

No. 181

COMPANY ANNOUNCEMENT

12 August 2014

INTERIM REPORT FOR Q2 2014

REVENUE INCREASED 31.7% OR 37.1% IN LOCAL CURRENCY DRIVEN BY ALL REGIONS AND PRODUCT CATEGORIES. EBITDA INCREASED BY 68.5% WITH EBITDA MARGIN OF 35.1%

- Group revenue in Q2 2014 was DKK 2,544 million, an increase of 31.7% or 37.1% in local currency, compared with Q2 2013:
 - Americas increased by 5.0% (11.7% increase in local currency)
 - Europe increased by 65.7% (63.9% increase in local currency)
 - Asia Pacific increased by 57.0% (75.3% increase in local currency)
- The gross margin increased to 70.7% in Q2 2014, compared with a gross margin of 66.0% in Q2 2013
- EBITDA increased by 68.5% to DKK 893 million for the quarter, corresponding to an EBITDA margin of 35.1%, compared with an EBITDA margin of 27.4% in Q2 2013
- Net profit for the quarter was DKK 662 million, compared with a net profit of DKK 431 million in Q2 2013
- Free cash flow was DKK 547 million in Q2 2014 compared with DKK 102 million in Q2 2013
- During Q2 2014, PANDORA bought back 1,744,863 own shares at a total value of DKK 658 million as part of the on-going DKK 2.4 billion share buyback programme.

UPGRADED FINANCIAL GUIDANCE FOR 2014

Based on the strong performance in the first half of the year, PANDORA has decided to increase revenue guidance for 2014 to more than DKK 11.0 billion (previously guided more than DKK 10.5 billion). The EBITDA margin expectation is unchanged, and is expected to be approximately 35%.

	FY 2014 New guidance	FY 2013 actual
Revenue, DKK billion	>11.0	9.0
EBITDA margin	approx. 35%	32.0%
CAPEX, DKK million	approx. 550	490
Effective tax rate	approx. 20%	19%

PANDORA plans to continue to expand the store network and now expects to add more than 275 new concept stores in 2014 compared to previously expected more than 225. A proportionally higher share of owned and operated (O&O) stores is expected to be opened in the second half, compared to last year.

In connection with the Q2 2014 results, CEO Allan Leighton said:

“We have had another exceptionally strong quarter with positive progress across all regions. The growth was primarily driven by our new markets in Europe and Asia as well as by the UK. The US is generally performing well except for the Northeast where our plan to refresh the network has begun. All product categories had good growth, and Rings particularly so, with revenue from that category increasing 200% in the quarter.”

CONFERENCE CALL

A conference call for investors and financial analysts will be held today at 10.00 CET and can be accessed online at www.pandoragroup.com. The presentation for the call will be available on the website one hour before the call.

The following numbers can be used by investors and analysts:

DK: +45 3272 8018

UK (International): +44 (0) 1452 555 131

US: +1 866 682 8490

To help ensure that the conference begins in a timely manner, please dial in 5 minutes prior to the scheduled starting time. Participants will have to quote confirmation code 67998331 when dialling into the conference.

ABOUT PANDORA

PANDORA designs, manufactures and markets hand-finished and modern jewellery made from genuine materials at affordable prices. PANDORA jewellery is sold in more than 80 countries on six continents through approximately 10,000 points of sale, including more than 1,200 concept stores.

Founded in 1982 and headquartered in Copenhagen, Denmark, PANDORA employs more than 9,000 people worldwide of whom approximately 7,000 are located in Gemopolis, Thailand, where the company manufactures its jewellery. PANDORA is publicly listed on the NASDAQ OMX Copenhagen stock exchange in Denmark. In 2013, PANDORA's total revenue was DKK 9.0 billion (approximately EUR 1.2 billion). For more information, please visit www.pandoragroup.com.

CONTACT

For further queries, please contact:

INVESTOR RELATIONS

Morten Eismark
VP Group Investor Relations
Phone +45 3673 8213
Mobile +45 3045 6719

Magnus Thorstholm Jensen
Investor Relations Officer
Phone +45 4323 1739
Mobile +45 3050 4402

MEDIA RELATIONS

Jakob Risom Langelund
Press Officer
Phone +45 3673 0634
Mobile +45 6165 6540

FINANCIAL HIGHLIGHTS

DKK million	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Consolidated income statement					
Revenue	2,544	1,931	5,136	3,933	9,010
Gross profit	1,798	1,274	3,589	2,588	5,999
Operating profit before depreciation and amortisation (EBITDA)	893	530	1,830	1,173	2,881
Operating profit (EBIT)	841	483	1,728	1,082	2,681
Net finance income	-13	49	-21	-9	61
Profit before tax	828	532	1,707	1,073	2,742
Net profit	662	431	1,366	869	2,220
Consolidated balance sheet					
Total assets	9,231	8,685	9,231	8,685	9,275
Invested capital	5,851	6,265	5,851	6,265	5,976
Net working capital	729	1,461	729	1,461	1,009
Shareholders' equity	6,274	5,682	6,274	5,682	6,462
Net interest-bearing debt (NIBD)	-440	309	-440	309	-637
Consolidated cash flow statement					
Net cash flow from operating activities	637	178	1,744	823	2,428
Net cash flow from investing activities	-92	-74	-163	-321	-543
Free cash flow	547	102	1,596	508	1,956
Net cash flow from financing activities	-662	-136	-1,814	-656	-1,524
Net cash flow for the period	-117	-32	-233	-153	361
Ratios					
Revenue growth, %	31.7%	53.3%	30.6%	46.5%	35.4%
Gross profit growth, %	41.1%	48.8%	38.7%	38.0%	35.4%
EBITDA growth, %	68.5%	140.9%	56.0%	88.9%	73.8%
EBIT growth, %	74.1%	179.2%	59.7%	105.7%	81.8%
Net profit growth, %	53.6%	584.1%	57.2%	116.7%	84.7%
Gross margin, %	70.7%	66.0%	69.9%	65.8%	66.6%
EBITDA margin, %	35.1%	27.4%	35.6%	29.8%	32.0%
EBIT margin, %	33.1%	25.0%	33.6%	27.5%	29.8%
Tax rate, %	20.0%	19.0%	20.0%	19.0%	19.0%
Cash conversion, %	82.6%	23.7%	116.8%	58.5%	88.1%
Capital expenditure (CAPEX), DKK million	86	83	144	329	490
Net interest-bearing debt to EBITDA*	-0.1	0.1	-0.1	0.1	-0.2
Equity ratio, %	68.0%	65.4%	68.0%	65.4%	69.7%
Return on invested capital (ROIC), %*	56.9%	32.4%	56.9%	32.4%	44.9%
Other key figures					
Average number of employees	9,514	6,577	9,156	6,406	6,910
Dividend per share, DKK	-	-	-	-	6.50
Earnings per share, basic, DKK	5.3	3.4	10.9	6.7	17.2
Earnings per share, diluted, DKK	5.3	3.3	10.8	6.6	17.0
Share price at end of period, DKK	417.5	194.2	417.5	194.2	294.0

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

IMPORTANT EVENTS IN Q2 2014

SHARE BUYBACK PROGRAMME FOR 2014

In connection with the Annual Report 2013, PANDORA launched a share buyback programme under which PANDORA expects to buy back own shares of up to DKK 2.4 billion. The programme will end no later than 31 December 2014. The programme is being implemented in accordance with the provisions of the European Commission's regulation no. 2273/2003 of 22 December 2003 ("safe harbour"). Axcel III K/S 1, Axcel III K/S 2, Axcel III K/S 3 and founding shareholders Pewic Holding ApS and Christian Algot Enevoldsen participates on a pro-rata basis to secure that the free float share is not reduced.

As of 30 June 2014, a total of 2,647,393 shares had been bought back, corresponding to a transaction value of DKK 975 million and an average purchase price of DKK 368.38 per share. As of 30 June 2014, PANDORA held a total of 4,070,906 treasury shares, corresponding to 3.2% of the share capital.

PANDORA may use the shares purchased under the Programme to meet potential obligations arising from employee share option programmes. As of 30 June 2014, the total potential obligation amounted to 1,402,562 shares.

REVENUE DEVELOPMENT

Total revenue for Q2 2014 was DKK 2,544 million, an increase of 31.7% compared with Q2 2013, including a negative impact from currency of 5.4 percentage points, particularly due to unfavourable currency fluctuations in Americas and Asia Pacific.

Volumes increased by 28.5% compared with Q2 2013. The average sales price (ASP), recognised by PANDORA, was DKK 138 in Q2 2014, compared with DKK 134 in Q2 2013. The increase in ASP was primarily driven by a higher share of revenue from Rings, which are sold at higher average prices as well as a proportionally higher share of revenue from PANDORA O&O stores. Prices for each individual product were virtually unchanged compared with Q2 2013.

Growth continued across all regions for the quarter, particularly driven by the UK, Other Europe and Asia Pacific. Growth was driven by an increasing demand for products across all categories, with Rings in particular growing 200% compared to Q2 2013. The Mother's Day collection, which was launched in the stores in most countries during the second quarter performed particularly well. The High Summer collection, also launched in the quarter, performed well and generated more revenue in the stores than last year's Summer collection (excluding the one-off impact last year from the silver bangle), with only half the number of DVs. Furthermore, the Spring collection launched in Q1 2014 continued to do well in the second quarter.

For the quarter, around 50% of sales were generated by products launched within the last 12 months, which is similar to Q2 2013. A significant share of the growth for the quarter was generated by products launched more than 12 months ago, particularly within Rings and Charms. Revenue growth was further supported by the continued expansion of the branded store network, which since Q2 2013, has increased by 265 new concept stores and 121 shop-in-shops. In the same period, 661 unbranded points of sale were closed.

New markets continue to grow at levels above Group average. With a relative higher share of PANDORA O&O stores in these markets, the share of retail revenue recognised in Q2 2014 on Group level was around 15% compared to around 10% a year ago.

At the end of Q2 2014, sales return provisions corresponded to approximately 7% of 12 months rolling revenue value, compared to 8% and 9% for Q1 2014 and Q2 2013 respectively. The decrease is primarily due to a decreasing share of revenue from the North America, which traditionally has higher returns, due to a permanent return policy.

Based on data from concept stores, which have been operating for more than 12 months, like-for-like sales-out in PANDORA's four major markets continued to be positive. The positive development continues to be driven by a successful product portfolio and generally better execution in stores. Rings performed particularly well during the quarter, driven by the increasing focus on the category in several markets. The sales out impact of Easter being in Q2 in 2014 as opposed to Q1 in 2013 had minimal impact.

REVENUE BREAKDOWN BY GEOGRAPHY

In Q2 2014, 43.1% of revenue was generated in Americas (54.1% in Q2 2013), 41.8% in Europe (33.2% in Q2 2013) and 15.1% in Asia Pacific (12.6% in Q2 2013).

Distribution of revenue

DKK million	Q2 2014	Q2 2013	Growth	Growth in local currency
Americas	1,097	1,045	5.0%	11.7%
US	824	802	2.7%	8.3%
Other Americas	273	243	12.3%	22.7%
Europe	1,064	642	65.7%	63.9%
UK	285	178	60.1%	53.2%
Germany	107	95	12.6%	12.6%
Other Europe	672	369	82.1%	82.1%
Asia Pacific	383	244	57.0%	75.3%
Australia	183	153	19.6%	38.4%
Other Asia Pacific	200	91	119.8%	157.4%
Total	2,544	1,931	31.7%	37.1%

AMERICAS

Revenue for the second quarter in Americas was DKK 1,097 million, an increase of 5.0% or 11.7% in local currency compared with Q2 2013. The increase was primarily driven by Other Americas, which benefitted from the inclusion of Brazil in the region from Q1 2014.

US revenue was DKK 824 million, an increase of 2.7% or 8.3% in local currency compared with Q2 2013. Growth in local currency was primarily driven by network expansion as well as a significant increase in revenue from Rings, which represented close to 10% of revenue in the US for the quarter.

Like-for-like sales-out in Q2 2014, based on concept stores in the US - which have been operating for more than 12 months - increased by 1.7% compared with Q2 2013. The US is generally performing well, however the like-for-like growth rates in the Northeast region, which is our oldest region, is performing below average and the region requires its network to be refreshed. This process has started. All other major US regions are growing with mid-single digit like-for-like rates or more, and the US market as a whole is still expected to show 3-5% like-for-like sales-out growth for the year.

Concept stores* sales-out growth

	Q2 2013 to Q2 2014	Q1 2013 to Q1 2014	Q4 2012 to Q4 2013	Q3 2012 to Q3 2013	Q2 2012 to Q2 2013
US	1.7%	8.5%	5.1%	12.6%	8.8%

* Concept stores that have been operating for more than 12 months

Revenue from Other Americas was DKK 273 million, an increase of 12.3% compared with the same quarter last year. Revenue in Other Americas was impacted by revenue from Brazil now being recognised as part of Other Americas (previously Other Europe) following the take-over of distribution in Brazil in 2013. The change has taken place from Q1 2014 and the impact of converting third party revenue to retail revenue has added around DKK 35 million to revenue in Other Americas for the quarter. This more than offset a negative revenue development in Canada, which was due to balancing of sales-in between Q1 and Q2 2014, as sales-out in Canada increased more than 10% for the quarter compared to Q2 2013.

Store network - Americas

	Number of PoS Q2 2014	Number of PoS Q1 2014	Number of PoS Q2 2013	Delta Q1 2014 and Q2 2014	Delta Q2 2013 and Q2 2014
Concept stores	369	349	303	20	66
- hereof PANDORA owned	20	15	3	5	17
Shop-in-shops	612	585	549	27	63
- hereof PANDORA owned	2	6	-	-4	2
Gold	859	848	825	11	34
Total branded	1,840	1,782	1,677	58	163
Total branded as % of Total	56.0%	54.8%	51.9%		
Silver	1,054	1,068	1,091	-14	-37
White and travel retail	394	400	466	-6	-72
Total	3,288	3,250	3,234	38	54

PANDORA continues to expand the branded store network and during Q2 2014, the number of branded points of sale (PoS) in the Americas increased by 58 stores. PANDORA O&O stores in Americas increased to 22 at the end of Q2 2014. The increase compared to Q2 2013 was mainly due to the inclusion of the network in Brazil.

EUROPE

Revenue in Europe was DKK 1,064 million for the quarter, an increase of 65.7% or 63.9% in local currency compared with Q2 2013. The growth was primarily driven by PANDORA's new markets Italy, France and Russia, as well as continued positive momentum in the UK.

Revenue in the second quarter in the UK was DKK 285 million, an increase of 60.1% or 53.2% in local currency compared with the same quarter last year. Growth was driven by a positive sales-out development, the expansion of the store network, including 29 new concept stores compared to Q2 2013, as well as the continued success of the PANDORA eSTORE. Furthermore, the enhanced focus on the Rings category continues to drive growth with revenue from the category increasing by more than 200% compared to Q2 2013.

Like-for-like sales-out in Q2 2014, based on concept stores in the UK - which have been operating for more than 12 months - increased by 26.2% compared with Q2 2013. The strong growth is a result of newness in the overall assortment driving traffic as well as the focus on rings.

Concept stores* sales-out growth

	Q2 2013 to Q2 2014	Q1 2013 to Q1 2014	Q4 2012 to Q4 2013	Q3 2012 to Q3 2013	Q2 2012 to Q2 2013
UK	26.2%	27.9%	17.9%	13.6%	11.6%

* Concept stores that have been operating for more than 12 months

Revenue in the second quarter in Germany was DKK 107 million, an increase of 12.6% compared with Q2 2013. The improvement of the store network in Germany is on-going and PANDORA continues the work to improve store execution across the country.

Like-for-like sales-out in Q2 2014, based on concept stores in Germany - which have been operating for more than 12 months - increased by 10.0% compared with Q2 2013. The positive development was primarily driven by a strong performance by PANDORA's O&O stores, with like-for-like sales-out increasing 16% compared to Q2 2013. In Germany, the O&O stores are generally performing better than franchisee owned concept stores.

Concept stores* sales-out growth

	Q2 2013 to Q2 2014	Q1 2013 to Q1 2014	Q4 2012 to Q4 2013	Q3 2012 to Q3 2013	Q2 2012 to Q2 2013
Germany	10.0%	11.5%	5.7%	8.2%	1.7%

* Concept stores that have been operating for more than 12 months

Revenue from Other Europe was DKK 672 million for the quarter, an increase of 82.1% compared with Q2 2013. Italy, France and Russia, constituting approximately 60% of revenue from Other Europe, continue to be the main drivers of growth in Other Europe. Like-for-like sales-out for the three countries all increased with double digit growth rates for the quarter and the optimisation and expansion of the respective store networks continue. Since Q2 2013, PANDORA has opened 90 new concept stores in the three countries.

Revenue from Other Europe in Q2 2013 was negatively impacted by an extraordinary return of DKK 55 million regarding the Spanish third party distributor.

Store network - Europe

	Number of PoS Q2 2014	Number of PoS Q1 2014	Number of PoS Q2 2013	Delta Q1 2014 and Q2 2014	Delta Q2 2013 and Q2 2014
Concept stores	663	617	490	46	173
- hereof PANDORA- owned	130	119	89	11	41
Shop-in-shops	651	628	601	23	50
- hereof PANDORA owned	57	54	54	3	3
Gold	1,320	1,330	1,370	-10	-50
Total branded	2,634	2,575	2,461	59	173
Total branded as % of Total	43.1%	41.6%	37.9%		
Silver	1,933	1,957	1,987	-24	-54
White and travel retail	1,545	1,658	2,041	-113	-496
Total¹	6,112	6,190	6,489	-78	-377

¹ Includes for Q2 2014 relating to 3rd party distributors: 111 concept stores, 177 shop-in-shops, 318 gold, 311 silver and 682 white stores

During Q2 2014, the number of branded stores in Europe increased by 59 stores to a total of 2,634 stores, in line with PANDORA's overall strategy to increase branded sales.

PANDORA offers consumer e-commerce services in the UK, Germany, Austria, France and the Netherlands.

ASIA PACIFIC

Revenue in Asia Pacific was DKK 383 million for the quarter, an increase of 57.0% or 75.3% in local currency compared with the same period last year. The positive development was driven by most markets in the region.

Revenue in Australia was DKK 183 million, an increase of 19.6% or an increase of 38.4% in local currency compared with Q2 2013. The growth was driven by a continued strong sales-out growth, fuelled by successful new launches. The Rings category continued to do well in Australia and revenue from the category was up more than 50% compared to Q2 2013.

Like-for-like sales-out in Q2 2014, based on concept stores in Australia - which have been operating for more than 12 months - increased by 33.0% compared with Q2 2013. The increase is primarily due to an increase in store traffic driven by newness in the stores, as end-consumer demand remains high for newly launched products.

Concept stores* sales-out growth

	Q2 2013 to Q2 2014	Q1 2013 to Q1 2014	Q4 2012 to Q4 2013	Q3 2012 to Q3 2013	Q2 2012 to Q2 2013
Australia	33.0%	33.6%	25.5%	25.2%	22.4%

* Concept stores that have been operating for more than 12 months

Revenue from Other Asia Pacific was DKK 200 million for the quarter, corresponding to an increase of 119.8% compared with the same quarter last year. The increase was primarily driven by revenue in Hong Kong, Malaysia, Singapore and Taiwan. Growth in Other Asia Pacific was driven by a combination of strong like-for-like growth and an expansion of the store network, including 17 new concept stores and 19 new shop-in-shops compared to Q2 2013.

Store network – Asia Pacific

	Number of PoS Q2 2014	Number of PoS Q1 2014	Number of PoS Q2 2013	Delta Q1 2014 and Q2 2014	Delta Q2 2013 and Q2 2014
Concept stores	182	171	156	11	26
- hereof PANDORA owned	25	24	28	1	-3
Shop-in-shops	180	175	172	5	8
- hereof PANDORA owned	-	-	1	-	-1
Gold	144	145	144	-1	-
Total branded	506	491	472	15	34
Total branded as % of Total	78.3%	77.7%	76.9%		
Silver	73	73	70	-	3
White and travel retail	67	68	72	-1	-5
Total	646	632	614	14	32

At the end of Q2 2014, PANDORA had 506 branded stores in Asia Pacific compared to 491 in Q1 2014.

SALES CHANNELS

PANDORA's focus on expanding the branded sales network continues and in Q2 2014, PANDORA opened net 77 new concept stores, including 17 O&O concept stores. The new concept stores were distributed with 46 in Europe, 20 in Americas and 11 in Asia Pacific.

PANDORA has increased the branded store network by 370 points of sale since the end of Q2 2013. Underperforming unbranded stores, across all regions, are being closed in order to improve the quality of revenue and focus on branded store performance, and as a consequence the number of unbranded points of sale was reduced by 661 stores.

At the end of Q2 2014, the total number of points of sale was 10,046, a decrease of 291 compared with Q2 2013.

Store network - Group

	Number of PoS Q2 2014	Number of PoS Q1 2014	Number of PoS Q2 2013	Delta Q1 2014 and Q2 2014	Delta Q2 2013 and Q2 2014
Concept stores	1,214	1,137	949	77	265
- hereof PANDORA owned	175	158	120	17	55
Shop-in-shops	1,443	1,388	1,322	55	121
- hereof PANDORA owned	59	60	55	-1	4
Gold	2,323	2,323	2,339	-	-16
Total branded	4,980	4,848	4,610	132	370
Total branded as % of Total	49.6%	48.1%	44.6%		
Silver	3,060	3,098	3,148	-38	-88
White and travel retail	2,006	2,126	2,579	-120	-573
Total¹	10,046	10,072	10,337	-26	-291

¹ Includes for Q2 2014 relating to 3rd party distributors: 111 Concept stores, 177 Shop-in-Shops, 318 Gold, 311 Silver and 682 White stores

The expansion of the store network in PANDORA's new markets continued, and in Q2 2014 the network in new markets increased by 37 concept stores, of which 16 were opened in Russia.

Store network – New markets (end of Q2 2014)

	Brazil	Russia	France	Italy	China	Japan	Rest of Asia	Total	Net openings Q2 2014	Net openings Q1 2014
Concept stores	22	150	27	29	28	1	62	319	37	23
Shop-in-shops	2	40	33	7	17	6	69	174	7	6
Total	24	190	60	36	45	7	131	493	44	29

Branded revenue in Q2 2014 accounted for 86.1% of revenue compared with 84.3% in Q2 2013. The increase was driven by an increasing share of branded points of sale, as well as relative higher revenue in existing branded stores.

Revenue from concept stores increased 47.1% to DKK 1,378 million, and constituted 54.2% of revenue for the quarter compared to 48.5% in Q2 2013. The increase was driven by better in-store execution as well as the addition of 265 new stores, including 55 new O&O concept stores. Unbranded sales decreased 11.1%, as a consequence of the closure of silver and white stores.

Revenue from third party distributors in Q2 2013 was negatively impacted by an extraordinary return of DKK 55 million regarding the Spanish distributor.

Revenue per sales channel

DKK million	Q2 2014	Q2 2013	Growth	Share of total revenue
Concept stores	1,378	937	47.1%	54.2%
Shop-in-shops	454	402	12.9%	17.8%
Gold	358	289	23.9%	14.1%
Total branded	2,190	1,628	34.5%	86.1%
Silver	175	200	-12.5%	6.9%
White and travel retail	104	114	-8.8%	4.1%
Total unbranded	279	314	-11.1%	11.0%
Total direct	2,469	1,942	27.1%	97.1%
3rd party distributors	75	-11	781.8%	2.9%
Total	2,544	1,931	31.7%	100.0%

PRODUCT OFFERING

All product categories continue to perform well, driven by continued newness across the categories, as well as tailor-made category promotions, primarily focused around charms, bracelets and rings.

Product mix

DKK million	Q2 2014	Q2 2013	Growth	Share of total revenue
Charms	1,705	1,404	21.4%	67.1%
Silver and gold charm bracelets	262	203	29.1%	10.3%
Rings	273	91	200.0%	10.7%
Other jewellery	304	233	30.5%	11.9%
Total revenue	2,544	1,931	31.7%	100.0%

Revenue from Charms was 1,705 million for the quarter and increased by 21.4% compared with Q2 2013, while revenue from Silver and gold charm bracelets increased by 29.1%. The two categories represented 77.4% of total revenue in Q2 2014 compared with 83.2% in Q2 2013. The PANDORA ESSENCE COLLECTION, which was launched in concept stores in selected markets in November 2013, is now available in most concept stores globally. Furthermore, the collection was launched during the second quarter in shop-in-shops and Jared's stores in the US. The PANDORA ESSENCE COLLECTION performed well in Q2 2014, driven by the launch of new charms and bracelets variations as well as an increased marketing focus in many regions.

Revenue from Rings was DKK 273 million, an increase of 200.0% compared with Q2 2013. The category continues to do very well, driven by the improved offering, as well as several revenue increasing initiatives made during 2014. This includes more emphasis on rings in staff training, improved in-store focus on rings, as well as tailor-made rings campaigns in several markets. The Rings category represented 10.7% of total revenue for the quarter compared with 4.7% in Q2 2013. In Australia and the UK combined, which are some of the most developed markets in terms of rings, more than 20% of revenue was generated from Rings in the quarter.

Revenue from Other jewellery was DKK 304 million, an increase of 30.5% compared with Q2 2013. The growth was driven by most subcategories, in particular revenue from Earrings and Necklaces, both increasing by more than 50% compared to the same quarter last year. Other jewellery represented 11.9% of total revenue in Q2 2014 compared with 12.1% in Q2 2013.

COSTS

Total costs for the quarter, including depreciation and amortisation, were DKK 1,703 million, an increase of 17.6% compared with Q2 2013. Total costs corresponded to 66.9% of revenue for the quarter compared with 75.0% in Q2 2013.

Cost development

DKK million	Q2 2014	Q2 2013	Growth	Share of total revenue Q2 2014	Share of total revenue Q2 2013
Cost of sales	746	657	13.5%	29.3%	34.0%
Gross profit	1,798	1,274	41.1%	70.7%	66.0%
Sales and distribution expenses	457	356	28.4%	18.0%	18.4%
Marketing expenses	219	203	7.9%	8.6%	10.5%
Administrative expenses	281	232	21.1%	11.0%	12.0%
Total costs	1,703	1,448	17.6%	66.9%	75.0%

GROSS PROFIT

Gross profit for the quarter was DKK 1,798 million corresponding to a gross margin of 70.7% compared with 66.0% in Q2 2013. The increase in gross margin for the quarter was due to the improvement in realised prices for gold and silver.

COMMODITY HEDGING

It is PANDORA's policy to hedge approximately 100%, 80%, 60% and 40% of expected gold and silver consumption in the following four quarters. The hedged prices for the following four quarters for gold are 1,315 USD/oz, 1,300 USD/oz, 1,300 USD/oz and 1,304 USD/oz and for silver 21.20 USD/oz, 20.60 USD/oz, 20.43 USD/oz and 19.99 USD/oz. However, current inventory means a delayed impact of the hedged prices on cost of sales.

The average realised purchase price in Q2 2014 was 1,307 USD/oz for gold and 21.29 USD/oz for silver.

Excluding hedging and the time lag effect from the inventory, the underlying gross margin would have been approximately 73% based on the average gold (1,285 USD/oz) and silver (19.71 USD/oz) market prices in Q2 2014. Under these assumptions, a 10% deviation in quarterly average gold and silver prices would impact our gross margin by approximately +/- 1-2 percentage points.

OPERATING EXPENSES

Operating expenses for the quarter were DKK 957 million compared with DKK 791 million in Q2 2013, representing 37.6% of revenue in Q2 2014 compared with 40.9% Q2 2013. The improvement is primarily driven by higher revenue, with all regions contributing to the positive development, particularly Europe and Asia Pacific.

Sales and distribution expenses were DKK 457 million, an increase of 28.4% compared with Q2 2013, and corresponding to 18.0% of revenue compared with 18.4% Q2 2013. The increase in sales and distribution expenses was mainly driven by higher revenue, an increase in number of PANDORA owned stores (234 in Q2 2014 vs. 175 in Q2 2013), as well as costs related to expansion of the e-commerce platform.

Marketing expenses were DKK 219 million compared with DKK 203 million in Q2 2013, corresponding to 8.6% of revenue, compared with 10.5% in Q2 2013.

Administrative expenses for the quarter increased 21.1% to DKK 281 million, representing 11.0% of revenue, compared with 12.0% of Q2 2013 revenue. The increase in administrative costs was primarily due to costs related to relocation of offices, the establishment of an office in Brazil, as well as higher IT costs.

EBITDA

EBITDA for Q2 2014 increased by 68.5% to DKK 893 million resulting in an EBITDA margin of 35.1% compared with 27.4% in Q2 2013. The improvement was primarily due to the improved gross margin.

Regional EBITDA margins

	Q2 2014	Q2 2013	Delta Q2 2013 and Q2 2014
Americas	46.3%	44.7%	1.6%
Europe	39.3%	23.1%	16.2%
Asia Pacific	46.7%	36.1%	10.6%
Unallocated costs	-8.3%	-9.0%	0.7%
Group EBITDA margin	35.1%	27.4%	7.7%

The EBITDA margin for Americas for the quarter was 46.3%. The improvement in margin from lower raw material prices was partially offset by the inclusion of Brazil in Other Americas (previously included in Other Europe), which had a diluting effect on margins of approximately one percentage point.

The EBITDA margin for Europe increased from 23.1% in Q2 2013 to 39.3% for the current quarter. The increase was primarily driven by leverage on the cost base from increase in revenue particularly related to the UK and new markets (Russia, Italy and France) as well as the improved gross margin.

The EBITDA margin for the Asia Pacific region improved 10.6 percentage points to 46.7% for the quarter. The improvement was primarily driven by increasing revenue in the region as well as the improved gross margin.

EBIT

EBIT for Q2 2014 increased to DKK 841 million, an increase of 74.1% compared with the same quarter in 2013, resulting in an EBIT margin of 33.1% for Q2 2014 versus 25.0% in Q2 2013.

NET FINANCE INCOME

In Q2 2014, net finance income amounted to DKK -13 million, of which DKK 4 million was an exchange rate loss and DKK 9 million was interest expenses and other costs. This compared with a net finance income of DKK 49 million in Q2 2013.

INCOME TAX EXPENSES

Income tax expenses were DKK 166 million in Q2 2014, implying an effective tax rate of 20.0% for Q2 2014 compared with 19.0% for Q2 2013.

NET PROFIT

In Q2 2014, net profit increased to DKK 662 million from DKK 431 million in Q2 2013.

BALANCE SHEET AND CASH FLOW

In Q2 2014, PANDORA generated free cash flow of DKK 547 million compared with DKK 102 million in Q2 2013 and corresponding to a cash conversion of 82.6%. The improved cash flow was primarily driven by increasing profits as well as a more favourable working capital development compared with Q2 2013.

Operating working capital (defined as inventory and accounts receivables less accounts payables) at

the end of Q2 2014 corresponded to 18.0% of the preceding twelve months revenue, compared with 24.9% at the end of Q2 2013 and 19.3% at the end of Q1 2014.

Inventory was DKK 1,684 million at the end of Q2 2014, corresponding to 16.5% of preceding 12 months revenue. This compared to DKK 1,574 million at the end of Q1 2014 and DKK 1,463 million in Q2 2013. The increase was primarily due to higher revenue. Compared with Q2 2013 the gold and silver prices affected inventory value with a decrease of approximately 19%.

Inventory development

DKK million	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Inventory	1,684	1,574	1,490	1,603	1,463
<i>Share of last 12 months revenue</i>	16.5%	16.4%	16.5%	19.2%	18.5%

Trade receivables increased to DKK 792 million at the end of Q2 2014 (7.8% of preceding 12 months revenue) compared with DKK 687 million at the end of Q2 2013 (8.7% of the preceding 12 months revenue) and DKK 889 million at the end of Q1 2014 (9.3% of preceding 12 months revenue). The increase compared with Q2 2013 is mainly due to higher revenue, while the decrease compared with Q1 2014 is primarily due to a continued strong cash collection.

Other receivables increased to DKK 560 million from DKK 548 million at the end of Q1 2014. Other receivables for the quarter was impacted by a repayment from the German tax authorities of DKK 58 million related to VAT paid in Germany regarding 2012. An additional amount of approximately DKK 175 million is expected to be repaid to PANDORA by the German authorities.

Trade payables at the end of the quarter were DKK 633 million compared with DKK 184 million at the end of Q2 2013 and DKK 613 million at the end of Q1 2014. The increase compared to Q2 2013 is primarily due to a reclassification from Other payables to Trade payables, which is related to accrued expenses. This had a positive impact of DKK 339 million compared to Q2 2013. The reclassification was implemented in Q3 2013.

Other payables were DKK 364 million at the end of the quarter and decreased DKK 163 million compared to Q1 2014, primarily driven by the payment of withholding tax related to the annual dividend paid out in Q1 2014.

In Q2 2014, PANDORA's CAPEX was DKK 86 million, including investments in intangible assets of DKK 24 million mainly related to key money in connection with the opening of some PANDORA owned stores, as well as IT investments. CAPEX constituted 3.4% of Q2 2014 revenue.

During the quarter, a total of DKK 658 million was used to purchase own shares related to the share buyback programme for 2014. As of 30 June 2014, PANDORA held 4,070,906 treasury shares, corresponding to 3.2% of the share capital.

Total interest-bearing debt was DKK 17 million at the end of Q2 2014, compared with DKK 489 million at the end of Q2 2013. Cash amounted to DKK 457 million at the end of Q2 2014, compared with DKK 180 million at the end of Q2 2013.

Net interest-bearing debt (NIBD) at the end of Q2 2014 was DKK -440 million corresponding to a NIBD/EBITDA of -0.1x of the last twelve months EBITDA, compared with DKK 309 million at the end of Q2 2013 corresponding to a NIBD/EBITDA of 0.1x.

DEVELOPMENT IN FIRST HALF 2014

REVENUE

Total revenue increased by 30.6% to DKK 5,136 million in H1 2014 compared to H1 2013. Excluding foreign exchange movements the underlying revenue growth was 35.5%.

The geographical distribution of revenue in H1 2014 was 44.2% for the Americas, 41.4% for Europe and 14.4% for Asia Pacific.

COSTS

Gross profit was DKK 3,589 million in H1 2014 compared to DKK 2,588 million in H1 2013, resulting in a gross margin of 69.9% in H1 2014 compared to 65.8% in H1 2013.

Sales, distribution and marketing expenses increased to DKK 1,301 million in H1 2014 compared to DKK 1,068 million in H1 2013, corresponding to 25.3% of revenue in H1 2014 down from 27.2% in H1 2013. Administrative expenses amounted to DKK 560 million in H1 2014 versus DKK 438 million in H1 2013, representing 10.9% compared to 11.1% of H1 2014 and H1 2013 revenue, respectively.

EBITDA

EBITDA for H1 2014 increased by 56.0% to DKK 1,830 million resulting in an EBITDA margin of 35.6% in H1 2014 versus 29.8% in H1 2013.

Regional EBITDA margins for H1 2014 before allocation of central costs were 45.3% in Americas (44.4% in H1 2013), 39.5% in Europe (29.2% in H1 2013) and 48.4% in Asia Pacific (35.9% in H1 2013). Unallocated costs were 7.7% of revenue in H1 2014 (8.3% in H1 2013).

EBIT

EBIT for H1 2014 was DKK 1,728 million – an increase of 59.7% compared to H1 2013, resulting in an EBIT margin of 33.6% in H1 2014 versus 27.5% in H1 2013.

NET FINANCIAL INCOME AND EXPENSES

Net finance income was DKK -21 million in H1 2014 versus DKK -9 million in H1 2013.

INCOME TAX EXPENSES

Income tax expenses were DKK 341 million in H1 2014, implying an effective tax rate for the Group of 20.0% for H1 2014.

NET PROFIT

Net profit in H1 2014 was DKK 1,366 million compared to DKK 869 million in H1 2013.

CASH FLOW ITEMS

In H1 2014, PANDORA generated free cash flow of DKK 1,596 million corresponding to a cash conversion of 116.8% compared to 58.5% in H1 2013.

MANAGEMENT STATEMENT

The Board of Directors and the Executive Board have reviewed and approved the interim report of PANDORA A/S for the period 1 January – 30 June 2014.

The interim report, which has not been audited or reviewed by the Company's auditor, has been prepared in accordance with IAS 34 'Interim Financial Reporting', as adopted by the EU, and additional Danish interim reporting requirements for listed companies.

In our opinion, the interim report gives a true and fair view of the PANDORA Group's assets, liabilities and financial position at 30 June 2014, and of the results of the PANDORA Group's operations and cash flow for the period 1 January – 30 June 2014.

Further, in our opinion the Management's review p. 1-14 gives a true and fair review of the development in the Group's operations and financial matters, the result of the PANDORA Group for the period and the financial position as a whole, and describes the significant risks and uncertainties pertaining to the Group.

Copenhagen, 12 August 2014

EXECUTIVE BOARD

Allan Leighton
Chief Executive Officer

Henrik Holmark
Chief Financial Officer

BOARD OF DIRECTORS

Marcello Bottoli
Chairman

Christian Frigast
Deputy Chairman

Andrea Alvey

Torben Ballegaard Sørensen

Per Bank

Anders Boyer-Søgaard

Bjørn Gulden

Michael Hauge Sørensen

Nikolaj Vejlsgaard

Ronica Wang

FINANCIAL STATEMENT

Consolidated income statement

DKK million	Notes	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Revenue	3	2,544	1,931	5,136	3,933	9,010
Cost of sales		-746	-657	-1,547	-1,345	-3,011
Gross profit		1,798	1,274	3,589	2,588	5,999
Sales, distribution and marketing expenses		-676	-559	-1,301	-1,068	-2,397
Administrative expenses		-281	-232	-560	-438	-921
Operating profit		841	483	1,728	1,082	2,681
Finance income		1	50	9	51	167
Finance expenses		-14	-1	-30	-60	-106
Profit before tax		828	532	1,707	1,073	2,742
Income tax expense		-166	-101	-341	-204	-522
Net profit for the period		662	431	1,366	869	2,220
Earnings per share, basic (DKK)		5.3	3.4	10.9	6.7	17.2
Earnings per share, diluted (DKK)		5.3	3.3	10.8	6.6	17.0

Consolidated comprehensive income statement

DKK million	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Net profit for the period	662	431	1,366	869	2,220
Exchange rate differences on translation of foreign subsidiaries	54	-236	78	-56	-355
Value adjustment of hedging instruments	37	-198	138	-218	-98
Income tax on other comprehensive income	5	-16	1	-4	6
Other comprehensive income, net of tax	96	-450	217	-278	-447
Total comprehensive income for the period	758	-19	1,583	591	1,773

Consolidated balance sheet

DKK million	2014 30 June	2013 30 June	2013 31 December
ASSETS			
Goodwill	1,933	1,925	1,904
Brand	1,053	1,053	1,053
Distribution network	284	320	300
Distribution rights	1,042	1,042	1,042
Other intangible assets	335	309	318
Property, plant and equipment	556	489	497
Deferred tax assets	411	309	276
Other non-current financial assets	64	26	48
Total non-current assets	5,678	5,473	5,438
Inventories	1,684	1,463	1,490
Financial instruments	11	17	-
Trade receivables	792	687	895
Tax receivables	49	163	35
Other receivables	560	702	731
Cash	457	180	686
Total current assets	3,553	3,212	3,837
Total assets	9,231	8,685	9,275
EQUITY AND LIABILITIES			
Share capital	128	130	130
Share premium	1,229	1,248	1,248
Treasury shares	-1,255	-309	-738
Reserves	422	374	205
Proposed dividend	-	-	823
Retained earnings	5,750	4,239	4,794
Total shareholders' equity	6,274	5,682	6,462
Provisions	58	19	35
Loans and borrowings	-	411	-
Deferred tax liabilities	556	669	471
Other non-current liabilities	4	-	3
Total non-current liabilities	618	1,099	509
Provisions	532	425	471
Loans and borrowings	17	78	49
Financial instruments	24	291	148
Trade payables	633	184	539
Income tax payables	769	394	546
Other payables	364	532	551
Total current liabilities	2,339	1,904	2,304
Total liabilities	2,957	3,003	2,813
Total equity and liabilities	9,231	8,685	9,275

Consolidated statement of changes in shareholders' equity

DKK million	Share capital	Share premium	Treasury shares	Foreign currency translation reserve	Hedge reserve	Proposed dividend	Retained earnings	Total equity
Equity at 1 January 2014	130	1,248	-738	348	-143	823	4,794	6,462
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	1,366	1,366
Exchange rate differences on translation of foreign subsidiaries	-	-	-	78	-	-	-	78
Value adjustment of hedging instruments	-	-	-	-	138	-	-	138
Income tax on other comprehensive income	-	-	-	-	1	-	-	1
Comprehensive income, for the period	-	-	-	78	139	-	1,366	1,583
Share-based payments	-	-	35	-	-	-	-11	24
Purchase of treasury shares	-	-	-975	-	-	-	-	-975
Reduction of share capital	-2	-19	423	-	-	-	-402	-
Dividend paid	-	-	-	-	-	-823	3	-820
Equity at 30 June 2014	128	1,229	-1,255	426	-4	-	5,750	6,274
Equity at 1 January 2013	130	1,248	-38	703	-51	715	3,331	6,038
Comprehensive income								
Net profit for the period	-	-	-	-	-	-	869	869
Exchange rate differences on translation of foreign subsidiaries	-	-	-	-56	-	-	-	-56
Value adjustment of hedging instruments	-	-	-	-	-218	-	-	-218
Income tax on other comprehensive income	-	-	-	-	-4	-	-	-4
Comprehensive income, for the period	-	-	-	-56	-222	-	869	591
Share-based payments	-	-	-	-	-	-	37	37
Purchase of treasury shares	-	-	-271	-	-	-	-	-271
Dividend paid	-	-	-	-	-	-715	2	-713
Equity at 30 June 2013	130	1,248	-309	647	-273	-	4,239	5,682

Consolidated cash flow statement

DKK million	Q2 2014	Q2 2013	H1 2014	H1 2013	FY 2013
Profit before tax	828	532	1,707	1,073	2,742
Financial income	-1	-50	-9	-51	-167
Financial expenses	14	1	30	60	106
Amortisation/depreciation	52	48	102	93	200
Share-based payments	13	20	24	37	64
Change in inventories	-91	-145	-168	-178	-292
Change in receivables	84	-172	279	14	-215
Change in trade payables	-21	10	-4	-38	261
Change in other liabilities	-184	7	-115	-102	-79
Other non-cash adjustments	47	11	90	45	169
Interests etc. received	1	2	1	3	3
Interests etc. paid	-3	-	-13	-5	-29
Income tax paid	-102	-86	-180	-128	-335
Cash flow from operating activities	637	178	1,744	823	2,428
Acquisition of subsidiaries, net of cash acquired	-	-	-3	-4	-45
Purchase of intangible assets	-24	-33	-47	-251	-312
Purchase of property, plant and equipment	-62	-50	-97	-78	-178
Change in other non-current assets	-7	3	-17	-	-25
Proceeds from sale of property, plant and equipment	1	6	1	12	17
Cash flow from investing activities	-92	-74	-163	-321	-543
Dividend paid	-	-	-820	-713	-713
Purchase and disposal of treasury shares	-658	-210	-975	-271	-700
Proceeds from borrowings	-	74	10	334	41
Repayment of borrowings	-4	-	-29	-5	-152
Cash flow from financing activities	-662	-136	-1,814	-655	-1,524
Net cash flow for the period	-117	-32	-233	-153	361
Cash at beginning of period	571	222	686	341	341
Net exchange rate adjustment	3	-10	4	-8	-16
Net cash flow for the period	-117	-32	-233	-153	361
Cash at end of period	457	180	457	180	686
Cash flow from operating activities	637	178	1,744	823	2,428
Interests etc. received	-1	-2	-1	-3	-3
Interests etc. paid	3	-	13	5	29
Cash flow from investing activities	-92	-74	-163	-321	-543
Acquisition of subsidiary, net of cash acquired	-	-	3	4	45
Free cash flow	547	102	1,596	508	1,956
Unutilised credit facilities inclusive cash and cash equivalents	3,919	2,202	3,919	2,202	2,716

The above cannot be derived directly from the income statement and the balance sheet.

NOTES

NOTE 1 – Significant accounting estimates and judgements

In preparing the consolidated financial statements, Management makes various accounting estimates and assumptions, which form the basis of presentation, recognition and measurement of PANDORA's assets and liabilities.

All significant accounting estimates and judgements are consistent with the description in the Annual Report 2013. Reference is made to the descriptions in the individual notes of the consolidated financial statement in PANDORA's Annual Report 2013.

NOTE 2 – Seasonality of operations

Due to the seasonal nature of the jewellery business, higher revenue is historically realised in the second half of the year.

NOTE 3 - Business combinations

In March 2014, PANDORA acquired 100% of the shares in Pan Me A/S as previously announced. Pan Me A/S holds the distribution rights to distribute PANDORA jewellery in UAE, Bahrain, Qatar and Oman. The agreement is subject to certain conditions not yet fulfilled. The transaction is not yet final and is therefore not recognised in the financial accounts.

Upon fulfilment PANDORA will pay a one-time cash payment of DKK 110 million primarily related to the distribution rights to distribute PANDORA jewellery in UAE, Bahrain, Qatar and Oman, as well as fixed assets and inventories related to 10 concept stores in UAE.

NOTE 4 - Operating segment information

PANDORA's activities are segmented on the basis of geographical areas in accordance with Management's reporting structure. In determining the reporting segments, a number of operating segments have been aggregated. All segments derive their revenues from the types of products shown in the product information provided below.

Management monitors the segment profit of the operating segments separately for the purpose of making decisions about resource allocation and performance management. Segment profit is measured consistently with the operating profit in the consolidated financial statements before non-current assets are amortised/depreciated (EBITDA).

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
Q2 2014					
External revenue	1,097	1,064	383	-	2,544
Segment profit (EBITDA)	508	418	179	-212	893
Amortisation/depreciation					-52
Consolidated operating profit (EBIT)					841
Q2 2013					
External revenue	1,045	643	243	-	1,931
Segment profit (EBITDA)	467	148	88	-173	530
Amortisation/depreciation					-48
Gain/loss from sale of non-current assets					1
Consolidated operating profit (EBIT)					483

DKK million	Americas	Europe	Asia Pacific	Unallocated costs	Total Group
H1 2014					
External revenue	2,267	2,128	741	-	5,136
Segment EBITDA	1,026	841	359	-396	1,830
Amortisation/depreciation					-102
Consolidated EBIT					1,728
H1 2013					
External revenue	2,102	1,356	475	-	3,933
Segment EBITDA	933	395	171	-326	1,173
Amortisation/depreciation					-93
Gain/loss from sale of non-current assets					2
Consolidated EBIT					1,082

DKK million	Q2 2014	Q2 2013	H1 2014	H1 2013
Product mix – revenue from external customers				
Charms	1,705	1,404	3,489	2,861
Silver and gold charms bracelets	262	203	574	459
Rings	273	91	493	209
Other jewellery	304	233	580	404
Total revenue	2,544	1,931	5,136	3,933
Geographical distribution – revenue from external customers				
US	824	802	1,700	1,634
Australia	183	153	325	301
UK	285	178	584	349
Germany	107	95	228	203
Other countries	1,145	703	2,299	1,446
Total revenue	2,544	1,931	5,136	3,933

NOTE 5 - Contingent liabilities

There have been no material changes to contingent liabilities since the Annual Report 2013. Reference is made to note 5.2 in the Annual Report 2013.

NOTE 6 – Related party transactions

Related parties with significant interest:

PANDORA has no major shareholders, owning equal to or more than 5% of the share capital in PANDORA.

Transactions with related parties:

As part of the share buyback in 2014, PANDORA purchases own shares from Axcel III K/S 1, Axcel III 2 and Axcel III K/S 3. The shares are purchased at the volume weighted average purchase price of the shares purchased under the share buyback programme in the market on the relevant day of trading.

PANDORA has not undertaken any significant transactions with the Board of Directors and Executive Management, except for compensation and benefits received as a result of the membership of the Board of Directors, employment with PANDORA or shareholdings in PANDORA.

NOTE 7 – Accounting policies

The present unaudited interim financial report has been prepared in accordance with IAS 34 'Interim Financial Reporting' as endorsed by the European Union and accounting policies set out in the Annual Report 2013 of PANDORA.

Furthermore, the interim financial report and Management's review are prepared in accordance with additional Danish disclosure requirements for interim reports of listed companies.

PANDORA has adopted all new or amended standards (IFRS) and interpretations (IFRIC) as endorsed by the EU and which are effective for the financial year 2014. These IFRSs have not had any significant impact on the Group's interim financial report.

Quarterly overview

DKK million	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Consolidated income statement					
Revenue	2,544	2,592	2,822	2,255	1,931
Gross Profit	1,798	1,791	1,918	1,493	1,274
Operating profit before depreciation and amortisation (EBITDA)	893	937	946	762	530
Operating profit (EBIT)	841	887	891	708	483
Net finance income	-13	-8	23	47	49
Profit before tax	828	879	914	755	532
Net profit	662	704	739	612	431
Consolidated balance sheet					
Total assets	9,231	9,192	9,275	9,132	8,685
Invested capital	5,851	5,666	5,976	6,413	6,265
Net working capital	729	660	1,009	1,602	1,461
Shareholders' equity	6,274	6,160	6,462	6,129	5,682
Net interest-bearing debt (NIDB)	-440	-546	-637	175	309
Consolidated cash flow statement					
Net cash flow from operating activities	637	1,107	1,163	442	178
Net cash flow from investing activities	-92	-71	-133	-89	-74
Free cash flow	547	1,049	1,085	363	102
Net cash flow from financing activities	-662	-1,152	-545	-324	-136
Net cash flow for the period	-117	-116	485	29	-32
Ratios					
Revenue growth, %	31.7%	29.5%	29.8%	25.7%	53.3%
Gross profit growth, %	41.1%	36.3%	36.7%	29.8%	48.8%
EBITDA growth, %	68.5%	45.7%	77.2%	51.5%	140.9%
EBIT growth, %	74.1%	48.1%	83.3%	52.9%	179.2%
Net profit growth, %	53.6%	60.7%	75.5%	61.1%	584.1%
Gross margin, %	70.7%	69.1%	68.0%	66.2%	66.0%
EBITDA margin, %	35.1%	36.1%	33.5%	33.8%	27.4%
EBIT margin, %	33.1%	34.2%	31.6%	31.4%	25.0%
Tax rate, %	20.0%	20.0%	19.1%	19.0%	19.0%
Cash conversion, %	82.6%	149.0%	146.8%	59.3%	23.7%
Capital expenditure (CAPEX), DKK million	86	58	90	71	83
Net interest-bearing debt to EBITDA *	-0.1	-0.2	-0.2	0.1	0.1
Equity ratio, %	68.0%	67.0%	69.7%	67.1%	65.4%
Return on invested capital (ROIC), % *	56.9%	52.4%	44.9%	35.5%	32.4%

* Ratios are based on 12 months rolling EBITDA and EBIT, respectively.

Disclaimer

Certain statements in this company announcement 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 on-going 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 company announcement.

Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove to be incorrect, our actual financial condition, cash flows or results of operations could differ materially from that described herein as anticipated, believed, estimated or expected.

We do not intend, and do not assume any obligation, to update any forward-looking statements contained herein, except as may be required by law or the rules of NASDAQ OMX Copenhagen. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this company announcement.