

Corporate Credit Rating

New Update

Sector: Table Olive Production

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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	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
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 May 10, 2024

CEM ZEYTİN A.Ş.

JCR Eurasia Rating has evaluated "Cem Zeytin A.Ş." in the investment grade category with high credit quality, affirmed the Long-Term National Issuer Credit Rating at 'A (tr)' and the Short-Term National Issuer Credit Rating at 'J1 (tr)' with 'Stable' outlooks. On the other hand, the Long-Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were determined as 'BB/Stable' in line with the sovereign ratings and outlooks of Republic of Türkiye.

"Cem Zeytin A.Ş." (hereinafter referred to as "Cem Zeytin" or "the Company") was established on November 10, 1994 in Ankara, Türkiye. The Company's headquarters has been located in Torbalı/İzmir since February, 2017.

Cem Zeytin operates in the production of black and green table olives, olive storage, processing and packaging. The Company carries out its operations in Havran/Balıkesir factory, which is built on a total area of 53,000 m², 18,000 m² of which is closed, and in Mut/Mersin factory, which started its operations in June, 2024.

The Company's shares with a nominal value of TRY 100mn were offered to the public on August 29 and September 2-3, 2024 at a price of TRY 15.30 and started to be traded on the Borsa İstanbul (BIST) with the ticker symbol "CEMZY" on September 9, 2024.

The Company has a total of 237 employees as of FYE2024 (FYE2023: 265).

As of FYE2024, shareholders of the Company are Cem Okullu and Cengiz Okullu, each has 37.56% of the shares. The remaining 24.88% of the shares are publicly traded on the BIST.

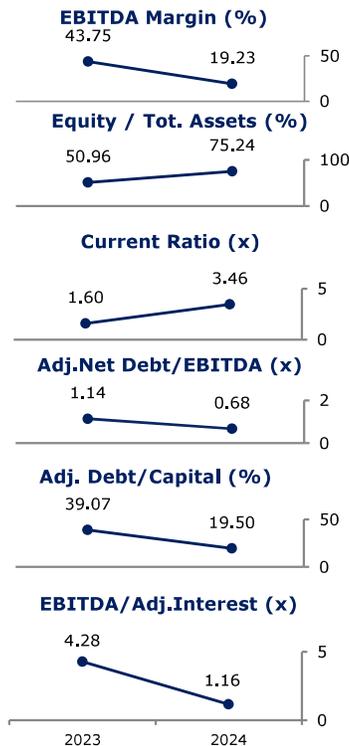
Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Satisfactory sales revenue and core profitability margins in the analyzed periods, despite contraction in FY2024,
- Decrease in net debt to EBITDA multiplier supporting leverage indicators in FYE2024,
- Increasing and high equity level in FYE2024 mainly supported by share premiums through initial public offering,
- Enhanced practice of corporate governance principles thanks to public offering process,
- Long-lasting presence in the sector dating back to 1994.

Constraints

- Ongoing negative CFO and FOCF in FY2024,
- Short-term weighted funding structure pressuring interest coverage ratio,
- Exposure to short FX position in FYE2024, despite partially mitigated through export revenues,
- Long cash conversion cycle due to seasonality effect and business model,
- As actions for a global soft-landing gain prominence, decisions with the potential to adversely affect global trade are engendering considerable uncertainty.



Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'A (tr)'. The Company's satisfactory sales revenue and core profitability margins, decrease in net debt to EBITDA multiplier, high equity level as well as negative CFO and FOCF, long cash cycle and uncertainties in the global economy 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 financial structure, sales and profitability performance, liquidity and leverage indicators will be closely monitored by JCR Eurasia Rating in the 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.