

TELECONFERENCE Q3 2013 FINANCIAL RESULTS

10:00 CET, 12 November 2013



PANDORA
UNFORGETTABLE MOMENTS

AGENDA

AGENDA

- Business highlights:
 - Key developments in Q3 2013
 - Market development and sales-out
 - Performance of newly launched products
 - Guidance 2013
- Financial review
- Recap and Q&A



DISCLAIMER

Certain statements in this presentation constitute forward-looking statements. Forward-looking statements are statements (other than statements of historical fact) relating to future events and our anticipated or planned financial and operational performance. The words “targets,” “believes,” “expects,” “aims,” “intends,” “plans,” “seeks,” “will,” “may,” “might,” “anticipates,” “would,” “could,” “should,” “continues,” “estimate” or similar expressions or the negatives thereof, identify certain of these forward-looking statements. Other forward-looking statements can be identified in the context in which the statements are made. Forward-looking statements include, among other things, statements addressing matters such as our future results of operations; our financial condition; our working capital, cash flows and capital expenditures; and our business strategy, plans and objectives for future operations and events, including those relating to our ongoing operational and strategic reviews, expansion into new markets, future product launches, points of sale and production facilities; and

Although we believe that the expectations reflected in these forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause our actual results, performance or achievements or industry results, to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other important factors include, among others: global and local economic conditions; changes in market trends and end-consumer preferences; fluctuations in the prices of raw materials, currency exchange rates, and interest rates; our plans or objectives for future operations or products, including our ability to introduce new jewellery and non-jewellery products; our ability to expand in existing and new markets and risks associated with doing business globally and, in particular, in emerging markets; competition from local, national and international companies in the United States, Australia, Germany, the United Kingdom and other markets in which we operate; the protection and strengthening of our intellectual property, including patents and trademarks; the future adequacy of our current warehousing, logistics and information technology operations; changes in Danish, E.U., Thai or other laws and regulation or any interpretation thereof, applicable to our business; increases to our effective tax rate or other harm to our business as a result of governmental review of our transfer pricing policies, conflicting taxation claims or changes in tax laws; and other factors referenced in this presentation.

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IMPORTANT EVENTS IN Q3 2013

CEO MESSAGE

- Q3 2013 revenue was DKK 2,255 million, an increase of 25.7% or 32.9% in local currency, driven by all geographic regions, positively impacted by:
 - Success of newly launched products
 - Store network expansion across geographies – including 188 new Concept stores compared to Q3 2012
- All major markets saw a continued positive development in sales-out from Concept stores (L4L)
 - Impact from strong products and improved store execution
- EBITDA increased 51.5% to DKK 762 million – an EBITDA margin of 33.8%
 - Improved profitability across all regions
- Free cash flow was DKK 363 million
 - Impacted by increase in inventory as well seasonality in trade receivables
- DKK 700 million share buyback programme on track – DKK 220 million bought back in Q3 2013

REGIONAL REVENUE DEVELOPMENT IN Q3 2013

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

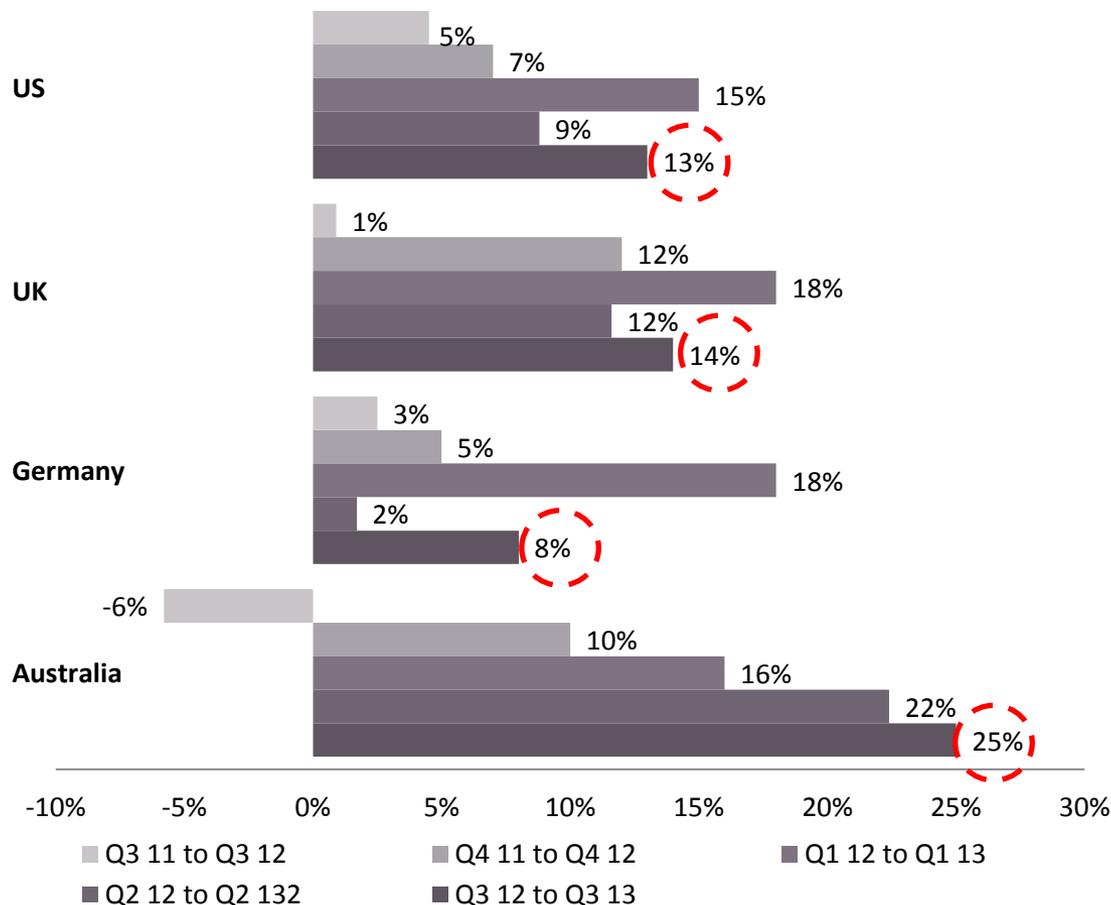
	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012	Growth	Growth in local curr.
Americas	990	1,045	1,057	939	920	7.6%	14.9%
US	729	802	832	738	711	2.5%	8.4%
Other	261	243	225	201	209	24.9%	
Europe	1,024	642	713	966	699	46.5%	50.5%
UK	308	178	190	384	249	23.7%	34.6%
Germany	141	95	108	154	130	8.5%	8.5%
Other	575	369	415	428	320	79.7%	
Asia Pacific	241	244	232	269	175	37.7%	57.7%
Australia	130	153	148	243	120	8.3%	31.6%
Other	111	91	84	26	55	101.8%	
Total	2,255	1,931	2,002	2,174	1,794	25.7%	32.9%

COMMENTS

- Americas impacted by unfavourable exchange rates
- Canada driver of growth
- UK and Other Europe (driven by Italy, France and Russia) significantly up
- Germany is still in recovery
- Smaller markets like Hong Kong, Malaysia, Singapore and Taiwan drive growth in Asia Pacific
- Strong growth in Australia significantly impacted by exchange rates

SALES-OUT POSITIVE IN ALL MAJOR MARKETS

LIKE FOR LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT



COMMENTS

- Significant like-for-like growth across all four major markets
- Improved product assortment and newness in stores drives growth
- Positive reception of the Autumn collection and continued success of the silver bangle
- Like-for-like growth outside the four markets continues to be high in new markets (Italy, Russia, France, Hong Kong, etc.)

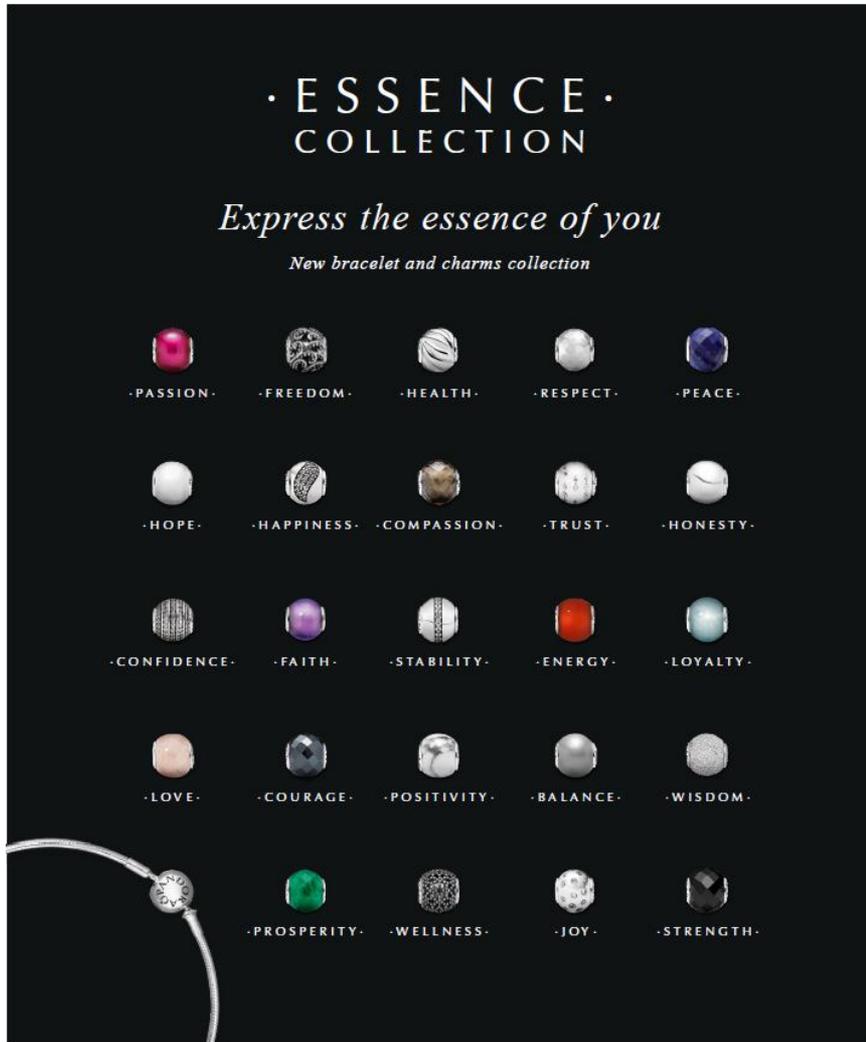
PERFORMANCE OF NEWLY LAUNCHED PRODUCTS



COMMENTS

- Autumn collection successfully launched during the quarter
- All 2013 collections continues to do well
- Products launched within the last 12 months represent roughly one third of sales-out
- Silver bangle introduced globally – and continues to do well
- Confirmation that our 2012 focus on product assortment, drop structure and price architecture continues to pay off

PANDORA ESSENCE COLLECTION LAUNCHED



COMMENTS

- On 4 November, the PANDORA ESSENCE COLLECTION was launched
- New innovative charms bracelet concept focusing on meanings and values of life
- A sterling silver bracelet accompanied by 24 charms each representing personal values
- Launched in selected countries, including the US, UK, Germany and Australia
- Only sold in Concept stores
- More markets and channels to be added over time

2013 FINANCIAL EXPECTATIONS

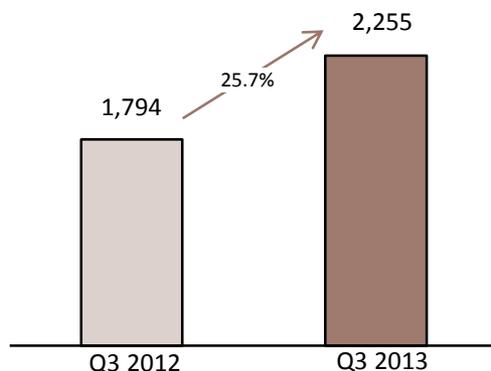


2013 FINANCIAL EXPECTATIONS

- Full year financial expectations upgraded on 31 October
- Revenue approx. DKK 8.6 billion
- EBITDA margin approx. 30%
- CAPEX around DKK 400 million (excl. payment to Trollbeads of DKK 190 million and investments in distribution in Brazil)
- Effective tax rate of approximately 19%
- During 2013 PANDORA expects to open approximately 195 Concept stores

REVENUE DEVELOPMENT Q3 2013

REVENUE (DKKm)

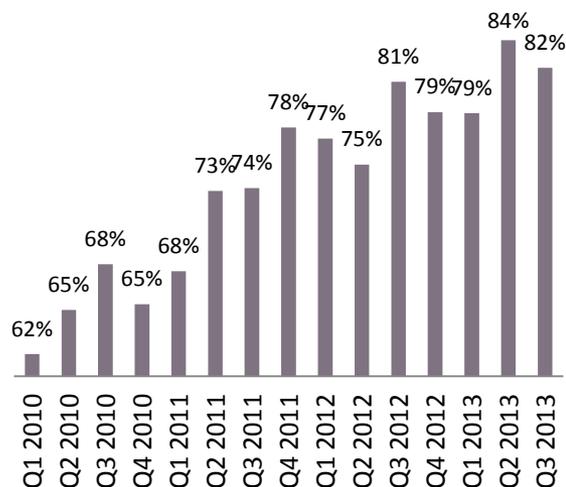


- 32.9% growth in local currency
- Volume up 25.7%
- ASP DKK 133 (vs. DKK 133 in Q3 2012)

COMMENTS

- Total revenue increased by 25.7% driven by newly launched products and store openings
- Increase in revenue driven by volume, average sales price unchanged
- Branded distribution generating 82.3% of Q3 2013 revenue with Concept Stores as largest contributor
- Change in sales returns provisions had a positive impact on revenue of approx. DKK 80 million for the quarter

Share of branded revenue



REVENUE PER CHANNEL

	Q3 2013
Concept stores	49.3%
Shop-in-Shops	17.3%
Gold	15.7%
Total Branded	82.3%
Silver	7.0%
White & Travel retail	6.1%
Total unbranded	13.1%
Total Direct	95.4%
3rd party	4.6%
Total	100.0%

DEVELOPMENT IN OUR DISTRIBUTION NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings				
	Q3 2013	Q2 2013	Q3 2012	Share of total	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Concept stores	1,011	949	823	9.8%	62	35	19	72	57
Shop-in-Shop	1,349	1,322	1,204	13.0%	27	35	22	61	114
Gold	2,355	2,339	2,130	22.8%	16	81	-36	164	154
Total branded	4,715	4,610	4,157	45.6%	105	151	5	297	325
Silver	3,119	3,148	2,935	30.1%	-29	56	19	138	-108
White	2,511	2,579	3,128	24.3%	-68	-113	-155	-281	-440
Total	10,345	10,337	10,220	100.0%	8	94	-131	154	-223

NUMBER OF STORES, KEY NEW MARKETS

	End of Q3 2013							Net openings		
	Russia	China	Japan	Rest of Asia	France	Italy	Total	Q3 2013	Q2 2013	Q1 2013
Concept stores	99	27	1	50	18	21	216	24	22	1
Shop-in-shop	28	12	5	61	33	7	146	15	3	2
Total	127	39	6	111	51	28	362	39	25	3

COMMENTS

- 105 branded points of sale opened in Q3 2013, including 62 Concept store net openings
- Continued focus on global branded network – 558 branded points of sale opened since Q3 2012:
 - 188 Concept stores
 - 145 Shop-in-Shops
 - 225 Gold stores

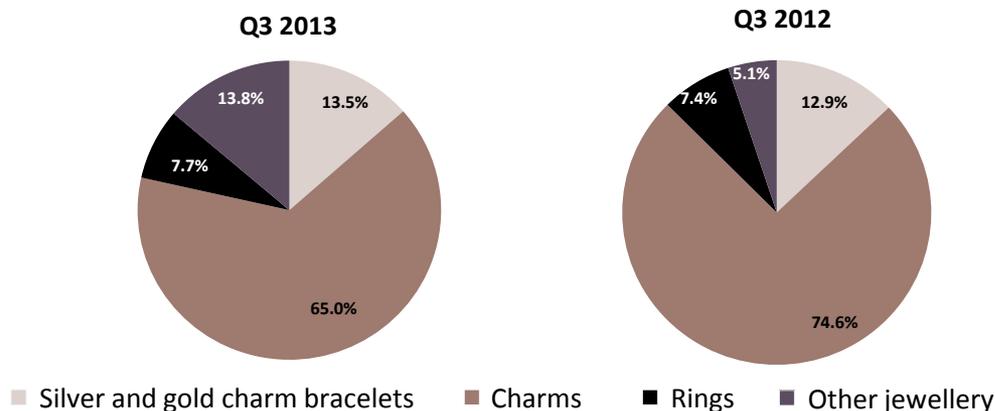
PRODUCT MIX IN Q3 2013

PRODUCT MIX (DKKm)						
	Q3 2013	Q3 2012	Growth	Share of total	Received Q3 2012	Replaced Q3 2012
Charms	1,466	1,340	9.4%	65.0%	29	94
Silver and gold charms bracelets	304	231	31.6%	13.5%	-	19
Rings	174	132	31.8%	7.7%	1	6
Other jewellery	311	91	241.8%	13.8%	56	8
Total	2,255	1,794	25.7%	100.0%	86	127

COMMENTS

- Charms increased by 9.4% and Silver and gold charms bracelets increased by 31.6%
- Ring collection continues to sell well, increasing by 31.8%, driven by improved commercial offering
- Other Jewellery increased by 241.8%, driven by the silver bangle and earrings
- Development in product mix affected by last years stock balancing campaign

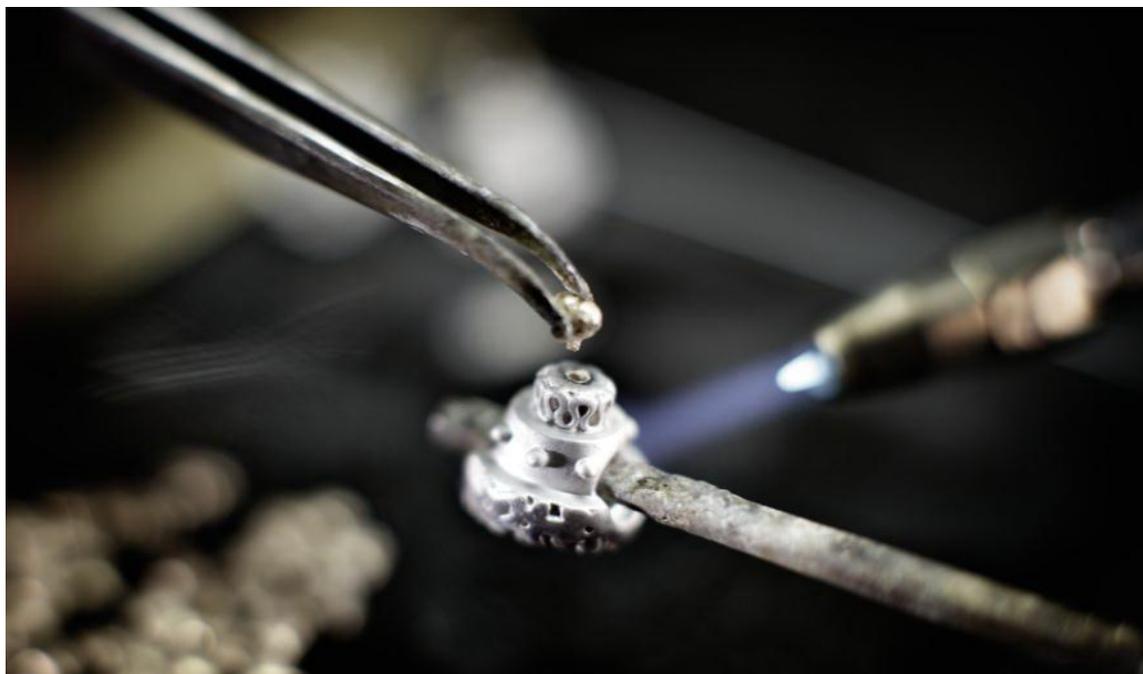
PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE



GROSS MARGIN DEVELOPMENT

GROSS PROFIT (DKK_m) AND GROSS MARGIN (%)

	Q3 2013	Q3 2012	Q2 2013	FY 2012
Revenue	2,255	1,794	1,931	6,652
Cost of sales	-762	-644	-657	-2,223
Gross profit	1,493	1,150	1,274	4,429
Gross margin	66.2%	64.1%	66.0%	66.6%



COMMENTS

- Gross margin up 2.1 percentage points vs. Q3 2012 driven by lower raw material prices
- Gross margin unchanged compared to Q2 2013.
- Excluding hedging and inventory time lag, underlying gross margin would have been approximately 71% based on average gold and silver spot prices in Q2 2013
- Gross margin impact of 1-2pp if 10% deviation on commodities

OPEX DEVELOPMENT IN Q3 2013

OPEX, EBITDA AND MARGIN				
	Q3 2013	Q3 2012	Q2 2013	FY 2012
Gross margin				
Share of revenue	66.2%	64.1%	66.0%	66.6%
DKKm	1,493	1,150	1,274	4,429
Operational expenses				
Share of revenue	34.8%	38.3%	41.0%	44.4%
DKKm	785	687	791	2,954
Sales & distribution expenses				
Share of revenue	15.6%	16.0%	18.4%	19.0%
DKKm	354	287	356	1,261
Marketing expenses				
Share of Revenue	9.4%	10.6%	10.5%	12.4%
DKKm	211	190	203	823
Administrative expenses				
Share of revenue	9.8%	11.7%	12.0%	13.1%
DKKm	220	210	232	870
EBIT				
	708	463	483	1,475
EBIT margin	31.4%	25.8%	25.0%	22.2%
Depreciation and amortisation*	52	40	48	180
EBITDA				
	762	503	530	1,658
EBITDA margin	33.8%	28.0%	27.4%	24.9%

*Including gains/losses from sale of assets

COMMENTS

- Increase in sales and distribution expenses driven by higher revenue and an increase in owned and operated stores
- Marketing expenses was DKK 211 million corresponding to 9.4% of revenue from 10.6% in Q3 2012
- Administrative expenses was DKK 220 million down to 9.8% of revenue from 11.7% in Q3 2012
- Sales, distribution and marketing expenses are expected to increase significantly in Q4 2013 due to seasonality and PANDORA ESSENCE COLLECTION launch

REGIONAL EBITDA MARGINS

EBITDA MARGINS							
	Q3 2013	Q2 2013	Q3 2013 vs. Q2 2013 (% pts)	Q1 2013	Q4 2012	Q3 2012	Q3 2013 vs. Q3 2012 (% pts)
Americas	44.2%	44.7%	-0.5%	44.1%	36.0%	42.7%	1.5%
Europe	39.6%	23.1%	16.5%	34.6%	26.8%	34.3%	5.3%
Asia Pacific	40.2%	36.1%	4.1%	35.8%	31.2%	19.4%	20.8%
Unallocated costs ¹	-7.9%	-9.0%	-1.1%	-7.6%	-6.8%	-9.1%	1.2%
Group EBITDA margin	33.8%	27.4%	6.4%	32.1%	24.6%	28.0%	5.8%

COMMENTS
<ul style="list-style-type: none"> All regional margins positively impacted by the increase in revenue The EBITDA margin in Europe increased by 5.3 percentage points driven by leverage on costs in PANDORA's new markets Asia Pacific significantly up compared to Q3 2012, driven by improved profitability in Australia and by leverage on costs in new markets

¹ Unallocated costs includes HQ costs, central marketing and administration cost in Thailand

PROFIT DEVELOPMENT

FINANCIAL ITEMS, TAX AND NET PROFIT				COMMENTS
DKKm	Q3 2013	Q3 2012	FY 2012	
EBIT	708	463	1,475	<ul style="list-style-type: none"> • Net financial income amounted to DKK 47 million in Q3 2013, significantly impacted by currency gains • Effective tax rate 19%
Financial income	58	5	132	
Financial expenses	-11	-4	-128	
Profit before tax	755	464	1,479	
Income tax expenses	143	-84	-277	
Effective tax rate	19.0%	18.1%	18.7%	
Net profit	612	380	1,202	

WORKING CAPITAL DEVELOPMENT

WORKING CAPITAL AND CASH MANAGEMENT

DKK m	Q3 2013	Q2 2013	Q1 2013	Q4 2012	Q3 2012
Inventory	1.603	1,463	1,396	1,318	1,922
Trade receivables	1.017	687	724	940	982
Trade payables	481	184	174	219	174
Operating working capital	2,139	1,966	1,946	2,039	2,730
<i>Share of revenue¹</i>	25.6%	24.9%	26.9%	30.7%	42.3%
Other receivables	702	719	533	502	505
Tax receivables	128	163	140	138	46
Provisions ²	447	444	500	470	283
Income tax payable	478	394	337	283	324
Other payables	551	823	595	692	576
Net working capital including derivatives	1,493	1,187	1,187	1,234	2,098
<i>Share of revenue¹</i>	17.9%	15.0%	16.4%	18.6%	32.5%
Derivatives	109	274	56	43	-61
Net working capital excluding derivatives	1,602	1,461	1,243	1,277	2,037
<i>Share of revenue¹</i>	19.2%	18.5%	17.2%	19.2%	31.5%
Free cash flow	363	102	406	1,030	-88
Cash conversion³	59.3%	23.7%	92.7%	244.7%	-23.2%
NIBD/EBITDA⁴	0.1	0.1	0.1	-0.1	0.5
ROIC⁵	35.5%	32.4%	28.0%	25.0%	22.1%

COMMENTS

- Inventory decreased compared to Q3 2012 due to lower raw material prices – the increase compared to Q2 2013 was due to normalisation of inventory level
- Trade receivables increase due to higher revenue towards end of quarter
- Trade payables/other payables impacted by reclassification of DKK 203 million
- Free cash flow increased to DKK 363 million mainly driven by higher EBITDA
- NIBD/EBITDA unchanged at 0.1x

¹ % of revenue in relation to last twelve months' revenue. DKK 8,362m for the period ended 30 September 2013

² Excluding earn-out

³ Calculated as free cash flow / net profit

⁴ Calculated as last 12 months EBITDA

⁵ Calculated as last 12 months' EBIT / Invested capital (at end of period)

Q3 2013 IN SUMMARY



SUMMARY

- Revenue was up more than 25%
- Strong performance from newly launched products
- Gross margin was 66.2%
- EBITDA margin was 33.8%
- Free cash flow was DKK 363 million
- Guidance upgraded on 31 October
- Share buyback of up to DKK 700m in 2013 on track
- Future growth to be underpinned by continued strong operating performance

QUESTIONS AND ANSWERS

