



Trends & Opportunities in the Environmental Market: *Expectations & Risers for 2007*

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October 2006

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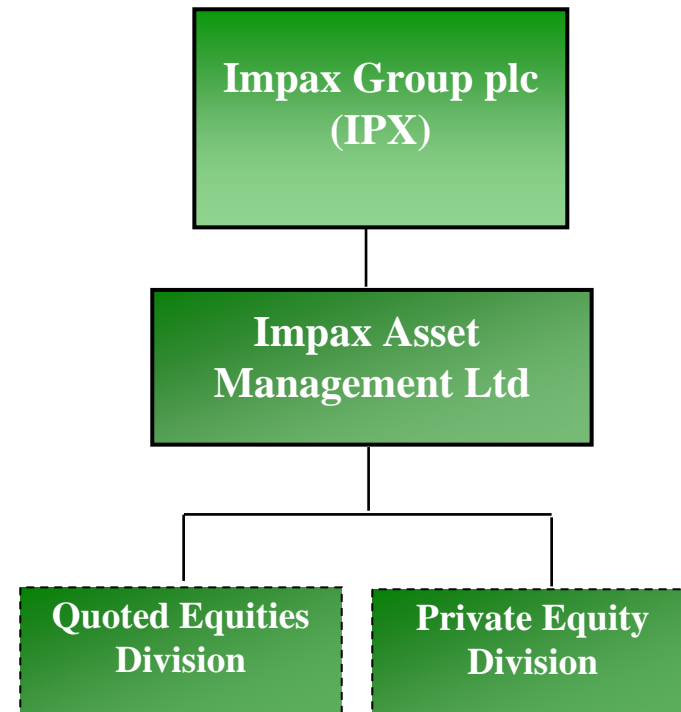
Excellent opportunities for investors



- **Environmental Markets established (US\$100bn per year) with double digit growth rates**
 - proven technology
 - sound economics
 - supportive regulation
- **Small / mid cap pure play stocks (>400) offer superior growth in shareholder value**
 - rising earnings
 - expanding multiples
 - corporate activity
- **Impax Asset Management is a leading investor in this sector**
 - offers investment opportunities seldom reflected in institutional portfolios
 - 12 year track record
 - over £400m of funds under management

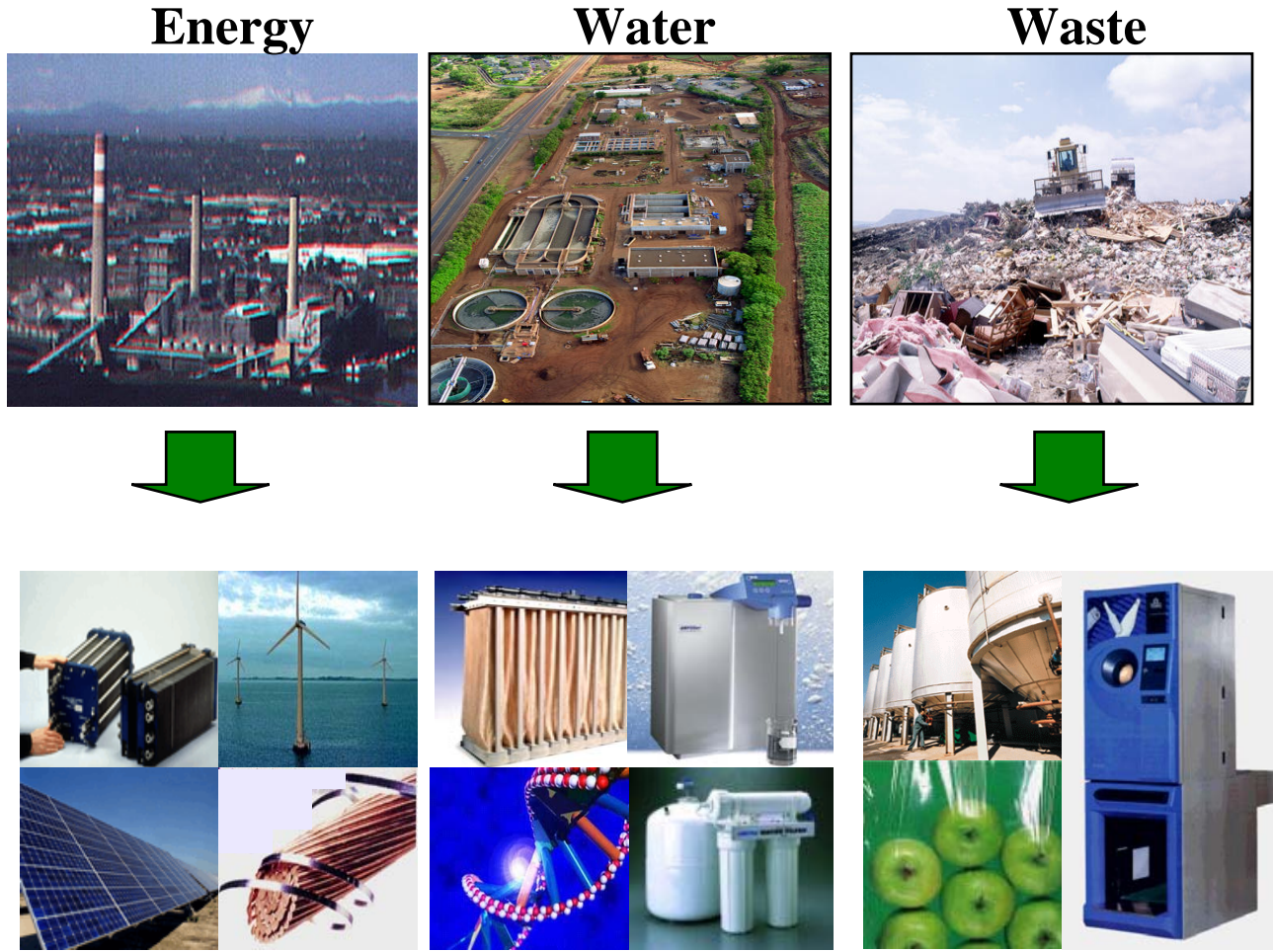
Impax Group plc

- **Finance house dedicated to the Environmental Markets sector**
- **Focus on fund management**
- **AIM stock (IPX)**
- **Broker – Bridgewell Securities**
- **12 year track record**
- **17 professional staff**
- **>£400 million FuM**



Changing structure of basic services

- **Market liberalisation**
 - competition & innovation
 - value for money
- **Environmental policy**
 - limited resources
 - health issues
- **Competitiveness of cleaner solutions**
 - falling technology costs
 - high fossil fuel prices



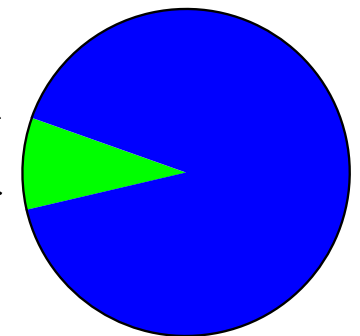
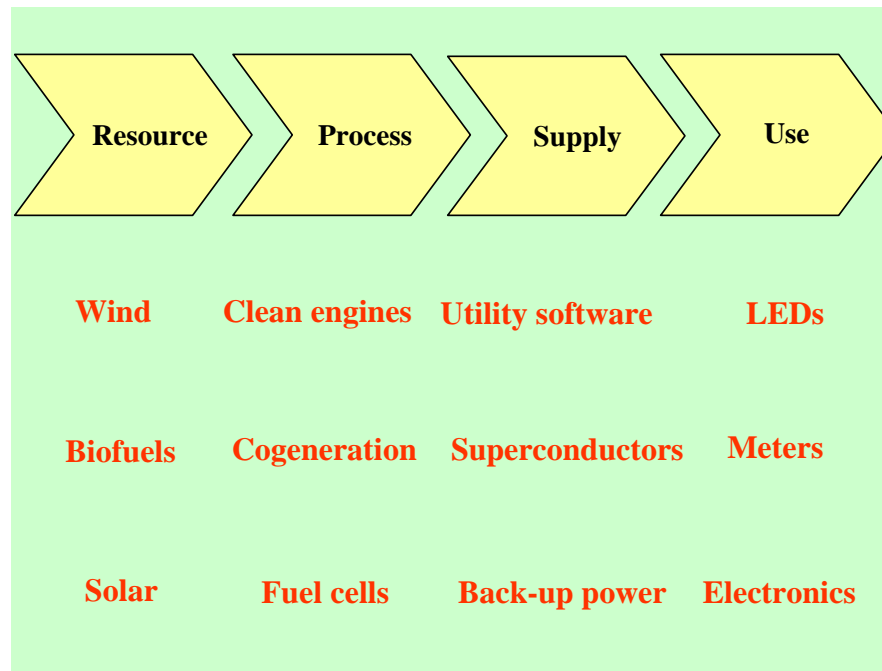
Attractive markets: Alternative energy & energy efficiency

**Environmental Markets Size
(2004): >\$ 30 billion**

**Conventional Energy
Markets (ex fuels) (2004)
> \$ 240 billion**

Drivers:

- Fossil fuel prices
- Security of supply
- Subsidies & regulations
- Power quality
- Weak power grids
- Climate change & CO₂
- Air pollution

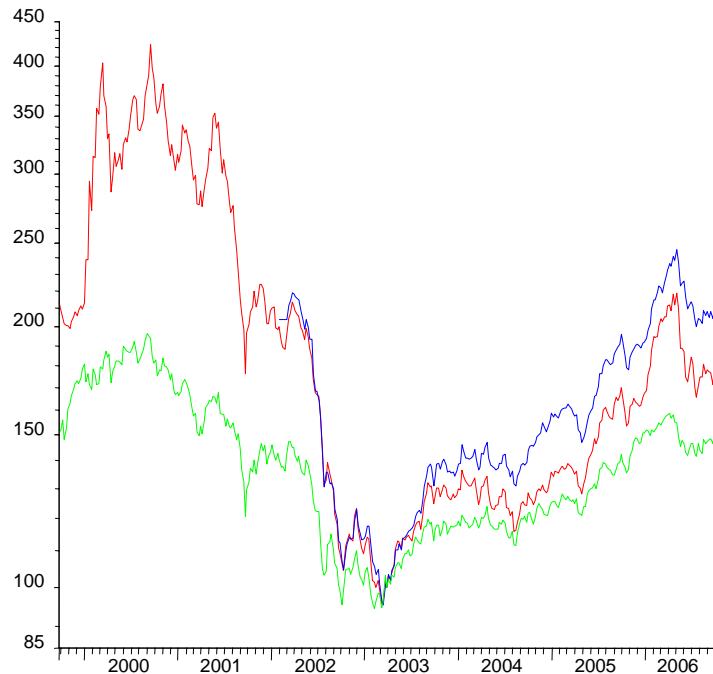


**High growth
markets**

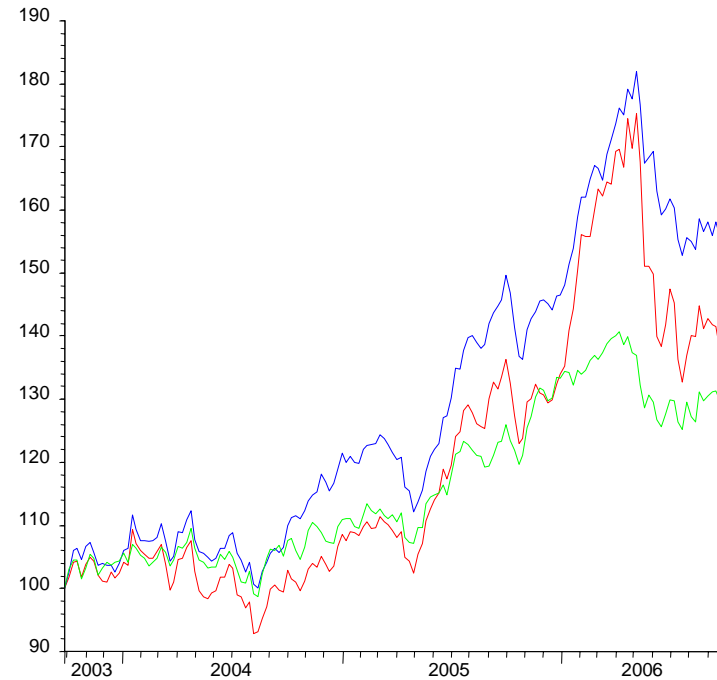
Performance of Environmental Markets (1)*

7 YEARS

3 YEARS



Source: Thomson Datastream



Source: Thomson Datastream

Note: 7 year chart on logarithmic scale and rebased to 31 March 2003

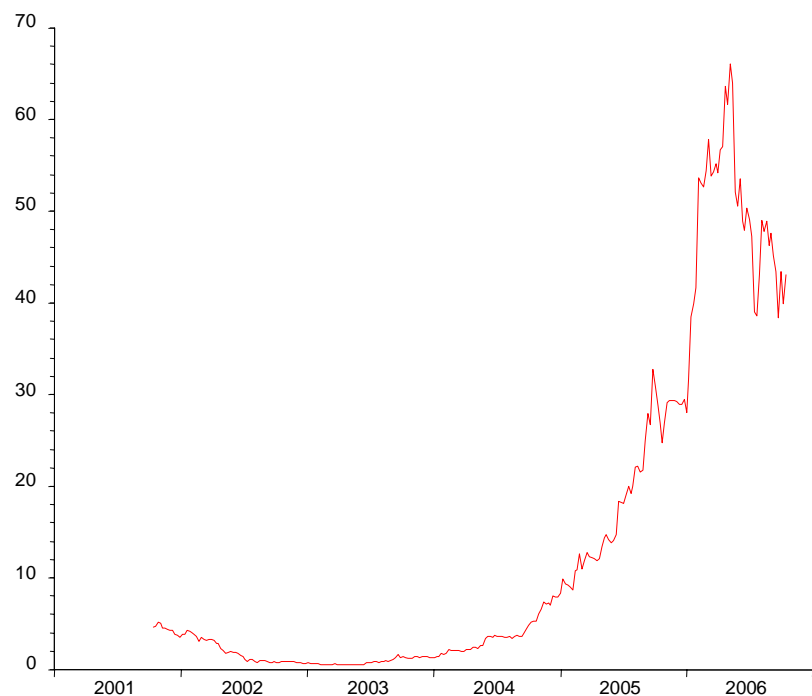
Impax ET50 Index
NAV of Impax Environmental Markets plc
MSCI World Index

Clean Energy Technologies for 2007



- Solar
- Wind
- Biofuels
- Energy Efficiency
- The Blue Sky!

Solarworld



HIGH 66.05 5/ 5/06 LOW 0.50 9/ 5/03 LAST 43.08 Source: Thomson Datastream

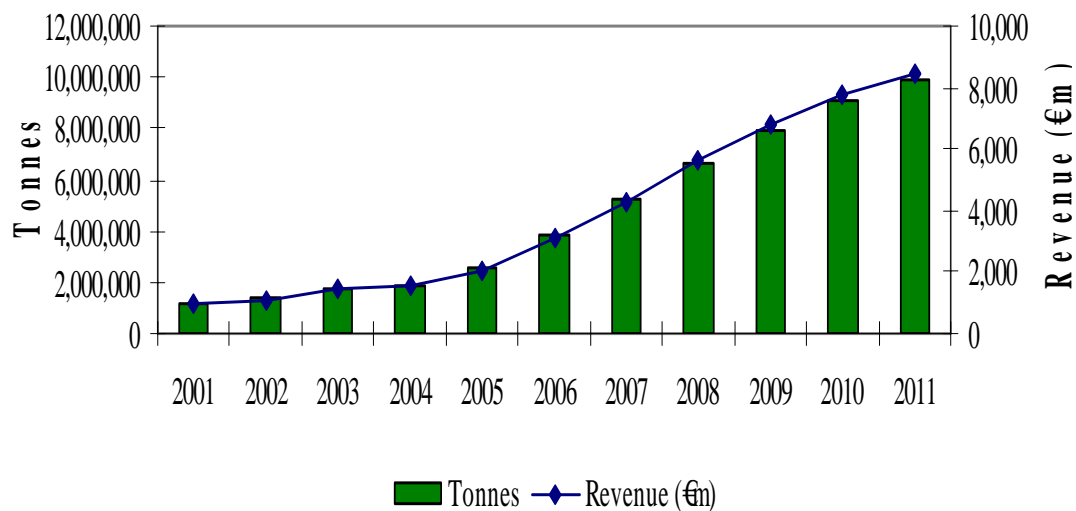
- Subsidies in key markets
- Growth rates >30%
- Silicon shortage
- Very high margins
- Still too expensive
- \$5.6 billion raised during 05/06
- Laws of supply/demand apply
- New technologies may emerge

Gamesa vs. Vestas



- Global market in >25 countries
- Cost reduction of 80% in 20 years
- Currently strong growth
- Wind turbines sold out until 2008
- Margins increasing
- Competition set to increase
- Understand the value chain

Unit Shipment & Revenue Forecasts (Europe), 2001 - 2011



Source: Frost & Sullivan

- Legislative drivers increase in 2006
- Oil price increases change economics
- Doubts about barriers to entry
- Volatility of feedstock prices
- Direct exposure to fuel prices
- Potential for overcapacity
- Poor visibility on earnings
- Waiting for the second generation

Energy Efficiency

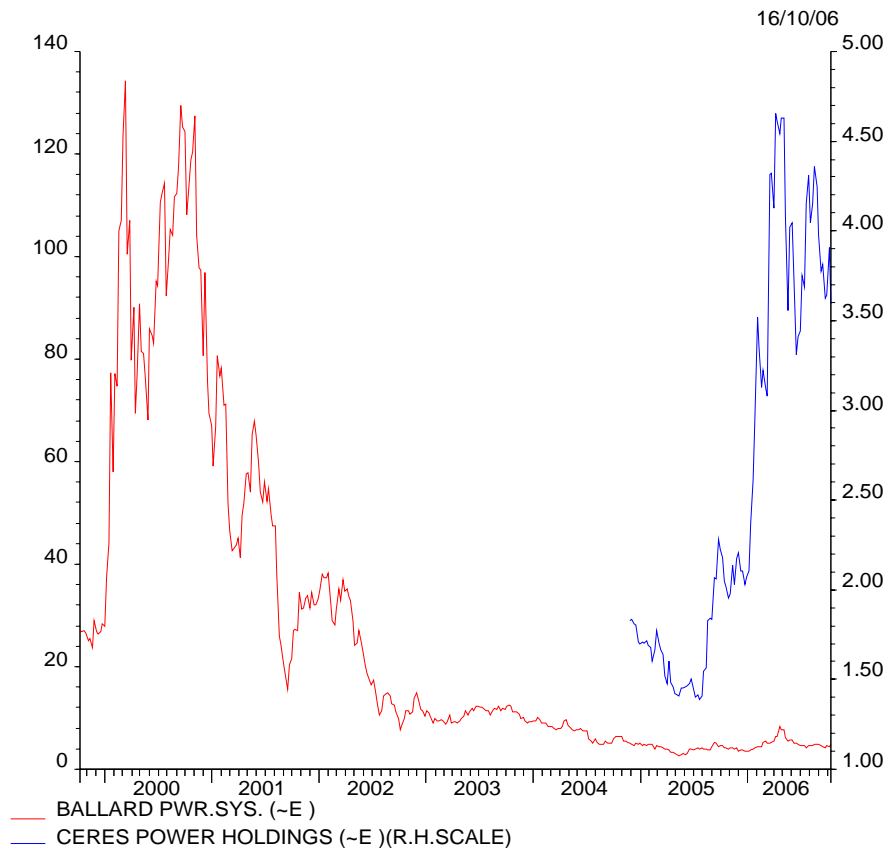
Kingspan & its PER



- Diverse range of opportunities
- More traditional “industrial products”
- Meters, power electronics, insulation
- Less dependence on regulation
- Increased growth expectations
- Less need for new capital
- Corporate activity likely
- Lower valuation multiples

The Blue Sky in Clean Energy

Ceres Power – the UK Ballard?



Source: Thomson Datastream

- Fuel cells, superconductors, super-capacitors, flywheels, 2G biofuels
- Disruptive technologies take time
- Impact of funds spent since 2000
- Out of favour with US investors
- More interest from AIM
- Real markets to emerge in 2007
- Portable, forklifts, residential



- Fundamentals remain strong for Clean Energy Markets
- Superior growth rates expected in 2007
- Substantial capital deployed in 2006
- Government policy remains a key driver
- Investors diversify risk across clean energy sector
- US support for Climate Change policy would provide major impetus