

MARSO Kft.

Hungary, Retail

Rating composition

Business risk profile		
Industry risk profile	BB	B+
Competitive position	B+	
Financial risk profile		
Credit metrics	BB-	BB-
Liquidity	+/-0 notches	
Standalone credit assessment		B+
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		B+

Key metrics

Scope credit ratios*	Scope estimates			
	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	7.9x	9.3x	8.3x	9.3x
Scope-adjusted debt/EBITDA	3.5x	4.9x	4.6x	4.1x
Scope-adjusted funds from operations/debt	23%	18%	19%	21%
Scope-adjusted free operating cash flow/debt	26%	3%	5%	7%
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenario for the ratings and Outlook:

- Debt/EBITDA improving to below 4.0x on a sustained basis

The downside scenario for the ratings and Outlook:

- Debt/EBITDA moving close to or above 6.0x

*All credit metrics refer to Scope-adjusted figures.

Issuer

B+

Outlook

Stable

Senior unsecured (guaranteed) debt instrument (ISIN: HU0000359872)

BB-

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Related methodology

[General Corporate Rating](#)

[Methodology](#), Feb 2025

[Retail and Wholesale Rating](#)

[Methodology](#), Jun 2025

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1. Key rating drivers

Positive rating drivers	Negative rating drivers
<ul style="list-style-type: none">• Strong market position• Comparatively strong financial risk profile• High share of exclusivity of products sold	<ul style="list-style-type: none">• Low diversification• Small company size in niche market with limited expansion possibility and high competition• Negative impact of supply chain disruptions and inflationary environment on working capital management

2. Rating Outlook

The Stable Outlook reflects our expectation of an EBITDA margin above 4% and a relatively stable debt profile over the next 18 months despite ongoing economic headwinds, which are likely to weigh on MARSO's operating profitability and credit metrics in 2025 and beyond. This is supported by the debt/EBITDA ratio remaining within the 4–6x range. The Outlook also incorporates continued intra-year volatility in working capital and net debt, driven by the seasonal nature of the issuer's business. The Outlook further takes into account our expectation that MARSO will continue to have access to external financing to cover intra-year working capital swings.

3. Corporate profile

MARSO Kft. is a leading tyre distributor in Hungary, operating across both retail and wholesale channels. The company offers a comprehensive product portfolio spanning all three major tyre segments: passenger vehicles, commercial trucks, and agricultural machinery. MARSO has established a strong market position through long-standing relationships with both suppliers and customers. It holds exclusive distribution agreements with several major global tyre manufacturers, including Michelin and Bridgestone, and maintains a long-term business development partnership with Continental.

A leading tyre distributor in Hungary

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
17 Sep 2025	Affirmation	B+/Stable
19 Sep 2024	Downgrade	B+/Stable
20 Sep 2023	Outlook Change	BB-/Negative

5. Financial overview (financial data in HUF m)

Scope credit ratios	Scope estimates					
	2022	2023	2024	2025E	2026E	2027E
EBITDA interest cover	14.1x	7.9x	9.3x	8.3x	9.3x	10.8x
Debt/EBITDA	2.1x	3.5x	4.9x	4.6x	4.1x	3.4x
Funds from operations/debt	41%	23%	18%	19%	21%	27%
Free operating cash flow/debt	16%	26%	3%	5%	7%	11%
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
EBITDA						
Reported EBITDA	2,498	1,446	1,271	1,243	1,393	1,550
add: operating lease payments	515	552	628	628	628	628
Other items (incl. one-offs) ¹	(3)	11	(6)	-	-	-
EBITDA	3,010	2,010	1,893	1,870	2,021	2,178
Funds from operations (FFO)						
EBITDA	3,010	2,010	1,893	1,870	2,021	2,178
less: interest	(213)	(254)	(203)	(225)	(217)	(202)
less: cash tax paid	(32)	(15)	(15)	(15)	(20)	(25)
Other non-operating charges before FFO	(149)	(137)	(52)	-	-	-
Funds from operations	2,616	1,604	1,623	1,630	1,784	1,950
Free operating cash flow (FOCF)						
Funds from operations	2,616	1,604	1,623	1,630	1,784	1,950
Change in working capital	(279)	1,202	(391)	(213)	(230)	(223)
less: capital expenditures (net)	(875)	(537)	(456)	(499)	(468)	(450)
less: lease amortisation	(412)	(442)	(502)	(502)	(502)	(502)
Free operating cash flow	1,050	1,827	273	416	583	775
Interest						
Interest paid	220	231	151	143	132	114
Interest received	(110)	(88)	(74)	(44)	(41)	(38)
add: interest component, operating leases	103	110	126	126	126	126
Interest	213	254	203	225	217	202
Debt						
Reported financial (senior) debt	5,250	5,725	5,646	5,130	4,820	3,763
less: cash and cash equivalents	(2,111)	(2,051)	-	-	-	-
add: operating lease obligations	2,059	2,208	2,511	2,511	2,511	2,511
add: other debt-like items ²	1,167	1,207	1,038	1,038	1,038	1,038
Debt	6,366	7,089	9,195	8,679	8,369	7,312

¹ Changes in provisions

² Guarantees to Marso Holding Kft.

6. Environmental, social and governance (ESG) profile³

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency) 	Labour management	Management and supervision (supervisory boards and key person risk) 
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) 
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables)	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks 	Stakeholder management (shareholder payouts and respect for creditor interests) 

ESG factors:  credit-positive  credit-negative  credit-neutral

MARSO has demonstrated a proactive approach to social responsibility through various initiatives. These include the operation of a tennis court in Nyíregyháza, promoting community engagement and healthy lifestyles, and the establishment of IMKE, a local community development association.

The company provides truck tyre retreading services that support environmental sustainability. By actively collecting used tyres for proper disposal and recycling, MARSO promotes circular economy practices within the industry.

Adequate ESG profile

³ These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

7. Business risk profile: B+

MARSO operates as a discretionary retailer within the automotive parts wholesale segment. We continue to assess its industry risk profile at BB, reflecting medium cyclicalit

Industry risk profile: BB

The company’s business risk profile benefits from its strong market position in Hungary and moderate profitability, although the latter has shown signs of deterioration. Despite these strengths, MARSO’s relatively small scale, with revenues of EUR 100m in 2024, the presence of strong competitors, and limited diversification continue to weigh negatively on its overall credit assessment.

Strong market positioning

MARSO holds a leading position in Hungary’s tyre import market, with a total market share of 25% across all three segments: light vehicle, heavy vehicle, and agricultural tyres. This strong market position is largely attributable to well-established supplier relationships and an integrated customer service model. However, while the company’s market share is a positive factor, its small absolute size and the competitive nature of the industry limit the strength of this advantage. MARSO’s exclusivity programme helps mitigate substitution risk but does not fully offset the challenges posed by its scale and the competition.

Low diversification

Diversification remains a key weakness. MARSO is focused on a single product category – automotive parts – and relies heavily on brick-and-mortar sales, which account for over 90% of total revenue. MARSO is active across wholesale, retail, and online sales channels. However, the company’s reliance on wholesale as its primary revenue source limits the effectiveness of its channel diversification. Despite having a presence in multiple formats, MARSO has yet to develop a fully integrated omnichannel strategy.

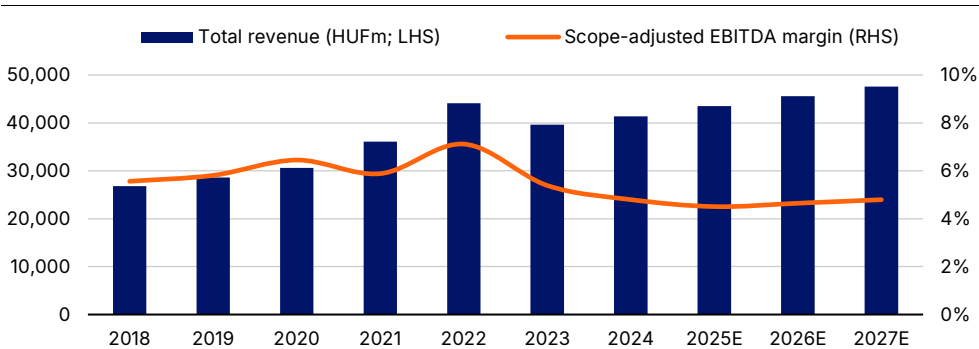
Weak profitability

Export sales, which were previously high at around 20%, declined to 16% in 2024 and are expected to fall further. This level of international exposure is insufficient to counterbalance potential macroeconomic risks in Hungary, MARSO’s core market.

MARSO maintains long-term commercial agreements with major global tyre manufacturers, including Michelin and Continental, resulting in several exclusivity arrangements. Nonetheless, supplier concentration is high, with the top five suppliers representing more than 60% of the cost of goods sold. These relationships are considered stable, and exclusive products have historically accounted for more than one-third of total sales.

Profitability has traditionally supported MARSO’s business profile, but recent pressures have led to a decline in margins. Economic challenges, oversupply from manufacturers, and increased competition from low-cost Asian products negatively impacted both revenue and EBITDA in 2024. Additionally, the inclusion of extended producer responsibility (ERP) fees in pricing further eroded margins. These adverse conditions are expected to persist into 2025, delaying recovery. The EBITDA margin fell to 4.8% in 2024 from 5.4% in 2023 and is projected to decline slightly in 2025. A gradual recovery toward 5% is anticipated by 2027, supported by easing salary cost pressures, although margins are expected to remain below pre-pandemic levels.

Figure 1: Revenues and EBITDA margin



Sources: MARSO, Scope estimates

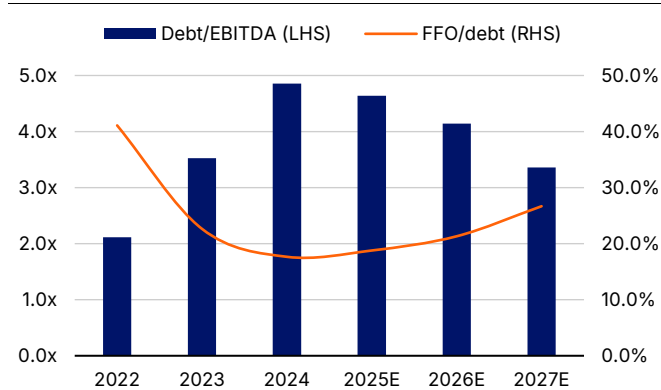
8. Financial risk profile: BB-

MARSO's EBITDA has been on a downward trajectory since 2023, with the decline continuing into 2024. We expect this trend to negatively impact the company's credit metrics in both 2025 and 2026. Starting from the FY 2024, we have applied a 100% haircut to MARSO's cash balance when calculating adjusted debt. This reflects the non-permanent nature of cash holdings, which are subject to high intra-year absorption due to seasonal inventory build-up in the third quarter, typically financed through cash reserves and short-term credit facilities. These adjustments, combined with depressed EBITDA, resulted in a 1.4x YoY increase in debt/EBITDA to 4.9x in 2024.

Elevated leverage

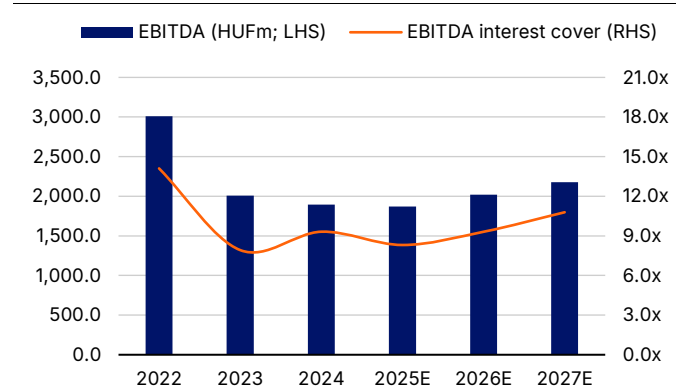
Following the issuance of a HUF 3.6bn NKP bond in 2019 and the completion of a major warehouse investment in 2022, MARSO's year-end debt levels have remained relatively stable, with only modest increases to support working capital needs. In the absence of significant capital expenditure, no new debt additions and assuming EBITDA stabilises, we expect deleveraging, with debt/EBITDA projected to improve to approximately 4.0x by 2026. It is important to note, however, that intra-year leverage remains elevated due to the use of credit lines to finance working capital.

Figure 2: Leverage



Sources: MARSO, Scope estimates

Figure 3: Interest cover



Sources: MARSO, Scope estimates

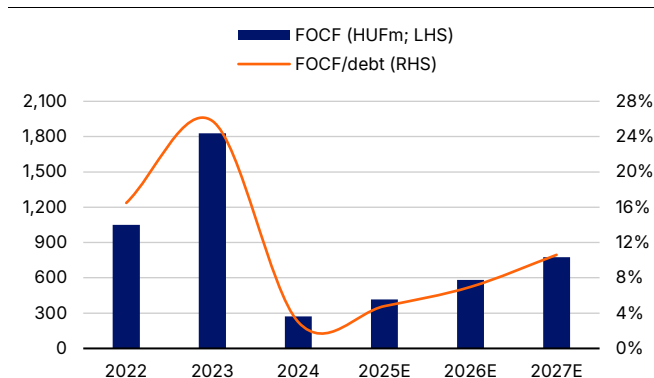
MARSO's financial risk profile continues to benefit from relatively strong interest coverage (9.3x in 2024), underpinned by a predominantly fixed-rate debt structure. With total reported debt expected to gradually decline and interest rates remaining stable, interest coverage is projected to remain robust.

Relatively strong interest coverage

In 2024, MARSO saw a rise in inventories and payables, driven by bulk procurement requirements from new budget Asian suppliers and slower-than-expected premium tyre sales, though working capital pressure was mitigated by extended payment terms. Assuming no significant shifts in working capital and modest self-funded capital expenditure levels, we expect FOCF/debt to remain at slightly higher levels than in 2024 (3%) as the company deleverages.

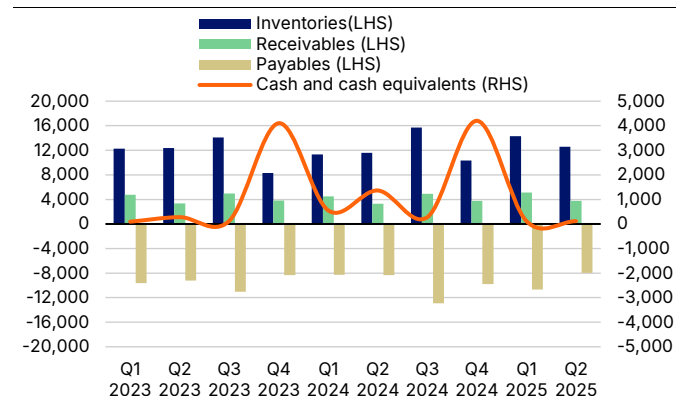
Stable cash flow cover expected

Figure 4: Cash flow cover (FOCF/debt)



Sources: MARSO, Scope estimates

Figure 5: Working capital dynamics (in HUF m)



Sources: MARSO, Scope estimates

MARSO's liquidity assessment is supported by its solid cash position (projected at HUF 4bn at end-2025) and access to committed, undrawn credit facilities (projected at HUF 425m at end-2025). Coupled with positive FOCF generation, we estimate that this will be sufficient to cover the 2026 debt maturities totalling HUF 310m. The company has already refinanced its significant 2025 maturities, further reinforcing its adequate liquidity position. However, interim cash levels are subject to volatility due to the highly seasonal nature of the business, particularly around inventory build-up in Q3. Despite this, liquidity remains adequate, as inventories are considered a potential secondary source of liquidity.

Adequate liquidity

MARSO's senior unsecured (guaranteed) debt instrument (ISIN HU0000359393) has a covenant requiring the accelerated repayment of the outstanding nominal debt amount (HUF 3.6bn) if the debt rating of the bond stays below B+ for more than two years (grace period) or drops below B- (accelerated repayment within 10 business days after public announcement). Such a development could adversely affect the company's liquidity profile. The rating headroom to entering the grace period is one notch. We therefore see no immediate risk of the rating-related covenant being triggered.

Table 1: Liquidity sources and uses (in HUF m)

	2024	2025E	2026E
Unrestricted cash (t-1)	4,102	4,200	3,959
Open committed credit lines (t-1)	-	425	425
FOCF (t)	273	416	583
Short-term debt (t-1)	79	1,255	310
Liquidity	>200%	>200%	>200%

Sources: MARSO, Scope estimates

9. Supplementary rating drivers: +/- 0 notches

Supplementary rating drivers are credit-neutral. We see the company's transparency as adequate and have not identified any drivers which would cause the rating to be notched in either direction.

Credit-neutral supplementary rating drivers

10. Debt rating

In December 2019, MARSO issued a HUF 3.6bn senior unsecured (guaranteed) debt instrument (ISIN HU0000359393) through the Hungarian central bank's Bond Funding for Growth Scheme. The bond is guaranteed by Marso Holding Kft., which belongs to the same corporate group as MARSO. The bond proceeds were used for warehouse capex. The bond has a tenor of 10 years and a fixed coupon of 2.3%. Bond repayment is in three tranches starting from 2027, with 33.3% of the face value payable yearly. Bond covenants in addition to the rating deterioration covenant include non-payment, insolvency proceedings, cross-default, pari passu, negative pledge, change of control and dividend payment covenants.

Senior unsecured bond rating (ISIN: HU0000359393): BB-

Our recovery analysis indicates an 'above-average' recovery in a hypothetical default scenario in 2026. This is based on the issuer's liquidation value, assumed outstanding senior secured debt of HUF 2.0bn and a guarantee of HUF 1.2bn to Marso Holding Kft with available credit lines fully drawn. Our analysis allows for a one-notch uplift from the underlying issuer rating, leading to the debt rating of BB-.

Appendix 1. Peer comparison

	MARSO Kft.	Abrons Kereskedőház Kft.	Daniella Kft.	Stavmat Zrt.
Issuer rating/Outlook	B+/Stable	BB-/Negative	B/Under Review	B/Stable
Last reporting date	31 December 2024	31 December 2023	31 December 2024	31 December 2023
Business risk profile	B+	B+	B+	B+
Financial risk profile	BB-	BB	B+	B+
EBITDA interest cover	9.3x	4.9x	5.4x	10.3x
Debt/EBITDA	4.9x	4.0x	4.8x	4.2x
FFO/debt	18%	16%	17%	21%
FOCF/debt	3%	-15%	-7%	-27%
Standalone credit assessment	B+	BB-	B+	B+
Supplementary rating drivers	+/- 0 notches	+/- 0 notches	-1 notch	-1 notch

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