Dr. Martens
FY26 Q3 Trading Update

27th January 2026

Transcript

Ije Nwokorie:

Good morning everyone. And thank you for joining Giles Wilson and I on the call this morning. You've hopefully all read the statement. In a moment we'll open it up to your questions, but before we do, let me give you a brief update on our strategic progress to date.

This year, my first in the role, is a year of pivot. And what do I mean by that? I mean making the necessary changes to set us up for sustained profitable growth. As I've said each time I've spoken to you, these changes can involve hard decisions such as returning to a disciplined approach to promotions and incurring the top line headwind as a result. It means simplifying our operating model and ways of working to ensure our people and processes are truly consumer-first and contribute to making this the world's most-desired premium footwear brand. It means hard work, optimising each market for the right distribution, so our Wholesale partners and our DTC offering compliment each other instead of acting in competition. It means reducing reliance on off-price deals, particularly in Americas Wholesale, which if you remember was a top line benefit in FY25. And it means starting to assemble a lineup of fantastic distribution partners in new markets, such as Latin America and UAE, where it doesn't make sense for us to have a DTC presence, but where there is still untapped demand for our brand.

Those are some of the things that this pivot is about. Our Q3 figures demonstrate the progress we're making. I'd call out Americas where, on a two-year stack basis, our growth rate has accelerated by almost 20 percentage points. This growth was across both Retail through great in-store execution and Wholesale, particularly with our largest partners. Wholesale across the group performed well. And Q3 is the first quarter in over three years where we've achieved Wholesale growth in all three regions.

You will recall me talking about the importance of Wholesale growth in this strategy. APAC saw a strong full price revenue performance, and again, I'd call out the important market of South Korea as a standout market for us.

Ecommerce was the channel particularly impacted by our planned reduction in promotions and clearance. And you'll see that across all three regions. EMEA also continued to experience a challenging consumer backdrop, which I'm sure you've heard from other companies. And coupled with our disciplined approach to promotions, this has impacted our DTC results in EMEA. It is worth highlighting, however, that overall EMEA pairs were slightly up in the period. So we'll continue to get pairs on feet as well as grow our bags and accessories business.

We will deliver all four of our strategic objectives this year. What are they? Reducing reliance on discounted pairs in Americas Wholesale; driving pairs growth in those new product families I've told you about - Buzz, Zebzag, Lowell; opening new markets through our capital-light structure; and simplifying our operating model so we better serve our consumers.

As we talked about in November, the primary financial metrics we'll focus on this year are the quality of our revenues, PBT, and cash. On all three, we're performing in line with our plans and are happy with our progress. We remain on track to deliver significant year-on-year growth in PBT through a combination of healthy margin, good quality revenue, and strong cost control.

We're in year one of a multi-year strategy at Dr. Martens changing from a channel-first mindset to a consumer-first mindset. So there remains much work to do. And while we're pleased with progress, continue to be laser focused on execution; you'll hear me talk about that again and again. With that, I'll open it up for questions. So Nadia, over to you.

Kate Calvert, Investec:

Morning, everyone. A couple from me. The first question is, could you talk about the sell-through rate in the US Wholesale and sort of more generally, if the quality of the stock in both Wholesale and DTC at the end of the period and if you’re pretty happy with where you are. And my second question is just on the US price increases for SS27, which you're putting through to offset tariffs, can you talk about how these have been put through, what sort of level of increase has gone through in the end? And are there any early indications on how they've been received? Thanks very much.

Ije Nwokorie:

As you know, this is just a Q3 trading update. We're happy with sell-through rates. It's the reason why the order books are healthy because as partners sell-through, they place future orders as their confidence in the performance. So, we're having the sell-through rates. I'm not going to give you any specific figures, but the health of the order book is the ultimate signal that that is in a good place. And in terms of quality of stock, we're also really happy with what we have and with what our partners have. There is some in-season orders that our partners place, but it really is the order book, the forward-looking order book for AW26 and SS27 that gives us the confidence in the order book. So they have the right levels of stock, inventories are significantly down, and more importantly, they have a broader assortment of product than what they probably had 12-18 months ago.

On US price, it's still early days. We're still in the third week here, but we have no evidence to be worried about that. Those price increases were different on different products, so I can't kind of give you a specific increase by individual products. But in terms of how the consumer is reacting to that, it's early days, but we've seen nothing to worry about. The most important point is to, again, mention that while this is to mitigate tariffs, this is really the first price increase we've taken in three years in America. So we are not expecting any negative consumer reaction, but we will continue to track how that performs in the marketplace.

Giles Wilson: And just to say that's in the marketplace. So, Wholesale customers have now taken that increase through. So, it's not getting pushback from our Wholesale partners.

Kate Calvert, Investec:

Okay, perfect. Thanks very much.

Giles Wilson:

Thank you.

John Stevenson, Peel Hunt:

Good morning, guys. Two questions from me, please. First one, just on EMEA. I mean, it seems like obviously EMEA has been undermined, I guess, to a degree by discounting within the Wholesale channel.

I mean, how do you deal with that? And does that change your thinking in terms of channel mix going forward? And second question is just on the order book for AW26, which I guess we're in the sort of build for at the moment. Can you talk about how that's going both in terms of, I suppose, overall size of the order book and also that the quality of the order book we talked about in the past, obviously the sort of mix of product that's going in there.

Ije Nwokorie:

I'll answer the second question first, and it's very similar to what I said to Kate about the overall order book. We're happy with the quality of the order book. It's a healthy order book. Our partners are buying a spectrum of products, so they're backing our core products, but also backing our new stories. And as I've talked to previously, we can go into more depth in the full-year, how we really work closely with them over multiple seasons, as opposed to just giving them a portfolio of products to place an order on. So we're really happy with the diversity and the spectrum of assortment that they are buying. And that's definitely the case in EMEA. As you've seen, EMEA Wholesale is in growth, and so that's a really healthy relationship there.

And I wanted to answer that first because the second question - Q3 was promotional in EMEA and the consumer, generally speaking, across categories, not just in our sector, was looking for deals. And Wholesale has a really good role to play for us in that. We've never said that this business shouldn't have promotions. It is right to reward the consumer with a deal, and particularly in that, as you approach Black Friday, Cyber Monday, that whole period leading up to Christmas, the consumer, rightly so, and all of us do it, looks for a deal. And it is important that our Wholesale partners, who have a spectrum of brands to think about, can offer the consumer a deal. I think what we do is to make sure that, in our DTC offering, we don't have to stretch as much as the Wholesale partners do. I talked to you how we need to think about DTC less in competition with Wholesale and much more as working in compliment. And there are times when I'm really happy for Wholesale to offer the consumer a discount, a promotion, and that's how the consumer will get that product from us.

And our DTC will remain more full price, more with some of our DTC exclusive offerings. So I'll give you an example. We did really well with our collaborations in Q3, whether that was something like Wednesday or Marc Jacobs. Those are not available in Wholesale. They only sell them DTC at full price. So that's the way we think about the marketplace. Every different channel has a role to play. So I'm not critical of our Wholesale partners who offered some discounts. I just want to make sure that in DTC, we don't think that we have to play the same game.

John Stevenson, Peel Hunt:

Okay, great. No, thank you.

Anne Critchlow, Berenberg:

Thanks. Good morning, everybody. I've got two questions, please. The first one is about the return on advertising spend. I'm just wondering if you've been able to size up the effectiveness of your new marketing approach at this point. And then the second question is just about availability. So did you order too lightly in any particular product areas or for any particular regions? I mean, could you have sold more perhaps in DTC? Thank you.

Giles Wilson:

So return on advertising spend, I think it's a good question. We're constantly reviewing it. We've got much better data through our customer data platform, so we are much more targeted about the way we're doing that type of advertising. I think in terms of the bigger campaigns, we obviously have a big campaign once or twice a year. We saw real interest from the 1460 Rain Boot. That particularly was one that generated a lot of interest and a lot of discussion around products. With how you measure the exact returns is more through footfall. But I think the other bit I would say is that we are trying to be much more targeted and understand how we work through the Ecommerce machine. I think you should see it.

In terms of the second question, which I think is more about lines, I mean, it's like all things, we had a couple of really good products this year. We talked about it at the half year, the Kasey boot. We talked about the fact that actually that sold through really quickly. We saw that with a ton of Dunnet Flower sandals and yes, it would be lovely to have some more of that pent up demand, and it's great because it generates that interest. Generally stock availability is pretty good. The US particularly has been a bit challenged. If any area that we would say, we've seen two or three really good products have gone really well. I said Kasey was a good one. We saw it with the Dunnet. We've also seen it with the Mary Jane. Our aim is to make sure we keep the stocks in. But, ultimately we're pleased with our overall levels of inventory. It's always nice to have a product that gets a bit of scarcity as well.

Anne Critchlow, Berenberg:

Great. Thank you very much.

Adrien Duverger, Goldman Sachs:

Hey, good morning. Thank you very much for taking my questions. I'll have two, please. So the first one would be on the US market and specifically the US footwear market. How would you characterise the market backdrop, and the performance specifically of the boots category? How would you qualify the competitive environment? How do you think it's evolving? And how would you describe Doc's relative market share? And my second question would be on the different cost initiatives. How have they tracked relative to your expectations, and in the event of a softer environment in Q4 and into next year, what further scope would there be for cost rationalisation? Thank you very much.

Ije Nwokorie:

Thanks, Adrien. I'll take the first question and Giles will talk to you a bit about cost. As you can imagine, and as you've probably heard from lots of other people, there is a bifurcation happening in the consumer market in the United States. And a lot of it is, to be honest, playing to our benefit. I think it's called a K-shape. There is a consumer who is really squeezed at the bottom, that sort of sub-hundred-dollar price point, that consumer has been squeezed and we see in the footwear market that's a tighter space. In the premium space we participate in, we've seen the customer react really well, particularly to new products, to more of our more elevated products. So that's continued to do well. When you speak about boots specifically, while we are in decline, I just want to point out a couple of things that we're quite excited and pleased about.

Once again, our discipline of not chasing promotions is part of what we are not comping. If you remember where we were 18 months ago with inventory, there was a significant amount of promotional boots in the marketplace, which was part of what we're comping. We're not doing that this year. When I look at some of the newer products that we've brought in, and we've talked about some of them - the Kasey Knee High, the Buzz-Hi, the 1460 Rain boot, those products have done really well. When I look at our products, the boots that we've done through our collaborations, those have done incredibly well to the point of actually generating scarcity. So we're confident that we can, in time, turn boots into positive growth. We see enough green shoots in full-price boots to be confident about that. And we just have to get through this pivot piece of moving away from discounting.

But overall, we feel good about that. As a category, there is limited insight that you can take from that because often consumers are not just going into the market to look for a boot. They're looking for a certain kind of boot. So when I think about it as a category, yes, it has been in decline. That decline is flattening and our own business shows that there are enough green shoots to turn boots into positive. I'll let Giles talk about costs.

Giles Wilson:

Obviously we did the big cost action program last year. We definitely see the benefits of that coming through and there is always opportunity to manage costs. I think the bigger thing I would say is the cultural shift in the focus on cost is a real change year-on-year. And as you look forward, there's always opportunities to focus on being more diligent about how we procure. We continue to see good work done in the supply chain and continue to work with our suppliers on those, particularly as we've gained some costs, like some of the tariffs. But, I'm comfortable with the way that we're managing costs and you will see that in the full-year, you'll see the benefit of cost year-on-year coming through.

Ije Nwokorie:

The discipline here at all times that you can expect from us is with a high-gross margin business is to manage through the P&L. And so you'll continue to see us talk about that and work that through to make sure that we are constantly delivering a profitable business. That's the focus, that's a big part of the pivot, and continue to expect that from us.

Alison Lygo, Deutsche Numis:

Thank you. Good morning, team. Apologies. I got cut off earlier, so sorry if this did get asked in the meantime, but two from me, if that's okay. Just wondering if you could share any colour on how retail stores kind of performed across the different markets and maybe what that shape looked like. And then the second one, just coming back again on that, the Wholesale and the more promotionally driven product that was going through the partners there, any kind of colour you can share in terms of the sellout and what lines that's really coming through? Is it more focused into the boots? Is it more in shoes? Yeah, anything you could share there would be interesting. Thank you.

Ije Nwokorie:

Thanks, Alison. I'll take the second question, which I'm going to be fairly short on, and then Giles can talk about colour on retail stores. As we've said, shoes have done really well, and that's across the board, across channels, across markets, and the sellout in those is really good. When I look at the order book though, you begin to see a bigger mix. And so, like us, our partners are excited about the wider spectrum of product. But if you're asking about Q3 performance, and it's a trading update, so I'm not going to go into too much detail on that. But obviously shoes - we are really pleased with the performance of shoes. We're really pleased with the performance that we're beginning to see the turnaround in boots. And as we move into the spring season, we're excited about our sandals offering. So it's a broad spectrum of success that we're beginning to see, and again, still early days, but shoes are the silhouettes that are performing the best.

Giles Wilson:

Retail, it is definitely different by region. I think it's absolutely clear. We've seen good performance in our US retail, we've seen good performance in our APAC retail, particularly in South Korea, which we referenced. Solid performance in Japan. EMEA has been the drag on retail generally. That's been driven by both promotional activities. Obviously they have more in stores here in this part of the world and just generally the consumer backdrop. But EMEA has been the drag on the overall retail, but a good overall performance. We actually have really strong performance in Japan and the US.

Alison Lygo: That's great. Thanks guys.

Ije Nwokorie:

Thank you everybody so much for your time this morning and engagement. If you have any questions later on today, please do reach out to Bethany Barnes. I look forward to seeing you all in May when we present our FY26 results and give you a fuller update on our strategic progress. Thank you so much and enjoy the rest of your day.