



# I.C.C. INTERNATIONAL PLC

No. 57/2013

1 August 2013

Company Rating: AA\*

Outlook: Stable

New Issue Rating: -

**Rating History:**

Date	Company	Issue (Secured/Unsecured)
23/03/05	AA/Sta	-
12/07/04	AA-/Sta	-
11/07/02	AA-	-

**Rating Rationale**

TRIS Rating affirms the company rating of I.C.C. International PLC (ICC) at "AA". The rating reflects the company's position as Thailand's leading distributor of lingerie, men's apparel, and cosmetics; a diverse portfolio of products and brands; intra-group supply chain; and nationwide distribution coverage. The rating also takes into consideration its conservative financial policy. However, the rating is constrained by the low level of profitability typically associated with trading companies. Limited ability to grow the operating cash flow would constrain ICC's financial flexibility and negatively impact the company's credit rating.

ICC is one of Thailand's key wholesalers and distributors of consumer products, particularly lingerie, apparel, and cosmetics. The company offers more than 80 brands, covering international licensed brands and its own brands. The international brands under the ICC umbrella, such as *Wacoal*, *Arrow*, *Lacoste*, *Daks*, *Guy Laroche*, and *ELLE*, are well-accepted by Thai consumers. ICC's products are available in department stores, discount stores, and shops, accounting for over 3,100 points of sales nationwide. The long-experienced management team, together with the support provided by suppliers within the Saha Group, help maintain ICC's market-leading positions in its key product categories.

The three major contributors to ICC's top line are the lingerie, men's apparel, and cosmetics product lines. During the last three years and the first quarter of 2013, the men's apparel line contributed 27%-29% of total revenue, the lingerie line generated about 25%, and the cosmetics line contributed 12%-13%. ICC dominates the middle- to high-end lingerie segment, with about 60% share in 2012, as measured by sales of all brands through department stores. *Wacoal* has remained the leading lingerie brand for over a decade, with 53% market share in 2012. Although *Wacoal's* market share has gradually declined due to aggressive competition, its share is much higher than the second-largest competitor. The *Wacoal* product line alone has generated 20%-22% of ICC's total sales during the last three years. The strength of ICC's men's apparel segment is derived from the *Lacoste* and *Arrow* brands, which contributed 10% and 8% of ICC's total sales, respectively. *BSC Cosmetology*, ICC's own brand, is the core product brand in the cosmetics segment. Annual sales were Bt750-Bt850 million per annum during the past three years.

ICC's financial profile and liquidity remain strong, underpinned by its conservative financial policy and diverse source of income. ICC reported total sales of Bt13,677 million in 2012 and Bt3,451 million for the first three months of 2013, accounting for a 6.6% and 3.4% year-on-year (y-o-y) growth, respectively. The growth was softer than 13.6% reported in 2011. The slower growth pace reflected the weaker economic environment owing to rising household debt, high cost of living, and domestic political uncertainty. As the nature of trading company, ICC's profitability is fairly thin. Operating income before depreciation as a percentage of sales ranged from 5%-6% each year during 2009 through the first quarter of 2013. The profit margin was continually pressured by the increasing marketing expenditures, required to counter the intensifying competition. ICC's selling and administrative expenses rose by 13% in 2012, and by 15% y-o-y for the first quarter of 2013. Its proportion rose from 32.6% of total sales in 2011, to 34.5% in 2012, and 35.4% for the first quarter of 2013. The return on permanent capital ratio has gradually dropped since ICC has continued to build up its equity base over the

**Contacts:**

Sarinthorn Sosukpaibul  
sarinthorn@trisrating.com

Pramuansap Phonprasert  
pramuansap@trisrating.com

Ruangwud Jarurungsipong  
ruangwud@trisrating.com

Rungtip Charoenvisuthiwong  
rungtip@trisrating.com

[WWW.TRISRATING.COM](http://WWW.TRISRATING.COM)

