

# FULL YEAR RESULTS FY21

17<sup>TH</sup> JUNE 2021







# AGENDA

Introduction – Kenny Wilson, CEO

Financials – Jon Mortimore, CFO

Review of the year – Kenny Wilson, CEO



# BRAND CUSTODIAN MINDSET DELIVERING STRONG RESULTS



- 1 Resilience through Covid-19 – focused on cash, invested in our brand and kept people safe
- 2 Delivering strong results; FY21 revenue +15%, EBITDA +22%
- 3 DOCS strategic framework unchanged
- 4 Launching sustainability targets
- 5 Confidence in the year ahead and beyond; guidance reiterated



# CUSTODIAN

*noun*

## Definition:

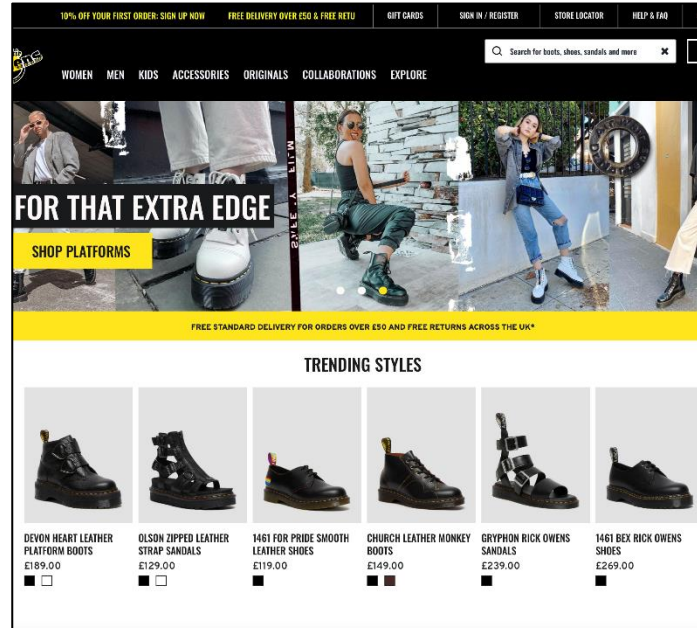
A person who is responsible for protecting or taking care of something or keeping it in great condition.



# INTRODUCTION TO DR. MARTENS



Iconic brand and iconic product  
Broad appeal  
Consumers love their Docs



Direct to consumer led model,  
driven by ecommerce and  
supported by stores as  
profitable brand beacons



Track record of sustainable  
and profitable growth  
Significant headroom for  
global growth



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# FINANCIAL OVERVIEW: YEAR ENDED 31 MARCH 2021



1

Delivered FY21 IPO guidance

2

Margin expansion due to accelerated supply chain efficiencies

3

Balanced geographical growth and very good ecommerce performance

4

Strong cash flow generation

5

Forward guidance unchanged

# GROUP PERFORMANCE SUMMARY



(£M)	FY21	FY20	% change	
			Actual	Constant currency
Pairs (m)	12.7	11.1	14%	14%
<b>Revenue</b>	<b>773.0</b>	<b>672.2</b>	<b>15%</b>	<b>16%</b>
Gross Margin	470.5	401.5	17%	18%
OPEX	(243.4)	(217.0)	(12%)	(13%)
- PLC costs	(2.9)	-	-	-
<b>EBITDA<sup>1</sup></b>	<b>224.2</b>	<b>184.5</b>	<b>22%</b>	<b>22%</b>
Gross Margin %	60.9%	59.7%	+1.2 pts	
EBITDA Margin %	29.0%	27.4%	+1.6 pts	
<b>Adjusted PBT<sup>1</sup></b>	<b>151.4</b>	<b>113.0</b>	<b>34%</b>	

- Continued volume-led growth
- Margin expansion largely via accelerated supply chain efficiencies

<sup>1</sup> Before exceptionals of £80.5m related to IPO



# REVENUE PERFORMANCE BY CHANNEL

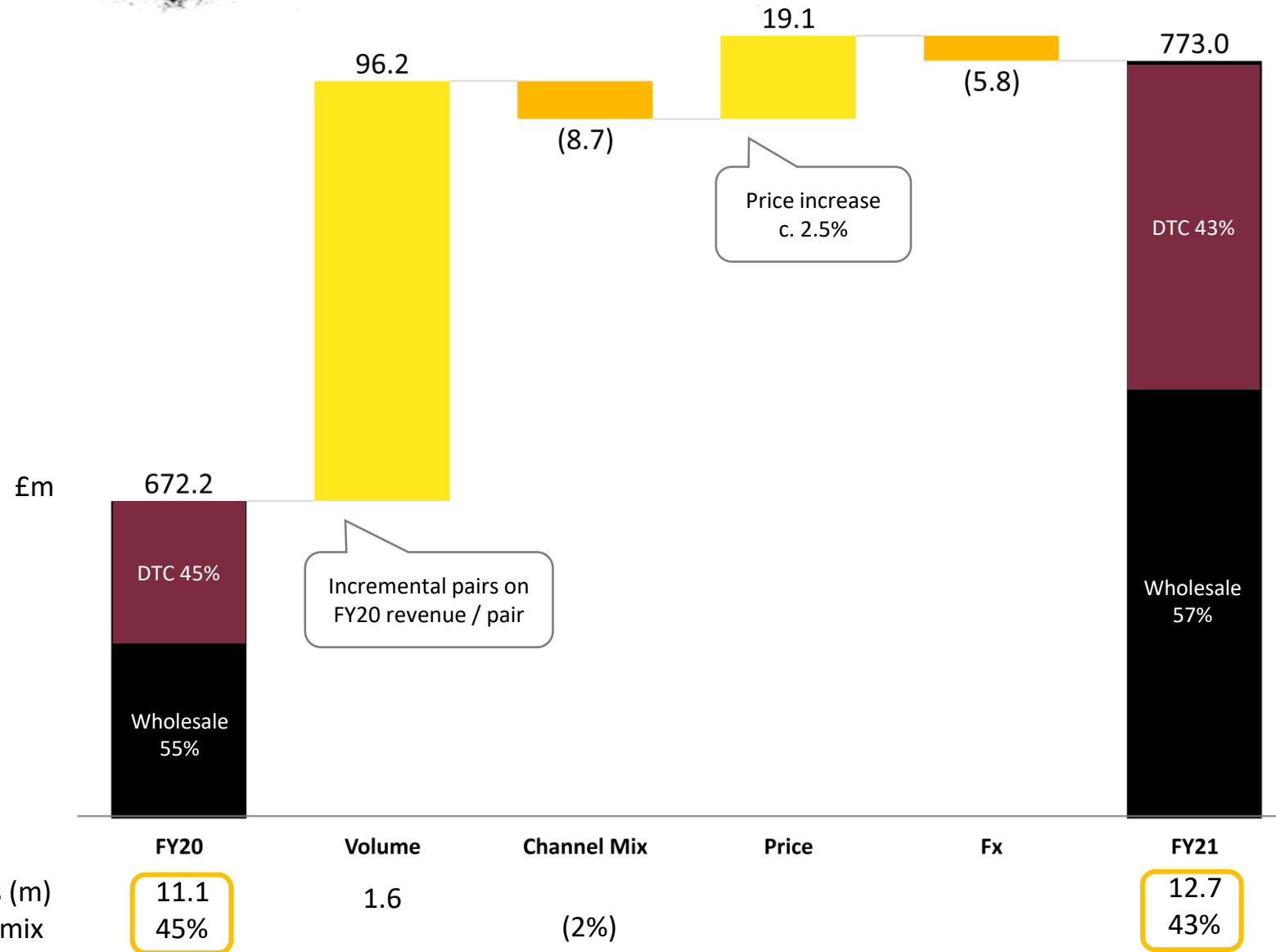


(£M)	FY21	FY20	% change
Ecommerce	235.4	136.4	73%
Retail	99.7	165.2	(40%)
<b>DTC</b>	<b>335.1</b>	<b>301.6</b>	<b>11%</b>
Wholesale*	437.9	370.6	18%
<b>Total</b>	<b>773.0</b>	<b>672.2</b>	<b>15%</b>
<i>DTC mix</i>	<i>43%</i>	<i>45%</i>	<i>(2 pts)</i>
<i>Ecommerce mix</i>	<i>30%</i>	<i>20%</i>	<i>+10 pts</i>
<i>Own stores</i>	<i>135</i>	<i>122</i>	<i>+13</i>
<i>Wholesale accounts*</i>	<i>1,827</i>	<i>1,910</i>	<i>(83)</i>

- Very strong ecommerce
- Retail decline due to Covid-19 restrictions
- Quality wholesale growth and continued to focus on brand enhancing and larger accounts

\* Including distributors

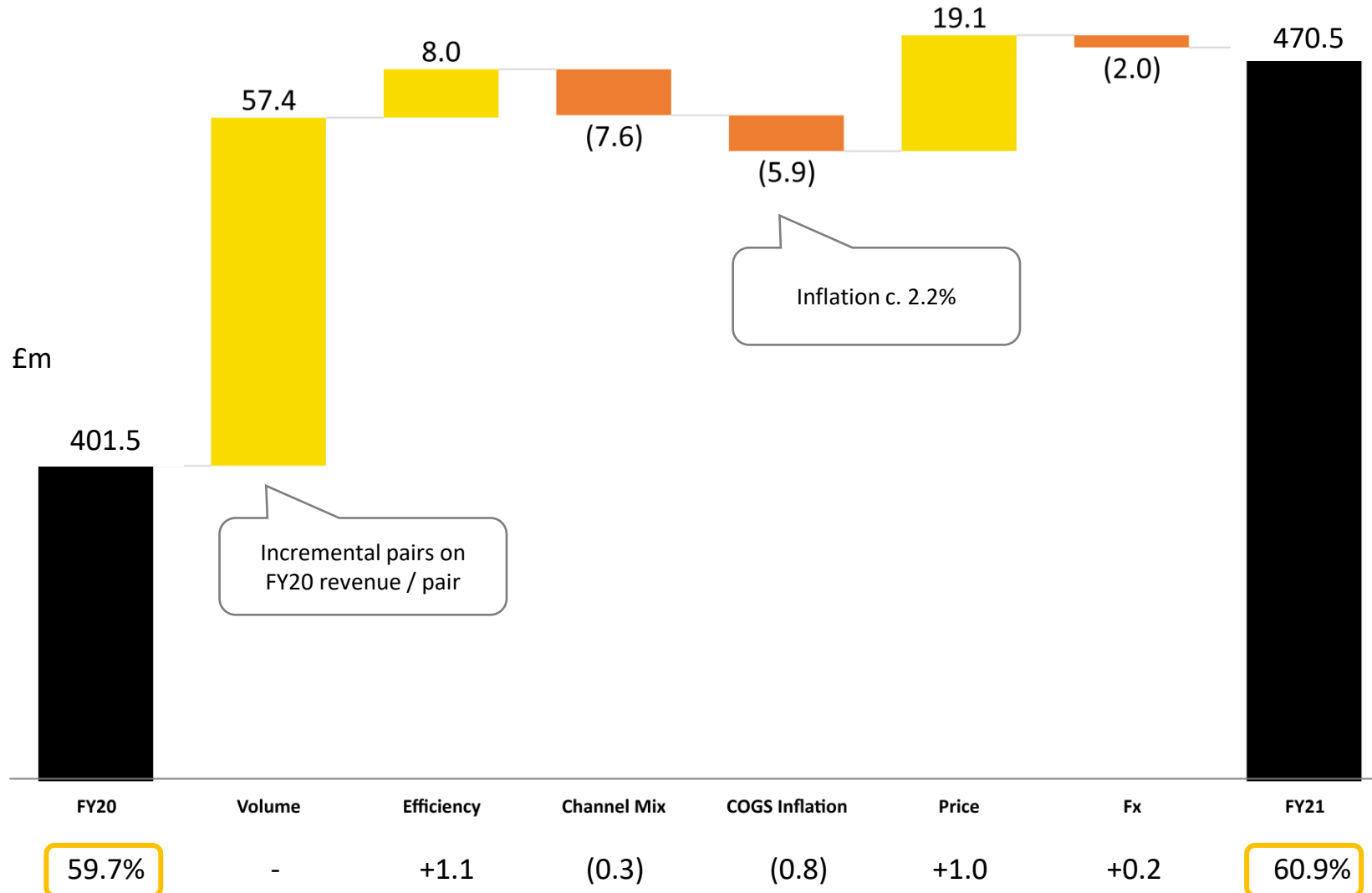
# REVENUE BRIDGE



- Volume represents 95% of revenue growth



# GROSS MARGIN BRIDGE



- Gross margin up 1.2%pts
  - Mainly supply chain efficiencies
  - Price funds COGS inflation

# SUPPLY CHAIN EFFICIENCIES



	FY21	FY20
Gross savings (£m)	40	17
% Revenue	5.2%	2.6%

- Supply chain efficiency target achieved a lot earlier than anticipated: mainly due to cross cost comparison between factories, and duty optimisation from country of origin
- Raw material cost headwinds from SS22 and increasing freight/container costs broadly funded by incremental future savings



# EMEA PERFORMANCE



(£M)	FY21	FY20	% change
Revenue	335.6	287.9	17%
<b>EBITDA</b>	<b>115.3</b>	<b>92.4</b>	<b>25%</b>
<i>EBITDA Margin</i>	34.4%	32.1%	+2.3 pts
<i>Own stores</i>	68	62	+6

- Very strong ecommerce, with retail negative
- Opened 9 stores and closed 3
- Wholesale\* accounts increase, by 82 accounts to 1,044, due to Nordics conversion
- First full year of direct operations in Germany

\* Including distributors

# GERMANY CASE STUDY



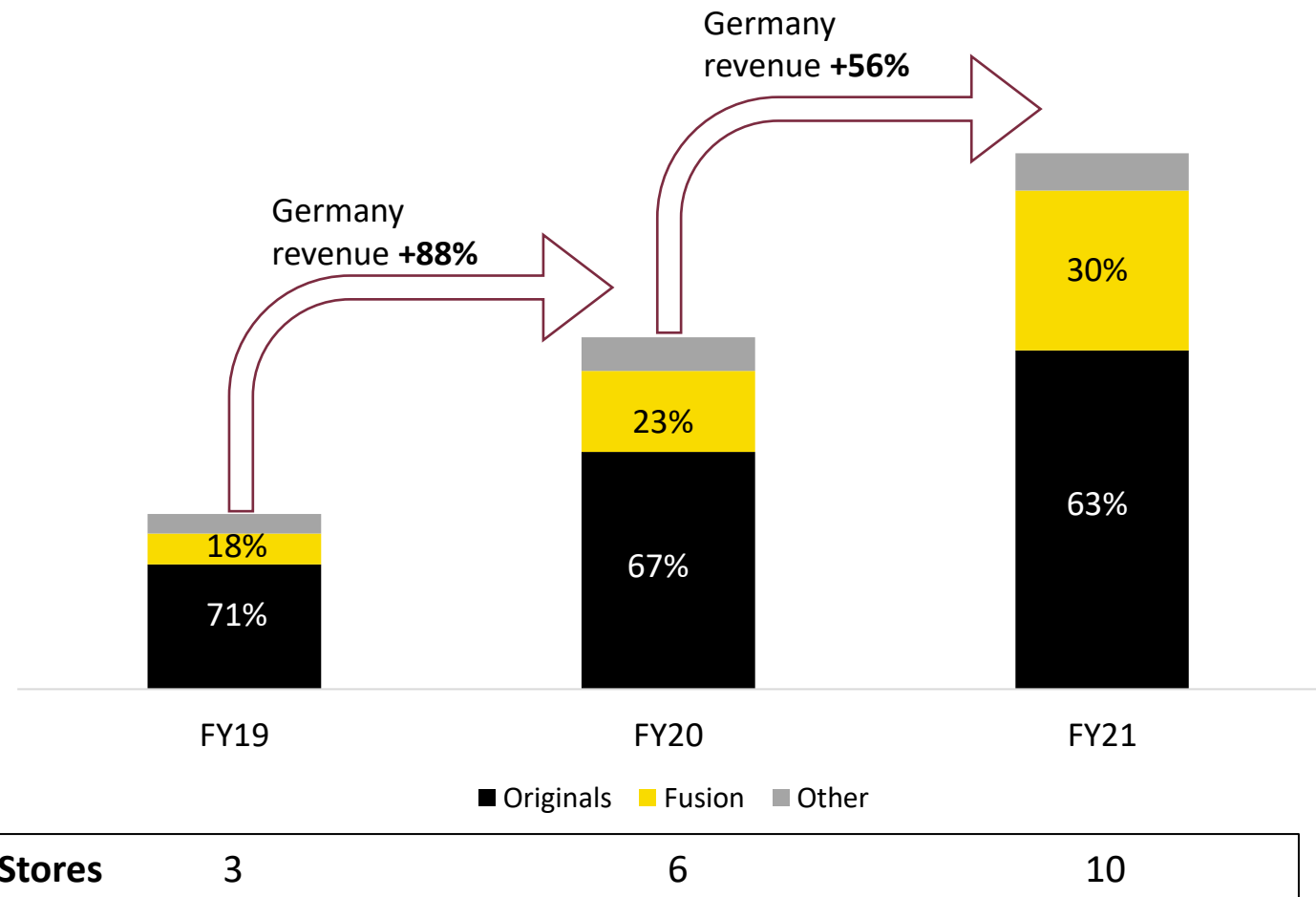
## RATIONALE

- Directly control the brand
- Implement DOCS strategy
- Broaden assortment and range
- Own in-market margin

## PERFORMANCE

- Year of conversion: FY20 (from AW19)
- Closed c.200 accounts out of c.500 in first year
  - Since added c.50 Amp accounts
- Fusion increased to 30% mix
- Opened 10 stores
- Germany now second-largest market in EMEA

## Revenue by product category





# AMERICAS PERFORMANCE



(£M)	FY21	FY20	% change
Revenue	295.8	252.2	17%
<b>EBITDA</b>	<b>91.9</b>	<b>75.4</b>	<b>22%</b>
<i>EBITDA Margin</i>	<i>31.1%</i>	<i>29.9%</i>	<i>+1.2 pts</i>
<i>Own stores</i>	<i>34</i>	<i>29</i>	<i>+5</i>

- USA least impacted by Covid-19 restrictions
- Very strong ecommerce, with retail negative
- Opened 6 stores and closed 1
- Focus on larger and Amp wholesale accounts; closed 158 accounts to take total wholesale\* accounts to 694

\* Including distributors

# APAC PERFORMANCE



(£M)	FY21	FY20	% change
Revenue	141.6	132.1	7%
<b>EBITDA</b>	<b>39.7</b>	<b>35.5</b>	<b>12%</b>
<i>EBITDA Margin</i>	<i>28.0%</i>	<i>26.9%</i>	<i>+1.1 pts</i>
<i>Own stores</i>	<i>33</i>	<i>31</i>	<i>+2</i>
<i>Own concessions</i>	<i>49</i>	<i>52</i>	<i>(3)</i>
<i>Franchise stores:</i>			
- China	85	50	+35
- Japan	32	33	(1)
- Other	61	56	+5

- Largest market is Japan; this was most impacted by Covid-19 restrictions
  - Mainly retail: own stores and franchise stores
- Second-largest market is China: revenue growth of 46%
  - Opened net 35 franchise stores to 85
  - Continue to build infrastructure to support long-term ambitions



# EARNINGS



(£M)	FY21	FY20	% change
<b>EBITDA<sup>3</sup></b>	<b>224.2</b>	<b>184.5</b>	<b>22%</b>
Depreciation & amortisation <sup>1</sup>	(35.0)	(29.5)	(19%)
FX gains/ (losses)	3.8	(0.5)	N/A
<b>Operating profit<sup>3</sup></b>	<b>193.0</b>	<b>154.5</b>	<b>25%</b>
Finance expense – Prefs	(28.5)	(31.5)	10%
– Other <sup>2</sup>	(13.1)	(10.0)	(31%)
<b>Profit before tax<sup>3</sup></b>	<b>151.4</b>	<b>113.0</b>	<b>34%</b>
Exceptional Items	(80.5)	(12.0)	N/A
Tax expense	(35.2)	(26.2)	N/A
<b>Profit after tax</b>	<b>35.7</b>	<b>74.8</b>	<b>(52%)</b>
Diluted EPS - Basic (p)	3.6	7.5	(52%)
- Adjusted <sup>3</sup> (p)	11.6	8.6	35%
- Normalised <sup>4</sup> Adj. <sup>3</sup> (p)	14.5	11.8	23%

- PBT grew 34%
- Exceptionals all IPO related
  - Cash cost of £27m, compared to guidance of £30m-£35m
- Tax expense 49.6%, mainly non-deductability of preference shares and exceptionals
  - Underlying tax 2%pts higher than UK rate

<sup>1</sup> Including depreciation of ROU assets

<sup>2</sup> Including interest on bank debt, amortisation of loan issue costs and interest on leases

<sup>3</sup> Excluding exceptionals

<sup>4</sup> Excluding legacy funding costs of preference shares

# OPERATING CASH FLOW AND CAPEX

(£M)	FY21	FY20
EBITDA <sup>1</sup>	224.2	184.5
Change in working capital	28.5	(20.6)
Capex	(18.6)	(21.9)
<b>Operating cash flow<sup>1</sup></b>	<b>234.1</b>	<b>142.0</b>
<i>% conversion</i>	<i>104%</i>	<i>77%</i>

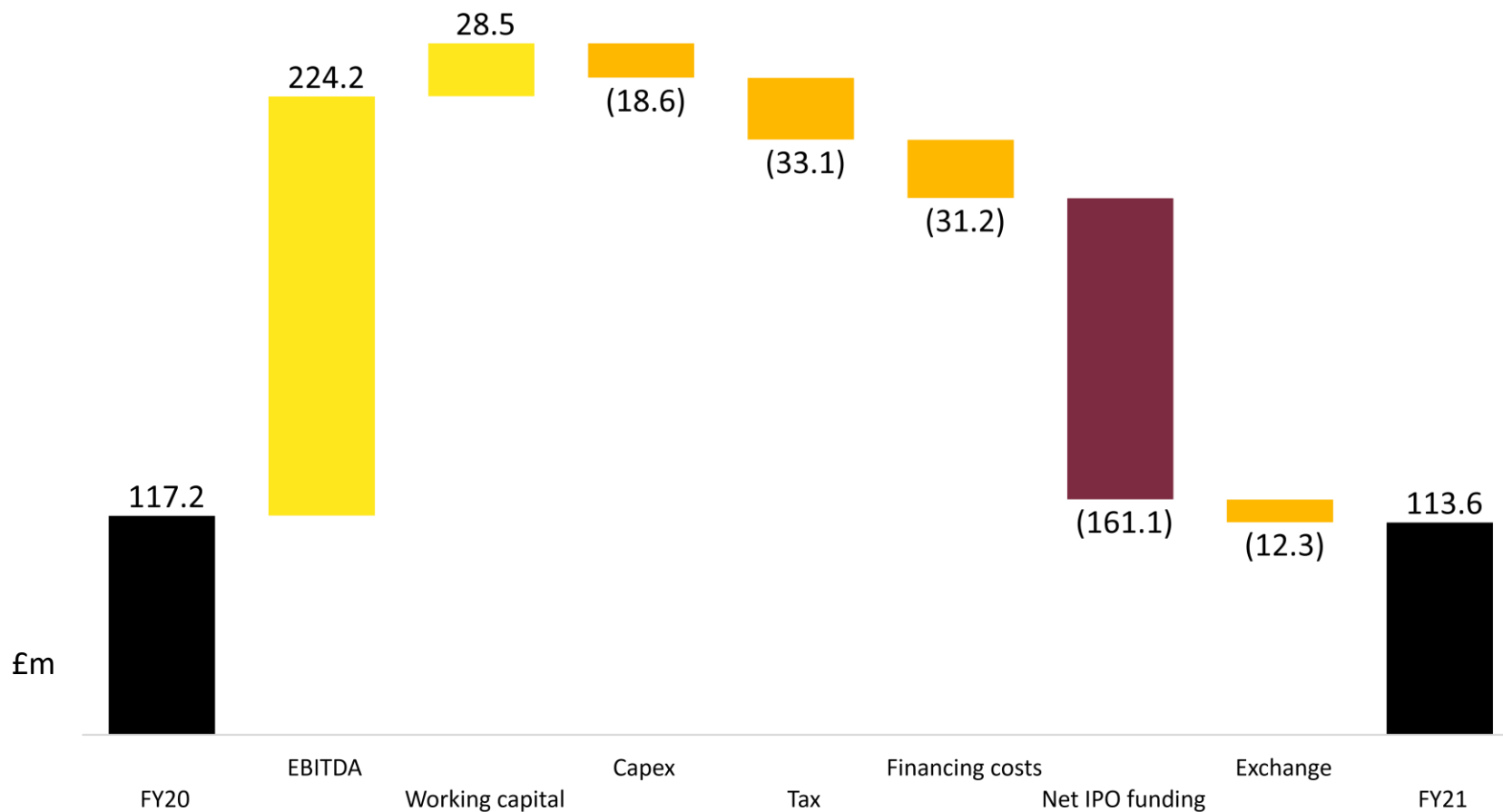
Capex breakdown (£M)	FY21	FY20
Stores	7.7	6.8
IT	7.9	9.2
Other	3.0	5.9
<b>Total Capex</b>	<b>18.6</b>	<b>21.9</b>
<i>% revenue</i>	<i>2.4%</i>	<i>3.3%</i>

- Very good cash conversion
  - Timing of inventory purchases and payment normalisation post Covid-19
  - Focus on trade debtor collection
- Capex low due to project deferrals
  - Will return to 3.0% to 3.5% of revenue

<sup>1</sup> Excluding exceptionals



# CASH FLOW BRIDGE



- In line with guidance

## IPO funds flow

	£m
New financing	300
Repay – bank debt	(93)
– preference shares	(341)
Exceptionals	(27)
<u>Own resources</u>	<u>161</u>

- Net gearing<sup>1</sup> 1.2x
- New debt £300m (€ denominated), with £200m working capital facility
  - Five year bullet, net gearing covenant
  - Interest cost 2.75%<sup>2</sup>

<sup>1</sup> Including IFRS16 leases

<sup>2</sup> Variable on EUROBOR plus amortisation of fees of £1.2m p.a.

## H1 FY22

- Increase in operating costs including c.£5m of discretionary spend which was deferred through FY21
- Annualisation of Plc and LTIP costs, c.£5m cost headwind in H1
- Cash outflow of c.£100m due to normal seasonal timing of inventory flow
- Current trading in line with our expectations

## FY22

- High-teens revenue growth
- 20 to 25 new own stores
- First dividend for H1 FY22 paid in January 2022, with one-third/two-third split. Target a progressive dividend, with payout ratio of 25% to 35%

*Other technical guidance in appendix*

## MEDIUM-TERM

- Mid-teens revenue growth
- Targeting a 40% ecommerce mix (of Group revenue), and 60% DTC mix (of Group revenue)
- Journey to a 30% EBITDA margin



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OUR ESSENCE

# Rebellious Self-Expression

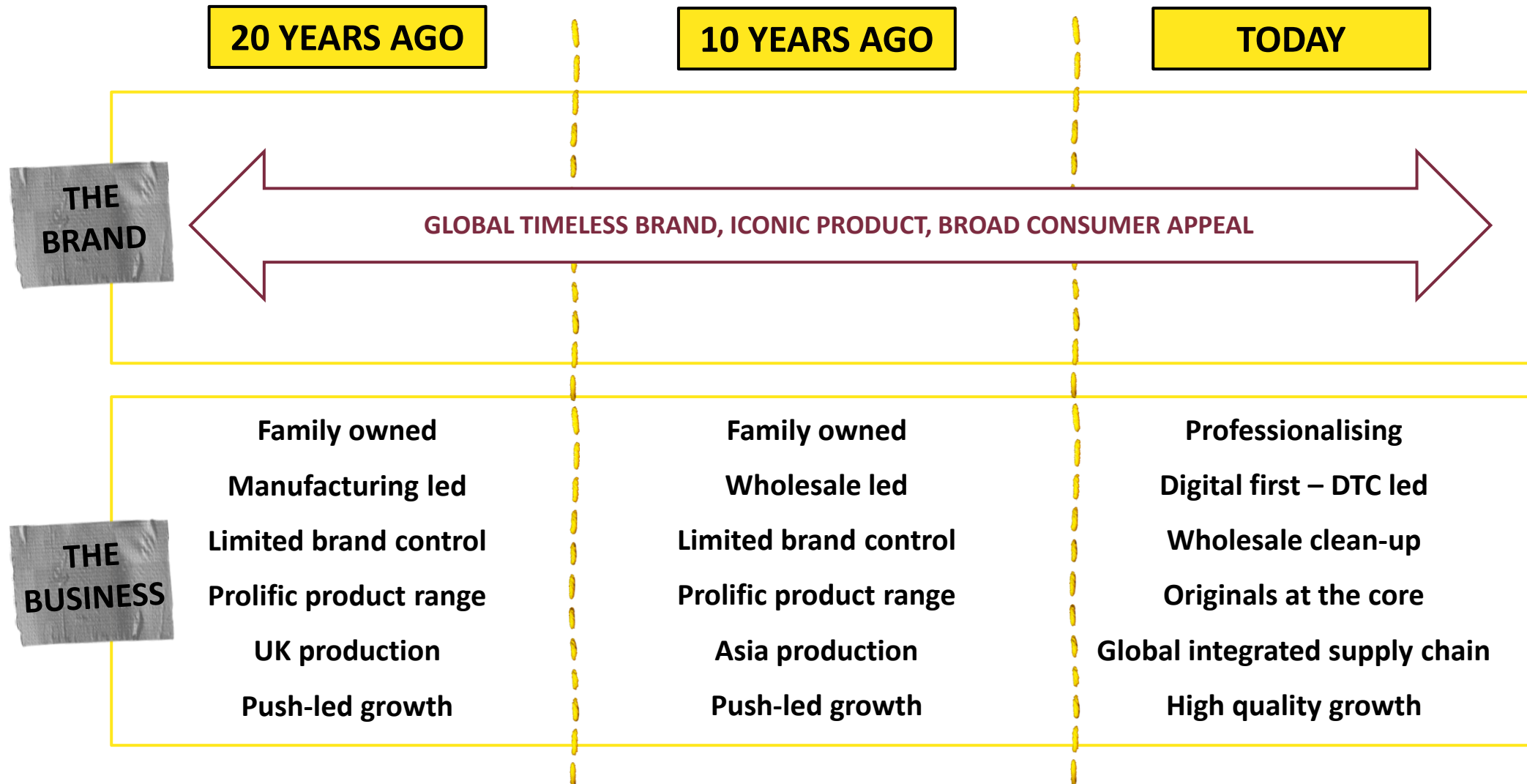
- + Meaning we do things in our own unique, disruptive way and unite with those who want to do the same.



# WE'RE ON A JOURNEY



Building a great business around a great brand



# PRODUCT STRATEGY: ORIGINALS AT THE EPICENTRE



**SANDALS<sup>1</sup>** 6%

Expanding our offering with a sandal collection that stays true to our design essence



**ORIGINALS** 57%



The core of the product strategy, informing the aesthetics of all other categories

1460 43%




**COLLABORATIONS<sup>2</sup>** 1%

Curated projects to connect with informed consumers

**FUSION** 30%

Amp up or down products anchored in core brand DNA



**KIDS** 5%

Mini-me's for rebels of the future



**THE ORIGINAL ICONS**

1490 BOTTE À 10 CILLETES

La 1490 a d'abord été adoptée par de nombreuses sous-cultures comme les punks et les goths des années 70. Ce modèle a depuis été porté par une multitude de jeunes rebelles.

1460 BOTTE À 8 CILLETES

La 1460 tient son nom de sa date de création - la première paire sortit des ateliers de production de l'usine de Dr. Martens à Wollaton le 14 août 1960. Si le boot emblématique fait ses débuts dans l'univers du travailleur, il deviendra rapidement le symbole de divers mouvements tribus et de contre-cultures à travers le monde entier.

2976 CHELSEA BOOT

Dr. Martens commence à produire la 2976 au début des années 70. L'origine de la Chelsea boot remonte pourtant à l'époque victorienne. Son look utilitaire et son aspect pratique en font un modèle classique intemporel.

3988 BROGUE

La brogue 3988 a été lancée au milieu des années 60. Elle représente un franc succès auprès des sous-cultures les plus branchées, toutes fasciées par Dr. Martens et ses origines ouvrières ainsi que par les aspects fonctionnels du produit.

1461 CHAUSSURE À 3 CILLETES

La chaussure 1461 est née peu après le modèle 1460. Initialement conçue comme une chaussure de travail, elle a ensuite séduit les étudiants, mannequins et musiciens des années 70 et 80. Aujourd'hui la 1461 est un produit incontournable de tout vestiaire d'homme ou de femme. Certains ont même l'habitude d'acquiescer à un moyen d'expression personnel.



**CASUAL** 5%

Alternative expression through a casual contemporary lens



**ACCESSORIES** 3%

Authentic extensions of the brand

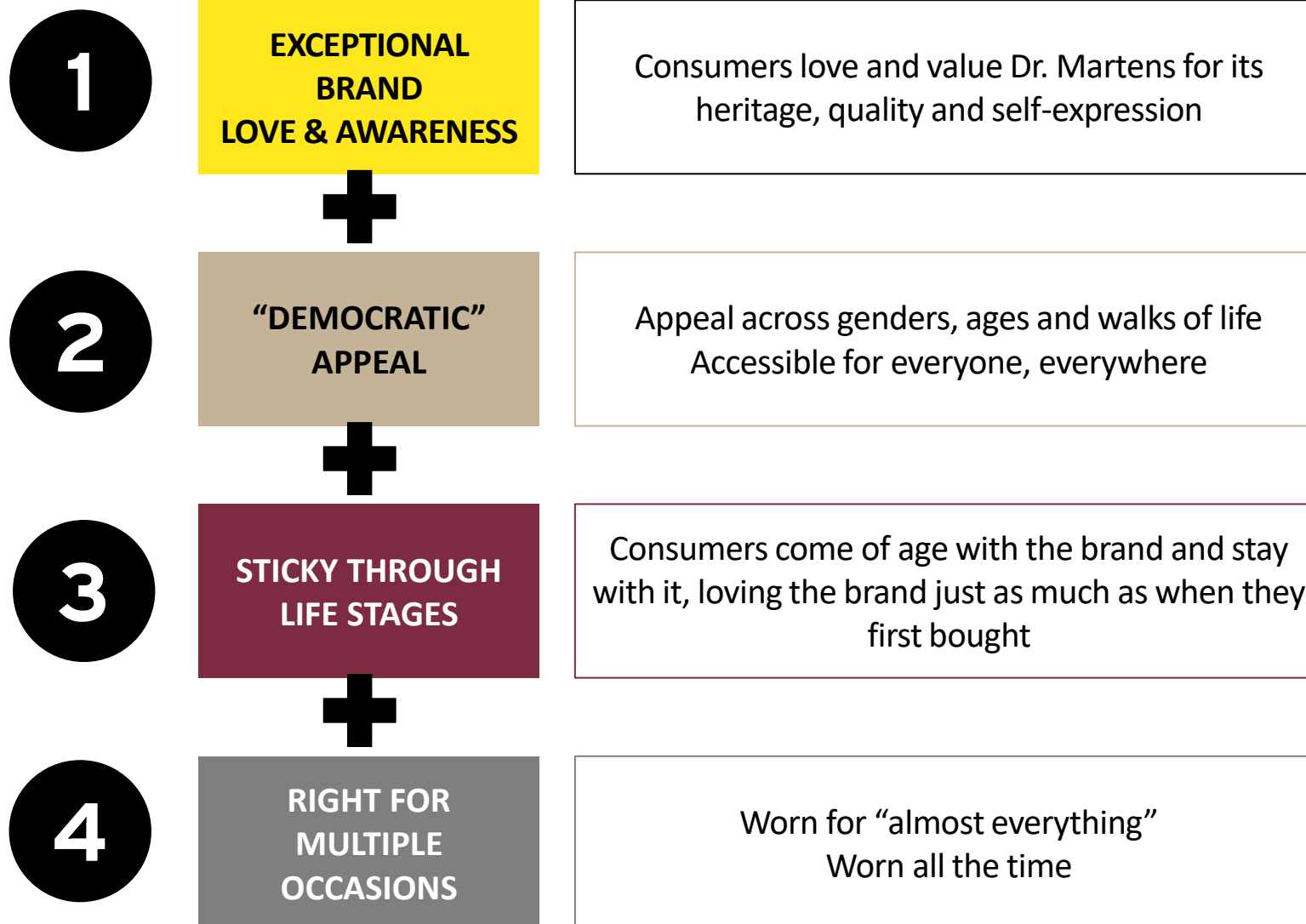


<sup>1</sup> Sandals are included within Fusion revenue

<sup>2</sup> Collaborations are included within Originals and Fusion revenue



# OUR 'BRAND LOVE' FORMULA



**#1 NPS**  
**Across 7 core markets**

**49%**  
**Female<sup>1</sup>**

**>60%**  
**Repeat Purchasers<sup>1</sup>**

**36%**  
**Wear With Almost Everything<sup>1</sup>**

<sup>1</sup> UK figures as example

# OUR DOCS STRATEGY



## GOALS

**OUR PURPOSE IS TO EMPOWER REBELLIOUS SELF-EXPRESSION**  
**OUR RESPONSIBILITY IS TO ACT AS BRAND CUSTODIANS, ALWAYS FOCUSING ON LONG-TERM VALUE**  
**THIS IS WHERE DR. MARTENS IS HEADING. THIS IS WHAT WE'RE WORKING TOWARDS TOGETHER**

# D

## DTC ACCELERATION

**WHAT**  
CONTROL OUR  
OWN DESTINY

- FOCUS AREAS**
- Fuel ecommerce growth
  - Drive retail growth
  - Elevate the brand across all touchpoints

# O

## OPERATIONAL EXCELLENCE

UNLOCK VALUE &  
ENABLE GROWTH

- Build a best-in-class integrated supply chain
- Transform IT into a key business enabler

# C

## CONSUMER CONNECTION

BUILD  
MEANINGFUL  
RELATIONSHIPS  
WITH CONSUMERS

- Create deeper connections with more consumers
- Continue to sharpen our product strategy
- Accelerate our sustainability journey

# S

## SUSTAINABLE GLOBAL GROWTH

GROW OUR  
BUSINESS IN THE  
RIGHT WAY

- Prioritise resource towards key global markets
- Establish strong foundations in China
- Grow quality wholesale



# DTC ACCELERATION: CONTROLLING OUR OWN DESTINY



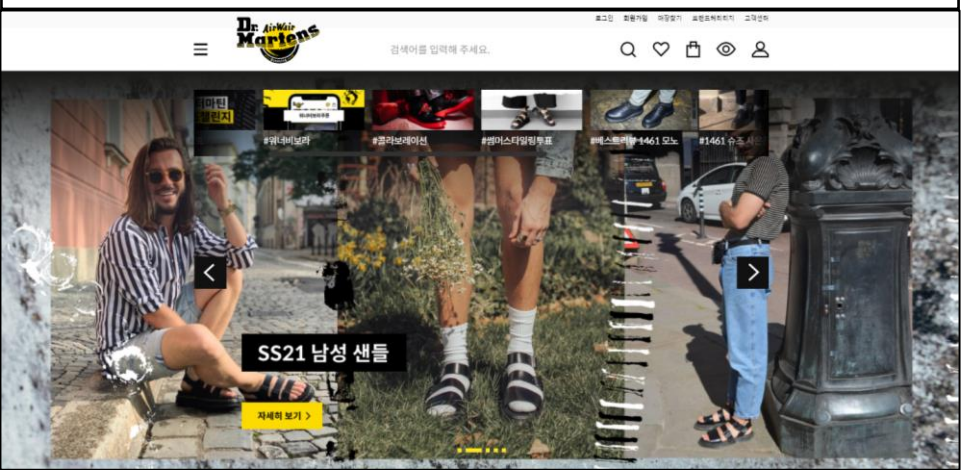
## ECOMMERCE: REVENUE UP 73%

### FY21 PERFORMANCE

- 13 directly-controlled .com local country sites
- Strong performance of regional trading teams
- DC picking optimised for ecommerce

### FY22 FOCUS

- Continue to drive localisation and personalisation



South Korea .com website

## RETAIL: REVENUE DOWN 40%

### FY21 PERFORMANCE

- Retail impacted by Covid-19
- 18 new store openings
- Stores continue to support ecommerce

### FY22 FOCUS

- Healthy pipeline of new store openings, with 20-25 planned for FY22



New store in Rome



## WHOLESALE: PARTNER RELATIONSHIPS

### FY21 PERFORMANCE

- Continued rationalisation and elevation of wholesale base
- Wholesale revenue per account up 15%

### FY22 FOCUS

- Further shop-in-shop and branded area roll-outs



Citadium shop in shop, Paris

## DISTRIBUTORS: SUCCESSFUL CONVERSIONS

### FY21 PERFORMANCE

- First full year of Germany post conversion and successful conversion of Nordics
- Laid foundations for Italy and Spain conversion

### FY22 FOCUS

- Delivery of DOCS strategy in Italy and Spain



Barcelona showroom

# O OPERATIONAL EXCELLENCE: 12.7M PAIRS, UP 14%



## SUPPLY CHAIN: STRONG AVAILABILITY

### FY21 PERFORMANCE

- Benefits from move to multi-country sourcing and country diversification
- New third-party DC in New Jersey opened
- Efficiencies achieved ahead of plan

### FY22 FOCUS

- Building capacity and capability to enable growth
- New third-party DC in LA opened

## IT: A KEY ENABLER OF GROWTH

### FY21 PERFORMANCE

- Rapidly deployed technology enabling home working
- Continued investment in cyber security

### FY22 FOCUS

- Roll out of Microsoft dynamics for APAC



Third-party DC in New Jersey, USA





# CAMPAIGNS: CONNECTING WITH CONSUMERS OLD & NEW



## TOUGH AS YOU

Dr. Martens have always united with disruptive people who want to do things their own way. This initiative is a powerful articulation of rebellious self-expression

1

### DEMOCRATIC BRAND

Diverse and inclusive authentic Dr. Martens wearers to inspire others

2

### TRUE TO OUR HERITAGE

Key movements reinterpreted to inspire new tribes

3

### ROOTED IN ICONS

Featuring the big three 1460, 1461 and 2976

4

### ONE GLOBAL BRAND

Globally consistent, locally relevant





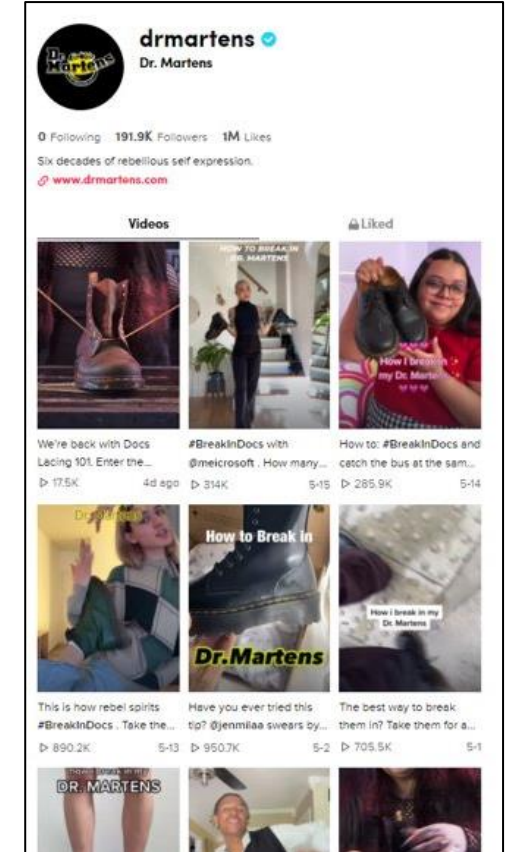


# HIGHLY ENGAGED SOCIAL COMMUNITY



## LEADING SOCIAL ENGAGEMENT

- Almost 9 million Instagram and Facebook followers globally
- Leading Instagram engagement, more than double nearest peers
- Launch of TikTok to great reception: over 1 million likes within the first 8 weeks





# OUR SUSTAINABILITY JOURNEY



## Our journey:

- Principles of durability & timeless design
- 2019 launched first sustainability strategy
- Invested in our team and capability
- Gap & materiality analysis to inform targets



## FY21 key achievements:

- >98% leather from medal-rated tanneries
- 50% recycled plastic into heel loops
- >90% Tier 1 suppliers independently audited and all beat required CSR audit





# SUSTAINABILITY TARGETS



2028

100% packaging made from recycled/sustainably sourced material

Zero waste to landfill across the value chain



2030

Achieve net zero  
Remove fossil-based chemicals from our products

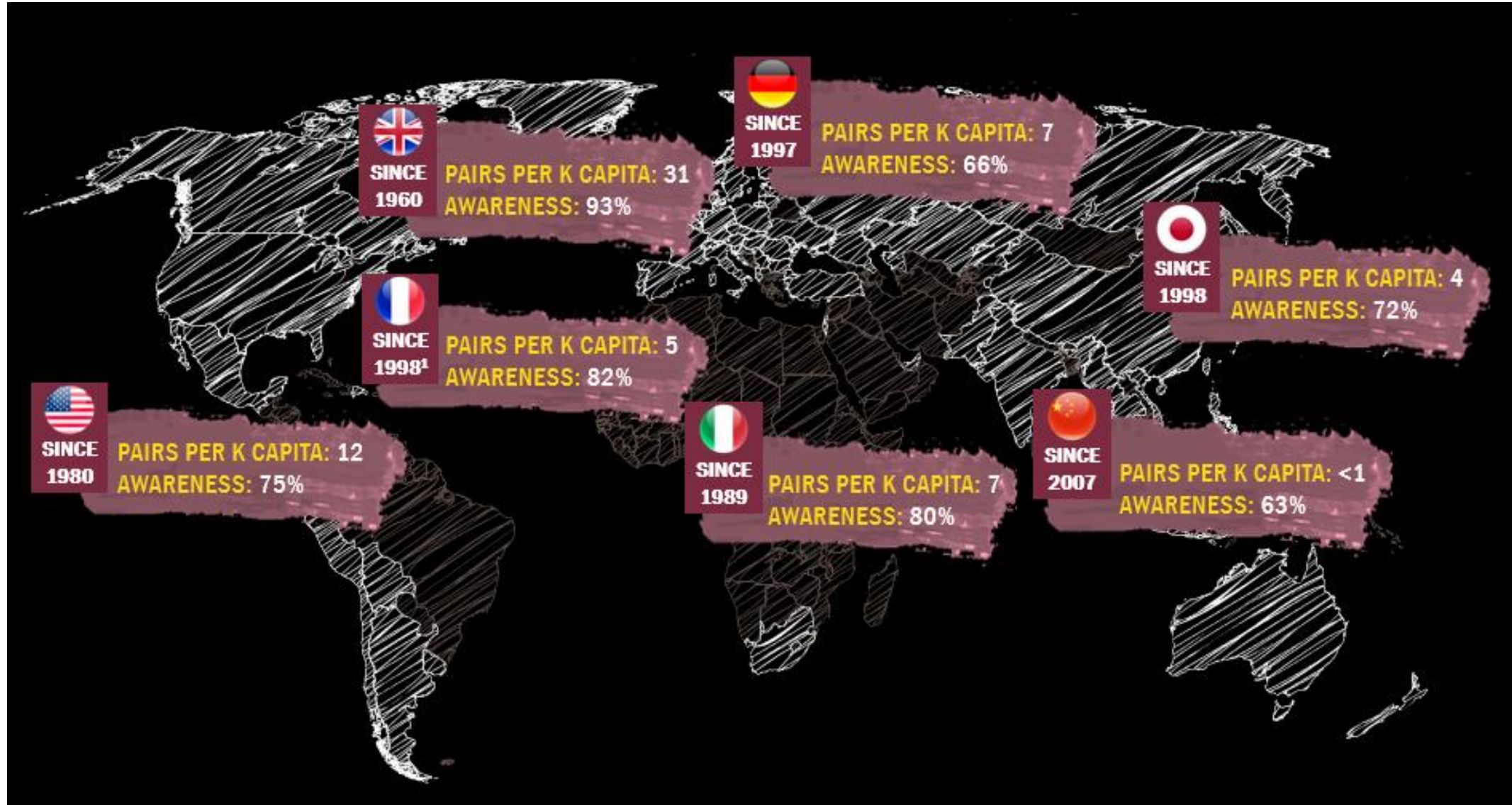


2040

100% products sold have a sustainable end of life option  
All footwear made from sustainable materials, without compromising quality



# VAST GLOBAL OPPORTUNITY: 7 PRIORITY MARKETS



LOOKALIKE MODELLING  
OVERVIEW

1

CONSTRUCTING THE  
LOOKALIKES MODEL

2

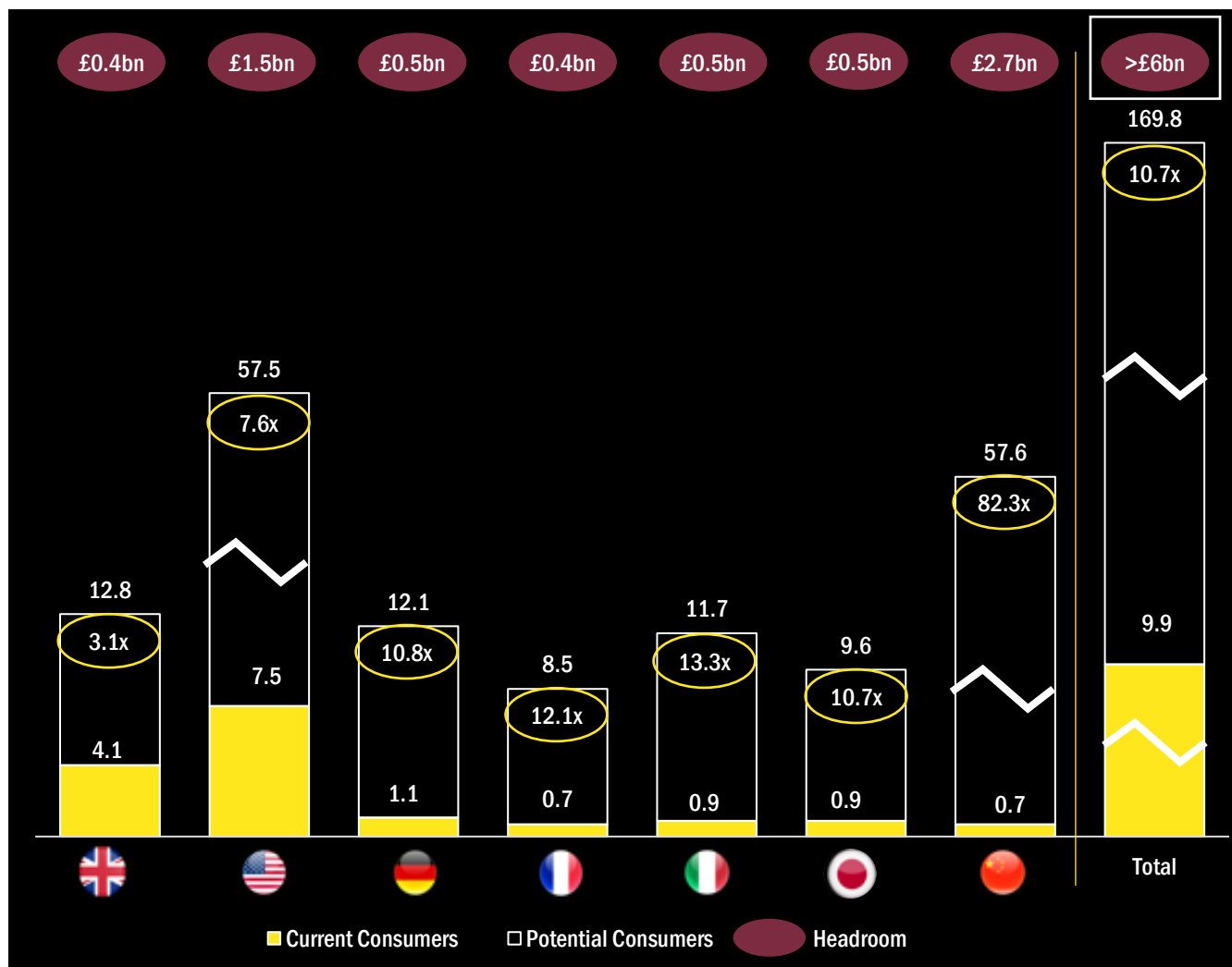
QUANTIFYING  
LOOKALIKES

3

## QUANTIFYING HEADROOM

Modelling note: Headroom for growth increases as markets mature and the attitudinal profiles of consumers broadens, therefore increasing the number of lookalikes

## HEADROOM FOR GROWTH: SAME BRAND, SAME PRODUCT, SAME STRATEGY



- 1 Resilience through Covid-19 – focused on cash, invested in our brand and kept people safe
- 2 Delivering strong results; FY21 revenue +15%, EBITDA +22%
- 3 DOCS strategic framework unchanged
- 4 Launching sustainability targets
- 5 Confidence in the year ahead and beyond; guidance reiterated





# APPENDIX

- IR CONTACT DETAILS
- FY22 TECHNICAL GUIDANCE
- EBITDA BRIDGE
- EXCEPTIONAL CHARGES
- BALANCE SHEET
- PRODUCT: HIGHLY PROFITABLE BOOT
- 1460: BIRTH OF AN ICON
- EXCEPTIONAL BRAND LOVE AND AWARENESS
- DEMOCRATIC APPEAL

# IR CONTACT DETAILS



**Bethany Barnes**  
**Director of Investor Relations**

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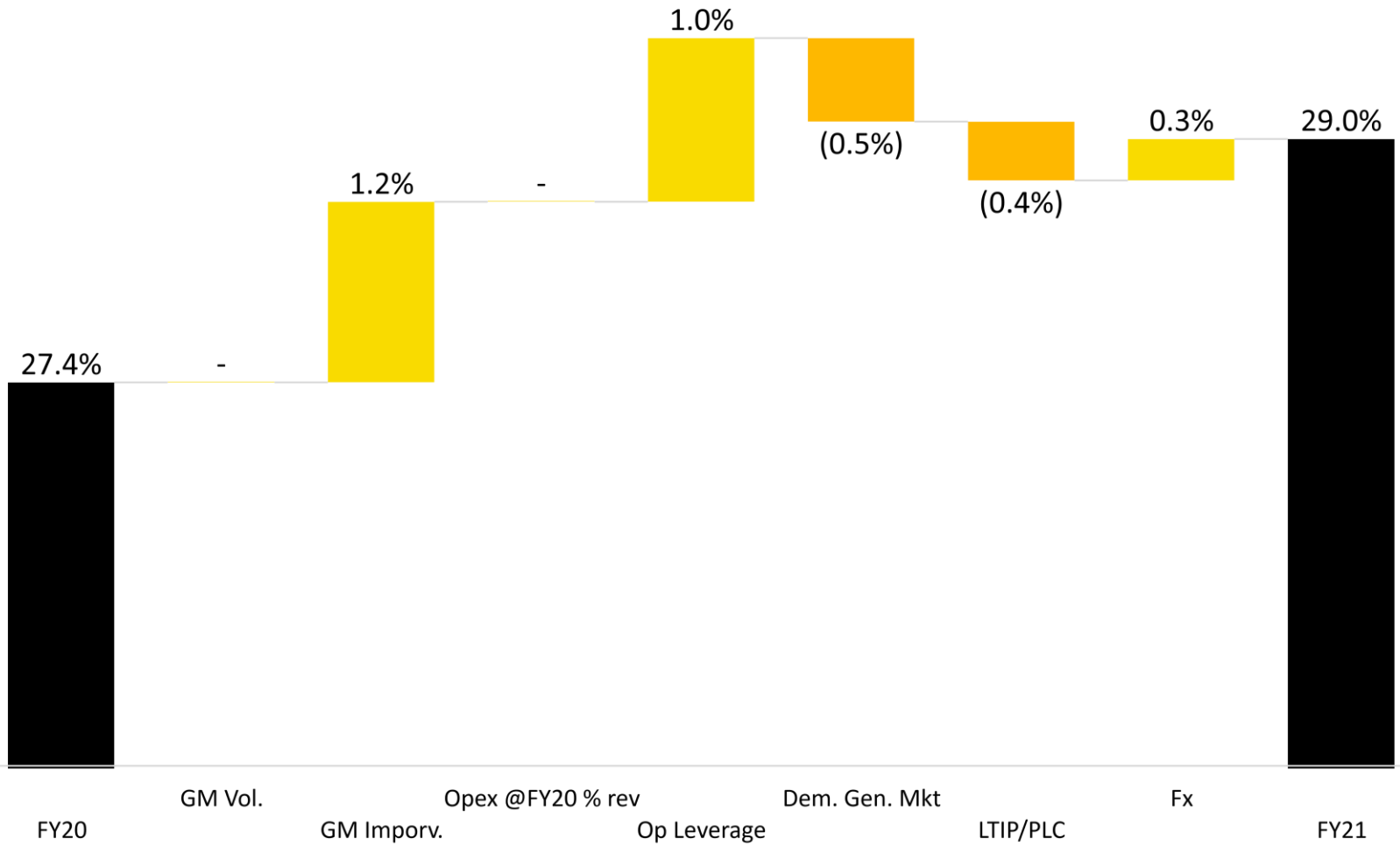
- High teens revenue growth year on year, as we lap the Covid-19 impact experienced in FY21
- New own store openings of 20 to 25 stores
- Depreciation and amortisation of £42m to £44m, including the impact of IFRS16
- Net finance costs of £15m to £17m
- Underlying tax rate of c.21%
- Capital expenditure of between 3.0% and 3.5% of revenue
- Year-end leverage of around 1x, including IFRS16 leases
- We expect to pay our first dividend for the first half of FY22 in January 2022 with a one-third, two-third split of dividend payments across the fiscal year. We continue to plan to target a progressive dividend with a payout ratio of between 25% to 35% of net income

For the first half of FY22 specifically, we anticipate:

- An increase in operating costs including c.£5m of discretionary spend which was deferred through FY21 due to the pandemic
- The annualisation of Plc and LTIP costs, representing a c.£5m headwind in the first half
- A cash outflow of c.£100m, due to the normal seasonal timing of shipments and payments



# EBITDA MARGIN BRIDGE



- EBITDA<sup>1</sup> margin up 1.6%pts, mainly gross margin improvement

<sup>1</sup> Before exceptionals of £80.5m related to IPO

# EXCEPTIONALS: ALL IPO RELATED



	£m
IPO Bonus for all (Inc. NI)	49
IFRS2 charge	12
Fees	20
	<b>81</b>
Funded by:	
- EBT <sup>1</sup> sale of shares	42
- IFRS2 non-cash charge	12
- Company cash	27
	<b>81</b>

- Exceptional charge of £81m
- Net cash cost of £27m, compared to guidance of £30m-£35m

<sup>1</sup> Employee Benefit Trust

# BALANCE SHEET



(£M)	31 MARCH 2021	31 MARCH 2020
Freeholds	6.1	6.0
Right-of-use assets	77.4	82.0
Other fixed assets	46.6	43.2
Working capital	25.5	69.6
Deferred tax	7.2	7.4
<b>Operating net assets</b>	<b>162.8</b>	<b>208.2</b>
Goodwill	240.7	240.7
Cash	113.6	117.2
Bank debt <sup>1</sup>	(281.6)	(94.3)
Lease liabilities	(84.8)	(88.4)
Preference shares	-	(312.9)
<b>Net assets</b>	<b>150.7</b>	<b>70.5</b>

<sup>1</sup> Bank debt net of £5.9m unamortised debt issue costs



# PRODUCT: HIGHLY PROFITABLE BOOT



ICONIC 1460 BOOT



1460 Net Revenue By Channel (UK)

(£)	DTC	Wholesale
UK Retail Price	149	n.a.
Net Revenue	c.124	c.50

Revenue per pair from distributors c.£40

# 1/4/1960: BIRTH OF AN ICON

## WHAT MAKES THE 1460 A TRUE ICON...



£ 0.8bn

- Invented perfectly six decades ago
- Legendary cult status
- Immediately recognisable
- Beyond fashion trends
- Canvas for self-expression








## ...LIKE FEW OTHER CLASSICS



Last FY Revenue<sup>1</sup>

# EXCEPTIONAL BRAND LOVE AND AWARENESS



							
NPS Rank	#1	#1	#1	#1	#1	#1	#1
NPS vs. Peers <sup>1</sup>	+61%	+24%	+50%	+37%	+26%	+193%	+29%
Awareness	93%	75%	66%	82%	80%	72%	63%
Proud to Wear DM	67%	82%	62%	67%	65%	71%	83%

Source: Third party consumer survey on the footwear market. Note: Analysis refers to L24M purchasers unless otherwise stated; <sup>1</sup> Refers DM NPS vs. average of Nike, Adidas, Vans, Timberland & Converse.



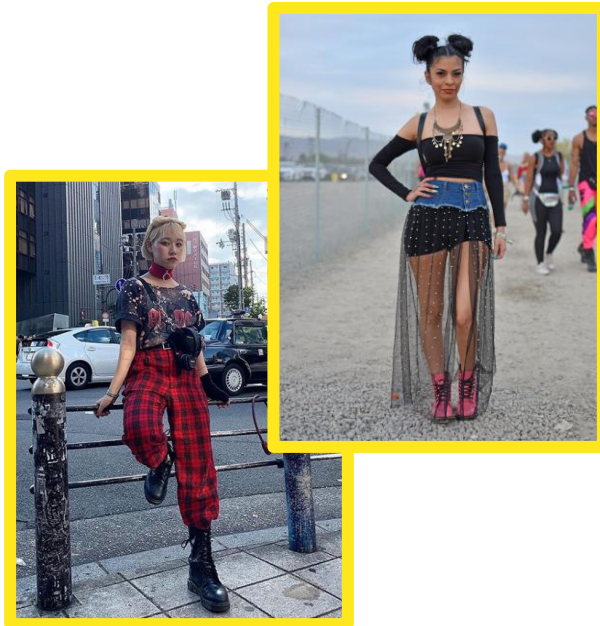
# DEMOCRATIC APPEAL

TO TALK TO EVERYONE; YOU NEED TO TALK TO SOMEONE



BULLSEYE OF THE CONSUMER STRATEGY . . . . WHILE SPEAKING TO A HUGE BROADER AUDIENCE

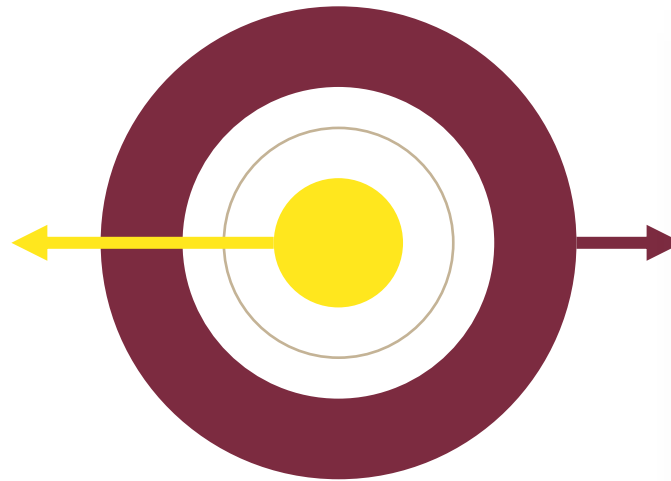
ALTERNATIVE EXPRESSIVE



“A STATEMENT ABOUT MY UNIQUE STYLE”

“GOING AGAINST THE GRAIN”

“MY STYLE EXPRESSES WHO I AM”



STYLISH COMFORT



“STICK WITH GOOD BRANDS”

“RANGE OF STYLES IN MY WARDROBE”

“COMFORTABLE & DURABLE”