



Impax Group plc

Interim Results

May 2009

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Overview

- **Established, expanding fund manager dedicated to the environmental sector**
 - ca. £1 billion funds under management/advisory
 - broad exposure across alternative energy, water treatment and waste management
- **Environmental sector highly attractive for a specialist manager**
 - large revenues (>US\$200bn p.a.) and growing rapidly (up to 30% p.a.)
 - complex technology and regulation challenge generalist investors
- **Stable ownership**
 - BNP Paribas Investment Partners 29.9%
 - Dai'ichi IBJ Asset Management 5.1%
 - staff own ca. 22.5%
- **Growth plans based on:**
 - maintaining/building on investment track record
 - focusing on scaling up small number of innovative products
 - managing cost base

Extensive investment and sector expertise

Keith Falconer



- Group Chairman
- Former Director of Martin Currie Ltd.
- Joined Jan 04

Ian Simm



- Chief Executive
- Former Project Manager, McKinsey & Co.
- Joined Oct 96

Charlie Ridge



- Chief Operating Officer
- Previously at Deutsche Bank
- Joined Sept 08

Bruce Jenkyn-Jones



- Investment Director, Listed Equities
- Former utilities analyst, BT Alex. Brown
- Joined Feb 99

Nigel Taunt



- Investment Director, Venture Capital
- Former FD within Kelda plc
- Joined Jan 02

Peter Rossbach



- Investment Director, Infrastructure
- Former banker (EBRD, Lazard) & fund manager
- Joined May 03

Hubert Aarts



- Investment Director, Hedge Funds
- Former investment manager at MLIM
- Joined Jan 07

Financial highlights (1)

- Robust financial performance in spite of difficult market conditions
- PBT marginally down reflective of cost associated with expanded operating capabilities to support future growth
- Healthy cash reserves (£5.6m) plus (liquid) seeding capital invested in own funds (£3m)
- FUM of £1 billion at 30 April 2009
- Investment performance: largest fund* up 29% over 5 years** out-performing MSCI World Index (total return) up 11%
- Maiden dividend (0.35p per share) paid Feb 2009; intention to implement progressive policy via single annual dividend as company grows

* NAV of Impax Environmental Markets plc

** to 31 March 2009

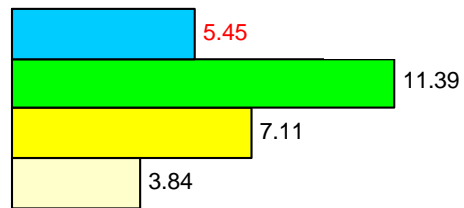
Financial highlights (2)

Funds under management at period end (£m)

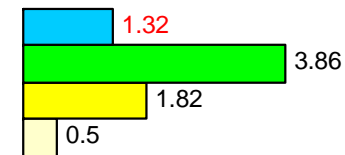


- H1 2009
- 2008 full year
- 2007 full year
- 2006 full year

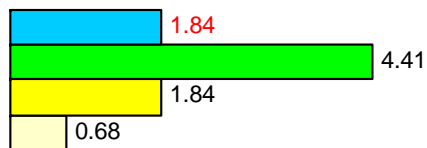
Revenue (£m)



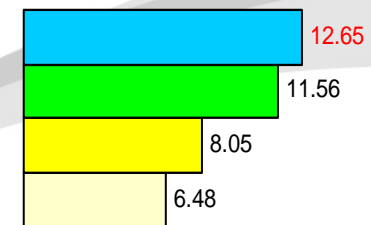
Profit before tax (£m)



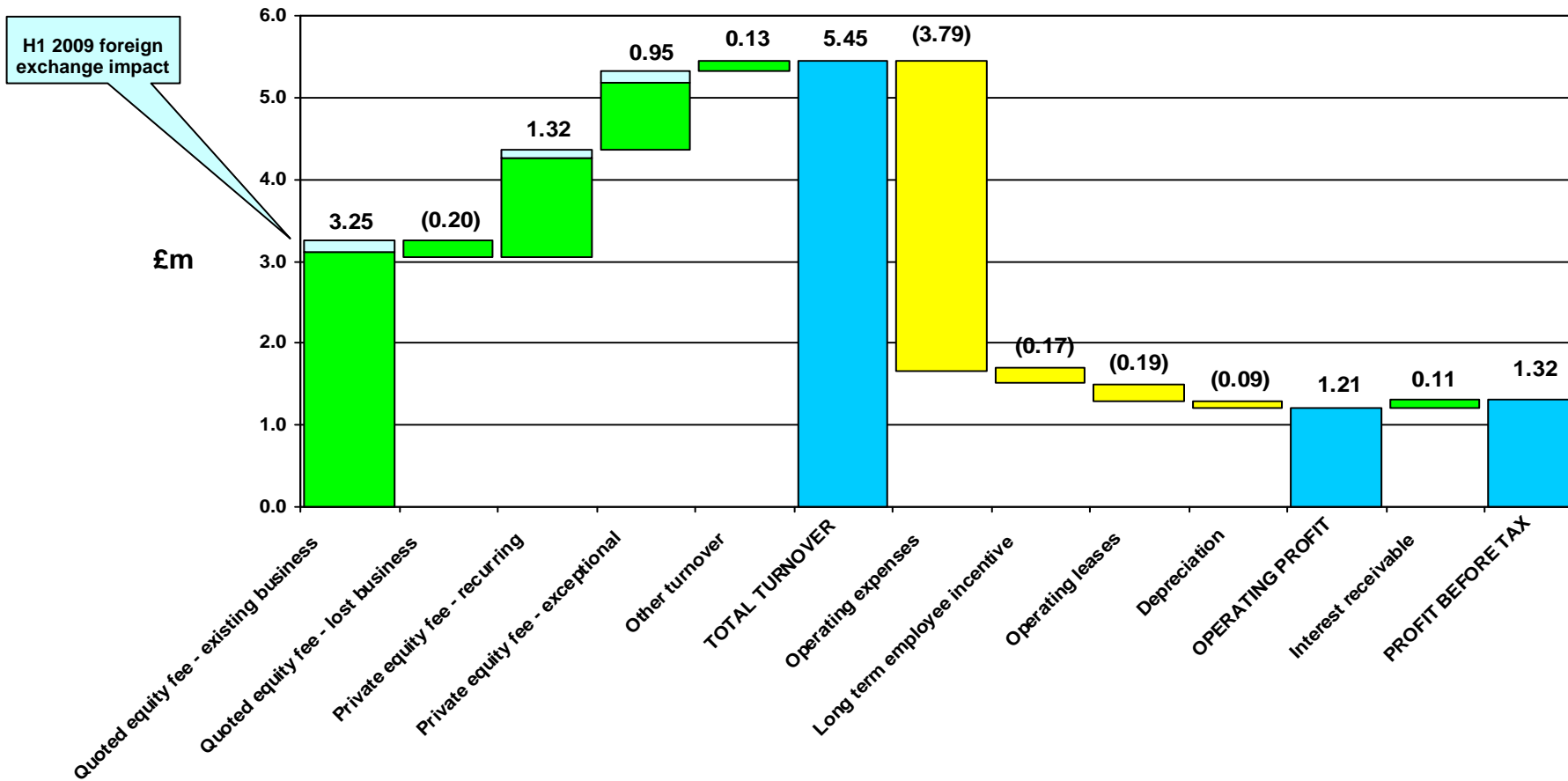
Operating cashflow (£m)



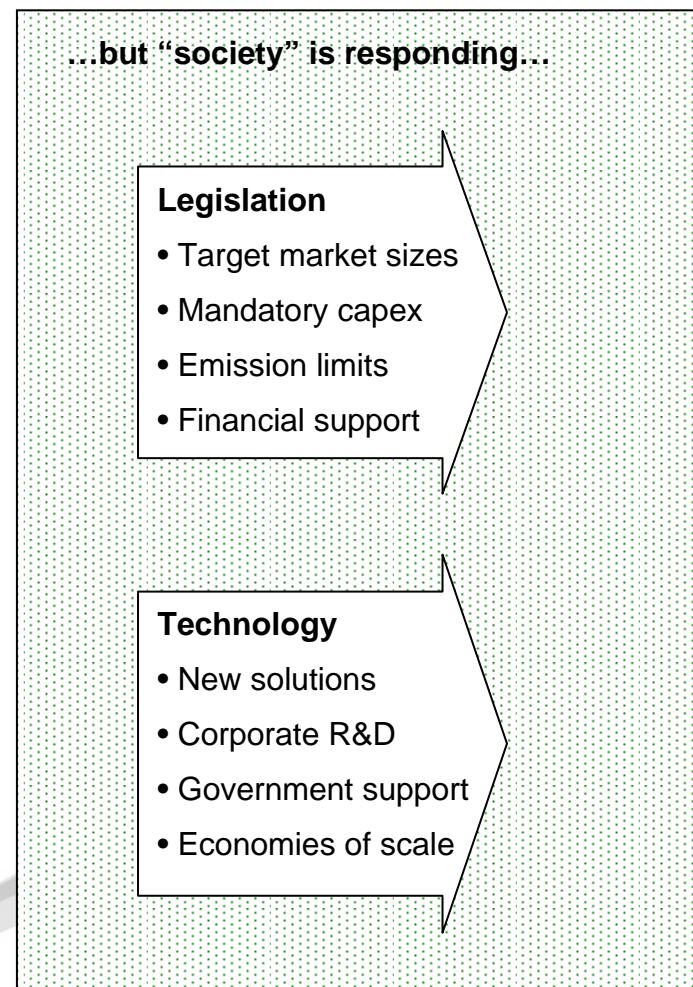
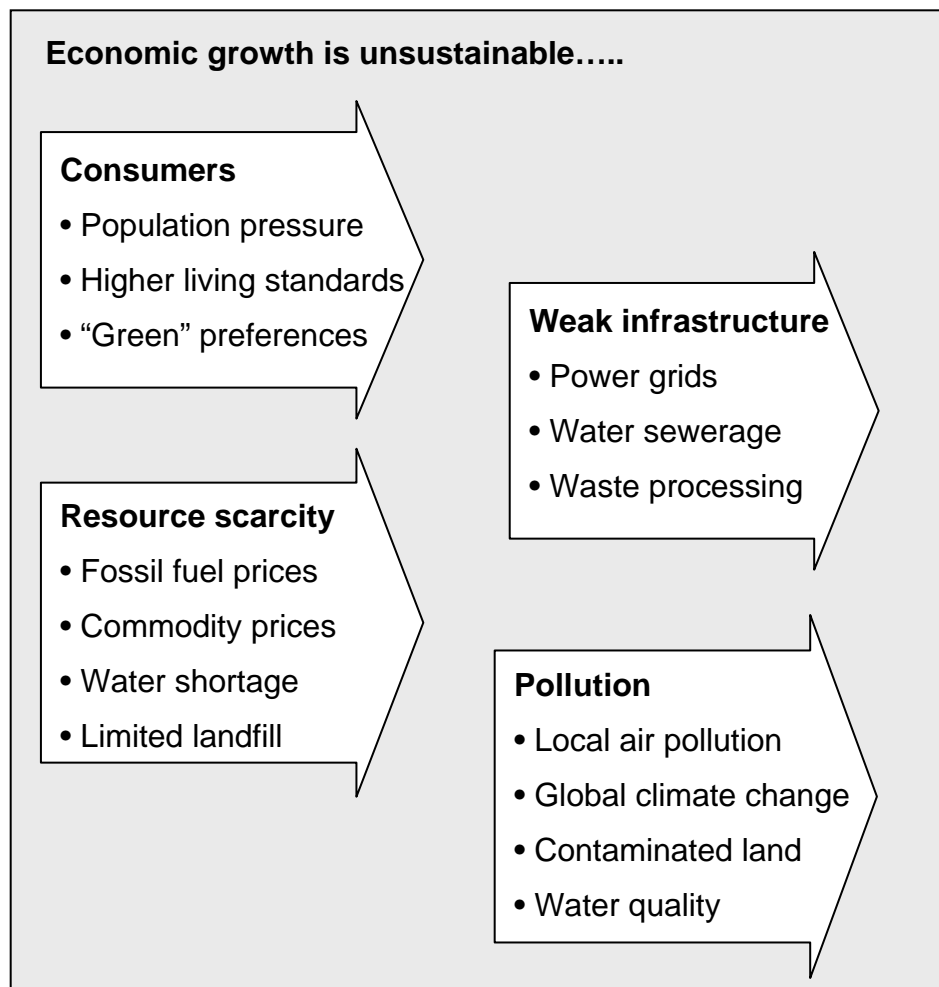
Net assets at period end (£m)



Profit & loss analysis – H1 2009



Powerful drivers behind the environmental sector



Environmental business growth

| Economic Sector | Conventional Sub-Sectors | Environmental Markets |
|-------------------------------|---|---|
| Energy | Oil, Gas and Consumable Fuels | <ul style="list-style-type: none"> • Wind turbine manufacturing • Fuel cells and hydrogen |
| Materials | Chemicals, Basic Resources and Construction Materials | <ul style="list-style-type: none"> • Commodity recycling • Buildings energy efficiency • Water infrastructure companies |
| Industrials | Capital Goods and Support Services | <ul style="list-style-type: none"> • Industrial energy efficiency • Multi-technology water treatment companies • Air pollution control • Recycling equipment and systems • Integrated waste management • Hazardous waste management • Environmental consultancy companies • Environmental testing and gas sensing |
| Consumer Discretionary | Automobiles & Components, Consumer Durables and Consumer Services | <ul style="list-style-type: none"> • Transport energy efficiency |
| Consumer staples | Food Retail, Household Products and Agriculture | <ul style="list-style-type: none"> • Biofuels |
| Financials | Banks, Insurance and Real Estate | <ul style="list-style-type: none"> • Trading in carbon and other environmental assets |
| Information Technology | Software, Hardware and Semiconductor Equipment | <ul style="list-style-type: none"> • Solar manufacturers and integrators • Meters and demand side management |
| Utilities | Electric, Gas, Water and Sewerage | <ul style="list-style-type: none"> • Renewable energy developers and IPPs |












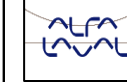








Environmental Sector (Key Data)

- Revenues: >US\$200bn + p.a.
- Impax universe: median growth rates higher than MSCI World
- ROIC: 15%+ p.a.



Impax sub-sectors

1. Alternative Energy & Energy Efficiency

| Wind turbine manufacturing | Solar manufacturers & integrators | Renewable developers & IPPs | Biofuels | Meters & demand side mgmt | Industrial energy efficiency | Buildings energy efficiency | Transports energy efficiency | Trading in carbon & other env. assets | Fuel Cells & hydrogen |
|--|--|--|--|--|--|--|--|--|--|
|   |   |   |   |   |   |   |   |   |   |

2. Water Treatment & Pollution Control 3. Waste Technologies & Resource Management

| Water infrastructure companies | Multi-technology water treatment cos. | Air pollution control | Testing & sensing | Water Utilities | Recycling eqpt. & systems | Commodity recycling | Integrated waste management | Hazardous waste management | Environmental consultancy companies |
|--|--|--|--|--|--|--|--|--|--|
|   |   |   |   |   |   |   |   |   |   |



Current sector issues

Stimulus packages



US

- Grid infrastructure improvements
- Energy efficiency in buildings
- Renewable energy
- Water infrastructure

China

- Environmental projects
- Grid infrastructure improvements
- Water / waste projects

South Korea

- Green jobs plan

Other developments in 2009

US

- **EPA greenhouse gas ruling**
- **Draft energy bill** - 25% by 2025 renewable energy standard & cap-and-trade programme.
- **Water infrastructure** - extra \$4bn (above stimulus) in Obama budget.

Europe

- **Emissions Trading Scheme** - Directive incorporating aviation.
- **'Green economy' initiatives** - €105 bn (30% of regional policy budget for 2007-13).
- **Smart meters** - 80% of homes by 2020.

Rest of World

- **Chinese and Japanese solar subsidies.**
- **Chinese energy-efficient light bulbs** - 100m in 2009.

A comprehensive range of funds

| Fund | Launch | Size (£m)** | Fees* | Performance fees |
|---------------------------------------|------------|-------------|-------|--------------------------|
| <u>“Long only”</u> | | | | |
| Impax Environmental Markets plc | Feb 02 | 305 | 0.94% | - |
| Impax Environmental Markets (Ireland) | Dec 04 | 157 | 1% | - |
| Pure Play White Label | Various | 254 | 0.55% | - |
| IFSL Impax Environmental Leaders | Mar 08 | 4 | 0.80% | - |
| All Cap White Label | Aug/Sep 07 | 55 | 0.5% | - |
| Segregated Accounts | 2008 | 79 | ND | ND |
| <u>Private Equity</u> | | | | |
| Impax New Energy Investors LP | Aug 05 | 129 | 2% | 20% above hurdle |
| <u>Long/Short Equity</u> | | | | |
| Impax Absolute Return Fund | May 07 | 4 | 2% | 20% with high water mark |

* Approximate blended rate (per annum)

** As of 30 April 2009

Impax – globally recognized & provider of choice



Listed equities - investment universe

Full Universe – 1400+ stocks

- 800 stocks with >50% revenues / profits or capital employed in environmental markets
- 500 stocks 20-50% with revenues / profits or capital employed in environmental markets
- 200 electric utilities
- Steady flow of Pre IPO and infrastructure project-related investments

Pure Play Portfolio

- 800 stocks with >50% revenues/profits or capital employed in the environmental sector
- ...plus.... Pre IPO

All Cap Portfolio

- 1300 stocks with >20% revenues/profits/capital employed in the environmental sector

Impax Environmental Markets

Impax Environmental Leaders

IMPAX

Impax's investment performance to 30 April 2009

| | 5Y | 3Y | 1Y | 3 Year Volatilities† |
|---------------------------------|-----|------|------|-------------------------|
| Impax Environmental Markets plc | 47% | -13% | -20% | 21% |
| MSCI World | 17% | -13% | -18% | 21% |
| FTSE All-Share | 15% | -21% | -27% | 26% |

* NAV Performance of Impax Environmental Markets plc in Sterling

† Volatilities calculated using daily series as at 30 April 2009

Impax's environmental hedge fund – key features

| | |
|--|--|
| Portfolio Manager: | Hubert Aarts + team of seven |
| Expected Volatility: | <10% |
| Investment Universe: | 800 stocks in the Environmental Sector Global coverage, European bias |
| Leverage Limits: | 100% to 300% Gross |
| Market Exposure Limits: | -30% to +70% Net, Beta Adjusted |
| Pre IPO Side Pocket (optional): | 20% of Net Asset Value (maximum) |
| Number of Positions: | 40 to 80; Sweet Spot 60-65 |



Private equity: Impax New Energy Investors LP

- INEI:** Private equity fund for the New Energy sector, largely renewables, in Western Europe & North America
- Status:** €125,000,000 from three closings (last August 2006)
- Objective:** Cash-to-cash IRR of 18-25% (net to investors)
- Strategy:** Equity-linked investments in project portfolio companies and projects with proven technology
- Investors:** Dexia Credit Local, USS, BA Pension Fund, West Midlands PF, CIS other pension funds/insurance companies
- Prospects:** 11 deals completed. Strong visibility on full investment by summer 2009. Fund II to be launched during 2009

Principal distribution partners

| | |
|----------------------------|--|
| UK: | Collins Stewart (for IEM) plus direct sales |
| Continental Europe: | BNP Paribas Asset Management/Private Bank Scandinavian distributors |
| Asia: | BNP Paribas Asset Management/Private Bank DIAM (Japan) |
| Middle East: | Under discussion |
| North America: | Placement agent (US); partner identified for Canada |

Outlook

- Environmental sector drivers set to strengthen
 - growing urgency to address global warming
 - milestones for alternative energy policy to be passed during 2009
 - many other policy initiatives expected (e.g. water, waste)
- Sustained sector capex expected
- Mounting evidence that institutional investors allocating to this area
- Short-term, economic uncertainty overshadowing catalysts for stock price momentum
- Weak IPO and debt markets enhance opportunities for private equity
- When positive sentiment returns, Impax's growth model is well placed

Appendix

Interim 2009: Profit & loss

| | H1 3/09 (£m) | YE 9/08 (£m) | H1 3/08 (£m) |
|------------------------------|-----------------|-----------------|-----------------|
| Turnover | 5.45 | 11.39 | 4.92 |
| Operating expenses | (4.24) | (7.81) | (3.47) |
| <u>Comprising:</u> | | | |
| •Cost of operating business | (3.01) | (4.81) | (2.27) |
| •Long-term incentive | (0.17) | (0.43) | (0.49) |
| •Bonuses | (1.06) | (2.57) | (0.71) |
| Profit before interest & tax | 1.21 | 3.58 | 1.45 |
| Interest received | 0.11 | 0.28 | 0.14 |
| Profit before tax | 1.32 | 3.86 | 1.59 |
| Taxation | (0.36) | (1.07) | (0.55) |
| Profit after tax | 0.96 | 2.79 | 1.04 |

Interim 2009: Balance sheet

| | H1 3/09 (£m) | YE 9/08 (£m) | H1 3/08 (£m) |
|-----------------------------------|-----------------|-----------------|-----------------|
| Goodwill | 1.63 | 1.63 | 1.63 |
| Other non-current assets | 1.77 | 0.62 | 0.09 |
| Debtors due after one year | 1.18 | 1.05 | 1.06 |
| Other current assets | 3.04 | 2.41 | 2.26 |
| Current asset investments | 1.83 | 3.00 | 3.08 |
| Cash | 5.56 | 7.03 | 4.32 |
| Current liabilities | (2.36) | (4.18) | (2.64) |
| Total net assets | 12.65 | 11.56 | 9.80 |
| Equity shareholders' funds | 12.65 | 11.56 | 9.80 |

Long term employee incentive (Employee Benefit Trust)

Shares outstanding prior to EBT creation 92,722,053

Existing 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

New Scheme

- Shareholder approval at EGM 31 January 2008
- Period covered 3 years ending 30 September 2010
+ 2 year vesting
- Authority to allot Ordinary shares to the EBT 18,250,000

Shares outstanding if all EBT shares awarded 127,749,098