

INVESTOR PRESENTATION

Q1 2013

14 May 2013



PANDORA
UNFORGETTABLE MOMENTS

AGENDA



AGENDA

- Business highlights:
 - Key developments in Q1 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 Q1 2013

CEO MESSAGE

- Q1 2013 revenue was DKK 2,002 million, an increase of more than 40% driven by all geographic regions
 - Impacted by Valentines Day and success of newly launched products
- All major markets had double digit growth in sales-out from Concept stores (L4L)
 - Impacted by Easter in Q1 in 2013 compared to Q2 in 2012
- EBITDA increased 60.3% to DKK 643 million, despite 6 percentage points lower gross margin
 - EBITDA margin was 32.1%
- Free cash flow was DKK 406 million – a cash conversion of 92.7%
 - Despite high CAPEX of DKK 246 million, including DKK 190 million related to Trollbeads
- DKK 700 million share buyback programme on track – DKK 61 million bought back in Q1 2013

REGIONAL REVENUE DEVELOPMENT IN Q1 2013

REVENUE BREAKDOWN BY GEOGRAPHY (DKKm)

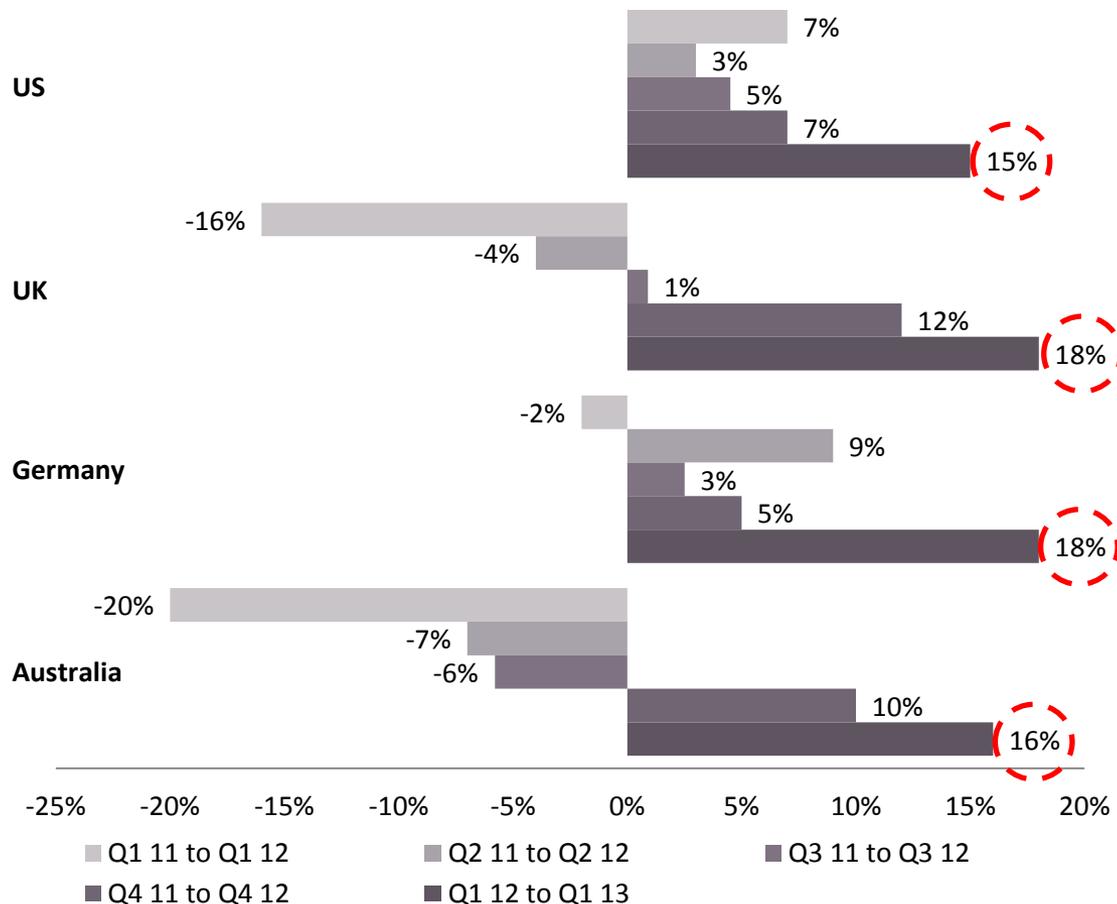
	Q1-2013	Q4-2012	Q3-2012	Q2-2012	Q1-2012	% change	% LC change
Americas	1,057	939	920	687	766	38.0%	38.6%
US	832	738	711	521	609	36.6%	37.4%
Other	225	201	209	166	157	43.3%	
Europe	713	966	699	403	474	50.4%	50.6%
UK	190	384	249	102	134	41.8%	46.7%
Germany	108	154	130	85	100	8.0%	7.7%
Other	415	428	320	216	240	72.9%	
Asia Pacific	232	269	175	170	184	26.1%	27.7%
Australia	148	243	120	131	124	19.4%	19.0%
Other	84	26	55	39	60	40.0%	
Total	2,002	2,174	1,794	1,260	1,424	40.6%	41.2%

COMMENTS

- Revenue growth driven by all geographic regions, with limited currency impact
- Americas driven by continuous strong performance in the US and Canada
- UK and other Europe (driven by Italy, France and Russia) were significantly up. Light gain in Germany
- Asia Pacific showed strong growth, especially in Australia and a number of Asian markets

SALES-OUT POSITIVE IN ALL MAJOR MARKETS

LIKE FOR LIKE CONCEPT STORES – SALES-OUT DEVELOPMENT



COMMENTS

- Newly launched products and focused execution in Concept stores driving improvements in sales-out
- All markets showed double digit growth - positively impacted by phasing of Easter.
- Continued strong momentum in the US
- UK showed strong positive development
- Germany stayed in positive territory
- Continuous positive trend in Australia

2013 FINANCIAL GUIDANCE



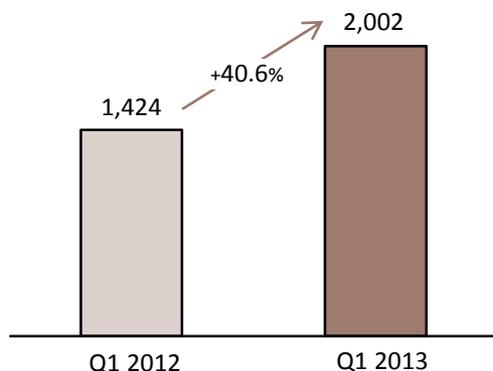
2013 FINANCIAL GUIDANCE

- Revenue above DKK 7.2 billion
- EBITDA margin above 25%
- CAPEX around DKK 300 million (excl. payment to Trollbeads of DKK 190 million)
- Effective tax rate of approximately 19%

- During 2013 PANDORA expects to open approximately 150 Concept stores

REVENUE DEVELOPMENT Q1 2013

REVENUE (DKKm)

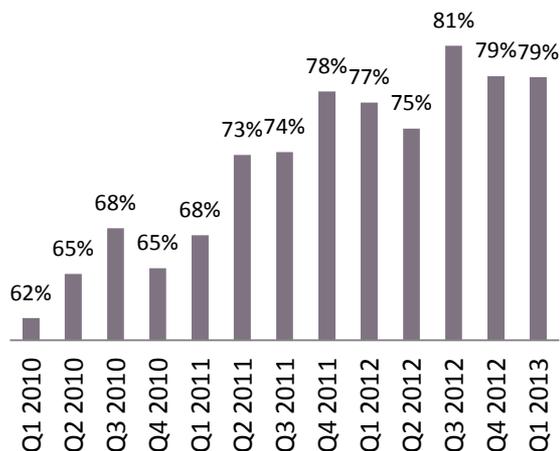


- Volume up approx. 35%
- ASP DKK 131 (vs. DKK 126)

COMMENTS

- Total revenue increased by 40.6% positively impacted by delivery of Valentine's in Q1 2013
- Branded distribution generating close to 80% of Q1 2013 revenue with Concept Stores as largest contributor
- Direct distribution accounts for 97% of revenue generated in Q1 2013

Share of branded revenue



REVENUE PER CHANNEL

	Q1-2013
Concept stores	44.1%
Shop-in-Shops	19.1%
Gold	15.8%
Total Branded	79.0%
Silver	10.7%
White & Travel retail	7.2%
Total unbranded	17.9%
Total Direct	96.9%
3rd party	3.1%
Total	100.0%

DEVELOPMENT IN OUR DISTRIBUTION NETWORK

NUMBER OF STORES AND OPENINGS

	Number of stores				Net openings				
	Q1 2013	Q4 2012	Q1 2012	% of total	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Concept stores	914	895	698	8.9%	19	72	57	68	26
Shop-in-Shop	1,287	1,265	1,088	12.6%	22	61	114	2	-94
Gold	2,258	2,294	2,006	22.0%	-36	164	154	-30	185
Total branded	4,459	4,454	3,792	43.5%	5	297	325	40	117
Silver	3,092	3,073	2,957	30.2%	19	138	-108	86	259
White	2,692	2,847	3,750	26.3%	-155	-281	-440	-182	-609
Total	10,243	10,374	10,499	100%	-131	154	-223	-56	-233

NUMBER OF STORES, KEY NEW MARKETS

	End of Q1 2013						Total	Net openings		
	Russia	China	Japan	Rest of Asia	France	Italy		Q1 2013	Q4 2012	Q3 2012
Concept stores	73	25	1	47	11	13	170	1	30	16
Shop-in-shop	15	15	12	48	30	8	128	2	12	9
Total	88	40	13	95	41	21	298	3	42	25

COMMENTS

- 19 Concept store net openings in Q1 2013, in-line with expectations, hereof 11 net openings in the Americas
- Continued focus on global branded network – more than 650 branded points of sale opened (vs. Q1 2012)

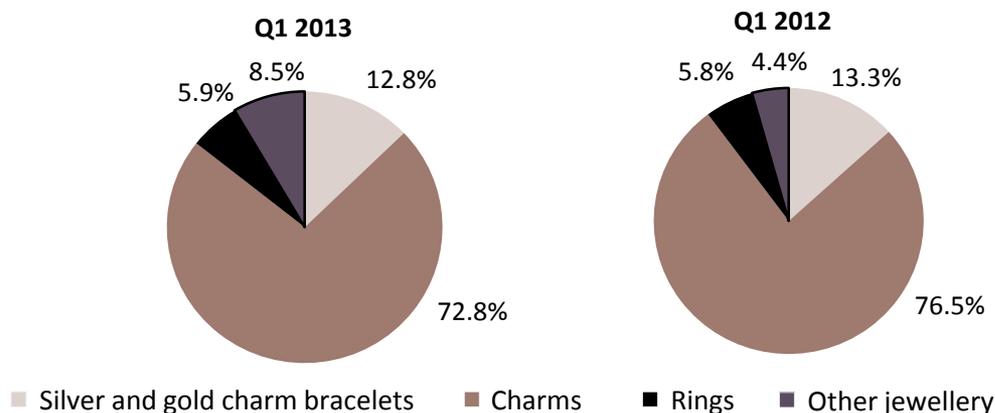
PRODUCT MIX IN Q1 2013

PRODUCT MIX (DKKm)						
	Q1-2013	Q1-2012	% change	% of total	Received Q1 2012	Replaced Q1 2012
Charms	1,457	1,088	33.9%	72.8%	144	124
Silver and gold charms bracelets	256	190	34.7%	12.8%	2	16
Rings	118	83	42.2%	5.9%	63	10
Other jewellery	171	63	171.4%	8.5%	131	12
Total	2,002	1,424	40.6%	100.0%	340	162

COMMENTS

- Revenue from Charms increased by 33.9% and Silver and gold charms bracelets increased by 34.7%
- Ring collection continue to sell well, increasing by 42.2%, driven by improved commercial offering
- Other Jewellery increased by 171.4%
- Development in product mix affected by last years stock balancing campaign

PRODUCT SPLIT AS PERCENTAGE OF TOTAL REVENUE



GROSS MARGIN IMPACTED BY RAW MATERIAL PRICES

GROSS PROFIT (DKK_m) AND GROSS MARGIN (%)

	Q1 2013	Q1 2012	Q4 2012	FY 2012
Revenue	2,002	1,424	2,174	6,652
Cost of sales	-688	-404	-771	-2,223
Gross profit	1,314	1,020	1,403	4,429
Gross margin %	65.6%	71.6%	64.5%	66.6%

COMMENTS

- Decrease compared to Q1 2012 due to higher commodity prices and change in US import duties
- Increase compared to Q4 2012 driven by lower commodity prices
- Excluding hedging and inventory time lag, underlying gross margin would have been approximately 67% based on average gold and silver prices in Q1 2013
- Gross margin impact of +/-2-3pp if 10% deviation on commodities



NEGATIVE IMPACT FROM RAW MATERIAL OFFSET BY LOWER OPEX RATIOS

OPEX, EBITDA (DKKm) AND MARGIN (%)				
	Q1 2013	Q1 2012	Q4 2012	FY 2012
Gross margin				
% of revenue	65.6%	71.6%	64.5%	66.6%
DKKm	1,314	1,020	1,403	4,429
Operational expenses				
% of revenue	35.7%	46.8%	42.1%	44.4%
DKKm	715	667	917	2,954
Sales & distribution costs				
% of revenue	15.8%	20.1%	18.1%	19.0%
DKKm	316	286	393	1,261
Marketing costs				
% of Revenue	9.6%	11.9%	13.4%	12.4%
DKKm	193	169	293	823
Administrative costs				
% of revenue	10.3%	14.9%	10.6%	13.1%
DKKm	206	212	231	870
<hr/>				
EBIT	599	353	486	1,475
EBIT margin	29.9%	24.8%	22.4%	22.2%
Depreciation and amortisation*	45	47	48	183
EBITDA	643	401	534	1,658
EBITDA margin	32.1%	28.2%	24.6%	24.9%

*Including gains/losses from sale of assets

COMMENTS

- Sales and distribution cost increased based on entry into new markets and higher share of O&O – now 15.8% of revenue down from 20.1%
- Marketing costs increased to DKK 193 million – down to 9.6% of revenue from 11.9%
- Administrative costs unchanged compared to Q1 2012 – down to 10.3% of revenue from 14.9%

REGIONAL EBITDA MARGINS

EBITDA MARGIN							
	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2013 vs. Q4 2012 (% pts)	Q1 2012* (% pts)	Q1 2013 vs. Q1 2012 (% pts)
Americas	44.1%	36.0%	42.7%	44.0%	8.1%	49.9%	-5.8%
Europe	34.6%	26.8%	34.3%	5.0%	7.8%	16.0%	18.6%
Asia Pacific	35.8%	31.2%	19.4%	13.5%	4.6%	27.2%	8.6%
Unallocated costs ¹	-7.6%	-6.8%	-9.1%	-9.9%	-0.8%	-7.5%	-0.1%
Group EBITDA margin	32.1%	24.6%	28.0%	17.5%	7.5%	28.2%	3.9%

* 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, as stated in the Q2 2012 report, 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.

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

COMMENTS

- All regional margins impacted by lower gross margin
- The EBITDA margin in Americas remained above Group average, despite negative impact from the suspension of import duties of goods manufactured in Thailand under the U.S. Generalized System of Preferences programme
- The EBITDA margin in Europe and Asia Pacific significantly up, but still impacted by expansion into new markets

IMPROVED NET PROFIT

FINANCIAL ITEMS, TAX AND NET PROFIT			
DKKm	Q1 2013	Q1 2012	FY 2012
EBIT	599	353	1,475
Financial expenses	-59	-7	-128
Financial income	1	66	132
Profit before tax	541	412	1,479
Income tax expenses	-103	-74	-277
Effective tax rate	19.0%	18.0%	18.7%
Group net profit	438	338	1,202

COMMENTS

- Net financial expenses amounted to DKK 58 million in Q1 2013
- Financial expenses in Q1 2013 were significantly impacted by FX loss compared to Q1 2012 which were positively impacted by FX gains
- Effective tax rate 19%

STRONG CASH FLOW GENERATION

WORKING CAPITAL AND CASH MANAGEMENT

DKK m	Q1 2013	Q4 2012	Q3 2012	Q2 2012	Q1 2012
Inventory	1,396	1,318	1,922	1,925	1,668
Trade receivables	724	940	982	543	704
Trade payables	174	219	174	185	143
Operating working capital	1,946	2,039	2,730	2,283	2,229
<i>% of revenue¹</i>	<i>26.9%</i>	<i>30.7%</i>	<i>42.3%</i>	<i>36.8%</i>	<i>35.2%</i>
Other receivables	533	502	505	320	302
Tax receivables	140	138	46	45	43
Provisions ²	500	470	283	280	248
Income tax payable	337	283	324	295	378
Other payables	595	692	576	648	616
Net working capital including derivatives	1,187	1,234	2,098	1,425	1,332
<i>% of revenue¹</i>	<i>16.4%</i>	<i>18.6%</i>	<i>32.5%</i>	<i>23.0%</i>	<i>21.0%</i>
Derivatives	56	43	-61	205	68
Net working capital excluding derivatives	1,243	1,277	2,037	1,630	1,400
<i>% of revenue¹</i>	<i>17.2%</i>	<i>19.2%</i>	<i>31.5%</i>	<i>26.3%</i>	<i>22.1%</i>
Free cash flow	406	1,030	-88	91	118
Cash conversion³	92.7%	244.7%	-23.2%	144.4%	34.9%
NIBD/EBITDA⁴	0.1	-0.1	0.5	0.4	0.4
ROIC⁵	28.0%	25.0%	22.1%	24.2%	29.9%

COMMENTS

- Operating working capital as percentage of last 12 months revenue improved primarily due to higher revenue and low inventory levels
- Q1 2013 inventory vs. Q1 2012 decreased due to a better inventory management
- Q1 2013 inventory slightly higher compared to Q4 2012 due to seasonal effects
- Free cash flow increased significantly despite CAPEX of DKK 246 million (incl. DKK 190 related to Trollbeads)
- NIDB/EBITDA at 0.1x

¹ % of revenue in relation to last twelve months' revenue. DKK 7.230m for the period ended 31 March 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)

Q1 2013 IN SUMMARY



- Group revenue was up more than 40%
- Strong performance from newly launched products
- Gross margin was 65.6%
- EBITDA margin was 32.1%
- Free cash flow was DKK 406 million
- Guidance unchanged
- Share buyback of up to DKK 700m in 2013 on track
- Main focus continues to be on the consumer, the product and sales-out

QUESTIONS AND ANSWERS

