25 January 2024

Dr. Martens plc

Trading statement for the three months ended 31 December 2023

"Our Q3 performance is in line with the updated full year guidance provided in November. Q3 DTC revenue declined by 3% (constant currency, "CC") and wholesale was down 46% CC, resulting in Group revenue down 18% CC. This was driven by a weak USA performance, as expected. Trading in the quarter was volatile and we saw a softer December in line with trends across the industry. Whilst the consumer environment remains challenging, we are taking action to continue to grow our iconic brand and invest in our business. We remain confident in our product pipeline for AW24 and beyond."
Kenny Wilson, Chief Executive Officer

Q3 results – at a glance

	Q3		YTD	
	Reported	**CC**	**Reported**	**CC**
Group revenue (£m)	267.1	273.8	662.9	681.9
Change year-on-year	(21%)	(18%)	(12%)	(10%)
By channel: change year-on-year				
Ecommerce	(9%)	(8%)	(4%)	(2%)
Retail	-	3%	7%	10%
DTC	(5%)	(3%)	1%	3%
Wholesale	(49%)	(46%)	(27%)	(25%)
DTC mix	77%		61%	
%pts year-on-year	+12pts		+8pts	

Channel Performance

Ecommerce revenue declined by 9% reported, or 8% CC. This was driven by Americas, where ecommerce revenues were down double-digit, with EMEA recording marginal growth and APAC slightly down year-on-year.

Retail revenue was flat on a reported basis and up 3% CC. We achieved a double-digit growth in APAC driven by Japan, solid growth in EMEA and declining revenue driven by continued weak footfall in USA, as anticipated.

During the quarter we opened 13 new stores across EMEA and APAC. At the end of Q3 we had 235 own stores globally, having opened 38 stores YTD and closed seven.

Wholesale revenue declined by 49% reported, or 46% CC; significant decline was seen in both Americas and EMEA, in line with both our expectations and the assumptions within our FY24 guidance. Wholesale customers continue to have relatively low levels of in-market inventory, however the timing and level of re-orders is unpredictable, meaning that our visibility over wholesale remains weak.

Regional Performance

EMEA DTC revenue grew low single-digit in Q3, with a weaker October, impacted by abnormally warm weather conditions, a strong November and a softer December. We saw a good DTC performance in our continental European conversion markets with a slightly softer result in the UK in line with industry trends. EMEA wholesale declined significantly as planned, due to both the reduction of sales to etailers, together with differences in the phasing of some orders. Overall EMEA revenue declined by 15% year-on-year, on both a reported and CC basis, driven by the wholesale performance.

Given the weak consumer backdrop, the performance of our Americas business was challenging, as expected. We recorded a double-digit decline in DTC revenue, with softer ecommerce and low footfall. Wholesale revenues broadly halved year-on-year as continued caution from wholesale customers resulted in a weak order book. Overall, Americas revenue was down 31% reported, or 26% CC. The new Americas leadership team continue to take action, particularly in marketing execution and ecommerce trading capabilities, to drive revenue and grow the brand.

APAC recorded revenue down 8% reported, or 1% CC. Japan, our largest market in the region, delivered good growth overall, with the relative DTC and wholesale performance driven by the transfer of 14 franchise stores at the end of FY23.

Outlook

The guidance provided at the time of our H1 results, for full year CC revenue decline of high single-digit percentage year-on-year, remains unchanged. All other guidance for FY24 also remains unchanged. The appreciation of sterling since the end of H1 means that, if current FX rates persist, we anticipate a currency headwind to the P&L of approximately £5m, together with a non-cash Balance Sheet translation charge, also of approximately £5m.

QUARTERLY REVENUE PERFORMANCE

Year on Year Change (unaudited)		**Q1**		**Q2**		**Q3**		**FY24 YTD**	
		Reported	**CC**	**Reported**	**CC**	**Reported**	**CC**	**Reported**	**CC**
Total revenue		(11%)	(11%)	(2%)	1%	(21%)	(18%)	(12%)	(10%)
Revenue:	Ecommerce	7%	7%	-	4%	(9%)	(8%)	(4%)	(2%)
	Retail	27%	27%	6%	10%	-	3%	7%	10%
	DTC	17%	17%	3%	7%	(5%)	(3%)	1%	3%
	Wholesale[1]	(41%)	(41%)	(5%)	(2%)	(49%)	(46%)	(27%)	(25%)
Region:	EMEA	(1%)	(3%)	14%	13%	(15%)	(15%)	(2%)	(3%)
	Americas	(26%)	(27%)	(12%)	(6%)	(31%)	(26%)	(24%)	(20%)
	APAC	12%	16%	(22%)	(14%)	(8%)	(1%)	(9%)	(2%)

1. Wholesale revenue including distributor customers.

Enquiries
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Investor and Analyst conference call

Kenny Wilson, CEO and Jon Mortimore, CFO will host a conference call and Q&A for investors and analysts at 09:00 GMT on 25 January 2024. This can be accessed via https://www.drmartensplc.com.

About Dr. Martens

Dr. Martens is an iconic British brand founded in 1960 in Northamptonshire. Produced originally for workers looking for tough, durable boots, the brand was quickly adopted by diverse youth subcultures and associated musical movements. Dr. Martens has since transcended its working-class roots while still celebrating its proud heritage and, six decades later, “Docs” or “DM’s” are worn by people around the world who use them as a symbol of empowerment and their own individual attitude. The Company listed on the main market of the London Stock Exchange on 29 January 2021 (DOCS.L) and is a constituent of the FTSE 250 index.