Corporate Credit Rating

☐New ☒Update

Sector: Wood and Forest Products Industry
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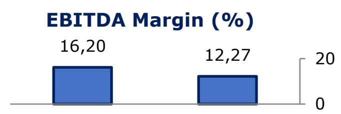
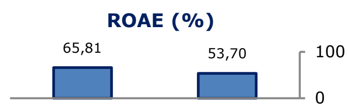
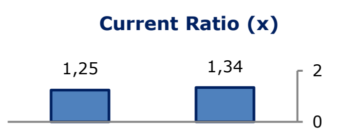
Manager
Ömer SUCU
+90 212 352 56 73
omer.sucu@jcrer.com.tr
Assistant Analyst
İlhan ACAR
+90 212 352 56 73
ilhan.acar@jcrer.com.tr

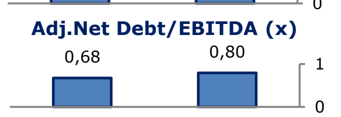
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

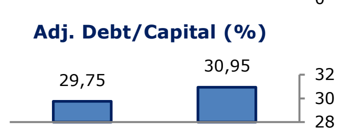
** Assigned by JCR on Aug 18, 2022*

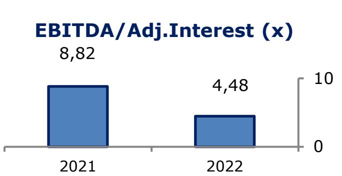












Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi A.Ş.

JCR Eurasia Rating has evaluated **"Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi A.Ş."** in the very high investment grade level category, affirmed 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 affirmed as **'BBB/Stable'**.

Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi A.Ş. (referred to as '**Mondi Turkey**' or **'the Group' 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 "MNDTR" while the ultimate shareholder of the Company is Mondi Corrugated BV with a share of 84.65% as of FYE2022. The Company acquired Mondi Olmuksan Kağıt ve Ambalaj Sanayi Anonim Şirketi with all its assets and liabilities as of September 30, 2022. With this acquisition, the title of the Company has been changed as Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi A.Ş. (Former Title: Mondi Tire Kutsan Kağıt ve Ambalaj Sanayi A.Ş.) In late 2007's, 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 Turkey 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. The Company operates on 10 plants, including 8 box production, 1 paper collection and sales centre and 1 paper plant. Mondi Turkey is in Türkiye, employing more than 1.666 personnels.

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

Strengths

- Sustainable increase in revenue and EBITDA generation capacity indicating a resilient operational performance,
- Robust net working capital, CFO and FFO levels supporting liquidity structure,
- Satisfactory leverage profile underpinned by low level of net debt to EBITDA multiplier in last two years despite slight increase in FY2022,
- Limited collection risk supporting asset quality,
- High equity level supported by internal equity generation,
- Various product range offered to different industries provides resilience for the Company,
- Long lasting presence in the sector backed by globally reputable and experienced partner in the paper and packaging industry,
- High level of compliance with corporate governance principles as a publicly traded Company.

Constraints

- Short-term weighted profile of total financial liabilities despite strong leverage metrics,
- Elevated OpEX figures pressuring bottom line results in last two years,
- Commodity price variations resulting from high import dependency in raw materials may constrain profitability indicators,
- Increasing competition in the industry,
- As China's reopening and stable exchange rates generate significant headwinds to Türkiye's exporters, tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's Long-Term National Rating has been affirmed as '**AA (tr)**'. The Company's sustainable revenue and EBITDA capacity, strong shareholder structure, long-lasting sectoral experience, satisfactory liquidity metrics, resilient operational performance, being a listed company 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'**. The Company's short-term weighted liability profile, elevated OpEX figures, short foreign currency position, commodity price variations, competition in the industry and tight financial conditions accompanied by global banking concerns will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will also be monitored.