MOODY'S
INVESTORS SERVICE

Rating Action: Moody's downgrades Noble Group to Ba1; outlook negative

Global Credit Research - 29 Dec 2015

Hong Kong, December 29, 2015 -- Moody's Investors Service has downgraded Noble Group Limited's senior unsecured bond ratings to Ba1 from Baa3 and the provisional rating on its senior unsecured MTN program to (P)Ba1 from (P)Baa3.

At the same time, Moody's has assigned a Ba1 corporate family rating to Noble and has therefore withdrawn the company's issuer rating.

The rating actions conclude Moody's review for downgrade initiated on 16 November 2015.

The outlook for the ratings is negative.

RATINGS RATIONALE

"The downgrade of Noble's ratings reflects Moody's concerns over the company's liquidity," says Joe Morrison, a Moody's Vice President and Senior Credit Officer.

The Ba1 ratings also reflect low levels of profitability and consistent negative free cash flow from core operating activities, which exclude proceeds from asset sales.

"The downgrade also reflects the uncertainty as to whether or not these factors can be improved sustainably and materially, given our expectations of a prolonged commodity downcycle, and the consequent negative sentiment impacting Noble and commodity traders in general," adds Morrison.

Moody's notes that the global commodity downturn has become severer over the last one to two months and believes these negative conditions might erode Noble's access to funding and could therefore challenge its profitability, prompting Moody's to conclude the rating review.

Moody's also notes the announced sale of its remaining 49% stake in Noble Agri Limited (unrated). The expected receipt of $750 million from the sale will improve Noble's liquidity profile and adjusted net debt/EBITDA to about 3.2x in 2015.

However, Noble's liquidity position remains constrained, despite the company's well-developed plans to further improve the situation in the coming months.

Overall, Moody's views that Noble could continue to face pressure to move more of its bank funding to a secured platform, if it faces challenges to access unsecured debt funding.

Moody's also expects that Noble's ability to gain consistent access to the bond markets will remain constrained. This challenge is unusual for investment grade entities and the sporadic nature of its access is a characteristic that is more consistent with that of Ba-rated entities.

Moody's understands that Noble plans to engage in further capital raising activities and aims to improve its operations such as to lower operating expenses, lower working capital utilization, and strengthen cash flow generation.

If it achieves such aims, the company will exhibit an improved liquidity profile that supports its Ba1 ratings. Its leverage metrics should also improve and therefore provide further support to its Ba1 ratings.

The negative ratings outlook reflects the execution risk associated with Noble's plan to improve its liquidity position, as well as the uncertainty arising from the commodity price environment, and the impact that increasingly lower commodity prices globally will have on companies with exposure to commodities.

The ratings outlook could return to stable, under the following conditions:

1) The asset sale proceeds as expected, and Noble shows a significantly improved liquidity profile, with readily

available cash and availability under committed, multi-year credit facilities comfortably exceeding short term debt over the following 12 months on a sustainable basis;

2) An adjusted net debt to EBITDA ratio below 4.0x and adjusted retained cash flow to net debt in excess of 20%; and

3) Secured borrowings below 20% of total reported debt; a scenario which will therefore not trigger subordination risk.

However, Noble's ratings are likely to be downgraded if its liquidity position does not show a meaningful improvement, or its leverage rises, such that its adjusted net debt/EBITDA registers in excess of 4.5x and retained cash flow/net debt trends below 20% on a sustained basis.

The principal methodology used in these ratings was Trading Companies published in March 2015. Please see the Credit Policy page on www.moodys.com for a copy of this methodology.

Noble Group Limited is the largest global physical commodities supply chain manager in Asia by revenue. Its diversified activities across the supply chain include the sourcing, storage, processing, transportation, and distribution of over 20 commodity products.

Headquartered in Hong Kong, Noble Group Limited operates offices in 60 locations globally, and employs 1,900 staff.

The company is publicly traded on the Singapore Stock Exchange.

Founder and Chairman, Mr. Richard Elman, holds about a 22% stake in the company. China Investment Corporation — the Chinese sovereign wealth fund — owns about 10% of the company.

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