Tring Triangle

MPAC GROUP PLC

Soaking up the pressure

Today's half-yearly statement has provided strong evidence that the disposal of Lambert was a significant and positive development for the group. It has allowed us to estimate that the continuing business generated free cashflow before pension escrow contributions in H2/25 and H1/26 against a deteriorating environment. However, this observation may go unnoticed in the near term as today's outlook statement furnishes little visibility on earnings potential of the continuing business. It would be foolhardy to make profit predictions as the US administration continues to commit economic suicide and competitive pressures remain intense. A more appropriate measure of success today is staying in the game and growing the installed machine base, which can serve as a strategic platform for higher margin aftermarket and complimentary revenues. To this end, a strong recovery in order intake in H1/26, albeit from a weak H1/25, should stabilise nerves. In the meantime, sans the cash demands of Lambert, we expect sustained free cashflow from the continuing business and the recovery of pension escrow contributions in FY27 to begin the process of restoring the balance sheet and equity valuation at least in the long term. In the short term, the share price is most likely to be underpinned by prospects of consolidation being intensified by excess capacity and price competition.

Revised forecasts: We have revised our FY26 and FY27 forecasts following the publication of H1/26 results. We have raised our FY26 revenue forecast by 7% to £150m due to stronger than anticipated recovery in H1/26 order intake. However, gross margin in H1/26 at 30.1% fell short of our forecast of 32% reflecting more competitive pricing. As a result, we have reduced our PBT forecasts for FY26 and FY27 by 6% and 8%, respectively, to £8.5m and £11m. We expect continued free cashflow and pension escrow recovery to reduce net debt from £43.5m at end-Aug/26 to £31.2m at end-Dec/27.

Key financials and multiples

£m	2023A	2024A	2025A	2026E*	2027E*
Revenue	114.2	122.4	174.1	150.0	155.7
Pre-Tax Profit (adj)	7.1	10.6	13.5	8.5	11.0
EPS (adj, p)	26.2	35.0	35.9	23.2	30.0
P/E	13.0	9.7	9.5	14.7	11.4
Free cash flow	7.9	-3.7	-7.3	2.5	11.8
Net cash / (debt)	2.1	-37.5	-47.9	-42.0	-31.2

** continuing basis; Source: Company reports, Tring Triangle*

Equity Research

Publication date:
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Market: AIM

Sector: Automated packaging equipment & services

Share price: 341p *(as of 14 September 2026)*

52-week high – 405p
52-week low – 200p

Capitalisation - £102.5m

Net Debt (end-Aug 2026):

£43.5m

Major shareholders:
Schroders: 14%
Fidelity: 7.6%
Charles Stanley: 6.4%
Interactive Investor: 6.1%
Hargreaves Lansdown: 5.7%

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H1/26 results show the benefit of Lambert disposal

The detailed information on the performance of discontinued business (Lambert) in FY25 and H1/26 provided in today's half-yearly statement has allowed us to understand the underlying performance of the continuing business. The table below summaries our calculations:

Mpac Group: Continuing vs Lambert

year-end Dec. £m	Revenue	Gross Profit	Gross Margin (%)	EBIT	EBIT margin (%)	Free cashflow
FY25 Reported	174.1	63.2	36.3%	18.1	10.4%	-7.3
FY25 Discontinued	25.7	7.4	28.8%	0.8	3.1%	-7.4
FY25 Continuing	148.4	55.8	37.6%	17.3	11.7%	0.1
H1/25 Reported	84.7	30.5	36.0%	7.5	8.9%	-4.3
H1/25 Discontinued	11.9	3.8	31.9%	-0.4	-3.4%	-2.7
H1/25 Continuing	72.7	26.7	36.7%	7.9	10.9%	-1.6
H1/26 Discontinued	7.5	-1.4	-18.7%	-1.3	-17.3%	-3.9
H1/26 Continuing	71.0	21.4	30.1%	4.2	5.9%	-0.3

Source: Company, Tring Triangle estimates

Firstly, it is clear from the above table that Lambert was not only struggling to be profitable it was also consuming resources. Hence, the successful sale of Lambert business has not only significantly improved liquidity with gross proceeds of £16m, reducing net debt from £54m at end-June to £43.5m at end-August, it has also removed further demands on cash.

Secondly, we estimate that EBIT margins at the continuing business fell by 4% in H1/26. However, despite lower OE volumes, the continuing business managed to stay free cashflow positive in FY25 and only leaked £0.3m in H1/26. However, we further estimate that before pension escrow payments the continuing business generated solid free cashflows in both H2/25 and H1/26 as seen in table below.

Free cashflow

year-end December, £m	H1/25A	H2/25E	FY25A	H1/26A	H2/26E	FY26E
Net cash from operations	-0.7	2.3	1.6	-0.3	9.6	9.3
Capitalised R&D	-1.6	-2.5	-4.1	-1.7	-0.8	-2.5
Capex	-0.6	0.0	-0.6	-0.2	-3.8	-4.0
Interest paid	-1.4	-2.8	-4.2	-2.0	-2.2	-4.2
Free cashflow (reported basis)	**(4.3)**	**(3.0)**	**(7.3)**	**(4.2)**	**2.8**	**(1.4)**
Cashflow (discounted)	(2.7)	(4.7)	(7.4)	(3.9)	0.0	(3.9)
Free cashflow (continuing)	**(1.6)**	**1.7**	**0.1**	**(0.3)**	**2.8**	**2.5**
Pension escrow contributions	-1.3	-1.0	-2.3	-1.1	-1.0	-2.1
Free cashflow (continuing, pre-pension escrow)	**-0.3**	**2.7**	**2.4**	**0.8**	**3.8**	**4.6**

Source: Company reports, Tring Triangle estimate

Forecasts

We are not surprised that Mpac is continuing to emphasise the competitive environment it highlighted in April and June. The economic and inflationary pressures in North American and Western Europe due to uncertainty over tariffs and the stalemate in the Middle East continues to impact capex decisions.

Management is right to warn that the impact of 50% US tariffs recently imposed on goods from Canada does not help visibility. Despite lower market volumes, Mpac is maintaining to keep orders flowing. Order intake in H1/26 totalled £77.8m, a 42.8% YoY increase, and the order book of £80.5m at the half year stage provides strong coverage of revenue expectations for FY26. There is less visibility around profit margins even as management continues to be focused on operational efficiency, overhead costs and cash generation.

We have raised our FY26 revenue forecast by 7% to £150m due to stronger than anticipated recovery in H1/26 order intake. However, gross margin in H1/26 at 30.1% fell short of our forecast of 32% reflecting more competitive pricing. As a result, we have reduced our PBT forecasts for FY26 and FY27 by 6% and 8%, respectively, to £8.5m and £11m. We expect continued free cashflow and pension escrow recovery to reduce net debt from £43.5m at end-Aug/26 to £31.2m at end-Dec/27.

Profit & Loss							
year-end December, £m	FY23A	FY24A	FY25A	H1/26A*	H2/26E*	FY26E*	FY27E
Revenue	**114.2**	**122.4**	**174.1**	**71.0**	**79.0**	**150.0**	**155.7**
Gross profit	**31.6**	**36.8**	**63.2**	**21.4**	**23.6**	**45.0**	**48.1**
Gross margin	*27.7%*	*30.1%*	*36.3%*	*30.1%*	*29.9%*	*30.0%*	*30.9%*
Other operating costs	(23.8)	(24.8)	(45.1)	(17.2)	(15.5)	(32.7)	(34.4)
One-off costs	(3.9)	(8.6)	(23.3)	(2.8)	0.0	(2.8)	0.0
EBIT (Reported)	3.9	3.4	(5.2)	1.4	8.1	9.5	13.7
EBIT (Adjusted)	**7.8**	**12.0**	**18.1**	**4.2**	**8.1**	**12.3**	**13.7**
EBIT margin	*6.8%*	*9.8%*	*10.4%*	*5.9%*	*10.3%*	*8.2%*	*8.8%*
Amortisation	(0.8)	(1.0)	(1.0)	(0.4)	(0.4)	(0.8)	(1.0)
Depreciation	(2.1)	(2.3)	(3.3)	(1.5)	(1.5)	(3.0)	(2.0)
EBITDA (Adjusted)	**10.7**	**15.3**	**22.4**	**6.1**	**10.0**	**16.1**	**16.7**
EBITDA margin	*9.4%*	*12.5%*	*12.9%*	*8.6%*	*12.7%*	*10.7%*	*10.7%*
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.7)	(1.4)	(4.6)	(2.1)	(1.7)	(3.8)	(2.7)
Profit Before Tax (Reported)	4.7	3.4	(7.7)	(0.5)	4.4	3.9	9.2
Profit Before Tax (Adjusted)	**7.1**	**10.6**	**13.5**	**2.1**	**6.4**	**8.5**	**11.0**
Underlying tax rate	*25%*	*25%*	*20%*	*14%*		*18%*	*18%*
Tax (adj)	(1.8)	(2.7)	(2.7)	(0.3)		(1.5)	(2.0)
Tax	(2.0)	(2.0)	(1.8)	0.3		0.3	(2.0)
Net Profit (Reported)	2.7	1.4	(9.5)	(0.2)		4.2	7.2
Net Profit (Adjusted)	**5.3**	**7.9**	**10.8**	**1.8**		**7.0**	**9.0**
Avg. no. of shares (diluted, m)	20.5	22.6	30.1	30.1		30.1	30.1
EPS (Adjusted, diluted p)	**26.2**	**35.0**	**35.9**	**6.0**		**23.2**	**30.0**

** continuing basis; Source: Company reports, Tring Triangle estimate*

Cashflow							
year-end December, £m	FY23A	FY24A	FY25A	H1/26A	H2/26E	FY26E	FY27E
EBIT	**3.9**	**3.4**	**(5.2)**	**1.4**	**8.1**	**9.5**	**13.7**
One-off items	3.9	8.6	23.3	2.8	0.0	2.8	0.0
Amortisation	0.8	1.0	1.0	0.4	0.4	0.8	1.0
Depreciation	2.1	2.3	3.3	1.5	1.5	3.0	2.0
Other non-cash	0.0	0.0	0.0	(0.1)	0.0	(0.1)	0.0
Pension escrow contributions	(2.3)	(2.3)	(2.3)	(1.1)	(1.0)	(2.1)	(1.9)
Pension escrow recovered	0.0	0.0	0.0	0.0	0.0	0.0	5.7
Pension payments	0.0	0.0	(0.2)	(0.3)	(0.3)	(0.6)	(0.6)
Movement in working capital	4.7	(7.4)	(13.7)	(0.4)	1.7	1.3	1.3
Cash generated by operations	**13.1**	**5.6**	**6.2**	**4.2**	**10.4**	**14.6**	**21.2**
Acquisition costs, other	(0.8)	(1.4)	(2.7)	(0.5)	0.0	(0.5)	0.0
Tax (paid)/received	(1.1)	(1.6)	(1.9)	(0.8)	(0.7)	(1.5)	(2.0)
Net cash from operations	**11.2**	**2.6**	**1.6**	**2.9**	**9.6**	**12.5**	**19.2**
Acquisition	0.0	(54.8)	0.0	0.0	16.0	16.0	0.0
Sale of PPE	0.0	0.4	0.2	0.0	0.0	0.0	0.0
Capitalised R&D	(1.5)	(3.2)	(4.1)	(1.2)	(0.8)	(2.0)	(0.7)
Capex	(1.1)	(1.9)	(0.6)	(0.2)	(3.8)	(4.0)	(4.0)
Acquired cashflow/deferred payment	0.0	0.0	(1.0)	0.0	0.0	0.0	0.0
Net cash used in investing	**(2.6)**	**(59.5)**	**(5.5)**	**(1.4)**	**11.4**	**10.0**	**(4.7)**
Borrowings	0.0	38.5	(4.7)	(3.5)	(3.3)	(6.8)	(13.0)
Interest paid	(0.7)	(1.2)	(4.2)	(1.8)	(2.2)	(4.0)	(2.7)
Purchase own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease payments	(1.1)	(1.2)	(2.0)	(1.2)	(1.2)	(2.4)	(1.0)
Net cash from financing	**(1.8)**	**64.5**	**(10.9)**	**(6.5)**	**(6.7)**	**(13.2)**	**(16.7)**
Cash from discontinuing operations	**0.0**	**0.0**	**0.0**	**(3.9)**	**0.0**	**(3.9)**	**0.0**
Net increase in cash / equivalents	**6.8**	**7.6**	**(14.8)**	**(8.9)**	**14.3**	**5.4**	**(2.2)**
Exchange rate movements	0.0	(0.4)	(1.4)	(0.7)	0.0	(0.7)	0.0
Cash at year end	**11.0**	**18.2**	**2.0**	**(7.6)**	**6.7**	**6.7**	**4.5**

Source: Company reports, Tring Triangle estimate

Balance sheet						
year-end December, £m	**FY23A**	**FY24A**	**FY25A**	**H1/26A**	**FY26E**	**FY27E**
Intangible assets, net	24.0	117.4	108.4	96.3	96.4	96.1
PPE net	4.1	5.8	4.7	2.5	4.8	5.8
Property	0.8	0.8	0.8	0.8	0.8	0.8
Right of use	5.9	9.4	9.3	7.1	7.1	7.1
Employee benefits	32.2	39.4	7.6	7.6	7.6	0.0
Deferred tax, other	0.9	5.3	3.5	2.5	2.5	2.5
Total Fixed Assets	**67.9**	**178.1**	**134.3**	**116.8**	**119.2**	**112.3**
Inventories	11.1	15.9	16.2	12.0	18.5	17.1
Trade receivables	46.8	59.4	60.7	50.9	61.6	64.0
Tax/other	1.1	0.8	0.8	0.8	0.8	0.8
Cash, Equivalents	11.0	18.2	9.6	1.7	6.7	4.5
Total Current Assets	**70.0**	**94.3**	**87.3**	**90.6**	**87.7**	**86.4**
Trade payables	(43.8)	(72.1)	(61.7)	(57.7)	(63.3)	(65.7)
Leases	(1.3)	(2.2)	(2.8)	(2.1)	(2.1)	(2.1)
Provisions	(0.9)	(2.8)	(1.6)	(0.6)	(0.6)	(0.6)
Tax/other	(0.9)	(2.2)	(2.2)	(10.6)	(2.2)	(6.0)
Loans	(8.0)	(41.2)	(51.5)	(51.7)	(44.7)	(31.7)
Total Current Liabilities	**(54.9)**	**(120.5)**	**(119.8)**	**(122.7)**	**(112.9)**	**(106.1)**
Borrowings	(0.9)	(14.5)	(6.0)	(4.0)	(4.0)	(4.0)
Employee benefits	(1.8)	(1.5)	(1.4)	(1.1)	(1.1)	(1.1)
Tax	(11.4)	(19.1)	(9.5)	(7.7)	(7.7)	(7.7)
Leases	(4.9)	(7.5)	(8.2)	(5.3)	(5.3)	(5.3)
Deferred/other	0.0	(1.3)	(1.4)	(0.3)	(0.3)	0.0
Net Assets	**64.0**	**108.0**	**75.3**	**66.3**	**75.6**	**74.5**
Share Capital	5.1	7.5	7.5	7.5	7.5	7.5
Share Premium	26.0	61.8	61.8	61.8	61.8	61.8
Capital Reserve	3.8	3.6	4.1	4.3	4.1	4.1
Retained earnings	29.1	35.1	1.9	(7.3)	2.2	1.1
Equity	**64.0**	**108.0**	**75.3**	**66.3**	**75.6**	**74.5**
Net cash/(debt) excl. leases	**2.1**	**(37.5)**	**(47.9)**	**(54.0)**	**(42.0)**	**(31.2)**

Source: Company reports, Tring Triangle estimate

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