



Impax Group plc  
Annual General Meeting  
27 February 2008

*The Environmental Investment Resource*

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## Excellent Opportunities for Investors

### **Environmental Sector:**

- Large: USD 200 billion revenues p.a.
- Growing rapidly: Up to 30% p.a.
- Complex technology and regulation challenge generalist investors
- Sector populated by >1000 quoted (+ many unquoted) companies set to deliver superior earnings growth and attractive ROIC

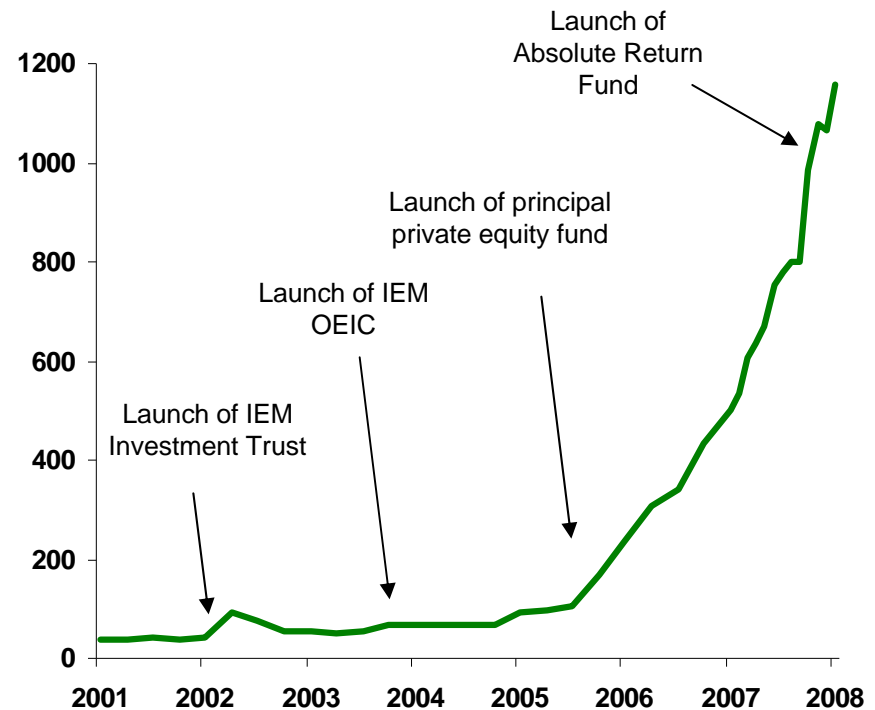
### **Impax:**

- Dedication to the Sector underpins investment edge
- Successful track record since 1998
- Scalable, profitable business model

# Impax Asset Management

- Sole trading entity of Impax Group plc
- Principal shareholders:  
BNP Paribas Investment Partners (29.4%), Keith Falconer (Chairman – 8.8%), Executive Management (17%)
- FUM: £1.04 billion (31 Jan 2008)
- 24 staff in London & Hong Kong
- Experienced investment team has worked together since 1999

FUM £m



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## Vision & Strategy

- **Vision:** Leading investment manager in the environmental markets sector
- **Objective:** “Substantial” funds under management
- **Strategy:** “Manufacture & manage” a small number of scaleable funds and use external distributors
- **Plans:**
  - Maintain and build on investment track record
  - Extend distribution of current products
  - Consider additional scaleable products

## Extensive Investment and Technical Expertise

### Keith Falconer



- Former Director of Martin Currie Ltd.
- Group Chairman
- Joined Jan 04

### Ian Simm



- Former Project Manager, McKinsey & Co.
- Chief Executive
- Joined Oct 96

### Bruce Jenkyn-Jones



- Former utilities analyst, BT Alex. Brown
- Director of Investments, Listed Equities
- Joined Feb 99

### Nigel Taunt



- Former FD within Kelda plc
- Director of Investments, Development Capital
- Joined Jan 02

### Peter Rossbach



- Former banker (EBRD, Lazard) & fund manager
- Director of Investments, Infrastructure
- Joined May 03

### Hubert Aarts



- Former investment manager at MLIM
- Director of Investments, Absolute Return
- Joined Jan 07

# Impax – Globally Recognized & Provider of Choice

**NEWTON**  
The Power of Ideas

**DEXIA**

**BNP PARIBAS**  
ASSET MANAGEMENT

**RATHBONES**  
Established 1742

**FTSE**  
THE INDEX COMPANY

**lpfa**

**USS**  
UNIVERSITIES  
SUPERANNUATION  
SCHEME LIMITED

**AEGON**

**IFC**

**BRITISH AIRWAYS**

**CIS**  
Co-operative Insurance

**WEST MIDLANDS**  
  
**PENSION FUND**

**HSBC**

**HSBC Investments**

# Background to Environmental Markets

Secular growth drivers...

....stimulating rapid expansion of environmental markets

- **Market liberalisation**
  - competition & innovation
  - value for money
- **Environmental policy**
  - limited resources
  - reducing pollution
- **Competitiveness of cleaner solutions**
  - falling cost of new technology
  - high fossil fuel prices

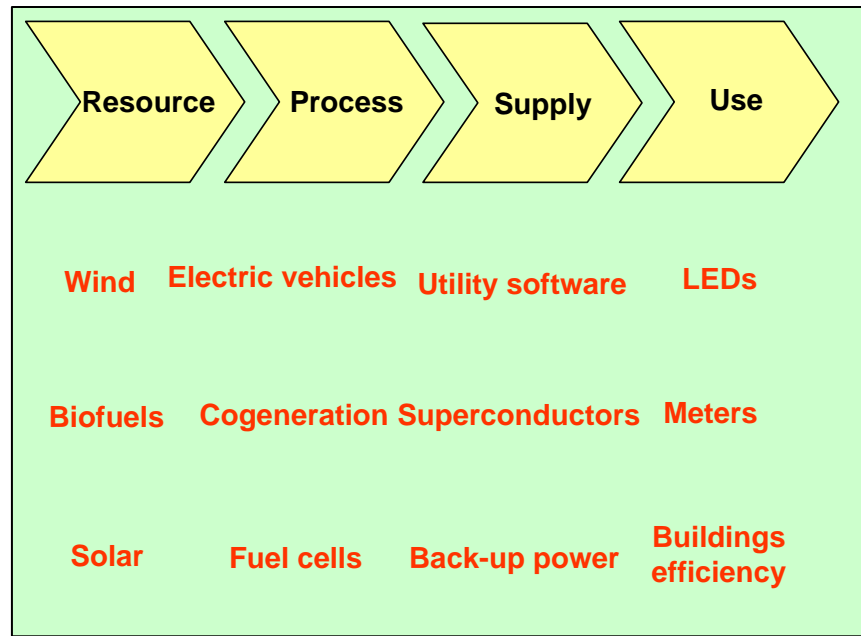
Economic sector	Conventional market (examples)	Environmental market (examples)
• <b>Energy</b>	• Fossil fuel power	• Renewables
• <b>Utilities</b>	• Water & sewerage	• Energy efficiency
• <b>Transportation</b>	• Petrol/diesel engines	• Filtration
• <b>Industrials</b>	• Control & instrumentation	• UV disinfection
• <b>Waste</b>	• Conventional lighting	• Natural gas engines
• <b>Materials</b>	• Landfill	• Electric vehicles
• <b>Agriculture</b>	• Building materials	• Smart meters
• <b>Technology</b>	• Agribusiness	• LEDs
	• Semiconductors	• Recycling
		• Insulation
		• Biofuels
		• Solar cells/panels

# Attractive Markets: Alternative Energy & Energy Efficiency

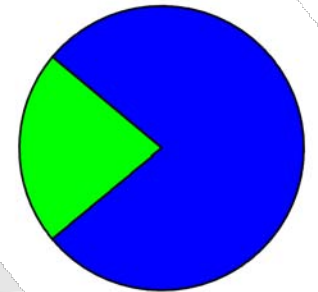
## Drivers:

- Fossil fuel prices
- Security of supply
- Subsidies & regulations
- Power quality
- Climate change & CO2

**Environmental Markets  
Size (2006): >\$ 65 billion**



**Energy  
Markets (ex  
fuels) (2006)  
>\$ 300 billion**



**High growth  
markets**

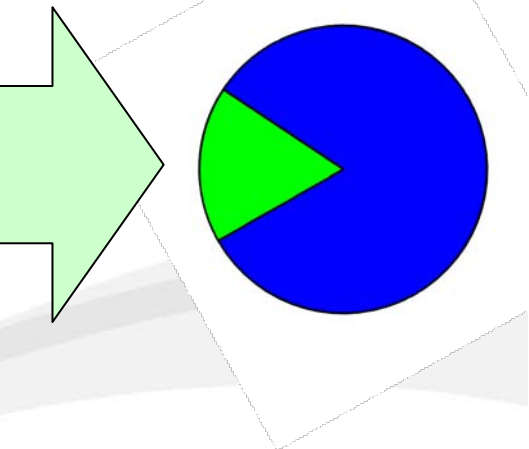
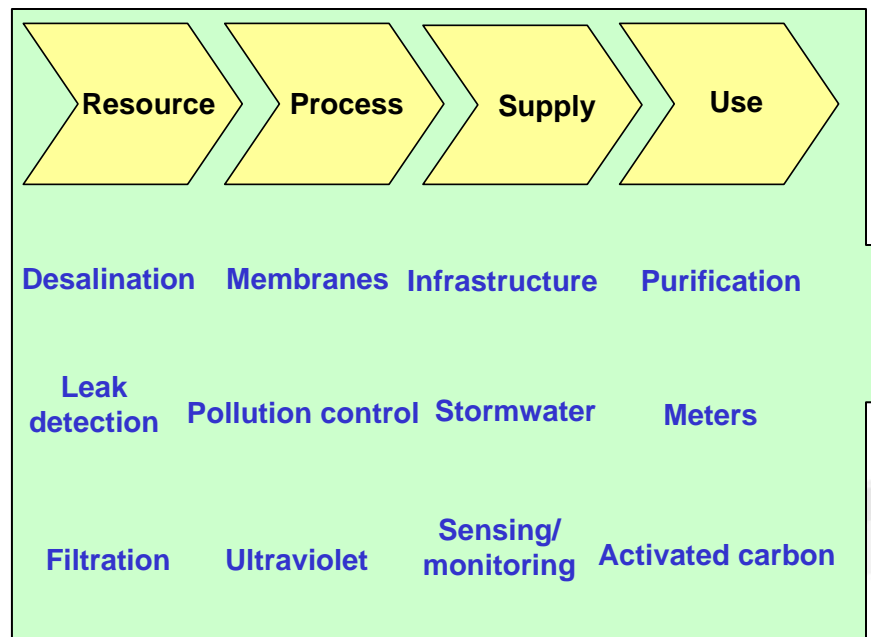
# Attractive Markets: Water Technologies & Pollution Control

**Environmental Markets  
Size (2006): >\$ 70 billion**

**Water Treatment  
& Infrastructure  
Market (2006):  
>\$ 400 billion**

**Drivers:**

- Water shortages
- Superbugs
- New regulations
- Changing weather
- Weak infrastructure



**High growth  
markets**

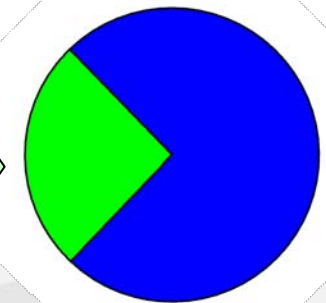
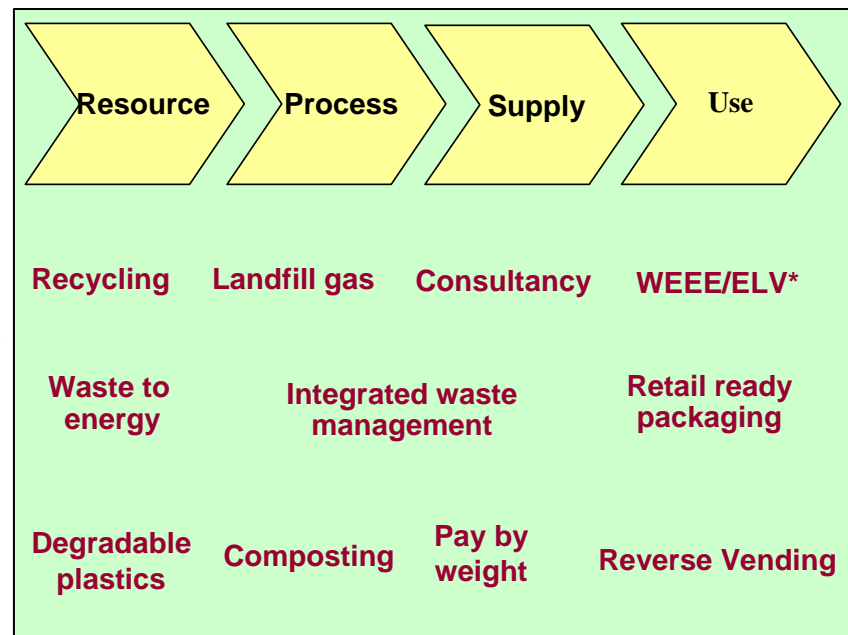
# Attractive Markets: Waste Technologies & Resource Management

**Environmental Markets  
Size (2006): >\$ 60 billion**

**Waste Disposal &  
Resource  
Management  
Markets (2006):  
>\$ 250 billion**

## Drivers:

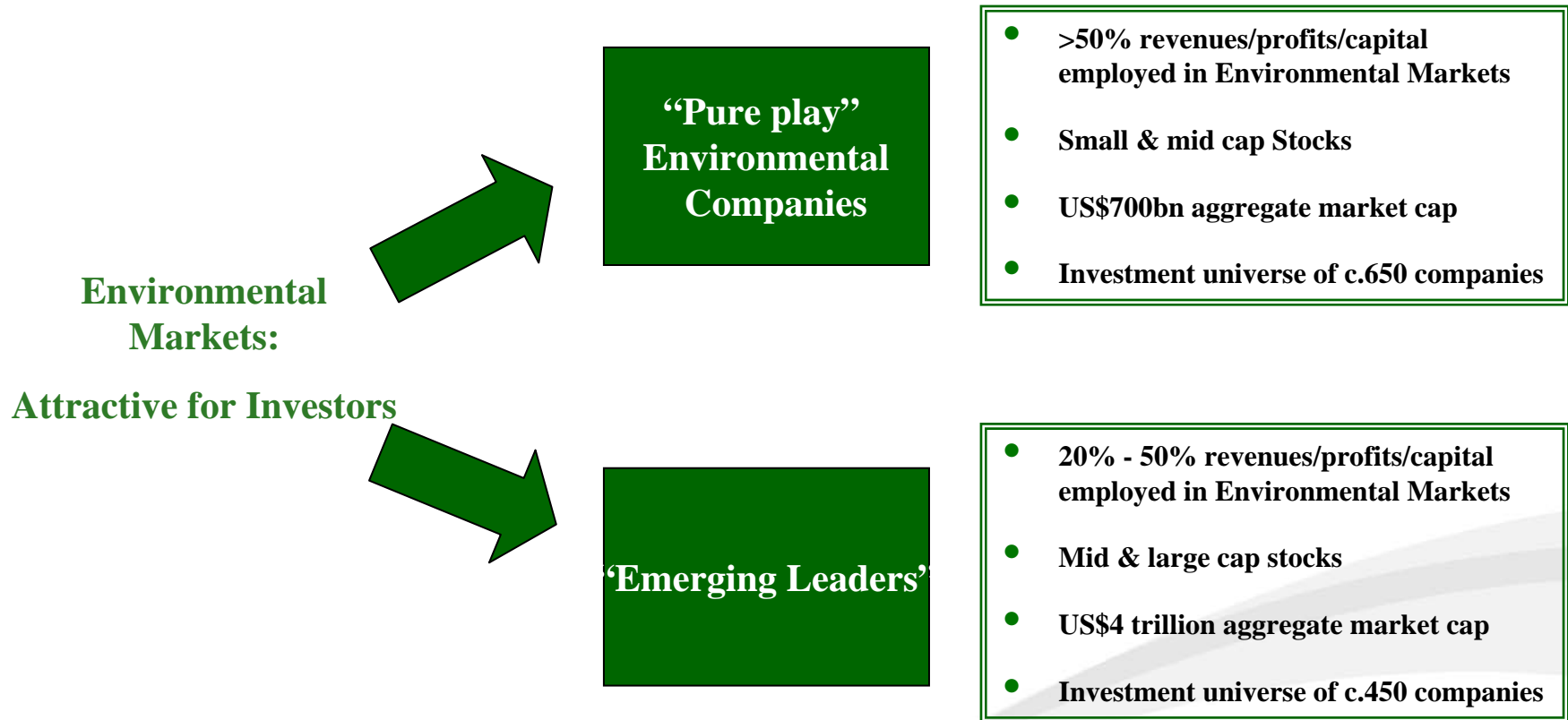
- Rising per capita waste generation
- Limited landfill space
- Directives/regulations
- High commodity prices
- Producer responsibility



\* Waste Electrical and Electronic Equipment Directive / End of Life Vehicle Directive

**High growth  
markets**

# Listed Equities - Investment Universe



## Impax's investment performance

	2007	2006	2005	2004	2003
<b>IEM plc*</b>	<b>16%</b>	<b>21%</b>	<b>21%</b>	<b>16%</b>	<b>22%</b>
FTSE All-Share (Total Return)	5%	17%	22%	13%	21%
MSCI World (Total Return)	8%	6%	23%	7%	20%
MSCI World Small Cap (Total Return)	-1%	3%	30%	16%	42%
Nasdaq Composite	8%	-4%	13%	1%	35%

\* NAV Performance of Impax Environmental Markets plc in Sterling

- Consistent performance
- Low volatility
- Performance reflects earnings growth

## Private Equity: Impax New Energy Investors LP

<b>INEI:</b>	Private equity fund for the New Energy Sector, largely renewables, in Western Europe
<b>Status:</b>	€125,000,000 from three closings (last August 2006)
<b>Objective:</b>	Cash-to-cash IRR of 18-25% (net to investors)
<b>Strategy:</b>	Equity-linked investments in project portfolio companies and projects with proven technology
<b>Investors:</b>	Dexia Credit Local, USS, BA Pension Fund, West Midlands PF, CIS other pension funds/insurance companies
<b>Prospectus:</b>	Second fund in preparation

## Hedge Funds: Impax Absolute Return Fund

<b>Fund strategy:</b>	Long/short equity
<b>Return objective:</b>	15% per annum
<b>Expected volatility:</b>	< 10%
<b>Universe:</b>	1400 companies globally
<b>Leverage guideline:</b>	100% to 300% gross
<b>Market exposure guideline:</b>	-30% to +70% net, beta adjusted
<b>Optional side-pocket for pre-IPOs:</b>	Up to 20% of net asset value
<b>Expected number of positions:</b>	40-80
<b>Launched:</b>	May 2007

## Results for 2007: P&L

	YE 9/07 (£m)	YE 9/06 (£m)*	Comments
Turnover	7.11	3.84	
Costs of operating business	(3.45)	(2.52)	
<b>EBITA</b>	<b>3.66</b>	<b>1.32</b>	
Employee Benefit Trust Charge	(0.36)	(0.32)	Calculated in accordance with IFRS 2
Bonuses	(1.69)	(0.55)	
Interest received	0.21	0.14	From Cash at Bank and Loan note
Interest paid	-	(0.10)	Interest paid on CULS
<b>Profit before Tax</b>	<b>1.82</b>	<b>0.49</b>	
Tax	(0.53)	0.39	Derived from historical losses
<b>Profit after Tax</b>	<b>1.29</b>	<b>0.88</b>	

\*Restated in accordance with IFRS

## Results for 2007: Balance Sheet

	<b>YE 9/07 (£m)</b>	<b>YE 9/06 (£m)*</b>	<b>Comments</b>
Goodwill	1.63	1.63	
Other Non-Current Assets	0.10	0.04	
Debtors due after One Year	1.21	1.59	Oil Promissory Note
Other Current Assets	1.91	1.90	
Current Asset Investments	1.62	0.07	Hedge Fund Investment
Cash	4.55	2.55	
Current Liabilities	(2.97)	(1.30)	Includes year end bonus accruals
<b>Total Net Assets</b>	<b>8.05</b>	<b>6.48</b>	
<b>Equity Shareholders' Funds</b>	<b>8.05</b>	<b>6.48</b>	

\*Restated in accordance with IFRS

## Employee Benefit Trust

Shares outstanding prior to EBT creation 92,722,053

### Existing Scheme

- Period covered 3 years ending 30 September 2007
- Ordinary shares allotted to the EBT 18,250,000
- Ordinary shares sold by EBT to fund its purchase of ordinary shares 1,472,995
- Ordinary shares held by EBT at 30 September 2007 16,777,045

### New Scheme

- Shareholder approval at EGM 31 January 2008
- Period covered 3 years ending 30 September 2010  
+ 2 year vesting
- Authority to allot Ordinary shares to the EBT 18,250,000

Shares outstanding if all EBT shares awarded 127,749,098

## Current Status & Outlook

- Performance in calendar 2008 (to 15 February):
  - Small/mid cap funds: -9.4%
  - Mid/large cap funds: -8.1%
  - MSCI World Index (Sterling): -8.1%
- Portfolios trading at (historically) low multiples of expected 2008 earnings
  - Small mid/cap funds: P/E = 15x
  - Mid/large cap funds: P/E = 16x
- Uncertain environment for the economy & equities
- However, strong momentum of environmental regulation and positive outlook statements from most investees

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## Conclusion

- Attractive sector for an experienced investment manager
- Complementary investment strategies facilitate cross-fertilisation of ideas and cement the team's "edge"
- Committed management team with strong track record
- Successful scale-up of the business achieved
- Distribution partnerships established in key geographies

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## Contact Details

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