

# Smart thinking, innovative solutions

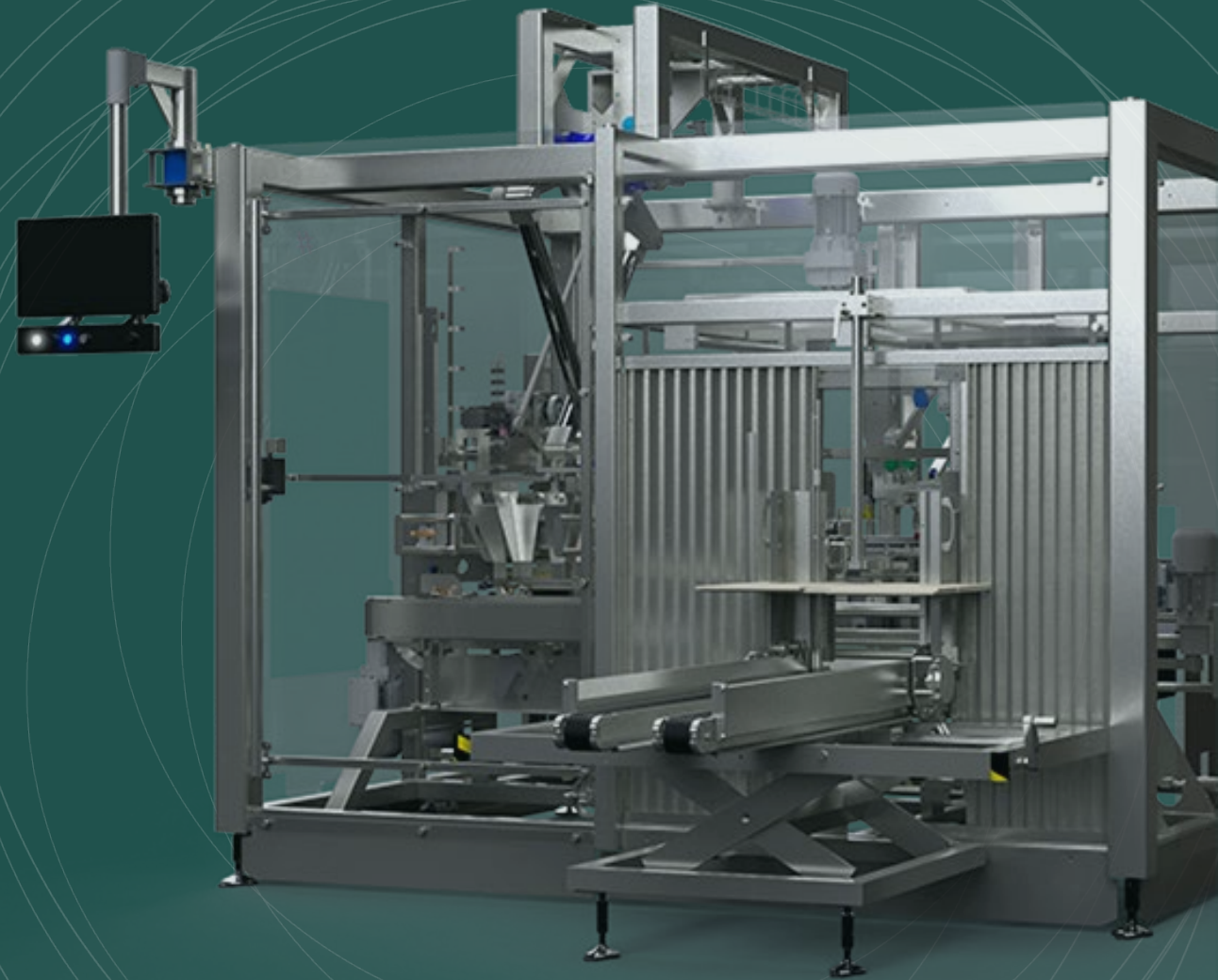
We create faster, more efficient  
automation and packaging systems



# Agenda



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# About Mpac



## Who we are and what we do



**Since joining the Group, I have said on many occasions that Mpac is defined by Mpac people. I have been impressed by the capability and dedication of Mpac people to serve our customers and to deliver on our commitments.**

**ADAM HOLLAND** CHIEF EXECUTIVE

Adam is a Chartered Engineer and Chartered Physicist, with a Masters degree in Natural Sciences from the University of Cambridge. Adam previously held a number of senior executive and company director positions in global engineering and technology companies including JCB, Siemens and Rolls-Royce plc, and in the Space and Defence sector at AEA Technology plc.



**The Group delivered on its expectations to report record order intake, a 17% revenue increase and a doubling of pre-tax profit, all whilst reducing the 2022 investment in working capital.**

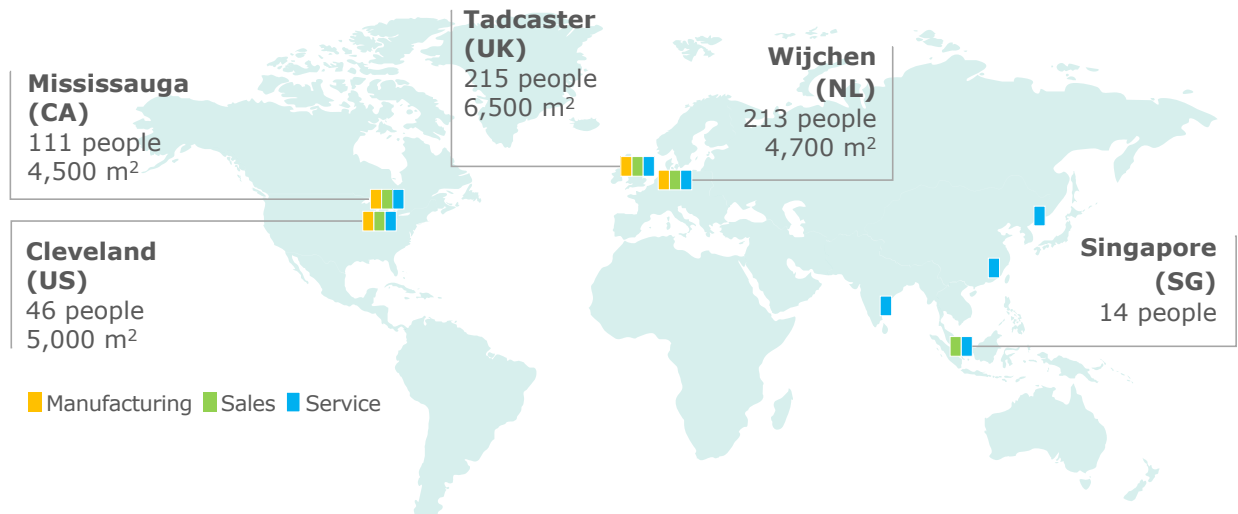
**WILL WILKINS** GROUP FINANCE DIRECTOR

Will is a Chartered Certified Accountant and, prior to his appointment, held a variety of senior positions within the Company, including Group Financial Controller, Group Operations Director and Senior Project Director. He previously held a senior financial position at BSH Home Appliances and began his career at Grant Thornton.





# Mpac: creating & servicing superior automation and packaging machines globally

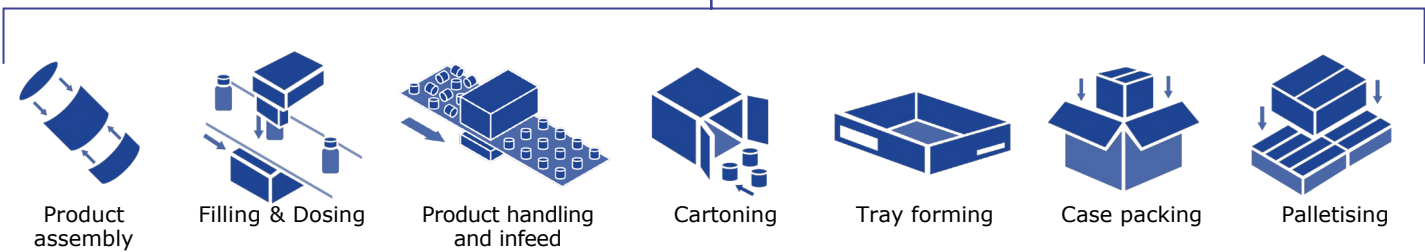


*Original Equipment (OE) manufacturing combined with compelling service offerings*

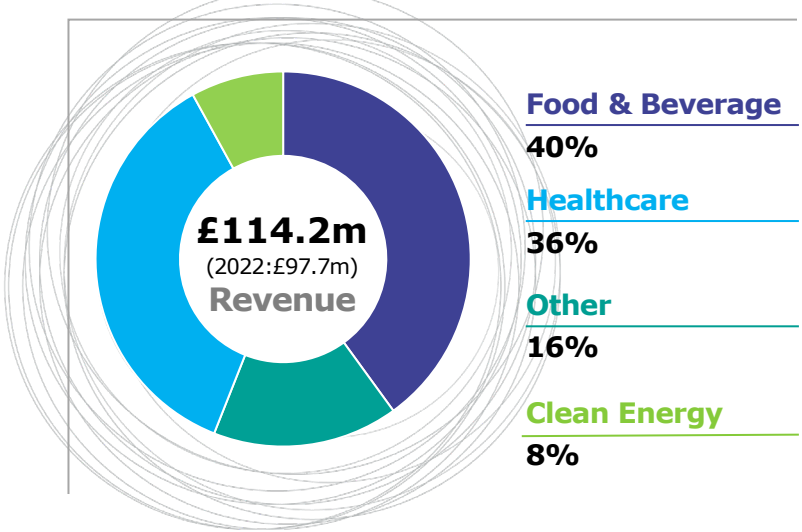
**LAMBERT**  
PRODUCT LINE

**LANGEN**  
PRODUCT LINE

**SWITCHBACK**  
PRODUCT LINE



**Sales by Sector (%)**



**4,000**

Machines in service

**4**

Innovation centres

**4**

Global manufacturing facilities

**330**

Global engineers & designers

**80**

Countries served

**8**

Customer service hubs



## Mpac: A business model which wins and retains customers

**“We channel limitless ingenuity to create and optimise whole line manufacturing ecosystems. With many parts, in many countries, our world-class productivity helps our clients achieve more with less.”**

### Consult

Early customer engagement and buy-in using Mpac’s extensive know how and knowledge

### Design and build

Produce equipment which fulfils the customer’s needs and potential future needs

### Install

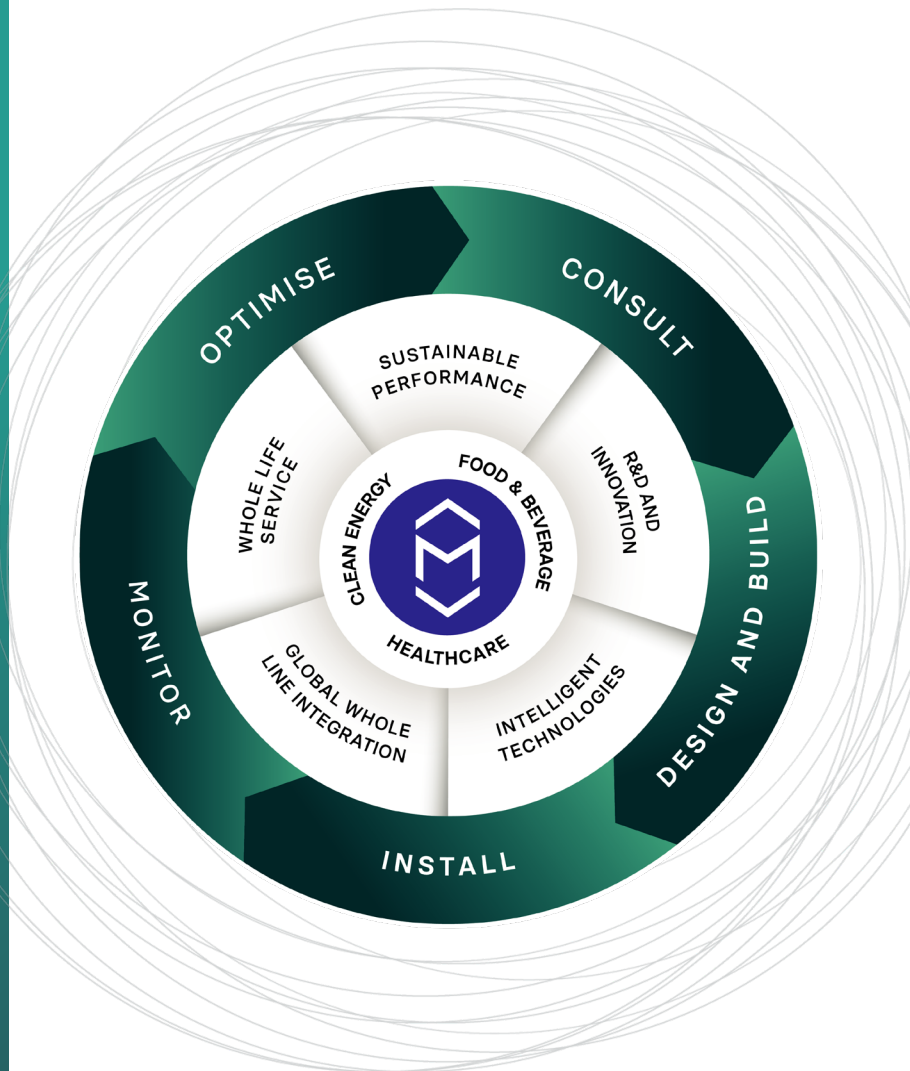
Support rapid ramp up of the new equipment to reach full productivity with effective training reducing start up costs

### Monitor

Expertise to connect to control systems to provide a complete review of equipment performance

### Optimise

Ensure equipment stays up-to-date with the latest modernisations and automation upgrades







# Mpac: operating in highly attractive markets with significant growth opportunities

Attractive Market	
Huge addressable market	Significant opportunities for growth
Competition is fragmented	Acquisition and organic opportunities
Reliability and efficiency is key to customer profitability	Engineering led and superior offering
Barriers to entry	Best in class people and accumulation of know how within the business

Growth Opportunities		
Product category	Solutions	Market value
Packaging Machinery	<ul style="list-style-type: none"><li>&gt; Personal healthcare</li><li>&gt; Contact lens</li><li>&gt; Point of use drug delivery</li></ul>	\$49.7bn*
Cartoning and case handling	<ul style="list-style-type: none"><li>&gt; Beverage</li><li>&gt; Cereals</li><li>&gt; Frozen foods</li><li>&gt; Tissues</li></ul>	\$10.0bn*
Clean Energy	<ul style="list-style-type: none"><li>&gt; Electric vehicles</li><li>&gt; Energy storage systems</li><li>&gt; IT and other devices</li></ul>	\$7.0bn**

\*PMMI – Sept 2022

\*\* Roland Berger 2020

The world is becoming more automated





# Mpac: has an attractive investment proposition to achieve a 5 year growth strategy

## Growth opportunities

- > F&B and Healthcare markets offer compelling growth opportunities
- > Exciting opportunities in Clean Energy market
- > Market share growth across all verticals

**\$49.7bn**

Packaging machinery  
market value

**\$10.0bn**

Cartoning and case  
handling market value

**\$7.0bn**

Clean energy  
market value

## High quality earnings

- > Strong growth in high margin recurring service business
- > Increase % of revenue attributable to Service
- > Diverse project pipeline and revenue streams

Order book

**£72.5m**

(2022: £67.2m)

Order intake

**£118.5m**

(2022: £83.8m)

Service revenue

**£31.8m**

(2022: £23.1m)

## High barriers to entry

- > Deep technical engineering embeds customer relationships
- > Post-installation customer support
- > Exciting innovation roadmap opening up new market opportunities

Technical Hours\*

**383,000**

(2022: 295,000)

Technical staff\*

**330**

(2022: 272)

Service revenue %  
total revenue

**28%**

(2022: 24%)

## Capital light business

- > Capital light growth strategy
- > Strong balance sheet and £20m committed facility to fund future growth
- > Prior expansion of working capital unwound

Net cash

**£2.1m**

(2022: net borrowings  
£4.7m)

Working capital

**£13.2m**

(2022: £16.9m)

Capital

**£2.6m**

(2022: £2.4m)



## Mpac: Successfully broadening our strategic key accounts

**78**

OE orders won with  
78 different customers

**>37%**

By value, >37% OE orders  
won with new customers

**£12m**

New customers included  
£12m of orders with 7 new  
strategic accounts





## Case study: New strategic key account

### Significant new client win in 2023

Global blue chip business, headquartered in the UK

- > Revenues of £14.6bn across three key sectors: hygiene, health and nutrition
- > Mpac supplied a combined Maestro cartoner and Alisio case packer, incorporating many technologies, such as checkweigher, spoon feeder and complex conveyor systems

**c.40,000**

Global personnel

**c.30m**

Products sold daily

**68**

Countries operating

**£14.6bn**

Revenue FY2023



Alisio case packer



Maestro cartoner







# Case study: Technical bandwidth 2023

At Mpac, we attract and retain our highly skilled, technical workforce by fostering an environment of continuous innovation, where creativity meets opportunity.

Mississauga (CA)	2023
Technical Staff	62
Technical Hours	74,000

Cleveland (USA)	2023
Technical Staff	15
Technical Hours	12,000

Tadcaster (UK)	H1 2023	H2 2023	FY 2023
Technical Staff	97	118	118
Technical Hours	52,000	76,000	128,000

Wijchen (NL)	2023
Technical Staff	123
Technical Hours	156,000

Singapore (SG)	2023
Technical Staff	12
Technical Hours	13,000

**63%**  
of employees are  
technical staff  
2023

**100%**  
Growth in USA  
Service team  
2022 to 2023

"We invest in our team's growth through tailored development programs and unique on-the job experiences, we celebrate diverse thinking, and ensure our engineers are at the forefront of technological advancements. Our commitment to personal and professional growth, coupled with our collaborative culture, makes Mpac not just a workplace, but a place where engineering careers thrive."

Tammy Bristow,  
Mpac Group HR Director





# 2023 results





## Financial review: 2023 full year highlights

**£118.5m**

**Order intake**  
**+41.4%** (2022: £83.8m)

**£7.1m**

**Underlying profit before tax**  
**+102.9%** (2022: £3.5m)

**£114.2m**

**Revenue**  
**+16.9%** (2022: £97.7m)

**26.2p**

**Underlying EPS**  
**+97%** (2022: 13.3p)

**£72.5m**

**Order book**  
**+7.9%** (2022: £67.2m)

**£2.1m**

**Net Cash**  
(2022: net debt £4.7m)

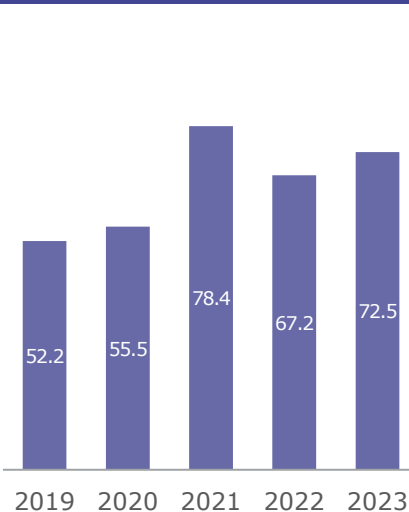
**27.7%**

**Gross profit margin**  
**+2.7%** (2022: 25.0%)

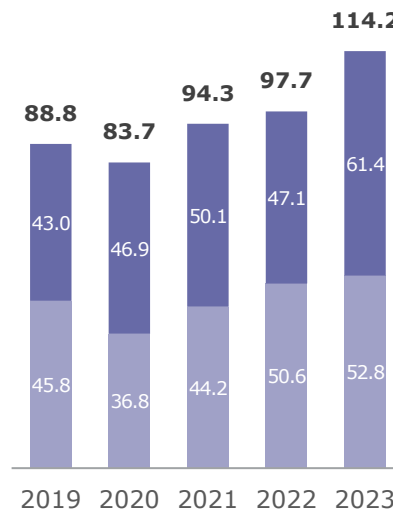
**£13.2m**

**Working Capital**  
**-22%** (2022: £16.9m)

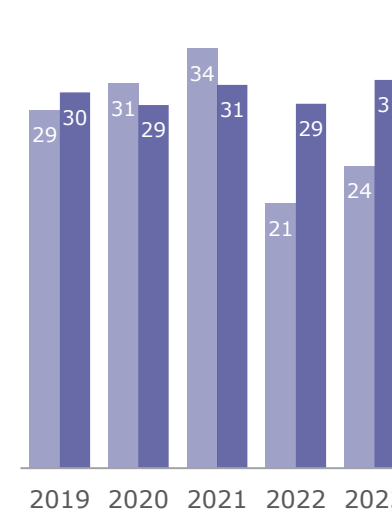
Order book (£m)



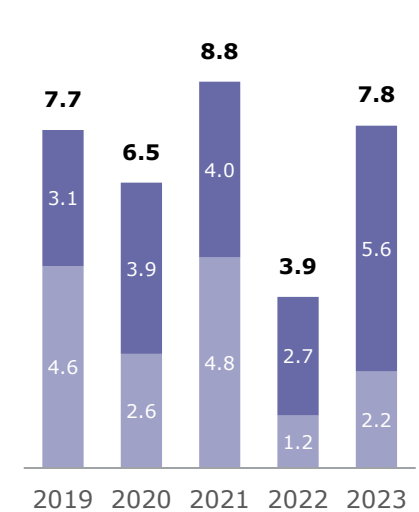
Revenue (£m)



Gross profit margin (%)



Underlying operating profit (£m)



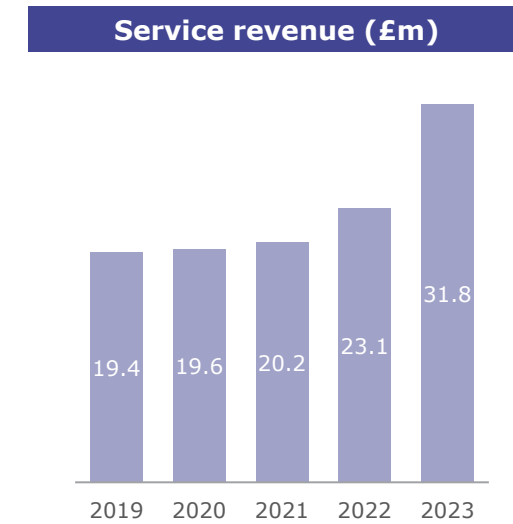
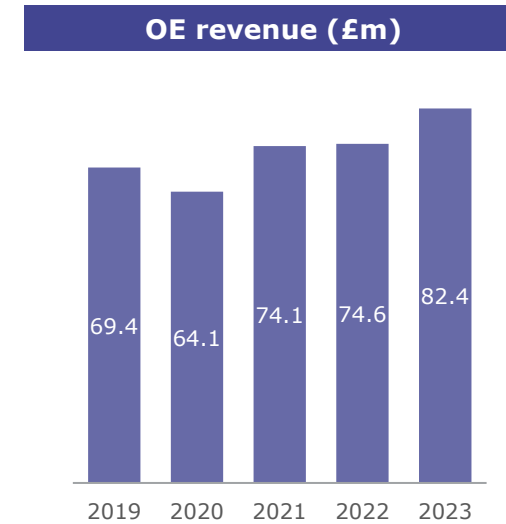
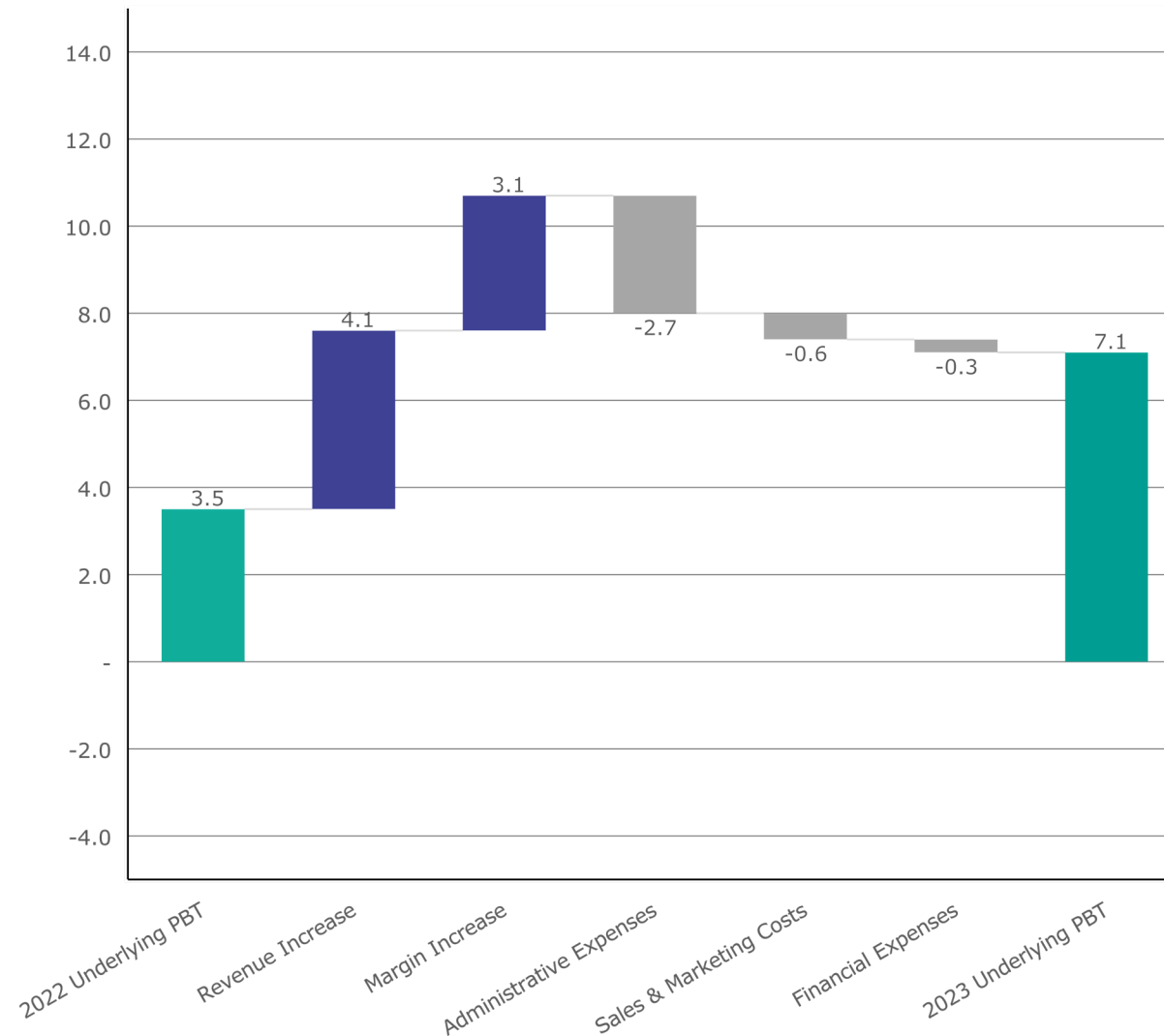
H1 H2





# Financial review: Group Income Statement (£m)

For the period to 31 December 2023



	31.12.2023 (£m)	31.12.2022 (£m)
<b>Underlying Profit Before Tax</b>	<b>7.1</b>	<b>3.5</b>
Restructuring and Acquisition Costs	(1.2)	(0.9)
Defined Benefit Pension Scheme Administration Costs	(1.1)	(1.4)
Defined Benefit Pension Scheme Interest Income	1.5	0.6
Amortisation of Acquired Intangible Assets	(1.6)	(1.6)
<b>Profit Before Tax</b>	<b>4.7</b>	<b>0.2</b>



## Financial review: Balance sheet

For the period to 31 December 2023

	31.12.2023 (£m)	31.12.2022 (£m)	Change
Non-current assets	67.9	68.0	0%
Inventories	11.1	9.6	16%
Trade & other receivables	47.9	47.9	0%
Cash	11.0	4.2	162%
Current Assets	70.0	61.7	13%
Trade & other payables	(46.9)	(41.5)	-13%
Interest bearing loans	(8.0)	(8.0)	0%
Current Liabilities	(54.9)	(49.5)	-11%
Net current assets	15.1	12.2	24%
Total assets less current liabilities	83.0	80.2	3%
<b>Net assets</b>	<b>64.0</b>	<b>62.2</b>	<b>3%</b>

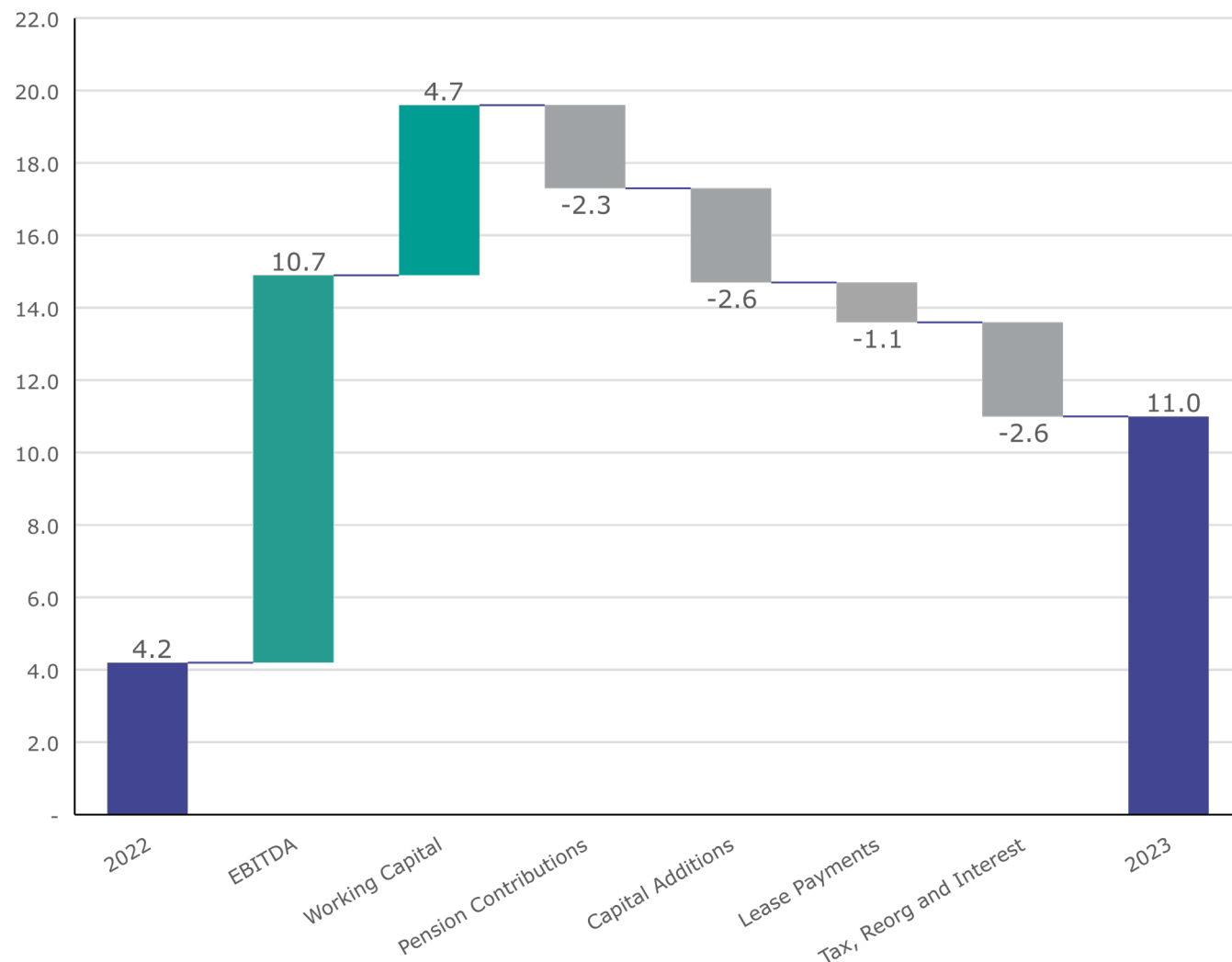
### Commentary

- > Non-current assets include £24.0m of Intangible assets, £10.8m of Tangible fixed assets, £32.2m of Pension assets and a £0.9m Deferred tax asset
- > Net pension assets of £30.4m, despite the continuing volatility in 2023, the schemes 'Liability Driven Investments' ensured the surplus was protected
- > Inventory level reflects increase in revenue from spare parts and OE projects
- > Trade & other receivables of £47.9m includes £18.2m of contract assets (2022: £20.2m) & £18.0m of Trade debtors (2022: £17.7m)
- > Trade and other payables of £46.9m includes £17.5m of contract liabilities (2022: £14.5m) and £17.4m of trade creditors (2022: £15.3m)
- > £8.0m (2022: £8.0m) of short-term interest-bearing borrowings from the Revolving Credit Facility drawn
- > Net cash of £2.1m compared to net debt of £4.7m at 31 December 2022



## Financial review: 2023 full year cash bridge (£m)

For the period to 31 December 2023



### Commentary

- > 2023 delivered a significant increase in order intake and machine deliveries, the timing of which had a positive impact on working capital movements
- > £20m borrowing facility entered into in July 2022 committed until June 2025
- > Capital additions focused on development of new products and Mpac digital service offerings alongside a refurbishment of the Tadcaster site
- > Strong balance sheet with sufficient liquidity to support the strategic initiatives and to drive growth

	2023 £m	2022 £m
<b>Working capital cashflow</b>		
Inventories	(1.7)	(3.7)
Trade debtors	(0.3)	(6.3)
Trade creditors/Contract balances	6.8	(8.2)
Provision	(0.1)	0.5
<b>Total</b>	<b>4.7</b>	<b>(17.7)</b>



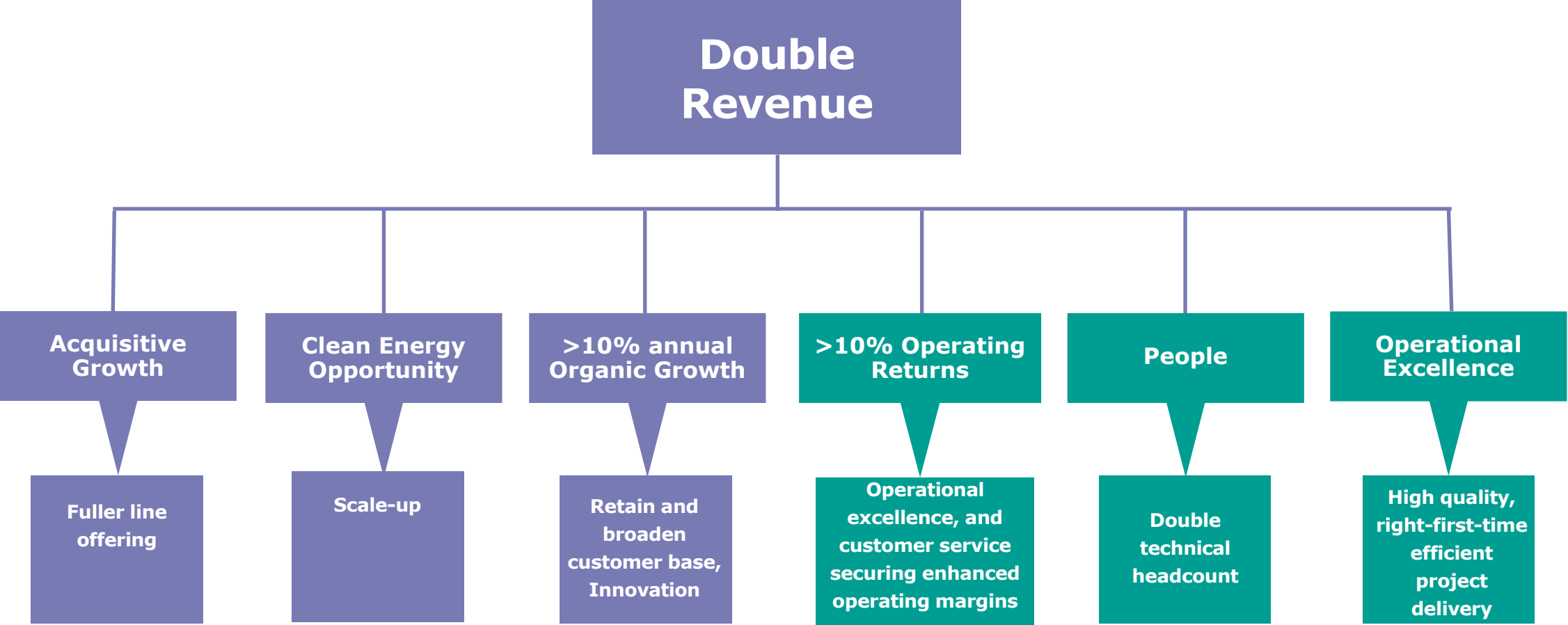


# Ambition and Strategy





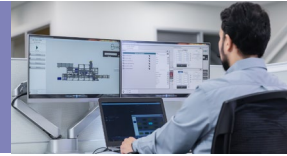
# Mpac: Five Year Ambition





# Mpac: progress on Group strategy 2023

## Going for growth



- > 41% increase in order intake
- > 7 new global blue chip customers relationships in target sectors
- > 37% of OE orders from new customers

## Outstanding customer service



- > Significant expansion of field service capacity in the Americas
- > 38% growth in Service revenue, now 28% of Group revenue
- > OTIF Lambert spares increased to 91% (2022: 64%)

## Innovation



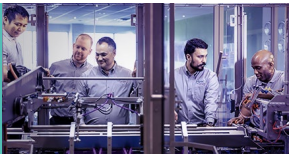
- > Development of process solutions for clean energy battery cell assembly line
- > New five-year product roadmap launched, setting out Group priorities to deliver growth
- > Launch of top load cartoner development

## People



- > 30% increase in technical hours
- > Expansion of senior leadership team including Commercial, Operational, Service and HR appointments
- > Year 2 cohort graduated the Mpac Leadership Academy

## Operational excellence



- > 3% gross margin increase from revenue in F&B and Healthcare sectors
- > Deployment of Mpac ERP and business systems blueprint at Cleveland site
- > Reduction in lead times quoted for Switchback products from 37 to 22 weeks





## Case study: Clean energy

During 2023, Mpac supported both FREYR and Ilika in delivering several key milestones.

# FREYR

**2023**  
March

Mpac successfully installs system within CQP facility ahead of Freyr's Chapter One opening event in Mo i Rana Norway

**2023**  
June

Mpac and Freyr begin collaboration on their US Gigafactory pre-engineering whilst continuing support for Norwegian projects

**2023**  
October

Interim milestone of automatic electrode casting with solvent slurry at the CQP facility with representatives from Nidec Corporation present

**2024**

**Automated production expected in H1 2024**

**Detailed system design, machine build and commissioning to be completed in 2024**

**2024**

# ilika



**2023**  
October

Mpac, Ilika and the UK Battery Industrialisation Centre announce £2.7m partnership for industrialisation of solid-state battery technology for electric vehicles

**2023**  
December

Mpac successfully completes Proof of Principle work, a key engineering milestone

***"Following the official opening of the FREYR CQP facility in Mo i Rana, we look forward to progressing our relationship with Mpac and work together to meet our ambitions for speed and scale in producing clean and sustainable battery solutions."*** Einar Kilde, EVP Project Execution FREYR





# Summary & Outlook



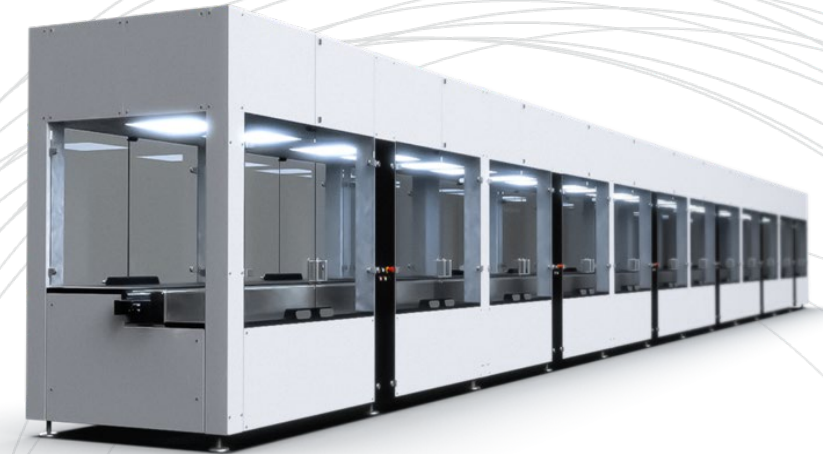
# Summary 2023 and Outlook

## 2023 highlights

- > Strong financial performance, returning the Group to revenue and profit growth, and positive net cash
- > Good progress broadening the Group customer base, including new global strategic accounts with potential for future orders over many years
- > Significant growth in Services, now representing 28% of Group revenue, increased from 24% prior year
- > Leadership team strengthened across the globe
- > Clean Energy sector continues to develop well, installing Freyr Customer Qualification Plant in Norway, starting pre-engineering work for Freyr's Giga America and for Ilika's SiSTEM pilot line in the UK
- > New five-year product roadmap launched, setting out the Group priorities for innovation to deliver future growth

## 2024 outlook

- > The Group has started 2024 positively and trading is in line with expectations
- > We have a healthy and diverse pipeline of prospects which means we are well positioned for the year ahead



### Order intake

**£118.5m**

(2022: £83.8m)

### Revenue

**£114.2m**

(2022: £97.7m)

### Underlying PBT

**£7.1m**

(2022: £3.5m)

### Underlying EPS

**26.2p**

(2022: 13.3p)



# Appendices





# Financial review: Group income statement

For the year to 31 December 2023

	2023 (£m)	2022 (£m)	Change
<b>Revenue</b>	<b>114.2</b>	97.7	<b>16.9%</b>
– Original Equipment	82.4	74.6	10.5%
– Services	31.8	23.1	37.7%
<b>Gross profit</b>	<b>31.6</b>	24.4	<b>29.5%</b>
Gross profit margin	27.7%	25.0%	
Selling, marketing and distribution costs	(8.8)	(8.1)	
Administration expenses	(14.6)	(11.9)	
Other operating expenses	(0.4)	(0.5)	
<b>Underlying operating profit</b>	<b>7.8</b>	3.9	<b>100%</b>
Underlying operating profit margin	6.8%	4.0%	
Net financing expense	(0.7)	(0.4)	
Non-underlying items	(2.4)	(3.3)	
Taxation	(2.0)	(0.6)	
Profit/(loss) after tax for the period	2.7	(0.4)	
Basic earnings/(loss) per share	13.1p	(2.2)p	
<b>Underlying earnings per share</b>	<b>26.2p</b>	13.3p	<b>97.0%</b>

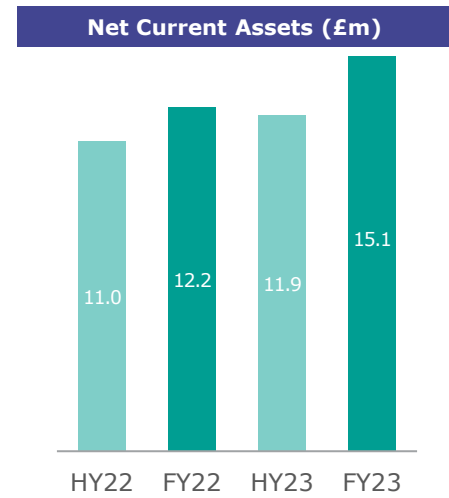
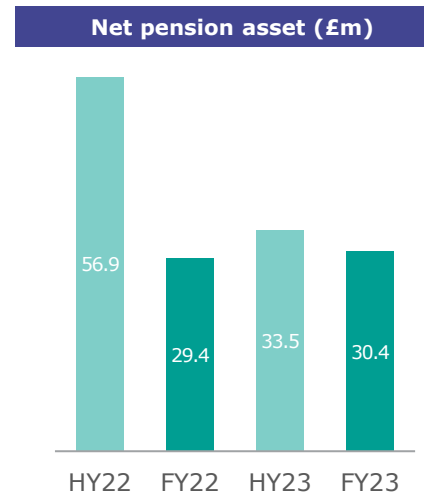
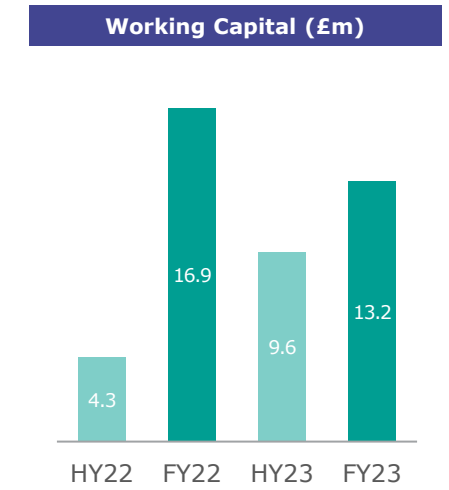
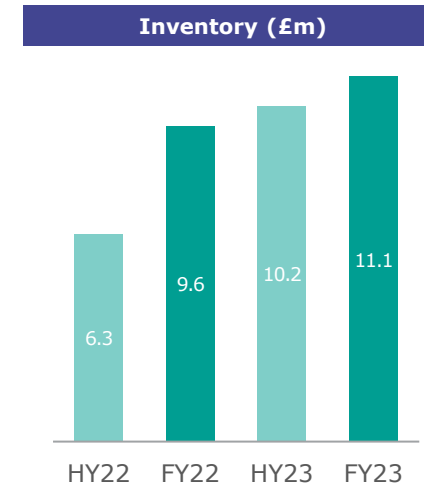
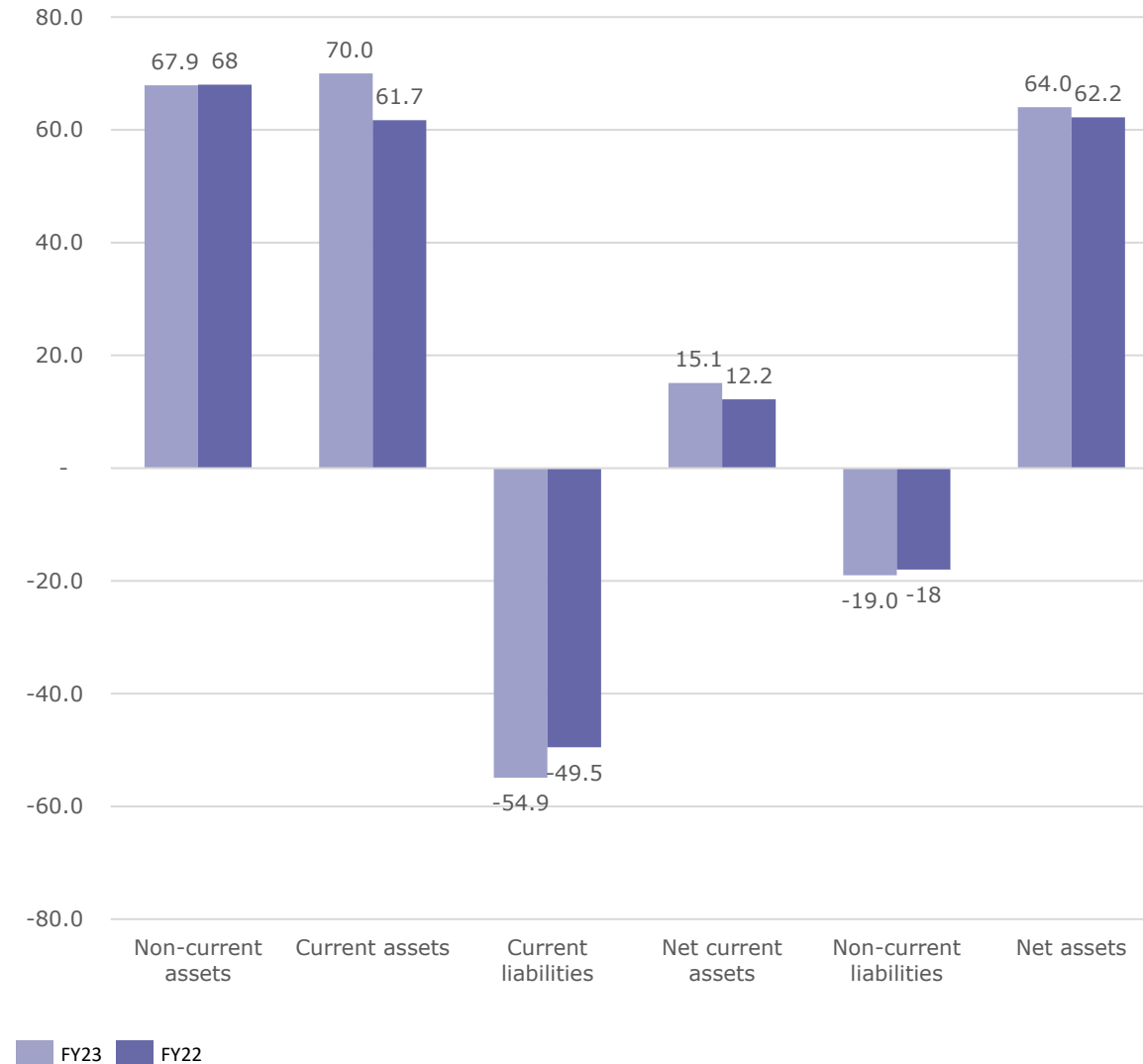
## Commentary

- > OE revenue growth driven by the Healthcare sector across the EMEA & Americas regions
- > Service revenue grew in all regions, most notably the Americas, sector growth was driven by Food & Beverage and Clean Energy.
- > Gross profit margins continued to recover in H2 2023, where a 31% margin was achieved, mainly due to the mix of active projects and continued recovery from the 2022 supply chain disruption
- > Underlying operating margin of 6.8% (2022: 4.0%)
- > Non-underlying items include Amortisation of Intangible Assets (£1.6m), Defined Benefit Pension Scheme credit (£0.4m) and Reorganisation & Acquisition costs (£1.2m)



# Financial review: Group Balance Sheet (£m)

For the year to 31 December 2023





# 2023 Pension scheme

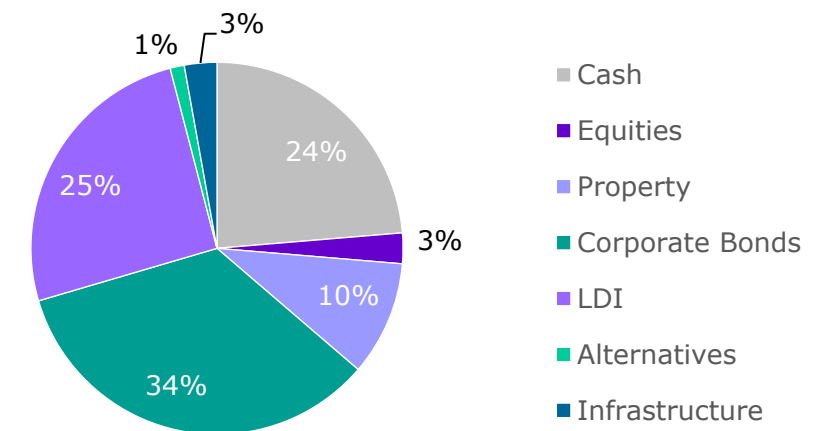
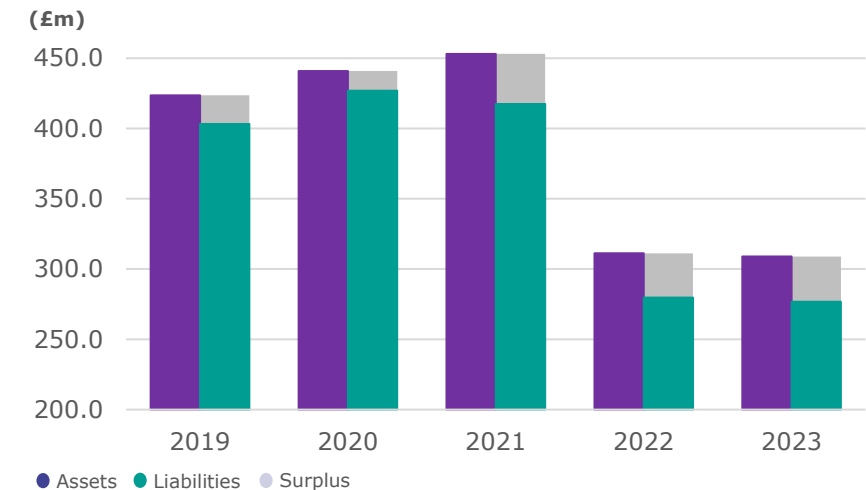
## UK scheme

- > Accounting surplus £32.2m (2022: £31.5m)
- > Scheme surplus remained stable in the face of the continuing volatility in 2023, with the increase driven by increasing discount rates, partially offset by increasing inflation assumptions.
- > Liability matching programme continued to protect the scheme from excess volatility - scheme remains ~100% hedged against liability inflation risk and discount rates
- > Scheme strategy continues to be executed, proving resilient despite falling real asset values in property and infrastructure.

## Strategy

- > Funding level increased to ~102% based upon June 21 valuation assumptions
- > Recovery period runs until December 2025
- > Actuarial valuation based on prudent financial assumptions
- > Route to risk transfer embedded in scheme funding agreement
- > Funding agreement includes protections against surplus being trapped in the scheme

## UK Pension Scheme – IAS19 surplus







## Appendices: Summary Share Register

For the year to 31 December 2023

	31 December 2023
Schroder Investment Management	3,600,000
Hargreaves Lansdown, stockbrokers (EO)	2,026,611
Interactive Investor (EO)	1,942,498
Oury Family	1,364,370
Tellworth Investments	1,151,210
Individuals	747,607
Charles Stanley	746,284
Barclays Smart Investor (EO)	672,563
AJ Bell, Stockbrokers (EO)	670,595
River Global Investors	567,075
Other	6,985,611



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We create faster, more efficient  
automated packaging systems

