

Corporate Credit Rating

New Update

Sector: Chemicals Manufacturing

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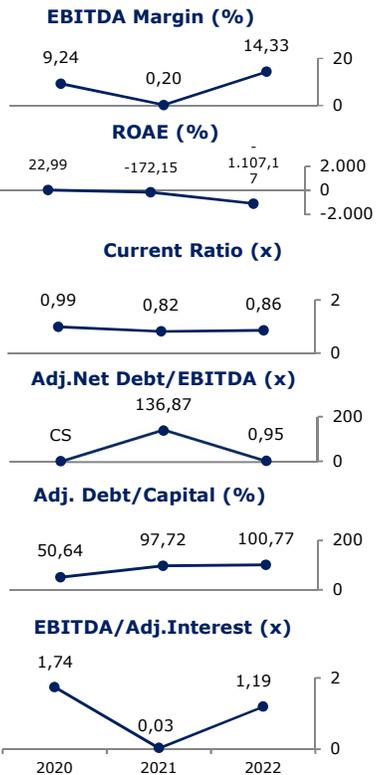
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	A (tr)	J1 (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB	
	International FC ICR Outlooks	Stable	
	International LC ICR	BBB	
ISRs (Issue Specific Rating 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



Marshall Boya ve Vernik Sanayii Anonim Şirketi

JCR Eurasia Rating has evaluated 'Marshall Boya ve Vernik Sanayii Anonim Şirketi' in the investment grade category and revised the Long-Term National Issuer Credit Rating from 'BBB (tr)' to 'A (tr)' and the Short-Term National Issuer Credit Rating from 'J2 (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'.

Marshall Boya ve Vernik Sanayii Anonim Şirketi (referred to as 'the Company' or 'Marshall') was established in Istanbul in 1954 through 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 and became the first paint company in Turkey to have ISO 9000 quality certificate. It started general industrial paint production in 1994 and produced its first water-based paint in 1996. The Company became the first paint company to have the "Triple Responsibility" certificate in Turkey in 1997. Akzo Nobel Coatings International B.V. became a partner of the Company in 1998 and was the principal shareholder with 92.97% interest as of 31.12.2022. 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 7.03% at FYE2022.

As of 31 December 2022, the average number of employees of Marshall is 244. (31 December 2021: 240).

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

Strengths

- Increasing revenues and EBITDA generation capability in FY2022 and ongoing improvement at Q12023,
- Favorable leverage profile in FY2022 due to notable recovery of net debt/EBITDA multiplier and FFO generation,
- Low level of impaired receivables contributing to the asset quality,
- Long lasting presence in the sector,
- Advantages of operating under the roof of AkzoNobel proven by local currency denominated borrowing facilities when needed,
- High level of compliance with the corporate governance practices,

Constraints

- Short term weighted maturity profile of borrowings,
- High level of debt ratio despite paid in capital injection as of Q12023,
- Susceptibility to raw material prices affecting profitability performance in certain conditions,
- Deterioration in net working capital in the analyzed period,
- Susceptibility of construction sector to macroeconomic conditions which may pressure decorative product demand,
- Tight financial conditions, accompanied by global banking concerns, disrupt global growth projections.

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been revised from 'BBB (tr)' to 'A(tr)'. The Company's increasing revenues and EBITDA generation capability in FY2022 and ongoing improvement at Q12023, favorable leverage profile and FFO generation, low level of impaired receivables, long lasting presence in the sector, advantages of operating under the roof of AkzoNobel and high level of compliance with the corporate governance practices along with susceptibility to imported input costs and and tight financial conditions 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 operation process, cash flow and liquidity metrics, asset quality and profitability 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.