

17th May 2016

Luxury & Consumer Goods

Hugo Boss

Price EUR55.71

Continuity at the helm of Hugo Boss with the appointment of Mark Langer as CEO

Fair Value EUR77 (+38%)

NEUTRAL

Bloomberg	BOSS GR
Reuters	BOSG_p.DE
12-month High / Low (EUR)	113.8 / 51.3
Market Cap (EURm)	3,922
Avg. 6m daily volume (000)	427.6

	1 M	3 M	6 M	31/12/15
Absolute perf.	-6.2%	-16.3%	-34.8%	-27.3%
Pers & H/H				
Gds	0.1%	4.1%	-3.1%	-0.7%
DJ Stoxx 600	-2.4%	4.5%	-9.7%	-8.5%
	2014	2015e	2016e	2017e
P/E	11.0x	11.9x	14.6x	12.9x
Div yield (%)	6.5%	6.5%	5.7%	6.6%

ANALYSIS

- Following the successive resignations of CEO Claus-Dietrich Lahrs (February) and CBO Christoph Auhagen (April), the personnel committee of Hugo Boss has proposed current CFO Mark Langer to be appointed Charman of the Managing Board and CEO of the group. Whilst the Supervisory Board has not rendered its final decision yet, its Chairman Michel Perraudin has already supported the nomination of Mark Langer.
- Mark Langer joined Hugo Boss in 2003 and became CFO and member of the Managing Board in 2010. At this stage, the Managing Board includes Mark Langer and Chief Sales Officer Bernd Hake who is responsible for Sales and own Retail. Last April, the group announced the return of Ingo Wilts as a new member of the Board and as CBO next November at the latest.
- In our view, the appointment of Mark Langer ensures the continuity in swift execution of the “reset plan” aimed to relaunch the growth in the US (category migration, distribution upgrade in the wholesale channel) and in Greater China (price adjustments, digital strategy). Last but not least, with this decision Hugo Boss remains committed to its 2020 Strategic Plan although some adjustments are necessary (e.g.: renewed focus on menswear).

VALUATION

- We believe that this appointment should be perceived positively by investors as Hugo Boss minimizes the risk of disruption to this reset plan and the risk of integration which would have been higher with external candidates.
- We maintain our Neutral recommendation pending the first positive impact of these initiatives on the group’s operating performance. FV confirmed at EUR77.

NEXT CATALYSTS

- Hugo Boss will release its H1 16 results on 5th August.

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