

### No trumping AUM growth

**With the addition of £500m to AUM, Impax closed another strong month. That brought total AUM to £6.5bn, c 8% growth in May, and recent momentum (from £4.2bn at end Sep 2016) suggests that efforts to build the scale and profile of Group funds and investment expertise in target markets have gained traction.**

We have *again* pushed up our FY17e revenues and earnings forecasts to reflect higher projected fees on the back of a **revised AUM target of £7.0bn by end September**, i.e. another £0.5bn won over the remaining four months of the current year. A recent dip in the share price simply provides a lower entry level for supporters of the shares.

#### Trump: Elephant in the room?

We don't regard President Trump's decision to withdraw the US from the Paris Climate Agreement as a significant impediment to Group ambitions, while management anticipates relatively superficial effects on both investment returns and potential demand for renewables. Existing regulatory mechanisms will continue to provide growth drivers for environmental solutions, supported by the economic benefit of reduced energy use and associated CO<sub>2</sub> emissions. Note that Britain's renewable electricity generators have just recorded their **best day ever**, supplying 70% of national power.

#### Key drivers for Impax remain largely intact

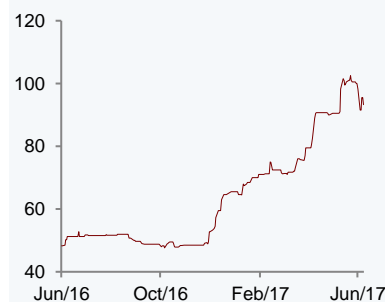
Furthermore, **all other countries** remain firmly on board, and many US states have since confirmed their individual intentions to fulfil their country's commitment. There is still broad consensus regarding the need to maintain investment in renewables and other initiatives to improve water and air quality. And the 'rationale' for the decision ignores renewables' role as a significant source of US job creation, demand for which is driven by policy at the state level.

Environmental market demand is increasingly **based on economics, not subsidies**. As the cost of renewables falls, they have become increasingly competitive alternatives to natural gas and coal-fired energy without subsidies, and large US companies operating globally can still help their customers to reduce resource use. Similarly, momentum behind energy transition in the auto sector pivots on advances in engine efficiency, lower costs and high performance of hybrids and electric vehicles. There is also broad bipartisan support for increased US infrastructure, especially water provision.

#### Company Data

EPIC	IPX
Price	94p
52 week Hi/Lo	45-106p
Market cap	£122m

#### Share Price, p



Source: ADVFN

#### Description

Impax is a market leading manager of both listed and private equity funds, which invest in ways that take advantage of more environmentally sustainable corporate and economic growth globally. Aggregate AUM at end May 2017 was £6.5bn.

#### Summary forecasts

Year end 31 Sep	2014A	2015A	2016A	2017E	2018E
Revenue, £m	20.4	19.7	21.1	29.4	36.0
Op. Profit, £m	5.3	3.1	4.2	7.4	9.8
EPS, p	2.8	3.1	3.6	4.7	7.0
PER	33.6	30.3	26.1	20.0	13.4
EV/NOPAT	19	42	28	15	11
Dividend Yield, %	1.5	1.7	2.2	3.0	3.3

Source: Group report & accounts and ED estimates

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