Tring Triangle

MPAC GROUP PLC

Ignore cycles, it's about consolidation

Whilst it is no coincidence that this initiation note was published shortly after the release of interim 2025 results, the author has every intention of diverting the readers' attention elsewhere. Equally, this note also promises to refrain from reading too much into any sightings of green shoots. For consolidation remains the primary value driver given the fragmented and cyclical nature of the packaging equipment industry. Led by acquisitions, Mpac's revenues have nearly tripled since 2019 but we estimate that it still has a *c*2% share of the total addressable market. After the recent fall in the share price, we expect management to focus solely on consolidating its resources and growing market share organically. Even if investors are not seduced by the prospects of higher and sustainable profits from a consolidating industry, they cannot ignore a multiple of 0.8x 2025 forecast revenues representing a 34% discount to average of publicly traded peers.

Focus on trendlines: Mpac's revenues have not just grown three-fold since 2019, it has expanded its product capability from just secondary packaging to fulfilling a broad spectrum of upstream and downstream packaging needs of a widening customer base in Pharma, Medtech and Food & Beverage markets.

Further consolidation inevitable: Our research shows that the industry is still highly fragmented despite ongoing consolidation. Mpac has been part of this process having made five acquisitions since 2019 but arguably now finds itself on the opposite end of the consolidation especially as the pension liability is no longer a hurdle.

Balance sheet recovers in H2/25: The full impact of adverse order intake in H1/25 will be felt in H2/25 but we expect the cash outflow in H1/25 to reverse strongly.

Key financials and multiples

£m	2022A	2023A	2024A	2025E	2026E
Revenue	97.7	114.2	122.4	165.2	170.1
Pre-Tax Profit (adj)	3.5	7.1	10.6	13.0	15.2
EPS (adj, p)	13.1	26.2	35.0	32.2	42.9
P/E	21.9	11.0	8.2	9.0	6.7
Free cash flow	-14.0	11.2	2.6	14.0	11.2
Net cash / (debt)	(4.7)	2.1	(37.5)	(37.3)	(26.3)

Source: Company reports, Tring Triangle

Equity Research

Publication date:
23 September 2025

Market: AIM

Sector: Automated packaging equipment & services

Share price: 288p *(as of 19 September 2025)*

52-week high – 586p
52-week low – 273p

Capitalisation - £86.8m

Debt/cash (on June 30, 2025):

Gross debt - £51.8m
Gross cash: £8.6m

Major shareholders:
Schroders: 13%
Charles Stanley: 9%
Interactive Investor: 7%
Hargreaves: 7%
Fidelity: 5%

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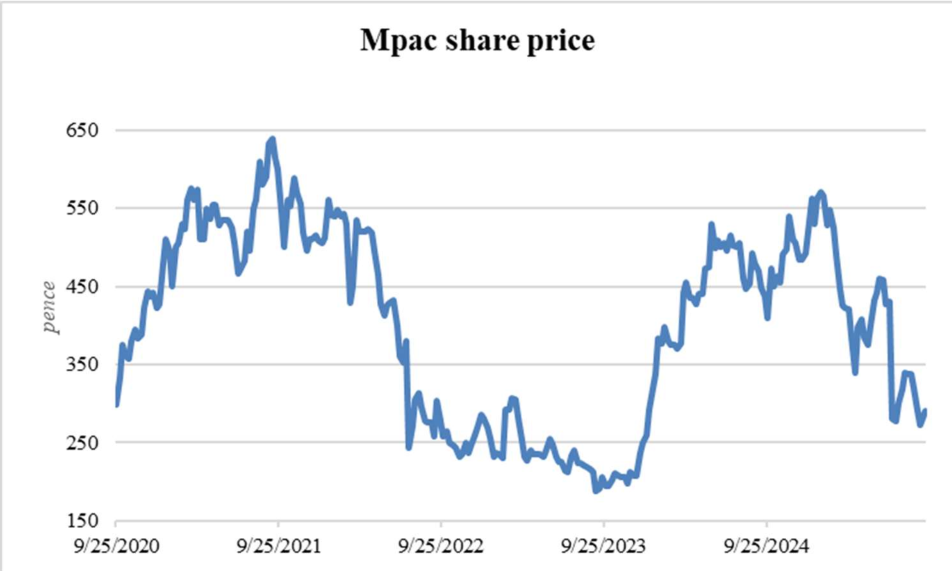
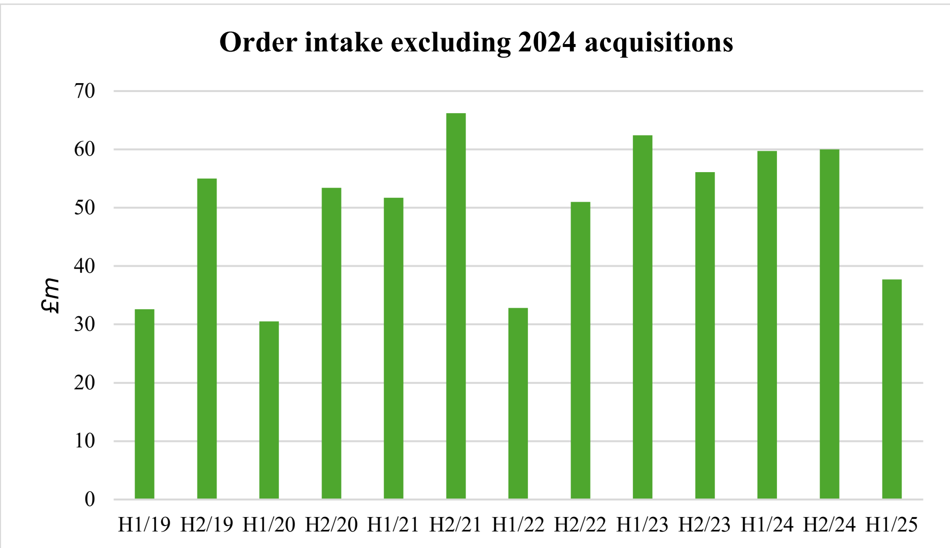
Why we shouldn't read too much into H1/25 order intake or any half-yearly order intake

We understand that orders are still critical to Mpac and therefore not surprised that the share price would react to any sharp moves in order intake. However, the recent reaction seems excessive. A volatile environment is being treated as a permanent decline in order intake.



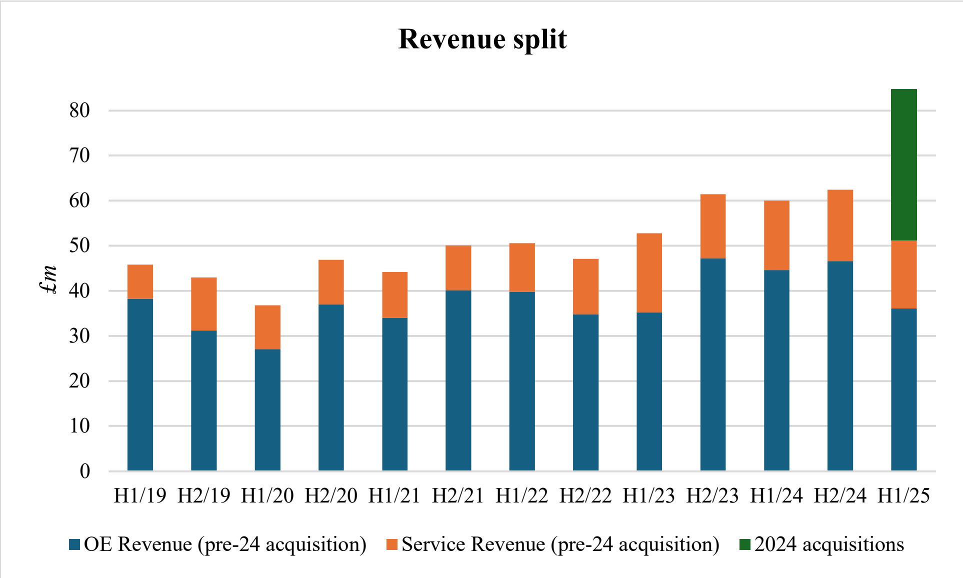
Source: Google

Following the profit warning in July, today's interim announcement provided the precise decline (39.6% YoY) in order intake of pre-2024 acquisition business units during H1/25. Whilst we are familiar with the likely reasons (US tariffs, consumer confidence, etc.) behind this sharp decline, the chart below suggests that sooner or later a sharp decline was likely, whatever the causes. Similarly, we cannot rule out a sudden spike in order intake in the future, which with the benefit of hindsight would seem obvious. This is not an unfamiliar story for small to medium sized engineering companies heavily exposed to capital investment cycles and lumpy individual contracts.



Source: Company reports

Critics will point out that the volatility in Mpac's order intake inevitably feeds into its OE revenues (and profit margins), which still accounted for just over 70% of total pre-2024 acquisition revenues in H1/25, as seen in the graph below.



Source: Company reports, Tring Triangle estimates

Focus on the consolidation

However, what the above graph also shows is the impact of an acquisition-led growth strategy which is expected to nearly triple revenues from £58m in 2018 to an estimated £165m in 2025. Acquisitions since 2019 have not only added to volumes and customer base, but also a much wider breadth of capabilities across the packaging equipment industry. Whilst Lambert and Switchback introduced highly specialised product assembly & web handling and case packaging, respectively, the 2024 acquisitions of BCA and CSi introduces a new line of upstream and downstream product lines, respectively.

As the number of Mpac equipment in operation grows, the long-term goal is to generate 30% of total revenues from services. In H1/25, service share fell to just 22% of total sales compared with 25.3% in FY24 which was expected following the CSi acquisition where management intends to develop the Service potential.

However, despite the increase in size and diversity of the group, Mpac remains a small player in a highly fragmented industry; we estimate a share of *c*2% of the addressable market. The market has just six companies with £1bn or higher revenues and a long tail of competitors some being automation generalists which also support Automotive, Defence and other industrial sectors. Given the strategic intent to be a market leader in the provision of a full line of packaging solutions for the Food & Beverage and Healthcare sectors, the table below also highlights that the obvious gap in Mpac's product portfolio is primary packaging where the largest competitors are particularly dominant.

Competitors based on revenue and breadth of product line	Country	Revenue £m*	Product assembly	Web handling	Product handling	Primary packing	Cartoning	Case packing	Palletising
Mpac Group brands			*Lambert*	*Lambert*	*BCA*		*Langen, Switchback*	*Langen, Switchback*	*CSi*
IMA	Italy	2050			X	X	X	X	
R.A. Jones (Coesia company)	USA	1675				X	X		
Sidel	Switzerland	1500				X		X	X
Syntegon	Germany	1300				X	X	X	
ATS Corporation	Canada	1250	X		X	X	X	X	X
JR Automation (Hitachi company)	USA	1000			X	X	X	X	
Optima	Germany	580		X	X	X			
Marchesini	Italy	500				X	X	X	
Schubert	Germany	330				X	X	X	
Convergix Automation	USA	300			X				X
Harro Hoefliger	Germany	270	X	X					
Mikron	Switzerland	270	X						
Robopac	Italy	265						X	X
Blueprint Automation	Netherlands	250						X	
JLS Automation	USA	250			X		X	X	
Mpac Group	**UK**	**165**	**X**	**X**	**X**		**X**	**X**	**X**
Scott	Australia	120							X
Clevertech	Italy	100							X
Massman (incl. Adco)	USA	100					X	X	
Bila	Denmark	70							X
Cama	Italy	70					X	X	
Expert Automation	UK	43	X	X					
Lorenz Pan	Italy	35							X
Winpak	Canada	25				X			
Serpa (ProMach company)	USA	25					X		
Applied Automation	UK	20	X						
AGR	UK	15	X						
Modular Automation	Ireland	13	X						
PCE	UK	13	X						
3P Innovation	UK	11	X						
Dienst	Germany	10					X		
MME Nordic	Denmark	5		X					
Econocorp	USA	N/A					X		

** estimate or last reported actual; Source: Mpac, Tring Triangle*

The packaging equipment industry is dominated by private companies with only a few publicly listed. Some of these are more vertically integrated than Mpac Group especially upstream.

IMA Group, with 2024 revenues of €2.4bn and over 7,600 employees compared with 1,110 at Mpac, claims to be the world leader in the design and manufacture of automatic machines for the processing and packaging of pharmaceuticals, cosmetics, food, tea and coffee. Even though the company was delisted from the Milan stock exchange in 2021, we have been able to ascertain that it generated EBITDA and EBIT margin of 18.9% and 10.4%, respectively, in 2024. However, under private equity ownership, it boasts net debt/EBITDA ratio of 4.2.

It has been hard to find similar details on the US-headquartered R.A Jones, which is part of Coesia, a group of industrial solutions companies headquartered in Bologna, Italy. The company claims to hold more than 70 worldwide patents across seven machinery brands, covering a wide range of solutions from improving shelf life of fresh meats to efficient filling of pouches, cups and bottles, as well as aerosol production and creative carton construction.

Based on revenues, we believe the third largest competitor is Sidel, which is one of the three industry groups in the Tetra Laval family, others being Tetra Pak and DeLaval, all focused on technologies and services for the production, processing, packaging and distribution of food. Whilst Sidel's €1.7bn revenue was a small contributor to Tetra Laval's €16bn revenues in 2024, it is still one of the largest players in the packaging industry. Over 170 years old, Sidel has more than 40,000 machines, compared with Mpac's 6,500, installed in around 170 countries and served by over 5,000 employees worldwide. It provides packaging solutions for beverage, food, home and personal care products in PET, can, glass and other materials.

Syntegon is the fourth largest competitor and in 2024 increased order intake by 11% to €1.8bn, while revenues grew by 7%, reaching €1.6bn. The high-margin service business recorded double-digit sales growth and accounted for 39% of total revenue. Adjusted EBITDA increased by 15% and reached €222m, corresponding to an EBITDA margin of 14%, a 100 basis points increase compared to the previous year. This compares with 11.6% reported by Mpac in H1/25 against a tough trading background but both IMA and Syntegon clearly show that Mpac can generate and sustain double-digit margins as it pursues a growth strategy.

ATS Corporation completes the top five competitors' list. It is listed on TSX and therefore a more useful source of data for benchmarking Mpac. ATS is an industrial automation specialist and employs over 7,500 people at more than 65 manufacturing facilities and over 85 offices globally. Of its total revenues of $2.5bn in FY25, we estimate about 60% is derived from packing equipment. It reported EBITDA margin of 13% in FY25 compared with 11% reported by Mpac in H1/25. In 2024, ATS acquired Paxiom Group for $146m. Paxiom is a Canadian company that provides primary, secondary, and end-of-line packaging machines in the food & beverage, cannabis, and pharmaceutical industries. Paxiom's product line complements ATS' packaging and food technology businesses and allows ATS to offer complete packaging and end-of-line solutions.

Given the fragmented nature of the industry, we would expect continued consolidation. However, given the current share price and the focus on reducing net debt, Mpac is less likely to pursue acquisitions.

Forecasts for FY25 and FY26

Revenues

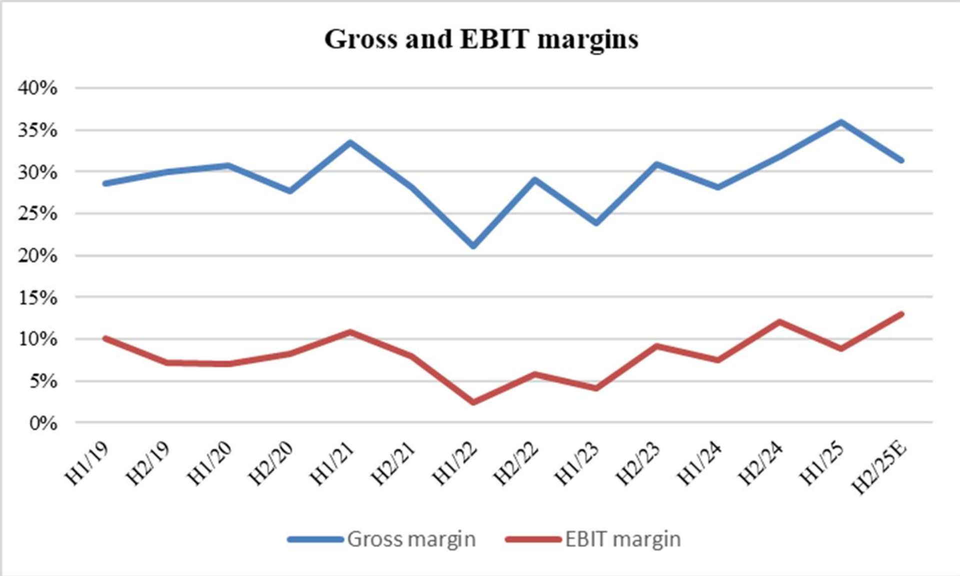
In this report, we have provided forecasts for FY25 and FY26. The total revenue forecasts have been derived bottom-up by region. Americas was hit hardest by the sharp fall in H1/25 order intake; hence we are expecting a sharp drop in OE revenues there of 33% YoY in H2/25. In EMEA, any organic decline is expected to be cushioned by contributions from acquisitions. For FY26, we are forecasting OE growth of 0-1% in Americas and EMEA, however, we expect EMEA service revenues to grow as Mpac look to develop CSi. Our conservative growth forecasts reflect continued uncertainty in developed countries. A recent survey from Deloitte has shown that European CFOs are more concerned about geopolitical risks now than they were at the start of the Russian war on Ukraine. Geopolitics was ranked among the top three risks for 90% of the participants surveyed.

Revenue Forecasts by Region					
£m	**FY24A**	**H1/25A**	**H2/25E**	**FY25E**	**FY26E**
America OE	44.9	28.8	16.2	45.0	45.4
America Service	15.4	9.2	12.8	22.0	22.1
Americas	**60.3**	**38.0**	**29.0**	**67.0**	**67.5**
EMEA OE	33.8	34.8	35.2	70.0	70.0
EMEA Service	13.1	8.8	6.7	15.5	19.0
EMEA	**46.9**	**43.6**	**41.9**	**85.5**	**89.0**
Asia Pac OE	12.5	2.2	6.5	8.7	9.3
Asia Pac Serv	2.7	0.9	3.1	4.0	4.3
Asisa Pac	**15.2**	**3.1**	**9.6**	**12.7**	**13.6**
Total OE	91.2	65.8	57.9	123.7	124.7
Total Service	31.2	18.9	22.6	41.5	45.4
Service/Revenue	*25.5%*	*22.3%*	*28.1%*	*25.1%*	*26.7%*
Total Revenue	**122.4**	**84.7**	**80.5**	**165.2**	**170.1**
YoY change					
Americas OE	10%	39%	-33%	0%	1%
Americas Service	-3%	28%	56%	43%	0%
Americas	**6%**	**36%**	**-10%**	**11%**	**1%**
EMEA OE	-1%	93%	123%	107%	0%
EMEA Service	-5%	31%	5%	18%	23%
EMEA	**-2%**	**77%**	**89%**	**82%**	**4%**
Asia Pac OE	64%	-63%	-2%	-30%	7%
Asia Pac Service	29%	-40%	158%	48%	8%
Asia Pac	**57%**	**-58%**	**23%**	**-16%**	**7%**
Total OE	11%	48%	24%	36%	1%
Total Service	-2%	23%	43%	33%	9%
Total Revenue	**7%**	**41%**	**29%**	**35%**	**3%**

Source: Company reports, Tring Triangle estimate

Margins

Despite the sharp fall in H1/25 order intake and revenues, the gross margin of 36%, thanks to a favourable mix, was the highest recorded by the company. We are not expecting this to be repeated in H2/25 but we expect it to stay above 30%. While EBIT margin fell from H2/24 to 8.9%, it was crucially above H1/24 despite the headwinds. We expect the resilient H1/25 performance to flow through to H2/25 with a favourable mix biased towards Service revenue and continued operational efficiency gains boosting EBIT margin to 13% in H2/25. For FY26, we expect EBIT margins to continue to improve at steady rate to 11.1% compared with 10.9% in FY25.



Source: Company reports, Tring Triangle estimates

Cashflow and Balance sheet

Net cash outflow from operating activities in H1/25 was £0.7m, after an increase in working capital levels of £7m, due mainly to the timing of deposits from new orders and project execution milestones, with deficit recovery payments to the Group's defined benefit pension schemes of £0.1m and payments to the escrow account of £1.2m. However, we expect a strong recovery in free cashflow from H2/25 as order intake stabilises and gains from efficiency measures come through. As a result, we expect net debt to fall from £43.2m at end-H1/25 to £37.3m by the end of FY25 and further to £26m by end-FY26. Based on these forecasts, the net debt/EBITDA ratio should fall to around 1x by end-FY26.

Valuation

As discussed previously, Mpac competes predominantly in an industry with privately held companies. We have identified thee listed peers that we can use to compare Mpac's current valuation multiples. As the table below shows that based on FY25 estimates, its shares are currently trading at 34% and 28% discount on an EV/Revenue and EV/EBITDA basis, respectively.

Mpac Group valuation vs Listed Peers

	EV/Revenue	EV/EBITDA
ATS Corporation	1.7	12.0
Mikron Holding	0.6	5.5
Winpak	1.3	6.3
Average	**1.2**	**7.9**
Mpac Group	0.8	5.6
Discount to listed peers	*-34%*	*-28%*

Source: S&P, Tring Triangle estimate

Profit & Loss							
year-end December, £m	**FY22A**	**FY23A**	**FY24A**	**H1/25A**	**H2/25E**	**FY25E**	**FY26E**
Revenue	**97.7**	**114.2**	**122.4**	**84.7**	**80.5**	**165.2**	**170.1**
Gross profit	**24.4**	**31.6**	**36.8**	**30.5**	**25.2**	**55.7**	**54.4**
Gross margin	*25.0%*	*27.7%*	*30.1%*	*36.0%*	*31.3%*	*33.7%*	*32.0%*
Other operating costs	(20.5)	(23.8)	(24.8)	(23.0)	(14.7)	(37.7)	(35.5)
One-off costs	(3.9)	(3.9)	(8.6)	(15.4)	0.0	(15.4)	(3.0)
EBIT (Reported)	0.0	3.9	3.4	(7.9)	10.5	2.6	15.9
EBIT (Adjusted)	3.9	7.8	12.0	7.5	10.5	18.0	18.9
EBIT margin	*4.0%*	*6.8%*	*9.8%*	*8.9%*	*13.1%*	*10.9%*	*11.1%*
Amortisation	(0.9)	(0.8)	(1.0)	(0.5)	(1.7)	(2.2)	(2.2)
Depreciation	(2.0)	(2.1)	(2.3)	(1.7)	(1.2)	(2.9)	(2.9)
EBITDA (Adjusted)	**6.8**	**10.7**	**15.3**	**9.7**	**13.4**	**23.1**	**24.0**
EBITDA margin	*7.0%*	*9.4%*	*12.5%*	*11.5%*	*16.7%*	*14.0%*	*14.1%*
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.4)	(0.7)	(1.4)	(2.5)	(2.5)	(5.0)	(3.7)
Profit Before Tax (Reported)	0.2	4.7	3.4	(9.4)	2.0	(7.4)	10.4
Profit Before Tax (Adjusted)	**3.5**	**7.1**	**10.6**	**5.0**	**8.0**	**13.0**	**15.2**
Underlying tax rate	*23%*	*25%*	*25%*	*26%*	*25%*	*26%*	*15%*
Tax (adj)	(0.8)	(1.8)	(2.7)	(1.3)	(2.0)	(3.3)	(2.3)
Tax	(0.6)	(2.0)	(2.0)	(1.4)	(1.9)	(3.3)	(2.3)
Net Profit (Reported)	(0.4)	2.7	1.4	(10.8)	0.1	(10.7)	8.1
Net Profit (Adjusted)	**2.7**	**5.3**	**7.9**	**3.7**	**6.0**	**9.7**	**12.9**
Avg. no. of shares (diluted, m)	20.6	20.5	22.6	30.1		30.2	30.2
EPS (Adjusted, p)	**13.1**	**26.2**	**35.0**	**12.3**		**32.2**	**42.9**

Source: Company reports, Tring Triangle estimate

Cashflow							
year-end December, £m	**FY22A**	**FY23A**	**FY24A**	**H1/25A**	**H2/25E**	**FY25E**	**FY26E**
EBIT	**0.0**	**3.9**	**3.4**	**(7.9)**	**10.5**	**2.6**	**15.9**
One-off items	3.9	3.9	8.6	15.4	0.0	15.4	3.0
Amortisation	0.9	0.8	1.0	0.5	1.7	2.2	2.2
Depreciation	2.0	2.1	2.3	1.7	1.2	2.9	2.9
Other non-cash	0.3	0.0	0.0	(1.3)	0.0	(1.3)	0.0
Pension	(2.1)	(2.3)	(2.3)	(0.1)	(2.2)	(2.3)	(2.0)
Movement in working capital	(17.8)	4.7	(7.4)	(7.0)	6.2	(0.8)	(8.5)
Cash generated by operations	**(12.8)**	**13.1**	**5.6**	**1.3**	**17.4**	**18.7**	**13.5**
Acquisition costs, other	(0.8)	(0.8)	(1.4)	(1.4)	0.0	(1.4)	0.0
Tax (paid)/received	(0.4)	(1.1)	(1.6)	(0.6)	(2.7)	(3.3)	(2.3)
Free cashflow	**(14.0)**	**11.2**	**2.6**	**(0.7)**	**14.7**	**14.0**	**11.2**
Acquisition	0.0	0.0	(54.8)	0.0	0.0	0.0	0.0
Sale of PPE	0.0	0.0	0.4	0.0	0.0	0.0	0.0
Capitalised R&D	(1.4)	(1.5)	(3.2)	(1.6)	0.0	(1.6)	(2.0)
Capex	(1.0)	(1.1)	(1.9)	(0.6)	(0.4)	(1.0)	(2.0)
Acquired cashflow/deferred payment	(0.8)	0.0	0.0	0.0	(3.5)	(3.5)	(1.8)
Net cash used in investing	**(3.2)**	**(2.6)**	**(59.5)**	**(2.2)**	**(3.9)**	**(6.1)**	**(5.8)**
Borrowings	8.0	0.0	38.5	(3.2)	(6.8)	(10.0)	(5.0)
Interest paid	(0.3)	(0.7)	(1.2)	(1.4)	(3.6)	(5.0)	(3.7)
Purchase own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease payments	(1.1)	(1.1)	(1.2)	(1.2)	(1.2)	(2.4)	(0.5)
Net cash from financing	**6.6**	**(1.8)**	**64.5**	**(5.8)**	**(11.6)**	**(17.4)**	**(9.2)**
Net increase in cash / equivalents	**(10.6)**	**6.8**	**7.6**	**(8.7)**	**(0.8)**	**(9.5)**	**(3.7)**
Exchange rate movements	0.3	0.0	(0.4)	(0.9)	0.0	(0.9)	0.0
Cash at year end	**4.2**	**11.0**	**18.2**	**8.6**	**7.8**	**7.8**	**4.1**

Source: Company reports, Tring Triangle estimate

Balance sheet						
year-end December, £m	**FY22A**	**FY23A**	**FY24A**	**H1/25A**	**FY25E**	**FY26E**
Intangible assets	25.4	24.0	117.4	107.7	105.2	101.3
PPE net	4.0	4.1	5.8	5.4	3.9	3.0
Property	0.8	0.8	0.8	0.8	0.8	0.8
Right of use	5.0	5.9	9.4	10.0	10.0	10.0
Employee benefits	31.5	32.2	39.4	9.2	9.2	12.1
Deferred tax, other	1.3	0.9	5.3	2.8	2.8	2.8
Total Fixed Assets	**68.0**	**67.9**	**178.1**	**135.9**	**131.9**	**130.0**
Inventories	9.6	11.1	15.9	16.6	20.6	21.0
Trade receivables	46.7	46.8	59.4	57.4	59.3	83.9
Tax/other	0.6	1.1	0.8	1.0	1.0	1.0
Cash, Equivalents	4.2	11.0	18.2	8.6	7.8	4.1
Total Current Assets	**61.1**	**70.0**	**94.3**	**83.6**	**88.7**	**109.9**
Trade payables	(38.4)	(43.8)	(72.1)	(60.4)	(72.4)	(81.6)
Leases	(1.4)	(1.3)	(2.2)	(3.0)	(3.0)	(3.0)
Provisions	(1.0)	(0.9)	(2.8)	(2.7)	(2.7)	(2.7)
Tax/other	(0.1)	(0.9)	(2.2)	(5.7)	(5.7)	(6.0)
Loans	(8.0)	(8.0)	(41.2)	(40.6)	(40.6)	(30.4)
Total Current Liabilities	**(48.9)**	**(54.9)**	**(120.5)**	**(112.4)**	**(124.4)**	**(123.7)**
Borrowings	(0.9)	(0.9)	(14.5)	(11.2)	(4.5)	0.0
Employee benefits	(2.1)	(1.8)	(1.5)	(1.3)	(1.3)	(3.0)
Tax	(11.1)	(11.4)	(19.1)	(9.7)	(9.7)	(4.2)
Leases	(3.9)	(4.9)	(7.5)	(8.8)	(8.8)	(8.8)
Deferred/other	0.0	0.0	(1.3)	(1.4)	(1.4)	(1.8)
Net Assets	**62.2**	**64.0**	**108.0**	**74.7**	**70.5**	**98.5**
Share Capital	5.1	5.1	7.5	7.5	7.5	7.5
Share Premium	26.0	26.0	61.8	61.8	61.8	61.8
Capital Reserve	2.1	3.8	3.6	4.0	4.0	4.0
Retained earnings	29.0	29.1	35.1	1.4	(2.8)	25.2
Equity	**62.2**	**64.0**	**108.0**	**74.7**	**70.5**	**98.5**
Net cash/(debt) excl. leases	**(4.7)**	**2.1**	**(37.5)**	**(43.2)**	**(37.3)**	**(26.3)**

Source: Company reports, Tring Triangle estimate

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