TELECONFERENCE
Q1 2015 FINANCIAL RESULTS

10:00 CET, 12 May 2015

PANDORA
UNFORGETTABLE MOMENTS

AGENDA

AGENDA

- Business highlights:
    - Key developments in Q1 2015
    - Market development and sales-out
    - Performance of newly launched products
    - Guidance 2015
- Financial review for Q1 2015
- Recap and Q&A

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Q1 2015 SUMMARY

- Q1 2015 revenue was DKK 3,547 million, an increase of 36.8 % or 22.3% in local currency compared to Q1 2014, driven by all geographic regions and product categories, positively impacted by:
  - Success of newly launched products – Valentine's Day, Spring and new Disney products
  - Continued strong development in revenue from Rings, increasing 84.1%
  - Network expansion across all geographies – revenue from concept stores increased 47.4% and generated 54.9% of revenue compared to 51.0% in Q1 2014
- All major markets saw a continued positive development in sales-out from concept stores (like-for-like)
- EBITDA increased by 39.3% to DKK 1,305 million compared to Q1 2014, corresponding to an EBITDA margin of 36.8%
  - Including a gain of 2 percentage points on gross margin mainly driven by lower commodity prices
- Free cash flow was DKK 990 million
- Revenue guidance increased to more than DKK 15.0 billion from more than DKK 14.0 billion
- Transfer pricing audit for 2009-2014 closed with Danish tax authorities
- DKK 3.9 billion share buyback programme on track – DKK 569 million bought back in Q1 2015

REGIONAL REVENUE DEVELOPMENT

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

	Q1 2015	Q1 2014	FY 2014	*Growth Q1/Q1*	*LC Growth Q1/Q1*	*Share of revenue (Q1 2015)*
US	1,209	876	3,629	*38.0%*	*13.2%*	*34.1%*
Other Americas	364	294	1,330	*23.8%*	*11.6%*	*10.2%*
Americas	**1,573**	**1,170**	**4,959**	***34.4%***	***12.8%***	***44.3%***
UK	464	299	1,654	*55.2%*	*41.5%*	*13.1%*
Germany	151	121	578	*24.8%*	*24.8%*	*4.3%*
Other Europe	802	644	3,072	*24.5%*	*23.1%*	*22.6%*
Europe	**1,417**	**1,064**	**5,304**	***33.2%***	***28.5%***	***40.0%***
Australia	194	142	806	*36.6%*	*28.2%*	*5.5%*
Other Asia Pacific	363	216	873	*68.1%*	*39.4%*	*10.2%*
Asia Pacific	**557**	**358**	**1,679**	***55.6%***	***34.9%***	***15.7%***
Total	**3,547**	**2,592**	**11,942**	***36.8%***	***22.3%***	***100.0%***

COMMENTS

- All regions impacted by favourable currency moves
- Americas driven by continued momentum in the US, as well as a strong development in Brazil
- Continued strong growth in Europe, in particular driven by the UK, Germany, France and Italy
    - Revenue development in Russia impacted by the economy and phasing of revenue between quarters
- Growth in Asia Pacific in local currency of 34.9% driven by Australia as well as most Asian markets

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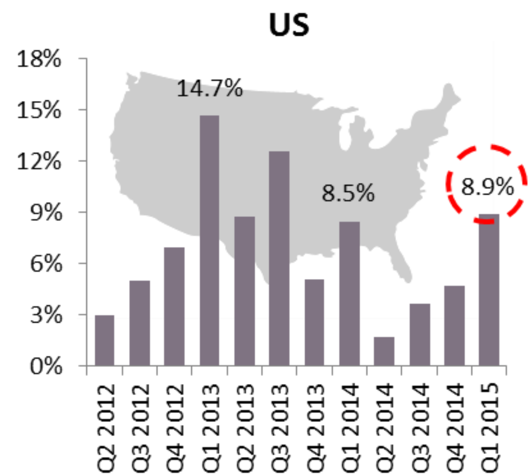
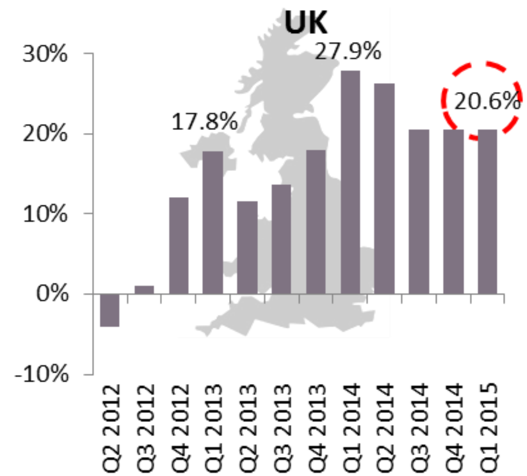
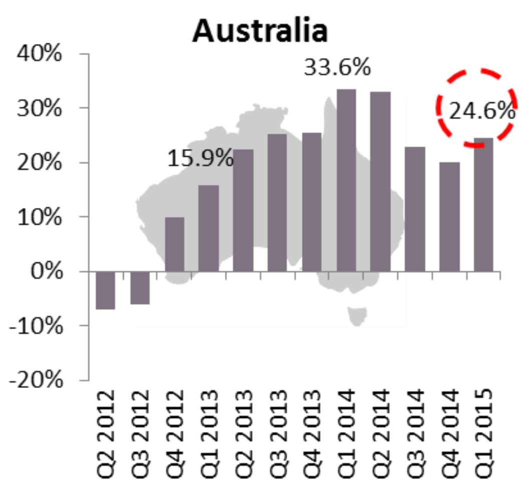
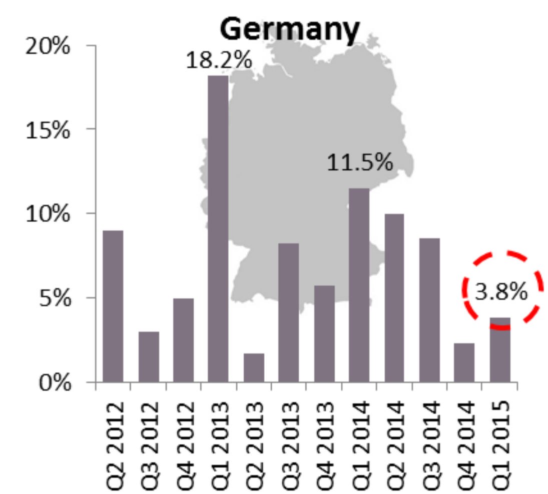
SALES-OUT POSITIVE IN ALL MAJOR MARKETS

LIKE-FOR-LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT (Y/Y GROWTH)









COMMENTS

- Continued positive like-for-like growth across all four major markets
- US sales-out growth of low double-digit in all major regions except for the Northeast
- UK and Australia driven by strong in-store execution and products – Rings in particular doing well
- Sales-out in Germany continues to be driven by good performance in the PANDORA owned stores

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PERFORMANCE OF NEWLY LAUNCHED PRODUCTS

COMMENTS

- Valentine’s Day and Spring collection launched in the quarter and has been well received
    - The classic Moments bracelet introduced with new heart shaped clasp
- 60 additional Disney-themed products launched in March
    - Disney collection now available in all branded stores
- The PANDORA ESSENCE COLLECTION continues to perform well
- Products launched within the last 12 months continue to do well both in terms of sales-in and sales-out

2015 FINANCIAL EXPECTATIONS

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- Revenue of more than DKK 15 billion (upgraded from more than DKK 14 billion, primarily driven by currency)
- EBITDA margin of approx. 37%
- CAPEX of approx. DKK 900 million (upgraded from approx. DKK 800 million)
- Effective tax rate of approx. 30% (upgraded from 20%, following settlement with Danish tax authorities)
  - Excluding additional tax expenses related to the settlement, the tax rate is expected to be 22%
- During 2015, PANDORA expects to open more than 325 concept stores (upgraded from more than 300)

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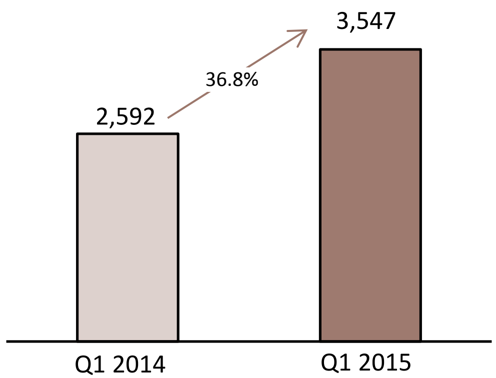
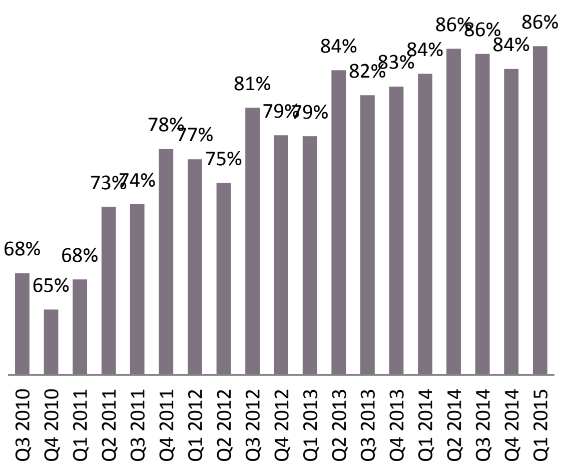
REVENUE DEVELOPMENT

REVENUE (DKKm)



- 22.3% growth in local currency
- Volume up 5.6%
- ASP DKK 169
  (vs. DKK 131 in Q1 2014)

SHARE OF BRANDED REVENUE



SHARE OF REVENUE PER CHANNEL

	Q1 2015	Share of rev.
Concept stores	1,949	*54.9%*
Shop-in-shops	715	*20.2%*
Gold	394	*11.1%*
Total branded	**3,058**	***86.2%***
Silver	173	*4.9%*
White & travel retail	195	*5.5%*
Total unbranded	**368**	***10.4%***
Total direct	**3,426**	***96.6%***
3rd party	121	*3.4%*
Total	**3,547**	***100.0%***

COMMENTS

- Total revenue increased by 36.8% driven primarily a higher Average Selling Price (ASP)
- ASP increase 29% driven by currency, demand for more expensive products and increased share of revenue from PANDORA owned stores
  - Individual prices stayed unchanged
- Revenue from O&O stores increased 115% to DKK 708 million
- Branded distribution generated 86.2% of revenue compared to 84.4% in Q1 2014

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DEVELOPMENT IN THE DISTRIBUTION NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings	
	Q1 2015	Q4 2014	Q1 2014	*Share of total (Q1 2015)*	Q1 2015 vs. Q4 2014	Q1 2015 vs. Q1 2014
Concept stores	1,447	1,410	1,137	*15.0%*	37	310
- hereof PANDORA owned	292	251	158	*3.0%*	41	134
Shop-in-shops	1,548	1,555	1,388	*16.1%*	-7	160
- hereof PANDORA owned	89	70	60	*0.9%*	19	29
Gold	2,381	2,400	2,323	*24.7%*	-19	58
Total branded	**5,376**	**5,365**	**4,848**	***55.8%***	**11**	**528**
Silver	2,546	2,744	3,098	*26.4%*	-198	-552
White and travel retail	1,712	1,797	2,126	*17.8%*	-85	-414
Total	**9,634**	**9,906**	**10,072**	***100.0%***	**-272**	**-438**

Regional concept stores						
Americas	**424**	414	349		10	75
Europe	**811**	786	617		25	194
Asia Pacific	**212**	210	171		2	41

COMMENTS

- Net 37 concept store added during the quarter including:
  - Net 21 new franchisee stores
  - Net 16 new O&O stores
  - 25 franchisee stores converted to O&O
- Continued focus on global branded network – 528 branded points of sale opened since Q1 2014 including:
  - 310 concept stores
  - 160 shop-in-shops

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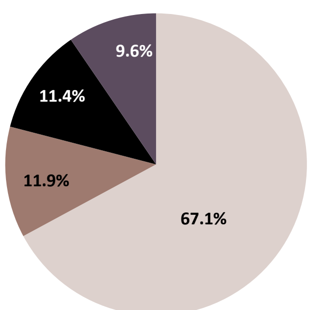
PRODUCT MIX

PRODUCT MIX (DKKm)

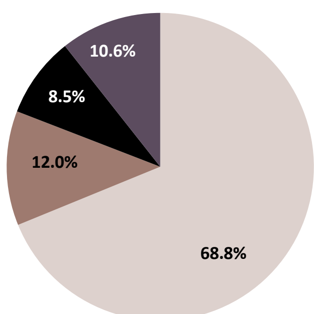
	Q1 2015	Q1 2014	*Growth Q1/Q1*	*Share of total Q1 2015*	FY 2014
Charms	2,381	1,784	*33.5%*	*67.1%*	7,933
Silver and gold charm bracelets	422	312	*35.3%*	*11.9%*	1,427
Rings	405	220	*84.1%*	*11.4%*	1,192
Other jewellery	339	276	*22.8%*	*9.6%*	1,390
Total	**3,547**	**2,592**	***36.8%***	***100.0%***	**11,942**

PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE

Q1 2015



Q1 2014



Charms ■ Silver and gold charm bracelets ■ Rings ■ Other jewellery

COMMENTS

- High demand for the core products remains as Charms and Bracelets increase more than 30%
- Revenue from Rings increased 84% following the increased focus on the category in most countries
- Necklaces and Earrings increase by around 60% and 70% respectively
  - Other bracelets decrease due to decreasing revenue from leather bracelets
- Charms and Bracelets share of revenue decreased to 79.0%, as Rings capture an increasing share of revenue

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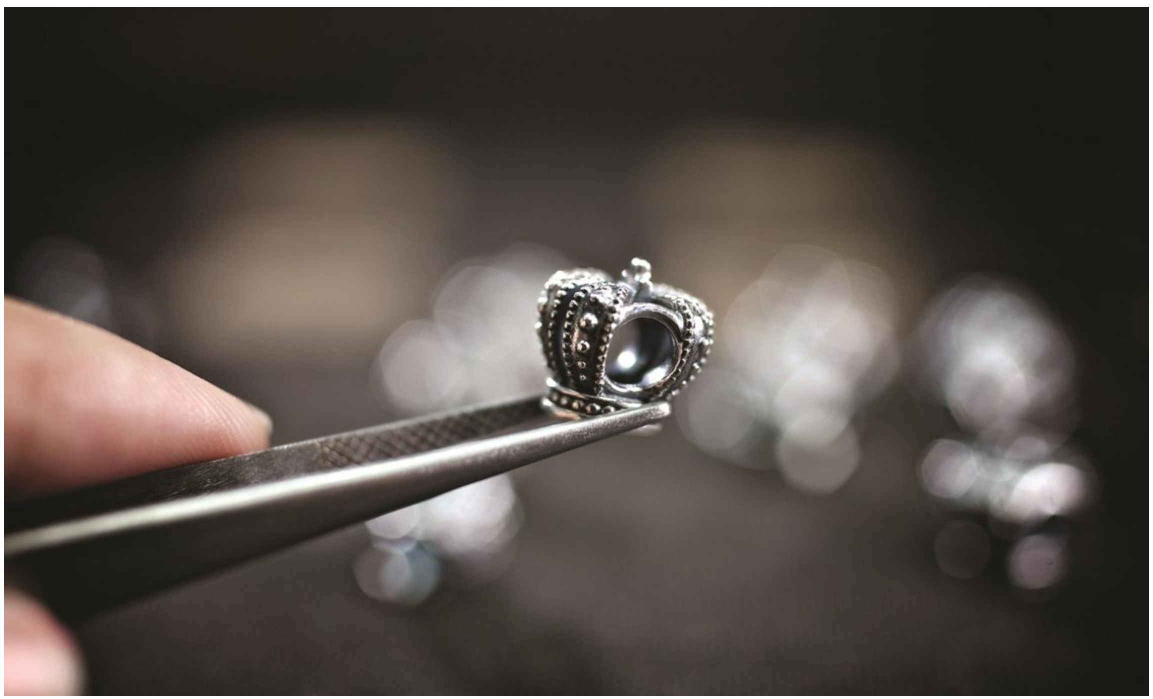
GROSS MARGIN DEVELOPMENT

GROSS PROFIT (DKKm) AND GROSS MARGIN (%)

DKKm	Q1 2015	Q4 2014	Q1 2014	FY 2014
Revenue	3,547	3,961	2,592	11,942
Cost of sales	1,025	1,126	801	3,519
Gross profit	2,522	2,835	1,791	8,423
Gross margin	*71.1%*	*71.6%*	*69.1%*	*70.5%*



COMMENTS

- Gross margin increase two percentage points vs. Q1 2014 driven by lower commodity prices and increasing share of revenue from O&O stores
    - Partially offset by currency moves and Hannoush acquisition
- Excluding hedging and inventory time lag, underlying gross margin would have been approximately 73% based on average gold and silver spot prices in Q1 2015
- Gross margin impact of 1pp if 10% deviation on commodities

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OPEX DEVELOPMENT

OPEX & MARGINS

	Q1 2015	Q4 2014	Q1 2014	FY 2014
Gross profit				
Share of revenue	*71.1%*	*71.6%*	*69.1%*	*70.5%*
DKKm	2,522	2,835	1,791	8,423
Operational expenses				
Share of revenue	*36.2%*	*36.7%*	*34.9%*	*36.4%*
DKKm	1,284	1,454	904	4,351
Sales and distribution expenses				
Share of revenue	*16.9%*	*16.3%*	*16.0%*	*16.4%*
DKKm	599	645	415	1,957
Marketing expenses				
Share of revenue	*9.2%*	*11.5%*	*8.1%*	*9.6%*
DKKm	327	455	210	1,143
Administrative expenses				
Share of revenue	*10.1%*	*8.9%*	*10.8%*	*10.5%*
DKKm	358	354	279	1,251
EBIT				
EBIT margin	*34.9%*	*34.9%*	*34.2%*	*34.1%*
Depreciation and amortisation*	67	63	50	222
EBITDA				
EBITDA margin	*36.8%*	*36.5%*	*36.1%*	*36.0%*

*Excluding gains/losses from sale of assets

COMMENTS

- All cost lines impacted by currency with a total effect of approximately DKK 100 million
- Increase in sales and distribution expenses driven by higher revenue as well as an increase in the number of O&O stores
- Marketing expenses were DKK 327 million corresponding to 9.2% of revenue compared to 8.1% in Q1 2014 primarily driven by higher digital media spend
- Administrative expenses were DKK 358 million corresponding to 10.1% of revenue and impacted by:
    - Increase in IT costs
    - Increased headcount

REGIONAL EBITDA MARGINS

EBITDA MARGINS

	Q1 2015	Q4 2014	*Q1 2015 vs. Q4 2014 (% pts)*	Q1 2014	*Q1 2015 vs. Q1 2014 (% pts)*	FY 2014
Americas	42.3%	35.8%	*6.5%*	44.3%	*-2.0%*	41.4%
Europe	43.5%	44.5%	*-1.0%*	39.8%	*3.7%*	43.3%
Asia Pacific	50.3%	53.3%	*-3.0%*	50.3%	*0.0%*	49.5%
Unallocated costs[1]	-7.2%	-6.0%	*-1.2%*	-7.1%	*-0.1%*	-7.4%
Group EBITDA margin	**36.8%**	**36.5%**	***0.3%***	**36.1%**	***0.7%***	**36.0%**

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

COMMENTS

- All regional margins positively impacted by the improved gross margin
- Americas margin decrease two percentage points compared to Q1 2014 impacted by:
  - Temporary impact of 2 percentage points from the Hannoush acquisition
  - Higher marketing spend and investments into the Northeast US
- The EBITDA margin in Asia Pacific impacted by increasing OPEX spend, primarily related to administrative and marketing expenses

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PROFIT DEVELOPMENT

FINANCIAL ITEMS, TAX AND NET PROFIT

DKKm	Q1 2015	Q1 2014	FY 2014
EBIT	**1,238**	**887**	**4,072**
Finance income	2	8	14
Finance expenses	-283	-16	-214
Profit before tax	**957**	**879**	**3,872**
Income tax expenses	-574	-175	-774
Effective tax rate	60.0%	20.0%	20.0%
Net profit	**383**	**704**	**3,098**

COMMENTS

- Net finance costs amounted to a net loss of DKK 281 million compared to a loss of DKK 8 million in Q1 2014
  - DKK 276 million was non-cash related
  - DKK 230 million was related to exchange rate loss
- Income tax impacted by one-off of DKK 364 million related to settlement with SKAT related to 2009-2014
- Excluding the one-off tax impact, the effective tax rate would have been 22%

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WORKING CAPITAL DEVELOPMENT

WORKING CAPITAL AND CASH MANAGEMENT

DKKm	Q1 2015	Q4 2014	Q3 2014	Q2 2014	Q1 2014
Inventory	1,925	1,684	2,126	1,684	1,574
Trade receivables	1,093	1,110	1,327	792	889
Trade payables	954	804	758	633	613
Operating working capital	**2,064**	**1,990**	**2,695**	**1,843**	**1,850**
Share of revenue[1]	*16.0%*	*16.7%*	*24.9%*	*18.0%*	*19.3%*
Other receivables	934	503	352	571	548
Tax receivables	259	52	94	49	41
Provisions	807	739	575	590	601
Income tax payable	1,114	643	995	769	651
Other payables	1,342	898	653	388	576
Net working capital including derivatives	**-6**	**265**	**918**	**716**	**611**
Share of revenue[1]	*-0.1%*	*2.2%*	*8.5%*	*7.0%*	*6.4%*
Derivatives	132	169	188	13	49
Net working capital excluding derivatives	**126**	**434**	**1,106**	**729**	**660**
Share of revenue[1]	*1.0%*	*3.6%*	*10.2%*	*7.1%*	*6.9%*
Free cash flow	**990**	**1,705**	**567**	**547**	**1,049**
Cash conversion[2]	**258.5%**	**169.3%**	**78.2%**	**82.6%**	**149.0%**
NIBD/EBITDA[3]	**-0.1**	**-0.3**	**0.0**	**-0.1**	**-0.2**
ROIC[4]	**70.9%**	**67.0%**	**54.6%**	**56.9%**	**52.4%**

COMMENTS

- Operating working capital improved during the quarter and represented 16.0% of revenue at the end of Q1 2015, compared to 19.3% at the end of Q1 2014
- Inventory as a percentage of revenue decreased primarily due to lower raw material prices
    - Absolute increase driven by higher activity, currency and acquisition of stores
- Trade receivables decrease due to strong cash collection
- Free cash flow was DKK 990 million, impacted by expected temporary payment of Thai tax

[1] % of revenue in relation to last 12 months revenue. DKK 12,897m for the period ended 31 March 2015
[2] Calculated as free cash flow / net profit
[3] Calculated as last 12 months EBITDA
[4] Calculated as last 12 months EBIT / Invested capital (at end of period)

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Q1 2015 IN SUMMARY

SUMMARY

- Revenue increase 36.8%
- Continued roll out of stores with the addition of 37 new concept stores during the quarter
- Gross margin was 71.1%
- EBITDA margin was 36.8%
- Free cash flow was DKK 990 million
- Revenue guidance upgraded to more than DKK 15 billion
- Share buyback of up to DKK 3.9 billion in 2015 on track

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QUESTIONS AND ANSWERS

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