

Corporate Credit Rating

New Update

Sector: Paper & Forest Products Industry

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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 (Stable)	-
	Local Currency	BB (Stable)	-

* Assigned by JCR on May 10, 2024

MONDİ TURKEY OLUKLU MUKAVVA KAĞIT VE AMBALAJ SANAYİ ANONİM ŞİRKETİ

JCR Eurasia Rating, has evaluated the consolidated structure of "Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi Anonim Şirketi" in the investment level category with very high credit quality and assigned the Long-Term National Issuer Credit Rating as 'AA (tr)' and the Short-Term National Issuer Credit Rating as 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks are assigned as 'BBB/Stable' above the sovereign ratings of Republic of Türkiye.

Mondi Turkey Oluklu Mukavva Kağıt ve Ambalaj Sanayi A.Ş. (referred to as 'Mondi Turkey' or 'the Group') was established in 1974 in Izmir under the name "Tire Kutsan Oluklu Mukavva ve Kutu Sanayii Anonim Şirketi". While the shares of the Company were traded under the symbol "TIRE" from 1991 until 2022, the Company took over Mondi Olmuksan Kağıt ve Ambalaj Sanayi Anonim Şirketi with all its assets and liabilities on September 30, 2022. In addition, its symbol in Borsa İstanbul (BIST) has also changed and it has been traded under the code "MNDTR" since the relevant date. In late 2007, the Company joined the Mondi Group, which operates in 30 countries and is one of the world's leading paper and packaging suppliers. Mondi Turkey's main activity is the production of corrugated cardboard. Mondi Turkey produces corrugated cardboard boxes of all types and sizes and sells them to a wide customer portfolio ranging from the food industry to the industrial sector. Mondi Turkey operates a network of seven corrugated solutions plants across the country, a containerboard mill in Tire and a waste paper recycling facility in Adana. The Group employed 1,532 personnel as of FYE2023 (FYE2022: 1,666).

The ultimate shareholder of the Group is Mondi Corrugated BV with 84,65% shareholding as of our report date. The remaining 15.35% is traded on BIST. The Group realized a secondary public offering in 2024. The capital was increased to TRY 1.05bn from TRY 349.68mn. The entire increased amount was offered to the public.

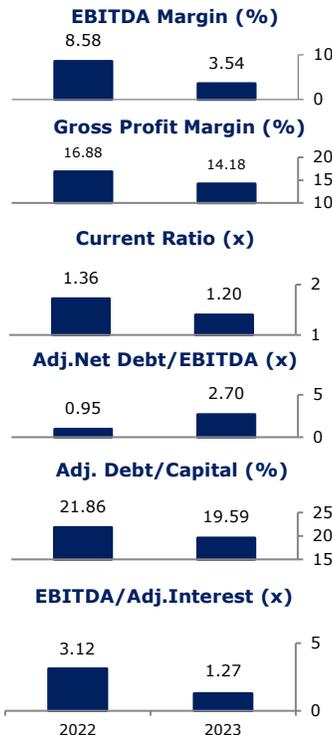
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Moderate leverage profile underpinned by low level of net debt to EBITDA multiplier despite slight increase in 2023, and highly pay off debt in 2024,
- Recovery in CFO and FOCF metrics supporting liquidity structure,
- Limited collection risk supporting asset quality,
- Despite net loss in 2023, strong equity level supported by retained earnings,
- Various product range offered to different industries provides resilience for the Group,
- 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 Group.

Constraints

- Deterioration in sales revenues and profit margins due to high competition in sector and horizontal outlook in prices in 2023 albeit improvement expectation in 2024,
- Short-term weighted profile of total financial liabilities despite reasonable leverage metrics,
- Elevated OpEx figures pressuring bottom line results,
- Leading economic indicators signal global economic slowdown whereas quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.



Considering the aforementioned points, the Group's Long-Term National Issuer Credit Rating has been assigned as 'AA (tr)'. The Group's leverage metrics, cash flow indicators, asset quality, equity level, long-lasting sectoral experience, resilient operational performance and 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 Issuer Credit Ratings are determined as 'Stable'. The Group's sales revenues, profit margins, liability structure, OpEx figures and geopolitical risks 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.