



EXCELLENT PERFORMANCE & STRONG GLOBAL GROWTH

Further progress against strategic priorities

Significant and ongoing investments in the business and the power of the brand continue to drive strong and sustainable growth across all regions and channels

Dr. Martens has today announced full year results for the year ended 31 March 2019. The company has delivered 30% revenue and 70% EBITDA growth, with strong double digit growth across all key regions and channels, in particular e-commerce. The company continues to make significant progress against its strategic priorities, particularly in growing its Direct to Consumer (DTC) channels, resulting in the exceptional profit growth for the full year.

FINANCIAL HIGHLIGHTS

+ **Another year of exceptional financial and operational performance**

- + Group revenue up 30% to £454.4m with double digit growth across all channels (2018: £348.6m)
- + EBITDA up 70% to £85.0m (2018: £50.0m)
- + EBITDA margin up 4.4% to 18.7% (2018: 14.3%)

+ **All channels performing well; accelerated DTC retail and e-commerce growth**

- + DTC revenue up 42% to £199.4m (2018: £140.7m)
 - + Retail revenue up 30% to £126.7m (2018: £97.1m)
 - + Retail LFL revenue up 18%
 - + E-commerce revenue up 67% to £72.7m (2018: 43.6m)
- + Wholesale revenue up 23% to £255.0m (2018: £207.9m)

+ **Significant progress against strategic priorities**

- + **DTC channels** – now represent 44% of total revenue, up from 40% in 2018
 - + E-commerce growth particularly strong, representing 16% of total revenue and driven by clear strategic moves and improved partnerships including:
 - + Re-platforming and improved functionality in Americas and EMEA
 - + Full year trading in China on Tmall
 - + Continued focus on sustainable global retail growth with 20 new stores opened during the year in key target locations including eight across Europe (three in Germany, two in France, two in the UK and one in the Netherlands), four in the US (in New York and LA), six in Japan and two in Hong Kong
 - + Year-end total owned stores globally of 109
 - + Germany successfully transitioned from third-party distributor to owned and operated subsidiary



- + **Balanced global growth** – all regions seeing double digit increases in revenue and EBITDA, with 77% of revenue generated outside the UK
 - + EMEA continued to perform well with sales up 32% to £206.2m and EBITDA up 74% to £43.4m
 - + Excellent growth in the Americas with sales up 37% to £161.1m and EBITDA up 78% to £33.0m
 - + Strong growth in Asia with sales up 16% to £87.1m and EBITDA up 16% to £19.8m
- + **Strong wholesale performance** – the result of increased focus on larger, “best fit, partner” accounts
- + **Continued investment in operational efficiency** – new ERP system build has now been implemented across EMEA and on track to go live in America in Autumn, with Asia to follow in 2020

Kenny Wilson, CEO of Dr. Martens, said:

“This has been another outstanding year for Dr. Martens and I am incredibly proud to be leading such an iconic and authentic brand. With our relentless focus on the consumer and a mindset of continuous investment, we are committed to growing the brand for the long term while staying true to our purpose of empowering rebellious self-expression.

By putting consumers first, accelerating our DTC expansion and improving our operational performance we have delivered double digit revenue growth in all of our key markets and strong EBITDA performance.

In my first year as CEO I have had the opportunity to work alongside our incredibly passionate and talented people. They create Dr. Martens’ unique culture and drive our ambitious, global growth strategy. We look forward to the year ahead, during which we expect to deliver continued strong growth and accelerate the many positive trends seen in the past year.”

STRATEGY

Our aim is to continuously improve our engagement with consumers and generate sustainable financial growth while maintaining the brand’s authenticity and proposition of rebellious self-expression. To support this aim we have identified four strategic pillars "D-O-C-S" as follows:

- + **DTC Acceleration**
 - + Grow our DTC channels (both retail and e-commerce)
 - + Leverage best practice and innovation
- + **Operational Excellence**
 - + Build an integrated, efficient supply chain
 - + Invest in IT infrastructure to support future growth
- + **Consumer Obsession**
 - + Put consumers at the heart of all decisions



- + Continue to develop authentic products that consumers love to wear
- + **Sustainable Global Growth**
 - + Pursue controlled, high quality growth in both new and existing markets
 - + Take increasing control of in-market distribution and marketing

The DOCS strategy is supported by a relentless focus on building organisational capability and developing our people.

Product strategy

Our product strategy is to grow our Originals business while simultaneously building the consumer's understanding of our product range outside the Originals range.

Originals, driven by our core icon silhouettes, grew by 28% during the year while the Fusion category, our secondary focus, grew by 84% powered by a growing sandals business and our quad platform product. Going forward Originals and Fusion will continue to be our most important categories with our Kids business growing through "mini-me" versions of our Icons.

OPERATIONAL PERFORMANCE

During the year Dr. Martens opened 20 new stores, including three in Germany, two in France, four in the US (New York and LA) and six in Japan, bringing the total number of owned stores in Dr Martens' estate to 109. We continue to view our stores as a very effective way for consumers to interact physically with both our brand and our product. At the same time, we are acutely aware of the fast-changing retail environment and are therefore very selective in choosing only the most relevant locations for our brand as part of our wider global growth strategy.

FINANCIAL PERFORMANCE

Total revenue grew by 30% to £454.4m and EBITDA grew by 70% to £85.0m. DTC revenue rose by 42% to £199.4m, with retail revenue growing by 30% to £126.7m and e-commerce by 67% to £72.7m. Within that, like-for-like retail revenue was up 18%. Wholesale also continues to perform well with revenue up 23% demonstrating the success of our wider strategy of repositioning wholesale accounts to focus on larger, "best fit, partner" accounts. Gross margin improved by 3.9% to 57.3% (£260.5m) due to improved channel mix, lower levels of discounts and markdowns, and beginning of supply chain efficiencies.



EMEA

Dr. Martens' performance in EMEA was strong, with revenue up 32% to £206.2m (2018: £155.9m) and EBITDA up 74% to £43.4m (2018: £24.9m).

Revenue in DTC channels grew by 41% with retail up 33% and e-commerce up 56%. Like-for-like own store retail revenue increased by 12% on a constant currency basis. The region opened eight new stores (three in Germany, two in France, two in the UK and one in the Netherlands), bringing the total own store count to 36 in the UK and 21 in Continental Europe. In line with our sustainable growth strategy, the focus of new own store openings will now be primarily Germany and France.

Wholesale revenue grew by 26% with good growth across all countries. During the year, Germany was successfully transitioned from a third-party distributor basis to an owned and operated subsidiary; this represents an exciting opportunity to grow our business in Germany in the way we have in other directly controlled markets.

AMERICAS

Revenue growth in the Americas was excellent, up 37% to £161.1m (2018: 117.4m) and EBITDA was up 78% to £33.0m (2018: £18.5m).

While we saw strong growth across the majority of channels, DTC grew particularly well, up 48%. Like-for-like retail revenue growth was up 30% and the region opened four new stores (two in New York and two in LA) with e-commerce also performing well, up 56% on the back of our newly re-platformed website. Wholesale revenue increased by 31%.

ASIA

Strong growth in Asia continued, with revenue up 16% to £87.1m (2018: £75.3m) and EBITDA up 16% to £19.8m (2018: £17.1m), largely driven by another strong year in Japan.

Japan had solid growth across all channels, with total revenue up 45% to £41.6m. In line with Dr. Martens' commitment to accelerate DTC channels, we opened six new stores (taking the total to 17 own stores), with own store like-for-like sales up 11%. E-commerce sales grew by 71% and wholesale sales by 41%. The region's overall performance was impacted by the transition to a new distribution partner in China, which creates a platform for long term sustainable growth in that market.



OUTLOOK

2018-19 has been another year of excellent growth as we continue to deliver against our core strategic priorities. Our ongoing focus on our consumers and balanced geographic and channel performance means that the company is well placed to continue to achieve sustainable, global growth. Our investment in our DTC channels is proving effective and the business expects to continue to grow its e-commerce business and store estate in a targeted, measured way over the coming year. The investment in our new ERP system will also help to support sustained growth across all our channels.

Trading since the year-end has remained strong, with excellent continued momentum across all channels and key markets.

– Ends –

ABOUT DR. MARTENS

Dr. Martens is an iconic British brand founded in 1960 in Northamptonshire. Originally produced for workers looking for tough, durable boots, the brand was quickly adopted by diverse youth subcultures and associated with musical movements. Dr. Martens have since transcended their working class roots while still celebrating their proud heritage and, nearly six decades later, “Docs” or “DMs” are worn by people around the world who use them as a symbol of empowerment and their own individual attitude. Dr. Martens currently trades in 58 countries worldwide.

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