

# NOBLE DEVELOPMENT PLC

No. 58/2024  
5 July 2024

## CORPORATES

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

**Last Review Date:** 30/11/23

### 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 Noble Development PLC (NOBLE)’s proposed issue of up to THB1 billion senior unsecured debentures. The proceeds from the new debentures are intended to be used to refinance debentures coming due in September 2024 and for working capital. At the same time, we affirm the company rating on NOBLE and the ratings on NOBLE’s existing senior unsecured debentures at “BBB”, with a “stable” rating outlook.

The ratings reflect NOBLE’s relatively strong market presence in the affordable-to high-end condominium segment and its large backlog, which will partially secure future revenue streams. The ratings are, however, constrained by an expected softening of the profit margin and high financial leverage from the company’s aggressive project expansion. Nonetheless, we expect NOBLE’s financial leverage to gradually decline in line with our targets in the next few years. The ratings also incorporate our concerns over higher bank rejection rates for mortgage loan applications amid lingering high interest rates and elevated household debts.

NOBLE’s operating performance in the first quarter of 2024 (1Q2024) fell short of our expectation. Its operating revenues and EBITDA achieved around 15% of our full-year targets of THB10-THB13 billion revenue and THB2.0-THB2.5 billion EBITDA. This was mainly the result of no condominium projects completed and ready for transfer in this period coupled with sluggish demand in the landed property segment.

However, we expect NOBLE’s revenue and earnings to improve and remain in line with our baseline for the remainder of 2024 through 2026, partly supported by the scheduled transfers of backlog from its own and joint-venture (JV) projects. As of March 2024, NOBLE’s backlog stood at THB21.4 billion, with around 60% of the total from JV projects and the remainder from its own projects. The company plans to deliver the backlog worth THB8.8 billion in the remainder of 2024, THB8.4 billion in 2025, and the rest in 2027. NOBLE’s projected revenue and earnings will also rely on its ability to generate new sales from unsold completed inventory worth THB10.2 billion in its own projects and THB2.9 billion in JV projects.

NOBLE’s debt to capitalization ratio remained high at 73%-74% in 2023 and 1Q2024, while its funds from operations (FFO) to debt ratio was above 5% over the same period. Based on projected transfers from both its own and JV projects, NOBLE’s debt to capitalization ratio should drop to around 70% within 2024 before further declining to a level below 70% from 2025 onwards.

We assess NOBLE’s liquidity as manageable over the next 12 months. As of March 2024, its sources of liquidity comprised cash and cash equivalents of around THB900 million, undrawn conditional credit facilities of THB2.3 billion, and expected FFO of THB900 million in 2024. In addition, NOBLE had unencumbered land at book value of THB800 million and remaining finished units in debt-free projects with a selling price totaling THB3 billion, which could be pledged as collateral for new loans, if needed. Debts due over the next 12 months will amount to THB4.1 billion, comprising THB2.8 billion debentures and THB1.3 billion short-term borrowings.

**CreditUpdate**, reviews ratings of companies or debt issues that have already been rated by TRIS Rating. The CreditUpdate occurs when new debt instruments are issued or if significant events have taken place that may impact a company’s current ratings or when current ratings are cancelled. The CreditUpdate announces whether a rating has been “upgraded,” “downgraded,” “affirmed” or “cancelled.” The update includes information to supplement the previously published ratings.

Credit Updates are part of TRIS Rating’s monitoring process. TRIS Rating monitors every rating it assigns until either the debt instrument matures or the rating contract ends. To keep the public informed of changing situations, TRIS Rating periodically issues announcements about the credit ratings it monitors.

As of March 2024, NOBLE had total consolidated debt of THB14.8 billion. Its priority debt, including secured debt at the company and its subsidiaries, was THB6.2 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. As of March 2024, the ratio was 2.2 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 be able to deliver operating results and strengthen its financial profile in line with our targets. We expect NOBLE's debt to capitalization ratio to remain around 70% in 2024 before dropping to a level below 70% from 2025 onwards. The company's FFO to debt ratio should remain above 5% over the forecast period.

## RATING SENSITIVITIES

A downward revision of the ratings and/or outlook could emerge if the company's operating performance and/or financial profile deviate significantly from our expectations, in the absence of any signs of a near-term recovery. On the contrary, the ratings and/or outlook could be revised upward if NOBLE's business scale enlarges and its financial position improves substantially, such 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

- 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
- Issue Rating Criteria, 15 June 2021

## Noble Development PLC (NOBLE)

<b>Company Rating:</b>	BBB
<b>Issue Ratings:</b>	
NOBLE249A: THB700 million senior unsecured debentures due 2024	BBB
NOBLE251A: THB1,800 million senior unsecured debentures due 2025	BBB
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
NOBLE26DA: THB807.6 million senior unsecured debentures due 2026	BBB
NOBLE273A: THB300 million senior unsecured debentures due 2027	BBB
Up to THB1,000 million senior unsecured debentures due within 2 years	BBB
<b>Rating Outlook:</b>	Stable

## TRIS Rating Co., Ltd.

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