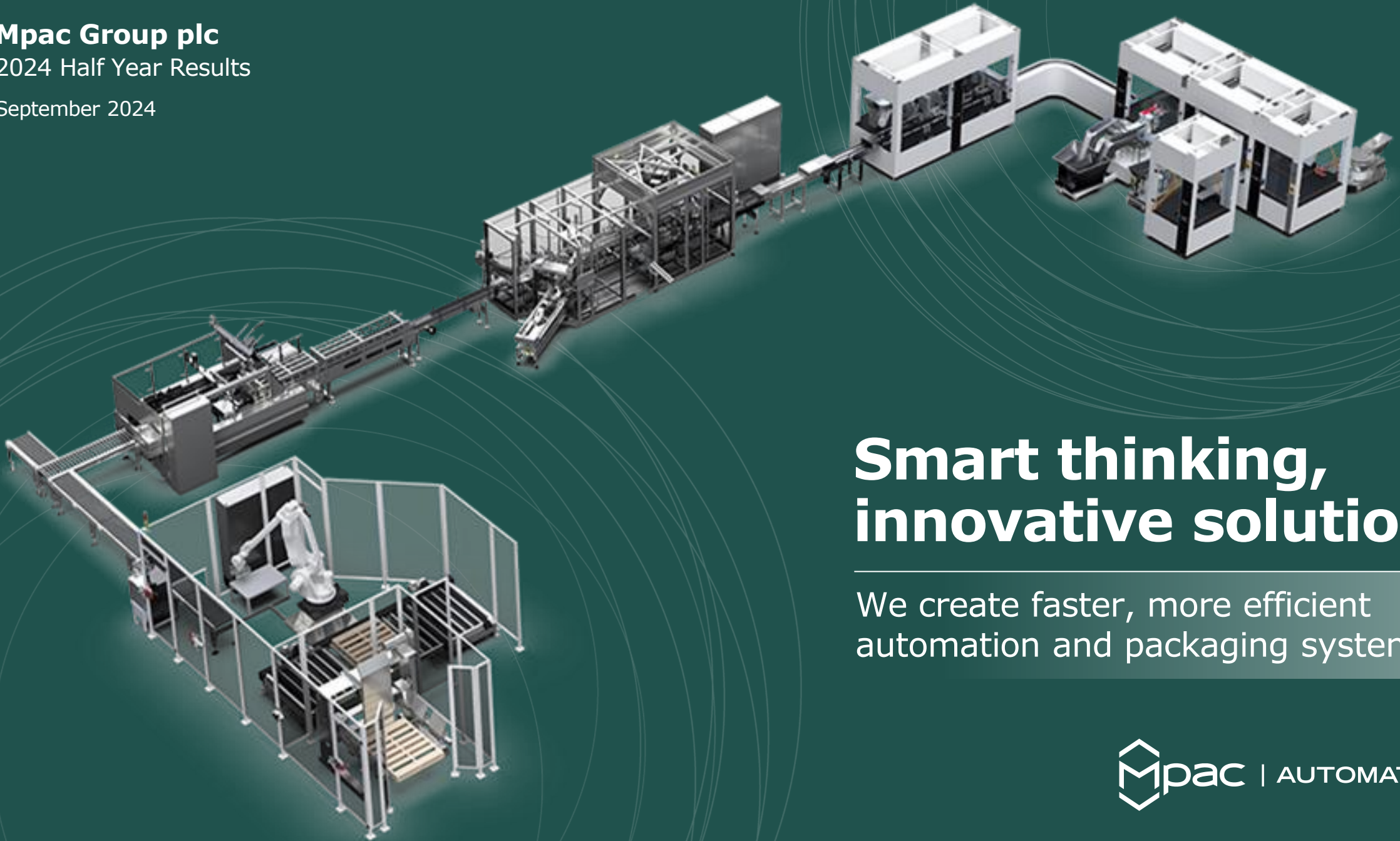


Mpac Group plc
2024 Half Year Results
September 2024



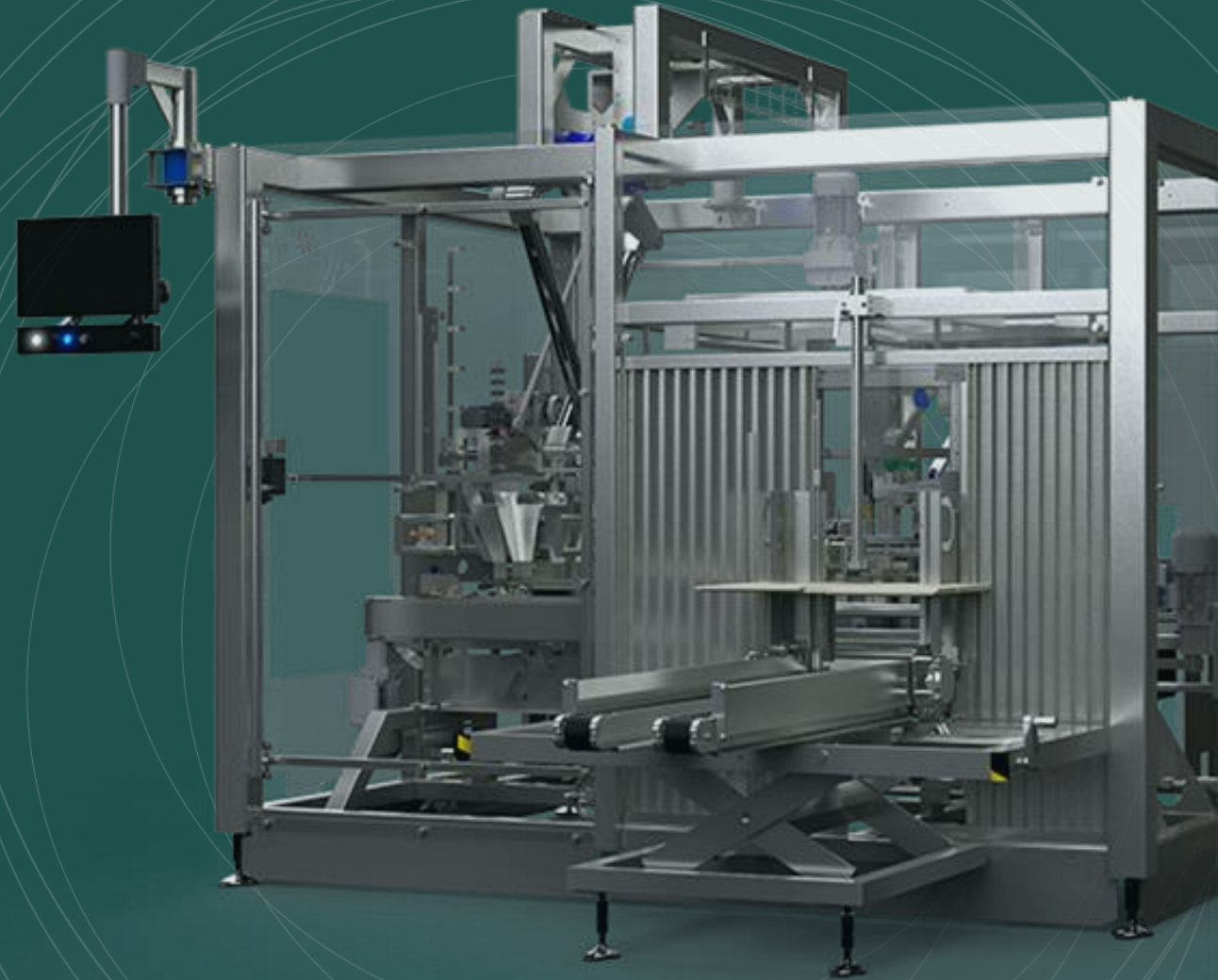
Smart thinking, innovative solutions

We create faster, more efficient
automation and packaging systems

Agenda



- 3 About Mpac
- 11 Financials
- 16 Ambition & Strategy
- 21 Summary & Outlook
- 23 Appendices





About Mpac



Who we are and what we do



The sound foundations and momentum established in 2023 have continued into H1 2024 and I am pleased to be able to report substantial increases in revenue, gross margin and operating returns.

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.



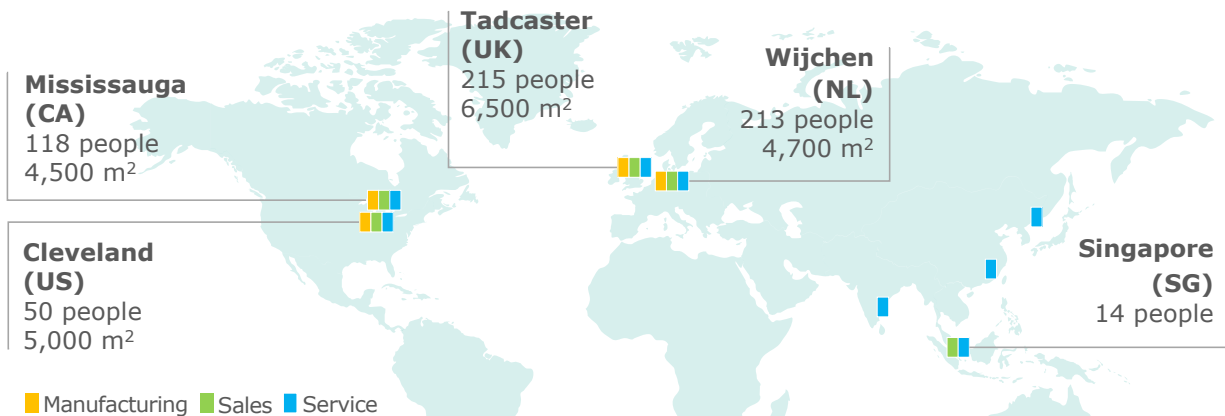
The Group is on track to deliver on its full year forecast. Half year highlights include a 14% revenue increase resulting in an additional £3m of pre-tax profit over HY23, as margins continue to recover and normalise across the Group.

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 LANGEN SWITCHBACK SIGA VISION



Product assembly



Filling & Dosing



Product handling and infeed



Cartoning



Tray forming

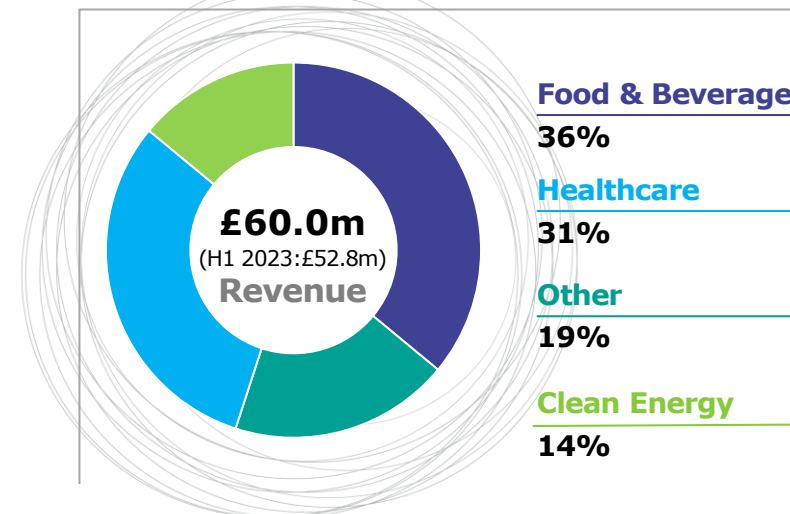


Case packing



Palletising

H1 2024 Sales by Sector (%)



4,000

Machines in service

4

Innovation centres

4

Global manufacturing facilities

349

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

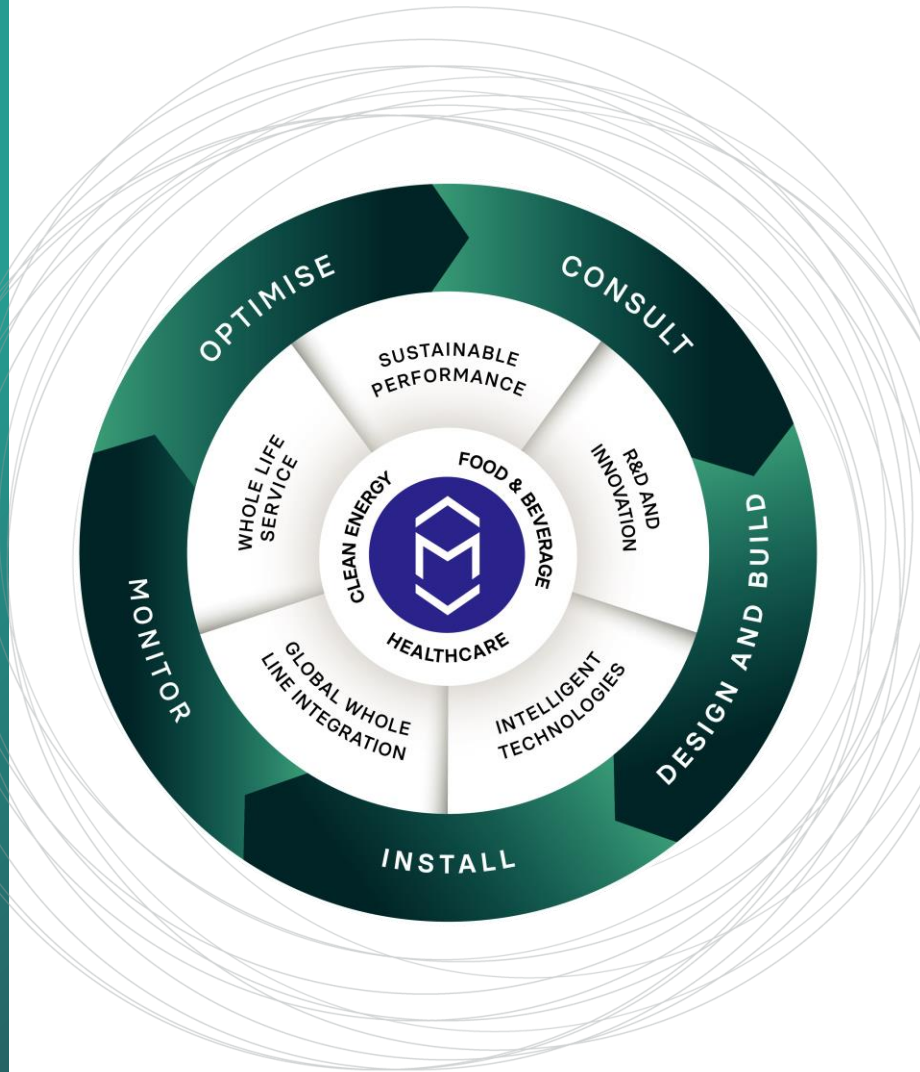
Support rapid ramp up of the new equipment to reach full productivity with effective training reducing start up costs

Monitor

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

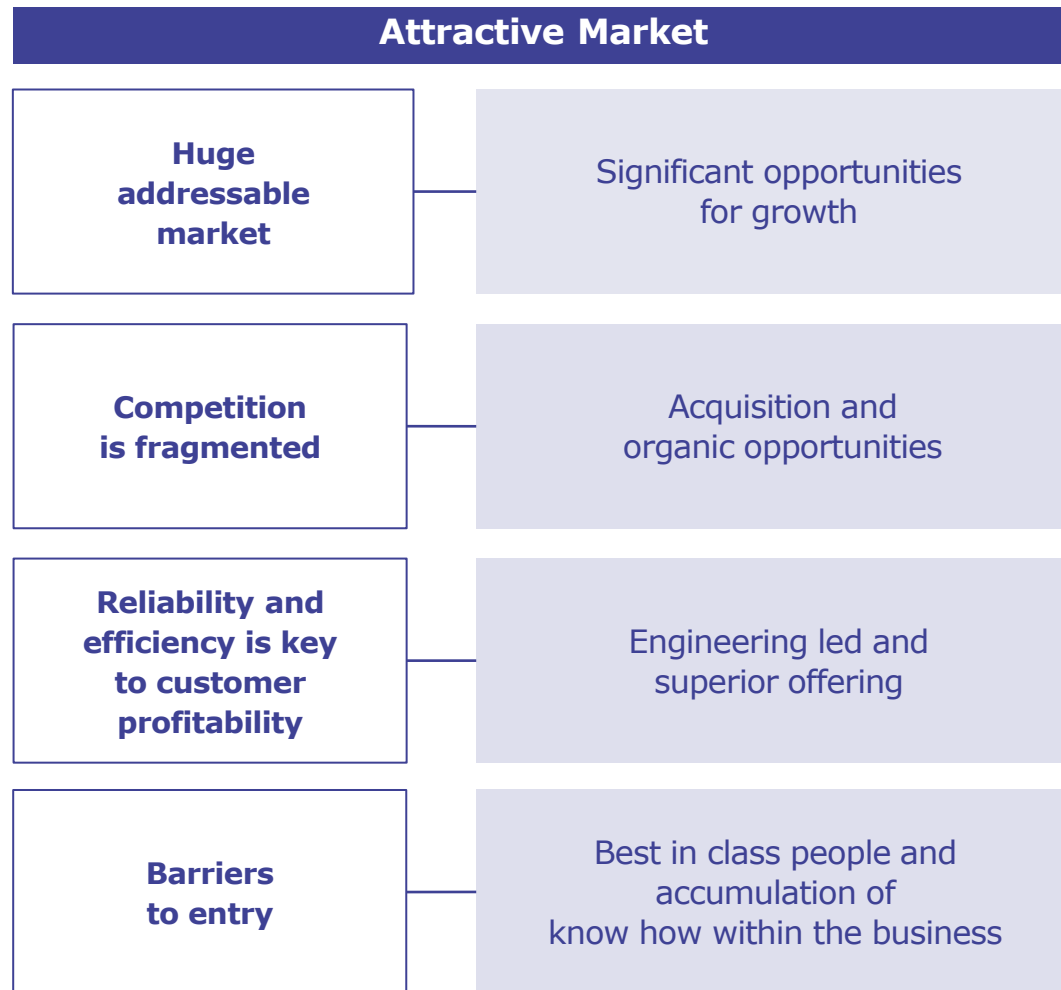
Optimise

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





Mpac: Operating in highly attractive markets with significant growth opportunities



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

*PMMI – Sept 2022

** Roland Berger 2020

The world is becoming more automated



Mpac: 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

\$47.9bn

Packaging machinery market value

\$10.0bn

Cartoning and case handling market value

\$7.0bn

Clean energy market value

High quality earnings

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

Order book

£71.4m

(H1 2023: £77.5m)

Order intake

£59.7m

(H1 2023: £62.4m)

Service revenue

£15.4m

(H1 2023: £15.3m)

High barriers to entry

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

Technical Hours*

148,000

(H1 2023: 122,000)

Technical staff*

349

(H1 2023: 287)

Service revenue % total revenue

25.7%

(H1 2023: 28.9%)

Capital light business

- > Capital light growth strategy
- > Strong balance sheet and £20m committed facility to fund future growth
- > Working capital growth expected to unwind as projects complete

Net debt

£4.9m

(FY 2023: net cash £2.1m)

Working capital

£22.4m

(FY 2023: £13.2m)

12 months to HY24 ROCE

18.1%

(2023: 9.2%)



Mpac: Successfully broadening our strategic key accounts

58

OE orders won with 28 different customers

>30%

By value, >30% OE orders won with new customers

£10.7m

New customers included orders from 4 new strategic accounts



Case study: Unilever

Unilever approached Mpac for a flexible stick pack cartoning machine where speeds of up to 660 ppm were required. Mpac's VENTO-c machine was capable of handling all 6 formats ranging from 6 to 30 count packages while reaching the required throughput.



"Unilever trusted Mpac to provide a proven solution around their ever expanding stick pack production in their Jefferson City, MO facility. We collaborated collectively with Unilever and their engineering firm to provide a best in class solution for both their retail production as well as their bulk packing requirements."

Carson Blackwell, VP of Sales - Americas



Speed

System is capable of processing up to 660 stick packs per minute

Multi-Lane Dropbox

Continuous running inclined conveyor

Flexcount Bomb-bay System

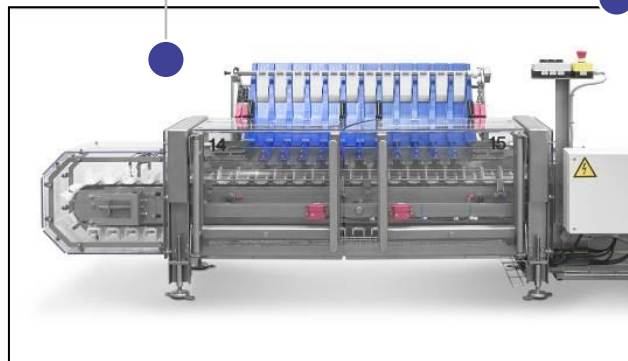
The unique flexcount technology makes it possible to create each count between 6 and 50

Ergonomics and Accessibility

Simple and quick changeovers to ensure maximum uptime

Quality

Unmatched longevity and reliability, ensuring seamless operation for over 30 years with industry-leading uptime





H1 2024 results



Financial review: 2024 half year highlights

£59.7m

Order intake
-4.3% (H1 2023: £62.4m)

£4.0m

Underlying profit before tax
+110.5% (H1 2023: £1.9m)

£71.4m

Order book
-1.5% (FY 2023: £72.5m)

15.2p

Underlying EPS
+133.8% (H1 2023: 6.5p)

£60.0m

Revenue
+13.6% (H1 2023: £52.8m)

18.1%

Return on Capital Employed
12 months to HY24
+8.9% (12M HY 2023: 9.2%)

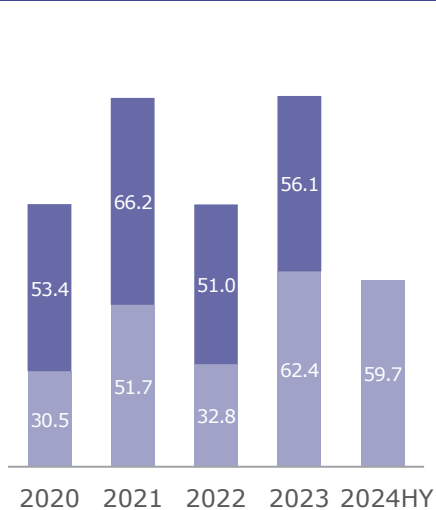
28.2%

Gross profit margin
+4.3% (H1 2023: 23.9%)

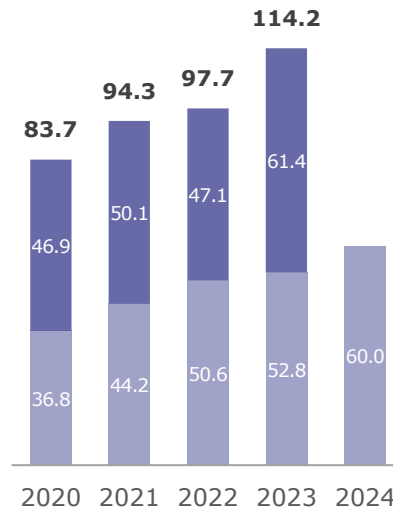
£22.4m

Working Capital
+69.7% (FY 2023: £13.2m)

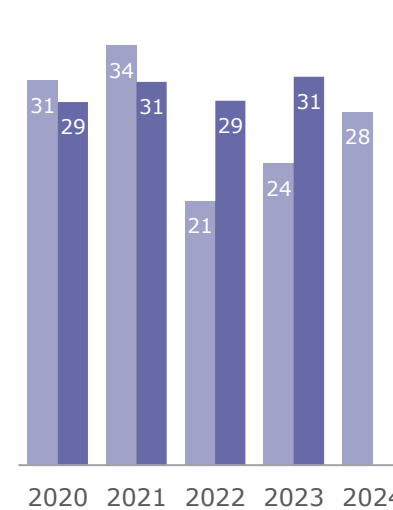
Order intake (£m)



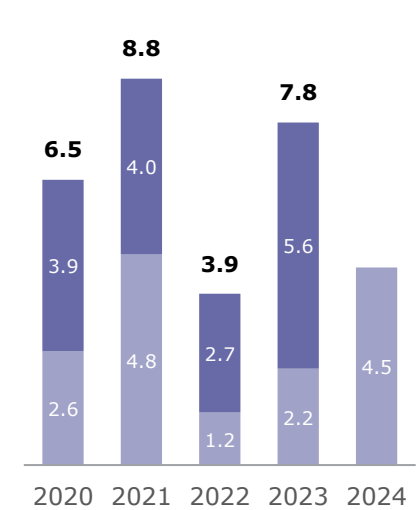
Revenue (£m)



Gross profit margin (%)



Underlying operating profit (£m)

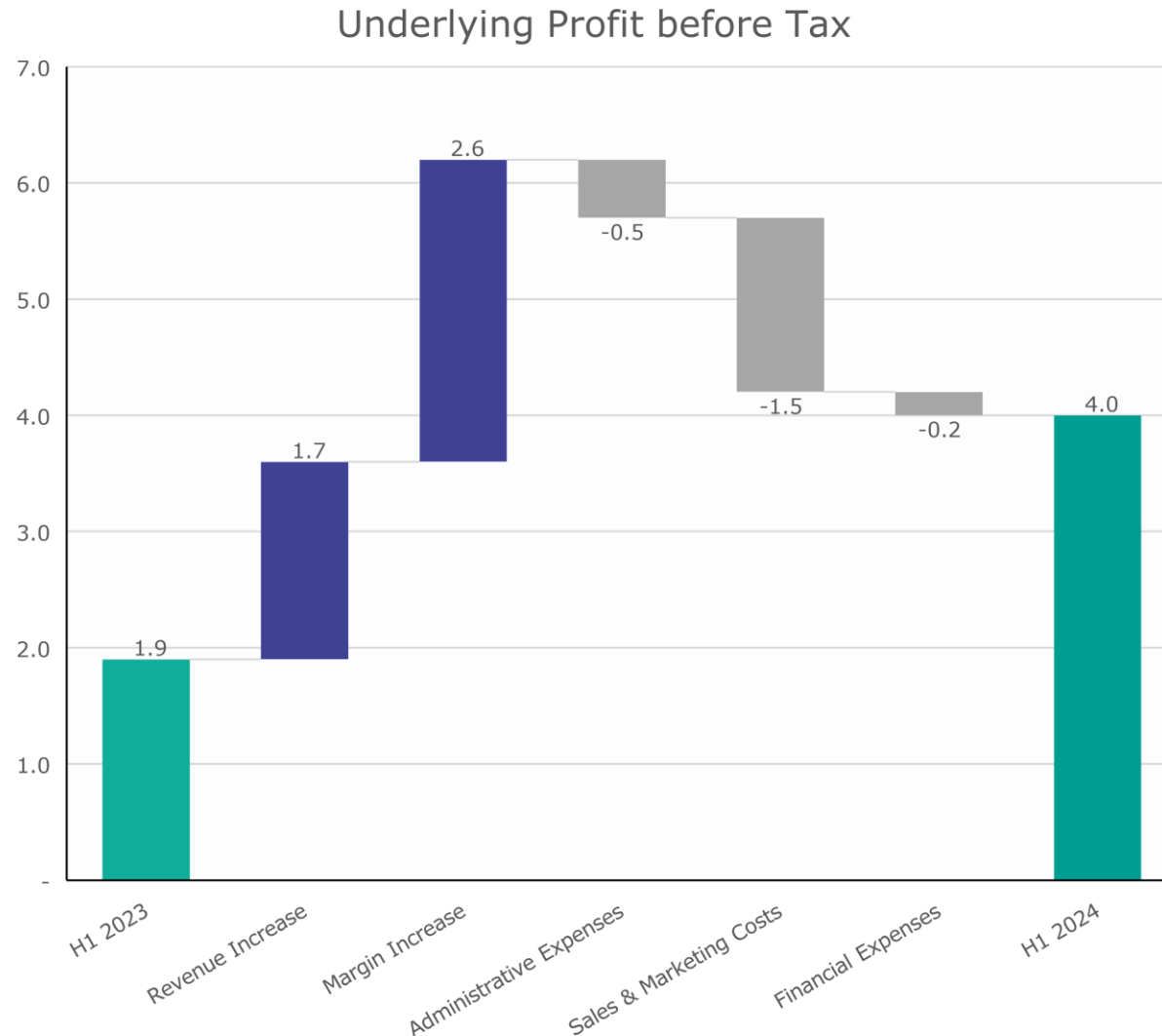


Legend: H1 (light blue), H2 (dark blue)

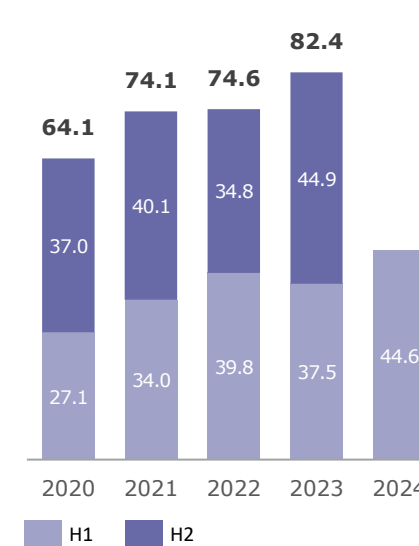


Financial review: Group income statement (£m)

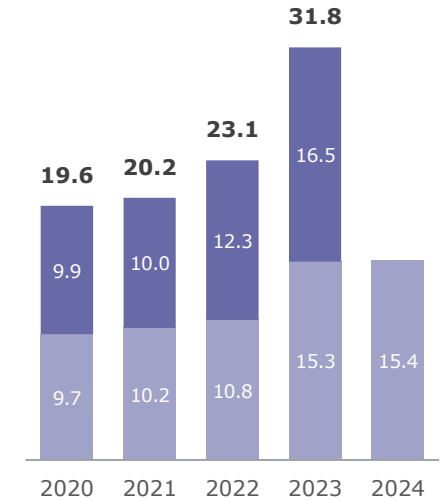
For the period to 30 June 2024



OE revenue (£m)



Service revenue (£m)



	30.06.2024 (£m)	30.06.2023 (£m)
Underlying Profit Before Tax	4.0	1.9
Restructuring and Acquisition Costs	(0.1)	(1.2)
Defined Benefit Pension Scheme Administration Costs	(0.5)	(0.4)
Defined Benefit Pension Scheme Interest Income	0.7	0.7
Amortisation of Acquired Intangible Assets	(0.8)	(0.8)
Profit Before Tax	3.3	0.2



Financial review: Balance sheet

For the period to 30 June 2024

	30.06.2024 (£m)	31.12.2023 (£m)	Change
Non-current assets	68.1	67.9	0.3%
Inventories	11.6	11.1	4.5%
Trade & other receivables	52.6	47.9	9.8%
Cash	6.0	11.0	-45.5%
Current Assets	70.2	70.0	0.3%
Trade & other payables	(44.4)	(46.9)	5.3%
Interest bearing loans	(10.0)	(8.0)	-25%
Current Liabilities	(54.4)	(54.9)	0.9%
Net current assets	15.8	15.1	4.6%
Total assets less current liabilities	83.9	83.0	1.1%
Net assets	68.5	64.0	7.0%

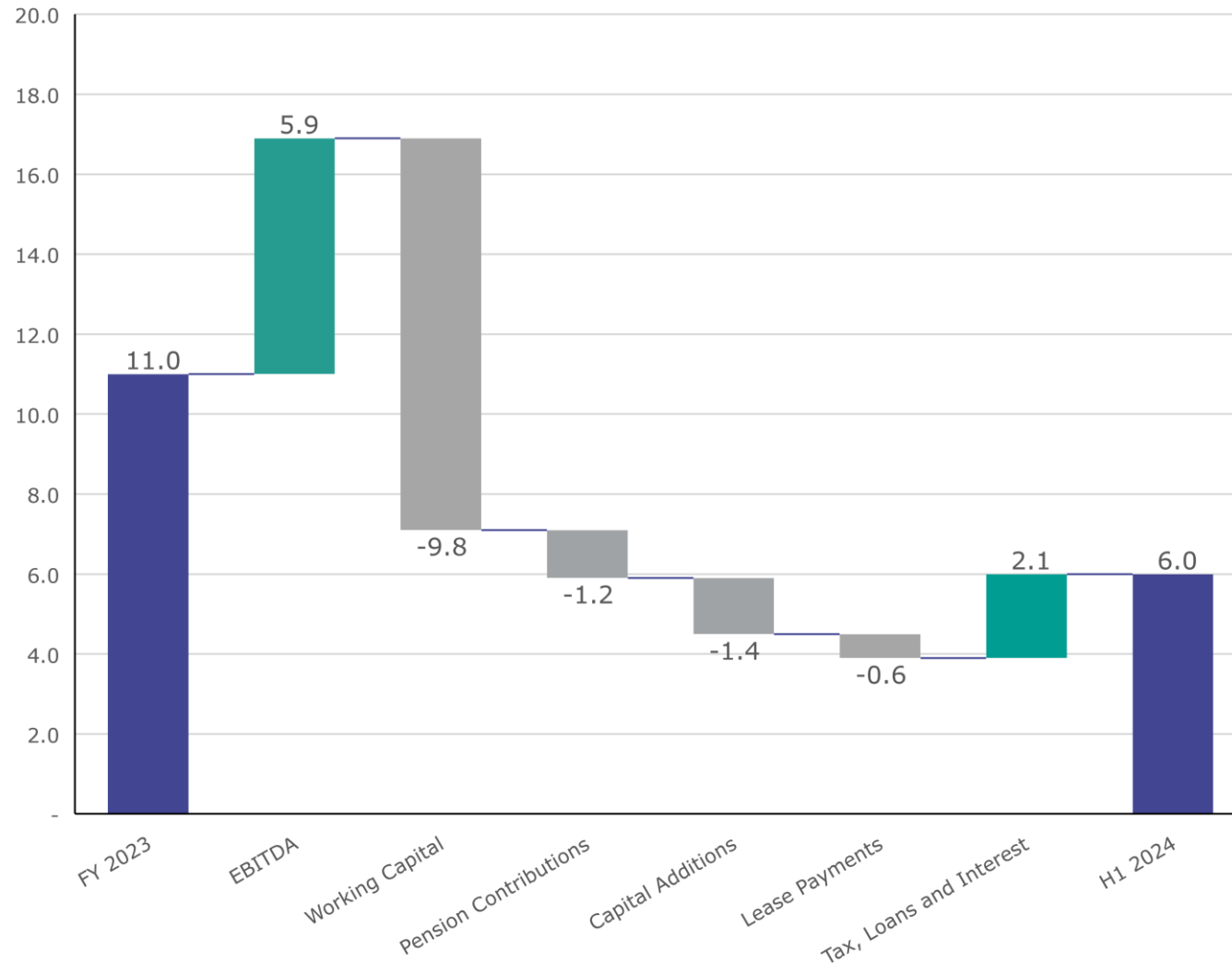
Commentary

- > Non-current assets include £23.3m of Intangible assets, £10.9m of Tangible fixed assets, £33.0m of Pension assets and a £0.9m Deferred tax asset
- > Net pension asset stable at £31.4m, despite the continuing volatility in 2024, 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 £52.6m includes £23.9m of contract assets (2023: £18.2m) & £15.9m of Trade debtors (2023: £18.0m)
- > Trade and other payables of £44.4m includes £15.1m of contract liabilities (2023: £17.5m) and £14.9m of trade creditors (2023: £17.4m)
- > £10.0m (2023: £8.0m) of short-term interest-bearing borrowings from the Revolving Credit Facility drawn
- > Net debt of £4.9m compared to net cash of £2.1m at 31 December 2023 as anticipated



Financial review: 2024 half year cash bridge (£m)

For the period to 30 June 2024



Commentary

- > 2024 delivered greater productivity and revenue than in 2023, along with a slight reduction in order intake, the timing of which resulted in an increase in 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

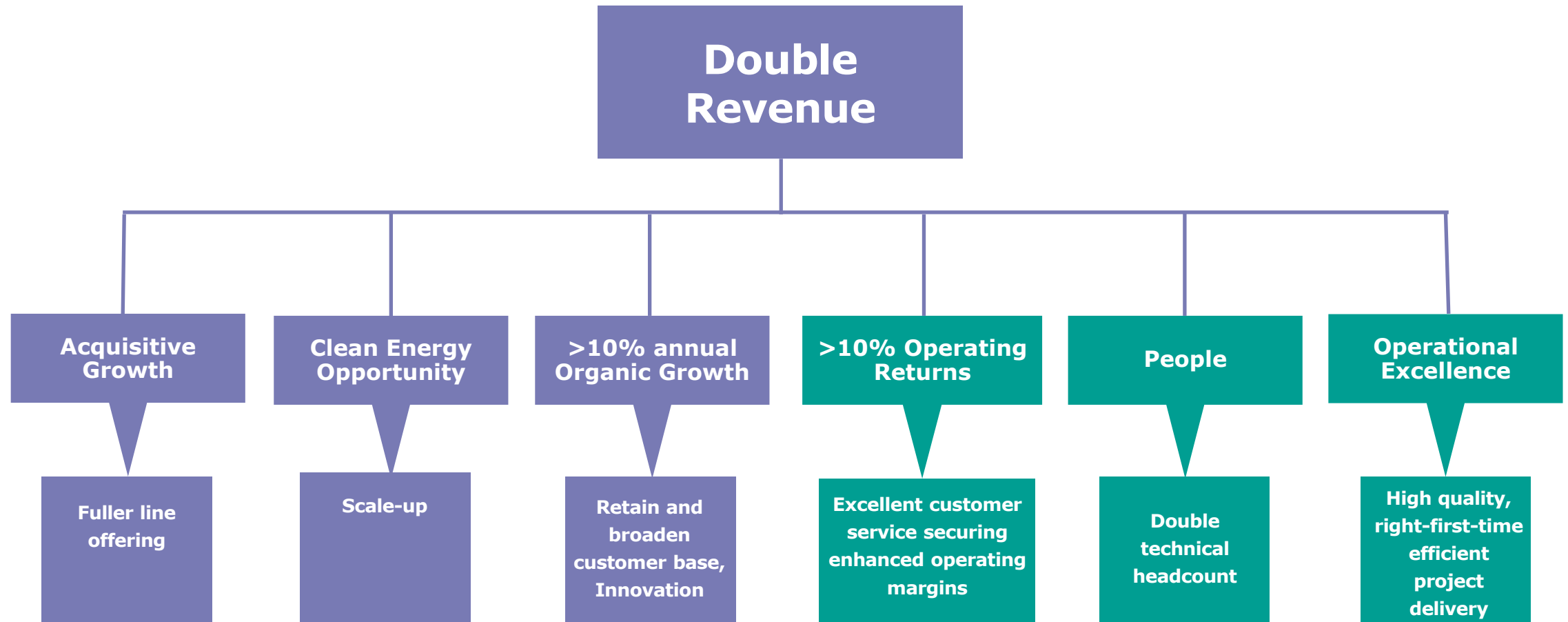
	H1 2024 £m	H1 2023 £m
Working capital cashflow		
Inventories	(0.7)	(0.8)
Trade debtors	(0.7)	3.1
Trade creditors/Contract balances	(8.3)	5.1
Provision	(0.1)	(0.1)
Total	(9.8)	7.3



Ambition and Strategy



Mpac: Five year ambition (2023-2027)





Mpac: Progress on Group strategy 2024

Going for growth



- > Good progress building on the customer relationships developed last year
- > 4 new and consolidated key customer relationships in target sectors
- > 30% of OE orders from new customers

Outstanding customer service



- > Consistent Service revenue performance, now 26% of Group revenue
- > Soft relaunch of Mpac Cube Connect digital tooling (see case study)
- > Investing in new Service CRM for roll-out in H2

Innovation



- > Launched new Ostro mid-range cartoner
- > Launched new Horizon top-load cartoner
- > Successfully delivered first production trials of 24M Technology cells for Freyr

People



- > 21% increase in technical hours
- > Re-launched leadership succession planning, building out our talent pipeline to support growth
- > New SafetyQube tool deployed, providing visibility of pro-active safety management

Operational excellence



- > Gross margin increased 2bps from revenue in F&B and Healthcare sectors
- > Reduction in lead times quoted for standard Langen Maestro to 35 weeks
- > First stick-pack cartoner launched in NAm (previously only a Europe build capability)

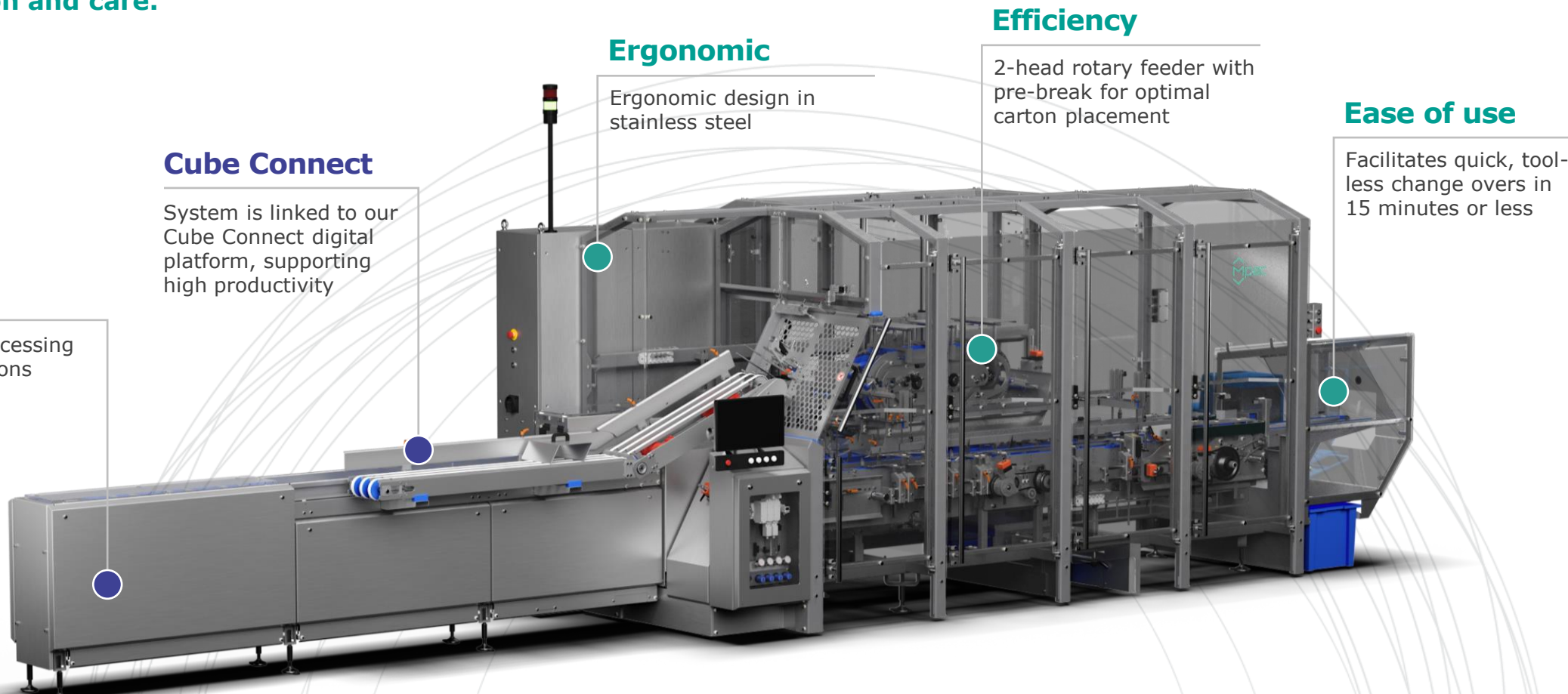


Case study: Langen OSTRO

OSTRO is a continuous motion cartoner available with dedicated infeed systems. The new Langen OSTRO is not just a machine; it is a tailored solution designed to enhance and optimise packaging lines with precision and care.

“Introducing the Langen OSTRO. The system is enabled with our Intelligent Machine Interface and Cube Connect digital platform to support high productivity and represents the perfect balance of advanced functionality and practical design. We believe OSTRO will significantly enhance our customers’ packaging operations and are excited to see its positive impact across various industries.”

Mike Lewis, Group Innovations Director



Speed

Capable of processing up to 180 cartons per minute

Cube Connect

System is linked to our Cube Connect digital platform, supporting high productivity

Ergonomic

Ergonomic design in stainless steel

Efficiency

2-head rotary feeder with pre-break for optimal carton placement

Ease of use

Facilitates quick, tool-less change overs in 15 minutes or less



Case study: Cube Connect



Automatic machine notifications when problems occur or milestones are hit.

Downtime reasons

Machine reports on the root cause of downtime allowing the user to address issues and improve performance

Sustainability monitoring

Machine tracks its energy usage (power & air) and reports the embedded energy of each output product

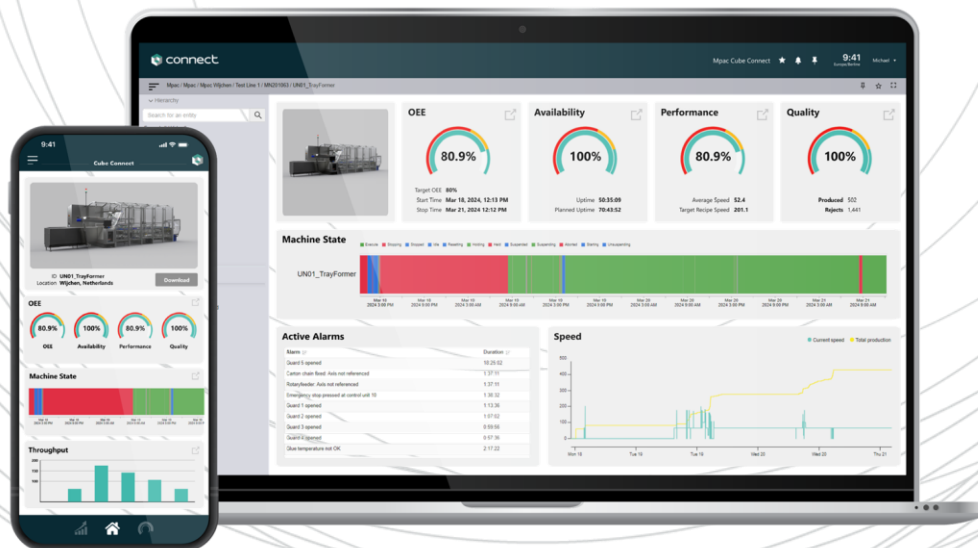


Overall equipment effectiveness

Maximise our machine's performance by monitoring its effectiveness

Reject reasons

Address issues with raw material, fine-tune tooling setup to increase quality





Summary & Outlook



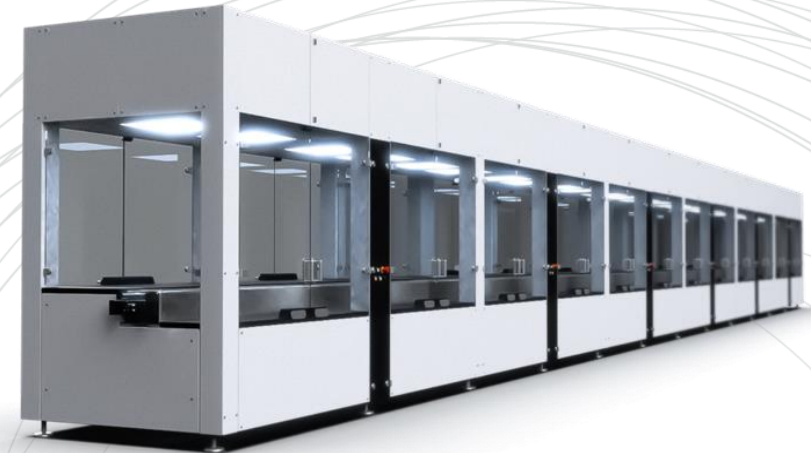
Summary 2024 and outlook

2024 half year highlights

- > Strong financial performance, with underlying profit before tax significantly above the prior half year
- > Improving gross and operating margins
- > Strong revenue growth, supported by the opening OE order book and H1 2024 order intake
- > Good progress broadening the Group customer base, including new global strategic accounts with potential for future orders over many years
- > Successful launch of mid-range and top load cartoner
- > On track to deliver the five-year product roadmap launched in 2024, setting out the Group's priorities for innovation to deliver future growth
- > Order book broadly unchanged from FY 2023

2024 full year outlook

- > Diverse, high quality order book going into H2 2024 providing good coverage of forecast revenue
- > Prospect pipeline remains strong
- > Started H2 2024 positively and full year trading expected to be in line with market guidance



Order intake

£59.7m

(H1 2023: £62.4m)

Underlying PBT

£4.0m

(H1 2023: £1.9m)

Revenue

£60.0m

(H1 2023: £52.8m)

Underlying EPS

15.2p

(H1 2023: 6.5p)

Appendices





Financial review: Group income statement

For the period to 30 June 2024

	H1 2024 (£m)	H1 2023 (£m)	Change
Revenue	60.0	52.8	13.6%
– Original Equipment	44.6	37.5	18.9%
– Services	15.4	15.3	0.7%
Gross profit	16.9	12.6	34.1%
<i>Gross profit margin</i>	28.2%	24.2%	
Selling, marketing and distribution costs	(5.1)	(3.6)	
Administration expenses	(7.3)	(6.2)	
Other operating expenses	-	(0.6)	
Underlying operating profit	4.5	2.2	104.5%
<i>Underlying operating profit margin</i>	7.5%	4.2%	
Net financing income	0.2	0.4	
Non-underlying items	(1.4)	(2.4)	
Taxation	(0.2)	(0.6)	
Profit/(loss) after tax for the period	3.1	(0.4)	
Basic earnings/(loss) per share	15.0p	(2.2)p	
Underlying earnings per share	15.2p	6.5p	133.8%

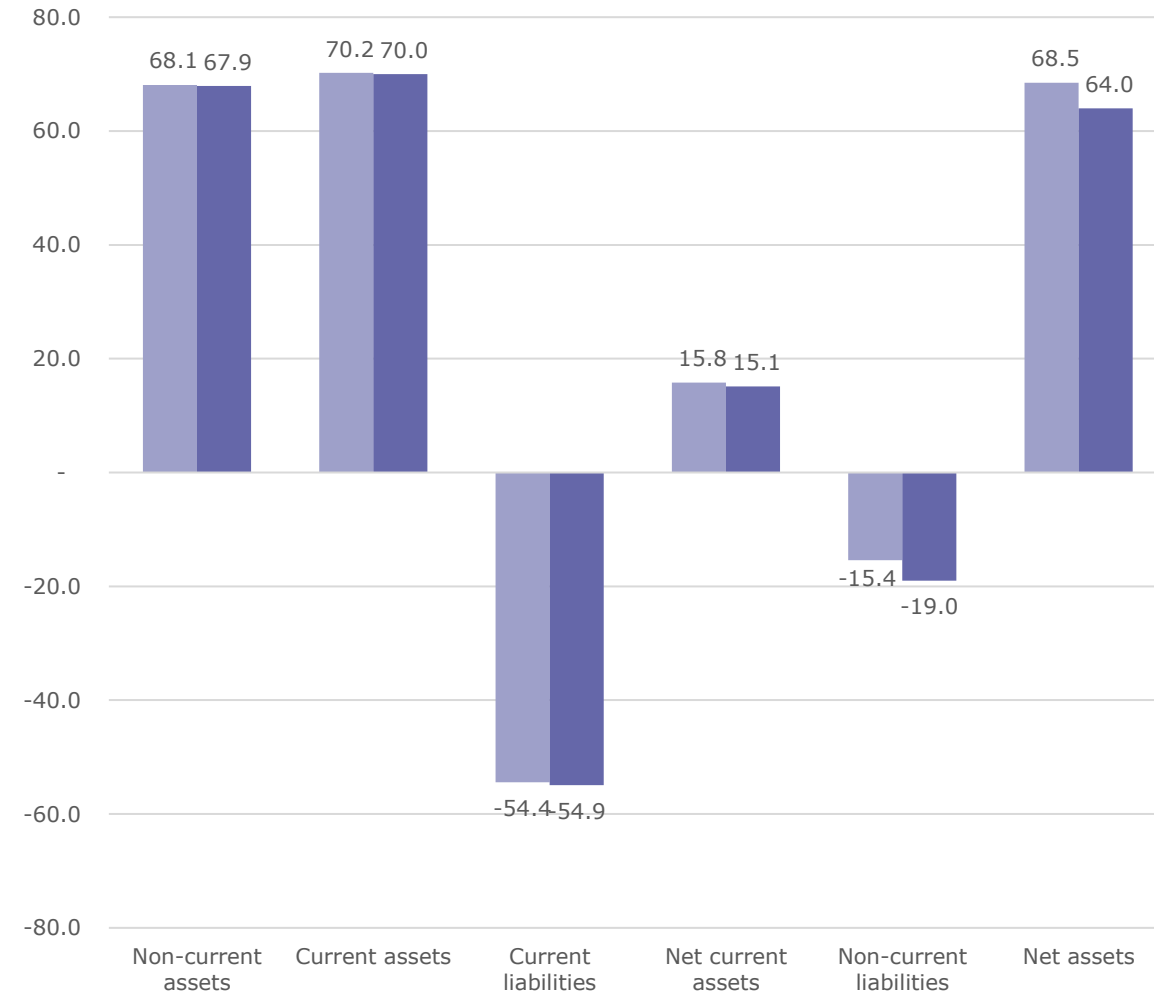
Commentary

- > OE revenue growth driven by the Consumer Goods (Other) sector across the EMEA & Americas regions
- > Service revenue was broadly in line with prior year across all regions.
- > Gross profit margins continued to recover in H1 2024, where a 28% margin was achieved, mainly due to the mix of active projects
- > Underlying operating margin of 7.5% (2023: 4.2%)
- > Non-underlying items include the amortisation of intangible assets (£0.8m), defined benefit pension scheme credits (£0.2m) and acquisition costs (£0.1m)

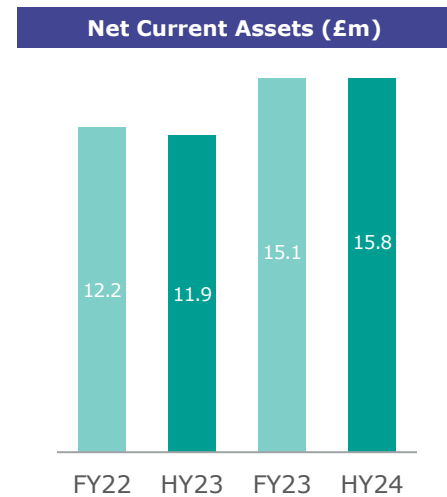
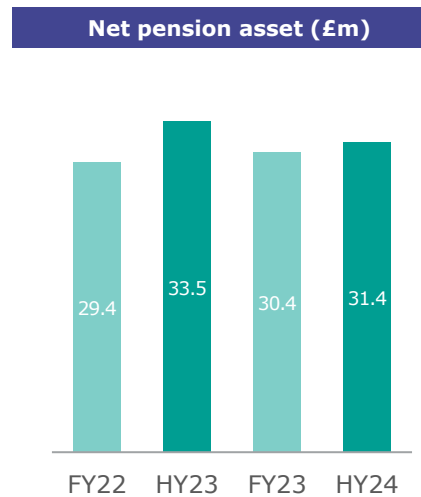
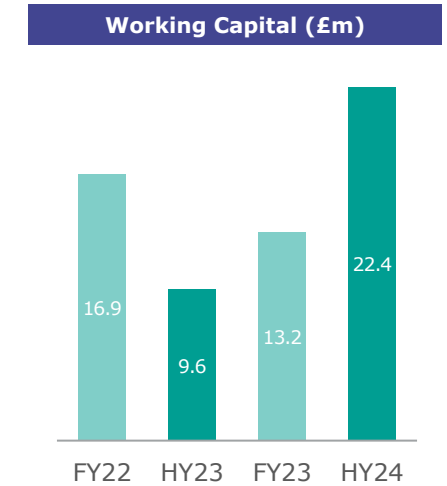
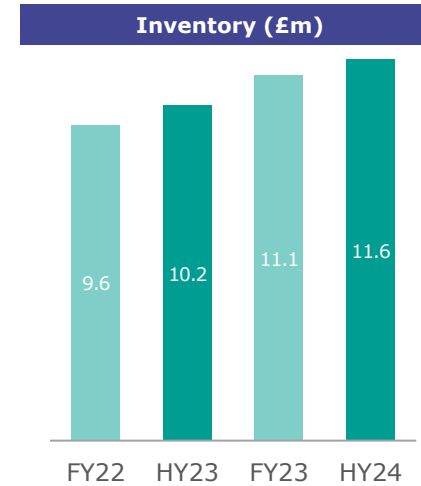


Financial review: Group balance sheet (£m)

For the period to 30 June 2024



■ HY24 ■ FY23



2024 pension scheme

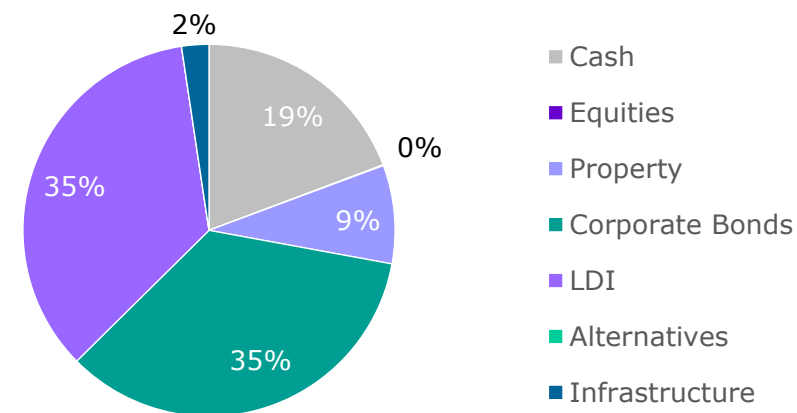
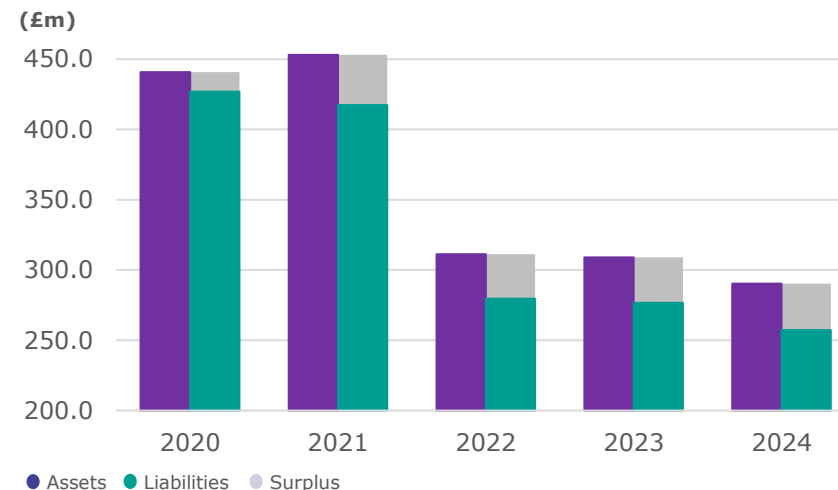
UK scheme

- > Accounting surplus £33.0m (FY 2023: £32.2m)
- > Scheme surplus remained stable in 2024, reflecting the scheme’s derisking, with the company contributions driving the modest increase in the surplus
- > Liability matching programme continued to protect the scheme from excess volatility - scheme remains ~100% hedged against liability inflation risk and discount rates
- > Scheme strategy proved resilient despite volatile real asset values in property and infrastructure

Strategy

- > Funding level remained at ~102% based upon June 21 valuation assumptions
- > June 2024 actuarial valuation under way
- > Initial results anticipated in Q4 2024, to be broadly on the basis of the existing assumptions, updated for market conditions
- > If the funding level exceeds 103% of the revised technical provisions, contributions will be made into an escrow account from 1 January 2025, to prevent a ‘trapped’ surplus in the scheme

UK Pension Scheme – IAS19 surplus





Appendices: Summary share register

For the period to 30 June 2024

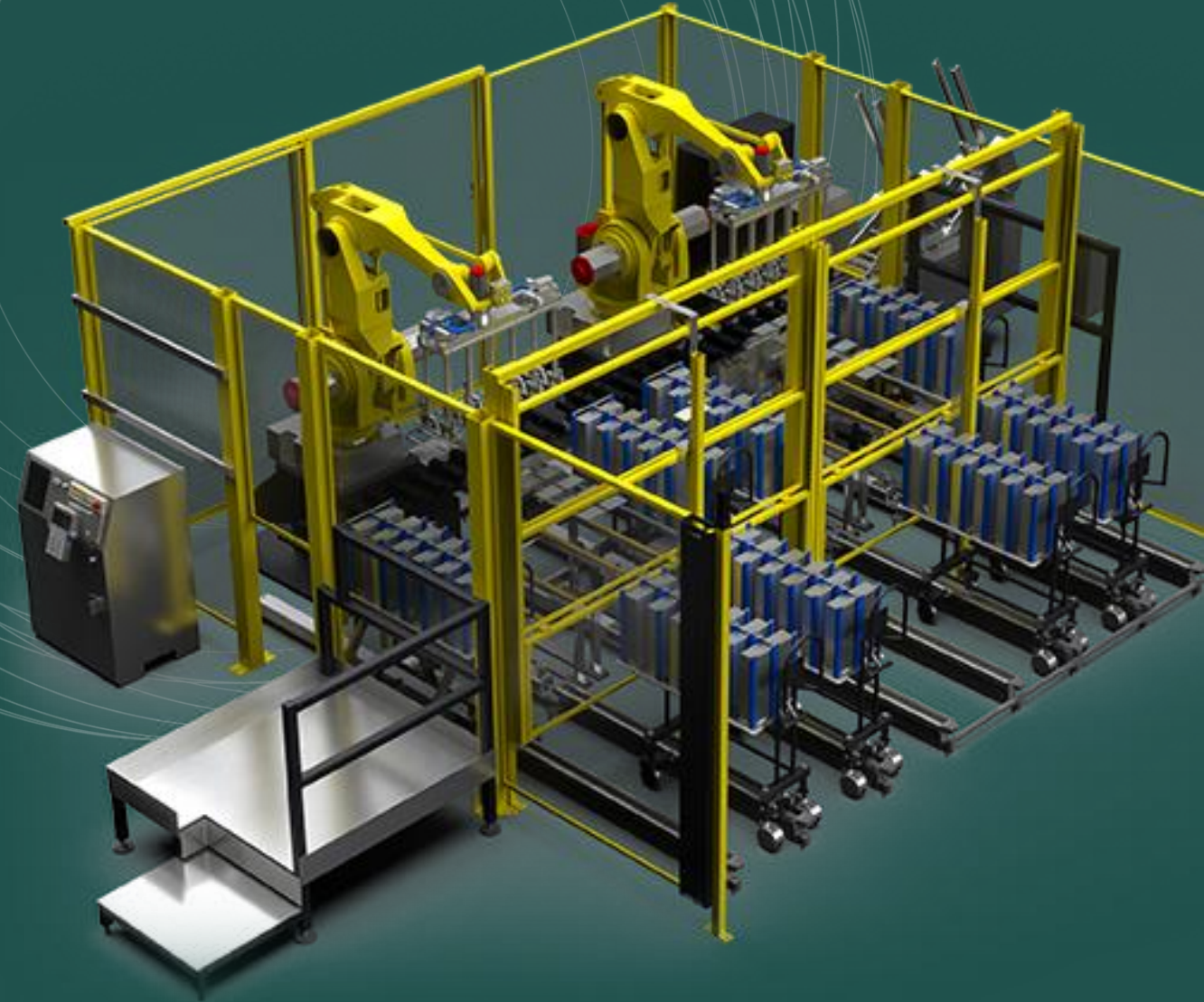
	30 June 2024
Schroder Investment Management	3,580,000
Hargreaves Lansdown, stockbrokers (EO)	2,188,362
Interactive Investor (EO)	2,148,918
Oury Family	1,082,000
Barclays Smart Investor (EO)	741,654
Charles Stanley	738,062
AJ Bell, Stockbrokers (EO)	645,586
Tellworth Investments	625,100
HSDL, Stockbrokers (EO)	532,366
Individuals	495,134
Other	7,697,242

Mpac Group plc

Station Estate
Station Road
Tadcaster
North Yorkshire
LS24 9SG

Tel: +44 (0)2476 421100
Email: ho@mpac-group.com

mpac-group.com



We create faster, more efficient
automated packaging systems