

Impax Asset Management Group plc

Interim Results: 2 June 2011

For the Period 1 October 2010 – 31 March 2011



Pegasus House
37-43 Sackville Street
London
W1S 3EH
UK
Tel: +44 (0)20 7434 1122
Fax: +44 (0)20 7437 1245

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

Agenda

- Business update
- Annual results
- Q&A



Ian Simm
(Chief Executive)



Charlie Ridge
(CFO)

H1 – Financial Highlights

- Assets under management and advisory (“AUM”) increased 30% from £1,823 million on 30 September 2010 to £2,362 million on 31 March 2011 and rose further to £2,372 million by 30 April 2011
- Revenue in the first half (H1, 2011) increased 56% to £9.86 million (2010: £6.31 million)
- Unaudited profit before tax (H1, 2011) was £2.05 million (2010: £1.67 million), including an exceptional charge of £1.53 million related to a change in the taxation rules applicable to the Company’s long term incentive scheme
- Diluted adjusted EPS was 1.27p (2010: 1.10p) including the exceptional charge of 1.01p per share
- Impax-managed listed equity global funds continued to out-perform benchmarks
- Second private equity fund has continued to attract capital and currently has €297 million of commitments

H1 – Commercial Highlights

- Successful expansion of recently established products
 - Impax Asian Environmental Markets C Share (long-only): (£131m, October 2010)
 - Impax New Energy Investors II (private equity): (€297m, June 2011)
- Two significant new mandates
 - LD pension fund: (€68m, January 2011)
 - BNP Paribas L1 Green Future Fund: (€80m, March 2011)
- Progress in international expansion
 - Hong Kong subsidiary established
 - US Managing Director recruited (initial focus on investor relations)
- Further corporate development
 - General Counsel
 - HR Director (part time)
 - SAS 70

Environmental Markets: Update/Current Issues

- **Major developments in energy markets**
 - Oil price shock reflecting supply constraints, including Middle East
 - Comprehensive review of nuclear policy post Fukushima
- **China's Five Year Plan**
 - Renewable energy: US\$750 billion investment by 2020
 - Energy efficiency: industrial; lighting; electric vehicles
 - Water infrastructure: US\$450 billion investment over 5 years
- **Landmark corporate transactions**
 - Total – Sunpower (solar PV; US\$1.6bn for 60%)
 - Toshiba – Landis & Gyr (smart meters; US\$2.3bn)
 - Tesla Motors IPO (valuation US\$230m)
 - Schneider Electric – Telvent (automated meter reading; US\$2.0bn)

Strategy Performance (to 31/03/11) in GBP

| | 5Y | 3Y | 1Y | 1 year volatility | Forward PE* |
|-------------------------------|-------|-------|-------|-------------------|-------------|
| Environmental Specialists | 38.6% | 25.0% | 10.1% | 17.8% | 16.5x |
| Environmental Leaders | N/A | 28.0% | 9.9% | 15.4% | 14.6x |
| Asia-Pacific | N/A | N/A | 10.1% | 15.8% | 13.3x |
| Water | N/A | N/A | 12.4% | 16.1% | 15.7x |
| FTSE World Index | 28.1% | 27.4% | 8.2% | 13.3% | 13.8x |
| FTSE ET50 | 20.8% | -9.6% | 1.8% | 20.9% | 16.9x |
| FTSE EO Asia Pacific ex Japan | N/A | N/A | 15.2% | 19.5% | 12.6x |
| FTSE EO Japan | N/A | N/A | 2.0% | 13.7% | 14.8x |

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

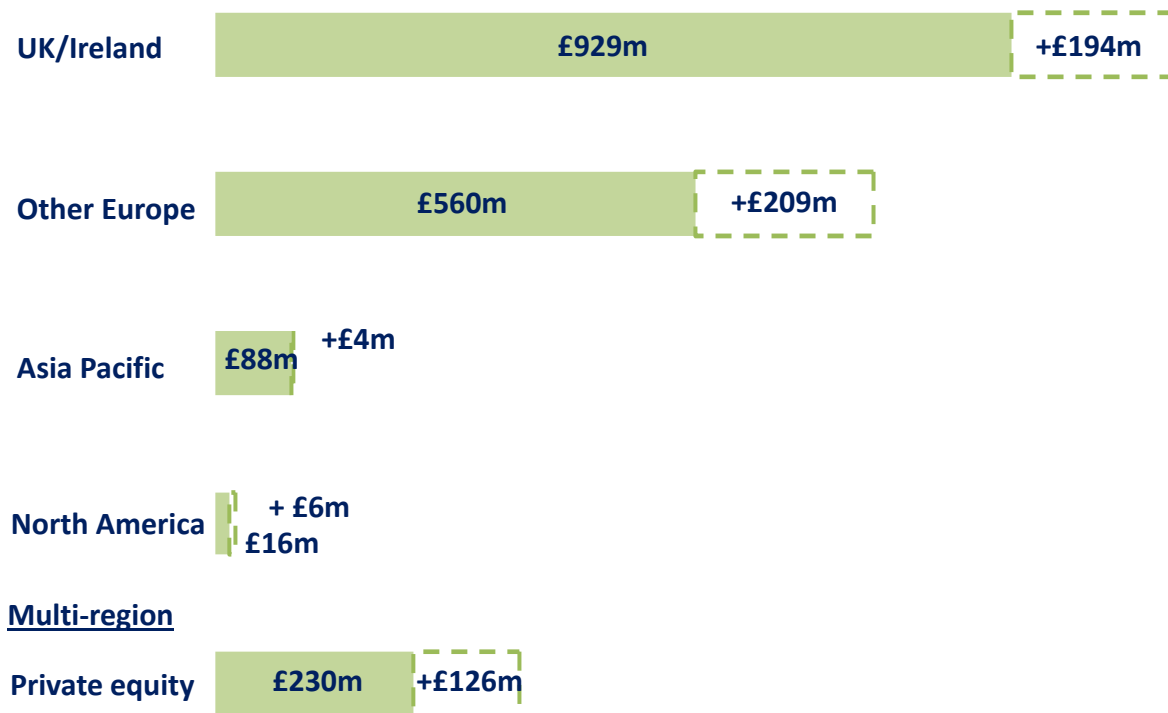
Volatilities calculated over 1 year period to 31 March 2011 (source: FactSet, WM Reuters)

** Forward 12 months to March 2012. PE ratio based on representative account for the strategy*

Impax AUM Breakdown

| Investment strategy | AUM (£) 31/03/11 | AUM (£) 30/09/10 |
|---|------------------|------------------|
| Environmental Specialists | 1.1bn | 1.0bn |
| - Impax Environmental Markets plc | 452m | 409m |
| - Impax Environmental Markets (Ireland) | 230m | 215m |
| - Third Party funds/accounts | 465m | 424m |
| Environmental Leaders | 332m | 197m |
| - Third Party funds/accounts | 332m | 197m |
| Water | 240m | 192m |
| - Third Party funds/accounts | 240m | 192m |
| Asia-Pacific | 285m | 153m |
| - Impax Asian Environmental Markets plc | 272m | 142m |
| - Impax Asian Environmental Markets (Ireland) | 6m | 4m |
| - Third Party funds/accounts | 7m | 7m |
| Hedge Fund | 2m | 3m |
| Private Equity | 356m | 246m |
| TOTAL | £2.4bn | £1.8bn |

Increase in AUM by Geographic Region (Client Domicile*)



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

- BNP Paribas Investment Partners
- DIAM

- PAX World
- Titanium Asset Management

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



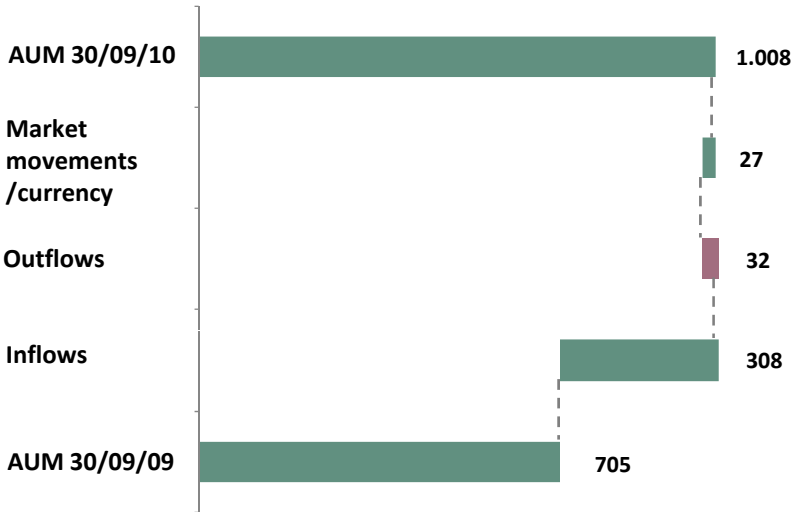
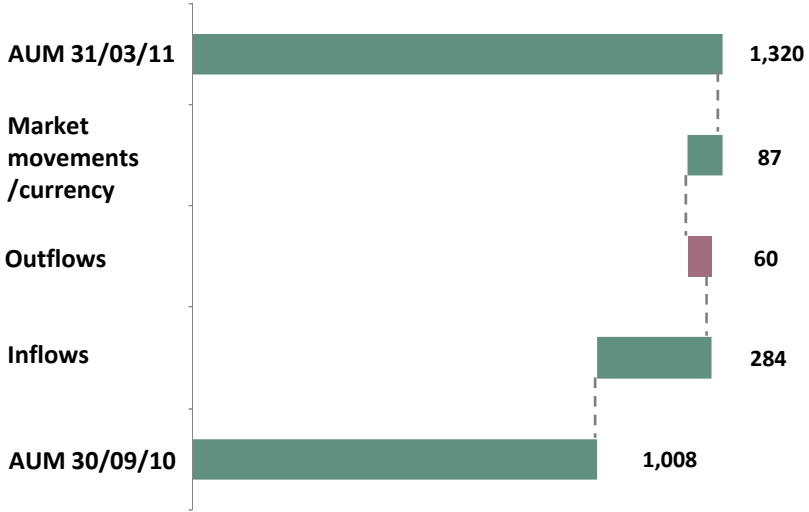
* Estimated breakdown based on fund domicile

Net Inflows Across both “Impax label” and Third Party Funds/Accounts

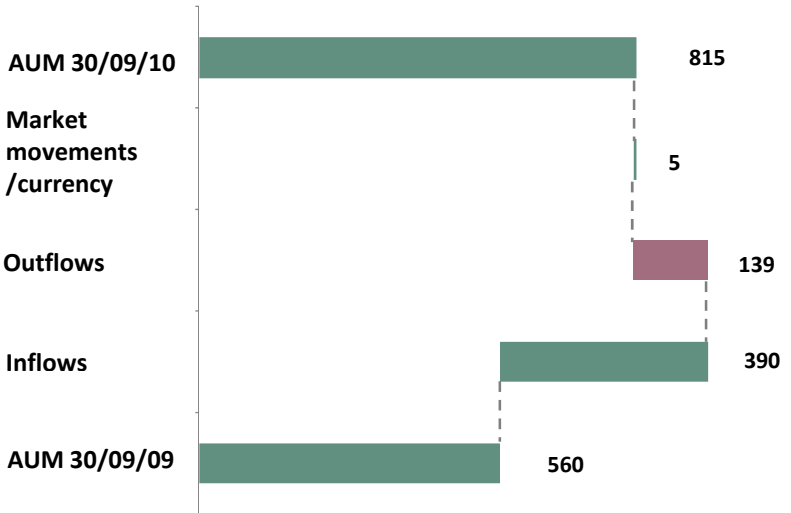
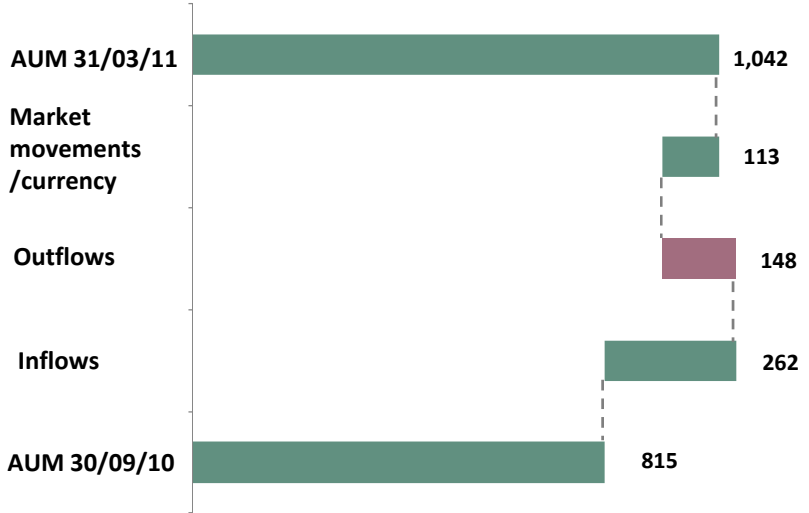
H1 2011

Financial year end 2010

“Impax label” funds (£m)



Third party funds/accounts (£m)



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 across 13 opportunities
- Impax committed to invest €3.76m into Fund I
 - €2.75m invested; further draws expected in 2011
 - Strong cash flow from investee companies to date
- Tariff changes in Spain confirmed, but portfolio expected to be “utility quality”

- **NEF II**

- Fund II currently fundraising and set to continue NEF I’s successful “value added” investment strategy
 - Investor commitments up to June 2011 of €297m; final close during H2 calendar 2011
 - Impax committed to invest €2.6m into Fund II; €0.12m already drawn
 - First investments in Epuron France and Epuron Germany completed in December 2010

Competitors

Listed Equities

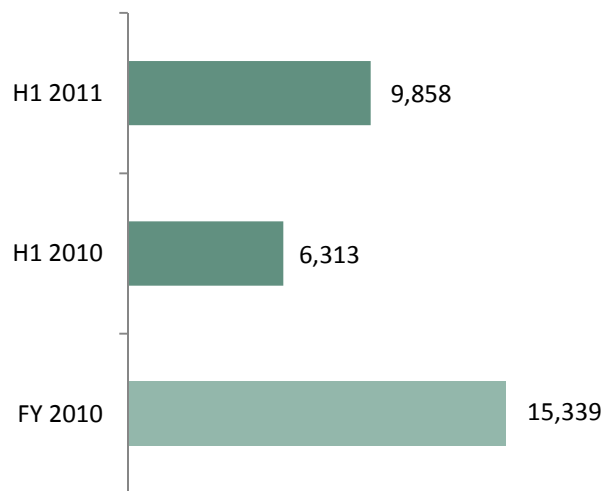
- Products from large, branded asset managers not typically “consultant quality”
- Limited number of boutiques
- Sub-sector products, e.g. alternative energy, tend to underperform broader strategies
- Little direct competition in North America, Asia

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 largely complete

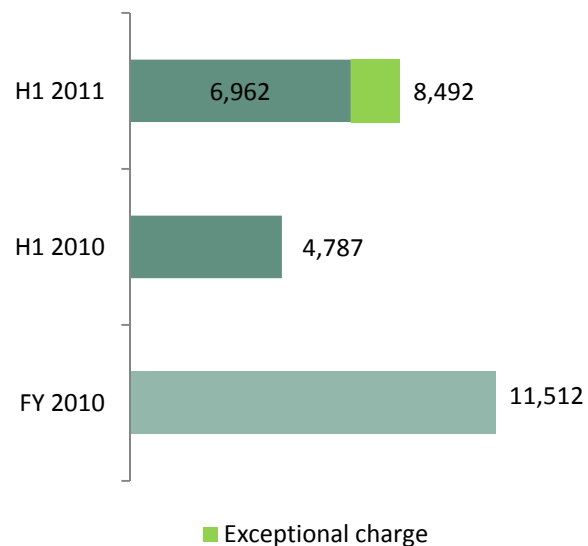
Final Results: Financial Highlights (1)

Revenue (£k)



- Revenue up 56% vs H1 10
- Increase driven by inflows into both private equity and listed equity funds

Operating costs (£k)



- Permanent headcount up from 39 in March 2010 to 44 in March 2011
- Exceptional charge of £1,530k is Employer's NIC now considered payable on long term incentive schemes
- Exceptional charge likely to be fully offset by corporation tax benefits in future periods

Profit before tax (£k)

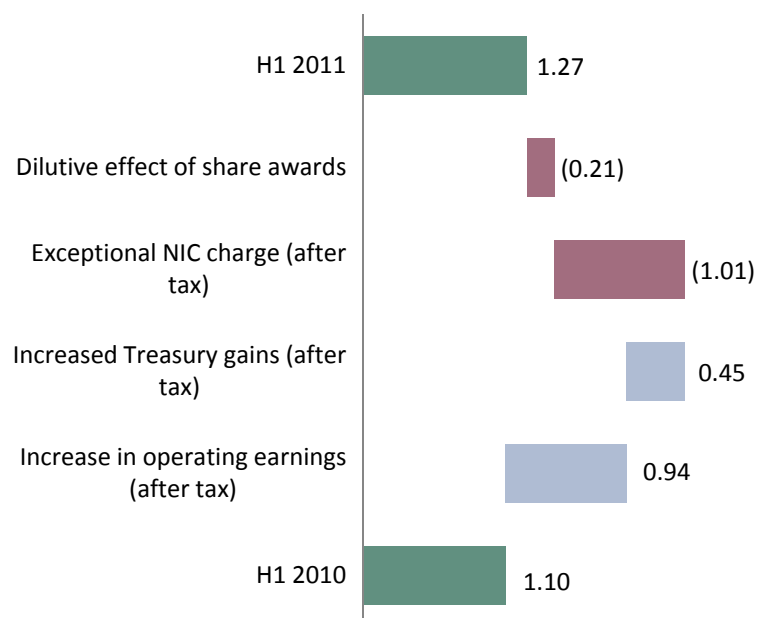


- PBT excl Treasury and Exceptional NIC charge up 90% on H1 10
- Operating margin excl Treasury and Exceptional NIC charge up to 29% from 24% in H1 10

* Treasury includes fair value gains, change in 3rd party interest in consolidated fund and investment income

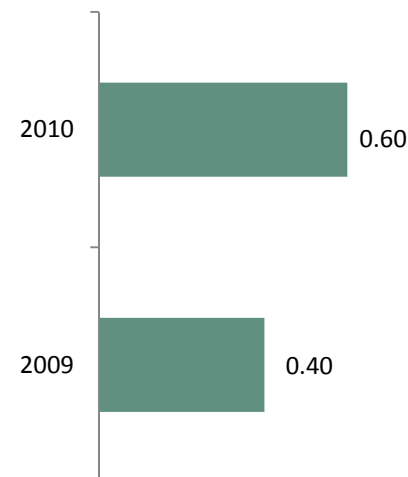
Final Results: Financial Highlights (2)

Diluted adjusted EPS (pence)



- EPS increase of 15% in spite of dilutive impact of share awards and Exceptional NIC charge
- EPS excl Treasury and Exceptional NIC charge up 66% compared to H1 2010

Dividend per share (pence)

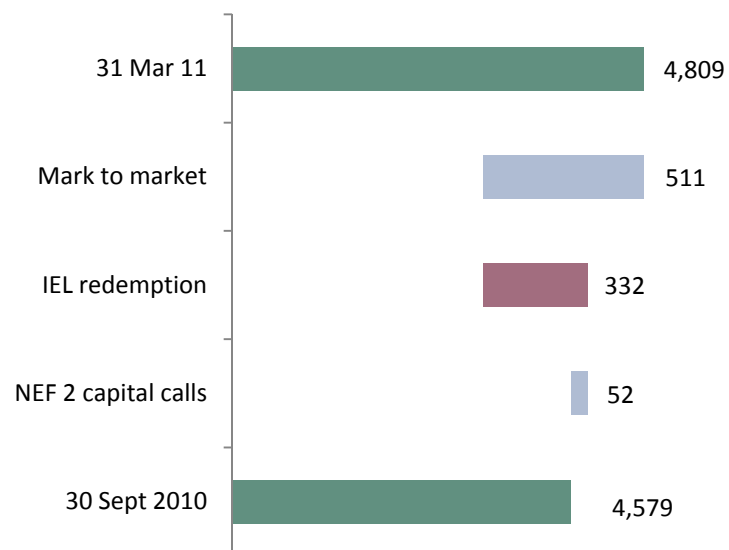


- Dividend paid March 2011
- Impax intends to continue policy of paying annual dividends

We understand Impax shares are “relevant business property” for UK IHT purposes

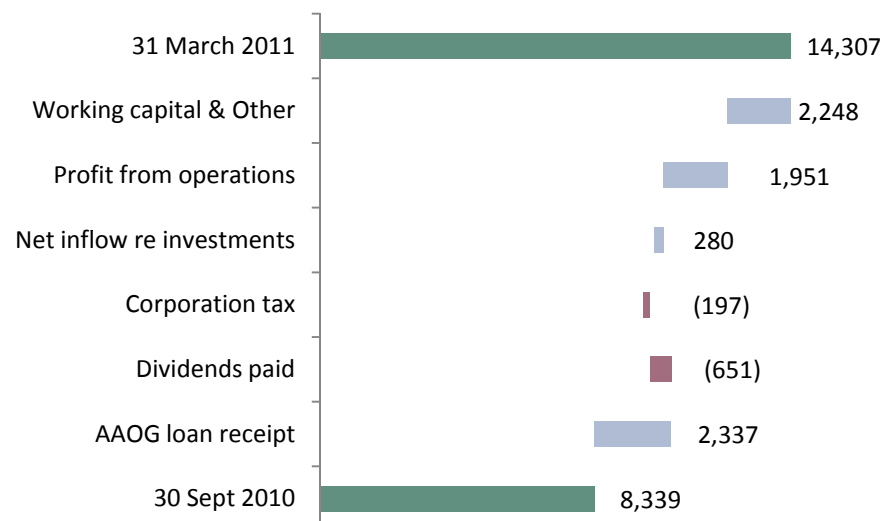
Final Results: Financial Highlights (3)

Investments (£k)



- Includes Impax's investment in Impax Absolute Return Fund ("IARF")
- Mark to market gains arise mainly on NEF I and on the IARF investment

Cash held by operating entities (£k)



- Strong cash generation in the period
- Working capital movement principally comprises the Exceptional NIC charge and cash receipts on NEF II management fee catch up

Employee Incentive Arrangements

- In March 2011 the Company announced that all conditions relating to its Employee Incentive Arrangement had been achieved (ref. Slide 21)
- On 1 April 2011 awards under the Arrangement were made to employees in respect of 18.25m shares which will vest on 30 September 2012
- Employees and Board members now have an interest in approximately 35% of the Company's diluted share capital, including 15% in unvested share awards
- Awards were primarily made in the form of 'LTIP Options'
 - Tax advantages of EBT impacted by changes to legislation announced in December 2010
 - Employees eligible for Additional Payment, equal to the corporation tax benefit to the Company minus the NIC cost suffered by the Company on exercise of the employees' options
- Accounting impact (ref. Slide 22)
 - H1 2011 – no impact on earnings
 - H2 2011 and 2012 – impact on adjusted profit after tax is largely neutral

Outlook

- Compelling 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
 - 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 further increase in operating margin
 - Scalable products with strong track records
 - Infrastructure in place to support significantly higher AUM

Appendix

Income Statement

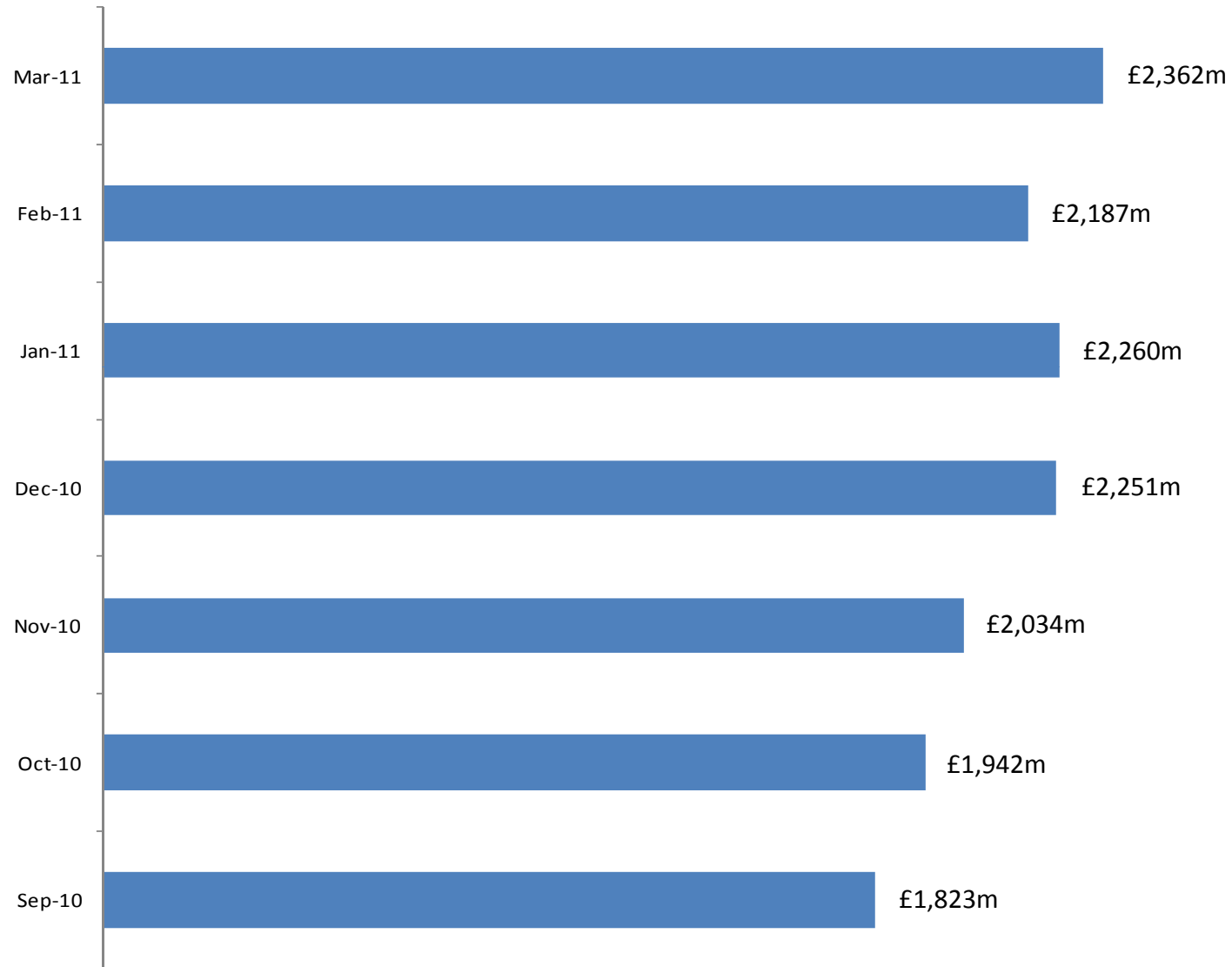
| | Six months ended 31-Mar-11 | Six months ended 31-Mar-10 | Year ended 30-Sep-10 |
|--|----------------------------------|----------------------------------|----------------------------|
| | £'000 | £'000 | £'000 |
| Turnover | 9,858 | 6,313 | 15,339 |
| Exceptional NIC Charge | (1,530) | - | - |
| Bonuses | (2,380) | (1,250) | (3,620) |
| Other operating costs | (4,582) | (3,537) | (7,892) |
| Fair value gains | 702 | 168 | 3 |
| Third party interest in consolidated funds | (117) | (55) | 152 |
| Profit before interest and tax | 1,951 | 1,639 | 3,982 |
| Investment income | 102 | 31 | 1,195 |
| Profit before tax | 2,053 | 1,670 | 5,177 |
| Tax | (454) | (468) | (1,378) |
| Profit after tax | 1,599 | 1,202 | 3,799 |

Balance Sheet

| | Six months ended 31-Mar-11 £'000 | Six months ended 31-Mar-10 £'000 | Year ended 30-Sep-10 £'000 |
|---------------------------|---|---|-------------------------------------|
| Goodwill and intangibles | 1,674 | 1,737 | 1,705 |
| Other non current assets | <u>270</u> | <u>1,474</u> | <u>313</u> |
| | 1,944 | 3,211 | 2,018 |
| Cash | 16,293 | 6,054 | 11,729 |
| Current asset investments | 4,596 | 5,043 | 7,007 |
| Other current assets | <u>3,479</u> | <u>4,435</u> | <u>6,378</u> |
| Total assets | 26,312 | 18,743 | 27,132 |
| Current liabilities | 7,138 | 4,582 | 9,424 |
| Non current liabilities | <u>1,198</u> | <u>-</u> | <u>805</u> |
| Net assets | 17,976 | 14,161 | 16,903 |
| Shareholder's equity | <u>17,976</u> | <u>14,161</u> | <u>16,903</u> |

Note: The balance sheet includes the effect of the consolidation of our hedge fund. Cash not including hedge fund cash is £14.3m (2010: £8.4m)

AUM – Monthly Development*



*AUM stated as of month end

Employee Incentive Arrangement

- Two main schemes
 - Both subject to share price hurdle and individual performance targets
 - 2005 scheme (16.8m shares net): 100% allocated and vested
 - 2008 scheme (18.25m awards): 100% allocated
 - FY2010 hurdle (58.5p) met in March 2011
 - Awards granted 1 April 2011
- 2008 scheme awards
 - Satisfied by
 - 5.89m shares from EBT
 - 12.16m 1p strike price LTIP options
 - Vesting date for EBT and LTIP options 30 September 2012
 - Last date for exercise for LTIP 30 September 2020

Employee Incentive Arrangement – Impact on Reported Results

H1 2011

- No impact on earnings
- Performance conditions on scheme were met by 31 March hence diluted adjusted EPS includes all shares expected to vest

H2 2011 & 2012

- Impact on adjusted Profit after tax for LTIP Options is largely neutral (for H2 2011 see table at right)

| H2 2011/£'000 | Adjusted basis | IFRS basis |
|--|----------------|------------|
| Value of share awards/IFRS 2 charge | - | (3,150) |
| Tax benefit thereon | 819 | 819 |
| Employers NIC | (434) | (434) |
| Tax benefit thereon | 113 | 113 |
| "Additional Payment" | (498) | (498) |
| Tax benefit thereon | 129 | 129 |
| Profit after tax | 129 | (3,021) |
| Impact for FY2012 is double that shown above | | |

Additional payment is neutral to Impax results

Employee Incentive Arrangement – EBT Awards – Impact on Reported Results

H2 2011 & 2012 – Award made to I Simm

- IFRS 2 'share based payment' and Employer's NIC charged in same way as for LTIP.
- The awards do not currently qualify for an Additional payment.
- Tax benefit on value of share awards only due if Impax shares are transferred out of EBT - this not considered 'virtually certain' and therefore not recognised under IFRS.

| H2 2011/£'000 | Adjusted basis | IFRS basis |
|--|----------------|------------|
| Value of share awards/IFRS 2 charge | - | (923) |
| Tax benefit thereon | - | - |
| Employer's NIC | (127) | (127) |
| Tax benefit thereon | 33 | 33 |
| Profit after tax | (94) | (1,017) |
| Impact for FY2012 is double that shown above | | |

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 area
 - Understanding technology & regulation key to identifying mis-priced assets
- **Impax has a well proven business model**
 - Founded in 1994. Highly qualified, stable management team with significant equity stake
 - £1.8 billion assets under management/advisory (30 September 2010)
£2.4 billion assets under management/advisory (31 March 2011)
 - Carefully selected environmental 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

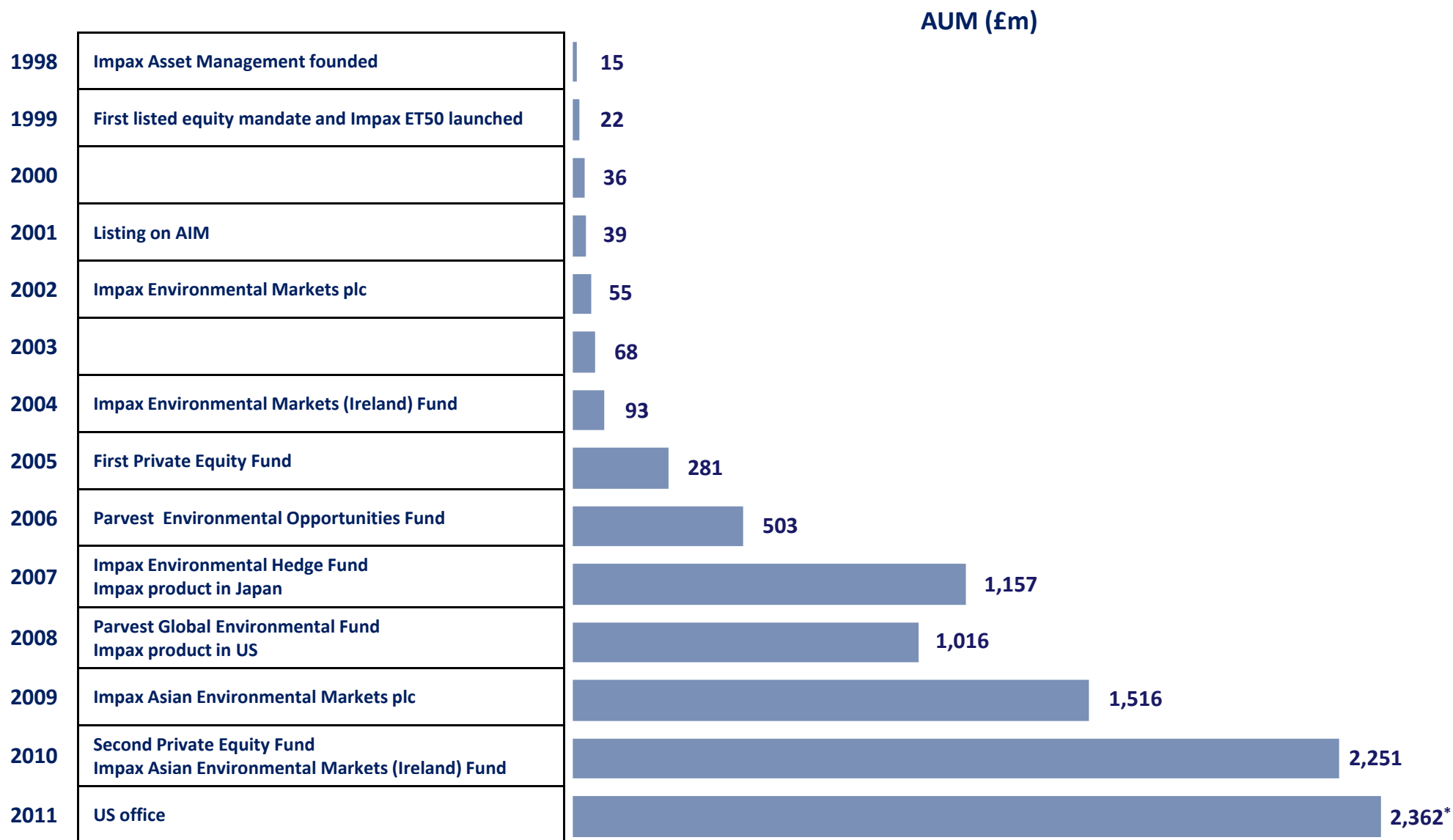
Impax Investment Universe & Product Range

| Listed Equities | | Geographic scope | Market cap of universe | Typical # of stocks/ investments | Strategy launched | Benchmark | |
|---|---|---|------------------------|----------------------------------|-------------------|-----------|---------------------------------|
| <p>Listed Equity Investment Universe</p> <p>c. 1,400 companies</p> <p>Market cap of c.US\$4 trillion</p> | ➔ | ENVIRONMENTAL LEADERS* Universe of c.1400 companies | Global | c.US\$4tn | 40-60 | Mar 2008 | MSCI World |
| | ➔ | ENVIRONMENTAL SPECIALISTS Universe of c.850 companies | Global | c.US\$500bn | 60-80 | Feb 2002 | MSCI World Small Cap |
| | ➔ | WATER Universe of c.300 companies | Global | c.US\$500bn | 50-70 | Jul 2001 | MSCI World |
| | ➔ | ASIA-PACIFIC Universe of c.450 companies | Regional | c.US\$900bn | 40-60 | Oct 2009 | MSCI AC Asia Pacific (ex Japan) |
| | ➔ | HEDGE FUND Universe of c.1000 companies** | Global | c.US\$5tn** | 40-80 | May 2007 | N/A |
| Private Equity | | | | | | | |
| c. 800 investment opportunities evaluated since 2005 | ➔ | NEW ENERGY FUND | European | N/A | 10-15 | Aug 2005 | N/A |

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

** Includes utilities

Impax Asset Management: Investing Since 1998













* As at 31 March 2011









FTSE Environmental Markets Classification: 21 Sub-Sectors

Energy

Renewable & Alternative Energy







| Renewable Energy Developers | 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 |
|--|--|--|--|
|   |   |   |   |

Water

Water Infrastructure & Technologies

| Water Infrastructure | Water Treatment Equipment | Water Utilities |
|--|--|--|
|   |   |   |

Pollution Control


| Pollution Control Solutions | Environmental Testing & Gas Sensing |
|--|--|
|   |   |

Waste

Waste Management & Technologies

| Waste Technology Equipment | Value Added Waste Processing | Hazardous Waste Management | General Waste Management |
|--|--|--|--|
|   |   |   |   |

Environmental Support Services

| Environmental Consultancies | Carbon & Other Environmental Assets Trading | General Environmental |
|--|--|--|
|   |   |   |

The above stock examples are for illustrative purposes only. These do not represent a recommendation to invest by Impax, nor are they representative of stocks currently held in Impax portfolios.

FTSE's Partner for Environmental Indices

FTSE THE FTSE COMPANY

Contact Us | FAQs | Site Map | Search | DDS

Home > Indices > FTSE Environmental Markets Index Series

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**

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).

- 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).

IMPAX

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

Extensive Sector Expertise

Keith Falconer



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

Ian Simm



- Chief Executive
- 20 years sector expertise (14 at Impax)
- Physicist, ex McKinsey

Charlie Ridge



- CFO
- 20 years finance expertise (2 at Impax)
- Accountant, ex Deutsche Bank

Bruce Jenkyn-Jones



- MD, Listed Equities
- 20 years in sector (12 at Impax)
- Chemist, ex BT Alex. Brown

Nigel Taunt



- MD, Venture Capital
- 30 years in sector (9 at Impax)
- Accountant (ex Kelda)

Peter Rossbach



- MD, Private Equity
- 30 years in sector (7 at Impax)
- Banker & fund manager (Lazard, EBRD)

Ken Locklin



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

Strong Institutional Investor Relationships

Consultants



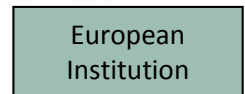
Investors in pooled vehicles



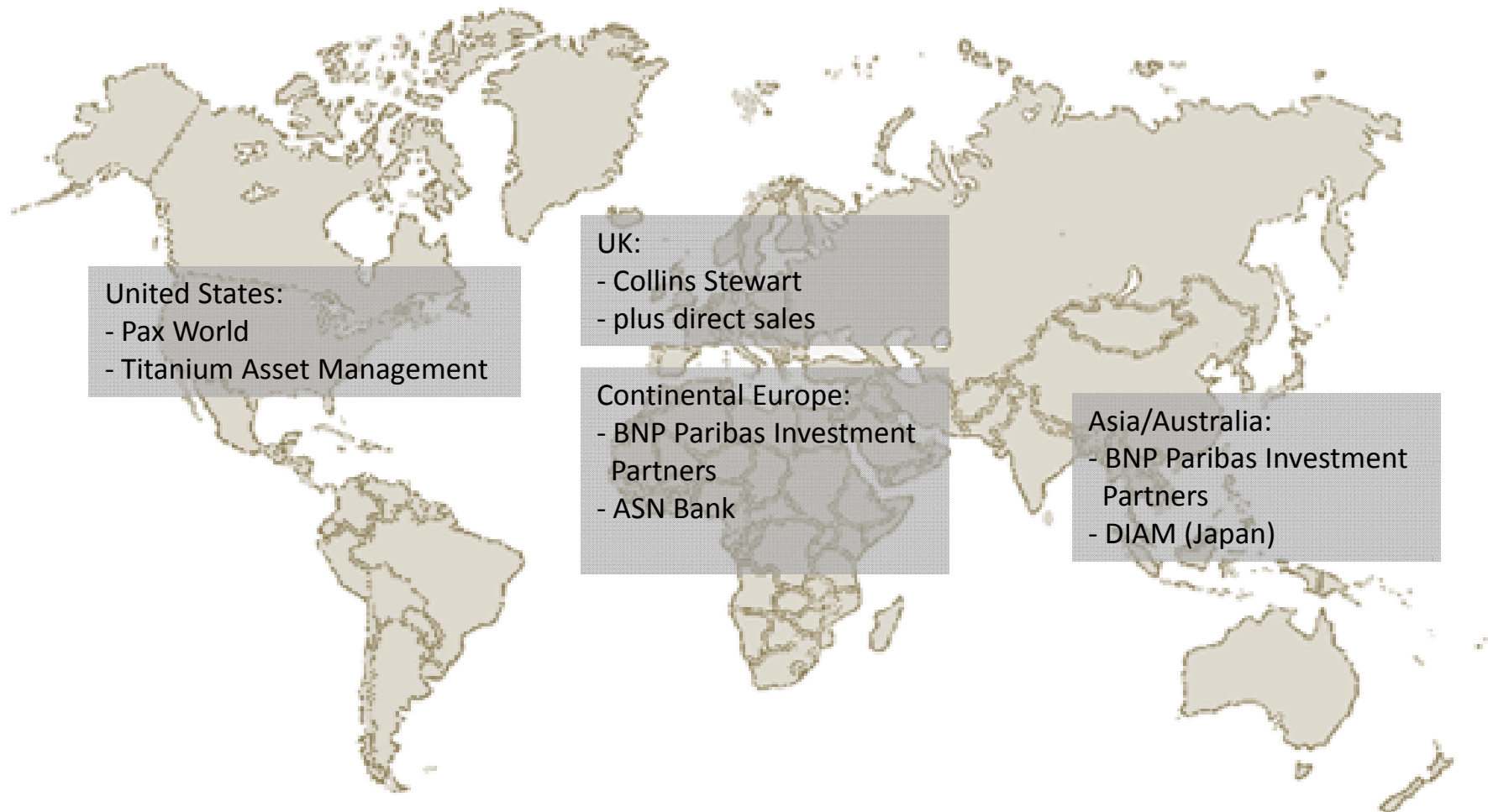
White label funds



Investors in segregated accounts



Well-Placed Distribution Partners



Disclaimer

This document has been prepared by Impax Asset Management Group plc and approved by Impax Asset Management Limited (Impax, authorized and regulated by the Financial Services Authority). The information and any opinions contained in this document have been compiled in good faith, but no representation or warranty, express or implied, is made as to their accuracy, completeness or correctness. Impax, its officers, employees, representatives and agents expressly advise that they shall not be liable in any respect whatsoever for any loss or damage, whether direct, indirect, consequential or otherwise however arising (whether in negligence or otherwise) out of or in connection with the contents of or any omissions from this document. This document does not constitute an offer to sell, purchase, subscribe for or otherwise invest in units or shares of any fund managed by Impax. It may not be relied upon as constituting any form of investment advice and prospective investors are advised to ensure that they obtain appropriate independent professional advice before making any investment in any such Fund. Any offering is made only pursuant to the relevant offering document and the relevant subscription application, all of which must be read in their entirety. **Prospective investors should review the offering memorandum, including the risk factors in the offering memorandum, before making a decision to invest.** Past performance of a fund is no guarantee as to its performance in the future. This presentation is not an advertisement and is not intended for public use or distribution as an advertisement for investment management services or any fund managed by Impax Asset Management Ltd.