

Impax Asset Management Group plc

Interim Results to 31.03.2013

Agenda

- Business update
- Interim results
- Q&A



Ian Simm
(Chief Executive)



Charlie Ridge
(CFO)

Summary

- **Assets under management (“AUM”) increased 22% to £2,234m, up from £1,830m at 30 September 2012**
- **H1 revenue £8.7m (H1, 2012: £9.2m)**
- **Operating earnings¹ £1.8m (H1, 2012: £2.2m)**
- **Unaudited profit before tax of £1.5m (H1, 2012: £2.7m loss²)**
- **Diluted earnings per share 1.38 pence (adjusted³) (H1, 2012: 1.45 pence (adjusted³))**
- **Strong investment performance across listed equities**
- **Net inflows £100m**
- **Investors selecting cash exit from £218m Asian investment trust will reduce AUM in H2**

¹revenue less operating costs

²profit before tax in the Period was impacted inter alia by £0.36 million of charges (2012: £4.85 million) associated with the Company's share-based incentive schemes

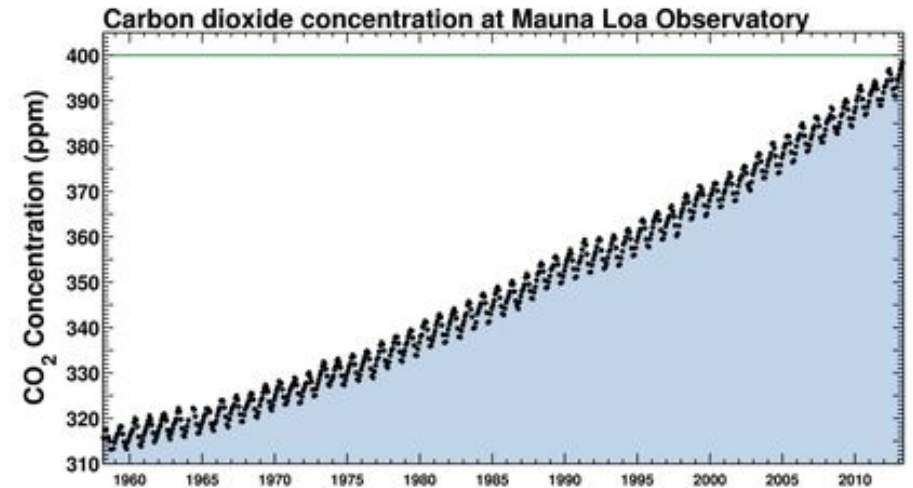
³adjusted to exclude IFRS2 charges for shares schemes intended to be satisfied by primary shares, and include the related tax benefit reported in Other Comprehensive

Resource Efficiency of Environmental Markets - Update

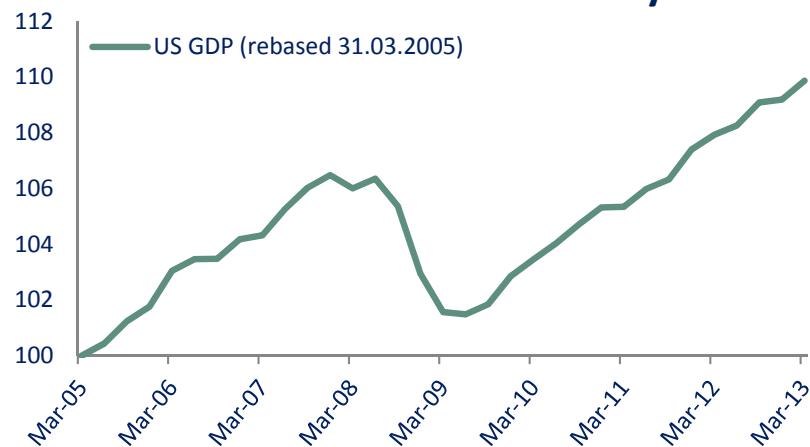
Compelling Drivers



Carbon dioxide concentration reaches 400ppm¹



Global economic recovery²



Near Term Catalysts



Obama election win



Beijing air pollution

Strategy Performance (to 31.03.13) in GBP

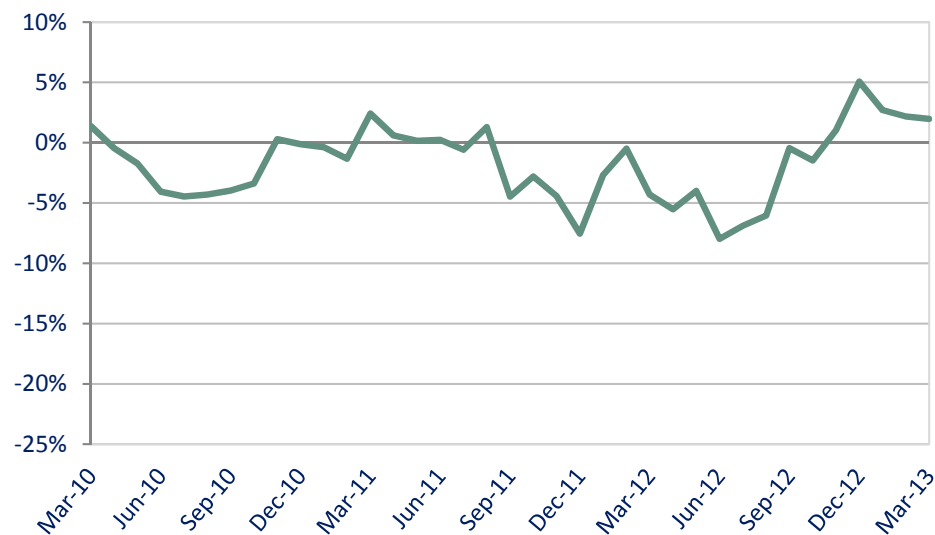
	YTD	2012	2011	2010	2009	2008
Specialists	16.0%	8.3%	-17.8%	11.9%	29.1%	-20.2%
Leaders	15.7%	16.4%	-12.0%	15.1%	21.7%	-10.0% ¹
Water	16.4%	19.7%	-9.0%	20.3%	24.9%	-
Asia-Pacific	16.4%	9.0%	-33.8%	26.5%	10.9% ²	-
Food and Agriculture	12.5%	1.9% ³	-	-	-	-
FTSE ET50 Index	14.8%	1.2%	-27.4%	-2.2%	15.2%	-37.1%
MSCI World Index	15.3%	10.7%	-4.8%	15.3%	15.7%	-17.9%

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

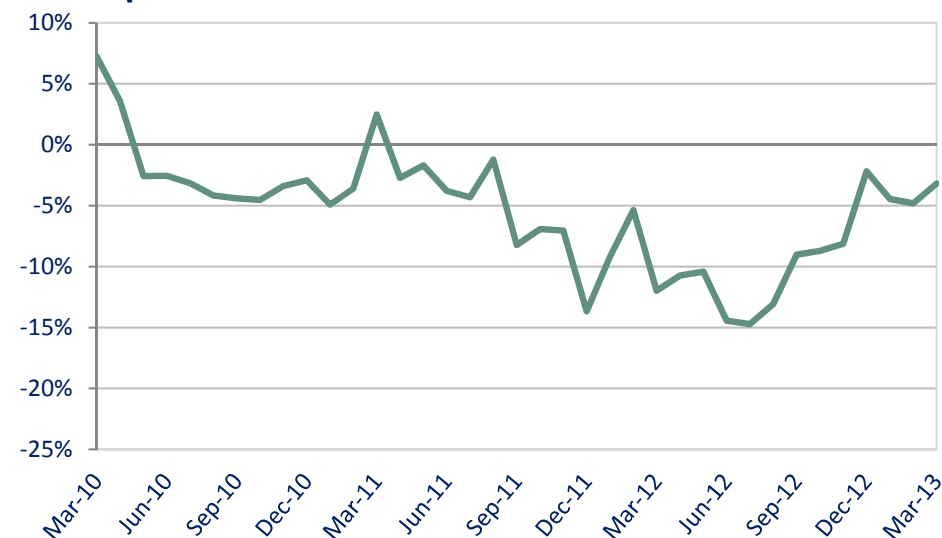
5 ¹Leaders strategy launched 1 March 2008, ²Asia-Pacific strategy launched 1 November 2009, ³Food and Agriculture launched 1 December 2012

Strategy Performance: Rolling 12 Months (to 31.03.13) in GBP

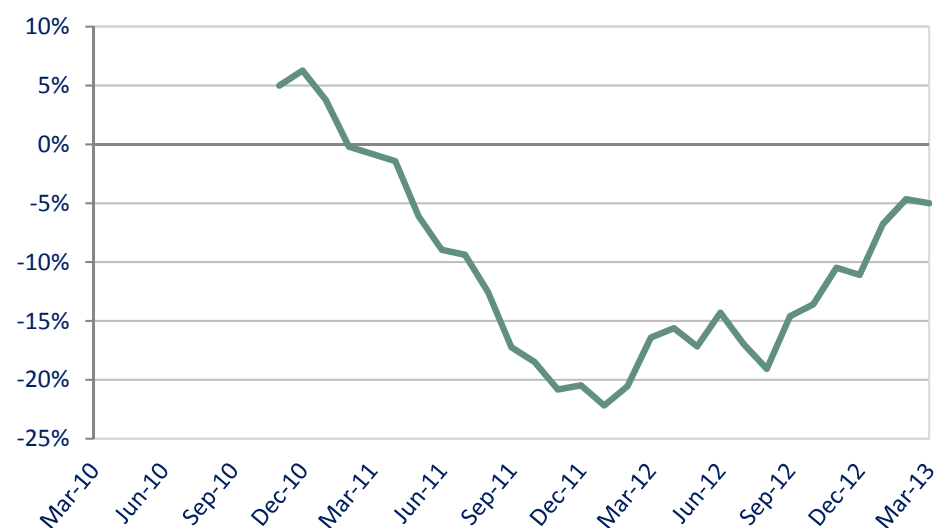
Leaders relative to MSCI World



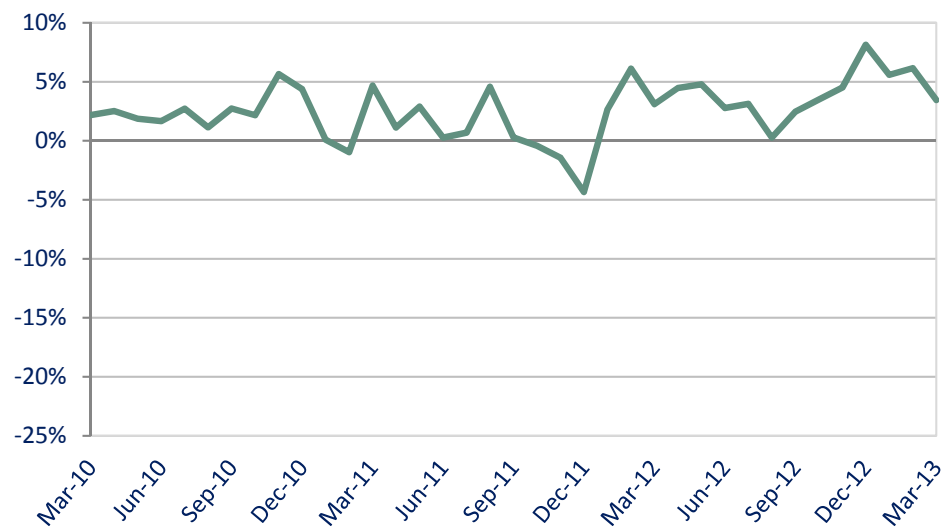
Specialists relative to MSCI World



Asia-Pacific relative to MSCI AC Asia-Pacific ex Japan



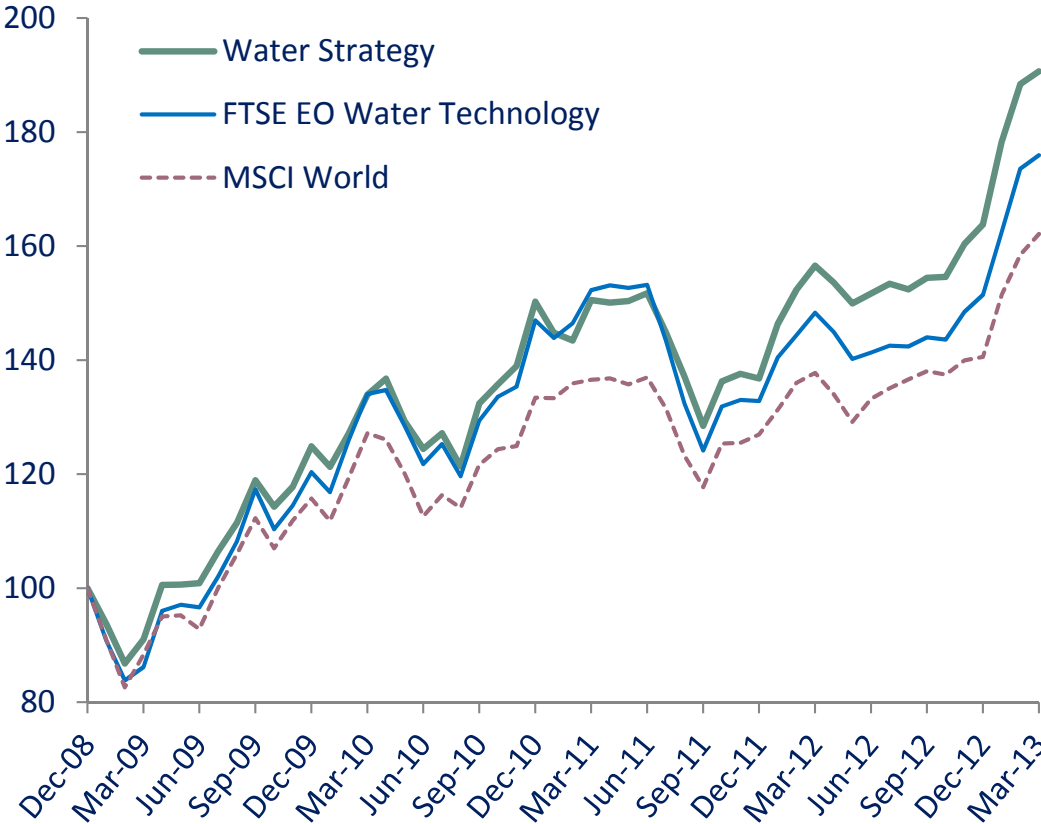
Water relative to MSCI World



BNP Paribas Aqua Fund AUM (£m)



Investment performance in GBP

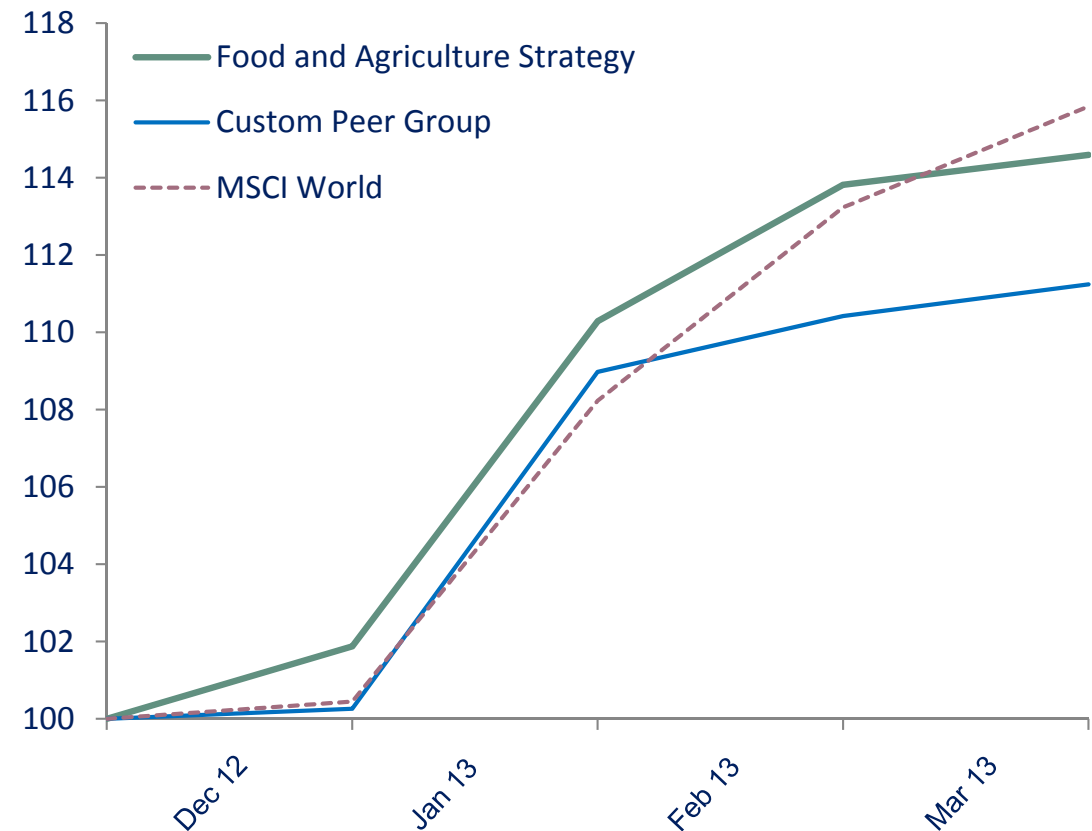


Food and Agriculture Strategy

Key Differentiators:

- Investing across entire value chain
- Concentrated portfolio
- Value-based stock picking

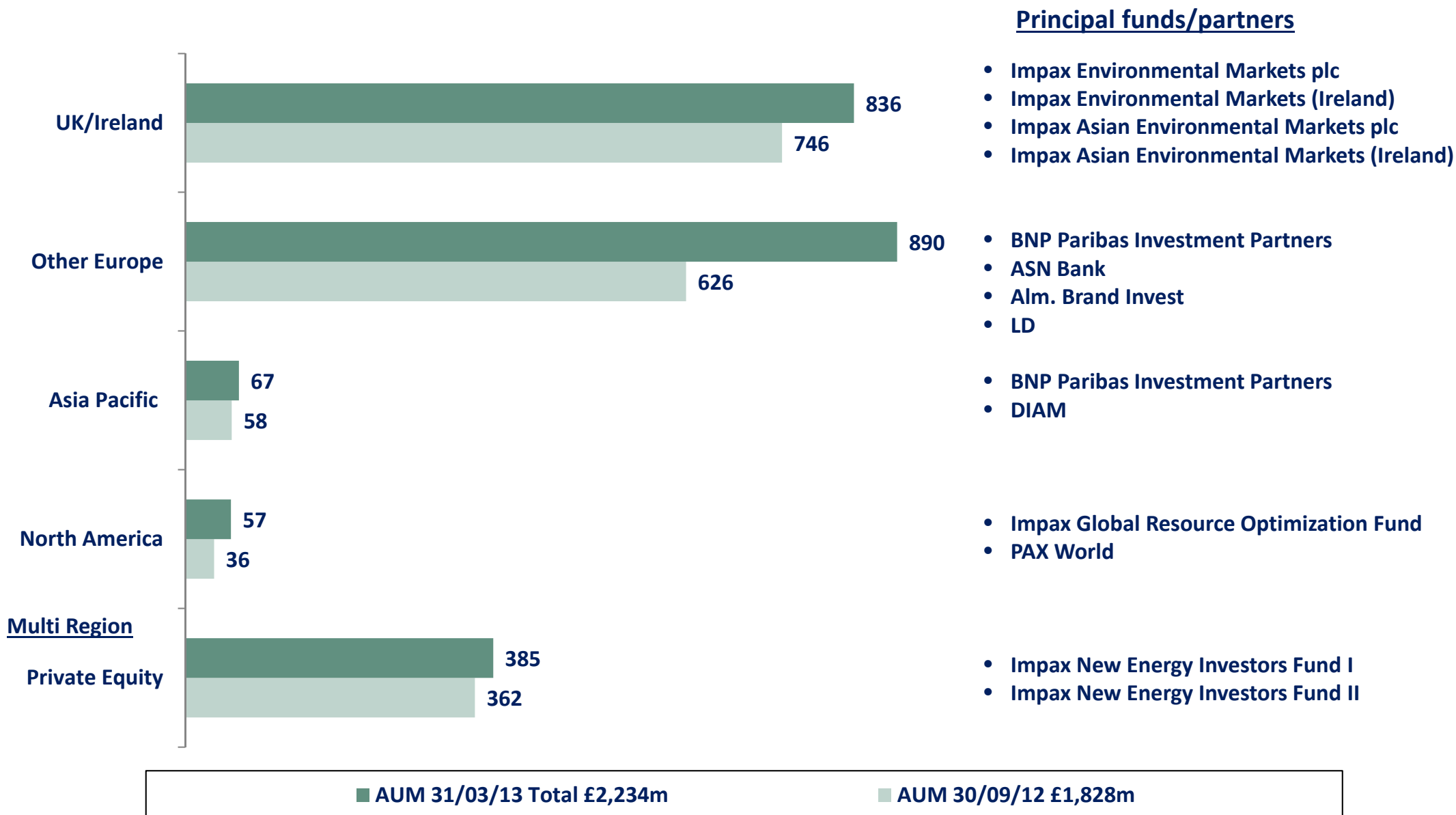
Investment performance in GBP



Impax AUM Breakdown

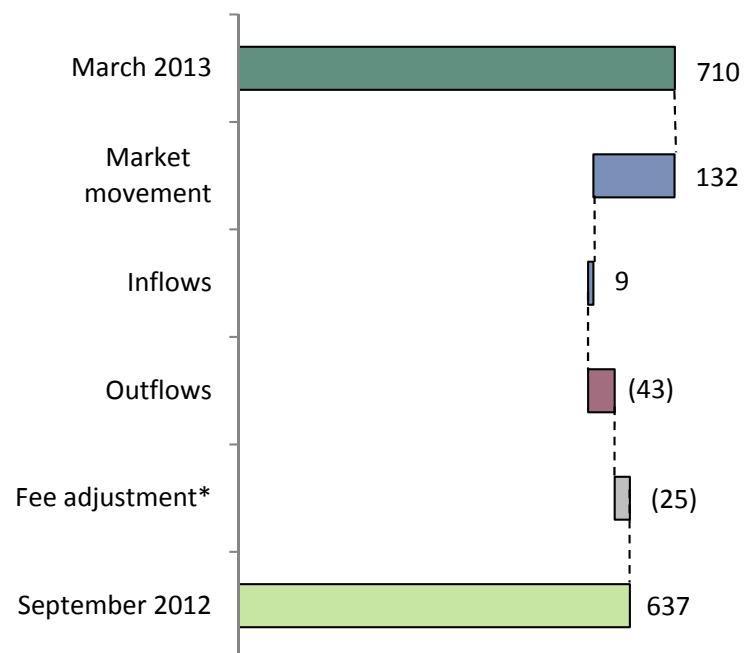
Investment strategy	AUM (£) 30 Mar'13	AUM (£) 30 Sep'12	Percentage increase
Specialists	861m	759m	13.4%
- Impax Environmental Markets plc	377m	327m	
- Impax Environmental Markets (Ireland) Fund	101m	102m	
- Impax Global Resource Optimization Fund LP	10m	6m	
- Third Party funds/accounts	374m	323m	
Leaders	376m	276m	36.2%
- Third Party funds/accounts	376m	276m	
Water	388m	226m	71.6%
- Third Party funds/accounts	388m	226m	
Asia-Pacific	222m	205m	8.3%
- Impax Asian Environmental Markets plc	218m	200m	
- Impax Asian Environmental Markets (Ireland) Fund	3m	2m	
- Third Party funds/accounts	1m	3m	
Food and Agriculture	3m	-	
- Impax Food and Agriculture Fund	3m	-	
Private Equity	385m	362m	6.4%
TOTAL	£2,234m	£1,828m	22.2%

AUM (£m) Analysed by Geographic Region (Client Domicile)

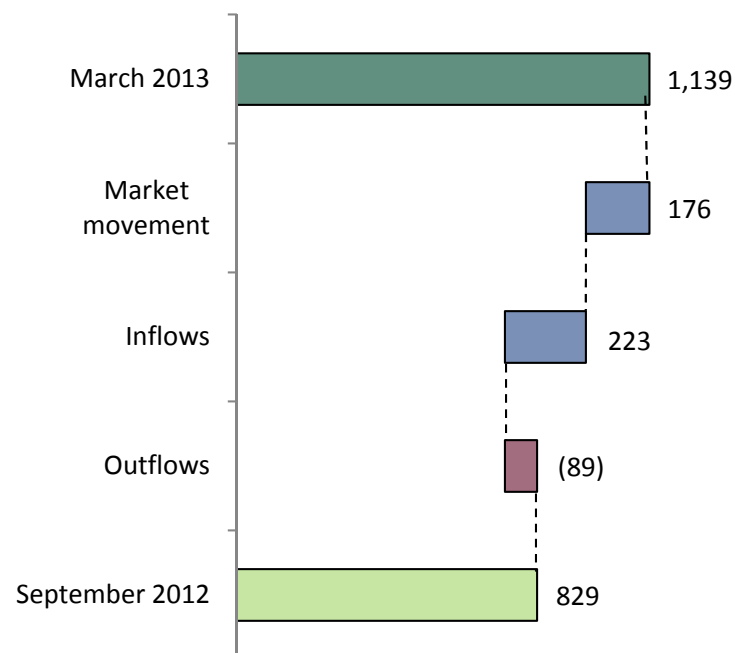


Flows for “Impax label” and Third Party Funds/Accounts

“Impax label” funds (£m)



Third party funds/accounts (£m)



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

Listed Equities

- **Strong performance across all strategies**
- **Water**
 - Further European registrations for BNP Paribas Aqua
- **Food & Agriculture**
 - Fund seeded/launched Dec 2012
- **Asia**
 - Strong performance against all comparative indices
 - IAEM plc

Private Equity/Infrastructure

- **NEF I (€125m)**
 - Fully invested and operating assets performing well
 - Modest write down following confirmation of tax increase in Spain
- **NEF II**
 - ~ 50% committed
 - Construction in progress of 117MW of onshore wind across France, Germany and Poland
 - Strong deal pipeline

Business Update - Distribution

UK	<ul style="list-style-type: none">• Head of Wholesale Distribution joined February 2013• Food and Agriculture: strong interest from wealth managers; first external investor
Europe	<ul style="list-style-type: none">• Water: BNP Paribas marketing campaign
United States	<ul style="list-style-type: none">• Resource Optimization theme gaining recognition and traction• Strong asset growth (58% increase in AUM) and gathering momentum<ul style="list-style-type: none">- Pax World Global Environmental Markets Fund- Impax Global Resource Optimization Fund• Investor appetite for water strategy
Global	<ul style="list-style-type: none">• Strengthening consultant relationships

Changing Investor Sentiment

NEWS RELEASE | SEPTEMBER 22, 2011

CalSTRS Marks Success in Sustainability Proposals

CalSTRS submitted five proposals on environmental matters this year. Three other proposals were withdrawn as companies agreed to improve their climate risk management disclosure efforts or agreed to prepare sustainability reports. A proposal at ConocoPhillips, asking for a report on the financial risks of its oil sands operation, did not pass but received nearly 30 percent backing, a high level of support for an environmental proposal.



CalPERS launches Sustainable Investment Research Initiative

BY RANDY DIAMOND | JANUARY 28, 2013 3:32 PM



CalPERS has launched the Sustainable Investment Research Initiative aimed at advancing the pension fund's understanding of the impact sustainability factors have on financial performance, confirmed Anne Simpson, CalPERS senior portfolio manager and director of global governance.

RELATED CONTENT

STORIES
CalPERS touts its sustainable investing in

Ms. Simpson said in an interview that the \$253.2 billion [California Public Employees' Retirement](#)



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January 30, 2013 5:10 pm

US pension fund eyes selling oil holdings

By Pilita Clark, Environment Correspondent

A US pension fund with nearly \$2bn in assets is considering selling its holdings in some of the world's biggest oil and gas companies because of the threat posed by climate change.

In what investor advocacy groups say would be the first divestment of its kind, the Seattle City Employees' Retirement System is to discuss on Thursday a [request from Mike McGinn, the city's mayor](#), to sell out of companies including [ExxonMobil](#) and [Chevron](#).



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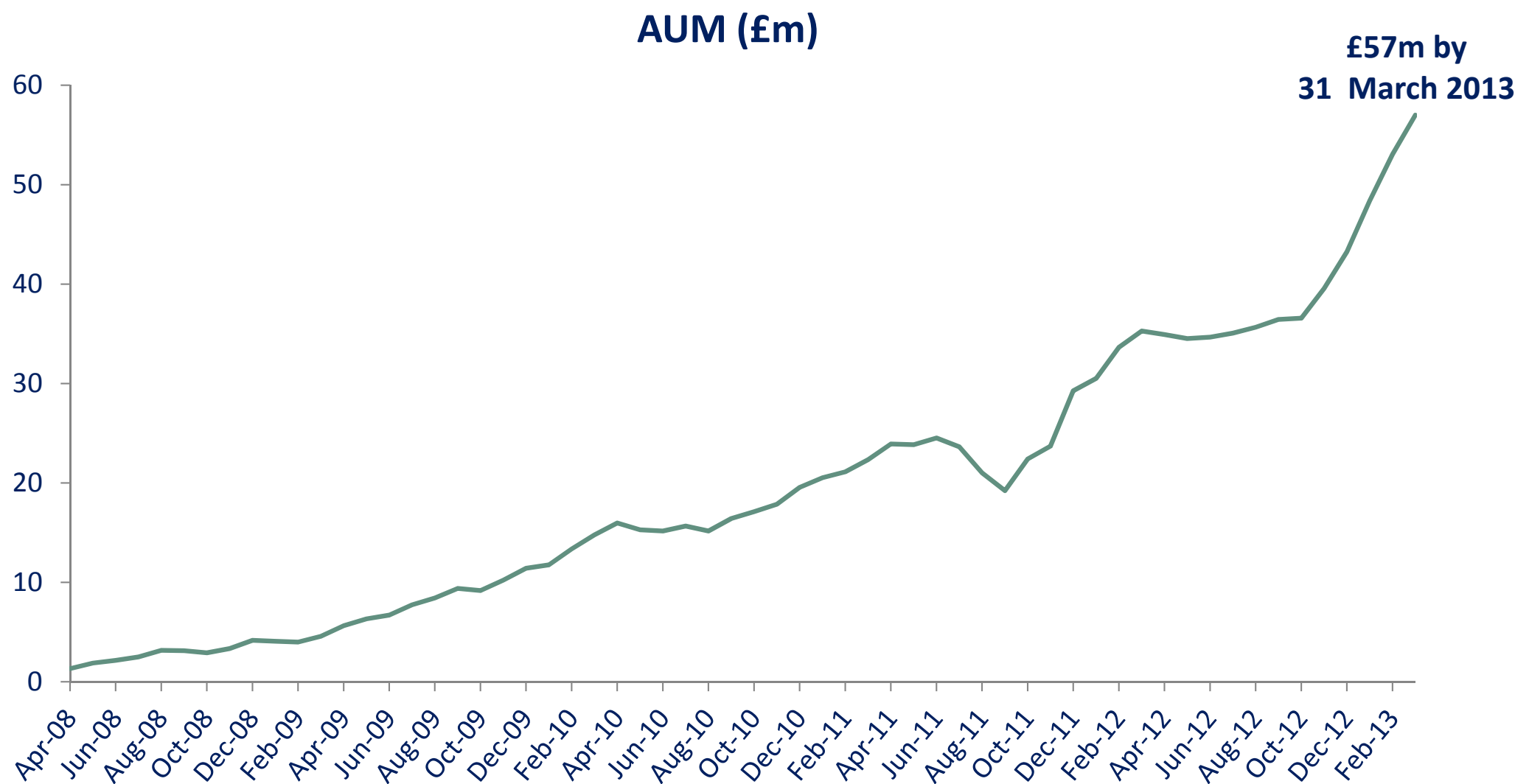
College Divestment Campaigns Creating Passionate Environmentalists

by ELIZABETH SHOGREN

May 10, 2013 3:16 AM

At about 300 colleges across the country, young activists worried about climate change are borrowing a strategy that students successfully used in decades past. In the 1980s...

US: Growth in Assets Under Management



Raising our Profile in North America



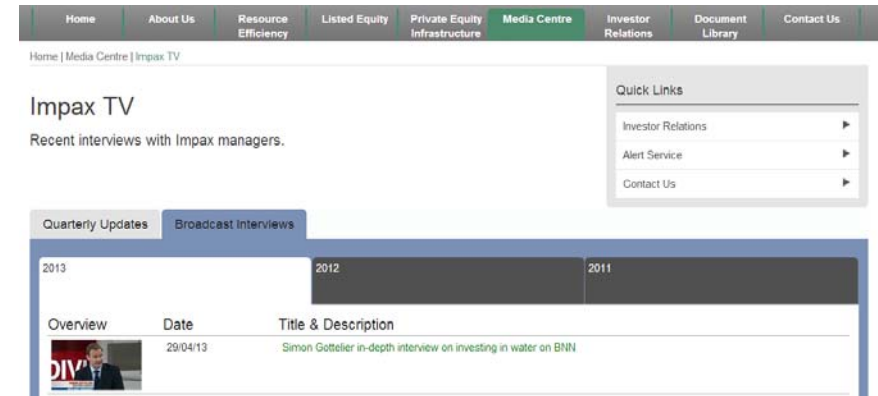
THE WALL STREET JOURNAL.



STREETWISE (SATURDAY, APRIL 27, 2013)
Spring Break?
By ADRIAN TAYLOR MORE ARTICLES BY AUTHOR
Was the fourth-quarter's profit rebound a sign of better days ahead, or a blip? Also, water-treatment companies that will benefit from the natural-gas boom.



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Welcome to the Impax Blog!

21 Nov 2012
by Ian Simm, Chief Executive

Welcome to the Impax Blog! We plan to post short articles here to keep you updated on our thoughts on developments in the rapidly expanding global markets for solutions to resource scarcity. We will also look in some detail at how we're searching for mis-priced companies that are set to benefit from the long-term trends of changing demographics, rising consumption, limited natural resources



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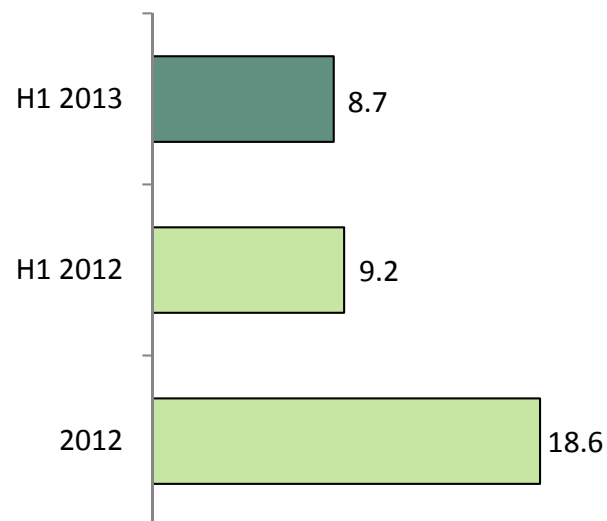
Pensions & Investments
BARRON'S



- **Change in major shareholders of Impax Asian Environmental Markets plc**
- **Proposal will be sent to shareholders in June:**
 - Redeem through managed realisation of portfolio; or
 - Maintain exposure via roll-over into IAEM Ireland
- **Attractive secular themes: resources, infrastructure, environment and low cost manufacturing.**
Shorter term:
 - Coal to Gas transition accelerating
 - Drive to reduce rising input costs through automation
 - New generation smartphones prioritise low energy use
- **Countries – differentiated exposure reflects scale of environmental opportunity:**
 - China (36%): Beijing pollution additional catalyst for 5YP
 - Japan (17%): QE will drive exports of energy efficiency products and increase construction spend

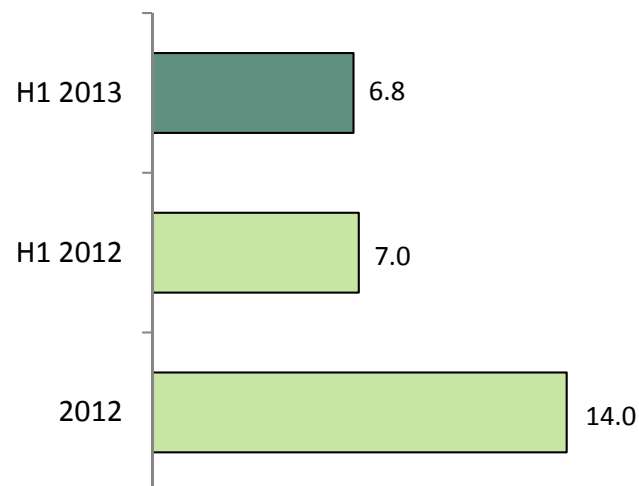
Interim Results: Financial Highlights (1)

Revenue (£m)



- Revenue down 5% vs. H1 2013 primarily due to a reduction in weighted average management fee

Operating costs (£m)



- Cost base reflects full effect of build out of platform in 2011/2012
- Variable remuneration provision decreased pro rata to operating earnings

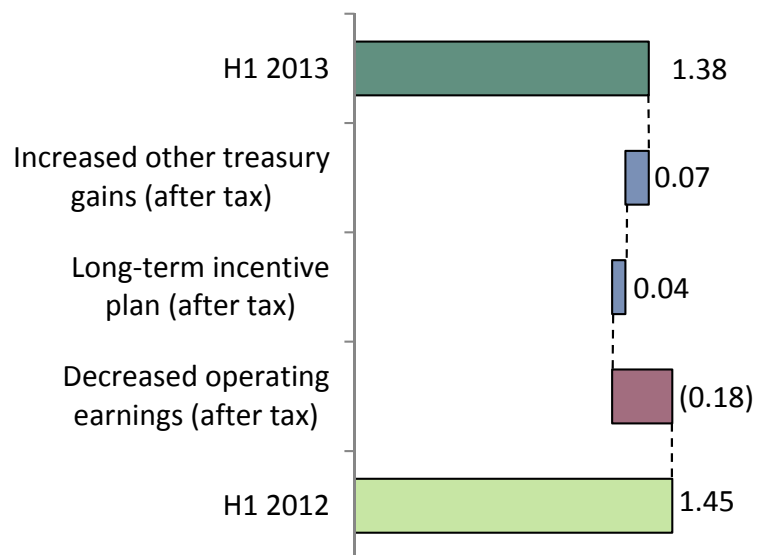
Operating earnings (£m)



- Operating margin down from 24.5% (2012) to 21.2% (H1 2013)

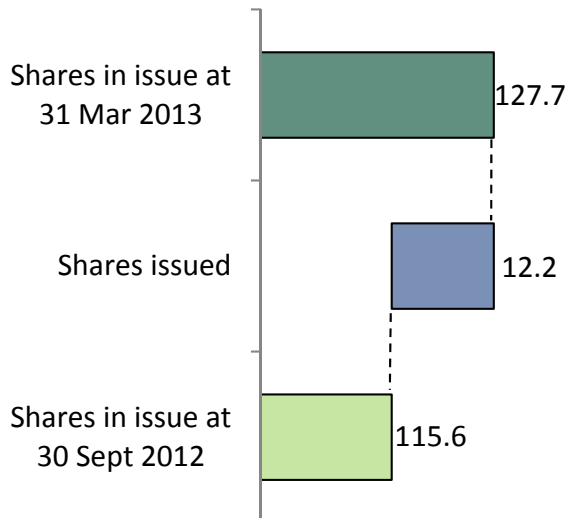
Interim Results: Financial Highlights (2)

Diluted adjusted* EPS (p)



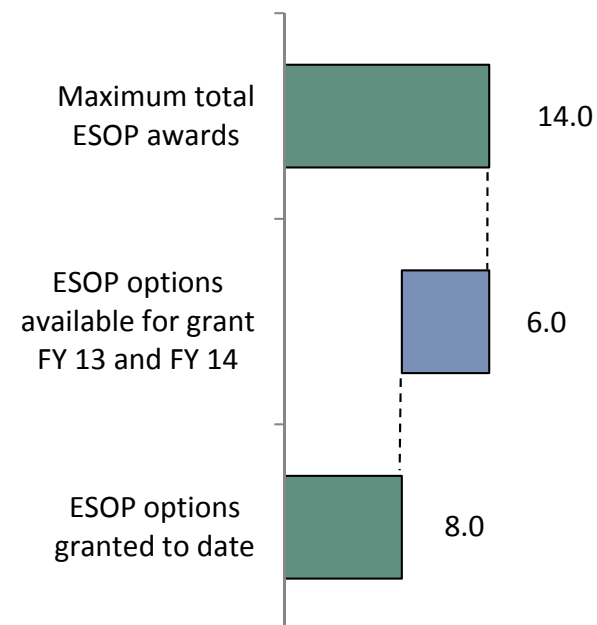
- EPS decreased 5% vs. H1 2012 primarily due to reduced operating earnings

Issued IPX ordinary shares (m)



- Shares in issue now reflect completion of 2008 EGM approved "Employee Incentive Arrangement"

Employee Share Option Plan (m)

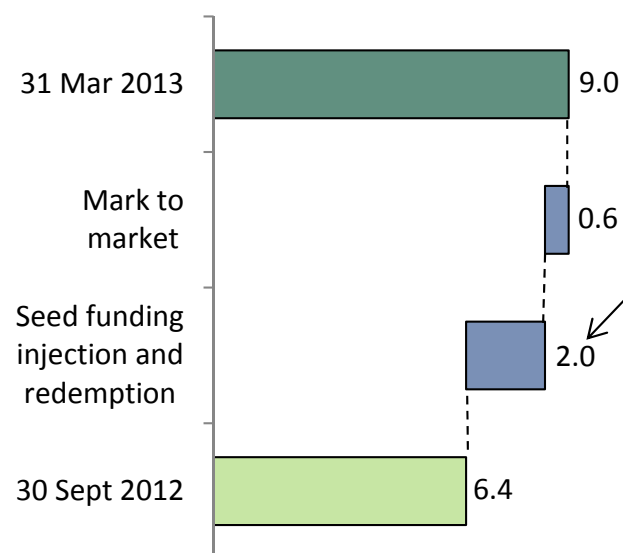


- Buy back programme on-going (6.1m shares bought to date)

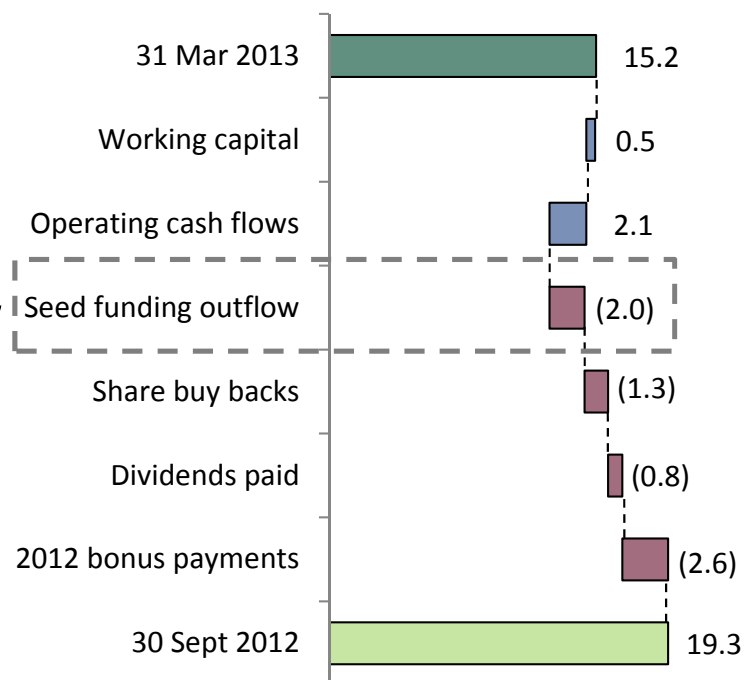
* Adjusted to exclude IFRS2 charges for share schemes intended to be satisfied by primary shares, and include the related tax benefit reported in Other Comprehensive Income and the dilution effect of unvested share awards.

Interim Results: Financial Highlights (3)

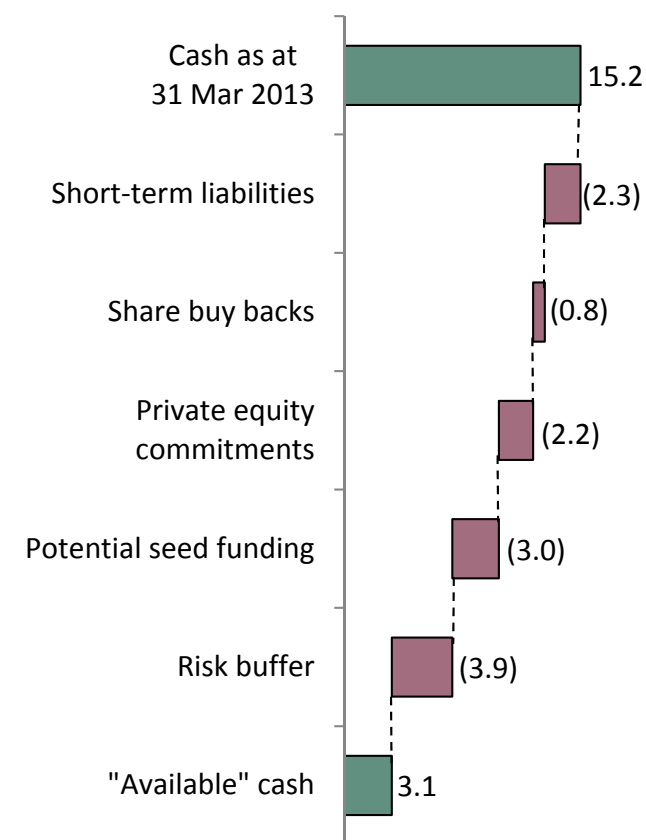
Investments (£m)



Cash reserves (£m)



Cash reserve analysis (£m)*



- Impax Food and Agriculture Fund launch with seed funding of GBP 2m

- Continued strong cash generation

Outlook

- **Attractive prospects for target markets to sustain “superior growth”**
 - On-going overhaul in energy policies worldwide
 - Demographics, weak asset base and weather risk driving global investment in infrastructure
 - Secular expansion of food/agriculture value chain
- **Impax “platform” well positioned for further expansion**
 - Stable investment team with global coverage
 - Established distribution model, continue to review additions in some markets
 - Strong potential for further progress in the US in due course
- **Scope for increase in operating margin**
 - Scalable products with strong track records
 - Infrastructure in place to support significantly higher AUM

Appendix

Income Statement

	6 months ended 2013 £'000	6 months ended 2012 £'000	Year ended 2012 £'000
Revenue	8,671	9,193	18,621
Bonuses	(1,572)	(1,906)	(3,516)
Other operating costs	(5,261)	(5,073)	(10,552)
Operating costs	(6,833)	(6,979)	(14,068)
Operating earnings	1,838	2,214	4,553
Share-based payment charge for EIA extension scheme*	(280)	(3,829)	(7,757)
Other charges related to EIA schemes	(83)	(1,017)	(979)
Fair value gains/(losses)	42	(37)	(722)
Change in third party interest in consolidated funds	(83)	(97)	(25)
Investment income	43	79	195
(Loss)/Profit before taxation	1,477	(2,687)	(4,735)
Taxation	(7)	529	86
(Loss)/Profit for the period	1,470	(2,158)	(4,649)

* The 18m shares awarded to staff in April 2011 were fully vested on 30 Sept 2012. The current period charge relates to ESOP 2011 and 2012

Balance Sheet

	31 Mar 2013	31 Mar 2012	30 Sep 2012
	£'000	£'000	£'000
Goodwill and intangibles	1,744	1,807	1,629
Other non-current assets	604	794	866
	2,348	2,601	2,495
Cash and cash equivalents	15,244	16,292	19,671
Current asset investments	9,224	9,361	8,710
Other current assets	4,038	3,798	2,998
Total assets	30,854	32,052	33,874
Current liabilities	6,757	8,997	10,092
Non current liabilities	1,334	853	1,213
Net assets	22,763	22,202	22,569
Shareholder's equity	22,763	22,202	22,569

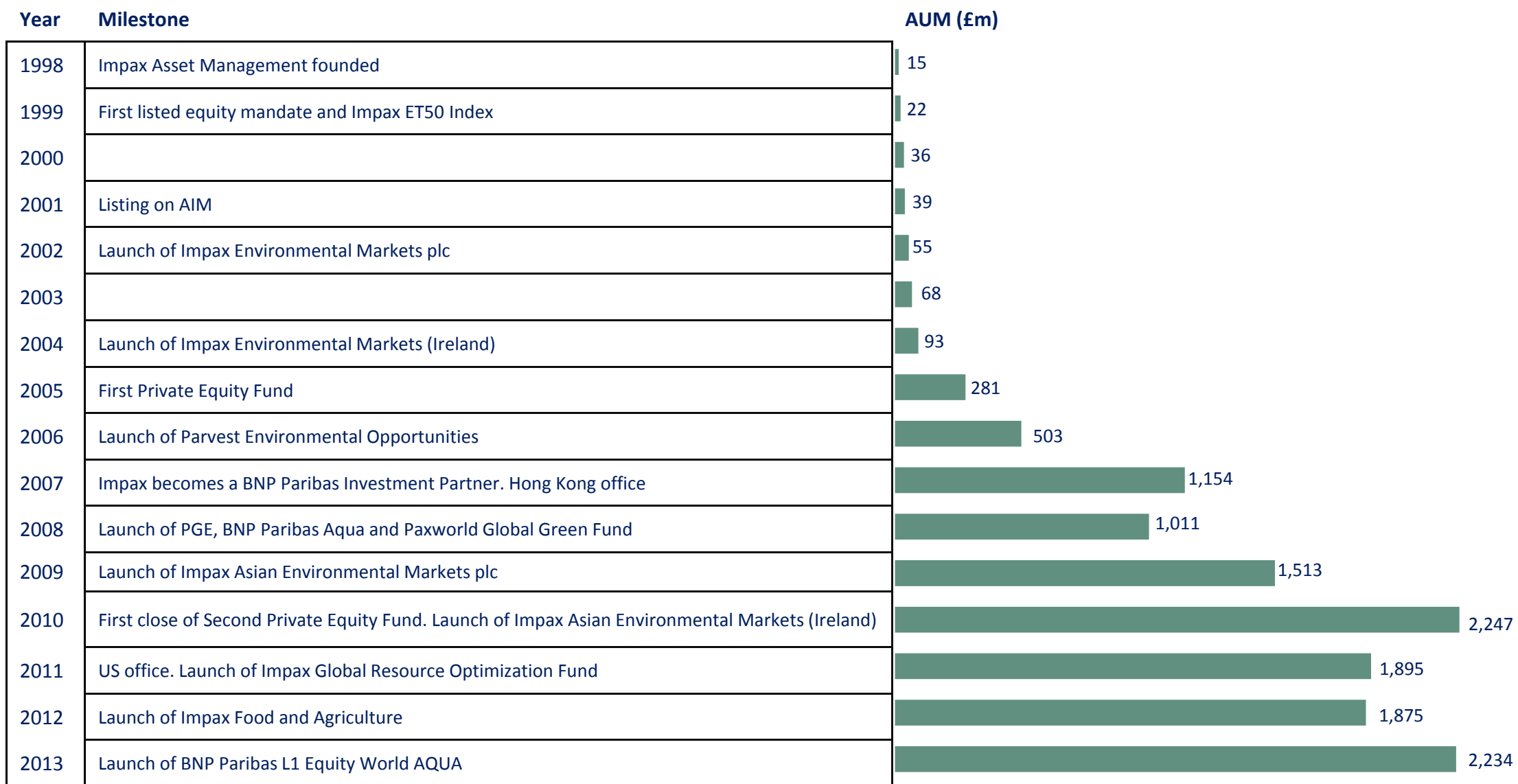
Note: The Balance Sheet includes effects due to the consolidation of investments.

Cash reserves not including consolidated funds are £15.2m (Mar 2012: £16.0m, Sep 2012: £19.3m)

Impax's Listed Equity Investment Strategies

			Global	All cap	AUM*	Inception date
Listed Equity Investment Universe <ul style="list-style-type: none"> • 2400 companies • Market cap \$7trn 	Energy Water Waste <ul style="list-style-type: none"> • 1400 companies • Market cap \$3trn 	LEADERS <ul style="list-style-type: none"> • 1400 companies • \$3trn market cap 	✓	✓	£376m	Mar 2008
		WATER <ul style="list-style-type: none"> • 300 companies • \$0.5trn market cap 	✓	✓	£388m	Jan 2009
		ASIA-PACIFIC <ul style="list-style-type: none"> • 450 companies • \$0.9trn market cap 	Asia Pacific	✓	£222m	Nov 2009
		SPECIALISTS <ul style="list-style-type: none"> • 900 companies • \$0.6trn market cap 	✓	Small-Mid	£861m	Mar 2002
	Food & Agri <ul style="list-style-type: none"> • 1000 companies • Market cap \$4trn 	FOOD & AGRICULTURE <ul style="list-style-type: none"> • 1000 companies • \$4trn market cap 	✓	✓	£3m	Dec 2012

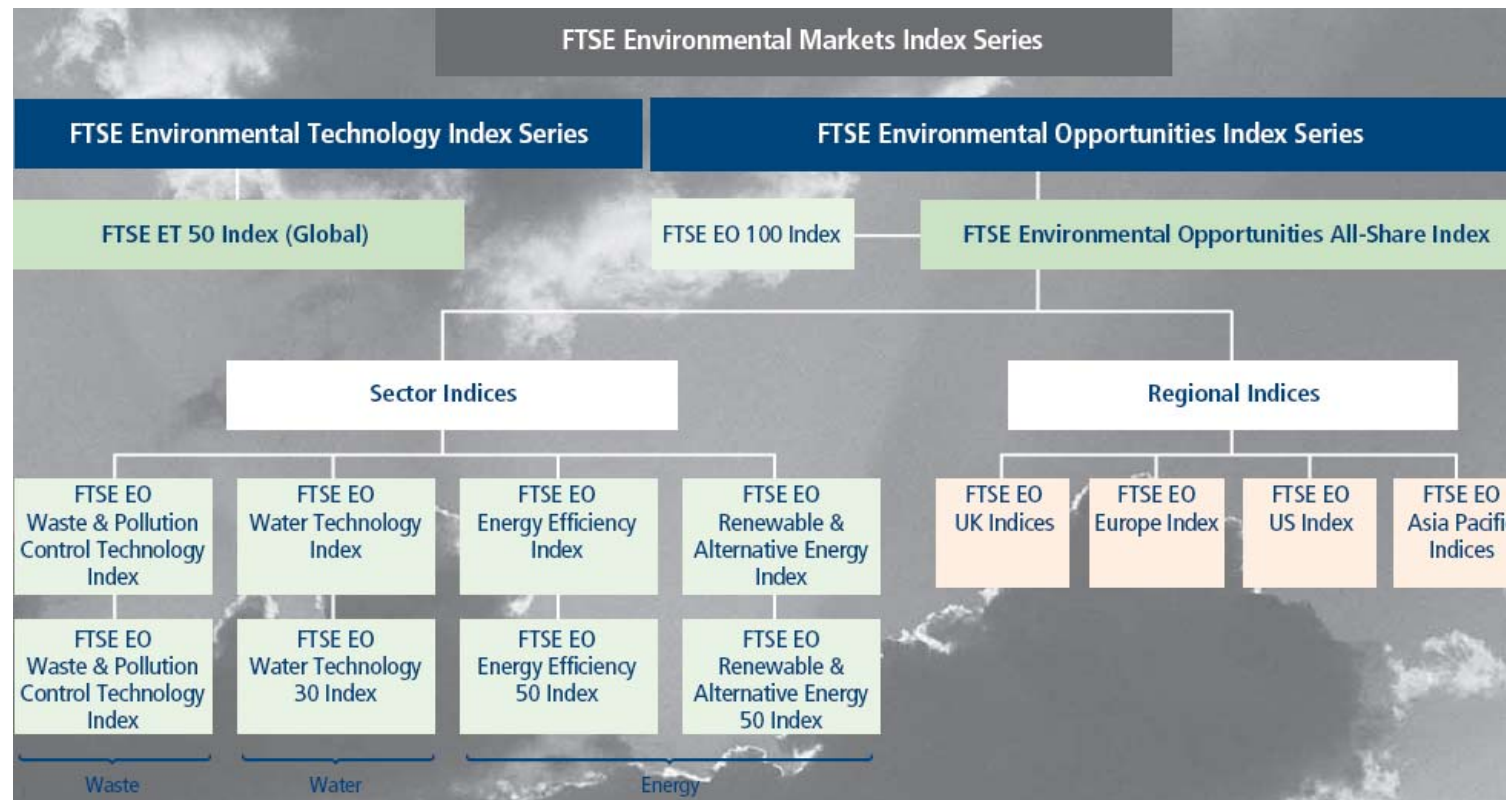
Impax Asset Management: Investing Since 1998



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
- 23 years' experience

Charlie Ridge



- CFO
- 26 years' experience

Bruce Jenkyn-Jones



- MD, Listed Equities
- 22 years' experience

Peter Rossbach



- MD, Private Equity
- 32 years' experience

Ominder Dhillon



- Head of Distribution
- 22 years' experience

Ken Locklin



- MD, US Policy Specialist
- 41 years' experience

David Richardson



- MD, US Institutional Business
- 30 years' experience

Kaye Forrest



- Director of HR
- 26 years' experience

Strong Investor Relationships



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