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Mpac Group PLC
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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR"), AND IS DISCLOSED IN ACCORDANCE WITH THE COMPANY'S OBLIGATIONS UNDER ARTICLE 17 OF MAR.

Mpac Group plc
(''Mpac'' or the "Group")

Trading update, consolidation of US footprint, and notice of results

Q2 order intake impacted by tariff uncertainty causing deferral of order decisions which will impact H2 revenue

Slower market conditions allow opportunity to accelerate US consolidation plans and optimise cost base for when conditions improve

Mpac Group plc, a global leader in high-speed packaging and automation solutions, issues a trading update ahead of the release of its unaudited results for the six months ended 30 June 2025.

Revenue in the first half was in line with the Board's expectations, despite the growing macro-economic headwinds resulting from US tariffs. A strong January order book, good performance from the businesses acquired in the prior year, and healthy short-cycle service business all contributed to an H1 operating performance in line with management expectations.

However, Original Equipment ("OE") order intake in the core Mpac business (excluding the 2024 acquisitions) has slowed materially through Q2, as customers responded to growing uncertainty around tariffs and low consumer confidence by deferring capital investments and cutting back on spending. The closing order book at 30 June is expected to be circa £90.0m (Dec 2024: £118.5m), providing materially lower than anticipated cover for H2 revenue, with the Americas region particularly impacted. Our services business has remained broadly unaffected, and both of the 2024 acquisitions (BCA and CSi) continue to trade well and in line with management expectations, with CSi specifically benefiting from limited exposure to the US.

Q2 order intake is an important period for the Group as orders secured in the period drive H2 revenue flow to where there is typically a natural full year weighting. Accordingly, due to the expected impact from slower orders in Q2 the Board now expects FY 2025 revenue to fall significantly below the Board's previous expectations.

Given the current slower market conditions in the US, the Board has decided to take the opportunity to accelerate its plans to consolidate its operational footprint in the US, optimising capacity and the cost base. The Group's facility in Cleveland Ohio will be closed, consolidating it with the business acquired in 2024 in Boston Massachusetts improving utilisation rates. The Group is also reducing capacity in Mississauga Canada. No impact on customers is anticipated. The restructuring will incur non-cash impairment charges in the region of £11.5m.

This and other cost saving measures have been designed to maintain existing operating margins despite the reduction in revenue, offsetting the impact of reduced operational leverage. This will further provide a more efficient baseline cost for future growth when global markets improve.

The shortfall in customer deposits arising from reduced OE orders also has the effect of marginally increasing June 2025 net debt compared to closing net debt from Dec 2024. Actions to reduce debt have been taken.

June 2025 net debt compared to closing net debt from Dec 2024. Actions to reduce debt have been taken, which include implementing new controls to improve operational efficiency and cash milestone delivery, re-negotiate customer and supplier terms, reduce capital expenditure and minimise discretionary spend. The Group expects to remain comfortably within its covenants.

Positively, the Group is also announcing today a 'buy in' transaction for its UK defined benefit pensions scheme and further detail will be set out in a separate announcement. This will help simplify the Group's balance sheet and eliminate a significant risk to Mpac's future profitability and cash flow.

The Group expects to announce its unaudited results for the six months ended 30 June 2025 on 23 September 2025.

Adam Holland, Chief Executive Officer, commented:

"During the later part of the first half of 2025 we have seen the impact of US trade tariffs, falling consumer confidence, and growing economic uncertainty. Customers have increasingly chosen to defer capital investment decisions, with the Americas region being at the epicentre with other regions less impacted to date. Despite resilient first half revenues, the slow down in order intake through H1 2025 means that we must take prompt action now, in anticipation of lower full year revenues and profit than previously expected.

Today we announce the restructuring of our US operations, combining two operational sites into a single, more efficient operation in Boston Massachusetts, and reducing capacity in Mississauga Canada.

The slowdown of orders and customer deposits has also impacted cash, and net debt rose during the first half of the year. Appropriate control measures have has been implemented to slow and reverse this movement.

The actions we take today to simplify our business in response to challenging conditions sets a direction of travel that will position the Group for future growth when markets recover."

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