

Corporate Credit Rating

New Update

Sector: Coatings

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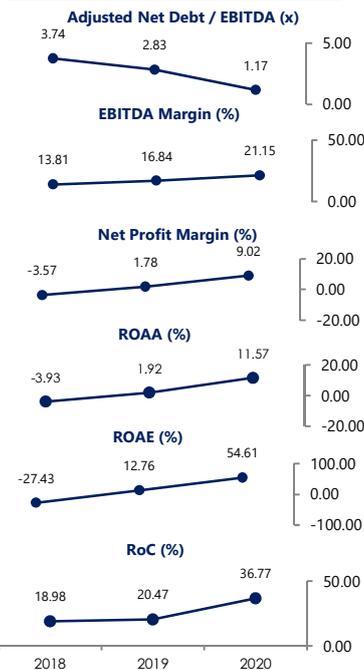
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RATINGS

		Long Term	Short Term
National	Local Rating	A (Trk)	A-1 (Trk)
	Outlook	Stable	Stable
	Issue Rating	-	-
International	Foreign Currency	BB	B
	Local Currency	BB	B
	Outlook	FC: Stable LC: Stable	Stable
Sovereign*	Sponsor Support	2	-
	Stand-Alone	AB	-
	Foreign	BB	-
	Local Currency	BB	-
	Outlook	FC: Stable LC: Stable	-

*Assigned by JCR on May 31, 2021



Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş. and Its Subsidiaries

JCR Eurasia Rating, has evaluated **Dyo Boya Sanayi ve Ticaret A.Ş. (Dyo Boya/ Company/ Group)** in a high investment-level category on the national scale and determined the ratings on the Long-Term National Scale as **'A (Trk)'** and the Short-Term National Scale as **'A-1 (Trk)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Ratings have been assigned as **'BB'** with **'Stable'** outlooks.

Dyo Boya has been operated in the field of trading, marketing, importing, and exporting of all kinds of paints, varnishes, resins, other surface coatings, and building and heat insulation materials produced in the two facilities located in Gebze-Kocaeli and Çiğli-İzmir along with the tools and equipment used in raw materials. Dyo Boya's customer mass mainly comprises of construction, furniture, and metal sectors. In İzmir, Durmuş Yaşar laid the base Dyo Boya by starting the paint trading in 1927. After 13 years later, the founder manufactured the first paint of Turkey with in a small shop. In 1954, Durmuş Yaşar and his sons has established the first paint factory in Turkey. Dyo Boya, which sold 134 thousand tons paints with the capacity utilization rate of 73% as of FYE2020, is able in diversification of products, offering the 1,200 products, 3,500 packaging, and 60,000 different colors. Within the scope of industrial paint works, the Group produce products that are used in from automotive to white goods, from radiators to casting, from TV production to the defense industry. Currently, Dyo Boya is the unique company that produces in all sub-paint sectors. Dyo Boya maintains its activities with the brand name of Dyo, Dewilux, Casati, Dyotherm, and Klimatherm.

Dyo Boya, which is one of locomotive companies of Yaşar Holding, had 964 employees as of FYE2020. Dyo Boya has a paid-in capital amounted to TRY 100mn and Yaşar Holding is the controlling shareholder with the share of 74.53%. Remained shares are traded in Borsa İstanbul (BIST) with the stock ticker "DYOBY". Among the Turkey's largest corporations list, Dyo Boya ranks 188th in the Top 500 Industrial Enterprises in FYE2020. The Company ranked 5th and 10th in according to the numbers of projects with 130 projects and number of brands took in the R&D center, respectively, among the list of R&D 250.

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

Strengths	Constraints
<ul style="list-style-type: none"> Maintaining sales growth with satisfactory profitability indicators in FYE2020 Reasonable leverage ratios along with the steady cash inflow Remarkable performance in operational and financial efficiency One of the leading manufacturers in coatings sector with its long-lasting presence High level of compliance with corporate governance structure R&D operations creating a competitive advantage and participation in the Turquality programme Prevalent dealer network maintaining the brand awareness and digitalization in purchasing processes expanding supply chain Reputable parent company structure 	<ul style="list-style-type: none"> Predominantly foreign currency-based production inputs causing short FX position Revaluation gain's significant shares in equity structure Volatilities in construction sector may pressure the demand for decorative paints despite having revenue diversification through other product segments Extended maturities across the sector leading to potential deterioration signals in cash generation and increasing external funding requirements Relatively high accumulated doubtful trade receivables amount despite fully provisioned

Considering the aforementioned points, Dyo Boya's the Long-Term National Rating has been assigned as **'A (Trk)'**. Dyo Boya's sufficient profitability indicators with, continuously increases sales volume, remarkable efficiency ratios, large spectrum of networking via dealers, high level of compliance with corporate governance principles, being one of the major players in coatings sector, R&D operations' creating competitive advantage, and high reputation of parent company, as well as, high share of non-cash contribution in equity structure, foreign-currency based raw materials' pressure on profitability, volatilities in construction sector, and extended maturity's in FY2021 causing deterioration in liquidity and indebtedness indicators as important indicators for **'Stable'** outlooks of long and short-term national ratings. On the other hand, the Company's revenue and profitability performance, liquidity position, indebtedness, and local and global macroeconomic indicators will be closely monitored by JCR Eurasia Rating. The shareholders are considered to have the willingness and experience to ensure long-term liquidity and equity when required and to provide efficient operational support to the Company. Additionally, due to Yaşar Holding's consistent and long-lasting presence, the Company's Sponsor Support grade has been determined as **(2)** on JCR Eurasia Rating's notation scale. The Stand-Alone Grade has been constituted particularly with respect to Dyo Boya's deep-rooted history in sector, remarkable profitability and efficiency ratios, being one of the major players, highly reputable brand name, giving importance on R&D operations, and shareholders' reputation are the fundamental factors. Within this context, the Stand Alone note of Dyo Boya has been determined as **(AB)** in JCR Eurasia Rating notation system.