

Impax Asset Management Group plc

Interim Results: 16 May 2012

For the period 1 October 2011 – 31 March 2012



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Impax Asset Management Ltd is
authorised and regulated by the
Financial Services Authority

Impax is a registered investment
advisor with the SEC

Agenda

- Business update
- Annual results
- Q&A



Ian Simm
(Chief Executive)



Charlie Ridge
(CFO)

Highlights (for H1: 1 October 2011 – 31 March 2012)

- Assets under management (“AUM”) increased 7% to £2,025m, up from £1,896m
- H1 revenue £9.2m (H1, 2011: £9.9m)
- Operating earnings* £2.2m (H1, 2011: £2.9m)
- Unaudited loss before tax of £2.7m (H1, 2011: £2.05m profit), inclusive of £4.8m charges arising from previously disclosed unvested share schemes
- Diluted earnings per share 1.45 pence (adjusted**) (H1, 2011: 1.27 pence (adjusted**))
- Solid investment performance, particularly from Water Strategy
- Progress in international expansion
 - Hong Kong office fully operational
 - Launch of US Impax Green Markets Fund
- Platform for business development
 - Resource Scarcity
 - Real Assets

* revenue less operating costs

** 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 unvested share awards

Environmental Markets Update

- **Further expansion of core target sectors**
 - LED market grew 71% in 2011 to ca. 10% of global lighting market
 - Smart grid market grew 22% in 2011
- **Significant policy advancement**
 - Durban global agreement to plan for reducing greenhouse gases
 - EU Energy Roadmap: renewables rising to at least 55% of energy supply by 2050
 - US Utility MACT regulation, limiting coal-fired power plant mercury emissions. 50GW retirements expected
 - China 5-year plan, expectation of c. US\$780bn investment in water conservation, treatment and recycling by 2020
- **Large corporates remain active despite tough markets**
 - Pentair – Tyco Flow Control (water infrastructure, US\$4.9bn)
 - ABB – Thomas & Betts (power grid, US\$3.9bn)
 - Ecolab – Nalco (water treatment, US\$8.0bn)
 - Siemens – Ruggedcom (smart grid, CAD 384mn)
 - Xylem spin out from ITT (water infrastructure, US\$4.5bn)

Strategy Performance (to 31/03/12) in GBP

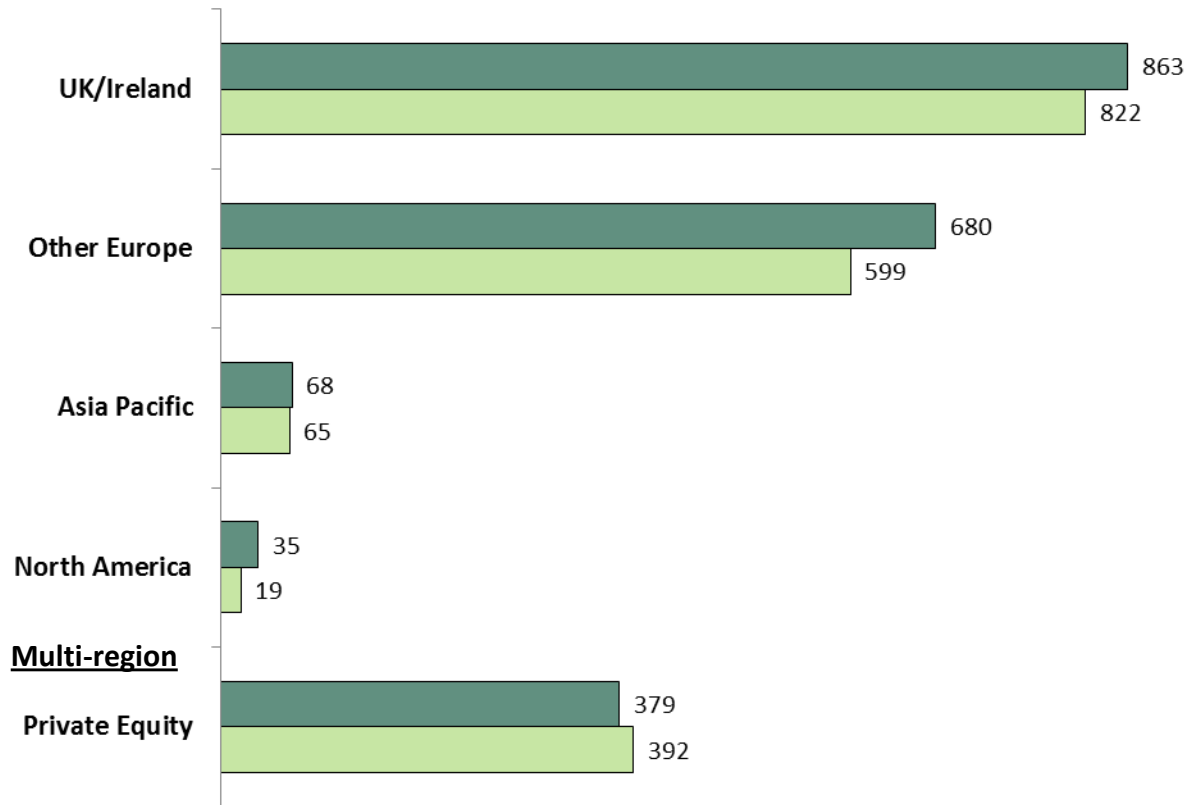
	2007	2008	2009	2010	2011	YTD
Environmental Specialists	17.5%	-20.2%	29.1%	11.9%	-17.8%	10.2%
Environmental Leaders	N/A	N/A	21.9%	15.1%	-12.0%	12.2%
Water	N/A	N/A	24.9%	20.3%	-9.0%	14.5%
FTSE World Index	9.5%	-18.2%	19.6%	16.3%	-5.8%	9.0%
FTSE ET50	69.4%	-37.1%	15.2%	-2.2%	-27.4%	4.7%

FTSE indices are total return (source: FactSet). FX rates taken 4pm (source: WM Reuters)

Impax AUM Breakdown

Investment strategy	AUM (£) 31/03/12	AUM (£) 30/09/11
Environmental Specialists	877m	838m
- Impax Environmental Markets plc	369m	343m
- Impax Environmental Markets (Ireland)	135m	162m
- Third Party funds/accounts	373m	333m
Environmental Leaders	304m	252m
- Third Party funds/accounts	304m	252m
Water	226m	204m
- Third Party funds/accounts	226m	204m
Asia-Pacific	239m	209m
- Impax Asian Environmental Markets plc	233m	202m
- Impax Asian Environmental Markets (Ireland)	2m	3m
- Third Party funds/accounts	4m	4m
Private Equity / other	379m	393m
TOTAL	£2,025m	£1,896m

AUM analysed by Geographic Region (Client Domicile*)



AUM 30/09/11 Total £1,896m



AUM 31/03/12 Total £2,024m

Principal funds/partners

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

- BNP Paribas Investment Partners
- ASN Bank
- Alm. Brand Invest
- LD

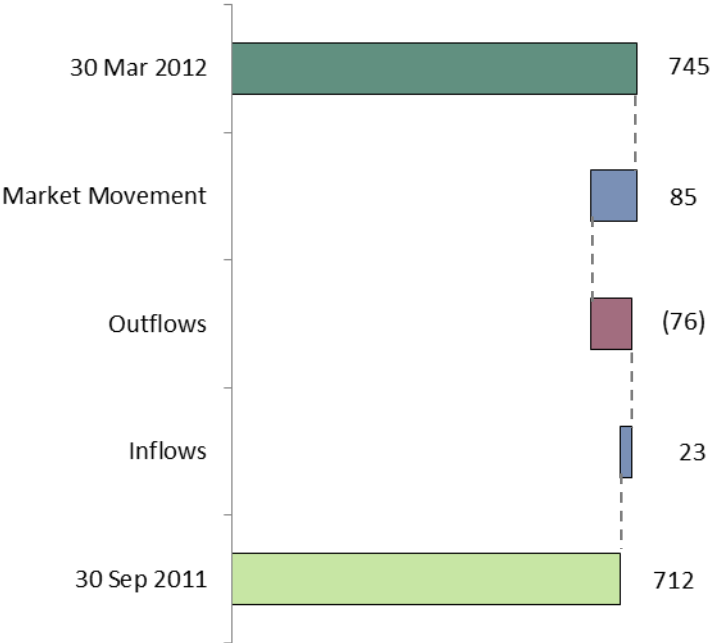
- BNP Paribas Investment Partners
- DIAM

- Impax Green Markets
- PAX World

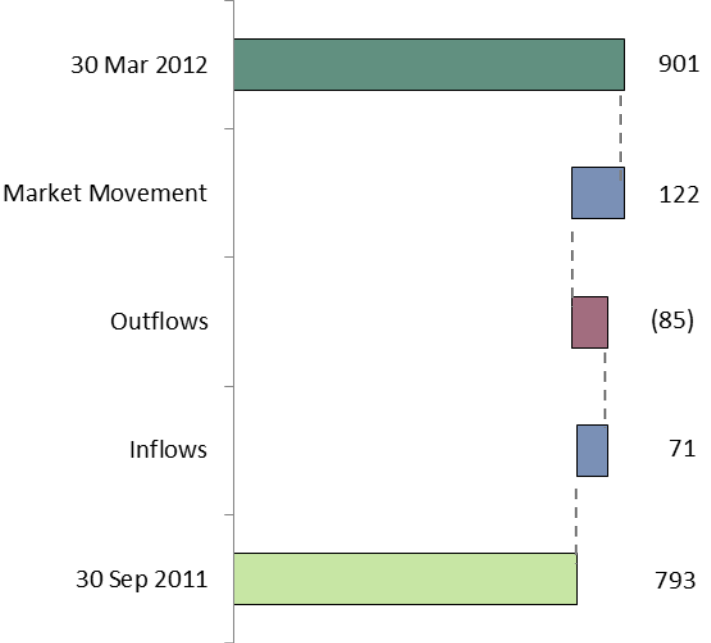
- Impax New Energy Investors Fund I
- Impax New Energy Investors Fund II

Flows for “Impax label” and Third party funds/accounts

“Impax label” funds (£m)



Third party funds/accounts (£m)



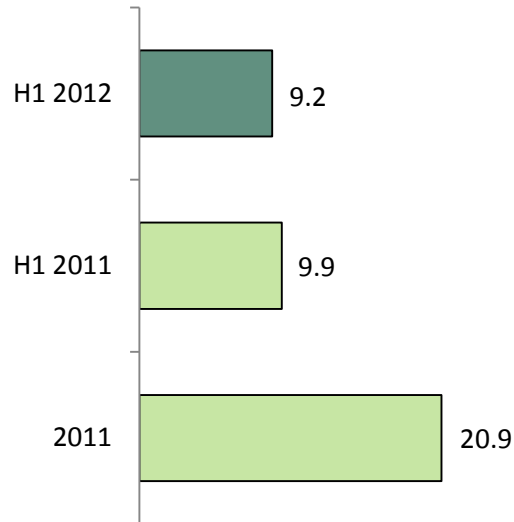
Note: the data above refers to Listed Equity funds and accounts only

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 (€2.75m drawn)
 - Core portfolio is “utility quality” and ready for sale when market conditions turn favourable
- **NEF II**
 - €330m of committed capital (Impax 1%)
 - 28% invested / committed / reserved (France, Germany, Poland & Italy)
 - Strong deal pipeline

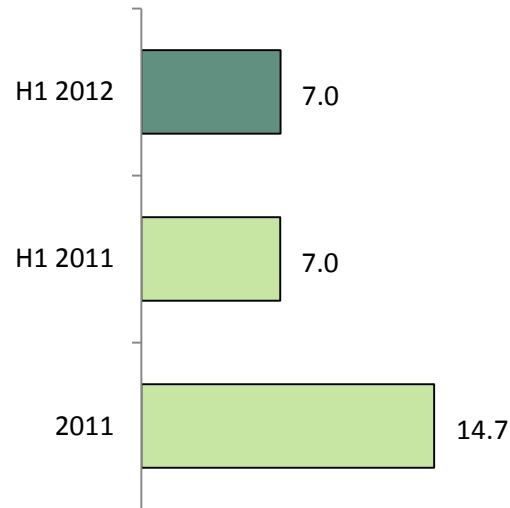
Final Results: Financial Highlights (1)

Revenue (£m)



- Revenue down 7% vs 2011 primarily due to slightly lower average AUM

Operating costs (£m)



- Investment in staff and other cost growth, offset by reductions in performance related compensation
- Full time equivalent headcount up from 50 at 30 September 2011 to 52 at 31 March 2012

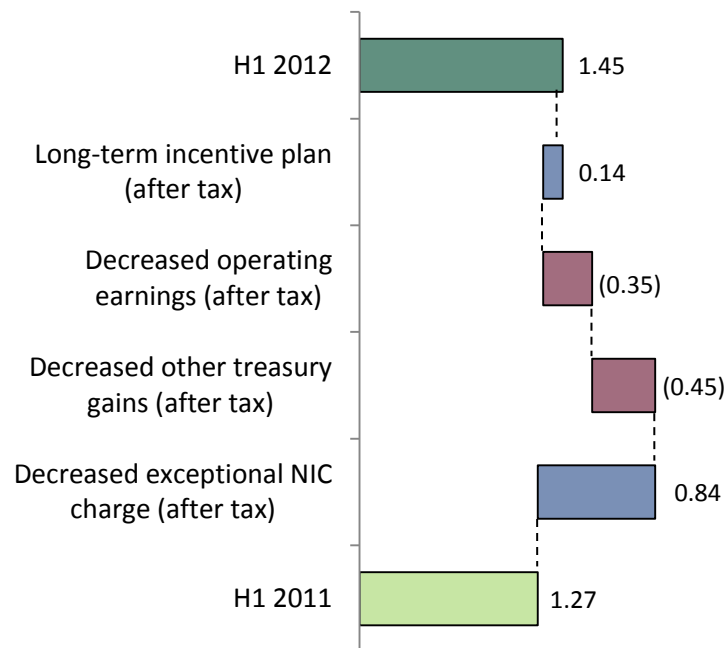
Operating earnings (£m)



- Operating margin of 24% down from 29% in H1 2011

Final Results: Financial Highlights (2)

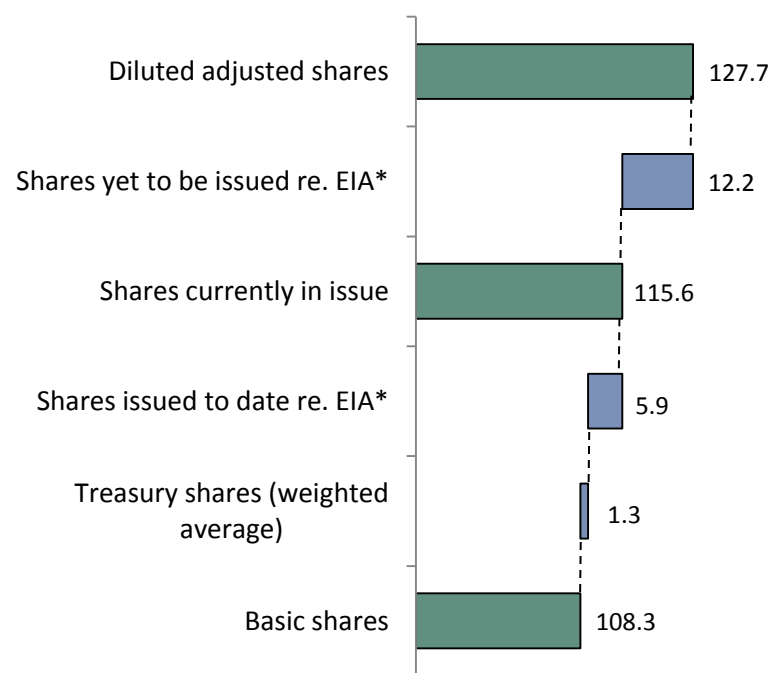
Diluted adjusted* EPS (p)



- H1 2011 included Exceptional NIC charge £1.5m, not repeated in H1 2012, and gains on seed investments
- Absent these items, EPS was down 10% compared to H1 2011

* 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 unvested share awards.

EPS shares reconciliation (m)

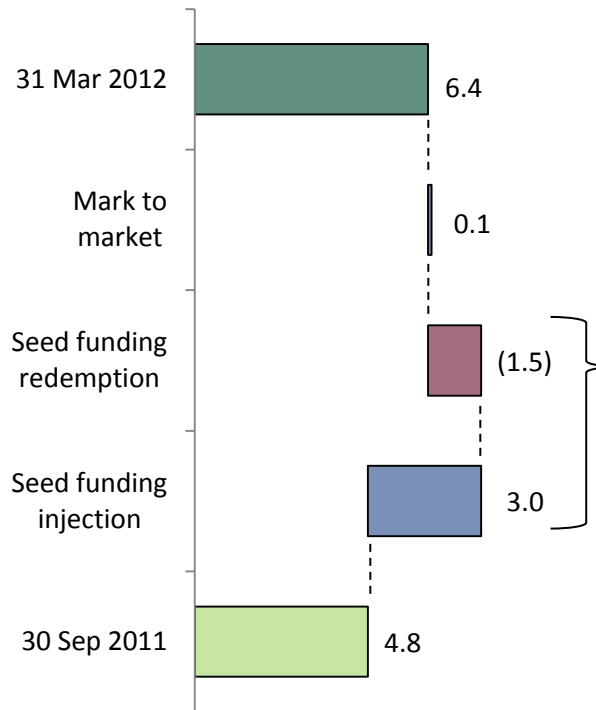


- Diluted adjusted shares expected not to be impacted by 2011-14 ESOP scheme due to use of free cash flow to fund Treasury share purchases

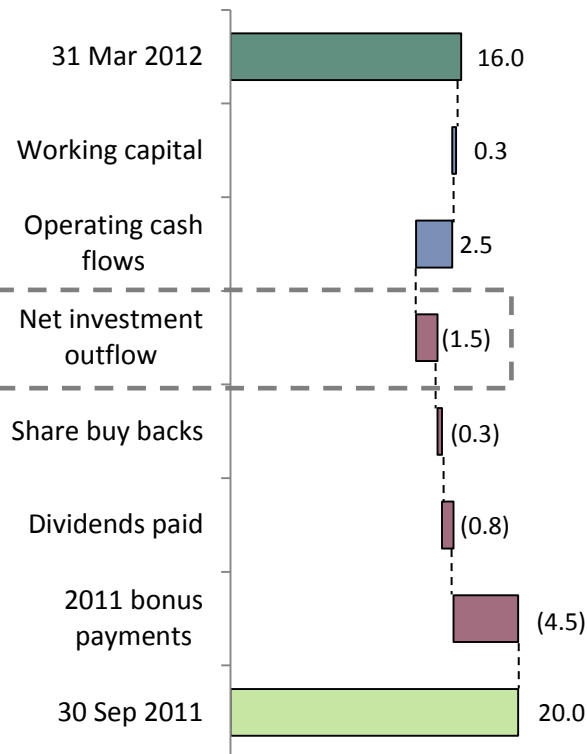
* 18m shares awarded to staff in April 2011 under Employee Incentive Arrangement as approved by shareholders in January 2008. Awards vest on 30 September 2012.

Final Results: Financial Highlights (3)

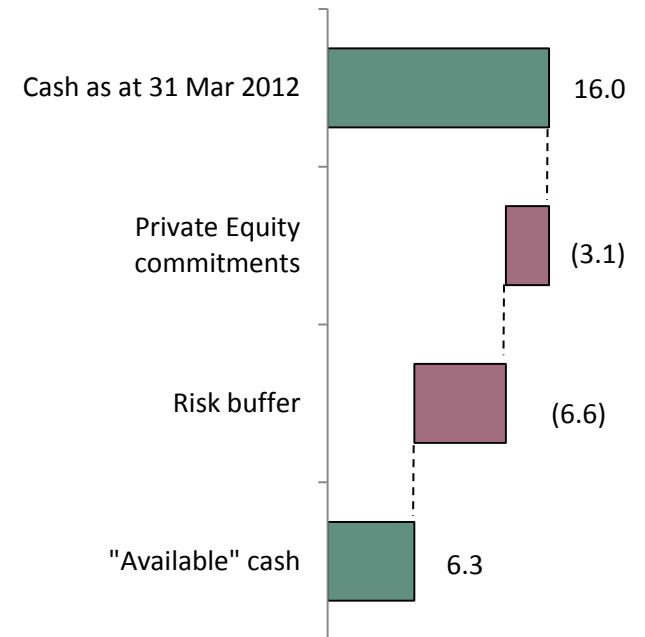
Investments (£m)



Cash reserves (£m)



Cash reserve analysis (£m)



- IGMF launch with seed funding of \$5m
- IARF closed during period. Impax redeemed £1.5m

- Continued strong cash generation
- Buy back programme commenced, 959,000 shares bought into Treasury

Prospects for expansion

- Proven franchise in an area of increasing interest to investors; attractive platform for individuals / teams with expertise in complementary investment management areas
- Resource scarcity
 - Wider perspective of Environmental Markets
 - Potentially attractive to new customer segments
 - Established agriculture / food investment team recruited
 - Product expansion to follow
- Real assets
 - Active review of investor appetite to back new strategies

Outlook

- Attractive prospects for environmental markets to sustain “superior growth”
 - Major overhaul underway in energy policies worldwide
 - Demographics and weak asset base driving investment in environmental infrastructure
- 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
 - Highly regarded, proven investment process
 - Established distribution model
- Scope for increase in operating margin
 - Scalable products with strong track records
 - Infrastructure in place to support significantly higher AUM

Income Statement

	6 months ended 2012 £'000	6 months ended 2011 £'000	Year ended 2011 £'000
Revenue	9,193	9,858	20,931
Bonuses	(1,906)	(2,409)	(5,268)
Other operating costs	(5,073)	(4,553)	(9,428)
Operating earnings	2,214	2,896	6,235
Share-based payment charge for EIA extension scheme*	(3,829)	-	(3,647)
Exceptional long-term incentive scheme charge	(88)	(1,530)	(1,090)
Other long-term incentive scheme related charges	(929)	-	(619)
Fair value (losses)/gains	(37)	702	785
Change in third party interest in consolidated funds	(97)	(117)	(117)
Investment income	79	102	171
(Loss)/Profit before taxation	(2,687)	2,053	1,718
Taxation	529	(454)	(652)
(Loss)/Profit for the period	(2,158)	1,599	1,066

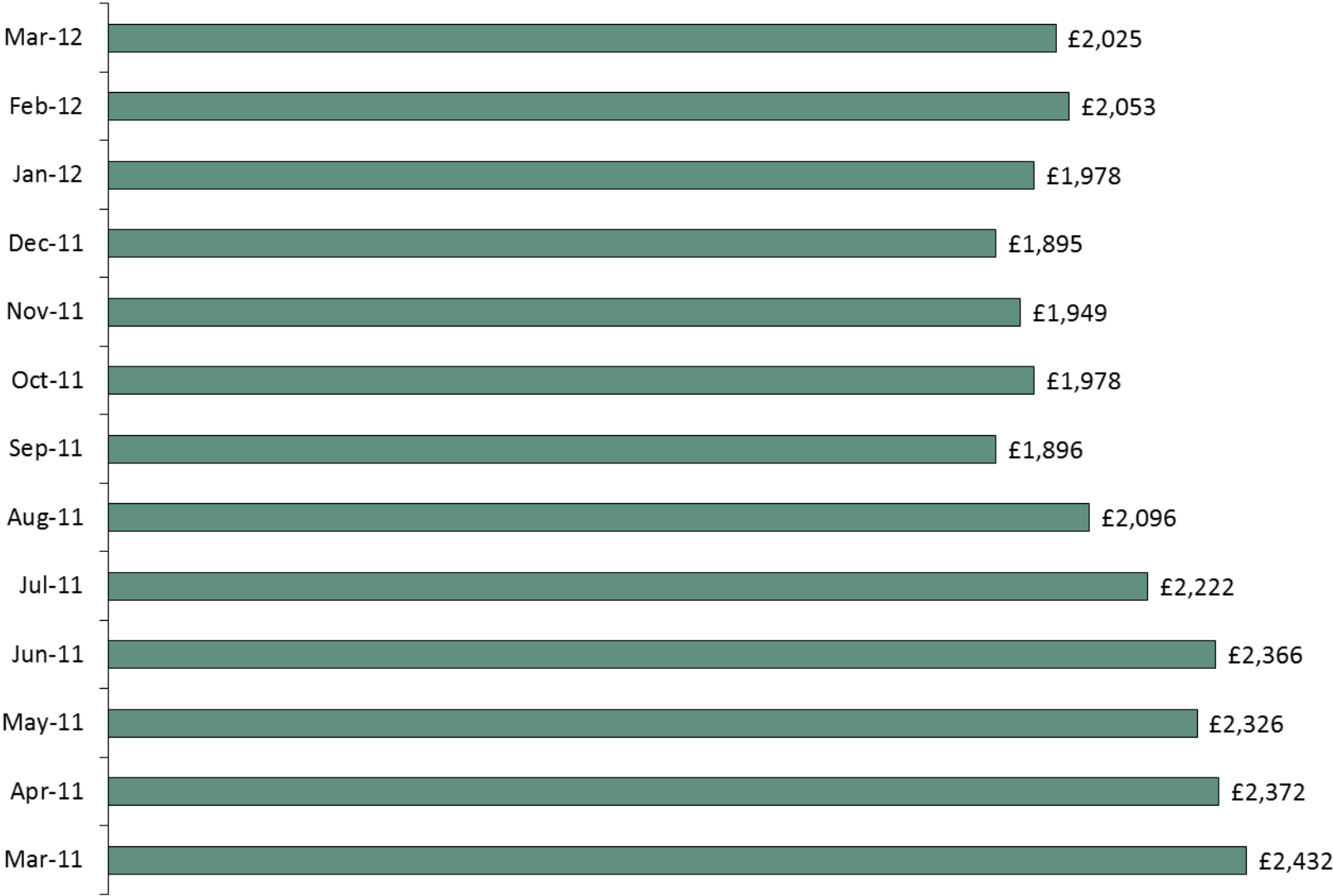
* 18m shares awarded to staff in April 2011 under the Employee Incentive Arrangement as approved by shareholders in January 2008. Awards vest on 30 September 2012.

Balance Sheet

	31 Mar 2012	31 Mar 2011	30 Sep 2011
	£'000	£'000	£'000
Goodwill and intangibles	1,807	1,674	1,668
Other non current assets	794	270	509
	2,601	1,944	2,177
Cash	16,292	16,293	21,416
Current asset investments	9,361	4,595	3,930
Other current assets	3,798	3,480	3,433
Total assets	32,052	26,312	30,956
Current liabilities	8,997	7,138	7,870
Non current liabilities	853	1,198	1,586
Net assets	22,202	17,976	21,500
Shareholder's equity	22,202	17,976	21,500

Note: The balance sheet includes effects due to the consolidation of investments. Cash reserves not including consolidated funds are £16.0m (Mar 2011: £14m, Sep 2011: £20.0m)

AUM – Monthly Development (£million)*



*AUM stated as of month end

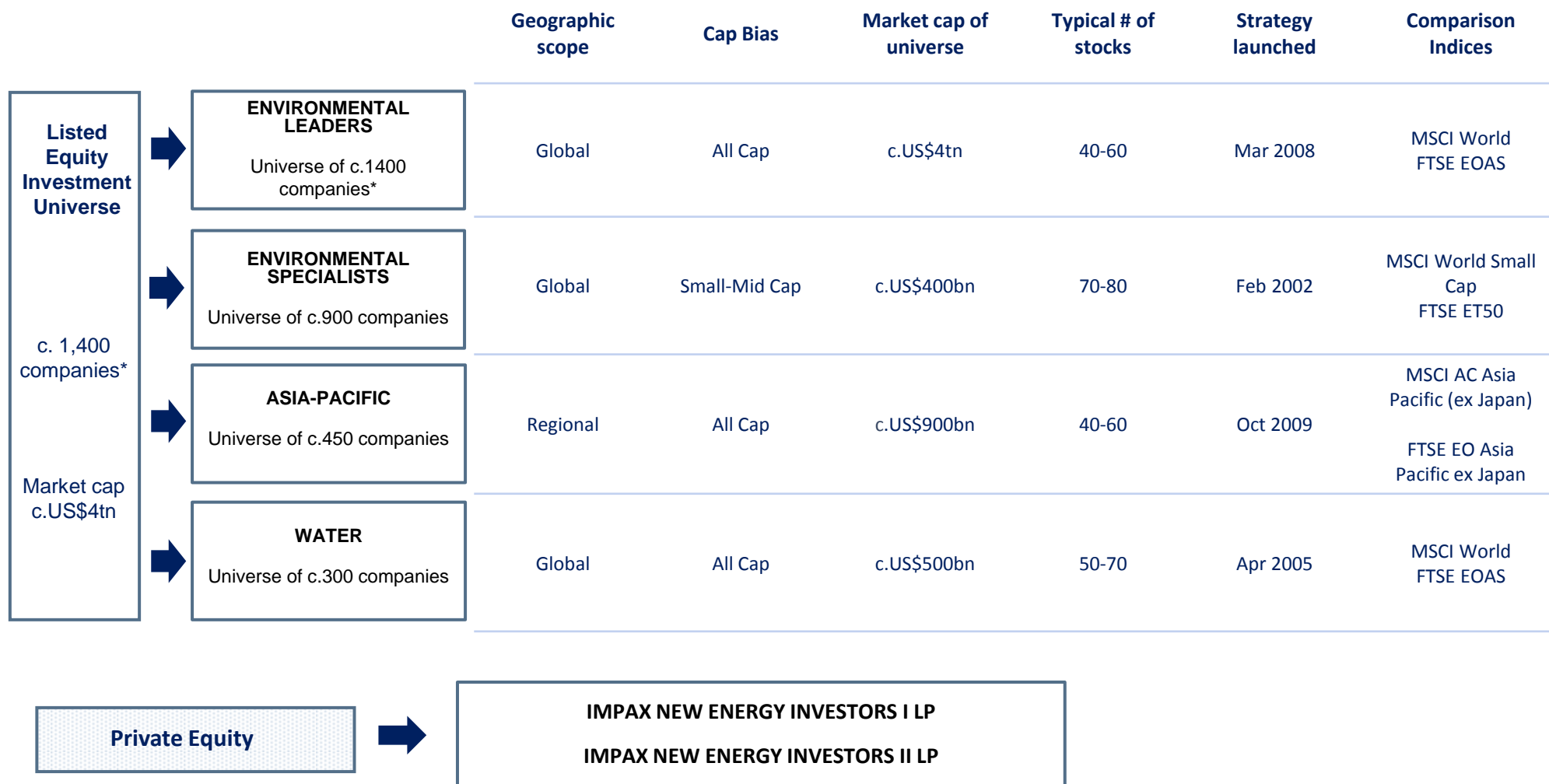
Remuneration Policy Update

- Employee Share Option Plan (“ESOP”)
 - Designed to incentivise management and key senior staff to deliver strong personal performance that contributes to increasing shareholder value
 - Strike price for “10% out-of-the-money” options to be based upon average of IPX price for 30 trading days following release of final results. Strike for FY2011 awards determined at 49.6p.
 - 4.5m options awarded in respect of FY2011. Up to 9.5m options to be awarded in respect of 2012-14 financial years at the Board’s discretion
 - Options vest on the 3rd anniversary of the award subject to continuing employment (December 2014 re FY2011 awards), and must be exercised within 3 years of vesting
- Board intention to apply free cash flow generated by operating activities to finance the buyback of shares into Treasury
 - 959,000 shares bought into Treasury during the Period to March 2012
 - Treasury shares intended to be utilised to satisfy employee share-based award obligations, reducing requirement to issue new shares

Impax Overview: A Compelling Business Proposition

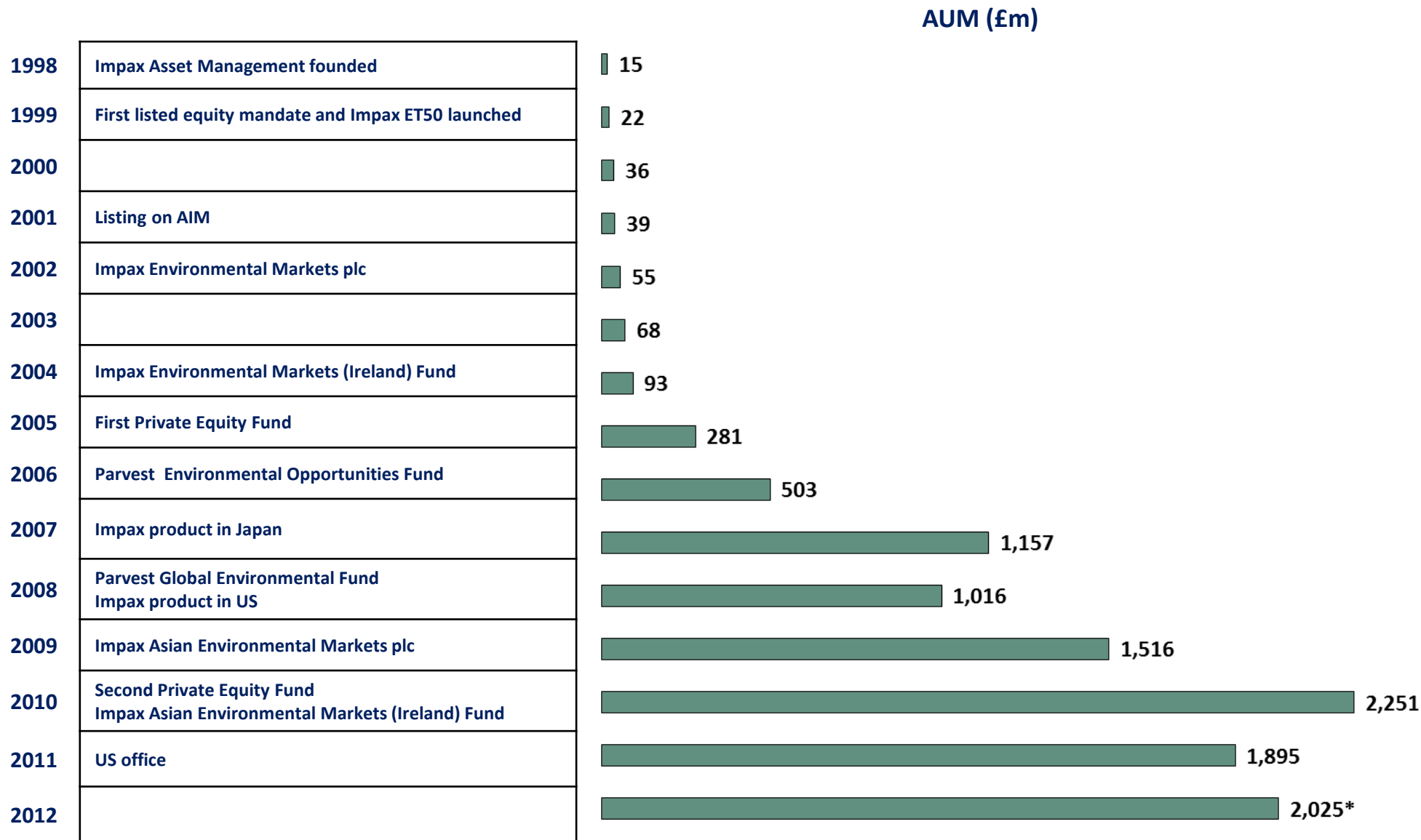
- **Attractive sector for specialist investment managers**
 - Environmental policy addressing unsustainable economic development globally
 - 1400+ quoted companies growing rapidly, US\$500 billion+ (annual revenues)
 - Growing evidence that institutions are allocating to this sector
 - Understanding technology & regulation key to identifying mis-priced assets
- **Impax has a well proven business model**
 - Founded in 1998. Highly qualified, stable management team with significant equity stake
 - £2,024 million assets under management/advisory (31 March 2012)
 - Carefully selected investment strategies with significant capacity
 - Investment management infrastructure to support further growth
- **Growth in shareholder value based on:**
 - Building on excellent investment track record
 - Multiple distribution partners to complement direct sales
 - Operational leverage of revenue growth exceeding cost growth
 - Excess cash flow used for business development and dividends

Investment Strategies



*Includes 'Environmental Specialists' (50-100% in environmental markets) and 'companies in transition' (20-50% in environmental markets)

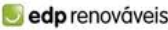








Impax Asset Management: Investing Since 1998






*As at 31 March 2012

Sector Classification*







Renewable & Alternative Energy**

Renewable Energy Developers and IPPs	Solar Energy Generation Equipment	Wind Power Generation Equipment	Biofuels	Other Renewables Equipment
 	 	 	 	 

Energy Efficiency**

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

Water Infrastructure & Technologies**

Water Infra-structure	Water Treatment Equipment	Water Utilities
 	 	 

Pollution Control

Pollution Control Solutions	Environmental Testing & Gas Sensing
 	 

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 Assets Trading
 	 

Energy

Water

* http://www.ftse.com/Indices/FTSE_Environmental_Markets_Index_Series/index.jsp ** Sub-sectors have an additional 'diversified' category not shown above for the sake of clarity

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**
- FTSE Environmental Opportunities 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).

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).



Further Information

- [Factsheets](#)
- [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

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 Sector Expertise

Keith Falconer



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

Ian Simm



- Chief Executive
- 22 years sector expertise (16 at Impax)
- Physicist, ex McKinsey

Charlie Ridge



- CFO
- 25 years finance expertise (4 at Impax)
- Accountant, ex Deutsche Bank

Bruce Jenkyn-Jones



- MD, Listed Equities
- 21 years in sector (13 at Impax)
- Chemist, ex BT Alex. Brown

Peter Rossbach



- MD, Private Equity
- 32 years in sector (8 at Impax)
- Banker & fund manager (Lazard, EBRD)

Ken Locklin



- MD, US
- 30 years financial experience/20 years in sector
- Ex Clean Energy Group

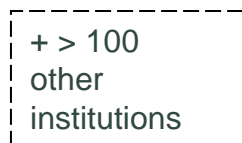
Ominder Dhillon



- Head of Distribution
- 21 years financial experience
- Ex Fidelity International

Strong Institutional Investor Relationships

Investors in Impax pooled vehicles



White label funds



Investors in segregated account



Well-Placed Distribution Partners



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