

NOBLE DEVELOPMENT PLC

No. 28/2025
14 March 2025

CORPORATES

Company Rating: BBB
Issue Ratings:
Senior unsecured BBB
Outlook: Stable

Last Review Date: 29/11/24

Company Rating History:

| Date | Rating | Outlook/Alert |
|----------|--------|---------------|
| 19/10/20 | BBB | Stable |
| 01/03/19 | BBB | Negative |
| 28/12/17 | BBB | Stable |
| 06/11/15 | BBB | Negative |
| 04/01/13 | BBB | Stable |
| 08/09/06 | BBB+ | Stable |
| 12/07/04 | BBB | Stable |
| 14/10/03 | BBB | - |

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RATIONALE

TRIS Rating assigns a rating of “BBB” to a proposed issue of up to THB2.2 billion senior unsecured debentures due within three years of Noble Development PLC (NOBLE). The company intends to use the proceeds from the new debentures to refinance debentures coming due in June 2025. At the same time, we affirm the company rating on NOBLE and the ratings on its existing senior unsecured debentures at “BBB”, with a “stable” rating outlook.

The ratings reflect NOBLE’s relatively strong market position within the affordable to high-end condominium segments, a substantial backlog that will partially secure future revenue and earnings, and adequate liquidity. However, the ratings are constrained by the company’s relatively high financial leverage, volatile performance, and declining profit margins, driven by intense competition and unfavorable market conditions.

NOBLE’s total operating revenue for 2024 amounted to THB11.3 billion, in line with our expectations. The gross profit margin from both residential sales and service income was consistent with our projections. NOBLE’s EBITDA of THB1.5 billion in 2024 was close to the target level. However, due to a significant increase in financial costs, there was a deviation in funds from operations (FFO), with NOBLE reporting approximately THB300 million in 2024, achieving only 40% of our target.

Looking ahead, we anticipate that NOBLE will achieve operating performance in line with our targets for 2025-2026, primarily driven by its substantial backlog. As of December 2024, NOBLE’s backlog stood at THB25.2 billion. The company plans to deliver THB11.9 billion of this backlog in 2025, with the remainder expected to be completed in 2027-2028. We project NOBLE’s total operating revenue to range between THB9-THB11 billion per annum in 2025-2026, with revenue from residential sales expected to account for approximately 70%-75% of total revenue. We foresee NOBLE’s EBITDA to range from THB1.8-THB2.0 billion annually, with an EBITDA margin of 17%-19% in 2025-2026.

Due to its aggressive project expansion and relatively high financing costs, NOBLE’s debt to capitalization ratio remained elevated at 74%, and its FFO to debt ratio declined to 2% in 2024. However, we expect transfer volumes from both its own and joint venture (JV) projects to recover, reaching THB12-THB13 billion annually in 2025-2026. This, along with anticipated improvements in profit margins and a downward trend in interest rates, is likely to reduce the debt to capitalization ratio to below 70% and improve the FFO to debt ratio to above 5% starting in 2025.

We assess NOBLE’s liquidity to be manageable over the next 12 months. As of December 2024, its sources of liquidity included THB1.3 billion cash and cash equivalents plus THB1.7 billion undrawn conditional credit facilities from banks. FFO is forecast to be THB1 billion in 2025. In addition, NOBLE had unencumbered assets at book value worth THB800 million and remaining finished units in debt-free projects with a total selling price of THB1.8 billion, which could be pledged as collateral for new credit facilities, if needed.

Debts due over the next 12 months will amount to THB4.9 billion, comprising THB4 billion debentures, THB0.6 billion bridging-loan promissory notes (P/Ns), and the remainder in long-term project loans and lease liabilities. The company normally refinances its maturing debentures by new debenture issuance, while the bridging-loan P/Ns for land purchases will be converted to long-term project

loans thereafter. Project loans are normally repaid with cash received from the underlying projects' unit transfers.

As of December 2024, NOBLE had total consolidated debt of THB14.8 billion. Its priority debt, including secured debt at the company and its subsidiaries, was THB6.3 billion. This translates to a priority debt to total debt ratio of 42%.

The financial covenants on NOBLE's debentures and bank loans require the company to maintain its net interest-bearing debt to equity ratio below 2.5 times (excluding lease liabilities). As of December 2024, the ratio was 2.15 times. We expect the company to remain in compliance with the financial covenants over the next 12 months

RATING OUTLOOK

The "stable" outlook reflects our expectation that NOBLE will achieve operational performance and strengthen its financial profile aligning with our targets. We expect NOBLE's debt to capitalization ratio to decrease to below 70% and FFO to debt ratio to improve and remain above 5% from 2025 onwards.

RATING SENSITIVITIES

A downward revision of the ratings and/or outlook may occur if the company's operating performance and/or financial profile significantly deviate from our expectations, particularly in absence of an imminent recovery. Conversely, the ratings and/or outlook could be revised upward if NOBLE's business scale enlarges and its financial position improves substantially, ensuring that the debt to capitalization ratio remains below 60% and the FFO to debt ratio stays in the 10%-15% range on a sustained basis.

RELATED CRITERIA

- Issue Rating Criteria, 26 December 2024
- Homebuilders and Real Estate Developers Rating Methodology, 12 January 2023
- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

Noble Development PLC (NOBLE)

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|---|--------|
| Company Rating: | BBB |
| Issue Ratings: | |
| NOBLE256A: THB1,200 million senior unsecured debentures due 2025 | BBB |
| NOBLE256B: THB983.9 million senior unsecured debentures due 2025 | BBB |
| NOBLE264A: THB2,500 million senior unsecured debentures due 2026 | BBB |
| NOBLE269A: THB1,000 million senior unsecured debentures due 2026 | BBB |
| NOBLE26DA: THB807.6 million senior unsecured debentures due 2026 | BBB |
| NOBLE273A: THB300 million senior unsecured debentures due 2027 | BBB |
| NOBLE27OA: THB1,500 million senior unsecured debentures due 2027 | BBB |
| Up to THB2,200 million senior unsecured debentures due within 3 years | BBB |
| Rating Outlook: | Stable |

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