



Impax Group plc
Annual General Meeting
27 February 2008

The Environmental Investment Resource

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

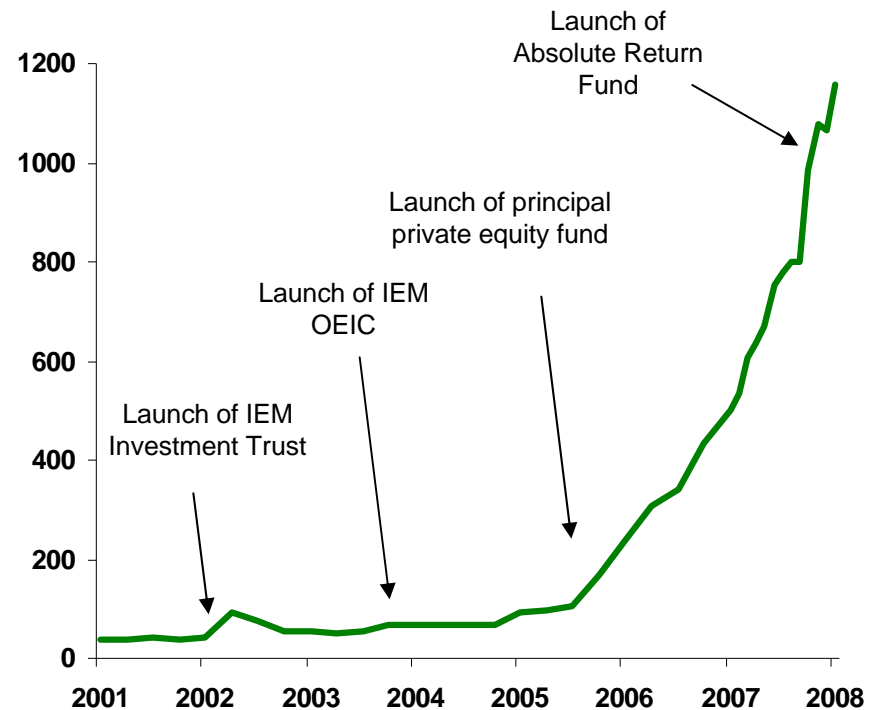
Impax:

- 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



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

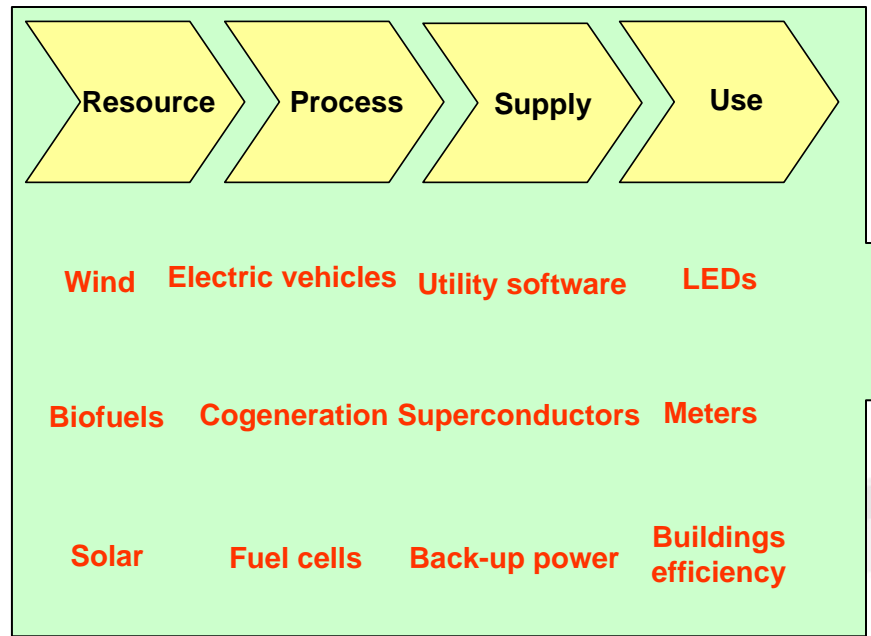
Economic sector	Conventional market (examples)	Environmental market (examples)
• Energy	• Fossil fuel power	• Renewables
• Utilities	• Water & sewerage	• Energy efficiency
• Transportation	• Petrol/diesel engines	• Filtration
• Industrials	• Control & instrumentation	• UV disinfection
• Waste	• Conventional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

Attractive Markets: Alternative Energy & Energy Efficiency

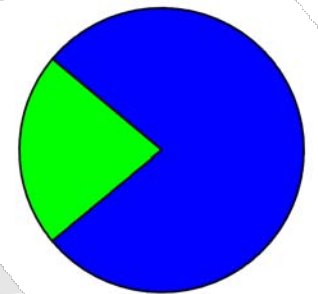
Drivers:

- 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**

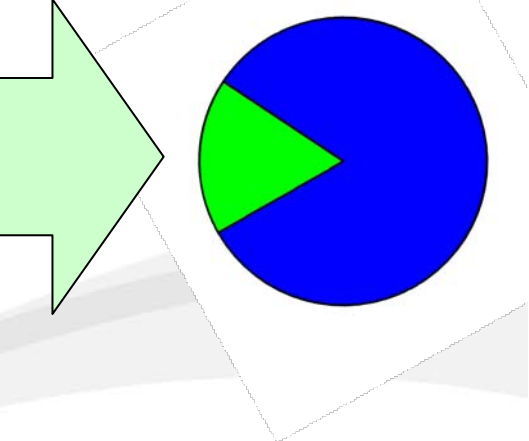
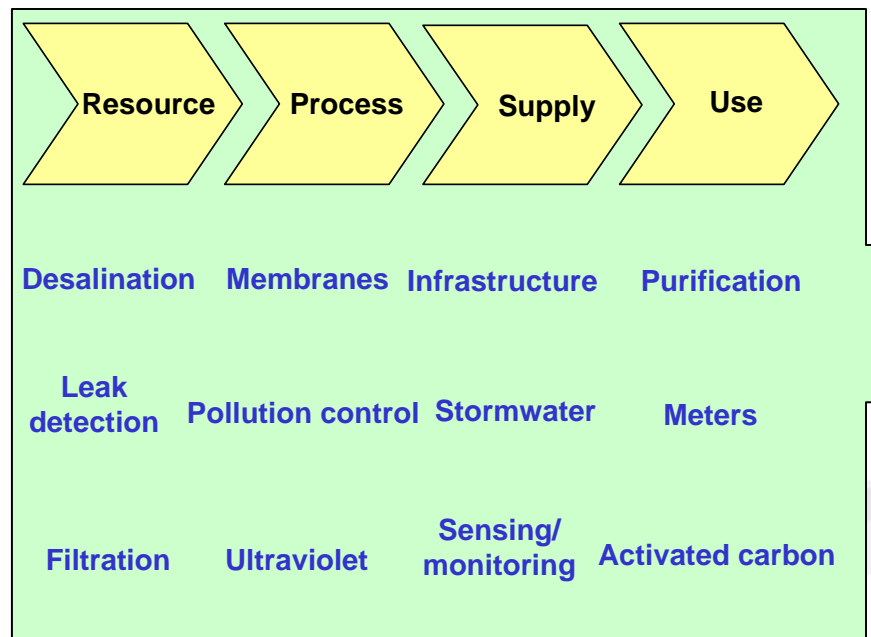
Attractive Markets: Water Technologies & Pollution Control

**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**

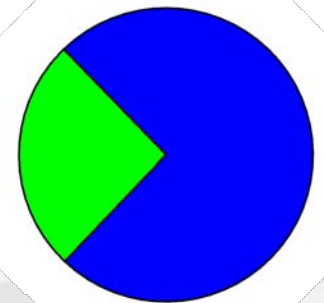
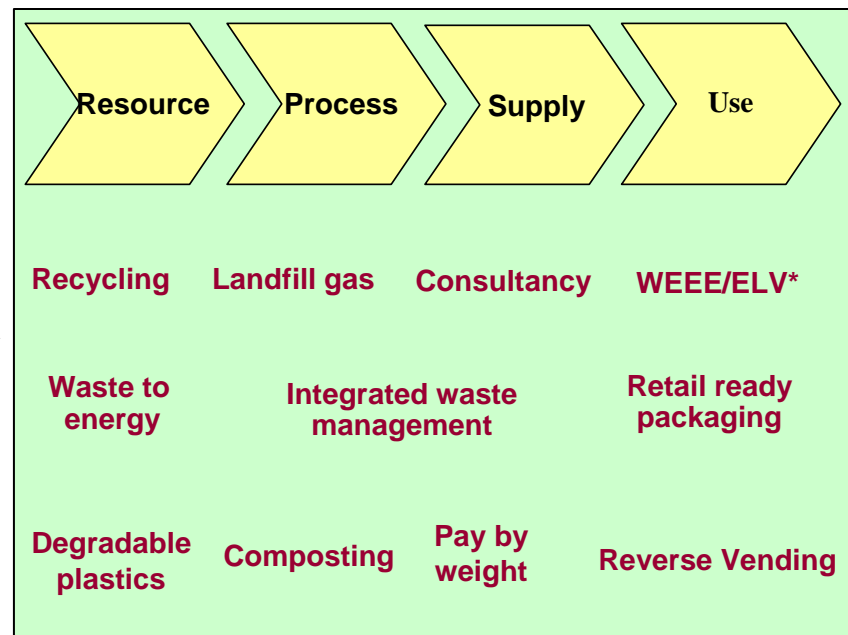
Attractive Markets: Waste Technologies & Resource Management

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

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

Drivers:

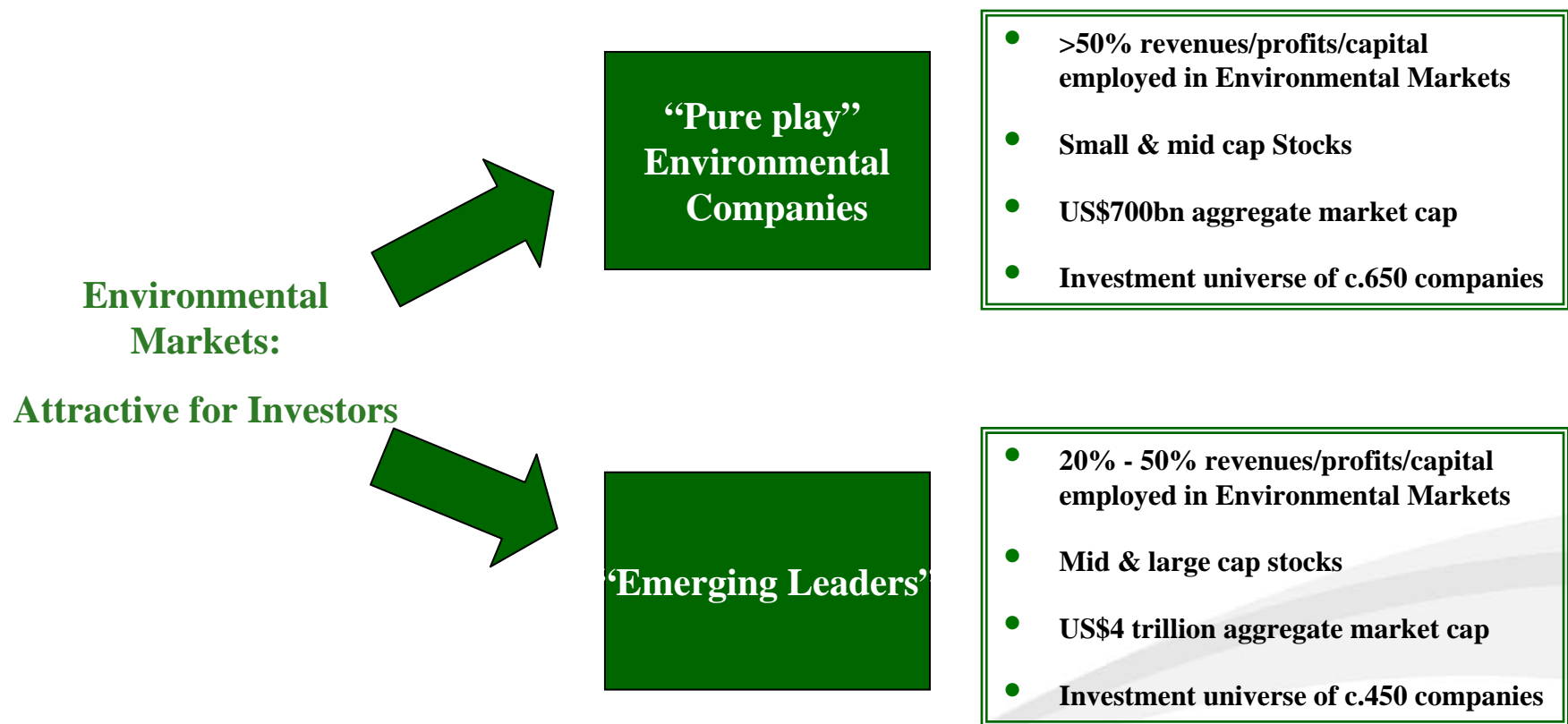
- Rising per capita waste generation
- Limited landfill space
- Directives/regulations
- High commodity prices
- Producer responsibility



* 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
IEM plc*	16%	21%	21%	16%	22%
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

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

Hedge Funds: Impax Absolute Return Fund

Fund strategy:	Long/short equity
Return objective:	15% per annum
Expected volatility:	< 10%
Universe:	1400 companies globally
Leverage guideline:	100% to 300% gross
Market exposure guideline:	-30% to +70% net, beta adjusted
Optional side-pocket for pre-IPOs:	Up to 20% of net asset value
Expected number of positions:	40-80
Launched:	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)	
EBITA	3.66	1.32	
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
Profit before Tax	1.82	0.49	
Tax	(0.53)	0.39	Derived from historical losses
Profit after Tax	1.29	0.88	

*Restated in accordance with IFRS

Results for 2007: Balance Sheet

	YE 9/07 (£m)	YE 9/06 (£m)*	Comments
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
Total Net Assets	8.05	6.48	
Equity Shareholders' Funds	8.05	6.48	

*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

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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