Tring Triangle

MPAC GROUP PLC

Keeping going through hell

We are not surprised by today's profit downgrade as we had warned in September that it would be foolhardy to make profit predictions given the US administration's unprecedented actions to cause economic chaos globally and drive inflation. Recent warnings from ATS and Krones suggests that even the large packaging equipment groups are no longer immune. For smaller companies like Mpac Group going through hell, to quote Winston Churchill, the most important objective is to keep going. By one measure, the company is trading well through this difficult period; order intake at the end of October was £126m, compared £101.5m in the same period last year with North America providing the momentum. Whilst this may explain why revenues for FY26 is only expected to be *c*4% below management expectations, the 24% decline in our FY26 PBT forecast reflects the unpredictably of the timing of orders and the impact on operational loading across the group. It is difficult to predict the timing and the intensity of recovery. Therefore, investors should remain focused on two factors. First, we are not changing our forecast for net debt at year-end, and continue to expect sustained free cashflow and the recovery of pension escrow contributions in FY27 to begin the process of restoring the balance sheet. Second, the growing installed machine base which in due course can serve as a strategic platform for higher margin aftermarket and complimentary revenues. We see no reason to change our view that consolidation is the over-riding investment case.

Revised FY27 forecasts: As for FY27, we note from today's statement that management are not anticipating material changes to current market dynamics next year, with the recent momentum in North America expected to continue whilst the order book progress elsewhere being more subdued. We are forecasting 5% revenue growth with an improvement EBIT margin from 7% to 8.4%.

Key financials and multiples

£m	2023A	2024A	2025A	2026E*	2027E*
Revenue	80.2	122.4	174.1	148.0	155.0
Pre-Tax Profit (adj)	7.1	10.6	13.5	6.5	10.4
EPS (adj, p)	26.2	35.0	35.9	17.7	28.3
P/E	11.6	8.7	8.5	17.2	10.8
Free cash flow	7.9	-3.7	-7.3	2.5	9.8
Net cash / (debt)	2.1	-37.5	-47.9	-42.0	-33.2

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

Equity Research

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Market: AIM

Sector: Automated packaging equipment & services

Share price: 305p *(as of 18 November 2026)*

52-week high – 385p
52-week low – 200p

Capitalisation - £91.7m

Net Debt (as of 13 November 2026):

£47.8m

Major shareholders:
Schroders: 15.1%
Forrest Nominees: 10.1%
Richard Griffiths: 6.3%
Charles Stanley: 6.1%
Fidelity: 5.5%

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Warnings from major packaging equipment companies

In early November, ATS, with annual sales of CAD$2.9bn in fiscal 2026, announced its Q2/27 results and withdrew its previously set fiscal 2027 targets of modest revenue growth and a 50-75 basis point increase in margins,

ATS management explicitly stated that the delay in Q2/27 orders was primarily related to packaging automation equipment. These delays reflected a timing shift in customer orders, which was further exacerbated by tariffs imposed under Section 338 of the Tariff Act of 1930 ("Section 338 tariffs") that came into effect in late August 2026 following the breakdown of trade talks between Canada and the US and affected packaging equipment manufactured in Canada and sold into the US. As a result of these delays and the execution time for ATS's order backlog to convert to revenues, ATS management now does not expect to achieve its previous goals for modest revenue growth and for margin expansion of 50-75 basis points in fiscal 2027. Third quarter fiscal 2027 revenues are expected to be $640-680m, *c*11-16% below Q3/26.

Elsewhere, Krones AG, a major packaging and beverage filling equipment provider with 2025 revenues of €5.6bn, announced in October 2026 that it was cutting its full-year 2026 revenue growth forecast from the original 3%-5% to 1%-2%, and significantly lowered its 2028 medium-term revenue target. It blamed geopolitical pressures and rising customer costs leading to deteriorating market conditions in Q4/26. The revised medium-term revenue target for 2028 of €6.0-6.2bn is c11-14% below previous target. The medium-term target for the EBITDA margin in 2028 has also been downgraded to 11% to 12% from 11% to 13%.

Forecasts

There is limited impact to our FY26 and FY27 revenue forecasts which we are cutting by 1-2% as Mpac is continuing to win business with both new and existing customers. However, we are downgrading our FY26 PBT forecasts by 24% as timing of orders remains unpredictable which combined with US tariffs has made operational loading across the Group's manufacturing facilities uneven, with consequential impacts on utilisation and efficiency, and necessary cost investment. We expect some of these inefficiencies to abate in FY27 leading to an increase in EBIT margin from 7% to 8.4%.

More importantly, we continue to expect improvement in the balance sheet. Whilst net debt increased from £43.5m at end-August to £47.8m on 13 November, we attribute this to seasonal cash cycles, and we still expect net debt to fall to £42m by the end of 2026. As for FY27, continued focus on cash and the recovery of pension escrow contributions should lead to significant fall in net debt to £33.8m by end-2027.

Profit & Loss

year-end December, £m	FY23A	FY24A	FY25A	H1/26A*	H2/26E*	FY26E*	FY27E
Revenue	**80.2**	**122.4**	**174.1**	**71.0**	**77.0**	**148.0**	**155.0**
Gross profit	**31.6**	**36.8**	**63.2**	**21.4**	**23.0**	**44.4**	**47.9**
Gross margin	*39.4%*	*30.1%*	*36.3%*	*30.1%*	*29.9%*	*30.0%*	*30.9%*
Other operating costs	(23.8)	(24.8)	(45.1)	(17.2)	(16.9)	(34.1)	(34.8)
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	6.1	7.5	13.1
EBIT (Adjusted)	**7.8**	**12.0**	**18.1**	**4.2**	**6.1**	**10.3**	**13.1**
EBIT margin	*9.7%*	*9.8%*	*10.4%*	*5.9%*	*7.9%*	*7.0%*	*8.4%*
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**	**8.0**	**14.1**	**16.1**
EBITDA margin	*13.3%*	*12.5%*	*12.9%*	*8.6%*	*10.4%*	*9.5%*	*10.4%*
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)	2.4	1.9	8.6
Profit Before Tax (Adjusted)	**7.1**	**10.6**	**13.5**	**2.1**	**4.4**	**6.5**	**10.4**
Underlying tax rate	*25%*	*25%*	*20%*	*14%*		*18%*	*18%*
Tax (adj)	(1.8)	(2.7)	(2.7)	(0.3)		(1.2)	(1.9)
Tax	(2.0)	(2.0)	(1.8)	0.3		0.3	(1.9)
Net Profit (Reported)	2.7	1.4	(9.5)	(0.2)		2.2	6.7
Net Profit (Adjusted)	**5.3**	**7.9**	**10.8**	**1.8**		**5.3**	**8.5**
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**		**17.7**	**28.3**

** 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**	**6.1**	**7.5**	**13.1**
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)	3.3	2.9	(0.3)
Cash generated by operations	**13.1**	**5.6**	**6.2**	**4.2**	**10.0**	**14.2**	**19.0**
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)	(0.4)	(1.2)	(1.9)
Net cash from operations	**11.2**	**2.6**	**1.6**	**2.9**	**9.6**	**12.5**	**17.2**
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**	**(4.2)**
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**	**2.5**

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	18.2	17.0
Trade receivables	46.8	59.4	60.7	50.9	60.8	63.7
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	2.5
Total Current Assets	**70.0**	**94.3**	**87.3**	**90.6**	**86.6**	**84.0**
Trade payables	(43.8)	(72.1)	(61.7)	(57.7)	(62.4)	(65.4)
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)**	**(112.0)**	**(105.8)**
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**	**75.3**	**72.4**
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)	1.9	(1.0)
Equity	**64.0**	**108.0**	**75.3**	**66.3**	**75.3**	**72.4**
Net cash/(debt) excl. leases	**2.1**	**(37.5)**	**(47.9)**	**(54.0)**	**(42.0)**	**(33.2)**

Source: Company reports, Tring Triangle estimate

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