

Strong Q2 AUM update underpins FY19e

9 April 2019

Excellent AUM growth for the three months to end March 2019 comprised net inflows of £0.5bn into its funds plus £1.2bn of market performance gains.

For now, at least, we have held our forecasts. A slightly cautious approach reflecting recent volatile global equity markets: the latter make us reluctant to read too much into one, albeit very encouraging, quarter. Q1 was relatively weak and total AUM growth for the first six months was 6%. The US operation reported a small £15m net inflow in Q2 19 vs a £227m outflow in Q1. We shall revisit projections on the back of AUM updates over the next few months.

Nonetheless, the sheer scale of a 14.7% increase in Q2 AUM was impressive. We anticipate further inflows into equity funds in the second half, which supports our £14.4bn September 2019 AUM forecast i.e. assumes c 9% net AUM growth in H2 2019.

That provides considerable underpinning for our current year forecast and reinforces the longer-term attractions of both the sustainable segment that Impax leads, and of value in its own shares.

AUM Movement Q2 – 3m to 31 March 2019

	Impax AM Ltd Impax AM AIFM Ltd		Impax AM LLC ²		Total
	Thematic equity funds £m	Real asset funds ¹ £m	Fixed inc. smart beta, US equity £m	Recon. ³ £m	
Total AUM 31 Dec 2018	8,498	454	3,088	(483)	11,557
Net flows	563	-	15	(49)	529
Market, FX & perf.	1,000	(18)	250	(64)	1,168
Total AUM 31 Mar 2019	10,060	436	3,354	(596)	13,253
Forecast Sep 2019		341			14,005

Source: Impax AM RNS 1. Real Assets are Private Equity and Property funds. 2. Prev. Pax World Mgt. LLC 3. To avoid double count of Pax Global Environmental Mkts Fund and Pax Global Opp. Fund

Summary forecasts

Year end 30 Sep	2016A	2017A	2018A	2019E	2020E
Revenue, £m	21.1	32.7	65.7	69.6	76.6
Adjusted Op. Profit, £m	4.2	9.3	20.0	18.0	21.4
Adjusted EPS, p	3.7	6.2	12.5	11.6	13.9
PER	66.3	39.0	19.4	21.0	17.4
EV/NOPAT	84	34	26	22	18
Yield, %	0.9	1.2	1.7	2.0	2.3

Source: Group report & accounts and ED estimates (EV calc. includes net cash and seed investments) Adj. results eliminate non-recurring acquisition costs, ongoing amortisation of intangibles acquired, one-off tax credits and mark-to-market of NI on equity award schemes.

Company Data

EPIC	IPX
Price	242p
52 week Hi/Lo	281p/154p
Market cap	£317m

Share Price, p



Source: ADVFN

Description

Impax AM is a market-leading manager of both listed and private equity funds, which invest in companies and technologies which contribute to the transition to a more sustainable global economy.

Aggregate AUM at end March 2019 was £13.25bn.

Roger Leboff (Analyst)

0207 065 2690
roger@equitydevelopment.co.uk

Hannah Crowe

0207 065 2692
hannah@equitydevelopment.co.uk



Investor Access

Hannah Crowe

Direct: 0207 065 2692

Tel: 0207 065 2690

hannah@equitydevelopment.co.uk

Equity Development Limited is regulated by the Financial Conduct Authority

Equity Development Limited ('ED') is retained to act as financial adviser for various clients, some or all of whom may now or in the future have an interest in the contents of this document and/or in the Company. In the preparation of this report ED has taken professional efforts to ensure that the facts stated herein are clear, fair and not misleading, but make no guarantee as to the accuracy or completeness of the information or opinions contained herein.

This document has not been approved for the purposes of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom ('FSMA'). Any person who is not a relevant person under this section should not act or rely on this document or any of its contents. Research on its client companies produced and distributed by ED is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent, as defined by the FCA, but is 'objective' in that the authors are stating their own opinions. This document is prepared for clients under UK law. In the UK, companies quoted on AIM are subject to lighter due diligence than shares quoted on the main market and are therefore more likely to carry a higher degree of risk than main market companies.

This report is being provided to relevant persons by ED to provide background information about Impax Asset Management. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. Self certification by investors can be completed free of charge at www.fisma.org

ED may in the future provide, or may have in the past provided, investment banking services to the Company. ED, its Directors or persons connected may have in the future, or have had in the past, a material investment in the Company.

More information is available on our website

www.equitydevelopment.co.uk

Equity Development, 15 Eldon Street, London, EC2M 7LD. Contact: info@equitydevelopment.co.uk 0207 065 2690