

# LOXLEY PLC

No. 66/2025  
2 May 2025

**CORPORATES**

**Company Rating:** BBB  
**Outlook:** Stable

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**Last Review Date:** 08/05/24

**Rating History:**

Date	Rating	Outlook/Alert
07/05/20	BBB	Stable
02/10/15	BBB+	Stable

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**RATIONALE**

TRIS Rating affirms the company rating on Loxley PLC (LOXLEY) at “BBB”, with a “stable” rating outlook. The rating reflects the company’s diversified income streams, consistent dividend receipts from joint ventures, and long-standing relationships with both customers and suppliers. Nevertheless, the rating remains constrained by intense industry competition, the inherent uncertainty and volatile nature of the turnkey project business, and the company’s weak profitability.

**KEY RATING CONSIDERATIONS**

**Business portfolio and strategic investments help mitigate risk**

LOXLEY operates through a diversified business structure comprising five strategic business groups: (1) Information Technology (IT), (2) Energy, (3) Network Solutions, (4) Trading, and (5) Services. Sources of income from such a diversified and broad business portfolio help mitigate earnings volatility to a certain extent.

In addition to its core operations, LOXLEY has made strategic investments in affiliated companies and joint ventures, expanding into areas such as lubricant production and distribution, as well as industrial steel coating and pre-painted steel manufacturing. These strategic ventures have provided meaningful contributions to the company’s EBITDA, reinforcing its financial stability.

**Revenue growth expected after 2024 challenges**

In 2024, LOXLEY reported a modest 2% increase in total revenue to THB11.3 billion, primarily driven by growth in its Trading, IT, and Services businesses. However, this growth was partially offset by revenue declines in the Network Solutions business, mainly due to delays in traffic system-related projects, and in the Energy business after the completion of alternative energy projects.

The company’s revenue is largely reliant on government-related projects, typically accounting for over 50% of total revenue. This revenue stream, inherently volatile due to its dependence on government budgets and the bidding process, was affected in 2024 by delays in government budget disbursements and a limited pipeline of projects open for bidding. Also, it continues to be exposed to risks associated with project execution and timely delivery.

Looking ahead, we expect LOXLEY’s annual revenue to range from THB11.3-THB12.5 billion during 2025-2027, supported by continued revenue expansion in its Trading and Services businesses, along with the company’s project backlog of about THB5.7 billion as of the end of 2024. Notably, around 76% of this backlog is expected to be recognized as revenue in 2025, with the remaining portion anticipated during 2026-2028. Furthermore, government-related projects are expected to increase from 2025, supported by policies promoting digital transformation and infrastructure development. Leveraging its extensive industry experience and established customer relationships, the company is projected to secure additional projects to enhance revenue.

### **Strong client relationships and market credibility**

LOXLEY has established long-standing relationships with both clients and suppliers, backed by a proven track record of successful project execution. This history of reliable delivery has solidified its market presence, particularly within the government sector, where it has completed several projects for various government agencies.

The company also serves a broad and diverse customer base, including private enterprises, financial institutions, and public-sector organizations. Furthermore, LOXLEY acts as a trusted agent and distributor for several globally recognized brands. By leveraging its industry expertise and technical capabilities, the company consistently delivers high-quality products and services.

The proficiency of its personnel not only drives innovation but also supports the development of new business opportunities. These strengths enable LOXLEY to maintain a competitive edge, consistently winning bids for both public- and private-sector projects and enhancing its credibility and market reach.

### **Reliable dividend receipts from strategic investments**

LOXLEY has consistently received substantial annual dividends from its key associate companies, BP-Castrol (Thailand) Limited (BP Castrol), a lubricant oil manufacturer, and NS BlueScope (Thailand) Limited (NS BlueScope), specializing in industrial coated and pre-painted steel production. Between 2019-2023, these dividends ranged from THB370-THB680 million annually.

In 2024, dividend income totaled about THB600 million, supported by the strong operating performance of NS BlueScope, complemented by the relatively consistent dividend contribution from BP Castrol. Notably, these dividends represented a significant proportion of LOXLEY's EBITDA during the period, ranging from 45%-80%, thereby helping stabilize the company's overall earnings and bottom line.

Looking ahead, we anticipate the reliable annual dividend receipts from NS BlueScope and BP Castrol to continue, with a range of THB490-THB520 million per annum over the next three years, supported by the expected continued satisfactory performance of both companies.

### **High costs and increased SG&A expenses pressure profit**

LOXLEY's profitability continues to be constrained by high costs and increased selling, general, and administrative (SG&A) expenses. However, this pressure is partially mitigated by the strong and consistent dividend income received from its associate businesses.

In 2024, the company reported EBITDA of THB545 million, a decrease from THB822 million in 2023. Consequently, its EBITDA margin dropped to 4.8%, from 7.4% in the previous year. This contraction in margin mainly resulted from higher SG&A expenses and a provision of about THB200 million set aside for cost overruns on delayed traffic-related projects.

Looking ahead, we project LOXLEY's EBITDA at THB540-THB650 million annually over the next three years, with an EBITDA margin of 4.8%-5.0%. We expect stable dividend receipts to continue playing an important role in supporting the company's EBITDA over the forecast period. We also expect the company to implement more prudent project management practices and tighter cost controls to mitigate further project overruns and improve overall profitability. Nonetheless, we do not anticipate a significant increase in operating profit due to the highly competitive nature of government projects and the pressure to meet strict delivery timelines.

### **Low-debt capital structure**

LOXLEY maintains a low-debt capital structure. At the end of 2024, the company's adjusted net debt was THB776 million, a decrease from THB831 million at the end of 2023. Consequently, the debt to capitalization ratio remained low at 11%. However, due to a decline in EBITDA, the debt to EBITDA ratio increased to 1.4 times in 2024, compared with 1.0 times in the previous year. The ratio of funds from operations (FFO) to debt stood at 38.5%.

Looking ahead, we expect LOXLEY's leverage to remain modest over the forecast period, even after factoring in necessary capital expenditures and investments. During 2025-2027, we expect annual capital expenditures and investments to be around THB200 million. With that, we forecast the debt to EBITDA ratio to range of 1.5-2.0 times, while the FFO to debt ratio should stay in the 40%-50% range. The debt to capitalization ratio is projected to stay low at 10%-15%.

### **Adequate liquidity**

We assess LOXLEY to have an adequate liquidity position over the next 12 months. As of December 2024, the company had cash and cash equivalents of THB3.1 billion, with undrawn short-term credit facilities of about THB2.1 billion. FFO over the next 12 months is projected to reach nearly THB400 million. The funds will be allocated towards capital expenditures and scheduled debt repayments.

For 2025, capital expenditure and investment are expected to total around THB200 million. As of December 2024, its outstanding short-term bank loans amounted to about THB1.3 billion, nearly 45% of which were project loans. These project loans are expected to be repaid upon project completion. Furthermore, the company has THB509 million in long-term debt and lease obligations coming due within the next 12 months.

Under the terms of LOXLEY’s key debenture covenants, the company is required to maintain a debt-to-equity ratio below 2.5 times. At the end of 2024, the company reported a ratio of 0.72 times. We believe the company should have no problems remaining in compliance with the financial covenants over the forecast period.

### Debt structure

As of December 2024, LOXLEY’s consolidated debt, excluding lease liabilities, was THB2.3 billion. The company’s priority debt consisted of THB1.1 billion in secured loans at the parent level as well as debts owed by its subsidiaries. The ratio of priority debt to total debt was around 49% at the end of December 2024.

### BASE-CASE ASSUMPTIONS

TRIS Rating’s assumptions for LOXLEY’s operations for the period 2025-2027 are as follows:

- Revenues of THB11.3-THB12.5 billion per annum.
- EBITDA margin at 4.8%-5.0%.
- Capital expenditure and investment totaling around THB200 million per annum.

### RATING OUTLOOK

The “stable” outlook reflects our expectation that LOXLEY will maintain its competitive edge, ensuring the continuous acquisition of new projects and consistent receipt of dividend income.

### RATING SENSITIVITIES

The rating on LOXLEY could be upgraded if its operating performance in core businesses and its cash flow improve substantially, while maintaining a modest level of financial leverage. Conversely, a rating downgrade may occur if the financial performance deteriorates significantly, leading to EBITDA falling materially short of our base-case expectations or if the debt to EBITDA ratio remains above 3.0 times on a sustained basis. 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 2024, the company generated a total operating revenue of THB11.3 billion.

### KEY OPERATING PERFORMANCE

**Table 1: LOXLEY’s Revenue Breakdown**

Unit: %

Strategic Business Group	2020	2021	2022	2023	2024
1. Information Technology	22	23	21	24	28
2. Services	10	10	12	17	17
3. Energy	11	8	6	8	7
4. Network Solution	29	17	15	19	13
5. Trading	24	37	38	30	32
6. Others	10	10	12	7	8
<b>Total</b>	<b>106</b>	<b>104</b>	<b>104</b>	<b>104</b>	<b>104</b>
Less related transaction	(6)	(4)	(4)	(4)	(4)
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: LOXLEY

**FINANCIAL STATISTICS AND KEY FINANCIAL RATIOS**

Unit: Mil. THB

	-----Year Ended 31 December -----				
	2024	2023	2022	2021	2020
Total operating revenues	11,276	11,075	12,446	11,696	14,311
Earnings before interest and taxes (EBIT)	306	625	354	785	227
Earnings before interest, taxes, depreciation, and amortization (EBITDA)	545	822	730	801	332
Funds from operations (FFO)	299	593	495	545	92
Adjusted interest expense	166	164	154	168	199
Capital expenditures	80	83	71	60	53
Total assets	13,462	13,570	14,350	15,072	15,559
Adjusted debt	776	831	1,447	2,102	2,236
Adjusted equity	6,258	6,348	6,008	5,965	5,224
<b>Adjusted Ratios</b>					
EBITDA margin (%)	4.8	7.4	5.9	6.9	2.3
Pretax return on permanent capital (%)	3.1	6.2	3.4	7.6	2.1
EBITDA interest coverage (times)	3.3	5.0	4.7	4.8	1.7
Debt to EBITDA (times)	1.4	1.0	2.0	2.6	6.7
FFO to debt (%)	38.5	71.4	34.2	25.9	4.1
Debt to capitalization (%)	11.0	11.6	19.4	26.1	30.0

**RELATED CRITERIA**

- Corporate Rating Methodology, 15 July 2022
- Key Financial Ratios and Adjustments for Corporate Issuers, 11 January 2022

**Loxley PLC (LOXLEY)**

<b>Company Rating:</b>	BBB
<b>Rating Outlook:</b>	Stable

**TRIS Rating Co., Ltd.**

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