

### **Scope affirms BB/Stable issuer rating on Mobilbox Kft.**

**The rating affirmation is driven by the group's leading position in the CEE and consistently high margins while constrained by its small size, modest diversification and volatile cash flow cover.**

The latest information on the rating, including rating reports and related methodologies, is available on this [LINK](#).

#### **Rating action**

Scope Ratings GmbH (Scope) has today affirmed Mobilbox Kontener Kereskedelmi Kft.'s issuer rating of BB/Stable. The senior unsecured debt rating has been affirmed at BB+.

#### **Rating rationale**

The rating affirmation is based on the company's sustained leading positions in the CEE container rental market combined with consistently high operating profitability, and further improved credit metrics.

Mobilbox's business risk profile, assessed at BB, mainly benefits from its solid positions in the CEE markets, which strongly support its competitive position. The group is the leader in the container rental market in Hungary and Romania and one of the top three players in the CEE markets, with an estimated market share of around 15% in terms of fleet size.

Furthermore, Mobilbox has consistently delivered very high operating profitability thanks to its high asset intensity, disciplined pricing strategy and the expansion of its lucrative spare parts and services activities. Scope-adjusted EBITDA margins have constantly exceeded 40% since 2015 and remained resilient in crisis periods, as evidenced by the 9M 2022 performance (EBITDA margin up 3pp YoY) and projected profitability for the full year 2022. Scope expects EBITDA margins to remain around 40% in the next few years. The business risk profile is restrained by the company's small size (HUF 21.6bn in estimated revenues in 2022 or EUR 55m) as well as a moderate level of diversification in terms of customers, suppliers, products and geography.

The financial risk profile, assessed at BBB+, is primarily supported by the group's low leverage and strong interest cover. Leverage as measured by Scope-adjusted debt/EBITDA has been in the 0.5x to 1.5x range since 2015 and is expected to reach 1x at year-end 2022 despite a HUF 3.3bn bond issuance under the MNB programme in February 2022. Scope expects this ratio to stay around 1x in the next two years thanks to steady EBITDA improvement, driven, inter alia, by the ramp-up of the most recently established subsidiaries in Slovenia, Croatia or Serbia in terms of capacity utilisation and profitability as well as a higher share of lucrative spare parts and services. The other leverage metric, Scope-adjusted FFO/debt, is also supportive

and expected to stand above 60% over the forecast period. Scope-adjusted EBITDA interest cover has been exceptionally strong over the past few years (above 20x since 2015), despite the additional financial debt raised. Since 2022, this debt protection ratio has benefitted from the sharp rise in Hungarian interest rates, reflected in high interest income from HUF-denominated deposits in Hungary. Even assuming a gradual normalisation of interbank rates in Hungary, the agency does not anticipate any noticeable deterioration in this metric as Mobilbox is expected to maintain substantial liquid assets over the forecast period.

Cash flow cover (Scope-adjusted FOCF/debt) has been volatile in recent years. This reflects the evolution of the investment cycle and its impact on FOCF. The sizeable increase in net capex in 2021 led to a negative FOCF and Scope anticipates a similar pattern in 2024 as Mobilbox plans to resume purchasing containers more actively after a noticeable moderation in capex in 2023 amid economic uncertainties.

Scope considers Mobilbox's liquidity to be adequate. The group has considerably increased its cash balances, from HUF 1bn on average between 2016 and 2020 to HUF 3.8bn at year-end 2021 and an estimated HUF 7.2bn at year-end 2022. Short-term debt maturities remain safely covered by unrestricted cash alone, which more than offsets FOCF volatility in the years ahead. Liquidity coverage is above or close to 200% in all forecasted years.

Scope continues to place much greater emphasis on Mobilbox's business risk profile than on its financial risk profile due to its comparatively small size. Furthermore, the company's limited size and outreach compared to other entities rated BB and above hinder it from exceeding the assigned BB issuer rating (reflected by a negative one notch adjustment on the standalone rating).

## Outlook and rating-change drivers

The Outlook is Stable. It reflects Scope's view that Mobilbox will continue to execute its long-term strategy geared toward expanding its container fleet both domestically and internationally while maintaining a high EBITDA margin of around 40%. The Outlook also incorporates Scope's expectation that the group will maintain a prudent financial policy, notably in terms of dividend payments and discretionary spending (bolt-on acquisitions), keeping Scope-adjusted debt/EBITDA around 1x.

Scope views a rating upgrade as remote at this stage, but a positive rating action could be warranted by significant growth in Mobilbox's size, leading to improved diversification of customers, products and geographies, while keeping credit metrics in line with Scope's rating case.

A negative rating action could take place if Scope-adjusted debt/EBITDA increased to around 4x on a sustained basis. This could be caused by much weaker-than-expected revenues due to changes in market conditions, leading to profitability well below Scope's base case.

## Long-term debt ratings

In February 2022, Mobilbox issued a HUF 3.3bn senior unsecured bond under the Hungarian National Bank's Bond Funding for Growth Scheme. The bond features a tenor of 10 years, 10% annual amortisation of the principal amount between 2027 and 2031 and a 50% bullet repayment at maturity (2032). The bond coupon is fixed (4.9%) and payable on an annual basis.

Scope has affirmed the BB+ rating for Mobilbox's senior unsecured debt. The agency calculated a 'superior' recovery based on an expected liquidation value in a hypothetical default scenario in 2024. However, the agency limits up-notching to one notch to account for potential volatility in capital structure on the path to

default. This results in a BB+ rating, one notch above the assigned issuer rating.

### **Stress testing & cash flow analysis**

No stress testing was performed. Scope Ratings performed its standard cash flow forecasting for the company.

### **Methodology**

The methodology used for these Credit Ratings and/or Outlooks, (General Corporate Rating Methodology, 15 July 2022), is available on <https://scoperatings.com/governance-and-policies/rating-governance/methodologies>.

Information on the meaning of each Credit Rating category, including definitions of default, recoveries, Outlooks and Under Review, can be viewed in 'Rating Definitions – Credit Ratings, Ancillary and Other Services', published on <https://www.scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales>. Historical default rates of the entities rated by Scope Ratings can be viewed in the Credit Rating performance report at <https://scoperatings.com/governance-and-policies/regulatory/eu-regulation>. Also refer to the central platform (CEREP) of the European Securities and Markets Authority (ESMA): <http://cerp.esma.europa.eu/cerep-web/statistics/defaults.xhtml>. A comprehensive clarification of Scope Ratings' definitions of default and Credit Rating notations can be found at <https://www.scoperatings.com/governance-and-policies/rating-governance/definitions-and-scales>. Guidance and information on how environmental, social or governance factors (ESG factors) are incorporated into the Credit Rating can be found in the respective sections of the methodologies or guidance documents provided on <https://scoperatings.com/governance-and-policies/rating-governance/methodologies>.

The Outlook indicates the most likely direction of the Credit Ratings if the Credit Ratings were to change within the next 12 to 18 months.

### **Solicitation, key sources and quality of information**

The Rated Entity and/or its Related Third Parties participated in the Credit Rating process.

The following substantially material sources of information were used to prepare the Credit Ratings: public domain, the Rated Entity and Scope Ratings' internal sources.

Scope Ratings considers the quality of information available to Scope Ratings on the Rated Entity or instrument to be satisfactory. The information and data supporting the Credit Ratings originate from sources Scope Ratings considers to be reliable and accurate. Scope Ratings does not, however, independently verify the reliability and accuracy of the information and data.

Prior to the issuance of the Credit Rating action, the Rated Entity was given the opportunity to review the Credit Ratings and/or Outlooks and the principal grounds on which the Credit Ratings and/or Outlooks are based. Following that review, the Credit Ratings were not amended before being issued.

### **Regulatory disclosures**

These Credit Ratings and/or Outlooks are issued by Scope Ratings GmbH, Lennéstraße 5, D-10785 Berlin, Tel +49 30 27891-0. The Credit Ratings and/or Outlooks are UK-endorsed.

Lead analyst: Georges Dieng, Director

Person responsible for approval of the Credit Ratings: Philipp Wass, Executive Director

The Credit Ratings/Outlooks were first released by Scope Ratings on 10 February 2022

### **Potential conflicts**

See [www.scoperatings.com](http://www.scoperatings.com) under Governance & Policies/EU Regulation/Disclosures for a list of potential conflicts of interest related to the issuance of Credit Ratings.

### **Conditions of use/exclusion of liability**

© 2023 Scope SE & Co. KGaA and all its subsidiaries including Scope Ratings GmbH, Scope Ratings UK Limited, Scope Analysis GmbH, Scope Investor Services GmbH, and Scope ESG Analysis GmbH (collectively, Scope). All rights reserved. The information and data supporting Scope's ratings, rating reports, rating opinions and related research and credit opinions originate from sources Scope considers to be reliable and accurate. Scope does not, however, independently verify the reliability and accuracy of the information and data. Scope's ratings, rating reports, rating opinions, or related research and credit opinions are provided 'as is' without any representation or warranty of any kind. In no circumstance shall Scope or its directors, officers, employees and other representatives be liable to any party for any direct, indirect, incidental or other damages, expenses of any kind, or losses arising from any use of Scope's ratings, rating reports, rating opinions, related research or credit opinions. Ratings and other related credit opinions issued by Scope are, and have to be viewed by any party as, opinions on relative credit risk and not a statement of fact or recommendation to purchase, hold or sell securities. Past performance does not necessarily predict future results. Any report issued by Scope is not a prospectus or similar document related to a debt security or issuing entity. Scope issues credit ratings and related research and opinions with the understanding and expectation that parties using them will assess independently the suitability of each security for investment or transaction purposes. Scope's credit ratings address relative credit risk, they do not address other risks such as market, liquidity, legal, or volatility. The information and data included herein is protected by copyright and other laws. To reproduce, transmit, transfer, disseminate, translate, resell, or store for subsequent use for any such purpose the information and data contained herein, contact Scope Ratings GmbH at Lennéstraße 5 D-10785 Berlin.

## About Scope Group

With more than 250 employees operating from offices in Berlin, Frankfurt, Hamburg, London, Madrid, Milan, Oslo and Paris, Scope Group is the leading European provider of independent credit ratings, ESG and fund analysis. Based on forward-looking and innovative methodologies, Scope offers a European perspective that contributes to greater diversity of opinion for institutional investors worldwide. **Scope Ratings** is the largest European credit rating agency, registered in accordance with EU and UK rating agency regulation, offering opinion-driven and non-mechanistic credit risk analysis. **Scope ESG Analysis** provides tools for analysing and reporting on ESG impact and risk, as well as second-party opinions on green, social and sustainable bonds. **Scope Fund Analysis** rates more than 10,000 funds and asset managers across all major asset classes. The shareholders of Scope Group include CEO and founder Florian Schoeller and anchor shareholder Stefan Quandt, numerous senior personalities in European finance and industry as well as institutional investors from several European countries. More on [www.scopegroup.com](http://www.scopegroup.com)

### Contact

**Analyst**

Georges Dieng

[g.dieng@scoperatings.com](mailto:g.dieng@scoperatings.com)

**Team leader**

Olaf Tölke

[o.toelke@scoperatings.com](mailto:o.toelke@scoperatings.com)



Scope Ratings GmbH • Lennéstraße 5 • D-10785 Berlin • Phone: +49 30 27891-0 • Fax: +49 30 27891-0  
[www.scoperatings.com](http://www.scoperatings.com)

Executive Board: Guillaume Jolivet, Matthias Böhm • District Court: Berlin: HRB 192993 B • VAT identification number: DE226486027

Save paper! Please consider the environment before printing this email. This email may contain confidential and/or privileged information. If you are not the intended recipient (or have received this email by mistake) please notify the sender immediately and destroy this email. Any unauthorised copying, disclosure or distribution of the material in this email is strictly forbidden.

[Subscription Center](#)

[Contact](#)

[Legal Notice](#)

