

## Corporate Credit Rating

☑New ☐Update

**Sector:** Corrugated Packaging

**Publishing Date:** 31.05.2022

**Senior Chief Analyst**

Orkun İnan

+90 212 352 56 73

[orkun.inan@jcrer.com.tr](mailto:orkun.inan@jcrer.com.tr)

**Team Leader**

Ömer Sucu

+90 212 352 56 73

[omer.sucu@jcrer.com.tr](mailto:omer.sucu@jcrer.com.tr)

**Analyst**

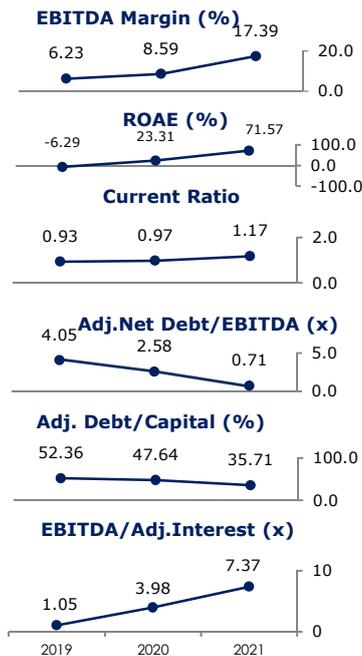
Çağrı Akoğlu

+90 212 352 56 73

[cagri.akoglu@jcrer.com.tr](mailto:cagri.akoglu@jcrer.com.tr)

RATINGS		Long Term	Short Term
ICRs (Issuer Credit Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	J2
	International FC ICR Outlooks	Stable	Stable
	International LC ICR	BBB	J2
ISRs (Issue Specific Profile)	International LC ICR Outlooks	Stable	Stable
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 31, 2021



## Mondi Tire Kutsan Kağıt ve Ambalaj Sanayi A.Ş.

JCR Eurasia Rating has evaluated "Mondi Tire Kutsan Kağıt ve Ambalaj Sanayi A.Ş." in the very high investment grade level category and assigned the Long-Term National Issuer Credit Rating at "AA (tr)" and the Short-Term National Issuer Credit Rating at "J1+ (tr)" with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as "BBB/ Stable"

**Mondi Tire Kutsan Kağıt ve Ambalaj Sanayi A.Ş.** (referred to as 'Mondi Tire' or 'the Company') was established in Izmir in 1974. The Company's shares are traded on the Borsa Istanbul since 1991, with the ticker symbol "TIRE" while the ultimate shareholder of the Company is Mondi Corrugated BV with a share of 79.15% as of 2021. In late 2007, the Company joined the Mondi Group, one of the world's leading suppliers of paper and packaging, with operations across 30 countries. The Company's core business is production of corrugated cardboard. Mondi Tire produces all kinds and sizes of corrugated cardboard boxes and offers for sale to a wide customer portfolio from the food sector to the industrial sector. Mondi Tire Kutsan is a company which is producer of corrugated cardboard in Turkey, employing more than 800 people at five production sites (one paper plant and four box plants).

Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Steady increase in revenue and EBITDA generation capacity indicating a resilient operational performance
- Notable improvement in bottom line results and profitability margins in 2021
- Recovery in net working capital underpinning liquidity structure
- Visible decline of net debt to EBITDA ratio in 2021
- Various product range offered to different industries provides resilience for the Company
- Long lasting presence in the sector and backed by globally reputable and experienced partner in the paper and packaging industry
- High level of compliance with corporate governance principles

### Constraints

- Short-term maturity weighted profile of total financial liabilities though strong leverage metrics
- Commodity price variations may put pressure on profitability indicators
- Expectation of increasing competition may pressure the Company's sales revenue growth and profit margins
- Geopolitical risks stemming from the Russia-Ukraine tension increasing supply chain risks, weakening the risk appetite towards EMs coupled with potential pressure on profitability margins

Considering the aforementioned points, the Company's Long-Term National Rating has been assigned as 'AA (tr)'. The Company's strong revenue and EBITDA growth in the last year, strong shareholder structure, broad sectoral experience, sufficient liquidity metrics, resilient operational performance along with its short foreign currency position, and geopolitical risks-driven uncertainties have been evaluated as important indicators for the stability of the ratings and the outlooks for long and short-term national ratings are determined as 'Stable'. Sustainability of the Company's profitability performance, asset quality, liquidity structure, cash generation performance, term structure of liabilities, foreign currency position together with the trends in the industry are to be monitored by JCR Eurasia Rating in the upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.