

FY24 trading update: a transformational year

16 January 2025

In a Trading Update (unaudited) for the year to 31 December 2024, Mpac Group reports performance in line with market expectations, with FY24 (adj.) PBT of £10.5m, and a substantial H2 uplift above H1, backed by improved project margins and operational efficiency. The Group expects to report record levels of revenue in FY24 with (adj.) PBT above the £10.0m mark for the first time. Our estimates indicate H2 (adj.) PBIT of £6.2m compared to £4.0m recorded in H1. The combination of continued firm demand in key markets and contracts gained through acquisitions resulted in a year-end closing order book of £111.0m (FY23: £72.5m), providing the basis for coverage of the FY25 outlook: ED FY25E £218.1m. Mpac Group reaffirms that it is well placed to deliver on market expectations for the current financial year and beyond, and our Fair Value, revised following the acquisition of CSi, remains 865p / share.

The Group acquired BCA Conveyor & Automation in September 2024 for US\$17.0m (see [Equity Development report, Earnings enhancing acquisition broadens capabilities](#)), and CSi Palletising, the largest acquisition to date, in October 2024 for €56.0m (see [Equity Development report, Major acquisition and equity raise. Fair Value raised to 865p](#)). Mpac reports that both businesses have continued to perform in line with Board expectations, whilst the process of integrating operations into the wider Mpac Group is reported to be progressing satisfactorily and according to plan.

Following completion of the acquisitions, Mpac reports FY24 year-end net debt of £37.0m (FY23: £2.1m net cash). FY24 working capital was £7.0m (FY23: £13.2m) however, this is net of c.£8.0m of invoiced receivables due in 2024, expected to be paid this month. We estimate resulting year end FY24 net debt at £25.9m. Mpac reports that the Group remains on track to recording net debt below 1.0x (adj.) EBITDA by year-end 2025; ED estimate is net debt of £14.2m, 0.6x ND/(adj.) EBITDA.

The Group reports strong quote activity and prospects pipeline in the key Healthcare and Food & Beverage verticals, supporting both the level of FY24 closing orders and momentum continuing into FY25 and beyond.

Mpac trades on a FY26 E EV/(adj.) EBITDA multiple of just 5.3x compared to a market cap-weighted +1 year's earnings estimated average of peers of 10.1x¹, (PE 9.6x vs 16.1x). Our Fair Value, revised with the acquisition of CSi, remains 865p / share. At our Fair Value level, the Group's (adj.) EV/EBITDA is 8.7x and the PER is 15.8x.

Company Data

EPIC	AIM: MPAC
Price (last close)	518p
52 weeks Hi/Lo	590p/315p
Market cap	£153m
ED Fair Value/share	865p
Avg. daily vol (3m)	67k

Share Price, p



Source: investing.com

Description

Mpac Group is a specialist provider of high-speed packaging and automation systems employing c.1,000 people.

The group comprises: Mpac Langen; Mpac Lambert; Mpac Switchback; Mpac BCA; CSi Palletising, acquired in October 2024; and SIGA Vision. The Group generates over 90% of revenue internationally. Core customer verticals include the healthcare, food & beverage and clean energy sectors.

Clients include Advent, AstraZeneca, Bausch & Lomb, Dexcom, Diageo, GSK, J&J, Kellogg's, Nestlé, Philips, P&G, 3M, and Unilever.

Next event

FY24 Results, w/c 28 April 2025

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Forecasts to FY26*

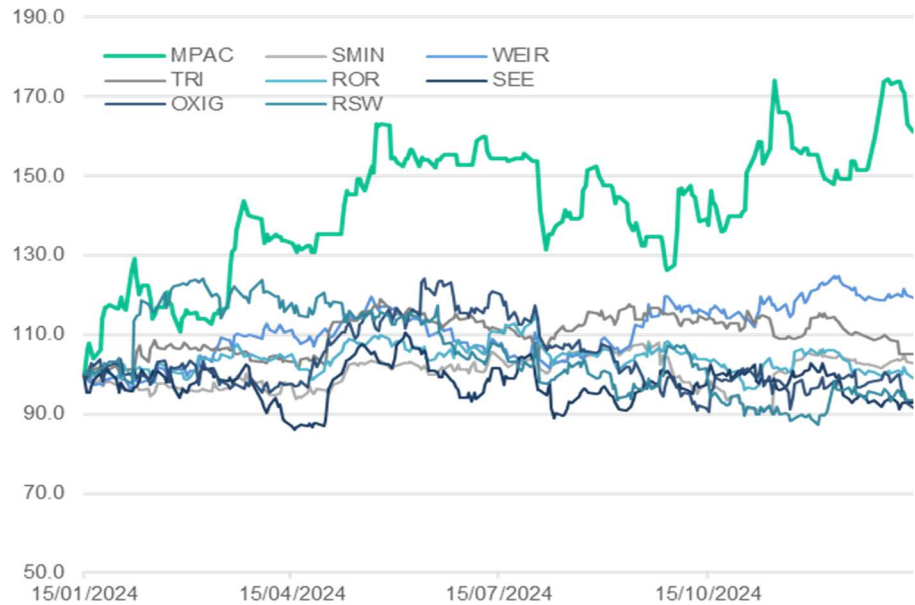
Yr to 31 Dec (£m)	2021	2022	2023	2024E	2025E	2026E
Revenue	94.3	97.7	114.2	129.8	218.1	233.1
EBITDA (adj)	11.2	6.8	10.7	14.3	23.9	29.7
Pre-Tax Profit (adj)	8.6	3.5	7.1	10.2	16.9	21.7
EPS (adj, p)	39.4	13.1	26.2	31.8	43.4	54.7
Net debt / (Cash)	(13.6)	4.7	(2.1)	25.9	14.2	0.4
P/E	13.3x	39.9x	20.0x	16.5x	12.1x	9.6x
EV/EBITDA	14.1x	23.2x	14.7x	11.0x	6.6x	5.3x
EBITDA (adj.) mrg	11.9%	7.0%	9.4%	11.0%	11.0%	12.7%
Fair Value EV/EBITDA				18.0x	10.7x	8.7x
Fair Value PE				27.2x	19.9x	15.8x

Source: Company data, Equity Development Estimates. ¹Source: koyfin.* Assumes completion of the CSi acquisition.

Share price performance, comparative valuation

Below is the share price performance, year to date and rebased at 100.0, for Mpac and a group of peers: Smiths Group plc, The Weir Group PLC, Trifast plc, Rotork plc, Sealed Air Corp., Oxford Instruments plc, Renishaw plc, Morgan Advanced Materials plc, Avingtrans plc, Hill & Smith plc and Kronos A.G. Mpac's performance stands at +61% compared to the peer group average of +1% (range: -9% to +19%).

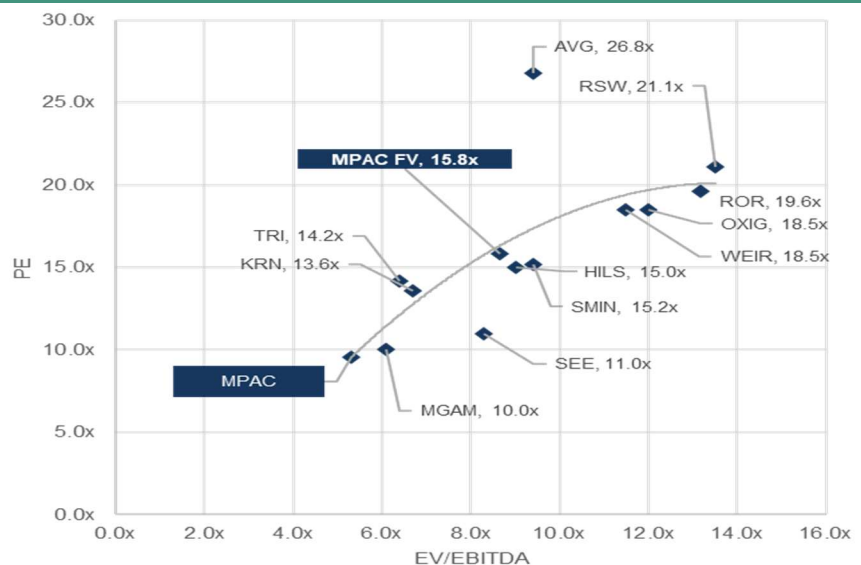
Mpac and peers share price 1 year, rebased



Source: Google charts. 14.01.2025.

Next, we show the relative positioning on Mpac's valuation (FY26E and at our Fair Value) compared to a group of 11 peers.

Mpac relative valuation: PE, EV/EBITDA + 1 year



Source: Koyfin 14.01. 2025. Equity Development estimates.

P&L												
£m	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24E	FY21	FY22	FY23	FY24E	FY25E	FY26E
Revenue	50.6	47.1	52.8	61.4	60.0	62.8	94.3	97.7	114.2	129.8	218.1	233.1
Gross	10.7	13.7	12.6	19.0	16.9	19.4	28.9	24.4	31.6	36.3	50.4	55.8
<i>Margin</i>	<i>21.1%</i>	<i>29.1%</i>	<i>23.9%</i>	<i>30.9%</i>	<i>28.2%</i>	<i>30.9%</i>	<i>30.6%</i>	<i>25.0%</i>	<i>27.7%</i>	<i>28.9%</i>	<i>34.0%</i>	<i>32.3%</i>
Sum operating costs	(9.5)	(11.0)	(10.4)	(13.4)	(12.4)	(12.6)	(20.1)	(20.5)	(23.8)	(25.0)	(32.1)	(32.5)
One-off costs	(1.8)	(2.1)	(2.4)	(1.5)	(1.4)	(1.6)	(0.5)	(3.9)	(3.9)	(3.0)	(3.0)	(3.0)
EBIT Reported	(0.6)	0.6	(0.2)	4.1	3.1	5.2	8.3	0.0	3.9	8.3	15.3	20.3
EBIT Adjusted	1.2	2.7	2.2	5.6	4.5	6.8	8.8	3.9	7.8	11.3	18.3	23.3
<i>Margin</i>	<i>2.4%</i>	<i>5.7%</i>	<i>4.2%</i>	<i>9.1%</i>	<i>7.5%</i>	<i>10.8%</i>	<i>9.3%</i>	<i>4.0%</i>	<i>6.8%</i>	<i>8.7%</i>	<i>8.4%</i>	<i>10.0%</i>
Amortisation	(0.3)	(0.6)	(0.3)	(0.5)	(0.4)	(0.0)	(0.6)	(0.9)	(0.8)	(0.4)	(1.8)	(2.2)
Depreciation	(1.0)	(1.0)	(0.9)	(1.2)	(1.0)	(1.6)	(1.8)	(2.0)	(2.1)	(2.6)	(3.8)	(4.2)
EBITDA Reported	0.7	2.2	1.0	5.8	4.5	6.8	10.7	2.9	6.8	11.3	20.9	26.7
EBITDA Adjusted	2.5	4.3	3.4	7.3	5.9	8.4	11.2	6.8	10.7	14.3	23.9	29.7
<i>Margin</i>	<i>4.9%</i>	<i>9.1%</i>	<i>6.4%</i>	<i>11.9%</i>	<i>9.8%</i>	<i>13.3%</i>	<i>11.9%</i>	<i>7.0%</i>	<i>9.4%</i>	<i>11.0%</i>	<i>11.0%</i>	<i>12.7%</i>
Financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial expense	(0.1)	(0.3)	(0.3)	(0.4)	(0.5)	(0.6)	(0.2)	(0.4)	(0.7)	(1.1)	(1.4)	(1.6)
PBT Reported	(0.5)	0.7	(0.1)	4.8	3.3	2.0	8.0	0.2	4.7	5.3	10.4	15.2
PBT Adjusted	1.1	2.4	1.9	5.2	4.0	6.2	8.6	3.5	7.1	10.2	16.9	21.7
Tax	(0.3)	(0.3)	(0.6)	(1.4)	(0.9)	0.0	(0.4)	(0.6)	(2.0)	(0.9)	(4.3)	(5.8)
PAT Reported	(0.8)	0.3	(0.7)	3.5	2.4	2.0	7.6	(0.4)	2.7	4.4	6.1	9.4
PAT Adjusted	0.7	2.0	1.4	3.9	3.1	6.2	7.9	2.7	5.3	9.3	12.6	15.9
Basic wtd. av. shares (m)	20.0	20.3	20.5	20.5	20.5	29.1	19.9	20.3	20.5	29.1	29.1	29.1
Diluted wtd. av. shares (m)	20.3	20.6	20.6	20.5	20.5	29.1	20.1	20.6	20.5	29.1	29.1	29.1
EPS Rptd Basic (p)	(4.0)	1.5	(3.4)	17.1	11.7	6.7	38.2	(2.0)	13.2	15.0	21.1	32.4
EPS Rptd Dil.(p)	(3.9)	1.5	(3.4)	17.1	11.7	6.7	37.9	(1.9)	13.2	15.0	21.1	32.4
EPS Adj. Basic (p)	3.5	9.9	6.8	19.0	15.1	21.1	39.7	13.3	26.2	31.8	43.4	54.7
EPS Adj. Dil. (p)	3.4	9.7	6.8	19.0	15.1	21.1	39.4	13.1	26.2	31.8	43.4	54.7

Source: Company data. Equity Development estimates.

Cashflow

£m	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24E	FY21	FY22	FY23	FY24E	FY25E	FY26E
Operating profit	(0.6)	0.6	(0.2)	4.1	3.1	5.2	8.3	0.0	3.9	8.3	15.3	20.3
One-off items	1.8	2.1	2.4	1.5	1.4	1.6	0.5	3.9	3.9	3.0	3.0	3.0
Amortisation	0.3	0.6	0.3	0.5	0.4	0.0	0.6	0.9	0.8	0.4	1.8	2.2
Depreciation	1.0	1.0	0.9	1.2	1.0	1.6	1.8	2.0	2.1	2.6	3.8	4.2
Other non-cash	0.4	(0.1)	0.0	0.0	0.0	0.1	0.4	0.3	0.0	0.1	3.1	3.0
Pension	(1.1)	(1.0)	(0.9)	(1.4)	(1.2)	1.2	(2.6)	(2.1)	(2.3)	0.0	(3.0)	(3.0)
Movement in working capital	(5.1)	(12.7)	7.3	(2.6)	(9.8)	7.8	(8.2)	(17.8)	4.7	(2.0)	1.1	(4.5)
Cash generated by operations	(3.3)	(9.5)	9.8	3.3	(5.1)	17.5	0.8	(12.8)	13.1	12.4	25.1	25.2
Acquisition costs, other	0.0	(0.8)	(0.4)	(0.4)	(0.1)	(17.9)	(0.3)	(0.8)	(0.8)	(18.0)	0.0	0.0
Tax (paid)/received	(0.2)	(0.2)	(0.3)	(0.8)	0.6	(0.2)	(0.1)	(0.4)	(1.1)	0.4	(4.0)	(5.8)
Net cash from operations	(3.5)	(10.5)	9.1	2.1	(4.6)	(0.6)	0.4	(14.0)	11.2	(5.2)	21.1	19.4
Acquisition	0.0	0.0	0.0	0.0	0.0	(60.5)	0.0	0.0	0.0	(60.5)	0.0	0.0
Sale of PPE	0.1	(0.1)	0.0	0.0	0.2	(0.2)	2.0	0.0	0.0	0.0	0.0	0.0
Capitalised R&D	(0.1)	(1.3)	(0.6)	(0.9)	(0.6)	0.1	(0.2)	(1.4)	(1.5)	(0.5)	(1.1)	(0.7)
Assets under const	0.0	0.0	0.0	0.0	0.0	0.0						
PPE	(0.6)	(0.4)	(0.5)	(0.6)	(1.0)	0.7	(1.5)	(1.0)	(1.1)	(0.3)	(3.0)	(1.0)
Acquired cashflow/deferred payment	0.0	(0.8)	0.0	0.0	0.0	0.0	(0.6)	(0.8)	0.0	(3.5)	(3.5)	(1.8)
Net cash used in investing	(0.6)	(2.6)	(1.1)	(1.5)	(1.4)	(59.9)	(0.3)	(3.2)	(2.6)	(64.8)	(7.6)	(3.5)
Net OpFCF	(4.1)	(13.1)	8.0	0.6	(6.0)	(60.5)	0.1	(17.2)	8.6	(70.0)	13.5	16.0
Borrowings	0.0	8.0	(3.0)	3.0	2.0	33.1	0.0	8.0	0.0	35.1	(7.5)	(8.0)
Interest paid	(0.1)	(0.2)	(0.3)	(0.4)	(0.3)	(0.9)	(0.3)	(0.3)	(0.7)	(1.2)	(1.4)	(1.6)
Purchase own shares	0.0	0.0	0.0	0.0	0.0	0.0	(0.2)	0.0	0.0	0.0	0.0	0.0
Lease payments	(0.6)	(0.5)	(0.4)	(0.7)	(0.6)	(1.1)	(0.9)	(1.1)	(1.1)	(1.7)	(0.5)	(0.5)
Net cash from financing	(0.7)	7.3	(3.7)	1.9	1.1	68.0	(1.4)	6.6	(1.8)	69.1	(9.4)	(10.1)
Net increase in cash / equivalents	(4.8)	(5.8)	4.3	2.5	(4.9)	7.5	(1.3)	(10.6)	6.8	(0.9)	4.1	5.9
Forex	(0.2)	0.5	(0.4)	0.4	(0.1)	0.1	0.3	0.3	0.0	0.0	0.0	0.0
Cash at year end	9.5	4.2	8.1	11.0	6.0	13.6	14.5	4.2	11.0	10.1	14.3	20.1

Source: Company data. Equity Development estimates.

Balance sheet

£m	H1 22	H2 22	H1 23	H2 23	H1 24	H2 24E	FY21	FY22	FY23	FY24E	FY25E	FY26E
Intangible assets	25.4	25.4	24.3	24.0	23.3	85.4	25.3	25.4	24.0	85.4	80.1	76.2
PPE net	4.2	4.0	4.0	4.1	4.4	13.7	4.0	4.0	4.1	13.7	12.9	9.7
Property	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Right of use	5.8	5.0	4.5	5.9	5.7	5.0	5.8	5.0	5.9	5.0	5.0	5.0
Employee benefits	59.7	31.5	35.2	32.2	33.0	32.7	35.7	31.5	32.2	32.7	32.7	32.7
Deferred tax, other	1.5	1.5	1.0	1.0	0.9	3.4	1.4	1.3	0.9	3.4	3.4	3.4
Sum Fixed Assets	97.4	68.2	69.8	68.0	68.1	141.0	73.0	68.0	67.9	141.0	134.9	127.8
Inventories	6.3	9.6	10.2	11.1	11.6	14.0	5.5	9.6	11.1	14.0	18.5	21.7
Trade receivables	33.8	46.7	44.0	46.8	52.6	31.3	34.5	46.7	46.8	31.3	28.1	31.9
Tax assets, Other	0.2	0.6	0.8	1.1	0.0	22.7	0.6	0.6	1.1	22.7	22.7	22.7
Cash, Equivalents	9.5	4.2	8.1	11.0	6.0	10.1	14.5	4.2	11.0	10.1	14.3	20.1
Sum Current Assets	49.8	61.1	63.1	70.0	70.2	78.2	55.1	61.1	70.0	78.2	83.6	96.5
Trade payables	(35.1)	(38.4)	(43.6)	(43.8)	(41.1)	(14.6)	(39.5)	(38.4)	(43.8)	(14.6)	(17.9)	(19.2)
Leases	(1.8)	(1.4)	(1.3)	(1.3)	(1.3)	(1.3)	(1.8)	(1.4)	(1.3)	(1.3)	(1.3)	(1.3)
Provisions	(1.2)	(1.0)	(1.0)	(0.9)	(0.7)	(0.9)	(0.6)	(1.0)	(0.9)	(0.9)	(0.9)	(0.9)
Tax, Other	(0.7)	(0.1)	(0.3)	(0.9)	(1.3)	(18.3)	(0.7)	(0.1)	(0.9)	(18.3)	(6.0)	(6.0)
Contract liabilities	0.0	(8.0)	(5.0)	(8.0)	(10.0)	(36.0)						
Sum Current Liabilities	(38.8)	(48.9)	(51.2)	(54.9)	(54.4)	(71.1)	(42.6)	(48.9)	(54.9)	(71.1)	(62.8)	(64.8)
Borrowings	(0.9)	(0.9)	(0.9)	(0.9)	(0.9)	(36.0)	(0.9)	(0.9)	(0.9)	(36.0)	(28.5)	(20.5)
Employee benefits	(2.8)	(2.1)	(1.7)	(1.8)	(1.6)	(3.0)	(2.5)	(2.1)	(1.8)	(3.0)	(3.0)	(3.0)
Tax	(20.6)	(11.1)	(12.4)	(11.4)	(8.3)	(6.8)	(12.5)	(11.1)	(11.4)	(6.8)	(6.8)	(6.8)
Leases	(4.0)	(3.9)	(3.4)	(4.9)	(4.6)	(3.4)	(4.2)	(3.9)	(4.9)	(3.4)	(3.4)	(3.4)
Deferred consideration	0.0	0.0	0.0	0.0	0.0	(3.5)	0.0	0.0	0.0	(3.5)	(3.5)	(1.8)
Net Assets	80.1	62.2	63.3	64.0	68.5	95.4	65.4	62.2	64.0	95.4	110.4	124.0
Share Capital	5.0	5.1	5.1	5.1	5.1	7.3	5.0	5.1	5.1	7.3	7.3	7.3
Share Premium	26.0	26.0	26.0	26.0	26.0	25.6	26.0	26.0	26.0	25.6	34.5	38.6
Capital Reserve	3.8	2.1	2.9	3.8	3.6	3.9	3.7	2.1	3.8	3.9	3.9	3.9
Retained earnings	45.3	29.0	29.3	29.1	33.8	58.6	30.7	29.0	29.1	58.6	64.7	74.2
Equity	80.1	62.2	63.3	64.0	68.5	95.4	65.4	62.2	64.0	95.4	110.4	124.0
Net debt / (Cash)	(8.6)	4.7	(2.2)	(2.1)	4.9	25.9	(13.6)	4.7	(2.1)	25.9	14.2	0.4

Source: Company data. Equity Development estimates.

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