



DR. MARTENS PLC

# FY25 H1 RESULTS

28 November 2024

## **INTRODUCTION**

Kenny Wilson, CEO

## **H1 FINANCIAL RESULTS**

Giles Wilson, CFO

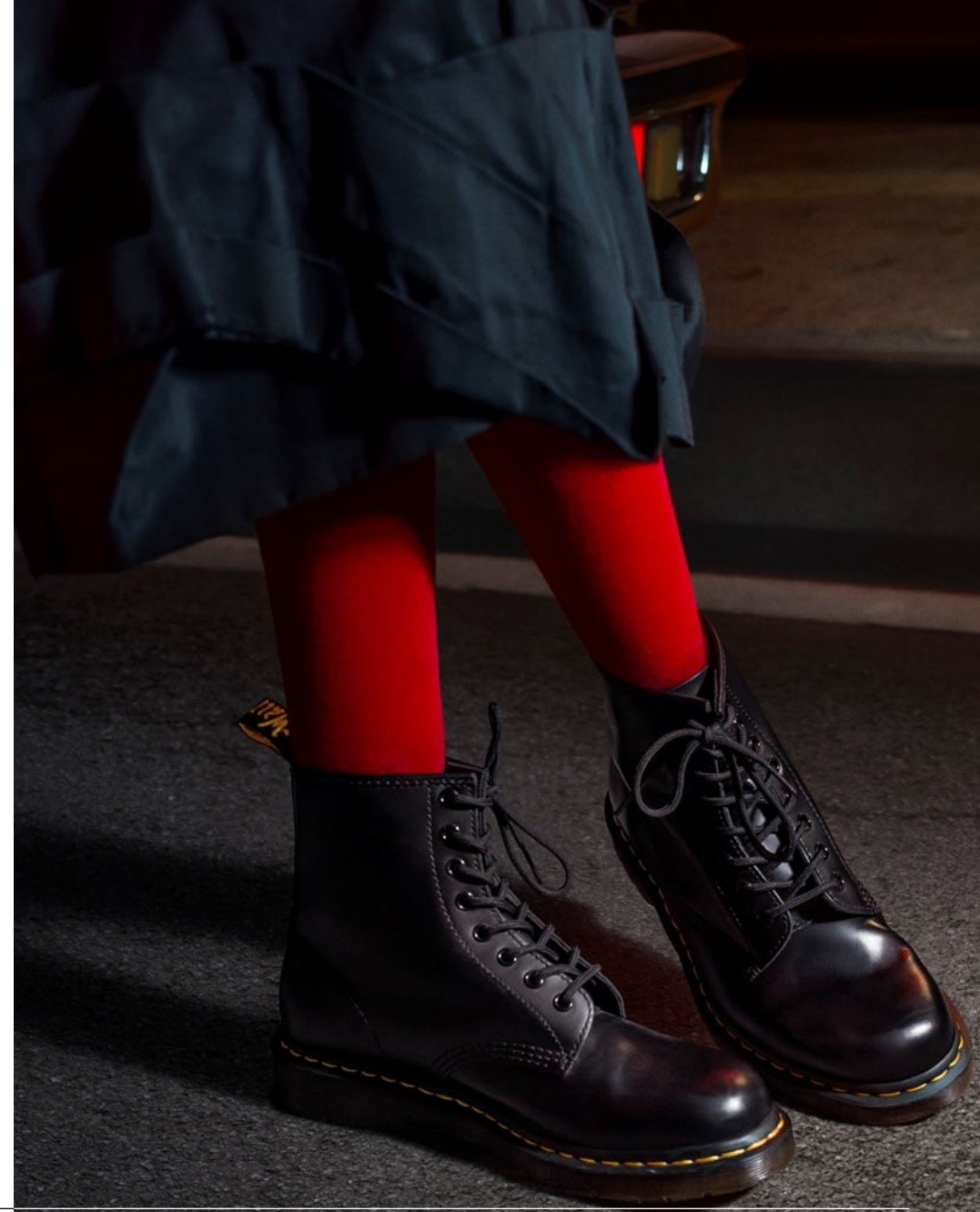
## **BUSINESS UPDATE**

Kenny Wilson, CEO

## **BRAND UPDATE**

Ije Nwokorie, CBO

# **AGENDA**







Kenny Wilson, CEO

# INTRODUCTION

# FIRST HALF IN LINE WITH EXPECTATIONS



**TURN AROUND USA  
DTC PERFORMANCE**



**PIVOT MARKETING  
TO RELENTLESSLY  
FOCUS ON PRODUCT**



**REDUCE OPERATING  
COST BASE**



**STRENGTHEN  
BALANCE SHEET**







Giles Wilson, CFO

# H1 FINANCIAL RESULTS

# DELIVERING ON OUR PLAN



**COST ACTION PLAN  
IMPLEMENTED**



**REDUCED INVENTORY**



**REFINANCE COMPLETED  
SUCCESSFULLY**



**ON TRACK WITH FULL  
YEAR TARGETS**





# H1 RESULTS IN LINE WITH EXPECTATIONS

£m	FY25 H1 Reported	FY25 H1 Constant currency	% change		
			FY24 H1 Reported	Reported	Constant currency
Pairs (m)	4.6	4.6	5.7	-20%	
<b>Revenue</b>	<b>324.6</b>	<b>332.1</b>	<b>395.8</b>	<b>-18%</b>	<b>-16%</b>
Gross Margin	207.7	213.1	254.9	-19%	-16%
Gross Margin %	64.0%	64.2%	64.4%	-0.4pts	-0.2pts
Opex	(174.1)	(176.8)	(177.3)	2%	-
Depreciation and Amortisation <sup>1</sup>	(37.9)	(38.7)	(37.9)	-	-2%
<b>Adjusted EBIT</b>	<b>(4.3)</b>	<b>(2.4)</b>	<b>39.7</b>		
Adjusted EBIT Margin %	-1.3%	-0.7%	10.0%	-11.3pts	-10.7pts
Net finance expense	(13.6)	(13.7)	(14.5)	6%	6%
<b>Adjusted PBT</b>	<b>(17.9)</b>	<b>(16.1)</b>	<b>25.2</b>		
Exceptionals and currency gains/losses	(10.8)	(10.9)	0.6		
<b>PBT</b>	<b>(28.7)</b>	<b>(27.0)</b>	<b>25.8</b>		
<b>EPS (p)</b>	(2.2)	(2.0)	1.9		
<b>Adjusted EPS (p)</b>	(1.3)	(1.1)	1.9		
<b>DPS (p)</b>	0.85		1.56	-46%	

1. Including impairment and other  
Alternative Performance Measure (APM) as defined in the Appendix on pages 44 and 45.

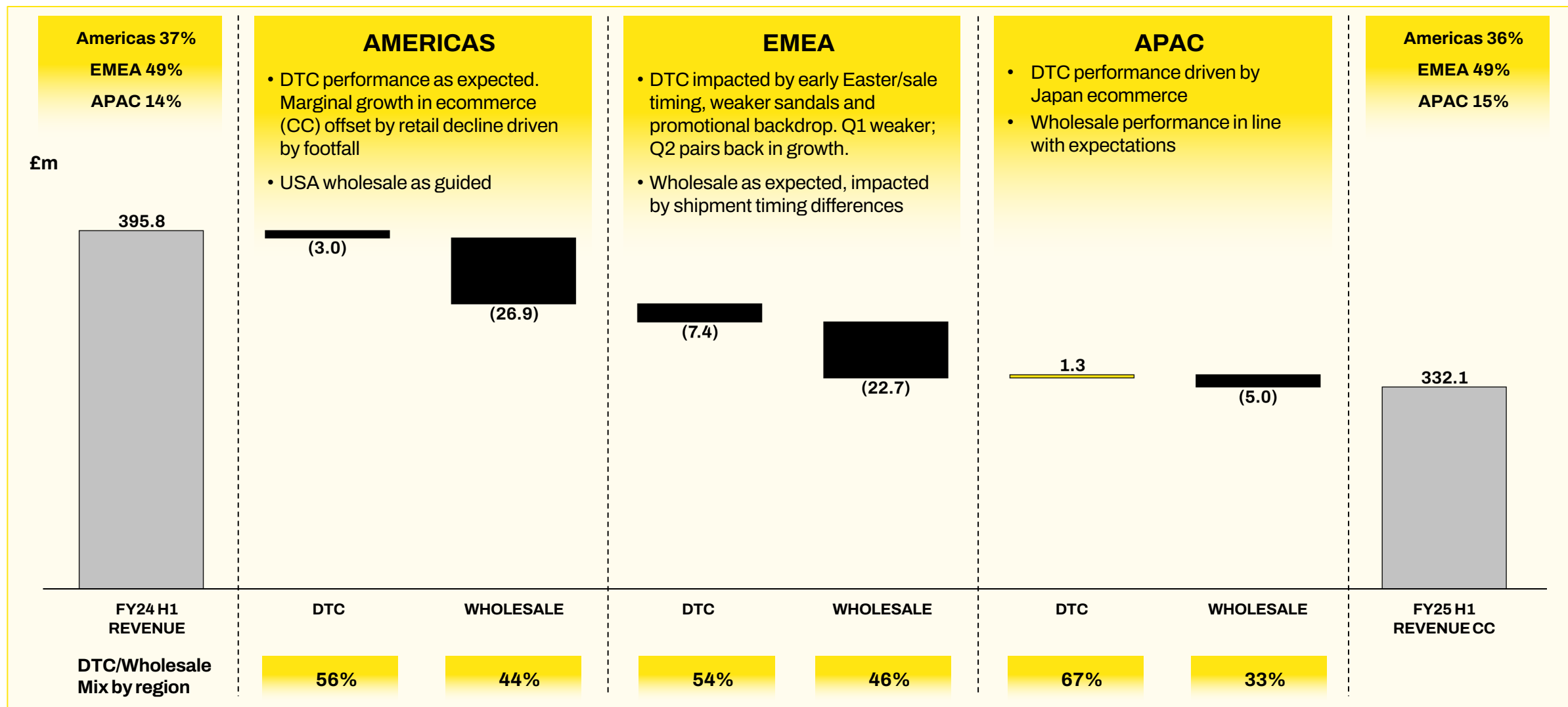
# REVENUE BY CHANNEL

£m	FY25 H1 Reported	FY25 H1 Constant currency	% change	
			FY24 H1 Reported	Reported    Constant currency
Ecommerce	87.7	89.5	91.7	-4%    -2%
Retail	95.3	97.8	104.7	-9%    -7%
<b>DTC</b>	<b>183.0</b>	<b>187.3</b>	<b>196.4</b>	<b>-7%</b> <b>-5%</b>
Wholesale <sup>1</sup>	141.6	144.8	199.4	-29%    -27%
<b>Total</b>	<b>324.6</b>	<b>332.1</b>	<b>395.8</b>	<b>-18%</b> <b>-16%</b>
DTC Mix	56.4%	56.4%	49.6%	+6.8pts    +6.8pts
Owned stores	238		225	6%

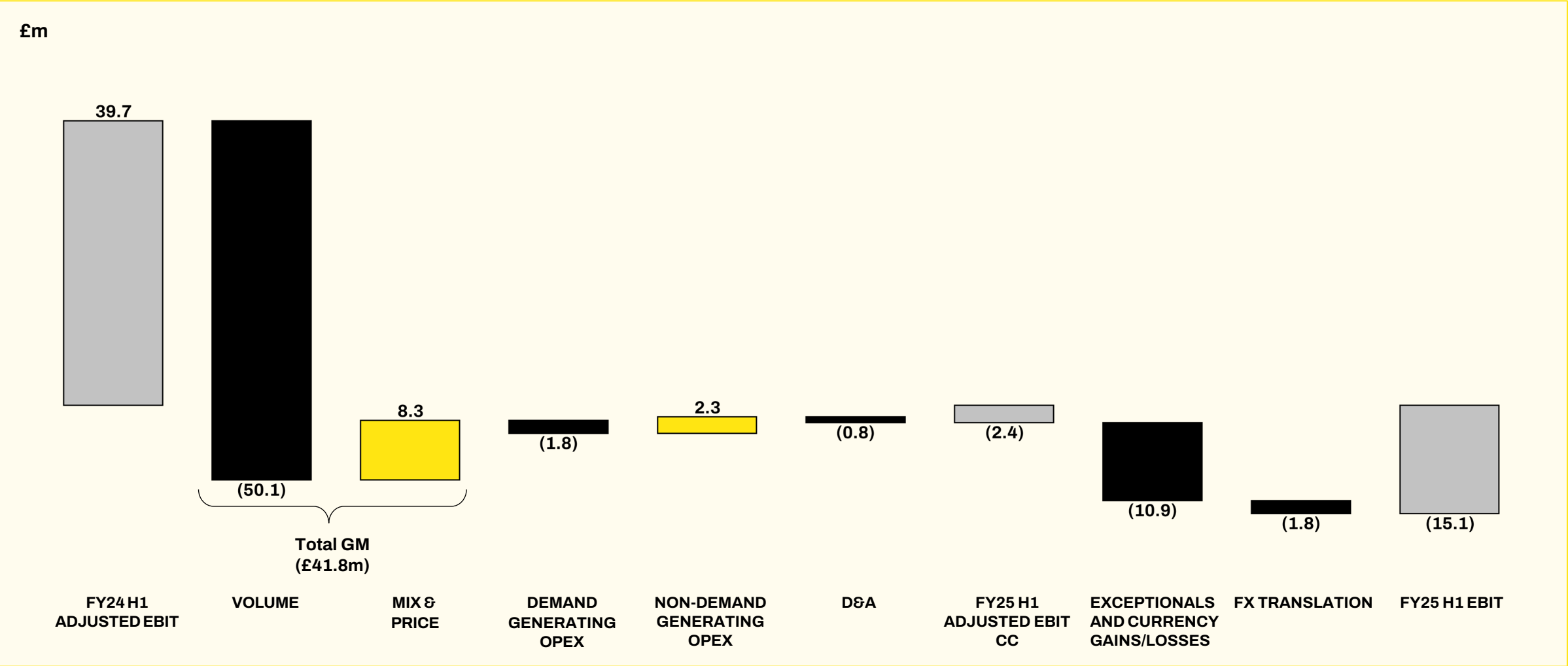
<sup>1</sup> Includes distributors



# REVENUE BY REGION



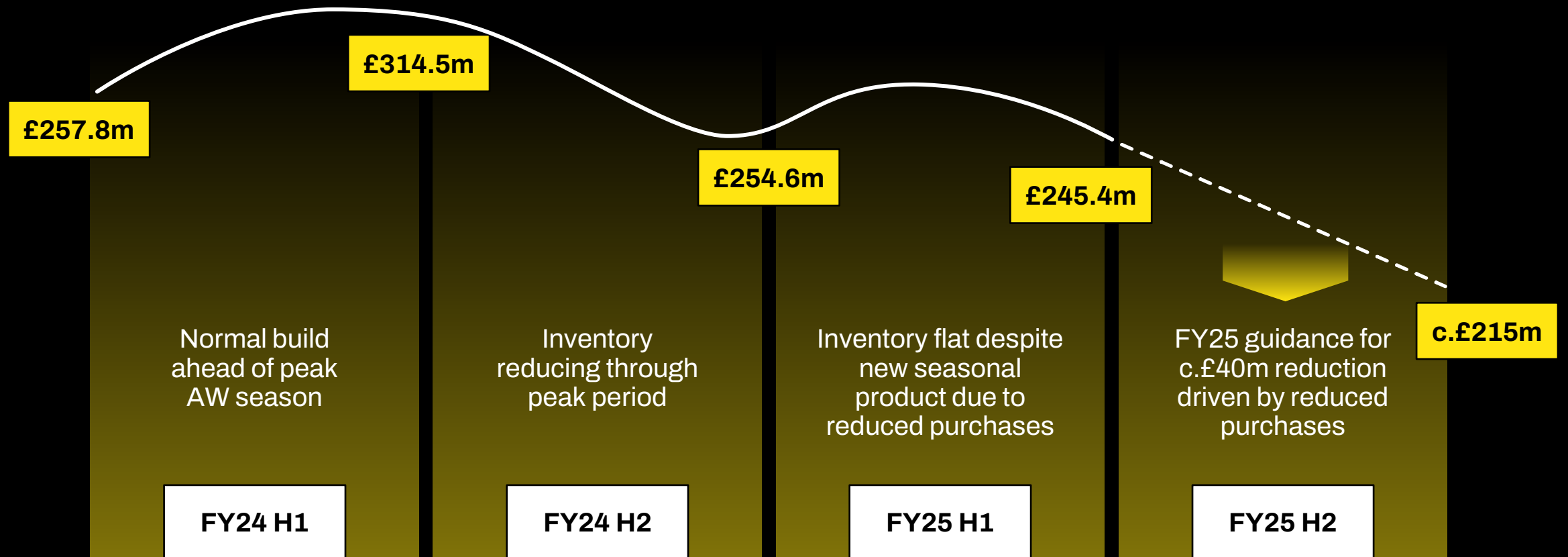
# EBIT BRIDGE: COSTS TIGHTLY CONTROLLED



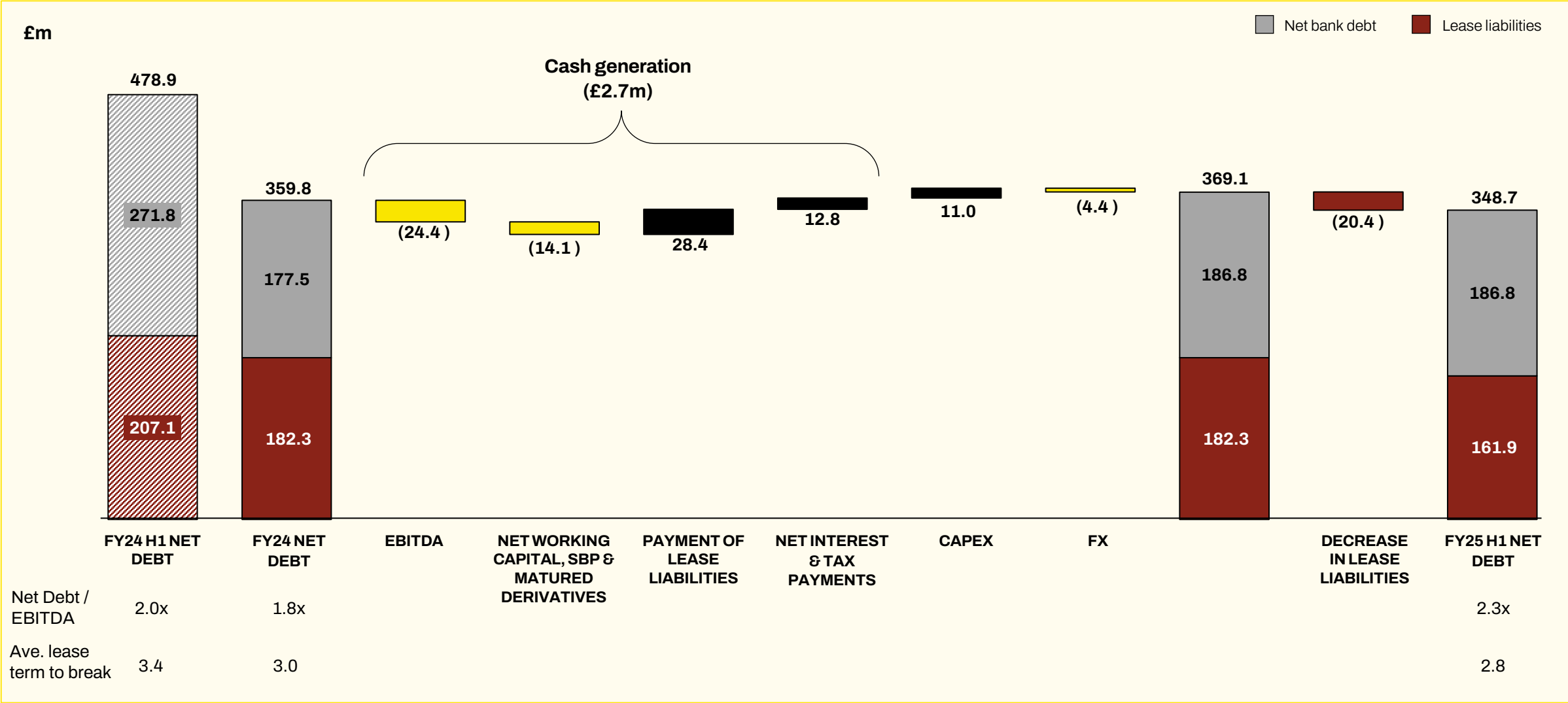


# GOOD PERFORMANCE IN REDUCING INVENTORY

INVENTORY (£m)



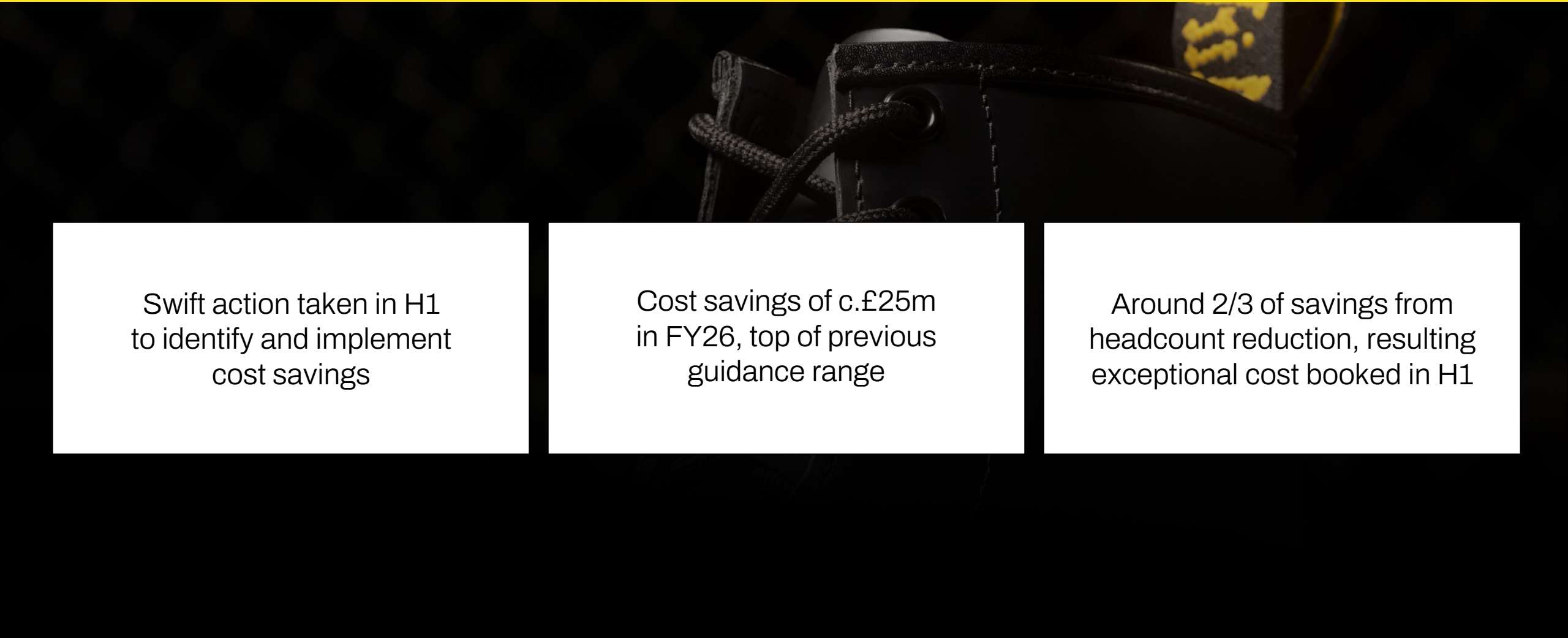
# £130M REDUCTION IN NET DEBT YEAR ON YEAR



FY24 net bank debt: Cash £111.1m, Debt £286.6m   FY25 H1 net bank debt: Cash £94.9m, Debt £281.7m

<sup>1</sup>Average lease term to expiry: FY24 H1: 4.3, FY24: 3.5, FY25 H1: 3.4

# COST ACTION PLAN IMPLEMENTED



Swift action taken in H1  
to identify and implement  
cost savings

Cost savings of c.£25m  
in FY26, top of previous  
guidance range

Around 2/3 of savings from  
headcount reduction, resulting  
exceptional cost booked in H1



# REFINANCE COMPLETED SUCCESSFULLY

New facilities: £250m term  
loan and £126.5m RCF  
3 year term (3+1+1)

Net leverage financial  
covenant: <3x Net  
Debt/EBITDA

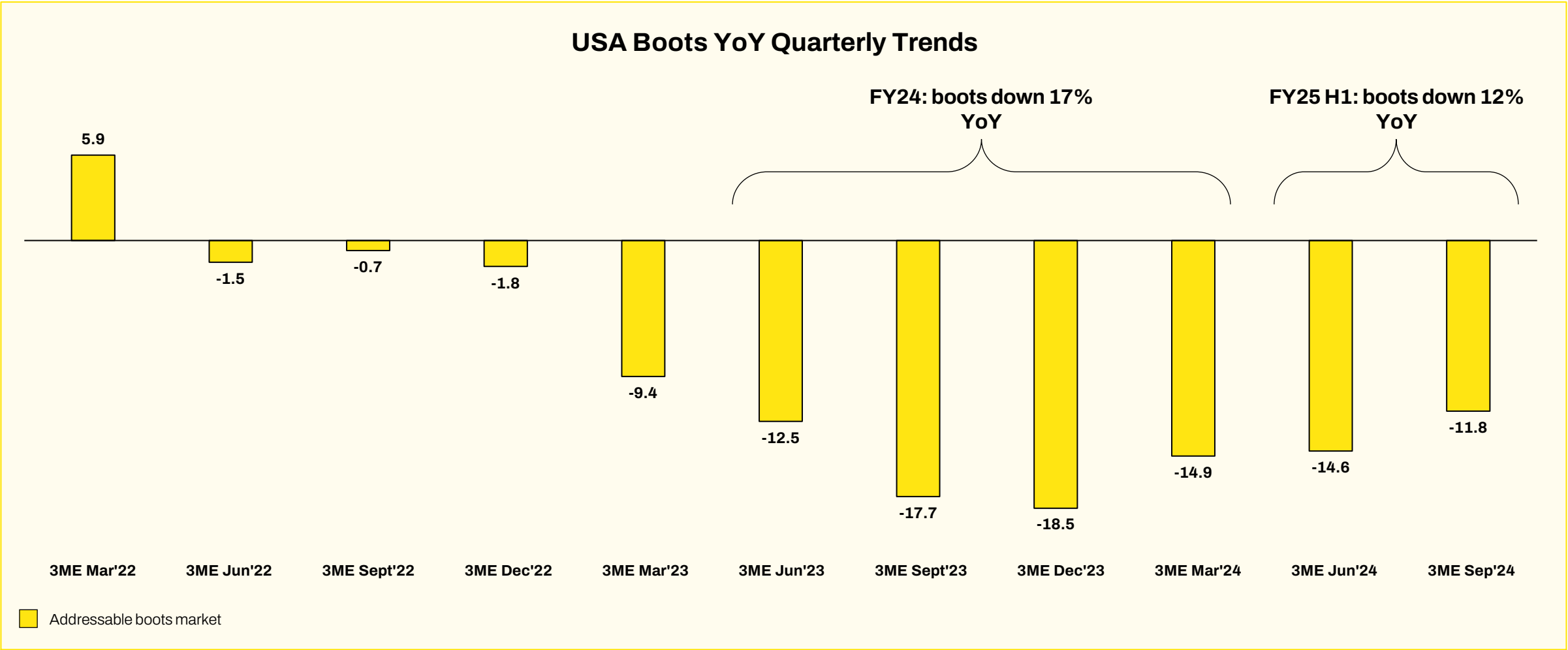
No change to consensus net  
finance costs expected

Kenny Wilson, CEO

# BUSINESS UPDATE



# USA BOOTS MARKET CONTINUES TO BE WEAK



Source: Circana data ("3ME" = 3 months ending)



# USA ACTION PLAN PROGRESSING WELL

## WHAT WE SAID

### Marketing

- Double-down on product marketing - icons and 4 key concepts
- All season focus on icons
- Focus on mid to lower funnel to drive consideration
- Focus on social media to drive relevancy in USA

### Digital

- Improve the quality of our PDPs (product detail pages)
- Drive more qualified traffic
- Maximise conversion – focus on checkout
- Implement order in store

## WHAT WE'VE DONE


### Marketing

- Led with product and ensured clarity of message
- Launched 'Boots Like No Other' campaign
- Increased spend on elevating retail windows, particularly in key store locations
- Utilised more paid social to drive consideration

### Digital

- Enhancements to PDPs including video content, virtual try on and dynamic product recommendations
- Significant, double-digit improvement in site conversion
- Order in store implemented across all USA stores

# LAG BETWEEN DTC AND WHOLESALE PERFORMANCE



Performance in AW24 in  
DTC and end-consumer  
demand

Influences  
wholesale order  
book for AW25

AW25 order book revenue  
largely recorded in H2 FY26

Total wholesale revenue is a  
combination of order book  
and in-season reorders



# EMEA: SIGNIFICANT GROWTH RUNWAY AHEAD

## 2 STORE APPROACH IN KEY CITIES



Milan – Via Torino



Milan – Corso Buenos Aires

## NEW MARKETS



Stockholm



Vienna



Berlin – Mitte



Berlin – Europa



Copenhagen



# JAPAN: 5 STORES OPENED IN H1 WITH STRONG PIPELINE

DTC



Shinjuku



Omiya Lumine



Koenji

FRANCHISE



Okinawa



Takasaki



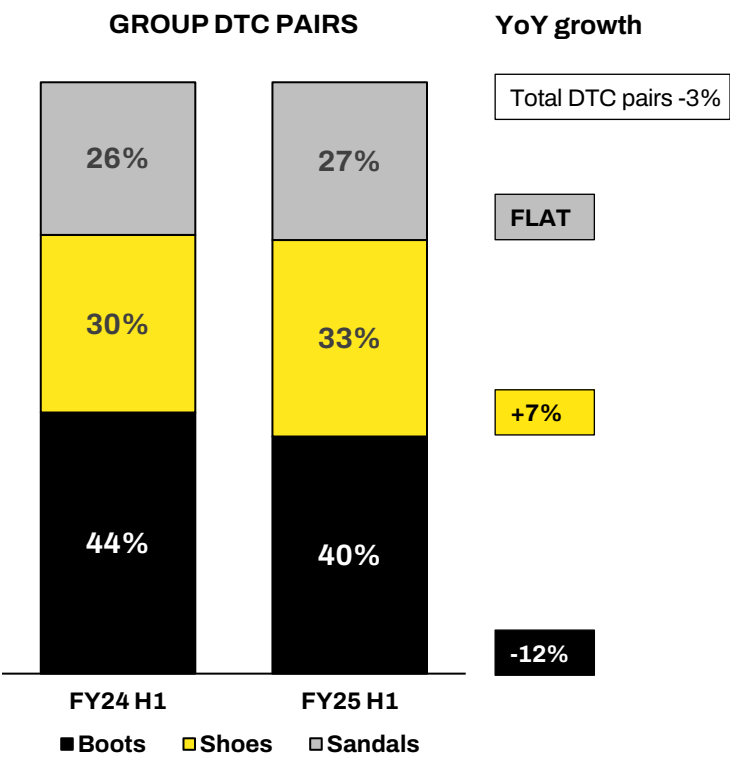
# GOOD PROGRESS WITH SYSTEMS INVESTMENTS

	Implementation timing	Benefits
<b>Customer Data Platform (CDP)</b>	<ul style="list-style-type: none"><li>• Now live across EMEA and Americas regions</li><li>• Benefits build as more data captured and utilised</li></ul>	<ul style="list-style-type: none"><li>• Single view of customer through all DTC channels</li><li>• Enables targeted marketing and personalised consumer journeys</li></ul>
<b>Supply and Demand Planning</b>	<ul style="list-style-type: none"><li>• In progress – go live scheduled by the end of H1 FY26</li><li>• Benefits building over time</li></ul>	<ul style="list-style-type: none"><li>• Generate working capital savings</li><li>• Further improves availability</li></ul>





# PRODUCT PERFORMANCE IN LINE WITH EXPECTATIONS







Ije Nwokorie, CBO

# BRAND UPDATE

# MARKETING PIVOT: RELENTLESS FOCUS ON PRODUCT



**PREMIUM POSITION  
CUTS-THROUGH**

**ICONIC DNA SUPPORTS  
MARKETING OF BOTH  
CORE AND SEASONAL  
PRODUCT**

**COMPELLING PRODUCT  
ATTRIBUTES DRIVE  
CONSIDERATION**



# AUTUMN WINTER 24 PRODUCT CAMPAIGNS

## AW24 MARKETING CALENDAR

ICONS

ALWAYS ON

CORE ICON FOCUS

SOFT LEATHER

RIGGER

SQUARE TOE

WINTERISED

SEASONAL



JUL



AUG



SEP



OCT

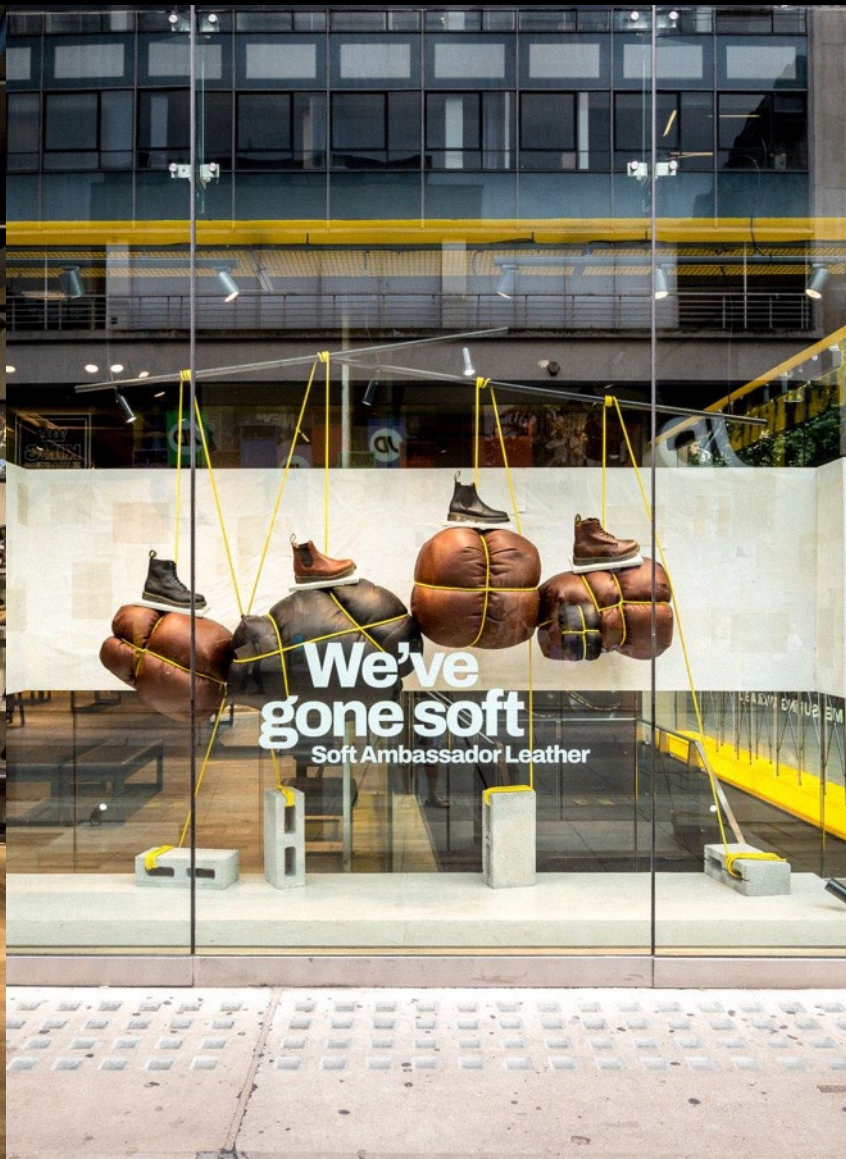


NOV

SQUARE TOE



# JULY: AMBASSADOR SOFT LEATHER

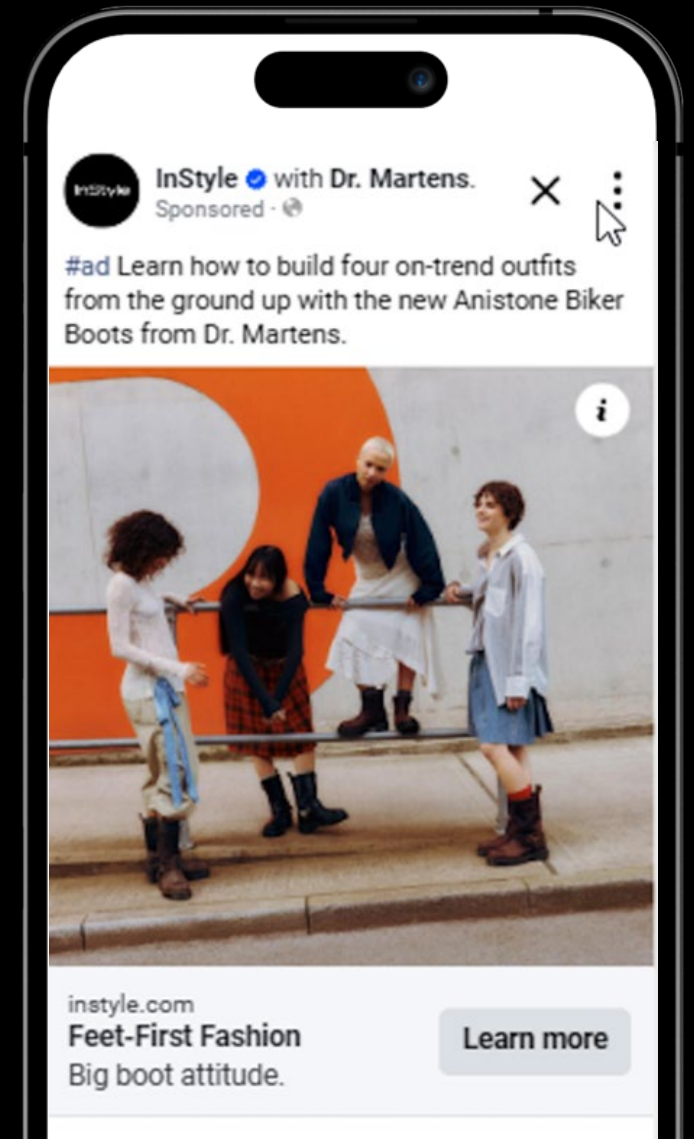




# AUGUST: ANISTONE BIKER BOOT



Anistone Tall: £210

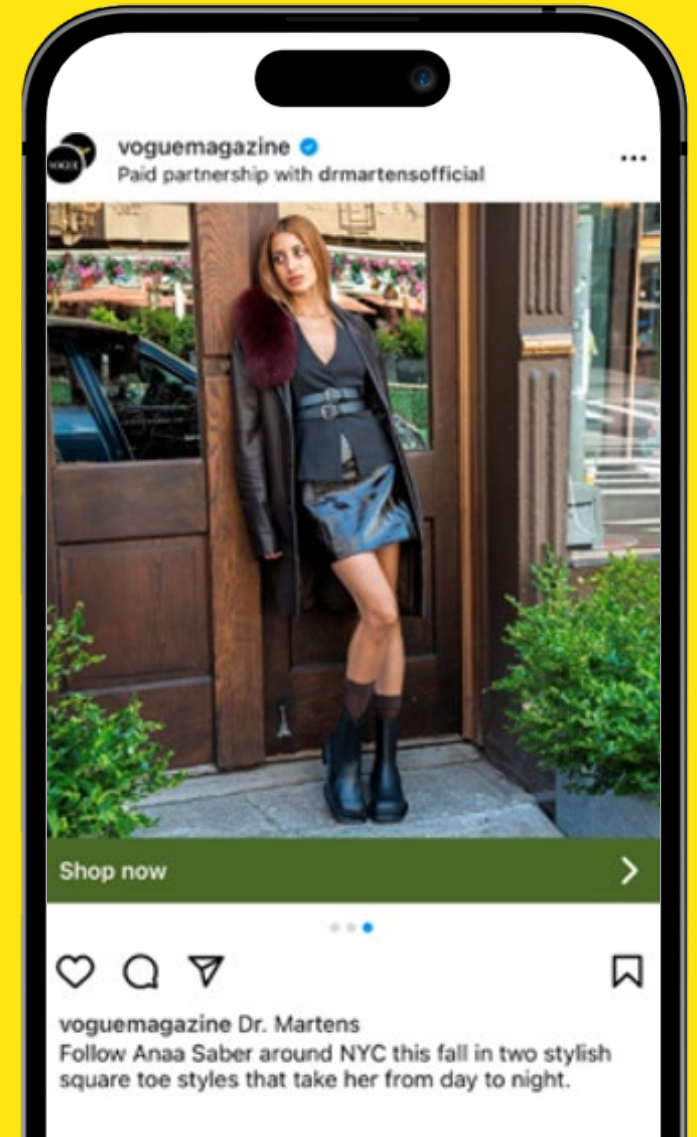





# SEPTEMBER: MAYBOLE SQUARE TOE



Maybole Mary Jane: £160







**BOOTS**  
**LIKE NO OTHER**



# OCTOBER: BOOTS LIKE NO OTHER





# NOVEMBER: WINTERISED






# FY25: ON TRACK WITH OUR FOUR OBJECTIVES




**TURN AROUND USA  
DTC PERFORMANCE**



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TO RELENTLESSLY  
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**REDUCE OPERATING  
COST BASE**



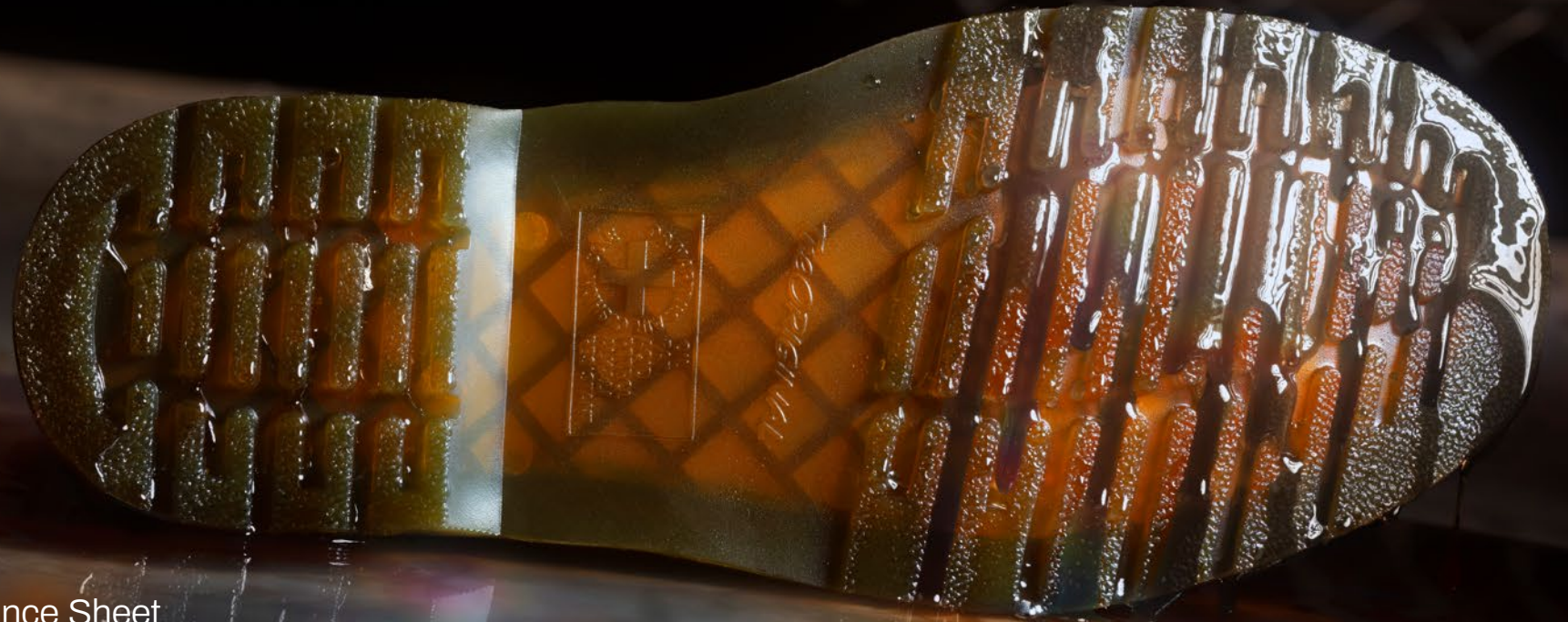
**STRENGTHEN  
BALANCE SHEET**











- IR contact details
- DOCS strategy
- FY25 guidance
- Sustainability
- Quarterly revenue
- Earnings
- Balance Sheet
- FX
- Retail store estate
- Alternative performance measures
- Cautionary statement

# APPENDIX



# INVESTOR RELATIONS CONTACT DETAILS



## BETHANY BARNES

**Director of Investor Relations**

[Bethany.Barnes@drmartens.com](mailto:Bethany.Barnes@drmartens.com)

Mobile: +44 7825 187465

## BETH FIONDA

**Investor Relations Manager**

[Beth.Fionda@drmartens.com](mailto:Beth.Fionda@drmartens.com)

Phone: +44 20 3995 2644

# OUR DOCS STRATEGY



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## **DTC FIRST**

Build brand equity and  
drive margin expansion



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## **ORGANISATIONAL AND OPERATIONAL EXCELLENCE**

Enable growth and  
unlock value



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## **CONSUMER CONNECTION**

Acquire new customers  
and drive loyalty



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## **SUPPORT BRAND EXPANSION WITH B2B**

Manage B2B holistically  
and purposefully



# FY25 GUIDANCE

- Positive USA DTC growth in H2
- Inventory declining by c.£40m
- Net debt declining to £310m to £330m (including lease liabilities)
- USA wholesale revenue declining double digit percentage in FY25
- New store openings of around 15 (previously 25 to 30)
- Depreciation and Amortisation of £75m to £80m
- Net finance costs of £27m to £30m
- Blended tax rate of c.27%
- Capex of around £30m (previously around £40m)
- Exceptional costs of around £15m
- Based on currency spot rates as at 14<sup>th</sup> November 2024, currency headwind of c.£18m to revenue and c.£6m to PBT for FY25



# CONTINUED PROGRESS IN SUSTAINABILITY

## AUTHORISED REPAIR

- Operational for a year with very positive consumer feedback
- Looking to expand to continental Europe in 2025



## REWAIR

- Live for six months
- Significant proportion of consumers buying through ReWair are new consumers



## ALTERNATIVE MATERIALS

- Continue to focus on researching and developing more sustainable materials
- Expanded our reclaimed leather range (Genix Nappa)





# QUARTERLY REVENUE BY CHANNEL & REGION

	Q125		Q225		H125	
YoY Change	Actual	CC	Actual	CC	Actual	CC
Total Revenue	-17.6%	-15.8%	-18.2%	-16.3%	-18.0%	-16.1%
Revenue by channel						
Ecommerce	-8.8%	-7.1%	-0.6%	1.6%	-4.4%	-2.4%
Retail	-9.7%	-7.3%	-8.3%	-6.2%	-9.0%	-6.6%
DTC	-9.3%	-7.2%	-4.6%	-2.4%	-6.8%	-4.6%
Wholesale <sup>1</sup>	-35.0%	-33.9%	-27.3%	-25.6%	-29.0%	-27.4%
Revenue by region						
EMEA	-13.8%	-13.1%	-17.5%	-16.7%	-16.4%	-15.5%
America	-26.2%	-25.8%	-20.2%	-17.2%	-22.3%	-20.2%
APAC	-7.7%	-0.5%	-15.0%	-12.0%	-11.9%	-6.9%

<sup>1</sup> Includes distributors

# EARNINGS

£m	FY25 H1 Reported	FY25 H1 Constant currency	FY24 H1 Reported
<b>Adjusted EBIT</b>	<b>(4.3)</b>	<b>(2.4)</b>	<b>39.7</b>
Net finance expense	(13.6)	(13.7)	(14.5)
<b>Adjusted Profit before tax</b>	<b>(17.9)</b>	<b>(16.1)</b>	<b>25.2</b>
Exceptionals and currency gains/losses	(10.8)	(10.9)	0.6
<b>Profit before tax</b>	<b>(28.7)</b>	<b>(27.0)</b>	<b>25.8</b>
Tax credit/(expense)	7.9	7.9	(6.8)
<b>Profit after tax</b>	<b>(20.8)</b>	<b>(19.1)</b>	<b>19.0</b>
Basic EPS (p)	(2.2)	(2.0)	1.9



# BALANCE SHEET

	29 September 2024	31 March 2024	30 September 2023
Freeholds	6.7	7.0	7.4
Right-of-use assets	153.4	173.5	195.0
Other fixed assets	79.3	81.7	81.8
Inventory	245.4	254.6	314.5
Working capital <sup>2</sup> (excluding inventory)	(52.0)	(30.3)	(13.0)
Other <sup>1</sup>	7.8	(1.5)	13.2
<b>Operating net assets</b>	<b>440.6</b>	<b>485.0</b>	<b>598.9</b>
Goodwill	240.7	240.7	240.7
Cash	94.9	111.1	45.7
Bank Debt	(281.7)	(288.6)	(317.5)
Unamortised bank fees	1.9	2.3	2.9
Lease Liabilities	(161.9)	(182.3)	(207.1)
<b>Net Assets</b>	<b>334.5</b>	<b>368.2</b>	<b>363.6</b>

<sup>1</sup> Other includes investments, deferred tax assets, income tax assets, and provisions.

<sup>2</sup> Includes bank interest of £8.0m (Sep23:£8.0m Mar24: £8.4m).

# FX TRANSLATION RATES

	GBP/USD			GBP/EUR			GBP/JPY		
	FY25	FY24	% change	FY25	FY24	% change	FY25	FY24	% change
H1	1.28	1.26	2%	1.18	1.16	2%	195	178	10%
H2		1.26			1.16			186	
FY		1.26			1.16			182	

FX revenue sensitivities for FY25 are as follows: for every 1%pt movement in US Dollar c.£3.5m; Japanese Yen c.£0.5m and Euro c.£2.5m



# RETAIL STORE ESTATE

		1 April 2024	Opened	Closed	29 September 2024
EMEA:	UK	35	-	(1)	34
	Germany	19	-	(1)	18
	France	17	1	-	18
	Italy	12	-	-	12
	Spain	6	-	-	6
	Other	13	3	(3)	13
		<b>102</b>	<b>4</b>	<b>(5)</b>	<b>101</b>
Americas:		<b>61</b>	<b>1</b>	<b>(2)</b>	<b>60</b>
APAC:	Japan	43	3	(2)	44
	China	9	2	(1)	10
	South Korea	17	-	(1)	16
	Hong Kong	7	-	-	7
		<b>76</b>	<b>5</b>	<b>(4)</b>	<b>77</b>
Total		<b>239</b>	<b>10</b>	<b>(11)</b>	<b>238</b>

# ALTERNATIVE PERFORMANCE MEASURES

Metric	Definition	Rationale
Gross Margin %	Gross margin divided by revenue.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies.
Exceptional costs	Costs or incomes considered significant in nature and/or quantum, and/or relate to activities which are outside the ordinary course of business, and are not reflective of operational performance, including items such as:  - Director joining costs - Organisational restructuring costs	Excluding these items from profit metrics provides readers with helpful information on the underlying performance of the business because it aids consistency across periods and is consistent with how the business performance is planned by, and reported to, the Board.
Opex	Selling and administrative expenses less depreciation, amortisation, impairment, other gains/losses, exceptional costs and currency gains/losses	Opex is used to reconcile between gross margin and EBIT.
EBITDA	Profit/loss for the year/period before income tax expense, finance expense, currency gains/losses, depreciation of right-of-use assets, depreciation and amortisation.	EBITDA was used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance. EBIT is now considered a more relevant measure, but EBITDA continues to be reported for bank covenant purposes.
EBITDA %	EBITDA divided by revenue	Was used to evaluate growth trends, establish budgets and assess operational performance and efficiencies
EBIT	Profit/loss for the year/period before net finance expense and income tax expense.	EBIT is used as a key profit measure because it shows the results of normal, core operations exclusive of only income or charges that relate to capital and tax burdens.
EBIT %	EBIT divided by revenue.	Used to evaluate growth trends, establish budgets and assess operational performance and efficiencies.
Adjusted EBIT	EBIT before exceptional costs and currency gains/losses.	Used as a key profit measure because it shows the results of normal, core operations exclusive of income or charges that relate to capital and tax burdens, exceptional costs, and currency gains/losses. This improves comparability between periods by eliminating the effect of non-recurring costs and large currency gains/losses.
Operating cash flow	EBITDA less change in net working capital, share-based payment expense and capital expenditure.	Operating cash flow is used as a trading cash generation measure because it shows the results of normal, core operations exclusive of income or charges that are not considered to represent the underlying operational performance.



# ALTERNATIVE PERFORMANCE MEASURES (continued)

Metric	Definition	Rationale
Operating cash flow conversion	Operating cash flow divided by EBITDA.	Used to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditure and working capital requirements.
Adjusted operating cash flow conversion	Operating cashflow conversion excluding the impact of exceptional costs on EBITDA and working capital.	Used to evaluate the efficiency of a company's operations and its ability to employ its earnings toward repayment of debt, capital expenditure and working capital requirements, exclusive of the impact of exceptional costs.
Net debt	Net debt is calculated by subtracting cash and cash equivalents from bank loans (excluding unamortised bank fees) and lease liabilities.	To aid the understanding of the reader of the financial statements in respect of liabilities owed.
Adjusted profit before tax	Profit/loss before tax and before exceptional costs and currency gains/losses.	Helps evaluate growth trends, establish budgets and assess operational performance and efficiencies on an underlying basis exclusive of exceptional costs and currency gains/losses.
Adjusted profit after tax	Profit/loss after tax and before exceptional costs and currency gains/losses.	Adjusted profit after tax is the denominator for the calculation of adjusted basic and diluted earnings per share.
Adjusted basic earnings per share	The calculation of adjusted earnings per ordinary share is based on profit/loss after tax excluding exceptional costs and currency gains/losses and the weighted average number of ordinary shares in issue during the year/period.	Helps evaluate basic earnings per share exclusive of exceptional costs and currency gains/losses that are not considered to represent the underlying operational performance.
Adjusted diluted earnings per share	Calculated by dividing the profit/loss after tax attributable to ordinary equity holders of the parent excluding exceptional costs and currency gains/losses by the weighted average number of ordinary shares in issue during the year/period plus the weighted average number of ordinary shares that would have been issued on the conversion of all dilutive potential ordinary shares into ordinary shares.	Helps evaluate diluted earnings per share exclusive of exceptional costs and currency gains/losses that are not considered to represent the underlying operational performance

# CAUTIONARY STATEMENT

## Cautionary statement relating to forward-looking statements

Announcements, presentations to investors, or other documents or reports filed with or furnished to the London Stock Exchange (LSE) and any other written information released, or oral statements made, to the public in the future by or on behalf of Dr. Martens plc and its group companies (“the Group”), may contain forward-looking statements.

Forward-looking statements give the Group’s current expectations or forecasts of future events. An investor can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as ‘aim’, ‘ambition’, ‘anticipate’, ‘estimate’, ‘expect’, ‘intend’, ‘will’, ‘project’, ‘plan’, ‘believe’, ‘target’ and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. In particular, these include statements relating to future actions, future performance or results of current and anticipated products, expenses, the outcome of contingencies such as legal proceedings, dividend payments and financial results. Other than in accordance with its legal or regulatory obligations (including under the Market Abuse Regulation, the UK Listing Rules and the Disclosure and Transparency Rules of the


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Forward-looking statements are subject to assumptions, inherent risks and uncertainties, many of which relate to factors that are beyond the Group’s control or precise estimate. The Group cautions investors that a number of important factors, including those referred to in this document, could cause actual results to differ materially from those expressed or implied in any forward-looking statement. Any forward-looking statements made by or on behalf of the Group speak only as of the date they are made and are based upon the knowledge and information available to the Directors on the date of this report.





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