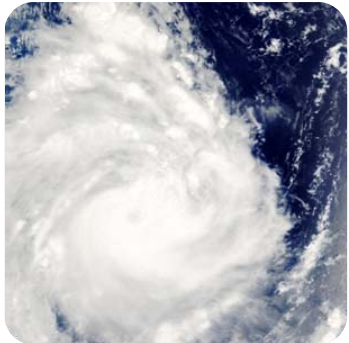


Impax Asset Management Group plc

Interim Results to 31.03.2014



Agenda

- Business update
- Interim results
- Q&A



Ian Simm
(Chief Executive)



Charlie Ridge
(CFO)

Highlights

- **Assets under management (“AUM”) increased 16% to £2.548 billion (31 March 2014) from £2.197 billion (30 September 2013)**
- **Strong net inflows of £189m (H1, 2013: £100m)**
- **Revenue in the first half of 2014 was £9.9m (H1, 2013: £8.7m)**
- **Operating earnings¹ were £2.7m (H1, 2013: £1.8m)**
- **Unaudited profit before tax was £1.4m (H1, 2013: £1.5m²)**
- **Diluted earnings per share were 1.20 pence (adjusted³) (H1, 2013: 1.45 pence (adjusted³))**
- **Shareholders’ equity increased to £23.5m (H1, 2013: £22.8m)**
- **Initiation of interim dividend of 0.3 pence per share**
- **Continuing robust investment performance by all strategies**
- **Granted a Queen’s Award for Enterprise: Sustainable Development**

¹revenue less operating costs

²profit before tax in the Period was impacted inter alia by £0.71 million of charges (2013: £0.36 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 Income and the dilution effect of unvested share awards. The increase in after tax operating earnings is more than offset by tax benefits in H1, 2013 not being repeated during the Period, an increased employer’s National Insurance provision due to the rise in the Company’s share price and a reduction to the fair value of the Company’s interest in Impax New Energy Investors.

Queen's Award for Enterprise: Sustainable Development

- Recognition of highest levels of excellence in business
- Only asset manager to hold the award
- Further raises our profile in overseas investment community



THE QUEEN'S AWARDS
FOR ENTERPRISE:
SUSTAINABLE DEVELOPMENT
2014



ELIZABETH THE SECOND,

by the Grace of God of the United Kingdom of Great Britain and Northern Ireland and of Our other Realms
and Territories Queen, Defender of the Faith, to

Impax Asset Management Group Plc

Greeting!

We recognising the outstanding achievement of the said Award winner as demonstrated in the furtherance
of sustainable development in and by Our United Kingdom of Great Britain and Northern Ireland,
Our Channel Islands and Our Island of Man and wishing to show Our Royal Favour do hereby confer
upon it:

Policy Drivers – Regulation Continues to Tighten

US

Environmental Protection Agency's measures ("CAFE Standards") to clean up vehicle emissions – 54.5 mpg fleet average by 2025



China

Commitment to spend US\$339 billion to combat water pollution by 2017



Germany

Policy requiring replacement of approximately 2.7 million old domestic boilers with efficient new systems from 2015



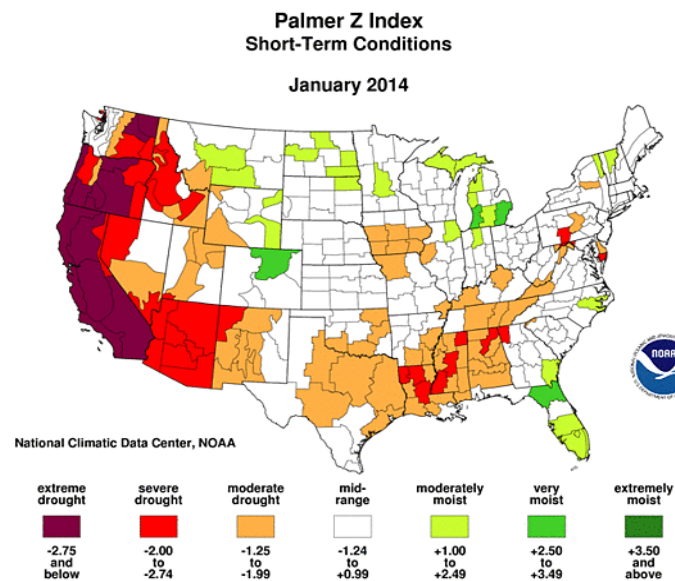
India

Government programme to swap 26 million groundwater pumps for more efficient solar powered irrigation systems

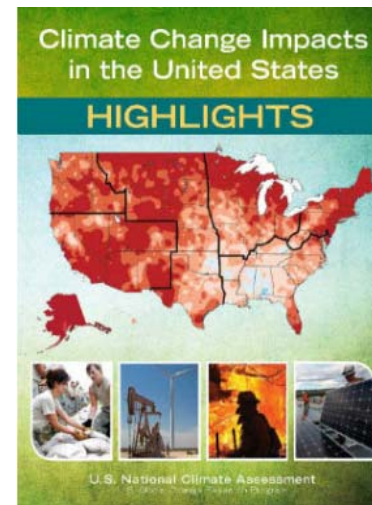


Deepening Concern on Climate Change

US drought



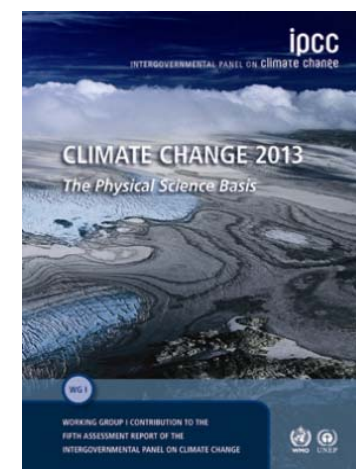
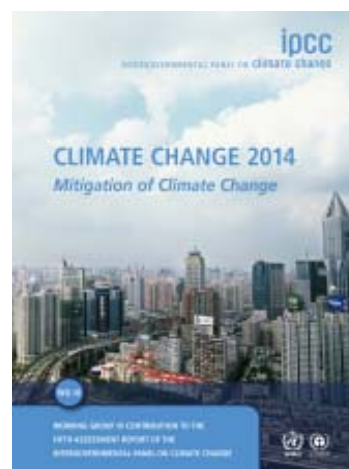
US National Climate Assessment



UK Floods 2014



IPCC - Climate Change Reports



Changing Investor Attitudes

Major pension fund Storebrand divests from a further 10 fossil fuel firms

Monday, January 27th, 2014 By [Charlotte Malone](#)

[Share](#) [Tweet](#) [Email](#) [Share](#) [Like](#) 15 [g+](#)



Norwegian pension fund and insurance firm Storebrand has announced it will be further reducing its exposure to the fossil fuel industry in a bid to ensure long-term stable profits.

In a press statement, the organisation's head of sustainable investment Christine Tøklep Meisingset said,

"As a savings and pension provider our goal is to ensure long-term positive return for our customers. Part of that goal is achieved by reducing the risk in our portfolios, and climate change is the most comprehensive risk to sustainability. Therefore we have decided to further reduce our exposure to coal, this time in the utilities sector."

In July last year, the company announced that it had divested from 19 fossil fuel companies, saying in the future these stocks would be "worthless financially".

theguardian

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[Environment](#) > [Climate change](#)

Harvard faculty members urge university to divest from fossil fuels

Nearly 100 professors petition university to purge its \$33bn endowment of holdings in oil and coal companies

Bloomberg

Stanford Divesting Boosts Student Campaign Seeking Domino Effect

By Michael McDonald | May 7, 2014 7:38 PM GMT+0100 | [41 Comments](#) [Email](#) [Print](#)

Stanford University's decision to stop investing in coal companies may help bolster the hundreds of student-led campaigns that have spread across college campuses in the past two years aimed at stopping climate change.

May 6, 2014 11:44 pm

Stanford endowment votes to sell coal mining shares

By Ed Crooks in New York



Stanford University is selling the shares in coal mining companies held by its \$18.7bn endowment fund, becoming the largest US institution to join the growing number of colleges divesting from fossil fuels because of concerns about climate change.

Bloomberg



DOW JONES

Pensions & Investments

Institutional Investor

BARRON'S

IMPAX

Strong Investment Performance

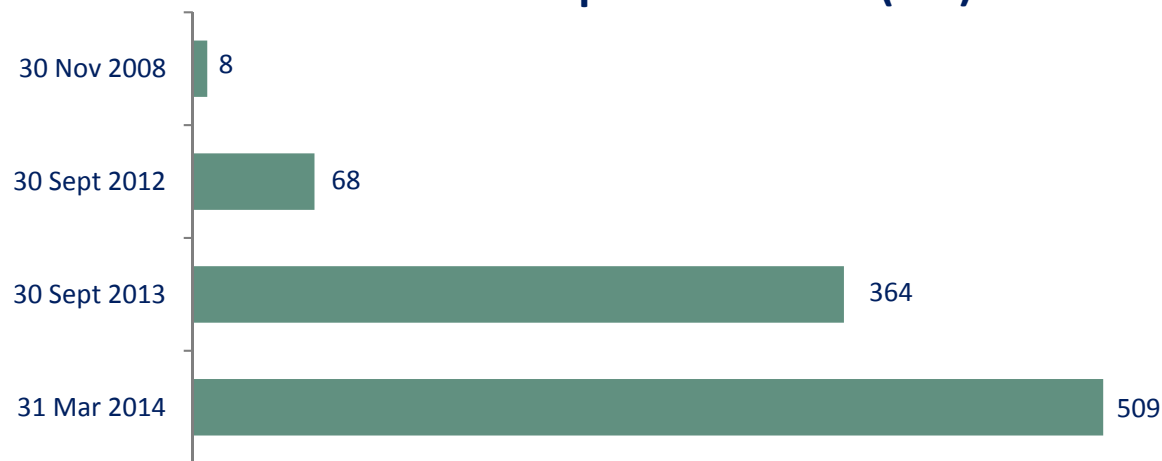
Annualised Performance to 31.03.2014 in GBP (%)	6 Months	1 Year	3 Years	5 Years	10 Years	EPS Growth (%)	PE Ratio
Specialists	11.0	19.3	6.5	15.4	11.2	26.5	19.1x
<i>FTSE ET100 Index</i>	<i>11.7</i>	<i>29.5</i>	<i>0.9</i>	<i>7.0</i>	<i>7.7</i>	<i>26.7</i>	<i>22.5x</i>
Leaders	6.6	12.6	9.3	15.9	--	12.8	17.1x
<i>FTSE EOAS Index</i>	<i>6.8</i>	<i>13.7</i>	<i>6.4</i>	<i>16.1</i>	<i>12.0</i>	<i>13.6</i>	<i>16.9x</i>
Water	9.7	11.8	12.3	18.6	--	11.1	17.5x
Asia-Pacific	12.0	6.6	-1.8	--	--	14.8	14.0x
Food and Agriculture	5.6	5.3	--	--	--	7.4	14.1x
<i>MSCI AC World Index</i>	<i>5.4</i>	<i>6.2</i>	<i>7.1</i>	<i>14.3</i>	<i>8.0</i>	<i>8.7</i>	<i>14.2x</i>

All data is in GBP as at 31 March 2014. Composite figures are total return (net dividend reinvested, gross of management fee), MSCI index is total net return (net dividend reinvested), FTSE index is total return (gross dividend reinvested) (source: FactSet/WM Reuters). FTSE ET100 performance is a combination of FTSE ET100 and FTSE ET50 indices. FTSE ET100 data shown from January 2014, previously FTSE ET50. FTSE ET50 launched January 2008, data has been back tested by FTSE. PE ratio and forecast earnings growth NTM. Impax Asset Management Ltd claims compliance with the Global Investment Performance Standards (GIPS)®. Further information on composite data is available on request. Reference should be made to the Annual Disclosure Presentation which can be found at the back of this document. Past performance of a fund is no guarantee as to its performance in the future.

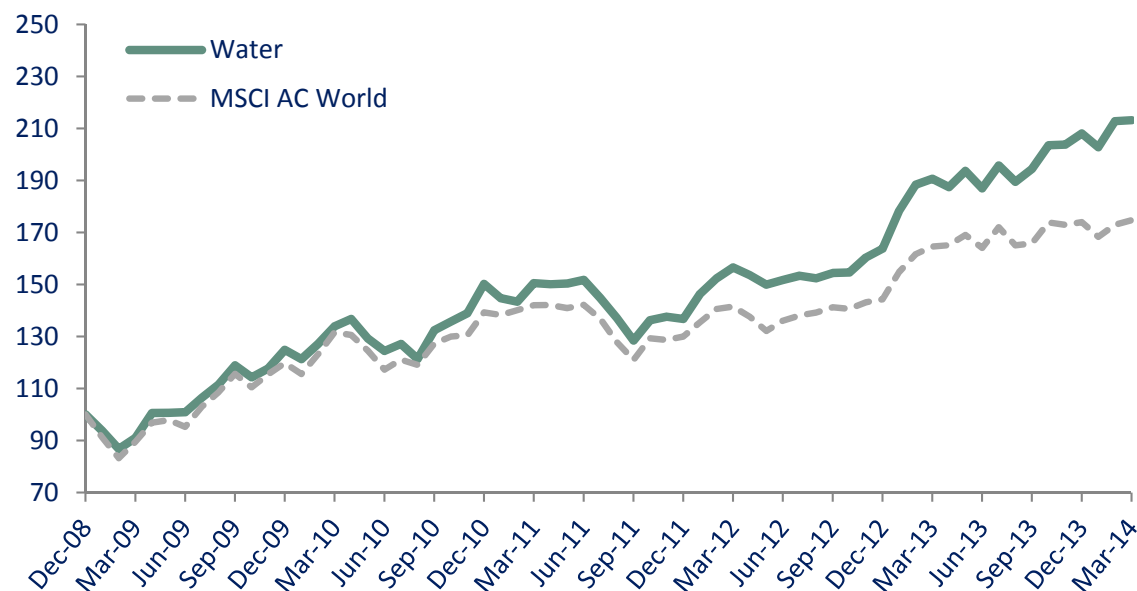
Water Strategy

- Continuing strong signals for long-term investment
- European inflows continue from wider distribution network
- One of the best performing, largest water funds in the market

BNP Paribas Aqua Fund AUM (£m)



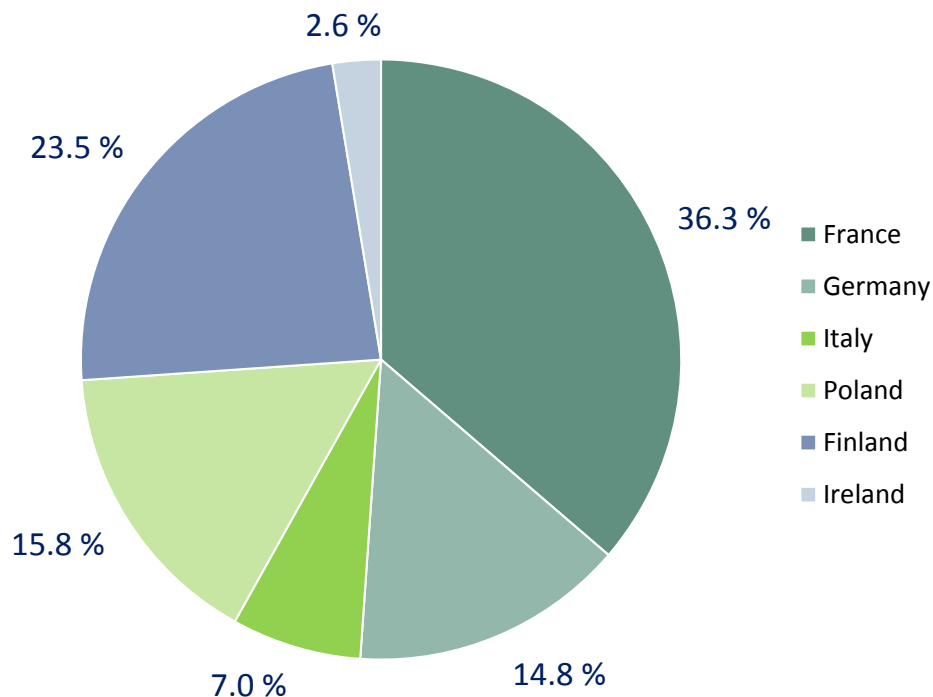
Investment performance in GBP



Private Equity – Infrastructure Investment

NEF II: Geographical distribution of assets

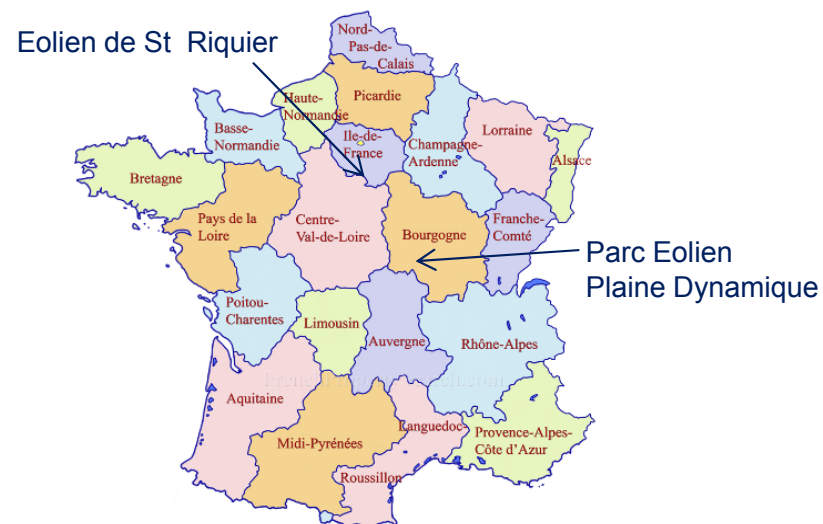
- €330 million fund, currently 62% (net) invested



- **NEF I** assets continue to perform well
- Spanish government finalised solar tariffs
- Write down of £0.5 million of IPX investment in the Period

First exits from NEF II

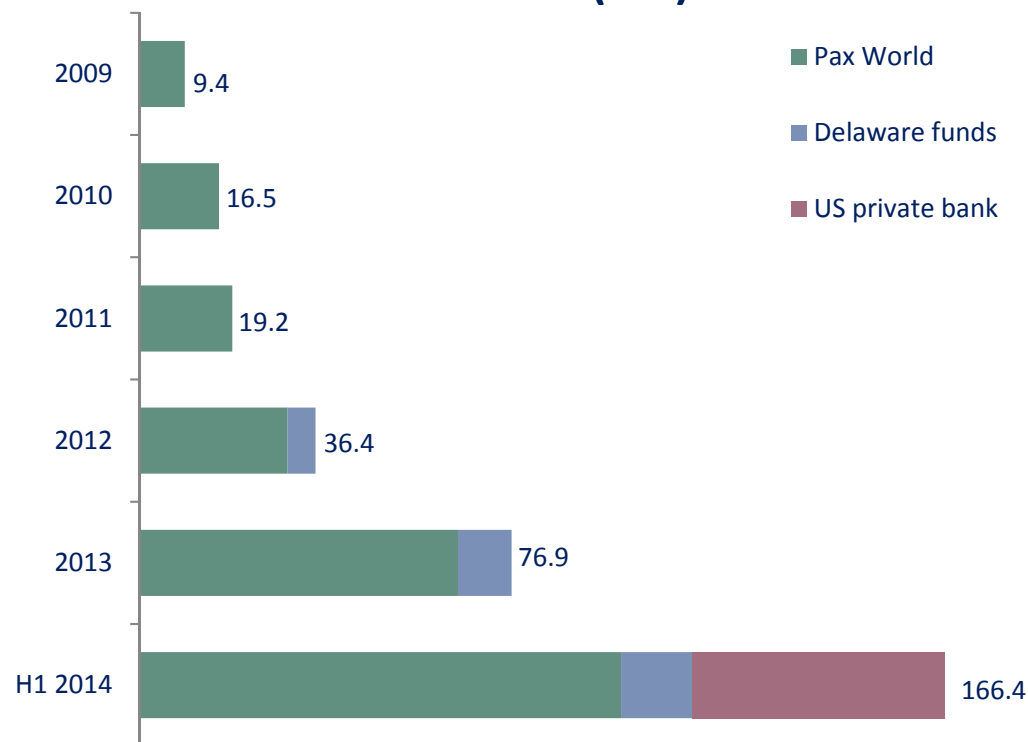
- Sale of two French windfarms (total 22MW)
- Strong market demand for operating assets in stable countries



US: Strong Growth and Prospects

- Business development since 2006
- Strong potential with limited competition
 - New interest in resource efficiency
 - Major consultants recommending Impax
- Four person team
 - Second sales person hired
 - Second office opened (Portland, Oregon)
- Principal strategies available to US investors
 - Specialists (IGRO)
 - Leaders (Pax World GEM Fund)
 - Water (IFLOW)
- Healthy pipeline
 - First meetings
 - Due diligence visits

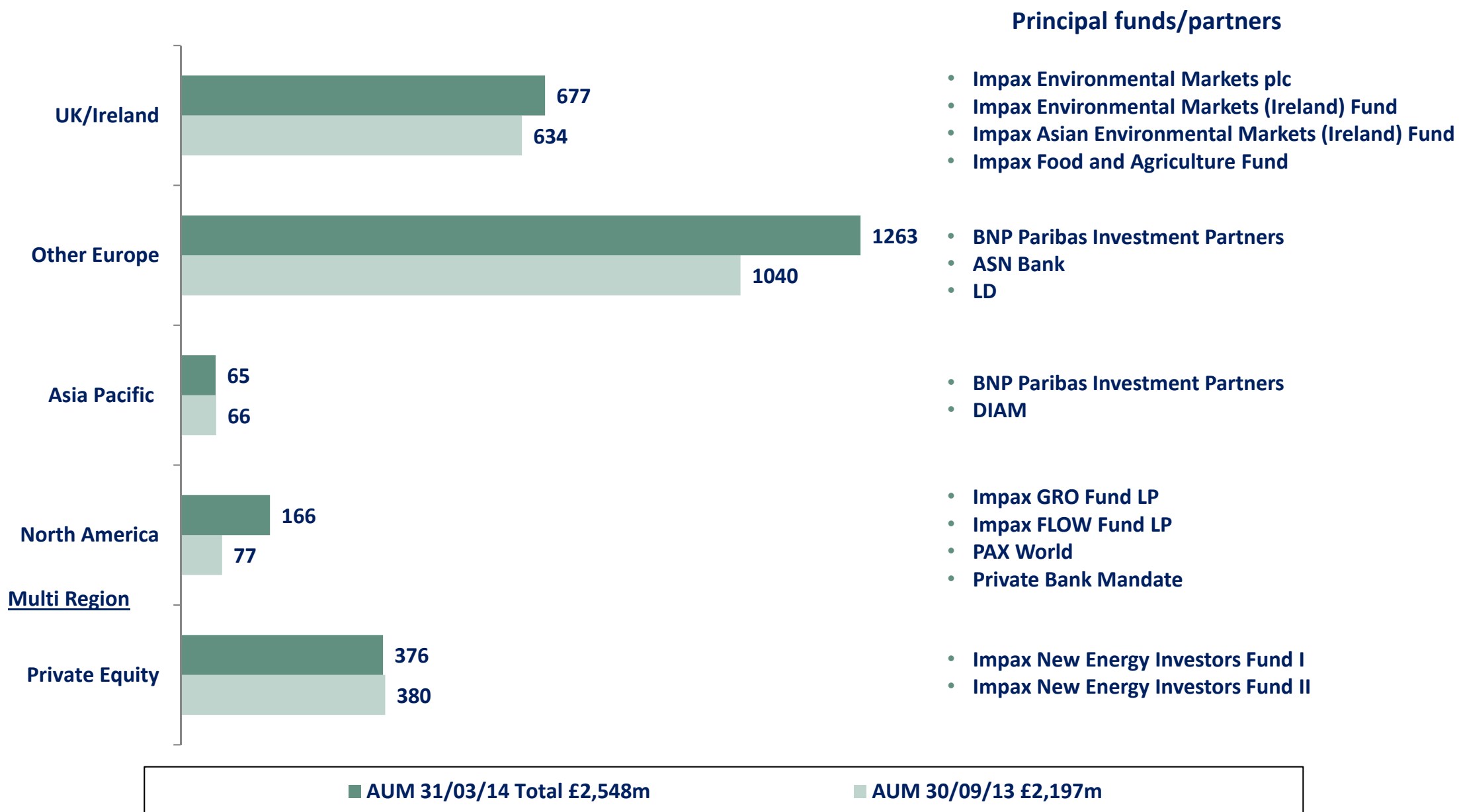
AUM from US investors as at 31.03.2014. (£m)



Impax AUM Breakdown

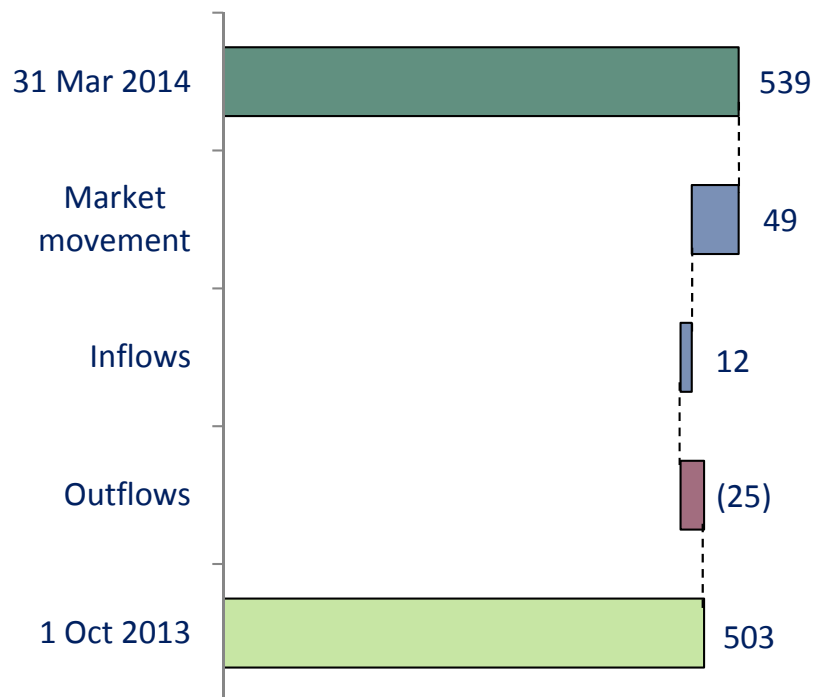
Investment strategy	AUM (£) 31 Mar'14	AUM (£) 30 Sep'13	% Increase
Specialists	862m	819m	5.2%
- Impax Environmental Markets plc	384m	363m	
- Impax Environmental Markets (Ireland)	115m	104m	
- Impax GRO Fund LP	12m	11m	
- Third Party funds/accounts	351m	341m	
Leaders	488m	409m	19.1%
- Third Party funds/accounts	488m	409m	
Water	797m	562m	41.8%
- Impax FLOW Fund LP	3m	--	
- Third Party funds/accounts	794m	562m	
Asia-Pacific	22m	23m	(4.8%)
- Impax Asian Environmental Markets (Ireland)	22m	22m	
- Third Party funds/accounts	--	1m	
Food and Agriculture	3m	3m	3.2%
- Impax Food and Agriculture Fund	3m	3m	
Private Equity	376m	380m	(1.1%)
<i>Fees (weighted average; basis points per annum)</i>	<i>77.0</i>	<i>80.0</i>	
TOTAL	£2,548m	£2,197m	

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

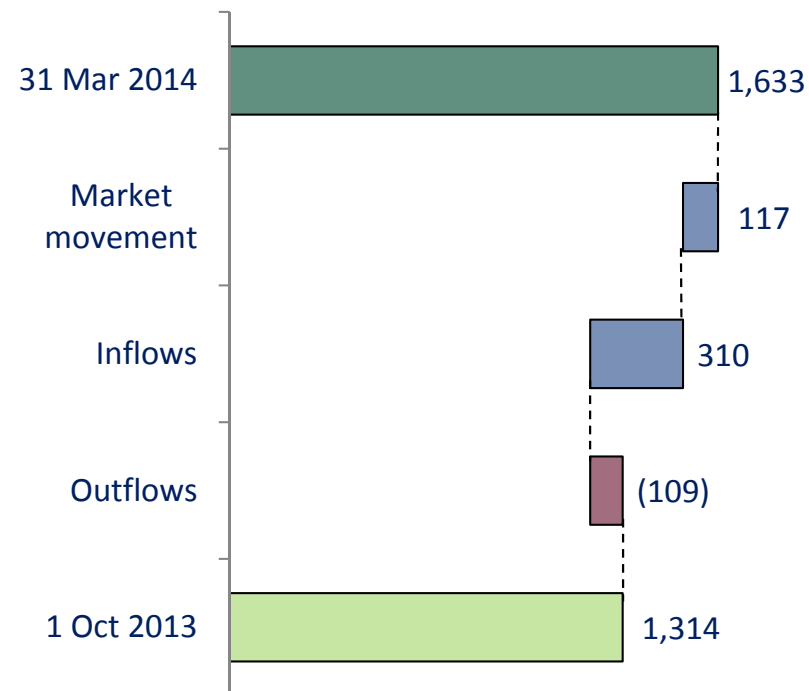


Flows for “Impax label” and Third Party Funds/Accounts

“Impax label” funds (£m)



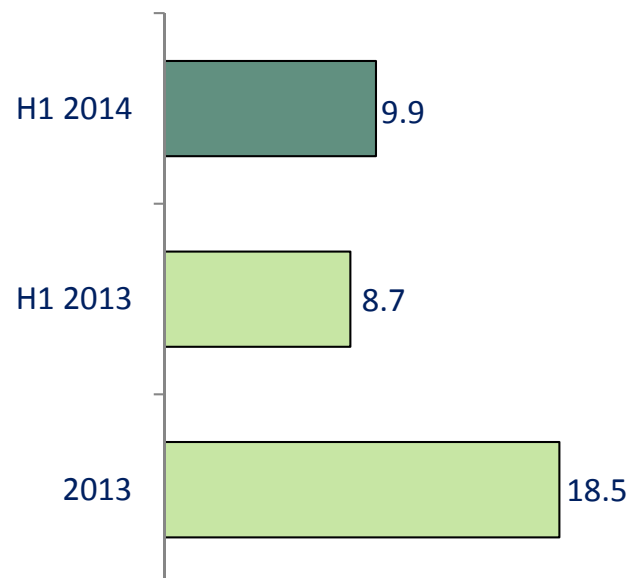
Third party funds/accounts (£m)



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

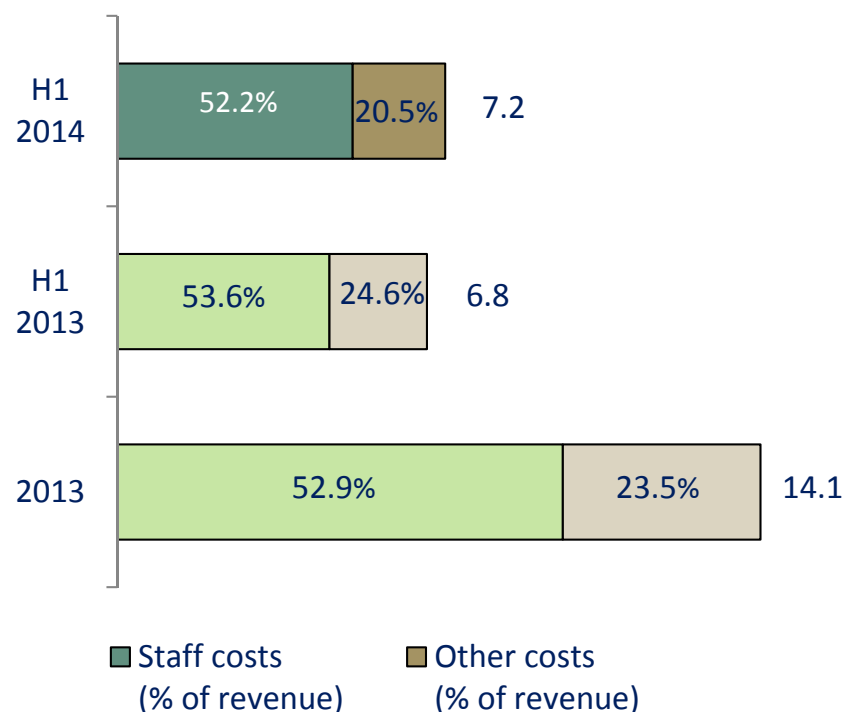
Interim Results: Financial Highlights (1)

Revenue (£m)



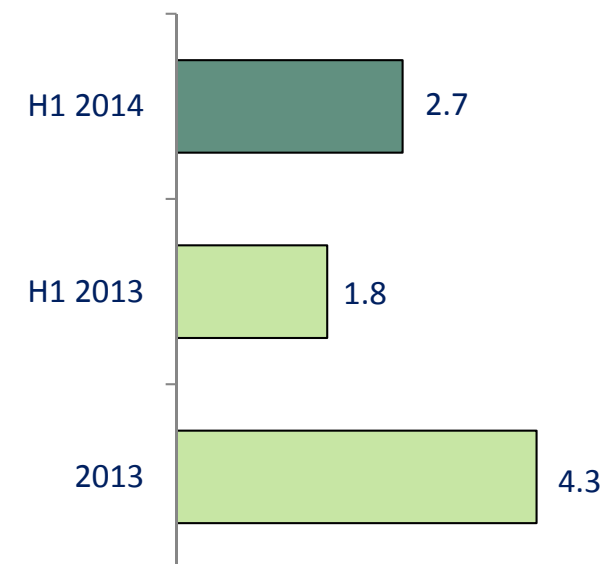
- Revenue increase 14% vs H1 2013 due to significant inflows and financing fees

Operating costs (£m)



- Variable remuneration increased in line with profits
- Cost base stabilised

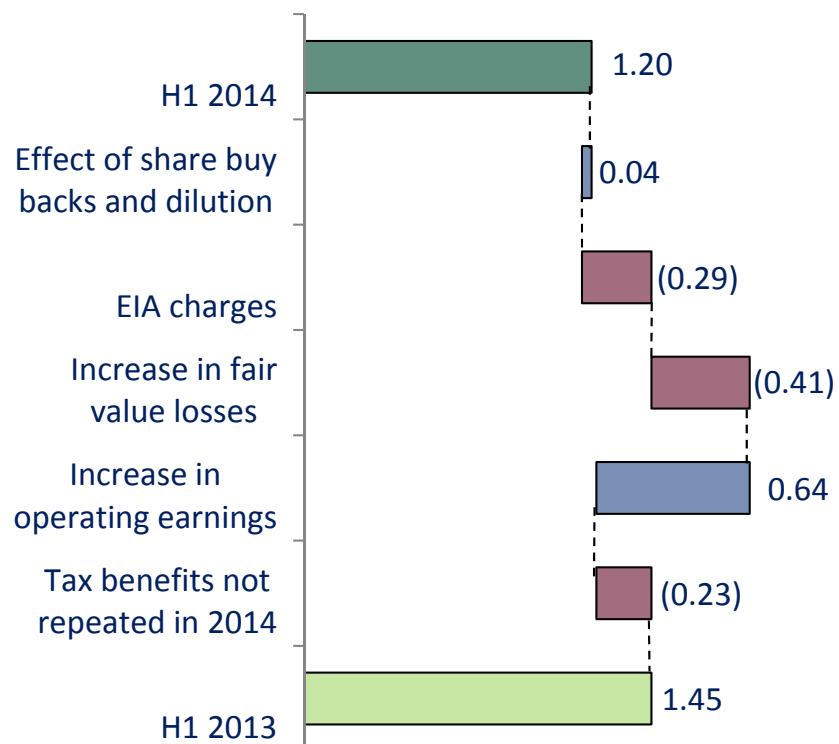
Operating earnings (£m)



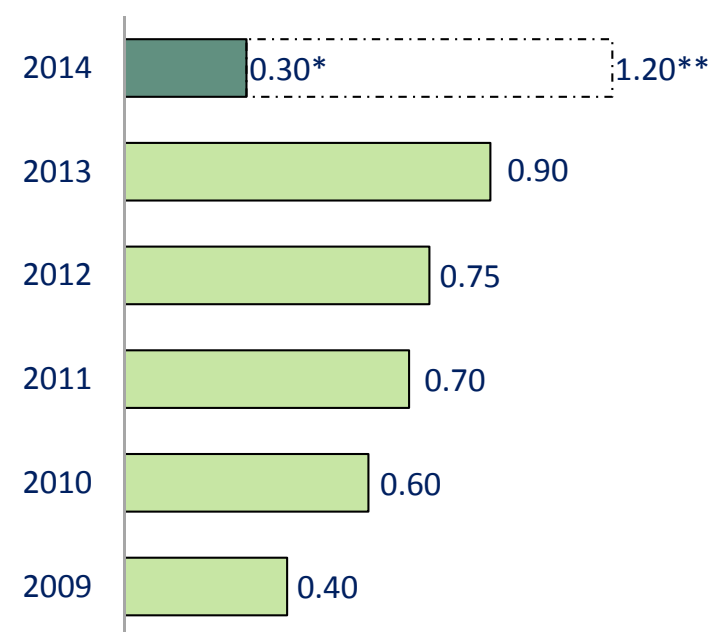
- Operating margin up from 21.2% (H1 2013) to 27.0% (H1 2014)

Interim Results: Financial Highlights (2)

Diluted adjusted* EPS (p)



Dividend (p)



- EPS decreased by 17.2% from H1 2013 to 1.20p
- EIA charges in line with IPX share price increase

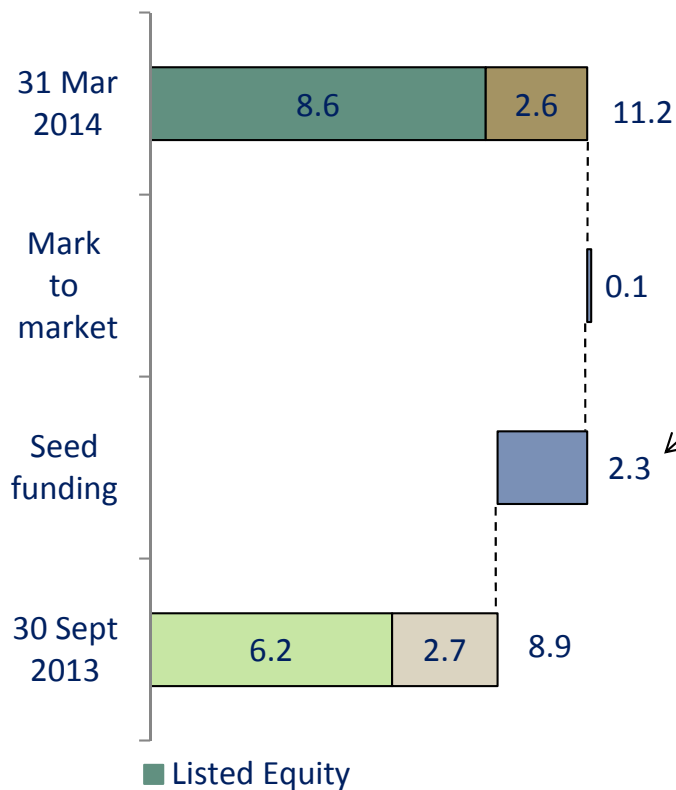
** Adjusted to exclude IFRS2 charges for shares schemes intended to be satisfied by primary shares, and include the related tax benefit reported in Other Comprehensive Income and the dilution effect of unvested share awards.*

* Proposed interim dividend

** Target to maintain YE dividends at 0.90p

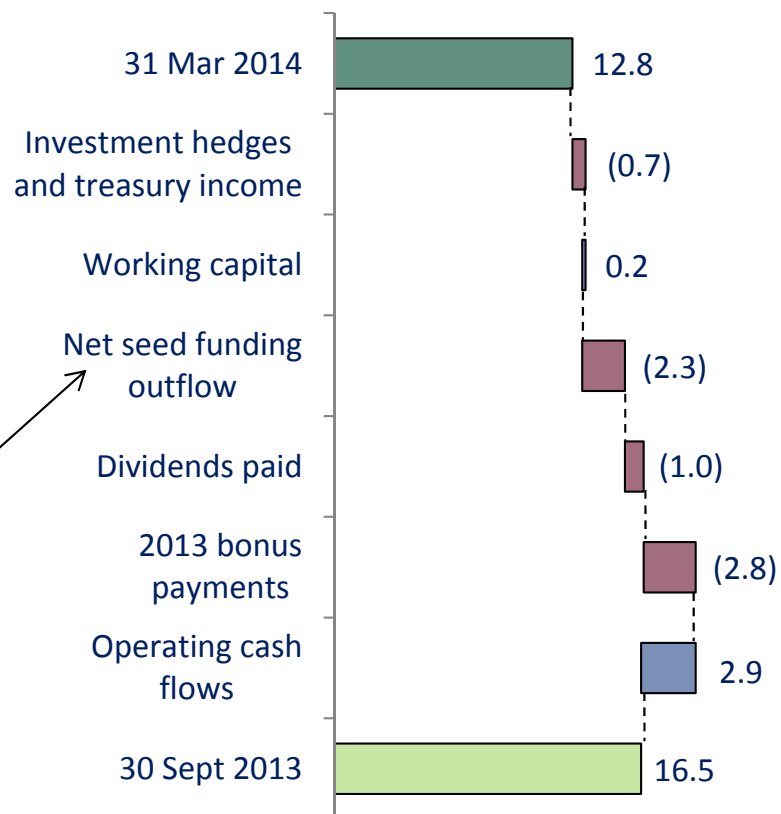
Interim Results: Financial Highlights (3)

Investments (£m)



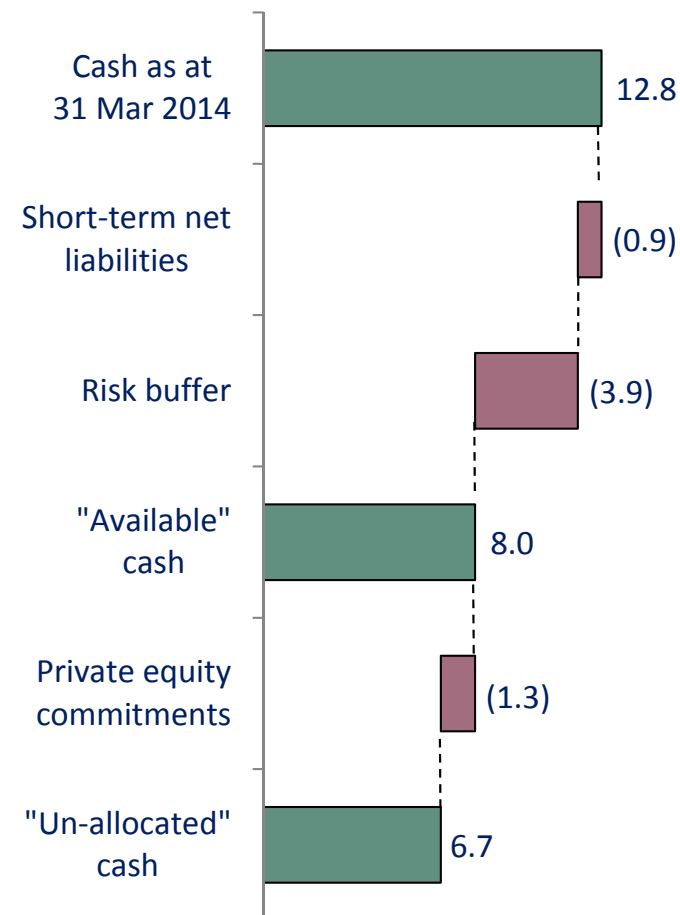
- IFLOW launch with seed funding of \$5m
- IGRO redemption \$2m
- NEF I write down £0.5m

Cash reserves (£m)



- Continued strong cash generation

Cash reserve analysis (£m)



Outlook

Attractive prospects for target markets to sustain “superior growth”

- Major overhaul underway in energy policies worldwide
- Heightened profile of climate risk leading to increased 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

Preferred provider

- Diverse opportunities
- Strong track record
- Stable investment team with global coverage
- Growing international reputation and established distribution model
- Potential for new products

Scope for increase in operating margin

- Scalable products with strong track records
- Promising mandate pipeline
- Infrastructure in place to support significantly higher AUM
- Strong balance sheet

Disclaimer

All sources Impax Asset Management Group plc unless otherwise stated.

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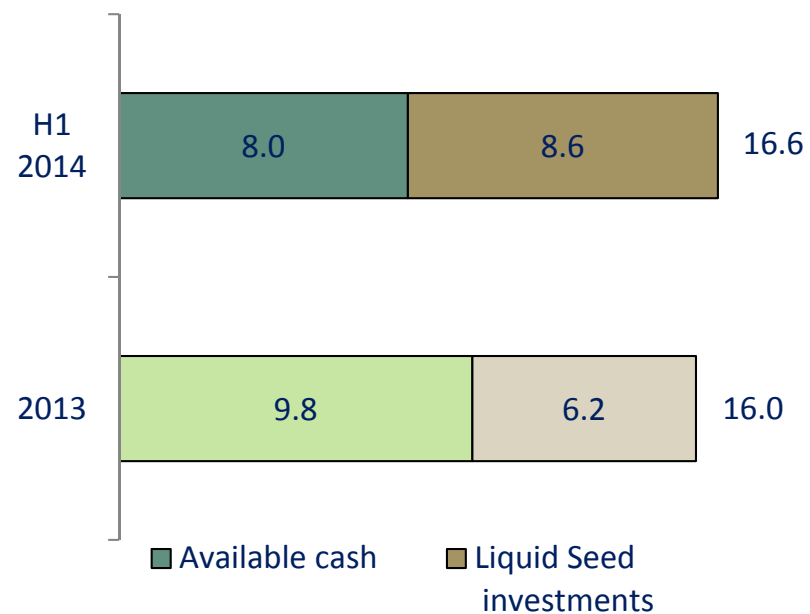
Appendix

Impax's Listed Equity Investment Strategies

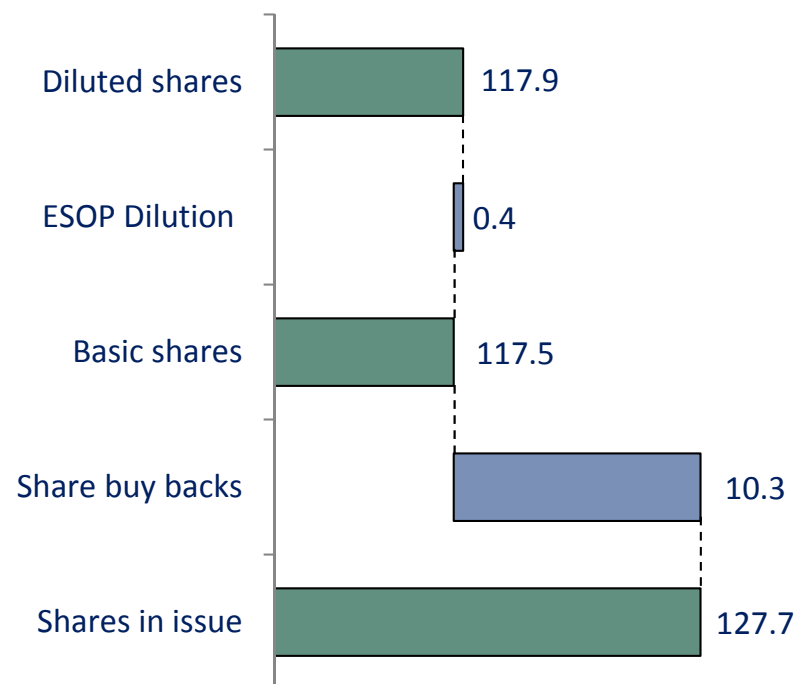
	Global	All cap	AUM	Inception date
Specialists Universe: 1100 companies Universe Size: \$1.4 T market cap	✓	Small-Mid	£862m	Mar 2002
Leaders Universe: 1500 companies Universe Size: \$4T market cap	✓	✓	£488m	Mar 2008
Water Universe: 250 companies Universe Size: \$0.8 T market cap	✓	✓	£797m	Jan 2009
Asia-Pacific Universe: 600 companies Universe Size: \$1.2 T market cap	Asia-Pacific	✓	£22m	Nov 2009
Food and Agriculture Universe: 1200 companies Universe Size: \$4.7 T market cap	✓	✓	£3m	Dec 2012
Private Equity	IMPAX NEW ENERGY INVESTORS I LP IMPAX NEW ENERGY INVESTORS II LP			

Valuation indicators

Liquid Assets (£m)



Shares reconciliation* (m)

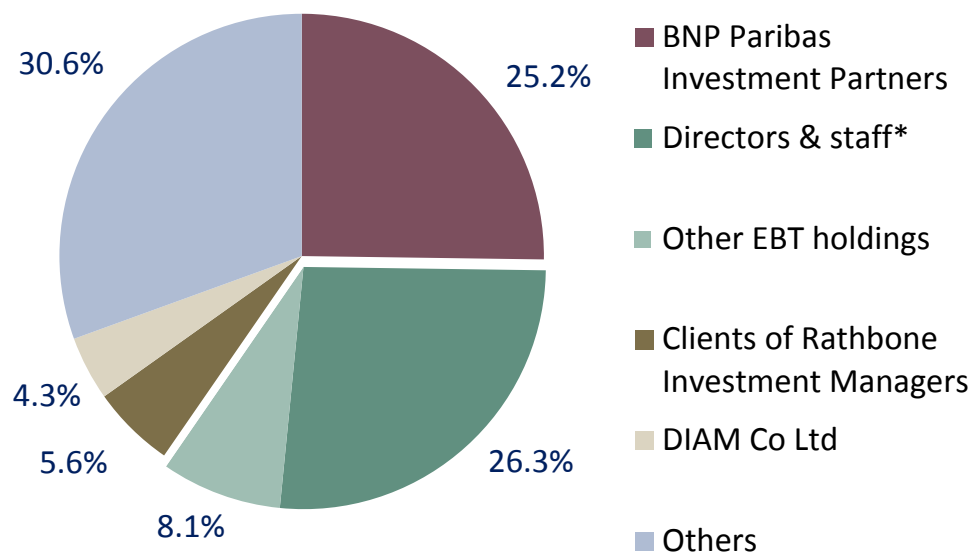


- Historical incentive schemes fully vested and related shares issued
- 11m ESOP options allocated to date

* Share quantities as of 31 March 2014

Impax Equity Interests as at 31 March 2014

**IPX ordinary shares
(Total 127.7m) %**



- Directors, staff and EBT holdings 44m (34.4%) (8.1% relates to shares held for un-vested Employee Incentive Scheme 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
Granted			
FY11 ESOP	49.6p	1 Jan 2015 - 31 Dec 2017	4,540,000
FY12 ESOP	37.6p	1 Jan 2016 - 31 Dec 2018	2,900,000
FY13 ESOP	47.9p/54p	1 Jan 2017 - 31 Dec 2019	2,906,000
Others	0/37.6p	Various	395,455
			10,741,455
To be granted			
FY14 ESOP**	TBD*	1 Jan 2018 - 31 Dec 2020	3,404,000
			14,145,455

- 10.3m shares bought back and held by 2012 EBT

** 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 2014.*

*** To be allocated*

Impax Seed Investments

Theme	Principal funds / Investee	Investments* (£m)	% of Fund AUM	Initial Investment Date	Comments
Specialists	Impax Global Resource Optimization Fund	3.1	27%	Nov-11	Withdrawals Nov 2013 \$1m & Feb 2014 \$1m
Food & Agriculture	Impax Food and Agriculture Fund	2.3	81%	Dec-12	
Water	Impax Fundamental Long-Only Opportunities in Water	3.2	100%	Jan-14	Seed investment of \$5m
Private equity	Impax New Energy Investors LP "INEI LP"	0.7	4%	Aug-05	Commitment: €3.8m
	Impax New Energy Investors II LP "INEI II LP"	1.5	1%	Mar-10	Commitment: €3.3m, 51% drawdown
Other	Ensyn Corporation	0.4	N/A	N/A	
		11.2			

* Fair value at 31 March 2014

Income Statement

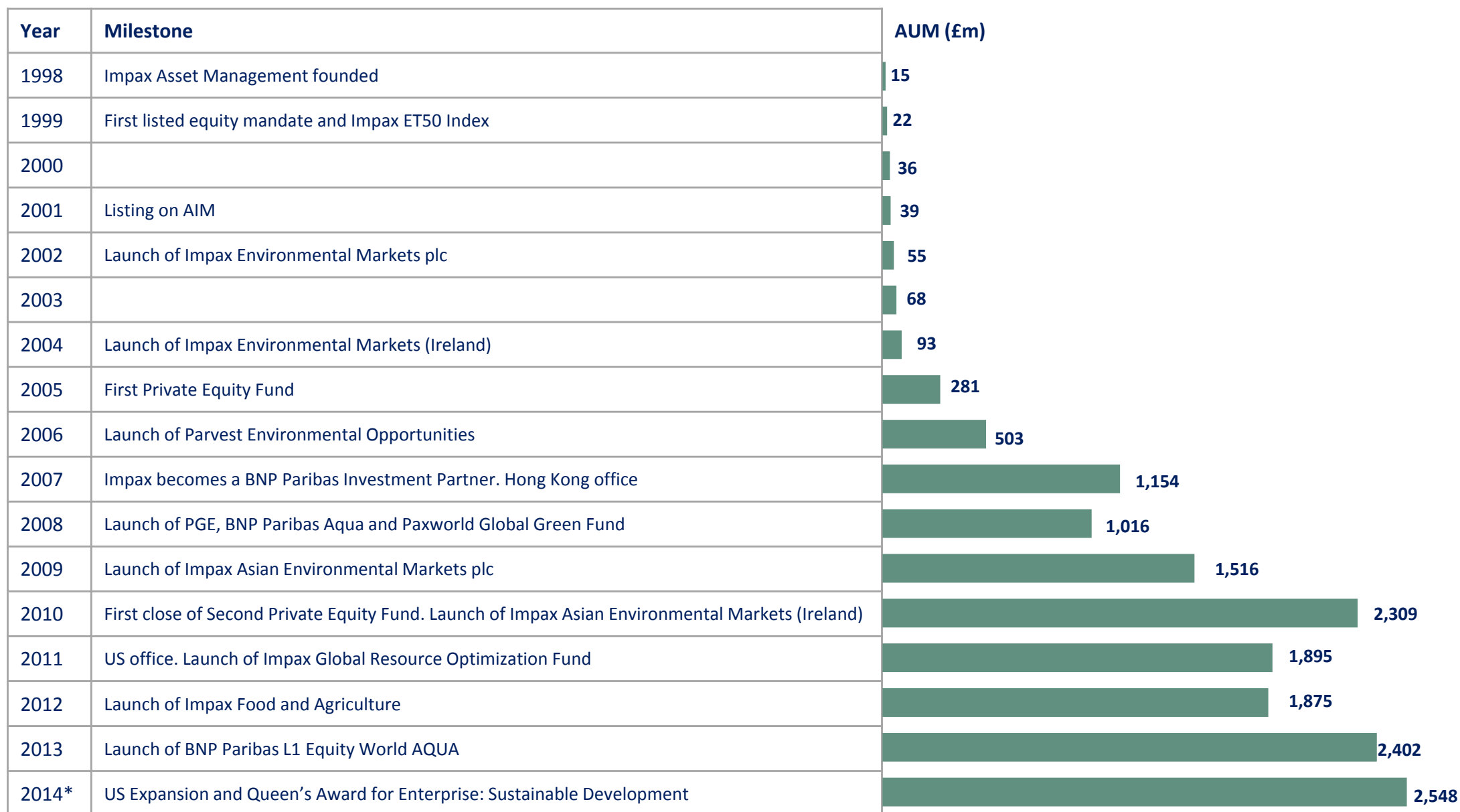
	6 months ended 2014 £'000	6 months ended 2013 £'000	Year ended 2013 £'000
Revenue	9,911	8,671	18,463
Bonuses	(2,064)	(1,572)	(3,558)
Other operating costs	(5,175)	(5,261)	(10,566)
Operating costs	(7,239)	(6,833)	(14,124)
Operating earnings	2,672	1,838	4,339
Share-based payment charge for EIA extension scheme	-	(280)	(280)
Other charges related to EIA schemes	(707)	(83)	111
Fair value (losses)/gains	(624)	42	(947)
Change in third party interest in consolidated funds	(28)	(83)	(32)
Investment income	64	43	163
Profit before taxation	1,377	1,478	3,354
Taxation	36	(7)	(397)
Profit for the period	1,413	1,471	2,957

Balance Sheet

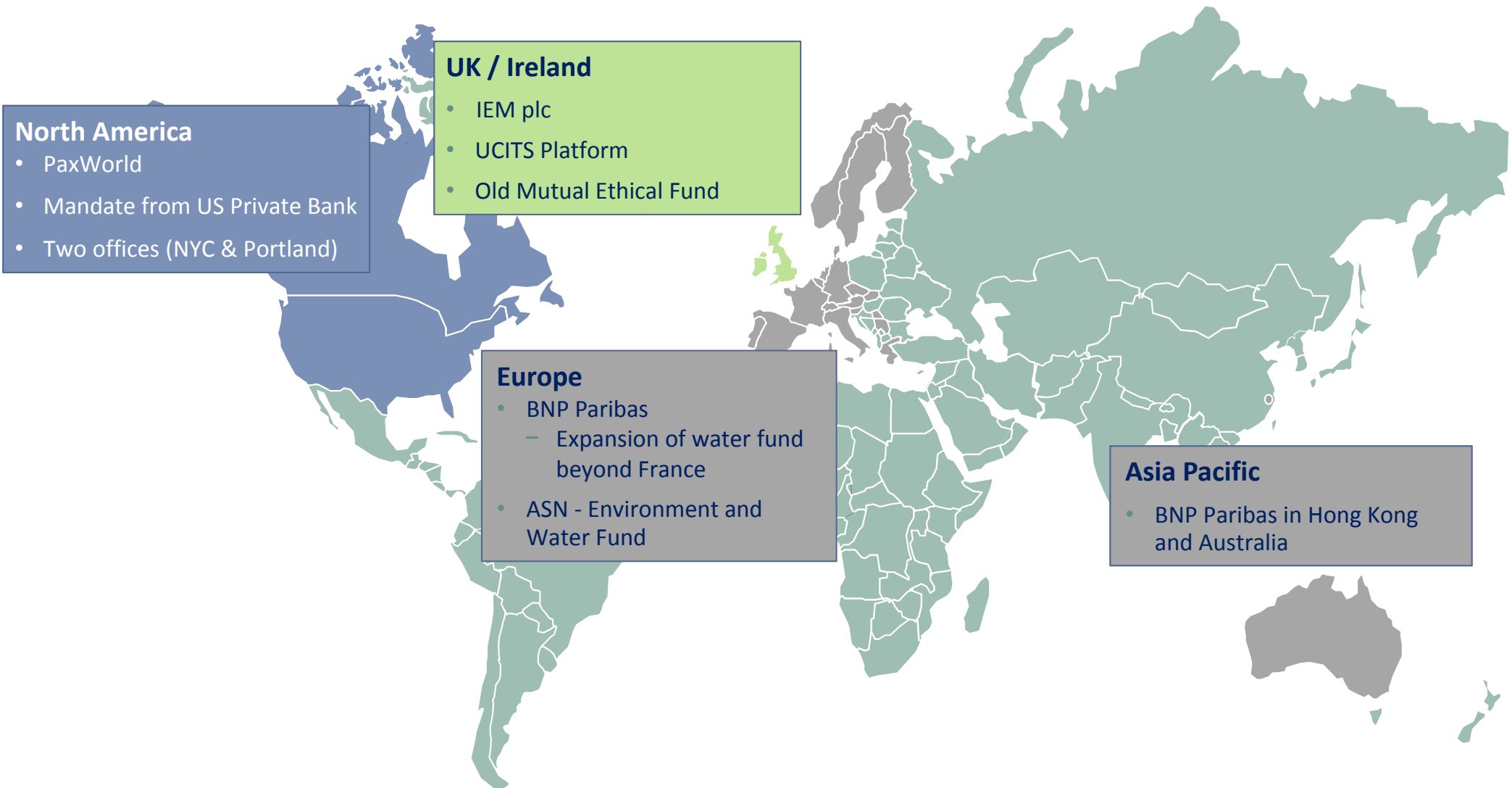
	31 Mar 2014	31 Mar 2013	30 Sep 2013
	£'000	£'000	£'000
Goodwill and intangibles	1,696	1,744	1,724
Other non-current assets	356	604	473
	2,052	2,348	2,197
Cash and cash equivalents	12,783	15,244	16,553
Current asset investments	11,647	9,224	9,336
Other current assets	5,553	4,038	3,509
Total assets	32,035	30,854	31,595
Current liabilities	6,711	6,757	6,600
Non current liabilities	1,799	1,334	2,051
Net assets	23,525	22,763	22,944
Shareholder's equity	23,525	22,763	22,944

Note: The Balance Sheet includes effects due to the consolidation of investments.
Cash reserves not including consolidated funds are £12.7m (Mar 2013: £15.2m, Sep 2013: £16.5m)

Impax Asset Management: Investing Since 1998 (calendar year)



Distribution Strategy: Institutional Quality Global Platform



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

Extensive Expertise

Keith Falconer



- Chairman since 2004
- 33 years' experience

Ian Simm



- Chief Executive
- 24 years' experience

Charlie Ridge



- CFO
- 27 years' experience

Bruce Jenkyn-Jones



- MD, Listed Equities
- 23 years' experience

Peter Rossbach



- MD, Private Equity
- 33 years' experience

Ominder Dhillon



- Head of Distribution
- 23 years' experience

Ken Locklin



- MD, US Policy Specialist
- 42 years' experience

David Richardson



- MD, US Institutional Business
- 31 years' experience

Kaye Forrest



- Director of HR
- 27 years' experience

Strong Investor Relationships

