

## MPAC GROUP PLC

### Consolidation will accelerate

There is no sugarcoating the difficult trading environment revealed by Mpac Group in its 2025 results announcement. While the COVID playbook might help to navigate this, it is difficult to find a precedent where the administration of the world's largest economy is trying to engineer a global recession ever since it came to power in 2025. It may yet abandon this path anytime and this is the main reason why our 2026 forecasts are unchanged. In any case, Mpac are not taking any chances and remain focused on productivity. We have been consistent in our view that investors should ignore cycles and focus on consolidation. Excess capacity and price competition will intensify this process. Syntegon, the fourth-largest packaging machinery manufacturer with 72,000 installed systems, has recently gained investment from Apollo which has acquired a 37% minority stake from CVC. Industry is also consolidating vertically with Apollo and KKR eyeing Logoplaste, the Portuguese packaging company. Zeus has acquired KOEX Packaging Solutions in Spain and formed a strategic collaboration with Engelmann & Buckham in automation. It is difficult to see Mpac, with over 6,500 machines in service, not being involved in this consolidation at a 40% discount to listed peers on EV/Sales basis.

**FY25 results and FY26 forecasts:** FY25 sales at £174m were about 2% higher than we had forecast but PBT was in line at £13.5m. A lower-than-expected tax rate of 20% meant that headline EPS, at 35.9p, was about 8% higher than our expectation. However, free cashflow at £1.6m fell short of our expectation, hence, net debt (excluding lease liabilities) at end-FY25 was slightly higher than we had expected at £47.9m. We are not changing our FY26 forecast for flat sales but continue to expect an improvement in PBT to £15.2m as pressure on gross margins are offset by ongoing efficiency measures.

#### Key financials and multiples

	£m	2023A	2024A	2025A	2026E	2027E
Revenue		114.2	122.4	174.1	170.1	189.0
Pre-Tax Profit (adj)		7.1	10.6	13.5	15.2	17.6
EPS (adj, p)		26.2	35.0	35.9	41.4	47.8
P/E		19.5	9.8	7.3	7.1	6.2
Free cash flow		11.2	2.6	1.6	19.6	14.9
Net cash / (debt)		2.1	(37.5)	(47.9)	(39.6)	(31.0)

Source: Company reports, Tring Triangle

#### Equity Research

**Publication date:**  
21 April 2026

**Market:** AIM

**Sector:** Automated packaging equipment & services

**Share price:** 256p (as of 20 April 2026)

52-week high – 495p

52-week low – 226p

**Capitalisation** - £77m

**Net Debt** (end-2025):  
£47.9m

#### Major shareholders:

Schroders: 13%

Charles Stanley: 9%

Interactive Investor: 7%

Hargreaves: 7%

Fidelity: 5%

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## **2025 results**

Mpac today reported revenues of £174.1m, up 42% YoY with OE revenue increasing by 47% YoY to £133.8m largely due to acquisitions of CSi, BCA and Siga Vision which influenced disproportionate growth in EMEA. Services revenue increased to £40.3m but its share in total sales fell from 25.3% to 23.9% due to the mix of sales at CSi.

We also note that there was a notable shift in revenue mix by sector with Food & Beverage increasing its share from 43% in FY24 to 51% in FY25, with Healthcare falling in relative terms from 36% to 30%. This shift is largely due to the acquisitions of CSi and BCA.

Overall, order intake in 2025 grew by 22% to £150.9m but the closing 2025 order book decreased to £90m. As expected, revenue and profit before tax were substantially higher in H2/25 compared with H1/25.

We note that gross margins improved significantly in FY25 to 36% compared with 30% in FY24. This helped offset increase in distribution and administration costs and improve EBIT margins by 0.6% in FY25. Adjusted operating profit of £18.1m and adjusted PBT of £13.5m in FY25 was in line with our expectations.

Free cashflow of £1.6m in FY25 was lower than what we had expected and this among other factors contributed to net debt (before lease liabilities) of £47.9m being slightly higher than we had expected. Given the timing and phasing of projects, movements in working capital for a particular period are difficult to predict. Working capital in FY25 closed at £13.5m, representing a £13.1m increase from FY24.

Mpac entered into a 3-year funding agreement with HSBC in FY24, which provided a £35m RCF, and a 2-year term-loan agreement for the value of £12m. At end-FY25, Mpac had utilised £41.8m of these combined facilities and repaid £4.9m of the term loan. With interest cover of c4x and net debt/EBITDA ratio of 2.1x, Mpac is comfortably trading within its banking covenants.

## **Forecasts for FY25 and FY26**

### ***Revenues***

In this report, we have provided forecasts for FY26 and FY27. In regards to FY26, we have noted from today's announcement that "the company remains on track to achieve full year market expectations, which as in previous years will be second half weighted, but, in the context of increasingly uncertain market conditions, it is difficult to predict the full impact of the Middle East conflict on the timing of customer capital investment decisions". Furthermore, management has pointed out that the current order book, which provides c66% coverage of forecast 2026 OE revenue, has remained flat, as actual order intake has been impacted by the increasing geopolitical uncertainty. However, Service continues to remain a resilient short cycle revenue stream (FY25 23% of total revenue).

We are mindful that a quick resolution to the current energy shock might improve order intake in H2/26. So, our best guess at this stage is that revenues will be flat in FY26. It is impossible to imagine a scenario where the Middle East conflict will continue to impact revenues in FY27 as the highly indebted developed world cannot afford it.

**Revenue Forecasts by Region**

£m	FY24A	FY25A	FY26E	FY27E
America OE	44.9	54.2	50.0	53.0
America Service	15.4	18.0	20.0	22.0
<b>Americas</b>	<b>60.3</b>	<b>72.2</b>	<b>70.0</b>	<b>75.0</b>
EMEA OE	33.8	73.7	71.0	79.0
EMEA Service	13.1	19.7	20.1	23.0
<b>EMEA</b>	<b>46.9</b>	<b>93.4</b>	<b>91.1</b>	<b>102.0</b>
Asia Pac OE	12.5	5.9	6.0	8.0
Asia Pac Serv	2.7	2.6	3.0	4.0
<b>Asisa Pac</b>	<b>15.2</b>	<b>8.5</b>	<b>9.0</b>	<b>12.0</b>
Total OE	91.2	133.8	127.0	140.0
Total Service	31.2	40.3	43.1	49.0
Service/Revenue	25.5%	23.1%	25.3%	25.9%
<b>Total Revenue</b>	<b>122.4</b>	<b>174.1</b>	<b>170.1</b>	<b>189.0</b>
<b>YoY change</b>				
Americas OE	10%	21%	-8%	6%
Americas Service	-3%	17%	11%	10%
<b>Americas</b>	<b>6%</b>	<b>20%</b>	<b>-3%</b>	<b>7%</b>
EMEA OE	-1%	118%	-4%	11%
EMEA Service	-5%	50%	2%	14%
<b>EMEA</b>	<b>-2%</b>	<b>99%</b>	<b>-2%</b>	<b>12%</b>
Asia Pac OE	64%	-53%	2%	33%
Asia Pac Service	29%	-4%	15%	33%
<b>Asia Pac</b>	<b>57%</b>	<b>-44%</b>	<b>6%</b>	<b>33%</b>
Total OE	11%	47%	-5%	10%
Total Service	-2%	29%	7%	14%
<b>Total Revenue</b>	<b>7%</b>	<b>42%</b>	<b>-2%</b>	<b>11%</b>

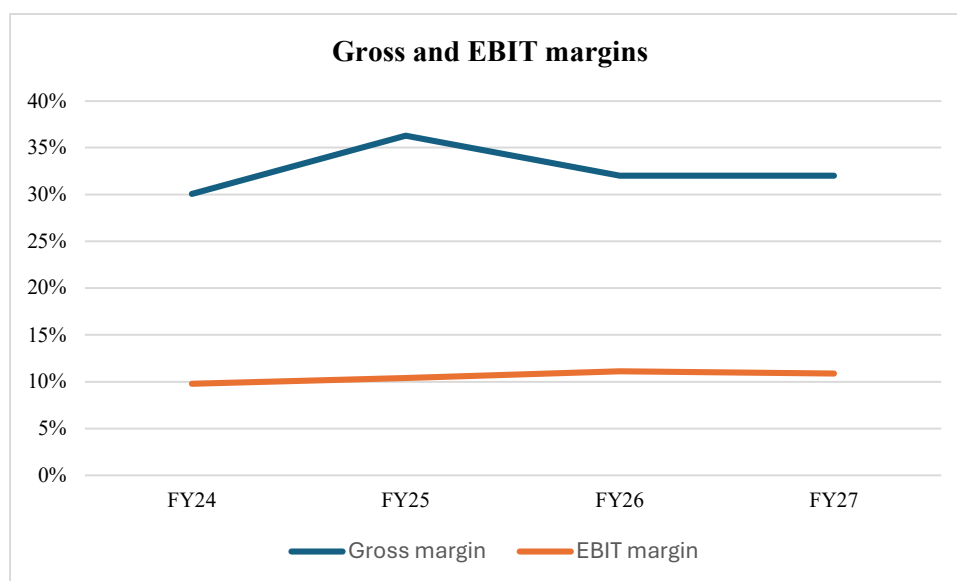
Source: Company reports, Tring Triangle

**Margins**

Today’s announcement makes it clear that due to lower market volumes, price competition for OE orders has increased, resulting in lower sold gross margins. We had anticipated pressure on gross margins in FY26 after the sharp fall in H1/25 order intake and hence we are sticking with our forecast of 32%, compared with 36% in FY25.

However, we expect the pressure on gross margins to be mitigated by ongoing efficiency drive and other operational actions. As a result, we are expecting further improvement in operating margin from 10.4% in FY25 to 11.1% in FY26. We note from today’s statement that pressure on pricing and volumes so far this year has been mitigated by cost reductions completed in the prior year and further actions

taken in Q1/26 to reduce an additional c£1m of overhead costs. For FY27, we expect gross margin and EBIT margins to stabilise at c32% and c11%, respectively, as focus shifts on growth.



*Source: Company reports, Tring Triangle estimates*

### ***Cashflow and Balance sheet***

We expect net debt to start falling from FY26 with unwinding of working capital contributing most to free cashflow of £19.6m in FY26. Further positive free cashflow in FY27 should reduce net debt to £31m by end-FY27.

<b>Profit &amp; Loss</b>					
<i>year-end December, £m</i>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>FY26E</b>	<b>FY27E</b>
<b>Revenue</b>	<b>114.2</b>	<b>122.4</b>	<b>174.1</b>	<b>170.1</b>	<b>189.0</b>
<b>Gross profit</b>	<b>31.6</b>	<b>36.8</b>	<b>63.2</b>	<b>54.4</b>	<b>60.5</b>
<i>Gross margin</i>	<i>27.7%</i>	<i>30.1%</i>	<i>36.3%</i>	<i>32.0%</i>	<i>32.0%</i>
Other operating costs	(23.8)	(24.8)	(45.1)	(35.5)	(39.9)
One-off costs	(3.9)	(8.6)	(23.3)	(3.0)	(2.0)
EBIT (Reported)	3.9	3.4	(5.2)	15.9	18.6
<b>EBIT (Adjusted)</b>	<b>7.8</b>	<b>12.0</b>	<b>18.1</b>	<b>18.9</b>	<b>20.6</b>
<i>EBIT margin</i>	<i>6.8%</i>	<i>9.8%</i>	<i>10.4%</i>	<i>11.1%</i>	<i>10.9%</i>
Amortisation	(0.8)	(1.0)	(1.0)	(2.2)	(2.0)
Depreciation	(2.1)	(2.3)	(3.2)	(2.9)	(2.9)
<b>EBITDA (Adjusted)</b>	<b>10.7</b>	<b>15.3</b>	<b>22.3</b>	<b>24.0</b>	<b>25.5</b>
<i>EBITDA margin</i>	<i>9.4%</i>	<i>12.5%</i>	<i>12.8%</i>	<i>14.1%</i>	<i>13.5%</i>
Financial income	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.7)	(1.4)	(4.6)	(3.7)	(3.0)
Profit Before Tax ( Reported)	4.7	3.4	(7.7)	10.4	13.8
<b>Profit Before Tax ( Adjusted)</b>	<b>7.1</b>	<b>10.6</b>	<b>13.5</b>	<b>15.2</b>	<b>17.6</b>
<i>Underlying tax rate</i>	<i>25%</i>	<i>25%</i>	<i>20%</i>	<i>18%</i>	<i>18%</i>
Tax (adj)	(1.8)	(2.7)	(2.7)	(2.7)	(3.2)
Tax	(2.0)	(2.0)	(1.8)	(2.7)	(3.2)
Net Profit (Reported)	2.7	1.4	(9.5)	7.7	10.6
<b>Net Profit (Adjusted)</b>	<b>5.3</b>	<b>7.9</b>	<b>10.8</b>	<b>12.5</b>	<b>14.4</b>
Avg. no. of shares (diluted, m)	20.5	22.6	30.1	30.2	30.2
<b>EPS (Adjusted, p)</b>	<b>26.2</b>	<b>35.0</b>	<b>35.9</b>	<b>41.4</b>	<b>47.8</b>

*Source: Company reports, Tring Triangle estimate*

<b>Cashflow</b>					
<i>year-end December, £m</i>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>FY26E</b>	<b>FY27E</b>
<b>EBIT</b>	<b>3.9</b>	<b>3.4</b>	<b>(5.2)</b>	<b>15.9</b>	<b>18.6</b>
One-off items	3.9	8.6	23.3	0.0	2.0
Amortisation	0.8	1.0	1.0	2.2	2.0
Depreciation	2.1	2.3	3.3	2.9	2.9
Other non-cash	0.0	0.0	0.0	0.0	0.0
Pension	(2.3)	(2.3)	(2.5)	(2.0)	0.0
Movement in working capital	4.7	(7.4)	(13.7)	3.5	(7.4)
<b>Cash generated by operations</b>	<b>13.1</b>	<b>5.6</b>	<b>6.2</b>	<b>22.5</b>	<b>18.0</b>
Acquisition costs, other	(0.8)	(1.4)	(2.7)	0.0	0.0
Tax (paid)/received	(1.1)	(1.6)	(1.9)	(2.8)	(3.2)
<b>Free cashflow</b>	<b>11.2</b>	<b>2.6</b>	<b>1.6</b>	<b>19.6</b>	<b>14.9</b>
Acquisition	0.0	(54.8)	0.0	0.0	0.0
Sale of PPE	0.0	0.4	0.2	0.0	0.0
Capitalised R&D	(1.5)	(3.2)	(4.1)	(2.0)	(0.7)
Capex	(1.1)	(1.9)	(0.6)	(2.0)	(2.1)
Acquired cashflow/deferred payment	0.0	0.0	(1.0)	0.0	0.0
<b>Net cash used in investing</b>	<b>(2.6)</b>	<b>(59.5)</b>	<b>(5.5)</b>	<b>(4.0)</b>	<b>(2.8)</b>
Borrowings	0.0	38.5	(4.7)	(6.8)	(13.0)
Interest paid	(0.7)	(1.2)	(4.2)	(4.2)	(3.0)
Purchase own shares	0.0	0.0	0.0	0.0	0.0
Lease payments	(1.1)	(1.2)	(2.0)	(0.5)	(0.5)
<b>Net cash from financing</b>	<b>(1.8)</b>	<b>64.5</b>	<b>(10.9)</b>	<b>(11.5)</b>	<b>(16.5)</b>
<b>Net increase in cash / equivalents</b>	<b>6.8</b>	<b>7.6</b>	<b>(14.8)</b>	<b>4.1</b>	<b>(4.4)</b>
Exchange rate movements	0.0	(0.4)	(1.4)	0.0	0.0
<b>Cash at year end</b>	<b>11.0</b>	<b>18.2</b>	<b>2.0</b>	<b>6.1</b>	<b>1.7</b>

*Source: Company reports, Tring Triangle estimate*

<b>Balance sheet</b>					
<i>year-end December, £m</i>	<b>FY23A</b>	<b>FY24A</b>	<b>FY25A</b>	<b>FY26E</b>	<b>FY27E</b>
Intangible assets	24.0	117.4	108.4	106.2	104.2
PPE net	4.1	5.8	4.7	2.2	1.4
Property	0.8	0.8	0.8	0.8	0.8
Right of use	5.9	9.4	9.3	9.3	9.3
Employee benefits	32.2	39.4	7.6	12.1	0.0
Deferred tax, other	0.9	5.3	3.5	3.5	3.5
<b>Total Fixed Assets</b>	<b>67.9</b>	<b>178.1</b>	<b>134.3</b>	<b>134.1</b>	<b>119.2</b>
Inventories	11.1	15.9	16.2	21.0	20.7
Trade receivables	46.8	59.4	60.7	69.9	85.4
Tax/other	1.1	0.8	0.8	0.8	0.8
Cash, Equivalents	11.0	18.2	9.6	6.1	1.7
<b>Total Current Assets</b>	<b>70.0</b>	<b>94.3</b>	<b>87.3</b>	<b>97.8</b>	<b>108.7</b>
Trade payables	(43.8)	(72.1)	(61.7)	(72.2)	(80.3)
Leases	(1.3)	(2.2)	(2.8)	(2.8)	(2.8)
Provisions	(0.9)	(2.8)	(1.6)	(1.6)	(1.6)
Tax/other	(0.9)	(2.2)	(2.2)	(6.0)	(6.0)
Loans	(8.0)	(41.2)	(51.5)	(39.7)	(26.7)
<b>Total Current Liabilities</b>	<b>(54.9)</b>	<b>(120.5)</b>	<b>(119.8)</b>	<b>(122.3)</b>	<b>(117.4)</b>
Borrowings	(0.9)	(14.5)	(6.0)	(6.0)	(6.0)
Employee benefits	(1.8)	(1.5)	(1.4)	(3.0)	(3.0)
Tax	(11.4)	(19.1)	(9.5)	(4.2)	(4.2)
Leases	(4.9)	(7.5)	(8.2)	(8.2)	(8.2)
Deferred/other	0.0	(1.3)	(1.4)	(1.8)	0.0
<b>Net Assets</b>	<b>64.0</b>	<b>108.0</b>	<b>75.3</b>	<b>86.4</b>	<b>89.1</b>
Share Capital	5.1	7.5	7.5	7.5	7.5
Share Premium	26.0	61.8	61.8	61.8	61.8
Capital Reserve	3.8	3.6	4.1	4.1	4.1
Retained earnings	29.1	35.1	1.9	13.0	15.7
<b>Equity</b>	<b>64.0</b>	<b>108.0</b>	<b>75.3</b>	<b>86.4</b>	<b>89.1</b>
<b>Net cash/(debt) excl. leases</b>	<b>2.1</b>	<b>(37.5)</b>	<b>(47.9)</b>	<b>(39.6)</b>	<b>(31.0)</b>

Source: Company reports, Tring Triangle estimate

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