

## Corporate Credit Rating

New  Update

**Sector:** Chemicals Manufacturing

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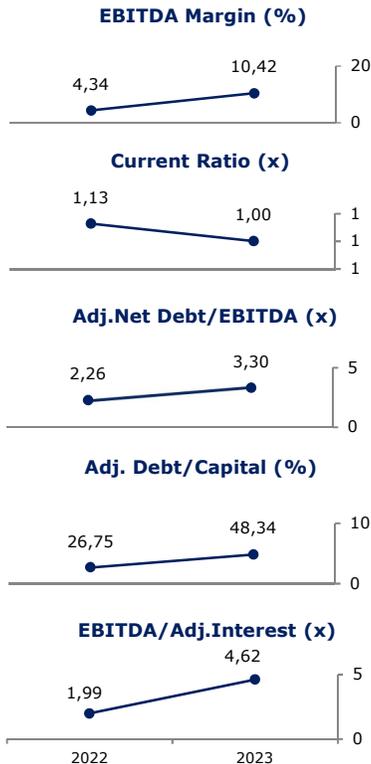
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RATINGS		Long Term	Short Term
<b>ICRs (Issuer Credit Rating Profile)</b>	<b>National ICR</b>	<b>A (tr)</b>	<b>J1 (tr)</b>
	National ICR	Stable	Stable
	Outlooks		
	International FC ICR	BB	-
	International FC ICR	Stable	-
<b>ISRs (Issue Specific Rating Profile)</b>	International LC ICR	BB	-
	International LC ICR	Stable	-
	Outlooks		
<b>ISRs (Issue Specific Rating Profile)</b>	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
<b>Sovereign*</b>	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024



## 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 grade category and revised the Long-Term National Issuer Credit Rating from 'A+ (tr)' to 'A (tr)' and the outlook from 'Negative' to 'Stable'. The Short-Term National Issuer Credit Rating has been affirmed at 'J1 (tr)' with 'Stable' outlook. On the other hand, the Long Term International and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' in line with the global and national scale rating matching published by JCR Eurasia Rating.

**Dyo 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 226<sup>th</sup> in İSO 500 list of 2023. 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, 2024. The principal shareholder of the Company is Yaşar Holding.

As of September 30, 2024, the average number of employees of Dyo Boya was 1,020. (FYE2023: 1,027)

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

### Strengths

- Maintained revenue generation with improvement in key profit margins in 2023,
- Positive CFO and FFO metrics in 2023,
- Satisfactory equity base despite high share of revaluation gains in shareholder's equity,
- Diversified borrowing sources via corporate bond issuances,
- Emphasis on sustainable innovative product development with extensive R&D activities,
- Compatibility with the corporate governance practices,
- Well-recognized shareholder structure with high brand recognition, providing an established sales network and know-how.

### Constraints

- Despite the expectation of a positive impact on profitability in the upcoming period, increased leverage in 2023 due to royalty investments financed with long-term loans,
- High dependency on imports in raw material procurement,
- Susceptibility of construction sector to macroeconomic conditions which may pressure decorative product demand,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'A+ (tr)' to 'A (tr)'. The outlook for Long-Term National Issuer Credit Rating has been revised from 'Negative' to 'Stable' considering maintained revenue generation, positive cash flow metrics, 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.