Corporate Credit Rating

☐New ☒Update

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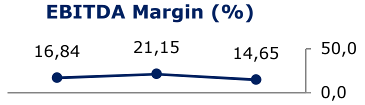
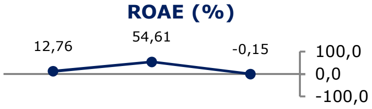
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
	International LC ICR Outlooks	Negative	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on Aug 18, 2022*

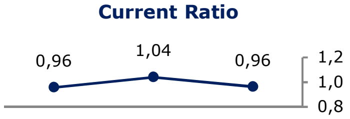
EBITDA Margin (%)



ROAE (%)

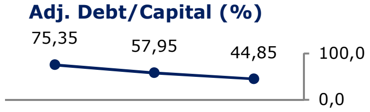


Current Ratio

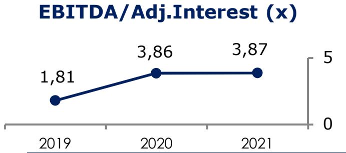


Adj.Net Debt/EBITDA (x)

Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş.

JCR Eurasia Rating has evaluated the consolidated structure of **'Dyo Boya Fabrikaları Sanayi ve Ticaret A.Ş.'** in an investment-level category and upgraded the Long-Term National Issuer Credit Rating from **'A (tr)'** to **'A+ (tr)'** and affirmed the Short-Term National Issuer Credit Rating at **'J1 (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BB/ Negative'** as parallel to the international ratings and outlooks of the Republic of Türkiye.

Dyo Boya Boya Sanayi ve Ticaret A.Ş. (referred to as 'the Group' or 'Dyo Boya) was established in 1954 in İzmir. Dyo Boya has been operated in the field of manufacturing, 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 complementary tools and equipments. Dyo Boya's customer mass mainly comprises of construction, furniture, and metal sectors. It ranked the 219th on İSO 500 list of 2021. Dyo Boya maintains its activities with the brand names of Dyo, Dewilux, Casati, Dyotherm, and Klimatherm. Dyo Boya has been publicly traded on Borsa İstanbul since November 1987 with "DYOBY" ticker with a public share ratio of 25.45% at FYE2021.

As of 31 December 2021, the average number of employees of Dyo Boya was 916. (FYE2020: 964)

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

Strengths

- Increasing revenues with ongoing EBITDA generation capability in the analyzed period,
- Robust leverage profile underpinned by local currency denominated borrowings,
- Diversified borrowing sources via corporate bond issuances in FY2022,
- New product and technology creation power stemming from strong R&D center,
- High level of compliance with the corporate governance practices and international quality standards,
- Long lasting presence in the sector along with well-known parent group structure.

Constraints

- Pressure of foreign currency-based raw material costs on profitability margins at FYE2021 though notable recovery signals tracked as of 9M2022,
- Remarkable portion of shareholder's equity constituted of revaluation gains,
- Slight deterioration in net working capital at FYE2021 despite recovery in FY2022,
- Susceptibility of construction sector to macroeconomic conditions which may pressure decorative product demand,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections.

Considering the aforementioned points, the Group's the Long-Term National Issuer Credit Rating has been revised from '**A (tr)**' to '**A+ (tr)**'. The Group's increasing revenues and EBITDA generation capability, robust leverage profile, strong R&D center, high level of compliance with the corporate governance practices and long-lasting presence in the sector along with recessionary concerns and geopolitical risks-driven uncertainties 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 operation process, cash flow and liquidity metrics, asset quality together with profitability and indebtedness indicators 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 be monitored as well.