Corporate Credit Rating

☐New ☒Update

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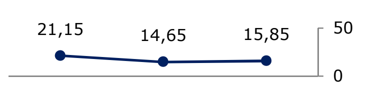
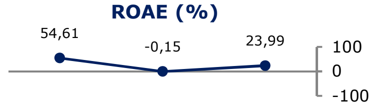
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1 (tr)
	National ICR Outlooks	Negative	Stable
	International FC ICR	BB	
	International FC ICR Outlooks	Negative	
	International LC ICR	BB	
	International LC ICR Outlooks	Negative	
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on Aug 18, 2022*

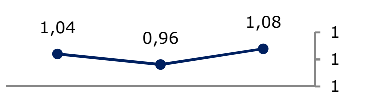
EBITDA Margin (%)



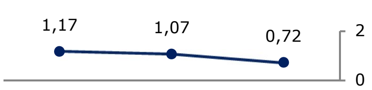
ROAE (%)



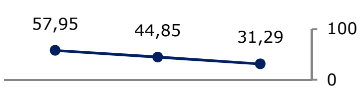
Current Ratio (x)



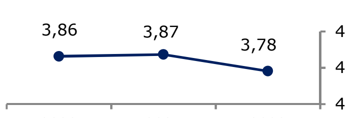
Adj.Net Debt/EBITDA (x)



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 investment grade category with high credit quality and affirmed the Long-Term National Issuer Credit Rating at **'A+ (tr)'** and and revised the outlook from **'Stable'** to **'Negative'.** The Short-Term National Issuer Credit Rating been affirmed 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 Company' or 'Dyo Boya) was established in 1954 in İzmir. Dyo Boya has been operating 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 in the two facilities located in Gebze, Kocaeli and Çiğli, İzmir along with the complementary tools and equipment. Dyo Boya's customer mass mainly comprises of construction, furniture, and metal sectors. The Company ranked 245th in İSO 500 list of 2022. 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 September 30, 2023. The principal shareholders of the Company is Yaşar Holding.

As of September 30, 2023, the average number of employees of Dyo Boya was 1,047. (FYE2022: 1,027)

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

Strengths	Constraints
• Increasing revenues with ongoing EBITDA generation capability in the analyzed period, • Diversified borrowing sources via corporate bond issuances, • Emphasis on innovative product development supported by R&D activities, • High level of compliance with the corporate governance practices, • Well-recognized shareholder structure with high brand recognition, providing an established sales network and know-how.	• Significant level of financial debt to parent company incurred in 2023 pressuring on leverage profile and net income profitability, • Regressed operational profitability in 3Q2023, • High dependency on imports in raw material procurement, • Notably high share of revaluation gains in shareholder's equity, • Susceptibility of construction sector to macroeconomic conditions which may pressure decorative product demand, • Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at **'A+' (tr)'.** The outlook for Long-Term National Issuer Credit Rating has been revised from **'Stable'** to **'Negative'** considering increasing revenues and EBITDA generation capability, diversified borrowing sources, high level of compliance with the corporate governance practices and well-recognized shareholder structure with high brand recognition along with pressure of net financing expense, susceptibility of foreign currency-based energy and raw material costs and global macroeconomic concerns. The Company's operation process, cash flow and liquidity metrics, asset quality and 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.