

TELECONFERENCE FY 2017

COPENHAGEN, 6 FEBRUARY 2018

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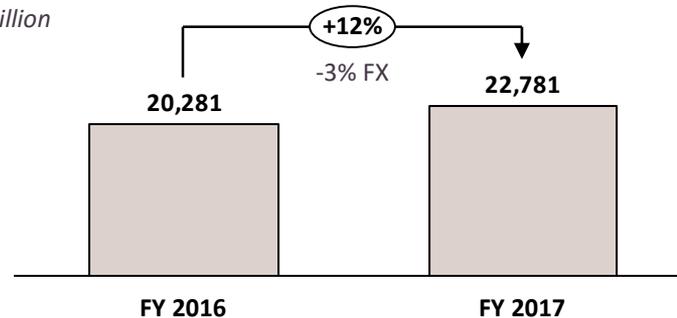
Full year 2017 highlights

2017 HIGHLIGHTS

- Total revenue was DKK 22.8 billion, an increase of 15% in local currency
 - Revenue from **PANDORA owned concept stores increased 51%** and represented 40% of Group revenue
 - All product categories increased with double digits
- Net **308 new concept stores** added in 2017
 - **376 new PANDORA owned concept stores** including acquisitions
- **EBITDA increased by 7%** to DKK 8.5 billion, corresponding to a margin of 37.3% (FY 2016: 39.1%)
- **Effective tax rate** for 2017 was 24.8%, excl. one-offs 21%
- **Free cash flow** of DKK 5,294 million

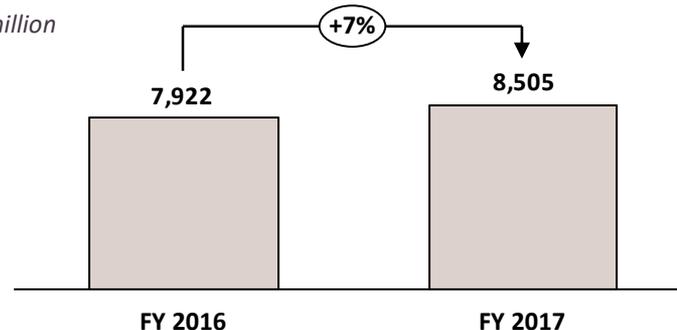
REVENUE DEVELOPMENT

DKK million



EBITDA DEVELOPMENT

DKK million



Strategic update 2017



STATE-OF-THE-ART PRODUCTION

- **New crafting facility** opened in Lamphun, Thailand
- **Additional facility** opened in January 2018
- **Production capacity** to be doubled by 2019 (compared to 2015-level)
- Improved **agility and efficiency** in production



FULL JEWELLERY PRODUCT OFFERING

- Revenue from Rings, Earrings and Necklaces & Pendants increased 28% and **contributed to 26% of Group revenue**
- **Disney collection** launched in EMEA was well received across markets
- **PANDORA SHINE** will be launched in March



BRANDED RETAIL EXCELLENCE

- Increased control of network adding net **376 PANDORA owned concept stores** in 2017
- **Acquired 200 franchise concept stores** during 2017
- Revenue from **PANDORA owned retail** was 43% of total revenue
- **Take over of distribution** in Spain, Belgium and South Africa



BALANCED GLOBAL BUSINESS

- **Strong development in Asia** now 13% of revenue
 - 58 concept stores opened in **China**
- Office opened in **Latin America** in January
 - Network in **Latin America** expanded to 198 concept stores

Sales growth driven by PANDORA owned retail

STRONG RETAIL DEVELOPMENT INCLUDING eSTORE

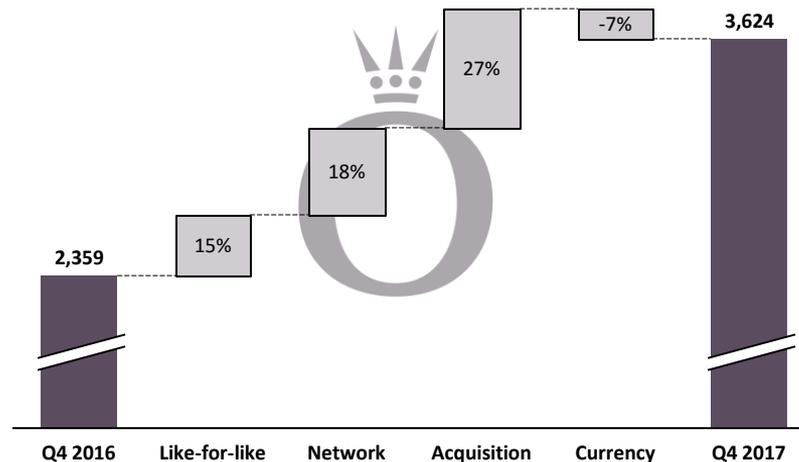
DKK million	Q4 2017	Growth, Q4/Q4, LC	Q4 2017 share of revenue	FY 2017	Growth, FY/FY, LC	FY 2017 share of revenue
PANDORA owned retail	3,845	58%	51%	9,782	46%	43%
- hereof PANDORA owned concept stores	3,624	61%	48%	9,214	51%	40%
- hereof eSTORE	812	62%	11%	1,678	67%	7%
Wholesale	3,438	2%	45%	11,470	-1%	50%
- hereof franchise concept stores	2,119	-11%	28%	6,678	-3%	29%
3rd party distribution	320	-38%	4%	1,529	-4%	7%
Total revenue	7,603	20%	100%	22,781	15%	100%

WHOLESALE PERFORMANCE

- Franchise concept stores declined by 11% in local currency impacted by
 - Conversion impact from acquired stores of DKK -201 million
 - Continued impact from lack of newness from products

PANDORA OWNED CONCEPT STORE GROWTH OF 61%

DKK million



61%
TOTAL O&O CS
REVENUE GROWTH

15%
LIKE-FOR-LIKE

376
NET ADDED O&O
CONCEPT STORES
(LTM)

48%
SHARE OF
GROUP REVENUE

All three regions delivered double-digit growth in local currency

REVENUE BY REGION					
DKK million	Q4 2017	Growth Q4/Q4, DKK	Growth, Q4/Q4, LC	FY 2017	Growth, FY/FY, LC
EMEA	4,012	19%	20%	10,832	15%
- hereof UK	1,101	5%	8%	2,809	10%
- hereof Italy	825	45%	45%	2,602	30%
- hereof France	535	20%	20%	1,272	13%
- hereof Germany	407	9%	9%	1,065	9%
AMERICAS	2,205	16%	27%	7,111	6%
- hereof US	1,632	19%	31%	5,297	6%
ASIA PACIFIC	1,386	5%	13%	4,838	28%
- hereof Australia	590	-10%	-3%	1,647	8%
- hereof China	389	53%	62%	1,592	82%
Total	7,603	15%	20%	22,781	15%

COMMENTARY

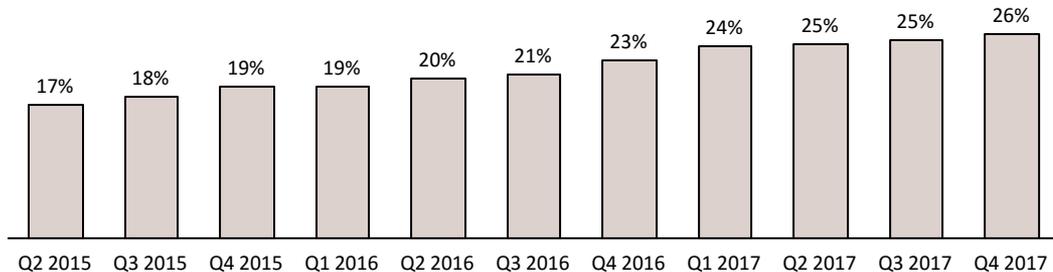
- **EMEA increase 20%** in local currency driven by
 - Good performance in Italy and France
 - Around DKK 350 million from acquisitions
- **Americas increase 27%** in local currency driven by
 - Positive development in US, impacted by acquisitions and product returns in Q4 2016
- **Asia Pacific increase 13%** in local currency driven by China and partly offset by Australia (less Chinese consumers)

Double-digit growth in local currency across all product categories

REVENUE PER PRODUCT CATEGORY

DKK million	Q4 2017	Growth Q4/Q4, DKK	Growth Q4/Q4, LC	Share of revenue Q4 2017	FY 2017	Share of revenue FY 2017
Charms	4,205	13%	19%	55%	12,920	57%
Bracelets	1,338	9%	13%	18%	3,965	17%
Rings	1,037	18%	24%	14%	3,161	14%
Earrings	523	28%	33%	7%	1,418	6%
Necklaces & Pendants	500	34%	40%	7%	1,317	6%
Total revenue	7,603	15%	20%	100%	22,781	100%

OTHER CATEGORIES' SHARE OF REVENUE (LTM)



COMMENTARY

- **Charms and Bracelets** increased revenue by 19% and 13%, respectively
 - Primarily driven by Disney and Rose
- Revenue from Rings, Earrings and Necklaces & Pendants increased 30% in local currency and represented 28% of revenue
 - In-store focus
 - Increased focus in marketing
- Disney successfully launched in EMEA in October

Continued solid profitability

GROSS PROFIT AND OPERATING EXPENSES INCL. D&A

DKK million	Q4 2017	Share of revenue Q4 2017	Share of revenue Q4 2016	FY 2017	Share of revenue FY 2017	Share of revenue FY 2016
Gross profit	5,765	75.8%	75.2%	16,966	74.5%	75.1%
Operating expenses (incl. D&A)	-2,947	38.8%	36.5%	-9,182	40.3%	38.6%
- hereof sales & distribution	-1,592	20.9%	17.9%	-4,810	21.1%	19.8%
- hereof marketing	-838	11.0%	10.8%	-2,235	9.8%	9.0%
- hereof administrative	-517	6.8%	7.7%	-2,137	9.4%	9.8%
Depreciation and amortisation	232	3.1%	2.4%	721	3.2%	2.6%
EBITDA	3,050	40.1%	41.1%	8,505	37.3%	39.1%



COMMENTARY

- **Gross margin increased 0.6%-p**
 - Positively impacted by the increasing share of PANDORA owned retail revenue
 - Partly offset by channel mix and raw materials
- **Operating expenses increased 2.3%-p**
 - **S&D increased** due to the increasing share of revenue coming from PANDORA owned stores, partly offset by gross margin impact
 - **Marketing ratio up 0.2%-p** due to more online spend and building digital capabilities
 - **Administrative ratio down 0.9%-p** mainly due to leverage

Balance sheet with improved working capital

WORKING CAPITAL AND CASH MANAGEMENT					
DKK million	Q4 2017	Q3 2017	Q2 2017	Q1 2017	Q4 2016
Inventory	2,729	3,232	3,021	2,905	2,729
- Share of revenue (last 12 months)	12.0%	14.8%	14.3%	14.0%	13.5%
Trade receivables	1,954	2,268	1,232	1,500	1,673
- Share of revenue (last 12 months)	8.6%	10.4%	5.8%	7.2%	8.2%
Trade payables	-1,706	-1,375	-1,352	-1,462	-1,622
- Share of revenue (last 12 months)	-7.5%	-6.3%	-6.4%	-7.1%	-8.0%
Operating working capital	2,977	4,125	2,901	2,943	2,780
- Share of revenue (last 12 months)	13.1%	18.9%	13.7%	14.2%	13.7%
Free cash flow	2,919	637	556	1,182	2,849
CAPEX	502	380	296	210	249
NIBD to EBITDA (last 12 months)	0.6x	0.7x	0.5x	0.4x	0.3x

Selected KPIs

Days Sales of Inventory - last 6 months of COGS (183 days)	157	228	210	176	179
Days Sales of Outstanding - last 3 months of wholesale and 3 rd party distribution revenue (90 days)	47	63	39	42	37

COMMENTARY
<ul style="list-style-type: none"> • Inventory decreased to 12% of revenue <ul style="list-style-type: none"> - Continued optimisation of inventories • Trade receivables increased 10 days compared with Q4 2016 with DSO of 47 days <ul style="list-style-type: none"> - Integration of Spain - Revenue skewed towards the end of the quarter • Free cash flow increased by 2% corresponding to DKK 2,919 million

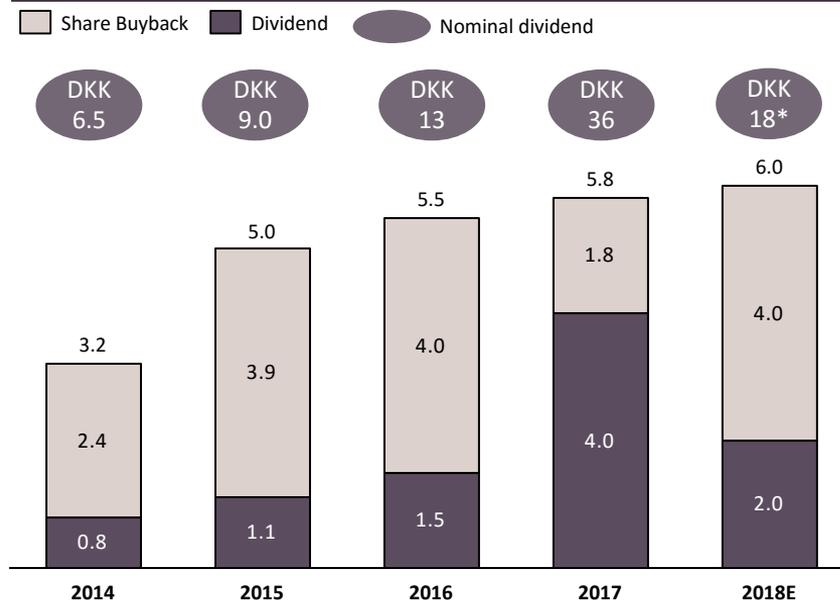
Strong cash flow with distribution of DKK 6 billion to shareholder in 2018

COMMENTARY

- **Capital structure** ratio target of 0–1x NIBD/EBITDA
 1. Repayment of interest bearing debt if outside the capital structure policy
 2. Funding of value creating business opportunities
 3. Distribution to shareholders
- **Total cash return increased to DKK 6.0 billion** in 2018 (2017: DKK 5.8 billion*)
- **Share buyback programme** of DKK 4.0 billion
- **Dividends** of DKK 2.0 billion (DKK 18 per share)
 - ordinary dividend of DKK 1.0 billion (DKK 9)
 - Bi-annual dividend of DKK 1.0 billion (DKK 9)
- **2017 share buyback programme** of DKK 1.8 billion finalised
- The Board to propose **cancellation of 2.2% of the total share capital**

* Share buyback programme will end February, DKK 5.7 billion for 2017

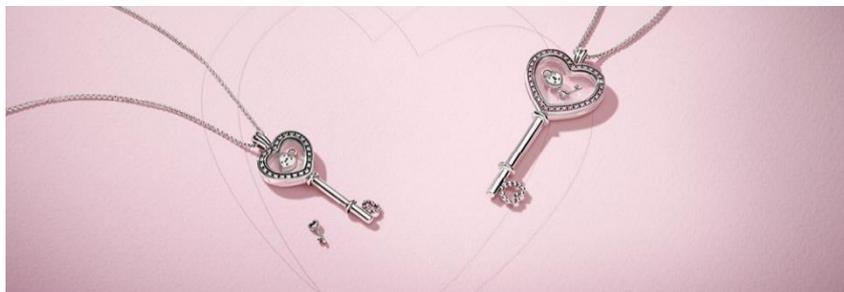
5-YEAR CASH DISTRIBUTION DEVELOPMENT



* The dividend in 2018, is a combination of an ordinary dividend of DKK 9 per share, and an interim dividend at half year of DKK 9 per share

2018 financial guidance

FINANCIAL GUIDANCE		
	FY 2018	FY 2017
	Guidance	Actual
Revenue, growth/DKK billion	7-10% local currency growth	22.8
EBITDA margin	Approx. 35%	37.3%
CAPEX, % share of revenue	Approx. 5%	6.1%



COMMENTARY
<ul style="list-style-type: none">• Revenue growth of 7-10% in local currency<ul style="list-style-type: none">- Around 200 concept store openings- Around DKK 1bn in forward integration- Headwind from currencies expected to be around 3%• EBITDA margin to be approx. 35%<ul style="list-style-type: none">- Significantly lower margin in H1 2018 compared to H2 2018 (as in prior years)• CAPEX to be approx. 5% of revenue

The PANDORA investment case towards 2022

A UNIQUE INTEGRATED BUSINESS MODEL



**AFFORDABLE
JEWELLERY LEADER**



**LEADING POSITION IN
BRANDED
MANUFACTURING**



**WORLD'S MOST
RECOGNISED
JEWELLERY BRAND**



**LARGE AND PROFITABLE
DISTRIBUTION
NETWORK**

DELIVERING STRONG FINANCIALS



**SUSTAINABLE
GROWTH**

~7-10%
Revenue growth
(local currency)



**STRONG
MARGINS**

~35%
EBITDA margin



**ASSET
LIGHT**

~5%
CAPEX



**CASH
GENERATIVE**

**High
pay-out**

THANK YOU!

