Dr Martens shares slump after bootmaker warns over profit margins

Fashion brand Dr Martens has warned that profit margins will slip on the back of weaker consumer demand, investments and the strong dollar, sending shares in the company tumbling.

The UK bootmaker said direct-to-consumer sales – those from its own stores and websites – were "slower than anticipated" over the latest quarter.

Bosses at the firm said the "consumer environment weakened" as a whole over the half-year to September as customers faced surging household bills.

Dr Martens said core earnings margins for the full financial year will be between 100 basis points and 250 basis points lower than last year.

Nevertheless, chief executive Kenny Wilson told the PA news agency he is still positive about the peak Christmas trading period.

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“The business is well set for Christmas,” he said.

“Last year, we did not have enough inventory and trading in Europe was heavily impacted by pandemic closures so we are well-positioned to perform well against that period.”

The company told shareholders that revenues increased by 13% to £418.6 million over the six months to September, compared with the same period last year.

Meanwhile, the fashion firm saw pre-tax profits slip by 5% to £57.9 million.

Mr Wilson added: “Although there are economic challenges ahead, we are well positioned for future growth.

“We will continue to drive growth investment to deliver the Docs strategy, mainly in new stores, marketing, people, technology and inventory.”

The group increased its interim dividend payment by 28% to 1.56p per share.

Shares in Dr Martens were 19.7% lower at 230p in early trading on Thursday.