



DR. MARTENS PLC

FY24 FIRST HALF RESULTS

30 NOVEMBER 2023

AGENDA

Key Messages

Kenny Wilson, CEO

Financial Review

Jon Mortimore, CFO

Business Review

Kenny Wilson, CEO



GOOD STRATEGIC PROGRESS; CHALLENGING BACKDROP

**Focused on controlling
the controllables**

**Continued good
performance in
EMEA and APAC**

**USA consumer
environment has
become more difficult;
we are taking action to
meet this challenge**

DELIVERING AGAINST OUR STRATEGY

DTC FIRST

D

- DTC up 11% CC with mix up 7%pts to 50%
- Opened 25 stores
- Successful rollout of omnichannel in the UK

ORGANISATIONAL AND OPERATIONAL EXCELLENCE

O

- Transformed North America DC network
- Unlocked value through strong supply chain delivery

CONSUMER CONNECTION

C

- Launched new brand platform, Made Strong
- 14XX launch
- UK Authorised Repair

SUPPORT BRAND EXPANSION WITH B2B

S

- Growth in EMEA wholesale revenue per account
- Continued progress with wholesale elevation

CURRENT TRADING AND GUIDANCE

- Mixed trading second half to date
- EMEA and APAC full year expectations broadly unchanged
- Consumer backdrop in USA has become more challenging and improvement in performance will take longer than initially anticipated
- USA wholesale weaker with reduced visibility
- FY24 revenue guidance: high single digit % decline (CC)
- FY24 EBITDA and PBT moderately below bottom end of consensus range

FINANCIAL REVIEW

Jon Mortimore, CFO



SUMMARY FINANCIALS

£m	H124	H123	% change	
			Actual	Constant currency
Pairs (m)	5.7	6.3	-9%	
Revenue	395.8	418.6	-5%	-3%
Gross Margin	254.9	257.8	-1%	
Opex	(177.3)	(169.0)	-5%	
EBITDA	77.6	88.8	-13%	
GM%	64.4%	61.6%	2.8%pts	
EBITDA%	19.6%	21.2%	-1.6%pts	
PBT	25.8	57.9	-55%	

- Total pairs down 9%: strategic decisions to reduce EMEA etailer volumes, exit China distributor contract and decline in USA wholesale
- DTC pairs up 12%
- Revenue down 5%, 3% constant currency (CC)
 - DTC up 9%, 11% CC
 - Wholesale down 17%, 15% CC
 - DTC mix up 7%pts to 50%
- Gross margin improvement of 2.8%pts driven by supply chain savings
- PBT down 55%: lower EBITDA, increased D&A and net finance costs

DTC UP 11% (CC), MIX NOW 50%

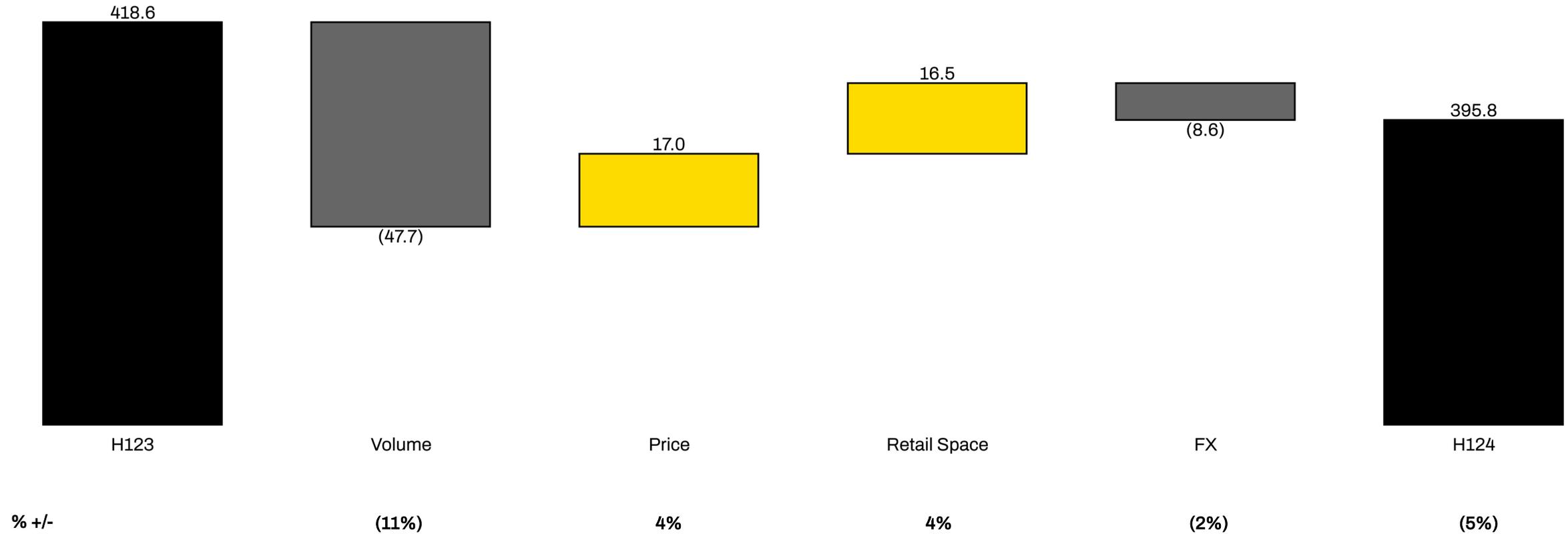
Revenue £m	H124	H123	% change	
			Actual	Constant currency
Ecommerce	91.7	88.8	3%	5%
Retail	104.7	91.0	15%	17%
DTC	196.4	179.8	9%	11%
Wholesale ¹	199.4	238.8	-17%	-15%
Total	395.8	418.6	-5%	-3%
DTC Mix	50%	43%	+7%pts	
Own stores opened	25	21		
Wholesale accounts (k)	1.9	2.0		

- Ecommerce up 3%, 5% CC with conversion up in all regions
- Retail revenue up 15%, 17% CC led by new and maturing stores
- Wholesale down 17%, 15% CC
 - Reduction of volumes into EMEA etailers
 - Exit China distributor contract
 - Working with two key USA customers to reduce inventory
 - USA widespread industry destocking
- Opened 25 new stores

1. Includes distributors

H1 REVENUE DOWN 5%, 3% CC

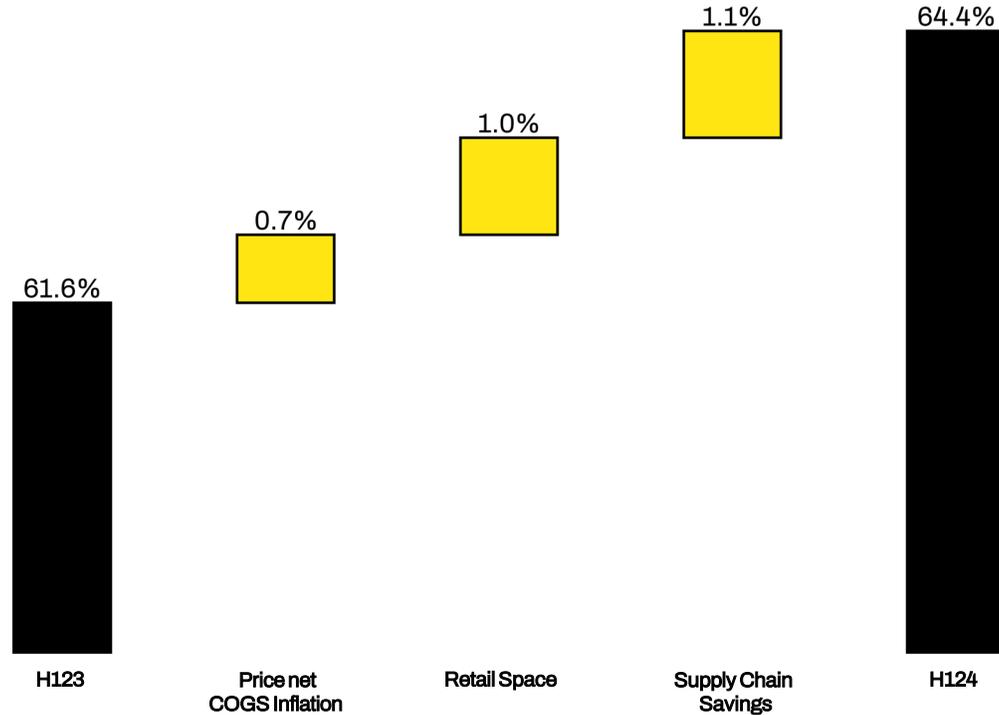
£'m



GROSS MARGIN UP 2.8%

Excellent progress on supply chain savings

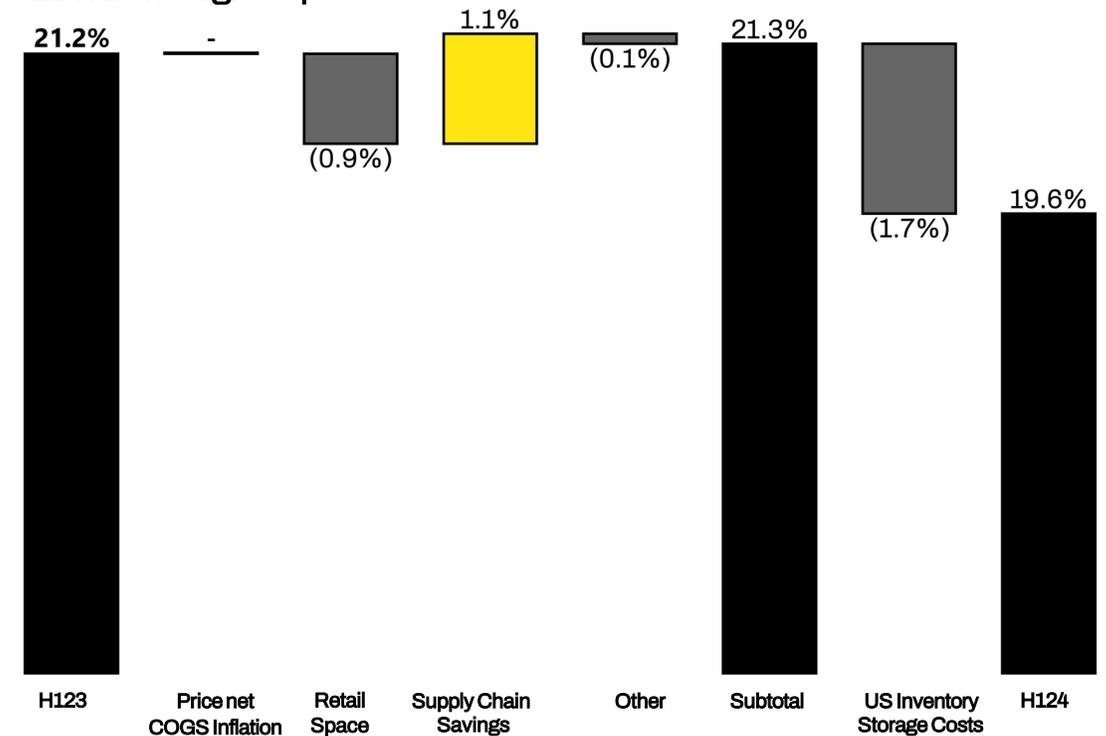
Gross Margin % pts



EBITDA MARGIN DOWN 1.6%

As expected, EBITDA impacted by USA inventory storage costs but ahead of guidance due to supply chain savings

EBITDA Margin % pts



EMEA & APAC IN LINE; AMERICAS WHOLESALE WEAKER

Revenue

Revenue £m	H124	H123	% change	
			Actual	Constant currency
EMEA	194.2	179.0	9%	8%
Americas	147.7	179.7	-18%	-15%
APAC	53.9	59.9	-10%	-3%

EBITDA

EBITDA £m	H124	H123	% change
			Actual
EMEA	55.8	52.8	6%
Americas	28.6	41.4	-31%
APAC	12.2	13.1	-7%

EBITDA Margin

EBITDA %	H124	H123	% change
			Actual
EMEA	28.7%	29.5%	-0.8%pts
Americas	19.4%	23.0%	-3.6%pts
APAC	22.6%	21.9%	0.7%pts

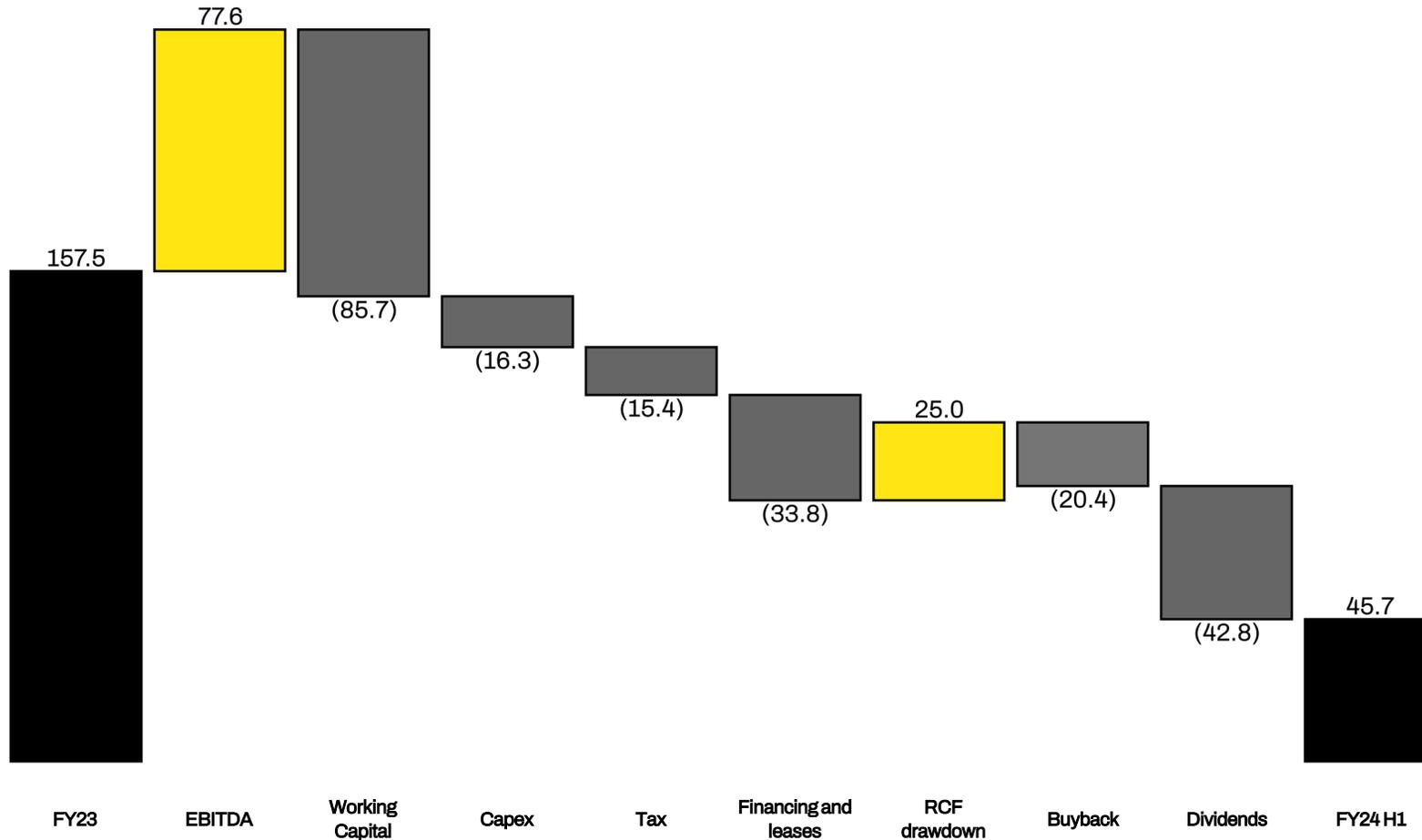
- EMEA: good DTC growth, up 21% (20% CC) led by France, Italy and Germany, with UK up 8%
- APAC: DTC growth led by Japan with DTC revenues up 41% CC, wholesale down due to planned cessation of China distributor contract
- Americas:
 - DTC marginally down as expected due to traffic
 - EBITDA driven by lower volume and additional storage costs of £7m
 - Americas wholesale down due to industry wide destocking

EPS 1.9P VERSUS 4.5P H1 23

Revenue £m	H124	H123	% change
EBITDA	77.6	88.8	-13%
Depreciation & amortisation	(37.9)	(23.3)	63%
FX gains/(losses)	0.6	(0.2)	-400%
Net finance expense	(14.5)	(7.4)	-95%
Profit before tax	25.8	57.9	-55%
Tax expense	(6.8)	(13.2)	49%
Profit after tax	19.0	44.7	-57%
Basic EPS (p)	1.9	4.5	-58%
Dividend Per Share (p)	1.56	1.56	-

- Increase in D&A due to annualisation of DC spend, IT projects and new stores
- Increased interest due to higher average cost of debt and lower average cash
- Tax charge up due to higher UK corporation tax rate from April 2023
- Dividend held level with last year
- Share buyback progressing well

CASH FLOW BRIDGE



- Working capital outflow reflects normal seasonal inventory build (£55.5m) together with increased current debtors (£28.5m)
- Capex of £16.3m mainly IT spend (£7.4m) and new stores (£8.8m)

HIGHER INVENTORY POSITION

	30 Sept 2023	30 Sept 2022
Inventory (£m)	314.5	261.4
Turn (x) ¹	1.2x	1.3x
Weeks cover ²	45	40

- Minimal markdown risk:
 - High margin product
 - 4 out of 5 pairs are black
 - C.80% continuity product
 - Disciplined approach: we do not discount icon products

1. Calculated as historic LTM COGS divided by inventory
2. Calculated as 52 weeks divided by stock turn

**TOP 10 WHOLESALE CUSTOMERS INVENTORY
DOWN 20%³ IN BOTH EMEA AND AMERICAS**

BUSINESS REVIEW

Kenny Wilson, CEO

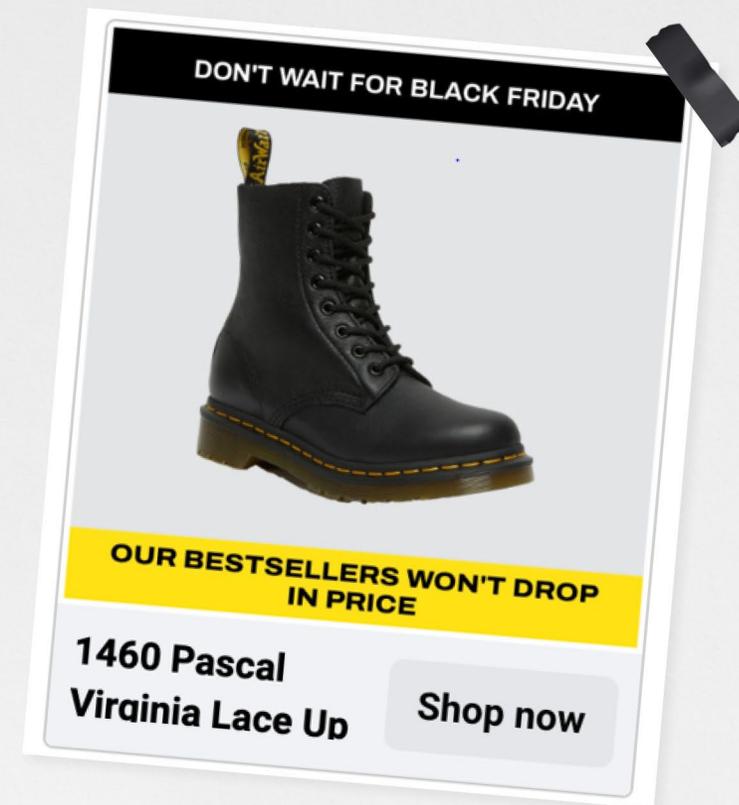


CUSTODIANSHIP REMAINS OUR GUIDING PRINCIPLE

CUSTODIAN *noun*

Definition:

A person who is responsible for protecting or taking care of something or keeping it in great condition.



“MADE STRONG” LAUNCHED GLOBALLY IN MID-OCTOBER



NEWYORK



LOSANGELES



TOKYO



NEWYORK



NEWYORK



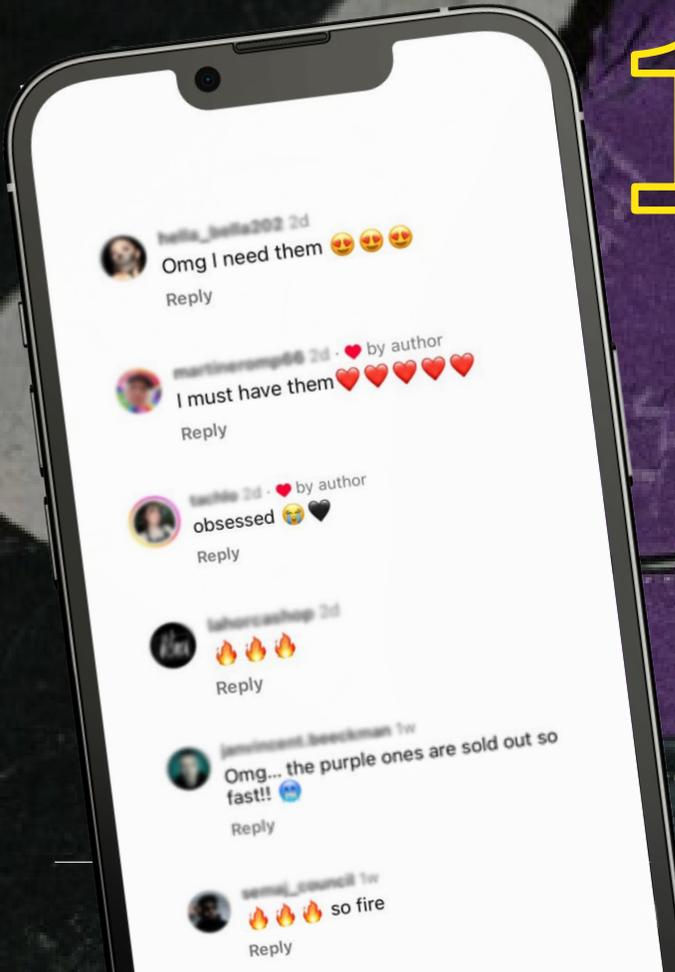
LONDON

INCREASED PACE OF PRODUCT INNOVATION



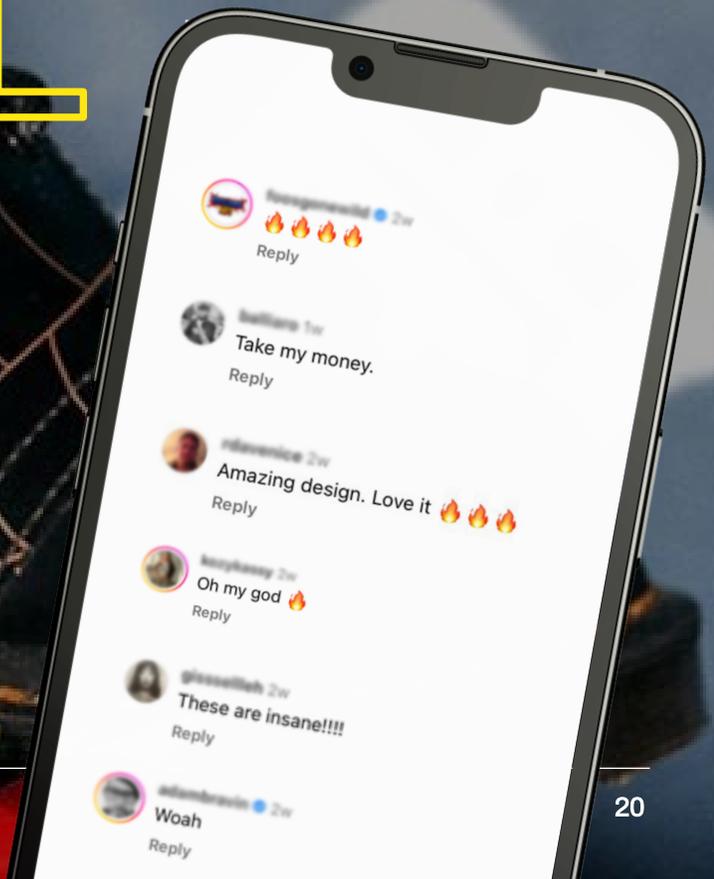
COLLABS DRIVING BRAND ENERGY: SUPREME

100% SELL OUT



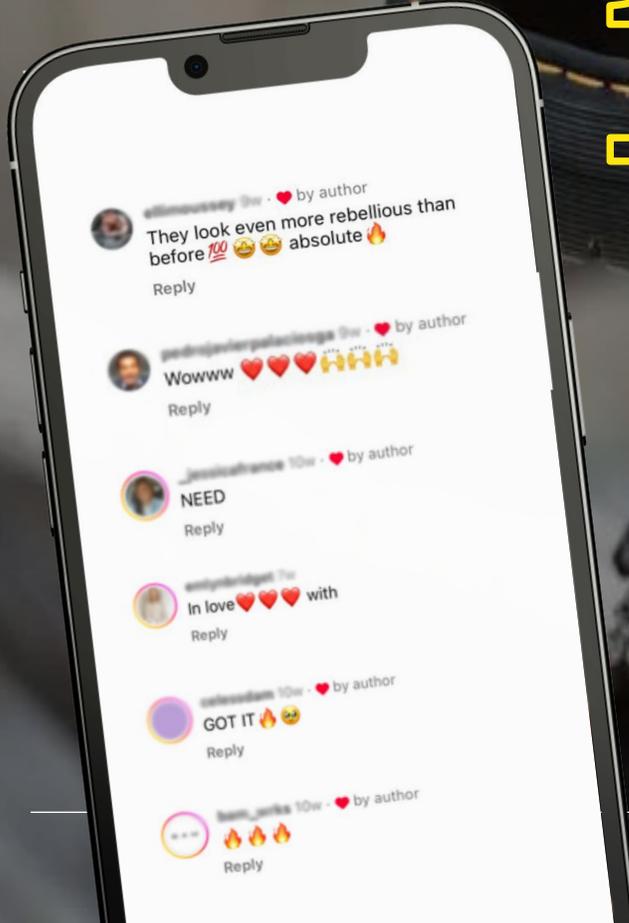
COLLABS DRIVING BRAND ENERGY: BORN X RAISED

100% SELL OUT



COLLABS DRIVING BRAND ENERGY: MARC JACOBS

100% SELL OUT



...
They look even more rebellious than before 🤘🔥🔥 absolute 🔥
Reply

...
Wowww ❤️❤️❤️👏👏👏
Reply

...
NEED
Reply

...
In love ❤️❤️❤️ with
Reply

...
GOT IT 🤩🔥
Reply

...
🔥🔥🔥
Reply

SANDALS OPPORTUNITY REMAINS SIGNIFICANT

DTC PAIRS
UP 8%



GOOD EMEA PERFORMANCE; USA OUTLOOK CHALLENGING

EMEA

- Strong DTC-led performance
- Conversion markets remain a growth engine
- A clean market: wholesale sales up / inventory down
- Strong marketing activation

AMERICAS

- Most challenging consumer environment
- Shoes & sandals performing; boots down
- New leadership team
- Wholesale inventory down in line with sales
- Our inventory is too high and will now right size through FY25

APAC

- Japan driving strong growth
- China down as planned
- Streamlined Korea business for future growth
- Contract extended with Australia distributor
- Good inventory position across market

USA: WE ARE TAKING ACTION IN A TOUGH ENVIRONMENT

WHAT WE'VE DONE

- Execution issues fixed
- Changed 2/3 of management team
- Focussed our marketing spend on city activations in New York and Los Angeles to drive energy
- Balanced focus on boots, shoes & sandals
- LA DC automated, opened new Toronto DC and successfully expanded New Jersey DC

WHAT WE'RE SEEING

- Continuing weak consumer
- Cautious wholesale customer base
- Boots market significantly down in the USA
- Warm October impacted start of Autumn/Winter season

WHAT WE'RE DOING

- Staying disciplined – but continuing to invest in marketing
- Strong new product innovation pipeline
- Ongoing website upgrades

NORTH AMERICA

DC NETWORK TRANSFORMED FOR THE FUTURE



LOS ANGELES AUTOMATION



EXPANSION OF NEW JERSEY



NEW TORONTO DC

USA

CONTINUING TO BUILD RETAIL FOOTPRINT



LOS CERRITOS, CA



VICTORIA GARDENS, CA

USA MARKETING FOCUS ON NEW YORK AND LOS ANGELES

MADE STRONG EVENT, NEWYORK



LOS ANGELES



MADE STRONG EVENT, NEWYORK



NEWYORK



14XX
LAUNCH
TO IGNITE
BOOTS
INNOVATION



14XX – DRIVING POSITIVE BRAND PR

HIGHNOBIETY

October 11, 2023

DR. MARTENS' 14XX IS A NEW (BUT OLD) ERA FOR THE BRAND



HYPEBEAST

Dr. Martens Launches Ultra-Modern 14XX Range

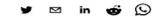
Giving the 1460, 1461, and 2976 boots experimental upgrades



032c

Always Old, Always New: Dr. Martens Launches 14XX and Made Strong

November 3, 2023 | Phillip Pyle



The heel-loops, yellow stitching, and slightly translucent, grooved soles of Dr. Martens are design hallmarks that, even when thought of in isolation, instantly recall the British brand. While the brand's origins can be traced back to Dr. Klaus Martens, a German medical doctor and soldier who first created the air-conditioned sole in 1945 to alleviate the pain of recovering from a broken foot, its British history began in 1959 when R. Griggs Group purchased rights to produce the soles. The first pair of boots, a cherry-red 1460 bedecked with shiny smooth leather and perforated with eight eyelets, were released in the UK in 1960, and one year later, the 1461, a three-eyelet derby shoe, came off those same assembly lines. Originally making workwear shoes for the working class, Dr. Martens combined technical innovation and durability with sleek silhouettes. Transgressing lines between utility and style, their introduction into youth culture was inevitable. As the 90s

VOGUE

INTERVIEW

Not just shoes, but "a means for free self-expression". Darren McKoy talks about Dr. Martens

The brand that has united multiple generations returns with the Dr. Martens

SOURCING JOURNAL

October 16, 2023

Heritage Meets Future in Dr. Martens' Workwear-Inspired 14XX Incubator



FN

October 12, 2023

Dr. Martens Launches Progressive 14XX Collection at Made Strong Pop-Up in New York



THE FACE

Dr. Martens' Darren McKoy on pride, power and community



Appointed creative director of the storied footwear brand earlier this month, McKoy has long followed the Dr. Martens ethos. Here's how he's going to push the brand into the future.

TRENDSHUNTER

October 12, 2023

Dr. Martens' 14XX Blends New and Retro Brand Themes



USA – INCREASING PACE OF WHOLESALE ELEVATION



NORDSTROM GLASS BOX, THE GROVE, LOS ANGELES

CONTROLLING THE BRAND AT RETAIL



OXFORD ST



FLORENCE

MADE STRONG ACROSS THE REGIONS



PARIS



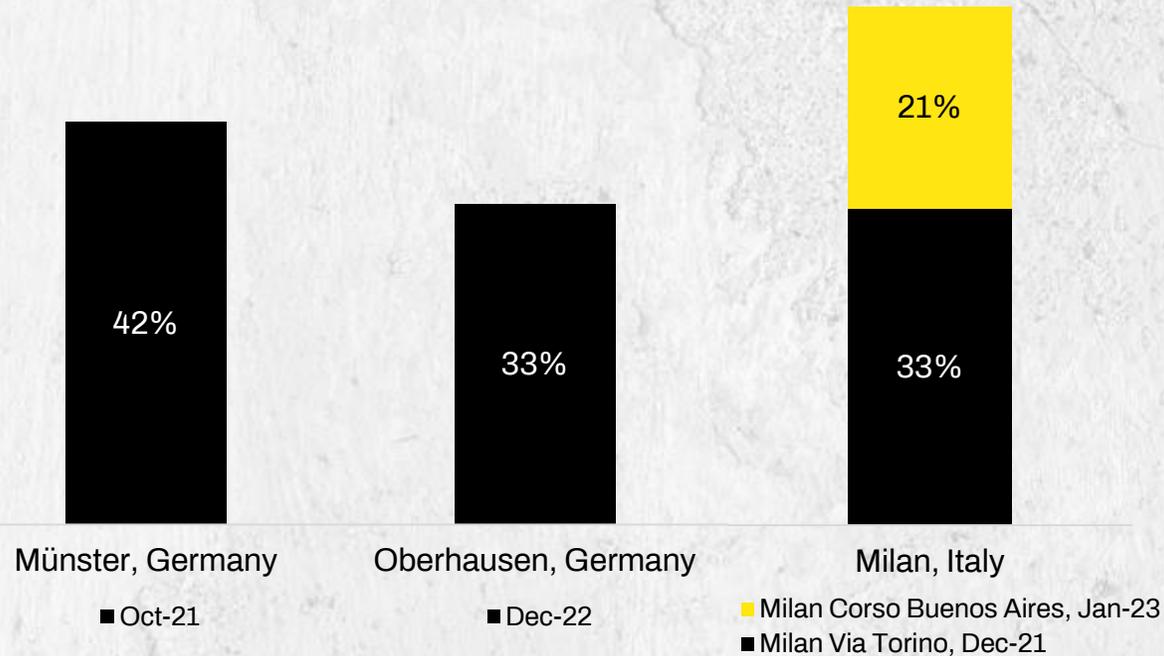
MILAN



LONDON

STORES DRIVE ECOMMERCE SESSIONS

Increase in Ecommerce sessions since store opening



JAPAN DTC

AN ENGINE OF GROWTH



TSUKUBA



YOKOHAMA

JAPAN

MADE STRONG ACTIVATION



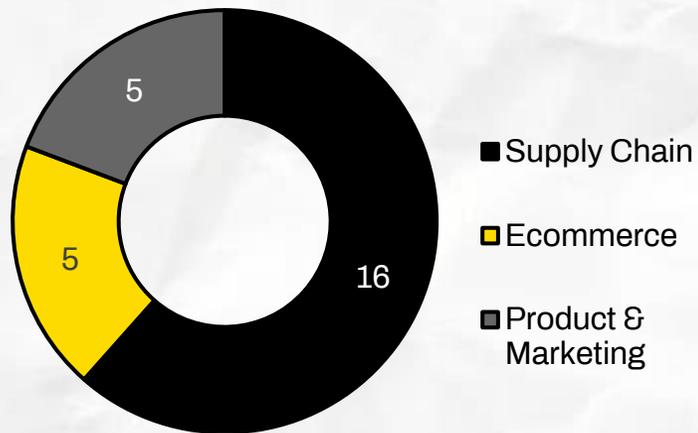
TOKYO MADE STRONG EVENT



TOKYO MARKETING

INVESTING TO DRIVE FUTURE GROWTH

FY24 INVESTMENT OUTLINED AT THE FY23 RESULTS



AREA OF INVESTMENT	PROGRESS TO DATE
NEW JERSEY DC EXPANSION	• COMPLETE, TOGETHER WITH LA AUTOMATION AND CANADA DC RELOCATION
SUPPLY AND DEMAND PLANNING SYSTEM	• PROJECT UNDERWAY
STRENGTHENING SUPPLY CHAIN TEAM	• ONGOING
ORDER MANAGEMENT SYSTEM	• IN PROGRESS. LIVE IN EMEA; AMERICAS STILL TO COME
CUSTOMER DATA PLATFORM	• PROJECT UNDERWAY
WEB DEVELOPMENT	• ONGOING
PLM SYSTEM	• PROJECT UNDERWAY
INVESTMENT IN PRODUCT AND MARKETING FUNCTIONS	• ONGOING; c.30% HEADCOUNT GROWTH, CHIEF BRAND OFFICER JOINS FEB 2024

OUR SUPPLY CHAIN STRATEGY

% = Supply chain costs under Dr. Martens direct control

- FULLY OUTSOURCED PROCUREMENT MODEL
- COST MANAGED AT FINISHED PRODUCT LEVEL
- LIMITED DETAILED COST VISIBILITY

c.70%

- DR. MARTENS PROCURES ALL LEATHER, GRANULATES & PACKAGING
- DR. MARTENS MANAGES DETAILED COSTING EACH SEASON
- GLOBAL MANAGEMENT OF INBOUND FREIGHT

c.90%

- DR. MARTENS MANDATES & PROCURES >90% MATERIALS
- TIER 1 & TIER 2 OPEN BOOK COSTING
- GLOBAL MANAGEMENT OF OUTBOUND FREIGHT

c.10%

FIVE YEARS AGO

TODAY

MEDIUM-TERM

CONSUMER CONNECTION THROUGH SUSTAINABILITY

- **Repair**
UK Authorised Repair
live October 2023
- **ReWair**
On track for go-live
during 2024
- **Genix Nappa**
Product launch SS24

THE BRC  **DR. MARTENS**

CONCLUSION

Continued good performance in EMEA and APAC

USA backdrop has deteriorated; focused on reigniting the boots market

Iconic brand with significant growth opportunity ahead

Q&A



APPENDIX

- IR contact details
- Guidance
- Capital Allocation
- FX rates
- Quarterly revenue
- Balance Sheet
- Cautionary statement



INVESTOR RELATIONS CONTACT DETAILS

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BETHANY BARNES
Director of Investor Relations

Bethany.Barnes@drmartens.com
Mobile: +44 7825 187465

☰ ○ ○ ×

BETH CALLUM
Senior Investor Relations Analyst

Beth.Callum@drmartens.com
Phone: +44 20 3995 2644



FY24 TECHNICAL GUIDANCE

- Net new own store openings of around 35
- Depreciation & amortisation around £70m
- Net finance costs of c.£30m
- Blended tax rate of c.26%
- Capital expenditure of around £50m
- Operating cash conversion around 80% of EBITDA

CAPITAL ALLOCATION FRAMEWORK

INVESTMENT

To support scale and underpin growth

DIVIDEND

Proposed an interim dividend of 1.56p, held flat against H1 FY23

EXCESS CASH

£50m share buyback programme progressing well

FX TRANSLATION RATES

	£/\$			£/€			£/¥		
	FY24	FY23	% change	FY24	FY23	% change	FY24	FY23	% change
H1	1.26	1.22	3%	1.16	1.17	-1%	178	163	9%
H2		1.19			1.14			163	
FY		1.21			1.16			163	

QUARTERLY REVENUE BY CHANNEL & REGION

YoY Change	Q124		Q224		H124	
	Actual	CC	Actual	CC	Actual	CC
Total Revenue	-11%	-11%	-2%	1%	-5%	-3%
Revenue by channel						
Ecommerce	7%	7%	-	4%	3%	5%
Retail	27%	27%	6%	10%	15%	17%
DTC	17%	17%	3%	7%	9%	11%
Wholesale ¹	-41%	-41%	-5%	-2%	-17%	-15%
Revenue by region						
EMEA	-1%	-3%	14%	13%	9%	8%
America	-26%	-27%	-12%	-6%	-18%	-15%
APAC	12%	16%	-22%	-14%	-10%	-3%

1. Includes distributors

BALANCE SHEET

	30 September 2023	31 March 2023	30 September 2022
Freeholds	7.4	7.4	6.8
Right-of-use assets	195.0	144.1	133.9
Other fixed assets	81.8	78.8	65.3
Working capital ²	301.5	216.3	188.9
Other ¹	13.2	5.2	13.6
Operating net assets	598.9	451.8	408.5
Goodwill	240.7	240.7	240.7
Cash	45.7	157.5	133.0
Bank Debt ³	(317.5)	(296.8)	(297.0)
Unamortised bank fees	2.9	3.4	4.1
Lease Liabilities	(207.1)	(152.4)	(142.8)
Net Assets	363.6	404.2	346.5

1. Other includes investments, deferred tax assets, income tax assets, and provisions.

2. Include bank interest of £8.0m (Sep22: £3.3m, Mar23: £6.0m).

3. Includes drawdown of RCF of £25.0m

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 Financial Conduct Authority), the Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. The reader should, however, consult any additional disclosures that the Group may make in any documents which it publishes and/or files with the LSE. All readers, wherever located, should take note of these disclosures. Accordingly, no assurance can be given that any particular expectation will be met and investors are cautioned not to place undue reliance on the forward-looking statements.

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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