JCR-ER JCR Eurasia Rating
"JCR-ER, Group of Japan Credit Rating Agency, Ltd." JCR

Corporate Credit Rating

☐New ☒Update

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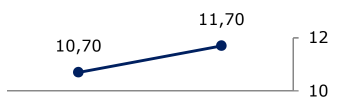
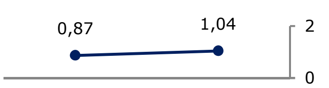
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A+ (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)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

** Assigned by JCR on Aug 18, 2022*

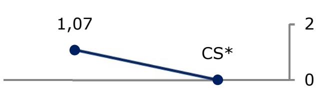
EBITDA Margin (%)



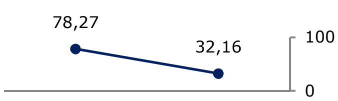
Current Ratio (x)



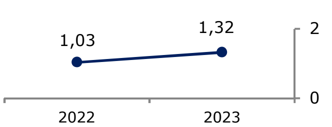
Adj.Net Debt/EBITDA (x)



Adj. Debt/Capital (%)



EBITDA/Adj.Interest (x)



CS: Cash Surplus

Marshall Boya ve Vernik Sanayii Anonim Şirketi

JCR Eurasia Rating has evaluated **'Marshall Boya ve Vernik Sanayii Anonim Şirketi'** in the investment grade category with high credit quality and revised the Long-Term National Issuer Credit Rating from **'A (tr)'** to **'A+ (tr)'** and the Short-Term National Issuer Credit Rating from **'J1 (tr)'** to **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BBB/Stable'** taking into consideration of the non-resident shareholder's proven track record, global network and notable sectoral position.

Marshall Boya ve Vernik Sanayii Anonim Şirketi (referred to as 'the Company' or 'Marshall) was established in Istanbul in 1954 with the partnership of Uzunyol and Toprakcioglu families. The Company's production facilities were moved to Dilovası/Kocaeli in 1967. The Company produces various paint and varnish products in its factory in Dilovası at present. The Company started to produce automotive paints in 1991. It started general industrial paint production in 1994 and produced its first water-based paint in 1996. Akzo Nobel Coatings International B.V. became a partner of the Company in 1998 and was the principal shareholder with 93.61% interest as of 31.12.2023. Akzo Nobel is one of the leading chemical manufacturers in worldwide located in Netherlands operating in healthcare, paint coating and chemicals sectors in more than 80 countries. Marshall has been publicly traded on Borsa İstanbul since 1990 with "MRSHL" ticker with a public share ratio of 6.39% at FYE2023.

As of 31 December 2023, the average number of employees of Marshall is 249. (31 December 2022: 244).

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

Strengths	Constraints
• Maintained revenue generation with satisfactory gross profit margin, • Cash surplus position reinforcing the solid leverage profile in 2023, • Sufficient liquidity profile supported by consistent CFO generation coupled with favorable level of cash conversion cycle, • Strong compliance with the corporate governance principles, • Globally well-recognized shareholder structure with high brand recognition, providing an established sales network and know-how.	• Augmented net financing expenses pressuring bottom line profitability and leading to weaken interest coverage, • High level of OpEx to net sales ratio, • High dependency on imports in raw material procurement, • Susceptibility of construction sector to macroeconomic conditions which may pressure decorative product demand, • Leading economic indicators signal global economic slowdown whereas 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 revised from **'A (tr)** to **'A+ (tr)'**. The Company's maintained revenue generation and satisfactory gross profit margin, sound leverage profile, sufficient liquidity profile, high level of compliance with the corporate governance practices, long lasting presence in the sector and advantages of operating under the roof of AkzoNobel along with tight financial conditions and global macroeconomic concerns 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 Company's revenue and EBITDA generation performance, profitability ratios, indebtedness structure, liquidity profile, equity level, asset quality and operation process 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.