
Loxley PLC

Corporate | Technology Software and Services

29 April 2026

Issuer Credit Rating: BBB/Stable

Issue Rating:

Senior unsecured: BBB/Stable

Rating Action

TRIS Rating affirms the issuer credit rating on Loxley PLC (LOXLEY) and the ratings on its outstanding senior unsecured debentures at “BBB”, with a “stable” rating outlook. The ratings reflect the company’s diversified income streams, recurring dividend income from joint ventures, well-established relationships with customers and suppliers, and a conservative capital structure. However, these strengths are tempered by intense industry competition, the inherent uncertainty and volatility of the turnkey project business, and the company’s relatively low operating profitability.

Key Rating Considerations

Business diversification and investment portfolio help mitigate risk

LOXLEY’s business profile benefits from diversification across five strategic business groups: (1) Trading, (2) Information Technology (IT), (3) Energy, (4) Network Solutions, and (5) Services. This diversification helps limit earnings concentration risk and reduces volatility to a certain extent.

LOXLEY also maintains strategic investments in affiliated companies and joint ventures, expanding into areas such as specialized industrial sectors, including lubricant manufacturing and distribution, as well as steel coating and pre-painted steel production. These investments provide additional earnings diversification beyond the company’s core operations.

Equity income from these investments provides a recurring contribution to LOXLEY’s consolidated EBITDA and supports the stability of its overall earnings. We view these diversified income streams as enhancing LOXLEY’s financial resilience and supporting the stability of its overall earnings profile.

Sustained operating performance expected

In 2025, LOXLEY’s total operating revenue reached THB11.7 billion, a 4% increase from the previous year. The growth was mainly driven by strong performance in the trading business and greater contributions from special projects. LOXLEY’s revenue profile is partly supported by its trading business, which has generated recurring income of THB3.3-THB4.3 billion annually during the past three years. The company aims to gradually increase recurring revenue from this business to further strengthen revenue stability and mitigate earnings volatility.

However, the company’s revenue streams remain largely dependent on government-related projects, which account for more than 50% of total revenue. This dependence exposes the company to revenue uncertainty stemming from factors such as government fiscal policy, annual budget allocations, and the timing of project bidding processes. Potential delays in budget disbursements or project launches could affect the timing of revenue recognition.

In addition, the company continues to face intense competition as well as execution risks related to project delivery and cost management, which could put pressure on profitability.

Looking ahead, we project LOXLEY's total revenue to range from THB12.0-THB13.0 billion annually during 2026-2028. Near-term revenue visibility is supported by a project backlog of about THB8 billion as of December 2025, with around 62% expected to be recognized in 2026. Over the medium term, we expect continued government investment, particularly in digital transformation initiatives and infrastructure development, to create additional project opportunities for the company. The company's proven track record and capabilities should further support contract wins. Meanwhile, we expect revenue from the trading business to range from THB4.0-THB4.5 billion per year over the same period, backed by steady demand for cooking oil products and contributions from new product lines.

Long-standing relationships with key customers and suppliers

LOXLEY has established long-standing relationships with a diversified base of customers and strategic suppliers. The company's strong presence in the public sector is supported by its track record of successful project delivery for government agencies. This experience enhances its competitiveness, particularly within the government sector, where technical qualifications, proven experience, and reliability are key selection criteria.

At the same time, LOXLEY has broadened its customer base to include private-sector clients and financial institutions, providing additional business opportunities and reducing reliance on any single customer group. Its partnerships with global technology providers also enable the company to act as a local distributor and solutions provider, further strengthening its competitive position in the domestic market.

We view LOXLEY's technical capabilities and experienced personnel as key strengths supporting its business profile. Its engineering expertise and project management capabilities support service quality and execution reliability, while positioning the company to benefit from ongoing digital transformation trends. These capabilities should continue to support LOXLEY's competitiveness and its ability to secure projects in both the public and private sectors.

Strategic investment dividends support cash flow stability

LOXLEY's financial profile is supported by consistent dividend income from its key strategic associates: BP-Castrol (Thailand) Limited (BP Castrol), a lubricant oil manufacturer, and NS BlueScope (Thailand) Limited (NS BlueScope), a producer of industrial coated and pre-painted steel. Dividend income from these investments has totaled THB490-THB610 million per year over the past three years, supported by the strong operating performance of NS BlueScope and stable dividend contribution from BP Castrol.

Dividend receipts from these associates form a meaningful portion of LOXLEY's cash flow and earnings base. We view these recurring dividend streams as an important stabilizing factor for the company's overall financial profile, helping offset the inherent volatility of its project-based businesses and improving the visibility of cash flow generation.

We expect dividend income from NS BlueScope and BP Castrol to remain stable at around THB500-THB530 million per year over the next three years, supported by our expectation of continued satisfactory operating performance and stable dividend payout capacity of both associate companies through 2028.

Improved profitability but tempered by cost structural constraints

In 2025, LOXLEY's profitability improved notably, with EBITDA rising to about THB930 million. This improvement was driven by a broad-based recovery across core business segments, sustained dividend income from strategic joint ventures, and the normalization of cost structures following project cost overruns in the previous year. Consequently, the EBITDA margin increased to 7.9% in 2025, from 4.8% in 2024.

Over the 2026-2028 forecast period, we project the company's EBITDA of about THB800 million per year, with an EBITDA margin of around 6%-7%. Profitability should be supported by the company's ongoing efforts to enhance operational efficiency, assuming no material cost overruns or project execution delays. In addition, stable dividend income from strategic investments should remain a key contributor to earnings, helping to mitigate the inherent volatility of the company's project-based operations. Nevertheless, we continue to view the company's operating margins as structurally thin. This is mainly due to the company's relatively high overhead cost structure and the typically low margins of government-related projects, which are subject to intense price competition through the bidding process.

Conservative capital structure

LOXLEY maintains a conservative capital structure, reflected in its low leverage metrics. As of December 2025, the company's adjusted net debt was about THB550 million, with a low debt to capitalization ratio of 7.0%. The debt to EBITDA ratio improved to 0.5 times in 2025, from 1.4 times in the previous year, mainly driven by the recovery in EBITDA.

We expect LOXLEY to maintain a prudent financial policy and modest leverage over the medium term. We project capital spending and investments to total around THB150 million per year over the forecast period. We expect the company to maintain a low-leverage capital structure throughout 2026-2028, with the debt to EBITDA ratio projected to remain below 2.0 times. We also expect the debt to capitalization ratio to remain in the range of 7%-11%, while funds from operations (FFO) to debt ratio should stay at a healthy level. Overall, we view the company's low leverage as underpinning adequate financial flexibility to support its investment plans while maintaining a sound financial profile.

Adequate liquidity

We assess LOXLEY's liquidity position as adequate over the next 12 months, supported by projected cash flow as well as substantial cash reserves and available credit facilities. As of December 2025, the company held cash and cash equivalents of THB2.8 billion and had undrawn short-term credit facilities of nearly THB2.5 billion. We project FFO over the next 12 months to be about THB650 million.

Sources of liquidity are expected to be sufficient to cover the company's planned uses of funds, including capital expenditures, investments, and scheduled debt repayments. Capital expenditures and investments are expected to remain moderate at around THB150 million per year. As of December 2025, LOXLEY had outstanding short-term bank loans of about THB895 million, along with THB306 million in long-term debt, including related-party borrowings, as well as lease obligations maturing within the next 12 months. In addition, the company has announced a dividend payment of THB181 million, to be paid in 2026.

Under the terms of LOXLEY's key debenture covenants, the company is required to maintain a debt to equity ratio below 2.5 times. As of the end of 2025, the company reported a ratio of 0.52 times, providing ample headroom under the covenant. We expect the company to remain in compliance with its financial covenants over the forecast period.

Debt structure

As of December 2025, LOXLEY's consolidated debt, excluding lease liabilities, was THB1.8 billion. The company's priority debt consisted of around THB0.8 billion in secured loans at the parent level as well as debts owed by its subsidiaries. The priority debt to total debt ratio was around 45% at the end of December 2025.

Base-case Assumptions

TRIS Rating's assumptions for LOXLEY's operations for the period 2026-2028 are as follows:

- Revenues of THB12.0-THB13.0 billion per annum.
- EBITDA margin at about 6.0%-7.0%.
- Capital expenditures and investments totaling around THB150 million per annum.

Rating Outlook

The "stable" outlook reflects our expectation that LOXLEY will maintain its competitive position, continued acquisitions of new projects, sustained income from its trading and service businesses, and consistent receipts of dividend income.

Rating Sensitivities

The ratings on LOXLEY could be upgraded if its operating performance in core businesses and its cash flow improve, while financial leverage is maintained at a modest level. Conversely, a negative rating action could occur if the financial performance deteriorates significantly, leading to EBITDA falling materially short of our base-case expectations or the debt to EBITDA ratio remaining above 3.0 times for an extended period. This could result from weakening bidding competitiveness or a significant decline in dividends from major affiliates.

Company Overview

LOXLEY was established in 1939 by the two co-founders, Mr. Ng Yuk Long Lamsam and Mr. Andrew Beattie of W.R. LOXLEY Company of Hong Kong. Its original business was the export of primary products, such as rice and lumber. In the late 1950s, LOXLEY moved into the trading of industrial and advanced technology products. The company went public in 1993 and was listed on the Stock Exchange of Thailand (SET) in 1994. Over the past several years, LOXLEY has enlarged and diversified its scope of business through its own operations and through subsidiaries, associated companies, and joint ventures. In 2025, the company generated total operating revenue of THB11.7 billion.

Key Operating Performance

Table 1: LOXLEY's Revenue Breakdown

Unit: %

Strategic Business Group	2021	2022	2023	2024	2025
1. Information Technology	23	21	24	28	25
2. Services	10	12	17	17	17
3. Energy	8	6	8	7	5
4. Network Solutions	17	15	19	13	11
5. Trading	37	38	30	32	37
6. Others	10	12	7	8	9
Total	104	104	104	104	103
Less related transactions	(4)	(4)	(4)	(4)	(3)
Total	100	100	100	100	100

Source: LOXLEY

Financial Statistics and Key Financial Ratios

Unit: Mil. THB

	----- Year Ended 31 December -----				
	2025	2024	2023	2022	2021
Total operating revenues	11,702	11,276	11,075	12,446	11,696
Earnings before interest and taxes (EBIT)	729	306	625	354	785
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	927	545	822	730	801
Funds from operations (FFO)	681	299	593	495	545
Adjusted interest expense	149	166	164	154	168
Capital expenditures	117	80	83	71	60
Total assets	13,821	13,462	13,570	14,350	15,072
Adjusted debt	504	776	830	1,447	2,102
Adjusted equity	6,741	6,258	6,348	6,008	5,965
Adjusted Ratios					
EBITDA margin (%)	7.9	4.8	7.4	5.9	6.9
Pretax return on permanent capital (%)	7.3	3.1	6.2	3.4	7.6
EBITDA interest coverage (times)	6.2	3.3	5.0	4.7	4.8
Debt to EBITDA (times)	0.5	1.4	1.0	2.0	2.6
FFO to debt (%)	135.2	38.5	71.4	34.2	25.9
Debt to capitalization (%)	7.0	11.0	11.6	19.4	26.1

Related Criteria

- Corporate Rating Methodology, 29 December 2025
- Key Financial Ratios and Adjustments for Corporate Issuers, 7 November 2025
- Issue Rating Criteria, 26 December 2024

Loxley PLC (LOXLEY)

Issuer Credit Rating:	BBB
Issue Rating:	
LOXLEY289A: THB300 million senior unsecured debentures due 2028	BBB
Rating Outlook:	Stable

Rating History

Last Review Date: 01 July 2025

Date	Rating	Outlook/Alert
07-May-20	BBB	Stable
02-Oct-15	BBB+	Stable

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