

Impax Asset Management Group plc AGM Presentation

2 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

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)
£2.25 billion assets under management/advisory (31 December 2010)
 - 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









Diverse, High Growth Markets

Renewable & Alternative Energy







Renewable Energy Developers	Solar Energy Generation Equipment	Wind Power Generation Equipment	Biofuels	Other Renewables Equipment
 	 	 	 	 

Energy

Energy Efficiency

Power Network Efficiency	Industrials Energy Efficiency	Buildings Energy Efficiency	Transport Energy Efficiency
 	 	 	 

Water Infrastructure & Technologies

Water Infrastructure	Water Treatment Equipment	Water Utilities
 	 	 

Water

Pollution Control






Pollution Control Solutions	Environmental Testing & Gas Sensing
 	 

Waste Management & Technologies

Waste Technology Equipment	Value added Waste Processing	Hazardous Waste Management	General Waste Management
 	 	 	 

Waste

Environmental Support Services

Environmental Consultancies	Carbon & Other Environmental Assets Trading	General Environmental
 	 	 

Contact Us | FAQs | Site Map | Search | DDS

About Us | **Indices** | Research & Publications | Media Centre

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).

Further Information

- [Factsheets](#)
- [FTSE EM Classification System](#)
- [FTSE EM Research Report Attribution Requirements](#)
- [Impax Website](#)

- 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, Quoted 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)

Hubert Aarts



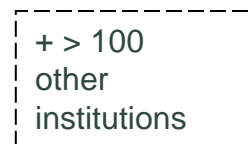
- MD, Hedge Funds
- 20 years investment expertise (4 at Impax)
- Ex MLIM

Strong Institutional Investor Relationships

Consultants



Investors in pooled vehicles



White label funds



Investors in segregated accounts



Well-Placed Distribution Partners



United States:

- Pax World
- Titanium Asset Management

UK:

- Collins Stewart
- plus direct sales

Continental Europe:

- BNP Paribas Investment Partners
- ASN Bank

Asia/Australia:

- BNP Paribas Investment Partners
- DIAM (Japan)

Environmental Markets: Highlights in 2010

- **Positive policy developments**
 - China: 15% of power from renewables by 2020
 - India: 10% of power from renewables by 2015
 - Cancún conference: climate change negotiations back on track
 - Europe: subsidy programmes extended in Germany, UK, Italy
- **Negative policy developments**
 - US: no progress on federal renewables legislation
 - Europe: subsidies challenged in Spain
- **Market growth mixed (calendar 2010 data)**
 - FTSE Energy Efficiency Index +31.2%
 - FTSE Renewable Energy Index -2.2%
 - MSCI World Index +15.3%
- **Return of IPO and M&A markets**
 - 54 IPOs and 30 M&A transactions in 2010
- **Positive catalysts for 2011**
 - High oil prices
 - Return of investment confidence
 - Recovery of debt markets

FYE 30/09/10 – Financial Highlights

- Assets under management (“AUM”) up 44% to £1,823 million (2009: £1,263 million)
- Post year end, further increase in AUM to £2,251 million by 31 December 2010
- Revenues up 48% to £15.3 million (2009: £10.4 million)
- Profit before tax £5.2 million (2009: £2.5 million), boosted by £1.0 million from the redemption of a loan note arising from legacy oil business
- Earnings per share (adjusted) up 33% to 3.50 pence (2009: 2.63 pence)
- Long-only listed equity strategies managed by Impax have, on average, returned 69.3% over 5 years over 5 years to 31 December 2010 (in Sterling), compared to 23.6% for the MSCI World Index.
- Proposed dividend of 0.60 pence per share (2009: 0.40 pence per share)
- Shareholders’ equity up 22%, from £13.9 million to £16.9 million

FYE 30/09/10 – Commercial Highlights

- Successful product launches
 - Impax Asian Environmental Markets (long-only)
 - Impax New Energy Investors II (private equity)
- More recently established strategies performing well
 - Environmental Leaders
 - Water
- Five new segregated account mandates won
- Further expansion of distribution partnerships
- Operating subsidiary incorporated in Hong Kong
- Careful control of costs

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							
<p>>600 investment opportunities evaluated since 2005</p>	➔	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

Strategy Performance (to 31/12/10) in GBP

	5Y	3Y	1Y	1 year volatility	Forward PE
Environmental Specialists	65.4%	15.2%	12.0%	18.0%	15.6
Environmental Leaders	N/A	N/A	15.1%	17.5%	15.6
Asia-Pacific	N/A	N/A	26.4%	14.8%	15.4
Water	N/A	N/A	20.3%	16.2%	16.9
FTSE World Index	32.7%	13.8%	16.3%	16.2%	13.8
FTSE ET50	43.5%	-29.2%	-2.4%	22.0%	17.0
FTSE Asia Pacific ex Japan	N/A	N/A	23.9%	16.2%	13.2

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

Volatilities calculated over 1 year period to 31 December 2010 (source: FactSet, WM Reuters)

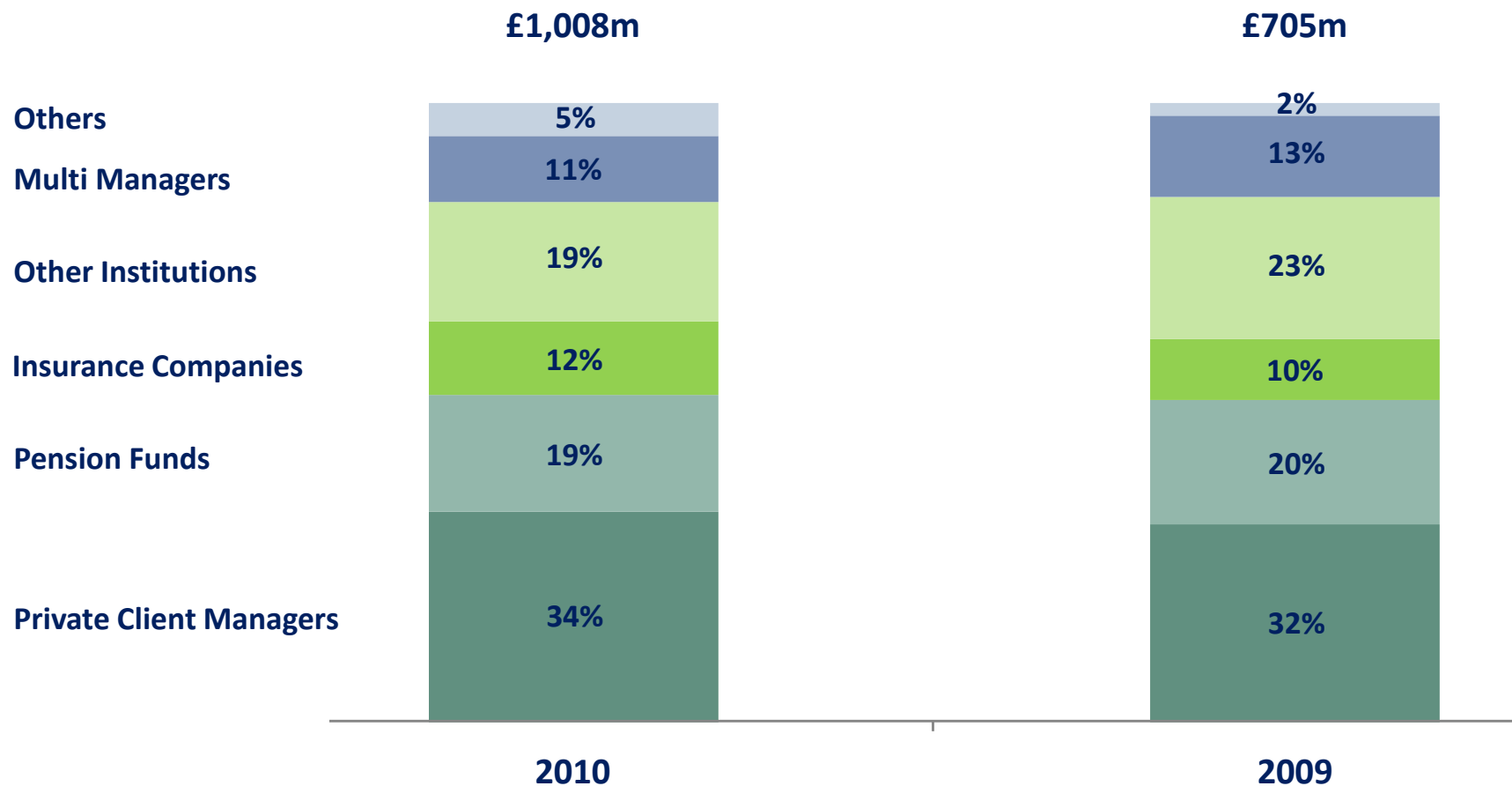
Impax AUM Breakdown

Investment strategy	AUM (£) 31/12/10	AUM (£) 30/09/10	AUM (£) 30/09/09
Environmental Specialists	1.2bn	1.0bn	843m
- Impax Environmental Markets plc	451m	409m	376m
- Impax Environmental Markets (Ireland)	223m	215m	190m
- Third Party funds/accounts	493m	424m	277m
Environmental Leaders	212m	197m	118m
- IFSL Impax Environmental Leaders	N/A	3m	5m
- Third Party funds/accounts	212m	194m	113m
Water	224m	192m	163m
- Third Party funds/accounts	224m	192m	163m
Asia-Pacific	302m	153m	N/A
- Impax Asian Environmental Markets plc	289m	142m	N/A
- Impax Asian Environmental Markets (Ireland)	6m	4m	N/A
- Third Party funds/accounts	7m	7m	N/A
Hedge Fund	3m	3m	4m
Private Equity	336m	246m	130m
TOTAL	£2.3bn	£1.8bn	£1.3bn

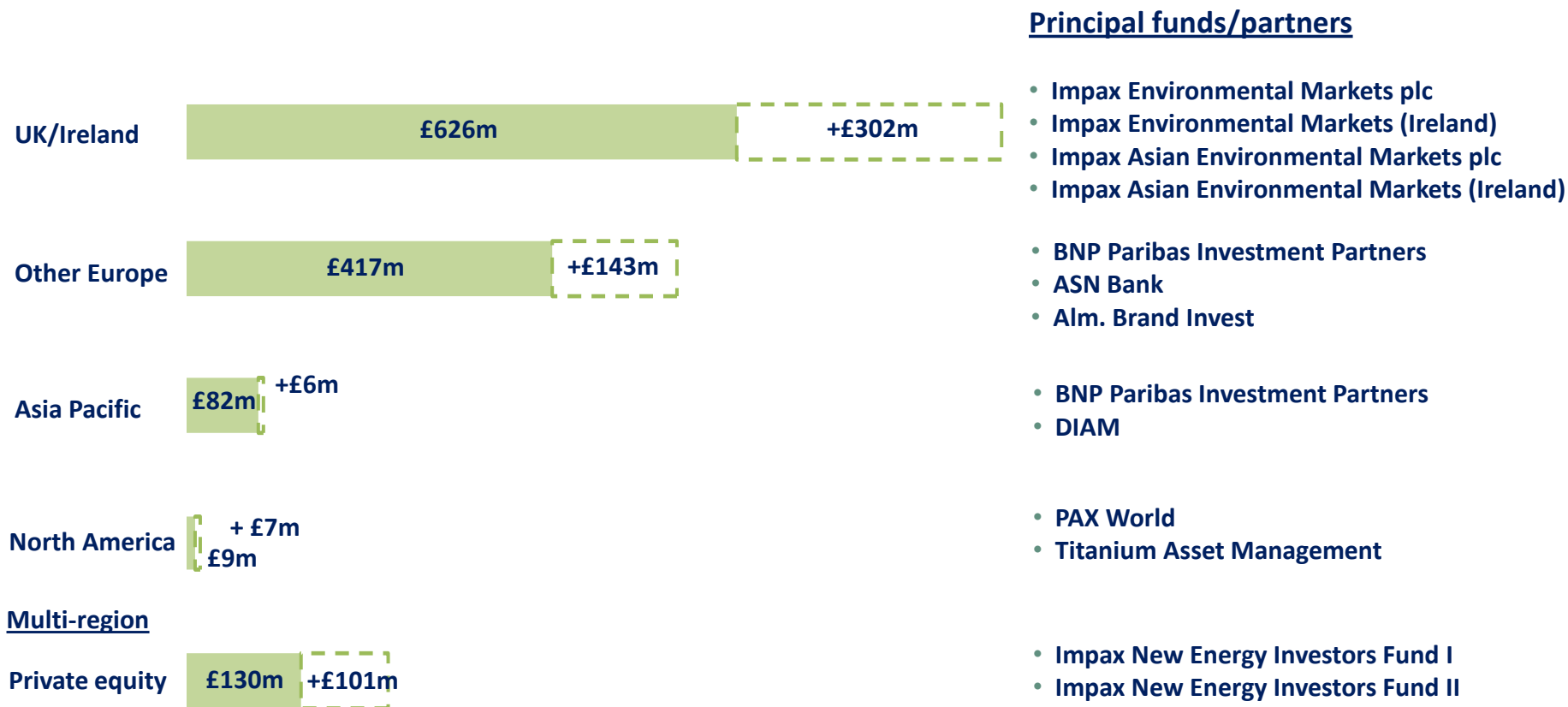
Significant New Accounts

- Impax Asian Environmental Markets plc
 - £104.5m IPO in October 2009
 - Successful £131m C Share fund raise in October 2010
- New Institutional Accounts
 - Second account for Russell Investments (October 2009)
 - €150m mandate from European institutional investor (fully funded by April 2010)
 - A\$50m from Local Government Super, Australia (August 2010)
 - Awarded €75m mandate by LD pension fund (to be funded January 2011)
- Impax New Energy Investors II LP
 - €141m raised for second private equity fund (March 2010)
 - Subsequent fund raising has brought total to €275m (December 2010)
- Skandia mandate to access UK retail market
 - Managing £74m Skandia Ethical Fund since July 2010

Diversified, Stable Client Base: “Impax Label” Funds at FYE



Increase in AUM by Geographic Region (Source of Funding)



Private Equity: Successful Launch of Second Fund

- **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 in 13 companies
- Impax committed to invest €3.76m into Fund I
 - €2.75m invested; further draws expected in 2011
 - Strong cash flow from investees to date
 - Tariff changes in Spain

- **NEF II**

- Fund II currently fundraising and will continue NEF I’s successful “value added” strategy
 - Current investor commitments of €275m; final close during H1 calendar 2011
 - First investment, Epuron GmbH, closed December 2010
- Impax committed to invest €2.6m into Fund II

Outlook

- Environmental sector drivers set to strengthen
 - Growing urgency to address global warming
 - Roll-out of “green” infrastructure in Asia
 - Beneficiary of improving economic conditions
- Environmental sector funds attracting investor and consultant interest
- Impax business model positioned for further scale-up
 - One of very few investment managers with long term track record of environmental sector investing
 - Focus on sustaining investment out-performance
 - Further leverage from powerful distribution platform
- Full revenues from new business feeding through to the bottom line expected to fuel growth

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.