



Impax Group plc

Interim Results

May 2009

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Overview

- **Established, expanding fund manager dedicated to the environmental sector**
 - ca. £1 billion funds under management/advisory
 - broad exposure across alternative energy, water treatment and waste management
- **Environmental sector highly attractive for a specialist manager**
 - large revenues (>US\$200bn p.a.) and growing rapidly (up to 30% p.a.)
 - complex technology and regulation challenge generalist investors
- **Stable ownership**
 - BNP Paribas Investment Partners 29.9%
 - Dai'ichi IBJ Asset Management 5.1%
 - staff own ca. 22.5%
- **Growth plans based on:**
 - maintaining/building on investment track record
 - focusing on scaling up small number of innovative products
 - managing cost base

Extensive investment and sector expertise

Keith Falconer



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

Ian Simm



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

Charlie Ridge



- Chief Operating Officer
- Previously at Deutsche Bank
- Joined Sept 08

Bruce Jenkyn-Jones



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

Nigel Taunt



- Investment Director, Venture Capital
- Former FD within Kelda plc
- Joined Jan 02

Peter Rossbach



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

Hubert Aarts



- Investment Director, Hedge Funds
- Former investment manager at MLIM
- Joined Jan 07

Financial highlights (1)

- Robust financial performance in spite of difficult market conditions
- PBT marginally down reflective of cost associated with expanded operating capabilities to support future growth
- Healthy cash reserves (£5.6m) plus (liquid) seeding capital invested in own funds (£3m)
- FUM of £1 billion at 30 April 2009
- Investment performance: largest fund* up 29% over 5 years** out-performing MSCI World Index (total return) up 11%
- Maiden dividend (0.35p per share) paid Feb 2009; intention to implement progressive policy via single annual dividend as company grows

* NAV of Impax Environmental Markets plc

** to 31 March 2009

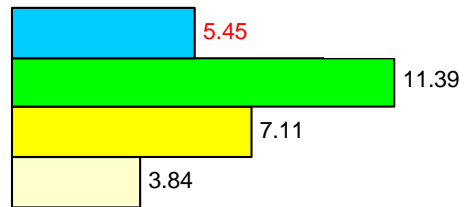
Financial highlights (2)

Funds under management at period end (£m)

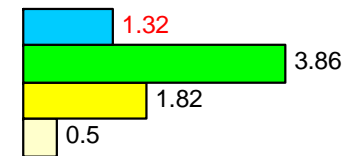


- H1 2009
- 2008 full year
- 2007 full year
- 2006 full year

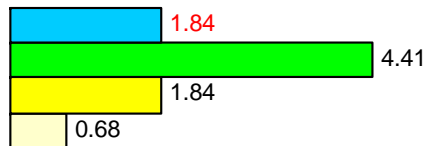
Revenue (£m)



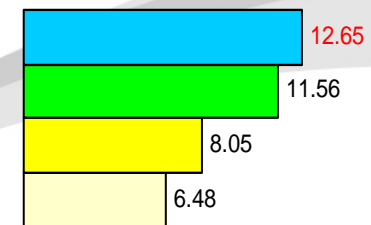
Profit before tax (£m)



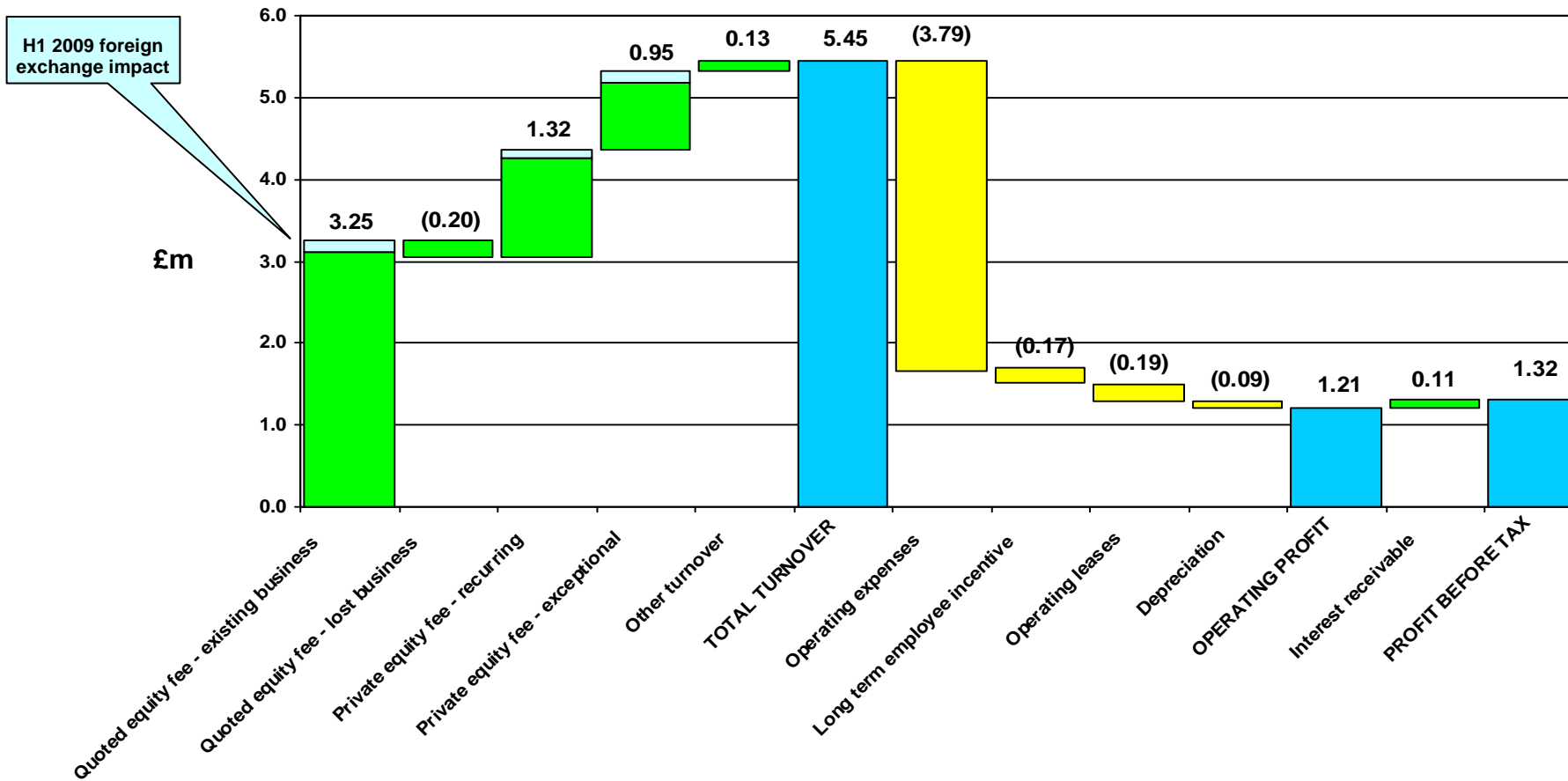
Operating cashflow (£m)



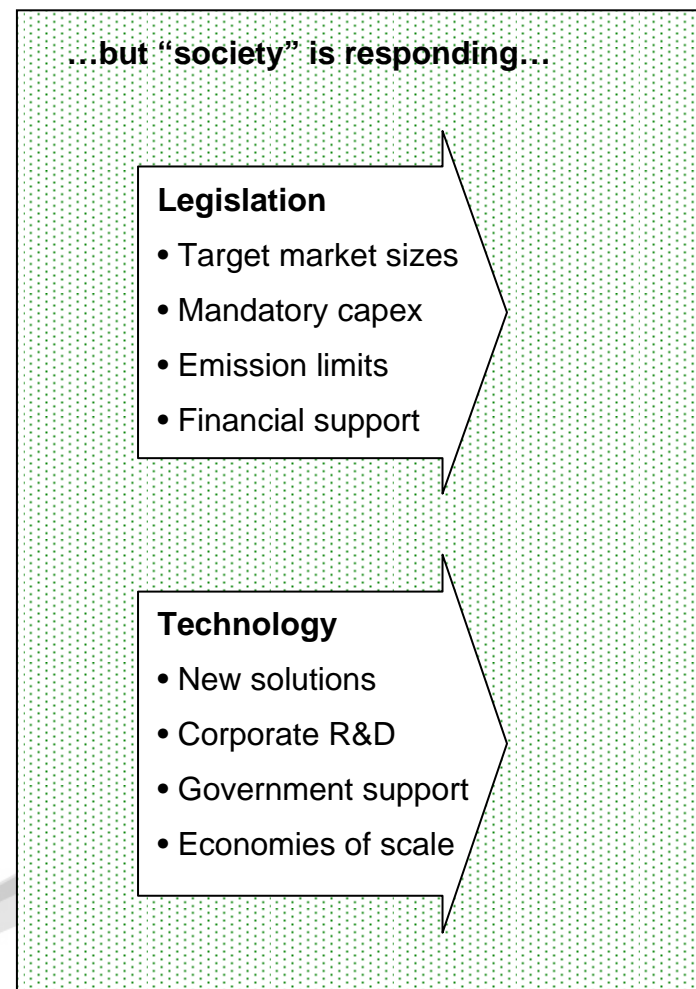
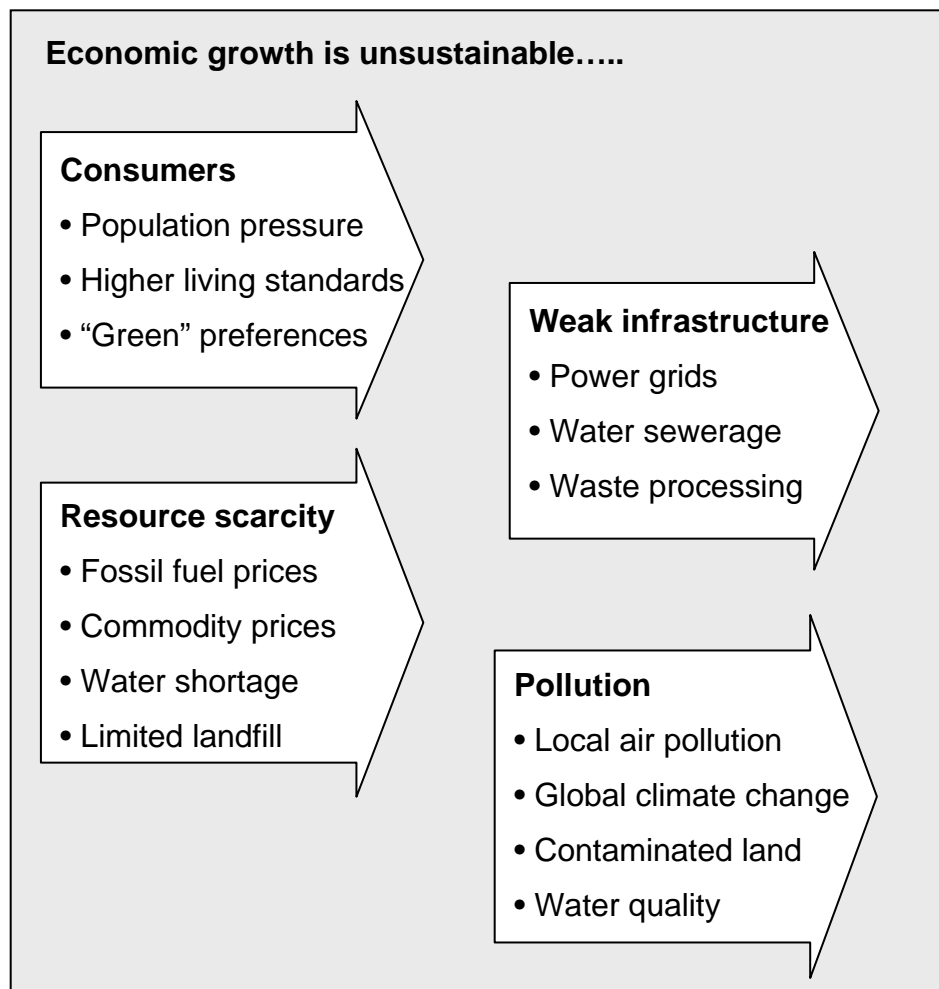
Net assets at period end (£m)



Profit & loss analysis – H1 2009



Powerful drivers behind the environmental sector



Environmental business growth

Economic Sector	Conventional Sub-Sectors	Environmental Markets
Energy	Oil, Gas and Consumable Fuels	<ul style="list-style-type: none"> • Wind turbine manufacturing • Fuel cells and hydrogen
Materials	Chemicals, Basic Resources and Construction Materials	<ul style="list-style-type: none"> • Commodity recycling • Buildings energy efficiency • Water infrastructure companies
Industrials	Capital Goods and Support Services	<ul style="list-style-type: none"> • Industrial energy efficiency • Multi-technology water treatment companies • Air pollution control • Recycling equipment and systems • Integrated waste management • Hazardous waste management • Environmental consultancy companies • Environmental testing and gas sensing
Consumer Discretionary	Automobiles & Components, Consumer Durables and Consumer Services	<ul style="list-style-type: none"> • Transport energy efficiency
Consumer staples	Food Retail, Household Products and Agriculture	<ul style="list-style-type: none"> • Biofuels
Financials	Banks, Insurance and Real Estate	<ul style="list-style-type: none"> • Trading in carbon and other environmental assets
Information Technology	Software, Hardware and Semiconductor Equipment	<ul style="list-style-type: none"> • Solar manufacturers and integrators • Meters and demand side management
Utilities	Electric, Gas, Water and Sewerage	<ul style="list-style-type: none"> • Renewable energy developers and IPPs






















Environmental Sector (Key Data)

- Revenues: >US\$200bn + p.a.
- Impax universe: median growth rates higher than MSCI World
- ROIC: 15%+ p.a.



Impax sub-sectors

1. Alternative Energy & Energy Efficiency

Wind turbine manufacturing	Solar manufacturers & integrators	Renewable developers & IPPs	Biofuels	Meters & demand side mgmt	Industrial energy efficiency	Buildings energy efficiency	Transports energy efficiency	Trading in carbon & other env. assets	Fuel Cells & hydrogen
 	 	  	 	 	 	 	 	 	 

2. Water Treatment & Pollution Control 3. Waste Technologies & Resource Management

Water infrastructure companies	Multi-technology water treatment cos.	Air pollution control	Testing & sensing	Water Utilities	Recycling eqpt. & systems	Commodity recycling	Integrated waste management	Hazardous waste management	Environmental consultancy companies
 	 	 	 	 	 	 	 	 	 

Current sector issues

Stimulus packages



US

- Grid infrastructure improvements
- Energy efficiency in buildings
- Renewable energy
- Water infrastructure

China

- Environmental projects
- Grid infrastructure improvements
- Water / waste projects

South Korea

- Green jobs plan

Other developments in 2009

US

- **EPA greenhouse gas ruling**
- **Draft energy bill** - 25% by 2025 renewable energy standard & cap-and-trade programme.
- **Water infrastructure** - extra \$4bn (above stimulus) in Obama budget.

Europe

- **Emissions Trading Scheme** - Directive incorporating aviation.
- **'Green economy' initiatives** - €105 bn (30% of regional policy budget for 2007-13).
- **Smart meters** - 80% of homes by 2020.

Rest of World

- **Chinese and Japanese solar subsidies.**
- **Chinese energy-efficient light bulbs** - 100m in 2009.

A comprehensive range of funds

Fund	Launch	Size (£m)**	Fees*	Performance fees
<u>“Long only”</u>				
Impax Environmental Markets plc	Feb 02	305	0.94%	-
Impax Environmental Markets (Ireland)	Dec 04	157	1%	-
Pure Play White Label	Various	254	0.55%	-
IFSL Impax Environmental Leaders	Mar 08	4	0.80%	-
All Cap White Label	Aug/Sep 07	55	0.5%	-
Segregated Accounts	2008	79	ND	ND
<u>Private Equity</u>				
Impax New Energy Investors LP	Aug 05	129	2%	20% above hurdle
<u>Long/Short Equity</u>				
Impax Absolute Return Fund	May 07	4	2%	20% with high water mark

* Approximate blended rate (per annum)

** As of 30 April 2009

Impax – globally recognized & provider of choice

NEWTON
The Power of Ideas


DEXIA

 Environment Agency

 **BNP PARIBAS**
ASSET MANAGEMENT

RATHBONES
Established 1742

 **EAST RIDING**
OF YORKSHIRE COUNCIL

HSBC  | HSBC Investments

 **IFC**

 **AEGON**

lpfa 

USS
UNIVERSITIES
SUPERANNUATION
SCHEME LIMITED

BRITISH AIRWAYS 

CIS
Co-operative Insurance

WEST MIDLANDS

PENSION FUND

 **FTSE**
THE INDEX COMPANY

 **Russell**

IMPAX 

Listed equities - investment universe

Full Universe – 1400+ stocks

- 800 stocks with >50% revenues / profits or capital employed in environmental markets
- 500 stocks 20-50% with revenues / profits or capital employed in environmental markets
- 200 electric utilities
- Steady flow of Pre IPO and infrastructure project-related investments

Pure Play Portfolio

- 800 stocks with >50% revenues/profits or capital employed in the environmental sector
- ...plus.... Pre IPO

All Cap Portfolio

- 1300 stocks with >20% revenues/profits/capital employed in the environmental sector

Impax Environmental Markets

Impax Environmental Leaders

IMPAX

Impax's investment performance to 30 April 2009

	5Y	3Y	1Y	3 Year Volatilities†
Impax Environmental Markets plc	47%	-13%	-20%	21%
MSCI World	17%	-13%	-18%	21%
FTSE All-Share	15%	-21%	-27%	26%

* NAV Performance of Impax Environmental Markets plc in Sterling

† Volatilities calculated using daily series as at 30 April 2009

Impax's environmental hedge fund – key features

Portfolio Manager:	Hubert Aarts + team of seven
Expected Volatility:	<10%
Investment Universe:	800 stocks in the Environmental Sector Global coverage, European bias
Leverage Limits:	100% to 300% Gross
Market Exposure Limits:	-30% to +70% Net, Beta Adjusted
Pre IPO Side Pocket (optional):	20% of Net Asset Value (maximum)
Number of Positions:	40 to 80; Sweet Spot 60-65



Private equity: Impax New Energy Investors LP

- INEI:** Private equity fund for the New Energy sector, largely renewables, in Western Europe & North America
- 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
- Prospects:** 11 deals completed. Strong visibility on full investment by summer 2009. Fund II to be launched during 2009



Principal distribution partners

UK:	Collins Stewart (for IEM) plus direct sales
Continental Europe:	BNP Paribas Asset Management/Private Bank Scandinavian distributors
Asia:	BNP Paribas Asset Management/Private Bank DIAM (Japan)
Middle East:	Under discussion
North America:	Placement agent (US); partner identified for Canada

Outlook

- Environmental sector drivers set to strengthen
 - growing urgency to address global warming
 - milestones for alternative energy policy to be passed during 2009
 - many other policy initiatives expected (e.g. water, waste)
- Sustained sector capex expected
- Mounting evidence that institutional investors allocating to this area
- Short-term, economic uncertainty overshadowing catalysts for stock price momentum
- Weak IPO and debt markets enhance opportunities for private equity
- When positive sentiment returns, Impax's growth model is well placed

Appendix

Interim 2009: Profit & loss

	H1 3/09 (£m)	YE 9/08 (£m)	H1 3/08 (£m)
Turnover	5.45	11.39	4.92
Operating expenses	(4.24)	(7.81)	(3.47)
<u>Comprising:</u>			
•Cost of operating business	(3.01)	(4.81)	(2.27)
•Long-term incentive	(0.17)	(0.43)	(0.49)
•Bonuses	(1.06)	(2.57)	(0.71)
Profit before interest & tax	1.21	3.58	1.45
Interest received	0.11	0.28	0.14
Profit before tax	1.32	3.86	1.59
Taxation	(0.36)	(1.07)	(0.55)
Profit after tax	0.96	2.79	1.04

Interim 2009: Balance sheet

	H1 3/09 (£m)	YE 9/08 (£m)	H1 3/08 (£m)
Goodwill	1.63	1.63	1.63
Other non-current assets	1.77	0.62	0.09
Debtors due after one year	1.18	1.05	1.06
Other current assets	3.04	2.41	2.26
Current asset investments	1.83	3.00	3.08
Cash	5.56	7.03	4.32
Current liabilities	(2.36)	(4.18)	(2.64)
Total net assets	12.65	11.56	9.80
Equity shareholders' funds	12.65	11.56	9.80

Long term employee incentive (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