

# NOBLE DEVELOPMENT PLC

No. 108/2025  
2 July 2025

## CORPORATES

<b>Company Rating:</b>	BBB
<b>Issue Ratings:</b>	
Senior unsecured	BBB
<b>Outlook:</b>	Negative

**Last Review Date:** 03/04/25

### Company Rating History:

Date	Rating	Outlook/Alert
03/04/25	BBB	Alert Negative
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 replaces the “negative” CreditAlert on Noble Development PLC (NOBLE) with a “negative” rating outlook. At the same time, we affirm the company rating on NOBLE and the ratings on its senior unsecured debentures at “BBB”.

The “negative” outlook reflects NOBLE’s weaker-than-expected financial position, driven by high financial leverage and weakening cash flow protection, and uncertainty regarding the successful execution of its debt reduction plan. Nonetheless, the ratings continue to reflect NOBLE’s strong market presence across the affordable to high-end condominium segments, a sizable backlog that will partly secure future revenue and earnings, and manageable liquidity.

The ratings also take into account the ongoing challenges posed by persistently high household debt and elevated mortgage rejection rates, both of which continue to dampen housing demand. However, the trend in interest rates, the recent easing of loan-to-value (LTV) regulations, and reductions in transaction fees are expected to provide some support for demand in the low- to mid-priced housing segment over the next 12 months.

## KEY RATING CONSIDERATIONS

### Weaker-than-expected cash flow protection

NOBLE’s financial profile was weaker than projected. Despite its presales and transfers in 2024 were in line with our prior projections, its higher-than-expected financial costs significantly impacted its cash flow protection. Its funds from operations (FFO) reached only half of our earlier expectations. Consequently, the FFO to debt ratio declined to just 2%, falling short of our projections.

NOBLE’s total operating revenue, EBITDA, and FFO in the first quarter of 2025 (1Q25) also significantly deviated from our expectations as the company had no condominium projects scheduled for completion and transfer. The company’s FFO to debt ratio stayed low at 2% while its debt to capitalization ratio remained elevated at 73%, both ratios falling short of the thresholds required to maintain a “stable” outlook.

### Future revenues and earnings face challenges, despite substantial backlog

As of March 2025, NOBLE reported a total backlog of THB26 billion, with around 55% attributable to its own projects. We expect the company to deliver approximately THB11 billion of this amount during the remainder of 2025, followed by annual deliveries of THB100-THB250 million in 2026 and 2027, and the remainder scheduled for transfer in 2028. In addition, NOBLE had finished goods valued at THB9.7 billion, which can be recognized as revenue or shared profit from joint ventures (JVs) immediately upon sale.

However, due to the ongoing slowdown in the domestic economy and the potential negative effects of the earthquake in late March 2025 on new condominium sales and transfers, we expect NOBLE to continue to face significant operational challenges from 2025 through 2027. In addition, a large portion of backlog is scheduled for transfer in 2025 and 2028. Therefore, revenue generation in 2026-2027 will largely depend on NOBLE’s ability to drive new sales from its ready-to-move-in condominium projects as well as from both new and existing landed property projects. In response to these pressures, the company may have to implement competitive pricing strategies

to stimulate sales of completed inventory. However, this approach is likely to put pressure on profitability amid an intensely competitive and unfavorable market environment.

In our base-case scenario, we project annual operating revenue to stay approximately THB9-THB10 billion during 2025-2027. Residential sales are expected to account for roughly 70% of total operating revenue. Meanwhile, revenue from turnkey construction and marketing services provided to JVs is projected to decline to the THB2-THB3 billion per year range, in line with the progress of construction and presales activities in JV projects. We expect NOBLE's gross profit margin to remain in the 25%-28% range over the forecast period. EBITDA is projected to range between THB1.5-THB2.0 billion, with an EBITDA margin of 17%-20%. The company's pretax return on permanent capital (ROPC) is anticipated to hover within the 6%-8% range.

#### **Deleveraging is required to maintain the ratings at current levels**

NOBLE's project expansion and declining profit margins have led to a deviation in its debt to capitalization ratio and FFO to debt ratio from the thresholds for current ratings. As part of its deleveraging strategy, NOBLE plans to sell the majority of its holding in its own condominium project to a strategic partner. We expect that finding a strategic partner will help reduce the company's debt burden.

In addition to the planned divestment, we expect NOBLE to deliver its existing backlog as scheduled. A significant volume of transfers from four condominium projects is anticipated in the second half of 2025. If the debt reduction plan is successfully implemented, we expect the debt to capitalization ratio to improve to below 70% and the FFO to debt ratio to rise above 5% starting in 2025. However, any delays in securing the strategic partnership or in the backlog delivery could materially affect NOBLE's financial position in the short to medium term.

Our base-case scenario assumes that NOBLE will launch new projects valued between THB6-THB12 billion annually, with a land acquisition budget of approximately THB2 billion per year. We project annual construction capital expenditures (for wholly owned projects) of THB1-THB3 billion, annual equity injection to JVs of THB0.5-THB1.0 billion, and dividend payments equivalent to 40% of net profit.

#### **Well-recognized brands in condominium segment**

NOBLE's competitive position in the affordable- to high-end condominium segment is underpinned by its well-established brands, strategic project locations, and distinctive design concepts. In 2024, the company recorded robust growth in both presales and transfers (across wholly owned and JV projects), with increases of 62% and 66%, respectively. However, in 1Q25, adverse market sentiment and heightened competition among leading developers led to a sharp year-on-year (y-o-y) decline of 70% in presales and 25% in transfers. The condominium segment continued to be the primary revenue driver, accounting for approximately 80%-90% of total presales and transfers.

As of March 2025, NOBLE's project portfolio comprised 19 condominium projects (13 owned and six under JVs) and 12 landed property projects (seven owned and five under JVs). The total value of unsold units, including both completed and under-construction units, stood at THB39.6 billion, with condominium projects accounting for approximately 70% of this amount.

#### **Manageable liquidity**

We assess NOBLE's liquidity is manageable over the next 12 months. As of March 2025, the company's liquidity sources comprised THB1.2 billion cash and cash equivalents plus THB1.8 billion undrawn conditional credit facilities from banks. FFO over the next 12 months are projected to be approximately THB1 billion. Additionally, NOBLE held unencumbered assets with a book value of around THB800 million as well as remaining finished units in debt-free projects with a total selling price of THB1.9 billion, which could be used as collateral to secure additional credit facilities, if necessary.

NOBLE has debt obligations totaling THB4.1 billion maturing over the next 12 months, comprising THB2.2 billion debentures and THB1.8 billion long-term project loans, with the remainder consisting of promissory notes (P/Ns) and lease liabilities. The company has already repaid the debentures maturing on 16 June 2025 through the issuance of new debentures and term loans. Project loans are typically repaid using proceeds from unit transfers of the respective projects. Bridging-loan P/Ns related to land acquisitions are expected to be converted into long-term project loans thereafter.

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 March 2025, the ratio was 2 times. We expect the company to remain in compliance with the financial covenants over the next 12 months.

#### **Debt structure**

As of March 2025, NOBLE had total consolidated debts of THB14.2 billion. NOBLE's priority debt, including secured debt at the company and total debts at the subsidiaries, was THB6 billion. This translates to a priority debt to total debt ratio of 42%.

## BASE-CASE ASSUMPTIONS

These are the key assumptions in TRIS Rating's base-case forecast for NOBLE's operations in 2025-2027:

- New condominium project launches (including its own and JV projects) worth THB2.7 billion in 2025 and THB9-THB10 billion per annum in 2026-2027
- New landed property project launches (including its own and JV projects) worth THB3.0-THB3.5 billion per annum
- Land acquisition budget for its own projects of around THB2 billion per annum
- Divestment of the majority of equity stake in its own condominium project to a strategic partner in 2025
- Total operating revenue to hover around THB10 billion in 2025, followed by a decline to around THB9 billion in 2026-2027
- EBITDA, including gains from the divestment of stakes in subsidiaries, to range between THB1.5-THB2.0 billion

## RATING OUTLOOK

The "negative" outlook reflects NOBLE's weaker-than-anticipated financial profile, coupled with uncertainty surrounding the successful implementation of the company's deleveraging plan.

## RATING SENSITIVITIES

A downgrade could occur should NOBLE's operating results and/or financial profile deviate from our expectations, particularly in the absence of an imminent recovery. Conversely, the outlook could be revised to "stable" if NOBLE successfully executes its deleveraging plan, resulting in an improvement in the debt to capitalization ratio to a level below 70% and in the FFO to debt ratio to a level exceeding 5%.

## COMPANY OVERVIEW

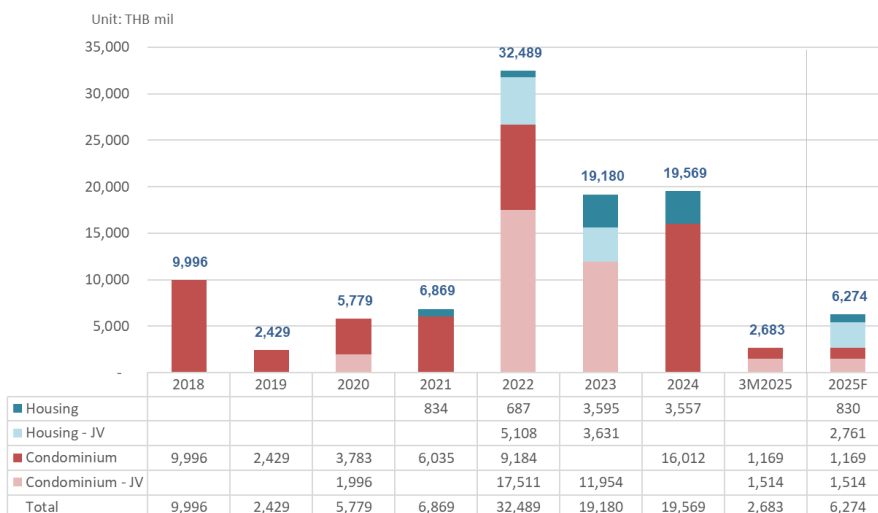
NOBLE was founded in 1991 and listed on the Stock Exchange of Thailand (SET) in November 1996. During 2018-2019, the company's shareholding structure and management underwent some changes. Mr. Thongchai Busrapan, a former Vice Chairman and President of NOBLE, and Fulcrum Global Capital (FGC), a real estate investor and distributor based in Hong Kong, became the major shareholders. As of March 2025, Mr. Thongchai Busrapan and Mr. Frank Fung Kuen Leung, a representative of FGC, each directly and indirectly held a 20% stake in NOBLE. Mr. Thongchai Busrapan and Mr. Frank Fung Kuen Leung are Co-Chief Executive Officers.

NOBLE focused on the middle- to high-end condominium segments, with prices ranging from THB120,000-THB260,000 per square meter (sq.m.). NOBLE launched the "Nue" brand to tap into the more affordably priced segment in 2018. The "Nue" brand targets the condominium segment with prices of THB60,000-THB160,000 per sq.m. In order to mitigate revenue and earnings volatility, NOBLE has steadily increased the number of landed property projects over the past three years. NOBLE targets the high-end SDH segment with selling prices above THB35 million per unit, the middle- to high-priced SDH and townhouses segment with unit prices of THB15-THB25 million, and the affordable- to middle-priced semi-DH and townhouses segments with selling prices of THB7-THB18 million per unit.

Almost all of NOBLE's condominium projects are situated along mass transit lines, while most of its landed property projects are located in the outskirts of Bangkok. The company's unique designs differentiate its products from those of other property developers.

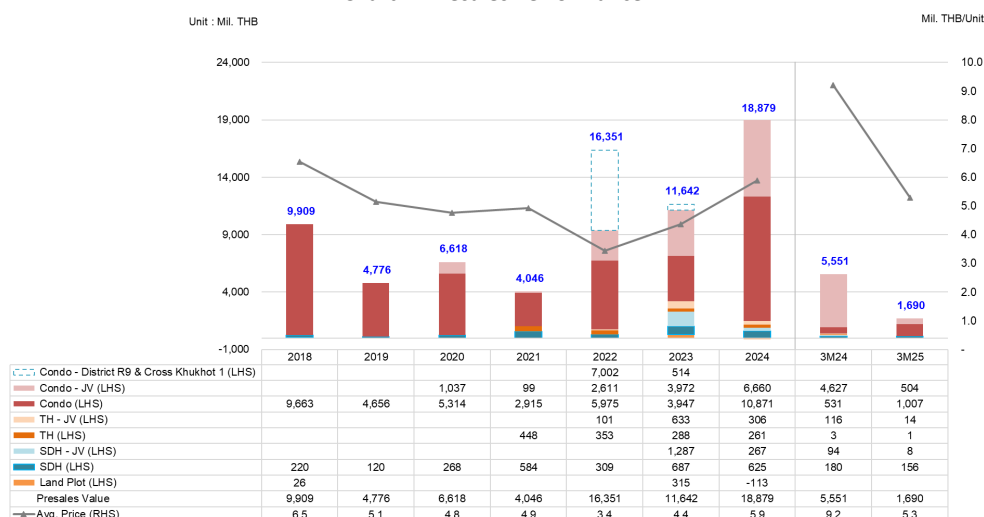
## KEY OPERATING PERFORMANCE

**Chart 1: New Project Launches**



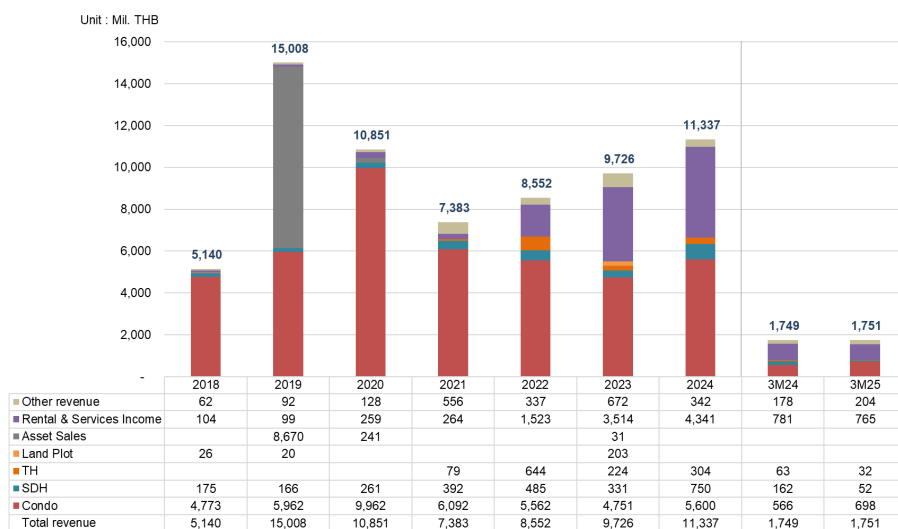
Source: NOBLE

**Chart 2: Presales Performance**



Source: NOBLE

**Chart 3: Revenue Breakdown**



Source: NOBLE

## FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS\*

Unit: Mil. THB

	Jan-Mar 2025	-----Year Ended 31 December -----			
		2024	2023	2022	2021
Total operating revenues	1,751	11,337	9,726	8,552	7,383
Earnings before interest and taxes (EBIT)	250	1,432	1,828	1,135	1,699
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	288	1,562	1,992	1,342	1,840
Funds from operations (FFO)	32	372	950	493	987
Adjusted interest expense	223	910	787	640	435
Real estate development investments	16,391	16,621	15,688	14,037	13,992
Total assets	26,872	27,255	26,269	22,496	20,280
Adjusted debt	17,353	17,586	16,749	15,228	12,379
Adjusted equity	6,402	6,313	6,456	5,942	5,628
<b>Adjusted Ratios</b>					
EBITDA margin (%)	16.4	13.8	20.5	15.7	24.9
Pretax return on permanent capital (%)	5.6 **	5.6	7.5	5.3	9.6
EBITDA interest coverage (times)	1.3	1.7	2.5	2.1	4.2
Debt to EBITDA (times)	11.4 **	11.3	8.4	11.3	6.7
FFO to debt (%)	1.8 **	2.1	5.7	3.2	8.0
Debt to capitalization (%)	73.1	73.6	72.2	71.9	68.7

\* Consolidated financial statements

\*\* Annualized with trailing 12 months

## 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)

<b>Company Rating:</b>	BBB
<b>Issue Ratings:</b>	
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
NOBLE284A: THB1,604.8 million senior unsecured debentures due 2028	BBB
<b>Rating Outlook:</b>	Negative

### TRIS Rating Co., Ltd.

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