SCOPE | Ratings

Mobilbox Kft.

Hungary, Business Services

Rating composition

Business Risk Profile		
Industry risk profile	BBB	BB
Competitive position	BB	
Financial Risk Profile		
Credit metrics	A-	A-
Liquidity	+/-0 notches	
Standalone credit assessment		**BB+**
Supplementary rating drivers		
Financial policy	+/-0 notches	-1 notch
Parent/government support	+/-0 notches	
Governance & structure	+/-0 notches	
Peer context	-1 notch	
Issuer rating		**BB**

Key metrics

			Scope estimates	
Scope credit ratios	**2022**	**2023**	**2024E**	**2025E**
Scope-adjusted EBITDA interest cover	>20x	Net interest income	Net interest income	Net interest income
Scope-adjusted debt/EBITDA	0.7x	0.6x	0.4x	0.4x
Scope-adjusted funds from operations/debt	127%	163%	215%	224%
Scope-adjusted free operating cash flow/debt	23%	55%	21%	12%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenario for the rating and Outlook:

- Significant growth in Mobilbox's size, leading to improved diversification in terms of customers, products and geographies, while keeping credit metrics in line with our rating case, a scenario considered remote at present

The downside scenario for the rating and Outlook:

- Scope-adjusted debt/EBITDA deteriorating to above 4.0x on a sustained basis

Issuer
BB

Outlook
Stable

Senior unsecured debt
BB+

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Related methodologies

General Corporate Rating Methodology LINK, Oct 2023

European Business and Consumer Services Rating Methodology LINK, Jan 2025

Table of content

1. Key rating drivers

Positive rating drivers	Negative rating drivers
• Strong track record in terms of operating profitability, with limited volatility, Scope-adjusted EBITDA margin above 40% in 2015-2023 • Solid leadership positions in key CEE markets • Core business supported by lucrative spare parts and services activities • Strong cash position, providing high financial flexibility	• Relatively small absolute size • Limited diversification (product, suppliers, geography) • Free operating cash flow vulnerable to high working capital requirements and capex volatility

2. Rating Outlook

The Stable Outlook reflects our view that Mobilbox will continue to execute its long-term strategy, which is geared toward expanding its container fleet both domestically and internationally, while Scope-adjusted EBITDA margin remains around 40%. The Outlook also incorporates our expectation that the group will maintain a prudent financial policy, notably in terms of dividend payments and capital expenditures, keeping Scope-adjusted debt/EBITDA below 1.0x

3. Corporate profile

Over 25 years of experience in the rental and sale of containers

Founded in 1997, the Mobilbox group is headed by Mobilbox Kontener Kereskedelmi Kft., headquartered in Budapest (Hungary). The group provides services in the renting and selling of office, storage, sanitary and special containers (including spare parts and accessories), primarily in Central and Eastern Europe (CEE). The Mobilbox group generated revenues of HUF 28.6bn (EUR 70m) and Scope-adjusted EBITDA of HUF 11.9bn (EUR 29m) in 2023. Its Scope-adjusted EBITDA margin has exceeded 40% since 2015.

Mobilbox is 100% owned by Hungarian private individuals via three shareholding structures: Wintco Kft (72%), Tüzo Kft (24%) and Ador Kft (4%). Since 1997, the group has been led by Zoltan Nyemecz, managing director and co-owner (via Tüzo Kft.)

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
7 Feb 2025	Affirmation	BB/Stable
6 Feb 2024	Affirmation	BB/Stable
2 Feb 2023	Affirmation	BB/Stable

5. Financial overview (financial data in HUF m)

				Scope estimates		
Scope credit ratios	**2021**	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Scope-adjusted EBITDA interest cover	>20x	Net interest income	Net interest income	Net interest income	Net interest income	>20x
Scope-adjusted debt/EBITDA	0.7x	0.7x	0.6x	0.4x	0.4x	0.4x
Scope-adjusted funds from operations/debt	133%	127%	163%	215%	224%	228%
Scope-adjusted free operating cash flow/debt	-5%	23%	55%	21%	12%	-12%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
Scope-adjusted EBITDA						
EBITDA	8,520	11,413	11,555	13,533	13,889	14,500
add: Operating lease payments	220	289	306	344	363	385
Other items	0	0	49	0	0	0
Scope-adjusted EBITDA	**8,740**	**11,702**	**11,910**	**13,877**	**14,252**	**14,885**
Scope-adjusted funds from operations						
Scope-adjusted EBITDA	8,740	11,702	11,910	13,877	14,252	14,885
less: Scope-adjusted interest	(273)	(101)	493	216	21	(16)
less: cash tax paid	(423)	(991)	(1,000)	(1,223)	(1,098)	(969)
Scope-adjusted funds from operations (FFO)	**8,044**	**10,610**	**11,403**	**12,870**	**13,175**	**13,900**
Scope-adjusted free operating cash flow						
Scope-adjusted funds from operations	8,044	10,610	11,403	12,870	13,175	13,900
Change in working capital	(2,858)	732	(696)	(1,640)	304	(460)
Non-operating cash flow	858	(455)	(550)	(0)	(0)	(0)
less: capital expenditures (net)	(5408)	(6,173)	(3,985)	(7,874)	(10,330)	(11,861)
less: lease amortisation	(96)	(150)	(159)	(185)	(191)	(205)
Other items	(833)	(2,668)	(2,165)	(1,889)	(2,241)	(2,098)
Scope-adjusted free operating cash flow (FOCF)	**(293)**	**1,896**	**3,848**	**1,282**	**717**	**(724)**
Scope-adjusted Net cash interest paid						
Net cash interest per cash flow statement	149	(38)	(640)	(375)	(193)	(164)
add: interest component, operating leases	124	139	147	159	172	180
Scope-adjusted fet cash interest paid	**273**	**101**	**(493)**	**(216)**	**(21)**	**16**
Scope-adjusted debt						
Reported financial (senior) debt	7,175	9,880	9,713	8,099	7,805	6,634
less: cash and cash equivalents	(3,833)	(8,644)	(11,935)	(11,106)	(11,027)	(8,633)
add: non-accessible cash[1]	0	4,322	5,967	5,553	5,513	4,317
add: operating lease obligations	2,722	2,826	3,270	3,431	3,599	3,771
Scope-adjusted debt (SaD)	**6,064**	**8,384**	**7,015**	**5,977**	**5,890**	**6,089**

[1] Non-accessable cash represents 50% of cash and cash equivalents in the respective year

6. Environmental, social and governance (ESG) profile[2]

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk)
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate)
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity)
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks	Stakeholder management (shareholder payouts and respect for creditor interests)

ESG factors: credit positive credit negative credit neutral

ESG strategy focusing on three main pillars

The ESG Strategy of Mobilbox Kft focuses on three main pillars, aiming to reach dedicated targets by 2032:

- **Circular economy and solutions:** Mobilbox promotes circular economy practices by extending the lifecycle of its modular container units through refurbishment and reuse, which reduces waste and carbon emissions compared to traditional construction methods. The company prioritises sustainable sourcing, selecting extremely durable materials.
- **Energy efficiency:** By 2032, Mobilbox aims to generate 2.1 MW of renewable energy annually, including 1 MW from owned rental fleets and products, add 600 kWh of energy storage capacity, achieve 30% energy savings in its containers compared to conventional options and a full 100% share of buildings using renewable energy from their real estate portfolio.
- **Environmentally conscious operating model:** This pillar focuses on renewable energy adoption, fleet electrification, and sustainable practices at company sites. Mobilbox is expanding its renewable-powered facilities and actively working to reduce supply chain emissions. In line with this commitment, the company plans to open new sites with full consideration for biodiversity, incorporating site remediation, tree planting, and eco-friendly infrastructure.

[2] These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: BB

Industry Risk Profile: BBB

Mobilbox is a company active in the segment of rental and sales of containers, that falls under the business services sector. We consider container sales a by-product of the rental business (used containers are sold at the end of their lifecycle). Mobilbox is classified as an asset-heavy company operating with a high share of specialised workforce (project and development managers, designers, architects, electrical and mechanical engineers, drawing software specialists). Such sub-sector has high cyclicality, high entry barriers and low substitution risk.

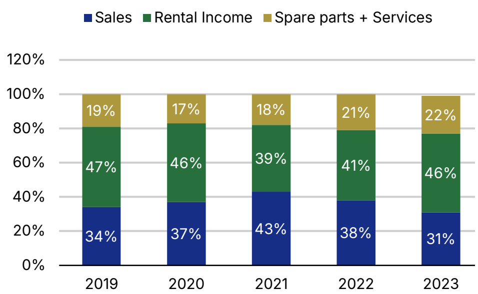
Domestic market leader with strong market presence on the Central and Eastern European markets

Mobilbox's business risk profile mainly benefits from its solid positions in the CEE markets, which strongly support its competitive position. The CEE container market is relatively concentrated, with Containex and Algeco as the most relevant players, competing closely with Mobilbox. The competitive landscape also includes larger equipment rental companies (such as Boels or Loxam/Ramirent) which primarily rent equipment/machinery. The barriers of entry for this segment are relatively high, as companies must demonstrate significant scale and diversification—both in terms of products and geographies—as well as proximity to customers, in order to operate profitably and safeguard against fluctuations in demand from specific end-user groups or industries.

The revenues of Mobilbox have shown dynamic increase in 2023 and 2024, with double digit increase in both years. While in 2023 the increase was mainly due to a previous acquisition, in 2024 several, project-related asset sales have resulted in significant increase in revenues, which are expected to reach HUF 34.4bn (up 20% YoY).

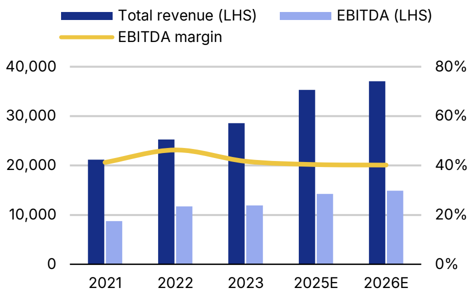
Mobilbox is the leading company in the container rental market in Hungary, with a 49% market share. The company also holds dominant positions in Romania, Poland, and Croatia, making it one of the top three players in the CEE region. Based on fleet size, Mobilbox estimates its market share at close to 16%. In 2024, Mobilbox increased its container fleet by 7% to 32,623 units, driven by robust activity in Poland (up by 9%). The company intends to enter the Baltic market in 2025, utilizing containers located in Poland. Mobilbox's business is moderately scalable across regions due to the need for specialised workforce.

Figure 1: Historical distribution of revenues



Sources: Mobilbox, Scope

Figure 2: Revenue and Scope-adjusted EBITDA (HUF m), Scope-adjusted EBITDA margin (%)



Sources: Mobilbox, Scope estimates

Consistently strong operating profitability

Mobilbox's consistently high operating profitability is the main supportive factor for the business risk profile. This is driven by the company's high asset intensity, strong pricing power (courtesy of oligopolistic markets), highly profitable sales of used containers and spare parts and the continued expansion in services. Scope-adjusted EBITDA margins have constantly exceeded 40% since 2015 and remained resilient in crisis periods. While we see some EBITDA margin deterioration with Scope-adjusted EBITDA margin down to 41.5% in 2023 (2022: 46.3%), it remains well aligned to the historical averages of around 41%. The slight deterioration is attributable to the very strong base year (driven by increased consumer spending in 2022). In the upcoming years we expect margins close to historical averages (between 40 – 41%), constrained by increasing competition and more adverse market conditions, but positively influenced by the significant capex expected to be undertaken till 2026.

Limited absolute size constrains the business risk profile

The business risk profile remains restrained by the company's comparatively small size (2023 revenues at HUF 28.6bn, equivalent to EUR 70m) in the wide-ranging business services industry and by its moderate level of diversification with regard to customers, suppliers, products and geography.

Moderate diversification

Diversification remains moderate. In 2023, sales of new/used containers accounted for 31% of total income, rental for 46% and spare parts/services for 22%. In 2024 the proportion of assets sales in terms of total income is expected to increase (result of several, large scale asset sale projects). Mobilbox intends to keep a healthy balance between sales and rental, while expanding services, including value-added services provided during the rental period. A new container damage management service (similar to a general insurance available during the rental period) was developed in 2023 and launched in January 2024. New businesses, such as mobile fences, self-storage and solar power solutions for container roofs (Powertop) were added in 2023.

Medium Service Strength

Service strength is assessed as medium. Mobilbox's brand awareness is strong in Hungary, Poland, Austria and Romania. It is improving in the other CEE countries, thus contributing to the steady market share gains observed lately. The churn rate is moderate, reflecting solid customer loyalty, thus reducing business volatility. Service integration in the customers' business is seen as medium, which ensures a reasonably good protection to Mobilbox's business thanks to its tailor-made offering

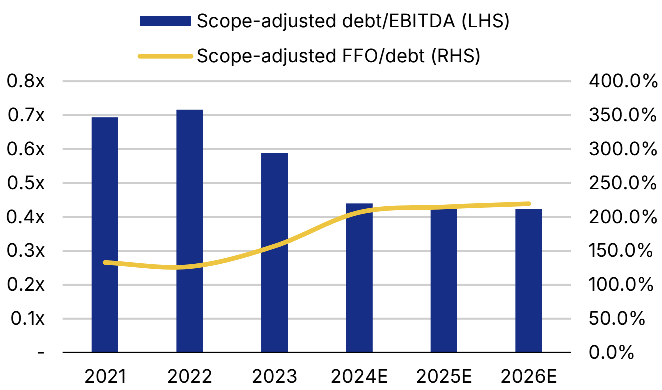
8. Financial risk profile: A-

The financial risk profile remains robust, supported by strong EBITDA generation and moderate level of financial debt.

Very strong leverage, Scope-adjusted debt/EBITDA below 1.0x

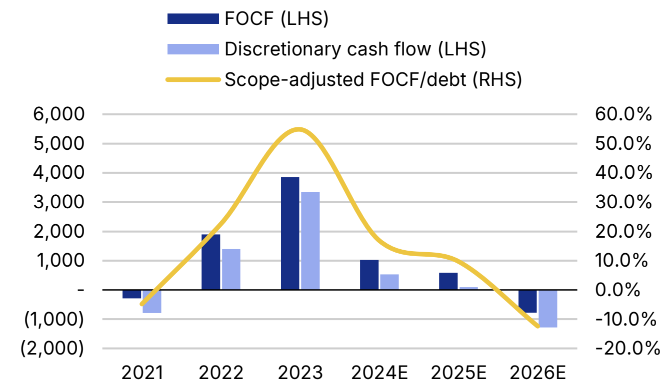
Leverage measured by Scope-adjusted debt/EBITDA has remained below 1.0x since 2019. In 2022, strong operating performance balanced out the effect of debt raised that year. We expect leverage to remain below 1x over the forecast period, reflecting solid EBITDA generation supported by the company's strong market positions, further fleet growth and gradual deleveraging.

Figure 3: Scope-adjusted debt/EBITDA and Scope-adjusted FFO/debt



Source: Mobilbox, Scope estimates

Figure 4: Scope-adjusted cash-flows



Source: Mobilbox, Scope estimates

Net interest income till 2026

Scope-adjusted EBITDA interest cover has been exceptionally strong over the past few years, exceeding 20x since 2015. 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. We expect Mobilbox to generate a net interest income in 2024 and 2025, benefitting from the high cash level forecasted, and the favourable interest rate of the financial debt (forecasted around 5%).

Volatile free operating cash flows

Cash flow cover, measured by Scope-adjusted FOCF/debt has been volatile in recent years. This reflects primarily the company's investment cycle and its impact on FOCF. In 2023, capex was significantly lower compared to the previous year (close to the level of depreciation). From 2024, the issuer signalled increased capex activity (average net capex of HUF 10bn between 2024-

2026). The capex is aimed at increasing the volume and size of the container fleet, as well as expanding the network of depots in the region. This higher capex spending causes volatility in the credit metric, with the projected FOCF turning negative in 2026.

Liquidity is assessed as adequate as sources are forecast to fully cover uses in 2025. Liquid sources comprise HUF 5.6bn of unrestricted cash available as at YE 2024 and HUF 0.7bn of FOCF forecasted for 2025, which fully cover the HUF 0.6bn of short-term debt maturing in 2025. Liquidity is also unlikely to worsen (e.g. due to rapidly increasing working capital needs) thanks to the significant cash balance.

We highlight that the senior unsecured bond issued under the Hungarian National Bank's Bond Funding for Growth Scheme has a covenant requiring the accelerated repayment of the outstanding nominal debt amount (HUF 3.3bn) if the debt rating of the bond stays below B+ for more than two years (grace period). Such a development could adversely affect the company's liquidity profile. The rating headroom to entering the grace period is three notches. We therefore see no significant risk of the rating-related covenant being triggered.

Table 1. Liquidity sources and uses (in HUF m)

	2024E	2025E	2026E
Unrestricted cash (t-1)	5,968	5,553	5,514
Open committed credit lines (t-1)	0	0	0
FOCF (t)	1,282	717	(724)
Short-term debt (t-1)	635	646	1,111
Liquidity	**>200%**	**>200%**	**>200%**

Source: Scope estimates

9. Supplementary rating drivers: -1 notch

The company's limited size and outreach compared to other entities rated BB and above hinder it from exceeding the assigned BB issuer rating, which is reflected by a negative one notch adjustment on the standalone rating.

one notch negative adjustment due to peer context

10. Debt rating

In February 2022, Mobilbox issued a HUF 3.3bn senior unsecured bond (ISIN: HU0000361340) 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

Senior unsecured debt rating: BB+

We have affirmed Mobilbox's BB+ senior unsecured debt rating based on the issuer rating and an 'excellent' recovery expectation for this debt category in a hypothetical default scenario in 2026. Although this recovery rate allows for up to two notches of uplift compared to the issuer rating, the up-notching was limited to one notch to account for potential volatility in the capital structure on the path to default. This results in a BB+ rating, one notch above the issuer rating.

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