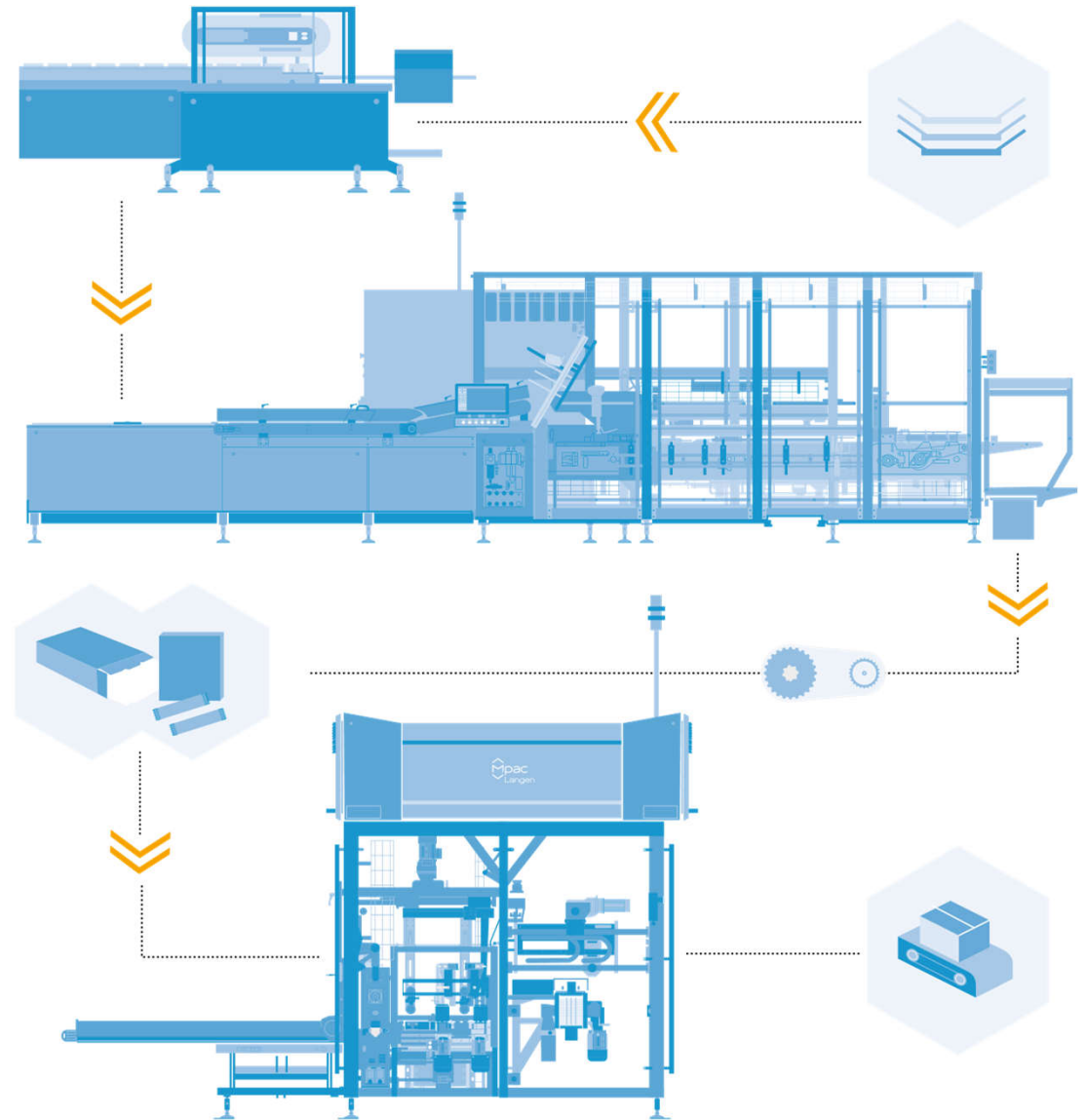




Mpac Group plc

Ingenious packaging solutions

2018 Full Year Results
March 2019



Agenda

1

1. Overview
2. 2018 Financial Highlights
3. Strategic Update
4. Outlook
5. Appendices

Overview

Review

2



Tony Steels
Chief Executive

Overview

2018 Full Year Summary

3

- Results in line with revised market expectations
- Order intake and revenue growth continues
- Closing order book ahead of prior year
- Underlying operating profit ahead of prior year
- Successful commercial launch to the market of new products
- One Mpac business model gaining momentum and good progress on strategic developments
- Profit impact of legacy contracts contained



CooperVision™
Live Brightly.

FERRERO

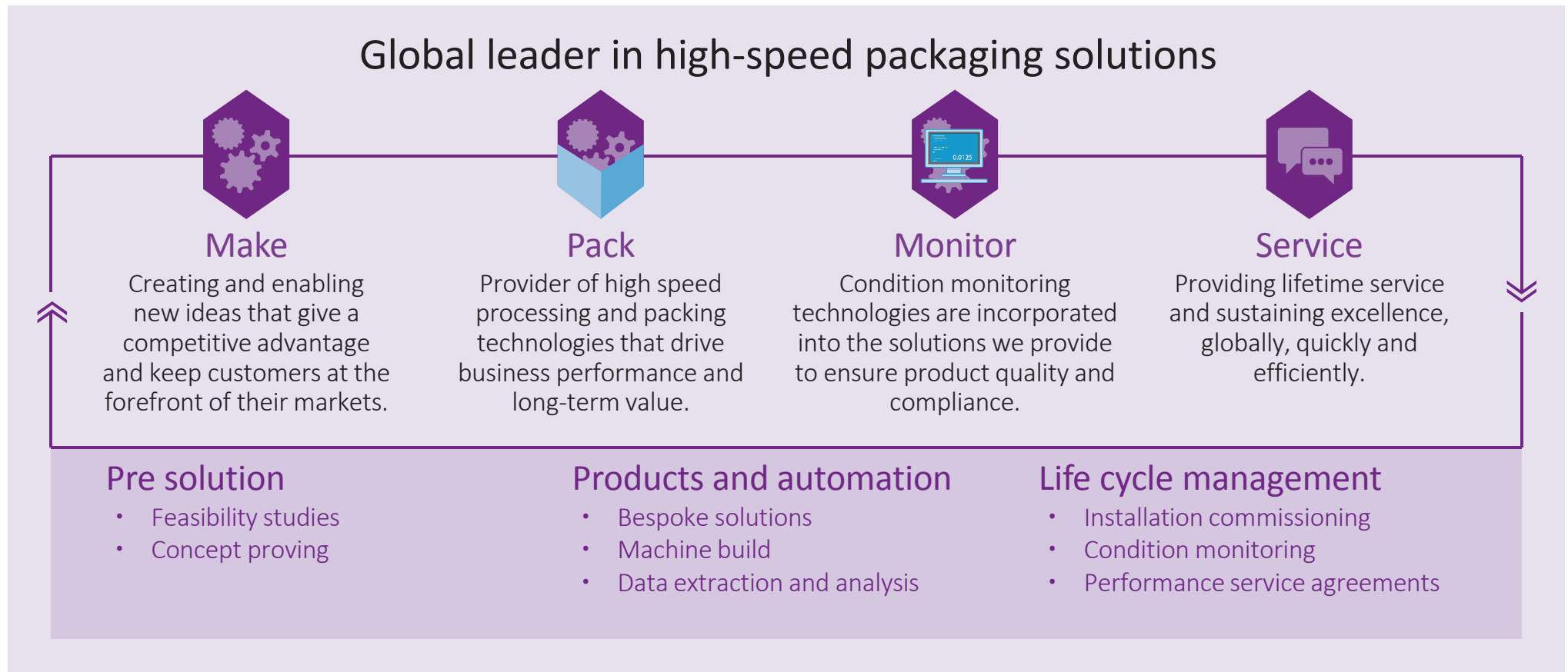
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Overview

What we do

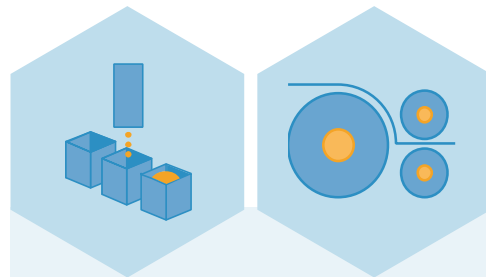
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Overview

Core skills and experience

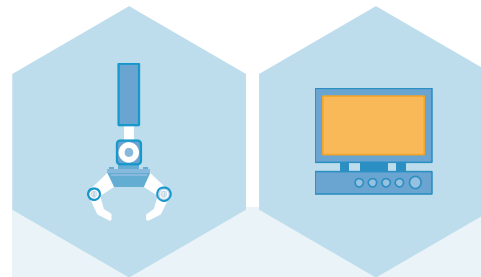
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Fill Solutions and web handling

We are specialists in the design of precision powder dosing, micro-dosing, and filling machines.

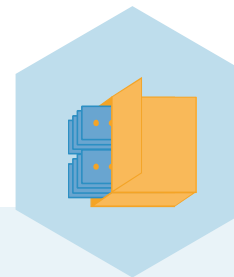
High-speed web handling, forming, cutting, punching, folding, sealing, printing, verification.



Assembly automation, robotics and high specification automation

We design robotic cells allowing the manufacture of a wide variety of different product concepts on the same base machine.

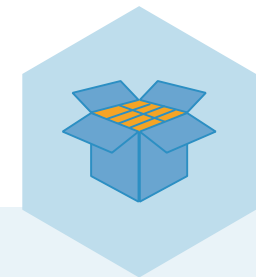
Continuous motion, indexing mechanisms, control systems, vision systems, ultrasound, lasers.



Cartoning

End load cartoners have been a core competency of ours from the beginning.

Applications include stick packs, contact lenses, tissue, premium spirits, bag-in-box.



Case Packing

We have a long history of providing reliable and robust case packing and palletising equipment.

Our highly flexible standard solutions commonly load RSC, HSC and tray containers.

Overview

Key markets

Mpac has a highly skilled and experienced team dedicated to finding practical solutions to your challenges.

Operating in the pharmaceutical, healthcare and food and beverage sectors, we meet the ever-increasing demand of our customers' manufacturing processes and operational objectives.

Cross industry experience and expertise means that customers benefit from the diversity of ideas and concepts.



Healthcare

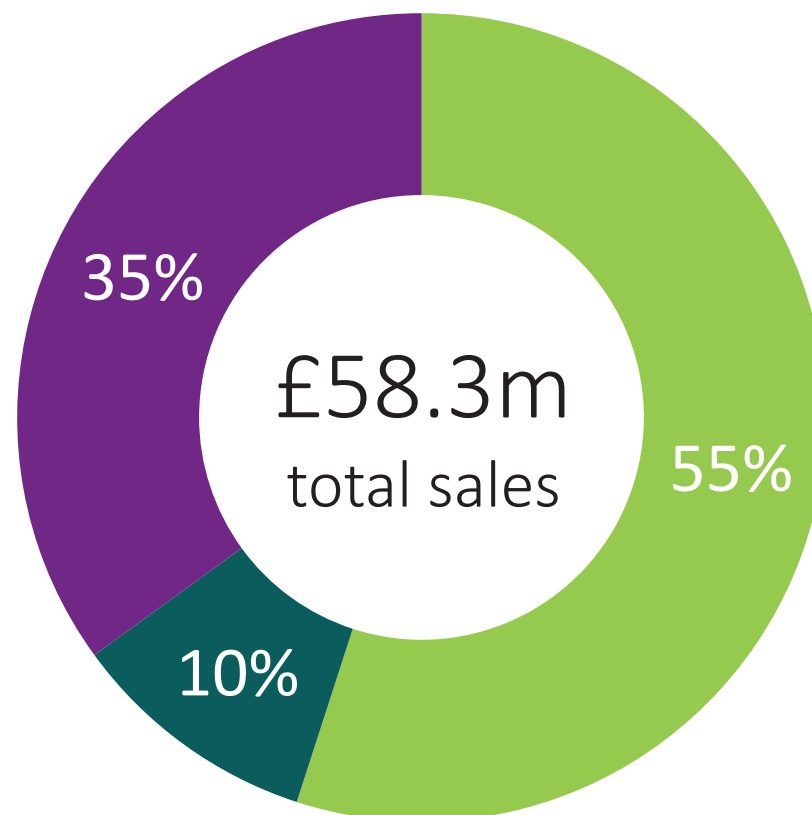


Pharmaceutical



Food and
Beverage

Sales by Sector (%)



Overview

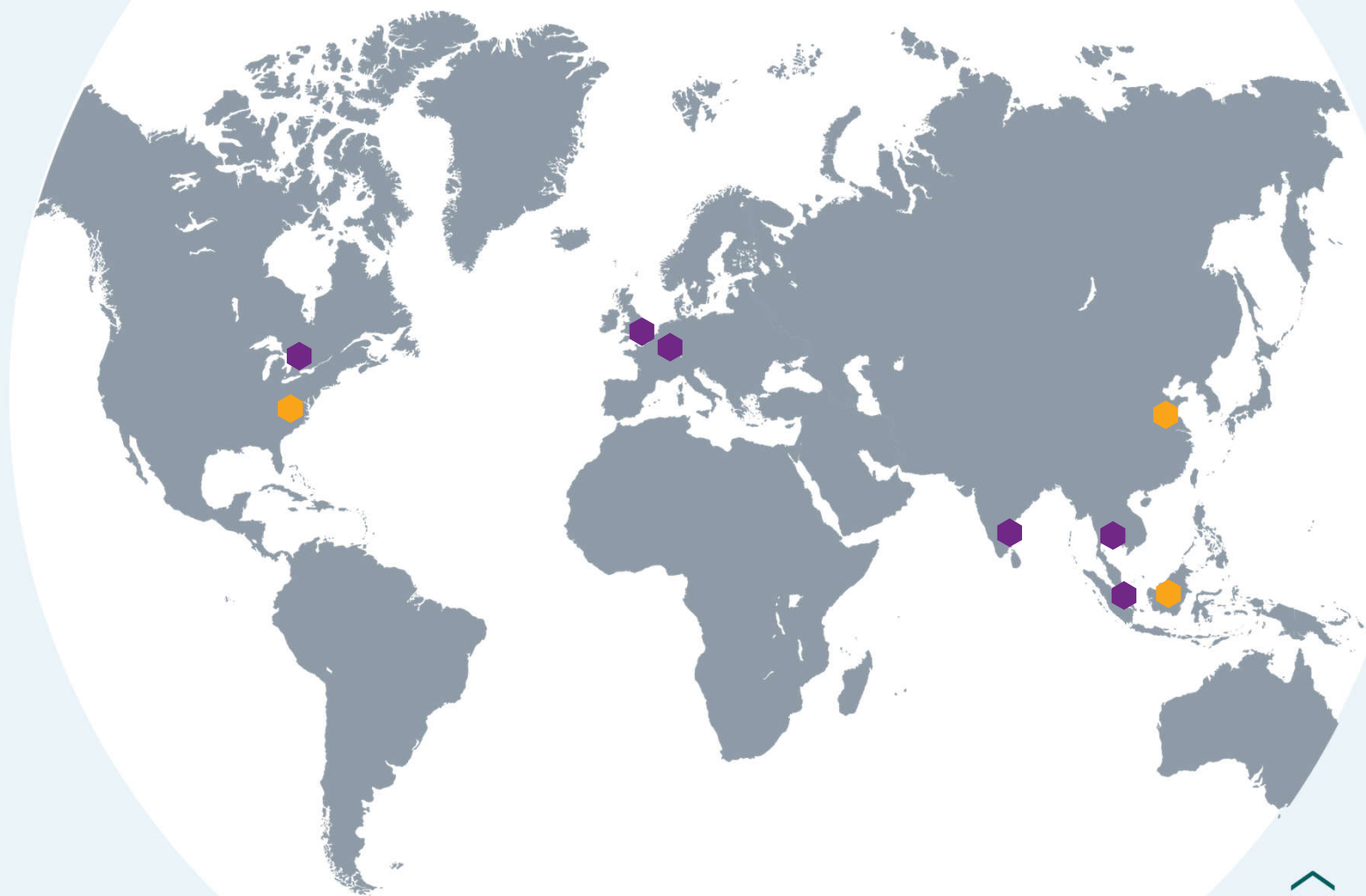
Global reach



Service personnel



Office locations
(engineering,
manufacturing,
sales & service)



2018

Financial highlights

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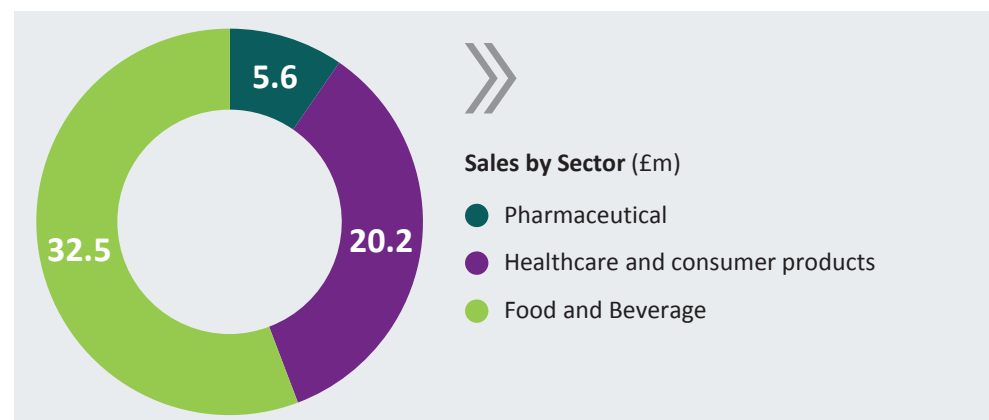
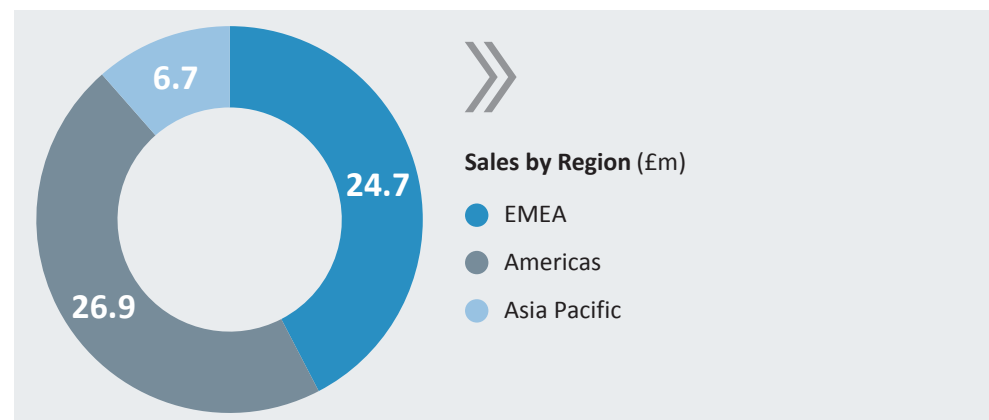
Will Wilkins

Group Finance Director

2018 Full Year Financial highlights

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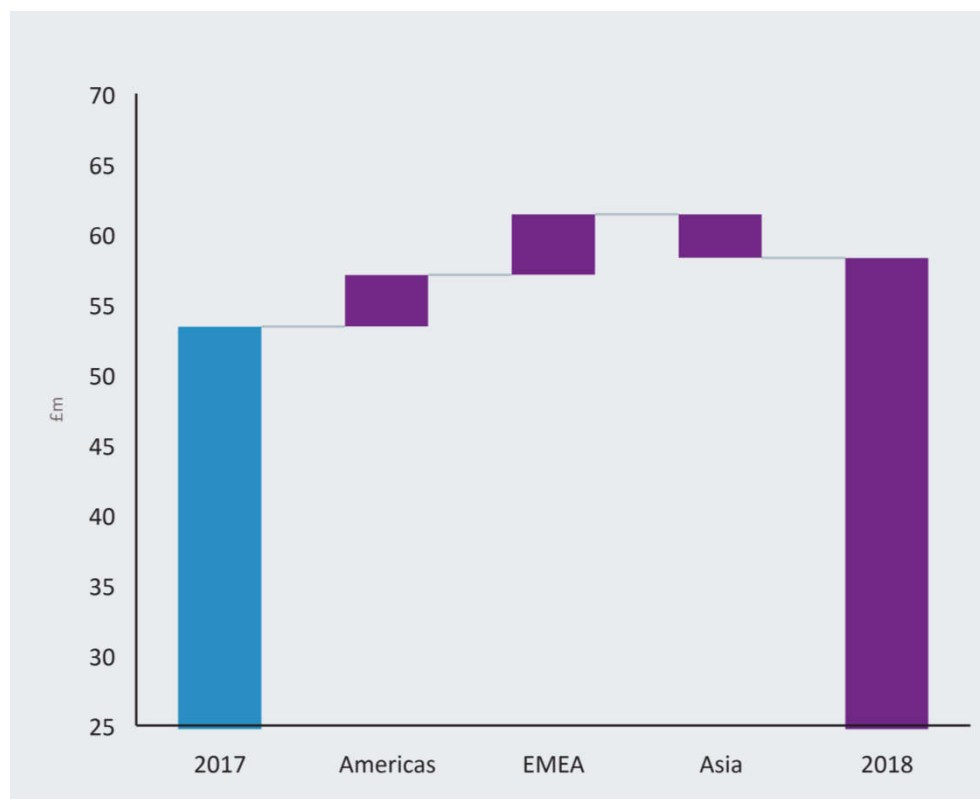
- Increase in Group sales of **£4.9m** (9%) to **£58.3m** (2017: £53.4m)
- Strong order intake in second half of 2018 and closing order book **16%** above 2017
- Underlying operating profit of **£1.4m** (2017: £1.3m)
- Underlying profit before tax **£1.4m** (2017:£1.1m)
- Closing net cash of **£27.0m** (2017: £29.4m)
- Underlying earnings per share of **4.5p** (2017: 4.2p earnings per share)
- 2018 final dividend **nil** – Future dividend policy to be considered in the context of 2019 trading performance



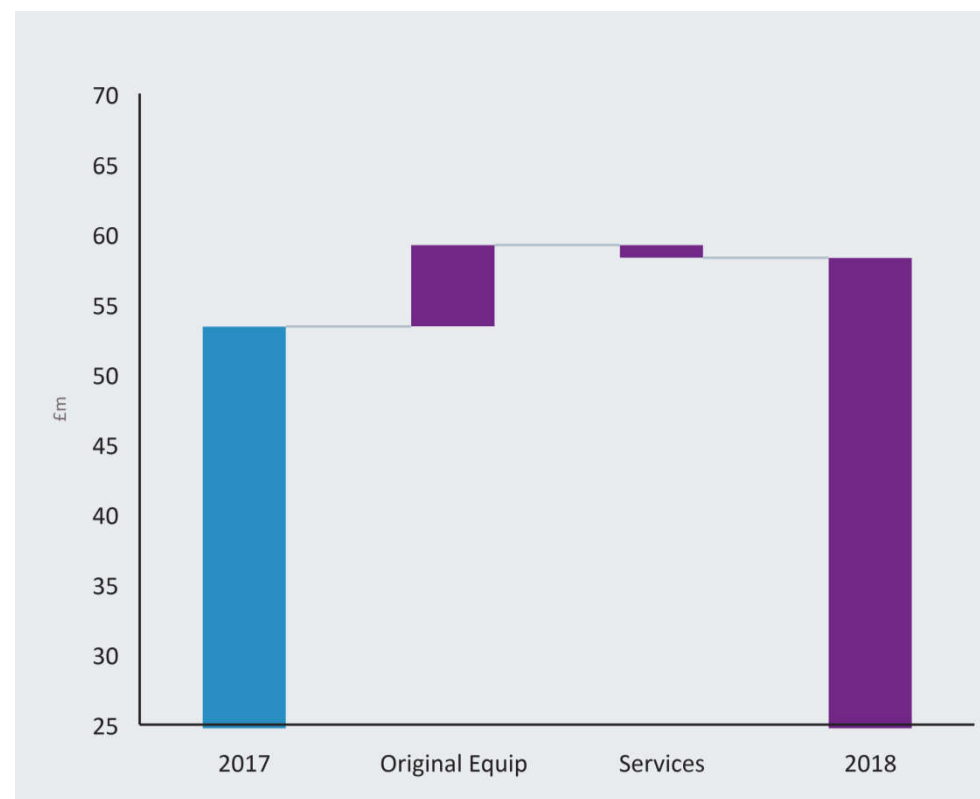
2018 Full Year Group performance

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Financial bridge on revenue by region



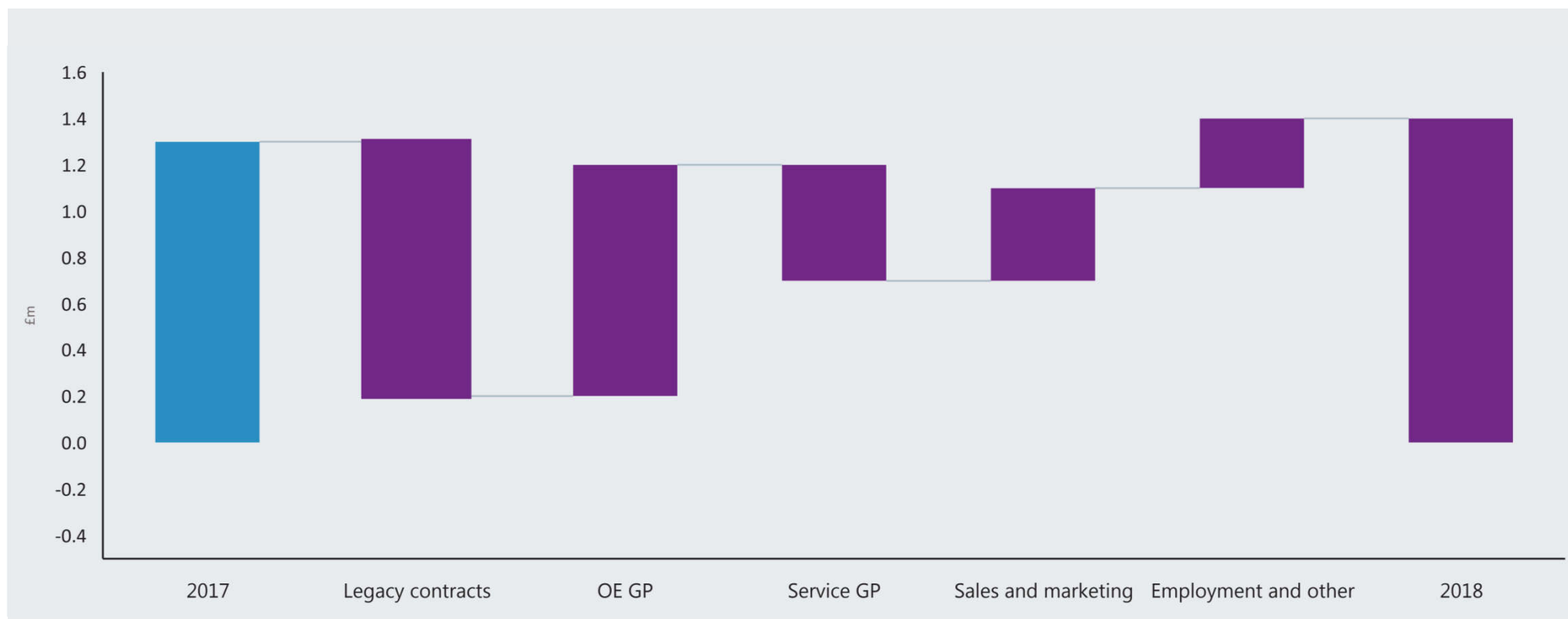
Financial bridge on revenue by product category



2018 Full Year Group performance

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Financial bridge on underlying operating profit



OE GP = Original Equipment Gross Profit

Service GP = Service Gross Profit

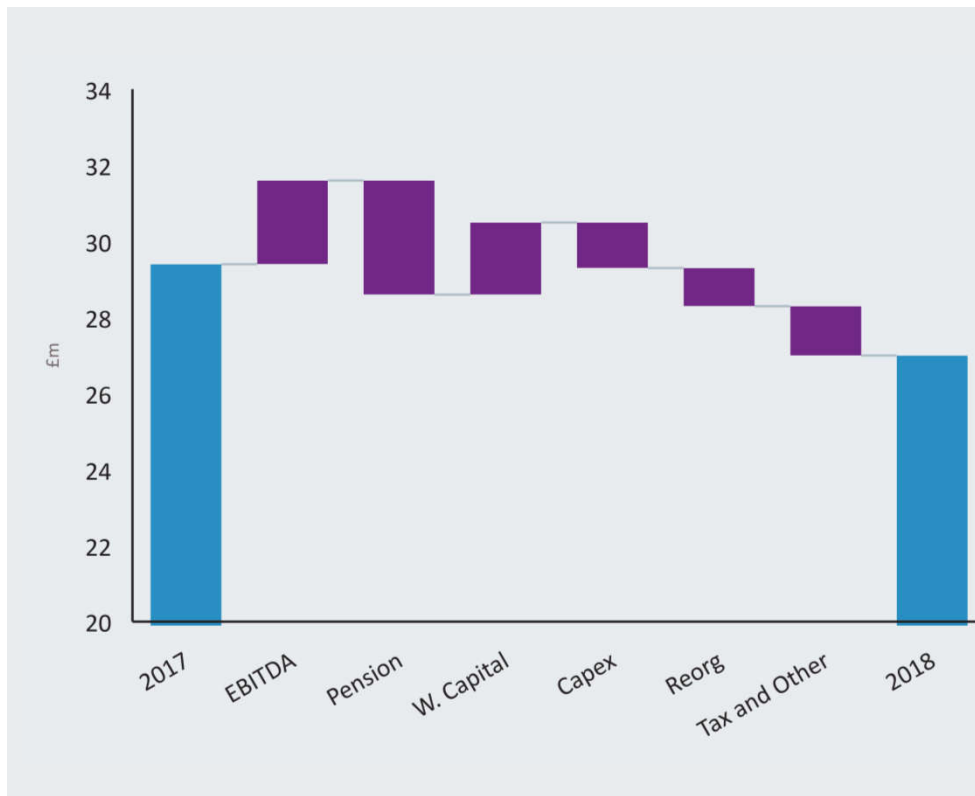
Mpac Group plc 2018 Results



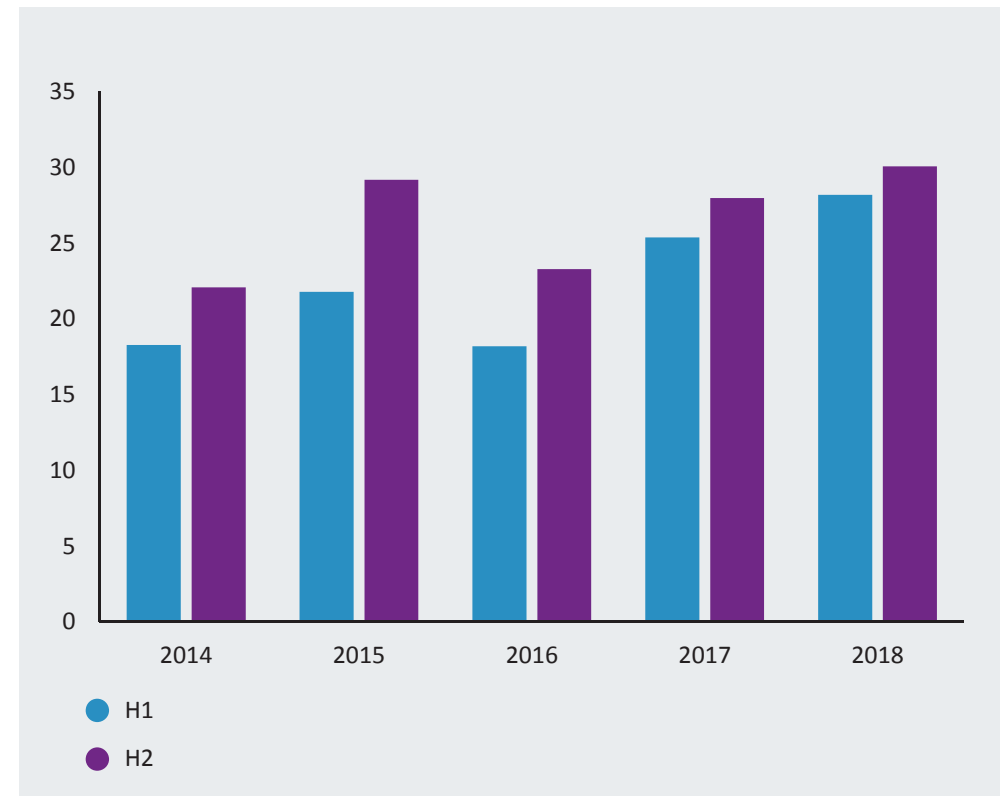
2018 Full Year Group performance

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Financial bridge on net cash



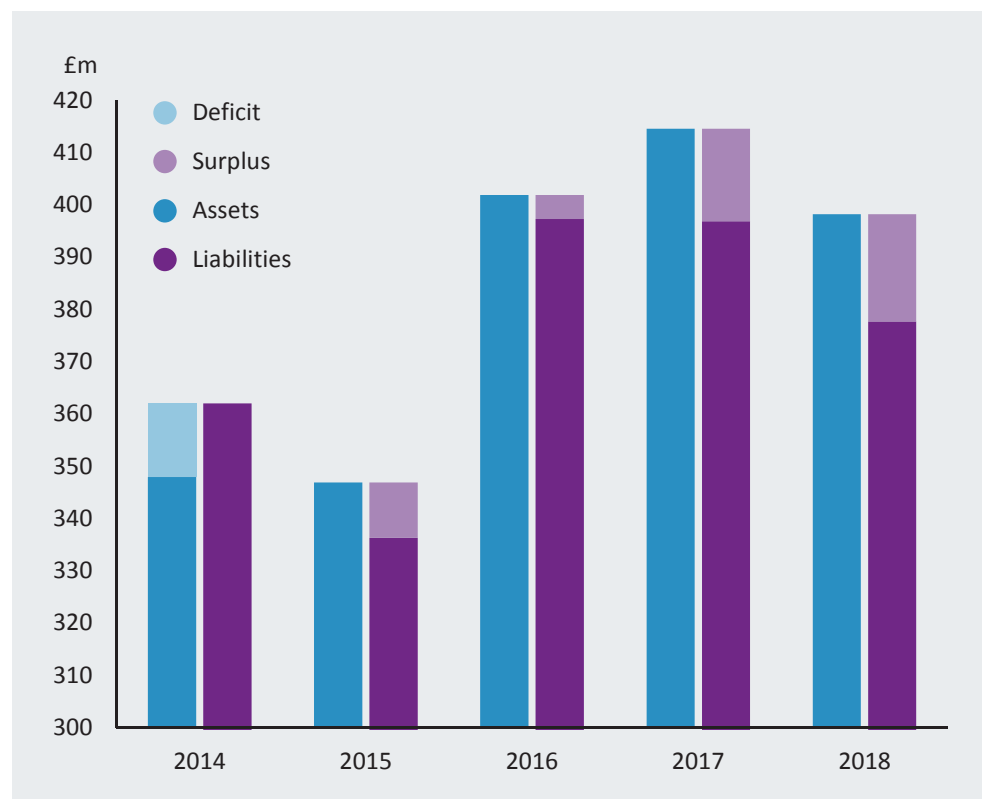
5 year revenue chart (continuing)



2018 Full Year Pensions

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UK Pension Scheme



General information based upon Dec 2018 data

- PPF stated 60% of pensions schemes were in deficit.
- Of schemes in deficit, the median funding level was 81%
- Molins scheme 85%-90% funded

UK Scheme

- IAS19 surplus of £20.5m
- Mature scheme with 4128 members (70% pensioners)
- Scheme closed in 2012
- Current payments £1.9m pa until 2029

US Scheme

- IAS19 deficit of £6.2m
- Mature scheme with 270 members (60% pensioners)
- Scheme closed in 2011
- Current payments of £1.0m due to I&TM disposal, reducing in 2020 and returning to normal levels (£0.2m) by 2023

Strategy

- Elimination of the technical provision
- June 18 triennial valuation due for completion Q3 2019
- GMP equalisation realised in liability based on agreed assumptions

Overview

Strategic update

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Tony Steels
Chief Executive



Going for growth

- Expand customer reach
- Partner of choice



Make service a business

- Deliver life cycle R.O.I

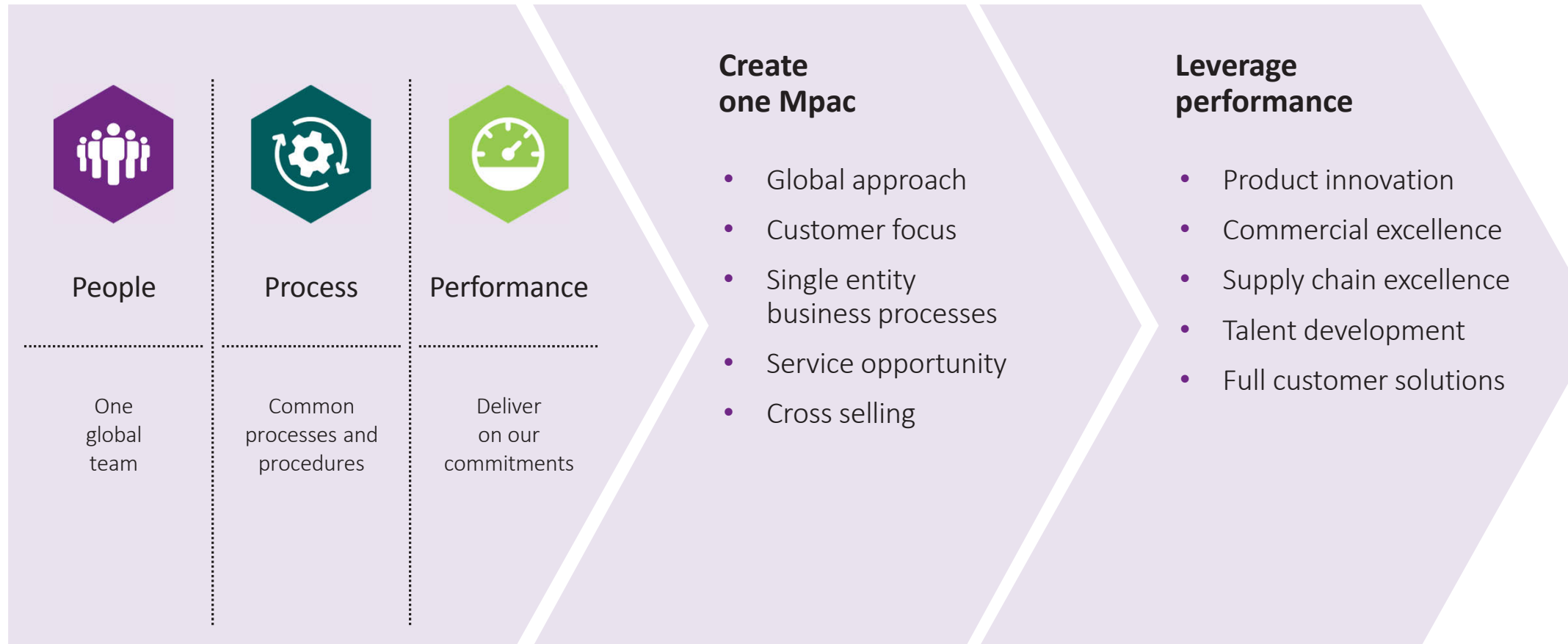


Operational efficiency

- One Mpac business

One Mpac Business model

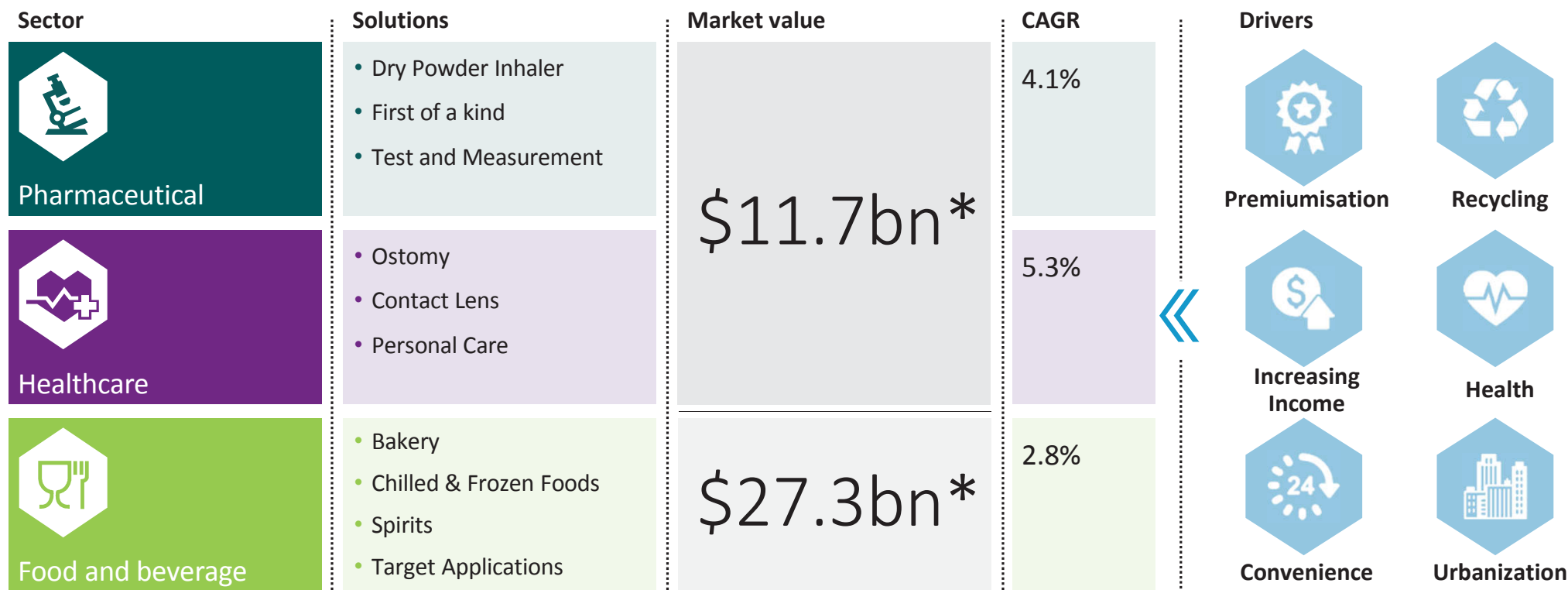
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Strategic update

Addressable growth markets

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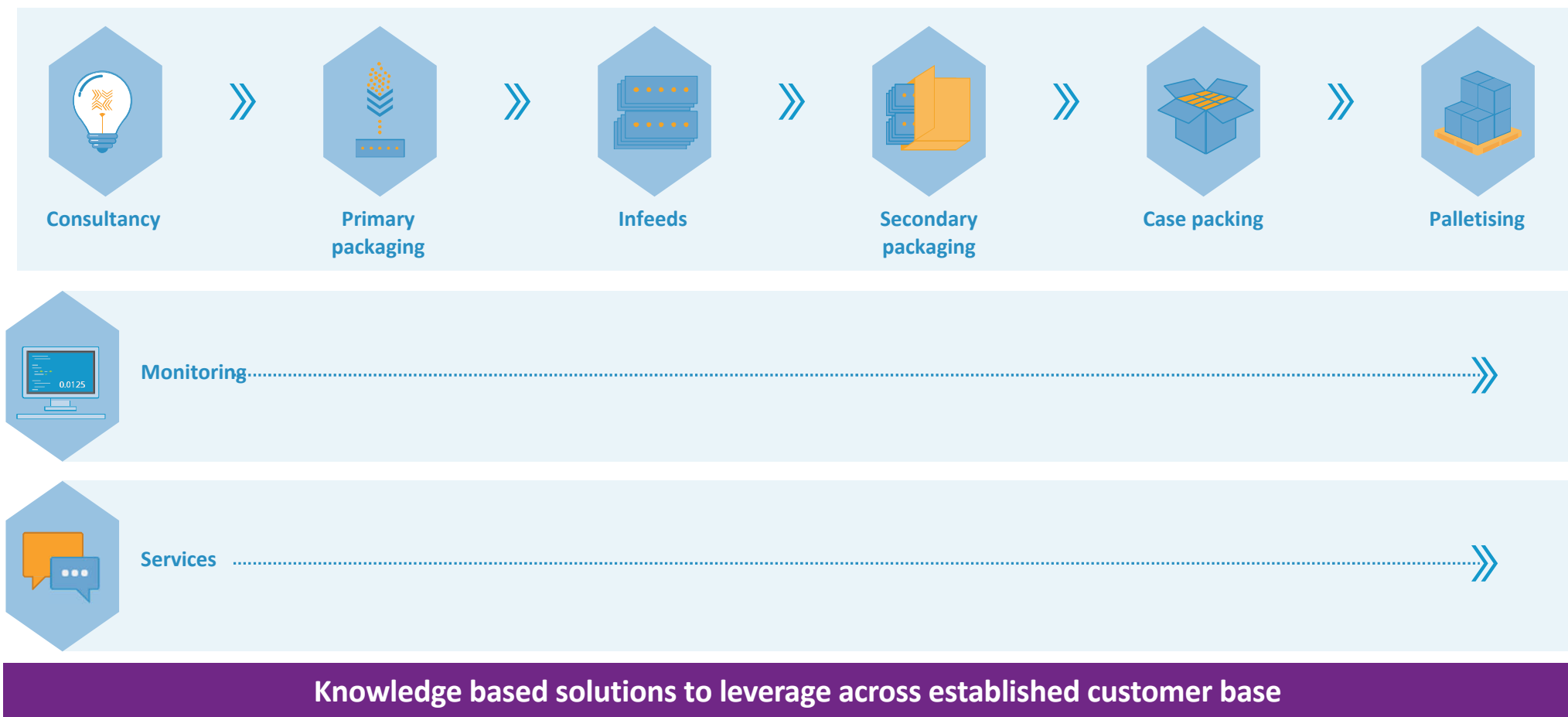
* PMMI – Period 2017 - 2021

Leadership in higher margin segments in long-term growth markets

Strategic update

Application know-how

18



2018 innovation highlights

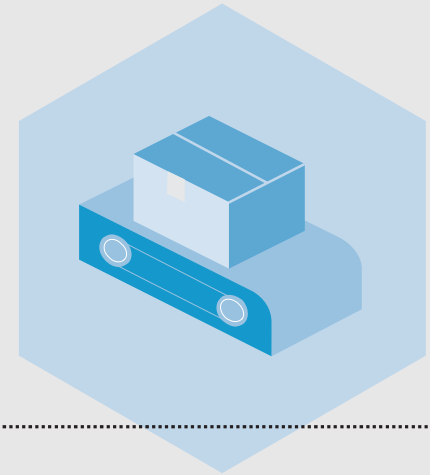
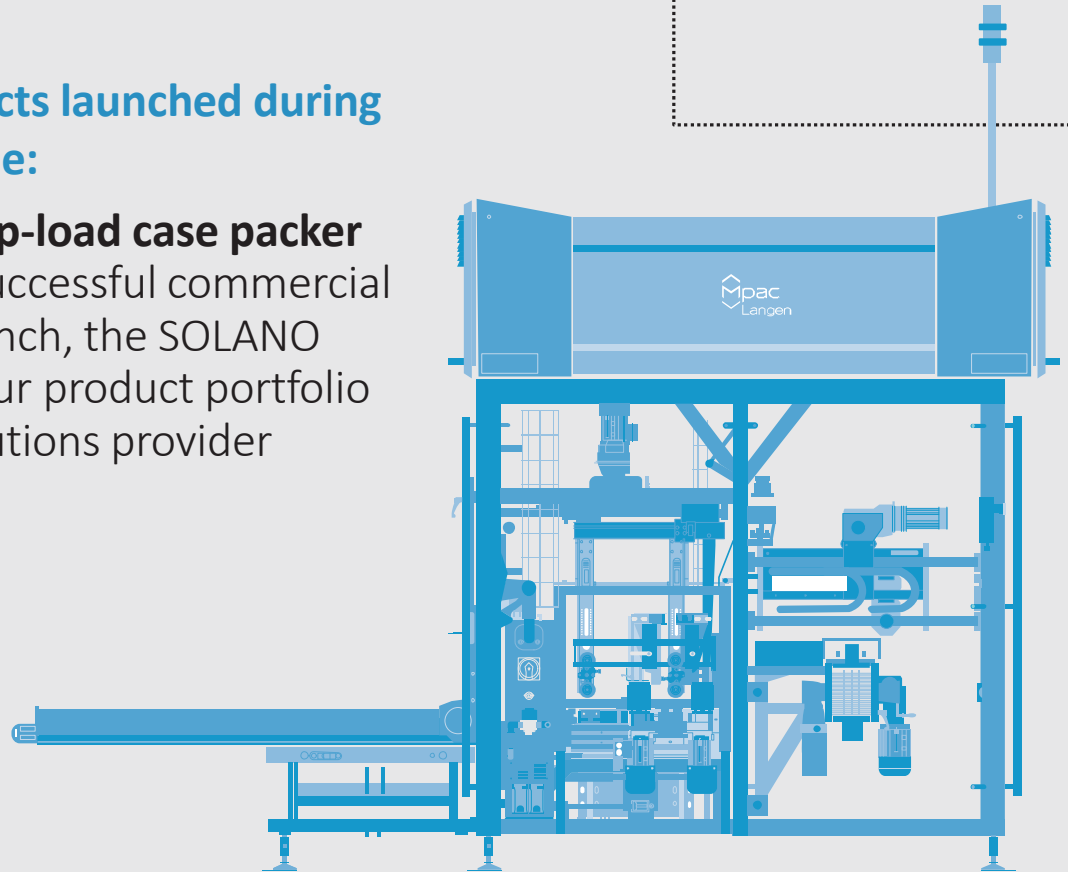
19



New products launched during 2018 include:

SOLANO top-load case packer

Our most successful commercial product launch, the SOLANO enhances our product portfolio as a full solutions provider

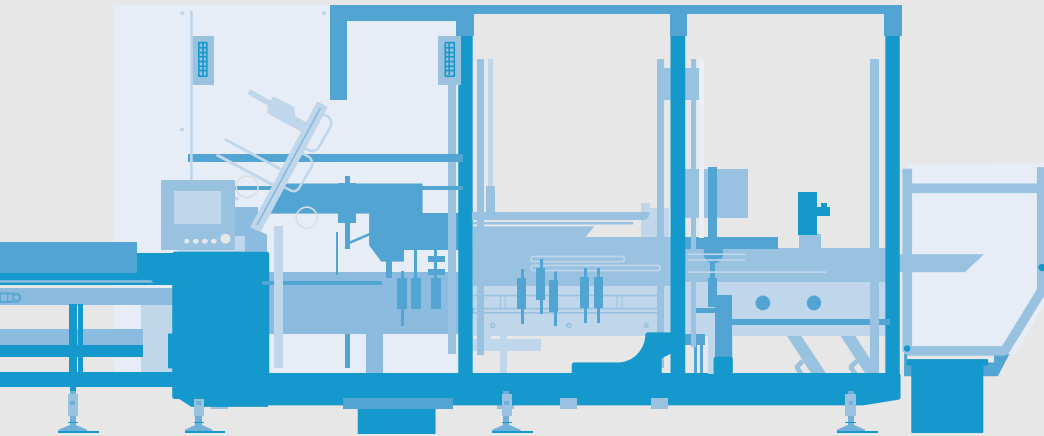


MAESTRO-i index cartoner

Future proofing intermittent speed cartoning solutions, offering our customers flexible packaging solutions capable of handling multiple SKU's from a standard single machine

2018 innovation highlights

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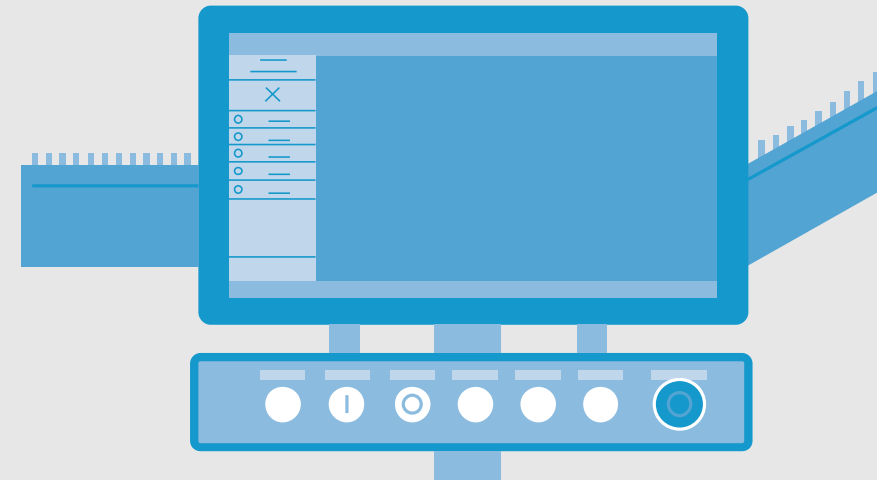
VENTO-i high speed cartoner

Based upon the unique high speed VENTO, the VENTO-i offers small footprint, hygienic features, great accessibility and flexibility



Human Machine Interface

Providing customers with a common technology platform to optimise efficiency and productivity



Developing our Brand and making an iMpacT



Developing our Brand and making an iMpacT

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» Our Goals

- Building our brand and developing our people
- Developing new technology and products and forming closer relationships with our customers
- Strategic partner adding long term value to our customers



» Completed roll out of rebranding across the Group



Dedicated global brand marketing identity

» Next steps 2019

- New website and content for HY1
- Integration of marketing to product development strategy
- Showcase cartoner 4.0 and new case packer at Las Vegas Show



Digital marketing and social media strategy



Presenting the new brand identity at industry exhibitions

Strategic update

Strategic priorities

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During 2018

- Innovation and New Product launches
 - New customer acquisition
 - Re-branding completed
 - Pipeline management
-
- Regional service management and footprint
 - Promote contractual agreements
 - Focused operational excellence
 - Recruitment and training of key resources
-
- Global supply chain
 - Engineering platform progressing
 - Common Project Management processes
 - Cross business project collaboration

Future plans

- New customer acquisition
 - Sales coaching and performance management
 - Product development roadmap
 - Full and cross solution selling
-
- Upgrade programmes
 - Promote contractual agreements
 - Develop rental stream
 - Leverage installed base
-
- Flexible Project Management resource
 - Phased ERP launch
 - Supply chain efficiency
 - Talent development and retention

Functional Excellence and Cross Functional Alignment

Global leader in “Make, Pack, Monitor, Service” high-speed packaging solutions



Growth

Improved customer performance



Service as a Business

Improved operational performance



Operational Efficiency

Improved returns and cash generation

Target 10% organic growth and improved ROS over medium term



Transforming our business performance

Strategic update

Outlook

25

- One Mpac business model and global coverage competitive advantage
- Customer prospects pipeline remains strong
- Record closing order book for execution in 2019
- Innovation roadmap will deliver further new products to be commercialised in 2019
- Foundations for Service growth beginning to materialise
- Focus remains on organic growth
- Acquisition search continues
- 2018 closing order book and order intake in early 2019 provides a strong foundation - future prospects remain positive





Appendices

Appendices

Income Statement

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	2018 £m	2017 £m
Sales	58.3	53.4
Underlying operating profit*	1.4	1.3
Non-underlying operating loss	(9.0)	3.3
Operating (loss)/profit	(7.6)	4.6
Net Interest receivable/(payable)	0.2	(0.3)
(Loss)/profit before tax	(7.4)	4.3
Taxation	1.4	(1.9)
(Loss)/profit for the period from continuing operations	(6.0)	2.4
Discontinued operations	-	(0.8)
(Loss)/profit for the period	(6.0)	1.6
Underlying EPS*	4.5p	4.2p
Basic EPS*	(30.1)p	8.4p

* before non-underlying items

- Sales increase of 9% over 2017
- Technically challenging contracts cost impact contained
- Underlying operating profit of £1.4m represent an increase of 8% over 2017
- Non underlying items of £9.0m include:
 - GMP equalisation charge of £7.3m
 - Pension admin costs £0.9m
 - Re-organisation costs £0.8m
- Non-underlying net financing income of £0.2m is pension related (2017: expense £0.1m)
- Underlying tax charge in The Netherlands (£0.5m)
- Underlying profit for the period £0.9m (2017: 0.8m)

Appendices

Segmental Information

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	2018 £m	2017 £m
Sales		
Original Equipment		
Americas	20.5	16.4
EMEA	20.1	15.8
Asia Pacific	5.6	8.2
Total Original Equipment	46.2	40.4
Service		
Americas	6.4	6.8
EMEA	4.6	4.6
Asia Pacific	1.1	1.6
Total Service	12.1	13.0
Total sales		
Americas	26.9	23.2
EMEA	24.7	20.4
Asia Pacific	6.7	9.8
Total sales by region	58.3	53.4
Gross Profit	14.0	14.5
Selling, Distribution and Admin cost	(12.6)	(13.2)
Underlying operating profit/loss	1.4	1.3

Original Equipment (OE)

- OE sales increase 14% over 2017 level
- Americas sales increase 25%
- EMEA sales increase 27%

Services

- Bedding in of new management team affected service business growth

Sales by Sector

- Sales to Healthcare market increased by 13%
- Sales to Food and Beverage market increased by 15%

Appendices

Cash Flows

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	2018 £m	2017 £m
Cash flows from operating activities	(0.9)	(2.1)
Cash flows from investing activities	(1.2)	5.1
Cash flows from financing activities	(0.1)	(7.3)
Cash flows from discontinued operations	-	25.6
Net cash flows	(2.2)	21.3
Opening net funds	30.3	8.7
Exchange	(0.2)	0.3
Closing net funds	27.9	30.3

- Cash flows from operating activities in 2018 include:
 - £1.9m working capital decrease
 - £3.0m of pension payments
 - Re-organisation costs paid of £1.0m
- Cash flows from investing activities include:
 - Capex of £1.4m primarily related to the new Canadian building and product development

Appendices

Working Capital

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	2018 £m	2017 £m
(Increase)/decrease in inventories	1.7	0.7
(Increase)/decrease in contract assets	(1.3)	-
(Increase)/decrease in trade receivables	(1.3)	(6.4)
Increase/(decrease) in trade payable	(1.4)	3.1
Increase/(decrease) in provisions	0.1	(0.1)
Increase/(decrease) in contract liabilities	4.1	-
Net working capital (increase)/decrease	1.9	(2.7)

- Transfer of inventories to contract assets in 2018
- Tight management of working capital
- Strong order intake growth in second half of the year with accompanying deposits has improved working capital position
- IFRS 15 disclosure of contract balances in 2018

Appendices

Balance Sheet

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	2018 £m	2017 £m
Intangible assets: Product Development	1.0	0.9
Investment property	0.8	0.8
Property, plant & equipment	4.4	4.0
Net working capital (excl. pension & tax)	(1.7)	1.2
Pension schemes (after tax)	7.1	7.7
Current and deferred tax (excl. pensions)	2.0	(1.2)
Net cash/(debt)	27.0	29.4
Equity	40.6	42.8

- UK pension scheme surplus increase as a result of the movement in the discount rate. (2.7% v Dec 2017: 2.6%)
- Main equity movements include the following:
 - £6.0m retained loss for the period
 - £5.4m net actuarial gains
 - £0.6m unfavourable translation reserve movement
 - £1.0m unfavourable movement in hedging reserve



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