

25th April 2016

Luxury & Consumer Goods

## Hugo Boss

Price EUR58.16

### Departure of Chief Brand Officer Christoph Auhagen

Fair Value EUR80 (+38%)

NEUTRAL

Bloomberg	BOSS GR
Reuters	BOSG_p.DE
12-month High / Low (EUR)	114.0 / 51.3
Market Cap (EURm)	4,094
Avg. 6m daily volume (000)	409.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	2.1%	-12.4%	-35.4%	-24.1%
Pers & H/H				
Gds	1.5%	7.8%	-1.3%	-0.1%
DJ Stoxx 600	2.6%	6.4%	-3.6%	-4.4%

  

	2014	2015e	2016e	2017e
P/E	11.5x	12.4x	14.3x	12.7x
Div yield (%)	6.2%	6.2%	5.6%	6.4%

### ANALYSIS

- Following the resignation of Claus-Dietrich Lahrs as CEO last February, the German group announced another top management change on Friday with the immediate departure of its Chief Brand Officer Christoph Auhagen. The latter had been Member of the Managing Board since December 2009 and was responsible for Creative Management, Brand Management, Sourcing and Production.
- In the same press release, Hugo Boss announced the return of Ingo Wilts as a member of the Managing Board and as CBO (Brand and Creative Management only) next November at the latest. As a reminder, Ingo Wilts worked for the German group from 1997 to 2009 in several menswear positions (Head of Design from 2000 to 2004 and Creative Director from 2005 to 2009) and he briefly returned to Hugo Boss in April 2014 (as a Senior VP of Boss Menswear) but left seven months later.
- It is worth noting that Mr Auhagen's remaining areas of responsibility (i.e. Sourcing and Production) are taken over by the other Managing Board members Mark Langer (CFO) and Bernd Hake (Chief Sales Officer). In the meantime, the Supervisory Board continues to look for a new CEO.

### VALUATION

- The stock is trading at 9.2x 2016e EV/EBIT, representing a 26% discount to our luxury sample average (excl. Hermès). In our opinion, this valuation is merited pending the first positive signs from two strategic measures implemented by the group (i.e. price adjustments in China and distribution upgrade in the US) to relaunch growth in the two regions.

### NEXT CATALYSTS

- Hugo Boss is to report Q1 2016 results on 3rd May 2016.

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## Distribution of stock ratings

BUY ratings 72%

NEUTRAL ratings 0%

SELL ratings 28%

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