

14th June 2016

Luxury & Consumer Goods

## Hugo Boss

Price EUR53.25

Back to the future? The Marzotto family has lifted its stake to 10% from 7%

Fair Value EUR77 (+45%)

NEUTRAL

Bloomberg	BOSS GR
Reuters	BOSG_p.DE
12-month High / Low (EUR)	113.8 / 51.3
Market Cap (EUR)	3,749
Avg. 6m daily volume (000)	440.4

	1 M	3 M	6 M	31/12/15
Absolute perf.	-4.4%	-5.9%	-29.3%	-30.5%
Pers & H/H				
Gds	-1.8%	-1.8%	0.0%	-2.6%
DJ Stoxx 600	-2.4%	-4.5%	-8.1%	-10.7%

  

	2014	2015e	2016e	2017e
P/E	10.6x	11.4x	13.9x	12.3x
Div yield (%)	6.8%	6.8%	6.0%	6.9%

### ANALYSIS

- Yesterday, the Marzotto family (the main Hugo Boss shareholder since the exit of Permira last year), said that its two holding companies, Zignago and PFC, increased their stake in the German group to 10.1% from 7.1% before June 3.
- We recall that the Marzotto family was the previous owner of Hugo Boss (bought in 1991) along with Valentino (since 2003). In 2007 Permira acquired a controlling stake in Valentino Fashion Group that also implied a majority holding in Hugo Boss. Valentino was then sold to the Qatar's royal family in 2012 for approx. EUR600m.
- In our view, this announcement proves the Marzotto family, which knows the group pretty well (Gaetano and Luca Marzotto are member of the Supervisory Board), fully supports Hugo Boss' senior management and its turnaround strategy. We continue to believe that the appointment of Mark Langer as Chairman and CEO (16 May) was the right choice to ensure the continuity in swift execution of the "reset plan" aimed to relaunch the growth in the U.S. (category migration, distribution upgrade in the wholesale channel) and in Greater China (price adjustments, digital strategy).

### VALUATION

- We maintain our Neutral recommendation and our FV of EUR77, as we think it is too early to play the positive results from the "turnaround strategy" given a challenging market environment. Indeed, these sluggish trends were highlighted during the Ralph Lauren Investor Day last week (7 June), as both players are facing declining in-store traffic and heavy discounting, particularly at U.S. department stores.

### NEXT CATALYSTS

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

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## Distribution of stock ratings

BUY ratings 55.8%

NEUTRAL ratings 34.7%

SELL ratings 9.5%

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