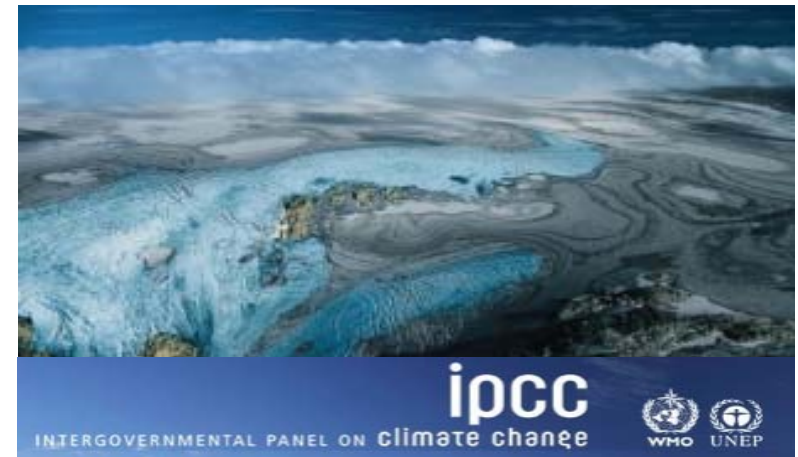
- New business lines
- Capex refocus
- M&A

Update on Resource Efficiency and Environmental Markets

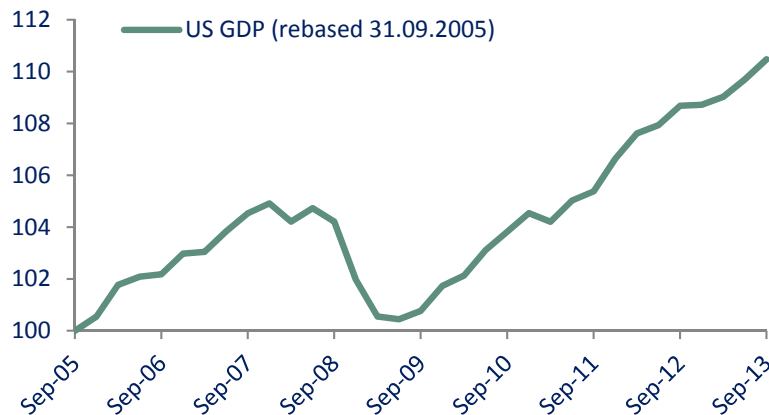
Compelling drivers



Deepening concern re climate change



Global economic recovery¹



Near term catalysts



**Energy Efficiency:
multiple initiatives**



**Pollution: Chinese
Government response**

Markets Update: Poised for Further Growth



Illustrative Themes	New Development(s)	Catalysts for Impax
Water Scarcity	<ul style="list-style-type: none"> • Worst US drought since 1950s¹ 	<ul style="list-style-type: none"> • Fracking water treatment investments • Disaster relief/flood defence funding
Urbanisation	<ul style="list-style-type: none"> • China: \$450bn investment in water/waste infrastructure 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 • Hurricane Sandy and Typhoon Haiyan 	<ul style="list-style-type: none"> • UN's IPCC fifth report • 350.org and Carbon Tracker report • CO₂ passed 400 ppm threshold

Changing Investor Sentiment

- Search for growth
- Analysis of investment beliefs
- Review of fiduciary duty
- Concerns re climate risk and stranded assets



Carbon investment: worth the risk?

OCTOBER 2013 (MAGAZINE) | BY GYORGY DALLOS

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Share

Gyorgy Dallos argues that the financial risks associated with investing in fossil-fuel companies will increase as they extract in more hazardous places and stricter carbon constraints are enforced. Meanwhile, their huge capex bills are already hurting capital returns and dividends



Norwegian pension fund divests from 'financially worthless' fossil fuel firms

Friday, July 5th, 2013 By Alex Blackburne



Storebrand, a major Norwegian pension fund and life insurance firm, has divested from 19 fossil fuel companies to ensure "long-term stable returns" – as these stocks, it says, will be "worthless financially" in the future.

In total, it has pulled out of 13 coal extractors and six firms that are heavily exposed to oil sands – arguably the most energy intensive form of fossil fuel.



Investment Program & Global Governance

Select from among these options to learn more about CalPERS recent investment and global governance activities.

Investors Ask Fossil Fuel Companies to Assess How Business Plans Fare in Low-Carbon Future

Read an article from the Ceres.org website regarding a group of 70 investors managing \$3 trillion in assets called on the world's largest oil and gas, coal and electric companies to gauge the financial risks of climate change on their business plans.

PensionsWorld

The Law Commission seeks views on fiduciary duties

The Law Commission has published a consultation paper reviewing how "fiduciary duties" apply to investment intermediaries. The paper traces a chain of intermediaries from an individual, saving for a pension, to the registered shareholder of a UK company. It looks at the obligations of those in the chain to act in the interests of savers.

The Commission's project arose out of the Kay Review of the UK equity market. Published in July 2012, the Kay Review criticised intermediaries for excessive trading on the basis of short-term share movements, rather than investing for the long-term.



Impax's Listed Equity Investment Strategies

	Global	All cap	AUM	Inception date
Specialists Universe: 900 companies Universe Size: \$0.6 T market cap	✓	Small-Mid	£819m	Mar 2002
Leaders Universe: 1500 companies Universe Size: \$3 T market cap	✓	✓	£409m	Mar 2008
Water Universe: 300 companies Universe Size: \$0.5 T market cap	✓	✓	£562m	Jan 2009
Asia-Pacific Universe: 450 companies Universe Size: \$0.9 T market cap	Asia-Pacific	✓	£23m	Nov 2009
Food and Agriculture Universe: 1000 companies Universe Size: \$4 T market cap	✓	✓	£3m	Dec 2012
Private Equity	IMPAX NEW ENERGY INVESTORS I LP IMPAX NEW ENERGY INVESTORS II LP			

Strong Investment Performance

Annualised Performance to 30.09.2013 in GBP (%)	YTD	1 Year	3 Years	5 Years	10 Years	EPS Growth	PE Ratio
Specialists	24.6	31.0	7.5	7.9	10.9	24.8	17.5x
<i>FTSE ET50</i>	<i>33.1</i>	<i>40.3</i>	<i>0.8</i>	<i>-1.6</i>	<i>6.9</i>	<i>15.3</i>	<i>21.3x</i>
Leaders	22.3	31.5	12.4	11.7	--	15.1	16.3x
<i>FTSE EOAS</i>	<i>22.0</i>	<i>31.5</i>	<i>9.9</i>	<i>11.9</i>	<i>12.4</i>	<i>15.5</i>	<i>16.0x</i>
Water	18.7	25.9	13.7	--	--	16.2	15.7x
Asia-Pacific	10.8	21.7	-4.3	--	--	17.5	13.2x
Food and Agriculture	12.2	--	--	--	--	6.9	12.5x
<i>MSCI AC World</i>	<i>14.9</i>	<i>17.4</i>	<i>9.2</i>	<i>9.8</i>	<i>8.1</i>	<i>10.3</i>	<i>13.4x</i>

Strategy performance is shown gross, MSCI index is net calculated including dividends reinvested, net of withholding taxes FTSE indices are total return calculated including dividends reinvested gross of withholding taxes (source: FactSet). FX rates taken 4pm (source: WM Reuters) PE ratio and forecast earnings growth NTM.

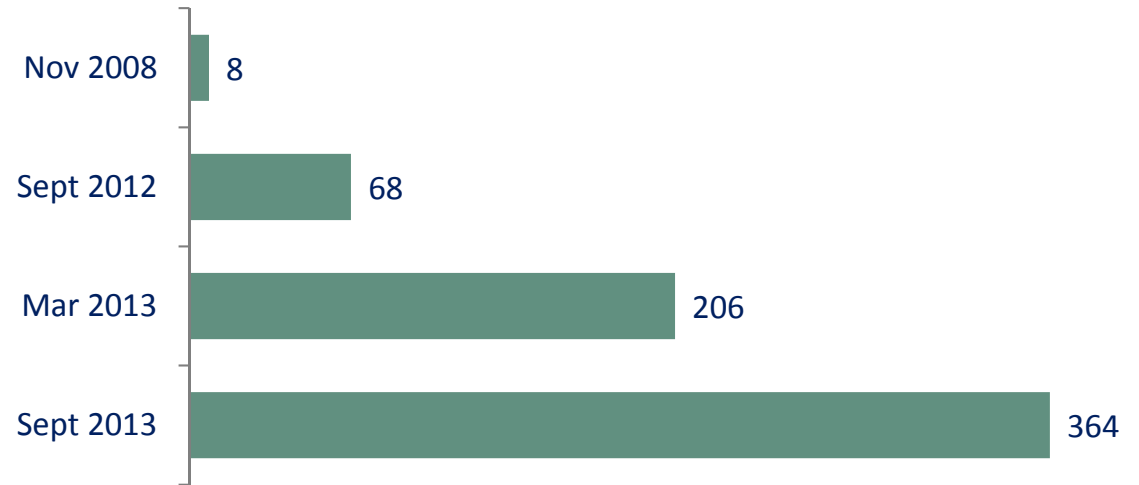
11 Past performance is no guarantee as to future performance.



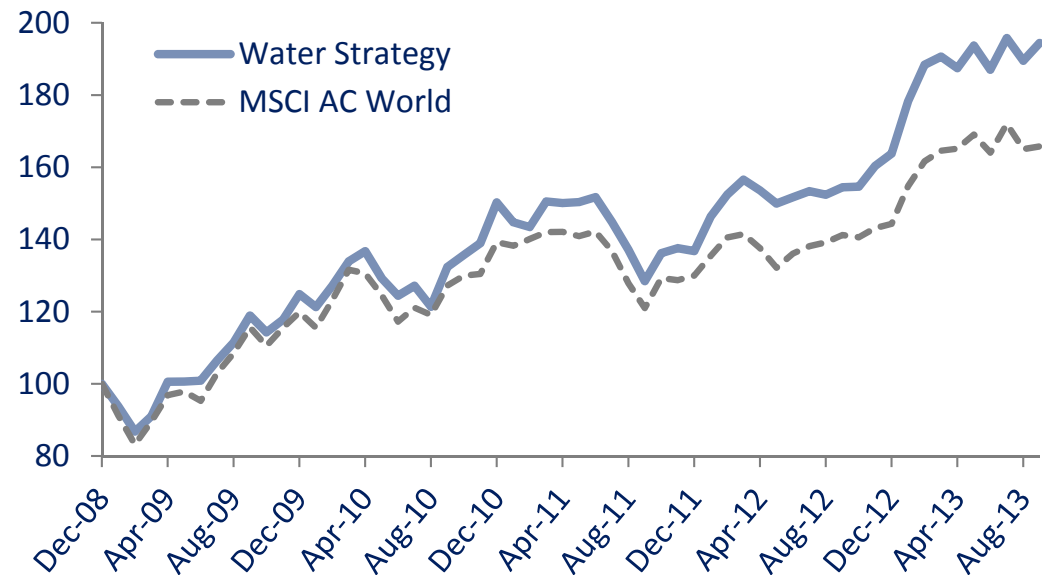
Water Strategy – Strong Inflows and Performance

- Five year anniversary in December 2013
- Continuing strong signals for long-term investment
- Wider European distribution
- Now fourth largest water fund in the market*

BNP Paribas Aqua Fund AUM (£m)



Investment performance (%)



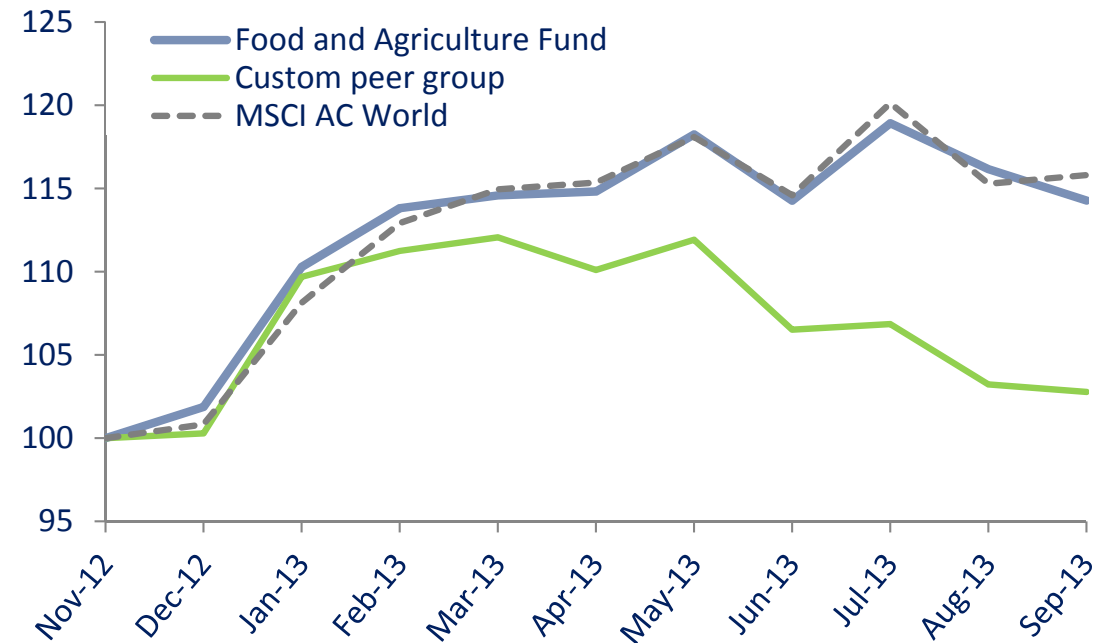
Source: FactSet, WM Reuters. Strategy performance is shown gross, MSCI index is net calculated including dividends reinvested, net of withholding taxes. All data as at 30 September 2013 in GBP. Past performance is no guarantee as to future performance. *Source: FactSet and Impax estimates



Food and Agriculture Strategy – Excellent Performance vs. Peer Group

- First anniversary on 1 December 2013
- Key Differentiators:
 - Investing across entire value chain
 - Concentrated portfolio (25-30 Stocks)
 - Value-based stock picking

Investment performance (%)

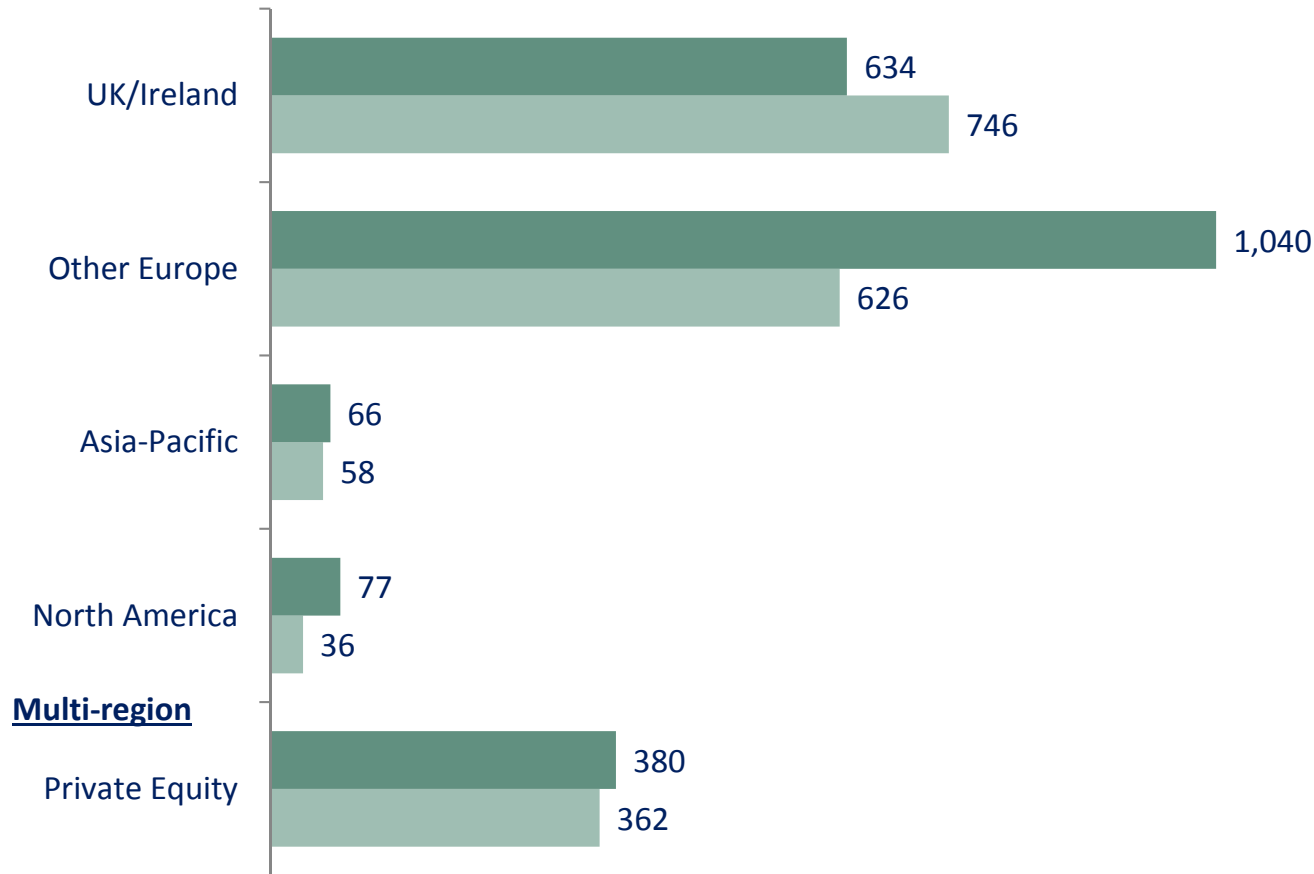


Source: FactSet, WM Reuters. Data as at 30 September 2013 in GBP. Strategy performance is shown gross, MSCI index is net calculated including dividends reinvested, net of withholding taxes. The custom peer group consists of 11 competitor funds, source Impax and FactSet. Past performance is no guarantee as to future performance.

AUM Breakdown (1): by Strategy

Investment strategy	AUM (£) 30 Sep'13	AUM (£) 30 Sep'12
Specialists	819m	759m
- Impax Environmental Markets plc	363m	327m
- Impax Environmental Markets (Ireland)	104m	102m
- Third Party funds/accounts	352m	330m
Leaders	409m	276m
- Third Party funds/accounts	409m	276m
Water	562m	226m
- Third Party funds/accounts	562m	226m
Asia-Pacific	23m	205m
- Impax Asian Environmental Markets plc	--	200m
- Impax Asian Environmental Markets (Ireland)	22m	2m
- Third Party funds/accounts	1m	3m
Food and Agriculture	3m	--
- Impax Food and Agriculture Fund	3m	--
Private Equity	380m	362m
TOTAL	£2,197m	£1,828m

AUM Breakdown (2): by Client Domicile* (£m)



Principal funds/partners

- Impax Environmental Markets plc
- Impax Environmental Markets (Ireland) Fund
- Impax Asian Environmental Markets (Ireland) Fund

- BNP Paribas Investment Partners
- ASN Bank
- LD

- BNP Paribas Investment Partners
- DIAM
- LGS

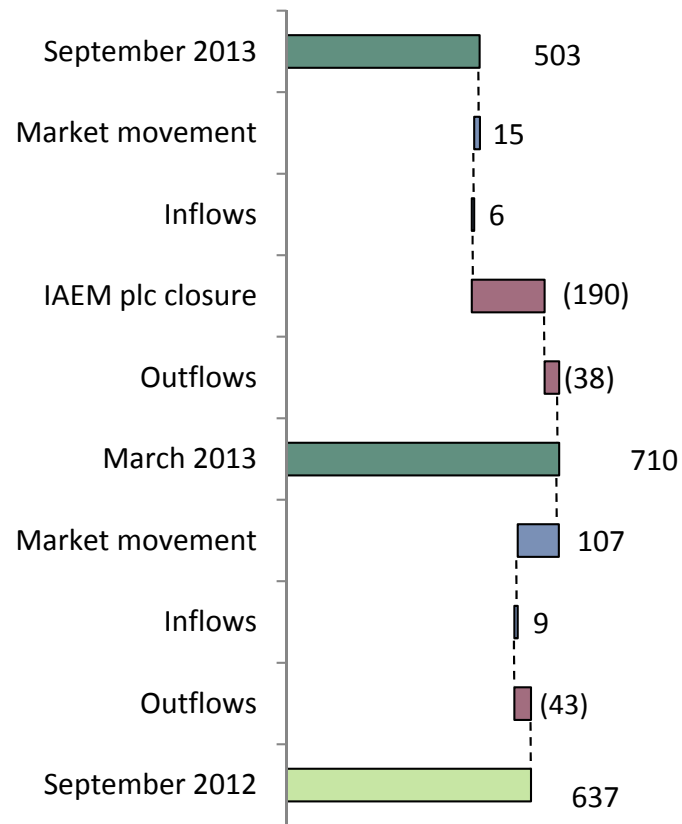
- PAX World
- Impax Global Resource Optimization Fund LP

- Impax New Energy Investors LP
- Impax New Energy Investors II LP

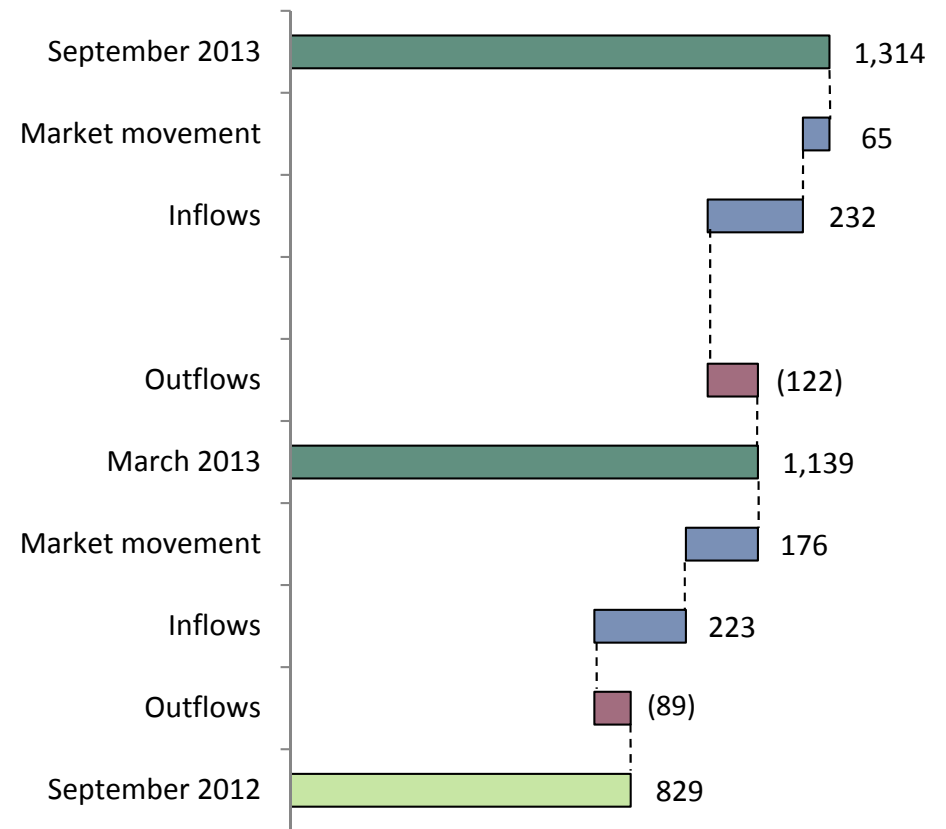


Flows for “Impax label” and Third Party Funds/Accounts

“Impax label” funds (£m)



Third party funds/accounts (£m)



Note: the data above refers to listed equity funds and accounts only

Private Equity Update

- **NEF I**
 - Strong portfolio performance
 - Impact of Spanish regulation on solar projects

- **NEF II**
 - Investments and commitments now 60%
 - On-shore wind acquisitions in France, Poland and first investment in Finland
 - Sale of first asset at attractive profit
 - Strong investment pipeline

- **Platform for further asset raising in due course**

Distribution Strategy – Institutional Quality Global Platform

US

- Groundwork since 2007
- PaxWorld Global Environmental Markets grown from US\$49m to US\$107m*
- New mandate from US Private Bank
- Promising pipeline

UK

- IEM plc - strong performance, continuation vote passed
- Developing new relationships
 - Institutions
 - Family offices
- Old Mutual Ethical Fund: renewed marketing drive
- Prestigious industry awards

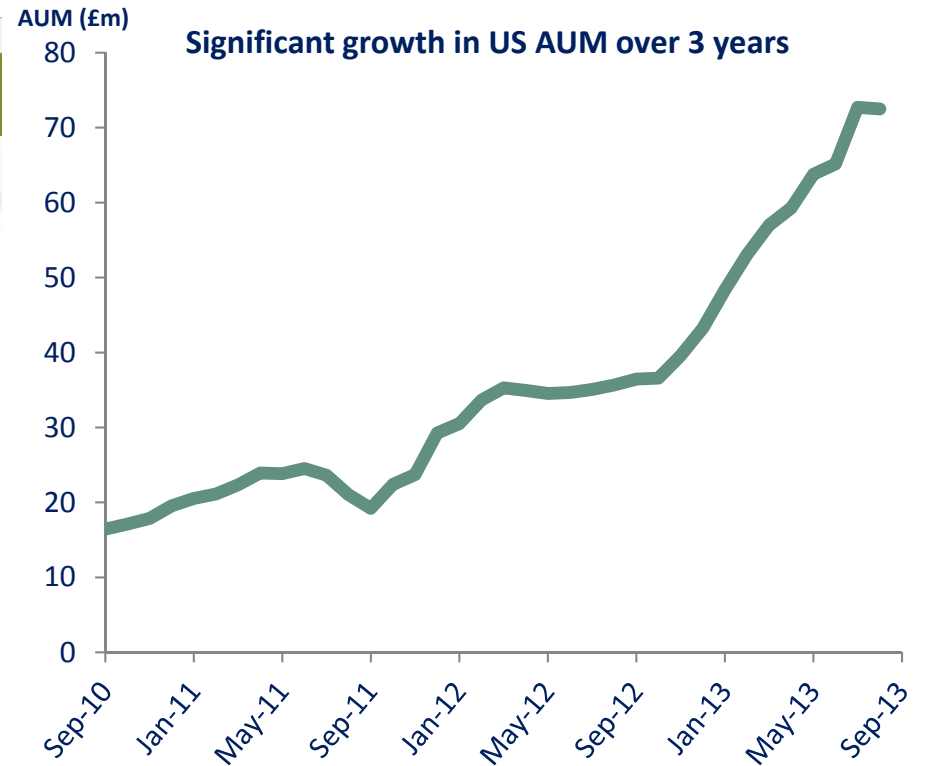
Europe

- BNP Paribas
 - Expansion of water fund beyond France
 - Parvest Global Environment Fund: Morningstar 5 star
 - LuxFLAG labels
- ASN - Environment and Water Fund

Asia Pacific

- BNP Paribas in Hong Kong and Australia

Raising Profile and Assets in North America



Foundation & Endowment Intelligence
Incorporating Foundation & Endowment Money Management

Impax: Investors Considering Fossil Fuel Divestment

Jul 11, 2013 - Kimberly Lightbody

Twitter Facebook LinkedIn +

Institutional investors are showing an increased interest in fossil fuel divestment, according to a new whitepaper by Impax Asset Management. As looming regulatory changes around carbon emissions threaten to hurt the market value of fossil fuel companies, more investors are caving to pressure from environmental organizations and exploring ways to remove such companies from their portfolios.

Related Articles

- Students: Harvard Investments May Harm Argentine Wetlands Oct 23, 2013
- Yale Cuts Back PE, SA



Home | Media Centre | Impax Blog | UN's Fifth Assessment Report on Climate Change - Investors take note

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Archive

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- 2012
 - December (2)
 - November (3)

Investors need to get off the fence on climate change

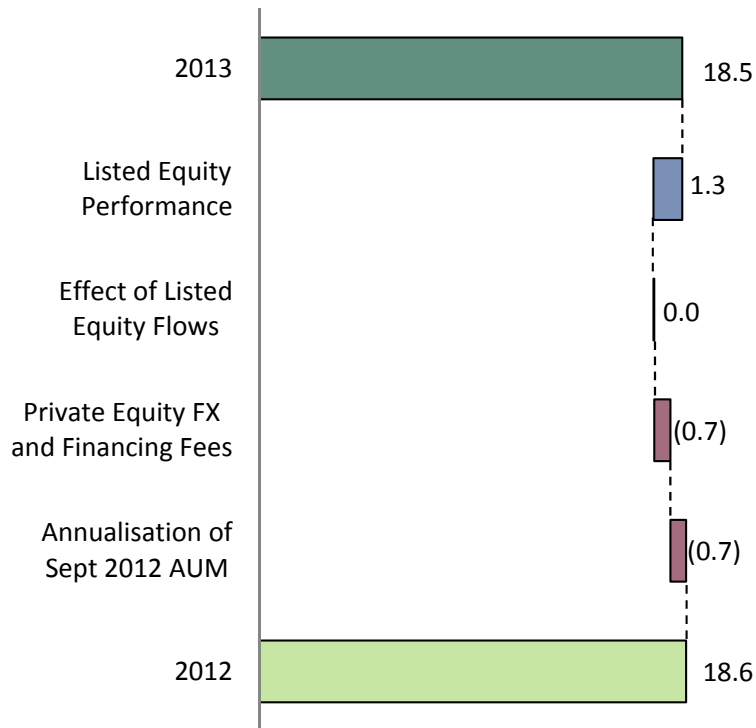
26 Sep 2013
by Ian Simm, Chief Executive

Leaks from the UN's Fifth Assessment Report ("AR5") on climate change ("CC"), which is due out on 27 September, have once again stirred the hornets' nest and the airwaves are full of opinions from CC "believers" and "deniers" alike. Although many observers will be inclined to sit on the fence, decision makers who employ scenario planning are actually well-placed to assimilate new information in the report; in simple terms, scenarios in which governments take additional action to reduce greenhouse gas emissions should be assigned higher probability. In particular, investors,



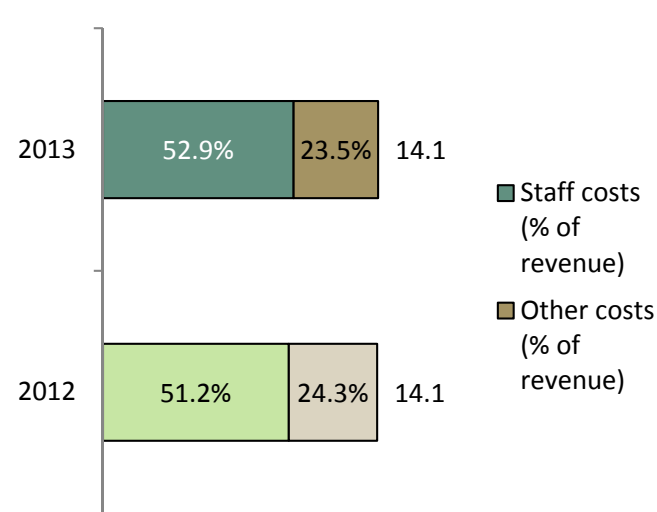
Final Results: Financial Highlights (1)

Revenues (£m)



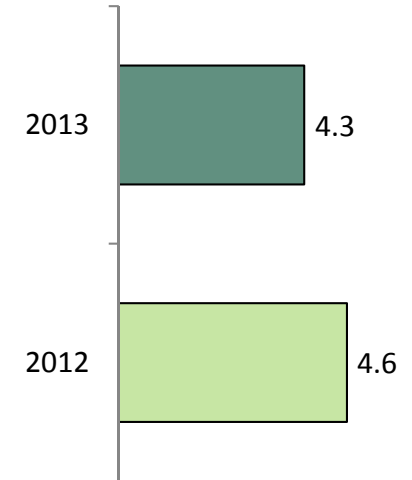
- Net inflows at lower annual fees

Operating costs (£m)



- Includes annualised effect of “investment hires”
- Variable remuneration marginally decreased in line with profits

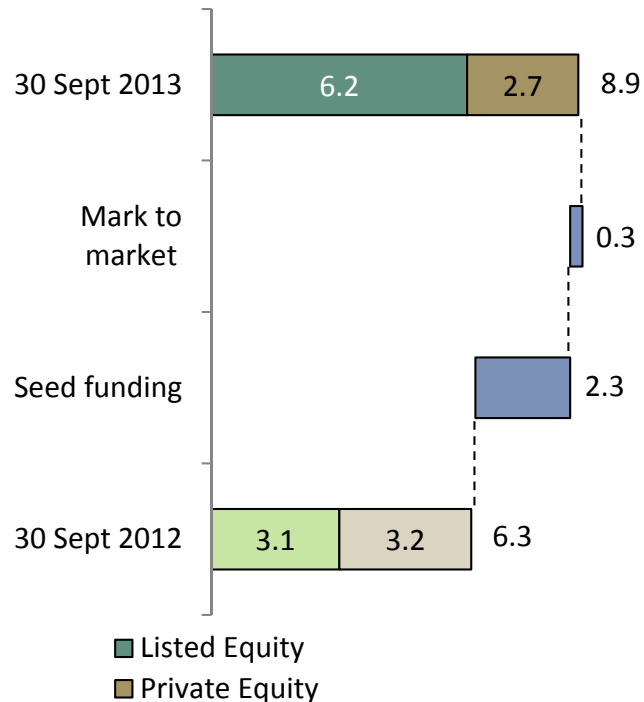
Operating earnings (£m)



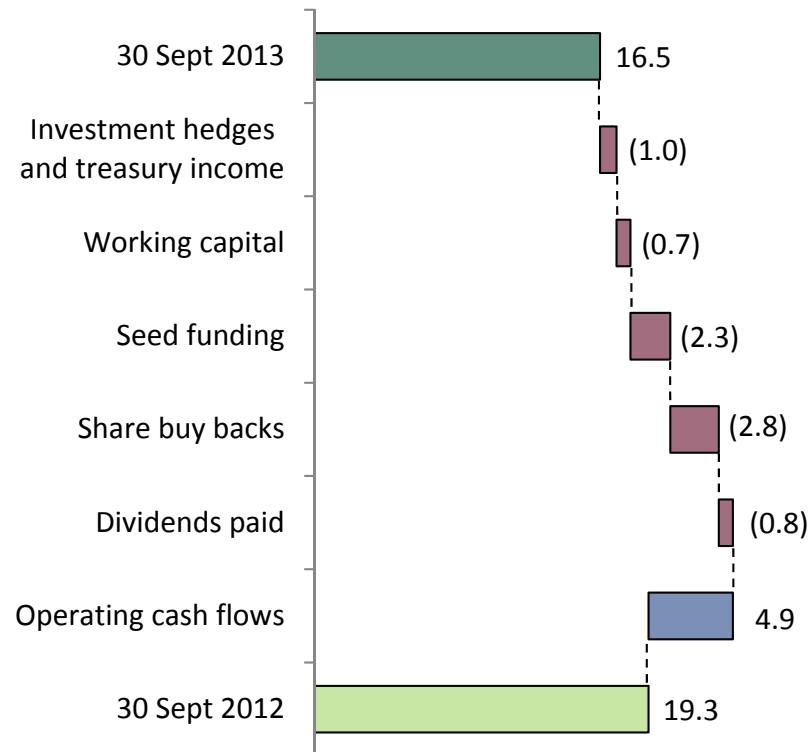
- Operating margin down from 24.5% (2012) to 23.5% (2013)

Final Results: Financial Highlights (2)

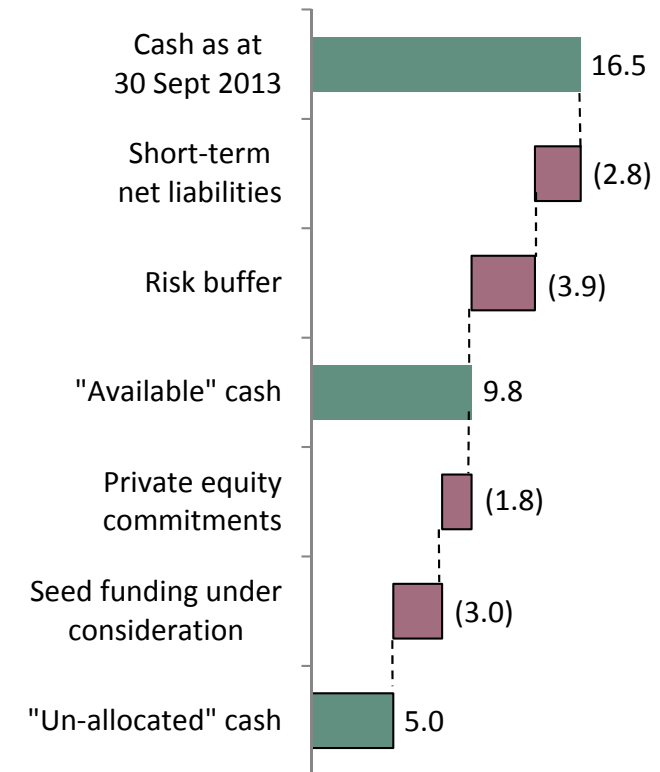
Investments¹ (£m)



Cash reserves (£m)



Cash reserves analysis (£m)



- Seed funding: Impax Food & Agriculture Fund
- NEF 1 investment: £0.9m write-down
- IGRO redemption commenced Oct 2013

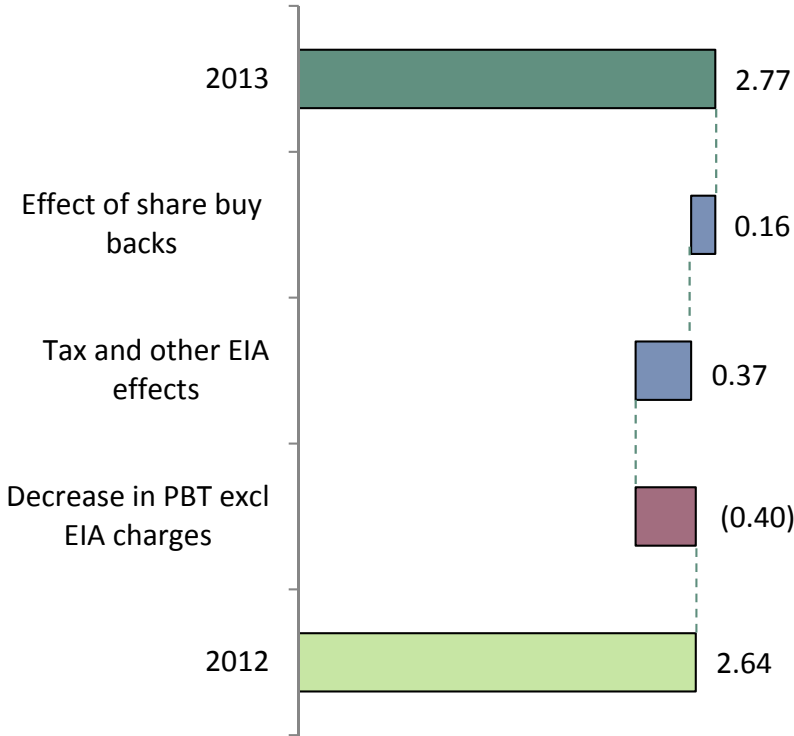
- Continued strong cash generation
- 6.8m shares bought back

- "Un-allocated cash" held for further share buy-backs, business development etc.

¹ Excluding third party interest on consolidated funds

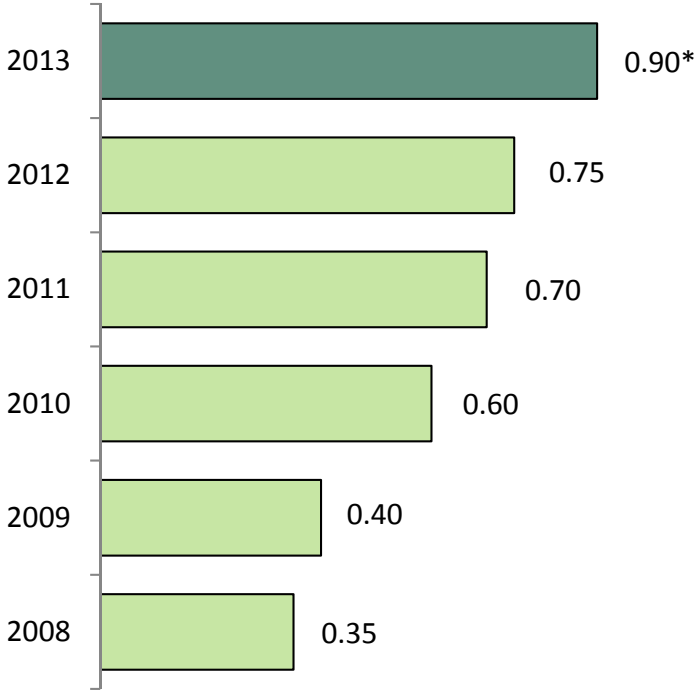
Final Results: Financial Highlights (3)

Diluted adjusted* EPS (p)



* Excluding share based payment charges for EIA scheme & including the full effect of share buy backs

Dividend (p)

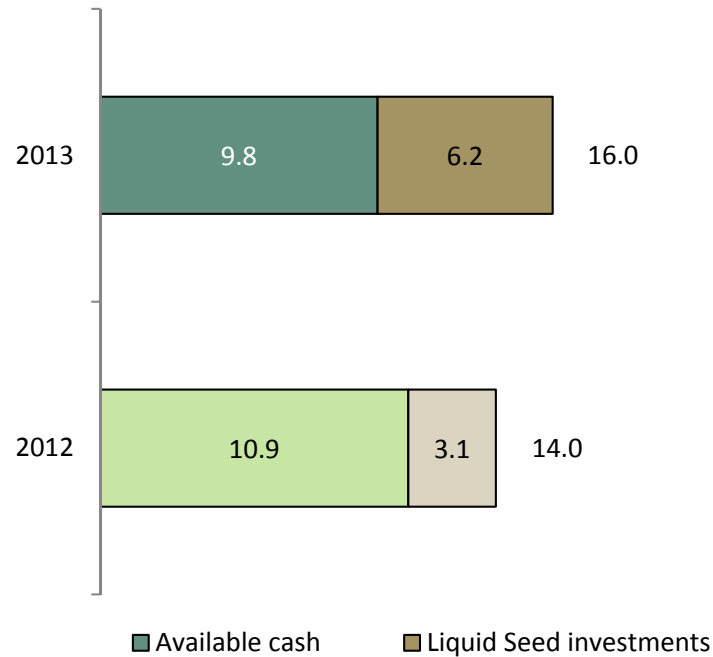


*Proposed



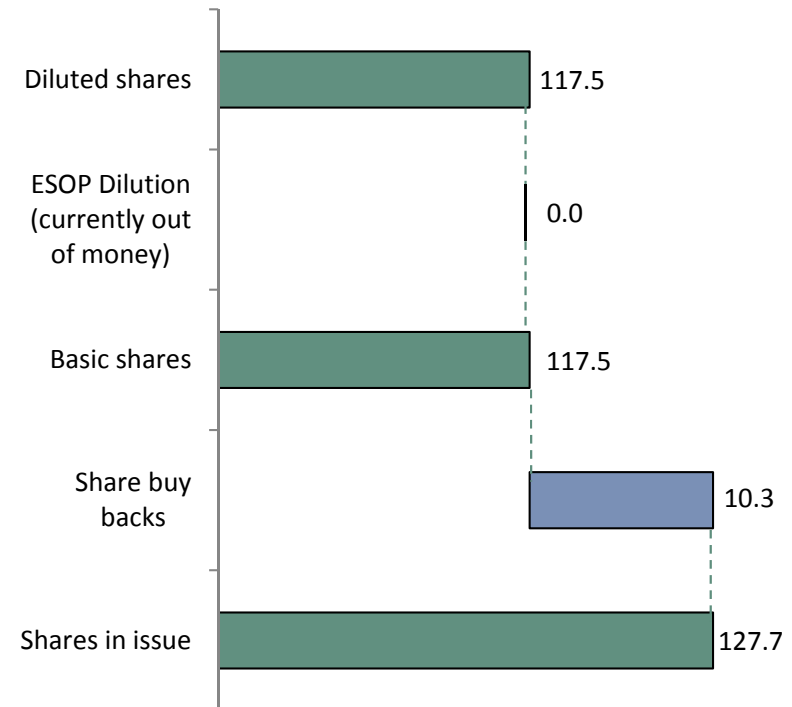
Valuation Indicators

Liquid Assets (£m)



- Liquid Assets represent 13-14p/share

Shares reconciliation* (m)



- Historical incentive schemes fully vested and related shares issued
- 11m ESOP options allocated to date (including ESOP 2013 awards)

* Share quantities as of 30 September 2013



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
- Potential for new products

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 2013 £'000	Year ended 2012 £'000
Revenue	18,463	18,621
Bonus Pool	(3,558)	(3,611)
Other operating costs	(10,566)	(10,457)
Operating costs	<u>(14,124)</u>	<u>(14,068)</u>
Operating earnings	4,339	4,553
Share-based payment charge for EIA extension scheme*	(280)	(7,757)
Other charges related to EIA schemes	111	(979)
Fair value gains/(losses)	(947)	(722)
Change in third party interest in consolidated funds	(32)	(25)
Investment income	163	195
(Loss)/Profit before taxation	3,354	(4,735)
Taxation	(397)	86
(Loss)/Profit for the period	<u>2,957</u>	<u>(4,649)</u>

* The 18m shares awarded to staff in April 2011 were fully vested on 30 Sept 2012 except for 2 individuals whose vesting period extended to 2013.

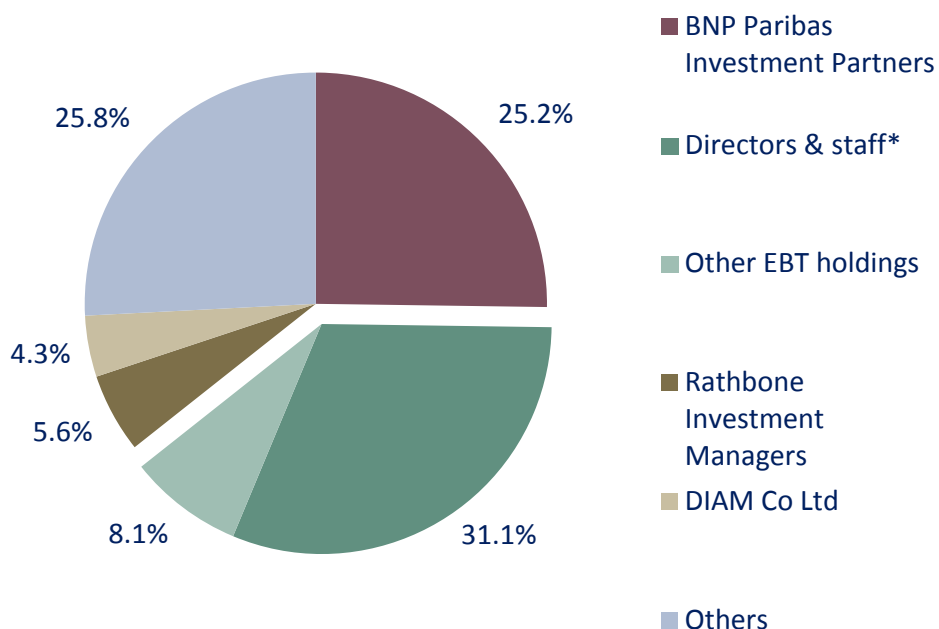
Balance Sheet

	30 Sep 2013	30 Sep 2012
	£'000	£'000
Goodwill and intangibles	1,724	1,775
Other non-current assets	473	720
	2,197	2,495
Cash and cash equivalents	16,553	19,671
Current asset investments	9,336	8,710
Other current assets	3,509	2,998
Total assets	31,595	33,874
Current liabilities	6,999	10,092
Non current liabilities	1,652	1,213
Net assets	22,944	22,569
Shareholder's equity	22,944	22,569

*Note: The Balance Sheet includes effects due to the consolidation of investments.
Cash reserves not including consolidated funds are £16.5m (Mar 2013: £15.2m, Sep 2012: £19.3m)*

Impax Equity Interests

IPX ordinary shares (Total 127.7m) (%)



Directors, staff and EBT holdings 50m (39.1%)
(8.1% relates to shares held for un-vested ESOP awards)

** includes vested shares within sub-funds of the Employee Benefit Trust 2004 ("2004 EBT") from which the individuals and their families may benefit, and other shares held by EBTs in respect of vested option awards*

Employee Incentive Schemes

Impax Share Option Scheme	Strike price	Exercise Period	Options outstanding
FY11 ESOP	49.6p	1 Jan 2015 - 31 Dec 2017	4,780,000
FY12 ESOP	37.6p	1 Jan 2016 - 31 Dec 2018	3,000,000
FY13 ESOP	TBD*	1 Jan 2017 - 31 Dec 2019	3,000,000
FY14 ESOP**	TBD	1 Jan 2018 - 31 Dec 2020	2,970,000
Others	0/37.6p	Various	395,455
			14,145,455

** The strike price of the options will be set at a 10% premium to the average market price of the Company's shares for the 30 business days following the announcement of the results for the year ended 30 September 2013.*

*** To be allocated*

Impax Seed Investments

Investments by theme:

Theme	Principal funds / Investee	Investments* (£m)	% of Fund AUM	Initial Investment Date	Comments
Specialists	Impax Global Resource Optimization Fund	3.9	35%	Nov-11	Withdrawal commenced Oct 2013: \$1m
Food & Agriculture	Impax Food and Agriculture Fund	2.2	80%	Dec-12	1 year anniversary: Dec 2013
Private equity	Impax New Energy Investors LP	1.3	4%	Aug-05	Commitment: €3.8m
	Impax New Energy Investors II LP	1.0	1%	Mar-10	Commitment: €3.3m, 33.5% drawdown
Other	Ensyn Corporation	0.4	N/A	N/A	

8.9

* Fair value at 30 September 2013

Competitors

Listed equity

- 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 and Asia

Private equity

- Established peer group validates investment hypothesis
 - “Renewable energy only” funds
 - Hybrid funds, including renewables alongside infrastructure and energy
- Several funds raising capital

Extensive Expertise

Keith Falconer



- Chairman since 2004
- 34 years' experience

Ian Simm



- Chief Executive
- 24 years' experience

Charlie Ridge



- CFO
- 26 years' experience

Bruce Jenkyn-Jones



- MD, Listed Equities
- 22 years' experience

Peter Rossbach



- MD, Private Equity
- 34 years' experience

Ominder Dhillon



- Head of Distribution
- 22 years' experience

David Richardson



- MD, US Institutional Business
- 29 years' experience

Ken Locklin



- MD, US Policy Specialist
- 41 years' experience

Kaye Forrest



- Director of HR
- 26 years' experience

Sources (Slide 9)

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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