

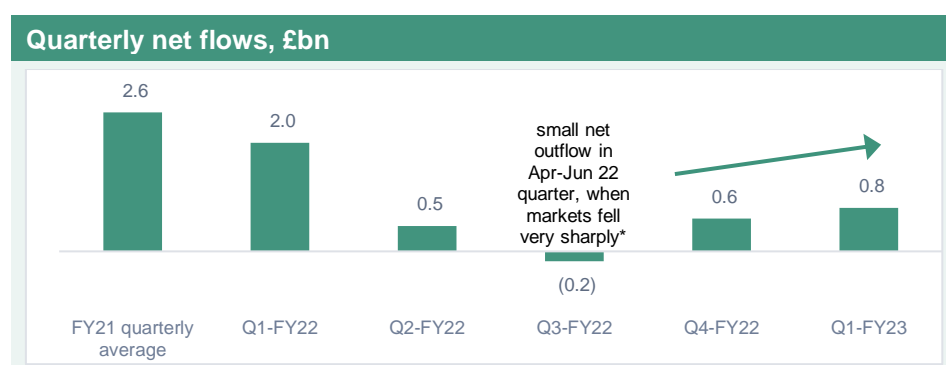
9 January 2023

## AUM up 6% in Q1 of FY23, in line with forecasts

Impax has recorded a strong Q1 of FY23, with AUM growing by £2.3bn (+6.4%), from £35.7bn on 30 Sep 22 to £37.9bn on 31 Dec 22. Albeit still early in the financial year, this is certainly on a trajectory to meet our FY23 forecasts.

Market movements, forex and investment performance was responsible for £1.5bn of the increase, while the group continued its impressive record of attracting and retaining client assets, recording £797m of net inflows, up from £606m in the prior quarter.

While we stress again that market conditions remain uncertain and volatile, which certainly does impact net flows, Impax's recent net inflow trend does look like an encouraging shift back to a higher level, following a drop-off during the sharpest periods of the 2022 market fall. **Impressively, Impax has recorded only one quarter of net outflows (Apr-Jun 22) since 2015.**



Source: Impax, ED Analysis.

\*In the Apr-Jun 22 quarter: MSCI ACWI fell 17%, FTSE Environmental Opportunities Index fell 19%

## Fundamental valuation 1,000p, undemanding PER

As detailed in our Dec 22 note, [Revenue, profit, cash & dividends up materially](#), we are bullish about the prospects of the sustainable investing market generally, and of Impax specifically, which has been a standout performer compared to other asset managers. **With AUM growth on track, we maintain our fundamental valuation of 1,000p, which is 37% above the closing share price on 6 Jan 23.** We also highlight that Impax's PE ratio of 15.9, while in the upper range of a peer group (see page 2), is not excessive and looks justified given is recent outperformance and growth prospects.

**Summary financials & forecasts**

Year end 30 Sep	FY20A	FY21A	FY22A	FY23E	FY24E
AUM, £bn	20.2	37.2	35.7	41.9	49.1
Revenue, £m	87.5	143.1	175.4	180.3	209.5
Adjusted Op. Profit*, £m	23.2	55.8	67.4	65.2	77.5
Net profit after tax	13.7	40.2	59.5	49.0	56.3
EPS basic, p	10.6	31.5	46.0	37.3	42.7
EPS adjusted & diluted, p	14.5	34.4	42.1	37.4	42.5
PER	68.9	23.2	15.9	19.6	17.1
Dividend, p	8.6	20.6	27.6	29.1	30.9
Yield	1.2%	2.8%	3.8%	4.0%	4.2%
Net assets, £m	71.4	110.5	138.2	154.1	177.8
Net cash, £m	38.8	74.2	110.9	129.2	157.4

Source: Group reports & accounts and ED estimates. PER and Yield calculations based on share price of 730p

\* Adj. results eliminate non-recurring acquisition costs, ongoing amortisation of intangibles acquired, one-off tax credits and mark-to-market of NI on equity award schemes.

### Company Data

EPIC	IPX
Price (last close)	730p
52 weeks Hi/Lo	1418p/487p
Market Cap	£968m
ED Fair Value/share	1,000p
Proforma net cash	£111m
Avg. daily volume	219k

### Share Price, p



Source: ADFVN

### Description

Impax is a specialist asset manager, focused on the growth opportunities arising from the transition to a sustainable economy. Founded in 1998, it offers a range of listed equities, fixed income, systematic, and private markets strategies.

AUM on 31 Dec 2022: £37.9bn

Next Event, Q2 AUM update: Apr 23



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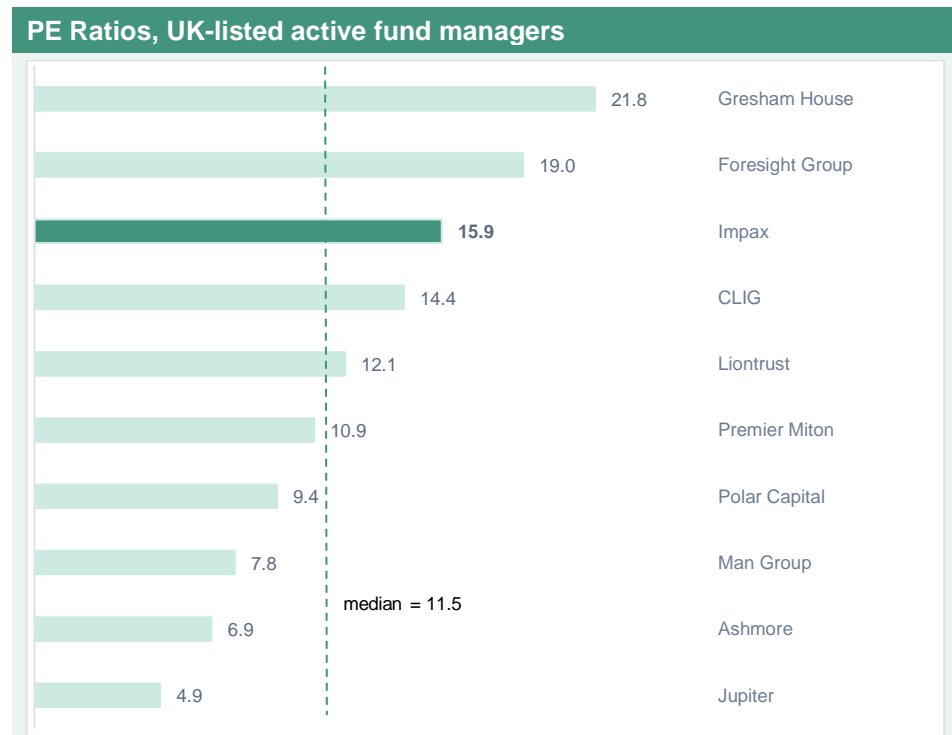
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AUM movement over 3m to 31 December 2022				
£'000s	Listed equities	Fixed Income	Private markets	Total firm
<b>Total AUM 30 Sep 2022</b>	<b>33,801</b>	<b>1,354</b>	<b>521</b>	<b>35,676</b>
Net flows	765	15	17	797
Market movement, FX & performance	1,539	(73)	5	1,471
<b>Total AUM 31 Dec 2022</b>	<b>36,105</b>	<b>1,296</b>	<b>543</b>	<b>37,944</b>

Source: Impax



Source: ADVFN, ED Analysis  
 Data as at 6 Jan 2023



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