TELECONFERENCE PRESENTATION Q2 2012

7 August 2012

PANDORA
UNFORGETTABLE MOMENTS

AGENDA

AGENDA

- Important events in Q2 2012
- Financial highlights
- Q&A

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IMPORTANT EVENTS IN Q2 2012

CEO MESSAGE

- Guidance confirmed – gross margin upgraded due to change in product mix
- Stock balancing campaign to improve quality of retailer’s stock progresses as planned with continued high participation rate amongst our retail partners
- Spring/Summer 12 collection launched in Q1 12 continues to do very well in terms of sales-out
- Initial feedback from Autumn/Winther 12 collection very encouraging
- Assortment is now again competitive with the right commercial price points
- Investing in systems like IT, warehouse consolidation and management processes hurting OPEX ratio
- Main focus continues to be on the consumer, the product and sales-out – and system implementation

KEY FINANCIALS Q2 2012

P&L, CF (% change Y/Y)

	Q2 2012
Revenue (DKKm) Change	1,260 -9.5%
EBITDA (DKKm) Change	220 -57.0%
Net Profit (DKKm) Change Change adj for CWE earn-out Q2 11	63 -89.9% -80.9%
Free cash flow (DKKm) Change	91 -59.9%

MARGINS

	Q2 2012	Q2 2011
Gross Margin	67.9%	74.4%
EBITDA Margin	17.5%	36.8%
EBIT Margin	13.7%	31.6%

CASH CONVERSION, ROIC, DEBT

	Q2 2012	Q2 2011
Cash conversion	144.4%	36.3%
ROIC	24.2%	45.1%
NIBD (DKKm) NIBD to EBITDA	737 0.4	1,144 0.4

STOCK BALANCING CAMPAIGN (1/4) – THE MECHANICS

ISSUE

- Improve the quality of retailers' stock

ACTIONS

- One-off, time limited stock balancing campaign with a wholesale value in the range from DKK 700-800 million
- Discontinued items only – including recently discontinued additional 270 DVs depending on markets (20% of total DVs)
- Will affect 2012 financials, mainly in H1 2012

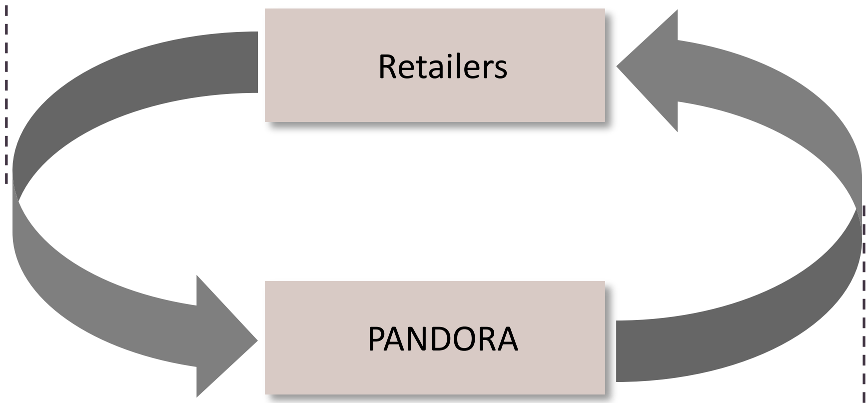
GOAL

- To accelerate like-for-like sales growth by improving the quality of the stock mix at our key retail partners

TIME LIMITED STOCK BALANCING CAMPAIGN

RETURNS

Discontinued stock
Volume: DKK 700-800 million



REPLACEMENTS

Top 500 bestselling SKUs
Volume: DKK 700-800 million
Net impact DKK 0

STOCK BALANCING CAMPAIGN (2/4) – THE TIMING

STOCK BALANCING CAMPAIGN – PHASING IMPACT

- Figures from the stock balancing campaign should be treated with careful consideration, as simply adding these to the reported figures, may not be representative nor meaningful, particularly due to the phasing of returns and replacements between individual quarters
- However, for the full year of 2012 the impact of the stock balancing campaign is estimated to be in the range from DKK 700 million up to a maximum of DKK 800 million

TIME LINE STOCK BALANCING CAMPAIGN

Q1 2012	Q2 2012	Q3 2012	Q4 2012/2012 FY
• Received discontinued products of DKK 340m • Replaced with best sellers products in Q1 DKK 162m	• Received discontinued products of DKK 183m • Replaced with best seller products in Q2 DKK 310m	• Deferred (received) from Q2 12 to be replaced in Q3 12: DKK 51m	• Likely deferred (received) from Q3 12 to be replaced in Q4 12 • Total stock balancing campaign effect of DKK 700 – 800m

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STOCK BALANCING CAMPAIGN (3/4) – Q2 REVENUE BASED ON GEOGRAPHY

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

	Q2-2012	Q2-2011	% change	Received Q2 2012	Replaced Q2 2012	Replaced in Q2 2012 as % of revenue
Americas	**687**	**724**	**-5.1%**	**0**	**146**	**21%**
US	521	545	-4.4%	0	123	24%
Other	166	179	-7.3%	0	23	14%
Europe	**403**	**483**	**-16.6%**	**135**	**118**	**29%**
UK	102	166	-38.6%	14	32	31%
Germany	85	119	-28.6%	25	23	27%
Other	216	198	9.1%	96	63	29%
Asia Pacific	**170**	**185**	**-8.1%**	**48**	**46**	**27%**
Australia	131	134	-2.2%	39	39	30%
Other	39	51	-23.5%	9	7	18%
Total	**1,260**	**1,392**	**-9.5%**	**183**	**310**	**25%**

COMMENTS

- Significant impact from stock balancing campaign where replacements may have changed the retailers' purchasing patterns and thereby affecting the reported revenue negatively

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STOCK BALANCING CAMPAIGN (4/4) – Q2 RESULT BASED ON STORE TYPE

REVENUE BREAKDOWN BY CHANNEL (DKKm)

	Q2-2012	Q2-2011	Received Q2 2012	Replaced Q2 2012	Number of POS Q2 2012
Concept stores	537	537	33	75	695
SiS	216	261	32	76	944
Gold	196	224	23	49	1,759
Total Branded	**949**	**1,022**	**88**	**200**	**3,398**
Silver	183	208	14	61	2,825
White & TR	93	129	7	14	2,408
Total unbranded	**276**	**337**	**21**	**75**	**5,233**
Total Direct	**1,225**	**1,359**	**109**	**275**	**8,631**
3rd party	35	33	74	35	1,812
Total	**1,260**	**1,392**	**183**	**310**	**10,443**

COMMENTS

- Very positive feedback from retailers on stock balancing campaign
- The requests for returns of discontinued products show a participation rate of approximately two-thirds amongst all points of sales in our distribution network
- Participation rates for Concepts stores and SiS approximately 80%

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PERFORMANCE OF SPRING/SUMMER AND AUTUMN/WINTHER 2012 COLLECTIONS

Spring/Summer 2012

Autumn/Winter 2012

COMMENTS

- Sales-in: SS 2012 collection launched in mid-March, very well received - representing a significantly higher volume than SS 2011
- Sales-out: SS 2012 revenue in Q2 significantly improved compared to SS 2011 collection as a markedly lower ASP was more than offset by significantly higher volumes
- AW 2012 to be shipped late Q3 and Q4 2012. Initial feedback from retailers very encouraging

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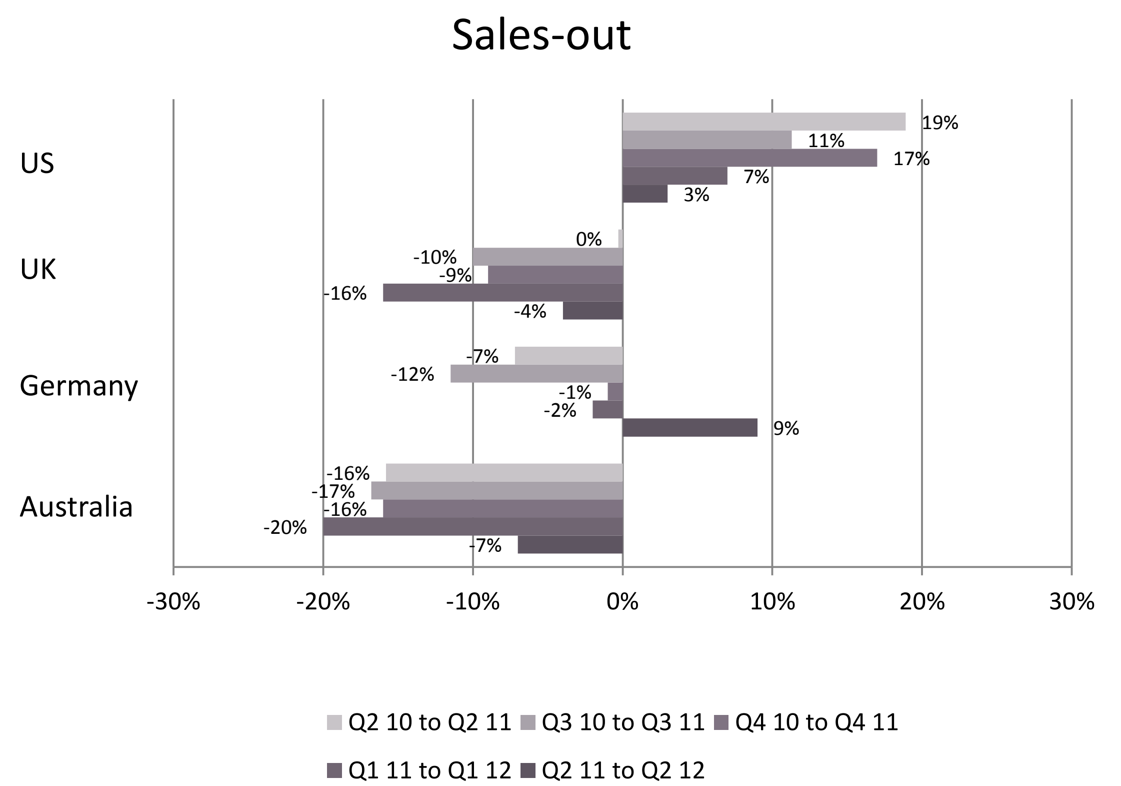
CONCEPT STORE SALES-OUT IN US CONTINUES ON A POSITIVE NOTE - PARTIAL REBOUND IN OTHER GEOGRAPHIES

LIKE FOR LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT



COMMENTS

- Continued sales-out growth in the US
- UK sales decline slowing…
- … while Germany rebounds
- Australia no longer sees double-digit declines

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2012 FINANCIAL GUIDANCE

2012 FINANCIAL GUIDANCE

- Revenue above DKK 6 billion
- Gross margin in the mid 60’s
- EBITDA margin in the low 20’s.
- CAPEX around DKK 300 million
- Effective tax rate of 18%
- Expectation of at least 200 new concept stores

Excluding the negative impact of the one-off stock balancing campaign PANDORA expects 2012 revenue growth in mid-single digits; gross margin in the mid 60’s driven by the impact of commodities prices and a reduction in our selling prices; and EBITDA margin in the mid 20’s.

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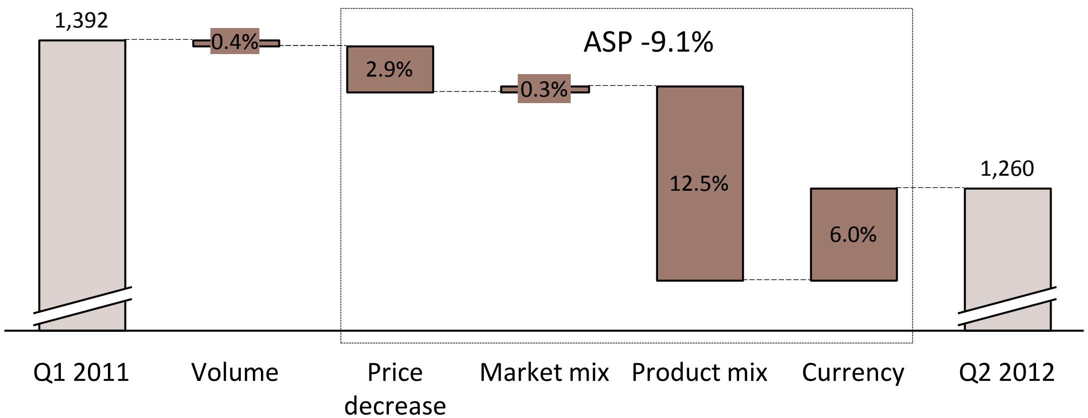
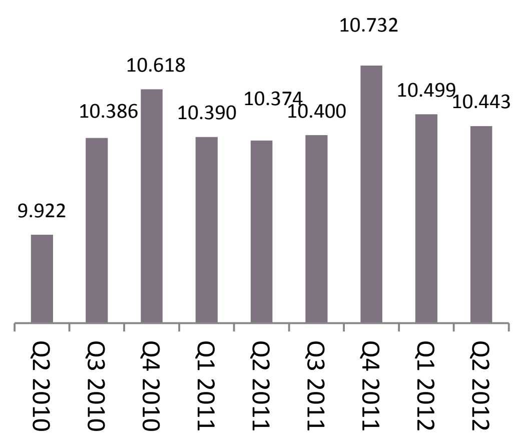
REVENUE DEVELOPMENT IN LINE WITH OUR EXPECTATIONS IN Q2 2012

REVENUE (DKKm)



PoS (END OF PERIOD)



REVENUE PER CHANNEL

	Q2-2012
Concept stores	42.6%
SiS	17.1%
Gold	15.6%
Total Branded	**75.3%**
Silver	14.5%
White & TR	7.4%
Total unbranded	**21.9%**
Total Direct	**97.2%**
3rd party	2.8%
Total	**100.0%**

COMMENTS

- Total revenue decreased by 9.5%
- Negatively impacted from the derived effects of the stock balancing campaign initiated in February 2012
- Branded distribution generating three-quarter of Q2 12 revenue with CS as largest contributor
- Direct distribution accounts for more than 97% of revenue generated in Q2 12

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DEVELOPMENT IN OUR DISTRIBUTION NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings			
	Q2 2012	Q1 2012	Q2 2011	% of total	Q2 2012	Q1 2012	Q4 2011	Q2 2011
Concept stores	766	698	493	7.3%	68	26	104	42
Shop-in-Shop	1,090	1,088	1,011	10.5%	2	-94	121	25
Gold	1,976	2,006	1,605	18.9%	-30	185	93	-17
Total branded	**3,832**	**3,792**	**3,109**	**36.7%**	**40**	**117**	**318**	**50**
Silver	3,043	2,957	2,694	29.1%	86	259	26	152
White	3,568	3,750	4,571	34.2%	-182	-609	-12	-218
Total	**10,443**	**10,499**	**10,374**	**100.0%**	**-56**	**-233**	**332**	**-16**

NUMBER OF STORES, KEY NEW MARKETS

	End of Q2 2012							**Net openings**	
	Russia	China	Japan	Rest of Asia	France	Italy	**Total**	Q2 2012	Q2 2011
Concept stores	45	19	4	42	8	5	**123**	27	7
Shop-in-shop	7	14	15	35	24	10	**105**	14	8
Total	**52**	**33**	**19**	**77**	**32**	**15**	**228**	**41**	**15**

COMMENTS

- 68 Concept store net openings in Q2 12 in line expectations
- Openings in new markets more than doubling compared to Q2 2011
- Total number of POS decline from continuous closing of unbranded POS, primarily in Germany and Australia
- Downgrading of Gold stores following review in CWE

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MAJOR MARKETS DEVELOPMENT

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

	Q2-2012	Q1-2012	Q4-2011	Q3-2011	Q2-2011	% change	% LC change
Americas	**687**	**766**	**883**	**755**	**724**	**-5.1%**	**-14.6%**
US	521	609	701	614	545	-4.4%	-14.3%
Other	166	157	182	141	179	-7.3%	
Europe	**403**	**474**	**779**	**618**	**483**	**-16.6%**	**-17.4%**
UK	102	134	344	222	166	-38.6%	-45.0%
Germany	85	100	184	173	119	-28.6%	
Other	216	240	251	223	198	9.1%	
Asia Pacific	**170**	**184**	**290**	**196**	**185**	**-8.1%**	**-14.1%**
Australia	131	124	210	138	134	-2.2%	-8.3%
Other	39	60	80	58	51	-23.5%	
Total	**1,260**	**1,424**	**1,952**	**1,569**	**1,392**	**-9.5%**	**-15.5%**

COMMENTS

- Significant impact from stock balancing campaign where replacements may have changed the retailers' purchasing patterns and thereby affecting the reported revenue negatively
- Growth in Other Europe driven by Italy, Russia and France – whereas 3rd party distributor markets negatively impacted by tough macroeconomic conditions
- US, UK and Australia helped by positive currency development

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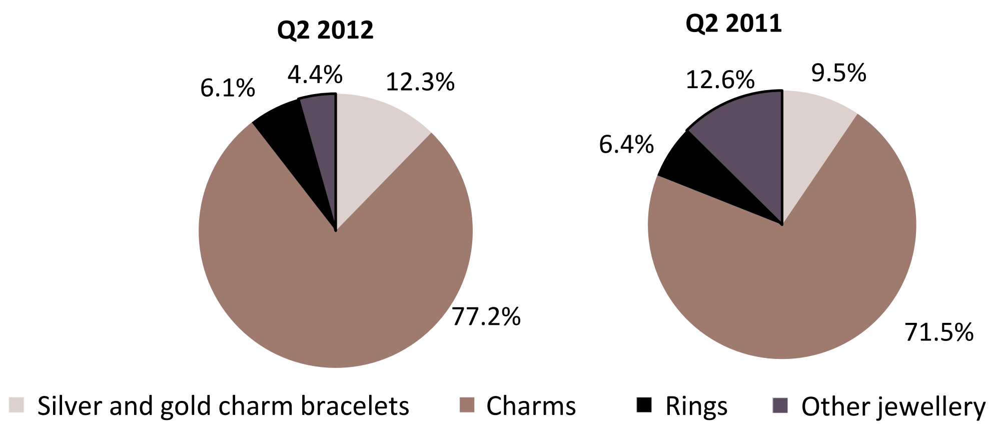
PRODUCT MIX AFFECTED BY STOCK BALANCING

PRODUCT MIX (DKKm)

	Q2-2012	Q2-2011	% change	% of total	Received Q2 2012	Replaced Q2 2012
Charms	973	995	-2.2%	77.2%	87	224
Silver and gold charms bracelets	155	132	17.4%	12.3%	2	46
Rings	77	89	-13.5%	6.1%	29	13
Other jewellery	55	176	-68.8%	4.4%	65	27
Total	**1,260**	**1,392**	**-9.5%**	**100.0%**	**183**	**310**

PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE



COMMENTS

- Product mix highly affected by stock balancing campaign
- Main trend in stock balancing campaign is discontinued items within…
  - Gold products (including charms)
  - Rings and Other jewellery
- … which are replaced with best sellers, especially silver charms
- New ring collection selling well

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GM IMPACTED BY INCREASING RAW MATERIAL PRICES LARGELY OFFSET BY PRODUCT AND MARKET MIX

GROSS PROFIT (DKKm) AND GROSS MARGIN (%)

	Q2 2012	Q2 2011	FY 2011	FY 2010
Gross Profit	856	1,035	4,860	4,725
Gross Margin %	67.9%	74.4%	73.0%	70.9%
Adjustments				
Unrealised losses/(gains) on Commodity Derivatives				
Reversal of Internal Profit on Inventory from Australia				
Reversal of Internal Profit on Inventory from former Dutch Distributor				
IPO Salary bonus production				10
Reversal of Internal Profit on Inventory from CWE				50
Adj. Gross Profit	856	1,035	4,860	4,785
Adj. Gross Margin	**67.9%**	**74.4%**	**73.0%**	**71.8%**

COMMENTS

- Gross margin negatively increasing raw material prices (-6.7%), price changes (-0.8%), product and market mix (-0.3%) but positively impacted by currencies (+1.3%)
- No impact from stock campaign
- Excluding hedging and inventory time lag, underlying gross margin would have been approximately 69% based on average gold and silver prices in Q2 2012
- Gross margin impact of approx. 250 bps if 10% deviation on commodities

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COSTS IMPACTED BY FURTHER DEVELOPMENT OF OUR DISTRIBUTION NETWORK AND THE RESETTING OF OUR BUSINESS

EBITDA, EBIT (DKKm) AND MARGIN (%)

	Q2 2012	Q2 2011	FY 2011	FY 2010
Gross margin				
% of revenue	67.9%	74.4%	73.0%	70.9%
DKKm	856	1,035	4,860	4,725
Distribution costs				
% of revenue	37.0%	31.9%	30.9%	26.1%
DKKm	466	443	2,053	1,733
Of which marketing costs				
% of Revenue	13.6%	13.7%	14.6%	11.1%
DKKm	171	191	973	743
Administrative costs				
% of revenue	17.2%	10.9%	11.2%	8.6%
DKKm	217	152	749	576
EBIT				
% of revenue	13.7%	31.6%	30.9%	36.2%
DKKm	173	440	2,058	2,416
D&A*	47	72	223	268
EBITDA	220	512	2,281	2,684
% of revenue	17.5%	36.8%	34.3%	40.3%

COMMENTS

- Q2 2012 Distribution costs at same level as last year, however Q1 2011 affected by DKK 46 million from amortisation of distribution rights in Pandora CWE
- Underlying increase in Distribution costs impacted by building organisations in new markets
- Increase in Administrative costs related to…
  - Organisations in new markets
  - Increased personnel headcount in HQ
  - IT infrastructure

*Including gains/losses from sale of assets

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DIVERGENCE IN EBITDA MARGIN BY REGION

EBITDA MARGIN

	Q2 2012	Q1 2012*	Q4 2011	Q2 2012 vs Q1 2012 (% pts)	Q2 2011	Q1 2011	Q2 2012 vs Q2 2011 (% pts)
Americas	44.0%	49.9%	46.1%	-5.9%	55.9%	51.4%	-11.9%
Europe	5.0%	16.0%	34.9%	-11.0%	25.5%	44.5%	-20.5%
Asia Pacific	13.5%	27.2%	33.4%	-13.7%	33.5%	42.7%	-20.0%
Unallocated costs[1]	-9.9%	-7.5%	-12.9%	-2.4%	-5.6%	-6.8%	-4.3%
Group EBITDA margin	**17.5%**	**28.2%**	**26.8%**	**-10.7%**	**36.8%**	**40.6%**	**-19.3%**

* In the Q1 2012 report, the reported regional EBITDA margins were: 51.8% for Americas, 14.1% for Europe and 23.9% for Asia. In the above table, the regional EBITDA margins for Q1 12 has been recalculated incorporating the difference between volumes received and volumes returned in Q1 2012 in connection with the global stock balancing campaign based on standard cost in order to isolate the effect from deferred volumes from one quarter to the next.

COMMENTS

- The Americas region EBITDA margin remained above Group average, despite the significant impact from the on-going stock balancing campaign.
- The margin decrease in Europe was affected by the on-going stock balancing campaign as well as start-up costs to develop direct distribution in Italy and France.
- The decrease in EBITDA margin in Asia Pacific was primarily due to the decrease in revenue in Australia and start-up costs related to the development of new markets in Asia.

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

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NET FINANCIALS IMPACTED BY AN UNREALISED FX LOSS

INTEREST, TAX AND MINORITIES (DKKm)

DKKm	Q2 2012	Q2 2011	FY 2011	FY 2010
EBIT	**173**	**440**	**2,058**	**2,416**
Financial expenses	-97	-56	-331	-218
Financial income	1	321	642	54
Profit before tax	**77**	**705**	**2,369**	**2,252**
Income tax expenses	-14	-79	-332	-381
Effective tax rate	18.2%	11.2%	14.0%	16.9%
Group net profit	**63**	**626**	**2,037**	**1,871**
Minority interests	-	-	-	-25
Net profit attributable to shareholders	**63**	**626**	**2,037**	**1,846**

COMMENTS

- Net financial income amounted to DKK -96 million in Q2 2012
- Financial expenses affected by DKK -71 million of unrealised exchange rate loss on USD
- This non-cash amount relates to the strong appreciation of the USD during Q2 2012 and is related to an accumulated inter-company account between PANDORA A/S and PANDORA Thailand.

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WORKING CAPITAL DRIVEN BY INVENTORY

WORKING CAPITAL

DKKm	Q2 2012	Q1 2012	Q4 2011	Q3 2011	Q2 2011
Inventory	1,925	1,668	1,609	1,964	1,697
Trade receivables	543	704	900	984	630
Trade payables	185	143	288	179	175
Operating working capital	**2,283**	**2,229**	**2,221**	**2,769**	**2,152**
% of revenue[1]	*36.8%*	*35.2%*	*33.4%*	*39.5%*	*29.8%*
Other receivables	320	302	177	206	362
Tax receivables	45	43	41	48	70
Provisions[4]	280	248	243	155	125
Income tax payable	295	378	344	618	545
Other payables	648	616	775	489	373
Net working capital including derivatives	**1,425**	**1,332**	**1,077**	**1,761**	**1,541**
% of revenue[1]	*23.0%*	*21.0%*	*16.2%*	*25.1%*	*21.3%*
Derivatives	205	68	250	139	-79
Net working capital excluding derivatives	**1.630**	**1.400**	**1,327**	**1,900**	**1,462**
% of revenue[1]	*26.3%*	*22.1%*	*19.9%*	*27.1%*	*20.2%*
Free cash flow	**91**	**118**	**930**	**37**	**227**
Cash conversion[2]	**144.4%**	**34.9%**	**167.6%**	**10.9%**	**36.3%**
Adjusted cash conversion[2]	***144.4%***	***34.9%***	***167.6%***	***10.9%***	***68.8%***
ROIC[3]	**24.2%**	**29.9%**	**34.7%**	**37.4%**	**45.1%**

COMMENTS

- Operating working capital increase driven by inventory
- Inventory increase y/y explained by
    - Soaring gold and silver prices (up approximately 29%)
    - DKK 180 million in inventory caused by take back from the stock balancing campaign
- Inventory increase q/q explained by
    - Gold and silver prices (up approximately 7%)
    - DKK 90 million in inventory caused by take back from the stock balancing campaign

[1] % of revenue in relation to last twelve months' revenue. DKK 6,205m for the period ended 30 June 2012
[2] Calculated as free cash flow / net profit
[3] Calculated as last 12 months' EBIT / Invested capital (at end of period)
[4] Excluding earn-out

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Q2 2012 IN SUMMARY

- Group revenue was DKK 1,260 million
- Gross margin of 67.9%
- EBITDA was DKK 220 million (margin of 17.5%)

- The quarter progressed as expected
- Stock balancing campaign on track
- Successful launch of Spring/Summer 2012 collection and very encouraging initial feedback on Autumn/Winther 2012 collection
- Full year revenue and EBITDA margin guidance confirmed with improved gross margin

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QUESTIONS AND ANSWERS

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